

Media Release

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Corporate Communication

Urs Feitknecht
Tel. +41 (0)32 387 51 63
Fax +41 (0)32 387 54 16
urs.feitknecht@feintool.ch

Recession having impact on Feintool Group in short term, but outlook for 2003 still bright.

The January figures clearly show that the Feintool Group's performance in fiscal 2001-02 cannot remain immune to the current recessionary trend. Group companies operating in the investment goods sector have been harder hit than the components manufacturers, whose business is relatively stable. The economic situation in the USA remains subdued, and European companies are deferring planned capital expenditure. Due to the run of business, the Group's management expects for the first half of the year a balanced operating result at best and for the year as a whole a profit below the targeted bandwidth. Order intake over the next three months will be crucial to the development of the business in the second half. Owing to various measures initiated in the autumn and to capacity adjustments, and given the current level of orders and the prospect of major projects in the pipeline, sales and earnings will set to rise again as of financial year 2002-03.

Thanks to a healthy order book for the new HF*Aplus* fineblanking press, the *Fineblanking Equipment* division is on course to meet its targets. The amalgamation of the Feintool/Schmid marketing and service activities and the relocation of mechanical press manufacturing to the Jona factory should boost efficiency. The engineering, tool manufacture and customer service sectors are performing in line with expectations.

The *Automation* division has been hardest hit by the current downturn in the telecoms and automotive industries. A number of contracts for automation systems have been deferred and new projects will be launched later than originally planned. The assembly components business is expecting order intake to pick up in the second half.

Feintool's *System Parts* division, with production facilities in Europe, the USA and Japan, is set to meet its budget goals. A number of interesting projects for new car models should generate healthy growth from 2003 onwards.

The *Plastic/Metal Components* division has also seen call-ups under existing contracts fall below budgeted levels. Although some major projects in the electronics industry have been postponed, they should ensure a good level of capacity utilization in Biberist and Tennessee in the coming years.

Relocation of press manufacture from Lyss to Jona

As part of the drive to concentrate the activities of Osterwalder AG, Lyss, on its own, successful powder press business, and in order to expand the range of hydraulic presses at Heinrich Schmid AG of Jona, it has been decided to transfer production of mechanical fineblanking presses to Jona. The transfer will take place over the next three months. This move will improve capacity utilization in Jona and help to boost earnings. Mechanical fineblanking presses have been manufactured by Osterwalder AG in Lyss since Feintool was founded in 1959. Feintool Technologie AG Lyss has been responsible for the worldwide marketing, distribution and servicing of these presses under the Feintool brand name. Thanks to fruitful cooperation, some 1500 GKP-F and MFA presses have been built and installed all over the world. The machines' excellent quality and reliability have contributed substantially to Feintool's good brand image. A large number of these presses are still in service and operating to our customers' satisfaction. The Feintool/Schmid customer service is responsible for spare parts supplies and retrofitting with new control systems.

For further information, please contact:
Beat E. Lüthi, Chief Executive Officer and Paul Häring, Chief Financial Officer
Tel. +41 / (0)32 / 387 51 11, fax +41 / (0)32 / 387 57 81
e-mail investor.relations@feintool.ch