

Media Release

15 May 2001

Corporate Communication

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Cover sheet

Invitation to the today's analysts conference call

We are pleased to invite you to our today's conference call:

Date: Tuesday, 15 May 2001

Time: 11.00 am – 12.00 am

Title: Halbjahresbericht 2001 der Feintool International Holding

Participants Feintool: Dr Beat Luethi, CEO
Paul Haering, CFO

Procedure to dial in: Dial 5-10 minutes before the conference is due to start the following phone number:
0041/ 91 610 41 11

Please inform the Chorus Call operator if you do not have a touch-tone phone.

Kind regards

Feintool International Holding

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Feintool's mid-year figures show improved operating result despite harsher environment

In the first six months of the 2000-2001 financial year, the companies constituting Feintool International Holding increased their consolidated net sales by 12.1% to CHF 218.6 m compared with the same period in the previous financial year (1st half 1999/00: CHF 194.9 m). Despite tough market conditions and a business downturn in North America, operating income improved over the same period by 15.5% to CHF 16.8 m (CHF 14.6 m). Net profit was up 1.9% to CHF 13.4 m (CHF 13.1 m).

About 58% (71%) or CHF 127.8 m of Group sales are generated by the Fineblanking/Forming Technology segment. The Assembly/Automation Technology segment, which – in addition to the Baltec Group and the IMA companies – now also includes the activities of the Afag Group (acquired with effect from 1 January 2001), contributed 27% (14%) or CHF 58.8 m of consolidated sales. The Plastic/Metal Components segment accounted for 15% (15%) or CHF 32.0 m of sales. Owing to the business trend in North America, the targeted full-year sales range of CHF 490-510 m will probably not be reached. The measures now introduced are aimed at enabling us to maintain the operating margin and achieve net profits at the lower end of the stated bandwidth for the financial year despite sales falling short of expectations.

Fineblanking/Forming Segment: new generation of presses, excellent utilization of European production capacity

In the fineblanking press and plant business, the HFA *plus* press launched in December 2000 offers higher output and more cost-effective processes, thus reducing the unit costs for fineblanked parts and components. Order intake is correspondingly high, though with delivery periods of six to nine months only a small number of presses will be delivered in the current financial year. As anticipated, therefore, this innovation will cause some sales shrinkage in the current financial year, but from next year onwards will create substantial growth momentum in the press and plant business.

In the parts and component business, the European and Japanese facilities – where capacity utilization is high – exceeded their sales targets. However, this did not quite offset the fall-off in activity at the three US facilities. Some customers engaged in the North American automotive industry reduced their orders at short notice. Manufacturing capacities were adjusted accordingly, but without cutting back on the personnel resources required for further growth. Alliances aimed at improving capacity utilization at the Tennessee plant are also being investigated.

Assembly/Automation Segment: integration phase and new direction

The substantial jump in first-half sales is attributable to organic growth in Europe, the full consolidation of IMA and mhk (only consolidated for 3 months in the previous year) and the first-time consolidation of the Afag Group (for 3 months). As Baltec, IMA and Afag operate successfully in a variety of sectors, there is no threat to the medium-term growth of this business even if the telecommunications industry were to undergo further consolidation. Afag and mhk's automation components business continued to develop along the same pleasing lines seen in the previous year. This high-margin, stable business has considerable potential for the development of new markets and new products. The formation of an independent sales organization in the USA and the start made on integrating the activities of Afag, mhk and Baltec pave the way for the successful development of this business. In addition, the Afag systems business is being concentrated at the Aarberg site and is being integrated with the German facilities at Amberg and Berlin to form an efficient corporate group.

Plastic/Metal Components Segment: expanded capacity for future market development

The sales increase in the first half of the year fell short of expectations, although the components and assembly manufacturing activities in Biberist did largely meet targets. Both the new Mühlemann company in the USA and the tool construction business in Biberist – which supplies the European and US markets – did not quite meet sales expectations, due primarily to delays in getting new projects off the ground. Despite the difficult economic environment in North America, the new Mühlemann company in Tennessee won orders for customers in Brazil, Mexico and the USA.

On track to meet the earnings target for the current year

The result for the first half of the 2000/2001 financial year shows that Feintool is able to defend and strengthen its position even in a harsher business environment. Although the sales target of at least CHF 490 m will not be reached, the targets for operating margin and results continue to apply. Factoring in all the changes in the scope of consolidation and the measures implemented to safeguard earnings, group management expects a 10-15% rise in net sales to CHF 470-490 m. With the operating margin at 7-8%, net profit is set to move up to approx. CHF 26 m.

Lyss, 15 May 2001

The printed version of the semiannual report can be viewed or printed out by going to the website www.feintool.com and selecting Investor Relations/Semiannual report.

For further information, please contact

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