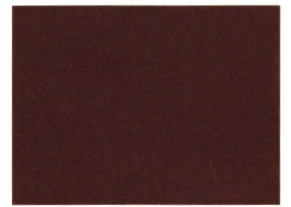




Bally International AG

A company profile

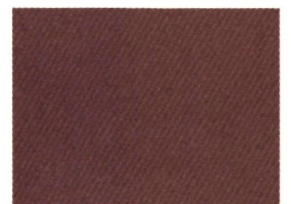
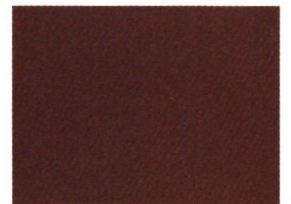


August 1996

Irene Schipper

s o m o

stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations



Bally International AG

A company profile

Amsterdam, August 1996

Irene Schipper/SOMO

On Behalf of the ETUC-TCL in Brussels

Bally International AG

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Introduction

Bally International AG is a global shoe retailer and a supplier of top price bracket shoes and accessories. Worldwide there are 519 Bally stores of which roughly 420 are wholly-owned¹.

At the moment footwear accounts for 71 percent of Bally's total revenues. While accessories contribute 22 percent and apparel the remainder².

Bally is a division of the Swiss Oerlikon-Bührle Group. The diversified Oerlikon-Bührle Group consists of seven divisions:

- Bally: shoes, accessories and clothing;
- Balzers and Leybold: specialised in vacuum and coating technology; wear protection coatings for tools, precision components and education material for science;
- Oerlikon-Contraves: military equipment, weapons, ammunition, simulators, space technology, anti aircraft gun and missile systems;
- Pilatus: aircraft, components and assemblies and aircraft maintenance;
- Kunz & Dietfurt: yarns, threads and grey fabrics;
- Immobilien: real estate management, general contractor;
- ZurichHôtels: hotels.

All the divisions' headquarters are based in Switzerland, except that of Leybold which is based in Hanau, Germany.

At the end of 1995, the total number of employees of Oerlikon-Bührle was 17,118 of which 31 percent works at the Bally Division.

1995 was not a very good year for Bally, the operating result deteriorated from a surplus of CHF 45 million to a deficit of CHF 7 million³. Sales were 7% lower than in 1994.

The number of employees was decreased by 281 to 5391.

Especially the company's in-house production in Switzerland suffered a major setback. The smallest Swiss plant, at Altdorf, was closed at mid-year 1995 and at a number of operations in Switzerland short-time working was introduced. There are also plans to close down the plant located at Villeurbanne in France⁴.

There are several explanations for the disappointing performance in 1995. In short the high costs of Bally's ongoing restructuring efforts to reposition the brand, can be mentioned, including the closing of stores for renovation and streamlining distribution channels. Furthermore, the declining market, the strong Swiss franc and the low capacity utilization in French and Swiss plants is stated as a reason for the poor performance.

¹ Footwear News, 15 april 1996, page 2.

² Annual Report Oerlikon-Bührle 1995

³ Bally does not disclose net profits, only operating results.

⁴ Les Echos, 26 April 1996.

History

The shoemaker Bally was established around 1851. Bally is a 100% subsidiary of Oerlikon-Bührle Holding AG and therefore is directly controlled by it.

To give a short characterization of the last five years, one can say that in 1991 and 1992, Bally focused on cost cutting. In 1993 the focus at Bally was on a clearer definition and implementation of its brand identity. An expensive restructuring programme was developed and in 1994 and 1995 the emphasis laid on the further implementation of the restructuring programme.

In 1993 the year's results were the best since 1984. Four different operations were carried out in 1993; completion of the reorganisation of the management (replacement of six regional marketing heads, five operative sector heads and the chief executive officer); the introduction of a 24-hours restocking system in three countries; the integration of the collection figuration with the logistics chain which resulted in a reduction of model diversity and a 20% reduction in the number of suppliers and a drastic decline in component variety; and the introduction of the restructuring programme.

In 1994, there was a decline in the operating result. With CHF 45 million achieved instead of the CHF 71 million in 1993, and the expected growth for 1995 turned out to be a loss.

Bally itself was not satisfied with its performance in 1995. Bally attributed the decrease of sales to the inefficiency of the management, and as a result of this poor management the utilization of the in-house production was far from optimal. To improve this situation Bally focusses on the in-house production in Switzerland⁵.

Restructuring programme

As a part of the restructuring programme, designed to remodel the corporate image and change the way to sell its products, Bally contracted a new advertising agency, opened a new design and sales center in Schönenwerd and launched a new design concept for the stores in its retail division.

DDB Needham Worldwide is the new advertising agency, and the first global advertising campaign, called "Footprint", was launched in 1994.

The new center in Schönenwerd is called the 'Bally Lab'. This center must function as a central place to organise the expected growth achieved by the restructuring programme. The Bally Lab enables all of the firm's designers and merchandisers to work together under one roof. Previously, the company had its designers scattered in separate divisions around the world, designing only for a particular market. The lab also has showrooms and prototypes of Bally boutiques and shopping arcades that enables buyers to see for themselves how all Bally's merchandise can work together. Bally calls this approach its global range presentation.

To give its wholesale volume an extra push Bally has also made all of its sales representatives, who were formerly independent and contracted through Bally, employees of the company. This has been done to bring Bally closer to its wholesale accounts.

The new store concept, created by the French interior designer Andree Putman, was introduced in September 1993 in the Bally boutique in Cologne, Germany. In a few years all the stores will have a uniform look and will all be identifiable as Bally, no

⁵ Annual Report Oerlikon-Bührle 1995.

matter which store one goes to⁶. In 1995 Bally reopened or refurbished 36 stores. Flagship stores were opened in Zurich, New York, Paris, Munich, Tokyo and Milan.

At the beginning of 1995, a global electronic system was brought into operation in the supply chain. This system links all steps, from the orders in the markets, through production and distribution to invoicing. The introduction of this system caused considerable turmoil in the initial months, but the situation has largely stabilized in the meantime⁷.

Investments/disinvestments

During 1994, Bally disposed of Gräterich Handelsgesellschaft mbH in Essen. Also in 1994, Bally acquired Bally Moda in Madrid. At the moment the managing position at Bally Moda is still vacant.

The Swiss production facilities at Aarau and Sorengo (Ticino) were integrated into those at Schönenwerd and Caslano in 1994.

In 1995, Oerlikon-Bührle Holding sold two minority interests; the shares held in Russel & Bromley Ltd, Bromley, were sold to Bally International AG. The other minority interest was sold to a third party.

At mid-year 1995, the Altdorf-plant was sold and the other three production locations in Switzerland took over the orders.

Since the end of February 1995, Bally has owned 100% of the A. & D. Spitz Luxury store chain in South Africa, in which it previously held a 50% interest. Bally Spitz operates 20 stores⁸.

⁶ Women's Wear Daily, 7 January 1994.

⁷ Annual report Oerlikon-Bührle 1995.

⁸ Annual Report Oerlikon-Bührle 1995.

Structure

Seven divisions active in seven complete different industries together form the Oerlikon-Bührle Group. The divisions vary from hotels to accessories to the weapons industry. Each division consists of a group of companies controlled by a subholding. The chief executives of the subholdings are also called Head of Divisions. The Oerlikon-Bührle Holding controls the subholdings and is 100% owner of all its subsidiaries. Because of this construction, lower dividends from the Bally division in 1995 were offset by higher payments received from other divisions.

A summary of all companies in which Oerlikon-Bührle holds a direct or indirect interest can be found in Annex 2 at the end of this report.

Major shareholders of Oerlikon-Bührle Holding

At the end of 1995, the names of 15,309 registered shareholders were entered in the stock register. In addition 31% of the share capital was held directly or indirectly by the Bührle family. Mr. August von Finck held 15% of the share capital⁹.

Management

Dr. Hans Widmer is the Chairman of the Oerlikon-Bührle Holding. The Head of Divisions are:

Dr. Ernst Thomke ¹⁰	Bally
Dr. Horst Heidsieck	Balzers and Leybold
Ernst Odermatt	Oerlikon-Contraves
Oscar J. Schwenk	Pilatus
Albert Roux	Kunz & Dietfurt
Oskar Wintsch	Immobilien
Marc Bloch	ZurichHôtels

Bally appointed the industrial troubleshooter Ernst Thomke as its chief executive as of 1 October 1995. The move came after the board of the Bally parent company Oerlikon-Bührle decided to replace chief executive Stefano Ferro. Ernst Thomke combines the post with the chairmanship of textile machinery maker Saurer¹¹. He also works for Energie-Konzern Motor-Colombus (Baden) and for Pilatus, an other division of Oerlikon-Bührle. Because Dr. Hans Widmer, chairman of Oerlikon-Bührle, appointed Thomke despite of his other demanding jobs, can be seen as sign that the company is in trouble¹².

From August 1993 until October 1995, Josef Ming was president and CEO of Bally North America. In an effort to maximize management productivity he reorganized Bally's top executive level in the USA and played a key role with regard to the restructuring programme.

⁹ Annual Report Oerlikon-Bührle 1995.

¹⁰ Dr. Stefano Ferro until September 30, 1995.

¹¹ The European, 14 September 1995.

¹² Frankfurter Allgemeine Zeitung, Personalien, 13 September 1995.

Activities

Bally operates in the luxury shoes sector. Unlike the other luxury goods manufacturers, Bally is not courting new markets with lower priced lines. Bally chose instead to strengthen its brand with more up to date designs.

Until recently, its largest market was traditionally affluent men. Now more than 50% percent of the company's products are for women. In addition to shoes, Bally has built a significant men's and woman's clothing and accessories business that includes luggage, handbags and leather jackets. With Bally recent attention for more up to date designs, the company has added casual rubber-bottom shoes to its product line. Prices in that category ranges from 175 to 225 Dollars. The price for the more classical shoe is about 600 Dollars¹³.

At the moment footwear accounts for 71 percent of Bally's total revenues, accessories represents 22 percent while apparel made up the remainder.¹⁴

The following table shows that the contribution of the accessories to the total revenue has increased during the few years. There is therefore a shift in the composition of the revenues from shoes to accessories.

Products	Percentage of total revenues		
	1993	1994	1995
Shoes	76%	74%	71%
Accessories	17%	19%	22%
Clothing	7%	7%	7%

Retail

Worldwide there are 519 Bally stores (in about 75 countries) of which roughly 420 are wholly-owned. The following table on the next page shows the division of the stores by region, the number of stores includes owned stores, franchise stores, stands etc.

¹³ Crain's New Yorks Business, 28 February 1994, page 11.

¹⁴ Annual Report Oerlikon-Bürhle 1995.

Number of stores by region			
	1993	1994	1995
Europa	348	360	365
Asia, Pacific, South Africa	75	97	109
USA, Canada, Latin-America	51	49	42
Total number of Bally stores	474	506	519

The restructuring programme include a further streamlining of the shop network, this means that in France 20 outlets will be closed in 1996 and an expansion of shops in Italy. In 1995, the first store in Italy was opened in Florence. Rome and Venice followed. A total of 36 stores were renovated or reopened in 1995 and flagship stores on prime locations were opened in Zurich, New York, Paris, Milan, Tokyo and Munich. Of Bally's 5391 employees, 58 percent works in the retail division.

Production

Bally has production units in Switzerland, Great Britain and France¹⁵. In 1995, the in-house production in Switzerland suffered a major setback. Short-time was introduced at several locations¹⁶. From September to mid-October 1995 short-time working hours were introduced at Schönenwerd and Caslano location, where some 320 employees then worked on three instead of five days¹⁷. Earlier in May 1995, shorttime had been introduced in Stabio (Tessin) and Altdorf, where 400 employees were affected by this measure¹⁸. Finally, one of the four locations in Switzerland was closed. This was the Altdorf location, (Uri district), where 220 employees were effected by the closure. Lost capacity was to be compensated for by the other Swiss locations, they took over the orders of the Altdorf location. Bally's strategy is to improve capacity utilization of the three left over Swiss factories, whose share is to be raised from a currently 20 percent to 40 percent of total production. Furthermore, Bally wants a reduction in product range from some 1,000 to 500 shoe models in more classical style. Lower production costs due to higher volumes, and an

¹⁵ An article of the Bulgarian Economic Review 11 November 1994 also reports of a production facility of Bally in Italy but the author of this report did not find any location in Italy. This article was about the opening of the first Bally shop in Bulgaria, there are no plans for production in Bulgaria.

¹⁶ This happened before in March and April 1992, short-time was introduced for the 720 employees at Bally Schuhfabriken in Schönenwerd. This measure affected the men's shoes and the reason given for this measure was a lack of orders at that time.

¹⁷ Neue Zürcher Zeitung 24 August 1995.

¹⁸ Neue Zürcher Zeitung, April 13 1995, page 14.

improvement of the gross margin to 54-55% on average by avoiding discounts in retail sales, are also part of the plan¹⁹.

Bally plans to cut down production at its French plant located at Villeurbanne, which was hindered by the crisis in the European footwear market in 1996. The Villeurbanne-plant, specialising in lady's shoes, has an order book of only 190,000 pairs of shoes for 1996, while sales objectives for the year reach 400,000 pairs. 230²⁰ employees works at this location²¹.

The production capacity of Bally has been reduced in the last years. At the moment 33% of the employees of Bally are production workers. In the Frankfurter Allgemeine Zeitung of 13 April 1995, it is mentioned that only half of the Bally shoes are produced by Bally itself. In the same newspaper of one week later however is written that only one third of the shoes is produced by Bally itself²².

India

As part of a programme sponsored by the Swiss Government, Bally has been active in India since the end of the 1980s with the objective of helping to develop the country's shoe industry. Bally sold its technical knowledge to Indian ventures like Montari leather, which has established a modern shoemaking facility in Rapinet with a capacity of 600,000 pairs per year of men's classic shoes. Bally has been associated with the project right from its conception, covering the selection of plant and machinery, its installation and the training of personel. Montari Leather signed an agreement with British Shoes Corporation to market the products. Bally said not to have any intentions to create production facilities for Bally shoes in India²³.

¹⁹ Der Bund, 11 May 1996, page 121.

²⁰ 207 employees according to the annual report of Oerlikon-Bührle 1995.

²¹ Les Echos, 26 April 1996.

²² Frankfurter Allgemeine Zeitung, 20 April 1995.

²³ Leather and Footwear Asia, April 1991, page 94.

Financial Data

The 1993 results were the best since Bally was taken over by Oerlikon-Bührle, although there was one comparable year (1984). The operating result in 1993 was CHF 71 million, but this fell to CHF 45 million in 1994, and even turned into a loss of CHF 7 million in 1995. Bally does not disclose net profits, only operating results.

Key figures Bally Division 1992-1995 Figures in Millions of Swiss Francs (CHF)²⁴

	1992	1993	1994	1995
Gross sales	1100	1059	1024	954
operating result	55	71	45	-7
cash flow	62	119	65	-9
net assets	709	676	716	697
fixed assets	519	469	473	463
investments fixed assets	35	54	61	65

It is clear that the restructuring programme has not paid off yet. The gross sales are even less than in 1994 and the investments in fixed assets (capital investments) are higher than ever. The dip in sales are not only due to the expensive restructuring programme (advertising costs, training, staff training, store closures for renovations, the renovation costs etc.) but also to low capacity utilization in French and Swiss plants.

1995 was not a good year for the Oerlikon-Bührle Group as a whole, and not only for Bally. Three other divisions also had lower operating results in 1995, namely the Oerlikon-Contraves division, Immobilien division and ZurichHotels. The Kunz & Dietfurt division was lossmaking just as in 1994, and there are rumours that this division will be sold off²⁵. Only the divisions Balzers & Leybold and Pilatus had better results than in 1994.

The Oerlikon-Bührle Group only had a net income of CHF 4 million on a gross sales of CHF 3814 million.

²⁴ The exchange rate of the Swiss Franc in millions at 15 August 1996

	US Dollar	DEM	FRF	GBP
CHF 1 Million	829,500	1,230,700	4,208,000	535,500

²⁵ Database FT Mergers and Acquisitions, 11 July 1996.

Employment

In 1995 there was again a reduction of employees at the Bally's division. The number of employees decreased by 281 to 5391. This reduction is due to the closure of the Altdorf location in Switzerland. 360 jobs were lost at Bally Schuhfabriken AG in 1995 and the Altdorf location was part of Bally Schuhfabriken in Schönenwerd.

	1991	1992	1993	1994	1995
Number of employees at year-end ²⁶	6745	6348	5783	5672	5391

Most of the employees of Bally works in the retail section, namely 58 percent. 33 percent of the employees are production workers and 4 percent wholesale employees. The percentage retail workers increase while that of the production workers decrease.

	Number of employees by function		
	1993	1994	1995
Retail	52%	54%	58%
Production	40%	37%	33%
Wholesale	4%	4%	4%
Miscellaneous	4%	5%	5%

²⁶ Annual Report Oerlikon-Bührle 1995.

Number of employees by region²⁷

	1992	1993	1994	1995
Switzerland and Lichten- stein	2576	2154	2022	1667
EU Countries	2984	2875	2858	2928
Other Euro- pean coun- tries	201	177	178	-
North Ameri- ca	531	507	523	497
Asia	52	62	79	99
Other Areas	4	8	12	218
Total number of employees	6348	5783	5672	5391

The above table shows that the reduction of employees mainly occurred in Switzerland where more than 350 production workers lost their jobs in 1995.

In the EU countries the number of employees remains at the same level although changes have occurred within countries. In Germany 78 jobs were lost in 1995, due to the disposal of Grüterich Handelsgesellschaft. In France the number of employees has decreased by 118 during the last two years. In the UK and Belgium however there was an increase of employees in the last two years, with 74 in the UK and 7 in Belgium being added.

The big difference with the 1995 figures of 'Other European countries' and 'Other Areas' compared with those of 1994, is probably due to another definition of these areas.

²⁷ Annual report Oerlikon-Bührle 1993, 1994 en 1995.

Strategy

Bally, aims to get back in the black through the fundamental restructuring that is undergoing. Chairman Ernst Thomke targets an operating profit of CHF 40 million for 1997 and around CHF 100mn for 1998, when Bally hopes to be ready to go public.

Restructuring measures include:

- a further streamlining of the shop network (e.g. 20 French outlets to be closed in 1996 and expansion in Italy);
- better capacity utilisation of the three Swiss factories, whose share in production is to be raised from currently 20%;
- a reduction of the product range from some 1,000 to 500 shoe models in more classical style;
- lower production costs due to higher volumes;
- an improvement of the gross margin to 54-55% on average by avoiding discounts in retail sales.

Moreover, performance-related pay will be introduced for all Bally staff. Fixed wages and salaries were reduced by between 1.5% (for low incomes) and 10-50% for the middle management. Bonuses are given for reaching personal and corporate targets. The top management has been offered an employee share plan²⁸.

It is to be expected that Bally's own production capacity will be further reduced in the future. And it is also be expected that the percentage of Bally employees working in the retail will further increase while that of production workers decrease.

²⁸ Der Bund, 11 May 1996, page 121.

Annex 1 Addresses of Bally

Switzerland

Bally International AG
Parkstrasse 1
CH-5012 Schönenwerd

Phone + +41 62 8581515

Fax + +41 62 8582020

Number of employees: 3

Also in Schönenwerd at the same address:

-Bally Management AG
Number of employees: 56

-Bally Schuhfabriken AG
Phone + +41 62 8581122
Fax + +41 62 402087

Number of employees: 1017

-Bally Trading AG
Number of employees: 43

Bally (Schweiz) AG
Lerchenstrasse 24
CH-8059 Zürich

Phone: + +41 (0)1 2851111

Fax: + +41 (0)1 2851393

Number of employees: 548

France

Chaussures Bally-France
95 bis, Boulevard Richard Lenoir
B.P. 208
75526 Paris Cedex 11

Phone + +33 1 48059557

Fax + +33 1 43384234

Number of employees: 800

Chaussures Bally Villeurbanne
1, Rue du Docteur Papillon
69100 Villeurbanne

Phone + +33 72652700

Fax ++33 72652749

Number of employees: 207

Bally S.A.
4 Rue Paris
06000 Nice

Fax ++33 93139918

Bally Moulins S.A.
13, Rue Henri Barbusse
B.P. 349
03003 Moulins Cedex

Phone: ++33 449102

Fax: ++33 449100

Number of employees: 250

Belgium

Bally N.V.
Schapenbaan 12
B-1731 Relegem

Phone ++32 2 4600920

Number of employees: 73

Luxembourg

Bally-Biver S.a.r.l.
44 Avenue de la Liberté
1930 Luxembourg

Fax: ++352 493093

Number of employees: 9

Netherlands

Bally Schoenhandel B.V.
Venestraat 54-56
2511 AS Den Haag

Phone ++31 (0)70 3645898

Fax: ++31 (0)70 3647306

Number of employees: 49

Germany

Bally Deutschland GmbH

Winzerstrasse 106

D-80797 München

Postfach 400260

D-80702 München

Phone: + +49 (0)89 306181

Fax: + +49 (0)89 30618269

Number of employees: 364

Schuhhaus Prange GmbH

An der Hauptwache 2

D-60313 Frankfurt

Fax: + +49 69 20312

Austria

Bally Gesellschaft mbH

Sterngasse 13

1010 Vienna

Fax: + +43 1 5336142

Number of employees: 172

Bally GmbH

Maria Theresien Strasse

6020 Innsbruck

Fax: + +43 512589391

Spain

Bally Moda SA / Bally Cidon

Gran Via 62, Quinto

28013 Madrid

Phone: + +34 91 5419310

Italy

Bally (Italia) S.R.L.

Florence

Number of employees: 13

Bally Trading Ltd.

10 Via Volturmo

I-50019 Sesto Fiorentino

Phone: + +39 55 30611

fax: + +39 55 3061250

Great Britain

Bally Group Ltd.

Bally House, 27-29 Beak Street
London W1R 3LB

Phone: + +44 (0)171 2872266

Fax: + +44 (0)171 73424

Number of employees: 991

Bally Shoe Factories Ltd.

Hall Road
Norwich
Norfolk NR4 6DP

Phone: + +44 (0)1603 761100

Fax: + +44 (0)1603 760454

USA, Canada, Asia and Pacific

Bally Japan Ltd.

Sakaisuji Honmachi Center Bldg. 5 F
2-1-6 Honmachi, Chuo-ku
Osaka City
Japan

Phone: + +81 (0)6 271 9510

Number of employees: 156

Bally Australia Pty. Ltd.

42-44 Gibbens St. Camperdown
NSW 2050 Australia

Phone: + +61 (0)2 5192228

Fax: + +61 (0)2 5574001

Number of employees: 14

Bally Singapore Pte. Ltd.

391 A Orchard Road 24-01
Tower SA Ngee Ann City
Singapore 0923

Phone: + +65 737 5554

Fax: + +65 737 2262

Number of employees: 46

Bally Canada Inc.
Etobicoke, 90 The East Mall
Etobicoke
Canada

Fax: + + 1 416 2520257

Number of employees: 13

Bally Hong Kong Ltd.
Kowloon
Hong Kong

Number of employees: 53

Bally South Africa Holdings (Pty) Ltd.
Great Brak River
South Africa

Number of employees: 205

Bally Inc.
New Rochelle
USA

Number of employees: 137

Bally Retail, Inc.
New Rochelle
USA

Number of employees: 329

Oerlikon-Bührle Holding AG, Zurich

Corporate functions

Corporate Finance

Controlling
Holding accounting
Treasury management
Internal auditing

Corporate Development

Planning
Organization

Legal Services and Patents

Corporate Communications

Subsidiaries and affiliates

Bally

- Bally International AG, Schönenwerd/CH
 - Bally Management AG, Schönenwerd/CH
 - Bally (Schweiz) AG, Zurich/CH
 - Chaussures Bally-France SA, Paris/FR
 - Chaussures Bally Villeurbanne SA, Villeurbanne/FR
 - Chaussures Bally Moulins SA, Moulins/FR
 - SA Chaussures Bally Schoenen N.V., Brussels/BE
 - Bally-Biver S.à.r.l., Luxembourg/LU
 - Bally Group (U.K.) Ltd., London/GB
 - Bally Shoe Factories (U.K.) Ltd., Norwich/GB
 - Bally's Shoe Co. Ltd., London/GB
 - Bally UK Sales Ltd., London/GB
 - Bally Schoenhandel B.V., Den Haag/NL
 - Bally Deutschland GmbH, Munich/DE
 - Bally Gesellschaft mbH, Vienna/AT
 - Bally Moda SA, Madrid/ES
 - Bally Corporation, Montreal/Quebec/CA
 - Bally Hong Kong Ltd., Kowloon/HK
 - Bally Singapore (Pte.) Ltd., Singapore/SG
 - Bally Japan Ltd., Osaka/JP
 - Bally Australia Pty. Ltd., Camperdown/NSW/AU
 - Bally South Africa Holdings (Pty) Ltd., Great Brak River/ZA
 - Bally Schuhfabriken AG, Schönenwerd/CH
 - Bally (Italia) S.R.L., Florence/IT
 - Bally Trading AG, Schönenwerd/CH
 - SA La Tourelle St-François, Lausanne/CH
 - S.I. Grand Pont No 1, Lausanne/CH
 - Lacona SA, Lugano/CH
 - Russell & Bromley Ltd., Bromley/GB
 - Bally, Inc.¹, New Rochelle/NY/US
 - Bally Retail, Inc.¹, New Rochelle/NY/US

Balzers and Leybold

- Balzers und Leybold Holding AG, Zurich/CH
 - Balzers Aktiengesellschaft, Balzers/LI
 - Balzers SA, Meudon/FR
 - Balzers Process Systems France S.à.r.l., Palaiseau/FR
 - S.A.T.T. SA, Duttlenheim/FR
 - Balzers Ltd., Milton Keynes/GB
 - SA Balzers N.V., Zaventem/BE
 - Balzers Process Systems Europe B.V., Maarsse/NL
 - Balzers Process Systems Italy Branch², Milan/IT
 - Nihon Balzers K.K., Hiratsuka-City/JP
 - Balzers-Silmax S.p.A., Lanzo-Torinese/IT
 - Nordiska Balzers AB, Kungsbacka/SE
 - Merck Balzers AG³, Balzers/LI
 - Merck Balzers Ltd., Taipei/TW.
 - Balzers-Elay SA, Antzuola/ES
 - Balzers Tool Coating, Inc., North Tonawanda/NY/US
 - Balzers Technovac Comercial Ltda, São Paulo/BR
 - Immobiliare ML S.r.l., Milan/IT
 - Rheintal Werkstoff-Technik AG, Triesen/LI
 - Balzers Hochvakuum AG, Trübbach/CH
 - Balzers Sandvik Coating AB, Stockholm/SE
 - Indo Balzers Coating Ltd., Pune/IN
 - Balzers Revêtement SA, Brügg/CH
 - Balzers Process Systems, Inc.¹, Hudson/NH/US
 - Leybold AG, Hanau/DE
 - Leybold SA, Les Ulis/FR
 - Leybold Didactic GmbH, Hürth/DE
 - Hispano Didactica SA, Pinto (Madrid)/ES
 - Ebulus Vermietungsges.mbH, Düsseldorf/DE
 - Leybold Materials GmbH, Hanau/DE
 - Leybold Ltd., London/GB
 - Leybold S.p.A., Milan/IT
 - Leybold B.V., Woerden/NL
 - Leybold AG, Zurich/CH
 - Leybold Inc., Syracuse/NY/US
 - Leybold Vacuum Prod. Inc., Export/PA/US
 - Leybold Inficon Inc., Syracuse/NY/US
 - Leybold Materials Inc., Morgan Hill/CA/US
 - Leybold Technologies Inc., Enfield/CT/US
 - Leybold Inc., Mississauga/CA
 - Leybold Co Ltd., Shin-Yokohama Kanagawa/JP
 - Leybold SA, Sant Feliu de Llobregat/ES
 - Leybold N.V., Nossegem-Zaventem/BE
 - Leybold ApS, Västra Frölunda/SE
 - Leybold Ges. mbH, Vienna/AT
 - Leybold Ltd., Hong Kong/HK
 - Leybold Ltd., Seoul/KR
 - Leybold Service GmbH, Dresden/DE
 - Leybold Verwaltung GmbH, Cologne/DE
 - Balzers Prozess-Systeme GmbH, Hanau/DE
 - Balzers Dünnschicht-Komponenten GmbH, Geisenheim/L
 - Balzers Verschleisschutz GmbH, Bingen/DE
 - Balzers Prozess-Systeme Vertriebs- und Service GmbH, Munich/DE

Interest

- more than 50%
- between 20% and 50%
- less than 20%

Oerlikon-Contraves

- Oerlikon-Contraves AG, Zurich/CH
- Oerlikon-Contraves Pyrotec AG, Zurich/CH
- Oerlikon-Contraves S.p.A., Rome/IT
- Contraves GmbH, Stockach/DE
- Contraves Advanced Devices Sdn.Bhd., Malacca/MY
- Oerlikon Singapore Pte. Ltd., Singapore/SG
- Oerlikon Logistics Ltd., Faldingworth/GB
- Eurometaal Holding N.V., Zaandam/NL
- Arianespace S.A., Evry/FR
- Contraves Inc.¹, Pittsburgh/PA/US
- Oerlikon Aerospace, Inc., Saint-Jean-sur-Richelieu/CA
- Werkzeugmaschinenfabrik Oerlikon-Bührle AG, Zurich/CH

Pilatus

- Pilatus Flugzeugwerke AG, Stans/CH
- Pilatus Britten-Norman Ltd., Bembridge/GB
- Ciba-Pilatus Aerial Spraying Ltd., Stans/CH
- DTC Dynamic Test Center, Biel/CH

Kunz & Dietfurt

- Spinnerei Kunz AG, Windisch/CH
- Spinnerei & Weberei Dietfurt AG, Bütschwil/CH

Immobilien

- Oerlikon-Bührle Immobilien AG, Zurich/CH
- Albis Bau und Verwaltungs AG, Zurich/CH

zurichHôtels

- Hotel Zürich AG, Zurich/CH
- Hotel Ascot², Zurich/CH
- Prohotel Wäscherei AG, Kloten/CH
- Hotel Storchen AG, Zurich/CH

Other subsidiaries

- Oerlikon-Bührle USA, Inc., New York/NY/US
- Tafimant AG, Zurich/CH

Balzers-Pfeiffer

- Pfeiffer Vacuum Technology GmbH³, Asslar/DE
- Balzers Hochvakuum GmbH, Asslar/DE
- Balzers-Pfeiffer GmbH, Asslar/DE
- Société Balzers-Pfeiffer GmbH⁴, Meudon/FR
- Balzers-Pfeiffer GmbH Branch England and Wales⁴, Milton-Keynes/GB
- Balzers-Pfeiffer GmbH Nederland⁴, Maarssen/NL
- Balzers-Pfeiffer Scandinavia filial Sverige till Balzers-Pfeiffer GmbH, Germany⁴, Kungsbacka/SE
- Balzers-Pfeiffer GmbH Asslar, Zweigniederlassung Zürich⁴, Zurich/CH
- Balzers-Pfeiffer Ges.mbH, Vienna/AT
- Balzers-Pfeiffer Belgium N.V./S.A., Zaventem/BE
- Balzers-Pfeiffer Italia S.p.A., Milan/IT
- Balzers-Pfeiffer North America, Inc., Hudson/NH/US

¹ Holding of Oerlikon-Bührle USA, Inc., New York/NY/US

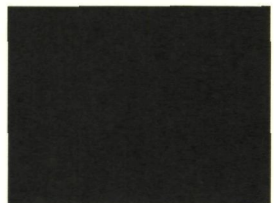
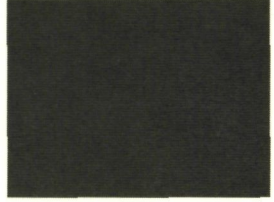
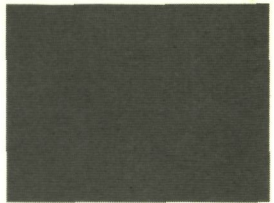
² Branch of Balzers Process Systems Europe B.V., Maarssen/NL

³ 50% interest (consolidated because industrial management)

⁴ Branch of Balzers-Pfeiffer GmbH, Asslar/DE

⁵ on lease

⁶ Holding of Balzers und Leybold Holding AG, Zurich/CH



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stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations

Keizersgracht 132
1015 CW Amsterdam
the Netherlands
tel 020-6 3912 91
fax 020-6 3913 21
E-mail: Internet:
somo@antenna.nl

