



K A R D E X

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Kardex Remstar International Group: Profit advances in first half of 2003

The Group's start into the current financial year reflected the adverse economic environment. Worldwide, the industrial sector exercised great restraint in equipment spending decisions, redoubling the pressure imposed on the prices of capital goods. The downswing in the autumn of 2002 was followed by another recessive phase. This negative trend also had an impact on the Kardex Remstar Group, a materials handling specialist, in the first half of financial 2003: Revenues declined by 2.5% from CHF 275.4 million to CHF 268.5 million, and the Group temporarily dipped into the loss zone in the first few months of the period under review.

When the market began to rebound in May and June, Kardex's competence leadership in project engineering and management paid off immediately. The range of products and service packages of the Kardex Remstar Group appealed to buyers, transforming the initial losses into a profit. At the end of June, consolidated income before taxes closed at CHF 3.7 million (+ 32.3% versus the same previous-year period). Concurrently with the rise in profit after an initial period of weakness, new orders (+ 4.1%) and the order backlog (+ 2.3%) picked up as well.

Encouragingly enough, all three main lines of business – Dynamic Storage and Retrieval Systems (KRM), Industrial Automation and Conveyor Technology (AFT) and Static Storage Systems (Stow) – contributed to the positive result of the first half of the year. The Special-Purpose Handling Systems (Storage-Engineering) division suffered from anemic demand but was able to halve its loss in comparison with the previous-year period.

Consolidated key figures for the first half of 2003

	Jan.–June '03 (TCHF)	Jan.–June '02 (TCHF)	Change in %
Total revenues	268 501	275 359	-2.5
Operating result	6 021	7 055	-14.7
Income before tax	3 688	2 788	+32.3
Income after tax (before minority interests)	1 260	514	+145.1
Income after tax (after minority interests)	1 078	42	+2 466.7
Cash flow *)	10 620	9 084	+16.9

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



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Increasing the profit potential

The priorities at Kardex Remstar for the current financial year are clearly aimed at increasing net income. Many productivity-enhancement and cost-cutting measures have already been implemented. Additional restructuring potentials have been identified in some domains. To achieve sustainable profits, however, the main issue for Kardex Remstar is to be successful: the Group must generate adequate revenues. For this reason, it has systematically invested in product improvements, optimized services, and intensified sales activities. The two established production sites in South Korea and in China have proven to be attractive assets. They are contributing to the accelerated development of the Asian markets.

Outlook

Unfortunately, the time has not yet come to lower the warning flag. Economic projections remain pessimistic. Nonetheless, the adverse baseline conditions will not prevent the Kardex Remstar Group from posting revenues in the magnitude of the previous year and from generating a profit. Thus, the annual income target of CHF 6 to 10 million for financial 2003 remains unchanged.

Important dates in 2004

Media conference: Thursday, April 22, 2004, 9 a.m., Zunfthaus zum Rüden, Zurich

Analysts' meeting: Thursday, April 22, 2004, 11 a.m., Zunfthaus zum Rüden, Zurich

Annual General Meeting: Monday, May 17, 2004, 11 a.m., Bernhard-Theater, Zurich

Kardex Remstar International Group

Australia, Austria, Belgium, China, Cyprus, Czech Republic, Finland, France, Germany, Great Britain, Greece, India, Ireland, Italy, Mexico, Netherlands, Norway, Poland, Portugal, Singapore, South Korea, Spain, Switzerland, Taiwan, U.A.E., USA.

Parent company

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