swisslog

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Media Release 9/07

Swisslog increases net sales and makes net profit again

Buchs/Aarau, 21 August 2007 **– The logistics company Swisslog increased net sales by 16.6% to MCHF 355.3 and operating profit (EBITA) by 15.2% to MCHF 14.4 in the first half of 2007. After incurring a loss in the same period last year it realized a net profit of MCHF 8.8. The financial situation of the Group has improved again.**

"The net result was not affected by negative one-time effects, which allowed us to realize the net profit we were striving for," CEO Remo Brunschwiler comments on the half-year result. Besides net sales and operating profit (EBITA), order intake saw an increase as well (+9.1% to MCHF 279.5). Equity rose by MCHF 21.4 to MCHF 151.9, which corresponds to an equity ratio of 33% at 30 June 2007.

Net sales of the Warehouse & Distribution Solutions division grew from MCHF 195.5 to MCHF 233.4 in the first six months, an increase of 19.4% compared to the same period last year. Healthcare Solutions managed to raise net sales from MCHF 103.7 to MCHF 116.8 (+12.6%) while Consulting Services/Wassermann recorded a drop from MCHF 5.8 to MCHF 5.2. The Group's order backlog is solid and grew by 5.8% from MCHF 449.2 to MCHF 475.1.

Swisslog's profitable growth was accompanied by a targeted expansion of the workforce from 1 804 to 2 019, with the acquisition of Accalon accounting for a considerable share (148 employees). The headcount was reduced only at Consulting Services/Wassermann, a reaction to declining net sales.

Operating profit (EBITA) improved again
EBITA grew from MCHF 12.5 to MCHF 14.4 in the first semester 2007, thereby continuing the positive development of the previous year. Warehouse & Distribution Solutions achieved an increase from MCHF 10.2 to MCHF 11.0 and Healthcare Solutions from MCHF 8.1 to MCHF 9.7. Whereas the increase at Warehouse & Distribution Solutions is primarily due to profits arising from the sale of real estate not needed for operations, at Healthcare Solutions it is a result of net sales growth and was accomplished in spite of higher costs related to a patent infringement claim. Consulting Services/Wassermann saw an improvement in EBITA, but the figure remained negative (MCHF -0.7) due to lower net sales. The Group's EBITA margin is 4.1%, unchanged from the same period last year because of the shift in proportions between new orders and customer support orders.

Return to profitability
Recording a net profit of MCHF 8.8 (vs. a net loss of MCHF -15.6 in the first semester 2006), Swisslog achieved the announced return to profitability. This is attributable to the following factors: EBITA increased (MCHF 1.9); in contrast to the same period last year, no goodwill impairment was required (MCHF 10 in the first half-year 2006); the financial result improved (MCHF 11.5); and lower income tax expenses were incurred (savings of MCHF 1.0).

Acquisitions of Accalon and Collett
The acquisition of the Swedish company Accalon, a leading manufacturer of conveyor systems and stacker cranes, was made in the first half-year. This will allow Swisslog to improve its competitiveness in the important market segment of less complex projects. At the beginning of August, an agreement was signed to purchase Oslo-based Collett, our current partner for planning, installation, and support of pneumatic tube systems in Norway. This acquisition, which is still subject to merger control clearance by the Norwegian Competition Authority, will strengthen Swisslog's position in its Healthcare Solutions core business.

Outlook
Compared to the first half of the year, Swisslog anticipates a higher order intake in the second half in view of the order pipeline. On the basis of order backlog and the positive business environment, the company expects an increase in net sales of around 10% and a continued improvement of operating profit (EBITA) for the current business year. The EBITA margin, however, is likely to remain at last year’s level because of the shift in proportions between new orders and customer support orders.

Calendar

6 March 2008: Publication Annual Result 2007

30 April 2008: General Meeting of Shareholders 2008

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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. 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 2 000 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

SWISSLOG GROUP KEY FIGURES (UNAUDITED)

MCHF	1.1.–30.6.2007	1.1.–30.6.2006	1.1.–31.12.2006
Order intake	279.5	256.2	677.3
Order backlog*	475.1	449.2	538.0
Net sales	355.3	304.7	646.9
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	17.8	15.9	37.8
Operating profit before impairment of goodwill (EBITA)	14.4	12.5	31.1
EBITA margin	*4.1%*	*4.1%*	*4.8%*
Operating profit (EBIT)	14.4	2.5	21.0
Net result	8.8	–15.6	–3.5
Equity*	151.9	130.5	143.0
Net cash*	41.9	30.1	40.4
Net working capital*	–24.8	–23.4	–20.1
Employees*	2 019	1 804	1 813

* at the end of period

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2007	1.1.–30.6.2006	1.1.–31.12.2006
NET SALES	**355.3**	**304.7**	**646.9**
OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF GOODWILL (EBITDA)	**17.8**	**15.9**	**37.8**
Depreciation and amortization	3.4	3.4	6.7
OPERATING PROFIT BEFORE IMPAIRMENT OF GOODWILL (EBITA)	**14.4**	**12.5**	**31.1**
Impairment of goodwill	0.0	10.0	10.1
OPERATING PROFIT (EBIT)	**14.4**	**2.5**	**21.0**
Financial income	2.9	2.3	5.0
Financial expense	–4.0	–14.9	–19.9
RESULT BEFORE TAX	**13.3**	**–10.1**	**6.1**
Income taxes	–4.5	–5.5	–9.6
NET RESULT	**8.8**	**–15.6**	**–3.5**
Attributable to:			
Equity holders of the parent	8.8	–15.6	–3.5
EARNINGS PER SHARE	CHF	CHF	CHF
Basic earnings per share[1]	0.04	–0.08	–0.02

1 The rights to exercise the convertible bonds expired on 4 July 2005. There are no dilutive effects.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

MCHF	30.6.2007	30.6.2006	31.12.2006
Non-current assets excluding goodwill	49.6	48.8	49.1
Goodwill	93.4	88.3	88.3
NON-CURRENT ASSETS	**143.0**	**137.1**	**137.4**
Inventories, trade and other receivables, prepayments	208.4	177.6	194.1
Marketable securities	17.6	0.0	15.9
Cash and cash equivalents	83.3	92.5	88.3
Non-current assets held for sale[1]	3.1	0.0	0.0
CURRENT ASSETS	**312.4**	**270.1**	**298.3**
TOTAL ASSETS	**455.4**	**407.2**	**435.7**
Equity attributable to equity holders of the parent	151.8	130.4	142.9
Minority interest	0.1	0.1	0.1
EQUITY	**151.9**	**130.5**	**143.0**
Convertible bonds	59.0	62.4	63.8
Other liabilities	12.7	13.2	12.6
NON-CURRENT LIABILITIES	**71.7**	**75.6**	**76.4**
Provisions	17.5	10.7	15.4
Other liabilities	214.3	190.4	200.9
CURRENT LIABILITIES	**231.8**	**201.1**	**216.3**
TOTAL EQUITY AND LIABILITIES	**455.4**	**407.2**	**435.7**

1 See note 5

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2007	1.1.–30.6.2006	1.1.–31.12.2006
NET CASH FLOW FROM OPERATING ACTIVITIES	**11.7**	**19.6**	**32.7**
Thereof cash flow before working capital changes	8.7	7.9	23.7
Thereof cash flow from changes in working capital	3.0	11.7	9.0
NET CASH FLOW FROM INVESTING ACTIVITIES[1]	**–8.5**	**–1.3**	**–16.8**
NET CASH FLOW FROM FINANCING ACTIVITIES	**–9.2**	**–8.8**	**–11.3**
Currency translation differences on cash and cash equivalents	1.0	–1.1	–0.4
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**–5.0**	**8.4**	**4.2**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**88.3**	**84.1**	**84.1**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**83.3**	**92.5**	**88.3**

1 Including cash outflow on acquisition, see note 4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

MCHF	Share capital	Share premium	Fair value and other reserves		Retained earnings	Minority interest	Equity
			Currency translation differences	Other			
AT 1.1.2006	**1.8**	**11.1**	**–24.3**	**0.0**	**91.5**	**0.1**	**80.2**
Net result 1.1.–30.6.2006					–15.6		–15.6
Issue of share capital	0.7	72.5					73.2
Costs from issuance of share capital		–3.6					–3.6
Currency translation differences			–3.7				–3.7
AT 30.6.2006	**2.5**	**80.0**	**–28.0**	**0.0**	**75.9**	**0.1**	**130.5**
AT 1.1.2007	**2.5**	**80.0**	**–27.8**	**0.2**	**88.0**	**0.1**	**143.0**
Net result 1.1.–30.6.2007					8.8		8.8
Price premium for the purchase of minority interests					–1.8		–1.8
Currency translation differences			1.9				1.9
AT 30.6.2007	**2.5**	**80.0**	**–25.9**	**0.2**	**95.0**	**0.1**	**151.9**

CONDENSED INFORMATION BY SEGMENT (UNAUDITED)

MCHF	1.1.–30.6.2007	1.1.–30.6.2006	1.1.–31.12.2006
WAREHOUSE & DISTRIBUTION SOLUTIONS			
Order intake	156.5	138.7	425.5
Order backlog*	303.0	293.9	369.7
Net sales	233.4	195.5	415.7
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	12.6	11.7	26.3
Operating profit before impairment of goodwill (EBITA)	11.0	10.2	23.2
EBITA margin	*4.7%*	*5.2%*	*5.6%*
Operating profit (EBIT)	11.0	10.2	23.2
Employees*	1 181	970	999
CONSULTING SERVICES/WASSERMANN			
Order intake	4.0	5.6	13.6
Order backlog*	5.6	4.0	6.6
Net sales	5.2	5.8	11.4
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	–0.5	–0.4	–0.3
Operating profit before impairment of goodwill (EBITA)	–0.7	–0.9	–1.3
EBITA margin	*–13.5%*	*–15.5%*	*–11.4%*
Operating profit (EBIT)	–0.7	–10.9	–11.4
Employees*	47	62	52
HEALTHCARE SOLUTIONS			
Order intake	119.0	112.0	238.6
Order backlog*	166.6	151.6	161.8
Net sales	116.8	103.7	220.0
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	11.3	9.4	21.6
Operating profit before impairment of goodwill (EBITA)	9.7	8.1	19.0
EBITA margin	*8.3%*	*7.8%*	*8.6%*
Operating profit (EBIT)	9.7	8.1	19.0
Employees*	773	751	744
HEADQUARTER/HOLDINGS			
Order intake	0.0	0.0	0.0
Order backlog*	0.0	0.0	0.0
Net sales	0.0	0.0	0.2
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	–5.6	–4.8	–9.8
Operating profit before impairment of goodwill (EBITA)	–5.6	–4.9	–9.8
EBITA margin	*n.a.*	*n.a.*	*n.a.*
Operating profit (EBIT)	–5.6	–4.9	-9.8
Employees*	18	21	18
ELIMINATIONS			
Order intake	0.0	–0.1	–0.4
Order backlog*	–0.1	–0.3	–0.1
Net sales	–0.1	–0.3	–0.4
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	0.0	0.0	0.0
Operating profit before impairment of goodwill (EBITA)	0.0	0.0	0.0
EBITA margin	*n.a.*	*n.a.*	*n.a.*
Operating profit (EBIT)	0.0	0.0	0.0
Employees*	0	0	0
TOTAL GROUP			
Order intake	279.5	256.2	677.3
Order backlog*	475.1	449.2	538.0
Net sales	355.3	304.7	646.9
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	17.8	15.9	37.8
Operating profit before impairment of goodwill (EBITA)	14.4	12.5	31.1
EBITA margin	*4.1%*	*4.1%*	*4.8%*
Operating profit (EBIT)	14.4	2.5	21.0
Employees*	2 019	1 804	1 813

* at the end of period

NOTES TO THE HALF-YEAR FINANCIAL REPORT ENDED 30 JUNE 2007 (UNAUDITED)

1. Basis of preparation

The unaudited 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 computation methods are followed as in the 2006 financial report. The half-year financial report should be read in conjunction with the 2006 financial report, as this is an update of already disclosed information. The Board of Directors authorized the half-year financial report for issue on 15 August 2007.

2. Major foreign currency exchange rates

			Income statement			Balance sheet		
Currency	Country	Unit	30.6.2007	30.6.2006	31.12.2006	30.6.2007	30.6.2006	31.12.2006
EUR	Europe	1	1.6295	1.5646	1.5750	1.6504	1.5646	1.6061
GBP	UK	1	2.4194	2.2777	2.3097	2.4531	2.2630	2.3926
USD	USA	1	1.2248	1.2804	1.2590	1.2281	1.2448	1.2203

3. Accounting principles changes

IFRS 7 Financial Instruments: This standard is effective as per 1 January 2007 and has been adopted by Swisslog for the presented periods. This standard has no influence on the recognition and valuation of Financial Instruments.
The application of IFRS 7 has been analyzed by Swisslog and no material impact has been determined to be disclosed for half-year closing.

4. Acquisition during the period

As per 1 June 2007 Swisslog Group acquired 100% of the shares of Accalon AB, Sweden. The purchase consideration amounted to MCHF 8.3. The acquired goodwill consists primarily of anticipated synergy potential between Accalon and the Warehouse & Distribution Solutions division.

Effect of acquisition

MCHF	Acquiree's carrying value	Fair value
Property, plant and equipment	2.2	2.2
Inventories	3.3	3.3
Trade receivables	14.7	14.7
Amount due from customers for construction contracts	4.3	4.3
Prepaid expenses and accrued income	2.5	2.5
Cash and cash equivalents	0.7	0.7
Deferred tax liabilities, net	0.0	–0.1
Trade payables	–8.5	–8.5
Amount due to customers for construction contracts	–3.9	–3.9
Provisions	–1.4	–1.4
Income tax payables	–0.4	–0.4
Accrued expenses and deferred income	–3.1	–3.1
Other liabilities	–5.7	–6.1
Net assets acquired		**4.2**
Goodwill		4.1
Total purchase consideration		**8.3**

Details of purchase consideration

Purchase price	8.0
Direct cost related to the acquisition	0.3
Total purchase consideration	**8.3**
Cash and cash equivalents in subsidiary acquired	–0.7
Cash outflow on acquisition, net	**7.6**

If Accalon had been acquired on the first day of the business year 2007, Swisslog Group would have posted MCHF 358.4 in consolidated net sales with consolidated operating profit (EBIT) attributable to shareholders of MCHF 14.9. The acquired business contributed an operating profit (EBIT) of MCHF 0.2 for the period from 1 June to 30 June 2007.

According to IAS 19 the pension plan of Accalon would qualify as a defined benefit plan. Since the plan assets of the multi-employer plan can not be allocated to the participating entities, Accalon does not have sufficient information to account for as defined benefit plan. In consequence Accalon accounts for the plan as if it were a defined contribution plan.

5. Non-current assets held for sale

The position "Non-current assets held for sale" includes an investment property which has been reclassified from "Investment property" to "Non-current assets held for sale". Swisslog measures its investment properties at fair value. As per end of June 2007 Swisslog increased the fair value of the investment property up to MCHF 3.1 since a potential buyer tendered an offer. As per 12 July 2007 Swisslog sold the investment property for MCHF 3.1. The change in fair value as mentioned above and the gain on sale of another property amounting to a total of MCHF 2.3 are recognized in the Warehouse & Distribution Solutions division.

6. Repurchases of convertible bonds

In the period from January until February 2007 convertible bonds with an aggregate nominal value of MCHF 7.0 were repurchased at a price of 96.5% on the stock exchange. As the convertible bonds were repurchased at a price above its book value, a one-off financial cost of MCHF 0.5 was charged to the first half-year 2007. The remaining nominal value at 30 June 2007 amounts to MCHF 64.8.

7. Events after the balance sheet date

In July 2007 the guarantee facility of a bank syndicate was increased by MCHF 20.0 to MCHF 100.0.

Swisslog Group is in the process of acquiring 100% of the shares of Collett AS. Collett is an engineering company specialized in pneumatic tube systems and is based in Oslo, Norway. The main values, provisionally calculated, are as follows:

	MCHF
Net assets acquired	0.8
Goodwill	1.0
Total purchase consideration	1.8

The goodwill will be allocated to the Healthcare Solutions division. The acquisition remains subject to merger control clearance by the Norwegian Competition Authority.