

*Innovation in Motion*



Miba

# Shareholder Information 1 2010|11

# First Quarter Results for 2010–2011

## General Economic Setting

The global economy was able to continue its recovery in the first quarter of 2010-2011. The fast-growing regions of Asia, above all China and India, provided a strong impetus for this recovery.

This trend has led the International Monetary Fund (IMF) to raise its world economic growth projection for the year 2010 from 3.9 percent to 4.2 percent. The same projection assumes a modest growth rate of 1.0 percent for the Euro zone. In China and India, economic output is projected to grow at rates of 10.0 percent and 8.8 percent, respectively.

Although Miba's core markets have recovered substantially, their future development remains marked by significant uncertainty. The key to retaining and enhancing the group's competitive strength is the ability to react flexibly to customer demands as well as to changes made at short notice.

## Sales and Performance Analysis

The continuing economic recovery in the first quarter of the 2010-2011 business year had a strongly positive effect on demand for Miba products. Sales during the reporting period (February 1 to April 30, 2010) totaled EUR 98.0 million, a 31.9 percent increase from the same period the previous year, and already approaching the level of the very strong first quarter of the 2008-2009 business year. Sales rose 17.4 percent or EUR 14.6 million in comparison to the strong fourth quarter of the 2009-2010 business year.

The measures to improve efficiency and productivity that were successfully implemented in the past business year were primarily responsible for the substantial rise in earnings

in comparison to the previous year. Earnings before interest and taxes (EBIT) totaled EUR 13.5 million, considerably higher than the previous year's level of EUR 1.2 million for the same period. At 13.7 percent, the EBIT margin stands well above the industry average. Earnings before taxes (EBT) came to EUR 13.4 million, compared to EUR 0.6 million in the same period the previous year.

Miba Sinter Group accounted for the largest proportion of Group sales, 42.2 percent, followed by Miba Bearing Group with 38.5 percent and Miba Friction Group at 17.5 percent.

Earnings per share totaled EUR 8.64 in the first quarter.

## Financial Position

In the first quarter of 2010-2011 the Miba Group continued to focus its activities on strategic management of working capital and strengthening of liquidity.

During the first quarter, the balance sheet total rose by 8.1 percent (EUR 27.9 million) from the last reporting date to EUR 371.8 million. This was due, on one hand, to the initial consolidation of Teer Coatings Ltd. on March 31, 2010, and to the raising of cash and cash equivalents. On the other hand, Miba continues to pursue restrained but strategically focused investment policies.

Net cash (cash and cash equivalents minus current and non-current interest-bearing liabilities) as of April 30, 2010, once again rose in comparison with the last reporting date to total EUR 18.9 million (EUR 7.1 million as of January 31, 2010). Investments in property, plant and equipment in the first quarter of 2010-2011 totaled EUR 3.8 million and could once again be financed entirely through cash flow from operations (EUR 19.8 million). Free cash flow (cash flow

from operations minus cash flow from investment activities) totaled EUR 11.2 million; a change in the consolidated group had a negative impact on free cash flow in the amount of EUR 7.8 million.

Group equity totaled EUR 221.1 million as of April 30, 2010 (EUR 206.8 million as of January 31, 2010), equal to an equity ratio of 59.5 percent. Market profits totaling EUR 3.6 million were directly included in equity. A robust financing structure and a solid equity base ensure the financial autonomy and independence of the Miba Group.

### Level of Orders

The Miba Group's level of new orders also reflects the recovery in the company's target markets. As of April 30, 2010, incoming orders stood at EUR 160.3 million, a 13.2 percent increase from the end of the previous business year (EUR 141.6 million as of January 31, 2010). The trend in the second half of 2010-2011 will determine whether this recovery proves sustainable.

### Employees

The Miba Group had 2,720 employees worldwide as of April 30, 2010. This represents an increase of 3.8 percent or 100 employees in comparison with January 31, 2010.

After adjustment for the first-time inclusion on April 30, 2010, of employees of Teer Coatings Ltd., Droitwich, UK, the staff increased by 1.6 percent or 42 employees.

The employee increases took place largely at the sites in Slovakia and China.

### Other events

The initial consolidation of the now wholly acquired subsidiary Teer Coatings Ltd., Droitwich, UK, took place as of

March 31, 2010, on the basis of preliminary figures. The Miba Bearings Sales Corporation, Ohio, USA, was established on May 10, 2010.

On May 31, 2010, an interest in High Tech Coatings GmbH, Laakirchen, totaling 24.8 percent of the share capital was sold.

## Segments

### Miba Sinter Group

As a supplier to the passenger car industry, Miba Sinter Group profited most strongly in the first quarter from growing customer demand. Sales in the first quarter of 2010-2011 totaled EUR 41.5 million, up by 57.1 percent (EUR15.1 million) from the first quarter of 2009-2010. Investments remained at a low level during the first quarter at EUR 1.9 million (same period the previous year: EUR 2.5 million).

The construction of a new production hall in McConnelville, Ohio, USA, was completed according to schedule at the beginning of the business year. Miba Sinter USA LLC will start production of high-tech components for engines and transmissions at the end of June 2010.

### Miba Bearing Group

In the first quarter of 2010-2011, business developments in the Miba Bearing Group were shaped by mixed trends in its customer segments. While some customer segments showed highly positive trends, other areas such as the capital goods industry continued to perform below expectations.

Miba Bearing Group sales totaled EUR 37.9 million during the reporting period, an increase of 7.6 percent or EUR 2.7 million from the first quarter of the previous year. Invest-

ments amounted to EUR 1.0 million, significantly below the previous year's level of EUR 2.4 million for the same period.

#### Miba Friction Group

Miba Friction Group was the segment most strongly affected by the global economic crisis and falling customer demand in its markets in the 2009-2010 business year. In the first quarter of 2010-2011 the friction segment showed an encouraging increase in demand.

Miba Bearing Group sales for the reporting period totaled EUR 17.4 million, an increase of 40.7 percent or EUR 5.0 million from the same period the previous year. New orders show an upward trend, closing the period at 26.7 percent above the last reporting date (January 31, 2010). Investments stood at approximately the same level as in the same period the previous year, totaling EUR 0.7 million (compared to EUR 0.8 million as of April 30, 2009).

#### Significant Risks and Uncertainties

There were no significant changes during the first quarter of the current year in the risk categories listed in the 2009-2010 Annual Report. In light of the information currently available, the management does not foresee any significant individual risks that could pose a threat to the Miba Group's financial position and earnings situation.

#### Outlook

Continuingly high commodity prices and the high level of national debt of some European countries present risks for internal demand within Europe. It has turned out once again that the global economic crisis has not been definitively overcome. The trend in the second half of the year will prove decisive for the stabilization of economic output.

Under these challenging market conditions, Miba continues to count on technology leadership and competitive cost

## Segment Reporting

Segment Information by Business Segment

	Bearing		Sinter		Friction		Other		Consolidation		Total Group	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
TEUR	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues												
(external sales)	37,941	35,254	41,534	26,446	17,417	12,376	4,577	3,759	3,462	3,511	98,007	74,324
EBITDA	8,517	7,499	8,747	2,669	2,150	-1,105	518	-33	199	-39	20,131	8,990
EBIT	6,229	5,122	5,776	-452	936	-2,953	248	-449	280	-32	13,470	1,236
Investments (excluding												
financial investments)	1,042	2,364	1,948	2,458	666	789	106	72	0	605	3,761	5,077
Employees												
(at end of reporting period)	1,014	1,034	1,094	1,023	457	482	155	94	0	0	2,720	2,633

structures while making a solid liquidity base and a highly skilled team top priorities. With the opening in the USA of a new sinter site at the end of June 2010 and a new line for high-performance engine bearings, Miba is meeting the demand for energy-efficient high-performance transmission components and is therefore where the customer needs it.

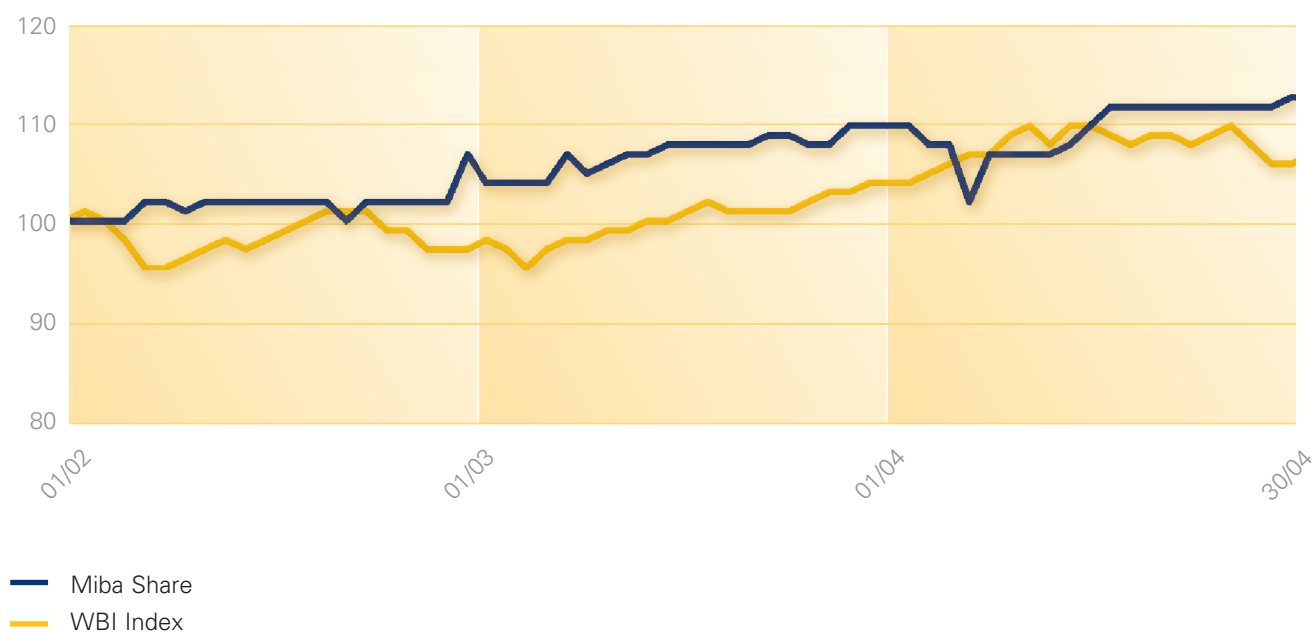
The company did not buy back any of its own stock during the reporting period. As of April 30, 2010, Miba AG holds 66,229 treasury shares. This represents about 5.1 percent of share capital.

## Share

The Miba share began the new business year at a price of EUR 83 and reached EUR 94, its high for the year to date, as of the close of the first quarter (April 30, 2010). This positive trend significantly outperformed the WBI (Wiener Börse Index), a reference index published by the Vienna Stock Exchange.

### Development of the Miba Share

Quotation as at February 1, 2010 = 100%



# Consolidated Income Statement

	Q1	Q1
in TEUR	2010-11	2009-10
Revenues	98,007	74,324
Changes in inventory of finished goods and work in progress	2,306	–905
Internally produced and capitalized assets	773	6,579
<b>Operating results</b>	<b>101,085</b>	<b>79,997</b>
Other operating income	3,310	2,194
Cost of material and other purchased manufacturing services	–41,442	–33,508
Personnel costs	–30,827	–29,633
Other operating expenses	–11,995	–10,060
<b>Earnings before interest, taxes depreciation and amortization (EBITDA)</b>	<b>20,131</b>	<b>8,990</b>
Depreciation and amortization	–6,661	–7,754
<b>Earnings before interest, taxes and amortization of goodwill (EBITA)</b>	<b>13,470</b>	<b>1,236</b>
Amortization of goodwill	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>13,470</b>	<b>1,236</b>
Income and losses from investments in associat	385	36
Net interest income	–291	–670
Other financial income	–132	0
<b>Financial results</b>	<b>–38</b>	<b>–634</b>
<b>Earnings before taxes (EBT)</b>	<b>13,432</b>	<b>602</b>
Income taxes	–2,710	–695
<b>Earnings after taxes</b>	<b>10,722</b>	<b>–92</b>
Attributable to minority shareholders	68	–49
Attributable to parent company shareholders	10,655	–43
Weighted average of the number of shares issued (in units)	1,233,771	1,233,771
Earnings per share in EUR	8,64	–0.03
Diluted earnings per share in EUR = undiluted earnings per share in EUR	8,64	–0.03

The use of automatic data processing can lead to rounding differences.

## Statement of Comprehensive Income

	Q1 2010-11	Q1 2009-10
in TEUR		
<b>Earnings after taxes</b>	<b>10,722</b>	<b>-92</b>
Unrealized gains (+)/losses (-) from foreign currency translation	3,617	-934
Other changes	0	-180
<b>Income and expenses included directly in equity</b>	<b>3,617</b>	<b>-1,115</b>
<b>Total of all recognized income and expenses (comprehensive income)</b>	<b>14,339</b>	<b>-1,207</b>
Attributable to		
Shareholders of Miba AG only	14,271	-1,158
Minority interests only	68	-49

## Statement of Changes in Group Equity

TEUR	Share capital	Capital reserves	Treasury shares	Currency translation differences	Retained earnings	Miba AG Shareholders	Minority shares	Total
<b>As at February 1, 2009</b>	<b>9,500</b>	<b>18,089</b>	<b>-8,060</b>	<b>-7,578</b>	<b>185,132</b>	<b>197,083</b>	<b>338</b>	<b>197,421</b>
Total comprehensive income	0	0	0	-934	-43	-977	-49	-1,028
Other neutral changes	0	0	0	0	-180	-180	0	0
<b>As at April 30, 2009</b>	<b>9,500</b>	<b>18,089</b>	<b>-8,060</b>	<b>-8,512</b>	<b>184,909</b>	<b>195,925</b>	<b>289</b>	<b>196,214</b>
<b>As at February 1, 2010</b>	<b>9,500</b>	<b>18,089</b>	<b>-8,060</b>	<b>-9,355</b>	<b>196,264</b>	<b>206,438</b>	<b>347</b>	<b>206,787</b>
Total comprehensive income	0	0	0	3,617	10,655	14,271	68	14,339
<b>As at April 30, 2010</b>	<b>9,500</b>	<b>18,089</b>	<b>-8,060</b>	<b>-5,739</b>	<b>206,919</b>	<b>220,709</b>	<b>415</b>	<b>221,126</b>

## Consolidated Statement of Cash Flows

	Q1 2010-11	Q1 2009-10
in TEUR		
Consolidated cash flow from operating activities	19,790	11,504
Consolidated cash flow from investment activities	-8,591	-5,443
Consolidated cash flow from financing activities	801	9
<b>Changes in cash and securities (current assets)</b>	<b>12,000</b>	<b>6,070</b>
Opening balance cash and cash equivalents	50,814	24,592
Currency differences due to changes in exchange rates	588	-85
<b>Closing balance of cash and cash equivalents</b>	<b>63,402</b>	<b>30,577</b>

# Notes on the Interim Financial Statements as at April 30, 2010

## **Information on the Company and Basis for the Preparation of the Statements**

Miba Aktiengesellschaft is a group based in Austria with international operations. The core business of the Miba Group comprises the product segments engine bearings, sintered components and friction materials. The Group's head office is located at Dr.-Mitterbauer-Str. 3, 4663 Laakirchen, Austria. The company is registered with the local Austrian court (Landes- als Handelsgericht Wels) under No. FN 107386 x.

The present interim financial statements as at April 30, 2010 (February 1, 2010, to April 30, 2010) were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period as adopted by the European Union, in particular IAS 34 (Interim Financial Reporting).

Miba AG has applied the accounting standards that are obligatory beginning with the 2010-2011 business year. These are, primarily, IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial statements (amended).

The amended standards IFRS 3 and IAS 27 constitute the decisive regulations for the accounting treatment of business combinations, consolidated financial statements and transactions with non-controlling interests (minority interests).

The application of these new standards had no significant impact on the condensed consolidated financial statements.

The accounting policies of January 31, 2010, were otherwise applied unchanged in preparing this interim report. For additional information on the reporting and valuation methods, please refer to the consolidated financial statements as at January 31, 2010

For the purpose of clarity, all monetary figures are shown in thousands of euros (TEUR).

## **Scope of consolidation**

The consolidated group was established according to the principles of IAS 27 (Consolidated and Separate Financial Statements). The consolidated entity accordingly includes 10 Austrian and 12 foreign subsidiaries in which Miba Aktiengesellschaft holds, directly or indirectly, the majority of voting rights

As of March 31, 2010, Miba acquired the remaining shares (75.1 percent) of the company Teer Coatings Ltd. in Droitwich, UK, which had been included in the consolidated financial statements at equity since July 2009. The initial inclusion of the acquired entity occurred on the basis of preliminary figures

## **Business seasonality**

The sales of the Miba Group are approximately equally divided over the four quarters of the business year.

## **Statement by the Management Board**

To the best of our knowledge, the interim financial statements of Miba Aktiengesellschaft as of April 30, 2010, which were compiled in accordance with the IFRS, give a true and fair view of the financial position and performance of all companies included in the consolidated group.

The management report gives a true and fair view of the Group's financial position and performance with respect to the information required under section 87 (2) and (4) of the Austrian Stock Exchange Act. For the present report, the performance of an audit or a review by an auditor was waived.

Laakirchen, June 2010

The Management Board of Miba Aktiengesellschaft  
DI DDr. Peter Mitterbauer (Chairman), hon.  
Dr.-Ing. Norbert Schröfer, hon.  
Dr. Wolfgang Litzlbauer, hon.  
Dr.-Ing. Harald Neubert, hon.



# Consolidated Statement of Financial Position

in TEUR	04/30/2010	01/31/2010	04/30/2009
<b>Assets</b>			
<b>A. Non-current assets</b>			
Intangible assets	18,730	15,409	18,780
Property, plant and equipment	144,530	144,071	150,877
Investments in associates	8,564	7,971	6,508
Other financial investments	5,054	4,825	5,323
Deferred tax assets	6,790	6,038	8,247
	<b>183,669</b>	<b>178,315</b>	<b>189,736</b>
<b>B. Current assets</b>			
Inventories	47,424	46,403	56,159
Trade and other receivables	77,290	68,399	60,546
Cash and cash equivalents	63,402	50,814	30,577
	<b>188,116</b>	<b>165,616</b>	<b>147,282</b>
	<b>371,784</b>	<b>343,931</b>	<b>337,017</b>
<b>Equity and Liabilities</b>			
<b>A. Group equity</b>			
Share capital	9,500	9,500	9,500
Capital reserves	18,089	18,089	18,089
Retained earnings	201,182	186,911	176,397
Treasury shares	-8,060	-8,060	-8,060
Minority interests	415	347	289
	<b>221,126</b>	<b>206,787</b>	<b>196,214</b>
<b>B. Non-current liabilities</b>			
Provisions for severance payments and pensions	15,452	15,006	18,825
Provision for deferred taxes	665	668	1,334
Interest-bearing liabilities	33,872	31,849	14,167
Other non-current liabilities	11,439	11,560	13,020
	<b>61,429</b>	<b>59,082</b>	<b>47,346</b>
<b>C. Current liabilities</b>			
Current accruals	35,784	27,848	31,267
Trade payables	27,823	25,075	17,757
Current portion of interest-bearing liabilities	10,668	11,860	29,695
Other current liabilities	14,955	13,280	14,738
	<b>89,230</b>	<b>78,062</b>	<b>93,458</b>
	<b>371,784</b>	<b>343,931</b>	<b>337,017</b>

The use of automatic data processing can lead to rounding differences.

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