

Media Release

Figures for 2020

Substantial jump in profitability and a record-high result

Steinhausen, March 5, 2021 – Schweiter Technologies posted a record-high result amid challenging market conditions. Despite the COVID-19 pandemic and negative currency effects, the Group posted sales of CHF 1,160.2 million in 2020, which was only slightly lower than the previous year's CHF 1,179.6 million (-2%). In local currencies, sales were +3% higher versus 2019. Group EBITDA improved by a staggering +43% compared with the previous year (+49% in local currencies), reaching a new record high of CHF 175.7 million. The return on net sales rose by close to 5 %-points to 15.1%. EBIT also rose faster than sales to CHF 137.6 million (previous year: CHF 85.2 million), while net income increased to CHF 103.5 million (previous year: CHF 60.0 million).

Operating cash flow came to about CHF 158 million, equivalent to a year-on-year increase of more than 51%. Cash and cash equivalents rose to around CHF 164 million following a dividend distribution of approximately CHF 57 million.

At the General Meeting on April 1, 2021, the Board of Directors will propose paying a dividend of CHF 40 per bearer share and to elect two new independent members of the Board of Directors. A change at the top of the management board is also planned for 2022.

The 2020 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

<i>Schweiter Technologies Group (in CHF m)</i>	2020	2019	+ / -
Net revenues	1,160.2	1,179.6	-2%
EBITDA	175.7	123.1	+43%
as a % of net revenues	15.1%	10.4%	
EBIT	137.6	85.2	+61%
Net income	103.5	60.0	+73%

Business performance

In a year dominated by the COVID-19 pandemic, the diversification of Schweiter Technologies proved to be a strength. While some market segments and geographies were affected by the lockdown measures and had to cope with a steep fall in demand, the European display business in particular, with its variety of clear sheet products, and the Core Materials business for the wind energy sector benefited from firm demand.

The Group responded promptly to the pandemic in order to ensure that production continued uninterrupted while protecting the health of its employees. In particular, production at sites that manufacture transparent sheets for protection against infection were operating at the limits of capacity. Moreover, demand from wind energy customers picked up appreciably following a strong performance the previous year.

A flexible response at production sites with lower capacity utilization coupled with lower raw material costs and selective price adjustments produced a disproportionately large increase in profitability and a record-high result.

Display

The European display business was marked by two contrasting trends. On the one hand, clear sheet production was running at full capacity, and the company took a number of measures so as to be able to meet the exceptionally high demand for transparent sheets. On the other hand, display revenues in the areas of advertising, trade fairs and interior design plummeted between March and September.

The US display business also suffered a massive downturn in demand in these areas. The integration and restructuring of the foamboard business of Newell Brands Inc., acquired in September, was set in motion successfully as planned. The acquisition will contribute to the Group's profit growth as of the coming year.

Growth in profitability clearly outpaced sales growth owing to falling raw material prices, high capacity utilization in clear sheet production, a temporary reduction in production capacity plus strict cost discipline at all sites.

Architecture

The Architecture segment produced very mixed results in regional terms. While sales in the USA increased further following a strong performance the previous year, the European and Asian businesses fell short of the 2019 levels.

The construction sector in Europe showed wide differences from country to country. Construction projects in Central Europe, primarily Germany, continued virtually unabated, whereas construction activity in some core markets such as France, the United Kingdom, and southern Europe came to a complete standstill at times owing to the pandemic. On top of this, the ongoing uncertainties surrounding Brexit had a negative impact on demand in the UK.

Construction in Asia was also very mixed regionally, impacted by project delays and building freezes. In China, the construction business practically came to a standstill in the first quarter but then recovered gradually, reaching gratifying levels by the fourth quarter. The markets in India and the Middle East felt the impact of the pandemic with a certain time lag.

The US construction industry was also hit by temporary lockdown measures, but nevertheless managed to gain market share and post further sales growth despite the pandemic-related challenges. Amid challenging market conditions, sales continued to rise, driven by the strategic expansion of the customer base, an ever improving service level, and intensified consulting services for technical applications.

Core Materials

The Core Materials segment maintained the previous year's strong momentum despite COVID-19-related challenges, posting double-digit revenue growth. In particular, the ongoing firm demand for core materials for the wind energy sector was a key factor in the steep sales gains and resulted in very high capacity utilization at the production sites and disproportionately high profit growth.

In regional terms, China again reported the strongest sales growth following significant increases the previous year. Demand from wind customers in the USA and Europe also trended strongly. Moreover, sales in the US marine market outpaced the previous year as of the second quarter, whereas revenues in the European Non-wind area were lower year-on-year.

3A Composites has a great competitive advantage since it covers the entire value chain in the balsa business, from seedlings to its own FSC[®]-certified plantations in Ecuador and Papua New Guinea and right up to the finished products. This makes the business less exposed to rising raw material prices and moreover ensures reliable delivery of balsa products to its customers.

A new PET production facility in China started the production at the end of 2020 in order to be closer to Asian customers and to be better able to meet the steeply rising demand.

Transport & Industry

After the most successful year in its history to date, the Mobility segment reported a double-digit decline in its sales revenue.

The Road Vehicles business was particularly hard hit by the current crisis because the component market for coaches collapsed almost completely as of the second quarter and did not stage any significant recovery for the rest of the year.

Sales revenue in the Rail business also fell short of the previous year, although the decline in this area was not nearly as steep.

Despite numerous adverse circumstances, the segment managed to turn in a satisfactory profit by promptly adjusting capacity and imposing strict cost management.

Outlook

3A Composites has gotten off to a strong start in the new year. However, business performance will be determined by the future course of the pandemic and the economic impact of the related lockdown measures. Nevertheless, it will be difficult to repeat the record result from the previous year in 2021.

The Display segment already demonstrated in the third quarter of 2020 that a swift recovery of the markets is possible. Assuming positive news about vaccines, additional economic stimuli, and an end to political uncertainty in the USA, we anticipate a gradual recovery of the retail trade and, along with that, an upturn in revenues for advertising and shop design. On the other hand, we

expect that demand for transparent sheets for protection against infection will weaken.

The Architecture segment should benefit in 2021 from a catch-up effect from postponed projects along with the implementation of projects that have already been initiated. However, a temporary stagnation in the USA is to be expected in the second half of 2021 because the fall-off in new building projects in 2020 will take some time before it affects the façade market.

The Core Materials segment forecasts demand to remain high in the wind energy business area. Moreover, the Non-wind area holds out the promise of additional growth opportunities. On the other hand, sales prices, especially in China, can be expected to fall owing to changed market conditions and tougher competition.

The Transport segment anticipates a challenging year because the market for buses will remain weak before any recovery sets in. The demand for rail vehicles, by contrast, is more robust but, depending on how the pandemic plays out, there may be further postponements of infrastructure projects, which would have a direct impact on demand for trains and railways.

General Meeting

Based on Art. 27 of the Federal Council's Ordinance 3 on Measures to Combat the Coronavirus (COVID-19 Ordinance 3), the General Meeting on April 1, 2021 will be held, as it was last year, without the presence of shareholders in person. Voting rights may be exercised through written or

electronic power of attorney delegated to the independent proxy holder. Further information will be sent with the Invitation.

The Board of Directors will propose paying an unchanged dividend of CHF 40 per bearer share at the General Meeting. This adds up to a total payout of about CHF 57 million.

Motion for the election of KPMG as auditor

To ensure good corporate governance, the office of auditor was re-tendered. The Board of Directors will propose to the General Meeting of April 1, 2021 the appointment of a new auditor. KPMG is to replace Deloitte, which has served as the auditor of Schweiter Technologies Ltd. for more than 20 years. The Board thanks Deloitte for its many years of close cooperation.

Changes on the Board of Directors and Management

As previously announced, Lukas Braunschweiler will unfortunately not stand for re-election to the Board of Directors at the General Meeting on April 1, 2021 after serving on the Board for ten years. The Board of Directors thanks Lukas Braunschweiler for his deep commitment and his invaluable contribution to the company's development. The Board of Directors will propose to the General Meeting the election to the Board of Dr. Daniel Bossard, CEO of the Bossard Group, and Stephan Widrig, CEO of Zurich Airport AG as independent directors.

Heinz Baumgartner, who has been CEO of the Schweiter Technologies Group for many

years, will stand down from the post of CEO at his own request in spring 2022 but will remain a member of the Board of Directors. The search for a successor has begun, and the nominee will be announced in due course.