

25 February 2003

## **STRONG PERFORMANCE FROM PACIFICA IN 2002**

Pacifica Group Limited today announced a record net profit after tax of \$44.3 million for the year ended 31 December 2002.

The highlights of the year were:

- earnings before interest and tax increased by 10% to \$92.3 million;
- earnings per share increased 38% to 30.5 cents per share;
- automotive sales increased 6% to \$936.2 million and EBIT increased 14% to \$80.8 million;
- operating cash flow up 38% to \$141.9 million;
- divestment of Lionweld Kennedy;
- new business awards announced in March and November; and
- fully franked final dividend of 11 cents per share – total dividend of 20 cents per share for the year.

### **Commentary**

“During 2002, we made significant progress towards our objective of transforming Pacifica into a focussed automotive technology company,” said Pacifica’s Managing Director, Mr John MacKenzie. “The strong financial results reflect not only increased automotive sales but also the successful pursuit of efficiency improvement programs,” he said.

“The sales of Lionweld Kennedy and some of our non-core automotive assets were completed in 2002 and, last week, we announced the divestment of Webforge, the other major construction products business,” continued Mr MacKenzie.

### **Automotive**

Automotive EBIT increased by 14% on sales growth of 6% in 2002 as a result of significant productivity and efficiency gains made during the year.

Total vehicle sales in North America were still high albeit at slightly lower levels than in the previous year. The PBR plants in Knoxville and Columbia both performed well and again contributed strongly to earnings. The Knoxville plant further enhanced its productivity while the Columbia plant, in only its second full year of operations, operated efficiently and at full capacity. Columbia is now being expanded in line with new business awards planned to come on-stream in 2004.

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NEWS

The Australian automotive industry achieved record levels of new vehicle sales and, as a consequence, demand for PBR products locally was exceptionally strong. Since the commencement of supply to Toyota in 2002, PBR now supplies all of the domestic motor vehicle manufacturers. PBR's exports of Banksia park brakes from Australia to North America were also high in 2002. Total exports at \$172 million are now 53% of the domestic business.

Asian markets were again mixed; sales in Thailand were firm but the Malaysian automotive market suffered because of new model delays. Margins were higher in both markets.

Pacifica's joint venture friction materials businesses had a less than satisfactory year with only the Thai business improving its performance over the previous year. The Australian and Malaysian businesses produced lower sales and earnings than in 2001, fierce competition placing pressure on margins in the domestic market while in Malaysia sales were subdued.

### **New Product Development**

The Company's Research & Development Division, Pacifica Group Technologies (PGT), continues to make progress in developing Pacifica's range of new products.

For 2002, PGT's major focus was on electronic actuation or "brake-by-wire" technology. During the year, the Victorian Government announced its financial support for the establishment of a "by-wire" research centre to be built on the Pacifica site at East Bentleigh. Work on the new centre commenced recently and completion of the first stage is due by the end of this year.

### **Construction Products**

The comprehensive improvement programs introduced throughout the construction products businesses in 2001 yielded pleasing outcomes in 2002. EBIT increased although divisional sales were lower by 19% as a result of the divestment of Lionweld Kennedy mid-year.

### **Dividend**

Directors have declared a final dividend of 11 cents per share, making a total of 20 cents for the year. The dividend is franked to 100% and will be paid on 4 April 2003 to shareholders registered on 21 March 2003.

### **Outlook**

Pacifica anticipates a slight increase in net profit in 2003, driven by a reduced cost base and continuing productivity improvements. Underlying industry volumes in the key North American market are expected to decline by approximately 5% in calendar 2003, with their impact offset by the ramp up of the Columbia plant.

Pacifica's operational focus for 2003 and beyond is the support of long term profit growth and shareholder return improvement via:

- innovative new product development;
- ongoing cost control/containment; and
- the development of new customers and new markets.

Pacifica continues to consider acquisitions which would contribute to the growth potential of its automotive technology base and grant access to new customers and new markets.

“With our total focus now on the automotive industry and the development of new automotive technologies, we believe that we can grow the business and increase returns to our shareholders,” concluded Mr MacKenzie.

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## FINANCIAL SUMMARY

### Full Year Ended 31 December 2002

	2002	2001	%
	\$000	\$000	change
<b>Revenue from ordinary activities</b>	<b>1,094,607</b>	<b>1,159,262</b>	<b>-5.6%</b>
<b>EBITDA</b>	<b>152,183</b>	<b>150,974</b>	<b>0.8%</b>
Depreciation	(59,891)	(67,070)	
Interest	(15,293)	(21,229)	
<b>Pre-tax profit</b>	<b>76,999</b>	<b>62,675</b>	<b>22.9%</b>
Taxation and outside equity interests	(32,674)	(29,353)	
<b>Net profit before significant items</b>	<b>44,325</b>	<b>33,322</b>	<b>33.0%</b>
<b>Earnings per share (cents)</b>	<b>30.5</b>	<b>22.2</b>	
Significant items after tax	-	(76,232)	
<b>Net profit (loss)</b>	<b>44,325</b>	<b>(42,910)</b>	
<b>Earnings per share (cents)</b>	<b>30.5</b>	<b>(28.6)</b>	
<b>Operating cash flow</b>	<b>141,874</b>	<b>102,505</b>	
<b>Cash flow per share (cents)</b>	<b>97.7</b>	<b>68.3</b>	
<b>Final dividend (cents)</b>	<b>11.0</b>	<b>-</b>	

#### For further information:

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