



IPTE NV: Q4 and annual results

IPTE ends difficult year with sales of EUR 232 million (EUR 255 million in 2007) and a net profit of EUR 441,000 (EUR 10.9 million in our 2007 record year).

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Management discussion and analysis of results

IPTE NV, (Euronext Brussels: IPTE) ended 2008 with total group sales for the year of EUR 232 million, 9% lower than in 2007 (EUR 255 million). Net profit was EUR 441,000 compared with EUR 10.9 million in 2007.

During the 4th quarter the company recorded a pre-tax loss of EUR 1,784,000, as compared with a pre-tax profit of EUR 2,591,000 in Q4 2007. Q4 sales were EUR 58.2 million compared with EUR 68.5 million in Q4 2007.

The general economic crisis has impacted sales and results at IPTE too. After falling slightly by 4% during the first half of 2008, the fall reached more than 15% for the group as a whole during the second half.

Contract manufacturing activity fell by over 15% for the year as a whole (from EUR 195.3 million to EUR 165.9 million). Sales by the automation division, on the other hand, rose in 2008 by 11.2 percent to EUR 67 million (EUR 60.2 million in 2007), reflecting the acquisition of Platzgummer GmbH as at 1 January 2008. Aside from Platzgummer activity levels were down 9% (from EUR 60.2 million to EUR 55 million).

Total order book at end-2008 amounted to EUR 78 million (EUR 83 million at end-2007).

Sales of the automation division rose from EUR 17 million in Q4 2007 to EUR 20 million in Q4 2008. The division ended the fourth quarter with an order book of EUR 24.5 million (EUR 28 million at the end of the third quarter). Sales of the Contract Manufacturing division fell from EUR 51.4 million in Q4 2007 to EUR 38.2 million in Q4 2008. The division ended the fourth quarter with an order book of EUR 53.5 million (EUR 60.8 million at the end of the third quarter).

The fourth quarter ended with a loss of EUR 1,806,000. This loss is the result of:

- restructuring in both divisions (impact of around EUR 400,000 in contract manufacturing – closing in Slovakia and personnel reduction – and 400,000 in automation – personnel reduction);
- realized and unrealized foreign exchange losses of EUR 1.3 million on the US dollar, Romanian lei and Czech crown;
- undercoverage of fixed costs in contract manufacturing owing to the 25% reduction in sales compared with Q4 2007;
- increased costs with the expansion of automation activities in Estonia, Spain and Mexico. These facilities were started up in the course of 2008 to meet customer demand. In the general economic malaise they are not yet earning enough to cover their costs.

2008 ended with a group profit of EUR 441,000 (compared with EUR 10,883,000 in record year 2007). At the start of 2008, expectations for the year were good and positive. The financial crisis, followed by the economic crisis, is however clearly having a more than average impact on the electronic sector in which IPTE operates. Already during the past year falling sales led us to decide to undertake restructuring in all parts of the organization in readiness for a difficult year in 2009. Staffing has already been reduced by more than 250 permanent employees (out of a total 2400 at the end of 2007) and 150 temporary employees. Investments will be limited to those most necessary to meet customer demands. The unclear market prospects require the company to do everything possible to secure its long-term health. At the end of the year IPTE met all its bank covenants and has sufficient credit facilities to continue to operate normally in 2009.

Significant events in 2008:

In early 2008 the acquisition of Platzgummer GmbH was successfully completed. Platzgummer specializes in developing and producing customer-specific automation solutions. The company is based at Karlsfeld, close to Munich (Germany). Customers are German and international suppliers to the automobile, metal and packaging industries. Platzgummer is being acquired in 2 stages. 80 percent of the shares have been acquired with immediate effect. The remaining 20% will be purchased in January 2011.

In May 2008 the Connect Systems group opened a new 16,000 m² plant at Oradea, Romania (8,000 m² PCB assembly and 8,000 cable assembly). The new plant, representing an investment of EUR 0.75 million, employs 800 people and is the largest plant in the entire group. This new plant will further reduce the cost structure and boost production efficiency in the coming years.



Other major investments during the first half include an additional manufacturing hall at Kampenhout (EUR 2.5 million), licences for new operating software (EUR 1 million) and taking into service a cable assembly clean room in the Netherlands.

At the end of July 2008 the firm TAF3 in Estonia was acquired. TAF3 specializes in automation and testing, and employs 30 highly trained mechanical, electrical and software development engineers, each averaging more than 10 years' experience in the telecoms and automobile sectors. IPTE paid goodwill of EUR 964,000 to acquire this company, necessary for being in a position to activate potential customers in Northern Europe.

In early October 2008 contract engineering announced the closure of the plant in Slovakia, following the centralization of the Eastern European back offices. Maintaining two similar back office cabling plants (Romania and Slovakia) was resulting in inefficient production, increasing operating costs (inventory management) and in double management. Transferring Connect Systems Slovakia's cable activities to Romania improves efficiently and simplifies communications and logistics to give a low cost structure. The closure will produce annual cost savings of EUR 850,000 from 2009 onwards.

In early November, IPTE already announced an initial organization of the automation activity. This reorganization aims at reducing the cost structure by over 10 percent and combining and strengthening a number of core competencies. Vis-à-vis our customers we are maintaining our strategy of local presence with service and support on 3 continents (Europe/ America/ Asia) and on key European sub-markets. The reorganization is on schedule and will be continued in 2009.



IPTE Group Annual Results 2008

Profit and loss accounts for the 12 months to 31 December 2008 and 2007

	Q4 2008		Q4 2007 31/12/2007		Year 2008		Year 2007 31/12/2007	
			000 EUR	%			000 EUR	%
Sales	58,203	100.0	68,492	100.0	232,160	100.0	255,290	100.0
Cost of sales	-48,143	-82.7	-55,355	-80.8	-190,426	-82.0	-208,396	-81.6
Gross profit	10,060	17.3	13,137	19.2	41,734	18.0	46,894	18.4
Research and development expenses	-2,868	-4.9	-2,001	-2.9	-10,550	-4.5	-7,791	-3.1
General and administrative expenses	-3,158	-5.4	-3,895	-5.7	-13,801	-5.9	-13,891	-5.4
Selling expenses	-3,794	-6.5	-3,613	-5.3	-13,645	-5.9	-12,889	-5.0
Other operating income/expense (net)	-253	-0.4	-39	-0.1	-4	0.0	104	0.0
Profit from operations	-13	-0.0	3,589	5.2	3,734	1.6	12,427	4.9
Financial income/charges (net)	-1,771	-3.0	-998	-1.5	-3,023	-1.3	-2,726	-1.1
Profit/loss before taxes	-1,784	-3.1	2,591	3.8	711	0.3	9,701	3.8
Income taxes	-22	0.0	1,577	2.3	-270	-0.1	1,182	0.5
Profit after taxes	-1,806	-3.1	4,168	6.1	441	0.2	10,883	4.3
Attributable to:								
Equity holders of the parent	-1,812	-3.1	4,168	6.1	274	0.1	10,868	4.3
Minority interest	6	0.0	0	0.0	167	0.1	15	0.0
Number of shares: 6,934,424								
Number of warrants: 182,850								
Profit/(loss) per share in EUR	-0.26		0.60		0.06		1.57	
Diluted profit/(loss) per share in EUR	-0.25		0.59		0.06		1.53	



Annual results by activity

Factory Automation

	2008		2007		2006	
Figures in EUR 000		%		%		%
Sales	67,075	100	60,207	100.0	50,179	100.0
Cost of sales	-50,483	-75.3	-42,205	-70.1	-33,628	-67.0
Gross profit	16,592	24.7	18,002	29.9	16,551	33.0
Research and development expenses	-8,849	-13.2	-6,439	-10.7	-5,444	-10.8
General and administrative expenses	-6,547	-9.8	-6,187	-10.3	-5,755	-11.5
Selling expenses	-5,671	-8.4	-5,239	-8.7	-5,172	-10.3
Other operating income/expense (net)	468	0.7	410	0.7	533	1.0
Profit from operations	-4,007	-6.0	547	0.9	712	1.4

Contract Manufacturing

	2008		2007		2006	
Figures in EUR 000		%		%		%
Sales	165,897	100	195,312	100.0	88,387	100.0
Cost of sales	-140,631	-84.8	-166,549	85.3	-76,670	-86.7
Gross profit	25,266	15.2	28,763	14.7	11,717	13.3
Research and development expenses	-1,701	-1.0	-1,352	-0.7	-811	-0.9
General and administrative expenses	-7,899	-4.7	-7,998	-4.1	-3,799	-4.3
Selling expenses	-7,982	-4.8	-7,672	-3.9	-4,733	-5.4
Other operating income/expense (net)	57	0.0	139	0.1	307	0.3
Profit from operations	7,741	4.7	11,880	6.1	2,681	3.0



Annual results IPTE Group (3 year comparison)

The statutory auditor has confirmed that its auditing work, which is fundamentally complete, has not revealed the need for any significant corrections to the accounting information contained in the press release in respect of the consolidated financial statements for the year ending on 31 December 2008.

Financial servicing of IPTE shares is provided by KBC Bank.

	2008		2007		2006	
	31/12/2008		31/12/2007		31/12/2006	
	000 EUR	%	000 EUR	%	000 EUR	%
Sales	232,160	100.0	255,290	100.0	138,282	100.0
Cost of sales	-190,426	-82.0	-208,397	-81.6	-109,917	-79.5
Gross profit	41,734	18.0	46,893	18.4	28,365	20.5
Research and development expenses	-10,550	-4.5	-7,791	-3.1	-6,255	-4.5
General and administrative expenses	-13,801	-5.9	-13,891	-5.4	-9,134	-6.6
Selling expenses	-13,645	-5.9	-12,889	-5.0	-9,886	-7.1
Other operating income/expense (net)	-4	0.0	105	0.0	304	0.2
Profit from operations	3,734	1.6	12,427	4.9	3,394	2.5
Financial income/charges (net)	-3,023	-1.3	-2,726	-1.1	-1,377	-1.0
Profit/loss before taxes	711	0.3	9,701	3.8	2,017	1.5
Income taxes	-270	-0.1	1,182	0.5	-134	-0.1
Profit after taxes	441	0.2	10,883	4.3	1,883	1.4
Attributable to:						
Equity holders of the parent	274	0.1	10,869	4.3	1,857	1.3
Minority interest	167	0.1	14	0.0	26	0.0
Number of shares: 6,934,424						
Number of warrants: 182,850						
Profit per share in EUR	0.06		1.57		0.34	
Diluted profit per share in EUR	0.06		1.53		0.27	

**Balance sheet**

	31/12/2008	31/12/2007	31/12/2006
	000 EUR	000 EUR	000 EUR
Intangible fixed assets	1,296	254	221
Goodwill	8,935	5,943	5,943
Property, plant and equipment	21,161	17,102	12,226
Deferred tax assets	1,562	1,615	1,000
Amounts receivable after one year	2	1,240	1,490
Inventories and contracts in progress	45,179	46,243	28,914
Trade receivables	45,714	52,919	34,781
Other receivables	3,630	2,865	2,396
Cash, bank deposits and current investments	1,807	3,414	2,309
Other current assets	346	212	289
Total assets	129,632	131,807	89,569
Equity	42,668	41,655	23,920
Subordinated loan	0	0	7,200
Provisions	3,752	2,016	1,356
Deferred tax liability	62	115	1,000
Long-term financial debts	5,005	4,630	1,810
Bank loans and overdrafts	32,428	27,114	23,156
Trade payables	31,325	40,818	21,440
Current liabilities	14,392	15,459	9,687
Total liabilities	129,632	131,807	89,569



Cash flow table

	2008	2007	2006
	000 EUR	000 EUR	000 EUR
Profit from operations	3,734	12,427	3,394
Adjustments for			
Value adjustments on customer receivables and inventory	37	4,167	854
Depreciation and amortization	5,376	4,187	2,640
Provisions	864	660	-986
Operating cash flow before changes in working capital	10,011	21,441	5,902
Changes in working capital	234	-1,162	-6,466
Cash flow from/(used in) operating activities	10,245	20,279	-564
Taxes	-270	-318	-133
Financial income/(charges) (net)	-3,023	-2,726	-1,379
Other	1	1	2
Net cash from/(used in) operating activities	6,953	17,236	-2,074
Acquisition of minority interest	0	-111	-703
Acquisition of Barco business area	0	-15,391	0
Acquisition of IPTE Estonia (TAF3)	-964	0	0
Acquisition of Platzgummer	-2,827	0	0
Investments in intangible and tangible fixed assets	-10,456	-6,559	-2,834
Bank financing (net)	5,688	-1,070	4,225
Capital increase	0	7,000	0
Increase/(decrease) in cash position	-1,606	1,105	-1,386

Equity

000 EUR

Equity at 31.12.2007	41,655
Net profit for the year to 31.12.2008	441
Translation difference	182
Minority interest (Platzgummer)	390
Equity at 31.12.2008	42,668
Attributable to:	
Equity holders of the parent	42,111
Minority interest	557



The company

IPTE is a worldwide supplier of automated production equipment for the electronics industry and a provider of manufacturing services to electronic and industrial markets in Europe.

The company is sub-divided into two divisions. IPTE 'Factory Automation' is a market leader in the supply of production equipment for the electronics industry. The division develops manual, semi-automatic and turnkey automation systems for producing, testing and handling of printed circuit boards and for final assembly work.

The 'Contract Manufacturing' division, Connect Systems Group, offers high quality, cost-effective production services to the professional industry. Activities include the production of cables and cable trees, PCB assembly and testing, production of semi-manufactures and final product assembly.

The IPTE Group's references include Barco, ASML, Alcatel-Lucent, Bosch, Delphi, Philips, Ericsson, Flextronics, Jabil, Johnson Controls, Lear, Continental, SCI-Sanmina, Siemens VDO and Visteon.

Today the company employs around 2,300 people in facilities in Europe, the United States and Asia.

Shares in the company, which was founded in 1992, are traded on NYSE Euronext Brussels. (www.euronext.com)



Note for the media, not for publication:

For further information on IPTE and this press release you can consult the website.

We would of course be glad to send you further information and photographic material on request.

Financial calendar

Annual General Meeting	28 April 2009
Announcement of Q1 2009:	14 May 2009

Investor Relations:

Huub Baren Chairman	Hugo Ciroux CFO
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