

PFEIFFER VACUUM TECHNOLOGY AG

Form 20-F

March 25, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

Commission file number 005-46629

PFEIFFER VACUUM TECHNOLOGY AG

(Exact name of Registrant as specified in its charter)

FEDERAL REPUBLIC OF GERMANY

(Jurisdiction of incorporation or organization)

BERLINER STRASSE 43, D-35614 ASSLAR, GERMANY

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary Share Ordinary Shares, without nominal value	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

NONE
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary shares, without nominal value (as of December 31, 2002)	8,790,600
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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Yes

No

Indicate by check mark which financial statement item the registrant has elected to follow.

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Preliminary Remarks

These consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP) and the regulations of the United States Securities and Exchange Commission (SEC), Washington D.C., U.S.A.

Unless the context otherwise requires, the terms "Pfeiffer" and "the Company" are used synonymously for Pfeiffer Vacuum Technology AG and the subsidiaries included in the consolidated financial statements.

Unless express reference is made to a differing presentation, all amounts in the Company's corporate reports are expressed in euros (€). The consolidated financial statements for the years 1998 through 2000 were prepared in Deutsche Marks (DM), and have been translated into euros at the officially stipulated conversion rate.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended by Section 21E of the Securities Exchange Act of 1934. Among other things, such forward-looking statements relate to environmental protection, legal disputes, patents, capital requirements and general conditions to which the Company is subject in its daily business. Such forward-looking statements are based predominantly upon the Company's current expectations and are subject to certain risks and uncertainties. The accuracy of such forward-looking statements is dependent upon the actual development of the competitive environment. Other influences can include serious economic difficulties of customers, supply shortages of raw materials, new legislation, fluctuations in currency exchange rates, as well as a global economic crisis. The Company can provide no assurance that its forward-looking statements will materialize.

Part I

Item 1. Identity of Directors, Senior Management, and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

Critical Accounting Policies

The process of preparing financial statements requires the use of estimates on the part of management. The estimates used by management are based on the company's historical experiences combined with management's understanding of current facts and circumstances. Certain of the company's accounting policies are considered critical as they are both important to the portrayal of the company's financial condition and results and require significant or complex judgment on the part of management. The following is a summary of certain accounting policies considered critical by management of the company.

Revenue Recognition and Accounts Receivable

The Company recognizes revenue when title and risk of ownership have passed to the buyer. Allowances for doubtful accounts are estimated at the individual operating companies based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates could have a material effect on reserve balances required.

Inventory Valuation

Management reviews its inventory balances to determine if inventories can be sold at amounts equal to or greater than their carrying amounts. The review includes identification of slow moving inventories, obsolete inventories, and discontinued products. The identification process includes historical performance of the inventory, current operational plans for the inventory, as well as industry and customer specific trends.

Employment Related Benefits

The company incurs certain employment-related expenses associated with pensions and other post retirement benefits. In order to measure the expense associated with these employment-related benefits, management must make a variety of estimates including discount rates used to present value certain liabilities, assumed rates of return on assets set aside to fund these expenses, compensation increases, employee turnover rates, and anticipated mortality rates. The estimates used by management are based on the company's historical experience as well as current facts and circumstances. The company uses third-party specialists to assist management in appropriately measuring the expense associated with these employment-related benefits. Different estimates used by management could result in the company recognizing different amounts of expense over different periods of time.

Selected Financial Data

The following selected financial data should be read in conjunction with, and are qualified in their entirety by, the Company's Consolidated Financial Statements and notes thereto and Operating and Financial Review and Prospects included elsewhere in this Report.

The consolidated statement of income data and balance sheet data have been derived from the Company's Audited Consolidated Financial Statements, prepared in accordance with accounting principles generally accepted in the United States.

	2002	2001	2000	1999	1998
	(in thousands)				
Statement of Income Data					
Net sales	150,942	170,140	184,678	153,468	142,758
Gross profit	70,624	77,023	82,913	65,444	62,139
Selling, general and administrative expenses	34,428	36,095	34,950	31,409	30,774
Research and development expenses	10,400	8,064	7,631	7,735	6,475
Operating profit	21,169	28,175	35,489	22,920	21,786
Income before taxes	24,818	29,400	34,062	23,807	23,417
Income taxes:					
Current	7,513	10,510	15,917	10,066	10,904
Deferred	(230)	19	(937)	409	132
Net income	17,535	18,871	19,082	13,332	12,645
Balance Sheet Data					
Current assets	121,818	115,650	111,150	87,275	97,456
Total assets	155,496	150,604	141,501	106,466	115,503
Current liabilities	20,486	26,589	37,677	29,692	33,854
Long term debt	7,746	9,037	6,136		
Share capital	22,504	22,504	22,065	21,635	22,497
Shareholders' equity	92,508	83,402	67,107	47,958	53,799

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	2002	2001	2000	1999	1998
Other Data					
Operating Profit per Ordinary Share:					
Basic	2.41	3.23	4.16	2.65	2.48
Diluted	2.41	3.23	4.11	2.56	2.34
Net Income per Ordinary Share:					
Basic	1.99	2.16	2.24	1.54	1.44
Diluted	1.99	2.16	2.21	1.49	1.36
Dividends paid per Ordinary Share, declared					
	0.56	0.56	0.51	0.39	0.29
Dividends paid per Ordinary Share in US dollars					
	\$ 0.59	\$ 0.50	\$ 0.47	\$ 0.38	\$ 0.29
Number of authorized, issued and outstanding shares					
- adjusted weighted average basic	8,790,600	8,719,507	8,526,312	8,652,141	