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Leica Geosystems Announces Second Quarter Earnings

Heerbrugg, November 6, 2001 – Leica Geosystems (SWX:LGSN) today reported that its results for the second quarter were in line with its revised guidance of October 2, 2001. The Company reported consolidated sales of CHF 184.2 million in the quarter, an increase of 23% over the prior year. As anticipated, EBITDA for the quarter dipped below prior year levels, coming in at CHF 20.7 million compared to the CHF 24.4 million in the prior year. Net income for the quarter was CHF 1.40 million. The Company stated that it reduced its working capital during the quarter, that it generated over CHF 25.8 million in operating cash flow and reduced its net debt by CHF 27 million during the quarter. For the six months ended September 28, 2001, the Company grew its sales by 32.5% with EBITDA increasing by 10.6% over the prior year.

Leica Geosystems generated CHF 184.2 million in sales during the second quarter, 23% higher than the second quarter of the prior year. The consolidation of the Company's four recent acquisitions had a significant impact on this growth. Sales in Leica Geosystems' traditional Surveying and Engineering division, including Laser Alignment, grew by over 17% in the second quarter, with year-to-date growth approaching 23%. As anticipated, the Company stated that its construction business had continued to slow during the quarter, impacted by the economic slowdown in the United States and Europe.

To address the issues in its construction and DISTO™ businesses, on October 31, 2001 the Company announced a reduction of its construction-oriented manufacturing workforce by 63 in Grand Rapids, Michigan. The Company further stated that it had also decreased its workforce in Heerbrugg by nine positions in response to the current slowing in its DISTO™ business. The Heerbrugg reduction is consistent with Leica Geosystems' plans to outsource the production of its fifth generation of DISTO™ products in the next fiscal year.

Sales in the Consumer Products Division continued to be negatively impacted by the general downturn in the construction markets. To further develop the market opportunities in this business, Leica Geosystems and its Company's current OEM partner, Hilti, agreed to develop their hand-held laser businesses separately, and have discontinued their co-operation. Leica Geosystems stated that it was exploring other strategic OEM relationships, and is currently in the final stages of contract negotiations with several OEM partners.

The Company's GIS & Mapping division, which includes the results of ERDAS and LH Systems, recorded sales of CHF 22.2 million in the quarter. The second quarter results of this division reflect the impact of delayed orders from the US Government in the wake of the

September 11 terrorist attacks. These orders, which amounted to approximately USD 4.0 million, were postponed due to the reallocation of monies to fund various stimulus and relief packages in the United States. The Company's New Businesses (Cyra) Division recorded CHF 5.7 million in revenues in the quarter, bringing Cyra's year-to-date sales to CHF 13.2 million. Year to date sales in this division already exceed the full year results of the prior year.

After a strong first quarter, sales in the Company's IMS division leveled off in the second quarter. Sales in this division were dampened in September, as suppliers to the aerospace industry waited for further signs from the major industry players after the general downturn in the airline industry. The Company stated that the IMS division is well diversified across the aerospace, automotive and general industrial segments, and that it currently generates around 50% of its total revenue from the aerospace industry, split roughly in half between civil and military projects.

Sales in the Company's Special Products Division, which as of the second quarter no longer includes the results of the SwissOptics third-party manufacturing business (75% divested on July 18, 2001), were roughly equal to the prior year.

Leica Geosystems recorded EBITDA of CHF 20.7 million in the second quarter, compared to the CHF 24.4 million in the prior year. Earnings before interest and taxes (EBIT) for the quarter was CHF 0.5 million, reflecting the ongoing impact of goodwill and acquisition related development cost amortization on earnings. Net income for the quarter was CHF 1.4 million, compared to the net loss of CHF (35.2) million in the prior year, mainly impacted by the CHF 49.4 million of non-recurring IPO related financing charges. Earnings Per Share for the second quarter were CHF 0.62 per share, and CHF 0.59 on a fully diluted basis.

The Company made good progress in strengthening its balance sheet during the quarter. According to Christian Leu, CFO, "During the second quarter, we were successful in lowering our net working capital investments," stated Leu. "Through these improvements alone we were able to generate over CHF 10.0 million in cash and have further improvement opportunities in this area. In total, the Company generated CHF 25.8 million in operating cash flow in the second quarter. As a consequence of this strong cash flow performance, combined with the proceeds from the sale of SwissOptic in July, we were able to reduce our revolving debt by close to CHF 27.0 million," said Leu.

The Company also reconfirmed its latest guidance from October 2, 2001. According to Hans Hess, CEO, "In light of the weaker overall economic climate in all regions, we expect sales growth in the second half of the year to be slightly below 20%, leading to a revised sales projection for the full year of around 25%. In light of the slower growth rate in sales, we now expect EBITDA for the full year, in absolute terms, to be around last year's level of CHF 98 million," said Hess. "For the third quarter, we expect sales to grow at around 20%, with EBITDA at around prior year levels. We plan to continue with our current product and market development initiatives which we expect will have a positive impact on our business in the upcoming fiscal year," said Hess.

The Company also re-emphasized that the fundamental strength of its business and its mid-term growth potential were unchanged. The Company anticipates, however, a continued difficult economic environment in the upcoming fiscal year 2003 (April 1, 2002 – March 31, 2003) and therefore estimates that its sales growth for the upcoming fiscal year will be above 10%, with growth in EBITDA at a better rate than sales.

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Under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, we caution investors that all statements other than statements of historical fact included in this document, including without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our existing and future products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors: (i) our ability to develop and introduce new products and technologies that gain market acceptance on a timely basis; (ii) our ability to respond to competitive challenges, such as the introduction of innovative products or technologies by our competitors; (iii) our ability to identify and realize growth opportunities; and (iv) overall levels of investment in infrastructure and capital spending in our markets. Additionally, any forward-looking statements speak only as of the date of this document. We expressly disclaim any obligation or undertaking to release publicly any update of or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard hereto or any change in events, conditions or circumstances on which any such statement is based.

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| 2nd QUARTER RESULTS FY 2001/02 Leica Geosystems | Current Year (30.6.01 to 28.9.01) | Prior Year (1.7.00 to 29.9.00) | Changes (%) |
|---|--|---|------------------------|
| (In million Swiss Francs) | | | |
| ORDER INTAKE | 187.4m | 140.5m | 33.4% |
| SALES | 184.2m | 149.8m | 23.0% |
| Surveying & Engineering | 103.7m | 88.4m | 17.2% |
| GIS & Mapping | 22.2m | 3.7m | 507.1% |
| Consumer Products | 9.7m | 13.8m | -29.8% |
| Industrial Measurement | 15.6m | 15.5m | 0.5% |
| New Businesses | 5.7m | 0,0 | |
| Special Products | 26.7m | 27.1m | -1,4% |
| Central Services | 0.6m | 1,3m | -50.0% |
| Gross margin in percentage of sales | 51.9% | 48,0% | 3.9pts |
| EARNINGS*: | | | |
| EBITDA - in percentage of sales | 20.7m 11.2% | 24.4m 16.3% | -15.3% |
| EBITA - in percentage of sales | 7.2m 3.9% | 16.4m 11.0% | -56.2% |
| EBIT - in percentage of sales | 0.5m 0.3% | 14.6m 9.8% | -96.6% |
| Operating profit - in percentage of sales | 0.6m 0.3% | 14.5m 9.7% | -95.9% |
| Net income / (loss) - in percentage of sales | 1.4m 0.8% | -35.2m -23.5% | NA |
| Adjusted net income / (loss) * - in percentage of sales - adjustment * | | 14.2m 9.5% 49.4m | |
| Earnings per share (CHF) | | | |
| - basic | 0.62 | -19.39 | |
| - diluted | 0.59 | -19.39 | |
| - diluted and IPO adjusted * | | 7.85 | |

* The results exclude the one-time impact of financing costs associated with the July 12, 2000 IPO.

SHARE RELATED DATA:

2'247'806 registered shares

- @ 50 CHF nominal per share: **Share capital CHF 112.4m**

- @ 169 CHF carrying amount per share: **Shareholders' equity: CHF380.3m**

- @ 422.5 CHF average quarterly share price:

Market capitalization (average 2nd quarter): CHF 949,7m

**1st HALF YEAR RESULTS
FY 2001/02 Leica Geosystems**

| | Current Year (1.4.01 to 28.9.01) | Prior Year (1.4.00 to 29.9.00) | Changes (%) |
|---|---|---|------------------------|
| (In million Swiss Francs) | | | |
| ORDER INTAKE | 409.3m | 291.5m | 40.4% |
| SALES | 387.5m | 292.4m | 32.5% |
| Surveying & Engineering | 208.6m | 170.0m | 22.7% |
| GIS & Mapping | 55.2m | 6.9m | |
| Consumer Products | 22.9m | 29.8m | -23.4% |
| Industrial Measurement | 32.7m | 29.3m | 11.7% |
| New Businesses | 13.2m | 0.0m | |
| Special Products | 53.7m | 54.6m | -1.7% |
| Central Services | 1.4m | 1.8m | -23.1% |
| Gross margin in percentage of sales | 51,9% | 49.3% | 2.6pts |
| EARNINGS*: | | | |
| EBITDA - in percentage of sales | 48.6m 12.6% | 44.0m 15,0% | 10.6% |
| EBITA - in percentage of sales | 22.9m 5.9% | 28.5m 9,8% | -19.9% |
| EBIT - in percentage of sales | 9.0m 2.3% | 25.0m 8,5% | -63.8% |
| Operating profit - in percentage of sales | 9.1m 2.4% | 25.4m 8,7% | -64.0% |
| Net income / (loss) - in percentage of sales | 4.9m 1.3% | -29.5m -10.1% | |
| Adjusted net income / (loss) * - in percentage of sales - adjustment * | | 20.0m 6.8% 49.4m | |
| Earnings per share (CHF) | | | |
| - basic | 2.21 | -17.36 | |
| - diluted | 2.10 | -17.36 | |
| - diluted and IPO adjusted * | | 11.77 | |

* The results exclude the one-time impact of financing costs associated with the July 12, 2000 IPO.

2nd Quarter Results FY 02 of Leica Geosystems' Divisions

| <i>Division</i> | <i>Part of Total Sales (%)</i> | <i>Division Sales (CHF)</i> | <i>Division EBITDA (CHF)</i> | <i>EBITDA- Margin of Sales</i> |
|-------------------------------------|--|-------------------------------------|--------------------------------------|--|
| Surveying & Engineering | 56% | 103.7m | 16.2m | 15.6% |
| GIS & Mapping | 12% | 22.2m | 0.4m | 2.0% |
| Consumer Products (Disto) | 5% | 9.7m | -0.6m | -6.6% |
| Industrial Measurement | 9% | 15.6m | 2.0m | 12.7% |
| New Businesses (Cyra) | 3% | 5.7m | -1.4m | -25.2% |
| Special Products | 15% | 26.7m | 4.1m | 15.4% |
| Central Services | - | 0.6m | 0,1m | - |
| Total 2nd Quarter | 100% | 184.2m | 20.7m | 11.2% |

1st Half Year Results FY 02 of Leica Geosystems' Divisions

| <i>Division</i> | <i>Part of Total Sales (%)</i> | <i>Division Sales (CHF)</i> | <i>Division EBITDA (CHF)</i> | <i>EBITDA- Margin of Sales</i> |
|---------------------------|--|-------------------------------------|--------------------------------------|--|
| Surveying & Engineering | 54% | 208.6m | 31.8m | 15.3% |
| GIS & Mapping | 14% | 55.2m | 7.5m | 13.6% |
| Consumer Products (Disto) | 6% | 22.9m | 0.7m | 2.9% |
| Industrial Measurement | 8% | 32.7m | 6.7m | 20.5% |
| New Businesses (Cyra) | 4% | 13.2m | -2.6m | -19.7% |
| Special Products | 14% | 53.7m | 7.9m | 14.7% |
| Central Services | - | 1.4m | -3,4m | - |
| Total Half Year | 100% | 387.5m | 48.6m | 12.6% |

BALANCE SHEET SUMMARY

| <i>(In Million Swiss Francs)</i> | 28 Sept 01 | 29 June 01 |
|--|-------------------|-------------------|
| Total Assets | 855.6m | 923.2m |
| Net Debt* | 243.5m | 268.4m |
| Total Equity | 380.3m | 410.4m |
| Equity / Assets Ratio | 44.4% | 44.4% |
| Net Working Capital | 146.2m | 169.5m |
| - in % of Sales | 18.8% | 20.8% |
| Capital Expenditures on Tangible and Intangible Assets (excl. Goodwill) | 17.2m | 18.0m |
| Goodwill | 302.0m | 329.7m |
| Cash provided in operating activities | 25.8m | 7.2m |

* Amount is shown net of capitalized debt issuance costs/discounts of CHF 6.7.

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Comprehensive and detailed financial information is available on our website www.leica-geosystems.com, Investor Relations/Financial Report/Shareholder News.

