+GF+ GEORG FISCHER

To the Shareholders of Georg Fischer Ltd

Georg Fischer defies the economic slump

Loss through special charges on the scale forecast
Rapid implementation of structural programme

No economic recovery took place in 2003. GF Machine Tools and the industrial business of GF Piping Systems were particularly hard hit by the ongoing slump. In its continuing businesses (excluding Coperion, deconsolidated on October 1, 2002), Georg Fischer thus posted sales virtually unchanged from the previous year. It was especially encouraging that GF Automotive lifted its sales by 11%, running counter to the market trend. Consolidated operating income (EBIT) before special charges came to CHF 96 million, CHF 2 million higher than the previous year (excluding Coperion). Currency effects reduced the result by CHF 14 million. The positive EBIT trend at GF Automotive (+45%) and GF Piping Systems (+36%) offset the operating loss at GF Machine Tools, which was due mainly to a 13% drop in sales caused by economic and exchange rate factors. The structural programme to durably improve earnings and reduce net debt is underway. Free cash flow rose to CHF 161 million, while net debt was scaled back by CHF 151 million. Special charges amounting to CHF 192 million resulted in a net loss of CHF 147 million. The loss was on the scale forecast. The Board of Directors proposes to the forthcoming Annual General Meeting that no dividend be paid.

Dear Shareholders

2003 was a testing year for Georg Fischer. In our three core businesses, GF Automotive, GF Piping Systems and GF Machine Tools, we either held or expanded our positions in a difficult market environment. In the fast-growing Chinese market, where we now have 1,224 employees, we raised sales by 20% after currency adjustments. The economic situation in our main markets, however, provided little impetus for the operating business. Various signals suggest that the economy has bottomed out, but no significant changes are visible yet.

Operating business. GF Automotive raised sales by 11% and operating profit (EBIT) by 45% to CHF 61 million in a contracting market. Our cast components are present in all major new vehicles, and the strategy of increasing the number of Georg Fischer parts per vehicle is paying off. The adjustment of production capacity will further improve earnings. Thanks to stringent cost management, GF Piping Systems generated EBIT of CHF 38 million, a 36% improvement amid flat sales. The utility business again lifted both sales and earnings, while the currency situation and the slump affected the industrial business in particular. Here too structural adjustments will lead to higher earnings. GF Machine Tools sustained a further decline in market volume, with sales contracting by 13%. We maintained our leading position in the highly competitive main markets. GF Machine Tools demonstrated its technology leadership again in 2003 with pioneering innovations. Currency effects wiped a further CHF 12 million off EBIT, resulting in an operating loss of CHF 6 million. The drive to durably improve earnings is in full swing here too.

Structural programme. It was obvious early in the year that no improvement in the global economy was going to take place. The Executive Committee and the Board of Directors reacted promptly by launching a comprehensive package of measures aimed at achieving appropriate earnings even at the current level of sales. The structural programme that was unveiled on October 7, 2003, was designed to improve the operating result (EBIT) by CHF 100 million by 2005 compared with fiscal 2002 on a sustainable basis and to reduce net debt by CHF 300 million. All 12 planned structure projects for readjusting capacity have been announced and are currently being implemented or have already been completed. This is resulting in the closure of production plants at all three Corporate Groups and the transfer of orders to other sites. These measures will be carried out in a socially responsible manner. In two cases several hundred jobs were saved by selling part of the plant concerned rather than closing it. A large number of additional projects have been implemented on the cost side. With half of the over 1,500 individual measures included in the structural programme already implemented, the targets for improvement in earnings are proving realistic.

Special charges. Although the special charges arising in connection with the structure projects are non-recurring, they had a significant impact on the Corporation’s 2003 financial result, depressing it by CHF 131 million. Another non-recurring charge of CHF 61 million was attributable to the goodwill impairment on the acquisition of the former Mössner Group in 1999. It has since achieved an outstanding position in its market segment in the light-metal pressure die casting business and increased its sales by nearly 50% since the acquisition. However, its earnings have yet to reach the planned level primarily on account of start-up costs for new products, especially ones that have not been manufactured using this technology before.

Corporate financing. Part of the structural programme involves corporate financing and the reduction of net financial debt by CHF 300 million by the end of 2005. This was necessitated by the fact that investments and acquisitions made in the recent past have not resulted in the planned payback because of the downturn in the economy that set in early in 2001. A first step was taken in November 2003 with the issue of a subordinated convertible bond in the amount of CHF 152 million, which, because of its subordinated status, the credit markets regard as equity capital. The second step is the refinancing of the Agie Charmilles Group, in which Georg Fischer currently has an 80% shareholding. The new syndicated credit line of CHF 160 million has a maturity period up to June 30, 2007. The third step, the extension of the maturity dates of the loans owed to banks by Georg Fischer, is in progress. In addition, Georg Fischer has started – and in some cases already completed – the divestment of participations, companies and real estate that are no longer part of its core business. This will also make an important contribution to reducing net debt.

Net debt reduced. Despite the effects mentioned above, Georg Fischer generated a free cash flow of CHF 161 million in 2003. EBITDA of CHF 282 million covered investments in plant and equipment, interest and taxes. Net current assets were also reduced substantially. This resulted in a decrease in net debt of CHF 151 million from CHF 1,077 million at the end of 2002 to CHF 926 million at the end of 2003.

2003 net financial result. The Corporation posted a loss of CHF 147 million in 2003. This figure includes special charges of CHF 192 million. Net income before taxes and special charges came to CHF 50 million (previous year: CHF 33 million).

Guidance for 2004. Georg Fischer will turn a profit once again in 2004. We expect that part of the structural programme will impact on earnings in the current year and that the bottom line will hardly be affected by non-recurring charges arising out of the structural programme. Moreover, if the economy develops positively in 2004, a more satisfactory result can be expected.

Personnel changes and thanks. The changes made in the top echelons of management in 2003 will assure the continuity of the company while at the same time providing additional impetus for the necessary process of revitalization. We would like to thank you for your trust in what has been a difficult year. We hope to justify that trust by excelling in our markets, performing profitably and showing responsibility as corporate citizens.

Martin Huber

Martin Huber Chairman of the Board of Directors	Kurt E. Stirnemann Chief Executive Officer

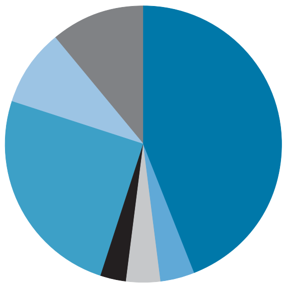
Schaffhausen, February 24, 2004

Annual General Meeting 2004:
Wednesday, March 17, 3:30 p.m., Steel Foundry Assembly Hall, Schaffhausen
Publication of mid-year report: July 19, 2004

Georg Fischer Ltd, CH-8201 Schaffhausen/Switzerland
Phone +41 (0)52 631 11 11, Fax +41 (0)52 631 28 37
Internet: http://www.georgfischer.com
E-Mail: info@georgfischer.com

GEORG FISCHER

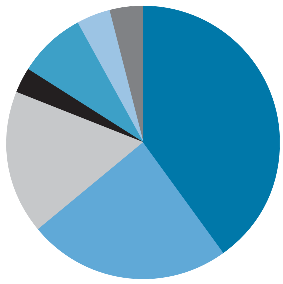
At a glance



Sales 2003 by region (in %)

Germany	44%
Switzerland	4%
Austria	4%
Great Britain	3%
Rest of Europe	25%
America	9%
Asia/other regions	11%

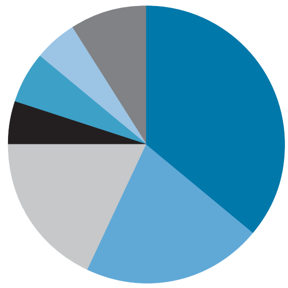
(100% = CHF 3,3 billion)



Gross value added by region 2003 (in %)

Germany	40%
Switzerland	24%
Austria	17%
Great Britain	3%
Rest of Europe	8%
America	4%
Asia/other regions	4%

(100% = CHF 1,3 billion)

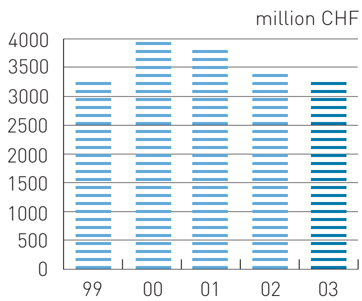


Employees 2003 by region (in %)

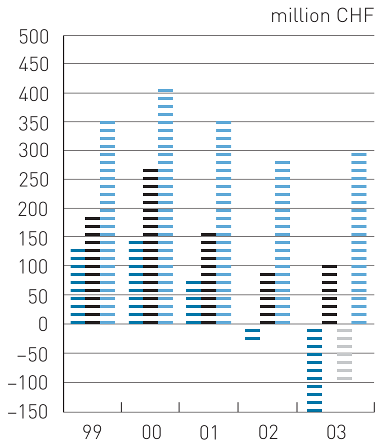
Germany	36%
Switzerland	21%
Austria	18%
Great Britain	5%
Rest of Europe	6%
America	5%
Asia/other regions	9%

(100% = 13 247)

Sales 1999–2003

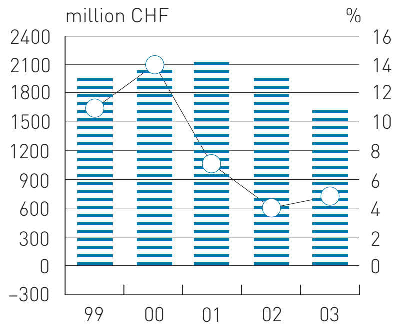


Income 1999–2003



Net profit
EBIT before special charges
EBIT
EBITDA

NOA, RONOA 1999–2003



NOA
RONOA before special charges

GEORG FISCHER

Financial overview

CORPORATION	million CHF 2003	million CHF 2002
Order intake	3 385	3 480
Orders on hand of year end	799	685
INCOME STATEMENT		
Sales	3 257	3 417
EBITDA	282	275
EBIT before special charges	96	80
Special charges due to restructuring plan and impairment goodwill die casting	192	
EBIT	–96	80
Net (loss)/profit before taxes and special charges[1]	50	33
Net (loss)/profit before minority interests	–149	–12
Net (loss)/profit for the year	–147	–20
CASH FLOW		
Additions to property, plant and equipment	147	171
Cash flow from operating activities	370	323
Free cash flow	161	65
BALANCE SHEET		
Assets	3 040	3 125
NOA	1 656	1 938
Shareholders' equity (incl. minority interests)	932	1 054
Net debt	926	1 077
KEY FIGURES		
Return on Equity (ROE) %	–	–
Shareholders' equity (incl. minority interests) %	31	34
Return on Net Operating Assets (RONOA) %[2]	5	4
Return on Sales (ROS) %[2]	3	2
Cash flow from operating activities in % of sales	11	9
Employees at year end	13 247	13 737

HOLDING (statutory accounts)	million CHF	million CHF
Loss	–47	–48
Share capital	350	350
Market capitalization as per December 31	841	483

KEY FIGURES per registered share	CHF	CHF
Loss	–44	–6
Dividend (proposed)	–	–
Shareholders' equity	253	286
Share price at year end	244	140

1 2002 excluding Coperion
2 before special charges