Schweiter Technologies

Annual Media Conference
March 7, 2008
Hotel Marriott, Zurich
Content

1. Welcome and Introduction

2. Results 2007

3. Division Information

4. Outlook
Highlights

- Group revenues and earnings at record level
- Optics to dominate Schweiter Technologies with > 50% of revenues
- Optics with EBIT > CHF 42 Mio. (15% margin)
- SSM Textile machinery with successful product launches
- Ismeca Semiconductor with good volume and significantly improved profitability
- Strong balance sheet with Net Cash CHF 120 Mio. and improved net assets
Group Results 2007

One Group – Three Leading Divisions

- **SSM Textile Machinery**
  - Revenues: 105 MCHF
  - Employees: 230

- **Satisloh**
  - Revenues: 270 MCHF
  - Employees: 410

- **Ismeca Semiconductor**
  - Revenues: 110 MCHF
  - Employees: 300
Group Results 2007

Essentials

- High tech machinery maker with leading market/technology positions in all divisions
- Balanced portfolio of cash flow driven and growth oriented businesses
- Selective acquisitions into growth industries
- Healthy balance sheet and strong financing capabilities
- Lean structure – focus on design, marketing and service
- Constant innovation as key value driver for growth and future cash flows
- Aggressive market penetration
- Expertise in supply management
- Cooperations with best partners worldwide
Less Cyclical, Emphasis in Optics

Split of revenues 2007

23% TEX
22% OPT
55% SEM
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## SSM Textile Machinery

<table>
<thead>
<tr>
<th></th>
<th>Sem 1 2007</th>
<th>Sem 2 2007</th>
<th>Total 2007</th>
<th>Total 2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders received</strong></td>
<td>56.4</td>
<td>50.8</td>
<td>107.2</td>
<td>108.4</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>53.9</td>
<td>53.0</td>
<td>106.9</td>
<td>104.8</td>
<td>2%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>6.2</td>
<td>4.8</td>
<td>11.0</td>
<td>12.4</td>
<td>-11%</td>
</tr>
<tr>
<td>%–Revenues</td>
<td>11.5%</td>
<td>9.1%</td>
<td>10.3%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Employees (end of period)</strong></td>
<td>235</td>
<td>223</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SSM Textile Machinery

- Sales mainly driven by Indian subcontinent and Turkey, China stable.
- Strong demand in air texturing and monofilament (PW 2) continuing.
- EBIT affected by increased R&D cost for product innovations
- Successful product launches at ITMA
- Extended sourcing in Eastern Europe and China. Output of assembly unit in China increased to > 5000 spindles
### Satisloh

<table>
<thead>
<tr>
<th></th>
<th>Sem 1 2007</th>
<th>Sem 2 2007</th>
<th>Total 2007</th>
<th>Total 2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>141.1</td>
<td>132.0</td>
<td>273.1</td>
<td>254.0</td>
<td>8%</td>
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<tr>
<td>Revenues</td>
<td>125.8</td>
<td>144.2</td>
<td>270.0</td>
<td>242.3</td>
<td>11%</td>
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<tr>
<td>EBIT</td>
<td>16.6</td>
<td>25.8</td>
<td>42.4</td>
<td>26.0</td>
<td>63%</td>
</tr>
<tr>
<td>%–Revenues</td>
<td>13.2%</td>
<td>17.9%</td>
<td>15.7%</td>
<td>10.7%</td>
<td></td>
</tr>
<tr>
<td>Employees (end of period)</td>
<td>411</td>
<td>430</td>
<td></td>
<td></td>
<td>–4%</td>
</tr>
</tbody>
</table>
Satisloh

- Strong volume increase in coating and consumables: Coating +39%, consumables +11%. Surfacing at previous year’s level (+49% in 2006)
- US most important market with again >20% growth and around 50% of sales
- High volume in Europe kept, Asia growing +19%
- Direct surfacing technology growing with 10%–15% p.a.
- EBIT margin increased to >15%
## Ismeca Semiconductor

<table>
<thead>
<tr>
<th></th>
<th>Sem 1 2007</th>
<th>Sem 2 2007</th>
<th>Total 2007</th>
<th>Total 2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders received</strong></td>
<td>60.7</td>
<td>50.9</td>
<td>111.6</td>
<td>114.6</td>
<td>-3%</td>
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<td><strong>Revenues</strong></td>
<td>54.7</td>
<td>55.6</td>
<td>110.3</td>
<td>113.5</td>
<td>-3%</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>0.6</td>
<td>4.6</td>
<td>5.2</td>
<td>-0.2</td>
<td>-</td>
</tr>
<tr>
<td>% Revenues</td>
<td>1.1%</td>
<td>8.3%</td>
<td>4.7%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Employees (end of period)</strong></td>
<td>305</td>
<td>319</td>
<td>-4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ismeca Semiconductor

- Strong revenue in 2007 thanks to successful development of key markets, e.g. China
- Improved profitability driven by strong top line combined with significant improvement in fix cost and gross margin
- Ramp up of new equipment manufacturing factory in Malaysia completed in H2/2007
- New equipment retrofit and supply chain sourcing center opened in Suzhou, China
- Swiss facility in La Chaux-de-Fonds focus on innovation and customer specific equipment manufacturing
## Group Results 2007

### Group

<table>
<thead>
<tr>
<th></th>
<th>Sem 1 2007</th>
<th>Sem 2 2007</th>
<th>Total 2007</th>
<th>Total 2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>258.2</td>
<td>233.7</td>
<td>491.9</td>
<td>477.0</td>
<td>3%</td>
</tr>
<tr>
<td>Revenues</td>
<td>234.6</td>
<td>253.0</td>
<td>487.6</td>
<td>461.0</td>
<td>6%</td>
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<tr>
<td>EBIT</td>
<td>22.3</td>
<td>33.3</td>
<td>55.6</td>
<td>37.3</td>
<td>49%</td>
</tr>
<tr>
<td>%–Revenues</td>
<td>9.5%</td>
<td>13.2%</td>
<td>11.4%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>21.2</td>
<td>28.5</td>
<td>49.7</td>
<td>33.4</td>
<td>49%</td>
</tr>
<tr>
<td>Employees (end of period)</td>
<td></td>
<td></td>
<td></td>
<td>956</td>
<td>975</td>
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Group Results 2007

Strong Balance Sheet

Net assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Goodwill</th>
<th>Other</th>
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<tbody>
<tr>
<td>2004</td>
<td>46</td>
<td>5</td>
<td>164</td>
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<td>2005</td>
<td>51</td>
<td>5</td>
<td>169</td>
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<td>2006</td>
<td>78</td>
<td>5</td>
<td>186</td>
</tr>
<tr>
<td>2007</td>
<td>134</td>
<td>5</td>
<td>171</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans</th>
<th>Equity</th>
</tr>
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<tbody>
<tr>
<td>2004</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>203</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>240</td>
<td>84</td>
</tr>
</tbody>
</table>

Schweiter Technologies
Balance Sheet Highlights

- Cash position 134 Mio. CHF
- Net Assets 171 Mio. CHF (reduced due to sale of building and overall lower net assets in OPT)
- Interest bearing liabilities 14 Mio. CHF
- Goodwill 5 Mio. CHF
- Shareholders’ Equity 240 Mio. CHF
- Equity ratio 63%
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Group Results 2007

SSM Textile Machinery

SCHWEITER TECHNOLOGIES
Strong Niche Positions in the Production Chain

yarn production

staple yarns
spinning

twisting
assembly winding
twisting

tyre finishing

mercerising (singeing)
dye package winding
dyeing
re-winding

fabric production (end-uses)

knitting / warp knitting:
apparel, sport and leisure wear, socks, hosiery, automotive, etc.

filament yarns
extrusion
false twist texturing
air jet texturing
drawing

conventional covering

draw covering

weaving:
apparel, shirts and blouses, linen, curtains, automotive, etc.

All blue marked areas are supported by SSM equipment
SSM In The Textile Value Chain: Growth Opportunities

- Mögliche Stossrichtungen

SSM Feingarnbereich
TK2/20: New Machine Platform for Sewing Thread

Group Results 2007
Strong Global Presence

10 Local service stations and over 80 agencies worldwide
SSM Textile Machinery

Revenues

Operating Earnings

in Mio. CHF
Group Results 2007

satisloh

SCHWEITER TECHNOLOGIES
Strengths and Key Success Factors

- Thorough understanding and expertise in ophthalmic business – high skill level in precision optics
- Market driven innovation, leading in technology
- Only company able to offer complete solutions for all lab sizes
- Truly global presence in sales, service, and logistics
- Competitive edge through supply chain management – flexibility and lower costs with worldwide networks
World Ophthalmic Lens Market

WORLD OPHTHALMIC LENS MARKET
(Million Lenses)

WORLD OPHTHALMIC LENS MARKET
(Million €)

- Progressive Rx (CAGR +4.7%)
- Bi-Focal Rx (CAGR -4.1%)
- Single Rx (CAGR +0.7%)
- Single Stock (CAGR +0.7%)
- Total (CAGR +0.6%)

Progressive Rx (CAGR +7.1%)
Bi-Focal Rx (CAGR -4.3%)
Single Rx (CAGR +0.0%)
Single Stock (CAGR +0.4%)
Total (CAGR +3.0%)

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Changes in Priorities ... and Technologies

Consolidation of customers
- Lens manufacturers buy independent Rx labs (USA, starting in Asia)
- Lens manufacturers merge

Transition from
- Conventional milling and polishing with hard lap tools
- To direct surfacing with automated polishing using soft tools

Benefits of direct surfacing (30% of all PAL in 5 years) for labs
- Individualized progressive
- Customized/in-house progressives
- Own branding

Investments focus on value added products
- Direct surfacing

Growth of anti-reflection coatings (unchanged)
Trend in Surfacing to “Free Form”
Conventional Manufacturing of Progressives

- Task
  - Casted, progressive front surface
  - Apply a toric surface according to the prescription

Milling
(Material removal, speed)

Polishing and Final Geometry

5’000 to 10’000 different tools
Direct Surfacing (Lathing, Progressive Lenses)

- **Task**
  - Casted, spherical front surface
  - Apply a Direct Surfacing surface at the back combining progressive and prescription part

**Milling Step**
(material removal, speed)

**Direct Surfacing Surface**
(final geometry, surface roughness)
Leading Direct Surfacing Platforms

• VFT Compact
  - 40 lenses p.h. toric
  - 30 lenses p.h. free form
  - Manual operations

• VFT Ultra/Ultra–S
  - 60–140 lenses p.h. toric
  - 90 lenses p.h. free form
  - Automatic loading
Complete Offering Precision Optics

Grinding
Processing Centre for spheres, aspheres, prisms, cylinders etc. Up to Ø 500 mm

Polishing
7-axis Aspheric Polisher For ground or polished lenses Up to Ø 200 mm
**Group Results 2007**

**Taylored Systems: High Volume and Small Labs**

**Box Coating**

- 40 – 200 lenses per hour
- 60' AR both sides
- Lab Operation

**Sputtering**

- 16 lenses per hour
- 15' AR both sides
- Store Operation (15', 1 m2)
Group Results 2007

Strong Global Presence

12 service locations, 70 service technicians, 3 logistic centres

Germantown
Dallas
Bolton
Paris
Barcelona
Wetzlar
Milan
Hong Kong
Mumbai
China

Sales & Service

Sales, Manufacturing, Service
Key Accounts

- Essilor
- Fielmann
- Luxottica Retail
- Zeiss
- Sola AO American Optical
- Indo
- Grand Vision
- Hoya
- Rodenstock
- Schweiter Technologies
Group Results 2007

Satisloh

Revenues*
in Mio. CHF

Operating Earnings*
in Mio. CHF

* Loh included as of 2005

*SCHWEITZER TECHNOLOGIES
Group Results 2007

ismeca
Semiconductor

SCHWEITZER TECHNOLOGIES
Ismeca Semiconductor Vision

Be a global leader for back-end finishing process, by providing best value solutions to our customers – through leading technology and long-term committed support.
Group Results 2007

Ismeca Semiconductor Equipment covers the Finishing Process of a Wide Package Variety

Discretes  Power discretes  Small outlet ICs  ICs  Dies  LED

Electrical Test component contacting and (testing)
Marking Laser marking/inspection
Lead/surface inspection 2D, 3D, 5S co-planarity, surface
Taping Tape, Tube, Tray
## Full Range of Products Offered

<table>
<thead>
<tr>
<th>Segments</th>
<th>Discretes</th>
<th>ICs</th>
<th>Dies</th>
<th>LED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Segments</td>
<td>Discrete</td>
<td>SOIC QFN small</td>
<td>SOIC QFN small &amp; large</td>
<td>Bare die Bumped die</td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td></td>
<td></td>
<td>Power Multi-LED</td>
</tr>
<tr>
<td>Functions</td>
<td>Test</td>
<td>Inspect</td>
<td>Pick from wafer</td>
<td>Test</td>
</tr>
<tr>
<td></td>
<td>Inspect</td>
<td>Sort</td>
<td>Test</td>
<td>Inspect</td>
</tr>
<tr>
<td></td>
<td>Sort</td>
<td>Tray</td>
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<td></td>
<td>Tape &amp; reel</td>
<td>Tape &amp; reel</td>
<td>Tape &amp; reel</td>
<td>Tape &amp; reel</td>
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<tr>
<td>Key Competences</td>
<td>Handling of small parts</td>
<td>Process integration</td>
<td>Flexible handling</td>
<td>Handling of small dies</td>
</tr>
<tr>
<td></td>
<td>Contacting Vision</td>
<td>Contacting Vision</td>
<td>3D vision</td>
<td>Contacting Vision</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>
Global Presence in All Key Semiconductor Markets
Ismeca Serves Most Key Players in Semicon
Ismeca Semiconductor

Revenues

Operating Earnings

in Mio. CHF

in Mio. CHF
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Group Performance

Revenues

Operating Earnings

Schweiter Technologies
Group Performance

Revenues per Head

Net Assets in % of Revenues

in TCHF

0 100 200 300 400 500 600

2003 2004 2005 2006 2007

0% 10% 20% 30% 40% 50% 60%

2003 2004 2005 2006 2007

Schweiter Technologies
Group Results 2007

Development Earnings per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Textile only</th>
<th>„Bubble“/Workout</th>
<th>Shift/Optics</th>
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<tbody>
<tr>
<td>1996</td>
<td>5.0</td>
<td>0.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>1997</td>
<td>10.0</td>
<td>15.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>1998</td>
<td>20.0</td>
<td>25.0</td>
<td>-15.0</td>
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<td>2007</td>
<td>30.0</td>
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## Portfolio Strategy

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEX</td>
<td>🌤️ Market declining</td>
<td>🌈 Asian manufacturing</td>
</tr>
<tr>
<td>✓ Strong market position</td>
<td></td>
<td>🌈 Emerging local markets (CN, IN)</td>
</tr>
<tr>
<td>✓ Sustainable free cash flow</td>
<td></td>
<td>🌈 Selective acquisitions</td>
</tr>
<tr>
<td>✓ Lean structure</td>
<td>🌤️ Market dominance</td>
<td>🌈 Exploring Asian markets</td>
</tr>
<tr>
<td>OPT</td>
<td>🌤️ Market cycles</td>
<td>🌈 Selective acquisitions</td>
</tr>
<tr>
<td>✓ Dominant market leader</td>
<td></td>
<td>🌈 Growth in precision optics</td>
</tr>
<tr>
<td>✓ Full solution provider</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Strong key accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEM</td>
<td>🌤️ Market cycles</td>
<td>🌈 New applications</td>
</tr>
<tr>
<td>✓ Market &amp; technology leader</td>
<td></td>
<td>🌈 Asian manufacturing</td>
</tr>
<tr>
<td>✓ Global organization</td>
<td></td>
<td></td>
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<tr>
<td>✓ Strong key account management</td>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>
Group Evolution: Revenues

Revenues in Mio. CHF


Semicond.
Optics
Textile

Group Results 2007
Transformation into a Global Company

as % of total employees

1995 1999 2007

Americas
Asia

SCHWEITZER TECHNOLOGIES
Business Outlook 2008

SSM Textile Machinery
- Good order intake at beginning of 2008
- Last year’s volume expected
- Close down of site in Wuppertal, Germany and integration of business activities in Horgen. Expected cost in a low million CHF range

Satisloh
- Keep strong volume of 2007
- R&D investments and tight cost control
- Extend position in direct surfacing and Asian sourcing

Ismeca Semiconductor
- Strong backlog and improved cost structure to secure positive Q1/08
- Further development in key markets (e.g. retrofit manufacturing in China) and segments (LED, bare die, HF components)
- Improvement plan to be completed in H1/08: focus on innovation and manufacturing efficiency
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