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LPKF enjoys continued success

Laser specialist with record levels of revenue and earnings

Garbsen, 30 March 2011 – With a boost in earnings of 149%, LPKF produces its best performance to date in the 2010 financial year. The shareholders of the Garbsen-based laser specialist also have a lot to look forward to with a planned year-on-year doubling of the dividend to 40 Euro cents this year.

LPKF boosted revenue in 2010 by 60% to Euro 81 million – to slightly exceed its own forecast of Euro 79 million. The level of incoming orders rose from Euro 56 million (2009) to Euro 79 million. Earnings before interest and tax (EBIT) climbed from Euro 7 million to Euro 17 million – with a corresponding rise in the return on sales from 14% to 21%. The Group generated revenues of Euro 20 million in the fourth quarter, producing an EBIT of more than Euro 2 million.

The 2010 financial year was characterized by a number of major orders with a total volume of Euro 14 million in the Cutting & Structuring Lasers segment. “Although laser direct structuring systems once again played a major role, almost all the other segments played a part in the enormous growth too,” said CEO Dr. Ingo Bretthauer explaining the background to the business performance at the mechanical engineering company’s balance sheet press conference.

The only exception was the Thin-film Technologies segment which suffered from the general weakness in the solar market in 2010. However, LPKF is expecting a significant improvement in this area in 2011. The company recently won a major order worth almost Euro 7 million for systems to produce solar panels. This order heralds LPKF’s turnaround in the solar business which had slackened in the recent past.

The robust balance sheet the company has enjoyed in the past remains almost unchanged with an equity ratio of 71%. “The investment in property, plant, equipment, and intangible assets doubled from Euro 4 million to Euro 8 million. We were able to finance these projects from our own cash flow,” explained CFO Kai Bentz. The cash flow from operating activities rose from Euro 11 million to Euro 13 million; the free cash flow was Euro 6 million (previous year Euro 8 million) despite the strong rise in investments.

The current situation in Japan has also had an impact on technology companies like LPKF. The effects of the disaster are not foreseeable at the present time, but as of now the emergency in Japan has had no acute effects on the LPKF Group in terms of earnings or material procurement. In the 2010 financial year, the share of revenue attributable to business with Japan was only approximately 2%. The expansion plans will be continued as soon as the situation in Japan has stabilized.

After the record-breaking 2010 financial year, the Management Board is optimistic about the future. If the global economy continues to develop positively, the Management Board forecasts that revenue in 2011 for the LPKF Group will be similar to that in the previous year. The internal structures will be significantly enlarged in 2011 due to company expansion and will give rise to a corresponding increase in operating costs. The EBIT margin is therefore expected to lie between 15 and 19% in 2011. Bretthauer sees opportunities for growth in business arising from major orders, but it has yet to be incorporated in the current forecasts.

If the economic background remains stable, the Management Board forecasts an average growth in revenues of around 10% per year and a slight rise in EBIT margin for the 2012 and 2013 financial years.

About LPKF

LPKF Laser & Electronics is the world leading manufacturer of both mechanical and laser systems for demanding tasks in printed circuit board technology and microelectronics. LPKF's worldwide headquarters is located in Garbsen, Germany outside of Hannover and maintains North American headquarters in Portland, OR. More information is available at LPKF's website: www.lpkfusa.com

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