

Power unlimited

First Quarter Report 2004



CEAG AG

At a Glance

Highlights

- Units sales up 19% in the first three months
- Currency effects weigh heavily on revenues
- Quarterly results at prior-year level

Key Figures for the CEAG Group

In millions of EUR		1 -3/2004	1 -3/2003
Unit sales	in millions		
CEAG		34.1	28.6
FMP		31.6	27.0
FPS		2.5	1.6
Revenue			
CEAG		34.7	40.1
FMP		24.7	30.4
FPS		10.0	9.7
EBIT			
CEAG		0.6	0.5
EBIT operating margin	%	1.7	1.3
FMP EBIT		0.6	0.6
FPS EBIT		0.0	-0.1
Consolidated net profit/loss			
Earnings per share	EUR	0.04	0.02
Capital expenditure			
		0.7	2.4
Employees (as of March 31)			
Germany		243	254
Abroad		9,035	7,431

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Financial Calendar 2004

Fiscal year	January 1 – December 31
First quarter report	May 13, 2004
Annual shareholders' meeting	May 26, 2004, 14:00 (Kurhaus, Bad Homburg v.d.H.)
Semi-annual report	August 12, 2004
Third quarter report	November 10, 2004

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CEAG AG, Bad Homburg v.d.H

The annual report is also available in German.

First Quarter

Market Environment

Economic experts still expect a steady upturn in the global economy in 2004, with Germany's six leading economic research institutes forecasting 3.7% global economic growth. The growth drivers will be the United States and East Asia, especially China, while the euro area should put in a subdued performance. The six institutes forecast 1.6% growth for the European economic area, primarily driven by exports, with domestic demand remaining weak.

The federal government reduced its forecast for GDP growth in Germany for 2004 from 1.7% to 1.5% at the end of April in line with the expectations of most economic research institutes, citing a lack of signs of a lasting recovery in private consumption, among other factors. The federal government also sees risks to overall economic growth in the higher prices for oil and raw materials.

The global market for mobile telephones, the CEAG Group's most important customer segment, is still undergoing a dynamic growth phase. Following sales of 520 million mobile telephones in 2003, market researchers and manufacturers are forecasting sales of up to 600 million units for the current year. The Gartner market research institute expects sales of 580 million mobile telephones, which would equate to an increase of almost 12% on 2003. Shifts in market shares, some of them significant, and tough competition, especially on prices, continue to shape the market in which mobile telephone manufacturers operate.

Business Performance in the First Quarter of 2004

Unit Sales

The CEAG Group sold a total of 34.1 million FRIWO brand power supplies and chargers in the first three months of 2004. This represents an increase of 19.2% against the same prior-year period (28.6 million units). The FRIWO Mobile Power (FMP) business unit, which covers the high-volume markets for mobile telephones, CD/MD players, etc., recorded a 17.2% rise in sales to 31.6 million units (first quarter 2003: 27.0 million units). In the FRIWO Power Solutions (FPS) business unit, which focuses on highly fragmented markets such as medical technology, household appliances and power tools, the momentum that started to gather pace at the end of 2003 continued in the first quarter of 2004. FPS's sales rose from 1.6 million units in the prior-year period to 2.5 million units (up 51.6%), mainly driven by the start of new projects acquired during 2003.

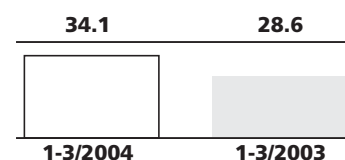
Revenue

Consolidated revenues in the first three months of 2004 came to EUR 34.7 million, down 13.6% on the same prior-year period (EUR 40.1 million). The decrease in the value of the US currency against the euro compared with the prior-year quarter impacted the CEAG Group's revenues, which are mostly billed in US dollars. If exchange rates had remained constant compared to the prior year, revenues for the CEAG Group in the first quarter would have stood at EUR 39.3 million, just under the prior year's level.

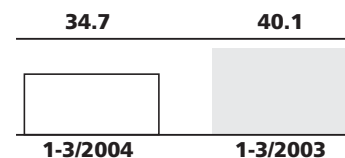
The FMP business unit recorded revenues of EUR 24.7 million for the quarter, down 19.0% on the first three months of 2003. Net of currency effects, revenues would have dropped 6.0%. Price reductions offset in the increase in volume.

In line with the strong rise in unit sales, the FPS business unit increased its revenues in the first quarter by a slight 3.2% to EUR 10.0 million. This growth would have even been 10% if exchange rates had been constant.

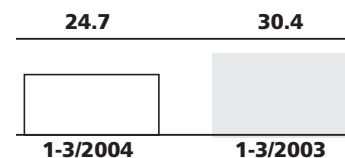
Sales in millions of unit



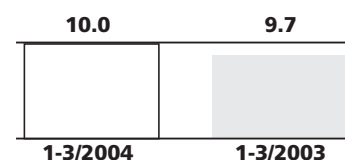
Group revenue in millions of EUR



FMP revenue in millions of EUR



FPS revenue in millions of EUR



First Quarter

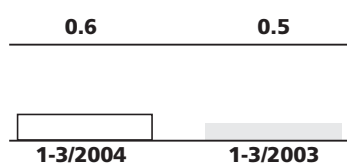
Earnings

In the first quarter of the year, the CEAG Group continued its positive performance shown in 2003. The first three months made a comparatively low contribution to revenues and earnings, however, in line with expectations and seasonal patterns.

Earnings before interest and taxes (EBIT) came to EUR 0.6 million, slightly higher than the figure for the first three months of 2003 (EUR 0.5 million). Continuing efforts in the entire Group to further cut costs and improve internal efficiency allowed this positive result to be achieved despite lower revenues and despite some hefty price rises for raw materials such as metals and plastics.

Including the financial result, which has improved thanks to the reduction in debt, the CEAG Group reports earnings before taxes of EUR 0.4 million for the quarter (prior-year period: EUR 0.2 million). Consolidated net profit after taxes comes to EUR 0.3 million (prior-year period: EUR 0.2 million) or EUR 0.04 per share (prior-year period: EUR 0.02 per share).

EBIT in millions of EUR



At EUR 0.6 million in the first quarter, the EBIT of the FMP business unit remained unchanged against the same period in 2003. The FPS business unit closed the quarter under review with break-even EBIT after negative EBIT of EUR 0.1 million in the comparable prior-year period.

Cash Flow and Balance Sheet

The Group's cash flow from operating activities remained negative at -EUR 1.4 million in the first three months due to seasonal fluctuations, but this was still a significant improvement on the same quarter in 2003 (-EUR 3.0 million).

Owing to the seasonally lower business volume, the balance sheet total decreased by EUR 10.7 million to EUR 67.0 million against year-end. At EUR 20.8 million, equity was above the figure at year-end 2003 (EUR 19.8 million), translating into an equity ratio of 31.0% as of March 31, 2004 (December 31, 2003: 25.5%).

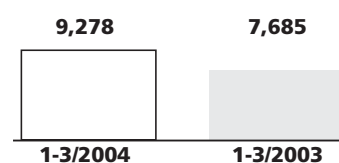
Employees

Group-wide, CEAG employed 9,278 people (prior year: 7,685) on March 31 of this year. Headcount was increased by a substantial 1,593 against the same date in the prior year, reflecting the recovery in the global mobile telephone market seen during the year and higher production by CEAG as a result. As of March 31, 2004, 243 employees worked at the headquarters of CEAG AG in Ostbevern compared with 254 at the end of March 2003. 9,035 people were employed abroad as of March 31, 2004, mostly in the two Chinese production plants (March 31, 2003: 7,431).

Outlook

Although the economic environment is more favorable overall than in 2003, currency effects and higher prices for raw materials are risk factors for CEAG's business. Against this background, the objective is to repeat the positive performance of earnings shown in 2003. Given the usual seasonal variances, the greatest contributions to revenues and earnings are expected in the second half of the year, provided that the economy continues to improve and that the momentum on the mobile telephone market continues.

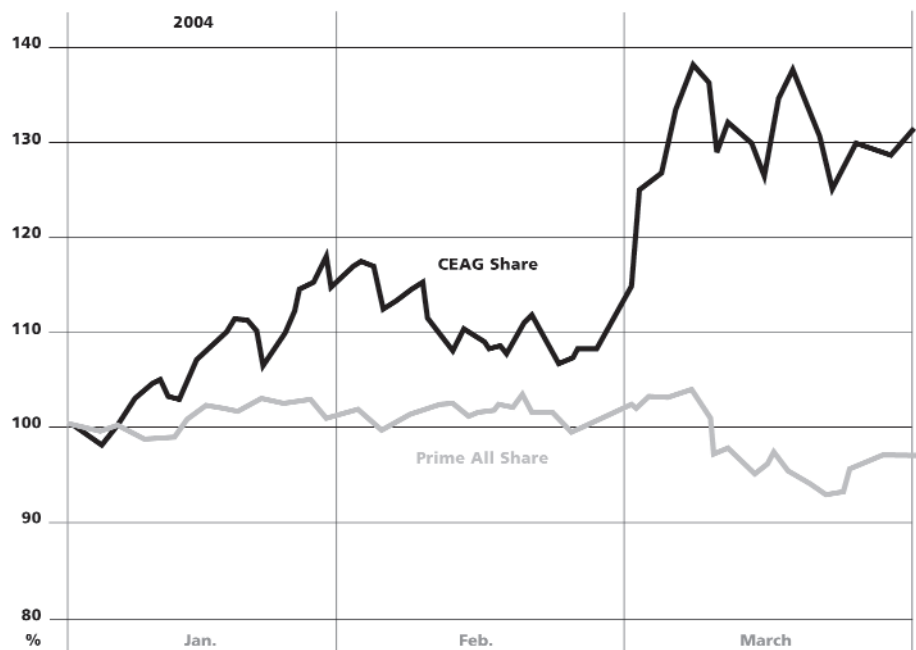
Total employees



First Quarter

The CEAG Share

The CEAG share performed very well in the first three months of 2004. Starting from a 2003 year-end price of EUR 8.65, the share price rose steadily at the beginning of March to reach the high for the quarter of EUR 12.10. During March the share price settled at a level between EUR 11 and EUR 12, and was listed at EUR 11.20 on the balance sheet date, March 31, 2004. This is a 30% increase in value over the quarter under review, the top performance during the quarter being 40%. This growth saw the CEAG share leave the comparative index Prime All Share well behind in a repeat of last year's performance.



CEAG Group

Quarterly Financial Statements

Consolidated Balance Sheet of CEAG AG as of March 31, 2004

Assets

In thousands of EUR	Mar. 31, 2004	Dec. 31, 2003
Non-current assets		
Goodwill	150	168
Other intangible assets	573	663
Property, plant and equipment	15.911	16.213
Financial assets	5	5
	16.639	17.049
Deferred taxes	100	103
Current assets		
Inventories	26.073	27.994
Trade receivables	17.835	22.396
Other assets	3.466	4.191
Prepaid expenses	213	154
Cash and cash equivalents	2.657	5.801
	50.244	60.536
Total assets	66.983	77.688

CEAG Group

Quarterly Financial Statements

Consolidated Balance Sheet of CEAG AG as of March 31, 2004

Equity and liabilities

In thousands of EUR	Mar. 31, 2004	Dec. 31, 2003
Equity		
Subscribed capital	20.020	20.020
Capital reserve	15.440	15.440
Revenue reserves	-14.904	-18.405
Consolidated net profit (prior year: consolidated net loss)	285	2.759
	20.841	19.814
Debt		
Non-current debt		
Non-current liabilities to banks	852	897
Provisions for pensions and similar obligations	2.173	2.174
Other non-current provisions	790	784
	3.815	3.855
Current debt		
Provisions for taxes	933	509
Other current provisions	1.536	1.628
Current financial liabilities	15.220	16.288
Trade payables	18.017	28.709
Other liabilities	6.621	6.885
	42.327	54.019
	46.142	57.874
Total equity and liabilities	66.983	77.688

Consolidated Income Statement of CEAG AG as of March 31, 2004

In thousands of EUR	1 - 3/2004	1 - 3/2003
Revenue	34.654	40.113
Cost of sales	-30.837	-35.815
Gross profit	3.817	4.298
Research costs	-92	-172
Selling expenses	-1.274	-1.271
General administrative expenses	-2.382	-2.300
Other operating income	928	734
Other operating expenses	-399	-758
Operating income	598	531
Financial result	-208	-345
Earnings before income taxes	390	186
Income taxes	-105	-5
Consolidated net profit	285	181
Earnings per share (in EUR)	0,04	0,02

Statement of Changes in Equity for the CEAG Group

In thousands of EUR	1 - 3/2004	1 - 3/2003
Consolidated equity as of January 1	19.814	22.577
Consolidated net profit	285	181
Change in valuation reserve for cash flow hedges	-73	0
Currency translation differences	815	-1.564
Consolidated equity as of March 31	20.841	21.194

CEAG Group Quarterly Financial Statements

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 2003.

Segment Reporting

By business unit in thousands of EUR	FMP	FPS	Group
1 - 3/2004			
External sales	24.650	10.004	34.654
Segment result (EBIT)	592	6	598
1 - 3/2003			
External sales	30.420	9.693	40.113
Segment result (EBIT)	625	-94	531

Cash Flow Statement of the CEAG Group

In thousands of EUR	1-3 / 2004	1-3 / 2003
Consolidated net profit	285	181
Depreciation of non-current assets	1.410	1.444
Change in provisions	337	-1.503
Change in deferred taxes	3	-2
Change in inventories	1.921	4.478
Change in trade receivables and other assets that cannot be allocated to investing or financing activities	5.227	-1.955
Change in trade payables and other liabilities that cannot be allocated to investing or financing activities	-10.956	-4.570
Other non-cash expenses and income	392	-1.085
Cash flow from operating activities	-1.381	-3.012
Cash received from disposals of property, plant and equipment/intangible assets	10	231
Cash paid for investments in property, plant and equipment/intangible assets/financial assets	-660	-2.413
Cash flow from investing activities	-650	-2.182
Change in financial liabilities	-1.113	7.073
Cash flow from financing activities	-1.113	7.073
Net change in cash and cash equivalents	-3.144	1.879
Cash and cash equivalents at beginning of fiscal year	5.801	1.102
Cash and cash equivalents at end of quarter	2.657	2.981