

LINOS AG: best year in the company's history

LINOS increased revenue by 25.5 per cent to EUR 88.1 million in the 2004 fiscal year. All three business divisions recorded growth. Order intake in the basic business rose to EUR 87.0 million. EBIT improved by EUR 17.2 million to EUR 9.7 million. The Executive Board is expecting a solidly positive result in the 2005 fiscal year.

Göttingen, March 31, 2005. LINOS AG (ISIN DE0005256507) generated consolidated revenue of EUR 88.1 million in the 2004 fiscal year. This represents an increase of 25.5 per cent over the previous year (EUR 70.2 million). All three business divisions achieved growth: the Information Technology & Communications business division reported the highest growth rate of 64.4 per cent to EUR 26.8 million. Revenue in the Health Care & Life Sciences business division rose by 2.7 per cent to EUR 24.5 million. The Industrial Manufacturing business division increased revenue by 22.5 per cent to EUR 36.8 million and was therefore the biggest business division, as in the previous years.

EBIT improved by EUR 17.2 million, from minus EUR 7.5 million in the 2003 fiscal year to EUR 9.7 million. The consolidated net income amounted to EUR 5.4 million in the past fiscal year (previous year: minus EUR 9.6 million). This means that LINOS produced a positive result again after three fiscal years. Professor Dr Gerd Litfin, Chief Executive Officer: "We are delighted to present our shareholders the best performance in the company's history at the same time."

The stock market has responded to the positive development of the company; interest in the LINOS share has increased again noticeably. The share price increased from EUR 3.60 to EUR 10.78 in the past fiscal year.

Strong revenue growth in Europe

LINOS increased revenue by 12.8 per cent to EUR 40.4 million in Germany. The company recorded growth of 63.6 per cent to EUR 30.9 million in the rest of Europe. The large increase is attributable not only to the improvement in the semiconductor business but also to deliveries relating to a large order received from Turkey.

Although revenue in the USA (EUR 8.0 million) was 20.3 per cent higher than in the previous year in dollars, the increase in euros was only 9.4 per cent. This is due to the change in the exchange rate. LINOS increased revenue by 7.4 per cent to EUR 8.8 million in the other countries.

Increase in order intake in the basic business

Orders with a volume of EUR 87.0 million were obtained in 2004. Although this represents a reduction of 7.8 per cent compared with the figure for the previous year of EUR 94.3 million, the order situation in 2003 was heavily influenced by the large order from Turkey worth EUR 30.6 million. If only the basic business is considered – without this large order – order intake increased from EUR 63.7 million in 2003 to EUR 87.0 million in 2004. Total orders on hand at the end of 2004 were only slightly lower than in the previous year (EUR 64.4 million) at EUR 62.6 million.

Turnaround reflected in earnings

The substantial improvement in performance was encouraged by the recovery of the global economy and of the photonics market in particular. The revenue from the Turkey order was another important factor. The reorganisation of the LINOS Group involving a large number of individual activities made a considerable contribution to the positive result too, however. They include large cost cuts, a reduction in the number of German locations from five to three and expansion of the production plant in Poland. Total performance increased by 26.5 per cent (EUR 18.8 million), while personnel costs were reduced at the same time. The ratio of personnel expenses to total performance improved from 50.5 per cent to 37.0 per cent as a result.

The optimised cost structure of the business operations and the positive earnings were mirrored in the cash flow situation too: LINOS achieved an operating cash flow of EUR 13.0 million in 2004 (previous year: EUR 3.2 million).

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Prospects

Thanks to the reorganisation programme carried out in recent years, LINOS AG is excellently equipped to operate profitably in what is more of a stagnant economic environment too. The established cost management, the improvement in productivity and the transfer of production to a less expensive location abroad play a key role here. The company will be building on the successes achieved in outsourcing and will in particular be making greater use of its subsidiary in Warsaw to carry out assembly processes. These activities will lead to further stabilisation of profitability.

Following an extremely successful year in 2004, that went considerably better than expected, the Executive Board is working on the assumption that revenue will be returning to a normal level of EUR 81 million to 85 million again in the 2005 fiscal year. These figures particularly reflect an anticipated weakening of the semiconductor market. LINOS is expecting to achieve a solidly positive result with this lower revenue than in the previous year too.

The Annual Report is being published today and can be downloaded from the Internet: www.linos.de. The investor relations team sends out printed versions on request; please contact Christina Lips or Marina Schaefer, telephone no. +49 551 / 69 35-126, or IR@linos.de about this.

The Executive Board is available for telephone interviews.

A profile of LINOS AG

LINOS AG is a manufacturer of sophisticated optical systems that operates all over the world. In line with the corporate principle "Photonics for Innovation", LINOS is a development partner and supplier for customers in such growth markets as lasers, optical metrology, medicine, biotechnology and semiconductors. The company was established in a management buy-out in 1996, has acquired and integrated various photonics companies – most recently Rodenstock Präzisionsoptik in Munich – since then and is listed in the Prime Standard index at Frankfurt Stock Exchange. LINOS AG focusses on the three strategic business divisions Information Technology & Communications, Health Care & Life Sciences and Industrial Manufacturing. Almost 800 highly qualified staff are employed in the Group, which has three production locations in Germany as well as a plant in Poland. LINOS has sales companies of its own in the USA, Great Britain and France, which are important export countries.

<http://www.linos.de>

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