SCHWEITER TECHNOLOGIES

Media release

Results for 2006

Successful financial year – sharp rise in revenues in all divisions, higher profitability in textiles and optics

Horgen, March 2, 2007 – The unaudited accounts for 2006 show that orders received by the Group increased 25% to CHF 477.0 million (2005: 382.5 million). Revenues grew 32% to CHF 461.0 million (2005: 349.1 million). All divisions contributed to this sharp rise: SSM Textile Machinery +26%, Satisloh +22% and Ismeca Semiconductor +69%. Satisloh's share of the Group's total revenues is over 50%.

The Group reported an operating result (EBIT) of CHF 37.3 million (2005: 12.4 million). SSM Textile Machines accounted for one third of this figure, while Satisloh generated two thirds. Although Ismeca Semiconductor succeeded in eliminating the previous year's heavy loss, it only achieved break-even for the year just ended.

Net income came to CHF 33.4 million (2005: 19.0 million). Factoring out approximately CHF 8 million in divestment proceeds earned in 2005, this is three times the previous year's figure.

The Group posted liquidity of CHF 78 million at the end of 2006. Deduction of interest-bearing liabilities produced a net cash position of CHF 68 million. The equity ratio stood at 60%.

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

Schweiter Technologies AG, Neugasse 10, CH – 8812 Horgen, Switzerland
Tel. +41 44 718 33 11 Fax +41 44 718 34 51 info@schweiter.com
www.schweiter.com

Key figures

Schweiter Technologies Group (in CHF millions)	Total 2006	Total 2005	Change
Orders received	477.0	382.5	+25%
Gross revenues	461.0	349.1	+32%
Operating result	37.3	12.4	+201%
as % of gross revenues	8.1%	3.6%	
Net income from continuing operations	33.4	11.1	+201%
Net income	33.4	19.0 *	+76%

Segment information by division (in CHF millions)

SSM Textile Machinery			
Orders received	108.4	84.3	+29%
Gross revenues	104.8	83.0	+26%
Operating result	12.4	7.7	+61%
as % of gross revenues	11.8%	9.3%	

Satisloh			
Orders received	254.0	221.3	+15%
Gross revenues	242.3	198.5	+22%
Operating result	26.0	13.2	+97%
as % of gross revenues	10.7%	6.6%	

Ismeca Semiconductor			
Orders received	114.6	76.9	+49%
Gross revenues	113.5	67.3	+69%
Operating result	-0.2	-8.5	–
as % of gross revenues	–	–	

* of which income from discontinued operations: CHF 7.9 million

SSM Textile Machinery

There was a sharp increase in demand for textile machines, driven in particular by rapid expansion in Turkey and the Indian subcontinent, where volumes doubled year-on-year. Together, they accounted for around 40% of total revenues. After several years of low demand for air texturing, there was a marked revival in both this segment and in monofilament hardware – the main reason being the successful market launch of the new PW 2 generation of machines. The 26% rise in revenues while headcount remained steady resulted in a significant improvement in results and margins. At 12%, the operating margin was once again very satisfactory.

Satisloh

Satisloh posted pleasing growth in both revenues and results. There were considerable advances in the "surfacing" (+50%), "consumables" (+25%) and "spare parts" (+35%) business segments, in particular. The US market remained the primary growth driver (+22%), although Europe expanded appreciably in the wake of the successful launch of freeform technology. At CHF 26 million, EBIT doubled year-on-year and the margin rose to a highly respectable 11%.

Ismeca Semiconductor

As expected, the second half of the year was characterized by weaker demand. Revenues for 2006 as a whole were nonetheless good, at CHF 113 million or almost 70% higher than the previous year. The division broke even in 2006, but nevertheless fell far short of the target operating result. This was due to a persistent price war, lower margins upon entering market segments with great potential for the future, and cost overlaps connected with the building up of production facilities in Malaysia. As of the end of the year, these plants had a workforce of around 120, or approximately one third of the planned total.

Outlook

All divisions began the new financial year with healthy order books. SSM Textile Machines is profiting from the ongoing prosperity and expansion of the sector overall, as well as its own lean structures. Satisloh looks likely to widen margins further as volumes remain high. There has been a slight improvement in Ismeca Semiconductor's gross margin following the determined implementation of relocation to Asia. Volume trends for the year as a whole will have a lasting impact on results.

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