

- Decline in sales due to general economic slowdown
- EBITDA proportional to sales

Dear Shareholders,

The first nine months of business year 2002 showed a trend in sales and earnings that is not customary for the BÖWE SYSTEC Group. After a period of eight consecutive years in which there was an improvement on the previous year's figures every year, the current global economic downturn has brought about a decline in BÖWE SYSTEC sales and earnings compared with the preceding year.

As of the end of the first nine months of 2002 Europe's leading manufacturer of high-performance inserting systems showed sales of EUR 137.7 million as opposed to EUR 148.2 million for the same period last year, a decline of 7%. Operating earnings before interest and depreciation (EBITDA) was EUR 17.3 million, 6.5% below last year's figure of EUR 18.5 million.

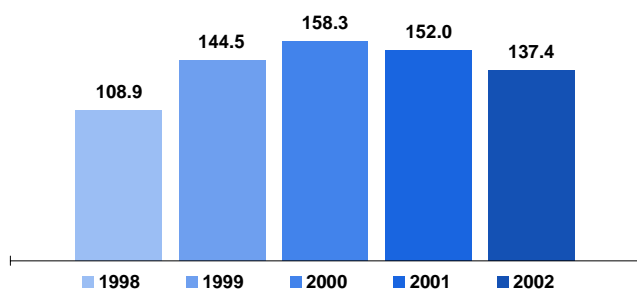
In the US market, which is of strategic importance for BÖWE SYSTEC, sales and volume of order intake remained at last year's levels.

Group management expects to see a decline from last year's record sales and earnings levels for overall business year 2002.

Order intake and order backlog

The slowdown in economic recovery that was starting to become evident at the end of the second quarter has since been confirmed. In the first three quarters of 2002 the volume of orders received by the BÖWE SYSTEC Group

**BÖWE SYSTEC Group 1st – 3rd quarter
Order intake [million EUR]**



amounted to EUR 137.4 million, 9.6% below last year's figure for the same period. However, the decline of 6.4% seen in the third quarter was somewhat weaker than the 11% drop noted in the first half of 2002. Around 2.4% of this decline was caused by changes that have occurred in currency exchange rates.

While the considerable restraint being seen in European markets with regard to investments was clearly reflected in the order intake volume of the group's European subsidiar-

ies, its US subsidiary was able to generate nearly the same volume of orders as in the first nine months of 2001.

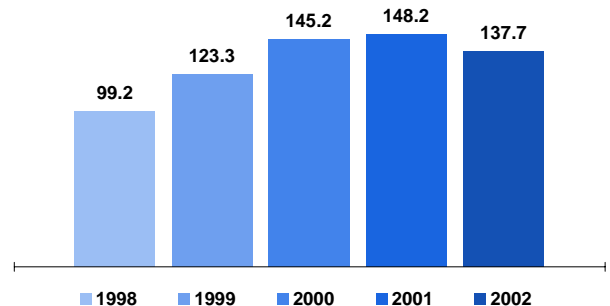
The volume of order backlog for the BÖWE SYSTEC Group amounted to EUR 33.3 million as of 30 September 2002, EUR 4.7 million less than at the same point in time in business year 2001.

As in past report periods, the volume of order backlog does not contain long-term service contracts. In business year 2001 service contracts accounted for 43% of overall group sales.

Sales growth stopped by economic downturn

Group sales generated in the first three quarters of the current business year amounted to EUR 137.7 million. This was EUR 10.5 million or 7% less than in the same period last year. Around 2% can be attributed to the effects of changes that have occurred in currency exchange rates.

**BÖWE SYSTEC Group 1st – 3rd quarter
Sales [million EUR]**



The weak trend shown by sales in European markets stood in contrast to an encouraging rise in sales figures in non-European markets. The US subsidiary showed the strongest sales, contributing EUR 33.8 million to overall group sales and a 3% increase over last year for the first nine months.

The percentage of overall group sales accounted for by services increased over last year and constitutes a stabilizing factor for the business trend in 2002.

As of the end of the third quarter foreign sales accounted for 85% of overall group sales.

Employees

The number of employees in the BÖWE SYSTEC Group has increased in the course of this year by 32 to a total of 1,871. Of these persons, 943 were employed by domestic German companies (as opposed to 930 last year); the newly acquired company Protechno Card GmbH (27 employees) was counted among these companies for the first time in business year 2002. As of the end of September our foreign sales and service companies employed 928 persons around the world (as opposed to 909 last year). This increase occurred for the most part in the American service organization, which was expanded according to plan.

Investments and depreciation

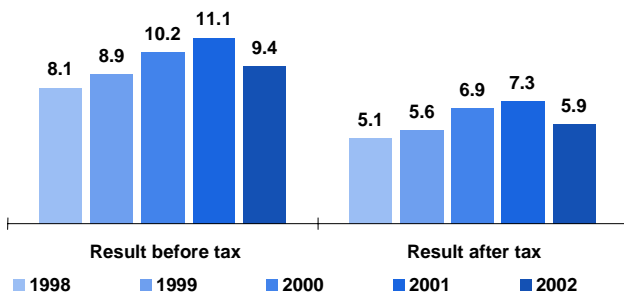
In the months from January to September 2002 the companies in the BÖWE SYSTEC Group made investments in tangible and intangible assets amounting to a total of EUR 10.2 million as compared with EUR 3.9 million for the same period in business year 2001. A large part of the current investment figure is accounted for by the acquisition of 60 percent of Protechno Card GmbH at the beginning of the year. This strategic acquisition set the course for a considerable strengthening of the group's card system business.

Depreciation amounted to EUR 6.2 million compared with EUR 4.9 million last year.

Earnings

The BÖWE SYSTEC Group showed a decline in operating earnings before interest and depreciation (EBITDA) parallel to the decline shown in sales. As of the end of the third quarter of 2002 this amounted to EUR 17.3 million, compared with EUR 18.5 million for the same period last year. Earnings on ordinary activities for the first nine months of

BÖWE SYSTEC Group 1st – 3rd quarter
Result before tax / Result after tax [EUR m]



2002 was EUR 9.4 million, showing a decline of EUR 1.7 million from last year. This can be attributed to declines in sales as well as expenses in connection with goodwill amortization and the financing of the new acquisition.

There was a relatively strong decline in after-tax earnings as a result of a higher tax rate in the wake of a further step in the corporate tax reform in Germany at the end of 2001, i.e. from EUR 7.3 million last year to EUR 5.9 million in business year 2002. This corresponds to earnings of EUR 0.98 per share for the report period.

Investor Relations

In the third quarter of the current year BÖWE SYSTEC continued its efforts to pursue active investor relations and to communicate a transparent image of its corporate activities. Detailed information was provided at the Munich Mid Cap Conference to interested parties. After this conference buy recommendations for BÖWE SYSTEC shares were

issued by various analysts. In October BÖWE SYSTEC presented itself in the framework of road show events in London and Zurich as well as in numerous meetings with individual representatives of the financial sector.

In the fourth quarter the Group will attend the following analysts' conferences:

November 14, 2002 German Equity Forum in Paris,
December 04, 2002 German Mid Cap Conference in Frankfurt am Main

Developmental advances on display at Xplor trade fair

The developmental successes for the year 2002 include improved performance for the top model in the BÖWE SYSTEC product range. The *Turboplus* - the fastest high-performance system produced by BÖWE SYSTEC - now makes it possible to carry out 22,000 insertions per hour.

This and other high-performance systems will be presented to interested parties at the Xplor trade fair in Anaheim, California at the end of October.

Outlook

Analyses in Europe and the United States have not yet given any indication that there will be any tangible improvement in the general economic situation in 2002. Under these conditions it would seem impossible for the BÖWE SYSTEC Group to be able to match last year's sales and earnings figures. The assumption being made by the group's management is that sales and earnings for the overall year 2002 will, as in the first nine months of the year, remain below the figures for 2001, but that despite this it should be possible to achieve a good overall result once again.

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BÖWE SYSTEC AG

– The Board –

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Enclosure

BÖWE SYSTEC	01 - 09 / 02	01 - 09 / 01
Group income statement	Mio. EURO	Mio. EURO
Sales	137.7	148.2
Increase in inventories of work of finished goods and work in process	8.1	7.4
Own work capitalized	0.1	0.1
Other operating income	3.8	4.0
Cost of materials	-26.8	-34.8
Personnel expenses	-77.2	-75.3
Depreciation on intangible and tangible assets	-6.2	-4.9
Other operating expenses	-28.1	-30.9
Investment result	-0.1	-0.2
Net interest	-1.9	-2.5
Results from ordinary activities	9.4	11.1
Taxes on income	-3.2	-3.5
Other taxes	-0.3	-0.3
Group net income for the year	5.9	7.3
Earnings per share (6.042.000 shares without par value) in EUR	0.98	1.22

BÖWE SYSTEC	01 - 09 / 02	01 - 09 / 01
Group Cash Flow Statement	Mio. EURO	Mio. EURO
Net income	5.9	7.3
Depreciation on fixed assets	6.2	4.9
Increase/decrease in longterm accruals	-0.3	0.4
DVFA/SG Cash Flow	11.8	12.6
Increase/decrease in inventories	-12.8	-9.4
receivables and other assets	13.7	17.7
prepaid expenses	-1.7	-2.2
other accruals	-0.2	0.1
trade liabilities	-1.2	-2.9
other liabilities	-3.7	-3.3
deferred income	0.0	1.2
Sources of funds from operating activities	-5.9	1.2
Increase/decrease in financial assets	0.8	0.5
Investments of intangible and tangible assets	-9.7	-3.1
Net expenditures in investment area	-8.9	-2.6
Capital increase	0.8	0.0
Increase/decrease in liabilities to banks	-0.3	-4.7
Distribution of Dividends	-8.2	-6.0
Currency translation difference / Netting with reserves	-2.6	-1.0
Minority interests	0.3	0.0
Increase/decrease from purchase of own shares	-0.1	-2.7
Net revenue from financing	-10.1	-14.4
Increase/decrease in cash equivalents	-13.1	-3.2