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Leica Geosystems on Target in Fiscal Year 2001/02

Heerbrugg (Switzerland), June 6, 2002 - Leica Geosystems (SWX : LGSN) today announced that its revenues grew by 23% in Fiscal Year 2001/02, of which 21% came from acquisitions. With sales of CHF 790.2 million, and EBITDA of CHF 97.3 million, the Company met its previously announced sales and earnings estimates for the year. The Company's sales growth stems from the strong 10.9% organic growth in its core surveying business, as well as revenues from the companies it acquired during the last twelve months. The Company said that it had made significant improvements in its balance sheet over the prior quarter, generated operating cash flow of CHF 72.8 million during the year, and lowered its net borrowing position by CHF 38 million, or 14%, from a post-acquisition high in the first quarter. Leica Geosystems further announced that in the fourth quarter it had written off CHF 58 million in goodwill from its Cyra acquisition. The Company had pre-announced to the market in its Third Quarter earnings release that a write-off of a "significant" portion of this goodwill was likely. Additionally, Leica Geosystems recorded restructuring charges in the fourth quarter of CHF 4.7 million in conjunction with its "FIT-Together" initiative. Including these two non-recurring charges, the Company recorded a net loss of CHF (55.3) million, or CHF (24.67) per share, for the year. Excluding these charges, Leica Geosystems would have recorded Net Income of CHF 7.4 million, compared to a Net Loss of CHF (8.0) million in the prior year.

"Although this was a challenging year for our company, we made significant progress in many areas of our business," said Hans Hess, CEO of Leica Geosystems. "At the start of the year we realigned our business along market-segment lines, completed our strategic acquisition program with the acquisitions of ERDAS and LH Systems, and entered into numerous strategic partnerships with customers, GIS specialists, and suppliers. As a result of these actions, we are now the foremost supplier of Geomatics solutions in our industry. This year will also be remembered for the terrible events of September 11 and the subsequent recession in the United States. Although the impact of these events clearly hampered our business growth for the year, through the strength of our business model and dedication of our employees, we were able to navigate through these difficult times and feel very positive about the mid- and long-range future of our business," concluded Hess.

EBITDA of CHF 97.3 million on par with previous year's level

Despite the difficult economic environment during the second half of the fiscal year, Leica Geosystems was able to meet its revised guidance targets given in October 2001, increase sales by 23%, and generate an EBITDA of CHF 97.3 million. Including the CHF 58 million Cyra goodwill impairment charge and the CHF 4.7 million in non-recurring restructuring costs, the Company recorded a net loss for the year of CHF (55.3) million, with a loss per share of CHF (24.67). Excluding these charges, Leica Geosystems would have recorded Net Income of CHF 7.4 million (previous year: loss of CHF (8.0) million).

Better margins, stronger cash flow, and continual increase in capital efficiency

Leica Geosystems significantly improved its gross profit margins as compared to the previous year, raising margins by exactly two percentage points to 51%. The Company also made fundamental improvements in its balance sheet and cash flow during the year. Net Working Capital as a percentage of sales dropped from 23% at the end of last year to 15.9% at the end of this year. Largely through lower investments in these net assets, Leica Geosystems generated CHF 72.8 million in cash flow from its operations, an increase of over CHF 44 million over the previous year. The Company also reduced its net borrowings to CHF 230 million, or (14)%, from the post-acquisition high of CHF 268 million in the first quarter.

Increased level of strategically important Research and Development expenditures

The Company increased its expenditures on research and development during the year, with total expenditures of CHF 85.5 million, or 10.8% of sales. The Company stated that despite the weakening of the economy in the second half of the year, it remained committed to its original R&D program. Leica Geosystems launched over 22 new products during the past year, and through its comprehensive innovation program, should be set to release a raft of new products and solutions in the upcoming twelve months.

Continued strength in traditional market

Leica Geosystems' Surveying and Engineering division remains the largest business division in the Company. With CHF 428.5 million in sales, this division contributed 54% to total sales and CHF 66 million of the Company's EBITDA this year. Strong organic growth in its core high-end surveying business contributed to this growth, offset in part by the protracted decline in the Company's construction activities.

Recovering position in laser meter business

In its hand-held laser meter business (DISTO™), Leica Geosystems registered an 18% decline in sales. The basis for this decline is two-fold: lower OEM sales in the last three quarters of the year after the strategic decision to discontinue an exclusive distribution agreement with its

previous OEM partner, and the general slowdown in the construction markets. The Company was, however, able to generate sequential growth in its sales over the last two quarters, with second semester sales increasing by 9% over the first half of the year. During the latter part of the year, Leica Geosystems concluded an important distribution agreement with Lowe's, the second largest Do-It-Yourself and builders chain in the USA. The Company reported that it had recently signed several new agreements with OEM partners for its next generation of DISTO™ products, the "DISTO™ 5". Leica Geosystems is the world market leader in the hand-held laser meter business.

Market leader in the GIS & Mapping Sector

Through its strategic acquisition program, Leica Geosystems has become the leader in the rapidly expanding GIS & Mapping markets. For the acquisitions of the remote sensing and software firms ERDAS and LH Systems, Leica Geosystems recently received the distinguished Frost & Sullivan "Merger & Acquisitions Strategy Award 2002". The Company's GIS & Mapping division generated CHF 113 million in sales this fiscal year, exceeding expectations. The division has made continual progress in its profitability since the second quarter, and recorded EBITDA of CHF 10.5 million for the full year. The Company continues to leverage synergies from its four businesses that comprise its operations and has recently centralized its headquarters in Atlanta, Georgia.

Industrial Measurement Systems business holds ground

The Company's Industrial Measurement (IMS) business held its ground during a significant downturn in the aerospace industry. With sales of CHF 63.1 million, 1% above the previous year, the division achieved an EBITDA margin of 22.2%, the highest in the Company. Leica Geosystems' IMS business sells high-precision laser tracking systems to numerous large international institutions and major aircraft, automobile, ship, and heavy machine manufacturers. The division stands to profit in the upcoming year from large projects such as the US Joint Strike Fighter program and the Airbus A380 and A400M projects.

Good basis for future development in Laser Scanning (Cyra) business

Leica Geosystems' Cyra business grew by 70% this year, through sales of CHF 24.9 million. The tight capital investment markets in the US, however, dampened the near-term outlook in this business, resulting in the need to write off CHF 58 million of the remaining CHF 84 million in goodwill recorded at the time of acquisition. This "impairment charge" is based upon a discounted cash flow model, as determined under International Accounting Standards, and is driven primarily by lower than expected cash earnings in the short-term. Leica Geosystems' management reiterated its belief in the strategic importance of its laser scanning business, and expects that Cyra will continue to record strong growth rates in next year.

Stabilization with special products

Leica Geosystems' Special Products division is comprised primarily of the Company's defense technology activities, as well as its third-party component manufacturing operations. Sales in this division declined year-over-year, primarily as a result of the 75% divestment in its SwissOptics business in the first quarter, and lower sales of components to third parties. The defense-related business grew by 9% in fiscal year 2002, with strong sales coming from the United States. The division generated EBITDA of CHF18.5 million for the year.

Cost reduction programs begin to take effect internationally

In order to lower the Company's level of fixed costs, optimize its business processes, and fully take advantage of business synergies, in January 2002 Leica Geosystems launched its comprehensive "Fit - together" initiative. The Company is mid-way through this program, which to date encompasses over 30 separate projects. Leica Geosystems has eliminated 150 positions as part of this initiative, and recorded CHF 4.7 million in restructuring costs in the fourth quarter.

At the end of March 2002, the Company employed 2,887 employees, 150 lower than at the end of September, which was the highest level during the year. Geographically, 62% of the Company's workforce is located in Europe, 25% in the Americas, and 13% in Asia and other regions.

Corporate Governance

Full details of Leica Geosystems' Corporate Governance Policy is available in its Fiscal Year 2001/2002 Annual Report, available as of today via its web site at: www.leica-geosystems.com.

Business Outlook – Fiscal Year 2003

Regarding the Company's outlook for the coming year, Hans Hess explained: "Given the uncertainty regarding near-term economic conditions and the related impact on revenue and profitability, our business outlook for next year remains cautious. We expect sales in the first half of the year to be around the level of the previous year. Specifically, in the first quarter we expect sales to be lower than previous year, given that previous year sales reflect levels prior to the economic slowdown. Second quarter sales, however, are expected to be above the prior year. If the economies in our markets pick up in the latter half of the year, as currently expected, we would anticipate a significant acceleration of sales growth in the third and fourth quarters compared to the prior year. Profitability is expected to be lower than last year for the first two quarters. Specifically, we expect significantly lower EBITDA in the first quarter as a consequence of lower sales and further restructuring charges. We anticipate that these

restructuring charges will continue to impact earnings in the second quarter to some degree. For the second half of the year, however, we expect profitability to clearly exceed the previous year, as the Company is expected to benefit from seasonally higher sales, a number of new product launches, and a lower operating cost base as a consequence of the numerous FIT- together initiatives completed in the past six months,” concluded Hess.

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Balance Sheet Summary

<i>(In Swiss Francs)</i>	<i>Actual Year</i>	<i>Prior Year</i>
Total Assets	807.2m	759.0m
Net Debt*	230.2m	189.0m
Total Equity	332.3m	363.7m
Equity / Assets Ratio	41.2%	47.9%
Net Working Capital	131.4m	149.2m
Capital Expenditures on Tangible and Intangible Assets (excl. Goodwill)	61.3m	40.6m
Goodwill	239.1m	241.2m

* Amount is shown net of capitalized debt issuance costs/discounts of CHF 8.0m in FY01 and CHF 5.4m in FY02, and cash of CHF 3.2m in FY01 and CHF 3.0m in FY02.

4th Quarter results of Leica Geosystems at a glance

4 th Quarter of Fiscal Year (in Swiss Francs)	Current year (29.12.01 to 31.03.02)	Previous year (30.12.00 to 31.03.01)	Change (%)
SALES	206.1m	185.1m	11.3 %
- Surveying & Engineering	112.8m	114.6m	-1.6 %
- GIS & Mapping	31.7m	1.9m	n.m.
- Consumer Products	13.5m	14.6m	-7.6 %
- Industrial Measurement	14.2m	16.6m	-14.4 %
- New Businesses (Cyra)	7.0m	7.0m	n.m.
- Special Products	26.4m	30.6m	-13.8 %
- Central Services	0.6m	(0.2m)	-386.2 %
Gross margin in percentage of sales	49.4%	48.7 %	0.7 %
EARNINGS*			
EBITDA	22.9m	28.1m	-18.5 %
- in percentage of sales	11.1 %	15.2 %	
EBITA	10.7m	18.0m	-40.2 %
- in percentage of sales	5.2 %	9.7 %	
EBIT	(53.7m)	14.8m	-462.1%
- in percentage of sales	-26.0 %	8.0 %	
Operating profit / (loss)	(53.7m)	16.1m	-433.2%
- in percentage of sales	-26.1%	8.7%	
Net Income / (loss)	(56.0m)	12.8m	-538.7 %
- in percentage of sales	-27.2 %	6.9 %	
Adjusted Net Income / (Loss) *	6.7m	14.1m	
- in percentage of sales	3.5%	7.6 %	
- adjustment *	62.7m	1.3m	
SHARE RELATED DATA			
2'251'101 registered shares			
à 50 CHF nominal per share			
Share capital	112.6m		
à 148 CHF carrying amount per share			
Shareholders' equity	332.3m		
à 144 CHF average quarterly share price			
Market capitalization (quart. average)	324.2m		
Earnings per share (CHF)			
- Basic	(24.86)	6.16	
- Diluted	(24.86)	5.89	
- Diluted and IPO adjusted *		6.49	
- Diluted and goodwill adj.	3.70		

* The results in FY01 exclude the one-time impact of financing costs associated with the July 12, 2000 IPO. In FY02, the results exclude the impact of the Cyra goodwill impairment (CHF 58m) and the CHF 4.7m in restructuring costs.

Full-Year results of Leica Geosystems at a glance

Full Fiscal Year (in Swiss Francs)	Current year (1.04.01 to 31.03.02)	Previous year (1.04.00 to 31.03.01)	Change (%)
SALES	790.2m	642.4m	23.0 %
- Surveying & Engineering	428.5m	380.6m	12.6 %
- GIS & Mapping	113.2m	12.5m	n.m.
- Consumer Products	47.8m	58.3m	-17.9 %
- Industrial Measurement	63.1m	62.5m	1.0 %
- New Businesses (Cyra)	24.9m	7.0m	n.m.
- Special Products	109.7m	118.5m	-7.4 %
- Central Services	2.9m	3.0m	-4.2 %
Gross margin in percentage of sales	51.0%	49.0%	2.0 %
EARNINGS*			
EBITDA	97.3m	97.5m	-0.2 %
- in percentage of sales	12.3 %	15.2 %	
EBITA	46.6m	64.1m	-27.2 %
- in percentage of sales	5.9 %	10.0 %	
EBIT	(38.3m)	55.6m	-169.0 %
- in percentage of sales	-4.9 %	8.6 %	
Operating profit / loss	(38.4m)	56.6m	-167.9 %
- in percentage of sales	-4.9%	8.8%	
Net Income / (loss)	(55.3m)	(8.0m)	591.6 %
- in percentage of sales	-7.0 %	-1.2 %	
Adjusted Net Income / (Loss) *	7.4m	43.5m	
- in percentage of sales	0.9%	6.8 %	
- adjustment *	62.7m	51.5m	
SHARE RELATED DATA			
2251101 registered shares à 50 CHF nominal per share Share capital	112.6m		
à 148 CHF carrying amount per share Shareholders' equity	332.3m		
à 300 CHF average quarterly share price Market capitalization (annual average)	675.3m		
Earnings per share (CHF)			
- Basic	(24.67)	(4.23)	
- Diluted	(24.67)	(4.23)	
- Diluted and IPO adjusted *		21.96	
- Diluted and goodwill adjusted	12.83		

* The results in FY01 exclude the one-time impact of financing costs associated with the July 12, 2000 IPO. In FY02, the results exclude the impact of the Cyra goodwill impairment (CHF 58m) and the CHF 4.7m in restructuring costs.

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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Comprehensive and detailed information on Leica Geosystems' FY01/02 is available on our website www.leica-geosystems.com, Investor Relations, Shareholder News No 7, and Annual Report 2001/02

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