

Press release

2009 annual financial statements:

Global economic downturn has severe impact on the Adval Tech Group

Niederwangen, March 23, 2010, 7.00 a.m. – 2009 was a very difficult year for the Adval Tech Group. The negative trend bottomed in the first quarter. However, thanks to higher sales and the positive effects of economy measures initiated very early, the results in the second half of the year were significantly better.

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 (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 Adval Tech Group suffered most severely from the decline in the automotive component supply business, which is very important for the group. The global recession also severely depressed the components business and the molds business for the medical and consumer goods industry. The negative trend bottomed out in the first quarter of the year under review. There were 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 Adval Tech had already initiated earlier. The group significantly reduced personnel expenses by downsizing the workforce and introducing 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.

Segment results

With few exceptions, the Adval Tech Group suffered huge slumps in sales in its core business, the manufacture of components for the automotive industry (steering systems, airbags, ABS and automobile lamps), of between 20% and 80%, depending upon application and customer. Total income in the Automotive Segment 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 recession also left clear traces in the Medical & Consumer Goods Segment. Total income of CHF 167.8 million was CHF 47.4 million or 22% lower than the previous year's figure (CHF 215.2 million). EBITDA was positive (CHF 8.7 million), but lower than the previous year's outcome of CHF 11.7 million.

Strategy implementation

The acquisition of a first large order direct from an automobile manufacturer is in line with the group'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. Joint product and process development work with BMW commenced in August 2009. Adval Tech will manufacture the twelve components in high-volume production runs as of the end of 2011.

Adval Tech has also scored initial successes in the expansion of its global position in the medical technology market. For example, the group participated in the industrialization of an innovative needle protection cap system for all-glass syringes, and has now received orders for initial molds and pilot volume production. Furthermore, due to Adval Tech's strong market position in Europe and its own manufacturing facility in Mexico the group has been nominated as a preferred global supplier by a major pharmaceuticals supplier. Market surveys in Asia have also shown that the time is very favorable for entering the market with the group's own local manufacturing platform. The global pharmaceuticals industry is increasingly establishing production capacity in China.

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 that no dividend should be paid.

Adval Tech will provide detailed information on the annual financial statements and an initial review of the group's development in the current year at its press conference in Zurich on Tuesday, April 13, 2010. The Annual General Meeting of Adval Tech Holding Ltd will be held on May 6, 2010.

Key figures	2009	2008	Change
Total income (CHF millions)	297.7	416.5	-29%
Net turnover (CHF millions)	298.7	396.3	-25%
Operating earnings (EBITDA) (CHF millions)	5.7	26.3	-78%
Operating earnings (EBIT) (CHF millions)	-23.3	-1.3	
Net profit (CHF millions)	-27.0	-9.2	
Free cash flow from operations (CHF millions)	-7.2	0.4	
Number of employees on December 31	2573	2838	-9%

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.

Contact

Jean-Claude Philipona, CEO: Phone +41 31 980 82 75; jc.philipona@advaltech.com