

Press Release

PWO: Significant growth in first quarter of 2008

Oberkirch, May 8, 2008 – Progress-Werk Oberkirch AG propelled revenue by 9.9% to EUR 66.9 million in the first quarter of 2008 (prev. year: EUR 60.9m). Growth in total output, i.e. net sales plus inventory changes plus work performed by the enterprise and capitalised, was even more pronounced. Its year-on-year increase by 16.2 per cent to EUR 73.0 million (prev. year: EUR 62.8m) was attributable mainly to a surge in inventories that have yet to be invoiced due to factors relating to the reporting date.

As a result, the cost of materials and other operating expenses increased at a disproportionately high rate, while staff costs moved in a significantly tighter band. Additionally, the cost of materials includes a higher proportion of expenses associated with tools sourced externally as well as non-recurring start-up costs that will be scaled down again in the coming months. Against this backdrop, first-quarter EBIT amounted to EUR 3.8 million, which was comparable to last year's figure for the same period.

Owing to higher finance costs, earnings before taxes receded slightly year on year to EUR 2.7 million (prev. year: EUR 2.9m). The significant reduction in PWO's tax rate (29.6 compared to 37.9 per cent, as anticipated) allowed consolidated profit for the period to edge up slightly to EUR 1.9 million (prev. year: EUR 1.8m). Having accounted for non-controlling interests (minus EUR 0.1 million), profit for the period amounted to EUR 2.0 million. Calculated on the basis of 2.5 million dividend-entitled shares outstanding, unchanged year on year, earnings per share for the first quarter of the current financial year rose by 11.4 per cent to EUR 0.78, up from EUR 0.70 in the first quarter of 2007.

First-quarter growth at Group level was driven mainly by the Oberkirch site. Buoyed by product ramp-ups and a consistently high level of delivery call-offs, the Group achieved significant revenue growth of 11.1 per cent, taking this figure to EUR 55.0 million. Total output rose by 17.3 per cent to EUR 59.8 million, driven in particular by the date-related expansion of inventories, EBIT expanded to EUR 4.2 million (prev. year: EUR 3.4m).

Last year, Oberkirch was presented with the prestigious Automotive Lean Production Award within the "Domestic SME" category. In the meantime, an extensive restructuring programme for the site layout has been initiated in order to enhance internal workflow and bring together central development units at a single location. Oberkirch will thus be further strengthened in its role as a development and production site.

The Group's site in the Czech Republic also recorded significant growth in the reporting period as part of the second phase of facility expansion and the ramp-up of series production. Within this context, revenue increased by 64.3 per cent to EUR 2.3 million and total output by 70.0 per cent to EUR 3.4 million. This positive trend is expected to continue over the course of the remaining financial year. EBIT stood at minus EUR 0.2 million in the first quarter (prev. year: EUR 0.1m), a result of temporary start-up costs associated with the phase-in of series production.

Against the backdrop of a weaker automobile market in North America, both revenue and total output in Canada contracted year on year in the first quarter. At present, there are no visible signs of market improvement within this region. However, due to extensive measures aimed at realigning cost structures at a very early stage, PWO Canada managed to achieve positive EBIT in the reporting period. In Mexico, both revenue and total output increased significantly following the ramp-up of new series production. At the same time, however, this site also incurred substantial start-up costs during the reporting period. In total, Canada and Mexico achieved break-even EBIT in the first quarter of 2008 (prev. year: EUR 0.4m).

Series production is gradually being phased in at the joint venture plant in China. PWO has now also been granted the requisite business licence for a wholly-owned subsidiary and has purchased land for the construction of a production site in Suzhou near Shanghai. Series production is to commence upon completion of the first construction stage by the end of the year.

As regards the 2008 financial year as a whole, the Group reaffirms its target of revenue growth towards the top end of the single-digit percentage range and a comparable growth rate for EBIT. PWO began the 2008 financial year with the highest level of order backlog since the company's inception. In 2007, the Group secured new orders for the two European sites that will generate lifetime revenue of more than EUR 350 million. The contracts alone exceed the volumes associated with orders gradually coming to an end in the near future and will thus generate tangible growth for the Group.

Progress-Werk Oberkirch AG
The Management Board

Note: The full quarterly report can be accessed at the website of Progress-Werk Oberkirch AG (www.progresswerk.de / Investor Relations / Reports)