

Gurit-Heberlein Group financial statements for 31.12.2003

## Newly positioned Gurit-Heberlein Group with 30% higher sales at CHF 508 million

- Industrial Applications posts marked increase in sales
- Exceptional circumstances weigh on Health Care result
- Net profit up by 15% at CHF 23.1 million
- Basis for future growth remains solid
- Generation change initiated on Board of Directors

**Wattwil, April 27, 2004.** The Gurit-Heberlein Group closed 2003 with an impressive 30% increase in sales to CHF 508.4 million. After largely completing its repositioning in the Chemical and Synthetics Technology sector, Gurit posted a Group result of CHF 23.1 million. Overall, the acquisitions and newly established operations are developing encouragingly. Despite a hesitant start to the year, the Group is expecting a substantial improvement in both sales and income for 2004.

In a difficult economic climate, the newly positioned Gurit-Heberlein Group just managed to close 2003 satisfactorily. Sales rose by 30% to CHF 508.4 million. This increase was due firstly to the consolidation of newly acquired Group companies and secondly to the solid organic growth achieved in the Composite Technologies segment of the market. EBITDA was up 19% to CHF 65.3 million while EBIT stood at CHF 31.2 million after the CHF 30.3 million of the previous year. The Group result was up by 15% to CHF 23.1 million, which represents earning per share of CHF 50.62. (It is worth noting here that although the change in IFRS accounting practices regarding goodwill amortization is only due to come into effect in financial 2005, several studies of the company recently published are already using this ruling and thus arrive at a profit per share of around CHF 80 before depreciation of goodwill.

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### Balance sheet remains robust

The Group balance sheet remains very strong. With equity rising to CHF 452.2 million and a balance sheet total up to CHF 710.2 million following recent acquisitions, the equity ratio stands at 63.7%. Even if the entire amount shown for goodwill



were eliminated and equity reduced by the same amount, the equity ratio would still be a comfortable 45.3%.

### **Positive contribution from financial income**

The effect of currency hedging and the sale of a relatively large piece of real estate near Bern had a positive effect on financial income and strengthened the Group's profitability.

In the past three years the Gurit-Heberlein Group has brought about a clear shift in the strategic thrust of its operations towards Chemical and Synthetics Technology. After major acquisitions of recent years, the repositioning of the Group's activities is now largely completed. Smaller acquisitions to round off the technology basis or open up new geographical markets remain a possibility in the future, however.

### **Vigorous growth for Industrial Applications**

The massive 67.5% increase in sales by the Industrial Applications Division from CHF 179.6 million in 2002 to CHF 300.9 million can be attributed mainly to dynamic growth in the target market for high-performance composites (Gurit Composite Technologies). Composites experienced significant growth during the year under review, especially in the wind power market, aircraft interior outfitting and the marine market. After a very encouraging first six months for Gurit Fiber Technology, the SARS epidemic and the ongoing weakness of the dollar choked initial signs of economic recovery. After a disappointing 2002, the Industrial Applications Division made a disproportionately high contribution of 63.8% or CHF 41.6 million to consolidated EBITDA.

### **Cumulative effect of negative influences on Health Care Division**

The Health Care Division failed to achieve its targets during the year under review. Several negative developments prevented a more encouraging result. First, the weak dollar depressed business in both the medical and dental markets. The cost of relocating and reorganizing Gurit Dental Care's operations in North America was higher than expected but the Group's American activities are now all concentrated in one location and this will clearly boost the Division's efficiency. In the medical sector, capacity created specially for one cus-

tomter had to be shelved temporarily because the market launch of a specific product for which Gurit Medical Business was making a significant number of parts had been delayed. With sales down 2% at CHF 203.1 million, the Health Care Division contributed CHF 34.8 million or 22.7% towards EBITDA.

### Unchanged dividend of 24%

In view of last year's solid result, the unchanged and immense potential for growth in both sectors as well as positive forecasts for the current year, the Board of Directors will be asking the General Meeting on May 27, 2004, to approve an unchanged dividend of 24%. Measured against the present share price, this represents a dividend yield of 2.5%.

### Changes in the Board of Directors

In anticipation of a generation change on the Board of Directors, Hans Huber, Heerbrugg, and Moritz Suter, Basel, will be standing down from the Board of Gurit-Heberlein AG at the General Meeting on May 27, 2004. The General Meeting will be asked to elect the Chief Executive Officer of the Gurit-Heberlein Group, Dr. Rudolf Wehrli, Richterswil, to the Board. Robert Heberlein, Zumikon, will be handing over the Chairmanship of the newly constituted Board of Directors to Dr. Paul Halg, Wollerau, long-standing CEO of Gurit-Essex, in the course of the year.

### Financial key figures

(in CHF m)	2003	2002	+/-%
<b>GROUP NET SALES</b>	<u>508.4</u>	<u>391.7</u>	+29.8
Industrial Applications	300.9	179.6	
Health Care	203.1	207.1	
Others	4.4	5.0	
<b>EBITDA</b>	<u>65.3</u>	<u>55.0</u>	+18.7
Industrial Applications	41.6	17.9	
Health Care	22.7	35.1	
Others	1.0	2.0	
<b>EBIT</b>	<u>31.2</u>	<u>30.3</u>	+3.2
Industrial Applications	19.1	3.6	
Health Care	11.8	24.9	
Others	0.3	1.8	
<b>Net profit</b>	<u>23.1</u>	<u>20.1</u>	+14.9



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**About Gurit-Heberlein**

The Gurit-Heberlein Group specializes in clearly defined areas in the Chemical and Synthetics Technology sector. Group companies have profound and wide-ranging expertise in materials, processes and basic research for the synthetics sector. Gurit focuses on applications for the health care and industrial sectors.

Gurit's Industrial Applications Division is one of the world's leading suppliers of state-of-the-art advanced composite material and construction systems (Gurit Composite Technologies). The key components for the manufacture and texturing of synthetic fibers of Gurit Fiber Technology set standards for the industry worldwide.

The Health Care Division addresses two market segments: The main activities of Gurit Dental Care are impression and filling materials, as well as a wide range of supplementary products for dentists and dental laboratories; and the medical and pharmaceutical industries, where the Gurit Medical Business companies manufactures airway management and disposable OEM products under clean-room conditions.