

P R E S S – R E L E A S E**Interim Report
3rd quarter 2010**Telephone: +49 / 52 05 / 74-30 01
Telefax: +49 / 52 05 / 74-30 81E-Mail: tanja.figge@gildemeister.comBielefeld, 7 November 2010
PR 2411**Demand for machine tools is picking up****GILDEMEISTER with positive result in the 3rd quarter**

The global economy is continuing its recovery trend. Demand for machine tools is also picking up. This positive development is also reflected in the third quarter at GILDEMEISTER. The trend reversal in the core “Machine Tools” segment has been achieved with +67% in order intake. In the third quarter, it has been possible to generate a positive quarterly result (EBT) again. The growing order intake will also have a positive effect on sales revenues and earnings in the coming months.

As of 30 September 2010, order intake had reached the Euro 1 billion mark; it rose by 24% to € 1,013.8 million (previous year: € 818.2 million). Of this, the machine tool business accounted for € 620.6 million; “Services” for € 302.6 million and “Energy Solutions” for € 90.4 million. Sales revenues of € 858.4 million reached the previous year’s level (€ 847.7 million). In the fourth quarter, a considerable rise in sales revenues will take place.

Profitability developed as follows: As of 30 September, EBITDA had reached € 30.2 million (previous year: € 45.5 million); EBIT amounted to € 9.1 million (previous year: € 23.8 million). EBT amounted to € – 18.3 million (previous year: € 7.0 million). As of 30 September 2010, the group reports earnings after taxes of € – 13.6 million (previous year: € 4.5 million).

GILDEMEISTER expects the upwards trend to continue and confirms its targets for the current financial year. Growing demand was also confirmed at the international autumn trade fairs – the IMTS in



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Chicago, the AMB in Stuttgart and the BIMU in Milan. We achieved particular success at the AMB in Stuttgart where 260 machines were sold with a value of €51.4 million.

Our cooperation with the Japanese machine tool builder, Mori Seiki, is progressing successfully and is providing a further important boost.

For the entire year 2010 we are now expecting order intake of more than €1.35 billion. We are planning to increase sales revenues to more than €1.3 billion. As before, according to our current planning status, break-even results (EBT) could be achieved.

Sales revenues in the third quarter reached € 329.5 million (+40%; previous year: € 235.0 million) and thus, as planned, progressed better than in the previous quarters, which were marked by fewer advance orders in the machine tools business. In the first nine months of the year, sales revenues of € 858.4 million were at the previous year's level (€ 847.7 million). In the fourth quarter, a considerable rise in sales revenues will take place. International sales revenues increased by 11% to € 513.9 million; domestic sales revenues fell by 10% to € 344.5 million. The export share amounted to 60% (same period in previous year: 55%).

Order intake in the third quarter reached € 362.3 million (+53% compared to the previous year's quarter: € 237.5 million). In the core "Machine Tools" business we were able to increase order intake markedly at +67% against the comparable previous year's period. As of 30 September 2010, order intake reached the Euro 1 billion mark; it rose by 24% or € 195.6 million to € 1,013.8 million (previous year: € 818.2 million). In the reporting period domestic order intake rose especially; orders increased markedly by 64% to € 401.8 million (previous year: € 244.8 million). International orders grew 7% to € 612.0 million (previous year: € 573.4 million). International orders accounted for 60% of orders (previous year: 70%).

As of 30 September 2010, the **order backlog** for the group amounted to €742.1 million.



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The **profitability** of the GILDEMEISTER group developed as follows: **In the third quarter**, it was possible to generate positive quarterly earnings (EBT) again. **EBITDA** reached € 25.5 million (previous year: € 4.1 million), **EBIT** was positive at € 18.4 million (previous year: € –3.1 million). **EBT** amounted to € 8.1 million (previous year: € –8.1 million). **Earnings after taxes** amounted to € 5.4 million (previous year: € –5.2 million).

Thus as of **30 September**, **EBITDA** reached € 30.2 million (previous year: € 45.5 million); **EBIT** amounted to € 9.1 million (previous year: € 23.8 million). **EBT** amounted to € –18.3 million (previous year: € 7.0 million). As of 30 September 2010, the group reported **earnings after taxes** of € –13.6 million (previous year: € 4.5 million).

As of 30 September 2010, GILDEMEISTER had 5,405 **employees**, including 214 trainees (31 Dec. 2009: 5,450). At the end of the third quarter, 3,300 employees (61%) worked at our national companies and 2,105 employees (39%) at our international companies. The personnel expenses ratio was 27.4% (corresponding period in the previous year: 29.9%); employee expenses decreased by € 12.2 million to € 243.3 million (corresponding period in the previous year: € 255.5 million).

The **GILDEMEISTER share** recorded a recovery in price in the third quarter. In particular, the more optimistic assessment of the worldwide recovery of machine tool building had an effect on the share's performance. Following a share price of € 9.04 as of 1 July, the share closed the reporting period at € 10.71 (30 Sep. 2010). The share is currently listed at € 13.50 € (5 Nov. 2010).

Forecast:

The global economy is continuing its recovery trend according to current forecasts. The **worldwide market for machine tools** is developing positively in 2010. The German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, have now revised their latest forecasts upwards (as at October 2010) for growth in worldwide consumption to 5.5% or € 38.3 billion.



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GILDEMEISTER can maintain its position well in an ongoing demanding market environment in the main sales markets. Stimuli continue to come from China but also the USA, Brazil, India and Turkey are showing marked rates of growth. This is where we will further strengthen our sales and services and cement our position. For the **financial year 2010**, GILDEMEISTER expects a further recovery and confirms its targets. Growing demand was also confirmed at the international autumn trade fairs – the IMTS in Chicago, the AMB in Stuttgart and the BIMU in Milan. We are now expecting **order intake** of more than € 1.35 billion. In the Machine Tools business we will increase order intake further. The Service business will likewise progress positively. In “Energy Solutions” order intake will progress as planned below the previous year's level due to the remaining high order backlog.

We plan to increase **sales revenues** to more than € 1.3 billion. A further rise will take place in “Machine Tools” in the fourth quarter. In “Services”, we expect a rise in sales revenues in double figures. In “Energy Solutions”, we plan to double sales revenues.

We are working on further improving the **profitability** of the company. Following the positive results in the third quarter, earnings will further develop positively in the fourth quarter with the growing sales revenues performance. As before, according to our current planning status, break-even results (EBT) could be achieved.

GILDEMEISTER is viewing **financial year 2011** with optimism. We are expecting further growth in demand for machine tools worldwide and according to current forecasts, an increase here of up to 20% is possible. The Service business will also grow further and the “Energy Solutions” business will develop positively. We are expecting a clear improvement in earnings.

Also for the **financial year 2012** we are expecting dynamic development in all our business divisions. We are expecting a further rise in order intake and sales revenues; both in the machine tools and in the service business and in “Energy Solutions”. Earnings shall again improve further.



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