



THE GROWTH OF THE SOLAR MARKET; CENTROTEC STRENGTHENS POSITION

The world market for photovoltaic solar energy systems has enjoyed annual growth of around 30 % for some years now. The prospects particularly in Germany are currently truly "bright", as the government has radically simplified and subsidised the process of feeding energy generated with solar systems into the grid.

As a result, the German solar market enjoyed a veritable boom in 2004. The German payment system is serving as a model for other European countries such as Spain and Italy, which are expected to follow suit shortly. State subsidies are also being considered in Belgium and Great Britain.

Those operating a solar energy system in Germany can earn up to 54.5 euro cents per kilowatt hour, thus achieving a long-term return on the outlay that could even top 10 %. This has prompted many companies and homeowners to invest in a building-mounted solar energy system. Around ten thousand solar energy systems with a combined output of 300 MWp will be installed in Germany in 2004. This is equivalent to the power consumption of 100,000 households and represents one-third of the entire solar world market. As photovoltaics historically accounts

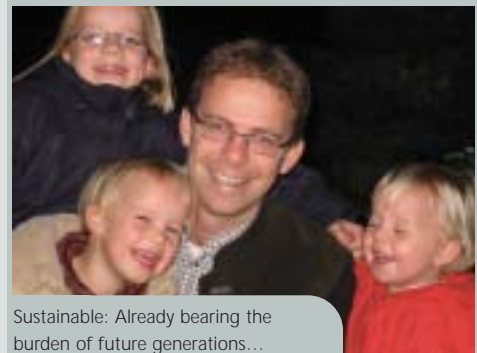
for less than 1 % of the German electricity market and the political targets are ambitious, this sector is set to enjoy protracted growth.

CENTROTEC has been selling solar support structures for a long time. There are systems for sloping and flat roofs, systems for one or two modules, systems that can be extended as desired and even "plug and play" systems where the solar modules are delivered ready to operate.

CENTROTEC recently acquired the product rights for various solar integration systems of the Econergy brand from the Dutch Econcern Group; these are patented products that permit the straightforward, neat assembly of solar modules in particular on flat roofs. One key advantage of these products, particularly for roofs rented from third parties, is that they do not involve drilling into the roof skin.

Econcern generated revenue of EUR 1.8 million with these products in 2003. In acquiring the product rights, CENTROTEC has become the European market leader for plastic solar support structures. In Germany, CENTROTEC operates under the company name Ubbink Econergy Solar GmbH, based in Cologne.

THE CEO WRITES Dr. Gert-Jan Huisman



Sustainable: Already bearing the burden of future generations...

CENTROTEC Sustainable is on home ground with the energy-saving house. Solar cells are considered the "cleanest" form of clean energy: inaudible, inconspicuous and durable. And not dependent on costly mineral oil! Thanks to technical progress, the price of one photovoltaic kilowatt-hour has fallen by an annual 7 % over the past 12 years. In sunny countries where energy is taxed and therefore expensive, a solar energy system already pays its way even without state subsidies. Japanese house-builders have led the way in this respect.

Now that we are one of the leading manufacturers of solar integration systems, we are well equipped for this future! Wishing you "bright" prospects for 2005!



ACTIVELY ENCOURAGING CULTURAL CHANGE

Interview with Peter Schrempp, the Commercial Director of Möller Medical

■ **CENTROtext:** Herr Schrempp, Möller Medical has now been part of the CENTROTEC Group for more than a year. What has changed over that period?

■ **Peter Schrempp:** The transfer of ownership from a family of proprietors to a listed stock corporation has of course necessitated a few changes, for instance to the reporting system. But the more interesting changes are the ones that we were already striving for and that the group is now supporting. For instance substantial investments in the modernisation of our Design Department and the creation of our own sales channels for liposuction and blood bank products.

■ **CENTROtext:** Does having your own sales channels fit in with the culture of Möller Medical as an OEM manufacturer of medical products and components?

■ **Peter Schrempp:** We are and remain largely an OEM manufacturer for major industrial clients, and aim to continue expanding in that area. But we have also learned that we need to speak the language of our customers and be able to discuss their requirements as equal partners. In the B2B (business-to-business) sphere, in other words industrial clients, the focus is on the ensuring our products meet the customer's technical requirements. In the B2C (business-to-customer) sphere, on the other hand, we are in a position actively to promote cultural change within the company, shifting

from the classic process of "order fulfilment" towards the role of product managers who deliberately go out into the market with their niche products so that they can understand our customers better.

■ **CENTROtext:** What are your aspirations for Möller Medical for next year?

■ **Peter Schrempp:** In the B2C area, I naturally hope that our own sales arrangements will get off to a successful start and that we will be able to handle the commercial challenges this brings. In a new departure for Möller Medical, we will be offering customers service contracts and merchandise in addition to the actual devices. In the B2B domain, I look forward to seeing the many interesting customer projects kicked off in 2004 go into series production. In the latter area, we also want to add new items such as hose pumps and liquid handling systems for analytics to our list of B2B standard products, which currently comprises only nano-coatings.

SLIMMING WITHOUT DIETING

Good food tastes good. But eat too much of it, and you put on weight. There is the popular perception that being overweight signals a lack of willpower, whereas being slim is equated with happiness, success and esteem. The desire for esteem is as deeply rooted in people as the urge to satisfy hunger, resulting in a conflict of instincts. The sated appetite is followed by regret. Any product that can resolve the conflict between appetite and a slim figure will enjoy a burgeoning market. The peacock feathers used in Ancient Rome can lay claim to have been the

first to tap into this market, though less by promoting slimming than by enabling their "clients" to continue their orgy of eating undisturbed by any inconvenient feeling of being full. The first "genuine" solutions to the aforementioned dilemma were probably the appetite blockers of the pharmaceutical industry, the commercial success of which is almost entirely divorced from any evidence of their effectiveness. Today liposuction, an operation to remove body fat, is available as a service with the same client target group as slimming pills. The first operation of this kind, which incidentally was medically indicated, was performed 30 years ago. The number of liposuctions performed each year is estimated at between 100,000 and 400,000, depending on the information source – tendency rising.

Möller Medical has long been producing apparatus for a gentle treatment method, which has its origins in the field of dermatology: tumescence local anaesthesia and vibration liposuction. This involves injecting 2 to 3 litres of salt solution together with an anaesthetic into the fatty tissue. After being allowed to take effect, a needle connected to a liposuction device is introduced through small cuts in the skin. The doctor moves the needle vigorously through the tissue – or uses an electric vibration drive unit – to remove the fat.

The advantages are the low anaesthetic risk, low loss of blood and minimal pain after the (outpatient) operation. If anything, your wallet is where the consequences of the procedure will be felt: the treatment costs range from EUR 1,500 to 6,000.



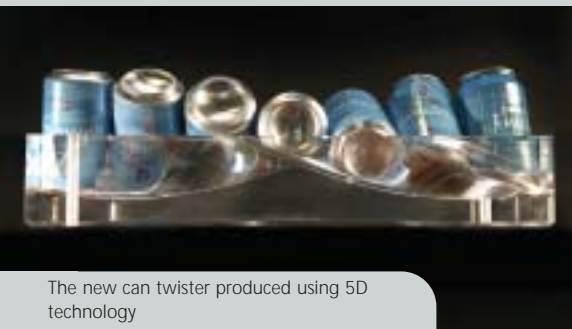
Peter Schrempp, Möller Medical



The gentle approach: liposuction device

ENGINEERING PLASTICS

CENTROPLAST | ROLF SCHMIDT INDUSTRIPLAST
CENTROTEC COMPOSITES | BOND LAMINATES



The new can twister produced using 5D technology

NEW CUSTOMER FOR ROLF SCHMIDT INDUSTRIPLAST

Saku Brewery Ltd. places order for new can twisters

Rolf Schmidt Industriplast has been able to extend its list of customers with a new order from Estonia. Saku Brewery Inc., the largest brewery in Estonia, has opted for the Rolf Schmidt can twisters. Saku is part of Baltic Beverage Holding AB and has a market share of approx. 45 % in Estonia.

It has ordered can twisters for 33 cl and 50 cl cans. After filling, the cans are turned through 180° so that a date can be stamped on the base, in accordance with the EU standard that now also applies in Estonia. They then need to be restored to the upright position for packing.

The Rolf Schmidt systems are noted for the CAD/CAM guiding of the cans. This means that the energy input for twisting the cans and the plant's level of wear are significantly lower than for conventional systems. The CAD/ CAM programs Inventor and Hypermill and a 5-axial cutting machine were used in the production of the can twister at Kolding. Thanks to the still new concept of cutting in five directions simultaneously, the production time was reduced by around 35 %.

CENTROTEC AT THE K 2004 EXHIBITION

CENTROTEC was represented by five group companies at the K exhibition in Düsseldorf: Centroplast, Centrotec Composites, Möller Medical, Bond Laminates and Rolf Schmidt Industriplast. In addition to the Centroplast product range, the product presentations focused on new composites and the nano-coatings. The market recovery that is giving the plastic and rubber industry due cause for optimism also ensured that there was positive mood both at the CENTROTEC stand and among almost 3,000 other exhibitors. Around 230,000 trade visitors attended the Düsseldorf K 2004 over the exhibition's eight days.

Once again, half of the visitors came from outside Germany, with around 115,000 foreign visitors. The proportion of visitors from Asia has risen sharply since K 2001.

OPEN DAY AT CENTROPLAST

The CENTROTEC subsidiary CENTROPLAST invited all employees and their families, together with all other associates, partners and neighbours of the company, to visit the Marsberg plant on Saturday, September 11. The response was overwhelming.

CENTROPLAST Engineering Plastics, the expert for semi-finished articles and prefabricated parts made from thermoplastic high-performance plastics, was actually the original core company of what has now evolved into the CENTROTEC Group. This company, which has a workforce of around 80, precipitated the process of rapid expansion that has led to the present-day CENTROTEC Sustainable AG, with almost 1,000 employees.



The CENTROTEC stand in Düsseldorf



Numerous visitors took a look round Centroplast in Marsberg, at Unterm Ohmberg 1



THE EU DIRECTIVE

on the overall energy efficiency of buildings (EPBD)

The governments of the European member states have signed up to the international guidelines on energy saving of the Kyoto Protocol. By translating these guidelines into national legislation, the proportion of ventilation systems incorporating heat recovery will rise throughout Europe – a major opportunity for CENTROTEC Sustainable AG.

The EU issued the Energy Performance Buildings Directive (EPBD) on January 4, 2003. This law is based on the successful Dutch model for improving the energy efficiency of new buildings and larger old buildings being extensively renovated. There is considerable potential for energy-saving above all in residential, commercial and public buildings (except for industrial buildings). Residential and commercial properties account for around 40 % of energy consumption in Europe. In residential buildings, the heating accounts for the lion's share, or 57 %, of energy consumption. The EPBD stipulates a transitional period of three years, in other words the guidelines will be implemented in national legislation by January 4, 2006. Belgium ("Energieprestatiedecreet") and Great Britain ("Part L" of the Building Regulation) are already introducing the EPBD in 2005.

The principal aim of the EPBD is to reduce CO₂ emissions by around 35-45 million tonnes a year by 2010, as cost-effectively as possible. This is to be achieved by allowing homeowners to decide for themselves which building measures are best suited to their situation. The order in addition stipulates that an energy pass must be presented in all EU countries when a building is constructed, sold or rented out. The energy consciousness of house-buyers and tenants will increase. The EPBD will give a substantial boost to installations of energy-saving systems such as condensing boilers

and ventilation systems with heat recovery. In the Netherlands, the Energy Saving Order has boosted the installation rate for interior ventilation with heat recovery in new buildings from 1 % in 1998 to 50 % today.

The EPBD comprises four basic elements

- Establishing a general, integrated method of calculating the energy consumption of buildings
- Applying a minimum methodological standard for calculating the energy consumption
- Certifying the energy consumption of buildings at the time of their construction, renting out or sale
- Regular checks of boilers or climate control systems

WIDO VAN DEN BOSCH

Our legal and acquisitions expert

Wido van den Bosch has been the in-house legal counsel of CENTROTEC since May 1, 2004. He brings with him a wealth of experience after working for seven years for one of the top three Dutch legal consultants, a company that is now part of the Deloitte Group. Van den Bosch advised international clients principally on issues related to acquisitions, having spear-headed international, interdisciplinary due diligence teams in the capacity of Project Manager. He has already been involved in the takeovers of Brink Climate Systems and Ned Air as CENTROTEC's lawyer.

■ **CENTROtext:** What motivated you to make the switch from legal consultant to in-house legal counsel at CENTROTEC?

■ **W. v. d. Bosch:** As an outside lawyer, you advise clients on legal matters but are not involved in implementing your advice within the company. I'm a practically minded person so wanted to be involved in the practical side of things. As a consultant I had already worked very successfully on behalf of CENTROTEC for quite some time and had always found working with them very agreeable and fruitful. So when they offered me the opportunity to join this fast-growing, ambitious company, I did not hesitate in agreeing. In my present position I am involved in the entire working process from start to finish, and can deploy my practical skills to good effect.

■ **CENTROtext:** Why did CENTROTEC decide to appoint an in-house legal counsel?

■ **W. v. d. Bosch:** CENTROTEC's growth strategy is based on organic growth and acquisitions. Comprehensive legal advice is needed for acquisitions, and that costs a lot. For reasons of cost efficiency, the company decided to recruit someone very familiar with mergers and take-overs as their own lawyer. A broad-based awareness of legal matters is increasingly important in today's business world. I work very closely with the management of the various CENTROTEC group companies and advise them on a wide range of legal matters. My aim is to improve our business activities from a legal viewpoint.

■ **CENTROtext:** Have you noticed any cultural differences between the individual group companies?

■ **W. v. d. Bosch:** Yes, obviously every company has its own culture and working methods. However, the group companies are closely connected to each other and pursue the same goals, as defined by CENTROTEC. I find the similarities and differences in culture and people fascinating. That is what makes this job challenging and interesting.

■ **CENTROtext:** Did it take you long to settle in at CENTROTEC?

■ **W. v. d. Bosch:** Not at all. The atmosphere here is very friendly and I was received with open arms. The fact that I already knew the company and some of its board members helped me to become integrated very rapidly.



Our new employee
Wido van den Bosch



The new lead substitute undergoing thermal hardness testing

ECOLOGICAL "LEAD" FOR GAS FLUE SYSTEMS

Lead is traditionally used for various roof duct components for gas flue systems. Thanks to the ease with which it can be reshaped during the installation process, the roof duct is made watertight and windtight.

However, lead can be highly toxic to humans if it finds its way into the body even in minute amounts. This heavy metal is nevertheless in widespread use. Around 1 million square metres are applied each year to roofs and exteriors in the Netherlands, and all of 4 million square metres in Britain. The reason is that until now there has effectively been no alternative to the use of lead in the building sector.

Now, however, the Gas Flue Division of CENTROTEC has developed an alternative material that can be used in countless areas of housing construction, not simply for roof ducts. This new material made from expanded aluminium and special plastics, which can be permanently reshaped, can be used instead of lead for a great many applications. An application for a worldwide patent for 20 years has been filed.

This new ecological "lead" is non-toxic, lighter and not substantially more costly than conventional lead products. It is scheduled to appear on the market in the first half of next year. The final load tests are still being run. A sizeable production line designed specifically for this product is moreover being built in the Netherlands.

The thermoplastic materials are heated in an endless process and joined to the expanded aluminium by various rolling processes. A film and a protective skin are then applied, and the composite product then cooled down again. Strips measuring up to one metre wide can be produced, and various colours are possible. As this new material also involves a new production method, various hurdles still of course remain to be taken in the launch phase.

OUR SPONSORED KIDS IN AFRICA

Ubbink has been supporting sponsored children in developing countries for a number of years; it is currently involved with three. In October it said goodbye to Twewa-Mama Koumassadouno, from Guinea, who had as reached the age of 18. Her place was taken by 13-year-old Pooda Gadjité, from Ouagadougou, a small town in Burkina Faso in West Africa. Burkina Faso is one of the poorest countries in the world, with no electricity, running water, postal service, telephones or motor vehicles. The bike is the principal means of transport there. The nearest hospital for the inhabitants of Ouagadougou is a two-hour walk away. The women draw water from wells by means of hand pumps and carry it home in big jars supported on their heads.

Pooda's favourite pastime is playing football with his friends. But mostly he helps his family to work the land or take care of the animals. Pooda does not go to school – he is already too old and is needed at home. He lives together

with six other people in a small mud hut that has no sanitary installations. They cook over an open fire, for which they have to gather wood every day.

There are two other sponsored children: Fridrick Okoth Aloo from Kenya, and Mbaya Fall from Senegal.

UBBINK'S "HEAVEN AND HELL" PARTY

It was party time for our colleagues at Ubbink in Doesburg, the Netherlands, on Saturday, November 20. The celebration was held in the largest church in Arnhem, St. Eusebius. But why a church? The answer is simple: the outstanding acoustics and engaging atmosphere offered the perfect backdrop for the band by the name of "Celebration". The dance floor was almost constantly full of people getting in the swing.

Guests were welcomed by a team of "angels" and escorted to "Heaven" – or in some cases to "Hell" (but only the colleagues involved know who!). The church tower offered a breathtaking view over Arnhem that made the long, cold climb well worth while. The highlight was a performance by Harry Slinger, from the band "Drukwerk" – a well-known artist in the Netherlands. A member of our "Philadelphia" project (an initiative to integrate handicapped and unemployed persons into the world of work) also took to the microphone with a splendid rendition of a Frans Bauer song. Perhaps the dawning of a new career?

Thank you to the team for organising a great evening!



The sponsored child Pooda Gadjité, from Burkina Faso



The celebration was held in the largest church in Arnhem, St. Eusebius



CENTROTEC SUSTAINABLE AG
THE GROUP

We wish all colleagues and business associates a Happy Christmas.

This year, we will be making a donation to charity instead of sending Christmas cards.



Interest in CENTROTEC shares is growing in London, too

SHARE PRICE HAS MORE THAN DOUBLED SINCE START OF YEAR

The CENTROTEC Sustainable AG share price has risen from EUR 9.70 at the start of 2004 to more than EUR 20.00 in November, thus clearly outperforming the SDAX index as a whole (see chart).

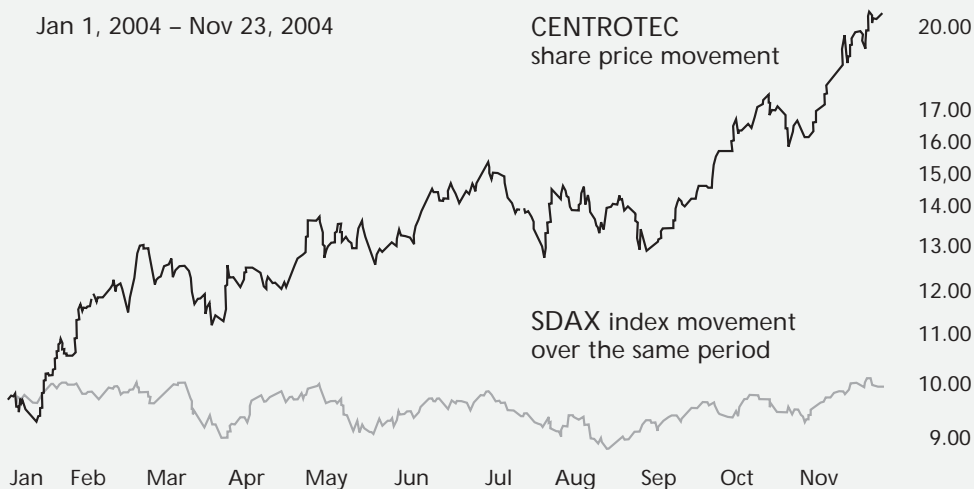
This increase is primarily thanks to the very good business progress of the CENTROTEC Group.

This year we are expecting revenue to rise to EUR 130 – 135 million (previous year: EUR 115 million) and earnings to improve to more than EUR 1.30 per share (previous year: EUR 1.07). Since the shares were included in the SDAX this June, they have increasingly attracted the attention of investors both from Germany and, significantly, from abroad. In recent months, CENTROTEC's steep growth curve has caught the attention of various renowned international banks. ABN AMRO, Commerzbank

and Citigroup – the largest bank in the world – conducted extensive research studies. All these studies assessed the emphasis on the growth markets of health, comfort and energy very positively and forecast a further upswing in the next few years. The Management Board staged various roadshows in London, Amsterdam, Frankfurt, Munich, Zurich and Copenhagen in recent months. The name change in CENTROTEC Sustainable surely contributed to this, because image and reality are now consistent with each other.

Based on the response to these roadshows and further analyses, numerous securities and fund managers upgraded their target prices of CENTROTEC shares. For instance, Commerzbank's securities experts increased the target price to EUR 24 in November.

These developments demonstrate that the surge in the CENTROTEC share price, with a price/earnings ratio of around 15 for 2004, is very broad-based.



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