

**WELCOME !**

**ANNUAL SHAREHOLDER MEETING 2003**



## Agenda

1. Presentation of Annual Financial Statements as adopted and Consolidated Financial Statements as approved of Pfeiderer Aktiengesellschaft and the Pfeiderer Group, as well as the combined Management Report for fiscal 2002 and the Report of the Supervisory Board
2. Approval of the Board of Management for fiscal 2002
3. Approval of the Supervisory Board for fiscal 2002
4. Authorization to buyback own shares
5. Amendments to Company Statutes
6. Appointment of public auditor for fiscal 2003

**BEING FOCUSED: BEING BETTER**

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## **New Strategic Direction 2002**

### **Major Milestones in the History of the Company**

- May 2002: Resolutions to focus on Engineered Wood and Infrastructure Technology Business Centers
  - June 2002: Sale of Windows operations
  - September 2002: Sale of Insulation Technology and Doors operations
- Concentration on traditional strengths
- Separation from German construction and building sector



## Stability the First Priority

### Safeguarding Company's Ability to Act

- Improved risk structure
- Divestment of loss-making segments
- Fast implementation
- Reduction of corporate indebtedness by around 40 percent
- Improved equity ratio



## Group: Wins Through in Difficult Market

	2002 million euros	2001 million euros
Sales	1,028.4	1,042.0
Foreign share	48.4 %	48.1 %
EBITDA	109.5	140.9
EBIT	48.9	77.9
EBT continued operations	33.6	55.2
Results from discontinued operations	- 52.5	- 14.2
EBT	- 18.8	41.0



## Group: Wins Through Difficult Markets

	2002 million euros	2001 million euros
Corporate indebtedness	307.2	466.5
Balance sheet total	887.4	1.324.5
Equity ratio	22.7 %	20.8 %
ROCE	8.7 %	11.7 %



## Marked Competitive and Price Pressures

	2002 million euros	2001 million euros
<b>Engineered Wood</b>		
Sales	697.5	723.5
Foreign share	52.5 %	50.2 %
EBIT	31.9	64.3
<b>Infrastructure Technology</b>		
Sales	335.5	323.1
Foreign share	39.8 %	42.4 %
EBIT	36.0	33.1



# Value-Oriented Management

## Priority to Long-Term Value Growth

- Book losses due to divestments
- Reduction of Pfeleiderer AG's capital reserves:  
Sec. 150 (4) German Stock Corporation Act prevents dividend payment for fiscal 2002.
- Setting direction for stable corporate growth
- Target for 2003: Dividend payment if results and cash flow permit



## Difficult Economic Environment

- Weak economy and fall in demand
- Decline in sales in furniture industry  
(2002: - 10 percent, Q1/2003: - 16 percent)
- Uncertainty and share price fluctuations on exchanges
- Pressure to sell at small and mid-caps
- Signs of recovery over the last few weeks



## Exploiting Ability to Act

- Fast implementation of new strategic direction
- Income from sale of insulation technology operations:  
200 million euros
- Changing direction in a difficult environment:
  - Capacity adjustment in telecommunication operations
  - Exploitation of international market opportunities for track systems



## 1st Quarter 2003

<b>Pfleiderer Group</b>	March 31, 2003 million euros	March 31, 2002 million euros
Sales	237.9	248.0
EBITDA	17.5	28.8
EBIT	5.9	15.3
EBT continued operations	1.3	11.6
Results from discontinued operations	- 3.5	- 4.4
EBT	- 2.2	7.2



## 1st Quarter 2003

	March 31, 2003 million euros	March 31, 2002 million euros
<b>Engineered Wood</b>		
Sales	181.0	186.4
EBIT	5.6	15.5
<b>Infrastructure Technology</b>		
Sales	58.1	73.0
EBIT	2.9	5.9



## Ensuring Profits for Stable Development

- Increasing quality and productivity
- Optimizing use of materials and maintenance cycles
- Improving buying conditions
- Savings in personnel expenses and administrative costs
- Lower freight costs
- Increasing value added in sales
- Socially acceptable cutback of 350 jobs



## Outlook 2003: Being Better

- Positive results effects, particularly in third and fourth quarters 2003
- Seasonal cycles: weak summer month, pick up in second half of year
- Engineered Wood: new brand and sales concept
- Forecast for Group in 2003:
  - Revenues exceed 1 billion euros
  - Positive operative results in double-digit million euros range



## From Construction Supplier to System Supplier

- Positive long-term development of Group based on high-earnings Business Centers

### Europe's leading Systems Supplier for

- Engineered Wood
- Sleeper systems
- Poles and towers



### Worldwide preferred industrial partner for

- Furniture industry and specialist retail outlets
- Rail traffic infrastructure
- Communication and energy utilities



## Leading in Quality and Technology

### Goals:

- Cost leadership for bulk products
- Quality leadership in surface finishings
- Technology leadership for infrastructure technology
- Expansion of international operations



## **Engineered Wood: No. 1 for Productivity and Earnings**

### **Measures:**

- Improvement to profit margins through price increases
- First steps to reduction of over-capacities on market
- New brand and sales concept
- Streamlining of products and ranges
- Planning of production in Russia



## **Infrastructure Technology: International Innovations**

### **Pfleiderer track systems:**

- „Solid Track“ system for high-speed rail links (Holland, Taiwan)
- Expansion of capacities in Germany and Rumania

### **Poles & Towers:**

- Variety of products, flexible production, solutions competence

### **Pfleiderer Wind Energy:**

- Strategic partnership for offshore technology



## Value-oriented Growth

	2002	Targets for 2005
Sales (millions)	1,028.4	1,400
Foreign share	48.4 %	> 50 %
ROS	2.0 %	> 5 %
ROCE	8.7 %	> 15 %
Capital stock	22.7 %	> 25 %

**BEING FOCUSSED: BEING BETTER**

**THANK YOU !**