

Swisslog 2011 Full-Year Result

Analyst and Media Conference

Zurich, 13 March 2012

swisslog

Disclaimer

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Attractiveness of Swisslog

Swisslog is a worldwide leader in **logistics robots** and **automated distribution centers**.

Swisslog's **flexible business model** allows for quick adjustments to changing conditions in demand.

Swisslog has a solid balance sheet and generates about a third of net sales from **recurring, value-enhancing** Customer Support business.

Attractiveness of Swisslog

The market for automated logistics solutions is expected to **grow by 5% p.a.** over the next four years.

As a **globally networked company** with strong local ties in key markets, Swisslog is excellently positioned to **benefit from fundamentally favorable industry trends.**

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- 3** Market dynamics and strategic development
 - Healthcare Solutions
 - Warehouse & Distribution Solutions
- 4** Score! program
- 5** Conclusion and outlook

Solid company foundation

Overview

Swisslog

Premier supplier of
logistics robots and automated distribution centers

Healthcare Solutions (HCS)



Warehouse & Distribution Solutions (WDS)

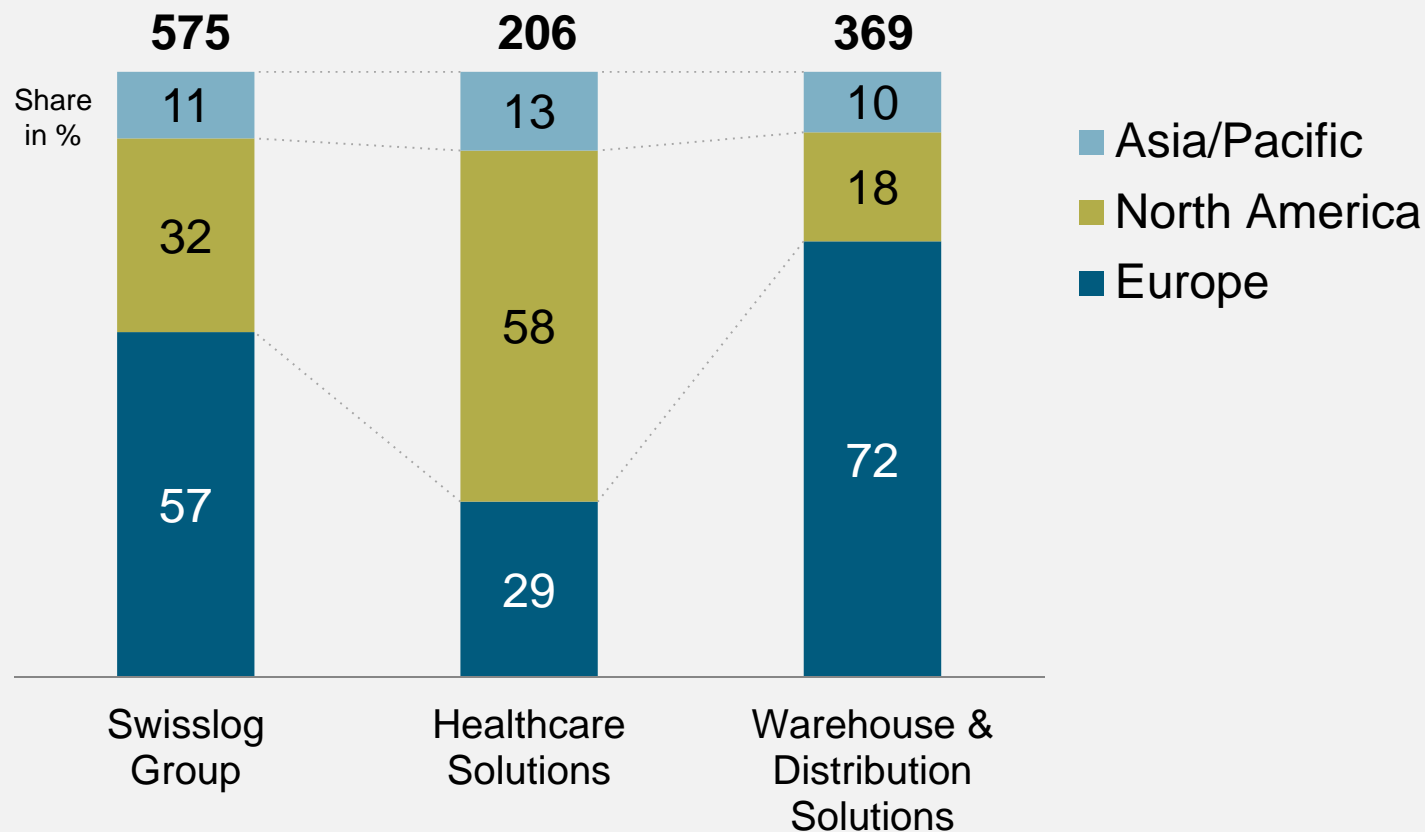


- Founded in 1898 with Headquarters in Buchs/Aarau, Switzerland
- 2 100 employees, net sales MCHF 575 (2011)
- 30 offices in over 20 countries in Europe, North America, Asia/Pacific and Middle East
- Clients in over 50 countries
- Listed at SIX Swiss Exchange

Geographically balanced income streams

Overview

Net sales in 2011 (in MCHF) and regional split



Regional split in 2010: Asia/Pacific 14%; North America 31%, Europe 55%

- HCS with strongest pillar in North America
- WDS main pillar in Europe
- Growth in Europe due to major orders for new logistic centers

- Substantial negative impact of strong CHF on all levels of P&L
- Strong order intake due to:
 - Major orders for new distribution centers
 - Customer support in both divisions
- High order backlog
- Solid operating results
- Good operating cash flow
- Further expansion of product portfolio in both divisions:
 - Healthcare Solutions: MedRover (via acquisition of Sabal Medical)
 - Warehouse & Distribution Solutions: SmartCarrier (via minority participation in Servus) and AutoStore (via cooperation with Hatteland)
- Further increase of dividend payment proposed to AGM:
 - Dividend of CHF 0.04 (dividend yield of ~5%) from capital contribution reserve (income-tax free in Switzerland)

Key financials – Swisslog Group

Overview

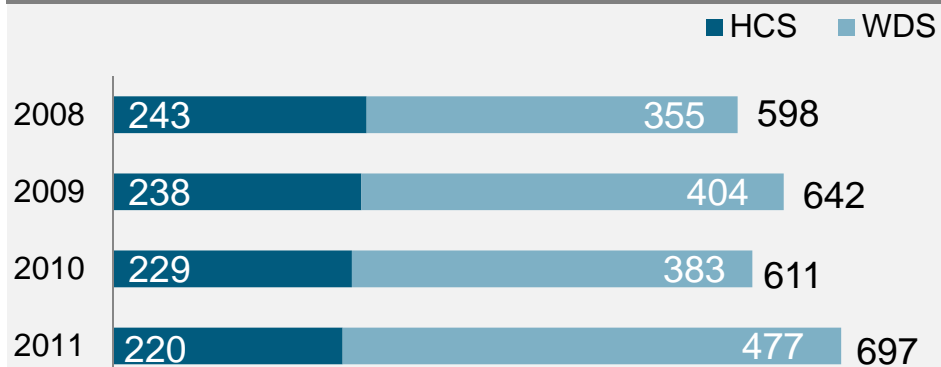
in MCHF	31.12.11	31.12.10	Change in %	
			CHF	LOC
Order intake	697.1	611.1	14.1%	27.2%
Order backlog	519.6	400.9	29.6%	30.8%
Net Sales	574.8	614.8	-6.5%	4.5%
EBITDA	27.2	28.1	-3.2%	12.5%
EBIT	19.2	20.1	-4.5%	14.4%
<i>EBIT margin</i>	3.3%	3.3%		
Net result	11.7	13.6	-14.0%	5.9%
Employees (FTE)	2 084	2 043	2.0%	

- Substantial negative impact of strong CHF on all levels of P&L
- Increased order intake due to major orders for new distribution centers and growth of Customer Support
- Increased order backlog
- Reduced net sales due to delayed order intake and low starting order backlog
- Reduced operating results due to reduced net sales
- Unchanged EBIT margin

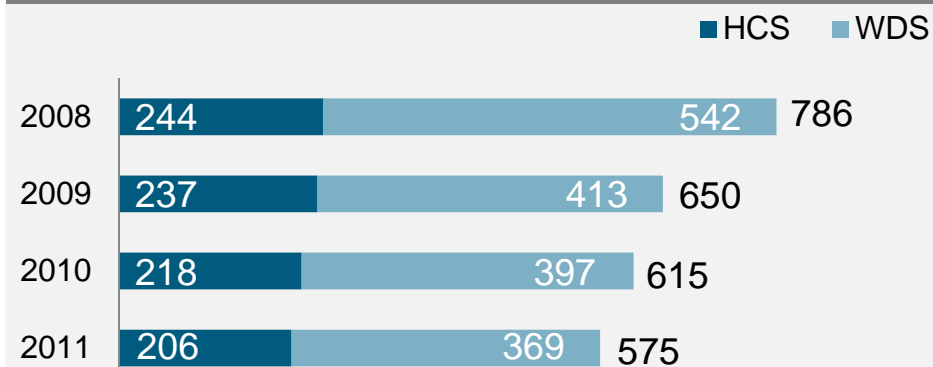
Key figures development – Swisslog Group

Overview

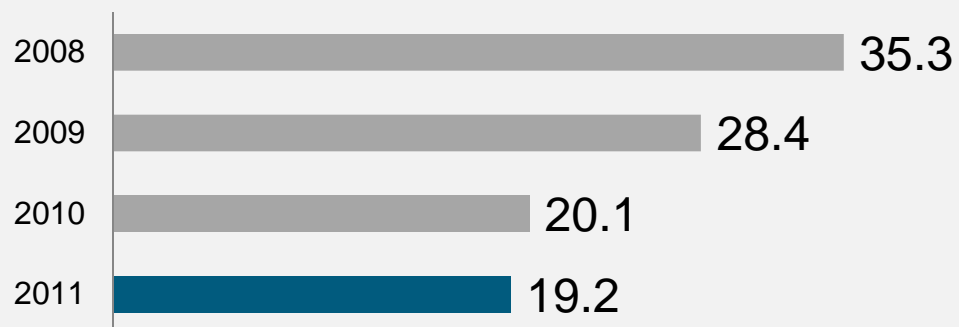
Order intake (MCHF)



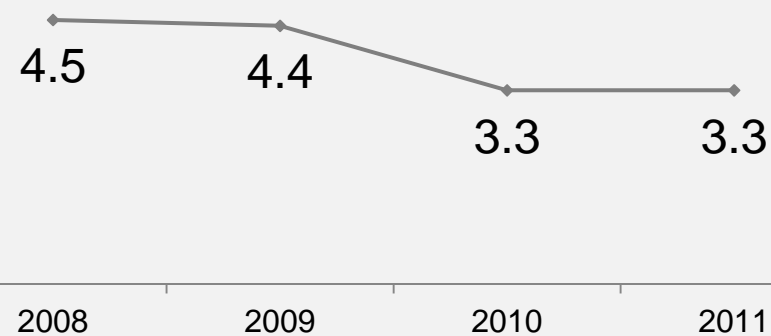
Net sales (MCHF)



EBIT (MCHF)



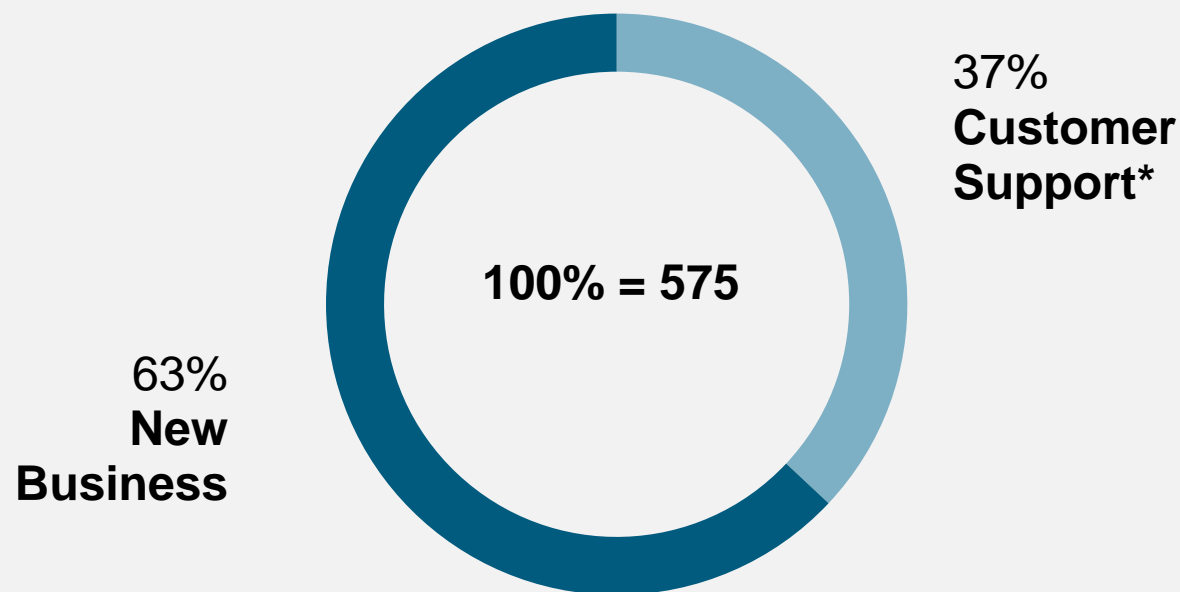
EBIT margin (%)



High ratio of Customer Support as profitable recurring business

Overview

Net sales in 2011 (MCHF)



* Retrofit projects, systems operation, software support, preventive/reactive maintenance, spare parts

- Customer Support business with over-proportional share of total profitability
- Customer Support is of less-cyclical nature

Top line development – Segments and regions 2011/2010 in LOC

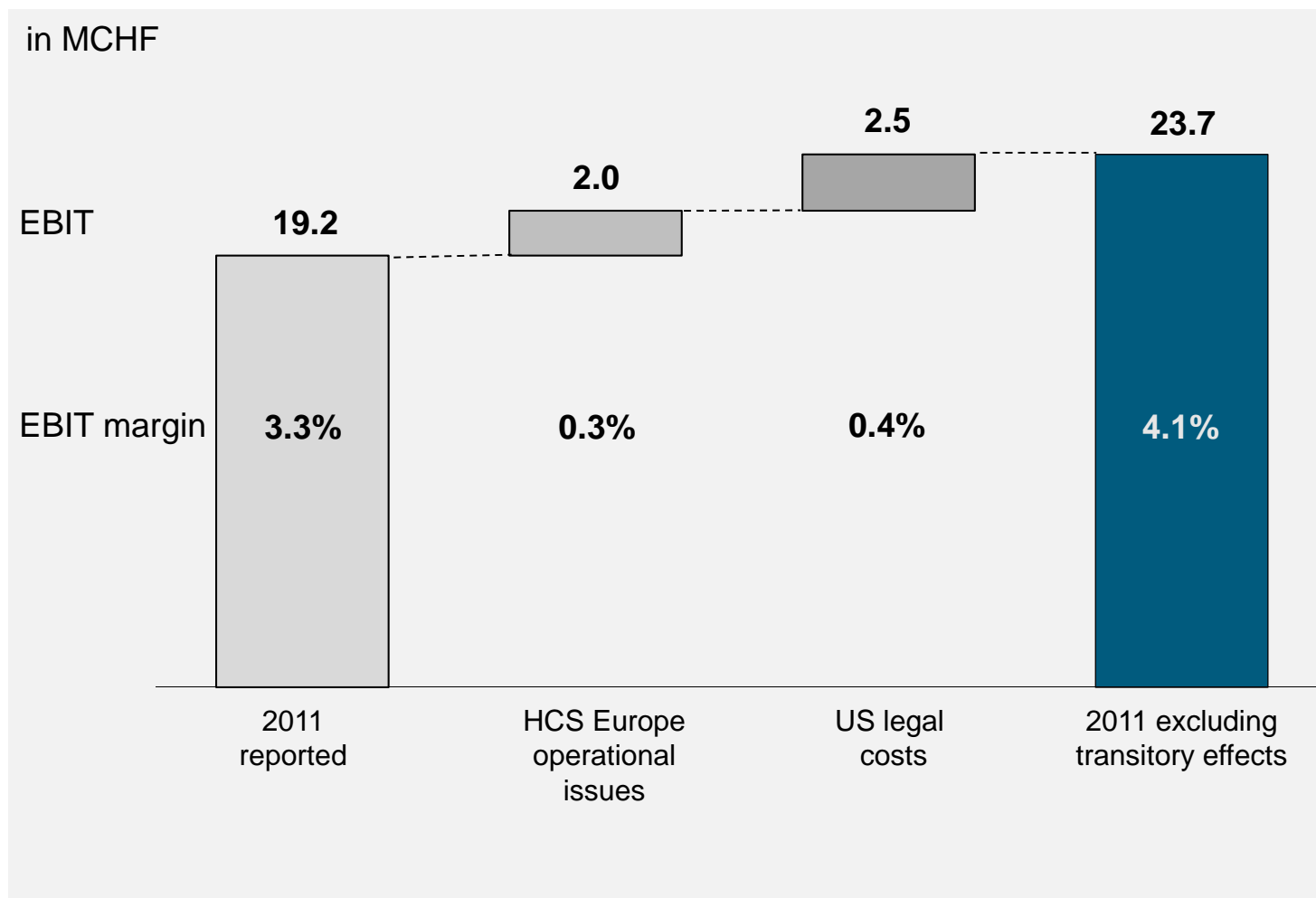
Overview

	Segments		Regions			
		Order intake	Net sales		Order intake	Net sales
HCS	AMTS*	⇒	⇒	Europe	↗	⇒
	ADMS**	↗	↗	North America	⇒	↗
	Customer Support	↗	↗	Asia/Pacific	↗	↗
WDS	New Business	↑	⇒	Europe	↗	↗
	Customer Support	↗	↗	North America	↘	↗
				Asia/Pacific	↗	↘

* Automated Materials Transport Systems
** Automated Drug Management Systems

Transitory effects – Swisslog Group

Overview



- HCS Europe operational issues: substantial progress made and no further project restructuring costs expected
- US legal costs: First instance won, appeal ongoing, decision expected not before Q4/2012

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Key financials – Healthcare Solutions

2011 financial situation

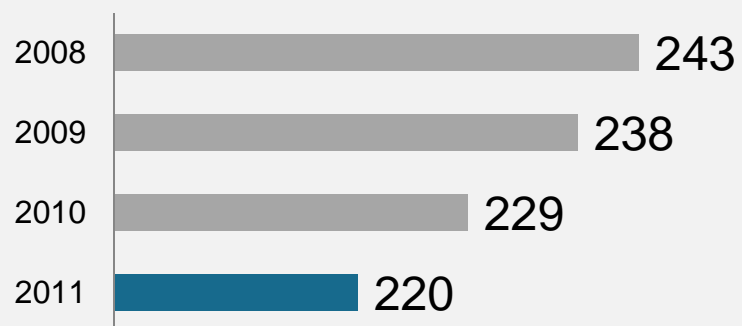
in MCHF	31.12.11	31.12.10	Change in %	
			CHF	LOC
Order intake	219.8	228.6	-3.8%	10.7%
Order backlog	153.7	140.1	9.7%	9.9%
Net sales	205.6	218.0	-5.7%	9.0%
EBITDA	15.4	12.1	27.3%	53.7%
EBIT	12.8	9.5	34.7%	64.2%
<i>EBIT margin</i>	6.2%	4.4%		
Employees (FTE)	920	866	6.2%	

- Substantial negative impact of strong CHF (mainly vs. USD) on all levels of P&L
- Solid order intake and net sales
- Strong order backlog
- Improved operating results due to reduced losses in HCS Europe, negative impact of higher US legal costs
- Increased number of employees to absorb growth in North America and Asia

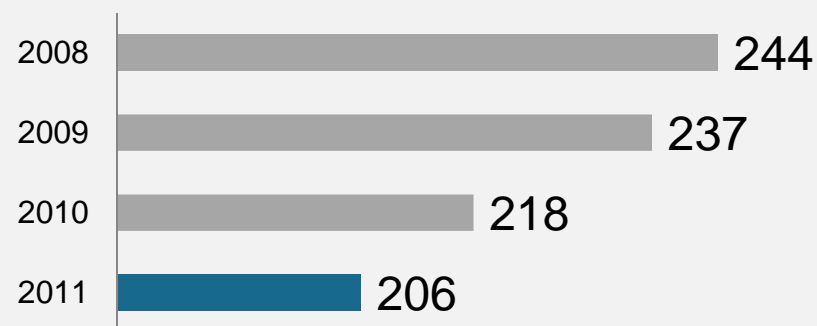
Key figures development – Healthcare Solutions

2011 financial situation

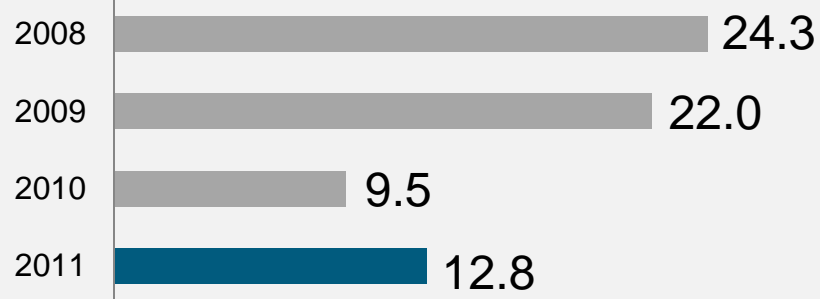
Order intake (MCHF)



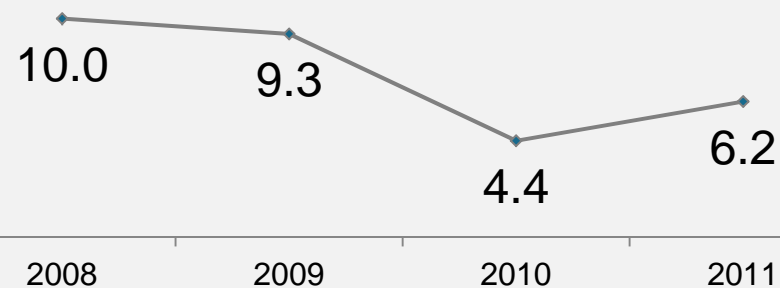
Net sales (MCHF)



EBIT (MCHF)



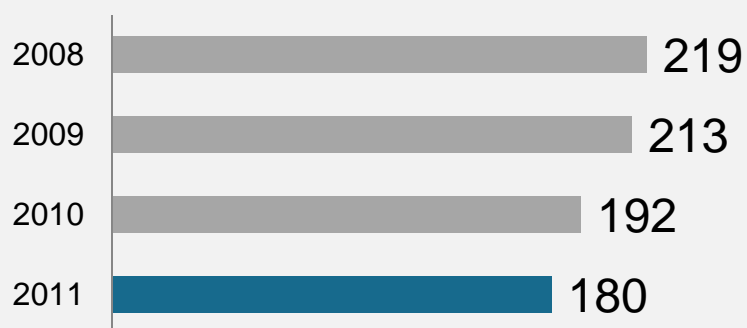
EBIT margin (%)



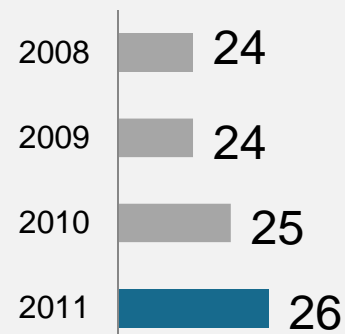
Segment net sales – Healthcare Solutions

2011 financial situation

Automated Material Transport Systems (MCHF)



Automated Drug Management Systems (MCHF)



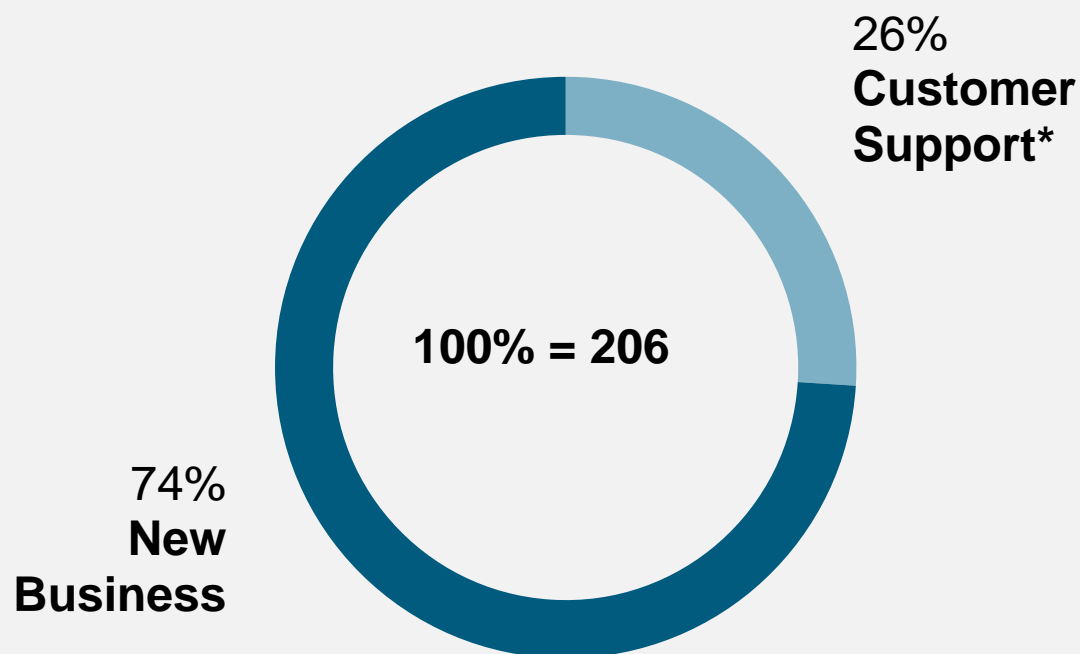
- Reduced net sales due to strong CHF
- Stable development of pneumatic tube systems, which remain strong pillar (around 80%) of AMTS
- Continuing demand in all regions

- Stable demand in North America
- Increased demand in Europe and Asia
- Further expanded product portfolio

High ratio of Customer Support as profitable recurring business

2011 financial situation

Net sales in 2011 (MCHF)



- Customer Support business with over-proportional share on total profitability
- Customer Support is of less-cyclical nature
- Installed base around 3 000 hospitals

* Retrofit projects, systems operation, software support, preventive/reactive maintenance, spare parts

Important orders in 2011 – Healthcare Solutions

2011 financial situation

Order value > MCHF 1.0

AMTS

- Erasmus Hospital, Netherlands
- Glasgow Hospital, UK
- Abbott Northwestern, USA
- New Oakville, Canada
- Ohio State University, USA
- Packard Children Hospital, USA
- Parkland Hospital, USA
- Sloan Kettering, USA
- Sidra Medical Center, Qatar

ADMS

- Miskolc Hospital, Hungary
- Modena Hospital, Italy
- Niguarda Hospital, Italy
- Hoag Memorial Hospital, USA
- Oakville Trafalgar Hospital, Canada
- Penn Medicine, USA
- Univ. Massachusetts Medical Center, USA
- Benxi Central Hospital, China
- King Fahad Medical City, Saudi Arabia

Key financials – Warehouse & Distribution Solutions

2011 financial situation

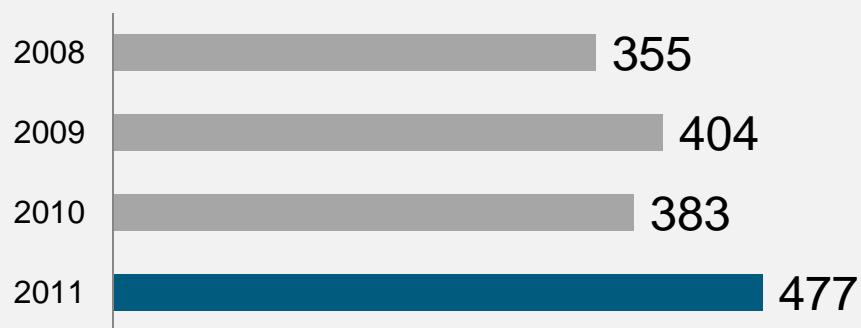
in MCHF	31.12.11	31.12.10	Change in %	
			CHF	LOC
Order intake	477.3	382.5	24.8%	37.2%
Order backlog	365.9	260.8	40.3%	42.1%
Net sales	369.2	396.8	-7.0%	2.0%
EBITDA	20.4	24.1	-15.4%	-10.4%
EBIT	15.3	18.9	-19.0%	-13.8%
<i>EBIT margin</i>	<i>4.1%</i>	<i>4.8%</i>		
Employees (FTE)	1 147	1 159	-1.0%	

- Substantial negative impact of strong CHF on top lines of P&L
- Increased order intake due to major orders and growth in Customer Support
- High order backlog
- Reduced net sales due to delayed order intake and low starting order backlog
- Reduced operating results due to lower net sales

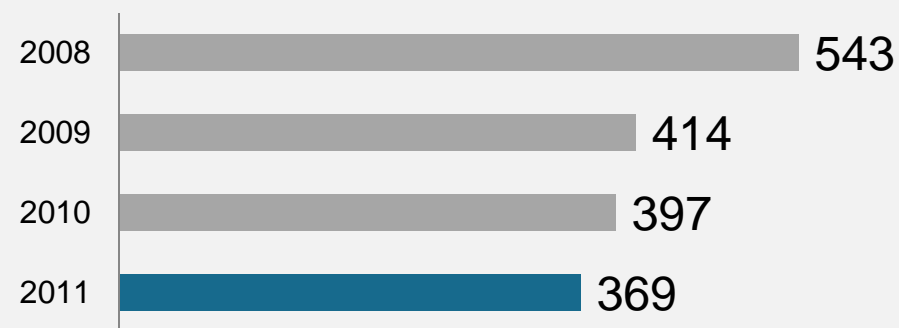
Key figures development – Warehouse & Distribution Solutions

2011 financial situation

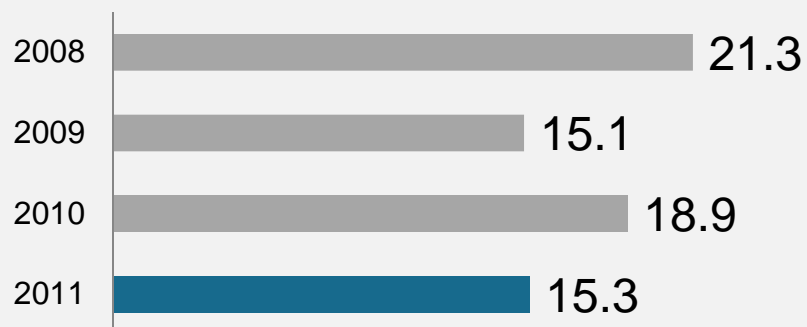
Order intake (MCHF)



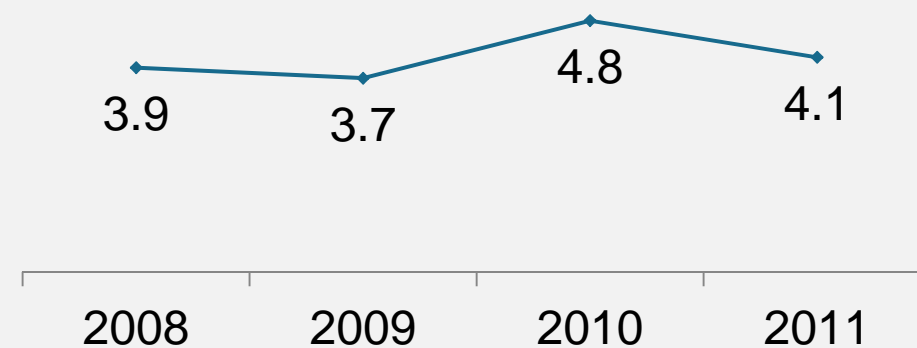
Net sales (MCHF)



EBIT (MCHF)



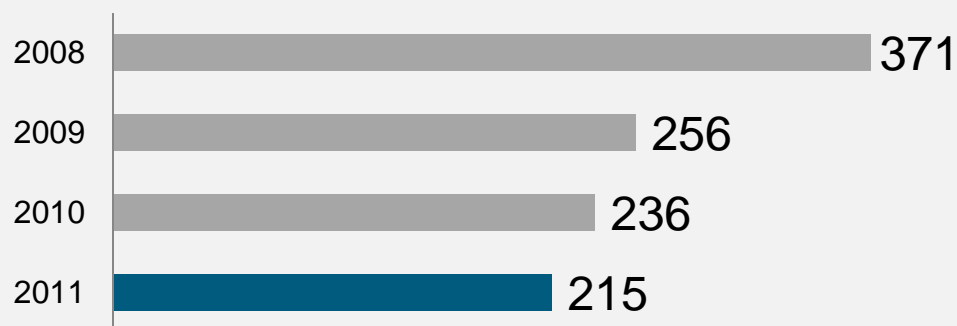
EBIT margin (%)



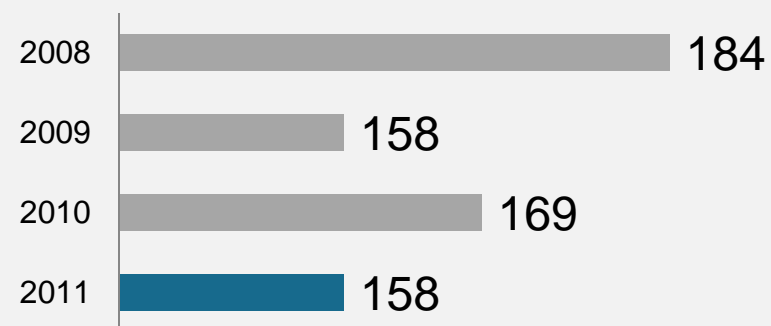
Segment net sales – Warehouse & Distribution Solutions

2011 financial situation

New Business (MCHF)



Customer Support (MCHF)



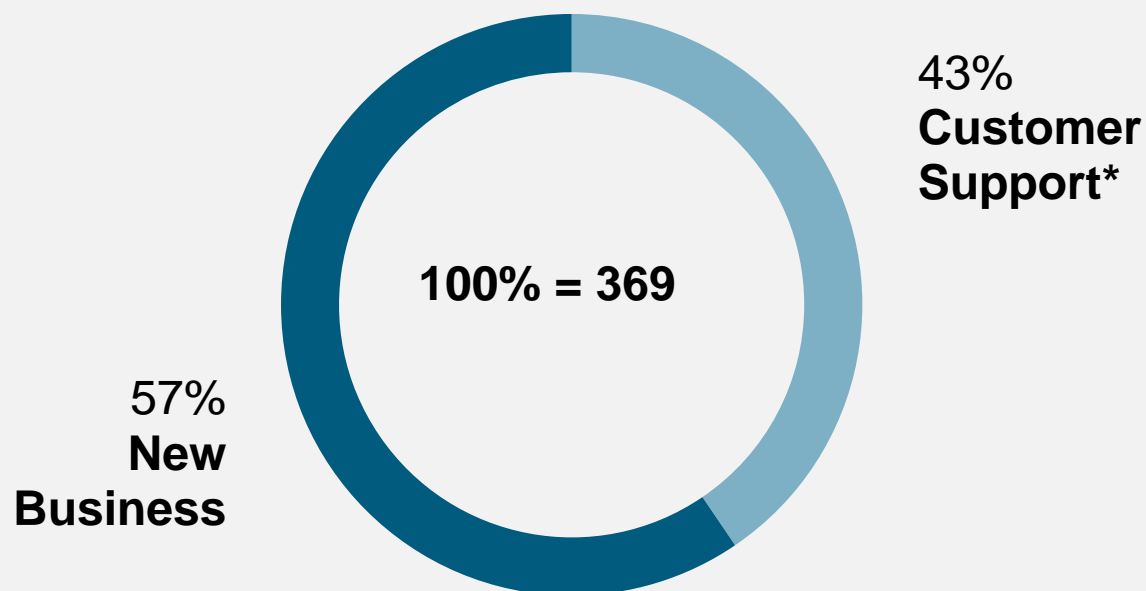
- Reduced net sales due to strong CHF, delayed order intake and low starting order backlog

- Reduced net sales due to strong CHF and lower retrofit volume

High ratio of Customer Support as profitable recurring business

2011 financial situation

Net sales in 2011 (MCHF)



- Customer Support business with over-proportional share on total profitability
- Customer Support is of less-cyclical nature
- Installed base around 2 000 distribution centers and warehouses

* Retrofit projects, systems operations, software support, preventive/reactive maintenance and spare parts

Important orders in 2011 – Warehouse & Distribution Solutions

2011 financial situation

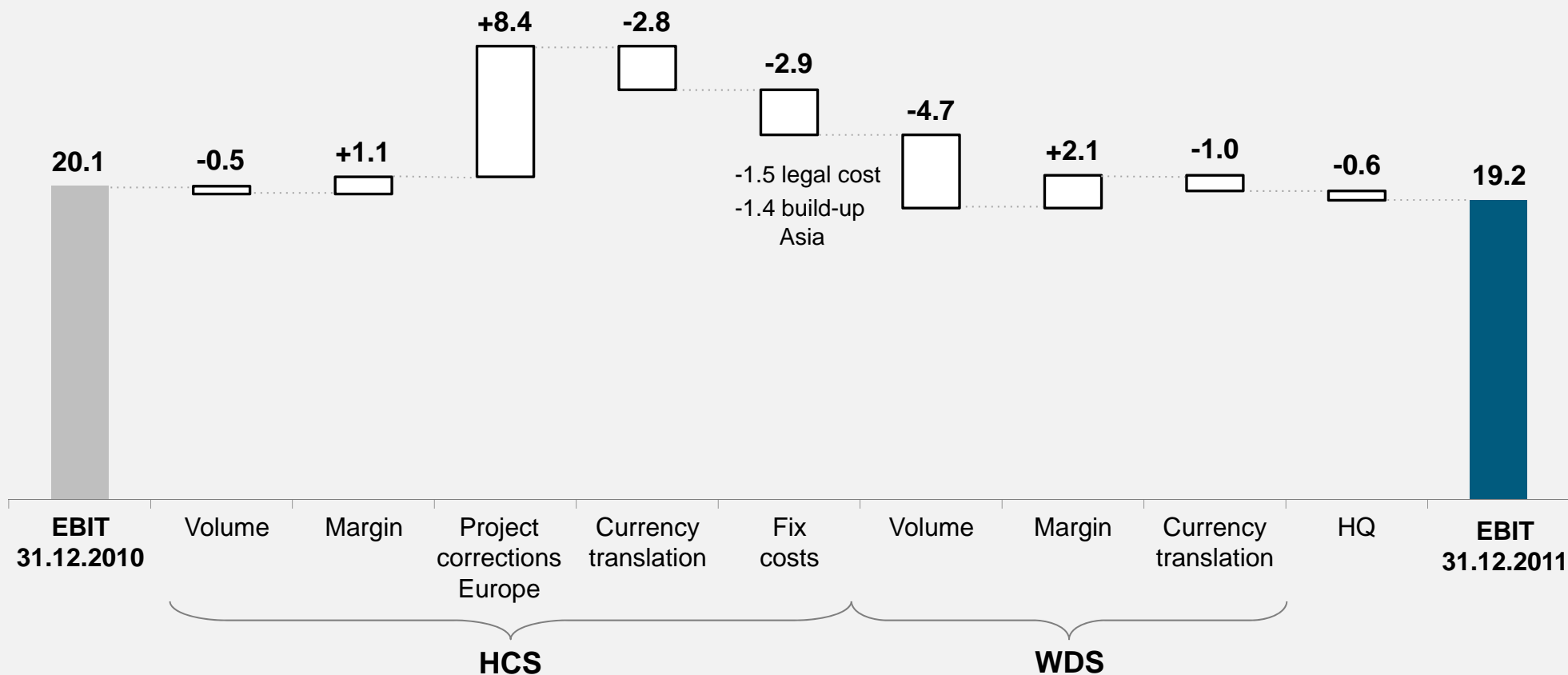
Order value in MCHF

Order value	Food & Beverage	Retail	Pharma	Other industries
> 20	<ul style="list-style-type: none"> ▪ Norbert Dentressangle, Belgium 	<ul style="list-style-type: none"> ▪ Gries Deco Company, Germany ▪ Fortune 200 retailer, USA ▪ Grocery Logistics (GLS), Singapore 		
< 20	<ul style="list-style-type: none"> ▪ Nortura Haerland, Norway ▪ PepsiCo, UK ▪ Surgital, Italy ▪ Gallo, USA ▪ Coca-Cola Amatil, Australia 	<ul style="list-style-type: none"> ▪ Brodrene Dahl, Norway ▪ Competec, Switzerland ▪ Stadium, Sweden ▪ Unilever, UK 	<ul style="list-style-type: none"> ▪ Pfizer, Switzerland ▪ Roche, Switzerland ▪ Livzon Zluhai, China 	<ul style="list-style-type: none"> ▪ Amag, Switzerland ▪ Fater, Italy ▪ Ferrari, Italy ▪ Ninz, Italy

Ebit change effects – Swisslog Group

2011 financial situation

in MCHF



Below EBIT line – Swisslog Group

2011 financial situation

in MCHF	31.12.11	31.12.10	Change in %	
			CHF	LOC
EBIT	19.2	20.1	-4.5%	14.4%
Financial income	2.1	2.1		
Financial expense	-1.5	-1.7		
Net financial result	0.6	0.4	n.a.	n.a.
Share of loss of an associate	-0.6	0.0	n.a.	n.a.
Income taxes	-7.5	-6.9	8.7%	24.6%
<i>Tax rate</i>	<i>39.1%</i>	<i>33.6%</i>		
Net result	11.7	13.6	-14.0%	5.9%

- Stable net financial result
- Losses in share of an associate (minority participation in Servus)
- Higher income taxes due to profits in North America
- Reduced net result due to lower EBIT, loss from share in associate and increased tax expenses

Consolidated balance sheet – Swisslog Group

2011 financial situation

in MCHF	31.12.11	31.12.10	2011 in %
Non-current assets excluding goodwill	45.6	38.8	11.0
Goodwill	78.8	72.3	19.0
Non-current assets	124.4	111.1	30.0
Inventories, trade and other current assets	203.4	171.2	49.0
Cash and current financial assets	87.6	86.3	21.0
Current assets	291.0	257.5	70.0
TOTAL assets	415.4	368.6	100.0
Equity	156.5	152.7	37.7
Non-current liabilities	9.8	8.2	2.4
Provisions	8.8	9.9	2.1
Financial liabilities	20.1	20.2	4.8
Other current liabilities	220.2	177.6	53.0
Current liabilities	249.1	207.7	59.9
TOTAL equity and liabilities	415.4	368.6	100.0
Net working capital	-27.9	-17.1	
Net cash	67.5	66.1	

- Improved net working capital
- Increased equity position, but reduced equity ratio due to increase of total balance sheet
- Solid net cash position

Consolidated cash flow statement – Swisslog Group

2011 financial situation

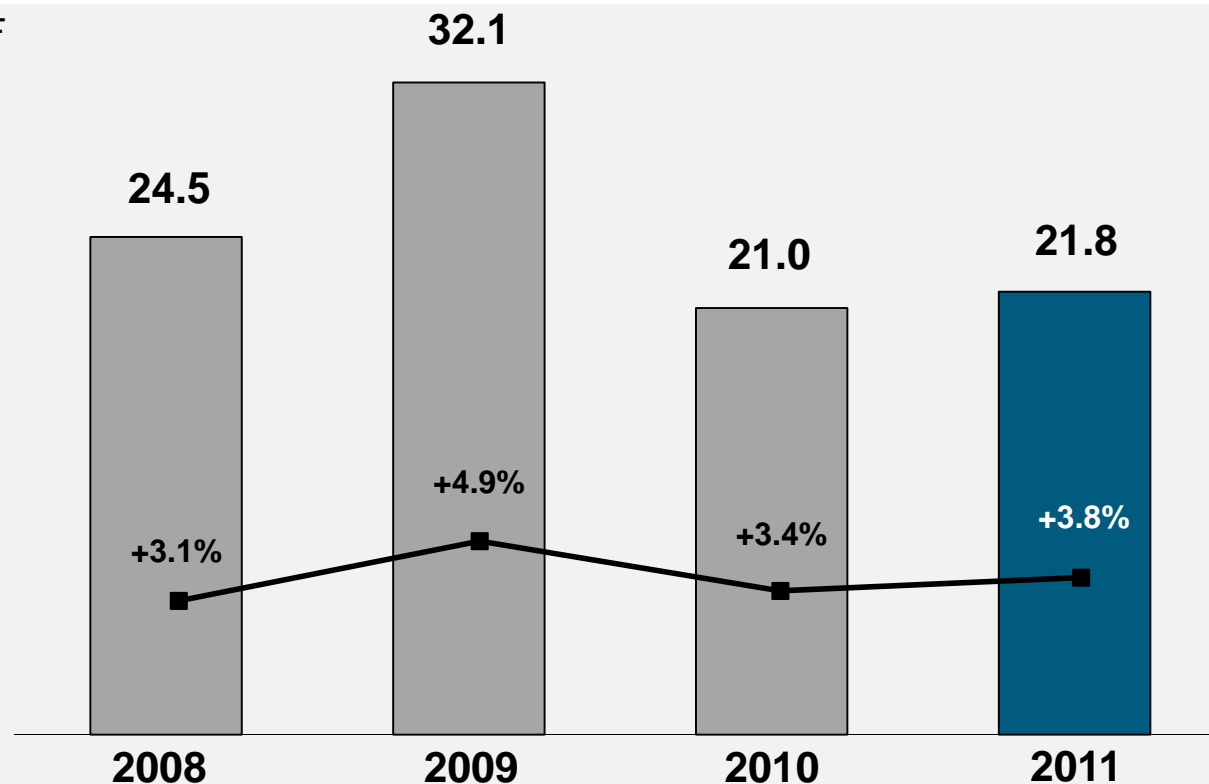
in MCHF	31.12.11	31.12.10
Cash flow before working capital changes	21.8	21.0
Cash flow from working capital changes	10.7	-39.5
Net cash flow from operating activities	32.5	-18.5
Net cash flow from investing activities	-21.4	-9.6
Net cash flow from financing activities	-8.3	-6.9
Currency translation differences	-0.8	-3.7
Net change in cash and cash equivalents	2.0	-38.7
Cash and cash equivalents at beginning of period	85.3	124.0
Cash and cash equivalents at end of period	87.3	85.3

- Solid operating cash flow before working capital changes
- Strong cash flow from working capital changes due to increase in advance payments
- Increased investing activities due to product portfolio expansion (acquisition Sabal in HCS, participation Servus in WDS, development of own solutions)
- Increased cash drain from financing activities due to higher dividend payment

Operating cash flow and margin development – Swisslog Group

2011 financial situation

in MCHF



Working capital

changes:

+12.1

+16.6

-39.5

+10.7

Net change

36.6

48.7

-18.5

32.5

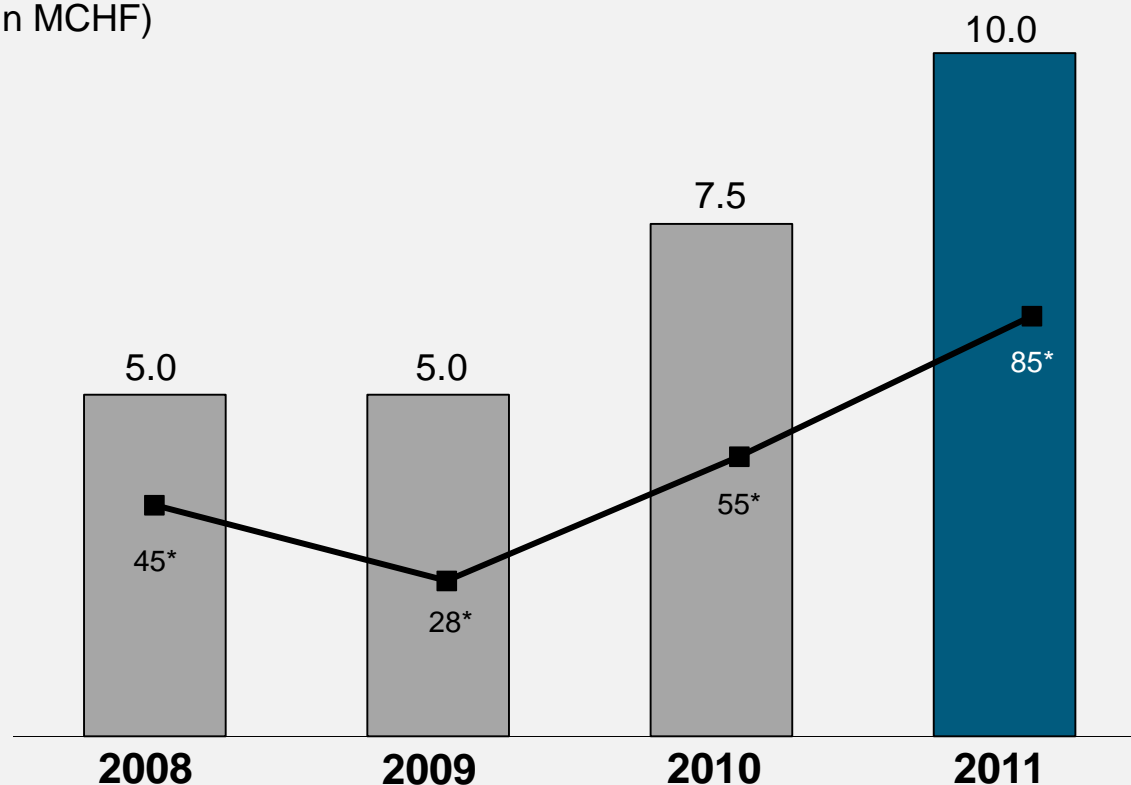
- Relative stable operating cash flow before working capital changes
- Significant volatility in working capital due to changes in advance payments

Payout to shareholders – Swisslog Group

2011 financial situation

Payout development

(in MCHF)



* Payout ratio in % (dividend payment in relation to net result)

Objectives

- Continuity in distribution to shareholders
- Profit-oriented payout

Payout 2011

- Increase to CHF 0.04 per share due to solid financial situation
- Payout of MCHF 10.0 in 2012
- Income-tax free in Switzerland (“Kapitaleinlage-prinzip“)
- Dividend yield of ~5%

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Market drivers – Healthcare Solutions

Market dynamics and
strategic development

Economy

- Overall market with low cyclicality
- Markets expected to grow
- Strongest growth for HCS market in North America and Asia

Industry Trends

- Ongoing demand for efficient and reliable transportation of goods (AMTS)
- Increased demand for secure storage, picking and dispensing of medication (ADMS)
- Trend towards larger hospital facilities

Customers Demand

- Need for increased efficiency of work processes due to cost pressure
- Increasing investments in hospital sector

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 thrusts – Healthcare Solutions

Market dynamics and
strategic development

- Expansion of Automated Materials Transport Systems (AMTS) offering via incremental innovation, strengthening of own organization in China, and of distributor networks, as well as round-off acquisitions
- Expansion of Automated Drug Management Systems (ADMS) offering via incremental innovation, market penetration with “High-Speed Packager” and “Mobile Drug Cabinet”
- Expansion of Customer Support via stronger market penetration with existing products and expansion of product portfolio
- Business and process optimization of Healthcare Solutions Europe

Market drivers – Warehouse & Distribution Solutions

Market dynamics and
strategic development

Economy

- Improved market conditions
- Strongest growth for WDS markets in North America and Asia

Industry Trends

- Continuous demand for fully integrated automation in already “automated” industry segments
- Increased demand for semi-automation in still “manual” industry segments
- Distribution centers closer to end customers

Customers Demand

- Mix palletizing and box picking
- High-performance picking solutions
- Ergonomic solutions
- Scalable and flexible solutions
- Green warehousing

Competition

- Slow industry consolidation
- Increased penetration into new markets
- Small and informal partnerships
- High competitive pressure in Europe (margin pressure)

Strategic thrusts – Warehouse & Distribution Solutions

Market dynamics and
strategic development

- Market positioning as „provider with own hardware in key technologies“
- Footprint enlargement in light goods technologies via development of complete product range of cranes, development of standard controls and leverage of expanded product portfolio
- Investment in innovation for software, equipment and solutions in focus segments
- Expansion of geographic coverage mainly in North America and Asia
- Optimization of business performance via standardization, modularization and streamlining of processes

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Objective

Project Score!

- Sustainable profit improvement by optimizing structures throughout the company in order to exploit
 - cost optimizations
 - growth potentials
- Score! supports the goal to secure an EBIT margin of around 5% mid-term

Thrusts

Project Score!

- Turnaround of HCS France
- Carve-out of non-healthcare business in Germany
- Cooperation with JBT for development and production of automated guided vehicles (AGV)
- Exploitation of additional growth potentials in Customer Support of HCS and WDS
- Increase of effectiveness in purchasing
- Reduction of project realization costs in HCS North America
- Improvement of effectiveness in back-office functions (finance, HR, general administration)

Impact

Project Score!

- Targeted EBIT improvement of MCHF 8-10; fully effective in 2014
- Planned reduction of 40-50 employees, mainly in Europe
- One-time costs of MCHF 5-7; impact in 2012

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Conclusions and outlook – Swisslog Group

Conclusion and outlook

Conclusion

- Negative currency translation effects on all levels of P&L
- Satisfactory results in demanding environment due to strong second half year of 2011
- Good strategic development

Outlook 2012 (based on current currency levels* and barring unforeseen events)

- Stable market conditions
- Order intake below previous year (lower volume of major orders)
- Net sales 10-15% above previous year
- EBIT of MCHF 23-26 before one-time costs from Score!

Mid-term target

- EBIT margin around 5%, stable business environment provided

* Currencies as at 31 December 2011

Calendar

Conclusion and outlook

- 18 April 2012: General Meeting of Shareholders
- 30 May 2012: Investor Day
- 20 August 2012: 2012 Half-Year Result

- 1 A worldwide leader in logistics robots and automated distribution centers
- 2 Innovative improvements in efficiency and quality for demanding clients
- 3 An excellent record for lifetime partnership
- 4 Globally networked with strong local ties in Europe, North America and Asia
- 5 Excellently positioned to benefit from fundamentally favorable industry trends