

Media release

Figures for 2016

Schweiter impresses with double-digit growth in revenues and profit – sales exceed one billion Swiss francs for the first time

Horgen, 13 March 2017 – In the 2016 financial year, Schweiter Technologies broke through the CHF 1 billion revenue mark for the first time and once again posted a double-digit increase in sales and earnings. Net revenues rose to CHF 1,003.4 million (2015: CHF 915.4 million), an increase of 10% (+8% in local currencies) - the organic growth amounted to 3%. Both divisions contributed to the sales growth. 3A Composites confirmed the previous year's growth trend and grew its revenues by 9% (+8% in local currencies), while SSM Textile Machinery returned to its growth trajectory after a weaker 2015, posting a 16% increase in sales (+15% in local currencies).

Earnings grew at a faster rate than sales, and new records were set. The group's EBITDA rose 36% to CHF 125.0 million (2015: CHF 92.1 million), representing an organic growth of 25%. EBIT was 48% higher at CHF 97.2 million (2015: CHF 65.9 million), while net income increased by 41% to CHF 70.6 million (2015: CHF 50.1 million).

Cash flow from operating activities amounted to around CHF 98 million, a rise of 49% versus previous year. Cash and cash equivalents increased to CHF 179 million, after a dividend payment of around CHF 57 million. An unchanged distribution of CHF 40 per bearer share will be proposed at the Annual General Meeting on 25 April 2017.

Schweiter Technologies is holding its annual media conference today at Hotel Marriott, Neumühlequai 42, Zurich, at 11.00 a.m.

The 2016 Annual Report and investor presentation can be found at: <http://www.schweiter.ch/s1a200/investoren/geschäftsberichte-präsentationen.html>

Key figures

Schweiter Technologies Group (in CHF millions)	2016	2015	+ / -
Orders received	1,048.3	955.2	10%
Net revenues	1,003.4	915.4	10%
EBITDA	125.0	92.1	36%
<i>as a % of net revenues</i>	12.5%	10.1%	
EBIT	97.2	65.9	48%
Net income	70.6	50.1	41%
Information by division (in CHF millions)			
3A Composites			
Orders received	946.5	885.5	7%
Net revenues	917.2	840.8	9%
EBITDA	115.4	85.5	35%
<i>as a % of net revenues</i>	12.6%	10.2%	
EBIT	88.7	60.5	47%
SSM Textile Machinery			
Orders received	101.8	69.7	46%
Net revenues	85.9	74.3	16%
EBITDA	12.7	9.1	39%
<i>as a % of net revenues</i>	14.8%	12.3%	
EBIT	11.6	8.0	46%

3A Composites

After its strong performance in 2015, 3A Composites recorded another very good business year. Growth was driven not only by acquisitions, the successful launch of product innovations and expansion of the Display offer, but also by market share gains in the Core Materials sector.

The Display business in Europe once again experienced stronger growth than the economy as a whole. The European Architecture business recorded a marked increase in the second half of the year, whereas the first six months were affected by the comprehensive overhaul of a production facility and the associated limitations on capacity. The Architecture business saw significant growth in Asia, particularly India and the Middle East,

and also set a new record for revenues in the Asia-Pacific region. The positive overall trend was slowed by a temporary weakness in China, with the result that in Asia the Architecture business achieved only an average overall growth. The Transportation business maintained the encouraging growth trend of recent years, once again recording a double-digit growth.

EBITDA increased by an above-average 35% from the already strong figure for the previous year to reach a new record of CHF 115.4 million (2015: CHF 85.5 million). This growth in profitability was due not only to increased revenues but above all to the utilization of potential synergies with the Polycasa Group (acquired in 2015), as well as to

efficiency improvements at various locations and a positive trend in raw material prices.

Architecture

The construction sector in Europe continued to enjoy strong, stable conditions in 2016, helped by the historically low level of European interest rates. Gratifying revenues were generated in the core markets of Germany, Switzerland and Austria, while in France and the UK a normalization occurred after very strong sales in the previous year. Revenues in Italy and Spain rose again despite ongoing financing difficulties. There was also evidence of growth momentum in Eastern and Southeast Europe as well as Turkey.

Revenues in the American market increased at a significant rate. Growth was supported in the second half of the year in particular by a ramping-up of marketing activities, selective price adjustments and efficiency improvements due to a new production line.

The market position in the Asian Architecture business was further expanded. Revenues in Southeast Asia reached a new record, while in the Middle East the drop in sales suffered in 2015 was reversed despite continued, adverse political developments and persistently low oil prices. Temporary weakness in the Chinese architecture market prevented higher growth in Asia.

Display

European revenues once again grew at a faster rate than the economy as a whole. Contributory factors included product innovations for existing product lines and the expansion of the product offering to include transparent panel materials from the Polycasa Group (acquired in 2015). These products ideally complement the 3A Composites product portfolio. Consequently, joint marketing via existing distribution channels was already increased markedly in the first year following the acquisition.

The performance of the Display business in the US market was subdued due to a generally low rate of growth in target markets and the associated weak demand in the primary segment for graphic display panels. The market position was successfully maintained despite an intensification of competition.

Core Materials

The Core Materials business improved again significantly compared with the previous year. Double-digit increases in revenues and earnings were reported in both the wind and non-wind sectors; gains in market share could be realized. The focus within the Core Materials business remains on PET and balsa-based products. 2016 saw the first industrial customers acquired for BANOVA®. In general terms an ongoing switch is taking place from PVC to PET core materials. The commissioning of the new

PET production facility in the USA means that 3A Composites is now in a position to supply the US market as well with locally produced products.

Transportation

Supported by a doubling of sales in the bus sector, the Transportation business continued its pleasing trend of recent years to once again post a double-digit growth. Developments in the rail vehicles sector were mixed. Although sales of train front-ends exceeded expectations and sales of floor systems advanced compared with the previous year, sales of interior products failed to match the previous year's level.

Besides the bus and rail vehicles sector, 3A Composites is increasingly focused on the automobile and truck markets. Weight reduction solutions were developed in collaboration with leading OEMs, while the first advance contracts were concluded for series deliveries starting in 2018.

SSM Textile Machinery

With a 46% increase in orders received to CHF 101.8 million (2015: CHF 69.7 million), SSM Textile Machinery achieved its best result in 10 years.

Net revenues likewise improved at a double-digit rate to CHF 85.9 million (2015: CHF 74.3 million). EBITDA increased by an above-average 39% to CHF 12.7 million (2015: CHF 9.1 million).

With its revamped product portfolio, SSM Textile Machinery is in a position to provide the high-end as well as high-volume segments with its accustomed high quality levels. Markets in Bangladesh, Taiwan and Uzbekistan showed a very pleasing trend, while revenues also increased in the high-end markets of Europe and North America. Sales in China and India grew during the second half of the year, matching the previous year's level.

Outlook

Both divisions have begun the new year successfully.

A continued, solid business performance is expected for 3A Composites – even if the high growth rates of the last couple of years are unlikely to be repeated on the same scale.

Supported by the high level of order backlog, SSM Textile Machinery is optimistic about the 2017 financial year.