



swisslog

Investor Presentation
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General comment

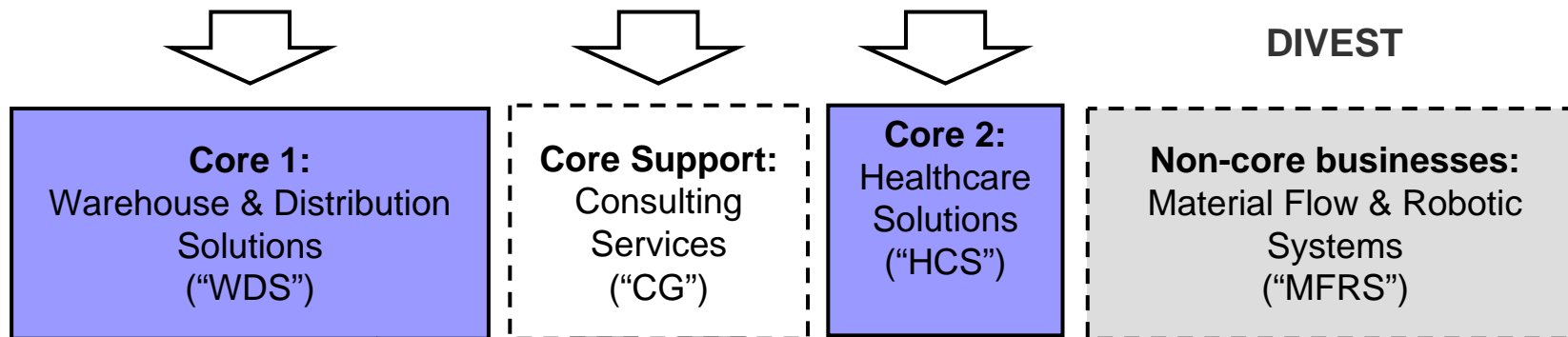
This document contains various forward looking statements which are based on the present assessment of Swisslog's current situation and its plans. All parties are aware of the fact that the future development is influenced by factors which are beyond the control of the company.

Content

- ▶ **Current situation**
- ▶ Business development H1/2003
- ▶ Business plan 2005



Focused strategy built on core competencies



2002A (in CHF M):

Net sales	421 (47%)	14 (2%)	204 (23%)	258 (28%)
EBITDA	22	2	21	8

Note: Without Corob; EBITDA impact of HQ not included (CHF -19M)



Business focus and products of Warehouse & Distribution Solutions

Business Focus

- ▶ General contracting & implementation of automated warehouses and distribution centers
- ▶ Planning & engineering
- ▶ Software for automated and manual warehouses/distribution centers
- ▶ Customer support
- ▶ Process consulting

Products

Automated Warehouse



Warehouse management software

Business focus and products of Healthcare Solutions

Business Focus

- ▶ Logistics automation for hospitals and pharmacies
- ▶ Planning & engineering
- ▶ Implementation
- ▶ Customer support
- ▶ Hospital logistics consulting

Products

Tube Systems



Automated Guided Vehicles



Unit dose systems
(PillPick)



Package systems
(PackPicker)

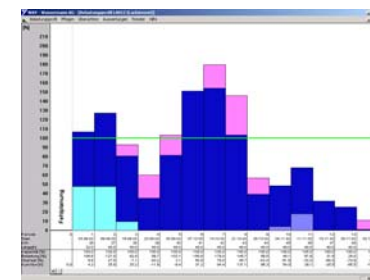
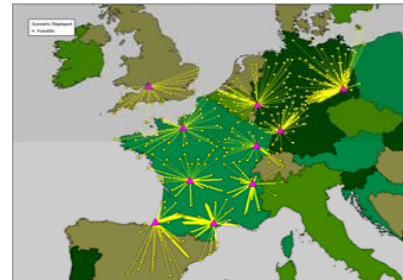
Business focus and products of Consulting Services

Business Focus

- ▶ Supply chain audit
- ▶ Strategic supply chain planning
- ▶ Production flow planning, control and optimization (WAY-software)
- ▶ Logistics network design

Products

Consulting



Software (Network Analysis/WAY)

Business focus and products of Material Flow & Robotic Systems

Business Focus

- ▶ Planning, designing and engineering of turn-key solutions for material handling
- ▶ Integrated robotic solutions for storage and picking
- ▶ Provision of components to general contractors and integrators
- ▶ Customer support

Products

RoboPick



MultiPick



Overhead Conveyor



Light Goods Conveyor

Rational for focusing on 2 core businesses

- ▶ To consistently focus management on the core business areas "Warehouse & Distribution Solutions" and "Healthcare Solutions"
- ▶ To reduce organizational complexity
- ▶ To ensure hardware independency and open system approach; higher flexibility to provide optimal customer solution
- ▶ To enable higher transparency in structures, processes, and provided services
- ▶ To increase operational efficiency and optimally align and share resources

Content

- ▶ Current situation
- ▶ **Business development H1/2003**
- ▶ Business plan 2005



Business development H1 / 2003 (1/2)

Warehouse & Distribution Solutions

- ▶ Good order intake & net sales compared to H1 / 2002, however slow down expected due to difficult economic environment
- ▶ Good progress to reduce operational cost base
- ▶ Further reduction of working capital
- ▶ Unsatisfactory EBITDA result due to substantial additional cost to complete projects

Health Care Solutions

- ▶ Stable order intake & net sales, slightly below the level compared to H1 / 2002
- ▶ Very strong business in the US market compensates restructuring and market build up cost in Europe
- ▶ Good progress to reduce working capital
- ▶ Good EBITDA result based on margin increase and lower operational cost

Business development H1 / 2003 (2/2)

Material Flow Systems / Robotics

- ▶ Very difficult market environment especially in Germany has led to a substantially lower level of new orders and net sales
- ▶ Turnaround program initiated, however with high restructuring costs
- ▶ Reduction of working capital
- ▶ EBITDA far below the level compared to previous H1/2002

Overall unsatisfactory profitability during H1/2003

- ▶ One-off restructuring costs
- ▶ Non billable project completion costs
- ▶ Low level of activity of Material Flow Systems/Robotics Division

Group results for the first 6 months of 2003

in million CHF	1.1.-30.6.2003	1.1.-30.6.2002
Order intake	431.6	494.2
Order backlog	600.3	568.9
Net sales	396.6	421.4
EBITDA	6.9	24.1
EBITA	-1.5	16.7
Net result	-35.8	-12.9
Shareholders' equity*	68.0	142.8
Net debt*	291.3	305.9
Employees*	3'178	3'410

* End of period

Segment results for the first 6 months of 2003

in million CHF	1.1.-30.6.2003	1.1.-30.6.2002
Warehouse & Distribution Solutions		
Order intake	233.7	272.4
Order backlog*	379.6	373.4
Net sales	221.6	209.1
EBITDA	6.6	12.6
<i>EBITDA margin</i>	3.0%	6.0%
Healthcare Solutions		
Order intake	107.3	117.1
Order backlog*	142.4	124.0
Net sales	92.1	97.2
EBITDA	10.2	11.9
<i>EBITDA margin</i>	11.1%	12.2%
Material Flow & Robotic Systems		
Order intake	111.1	139.3
Order backlog*	108.4	98.0
Net sales	104.8	129.2
EBITDA	2.4	7.5
<i>EBITDA margin</i>	2.3%	5.8%

* End of period

Content

- ▶ Current situation
- ▶ Business development H1/2003
- ▶ **Business plan 2005**



Warehouse & Distribution Solutions - Business Plan (1/3)

Market structure

- ▶ Global logistics solutions market ~CHF 17B growing at 4% p.a.
- ▶ Global warehouse management software market ~CHF 2.4B (manual ~CHF 1.6B; automated ~CHF 0.8B) growing at 6% p.a.
- ▶ Europe and North America biggest regions, but Asia with higher growth (~4% vs.~10%)

Trends

- ▶ Increasing complexity in processes and information flows
- ▶ Cost pressure
- ▶ Request for global solutions from bigger customers
- ▶ Full integration of logistical concepts, warehouse management software and Enterprise Resource Planning (ERP) systems

Competitive position

- ▶ Swisslog top player in global logistics solutions (#4 after Siemens Dematic, Daifuku and FKI Logistex) and strong position in software systems (#3 after Manhattan, EXE)
- ▶ Logistics solutions competitors gaining 'software competence' through partnerships with software houses
- ▶ Threat from pure software giants such as SAP

Warehouse & Distribution Solutions - Business Plan (2/3)

Strategic PoA*

- ▶ #2 global player for complex automated solutions and logistics software systems through an integrated consulting, system design and software approach
- ▶ Leveraged software capability as core competence and expanded process consulting capability to ensure optimal system design and integration
- ▶ Increased share of customer support activities

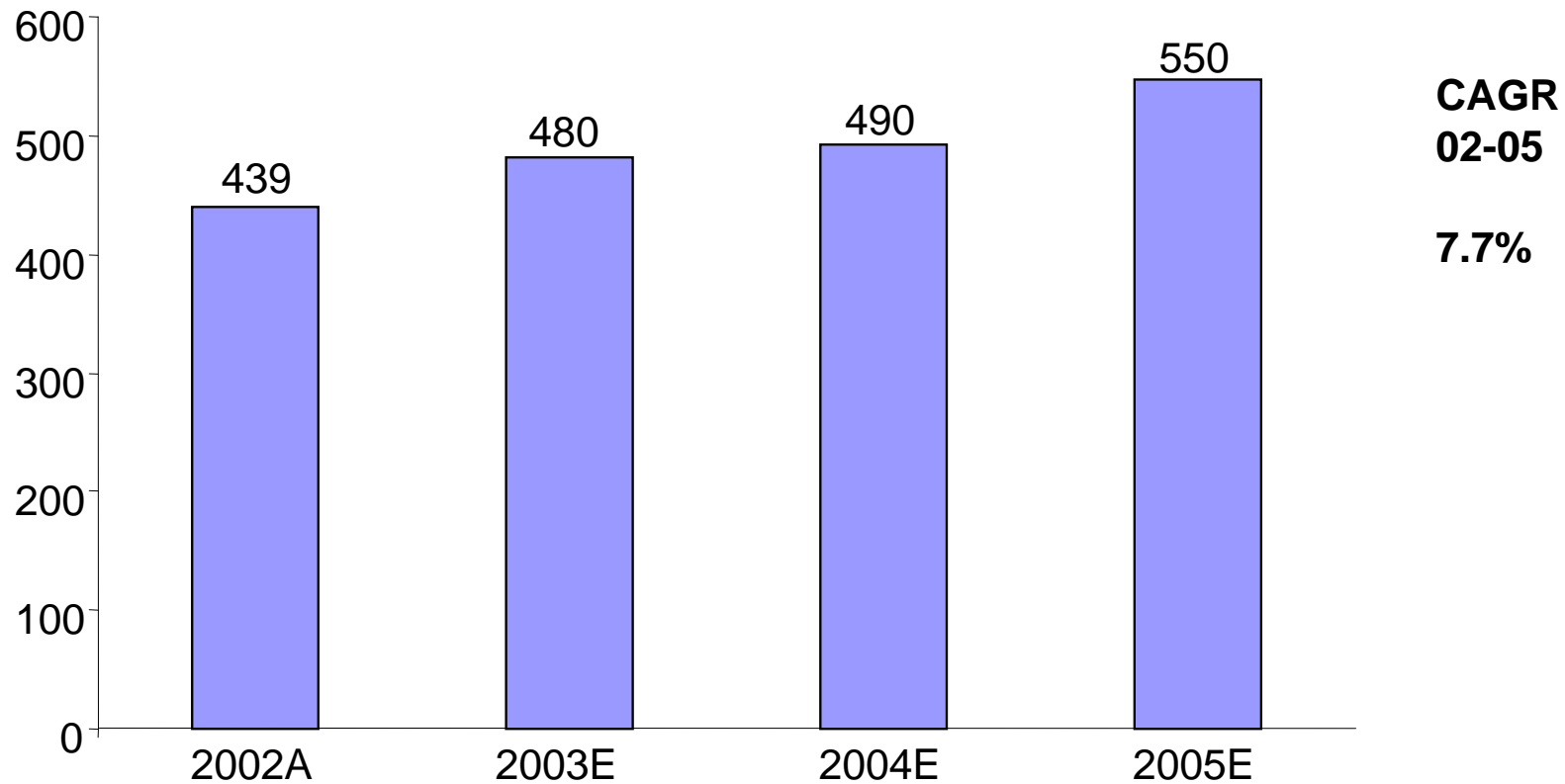
* Point of arrival

Key initiatives

- ▶ Merge Logistic Solutions and Software Divisions into combined WDS division with aligned strategy
- ▶ Focus sales efforts on clearly defined vertical segments (retail/distribution, food/ beverage, pharma/chemicals, consumer packaged/ fast moving consumer goods)
- ▶ Build skills for effective implementation of standardized software applications
- ▶ Increase focus on customer support for driving overall profitability

Warehouse & Distribution Solutions - Business Plan (3/3)

Net sales in CHF M



Healthcare Solutions - Business Plan (1/3)

Market structure

- ▶ Global tube system market ~CHF 300M with about 4% growth p.a.
- ▶ Maturing technology for tube systems but still large potential in European hospitals and China
- ▶ Fast growing (new) markets for automated drug management systems in Europe and North America
 - ~5,000 hospitals as potential customers for unit dose systems (Pill-pick)
 - ~50,000 pharmacies in Europe for automated pharmacies (Pack-picker)

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Trends

- ▶ Increased importance of high and fast return on investments
- ▶ Pressure by governments to reduce labour and material costs in healthcare sector
- ▶ Increased standards for safety and control
- ▶ Higher service level and logistical complexity in hospitals

Competitive position

- ▶ Swisslog only player in market with comprehensive healthcare product offering
- ▶ Large installed base of tube systems in North America (~1,750 hospitals) and Europe (~250 hospitals); market leader with 40% share globally
- ▶ Unit dose automation market dominated by drug wholesalers in the US; limited competition in Europe
- ▶ Technology leader in automated pharmacies with only limited competition

Healthcare Solutions - Business Plan (2/3)

Strategic PoA

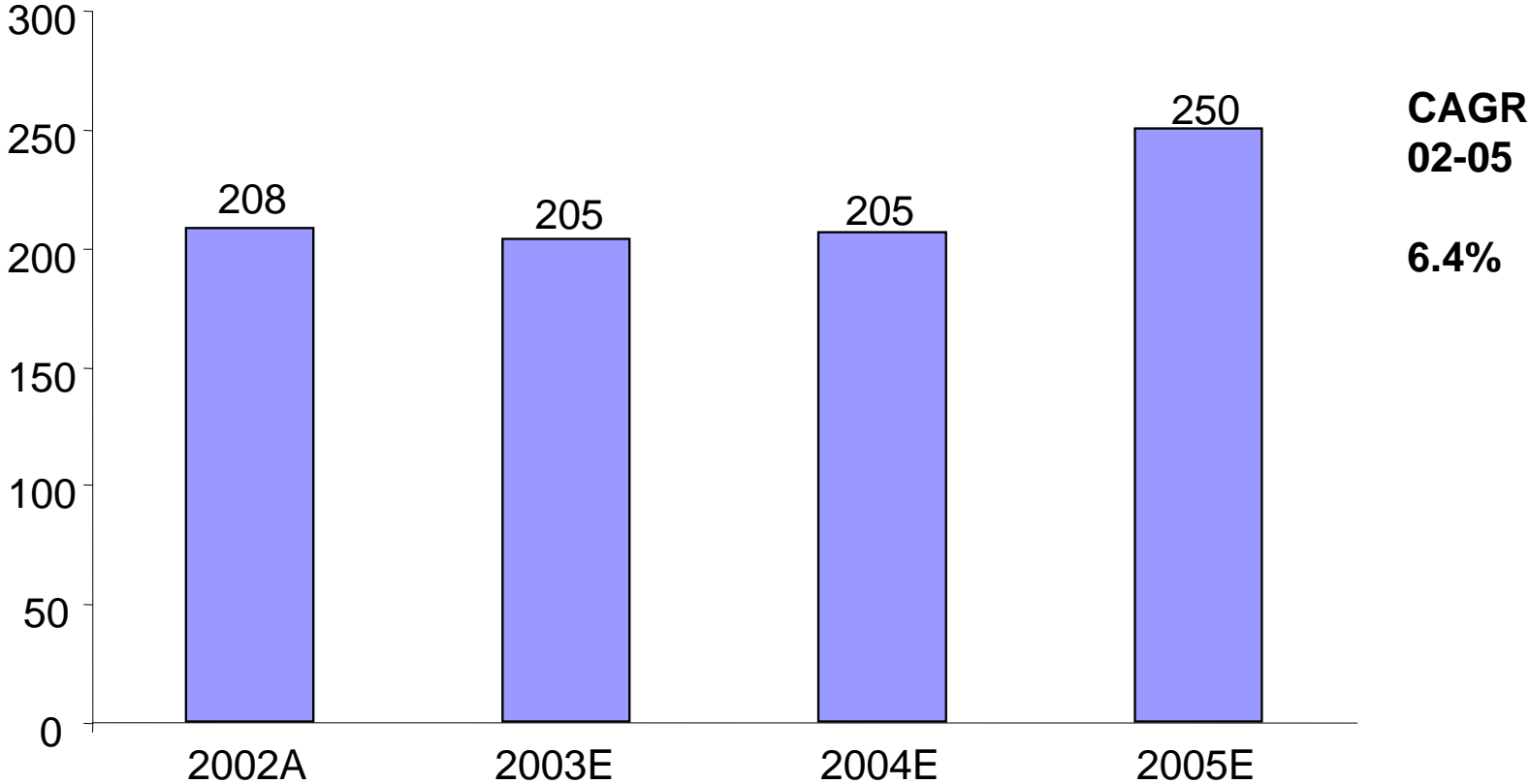
- ▶ Global market leader at a price premium through specific logistics solutions for hospitals and pharmacies
- ▶ Large installed base of automated drug management systems in North America and Europe
- ▶ First inroads into Chinese tube system market
- ▶ Increased customer support activities through direct lifetime partnerships

Key initiatives

- ▶ Centralize healthcare management and limit non-core activities (libraries/ administration/ cash management systems)
- ▶ Consolidate development and production into two competence centers from currently four
- ▶ Coordinate sales activities for all products through regional organizations
- ▶ Leverage installed base for fast introduction of new automated drug management systems

Healthcare Solutions - Business Plan (3/3)

Net sales in CHF M



Consulting Services - Business Plan Summary

Key initiatives

- ▶ Leverage cross-selling efforts of Wassermann's supply-chain consulting activities with new core divisions:
 - Healthcare Solutions: engage in healthcare sector to improve internal process management in hospitals
 - Warehouse & Distribution Solutions: optimize supply chain networks and logistic processes
- ▶ Increase utilization of consultants and software engineers to improve bottom-line result
- ▶ Develop new WAY software generation based on current customer projects

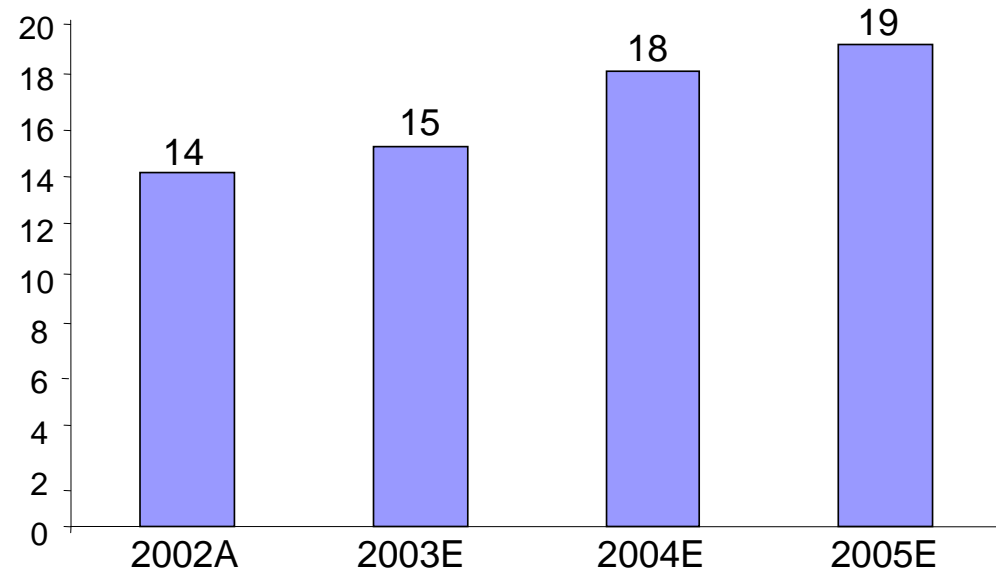
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Financials

**CAGR
02-05**

10%

Net sales in CHF M



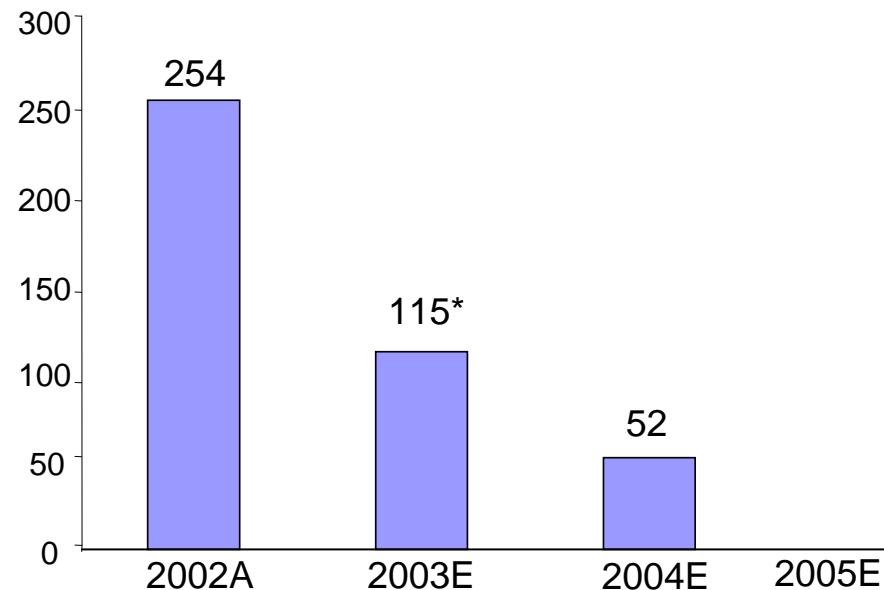
Material Flow & Robotic Systems - Business Plan Summary

Key initiatives

- ▶ Assign dedicated senior management to drive turnaround
- ▶ Initiate cost cutting program with targeted headcount reductions
- ▶ Set-up regular business reviews and tighter controlling to ensure bottom-line and NWC improvements
- ▶ Implement more effective control of order intake
- ▶ Execute remaining divestitures while minimizing business distraction

Financials

Net sales in CHF M

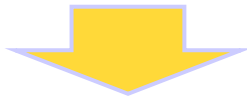


* without Schierholz/Translift

Modules of improvement program (1/2)

Strategy

- ▶ Definition of 2 core strategy and alignment of management
- ▶ Immediate implementation of lean and flexible organization and strategy based costing efforts



- ▶ Aligned business plans and broken down initiatives to ensure profitable long-term growth

Cost

- ▶ Reduction of fixed and direct costs with immediate EBITDA impact in 2003
- ▶ Implementation of improved financial and headcount controlling in order to safeguard savings

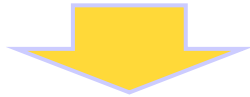


- ▶ Reduced net cost base of CHF 1.5M in 2003 and CHF 14M in 2005

Modules of improvement program (2/2)

Finance

- ▶ Introduction of systematic NWC management (NWC targets, incentive link, groupwide standards/ procedures and dedicated trainings)
- ▶ Improvement of monitoring of overdue account receivables
- ▶ Improvement of reporting and liquidity forecasting quality



- ▶ Reduced NWC days by 10 in 2003 (core segments)
- ▶ Improved reporting and forecasting quality

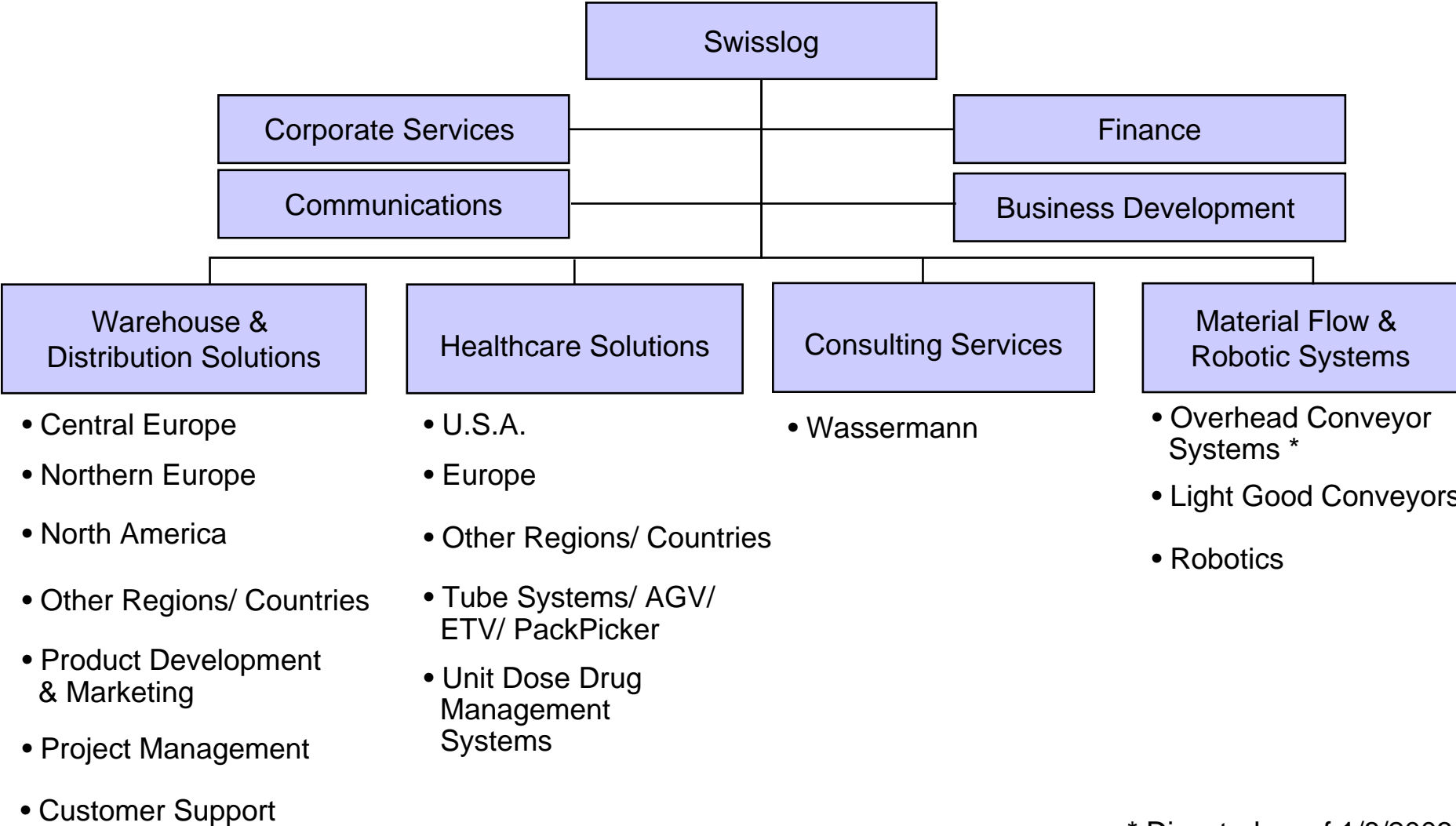
Divestitures

- ▶ Preparation of non core business for divestiture (e.g. business plan, info memorandum, mgmt presentation)
- ▶ Turnaround management of loss making entities



- ▶ Generated cash to support 2-core strategy
- ▶ Reduced long-term debt
- ▶ Focused mgmt attention (mid-term) on core businesses

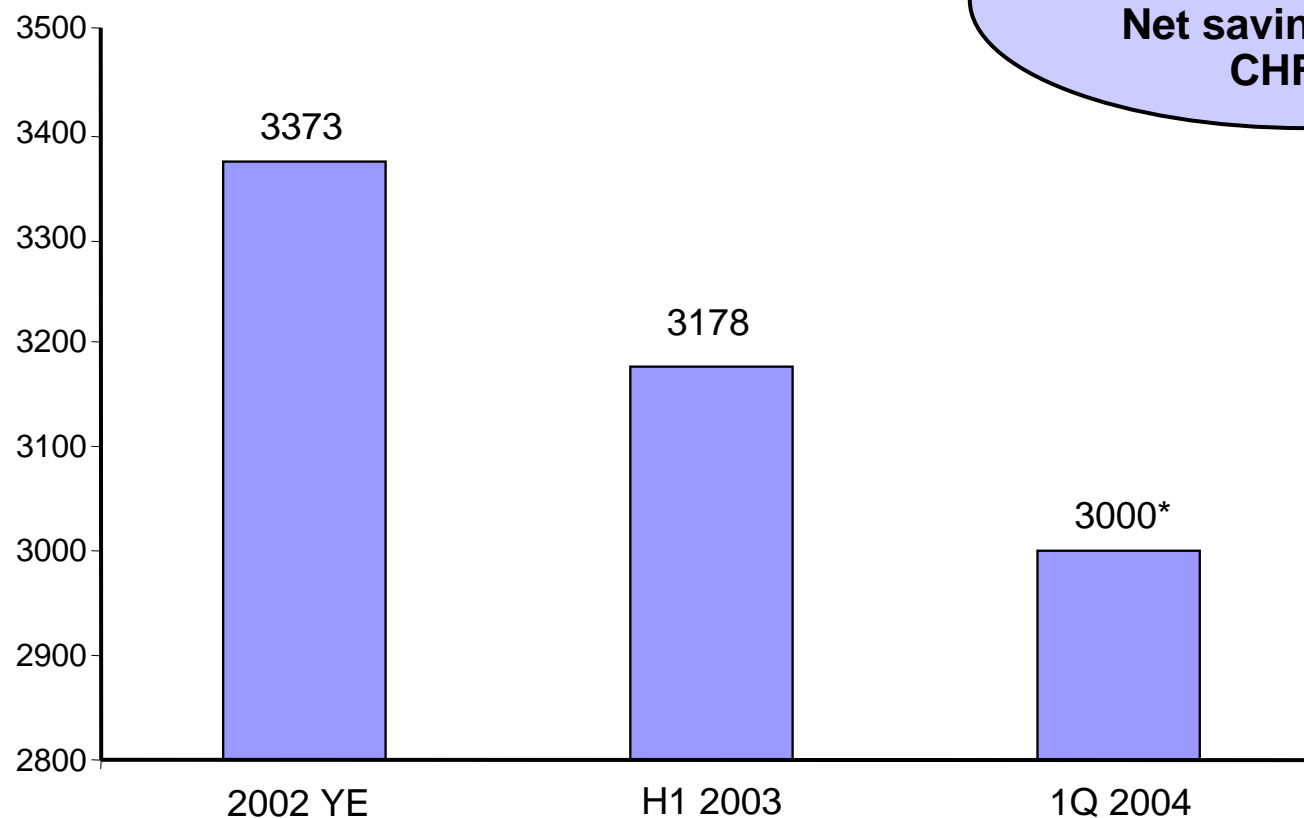
New Swisslog organization as of April 1, 2003



* Divested as of 1/8/2003

Targeted headcount reduction

No. of FTE



Reduction: 340 - 370 FTE *
Net saving in 2005:
CHF 14M

* before divestitures (Schierholz/Translift effect: -366)

Status of divestiture programs (1/2)

Light Goods Conveyors

(Transnorm / SLA)

- ▶ Information Memorandum established and sent to interested parties on a non-exclusive basis
- ▶ Management meetings conducted
- ▶ Discussions with potential financial and strategic buyers on a non-exclusive basis
- ▶ Closing expected during next 6 - 9 months

Robotics (Cimcorp)

- ▶ Information Memorandum established
- ▶ Management meetings conducted
- ▶ Discussions with potential strategic and financial partners on a non-exclusive basis
- ▶ Closing expected during next 6 - 9 months

Overhead Conveyors

(Schierholz/Translift)

- ▶ Sold as of 1.8.03

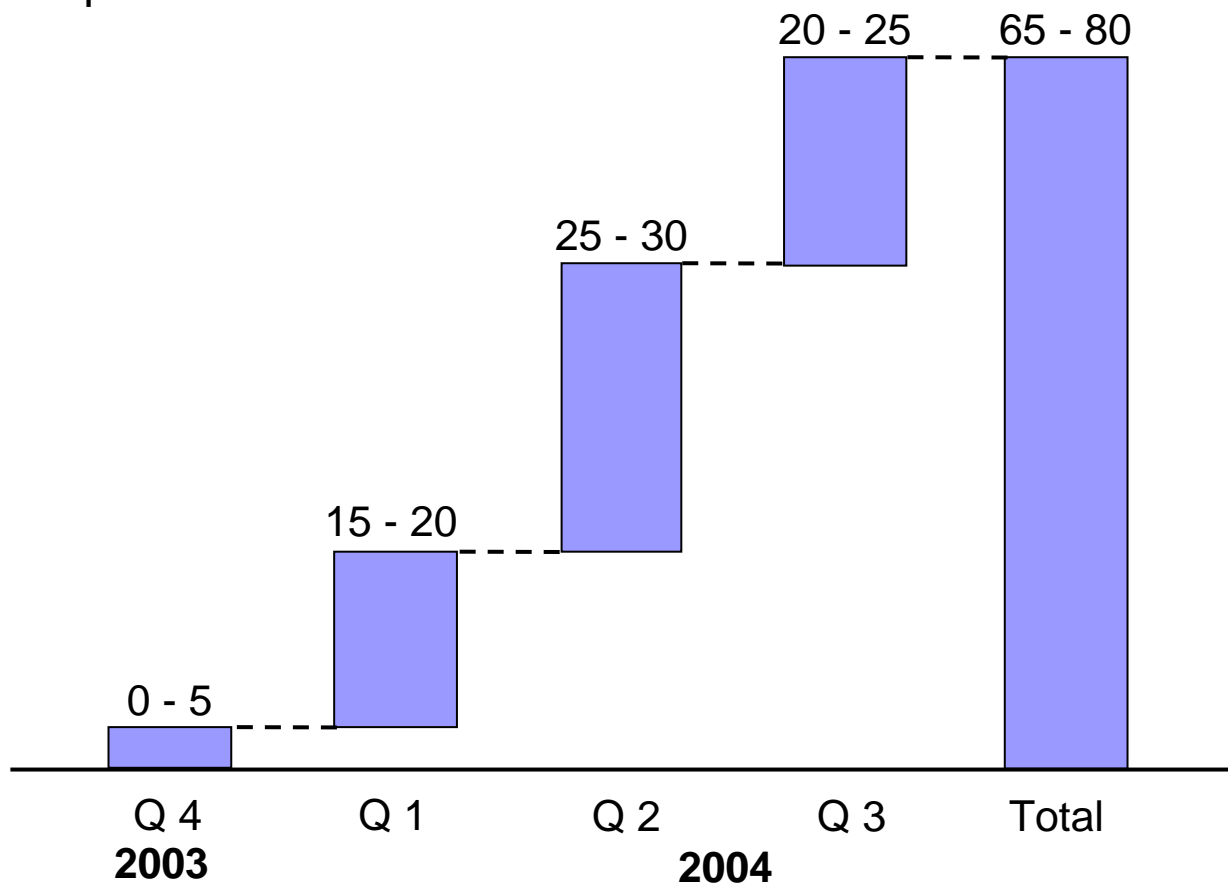
Status of divestiture programs (2/2)

Real estate

- ▶ Aarau real estate: due to nature and complexity of project divestment anticipated in 2H/04
- ▶ Brugg and Kriens: offers received reveal unattractiveness of these 2 projects

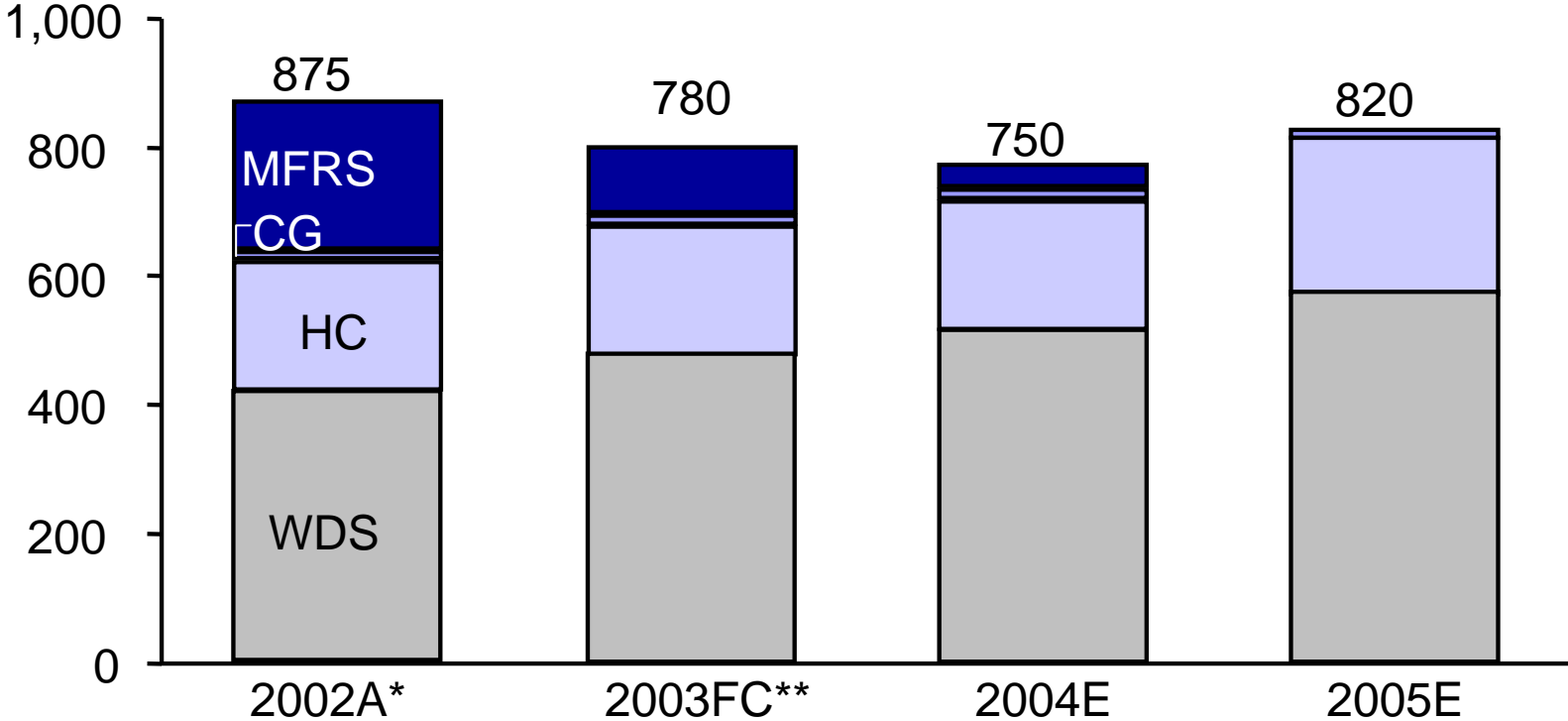
Expected net proceeds from divestitures

Net proceeds in MCHF



Swisslog's targeted financial development

Net sales in CHF M



EBITDA/ Net sales	4%	8-10%
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* Excluding Colorants

** Excluding Schierholz/Translift

Note: Divisional split after elimination of internal sales (CHF 40M in 2002 and CHF 43M in 2003)



Conclusions from business plan 2005

- ▶ Swisslog new core offers sustainable business in attractive markets
- ▶ Turnaround and transformation process is under way
- ▶ 2003 we streamline organization, reduce costs and start divestitures
- ▶ 2004 we will generate first turnaround results
- ▶ 2005 we will fulfill our PoA

but

- ▶ We expect break even on net profit level only for 2005
- ▶ Expected inflow of proceeds from divestitures as well as expected EBITDA recovery does not allow fast repayment of debt
- ▶ We need to strengthen our balance sheet