

Press release

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 announced today in an ad hoc statement that there has been a strong reduction in the level of standby production schedules from its customers for the remainder of the financial year 2008 and that its annual forecast will have to be revised. The major downturn in standby orders particularly affect the Group's largest production site in Oberkirch.

Fluctuations in forecast delivery schedules under PWO's long-term production agreements are a normal part of the business to which PWO responds by establishing flexible processes and cost structures throughout. However, the current downturn has been very sudden and goes beyond the usual level of volatility. Cost-reduction measures were immediately introduced, but it may take time for some of these to show results.

Given that the level of standby orders has not yet stabilised, any assessment of the actual situation during the course of the year is necessarily fraught with uncertainty. 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.

The current reductions affect PWO's business in the shorter term. The target of achieving revenue of around EUR 350 million and an increase in EBIT to more than EUR 25 million by 2010 are not affected since a number of new projects are set to drive growth in the coming years.

PWO will be hosting telephone conferences today at 12.00 CEST (for journalists) and 14.00 CEST (for analysts and investors). The number to call can be obtained from the Investor Relations department on + 49 7802 84 – 844.

Progress-Werk Oberkirch AG
The Management Board

PWO company profile: On the way to becoming a global automotive supplier

PWO has established itself as one of the world's leading suppliers of high-end metal components for automobile safety and comfort. Drawing on its experience spanning almost 90 years since the company's inception in 1919, PWO has amassed a wealth of knowledge within the field of metalforming and joining. The company's Oberkirch facility in Germany currently has a workforce of approx. 1,100 employees. Operating additional sites in the Czech Republic, China, Mexico and Canada, the Group is represented worldwide and employs some 1,900 people in total.

As a partner to the automobile industry, PWO develops and produces tailor-made solutions in volumes reaching several million units, all of which are supplied just-in-time and in zero-defect quality. Working in close collaboration with its customer base, the Group is expanding its international production sites with a view to extending its reach as a supplier to foreign markets. PWO's future target is to propel Group sales revenue from EUR 260 million in 2007 to around EUR 350 million in 2010. In the same period, EBIT is to be expanded from EUR 16.8 million to over EUR 25 million.