HALF YEAR REPORT - 2004/05

eybl INTERNATIONAL

Logistics

Johannes M. Elsner Peter Ch. Löschl

DEAR SHAREHOLDERS,

Neither the summer months of July and August nor the onset of autumn produced any noticeable change of trend in the European automobile industry — the much heralded recovery predicted for the sector has so far not materialised, and the German market in particular remains weak. The general uncertainty surrounding the future of oil prices and the high price of steel have only made the situation worse. It is all the more satisfactory that Eybl International AG can now report a very successful second quarter of financial 2004/05 and excellent results for the first half of that year.

Despite the difficult economic environment which the European automobile industry and its suppliers were faced with, all of Eybl's key performance indicators improved in the second quarter, and sales were up over the comparable period of last year.

The continuing high order intake is particularly satisfactory, with the second quarter bringing us new orders of some EUR 57m, and we are pleased to report that our presence in the French market has been strengthened by winning an order for the Peugeot 206 interior. This order performance is all the more remarkable given the first quarter's record order intake of EUR 344m, five times the amount in the same period last year, and — in the light of overall decline in the market — it is an unmistakeable demonstration of our established position as a development partner for the automobile industry. To summarise: the first half year brought us orders covering more than 95% of our budgeted turnover for 2004/05.

The satisfactory order position is also reflected in increased profitability: EBIT for the first half year climbed by 26%, and the EBIT margin improved to 3.1%, compared with 2.5% last year. EBIT in the first half of 2004/05 was more than EUR 1m up on the comparable period last year. POA (profit from ordinary activities) for the first half year jumped by an impressive 30%, convincing proof of the continuing success of Eybl's strategy of supplying and partnering development in the automobile industry.

The capital markets' recognition of this successful performance resulted in a 6% increase in Eybl's share price for the second quarter. A year after listing in the Prime Market section of the Vienna Stock Exchange, Eybl's stock is up 14%.

We are especially proud of the redesign of the fabrication centre in Krems during the summer months: the innovative rethinking of fabrication processes has significantly reduced processing times, bringing major improvements in planning and order fulfilment.

We are also very pleased with the success of personnel changes in our Hungarian operations: the new managers of the Lenti plant took over in July 2004, and we are fully confident in their ability to cope with the tasks involved in expanding Lenti's capacity.

The difficult business climate will continue in the coming months to confront the automobile industry and its suppliers with challenges that will not be easy to overcome: with its excellent half year results and its exceptional order book, Eybl at least has every reason to be confident of its future. We are optimistic that the ambitious goals that we have set ourselves for financial 2004/05 will be achieved.

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

Economic climate

Despite the continuing economic recovery, the automobile industry in Europe has failed to live up to expectations. The principle reason is continuing consumer insecurity stemming from high unemployment and ongoing social reforms, reinforced by shorter-term factors such as the high price of oil and the impact of the holiday season. At the moment, only the commercial vehicle business is producing double digit growth rates.

The difficult economic conditions and the problems the industry is experiencing with sales mean intensified competition coupled with increased concentration in the automobile supply industry. Across the whole automotive sector, the importance of being innovative and well capitalised is greater than ever — the significant market opportunities will be reserved for those businesses whose products are valuable enough to qualify them as development partners to the industry.

Strong revenue performance

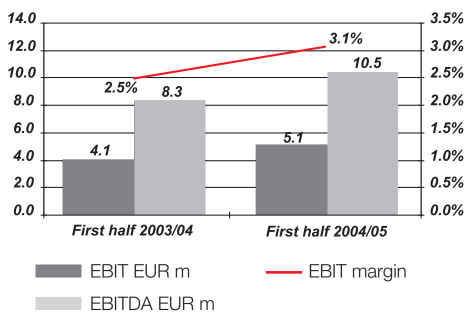
In the first half of financial 2004/05, Eybl Group posted significant increases in sales revenue and profits. Despite the unfavourable economic climate and the continuing difficulties of the European automobile industry (several German automobile manufacturers extended their summer shutdowns this year), the Group's sales reached EUR 167.8m, an increase of some 2% on sales of EUR 165.3m in the same period last year.

The fabrication business contributed EUR 116.3m or around 69% of total sales revenue, textile production generated sales of EUR 33.40m, or about 20% of the total, and the interiors and services businesses contributed a combined 11%, with EUR 18.1m.

Further boost to productivity and profitability

Consolidated EBIT for the first half of 2004/05 hit EUR 5.1m, an increase of 26% in comparison with the same period last year. The EBIT margin of 3.1% is broadly in line with budgeted expectations, while the increase in POA is impressive: in comparison with the first half of 2003/04, it is up 30% from EUR 2.8m to EUR 3.6m. Net profit has risen EUR 1.3m to EUR 3.4m for the current period.

Earnings



Orders situation still highly satisfactory

Following a record order intake in the first quarter, new orders in the second quarter reached a very satisfactory EUR 57m, bringing the total for the first half of 2004/05 to EUR 401m, the highest level in Eybl Group's history. As of 30 September 2004, around 95% of our budgeted sales for the current financial year were already covered by orders, an improvement of roughly a third on the position at the same time last year.

Asset and capital structure

As of 30 September 2004, the Group's total assets were EUR 184.2m — 9% up on the previous year's EUR 168.7mm. The equity ratio rose from 29.1% as of 30 September 2003 to 32.4% this year, an increase of some 11%. Eybl Group's capitalisation and balance sheet are in a healthy state. As of the end of the half year, Eybl Group employed 4,315 people at its 15 sites.

Sales based on innovation

The automobile industry — especially in Europe — is experiencing a difficult phase. Structural changes in society and in the economy combine to unsettle consumers and depress sales. It would be wholly logical for automobile industry suppliers to be affected by the problems of the major manufacturers, but in defiance of this trend, Eybl International can point to record order levels. This apparent economic paradox is explained by one thing: innovation.

Continuous, customer-oriented innovation is the key to winning orders, particularly in economically difficult times: only development partners to the automobile industry, who are in a position to provide customers with tailored and flexible solutions, can hope to prosper.

Some examples of innovations successfully implemented in recent months are given below.

Innovations in leather covering and textile production

The development of a new form of saddle stitching and special sewing stations for stitching leather seat covers helped Eybl International win a further contract with BMW for the supply of leather seat covers.

New technology using solvent-free hot melt adhesives has brought major advances in the manufacture of leather steering wheels: the use of shrinkage yarn for leather steering wheels removes the need for time-consuming, manual retensioning of the yarn: heat treatment shrinks the yarn, automatically creating the necessary tension.

These processes and technologies are protected by patents.

The process of continual innovation in textile production creates products with new properties with increased added value to the customer and resultant competitive advantages.

Redesign of fabrication centre in Krems

During the summer months, production processes in the fabrication centre in the Group's Krems headquarters were completely redesigned. The new and improved fabrication centre will in future provide lead functions for all fabrication sites throughout the Group: start-up products will be developed here, and brought to the point of production readiness.

The rethinking of the fabrication centre employs new approaches to innovative problem solving: a new materials flow concept has been developed, giving the centre greater flexibility, more reliable capacities and more intensive use of space, so that the newly available space can be used for future production expansion.

The introduction of new technologies brings significant advantages with existing cutting patterns and in the development of new patterns. Production of existing patterns can be optimised, thus saving labour and material costs. The use of software in new pattern development cuts down development time by up to 60%, and hence permanently reduces development costs. The process of developing a finished product has been reduced or simplified from the original 15 development stages to between 5 and 7.

A further goal in redesigning the centre was to introduce lean production: the training program for sewing machine operators has been revised and improved. The new training philosophy sets new quality standards for sewing competences, and leads to greater staffing flexibility and general interchangeability of tasks — cooperative teamwork is encouraged.

The logistics of material supplies are organised on kanban principles. The solution adopted uses a photocell system, which not only ensures timely delivery of supplies but also provides information useful for quality improvement.

A visualisation system (effectively, a monitor) is currently planned, and will display a range of data (quality, throughput and order information) for each shift, so that important production information is immediately available to staff on a real-time basis.

Overall, these ongoing innovations add up to improvements in customer orientation, process reliability and quality, so that in future we can respond even better to our customers' time-to market requirements.

Outlook

Although the coming year is likely to confront the entire automotive sector with severe challenges, management is confident that Eybl will meet its targets for financial 2004/05, and will continue to expand its share of its core Western European market. Management is budgeting sales revenues of some EUR 350m for 2004/05, assuming current market conditions, and is forecasting an EBIT margin of around 4%.

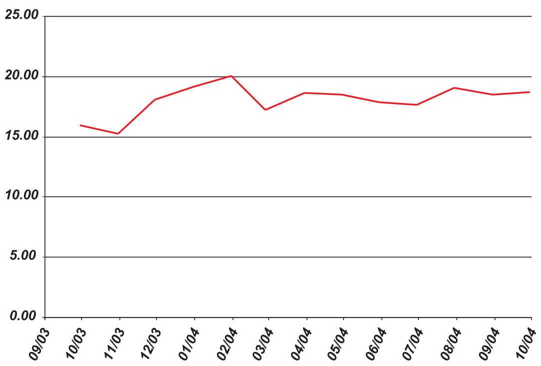
Share price

Eybl's positive performance in the first half of financial 2004/05 is reflected in the performance of its shares in the market (up 6% in the most recent quarter). A year after listing in the Prime Market section of the Vienna Stock Exchange, Eybl's stock has gained 14% overall

Financial calendar for 2004/05

27 January 2005	Results for Q1–Q3 2004/05
19 May 2005	Preliminary results for FY 2004/05
29 June 2005	Results for FY 2004/05
30 June 2005	Annual General Meeting

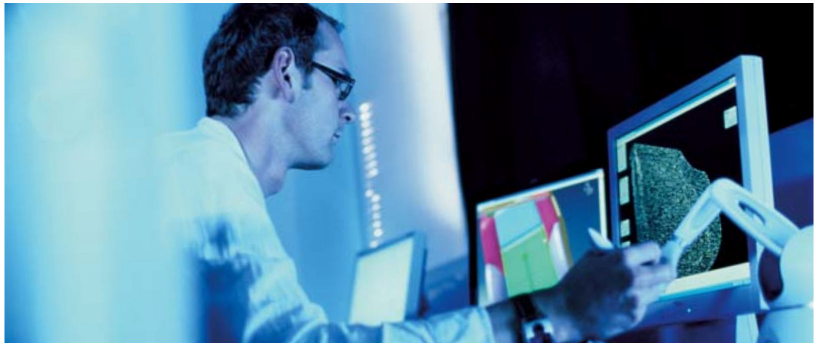
„EYBL stock price since listing in Prime Market section of Vienna Stock Exchange (EUR)"



The above dates are provisional and are subject to confirmation.

Share details

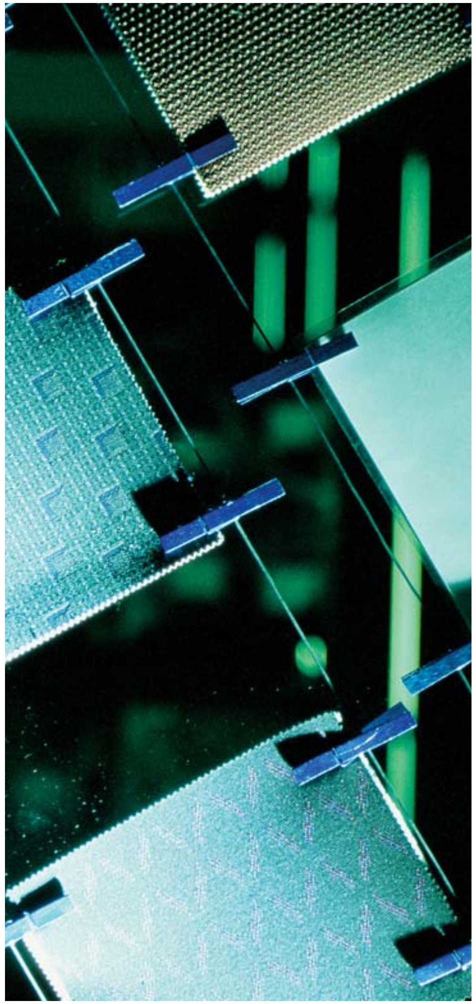
ISIN code	908157
Reuters RIC	Eybl.VI
Bloomberg	Eyb:GR



3-dimensional (haptic) modelling

Consolidated income statement for the half year ended 30 September 2004 according to International Financial Reporting Standards (IFRS)

	1 July – 30 September		1 April – 30 September	
	2004	2003	2004	2003
	TEUR	TEUR	TEUR	TEUR
Sales revenue	**81,529**	**80,092**	**167,785**	**165,261**
Other operating income	945	750	2,054	1,593
Changes in inventories of work in progress and finished goods	-3,929	-397	-6.971	1.002
Other work performed by the enterprise and capitalised	1,567	134	2,645	197
Raw materials and services used	-54,512	-57,763	-113,627	-120,738
Staff costs	-12,994	-10,837	-26,672	-23,084
Amortisation of goodwill	-7	-7	-15	-15
Depreciation and amortisation of tangible and other intangible non-current assets	-2,740	-2,188	-5,314	-4,261
Other operating expenses	-7,786	-7,738	-14,755	-15,883
Operating profit (EBIT)	**2,073**	**2,046**	**5,130**	**4,072**
Interest expense	-854	-682	-1,545	-1,291
Other financial income / expense	17	2	37	0
Financial profit / loss	**-837**	**-680**	**-1,508**	**-1,291**
Profit from ordinary activities	**1,236**	**1,366**	**3,622**	**2,781**
Extraordinary items	0	0	0	0
Taxes on income	127	-182	-188	-667
Profit before minorities	1,363	1,184	3,434	2,114
Retained earnings	**1,363**	**1,184**	**3,434**	**2,114**
Earnings per share (EUR)	0.38	0.35	0.95	0.64
Average number of shares in issue	3,600,000	3,400,000	3,600,000	3,307,068



Collection of textile samples

Consolidated balance sheet as of September 30th 2004 according to International Financial Reporting Standards (IFRS)

Assets	30.09.2004 EUR '000	31.03.2004 EUR '000	30.09.2003 EUR '000
Goodwill	457	473	489
Other intangible assets	7,270	5,778	2,319
Tangible assets	57,531	52,724	48,306
Financial assets	1,606	1,606	1,602
Non-current assets	**66,864**	**60,581**	**52,716**
Deferred taxes	**17,667**	**17,030**	**13,434**
A. Non-current and deferred assets	**84,531**	**77,611**	**66,150**
Inventories	18,092	23,031	23,682
Trade receivables	57,417	60,697	43,299
Receivables from Group companies	150	150	395
Other receivables and assets	9,504	5,894	8,393
Cash and cash equivalents	12,972	24,967	24,804
Accrued assets	1,567	555	2,008
B. Current assets	**99,702**	**115,294**	**102,581**
	184,233	**192,905**	**168,731**

Equity and liabilities	30.09.2004 EUR '000	31.03.2004 EUR '000	30.09.2003 EUR '000
Share capital	26,162	26,162	26,162
Capital and reserves	19,264	19,264	15,243
Other consolidated reserves and exchange translation differences	10,769	1,638	5,664
Treasury shares	0	0	0
Consolidated profit	3,434	9,048	2,114
A. Equity	**59,629**	**56,112**	**49,183**
B. Minorities	**7**	**7**	**6**
Non-current financial liabilities	57,886	52,499	55,837
Non-current provisions	4,301	4,169	5,466
Other non-current liabilities	234	529	148
C. Non-current liabilities	**62,421**	**57,197**	**61,451**
Current financial liabilities	8,772	18,769	13,834
Trade payables	44,757	52,316	33,812
Current provisions	1,929	1,825	4,499
Other current liabilities	6,718	6,679	5,942
Accrued liabilities	0	0	4
D. Current liabilities	**62,176**	**79,589**	**58,091**
	184,233	**192,905**	**168,731**

Cash flow statement

	1 April – 30 September 2004 EUR '000	1 April – 30 September 2003 EUR '000
Cash and cash equivalents at 1 April	24,967	22,070
Cash flow from operating activities	1,542	3,445
Cash flow from investing activities	-8,927	-6,529
Cash flow from financing activities	-4,610	5,818
Changes in cash and cash equivalents	-11,995	2,734
Cash and cash equivalents at 30 September	12,972	24,804

Statement of changes in equity

	1 April – 30 September 2004 EUR '000	1 April – 30 September 2003 EUR '000
Capital and reserves at 1 April	56,112	41,033
Profit before minorities	3,434	2,114
Exchange translation differences	83	-320
Other changes not affecting income / expense	0	6,357
Capital and reserves at 30 September	59,629	49,183

Key indicators

	2004	2003
EBIT margin (1.04. – 30.09.)	3.1%	2.5%
Return on sales (1.04. – 30.09.)	2.2%	1.7%
Equity ratio (as of 30.09.)	32.4%	29.1%
Gearing ratio (as of 30.09.)	90.0%	91.2%

Contact

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are available from:

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