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MEDIA RELEASE

Swisslog's 2003 result shows negative shareholders' equity – satisfactory results in core businesses

Buchs / Aarau, March 9, 2004 – The logistics specialist Swisslog closes fiscal year 2003 with a net result of CHF - 245.0 million (2002: CHF - 47.8 million). As announced on January 29, 2004, write-offs of goodwill and other non-current assets have resulted in a negative shareholders' equity and make a comprehensive restructuring of the company's balance sheet inevitable. The operative results of the core businesses for the year 2003 are satisfactory. The implementation of the focused strategy launched last April has largely been concluded. Swisslog has already sold three out of the four companies combined in the to be divested division "Material Flow & Robotic Systems".

"This last year was mainly influenced by the operative restructuring and the recently initiated financial restructuring of the company," comments Swisslog CEO Remo Brunschwiler the result. "The operative restructuring of the company, focusing on the two core businesses "Warehouse & Distribution Solutions" and "Healthcare Solutions", was largely concluded in 2003."

Write-off of goodwill and other non-current assets

The ordinary goodwill amortization, financial charges and the additional extraordinary write-off of goodwill and other non-current assets totaling CHF 151.7 million led to a business loss of CHF 245.0 million which results in a negative shareholders' equity (Art. 725 CO). It was for this reason that Swisslog presented a comprehensive balance sheet restructuring plan on January 29, 2004.

Operational results satisfactory

The Swisslog group operating result (EBITDA) dropped in 2003 by CHF 5.5 million to CHF 26.3 million. Company sales also dropped slightly last year to CHF 682.4 million (2002: CHF 718.8 million). Restructuring and one-off costs were the main reasons for the poorer result during the first half-year. "The operating results of the core businesses are satisfactory and show that we are on the right track with our focused strategy," states CEO Remo Brunschwiler. Despite the difficult market environment and the company's financial situation, the figures in the core

divisions remained on the previous year's level. Turnover of the "Warehouse & Distribution Solutions" division decreased slightly to CHF 429.9 million compared to CHF 439.2 million in the previous year. In the second core business, "Healthcare Solutions", sales declined from CHF 207.6 million to CHF 187.5 million (+ 0,8% in local currencies). The third division, "Consulting Services", noted sales growth in 2003 of CHF 14.4 million compared to CHF 14.1 million during the previous year. Sales in the to be divested "Material Flow & Robotic Systems" division dropped from CHF 88.3 million in 2002 to CHF 74.7 million.

Order intake and the associated order backlog developed less positively in 2003 than expected. The reasons for this development are an ongoing low demand for new warehouse and distribution centers as well as Swisslog's weak financial situation. According to CEO Brunschwiler, the successful implementation of the financial restructuring will stimulate the business of the company. Order intake for "Warehouse & Distribution Solutions" decreased from CHF 502.3 million in 2002 to CHF 401.4 million in 2003. Order backlog amounts to CHF 312.7 million compared to CHF 363.6 million for the previous year. The "Healthcare Solutions" division noted order intake of CHF 205.1 million (2002: CHF 235.3 million) and increased order backlog by CHF 5.6 million to CHF 134.7 million. The "Consulting Services" division raised order backlog to CHF 6.1 million compared to 4.4 million for the previous year. In the "Material Flow & Robotic Systems" segment, order intake amounts to CHF 68.1 million (2002: CHF 93.9 million) and order backlog to CHF 74.7 million (2002: CHF 88.3 million).

Focused strategy largely implemented

The cost-cutting and divestment program launched in April 2003 as well as the measures for reducing the net working capital have been successful: net working capital was reduced by more than CHF 30.0 million last year. The 10% reduction in personnel announced in May 2003 has been completed. The sale of the last company destined for divestment, Transnorm, is expected to take place during the next six months. The full impact of these measures will be reflected in the 2004 results.

Term extension for bondholders' approval

Having obtained the approval of the banks, investors, and shareholders to the balance sheet restructuring measures, Swisslog now needs the approval of the bondholders. "The plan developed for restructuring the balance sheet is non-negotiable. We are confident that we will have the missing votes by the end of March," explains CEO Brunschwiler the further procedures.

However, the Board of Directors of Swisslog Holding AG will shorten this time period, if it becomes obvious, that more than one third of the outstanding nominal value of the bond will not vote in favour of the restructuring concept.

Outlook

The goal for 2004 is to successfully implement the balance sheet restructuring concept and to continue to develop the operative business. "The strengthened balance sheet will raise customer confidence, and Swisslog will again be a reliable partner," says Brunschwiler. In the mid-term, the company expects sales to reach CHF 700 - 800 million with an EBITDA target margin of 8%.

The strategic reorientation of the company, the focusing on the core competences and the lean cost management will enable Swisslog's turnaround even if the economic recovery will take some more time. Swisslog expects a break-even result by 2005.

Calendar

June 2004: General Meeting

August 26, 2004: Half-year report

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About Swisslog

Swisslog is a global provider of integrated logistics solutions for optimizing production and distribution processes. Swisslog's solutions increase their customers' flexibility, responsiveness, and quality of service, while minimizing logistics costs.

The comprehensive portfolio ranges from building of complex warehouses and distribution centers including Swisslog's software, in-house logistics solutions for hospitals and pharmacies as well as consulting services in the field of supply chain management. Material Flow and Robotics Systems complete Swisslog's offering. With years of experience in the development and implementation of integrated logistics solutions, Swisslog provides the expertise that customers in more than 50 countries around the world rely on.

Headquartered in Buchs/Aarau, Switzerland, Swisslog currently employs around 2 350 staff in 23 countries worldwide. The group's parent company, Swisslog Holding AG, is listed on SWX Swiss Exchange (security number: 1232462, Telekurs: SLOG, Reuters: SLOGn.S). For more information, visit: www.swisslog.com.

Consolidated Balance Sheet

	2003	2002
in million CHF		
Non-current assets excluding goodwill	93.6	177.4
Goodwill	108.8	177.9
Non-current assets	202.4	355.3
Inventories, trade and other receivables, prepayments	189.2	286.5
Cash and cash equivalents	48.4	36.3
Current assets	237.6	322.8
Total assets	440.0	678.1
Shareholders' equity	-122.4	95.8
Minority interest	0.7	2.3
Non-current liabilities	173.1	357.5
Provisions	35.3	17.3
Short-term borrowings	185.4	1.9
Other current liabilities	167.9	203.3
Total shareholders' equity and liabilities	440.0	678.1

Consolidated Income Statement

	2003			2002
	Total	Write-offs	Before write-offs	Total
in million CHF				
CONTINUING OPERATIONS:				
Net sales	682.4	0.0	682.4	718.8
Earnings before interest, taxes, depreciation and amortisation of goodwill (EBITDA)	23.3	-3.0	26.3	31.8
Depreciation on tangible and intangible assets	31.9	19.5	12.4	11.8
Earnings before interest, taxes and amortisation of goodwill (EBITA)	-8.6	-22.5	13.9	20.0
Amortisation of goodwill	101.1	67.0	34.1	30.9
Earnings before interest and taxes (EBIT)	-109.7	-89.5	-20.2	-10.9
Net financial result	-77.7	-43.4	-34.3	-23.8
Result before taxes	-187.4	-132.9	-54.5	-34.7
Taxes	-20.4	-11.5	-8.9	-4.7
Minority interests	0.9	0.0	0.9	0.0
Result continuing operations	-206.9	-144.4	-62.5	-39.4
Result discontinuing operations	-38.1	-7.3	-30.8	-8.4
Net result	-245.0	-151.7	-93.3	-47.8
	CHF		CHF	CHF
Earnings per share	-16.15		-6.15	-3.17
Earnings per share (diluted)	-16.15		-6.15	-3.17

Consolidated Cash Flow Statement

	2003	2002
in million CHF		
Net cash flow from operating activities	55.7	8.5
Net cash flow from investing activities	-16.1	26.5
Net cash flow from financing activities	-19.4	-66.1
Net cash flow from discontinuing operations	-3.9	-2.1
Impact of currency translation	-4.2	-2.0
Net increase/decrease in cash and cash equivalents	12.1	-35.2
Cash and cash equivalents at beginning of year	36.3	71.5
Cash and cash equivalents at end of year	48.4	36.3

Segment Results

	2003		2002		Change in %
	Total	Write-offs	Before write-offs	Total	
in million CHF					
Warehouse & Distribution Solutions					
Order intake	401.4		401.4	502.3	-20.1
Order backlog*	312.7		312.7	363.6	-14.0
Net sales	429.9		429.9	439.2	-2.1
EBITDA	23.3		23.3	21.5	8.4
<i>EBITDA margin</i>	5.4%		5.4%	4.9%	
Employees*	1'082		1'082	1'189	-9.0
Consulting Services					
Order intake	15.7		15.7	14.1	11.3
Order backlog*	6.1		6.1	4.4	38.6
Net sales	14.4		14.4	14.1	2.1
EBITDA	2.6		2.6	2.0	30.0
<i>EBITDA margin</i>	18.1%		18.1%	14.2%	
Employees*	62		62	64	-3.1
Healthcare Solutions					
Order intake	205.1		205.1	235.3	-12.8
Order backlog*	134.7		134.7	129.1	4.3
Net sales	187.5		187.5	207.6	-9.7
EBITDA	16.9	-3.0	19.9	21.0	-5.2
<i>EBITDA margin</i>	9.0%		10.6%	10.1%	
Employees*	749		749	1'014	-26.1
Material Flow Systems					
Order intake	68.1		68.1	93.9	-27.5
Order backlog*	17.5		17.5	25.0	-30.0
Net sales	74.7		74.7	88.3	-15.4
EBITDA	1.3		1.3	6.7	-80.6
<i>EBITDA margin</i>	1.7%		1.7%	7.6%	
Employees*	411		411	445	-7.6
Total Continuing Operations					
Order intake	677.1		677.1	806.6	-16.1
Order backlog*	467.9		467.9	505.5	-7.4
Net sales	682.4		682.4	718.8	-5.1
EBITDA	23.3	-3.0	26.3	31.8	-17.3
<i>EBITDA margin</i>	3.4%		3.9%	4.4%	
Employees*	2'336		2'336	2'755	-15.2
Discontinuing Operations					
Order intake	108.6		108.6	245.5	-55.8
Order backlog*	0.0		0.0	74.3	n.a.
Net sales	102.6		102.6	240.9	-57.4
EBITDA	-29.9	-4.0	-25.9	7.7	n.a.
<i>EBITDA margin</i>	n.a.		n.a.	3.2%	
Employees*	-		-	618	n.a.
Total Group					
Order intake	775.7		775.7	1'028.2	-24.6
Order backlog*	467.9		467.9	563.3	-16.9
Net sales	770.8		770.8	948.6	-18.7
EBITDA	-6.6	-7.0	0.4	39.5	-99.0
<i>EBITDA margin</i>	n.a.		0.1%	4.2%	
Employees*	2'336		2'336	3'373	-30.7

* End of period

The accounts of the Swisslog Group are drawn up in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the regulations of SWX Swiss Exchange.