

# ROFIN SINAR

TECHNOLOGIES INC.

## - PRESS RELEASE -

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### ROFIN-SINAR REPORTS RESULTS FOR SECOND QUARTER FISCAL 1999; SALES OF \$31 MILLION AND NET INCOME OF \$0.9 MILLION

Plymouth, MI / Hamburg, Germany, May 11, 1999 – ROFIN-SINAR Technologies, Inc. (NASDAQ: RSTI), one of the world's leading developers and manufacturers of high performance laser sources, today announced results for its second fiscal quarter and half-year ended March 31, 1999.

#### FINANCIAL HIGHLIGHTS

(in thousands, except per share data)

	Three months ended			Six months ended		
	<u>03/31/99</u>	<u>03/31/98</u>	% Change	<u>03/31/99</u>	<u>03/31/98</u>	% Change
Net sales	\$31,036	\$29,961	+ 4%	\$59,674	\$58,173	+ 3%
Net Income	\$872	\$1,933	-55%	\$1,246	\$3,971	- 69%
Earnings per share "Diluted" Basis	\$0.08	\$0.17		\$0.11	\$0.34	

*The diluted earnings per share calculation is based on the weighted-average shares outstanding and the potential dilution from common stock equivalents (stock options) for each period presented, which was 11.5 million and 11.6 million for the fiscal quarters ending March 31, 1999 and 1998, and for the six month periods, respectively.*

Dr. Peter Wirth, Chairman and CEO commented, "The results for this quarter were still influenced by below average marking sales levels and supplier related quality issues in our Slab-laser production. We believe that the quality related problems are behind us now and we are also experiencing higher activities in the semiconductor market again. This, together with our still high order backlog, makes us optimistic for the future."

## FINANCIAL REVIEW

### Second Quarter

For the second quarter ended March 31, 1999, net sales totaled \$31 million, 4% above the comparable period in 1998. The US dollar weakened slightly in relation to European and Japanese currencies, which had a favorable impact of \$0.7 million, or 2%, on net sales. Gross profit decreased to 34% of net sales from 37% in the comparable period, due mainly to an unfavorable product mix caused by lower shipments of laser markers to the semiconductor industry. In addition, profit was impacted by higher manufacturing costs for the Company's CO<sub>2</sub> lasers caused by supplier-related quality problems. Net income amounted to \$0.9 million, or 2.9% of sales, compared to \$1.9 million or 6.3% of net sales in the same period last year. Diluted earnings per share equaled \$0.08 for the quarter.

Compared to the second quarter ending March 31, 1998, net sales of laser products for cutting and welding applications increased by 16% to \$23 million, while net sales of lasers for marking and microwelding decreased by 20% to \$8 million, reflecting the weakness in the semiconductor market.

R&D net spending was \$3.1 million, or 10% of net sales, compared to \$2.2 million, or 7.3% of net sales, in the second quarter of fiscal 1998. Governmental grants accounted for \$0.4 million this quarter versus \$0.6 million in the comparable period last year.

### Six Months

For the six months ended March 31, 1999, net sales totaled \$59.7 million, a slight increase of \$1.5 million over the comparable period in 1998, caused by the weakening of the US dollar, which had a positive impact of \$1.7 million. Gross profit for the period was \$19.7 million, \$2.3 million lower than in 1998. Six months net income in 1999 totaled \$1.2 million, with earnings per share of \$0.11 on a diluted basis.

For the six months period net sales of cutting and welding laser products increased by 12.3% to \$43.7 million, while net sales of lasers for marking decreased by 17.2% to \$15.9 million.

On a geographical basis, Rofin-Sinar's net sales in North America in the first six months totaled \$16.9 million (1998: \$17.2 million). In Europe/Asia, net sales increased by 4.4% to \$42.8 million (1998: \$41.0 million).

Order entry for the second quarter was \$29.4 million. This resulted in an order backlog on March 31, 1999 of \$38.1 million, about \$8.6 million higher than in the comparable quarter last year.

Headquartered in Plymouth, Michigan, and Hamburg, Germany, Rofin-Sinar Technologies, Inc. designs, develops, engineers and manufactures industrial laser products for cutting, welding and marking a wide range of materials. With production facilities in the US, Germany, UK and Japan, Rofin-Sinar is one of the world's leading designers and manufacturers of industrial lasers and currently has more than 5500 laser units installed worldwide and serves more than 1500 customers. Rofin-Sinar's shares trade on the NASDAQ National Market System under the symbol RSTI. Additional information is available on Rofin-Sinar's home page: <http://www.rofin.com>.

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(Tables to follow)

**ROFIN-SINAR TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**

(in thousands, except per share data)

	Three months ended (unaudited)		Six months Ended (unaudited)	
	<u>3/31/99</u>	<u>3/31/98</u>	<u>3/31/99</u>	<u>3/31/98</u>
- Cutting/Welding	\$23,049	\$19,945	\$43,731	\$38,940
- Marking	7,987	10,016	15,943	19,233
<b>Net Sales</b>	<b>31,036</b>	<b>29,961</b>	<b>59,674</b>	<b>58,173</b>
Costs of goods sold	<u>20,537</u>	<u>18,974</u>	<u>40,011</u>	<u>36,164</u>
Gross profit	10,499	10,987	19,663	22,009
Selling, general and administrative expenses	5,959	5,900	11,868	11,320
Research and development expenses	<u>3,086</u>	<u>2,186</u>	<u>6,188</u>	<u>4,714</u>
Income from operations	1,454	2,901	1,607	5,975
Other expense (income)	<u>(41)</u>	<u>(437)</u>	<u>(679)</u>	<u>(820)</u>
Income before income taxes	1,495	3,338	2,286	6,795
Income tax expense	623	1,405	1,040	2,824
Net income	<u>872</u>	<u>1,933</u>	<u>1,246</u>	<u>3,971</u>
Net income per common share "diluted" basis	\$0.08	\$0.17	\$0.11	\$0.34

*The diluted earnings per share calculation is based on the weighted-average shares outstanding and the potential dilution from common stock equivalents (stock options) for each period presented, which was 11.5 and 11.6 million for the fiscal quarters ending March 31, 1999 and 1998, and for the six month periods, respectively.*

**ROFIN-SINAR TECHNOLOGIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(in thousands)

	(UNAUDITED)	(AUDITED)
	<b>At</b>	<b>At</b>
	<b><u>03/31/99</u></b>	<b><u>9/30/98</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$36,278	\$34,874
Trade accounts receivable, net	31,697	34,008
Inventories net	39,208	38,372
Other current assets	<u>5,574</u>	<u>4,560</u>
Total current assets	<u>112,757</u>	<u>111,814</u>
Net Property and equipment	22,090	23,998
Other non-current assets	<u>7,523</u>	<u>7,930</u>
Total non-current assets	<u>29,613</u>	<u>31,928</u>
 Total assets	 <u>\$142,370</u>	 <u>\$143,742</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt	17,979	19,123
Accounts payable, trade	7,468	6,257
Other current liabilities	<u>16,549</u>	<u>19,315</u>
Total current liabilities	<u>41,996</u>	<u>44,695</u>
Long-term debt	7,138	3,580
Other non-current liabilities	<u>4,628</u>	<u>4,702</u>
Total liabilities	<u>53,762</u>	<u>52,977</u>
 Net stockholders' equity	 <u>88,608</u>	 <u>90,765</u>
 Total liabilities and stockholders' equity	 <u>\$142,370</u>	 <u>\$143,742</u>

Certain information included in this press release is forward-looking and is subject to important risks and uncertainties that could cause actual results to differ. Actual results could differ materially based on numerous factors, including currency risk, competition, risk relating to sales growth in CO<sub>2</sub>, Nd:YAG lasers and Diode lasers, cyclical, conflicting patents and other intellectual property rights of third parties, potential infringement claims and future capital requirements. These forward looking statements represent the Company's best judgment as of the date of this release based in part on preliminary information and certain assumptions which management believes to be reasonable. The Company disclaims any obligation to update these forward looking statements.

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