

technotrans back on Growth Track in Financial Year 2004

2nd quarter 2004: increase of revenue by 15.5% / operating profit up 70.2% / net profit plus 240% / Cash flow at mid-year € 7.8 million

technotrans AG
Robert-Linnemann-Str. 17
48336 Sassenberg
Germany
Telefon +49 (0) 2583 301-0
Telefax +49 (0) 2583/301-30
<http://www.technotrans.de>

Sassenberg, August 10, 2004

technotrans, leading systems supplier of equipment for the printing industry and the manufacture of micro technology, is able to look back on a highly satisfactory second quarter to 2004. Revenue growth continued to gain momentum. The factor behind the increase of 15.5 percent compared with the previous year to revenue of €28.1 million (previous year: €24.3 million) was the Print segment, which was up by almost €3.5 million or 21.5 percent on the prior-year quarter alone. With consolidated revenue reaching €54.8 million mid-way through 2004 (previous year €50.1 million), the growth rate was 9.3 percent.

The rise in revenue was reflected by a substantial improvement in earnings. Gross earnings at the six-month mark were up 15.4 percent to €18.8 million (previous year €16.2 million). In particular as a result of the DRUPA, which takes place only once every four years, distribution costs rose sharply in the first half (+ €892,000 compared with previous year). In spite of this burden, the operating profit at the year's mid-point was up by 62.6 percent to €4.7 million (previous year €2.9 million). The rate of return for the segments at last returned to the excellent level of 9.4 percent (previous year 6.4 percent) in the second quarter. The net profit half way through the year is just under €2.8 million (+ 180 percent), equivalent to earnings per share of €0.42 (previous year €991,000 or €0.15 per share).

At the year's midway point, cash flow had risen to €7.8 million (previous year: €5.2 million), representing growth of 50 percent. The free cash flow likewise touched a record level of more than €7.0 million (previous year €3.9 million).

The rise in revenue since mid-2003 once again resulted in the recruitment of additional personnel. Whereas the group numbered only 577 employees on June 30, 2003, by June 30, 2004 the total had already risen to 606.

This rise was due primarily to the extension of production capacity, particularly at the German sites.

Outlook

Whereas the expectations being voiced before the DRUPA by the major German players were decidedly subdued, the outcome of the exhibition was ultimately far better than expected, with foreign investment proving a driving force. technotrans will benefit disproportionately from this buoyancy.

"In our forecasts for the 2004 financial year, we have based our assumptions on the belief that the second half of the year will almost inevitably be better than the first half, not least thanks to the DRUPA," says Heinz Harling, chairman of

the Board of Management of technotrans AG. "In order to achieve our revenue target of € 115 million, we would need to post revenue of € 60 million in the second half. As matters stand, we have no reason for doubting our ability to achieve this target. Based on the first-half earnings, we are equally confident about achieving our goal of a net profit of € 5.5 to 6 million."

Management is also very confident about the medium-term progress of the company. Sales Director Ralph Teunissen: "The new products exhibited at the DRUPA met with a resoundingly positive market reception and we know that we are taking the company in the right direction strategically speaking, with our aim of "more technotrans per printing press". The new product area of cleaning systems will moreover provide us with access to a market that can contribute significantly to the company's growth over the next few years. In operating terms, we are not expecting to generate revenue until the second half of 2005, but from a strategic viewpoint this move is already very significant for technotrans at a time when it is poised to become the largest systems supplier for liquid technology systems."

The segments

technotrans is active in three areas of business: Print, Micro Technologies and Services.

Business progressed better than expected in the **Print segment**, which once again posted revenue of € 19.3 million in the second quarter in spite of the interruption of the DRUPA. This represents an increase of 21.5 percent on the prior-year quarter. With a total of € 38.6 million after the first six months, the overall increase on the previous year (33.2 million) is now 16.2 percent. Due to our customers' lead times, there is no evidence as yet in this figure of this year's DRUPA; experience has shown that this will only transpire within two or three quarters' time.

The positive development in revenue has had a disproportionately very high impact on earnings. The 16.2 percent rise in revenue compares with an improvement in the result for the segment from € 955,000 in the previous year to € 2.7 million in the first half of 2004, equivalent to almost a three-fold increase. Following a lengthy lean period, the Print segment has now once again generated well over half of consolidated earnings. The rate of return for the segment in the first six months was highly satisfactory, at 7.0 percent.

Six months into the year, revenue for the **Micro Technologies segment** of € 3.3 million was down on the previous year (€ 4.2 million, -20 percent), as expected it was possible to compensate in part for the weak first quarter. The volume of revenue from microstructure technology is still insufficient to compensate for stagnating sales in the traditional area of business (production plant for optical storage media) or to return to former rates of growth.

With revenue reaching € 2.6 million in the second quarter, the result was almost back in the black. However, this area of business again posted a loss of € 576,000 at the year's mid-way point (previous year: loss of € 424,000). The usual increase in volume in the second half of the year should prompt a corresponding improvement in earnings.

The **Services segment** again posted slight revenue growth at the half-way mark, to over € 12.8 million (2003: € 12.7 million). This is all the more remarkable for the fact that particularly the services provided for the DRUPA exhibition could not be invoiced in full.

The operating profit of € 2.3 million was almost on a par with the previous year. As expected, the rate of return in the second quarter fell as a result of the DRUPA, leaving an overall rate of return for the segment of 17.8 percent at the end of the first six months.

Download: The full Interim Report 1-6/2004 is available for downloading from the internet at www.technotrans.de

Dates: The 9m 2004 Interim Report will be published on November 9th, 2004.

Securities: technotrans AG – ISIN DE0007449001 – WKN 744 900

Contact: technotrans AG
Corporate Communications
/Investor Relations
Thessa Roderig
Phone +49 (0) 2583 / 301-887
e-mail roderig@technotrans.de

technotrans Group
Key Figures acc. to IFRS

		Change HY	1.1-30.6.04	1.1-30.6.03	2003	2002
Earnings						
Revenue	'000€	9.3%	54,787	50,114	106,737	117,012
Print	'000€	16.2%	38,605	33,212	70,631	80,623
MicroTech	'000€	-20.0%	3,338	4,172	10,774	10,861
Services	'000€	0.9%	12,844	12,730	25,332	25,528
Gross profit	'000€	15.4%	18,757	16,248	35,929	37,695
EBITDA (3)	'000€	19.0%	6,442	5,414	12,685	10,897
EBITA (2)	'000€	28.6%	4,858	3,777	9,084	7,587
Operating profit	'000€	62.6%	4,687	2,882	7,522	5,887
Earnings before interest and tax (EBIT) (1)	'000€	56.2%	4,554	2,916	7,377	5,626
Net profit for the period	'000€	180.4%	2,779	991	-10,960	2,620
as % of revenue	%		5.1	2.0	-10.3	2.2
Net profit per share (IFRS)	EUR	180.7%	0.42	0.15	-1.66	0.40
Balance sheet						
Issued capital	'000€	0.0%	6,600	6,600	6,600	6,600
Equity	'000€	-23.1%	37,985	49,419	36,288	51,720
Equity ratio	%		47.9	54.6	50.1	55.9
Return on equity	%		7.5	2.0	-30.2	4.9
Balance sheet total	'000€	-12.4%	79,235	90,450	72,391	92,541
Working capital	'000€	15.3%	24,804	21,514	24,318	21,981
Employees						
Number of employees (average)	persons	-0.8%	601	606	593	639
Personnel expenses	'000€	0.5%	15,276	15,194	29,275	31,920
as % of revenue	%		27.9	30.3	27.4	27.3
Revenue per employee	'000€	10.2%	91	83	180	183
Cash flow						
Cash flow (4)	'000€	50.2%	7,775	5,175	6,491	10,077
Free cash flow (5)	'000€	79.6%	7,017	3,906	5,394	7,470
Share						
Number of shares at end of period		0.0%	6,600,000	6,600,000	6,600,000	6,600,000
Share price (max)	€	77.2%	15.22	8.59	12.64	17.85
Share price (min)	€	171.4%	10.83	3.99	3.81	4.81

1 EBIT = Operating profit + foreign currency exchange gains/losses

2 EBITA = EBIT + amortisation of goodwill

3 EBITDA = EBITA + depreciation on intangible and tangible assets

4 Cash flow = cash from operating activities acc. to cash flow statement

5 Free Cash flow = cash from operating activities + cash used for investments acc. to cash flow statement