

Press release

Group balance sheet 2004

13.06.2005

**DREES &
SOMMER**

Drees & Sommer asserts itself in a difficult environment:

Sales growth and major new international projects

Drees & Sommer, market leader in the area of construction and property management maintained profits at the prior year level in 2004 despite the crisis in the industry.

In fiscal 2004, group sales grew by 4.8% from € 104.4 million to € 109.4 million. Expenditures totaled € 99.3 million (prior year € 99.3 million). The increase in expenditure is primarily attributable to subcontractor services in connection with new business models. The profit from ordinary activities remained unchanged at €10.1 million. Foreign sales totaled €13.0 million, representing an increase of 25% over prior year (€ 10.2 million). The fact that the profit stagnated despite higher sales is attributable to the continued decline in fee scales in Germany. "Increasingly, services are being offered at dumping prices – which later turns out to be a costly experiment," comments Professor Dr. Hans Sommer, Chairman of the Management Board of Drees & Sommer AG on this development. "We cannot and will not engage in every price war. We have highly qualified full-time permanent employees, invest in their continuing education as well as in research and development." In addition to declining fees, investments in new international offices and the write-down of receivables also impacted the result in 2004.

Outlook for 2005

In 2005, the company has agreed to undertake a campaign to increase efficiency of service delivery. At the same time, all services are being subjected to closer scrutiny and adapted to customer requirements to ensure that sales growth is accompanied by a growth in net income.

Internationalization

For the last five years Drees & Sommer has been systematically aligning with international markets. Focal points are western Europe, eastern Europe including Russia, the Middle East and Asia. Strong growth in sales is anticipated especially in the United Arab Emirates as the result of various major projects. Since mid 2004, Drees & Sommer offices are complemented by the network of our English cooperation partner Cyril Sweett. The goal is to increase sales generated by international subsidiaries to 20% of group sales in 2005.

Please send a specimen copy in the event of publication. Thank you.

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