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## Media Release 12/06

### Swisslog achieves increased net sales and operating profit

**Buchs/Aarau, August 22, 2006 — The logistics company Swisslog increased net sales by 14.1% to MCHF 304.7 and operating profit (EBITA) by 62.3% to MCHF 12.5 in the first half of 2006. The goodwill impairment of MCHF 10.0 at Consulting Services/Wassermann as well as the book loss from the partial repurchase of the convertible bonds of MCHF 8.0 led, however, to a loss for the company of MCHF 15.6 despite the improved operating profit. As of June 30, 2006, Swisslog had an equity of MCHF 130.5 (32.0% of the balance sheet total).**

Net sales of Swisslog rose in the first 6 months to MCHF 304.7 compared with MCHF 267.0 in the corresponding period last year. For the Warehouse & Distribution Solutions division, net sales grew by MCHF 24.2 (+14.1%) to MCHF 195.5. The Healthcare Solutions division was able to increase net sales from MCHF 89.7 to MCHF 103.7 (+15.6%). In contrast, net sales of the Consulting Services/Wassermann division fell to MCHF 5.8 (MCHF 7.0 in the first half of 2005).

#### **Clear improvement of operating profit (EBITA)**

The group's operating profit before the impairment of goodwill (EBITA) increased in the first half of 2006 from MCHF 7.7 (same period last year) to MCHF 12.5. Warehouse & Distribution Solutions achieved an increase from MCHF 6.5 to MCHF 10.2, while Healthcare Solutions was able to grow operating profit slightly from MCHF 7.5 to MCHF 8.1. 'The improvement in operating profit for both Warehouse & Distribution Solutions and Healthcare Solutions was primarily the result of increased net sales', comments Swisslog CEO Remo Brunswiler. In contrast, Consulting Services/Wassermann showed a reduction in operating profit (EBITA) of MCHF 0.9 to MCHF -0.9. The lower net sales could not be fully compensated for by the cost saving measures that were initiated.

### **One-time effects**

The disappointing developments in terms of net sales and operating profit of Consulting Services/Wassermann made it necessary to perform a goodwill impairment test, and led to an impairment of MCHF 10.0. An additional one-time effect resulted from the partial repurchase of the convertible bonds. Since the repurchase price was above book value, this caused a one-time financial charge of MCHF 8.0.

### **Delays in order intake**

Order intake for the group sank in the first half of 2006 as compared to the corresponding period last year from MCHF 281.3 to MCHF 256.2. Order backlog increased slightly by 1.4% to MCHF 449.2 (2005: MCHF 443.2). The decline in order intake is primarily attributed to the Warehouse & Distribution Solutions division which saw a reduction from MCHF 169.2 to MCHF 138.7 in the first half of 2006. Order backlog for the division declined to MCHF 293.9 (2005: MCHF 303.5). 'In the first half of 2006 we were able to book various new orders, but larger orders were delayed (orders of MCHF 15.0 and above). We are nevertheless confident that we will receive such larger orders in the second half of the year,' says Brunschwiler. Healthcare Solutions was able to increase order intake to MCHF 112.0 compared with MCHF 105.3 in the first half of 2005. In addition, order backlog improved from MCHF 138.1 to MCHF 151.6. Consulting Services/Wassermann showed a decline in order intake to MCHF 5.6 (2005: MCHF 7.4).

### **Strengthened balance – new bank-guarantee facility**

The capital increase successfully carried out in May 2006 has significantly strengthened the balance sheet. As of June 30, 2006, equity amounts to MCHF 130.5 (MCHF 73.9 in the same period last year) and corresponds to 32.0% of the balance sheet total. In addition, Swisslog has a negative net debt position. The guarantee facility needed in the project business was agreed with a new bank consortium under better terms and conditions for the next 3 years. This will lead from 2007 onwards to cost savings of approximately MCHF 1.0 per year.

### **Outlook**

Swisslog anticipates for the current business year an increase in net sales of approximately 10% compared to the previous year and a continued improvement in operating margin in terms of EBITA. Based on the order pipeline, a significantly higher order intake is expected in the second half of the year compared with the first half. However, due to the two one-time effects of goodwill impairment and book loss from the partial repurchase of the convertible bonds, a negative net result is to be expected.

### **Calendar**

March 8, 2007: Swisslog's annual financial statement for 2006

May 16, 2007: Swisslog's Annual General Meeting 2007

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**About Swisslog**

Swisslog is a global provider of integrated logistics solutions for warehouses, distribution centres and hospitals. Its comprehensive services portfolio ranges from building complex warehouses and distribution centres to implementing Swisslog's own software. In addition Swisslog provides intra-company logistics solutions for hospitals as well as software and consulting services in the field of supply chain management.

Swisslog's solutions optimize customers' production, logistics and distribution processes in order to increase flexibility, responsiveness and quality of service while minimizing logistics costs. With years of experience in the development and implementation of integrated logistics solutions, Swisslog provides the expertise that customers in more than 50 countries around the world rely on.

Headquartered in Buchs/Aarau, Switzerland, Swisslog currently employs around 1 850 staff in 20 countries worldwide. The group's parent company, Swisslog Holding AG, is listed on SWX Swiss Exchange (security number: 1232462, Telekurs: SLOG, Reuters: SLOG.S). For more information, visit [www.swisslog.com](http://www.swisslog.com).

**Disclaimer**

This document contains statements relating to the future, i.e. statements employing terms such as 'believes', 'expects', and similar expressions. Such statements are naturally subject to known and unknown risks, uncertainties, and other factors that could cause significant discrepancies between the actual results, financial situation, development and performance of Swisslog on the one hand, and the assumptions that underlie the above-mentioned statements on the other. Bearing these uncertainties in mind, the reader should not rely on statements relating to the future. Swisslog Holding accepts no responsibility to update statements relating to the future or to adapt them to future events and developments.

<b>Swisslog Group key figures (unaudited)</b>	<b>1.1.–30.6.2006</b>	<b>1.1.–30.6.2005</b>	<b>1.1.–31.12.2005</b>
MCHF			
Order intake	256.2	281.3	628.6
Order backlog*	449.2	443.2	510.8
Net sales	304.7	267.0	556.4
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	15.9	11.2	28.8
<i>EBITDA margin</i>	<i>5.2%</i>	<i>4.2%</i>	<i>5.2%</i>
Operating profit before impairment of goodwill (EBITA)	12.5	7.7	21.8
Operating profit (EBIT)	2.5	7.7	21.8
Net result	-15.6	-1.4	1.8
Equity*	130.5	73.9	80.2
Net debt*	-30.1	51.0	42.9
Net working capital*	-23.4	-12.4	-9.5
Employees*	1 804	1 862	1 841

\* at the end of period

<b>Condensed consolidated income statement (unaudited)</b>	<b>1.1.–30.6.2006</b>	<b>1.1.–30.6.2005</b>	<b>1.1.–31.12.2005</b>
MCHF			
<b>Net sales</b>	<b>304.7</b>	<b>267.0</b>	<b>556.4</b>
<b>Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)</b>	<b>15.9</b>	<b>11.2</b>	<b>28.8</b>
Depreciation and amortization	3.4	3.5	7.0
<b>Operating profit before impairment of goodwill (EBITA)</b>	<b>12.5</b>	<b>7.7</b>	<b>21.8</b>
Impairment of goodwill	10.0	0.0	0.0
<b>Operating profit (EBIT)</b>	<b>2.5</b>	<b>7.7</b>	<b>21.8</b>
Financial income	2.3	1.6	4.4
Financial expense	-14.9	-5.5	-13.2
<b>Result before tax</b>	<b>-10.1</b>	<b>3.8</b>	<b>13.0</b>
Income taxes	-5.5	-5.2	-11.2
<b>Net result</b>	<b>-15.6</b>	<b>-1.4</b>	<b>1.8</b>
Attributable to:			
Equity holders of the parent	-15.6	-1.4	1.8
<b>Earnings per share</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Basic earnings per share	-0.08	-0.01	0.01
Diluted earnings per share	-0.08	-0.01	0.01

<b>Condensed consolidated balance sheet (unaudited)</b>	<b>30.6.2006</b>	30.6.2005	31.12.2005
MCHF			
Non-current assets excluding goodwill	48.8	50.6	49.1
Goodwill	88.3	99.2	100.9
<b>Non-current assets</b>	<b>137.1</b>	<b>149.8</b>	<b>150.0</b>
Inventories, trade and other receivables, prepayments	177.6	164.5	197.9
Cash and cash equivalents	92.5	73.3	84.1
<b>Current assets</b>	<b>270.1</b>	<b>237.8</b>	<b>282.0</b>
<b>Total assets</b>	<b>407.2</b>	<b>387.6</b>	<b>432.0</b>
Equity attributable to equity holders of the parent	130.4	73.7	80.1
Minority interest	0.1	0.2	0.1
<b>Equity</b>	<b>130.5</b>	<b>73.9</b>	<b>80.2</b>
Convertible bonds	62.4	123.8	127.0
Other liabilities	13.2	16.7	13.9
<b>Non-current liabilities</b>	<b>75.6</b>	<b>140.5</b>	<b>140.9</b>
Provisions	10.7	13.0	11.5
Other liabilities	190.4	160.2	199.4
<b>Current liabilities</b>	<b>201.1</b>	<b>173.2</b>	<b>210.9</b>
<b>Total equity and liabilities</b>	<b>407.2</b>	<b>387.6</b>	<b>432.0</b>

<b>Condensed consolidated cash flow statement (unaudited)</b>	<b>1.1.–30.6.2006</b>	1.1.–30.6.2005	1.1.–31.12.2005
MCHF			
<b>Net cash flow from operating activities</b>	<b>19.6</b>	<b>-18.7</b>	<b>-3.3</b>
Thereof cash flow before working capital changes	7.9	3.9	19.1
Thereof cash flow from net current assets	11.7	-22.6	-22.4
<b>Net cash flow from investing activities</b>	<b>-1.3</b>	<b>5.4</b>	<b>4.7</b>
<b>Net cash flow from financing activities</b>	<b>-8.8</b>	<b>-0.4</b>	<b>-4.8</b>
Currency translation differences on cash and cash equivalents	-1.1	1.6	2.1
<b>Net increase/decrease in cash and cash equivalents</b>	<b>8.4</b>	<b>-12.1</b>	<b>-1.3</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>84.1</b>	<b>85.4</b>	<b>85.4</b>
<b>Cash and cash equivalents at the end of period</b>	<b>92.5</b>	<b>73.3</b>	<b>84.1</b>

**Condensed consolidated statement of changes in equity (unaudited)**

MCHF	Share capital	Share premium	Fair value and other reserves		Retained earnings	Minority interests	Equity
			Currency translation differences	Other			
<b>At 1.1.2005</b>	<b>1.8</b>	<b>11.1</b>	<b>-34.1</b>	<b>-0.3</b>	<b>89.7</b>	<b>0.2</b>	<b>68.4</b>
Net result 1.1.-30.6.2005					-1.4		-1.4
Currency translation differences			6.9				6.9
<b>At 30.6.2005</b>	<b>1.8</b>	<b>11.1</b>	<b>-27.2</b>	<b>-0.3</b>	<b>88.3</b>	<b>0.2</b>	<b>73.9</b>
<b>At 1.1.2006</b>	<b>1.8</b>	<b>11.1</b>	<b>-24.3</b>	<b>0.0</b>	<b>91.5</b>	<b>0.1</b>	<b>80.2</b>
Net result 1.1.-30.6.2006					-15.6		-15.6
Issue of share capital	0.7	72.5					73.2
Costs from issuance of share capital		-3.6					-3.6
Currency translation differences			-3.7				-3.7
<b>At 30.6.2006</b>	<b>2.5</b>	<b>80.0</b>	<b>-28.0</b>	<b>0.0</b>	<b>75.9</b>	<b>0.1</b>	<b>130.5</b>

Condensed information by segment (unaudited)	1.1.–30.6.2006	1.1.–30.6.2005	1.1.–31.12.2005
MCHF			
<b>Warehouse &amp; Distribution Solutions</b>			
Order intake	138.7	169.2	405.7
Order backlog*	293.9	303.5	359.0
Net sales	195.5	171.3	354.8
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	11.7	7.8	22.1
<i>EBITDA margin</i>	6.0%	4.6%	6.2%
Operating profit before impairment of goodwill (EBITA)	10.2	6.5	19.3
Operating profit (EBIT)	10.2	6.5	19.3
Employees*	970	1 027	1 004
<b>Consulting Services/Wassermann</b>			
Order intake	5.6	7.4	12.9
Order backlog*	4.0	2.0	4.2
Net sales	5.8	7.0	12.6
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	-0.4	0.6	-0.9
<i>EBITDA margin</i>	-6.9%	8.6%	-7.1%
Operating profit before impairment of goodwill (EBITA)	-0.9	0.0	-2.0
Operating profit (EBIT)	-10.9	0.0	-2.0
Employees*	62	69	71
<b>Healthcare Solutions</b>			
Order intake	112.0	105.3	211.4
Order backlog*	151.6	138.1	147.9
Net sales	103.7	89.7	191.2
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	9.4	9.1	20.1
<i>EBITDA margin</i>	9.1%	10.1%	10.5%
Operating profit before impairment of goodwill (EBITA)	8.1	7.5	17.1
Operating profit (EBIT)	8.1	7.5	17.1
Employees*	751	747	744
<b>Headquarter/Holdings</b>			
Order intake	0.0	0.0	0.0
Order backlog*	0.0	0.0	0.0
Net sales	0.0	0.0	0.0
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	-4.8	-6.3	-12.5
<i>EBITDA margin</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Operating profit before impairment of goodwill (EBITA)	-4.9	-6.3	-12.6
Operating profit (EBIT)	-4.9	-6.3	-12.6
Employees*	21	19	22
<b>Eliminations</b>			
Order intake	-0.1	-0.6	-1.4
Order backlog*	-0.3	-0.4	-0.3
Net sales	-0.3	-1.0	-2.2
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	0.0	0.0	0.0
<i>EBITDA margin</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Operating profit before impairment of goodwill (EBITA)	0.0	0.0	0.0
Operating profit (EBIT)	0.0	0.0	0.0
Employees*	0	0	0

\* at the end of period

Continuation next page.

Condensed information by segment (unaudited)	1.1.–30.6.2006	1.1.–30.6.2005	1.1.–31.12.2005
MCHF			
<b>Total Group</b>			
Order intake	256.2	281.3	628.6
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Operating profit (EBIT)	2.5	7.7	21.8
Employees*	1 804	1 862	1 841

\* at the end of period

## Notes to the half-year financial report ended 30 June, 2006 (unaudited)

### 1. Basis of preparation

The unaudited half-year financial report of Swisslog Holding AG and its subsidiaries has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 (Interim Financial Reporting) and the 2005 financial report. The half-year financial report should be read in conjunction with the 2005 financial report, as this is an update of already disclosed information. The Board of Directors authorized the half-year financial report for issue on 16 August 2006.

### 2. Major foreign currency exchange rates

Currency	Country	Unit	Income statement			Balance sheet		
			30 Jun 06	30 Jun 05	31 Dec 05	30 Jun 06	30 Jun 05	31 Dec 05
EUR	Europe	1	1.5646	1.5465	1.5493	1.5646	1.5428	1.5555
GBP	UK	1	2.2777	2.2600	2.2664	2.2630	2.3195	2.2853
USD	USA	1	1.2804	1.2126	1.2496	1.2448	1.2669	1.3153

### 3. Share capital increase

On 17 May 2006, the General Meeting of Shareholders of Swisslog Holding AG approved the issuance of 71 793 424 new registered shares at nominal value of CHF 0.01. The subscription ratio was 2 new shares for 5 existing shares. The subscription price per new share was CHF 1.02 representing gross proceeds of around MCHF 73.2. In order to determine the earnings per share the right issue increased the calculated average number of shares by 12 522 109 for the presented previous periods.

### 4. Partial repurchase of convertible bonds

On 1 June 2006 convertible bonds with an aggregate nominal value of MCHF 78.2 were repurchased at a price of 98.0% and thereafter deleted. As the convertible bonds were repurchased at a price above its book value, a one-off financial cost of MCHF 8.0 was charged to the first half-year 2006. From 2007 onwards the partial repurchase of the convertible bonds reduces financial expenses by approximately MCHF 5.0 per year.

### 5. Goodwill Consulting Services/Wassermann (CSW)

The expected net sales improvement can not be reached in year 2006 and must be reduced. This results in a lower operating profit before impairment of goodwill (EBITA) despite cost saving measures. Due to the negative deviations in 2006, the strategy has been reviewed and a revised business plan of Consulting Services/Wassermann has been approved by the Board of Directors. The major changes of the planned values concern the net sales reduction (by MCHF 2.1 in 2006 up to MCHF 3.0 in 2010) and the decrease of operating profit before depreciation, amortization and impairment of goodwill (EBITDA) by MCHF 1.1 in 2006 (up to MCHF 1.4 in 2010). The reduced values cause an impairment of MCHF 10.0. After the recognition of the impairment the goodwill of CSW amounts to MCHF 9.0.

### 6. Bank-guarantee facility

Swisslog could successfully conclude an agreement with a new bank consortium. The new guarantee facility used for the project business is valid during the next 3 years and provides Swisslog better terms and conditions. It results in cost savings of about MCHF 1.0 per year from 2007 onwards.

#### Disclaimer

This document contains specific forward-looking statements, e.g. statements including terms such as "believe", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the Swisslog Group and those explicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. Swisslog Holding AG assumes no responsibility to update forward-looking statements or adapt them to future events or developments.