

Media information

Schlatter Group's performance in the 2010 financial year

Positive operating result with an increasing order intake and a slight decline in net sales

Schlitteren, March 16, 2011. **The Schlatter Group recorded a significant increase in the order intake to CHF 109.7 million in the 2010 financial year compared to the previous year (CHF 85.4 million). Net sales totaled CHF 119.7 million and were thus slightly lower than in 2009 (CHF 126.7 million). At the end of 2010, the order backlog amounted to CHF 38.6 million (CHF 48.6 million). The operating result (EBIT) of CHF 0.4 million (CHF –18.9 million) includes a gain on the sale of real estate in the amount of CHF 4.7 million. Net profit for the 2010 financial year totaled CHF 0.2 million (CHF –17.0 million.). Thanks to its substantial investments in new products and markets, the Group is well positioned to achieve profitable growth again in the coming years.**

Schlatter Group

The slight decrease in net sales of 5.5 per cent is mainly attributable to the severe impact of the euro exchange rate on Schlatter as an export-oriented company. Targeted measures such as the expansion of global sourcing, the entry into new markets, the hedging of customer orders and the optimization of the value chain did not eliminate the negative impacts of the strong Swiss franc but partly compensated for them.

While the Group had reported a large operating loss of CHF –18.9 million for the 2009 financial year, an operating profit (EBIT) of CHF 0.4 million and profit after taxes of CHF 0.2 million were generated in 2010 despite the reduction in sales. This improvement in the result was driven by the comprehensive restructuring measures implemented over the last two years, which have provided the Group with a very lean and flexible cost structure. The result also benefited from the gain on the sale of a plot of land in Schlieren not required for operational purposes in the amount of CHF 4.7 million.

The Schlatter Group significantly strengthened its balance sheet despite the continued difficult environment in the 2010 financial year. As of December 31, 2010, it reported a net financial position of CHF 6.1 million (CHF 1.1 million). The equity ratio increased from 33.5 per cent in 2009 to 44.3 per cent in 2010. The stable balance sheet and flexible and efficient cost structure will provide the necessary basis for future profitable growth.

Emerging markets offer opportunities for success

The Schlatter Group previously placed a strong focus on Europe and on Western markets – especially in the reinforcing mesh and industrial mesh business. However, over the last two years it has increasingly targeted the emerging markets in Asia, South America and India. This has enabled it to exploit new customer segments and to compensate for part of the decline in sales in traditional markets prompted by the economic climate. In China, Schlatter recorded a high level of demand for both its weaving machines and its rail welding equipment, while in South America, the Group was especially successful in marketing its mesh welding machines. In addition, the new partnerships in the area of mobile rail welding systems established in India and China in 2010 will enable the Group to significantly expand its market position in both countries.

Investments in new products

In line with its focus on enhancing efficiency for its customers, Schlatter continued to make targeted investments in the development of new products and applications in 2010. The Welding segment launched its first new product in the market for precast concrete elements, thus enabling it to broaden the range of applications for its highly automated welding technology. Both the Welding and Weaving segments are currently in the final development phase of further projects. It is planned that they will unveil four new types of machine in various markets in 2011. This comprises the further development of two existing types of machine as well as the launch of a new weaving machine and new welding equipment with a range of innovative applications – representing a promising expansion of its product range. The development of these products is carried out by internal specialists as well as in conjunction with external partners. This market offensive is designed to clearly position the Schlatter Group as a technology leader both globally and in all areas of the manufacturing of welding and special weaving machines, thus further consolidating its role in the market.

Outlook

The revival of demand across all markets and product areas, as well as the current development of the order intake, provides grounds for optimism that the Schlatter Group will once again achieve growth in the 2011 financial year. After two years of very limited capital spending by customers, there is now a need in many markets for them to invest in new production equipment. The growth in the sale of spare parts and services also points to the better capacity utilization of its customers' equipment. However, since the development of their business is directly dependent on global economic trends, any fluctuations in the price of raw materials, currencies or interest rates could affect their capital spending in the short term. The Schlatter Group has therefore drawn up a prudent plan to ensure it can respond to new developments rapidly and flexibly. By expanding its global presence and making targeted investments in new products and in its employees, the Schlatter Group will continue to pursue its strategy – which is focused on achieving long-term success – in the 2011 financial year.

A stable balance sheet with an adequate supply of capital and liquidity will form the basis for the Schlatter Group's future success. To preserve the company's strong capital base, the Board of Directors will propose to the Annual General Meeting on May 10, 2011, that no dividend be paid for the 2010 financial year.

The full version of the 2010 Annual Report (in German only) is available on the Schlatter Group's website at: <http://www.schlattergroup.com/de/investor-relations/downloads/gb2010.pdf>.

For further information

Schlatter Holding AG
 Werner Schmidli
 Chief Financial Officer
 Tel. +41 44 732 71 70
 Fax +41 44 732 45 02
werner.schmidli@schlattergroup.com

Financial calendar

16.03.2011	Publication of Annual Report 2010
10.05.2011	Annual General Meeting of Shareholders
16.08.2011	Publication of Half-Year Report 2011

Schlatter Group (www.schlattergroup.com)

The Schlatter Group is one of the leading specialists in plant engineering for resistance welding systems as well as weaving and finishing equipment for the production of paper machine clothing, wire fabrics and wire mesh. Thanks to its many years of experience in the field of plant technology, its innovative strength and its reliable service, the Schlatter Group – which is listed on the SIX Swiss Exchange – guarantees its customers a range of powerful and high-quality production equipment.

This media information contains certain forward-looking statements including statements using the words "believes", "assumes", "expects" or formulations of a similar kind. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the Company and those either expressed or implied by such statements. Such factors include, among other things: competition from other companies, the effects and risks of new technologies, the Company's continuing capital requirements, financing costs, delays in the integration of acquisitions, changes in the operating expenses, the Company's ability to recruit and retain qualified employees, unfavorable changes in the applicable tax laws, and other factors identified in this communication. In view of these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company accepts no obligation to continue to report or update such forward-looking statements or adjust them to future events or developments.

Schlatter Group key figures

		2010	2009
Net sales	CHF million	119.7	126.7
Change compared to previous year	%	-5.5	-48.8
Operating result (EBIT)	CHF million	0.4	-18.9
in % of net sales	%	0.4	-15.0
Net profit	CHF million	0.2	-17.0
in % of net sales	%	0.2	-13.4
Order intake	CHF million	109.7	85.4
Order backlog	CHF million	38.6	48.6
Headcount as of December 31	FTEs	444	488
Average headcount	FTEs	455	511
Net sales per employee	CHF 1,000	263	248
Interest-bearing liabilities	CHF million	5.4	15.6
Net financial position¹	CHF million	6.1	1.1
Gearing²	%	0.0	0.0
Free cash flow³	CHF million	6.4	3.4
Current assets	CHF million	52.6	68.5
Non-current assets	CHF million	21.5	25.1
Liabilities	CHF million	41.2	59.2
Equity	CHF million	32.9	34.5
Equity ratio	%	44.3	36.8
Return on equity (ROE)⁴	%	0.7	-39.8
Share data			
Share capital as of December 31	CHF 1,000	17,575	17,575
Total registered shares	Number	292,917	292,917
of which entitled to dividend payments	Number	291,786	291,474
Net profit per registered share ⁵	CHF	0.81	-58.26
Equity per registered share ⁵	CHF	112.50	118.26
Dividend per registered share	CHF	0 ⁶	0
Payout ratio	%	0 ⁶	0
Share price development			
High	CHF	270.00	305.00
Low	CHF	208.00	177.80
Year-end	CHF	249.00	205.00
Market capitalization			
High	CHF million	79.1	89.3
Low	CHF million	60.9	52.1
Year-end	CHF million	72.9	60.0

¹ Net financial position: cash and cash equivalents less interest-bearing liabilities

² Gearing: net debt position divided by equity; negative gearing = 0

³ Cash flow from operating activities less purchase of property, plant and equipment and intangible assets, plus sale of property, plant and equipment and intangible assets

⁴ Net profit divided by average equity

⁵ Determined on the basis of dividend-entitled shares

⁶ In accordance with the proposal to the Annual General Meeting of 10.5.2011