



Press Release

Concentration on profitable core markets by closure of AWD Italy

- Concentration on profitable core markets with strong growth
- Closure of AWD Italy

Hanover, September 18 2006. The AWD Group has affirmed its profitability target of achieving an EBIT margin of at least 13.5% in 2008. In order to achieve this target, AWD's Supervisory Board and Board of Management have decided to close AWD Italy. With this measure, the AWD Group is discontinuing business operations in its only loss-making region. The high operating losses of the last two years averaging approximately €8.5 million annually for AWD Italy will thus be completely eliminated as of the year 2007.

At the beginning of 2006, the AWD Group attached specific conditions to its continuing presence in the Italian market. As it became increasingly clear that the targets set would not be achieved, this decision has been taken now.

As of the third quarter of this year, AWD Italy will be shown in the Group's financial reporting under discontinued operations (comprising operations to be closed and/or assets available for sale). The closure will cause the cancellation of deferred tax assets of €5.4 million. A provision of €3 million will be formed to cover the expected closure costs. These charges will have a one-time impact on net profit in the third quarter of 2006. The charges incurred in connection with the closure will therefore be fully recognised with an effect on net profit in 2006, but will not affect the operating profit of the AWD Group's continuing operations. In the first half of 2006, AWD Italy generated only about 1% of the AWD Group's revenues, but was responsible for an operating loss equivalent to approximately 10% of AWD Group's operating profit (EBIT).

AWD Group excluding Italy will significantly improve its earnings quality. The EBIT margin for the Group's continuing operations in the first half of 2006 was 10.5%, compared with a Group margin of 9.4% including Italy. The strong profitability of the continuing operations is becoming increasingly clear. The indicators currently available for the third quarter show organic revenue growth for the ongoing operations above the

16.9% revenue growth achieved in the second quarter of 2006. Despite the closure of AWD Italy, the AWD Group's Board of Management confirmed the revenue target of more than €700 million for 2006.

By mutual agreement, Mr. Friedemann Derndinger has retired from the Board of Management of AWD Holding AG. With immediate effect, the AWD Group's Chief Human Resources Officer Dr. Ulf Mainzer (41) will be responsible for AWD's UK operations.

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Key figures AWD Group

(18 September 2006)

Pro forma figures Continuing and discontinued operations First half of 2006 and full-year 2005

H1 2006

AWD Group (€million)	Continuing operations	Discontinued operations Italy	AWD Group (including Italy)
Revenues	351.7	4.2	355.9
Earnings before interest and taxes (EBIT)	37.0	-3.5	33.5
EBIT margin	10.5%	-83.3%	9.4%
Earnings before taxes (EBT)	38.9	-3.5	35.4
Net profit	26	-3.5	22.5
Earnings per share (in €)	0.67	-0.09	0.58

FY 2005

AWD Group (€million)	Continuing operations	Discontinued operations Italy	AWD Group (including Italy)
Revenues	630.2	3.0	633.2
Earnings before interest and taxes (EBIT)	58.3	-10.8	47.5
EBIT margin	9.3%	>-100%	7.5%
Earnings before taxes (EBT)	60.7	-10.8	49.9
Net profit	39.2	-10.1	29.1
Earnings per share (in €)	1.02	-0.26	0.76

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