

Press release

PWO - recession impacts on first quarter of 2009

Oberkirch, May 5, 2009 - The international automotive industry experienced a further dramatic global downturn at the beginning of 2009. The unprecedented slump seen already in the fourth quarter of 2008 worsened at the beginning of 2009. Compared to the first quarter of 2008, where we achieved record sales, the PWO Group's revenue fell by 38.2% to EUR 41.4 million (p/y 66.9) in the first three months of 2009. Sales from series production decreased even more sharply as revenue from tooling operations climbed to EUR 4.9 million (p/y 2.7). Change of inventories was significantly lower than in the previous year, too. Thus total output declined more sharply than revenue by 41.1% to EUR 43.0 million (2008: EUR 73.0 million).

After the severe downturn at the beginning of 2009, an increase in revenue of over 20% compared to the average of the first two months was achieved in series production in March. This signifies a slight improvement, but does not yet represent a return to break-even capacity utilisation. Material input was adjusted to the development of total output. The material expense ratio stood at 55.6% (p/y 55.8%). However, the other expense ratios rose in part sharply, despite short-time working at the Oberkirch site as from February, a slight fall in depreciation and amortisation and a significant decline in other operating expenses. Overall, EBIT came in at EUR -5.0 million (p/y 3.8).

Interest expenses increased to EUR 1.3 million (p/y 1.1), with EBT standing at EUR -6.3 million (p/y 2.7). Net profit for the period was EUR -4.6 million (p/y 2.0) after tax credit of EUR 1.7 million (2008: a tax burden of EUR 0.8 million) owing to losses before taxes. Earnings per share of EUR -1.82 (p/y 0.79) were posted for the first quarter of 2009.

None of our production sites were able to avoid exposure to the downturn. There were higher-than-average declines in revenue and total output at the German site Oberkirch falling by 40.5% to EUR 32.7 million (p/y 55.0) and 43% to EUR 34.1 million (p/y 59.8) respectively. In contrast, our Czech production site continued to grow as indicated earlier with revenue increasing to EUR 3.9 million (p/y 2.3) and total output climbing to EUR 4.6 million (p/y 3.4). The second large press started production here at the beginning of the year as planned. The site in Kitchener, Canada, posted a very weak development of revenue and total output compared to the group average following the sharp downturn in the North American market. The decline at the Puebla site, Mexico, was somewhat less acute. We did not achieve any revenue in Asia in the first quarter of 2009 since we withdrew from our joint venture, as explained in the 2008 Annual Report, and our own subsidiary only began production after the end of the reporting quarter.

We were able to increase our credit liabilities in cooperation with our financial partners who continue to support us through the current crisis. Moreover, an agreement on the financing of international activities was concluded with an additional banking partner. Cashflow from operating activities stood at EUR -8.2 million (p/y 3.6) in the first quarter of 2009. Without the repayment of current liabilities of EUR 7.9 million, the cashflow would have been almost break-even.

Planning for future models is being continued in the automotive industry despite the difficult economic climate. This represents new opportunities for PWO towards which we are working intensively and with total commitment. We achieved further success in the quarter under review thanks to high levels of technical expertise and globally competitive cost structures. After a leading international automotive group selected us to develop and manufacture the European order volume of the module carrier for a new global vehicle production platform in 2007, we have now also won the order volume for North America. We also won an order from a German premium manufacturer for the development and production of module carriers for its high-volume production platform. In total, both major orders represent a sales volume of around EUR 180 million and will ensure the return to a high level of capacity utilisation at both the European and North American PWO production sites. The series ramp-up is scheduled for 2010/2011.

To cushion the impact of the current fall in revenue, business management focuses on extensive cost limitation in the current financial year. However, future-oriented projects and development activities will be pursued without restriction. Moreover, top priority is ensuring the group's liquidity. We also anticipate significant declines in the second quarter compared to the previous year, albeit not quite as high as in the first quarter. As our customers currently do not offer reliable forecasts for 2009 continued uncertainty surrounding future trends means it is currently not possible to make well-founded projections about future performance of the business. In view of the decline in standby orders from our customers so far, we cannot rule out the possibility of posting a loss for the full 2009 financial year. Due to the high volume of new orders, we can, however, be optimistic for the future.

Progress-Werk Oberkirch AG
The Management Board

Please note: The complete quarterly report is available at the Progress-Werk Oberkirch AG website (www.progress-werk.de / Investor Relations / Reports)