

Press release

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Despite the difficult business environment, Adval Tech is investing in the systematic implementation of its strategy

Niederwangen, April 13, 2010, 7.00 a.m. – Following the negative results for the 2009 financial year, reported on March 23, 2010, the Adval Tech Group is expecting significantly better results in 2010, despite the ongoing uncertain economic situation. This assessment is supported by the improvements already achieved in the second half of 2009 and the impact of the economy measures and restructuring efforts that have been implemented. The resolute implementation of its strategy to exploit and expand its global manufacturing platforms in selected sectors of the automotive, medical technology and consumer goods markets has resulted in initial successes in acquiring large global orders. Through a cooperation agreement with Anchor Manufacturing Group in Ohio, USA, and the new business unit formed in this context, Adval Tech can now also make deliveries from a US base to customers operating on a global scale, in quality that is uniformly defined worldwide.

As expected, 2009 was a difficult year for the Adval Tech Group. Sales declined steeply in key markets, most severely in the automotive component supply business, which is very important for Adval Tech. The negative trend bottomed out in the first quarter of the year under review. There were at least signs of a reversal in the trend in the second quarter of 2009, due to higher sales in some market segments and the positive effects of economy measures initiated very early.

Total income of CHF 297.7 million reported by the group was CHF 118.9 million or 29% lower than in the previous year. Operating earnings before depreciation, interest and taxes (EBITDA) of CHF 5.7 million fell far short of the previous year's figure of CHF 26.3 million. Operating earnings (EBIT) were negative (CHF -23.3 million, compared to CHF -1.3 million in 2008), as was net profit (CHF -27.0 million, compared to CHF -9.2 million in 2008). The global recession had a severe impact on the group in its three key markets – automotive, medical technology and consumer goods. Additionally, the high cost of restructuring in the context of downsizing the moldmaking facility in Muri (Switzerland) and preparations to close the manufacturing plant in Merenschwand (Switzerland) depressed results. After adjustment for these special charges, EBIT fell only slightly short of breakeven in the second half of 2009.

The group significantly reduced personnel expenses by downsizing the workforce and by short-time working. The number of employees declined from its highest level at the end of August 2008 (3 488 full-time units) to 2 573 full-time units at the end of 2009. More than 70% of the 650 jobs already lost at the end of 2008 were at the sites in Asia, whereas our Swiss locations were most severely affected by reductions in personnel numbers in 2009 (168 of 265 full-time units lost). Short-time working in Switzerland virtually throughout the year had a positive impact on the outcome.

With an equity ratio approaching 47%, the Adval Tech Group is still soundly financed. The group was able to secure medium- and long-term liquidity by adjusting the agreement for a revolving credit facility of up to CHF 135 million to the cyclical trend in earnings.

Automotive Segment

The Automotive Segment suffered especially severely from the impact of the global recession. Total income therefore declined by CHF 72.6 million or 35% to CHF 134.1 million (CHF 206.7 million in 2008). EBITDA was negative (CHF -3.2 million; CHF +13.2 million in 2008). The special charges for restructuring expenditure depressed EBITDA in the second half of 2009 (CHF +0.8 million) by CHF 2.7 million. After adjustment for this, an operating loss (EBITDA) of CHF 4 million in the first half of 2009 compared with an operation profit (EBITDA) of CHF 3.5 million in the second six months of the year.

Medical & Consumer Goods Segment

Total income of the Medical & Consumer Goods Segment of CHF 167.8 million was CHF 47.4 million or 22% lower than the previous year's figure. EBITDA was positive (CHF 8.7 million) but lower than the previous year's outcome of CHF 11.7 million. The special charges for restructuring in Switzerland (CHF 5.3 million) depressed EBITDA to CHF 2.5 million in the second six months of the year (CHF 7.8 million before restructuring). After adjustment for this and compared to the first half of 2009, EBITDA increased from CHF 6.3 million by CHF 1.5 million in the second six months.

Strategy implementation

The Automotive Segment is focused on the component business. It corresponds to the division of the same name, in which all activities for the automotive component supply market are combined. The Medical, Consumer Goods and Molding Technology divisions are combined in the Medical & Consumer Goods Segment. Services for the key medical and consumer goods markets are based on an integrated business model comprising both development and manufacture of molds and the production of plastic components.

Adval Tech has reduced the size of its development, engineering and sales departments only minimally in the context of its restructuring measures. Relatively long project lead times are a characteristic feature of Adval Tech's key markets. 18 to 36 months usually elapse from receiving the development contract to commencement of volume production. On the other hand, volume production in large unit numbers then usually continues for 6 to 10 years.

The acquisition of a first large order direct from an automobile manufacturer is in line with Adval Tech's strategy of acting as a global technology and value-adding partner: Adval Tech received an order from BMW to develop and manufacture twelve components for the new generation of its Series 1 and 3 models. These components will ensure the separation of fresh air and rainwater in the windshield/engine compartment zone. Adval Tech will supply the BMW assembly lines in Germany from the plant in Szekesard (Hungary) and the BMW assembly lines in Asia and South Africa from the plant in Suzhou (China).

At the beginning of April 2010 the Adval Tech Group concluded a cooperation agreement with Anchor Manufacturing Group, Ohio, which enables it also to produce components, subassemblies and systems in the US in a quality that is uniformly defined worldwide for customers operating on a global scale. Anchor has the necessary infrastructure and enables Styner+Bienz to launch a manufacturing platform of its own in the US with a "shop in the shop" solution. Anchor manufactures components for Styner+Bienz that are assembled on the production line transferred from Switzerland to the US. Deliveries are made to customers by Styner+Bienz US Inc., which has been specially formed for this purpose. This solution enables the Automotive Division to gain a foothold in the US with little capital investment and minimal risk.

Outlook

2010 is likely to be another difficult year for the Adval Tech Group. It is still difficult to make a reliable assessment of developments in the key markets. Adval Tech aims to achieve further operating improvements and at the same time be prepared to respond rapidly to changes in its markets.

Dividend

In light of the unsatisfactory results and the ongoing tense and uncertain economic situation, the Board of Directors will propose to the Annual General Meeting on May 6, 2010, that no dividend should be paid.

Key figures	2009	2008	Change
Total income (CHF millions)	297.7	416.5	-29%
- Automotive Segment	134.1	206.7	-35%
- Medical & Consumer Goods Segment	167.8	215.2	-22%
Operating earnings (EBITDA) (CHF millions)	5.7	26.3	-78%
- Automotive Segment	-3.2	13.2	-
- Medical & Consumer Goods Segment	8.7	11.7	-26%
Operating earnings (EBIT) (CHF millions)	-23.3	-1.3	-
- Automotive Segment	-16.2	2.8	-
- Medical & Consumer Goods Segment	-6.5	-4.8	-
Net result (CHF millions)	-27.0	-9.2	-
Operative free cash flow (CHF millions)	-7.2	0.4	-
Number of employees on December 31	2573	2838	-9%
- Automotive Segment	810	877	-8%
- Medical & Consumer Goods Segment	1747	1951	-10%

Background information on the Adval Tech Group

Adding value through innovation – that's what the name Adval Tech stands for. As a global technology and process partner Adval Tech focuses on the complementary technologies of metal stamping and forming and plastic injection molding. In selected markets in the automotive, medical technology and consumer goods sectors, Adval Tech is a leading global supplier of volume components, subassemblies, systems, tools and special machinery. As a value-adding partner Adval Tech covers the entire value chain: from product design and the development of volume components through design and production of the necessary molds and dies to complete manufacturing systems and the resulting production of components. Adval Tech trades on the markets under the names of AWM, FOBOHA, OMNI, QSCH, Styner+Bienz and Teuscher.

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