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**FOR IMMEDIATE RELEASE**

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***CPAC, Inc. Announces First Quarter Results***

**LEICESTER, NY . . . August 13, 2003** -- CPAC, Inc. (Nasdaq: CPAK), a manufacturer and marketer with holdings in the Cleaning & Personal Care and Imaging industries, today reported first quarter results for the fiscal quarter ended June 30, 2003.

**Consolidated Results**

Net sales for the first quarter were \$23.2 million compared to \$24.6 million for the same quarter last year, a decline of 5.9%. Net income for the quarter was \$323,000 or \$0.07 per diluted share versus a net loss of \$5.6 million for the quarter ended June 30, 2002. The first quarter of fiscal 2003 was impacted by a \$6.3 million cumulative effect accounting adjustment from the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets". Exclusive of the cumulative effect accounting adjustment, the Company in the first quarter last year earned \$702,000 (as restated - see supplemental note).

Thomas N. Hendrickson, CPAC's President and CEO, stated, "The Company has initiated a series of significant actions that will enhance revenue and reduce expenses. For the Fuller Brands segment, these actions include strengthening the management team at The Fuller Brush Company and appointing new Presidents for both Stanley Home Products and Cleaning Technologies Group. For CPAC Imaging, we have undertaken a restructuring of our domestic chemical manufacturing operations and made significant investments in TURA AG to broaden our product offering. While these actions will reduce earnings in the short term, I am confident they will bring positive returns for shareholders in the long run."

Hendrickson continued, "Sales in the Fuller Brands segment declined primarily on continued weakness in the Stanley Home Products business. We have addressed this issue with the July appointment of a new Stanley President, Fernando Morthera, who has a solid career background in direct selling. For CPAC Imaging, competitive pressures in domestic markets resulted in a decline of nearly \$1.0 million in sales for the quarter, as compared to prior year. The move to combine our U.S. chemical manufacturing plants will bring manufacturing capacity in line with current sales levels and will reduce costs."

Hendrickson concluded by saying, "Net income for the quarter was impacted in part by two factors. The first, which we view as a short term issue, is the expense accrued in the first quarter related to the Imaging restructuring plan, which amounted to approximately \$0.02 per diluted share. When completed, we expect the

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restructuring to generate annualized savings of approximately \$1.0 to \$1.2 million. The second factor is the impact of the accounting for our investment in TURA AG. Due to the additional \$1.3 million investment made during the quarter, we are now required to record income or expense related to TURA's financial results. This impact was also approximately \$0.02 per diluted share."

### **Fuller Brands Segment Highlights**

- The Fuller Brush Company has entered its second year as a selling partner with the QVC television home shopping network. This mutually beneficial relationship continues to expand, with several new product kits in development and talks underway to begin doing business with QVC in the U.K.
- Continuing its aggressive launch of new consumer and custom products, Fuller Brands has more than a dozen new items in the pipeline, including pre-moistened wipes; a multipurpose power mop; a degreaser made with orange oil; and an antimicrobial filament for brushes used in food processing and pharmaceutical manufacturing.

According to G. Robert Gey, President of the Fuller Brands segment, "Fuller Brush sales for the first quarter were 3.5% over prior year, with net income up 5.7%. Cleaning Technologies Group sales were flat as against prior year, yet net income rose 62% over last year's first quarter due to lower selling and marketing costs. But the 22% drop in sales at Stanley Home Products has had a significant effect on overall segment results. Fernando Morthera will focus on revitalizing the company's core competency of providing cleaning solutions for the home, and on enhancing recruiting efforts."

### **CPAC Imaging Segment Highlights**

- Plans to combine CPAC's domestic chemical manufacturing are moving forward. All production has shifted from the St. Louis, MO plant to the Norcross, GA facility. Severance and other associated costs incurred in the first quarter have impacted bottom line results, but a short payback period is anticipated which will foster a commensurate rise in future segment income.

Steven E. Baune, President of CPAC Imaging, Worldwide commented, "The sluggish global economy affected our business this quarter, with U.S. operations experiencing the largest shortfalls. However, foreign sales rose by 3.3%, with three of four business units reporting increases over last year's first quarter. With concerns over SARS no longer inhibiting business travel to Asia, we are making steady progress toward our goal of establishing a new Imaging chemical facility in China."

### **Other Financial Information**

Thomas J. Weldgen, CPAC's Chief Financial Officer, stated, "Since beginning the fiscal year on April 1, 2003 with approximately \$9.9 million in cash, we have invested a total of \$1.3 million in TURA, expended \$400,000 on new property and equipment, and retired debt in the amount of \$33,000. In addition, shareholder dividends of \$346,000 were distributed. At June 30, 2003, the Company had \$8.2 million in cash, working capital of more than \$31.0 million, and the full \$20.0 million in our corporate line of credit available."

## About CPAC, Inc.

Established in 1969, CPAC, Inc. ([www.cpac.com](http://www.cpac.com)) manages holdings in two industries. The Fuller Brands segment manufactures commercial, industrial, and household cleaning products, as well as custom brushes and personal care lines. The CPAC Imaging segment develops and markets innovative Imaging chemicals, equipment, and supplies at seven business units worldwide. Products are sold under more than 350 registered trademarks. Stock is traded under the symbol: CPAK.

*Except for the historical matters contained herein, statements in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that may affect CPAC's business and prospects, including economic, competitive, governmental, technological, and other factors discussed in CPAC's filings with the Securities and Exchange Commission.*

### CPAC, Inc. RESULTS OF OPERATIONS DATA JUNE 30, 2003 and JUNE 30, 2002 (UNAUDITED)

	<u>Three months ended</u>		
	<u>2003</u>	<u>2002</u>	<u>% change</u>
Net sales:			
Fuller Brands	\$ 14,351,801	\$ 15,026,653	(4.5)
Imaging	<u>8,828,353</u>	<u>9,595,025</u>	(8.0)
Total sales:	<u>\$ 23,180,154</u>	<u>\$ 24,621,678</u>	(5.9)
Income before cumulative effect of change in accounting principle	\$ 322,922	\$ 701,510	** (54.0)
Cumulative effect of change in accounting principle*	<u>\$ 0</u>	<u>\$ (6,281,251)</u>	
Net income (loss)	<u>\$ 322,922</u>	<u>\$ (5,579,741)</u>	** (N/M)
Income per common share (diluted):			
Before cumulative effect of change in accounting principle	\$ 0.07	\$ 0.14	(50.0)
Cumulative effect of change in accounting principle*	<u>\$ 0.00</u>	<u>\$ (1.22)</u>	
Diluted net income (loss) per share	<u>\$ 0.07</u>	<u>\$ (1.08)</u>	(N/M)
Weighted avg. number of common shares outstanding (diluted)	4,947,012	5,143,508	(3.8)

\* Adjustment reflects adoption of SFAS No. 142 "Goodwill and Other Intangible Assets"

\*\* Restated as required by GAAP to present the impact of a change to the equity method of accounting for the increased investment in TURA AG.

**CPAC, Inc.**  
**SUPPLEMENTAL SEGMENT DATA**  
**JUNE 30, 2003 and JUNE 30, 2002**  
**(UNAUDITED)**

**Three months ended June 30, 2003**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 14,351,801	\$ 8,828,353	\$ 23,180,154
Cost of sales	<u>7,183,797</u>	<u>5,494,609</u>	<u>12,678,406</u>
Gross profits	7,168,004	3,333,744	10,501,748
Selling, administrative and engineering expenses	6,054,969	3,285,771	9,340,740
Restructuring expenses		180,000	180,000
Research and development expense	<u>141,377</u>	<u>26,905</u>	<u>168,282</u>
Operating income	<u>\$ 971,658</u>	<u>\$ (158,932)</u>	\$ 812,726
Corporate income (expense)			(44,578)
Interest expense, net			<u>(133,993)</u>
Income before income tax, minority interests, equity in income (loss) of affiliate, and cumulative effect of change in accounting principle			\$ 634,105
Provision for income taxes			<u>\$ 177,000</u>
Income before minority interests, equity in income (loss) of affiliate, and cumulative effect of change in accounting principle			\$ 457,155
Minority interests			(52,819)
Equity in income (loss) of affiliate			<u>(81,414)</u>
Income before cumulative effect of change in accounting principle			322,922
Cumulative effect of change in accounting principle			- 0 -
Net income (loss)			<u>\$ 322,922</u>

**Three months ended June 30, 2002**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 15,026,653	\$ 9,595,025	\$ 24,621,678
Cost of sales	<u>7,281,190</u>	<u>6,089,455</u>	<u>13,370,645</u>
Gross profits	7,745,463	3,505,570	11,251,033
Selling, administrative and engineering expenses	6,698,138	3,108,787	9,806,925
Restructuring expenses			
Research and development expense	<u>127,561</u>	<u>37,417</u>	<u>164,978</u>
Operating income	<u>\$ 919,764</u>	<u>\$ 359,366</u>	\$ 1,279,130
Corporate income (expense)			(27,690)
Interest expense, net			<u>(125,598)</u>
Income before income tax, minority interests, equity in income (loss) of affiliate, and cumulative effect of change in accounting principle			\$ 1,125,842
Provision for income taxes			<u>374,000</u>
Income before minority interests, equity in income (loss) of affiliate, and cumulative effect of change in accounting principle			\$ 751,842
Minority interests			(41,115)
Equity in income (loss) of affiliate			<u>(9,217)</u>
Income before cumulative effect of change in accounting principle			\$ 701,510 **
Cumulative effect of change in accounting principle			<u>(6,281,251)</u>
Net income (loss)			<u>\$ (5,579,741)</u> **

\*\* Restated as required by GAAP to present the impact of a change to the equity method of accounting for the increased investment in TURA AG.

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