

Power unlimited

Third Quarter Report 2003



CEAG AG

At a glance

Highlights

- FMP business unit benefits from the upswing in the mobile communications market
- Sales growth of 8% after nine months
- Positive earnings trend continues in the third quarter
- Unchanged forecast for 2003 as a whole

Key Figures for the CEAG Group

		1-9/2003	1-9/2002
CEAG unit sales	in millions of units	95.4	88.1
FMP unit sales	in millions of units	90.4	83.4
FPS unit sales	in millions of units	4.9	4.7
CEAG revenue	in millions of EUR	120.8	143.1
FMP revenue	in millions of EUR	92.9	110.5
FPS revenue	in millions of EUR	27.9	32.6
CEAG EBIT	in millions of EUR	1.5	- 13.7*
EBIT operating margin	%	1.2	- 9.6
FMP EBIT	in millions of EUR	2.6	- 3.3
FPS EBIT	in millions of EUR	- 1.1	- 10.4
Consolidated net profit (prior year: consolidated net loss)	in millions of EUR	0.4	- 19.5
Earnings per share	in EUR	0.05	- 2.53
Capital expenditure	in millions of EUR	5.8	5.2
Employees (as of June 30)		10,366	7,665
Germany		251	313
Abroad		10,115	7,352

* incl. EUR 10 million in restructuring costs

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Corporate Calendar 2003/2004

Key Figures for Fiscal Year 2003	March 22, 2004	First Quarter Report	May 13, 2004
Annual Report for 2003 on the Internet	March 31, 2004	Annual Shareholders' Meeting	May 26, 2004
Annual Results Press Conference	April 28, 2004	Semi-Annual Report 2004	August 12, 2004
Analyst Conference	April 28, 2004	Third Quarter Report	November 11, 2004

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CEA

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The third quarter report is also available in German.

Third Quarter Report

Market Environment

The general economic environment continued to remain gloomy in the markets relevant to CEAG in the third quarter of 2003. However, the impact of political crises on the global economy, particularly the conflict in Iraq, which was still considerable in the first half of the year, has lessened. The outbreak of SARS crippled life in parts of Asia for a time but was brought under control by the end of the second quarter and is no longer a relevant factor.

In Germany, the federal government once again reduced its forecast of GDP growth for 2003 and is now forecasting zero growth. A slight recovery with GDP growth of 1.5% to 2.0% is forecast for the coming year.

The global market for mobile telephones picked up further in the third quarter. Leading manufacturers and market research institutes are now optimistic about the development of the market and have revised their forecasts of unit sales for 2003 upwards. Hence Nokia and Samsung are now anticipating global unit sales of mobile telephones of some 460 million; the market research institute Strategy Analytics has even forecast unit sales of 492 million. This trend is being driven by new generations of mobile telephones with multimedia functions such as integrated cameras. According to Gartner Dataquest, 423 million telephones were sold worldwide in 2002.

Business Performance

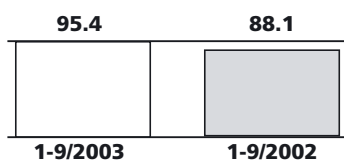
Unit Sales

Unit sales in the CEAG Group picked up notably in the third quarter of 2003, with the Group selling 35.8 million FRIWO brand power supplies and chargers. This equates to almost 25% growth against the same prior-year quarter (28.9 million units).

In the first three quarters, cumulative unit sales totaled 95.4 million power supplies and chargers (prior-year period: 88.1 million units), an increase of 8.0% following growth of 0.3% at the end of the first half-year.

The FRIWO Mobile Power (FMP) business unit, which focuses on the high-volume markets such as those for mobile telephones, CD/MD players, etc., sold 90.4 million power supplies and chargers in the first nine months, up almost 8.4% (prior-year period: 83.4 million units).

**Sales
in millions of EUR**



Unit sales for the FRIWO Power Solutions (FPS) business unit, which focuses on products for medical technology, power tools, industrial technology, and other applications in the communications industry, came to 4.9 million power supplies and chargers in the first nine months. This is an increase of 5% against the same period last year (prior-year period unit sales: 4.7 million).

Revenues

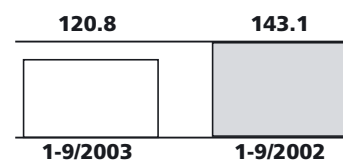
The CEAG Group generated revenues of EUR 120.8 million in the first nine months of 2003. This represents a drop of almost 16% against the same period in 2002 (EUR 143.1 million). After the first six months, revenues were still lagging 22% behind the same prior-year period. The CEAG Group's revenues for the third quarter came to EUR 42.8 million, reaching the same level as in the same quarter last year (EUR 42.9 million).

Besides the ongoing pressure on prices, the increase in the value of the euro against the US dollar also continued to exert strong influence on the development of revenues as CEAG predominantly invoices in US dollars. Had exchange rates been constant against the prior year, consolidated revenues would have remained stable in the first nine months.

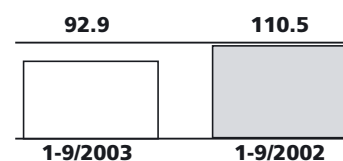
Revenues in the FMP business unit amounted to EUR 92.9 million in the first nine months, down 16% on the prior-year period (EUR 110.5 million). Net of currency effects, however, growth would have come to 2.2%. The pick-up in revenues in comparison to the first half of the year is attributable to the growing revival of the mobile communications market over the course of the year and reflects the strong increase in unit sales for the business unit in the third quarter.

The FPS business unit generated revenues of EUR 27.9 million in the first nine months of 2003 (prior-year period: EUR 32.6 million). Some 6 percentage points of the 15% decrease are attributable to currency effects. The general low level of consumption, especially in Germany, continued to negatively affect the development of FPS revenues. New projects, such as those in the field of medical technology or set-top boxes, have been launched but only had a marginal effect on revenues in the third quarter.

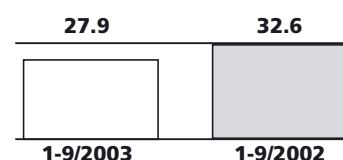
**Group revenue
in millions of EUR**



**FMP revenue
in millions of EUR**

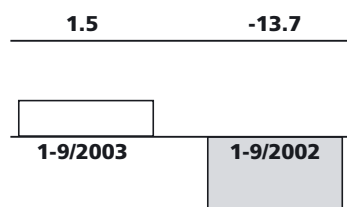


**FPS revenue
in millions of EUR**



Third Quarter Report

EBIT in millions of EUR



Earnings

At the end of the first nine months, the CEAG Group's earnings continue to develop positively and the Group has returned to profit.

Earnings before interest and tax (EBIT) according to International Financial Reporting Standards (IFRS) came to EUR 1.5 million in the first three quarters after a loss of EUR 13.7 million in the prior-year period (-EUR 3.7 million net of non-recurring restructuring costs). EBIT amounted to EUR 0.6 million in the third quarter (prior-year period: -EUR 0.6 million). Including the financial result and taxes, the Group generated a consolidated profit of EUR 0.4 million for the first nine months compared with a loss of EUR 19.5 million in the same period of 2002.

The turnaround in earnings is attributable to strict cost savings and the ongoing efforts to increase efficiency and productivity in the entire CEAG Group. These measures more than compensated for the significant drop in revenues caused by currency effects. The absence of non-recurring restructuring costs which were incurred in the prior-year period also contributed to the improvement.

The FMP business unit generated EBIT of EUR 2.6 million in the first nine months of 2003 after -EUR 3.3 million in the prior-year period. FPS was able to considerably improve its EBIT from -EUR 10.4 million in 2002 to -EUR 1.1 million.

Cash Flow and Balance Sheet

Cash flow in the CEAG Group in the first nine months was reduced by the outflow of accrued restructuring costs. Net of this effect (EUR 2.9 million), the inflow of cash from operating activities (EUR 2.8 million) would have outweighed the outflow of cash from investing activities (EUR 4.9 million).

The CEAG Group's balance sheet structure as of September 30, 2003 was almost unchanged in comparison with the ratios as of June 30, 2003, reflecting the usual cycles in operating business. The reported decrease of EUR 2.6 million in equity against December 31, 2002 is exclusively due to currency effects.

Capital Expenditure

Total capital expenditure for the CEAG Group amounted to EUR 5.8 million in the first nine months of the year (prior-year period: EUR 5.2 million). EUR 4.7 million was invested in the FMP business unit, mainly for extending capacity for switch mode technology in China and EUR 1.1 million was channeled into the FPS business unit.

Employees

The CEAG Group's workforce grew significantly in the third quarter. As of September 30, 2003, headcount was 10,366 compared with 7,665 at the same time last year and 7,829 as of June 30 this year. 251 of these employees worked in Ostbevern (September 30, 2002: 313) and 10,115 worked abroad as of September 30, 2003 (September 30, 2002: 7,352). The huge increase in headcount at the Group's Chinese plants reflects the recovery of the mobile communications market and the revenue expectations of the FMP business unit for the coming months.

Outlook

At the end of the first nine months of the year, the Management Board is reconfirming the forecasts it has made to date. Despite a drop in revenues due to price and currency effects, the CEAG Group will be back in the black for 2003 as a whole, returning to profitability once more.

Subsequent Events

At the Supervisory Board meeting on October 15, 2003, Mr. Rolf Endress was appointed CEO of the Management Board for a further five years, until 2009.

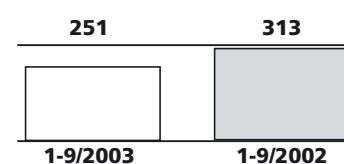
Capital expenditure in millions of EUR



Total employees



Employees in Germany



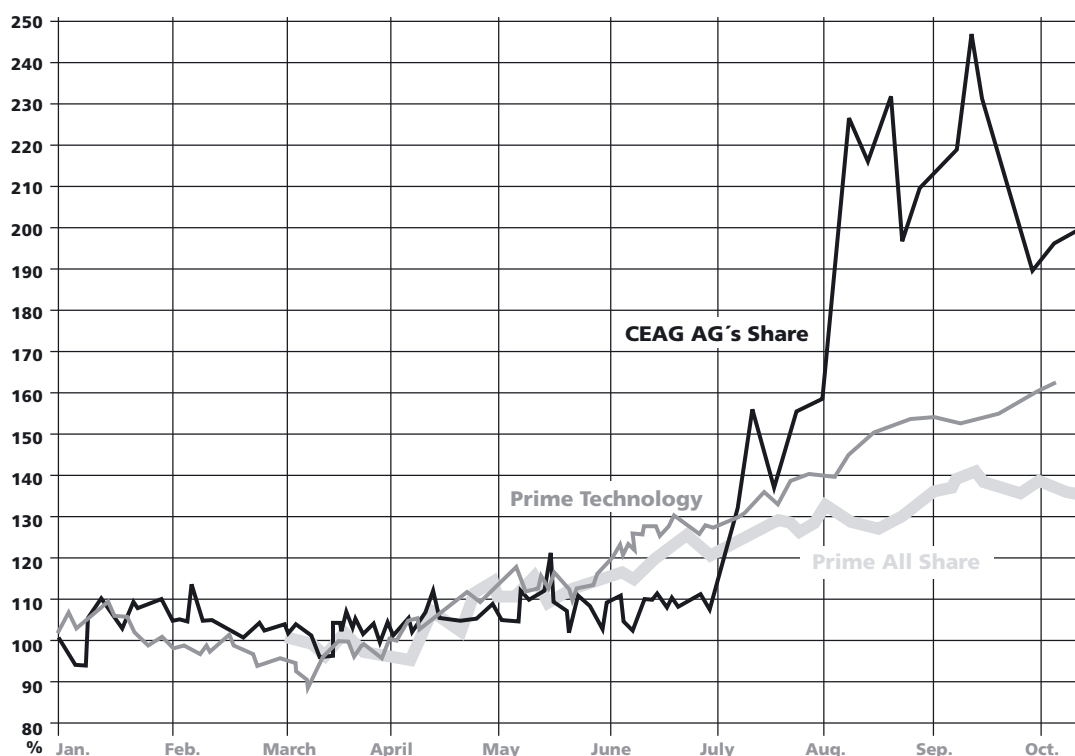
Employees abroad



Third Quarter Report

CEAG AG's Share

CEAG AG's share, which is traded in the Prime Segment of Deutsche Börse, showed a clear upturn in the third quarter, accompanied by a significant increase in trading. Following a Xetra price of EUR 5.30 at the close of the second quarter, the price peaked in the reporting quarter at EUR 11.40 on September 3, 2003, dropping back down to EUR 8.72 on September 26, 2003. On September 30, 2003, CEAG AG's share was listed at EUR 9.34. The share's top performance against its year-end price was 115%, with an almost 76% increase from the end of June to the end of September, thus significantly outperforming its comparative indices, the Prime Technology and Prime All Share.



CEAG Group

Consolidated Financial Statements

as of September 30, 2003

Consolidated Balance Sheet of CEAG AG as of September 30, 2003

Assets

In thousands of EUR	Sep. 30, 2003	Dec. 31, 2002
Non-current assets		
Goodwill	185	239
Other intangible assets	778	1,039
Property, plant and equipment	16,801	16,797
Financial assets	5	5
	17,769	18,080
Deferred taxes	112	101
Current assets		
Inventories	30,232	37,812
Trade receivables	23,669	21,793
Other assets	5,816	7,671
Prepaid expenses	519	222
Cash and cash equivalents	2,116	1,102
	62,352	68,600
Total assets	80,233	86,781

CEAG Group

Consolidated Financial Statements

as of September 30, 2003

Consolidated Balance Sheet of CEAG AG as of September 30, 2003

Equity and liabilities

In thousands of EUR	Sep. 30, 2003	Dec. 31, 2002
Equity		
Subscribed capital	20,020	20,020
Capital reserve	15,440	15,440
Earned capital	-15,894	12,181
Consolidated net profit (prior year: consolidated net loss)	414	-25,064
	19,980	22,577
Debt		
Non-current debt		
Provisions for pensions and similar obligations	2,222	2,118
Other non-current provisions	553	725
Deferred taxes	133	147
	2,908	2,990
Current debt		
Provisions for taxes	663	527
Other current provisions	2,051	4,923
Current financial liabilities	25,084	21,966
Trade payables	21,029	27,289
Other liabilities	8,518	6,509
	57,345	61,214
	60,253	64,204
Total equity and liabilities	80,233	86,781

Consolidated Income Statement of CEAG AG as of September 30, 2003

In thousands of EUR	7-9/2003	7-9/2002	1-9/2003	1-9/2002
Revenue	42,799	42,893	120,801	143,129
Cost of sales	-37,032	-37,957	-105,598	-127,811
Gross profit	5,767	4,936	15,203	15,318
Research costs	-128	0	-442	0
Selling expenses	-2,674	-2,409	-7,118	-9,298
General administrative expenses	-2,310	-2,510	-6,778	-8,356
Other operating income	589	-1,300	2,968	1,319
Other operating expenses	-615	674	-2,359	-12,714
Profit/loss from operations	629	-609	1,474	-13,731*
Financial result	-213	-466	-1,035	-1,145
Earnings before income taxes	416	-1,075	439	-14,876
Income taxes	-15	-9,710	-25	-4,641
Consolidated net profit (prior year: consolidated net loss)	401	-10,785	414	-19,517
Earnings per share (EUR)	0.05	-1.40	0.05	-2.53

* incl. EUR 10 million in restructuring costs

Statement of Changes in Equity for the CEAG Group

In thousands of EUR	1-9/2003	1-9/2002
Consolidated equity as of January 1	22,577	53,586
Consolidated net profit (prior year: consolidated net loss)	414	-19,517
Currency translation differences	-3,011	-3,666
Consolidated equity as of September 30	19,980	30,403

CEAG Group Consolidated Financial Statements as of September 30, 2003

The present report of the CEAG Group for the third quarter of 2003 complies with the International Accounting Standard 34. The same accounting and valuation principles are applied as used for preparation of the consolidated financial statements for 2002.

Segment Report for the CEAG Group

By business segment in thousands of EUR	FMP	FPS	Group
01-06/2003			
External sales	92,896	27,905	120,801
Segment result (EBIT)	2,598	-1,111	1,487
01-06/2002			
External sales	110,488	32,641	143,129
Segment result (EBIT)	-3,305	-10,425	-13,730
EBIT before restructuring	1,334	-5,169	-3,835

Cash Flow Statement of the CEAG Group

In thousands of EUR	1-9/2003	1-9/2002
Earnings before income taxes	439	-14,876
Depreciation of non-current assets	4,368	6,794
Change in provisions	-2,940	2,663
Gain/loss on the disposal of non-current assets	-270	-90
Change in inventories	7,580	11,355
Change in trade receivables and other assets that cannot be allocated to investing or financing activities	-318	17,116
Change in trade payables and other liabilities that cannot be allocated to investing or financing activities	-4,251	-17,235
Income taxes paid	86	-264
Other non-cash expenses and income	-1,888	-1,708
Cash flow from operating activities	2,806	3,755
Cash received from disposals of property, plant and equipment/intangible assets	886	200
Cash paid for investments in property, plant and equipment/intangible assets/financial assets	-5,780	-5,220
Cash received from the sale of consolidated companies	0	313
Cash flow from investing activities	-4,894	-4,707
Change in financial liabilities	3,118	1,399
Cash flow from financing activities	3,118	1,399
Effect of exchange rates on cash and cash equivalents	-16	-487
Net change in cash and cash equivalents	1,014	-40
Cash and cash equivalents at beginning of fiscal year	1,102	4,593
Cash and cash equivalents at end of quarter	2,116	4,553