swisslog

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## Media Release 8/08

# Swisslog with strong order intake

Buchs/Aarau, 19 August 2008 – **Logistics company Swisslog increased order intake in the first half of 2008 compared to the same period last year, by 23.7% to MCHF 345.7, despite an increasingly difficult environment. While net sales grew slightly, negative currency effects reduced the operating result and net profit. On the other hand, the financial situation of the group has improved again.**

“The positive development in terms of order intake shows that we are able to hold our own in an increasingly difficult economic environment,” CEO Remo Brunschwiler comments on the half-year result. In comparison to the same period last year, Swisslog increased order intake mostly through small and medium-sized projects, whereas the proportion of major orders was comparable to last year. Order backlog at the end of June 2008 amounts to MCHF 655.4, which corresponds to a 37.9% increase versus last year’s reporting date.

The group’s net sales grew slightly to MCHF 358.1 (+0.8%). EBITA was down 8.3% to MCHF 13.2, but exchange losses due to the weaker US dollar (average exchange rate CHF/USD of 1.05 compared to 1.22 in the same period last year) and a positive one-time effect recorded in the first half of 2007 overlap the operating progress made. When EBITA is adjusted to take into account these two effects, it amounts to MCHF 15.0 (compared to MCHF 12.0), which represents an increase of 25.0%. The reported EBITA margin of 3.7% was lower than last year’s figure (4.1%).

**Mixed divisional results**
The Warehouse & Distribution Solutions division was able to significantly increase its order intake compared to the same period last year by 43.1%, to MCHF 223.9. Order backlog at the end of first half of 2008 amounted to MCHF 499.4, which is even 64.8% above the previous year’s figure. The high order backlog mirrors the unusually strong order intake in the last quarter of 2007 as well as in the first half of 2008; however, as expected, this development was not reflected yet in equal measure in net sales for the first semester of 2008. At MCHF 235.5, it was only slightly higher than last year’s figure (MCHF 233.4). EBITA of MCHF 6.9 was unsatisfactory (MCHF 11.0 in the first half of 2007) and can be attributed to the absence of the aforementioned one-time effect and additional project costs. The EBITA margin of 2.9% was therefore lower than last year (4.7%).

The Healthcare Solutions division, which conducts a large part of its business in countries using the US dollar, was prevented from posting a still better operating result as a consequence of the considerably weakened dollar: EBITA increased by 10.3% to MCHF 10.7, while the EBITA margin grew from 8.3% to 9.2%. Order intake (-1.0% to MCHF 117.8) and net sales (-0.1% to MCHF 116.7) only changed marginally. However, on a constant-currency basis – i.e. with stable exchange rates – order intake amounts to MCHF 131.2 (+10.3%), net sales to MCHF 129.4 (+10.8%), and EBITA even to MCHF 12.3 (+25.5%).

Consulting Services/Wassermann continued the positive trend and increased order intake (+2.5% to MCHF 4.1) and net sales (+15.4% to MCHF 6.0), as well as EBITA. After posting a loss in the same period last year, the division recorded an EBITA of MCHF 0.3.

**Currency effects reduce financial result and net profit**
Financial income benefited from the gain on the sale of the participation in CPS Color Group Oy (+ MCHF 4.1). However, this positive one-time effect was more than offset by higher financial expenses, which primarily resulted from currency losses in balance-sheet items. The net financial result totalled MCHF -2.3 (first half of 2007: MCHF -1.1). Taxes were MCHF 5.0 (same period last year: MCHF 4.5). The worsened financial result was reflected accordingly in net profit, which was down MCHF 2.9 to MCHF 5.9. On a constant-currency basis, net profit amounted to MCHF 7.3.

On the other hand, the financial situation of the group developed positively again: net cash grew significantly by 50.4% to MCHF 63.0 – thanks to the sale of the participation in CPS Color Group Oy (+ MCHF 21.6), in particular.

**Acquisition of Ergotrans**
In the first half of the year, the acquisition of the Dutch company Ergotrans was completed, which is the leading provider of pneumatic tube systems in the Netherlands and formerly Swisslog's business partner for this product line. The acquisition will further strengthen the position of Swisslog in its Healthcare Solutions core business.

**Outlook**
For the 2008 financial year, an increase in net sales of about 10% and a comparable EBITA result are expected versus 2007.

**Calendar**

10 March 2009: Publication Annual Result 2008

21 April 2009: General Meeting of Shareholders 2009

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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 over 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.–30.6.2008 | 1.1.–30.6.2007 | 1.1.–31.12.2007 |
|---|---|---|---|
| Order intake | 345.7 | 279.5 | 862.9 |
| Order backlog* | 655.4 | 475.1 | 688.8 |
| Net sales | 358.1 | 355.3 | 707.6 |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 16.0 | 17.8 | 41.5 |
| Operating profit before impairment of goodwill (EBITA) | 13.2 | 14.4 | 34.5 |
| *EBITA margin* | *3.7%* | *4.1%* | *4.9%* |
| Operating profit (EBIT) | 13.2 | 14.4 | 34.5 |
| Net result | 5.9 | 8.8 | 18.8 |
| Equity* | 152.7 | 151.9 | 156.4 |
| Net cash* | 63.0 | 41.9 | 45.5 |
| Net working capital* | –26.2 | –24.8 | –19.5 |
| Employees* | 2 173 | 2 019 | 2 060 |

* at the end of period

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| MCHF | 1.1.–30.6.2008 | 1.1.–30.6.2007 | 1.1.–31.12.2007 |
|---|---|---|---|
| **NET SALES** | **358.1** | 355.3 | 707.6 |
| **OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF GOODWILL (EBITDA)** | **16.0** | 17.8 | 41.5 |
| Depreciation and amortization | 2.8 | 3.4 | 7.0 |
| **OPERATING PROFIT BEFORE IMPAIRMENT OF GOODWILL (EBITA)** | **13.2** | 14.4 | 34.5 |
| Impairment of goodwill | 0.0 | 0.0 | 0.0 |
| **OPERATING PROFIT (EBIT)** | **13.2** | 14.4 | 34.5 |
| Financial income | 4.7 | 2.9 | 3.7 |
| Financial expense | –7.0 | –4.0 | –8.8 |
| **PROFIT BEFORE TAX** | **10.9** | 13.3 | 29.4 |
| Income taxes | –5.0 | –4.5 | –10.6 |
| **NET PROFIT** | **5.9** | 8.8 | 18.8 |
| Attributable to: | | | |
| Equity holders of the parent | 5.9 | 8.8 | 18.8 |
| **EARNINGS PER SHARE** | CHF | CHF | CHF |
| Basic earnings per share | 0.02 | 0.04 | 0.07 |

# CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

| MCHF | 30.6.2008 | 30.6.2007 | 31.12.2007 |
|---|---|---|---|
| Non-current assets excluding goodwill | 35.0 | 49.6 | 47.4 |
| Goodwill | 90.5 | 93.4 | 90.8 |
| **NON-CURRENT ASSETS** | **125.5** | **143.0** | **138.2** |
| Inventories, trade receivables and other current assets | 231.6 | 208.4 | 206.1 |
| Marketable securities | 16.0 | 17.6 | 19.2 |
| Cash and cash equivalents | 88.7 | 83.3 | 80.3 |
| Non-current assets held for sale | 0.0 | 3.1 | 0.0 |
| **CURRENT ASSETS** | **336.3** | **312.4** | **305.6** |
| **TOTAL ASSETS** | **461.8** | **455.4** | **443.8** |
| Equity attributable to equity holders of the parent | 152.6 | 151.8 | 156.3 |
| Minority interest | 0.1 | 0.1 | 0.1 |
| **EQUITY** | **152.7** | **151.9** | **156.4** |
| Convertible bonds | 41.7 | 59.0 | 54.0 |
| Other liabilities | 11.3 | 12.7 | 10.1 |
| **NON-CURRENT LIABILITIES** | **53.0** | **71.7** | **64.1** |
| Provisions | 15.7 | 17.5 | 17.6 |
| Other liabilities | 240.4 | 214.3 | 205.7 |
| **CURRENT LIABILITIES** | **256.1** | **231.8** | **223.3** |
| **TOTAL EQUITY AND LIABILITIES** | **461.8** | **455.4** | **443.8** |

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

| MCHF | 1.1.–30.6.2008 | 1.1.–30.6.2007 | 1.1.–31.12.2007 |
|---|---|---|---|
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | **16.3** | **11.7** | **24.2** |
| Thereof cash flow before working capital changes | 9.3 | 8.7 | 23.8 |
| Thereof cash flow from net current assets | 7.0 | 3.0 | 0.4 |
| **NET CASH FLOW FROM INVESTING ACTIVITIES**[1] | **11.2** | **–8.5** | **–13.8** |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | **–17.1** | **–9.2** | **–17.7** |
| Currency translation differences on cash and cash equivalents | –2.0 | 1.0 | –0.7 |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | **8.4** | **–5.0** | **–0.8** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **80.3** | **88.3** | **88.3** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **88.7** | **83.3** | **80.3** |

1 Including cash outflow on acquisition (note 4) respectively cash inflow from sale of financial investments (note 5)

# 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 1.1.2007** | **2.5** | **80.0** | **–27.8** | **0.2** | **88.0** | **0.1** | **143.0** |
| Net profit 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** |
| **AT 1.1.2008** | **2.5** | **80.0** | **–31.8** | **0.6** | **105.0** | **0.1** | **156.4** |
| Net profit 1.1.–30.6.2008 | | | | | 5.9 | | 5.9 |
| Treasury stocks | | | | | –1.7 | | –1.7 |
| Sale of available-for-sale financial assets[1] | | | | –0.6 | | | –0.6 |
| Currency translation differences | | | –7.3 | | | | –7.3 |
| **AT 30.6.2008** | **2.5** | **80.0** | **–39.1** | **0.0** | **109.2** | **0.1** | **152.7** |

1 Sale of financial investment CPS Color Group Oy (note 5)

# CONDENSED INFORMATION BY SEGMENT (UNAUDITED)

| MCHF | 1.1.–30.6.2008 | 1.1.–30.6.2007 | Change in % |
|---|---|---|---|
| **WAREHOUSE & DISTRIBUTION SOLUTIONS** | | | |
| Order intake | 223.9 | 156.5 | 43.1% |
| Order backlog* | 499.4 | 303.0 | 64.8% |
| Net sales | 235.5 | 233.4 | 0.9% |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 8.6 | 12.6 | –31.7% |
| Operating profit before impairment of goodwill (EBITA) | 6.9 | 11.0 | –37.3% |
| *EBITA margin* | *2.9%* | *4.7%* | *n.a.* |
| Operating profit (EBIT) | 6.9 | 11.0 | –37.3% |
| Employees* | 1 266 | 1 181 | 7.2% |
| **HEALTHCARE SOLUTIONS** | | | |
| Order intake | 117.8 | 119.0 | –1.0% |
| Order backlog* | 151.8 | 166.6 | –8.9% |
| Net sales | 116.7 | 116.8 | –0.1% |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 11.7 | 11.3 | 3.5% |
| Operating profit before impairment of goodwill (EBITA) | 10.7 | 9.7 | 10.3% |
| *EBITA margin* | *9.2%* | *8.3%* | *n.a.* |
| Operating profit (EBIT) | 10.7 | 9.7 | 10.3% |
| Employees* | 844 | 773 | 9.2% |
| **CONSULTING SERVICES/WASSERMANN** | | | |
| Order intake | 4.1 | 4.0 | 2.5% |
| Order backlog* | 4.5 | 5.6 | –19.6% |
| Net sales | 6.0 | 5.2 | 15.4% |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 0.4 | –0.5 | *n.a.* |
| Operating profit before impairment of goodwill (EBITA) | 0.3 | –0.7 | *n.a.* |
| *EBITA margin* | *5.0%* | *–13.5%* | *n.a.* |
| Operating profit (EBIT) | 0.3 | –0.7 | *n.a.* |
| Employees* | 48.0 | 47.0 | 2.1% |
| **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) | –4.7 | –5.6 | –16.1% |
| Operating profit before impairment of goodwill (EBITA) | –4.7 | –5.6 | –16.1% |
| *EBITA margin* | *n.a.* | *n.a.* | *n.a.* |
| Operating profit (EBIT) | –4.7 | –5.6 | –16.1% |
| Employees* | 15 | 18 | –16.7% |
| **ELIMINATIONS** | | | |
| Order intake | –0.1 | 0.0 | |
| Order backlog* | –0.3 | –0.1 | |
| Net sales | –0.1 | –0.1 | |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 0.0 | 0.0 | |
| Operating profit before impairment of goodwill (EBITA) | 0.0 | 0.0 | |
| *EBITA margin* | *n.a.* | *n.a.* | |
| Operating profit (EBIT) | 0.0 | 0.0 | |
| Employees* | 0 | 0 | |
| **TOTAL GROUP** | | | |
| Order intake | 345.7 | 279.5 | 23.7% |
| Order backlog* | 655.4 | 475.1 | 37.9% |
| Net sales | 358.1 | 355.3 | 0.8% |
| Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) | 16.0 | 17.8 | –10.1% |
| Operating profit before impairment of goodwill (EBITA) | 13.2 | 14.4 | –8.3% |
| *EBITA margin* | *3.7%* | *4.1%* | *n.a.* |
| Operating profit (EBIT) | 13.2 | 14.4 | –8.3% |
| Employees* | 2 173 | 2 019 | 7.6% |

* at the end of period

# NOTES TO THE HALF-YEAR FINANCIAL REPORT ENDED 30 JUNE 2008 (UNAUDITED)

## 1. Basis of preparation

The unaudited 2008 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 methods of computations are followed as in the 2007 financial report. The 2008 half-year financial report should be read in conjunction with the 2007 financial report, as this is an update of already disclosed information. The Board of Directors authorized the 2008 half-year financial report for issue on 13 August 2008.

## 2. Major foreign currency exchange rates

| | | | Income statement | | | Balance sheet | | |
|---|---|---|---|---|---|---|---|---|
| Currency | Country | Unit | 30.6.2008 | 30.6.2007 | 31.12.2007 | 30.6.2008 | 30.6.2007 | 31.12.2007 |
| EUR | Europe | 1 | 1.6115 | 1.6295 | 1.6410 | 1.6192 | 1.6504 | 1.6523 |
| USD | USA | 1 | 1.0514 | 1.2248 | 1.1962 | 1.0296 | 1.2281 | 1.1325 |

## 3. Accounting principles changes

The upcoming changes in the International Financial Reporting Standards (standards and interpretations) have been disclosed in the notes of the 2007 financial report. The update for the interim 2008 financial reporting has not led to a revised assessment of the impact on the Group's consolidated financial statements.

## 4. Business combinations during the period

As per 18 April 2008 Swisslog Group acquired 100% of the shares of Ergotrans B.V., Netherlands. The purchase consideration amounted to MCHF 5.3. The acquired goodwill consists primarily of anticipated synergy potential between Ergotrans B.V. and the Swisslog Healthcare Solutions division.

**Effect of acquisition**

| MCHF | Acquiree's carrying value | Fair value |
|---|---|---|
| Property, plant and equipment | 0.2 | 0.2 |
| Inventories | 0.5 | 0.5 |
| Trade receivables | 0.9 | 0.9 |
| Amount due from customers for construction contracts | 0.6 | 0.6 |
| Prepaid expenses and accrued income | 0.3 | 0.3 |
| Cash and cash equivalents | 0.4 | 0.4 |
| Trade payables | –0.4 | –0.4 |
| Amount due to customers for construction contracts | –0.5 | –0.5 |
| Provisions | –0.1 | –0.1 |
| Accrued expenses and deferred income | –0.3 | –0.3 |
| Other liabilities | –1.0 | –1.0 |
| **Net assets acquired** | | **0.6** |
| Goodwill | | 4.7 |
| **Total purchase consideration** | | **5.3** |

**Details of purchase consideration**

| | |
|---|---|
| Purchase price | 5.2 |
| Direct cost related to the acquisition | 0.1 |
| **Total purchase consideration** | **5.3** |
| Cash and cash equivalents in subsidiary acquired | –0.4 |
| **Cash outflow on acquisition, net** | **4.9** |

If Ergotrans B.V. had been acquired on the first day of the business year 2008, Swisslog Group would have posted MCHF 358.5 in consolidated net sales and an operating profit (EBIT) of MCHF 13.1 for the period from 1 January 2008 until 30 June 2008. The acquired business contributed an operating profit (EBIT) of MCHF 0.2 for the period from 18 April to 30 June 2008.

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

**5. Sale of financial investment CPS Color Group Oy**

Swisslog has sold its stake, including convertible bonds, in the Finnish CPS Color Group Oy to Nordic Capital as per 25 April 2008. The cash proceeds from the sale amounted to MCHF 21.6 and have been received on 18 June 2008. The stake in CPS Color Group Oy consisted of an available-for-sale investment of MCHF 13.6 (participation of 8.17%) and of convertible bonds of MCHF 4.5. The sale resulted in a book gain of MCHF 4.1 in the income statement. Included in this amount are fair value adjustments recognized in previous years on the available-for-sale investment of MCHF 0.6 which were transferred from equity to the income statement at the time of the sale. The sale is reflected in the position non-current assets excluding goodwill in the condensed balance sheet respectively in financial income in the condensed income statement and has no impact on the condensed information by segment of the half-year financial report 2008.

**6. Repurchases of convertible bonds**

In the period from January until June 2008 convertible bonds with an aggregate nominal value of MCHF 14.1 were repurchased at a price between 96.0% and 98.0% on the Swiss stock exchange (SWX). As the convertible bonds were repurchased at a price above their book value, one-time financial costs of MCHF 0.5 were charged to the first half-year 2008. The remaining nominal value at 30 June 2008 of MCHF 44.0 is recorded at a carrying amount of MCHF 41.7 in the condensed balance sheet of the 2008 half-year financial report.

**7. Share plan**

Swisslog Holding AG introduced a share plan to a limited number of participants. The plan starts on 1 July 2008 (grant date) and comprises a vesting period of three years. Prior to the grant date the participants had to deliver Swisslog shares which are held in trust by Swisslog Holding AG during the vesting period. After the vesting period of three years the participants will receive – in addition to the shares in custody – a number of vesting shares depending on the achievement of defined metrics. In connection with the share plan, Swisslog Holding AG has repurchased 1.5 mio. own shares at an average price of CHF 1.165 at the Swiss stock exchange (SWX) which are deducted from equity in the 2008 half-year financial report. With the exception of the treasury stocks the employee share plan had no impact on the 2008 half-year financial report.