

Press release

## **PWO releases preliminary figures for the 2008 financial year**

- **Q4 2008: Group revenue down by 18 percent, series revenue at the Oberkirch site drops 34 percent year-on-year**
- **Group net profit still positive in 2008**

Oberkirch, February 24, 2009 – The fourth quarter of 2008 saw the international automotive industry experience an unprecedented slump. This led to a huge decline in standby orders at PWO and negatively impacted Group earnings and revenue. In the 2008 financial year, the Group generated revenue of EUR 260.4 million (p/y 259.6) and a total output of EUR 264.0 million (p/y 262.6). EBIT totalled EUR 7.7 million and was considerably lower than both the previous year's figure of EUR 16.7 million and the figure for the first nine months of 2008 amounting to EUR 11.0 million. In the nine month report 2008, we forecasted that EBIT would break even at best in the fourth quarter, however revenue for November and December declined more than anticipated. One-off exceptional costs of EUR 0.5 million, resulting from the disposal of the interest in our Chinese joint venture, also negatively impacted results as communicated before. In future, we will be represented in China with our own production facility.

Positive earnings for 2008 were generated at the Oberkirch site in Germany and still at the Kitchener site in Canada despite the weak North American market. Both locations were able to implement effective cost cutting measures. Earnings generated at the Czech site had a considerably negative impact on Group EBIT. The launch and ramp up of new series productions with complex structural components in the cause of the installation of a new forming press caused additional costs. Moreover, once production processes were largely stabilised standby orders declined. The Czech koruna also depreciated significantly as a result of the financial crisis. This led to significant translation losses in the fourth quarter. The Mexican site also remained in the red due to restructuring costs.

We continued the construction of our site in China. As anticipated, the start-up loss amounted to about EUR 1 million for the 2008 financial year. As announced on December 18, the disposal of the 50 percent interest in our Chinese joint venture should be completed by the end of February 2009. This resulted, as previously reported, in a one-off, non-cash loss of EUR 0.5 million, which was recorded in the 2008 financial results. Net financial result for the Group amounted to EUR 5.1 million (p/y 3.8). Net profit totalled EUR 1.4 million (p/y 7.8).

The current uncertainty about how automotive production will develop in the coming months makes it difficult to generate revenue and earnings forecasts for the 2009 financial year. Newly launched and ramped up series productions will have a positive impact

on revenue development for PWO in 2009. It is currently unclear, however, how standby orders for the current series will develop over the course of the year. Our primary goals for 2009 are stabilising Group earnings and managing investments with the aim of avoiding additional need for financing.

Progress-Werk Oberkirch AG  
The Management Board

**PWO Group profile: a global future in the automotive supplies industry**

PWO is one of the world's leading suppliers of high-precision metal components for the automotive industry, specialising in vehicle safety and comfort. Its unmatched expertise in the fields of metal-forming and joining technology has been acquired over nearly ninety years since the company's foundation in 1919. Today, PWO's German production site in Oberkirch employs around 1,100 staff. With other sites in the Czech Republic, China, Mexico and Canada, the Group has now achieved a global presence with a total workforce of around 1,900.

PWO acts as a partner to the automotive industry in the development and production of innovative products. The Group manufactures millions of components on a just-in-time and zero-defect basis. In close collaboration with customers, PWO is expanding its international production sites in order to supply local markets. PWO has already achieved significant success on its way of global expansion. The company has orders on hand which will lead to strong growth of revenue and EBIT once the industry will return to normalised sales figures.