SCHWEITER TECHNOLOGIES

Media release

Figures for 2014

Dynamic growth and above-average increase in earnings

Horgen, March 16, 2015 – Schweiter Technologies had a good financial year in both the composite material and textile machinery businesses. Group orders received totaled CHF 800.0 million in 2014 (2013: 706.1), representing an increase of 13%. Net revenues increased 12% to CHF 765.6 million (2013: 686.2). 3A Composites posted good results in the Architecture and Display business areas, while the Core Materials business area improved significantly and delivered a respectable result. SSM Textile Machinery reported a record result on high revenues.

EBITDA came to CHF 81.7 million (2013: 68.7), corresponding to a return on sales of just under 11%. Despite one-off positive effects in 2013 (including a real estate sale), EBITDA increased by a disproportionately large 19%. Net income amounted to CHF 45.5 million (2013: 30.2); partly positively influenced by exchange rate gains.

Cash flow from operating activity came to CHF 43 million. Liquidity amounted to more than CHF 300 million and the equity ratio was 72%. An unchanged distribution of CHF 40 per bearer share will be proposed at the Annual General Meeting on May 6, 2015.

Schweiter Technologies is holding its annual media conference today at Hotel Marriott, Neumühlequai 42, in Zurich, at 11.00 a.m.

Key figures

Schweiter Technologies Group (in CHF millions)	**2014**	**2013**	**+ / -**
Orders received	800.0	706.1	13%
Net revenues	765.6	686.2	12%
EBITDA	81.7	68.7	19%
as a % of net revenues	*10.7%*	*10.0%*	
EBIT	57.5	45.5	26%
Profit for the year	45.5	30.2	51%

Information by division (in CHF millions)			
3A Composites			
Orders received	710.7	627.9	13%
Net revenues	677.2	612.0	11%
EBITDA	70.1	57.6	22%
as a % of net revenues	*10.4%*	*9.4%*	
EBIT	47.1	35.5	33%
SSM Textile Machinery			
Orders received	89.3	78.2	14%
Net revenues	87.9	73.7	19%
EBITDA	14.6	8.0	83%
as a % of net revenues	*16.6%*	*10.9%*	
EBIT	13.4	6.8	97%

3A Composites

3A Composites can look back on a very solid financial year. The Display, Architecture and Core Materials business areas enjoyed double-digit growth. The marked growth was driven primarily by increases in market share thanks to a competitive product program. Sales also benefited from innovations and distribution operations covering all areas. Revenues in the transportation business were adversely affected by the postponement or non-implementation of certain projects.

EBITDA accordingly came to CHF 70.1 million (2013: 57.6). The increase stems from a combination of the very positive trend in the Display and Architecture businesses in Europe, and the sustained growth momentum of the Architecture business in Asia. Moreover, Core Materials made a particularly large contribution to the improved result thanks to an increase in revenues and improved business conditions in China.

Architecture

Construction activity in Europe has held up at a good level in those countries that have stronger economies, despite a lack of major growth impetus. The mild winter with an early start to construction operations already led to high capacity utilization at the beginning of the year. The rest of the year was marked by sustained high demand for the new 3AC coatings. Revenues in Europe increased significantly – particularly in the core markets of Central Western Europe (Germany, UK, France, Switzerland, Austria).

In the American market, the growing number of new projects for commercial and institutional buildings fuelled a revival of the market for ALUCOBOND® façades. The new colors and surfaces of the 3AC products were very well received by the market. The share of fire-certified products is continuing to grow.

In the Middle East and Asia-Pacific, overall growth was once again encouraging. However, the environment in the individual regions presented a mixed and challenging picture. In the Middle East, business was heavily dependent on major projects, some of which were subject to delays.

In India, it was a question of awaiting the outcome of the elections, with many in the market hoping that the change of government would usher in a positive trend. The architecture market made somewhat lackluster progress owing to overcapacity. The acquisition of 3AC in Pune at the end of 2013 led to an expansion of the product range and contributed to cost reductions in the main product lines.

The growth spurt in China continued into 2014. Overall, the last three years have seen a doubling in the volume of business in China.

Display

The display business, which is very dependent on the general economic climate, performed well in both Europe and the USA. The strong trend towards large-format digital printing technology is pushing up demand for 3AC's rigid, lightweight and high-quality composite display panels. As in 2013, 3AC was able to strengthen its market position and gain market share in what remained a fairly weak European market. Growth was driven by 3AC's competitive product range, its strong dealer network and frequent inclusion of the products in users' specifications. The acquisition of Foamalite in mid-2012 had a very positive impact – 3AC now also has an attractive range of transparent panels, which has been significantly strengthened by the recently announced acquisition of the Polycasa Group.

Core Materials

There was a renewed increase in global demand among wind energy customers, though with large regional disparities. The Core Materials business performed well, with significant increases in revenues and earnings reported in both the wind and non-wind segments.

The declining total cost of wind turbines for power generation and distribution was crucial to growth in North America and Asia. The trend towards larger wind farms and longer rotor blades is continuing and has been conducive to general growth in the business. The Chinese market continued to recover. In future, it is to be expected that up to 50% of all wind turbines will be manufactured in Asia.

Despite a selective growth strategy in China, the Core Materials business was able to increase its global market share. With its strong brands, AIREX® and BALTEK®, 3AC remains a preferred partner for leading wind turbine manufacturers.

The recovery in the traditional marine market is making the most progress in the United States, where it reached the same level as before the 2008/2009 crisis. By contrast, there was not yet any sign of a marked improvement in Europe or Asia.

Transportation

Due to projects that were postponed by customers or never implemented, revenues in the two main lines of business, rail vehicles and buses fell short of high expectations. Overall, however, there was a year-on-year increase in orders received.

In the buses segment, the postponed introduction of emissions standards in key markets such as the UK had a negative impact on the launch of new-generation vehicles with 3AC components.

In the rail vehicles segment, a large number of new orders were secured from major rolling stock manufacturers.

SSM Textile Machinery

With net revenues of CHF 87.9 million, EBITDA came to CHF 14.6 million. The very positive result was mainly driven by high demand in the man-made fibers segment, where SSM benefited from the accelerated development of products specializing in this sector. In addition to the main Asian markets, China and India, key orders were also secured in Taiwan. Europe performed well, mainly thanks to Turkey, while North America now for the first time saw a return to significantly higher volumes of investment projects.

Outlook

Both divisions have begun the new year with solid levels of order backlog. Local production operations mean that most locations generate revenues and costs in the same currency, thus limiting negative exchange rate effects. Only about 10% of total costs are incurred in Swiss francs. However, translation of foreign revenues and earnings into Swiss francs results in a negative exchange rate effect.