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Media Release 6/09

Swisslog grows net profit – market environment increasingly more demanding

Buchs/Aarau, 18 August 2009 – **Swisslog grew net profit in the first half-year of 2009 from MCHF 5.5 to MCHF 11.9, considerably above the same period last year. An improved operating result, lower financial expenses and reduced income taxes enabled the increase. While order intake rose, net sales and – most notably – order backlog fell below the previous year's figures. The Group's financial situation improved again.**

"With these business developments we are in line with our expectations for the full financial year. We anticipate a more difficult second semester," CEO Remo Brunschwiler comments on the half-year result. In an increasingly more demanding market environment, order intake for continuing operations rose to MCHF 366.4 (+7.3%) compared to the same period last year. Order backlog, totaling MCHF 493.9 (–24.1%) as of 30 June 2009, is below last year's figure. The same is the case for net sales, which fell to MCHF 334.0 (–5.1%) as a consequence of the lower order backlog recorded at the end of 2008. By contrast, operating profit (EBIT) grew to MCHF 16.0 (+24.0%), which is mainly due to improvements in project execution. The currency effects canceled each other out: a stronger US dollar was offset by a weaker euro.

Divisions affected differently by crisis

The Warehouse & Distribution Solutions division booked two major orders, which helped raise the first half-year's order intake to MCHF 245.5 (+9.6%). However, order backlog as of 30 June 2009 stood at MCHF 343.1 (–31.3%), well below last year's figure. The economic slump, which began in the second half of 2008, made itself felt here, causing a sharp reduction in new orders. The resulting lower order backlog led to a decline in net sales to MCHF 213.3 (–9.4%). Nevertheless, the division succeeded in growing operating profit (EBIT) to MCHF 8.9. The increase by MCHF 2.0 compared to last year is the result of two opposing one-time effects, which led to the positive difference in EBIT on a net basis (positive effect: improved project execution; negative effect: impairment of intangible asset). The higher EBIT combined with lower net sales produced an improved EBIT margin of 4.2% (previous year's figure: 2.9%).

The Healthcare Solutions division was comparatively less affected by the difficult economic environment, and has once again proved to be a stable source of earnings: order intake (+2.7% to MCHF 121.0) as well as order backlog (–0.7% to MCHF 150.8) reached values only slightly different from last year's. Net sales saw an increase to MCHF 120.8 (+3.5%). Operating profit (EBIT) rose, thanks to the stronger US dollar in particular, to MCHF 11.5 (+7.5%); with constant exchange rates, it would have remained unchanged. The division's EBIT margin stood at 9.5%, thus recording a rise yet again (first half-year of 2008: 9.2%).

Improved financial result, lower taxes
Financial income diminished to MCHF 2.8 (previous year: MCHF 4.6) owing to the missing positive one-time effect of MCHF 4.1 recorded in the first half of 2008. However, this reduction was more than offset by notably lower financial expenses of MCHF 3.0 (previous year's figure: MCHF 7.0). The decline was due to improved results arising from currency translations. The net financial result amounted to MCHF –0.2 (last year: MCHF –2.4). Income tax fell to MCHF 3.9 (first half-year 2008: MCHF 5.0). The improved financial result and lower taxes, in addition to the higher operating profit, led to a significant growth of net profit to MCHF 11.9 for continuing operations (first half-year 2008: MCHF 5.5).

The Group's financial situation developed positively as well. The equity ratio grew from 33.9% to 37.5% year-on-year while the net cash position rose to MCHF 75.1 (+19.2%).

Outlook
In view of the persisting economic crisis, Swisslog expects a more difficult second half-year compared to the first one. This applies most notably to the Warehouse & Distribution Solutions division, which is facing a decline in demand, increasing price pressure and a lower order backlog. The market environment for the Healthcare Solutions division, by contrast, should continue to be less affected by the crisis in the second half-year. The outlook given in March 2009 for the current business year is being confirmed. Swisslog anticipates a decrease in net sales of 15% to 20% versus 2008 and an EBIT margin comparable to last year – barring any unforeseen events.

Calendar

10 March 2010: Publication of 2009 annual result

15 April 2010: 2010 General Meeting of Shareholders

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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, to intra-company logistics solutions for hospitals.

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 over 2 000 staff in about 20 countries worldwide. The Group's parent company, Swisslog Holding AG, is listed on the SIX Swiss Exchange (security number: 1232462, Telekurs: SLOG, Reuters: SLOG.S). For more information, visit www.swisslog.com

SWISSLOG GROUP KEY FIGURES (UNAUDITED)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	1.1.–31.12.2008 (audited)
CONTINUING OPERATIONS			
Order intake	366.4	341.6	598.0
Order backlog*	493.9	651.0	445.6
Net sales	334.0	352.1	786.1
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	22.1	15.6	41.1
Operating profit (EBIT)	16.0	12.9	35.3
EBIT margin	*4.8%*	*3.7%*	*4.5%*
Net result	11.9	5.5	17.9
Equity*	159.3	152.7	148.5
Net cash*	75.1	63.0	75.4
Net working capital*	–26.4	–26.2	–32.2
Employees*	2 165	2 125	2 192

* at the end of period

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	1.1.–31.12.2008 (audited)
CONTINUING OPERATIONS			
NET SALES	**334.0**	**352.1**	**786.1**
OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF GOODWILL (EBITDA)	**22.1**	**15.6**	**41.1**
Depreciation and amortization	6.1	2.7	5.8
OPERATING PROFIT (EBIT)	**16.0**	**12.9**	**35.3**
Financial income	2.8	4.6	9.4
Financial expense	–3.0	–7.0	–15.3
PROFIT BEFORE TAX	**15.8**	**10.5**	**29.4**
Income taxes	–3.9	–5.0	–11.5
NET RESULT CONTINUING OPERATIONS	**11.9**	**5.5**	**17.9**
NET RESULT DISCONTINUED OPERATIONS	**0.0**	**0.4**	**–6.7**
NET RESULT GROUP	**11.9**	**5.9**	**11.2**
Attributable to:			
Equity holders of the parent	11.9	5.9	11.2
EARNINGS PER SHARE	CHF	CHF	CHF
Basic/diluted earnings per share continuing operations	0.05	0.02	0.07
Basic/diluted earnings per share discontinued operations	0.00	0.00	–0.03
Basic/diluted earnings per share	0.05	0.02	0.04

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	1.1.–31.12.2008 (audited)
NET RESULT GROUP	**11.9**	**5.9**	**11.2**
Sale of available-for-sale financial assets[1]	0.0	–0.6	–0.6
Currency translation differences			
from discontinued operations	0.0	0.0	0.1
from continuing operations	3.7	–7.3	–16.8
OTHER COMPREHENSIVE INCOME	**3.7**	**–7.9**	**–17.3**
TOTAL COMPREHENSIVE INCOME	**15.6**	**–2.0**	**–6.1**
Attributable to:			
Equity holders of the parent	15.6	–2.0	–6.1

1 Sale of financial investment CPS Color Group Oy in 1st half-year 2008, without any impact on income taxes

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

MCHF	30.6.2009	30.6.2008	31.12.2008 (audited)
Non-current assets excluding goodwill	39.1	35.0	40.6
Goodwill	82.8	90.5	78.1
NON-CURRENT ASSETS	**121.9**	**125.5**	**118.7**
Inventories, trade receivables and other current assets	191.9	220.5	192.9
Marketable securities	10.2	16.0	12.3
Cash and cash equivalents	101.0	88.7	101.0
CURRENT ASSETS	**303.1**	**325.2**	**306.2**
TOTAL ASSETS	**425.0**	**450.7**	**424.9**
Equity attributable to equity holders of the parent	159.2	152.6	148.4
Minority interest	0.1	0.1	0.1
EQUITY	**159.3**	**152.7**	**148.5**
Convertible bonds	0.0	41.7	0.0
Other liabilities	10.2	11.3	10.3
NON-CURRENT LIABILITIES	**10.2**	**53.0**	**10.3**
Provisions	11.9	10.3	10.2
Convertible bonds	36.1	0.0	37.9
Other liabilities	207.5	234.7	218.0
CURRENT LIABILITIES	**255.5**	**245.0**	**266.1**
TOTAL EQUITY AND LIABILITIES	**425.0**	**450.7**	**424.9**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	1.1.–31.12.2008 (audited)
CONTINUING OPERATIONS			
Net result	11.9	5.9	17.9
Depreciation and amortisation	6.1	2.7	5.8
Other adjustments	–2.1	0.4	0.8
CASH FLOW BEFORE WORKING CAPITAL CHANGES	**15.9**	**9.0**	**24.5**
Cash flow from net current assets	–7.6	5.7	12.1
NET CASH FLOW FROM OPERATING ACTIVITIES	**8.3**	**14.7**	**36.6**
Cash inflow from sale of available-for-sale financial investment	0.0	21.6	21.6
Cash outflow on acquisition, net[1]	–1.9	–4.9	–4.9
Other cash flows	0.2	–5.6	–6.9
NET CASH FLOW FROM INVESTING ACTIVITIES	**–1.7**	**11.1**	**9.8**
Cash outflow from partial repurchase of convertible bonds	–2.5	–13.8	–18.5
Cash outflow from dividends	–5.0	0.0	0.0
Other cash flows	–0.2	–3.3	–4.5
NET CASH FLOW FROM FINANCING ACTIVITIES	**–7.7**	**–17.1**	**–23.0**
NET CASH FLOW FROM DISCONTINUED OPERATIONS	**0.0**	**1.5**	**–0.4**
Currency translation differences on cash and cash equivalents	1.1	–1.8	–2.3
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**0.0**	**8.4**	**20.7**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**101.0**	**80.3**	**80.3**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**101.0**	**88.7**	**101.0**

1 See acquisition (note 5)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

MCHF	Share capital	Share premium	Treasury stocks	Retained earnings	Reserve for available-for-sale financial assets[1]	Reserve for currency translation differences	Total	Minority interests	Total Equity
AT 1.1.2008	**2.5**	**80.0**	**0.0**	**105.0**	**0.6**	**–31.8**	**156.3**	**0.1**	**156.4**
Net result 1.1.–30.6.2008				5.9			5.9		5.9
Other comprehensive income					–0.6	–7.3	–7.9		–7.9
TOTAL COMPREHENSIVE INCOME				5.9	–0.6	–7.3	–2.0		–2.0
Change in treasury stock			–1.7				–1.7		–1.7
AT 30.6.2008	**2.5**	**80.0**	**–1.7**	**110.9**	**0.0**	**–39.1**	**152.6**	**0.1**	**152.7**
AT 1.1.2009	**2.5**	**80.0**	**–1.9**	**116.3**	**0.0**	**–48.5**	**148.4**	**0.1**	**148.5**
Net result 1.1.–30.6.2009				11.9			11.9		11.9
Other comprehensive income						3.7	3.7		3.7
TOTAL COMPREHENSIVE INCOME				11.9	0.0	3.7	15.6		15.6
Share-based payment		0.2					0.2		0.2
Dividends				–5.0			–5.0		–5.0
AT 30.6.2009	**2.5**	**80.2**	**–1.9**	**123.2**	**0.0**	**–44.8**	**159.2**	**0.1**	**159.3**

1 Sale of financial investment CPS Color Group Oy in 1st half-year 2008

CONDENSED INFORMATION BY SEGMENT (UNAUDITED)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	Change in %
CONTINUING OPERATIONS			
WAREHOUSE & DISTRIBUTION SOLUTIONS			
Order intake	245.5	223.9	9.6%
Order backlog*	343.1	499.4	–31.3%
Net sales	213.3	235.5	–9.4%
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	13.9	8.6	61.6%
Operating profit (EBIT)	8.9	6.9	29.0%
EBIT margin	*4.2%*	*2.9%*	*n.a.*
Employees*	1 279	1 266	1.0%
HEALTHCARE SOLUTIONS			
Order intake	121.0	117.8	2.7%
Order backlog*	150.8	151.8	–0.7%
Net sales	120.8	116.7	3.5%
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	12.5	11.7	6.8%
Operating profit (EBIT)	11.5	10.7	7.5%
EBIT margin	*9.5%*	*9.2%*	*n.a.*
Employees*	867	844	2.7%
HEADQUARTER/HOLDINGS			
Order intake	0.0	0.0	*n.a.*
Order backlog*	0.0	0.0	*n.a.*
Net sales	0.0	0.0	*n.a.*
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	–4.3	–4.7	*n.a.*
Operating profit (EBIT)	–4.4	–4.7	*n.a.*
EBIT margin	*n.a.*	*n.a.*	*n.a.*
Employees*	19	15	26.7%

* at the end of period

CONDENSED INFORMATION BY SEGMENT (UNAUDITED) (cont.)

MCHF	1.1.–30.6.2009	1.1.–30.6.2008	Change in %
CONTINUING OPERATIONS			
ELIMINATIONS			
Order intake	–0.1	–0.1	
Order backlog*	0.0	–0.2	
Net sales**	–0.1	–0.1	
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	0.0	0.0	
Operating profit (EBIT)	0.0	0.0	
EBIT margin	*n.a.*	*n.a.*	
Employees*	0	0	
TOTAL CONTINUING OPERATIONS			
Order intake	366.4	341.6	7.3%
Order backlog*	493.9	651.0	–24.1%
Net sales	334.0	352.1	–5.1%
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	22.1	15.6	41.7%
Operating profit (EBIT)	16.0	12.9	24.0%
EBIT margin	*4.8%*	*3.7%*	*n.a.*
Financial result	–0.2	–2.4	–91.7%
Result before tax	15.8	10.5	50.5%
Employees*	2 165	2 125	1.9%
DISCONTINUED OPERATIONS			
Order intake	0.0	4.1	*n.a.*
Order backlog*	0.0	4.5	*n.a.*
Net sales	0.0	6.0	*n.a.*
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	0.0	0.4	*n.a.*
Operating profit (EBIT)	0.0	0.3	*n.a.*
EBIT margin	*0.0%*	*5.0%*	*n.a.*
Employees*	0	48	*n.a.*
ELIMININATIONS			
Order intake	0.0	0.0	
Order backlog*	0.0	–0.1	
Net sales	0.0	0.0	
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	0.0	0.0	
Operating profit (EBIT)	0.0	0.0	
EBIT margin	*n.a.*	*n.a.*	
Financial result	0.0	–0.1	
Employees*	0	0	
TOTAL CONTINUING AND DISCONTINUED OPERATIONS (GROUP)			
Order intake	366.4	345.7	6.0%
Order backlog*	493.9	655.4	–24.6%
Net sales	334.0	358.1	–6.7%
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	22.1	16.0	38.1%
Operating profit (EBIT)	16.0	13.2	21.2%
EBIT margin	*4.8%*	*3.7%*	*n.a.*
Financial result	–0.2	–2.3	–91.3%
Result before tax	15.8	10.9	45.0%
Employees*	2 165	2 173	–0.4%

* at the end of period
** Intragroup sales of MCHF 0.1 from Healthcare Solutions to Warehouse & Distribution Solutions

NOTES TO THE HALF-YEAR FINANCIAL REPORT ENDED 30 JUNE 2009 (UNAUDITED)

1. Basis of preparation

The unaudited 2009 Half-Year Financial Report of Swisslog Holding AG and its subsidiaries has been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). The same accounting policies and method of computations are followed as in the 2008 Financial Report. The 2009 Half-Year Financial Report should be read in conjunction with the 2008 Financial Report, as this is an update of already disclosed information. The Board of Directors authorized the 2009 Half-Year Financial Report for issue on 12 August 2009.

2. Previous year comparison

Due to the discontinued operations of the former division Consulting Services/Wassermann (CSW) at the end of 2008, the comparison of the previous year figures as stated in this half-year report with those of the 2008 Half-Year Financial Report is limited to a certain extent. Furthermore, the changed presentation of the construction contracts, as described in the consolidation and accounting principles of the 2008 Annual Report, limits the comparison of the previous year balance sheet figures as stated in this half-year report with those of the 2008 Half-Year Financial Report.

3. Major foreign currency exchange rates

			Income statement			Balance sheet		
Currency	Country	Unit	30.6.2009	30.6.2008	31.12.2008	30.6.2009	30.6.2008	31.12.2008
EUR	Europe	1	1.5158	1.6115	1.5858	1.5245	1.6192	1.5026
USD	USA	1	1.1202	1.0514	1.0757	1.0811	1.0296	1.0553

4. Accounting principles changes

Swisslog Group has applied the following International Financial Reporting Standards (IFRS) as of 1 January 2009:

a) IFRS 8: Operating segments

This standard replaces IAS 14 Segment reporting and includes detailed disclosure requirements. The application of IFRS 8 has not led to a change in the reportable segments in the 2009 Half-Year Financial Report. Operating profit (EBIT) is separately monitored by management as a basis for the allocation of resources. The profitability of the segments is measured by operating profit (EBIT). Group financing (including financial income and expenses) and income taxes are managed at Group level and are not allocated to the individual segments.

b) IAS 1 (Amendment): Presentation of financial statements

The major change of this amendment concerns the presentation of all items of income and expenses directly recorded in equity, which are presented in a separate statement under the name "Statement of comprehensive income" in the 2009 Half-Year Financial Report. Transactions with the owners are still shown in the statement of changes in equity.

The other standards and interpretations, which became effective 1 January 2009, did not have any material impact on the 2009 Half-Year Financial Report. The upcoming changes in accounting principles (standards and interpretations) have been disclosed in the notes of the 2008 Financial Report. The update for the 2009 interim financial reporting has not led to a revised assessment of the future impact on the Group's consolidated financial statements.

5. Business combinations during the period

As per 23 April 2009 Swisslog Group acquired 100% of the shares of EVOMATIC Engineering Solutions GmbH, Austria. The purchase consideration amounted to MCHF 2.7. The acquired goodwill consists primarily of anticipated synergy potential between EVOMATIC Engineering Solutions GmbH and the Swisslog division Warehouse & Distributions Solutions. After the acquisition the company has been renamed to Swisslog Evomatic GmbH.

Effect of acquisition

MCHF	Acquiree's carrying value	Fair value
Intangible assets	0.7	0.7
Other receivables and accrued receivables	0.1	0.1
Other liabilities	–0.6	–0.6
Net assets acquired		**0.2**
Goodwill		2.5
Total purchase consideration		**2.7**

Details of purchase consideration

Purchase price	2.6
Direct cost related to the acquisition	0.1
Total purchase consideration	**2.7**
Deferred cash payment	0.8
Cash outflow on acquisition, net	**1.9**

If Swisslog Evomatic GmbH had been acquired on the first day of the 2009 business year, Swisslog Group would have posted MCHF 334.0 in consolidated net sales (unchanged) and an operating profit (EBIT) of MCHF 16.1 for the period from 1 January 2009 to 30 June 2009. The acquired business contributed an operating profit (EBIT) of MCHF –0.1 for the period of 23 April 2009 to 30 June 2009. The pension plan of Swisslog Evomatic GmbH qualifies as a defined contribution plan according to IAS 19.

6. Impairment of intangible assets

For property, plant and equipment, and intangible assets with definite useful life, Swisslog Group assesses at each reporting date whether there are impairment indicators. Due to an increased uncertainty in connection with the future benefit of a self-developed intangible asset, an impairment of MCHF 2.0 has been recorded in the first half-year 2009. The impairment is included in the position non-current assets excluding goodwill in the condensed balance sheet respectively in depreciation and amortization in the condensed income statement, and concerns the Swisslog division Warehouse & Distribution Solutions.

7. Contingent liabilities

A long-term legal dispute has successfully been solved in the first half-year 2009. In this connection a contingent liability of MCHF 15.9, disclosed within the contingent liabilities in the 2008 Annual Report, has become redundant.

8. Repurchases of convertible bonds

In the period from January to June 2009 convertible bonds with an aggregate nominal value of MCHF 2.5 were repurchased at a price between 98.5% and 99.5% on the Swiss stock exchange (SIX). The remaining nominal value at 30 June 2009 of MCHF 36.6 is recorded at a carrying amount of MCHF 36.1 in the condensed balance sheet of the 2009 Half-Year Financial Report. The bonds will mature on 31 December 2009 at their nominal value.

9. Dividends per share

The dividend of CHF 0.02 per entitled registered share, as approved by the Annual General Meeting of Swisslog Holding AG on 21 April 2009, was paid out on 27 April 2009.

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.