frauenthal
GROUP

# Report on the third quarter of '07

# Performance indicators

| | 1-9/2007 | 1-9/2006 | Change in % | 1-12/2006 |
|---|---|---|---|---|
| **Summary income statement (EUR m)** | | | | |
| Revenue | 436,6 | 362,4 | 20,5% | 489,6 |
| EBITDA | 27,4 | 24,1 | 13,6% | 33,4 |
| ROS (EBITDA/revenue) | 6,3% | 6,6% | - 5,7% | 6,8% |
| Operating profit (EBIT) | 16,4 | 14,9 | 10,1% | 21,4 |
| Profit from ordinary activities (EBT) | 13,2 | 12,8 | 3,1% | 17,6 |
| Profit after tax | 9,9 | 9,4 | 5,8% | 14,1 |
| Cash flow before changes in working capital | 23,3 | 22,2 | 4,9% | 27,3 |
| Free cash flow | - 18,5 | - 11,9 | - 55,7% | 4,7 |
| **Balance sheet (EUR m)** | | | | |
| Non-current assets (IFRS) | 137,7 | 123,9 | 11,1% | 128,7 |
| Current assets (IFRS) | 187,2 | 164,1 | 14,1% | 153,3 |
| Long-term borrowings | 239,1 | 203,6 | 17,4% | 203,3 |
| Equity | 85,8 | 84,4 | 1,6% | 78,7 |
| Equity ratio (%) | 26,4% | 29,3% | - 9,9% | 27,9% |
| Capital expenditure (additions to non-current assets) | 11,5 | 9,7 | 18,3% | 17,1 |
| As % of revenue | 2,6% | 2,7% | - 1,8% | 3,5% |
| Average head count | 2.991 | 2.733 | 9,4% | 2.738 |
| **Per employee (EUR '000)** | | | | |
| Revenue | 146,0 | 132,6 | 10,1% | 178,8 |
| Operating profit (EBIT) | 5,5 | 5,5 | 0,6% | 7,8 |
| Cash flow before changes in working capital | 7,8 | 8,1 | - 4,1% | 10,0 |
| Number of shares issued | 9.434.990 | 9.434.990 | 0,0% | 9.434.990 |
| Treasury shares | - 261.390 | - 261.390 | 0,0% | - 261.390 |
| Shares in issue | 9.173.600 | 9.173.600 | 0,0% | 9.173.600 |
| **Per share (EUR)** | | | | |
| EBITDA | 3,0 | 2,6 | 13,6% | 3,6 |
| Operating profit (EBIT) | 1,8 | 1,6 | 10,1% | 2,3 |
| Profit after tax | 1,1 | 1,0 | 5,8% | 1,5 |
| Cash flow before changes in working capital | 2,5 | 2,4 | 4,9% | 3,0 |
| Free cash flow | - 2,0 | - 1,3 | - 55,7% | 0,5 |
| Equity | 9,3 | 9,2 | 1,6% | 8,6 |
| Stock market price | | | | |
| Year end | 21,55 | 23,00 | - 6,3% | 23,00 |
| High | 25,15 | 31,50 | - 20,2% | 31,50 |
| Low | 20,10 | 16,01 | 25,5% | 16,01 |
| Dividend and bonus [1] | | | | 0,2 |

1) Distribution proposed to Annual General Meeting

# Interim financial report for the nine months ended 30 September 2007

## Dear shareholders,

**Frauenthal Group's excellent sales and earnings performance has continued into the third quarter. Sales revenues for the first three quarters of 2007 have risen by 20.5% in comparison with the same period last year. EBITDA rose by EUR 3.3 million (13.6%), and EBIT was up by some EUR 1.5 million (10.1%). All revenue and earnings figures were significantly up on budget targets.**

**All Frauenthal's Divisions contributed to these good results, with the wholesale plumbing supplies business showing the greatest increases in both sales and earnings.**

**The automotive components business has benefited from the rising demand for commercial vehicles by increasing sales by more than forecast. Earnings, however, have not improved proportionately because the costs of discontinuing air reservoir production in Hungary depressed the results for the first half of the year. Another factor was that demand for leaf springs at times exceeded our production capacity, so that we were obliged to incur additional costs and to buy in finished components in order to meet our customers' requirements. Steps have already been taken to enable us to increase our production capacity by almost 10% at short notice.**

**Porzellanfabrik Frauenthal has benefited from growth in demand for power station catalysts in Europe, the USA and Asia. This year's investments in increasing production capacity have already been completed, and the healthy demand means that capacity is again fully utilised.**

**These figures confirm our forecast for the year – revenue and earnings for 2007 will be significantly higher than in 2006. Growth will continue on the final quarter.**

As in previous quarterly reports, we should like to remind readers of this report that the trading performance of the Group's businesses varies over the course of the year, so that it would be misleading to project annual results for 2007 on the basis of the performance for the first nine months.

## Economic climate

The continuing health of the European economy in general and the worldwide increase in energy demand continue to favour Frauenthal Group's business, and the negative effects of the various upheavals in international financial markets are not yet being felt.

The excellent sales performance and healthy order book in the power station catalyst and heat exchanger business are mainly the result of strong global energy demand and high oil prices. Efforts in the USA to reduce oil dependency are leading to the planning and construction of new coal and gas-fired power stations. Environmental regulations have also been tightened in a number of states. In Europe, too, a growing number of new projects are under way. Meanwhile demand for replacement parts is increasing on both sides of the Atlantic. The coming years will also see a boom in power station construction in China; following Frauenthal's successful entry into this market, the catalyst business will benefit from the introduction of stricter emission limits there.

For the truck components business it is of interest that truck manufacturers' sales forecasts are still generally being revised upwards, while market researchers on the other hand are predicting a slight decline for 2008. Even if demand is currently showing symptoms of overheating, there are no signs whatsoever of a slowdown, and we therefore assume that the demand will remain at its current high level for at least the coming months.

Preferential toll rates in Germany have been restricted to Euro 5 compliant trucks since 1 October 2006. In response, truck manufacturers are now offering a wide range of Euro 5 vehicles, although this more stringent emission standard will not become mandatory until 2009. The growing demand for Euro 5 trucks has boosted the sale of diesel catalysts.

The building and renovation sector in Austria continues to boom, and the market for sanitary, plumbing and heating supplies is expected to grow at an above average rate in 2007. There are signs, however, that rates of growth will be less rapid in the final months of the year than a year ago. The acquisition of Rohrich in Salzburg brings our wholesale business additional heating expertise, particularly in connection with sustainable energy sources.

## Group performance

Trading in Frauenthal Holding AG shares was transferred to the Vienna Stock Exchange's prime market on 23 July 2007, which has led to an increase in trading volumes.

On 25 May 2007 SHT Haustechnik AG concluded an agreement to acquire Röhrich Heizung und Industriebedarf Gesellschaft m.b.H. Röhrich is a well-established wholesaler based in Salzburg, with an excellent reputation for expertise in heating systems. The acquisition has in the meantime been cleared by the competition authorities. Röhrich Heizung und Industriebedarf Gesellschaft m.b.H has been consolidated retroactively, with effect from 1 April 2007, and the figures published in this report reflect this development.

On 13 June 2007 Frauenthal Automotive Components GmbH concluded an agreement with Necks Invest AB (Sweden) for the acquisition of Pol-necks Sp.z.o.o., Torun (Poland). Pol-Necks Sp.z.o.o. produces U bolts, U-shaped clamps used to fix leaf springs to truck axles, which as safety components are required to meet high technical standards. Pol-Necks Sp.z.o.o. is the leading manufacturer of U bolts in Europe, and its works in Torun, Poland, are equipped with state-of-the-art, highly automated production facilities. The application for clearance by the competition authorities has in the meantime been granted. The initial consolidation was as of 1 July 2007, so that this third quarter report includes the results for that company.

## Operating review

**Industrial Honeycombs (power station catalysts, heat exchangers and foundry filters)**

Capacity in the Industrial Honeycomb Division has been fully utilised during the first nine months of 2007. The investments to remove production bottlenecks have been completed, and the higher production capacity is now fully available, and is fully utilised in taking advantage of current sales opportunities. The proportion of larger single orders with longer delivery times, particularly from the USA, continues to increase. A separate sales company has been set up in South Korea. A new and potentially very large market is emerging in China as a result of the entry into force of lower NOx emission limits for new power stations in 2008. Our entry into the Chinese market last year with our first power station contract is something of a showcase project: further such projects are being developed.

With a full order book, the overall order situation continues to exceptionally good.

Sales of ceramic heat exchangers and ceramic foundry filters are also continuing to rise.

Costs are however being pushed up, as prices for steel, tungsten and molybdenum are still very high and likely to rise further. Prices for vanadium, in contrast, have dropped slightly. The increasing weakness of the dollar favours our competitors in the USA, but pressure on margins has fallen somewhat as a result of buoyant demand.

**Automotive Components**

Demand in the commercial vehicles sector in the first nine months of 2007 was higher than expected. As a result, Group revenues were also well above budget. Demand was so strong that for leaf springs we were in some cases no longer able to meet our customers' needs. There is currently almost no remaining leaf spring production capacity at any of our sites, and we have had therefore to make use of short-term outsourcing options. Investments to increase capacity are being made on an ongoing basis, some of which will bear fruit even before the end of the year. We are also approaching a state of full production capacity utilisation with pressure vessels.

Under existing agreements, increases in basic steel, scrap and alloy prices, which continue to be subject to fluctuations, can be passed on to customers. In the case of energy price increases there is no automatic adjustment: they have to be included in pricing when new agreements are negotiated.

At the start of the year the diesel catalyst business succeeded in winning a multi-year contract with a further major truck manufacturer. In addition, we made short-term sales to a third customer. Series production of diesel catalysts in the new factory building began on schedule. Production is running at a very high level, in terms both of volume and quality. As the next step, preparations are underway in cooperation with the customer for series production of larger diameter SCR catalysts. Sample components with a 9.5“ diameter are currently undergoing testing on our customers' test beds, and we expect series production to begin before the end of the year, with deliveries to customers starting early in 2008.

### SHT

The boom in the construction industry – with double digit increases in demand in some regions – meant that SHT's plumbing supply wholesale business did very well in the first half year. Business also continued to be extraordinarily good during the summer months. Added value services specially developed for customers together with an expanded product portfolio, mainly in connection with sustainable forms of heating, have helped generate additional sales. The teething troubles experienced during the changeover to SAP have finally been overcome. There are signs of a slight decline in growth rates for autumn and winter, but 2007 can nonetheless be expected to be an excellent year for SHT.

## Financial review

### Revenue

In the third quarter of 2007 Frauenthal Group once again increased sales in all business areas substantially. IFRS consolidated revenue for the period was EUR 436.6m, which was EUR 74.2m (20.5%) up on the same period last year. Continuing favourable market conditions allowed the Automotive Components Division – to which sales of diesel catalysts now also belong – to post a strong sales performance, with revenue growth for the nine months of EUR 39.8m. The newly acquired Polish company, Pol-Necks Sp.z o.o., contributed sales of EUR 2.4m in its first three months with the Group. The growing demand for power station catalysts meant that – after adjusting for the transfer of diesel catalysts production – Porzellanfabrik Frauenthal increased its sales by EUR 5.0m. Since 1 January 2007, the production as well as the sales of diesel catalysts has been included as part of the Automotive Components Division. The boom in construction and renovation business during the first part of the year fell back to normal levels in August 2007. Sales for SHT for the first nine months were up EUR 31.4m compared with the same period last year, although this increase also reflects the inclusion of Röhrich Heizung und Industriebedarf Gesellschaft m.b.H from 1 April 2007.

Sales to the EU area accounted for 95.5% of total revenue, the USA for 2.0% and the rest of the world for 2.5%.

## Earnings

Strong growth in sales did not result in corresponding increases in earnings in any of Frauenthal's businesses.

The Group's EBITDA for the first three quarters of the year was EUR 27.4m, an increase of EUR 3.3m compared with the same period last year. Porzellanfabrik Frauenthal posted an EUR 0.9m improvement in EBITDA. SHT Group improved its results compared with the same period last year by EUR 1.1m, although competition meant that margins were tight. The Automotive Components Division's EUR 16.7m contribution to EBITDA was slightly less than the comparable amount in 2006; strong growth in sales did not produce a matching improvement in earnings. This was largely because earnings were significantly impacted by the closure of the production facility in Hungary, which was announced in January and completed in October 2007. The costs of closing the production site in Hungary are all reflected in the results for the first nine months of 2007, so there will be no further negative effects on the results for the rest of the year.

Revenue and earnings in all divisions are subject to seasonal fluctuations, so that extrapolations from results for the first nine months of 2007 do not yield reliable forecasts for the year as a whole.

## Assets and finances

In the nine months ended 30 September 2007 Frauenthal Group's total assets grew by 15% to EUR 325m (31 December 2006: EUR 282m). Net of increased advances by customers, the bulk of the increase was attributable to higher trade receivables, as is to be expected when sales increase significantly. The introduction of an ABS system for a major truck customer in the second quarter led to an increase in receivables of EUR 13.2m.

The significant increase in total assets and liabilities was reflected in a decline in the Group's equity ratio from 27.9% as at 31 December 2006 to 26.4% as at 30 September 2007.

### Cash flow

Cash flow before changes in working capital increased slightly from the previous year's level to EUR 23.3m.

In cash flows from operating activities, the increase in trade receivables as at 30 September 2007 was partially offset by the high level of customer advances. Cash flow from operating activities was a positive EUR 2.1m, a significant improvement on the first nine months of 2006 (EUR -2.1m). Measures initiated in 2006 to reduce working capital are being diligently pursued, and are expected to result in a substantial reduction in the current assets requiring to be financed – particularly trade receivables and inventories – in the final quarter of 2007.

Capital expenditure in the first nine months of 2007 totalled EUR 12.1m, compared with EUR 9.9m in the same period last year. Most of the additions to non-current assets related to replacement investments and additions to existing production facilities. During the first three quarters about EUR 2.1m was invested in additions to the diesel catalyst production line.

The initial consolidation of Pol-Necks Sp.z.o.o. and Röhrich Heizung und Industriebedarf Gesellschaft m.b.H resulted in a reduction of the free cash flow by EUR 10.6m.

## Outlook

In the guidance given in our most recent annual report, we predicted further revenue growth in 2007 and also expected consolidated earnings to be somewhat higher. However, we anticipated that profits would not grow as fast as revenue, because of market entry costs, structural investments and measures such as the closure of the air reservoir plant in Hungary.

This assessment is confirmed by the Group's performance in the first nine months of 2007, which was significantly better than budgeted, and by the favourable prospects of all our businesses for the rest of the year. We can expect higher sales and improved earnings in all business areas.

Vienna, November 2007

Frauenthal Holding AG

The Executive Board

# Balance sheet

| ASSETS | 30.09.2007 | 31.12.2006 |
|---|---|---|
| | ´000 EUR | ´000 EUR |
| **Non-current assets** | | |
| Intangible assets | 41.127 | 42.598 |
| Property, plant and equipment | 74.907 | 64.193 |
| Financial assets | 1.778 | 1.577 |
| whereof investments in associates | 700 | 700 |
| Non-current assets | 117.812 | 108.368 |
| Deferred tax assets | 19.849 | 20.326 |
| | **137.661** | **128.694** |
| **Current asset** | | |
| Inventories | 76.760 | 70.824 |
| Trade receivables | 88.213 | 61.048 |
| Other receivables and assets | 10.820 | 10.818 |
| Cash and cash equivalents | 11.444 | 10.615 |
| | **187.237** | **153.305** |
| TOTAL ASSET | 324.898 | 281.999 |

| EQUITY AND LIABILITIES | 30.09.2007 | 31.12.2006 |
|---|---|---|
| **Equity** | | |
| Share capital | 9.435 | 9.435 |
| Capital reserves | 21.093 | 21.093 |
| Other reserves and currency translation reserve | 39.914 | 28.687 |
| Treasury shares | -396 | -396 |
| Minority interests | 6.360 | 6.881 |
| Net profit | 9.360 | 12.960 |
| | **85.766** | **78.660** |
| **Non-current liabilities** | | |
| **Liabilities** | | |
| Bond loan | 70.000 | 70.000 |
| Liabilities to banks | 1.219 | 1.279 |
| Liabilities to Group companies | 10.500 | 10.500 |
| | **81.719** | **81.779** |
| **Provisions** | | |
| Provisions for severance benefits | 9.928 | 9.130 |
| Provisions for pensions | 10.779 | 11.022 |
| Provisions for deferred tax | 1.564 | 1.535 |
| Other long-term provisions | 8.976 | 7.684 |
| | **31.247** | **29.371** |
| | **112.966** | **111.150** |
| **Current liabilities** | | |
| Liabilities | | |
| Bond loan | 678 | 1.375 |
| Liabilities to banks | 30.155 | 5.469 |
| Trade payables | 59.767 | 53.712 |
| Liabilities to Group companies | 398 | 778 |
| Other liabilities | 28.657 | 25.616 |
| | **119.655** | **86.950** |
| **Provisions** | | |
| Tax provisions | 1.548 | 2.474 |
| Other short-term provisions | 4.963 | 2.765 |
| | **6.511** | **5.239** |
| | **126.166** | **92.189** |
| TOTAL EQUITY AND LIABILITIES | 324.898 | 281.999 |

# Statement of changes in equity

| in EUR '000 | Share capital | Capital reserve | Other reserves | Translation reserve | Treasury shares | Minority interests | Net profit/loss | Total |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2006** | 6.857 | 23.671 | 11.421 | - 77 | – 396 | 16.402 | 19.178 | 77.057 |
| Consolidated net profit for 2005 | | | 19.178 | | | | - 19.178 | 0 |
| Consolidated net profit for 2006 | | | | | | 1.121 | 12.960 | 14.081 |
| Capitalisation of reserves | 2.578 | - 2.578 | | | | | | 0 |
| Reclassification of participating interests | | | | | | - 10.500 | | - 10.500 |
| Dividends paid | | | - 1.834 | | | - 158 | | - 1.992 |
| Currency translation differences and changes in minority interests | | | | - 2 | | 16 | | 14 |
| **At 31 December 2006 / 1 January 2007** | 9.435 | 21.093 | 28.765 | – 79 | – 396 | 6.881 | 12.960 | 78.660 |
| Consolidated net profit for 2006 | | | 12.960 | | | | - 12.960 | 0 |
| Consolidated net profit – nine months ended 30 September 2007 | | | | | | 584 | 9.360 | 9.944 |
| Dividends paid | | | - 1.835 | | | - 1.152 | | - 2.987 |
| Currency translation differences and changes in minority interests | | | | 102 | | 47 | | 149 |
| **At 30 September 2007** | 9.435 | 21.093 | 39.890 | 23 | – 396 | 6.360 | 9.360 | 85.766 |

# Income statement

| | 1-9/2007<br>´000 EUR | 1-9/2006<br>´000 EUR |
|---|---|---|
| **Revenue** | **436.628** | **362.392** |
| Changes in inventories of finished goods and work in progress | -378 | -1.470 |
| Work performed by the enterprise and capitalised | 389 | 194 |
| Other operating income | 5.632 | 6.148 |
| Raw materials and consumables used | -285.062 | -233.890 |
| Staff costs | -87.625 | -77.027 |
| Depreciation and amortisation | -10.941 | -9.164 |
| Other operating expenses | -42.224 | -32.264 |
| Operating profit | 16.419 | 14.919 |
| Income from other securities held as non-current financial assets | 23 | 44 |
| Other interest and similar income | 448 | 623 |
| Interest and similar expense | -3.716 | -2.809 |
| Finance cost | -3.245 | -2.142 |
| **Profit from ordinary activities** | **13.174** | **12.777** |
| Income taxes | -2.714 | -2.058 |
| Change in deferred tax | -516 | -1.324 |
| Profit after tax | 9.944 | 9.395 |
| Minority interests | -584 | -797 |
| Net profit for the period | 9.360 | 8.598 |
| Earnings per share (EUR) | 1,02 | 0,94 |
| Average number of shares | 9.173.600 | 9.173.600 |

# Cash Flow Statement

| | 1-9/2007<br>'000 EUR | 1-9/2006<br>'000 EUR |
|---|---|---|
| Net profit before minorities | 9.944 | 9.395 |
| Depreciation and amortisation of non-current assets | 10.941 | 9.164 |
| Gains on the disposal of non-current assets | - 1.447 | - 118 |
| Losses on the disposal of non-current assets | 1.477 | 117 |
| Changes in deferred tax assets | 508 | 1.309 |
| Changes in long-term provisions | 1.846 | 2.312 |
| Cash flow before changes in working capital | 23.269 | 22.179 |
| Changes in inventories | - 4.753 | - 5.116 |
| Changes in trade receivables | - 23.842 | - 20.111 |
| Changes in other receivables | - 1.953 | - 1.431 |
| Changes in short-term provisions | 1.271 | - 3.532 |
| Changes in trade payables | 5.160 | 6.925 |
| Changes in other liabilities | 2.970 | - 1.154 |
| Currency translation related changes | - 32 | 112 |
| Cash flows from / used in operating activities | 2.090 | - 2.128 |
| Investments in non-current assets | - 12.062 | - 9.891 |
| Proceeds from disposal of non-current assets | 2.099 | 161 |
| Changes arising from initial consolidation | - 10.590 | 0 |
| Net cash used in investing activities | - 20.553 | - 9.730 |
| Dividends paid | - 2.987 | - 1.992 |
| Repayment of subordinated financial receivable | 2.419 | 0 |
| Repayment of external loans | - 338 | - 8.267 |
| Repayment of subordinate loans | 0 | - 7.750 |
| Change in fixed income securities | - 206 | 0 |
| Change in financial liabilities | 20.404 | 12.782 |
| Net cash from / used in financing activities | 19.292 | - 5.227 |
| **Change in cash and cash equivalents** | **829** | **- 17.085** |
| Cash and cash equivalents at beginning of period | 10.615 | 24.757 |
| Cash and cash equivalents at end of period | 11.444 | 7.672 |

# Notes to the interim report

The interim report of Frauenthal Holding AG (Frauenthal Group) for the nine months ended 30 September 2007 has been drawn up in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting.

## Consolidation, accounting and measurement policies

The number of companies included in consolidation has grown by one since 31 December 2006 due to the inclusion of Ceram Catalyst GmbH, the production company which was spun off from Porzellanfabrik Frauenthal GmbH with effect from 1 January 2007. Following the retroactive merger of Styria Holding S.A.S., Châtenois (F) into Styria Ressorts S.A.S., Châtenois (France) with effect from 1 January 2007, one fewer company is included in consolidation. On 25 May 2007 SHT Haustechnik AG concluded an agreement to acquire Röhrich Heizung und Industriebedarf Gesellschaft m.b.H, and on 13 June 2007 an agreement with Necks Invest AB, Sweden, for the acquisition of Pol-Necks Sp.z o.o., Torun (Poland) was signed. The land and buildings of the closed Linnemann-Schnetzer Ungarn Kft. factory were sold as of 30 September 2007. That company's income and expenses for the nine months have been included in the consolidated interim financial statements; the assets and liabilities of the company have been deconsolidated as of 30 September 2007. The interim report for the third quarter of 2007 thus comprises the results of the parent, Frauenthal Holding AG, and of 31 subsidiaries in which that company or its subsidiaries hold a majority of the voting rights and the controlling interest.

A series of restructuring measures were introduced in the first half of 2007 in order to improve the structure of Frauenthal Automotive Components Group and make it simpler to understand. The new Group structure as of 30 September 2007 is presented in the attached organisation chart.

The accounting and measurement policies used to prepare the financial statements for the year ended 31 December 2006 have been applied without change in this interim report.

The main differences between the policies applied and the provisions of the Austrian Commercial Code (HGB) lie in the use of the percentage of completion (PoC) method to value long-term construction contracts, in the treatment of deferred tax and the amortisation of goodwill, and in the calculation of provisions for employee benefit obligations.

## Notes to the consolidated balance sheet

Total assets rose from EUR 282m at 31 December 2006 to EUR 325m at balance sheet date. This chiefly reflected an increase in current assets in the form of higher trade receivables resulting from buoyant sales. The effect of an ABS system introduced for a major truck customer in the second quarter of 2007 led to increased receivables of EUR 13.2 million at 30 September 2007. High customer advances in the catalysts business and the resulting rise in hedged dollar balances contributed to an increase in total assets and total liabilities. The consolidated profit after tax for the first three quarters of 2007 increased consolidated equity, including minorities, by EUR 10.0m. Dividends totalling EUR 3.0m were paid to shareholders and minority interests. The increase in total assets and liabilities led to a reduction in the equity ratio from 27.9% at 31 December 2006 to 26.4% at 30 September 2007.

## Notes to the consolidated income statement

The consolidated income statement is presented using the nature of expense method.

Consolidated revenues for the first three quarters were up by 20.5% to EUR 436.6m (Q1–Q3 2006: EUR 362.4m). This increase was in large part due to positive trading conditions in all three Frauenthal divisions. Automotive Components, where diesel catalyst production and sales have been brought together since 1 January 2007, generated EUR 39.8m more revenue than in the same period last year. Consolidated revenue includes the newly acquired Polish company, Pol-Necks, from 1 July 2007. The exceptionally favourable business climate in the construction and renovation sector – especially in the first half of the year – resulted in revenue growth of EUR 31.4m for SHT Group.

Frauenthal Group's EBITDA of EUR 27.4m was 14% higher than the EUR 24.1m achieved in the comparable period last year. The favourable market climate combined with higher sales in industrial catalysts, automotive components and the SHT Group did not result in comparably improved earnings because of higher procurement costs. The results of the automotive components business were affected by unfavourable exchange rate movements and temporarily higher fixed costs. The results also include the total costs for the closure of the production site in Hungary.

On the basis of the net profit for the first nine months after minority interests of EUR 9,360,000 (Q1–Q3 2006: EUR 8.598,000) and an average of 9,173,600 shares in issue (Q1–Q3 2006: 9,173,600 shares), the undiluted and diluted earnings per share were EUR 1.02 (Q1–Q3 2006: EUR 0.94).

## Notes to the consolidated cash flow statement

Cash earnings for the first three quarters advanced by 3.1% year on year to EUR 23,269,000. Cash flow from operating activities of EUR 2,090,000 improved significantly on the same period last year (EUR -2,128,000). Higher working capital requirements in respect of customer receivables were partly balanced by an increase in customer advances. Investments in non-current assets of EUR 12,062,000 (Q1–Q3 2006: EUR 9,891,000) include – in addition to general replacement and expansion investments – EUR 1.7m to expand production of diesel catalysts.

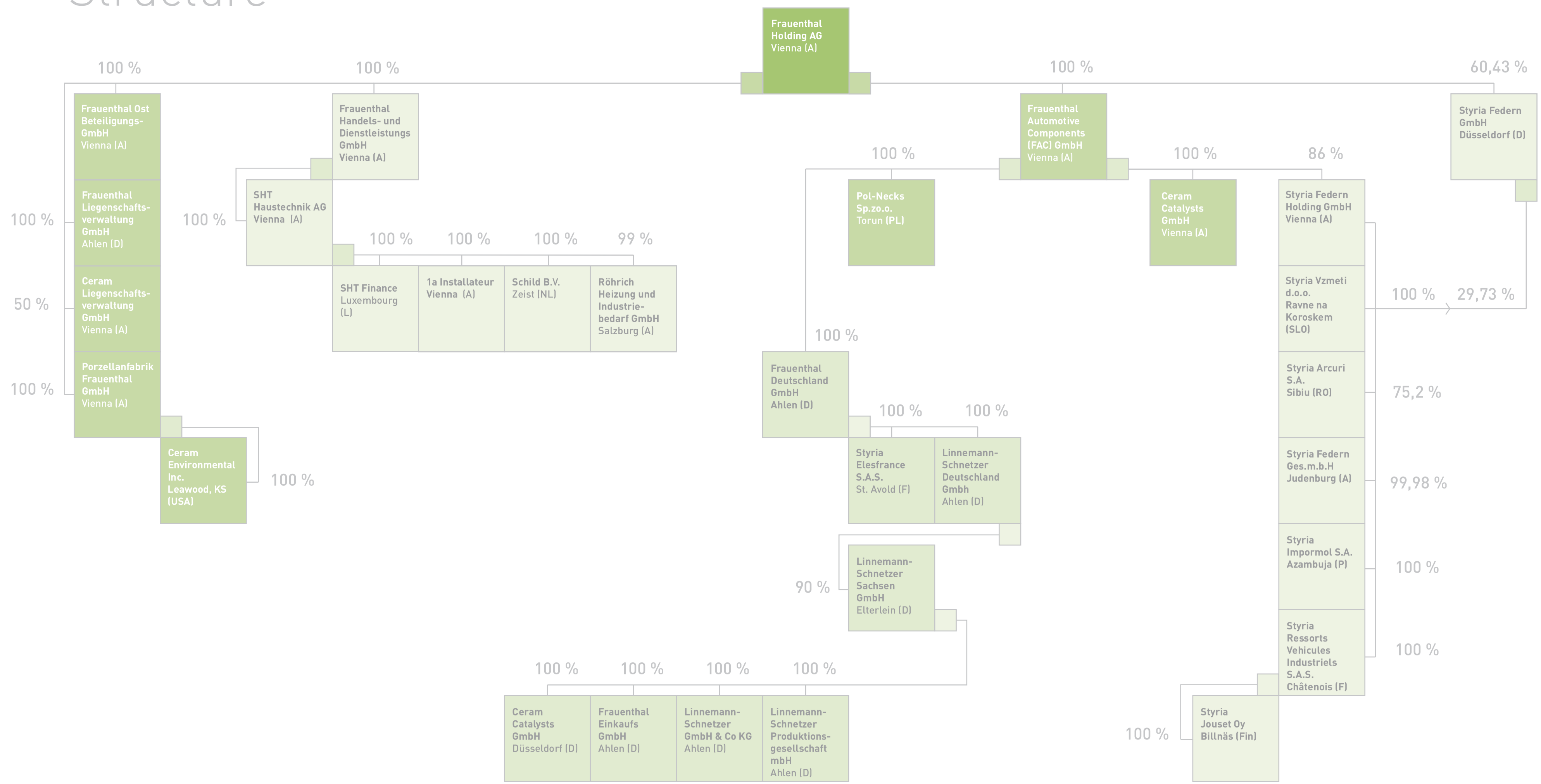
## Share price performance

Frauenthal stock has been traded on the Vienna Stock Exchange's prime market since 23 July 2007.

The closing price has declined from EUR 23.00 on 31 December 2006 to EUR 21.55 at 30 September 2007.

For more information on our share price performance visit our website at www.frauenthal.at.

# Structure


Frauenthal Holding AG Vienna (A)
100 %
Frauenthal Ost Beteiligungs-GmbH Vienna (A)
100 %
Frauenthal Liegenschafts-verwaltung GmbH Ahlen (D)
50 %
Ceram Liegenschafts-verwaltung GmbH Vienna (A)
100 %
Porzellanfabrik Frauenthal GmbH Vienna (A)
100 %
Ceram Environmental Inc. Leawood, KS (USA)
100 %
Frauenthal Handels- und Dienstleistungs GmbH Vienna (A)
100 %
SHT Haustechnik AG Vienna (A)
100 %
SHT Finance Luxembourg (L)
100 %
1a Installateur Vienna (A)
100 %
Schild B.V. Zeist (NL)
99 %
Röhrich Heizung und Industrie-bedarf GmbH Salzburg (A)
100 %
Frauenthal Automotive Components (FAC) GmbH Vienna (A)
100 %
Pol-Necks Sp.zo.o. Torun (PL)
100 %
Frauenthal Deutschland GmbH Ahlen (D)
100 %
Styria Elesfrance S.A.S. St. Avold (F)
100 %
Linnemann-Schnetzer Deutschland Gmbh Ahlen (D)
90 %
Linnemann-Schnetzer Sachsen GmbH Elterlein (D)
100 %
Ceram Catalysts GmbH Düsseldorf (D)
100 %
Frauenthal Einkaufs GmbH Ahlen (D)
100 %
Linnemann-Schnetzer GmbH & Co KG Ahlen (D)
100 %
Linnemann-Schnetzer Produktions-gesellschaft mbH Ahlen (D)
100 %
Ceram Catalysts GmbH Vienna (A)
86 %
Styria Federn Holding GmbH Vienna (A)
100 %
Styria Vzmeti d.o.o. Ravne na Koroskem (SLO)
75,2 %
Styria Arcuri S.A. Sibiu (RO)
99,98 %
Styria Federn Ges.m.b.H Judenburg (A)
100 %
Styria Impormol S.A. Azambuja (P)
100 %
Styria Ressorts Vehicules Industriels S.A.S. Châtenois (F)
100 %
Styria Jouset Oy Billnäs (Fin)
60,43 %
Styria Federn GmbH Düsseldorf (D)
29,73 %

# Imprint

## Shareholder information

| | |
|---|---|
| Investor Relations Officer: | Mag. Erika Hochrieser |
| Investor hotline: | +43 (1) 505 42 06 |
| E-Mail: | e.hochrieser@frauenthal.at |
| Website: | www.frauenthal.at |
| Vienna Stock Exchange: | Prime Market |
| Symbol: | FKA |
| ISIN: | AT 0000762406 (shares) |
| Vienna Stock Exchange: | Listing on the Vienna Stock Exchange official market |
| Symbol: | FKA |
| ISIN: | AT 0000492749 (bonds) |

In addition to detailed information on Group companies, our website offers downloads of quarterly reports, AGM documents, press releases, stock exchange announcements, product photographs, and the latest annual report in German and English.

## 2007 financial calendar

| | |
|---|---|
| 29.03.2007 | Annual results press conference |
| 02.05.2007 | Presentation of 2006 financial statements to shareholders and analysts |
| 03.05.2007 | Annual General Meeting |
| 03.05.2007 | Interim report for Q1 2007 |
| 11.05.2007 | Ex-dividend date |
| 18.05.2007 | Dividend payment date |
| 07.08.2007 | Interim report for Q2 2007 |
| 06.11.2007 | Interim report for Q3 2007 |

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**Hinweis:**
In the interests of readability editorial changes have been made of this annual report (including the color scheme and layout). The original can be viewed at the Company’s headquarters