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Swisslog returns to growth path

Operating profit doubles to MCHF 21.8

Buchs/Aarau, 7 March 2006 – **Swisslog, the provider of logistics solutions, has succeeded in its turnaround: Despite a slight drop in sales to MCHF 556.4 (2004: MCHF 564.9), the company doubled its operating profit to MCHF 21.8 for 2005. A significant improvement in order intake and order backlog in 2005 will support a sustained uptrend in the current year.**

“The impact of customer uncertainty about our future in 2003 and 2004 was still evident in the slight decline in sales volumes in the first half of 2005,” comments CEO Remo Brunschwiler. “However, the positive trend in the second half of the year, especially the significant increase in order intake and order backlog, shows that we have won back customer confidence.”

Order intake of continuing operations increased to MCHF 628.6 (2004: MCHF 542.7) for 2005, which represents a 15.8% improvement. Order backlog was 24.4% higher (currency adjusted: 17.4%) amounting to MCHF 510.8 (2004: MCHF 410.6).

Net profit on same level without special effects

The company was able to double its operating profit (Earnings Before Interest, Taxes, and Amortization, EBITA) to MCHF 21.8 (+109.6%), which can mainly be attributed to the strong improvement in its Healthcare Solutions division. Swisslog Group's net profit amounted to MCHF 1.8 for 2005. In the previous year net profit was with MCHF 1.9 at the same level. However, the 2004 result was achieved thanks to a one-time financial earning of MCHF 29.2 related to a change in the conditions of the company's convertible bonds.

Warehouse & Distribution Solutions

The Warehouse & Distribution Solutions division slightly improved its operating profit (EBITA) to MCHF 19.3 (2004: MCHF 18.1). Low order intake in 2004 had pushed sales in this business division down by 6.2% to MCHF 354.8. Improved project execution and cost reductions, however, offset the effect of the lower sales figures. Positive for the future are a large number of smaller orders as well as larger orders from Wal-Mart, Forlagsentralen, PepsiCo, Foster's Wine Estates, Coca-Cola Amatil and Denner which were booked in 2005. Order intake increased 10.8% to MCHF 405.7 on the full year (2004: MCHF 366.2). "For these reasons, we are confident that the current year will also progress positively for the Warehouse & Distribution Solutions division", comments CEO Brunschwiler.

Healthcare Solutions

The restructuring completed in 2004 had a positive impact on the Healthcare Solutions division in 2005. Sales increased 9.3% to MCHF 191.2. Operating profit (EBITA) improved to MCHF 17.1 (2004: MCHF 3.1). Order intake rose by 26.7% to MCHF 211.4 (2004: MCHF 166.8). "We are well positioned with our solutions for the hospital sector," says Mr. Brunschwiler, "this is especially true in the important US market."

Consulting Services/Wassermann

The only unsatisfactory performance in the reporting year came from the Consulting Services/Wassermann division. This division reported an operating loss of MCHF 2.0 (operating profit 2004: MCHF +1.0). The determining factors were the decline in sales to MCHF 12.6 (2004: MCHF 15.9) and higher sales costs. For these reasons, the Consulting Services/Wassermann division has undertaken decisive measures which will lead to improved business results in 2006.

2006: Sales and margin increases expected

“We have completed the restructuring initiated in 2003 and 2004. After three years of business stagnation, we have in 2005 laid the foundation for profitable growth,” sums up Swisslog CEO Remo Brunschwiler. Accordingly, Swisslog expects sales to grow by 5% to 10% in 2006. The cost reductions undertaken in previous years will have a positive effect on the EBITA margin.

About Swisslog

Swisslog is a global provider of integrated logistics solutions for warehouses, distribution centers and hospitals. Its comprehensive services portfolio ranges from building complex warehouses and distribution centers 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.

Financial Calendar

17 May 2006: Swisslog Annual General Meeting

22 August 2006: Half-year report 2006

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