EXPECTED DECLINE IN PROFITS
AFTER RECORD RESULTS IN 2000

AWM: LOWER RESULTS, BUT STILL ABOVE AVERAGE

STYNER + BIENZ: PROGRESS RECORDED

adval tech

THE ADVAL TECH GROUP IN THE FIRST HALF OF 2001

DEAR SHAREHOLDERS,

Our forecasts of early in the year have materialized: it will not be possible to repeat the record results achieved in 2000 in this financial year. Unexpected market developments have also further depressed turnover and profit. Total income fell by 3% compared with the previous year to CHF 96.8 million. Net profit declined by 48% to CHF 5.7 million and operating earnings (EBIT) declined by 52% to CHF 7.7 million.

The principal reason for the more significant decline in profits than expected was the market development in moldmaking for optical discs (ODs) in the Injection Molding Division (AWM). The setback in turnover could only partially be offset by other segments. The Stamping and Forming Division (Styner + Bienz) increased total income and slightly improved operating earnings relative to the half-year result for 2000. Based upon the current assessment of the markets and developments in these markets, the group results for 2001 are expected to be lower than forecast.

Injection Molding: Lower results, but still above average

At CHF 40.1 million, the total income of the Injection Molding Division was CHF 13.4 million lower than the record figure for the previous year of CHF 53.5 million, but was still over 30% higher than the figures for the first half of 1999. Operating earnings (EBIT) declined from CHF 16.2 million to CHF 7.2 million (first half of 1999: CHF 6 million). Compared with the second half of 2000, the EBITDA margin was virtually unchanged and at 26% is a good result.

With double-digit growth rates, the end-product market in the optical discs (CD, DVD, etc.) segment continues to be extremely attractive. The associated capital equipment market (production equipment, molds, etc.) is subject to major fluctuations, however. In 1999 and 2000, AWM benefited from the fact that investment in the sector was exceptionally high. Towards the end of last year this led to substantial overcapacity. There were buffer inventories of equipment and molds at all levels of industry and a large amount of production equipment was working at below full capacity. The results were a reduction in orders and turnover, deliveries of equipment orders were delayed and there was pressure on prices and margins. AWM was also affected by this. Though it was able to hold its market share, AWM could only deliver less than half of the previous year's quantity of molds. The medium-term outlook for AWM in the optical disc segment continues to be promising, however, and the large number of AWM molds that have already been installed will result in future growth for the service and replacement part business. Thanks to its strength in innovation, AWM is very well placed to take advantage of the next upturn.

The diversification carried out in the last few years in the moldmaking segment at least partially offset the downturn in the OD market. For example, compared with the previous year, turnover in molds for screw caps, aerosol can components and thin-wall packaging rose over 30%. As a result, their share of total income of the moldmaking segment rose to over 50%.

Stronger development and sales activities are expected to contribute to the further growth of these segments. In the volume parts segment, AWM strongly improved its position in particular in the market for technically advanced plastic components. Utilization of capacity, which has been expanded in the last year was good in the first half of 2001. Competitive pressure is enormous, however, and production of components that are technically less advanced is increasingly being relocated abroad. Efficient production and high capacity utilization are therefore crucial. The sales effort is being intensified in order to increase production volume. The manufacture on contract of CD boxes, which are also part of the volume parts segment, was at the expected high level.

Following the high growth rate of the last few years, AWM is using this period of consolidation to adjust its organization to the new situation. The division has already expanded the personnel of the segments sales, technology, design and administration, but will expand them further. This is not only aimed at broadening product support, but also at preparing for the forthcoming generation change in the medium-term. The investment in information technology that is under way means that AWM is also updating its management instruments.

Stamping and Forming: Progress recorded

The Stamping and Forming Division (Styner + Bienz) increased total income in the first half by 22% and CHF 10.4

million respectively, from CHF 46.8 million to CHF 57.2 million compared with the previous year. Relative to the second half of 2000 this represents an increase of 11%. At CHF 0.6 million, EBIT was CHF 1.1 million higher than in the previous year (CHF -0.5 million). The EBITDA margin was therefore 6% higher than in the first half of 2000 (5%), but lower than in the second half of 2000 (8%).

The first half of 2001 was characterized by various developments. In the volume parts and systems segment, it was especially the downturn in the mobile telephone market that had an adverse effect. Orders for shielding components were less than half of the expected figure. In other segments there were delays in the introduction of new generations of products. Various orders, which were better than budgeted, almost fully offset the loss of turnover, however.

Commissioning of the factory in Brazil is proceeding apace and Styner + Bienz commenced production of the first steering column components at the beginning of July 2001.

The results of the tool and special machinery manufacturing activities for the first half of 2001 were not yet satisfactory, but progress was achieved in various respects. The order book value has grown significantly since April and is much higher than the figure for last year. Previous orders that were critical have largely been completed and new risk assessment instruments are taking effect. The further development of equipment to produce components for aerosol can tops has also been completed. The new equipment will enable output to be increased by 60% relative to today, and by using thinner materials, there will be additional savings. Marketing of the new equipment has commenced and Styner + Bienz are expecting to receive the first order this year.

In order to improve the results of the division in the medium- and long-term, the strategy was changed in spring 2001, with particular focus on optimizing our financial and personnel resources. Styner + Bienz will now concentrate more strongly on the core business of volume parts and systems and target individual sectors and areas of application. Investment decisions and the assumption of commercial and technical risks will have to follow this strategic emphasis. Measures resulting from this change of strategy are currently being implemented. The necessary structural changes will come into effect with the new organization structure. For example, the production unit in the USA will be closed during the second half of 2001 and a far-reaching freeze on recruitment will help to ensure that the effects of the improvements in efficiency and productivity are sustained. The aim is to ensure better utilization of the capacity of the plants and to optimize the use of personnel, in order to achieve the growth target.

Outlook

In view of the rapid changes in our markets, it is extremely difficult to make forecasts at the present time. Our spring forecast materialized in the first half of 2001, albeit reinforced in negative terms by unfavourable economic conditions.

For the second half of 2001 we are expecting to see the following general trends:

- **Injection Molding Division:** The market for molds for manufacturing optical discs is experiencing a slight recovery, while for the other product groups the trend experienced in the first half is being reinforced.

- **Stamping and Forming:** The mobile telephone business is growing in line with current market forecasts. The other product segments are growing within the budgeted ranges. The partial relocation of production within Switzerland and the commissioning of the factory in Brazil will depress operating earnings in the second half.

Against this background, we are expecting a total income in the range of CHF 185 to 195 million and a net profit of CHF 9 to 11 million for 2001. This means a reduction in the ranges forecast made in the spring of 2001 (CHF 200 to 210 million for total income and CHF 14 to 18 million for net profit).

For 2002 and 2003, we are expecting a significant increase in total income and EBIT.

Niederwangen, end of August 2001

Herbert Thönen	**Jean-Claude Philipona**
Chairman of the Board	Chief Executive Officer

INCOME STATEMENT

CHF 1000	1st half of 2001	1st half of 2000	Change	1st half of 1999
Total income	**96,751**	**99,730**	**-3%**	**78,433**
Net turnover	84,238	85,774	-2%	73,813
Cost of materials and services	35,154	31,496	12%	26,609
Personnel expenses	35,343	32,915	7%	32,132
Other operating expenses	12,175	12,241	-1%	8,908
Depreciation	6,341	7,112	-11%	4,874
Operating earnings (EBIT)	**7,738**	**15,966**	**-52%**	**5,910**
Net profit after taxes	**5,672**	**10,942**	**-48%**	**4,779**
Investments				
Capital expenditure	15,917	15,619	2%	13,082

BALANCE SHEET

CHF 1000	30.06.01	31.12.00	Change	31.12.99
Current assets	98,947	107,998	-8%	93,004
Fixed assets	122,917	114,043	8%	93,891
Liabilities	110,544	112,100	-1%	92,566
- short term	48,058	52,857	-9%	52,802
- long term	62,486	59,243	5%	39,764
Shareholders' equity	111,320	109,941	1%	94,329
in % of total assets	50.2%	49.5%		50.5%
Total assets	**221,864**	**222,041**		**186,895**

No. of employees	**30.06.01**	**30.06.00**	**Change**	**30.06.99**
Group	**828**	**784**	**44**	**782**
Stamping and Forming Division	535	518	17	549
Injection Molding Division	287	259	28	228

THE ADVAL TECH GROUP

Adding value for customers in technically challenging fields of activity: that's what adval tech stands for.

The adval tech Group is a leading supplier of tools, molds, sub-assemblies, systems and volume components in the technology sectors of stamping and forming (metals) and injection molding (plastics). It is a supplier and value-adding partner for companies in all industries where metal or plastics components are manufactured or used. With innovative and technically sophisticated approaches the adval tech Group enables its customers to make continuous improvements to their products and processes. The Stamping and Forming and Injection Molding divisions trade on the market under the names of Styner + Bienz and AWM, respectively. Their largest customers are in the automotive, communications technology, packaging and electronics industries. adval tech is continually setting new technological standards in these sectors.

THE NEXT ORDINARY SHAREHOLDERS' MEETING WILL BE HELD ON 13 JUNE 2002 IN BERNE.

adval tech Holding Ltd
Investor Relations
CH-3172 Niederwangen
Phone: ++ 41 31 980 84 44
Fax: ++ 41 31 980 82 60
E-mail: info.adv@advaltech.com
www.advaltech.com