

First Quarter Report 2005



At a Glance

Highlights

- Upward sales trend continues unabated
- Substantial sales growth in both business units
- Positive quarterly results in spite of additional costs
- Cautiously optimistic on prospects for 2005

Key Figures for the CEAG Group

(The group currency is the EUR)

in millions of EUR		1-3/2005	1-3/2004	Change in %
Unit sales	in millions of units			
CEAG		40.5	34.1	19.0
FMP		36.5	31.6	15.5
FPS		4.0	2.5	62.7
Revenues (with third parties)				
CEAG		44.0	34.7	26.8
FMP		29.7	24.7	20.5
FPS		14.3	10.0	42.6
EBIT				
CEAG		0.6	0.6	7.9
EBIT operating margin	%	1.5	1.7	
FMP EBIT		0.6	0.6	
FPS EBIT		0.1	0.0	
Consolidated net profit		0.4	0.3	41.1
Earnings per share	EUR	0.05	0.04	
Capital expenditure		2.1	0.7	216.1
Employees (as of March 31)				
Germany		252	243	3.7
Abroad		10,665	9,035	18.0

Contents

Contents

Financial Calendar and Addresses	4
Market Environment	5
First Quarter	
Unit Sales	6
Revenues	6
Earnings	6
Cash Flow and Balance Sheet	7
Capital expenditure	8
Employees	8
Outlook	8
CEAG Share	9
CEAG Group Quarterly Financial Statements	10

Financial Calendar and Adresses

Financial Calendar

Fiscal year January 1 – December 31

First Quarter Report May 12, 2005
Semi-Annual Report August 3, 2005
Third Quarter Report November 9, 2005

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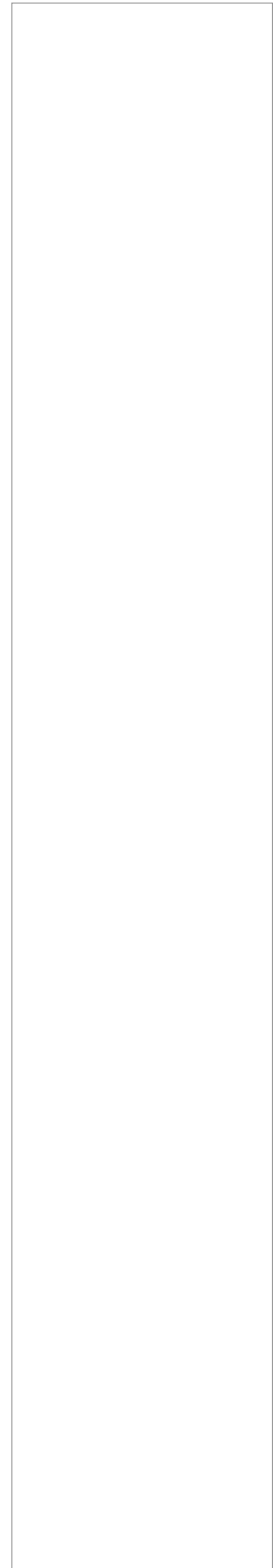
The Quarterly Report is also available in German.

First Quarter Report

Market Environment

Prospects of an economic recovery in Germany have faded further in the first few months of 2005. In their spring reports published at the end of April, the leading German economic research institutes cut their GDP growth projection to 0.7%; in autumn 2004 they had forecast 1.5%. The European Central Bank expects growth of 1.6% for the euro zone. Sound growth is still being anticipated for the global economy as a whole for 2005, but levels are not expected to match the 2004 figure of 5%.

Dynamic growth continues in the global market for mobile telephones, the CEAG Group's most important customer segment. Market research institutes and leading manufacturers expect unit sales growth for 2005 to be significant, but to fall considerably short of the prior year's growth rate (up 27%). This estimate is supported by the figures available for the first quarter. According to the British market research institute Strategy Analytics, 172 million mobile phones were sold worldwide between January and March. This translates into an increase of 10% on the first quarter last year; however at that time unit sales were still growing by 44%.



First Quarter Report

Unit Sales

From January to March 2005, the CEAG Group sold a total of 40.5 million power supplies and chargers, an increase of 19% on the prior-year period (34.1 million units). Units sales growth in the FRIWO Mobile Power (FMP) business unit, which caters to the high-volume mobile telephone market, far surpassed industry growth rates, selling 36.5 million units, compared to 31.6 million units in the first quarter of 2004 (up 16%).

The FRIWO Power Solutions (FPS) unit, which focuses on highly fragmented markets such as medical technology, mobile household appliances and power tools, sold 4.0 million units in the first three months, an increase of about 62% compared with the first quarter 2004 (2.5 million units). The prior year's dynamic unit sales growth has thus been maintained, thanks to new projects and customers.

Revenues

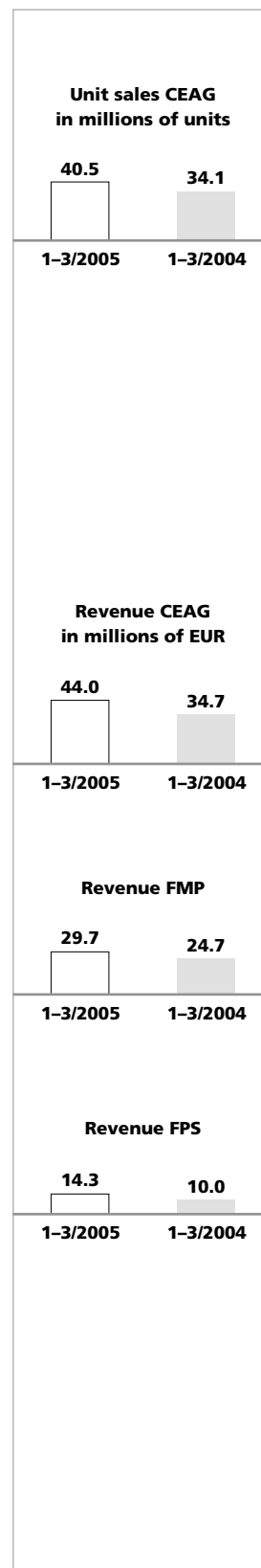
The CEAG Group generated revenues of EUR 44.0 million in the first three months. This represents an increase of 26.8% compared to the same period in the prior year (EUR 34.7 million).

The revenues of the FMP business unit amounted to EUR 29.7 million in the first three months (prior-year period: EUR 24.7 million). At 20.5%, revenue growth outperformed unit sales growth thanks to a larger share of higher-price switch mode devices. New customers contributing only a limited amount.

The FPS business unit reported quarterly revenues of EUR 14.3 million for the first quarter (prior-year period: EUR 10.0 million), i.e. an increase of 43% on the same period last year.

Earnings

In the first three months of 2005, the CEAG Group was again operating in an environment influenced by high prices for raw materials. Additional costs were also incurred, pushing the cost of sales up 28.7% to EUR 39.2 million, slightly outpacing revenue growth.



First Quarter Report

Other operating income and expenses fell overall from EUR 0.5 million to EUR 0.2 million, net, partly because of lower exchange gains. As a result of these effects, at EUR 0.6 million, EBIT in the first quarter equaled the figure in the prior-year period. Together with the financial result, the Group reports quarterly earnings before tax of EUR 0.5 million (prior-year period: EUR 0.4 million). The net profit of the first quarter amounts to EUR 0.4 million (prior year: EUR 0.3 million) or EUR 0.05 per share, compared with EUR 0.04 per share in the prior-year period.

Generating EBIT of EUR 0.6 million, the FMP business unit rivaled its earnings of the prior-year period. This business unit bore the additional costs of expanding the sales network in Asia which were not contained in the first quarter of the prior year. In China, the costs of increasing capacity in the three production plants to satisfy market demand and of the vacation close-down in February also had to be considered. In this year, project start-up costs such as air freight and model construction expenses were also incurred.

EBIT of the FPS business unit came to EUR 0.1 million, only slightly higher than the break-even result of the first quarter 2004. A key factor was the additional expenditure needed to maintain the high quality standards of FRIWO products. This meant that earnings did not improve notably in spite of higher revenues.

Cash Flow and Balance Sheet

The CEAG Group's cash flow from operating activities for the period from January to March 2005 amounted to -EUR 4.2 million after -EUR 1.4 million in the same prior-year period. This increase is primarily attributable to higher trade receivables, especially from the Chinese operations, and the reduction of trade payables. The EUR 1.4 million year-on-year increase in investment expenditure had an impact on the cash flow from investing activities.

The balance sheet total of the CEAG Group stood at EUR 77.1 million as of March 31, 2005, up EUR 6.9 million compared with year-end 2004 (EUR 70.2 million). On the assets side, the increase is due mainly to the EUR 4.5 million increase in trade receivables. On the liabilities side, higher financing requirements for operating activities and investments increased current financial liabilities by EUR 8.7 million to EUR 18.5 million. At EUR 21.8 million, equity was EUR 1.6 million up on the figure at year-end 2004 (EUR 20.2 million). This translates into an equity ratio of 28.2% and is therefore almost identical to the level at year-end (28.8%).



First Quarter Report

Capital Expenditure

EUR 2.1 million was invested in the CEAG Group in the first three months of the fiscal year, compared to a mere EUR 0.7 million in the prior-year period. The year-on-year increase is mainly due to the increases in capacity for switch mode technology in the Chinese plants. Investments were also made in production technology and in an ERP system in the German plant in Ostbevern.

Employees

On March 31, 2005, the CEAG Group employed 10,915 people worldwide, more than on March 31, 2004 (9,278) and at the end of the prior fiscal year (10,352). As of March 31, 2005, 252 employees worked in Ostbevern compared with 243 a year ago. 10,665 people were employed abroad, mostly in the Chinese production plants (March 31, 2004: 9,035). The increase in headcount is a reflection of the rise in output, especially in the FMP business unit.

Outlook

Persisting cost-related risks, including the high prices for raw materials, a potential appreciation of the renminbi against the US dollar, and rising wages in South China, make it hard to forecast results for the whole of 2005.

Once again, the winning of new key accounts heads the FMP business unit's list of priorities. We are anticipating that the upward trend in the FPS business unit will continue in 2005, fueled by new products and customers.

The first quarter 2005 has shown that CEAG is yet again on track for growth, in terms of both unit sales and revenues. The Management Board expects revenue growth for 2005 in both business units and hence for the Group as a whole. At this point in time, we are unable to predict with any certainty to what extent this growth will be mirrored in earnings.

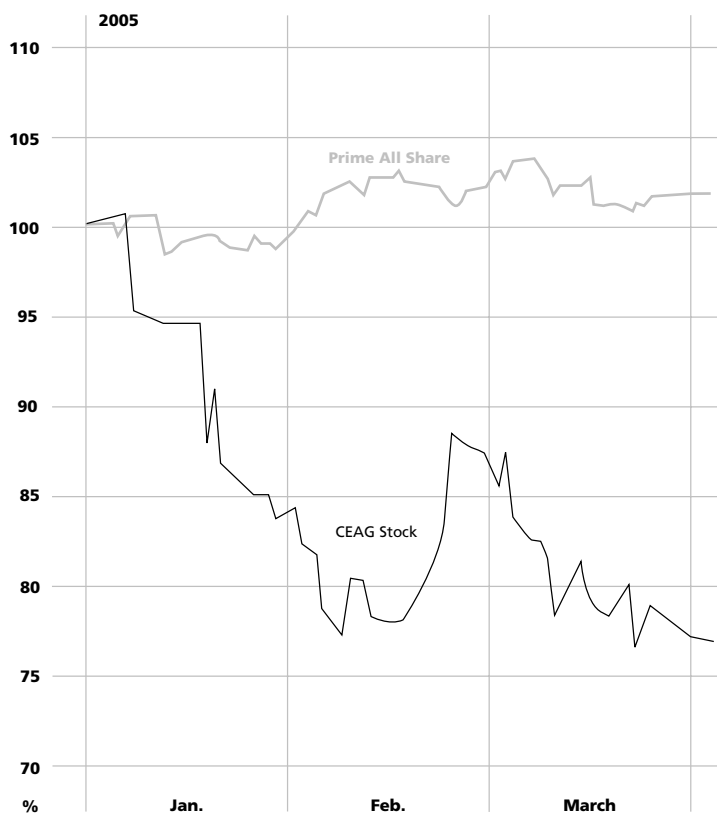


First Quarter Report

CEAG Share

The CEAG share price did not perform satisfactorily in the first three months. After closing 2004 at EUR 7.71, the share price climbed to EUR 8.35 on January 6 before a downward trend set in and the price dropped to EUR 6.30 – the price reached on the last day of the quarter (all prices quoted are Xetra closing prices).

The CEAG Stock vs. Prime All Share Index January 1 - March 31, 2005



CEAG Group Quarterly Financial Statements

Consolidated Balance Sheet of the CEAG Group as of March 31, 2005

Assets

in thousands of EUR	Mar. 31, 2005	Dec. 31, 2004
Non-current assets		
Other intangible assets	572	419
Property, plant and equipment	18,765	17,732
Financial assets	5	5
	19,342	18,156
Deferred taxes	262	231
Current assets		
Inventories	30,903	32,279
Trade receivables	18,133	13,590
Other assets	2,302	2,181
Prepaid expenses	345	343
Cash and cash equivalents	5,794	3,426
	57,477	51,819
Total assets	77,081	70,206

This Quarterly Report complies with International Accounting Standard 34. The same accounting and valuation principles are applied as used in the preparation of the consolidated financial statements for 2004.

**Consolidated Balance Sheet of the CEAG Group
as of March 31, 2005**

Equity and liabilities

in thousands of EUR	Mar. 31, 2005	Dec. 31, 2004
Equity		
Subscribed capital	20,020	20,020
Capital reserve	15,440	15,440
Revenue reserves	-14,098	-17,299
Consolidated net profit	402	2,074
	21,764	20,235
Liabilities		
Non-current liabilities		
Non-current liabilities to banks	473	522
Provisions for pensions and similar obligations	2,215	2,215
Other non-current provisions	871	909
	3,559	3,646
Current liabilities		
Provisions for taxes	811	855
Other current provisions	1,409	1,305
Current financial liabilities	18,462	9,775
Trade payables	24,050	27,720
Other liabilities	7,026	6,670
	51,758	46,325
	55,317	49,971
Total equity and liabilities	77,081	70,206

**Consolidated Income Statement of the CEAG Group
as of March 31, 2005**

in thousands of EUR	1-3/2005	1-3/2004
Revenue	43,953	34,654
Cost of sales	-39,239	-30,481
Gross profit	4,714	4,173
Research costs	-137	-92
Selling expenses	-1,778	-1,630
General administrative expenses	-2,316	-2,382
Other operating expenses	-395	-381
Other operating income	557	928
Earnings before interest, taxes and amortization of goodwill (EBITA)	645	616
Amortization of goodwill	0	-18
Earnings before interest and taxes (EBIT)	645	598
Interest income	4	25
Interest expense	-197	-233
Earnings before income taxes (EBT)	452	390
Income taxes	-50	-105
Consolidated net profit	402	285
Earnings per share (basic and diluted) (in EUR)	0.05	0.04

**Statement of Changes in Equity for the CEAG Group
as of March 31, 2005**

in thousands of EUR	1-3/2005	1-3/2004
Consolidated equity as of January 1	20,235	19,814
Consolidated net profit	402	285
Change in valuation reserve for cash flow hedges	-9	-73
Currency translation differences	1,006	815
Other comprehensive income	130	0
Consolidated equity as of March 31	21,764	20,841

Cash Flow Statement of the CEAG Group as of March 31, 2005

in thousands of EUR	1-3/2005	1-3/2004
Consolidated net profit	402	285
Depreciation of non-current assets	1,459	1,410
Change of provisions	22	337
Gain/loss on the disposal of non-current assets	-9	0
Change in deferred taxes	-31	3
Change in inventories	1,376	1,921
Change in trade receivables and other assets that cannot be allocated to investing or financing activities	-4,666	5,227
Change in trade payables and other liabilities that cannot be allocated to investing or financing activities	-3,314	-10,956
Other non-cash effects	559	392
Cash flow from operating activities	-4,202	-1,381
Cash received from disposals of property, plant and equipment/intangible assets	18	10
Cash paid for investments in property, plant and equipment/ intangible assets/financial assets	-2,086	-660
Cash flow from investing activities	-2,068	-650
Change in financial liabilities	8,638	-1,113
Cash flow from financing activities	8,638	-1,113
Net change in cash and cash equivalents	2,368	-3,144
Cash and cash equivalents at beginning of fiscal year	3,426	5,801
Cash and cash equivalents at end of quarter	5,794	2,657

Segment Reporting for the CEAG Group

By business unit in thousands of EUR	FMP	FPS	Group
1-3/2005			
External sales	29,692	14,261	43,953
Segment result (EBIT)	551	94	645
1-3/2004			
External sales	24,650	10,004	34,654
Segment result (EBIT)	592	6	598