

# SCHWEITER TECHNOLOGIES

**Semi-annual Report 2002**

## Report of the Board of Directors on the results for the first half of 2002

Dear shareholders

In the first half of 2002, the Group posted an operating profit of CHF 11 million and net income of CHF 6 million on consolidated sales of CHF 163 million. Net debt is virtually zero and the equity ratio over 50%. In year-on-year terms, sales were 39% lower. This is primarily due to the collapse of Ismeca Semiconductor's market and project cancellations and delays facing Ismeca Automation. Despite a solid business performance, total invoicing was down at SSM Textile Machinery, while Satis Vacuum reported an increase in billings.

The fact that the ratio of operating profit to sales was still as high as 7% is mainly attributable to the successful cost-cutting and streamlining drive pursued in 2001. The number of employees as of 30 June 2002 was 940, compared with 1470 at the end of the first half of 2001. With the exception of Automation, all divisions reported a higher gross margin, underscoring the competitiveness of the products. The Group's aim is to be able to benefit from the next upswing with only a minimum of structural growth.

The remaining shares in Ismeca Holding SA, La Chaux-de-Fonds, were acquired at the beginning of the year. Together with the share package already held, this means that Ismeca Holding is now wholly owned by the Group. The acquisition was carried out by means of a share exchange, 250,000 shares from the authorized capital being drawn in order to complete the transaction. As at mid-2002, the number of outstanding Schweiter Technologies shares thus totalled around CHF 1.443 million.

### SSM Textile Machinery

The 6% year-on-year decline in order intake to CHF 68 million was mainly the result of slack demand for air jet texturing machines at the start of the year. However, thanks to business in the Asia and Turkey regions, the level of new orders was otherwise good. Sales were 18% lower than the very strong result achieved in the first half of 2001. The bulk of the gratifying operating profit of CHF 9 million was generated by the parent company in Horgen, while the two subsidiaries Hacoba and SSM Stähle Eltex continued to turn in unsatisfactory

results. Despite a falloff in sales, the ratio of operating profit to operating performance improved from 12 to 16%.

### Satis Vacuum

Reflecting the absence of DWDM/precision optics projects, order intake was 23% lower than the high year-back level. By contrast, sales rose 25% to CHF 41 million. The new compact sputter-based machines are proving a success on the market, although this did not feed through to first-half sales. Just under CHF 1 million in additional reorganization costs stemming from last year's precision optics projects was charged to the operating profit of CHF 2.6 million. Adjusted for these charges, operative profit would have reached an impressive 9%.

### Ismeca Automation

Owing mainly to project postponements, new orders and sales are substantially lower than last year. The company reported a negative operating result of CHF 2 million on first-half sales of CHF 22 million. A similar result is expected for the full financial year.

### Ismeca Semiconductor

The company achieved breakeven as targeted, with new orders at CHF 24 million and sales at CHF 42 million. The last two months saw the book-to-bill ratio back at 1:1. Although the market is continuing to pick up, the pace of recovery is still hesitant. Thanks to stringently implemented restructuring measures, including production site closures in the USA and Malaysia, Ismeca Semiconductor produced an operating profit of CHF 2 million, a gratifying result in the circumstances.

### Outlook

The business trend witnessed over the first six months is expected to continue in the second half. When the economy starts to firm again, the Group's lean structures will set the stage for exceptional earnings growth.

Yours sincerely

The Board of Directors, Schweiter Technologies

## Key figures according to IAS

<b>Schweiter Technologies Group</b> (in CHF m)	<b>30.06.02</b>	30.06.01	Change
Orders received	151.6	171.9	- 12%
Gross revenues	163.4	267.2	- 39%
Operating profit	10.9	30.4	- 64%
<b>Net income before (minority and) goodwill</b>	<b>7.7</b>	<b>23.2</b>	<b>- 67%</b>
<b>Net income after (minority and) goodwill</b>	<b>6.4</b>	<b>11.9</b>	<b>- 46%</b>

<b>SSM Textile Machinery</b> (in CHF m)	<b>30.06.02</b>	30.06.01	Change
Orders received	67.6	72.3	- 6%
Gross revenues	59.1	71.7	- 18%
Operating profit	8.9	8.7	+ 2%

<b>Satis Vacuum</b> (in CHF m)	<b>30.06.02</b>	30.06.01	Change
Orders received	33.0	42.8	- 23%
Gross revenues	41.0	32.8	+ 25%
Operating profit	2.6	- 2.4	-

<b>Ismeca Automation</b> (in CHF m)	<b>30.06.02</b>	30.06.01	Change
Orders received	26.7	27.9	- 4%
Gross revenues	21.6	71.6	- 70%
Operating profit	- 2.2	8.9	-

<b>Ismeca Semiconductor</b> (in CHF m)	<b>30.06.02</b>	30.06.01	Change
Orders received	24.3	28.9	- 16%
Gross revenues	41.7	91.1	- 54%
Operating profit	2.0	15.4	- 87%

## Consolidated balance sheet as at June 30, 2002

<b>Assets</b> (in CHF m)	<b>30.06.02</b>	<b>%</b>	<b>31.12.01</b>	<b>%</b>
<b>Current assets</b>				
Cash and cash equivalents	49.2		67.5	
Receivables	82.0		92.3	
Inventories	89.6		102.1	
<b>Total current assets</b>	<b>220.8</b>	<b>69.4</b>	<b>261.9</b>	<b>72.6</b>
<b>Fixed assets</b>				
Property, plant and equipment	36.2		39.9	
Long-term receivables	1.0		1.8	
Financial assets	-		0.1	
Deferred taxes	8.0		8.0	
Intangible assets, goodwill	52.1		49.2	
<b>Total fixed assets</b>	<b>97.3</b>	<b>30.6</b>	<b>99.0</b>	<b>27.4</b>
<b>Total assets</b>	<b>318.1</b>		<b>360.9</b>	
<b>Liabilities</b> (in CHF m)	<b>30.06.02</b>	<b>%</b>	<b>31.12.01</b>	<b>%</b>
<b>Short-term liabilities</b>				
Short-term interest-bearing liabilities	59.8		62.2	
Commission payments	6.8		6.8	
Trade liabilities	11.7		22.9	
Other liabilities	43.6		78.6	
<b>Total short-term liabilities</b>	<b>121.9</b>	<b>38.3</b>	<b>170.5</b>	<b>47.2</b>
Long-term interest-bearing liabilities	5.3		12.0	
Provisions	21.3		22.9	
<b>Total long-term liabilities</b>	<b>26.6</b>	<b>8.4</b>	<b>34.9</b>	<b>9.7</b>
<b>Total liabilities</b>	<b>148.5</b>	<b>46.7</b>	<b>205.4</b>	<b>56.9</b>
Minority interests	-		28.4	7.9
<b>Shareholders' equity</b>				
Share capital	14.4		11.9	
Reserves	155.8		115.2	
Net income	6.4		4.2	
Currency translation differences / OCI	- 7.0		- 4.2	
<b>Total shareholders' equity</b>	<b>169.6</b>	<b>53.3</b>	<b>127.1</b>	<b>35.2</b>
<b>Total liabilities</b>	<b>318.1</b>		<b>360.9</b>	

**Consolidated income statement as at June 30**

(in CHF m)	<b>30.06.02</b>	%	30.06.01	%
Gross revenues	163.4	107.1	267.2	96.3
Sales deductions	- 6.8	4.4	- 6.9	2.5
<b>Net revenues</b>	<b>156.6</b>	102.7	<b>260.3</b>	93.8
Change in inventories of semi-finished and finished goods	- 4.1	2.7	17.3	6.2
<b>Total operating income</b>	<b>152.5</b>	100.0	<b>277.6</b>	100.0
Cost of materials	- 70.4	46.2	- 129.5	46.7
Personnel expenses	- 42.0	27.5	- 72.8	26.2
Development expenses	- 7.8	5.1	- 4.8	1.7
Other operating expenses	- 21.4	14.0	- 40.1	14.4
<b>Operating profit</b>	<b>10.9</b>	7.2	<b>30.4</b>	11.0
Financial income / expenses	- 1.6	1.0	- 1.2	0.4
Other income / expenses	- 0.1	0.1	0.2	0.1
Amortization of goodwill	- 1.3	0.9	- 5.3	1.8
<b>Income before taxes</b>	<b>7.9</b>	5.2	<b>24.1</b>	8.7
Income taxes	- 1.5	1.0	- 6.2	2.2
<b>Net income (before minority interests)</b>	<b>6.4</b>	4.2	<b>17.9</b>	6.5
Minority interests	-		- 6.0	2.2
<b>Net income (after minority interests)</b>	<b>6.4</b>	4.2	<b>11.9</b>	4.3

**Notes to the  
balance sheet and income statement**

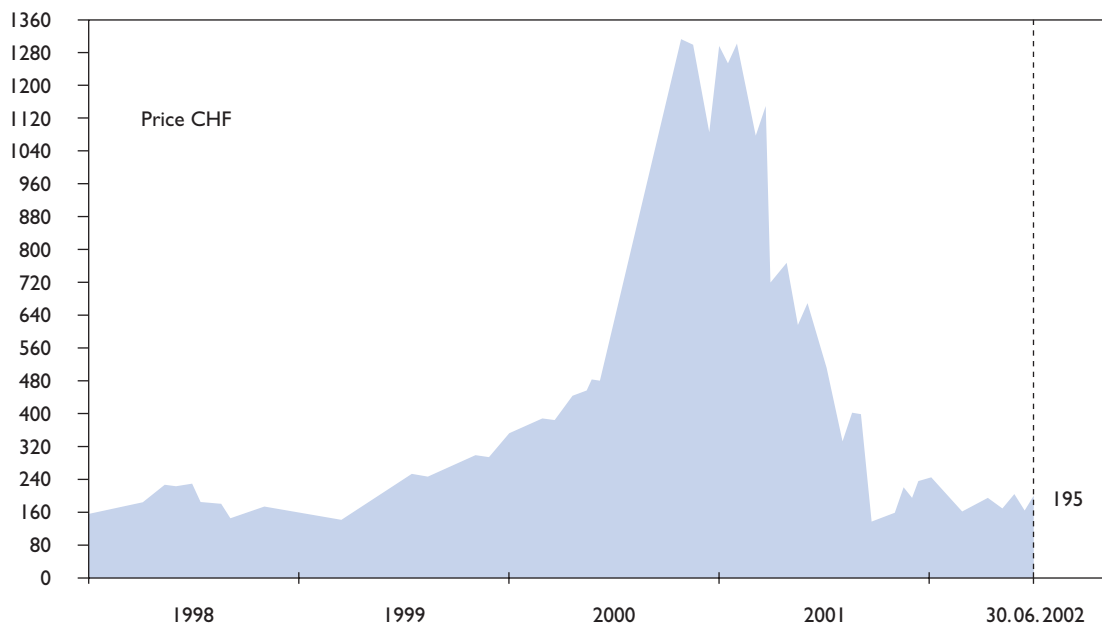
The decrease in short-term liabilities is related to the settlement of purchase price debt from the takeover of the Ismecca Group. As at June 30, 2002 Schweiter Technologies held a 100% interest in Ismecca (77.3% as at December 31, 2001).

The present semi-annual report for the six months to June 30, 2002 is unaudited.

These accounts were prepared in accordance with IAS and follow the same principles as those applied to the annual financial statements.

## Information for shareholders

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1075 492; Telekurs: SWTQ; Reuters: SWTZ.



(in CHF 1 000s)

	<b>30.06.02</b>	31.12.01
Share capital – subdivided into bearer shares with a par value of CHF 10 each	14 437	11 924
Conditional capital	1 326	1 326
Approved capital	3 000	2 720
Stock market capitalization as at June 30, 2002 – based on the closing price of CHF 195.–	281 516	255 173

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