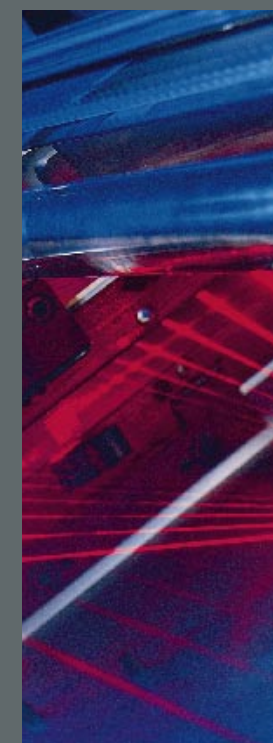


annual report

2000



www.rofin.com

rofin

rofin

"The technological developments of the 20th century were dominated by the electron. There is a good chance that the 21st century will be the century of the photon."



THE COMPANY



Günther Braun
Gary K. Willis
Ralph E. Reins
William R. Hoover

Hinrich Martinen
Dr. Peter Wirth

With 25 years of experience in laser technology, ROFIN has successfully focused its strategy on being an innovative leader in the industrial laser market and has consistently demonstrated its determination to deliver the most powerful and innovative manufacturing tools to a wide range of industries.

ROFIN's operational headquarters are located in Plymouth, Michigan and Hamburg, Germany. The Company is one of the world's leading manufacturers of laser beam sources and laser-based system solutions. With production facilities in the United States, Germany, Japan, Singapore and the United Kingdom, the Company also offers support

from its various sales and service offices located at strategic centers around the globe. It has an installed base of over 13,000 lasers operated by more than 2,500 customers. The Company's stock is traded on the NASDAQ under the symbol RSTI.

FINANCIAL HIGHLIGHTS

[FY ENDED SEPTEMBER 30]

RESULTS OF OPERATIONS

[IN THOUSANDS, EXCEPT PER SHARE DATA AND EMPLOYEES]

	1996	1997	1998	1999	2000
Net sales	\$ 115,903	\$ 129,393	\$ 117,583	\$ 124,024	\$ 171,187
Gross profit	\$ 43,807	\$ 46,411	\$ 43,107	\$ 41,794	\$ 64,297
Income from operations	\$ 13,226	\$ 13,233	\$ 10,491	\$ 5,939	\$ 17,238
Net income	\$ 7,288	\$ 8,954	\$ 6,681	\$ 3,633	\$ 7,877
Net income per diluted share (based on weighted average shares outstanding)	\$ 0.84	\$ 0.77	\$ 0.58	\$ 0.32	\$ 0.68
Number of employees (as of September 30)	453	500	552	597	1035
Sales per employee	\$ 256	\$ 259	\$ 213	\$ 208	\$ 165
Order backlog	\$ 35,900	\$ 29,100	\$ 35,900	\$ 41,000	\$ 65,600

BALANCE SHEET

[IN THOUSANDS]

	1996	1997	1998	1999	2000
Total assets	\$ 133,147	\$ 132,189	\$ 143,742	\$ 147,213	\$ 218,414
Total liabilities	\$ 55,147	\$ 50,264	\$ 52,977	\$ 56,537	\$ 127,695
Stockholders' equity	\$ 78,000	\$ 81,925	\$ 90,765	\$ 90,676	\$ 90,719

NET SALES

[IN THOUSANDS]

1996	\$ 115,903
1997	\$ 129,393
1998	\$ 117,583
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2000	\$ 171,187

NET INCOME

[IN THOUSANDS]

1996	\$ 7,288
1997	\$ 8,954
1998	\$ 6,681
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TO OUR SHAREHOLDERS,

In the year that we not only celebrated our 25th anniversary, we also completed the largest acquisition in our history with the purchase of a majority interest in the Basel

Lasertech Group. This acquisition was an important step in our strategic plan for external growth. Basel Lasertech was our major competitor for laser marking

systems in Europe and together we now have become the leading supplier for laser marking systems worldwide. Additionally, Basel Lasertech opens up new markets to us, such as wafer marking, perforating and fine cutting/welding.

In the financial year ending September 30th, 2000, our revenues increased by 38% to a new record of \$171.2 million. This was not only a consequence of the Basel Lasertech integration (sales of \$27.3 million for 20 weeks included), but our traditional ROFIN business that contributed and showed an increase of 16%, negatively influenced by the

stronger value of the US dollar in relation to the Euro, which reduced our total sales figure by more than \$13 million. Net sales of cutting and welding

laser products increased by 8% to \$95.2 million, while net sales of lasers for marking and micro applications rose by 111% to \$76.0 million. The geographical split Europe/Asia versus the United States remained unchanged at 75 : 25%.

Our financial performance was excellent as gross profit increased to 37.6% of sales, based on a favorable product mix. Costs and expenses were kept under control so we were able to achieve a net income of \$7.9 million after a \$2.8 million restructuring charge before tax for product streamlining as a consequence of the Basel Lasertech acquisition.

As the demand for laser diodes and diode-pumped laser technology continued to rise, we substantially increased our clean room and production facilities at Dilas Diodenlaser GmbH during the year. Increasing demands in the semiconductor and smart card industry required rapid reactions from our side. We started a new production facility in Singapore to satisfy the needs of our customers; especially those dedicated to laser marking systems for integrated circuits and the Asian market.

Adding the fast-axial flow CO₂ lasers from the Basel Lasertech Group brought in new OEM-customers, while the sealed-off CO₂ lasers in the power range of several hundred Watts from our UK facility also continued to grow.

To be better prepared for the future we have restructured our sales force and focused on three strategic market areas: **Macro** -

CUSTOMERS AND EMPLOYEES

high-power lasers for cutting and welding applications, **Micro** - lasers and systems for fine cutting/welding and perforating, and

Marking - lasers and systems for various marking applications in a wide range of industries. Through our new M³-structure we will be able to effectively

utilize the entire range of ROFIN's laser technology. We will bundle our resources in order to develop new applications based on our customers' needs. Cross selling the various applications and technologies and servicing a strong worldwide customer base will become our challenge in the future. The extensive systems experience in special areas, such as perforating or micro-machining we gained through Basel Lasertech, will further strengthen our market position.

With this new structure and our huge installed base of over 13,000 laser units and systems, the ROFIN group is entering into an exciting chapter in its history, best explained with a renewed focus, a clear vision and a commitment to laser excellence and innovation.

To best reflect this important step in the Company's history, and to emphasize this new beginning, we have introduced a new corporate logo. All major companies within our group will adopt this new logo and will

continue their individual business under the ROFIN umbrella, without giving up their company name and individual identity.

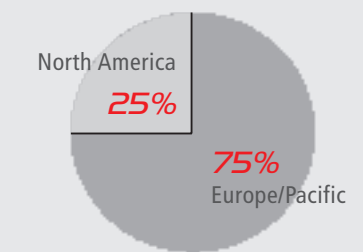
The market for laser material processing continues to look strong and we look forward to an exciting future.

Peter Wirth

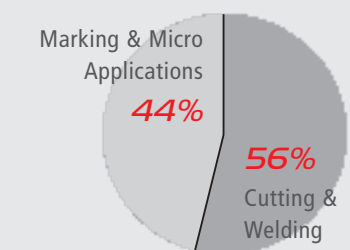
Dr. Peter Wirth

Chairman of the Board and CEO

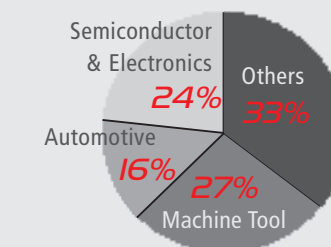
GEOGRAPHICAL



BUSINESS UNITS



INDUSTRY

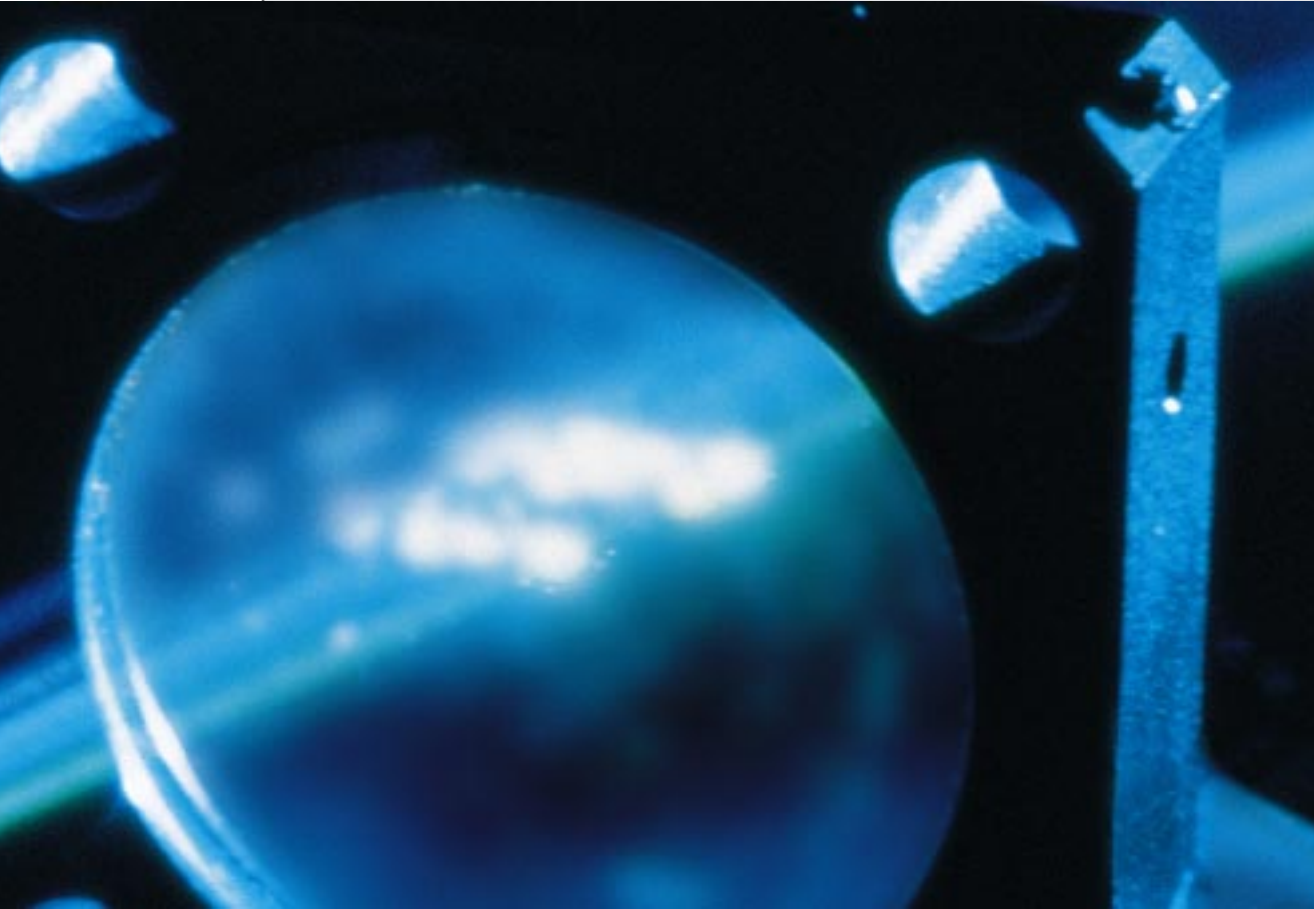


Carl F. Baasel and
Dr. Peter Wirth



BAASEL LASERTECH

THE ACQUISITION



"I am firmly convinced that our contribution to the new ROFIN group will significantly increase the competitiveness of the entire operation."

Carl F. Baasel, Managing Director of Baasel Lasertech

In May 2000, ROFIN-SINAR acquired 90.01% of Carl Baasel Lasertechnik GmbH and its worldwide subsidiaries Baasel Lasertech. This acquisition made ROFIN the leading supplier of laser marking systems and strengthened its position as a world leader in the manufacturing of laser sources and laser-based system solutions for industrial applications.

Headquartered in Starnberg near Munich, Germany, the Baasel Lasertech Group produces more than 700 lasers per year and is focused on laser systems for marking, fine cutting/fine welding, laser sources for sheet metal cutting/welding, laser perforating and medical

StarMark Laser marking system



valued supplier of a wide range of laser types, serving ever-changing customer requirements. Recognizing that there was an increasing demand for its products worldwide, Baasel Lasertech became a truly global company with nine subsidiaries in eight countries and a worldwide sales and service network.

Besides Baasel Lasertech in Starnberg, production sites are in Aschheim, Germany, where WB-Laser designs, manufactures and markets industrial high-power CO₂ lasers for cutting, welding and surface processing, and in Acton, Massachusetts, where various laser marking systems are designed and manufactured for the North American market.

applications.

Founded in 1975, Baasel Lasertech has grown into a worldwide and recognized manufacturer of high quality and performance lasers. In its early years, the company concentrated on the manufacturing of laser systems for scribing, trimming and engraving using different laser source suppliers.

Over the years, Baasel Lasertech started its own laser development and soon became a



Headquarters of Baasel Lasertech, Starnberg, Germany

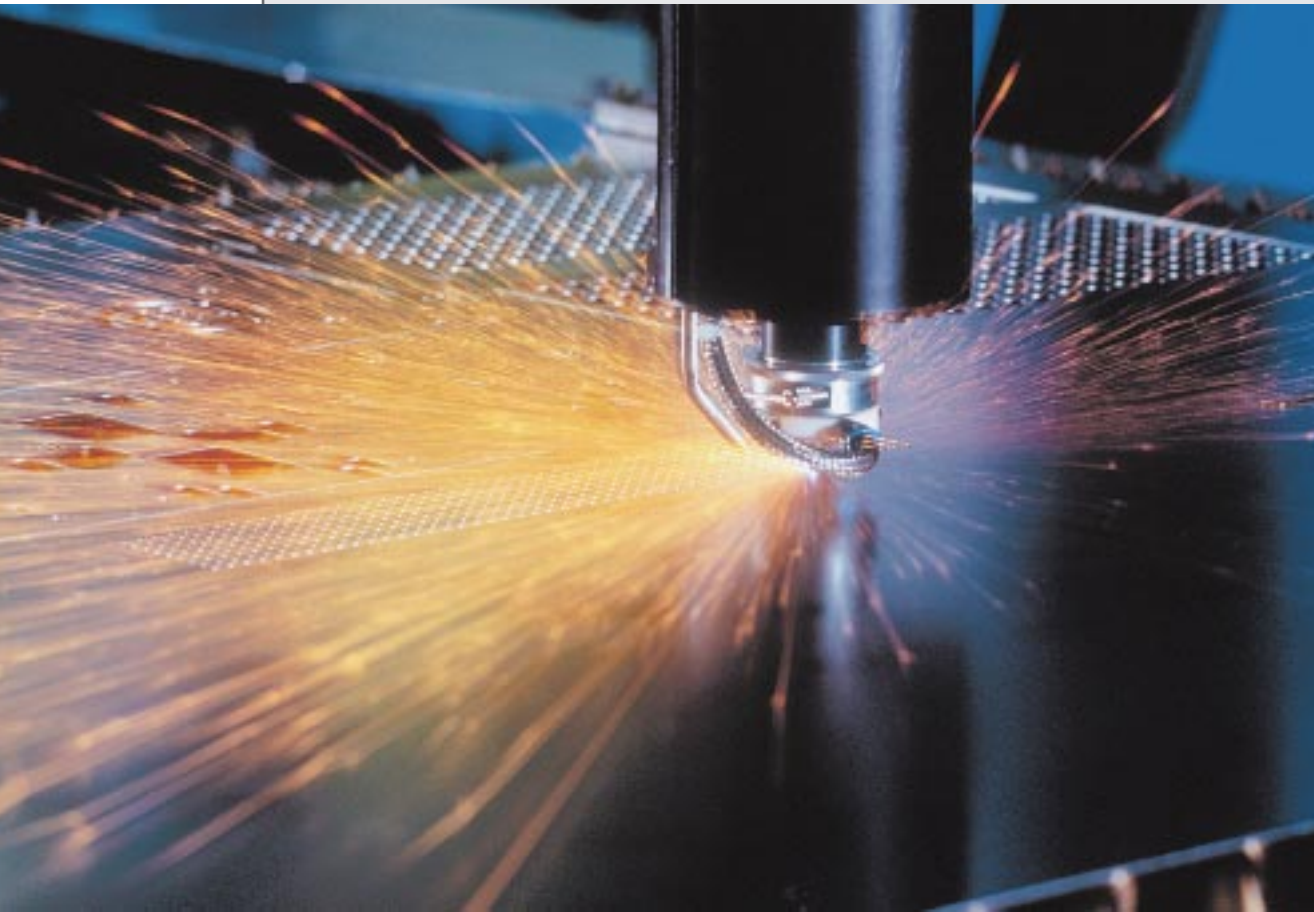
Within the ROFIN group, the Starnberg facility will continue to produce the "StarMark" brand of lasers, and it will also become the center of the Micro activities. ROFIN's marker activities in the United States will be bundled in the Acton operations and the various subsidiaries of Baasel Lasertech and ROFIN will be combined.



Starnberg lake, Germany

LASER MACRO

THE POWER OF LIGHT



High-Speed Cutting



"We have a significant leadership role in CO₂, diode-pumped Nd:YAG and direct diode lasers."

*Dr. Peter Wirth,
Head of ROFIN's Laser Macro group*

Lasers have become standard cutting and welding tools in many production applications. Thanks to flexible contour processing, clean cut edges and top-strength welding seams, the main focus of high-power lasers is in sheet metal processing and in the automotive industry. The Laser Macro group, under the strategic direction of Dr. Peter Wirth, not only focu-



Cutting of medical instruments

ses on these applications but also continues to work on widening its customer base. One successful example is the welding of aircraft body structures.

ROFIN offers machine tool companies and end-users a wide range of products covering a multitude of applications on the basis of standard products and special system designs. 25 years of accumulated applications know-how and close cooperation with laser institutes gives ROFIN a favorable position in the industrial laser processing industry.

ROFIN's Laser Macro group delivers CO₂ lasers in the range from 100 Watts to 20 kWatts using various technologies for gas excitation and cooling. The top product with respect to quantity is the diffusion-cooled CO₂ Slab laser with output up to 3,500 Watts. On the same patented design principle, the sealed-off CO₂ lasers up to 300 Watts are produced. The product range is complemented by fast-axial flow and cross-flow lasers with well-established markets and customers for cutting and welding.

In the market of high power, solid-state lasers, ROFIN concentrates on diode-pumped Nd:YAG lasers, successfully implementing the high-power laser diodes developed and produced at its subsidiary Dilas. With output powers of up to 4,400 Watts ROFIN is the leader in this market, which is driven, but not restricted to the automotive industry. Cutting of hydroformed parts and welding of car bodies are the applications which will drive



Thick metal cutting



Cutting and welding of car bodies

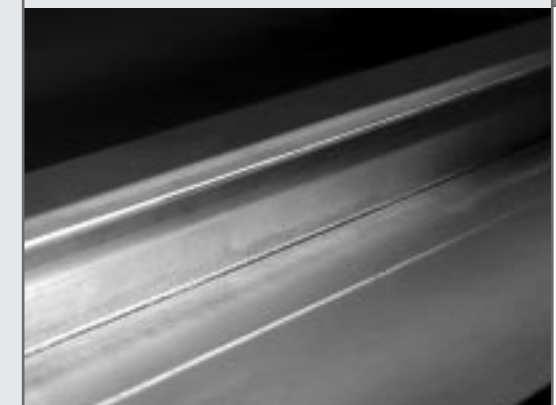
the growth in this sector.

The ROFIN group has a leading position in the area of diode lasers for direct use and not only delivers to universities and institutes, but also for applications on the production floor, like thin sheet metal welding, selective surface hardening, soldering and the welding of plastics.

Finally, the Laser Macro group places a great deal of emphasis in the development of customized laser welding systems, such as the Remote Welding System (RWS), a high-speed system that is capable of producing stitch welds faster than ever, in cycles of mere seconds.



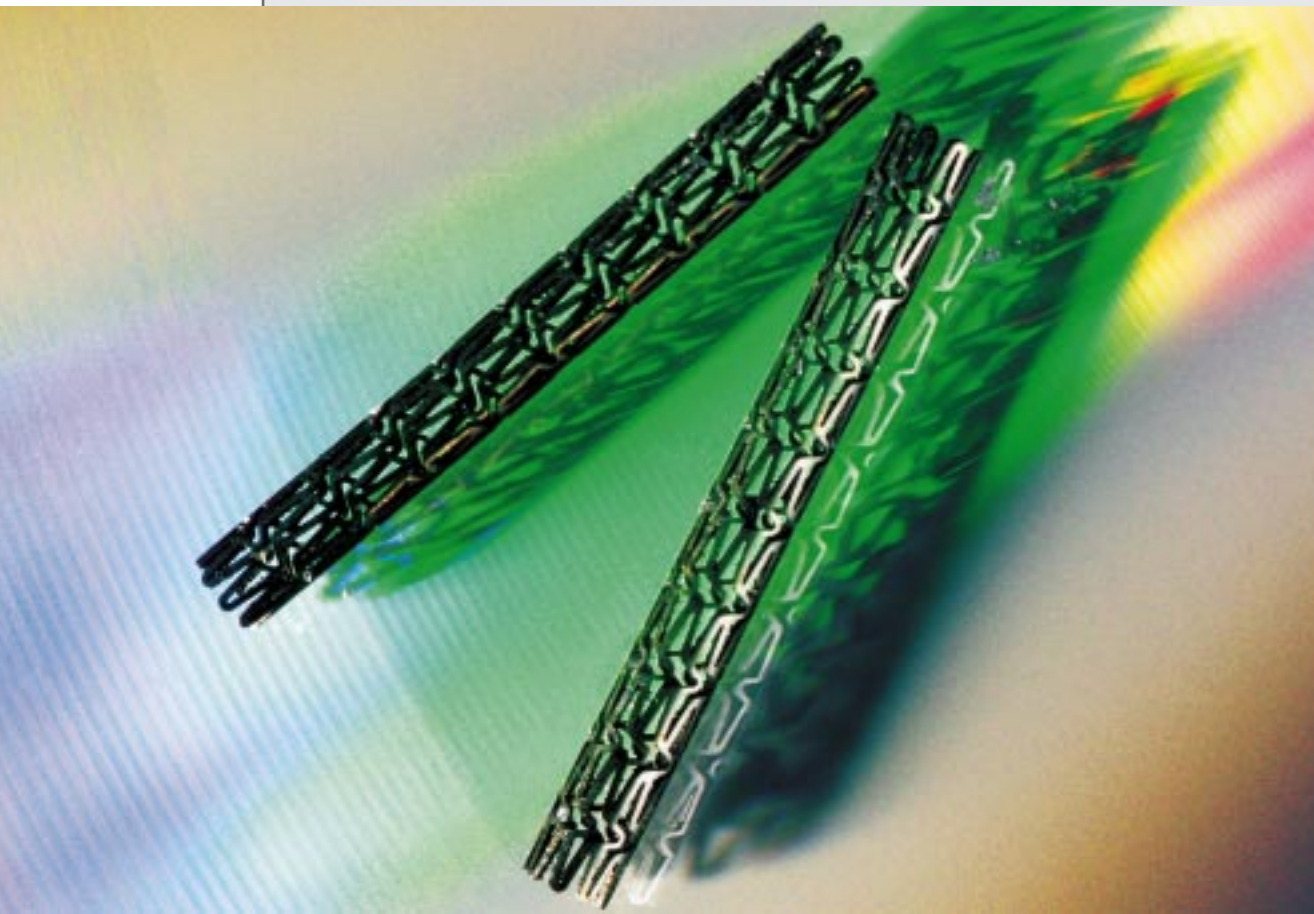
Remote Welding System



Welding of stringer profiles for the aircraft industry

LASER MICRO

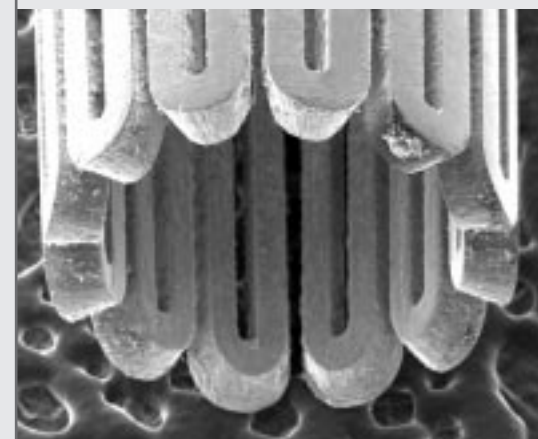
FOCUSED ON FINE SOLUTIONS



“With our experience in laser micro technology, we play a key role in this fast growing and challenging market.”

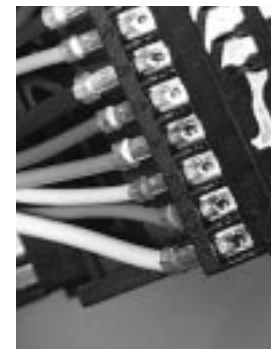
*Thomas Merk,
Head of ROFIN's Laser Micro group*

One of the biggest advantages in using lasers for materials processing is their minimal heat input into the material and, thus, the very small heat-affected zone of the parts processed. These benefits are the key factors in laser micro processing.



*Fine cutting of stents:
Kerf width < 20 µm*

Stents



Spot welding

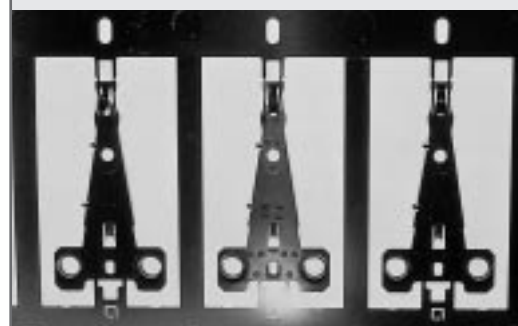


Laser perforating system

High-precision applications and the small parts that need to be processed define laser micro processing. Typical applications include fine cutting and welding, drilling, scribing, micro-structuring and perforating. Laser technology, with its broad range of wavelengths,

powers, focal diameters and features for beam manipulation offers solutions for almost any industrial requirement.

Led by Thomas Merk, Sales Director of Baasel Lasertech, Starnberg, the ROFIN Laser Micro group concentrates on the development, manufacturing and marketing of laser sources



Spot-welded read-write heads for computer hard disks

and customized laser systems for these applications. The activities will be bundled in Baasel Lasertech's Starnberg headquarter, where a dedicated team of engineers has many years of experience in micro-

machining applications.

With its fine structures and the favorable wavelength of Nd:YAG lasers, electronic parts are especially well-suited for micro applications. Baasel has delivered systems for welding of batteries, lamps, computer hard disk read-write heads, sensors and many more.

Other successful applications include manual spot welding in dental laboratories and in jewelry production, fine cutting and welding of medical devices and high-speed and high quality welding of small automotive parts, such as throttle units, acceleration



Welding of jewelry

sensors, ignition parts, electronics and ABS components.

One niche area, which Baasel has successfully developed and protected by patents over many years, is the perforating of paper - a technology which we plan to use also for perforating of plastic foils. The drilling of more than 250,000 micro holes per second requires sophisticated and industrial proven technology - and we have the experts for it.

LASER MARKING

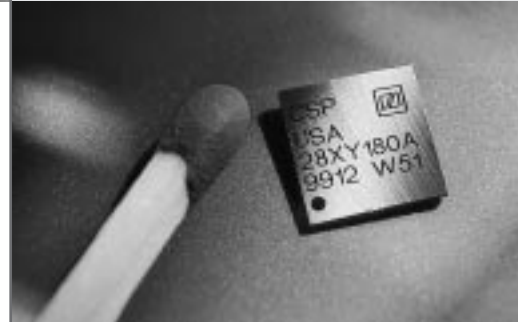
THE MARK OF EXCELLENCE



Personalized smart card



Laser marking of 2D matrix code



Laser-marked Chip Scale Package



"With our outstanding technology, we are clearly the world market leader."

Dr. Walter Volkmar, Head of ROFIN's Laser Marking group

Laser marking has become synonymous in industry for fast, non-contact and permanent marking. Whether it's the semiconductor and electronics industry, automobile production, consumer goods or medical devices - millions of parts are laser-marked every day and the number of potential applications seems to be unlimited.

With the addition of Baasel Lasertech and its proven product range, the newly formed ROFIN Laser Marking group offers the most extensive range of laser sources, marking software and systems technology in the industry.

Under the strategic direction of Dr. Walter



"Day and Night" design

put, and the large installed base of more than 6,000 systems worldwide, make the ROFIN group the world market leader in this high-growth field. Other decisive factors in the Company's success include close cooperation with OEM-customers and the high priority accorded to service.

While ROFIN has successfully served the back-end side of the semiconductor industry with its IC-marking units, Baasel Lasertech and its subsidiaries have concentrated on the front-end, i.e. wafer marking. In both fields, customers will profit in the future from the advantages of a complete systems program from a single company.

The ongoing commitment to customer requirements has resulted in a series of specialized applications. Integrated circuits can be marked at a rate of 1,000 characters per second, complete computer keyboards in less than 10 seconds and labels for the automotive industry can be marked and cut-to-size in a fully automated, off-the-roll process. The continuing trend towards miniaturization of electronic products such as cell phones, chip scale packages or flip-chip assembly drives the use of lasers for marking. Identification and credit cards, animal ear tags, shavers and medical devices are some other examples for successful applications.

The worldwide presence of ROFIN is enhanced by the addition of Baasel Lasertech, further improving the quality of customer contacts both, before and after the sale. With four production sites on three continents for marking systems, the Company has the flexibility to follow on-site customer requirements - whenever and wherever.



WaferLase for marking of GaAs wafers



Flexible marking of VIN-labels

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Chief Executive Officer
President

Hinrich Martinen
Executive Vice President
Chief Technical Officer

Günther Braun
Executive Vice President
Chief Financial Officer

Ralph E. Reins
Chairman and
Chief Executive Officer of
Qualitor, Inc.

William R. Hoover
Chairman of the Executive
Committee of
Computer Sciences Corporation

Gary K. Willis
Chairman and Director of Zygo
Corporation
Director of Benthos Corporation
Director of HPower Corporation
Director of Middlesex Health
Services

Carl F. Baasel
Managing Director of Carl Baasel
Lasertechnik GmbH

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KPMG LLP
Detroit, Michigan

TRANSFER AGENT AND REGISTRAR

The Bank of New York
New York, NY

COMMON STOCK

ROFIN-SINAR Technologies, Inc.
trades on NASDAQ's National
Market System under the
Symbol "RSTI"