

## **KTM Power Sports AG – Record Sales at KTM – for the First Time over EUR 500 million Business Year 2005/06 (9/1/2005 – 8/31/2006):**

- **Strategic decisions in the business year 2005/06**
- **Sales for the first time over €500 million**
- **Unit sales motorcycles 84,421 units; +5% versus previous year**
- **Equity ratio: 39,1%**
- **Proposed dividend: €0,75 per share**

### **Strategic decisions in the business year 2005/06**

After increasing the stake in KTM Group GmbH in several steps to 100 % and thereby implementing the company's focus on the "power sports" segment in the last business year, the result of KTM Power Sports AG has been influenced only by the interest in the KTM-group in the business year 2005/06.

On operational level the cooperation with Polaris which was started in the last business year has begun successfully. Since March 2006, KTM distributes Polaris-products (ATVs) in Germany. Furthermore, an engine supply contract has been signed (first supplies will follow shortly) and synergies in purchasing and in technical cooperation have been achieved.

CROSS Industries AG, the majority shareholder of KTM Power Sports AG, informed Polaris that in autumn 2007 at the latest and in accordance with the existing contracts, it will exercise its option to buy the block of shares Polaris holds in KTM. This enables KTM to secure its independent development in the future.

### **Group sales of KTM Power Sports AG: €504.5 million, +32% (KTM Group GmbH: +12% )**

Group sales were increased over the previous year by +32 % (thereof +20 % due to full consolidation, KTM Group GmbH 12 % versus previous year), from €381.9 million to €504.5 million. Along with the volume growth, the rise in sales resulted from a changed model mix (less sportminicycles, more 2-cylinder models) and strong growth in the related products segment (spare parts, accessories, OEM-products).

### **KTM-group's unit sales: 84,421 units, +5 %**

In the past business year 84,421 motorcycles were sold (+ 5 % over the preceding year). This positive growth has been caused in the off-road segment by the introduction of further models and in the street segment by the successful presentation of the new models (990 Adventure, 950 Superenduro) and the increase in sales (950 Supermoto) in the 2-cylinder segment. The US continues to be the largest sales market (25 % of total unit sales), followed by Italy, Germany, Australia and France.

### **EBIT KTM Power Sports AG: €34.0 million., +92% (KTM Group GmbH: +38% )**

In the business year 2005/06, KTM Power Sports AG's EBIT amounted to €34.0 million and exceeded the EBIT of the previous year by +92.1%. This development has especially been caused by a very good acceptance of the new models in the 2-cylinder and offroad-segment, higher results in the related products segment, a positive development of productivity and costs as well as the further expansion of own distribution subsidiaries.

### **Equity ratio: 39.1%**

The equity has increased by €19.7 million in comparison to the previous year and amounts to 39.1% of the balance sheet total.

### **Positive Outlook**

KTM sees good chances for growth in the business year 2006/07 in which, besides related products, primarily new and attractive street and offroad models will carry the future growth. A slight improvement in results can be anticipated from the growth of the unit sales as well as the expected enhancement of product margins especially through the ongoing transition in the direction of 2-cylinder models.

For the upcoming business year further investments in the segments infrastructure and optimizations in production processes and capacities are being planned. Regarding research and development the focus will lie on

the development of new street and offroad models on the basis of the new LC4 engine, on the development of the Superbike RC8 and new offroad racing models.

## **Key Figures of KTM Power Sports AG (IFRS):**

<b>EUR million (IFRS)</b>	<b>BY 05/06</b>	<b>BY 04/05</b>	<b>V %</b>
Sales revenues	504.5	381.9	+ 32
EBIT	34.0	17.7	+ 92
EBITDA	54.0	32.8	+ 65
Net profit	20,0	12.1	+ 65
Balance sheet total	457.0	407.5	+ 12
Equity	178.6	158.8	
EBIT margin	6.7 %	4.6 %	
EBITDA margin	10.7 %	8.6 %	
Employees (as of 08/31)	1,697	1,584	+ 7

## **Share price development**

The share price of the KTM-stock showed a slight decrease and closed on the balance sheet date at € 45.00. Market capitalisation of the KTM-share reached € 310.2 million as of August 31st, 2006.

Main shareholder with more than 50% of the voting rights is CROSS Industries AG.

## **Dividend**

The Board of Directors proposes to pay out a dividend of 0.75 €/share for the business year 2005/06.

Information: Michaela Friepess, KTM Power Sports AG, Bauernstrasse 9, A-4600 Wels  
Tel: 07242-694 02 ext. 113, Email: [IR@ktmpowersports.com](mailto:IR@ktmpowersports.com)