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Ad hoc announcement pursuant to Art. 53 LR

Figures for 2022

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## Schweiter Technologies holds its own in a challenging business environment

- Sales slightly above previous year once adjusted for currency effects (-2% at current exchange rates), supported by price increases and growth in North America
- EBITDA at CHF 85.5 million (previous year: CHF 151.5 million)
- Results impacted by significant cost increases, consequences of the economic slowdown in Europe, COVID lockdowns in China and negative currency effects
- Measures implemented to increase efficiency and lower costs in order to boost competitiveness; non-recurring expenses affect result
- Proposed conversion of bearer shares into registered shares and general revision of Articles of Incorporation
- Change of Chairman of Board of Directors

Steinhausen, 6 March 2023 – In a challenging business environment, Schweiter Technologies achieved a slight increase in year-on-year sales after adjustment for currency effects, thanks to sales price increases and strong growth in North America.

Net sales fell to CHF 1 197.7 million (previous year: CHF 1 226.9 million) representing a slight increase after currency adjustments. Group EBITDA fell to CHF 85.5 million (previous year: CHF 151.5 million). The figure includes one-time expenses for structural cost reduction measures in the mid-single-digit million range and corresponds to a EBITDA margin of 7.1% (previous year: 12.3%). EBIT was impacted by write-downs on fixed assets in connection with the restructuring of the site in Darwen, England, which amounted to some CHF 3 million, and came in at CHF 42.5 million (previous year: CHF 111.3 million). Net income amounted to CHF 29.1 million (previous year: CHF 84.4 million).

Cash and cash equivalents came to CHF 86 million at year-end and the equity ratio remained at around 70%. The Board of Directors will propose paying a dividend of CHF 20 per bearer share at the General Meeting on 4 April 2023.

## BUSINESS PERFORMANCE, 2022

In a difficult market environment, 3A Composites produced another successful performance in the 2022 business year, recording a slight increase on the previous year's record sales figure after currency adjustments (-2% at current exchange rates). This was achieved primarily thanks to strong growth in North America and sales price increases. The business units outside Europe performed in line with expectations. In Europe, a significant deterioration in the economic environment caused demand to fall away sharply in the second half of the year, particularly in the Display business, with the Architecture business also experiencing a slowdown. Pressure on prices in the business with Wind customers, the vastly increased cost of raw materials, energy and transport, and the zero-COVID policy in China all had a substantial impact on profits, however. Sales price adjustments and increased efficiencies could only offset some of the higher costs and negative currency effects. Operating profit, already depressed by additional one-time restructuring costs in the mid-single-digit million range, was therefore significantly lower when compared with the high reference figure of the previous year.

In order to deal with the consequences of the increasingly volatile and dynamic market environment and strengthen future competitiveness, investments in product innovations and increased efficiencies were stepped up and structural cost reduction measures implemented during the business year.

## Key figures

## Schweiter Technologies Group

in CHF millions	2022	2021	+ / -
Net sales	1 197.7	1 226.9	-2%
EBITDA	85.5	151.5	-44%
as a % of net sales	7.1%	12.3%	
EBIT	42.5	111.3	-62%
Net income	29.1	84.4	-66%

The **Display** business reported some growth in the first half-year but was strongly affected by the negative trends in the core European market in the second half. Annual sales remained at prior year level after currency adjustments, despite healthy growth and record sales in North America, the pleasing performance of the sustainable paper-based panel substrates, and price rises implemented in response to significantly higher costs.

In Europe, there was a noticeable upturn in demand for applications in the core print, signage, shop fittings and trade fair construction markets. With the worsening economic situation from mid-year onwards, the general market dynamic in Europe weakened again. European sales volumes for the year as a whole were significantly lower than the previous year. In the second half of the year, customers responded to falling commodity prices by reducing their inventories. This was only partially offset by the pleasing performance of the business with

paper-based panel substrates, which continued to enjoy rapidly growing demand thanks to the good sustainability profile of these products.

Persistent disruptions to supply chains and sharply rising costs for raw materials, energy and transport continued to test participants in the markets in Europe in particular, but also in the USA, with a negative impact on the profitability of the business. Heightened competition as a result of the lower volumes added to the pressure on margins. 3A Composites therefore implemented a comprehensive package of measures to increase efficiency and enhance flexibility in Europe.

In the first half of the year, the **Architecture** business built on its success of the previous year, in terms of volume and sales, but progress in the second half was more subdued owing to the fall-off in demand in Europe. Nevertheless, it was possible to increase currency-adjusted sales by 14% over the year as a whole, thanks to the healthy performance of the business in North America and price rises. In Europe, sales were at the same level as the previous year, as a result of price increases. Asia/Pacific reported a moderate decrease, the consequence of the stringent lockdowns in China and the crisis affecting residential property construction there. Outside China, the performance of the Architecture business in Asia was positive, above all in India and Southeast Asia. In North America, the forward strategy of recent years is bearing fruit and growth of 38% was recorded. However, the result was marred by significantly higher aluminum prices together with sharp rises in the cost of energy and transport, and profitability dropped below the high level set the previous year.

The **Core Materials** business can look back on a year of challenges associated with the performance of the economy. As anticipated, the slowing of demand in the Wind segment, first seen in the second half of 2021, continued throughout the year, albeit with a moderate upturn in China in the second half-year. The political will to foster the development of wind energy is very strong in the Western world, though this is not yet reflected in the number of actual project completions. In the non-wind segment it was again possible to grow profitably, especially in the North American marine market. Sales of PET products continued to show overall growth, reaching a new record high, and PET production capacity accordingly enjoyed a good level of utilization. Sales of balsa products saw a decline, mainly due to the falling price of balsa wood. Profitability was badly affected by rising costs, supply chain bottlenecks, disruptions caused by pandemic control measures in China and pressure on prices from the Wind customers. As a result, overall profitability fell below the previous year's high level.

For **Transport**, the challenging business environment of 2021 persisted as anticipated throughout the reporting year, with customers postponing major projects and the cost of materials and energy rising sharply. Sales fell against the reference mark of the previous year, with only part of the cost increases being passed on to the market. Along with the further optimization of operational processes to improve profitability, priority was given to digitalization and new production concepts as well as reducing the use of materials with high price volatility. The order book is in good health, boosted by incoming orders from the rail and road segments – the latter thanks to a partial recovery in the coach market, which had temporarily come to an almost complete standstill as a result of the pandemic.

## INVESTING IN SUSTAINABILITY

Since 2021, Schweiter Technologies has published its Sustainability Report, certified according to the standards of the Global Reporting Initiative. This report is available to view or download here: <https://www.schweiter.ch/s1a264/group/sustainability.html>.

Schweiter Technologies contributes through its business activity in a number of ways to a sustainable future, as can be seen from its investment in April 2022 in Swedboard International AB ([www.swedboard.se](http://www.swedboard.se)). Swedboard manufactures environmentally friendly printable sheets for the Display business. With this targeted investment, the Group is consciously expanding its sustainable product portfolio in the Display business to help customers reduce their ecological footprint.

## OUTLOOK

Uncertainty and volatility will continue to dominate the markets in 2023, limiting the ability to forecast business performance. In Europe in particular, where consumer confidence remains low and energy and raw materials prices high, the performance of the economy is expected to be subdued. The economic outlook for 2023 is also affected by the consequences of the rise in interest rates and inflation, as well as the geopolitical situation. This environment will once again demand great agility from 3A Composites over the current year. The measures adopted in the reporting year will strengthen the competitiveness of 3A Composites, enabling it to prevail in a volatile market environment and expand its market share. These steps include efficiency and energy projects and expedited development of innovations, along with structural cost reduction measures with a focus on Europe and the systematic further development of the global sales team. The company is thus creating the base for profitable growth in the future with a double-digit EBITDA margin.

The Display business expects a subdued first half-year due to the economic uncertainties. With some normalization of energy prices and a corresponding lift in the consumer mood in Europe, demand is expected to revive during the course of the year. Customers are alert to and informed by aspects of sustainability in their consumer choices, and this lies behind an increasing demand for resource-friendly product solutions and concepts. With paper-based display products (DISPA®) and the holding acquired in Swedboard International AB, 3A Composites is perfectly positioned in the market for sustainable solutions, and demand for sustainable display solutions is expected to increase further.

The subdued state of the market in the European construction industry in late 2022 is likely to continue in 2023, with a corresponding stifling of demand in the Architecture business in the first half-year. State funding programs and the normalization of energy and raw material prices could see a gradual revival in demand, however. The Asian business ought to benefit from a partial recovery in China. In North America, the outlook is positive thanks to tapping new markets, despite some construction projects being postponed towards the end of 2022 on economic grounds.

The Core Materials business expects to see the beginning of a new multi-year growth cycle in the wind power market during the course of 2023. The first stage of this growth will take place mainly in China, where price pressure will remain. Global growth will be driven by the

megatrend of the transformation to clean energy being promoted in many places by politicians and backed by financial incentives. The modernization of existing wind energy plants and weight-saving solutions for applications in the marine and automotive sectors, construction and industry will continue to open up further attractive growth opportunities. The new PET line in Poland and the close collaboration with JMB Wind Engineering are supporting growth with European customers and further increasing flexibility. Furthermore, in Ecuador the 3A Composites balsa production sites are being consolidated to achieve efficiencies in readiness for the wind energy boom.

In the Transport business, demand for new rail vehicles and buses is expected to continue in the current year and it should be possible to deliver projects postponed by customers in 2022. The business benefits from a healthy order book and impetus from the megatrend for sustainable mobility solutions with a large number of infrastructure programs. Additional growth is anticipated from sustainable product applications in the Transport and Industry segment, driven by focused application-oriented sales in Europe.

## GENERAL MEETING

The Group wishes to continue offering shareholders attractive returns whilst maintaining its financial flexibility to invest in organic growth and acquisitions. The payout ratio is determined by the target ratio of equity to debt financing as well as by the business result and the amount of planned capital spending. The Board of Directors will propose a dividend of CHF 20 per bearer share to the General Meeting of 4 April 2023.

The Board of Directors will present the 2023 General Meeting with a comprehensive revision of the Articles of Association for approval. The amendments to the Articles are required because of the new corporation law which came into force on 1 January 2023. The Board of Directors will also propose the conversion of bearer shares into registered shares and the associated amendments to the Articles of Association. Subject to approval by the Ordinary General Meeting, the conversion is expected to take place in mid-April 2023. Shareholders who have bearer shares held in a bank deposit need take no action. Those who keep their bearer shares at home or in a safety deposit box are requested to hand these securities in to their bank in advance of any conversion to registered shares (which may only be kept in a bank deposit in future).

Further details about the share conversion will be available on the [www.schweiter.com](http://www.schweiter.com) website after the General Meeting and will also be published in the Swiss Official Gazette of Commerce (SHAB).

## CHANGES TO THE BOARD OF DIRECTORS

Beat Siegrist, Chairman of the Board of Directors since 2011, has decided not to stand for re-election as Chairman at the 2023 Ordinary General Meeting, but will remain as an ordinary member of the Board of Directors. Beat Siegrist has made a major contribution to Schweiter Technologies Group in recent years, especially with regard to the strategic development focusing on the 3A Composites division. Under his Chairmanship, the Group evolved into a leading company for high-quality composites with excellent prospects for a successful future. The Board of Directors would like to thank Beat Siegrist for his outstanding achievements

and proposes Dr Heinz O. Baumgartner for election as the new Chairman by the General Meeting. He has been a member of the Board since 2020 and as a successful former CEO of Schweiter Technologies has many years of experience in the industry.

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The 2022 Annual Report and the investor presentation are available on the website at [www.schweiter.com](http://www.schweiter.com).

A media conference on the 2022 annual results for analysts, media representatives, and investors will take place at the Marriott Hotel, Neumühlequai 42, Zurich, today at 11.00 a.m.

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## ABOUT SCHWEITER

*Schweiter Technologies, with its head office in Steinhausen, Switzerland, is a globally active Group focusing on composites solutions with its division 3A Composites. The main activities include the development, production and distribution of high quality composites, plastic sheets, foamboards and core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, construction, ship-building, and automotive.*

*The company has offices, distribution facilities and production sites at 40 locations in Europe, America, and the Asia-Pacific region, and employs 4 300 people. The bearer shares of Schweiter Technologies AG (SWTQ) are listed on SIX Swiss Exchange AG, Zurich.*