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Leica Geosystems' sales increase 19 percent, EBITDA of nearly a hundred million Swiss Francs

Leica Geosystems exceeds turnover and profitability expectations:

- **Increase in sales of 19%, to 642.4 million Swiss Francs**
- **EBITDA growth of 32.4% to CHF 97.5 million**
- **A net profit of CHF 43.5 million, and including the one-off IPO-related financing costs a net loss of CHF 8.0 million**
- **Outlook for the current year according to CEO Hans Hess: "For the year as a whole, we are expecting growth in sales and EBITDA of over 30 per cent."**

Heerbrugg (Switzerland), June 8, 2001 • In the year ending March 31, 2001, the geomatics and surveying-technology group reported a 19% increase in sales to 642.4m Swiss Francs, and Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of CHF 97.5m, a rise of 32.4%. Over the last three years, Leica Geosystems has achieved record numbers for sales and operating profit growth. For the upcoming Fiscal Year 2002, CEO Hans Hess also expects double-digit growth: "With our recent acquisitions, we are penetrating into additional growth markets. This applies particularly to aircraft- and satellite-based data acquisition, Geographic Information Systems (GIS), Cyrax laser scanning, 3D visualization of spatial data, and machine-guidance systems. Our new business organization model also provides the organizational framework for further positive development in all six of our business divisions. Thus, in the upcoming year, Leica Geosystems should again grow faster than the market average."

The continuing dynamic growth of Leica Geosystems in terms of sales and profitability is the result of a fundamental change in its corporate character, from a pure manufacturer of surveying equipment to a total-systems supplier. Leica Geosystems' total-systems solutions optimize the entire value-added chain for its customers, from the acquisition of 3D data to the processing, analysis, modeling, and visualization of this data.

Mario Fontana, Chairman of the Board: "A remarkable business year. "

For Mario Fontana, Chairman of the Board, the 2000-2001 Fiscal Year at Leica Geosystems has been a remarkable year. "Over the last several years, this company has continually

raised the bar in terms of business performance. This year is no different, with record levels of growth in sales and profitability. The fact that Leica Geosystems is transforming itself from a supplier of surveying instruments to a provider of comprehensive geomatics systems and Geographic Information Systems will also prove to be a record making effort in the history of the Company. Since the Company's successful stock-exchange flotation on July 12, 2000, its management has been able, via the selective acquisition of high-tech companies, to rapidly transform its ambitious strategic growth program into reality. During this same period, it proved necessary to change the existing corporate business model from a matrix organization into a divisional structure. This structure now provides the six new divisions, each focused on specific market segments, with ideal opportunities for growth. This company has clearly been focused on laying the groundwork for an exciting and dynamic future. Despite the time that management has had to spend on these projects, however, day-to-day business has not suffered. On the contrary, market share in the company's core markets has increased; reflecting quality products, close customer ties, and peak performance by the entire team led by CEO Hans Hess. Shareholders can be more than satisfied with such rapid progress."

In the recently completed financial year, and without taking into account the effects of the acquisitions of Laser Alignment and Cyra Technologies (consolidated, respectively, at the beginning of the fourth quarter and from the middle of the same quarter), Leica Geosystems grew sales by CHF 85.0m (+15.8%). EBITDA for the year rose by an even greater 32.3% to CHF 97.5m. Taking into account fluctuations in exchange rates, consolidated turnover grew by 15.7%.

The Company recorded a net loss for the year of CHF (8.0) million. This includes the impact of non-recurring financing costs associated with the Company's Initial Public Offering in July 2000. The majority of these costs were non-cash in nature and were recorded in conjunction with the early repayment of various debt obligations. Excluding these IPO related costs, full year net income would have been CHF 43.5 million. Earnings per share were CHF (4.23), and CHF 21.96 per share if the impact of the non-recurring IPO related costs is removed.

The Board of Directors is not recommending the payment of a share dividend for this Fiscal Year.

Active entrepreneurial use of cash generated by stock-exchange flotation

The stock-exchange flotation has improved the equity structure of Leica Geosystems and made possible the rapid implementation of its strategic objectives. The company used a portion of the cash generated by the Initial Public Offering (IPO) to reduce debt. A large portion of the additional capital, however, was used to finance the strategic acquisitions made during the fiscal year: Laser Alignment Inc., was acquired to strengthen the company's position in machine-guidance systems and engineering; and Cyra Technologies Inc., is expected to move to the company into a leading position in the new technology of laser scanning and 3D visualization. Hence, the cash raised by the IPO has been actively applied to direct entrepreneurial effect. Two additional acquisitions were initiated in FY01 and will be closed in the first quarter of FY02. The acquisitions of ERDAS Inc., will expand the image-surveying range through satellite-based data acquisition and modeling software. LH Systems LLC, expected to close in June 2001, should further improve the Company's overall market position in photogrammetry and digital-image surveying.

Further improvements in GPS and TPS market positions

The combined surveying, positioning, and machine-guidance system businesses achieved sales of CHF 394.9 million, an increase of 17.8% over last year. EBITDA grew at an even greater rate of 33.7%, increasing to CHF 61.4m. In this segment, the largest sales and profitability contribution continues to be made by Terrestrial Positioning Systems (TPS), the Company's more classical types of surveying instruments such as theodolites, total stations, and levels. From this product basket, Leica Geosystems reported sales of CHF 274.0m for the financial year, representing 43% of the total sales of the company. Compared with the previous year, this is an increase of CHF 36.0m (+15%) and a rise in EBITDA of CHF 10m. Optoelectronic total stations – instruments used to simultaneously measure angles and distances through the use of a laser – accounted for over two-thirds of the TPS segment's income. With these products enhanced capability to measure distances up to 200m without the use of a reflector, Leica Geosystems has again increased its market share in this sector. Even though the company continues to rely heavily on its TPS product baskets, corporate dependence on this traditional business is decreasing. The increasing move into new technologies and markets is broadening the company's product portfolio, for example in the area of GPS. In the past financial year, with 24.3% sales growth to CHF 121m, Leica Geosystems' GPS systems significantly increased their worldwide market share. EBITDA in this business rose by 48.1% at the same time.

Leica Geosystems has now launched its new GeoMOS software, a product designed for the automatic monitoring of infrastructure sites and the movement of the earth. With this product, it is now possible to control a wide variety of dedicated sensors and combine them with alarm equipment. The first of such monitoring projects include Hong Kong's bridges to the airport island, open-cast lignite mines in Germany, and alpine dams.

Industrial competence

Leica Geosystems' precision-systems engineers also lead in the field of industrial measurement technology. This business area, developed initially with a single major aircraft manufacturer, has grown to serve the aerospace, motor vehicle, and shipbuilding industries. Major research facilities such as the European Center of Particle Research CERN are also customers of this division. With its high-precision 3D laser trackers and theodolite video systems, which allow customers to determine details on large objects with hundred-millimeter accuracy, the division has a significant share of the global market. Sales in the Industrial Measurement division rose by 9.6% to CHF 62.5 million this financial year with EBITDA increasing by 42.6%.

Excellent growth potential for consumer goods

Last year's sales of DISTOTM laser meters rose by 33.6%. Further, this business recorded a 17.9% EBITDA margin, the highest EBITDA margin percentage in all core business segments. The company feels that this division can deliver even greater results in the future. The company's DISTOTM "electronic measuring tapes", developed in Heerbrugg, enjoy a clear leadership position in the worldwide market. Hans Hess: "Although some 150,000 of these small laser meters left our Heerbrugg facility last year, the potential for this type of instrument is far from exhausted. In fact, we sold more DISTOs in Italy last year than we did in the USA or Japan, two of our targeted growth regions."

In the Special Products segment, which includes instruments for military use, as well as the Heerbrugg production companies SwissOptic, Polymeca, and Wiltronic, the CHF 119.8m in sales exceeded the previous year's results by 15.4%. EBITDA rose by 67.1%, to CHF 22.9m. The Company was also able to book several large orders for observation equipment with integrated distance measurement and for artillery surveying. The three production facilities also made progress in obtaining orders from customers other than Leica Geosystems; in part, their share of external orders now hovers close to fifty percent.

Major new customers and partnerships facilitate rapid increase of leading position

Leica Geosystems concluded numerous strategic contracts during the year. One such partnership agreement is with Ordnance Survey in the United Kingdom. In March 2001, Leica Geosystems signed an exclusive contract with Ordnance Survey, the British surveying and mapping authority, to supply it with several hundred GPS systems. Through the assistance of Leica Geosystems, the whole of the United Kingdom is soon to be surveyed with Leica Geosystems GPS systems. At the same time, a strategic partnership agreement was also signed for the further development of geomatics technologies in the context of a versatile, multifunctional digital map of the nation: simply stated, that means an excellent business opportunity for Leica Geosystems in the coming years. And only a few days ago, Sweden's surveying authority "Landmäteriet", and a major Finnish government agency signed up as new customers and partners. Furthermore, in Switzerland, a strategic alliance is also due to be formed with a leading cadastral specialist. With partners and orders such as these, Leica Geosystems has very quickly become a market-wide geomatics and systems supplier.

Highest percentage growth in America

Although Leica Geosystems sales in Japan increased five-fold over the last three years, and market share in this region rose to about ten percent, the highest absolute growth for the 2000-01 financial year was achieved in America. In the USA, the Swiss firm has managed to increase total sales by about 35%, and by as much as 60% in the GPS area. In Europe, Leica Geosystems was able to increase its already high market share, with 11% growth in total sales. In Asia and other parts of the world, sales growth was generally higher than the general level of market growth.

So how does Leica Geosystems see the future? Leica Geosystems CEO Hans Hess: "For the upcoming Fiscal Year 2002, we anticipate continued strong growth in our business, with sales growth exceeding 30% for the year. Growth in our surveying and industrial businesses should be steady throughout the year, offset slightly by our expectation of a slower growth in the construction market. We also expect significant additional growth to come from our recent acquisitions. In the first part of the year, growth should be slightly lower than the full year average, due in part to the launch of new products planned for the second quarter. We have a very modern product range and highly motivated global sales teams. We also continue to bring new technologies and solutions to a diverse spectrum of professionals, products such as: machine-guidance systems for faster road-construction; time- and money-saving 3D data acquisition solutions for industrial facilities and engineering applications; and tools and equipment to produce new kinds of multi-functional maps and GIS models. With the increases in productivity and related cost-reduction opportunities provided by these products, we are confident that we offer a very high value proposition to our customers. We also intend to

maintain our excellent position in the more traditional segments of surveying while simultaneously developing new areas of business. In summary, when we include our recent acquisitions, we expect full year sales and EBITDA to grow by over 30% in the upcoming 2001-02 financial year."

Realization of benefits from acquisitions during the year

Through the strategic acquisitions of recent months, Leica Geosystems has attained a leadership position in the Geomatics market. These acquisitions, which were all completed within the last five months, will begin to produce benefits in the 2001-2002 Fiscal Year. The acquisition of Laser Alignment, specialists in machine-guidance systems, was completed in January 2001; that of California's Cyra Technologies, 3D laser-scanning and software specialists, in February 2001; and minority holdings in Germany's AED Graphics (25%) and Canada's NovaLIS (38.1%) were concluded only a short time before these. During the same quarter, preparations were also made, with similar success, for the acquisition of ERDAS, the world's market leader in 3D remote-sensing software, and for the purchase of the remaining 50% of the equity of the photogrammetry-software and digital-aerial-photography specialists, LH Systems. The ERDAS acquisition was completed on May 11, 2001; that of LH Systems is planned to close in the latter part of June. Since the beginning of the new financial year, ERDAS and LH Systems have formed the platform for the fast-growing business of Geographic Information Systems (GIS). These companies are expected to make an immediate positive contribution to the Company's bottom line.

Outlook for the upcoming year

Christian Leu, Chief Financial Officer: " We expect profits to generally follow sales growth and anticipate healthy EBITDA growth of over 30% for the full year. EBITDA in our traditional business is expected to steadily increase throughout the year. Additional EBITDA growth will also come from our recent acquisitions. In the first half of the year, we anticipate relatively slower profit growth, due to the aforementioned factors affecting sales. The level of net profitability will naturally be impacted by the effect of goodwill amortization arising from our acquisitions. As the year progresses, this impact will have a lesser relative influence, and profit growth will accelerate in the second half of the year."

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Growth strategy in new markets already shows in 4th quarter results

A closer look at last financial year's fourth quarter reveals that Leica Geosystems managed to achieve a historic quarterly record for sales — CHF 185.1 million. This exceeds, by more than CHF 19.8m (12%), the already outstanding result for the same period in the previous year. Cyrax 3D laser scanners from Cyra Technologies — included in the consolidated accounts only since February 21, 2001 — contributed CHF 7.0 million to this total. Laser Alignment's sales of construction-site lasers and machine-guidance systems, added CHF 10.7 million, and were included in the consolidated accounts from January 8, 2001. Growth is also reflected in the value of new orders received; these totaled CHF 172.6 million, an 8.1% increase compared with the same quarter the previous year, another record.

Gross profit margins for the quarter also rose compared with Fiscal Year 2000, from 48.0% to 48.7%. This margin growth occurred despite cost increases for bought-in components and higher sales in segments with traditionally lower margins than core-business segments (handheld laser meters, special products, construction-site lasers, and third-party components manufacture). In the fourth quarter, Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose even more steeply than sales, totaling CHF 28.1 million, a 21.2% increase compared with the same quarter in the previous year. EBIT for the fourth quarter was CHF 14.8m, an increase of 12.6% compared with the same quarter in Fiscal Year 2000.

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Share Offering

Various lock-up provisions related to the acquisitions of Cyra and Erdas, as well as shares held by employees and the management of the Company, have expired or will expire during the next few weeks. A part of the underlying shares might eventually be sold into the market as their owners aim to diversify their investment portfolio. In order to avoid a repeated supply overhang, the corresponding shareholders of Leica have been asked to participate in an organised redistribution of the shares through an accelerated book-built offering managed by Credit Suisse First Boston. Such an offering could consist of up to around 150'000 shares and may take place before the summer holidays, subject to market conditions and the earlier release of certain lock ups. Leica Geosystems senior management will remain heavily invested in shares of the Company. After this offering, senior management will be subject to a new six-month lock-up period. Additionally, residual shares owned by the former shareholders of Cyra and Erdas will be subject to a new lock-up period of three months.

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Balance Sheet Summary*(In Swiss Francs)*

	Actual Year	Prior Year
Total Assets	759,0 Mio	551,2 Mio
Net Debt*	189,0 Mio	226,5 Mio
Total Equity	363,7 Mio	129,8 Mio
Equity / Assets Ratio	47,9%	23,5%
Net Working Capital	149,2 Mio	98,2 Mio

Capital Expenditures on

Tangible and Intangible

Assets (excl. Goodwill) **40,6 Mio** 30,9 Mio**Goodwill** **241,2 Mio** 131,6 Mio**Mean number of employees** **2470** 2325

* Amount is shown net of capitalized debt issuance costs/discounts
of CHF 8.0m in FY01 and CHF 45.6m in FY02.

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Comprehensive and detailed financial information on Leica Geosystems' FY01 is available on our website www.leica-geosystems.com, Investor Relations.

4th Quarter results of Leica Geosystems at a glance

4 th Quarter – Fiscal Year 2001 (in Swiss Francs)	Current year (30.12.00 to 31.03.01)	Previous year (01.01.00 to 31.03.01)	Change (%)
SALES - Surveying / Positioning - Handheld Laser Measuring Systems - Industrial Measurement Systems - Special Products - New Businesses (Cyra) Gross margin in percentage of sales	185.1 Mio 118.6 Mio 14.6 Mio 16.6 Mio 28.2 Mio 7.0 Mio 48.7%	165.3 Mio 95.6 Mio 15.4 Mio 19.8 Mio 34.5 Mio - 48.0%	+ 12.0 % + 24.1 % (5.4) % (16.0) % (18.1) % - + 0.7 %
EARNINGS* EBITDA - in percentage of sales EBITA - in percentage of sales EBIT - in percentage of sales Operating profit - in percentage of sales Net Income / (loss) - in percentage of sales Adjusted Net Income (excl. IPO costs) - in percentage of sales - adjustment	28.1 Mio 15.2 % 22.0 Mio 11.9 % 14.8 Mio 8.0 % 16.1 Mio 8,7% 12.8 Mio 6.9 % 14.1 Mio. 7.6 % (1.3) Mio	23.2 Mio 14.0 % 17.0 Mio 10.2 % 13.2 Mio 8.0 % 11.7 Mio 7.1% 7.2 Mio 4.4 % 7.2 Mio. 4.4 %	+ 21.1 % + 29.8 % + 12,6% + 37.3% + 77.8 % + 95.8%
SHARE RELATED DATA 2,162,175 registered shares à 50 CHF nominal per share Share capital à 168 CHF carrying amount per share Shareholders' equity à 482 CHF average share price between 1 January, 2001 and 31 March, 2001 Market capitalization Earnings per share* (CHF) - Basic - Diluted - Diluted and IPO adjusted	 108.1 Mio 363.7 Mio 1,042.2 Mio 6.16 5.89 6.49		

* The figures include the non-recurring IPO finance costs.

Full-Year results of Leica Geosystems at a glance

Fiscal Year 2001 (in Swiss Francs)	Current year (1.04.00 to 31.03.01)	Previous year (1.04.99 to 31.03.00)	Change (%)
SALES - Surveying / Positioning - Handheld Laser Measuring Systems - Industrial Measurement Systems - Special Products - New Businesses (Cyra) Gross margin in percentage of sales	642.4 Mio 394.9 Mio 58.3 Mio 62.5 Mio 119.8 Mio 7.0 Mio 49.0%	539.7 Mio 335.3 Mio 43.6 Mio 57.0 Mio 103.9 Mio - 48.4%	+ 19.0 % + 17.8 % + 33.7 % + 9.6 % + 15.4 % n.m. + 0.6 %
EARNINGS* EBITDA - in percentage of sales EBITA - in percentage of sales EBIT - in percentage of sales Operating profit - in percentage of sales Net Income / (loss) - in percentage of sales Adjusted Net Income (excl. IPO costs) - in percentage of sales - adjustment	97.5 Mio 15.2 % 75.5 Mio 11.8 % 55.6 Mio 8.6 % 56.6Mio 8.8% (8.0) Mio (1.2) % 43.5 Mio 6.8 % (51.5) Mio	73.7 Mio 13.6 % 53.0 Mio 9.8 % 39.7 Mio 7.4 % 36.6Mio 6.8% 2.5 Mio 0.5 % 2.5 Mio 0.5 %	+ 32.3 % + 42.6 % + 40.0 % + 54,4 % n.m. +1'658.0 %
SHARE RELATED DATA 2,162,175 registered shares à 50 CHF nominal per share Share capital à 168 CHF carrying amount per share Shareholders' equity à 507 CHF average share price between 12 July, 2000 and 31 March, 2001 Market capitalization Earnings per share* (CHF) - Basic - Diluted - Diluted and IPO adjusted	108.1 Mio 363.7 Mio 1,096.2 Mio (4.23) (4.23) 21.96		

* The figures include the non-recurring IPO finance costs

Leica Geosystems – Capture new dimensions

Leica Geosystems develops, manufactures and markets systems for surveying, mapping and position determination. With its innovations in spatial data acquisition for surveying, photogrammetry and global positioning (GPS) tasks, and with its expertise and partnerships in the management and visualisation of 3D data for Geographic Information Systems (GIS), Leica Geosystems is one of the leading companies in these fields. Customers realise major international projects in terrestrial, land and cadastral surveying, engineering and machine tool manufacture, construction, industrial, telecommunications and safety engineering around the world using system solutions from Leica Geosystems.

Leica Geosystems is one of the oldest companies in its field, and has left its mark like no other on the technological history of position determination and surveying. Following its separation from the former Leica group in 1997, Leica Geosystems has been listed on the Swiss stock market since July 2000. In the last Financial Year 2000-01 the 2,470 employees generated a turnover of 642.4 million Swiss Francs. Growth rates of 30% in sales and EBITDA should also be maintained by Leica Geosystems in the current year.

Along with the Swiss facilities in Heerbrugg and Unterentfelden, the Company also has development and production subsidiaries in America and Asia. With 20 wholly owned sales and service companies, as well as 100 distribution partners, Leica Geosystems maintains a close dialogue with customers around the globe.

On January 8, 2001, Leica Geosystems acquired Laser Alignment Inc., in Grand Rapids, Michigan (USA). Laser Alignment is one of the leading suppliers of machine guidance systems and building and construction lasers. Leica Geosystems also completed its acquisition of Cyra Technologies, Inc. on February 21, 2001. Located in Oakland, California, Cyra is the global leader in the field of 3D laser scanning and visualisation. As of May 11, 2001 ERDAS, a leading US supplier of satellite imaging and remote sensing software, joined Leica Geosystems. In GIS, photogrammetry and remote sensing, Leica Geosystems' planned acquisition of 100% of LH Systems, will allow the Company to offer these products for the global market. In addition, strategic partnerships exist with leading companies for complementary technologies, e.g. a 38% shareholding in the Canadian software company NovaLIS, and a 25% equity participation in the German AED Graphics AG, a leading supplier of digital cadastral and GIS solutions. In most cases the application software development and data handling is based on ESRI technology, Leica Geosystems' strategic partner for many years. To develop geomatics further, strategic alliances have been formed with renown customers like British Ordnance Survey and Swedish Lantmäteriet. Taking into account the employees of all acquired companies, Leica Geosystems today employs around 3000 people world-wide.

Leica Geosystems was one of the first companies to sign the International Chamber of Commerce Environmental Protection Charter and is bound to high international quality and environmental standards.

Further information at: <http://www.leica-geosystems.com>

STAR - A six-pointed star organization for the market-oriented Leica Geosystems divisions

The **Surveying and Engineering** division is the largest of the new Leica Geosystems businesses. It can offer its worldwide customers a wide spectrum of products and services in the various segments of surveying: total stations, GPS systems, levels, construction-site lasers, special software, and machine-guidance systems, through to comprehensive, integrated solutions for infrastructure- and land-surveillance systems. This Division also includes the product range of Laser Alignment.

The **GIS and Mapping** division expands the value chain with image-based surveying solutions and concentrates on the fast-growing market of Geographic Information Systems (GIS). This includes systems based on satellite imagery and aerial photographs like those from ERDAS and the joint-venture partner LH Systems, and on special software for the production, editing, and visualization of digital terrain models. Partnerships with worldwide GIS suppliers such as ESRI, AED Graphics, and NovaLIS, form the basis for attractive integrated solutions in the field of cadastral and land-information software.

The **Consumer Products** division focuses on trades people and do-it-yourself customers who want to use Leica Geosystems' measuring technologies in their work. This Division offers attractively priced products of high performance, such as the DISTO™ hand laser meter.

The **Industrial Measurement** division enables industrial customers, for example in the automotive and aircraft industries, to measure large components accurately to tolerances in the hundred-millimeter range and further process the data directly in their CAD systems. Its product range includes laser trackers, image-processing systems, and high-precision total stations, along with an up-to-date spectrum of software that can communicate with all commercial CAD products.

The **New Businesses** division enables Leica Geosystems to push its way quickly and in a focused manner into newly emerging markets for 3D data. Cyra Technologies, the recently acquired firm for laser scanning and 3D visualization in surveying and facility management, forms this division's core.

The **Special Products** division concentrates on the use of core Leica Geosystems technologies for specialized products and custom-made solutions. It is responsible for all business activities in connection with military, police, and border-control organizations. This division is also responsible for the production facilities Polymeca, SwissOptic, and Wiltronic in Switzerland.

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