

Year-end results of Gurit-Heberlein Group
on December 31, 2004

Gurit-Heberlein Group posts lower result despite 14% increase in sales

- Net sales of CHF 579 million, EBITDA static but net result down
- Health Care firmly back on track
- Industrial Applications reports CHF 8 million non-recurring costs
- Proposal for unchanged dividend of 24%

Wattwil, April 22, 2005. The Gurit-Heberlein Group posted a 14% sales increase to CHF 579 million for fiscal year 2004. With a double-digit EBIT margin, the Health Care Division is now firmly back on track. In the Industrial Applications Division, restructuring measures in the Fiber Technology Business and higher-than-expected ramp-up costs at the North American composite works had an adverse impact on the income statement. With a marginally higher EBITDA of CHF 66.3 million, Gurit closed its books for 2004 with a net profit of CHF 15.8 million.

Gurit's 14% increase in sales to CHF 578.8 million in 2004 is attributable primarily to internal growth. The Industrial Applications Division (+18.2%) made a sizeable contribution on the strength of its advanced composite operations. During the year under review, Gurit achieved significantly higher sales volumes, primarily in the wind energy, marine, aerospace and automotive businesses. Fiber technology was negatively impacted by the prolonged cyclical downturn. The Health Care Division (+7.7%) achieved sales increases in both the dental and the medical markets. The weak dollar pushed Group-wide sales down by about CHF 12 million, and EBIT by around CHF 3 million. Apart from massive fluctuations in the prices of raw



materials, Gurit also suffered a number of delivery bottlenecks, which tended to restrict production.

Health Care back to a solid EBIT margin

With a double-digit EBIT margin, the Health Care Division got firmly back on track during the year under review. While integration of all the division's dental operations at a single location in the USA had put a considerable strain on figures for 2003, the expected synergy effects started to pay dividends during the year under review. Despite a weak dollar, profits were up noticeably. Medical operations, too, showed significantly improved profit figures following the structural reorganization made necessary the previous year. Gurit rates the future prospects of this division very highly. With divisional sales up by 7.7% to CHF 218.9 million, EBITDA too saw a 42% rise to CHF 32.2 million.

Special costs negatively impact Industrial Applications

Sales in the Industrial Applications Division were up 18.2% to CHF 355.6 million but profits failed to keep pace with the dynamic progress made by turnover. The division's contribution to EBITDA tumbled from CHF 41.6 million the previous year to an unsatisfactory CHF 31.8 million.

The integration of four former sites in one and, at the same time, a considerable increase in capacity at the Canadian composite facility proved to be a much lengthier and complex process than expected. The ramp-up of this new composite facility caused additional costs of some CHF 5 million. In the meantime, problems have been solved and prospects in the advanced composite business remain very promising.

The Group companies in the fiber technology market suffered from the protracted low level of investment in the synthetic yarn market. This made restructuring measures necessary, particularly in Germany, and pushed divisional earnings down by around CHF 3 million.



Group result down substantially

EBITDA was up slightly by 1.6% to CHF 66.3 million. EBIT stood at CHF 30 million, compared with CHF 31 million the previous year. Reduced financial income, higher taxes and exchange rate losses combined to push down the Group result to 15.8 million, which is equivalent to a profit of CHF 34.23 (IFRS) per bearer share.

From its ordinary operations, Gurit generated a cash flow (profit after taxes plus depreciation) of CHF 52 million and, after investments in fixed assets totalling CHF 29.9 million, closed the year with a free cash flow of CHF 15.3 million before payment of the dividend. Acquisitions of companies in the past four years have inevitably meant higher levels of investment in fixed assets, but this should be lower in the years ahead and result in a higher free cash flow. Net debt stood at CHF 97 million.

Balance sheet remains strong and outlook remains intact

The Group balance sheet remains as strong as ever. With equity up to CHF 455.9 million and a balance sheet total of CHF 736.9 million, the equity ratio stands at 61.8%. If all the goodwill in the balance were eliminated and equity reduced accordingly, the equity ratio would still be a comfortable 45.3%. In view of expectations for both divisions in fiscal 2005, the Board of Directors will be asking the General Meeting on May 19, 2005, to approve an unchanged dividend of 24%.



Key financial figures

(in CHF million)	2004	2003	+/-%
SALES	578.8	508.4	+13.8
Industrial Applications	355.6	300.9	
Health Care	218.9	203.1	
Others	4.3	4.4	
EBITDA	66.3	65.3	+1.6
Industrial Applications	31.8	41.6	
Health Care	32.2	22.7	
Others	2.3	1.0	
EBIT	30.0	31.2	-3.8
Industrial Applications	5.2	19.1	
Health Care	22.9	11.8	
Others	1.9	0.3	
Group result	15.8	23.1	-31.6

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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. In the fiber technology sector (manufacture and finishing of synthetic fibers), key components from Gurit-Heberlein set standards for the industry worldwide.

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