



Hunter Douglas Results 2003

Rotterdam, 9 March 2004 - Hunter Douglas, the world market leader in window coverings (Luxaflex®), and a major manufacturer of architectural products (Luxalon®), reports results for 2003.

Sales were EUR 1,655 million, 2.2% lower than EUR 1,692 million in 2002. The sales decrease reflects 0.4% volume increase, 10.3% negative currency impact and 7.7% increase from acquisitions.

Europe accounted for 39% of sales, North America 49%, Latin America 4%, Asia 5% and Australia 3%. Window Coverings were 89% and Architectural and Other Products were 11% of total sales.

Net profit was EUR 153.5 million, 22.7% higher than EUR 125.1 million in 2002. Net profit per average outstanding common share was EUR 3.65, compared to EUR 2.97 for 2002, adjusted for stock dividends.

The weakening of the US dollar negatively affected the translation of operating results by EUR 30.8 million. Excluding the currency impact, net profits would have increased by 38.4%. Selective hedging of the USD exposure compensated for some of the currency impact.

Capital expenditures of EUR 54 million (EUR 66 million in 2002) were dedicated to growing existing businesses, efficiency improvements and new products. Depreciation was EUR 54 million, compared to EUR 63 million in 2002. Goodwill amortization was EUR 17 million, compared to EUR 1 million in 2002.

The company's investment portfolio had a net market value of EUR 413 million compared to EUR 339 million at the end of 2002. Management of these assets is delegated to a widely diversified range of independent managers. The average return on funds invested in USD was 21.3%, while the net investment income, after deduction of imputed interest, expenses and provisions was EUR 34.7 million.

In 2003, Hunter Douglas made eight acquisitions to complement its organic growth, with additional product lines and distribution.

Cash flow from operations was EUR 251 million, compared with EUR 253 million in 2002.

Return before interest on Net Assets Employed (RONAE) was 17.1%, compared with 19.6% in 2002.

Return on Equity was 17.7% compared with 14.7% in 2002.

Shareholder's equity increased to EUR 871.0 million, compared with EUR 866.6 million at the end of 2002.

The company had approximately 15,900 employees at the end of 2003, up from 14,700 at the end of 2002. 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 1.30 per common share, compared to EUR 1.15 in the prior year.

In May, the company issued USD 100 million in senior unsecured 5.01%, 10-year Notes without financial covenants. The Notes were privately placed with U.S. Institutional Investors. The funds were used to refinance existing debt and for working capital.

In November, the Company announced a Share Buy-Back Program of up to EUR 50 million of its Common Shares to optimize its capital structure. To date 927,000 shares have been acquired for about EUR 34 million.

Fourth Quarter 2003

Fourth quarter sales were EUR 406.2 million, 3.0% lower than EUR 418.7 million in the same period in 2002. The increase reflects 3.5% volume increase, negative currency impact of 10.0% and 3.5% contribution from acquisitions. Fourth quarter sales were higher in Latin America and Australia, and lower in Europe, North America and Asia.

Fourth quarter net profit was EUR 69.5 million, up 84.8% from EUR 37.6 million in the same period of 2002. Profits were higher

in all areas.

The weakening of the US dollar negatively affected the translation of net results by EUR 5.0 million. Excluding the currency impact, net profits would have increased by 98.1%.

Results by Region

Europe

Sales in Europe were EUR 639 million, 9.2% higher than EUR 585 million in 2002. The sales increase reflects 3.9% volume decrease, 1.7% negative currency impact and 14.8% contribution from acquisitions. Sales in the fourth quarter decreased by 5.3% to EUR 144 million, reflecting 3.3% decrease in volume and 2.0% negative currency impact.

Profit growth was strong and Hunter Douglas' market position strengthened in the UK, France, Spain and Germany.

In 2003, six Blindmakers were acquired in Europe: Haglunds, Sweden, Iberica, Spain, Silga, Switzerland, Thomas Sanderson, UK and Filtersun and Goeland, France.

Nedal, the Dutch-based aluminium extrusion operation, had lower sales but substantially higher profits.

The **Vlissingen Aluminum Smelter** in which Hunter Douglas has a 15% participation, negatively affected results due to a power outage in October 2002, which resulted in disruptions that reduced production in 2003 to an average of 78% of capacity.

North America

North American sales decreased 8.3% to EUR 813 million. The sales decrease reflects 4.0% volume increase, 17.1% negative currency impact and 4.8% contribution from acquisitions. Sales in the fourth quarter decreased 1.9% to EUR 209 million. The decrease reflects 8.9% volume increase, 17.4% negative currency impact and 6.6% contribution from acquisitions. Organic growth in the fourth quarter was seen in nearly all product categories.

In 2003, Timberblinds, a Dallas, Texas based fabricator of window coverings and interior shutter products and Vinylbilt Shutters, a Toronto, Canada based distributor of shutter components in the U.S. and a fabricator of shutters in Canada were acquired.

Internally, operational efficiency continued to improve with good expense and cost controls, better production efficiencies and good asset management.

Externally, Hunter Douglas' proprietary products continue to enjoy wide consumer acceptance. The innovative fabric louver blind Alouette® was introduced nationally in the third quarter and was well received in the market. The expansion of Hunter Douglas' unique Window Fashions Gallery® display program to qualified retailers is continuing to boost market penetration.

Latin America

Latin American sales were EUR 61 million, 19.7% lower than in 2002, due to volume decrease. Fourth quarter sales were EUR 19 million, 5.6% higher than in the same quarter of 2002.

In most Latin American countries both sales and profits improved strongly in the last quarter. The window coverings business, despite severe economic problems in many countries, was level with the prior year, while the architectural products business was affected by reduced commercial constructions.

Asia

Asian sales were EUR 84 million, 4.6% lower than in 2002. The sales decrease reflects 9.1% volume increase and 13.7% negative currency impact. Fourth quarter sales were 15.0% lower, due to negative currency impact.

The Asian operations had significantly higher profits, in spite of the SARS epidemic, which seriously affected the economies of several countries in the first half year.

China, the largest and most profitable operation in Asia, continued to experience strong growth in sales and profits.

Australia

Australian sales were EUR 57 million, 1.8% higher than in 2002, due to volume increase. Fourth quarter sales were 6.3%

higher, due to positive currency impact.

Profits were substantially higher, benefiting from further centralization of operations and the introduction of new products.

Outlook

Economic conditions improved in most markets. Hunter Douglas continues to see substantial potential for growth and is cautiously optimistic about the outlook for 2004 in view of the strong position of its products, distribution and finances.

Profile Hunter

Douglas Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products. The Company has its Head Office in Rotterdam, The Netherlands, and a Management Office in Lucerne, Switzerland. The Group is comprised of 157 companies with 64 manufacturing and 93 assembly organizations in more than 100 countries.

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

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A consolidated Statement of Income for 2003 and the fourth quarter (Annex 1+2), Balance Sheet (Annex 3), Cash Flow Statement (Annex 4), and Sales change attribution percentages by geographic region for the full year 2003 and fourth quarter (Annex 5) are attached.

- [CONSOLIDATED STATEMENT OF INCOME \(Annex 1\)](#)
- [CONSOLIDATED STATEMENT OF INCOME\(Annex 2\)](#)
- [CONSOLIDATED BALANCE SHEET \(Annex 3\)](#)
- [CONSOLIDATED CASH FLOW STATEMENT \(Annex 4\)](#)
- [PERCENTAGE SALES CHANGE ATTRIBUTION \(Annex 5\)](#)