

Adhoc-Mitteilung der Neschen AG vom 21.03.2005

World-wide restructuring programme for Neschen AG

The consolidated turnover of Neschen AG for the financial year 2004 was EUR 140 Mio., approximately the same level as 2003, and below the budgeted level for 2004. This fact is reflecting the minimal improvement in the graphics market during last year.

Neschen AG will return a net loss for the financial year 2004 of approx. EUR 9,6 Mio. The Neschen Group will return a net loss, before taxes, of approx. EUR 14,5 Mio. Accordingly, the equity ratio of Neschen AG changes to 37%.

The operating loss before taxes of EUR 8,0 Mio., was due to the dramatic change in the €/ \$ exchange rate, combined with increased raw material prices, particularly in the third and fourth quarter. The fact that the sales volume was below the annual goal, had an impact on the book-value of intangible assets, associated inventories and several financial investments. In total the extraordinary expenses will result in an amount of approx. EUR 6,5 Mio..

The Members of the Executive and Supervisory Boards, immediately set up a restructuring programme. This programme will greatly extend the activities already in place since 2004. Significant action points are: the reduction of employees by 20%, closing and pooling of foreign activities, product range consolidation and the optimisation of production capacities. All of these measures will be completed in the current year and will result in an annual cost-saving of approx. EUR 5,0 Mio. The financing of this programme has been guaranteed. The estimated costs for the restructuring programme are EUR 6,4 Mio..

Based on a turnover similar to the previous year, the expected net operative result (before costs for the restructuring programme) for 2005 will be EUR 1,0 Mio. From 2006 onwards, Neschen expects a continuous positive annual result, with a medium-term EBIT-margin of 7.5%.

In the first two months of the current year the sales volume is at the budgeted level. The consolidated turnover increased by approx. 5% compared to the same period in 2004.