

Half-year report

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Swisslog records stable sales and 11% growth in order intake for the first six months of 2002

- Group order intake grows by 11.2% to CHF 530.1 million; growth segments Supply Chain Solutions and Software up 24.2% to CHF 353.6 million
- Order intake for second quarter up 88.6% compared to first quarter 2002; July orders confirm positive trend
- Group sales for first six months at CHF 461.4 million remain at previous year's level (CHF 460.3 million); growth segments Solutions and Software up 9.7% to CHF 277.8 million; hardware segments Material Flow Systems and Robotic Systems with a drop of 9.2% to CHF 197.1 million
- Overall group result amounts to CHF 4.4 million before non-cash flow effective goodwill amortization of CHF 17.3 million
- Strategic focus on growth segments and industries, geographic diversification as well as on multi-site projects confirmed by business progress
- Negotiations on divestments in hardware and real estate at advanced stage
- Cost-cutting program initiated; concentration of outsourcing activities; annual reduction of cost base by CHF 40 million with full effect in 2003

Swisslog, one of the world's leading supply chain solutions providers, recorded an increase in order intake for the first six months of 2002 of 11.2% to CHF 530.1 million (first six months 2001: CHF 476.9 million). Orders for the second quarter amounting to CHF 346.5 million were up 88.6%, compared with orders received during first quarter 2002 (CHF 183.7 million). Order intake development in July confirms the positive trend exhibited during the first half of 2002. The Swisslog group was able to increase order backlog for the first six months by 14.8% to CHF 578.0 million (CHF 503.6 million). Combined order intake for the Supply Chain Solutions and Software segments grew by 24.2% to CHF 353.6 million. These growth areas contribute 66.7% of the order intake for the entire Swisslog group (first six months 2001: CHF 284.8 million or 59.7%). For the hardware segments Material Flow Systems and Robotic Systems, combined order intake fell by 0.7% to CHF 202.8 million (CHF 204.3 million). Group sales of CHF 461.4 million (+0.2%, in local currencies +2.6%) reached the previous year's level (CHF 460.3 million). Combined sales of the Supply Chain Solutions and Software segments increased by 9.7% to CHF 277.8 million, corresponding to a 60.2% share of total group sales (first six months 2001: CHF 253.3 million or 55.0%). The hardware segments experienced a drop in sales of 9.2% to CHF 197.1 million (CHF 217.0 million). Delays in contract award processes at the beginning of the year, narrowing profit margins and underutilization of capacity in the hardware segments during first quarter 2002 caused decline in group operating results (EBITDA) by 24.4% to CHF 29.4 million (CHF 38.9 million). While the combined EBITDA for the Solutions and Software segments increased by 8.5% to CHF 20.5 million (CHF 18.9 million), combined EBITDA for the hardware segments slipped by 55.5% to CHF 8.9 million (CHF 20.0 million). Before non-cash flow effective goodwill amortization of CHF 17.3 million, the overall Swisslog group result totaled CHF 4.4 million. For the first six months of 2002, non-recurrent income from the sale of assets amounted to CHF 5.0 million, with non-recurrent expenditures for restructuring measures totaling CHF 3.7 million.

Supply Chain Solutions and Software segments with dynamic growth

The Supply Chain Solutions and Supply Chain Software segments noted above-average growth with a minimal capital tie-up of CHF 8 million. Both growth areas were able to acquire substantial major contracts during the reporting period from various corporations, including Bosch, Roche Diagnostics, Church & Dwight and Wal-Mart. Swisslog's order intake in the Supply Chain Solutions segment were up 24.4% at CHF 292.2 million (CHF 234.8 million) during the first six months of 2002. Order backlog increased by 28.1% to CHF 396.5 million (CHF 309.6 million). Segment sales grew by

11.3% to CHF 227.7 million (CHF 204.5 million). EBITDA went up by 45.2% to CHF 16.1 million (CHF 11.1 million). This improvement in performance is a direct result of the implementation of cost-cutting measures and the initial effects of the group's strategy to drive the more profitable multi-site business.

In a market that continues to consolidate, the Supply Chain Software segment which also encompasses the consulting activities, shored up its position on the world market. Order intake increased in the first half of 2002 by 39.2% to CHF 95.6 million (CHF 68.7 million), order backlog by 38.8% to CHF 91.6 million (CHF 66.0 million). The first three months of the year were modest. Yet there was still a rise in sales of 20.6% to CHF 77.3 million (CHF 64.1 million). EBITDA decreased by 43.3% to CHF 4.4 million (CHF 7.8 million). The result was primarily affected by initial underutilization of new personnel hired and deployed to organize and expand partnerships and the multi-site business.

Hardware segments in difficult environment

The Material Flow Systems and Robotic Systems hardware segments continued to face a difficult market environment during the first six months of 2002. Nevertheless, demand in the Material Flow Systems segment clearly rose during the months of April through June after a subdued first quarter. Order intake for the first six months climbed by 17.5% to CHF 150.2 million (CHF 127.8 million). The recently launched Healthcare Applications made a substantial contribution to the positive order trend. Order backlog dropped slightly by 2.4% to CHF 131.0 million (CHF 134.2 million). Sales at CHF 135.6 million remained at the previous year's level (CHF 135.0 million). EBITDA declined by 70.5% to CHF 2.5 million (CHF 8.5 million) due to narrowing profit margins, higher research and development expenditure, underutilization and restructuring costs.

Order intake in the Robotic Systems segment for the first six months of 2002 fell by 31.2% to CHF 52.6 million (CHF 76.5 million). Order backlog declined by 5.2% to CHF 22 million (CHF 23.2 million). Sales slowed by 25.0% to CHF 61.5 million (CHF 82.0 million) as a result of poor market conditions in the electronics and paint industries. Due to the volume decline of sales, EBITDA dropped 44.4% to CHF 6.4 million (CHF 11.5 million).

Business progress confirms strategic focus

The growing Supply Chain Solutions and Software segments recorded substantial gains in order intake and sales. Above-average development of these two segments confirms Swisslog's strategy of focusing on rapidly growing, less capital-intensive areas with better margins.

Progress was also made in the course of targeting specific industries. In the less cyclical Distribution (in particular retail and food & beverage) and Healthcare (hospital logistics and pharmaceutical) industries, Swisslog managed to increase combined share of sales from 57% to 61% of total group sales, compared to the previous year.

During the first six months of 2002, Swisslog also managed to move toward the goal of broadening its business foundation geographically. The company was able to increase North American region's share of total sales from 21% to 24%, and the share of the Asian-Pacific region from 8% to 9%. In contrast, the share of sales in European business decreased from 71% to 67% compared to the year before.

In the growing Supply Chain Solutions and Software segments, investments made in the pursuit of the multi-site strategy start to pay off. Extending customer solutions to further sites within its organization provides one of the most attractive business opportunities on the supply chain market and promises above-average growth and considerably wider profit margins. Order intake figures during the first six months of 2002 confirm Swisslog's decision to pursue and push their multi-site strategy.

Outlook

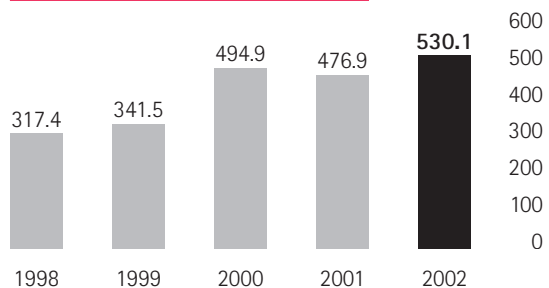
The Supply Chain Solutions and Software segments realize ongoing growth with low capital tied-up. The record-high order intake during the second quarter 2002 and order backlog of CHF 578.0 million at the end of June form an excellent foundation for further growth in both segments. Rejuvenating of business during the second quarter has continued with several new and follow-up orders in July. At present, a definite improvement in market conditions cannot be anticipated for the hardware segments Material Flow Systems and Robotic Systems – even if signs of recovery can be seen.

Swisslog is setting their priority on organic growth and continues to focus on targeted marketing of their broad offerings to the existing customer base. With the cost-cutting program launched first quarter of 2002, Swisslog also plans to lower its cost base by around CHF 40.0 million through optimization of its sourcing, site consolidation, and various personnel measures. The program will have full effect in 2003. Furthermore, Swisslog will focus its outsourcing activities on the operation and maintenance of automated logistics systems ("system operation"). Complete outsourcing solutions will be offered in partnerships with logistics service providers.

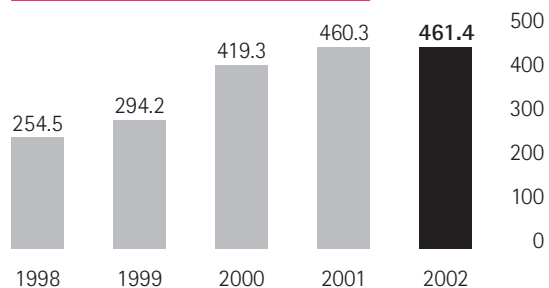
Swisslog's declared objective for the current fiscal year is to reduce net debts by between CHF 100 and 120 million – among other things, through divestments in hardware and real estate – in order to strengthen the balance sheet structure. Negotiations on individual divestments of operating and non-operating assets are at an advanced stage.

Five-year Overview of Swisslog (January–June) in CHF millions

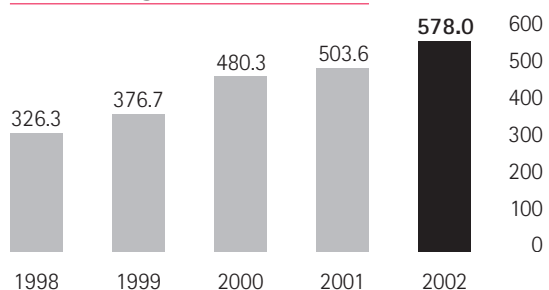
Order Intake



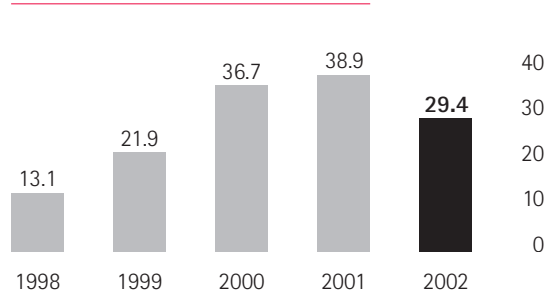
Net Sales



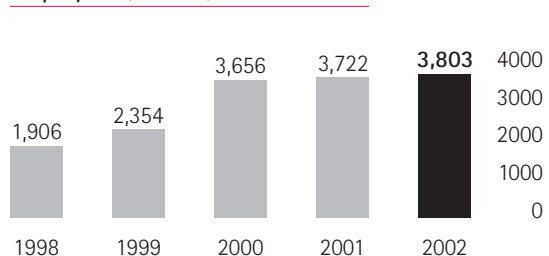
Order Backlog



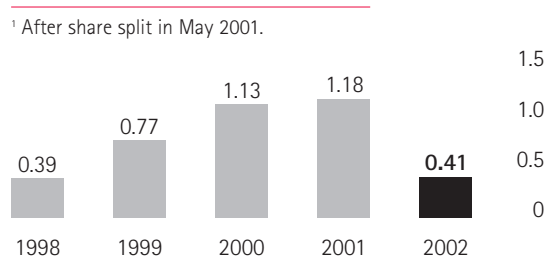
EBITDA



Employees (30 June)



Cash EPS¹ in CHF



Consolidated Financial Statements as of 30 June 2002

Consolidated income statement	1.1.–30.6.2002	1.1.–30.6.2001	1.1.–31.12.2001
in CHF millions			
Net sales	461.4	460.3	938.9
Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)	29.4	38.9	63.4
Depreciation on tangible and intangible assets	9.0	8.8	18.8
Earnings before interest, taxes and amortization of goodwill (EBITA)	20.4	30.1	44.6
Amortization of goodwill	17.3	17.6	34.6
Earnings before interest and taxes (EBIT)	3.1	12.5	10.0
Net financial result	-11.3	-10.1	-22.4
Other income and expenses	0.0	-0.3	0.0
Taxes	-4.2	-4.8	-9.4
Minority interests	-0.5	-0.4	-1.3
Result continuing operations	-12.9	-3.1	-23.1
Result discontinuing operations	0.0	-2.1	-3.9
Net result	-12.9	-5.2	-27.0
	CHF	CHF	CHF
Earnings per share	-0.86	-0.38	-1.96
Earnings per share (diluted)	-0.86	-0.38	-1.96
Consolidated balance sheet	30.6.2002	30.6.2001	31.12.2001
in CHF millions			
Non-current assets excluding goodwill	143.6	154.1	156.6
Goodwill	249.7	284.4	270.0
Non-current assets	393.3	438.5	426.6
Inventories, trade and other receivables, prepayments	392.6	357.1	366.2
Cash and cash equivalents	54.2	13.3	71.5
Current assets	446.8	370.4	437.7
Total assets	840.1	808.9	864.3
Shareholders' equity	142.8	165.1	169.8
Minority interest	3.1	1.9	2.9
Non-current liabilities	390.7	326.6	394.7
Provisions	18.0	17.5	26.4
Short-term borrowings	11.3	68.3	24.5
Total equity and liabilities	840.1	808.9	864.3

Consolidated cash flow statement	1.1.–30.6.2002	1.1.–30.6.2001	1.1.–31.12.2001
in CHF millions			
Net cash flow from operating activities	9.3	32.2	37.3
Net cash flow from investing activities	4.8	8.3	3.3
Net cash flow from financing activities	-33.3	-50.7	11.8
Net cash flow from discontinuing activities	0.0	-1.9	-5.6
Impact of currency translation	1.9	0.3	-0.4
Net change in cash and cash equivalents	-17.3	-11.8	46.4
Cash and cash equivalents at beginning of period	71.5	25.1	25.1
Cash and cash equivalents at end of period	54.2	13.3	71.5

Consolidated statement of changes in shareholders' equity

in CHF millions	Share capital	Premium	Fair value and other reserves	Retained earnings	Shareholders' equity
As at 1.1.2001	27.4	53.5	0.0	93.3	174.2
Net result 2001 ¹				-5.2	-5.2
Dividend payment				-6.9	-6.9
Effect of adopting IAS 39			0.8	0.3	1.1
Fair value gains/losses (-) from securities			-0.9		-0.9
Fair value gains/losses (-) from cash flow hedges			-0.5		-0.5
Treasury shares				-7.0	-7.0
Currency translation difference				10.3	10.3
As at 30.6.2001	27.4	53.5	-0.6	84.8	165.1
As at 1.1.2002	30.0	98.4	-0.1	41.5	169.8
Net result 2002				-12.9	-12.9
Fair value gains/losses (-) from securities			-0.3		-0.3
Fair value gains/losses (-) from cash flow hedges			1.9		1.9
Treasury shares	0.3			3.1	3.4
Currency translation difference				-19.1	-19.1
As at 30.6.2002	30.3	98.4	1.5	12.6	142.8

¹ Adjusted to the change in accounting estimate concerning amortization of goodwill.

Group results for the first six months of 2002	1.1.–30.6.2002	1.1.–30.6.2001	1.1.–31.12.2001
in CHF millions			
Order intake	530.1	476.9	1,010.6
Order backlog	578.0	503.6	536.1
Net sales	461.4	460.3	938.9
Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)	29.4	38.9	63.4
Earnings before interest, taxes and amortization of goodwill (EBITA)	20.4	30.1	44.6
Cash EPS in CHF	0.4	1.2	1.1
Shareholders' equity*	142.8	165.1	169.8
Net debt*	305.9	332.9	302.8
Employees*	3,803	3,722	3,816

* End of period

Segment results for the first six months of 2002	1.1.–30.6.2002	1.1.–30.6.2001	1.1.–31.12.2001
in CHF millions			
Supply Chain Solutions			
Order intake	292.2	234.8	536.7
Order backlog*	396.5	309.6	356.2
Net sales	227.7	204.5	424.0
EBITDA	16.1	11.1	21.4
<i>EBITDA margin</i>	<i>7.1%</i>	<i>5.4%</i>	<i>5.0%</i>
Supply Chain Software			
Order intake	95.6	68.7	156.6
Order backlog*	91.6	66.0	77.5
Net sales	77.3	64.1	146.2
EBITDA	4.4	7.8	8.9
<i>EBITDA margin</i>	<i>5.7%</i>	<i>12.2%</i>	<i>6.1%</i>
Material Flow Systems			
Order intake	150.2	127.8	258.2
Order backlog*	131.0	134.2	113.8
Net sales	135.6	135.0	286.8
EBITDA	2.5	8.5	16.1
<i>EBITDA margin</i>	<i>1.9%</i>	<i>6.3%</i>	<i>5.6%</i>
Robotic Systems			
Order intake	52.6	76.5	138.6
Order backlog*	22.0	23.2	27.5
Net sales	61.5	82.0	144.3
EBITDA	6.4	11.5	17.0

* End of period

The unaudited interim financial report for the six months ended 30 June 2002 has been prepared in accordance with the accounting policies set out in the Financial Report for the year ended 31 December 2001 and International Accounting Standard 34 on Interim Financial Reporting.

There were no significant changes in accounting policies or estimates from those disclosed in the Financial Overview 2001.

Swisslog – Optimizing the value creation process with integrated supply chain solutions

Swisslog is a global provider of integrated supply chain solutions that cover the entire value creation process from procurement and production to delivery.

Headquartered in Buchs/Aarau, Switzerland, Swisslog currently has over 3,800 employees in 26 countries worldwide. The Group's parent company, Swisslog Holding AG, is listed on the SWX Swiss Exchange (Security Number: 1 232 462, Telekurs: SLOG, Reuters: SLOGn.S).