

## Media release

### Figures for 2011

## Solid operating result in a difficult environment – high cash position – attractive dividend proposal

Horgen, March 8, 2012 – In 2011, orders received amounted to CHF 857.7 million (2010: 960.9). Net revenues reached CHF 785.6 million (2010: 932.1). This represents a decrease of 16% (–6% after adjustment for currency effects). SSM Textile Machinery suffered amid the downturn on the two core markets of China and India, but reported an impressive result overall. Ismecca Semiconductor was also impacted by a significant downturn in the semiconductor industry, but nonetheless achieved a positive result in the 2nd half. 3A Composites posted good results in the architecture and display segments, while the result achieved in the core materials market was adversely affected in the second half of the year by the strong downturn in China's wind power sector.

The Group's consolidated EBITDA totaled CHF 88.4 million (2010: 100.3), corresponding to a return on sales of 11%. Net income amounted to CHF 47.5 million (1H 2010: 49.6). At 3A Composites, substantial headcount adjustments, other operational improvements, early adoption of IAS 19 revised and the switch to a defined contributions scheme in connection with the change in pension fund reduced personnel costs as well as pension obligations and improved EBIT/EBITDA by around CHF 27 million and net income by CHF 22 million. Restructuring costs impacted the result by approximately CHF 5 million.

At the end of 2011, the Group reported liquidity totaling CHF 296 million and an equity ratio of 74%. A proposal will be put to the Annual General Meeting on May 9, 2012 that a repayment (exempt from withholding tax) of CHF 12 per bearer share

be made from reserves from capital contributions and that bonus shares be distributed from capital contribution reserves at a ratio of 18:1 – the shares will be distributed from treasury holdings. Provided liquidity is not required for larger acquisitions in 2012, a dividend payment of a similar magnitude is envisaged in 2013.

Rolf-D. Schoemezler will be stepping down from the Board of Directors on grounds of age upon expiry of the present term of office in May 2012. He joined the Schweiter Group in 1987 as CEO of SSM Textile Machinery and has been a member of the Board of Directors since 1993. The other members will be standing for re-election for a further term of office.

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

Schweiter Technologies Group (in CHF millions)	2011	2010 (restated)	Change
Orders received	857.7	960.9	-15%
Net revenues	785.6	932.1	-16%
EBITDA	88.4	100.3	-12%
EBIT	59.7	67.8	-12%
Net income	47.5	49.6	-4%

#### Information by division (in CHF million)

##### SSM Textile Machinery

Orders received	73.5	90.4	-19%
Net revenues	72.9	85.9	-15%
EBITDA	8.8	13.0	-32%
EBIT	8.3	12.6	-34%

##### Ismeca Semiconductor

Orders received	76.1	136.4	-44%
Net revenues	87.6	126.3	-31%
EBITDA	6.2	20.8	-70%
EBIT	5.2	19.8	-74%

##### 3A Composites

Orders received	708.1	734.1	-4%
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Net revenues	624.7	719.5	-13%
EBITDA	75.1	66.9	12%
EBIT	47.9	35.8	34%

### **SSM Textile Machinery**

Net revenues came to CHF 72.9 million (2010: -15%/-12% after currency adjustment), while EBITDA amounted to CHF 8.8 million (-32%), representing a healthy margin of 12% (15%).

At the beginning of the year, the previous year's positive market environment already started showing the first signs of slowing down in the core Asian markets of India and China. This situation became more accentuated in the second half of the year. Rising cotton prices and more challenging project financing conditions in China dampened the investment climate. This contrasted with better-than-expected trends in Bangladesh and Turkey. The opening up of attractive new markets in eastern Europe continued in 2011.

The rise in cotton prices favored investment in the processing of synthetic fibers, an area in which SSM is excellently positioned with products in the air texturing segment. At the end of the year, this attractive area of business was further strengthened by the acquisition of Giudici. The company is a leader in false twist texturizing technology, a system for processing ultra-fine nylon yarn and similar materials. Giudici's yarn texturizing technology complements SSM Textile Machinery's existing air-texturizing knowhow.

Product innovations unveiled at the ITMA in Barcelona and brought to market underline the company's technology leadership. High quality, flexibility and efficiency at all production sites guarantee enduring competitiveness and profitability.

### **Ismeca Semiconductor**

After a record year in 2010, the semiconductor industry experienced a noticeable downturn in the second half. Although net revenues declined by nearly one third to CHF 87.6 million (-31% / -20%), EBITDA came to CHF 6.2 million (-70%). Despite significantly lower volumes, Ismeca continued to post positive EBITDA in the 2nd six months of the year and was able to go some way toward smoothing the cycles in the semiconductor industry thanks to sound growth in revenues in the LED segment and the expansion of the spare parts and consumables business. In addition, the improved gross margins and shifts in costs to Asia had a lasting impact on earning power and are resulting in increased profitability across cycles.

Ismeca maintained its strong presence in the key markets of China, Taiwan and the Philippines and further consolidated its position in the developing Korean market, thereby creating additional sales

opportunities in the traditional semiconductor and LED market.

The HB LED market will continue to enjoy substantial growth in the future – innovations in the LED sector for optical and electrical testing and a new generation of turret machines underscore the technology leadership.

More than 80% of all products are now manufactured in Asia. The decision taken at the end of 2011 to relocate more business operations to Asia in response to currency factors further reduces the company's cost base. As a result, the company's headquarters in La Chaux-de-Fonds are concentrating even more on development, innovation and prototype construction.

### **3A Composites**

A temporary but significant decline in the wind power market in China led to a weaker 2nd half for 3A Composites despite *Architecture's* very solid performance in Europe. Overall, this resulted in net revenues of CHF 624.7 million (-13% / -3%) and EBITDA of CHF 75.1 million (+12%).

Overall, *Core Materials* defended its market lead. However, sales in other countries were not sufficient to offset the temporary decline in volumes in China. Overcapacity and high pressure on costs resulted in increased competition, which had a negative impact on the margin. However,

over the longer term, lower costs in the value chain are making wind farms more attractive, and 3A Composites stands to benefit from this more than most. Its leading market position is strengthened by a joint venture concluded with the largest local manufacturer of structural foams coupled with its dominant position in balsa wood.

The marine market, which declined sharply during the financial crisis, showed a slight recovery in the US. However, the market as a whole is only slowly approaching its original level.

Overall, the *Architecture* business developed very well in Europe despite weak conditions in the construction sector in the south. Eastern Europe showed pent-up demand with very positive growth rates. The market in the US recovered slightly. New regulations led to a pleasing trend in demand for certified fire-resistant products. In the Middle East, additional market share was gained, although margins remained low. In China, revenues increased significantly thanks to good market coverage and the launch of modular wall components and acoustic ceiling solutions. This represented a successful expansion of the product range in the direction of higher value creation.

Markets relevant to the *Display* unit developed in sync with the general economic situation. While demand in

Northern and Central Europe increased sharply, Southern Europe saw a decline in advertising activities. The main drivers behind the nonetheless gratifying increase in revenues were new, particularly light and rigid products for customer-specific surfaces. In the US, the retail market developed somewhat sluggishly. The growing trend toward digital printing is opening up opportunities for additional high-value 3A Composites products.

business in the US and future economic developments.

### **Outlook**

All divisions began the new year at roughly the same level as the previous year. SSM Textile Machinery and Ismeca Semiconductor are expected to see business pick up in the second half of the year. At 3A Composites, extensive restructuring measures and organizational adjustments led to significantly leaner structures and a reduced cost base. These measures mark the successful completion of the integration of the Composites activities into the Schweiter Group. The full impact of these cost savings will be felt from 2012 onward.

The Chinese wind power market is expected to return to attractive growth in the second half of 2012 at the earliest. In the architecture market, Asia in general and China in particular offer attractive growth opportunities. In Europe, the focus is on innovations and high-value products. There is a close correlation between the trend of