



Ad hoc announcement

PWO continues international expansion with acquisition in Mexico

Oberkirch, December 6, 2006 – Progress-Werk Oberkirch AG is taking its strategy of international expansion to the next level according to plan by acquiring a well-known automotive supplier in Mexico. In acquiring an interest in Cartec, S.A. de C.V., a privately held company based in Puebla, south-west of Mexico City, PWO purchases a highly respected supplier who has a number of long-term contracts with subsidiaries of leading European and US car makers. In addition, the company has agreements with major Tier 1 suppliers.

Recording positive bottom-line results, Cartec is forecast to generate sales of around US\$ 20 million (approx. EUR 15.6 million) in the current 2006 financial year, with a workforce of about 350 people. The company will be included in the consolidated PWO Group at the beginning of the 2007 financial year. Owing to conservative financial planning, management is not anticipating significant earnings contributions for 2007 already.

The acquisition is to be implemented in two stages: PWO will initially acquire a 60 per cent interest in the entity. Part of the purchase consideration for this interest in the company has been linked to the attainment of specific performance targets for sales and earnings in the years 2008/2009. The acquisition of the remaining 40 per cent interest is planned to be executed in the same period. The parties involved in the transaction have agreed not to disclose details of the purchase price. In future, Cartec is to be directed by members of the existing management team as well as a representative of PWO Canada, Inc.

Cartec's company-owned facility includes 25 cutting and forming presses, as well as robot-controlled welding centres and machining units. The site also offers space for future expansion. Senior positions in production and tool manufacture are held by managers with many years of experience in the European market. Furthermore, Cartec's product range is considered to be the perfect match for PWO's portfolio in North America: alongside the potential generated through complementary customer relationships, Cartec will give PWO access to the burgeoning automotive market in the southern NAFTA region. The strategic move will also bring PWO closer to its customers with production facilities in Mexico and further enhance the competitive positioning of PWO's location in Kitchener, Canada, particularly with regard to labour-intensive projects.

PWO has set its sights on capturing a substantial share of the growth markets in Eastern Europe, Asia and the NAFTA region in the coming years. Following the successful market entry in the Czech Republic in 2005 and the establishment of a joint venture in China in the current financial year, PWO's move into Mexico completes the Groups portfolio of production sites.

Progress-Werk Oberkirch AG
The Management Board