

Press release

The Adval Tech Group in the first half of 2011:

Currency effects provoke negative EBIT

Niederwangen, August 26, 2011, 7.00 a.m. – The Adval Tech Group has not achieved its targeted improvement of results in the first half-year of 2011. The skyrocketing of the Swiss franc, especially in relation to the currencies of the group's most important export markets (the euro and the US dollar), took a heavy toll on financial performance. Additionally, the currencies of Adval Tech's production sites in China (yuan), Mexico (peso) and Brazil (real) have also markedly risen in value against the euro and the US dollar. This unfavorable development has undone all operative improvements of the Adval Tech Group in the first half-year of 2011. Based on the difficult situation and the correspondingly unfavorable outlook for the second semester, Board of Directors and the Group Executive Management are evaluating various scenarios and measures to mitigate locational disadvantages. Furthermore, they are intending to cut management wages and to implement a working hour increase of two and a half hours per week at the Swiss companies. These two measures are to be limited until the end of the year.

The total income of the Adval Tech Group of CHF 143.4 million is 11% lower than in the corresponding period of the previous year (CHF 160.6 million). What must be taken into account is that in Switzerland a total income volume of CHF 13.6 million fell away with the sale of the contract manufacturing of CD and DVD packaging at Muri, the closure of the production site at Merenschwand, as well as the sale of the plant Bodenweid in Berne-Bümpliz. Adjusting the total income of the previous annual period additionally by currency effects of CHF 17.3 million, the retained business areas show a growth of roughly 10%. This was mostly achieved in the automotive industry.

The operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 7.9 million in the first half-year turned out CHF 3.8 million lower than in the same period of the previous year (CHF 11.7 million). At CHF -1.7 million, the operating earnings (EBIT) trail the preceding year's corresponding result by CHF 2.0 million. Adjusted by exchange rate and relinquished activities in Muri, Merenschwand and Berne, both EBITDA and EBIT present a more positive picture: compared to the previous year, EBITDA and EBIT would have improved by CHF 1.5 million and CHF 2.6 million respectively. Currency effects affected EBITDA by some CHF 5.5 million. Accordingly, the net result for the first semester 2011 of CHF -7.1 million remains negative.

Strategy implementation

Due to takeovers and cooperation the Adval Tech Group is present worldwide today. The major orders obtained in the last two years are important milestones in the progress towards becoming a powerful group of companies. Adval Tech's successful acquisitions confirm the decision to continue to consistently implement a global strategy – even though this is more difficult in the current economic environment, taking more time than planned, and with the expansion phase taking a greater toll on the performance than expected.

Automotive Segment

The half-year total income of the Automotive Segment of CHF 71.3 million is 10% lower than the previous year's value of CHF 79.4 million. Adjusted by currency effects and accounting for relinquished business activities, the remaining business areas generated a growth rate of 19%. All sites of the Automotive Segment in Switzerland, Brazil, Hungary and the USA have contributed to

an increase in volume. In the areas of airbag applications, ABS brake systems and automobile lamps, as well as subassemblies for steering systems sales have developed pleasingly. Less pleasing are the operating earnings before interest, taxes, depreciation and amortization (EBITDA) of the Automotive Segment. At CHF 3.0 million they are CHF 1.8 million lower than the previous year's outcome of CHF 4.8 million. In exchange rate adjusted terms, however, EBITDA would have improved by CHF 1.5 million.

Medical & Consumer Goods Segment

The total income of the Medical & Consumer Goods Segment in the first half of 2011 of CHF 76.2 million lags by 7% behind the previous year's first half outcome of CHF 82.0 million. Adjusted by currency effects and the relinquished business activities in this segment with a volume of all in all CHF 11.6 million, the remaining business areas show a growth rate of 8%. The various areas of the segment developed differently: while the component business in exchange rate-adjusted terms stagnated, Adval Tech was able to gain in the molding technology business. EBITDA of the Medical & Consumer Goods Segment has dropped from CHF 6.0 million in the first semester 2010 to CHF 2.8 million. Even in exchange rate-adjusted terms this represents a decline, namely by CHF 1.2 million.

Outlook

Adval Tech expects a higher sales volume in the second semester 2011 than in the first, not least due to a number of new projects starting up. Of crucial importance is the launching of the strategic projects in the automotive and medical technology industries. They will have a major influence on the medium-term success of the Adval Tech Group. However, ultimately the further currency developments will be decisive for the 2011 result. Should the relevant foreign currency rates remain at present levels, net result for the second semester 2011 – despite the expected increase in sales volume – will probably turn out poorer than in the first half-year. In which case one would have to expect a significant loss for the entire business year 2011. In this difficult situation, the Board of Directors and the Group Executive Management are aiming to strengthen the Adval Tech Group's position in the short-term with the help of a graded wage reduction for the management (minus 6% on the Group Executive level, minus 4% and 2% respectively for the other management levels) and with a working hour increase of two and a half hours per week – both measures apply to the Swiss companies and are limited until the end of the year. Furthermore, the Board of Directors waives 10% of its annual remuneration for 2011.

Key figures compared with previous half-years

(CHF 1,000)

	1st half of 2011 ¹⁾	2nd half of 2010 ¹⁾	1st half of 2010 ²⁾
Total income	143,395	156,114	160,596
Net turnover	131,868	149,126	151,227
Operating earnings (EBITDA)	7,892	12,486	11,748
Operating earnings (EBIT)	-1,692	1,355	260
Net profit after taxes	-7,099	-4,467	-6,473
Operative free cash flow	-7,420	2,355	-3,939
Capital expenditure	10,557	7,306	5,044
Number of employees (full-time units) as per balance sheet date	2,466	2,470	2,523

1) according to Swiss GAAP FER

2) according to Swiss GAAP FER restated

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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