



# PRESS RELEASE

## Report on 1st Quarter 2003

### Stable business in difficult environment IWKA remains cautiously optimistic

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Considering the economic environment, IWKA AG, Karlsruhe, has made a good start to the year 2003. The Group's **order receipts** in the 1<sup>st</sup> quarter exceeded the previous year's by 5.5 percent, reaching EUR 672.2 million. This growth was carried largely by export sales in our German companies. While **sales revenue**, at EUR 466.1 million, was still 5.2 percent below the previous year's figure, our total output of EUR 534.6 million was 4.1 percent above last year.

The Group's **order backlog** is correspondingly high, increasing by EUR 196 million to EUR 1,298 million since the beginning of the year. The calculated range increased to seven months.

At EUR 7.9 million, the IWKA Group's operating profit (EBIT) was ahead of the same period from the previous year (previous year: EUR 5.0 million). The Packaging Technology, Process Technology and Production Technology divisions were able to improve their results in this time. Earnings before interest, taxes and amortization (EBITA) also improved over last year with EUR 12.5 million (previous year: EUR 9.4 million). The after-tax result was still negative at EUR -1.6 million.

The newly consolidated companies Gazomet (Poland), with 316 employees (Process Technology Division), and HLS Ingenieurbüro GmbH & Co. KG of Augsburg, with 168 employees (Production Technology Division), brought our employee count up to 13,436 (compared to 13,089 employees as of 12/31/2002). Not considering the newly consolidated companies, the number of employees is 12,952, which is 137 persons below the level as of 12/31/2002.

Despite this reduction, IWKA seeks its employees as the key to success. 396 young employees are currently receiving professional training in the companies in Germany alone. Special attention is also being paid here to the international position of the IWKA Group. For this reason, a group of these trainees will shortly be sent, as in previous years, for practical training over several weeks at various Group locations abroad.

Capital expenditure in intangible and tangible assets totaled EUR 14.4 million in the 1<sup>st</sup> quarter of 2003 after EUR 18.1 million in the 1<sup>st</sup> quarter of 2002.

### IWKA Group Figures

<i>in EUR millions</i>	<b>3 months 2003</b>	<b>3 months 2002</b>	<b>Change</b>
<b>Order receipts</b>	672.2	637.4	5.5%
<b>Sales revenue</b>	466.1	491.5	-5.2%
% outside Germany	57.9%	58.4%	
<b>Total output</b>	534.6	513.7	4.1%
<b>Order backlog</b>	1,297.8	1,270.4	2.2%
<b>EBITA</b>	12.5	9.4	33.0%
% of sales revenue	2.7	1.9	
<b>EBIT</b>	7.9	5.0	58.0%
% of sales revenue	1.7	1.0	
<b>Net after-tax profit</b>	-1.6	-1.7	
<b>Profit/loss per share</b>	-0.06	-0.06	0.0%
<b>Capital expenditure</b>	14.4	18.1	-20.4%
<b>Employees</b>	(3/31/03) 13,436	(12/31/02) 13,089	2.7%
% outside Germany	41.9%	41.1%	

## Development in the Divisions

The **Production Technology** Division continued its positive development. Order receipts in this division rose 51.7 percent to EUR 356.7 million (previous year: EUR 235.2 million) due to two major projects. On an accounting basis, however, sales revenue, at EUR 217.7 million, remained below the previous year's level (EUR 241.9 million). As a result, the operating profit (EBIT), at EUR 13.7 million, was still slightly below last year's (EUR 14.4 million).

Our welding technology group was once again able to bring in higher order receipts than in the previous year. These included orders from BMW and Ford in the amount of EUR 50.4 and 37.6 million. Order receipts in the KUKA Roboter Group are also above the previous year's. Carmaker orders in particular drove this advance, while demand from industry in general was more restrained. An order including over 600 robots came in from DaimlerChrysler for the new A-Class model in Rastatt. The welding guns group also posted increased order receipts.

### Key Figures for Production Technology

<i>in EUR millions</i>	<i>3 months 2003</i>	<i>3 months 2002</i>	<i>Change</i>
<b>Order receipts</b>	356.7	235.2	51.7%
<b>Sales revenue</b>	217.7	241.9	-10.0%
<b>Employees</b>	(3/31/03) 5,095	(12/31/02) 4,910	3.8%
<b>EBITA</b>	14.8	15.3	-3.3%
% of sales revenue	6.8	6.3	
<b>EBIT</b>	13.7	14.4	-4.9%
% of sales revenue	6.3	6.0	

In **Manufacturing Technology**, order receipts for the first three months of the year came to EUR 126.3 million, falling below the previous year. Last

year's figure was characterized by a major order for the planning, equipment and maintenance of a new engine plant in Kölldeda/Thüringen. Sales revenue, at EUR 84.9 million, was 12.4 percent below the previous year. Nevertheless, the operating result (EBIT) was slightly improved compared to 1<sup>st</sup> quarter 2002 (EUR -4.1 million), reaching -3.7 percent for the 1<sup>st</sup> quarter of 2003.

Making up another major portion of orders received, EX-CELL-O GmbH booked orders worth EUR 30 million this year for the delivery of two cylinder block lines for General Motors. Boehringler Werkzeugmaschinen GmbH was unable to maintain the previous year's comparatively high order total in crankshaft machines, closely reflecting the generally modest demand for machine tools. The assembly and testing technology group also showed lower order receipts than in the previous year; however, a considerable number of major projects are currently around in this market.

### Key Figures for Manufacturing Technology

<i>in EUR millions</i>	<i>3 months 2003</i>	<i>3 months 2002</i>	<i>Change</i>
<b>Order receipts</b>	126.3	172.8	-26.9%
<b>Sales revenue</b>	84.9	96.9	-12.4%
<b>Employees</b>	(3/31/03) 2,130	(12/31/02) 2,149	-0.9%
<b>EBITA</b>	-2.4	-2.8	14.3%
% of sales revenue	-2.8	-2.9	
<b>EBIT</b>	-3.7	-4.1	9.8%
% of sales revenue	-4.4	-4.2	

In the **Process Technology Division**, the measures taken by the Bopp & Reuther Group and the Balg- und Kompensatoren Group are showing their first fruits. Order receipts in this division remain stable at EUR 87.6 million, compared to EUR 87.5 million in 2002. Sales revenue, at EUR 67.5 million, was just below the previous year's (EUR 70.5 million). The division posted an operating loss of EUR 3.7 million (previous year: EUR -4.6 million).

The goals set for the Bopp & Reuther Group were realized. Weak domestic demand was counteracted by increased efforts in exports. The Balg- und Kompensatoren Group was able to build its business volume after the difficult year 2002. The RMG Group posted an increase in order receipts from abroad, achieving a stable order backlog as reported above by winning major orders.

### Key Figures for Process Technology

<i>in EUR millions</i>	<i>3 months 2003</i>		<i>3 months 2002</i>		<i>Change</i>
<b>Order receipts</b>	87.6		87.5		0.1%
<b>Sales revenue</b>	67.5		70.5		-4.3%
<b>Employees</b>	(3/31/03)	3,125	(12/31/02)	2,912	7.3%
<b>EBITA</b>	-3.5		-4.5		22.2%
% of sales revenue	-5.2		-6.4		
<b>EBIT</b>	-3.7		-4.6		19.6%
% of sales revenue	-5.5		-6.5		

The **Packaging Technology Division** reported a restrained order volume, achieving order receipts of EUR 99.8 million (previous year: EUR 141.8 million) but increased sales revenues in the amount of EUR 94.1 million (previous year: EUR 80.4 million). The operating result (EBIT) in the first three months of this year was EUR -1.0 million, still a substantial improvement over the previous year's figure of EUR -3.1 million.

A noticeable reluctance to award new projects was observed in the packaging technology markets due to the weak economic situation. Despite a number of projects on the market, order placement itself is currently sluggish. The companies are expecting strengthened order placements in the second half of the year, particularly in the United States.

In the 1<sup>st</sup> quarter, Hüttlin GmbH had high order receipts for five production systems for coating granulates. Hassia Verpackungsmaschinen GmbH, which is celebrating 50 years in the market in 2003, was able to post new orders from China for thermoforming, filling and sealing machines for dairy product packaging companies.

### Key Figures for Packaging Technology

<i>in EUR millions</i>	<i>3 months 2003</i>		<i>3 months 2002</i>		<i>Change</i>
<b>Order receipts</b>	99.8		141.8		-29.6%
<b>Sales revenue</b>	94.1		80.4		17.0%
<b>Employees</b>	(3/31/03)	2,998	(12/31/02)	3,027	-1.0%
<b>EBITA</b>	1.1		-1.0		-
% of sales revenue	1.2		-1.2		
<b>EBIT</b>	-1.0		-3.1		67.7%
% of sales revenue	-1.1		-3.9		

### Outlook

In the first quarter, IWKA managed to avoid the effects of the generally poor economic situation to some extent, mainly due to the strong positions we hold in our core business fields. Maintaining a presence in different markets also helps balance the risks in terms of both sector-specific and overall economic fluctuations. Order receipts and sales revenue are expected to remain at 2002 levels. It is still too early to forecast results reliably. As far as we can see at present, we feel that achieving an operating profit on the same order of magnitude as last year is a realistic goal. As a prerequisite for achieving this goal, however, there must be no further deterioration in the economic framework conditions.

## Income Statement

<i>in EUR millions</i>		<b>3 months 2003</b>	<b>3 months 2002</b>
<b>Sales revenue</b>		<b>466.1</b>	<b>491.5</b>
Changes in inventories of finished goods and work in process		68.5	21.8
Own costs capitalized		0.0	0.4
<b>Total output</b>		<b>534.6</b>	<b>513.7</b>
Other operating income		7.7	8.0
Cost of materials		-262.6	-250.6
Personnel expense		-177.1	-177.8
Depreciation/amortization of intangible and tangible fixed assets		-17.8	-17.4
Other operating expenses		-76.9	-70.9
<b>Earnings from operating activities (EBIT)</b>		<b>7.9</b>	<b>5.0</b>
Net interest expense		-6.0	-6.3
<b>Earnings from ordinary activities</b>		<b>1.9</b>	<b>-1.3</b>
Extraordinary profit/loss			
Taxes on income		-3.5	-0.4
<b>Net after-tax profit</b>		<b>-1.6</b>	<b>-1.7</b>
Minority interests in profits		0.0	0.2

## IWKA Group Balance Sheet

<b>ASSETS</b> <i>in EUR millions</i>	<i>03/31/2003</i>	<i>12/31/2002</i>
<b>Fixed assets</b>		
Intangible assets	202.7	201.7
Tangible assets	280.8	281.6
Financial assets	22.6	27.6
	<b>506.1</b>	<b>510.9</b>
<b>Current assets</b>		
Inventories	659.9	586.9
less payments received on account	326.7	320.3
	333.2	266.6
Trade receivables	455.0	496.9
Other receivables and assets	76.5	59.1
Cash and cash equivalents	83.7	138.1
	<b>948.4</b>	<b>960.7</b>
<b>Deferred taxes</b>	<b>39.0</b>	<b>39.2</b>
<b>Prepaid expenses and deferred charges</b>	<b>7.0</b>	<b>4.5</b>
	<b>1,500.5</b>	<b>1,515.3</b>
<b>EQUITY AND LIABILITIES</b> <i>in EUR millions</i>	<i>03/31/2003</i>	<i>12/31/2002</i>
<b>Equity</b>	<b>380.2</b>	<b>386.6</b>
<b>Accruals</b>	<b>478.1</b>	<b>456.9</b>
<b>Liabilities</b>		
Liabilities due to banks and similar to bonds	386.8	386.6
Trade payables	165.0	190.1
Other liabilities	89.0	94.5
	<b>640.8</b>	<b>671.2</b>
<b>Deferred income</b>	<b>1.4</b>	<b>0.6</b>
	<b>1,500.5</b>	<b>1,515.3</b>

## Cash Flow Statement

<i>in EUR millions</i>	1/1 - 03/31/2003	1/1 - 03/31/2002
Profit/loss 3 months	-1.6	-1.7
Depreciation/amortization on tangible and intangible fixed assets	17.8	17.3
Other non-payment-related expenses/income	-0.3	-0.4
<b>Cash flow</b>	<b>15.9</b>	<b>15.2</b>
Profit/loss from disposal of assets	0.0	-0.1
Change in accruals	19.4	16.4
Changes in currents assets and liabilities		
Inventories less prepayments received on account	-63.7	-78.6
Receivables and deferred charges	33.8	68.2
Liabilities and deferred income	-39.5	-36.2
<b>Cash flow from operating activities</b>	<b>-34.1</b>	<b>-15.1</b>
Payments from disposals of fixed assets	0.3	0.7
Payments for capital expenditure on intangible assets	-1.4	-1.3
Payments for capital expenditure on tangible assets	-13.0	-12.7
Payments for investments in financial assets	-0.7	-7.9
Payments for the acquisition of consolidated companies and other business units	-0.8	0.0
<b>Cash flow from investing activities</b>	<b>-15.6</b>	<b>-21.2</b>
Change in equity	-4.2	1.2
Change in fixed assets owing to exchange rate differences	4.2	-1.2
Payments for repaying bonds and (financial) loans	-3.8	-51.6
<b>Cash flow from financing activities</b>	<b>-3.8</b>	<b>-51.6</b>
<b>Payment-related change in cash and cash equivalents</b>	<b>-53.5</b>	<b>-87.9</b>
Exchange rate-related and other changes in cash and cash equivalents	-0.9	0.2
<b>Change in cash and cash equivalents</b>	<b>-54.4</b>	<b>-87.7</b>
Cash and cash equivalents at the beginning of the period (1/1)	138.1	175.9
<b>Cash and cash equivalents at the end of the period (3/31)</b>	<b>83.7</b>	<b>88.2</b>

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