



CeoTronics AG

Ad Hoc

October 10, 2008

**Consolidated Interim Report for Q1 2008/2009****Revenues of €2,998 thousand / Positive EBITDA, EBIT, profit as well as cash flow development / Healthy order backlog**

CeoTronics AG Audio Video Data Communication (ISIN: DE0005407407), Adam-Opel-Strasse 6, 63322 Rödermark, Germany, listed in the Prime Standard and the Technology All Share segment of the Frankfurt Stock Exchange, generated consolidated revenues of €2,998 thousand in the first quarter of fiscal year 2008/2009 (the summer months of June, July, and August) in accordance with IFRSs (down €147 thousand as against prior-year figure).

The Group's order backlog normalized by -40.1% year-on-year as of August 31, 2008.

EBITDA (Earnings before Interest, Taxes, Depreciation and goodwill Amortization/impairment) increased by €57 thousand compared with the prior-year period, from €71 thousand to €128 thousand. EBIT improved by €59 thousand, from €-58 thousand to €1 thousand. Consolidated profit before tax improved by €56 thousand, from €-80 thousand to €-24 thousand. Consolidated profit after tax improved by €80 thousand, from €-97 thousand to €-17 thousand.

Gross cash flow increased by €78 thousand in the period under review, from €32 thousand in the prior-year period to €110 thousand. Earnings per share increased by €0.01 to € 0.00, compared with €-0.01 for the same period last year.

Consolidated equity as of August 31, 2008 amounted to €12,908 thousand (up €1,295 thousand), while the equity ratio was 72.5% (prior-year period: 70.4%).

The number of employees in the Group (including trainees) increased to 151 as of August 31, 2008 (August 31, 2007: 145).

Issuer's information and explanatory remarks on this ad hoc disclosure:

The slight fall in revenues can be explained by the production work already performed for the third batch of the major order CT-DECT JetCom systems from the German Armed Forces for. This batch, worth some €3.0 million, is expected to be delivered and invoiced in the second quarter. Pulling forward a large portion of the production work freed up capacity to complete orders by the end of 2008 and for possible orders relating to the switch to digital radio by the German security authorities and organizations. In addition, delays in contract awards, the continued and expected "revenue normalization" in Spain and France, and the sluggish switch to digital radio by the security authorities and organizations in Germany and other neighboring European countries all affected revenue development in Q1 2008/2009.



Despite the slight decline in revenues, all key earnings and financial indicators improved year-on-year – in some cases substantially.

The order backlog fell as expected compared with the prior-year figure, as CeoTronics was able to deliver and invoice the first two batches of the major order from the German Armed Forces in the course of fiscal year 2007/2008. At the prior-year reporting date, these had been contained in the order backlog in the amount of approximately €5.5 million. The healthy order backlog as of August 31, 2008 is above the average for the last three quarterly reporting dates.

At -6.6%, CeoTronics AG's share price fell in the period under review (June 1 to August 31, 2008) despite the publication of very strong figures for fiscal year 2007/2008 (e.g., revenues +18.8%, approximately 45% rise in EBIT, and approximately 75% rise in profit).

The undervaluation of CeoTronics shares was documented by the research study published by German Business Concept AG (GBC) on September 4, 2008. The price target calculated by GBC is €4.87, with an upside potential in excess of 70%. (October 9, 2008: > 111%) CeoTronics shares received a buy recommendation.

The undervaluation of CeoTronics shares is also shown by the following key figures: The price/earnings ratio is 8.3, the price/book ratio was measured at 1.2, and the enterprise value/EBITDA ratio is 4.8 (each based on the share price on October 9, 2008, and the figures for fiscal year 2007/2008).

If the General Meeting on November 7, 2008 adopts the dividend proposal of €0.15 per share, the dividend yield will be 6.5% as measured in terms of the share price as of October 9, 2008.

In keeping with tradition, CeoTronics expects to issue its revenue and earnings targets for fiscal year 2008/2009 in January 2009, at the time of publication of its interim results for the first half of the year.

"Our current order backlog and the expected deliveries and invoices stretching into the third quarter of the current fiscal year, as well as the switch to digital radio in Germany, Austria, and Northern Europe offer CeoTronics an interesting future revenue potential," said Thomas. H. Günther, Chairman of the Board of Management.

Further information:

CeoTronics AG  
Audio Video Data Communication  
Investor Relations, Adam-Opel-Strasse 6, 63322 Rödermark, Germany  
Tel.: +49 6074/8751-722, Fax: +49 6074/8751-720  
E-mail: [chairman@ceotronics.com](mailto:chairman@ceotronics.com), Internet: <http://www.ceotronics.com>