

Annual Results 2012

Conzzeta strengthens its position in Asia and the USA

Zurich, March 27, 2013 – Conzzeta’s annual results for 2012 reflect the influences of the debt crisis. While revenues were slightly down in the eurozone countries, Conzzeta was able to strengthen its position in the markets of Asia and North America. The Group increased consolidated net revenues by 3% to CHF 1 161.5 million (previous year: CHF 1 128.1 million), with the Bystronic and Mammut business units generating the strongest growth. Operating profit (EBIT) was CHF 55.3 million (CHF 61.9 million), corresponding to an EBIT margin of 4.8% (5.4 %), which contains the one-time allocation to the employee pension funds, with costs of CHF 12.7 million. Adjusted for this special effect, EBIT amounted to CHF 68 million, corresponding to a margin of 5.9%.

The 2012 business year again showed how much the debt crisis is affecting the business climate in the eurozone economies. Whereas the North American and Asian markets continued to recover and grow, uncertainties in the eurozone persisted, causing industry and consumers alike to put off purchase decisions. Conzzeta’s business units, led by Bystronic and Mammut, took advantage of the growth opportunities in the USA and Asia, enabling the Group to post moderate growth figures. The Conzzeta Group increased consolidated net revenues by 3% to CHF 1 161.5 million (previous year: CHF 1 128.1 million). Adjusted for currency translation effects of 1.5% as well as acquisition effects, the growth was 1.3%. Thanks to the stable, though high, exchange rate of the Swiss franc, the currency translation effects are less marked than in the previous year. However, this should not obscure the fact that Swiss products continue to appear relatively expensive in the eurozone due to the disproportionate strength of the Swiss franc.

Operating profit (EBIT) was CHF 55.3 million (previous year: CHF 61.9 million), corresponding to an EBIT margin of 4.8% (5.4%). The EBIT figure includes a one-time special item: the allocation to the employee pension funds of CHF 15 million (net impact on costs of CHF 12.7 million). This payment was approved by the Annual General Meeting to mark the 100th anniversary in 2012. Adjusted for this special effect, EBIT came in at CHF 68 million, corresponding to a margin of 5.9%. Operating profit contains costs of CHF 7.6 million (CHF 6.4 million) for the restructuring of Bystronic glass.

Investments in property, plant and equipment, and intangible assets amounted to CHF 41.8 million (previous year: CHF 40.1 million) in 2012. The two major investments begun in 2011 – Mammut’s European logistics center in Germany and Bystronic’s second plant in Tianjin, China – were successfully completed in 2012 within budget. In Estavayer-le-Lac, Piazza Immobilien sold land no longer required in its property portfolio.

The cash flow from operating and investment activities (free cash flow) generated by the Conzzeta Group amounted to CHF 73.2 million (previous year: negative CHF 1.3 million) in 2012. Cash flow from financing activities of negative CHF 105.8 million (negative CHF 14 million) was strongly affected by the payment of a centenary dividend in 2012. This had a marked influence on the change in cash and cash equivalents amounting to negative CHF 32.7 million (negative CHF 15.8 million). Thanks to cash, cash equivalents and securities of CHF 422.2 million (CHF 482.5 million) and an equity ratio of 75.4% (74.9%), the Conzzeta Group remains solidly financed.

At the end of the reporting year, the Conzzeta Group had 3627 employees worldwide, 51 more than in the previous year (3576). Most of the new jobs were created in Asia. However, Conzzeta continues to be based in Europe, where around two-thirds of the employees work.

Following payment for the 2011 business year of an increased dividend from non-operational funds to mark Conzzeta's 100th anniversary, the Board of Directors is returning to the previous level of dividend payments. The Board's proposal to the Annual General Meeting of Shareholders is for a dividend of CHF 40 (previous year: CHF 217) per bearer share and CHF 8 (CHF 43.40) per registered share.

Business units

The **Sheet Metal Processing Systems business unit (Bystronic)** increased net revenue by 5.5% to CHF 530.6 million (previous year: CHF 503 million). Adjusted for currency translation effects, the increase was 3.5%. By far the most important growth market was the NAFTA region, where the recovery in the USA was not the only positive factor. A north-south divide is opening up in Europe, with sales volumes in the non-eurozone countries tending to be stronger than in the eurozone. Sales in Asia were at approximately the same level as in 2011. The business unit had a remarkable year on the product development front. At Euroblech, the leading trade show, Bystronic presented a completely revamped product portfolio, which met with great interest on the part of customers. The worldwide trend toward fiber laser systems is continuing, and Bystronic also presented a new machine in this segment. Market demand for modern software and operating systems is increasing. Bystronic has already responded to this demand with its BySoft 7 process control software and intuitive touchscreen interfaces. The new plant was inaugurated at the Tianjin site in China. In addition to production capacity, it includes a new demonstration center and improved facilities for product development.

In the **Glass Processing Systems business unit (Bystronic glass)**, net revenue fell by 5.6% to CHF 141.8 million (previous year: CHF 150.2 million). In local currencies, the drop in sales was 6.2% compared with 2011. This trend is partly attributable to the closure of the architectural glass cutting segment. As announced earlier, the segment was discontinued for reasons of economic efficiency. The continuing shift toward China in the market for glass processing machinery gathered pace. At the same time, Europe is stagnating. Bystronic glass is responding to this strategic challenge by strengthening its activities in China, where the mid-range segment of its portfolio now includes a new insulating glass system. The business unit was thus able to take advantage of the growing demand for multiple glazing in Asia, generating increased sales in the region. There was particularly pleasing revenue growth in the laminated safety glass (LSG) and automotive glass segments. The restructuring program initiated in January 2012 is nearing completion. The new systems for architectural glass cutting segment based in Bützberg (Switzerland) was closed down and the site refocused on customer service and the automotive glass business. The production of handling equipment and LSG systems was transferred from Gunzenhausen to Neuhausen-Hamberg (Germany).

The **Automation Systems business unit (ixmation)** posted net revenue of CHF 55.9 million in 2012, a decrease of 20.2% on the previous year (CHF 70 million), or 24.7% in local currencies. This level of revenue was about the same as in 2010. The year-on-year decline is attributable to a major one-time order booked in 2011. In the reporting year, the business unit incurred high, unplanned costs dealing with technical problems relating to demanding projects. In summer 2012, the decision was taken to appoint Guy Sellier as the new head of the business unit. He has extensive experience in the automation industry as well as in project management. The market in Asia is becoming increasingly important for ixmation. Labor costs are rising and sectors such as the automotive industry, consumer goods manufacture and medical technology are continuing to grow. In 2012, ixmation acquired renowned international players as customers in the

alternative energy and automotive fields. In competing for business from globally active customers, Conzett's international set-up often plays a crucial role.

In the **Foam Materials business unit (FoamPartner)**, net revenue rose by 4.2% to CHF 129.9 million (previous year: CHF 124.6 million). Adjusted for currency translation effects, the business unit posted a 3.5% year-on-year increase. Although the currency effect is negligible, the strong Swiss franc did affect the business performance. Revenues in the comfort foam segment declined in the home market of Switzerland because of the impact of cheaper competitor products from the eurozone and shopping tourism. On the other hand, the segment was able to generate sales growth in the eurozone, above all in Germany and the Benelux countries, with a new mattress core product line. FoamPartner recorded its highest sales growth in Asia, followed by the USA, with demand for technical foams developing very well in both regions. The business unit received new orders worldwide from the automotive industry, which is showing increased interest in acoustic foams for sound insulation. Filters, sponges, packaging and rolls also sold well. The business unit continued to expand in Asia, establishing its own sales office in Singapore.

In the **Sporting Goods business unit (Mammut Sports Group)**, the reporting year was marked by strong growth, with net revenue up by 10.3% to CHF 232.5 million (previous year: CHF 210.8 million). After adjustments for currency and acquisition effects, the growth in net revenue amounted to 8.4%. Market expansion focused on the Asian region, where the highest growth rates were recorded. Mammut acquired a majority holding in its previously independent distributor in South Korea, the world's second biggest outdoor equipment market. At the same time, Mammut began building up its own sales company in China. The business unit sustained its robust performance in the main European market, Germany, recording strong sales growth. In the rest of the eurozone, the impact of prevailing economic uncertainties was evident. The home market of Switzerland saw modest growth, indicating a slowdown in the cross-border shopping trend, though the pressure on prices was still apparent. Mammut also generated strong revenue growth in North America. The highest sales growth was in the hardware product segment, where avalanche protection systems were particularly popular with customers. Mammut opened 16 new mono-brand stores worldwide in 2012, bringing the total to more than 50 and helping to boost the brand's popularity. Mammut marked its 150th anniversary by sponsoring the conquest of 150 mountain peaks worldwide, the most important project aimed at increasing brand awareness in recent years, which aroused a great deal of interest. The business unit's other major project was the construction of a new European logistics center in Wolfertschwenden near Memmingen (Germany), which came on stream in fall 2012, taking over supplies to the whole of Europe.

The **Graphic Coatings business unit (Schmid Rhyner)** increased net revenue in the reporting year by 4.7% to CHF 50.4 million (previous year: CHF 48.1 million). Schmid Rhyner generated growth in most of its markets. The debt crisis continued to dominate the picture in Southern Europe, resulting in declining sales. Demand for varnishes for commercial printing is falling across all market regions. At the same time, there is a growing market for packaging printing, where Schmid Rhyner is consolidating its position with a UV-hardening line. The new Touch&Feel varnishes, which create textured effects on packaging, are meeting with great interest in many branches of industry, notably luxury goods and the alcohol and tobacco industries. The water-based varnish segment was streamlined and will now focus on high-grade specialties, which offer good margins, to complement its portfolio. In the UV-hardening segment, Schmid Rhyner has achieved some technological advances, for example developing new photoinitiators which further reduce the risk of migration to the product thanks to improved properties, thereby improving the safety characteristics of printed food packaging.

The **Real Estate business unit (Plazza Immobilien)** generated revenue of CHF 19.8 million in 2012, 5.3% down on the previous year (CHF 21 million). This decline is mainly the result of selling the property in Estavayer-le-Lac and the subsequent loss of rental income. The sale in Estavayer-le-Lac netted an extraordinary profit of CHF 8.5 million. Demand for rented accommodation at Plazza's residential properties remained stable. Legal formalities relating to the planned residential development with around 200 apartments on the Wallisellen site were completed and an architectural competition for the design of the project was held. Detailed construction planning for the entire development, named "Im Glattgarten", will take place in 2013. In the reporting year, an architectural and urban planning competition was held for the development of a former industrial site in Crissier. The municipalities concerned and Plazza are working with the winner of the competition to produce the design plan as a basis for specific building projects.

Trends and outlook

The 2013 business year will continue to be influenced by the unresolved currency and financial crisis, and increasingly also by political uncertainties. Although for the moment there are hopes of the situation easing, the underlying problem of the overindebtedness of some eurozone countries is not resolved. This leads time and again to mistrust in the markets and prompts customers to adopt a more cautious attitude. The crisis of trust in the euro and the resulting flight into the Swiss franc will continue to distort currency relations and hamper the export of Swiss products to the eurozone. In these circumstances, the stabilization of the Swiss franc by the Swiss National Bank continues to be an important factor, which at least in the short term offers a measure of security in planning.

As in the previous year, Conzzeta is more confident about the outlook in the Asian markets than it is about the prospects in Europe. In view of the unstable political and economic situation in the mature industrial economies, the Group is unable to make reliable forecasts. As experience shows, periods of uncertainty for customers soon make themselves felt in the order intake.

Conzzeta is continuing to prepare itself for an uncertain business climate, staying flexible and keeping costs down so that it is able to respond quickly to any slump in sales. To further reduce its exposure to currency effects, Conzzeta remains on its chosen course of maintaining its own manufacturing capacity in the markets it serves and purchasing in local currencies.

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Conzzeta Group is an internationally active Swiss holding company with approximately 3,600 employees worldwide. Its activities are in the areas of machinery and systems engineering, foam materials, sporting goods, graphic coatings and real estate. Conzzeta's shares are listed on the SIX Swiss Exchange (SWX:CZH).

Consolidated income statement 1/1 - 12/31

	2012 CHF m	2011 CHF m	Change in %
Net revenue by business unit			
Sheet Metal Processing Systems	530.6	503.0	5.5
Glass Processing Systems	141.8	150.2	-5.6
Automation Systems	55.9	70.0	-20.2
Foam Materials	129.9	124.6	4.2
Sporting Goods	232.5	210.8	10.3
Graphic Coatings	50.4	48.1	4.7
Real Estate and miscellaneous revenue	20.4	21.4	-4.6
Net revenue	1'161.5	1'128.1	3.0
Changes in inventory and own work capitalized	-1.8	23.9	
Total revenue	1'159.7	1'152.0	0.7
Cost of materials	-561.0	-579.7	
Personnel expenses	-305.1	-281.2	
Other operating expenses	-206.2	-191.9	
Depreciation on property, plant and equipment and financial assets	-28.0	-34.0	
Depreciation on intangible assets	-4.1	-3.3	
Operating result	55.3	61.9	-10.6
<i>Operating result in % of total revenue</i>	<i>4.8</i>	<i>5.4</i>	
Financial result	0.5	3.5	
Result from unconsolidated investments	0.1	0.0	
Ordinary result before taxes	55.9	65.4	-14.4
Extraordinary result	8.5	1.1	
Result before taxes	64.4	66.5	-3.1
Taxes	-18.8	-14.4	
Minority interests	0.7	0.0	
Group result	46.3	52.1	-11.0
<i>Group result in % of total revenue</i>	<i>4.0</i>	<i>4.5</i>	

Consolidated balance sheet at December 31

	2012	2011	Change
	CHF m	CHF m	in %
Assets			
Cash, cash equivalents and securities	422.2	482.5	-12.5
Receivables, prepaid expenses and accrued income	227.5	253.4	-10.2
Inventories	254.9	246.9	3.2
Current assets	904.6	982.8	-8.0
Property, plant and equipment	319.5	315.6	1.2
Financial assets	32.9	42.7	-23.0
Intangible assets	12.2	11.1	9.9
Fixed assets	364.6	369.4	-1.3
Total assets	1'269.2	1'352.2	-6.1
Liabilities and shareholders' equity			
Short-term liabilities	242.5	266.1	-8.9
Long-term liabilities	69.3	73.0	-5.1
Total liabilities	311.8	339.1	-8.1
Shareholders' equity including minority interests	957.4	1013.1	-5.5
Total liabilities and shareholders' equity	1'269.2	1'352.2	-6.1

The full version of the Annual Report is available at www.conzzeta.ch.