

Ad hoc announcement pursuant to article 53 LR**2022 financial year: high order backlog, higher costs weigh on result**

Schlieren, 31 March 2023. In the 2022 financial year the Schlatter Group generated net earnings that were 16.7% up on the previous year at CHF 110.5 million (2021: CHF 94.6 million) and an order intake of CHF 128.1 million (2021: CHF 135.5 million). The order backlog at the year-end stood at CHF 89.4 million (31.12.2021: CHF 71.8 million). This resulted in an operating result (EBIT) for the period under review of CHF 5.5 million (2021: CHF 5.7 million). The Group posted a consolidated profit of CHF 3.4 million (2021: CHF 4.8 million). A dividend of CHF 0.50 per share is expected for the 2022 financial year.

Demand for Schlatter products once again rose sharply in the first half of the 2022 financial year, but in the second half – as expected – fewer orders were placed. In particular, demand for reinforcing mesh systems declined in the second half of the year after the markets had overheated. There was a further volume increase in the after-sales area, however, and the demand for weaving machines for the paper industry was above average. Suppliers' delivery problems slowed sales development and weakened productivity. Rising prices of purchased materials and higher energy costs weighed on the result. The Schlatter Group closed the 2022 financial year with a large order backlog, which is once again higher than the previous year and will utilise capacities in the 2023 financial year. Demand for our products will normalise.

Welding segment

The welding segment's net earnings in the 2022 financial year totalled CHF 96.0 million (2021: CHF 79.0 million), with an order intake of CHF 99.9 million (2021: CHF 112.0 million). The order backlog at the year-end stood at CHF 62.5 million (31.12.2021: CHF 58.7 million).

As in the previous year, the Welding segment achieved an above-average order intake – but its profitability was greatly reduced by disrupted supply chains and shortages of key parts for machines and systems, as well as by short-term price increases on the purchasing side and the further appreciation of the Swiss franc. Since machines and systems are sold at fixed prices, the effect of price increases is delayed. Economies of scale due to higher net revenue partly made up for this.

Shortages of components, especially electrical and control parts, have led to delays in system deliveries. Schlatter expects to start catching up on the backlog of delayed machines and systems in the second half of the 2023 financial year.

Weaving segment

The weaving segment generated orders to the value of CHF 14.4 million in the financial year (2021: CHF 15.6 million) and increased its order intake to CHF 28.2 million (2021: CHF 23.2 million). The order backlog at year-end stood at CHF 26.9 million (31.12.2021: CH 13.1 million).

The measures introduced in the previous year at the site in Münster (Germany) are bearing fruit. Despite disrupted supply chains and significantly higher material costs, the site was able to end the 2022 financial year with a profit.

On the one hand the above-average order intake was dominated by orders from China, while on the other an above-average number of machines for the thermal treatment of paper machine clothing were sold. The order intake can be expected to return to normal as fewer orders are placed in China in future.

Capacity at the Münster site will be fully utilised in the 2023 financial year. It will use the time available to make the cost structure more flexible. To this end a programme of measures has been drawn up, and these are now being implemented.

Outlook

The Schlatter Group ended the 2022 financial year with a strong order backlog, which ensures a high level of capacity utilization throughout the 2023 financial year. Now that the situation in procurement markets has more or less returned to normal, the timely implementation of customer projects has priority. Our other priorities include implementing innovations, marketing C-Tec – the new generation of machines for manufacturing technical fabrics – and increasing profitability. Net earnings are expected to be slightly higher in the 2023 financial year. Though the cost situation remains tense, a slight increase in the operating result (EBIT) is expected.

2023 Annual General Meeting

At the Annual General Meeting on 4 May 2023 the Board of Directors will propose the payment of a dividend of CHF 0.50 per share for the 2022 financial year.

The full 2022 Annual Report can be downloaded from the Schlatter Group website:
<https://www.schlattergroup.com/en/investor-relations/>

The German version of this information is binding.

Further information

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Agenda

- 31.03.2023 Publication of the detailed annual result for 2022 by an ad hoc announcement and publication of the annual report on the company's website
- 04.05.2023 Annual General Meeting
- 17.08.2023 Publication of half-year report 2023

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

		2022	2021
Net sales	CHF million	110.5	94.6
Change compared to previous year	%	16.7	20.0
Operating result (EBIT)	CHF million	5.5	5.7
in % of net sales	%	5.0	6.1
Net result (incl. minority interest)	CHF million	3.5	4.9
in % of net sales	%	3.1	5.2
Net result (excl. minority interest)	CHF million	3.4	4.8
in % of net sales	%	3.1	5.1
Order intake	CHF million	128.1	135.5
Order backlog	CHF million	89.4	71.8
Headcount as at 31 December	FTEs	357	331
Annual average	FTEs	338	328
Interest-bearing liabilities	CHF million	7.2	7.0
Net financial position (debt)¹	CHF million	1.7	8.1
Gearing²	%	0	0
Free cash flow³	CHF million	-6.5	14.0
Current assets	CHF million	61.7	52.1
Non-current assets	CHF million	19.1	19.6
Liabilities	CHF million	49.5	43.5
Equity (incl. minority interests)	CHF million	31.3	28.2
Equity (excl. minority interests)	CHF million	31.2	28.1
Equity ratio (incl. minorities)	%	38.5	39.2
Return on equity (ROE)⁴	%	11.6	19.0
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	3.10	4.36
Equity per registered share ⁵	CHF	28.20	25.43
Dividend per registered share ⁶	CHF	0.50	0
Payout ratio ⁶	%	16.11	0
Share price development			
High	CHF	30.60	29.60
Low	CHF	20.20	22.00
Year-end	CHF	25.00	23.00
Market capitalization			
High	CHF million	33.8	32.7
Low	CHF million	22.3	24.3
Year-end	CHF million	27.6	25.4

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

² Gearing: Net debt divides by equity

³ Cash flow from operating activities less purchase of tangible assets and intangible assets plus sale of tangible 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 4, 2023