

Ad hoc announcement pursuant to article 53 LR**Schlatter Group reports gratifying business development
in the financial year 2021**

Schlitteren, 31 March 2022. In the 2021 financial year the Schlatter Group generated net sales of CHF 94.6 million (2020: CHF 78.8 million) and an order intake of CHF 135.5 million (2020: CHF 83.3 million). The order backlog as at 31 December 2021 stood at CHF 71.8 million (31.12.2020: CHF 30.8 million). This resulted in an operating result (EBIT) for the period under review of CHF 5.7 million (2020: CHF -4.9 million). The Group posted a net result of CHF 4.8 million (2020: CHF -5.5 million).

Following the pandemic-related slump in orders the previous year, a clear recovery became evident in the markets of both the Schlatter Group segments – welding and weaving – in the 2021 financial year. The welding segment already returned to profitability in the first half of the year. The weaving segment remained in the loss zone overall, but improved its result significantly in the second half of the year.

In the welding segment, rising steel prices and the high level of capacity utilization at numerous customer factories led to a strong rise in orders for machinery and replacement parts. In the weaving segment, high capacity utilization on the part of our customers resulted in considerably more orders for machinery and replacement parts. In the Chinese market, which had likewise been characterized by a sluggish investment climate in the previous two years, there was a surge in orders for weaving machines for the production of paper machine clothing. Although the Swiss franc appreciated even further and therefore weighed on profitability, positive volume effects more than compensated.

Welding segment

Net sales in the welding segment in the 2021 financial year totalled CHF 79.0 million (2020: CHF 61.0 million). The order intake of CHF 112.3 million was significantly higher than the previous year (2020: CHF 64.9 million). The order backlog at the year-end amounted to CHF 58.7 million (31.12.2020: CHF 25.4 million).

The profitability of the welding segment was greatly reduced by disrupted supply chains and a lack of availability of key parts for machines and systems, as well as short-term price increases on the purchasing side and a further appreciation of the Swiss franc. However, these negative effects were more than offset by significantly higher sales volumes, the now high degree of maturity of new products, as well as productivity increases and the ongoing exploitation of new procurement markets. The measures taken in recent years to improve productivity had a positive impact in the reporting year, as did our large investments in the development of new products and the strengthening of our market presence. The much higher project volumes were realized without any noticeable increase in fixed costs.

Versatile new machine platform successfully launched

The new mesh welding machine platform was successfully launched. In 2021, Schlatter's industrial mesh projects were based solely on the new platform modules. In the area of reinforcing mesh, the final modules will fully replace the existing modules in the 2022 financial year, with just a few exceptions.

Wire product area (equipment for the production of reinforcing and industrial wire mesh)

The wire area – the product area in which Schlatter generates the highest sales – recorded by far the largest growth in new orders, and a significant proportion of capacity utilization is thus already booked up for the current financial year.

The business of producing industrial mesh is less volatile than that of reinforcing mesh systems, and by the end of 2021 had returned to the level recorded prior to the pandemic.

Rail welding product area

The mobile rail-welding systems of Schlatter are designed primarily for West European markets. However, as few new railways are being built in these regions, sales are declining. Through the newly established joint venture in India with its distribution partner Maco, Schlatter is also seeking to gain a stronger foothold in the emerging markets and localize the business of mobile rail welding systems.

Weaving segment

Net sales in the weaving segment in the 2021 financial year were CHF 15.6 million (2020: CHF 17.8 million). The order intake of CHF 23.2 million was significantly higher than the previous year (2020: CHF 18.4 million). The order backlog at the year-end amounted to CHF 13.1 million (31.12.2020: CHF 5.4 million).

In the first few months of the reporting year, measures were implemented to eliminate the losses. At the Münster site these included a reduction in headcount, wage concessions by employees and the strengthening of the balance of Schlatter Deutschland & Co. KG by means of a debt waiver by the parent company.

The Münster location is already reporting high levels of capacity utilization for the 2022 financial year, and it must now position itself strongly for the long term. To this end, a comprehensive programme of measures has been drawn up and is now being implemented. To ensure the sustainable orientation of the Münster location, the after sales organization is also being realigned.

Weaving machines for the production of paper machine clothing

One priority is to reduce the production costs of weaving machines for the paper industry and to increase their level of performance. Among other things, costs will be reduced through comprehensive value analyses, internal process optimization in project implementation, and the development of procurement-oriented product designs.

New business area – technical textiles

The first generation of machines for the production of technical weaves (C-Tec) now run without any technical hitches, and fully meet the objectives set. Customer interest has been considerable. In the long term, weaving machines for paper machine clothing and the new C-Tec generation machines for the production of technical fabrics are to be brought together on a shared machine platform.

Outlook

The Schlatter Group has successfully launched product innovations, greatly intensified marketing operations in regions where the company was previously under-represented, and substantially expanded its service business. The significant profit recorded in 2021 financial year also enabled the company to strengthen its capital base. Markets in the most important regions have recovered significantly during the current financial year. The Schlatter Group ended the 2021 financial year with a strong order backlog, which ensures a high level of capacity utilization for the whole of the 2022 financial year. The priority now is the prompt implementation of customer projects, despite the challenging situation on the procurement side. Further points of focus include implementation of innovations, the marketing of C-Tec, and a further increase in profitability. In view of the large order backlog as at 31 December 2021 and the measures we have initiated to reduce and flexibilize costs, we are aiming for a further increase in earnings.

Annual General Meeting 2022

The Board of Directors will submit a proposal to the Annual General Meeting on 3 May 2022 to waive a dividend distribution for the 2021 financial year.

The full 2021 Annual Report can be downloaded from the Schlatter Group website:

<http://www.schlattergroup.com/de/investor-relations/geschaefte-und-semesterberichte/>

Further information

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Agenda

- 31.03.2022 Publication of the detailed annual result for 2021 through am media information and publication of the annual report on the company's Website
- 03.05.2022 Annual General Meeting
- 11.08.2022 Publication of half-year report 2022

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 Swiss Reporting Standard of SIX Swiss Exchange – guarantees its customers a range of powerful and high-quality production equipment.

This media information contains certain forward-looking statements, e.g. statements using the words "believes," "assumes," "anticipates," or formulations of a similar nature. 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

		2021	2020
Net sales	CHF million	94.6	78.8
Change compared to previous year	%	20.0	-15.8
Operating result (EBIT)	CHF million	5.7	-4.9
in % of net sales	%	6.1	-6.2
Net result (incl. minority interests)	%	4.9	-5.5
in % of net sales	in percent	5.2	-7.0
Net result (excl. minority interests)	CHF million	4.8	-5.5
in % of net sales	%	5.1	-7.0
Order intake	CHF million	135.5	83.3
Order backlog	CHF million	71.8	30.8
Headcount as at 31 December	FTEs	331	323
(annual average)	FTEs	328	329
Interest-bearing liabilities	CHF million	7.0	9.1
Net financial position (debt)¹	CHF million	8.1	-6.0
Gearing²	%	0	25.5
Free cash flow³	CHF million	14.0	-0.3
Current assets	CHF million	52.1	35.2
Non-current assets	CHF million	19.6	20.8
Liabilities	CHF million	43.5	32.6
Equity (incl. minority interests)	CHF million	28.2	23.4
Equity (excl. minority interests)	CHF million	28.1	23.4
Equity ratio (incl. minorities)	%	39.2	41.8
Return on equity (ROE)⁴	%	19.0	-20.8
Key share figures			
Share capital as at December 31	CHF 1000	17 675	17 675
Total registered shares	Number	1 104 704	1 104 704
of which entitled to dividend payments	Number	1 104 704	1 104 704
Net result per registered share ⁵	CHF	4.36	-4.96
Equity per registered share ⁵	CHF	25.43	21.20
Dividend per registered share	CHF	0 ⁶	0
Payout ratio	%	0 ⁶	0
Share price development			
High	CHF	29.6	37.80
Low	CHF	22.00	23.20
Year-end	CHF	23.00	29.40
Market capitalization			
High	CHF million	32.7	41.8
Low	CHF million	24.3	25.6
Year-end	CHF million	25.4	32.5

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

² Gearing: net debt divided by equity

³ Cash flow from operating activities less purchase of tangible fixed assets and intangible assets plus sale of tangible fixed assets and intangible assets

⁴ Net result divided by average equity

⁵ Determined on the basis of dividend-entitled shares

⁶ In accordance with the proposal submitted to the Annual General Meeting of May 3, 2022