



# Welcome to Balda, the global high-tech company

**Balance sheet press conference**

Frankfurt am Main, April 22, 2008



## Company Profile and Disclaimer

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### Company Profile

The internationally operating Balda Group develops and produces highly integrated devices comprising plastic, metal and electronic components as well as touch sensors. Among the customers of the SDAX listed company are international brand-names from the mobile telephony industry, medical technology and various related markets.

The integration of plastic and touch screen technologies creates completely new customer benefits. Only Balda currently offers both technologies from one source on a global scale. The group has a strong position in the important growth markets China and India and owns four production facilities in the region. Plants in Brazil and in Malaysia, as well as the facility in Germany for Balda Medical, underline the global competitiveness of the group of companies.

### Disclaimer

This presentation includes "forward-looking statements" which are based on the current expectations of the management of Balda. They are subject to risks and uncertainty because they relate to events and depend on circumstances that will occur in the future, such as, for example, developments in the mobile communications industry, changes in technology and the ability to timely and successfully develop new products and various other factors. Balda does not undertake any obligation to update publicly or revise forward-looking statements except to the extent legally required.

This presentation is not an offer of securities for sale or a solicitation of an offer to purchase securities in the United States or elsewhere. The shares in Balda AG (the "Shares") may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) unless registered under the Securities Act or pursuant to an exemption from such registration. The Shares have not been and will not be registered under the Securities Act.



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The continued operations are on the right path

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- Revenues 2007 257.4 million euros
- Pre-tax result (EBT) 2007 - 3.2 million euros
- Ordinary operating result (EBIT) 2007 8.5 million euros

 **The earnings target for 2007 was nearly attained before special effects**



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## The strategic necessities are clear

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- The remaining European Infocom-activities are not part of the core business, they were sold at the end of 2007
- Following unexpected disputes over the loss to be posted, the activities were repurchased at the beginning of March 2008
- At the point in time of the repurchase the liquidity of Balda AG was not sufficient to settle the excessive demanded loss



**That was the best solution: We are once again in control of events**



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## The strategic necessities are clear

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- We have received approval from all our lenders for the desired restructuring of our entire corporate financing
- All of the conditions agreed upon for the continuation of our existing liabilities have been fulfilled since then
- We still intend to sell the European Infocom activities to an investor who will further develop and make suitable use of the capacities



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## The path we have taken is the right one

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- The market speaks a clear language: The major mobile phone manufacturers have transferred their production to Asia. Production follows demand – that has always been the case, and not only in our industry
- The decision to orient Balda towards Asia was and is the correct one. Our Asian markets are growing sustainably and quickly. Infocom promises stable growth rates and a solid basis for profitable business
- Touch continues to promise sustainably higher growth rates, however the potential for fluctuation is greater. According to the assessments of market experts medical technology is a promising industry for the future



## Expansion and investments bearing fruit

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- In the third quarter of 2007 series production for a further major order for a renowned mobile phone manufacturer successfully started up in Asia

### **The facts speak a clear language**

- In the fourth quarter of 2007 we began with fulfilling the conditions for virtually doubling the capacities in Touch production by the end of 2008
- Infocom is expanding and has made clear progress in Asia; it is following a positive trend and its capacities will be well utilized in the 2008 business year

### **We combine our strengths and specifically deploy these**

- Since mid-2007 we have been manufacturing housings combining plastic and metal components; due to the rising order volume we are expanding in Malaysia



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## 2007 was not an easy year

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- In 2007 the European Infocom business again increasingly moved into markets which are not part of Balda's core business
- In an initial move Balda Heinze, HeRo and SMK were sold, Albea had already been sold in 2006
- Balda Solutions Deutschland, Balda Werkzeug- und Vorrichtungsbau and Balda Solutions Hungaria were sold at the end of 2007
- The discontinued operations posted a negative operating result (EBIT) in 2007
- The continued operations concluded 2007 with a positive operating result (EBIT)

 **We are on the right path**



## The path is set

- million euros -	2007			2006		
	Continued Operations	Discontinued Operations	Group	Continued Operations	Discontinued Operations	Group
<b>1. Revenues</b>	<b>257.402</b>	<b>51.807</b>	<b>309.209</b>	<b>157.385</b>	<b>213.473</b>	<b>370.858</b>
2. Other operating income	15.555	4.598	20.153	2.515	7.803	10.318
3. Changes in inventories and work in progress	- 1.575	- 9.082	- 10.657	2.683	- 6.900	- 4.217
4. Own work capitalised	0	89	89	0	534	534
<b>5. Material expenses</b>	<b>149.868</b>	<b>17.569</b>	<b>167.437</b>	<b>89.348</b>	<b>82.182</b>	<b>171.530</b>
<b>6. Personell expenses</b>	<b>46.941</b>	<b>30.914</b>	<b>77.855</b>	<b>33.134</b>	<b>86.582</b>	<b>119.716</b>
7. Depreciations	19.805	15.961	35.766	22.258	28.472	50.730
8. Other operating expenses	46.225	46.841	93.066	35.065	43.710	78.775
<b>9. Operating income</b>	<b>8.543</b>	<b>- 63.873</b>	<b>- 55.330</b>	<b>- 17.222</b>	<b>- 26.036</b>	<b>- 43.258</b>
10. Financing costs	- 11.754	- 1.207	- 12.961	- 5.359	- 989	- 6.348
11. Earnings from affiliated companies	0	-11	-11	0	71	71
<b>12. Earnings before income tax (and minorities)</b>	<b>- 3.211</b>	<b>- 65.091</b>	<b>- 68.302</b>	<b>- 22.581</b>	<b>- 26.954</b>	<b>- 49.535</b>
13. Taxes on income and earnings	- 5.525	242	- 5.283	9.141	366	9.507
14. Earnings bevor minority interests	- 8.736	- 64.849	- 73.585	- 13.440	- 26.588	- 40.028
15. Minority interests	330	0	330	- 1.967	0	- 1.967
<b>16. Earnings after taxes</b>	<b>- 8.406</b>	<b>- 64.849</b>	<b>- 73.255</b>	<b>- 15.407</b>	<b>- 26.588</b>	<b>- 41.995</b>

### 3. Consolidated income statement (Continued Operations)



The balance sheet is characterized by the changes in the reporting entity

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- million euros -			- million euros -		
ASSETS	31.12.2007	31.12.2006	LIABILITIES	31.12.2007	31.12.2006
<b>A. Current assets</b>	<b>141.713</b>	<b>166.320</b>	<b>A. Current liabilities</b>	<b>178.556</b>	<b>121.197</b>
I. Cash and cash equivalents	42.921	38.335	I. Current finance lease obligations	632	561
II. Trade accounts receivable	58.998	40.308	II. Short term debt	93.681	49.423
III. Inventories	23.922	41.346	III. Trade accounts payable	46.418	36.185
IV. Tax refund	1.306	4.343	IV. Advance payments received	540	2.258
V. Other current assets	14.566	22.732	V. Short term provisions	2.840	5.896
VI. Assets classified as held for sale	0	19.256	VI. Tax liabilities	1.643	1.590
			VII. Other current liabilities	32.802	18.280
			VIII. Liabilities classified as held for sale	0	7.004
<b>B. Long term assets</b>	<b>281.295</b>	<b>277.062</b>	<b>B. Long term liabilities</b>	<b>93.550</b>	<b>152.318</b>
I. Tangible assets	122.445	108.356	I. Long term debt	76.402	127.360
II. Investment property	0	1.537	II. Long term finance lease obligations	461	745
III. Intangible assets	65.963	71.900	III. Deferred taxes	14.736	18.405
IV. Financial assets	15.247	3.318	IV. Long term provisions	1.857	3.291
V. Goodwill	70.216	77.223	V. Other long term liabilities	94	2.517
VI. Deferred taxes	7.424	14.728	<b>C. Shareholders' equity</b>	<b>150.902</b>	<b>169.867</b>
			thereof minority interests	6.823	10.918
<b>Total Assets</b>	<b>423.008</b>	<b>443.382</b>	<b>Total Liabilities</b>	<b>423.008</b>	<b>443.382</b>



## Share price development was volatile in 2007

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The re-positioning of the group will be continued

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- 1 The European Infocom companies shall be sold**
  
- 2 The bank loans will be supplemented by commitments from investors**
  
- 3 The continued operations posted a positive EBIT in 2007 already**
  
- 4 The re-structuring of borrowed capital is a key task in 2008**



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## The core business shall be profitable in 2008

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- The customers of the Touch unit are prepared to amend individual product specifications at the last minute
- Such changes – for which we cannot plan – can also impact on sales and earnings in 2008
- Associated with new orders are pre-production costs, which affect earnings in the first six months of 2008
- Balda Medical was and is successful, yet is not a core business area, we intend to sell Medical and to concentrate to an even greater degree on Asia
- The scope of the holding activities will be further amended in the future; the transfer abroad of the headquarters of the holding is not planned



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The core business shall be profitable in 2008

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- ➔ **For 2008 as a whole we expect sales of approximately 600 million US dollars at the continued operations**
  
- ➔ **The pre-tax profit (EBT) at the continued operations is set to be approximately 35 million US dollars**

Note: The figures are based on an exchange rate of 1.45 US dollars per euro.



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