

Press release

PWO records an improvement in earnings in the second quarter of 2009

- **Increase in the number of standby orders from series production in the second quarter**
- **Significant savings result from cost-cutting measures**
- **Operating profit recorded again on a monthly basis**
- **Further growth in revenues expected in the third quarter**

Oberkirch, 5 August 2009 – Revenues from series production increased significantly in the second quarter of 2009 compared with the first three months of the year. At the same time, the cost-cutting measures implemented are taking effect, allowing the company to once again record a positive EBIT in June and only a moderate net loss. Our largest plant in Oberkirch even achieved an operating profit again in May. However, we are still a long way from normality, as a comparison with the previous year's figures shows.

Overall, the company achieved revenues of EUR 49.1 million (2008: EUR 71.7 million), a total output of EUR 51.2 million (2008: EUR 72.1 million) and an EBIT of EUR -2.2 million (2008: EUR 4.6 million). This includes non cash exchange rate losses of EUR 1.1 million. Loss for the period amounted to EUR 3.1 million (2008: a profit of EUR 2.4 million) and earnings per share were EUR -1.27 (2008: EUR 0.96). Compared with the first quarter of 2009, revenues and total output increased by 19%. We were also able to more than half the negative EBIT.

In the first half of 2009, revenues of EUR 90.5 million were achieved (2008: EUR 138.6 million), total output amounted to EUR 94.2 million (2008: EUR 145.1 million) and EBIT was EUR -7.2 million (2008: EUR 8.4 million). This includes non cash exchange rate losses of EUR 1.4 million. Loss for the period amounted to EUR 7.7 million (2008: a profit of EUR 4.4 million) and earnings per share totalled EUR -3.09 (2008: EUR 1.75).

The individual production plants, led by Oberkirch as the technology and competence centre of the company, have adapted flexibly to the changed market conditions. The plant in the Czech Republic has found its stride and is performing positively – supported by sustained substantial growth in revenues. Both of our plants in the NAFTA region are still negatively affected by the decline in market volume, which is especially severe in that part of the world. While our established plant in Canada has for the most part been able to adapt so far, additional measures are required in Mexico and are currently being implemented. The developments in China are progressing according to plan.

Cash flow from operating activities was positive in the second quarter at EUR 0.5 million. For the first half of 2009, it was EUR -7.7 million (2008: EUR 11.7 million). This clearly

negative figure was mainly due to the repayment of current liabilities in the first quarter (without financial credit) amounting to EUR 8.9 million, which resulted in particular from the reduction in trade payables. Without this reduction in current liabilities, the cash flow in the first half of 2009 would have been balanced out, despite the loss for the period. Investments were reduced from EUR 5.2 million in the first quarter of 2009 to EUR 2.0 million in the second quarter.

Our financing partners supported the necessary increase in liabilities to banks. In the first half of 2009, we were able to finalise various additional financing agreements for our expansion abroad as well as for new investments. This is enough to cover not only the borrowing requirements for 2009 but also partly for 2010.

The current materials scheduling of our customers points to further stabilisation in the third quarter of 2009. The number of anticipated serial release orders is still fluctuating considerably, meaning that a sound forecast on how business will develop is not yet possible. Overall, we are confident that we will be able to reduce the loss from the first half of the year over the next six months; however a net profit for the year is not likely.

Progress-Werk Oberkirch AG
Executive Board

PWO company profile:

PWO is one of the world's leading suppliers of superior metal parts in the area of car safety and comfort. Since the company was founded in 1919, it has developed a unique know-how in the shaping and joining of metals. The German plant in Oberkirch currently has around 1,100 employees. The company is represented globally, with sites in the Czech Republic, China, Mexico and Canada, and employs around 1,900 people.

PWO is a partner in the automobile industry for the development and production of innovative products: by the millions, just-in-time and of excellent quality. In close cooperation with our customers, PWO's international production sites are being expanded to supply foreign markets. This means that considerable successes have already been achieved, which means that PWO has contracts that will once again lead to growth in the coming years – regardless of whether the market fully recovers or not.