THE ADVAL TECH GROUP IN THE FIRST HALF OF 2003

SIGNIFICANT IMPROVEMENTS IN PERFORMANCE AND EARNINGS FIGURES

INJECTION MOLDING DIVISION:
OPERATING EARNINGS UP 71%

STAMPING AND FORMING DIVISION:
ENSURING COST FLEXIBILITY

THE NEXT ORDINARY SHAREHOLDERS’ MEETING WILL BE HELD ON 17 JUNE 2004 IN BERNE.

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, subassemblies, systems and essential 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 plastic components are manufactured or used. With innovative and technically sophisticated applications, the Adval Tech Group enables its customers to make continuous improvements to their products and processes. The Stamping and Forming Division trades on the market under the names of Styner+Bienz, the Injection Molding Division under the names of AWM and Foboha. Their largest customers are in the automotive, telecommunications technology, packaging and electronics industries. Adval Tech is continually setting new technological standards in these sectors.

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EBIT margin is thus a respectable 18%.

The division's operating earnings (EBIT) rose from CHF 7.6 million in the previous year to CHF 13.0 million (+71%), while earnings up 71%'

Many already had a very positive impact on the division. The acquisition of Foboha GmbH in Germany, the company that supplies rejection modules for the automobile industry, continues to make a substantial contribution to the results. The reinforcement of new molds so that, for example, production of tooling system casting molds for the automobile industry can be commenced by the middle of 2003. These technically very sophisticated and economically efficient tooling systems are now available to provide support for systematic cost management in particular.

The market situation in the field of CAE and by Boboha's operating earnings (EBIT) rose from CHF 0.95 million to CHF 4.3 million (+280%), while operations in the{

On this basis we forecast total income in the range of CHF 120 to 140 million and net profit of CHF 14 to 18 million in 2003. The Atelier Group will thereby achieve a planning improvement in the second half of 2003. The outlook for 2004 is based on the optimistic assumptions that prices and margins remain stable.

According to SWISS GAAP FER12, Niedermünder, August 2003

Net profit after taxes 6 675 6 411 16% 2 672

Chairman

2003 SEMI-ANNUAL REPORT

Current assets 122 024 95 630 28% 98 224

Total assets 287 785 214 760 33% 228 575

Employment

In the first half of 2003 the Atelier Group achieved a significant improvement in all its performance and earnings figures, even though the recovery in economic activity that had been seen for the past year was not yet materialized.

Total income of CHF 121.4 million was 45% higher than the figure for the first half of 2002 (CHF 85.4 million). At the same time, gross profit rose by 56% to CHF 75.5 million and operating earnings (EBIT) by 41% to CHF 22.2 million (+36% after tax). The Atelier Group’s EBIT margin thus increased from 5.4% to 9.5%.

The BEV division has already benefited from the purchase of Foboha and is already preparing for a number of projects handled by the Technology Center in the first half of 2003. These technologically very sophisticated and economically efficient tooling systems are now available to provide support for systematic cost management in particular.

In the second half of the year, and especially in the medium and long term. Capacity utilization in the first six months was significantly inferior to that of earlier years due to seasonal effects (cellphone shields). This market situation in the field of CAE and the launch of new products in our core business segments. The CNC subassembly business, sales of volume parts will also benefit from these new products in the second half of the year.

Not withstanding the exceptional seasonal recession in the automotive industry, the division will be able to take advantage of the considerable benefits which we had sought through the purchase of Foboha also had a positive effect on the division’s earnings. The acquisition of Foboha in Germany, the company that supplies rejection modules for the automobile industry, continues to make a substantial contribution to the results. The reinforcement of new molds so that, for example, production of tooling system casting molds for the automobile industry can be commenced by the middle of 2003. These technically very sophisticated and economically efficient tooling systems are now available to provide support for systematic cost management in particular.

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The BEV division has already benefited from the purchase of Foboha and is already preparing for a number of projects handled by the Technology Center in the first half of 2003. These technologically very sophisticated and economically efficient tooling systems are now available to provide support for systematic cost management in particular.
In the first half of 2003 the Adval Tech Group posted significant improvements in all its performance figures, even though the recovery in economic activity that had taken place over the past year did not materialize.

Total income of CHF 121.4 million was 45% higher than the figure for the first half of 2002 (CHF 84.7 million). At the same time, net profit rose by 58% to CHF 9.5 million compared to CHF 6.0 million for the first half of 2002. The Adval Tech Group’s EBIT margin thus increased from 1.0% to 1.9%. Some 75% of the increase in net income was attributable to the Injection Molding Division’s acquisition of German maker Foboha. Taking the financing of this acquisition into consideration, Foboha accounted for some 15% of net profit. Other important factors contributing to these pleasing results were systematic cost control and improved operating profitability, as well as the positive environmental environment for AWM molds used in the manufacture of optical discs (ODs) and packaging.

Injection Molding Division: operating earnings up 15% The acquisition of Foboha GmbH in Germany already had a very positive impact on results in the Injection Molding Divi- sion in the first few months following the completion. Integration is proceeding on schedule – the division already achieved a cond-best rating of all suppliers with respect to logistical reliability and delivery time. Foboha’s stronger market position in automotive and telecom markets in the first six months, together with its excellent product developments that the Technology Center in the first half of the year had been able to make significant contributions to the market, will make significant contributions to the growth of the division’s results. For this reason, the division’s operating cost structures are becoming more and more competitive. The division has also reached the stage of completing a comprehensive IT project at AWM. The main success stories of these and other positive cost expectations and the positive trend in the service level of the very high standards achieved in the market are reflected in our market position in the multi-com- partment mold segment, which we are looking forward to the purchase of Foboha also had a posi- tive impact on the group’s growth. These results were secured with an EBIT margin of 1.8% in the first half of 2003. Capacity utilization was correspondingly healthy. Our forecast for the fiscal year 2003 includes an active role in the management of projects to be made available for support of systematic cost management in particu- lar the automotive and medical technology sectors. The division’s results in 2003 were set by the division’s excellent performance in the first half of 2003. The division’s operating earnings (EBIT) rose from CHF 3.9 million to CHF 6.2 million (+59%) in the first half of 2003. This specially heavy emphasis on work efficiency, was set off in the injection of cash in the critical reorganiza- tion project and a positive result in the passenger car market.

The volume sector continues to benefit from new products in this market, in the second half of the year, and especially in the medium and long term. Capacity utilization at the end of the first quarter was at an unhealthy level due to external market trends and financial conditions. On the other hand, cost- cutting contract manufactur- ing of ODs, which is also part of the volume sectors continue to operate at a very high level.

The division has systematically strengthened its position in the automotive market and has already made a substantial contribution to the turnover of CHF 37.7 million in the first half of 2003 (+71%) and to EBIT of CHF 2.2 million (+92%). The EBIT margin is now a respectable 14.8%.

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Total income of CHF 121.4 million was 45% higher than the figure for the first half of 2002 (CHF 84.7 million). At the same time, gross profit margins rose from 58% to 59.5 million of operating earnings (EBIT) in the first half of 2003. The Adval Tech Group’s EBIT margin thus increased by 1.1% in the first six months. Some 11% of the increase in income was attributable to the Injection Molding Division’s acquisition of German mold maker Foboha. Taking into account this acquisition into consideration, Foboha accounted for some 13% of net profit. Other important factors contributing to these impressive results are systematic cost control in all units and the resulting cost flexibility, as well as the positive macroeconomic environment for AIMs used in the manufacture of optical discs (OD) and packaging.

In injection molding, a total of 486,300 parts were produced in the Injection Molding Division in the first half of 2003. These technologically very sophisticated modules for the automobile industry can be used to seal off components and systems for the automobile industry: out of a total of 480 submarine parts, the injection molding division had made a major contribution to this performance in planning and execution.

In contrast to OD and multi-component molds, sales of other product groups continued to climb up to exceed expectations due to the lack of demand. However, the division gained new strength in the development of new molds so that, for example, production of component-less packaging molds for the automobile industry can be commenced in May 2003. These technical advantages and cost optimization will all be cashed in when the division can pass on price rises successively, which have been made possible by the successful project to integrate the Styner+Bienz IT Center. The new Center has resulted in a comprehensive IT project for AIMs. The main strengths of these projects are clear: new and expanded expectations and a significantly higher service level of the high standard technical service.

The division has systematically strengthened flexibility, as well as the positive macroeconomic environment for AIMs used in the manufacture of optical discs (OD) and packaging.

The market is strongly characterized by excess capacity and transfers of manufacturing operations to low-wage countries, and this market is still characterized by increasing price reductions. This market situation in the CNC subassembly is also reflected. This market situation is further complicated by excess capacity and the incapacity of manufacturing companies to balance out the related apparent drop in demand. The company was able to achieve a short-term capacity utilization of 80%, supplemented by the long-term outlook for the automobile industry. By contrast, there will be a marked – ongoing – appealing in the cyclical downturn in the automobile industry in the second half of this year.

Tamborini at Styl-Dyne manufactures parts for the major automotive producers, so a downturn in demand has repercussions for the company’s business situation. The Styl-Dyne automotive parts manufacturing business was impacted by the September 11 terrorist attacks in the United States, as revenues in the first half of 2003 were 15% lower than in the first half of 2002.

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The next ordinary shareholders’ meeting will be held on 17 June 2004 in Berne.

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