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Media Release 8/11

Swisslog with higher order intake and stable net profit – unfavorable exchange rates

Buchs/Aarau, 16 August 2011 – As a globally operating company, Swisslog was clearly affected by exchange rate developments in the first half of 2011. The Group’s operational improvements are reflected only inadequately when expressed in Swiss francs, the reporting currency. Swisslog expects a better second half-year.

The continued and sharp deterioration in currencies relevant to Swisslog (primarily the dollar and the euro) versus the franc has left its mark on the half-year result: while in local currencies all key figures in the income statement improved versus the same period last year, this is no longer the case for the reporting currency. “In light of this, it is pleasing to note that order intake and order backlog for the Group also grew in francs,” emphasizes CEO Remo Brunschwiler. “Moreover, the higher order backlog will allow us to significantly grow net sales in the second half.”

Order intake for the Group rose to MCHF 385.3 (+11.6% compared to the same period last year, +25.4% in constant currencies) and order backlog to MCHF 486.0 (+2.3%, +15.8% in constant currencies). Net sales fell to MCHF 271.0 (-10.9%, +0.4% in constant currencies). Besides the currency effect, this was due to a delay in the commissioning of several projects for new distribution centers. Operating profit (EBIT) increased to MCHF 6.6 (+15.8%, +49.1% in constant currencies), resulting in net profit of MCHF 3.2 (+6.7%, +53.3% in constant currencies).

Improved EBIT at Healthcare Solutions

The impact of the weaker dollar is especially noticeable in the Healthcare Solutions division, which conducts the bulk of its business in this currency area. While results in the local currency are consistently better than in the previous year, a mixed picture shows in the reporting currency: order intake in the first half of 2011 fell to MCHF 101.0 (-6.3%, +9.6% in constant currencies), while order backlog as at 30 June 2011 declined to MCHF 124.4 (-16.4%, +2.2% in constant currencies). Net sales remained unchanged at MCHF 105.4 (+0.2%, +17.2% in constant currencies). In contrast, EBIT increased to MCHF 6.1 (+144.0%, +208.0% in constant currencies), primarily due to lower additional costs compared to the same period last year for resolving problem-ridden projects in Europe. Accordingly, the EBIT margin increased to 5.8% (first half-year 2010: 2.4%).

Higher order intake, lower net sales at Warehouse & Distribution Solutions

The Warehouse & Distribution Solutions division increased order intake to MCHF 284.3 (+19.7%, +32.7% in constant currencies) and order backlog to MCHF 361.6 (+10.8%, +22.0% in constant currencies). Net sales fell due to the reasons mentioned above (delayed order intake, currency effect) to MCHF 165.7 (-16.8%, -8.4% in constant currencies), leading to a lower EBIT of MCHF 5.2 (-31.6%, -26.3% in constant currencies). The margin declined to 3.1% (first half-year 2010: 3.8%).

Solid financial situation

The net financial result (MCHF 0.0) changed only slightly compared with the same period last year (MCHF 0.4), while income taxes (MCHF 3.1) remained the same. The Group's financial situation shows the familiar solid picture. The equity ratio declined slightly to 38.3% (31.12.2010: 41.4%) due to currency translation effects. Net cash fell to MCHF 29.9 (31.12.2010: MCHF 66.1), but this is primarily due to reduced advance payments from customers as measured on balance sheet date.

Better second half-year, exchange rates reduce result

Brunschwiler looks forward to a better second half-year. "In view of the Swisslog Group's higher order backlog and progress made with project corrections at Healthcare Solutions Europe, we anticipate an improved second half, both in terms of net sales and EBIT." Due to the exchange rate developments in particular and in view of the delayed order intake, the outlook given in March 2011 for the current business year has been revised as follows: Swisslog expects order intake to remain on a par with the prior-year level (instead of a return to growth); net sales are anticipated to fall by approx. 5-10% (instead of 1-5% growth) and for EBIT a target range of MCHF 17-20 is expected (instead of MCHF 25-28) – barring any unforeseen events.

Calendar

13 March 2012: Publication 2011 Annual Result

18 April 2012: General Meeting of Shareholders 2012

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About Swisslog

Swisslog is a global provider of integrated logistics solutions with a focus on the retail, food & beverage, pharma, and healthcare industries. The services portfolio encompasses the realization of complex distribution centers and warehouses as well as automated logistics solutions for hospitals, including the implementation of Swisslog's own software and technology.

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 on which customers in more than 50 countries around the world rely.

Headquartered in Buchs/Aarau, Switzerland, Swisslog currently employs over 2000 staff in 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

Hungry? Thirsty? Both?

Swisslog has launched a **Food & Beverage blog**, where our industry experts share information on news and hot topics within the F&B industry, comment on developments and provide feature opinions. To join the dialog, please visit www.blogs.swisslog.com

SWISSLOG GROUP KEY FIGURES (UNAUDITED)

MCHF	1.1.–30.6.2011	1.1.–30.6.2010	1.1.–31.12.2010
Order intake	385.3	345.4	611.1
Order backlog*	486.0	475.2	400.9
Net sales	271.0	304.3	614.8
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	10.6	9.5	28.1
Operating profit (EBIT)	6.6	5.7	20.1
EBIT margin	2.4%	1.9%	3.3%
Net result	3.2	3.0	13.6
Equity*	136.3	157.8	152.7
Net cash*	29.9	58.9	66.1
Net working capital (NWC)*	-4.7	-13.3	-17.1
Employees – full-time equivalents*	2 069	2 054	2 043

* at the end of period

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

MCHF	30.6.2011	30.6.2010	31.12.2010
Property, plant and equipment	13.8	14.2	13.2
Goodwill	73.3	79.3	72.3
Other intangible assets	12.9	12.8	12.9
Deferred tax assets	7.2	5.2	6.7
Investment in associate	4.1	0.0	0.0
Other assets	5.5	7.2	6.0
NON-CURRENT ASSETS	116.8	118.7	111.1
Inventories	24.0	21.6	23.3
Trade receivables	76.6	78.3	78.2
Amount due from customers for construction contracts	55.0	48.0	38.8
Income tax receivables	4.8	5.0	4.6
Prepaid expenses and accrued income	13.8	13.4	13.4
Other receivables	14.9	15.5	12.9
Current financial assets	0.6	0.6	1.0
Cash and cash equivalents	49.4	78.5	85.3
CURRENT ASSETS	239.1	260.9	257.5
TOTAL ASSETS	355.9	379.6	368.6
Equity attributable to equity holders of the parent	136.3	157.7	152.7
Non-controlling interests	0.0	0.1	0.0
EQUITY	136.3	157.8	152.7
Deferred tax liabilities	0.9	1.3	0.9
Employee benefit liabilities and similar liabilities	7.7	8.1	7.3
NON-CURRENT LIABILITIES	8.6	9.4	8.2
Trade payables	59.8	48.8	54.8
Amount due to customers for construction contracts	69.7	77.2	72.6
Provisions	10.8	10.7	9.9
Income tax payables	1.9	2.2	3.8
Accrued expenses and deferred income	37.2	40.1	33.2
Other liabilities	11.5	13.2	13.2
Financial liabilities	20.1	20.2	20.2
CURRENT LIABILITIES	211.0	212.4	207.7
TOTAL EQUITY AND LIABILITIES	355.9	379.6	368.6

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2011	1.1.–30.6.2010	Change in %
NET SALES	271.0	304.3	-10.9%
Other operating income	0.6	0.1	
Material and service expenses	-110.1	-136.7	
Personnel expenses	-114.8	-120.1	
Other operating expenses	-36.1	-38.1	
Depreciation and amortization	-4.0	-3.8	
OPERATING PROFIT (EBIT)	6.6	5.7	15.8%
Financial income	0.8	2.6	
Financial expenses	-0.8	-2.2	
Share of loss from associate	-0.3	0.0	
RESULT BEFORE TAX	6.3	6.1	3.3%
Income taxes	-3.1	-3.1	
NET RESULT	3.2	3.0	6.7%
Attributable to:			
Equity holders of the parent	3.2	3.0	
EARNINGS PER SHARE	CHF	CHF	
Basic/diluted earnings per share	0.01	0.01	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

MCHF	1.1.–30.6.2011	1.1.–30.6.2010	Change in %
NET RESULT GROUP	3.2	3.0	6.7%
Currency translation differences	-12.6	-1.6	
OTHER COMPREHENSIVE INCOME	-12.6	-1.6	
TOTAL COMPREHENSIVE INCOME	-9.4	1.4	
Attributable to:			
Equity holders of the parent	-9.4	1.4	

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

MCHF	1.1.–30.6.2011	1.1.–30.6.2010	Change in %
CASH FLOW FROM OPERATING ACTIVITIES			
Net result	3.2	3.0	
Adjustment for:			
Income taxes	3.1	3.1	
Depreciation and amortization	4.0	3.8	
Net financial result	0.0	-0.4	
Share of loss from associate	0.3	0.0	
Change in employee benefit liabilities and similar liabilities	-0.7	-0.8	
Gain from sales of tangible assets	-0.1	0.0	
Share-based payment expenses	0.1	0.1	
Income taxes paid	-4.8	-4.0	
CASH FLOW BEFORE WORKING CAPITAL CHANGES	5.1	4.8	6.3%
Increase (-)/decrease (+) of:			
Inventories	-0.9	1.9	
Trade receivables, amount due from customers for construction contracts, prepaid expenses, accrued income and other receivables	-17.8	-18.4	
Increase (+)/decrease (-) of:			
Trade payables	4.3	-16.0	
Amount due to customers for construction contracts	-3.0	-18.5	
Other liabilities and accrued expenses and deferred income	2.4	10.4	
Provisions	0.7	-0.6	
CASH FLOW FROM NET WORKING CAPITAL	-14.3	-41.2	65.3%
NET CASH FLOW FROM OPERATING ACTIVITIES	-9.2	-36.4	74.7%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	-2.8	-2.9	
Investments in intangible assets	-2.1	-1.7	
Disposal of property, plant, equipment and intangible assets	0.1	0.2	
Cash outflow on acquisition of subsidiaries and investment in associate	-11.8	0.0	
Other assets	-0.6	0.0	
Interest received	0.3	0.4	
NET CASH FLOW FROM INVESTING ACTIVITIES	-16.9	-4.0	-322.5%
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	-0.2	-0.2	
Dividend payment	-7.5	-5.0	
Sale of treasury shares	0.2	0.0	
NET CASH FLOW FROM FINANCING ACTIVITIES	-7.5	-5.2	-44.2%
Currency translation differences on cash and cash equivalents	-2.3	0.1	
NET CHANGE IN CASH AND CASH EQUIVALENTS	-35.9	-45.5	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	85.3	124.0	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	49.4	78.5	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

MCHF	Share capital	Share premium	Treasury stock	Retained earnings	Reserve for currency translation differences	Total	Non-controlling interest	Total Equity
AT 1 JANUARY 2010	2.5	80.3	-1.7	128.9	-48.8	161.2	0.1	161.3
Net result 1 January until 30 June 2010				3.0		3.0		3.0
Other comprehensive income					-1.6	-1.6		-1.6
TOTAL COMPREHENSIVE INCOME				3.0	-1.6	1.4		1.4
Share-based payment		0.1				0.1		0.1
Dividend payment				-5.0		-5.0		-5.0
AT 30 JUNE 2010	2.5	80.4	-1.7	126.9	-50.4	157.7	0.1	157.8
AT 1 JANUARY 2011	2.5	80.4	-2.4	137.6	-65.4	152.7	0.0	152.7
Net result 1 January until 30 June 2011				3.2		3.2		3.2
Other comprehensive income					-12.6	-12.6		-12.6
TOTAL COMPREHENSIVE INCOME				3.2	-12.6	-9.4		-9.4
Change in treasury stock			0.4			0.4		0.4
Share-based payment		0.1				0.1		0.1
Dividend payment				-7.5		-7.5		-7.5
AT 30 JUNE 2011	2.5	80.5	-2.0	133.3	-78.0	136.3	0.0	136.3

NOTES TO THE HALF-YEAR FINANCIAL REPORT ENDED 30 JUNE 2011 (UNAUDITED)

1. Consolidation and accounting principles

1.1 General information

The unaudited 2011 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 computation are followed as in the 2010 Financial Report – except as follows: in the condensed, consolidated income statement of the previous year an amount of MCHF 9.7 has been reclassified from the position Material and service expenses to Other operating expenses for better comparison. The 2011 Half-Year Financial Report should be read in conjunction with the 2010 Financial Report, as this is an update of already disclosed information. The Board of Directors authorized the 2011 Half-Year Financial Report for issue on 11 August 2011.

Order intake of the Swisslog Warehouse & Distribution Solutions division is driven by the investment cycle of the clients. Generally, final acceptances of long-term construction contracts as well as renewals of maintenance contracts take place more often in the second half of the year.

The preparation of the Half-Year Financial Report in conformity with IFRS requires the use of certain critical accounting estimates, which influence published expenses and income, assets and liabilities as well as the comments in the notes. Actual results in subsequent periods could substantially differ from those estimated.

1.2 New standards and interpretations

Since 1 January 2011, the Swisslog Group applied the following International Financial Reporting Standards (IFRS) and IFRIC interpretations:

Standard/ Interpretation	Description/ Implication for Swisslog Group	Effective Date
IFRS 1 (Amendment) – First time adoption of IFRS – limited exemption from comparative IFRS 7 disclosures for first-time adopters	The amendment of IFRS 1 provides transition provisions in IFRS 7 to first-time adopters. This change has no material impact as Swisslog Group is already reporting in accordance with IFRS.	1.7.2010
IAS 24 (Revised) – Related party disclosures	The revised IAS 24 provides exceptions to the disclosure for government-related companies and further definitions of related party. Swisslog Group is not a government-related entity and there is no material impact on the Group accounts from the revised definitions.	1.1.2011
IAS 32 (Amendment) – Classification of rights issues	The amendment of IAS 32 clarifies the classification of rights issues denominated in a foreign currency different to the functional currency of the company. Swisslog Group has no rights issues denominated in a foreign currency and this amendment does not have a material impact on the consolidated financial statements.	1.2.2011
IFRIC 14 (Amendment) – Prepayments of a minimum funding requirement	The amendment of IFRIC 14 applies when an entity is subject to minimum funding requirements and performs an early payment of contributions to the defined benefit plan to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. Since Swisslog Group had no material prepayments, the amendment has no material impact on the consolidated financial statements.	1.1.2011
IFRIC 19 – Extinguishing financial liabilities with equity instruments	IFRIC 19 clarifies the valuation and accounting, if equity instruments are issued for the extinction of financial liabilities. Since Swisslog Group has no such instruments, there is no material impact on the Group accounts.	1.7.2010

Standard/ Interpretation	Description/ Implication for Swisslog Group	Effective Date
Improvements to IFRS – May 2010	In May 2010 the IASB issued a compound standard comprising changes to various existing standards in order to eliminate inconsistencies and to clarify formulations. There is no material impact on the Group's consolidated financial statements.	Individual transition regulations

The upcoming changes in accounting principles (standards and interpretations) have been disclosed in the notes of the 2010 Financial Report. The update for the 2011 Half-Year Report did not change the assessment of the implication to the consolidated figures of the Group. Furthermore, the Group does not expect a material impact on the consolidated financial statements from the new standards IFRS 10 (Consolidated financial statements), IFRS 11 (Joint ventures), IFRS 12 (Disclosure of interests in other entities) and IFRS 13 (Fair value measurement) published in May 2011.

2. Changes in consolidation scope

Acquisition Sabal Medical Inc., USA

As per 10 January 2011 Swisslog Group acquired 100% of the shares of Sabal Medical Inc., USA. The purchase cost amounted to MCHF 8.1. Sabal Medical Inc., USA, has been included in the consolidation scope of Swisslog Group as of 10 January 2011. The goodwill (non-tax-deductible) consists primarily of anticipated synergy potential between Sabal Medical Inc., USA, and the Division Healthcare Solutions.

Effect of the acquisition

MCHF	Acquiree's carrying value	Fair Value
Property, plant and equipment	0.5	0.5
Inventories	0.1	0.1
Trade and other payables	-0.1	-0.1
Deferred tax assets		0.7
NET ASSETS ACQUIRED		1.2
Goodwill		6.9
TOTAL PURCHASE CONSIDERATION		8.1
DETAILS OF PURCHASE CONSIDERATION		
Purchase price in cash		6.6
Deferred cash payment		1.5
TOTAL PURCHASE CONSIDERATION		8.1

The deferred cash payment, recognized at fair value, is equivalent to the probability-weighted payments in the two years 2011 and 2012 (depending on the sold number of mobile drug cabinets). Under this arrangement Swisslog Group estimates the maximum potential deferred payments between MCHF 0.0 and MCHF 1.9. The direct cost related to the acquisition amounts to MCHF 0.1 and was recorded in the income statement. During the period from 10 January until 30 June 2011 Sabal Medical Inc. contributed net sales of MCHF 0.0 and an operating profit (EBIT) of MCHF -0.4. The four employees of Sabal Medical Inc. were integrated in the defined benefit plan (according to IAS 19) of the sister company Translogic Corp., USA.

3. Investment in associate – Servus Intralogistics GmbH, Austria

As per 12 January 2011 Swisslog Group acquired, with a purchase consideration of MCHF 4.4 (MEUR 3.5), 25.1% of the shares of Servus Intralogistics GmbH, Austria. Servus Intralogistics GmbH is specialized in the area of autonomous and intelligent transportroter-systems for intralogistics and cooperates with the Warehouse & Distribution Solutions division.

4. Condensed Information by Segment (unaudited)

MCHF	1.1.2011 to 30.6.2011					1.1.2010 to 30.6.2010				
	Healthcare Solutions	Warehouse & Distribution Solutions	Total Segment	Corporate/ Eliminations	Total Group	Healthcare Solutions	Warehouse & Distribution Solutions	Total Segment	Corporate/ Eliminations	Total Group
Order intake	101.0	284.3	385.3	0.0	385.3	107.8	237.6	345.4	0.0	345.4
Order backlog (at the end of period)	124.4	361.6	486.0	0.0	486.0	148.8	326.4	475.2	0.0	475.2
Net sales	105.4	165.7	271.1	-0.1	271.0	105.2	199.1	304.3	0.0	304.3
Depreciation and amortization	1.2	2.7	3.9	0.1	4.0	1.2	2.5	3.7	0.1	3.8
OPERATING PROFIT (EBIT)	6.1	5.2	11.3	-4.7	6.6	2.5	7.6	10.1	-4.4	5.7
Financial result net					0.0					0.4
Share of loss from associate					-0.3					0.0
RESULT BEFORE TAX					6.3					6.1
Total assets	135.9	174.1	310.0	45.9	355.9	134.4	185.7	320.1	59.5	379.6
Net operating assets (NOA) ¹	84.0	9.8	93.8	-2.3	91.5	84.5	7.0	91.5	-3.5	88.0
Net working capital ²	39.8	-42.0	-2.2	-2.5	-4.7	39.6	-54.8	-15.2	1.9	-13.3
Days of net working capital	67	-42			-3	65	-50			-8
Investment in property, plant, equipment and intangible assets ³	1.6	3.1	4.7	0.2	4.9	2.3	2.2	4.5	0.1	4.6
Employees – full-time equivalents (at the end of period)	901	1 150	2 051	18	2 069	869	1 167	2 036	18	2 054
EBIT as % of net sales (EBIT margin)	5.8	3.1			2.4	2.4	3.8			1.9

1 Current and non-current assets (excl. cash, cash equivalents, current financial assets, deferred tax assets and other non-current assets) less current liabilities and provisions (excl. interest-bearing borrowings, deferred tax liabilities and income tax payables)

2 Excluding cash, cash equivalents, current financial assets, deferred tax assets, deferred tax liabilities and interest-bearing borrowings

3 Excluding goodwill

The Group distinguishes between the following operating segments as their activities show different risks and rewards and dissimilar markets are served:

Healthcare Solutions (HCS)

HCS offers logistics automation for the movement and processing of materials and medications within and throughout healthcare facilities. The scope of services ranges from consulting, design, manufacturing and installation through for life-time customer support.

Warehouse & Distribution Solutions (WDS)

WDS delivers industry-specific solutions for automated, semi-automated and manual warehouses and distribution centers. Additionally the segment provides consulting services, software solutions, logistic equipment, general contracting, implementation and lifetime support.

5. Contingent liabilities

A competitor has filed a complaint against Swisslog's PillPick solution in North America in 2005 alleging infringement of two patents. No material impact is expected from the dispute because the PillPick sales are only about 10% of the total sales of division Healthcare Solutions in 2010 and 2009, and Swisslog maintains that no patent infringement occurred from today's perspective and defends this position. A US district court supported the position adopted by Swisslog in March 2011 and dismissed the patent infringement claim. The verdict remains subject to appeal by the competitor.

There are no further material contingent liabilities as per 30 June 2011 (similar to the previous year).

6. Major foreign currency exchange rates

Currency	Country	Unit	Income statement			Balance sheet		
			30.6.2011	30.6.2010	31.12.2010	30.6.2011	30.6.2010	31.12.2010
EUR	Europe	1	1.2701	1.4370	1.3825	1.2093	1.3231	1.2515
USD	USA	1	0.9055	1.0831	1.0432	0.8334	1.0815	0.9371

7. Dividend payment

The Annual General Meeting of Shareholders on 14 April 2011 agreed to the dividend of CHF 0.03 per entitled registered share in respect of 2010 as proposed by the Board of Directors.

8. Events after the reporting period

No events with a material impact on the 2011 Half-Year Financial Report have taken place after the reporting period.