



K A R D E X

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Kardex Remstar International Group: Resisting the trend

In an extraordinarily difficult year Kardex Remstar managed to finish up in the black, generate a free cash flow, pay off a number of debts and improve its balance sheet. This was despite negative foreign exchange factors, the extreme reluctance of many of our mainly international customers to invest and the fact that pressure on prices increased in the face of stiffer competition. In the course of 2002 the restructuring measures introduced in the previous year were largely completed. Thanks to the streamlining of processes in hardware and software development, the Group also managed to cut the time to market of new products and services.

Although both EBITA (+6.6%) and EBIT (+7.6%) showed increases over the previous year, income after tax remained at an unsatisfactory level. The CHF 3 million posted here represent a drop of 25.8% compared with the previous year.

The Group's three main lines of business – Dynamic Storage and Retrieval Systems (KRM), Industrial Automation and Conveyor Technology (AFT) and Static Storage Systems (STOW) – generated a positive operating result. Only the smallest of the Group's operations, Special-Purpose Handling Systems, posted a loss. Sales too suffered from lackluster demand on the markets and fell by 1.9% (+1.3% after currency adjustments) from CHF 560.5 million to CHF 549.9 million. On a comparable basis (STOW was consolidated for only nine months in 2001), this would amount to a drop of 7%. Despite all this, the Kardex Group not only maintained but strengthened its position in virtually all markets, clearly demonstrating the competitiveness of the services and systems it distributes worldwide.

Consolidated key figures for 2002

	Jan.–Dec. 02 (TCHF)	Jan.–Dec. 01 (TCHF)	Change in %
Total revenues	549 935	560 468	-1.9
EBITA	23 348	21 903	+6.6
Amortization of goodwill	-4 909	-4 759	+3.2
EBIT	18 439	17 144	+7.6
Income before tax	7 914	8 970	-11.8
Income after tax (after minority interests)	3 007	4 051	-25.8
Cash flow *)	22 460	21 252	+5.7

*) Income after tax and before minority interests, including depreciation and amortization of goodwill.

Kardex Remstar is pursuing the same goal in all its operations: to acquire more customers and to extend its market shares. With the right strategy this target can be achieved even in times of economic difficulty.



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The road to success, however, will involve redefining what is meant by product benefit for the customer. Apart from function, quality and service, price is becoming an increasingly important factor. Kardex Remstar aims to give its customers the best products at the most attractive prices. Apart from this, Kardex Remstar is planning to use its innovative strength combined with a focus on its users and operating success to secure the trust and confidence of its customers. One of the central foundations of this approach is the number of prestigious reference projects carried out by the company in many sectors throughout the world.

The level of investment being made in all sectors is currently very cautious

At KRM, funds were used to overhaul the machines and systems in Bellheim and Neuburg as well as for the purchase of systems to manufacture the new "Shuttle" generation. AFT invested mainly in the construction or extension of test facilities in Schopfheim and South Korea but also in an extension of the sales organization in the Far East. At STOW the main priorities were automation of the despatch department in the Dottenijs factory in Belgium as well as an extension to Enterprise Resource Planning and the sales organizations in Europe and Asia.

Selective measures also enabled the Group to reduce its debts to banks, its accounts receivable and inventories as well as to improve operative cash flow.

Outlook

During the first two months of 2003 sales figures stood at the same level as last year, while incoming orders and orders on hand were just about comparable. Not unexpectedly, the demand for capital goods remains low. The main emphasis at present, then, is on pruning costs and ensuring that the Group remains profitable. When the economy picks up, Kardex Remstar will be able to increase output immediately because the necessary production capacity can be made available at short notice. However, in view of the prevailing political and economic conditions, any forecast is at best tentative.

No dividends for fiscal 2002

The Board of Directors will ask the General Assembly to approve its proposal that no dividend should be paid for fiscal 2002. The low net profit as well as the pressing need, under the circumstances, to reduce the debt load are the main reasons for this step. As ever, it is the declared intention of the Board to pay an appropriate dividend as soon as circumstances allow.

Important dates in 2003

Media conference: Wednesday, April 30, 2003, 9 a.m., Zunfthaus zum Rüden, Zürich
Analysts' meeting: Wednesday, April 30, 2003, 11 a.m., Zunfthaus zum Rüden, Zürich
Annual General Meeting: Tuesday, May 27, 2003, 11 a.m., Bernhard-Theater, Zürich