

PRESS RELEASE

LPKF continues to expand

Hanover-based high tech company boasts continued success – first dividend

Garbsen/Hanover, 29th March 2000 – “The rapid increase in LPKF’s share price in recent weeks reflects the technological potential and strength of this company,” said Bernd Hildebrandt, management board chairman of LPKF Laser & Electronics AG, Garbsen, when presenting the 1999 annual financial statements to journalists in Hanover. The company’s share price has almost quadrupled since November last year to reach a peak of EUR 270. “Our rather conservative prognoses have proven to be extremely accurate. We now consider that the budgeted figures that have been presented here will further underpin the confidence of our shareholders in our actions,” added Bernd Hildebrandt.

Consolidated turnover in 1999 rose by more than 21 per cent year-on-year to DM 38.6 million. This is planned to grow to DM 86.5 million in 2001, and to around DM 126 million in 2002. These prognoses are based on the increase in earnings from our latest cooperation agreements. The net sales return over the same period is set to increase from 11.5 to 20 per cent. The international share of turnover in the reported financial year grew further from 74 per cent to 78 per cent. Most of this increase was generated in North America where we expanded our activities further in 1999.

According to Bernd Hildebrandt, the market has recognised the potential opened up by the application of laser-supported technologies. He described the technology developed and used by LPKF for the ultra-fine structuring of electronic circuits and printed circuit boards as: “Highly innovative and pro-environment”. This is why LPKF is highly sought after as a co-operation partner. Technical-strategic partnership contracts were recently concluded with Atotech and Mania. Contracts with other companies are currently being negotiated.

The trend towards miniaturisation in products such as mobile phones and other IT products increases the demand for LPKF’s products and services. This in turn requires the company to invest large amounts in research and development. The fruits of this investment are now being harvested: for instance, new standards have been set in the development of flexible printed circuit boards and three-dimensional conductor path structures. The sale of laser systems, for which LPKF is one of the world leaders, is also expected to generate rapid growth in turnover following the launch this year of the MicroLineLaser developed by LPKF for ultra-fine structuring. The first contract has already been concluded.

The publicly-funded 3D-MID research project was completed in 1999. LPKF played a major part in the project which involved 18 companies and 4 university departments, which developed environmentally-friendly processes for manufacturing three-dimensional conductor paths. LPKF is also set to play a major role in the “Mechatronic” follow-up project: from October 2000, it is planned to transfer the knowledge gained so far onto high temperature thermo-plastics and to further develop the 3D-MID laser equipment for ultra-fine conductor path structuring.

The money raised by the IPO is still available for potential expansion measures. The tangible investments in 1999 were DM 5.6 million. They will rise substantially this year to DM 11 million because of the new buildings being constructed in Garbsen. The number of

employees, which grew by around a third in 1999 to 122, will increase further in line with the volume of business.

No dividend was paid in 1999. A proposal will be made to the annual general meeting on 15 June 2000 to approve the payment of a dividend of DM 0.5 per share.