**May 15, 2014**
**Board of Management speech:**
**Henry Brickenkamp, Board of Management Spokesman**
**Dirk Engel, Finance Director**

- Check against delivery -

Ladies and Gentlemen,

Dear Shareholders,

On behalf of the Board of Management, allow me to welcome you most cordially to this year’s Shareholders’ Meeting. We are delighted that so many of you have been able to join us here for this event; for some of you, your involvement in our company goes back quite a number of years.

Could I also welcome the viewers watching this Shareholders’ Meeting on computer over the Internet, live or later on. As well as broadcasting a large portion of this Shareholders’ Meeting, this year we are again offering our shareholders the opportunity to grant powers of proxy and issue voting instructions over the Internet or to cast a postal vote. I am pleased to say that the take-up rate for this form of participation is growing by the year.

As usual, I will not be presenting today’s report by the Board of Management to the Shareholders’ Meeting on my own. I will first be giving a review of the 2013 financial year together with my colleague, our Finance Director Dirk Engel. We will then explain to you the operating figures for the first quarter of 2014 and will outline the future prospects for technotrans from our perspective, and explain how we aim to realize that vision.

Ladies and Gentlemen, the past financial year saw the technotrans Group achieve revenue in excess of 100 million euros for the first time in five years. The 16 percent growth was mainly down to our latest acquisition, KLH Kältetechnik GmbH and its Asian subsidiaries. The integration of the new companies has since been progressing according to schedule. Following on from the takeover of Termotek AG in the 2011 financial year, the takeover of KLH at the start of the past financial year substantially increase our presence in the growing market of the laser industry. Including the revenue that we are generating through our own activities outside the printing industry, we have increased this share to now more than 30 percent and thus achieved the first goal that we set ourselves in repositioning the company.

This was made possible by our success at tapping new markets for our technologies. Projects that we have been driving forward for quite some time in the development and design areas are now starting to bring in initial revenue streams. We have been able to increase the volume of business with our customers from the printing industry, too. We have added market shares by securing single-source agreements and excluding competitors.

However, Dear Shareholders, I cannot deny that our business performance did not in every respect live up to our – and your – expectations in 2013. The economic recovery that was universally expected for the second half of the year set in rather later and was much weaker than forecast, too. This left insufficient scope for making up for the first half's subdued business performance in the latter part of the year. If anything the opposite turned out to be the case, because the third quarter was by some distance the weakest period of the entire year. Confronted with such a situation, we finally took the decision to issue a profit warning in October. As you will have been able to see from the full-year figures that were subsequently published, it seems we were a little too pessimistic in our assumptions regarding the final months of the year, because revenue at least came in at the lower end of our target range.

The reason for the weaker-than-planned revenue performance was again more subdued demand from the printing industry. Although there were positive signals at the start of the year, for example in the wake of the Print China show, revenue with customers from the printing industry again fell over the year as a whole. This trend was also reflected in the VDMA figures. In the drupa year 2012, the industry enjoyed a 2 percent rise in revenue but then a further setback of 10 percent in 2013. Last year, we were not yet able to compensate for a downturn on such a scale through our activities outside the printing industry.

We also had to overcome minor obstacles encountered by our projects in the area we refer to as ttis, in other words our activities outside the printing industry. We can perhaps summarise our experience as follows: everything almost always takes longer than originally planned. So where for instance we originally assumed this or that project would be generating revenue in two or three years' time, looking back we now see that in most cases we actually needed three to four years. But because our project pipeline remains well filled, we are confident that technotrans' growth strategy is working – everything is merely taking one year longer. We have already seen evidence of this in the current financial year, as the report on the first quarter of 2014 illustrates. I shall be commenting on further details of that report later on in my outlook.

All things considered, therefore, the technotrans Group is a very successful enterprise, and that is why we – together with the Supervisory Board – have decided to propose to you today the distribution of a dividend of € 0.20 per share for the past financial year; that is roughly 30 percent more than last year. As such, we have returned to a position of distributing 50 percent of the consolidated net profit rather sooner than you might have expected.

But for now, I should like to hand you over to our Finance Director Dirk Engel, who will present the figures for the 2013 financial year and the first quarter of 2014, which were published last Tuesday.

**Dirk Engel**

## The 2013 financial year

Ladies and Gentlemen, Dear Shareholders: you have the 2013 Annual Report of technotrans AG in front of you. In choosing the headline "Transfer" we wanted to highlight which of our core skills we are applying in the various different sales markets. The printing industry remains well-represented, being effectively the bedrock of our business. But the spectrum now extends much further, from the laser industry and the machine tool sector, through medical technology, to activities in an area dubbed e-mobility, in other words transport using electrical power. As you can see, the technotrans Group is adaptable and sustainably successful at accessing new markets and areas of potential. We hope that this year's Annual Report has given you an interesting and revealing insight into the activities of your company.

In my remarks on the past financial year, today I would again like to focus on explaining the main figures. We can discuss any details of interest to you over and above that in the questions and answers part of the debate.

## 2013 financial performance

Let us start with revenue and earnings for the 2013 financial year. The technotrans Group achieved revenue of € 105.2 million in the 2013 financial year; that represents a growth rate of 16 percent. In other words, we achieved our goal of moving back up above the 100 million euro threshold, and also the goal of generating more than 30 percent of total revenue outside the printing industry. Mr Brickenkamp has already explained the reasons why revenue nevertheless only came in at the bottom end of the target range of € 110 million, plus/minus 5 percent.

The Technology segment in particular benefited from the takeover of KLH Kältetechnik. Its revenue rose year on year by 22.8 percent to € 66 million. The Services segment, too, achieved higher revenue, with the figure up 6.2 percent at € 39.2 million. Our subsidiary gds AG made a significant contribution to that growth.

Gross profit, in other words revenue less the cost of sales, climbed to € 33.1 million, an increase of 4.7 percent. The reasons for this proportionally lower increase were on the one hand the higher revenue share of the Technology segment and the shift in the product mix brought on by the takeover of KLH. On the other hand the cost of purchased materials rose over the year from 36.5 to 39.3 percent. This explains the 3.4 percent drop in the gross margin to 31.5 percent compared with the previous year.

The general distribution costs and administrative expenses – or in newspeak, SG&A – also rose as a result of the takeover of KLH. We also had to absorb the financial burden of our activities outside the printing industry, because that investment is not yet bringing in an adequate volume of revenue.

EBIT – earnings before interest and taxes – came to € 4.6 million and was therefore 13.6 percent down on the prior-year figure. That figure represents an EBIT margin of 4.4 percent, whereas the original goal for the 2013 financial year had been 6 to 7 percent. We therefore missed our target by some distance, but the actual figure was nevertheless substantially better than the revised forecast of 3.5 percent from October.

While the result for the Technology segment deteriorated to € -1.8 million due to still-dwindling revenue from customers in the printing industry and depreciation and amortisation in connection with the acquisition of KLH, the Services segment improved its profit contribution and again achieved a highly satisfactory margin of 16.5 percent. However – and the first quarter of 2014 has already supplied initial evidence to back up our view – we are assuming that synergies realised and growing revenue shares for our activities outside the printing industry will gradually improve the profitability of the Technology segment.

Despite increased borrowings in connection with the acquisition, the cost of finance went up only minimally year on year, from € 0.7 million to € 0.9 million. We were also able to keep the effective tax rate for the group down to only 21 percent for the 2013 financial year by utilising deferred taxes, which we had previously impaired.

Consolidated net profit ultimately came in at € 3 million, as in the previous year; that equates to earnings per share outstanding of € 0.47.

**Financial position and net worth**

The next slide shows you the key figures from the cash flow statement. As you will be aware, this illustrates how much the company has earned and how much of that amount has actually found its way into the coffers.

Based on a net income of € 3 million, the operating cash flow before changes in working capital was € 7.6 million. The changes in working capital diminished the cash flow by about € 3.4 million, and within that component particularly the fall in liabilities in the course of the year. Changes in trade receivables and inventories released cash amounting to € 0.8 million. Cash from operating activities therefore came to € 4.3 million. A total of € 1.6 million was used for interest and tax payments. The net cash from operating activities consequently amounted to € 2.7 million and was sufficient to cover replacement investment in the 2013 financial year. On top of that, the sum of € 3.3 million net was spent on the acquisition of KLH and € 0.8 million was paid out as agreed in the form of the earn-out component from the acquisition of Termotek. Cash from investing activities therefore totalled € 6.1 million. When comparing the figures with those for the previous year, please bear in mind that we disposed of our property in Gersthofen in 2012.

The net cash employed for financing activities had a positive balance in the 2013 financial year, amounting to € 1.6 million. New loans totalling € 6.6 million were raised in connection with the interest acquired, while € 4.2 million was used for the repayment of borrowings over the course of the year. And last but not least, we paid out € 0.8 million in dividends to the shareholders.

The free cash flow remained negative at year-end, at € -3.4 million. Cash and cash equivalents came to € 16.7 million. From a capital management perspective the group's liquidity remained highly satisfactory.

At the end of the 2013 financial year technotrans was again able to present a healthy balance sheet, even bearing in mind the increased scope of consolidation following the takeover of KLH. Because the changes to the balance sheet compared with 2012 stem largely from that, I would like to keep my comments brief at this point and instead make reference to the latest developments up to March 31, 2014. But let me say this much: the equity ratio of 59.9 percent was only slightly down on the previous year, and the net cash position of € 0.9 million and the financial liabilities of € 14.9 million at the year-end reporting date involve an average weighed interest rate for borrowing of just 2.9 percent. As you can see, technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing.

**Employees**

I would like to conclude my remarks on the past financial year with a few facts and figures on the development of the employee statistics in the technotrans Group.

The takeover of KLH Kältetechnik and its Asian sister companies with effect from January 1 of last year increased the number of employees in the technotrans Group from 662 to 777. That is the average figure for 2013. In this connection it is especially worth noting the sharp rise in the number of apprentices, from 48 to 78. At Sassenberg alone, 21 young people embarked on vocational training last year; this compares with 12 in the previous year. technotrans had already been actively involved in the "Doubly Strong" initiative of the North Westphalia Chamber of Commerce aimed at offering alternatives to studying for the double cohort of school-leavers.

**Thank you to employees**

Ladies and Gentlemen, on behalf of the Board of Management of technotrans AG I would like to take this opportunity to thank all our employees throughout the technotrans Group. They are the people who are actively driving our company's transformation. Their visions are the powerhouse of change, and their hard work prepares the ground for the rewards that we will together be reaping in the future. Day in, day out they demonstrate the determination to move and change things, and the readiness to strike out along new paths. With their energy, we can be confident of achieving our goals together. We, the Board of Management, are very grateful for the exceptional commitment that our employees have shown over the past year and look forward to shaping the future of the company with them, too.

On that note, I would like to move on to the current 2014 financial year and am delighted that the latest figures for the first quarter give me something positive to announce.

**Revenue and earnings for first quarter of 2014**

The Quarterly Report for the first three months was published this Tuesday, and you will either already have received a copy by post or e-mail or been given one here in the foyer. I will therefore once again keep to the principal data.

Let us start once again with a glance at the income statement. In the first quarter, revenue reached € 27.1 million, up 3.1 percent on the equivalent period of last year. While revenue from customers in the printing industry again fell slightly, for the first time activities outside the printing industry more than compensated for the decrease and therefore produced net growth. I should also like to point out that revenue of this magnitude is wholly in line with our target for the full year, which as you know is € 110 million, give or take 5 percent.

The gross profit for the first quarter improved by 14.6 percent to € 9.1 million. It was boosted on the one hand by the product mix and on the other hand by the costs position, especially in the materials and personnel areas, as well as by the continuing realisation of synergies from the integration of KLH. The gross margin rose as expected, and reached 33.6 percent.

General distribution costs and administrative expenses were higher, first and foremost as a result of the lower other operating result. That was based on lower exchange gains and lower reversal of provisions compared with the prior-year period.

The operating result was € 1.4 million, representing a rise of 29.8 percent. The EBIT margin reached 5.2 percent so it, too, is comfortably within our target corridor of 4 to 6 percent for the full year.

The costs of financing were slightly lower than in the prior-year quarter and taxes came to € 0.4 million, as against € 0.2 million in the previous year. That is equivalent to an effective tax rate of 30 percent, which we are also expecting to apply over the full year.

The net income after three months was € 0.9 million, an increase of 32.4 percent on the first quarter of 2013. Earnings per share outstanding were consequently 14 cents.

**Revenue and earnings by segment**

Looking at the breakdown of revenue by segment, you will see that the Technology segment started the new financial year with revenue of € 17.7 million. The increase of € 0.8 million or 4.7 percent compared with the first quarter of the previous year stems mainly from business outside the printing industry. The segment benefited in equal measure from buoyancy in the laser market and from a rising revenue share for our self-developed technologies in the areas of refrigeration technology, filtration, cooling lubricant preparation and spray lubrication. Furthermore, in the sphere of offset printing and flexographic printing we increased our market shares and were able to stabilise the revenue share with the launch of new product versions.

The Services segment generated revenue of € 9.4 million in the first quarter and was therefore roughly on a par with the prior-year level.

The increase in revenue in the Technology segment also had a positive impact on the segment's profitability. The loss of € 0.5 million in the first quarter of the previous year was now reduced to € 0.1 million. This again reveals the effects of the ongoing integration of the new business areas, especially in the laser industry and in the new markets. The result for the Services segment remained virtually stable compared with previous quarters and the margin was again in excess of 16 percent.

**Balance sheet at March 31, 2014**

technotrans' balance sheet can yet again be described as extremely healthy. Assets at March 31, 2014 totalled € 75.5 million, up 3.4 percent on the end of 2013. The change was driven mainly by fixed assets in the current category, such as inventories, trade receivables and cash and cash equivalents, and reflected the expansion of business.

On the equity and liabilities side, current liabilities correspondingly rose to € 17.2 million while non-current liabilities showed a slight decrease.

Shareholders' equity went up 2.1 percent and the equity ratio is again a very healthy 59.2 percent.

Net debt, in other words interest-bearing liabilities less cash and cash equivalents, amounted to € -2.4 million – so in effect there was net liquidity.

**Q1 2014 cash flow**

Finally, I would like to present the cash flow statement for the first quarter of 2014. Cash from operating activities amounted to € 3.4 million, compared with € 0.4 million in the previous year. Net of capital expenditure, the free cash flow was € 1.5 million. Cash and cash equivalents increased by € 0.8 million since the start of the year to € 17.5 million. That remains ample on the one hand to finance ongoing business, and on the other hand to seize opportunities for growth that present themselves.

With that, I would like to hand you back to Henry Brickenkamp, who will now give you a deeper insight into our new target markets and report on the longer-range prospects for technotrans. Thank you for your attention.

**Henry Brickenkamp**

**Outlook**

Ladies and Gentlemen, the overall economic environment for the current financial year of 2014 is showing a gradual improvement. The Institute for the World Economy, IFW, expects the advanced economies to grow by 1.9 percent, compared with only 1.1 percent growth last year. The signs for the German economy likewise once more point towards expansion.

The improving propensity to invest together with the favourable financing options available are boosting replacement investment, and in some markets there are already increasing levels of spending on expansion in response to rising capacity utilisation. Such an underlying situation will be beneficial for technotrans' business performance, too.

Since 2010 we have been using our core skills of temperature control for liquids, filtration of liquids and pumping and spraying of liquids to systematically access fresh target markets such as the laser industry, the machine tool industry, stamping and forming technology, energy storage technology and medical and scanner technology, while at the same time maintaining our involvement in the printing industry.

All these products and core skills have their origins in the printing industry. Today, we supply all printing press manufacturers worldwide with system solutions in the domains of temperature control, filtration, and pumping and spraying technology. Over the past two years we have been able to increase our market share in all these product areas and have shored up our position by securing single-source agreements for the next few years.

We also supply all sizes of temperature control systems for the laser industry worldwide. Our list of reference customers includes almost every manufacturer and user of laser systems. Trumpf, the world market and technology leader for industrial lasers and laser systems, is now our second-biggest OEM customer. By combining our expertise in various different performance categories across the entire group, we can now present ourselves as a full-liner in that area and are successfully developing our platform strategy so that we can offer every customer a tailormade solution. The market holds huge growth potential for us.

Another example that illustrates where our technologies can be used is the machine tool market. As well as supplying temperature control systems here, our filtration solutions are suitable for wide-ranging contamination loads and we are building up a reputation as a specialist for niche applications such as ceramic or carbon fibre machining. For customers such as the Gildemeister Group (which following the merger with its former Japanese competitor now goes under the rather cumbersome name of DMG Mori Seiki AG), Weisser, Diskus and Index, we commonly supply hybrid solutions involving both temperature control and filtration.

We see spray lubrication as a particularly pertinent example of technology transfer. This technology was originally developed for spraying dampening solution onto the cylinders of newspaper presses. We have now successfully introduced spray lubrication in the market for stamping and forming technology, where metal sheets or coils need to be wetted with warm oil before they are formed or stamped. This technology is already being used to good effect by many metalworking operations. A number of customers of the press manufacturer Schuler have also already opted to retrofit technotrans spray lubrication to their presses. And in the field of stamping technology, we are working in close partnership with the company Feintool, a leading player in that industry.

Energy storage technology is another very promising area in which our technology can be used. We have developed temperature control systems for use in buses and rail vehicles. Such systems are needed because the heat generated by the charging process has a detrimental effect on the energy storage devices, so special cooling solutions are called for. Given that the technology of using electricity for locomotion is still more or less in its infancy and undoubtedly still holds huge potential, our position as a specialist in this area is especially valuable.

And last but not least, in recent months we have been working intensively on projects for the temperature control of diagnostic imaging devices, ranging from computer tomography and magnetic resonance tomography equipment to security scanners. These are yet more areas where special cooling technology from technotrans is in action, either as a local, integrated solution or as a central system to which multiple devices are connected.

In addition to the options for our three product areas, the many new customers and target markets always offer our colleagues at gds an outstanding opportunity to present their range of products and services for technical documentation, and to explore various forms of collaboration.

In summary, the technotrans growth story continues unabated. The growth areas beyond the printing industry will deliver solid business expansion over the coming years, our acquisitions strategy will also contribute, and a volume of print business that we expect will remain broadly stable will underpin the entire operations. The analysts who cover our company and its valuation are not alone in expecting this development to go hand in hand with an appropriate improvement in profitability. That is really a fairly logical conclusion to draw, because when you consider that we have already accomplished the bulk of the product development work and invested in expertise and in opening up the markets for all these projects, the extra revenue will inevitably have a positive impact on earnings.

Ladies and Gentlemen, before we proceed with the debate allow me to make a few brief comments on today’s agenda.

As you will see from the agenda for today’s Shareholders’ Meeting, under items 9 and 10 you are being asked to vote on resolutions on the approval of two new control and profit transfer agreements. Under stock corporation law, the Board of Management has to give you an oral explanation of the control and profit transfer agreements at the Shareholders’ Meeting, so allow me now to do so. I would also like to comment briefly on the resolutions on the capital measures under agenda items 6 to 8.

The control and profit transfer agreements being proposed under agenda items 9 and 10, between technotrans AG on the one hand and Termotek AG and gds AG respectively on the other, primarily have the purpose of creating a single-entity relationship for corporation and trade tax purposes. This single-entity relationship will achieve fiscal optimisation and in particular mean that positive and negative results of Termotek and gds can be offset against negative or positive results of technotrans AG. At the same time, the agreements guarantee the consistent management of Termotek and gds and their integration into the technotrans group.

The main contractual provisions in the proposed control and profit transfer agreements comprise first of all the provision that Termotek and gds place the management of their respective companies under technotrans and that technotrans is granted the right to issue instructions to the two companies. Second, under the agreement Termotek and gds are obliged to transfer their entire profit to technotrans for the duration of the agreement. In return, technotrans is obliged to absorb any losses of the two companies.

Before the agreements can take effect, they must be approved by this Shareholders’ Meeting and each entered on the Commercial Register. technotrans holds 100 percent of the shares of both companies, so no compensatory or termination payments need to be made.

The control and profit transfer agreements can be terminated with six months’ notice with effect from the end of a financial year, but not before the end of the financial year that ends five years after the agreement in question takes effect. The agreements thus have a minimum term of more than five years.

So much for the proposals under agenda items 9 and 10. Let me now briefly address the proposed authorisations for the capital measures.

Under agenda item 6 we are proposing the cancellation of the existing authorised capital and the creation of new authorised capital with scope for excluding subscription rights. Under agenda item 7, revoking the existing authorisation, the Board of Management is moreover to be authorised again to acquire treasury shares with scope for excluding the subscription right in the event of the resale of treasury shares.

Finally, under agenda item 8 we are asking for your authorisation to issue convertible bonds and to exclude the subscription right of shareholders to convertible bonds. I might add that there are currently no firm plans to exercise any of these measures. We are not specifically seeking a share buy-back, nor are we planning to utilise authorised capital or issue convertible bonds. All things considered, the proposed authorisations are conventional anticipatory resolutions that leave various future options open to act as flexibly as possible when raising capital. By way of evidence that the Board of Management and Supervisory Board exercise restraint and responsibility in using such authorisations, we would like to point out that no use was made of the three previous authorisations that are to be replaced by the proposed new authorisations.

For detailed information on the topics that have just been raised, you may also refer to the supplementary written reports on the proposed capital measures that are printed in the invitation, or to the separate documents on the control and profit transfer agreements that were made available on the technotrans website from the time of convening of this meeting.

Having dealt with these legally necessary explanations, we can now directly turn our attention to the agenda for today’s Shareholders’ Meeting. Allow me, on behalf of my colleagues on the Board of Management, to thank you for your interest, your confidence and your support, and I look forward to sharing further ideas with you during the debate.