



**IWKA Aktiengesellschaft Annual General Meeting**

**July 5, 2002**

**Karlsruhe City Hall**

**Statement by**

**Hans Fahr**

**Chairman of the Executive Board**

**IWKA Aktiengesellschaft**

**The spoken word shall prevail**

Dear shareholders,  
shareholder representatives,  
honored guests,  
ladies and gentlemen,

On behalf my colleagues on the Executive Board, I would like to extend to you a warm welcome to this year's IWKA Aktiengesellschaft Annual General Meeting! We are pleased that the number of shareholders and guests in Karlsruhe has grown once again. Your participation demonstrates your close relationship with our enterprise, with IWKA, and we acknowledge this with thanks. I would also like to welcome the members of the press who are here today.

Fiscal year 2001 was a difficult but in the end successful year for our Group. Starting in the US, the last half of the year showed a significant slowdown in economic development, with recessive tendencies in many parts of the world. With this background, we are proud that we nevertheless achieved our goals:

- Our order receipts rose by four percent – our forecast was for an increase of two percent.
- We anticipated stable sales revenues due to the economic decline. In the end, we attained a growth of three percent.
- But the decisive factor is that we also reached our profitability goals. Our operating profit (EBIT) improved significantly again – as announced prior to the end of the year.
- In addition, we were able to reduce considerably the net indebtedness of the Group.

These results are certainly quite presentable. In the past year, IWKA by and large improved more than other machinery and plant engineering companies. To what do we attribute this? The answer is simple: since 1999, in order to ensure our international competitiveness in the future, our Group has undergone an intensive fitness program whose fruits have since come to bear. Thus, we have restructured our manufacturing technology in the past two years. And the resolute

internationalization of our activities is also paying off. It gives us the assurance of a broad base for our markets and for our customers.

In addition, our divisions balance out one another's risks internally because they are subject to different market cycles. This makes us less susceptible to market fluctuations. Look at our Packaging Technology division as an example: even in times of crisis, people eat, take their medicine and brush their teeth. Our machines and systems are used to package the products for these needs.

Ladies and gentlemen,

After this brief overview, we now come to **the most important figures for fiscal 2001**:

In 2001, the IWKA Group had **sales revenues** of EUR 2.29 billion – an increase of three percent. This growth can be attributed entirely to internal growth. The Production Technology and Manufacturing Technology divisions in particular were able to show an increase compared to the year before.

The **foreign share of our Group's sales** dropped slightly from 67 percent in 2000 to 65 percent. Here we can clearly see the effects of the economic downturn in North America. The proportion of sales from this region fell to 23 percent during the year under review, from 26 percent in 2000. The IWKA Group's most significant foreign market was made up of the EU countries, accounting as they did in the previous year for 25 percent of sales revenues.

The Group's **order receipts** rose four percent to EUR 2,280 million. Production Technology and Packaging Technology in particular were able to take in more orders. Manufacturing technology also posted a slight increase. Process Technology, by contrast, finished slightly below the previous year.

The **foreign share of order receipts** declined due to an economic downturn in the USA to 63 percent, versus 65 percent the previous year. Our most important sales market is Europe with 29 percent, followed by North America with 24 percent. Asia has made a clear increase in significance. We have made small, carefully considered

steps here, and we are continuing to implement these policies. A total of 7 percent of our order receipts are attributable to this region for the year under review. The previous year, this figure was 4 percent. All of our divisions posted higher order receipts from the Asian countries.

### **Order receipts by Customer Group**

Our most important customer group was once again the automotive industry including suppliers. They accounted for 53 percent of the orders for the year under review (automotive industry direct: 44%, suppliers: 9%). The food industry holds second place with 13 percent of orders, followed by energy and water distribution with 7 percent and the pharmaceutical and cosmetics industry with 6 percent.

The **order backlog** at the end of 2001 reached EUR 1,122 million, slightly above the EUR 1,109 million posted the year before.

I now come to our **profits**, which we have been able to increase sharply during the year under review. The Production Technology and Packaging Technology divisions emerged with higher operating results than the year before. Process Technology also increased slightly. At the same time, Manufacturing Technology showed an operating turnaround. Overall, the Group's **operating profit**, i.e., the earnings before interest and taxes (**EBIT**) improved 36 percent for a total of EUR 68.9 million. EBIT return on sales (EBIT/sales) thus rose from 2.3 percent to 3.0 percent. Before goodwill amortization, the operating profit (EBITA) is EUR 86.9 million, compared with EUR 69.5 million the previous year. This amounts to a EBITA return on sales of 3.8%. The profit from ordinary activities showed a major improvement of 152 percent, reaching EUR 36.5 million (EUR 14.5 million). At EUR 31.2 million, our **net income** reached the same level as the previous year (2000: EUR 31.0 million).

Dear Shareholders:

We propose that a **dividend** should be paid out in the same amount as previously, EUR 0.66 per share. In the past ten years, the payout per share increased by more than 60 percent from EUR 41 cents to EUR 66 cents. The dividend yield – based on the year-end price, and without the corporate tax credit – reached 5 percent in the past two years. IWKA was thus one of the strongest securities as far as dividends on the German stock market. The stock's development in 2001 is also remarkable: While the DAX lost some 20 percent of its value and the M-DAX 8.1 percent over the course of the year, IWKA shares performed well above average at plus 2.7 percent.

Investor confidence in the stock markets has suffered considerably as a result of the latest financial scandals (Enron, WorldCom, Vivendi ...). IWKA shares have also been unable to completely avoid the price drops on the world markets in the last few weeks associated with this loss of confidence. However, we are convinced that our stock price will recover. For it is precisely in difficult times that criteria such as stability, substance and internally balancing risks – things our Group stands for – gain significantly in importance.

The latest analysis of our shareholding structure in March 2002 shows that German private investors value our shares. Their share of IWKA's capital stock rose clearly from 48 percent to 53 percent. There has also been an increase in the interest shown by foreign banks and private investors. Their share rose from 9 percent to 13 percent. Investments by institutional investors, on the other hand, have declined. They represent 34 (2001:43) percent of our shareholders.

Allow me to comment on the very topical subject of "Corporate Governance." This term stands for responsible corporate leadership and management that is oriented towards long-term value creation. We place high value on Corporate Governance. The management board and the supervisory board work closely together for the wellbeing of the corporation and its shareholders. We welcome the German Corporate Governance Code. It represents an index for evaluating good corporate management, which to a large extent IWKA already measures up to.

Ladies and gentlemen,

The **Annual Financial Statement** of the IWKA Group includes a total of 94 companies, fully consolidated, of which 50 have their headquarters outside Germany.

Our **total assets** dropped EUR 12.5 million from the previous year to EUR 1,576.7 million. Asset turnover increased slightly from 1.4 to 1.45.

The Group's **net indebtedness** dropped sharply by EUR 93.2 million to EUR 311.9 million (Dec-31-2000: EUR 405.1 million). At the same time, we have further strengthened our equity by increasing revenue reserves. Our equity ratio improved from 22.3 percent to 23.3 percent.

In fiscal year 2001 the IWKA Group invested 53.1 million EUR in tangible assets.

Over 40 percent of the capital expenditures went to production and assembly.

Approximately one third of this was used for capacity expansion. Furthermore, last year we invested heavily in the IT infrastructure of our companies. One focal point here was on the expansion of the "Digital Factory" service platform.

Compared to December 31, 2000, the number of **employees** of the IWKA Group at the end of 2001 dropped slightly from 12,859 to 12,823 persons. While the number of employees in Production Technology rose, the other divisions showed a downward trend. In the year under review, 5,169 persons, which represents 40 percent of our total employees, worked outside Germany.

To provide a better understanding of the positive overall situation, I would now like to turn to the progress of our individual divisions:

#### First to **Production Technology**:

The companies in the Production Technology division are among the world's leading suppliers of plants for body-in-white to the automotive industry. The sales of our largest division rose six percent in 2001 to EUR 1,018.6 million (previous year: EUR 957.9 million). Order receipts increased from EUR 923.8 million to EUR 994.7 million,

an increase of eight percent compared to the previous year. At EUR 49.4 million, its operating profit (EBIT) is higher than last year's.

Our customers in the automotive industry are fighting intense competition and the declining automobile market with a number of new models. These generally require new production plants or the overhaul of existing ones. With this background, the KUKA Schweissanlagen Group has shown a good business trend.

During the year under review, it posted major orders for the new 5 Series from BMW, additional C Class models from DaimlerChrysler and the new minivan from VW, among others. Our French subsidiary Farman received orders for the Citroën C3 and for the successor model to the Espace from Renault.

In the last year, the KUKA Robot Group has been able to further expand its market share. While major competitors posted decreases, KUKA's sales climbed from 6,500 to over 7,000 robots. The group has been especially successful with the European automotive industry. Here, it has been able to continue building on its leading market position with orders from DaimlerChrysler, BMW, Ford and Opel.

The ARO Schweisszangen Group has shown positive development in the last year, with order receipts and sales increasing yet again.

Now let me address our second division, Manufacturing Technology. The companies in this division supply machinery and equipment for machining, assembly and testing of units for power train. This division has profited this past year from the extensive investment going on in the automotive industry in new engine and transmission lines. Order receipts rose from EUR 459.4 million to EUR 464.9 million. Sales revenues increased seven percent to EUR 476.1 million (previous year: EUR 444.5 million). The operating profit (EBIT) improved on the previous year for a result of EUR 2.4 million.

In the machine tools and production systems group, which combines the companies EX-CELL-O and Boehringer, business volume has shown stable development. Boehringer strengthened its position as market leader for crankshaft machining equipment with two major orders from Ford and General Motors in the USA.

In order to further streamline the situation under company law and the organization of the Manufacturing Technology division, and in so doing to improve the long-term competitiveness of this division, EX-CELL-O Holding AG has been merged into the IWKA Aktiengesellschaft, retroactively effective as of January 1, 2001. In addition, we have bundled all of our activities in the area of machine tools, manufacturing systems and assembly and testing technology into the new lead company IWKA Produktionstechnik GmbH.

In the course of its now largely completed restructuring, EX-CELL-O was able to lower its break-even point significantly. Despite low sales revenues, this company has significantly improved its income situation.

Customers also appreciate our services: General Motors named EX-CELL-O “Supplier of the Year” and Ford presented Boehringer with the coveted Q1 Award for the highest quality and reliability.

The Assembly and Testing Technology Group showed above-average positive development, posting a further increase in order receipts and sales revenues in the year under review after strong growth the previous year.

The Manufacturing Technology division has reconfigured itself as a systems partner for the automotive industry and its suppliers so that it can produce complete process chains for the production, installation and testing of engines and transmissions. One milestone in this regard was a major order for a new engine plant in eastern Germany that was received in January 2002 from DaimlerChrysler and Mitsubishi. In addition to supplying machinery and equipment, this project, which shows the direction this type of equipment is moving in, also includes participating in the planning using simultaneous engineering. Additional services may yet be added to this order, such as production support, and repair and maintenance.

Our third division, Process Technology, posted a four percent decrease in sales revenues for the last year, resulting in EUR 348.1 million. The good news there is the stabilization of order receipts, which fell only slightly, from EUR 363.5 million to EUR 357.5 million. The drop in business volume is mainly due to the sale of the controls division for district heating in 2000. The operating profit (EBIT) of the division, at EUR 3.0 million, was on the lower end of the previous year's level.

The RMG Group and the IWKA Balg- und Kompensatoren Group showed positive development. By contrast, the market conditions for some parts of our companies in the Bopp & Reuther Group have further intensified.

Packaging Technology, our fourth pillar, is one of the world's leading suppliers of packaging machinery and equipment for the pharmaceutical and cosmetics industry and the food industry. This division's sales revenues showed a slight drop in the past year from EUR 453.3 million to EUR 446.7 million. Despite the sharp economic downturn in the US, Packaging Technology was nevertheless able to increase its order receipts 5 percent to EUR 462.7 million (previous year: EUR 441.3 million). Its operating profit improved from the previous year to EUR 9.1 million.

Above all, business with the food industry has had positive development, and order receipts from the pharmaceutical industry and the cosmetics industry were satisfactory overall.

Ladies and gentlemen,

Before I go into our progress in the current year, I would first like to take a brief look back: Three years ago, with our acquisitions mainly in Production Technology and Packaging Technology, and with the sale of our Defense Technology companies, we launched a fundamental rebuilding of our Group of companies. Our goal was to become a leading systems partner to our customers all over the world in the

automobile industry and the pharmaceutical, cosmetics industry and food industries. This approach can also be transferred to some of our Process Technology markets. The strategy behind all of this rests largely on the following four pillars:

- 1. Systems partnerships and internationalization**
- 2. Concentration on growth markets**
- 3. Buildup of our service business**
- 4. Technology leadership**

#### **1. Systems Partnerships and Internationalization:**

Today, it is becoming less and less common to supply individual machines for partial processes. Much more in demand are system partners who are able to solve specific manufacturing problems for their customers all over the world. Production Technology is the leader in this area. This division today is a systems partner to all of the major automobile manufacturers in Europe and North America. Our Manufacturing Technology division is following their example and also developing itself step by step into a supplier of complete process chains. Our Packaging Technology customers are also increasingly demanding complete, multistage packaging lines. We are one of the few suppliers who can offer them these universal solutions. And we are also developing from component makers into turnkey solutions suppliers in the area of energy distribution.

At the same we are following our customers in their respective markets: Today, we have companies representing us on location in 21 countries around the world. In the meantime more than half of our 94 consolidated companies are headquartered outside Germany, with some 40 percent of our employees working in other countries.

#### **2. Concentration on growth markets**

So you can see that we place a high value on proximity to our customers, concentrating on attractive growth markets with good earnings potential. One example of such a market is production systems for the automotive industry. For we

are certain: Mobility will remain a basic need in our society in the future as well. At the same time, competition is continuing to increase among automobile manufacturers. The automotive industry is combating the intensified competitive pressure with a model offensive, among other things, and a massive expansion of its range of engines. As a systems supplier, this development works in our favor. The Asian market, for example, promises good prospects for the coming years. Numerous projects in the automotive industry give us to expect a further push for investment, above all in China. It is true, however, that keen, international competition is depressing our margins, particularly during phases of economic weakness. We must counteract this through strict cost management and intelligent and cost-efficient machinery, lines and systems.

The demand for industrial robots is also continuing to increase. After their grand entrance in the automotive industry, robots are now being used more and more outside this traditional field. They are taking over areas such as order-picking, pallet-loading and handling, for example in logistics. They are also finding new applications in medical technology. Here, for example, KUKA robots help by positioning radiation sources precisely to provide the optimal therapy for brain tumor patients. These markets are subject to different economic cycles than the automotive industry.

Process Technology is also serving growth markets. These include, for example, water supply and wastewater disposal, for which we supply fittings. According to estimates, 170 billion dollars need to be invested annually in this area, while only around 70 billion dollars are currently being invested.

The outlook for energy distribution, for which we supply safety fittings, among other things, is also good. Electricity consumption should about double by the year 2020. To accommodate this growth, new power stations must be built and old facilities modernized. The USA is currently striving to lessen its dependence in energy imports. The widespread use of fuel cells is seen by the US government as a possible source of energy. This is also something from which we can profit, since our Balg- and Kompensatoren Group supplies flexible metal hoses for this new technology.

Natural gas is the energy source with the best growth outlook. New construction of gas pipelines and pipe systems present major opportunities in the area of gas control and measurement technology for our RMG Group in Eastern Europe and Asia. With the takeover of the Polish Gazomet company, it was able to further strengthen its position in the important Eastern European market last year.

The high rate of change in products, mainly for foods and dairy products, is a medium- to long-term growth driver for Packaging Technology, as is the increasing prosperity of cosmetics in the industrial nations and for pharmaceuticals, the continuing population growth and the continually increasing life expectancy.

### **3. Building up our service business**

Our third strategic pillar is the buildup of our service business. This year, we will again significantly ramp up the proportion of **services** in our business. For the medium term, we intend the percent of sales represented by the product “service” to reach approximately 40 percent of our total sales.

Our spectrum of services now extends through the entire machine and line life cycle: It ranges from planning and engineering to commissioning, production support, service and spare parts to productivity-increasing measures and the storage or decommissioning of machines and lines.

KUKA Roboter GmbH offers an example of intelligent services with its training program. In the last year alone, more than 5000 participants took advantage of the training available from our subsidiary. With the official opening of a new training center next year, KUKA is creating good prerequisites for the continued buildup of this fast-growing service.

Remote diagnostics is the keyword for the fast detection and correction of errors. Whether the machine is a tube-filler, cartoning machine, machining center or turning machine, and no matter where our customer and its machines are located – they are connected to our company by modem and telephone. We provide the help they need around the clock via satellite. Even software updates and visualization of operator

actions can be easily handled. The result is that machine downtimes can be minimized while saving on travel costs to a significant extent.

Where before we would deliver an individual machine, today we are more and more frequently working to solve a specific problem for the customer. For this reason, we are therefore involved ever earlier in the development of the end product. In the automotive sector, this applies to the body side and to key workpieces like the transmissions, cylinder heads or engines, and to packaging technology as well. Thus, a food manufacturer asked us for a type of yogurt packaging without a cup. Our solution: a stick-pack to eat on the go, packaged on a Hassia machine.

#### **4. Technology leadership**

Innovation is the engine that drives our company. It ensures our competitive lead and creates our growth and profit potential for tomorrow. This is why we place such a high value on research + development. Over 500 highly qualified employees are currently working in this field in our companies.

In fiscal year 2001, our expenditures for research and development totaled EUR 56.7 million. In addition, our companies have developed new products, solutions and processes, partly as customer orders as well. This means that our actual expenditure for R+D is significantly higher.

More than half of the IWKA Group's entire development budget goes to Production Technology. And within that division, a high proportion of development expenses are for the robot segment. It's no wonder: The KUKA Robot Group develops robotics and control technology – the cross-divisional and key technologies of the IWKA Group.

Experts agree: The last 20 years have been dominated by computers. But the years to come belong to robots. And IWKA is there at the forefront. Robots are becoming true assistants. That is to say: Human and machine work in a team - progress in image recognition and processing and in sensors make this possible. At KUKA, for example, the development of so-called "cooperative robots" is a major focal point. These are machines, which work not only side by side, but are coupled together into

larger units where they cooperate with one another. The goal is not only to make new equipment faster to start up, while at the same time significantly increasing their flexibility, but also to further reduce cycle times.

**Other important development projects** for the year 2001 were, among other things:

- The Ethernet-based KUKA Control Web Technology. Now the industrial sector can have the same expanded functionality and cost advantages enjoyed in the office sector with the integration of standard components.
- Developments in the area of laser beam welding and ongoing work on the use of welding guns driven by electric motors. These are the major topics of interest to our customers in the automotive industry.
- KUKA Robots forged new paths with its Robocoaster. For once, a heavy-duty robot is not being used as an automation module in industry, but as an extremely dynamic flight simulator with great entertainment value. This development received a great deal of attention from the public at the Hanover Trade Fair.
- A new turning technology from Boehringer greatly reduces machining time and runs without any environmentally-damaging coolant.
- A new series of highly efficient modular processing centers from EX-CELL-O whose main distinguishing characteristic is their high degree of flexibility. EX-CELL-O has also taken important steps toward improvement in high-precision processing.
- A new generation of regulators and a new ultrasound gas meter in our RMG Group.
- Flexible elements for exhaust gas technology and exhaust gas back-flow. They make an important contribution to increasing engine efficiency on the one hand and to further reduce noise on the other. In addition, they extend the service life of the exhaust systems.
- Our Packaging Technology division offered a broad spectrum of innovations and continuing developments at Interpack in Düsseldorf, the world's foremost packaging trade show, in April of this year. One of the highlights was a new high-performance robot-fed tube-filling machine, which sets new performance standards, filling up to 450 tubes per minute. Incidentally, this development earned IWK Verpackungstechnik the German Packaging Award for 2002. Hassia

presented an aseptic, or microbe-free, stick-pack machine for snacks or dairy products at Interpack. Advantages to this future-oriented technology include a longer shelf life and better quality assurance. The 19 production companies in Packaging Technology presented a total of 54 new machines at the trade show.

Ladies and gentlemen,

The road we have traveled has not always been easy since we sold defense technology in 1999 and were heavily engaged in packaging technology and production technology. The numbers for fiscal 2001 show, however, that our strategic focus is successful even in weak economic times. We have developed a solid foundation on which to continue to build our profit-earning power in the future. We have attained the necessary size as an equipment supplier in the automotive and consumer goods industries to allow us to continue to lead the race throughout the world in the future.

We have secured solid market positions: Our companies in Production Technology are among the world's leading suppliers of body-in-white plants for the automotive industry. We rank third in the world with our KUKA robots. With our industrial robots and welding guns, we are the market leader in the European automotive industry. The same is true for Boehringer with its crankshaft machining centers. And we are taking a lead position in the growth market for assembly and testing technology.

Moreover, we are one of the top three suppliers worldwide of packaging machinery and equipment for the pharmaceutical, cosmetics and food industries. Among other things, we are in the lead with aseptic technology as well as tube fillers for toothpaste or cosmetics, cartoning machines and aerosol filling systems.

Our companies in process technology are taking a leading position in Germany in the area of water and sewage fittings as well as medium- and high-pressure fittings for gas suppliers.

## Development the First Half of 2002

Ladies and gentlemen,

The IWKA Group has had a good start in the current fiscal year. The positive development that we demonstrated the first three months has continued into the second quarter. In the first half of 2002, order receipts increased by 8 percent to EUR 1,201 million. Sales revenues reached EUR 1,028 million, and were thus 6.5 percent above the previous year. The order backlog as of June 30, 2002 is as it was one year earlier at EUR 1,263 million. At the same time, employee totals dropped by 0.5 percent to 12,642 persons.

And now to the individual **Divisions**:

Production Technology continued to develop positively. Major orders received in the first half of 2002 included one from Ford for the production of the Focus model at the Saarlouis plant. Another order went to the KUKA Schweissanlagen Group for the body-in-white line for the Kalina model by the Russian automobile manufacturer AutoVAZ in Togliatti.

The KUKA Robot Group continues to do well in the automotive industry. By contrast, however, contract awards from customers in general industry are currently somewhat reserved.

For the current year, we expect order receipts in the Production Technology division to be slightly above EUR 1,000 million.

Order receipts in **Manufacturing Technology** were clearly above last year's figures. This growth is largely attributable to a major order for the new DaimlerChrysler and Mitsubishi engine plant in Köllda/Thüringen. We are pleased to note that the Assembly and Testing Technology continues to profit from extensive investments in new assembly lines by the automotive industry. In particular, B&K Corp. in den USA was able to increase its order receipts significantly. Froehlich UK reported an order

from Ford in Cleveland, USA to supply machinery for the assembly and leak-testing of cylinder heads for V6 gasoline engines in the Duratec series, among other orders.

Our systems approach continues to pay off in Manufacturing Technology as well: Just today General Motors in the USA awarded us a contract in the amount of EUR 90 million to supply two cylinder block lines. This is a so-called turn-key project. This means that EX-CELL-O has complete responsibility for the complete process chain.

EX-CELL-O has achieved its planned profit threshold for the first half of 2002. Boehringer by contrast is still behind in sales and profits due to project delays on the part of its customers.

For fiscal year 2002, we expect order receipts in the Manufacturing Technology division to be in the amount of EUR 480 million.

Order receipts for the first six months of this year in the **Process Technology** division were slightly above last year's level. The Balg- and Kompensatoren Group was largely able to maintain its business volume in a difficult environment, but had to accept weakened profit levels in its compensator business. Sales revenues at the Bopp & Reuther Group in Mannheim were slightly below the previous year's level. Price pressures in water fittings continued despite significant consolidations in the market. Sales and profits of the Gas Regel- und Messtechnik Group are below last year's level. However, we did achieve an increase in order receipts.

In order to improve the division's unsatisfactory profit situation, we are moving forward in our overhaul of the Bopp & Reuther companies. With its new location in Speyer, the measurement technology sector will have a new chance as a powerful, compact unit. The other two larger divisions of the Bopp & Reuther Group will remain at the Mannheim location: The water fittings area is currently undergoing a fundamental restructuring and realignment. Safety and control fittings, which has had some hard times in the past, is anticipating increased order receipts and a balanced result this year.

This year, we expect order receipts in the Process Technology division to be in the amount of EUR 370 million.

The **Packaging Technology** division has shown a welcome development in that its business volume has risen markedly compared to the same period last year. In the USA, things can be seen to be getting back to normal as of January of this year. Business in Europe in the consumer goods industry continues to be good.

For the current fiscal year we expect order receipts in Packaging Technology in the amount of EUR 450 million.

The industry is profiting from, among other things, positive stimulation from Interpack, the world's most important packaging technology trade show, which was held in Düsseldorf in April 2002. For the first time, all 19 manufacturing companies from our Packaging Technology division were represented together at one 2000 m<sup>2</sup> booth. As one of the largest exhibitors, we were able to prove our innovative power with numerous new developments. The reception by the industry public was consistently positive.

## **Outlook**

We now come to the outlook for the current year: after the first six months we are still well in the race. Although the market environment is still plagued with uncertainties, we remain cautiously optimistic. Our order receipts and sales revenues projections for fiscal 2002 fiscal year will remain at the same level as last year's. Sales revenues in the Packaging Technology and Process Technology divisions are expected to increase. We expect stable sales revenues in Manufacturing Technology and a slight drop in Production Technology.

One focal point for fiscal year 2002 will be the restoration of the Bopp & Reuther companies in Mannheim. After a difficult development, we now have everything in place for a recovery. Our profits will still be affected by extraordinary restructuring costs as well as a considerably higher tax rate. Before this backdrop, we project that

we will not reach the annual net profit level this year that we did the previous year. However, the operating result (EBIT) will improve further.

Ladies and gentlemen,

Even if the economic engine is currently stalling, our prospects as an equipment supplier are still as good as before. The ongoing consolidation of our customers in the automotive industry and consumer goods industry tends to lead to larger plant orders. As a systems partner, we also profit from this development as well as from our customers' ongoing tendency to outsource planning and production tasks. We will receive the required orders in order to make full use of our capacities. However, the pressure from narrow margins is increasing markedly. We therefore need new concepts and cost reduction programs to counter this trend.

It is my firm conviction that we can look into the future with confidence because we are well positioned. Strong market positions, high innovative energy, a highly flexible, customer-oriented structure and, above all, our committed employees – these are the cornerstones that we can build on! We want to continue to grow with these strengths – profitably and on our own power! The result comes first, then sales – this is our motto. To this end we will continue to apply all of our energy.

Thank you very much for your attention!