

Press release

Warsaw, 13th May 2008

ACE acquires Czech producer of cast iron components

ACE is acquiring one of the largest producers of cast iron components in the Czech Republic, Feramo Metallum International. The transaction is valued at EUR 6.34 million. During the next three years ACE plans to carry out an investment plan at the Czech factory worth more than EUR 9 million. The acquisition has a strategic importance for ACE due to the plant location in Central & Eastern Europe and the opportunity to increase production capacity rapidly in the segment of iron casting for the automotive industry.

“Feramo meets all of the most important criteria we took into consideration when planning the acquisition,” said José Manuel Corrales, CEO of ACE, Europe’s leading supplier of automobile braking system components. “The Czech company has an experienced team of specialists, highly advanced production technology, and a presence on the automotive components market. What’s more, it is located in Brno, in the very heart of the CEE automotive production region, where all of our customers have plants.”

Feramo is one of the largest producers of cast iron components in the Czech Republic. The company has a history going back more than 40 years. It was privatized 10 years ago, and its owner until now has been a private individual. Feramo’s revenues last year were EUR 16.2 million, with production of 15 thousand tonnes of grey iron . EBITDA (operating profit plus amortization) was EUR 1.27 million and net profit was EUR 0.32 million.

Feramo has about 100 customers from such sectors as electrical, home appliances, installations, tools, and automotive, which accounts for about 17% of sales. Some 60% of revenues come from exports.

“We plan to maintain Feramo’s current business and rapidly increase production for the automotive industry, in which the ACE Group specializes,” said José Manuel Corrales. “So far the ACE Group has operated two production facilities. The plant in Wrocław handles production of aluminium components and continues to have great growth potential. The other plant, which produces nodular cast iron components, is located in Spain, and although it is very modern and efficient, it has reached nearly 100% of its production capabilities. That is why we are acquiring Feramo. Development of a third production facility, which will also specialize in cast iron components for the automotive industry, gives us the opportunity to grow dynamically and strengthen our leader position.”

The investment programme for Feramo is planned for the next 3 years, with a value of more than EUR 9 million. It will allow the annual production capacity of the Czech plant to increase to about 42 thousand tonnes of iron but the most of the new

capacity will be a high value added nodular iron technology used for demanding automotive castings (in 2012, production similar to present production of Spanish facility).

*The price for ACE's acquisition of 100% of the shares in Feramo is **EUR 6.34 million** (CZK 160 million). "This price is very interesting," said **José Manuel Corrales**, "while taking into consideration that the creation of a new company from scratch , green-field, with the same capacity, performance and knowledge that today we can find in Feramo, represent an investment close to EUR 25 million and at least 2/3 years timing"*

ACE plans to finance both the investment programme and the acquisition of the Czech company from its own funds, IPO raised capital (temporary used for repayment of debt) and bank loans.

The ACE Group is a leading supplier in Europe of automotive components for braking systems. The group specialises in production of two core components of disc brakes: iron anchors (the largest supplier in Europe, with about 44% of the relevant market) and aluminium callipers (holding over one-quarter of the European market).

Beside just acquired Czech company Feramo, the production of the ACE Group is concentrated in two operating companies wholly controlled by ACE: **Fuchosa** (with a plant in Spain for the casting of iron components) and **EBCC** (with a plant in Poland for the casting and machining of aluminium components).

The ACE Group's customers include the largest European suppliers of brake modules such as Continental Teves, TRW Automotive and Robert Bosch. Products of the ACE Group are **installed in the majority of automobiles produced in Europe** (Fuchosa anchors are installed in about **125 models of cars** and EBCC callipers in 16 different brake system platforms, which are used in **about 50 car models**).

EBCC and Fuchosa, present on the automotive market for years, established the ACE Group in 2006, thus creating a strong and specialised European supplier with diversified production technology (using three key technologies for the auto industry: iron casting, aluminium casting and machining). The ACE Group enjoys many benefits from the merger such as more efficient customer service (thanks to a presence in both Western Europe and Central Europe) and a stronger position in the development of new products.

After IVQ 2007 ACE reported **EUR 86 mln of revenues and EUR 8.7 mln of net profit**. The Company's budget guidelines for 2008 call for sales to grow this year by 7-10%, and net profit by 10-15%.

For additional information about the company, please visit the website www.acegroup.lu or contact:

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