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## **MEDIA RELEASE**

### **Swisslog: Positive result for first half-year 2004**

**Buchs/Aarau, August 26, 2004 – The logistics company Swisslog reports net income of CHF 13.1 million in the first half-year 2004 – after a loss of CHF 35.8 million in the same period last year. The main reasons for the improvement are the better operative results and the positive one-time effect in the financial result. However, the balance sheet restructuring had a negative impact on order intake. Swisslog expects the order situation to improve again in the second half-year.**

Swisslog's turnover (continuing activities) dropped during the first half-year to CHF 305.5 million as compared to CHF 315.5 million for the same period in the previous year. Turnover of the core divisions "Warehouse & Distribution Solutions" and "Healthcare Solutions" was slightly below last year's level with CHF 212.3 million (2003: CHF 220.5 million) and CHF 87.9 million (2003: CHF 92.1 million), respectively. The division "Consulting Services" increased turnover from CHF 6.3 million in 2003 to CHF 7.9 million.

Despite the difficult environment, Swisslog improved the net earnings before interest, taxes, depreciation and goodwill amortization (EBITDA) from CHF 4.7 million in 2003 to CHF 11.2 million. The core division "Warehouse & Distribution Solutions" has more than doubled its operating result (EBITDA) from CHF 6.2 million in 2003 to CHF 13.2 million. The operating result (EBITDA) for the second core division "Healthcare Solutions" noted a decline from CHF 10.2 million in 2003 to CHF 1.8 million. Reasons for this are restructuring costs and accumulated losses in Germany amounting to CHF 4.5 million and the slower than expected launch of the Pillpick drug administering system, which resulted in an underutilization of capacity in Italy (thereby burdening the result with CHF 3.0 million). The "Consulting Services" division raised its operating result (EBITDA) to CHF 1.0 million compared to the previous year's CHF 0.5 million.

Order intake, however, suffered during the first half-year. "Many customers were disconcerted because of the balance sheet restructuring of Swisslog. They withheld their orders during this period", explains Swisslog CEO Remo Brunschwiler. Order backlog for the "Warehouse & Distribution Solutions" division dropped from CHF 375.9 million in 2003 to CHF 246.9 million.

Order intake at CHF 143.4 million is 37.2% below the corresponding previous year's value. In the second core division, "Healthcare Solutions", order backlog declined from CHF 142.4 million in 2003 to CHF 126.2 million. Order intake is at CHF 82.4 million 23.2% lower than the previous year's result. Order intake of the third "Consulting Services" division is stable with CHF 8.2 million (2003: CHF 8.2 million) vis-à-vis the previous year and order backlog increased to CHF 6.3 million compared to CHF 5.6 million in 2003.

The positive financial result was largely due to the changed conditions of the convertible bond. This led to a positive one-time effect amounting to CHF 29.1 million.

### **Swisslog decides to introduce modified financial reporting standard IFRS 3 early**

As already announced, Swisslog has investigated an early adaptation of the new reporting standard IFRS 3 (Business Combinations). The company meets the corresponding requirements and will be introducing the modified standard retrospectively for the fiscal year 2004. In accordance with the IFRS Standard 3 published in March 2004, regular goodwill amortization will no longer be permitted as of January 1, 2005. Instead, goodwill will be reviewed at least once a year for its actual value (impairment test) and corrected if necessary. Reviews of the goodwill have confirmed the recoverability of the two core divisions "Warehouse & Distribution Solutions" and "Healthcare Solutions". Whereas, a correction amounting to CHF 10.0 million was made in the "Consulting Services" division. The amount corresponds with the originally planned amortization. "The value adjustment became necessary due to reduced mid-term business expectations as well as because of the newly pro rata allocated headquarter costs," Brunschwiler explains.

### **Divestment program fully completed**

Swisslog was able to complete the divestment program launched in April 2003. The company has at that time decided to sell off the "Material Flow & Robotic Systems" division with a total of four companies. The sale of the Transnorm-group in June 2004 marked the completion of the program. Furthermore, the sale of the operationally not used real estate in Aarau was concluded in June this year.

### **Outlook**

"We expect an increase in order intake and associated order backlog for the second half-year because of the upturn of the economy," Brunschwiler says. "Turnover for the year 2004 will be slightly below the previous year's level." The company expects a clear improvement of the operative results. "The big challenge for the second half-year will be to generate more orders." The Swisslog CEO is confident that the company will succeed. "With the implemented restructuring concept we have reinforced the customer confidence in our company."

### **Calendar**

March 8, 2005:	Swisslog Full Figures 2004
May 18, 2005:	General Annual Meeting Swisslog 2005

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## 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. 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 1 920 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](http://www.swisslog.com).

## Disclaimer

This document contains specific forward-looking statements, e.g. statements including terms such as "believe", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the Swisslog Group and those explicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. Swisslog Holding AG assumes no responsibility to update forward-looking statements or adapt them to future events or developments.

Condensed consolidated income statement (unaudited)	1.1.–30.6.2004	1.1.–30.6.2003	1.1.–31.12.2003
in million CHF			
<b>CONTINUING OPERATIONS:</b>			
Net sales	305.5	315.5	633.2
Earnings before interest, taxes, depreciation and amortisation of goodwill (EBITDA)	11.2	4.7	19.2
Depreciation on tangible and intangible assets	3.8	5.5	30.0
Earnings before interest, taxes and amortisation of goodwill (EBITA)	7.4	-0.8	-10.8
Amortisation of goodwill, impairment of goodwill	10.0	15.9	68.0
Provision for onerous contracts to acquire goodwill	-1.7	0.0	17.0
Earnings before interest and taxes (EBIT)	-0.9	-16.7	-95.8
Net financial result	22.2	-10.2	-76.8
Result before taxes	21.3	-26.9	-172.6
Taxes	-6.1	-3.1	-19.5
Minority interests	0.0	0.1	0.9
Result continuing operations	15.2	-29.9	-191.2
Result discontinuing operations	-2.1	-5.9	-53.8
Net result	13.1	-35.8	-245.0
	CHF	CHF	CHF
Earnings per share	0.12	-2.36	-16.15
Earnings per share (diluted)	0.12	-2.36	-16.15

Condensed consolidated balance sheet (unaudited)	30.6.2004	30.6.2003	31.12.2003
in million CHF			
Non-current assets excluding goodwill	58.1	178.6	93.6
Goodwill	98.2	169.4	108.8
<b>Non-current assets</b>	<b>156.3</b>	<b>348.0</b>	<b>202.4</b>
Inventories, trade and other receivables, prepayments	168.2	261.5	189.2
Cash and cash equivalents	68.1	36.9	48.4
<b>Current assets</b>	<b>236.3</b>	<b>298.4</b>	<b>237.6</b>
<b>Total assets</b>	<b>392.6</b>	<b>646.4</b>	<b>440.0</b>
Shareholders' equity	85.6	68.0	-122.4
Minority interest	0.7	1.8	0.7
Non-current liabilities (excluding convertible bond)	16.6	220.6	30.7
Convertible bond	117.0	140.0	142.4
<b>Non-current liabilities</b>	<b>133.6</b>	<b>360.6</b>	<b>173.1</b>
Provisions	32.6	14.5	35.3
Short-term borrowings	1.2	0.6	185.4
Other current liabilities	138.9	200.9	167.9
<b>Current liabilities</b>	<b>172.7</b>	<b>216.0</b>	<b>388.6</b>
<b>Total shareholder's equity and liabilities</b>	<b>392.6</b>	<b>646.4</b>	<b>440.0</b>

Condensed consolidated cash flow statement (unaudited)	1.1.–30.6.2004	1.1.–30.6.2003	1.1.–31.12.2003
in million CHF			
Net cash flow from operating activities	3.0	18.0	48.0
Net cash flow from investing activities	11.1	-5.9	-12.8
Net cash flow from financing activities	5.2	-8.4	-14.8
Net cash flow from discontinuing activities	0.7	-1.1	-4.1
Impact of currency translation	-0.3	-2.0	-4.2
Net change in cash and cash equivalents	19.7	0.6	12.1
Cash and cash equivalents at beginning of period	48.4	36.3	36.3
Cash and cash equivalents at end of period	68.1	36.9	48.4

#### Condensed consolidated statement of changes in shareholders' equity (unaudited)

in million CHF	Share capital	Premium	Fair value and other reserves			Retained earnings	Shareholders' equity
			Equity convertible bonds	Currency translation differences	Other		
<b>As at 1.1.2003</b>	<b>30.3</b>	<b>98.7</b>	<b>14.6</b>	<b>-40.7</b>	<b>0.1</b>	<b>-7.2</b>	<b>95.8</b>
Net result 2003						-35.8	-35.8
Issue of share capital							0.0
Release of share premium		-39.3				39.3	0.0
Fair value gains/losses (-) from securities					-0.1		-0.1
Fair value gains/losses (-) from cash flow hedges					-2.4		-2.4
Treasury shares	0.1					-0.1	0.0
Currency translation differences				10.5			10.5
<b>As at 30.6.2003</b>	<b>30.4</b>	<b>59.4</b>	<b>14.6</b>	<b>-30.2</b>	<b>-2.4</b>	<b>-3.8</b>	<b>68.0</b>
<b>As at 1.1.2004</b>	<b>30.3</b>	<b>59.4</b>	<b>14.6</b>	<b>-26.1</b>	<b>-0.4</b>	<b>-200.2</b>	<b>-122.4</b>
Net result 2004						13.1	13.1
Issue of share capital	-28.5	10.5	-14.6			228.8	196.2
Release of share premium							0.0
Fair value gains/losses (-) from securities							0.0
Fair value gains/losses (-) from cash flow hedges					0.2		0.2
Treasury shares						-0.1	-0.1
Currency translation differences				-1.4			-1.4
<b>As at 30.6.2004</b>	<b>1.8</b>	<b>69.9</b>	<b>0.0</b>	<b>-27.5</b>	<b>-0.2</b>	<b>41.6</b>	<b>85.6</b>

<b>Condensed Segment results (unaudited)</b>	<b>1.1.–30.6.2004</b>	<b>1.1.–30.6.2003</b>	<b>1.1.–31.12.2003</b>
in million CHF			
<b>Warehouse &amp; Distribution Solutions</b>			
Order intake	143.4	228.5	409.3
Order backlog*	246.9	375.9	314.8
Net sales	212.3	220.5	439.0
EBITDA	13.2	6.2	20.4
<i>EBITDA margin</i>	<i>6.2%</i>	<i>2.8%</i>	<i>4.6%</i>
Employees*	1,065	1,195	1,135
<b>Consulting Services</b>			
Order intake	8.2	8.2	15.7
Order backlog*	6.3	5.6	6.1
Net sales	7.9	6.3	14.4
EBITDA	1.0	0.5	2.6
<i>EBITDA margin</i>	<i>12.4%</i>	<i>8.0%</i>	<i>18.1%</i>
Employees*	60	58	62
<b>Healthcare Solutions</b>			
Order intake	82.4	107.3	205.1
Order backlog*	126.2	142.4	134.7
Net sales	87.9	92.1	187.5
EBITDA	1.8	10.2	16.9
<i>EBITDA margin</i>	<i>2.0%</i>	<i>11.1%</i>	<i>9.0%</i>
Employees*	761	962	749
<b>Total continuing operations</b>			
<b>Order intake</b>	<b>231.7</b>	<b>339.3</b>	<b>622.7</b>
<b>Order backlog*</b>	<b>378.1</b>	<b>521.7</b>	<b>455.0</b>
<b>Net sales</b>	<b>305.5</b>	<b>315.5</b>	<b>633.2</b>
<b>EBITDA</b>	<b>11.2</b>	<b>4.7</b>	<b>19.2</b>
<i>EBITDA margin</i>	<i>3.7%</i>	<i>1.5%</i>	<i>3.0%</i>
<b>Employees*</b>	<b>1,913</b>	<b>2,249</b>	<b>1,978</b>
<b>Discontinuing operations</b>			
Order intake	38.5	108.2	168.1
Order backlog*	0.0	106.2	13.6
Net sales	32.9	101.0	169.6
EBITDA	0.9	0.0	-25.8
<i>EBITDA margin</i>	<i>2.7%</i>	<i>0.0%</i>	<i>-15.2%</i>
Employees*	0	929	358
<b>Total Group</b>			
<b>Order intake</b>	<b>268.3</b>	<b>431.6</b>	<b>775.7</b>
<b>Order backlog*</b>	<b>378.1</b>	<b>600.3</b>	<b>467.9</b>
<b>Net sales</b>	<b>336.6</b>	<b>396.6</b>	<b>770.8</b>
<b>EBITDA</b>	<b>12.1</b>	<b>4.7</b>	<b>-6.6</b>
<i>EBITDA margin</i>	<i>3.6%</i>	<i>1.2%</i>	<i>-0.9%</i>
<b>Employees*</b>	<b>1,913</b>	<b>3,178</b>	<b>2,336</b>

\* at the end of the period

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