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Semiannual report of the Mikron Group

Streamlined business portfolio, strong increase in order intake (+22.9%), change programs on track

In the first six months of 2004, the Mikron Group significantly streamlined its portfolio and made good progress in the various change programs in its remaining three divisions. The gratifying level of new orders had a positive impact on these programs. The Mikron Group has thus overcome the turbulence of the past two years and is well positioned to further improve its operational performance.

In the first half of 2004, the Mikron Group posted net earnings of CHF 8.1 million, driven by the proceeds from the sale of the stake in the BaldaMikron joint venture (CHF 15.3 million). A comparison with the previous year is not meaningful because the first-half result in 2003 was marked by the restructuring of the balance sheet and forgiveness of the high debt.

Gratifying order intake gives grounds for optimism

New orders in the first half of 2004 came to CHF 242 million, which equated to a substantial 22.9% increase.

The Production Equipment segment was the main beneficiary of pent-up demand for capital spending on industrial manufacturing, with

order intake up 43% to CHF 175.9 million. By contrast, orders in the Components segment fell by 11.3% to CHF 66.5 million. However, if the stake in the BaldaMikron joint venture, sold as per April 1, 2004, is factored in, the segment more or less matched the level of last year.

Stable sales trend

Sales revenue came to CHF 210.0 million, 3.6% below the year-back figure, though this was due to changes in the business portfolio.

While sales in the Production Equipment segment edged down 1% to CHF 139.1 million, sales in the Components segment, at CHF 71.4 million, was well below figure of last year (-11%). The main reason for this decrease was the absence of the contribution from the BaldaMikron joint venture in the second quarter of 2004.

Operating profit on target

Operating profit (EBITA) before extraordinary items came to CHF -0.8 million, which was, as expected, lower than the previous year.

The Production Equipment segment improved EBITA to CHF 8.2 million, while the Components segment failed to match the previous year's level (CHF -5.2 million).

New portfolio

Following the sale of the Infocom joint venture BaldaMikron and the disposal of the Axxicon Mould Technology division (deal closed on July 14, 2004), the portfolio of businesses for the second half is significantly different.



The elimination of the Infocom and mould-making units will reduce sales revenue in the short term, and operating profit at the end of the year will be lower than the previous year. The essential point, however, is that the divisions that made a loss last year should be able to substantially improve their performance; the level achieved can in future even be raised further with the support of the ongoing change programs.

Following the sale of the Axxicon Mould Technology division, one Axxicon company remains in the Mikron Group for the time being: Axxicon Moulds Caen SA in France, a unit that focuses on the production of customer-specific moulds, was not acquired by the buyer.

In July 2004, a comprehensive package of measures was rolled out to restore the business performance of Axxicon Moulds Caen SA. The one-off costs for this program are estimated at a maximum of CHF 2 million and will impact on profit for the year.

Mikron expects balanced operating result for second half

In the Production Equipment segment, the good capacity utilization in the Machining Technology and Assembly Technology divisions will not be fully reflected this year in earnings. Now that Axxicon Mould Technology was sold as per July 14, 2004, this division will not make any contribution to profit in the second half of 2004. On the whole, it is expected that the Production Equipment segment will break even in the second half at the EBITA level.

The Components segment, which as of the second half will consist solely of the Plastics Technology division, is expected to break even in the second half of 2004. The loss for the full year should therefore not increase.

Change programs remain the focus

The ongoing programs to increase quality in all business operations remain the focus of the efforts. This will further improve conditions, ensuring that customers continue to regard Mikron as a strong reliable partner in future too.

Key figures of the Mikron Group Cumulative to end of quarter (1.1.-30.6.2004)			
CHF million	2004	2003	+/-
Net earnings first half-year	8.1	111.6	n. a.
EBITA (before special effects)	-0.8	4.6	n. a.
Order intake	242.0	196.9	22.9%
- Production Equipment	175.9	123.1	42.9%
- Components	66.5	74.9	-11.3%
Sales	210.0	217.9	-3.6%
- Production Equipment	139.1	140.7	-1.1%
- Components	71.4	80.2	-11.0%
EBITA	13.8	-24.0	n. a.
- Production Equipment	8.2	7.2	n. a.
- Component	-5.2	1.4	n. a.
- Corporate	10.8	-32.6	n. a.

Information on the divisions

For further information on the single divisions, please refer to the printed version of the Semiannual Report.

This can also be downloaded as a .pdf file (English and German) from the Internet: www.mikron-tg.com (400 KB).

Further queries and management interviews

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Additional information on Investor Relations can be found on the Internet: www.mikron-tg.com

**Investor Relations Events 2004/2005
of the Mikron Technology Group**

October 29, 2004:	Volume 3 rd quarter 2004
February 1, 2005	Volume 2004
March 29, 2005	Annual Media Conference 2004 Annual Report
April 19, 2005	Annual General Meeting Volume 1st quarter 2005

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