

## **AD HOC RELEASE**

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### **Funkwerk gains in sales and creates new business segment**

**Kölleda, 8 May 2008.** In the first quarter of 2008, Funkwerk AG (ISIN DE0005753149) made efforts to push ahead with its strategic repositioning to see a further gain in revenues. Sales as at the end of March rose by 8.3 per cent on the previous year to 61.6 mill. Euro (2007: 56.9 mill. Euro). Despite the additional burdens from the ongoing restructuring of its Enterprise Communication segment and the setup of new strategic growth fields, Funkwerk again managed to break even at 0.1 mill. Euro, similar to the result (EBIT) in the previous year (0.2 mill. Euro). Taking into account the negative financial result and the tax expenditure, this led to a quarterly loss of 0.2 mill. Euro (2007: + 0.2 mill. Euro) and thus to earnings per share of -0.03 Euro (2007: +0.03 Euro).

The first quarter of Funkwerk is traditionally rather poor in terms of sales and earnings, since a large part of the current business is done with major companies and government institutions and many projects on the customer side are not decided until further on in the year. In the following quarters, the Executive Board anticipates a significant rise in earnings contributions as sales in each sector are expected to increase while the burden from the strategic reorientation will decrease towards the end of the year.

In the first quarter of 2008, growth in the company was driven by the Traffic & Control Communication segment. At 33.4 mill. Euro, the revenues here ranged 42 per cent above the prior-year figure (23.6 mill. Euro). Sales in Automotive Communication totalled 13.7 mill. Euro and fell slightly short of the previous year (14.4 mill. Euro). Here, the continued poor trend of the after-sales market eclipsed the positive tendency in other market segments. Enterprise Communication (FEC) is currently in the process of a radical change. At 14.5 mill. Euro, the segment revenues here remained more than 20 per cent below the prior-year figure (18.8 mill. Euro). FEC will in future focus exclusively on network solutions and cooperate with partners in the development and marketing of products. At the same time, the product range and organisation of this segment will be streamlined.

Part of the strategic reorientation includes the hiving-off of the messaging product group with its personal security solutions and its combination with the video systems product group from the TCC segment into the new, strategically independent segment Security Communication, in order to take a leading position in the growth market for integrated security technology in the future.

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