

SCHWEITER TECHNOLOGIES

Media release

Figures for 2009

Better prospects for 2010 – strong strategic positions in all divisions. Cash holding around CHF 300 million – operating loss in 2009

Horgen, March 23, 2010 – In 2009, the order intake from continuing operations amounted to CHF 175.2 million (2008: 134.7). Revenues from continuing operations amounted to CHF 132.6 million (2008: 158.1). Both SSM Textile Machinery and Ismeca Semiconductor suffered from the weak state of the industry. Thanks to a marked improvement in the second half of the year, both divisions ended the year as a whole with single-digit losses. The acquired composite materials business 3A Composites was consolidated for one month. On a pro forma basis, sales came to CHF 679 million in 2009 (2008: 907) and EBITDA CHF 60.3 (2008: 95.7).

The Group's consolidated operating profit (EBIT) totalled CHF –20.4 million (2008: –2.9). The result was a net loss of CHF –20.4 million (2008: 450.7). The impact of IFRS-related purchase price adjustments and the cost of 3A Composites becoming an independent entity depressed the 2009 operating result by around CHF 5.5 million.

The Group posted year-end liquidity totalling CHF 302 million. The equity ratio exceeds 70 %. A dividend of CHF 9.00 per bearer share will be proposed at the Annual General Meeting on May 12, 2010.

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

	Total	Total	Change
Schweiter Technologies Group (in CHF millions)	2009	2008	
Orders received – from continuing operations	175.2	134.7	+30%
Gross revenues – from continuing operations	132.6	158.1	–16%
Operating profit – from continuing operations	–20.4	–2.9	–
Net income	–20.4	450.7	–
Segment information by division (in CHF millions)			
Continuing operations:			
SSM Textile Machinery			
Orders received	47.9	74.2	–35%
Gross revenues	38.6	81.7	–53%
Operating result	–7.3	0.1	–
Ismeca Semiconductor			
Orders received	54.2	60.5	–10%
Gross revenues	45.9	75.9	–40%
Operating result	–8.2	–0.3	–
3A Composites (December)			
Orders received	73.0	–	
Gross revenues	47.6	–	
Operating result	–3.6*	–	

* incl. purchase price adjustments and the cost of creating an independent entity.

SSM Textile Machinery

In an extremely difficult market environment, sales were 53% lower at CHF 38.6 million. Strict cost management and short-time working hours reduced the fixed costs significantly. The operating loss amounted to CHF -7.3 million.

The sharp drop in new orders from mid-2008 onward became more accentuated in 2009. All regions reported a substantial decline in demand. Even markets which have historically been strong and stable, such as China, India and Turkey, fell to their lowest levels for years. Investment in these markets practically came to a standstill because of a dramatic slump in both exports and local consumption of textile products.

It was not until the third quarter that a steady recovery in new orders began to emerge, led by the Asian countries and first and foremost China. A more optimistic assessment of the future, growing local markets and an improvement in consumer behaviour led to a clear revival in the market. Toward the end of the year, there was also a renewed increase in investment in capacity expansion.

SSM saw the emergence of an attractive new market in eastern Europe and central Asia; although in absolute terms this is still of secondary significance, the growth outlook is encouraging.

Continuing investment in development even during the crisis has ensured that product innovations will be ready for the ITMA Asia

trade fair (2010) and the ITMA 2011 in Barcelona. Moves to relocate capacity to our own plant in China are steadily continuing. 2010 will witness the market launch of the first product to have been developed and manufactured entirely in Asia, generating additional cost savings.

Ismeca Semiconductor

The sharp downturn in the semiconductor industry reached a historic low during the first half of the year. With Ismeca Semiconductor unable to escape this downturn, sales came to no more than CHF 45.9 million – representing a decline of 40%. The gross margin was maintained despite the unfavourable environment. In Ismeca's case too, further reductions in fixed costs kept the loss within limits. The operating result came to CHF -8.2 million.

In 2009, the market declined by a massive 70% compared to 2006/2007. In the second half of the year, there was a moderate upturn which really gained momentum in December.

Despite the crisis, Ismeca focused on expanding its strategic position. One result of this was that development expenditure reached a ten-year peak. New testing/finishing machines for very small chips and very high frequencies were successfully launched on the market. Further innovations in the semiconductor/LED sector were prepared for market launch in the first half of 2010.

More than 70% of production has now been relocated to Malaysia, resulting in substantial improvements in margins and less dependence on the US dollar. The parent company in La Chaux-de-Fonds is still concentrating on innovation and special machines.

3A Composites

As of November 30, 2009, a deal to take over Alcan Composites was concluded with the Rio Tinto Group.

This new division of Schweiter makes composite panels and materials for sandwich constructions and focuses on the architecture, display, marine, transportation and wind power markets. The company is regarded as the market leader in all target markets. Suitable combinations of materials are formulated on the basis of the requirements of the relevant applications and are manufactured in large volumes using industrial processes.

In all target markets, 3A Composites offers a unique product range for the respective high-end segment and owns the brands that define the category, including Alucobond, Airex, Baltek, Dibond, Gator, Kapa, Alucore and others.

The division sees itself as a global industrial company which aims to grow at 2-3 times the rate of the global economy, while at the same time achieving solid, double-digit EBITDA margins.

In the consolidated financial statements 3A Composites was consolidated for one

month. Extraordinary expenses in connection with purchase price adjustments ("purchase price accounting") and the cost of making the company an independent entity depressed the annual result by around CHF 5.5 million.

Outlook

All divisions began the new year with well-filled order books. Although 2010 is not yet likely to see a return to the boom years, a significant improvement is emerging in comparison with 2009. SSM Textile Machinery and Ismeca Semiconductor are back in the black. Both are currently focusing mainly on output and meeting delivery deadlines. 3A Composites is once again increasingly focusing management capacity on the market and customer service, despite numerous spin-off projects and projects to create independent entities. The composite and core materials business is developing according to plan and is making better progress than last year.

The main strategic focus is still on channelling the available liquidity – which still stands at around CHF 300 million – into investments which create shareholder value.