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# Media Release

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## Feintool Group: well equipped for the future

**In the 2000/2001 financial year, which ended on 30 September 2001, the Feintool Group of Switzerland, based in Lyss (Canton of Berne) and active throughout the world, increased consolidated sales by 10.2% to CHF 471.2 m (previous year: CHF 427.7 m). In spite of a difficult environment in the US, operating profits were held at CHF 32.1 m (previous year: CHF 32.7 m). Mainly because of extraordinary restructuring costs, group profits were below target, down from CHF 24.7 m in the previous year to CHF 20.2 m. Though business was buoyant in Europe and Japan, this could not fully offset the downturn in business in North America that has already lasted more than a year. Despite acquisitions the structure of the balance sheet was substantially improved by the spin-off of real estate holdings. Feintool has a total of 1,879 employees world-wide (previous year: 1,635), 1005 of them in Switzerland.**
**The measures taken to improve profitability, along with capacity adjustments in the US and a healthy order book in the press and systems business, mean that the group is well equipped for the future.**
**At the General Meeting the Board of Directors will propose the payment of an unchanged dividend of CHF 12 per registered share.**

| *Key figures (CHF m)* | *2000/01* | *1999/2000* | *change in %* |
|---|---|---|---|
| Consolidated sales | **471.2** | 427.7 | **+ 10.2** |
| EBITDA | **55.6** | 53.5 | **+ 3.9** |
| Operating profit | **32.1** | 32.7 | **- 1.9** |
| Net profit | **20.2** | 24.7 | **- 18.4** |
| Total assets | **372.8** | 396.3 | **- 5.9** |
| Net borrowing | **75.8** | 118.1 | **- 35.8** |
| Workforce | **1,879** | 1,635 | **+ 14.9** |

**Broad strategic base pays off**
As a technology provider, systems manufacturer and component supplier with global production facilities, Feintool has strengthened its market leadership in the *Fineblanking/Forming* segment, consolidated its leading position in the *Plastic/Metal Components* segment and substantially expanded the *Automation* segment with the integration of the Afag Group. The general downturn in North America and in the mobile phones industry had a negative impact on profits, but within the Feintool Group the effects were not too dramatic because of its broad presence in a number of different markets, sectors and fields of application. The successful launch of new products will have a positive impact beginning in the next fiscal year, and redoubled efforts in research and development will bring benefits in the medium term – as will the targeted exploitation of synergies spanning several segments.

**Fineblanking/Forming: an all-round technology offering**
With sales of CHF 259.5 m (previous year: 283.7 m), the *Fineblanking/Forming* segment generated 54.9% of group sales. Its operating profit was below target at CHF 17.6 m (22.3 m). Despite this, the *Fineblanking Equipment* and *System Parts* divisions successfully held their own in the face of an economic downturn and consolidated their leading positions.

Delayed deliveries of the new HFA*plus* generation of Feintool presses and a moderate decline in the secondary Schmid brand pushed down system sales somewhat. The technology centre in Lyss remained on course, despite incurring costs in implementing a number of advanced toolmaking developments. The healthy order book for presses and systems suggests that sales in the new fiscal year should be close to the previous year's level.

In the parts and components field, excellent capacity utilization in the European facilities at Lyss, Ettlingen and Jena did not entirely offset the sharp decline at the US facilities in Cincinnati OH, White Plains NY and Nashville TN, where capacities were adjusted to cope with the increasing tendency of the American automotive industry since December 2000 to postpone orders from ongoing contracts. However, an upswing in the 2002-2003 financial year is already emerging in the shape of new orders.

**Feintool Automation: a strong new mainstay**
The *Assembly/Automation* segment, into which the Afag Group was incorporated on 1 January 2001, generated sales of CHF 148.1 m (previous year: CHF 81.1 m). This is equivalent to 31.5% (19.0%) of the group total. Operating profits were on target at CHF 15.8 m (10.1 m), despite the extraordinary effort devoted to integrating the Afag Group and repositioning the *Feintool Automation* and *United Components* divisions in line with market requirements. The strong market positions of these two divisions give them considerable potential, and their project list enables them to face the future with confidence.

The new Feintool *Automation* division, formed from IMA Automation and the Afag systems unit, has become a significant global provider of assembly-automation systems, with production facilities in Aarberg, Amberg and Berlin. If offers high-performance automatic rotary tables and flexible linear-transfer systems under the ***clictec*** brand name. Prominent customers in the automotive, electronics and telecommunications industries rely on the division's comprehensive engineering expertise. The synergy potential with the Fineblanking/Forming business unit has already borne its first fruits in the key-account management field.

The United Components division was formed by amalgamating the companies producing assembly modules, handling units and riveting machines in Huttwil, Pfäffikon and Amberg. Offering the well-known, comprehensive range of ***Afag***, ***Baltec*** and ***mhk*** products, this leading provider of assembly components is well-represented throughout the world, with its own distribution companies and an established network of agents. Besides Feintool Automation itself, its customers include most of the world's mechanical-engineering companies specializing in the automation sector.

**Consolidation in the Plastic/Metal Components business**

The *Plastic/Metal Components* segment generated sales of CHF 63.6 m (previous year: 62.9 m), i.e. 13.5% (14.7%) of the group total. Operating profit was CHF 3.0 m, below the previous year's figure of CHF 3.5 m. In the manufacture of complex plastic/metal components priority was given to improving internal processes and eliminating unprofitable work. Even so, sales were maintained at the previous year's level. Integration into the Feintool Group has proved its worth: customers have reacted positively, and the position of Mühlemann has been fundamentally strengthened. The first synergy-related successes in the US market for compound components were achieved in the fineblanking/forming field. Several new production runs in Tennessee and at the Biberist facility (where the extension has now gone operational) will enable the segment to achieve substantial growth in future years.

**Property spin-off**

Feintool International Holding established a joint venture with Hannover HL Leasing GmbH & Co KG of Munich into which it has incorporated its real estate holdings. A banking syndicate with Deutsche Bank as the lead manager is providing the joint venture with long-term finance. Feintool Group properties throughout the world are now under professional, unified management. Feintool International Holding has a minority stake of 19% in the new joint venture, the remaining 81% being held by Hannover Leasing. Initially most Feintool properties in Europe (Switzerland and Germany) and the US were transferred, the net proceeds of this first phase – some CHF 60 million – being primarily used to repay short-term borrowing, most of which was related to the past year's acquisitions.

**Unchanged dividend**
At the General Meeting on 22 January 2002 the Board of Directors will propose the payment of an unchanged dividend of CHF 12 per registered share with a nominal value of CHF 50.

**The outlook for fiscal 2001/02 and 2002/03**
The global economy is in a difficult situation, and in the light of the unusual – indeed tragic – nature of recent events it is difficult for Feintool (as for any other company) to forecast developments in the coming fiscal year. Having reviewed the group's strategic orientation, the Board of Directors and senior management are convinced that the strategic measures now initiated and the operating measures already implemented will enable us to achieve our medium-term growth targets.

Thanks to a healthy order book for presses and systems, sales in the current (2001/02) financial year are expected to be close to those in the previous year. If sales targets are achieved, the measures taken will have a positive effect on operating profits.

Current indications are that the next fiscal year (2002/03) will probably show a rising trend. In the systems business there is an increasing readiness to invest in the new, efficient fineblanking presses and in cost-cutting automation systems. In the field of parts and components, orders for future products in a variety of sectors (e.g. automotive and telecommunications) have already been placed with both the Fineblanking/Forming and the Plastic/Metal Components divisions.

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