

PRESS RELEASE

Balda achieves earnings turnaround in its operating business in H1 2012/2013

- **Consolidated EBITDA before extraordinary items at EUR 2.5 million**
- **High half-year profit of EUR 11.9 million on the strength of net finance income**
- **Consolidated revenue down year-on-year due to high prior-year basis and the difficult market environment for electronics products**
- **Significant progress in the implementation of the growth strategy through the acquisition of US companies C. Brewer and HK Plastics Engineering**
- **Positive EBITDA and sizable consolidated profit for the year as a whole also expected**

Bad Oeynhausen, 20 February 2013 –The Balda Group today announced that it turned its operating result around in the first half (1 July to 31 December 2012) of the 2012/2013 financial year. After adjusting for extraordinary items, the earnings before interest, taxes, depreciation and amortization (EBITDA) of the specialist in advanced plastics solutions in the first six months amounted to EUR 2.5 million, up from EUR -3.9 million in the comparative period, July to December 2011. After taxes, positive currency effects in net finance income meant the Group posted a half-yearly profit of EUR 11.9 million (prior-year period: EUR -23.8 million).

Dominik Müser, Chief Executive Officer of Balda AG: "In the first half of the year, we not only turned earnings around, thereby achieving one of our main goals, but by acquiring two well-known US plastics specialists, C. Brewer and HK Plastics Engineering, at the end of December, we also took important steps towards the necessary internationalization of our businesses and the expansion of our product and customer base. Implementation of the Group's published growth strategy is therefore going entirely according to plan and Balda is on the right track strategically. Our share price performance recently shows that the capital markets are now beginning to acknowledge the positive trend at Balda as well."

US companies included in segment reporting

Following the integration of C. Brewer Co. and HK Plastics Engineering, Inc., the Balda Group reported on the two operating segments *Balda Medical* and *Balda Technical* in the half-yearly report for the first time. The existing Balda Medical segment has been expanded to include the respective healthcare activities of the two acquired companies. The previous Electronics Products operating segment was renamed Balda Technical. In addition to the site at Ipoh, Malaysia, it will also comprise two sites of C. Brewer in California, USA. This segment develops,

produces and markets plastics solutions for high-quality optics, electronics and automotive applications.

The two US companies were consolidated as of 31 December 2012. As a consequence, they were included in the statement of financial position at this reporting date but do not yet have an effect on the income statement for the first half of the 2012/2013 financial year.

Key revenues and earnings of the Balda Group for the first half of 2012/2013

- **Consolidated revenues** in the period from July to December 2012 stood at EUR 27.9 million and were therefore 25.3 percent below the figure for the prior-year period (EUR 37.4 million). The decline is solely due to the exceptionally high comparative basis because extraordinarily high revenue for tools and equipment was recognized in the Balda Medical segment in the prior-year period. A generally weaker economic climate dampened demand for electronics products in the Balda Technical segment in the first six months of 2012/2013.
- The Group posted adjusted **half-yearly earnings before interest, taxes, depreciation and amortization (EBITDA)** of EUR 2.5 million (prior-year period: EUR -3.9 million). The figure for the first six months of 2012/2013 was adjusted for extraordinary items, primarily expenses incurred in connection with the extensive M&S processes involved in the buy-and-build strategy (e.g. transaction costs, due diligence expenses).
- **EBITDA** including extraordinary items totaled EUR 0.5 million after six months (prior-year period: EUR -5.4 million). Balda's earnings were boosted by significant savings in general costs as a consequence of leaner Group structures and the successful restructuring of the electronics business at its production facility in Malaysia.
- **Net finance income** totaled EUR 13.1 million after six months (prior-year period: EUR -4.1 million). Alongside interest income from the Group's substantial cash balances, positive valuation effects from the translation of currency items such as receivables and cash at foreign subsidiaries also made themselves felt.
- **Comprehensive income for the Group** after six months amounted to EUR 11.9 million. The figure for the prior-year period (EUR -23.8 million) still included the loss incurred from the MobileCom operation, which was discontinued as of 1 December 2011.
- Comprehensive income corresponds to **earnings per share** (basic EPS and diluted EPS) of EUR 0.20 (prior-year period: EUR -0.40).

Segment performance

- At EUR 15.9 million, 2012/2013 revenues of the **Balda Medical segment** after six months were 32.1 percent lower than the figure for the prior-year period (EUR 23.4 million). The decline is solely due to the fact that extraordinarily high project-related tools and equipment sales were recorded in the prior-year period. In contrast, product sales from ongoing projects increased substantially year-on-year in the first six months of

2012/2013. After six months, EBITDA stood at EUR 2.0 million (prior-year period: EUR 2.6 million).

- The **Balda Technical segment** posted sales of EUR 12.1 million for the first six months. This decrease of 14.0 percent compared with the prior-year period in 2011 (EUR 14.0 million) is largely attributable to sliding demand for entertainment and electronic products since mid-2012. The restructuring process begun at the Malaysian site in early 2012 was completed successfully according to plan in the reporting period, producing significant process improvements and cost reductions. Segment EBITDA amounted to EUR 0.1 million, following EUR -2.8 million in the period July to December 2011.
- The **Balda Central Services segment**, which mainly comprises the holding company functions of Balda AG, benefited from the streamlining of the Group's structures and savings in other costs (e.g. for the use of service providers). After the first half-year, this raised EBITDA to EUR -1.6 million, compared with EUR -5.2 million in the same period in 2011 (excluding expenses attributable to the former MobileCom segment).

Adjusted outlook for the full 2012/2013 year:

The Management Board's primary objective remains unchanged: to guide the Balda Group towards growth and value enhancement. In the medium term, efforts will focus on achieving consolidated sales of EUR 150–200 million. Significant progress towards this objective was made in the first six months of 2012/2013.

The Management Board has adjusted its guidance for the full 2012/2013 year. Both US companies are included in the consolidated financial statements from 31 December 2012 and will contribute positive earnings in the second half of the year.

Assuming that no unforeseeable negative events occur, and on the basis of the current portfolio, the Management Board expects the following for the full 2012/2013 financial year:

- • consolidated sales of EUR 75–80 million; and
- • a distinctly positive EBITDA both before and after extraordinary items.

The Group's profitability before and after taxes will be strongly boosted by positive net finance income and the income from the sale of the remaining shares in the former investment TPK Holding as completed in January 2013. The Group is therefore expected to post a substantial consolidated profit.

Notes to the editors:

The Balda Group's interim financial statements as of 31 December 2012 can be downloaded from the company's website at www.balda.de.

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The Balda Group at a glance

in EUR million	1.7. - 31.12 2012	1.7.- 31.12. 2011	1.10. - 31.12 2012	1.10.- 31.12. 2011
Revenues	27.9	37.4	14.0	22.0
• of which Balda Medical	15.9	23.4	7.8	15.5
• of which Balda Technical	12.1	14.0	6.3	6.5
Gross revenue	33.5	36.5	19.4	20.5
EBITDA before extraordinary effects	2.5	-3.9	1.6	-3.8
EBITDA margin in % before extraordinary effects*	7.5	-10.7	8.2	-18.5
EBITDA after extraordinary effects	0.5	-5.4	-0.5	-5.2
• of which Balda Medical	2.0	2.6	0.9	1.8
• of which Balda Technical	0.1	-2.8	-0.2	-3.1
• of which Balda Central Services**	-1.6	-5.2	-1.2	-3.9
EBIT before extraordinary effects*	0.7	-5.7	0.7	-4.7
EBIT in % margin before extraordinary effects	2.1	-15.7	3.7	-22.9
EBIT after extraordinary effects	-1.2	-7.2	-1.2	-6.1
Net finance income	13.1	-4.1	6.5	-0.4
Earnings before taxes	11.9	-11.3	5.2	-6.5
Net profit/loss from continuing operations ***	11.9	-13.3	5.1	-9.6
Comprehensive income after taxes ****	11.9	-23.8	5.1	-10.7
Earnings per share (EUR)	0.20	-0.40	0.09	-0.18
	31.12.2012	30.6.2012		
Total assets	392.5	473.4		
Equity	355.9	450.5		
Equity ratio (%)	90.7	95.2		
Employees (number at reporting date)	1,774 *****	1,273		

* The figures for 2012 have been adjusted for non-capitalizable non-recurring items for M&A processes and the modernization of Group IT

** Comparative period 2011: excluding expenses attributable to the former MobileCom segment

*** Comparative period 2011: excluding former MobileCom segment (sold as of 1.12.2011)

**** Comparative period 2011: including net profit/loss from the discontinued MobileCom operation

***** of which 741 at the US companies acquired as of 31.12.2012