Viscom AG: Recent economic conditions affect results

Viscom AG / Quarter Results

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• Revenue of first nine month 2008 stays behind expectations with K€ 41,116; against the trend, the third quarter 2008 is weaker than the same period last year
• Orders received of K€ 35,582 below level of previous year – Strain due to impending recession
• Order backlog of K€ 8.666 lower than corresponding period of last year
• Earnings per share amounts to € 0.13 (previous year: € 0.07)

Hanover, 12 November 2008 – During the first nine months of 2008, Viscom generated revenues of K€ 41,116, compared to K€ 33,553 for the corresponding period last year. This corresponds to an increase of 22.5 %. Contrary to the normal seasonality, during this financial year the third quarter 2008 developed weaker that expected with K€ 12,670 (previous year: K€ 14,374). 'Due to the recent events around the financial crisis, an economic recession seems ever more likely', states Volker Pape, board member and company founder of the Viscom AG. 'Even an internationally engaged technological enterprise such as Viscom would not be able to disengage itself from such a development.' This restrained investment bearing is expected to persist during the fourth quarter 2008. Even though the US dollar has posted gains against the euro at the end of the third quarter, Viscom had to reckon with revenues diminished by more than K€ 800 during the first three quarters of financial year 2008.

Throughout the first three quarters 2008, the customers of the Viscom Group granted orders amounting to K€ 35,582. Orders received were noticeably below the level of the previous years' period (K€ 41,100). With K€ 8,666 the order backlog, already lowered after processing of the previous years' orders during the second quarter of 2008, correspondingly rests 46.0 % below the value at the end of the third quarter 2007 (K€ 16,100).

The EBIT developed more poorly in comparison to the previous year's period despite raised revenues, as a result of several factors. Among these was the expansion of the employee base conducted during the previous year. These staff costs are borne fully during the year 2008, increasing operating expenses by about € 1.7 million. Additionally, the development of the US dollar and the competitive situation in Asia eroded prices in certain segments, contributing to further reduction in the gross margin. Moreover, phasing out the predecessor model to the X7056RS resulted in raised materials costs.

'Viscom was on the other hand able to release a provision of K€ 1.290 that was no longer required', underlines Ulrich Mohr, board member and financial officer of the Viscom AG. 'The EBIT therefore increased to K€ 1,613 (previous year: K€ 677).'

In comparison to the previous year, the financial result has dropped sharply. Due to reduced financial investment and a change in the form of investment, which has primarily a tax-optimising benefit, the financial result is currently K€ 239 (previous year K€ 756). The tax-optimising effects of this form of investment will be recognised at the end of the year. The tax rate was 38.1 % at 30 September 2008. For the entire year

2008, a notably lowered tax rate is projected. For the first three quarters 2008, Viscom achieved a gain for the period of K€ 1,147 (previous year, K€ 675). The earnings per share rose due to the share buy-back programme rather more steeply than the period profits and with € 0.13 reached a level higher than the prior year's € 0.07.

'Since a worsening in readiness to invest was already apparent in October, this tendency will have a sustained influence on the Viscom AG during the financial year 2008, just as it will on other companies', stresses Dr. Martin Heuser, board member and company founder of the Viscom AG, 'Thus the Executive Board has, as announced in an Ad Hoc Notice from 3 November 2008, revised the prognosis delivered in March 2008. The company's management is now expecting revenues between € 50 million and € 52 million with an EBIT margin between 1 % and 3 %.

Insofar as this notice contains prognoses or expectations or concerns statements regarding the future, these statements may be marked by risk and uncertainty. Thus we cannot guarantee that the expectations will prove themselves correct. Actual events and developments may deviate significantly from the expectations and assumptions expressed herein. Among the factors which may cause deviation are changes in the general economic situation, the competitive situation, exchange rates, interest rates and changes in national and international laws, among others. Thus the company assumes no responsibility to update the statements conveyed within this notice.

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