

Ad hoc announcement from 02.05.2005

### **Neschen achieves planned quarterly result**

The Neschen Group achieved a somewhat better than planned turnover and result for the first quarter 2005.

The turnover lay by Euro 36.0M, slightly higher than the planned Euro 35.8M.

After adjustments, due to consolidation parameter changes resulting from sales of fringe activities in 2004, an organic growth of approx. 4% was achieved.

The gross margin is also at plan level and confirms that the increase in raw material prices, which had a strong negative effect on the 2004 result, have been, in part, successfully passed along to the market.

The loss before taxes in the first quarter amounted to Euro 0.5M, less than the expected 0.7M. The EBIT lay by 1.7%, significantly over the previous year's EBIT of of minus 7.0%.

Neschen is in the midst of an extensive restructuring programme in all substantial locations. The decisive measure at the headquarters in Bückeberg, the reduction of personell by 20%, was carried out in March according to plan. The measures in subsidiaries abroad will be completed by the end of this year. This represents a cost reduction of Euro 5.0M for the Group. The Neschen Group expects an operating result of at least Euro 1.0M for the current year (before restructuring costs). An operative result of Euro 0.5M was achieved in the first quarter. The operative EBIT was 5.0% and the operative EBITDA was 8.9%.

The company sees the first quarter result as a confirmation of the restructuring measures.

Neschen is now seeing an increased demand in both the domestic and foreign markets after a weak market development the last two years in the graphics industry.