

## Press Release

2008 annual financial statements/strategy implementation/outlook:

# Adval Tech continues to lay strong emphasis on systematic globalization and focusing

**Niederwangen, April 21, 2009, 7.00 a.m. – In the context of implementing its strategy, the Adval Tech Group is continuing to focus on systematic globalization with manufacturing locations in all major regions of Europe, Asia and America. Following the negative results for the 2008 financial year, reported on March 25, 2009, with operating earnings (EBIT) of CHF -1.3 million and net result of CHF -9.2 million, the Adval Tech Group expects 2009 to be another difficult year. But on the basis of the group's global thrust and its focus on selected sectors in the automotive, medical technology and consumer goods markets, Adval Tech aims to emerge strengthened from the crisis.**

The fact that Adval Tech missed its targets for the 2008 financial year by a wide margin was due both to the structurally related slump in the market for molds used to manufacture optical discs and to the global financial crisis with its attendant impact on the real economy and the massive slump in the automotive and consumer goods industries.

The group's results were also adversely affected by the wide fluctuations in exchange rates and non-recurring expenditure of CHF 2 million in connection with bridging loans for the acquisition of the Omni Group.

The Adval Tech Group's total income of CHF 416.5 million was CHF 68 million (20%) higher than the previous year's figure. However, operating earnings before depreciation, interest and taxes (EBITDA) of CHF 26.3 million were 31% lower than the outcome in 2007 (CHF 38.4 million). The 2008 financial year therefore closed with an operating loss (EBIT) of CHF -1.3 million (2007: CHF 15.5 million). Net result was also negative (CHF -9.2 million), compared with a positive figure of CHF 8.3 million in the previous year. However, operative free cash flow was positive (CHF 0.4 million).

The Adval Tech Group took various steps in response to these exceptional market developments: in addition to restructuring with a reduction in the workforce at the moldmaking facility in Muri (optical discs), all organizational units in the group imposed a hiring freeze. The workforces at the sites in China and Hungary alone were reduced by a total of some 290. The group's employee numbers were reduced by 494 to 2,838 full-time units between the end of June 2008 and year-end. By the end of March 2009, Adval Tech had reduced its workforce by a further 147. Furthermore, Adval Tech introduced short-time working in certain plants. Systematic cost savings and a capital spending freeze are in force throughout the group. Exceptions to this are strategically important projects, innovation projects, marketing activities and education.

## Stamping and Forming Segment

The Stamping and Forming Segment's total income of CHF 179.3 million for 2008 was at much the same level as the previous year (CHF 182.5 million), but EBITDA declined by CHF 3.2 million to CHF 14.2 million (-18%) and EBIT by CHF 1.9 million to CHF 5.6 million (-25%). Up to the end of September 2008, the segment was still on track – with higher total income and improved operating earnings (EBIT) compared with the same period of the previous year. Then came the slump in the

automotive component supply industry, by far the largest target market served by the segment. The action initiated immediately to adjust structures was unable to offset the slump in sales. Transfers of production in connection with the closure of the Wolfwil plant in Switzerland also depressed annual results.

### **Injection Molding Segment**

Total income of CHF 237.3 million at the Injection Molding Segment (AWM, Foboha, Omni, Teuscher) exceeded the previous year's figure by 43%. CHF 102.2 million of this total was contributed by the Omni Group, which was acquired at the beginning of 2008. Compared with the previous year, the segment's total income was CHF 31.0 million lower after adjustment for this acquisition. This reduction was mainly attributable to the further drastic slump in the market for molds used to manufacture optical discs and to cancellations and postponements of moldmaking orders for the consumer goods industry. Despite a positive EBIT contribution by the recently acquired Omni Group, EBITDA declined by CHF 8.8 million to CHF 10.7 million (-45%) and EBIT by CHF 14.5 million to CHF -7.6 million (-210%). This outcome was caused mainly by our moldmaking unit in Muri. With the downsizing of operations in line with market conditions and efficiency improvements the moldmaking unit in Muri is seeking to achieve a turnaround within the next 18 months.

### **Strategy implementation**

By completing the acquisition of Omni Industries Pte. Ltd in January 2008 Adval Tech achieved a major strategic objective sooner than expected: a global presence with the group's own distribution organizations and manufacturing plants in Europe, Asia and America, which is so important for its large, strategic customers.

As a further step in the implementation of its strategy and in connection with the integration of the Omni Group, Adval Tech has adapted its organization to the group's strategic thrust with its main markets – automotive, medical and consumer goods. Two new corporate segments have been formed: the Automotive Segment serving the automotive component supply market, and the Medical & Consumer Goods Segment for the medical technology and consumer goods markets. The Automotive Segment focuses exclusively on the component supply business. All activities for the automotive industry are concentrated here, regardless of whether metal, plastic or composite components are manufactured. The previous Stamping and Forming Division (Styner+Bienz, QSCH) is combined with AWM Plast Tech Ltd to form the Automotive Division. Activities in the Medical & Consumer Goods Segment focus exclusively on plastics processing and are divided into three divisions: Medical (Teuscher) and Consumer Goods (Omni) for components, and Molding Technology (AWM, Foboha) for dies and molds.

### **Outlook**

It is difficult to assess how the global financial crisis and its impact on the real economy will continue to develop. In any event, 2009 will be another difficult year for Adval Tech. The group will adapt its structures to market conditions systematically, rapidly and flexibly and at the same time continue the resolute pursuit of its marketing and innovation activities with a view to securing the group's future. Adval Tech aims to emerge strengthened from the crisis on the basis of the group's global thrust and its focus on selected sectors in the automotive, medical technology and consumer goods 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 14, 2009, that no dividend should be paid.

<b>Key figures</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
Total income (CHF millions)	416.5	348.6	+20%
- Stamping and Forming Segment	179.3	182.5	-2%
- Injection Molding Segment	237.3	166.1	+43%
Operating earnings (EBITDA) (CHF millions)	26.3	38.4	-31%
- Stamping and Forming Segment	14.2	17.4	-18%
- Injection Molding Segment	10.7	19.5	-45%
Operating earnings (EBIT) (CHF millions)	-1.3	15.5	-108%
- Stamping and Forming Segment	5.6	7.5	-25%
- Injection Molding Segment	-7.6	6.9	-210%
Net result (CHF millions)	-9.2	8.3	-211%
Operative free cash flow (CHF millions)	0.4	-3.6	+111%
Number of employees on December 31	2838	1379	+106%
- Stamping and Forming Segment	805	805	±0%
- Injection Molding Segment	2023	563	+259%

### **Background information on the Adval Tech Group**

Adding value through innovation – that’s what the name Adval Tech stands for. As 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 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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