

SCHWEITER TECHNOLOGIES

Media release

Figures for 2017

Growth in revenues and a sharp rise in net income

Horgen, March 9, 2018 – Schweiter Technologies generated another year of revenue growth and a sharp rise in net income for the 2017 financial year.

Net revenue from continuing operations increased 7% (+6% in local currencies) to CHF 980.2 million (prior year: CHF 917.5 million). Organic growth was 4%. Group EBITDA grew to CHF 114.4 million (prior year: CHF 112.3 million), equivalent to 11.7% of revenue. EBIT improved to CHF 87.3 million (prior year: CHF 85.6 million) and net income from continuing operations increased 27% to CHF 77.0 million (prior year: CHF 60.5 million) in part due to favourable exchange rate gains. Athlone Extrusions, acquired as at 31 July 2017, made a positive contribution to revenue and earnings. Overall net income came in at CHF 172.0 million (prior year: CHF 70.6 million) and includes a gain of CHF 95.0 million from discontinued operations.

Cash and cash equivalents exceeded CHF 230 million even after a dividend distribution of approximately CHF 57 million. The Board of Directors will propose a special dividend of CHF 5 per share in addition to the ordinary dividend of CHF 40 per share at the General Meeting on April 13, 2018. This results in a proposed total dividend pay-out of CHF 45 per share. In addition, the Board of Directors will propose the transfer of the company's registered office to Steinhausen.

The media conference is being held in Zurich at 11.00 a.m. today at the Marriott Hotel, Neumühlequai 42.

The 2017 Annual Report and the investor presentation can be downloaded from: <http://www.schweiter.ch/s1a200/investoren/geschäftsberichte-präsentationen.html>

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Key figures

Schweiter Technologies Group (in CHF millions)	2017	2016	+ / -
Net sales	980.2	917.5	7%
EBITDA	114.4	112.3	2%
<i>in % of net revenues</i>	<i>11.7%</i>	<i>12.2%</i>	
EBIT	87.3	85.6	2%
Net income from continuing operations	77.0	60.5	27%
Net income from discontinued operations	95.0	10.2	
Total net income	172.0	70.6	143%

3A Composites

After a strong 2016, 3A Composites generated another robust financial performance in 2017. The Display business in Europe and the US registered strong growth and outperformed the overall economy. Revenues of the Architecture business in the US grew by double digit percentage. The Architecture business in Europe and Asia maintained good momentum on the back of a successful 2016.

The Core Materials business experienced weakened demand in the core markets of China and India in the second half of the year. While the Non-Wind business – mainly the US Marine market – reported strong growth, it was not sufficient to compensate for the decline in revenues in the Wind business.

The Transportation business once again posted healthy growth, generating a sharp increase in profitability.

Display

Revenues in Europe once again outpaced the overall economic growth. The business

benefitted from its broad product portfolio and its intensive marketing efforts which resulted in revenue growth especially in the areas of foam sheets, clear sheets, paper board and balsa-based products. The market position for aluminium composite materials remained strong. Sales rose significantly in Western Central Europe – Germany, Austria and Switzerland – and also notably in Italy, the Czech Republic and Poland. By contrast, the United Kingdom and France saw consolidation of business volumes following sharp revenue increases in the prior year. The acquisition of Athlone Extrusions, successfully completed at the end of July, added attractive multilayer plastic substrates to the product range.

The US Display business benefited from widespread modernization by prominent retail chains. Revenues were sharply ahead of prior year.

Architecture

The construction sector in Europe continued to enjoy strong, sustained growth, benefiting from historically low European interest rates. Core markets of Germany, Switzer-

land and Austria registered healthy growth on the back of a strong prior year. Revenues in the United Kingdom rose significantly despite uncertainties surrounding Brexit. Southern and Eastern Europe experienced volume consolidation, while revenues grew in Scandinavia and the Benelux countries.

US construction activity remained strong. Thanks to its strong market position and a focused marketing approach, revenues in the US increased by double-digit percentage.

In Asia, the business posted modest overall growth compared to prior year. Revenue growth in China more than compensated for a decline in revenues in the Asia-Pacific region. In the Middle East, business improved marginally despite a challenging political landscape and overall market weakness due to low oil prices. India experienced a strong shift in demand to fire-retardant materials.

A number of building fires in recent years has increased awareness of high-quality fire-retardant and non-combustible cladding panels. With more than 25 years' experience in this field, 3A Composites is ideally positioned to benefit from an increased need for building safety and more stringent fire safety regulations.

Core Materials

The Core Materials business could not quite repeat the strong performance of prior year.

Growth in the Wind business was affected by weaker demand in the core markets of China and India in the second half of the year.

Despite the challenging market conditions, the business was still able to increase its market share in the Wind business. The breadth of its product range – from products based on PET and PVC foam to balsa – enabled it to further expand its position as preferred supplier for customers in the Wind business.

The Non-Wind business benefited from strong demand for marine products in the US. The business's share of the global marine market increased once more in the 2017 financial year. Several weight-reducing solutions in the automotive field achieved market readiness, contributing to growth in the Non-Wind business.

The PET production facility in the US which commenced operations last year, combined with the continuing shift from PVC to PET core materials, produced positive effects on revenues and earnings.

Transportation

The Transportation business experienced another successful year. The Rail vehicles business posted substantial increases in revenues and earnings, with major contributions coming from interior products and floor systems.

The lightweight bus components business performed in line with expectations and on par with prior year's strong results.

Implementation of measures to improve quality and efficiency in the two production facilities in Switzerland and Poland combined with optimized procurement and project-management processes resulted in significant cost savings.

Outlook

3A Composites has made a successful start to the new financial year and prospects for the future remain solid. Though demand in the Wind business is expected to remain somewhat softer during the first half of the year, its prospects in the medium to long term are still healthy. The Display and Architecture businesses should benefit from generally positive economic prospects, and from the persistently high level of construction activity in the core markets of 3A Composites. The Transportation business is building upon a solid order backlog and is benefiting from a sustained trend towards weight-saving solutions in the transportation sector. The integration of Athlone Extrusions, acquired in 2017, will further strengthen the Display business and make a positive contribution to its success.