

# SCHWEITER TECHNOLOGIES

Semi-Annual Report 2013

2	Report of the Board of Directors
3	Key figures
4	Consolidated balance sheet as at June 30, 2013
5	Consolidated statement of income for the first half of 2013
6	Consolidated statement of comprehensive income for the first half of 2013
7	Consolidated statement of cash flows for the first half of 2013
8	Consolidated statement of changes in equity
9	Operating segments
10	Notes to the semi-annual statements as at June 30, 2013
13	Information for shareholders

## Report of the Board of Directors on the results for the first half of 2013

Dear Shareholders

In the first half of 2013, the Group's net revenues amounted to CHF 338.9 million (1H 2012: 340.0 million). 3A Composites was able to maintain its revenues at the same level as the previous year. Increases in Architecture and Display compensated for the lower volume in the wind segment in the US and China. SSM Textile Machinery posted sound order intake and a higher result.

The Group achieved an EBITDA of CHF 35.1 million (1H 2012: 42.9 million), which corresponds to a net profit ratio of 10.4%. One-time positive effects during the previous year (adjustment US medical plan CHF 4.6 million and bargain purchase Foamalite CHF 2.2 million) meant that earnings were lower by comparison. EBIT came to CHF 22.5 million (1H 2012: 28.9 million) and net income to CHF 17.3 million (1H 2012: 24.6 million). The cash position stood at CHF 323.6 million (1H 2012: 286.0 million) – after the distribution of approx. CHF 57 million to the shareholders.

In a slightly more promising sector environment, **SSM Textile Machinery** reported an encouraging volume of new orders amounting to CHF 39.1 million (1H 2012: 35.5 million). Weak capacity utilization at the beginning of the year resulted in slightly lower net revenues of CHF 36.7 million. (1H 2012: 38.7 million).

Two of the most important sales markets, India and Turkey, made very pleasing progress – thanks to currency advantages in the Indian export sector and major investments in man-made fiber facilities in Turkey. China continued to experience lower-than-average investment activity. In addition, higher production costs squeezed the margins of Chinese yarn processors.

EBITDA showed a significant improvement, rising to CHF 4.8 million (1H 2012: 3.6 million). This corresponds to a net profit ratio of 13.1%.

**3A Composites** recorded orders received amounting to CHF 306.1 million (1H 2012: 309.1 million). Net revenues increased slightly to CHF 301.9 million (1H 2012: 301.0 million). This resulted in an EBITDA of CHF 31.3 million (1H 2011: 40.1 million), corresponding to a net profit ratio of 10.4% (1H 2011: 13%). EBIT came to CHF 19.2 million (1H 2012: 26.6 million). The relative fall in this figure was essentially due to the absence of one-time effects in the result during the previous year. Both Architecture

and Display posted pleasing revenues and results. Core Materials posted a satisfactory result despite persisting price pressure in the wind power sector in China and an expected lower volume in the US. At the same time, the marine market continued to show signs of recovering. An additional sum of around CHF 2 million was spent on establishing and expanding sales activities outside the wind sector.

The cyclical Display business made further encouraging progress in both the US and Europe.

Architecture posted consistently positive revenues and results in Europe and Asia, while business in the US was down slightly on the previous year. In Europe, Germany in particular saw business make good progress. In India, and particularly in China, the high-end façade cladding units business is continuing to enjoy double-digit growth.

In a referendum in Neuhausen, voters approved plans to open up and develop the town's former industrial estate (RhyTech site). This paves the way for site to be used for a range of purposes (employment, housing, encounters). Among other projects, more than 230 new apartments are to be built on an area of 26000 m<sup>2</sup>. No revaluation of the corresponding balance sheet position has taken place in the interim financial statements for 2013.

### Outlook

Given the healthy volume of new orders, SSM Textile Machinery is set to continue performing well in the second half of the year.

3A Composites is expected to see its overall business performance fall back slightly in the second half of the year. In 2H 2013, revenues and profit in the core materials segment are expected to be maintained in Europe and the US, while declining in China.

The upturn in the US economy should have a positive impact on the Display business. In Europe, business performance will continue to be shaped by developments in Germany. As yet there is no sign of a recovery in the countries of southern Europe. Given its strong market position, the architecture business in Asia should continue to grow.

Yours sincerely

Board of Directors Schweiter Technologies

## Key figures

<b>Schweiter Technologies Group</b> (in CHF m)	First half of <b>2013</b>	First half of 2012	Change
Orders received – continuing operations	345.2	344.6	0%
Net revenues – continuing operations	338.9	340.0	0%
EBITDA – continuing operations	35.1	42.9	– 18%
Operating result (EBIT) – continuing operations	22.5	28.9	– 22%
Net income – continuing operations	17.3	22.8	– 24%
Net income	17.3	24.6	– 30%

<b>Result by divisions</b> (in CHF m)	First half of <b>2013</b>	First half of 2012	Change
<b>SSM Textile Machinery</b>			
Orders received	39.1	35.5	10%
Net revenues	36.7	38.7	– 5%
Operating result before depreciation/amortization (EBITDA)	4.8	3.6	33%
Operating result (EBIT)	4.2	3.1	35%
<b>3A Composites</b>			
Orders received	306.1	309.1	– 1%
Net revenues	301.9	301.0	0%
Operating result before depreciation/amortization (EBITDA)	31.3	40.1	– 22%
Operating result (EBIT)	19.2	26.6	– 28%

## Consolidated balance sheet as at June 30, 2013

	June 30, 2013		Dec. 31, 2012	
<b>Assets</b> (in CHF m)		%		%
<b>Current assets</b>				
Cash and cash equivalents	323.6		382.6	
1 Trade receivables	85.8		70.5	
1 Inventories and work in progress	116.8		110.0	
8 Assets held for sale	1.7		0.0	
Other current assets	41.3		28.1	
<b>Total current assets</b>	<b>569.2</b>	66.4	<b>591.2</b>	66.9
<b>Non-current assets</b>				
Property, plant and equipment	161.1		165.1	
2 Investment property	35.1		35.6	
Intangible assets	52.9		52.8	
Other non-current assets	38.4		39.4	
<b>Total non-current assets</b>	<b>287.5</b>	33.6	<b>292.9</b>	33.1
<b>Total assets</b>	<b>856.7</b>		<b>884.1</b>	
<b>Liabilities</b> (in CHF m)				
<b>Short-term liabilities</b>				
Short-term financial liabilities	2.8		2.2	
1 Trade payables	45.0		42.4	
1 Prepayments received from customers	11.1		8.6	
Accrued expenses and deferred income	33.8		33.5	
Other short-term liabilities	20.8		21.3	
<b>Total short-term liabilities</b>	<b>113.5</b>	13.2	<b>108.0</b>	12.2
Long-term financial liabilities	3.4		3.4	
Deferred income tax liabilities	23.6		22.6	
Long-term provisions	16.4		16.1	
Pension obligations	67.8		66.8	
<b>Long-term liabilities</b>	<b>111.2</b>	13.0	<b>108.9</b>	12.3
<b>Total liabilities</b>	<b>224.7</b>	26.2	<b>216.9</b>	24.5
<b>Shareholders' equity</b>				
Share capital	1.4		1.4	
3 Treasury shares	- 7.4		- 2.5	
4 Reserves from capital contributions	0.1		39.9	
Retained earnings	658.8		657.7	
Currency translation adjustments	- 20.9		- 29.3	
<b>Total shareholders' equity</b>	<b>632.0</b>	73.8	<b>667.2</b>	75.5
<b>Total liabilities and shareholders' equity</b>	<b>856.7</b>		<b>884.1</b>	

▲ For additional details see notes to the semi-annual statements as at June 30, 2013

## Consolidated statement of income for the first half of 2013

(in CHF m)	First half of <b>2013</b>		First half of 2012	
		%		%
Continuing operations:				
<b>Net revenues</b>	<b>338.9</b>	99.6	<b>340.0</b>	100.0
Change in inventories of semi-finished and finished goods	1.2	0.4	0.0	0.0
<b>Total operating income</b>	<b>340.1</b>	100.0	<b>340.0</b>	100.0
Cost of materials	- 173.4	- 51.0	- 173.6	- 51.0
6 Personnel expenses	- 71.9	- 21.1	- 66.5	- 19.6
Other operating expenses	- 64.4	- 19.0	- 62.1	- 18.3
Other operating income	4.7	1.4	5.0	1.5
Depreciation and amortization of intangible assets	- 12.6	- 3.7	- 13.9	- 4.1
<b>Operating result</b>	<b>22.5</b>	6.6	<b>28.9</b>	8.5
Financial income	1.1	0.3	0.5	0.1
Financial expenses	- 2.1	- 0.6	- 1.3	- 0.3
<b>Income before taxes</b>	<b>21.5</b>	6.3	<b>28.1</b>	8.3
Income taxes	- 4.2	- 1.2	- 5.3	- 1.6
<b>Net income from continuing operations</b>	<b>17.3</b>	5.1	<b>22.8</b>	6.7
Discontinued operations:				
<b>Net income from discontinued operations</b>	<b>0.0</b>		<b>1.8</b>	
<b>Net income</b>	<b>17.3</b>		<b>24.6</b>	
<b>Result per share</b> (in CHF)				
From continuing operations:				
- undiluted	12.08		16.49	
- diluted	12.06		16.47	
From continuing and discontinued operations:				
- undiluted	12.08		17.80	
- diluted	12.06		17.77	

## Consolidated statement of comprehensive income for the first half of 2013

(in CHF m)	First half of <b>2013</b>	First half of 2012
<b>Net income</b>	<b>17.3</b>	<b>24.6</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to the statement of income:		
– Exchange differences on translation of foreign operations	8.4	0.6
– Tax effect	0.0	0.0
Total	8.4	0.6
Items that will not be reclassified subsequently to the statement of income:		
– Actuarial gains / (losses) on defined benefit plans	1.5	– 11.2
– Tax effect	– 0.4	2.0
Total	1.1	– 9.2
<b>Total other comprehensive income</b>	<b>9.5</b>	<b>– 8.6</b>
<b>Comprehensive income</b>	<b>26.8</b>	<b>16.0</b>

## Consolidated statement of cash flows for the first half of 2013

(in CHF m)	First half of <b>2013</b>	First half of 2012
Net income from continuing operations	17.3	22.8
Net income from discontinued operations	0.0	1.8
<b>Net income</b>	<b>17.3</b>	<b>24.6</b>
Depreciation and amortization of intangible assets	12.6	14.7
Other positions not impacting on liquidity	– 4.0	– 8.9
Income taxes	4.2	5.4
Financial result	1.0	0.3
1 Change in net current assets	– 22.4	– 11.3
Interest paid	– 0.2	– 0.1
Income taxes paid	– 2.5	– 2.6
<b>Cash flow from operating activity</b>	<b>6.0</b>	<b>22.1</b>
Purchase of subsidiaries	– 1.0	– 13.0
Purchase of property, plant and equipment	– 6.8	– 7.6
Sale of property, plant and equipment	1.3	4.7
Investments in investment property	– 0.6	0.0
Increase in financial assets	– 0.2	– 0.1
Dividend of associated companies	0.0	0.1
Interest received	0.5	0.7
<b>Cash flow from investment activity</b>	<b>– 6.8</b>	<b>– 15.2</b>
Increase of short-term financial liabilities	0.6	0.4
3 Purchase of treasury shares	– 4.9	0.0
4 Repayment of reserves from capital contributions	– 39.8	– 17.0
5 Dividend	– 17.5	0.0
<b>Cash flow from financing activity</b>	<b>– 61.6</b>	<b>– 16.6</b>
Currency exchange differences on cash and cash equivalents	3.4	– 0.1
<b>Change in cash and cash equivalents</b>	<b>– 59.0</b>	<b>– 9.8</b>
Cash and cash equivalents as at January 1	382.6	295.8
<b>Cash and cash equivalents as at June 30</b>	<b>323.6</b>	<b>286.0</b>
The figures given above include the following cash flows from discontinued operations:		
Net cash flow from operating activity	0.0	9.0
Cash flow from investment activity	0.0	– 0.2
Cash flow from financing activity	0.0	0.0

## Consolidated statement of changes in equity

(in CHF m)	Share capital	Treasury shares	Reserves capital contributions	Retained earnings	Currency translation difference	Total shareholders' equity
<b>Balance as at January 1, 2012</b>	<b>1.4</b>	<b>- 28.7</b>	<b>93.6</b>	<b>600.7</b>	<b>- 29.8</b>	<b>637.2</b>
Net income				24.6		24.6
<i>Other comprehensive income</i>	0	0	0	- 9.2	0.6	- 8.6
Comprehensive income	0	0	0	15.4	0.6	16.0
Share-based remuneration				0.2		0.2
4 Repayment of reserves from capital contributions:						
– Distribution in cash			- 17.0			- 17.0
– Distribution in form of treasury shares		27.6	- 36.7	8.4		- 0.7
<b>Balance as at June 30, 2012</b>	<b>1.4</b>	<b>- 1.1</b>	<b>39.9</b>	<b>624.7</b>	<b>- 29.2</b>	<b>635.7</b>
<b>Balance as at January 1, 2013</b>	<b>1.4</b>	<b>- 2.5</b>	<b>39.9</b>	<b>657.7</b>	<b>- 29.3</b>	<b>667.2</b>
Net income				17.3		17.3
<i>Other comprehensive income</i>	0	0	0	1.1	8.4	9.5
Comprehensive income	0	0	0	18.4	8.4	26.8
Share-based remuneration				0.2		0.2
3 Repurchase of treasury shares		- 4.9				- 4.9
4 Repayment of reserves from capital contributions			- 39.8			- 39.8
5 Dividend				- 17.5		- 17.5
<b>Balance as at June 30, 2013</b>	<b>1.4</b>	<b>- 7.4</b>	<b>0.1</b>	<b>658.8</b>	<b>- 20.9</b>	<b>632.0</b>

## Operating segments – continuing operations

<b>First half of 2013</b> (in CHF m)	SSM Textile Machinery	3A Composites	Other/ Eliminations	Group
Net revenues from continuing operations <sup>1)</sup>	36.7	301.9	0.3	338.9
Operating result from continuing operations	4.2	19.2	– 0.9	22.5
<b>Net income from continuing operations</b>	<b>3.9</b>	<b>11.5</b>	<b>1.9</b>	<b>17.3</b>
Assets	57.0	549.0	250.7	856.7
Liabilities	49.4	381.9	– 206.6	224.7
Employees at as June 30	244	2 193	6	2 443

<sup>1)</sup> There are no revenues between the divisions. The product groups correspond to the operating segments.

<b>First half of 2012</b> (in CHF m)	SSM Textile Machinery	3A Composites	Other/ Eliminations	Group
Net revenues from continuing operations <sup>1)</sup>	38.7	301.0	0.3	340.0
Operating result from continuing operations	3.1	26.6	– 0.8	28.9
<b>Net income from continuing operations</b>	<b>2.6</b>	<b>18.4</b>	<b>1.8</b>	<b>22.8</b>
Assets	52.4	529.8	294.4 <sup>2)</sup>	876.6
Liabilities	42.2	386.2	– 187.5 <sup>3)</sup>	240.9
Employees at as June 30	262	2 513	6	2 781

<sup>1)</sup> There are no revenues between the divisions. The product groups correspond to the operating segments.

<sup>2)</sup> Including CHF 72.6 million from discontinued operations.

<sup>3)</sup> Including CHF 27.3 million from discontinued operations.

## Notes to the semi-annual statements as at June 30, 2013

### Consolidation principles

These condensed, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries were prepared in accordance with IAS 34 "Interim Financial Reporting".

They are based on the accounting principles presented in the 2012 Annual Report, which were applied with no changes other than the following new standards and interpretations:

### Adopted new and revised standards

IAS 1	(amendment) Presentation of Items of Other Comprehensive Income
IAS 27	Separate Financial Statements (as revised in 2011)
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Misc.	Amendments resulting from the Annual Improvement Project

These new and revised standards had – with the exception of the amended presentation of items of other comprehensive income (IAS 1) – no impact on the semi-annual financial statements of the group. Schweiter Technologies has early applied the revised standard IAS 19 Employee Benefits as of January 1, 2011.

### Standards issued but not yet adopted

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and have not been early adopted in the present consolidated financial statements.

The following table shows the impact estimated by the Executive Management:

<b>New standards</b>		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies
IFRS 9	Financial Instruments	January 1, 2015	Financial year 2015 <sup>1) 2)</sup>
<b>Amendments to standards</b>			
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Financial year 2014 <sup>2)</sup>
Misc.	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	January 1, 2014	Financial year 2014 <sup>3)</sup>

<sup>1)</sup> No or no material effects are expected on the consolidated financial statements of Schweiter Technologies.

<sup>2)</sup> Additional disclosures or changes in the presentation of the consolidated financial statements of Schweiter Technologies are mainly expected.

<sup>3)</sup> No effects are expected on the consolidated financial statements of Schweiter Technologies.

## Notes to the semi-annual statements as at June 30, 2013

The preparation of the semi-annual statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the semi-annual statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the semi-annual statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Group operates in areas whose income statements are not characterized by seasonal fluctuations. Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

### Change in scope of consolidation

In the reporting period there were no changes in the scope of consolidation. For information about changes in the scope of consolidation in the financial year 2012 please refer to the Annual Report as of December 31, 2012.

### Notes

#### 1 Change in net working capital

Net current assets (trade receivables, inventories and work in progress, trade payables and payments on account received from customers) rose by around 13%. The increase is mainly attributable to increased foreign exchange rates and higher trade receivables resulting from temporary effects.

#### 2 Investment property

The investment property in Neuhausen (RhyTech site) will continue to be carried at book value. On June 9, 2013, the population of Neuhausen approved the revision of the zoning plan for the RhyTech site. The completion of the rezoning and district planning procedures is expected in autumn 2013. The positive voting result, the conclusion of both planning procedures and the further develop-

ment of the investment property will have a positive impact on the fair value of the investment property. However, the new market value (fair value) cannot be quantified exactly at this time, since the fair value is dependent on the future realization of the planned construction project. With the further progress of project planning, a new valuation report from an independent expert will be obtained to determine the fair value of the investment property using the current parameters.

#### 3 Treasury shares

In the first half of the financial year 2013, 9 114 treasury shares for a total value of CHF 4.9 million were repurchased under the share repurchase program. As of June 30, 2013, 14 748 treasury shares were held, including 2 085 shares which are used for share-based payments

#### 4 Repayment from reserves from capital contributions

At the Annual General Meeting on May 8, 2013, the shareholders approved the conversion of reserves from capital contributions and the distribution of CHF 27.80 per bearer share. No repayment was made on treasury shares. The distribution amounts to a total of CHF 39.8 million.

#### 5 Dividend

At the Annual General Meeting on May 8, 2013, the shareholders approved a dividend payment of CHF 12.20 per share. No payment was made on treasury shares. The distribution amounts to a total of CHF 17.5 million.

#### 6 Personnel expenses

In the prior year, personnel expenses were reduced by CHF 4.6 million due to an adjustment of a US medical plan.

## **7 Contingent liabilities**

There has been no significant change in the contingent liabilities.

## **8 Events after the balance sheet date**

As disclosed in the 2012 Annual Report, 3A Composites has acquired JSP Plast's 50% share of the associated company Windkits LLC in accordance with its contractual obligations. The acquisition of the remaining 50% share took place on July 1, 2013. Since this date, 3A Composites holds a 100% share in the company Windkits LLC and plans to sell it completely in the coming months. Due to this reason, the 50% share of the associated company Windkits LLC held as of June 30, 2013 is disclosed as "assets held for sale". The investment in Windkits LLC will continue to be carried at book value since the estimated selling price less costs to sell is higher than the book value.

This semi-annual report was approved by the Board of Directors of Schweiter Technologies AG on August 15, 2013 and released for publication.

**Information for shareholders**

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1075492;  
 ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

(in CHF 1000s)	June 30, <b>2013</b>	Dec. 31, 2012
Share capital – divided into bearer shares with a par value of CHF 1 each	1 444	1 444
Conditional capital	133	133
Approved capital	300	300
Stock market capitalization as at reference date	837 330	757 928
Holdings of treasury shares	14 748	5 634
Treasury shares as % of share capital	1.02	0.39

The address for investor relations matters is:

Schweiter Technologies AG  
 Martin Klöti  
 P.O. Box  
 8810 Horgen  
 Tel. +41 44 718 33 03  
 Fax +41 44 718 34 51  
 info@schweiter.com  
 www.schweiter.com

The next General Meeting will take place in Horgen  
 on May 7, 2014.

08/2013  
Printed in Switzerland;  
This is an  
English translation  
of the German Semi-  
Annual Report.  
The German text is the  
official version.  
Copyright by  
Schweiter Technologies  
CH-8810 Horgen

Schweiter Technologies AG  
Neugasse 10  
CH-8810 Horgen  
Tel. +41 44 718 33 03  
Fax +41 44 718 34 51  
[info@schweiter.com](mailto:info@schweiter.com)  
[www.schweiter.com](http://www.schweiter.com)