

Press release

## **PWO achieves good start to new year**

- **Revenue and total output rise to EUR 61.4 million (+48.4 percent) and EUR 64.8 million (+50.7 percent) respectively**
- **EBIT stands at EUR 4.2 million following EUR -5.0 million in the previous year**
- **Consolidated net result EUR 1.6 million, following EUR -4.6 million in the previous year**
- **Revenue increase of around 15 percent to more than EUR 235 million expected for 2010**

Oberkirch, May 4, 2010 – In the first quarter of 2010, the PWO Group benefited significantly from the recovery process, particularly in the international automobile industry's premium segment. Compared to the extremely weak prior-year quarter, revenue and total output were up by 48.4 percent to EUR 61.4 million, and by 50.7 percent to EUR 64.8 million respectively. A significantly positive result reflected higher business volumes, and consequently also capacity utilisation, as well as last year's far-reaching cost-reduction measures, which continue to exert an effect.

EBIT reached EUR 4.2 million in the reporting quarter. As a consequence, this figure has almost doubled compared with the fourth quarter of 2009. The improvement amounts to EUR 9.2 million compared with the first quarter of 2009, in which negative EBIT of EUR -5.0 million had been reported. Consolidated net income turned around from a loss of EUR 4.6 million in the first quarter of the previous year to a profit of EUR 1.6 million in the reporting quarter. After a loss per share of EUR 1.82 was incurred in the first quarter of 2009, earnings per share of EUR 0.63 were generated in the first quarter of the current financial year.

All our locations contributed to the positive earnings trend, with in part significant revenue increases. In absolute terms, our German site at Oberkirch delivered the most significant earnings contribution. Here, sales rose by 48.9 percent to EUR 48.7 million (previous year: EUR 32.7 million), and EBIT improved to EUR 4.4 million (previous year: EUR -4.0 million).

Our Czech site boosted revenue by 54.3 percent to EUR 6.1 million (previous year: EUR 3.9 million). While tool sales were only slightly higher, series production revenues almost doubled. There was a tangible improvement in EBIT, but, at EUR -0.3 million (previous year: EUR -0.5 million), it remained slightly below breakeven, not least due to unfavourable currency effects. Here, we anticipate significantly positive EBIT for the full year.

In the NAFTA region, revenue and total output were up by 50.0 percent and 52.6 percent respectively in the reporting quarter to EUR 8.7 million (previous year: EUR 5.8 million) and EUR 9.0 million (previous year: EUR 5.9 million) respectively. EBIT improved by EUR 1.2 million to breakeven in the reporting quarter, while the net result for the period improved to EUR -0.2 million (previous year: EUR -1.2 million). There will still be tangible start-up costs in 2010 due to numerous new projects that are currently in the series preparation phase, and which will go into production over the further course of the year.

At our Chinese subsidiary in Asia, we achieved revenue of EUR 0.8 million from series start-ups in the first quarter of 2010. We had not yet generated revenue in the previous year's quarter. The company, which is still in its development phase, achieved EBIT breakeven due to currency effects in the reporting quarter, although it continued to report figures in the red at the operating level, as planned.

The PWO Group financing structure was further improved in the quarter under review. Along with a slight increase in the equity ratio to 30.3 percent, following 30.0 percent as of the 2009 balance sheet date, net debt was reduced to EUR 76.2 million. At the end of the third quarter of 2009, net debt was still at EUR 84.9 million, and the equity ratio was 28.3 percent.

Cash flow from investing activities of EUR -3.5 million was financed entirely from operating activities during the quarter under review. Operating cash flow amounted to EUR 8.7 million, whereas it still amounted to EUR -8.2 million in the previous year's comparable quarter. Cash and cash equivalents doubled to EUR 7.2 million as part of the positive business trend in the first quarter of 2010. In the current financial year, extensive series productions, particularly for cross beams, as well as car body, chassis and seat components, with an estimated lifecycle volume of approximately EUR 350 million will enter the start-up phase. As a consequence, approximately EUR 19 million of investments — primarily in such series start-ups — will significantly exceed last year's reduced level.

Given these circumstances, the 2010 financial year will again stand clearly under the sign of significant growth, although it may take some time until we regain our original market volume. We anticipate revenue growth of approximately 15 percent to EUR 235 million in the current year. Our medium-term revenue objective remains to exceed the EUR 300 million mark in 2012. The aim is to further secure Group profitability this year on a sustainable basis. Above and beyond the gearing effects resulting from a demand-led increase in capacity utilisation, the reduction in the breakeven threshold that we implemented during the sector recession will have an earnings-boosting effect in this respect, along with the far advanced stage of the development and expansion of our foreign sites, and their future earnings contributions. In this context, the first quarter solidly underpins our expectation of a clearly positive consolidated net result for 2010.

Progress-Werk Oberkirch AG

The Management Board

**PWO company profile**

PWO is one of the world's leading suppliers of advanced metal components for automobile safety and comfort. The company has developed unique knowledge in the forming and joining of metals over the course of its 90-year history since it was founded in 1919. The German location at Oberkirch today employs around 1,100 staff members. The Group is globally represented with further sites in China, Canada, Mexico and the Czech Republic, and employs around 1,900 staff around the world.

PWO is a partner to the global automotive industry for the development and production of innovative products in the areas of "Mechanical components for electrical and electronic applications", "Safety components for airbags, seats and steering" and "Components and systems for vehicle bodies and chassis".

Series orders currently on hand will result in significant growth at all sites over the next two years, irrespective of full market recovery.