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IPTE divests activities

**Automation division sold to Huub Baren –
Contract manufacturing division activities remain
listed**

IPTE NV (Euronext Brussels: IPTE) announces the sale of its automation division to Huub Baren and Vladimir Dobosch. The Contract Manufacturing division will operate under the name Connect Group. It will be managed by CEO Luc Switten and independent director Erik Dejonghe, who has been chairman of the board since 22 June 2009. Only Connect Group, a market leader in its sector in the Benelux, will remain listed on Euronext Brussels.

Sale of the automation division

IPTE announces the sale of its automation division to Huub Baren and Vladimir Dobosch, both shareholders and directors of IPTE. A transfer agreement to this end was today approved by the board of directors and signed by all parties.

When presenting the third quarter 2009 results, it was already pointed out that all options for the automation activity had been identified. Ultimately it has been decided to divest the business and sell it.

After negotiating with various interested parties, IPTE Group has accepted a bid from the company's founder, Huub Baren and Vladimir Dobosch. An independent expert has prepared a valuation report, and the board of directors has, based on the expert report, the advice of the independent directors, the future plan, its knowledge of the market, the strategy and the capital, selected the best proposal.

The automation division will be transferred by general title in accordance with the relevant provisions of the Companies Code. To this end a proposal to transfer the business area and a detailed report have been prepared by the board of directors. After approval by the general meeting, scheduled in the first quarter of 2010, all rights and obligations attached to the automation division will be legally transferred. Accounting-wise, however, all operations related to the automation division will, from October 1, 2009 onwards, be deemed to be for the acquirer's account. In this context the agreement contains an economic correction mechanism which gives concrete form to this retroactive accounting effect.



The automation division is being sold for a fixed amount of EUR 2 million and a variable amount calculated as a function of the accumulated profits of the division until December 31, 2012. Payment of the fixed amount may be deferred until no later than December 31, 2013.

The contract also contains a clause whereby IPTE will participate in any possible capital gain realised by the purchaser of the automation activity should the latter sell the activity with a profit to a third party within the next 2 years.

"This ensures us as sellers that if the automation activity makes a profit in the coming years, all Connect Group shareholders will directly and indirectly obtain their share of this profit", says board chairman Erik Dejonghe.

As guarantee for the payment obligations, IPTE is taking a pledge on its shares held by the acquirers and IPTE is granted a call option on these shares at an exercise price of (i) EUR 2.86 per share in the event that the highest independent bid price for the share in the central order book of Euronext Brussels is higher or equal to EUR 2.86 or (ii) the highest independent bid price for the share in the central order book of Euronext Brussels, in the event that this is lower than EUR 2.86.

IPTE Group changes name to Connect Group

With the transfer of the automation division, IPTE's remaining contract manufacturing division will continue, as from the date of transfer, as the sole publicly traded entity. IPTE Group is proposing to its shareholders to change its name to Connect Group.

"We are changing our name to Connect Group, and are becoming a subcontracting company, specializing in contract manufacturing, which will about 30% smaller than what the IPTE group has been until now", says board chairman Erik Dejonghe.

The leading Belgian service provider for the assembly of cables, PCBs and modules (equipment, racks, products and final product assembly) recorded in 2008 as part of IPTE a turnover of EUR 166 million and an operating profit of EUR 7.75 million. It has been constantly profitable, with the exception of the crisis year 2001.

Typically, this activity has always generated a strong operating cash flow in recent years. At the end of the third quarter of 2009, Connect had an order book of EUR 56 million and is also pleased to report rising orders in the fourth quarter.



"During the past quarters Connect has already implemented a major restructuring in order, as a market leader in the Benelux countries, to get ready to benefit fully from the expected recovery in contract manufacturing", says board chairman Erik Dejonghe. "The sale of the automation business will allow us to concentrate fully on our core business. We are hopeful as we look to the future. This divestment protects the future of the company and offers good growth opportunities once the market begins to revive."

"Connect can present solid credentials", says board chairman Erik Dejonghe. "The divestment allows us to focus once again on our flexible structure that enables us to produce better products, fast and at a lower price, so that we can grow into the market leader in the Benelux."

Future prospects for Connect

The transfer of the automation activity will produce in the fourth quarter of 2009 a one-off loss of EUR 17 to 18 million, taking into account the related transaction costs and a number of restructuring costs. Very importantly, this is not a cash loss, but involves mainly the booking out of assets and liabilities relating to the automation activity. Other accounting effects of the transaction mean that the loss will amount to EUR 17 to 18 million. This is a major capital loss, but there are three decisive factors in play here: the EUR 8 million loss recorded by the automation activity in 2009, the costs still to be incurred for measures to put the company back on a sound footing, and the fact that the net assets include goodwill of EUR 4 million, which under IFRS rules had in any event to be written off in 2009. The extraordinary non-cash loss is a logical consequence of all this.

Connect Group's exposure to risks arising out of the transfer of the automation activity is limited to the deferred payment of the fixed price (as indicated above) [and the declarations and guarantees given by IPTE as the transferor of the business area]. The company has entered into no future commitments with regard to the buyer's debt.

The main shareholders of the new group remain as previously known: Mr Huub Baren and LRM. Mr Huub Baren will also remain a director of the new group.

Agreements have been made with its bankers to continue their financial support after the sale of the automation division. In addition, the group will in spring 2010 reinforce its balance structure by issuing a subordinated convertible debenture in an amount of between EUR 2 million and EUR 5 million. At a general meeting to be held in the first quarter of 2010, the board of directors will propose applying the following conditions: a minimum investment of EUR 50,000 (except for



personnel), a term of 6 years, an interest rate of 6 percent, payable half-yearly, and a four-yearly conversion opportunity (after announcement of annual, half-year and quarterly figures). The bonds will be convertible at the lower of: (i) 70% of the average highest independent bid price for an IPTE share in the central order book of Euronext during the 30 trading days immediately prior to the exercise date and (ii) EUR 2.00. A number of shareholders have already committed for a minimum amount of EUR 2 million.

Connect will now first of all calmly complete the divestment of the automation division. In spring 2010 it will then set out its strategic vision for the future of the company.

“But we can already state that central features of this vision will be innovation, a practically-oriented business culture and delivering the highest possible added value to our customers”, concludes board chairman Erik Dejonghe.

Crisis spooked IPTE Group’s expansion strategy

Since starting its business in Genk, IPTE concentrated in the first instance on delivering automated production equipment to the electronics industry. IPTE was able to steadily and strongly expand this activity, not only in Europe but also in Asia and America and in particular in China, Singapore and Mexico. In 2007 and 2008 IPTE again drew attention to itself with investments to strengthen its commercial network and operational presence in countries like Estonia and Spain, in order to be as close as possible to its customers. The global economic downturn, however, threw the expansion strategy off course, leading to heavy losses in the automation business. IPTE therefore decided to divest this activity.

IPTE Automation will continue to develop its activities at full speed from Genk. This means that the employees now working in Genk will also be part of the new IPTE Automation. This new company will no longer be listed.

About the new group

Connect offers cost-effective, high quality 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.

Connect Group’s references include companies such as Alstom, ASML, Atlas Copco, Atos, Barco and Philips.



For further information on Connect and this press release you are invited to consult the website.

Certain statements in this announcement are forward-looking statements. Any forward-looking statement is valid only at its date of publication. Such statements are based on current expectations and convictions. By their very nature, they contain a number of known and unknown risks, as a result of which the actual results and performances may differ significantly from the expected future results or performances expressed or implied in the forward-looking statements. The information and viewpoints expressed in this announcement may change without prior publication, and IPTE has no intention, or obligation, to update the forward-looking statements contained in this report, except and as far as is required by any applicable legislation or the regulations of any stock exchange on which its shares may be traded.

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