



## **Hunter Douglas Results 2002**

### **2.2% Lower Sales And 1.9% Higher Profits**

*Rotterdam, 4 March 2003* – Hunter Douglas, the world market leader in window coverings (Luxaflex®), and a major manufacturer of architectural products (Luxalon®), results for 2002:

Sales were EUR 1,692 million, 2.2% lower than EUR 1,730 million in 2001. The sales decrease reflects 1.6% volume decrease; 3.3% negative currency impact and 2.7% increase from acquisitions.

Europe accounted for 35% of sales, North America 53%, Latin America 4%, Asia 5% and Australia 3%. Window Coverings were 88% and Architectural and Other Products were 12% of total sales.

Net profit was EUR 125.1 million, 1.9% higher than EUR 122.8 million in 2001. Net profit per average outstanding common share was EUR 3.07, compared to EUR 2.99 for 2001, adjusted for stock dividends.

Capital expenditures of EUR 66 million (EUR 93 million in 2001) were dedicated to grow existing businesses, efficiency improvements and new products. Depreciation was EUR 63 million, compared with EUR 61 million in 2001.

The company's investment portfolio had a book value of EUR 339 million and a market value of EUR 353 million at the end of 2002. Management of these assets is delegated to a widely diversified range of independent managers. The portfolio's return in USD was 4.3%, while the net investment income, after deduction of imputed interest and expenses was EUR 4.5 million.

Cash flow from operations was EUR 277 million, compared with EUR 180 million in 2001.

Return before interest on Net Assets Employed (RONAE) was 19.6%, compared with 19.3% in 2001.

Return on Equity was 14.7% compared with 15.6% in 2001.

Shareholder's equity increased to EUR 867 million, compared with EUR 839 million at the end of 2001.

The company had approximately 14,700 employees at the end of 2002, up from 14,300 at the end of 2001. The increase was due to acquisitions made during the year.

As a sign of confidence in the future, the Board of Directors recommends a dividend of EUR 1.15 per common share, compared to EUR 1.13 in the prior two years.

In December, the company issued USD 250 million in senior unsecured Notes without financial covenants to U.S. institutional investors through a substantially oversubscribed Private Placement arranged by Bank of America Securities. The Notes were issued in four tranches with five, six, seven and eight year maturities, carrying coupons of 4.22%, 4.47%, 4.72% and 4.97%, respectively. The funds were used to refinance existing debt and for working capital.

In February 2003 a further USD 100 million of 10-year notes were issued on the same basis with a coupon of 5.01%.

### **Fourth Quarter 2002**

Fourth quarter sales were EUR 418.7 million, 0.3% lower than EUR 420.1 million in the same period in 2001. The decrease reflects 1.6% volume decrease, negative currency impact of 5.9% and 7.2% contribution from acquisitions. Fourth quarter sales were lower in all areas, except Europe and Australia.

Fourth quarter net profit was EUR 37.6 million, up 20.1% from EUR 31.3 million in the same period of 2001. Profits were higher in Europe, North America and Asia, level in Australia and lower in Latin America.

### **Results by Region**

#### **Europe**

Sales in Europe were EUR 585 million, 1.7% higher than EUR 575 million in 2001. The sales increase reflects 1.2% volume decrease, 0.2% negative currency impact and 3.1% contribution from acquisitions. Sales in the fourth quarter increased by 11% to EUR 152 million, reflecting 0.7% decrease in volume, 1.5% positive currency impact and 10.2% contribution from acquisitions.

Profit was slightly higher and Hunter Douglas' market position strengthened in the Benelux, UK, Ireland, Spain and Germany.

Eclipse, a UK based manufacturer and distributor of materials and components for window coverings was acquired.

**Nedal**, the Dutch-based aluminium extrusion operation had level sales but higher profit.

### **North America**

North American sales decreased 4.3% to EUR 887 million. The sales decrease reflects 1.9% volume decrease, 5.4% negative currency impact and 3.0% contribution from acquisitions. Sales in the fourth quarter decreased 4.9% to EUR 213 million, reflecting 0.5% increase in volume, 12.5% negative currency impact and 7.1% contribution from acquisitions.

The slightly higher profit was the result of improved productivity and efficiency.

Bytheway's, a leading California based fabricator of Hunter Douglas' products was acquired.

### **Latin America**

Latin American Operation's sales were EUR 76 million, 12.6% lower than in 2001, entirely due to volume decrease. Fourth quarter sales were EUR 18 million, 18.2% lower than in the same quarter of 2001.

Level profit was achieved, in spite of considerable economic and political turmoil in several countries.

### **Asia**

Hunter Douglas' Asian operations had sales of EUR 88 million, 1.1% higher than in 2001. The sales increase reflects 6.9% volume increase and 5.8% negative currency impact. Fourth quarter sales were 4.8% lower.

Strong profit growth was achieved, in spite of continuing difficult economic conditions in many countries.

China, Hunter Douglas' largest and most profitable operation in Asia, continued to show strong growth in sales and profit.

### **Australia**

Hunter Douglas Australia's sales were EUR 56 million, 3.7% higher than in 2001, entirely due to volume growth. Fourth quarter sales were level with the same period in 2001.

Profit was significantly higher, benefiting from the previous year's centralization of window covering assembly.

### **Outlook**

Economic conditions are expected to remain difficult in 2003 and the outlook is uncertain, Hunter Douglas is therefore not making any forecast for this year.

On a longer term basis the Company remains optimistic, because of the strong position of its products, distribution and finances.

### **Profile**

Hunter Douglas is the world leader in window coverings and a major manufacturer of architectural products. Hunter Douglas has its Head Office in Rotterdam, the Netherlands, and a Management Office in Lucerne, Switzerland. The Group is comprised of 150 companies with 66 manufacturing and 84 assembly organizations in more than 100 countries.

The shares of Hunter Douglas N.V. are traded on the Dutch, Swiss and German Stock exchanges.

- [Consolidated Statement of Income \(Annex 1\)](#)
- [Balance Sheet \(Annex 2\)](#)
- [Cash Flow Statement \(Annex 3\)](#)
- [Sales change attribution percentages by geographic region for full year 2002 and fourth quarter \(Annex 4\)](#)