



IPTE's subcontracting division - Connect Systems optimises back-office structure

For immediate release

Genk, October 20 2008

Closing Slovakian plant brings increased logistics and cost efficiency

Connect Systems International has applied to close its plant in Vrable, Slovakia and to transfer all its Slovakian cabling activities to the plant in Oradea, Romania. This decision is part of Connect Systems' plan to reorganise its way of working in Eastern Europe.

“Over the last few years the European electronics landscape has significantly changed”, says Luc Switten, CEO. “In 2002 we started our back-office activities in Eastern Europe by opening a cable plant in Slovakia. At the time the additional capacity of the factory in Vrable offered perfect back-up for our Western European front offices. But with the growing cost structure in Slovakia and the low market potential compared with other Eastern European facilities, the Slovakian plant no longer fits into our strategy of further expansion on the European electronics market.

Centralisation

Centralisation is a key word in Connect Systems' back-office development plan. In May 2008 the group opened a new factory in Oradea, Romania, with a total capacity of 16,000m² (8,000m² PCB assembly and 8,000m² cable assembly). “We felt that maintaining two back-office cabling factories with the same assignment led to production inefficiency, growing operating costs (stock control) and double management. The location and structure of the Slovakian plant also limited any expansion. Transferring the cabling activities of Connect Systems Slovakia to Romania will allow us to improve our efficiency, simplify logistics & communication and so maintain our low-cost structure.”

Opening up local markets

Apart from the factory in Romania, the Connect Systems Group also has a 'low-cost' production facility for assembling high-end electronics (PCBA) in Kladno, Czech Republic. This factory was the first back-office to start with local-for-local sales, a second important initiative in Connect Systems' new back-office strategy.

“With the development and expansion of the European Union, the traditional back-office countries in Eastern Europe have undergone a huge evolution. Today in the Czech Republic, and tomorrow in Romania and Hungary, we are seeing lots of local market opportunities. In February 2008



we launched a pilot project for back-office sales in the Czech Republic. Already we see that this market has considerable potential, and that a local sales department can generate partial self-sustainability for our Kladno factory. The same signals are coming from the Romanian and Hungarian markets, where our factory in Oradea will be the base for the local sales group to be set up by the end of 2008.”

In the Slovakian market, however, the demand for evolution to a front-office for local sales is minimal. “With the limited possibilities for local growth, and the growing costs as a supplier to our Western European front-offices we had to conclude that the added value of the factory in Vrable had become insufficient for our further development.”

Connect Systems expects that the transfer of all cabling activities from Slovakia to Romania will be finished by 31 March 2009.

The company

IPTE is a worldwide supplier of automated production equipment for the electronics industry and a provider of manufacturing services to electronic and industrial markets in Europe.

The company is sub-divided into two divisions. IPTE ‘Factory Automation’ is a market leader in the supply of production equipment for the electronics industry. The division develops manual, semi-automatic and turnkey automation systems for producing, testing and handling of printed circuit boards and for final assembly work.

The ‘Contract Manufacturing’ division, Connect Systems Group, offers high quality, cost-effective production services to the professional industry. Activities include the production of cables and cable trees, PCB assembly and testing, production of semi-manufactures and final product assembly.

The IPTE Group’s references include Barco, ASML, Alcatel-Lucent, Bosch, Delphi, Philips, Ericsson, Flextronics, Jabil, Johnson Controls, Lear, Continental, SCI-Sanmina, Siemens VDO and Visteon.

Today the company employs around 2,500 people in facilities in Europe, the United States and Asia.

Shares in the company, which was founded in 1992, are traded on NYSE Euronext Brussels. (www.euronext.com)



Note for the media, not for publication:

For further information on IPTE and this press release you can consult the website.

We would of course be glad to send you further information and photographic material on request.

Financial calendar

Announcement of Q2 2008 results November 13, 2008

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