

Media Release

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www.leica-geosystems.com/investor/finance/1QFY02.pdf

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Leica Geosystems starts off well in the new fiscal year

Heerbrugg, 14. August 2001 – In the first quarter of the current fiscal year (April 1 – June 29, 2001), Leica Geosystems' sales revenues increased 42.6% to CHF 203.3 million; EBITDA rose 42.9% to CHF 28.0 million. Today, Leica Geosystems is one of the world's most comprehensive suppliers of survey technologies and of 3D image-processing software. Leica Geosystems' products and services are used for the capture, visualization and modeling of spatial data, for example, in Geographic Information Systems (GIS).

The strong growth during this quarter is due mainly to the contributions of the four firms acquired during the previous six months; namely Laser Alignment, Cyra Technologies, LH Systems and ERDAS. Leica Geosystems has fundamentally changed from being a pure manufacturer of surveying equipment and has become a supplier of solutions to the demands for comprehensive spatial information.

Timely acquisitions produce surge in growth

In the first quarter, the Company's organic growth (i.e. excluding acquisitions) amounted to +6.2% for sales revenues and +7.7% for EBITDA (Earnings before Interest, Tax, Depreciation and Amortization). The rapid acquisitions of companies in growth sectors immediately after last year's IPO has proven to be well timed. It is these acquisitions that are enabling high growth targets for sales revenues and for EBITDA to be achieved this year. Earnings before Interest and Tax (EBIT), at CHF 8.5 million, and net income at

CHF 3.5 million, are slightly lower than in the same quarter last year. The reduction in Net Income is largely a reflection of lower EBIT in the quarter, which was impacted by the amortization of Goodwill and capitalized development costs, as well as costs associated with the integration of the new acquisitions. The company earned CHF 1.60 per share this quarter, and CHF 1.52 per share on a fully diluted basis.

Removing the impact of goodwill amortization on earnings, the Company's EBITA (Earnings Before Interest, Taxes and (goodwill) Amortization) rose by 28.9%, from CHF 12.1 million in the first quarter of the prior year to CHF 15.6 million in the current quarter.

Lackluster performance in construction and consumer products; industrial measurement and new businesses trend upwards

Influenced by a cooling in the economic climate in the USA and Asia, the Company's construction business remained relatively flat this quarter. The *Consumer Products* division (formerly hand-held laser meters) also experienced a sizable but temporary downturn in sales revenue (-17.9%) and in EBITDA (-58.8%) compared with the same quarter of last year. The anticipated launch of a new

generation of DISTO™ laser meters (the DISTO™ 4) led to lower sales this quarter, as dealers attempted to sell-off existing stocks in their distribution networks. The new generation of DISTO™ products will be marketed to some extent through new channels, including E-commerce.

All of the other business divisions showed improved performance in the quarter. The *Surveying and Engineering Division*, the Company's largest division, increased sales revenue by +28.6% and EBITDA by +27.9%. This division's growth was slowed to some extent by the results of the construction-oriented business of Laser Alignment, which felt the cooling of the construction sector in the quarter. The *Special Products* division also presented solid results and, through defense contracts, was able to compensate for the transfer of the Company's photogrammetric activities to the *GIS and Mapping* division. Although newly created, the GIS & Mapping Division attained notable results. The division brought sales revenue of CHF 33.1 million and EBITDA of CHF 7.1 million, with revenues expected to reach more than CHF 100 million during its first fiscal year. Current projections place GIS & Mapping as the second-largest contributor of sales revenue within the organization. The GIS and Mapping division embraces the fast-growing markets of Geographic Information Systems (GIS), including satellite imagery and photogrammetry (ERDAS and LH Systems).

The *New Businesses* division, with the Cyra laser scanning and 3D-visualization products, is also developing favorably. By comparison with the pro-forma results from the same quarter last year (Cyra was only consolidated as of the fourth quarter of the last fiscal year), Cyra performed up to its high expectations, growing revenues by CHF +4.7 million (+ 168.1%). Goodwill and capitalized product development cost amortization continues to impact earnings in this division, reflecting the early stage in Cyra's life cycle. During the first quarter, Cyra recorded an EBITDA loss of CHF 1.1 million.

The *Industrial Measurement* division continued its upward path, showing a growth in sales revenues of +24.0% and an EBITDA growth of +42.8%. With its mobile, high-precision laser trackers, this division is profiting from many new aerospace projects. Meanwhile, these mobile measuring systems have enabled the division to become the first-choice provider to the world's largest manufacturers of aircraft, road vehicles and ships.

Over thirty percent growth in sales and EBITDA expected for the full year

Management is keeping to its financial target for the year of over 30% growth in sales and EBITDA. Hans Hess, the Company's CEO, stated: "The overall development of the business was above our expectations. With growth of over forty percent for the first quarter, we are already well on the way towards our goal of over 30% sales and EBITDA growth for the year. We remain optimistic about the business outlook for the full year and maintain our previous guidance of over 30% growth in sales and EBITDA. For the second quarter specifically, we also anticipate continued solid growth in sales and EBITDA, albeit at rates slightly below our full year expectations. Throughout the year, EBIT will continue to be impacted by the amortization of Goodwill capitalized as part of our recent acquisitions. As a result, we expect EBIT for the full year to be below the level of the prior year, reaching its lowest level in the second quarter."

Various partnerships, agreements and orders received from customers of Leica Geosystems, such as the Swedish Lantmäteriet and the British and Irish Ordnance Surveys, are providing new opportunities which should enable Leica Geosystems to evade the economic dip. The ability of Leica Geosystems to innovate and adapt quickly to new situations, was confirmed by an outside authority at the end of the quarter: The University of St. Gall (Switzerland) carried out an international benchmarking survey related to innovation management. Companies active in various fields and on different continents participated, and Leica Geosystems came out top with its LIP (Leica Innovation Process).

Leica Geosystems AG - Fiscal Year 2002 – 1st Quarter Comparative Results

(in CHF Swiss Francs)	FY02 1st Quarter <i>(April 1, 2001 to June 29, 2001)</i>	FY01 1st Quarter <i>(April 1, 2001 to June 30, 2000)</i>	Change (%)
SALES	203.3m	142.6m	+ 42.6%
- Surveying & Engineering	104.9m	81.6m	+ 28.6%
- GIS & Mapping	33.1m	3.3m	n.m.
- Consumer Products	13.2 m	16.0m	(17.9)%
- Industrial Measurement	17.0m	13.7m	24.0%
- New Businesses (Cyra)	7.4m	-	n.m.
- Special Products	27.0m	27.5m	(2.0)%
- Central Services	0.7m	0.5m	40%
Gross margin in percentage of sales	50.3%	50.7%	(0.4)pts
Order intake	221.9m	151.1m	+46.9%
EARNINGS			
EBITDA	28.0m	19.6m	+ 42.9%
- in percentage of sales	13.7%	13.7%	
EBITA*	15.6m	12.1m	+ 28.9%
- in percentage of sales	7.7%	8.5%	
EBIT	8.5m	10.4m	(17.5)%
- in percentage of sales	4.2%	7.3%	
Net income / (loss)	3.5m	5.7m	(38.6)%
- in percentage of sales	1.7%	4.0%	
SHARE RELATED DATA			
2,237,869 registered shares @ 50 CHF nominal per share Share capital	111.9m		
@ 183 CHF carrying amount per share Shareholders' equity	410.4m		
@ 471 CHF average share price between April 1, 2001 and June 29, 2001 Market capitalization	1,054.0m		
Earnings per share (CHF)			
- Basic	1.60	3.82	
- Diluted	1.52	3.57	

*) The Company defines Earnings before Interest, Taxes and Amortization (EBITA) to mean EBIT less the impact of Goodwill Amortization. This is a change from the definition used in the Fourth Quarter of FY01, which also excluded the amortization of capitalized development costs.

Leica Geosystems – Capture new dimensions

Leica Geosystems develops, manufactures and markets systems for surveying, mapping, modeling and position determination. With its surveying sensors and systems for the acquisition and processing of spatial data, the company is among the world leaders in surveying and data capturing for GIS (Geographic Information Systems). Around the globe, customers implement system approaches from Leica Geosystems' major measurement and documentation solutions for terrestrial, land and cadastral surveying, environmental remote sensing, engineering and mechanical engineering, building and construction machine guidance, GIS creation and updating, industrial measurement techniques and opto-electronic defense equipment.

The major product lines of Leica Geosystems' six divisions include: classical electronic angle and distance surveying equipment and leveling instruments; Global Positioning Systems (GPS); the electronic laser meter DISTO™; the highly precise laser tracker; the CYRAX™ 3D-Laserscanner with visualization software; automated machine control systems, as well as digital photogrammetric aerial photography systems and remote sensing software for the creation and updating of Geographic information Systems (GIS).

As a technological pioneer, Leica Geosystems has shaped the history of surveying and GPS for many decades. At the end of the financial year 2001 ending in March, Leica Geosystems' 2,470 employees achieved a turnover of 642.4 million Swiss Francs resulting in the high growth rate of +19% and 54.4% in operating profit. For the current business year 2001/02, the company is aiming for growth of over 30% in turnover and profit. Leica Geosystems has been listed on the Swiss Stock Exchange since July 2000. Ninety-two percent of the shares are in free float with an international group of shareholders mainly from Switzerland, the USA and the UK, with approximately eight percent owned by the management and employees.

Leica Geosystems develops, manufactures and sells its products and services internationally. In addition to the 1,400 employees located in Switzerland the company also has research, development and production facilities in America and Asia. With twenty company-owned sales and service units and representatives in more than one hundred other countries, Leica Geosystems is in close contact with its customers around the globe. In the middle of 2001, Leica Geosystems employed 2900 staff world-wide as well as more than one hundred trainees. This increase in staff numbers is mainly due to the integration of the companies Laser Alignment, Cyra, ERDAS and LH Systems.

Based in Oakland, the Californian 3D laser scanning and software company, Cyra Technologies Inc., has been part of Leica Geosystems since February 2001. Cyra's laser scanner Cyrax 2500 and Cyclone™ software offers unique solutions for the acquisition and visualization of three-dimensional objects. Shortly prior to this, Laser Alignment Inc., Grand Rapids, Michigan (USA) was also acquired, extending the Leica Geosystems' product range with their machine guidance systems and construction laser instruments. The acquisitions of ERDAS Inc., in Atlanta and the remaining 50 percent holdings of LH Systems in the first quarter of the current financial year, provided the company with a leading position for significant growth in the GIS market with satellite and aerial photo data acquisition. ERDAS is a world market leader in the area of spatial remote sensing from satellite data. LH Systems, with their digital and classical high precision recording systems and the 3D SocetSet software also lead in the area of photogrammetric data acquisition and analysis. In addition to this, the company has a 42% shareholding in the Canadian software company NovalIS and a 25% shareholding in the German AED Graphic AG. With both these companies, new solutions for property and utility cadastre and GIS projects are being further developed. Strategic partnerships in the areas related to the GIS and Mapping Division were signed at the beginning of 2001 with Ordnance Survey (UK), Lantmateriet (Sweden) and Geocom Informatik (Switzerland). Such partnerships also include the long-standing collaboration with Environmental Systems Research Institute (ESRI).

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 about Leica Geosystems can be found at: <http://www.leica-geosystems.com>

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