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## **Report on the First Quarter of FY 2003**

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## Dear stockholders:

In spite of the weak global economy, the first quarter of FY 2003 went well for ElringKlinger AG and the ElringKlinger Group. Sales and earnings were, once again, both up. We present below our report to you on the course of our markets, sales, and earnings. The accompanying tables also list figures for the full FY 2002 for reference.<sup>1</sup>

## Market Trends

The downward **economic trends** of the preceding fiscal year throughout ElringKlinger's major markets continued into the first quarter of FY 2003 and were compounded by the Iraq conflict. The prospect of an all-out war dampened industry's and consumers' buying intentions worldwide. Investment and consumption restraint across all markets, especially automobile markets, dominated the scene. Economic growth stagnated. Germany's GNP growth rate tended toward zero. The GNP growth rate for the Euro zone was less than 1 %. In the USA, economic growth during the first quarter was also down, reaching a similarly low annualized rate of 1.6 %. Now that the fighting in Iraq has meanwhile ceased, the further course of developments on military and political fronts are uncertain. Signs of a relaxation of the tense global political situation are lacking. No grounds for expecting a pervading economic recovery are currently visible on the horizon.

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<sup>1</sup> We will be pleased to send you our annual report for FY 2002. Kindly request a copy.

Exports have long been the motor driving employment in Germany during periods of weak domestic demand. However, the competitiveness of German industry in markets outside the Euro zone is being increasingly adversely impacted by **the steady rise of the Euro**, which has risen by 11 % against the British Pound, 20 % against the U.S. Dollar, 13 % against the Canadian Dollar, 33 % against the Mexican Peso, and 45 % against the Brazilian Real, since the outset of calendar 2002. The effects of these revaluations of the Euro have been only partially compensated by lower energy costs, which are largely incurred in U.S. Dollars, due to the revaluation of the Euro against the U.S. Dollar. On the contrary, the steeply rising crude-oil prices throughout the Euro zone during the course of the Iraq crisis in the first quarter of FY 2003 have led to significant losses of purchasing power.

That development will surely adversely affect ElringKlinger's markets.

The decisive **automobile markets** shrunk over the first quarter of FY 2003. Compared to the first quarter of the preceding fiscal year, first-quarter new-passenger-car registrations were down by 1.5 % in Germany, 2.4 % in Western Europe, and 4.4 % in the USA.

However, **passenger-car production** was up in some parts of the world. The German automobile industry turned out 1,326,000 units during the first quarter of FY 2003, 7 % more than for the first quarter of FY 2002. Western-European passenger-car production was down by 1.3 %, largely due to a sharp drop in the Italian market. First-quarter production of passenger cars/SUVs in the NAFTA-zone was up by 1.2 % compared to the first quarter of FY 2002.

First-quarter **truck markets** roughly paralleled passenger-car markets. German new-truck registrations were slightly down, although 5 % more units were produced than during the first quarter of FY 2002. However, German truck exports were up by 5 %.

The tables appearing below list comparative new-passenger-car-registration and production figures for the major passenger-car markets served by ElringKlinger for FY 2002 and the first quarter of FY 2003, supplemented in each case by the percentage changes compared to the corresponding periods of the preceding fiscal years:

**New-Passenger-Car Registrations (thousands of units)**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Germany</b>	<b>3,253</b>	<b>786</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 2.7</b>	<b>- 1.5</b>
<b>Western Europe</b>	<b>14,390</b>	<b>3,801</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 2.9</b>	<b>- 2.4</b>
<b>USA*</b>	<b>16,847</b>	<b>3,767</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 1.9</b>	<b>- 4.4</b>

\* Registration figures for the USA include sport-utility vehicles.

**Passenger-Car Production (thousands of units)**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Germany</b>	<b>5,123</b>	<b>1,326</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 3.4</b>	<b>+ 7.0</b>
<b>Western Europe</b>	<b>14,790</b>	<b>3,790</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 1.0</b>	<b>- 1.3</b>
<b>USA/NAFTA-zone*</b>	<b>16,367</b>	<b>4,183</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 5.7</b>	<b>+ 1.2</b>

\* Production figures for the USA include sport-utility vehicles.

All registration and production figures listed above have been taken from sources available to the general public. No liability for their accuracy is assumed.

**Other market segments served by ElringKlinger** performed as follows during the first quarter of FY 2003:

German, Eastern-European, and African spare-parts markets were up and exhibited high growth rates in some cases. However, Western-European, North-American, and Asian markets were down. On average, worldwide demand for spare parts remained roughly at the level of the preceding fiscal year.

Markets for ElringKlinger's plastic products stabilized at a slightly higher level, following the declining demand of the preceding fiscal year.

Demand for engine test-bench services picked up sharply, following the declines in demand of the preceding fiscal year.

## **Consolidated Group Sales**

Counter to the general economic trend, our first-quarter sales were sharply up:

ElringKlinger AG's consolidated sales rose to € 74.5 million, an increase of 11.4 % compared to the figure reported for the first quarter of FY 2002.

Sales by members of the ElringKlinger Group totaled € 51.2 million, an increase of 7.8 % compared to the figure reported for the first quarter of FY 2002.

Consolidated sales by the ElringKlinger Group were € 108.0 million, an increase of 7.7 % compared to the figure reported for the first quarter of FY 2002.

**Consolidated first-quarter sales by market segments** were as follows:

OEM-sales reached € 76.3 million, an increase of 9.9 % compared to the figure reported for the first quarter of FY 2002.

Spare-parts sales rose to € 17.7 million, an increase of 0.6 % compared to the figure reported for the first quarter of FY 2002.

Sales of plastic products totaled € 11.7 million, an increase of 6.4 % compared to the figure reported for the first quarter of FY 2002.

Rental income from our industrial-park segment totaled € 1.7 million, which was 5.6 % less than the figure reported for the first quarter of FY 2002 due our sale of our Tamm Industrial Park during the first quarter of FY 2002.

Sales of our services division (ElringKlinger Motortechnik) were sharply up. Following the steep decline that occurred during the first quarter of FY 2002, we managed to boost its first-quarter sales to € 0.6 million, an increase of 50 % compared to the figure reported for the first quarter of FY 2002.

**Categorized by geographic territory**, sales for the first quarter of FY 2003 were as follows:

In Germany, sales rose to € 43.1 million, an increase of 8.6 % compared to the figure reported for the first quarter of FY 2002.

Sales to the rest of Europe totaled € 34.1 million, an increase of 5.2 % compared to the figure reported for the first quarter of FY 2002.

Sales in the USA/NAFTA-zone totaled € 20.0 million, an increase of 8.1 % compared to the figure reported for the first quarter of FY 2002.

In Asia, where we consolidated sales by our Chinese affiliate for the first time, sales totaled € 6.7 million, an increase of 21.8 % compared to the figure reported for the first quarter of FY 2002. After adjustments to allow for that consolidation, sales would have declined by 7.3 %

Sales in South America and throughout the rest of the world totaled € 4.1 million, a decrease of 2.4 % compared to the figure reported for the first quarter of FY 2002.

Our low South-American sales were largely attributable to our weak Brazilian business. Although our Brazilian sales nearly doubled when expressed in local currency, they rose by only 9.3 % after conversion to Euros due to the devaluation of the Brazilian Real.

The tables appearing below list consolidated group net sales for FY 2002 and the first quarter FY 2003, categorized by market segment and geographic territory:

#### Group Net Sales (M€)

	FY 2002	Q1 FY 2003
<b>ElringKlinger AG</b>	<b>267.9</b>	<b>74.5</b>
Percentage change, FY 2001/Q1 FY 2002	+ 7.2	+ 11.4
<b>Affiliated companies</b>	<b>182.7</b>	<b>51.2</b>
Percentage change, FY 2001/Q1 FY 2002	+ 8.2	+ 7.8
<b>Adjustments for intercompany sales*</b>	<b>(58.0)</b>	<b>(17.7)</b>
Percentage change, FY 2001/Q1 FY 2002	+ 12.6	+ 25.5
<b>Totals for the ElringKlinger Group</b>	<b>392.5</b>	<b>108.0</b>
Percentage change, FY 2001/Q1 FY 2002	+ 6.9	+ 7.7

\* Adjustments to allow for sales transactions between the parent firm and affiliated companies.

#### Consolidated Group Net Sales by Market Segment (M€)

	FY 2002	Q1 FY 2003
<b>OEM-sales</b>	<b>268.6</b>	<b>76.3</b>
Percentage change, FY 2001/Q1 FY 2002	+ 11.5	+ 9.9
<b>Spare parts</b>	<b>71.8</b>	<b>17.7</b>
Percentage change, FY 2001/Q1 FY 2002	+ 2.3	+ 0.6
<b>Plastic products</b>	<b>42.5</b>	<b>11.7</b>
Percentage change, FY 2001/Q1 FY 2002	- 5.1	+ 6.4
<b>Industrial parks</b>	<b>7.2</b>	<b>1.7</b>
Percentage change, FY 2001/Q1 FY 2002	- 12.2	- 5.6
<b>Services</b>	<b>2.4</b>	<b>0.6</b>
Percentage change, FY 2001/Q1 FY 2002	- 25.0	+ 50.0
<b>Totals</b>	<b>392.5</b>	<b>108.0</b>
Percentage change, FY 2001/Q1 FY 2002	+ 6.9	+ 7.7



### Consolidated Group Sales by Geographic Territory (M€)

	FY 2002	Q1 FY 2003
<b>Germany</b>	<b>153.1</b>	<b>43.1</b>
Percentage change, FY 2001/Q1 FY 2002	+ 0.2	+ 8.6
<b>Rest of Europe</b>	<b>127.6</b>	<b>34.1</b>
Percentage change, FY 2001/Q1 FY 2002	+ 13.7	+ 5.2
<b>NAFTA-zone</b>	<b>72.0</b>	<b>20.0</b>
Percentage change, FY 2001/Q1 FY 2002	+ 25.4	+ 8.1
<b>Asia</b>	<b>24.7</b>	<b>6.7</b>
Percentage change, FY 2001/Q1 FY 2002	- 6.8	+ 21.8
<b>South America/Rest of the world</b>	<b>15.1</b>	<b>4.1</b>
Percentage change, FY 2001/Q1 FY 2002	- 17.9	- 2.4
<b>Totals</b>	<b>392.5</b>	<b>108.0</b>
Percentage change, FY 2001/ Q1 FY 2002	+ 6.9	+ 7.7

### Consolidated Group Earnings

The ElringKlinger Group reported higher earnings for the first quarter of FY 2003.

ElringKlinger AG's **consolidated pretax earnings** for the first quarter of FY 2003 rose to € 10.0 million, an increase of 51.5 % compared to the figure reported for the first quarter of FY 2002. That gratifying increase was largely attributable to the utilization of our full manufacturing capacity occasioned by the high sales level, strict control of our overhead costs, and lower interest expenses following a reduction in our outside financing.

ElringKlinger AG's prorated tax liability for the first quarter of FY 2003 increased compared to that for the preceding fiscal year due to changes to tax legislation passed by the German government in March 2003 that eliminated tax refunds on distributed earnings for a three-year period. Its after-tax earnings thus increased by a disproportionately low 34.8 % to € 6.2 million.

Consolidated first-quarter pretax earnings by affiliated companies rose to € 6.8 million, an increase of 22.0 % compared to the figure reported for the first quarter of FY 2002. Their after-tax earnings were up by 33.4 % to € 4.7 million.

The profitabilities of affiliated companies domiciled outside the Euro zone were adversely impacted by the steady revaluations of the Euro relative to the U.S. Dollar, Canadian Dollar, British Pound, Mexican Peso, and Brazilian Real. Non-negligible fractions of their materials and semi-finished-goods costs are incurred in Euros and thus increase as Euro exchange rates increase. The resultant impacts on their margins could be partially compensated through price increases in Brazil only. The competitive situations in other geographic markets did not allow compensating for them by increasing prices. On a consolidated basis, the reductions in their earnings due to revaluations of the Euro compared to those for the first quarter of FY 2002 totaled approximately € 2 million. Nevertheless, all of ElringKlinger AG's affiliated companies reported profitable operations for the first quarter of FY 2003.

First-quarter **consolidated pretax earnings** for the ElringKlinger Group were € 15.2 million, an increase of 44.8 % compared to the figure reported for the first quarter of FY 2002, which

was attributable to both the high earnings contribution by ElringKlinger AG, and, most particularly, to the turnaround at our Canadian subsidiary, ElringKlinger Sealing Systems, Inc., Leamington, Ontario, which reported a profit, albeit a small profit, for the first time in the first quarter of FY 2003. There are thus valid grounds to expect that the ElringKlinger group's FY 2003-earnings will fall within the targeted range.

The group's **consolidated after-tax earnings** were € 9.3 million, an increase of 60.3 % compared to the figure reported for the first quarter of FY 2002. That disproportionately large increase was due to our offsetting the earnings of several foreign affiliates against losses that had been carried forward, which reduced overall tax liabilities.

After adjustments to allow for extraordinary and nonrecurring items, the ElringKlinger Group's earnings computed according to DVFA-methods were as follows:

Consolidated DVFA pretax earnings were € 13.6 million, an increase of 47.8 % compared to the figure reported for the first quarter of FY 2002. Consolidated DVFA after-tax earnings were € 8.3 million, an increase of 69.4 % compared to the figure reported for the first quarter of FY 2002.

Consolidated DVFA earnings per share were € 1.72, which also represents an increase of 69.4 % compared to the figure reported for the first quarter of FY 2002.

Consolidated DVFA cash flow was € 19.5 million, an increase of 7.1 % compared to the figure reported for the first quarter of FY 2002.

The tables appearing below lists consolidated sales and earnings figures for ElringKlinger AG and the ElringKlinger Group for FY 2002 and the first quarter of FY 2003:

**Consolidated sales and earnings (M€)**

**for ElringKlinger AG**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Net sales</b>	<b>267.9</b>	<b>74.5</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 7.2</b>	<b>+ 11.4</b>
<b>EBITDA (earnings before interest, taxes, and depreciation allowances)</b>	<b>71.5</b>	<b>16.5</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 10.7</b>	<b>+ 19.6</b>
<b>EBIT (earnings before interest and taxes)</b>	<b>45.2</b>	<b>10.6</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 6.6</b>	<b>+ 37.7</b>
<b>Pretax earnings</b>	<b>41.3</b>	<b>10.0</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 12.8</b>	<b>+ 51.5</b>
<b>After-tax earnings</b>	<b>31.5</b>	<b>6.2</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 17.5</b>	<b>+ 34.8</b>

**Consolidated sales and earnings (M€)**

**for affiliated companies**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Net sales</b>	<b>182.7</b>	<b>51.2</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 8.2</b>	<b>+ 7.8</b>
<b>EBITDA (earnings before interest, taxes, and depreciation allowances)</b>	<b>24.6</b>	<b>9.5</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 17.3</b>	<b>+ 15.0</b>
<b>EBIT (earnings before interest and taxes)</b>	<b>16.2</b>	<b>7.1</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 23.6</b>	<b>+ 21.3</b>
<b>Pretax earnings</b>	<b>15.5</b>	<b>6.8</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 22.7</b>	<b>+ 22.0</b>
<b>After-tax earnings</b>	<b>9.0</b>	<b>4.7</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 31.9</b>	<b>+ 33.4</b>

**Consolidated sales and earnings (M€)  
for the ElingKlinger Group**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Net sales</b>	<b>392.5</b>	<b>108.0</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 6.9</b>	<b>+ 7.7</b>
<b>EBITDA (earnings before interest, taxes, and depreciation allowances)</b>	<b>81.6</b>	<b>26.1</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 4.3</b>	<b>+ 19.2</b>
<b>EBIT (earnings before interest and taxes)</b>	<b>40.6</b>	<b>16.2</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>- 1.9</b>	<b>+ 37.3</b>
<b>Pretax earnings</b>	<b>36.0</b>	<b>15.2</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 4.3</b>	<b>+ 44.8</b>
<b>After-tax earnings</b>	<b>20.2</b>	<b>9.3</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 6.9</b>	<b>+ 60.3</b>

**Consolidated DVFA earnings (M€), per-share earnings (€), and cash flow (M€), unadjusted to allow for  
stockholdings by outsiders**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>DVFA pretax earnings</b>	<b>29.5</b>	<b>13.6</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 2.1</b>	<b>+ 47.8</b>
<b>DVFA after-tax earnings</b>	<b>16.7</b>	<b>8.3</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 4.4</b>	<b>+ 69.4</b>
<b>DVFA/SG per-share earnings</b>	<b>3.49</b>	<b>1.72</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 4.4</b>	<b>+ 69.4</b>
<b>DVFA cash flow</b>	<b>57.5</b>	<b>19.5</b>
<b>Percentage change, FY 2001/Q1 FY 2002</b>	<b>+ 6.9</b>	<b>+ 7.1</b>

## Balance Sheets

The consolidated total assets of **ElringKlinger AG** at the close of the first quarter of FY 2003 rose to € 345.8 million, an increase of 7.0 % compared to the figure reported for the close of the first quarter of FY 2002. Its consolidated fixed assets rose to € 233.6 million, an increase of 5.7 % compared to the figure reported for the close of the first quarter of FY 2002, due to investments in capital equipment and intangibles. Its consolidated current assets rose to € 112.2 million, an increase of 9.8 % compared to the figure reported for the close of the first quarter of FY 2002, due to the increase in its business volume. At € 146.0 million, stockholders' equity was up by 22.9 % compared to the figure reported for the close of the first quarter of FY 2002. Stockholders' equity thus equaled 42.2 % of total assets. Liabilities declined by 2.2 % to € 199.8 million.

The consolidated total assets of the **ElringKlinger Group** at the close of the first quarter of FY 2003 declined to € 331.8 million, a decrease of 1.5 % compared to the figure reported for the close of the first quarter of FY 2002, largely due to a decline in total fixed assets occasioned by depreciation of good will and fewer assets subject to depreciation.

At € 138.9 million, its consolidated current assets at the close of the first quarter of FY 2003 were slightly less than the figure reported for the close of the first quarter of FY 2002.

Stockholders' equity at the close of the first quarter of FY 2003 rose by 6.3 % to € 111.3 million, and thus equaled 33.6 % of total assets.

Liabilities declined by 5.1 % to € 220.5 million.

The tables below summarize the consolidated balance sheets of ElringKlinger AG and the ElringKlinger Group at the close of FY 2002 and the close of the first quarter of FY 2003:

**Summary of ElringKlinger AG's Consolidated Balance Sheets (M€)**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Fixed assets</b>	<b>225.4</b>	<b>233.6</b>
Percentage change, FY 2001/Q1 FY 2002	- 2.6	+ 5.7
<b>Current assets</b>	<b>100.0</b>	<b>112.2</b>
Percentage change, FY 2001/Q1 FY 2002	+ 29.2	+ 9.8
<b>Stockholders' equity</b>	<b>139.8</b>	<b>146.0</b>
Percentage change, FY 2001/Q1 FY 2002	+ 22.4	+ 22.9
<b>Liabilities</b>	<b>185.6</b>	<b>199.8</b>
Percentage change, FY 2001/Q1 FY 2002	- 4.7	- 2.2
<b>Total assets/liabilities &amp; stockholders' equity</b>	<b>325.4</b>	<b>345.8</b>
Percentage change, FY 2001/Q1 FY 2002	+ 5.3	+ 7.0
<b>Equity/assets ratio</b>	<b>43.0 %</b>	<b>42.2 %</b>
Equity/assets ratio, FY 2001/Q1 FY 2002	37.0 %	36.8 %

**Summary of the ElringKlinger Group's Consolidated Balance Sheets (M€)**

	<b>FY 2002</b>	<b>Q1 FY 2003</b>
<b>Fixed assets</b>	<b>191.6</b>	<b>192.9</b>
Percentage change, FY 2001/Q1 FY 2002	- 9.2	- 2.4
<b>Current assets</b>	<b>129.7</b>	<b>138.9</b>
Percentage change, FY 2001/Q1 FY 2002	+ 7.0	- 0.3
<b>Stockholders' equity</b>	<b>105.9</b>	<b>111.3</b>
Percentage change, FY 2001/Q1 FY 2002	+ 8.0	+ 6.3
<b>Liabilities</b>	<b>215.4</b>	<b>220.5</b>
Percentage change, FY 2001/Q1 FY 2002	- 7.9	- 5.1
<b>Total assets/liabilities &amp; stockholders' equity</b>	<b>321.3</b>	<b>331.8</b>
Percentage change, FY 2001/Q1 FY 2002	- 3.3	- 1.5
<b>Equity/assets ratio</b>	<b>32.9 %</b>	<b>33.6 %</b>
Equity/assets ratio, FY 2001/Q1 FY 2002	29.5 %	31.1 %

## **The Outlook**

Following on the heels of a first quarter of FY 2003 that was better than had been expected, our April 2003 order receipts were down. Automobile unit production seems to have been adjusted suit the lower demand. The North-American automobile industry has announced production cuts for the second quarter of calendar/FY 2003 of around 10 % compared to the first quarter in order to reduce excessive inventories of unsold vehicles.

We expect that the geopolitical situation will calm down and remain peaceful over at least the remainder of FY 2003. In combination with declining crude-oil prices, which have meanwhile returned to their long-term normal levels, that should provide a solid basis for greater confidence among consumers and investors. In Germany, we expect hardly any economic recovery due to the government's reluctance to institute necessary reforms. Sociopolitical strife caused by the government's proposed reforms will probably deter consumption, rather than foster it. German industry is suffering from the government's erratic economic policies and will be rather cautious about making any new investments in view of the uncertain sociopolitical and economic outlook. No economic upturns of any significance are expected before calendar 2004, at the earliest.

The ElringKlinger Group's sales and earnings growth will thus continue to depend upon production startups, growth in the Diesel-engine segment, where it has a high market share, and cost/earnings-oriented management for some time yet. Its sales and earning growth rates



over the remainder of FY 2003 will tend to be somewhat less than the rather high rates reported for the first quarter, but should remain at thoroughly satisfactory levels.

At this juncture, it should also be noted that ElringKlinger acquired an exclusive worldwide license of great importance to the future growth of its cylinder-head-gasket business during the first quarter of FY 2003. The license in question covers a new type of cylinder-head gasket in the form of a nonlaminar, textured, coated, steel plate that is protected by numerous patents. This new type of gasket provides engine designers with greater leeway in designing lighter engines with lower fuel consumptions and exhaust emissions. In acquiring this license, ElringKlinger has opened up new pathways to its attaining further competitive advantages in its core cylinder-head-gasket business over the medium term. This license will be a key factor in our continuing our lengthy tradition of profitable growth.

Yours truly,

Dr. Helmut Lerchner

## Financial Calendar

Annual general stockholders' meeting at the "Kultur- und Kongresszentrum Stuttgart"	June 5, 2003
Dividend payment due	June 6, 2003
Participation, together with other corporate members of the BWSC with publicly traded stock, in the DVFA capital-market conference, Frankfurt/Main	July 16, 2003
Release of our report on the second quarter and first half of FY 2003	August 2003
Analysts' forum at the "IAA," Frankfurt/Main	September 2003
Release of our report on the third quarter and first nine months of FY 2003	November 2003
Press conference in conjunction with the release of our annual report for FY 2003	April 2004
Release of our annual report for FY 2003	May 2004
Release of our report on the first quarter of FY 2004	May 2004
Annual general stockholders' meeting at the "Kultur- und Kongresszentrum Stuttgart"	June 2, 2004

We will be pleased to e-mail you our quarterly and semiannual reports in the form of pdf-files. Simply drop us an e-mail at [investor-relations@elringklinger.de](mailto:investor-relations@elringklinger.de) or give us a call at +49-(0)7123-724-264 and let us have your e-mail address.

Further information is available at <http://www.elringklinger.de>.