SCHWEITER TECHNOLOGIES

Media release

Figures for 2013

Growth in sales, good result – forecasts met

Horgen, March 17, 2014 – Schweiter Technologies had a good financial year in both the composite material business and textile machinery. Group orders received totalled CHF 706.1 million in 2013 (2012: 666.1), a year-on-year increase of 6%. Net revenues from continuing operations amounted to CHF 686.2 million (2012: 673.5). This corresponds to an increase of 2%. 3A Composites posted very good results in the architecture and display segments. The core materials business also delivered a respectable result despite persistent competitive and cost pressures in China's wind power sector. SSM Textile Machinery increased its revenues and, in particular, its net result.

EBITDA stood at CHF 68.7 million (2012: 81.1). Positive one-off effects in 2012 (notably a CHF 10.6 million decrease in pension obligations that was recognized in income) and non-capitalized investments in new products and applications produced a lower result by comparison with the previous year. Net income came to CHF 30.2 million (2012: 60.8). The 2012 figure included income from discontinued operations (Ismeca Semiconductor) of CHF 20.7 million.

Cash flow from operating activity came to approximately CHF 39 million. Liquidity exceeded CHF 350 million and the equity ratio was 76%. An unchanged distribution of CHF 40 per bearer share will be proposed at the Annual General Meeting on May 7, 2014.

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

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Key figures

Schweiter Technologies Group (in CHF millions)	**2013**	**2012**	**+ / -**
Orders received	706.1	666.1	6%
Net revenues	686.2	673.5	2%
EBITDA before effect of change in pension obligations	68.7	70.5	-3%
EBITDA	68.7	81.1 [1)]	-16%
EBIT	45.5	54.2 [1)]	-16%
Net income from continuing operations	30.2	40.1 [1)]	-25%
Income from discontinued operations	-	20.7	-
Net income	30.2	60.8	-50%

Information by division (in CHF millions)

3A Composites			
Orders received	627.9	594.5	6%
Net revenues	612.0	603.8	1%
EBITDA before effect of change in pension obligations	57.6	68.8	-16%
EBITDA	57.6	76.2	-24%
EBIT	35.5	50.4	-30%

SSM Textile Machinery			
Orders received	78.2	71.6	9%
Net revenues	73.7	69.3	6%
EBITDA before effect of change in pension obligations	8.1	5.2	56%
EBITDA	8.1	8.4	-4%
EBIT	6.9	7.4	-7%

[1)] CHF 10.6 million improvement in the result at EBIT/EBITDA level and CHF 8.6 million at the net income level owing to a reduction in staff pension obligations (lower conversion rate and headcount adjustments)

3A Composites

All in all, 3A composites can look back on a solid financial year. The increase in orders is due to the performance of the display and in particular the architecture segments, which benefited from construction activity in Central and Northern Europe and from double-digit growth rates in Asia.

Sales increased slightly by 1%, although revenues in the core materials segment were again affected by challenging market conditions in the wind industry and declined by about 10%. Revenues in the transportation segment were also lower on account of the postponement of individual projects and sluggish investment in public transport.

As a result, EBITDA came to CHF 57.6 million (2012: 68.8). The reduction is primarily the consequence of one-off effects in the previous year (including a reduction in staff pension obligations and adjustments to the US Medical Plan) and non capitalised investments in new products and application in the year under review.

Thanks to on-going innovation, architecture recorded strong growth in high-end facade projects. Whereas in the USA results in the institutional building market came in below average, Europe, Asia and the Middle East posted double-digit revenue growth. Despite signs of an incipient improvement, Southern Europe was still suffering from the effects of the financial crisis. Aside from innovations, there was also an increase in demand for certified fire-resistant products. A successful acquisition in India at the end of the year further strengthened the company's local presence and competitiveness in this region. Product integration of additional functions and steps in the value-added chain translated into gains in market share in China.

The *display business,* which is very dependent on the general economic climate, witnessed a gratifying trend in the USA and Europe. Here, too, consistent product innovation boosted market share, helped 3AC to set itself apart from the competition and created a solid basis for future growth. The Irish PVC and PET sheet manufacturer acquired in mid-2012 contributed to this process and facilitated further expansion of the product range.

In the *core materials* sector, the process of consolidation in the global wind farm market continued. Substantial improvements in technology and cost efficiency have enhanced the competitiveness of wind energy, which has anchored the industry's long-term prospects. Whereas overcapacity and cost pressures created difficult business conditions in China in the past year, business performance in the USA and Europe was satisfactory. The dominance of balsa and the focus on innovative rigid foam products was a successful response to the long-term trend to more environmentally friendly products. This includes, among other things, a USD 15 million investment program for the most modern balsa production processing plant in Ecuador.
The marine market continued its gradual recovery in 2013, even if volumes were not yet back at the pre-crisis level.

In the *transportation* segment, 3A Composites enjoys a strong position not only in core and sheet materials, but also in the market for integrated system solutions for railway vehicles and buses. Stricter environmental regulations and, hence, pressure on customers to reduce the weight of their products led to a sharp rise in calls for tenders for lightweight construction solutions. Whereas on the one hand public authorities in Europe exhibited a certain reluctance to invest, we began to tap the considerable potential of Asia. First prototypes have already been delivered to numerous Chinese key customers.

SSM Textile Machinery

SSM posted net revenues of CHF 73.7 million (+6%) and EBITDA to CHF 8.1 million

(+56% on a like-for-like basis). This very good result reflects the increase in sales and in particular the disproportionately large improvement in the results of the Italian subsidiary acquired in 2012, which specializes in the processing of ultra fine synthetic yarn.

Outlook

Both divisions have had a successful start to the new year with solid levels of new orders. SSM Textile Machinery can look forward to an on-going recovery in the Asian markets. Of the two segments in 3A Composites, architecture continues to benefit from solid construction activity and the display business from the continued economic recovery. In the core material business revenues for the start of the year are satisfactory and ahead of the previous year.