

# Report on the first quarter 2002

**cenit**

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## CENIT AT A GLANCE (unaudited)

1<sup>st</sup> Quarter of 2002 AT A GLANCE - 01.01.02 - 31.03.02

	1 <sup>st</sup> Quarter 02	1 <sup>st</sup> Quarter 01
	m. EUR	m. EUR
Sales	23.11	30.98
Gross profits	13.15	17.79
EBITDA	0.0	-378
EBITA	-0.52	-1.35
Operating returns (EBIT)	-0.63	-1.73
Group results EBT	-0.74	-1.89
Result per share (basic) in EURO	-0.15	-0.48
Result per share (diluted) in EURO	-0.15	-0.45
Number of employees at end of period	605	877

## FOREWORD



### DEAR SHAREHOLDERS

with a few exceptions the stock markets in the industrial nations did not experience significant changes after the first quarter 2002 compared to the level they showed in the beginning of the year. Merely in Japan the Nikkei went up by considerable 8 per cent since then. In general telecommunications and technology-driven indices lost significantly. The 'Neuer Markt' still remains affected by strong fluctuations.

The first three months of a year, our sector is substantially affected by CeBIT, the greatest computer fair of the world. Many surely had expected a positive signal from the fair, but still a strong restraint and uncertainty on the market is recognisable. But, following our assessment, the quality of the fair contacts has improved strongly and the specific address of new customers was more effective than in the previous year. It will take months before the sales cycle will show how successful the CeBIT 2002 was for our company. A special highlight at the CeBIT was the completion of a contract with the automobile supplier BM FormTEC. Our incoming order development is also positive. An increase of 5 per cent was recorded in the first quarter 2002.

Observing our share price of the last 3 months, it is obvious that the CENIT share gained increased attention. We expect that the financial market rewards our taken measures for the result improvement, leading to a significant rise of the share price. Also the current investor relations activities and conversations with funds and banks certify CENIT being in a promising position as a Turn Around candidate in the German 'Neuer Markt'. With a balanced operative result before depreciations in the first quarter 2002 we are on the best way to confirm this confidence. Moreover, we could reduce our bank liabilities by 4.8 m. EUR and show a positive cash development.

Sincerely Yours

A handwritten signature in black ink, reading 'F. Engelmann'. The signature is written in a cursive, flowing style.

Falk Engelmann  
*Chairman of the Executive Board*

### MANAGEMENT REPORT

In March, the atmosphere in the German economy has clearly improved once more. According to the Munich Ifo Institute for Economy Research, the business climate index for Western Germany has climbed off 88.5 in February onto 91.8 points. The index increased considerably stronger than expected by experts. With the jump over the level of 90 points the barometer lies for the first time over the standard registered before the terrorist attacks on September 11, 2001. The index is considered to be an important benchmark for how the companies judge the economic situation.

Admittedly, the leading German economy researchers have lowered their growth forecast for 2002 to 0.9 per cent, as expected, after a forecast of 1.3 per cent in the fall report 2001. The international monetary fund (IMF) had raised its growth forecast for the gross domestic production (GDP) in Germany from 0.7 per cent to 0.9 per cent in same time period.

### CENIT RESULT DEVELOPMENT

The CENIT Group could, compared to the fourth quarter 2001 performance, improve its results clearly in the first quarter 2002, reduce the bank liabilities by 36 per cent and present itself to the Stock Market as a solid Turn Around candidate.

The implementation of the business goals, to show a significant increase of profitability and to reach a positive EBIT by end of 2002, are therefore according to plan. The positive trend reversal in the CENIT group gets particularly visible in the result development of CENIT AG Germany. With a sales

revenue of 17.7 m. EUR in Germany (2001: 22.4 m. EUR) and an EBITDA of plus 0.1 m. EUR (2001: EBITDA 0.1 m. EUR) the operative business has turned around to positive again, after the 4th quarter 2001 had already showed a result of plus 0,7 m. EUR. The EBIT in Germany improved with 47 per cent to minus 0,4 m. EUR (2001:EBIT - 0.7 m. EUR). The costs could be reduced once more by 1.7 m. EUR, currently ranking at 9.9 m. EUR (2001:11.6 m. EUR).

In the 1<sup>st</sup> quarter, the cash-flow developed positively. The Group gained 2.1 m. EUR from operational activity (for 2001: -1.3 m. EUR). The positive result is the outcome of the balanced EBITDA group result and the optimization of the cash management. Moreover, the development of the bank liabilities is another positive aspect, having decreased by 36 per cent or 4.8 m. EUR to an end figure of 8.6 m. EUR. This development is connected to the influxes from operational activity, a careful investment practice and the diminution of the liquid funds.

The CENIT Group reached a sales revenue of 23.1 m. EUR (2001: 31.0 m. EUR) . Gross profits amount to 13.1 m. EUR (2001: 17.8 m. EUR). The EBITDA is balanced (2001: - 0.4 m. EUR). The Group EBIT is considerably better than in the previous year (2001: - 1.7 m. EUR) and shows minus 0.6 m. EUR in the first quarter 2002. Therefore, the group EBT states minus 0.7 m. EUR. (2001: - 1.9 m. EUR). Equity-to-assets ratio of the Group increased from 35 per cent to 42 per cent in comparison to 31.12.2001. Earnings per share ( EPS) are minus 0.15 EUR (2001: EPS: -0.48 EUR), undiluted.

### **Further annotations: Explanation in accordance with German Neuer Markt regulation**

Changes in accounting and valuation methods did not take place.

### **Development of costs**

The costs development in accordance to plan.

### **Capital expenditures**

Capital expenditures in the first quarter 2002 recorded 0.35 m. EUR (31.12.2001: 3.5 m. EUR). These are the usual expansion and substitute investments in the context of IT, software and needs of office requirements.

### **Breakdown of earnings**

CENIT is exclusively working in two business segments. In the business unit e-engineering, the company obtained a sales volume share of approx. 83 per cent of the total sales revenue. The sales volume share of e-business amounts to 17 per cent of the sales revenue.

### **Changes in Management or Supervisory Boards**

No Changes.

### **Processes of special importance which can have an effect on the result of the business activity**

No particular events.

### **Interim-dividend**

No interim-dividend was distributed.

### **Amount distributed or suggested to distribution**

Neither a dividend distributed nor suggested to distribution.

## **NEWS ORDERS**

The group order income as of March 31, 2002, is 20.97 m. EUR. This is a rise by 5 percent compared to 2001 (19.95 Mio. EUR). An additional order increase by 14 per cent was credited in France.

All our long-term customers like BMW, VW, Allianz, AGIS, Hugo Boss, AXA, REWE, Metro, Quelle, TRW, Bosch, Kärcher, Alstom or Heidelberger Druck replaced orders worth several million EURO with CENIT, at the beginning of the year.

Additionally, a new order from Bm FormTEC Fertigungsgesellschaft for the introduction of the CAD software CATIA V4/V5 at the amount of 400 KEUR, signed at the CeBIT 2002, could be announced in the first quarter.

For Bm FormTEC, the implementation of CATIA V5 in its construction and development areas, is a necessary and innovative step, in order to be able to continue ensuring highest quality and reliability for

## **BUSINESS AND RESULT DEVELOPMENT**

Europe's leading automobile manufacturers and suppliers. The development of bodywork parts, pulling plants and tool constructions as well as the NC programming and the modelling becomes driven forward on high technology standard with this investment.

### **PARICIPATIONS**

CENIT Schweiz AG reached a sales volume of 0.5 m. EUR with an EBIT of minus 0.2 m. EUR.

Spring Technologies/CENIT France reached a sales volume of 4.1 m. EUR at a balanced result.

### **LIQUID FUNDS AND SECURITIES**

The liquid funds incl. the securities, reported 0.5 m. EUR as of March 31, 2002. We refer to the cash flow statement contained in this report as for the rest.

### **ASSETS, FINANCIAL AND INCOME STATEMENTS**

The balance sheet of CENIT shows altogether a balanced and long-term secured structure. The balance sheet total is 36.5 m. EUR. The accounts receivable – trade record 15.3 m. EUR.

The cash-flow from regular business activity of CENIT AG amounts to 2.1 m. EUR. The liquid funds amounted to 0.5 m. EUR at the end of the reporting period. In comparison with the previous year, the personnel expenses fell by 27 per cent in the Group.

### **RESEARCH AND DEVELOPMENT**

No expenses for Research and Development were reported.

### **EMPLOYEES**

The number of employees in Germany was 448 (2001:539), in Switzerland 17 (2001:15), in France 140 (2001:145), at deadline. Thus, the CENIT Group employs 605 employees worldwide. The reduction compared with the reference period (31.03.2001: 877) results essentially from the separation of the foreign subsidiaries in UK and the USA at the end of last year.

### **AWARDS**

CENIT stood its ground in the partner comparison of the IBM business partner ranking in the CATIA sales volume for 2001 on the first place once more.

### **OUTLOOK**

The CENIT group expects a fall in sales and a clear improvement in the group result for the current financial year 2002.

We therefore assume that we will clearly increase our profitability in the year 2002, thereby performing the turn around. For our subsidiaries in Switzerland and in France, we expect an increase according to the market conditions and safeguarding of the profitability.

## INCOME STATEMENT 3-MONTHS REPORT (unaudited)

	1 <sup>st</sup> Quarter 02	1 <sup>st</sup> Quarter 01	Change in	Change in
	KEUR	KEUR	absolute terms	%
Revenues	23,109	30,975	-7,866	-25
Discontinuing operations	0	3,818	-3,818	-100
Continuing operations	23,109	27,157	-4,048	-15
Other operating income	194	99	95	96
Changes in inventories of finished goods and work in progress	1,060	1,067	-7	-1
Production for own fixed assets capitalized				
Cost of purchased materials and services	11,217	14,348	-3,131	-22
Personnel expenses	9,247	12,637	-3,390	-27
Depreciation and amortization	516	967	-451	-47
Amortization of goodwill	107	387	-280	-72
Other operating expenses	3,904	5,534	-1,630	-29
<b>Operating income / loss</b>	<b>-628</b>	<b>-1,732</b>	<b>1,104</b>	<b>-64</b>
Discontinuing operations	0	-771	771	-100
Continuing operations	-628	-961	33	-35
Interest income and expense	-115	-155	40	
Income from investments and participations	0	0	0	
Income / expense from associated companies	0	0	0	
Other income / expenses	0	0	0	
<b>Result before income taxes (and minority interest)</b>	<b>-743</b>	<b>-1,887</b>	<b>1,144</b>	
Income tax	-130	137	-267	
Extraordinary income / expenses	-24	-18	-6	
<b>Result before minority interest</b>	<b>-637</b>	<b>-2,042</b>	<b>1,405</b>	
Minority interest	0	0	0	
<b>Net income / loss</b>	<b>-637</b>	<b>-2,042</b>	<b>1,405</b>	
<b>Net income per share (basic)</b>	<b>-0.15</b>	<b>-0.48</b>		
<b>Net income per share (diluted)</b>	<b>-0.15</b>	<b>-0.45</b>		
<b>Weighted average shares outstanding (basic) (No.)</b>	<b>4,169,242</b>	<b>4,169,242</b>		
<b>Weighted average shares outstanding (diluted) (No.)</b>	<b>4,169,242</b>	<b>4,524,762</b>		
Financial characteristic numbers				
EBITDA	-5	-378		
EBITA	-521	-1,345		
EBIT	-628	-1,732		
EBT	-743	-1,887		

**BALANCE SHEET(unaudited)**

	31.03.02	31.12.01
	KEUR	KEUR
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	500	3,571
Short-term investments / marketable securities	3	3
Trade accounts receivable	15,308	22,976
Accounts receivable due from related parties	0	0
Inventories	4,225	2,870
Deferred tax assets	0	0
Prepaid expenses and other current assets	2,898	2,469
<b>Total current assets</b>	<b>22,934</b>	<b>31,889</b>
Non current assets		
Property, plant and equipment	3,096	3,279
Intangible assets	411	390
Goodwill	5,603	5,710
Investments	181	181
Deferred taxes	4,228	4,079
Other assets	0	0
<b>Total non current assets</b>	<b>13,519</b>	<b>13,639</b>
<b>Total ASSETS</b>	<b>36,453</b>	<b>45,528</b>

## BALANCE SHEET (unaudited)

	31.03.02	31.12.01
	KEUR	KEUR
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Short term debt and current portion of long-term debt	8,153	12,936
Trade accounts payable	6,922	7,773
Accounts payable due to related parties	0	0
Advance payments received	0	0
Accrued expenses	2,133	4,510
Income tax payable	0	0
Deferred tax liability	181	162
Other current liabilities	3,349	3,932
<b>Total current liabilities</b>	<b>20,738</b>	<b>29,313</b>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	432	432
Deferred tax liability	0	0
Pension accrual	0	0
Others	74	76
<b>Total non-current liabilities</b>	<b>506</b>	<b>508</b>
<b>Minority interest</b>	<b>0</b>	<b>0</b>
<b>Shareholders' equity</b>		
Share capital	4,184	4,184
Additional paid-in capital	23,350	23,350
Treasury stock	-511	-511
Retained earnings/accumulated deficit	-15,856	-15,219
Accumulated other comprehensive income/loss	3,929	3,950
Others	113	-47
<b>Total shareholders' equity</b>	<b>15,209</b>	<b>15,707</b>
<b>Total liabilities and shareholders' equity</b>	<b>36,453</b>	<b>45,528</b>

## CASH FLOW STATEMENT (unaudited)

	01.01.02- 31.03.02	01.01.01- 31.03.01
	KEUR	KEUR
<b>Cash flow from operating activities</b>		
Net profit/loss	-637	-2,042
Minority interest	0	0
Depreciation and amortization	623	1,354
Increase/decrease in provisions and allowances	-2,377	-2,078
Increase in deferred tax assets	-149	0
Losses/gains on the disposal of fixed assets	0	-161
Other invalid payment expenses and revenues	140	21
Change in inventories	-1,355	-1,306
Change in accounts receivable for goods and others assets	7,239	6,931
Change in advance payments received, bills payable and liabilities for goods and services and other liabilities	-1,415	-4,023
<b>Net cash provided by operating activities</b>	<b>2,070</b>	<b>-1,304</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries	0	0
Proceeds from disposal of a subsidiary, net of cash transferred	0	0
Purchase of property, plant and equipment	-354	-1,008
Proceeds from sale of equipment	0	0
Others	0	0
<b>Net cash used in investing activities</b>	<b>-354</b>	<b>-1,008</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	0	0
Proceeds from short or long-term borrowings	0	0
Change in liabilities due to banks	-4,783	1,769
Others	-2	-36
<b>Net cash provided by financing activities</b>	<b>-4,785</b>	<b>1,733</b>
Net effect of currency translation in cash and cash equivalents	-1	-5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-3,071</b>	<b>-584</b>
Cash and cash equivalents at beginning of period	3,571	2,355
Cash and cash equivalents at end of period	500	1,771

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE  
3-MONTHS REPORT (unaudited)**

	Share capital KEUR	Addit. paid-in capital KEUR	Reserve for currency KEUR	Surplus reserve KEUR	Retained earning KEUR	Treasury stock KEUR	Convertible bonds KEUR	Result KEUR
Balance 01.01.2002	4,184	23,350	-53	3,950	-15,219	-511	6	15,707
Change in currency			161					161
Change in Minority interest				-21				-21
Net income/-loss					-637			-637
Change in convertible bonds							-1	-1
Balance 31.03.2002	4,184	23,350	108	3,929	-15,856	-511	5	15,209

## SEGMENT REPORT (unaudited)

### SEGMENT REPORT BY SEGMENTS (in KEUR)

	EB	EE	not assigned	Consolidation	Continuing Operations	Discontinuing Operations		Group
						EB	EE	
<b>Intercompany sales</b>								
Q1/2002	91	381	0	-472	0	0	0	0
Q1/2001	67	200	0	-367	-100	0	100	0
<b>External net sales</b>								
Q1/2002	3,872	19,237	0	0	23,109	0	0	23,109
Q1/2001	7,764	19,393	0	0	27,157	109	3,709	30,975
<b>EBIT</b>								
Q1/2002	-809	267	0	-86	-628	0	0	-628
Q1/2001	-1,172	568	0	-357	-961	-37	-734	-1,732
<b>Segment assets</b>								
31.03.2002	5,838	28,627	2,281	-293	36,453	0	0	36,453
31.12.2001	9,592	31,188	5,745	-997	45,528	0	0	45,528
<b>Segment liabilities</b>								
31.03.2002	2,497	12,568	8,585	-2,406	21,244	0	0	21,244
31.12.2002	4,445	14,866	13,440	-2,930	29,821	0	0	29,821
<b>Capital Expenditure</b>								
31.03.2002	104	250	0	0	354	0	0	354
31.12.2001	716	2,588	0	0	3,304	13	225	3,542
<b>Depreciation</b>								
Q1/2002	153	363	0	107	623	0	0	623
Q1/2001	332	563	0	367	1,262	11	81	1,354

## SEGMENT REPORT (unaudited)

### SEGMENT REPORT BY REGION (in KTEUR)

	D	CH	F	not assigned	Consoli- dation	Continuing Operations	Discontinuing Operations	Group
<b>Intercompany sales</b>								
Q1/2002	167	107	32	166	-472	0		0
Q1/2001	135	75	57	0	-367	-100	100	0
<b>External net sales</b>								
Q1/2002	17,583	370	5,025	131		23,109	0	23,109
Q1/2001	22,274	306	4,577	0		27,157	3,818	30,975
<b>Segment assets</b>								
31.03.2002	26,083	1,066	9,071	526	-293	36,453		36,453
31.12.2001	38,096	1,393	6,624	205	-790	45,528		45,528
<b>Capital Expenditure</b>								
31.03.2002	316	0	38	0	0	354	0	354
31.12.2001	1,982	40	1,282	0	0	3,304	238	3,542

## DIRECTOR'S HOLDING

### **EXPLANATION TO OWNING SHARES AND THE PRE-EMPTIVE RIGHTS OF DIRECTORS AND OFFICERS AND EMPLOYEES ACCORDING TO § 160 Abs. 1 Nr. 2 AND 5 AktG.**

Directors and Officers of the company have no share pre-emptive rights.

CENIT employees have pre-emptive rights on 168,788 convertible bonds according to the employee shares participation program.

#### Director's Holding:

Stock of shares as of 31.03.2002

Total Number of Shares 4,183,879

#### Shares owned by the Executive Board:

Falk Engelmann 332,396

Hubertus Manthey 337,508

Andreas Schmidt 398,596

#### Shares owned by the Supervisory board:

Hubert Leyboldt 800

Dr. Axel Sigle 0

Dr. Dirk Lippold 0

Changes in mangement or supervisory boards:

No Changes.