

# Shareholder Information 2007



1<sup>st</sup> Quarter



**CHRIST**

Christ Water Technology Group

## Shareholder Information for the First Quarter 2007

### Good start into 2007 for CHRIST in a good position following investments in new markets and technologies

#### Incoming orders and order book

The strong economic and industry development ensures full order books in all segments of the CHRIST Group and is the driver for further growth in all divisions. Customers' high propensity to invest is reflected in the further growth of incoming orders. This was still rather restrained in the first quarter (increase of 1 % from € 53.9 million to € 54.5 million), but is continuing with momentum at the start of the second quarter. Previously, the strongest impetuses came from the Power & Petrochem, Pharma & Life Science and Microelectronics branches of industry, while the high order book level is being processed in the municipalities business and some important project offers are shortly to be granted.

#### Order book level

The order book level is growing comfortably and is up 17 % on the previous year's quarter at € 174 million. In this respect the Power & Petrochem business unit and Pharma & Life Science division are also growth drivers. Tendering activity also remains uninterrupted reflecting the continuing positive demand across CHRIST's entire range of business.

#### Sales/earnings position

CHRIST is well positioned globally following investments in new markets and new technologies as well as active acquisitions in 2006 and can use the market opportunities presented on a broad basis. Integration of new Group members is progressing as planned and these consistently represent a strengthening of resources both in terms of the market and the project, and are making a positive contribution to the Group result.

CHRIST Group in € 1000s	1st quarter 2007	1st quarter 2006	Change %
Incoming orders	54,504	53,892	1.1%
Order book (31.03.)	174,030	149,214	16.6%
Sales	63,044	51,133	23.3%
EBITDA	3,068	1,711	79.3%
EBIT	2,303	1,034	122.8%

In the first quarter of 2007, Group sales reached the best quarterly value of recent years with € 63.0 million (previous year: € 51.1 million) and showed a balanced distribution across all segments as well as a broad geographical split.

On the earnings side, EBITDA increased by 80 % from € 1.7 million to € 3.1 million and EBIT more than doubled (+123 %) from € 1.0 million to € 2.3 million. The strengthening of income resulted from both the continuous good utilisation of important Group companies and the improvement of margins in the project business. Furthermore, turnaround could be achieved with all loss contributing subsidiaries of last year.

EBIT by segment (in € 1000s)	1st quarter 2007	1st quarter 2006
Pharma & Life Science	509	143
Ultrapure Water	1,091	681
Food & Beverage	169	-191
Municipal Water Treatment	534	401
<b>CHRIST Group</b>	<b>2,303</b>	<b>1,034</b>

### Strong tailwind due to high investments in the industry and global presence

#### Division Pharma & Life Science

Division Pharma & Life Science in € 1000s	1st quarter 2007	1st quarter 2006	Change %
Incoming orders	18,954	12,303	54.1%
Order book (31.03.)	24,845	16,271	52.7%
Sales	13,732	11,385	20.6%
EBIT	509	143	355.9%

Incoming orders increased by 54 % in the first quarter to € 19 million. The high propensity to invest worldwide that was reported in the Pharma Life Science segment and the biotechnology industry led to this pleasing rise. The order book level is also 53 % higher than in the previous year's quarter and shows growth in all processed regions. Sales growth also continued unabated and again reached the highest value of the last two years with an increase of 21 % to € 13.7 million.

EBIT recovered following the quarters of weaker income in 2006 and is now profiting from the international presence, enhanced product portfolio and restructuring progress in the USA where a balanced first quarter has already been achieved.

### Stable business development in all three business units

#### Division Ultrapure Water

Division Ultrapure Water in € 1000s	1st quarter 2007	1st quarter 2006	Change %
Incoming orders	24,614	20,045	22.8%
Order book (31.03.)	72,890	66,668	9.3%
Sales	22,487	23,645	-4.9%
EBIT	1,091	681	60.2%

The growth rate for incoming orders was up 23 % on the previous quarter and primarily resulted from new orders in the Power & Petrochem business unit. The power station business is booming worldwide and in Europe in particular, massive investments are being made in new production capacities. This is reflected in the order books with an increase of 9%. The Microelectronics business unit developed in a stable manner in the first quarter with excellent growth opportunities for the following quarters as a result of focusing on high-quality ultrapure water projects in the semiconductor industry in Asia which is still growing at a strong rate. In the Process

Water & Reuse business unit, the book order level increased by 8 %. As a result of the completion of larger microelectronics projects and the limited sales-related new orders up to now, sales showed a decline which will be compensated for by power station orders initiated over the course of the current year.

The continuing positive income situation in the Ultrapure Water division resulted in an EBIT margin of 4.9 % in the first quarter or € 1.1 million (previous year: € 0.7 million). Thanks to the high order book level and shorter throughput times, CHRIST is benefiting from the fact that a global network of special teams exists within the Group that can be used to optimise costs and resources.

#### Division Food & Beverage

#### Positive quarter following longer periods of hard times

Division Food & Beverage in € 1000s	1st quarter 2007	1st quarter 2006	Change %
Incoming orders	4,363	5,015	-13.0%
Order book (31.03.)	18,988	15,357	23.6%
Sales	11,693	5,940	96.9%
EBIT	169	-191	-

Despite incoming orders trailing behind those of the previous year's quarter, the segment developed successfully in the first quarter of 2007 on the basis of a good order backlog. The order book level improved year-on-year by 24 % and sales almost doubled following integration of KF in the previous year.

Contributions to profit in the F&B units improved further in terms of operation and are showing an increasing earnings quality.

#### Division Municipal Water Treatment

#### Demand uninterrupted, particularly for seawater desalination projects

Division Municipal Water Treatment in € 1000s	1st quarter 2007	1st quarter 2006	Change %
Incoming orders	6,573	16,529	-60.2%
Order book (31.03.)	57,307	50,918	12.5%
Sales	15,132	10,163	48.9%
EBIT	534	401	33.2%

In the Municipal Water Treatment segment, incoming orders for the first quarter were still significantly behind the comparative value for the previous year (-60 %). Supported by a historically high order book level of € 57.3 million (previous year: € 50.9 million), operating performance increased by almost 50 %, while EBIT rose by 33 %. Aqua Engineering is currently operating locally with major orders in particular in Romania, Hungary – via Innoterv which has been part of the Group since 2006 – China and South Africa. The positive offer activity in the Gulf region is related to promising major projects for the desalination of seawater.

The company sites in South Africa and Dubai have also improved as in Hungary where positive earnings contributions have already been made thanks to the joint appearance on the market of Aqua Engineering and Innoterv. The stainless steel container construction company which forms part of the segment, Hinke, also reported full order books and is preparing itself for an expansion investment.

Expenses for material and services rose in accordance with the increase in sales to € 42.1 million (previous year: € 35.0 million). Gross income increased from € 16.3 million to € 20.8 million. The percentage increase from 32% to 33% arises from improved margins in the project business which should gain in momentum as a result of the gradual preparatory work completed on orders with strong earnings.

The number of employees increased particularly due to the acquisition of the new participation UT&S (28 employees) from 1,032 as of December 31, 2006 to 1,080 as of March 31, 2007. Furthermore, the increasing business volume was accommodated by increasing the number of technical and executive project personnel. As of March 31, 2006, 835 staff members were employed in the Group. Personnel expenses increased by 15.5% in comparison to the previous year from € 11.5 million to € 13.3 million, while the sales-related share of personnel costs reduced further to 21.1% (previous year: 22.5%).

EBITDA rose from € 1.7 million to € 3.1 million, representing an improvement from 3.3% to 4.9% of sales. The financial result amounted to € -0.5 million (previous year: € 0.2 million) and was primarily due to the increase in net debt.

Earnings before taxes increased to € 1.8 million (previous year: € 1.2 million). Net income for the period after taxes on earnings increased from € 0.8 million in the previous year to € 1.3 million. After adjustment for minorities, net income for the period for the shareholders of the Company amounted to € 1.2 million (previous year: € 0.8 million) or € 0.07 per share as against € 0.05 in 2006.

Long-term assets increased particularly due to the acquisition of the participation UT&S as of January 1, 2007 as against December 31, 2006, from € 55.2 million to € 57.5 million. Purchase price allocation to tangible and intangible assets, and goodwill is still to be considered as provisional. The rise in receivables from long-term orders of € 45.9 million as at December 31, 2006 as against € 58.7 million as of March 31, 2007 is attributable to a large number of projects that are currently displaying a cash-negative project development. This rise is also mainly responsible for the increase in total assets from € 167.4 million to € 177.6 million.

Group equity (including minority shares) increased in comparison to December 31, 2006 from € 43.2 million to € 44.5 million, while the equity ratio diluted as a result of the growth of total assets from 25.8% to 25.1%. While long-term liabilities barely changed, short-term financial liabilities increased from € 6.8 million to € 12.2 million and trade payables rose from € 38.3 million to € 44.6 million. Cash flow from operating activities is negative as a result of the increase in re-

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#### Cost and earnings structure

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#### Net asset situation

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#### Equity / cash flow

ceivables from long-term orders, whilst at the same time a decrease in accounts receivable and an increase in trade payables at € -3.6 million. Cash flow from investment activities of € -4.1 million is attributable to acquisitions and other investment projects. Net debt rose as compared with December 31, 2006, from € 34.8 million to € 39.1 million. The Management Board's goal is to convert cash flow from operating activities into a clear plus in the remaining quarters of the year by means of active and consistent "cash-positive" management.

### Outlook

The 2007 financial year began with an upward trend in terms of volumes and earnings which should continue on the basis of excellent basic data. Important impetuses were set in motion in the remaining units still generating losses and new orders are showing improved margins. As a result of further investments and a continually increasing demand for working capital in the project business, balance sheet variables such as equity ratio and net debt are still yet to improve as planned. Management is expecting double-digit sales growth and above-average improvement in the EBIT margin for the 2007 financial year due to the excellent order situation in all segments as well as the continuing good economic climate and CHRIST's good market position in the processed segments.

Mondsee, May 2007

The Management Board



Dr. Karl Michael Millauer



Mag. Harald Wegscheider

## Consolidated Profit and Loss Account

in € 1000s	1st quarter 2007		1st quarter 2006		Change
	Amount	%	Amount	%	%
<b>Sales</b>	<b>63,043.7</b>	<b>100.0</b>	<b>51,133.3</b>	<b>100.0</b>	<b>23.3%</b>
Other operating income	663.8	1.1	702.2	1.4	-5.5%
Change in inventory of finished and unfinished products	-233.1	-0.4	84.4	0.2	-376.3%
Other capitalised labor, overheads and material	79.0	0.1	104.4	0.2	-24.3%
Material and purchased services	-42,095.6	-66.8	-34,981.5	-68.4	20.3%
Personnel costs	-13,311.8	-21.1	-11,526.3	-22.5	15.5%
Other operating expenses	-5,077.9	-8.1	-3,805.4	-7.4	33.4%
<b>EBITDA</b>	<b>3,068.1</b>	<b>4.9</b>	<b>1,711.0</b>	<b>3.3</b>	<b>79.3%</b>
Depreciation	-765.6	-1.2	-677.6	-1.3	13.0%
<b>Result from operating activities</b>	<b>2,302.5</b>	<b>3.7</b>	<b>1,033.5</b>	<b>2.0</b>	<b>122.8%</b>
Financial income	476.3	0.8	581.0	1.1	-18.0%
Financial expenses	-940.2	-1.5	-400.4	-0.8	134.8%
<b>Earnings before tax</b>	<b>1,838.6</b>	<b>2.9</b>	<b>1,214.1</b>	<b>2.4</b>	<b>51.4%</b>
Taxes on income	-551.7	-0.9	-366.8	-0.7	50.4%
<b>Net profit / loss for the period</b>	<b>1,286.9</b>	<b>2.0</b>	<b>847.3</b>	<b>1.7</b>	<b>51.9%</b>
of which to minority shares	-115.8	-0.2	-9.8	0.0	-
of which to shareholders of the parent company	1,171.1	1.9	837.5	1.6	39.8%
<b>Earnings per share</b>	<b>0.07</b>		<b>0.05</b>		

## Segment Report

in € 1000s	1st quarter 2007			1st quarter 2006		
	Sales	EBIT	%	Sales	EBIT	%
Pharma & Life Science	13,732	509	3.7%	11,385	143	1.3%
Ultrapure Water	22,487	1,091	4.8%	23,645	681	2.9%
Food & Beverage	11,693	169	1.4%	5,940	-191	-3.2%
Municipal Water Treatment	15,132	534	3.5%	10,163	401	3.9%
<b>CHRIST Group</b>	<b>63,044</b>	<b>2,303</b>	<b>3.7%</b>	<b>51,133</b>	<b>1,034</b>	<b>2.0%</b>

## Consolidated Balance Sheet

Assets in € 1000s	31.03.2007	31.12.2006
<b>Long-term assets</b>		
Goodwill	3,702.8	2,374.5
Other intangible assets	5,512.1	6,117.3
Tangible assets	28,304.4	25,161.4
Financial assets	2,591.5	2,498.2
Trade receivables	1,875.7	2,719.2
Receivables from long-term orders	8,411.1	8,977.8
Other receivables from third parties	0.0	31.8
Deferred tax claims	7,141.3	7,310.5
	<b>57,538.9</b>	<b>55,190.7</b>
<b>Current assets</b>		
Inventories	8,924.3	9,201.2
Trade receivables	28,128.0	35,657.6
Receivables from long-term orders	56,844.5	43,174.1
Receivables from companies with which a participation is held	8.4	50.3
Income tax reimbursement claims	136.2	83.6
Accrued income	4,128.4	0.0
Other receivables from third parties	9,203.7	9,039.9
Liquid funds	12,694.0	15,009.8
	<b>120,067.5</b>	<b>112,216.4</b>
<b>BALANCE SHEET TOTAL</b>	<b>177,606.4</b>	<b>167,407.1</b>

Equity and liabilities in € 1000s	31.03.2007	31.12.2006
<b>Equity</b>		
Share capital	17,833.5	17,833.5
Capital reserves	4,600.0	4,600.0
Retained earnings	22,131.0	20,764.6
Other reserves	-666.2	-423.2
<b>Equity to CHRIST Shareholders</b>	<b>43,898.4</b>	<b>42,774.9</b>
Minority shares	595.1	436.8
	<b>44,493.6</b>	<b>43,211.7</b>
<b>Long-term liabilities</b>		
Provisions for social overhead capital	1,351.6	993.2
Current tax liabilities	2,442.6	2,251.4
Other accruals	111.7	535.0
Interest-bearing financial liabilities	52,108.6	51,986.1
Trade liabilities	23.7	58.6
	<b>56,038.2</b>	<b>55,824.3</b>
<b>Current liabilities</b>		
Current tax liabilities	523.7	398.1
Other accruals	6,615.5	6,019.2
Interest-bearing financial liabilities	12,228.1	6,771.4
Trade liabilities	44,621.4	38,337.0
Liabilities to companies with which a participation is held	89.9	237.8
Other liabilities	12,996.0	16,607.6
	<b>77,074.6</b>	<b>68,371.1</b>
<b>BALANCE SHEET TOTAL</b>	<b>177,606.4</b>	<b>167,407.1</b>

## Group Cash Flow

	in € 1000s	31.03.2007	31.3.2006
	Liquid funds as of 1st January	15,009.8	18,620.1
+	CASH-FLOW from result	2,298.6	1,350.7
+	Changes in working capital	-5,915.5	-481.6
=	CASH-FLOW from operating activities	-3,616.9	869.1
+	CASH FLOW from investment activities	-4,140.1	-2,201.3
+	CASH FLOW from financing activities	5,684.2	-806.1
+	Other (currency changes etc.)	-243.0	-300.0
=	Liquid funds as of 31st March	12,694.0	16,181.8

## Changes in Shareholders` Equity

in € 1000s	Share capital	Capital reserves	Other reserves	Amount	Minority shares	Total
<b>As at 31.12.2006</b>	<b>17,833.5</b>	<b>4,600.0</b>	<b>20,341.5</b>	<b>42,775.0</b>	<b>436.8</b>	<b>43,211.7</b>
Net profit for the period	0.0	0.0	1,171.1	1,171.1	115.8	1,286.9
Stock Option Plan	0.0	0.0	133.0	133.0	0.0	133.0
Currency translation	0.0	0.0	-243.3	-243.3	0.0	-243.3
<b>Result for the entire period</b>	<b>0.0</b>	<b>0.0</b>	<b>1,060.8</b>	<b>1,060.8</b>	<b>115.8</b>	<b>1,176.7</b>
Minority changes	0.0	0.0	1,021.0	1,021.0	-916.0	105.0
Reclassification of negative minority shares	0.0	0.0	-958.5	-958.5	958.5	0.0
<b>As at 31.03.2007</b>	<b>17,833.5</b>	<b>4,600.0</b>	<b>21,464.9</b>	<b>43,898.4</b>	<b>595.1</b>	<b>44,493.5</b>



### **Financial Calendar 2007**

Annual General Meeting  
Report first half year 2007  
Report third quarter 2007

24. May 2007  
17. August 2007  
23. November 2007

## CHRIST – World Class Water Technologies

### **CHRIST WATER TECHNOLOGY AG**

A-5310 Mondsee  
Walter-Simmer-Straße 4

Phone: +43-6232-9011-1013  
Fax: +43-6232-5011-1109

E-mail: [investor.relations@christ-water.com](mailto:investor.relations@christ-water.com)  
[www.christ-water.com](http://www.christ-water.com)



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Christ Water Technology Group