



K A R D E X

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Kardex expects profits to be halved.

The Kardex Remstar Group will not be able to meet its targets for 2001. Thanks to the first-time consolidation of its Belgian subsidiary Stow (nine months) and the solid performance put up by another subsidiary, AFT, sales will be up by approx. 25% to around CHF 550 million. However, this figure is below original expectations. Developments in the global economy and the extraordinary events of this year have led to cancelled and postponed orders and are pushing both margins and profits down.

Sales in the USA and Great Britain have been unusually hard-hit, while adverse currency movements have placed an additional burden on results. Compared with last year's record income level of CHF 24.6 million (before goodwill writeoffs and after tax), the Kardex Remstar Group is expecting income (before restructuring costs) in the current year to be halved.

The Kardex Remstar Group serves the world's materials handling markets through four different divisions, which are being affected to differing degrees by the current adversities.

The newest division, static storage systems, is developing encouragingly. Stow International has fully lived up to expectations of this acquisition.

The automation and conveyor technology division, AFT, has performed extremely well against stiff international competition and will post an increase in both sales and income compared with last year.

The dynamic storage and retrieval system division, Kardex Remstar Megamat, has been confronted with the biggest problems as regards project postponements. Competition for remaining orders is fierce and margins are correspondingly small.

The relatively small division special storage technology is having to contend with delays in incoming orders. These in turn adversely affect the profitability of individual projects.

Since there are no unequivocal signs of an economic upturn in the months ahead, the Kardex Remstar Group has taken early steps to introduce cost-saving and restructuring measures, which are now being translated into action. These include staff reductions in specific divisions. All in all, there will be a loss of approx. 200 jobs, spread across markets and segments. These measures will show in the 2001 accounts as restructuring costs, the exact amount being subject to negotiation. On the other hand, it means that the Group can look forward to significantly higher income figures for 2002.

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