

Ad hoc announcement

Annual forecast for 2008 downgraded by PWO following deterioration in economic conditions

- **Major downturn in volumes of customer delivery schedules**
- **Medium-term revenue and earnings targets nevertheless confirmed**

Oberkirch, September 29, 2008 – PWO produces metal components for the automobile industry based on longer-term contracts. These underlie the company's medium-term planning.

By contrast, production control is geared towards the continuously updated number of standby orders placed by customers for the following weeks and months. At present, the volume of scheduled supplies anticipated for the remainder of the financial year 2008 is being scaled back to a considerable degree. This has a particular impact on PWO's Oberkirch site. Although costs are being adjusted where possible in the short-term, this will not compensate fully for the expected reduction in earnings.

On the basis of the figures currently available, Group revenue 2008 is expected to lie above the level of 2007 of EUR 259.6 million, but below the previous forecast. The 2008 EBIT is expected to fall short of last year's figure of EUR 16.8 million. A more precise forecast for 2008 will be prepared once a detailed examination and an assessment of the current situation have been made. Nevertheless, appropriate measures have already been introduced in response. Previously, the Group had anticipated high single-figure growth in revenue, with a corresponding increase in earnings.

With a number of new projects set to drive growth in the coming years, PWO's targets of achieving revenue of around EUR 350 million and an increase in EBIT to more than EUR 25 million by 2010 remain in place.

Progress-Werk Oberkirch AG
The Management Board