

technotrans achieves revised revenue and net income targets for 2007 – Heinz Harling announces plans to step back from front-line role

Revenue for the technotrans Group reached a new record high of € 153.2 (previous year: 151.3) million, which was very close to the revised target of € 154 million from November 2007. Growth, however, was lower than originally planned, at only 1.3 percent. The Services segment performed distinctly better, with growth of 6.6 percent, whereas the Technology segment ended the year broadly at the previous year's level due to various changes. The weak US dollar (effect of currency translation) and the termination of trading in UV dryers in the USA at the end of 2006 as planned had a particularly marked effect. Both factors were compensated for at group level firstly by the acquisition of rotoclean and secondly by the growth in core business, but the sluggish business progress of 2007 ultimately did not allow leaps in growth of the magnitude that had been experienced in the 2006 financial year.

As a result of the weaker development in revenue, the overall financial performance of technotrans likewise fell short of expectations. Net income ultimately only reached the revised target from November 2007 of € 9.1 million. Gross profit (revenue less cost of sales) remained on a par with the previous year at € 50.3 million (€ 50.4 million), but the gross margin fell slightly short of the previous year at 32.9 percent (33.3 percent). This was adversely affected by the purchase price allocation from the corporate acquisition, a higher material costs ratio following the introduction of a new release for two major product lines and the sharp increase in the workforce.

Earnings before interest and taxes (EBIT) reached only € 13.9 million, a fall of 11.4 percent or € 1.8 million on the previous year. Development costs played a major part in this downturn one year before the drupa, rising from € 5.1 million to € 6.3 million. All in all, the EBIT margin in the past financial year was 9.1 percent compared with 10.4 percent in the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 18.2 million were down only 3.3 percent on the prior-year figure (€ 18.8 million). Depreciation and amortisation increased by around € 1.2 million since 2006, to € 4.3 million, among other things as a result of the patents and technologies acquired in connection with the takeover of rotoclean. Earnings before taxes reached € 13.3 million in the 2007 financial year, a drop of around 10 percent on the previous year (€ 14.9 million). Income tax expense of € 4.3 million was down on the previous year's figure (€ 4.9 million), representing an effective tax rate of 32.0 percent.

The net income of the technotrans Group reached € 9.1 (10.0) million, representing a year-on-year fall of 9.2 percent and within the revised target range. The net rate of return was 5.9 percent (6.6). Basic earnings per share according to IFRS, on the basis of a weighted, slightly higher number of shares (6.8 million, up from 6.7 million), consequently amounted to € 1.33 (previous year 1.48).

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An unchanged dividend of € 0.70 per share is to be proposed to the Shareholders' Meeting, which will take place on May 9, 2008.

At the reporting date of December 31, 2007 the group employed a total of 831 persons, 79 or 10.5 percent more than at the corresponding point of the previous year (752).

Outlook

Taking into account the effects of the economic environment, the Board of Management initially expects revenue for the 2008 financial year to edge up to around € 160 million and is consciously assuming a risk-based economic scenario. All in all, this would amount to organic growth of some four percent. Further the Board of Management anticipates net income for 2008 in the order of € 10.5 million.

Heinz Harling to step back from front-line role

After having been instrumental in shaping the company's strategy and growth for 28 years, the Chairman of the Board of Management Heinz Harling will be stepping back from his front-line role after this year's Shareholders' Meeting. In preparation for this decision, which has been prompted by personal and health considerations, arrangements for a smooth handover to his successor have been put in place over the past three years. The Supervisory Board expressly welcomes Harling's availability to serve as future Supervisory Board Chairman of technotrans AG and thus to contribute towards the future development of the company. In future the members of the newly constituted Board of Management will be Henry Brickenkamp (Spokesperson), Dirk Engel (Finance) and John Stacey (International Organisation).