

Ad hoc announcement – Third Quarter and First Nine Months of 2007

## **PWO records continued growth and upgrades forecast for 2007**

Oberkirch, November 8, 2007 – Progress-Werk Oberkirch AG and the Group as a whole carried their momentum gained in the first half of 2007 forward to the third quarter. In doing so, PWO has outpaced its original forecasts concerning annual revenue and EBIT in 2007. The upgraded target for the annual period as a whole now stands at EUR 255 million in sales revenue, compared with the original forecast of EUR 250 million. This corresponds to year-on-year growth of more than 13 per cent. Business expansion in recent months has been driven by substantial organic growth at the Group's facility in Germany as well as by the inclusion of PWO's new Mexican subsidiary. PWO will exceed its original EBIT forecast of approx. EUR 15.8 million, the new target being a figure well above EUR 16 million.

In the third quarter of 2007, Group revenue rose to EUR 63.1 million (prev. year: EUR 54.3 million), while the first nine months of 2007 saw revenue grow to EUR 190.9 million (prev. year: EUR 167.5 million). Total output, i.e. net sales plus inventory changes plus work performed by the enterprise and capitalised, increased to EUR 66.0 million (prev. year: EUR 56.5 million) in the third quarter. In the first nine months of 2007, total output amounted to EUR 193.3 million (prev. year: EUR 172.5 thousand). In the third quarter of 2007, both revenue and total output contributed by the inclusion of the Mexican subsidiary amounted to EUR 5.4 million respectively. In both cases, the figure totalled EUR 14.9 million over the course of the first nine months.

Earnings before interest and taxes (EBIT) rose from EUR 3.5 million a year ago to EUR 3.8 million in the third quarter of 2007. In the first nine months EBIT edged up from EUR 12.0 million to EUR 12.7 million. Thus, the EBIT margin, calculated on the basis of total output, stood at 5.8 per cent in the third quarter, compared with 6.2 per cent a year ago; the EBIT margin for the first nine months was 6.6 per cent, as opposed to 7.0 per cent in the same period a year ago. The slight decline is the result of the inclusion of the Mexican subsidiary, whose earnings performance at present remains below the Group average. The costs associated with international expansion also had a contributory effect. Having said that, PWO recorded a significant increase in EBIT in absolute terms, thus exceeding its own forecasts within this area.

Against the backdrop of higher finance costs and a temporary increase in the tax rate, net profit for the first nine months of 2007 remained unchanged year on year at EUR 6.2 million. As regards the third quarter of 2007, net profit contracted marginally to EUR 1.7 million, down from EUR 1.8 million in the same period a year ago. On this basis, earnings per share for the third quarter and first nine months of 2007 stood at EUR 0.71 and EUR 2.49 respectively, which was comparable to last year's EPS figure.

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