

SWISSLOG – 2010 FULL-YEAR RESULT

Analyst and Media Conference

Zurich, 8 March 2011

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.

CONTENT

- **2010 financial situation**
- Market dynamics and strategic development
- Conclusion and outlook

- Slight reduction of order intake and net sales
 - Order intake slightly reduced due to late cyclicalness of business
 - Net sales according to expectations, however below previous year
 - Substantial negative currency translation effects

- Operating profit (EBIT) substantially reduced; however large differences in development of businesses
 - Overall positive development of Warehouse & Distribution Solutions
 - Strong performance of Healthcare Solutions North America as of second half 2010
 - Healthcare Solutions Europe strongly affected by one-time loss of MCHF 10.4

- Balance sheet remains solid

- Selected acquisitions in Healthcare Solutions and Warehouse & Distributions Solutions (minority stake) to strengthen product portfolio (completed in January 2011)

- Proposal for dividend of CHF 0.03 per share (dividend yield of 3.4%)

2010 OVERVIEW

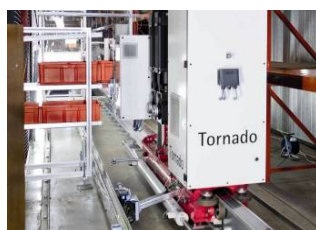
Chapter 1

2010 financial situation

Swisslog

Provider of logistics solutions for warehouses,
distribution centers and hospitals

Warehouse & Distribution Solutions (WDS)



Healthcare Solutions (HCS)



Net sales 2010 (MCHF)	397 65%	218 35%	615 100%
Employees (Full-time equivalent)	1 159	866	2 043

Group

swisslog

FINANCIAL OVERVIEW – SWISSLOG CONTINUING

Chapter 1

2010 financial situation

in MCHF

	1.1.-31.12.10	1.1.-31.12.09	Change in % CHF	LC
Order intake	611.1	642.0	-4.8%	-1.4%
Order backlog	400.9	446.4	-10.2%	-1.2%
Net sales	614.8	649.9	-5.4%	-2.1%
EBITDA	28.1	39.5	-28.9%	-30.4%
EBIT	20.1	28.4	-29.2%	-31.3%
<i>EBIT margin</i>	3.3%	4.4%		
Net result	13.6	17.7	-23.2%	-21.5%
Employees (FTE)	2 043	2 044	0.0%	

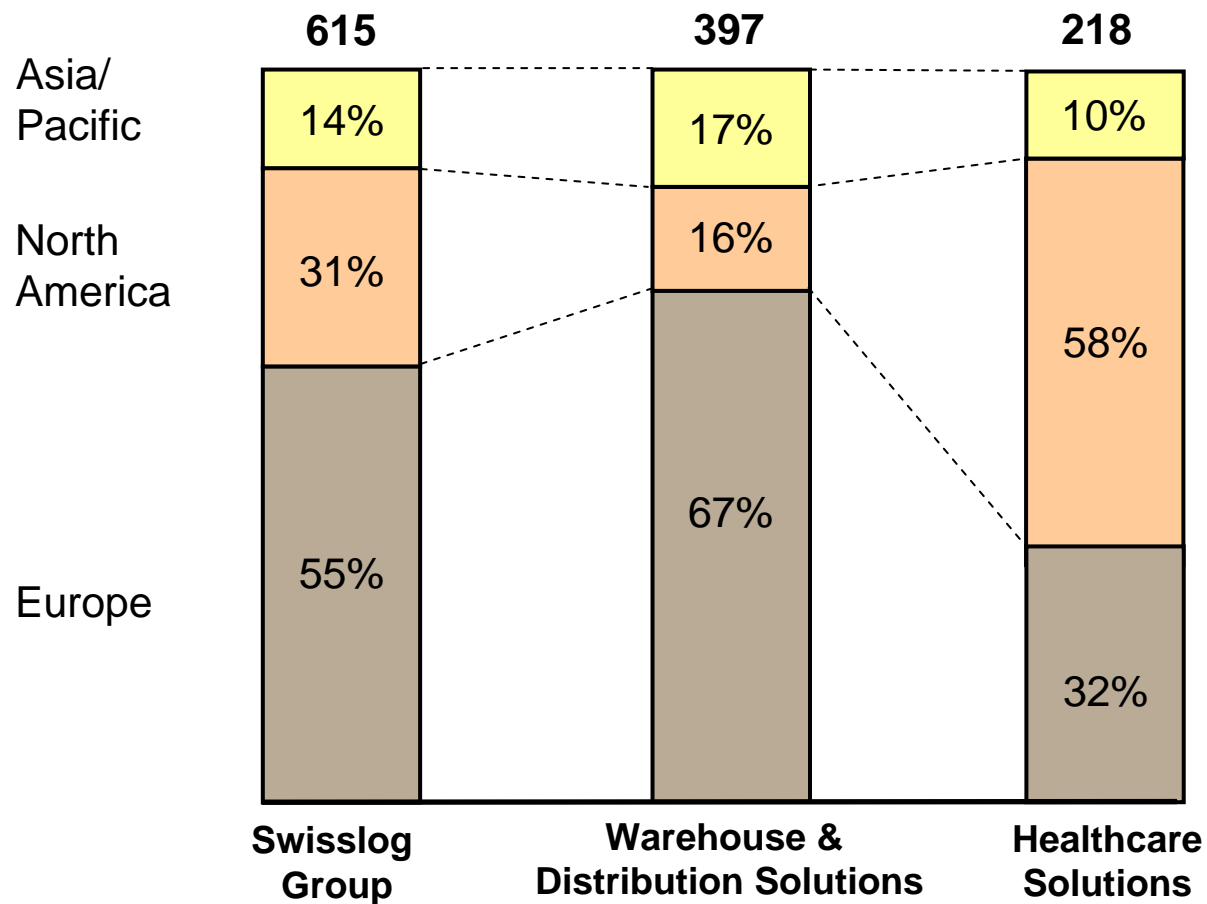
- Reduced order intake due to late cyclicalities of business
- Reduced order backlog due to currency translation effects
- Lower net sales in line with expectations
- Weaker operating results due to one-time loss of HCS Europe and overall lower net sales
- Lower net result
- Stable number of employees

GEOGRAPHIC SPLIT OF NET SALES 2010

Chapter 1

2010 financial situation

in MCHF

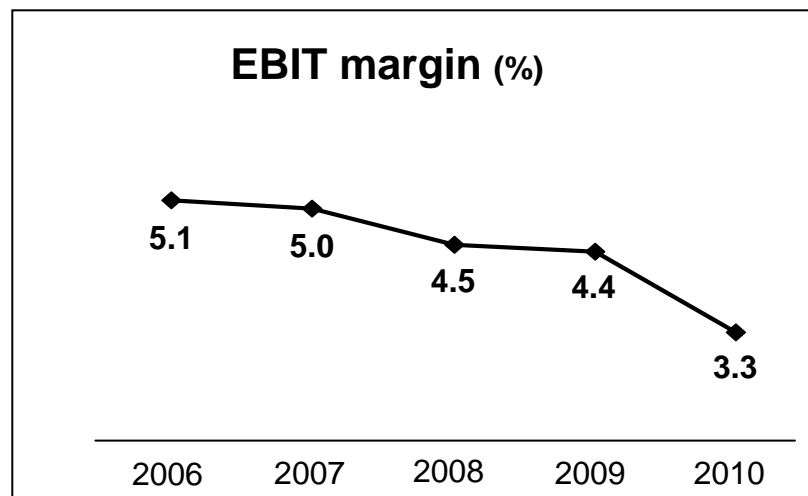
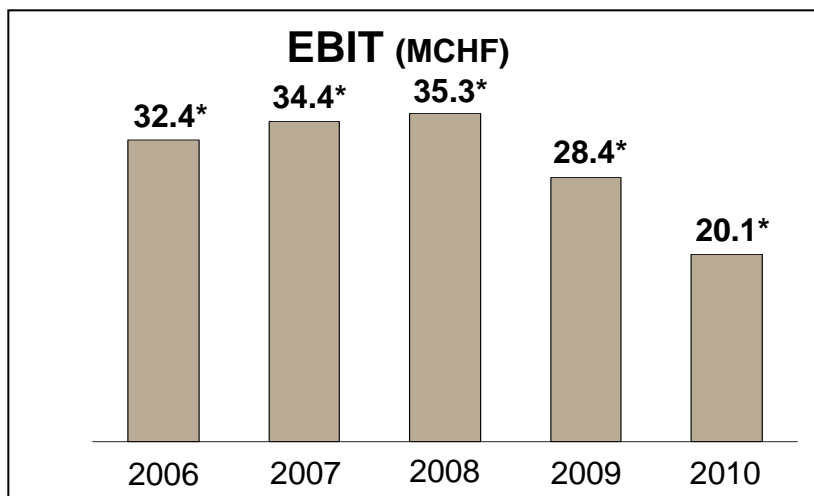
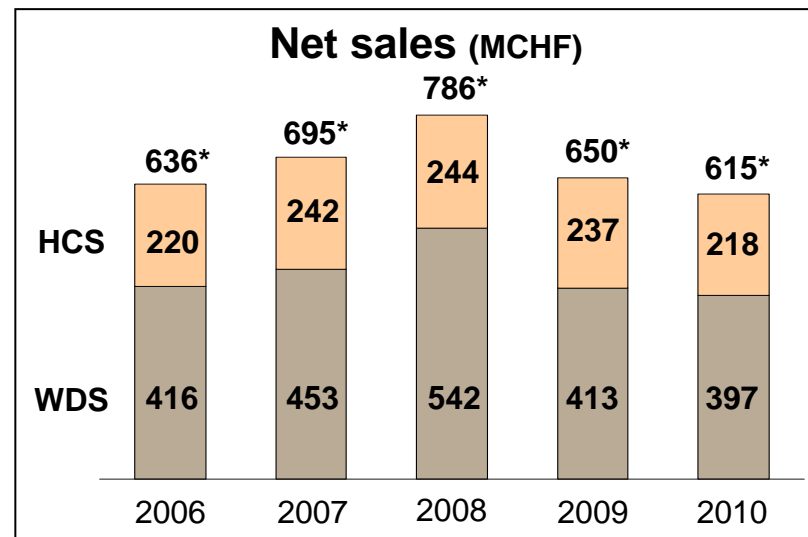
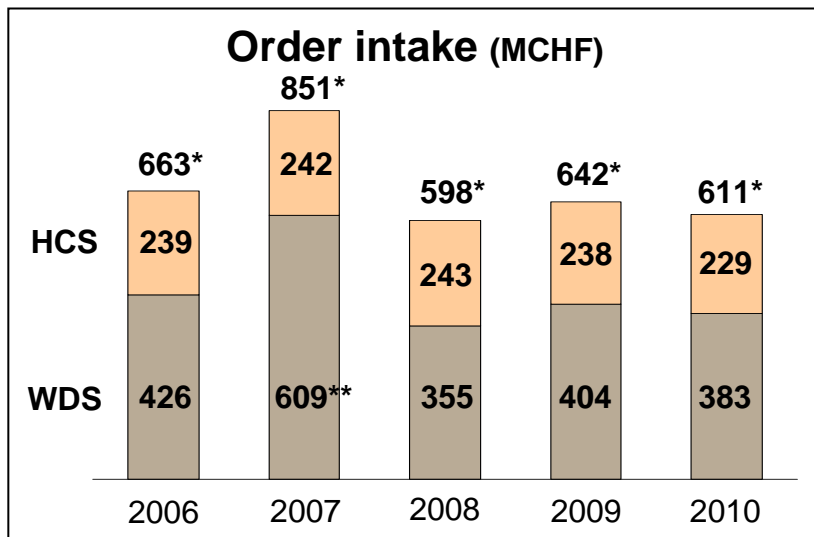


2009: Asia/Pacific: 13%, North America: 27%, Europe: 60%

KEY FIGURE DEVELOPMENT – SWISSLOG GROUP (1/2)

Chapter 1

2010 financial situation

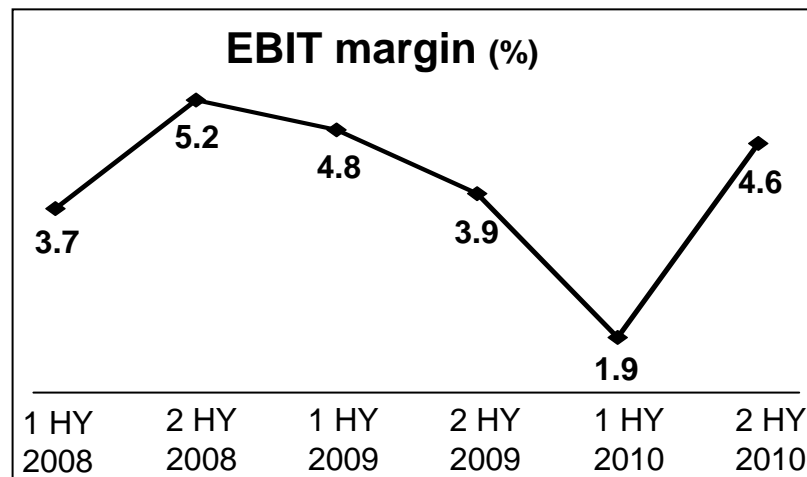
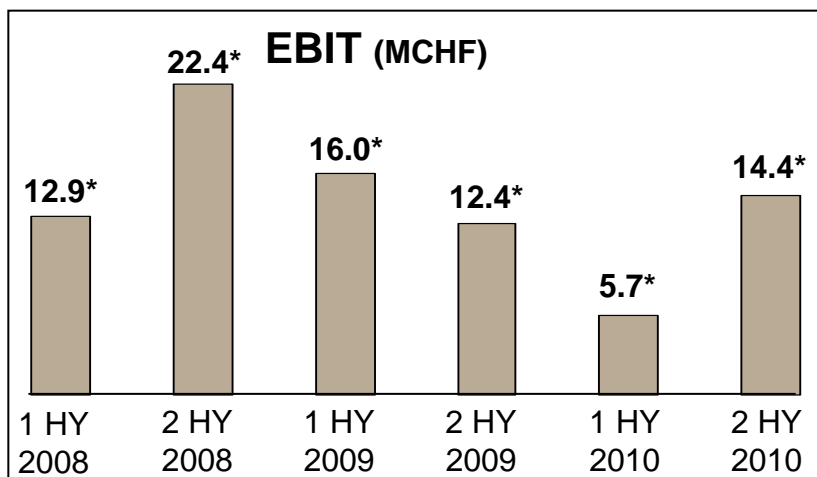
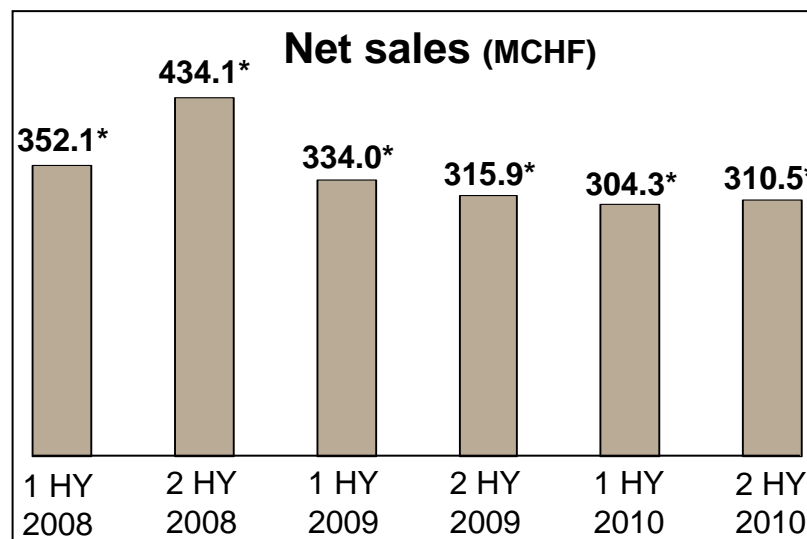
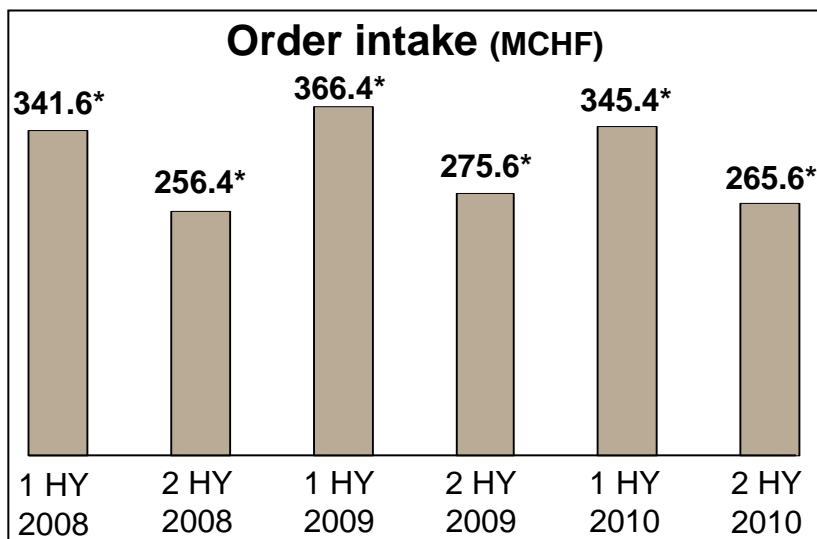


* Swisslog continuing operations after eliminations
** MCHF 210 from dm-drogerie markt

KEY FIGURE DEVELOPMENT – SWISSLOG GROUP (2/2)

Chapter 1

2010 financial situation



WAREHOUSE & DISTRIBUTION SOLUTIONS

Chapter 1

2010 financial situation

in MCHF

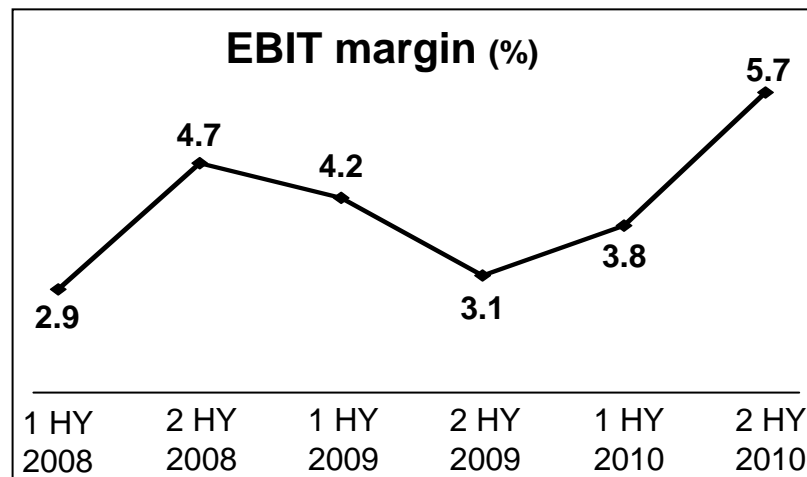
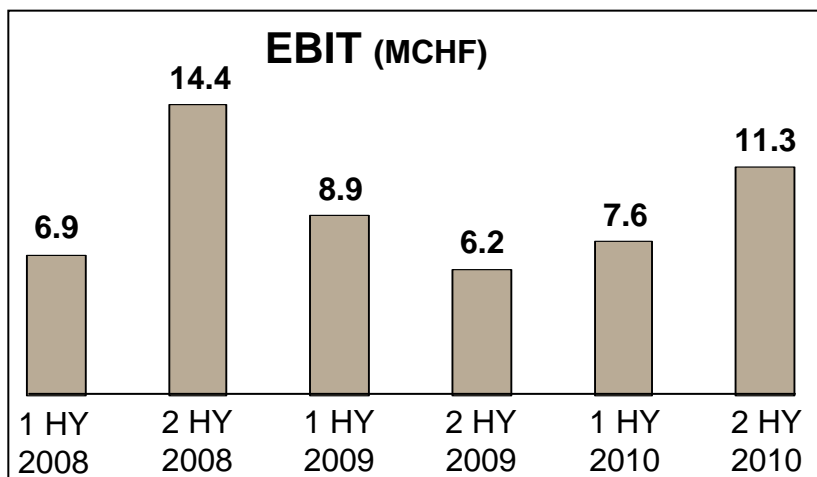
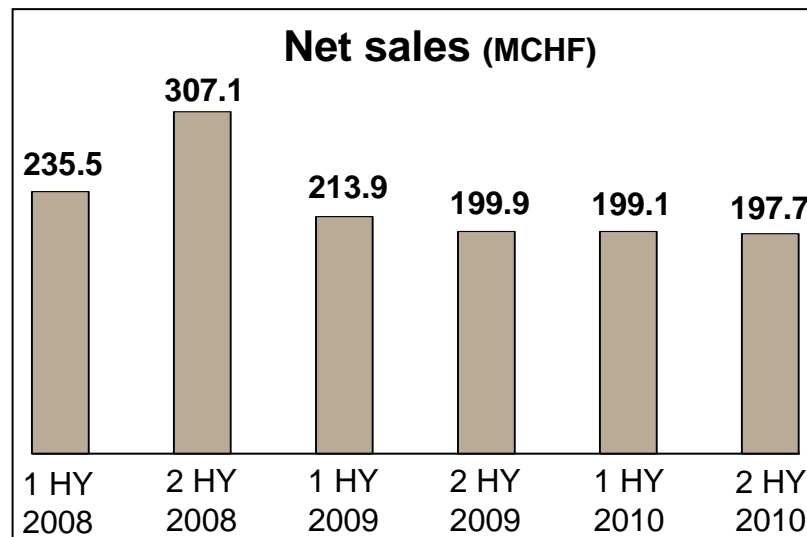
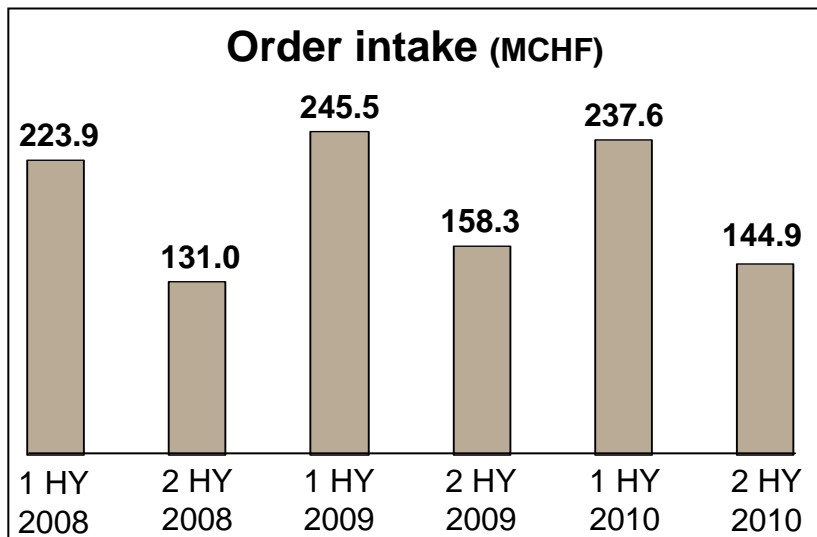
	1.1.-31.12.10	1.1.-31.12.09	Change in % CHF	LC
Order intake	382.5	403.8	-5.3%	-2.8%
Order backlog	260.8	299.7	-13.0%	-5.2%
Net sales	396.8	413.2	-4.0%	-1.6%
EBITDA	24.1	23.6	2.1%	-0.4%
EBIT	18.9	15.1	25.2%	21.2%
<i>EBIT margin</i>	4.8%	3.7%		
Employees (FTE)	1 159	1 180	-1.8%	

- Reduced order intake due to late cyclicity of business and negative currency translation effects; larger number of small and mid-sized orders
- Reduced net sales due to lower order intake and negative currency translation effects
- Better operating results due to efficiency improvements (Simplicity)
- Slight reduction of employees

KEY FIGURE DEVELOPMENT – WAREHOUSE & DISTRIBUTION SOLUTIONS

Chapter 1

2010 financial situation

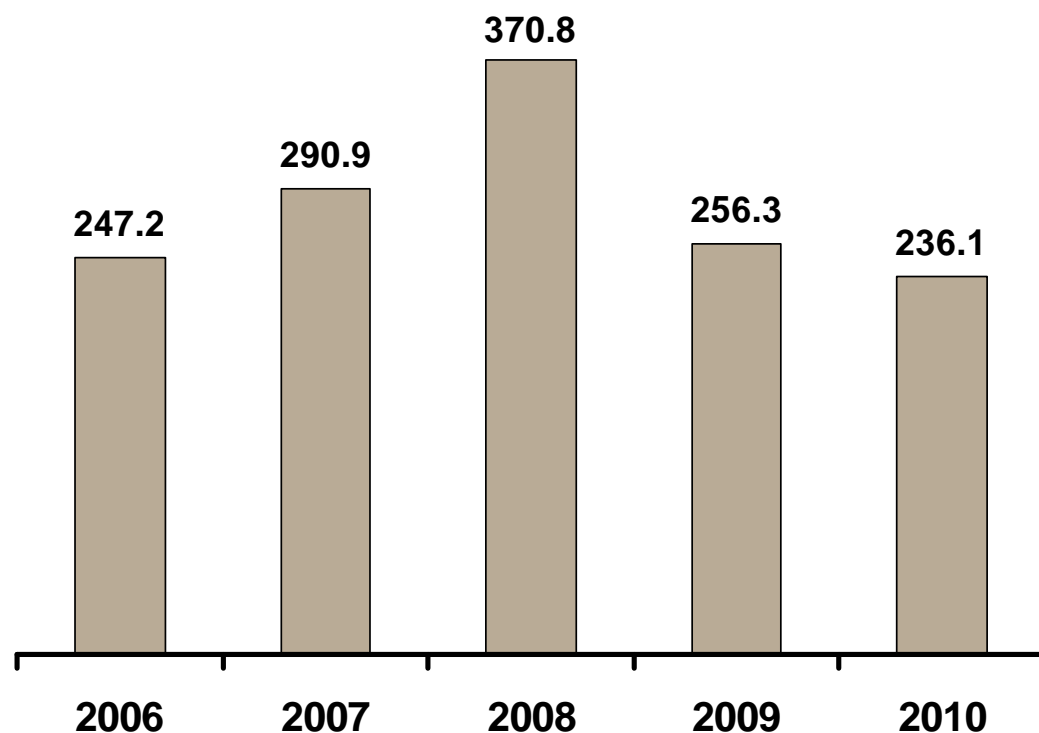


WAREHOUSE & DISTRIBUTION SOLUTIONS – NEW BUSINESS

Chapter 1

2010 financial situation

Net sales* in MCHF



Facts 2010

- Reduced net sales due to late cyclicity of business
- 3 major orders (Haribo, 2x Target)

Measures to improve profitability

- Implementation of business process reengineering program (Simplicity)
- Investments in innovation

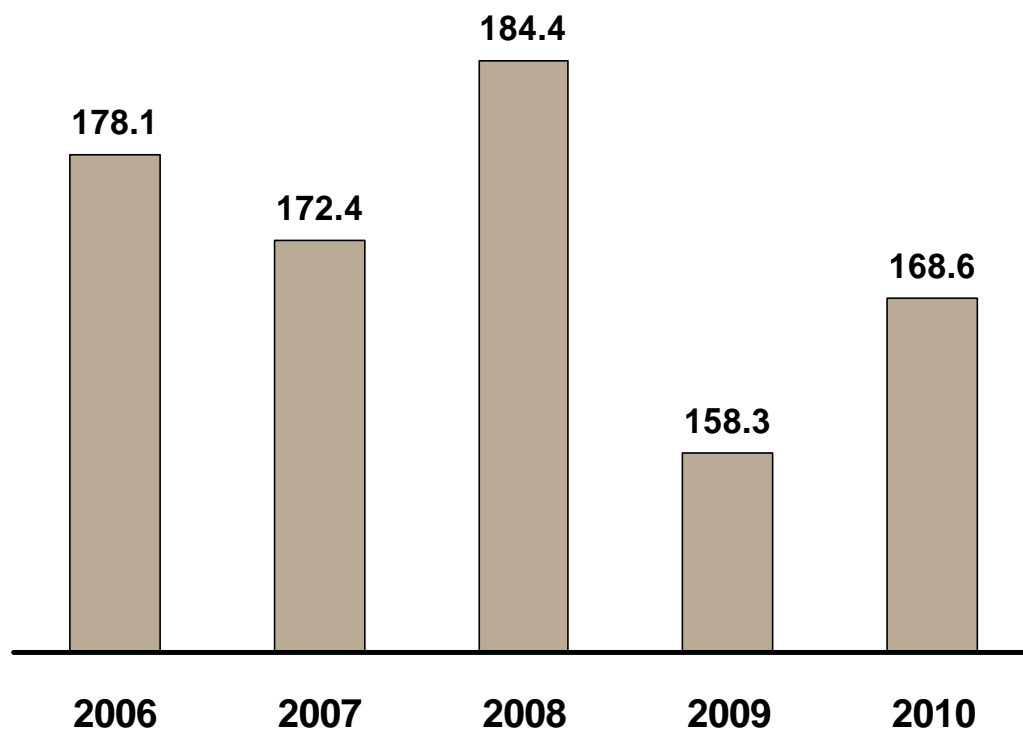
* Segment sales including internal sales

WAREHOUSE & DISTRIBUTION SOLUTIONS – CUSTOMER SUPPORT

Chapter 1

2010 financial situation

Net sales* in MCHF



Facts 2010

- Growing demand for retrofit projects
- Relatively stable demand for other Customer Support activities

Measures to improve profitability

- Full exploitation of service potential in projects realized during the last years
- Program launched to expand Customer Support business

* Segment sales including internal sales

in MCHF

	1.1.-31.12.10	1.1.-31.12.09	Change in % CHF	LC
Order intake	228.6	238.4	-4.1%	0.8%
Order backlog	140.1	146.7	-4.5%	7.0%
Net sales	218.0	236.8	-7.9%	-3.1%
EBITDA	12.1	24.3	-50.2%	-50.2%
EBIT	9.5	22.0	-56.8%	-56.8%
<i>EBIT margin</i>	4.4%	9.3%		
Employees (FTE)	866	846	2.4%	

- Reduced order intake, order backlog and net sales mainly due to negative currency translation effects; positive investment trend mainly in North American hospital sector in 2nd half 2010
- Operating results affected by one-time loss in Europe (MCHF 10.4) and lower net sales

Issues

- Launch of new generation of AGV* product with substantial performance problems
 - Navigation system
 - Speed of cars
- Poor project management

Measures

- Set-up of task force to resolve issues on customer projects
- Redesign of AGV elements
- Strengthening of management structures

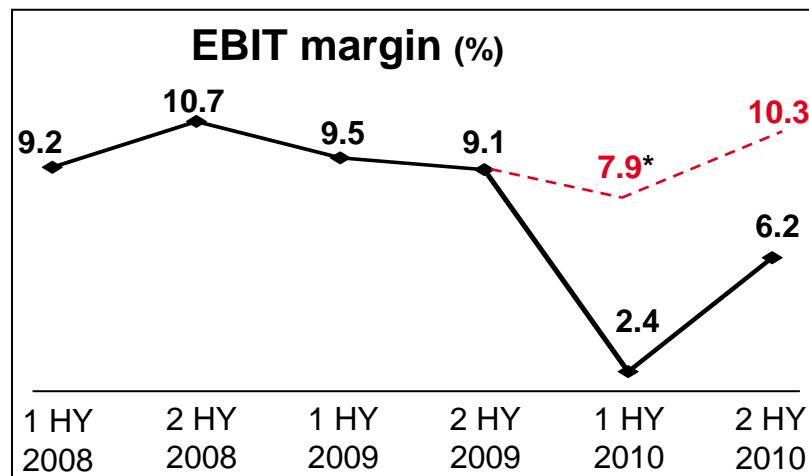
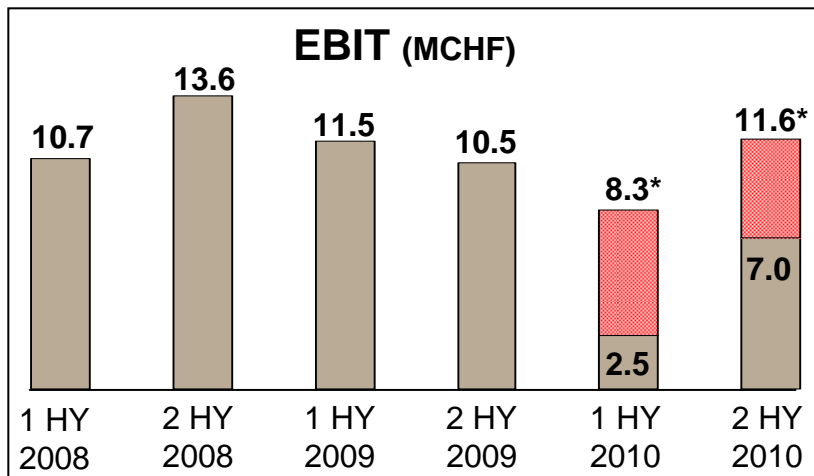
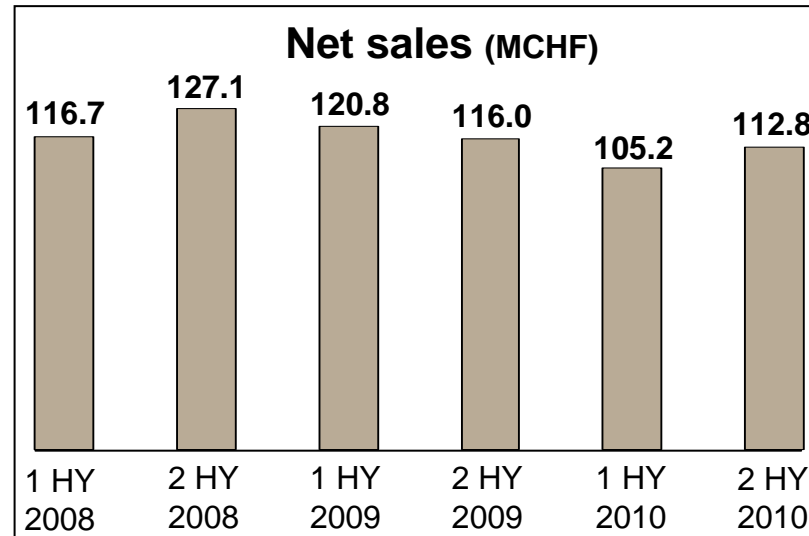
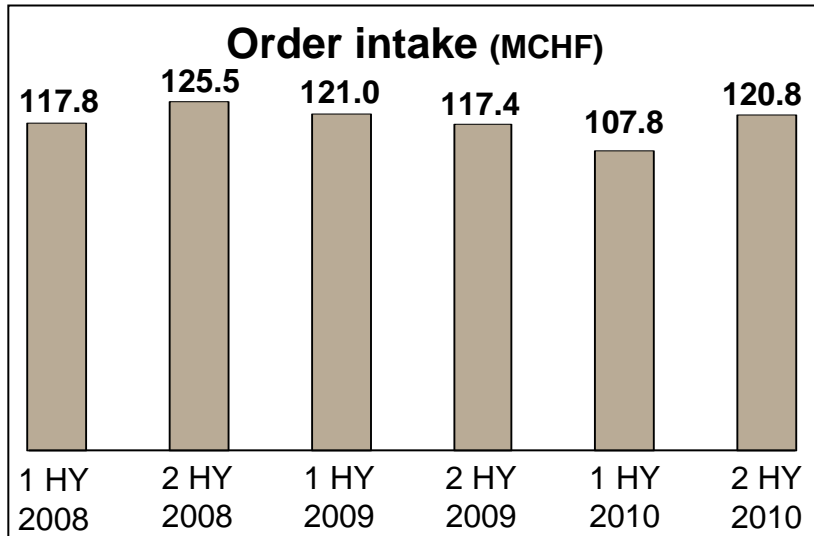
Financial impact

- One-time loss of MCHF 10.4 consisting of:
 - Internal efforts of MCHF 2.9
 - External costs for material and suppliers of MCHF 6.6
 - Penalty payments to customers of MCHF 0.9

KEY FIGURE DEVELOPMENT – HEALTHCARE SOLUTIONS

Chapter 1

2010 financial situation



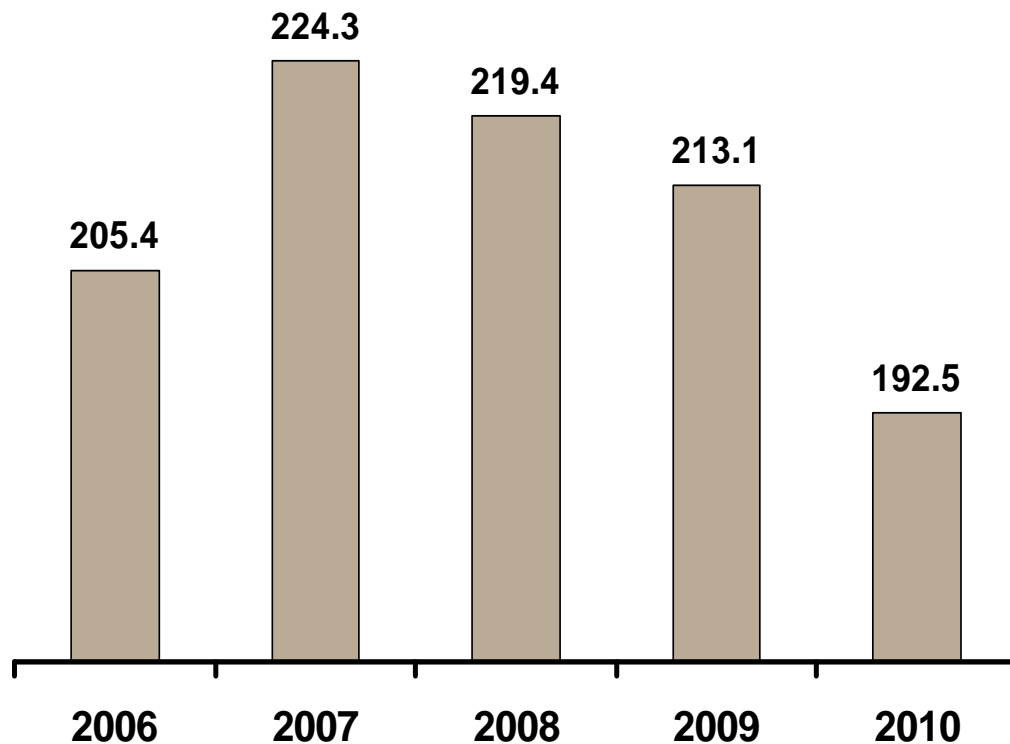
* Excl. one-time loss (1 HY MCHF 5.8; 2 HY MCHF 4.6)

HEALTHCARE SOLUTIONS – AUTOMATED MATERIAL TRANSPORT SYSTEMS

Chapter 1

2010 financial situation

Net sales in MCHF



USD/CHF: 1.26 1.20 1.08 1.09 1.04

Facts 2010

- Reduced investments by hospitals in North America as of 2nd half 2009; return to increased levels during 2nd half 2010
- Negative currency translation effects

Measures to improve profitability

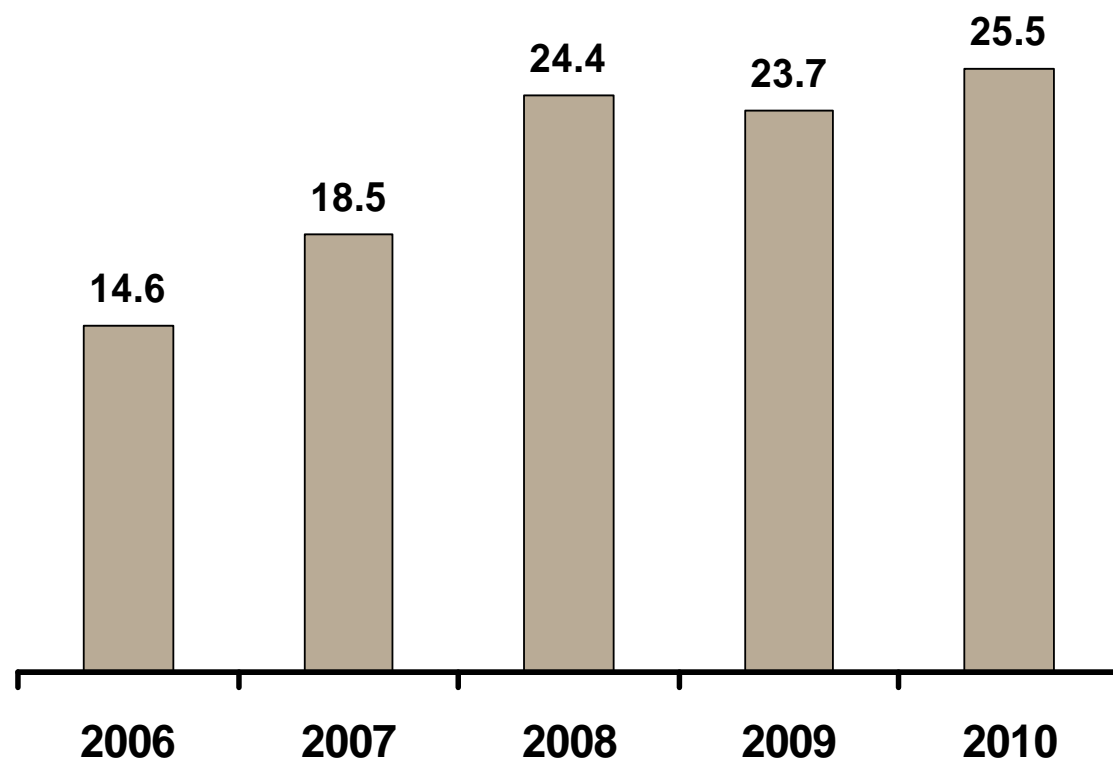
- Expansion of Customer Support activities in North America

HEALTHCARE SOLUTIONS – AUTOMATED DRUG MANAGEMENT SYSTEMS

Chapter 1

2010 financial situation

Net sales in MCHF



Facts 2010

- Stable demand in North America
- Increasing demand in Europe and Asia

Measures to improve profitability

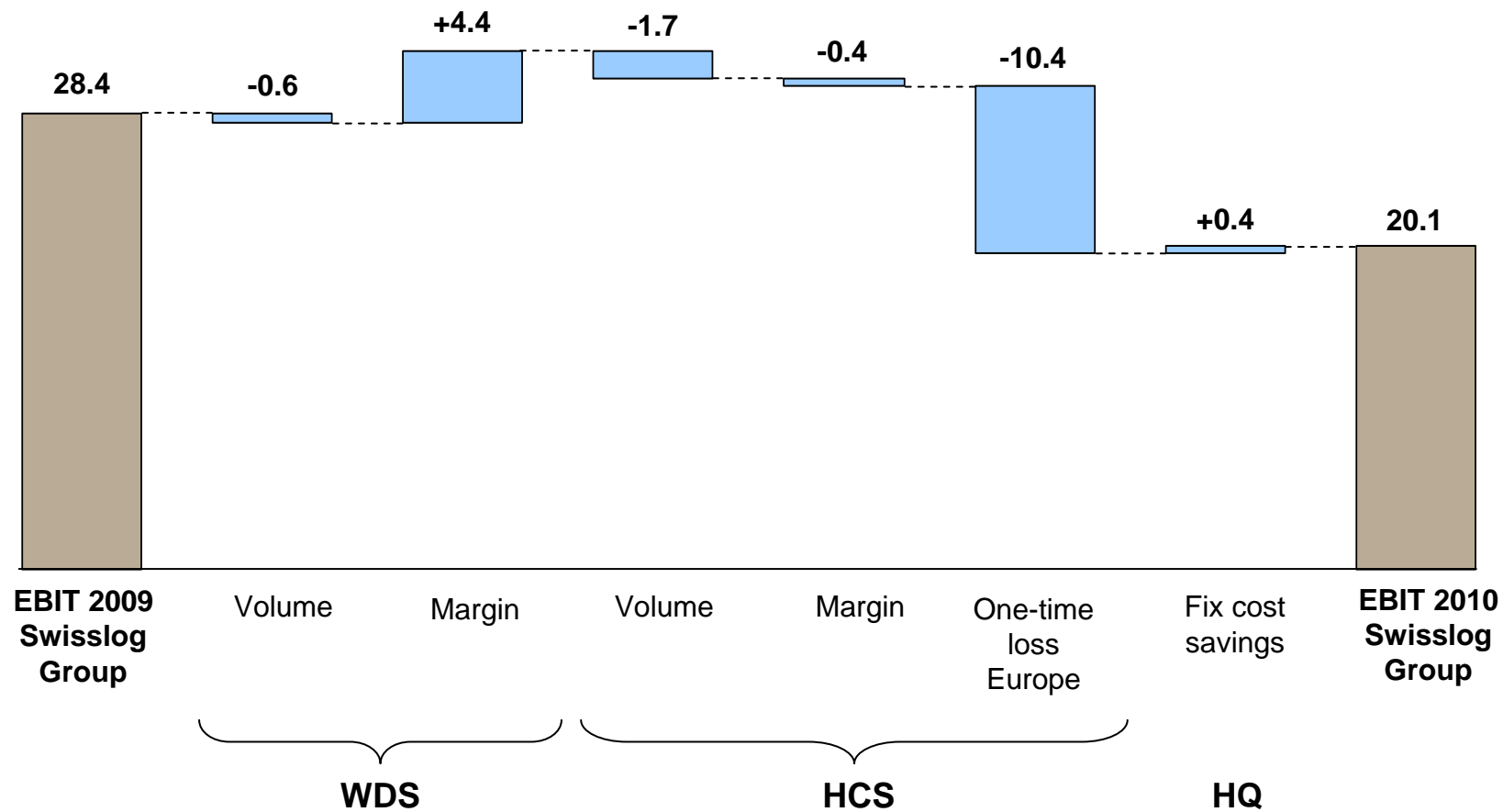
- Strengthening of Customer Support activities
- Development of markets in Middle East and Southeast Asia
- Broadening of product portfolio

EBIT CHANGE EFFECTS GROUP – 2009 VERSUS 2010

Chapter 1

2010 financial situation

in MCHF



SWISSLOG GROUP – BELOW EBIT LINE

Chapter 1

2010 financial situation

in MCHF

	1.1.-31.12.10	1.1.-31.12.09	Change
EBIT	20.1	28.4	-29.2%
<i>EBIT margin</i>	3.3%	4.4%	
Financial income	2.1	4.1	-48.8%
Financial expenses	-1.7	-8.4	79.8%
Income taxes	-6.9	-6.4	-7.8%
Net result	13.6	17.7	-23.2%

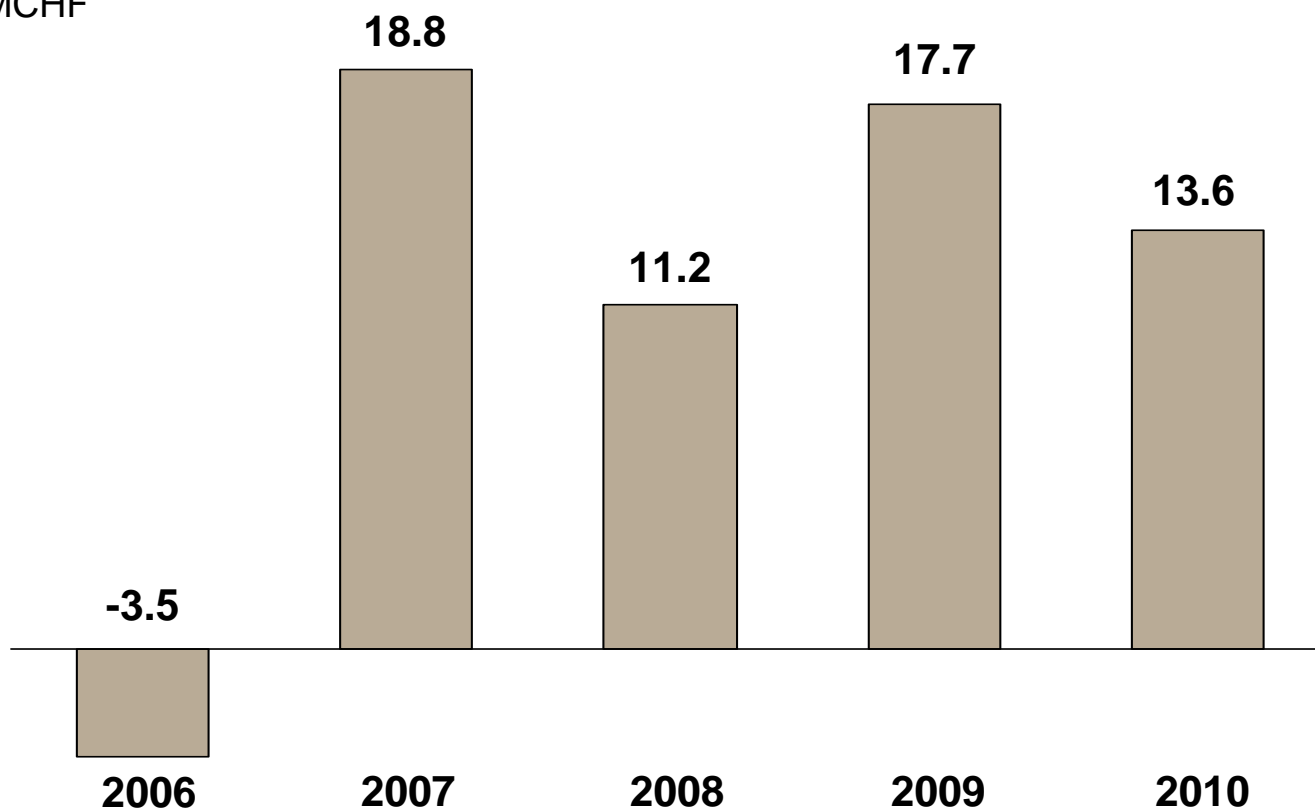
- Improved financial result based on tight hedging
- Higher tax expenses due to higher share of profits from North America
- Net result affected by one-time loss

NET RESULT DEVELOPMENT

Chapter 1

2010 financial situation

in MCHF



SWISSLOG GROUP – CONSOLIDATED BALANCE SHEET

Chapter 1

2010 financial situation

in MCHF	31.12.2010	31.12.2009
Non-current assets excluding goodwill	38.8	38.7
Goodwill	72.3	80.1
Non-current assets	111.1	118.8
Inventories, trade and other current assets	171.2	159.8
Cash, cash equivalents and current financial assets	86.3	124.4
Current assets	257.5	284.2
TOTAL assets	368.6	403.0
Equity	152.7	161.3
Non-current liabilities	8.2	9.7
Provisions	9.9	11.1
Financial liabilities	20.2	20.1
Other current liabilities	177.6	200.8
Current liabilities	207.7	232.0
TOTAL equity and liabilities	368.6	403.0
Net working capital	-17.1	-52.4
Net cash	66.1	104.3

- Reduced balance sheet due to strong CHF
- Decreased cash position due to higher net working capital (less advance payments)
- Equity ratio of 41.4% (2009: 40.0%)
- Normalization of net cash in 2010 (2009 with extraordinary high advance payments)

SWISSLOG GROUP – CONSOLIDATED CASH FLOW STATEMENT

Chapter 1

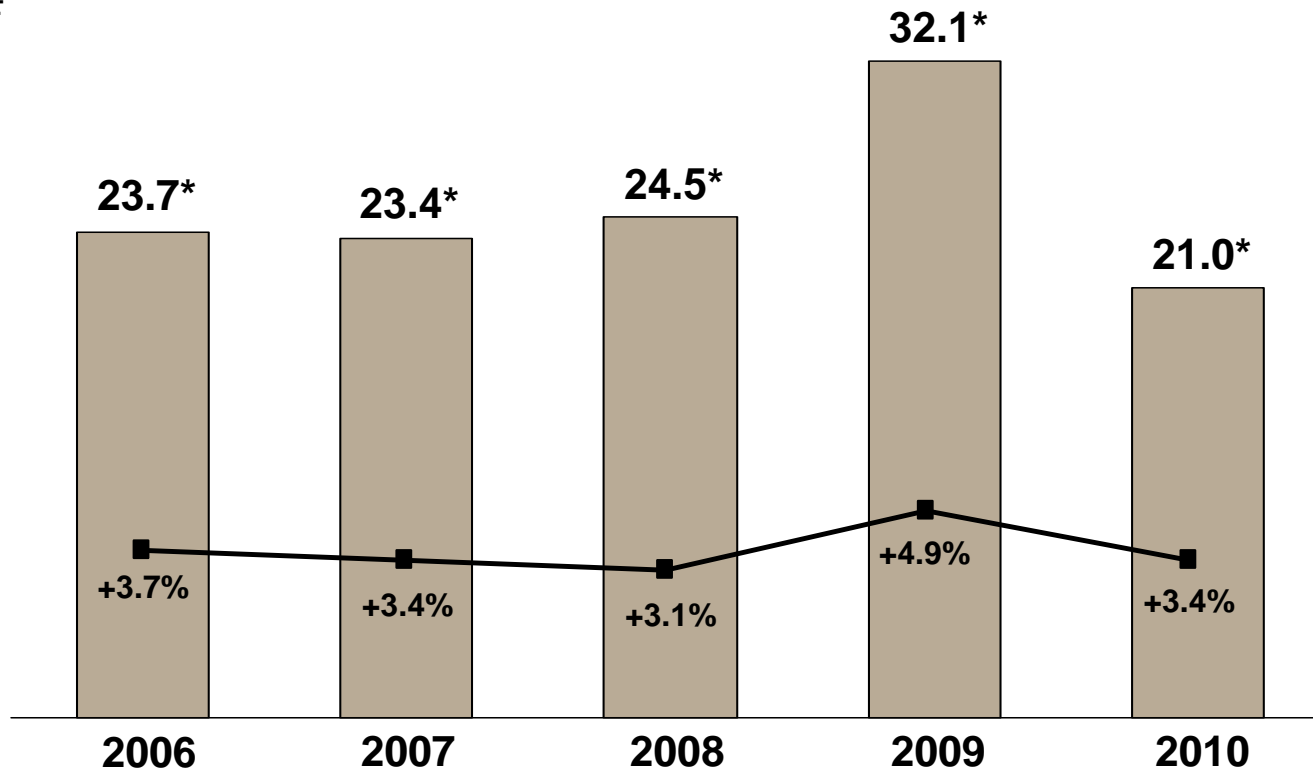
2010 financial situation

in MCHF	2010	2009
Net cash flow from operating activities	-18.5	48.7
Cash flow before working capital changes	21.0	32.1
Cash flow from working capital changes	-39.5	16.6
Net cash flow from investing activities	-9.7	0.2
Net cash flow from financing activities	-6.8	-26.6
Currency translation differences	-3.7	0.7
Net change in cash and cash equivalents	-38.7	23.0
Cash and cash equivalents at beginning of year	124.0	101.0
Cash and cash equivalents at end of year	85.3	124.0

- Significant increase in working capital in 2010 in line with expectations (reduction of advance payments)
- Capex for maintenance and development around 1.5% on net sales
- Dividend payment of MCHF 5.0, purchase of own shares of MCHF 0.7 and other financial expenses

OPERATING CASH FLOW AND CASH FLOW MARGIN DEVELOPMENT

in MCHF



- Relative stable operating cash flow before working capital changes
- Significant volatility in working capital due to changes in advance payments

Working capital

changes: +9.0 -0.5 +12.1 +16.6 -39.5

Net change 32.7 22.9 36.6 48.7 -18.5

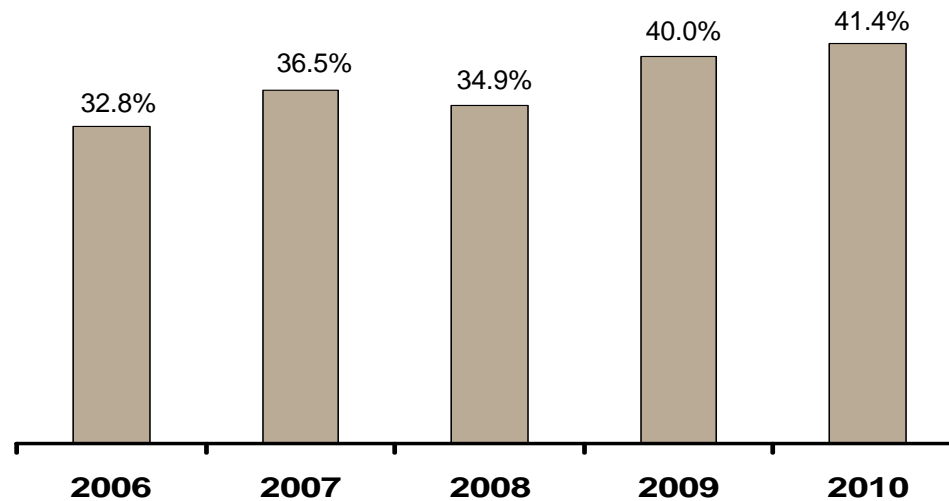
* Swisslog continuing operations

SWISSLOG GROUP – FINANCIAL RATIOS

Chapter 1

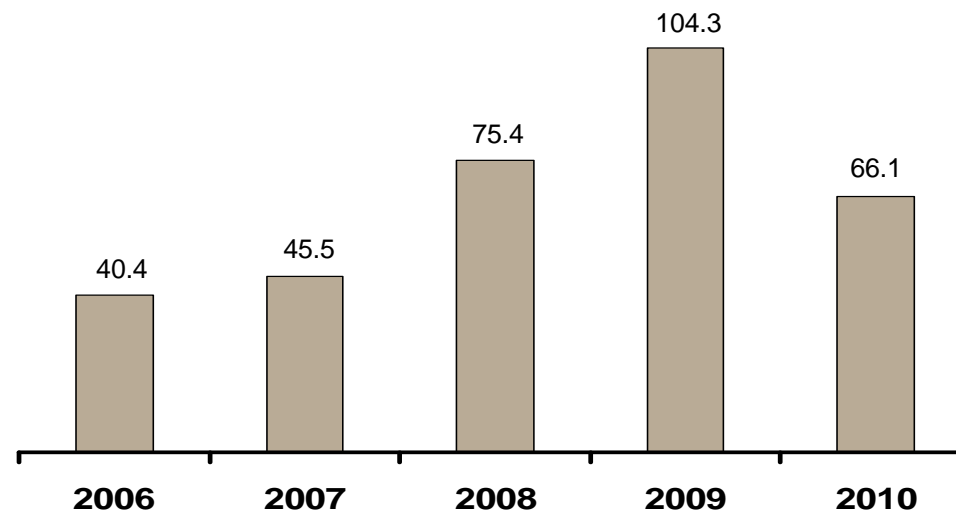
2010 financial situation

Equity ratio



■ Continuous improvement of equity ratio

Net cash (in MCHF)



■ Normalization of net cash in 2010 (2009: extraordinary high advance payments)

Objectives

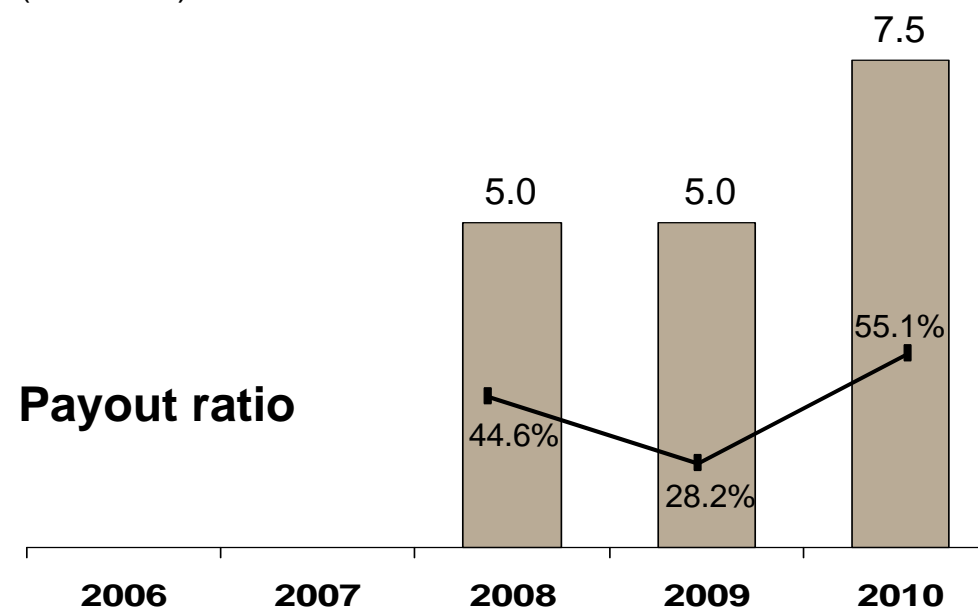
- Continuity in distribution to shareholders
- Profit oriented payout (~40%)

Payout 2010

- Increase to CHF 0.03 (+50%) per share
- Payout of MCHF 7.5 in 2011
- Tax optimized dividend (“Kapitaleinlageprinzip“)
- Dividend yield of 3.4%

Payout development

(in MCHF)



DISTRIBUTION FROM RESERVE FOR CONTRIBUTION OF CAPITAL

Chapter 1

2010 financial situation

Legal provisions:

- Distribution from reserve for contribution of capital is equated to distribution through nominal value reduction
- Distribution not subject to Swiss withholding tax
- Distribution not subject to Swiss income tax (natural persons)
- Distribution represents taxable income for legal entities (no change)

Impact for Swisslog:

- Distribution from contribution of capital of approximately MCHF 90 possible
- Distribution of first withholding and partially income tax free dividend in 2011

CONTENT

- 2010 financial situation
- **Market dynamics and strategic development**
- Conclusion and outlook

MARKET DYNAMICS AND STRATEGIC DEVELOPMENT – WDS

Chapter 2

Market dynamics and strategic development

Market dynamics

- First signs of improving market conditions in North America and Asia
- Only slight recovery in Europe (mainly retrofit projects and Customer Support)
- Fundamental trends favor automated solutions (e.g. increasing costs for land, fuel, labor)

Competition

- Hardware suppliers are major competitors of Swisslog
- Continued consolidation of industry

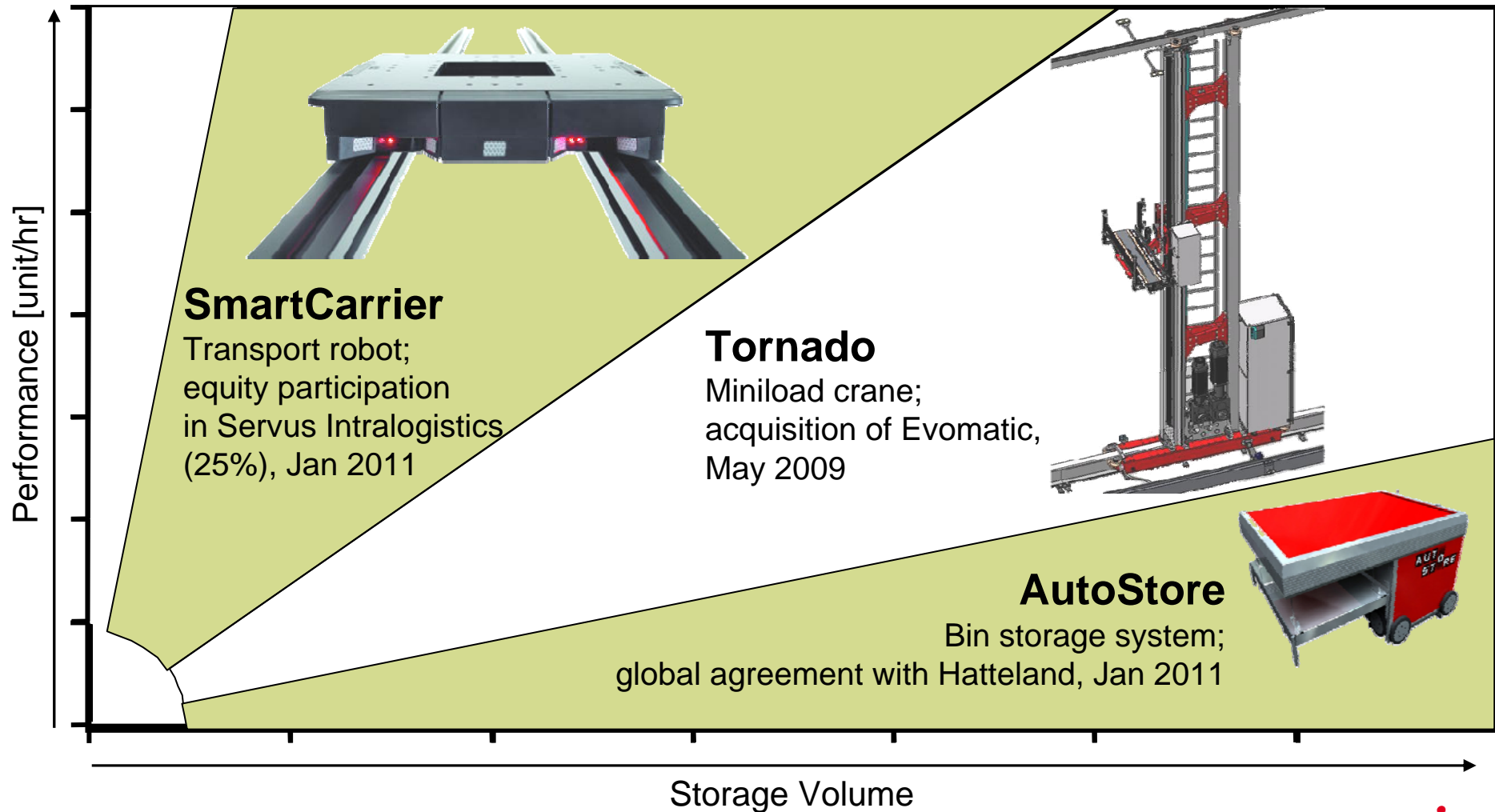
Strategic development

- 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

SWISSLOG PORTFOLIO IN LIGHT GOOD TECHNOLOGIES – WDS

Chapter 2

Market dynamics and strategic development

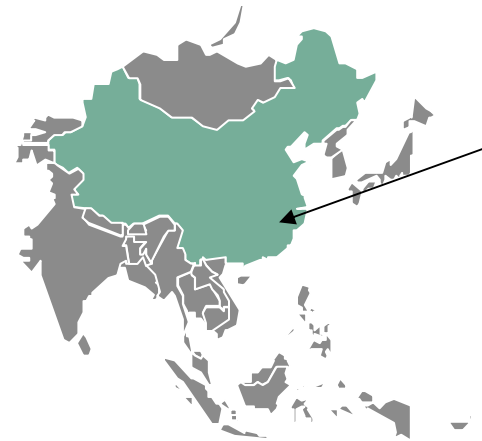
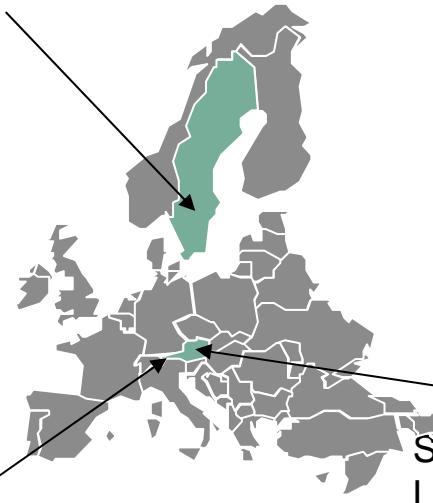


MANUFACTURING FOOTPRINT – WDS

Chapter 2

Marktdynamik und strategische Entwicklung

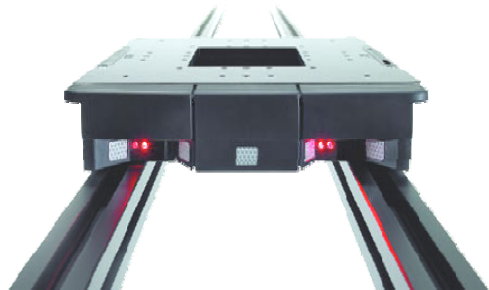
Swisslog-Accalon, Boxholm
Pallet crane production



Swisslog-Accalon, Kunshan
Pallet conveyor production



Servus Intralogistics, Dornbirn
Transport robot production



Swisslog Evomatic, Sipbachzell
Light goods crane production



MARKET DYNAMICS AND STRATEGIC DEVELOPMENT – HCS

Chapter 2

Market dynamics and strategic development

Market dynamics

- Overall, market less affected by economic crisis compared to other industries
- 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 complete solutions and ability to serve broader range of healthcare facilities
- Customer Support: expansion of services offered for own and 3rd party products

STRATEGY AUTOMATED MATERIALS TRANSPORT SYSTEMS (AMTS) – HCS

Chapter 2

Market dynamics and strategic development

Expansion of product offering to cover full range of materials transported in healthcare facilities



Pneumatic Tube Systems (PTS)
for on-demand unit loads



Automated Guided Vehicles (AGV) for routine bulk loads



Autonomous Mobile Robots (AMR) for courier batch loads

Original product lines – ongoing innovation

New product lines – expanded portfolio

STRATEGY AUTOMATED DRUG MANAGEMENT SYSTEMS (ADMS) – HCS

Chapter 2

Market dynamics and strategic development

Expansion of product offering for complete solutions and ability to serve a broader range of healthcare facilities



PillPick (PP) for unit dose storage & dispensing

BoxPicker (BP) for medication storage & dispensing

High Speed Packagers (ATP) for unit dose packaging

Inventory Management Software (IMS) for inventory control of medication

Original product lines – ongoing innovation

New product lines – expanded portfolio

CONTENT

- 2010 financial situation
- Market dynamics and strategic development
- **Conclusion and outlook**

OPERATIONAL ACHIEVEMENTS 2010

Chapter 3

Conclusion and outlook

Warehouse & Distribution Solutions

- dm-drogerie markt: largest Swisslog project ever; handover to full satisfaction of customer in autumn 2010
- Wärtsilä: handover of central spare parts distribution center in December 2010



Healthcare Solutions

- Frost & Sullivan: “2010 Best Practices Award” for Pharmacy Automation Systems bestowed on Healthcare Solutions Europe
- Market entry Spain: PillPick, BoxPicker and AGV systems installed at newly built University Hospital in Reus (Barcelona)



Strategy

- Warehouse & Distribution Solutions: increase of own value added in customer projects
- Healthcare Solutions: 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 co-operations
- Investment in innovation

Operations

- Full implementation of Simplicity
- Increase of Customer Support business in both divisions
- Profitability improvement of HCS Europe

People

- Deepening of learning organization initiative
- Strengthening of management structures in HCS

Conclusion

- Mixed results in demanding environment (late cyclical industry)
- Further progress in operational and strategic development
- Homemade problems in Healthcare Solutions Europe with substantial one-time loss
- Solid balance sheet

Outlook 2011 (based on today's currency levels)

- More positive market conditions, especially in North America and Asia; signs of market recovery in Europe
- Order intake above 2010 level
- Net sales increase by 1-5%
- Operating result (EBIT) between MCHF 25.0-28.0

- 14 April 2011: General Meeting of Shareholders
- 25 May 2011: Investor Day
- 16 August 2011: Half-Year Result