

**BÖWE SYSTEC AG ends the 2002 business year
with a new high in pre-tax results
dividend increase to 1.25 euro**

Augsburg, 14 April, 2003

At today's press conference on financial statements of the specialists for high-performance inserting systems, the Board reported on a positive conclusion to what, overall, had been a difficult year. In a world market marked by clear investment reticence, sales fell 7% short of the peak results of the previous financial year. Despite the decline in sales, the BÖWE SYSTEC group improved the result in ordinary business by 3% to a new high in the company history. A decisive step in reaching world market leadership was the acquisition of a 50% share in the US business of the former competitor Bell + Howell, which was successfully completed in December 2002.

As anticipated, sales remain lower than the year-earlier level

The total turnover of the BÖWE SYSTEC group reached EUR 204.6 million by the end of the business year and lay, as expected, around 7% lower than the sales volume of the previous financial year, in which a level of EUR 220.2 million was achieved. In a positive contrast to the cyclical trend, the subsidiaries in France and Japan were able to increase their annual turnover vis-a-vis the previous year with EUR 22.4 million and EUR 25.0 million respectively. The US subsidiary, with sales at a level of EUR 50.0 million, remained at the previous year's level and generated almost one quarter of the group's turnover. The North American continent continues to be the largest single market for the Paper Management Systems and corresponding services.

In 2002, for the first time, turnover from services accounted for the greatest proportion of the group's turnover. At EUR 98.6 million, around 48% of the turnover were generated by service contracts, sales of spare parts and other services. This corresponds to a growth of around 4 % vis-a-vis the previous year's level of EUR 94.6 million. In the case of sales of systems, a decline of EUR 105.5 million to EUR 90.9 million (44% of total turnover) due to the current economic situation was reported in the past business year.

Currency effects of EUR 4.8 million contributed to the decline in turnover vis-a-vis the previous year. Thus, a good two percentage points of the decline in turnover were caused by the developments in exchange rates, particularly the rates of the US dollar and the Japanese yen to the euro.

Result

Despite the clear, cyclical decline in the group's turnover, the BÖWE SYSTEC group reported, once again, an increase in the results for ordinary business. With EUR 23.8 million, it was possible to improve on the previous year's peak of EUR 23.1 million by a further 3 %. In terms of the annual net profit, the eight year run of growth was broken. The annual net profit of EUR 14.0 million was at exactly the same level as at the end of the 2000 financial year and thus represents the second highest level in the company history.

The earnings before interest and tax (EBIT) remained unchanged vis-a-vis the previous year at EUR 26.6 million. Due to the relatively low turnover, the EBIT margin was improved from 12.1 % to 13.0 %. The results prior to the earnings before interest, taxes and depreciation (EBITDA) remained unchanged at EUR 34.1 million. The relation to turnover therefore improved from 15.5 % to 16.7 %.

The DVFA/SG result, adjusted to account for special influences, displayed a drop from EUR 13.7 million to EUR 13.1 million for the 2002 financial year. The net earnings as percentage of sales improved to 6.4 % from 6.2 % in the previous year. Per share, the DVFA/SG gain was EUR 2.17 (year earlier: EUR 2.28).

Dividend rise to EUR 1.25

The Board of BÖWE SYSTEC AG, with the approval of the Supervisory Board, will propose a EUR 0.05 increase in dividends to EUR 1.25 per share at the Shareholders Meeting to take place on 23 May, 2003. In the previous year, a dividend of EUR 1.20 per share was paid out, plus a bonus of EUR 0.20 per share on the occasion of the 10th anniversary of stock market listing.

Net indebtedness clearly reduced

A clear improvement was displayed in the net debt, which dropped by EUR 7.0 million vis-a-vis the previous year to EUR 50.7 million. In the financial year 2002, the equity capital was reduced by around EUR 6.0 million, from EUR 85.3 million to EUR 82.2 million, due to an altered goodwill amortization regulations with a one-off effect. The equity ratio ran at 27.8 %.

Investments in the financial year 2002

In the financial year just ending, the BÖWE SYSTEC group affected investments of the order of EUR 93.1 million. Of these, EUR 80.4 million were accounted for by investments in financial assets. The greatest proportion of these investments goes hand in hand with the expansion of activities in the strategically significant US market and the associated purchase of 50 % of the shares of Bell + Howell at the end of the financial year 2002. The additions in intangible assets amounted to EUR 6.6 million following EUR 0.8 million in the previous year. EUR 6.1 million were invested in capital expenditure in the 2002 financial year, following EUR 7.6 million in the comparable period in 2001. The investments are balanced by depreciation at a level of EUR 7.5 million, which represents EUR 0.3 million more than in the previous year.

The investments within the framework of the current business were completely covered by the cash flow generated in the financial year in accordance with DVFA/SG. This ran at EUR 21.1 million following a sum of EUR 23.1 million in the previous year.

Number of employees increases further

At the end of the financial year, and prior to the inclusion of the US subsidiary in the new North America organization, 1,846 staff were employed in the BÖWE SYSTEC group – 8 more than at the end of 2001. Of these, 934 employees (previous year: 926) belonged to BÖWE SYSTEC AG, the parent company of the group and the companies within Germany. The staff of the foreign distribution and service companies including the US subsidiary remained unchanged at 912.

Orders on the decline

The order bookings were down on the financial year 2001. As early as the first quarter of the 2002 financial year, it became apparent that falling sales throughout the sector would also affect the BÖWE SYSTEC group. By the end of the financial year, orders amounting to EUR 193.4 million had been acquired, while the order bookings in the previous year ran at EUR 219.5 million. The group's order bookings were down on the previous year by EUR 5.3 million as a result of foreign exchange developments.

Orders to the value of EUR 22.4 million were on the books of the BÖWE SYSTEC concern on the reporting date 31 December, 2002. Compared with the end of the past financial year, this represents a decline of around one third.

Research & Development

The continuing further development of the existing product range, as well as the creation of innovations are BÖWE SYSTEC measures towards the world market leadership being striven for in the paper management market. The focus is on the development of new systems as well as the on-going enhancement of existing products, based on innovative concepts. A module concept tailored to the inserting system market permits high productivity, flexibility of production and high investment security for the customer.

Consequently, in the past financial year and compared with the industry as a whole, a relatively high percentage of the expenditure went on Research and Development. Once again, with a sum of EUR 6.8 million, over 8% of the turnover of BÖWE SYSTEC AG was invested in this area (previous year EUR 7.8 million).

Further growth in the year 2003

In the current economically straitened circumstances, BÖWE SYSTEC is profiting from its firmly established position in the market. While the well-established service network served as a basis for growth and success in Europe in the past few years, the company and customers in the US are profiting equally from a high level of customer proximity.

The acquisition of a 50% share of the former competitor Bell + Howell provides BÖWE SYSTEC not only with a further access route to the US market, the largest single regional market, but also with the use of a service net offering blanket coverage in North America.

Bell + Howell has a very well-established sales and service network in the USA and Canada with around 1,400 staff. In combination with BÖWE SYSTEC's technologically leading products and the clearly-expanded customer base, the fact of having this market penetrating organization represents a crucial competitive advantage in gaining over customers.

With the growing together of BÖWE SYSTEC and Bell + Howell to BÖWE Bell + Howell on the American market, the ground has been prepared for the continuing growth over years. Although BÖWE SYSTEC recorded impressive gains in market shares in the USA in the past years, the service network, which was poorly developed in comparison with

American competitors, prevented an even faster rate of growth for the company. The newly-created service organization with a total of over 1,500 engineers and technicians enjoys, on the one hand, clearly more flexibility and greater efficiency in the provision of services and can consequently increase customer benefits and at the same time operate more cost-effectively. On the other hand, the market-penetrating density of the service network makes even better contact to the existing customers possible. This type of customer proximity is one of the success factors of BÖWE SYSTEC in the European market, where market shares of over 50% have been maintained in individual countries for years.

With the inclusion of the large numbers of existing customers brought into the joint undertaking by Bell + Howell, BÖWE SYSTEC has come a lot closer to the world market leadership for which it is striving. In addition, the potential customer base has been expanded by the number of companies operating at locations previously not served by BÖWE SYSTEC technicians. Consequently, an important pre-requisite for organic growth in the coming years has already been met.

In the current financial year, particular attention will be paid to the integration of this important sales and service network into the organization of the BÖWE SYSTEC group.

The future earnings contribution of the new company, BÖWE Bell + Howell, will more than compensate for the financing costs arising from the acquisition of the shares. A successful growing together of existing and new parts of the company will be the basis for a clear growth of turnover and results in the following years.

Building on the expanded group of companies, the planning for the financial year 2003 foresees an increase in turnover and results. With its technologically leading product spectrum and the clearly-expanded service organization, BÖWE SYSTEC has at its disposal the necessary pre-conditions for success. Furthermore, the growth will be supported by ongoing service business, which is increasingly gaining in significance and contributes to a reduced dependence on cyclical fluctuations.

BÖWE SYSTEC Group figures:

| Figures in EUR million | 2002 | 2001 | Δ in % |
|------------------------------------|-------|-------|--------|
| Sales | 204.6 | 220.2 | -7.1 |
| thereof abroad in % | 85.9 | 85.2 | - |
| thereof service in % | 48.0 | 43.0 | - |
| Order intake | 193.4 | 219.5 | -11.9 |
| Investments | 93.1 | 9.4 | +990.4 |
| Depreciation | 7.5 | 7.2 | +4.2 |
| EBITDA | 34.1 | 34.1 | +/-0 |
| EBIT | 26.6 | 26.6 | +/-0 |
| Result from ordinary activities | 23.8 | 23.1 | +3.0 |
| Net income | 14.0 | 15.3 | -8.5 |
| DVFA/SG–Cash Flow | 21.1 | 23.1 | -8.7 |
| Equity | 82.2 | 85.3 | -3.6 |
| DVFA/SG-earnings per share (EUR) | 2.17 | 2.28 | -4.8 |
| Dividend per share (EUR) | 1.25 | 1.20 | +4.2 |
| Bonus dividend per share (EUR) | -- | 0.20 | - |
| Employees (number, annual average) | 1,847 | 1,821 | +1.4 |

Financial Calendar 2003:

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|-------------------|--|
| Apr 14, at 4 p.m. | Analysts' conference, Frankfurt am Main |
| Apr 15 | Road Show, London |
| May 15 | Analysts' conference, Paris |
| May 23 | Annual Shareholders' Meeting, Augsburg |
| May 26 | Dividend payment |
| May 27 | Interim report as of March 31, 2002 |
| Aug 26 | Interim report as of June 30, 2002 |
| Sept 17 | Analysts' conference, Madrid |
| Nov 11 | Interim report as of September 30, 2002 |
| Nov 14 | Analysts' conference, Paris |
| Dec 2 - 4 | Analysts' conference (GMCC), Frankfurt am Main |

BÖWE SYSTEC AG

The Board of Directors