

BLOCKING PERIOD: JULY 6, 2006 10 A.M.

**PRESS RELEASE**

**Plansee Group celebrates  
85th anniversary  
with record sales**

**Initial phase of global market positioning completed: all three divisions now among the leading suppliers worldwide**

**The Plansee Group has announced record sales in its 85-year history. In the 2005/06 fiscal year the Group's consolidated sales increased by 26%, reaching 857 million euros. The merger of Plansee's and Mitsubishi's sintered steel activities positioned the PMG Group as one of the world's leading suppliers of PM-products to the automotive industry. The Group's consolidated headcount rose from 4,600 to 5,050. Profitable growth allowed record levels of investment.**

The merger of the Plansee and Mitsubishi Materials Corp. PM-products businesses took place on December 1, 2005, creating the new PMG Group. PMG is a global enterprise, with eleven production sites employing a total of 2,400 employees, and achieved sales of 340 million euros last year. The integration process is progressing according to plan.

Comments Michael Schwarzkopf, Chairman of the executive board: "Following the recent merger, all three divisions – PLANSEE High Performance Materials, CERATIZIT and PMG – are now among the leading suppliers worldwide. The first phase of our global market positioning strategy has been accomplished."

## **Strengthening market position**

The strong growth achieved by the Plansee Group was facilitated by the robust global economy, and the strong demand from China. Despite significant rises in raw material and energy costs, all three divisions further strengthened their positions in major markets. The proportion of sales accounted for by the Asian region rose from 18 to 23 percent. Over 50 percent of all business was generated with customers in the automotive, engineering and electronics industries.

The company's success drivers include new product launches, its expansion into emerging markets, extensive capital expenditure programs, and investment in product and process development. Michael Schwarzkopf states that 30 percent of the Group's total sales were generated by products developed within the last five years, such as sputter targets for LCD flat screen manufacturers.

With a total of 62 companies (58 last year), the Plansee group is active in all major economic regions – Asia, Europe and the Americas. The Plansee Group increased its presence in the USA and Asia through the PMG merger, while CERATIZIT strengthened its position in important emerging markets with the opening of sales offices in Eastern Europe and Latin America.

The group's profitable growth has allowed a record capital expenditure program, with a total investment of around 90 million euros (11 percent of sales). The majority of it went in product and process development, as well as measures to improve production capacity and operational excellence.

## **Outlook for the current fiscal year**

During the first quarter of the 2006/07 fiscal year, the Plansee Group continued on its growth path. However, Schwarzkopf plays down expectations that the previous year's growth rate will continue. He says that there are clear indications that the global economy is overheating, and that high raw material and energy prices are resulting in increased competition, and substitution effects in the case of certain products.

“In the face of this uncertain situation, we are focusing on our current strengths to ensure our future success,”

comments Schwarzkopf. That includes the recently announced expansion of the Breitenwang/Reutte site, where around 90 million euros will be invested to safeguard the site's future and ensure its continuing viability. A total of around 150 million euros will be invested Group-wide in capital expenditure and innovation programs.

The Group is also aiming to position itself as a “globally attractive employer”, in order to attract and retain both senior and middle managers and skilled labor. Several initiatives have already been introduced to help achieve this goal, such as Group-wide internal communication measures, programs to train and develop existing managers, and more active recruitment.

*With its three divisions – PLANSEE High Performance Materials, CERATIZIT and PMG – the Plansee group is one of the world's leading suppliers of powder metallurgical products and components.*

*Ignoring differing shares of ownership, global sales in 2005/06 amounted to 1.3 billion euros, with 8,500 people employed by the group as a whole.*

*The fiscal year ends on the last day of February.*