

euro adhoc: CHRIST WATER TECHNOLOGY AG / Financial Figures/Balance Sheet / CHRIST results 2007 below plans - positive outlook for 2008 (E)

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- Order intake +32% to EUR 324 million
- Order backlog +25% to EUR 229 million
- Sales +33% to EUR 278 million
- EBITDA +2% to EUR 9.7 million
- EBIT -7% to EUR 6.0 million
- Net income -49% to EUR 1.7 million

"In the year 2007, CHRIST achieved record order intake, order backlog, sales and succeeded to raise profits in most of the business units. At the same time global expansion was continued. Group results were especially impacted by losses and provisions in the power business, which did not allow to improve results year-on-year. For 2008, a clear reversal of this trend as of the first quarter can be expected," says Karl Michael Millauer, CEO of the Christ Water Technology Group, summarizing the 2007 accounts and the outlook for 2008.

Order intake grew in all divisions reaching EUR 324.2 million (+32%, previous year: EUR 246.0 million), a new record, including an order for a desalination plant in the United Arab Emirates with a value of USD 84 million for CHRIST.

Earnings before interest, depreciation and amortisation (EBITDA) improved by 2.1% to EUR 9.7 million (previous year: EUR 9.5 million). EBIT did not keep up with the volume growth due to extraordinary effects in the second half-year. Growth of earnings in the divisions Pharma & Life Science, Food & Beverage and Municipal Water Treatment as well as in the two business units Microelectronics and Process Water & Reuse was more than compensated by negative effects in Power due to considerable increases in material prices and third party costs that could not fully be passed on to customers. Additionally, the group company KF Engineering suffered unexpected losses driving Group EBIT down by 6.9% to EUR 6.0 million (previous year: EUR 6.4 million).

Earnings before income tax reached EUR 4.4 million, 11.6% below the year before

(EUR 4.9 million). Income taxes rose due to adjustments of the deferred tax assets in German Group companies following the reduction of the tax rate in 2008. The tax rate thus increased to 60.8% (previous year: 31.5%). Due to the tax adjustments, the profit for the year declined to EUR 1.7 million and is thus -49.4% below the previous year amount of EUR 3.4 million. The Group result without minority interests reached EUR 2.3 million (2006: EUR 3.3 million). Earnings per share based on the average number of issued shares of 17,937,907 amounted thus to EUR 0.13 for 2007 (previous year: EUR 0.18). The cash flow from operating activities with EUR -15.6 million (previous year EUR -4.8 million) was negative again, on the one side because of the increasing financing requirements for the working capital in the growing project activities, of which some bigger projects are still cash negative, and on the other hand through the takeover of the financing of working capital for Zeta. The cash flow from investment activities amounted to EUR -7.8 million (2006: EUR -8.2 million).

Consolidated equity increased to EUR 63.8 million (previous year: EUR 43.2 million) especially through the capital increase made at the end of 2007. The equity ratio improved to 27.7% (previous year: 25.8%). Net debt in the CHRIST Group (including the interest bearing financial receivables) increased from EUR 34.8 million in 2006 to EUR 42.2 million in 2007. The gearing (net debt/equity ratio) improved from 81% to 66%.

Outlook

"Taking advantage of selective growth opportunities while improving Group results has absolute priority. In the business unit Power and in KF Engineering far-reaching decisions have been taken, in organisation, in human resources and calculation, already making an impact that will directly contribute to improve results", says Karl Michael Millauer.

Backlog as of 31.12.2007 amounted to EUR 228.5 million including projects with better margins and improved cash flows. General market conditions in the key industry sectors are still very good. The large thematic and geographical presence of the Group, the diversity of the available technologies, resources and know-how within the Group offer a large potential.

These positive factors face volatile raw material and financial markets in 2008; especially the weak US-Dollar continues to affect the competitiveness of bidders from Euroland. The integration of the new acquisition Zeta and need for specialists and qualified employees are further challenges.

Karl Michael Millauer: "Considering the above mentioned premises and the developments, we see mostly positive signs for the CHRIST Group for the business

year 2008 and anticipate to at least double EBIT compared with 2007 while passing the EUR 300 million-mark in sales."

Further inquiry note:

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