

Adhoc announcement from 23.04.2004

### **Neschen AG releases its annual earnings report**

The Neschen AG recorded, in the fiscal year 2003, a turnover of 140.9M EUR, 12% less than the previous year (160,1M EUR). Despite the turnover decrease of 19.2M EUR, the EBITDA sank only 1.7M EUR to 8.7M EUR and therefore only 16.4% less than the previous year (10.4M EUR). The EBIT fell from 5.5M EUR to 1.9M EUR.

The turnover decrease was caused by a reduced demand in the advertising sector, as well as a 4.9M EUR reduction due to currency exchanges. Despite the reduction in turnover, the raw yield margin increased to 46.5% (45.5%). A cost-reduction programme (with the exception of Research and Development) was implemented in reaction to the unusually strong turnover fluctuation evident at the end of the first quarter 2003, and a savings of 5.6M EUR was realised in 2003 with additional savings coming in 2004.

Currency exchange losses amounting to 1.1M EUR were due to production of American products in Europe (33% of the group turnover). These exchange consequences are by and large eliminated now due to the creation of production capabilities in the USA.

The cash-flow decreased from 6.3M EUR in 2003 by 33% to 4.2M EUR.

The first quarter of the current fiscal year shows a marked improvement of the market situation and bodes an improvement of the turnover and yield situation in relation to the previous two quarters.

A capital increase of 25% was carried out in February to strengthen the capital resources ratio. In addition, a restructuring of the company through the selling of the hard foam-board branch, which lies outside of Neschen's core business, is being carried out.

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