

Press Release

PWO plans full takeover of Cartec, Mexico

Oberkirch, April 4, 2008 – Progress-Werk Oberkirch AG (PWO) plans to acquire the full ownership of automotive supplier Cartec S.A de C.V., Puebla, Mexico, within the next three months. Both parties have already signed a letter of intent for the purchase of the remaining ownership interests by PWO.

As part of an initial move, PWO had acquired a 60 per cent interest in Cartec in January 2007. The agreement governing this transaction included a call option for the purchase of the remaining interests in the entity within a period of two years and on the basis of pre-defined contractual terms. The purchase price for the second stage of the acquisition will be within the lower single-digit million-dollar (US) range, with PWO benefiting from the favourable exchange rate between the dollar and the euro.

The Cartec shareholding acquired in 2007 allowed PWO to expand its capacity levels and establish an important market presence to complement the company's activities in the North American automotive industry, which has been served by PWO's facility in Kitchener/Ontario, Canada, since 1997.

In view of the new business opportunities arising from relations with existing and new customers in the southern NAFTA region, a local production plant within the marketplace is considered essential. In 2007, Cartec generated revenue of around USD 29 million, complemented by a positive earnings contribution. The target for 2008 has been set at approx. 15 per cent revenue growth. The Mexican company employs about 360 people. In late 2007, the company purchased the neighbouring plots of land in order to provide a secure basis for future expansion. The main focus is on generating organic growth by utilising existing capacities, as well as on streamlining current production processes. The company's medium-term plans include expansion of the local facility.

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The Management Board

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