

Press Release

2009 semi-annual financial statements:

Global financial crisis left clear traces on Adval Tech

Niederwangen, August 26, 2009, 7.30 a.m. – The Adval Tech Group suffered from the impact of the global financial crisis on the real economy in the first half of 2009. Sales declined steeply in all three key markets, most severely in the automotive component supply business, which is very important for us. The slump in the market in the fourth quarter of 2008 actually intensified in the first quarter of 2009. Nor have the components business in the consumer goods market or the molds business for the medical and consumer goods industry escaped the effects of the global recession. Market trends make further structural adjustments necessary. Adval Tech expects to reduce employee numbers at AWM Mold Tech Ltd in Muri (Switzerland) with the loss of 50-70 jobs. Due to the positive effects of the economy measures already taken and to the higher sales in some market segments, there were signs of a reversal in the trend in the second quarter of 2009.

Total income of CHF 143.6 million reported by the Adval Tech Group was 36% lower than in the first half of 2008 (CHF 225.8 million) and 25% below the figure for the second half of 2008 (CHF 190.7 million). Operating earnings before depreciation (EBITDA) were also substantially lower at CHF 3.6 million (CHF 18.7 million in the first half of 2008, CHF 7.6 million in the second half of 2008). At the EBIT level the group had to record a substantial loss of CHF 9.5 million for the first half of 2009 (CHF +4.7 million in the first half of 2008, CHF –6.0 million in the second half of 2008). Net profit in the first half of 2009 amounted to CHF –13.4 million (CHF+0.5 in the first half of 2008, CHF –9.7 million in the second half of 2008).

Systematic economies

Systematic economies prevented even greater losses. For example, Adval Tech significantly reduced personnel expenses by downsizing the workforce, introducing short-time working and other measures. The reduction in the workforce affected the plants in China, Hungary and Brazil in particular. However, Adval Tech also had to reduce employee numbers in Switzerland by a total of 171. The group has also imposed a de facto embargo on capital spending. In the first half of 2009 investments in tangible fixed assets amounted to CHF 6.5 million, of which CHF 6.1 million were attributable to orders placed in the previous year. Systematic economies are the order of the day throughout the group, as reflected in significantly lower 'other operating expenses'.

Reduction in the workforce at AWM Mold Tech Ltd

The market situation for the Muri facility (AWM Mold Tech Ltd, Switzerland) continued to deteriorate in the first half of 2009. Business with new molds for optical discs (OD) has virtually collapsed, and the associated spare parts business is also far short of expectations. The other market sectors are also showing no signs of recovery. Now that the restructuring of moldmaking operations in Muri mandated in autumn 2008 has been implemented as planned, the current trend calls for further adjustments. The Board of Directors of the parent company – Adval Tech Holding Ltd – has instructed the Group Executive Management and the management of AWM Mold Tech Ltd to adjust production capacity and reduce the workforce accordingly. Management foresees a

reduction in employee numbers of 50 to 70. Management is informing employees this morning and is at the same time initiating the so-called consultation phase. Under this procedure, employees will have the opportunity to submit proposals to management by September 11, 2009, as to how redundancies can be avoided or their number limited and their consequences mitigated.

Automotive Segment

The Automotive Segment suffered a massive deterioration in semi-annual results. Sales collapsed dramatically in its main applications (steering systems, airbags, ABS and automobile lamps). However, Adval Tech received project assignments from various strategic customers, which will have an impact on sales in the course of 2010. The Automotive Segment's two complementary businesses – high-performance tools and systems for stamping and forming as well as non-tool-dependent sheet metal working – also suffered heavily from the slump in economic activity.

Medical & Consumer Goods Segment

Total income and EBIT at the Medical & Consumer Goods Segment at the half-year stage were far below the previous year's figures. The extreme reduction in inventories by our main customer in the medical technology market had a negative impact on total income in the first six months. However, encouraging progress was made on three promising projects, all of which call for assembly in clean room conditions in addition to injection molding. The consumer goods business suffered from the general slump in demand in the USA. However, new customers and orders were acquired. Overall sales of injection molds were also sharply lower. In addition to AWM Mold Tech Ltd, the Haslach facility (FOBOHA GmbH, Germany) also had to contend with the difficult market situation, although order intake there recovered significantly in the first half of 2009. The development of moldmaking operations in Suzhou (China) has been extremely encouraging. Launched on a greenfield site at the beginning of 2008, the OMNI Tech Center has already established itself as a trailblazing moldmaking center for Asia.

Outlook

Market conditions improved in the second quarter compared to the first three months of this year, and Adval Tech can detect positive signs in certain market segments. But a sustained recovery is not yet in sight. Adval Tech expects an improvement in total income and operating earnings in the second half of 2009 compared with the first six months. However, results for the 2009 financial year as a whole will be considerably worse than in the previous year.

Key figures compared with previous half-years

(CHF 1,000)

	1st half of 2009	2nd half of 2008	1st half of 2008 restated
Total income	143,646	190,751	225,774
Net turnover	145,398	178,937	217,402
Operating earnings (EBITDA)	3,636	7,627	18,709
Operating earnings (EBIT)	-9,491	-6,015	4,730
Net profit	-13,441	-9,743	509
Operative free cash flow	-13,741	6,541	-6,179
Capital expenditure	6,473	12,224	13,866
Number of employees (full-time units)	2,643	2,838	3,332

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 tools, special machinery, subassemblies, systems and volume components. 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 Styner+Bienz, QSCH, AWM, FOBOHA, Teuscher and OMNI.

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