

SWISSLOG

2010 HALF-YEAR RESULT

Buchs, 17 August 2010

swisslog

DISCLAIMER

This document contains certain forward-looking statements, recognizable by the use of words such as "expects", "anticipates", "future" or similar expressions or by discussion of strategies, plans or intentions, etc. Various factors, known and unknown risks and imponderabilities, many of which are beyond our control, may cause actual developments and results to differ substantially in the future from those reflected in forward-looking statements contained in this document. Against the background of such uncertainties, readers should not rely on forward-looking statements. Swisslog assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

OVERVIEW FIRST HALF-YEAR 2010

- Solid top line development:
 - 2 major orders, higher amount of smaller and mid-sized orders
 - Net sales according to expectations, however below previous year
- Operating result (EBIT) negatively affected by one-time effect (MCHF 5.8) and lower net sales
- Strong balance sheet
 - Equity ratio around 42%
 - Net cash position of about MCHF 60

FINANCIAL OVERVIEW – SWISSLOG GROUP

in MCHF

	30.06.2010	30.06.2009	Change in % CHF	LC	
Order intake	345.4	366.4	-5.7%	-3.8%	■ Solid order intake and order backlog
Order backlog	475.2	493.9	-3.8%	0.2%	
Net sales	304.3	334.0	-8.9%	-7.5%	■ Lower net sales in line with expectations
EBITDA	9.5	22.1	-57.0%	-58.4%	■ Operating and net result lower due to operational issues (one-time effect) at HCS Europe and overall lower net sales
EBIT	5.7	16.0	-64.4%	-65.6%	
<i>EBIT margin</i>	1.9%	4.8%			
Net result	3.0	11.9	-74.8%	-74.8%	
Employees (FTE)	2 054	2 118	-3.0%		■ Stable number of employees since end of 2009

MARKET DYNAMICS/STRATEGIC DEV. – WAREHOUSE & DISTRIBUTION SOLUTIONS

Market dynamics

- First signs of improving market conditions mainly in North America and Asia
- Continued high price pressure mainly in Europe
- Trend toward more automation

Competition

- Hardware suppliers have become major competitors of Swisslog
- Continued consolidation of industry

Strategic development

- Enlargement of footprint in light goods technologies
- Reengineering of core processes (Simplicity program) to streamline sales and project management processes
- Investments in innovation:
 - New software generation
 - Industry solutions for F&B and Retail

MARKET DYNAMICS/STRATEGIC DEV. – HEALTHCARE SOLUTIONS

Market dynamics

- Overall market less affected by economic crisis compared to other industries
- First signs of increasing investments in hospital sector
- Need for increased efficiency of work processes due to cost pressure

Competition

- Automated Materials Transport Systems (AMTS): Unchanged competitive situation with strong positioning of Swisslog
- Automated Drug Management Systems (ADMS): Major players with ambitions to expand their position; emergence of start-up companies mainly in North America

Strategic development

- AMTS: Expansion of product offering to cover full range of materials transported in healthcare facilities
- ADMS: Expansion of product offering for more complete solutions and ability to serve broader range of healthcare facilities
- Customer support: Expansion of offered services for own and 3rd party products

FINANCIAL OVERVIEW – WAREHOUSE & DISTRIBUTION SOLUTIONS

in MCHF

	30.06.2010	30.06.2009	Change in % CHF	LC
Order intake	237.6	245.5	-3.2%	-2.1%
Order backlog	326.4	343.1	-4.9%	-1.1%
Net sales	199.1	213.3	-6.7%	-6.4%
EBITDA	10.1	13.9	-27.3%	-29.5%
EBIT	7.6	8.9	-14.6%	-18.0%
<i>EBIT margin</i>	3.8%	4.2%		
Employees (FTE)	1 167	1 248	-6.5%	

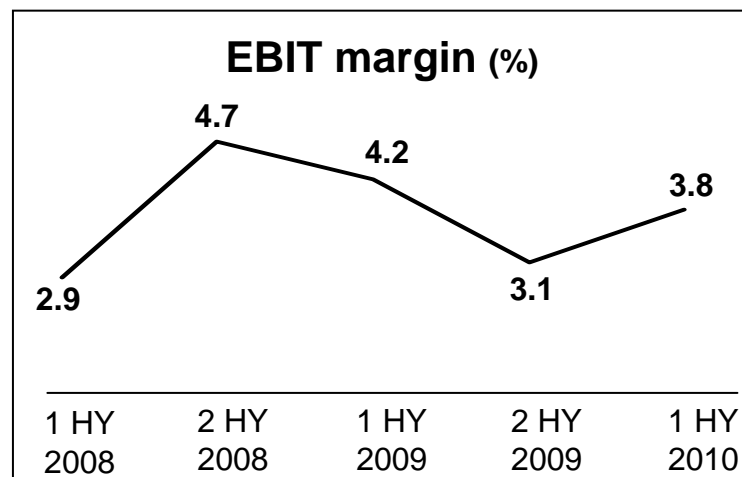
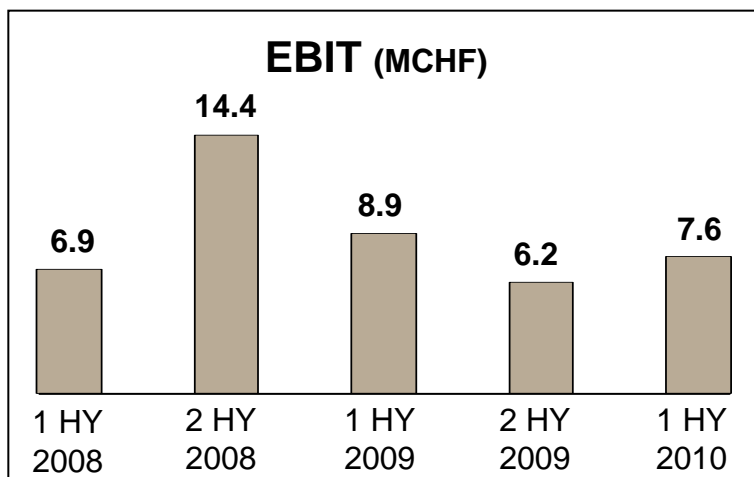
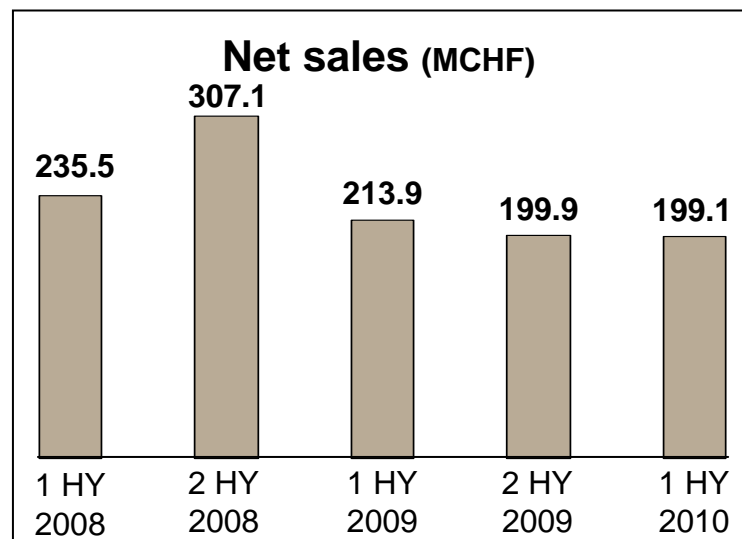
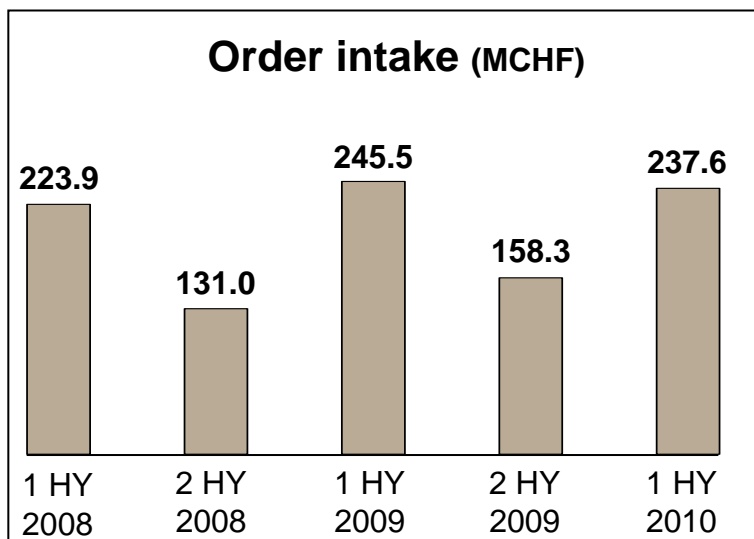
■ Solid order intake and order backlog

■ Reduced net sales due to lower order backlog at the end of 2009

■ Reduced operating results due to lower net sales

■ Reduction of 13 employees since end of 2009

KEY FIGURE DEVELOPMENT – WAREHOUSE & DISTRIBUTION SOLUTIONS



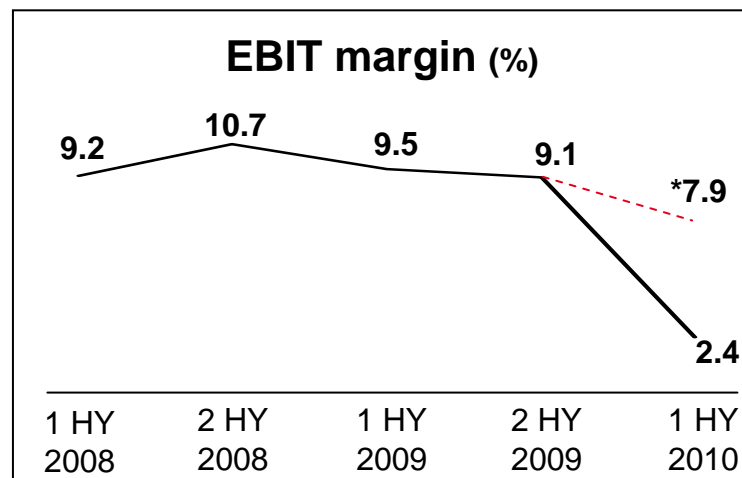
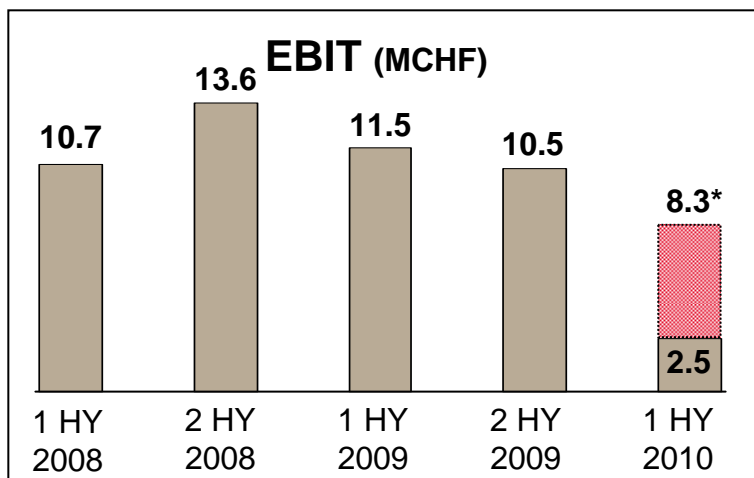
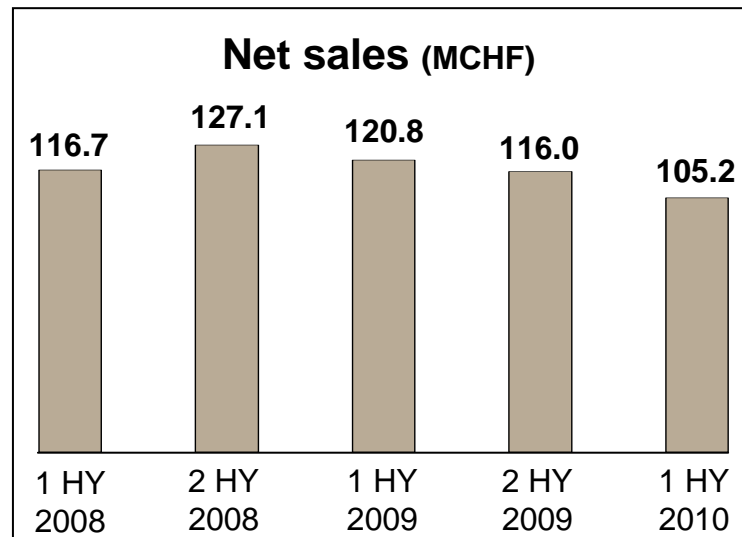
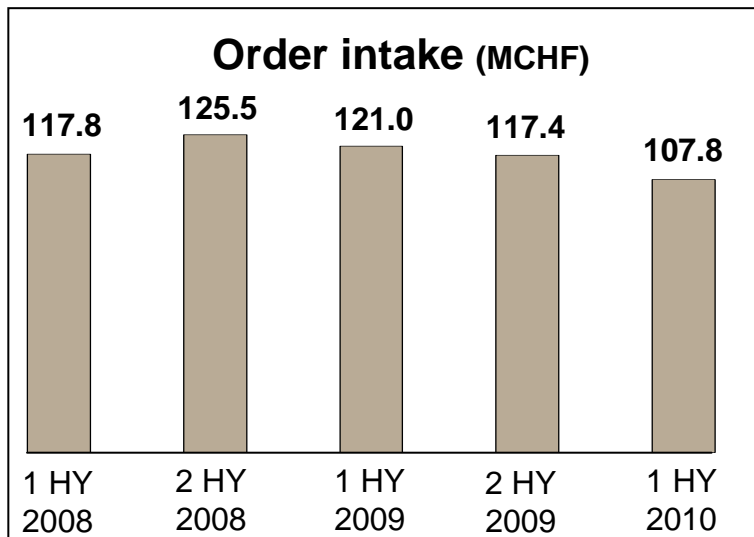
FINANCIAL OVERVIEW – HEALTHCARE SOLUTIONS

in MCHF

	30.06.2010	30.06.2009	Change in % CHF	LC
Order intake	107.8	121.0	-10.9%	-7.5%
Order backlog	148.8	150.8	-1.3%	3.1%
Net sales	105.2	120.8	-12.9%	-9.7%
EBITDA	3.7	12.5	-70.4%	-70.4%
EBIT	2.5	11.5	-78.3%	-78.3%
<i>EBIT margin</i>	2.4%	9.5%		
Employees (FTE)	869	852	2.0%	

- Lower order intake mainly in Europe; first signs of growth in North America
- Solid order backlog
- Reduced net sales due to weak order intake at end of 2009 and at beginning of 2010
- Operating results negatively affected by operational issues in Europe (one-time effect of MCHF 5.8) and lower net sales
- Slight increase of employees (mainly due to business growth in China)

KEY FIGURE DEVELOPMENT – HEALTHCARE SOLUTIONS



OPERATIONAL ISSUES – HEALTHCARE SOLUTIONS EUROPE

Issues

- Launch of new generation of AGV* product with substantial performance problems
 - Navigation system
 - Speed of cars
- Launch of new ETV** control system with functional gaps
- Faulty project management for these AGV and ETV projects

Measures

- Set-up of task force to resolve AGV performance issues on customer projects
- Redesign of AGV and ETV elements
- Strengthening of product center management structures

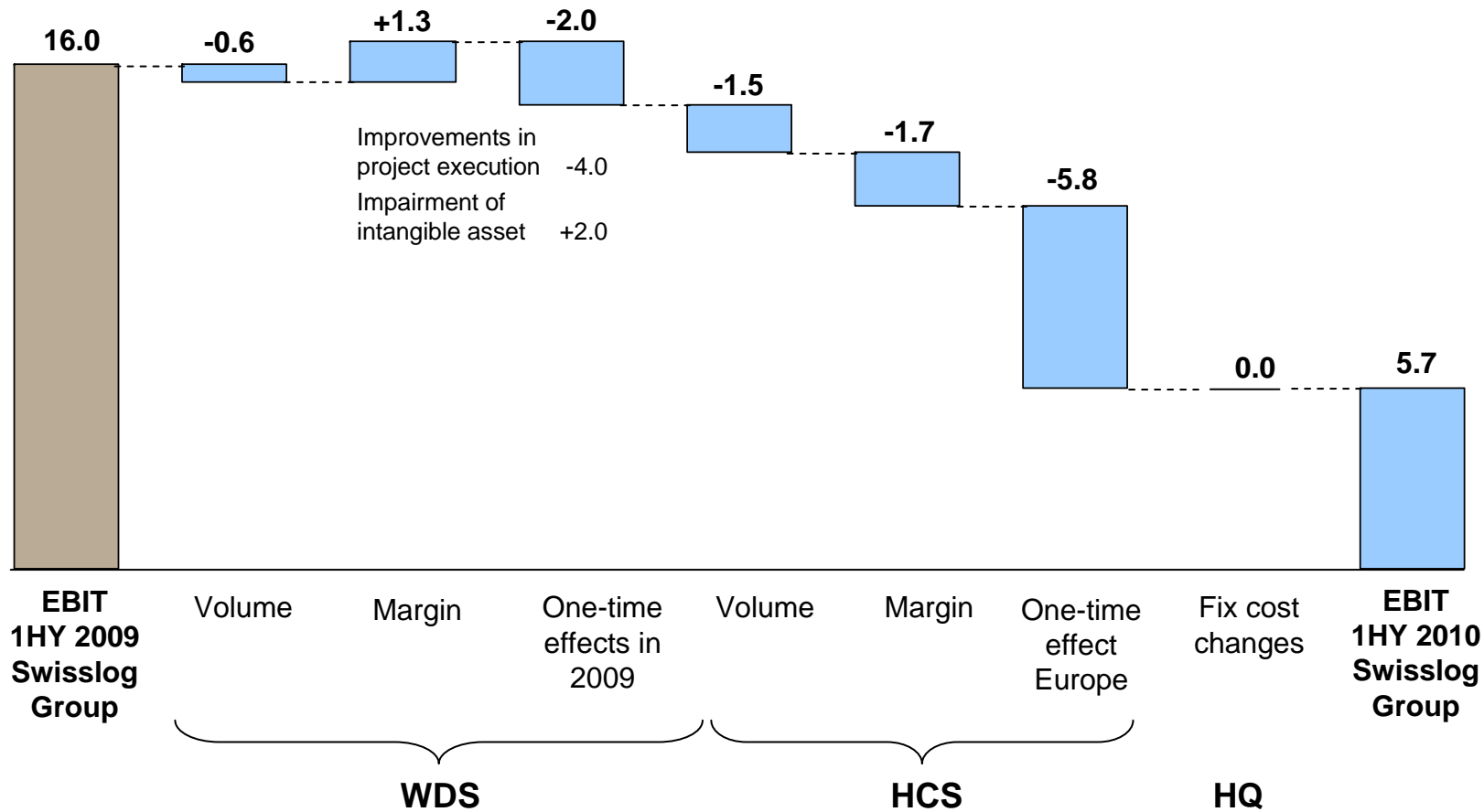
- One-time effect
1st half 2010:
MCHF 5.8

* AGV = Automated Guided Vehicles

** ETV = Electric Track Vehicles

EBIT CHANGE EFFECTS GROUP – 1HY 2009 VERSUS 1HY 2010

in MCHF



BELOW EBIT LINE – SWISSLOG GROUP

in MCHF

	30.06.2010	30.06.2009	Change in %
EBIT	5.7	16.0	-64.4%
<i>EBIT margin</i>	1.9%	4.8%	
Financial income	2.6	2.8	-7.1%
Financial expense	-2.2	-3.0	-26.7%
Taxes	-3.1	-3.9	-20.5%
Net result	3.0	11.9	-74.8%

- Improved financial result; tight hedging offset volatile currency markets
- Slightly lower tax expenses
- Net result negatively affected by one-time effect and lower net sales

BALANCE SHEET – SWISSLOG GROUP

in MCHF

	30.06.2010	31.12.2009	30.06.2009
Non-current assets excluding goodwill	39.4	38.7	39.1
Goodwill	79.3	80.1	82.8
Non-current assets	118.7	118.8	121.9
Inventories, trade and other current assets	181.8	159.8	191.9
Cash, cash equivalents	79.1	124.4	111.2
Current assets	260.9	284.2	303.1
TOTAL assets	379.6	403.0	425.0
Equity	157.8	161.3	159.3
Non-current liabilities	9.4	9.7	10.2
Provisions	10.7	11.1	11.9
Bank credit, convertible bonds	20.2	20.1	36.1
Other current liabilities	181.5	200.8	207.5
Current liabilities	212.4	232.0	255.5
TOTAL equity and liabilities	379.6	403.0	425.0
Net working capital	-13.3	-52.4	-26.4
Net cash	58.9	104.3	75.1

- Reduced goodwill due to strong CHF
- Reduced cash position due to increase in net working capital
- Equity ratio around 42%

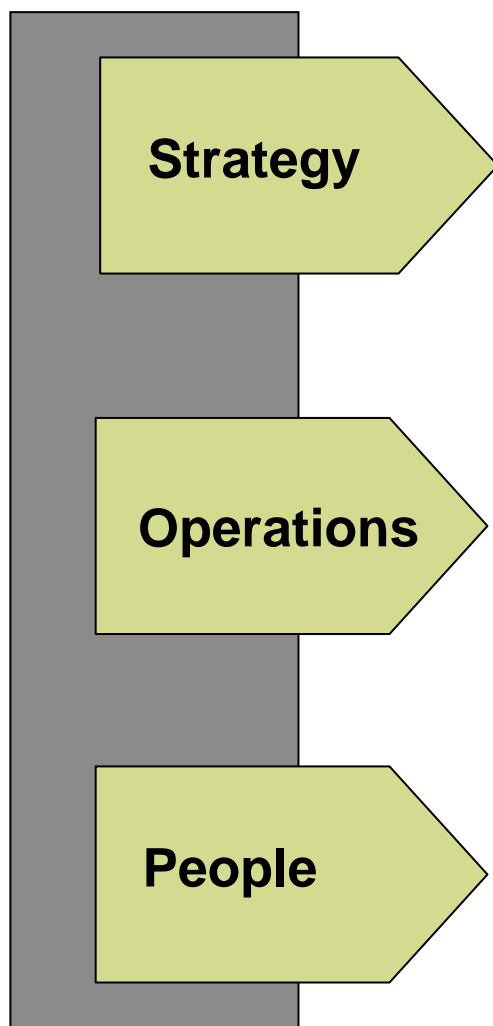
CASH FLOW STATEMENT – SWISSLOG GROUP

in MCHF

	1.1.-30.6.2010	1.1.-30.6.2009
Net cash flow from operating activities	-36.4	8.3
Cash flow before changes in working capital	4.8	15.9
Cash flow from changes in working capital	-41.2	-7.6
Net cash flow from investing activities	-4.0	-1.7
Net cash flow from financing activities	-5.2	-7.7
Currency translation differences	0.1	1.1
Net increase/decrease in cash and cash equivalents	-45.5	0.0
Cash and cash equivalents at beginning of period	124.0	101.0
Cash and cash equivalents at end of period	78.5	101.0

- Significant increase in net working capital during first semester 2010 in line with expectations (advance payments)
- Capitalization of new generation software
- Dividend payment of MCHF 5.0

AGENDA 2010



- WDS: Increase of own value added for customer projects
- HCS: Expansion of footprint
 - Automated Materials Transport Systems: Increase of market share through round-off acquisitions
 - Automated Drug Management Systems: Enlargement of product offering via acquisitions or cooperations
- Managing through the cycle:
 - Adjustment of personnel to anticipated workload
 - Rigorous cost management
- Implementation of Simplicity program WDS New Business
- Operational improvements in HCS Europe
- Strengthening of performance management across worldwide organization
- Strengthening of management of HCS Europe and Asia

CONCLUSION AND OUTLOOK

Conclusion

- Results of first half of 2010 below expectations due to negative one-time effect in Healthcare Solutions
- Existing order backlog, the resolution of operational issues at HCS Europe and first signs of a market recovery in North America and Asia will support better second half of 2010

Outlook 2010

- Order intake on previous year's level with additional 1 to 3 major orders (total 3 to 5 in 2010)
- Net sales reduction of around 5%
- EBIT reduction of approx. 30% for full-year 2010 (barring any unforeseen events)

EVENTS

- 19 October 2010: Investor Day
- 8 March 2011: 2010 Annual Result
- 14 April 2011: General Meeting of Shareholders

APPENDIX

GLOSSARY

ADMS	Automated Drug Management Systems
AGV	Automated Guided Vehicles
AMTS	Automated Material Transport Systems
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
ETV	Electric Track Vehicles
F&B	Food & Beverage
FTE	Full-time equivalent
FX	Foreign Exchange
HCS	Healthcare Solutions
HQ	Headquarters
PTS	Pneumatic Tube Systems
WDS	Warehouse & Distribution Solutions