



PRESS RELEASE

Report on First Half of 2003

IWKA continues stable development in the first half of 2003 – order receipts, sales revenue and half-year results increased

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In an enduringly difficult economic environment, the IWKA Group of Karlsruhe is continuing the positive development of the first three months of the business year in the second quarter. In the first half of 2003, order receipts rose 4.1 percent to EUR 1.25 billion compared to EUR 1.20 billion during the same period in 2002. Sales revenue increased as well, rising 2.7 percent to EUR 1.05 billion over EUR 1.02 billion for the first half of 2002.

The operating profit (EBIT) increased to EUR 29.0 million (1st half of 2002: EUR 22.6 million). This growth is attributed in particular to the positive development in the Production Technology Division. The profit from ordinary activities also rose in comparison to last year to EUR 17.5 million (1st half of 2002: EUR 10.4 million). The IWKA Group's net after-tax profit increased, reaching EUR 5.2 million (1st half of 2002: EUR 3.7 million).

Capital expenditure in tangible assets for the 1st half year were EUR 27.4 million. Once again, the focus was on investments designed to cut costs and increase productivity.

As of June 30, 2003, the IWKA Group counted 13,353 employees, 264 more than at the end of 2002. This figure includes 493 employees from the newly consolidated Process Technology Division company in Poland and an engineering company for Production Technology in Germany combined. If these two companies are disregarded, we see a reduction in staff levels by 229 persons or -1.7 percent. All divisions of the Group are affected by this adjustment, but especially Process Technology.

IWKA Group Key Figures

<i>in EUR millions</i>	1st half 2003	1st half 2002	Change
Order receipts	1,250.0	1,200.3	4.1%
% outside Germany	65.0%	63.3%	
Sales revenue	1,045.9	1,018.6	2.7%
% outside Germany	60.0%	61.6%	
Total output	1,128.4	1,062.6	6.2%
Order backlog	1,287.1	1,270.4	1.3%
EBITA	38.2	31.8	20.1%
% of sales revenue	3.7	3.1	
EBIT	29.0	22.6	28.3%
% of sales revenue	2.8	2.2	
Profit from ordinary activities	17.5	10.4	68.3%
Net after-tax profit	5.2	3.7	40.5%
Profit/loss per share	0.20	0.14	
Capital expenditure	27.4	30.5	-10.2%
Employees	(6/30/03) 13,353	(12/31/02) 13,089	2.0%
% outside Germany	41.7%	41.1%	

Production Technology Division: Successful Development at High Level

The Production Technology division continued to develop positively. Order receipts rose 27 percent to EUR 627.1 million (1st half of 2002: EUR 494.1 million). Sales revenue rose 4 percent to EUR 504.5 million (1st half of 2002: EUR 483.4 million). This increase is also visible in the operating profit, which, at EUR 31.6 million, exceeded the previous year's level by 22.5 percent (1st half of 2002: EUR 25.8 million).

KUKA Schweissanlagen GmbH posted increasing order receipts in the 1st and 2nd quarters. Major orders contributing to this increase included those for Ford Otosan, the new BMW 3 Series sedan/touring, the Volvo XC 90 off-road vehicle and the DaimlerChrysler A class successor body-in-white. Order receipts for the Robot Group are considerably above the previous year's, exceeding expectations for the half year. Aside from the Rastatt A class order already reported in the first quarter, DaimlerChrysler orders for Sindelfingen (E coupe) and Tuscaloosa (M class) were also acquired. The Robot Group also received orders from a supplier for the production of the Peugeot 206 and from BMW for the production of the 3 Series. With an extensive project list, the outlook for the second half of the year is good as well. The welding guns sector is also reporting order receipts that are considerably above the previous year's.

Key Figures in Production Technology

<i>in EUR millions</i>	<i>1st half 2003</i>		<i>1st half 2002</i>		<i>Change</i>
Order receipts	627.1		494.1		26.9%
Sales revenue	504.5		483.4		4.4%
Employees	(6/30/03)	5,100	(12/31/02)	4,910	3.9%
EBITA	33.8		27.7		22.0%
% of sales revenue	6.7		5.7		
EBIT	31.6		25.8		22.5%
% of sales revenue	6.3		5.3		

Manufacturing Technology Division:

Mixed Signals in a Difficult Environment

Order receipts in Manufacturing Technology, at EUR 233.4 million, did not reach the previous year's high level of EUR 266.4 million. At EUR 180.4 million, sales revenue was above the half-year level in 2002. EBIT improved by EUR +0.4 million compared to the previous year, coming in at EUR -5.1 million.

The order to EX-CELL-O GmbH for the setup and maintenance of the new Mitsubishi-DaimlerChrysler engine plant in Thuringia and to supply two cylinder block lines to General Motors were positive factors. Boehringer Werkzeugmaschinen

GmbH, however, was unable to maintain the comparatively high order level of the previous year in crankshaft machines, clearly reflecting the generally modest demand. The Boehringer Group therefore has to adjust capacities to match order volumes in order to better respond to market events with a flexible cost structure. The Assembly and Testing Technology Group also reported lower order receipts than in the previous year. However, several orders are expected to be placed in the 2nd half-year.

Key Figures for Manufacturing Technology

<i>in EUR millions</i>	<i>1st half 2003</i>		<i>1st half 2002</i>		<i>Change</i>
Order receipts	233.4		266.4		-12.4%
Sales revenue	180.4		172.3		4.7%
Employees	(6/30/03)	2,080	(12/31/02)	2,149	-3.2%
EBITA	-2.5		-3.0		16.7%
% of sales revenue	-1.4		-1.7		
EBIT	-5.1		-5.5		7.3%
% of sales revenue	-2.8		-3.2		

Process Technology Division:

Measures Taken Yielding Initial Results

Order receipts for Process Technology fell 3.0 percent compared to the previous year to EUR 176.2 million. Sales revenue earned in the 1st and 2nd quarters of 2003 comes to EUR 151.6 million, just missing last year's figure of EUR 154.3 million. Compared to the same period last year, the EBIT improved by EUR 0.5 million to EUR -2.5 million. The increase in the number of employees is due to the first-time consolidation of Gasomet in Poland, with 321 employees.

VAG Armaturen GmbH posted order receipts above the previous year's level, thus continuing the consolidation of the business. Foreign orders were the major factor in this development. VAG continues to push forward the buildup of foreign market presence, particularly in China and Brazil. The Balg- und Kompensatoren Group likewise posted consolidation successes, however these were dampened by changes in the currency exchange rate and a continuingly weak market. The Group is concentrating on increasing its efficiency in production and on extending its systems

business. The RMG Group increased its order receipts compared to the previous year. During the first half of 2003, RMG Regel + Messtechnik GmbH posted an order from China for the supply of gas pressure regulation stations with a total volume of USD 8.3 million, thus further improving its international position.

Key Figures for Process Technology

<i>in EUR millions</i>	<i>1st half 2003</i>		<i>1st half 2002</i>		<i>Change</i>
Order receipts		176.2		181.7	-3.0%
Sales revenue		151.6		154.3	-1.7%
Employees	(6/30/03)	3,089	(12/31/02)	2,912	6.1%
EBITA		-2.2		-2.6	15.4%
% of sales revenue		-1.5		-1.7	
EBIT		-2.5		-3.0	16.7%
% of sales revenue		-1.6		-1.9	

Packaging Technology Division:

Reluctance in Placing New Orders Due to Weak Economy

The companies of the Packaging Technology Division posted order receipts in the amount of EUR 209.7 million in the 1st half year, which is significantly below the previous year's level of EUR 254.0 million. This was due in part to a weakening of the US dollar as well as to customers' reluctance, because of a poor economy, to place new orders, which was already evident during the first quarter. Improved demand is expected for the second half of the year. Sales revenue, at EUR 205.8 million, was just above the previous year's (EUR 204.5 million). The EBIT for the division, at EUR 0.4 million, is positive, but still falls short of the comparatively good first half-year 2002 (EUR 1.8 million).

IWK Verpackungstechnik's newly developed blister machine found a positive resonance on the market. In the second quarter, Hassia received an order from Japan's largest dairy company – Meiji – to supply two lines, after having already supplied two other packaging lines to the same customer in previous years. The customer Müller-Milch has placed a major order with ERCA in France. It covers two multipack lines with a capacity of 40,000 cups per hour each. Sister company A+F is also connected with the project, underscoring the ability of the individual companies

to act as systems suppliers. R. A. Jones has secured an order from the Grolsch Brewery in the Netherlands. This order also includes a 10-year service contract, and confirms R. A. Jones' growing importance, not only in the American brewing industry but now on the European side as well.

Key Figures for Packaging Technology

<i>in EUR millions</i>	<i>1st half 2003</i>	<i>1st half 2002</i>	<i>Change</i>
Order receipt	209.7	254.0	-17.4%
Sales revenue	205.8	204.5	0.6%
Employees	(6/30/03) 2,991	(12/31/02) 3,027	-1.2%
EBITA	4.6	6.0	-23.3%
% of sales revenue	2.2	2.9	
EBIT	0.4	1.8	-77.8%
% of sales revenue	0.2	0.9	

Outlook

IWKA is running on course after the first six months of the business year. The economic forecast, however, is still plagued with considerable uncertainties. The tax burden on German companies is also increasing at present, which will have a corresponding effect on the net result.

In order receipts, as we have shown, IWKA has ended the first half of the year on a successful note overall. Depending on the economic conditions on the markets and the exchange rates, it nevertheless remains to be seen whether we will be able to achieve the level of order receipts reached last year.

Sales revenue for the full year 2003 is expected to match that of the previous year. In the Production Technology Division, sales revenue is expected to be higher than the previous year's. The Manufacturing Technology Division is expected to achieve last year's level of sales revenue, while Process Technology is expected to fall slightly. In both divisions, efforts to improve the results will be continued. Currency effects and the weak economy will have the greatest effect on the Packaging Technology Division, for which sales revenue is rather expected to decrease.

Our sales prognosis is supported by the order backlog of EUR 1,287 million, which means a calculated range of seven months.

Based on the positive business development in the first half of the year, we can expect to see an operating profit on the same order of magnitude as last year's.

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Group Income Statement of IWKA

<i>in EUR millions</i>	1st half 2003	1st half 2002
Sales revenue	1,045.9	1,018.6
Changes in inventories of finished goods and work in process	82.4	43.3
Own costs capitalized	0.1	0.7
Total output	1,128.4	1,062.6
Other operating income	16.9	17.0
Cost of materials	-555.0	-516.4
Personnel expense	-356.4	-358.0
Depreciation/amortization of intangible and tangible fixed assets	-35.8	-35.0
Other operating expenses	-169.1	-147.6
Earnings from operating activities (EBIT)	29.0	22.6
Net interest expense	-11.5	-12.2
Earnings from ordinary activities	17.5	10.4
Taxes on income	-12.3	-6.7
Net income	5.2	3.7
Minority interests in profits	0.0	0.1

IWKA Group Balance Sheet

ASSETS		
<i>In Euro millions</i>	6/30/2003	12/31/2002
Fixed assets		
Intangible assets	197.4	201.7
Tangible assets	279.3	281.6
Financial assets	22.6	27.6
	499.3	510.9
Current assets		
Inventories	678.9	586.9
less payments received on account	259.2	320.3
	419.7	266.6
Trade receivables	438.6	496.9
Other receivables and Assets	82.3	59.1
Cash and cash equivalents	36.3	138.1
	976.9	960.7
Deferred taxes	41.3	39.2
Prepaid expenses and deferred charges	5.8	4.5
	1,523.3	1,515.3
Equity and liabilities		
<i>In EUR millions</i>	6/30/2003	12/31/2002
Equity	386.2	386.6
Accruals	511.9	456.9
Liabilities		
Liabilities due to banks and similar bonds	361.0	386.6
Trade payables	164.4	190.1
Other liabilities	98.7	94.5
	624.1	671.2
Deferred income	1.1	0.6
	1,523.3	1,515.3

IWKA Group Cash Flow Statement

<i>in EUR millions</i>	1st half 2003	1st half 2002
Half-year net income	5.2	3.7
Depreciation of fixed assets	35.8	35.0
Other non-payment-related expenses/income	-3.2	0.1
Cash flow	37.8	38.8
Profit/loss from disposal of assets	-0.1	-0.1
Change in		
Accruals	53.2	12.0
Inventories less prepayments received on account	-150.1	-100.0
Receivables and deferred charges	44.7	86.8
Liabilities and deferred income	-30.7	-47.9
Cash flow from operating activities	-45.2	-10.4
Payments from disposals of fixed assets	0.6	1.9
Payments for capital expenditure on tangible assets and intangible assets	-27.4	-26.4
Payments for investments in financial assets	-0.8	-2.5
Payments for the acquisition of consolidated companies and other business units	-0.7	-3.8
Cash flow from investing activities	-28.3	-30.8
Change in equity	-4.8	-3.6
Change in fixed assets owing to exchange-rate differences	7.7	11.5
Change in financial liabilities	-29.5	-82.2
Cash flow from financing activities	-26.6	-74.3
Payment-related change in cash and cash equivalents	-100.1	-115.5
Exchange rate-related and other changes in cash and cash equivalents	-1.7	-2.0
Change in cash and cash equivalents	-101.8	-117.5
Cash and cash equivalents at the beginning of the period (1/1)	138.1	175.9
Cash and cash equivalents at the end of the period (6/30)	36.3	58.4