Quarterly Report — Third Quarter 2004/05

Innovation

Johannes M. Elsner Peter Ch. Löschl

DEAR SHAREHOLDERS,

Following the record order intake in the first quarter and the very satisfactory half yearly results, we are pleased that on the basis of the figures for the third quarter we can look forward to a straight run in to the end of our financial year. Nothing at present suggests that 2005 will bring a reversal of current trends in the European automobile industry: it threatens to be the fifth successive year of continuing market stagnation. Eybl International's strong performance despite these factors shows that the Group has completed the transition from simple supplier to strategic development partner to the motor industry. Sales revenues of almost EUR 252m were approximately at the same level as last year, but reflect the current low levels of production in the European automotive industry overall.

The increases in volumes in respect of product start-ups as a result of the improved order book were negatively affected in the short run by long-term quantity reductions on existing orders for series models. The current economic climate in Europe does not lead us to expect any major change in the present situation in the coming months.

The trend in new order intake continues to be very satisfactory, with new orders in the third quarter totalling some EUR 47m. Total orders for the first three quarters of 2004/05 came to EUR 448m: for the whole of this financial year, Eybl International expects orders to amount to EUR 565m, an increase of roughly 10% as compared with last year. This extremely satisfactory growth rate is impressive confirmation of the success of the Group's market positioning.

The satisfactory order position combined with rigorous process orientation is also reflected in increased profitability: EBIT for the first three quarters of 2004/05 climbed by 8.0%, and the EBIT margin improved to 3.2%, compared with 2.9% last year. This represents an increase in EBIT of more than EUR 587,000 on the comparable period last year. Profit from ordinary activities(POA) for the first three quarters grew by 15.8%.

The first three quarters of this financial year have been extremely busy: in addition to a cluster of new contracts — tangible evidence of the sustained success of the Group's strategy — Eybl can boast a number of further achievements. We have continued to gain significant market shares in textile fabrication, and to consolidate our reputation for high quality and process stability. The uncompromising customer orientation of the Time to Market project has earned us much praise. France is our second most important market after Germany, and Eybl has consolidated and extended its market share there. We have further extended the textile production skills we offer our customer Opel, and Ford has included us in its list of approved suppliers. However the most impressive and pleasing confirmation of the correctness of our corporate strategy is the strength of our relationship with BMW: Eybl International has been selected as the initial worldwide supplier of a one of the fabrication models for the new 3 Series BMW.

The third quarter of 2004/05 was also marked by the official start on Eybl's new cutting and logistics centre in Körmend, Hungary: construction is planned in three phases, and on completion the centre will employ up to 400 additional staff. In addition to our activities in Central and Eastern Europe, we have also established our first foothold in Africa: a production facility has been set up in Morocco, in order to be able to supply French and Spanish customers more effectively. The first production series in Casablanca has successfully got under way.

The technology-based reorganisation of business areas into textile production, fabrication and interiors is currently in preparation: the three will in future form independent business areas inside Eybl Interna-tional. Eybl is currently investing heavily in expanding its competencies, which will also mean additional job opportunities.

The changes currently taking place in the industry's value chain also highlight Eybl's outstanding positioning with respect to its customers: process oriented production competencies providing end-to-end, customer oriented solutions.

Ing. Mag. Johannes M. Elsner Peter Ch. Löschl

Economic climate

The European automobile market continues to be characterised by cut-throat competition and fierce pressure on prices. European car production has not increased in nearly 5 years, with the exception of certain growth niches. Structural changes and a background of high prices for, e.g., oil and steel have weighed on the economy and contribute to consumer uncertainty. OEMs have passed the resulting fluctuations in turnover straight on to their suppliers, while demanding price reductions of up to 5% a year. In this situation, Eybl International is more than ever dependent on continual innovation and improvements in production processes in order to remain competitive.

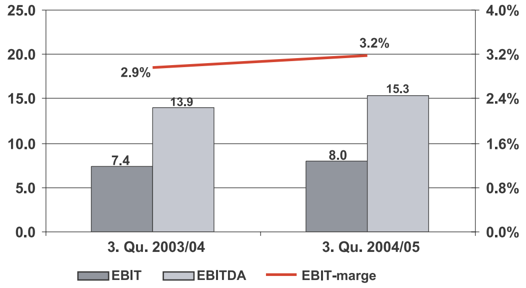
Sales stable

Eybl Group sales revenues and profits in the first three quarters of 2004/05 were reasonably satisfactory, given the continuing difficulties of the European automotive market. In the third quarter, however, turnover was noticeably affected by such factors as prolonged holiday closures (German premium OEMs, French system suppliers) and low year end inventories. Sales for the first three quarters of the financial year totalled some EUR 252m, roughly the same as in the comparable period last year. The fabrication business contributed EUR 175.4m or around 69.7% of overall sales revenue. Textile production posted revenues amounting to EUR 48.6m, or 19.3% of the total, and the interiors and services businesses contributed a combined 11.0%, with EUR 27.7m.

Further boost to productivity and earnings

Consolidated EBIT for the first three quarters of 2004/05 reached EUR 8.0m, 8.0% up on the same period last year (EUR 7.4m). With an EBIT margin of 3.2%, earnings were broadly in line with budgeted expectations. Profit from ordinary activities (POA) rose by some 15.8%, from EUR 5.0m to EUR 5.8m. Net profit for the period increased from EUR 1.4m to EUR 5.5m.

EARNINGS (EUR M)



New order intake and order book still highly satisfactory

Following a record order intake in the first quarter and a satisfactory level of new orders in the second, orders in the third quarter were a very acceptable EUR 47m, bringing the total for the first three quarters of 2004/05 to EUR 448m, almost up to last year's level.

Asset and capital structure

The Group's total assets as at 31 December 2004 were EUR 193.6m, roughly 17.6% up on last year's EUR 164.6m. The equity ratio was some 32%, an increase of around 5.3% on the previous year's 30.4%. Eybl Group's balance sheet and capital gearing are thus in a healthy state. As at 31 December 2004, Eybl Group employed 4,406 people at a total of 15 locations.

Advanced design as key competence

The distinctive features of OEMs' brands are now what car buyers focus on — more than ever, specific features such as the aesthetics, haptics and acoustics of automobile interiors play a decisive role in the purchasing decision.

Design is already far more than styling, more than the shaping of surfaces. Design provides the creative impulse, the initial underlying concept for a development process that culminates in series production. Design is therefore increasingly assuming cross-cutting and cross-linking functions which are of great importance to Eybl, with its "we create automotive interiors" motto.

With the creation of the Advanced Design department, the concept of design has been accorded the role which its strategic importance deserves.

The aim of this reorganisation is to strengthen the design function by bringing together individual design activities under a single strategic roof and embedding them in the technological innovation processes.

Eybl International's Advanced Design sees itself as a motor of product development: its aim is to highlight customers' future needs and to anticipate development trends. The department has very quickly demonstrated its leadership in design research: the development and implementation of VR (virtual reality) technologies in textile production has initiated a new chapter in automotive development. Just a click of a button, and — in real time — colours and fabrics can be changed, and per-

spectives and angles altered. This three-dimensional, true colour representation of textile surfaces in a virtual environment is one of the significant differences that constitute Eybl's competitive advantage.

The focus on time to market has spurred the introduction of new technology, brought savings in time and expense, shortened the design cycle and enabled Eybl International to react more rapidly, flexibly and exactly to customers' requirements, without in any way sacrificing quality.

What many businesses profess, Eybl has made its highest priority: innovation is the key to customer added value and thus to excellent long-term customer relationships.

New cutting and logistics centre in Körmend

The official ground-breaking ceremony for the new cutting and logistics centre in Körmend took place on 20 October 2004. With a total planned investment of approximately EUR 12m, the cost of the first phase of construction is around EUR 6m. This expansion of production capacity is on the one hand a response to the good order position, and on the other hand will allow the new cutting and logistics centre to optimise supply to the Group's Central European fabrication locations. In addition to Krems, Eybl International has fabrication operations in Hungary, Morocco, Romania and Slovakia.

The new, highly specialised competence centre also ensures an even higher degree of process reliability in the cutting function and generates top quality cuts, which can then be dispatched to other Eybl production facilities — a total of 11 in Europe and one in Morocco — for further processing.

New production facility in Morocco

The increasing importance of Eybl's customers in France and the Iberian peninsula has led to the opening of a further fabrication facility in Casablanca, Morocco. The reasons for the choice of Morocco were its political and economic stability, and its position as a country with the shortest transport distances and the greatest cultural affinity to France. The new location has significant cost advantages for the Iberian peninsula and the French market with respect to logistics and production. As in Slovakia, process reliability in production in Morocco is based on collaboration with local partners. Eybl International is responsible for all functions except those directly related to production. The first production series in Casablanca has already successfully been started.

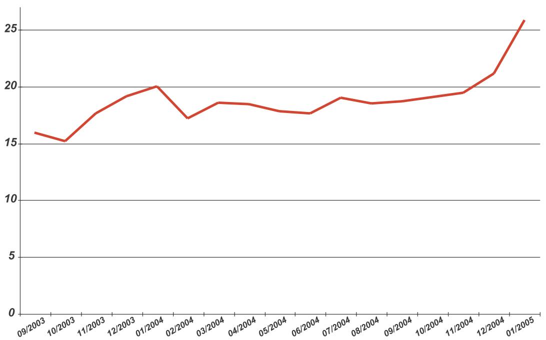
Outlook

Despite the continuing difficulties of the automotive industry as a whole, management is confident that Eybl's results for financial 2004/05 will be close to target, and that the Group will continue to consolidate its position in the marketplace. Management expects sales revenues in 2004/05 to be very close to the levels achieved last year. On this basis, the forecast is for an EBIT margin of between 3.6% and 3.8%.

Share price

Eybl's positive performance in the first three quarters of financial 2004/05 is also reflected in the performance of its shares — up 38% since September 2004. A year after listing in the Prime Market section of the Vienna Stock Exchange, Eybl's stock has gained 10.6% overall.

EYBL'S SHARE PRICE (EUR)



Share details

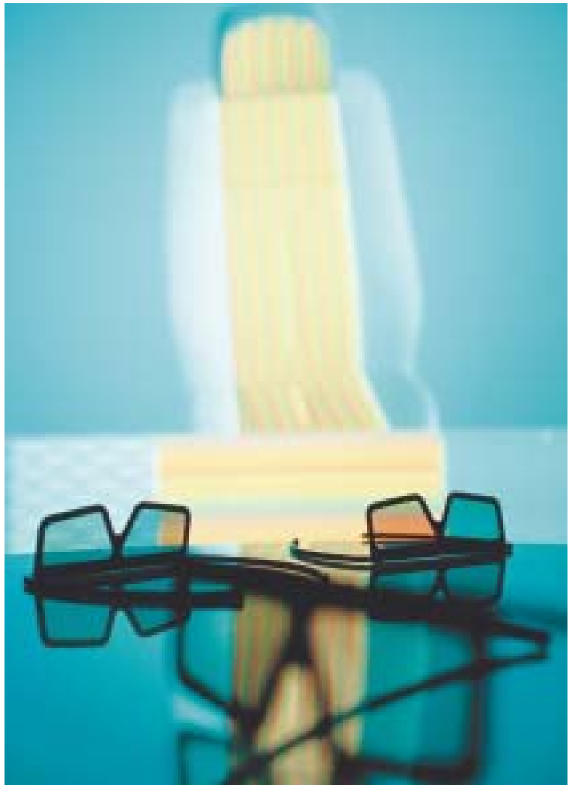
ISIN-code	908157
Reuters RIC	Eybl.VI
Bloomberg	Eyb:GR

Financial calendar for 2004/05

19 May 2005	Preliminary results for FY 2004/05
27 June 2005	Final results for FY 2004/05
28 June 2005	Annual General Meeting

The above dates are provisional and are subject to confirmation.

Computerised 3D research and design

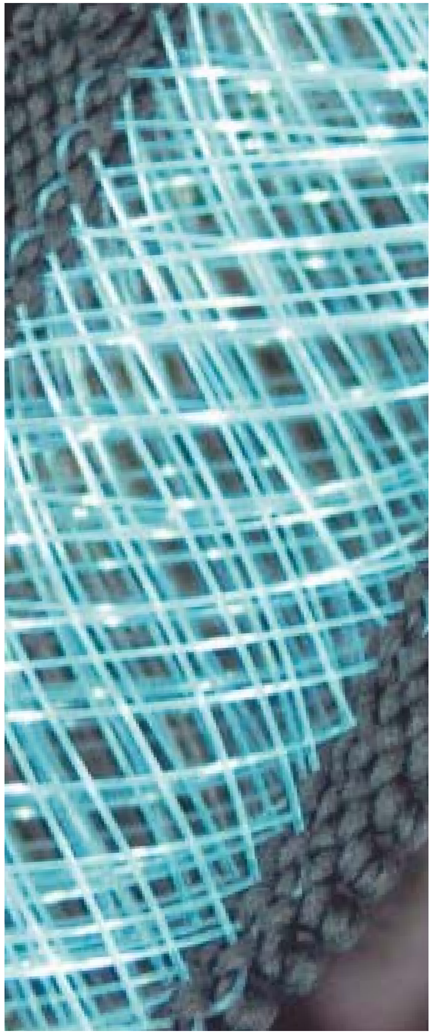


Virtual reality

Consolidated income statement for the three quarters ended 31 December 2004 in accordance with International Financial Reporting Standards (IFRS)

	1 October – 31 December		1 April – 31 December	
	2004	2003	2004	2003
	EUR '000	EUR '000	EUR '000	EUR '000
Sales revenue	83.882	86.225	251.667	251.486
Other operating income	1.846	1.933	3.900	3.526
Changes in inventories of work in progress and finished goods	-351	-6.483	-7.322	-5.481
Other work performed by the enterprise and capitalised	1.858	32	4.503	229 *)
Raw materials and services used	-61.623	-57.703	-175.250	-178.441
Staff costs	-13.604	-12.400	-40.276	-35.484
Amortisation of goodwill	-8	-8	-23	-23
Depreciation and amortisation of tangible and other intangible non-current assets	-2.070	-2.300	-7.384	-6.561
Other operating expenses	-7.098	-5.993	-21.853	-21.876
Operating profit (EBIT)	2.832	3.303	7.962	7.375
Interest expense	-789	-1.101	-2.334	-2.392
Other financial income and expense	103	0	140	0
Financial profit / loss	-686	-1.101	-2.194	-2.392
Profit from ordinary activities before tax and minorities	2.146	2.202	5.768	4.983
Extraordinary items	0	0	-	0
Taxes on income	-115	-188	-303	-855
Minorities	2.031	2.014	5.465	4.128
Net profit for period	2.031	2.014	5.465	4.128
Earnings per share (EUR)	0,56	0,56	1,52	1,21
Average number of shares in issue	3.600.000	3.600.000	3.600.000	3.404.712

*) Not directly comparable (balance as at 31 March 2004: EUR 3,995,000)



3D textiles

Consolidated balance sheet as at 31 December 2004 in accordance with International Financial Reporting Standards (IFRS)

ASSETS	31.12.2004 EUR '000	31.03.2004 EUR '000	31.12.2003 EUR '000
Goodwill	450	473	481
Other intangible assets	7.849	5.778	3.654
Property, plant and equipment	58.645	52.724	50.231
Financial assets	1.606	1.606	1.602
Non-current assets	68.550	60.581	55.968
Deferred taxes	17.667	17.030	13.596
A. Non-current assets	86.217	77.611	69.564
Inventories	21.211	23.031	20.462
Trade receivables	63.377	60.697	57.843
Receivables from Group companies	150	150	395
Other receivables and assets	9.315	5.894	5.057
Cash and cash equivalents	11.946	24.967	9.698
Accrued liabilities	1.344	555	1.570
B. Current assets	107.343	115.294	95.025
Total assets	193.560	192.905	164.589
EQUITY AND LIABILITIES			
Share capital	26.162	26.162	26.162
Capital reserves	19.264	19.264	15.243
Other consolidation reserves and exchange translation differences	11.125	1.638	4.557
Treasury shares	0	0	0
Consolidated profit	5.465	9.048	4.128
A. Equity	62.016	56.112	50.090
B. Minorities	41	7	7
Non-current financial provisions	53.524	52.499	58.326
Non-current provisions	4.330	4.169	7.383
Other non-current liabilities	249	529	51
C. Non-current liabilities	58.103	57.197	65.760
Current financial liabilities	14.004	18.769	8.797
Trade payables	52.283	52.316	33.120
Current provisions	1.761	1.825	1.594
Other current liabilities	5.352	6.679	5.221
Accrued liabilities	0	0	0
D. Current liabilities	73.400	79.589	48.732
Total equity and liabilities	193.560	192.905	164.589

Cash flow statement

	1 April – 31 December 2004 EUR '000	2003 EUR '000
Cash and cash equivalents at 1 April	24.967	22.070
Cash flow from operating activities	635	-3.643
sh flow from investing activities	-9.916	-11.999
Cash flow from financing activities	-3.740	3.270
Changes in cash and cash equivalents	-13.021	-12.372
Cash and cash equivalents at 31 December	11.946	9.698

Statement of changes in equity

	1 April – 31 December 2004 EUR '000	2003 EUR '000
Capital and reserves at 1 April	56.112	41.032
Minorities	5.465	4.128
Exchange translation differences	439	-1.427
Other changes not affecting income / expense	0	6.357
Capital and reserves at 31 December	62.016	50.090

Key indicators

	2004	2003
EBIT margin (1 April – 31 December)	3,2%	2,9%
Return on sales (1 April – 31 December)	2,3%	2,0%
Equity ratio (as at 31 December)	32,0%	30,4%
Gearing ratio (as at 31 December)	89,6%	114,6%

Contact

Annual and quarterly reports
are available from:

Eybl International AG
Investor Relations
Dr. Franz Wilhelm-Straße 2
A-3500 Krems
Tel.: +43 (0) 2732-881-300
Fax: +43 (0) 2732-881-78
E-Mail: ir.pr@eybl-international.com
www.eybl-international.com

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Eybl International AG
Dr. Franz Wilhelm-Strasse 2
A-3500 Krems, Austria
Tel: +43 2732 881 218
Fax: +43 2732 881 86
www.eybl-international.com