

Vibracoustic Europe Annual Report 2005

Excerpt from the Annual Report 2005 of Freudenberg & Co. Kommanditgesellschaft

Vibracoustic (Europe)

	2004	2005	Change
Sales [million €]	413.0	448.7	8.6 %
Workforce *	1,987	2,060	3.7 %

* Dec. 31

Divisions:

Drive Train/Dynamic Dampers, Power Train, Chassis/Air Intake Systems, Suspension

In the year under review, Vibracoustic (Europe) generated sales of 448.7 million Euro (2004: 413.0 million Euro) from the production of vibration control parts for the automotive industry. 100 percent of the sales generated by Vibracoustic (Europe) are now shown in the Freudenberg financial statements (2004: 50 percent), as Freudenberg took over the shares of the former joint venture partner Phoenix at the end of 2004. Half of the 8.6 percent rise in sales in 2005 is attributable to the integration of the Phoenix Hungarian-based air springs business for commercial vehicles. The remaining increase was achieved from Vibracoustic's basic business. The workforce rose from 1,987 in 2004 to 2,060 in 2005.

European automakers are the main customers of Vibracoustic (Europe). Although the number of vehicles produced remained almost unchanged, developments among automakers varied. In this situation, Vibracoustic (Europe) was able to win market shares. The Suspension Division, with sales growth of just under 70 percent, and the Power Train Division, with an increase in sales of some 12 percent, were particularly successful. Air intake systems business, part of the former Chassis/Air Intake Systems Division, was sold to the Etimex Group at the end of 2005.

Vibracoustic (Europe) responded to increasingly powerful diesel and spark ignition engines and the associated demand for improved acoustic properties and greater driving comfort with an intensified innovation effort. In many cases, mechanical and mechatronic functions have been integrated in conventional rubber-metal solutions. An electrically operated adaptive hydromount which improves acoustic properties over a wide frequency range has been developed. For vehicles with automatic engine start-stop control, Vibracoustic (Europe) has integrated a mechanical freewheel in a decoupled pulley.

For the 2006 financial year, Vibracoustic (Europe) expects further growth in sales and earnings. To this end, extensive restructuring measures in the Drive Train and Suspension Divisions and in central functions will be implemented during the current and the succeeding financial year.