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H1 2005

- **SUCCESSFUL LAUNCH OF LINE 5**
- **STRONG RESULTS AFTER FACTORING IN MAJOR INVESTMENT**
- **SIGNIFICANT REDUCTION IN DEBT**

HIGHLIGHTS OF THE FIRST HALF OF 2005

- **GROWTH STRATEGY BEARING FRUIT**
  In a sluggish economic context in Western Europe, Coil's business continued trending up over the first half of the year, with sales rising 11.9% to €10.3 million. This growth has primarily been driven by the strong performance on industrial markets (welded tubes, double-glazing spacers or the emerging roofing market). Demand on the other building and architecture sectors has remained unchanged, affected by the uncertain economic environment.

- **GRADUAL RAMP-UP OF THE FIFTH PRODUCTION LINE**
  The first six months of 2005 were marked by the opening of the fifth production line in Bernburg (Germany). This new unit is being progressively ramped up in line with the business plan. Its successful launch in terms of production, quality and reliability has made it possible to confirm the Group's objective to get the facility running 24 hours a day, five days a week by the end of September.
  In addition to representing an increase of around 40% in the Group's production capacity, this major investment will enable Coil to free up the capacity needed to accompany the development of new products and step up the penetration of high-potential regions such as Eastern Europe, the Middle East, Asia or North America.

- **STRONG LEVEL OF EBITDA: 19.2% OF SALES**
  As expected, the launch of the new line has been accompanied by an increase in variable costs, which represented approximately 28% of sales at June 30th, 2005 compared with 23% the previous year.
  In this way, despite a high level of one-off expenses due to the launch of the fifth line, the Group's operating income has remained positive, coming out at 5.2% of sales. This figure notably reflects €115,000 in non-productive and non-recurrent expenses corresponding to the opening of the line.
  EBITDA (operating profit + depreciation allowances) comes out strongly at €1,985,000.

- **NET MARGIN DOWN REFLECTING FINANCING OF THE INVESTMENT**
  After factoring in financial expenses, which increased significantly to €788,000, net income totaled €(261,000),
  Like-for-like, after eliminating non-recurrent operational (€115,000) and financial expenses (subordinated loan and bridge loan for a total of €207,000) relative to the investment in Germany, the Group recorded €61,000 in net income.
  Lastly, the Group is in a position to benefit from deferred tax losses (€13.8 million at year-end 2004).

STRONG REDUCTION IN DEBT

The various actions launched over the last year to come through this investment cycle effectively reached a new level midway through 2005. Indeed, the Group's net debt position has been improved significantly. While net debt peaked at June 30, 2005 reflecting the amount of the investment made and credit lines taken out, this level should however be qualified in light of the following factors:

- In July, Coil paid back the balance of the 15% subordinated loan (€0.4 million) in full, after having allocated the amount of the new equity issue at the end of 2004 to it (€1.1 million).

- On July 4, 2005, Coil received a total of €4,900,000 from the Saxe-Anhalt region corresponding to the balance of non-repayable subsidies - this amount had been anticipated in the balance sheet at June 30, 2005, deducted against tangible fixed assets in accordance with IAS 20.

- In July, the Group paid back in full the €3.5 million bridge loan put in place in order to cover the interim period between financing the investment and receiving the subsidies.

In the end, after allocating the subsidies received to pay back short-term bank borrowings, the Group's net debt comes out at €13,908,000. Compared with the €13,579,000 in shareholders' equity, this represents 1.02 times the level of equity, in line with the Group's targets.

Furthermore, these various measures will enable the Group to achieve a significant reduction in financial expenses over the second half of the year, estimated at between €500,000 and €600,000.

Commenting on these results, Tim Hutton, Coil's Chief Executive Officer, explained that: "the first half of 2005 has been marked by the successful launch of our new production site as well as the consolidation and improvement of the Group's financial structure. The significant impact of the change in scope and the non-recurrent expenses, linked directly to the implementation of our major investment plan, has significantly affected our accounts, reflecting the current transition period".

"Nevertheless, Coil now has a stronger balance sheet, a suitable financing structure and improving financial ratios. The Group has set itself demanding objectives to improve profitability. Our new dimension will enable us to improve the qualities of our business model so that it is more effective, more efficient and more profitable. Drawing on a strengthened industrial base, we are now ready to take advantage of the promising development opportunities available on our markets, in a secure way".

OUTLOOK: COHERENT GROWTH STRATEGY, STRONG GROWTH IN BUSINESS TO CONTINUE WITH A RETURN TO BETTER LEVELS OF PROFITABILITY

- Coil, a unique positioning at the heart of the aluminum market with a coherent growth strategy

Over the last 30 years, Coil has built up a position as the world leader for aluminum anodizing. This treatment, which is far superior on both technical and economic aspects, offers Coil a number of clear competitive advantages. The lightness, resistance, simple decoration, resistance to corrosion and unlimited recyclability of anodized aluminum make it the ideal solution for a wide range of applications, meeting industrial or architectural needs for instance.

Today, the new production line in Germany represents a substantial credit that will enable the Group to increase its market shares. Coil's strategy is based on the sustainable development of its business. This is encouraged by the dynamic growth of the aluminum market in general and the potential for replacing other materials such as stainless steel or other alternative treatments such as lacquering.

To support this growth, Coil is harnessing:

  - the creation of capacity in Belgium to pursue the development of new products and the penetration of specialized markets;
  - the introduction of a policy to segment and differentiate products (organic color ranges or treatment variations with a high level of technical and economic reliability);
  - major actions to support the development of sales both in Western Europe and on new regional markets: strengthening of teams and proactive promotion with key influencers for end products.

- Objectives confirmed

Over the short term, in light of the uncertain economic conditions, notably in Europe, the Group has limited visibility over its activity. The second half of the year should therefore be marked by the continuation and completion of the transition phase.

Over the medium term, and from 2006 onwards, the Group will however get back up to its historical levels of profitability with:

  - Strong growth in sales,
  - A target EBITDA/sales margin of 20%,
  - Sustained growth in net profitability,
  - Strong growth in the return on capital employed,
  - Ongoing improvements in the financial structure.

To find out more, visit: www.coil.be

About COIL

COIL, a Belgian company listed on the Paris Nouveau Marché since June 26th, 1996, has built up specialized know-how and engineering capabilities for the continuous treatment of aluminum flat-rolled coil products. This treatment, which uses an electrochemical process (electrolysis), protects the metal from corrosion and preserves its natural appearance. The aluminum is treated in line with the specific requests of rolling mill clients. As a service provider, COIL does not buy or sell aluminum or manage any stock.

Leader in the pre-anodized aluminum market, COIL is present on a wide range of sectors with strong levels of demand, such as construction and industry, giving it good visibility on its future growth prospects.

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APPENDIX: INCOME STATEMENT

Unaudited data at June 30th (€'000)		
	2004	**2005**
Sales	**9,242**	**10,343**
Production costs	(6,085)	(7,820)
Gross profit	**3,157**	**2,523**
Selling and administrative expenses	(1,842)	(1,927)
Research and development expenses	(74)	(69)
Operating profit	**1,241**	**527**
Interest expenses	(240)	(788)
Pre-tax net income	**1,001**	**(261)**
Corporate income tax	-	-
Net income after tax	**1,001**	**(261)**
Earnings per share		
Net earnings per share	€0.76	(€0.18)
Weighted average number of shares in issue	1,315,664	1,452,655
Balance sheet		
Operational working capital (working capital – cash and cash equivalents – short-term bank borrowings)	(1,561)	2,166
Fixed assets	31,491	26,753
Long-term debt (over one year)	17,097	14,676
Shareholders' equity	12,764	13,579
Cash-flow and use of funds		
Cash-flow from operating activities	4,064	(6,974)
Cash-flow from investment activities	(15,095)	4,396
Net cash-flow before financing	(11,048)	(2,578)
Increase (decrease) in cash and cash equivalents	1,700	(132)