Gurit Heberlein Group

Year-end result Gurit-Heberlein Group per December 31, 2005

Gurit set to separate into two companies

- Restructuring impacts year-end Group results
- Health Care grows 13% and posts double-digit EBIT margin
- All-round restructuring puts composites on track
- Proposed unchanged dividend of 24%
- Details of projected transaction

Wattwil, March 21, 2006. **Gurit-Heberlein Group (SWX Swiss Exchange: GUR) achieved a 2.2% sales increase to CHF 592 million in 2005. In the run-up to the projected division of the Group, the Health Care Division shows a solid double-digit EBIT margin. In the Industrial Applications Division, the sale of the Fiber Technology business and the rapidly progressing restructuring measures in the Composite Business negatively impacted the result with exceptional costs of CHF 55 million. The Industrial Applications Division is now solely focused on advanced composites. Following the discontinuation of goodwill amortizations in accordance with IFRS, the Group result excluding extraordinary factors, rose by 60% to CHF 25.3 million. After charging the extraordinary costs and granting certain waivers of receivables to Group subsidiaries, Gurit Heberlein AG shows a loss for the year of CHF 28.7 million. However, given the operational prospects of the two companies – soon to be independent entities – the Board of Directors proposes the payment of an unchanged dividend of 24%.**

Gurit-Heberlein AG
9630 Wattwil
Tel. 071 987 10 10
Fax 071 987 10 05
www.gurit.com
info@gurit.com

The year-end results of Gurit-Heberlein clearly bore signs of the forthcoming separation of the Group into two independent companies. Sales rose by 2.2%, reflecting declining sales in fiber technology operations (now sold), problems sourcing carbon fibers and certain adjustments in the composites product mix. Industrial Application Division sales fell by 3.4% in the year under review, while Health Care sales increased by 12.8%.

Ahead of the planned separation of the Group exceptional charges totalling CHF 54.9 million, mainly affecting the Industrial Applications Division, impacted the result. If these exceptional charges are included and the accounts shown in accordance with IFRS, Gurit reports EBIT of CHF -27.5 million and a Group loss of CHF 29.6 million. Excluding extraordinary items and following discontinuation of goodwill amortization (previous year CHF 11.3 million) the operating profit would have income increased by 21% to CHF 36.4 million and net profit by 60% to CHF 25.3 million. Gurit-Heberlein AG reports a loss for the year of CHF -28.7 million after the extraordinary factors stemming from the sale of holdings and waivers of receivables granted to subsidiaries.

Health Care evolves to Medisize Group

The Health Care Division had a successful year, especially with its medical business. This benefited from optimization of the cost structure between the three production sites and successful new development projects for the international pharmaceutical and medical industries. Growth in the Division's dental operations was somewhat lower than expected but still encouraging, as sales increased on the strength of newly launched products and entry into new markets such as India and China.

In summer 2006, this Division is set to become an independent company under the name of Medisize Holding AG and will be listed on SWX Swiss Exchange. Jerry Sullivan, current and future CEO of the dental business, will also be at the helm of the new company. Willem van den Bruinhorst continues to be CEO of the medical business.

The Board of Directors of Medisize Holding AG consists of Dr. Paul Hälg (Chairman); Matthew Robin (new), Robert Heberlein, Nick Huber, Dr. Walter Känel and, Dr. Rudolf Wehrli.

Gurit to focus exclusively on composite materials

After the sale of its fiber technology operations towards the end of the year and following the division, Gurit will focus solely on advanced composites. Gurit has pinpointed three target markets: In *wind energy* which accounts for a large proportion of sales, the launch of new carbon fiber-based products was a technological breakthrough. However, the difficult sourcing situation for carbon fibers held sales and earnings back. In *transportation*, Gurit benefited from rising sales of Airbus aircraft and the production ramp-up of the new A380, an aircraft for which Airbus recently approved an additional 17 new materials from Gurit. In *marine, sport and civil engineering* Gurit enhanced its position ahead of several important nautical events. Sales in wintersports continued to decline.

Clear signs of a turnaround

The new management team led by Jouni Heinonen has considerably strengthened the position of the composite business. Comprehensive integration and restructuring measures together with alignments made in the production mix have increased the power of this group, which now ranks amongst the most prominent composite specialists. Signs of a true turnaround are becoming ever more visible. In the year under review, Gurit will strengthen its foothold in the American market by rapidly expanding the Magog facility in Canada. In Europe, the most prominent measures will be the phasing out of the Innsbruck works, the repositioning of the Berne facility, and the transfer of the eye protection foil business – no longer a core activity – into a joint venture with the Italian partner Mazzucchelli. The first two months of the year fully lived up to the high expectations.

AGM with many issues to decide

The most important item on the agenda at the Annual General Meeting on April 12, 2006, will undoubtedly be the decision on the separation of the Group into two independent companies. The split will be achieved by means of a share capital reduction at Gurit-Heberlein coupled with the issue of new Medisize Holding shares to existing Gurit shareholders in return. In addition, Urs Kaufmann is up for election as a new member of the Board of Directors of the company that will be changing its name to Gurit Holding AG. Paul Rudling will be stepping down from his position as a director.

The Board remains confident about the future prospects of both Groups and thus proposes the payment of an unchanged dividend of 24%.

Details of the transaction

The plan is for the AGM to cut Gurit-Heberlein AG's share capital by 50%, or CHF 23.4 million, by reducing the nominal value of all existing shares. This will bring down the par value of bearer shares from CHF 100 to CHF 50 and of registered shares from CHF 20 to CHF 10. At the same time, there will be an issue of 4,680,000 new registered shares in Medisize Holding AG, each of CHF 5 par value. Combined with the share capital reduction at Gurit-Heberlein, this is equivalent to a share capital of CHF 23.4 million at Medisize Holding. For every Gurit-Heberlein AG bearer share, shareholders will thus receive ten new Medisize Holding shares, and for each registered share two new Medisize Holding shares. Trading in Medisize shares is scheduled to start on the SWX Swiss Exchange in June.

Key financial figures of Gurit-Heberlein

(in CHF million)	**2005**	**2004**	**+/-%**
SALES	591.7	578.8	+2.2
Industrial Applications	343.5	355.6	-3.4
Health Care	246.9	218.9	+12.8
Other	1.3	4.3	
EBITDA (excl. except. factors)	62.5	66.3	-5.7
EBIT (excl. except. factors)	36.4	30.0	+21.3
Industrial Applications	10.0	5.2	
Health Care	27.5	22.9	
Other	-1.1	1.9	
EBIT (IFRS)	-27.5	30.0	
Group result (excl. except. factors)	25.3	15.8	60.1
Exceptional factors	-54.9		
Group result (IFRS)	-29.6	15.8	

The 2005 Annual Report can be downloaded at http://www.gurit.ch/publications.html .

Registration for a Gurit email-alert service is available at http://www.gurit.ch/publications/news.html.

For further information:

Gurit-Heberlein AG
Dr. Rudolf Wehrli
CH 9630 Wattwil;
Tel. +41 (0)71 987 1010;
Fax +41 (0)71 987 1005
www.gurit.com