

Media release

Figures for 2012

Good result with composite materials – High cash flow

Horgen, March 1, 2013 – Schweiter Technologies had a good financial year, in particular 3A Composites. The Group received orders worth CHF 666.1 million in 2012 (2011: 781.6). Net revenues from continuing operations amounted to CHF 673.5 million (2011: 698.0), representing a decrease of 4%. 3A Composites posted good results in the architecture and display segments. The core materials business also delivered a respectable result despite persistent competitive and cost pressure in China's wind power sector. SSM Textile Machinery maintained revenues approximately at the previous year's level, whereas the result was lower.

EBITDA stood at CHF 81.1 million (2011: 82.0). This figure was positively influenced by a CHF 10.6 million (2011: 26.6) decrease in pension obligations that was recognized in income. Net income came to CHF 60.8 million (2011: 47.5), including income from discontinued operations (Ismeca Semiconductor) of CHF 20.7 million.

High cash flow from operating activity of around CHF 80 million as well as the proceeds from the sale of the semiconductor business resulted in liquidity of over CHF 380 million and an equity ratio of 75% at the end of 2012. A proposal will be put to the Annual General Meeting on May 8, 2013 that a distribution of CHF 40 per bearer share be made, CHF 27.80 of which by means of a repayment (exempt from withholding tax) from reserves from capital contributions and CHF 12.20 as an ordinary dividend.

Schweiter Technologies is holding its annual results press conference today at the Hotel Marriott, Neumühlequai 42, in Zurich, beginning 11.00 a.m.

Key figures

	2012	2011	Change
Schweiter Technologies Group (in CHF millions)			
Orders received	666.1	781.6	-15%
Net revenues	673.5	698.0	-4%
EBITDA before effect of change in pension obligations	70.5	55.4	27%
EBITDA	81.1 ²⁾	82.0 ²⁾	-1%
EBIT	54.2 ²⁾	54.5 ²⁾	-1%
Net income from continuing operations	40.1 ²⁾	41.7 ²⁾	-4%
Income from discontinued operations	20.7	5.8	
Net income	60.8	47.5	28%
Information by division (in CHF million)			
3A Composites			
Orders received	594.5	708.1	-16%
Net revenues	603.8	624.7	-3%
EBITDA before effect of change in pension obligations	68.8	48.5	42%
EBITDA	76.2	75.1	1%
EBIT	50.4	47.9	5%
SSM Textile Machinery			
Orders received	71.6	73.5	-3%
Net revenues	69.3	72.9	-5%
EBITDA before effect of change in pension obligations	5.2	8.8	-41%
EBITDA	8.4	8.8	-5%
EBIT	7.4	8.3	-11%

²⁾ incl. CHF 10.6 million (2011: 26.6) improvement in the result at EBIT/EBITDA level and CHF 8.6 million (2011: 21.8) at the net income level owing to a reduction in staff pension obligations (lower conversion rate, headcount adjustments, early application of IAS 19 revised, and the switch to a defined contributions scheme in connection with the change in pension fund)

3A Composites

Despite challenging conditions in some markets, 3A Composites can look back on a good financial year. The decline in orders received is primarily due to a multi-year contract booked in 2011 by the since divested automotive business as well as a fall-off in long-term rail contracts.

With net revenues of CHF 603.8 million (-3%), EBITDA before the effect of the change in pension obligations came to CHF 68.8 million (48.5). Adjusted for improvements in the result that were attributable to reduced staff pension obligations, the operating performance was

significantly better. Architecture and display business was solid, with revenues and profitability higher. Despite a decline in revenues in the face of difficult market conditions in the Chinese wind power sector, the core materials segment virtually held profitability year-on-year thanks to a sound performance in Europe and the USA and higher revenues from non-wind power operations.

Architecture achieved substantial growth in the USA on the back of customized facade projects. While the sovereign debt crisis put a significant damper on construction activity in Southern Europe, building activity levels were very encouraging in Germany and other Central European countries. A stronger regional presence translated into gains in market share. In the wake of new regulations, demand for certified fire-resistant products remained buoyant. Increases in revenues and market share were also registered in the Middle East and the Asia Pacific region.

The *display business*, which is very dependent on the general economic climate, witnessed a gratifying trend in the USA and Europe. New product launches in the mid-range price and performance segments as well as market realignments in the competitive environment led to higher revenues. The successful acquisition of an Irish PVC and PET sheet manufacturer

allowed 3A Composites to build on its lead role in the market.

In the *core materials* sector, the process of consolidation in the global wind farm market continued, and with it the pressure on OEMs and their suppliers, albeit to strongly varying degrees in the individual regions. The USA showed a solid performance, bolstered by production tax credit (PTC) programs running until the end of the year. Business in Europe was encouraging, with interesting growth opportunities in the off-shore market. China performed as expected, against a backdrop of continuing price and competitive pressure caused by overcapacity.

The *marine market* continued its recovery in 2012, even if volumes were not yet back at the pre-crisis level.

In the *transportation* segment, 3A Composites enjoys a strong position not only in core and sheet materials but also in the market for integrated system solutions for railway vehicles and buses. A novel, heatable sandwich flooring system is attracting increasing attention in the growth markets of Asia and South America. In Europe, the successive introduction of new emission standards has prompted growing interest in lightweight components in road vehicles, which could in future offset the fall-off in revenues in the rail sector.

SSM Textile Machinery

Net revenues amounted to CHF 69.3 million (-5%) and EBITDA before the effect of the change in pension obligations was at CHF 5.2 million (8.8), corresponding to a margin of 8%.

As expected, the slowdown in evidence at the end of 2011 in China and other key Asian markets continued in the second half of 2012. The synthetic fiber sector only partly offset the slump on the cotton market. SSM tapped into the fledgling recoveries in Bangladesh and Turkey to land a number of major orders.

In the area of synthetic fiber processing, SSM is excellently positioned with products in the air and false twist texturing segments. Although start-up and integration costs for the acquisition of Giudici depressed the result by approximately CHF 2 million, numerous orders scheduled for delivery in 2013 were received in this segment in the 2nd half.

Outlook

Both divisions began the new year at approximately the same level as the previous year. SSM Textile Machinery is expected to post an improved result with revenues on a par with 2012.

3A Composites is looking at further growth in the emerging countries. The display business is heavily dependent on future economic trends in the USA and Europe. Architecture is likely to see more growth in

the USA, while a certain degree of saturation is foreseeable in Europe.

Europe's wind market will remain stable for the time being, whereas the recently approved extension of production tax credits in the USA will provide fresh impetus as of the 2nd half at the earliest. Business is expected to improve in China in 2013, but for now the Chinese wind power market is unlikely to return to attractive growth.