

**technotrans exceeds targets for 2005**

*Revenue up 10.7 percent to € 129.8 million / net profit for the year up 12.8 percent to € 7.5 million / dividend to rise from € 0.45 to € 0.55 / outlook: further growth*

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Sassenberg/Frankfurt, March 8, 2006

Thanks to a more positive mood within the industry, technotrans' business progress in 2005 was better than planned. The technotrans Group boosted its revenue overall by 10.7 percent to € 129.8 (previous year: 117.3) million, thus easily surpassing its revenue target for 2005 of € 120 to 125 million. The largest division, the Print segment, was yet again the main driving force behind this growth, growing by 13.8 percent to € 92.6 (previous year: 81.4) million. The renewed downturn in revenue for the Micro Technologies segment (-11.1 percent), which contributed only € 7.2 (previous year 8.1) million to total revenue, was more than counterbalanced in particular by the positive business progress of the Services segment.

The 10.7 percent rise in revenue also resulted in an improved financial performance. For example, the gross profit was up by 13.7 percent and the gross margin increased to 34.8 (previous year: 33.9) percent. The 24.3 percent rise in the operating result to € 13.8 (previous year: 11.1) million was much sharper than the rise in gross profit. It was diminished in particular by the rise in research and development costs (2005: € 4.7 million, 2004: € 3.0 million). The new cleaning systems product area was one of the focal areas of R&D activities. The operating margin in 2005 was again a highly satisfactory 10.6 percent (previous year: 9.7 percent). This correspondingly yields an EBIT (earnings before interest and tax) of € 13.0 (previous year: 11.1) million, representing a rise of 17.5 percent. The EBIT margin in 2005 is therefore 10.0 percent (previous year: 9.4 percent).

The loss of € 1.02 million reported in the Income Statement under impairment loss according to IAS 36 concerns the former Stadtbergen location. The necessary reduction in the carrying value to the agreed purchase price was reported here.

technotrans posted a net profit for 2005 of € 7.5 (previous year: 6.7) million. This represents a rise of 12.8 percent and is therefore at the upper edge of the original target range (€ 7 to 7.5 million). Earnings per

share according to IFRS, on the basis of a weighted, slightly higher number of shares (6.644 million), also improved yet again, to € 1.13 (previous year: 1.01).

At the balance sheet date of December 31, 2005, the technotrans Group employed 694 people, 33 more than at the corresponding point in the previous year.

### **The segments**

technotrans' reporting comprises three segments – Print, Micro Technologies and Services – for the last time for the 2005 financial year. From 2006, "Print" and "MicroTech" are being combined to form the new segment "Technology".

In 2005, the Print segment accounted for the bulk of both revenue and growth in relation to total revenue, rising by 13.8 percent to €92.6 (81.4) million. The result for the segment amounted to €8.8 (previous year: 6.4) million. The rate of return for the segment of 9.5 percent (previous year: 7.9 percent) clearly reflects the improved efficiency that stems from the revenue growth and in particular the successful expansion of the product range in the direction of the end consumer market.

Revenue for 2005 as a whole in the Micro Technologies segment totalled €7.2 (previous year: 8.1) million. In spite of the low revenue volume, it was possible to push earnings just back into the black, as planned. The previous year's losses of more than €1 million compare with a modest profit of €27 thousand for 2005. This is substantially the result of a comprehensive reorganisation in 2005.

The Services segment boosted its revenue in 2005 by 7.9 percent, to €29.9 (27.7) million. The result for the Services segment was unable to keep pace with the growth in revenue, falling for the first time by 14 percent to €4.7 (previous year: 5.5) million. This reversal was attributable to the expansion of our service structures, particularly in markets in Asia. The rate of return for the segment remained generally satisfactory at 15.8 percent in 2005.

### **Financial position**

Due to the construction of the new plant at Gersthofen, near Augsburg, the free cash flow for 2005 amounted to only €4.4 (previous year: 9.4) million but exceeded our plans, which had merely envisaged a positive free cash flow for the year as a whole. technotrans raised funds of €6.3 million in 2005 to finance the new plant. In all, cash at the end of the period was virtually unchanged from the previous year at €12.8 (12.6) million.

### **Outlook**

The Board of Management expects that technotrans will share in the anticipated sustained rise in exports of capital goods in 2006. Board

Chairman Heinz Harling commented: "Many printing presses, both sheet-fed offset and web offset, are already factory-fitted with technotrans equipment. For us, a systems supplier to the printing industry, that is our most significant sales market. We are therefore expecting demand for our core products from this sector to rise by at least the same rate as the market as a whole in 2006."

technotrans is tapping into an additional market by extending its product range to include cleaning systems for printing presses. Following successful installations at field test customers, the company is planning to start volume production of its new blanket cleaners in 2006. "As with other product launches, these innovations will not yet make any substantial contribution to revenue in the current financial year," added Harling. "Their significance is to be seen rather in terms of considerable growth in the medium term." He estimates the volume of the market for blanket cleaners at € 120 to 140 million. "Our aim here, as in other product areas, is to become one of the world leaders. That is why we will continue to work intensively on developing that product line further in 2006," stressed Harling.

"Given the strong start that we have made to the 2006 financial year, we are expecting revenue to top € 140 million," elaborated Burkard Rausch, Finance Director of technotrans AG. "With revenue of this magnitude, we should succeed in once again posting an EBIT margin of at least 10 percent. Among other things due to a falling tax ratio, we therefore expect the net profit for the year to reach € 8.5 to 9 million." This would be equivalent to earnings per share (based on the number of shares at the end of 2005) of between € 1.27 and 1.35. Due to the steady fall in revenue in the CD/DVD area, the balance-sheet adjustments that may prove necessary at the end of the financial year will be the deciding factors in whether the company ultimately finishes the year at the upper or lower end of its earnings target range.

Rausch does not exclude further rises in the dividend. "In keeping with technotrans' dividend policy, which envisages the distribution of around half of the consolidated net profit, the improvement in earnings would moreover offer shareholders the prospect of a further possible increase in the dividend." A dividend of € 0.55 per share will be proposed to the Shareholders' Meeting for the 2005 financial year.

**Note:** Any forward-looking statements contained in this report represent our best judgment as to what will occur in the future. The Company's actual results could differ materially from those forecast, depending on a number of competitive and economic factors, some of which are and will be outside the control of the Company.

**Download:** The full 2005 Annual Report can be downloaded from the Internet on [www.technotrans.de](http://www.technotrans.de), under Investor Relations - Reports.

**Dates:** Publication of the figures for the first quarter of 2006 is scheduled for May 3, 2006.

**Securities:** technotrans AG – ISIN DE0007449001 – German Securities Identification No. WKN 744 900

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**technotrans Group**  
**Key data acc. to IFRS**

		FY comparison 05 - 04	2005	2004 adjusted	2003 adjusted
<b>Earnings</b>					
Revenue	€'000	10.7%	129,787	117,259	106,737
Print	€'000	13.8%	92,643	81,418	70,631
MicroTech	€'000	-11.1%	7,228	8,127	10,774
Services	€'000	7.9%	29,916	27,714	25,332
Gross profit	€'000	13.7%	45,122	39,694	35,906
EBITDA <sup>3</sup>	€'000	12.8%	16,687	14,799	416
EBITA <sup>2</sup>	€'000	11.5%	13,008	11,662	-3,185
Operating result	€'000	24.3%	13,802	11,108	7,475
EBIT <sup>1</sup>	€'000	17.5%	13,008	11,071	-4,892
Net profit	€'000	12.8%	7,525	6,670	-10,989
as % of revenue	%	1.9%	5.8	5.7	-10.3
Earnings per share (IFRS)	€	12.1%	1.13	1.01	-1.66
<b>Consolidated Balance Sheet</b>					
Issued capital	€'000	1.3%	6,684	6,600	6,600
Equity	€'000	15.4%	46,932	40,674	36,288
Equity ratio	%		53.9	53.5	50.1
Return on equity	%		17.2	17.3	-25.0
Balance sheet total	€'000	14.4%	87,066	76,086	72,391
Working capital	€'000	10.2%	29,607	27,024	24,318
Capital employed <sup>1</sup>	€'000	7.8%	60,299	55,934	55,305
ROCE <sup>2</sup>	%	13.1%	22.5%	19.9%	-7.5%
Gearing <sup>3</sup>	%	-80.5%	1.3%	6.5%	28.2%
<b>Employees</b>					
Average employees over the period		8.6%	682	628	593
Personnel expenditure	€'000	7.9%	34,904	32,344	29,322
as % of revenue	%		26.9%	27.6%	27.5%
Revenue per employee	€'000	1.9%	190	187	180
<b>Cash flow</b>					
Cash flow	€'000	27.9%	14,829	11,595	6,491
Free cash flow	€'000	-53.2%	4,382	9,364	5,394

## Shares

Number of shares at end of period		1.3%	6,683,601	6,600,000	6,600,000
Year-high	€	25.5%	18.43	14.69	12.64
Year-low	€	33.4%	13.21	9.90	3.81

\* Earnings per share and historical rates adjusted for share split

1 EBITDA = EBIT + depreciation and amortisation of tangible and intangible assets

2 EBITA = EBIT + amortisation of goodwill

3 EBIT = earnings before interest and tax

4 Capital employed = interest-bearing liabilities + equity

5 ROCE = EBIT / average capital employed

6 Gearing = (interest-bearing liabilities – cash) / equity

7 Cash flow = net cash from operating activities acc. to Cash Flow Statement

8 Free cash flow = net cash from operating activities

+ net cash used for investments acc. to Cash Flow Statement

Note: the consolidated financial statements of technotrans AG at December 31, 2005 are prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date. The rule on the reporting of share based payment transactions (IFRS 2) was also taken into account. This IFRS specifies the recognition of the issuing of options to employees as an expense. technotrans AG consequently reported personnel expenditure in the period under review as a result of the issuing of options in 2003 and 2004. In agreement with IFRS 2.55, the information for previous periods provided for purposes of comparison was restated here.