

**SWISSMETAL®**

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**Annual Media Conference**

**22 April 2008**



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# Extrusion Press Inauguration in January 2008

SWISSMETAL®



## Agenda

- Financial Report of FY2007
- Progress Report on Key Projects and Initiatives
- Questions & Answers

## Year 2007 at a Glance I

- Gross sales at CHF 407.0 million => up 14%
  - Due to acquisition of Avins Industrial Products Corp. (Avins USA), Warren/NJ and increased business activity in general
- Gross added value sales (BBU) at CHF 126.1 million => up 7%
  - Positive development in generators and some turned part segments (“decolletage”)
  - Decline in architecture, connectors and pen tips
- Third party products are at CHF 26.4 million
  - Part of the acquisition of Avins USA
- Gross margin at CHF 148.5 million => up 5%
  - High percentage of premium specialty products
  - Influence of warehouse optimization CHF 7.1 million (previous year CHF 15.7 million)

## Year 2007 at a Glance II

- EBITDA at CHF 28.6 million => up 4%
  - Personnel costs compared to gross margin improved from 55% in 2006 to 50% in 2007
  - Increased energy costs and auxiliary material (tooling)
- EBIT at CHF 14.5 million => up 43%
  - Decreased depreciation based on change in utilization of plant 1 instead of plant 2 and other related changes in utilization time
- EAT at CHF 11.4 million => up 147%
  - Positive contribution of CHF 0.8 million each due to sale of land not required for operations and appreciation of one outstanding debtor position
  - Capitalizing of additional deferred taxes of canton Solothurn (influence CHF 1.5 million)

## Year 2007 at a Glance III

- Balance sheet total at CHF 236.9 million => up 8%
  - Avins USA is the main reason for the increase (CHF 22.0 million)
- Operating Cash Flow at CHF 8.1 million => down 75%
  - Negative influence of net current assets of CHF 15.9 million
- Cash flow from investing activities at CHF 16.0 million => down 44%
  - Acquisition of Avins USA (CHF 7.0 million net)
  - New extrusion press (CHF 8.8 million)
- Return on capital employed (ROCE) improved from 4.6% in 2006 to 5.5% in 2007

## Income Statement

CHF 000	2007	2006	Change	Change in %
Gross sales	406'959	357'612	49'347	14
- of which sales of third-party trade products	26'395	-	26'395	-
Gross added value sales	126'100	118'000	8'100	7
<b>Gross margin</b>	<b>148'519</b>	<b>141'121</b>	<b>7'398</b>	<b>5</b>
EBITDA	28'640	27'557	1'083	4
Depreciation	-14'093	-17'372	3'279	19
EBIT	14'547	10'185	4'362	43
EAT	11'372	4'613	6'759	147



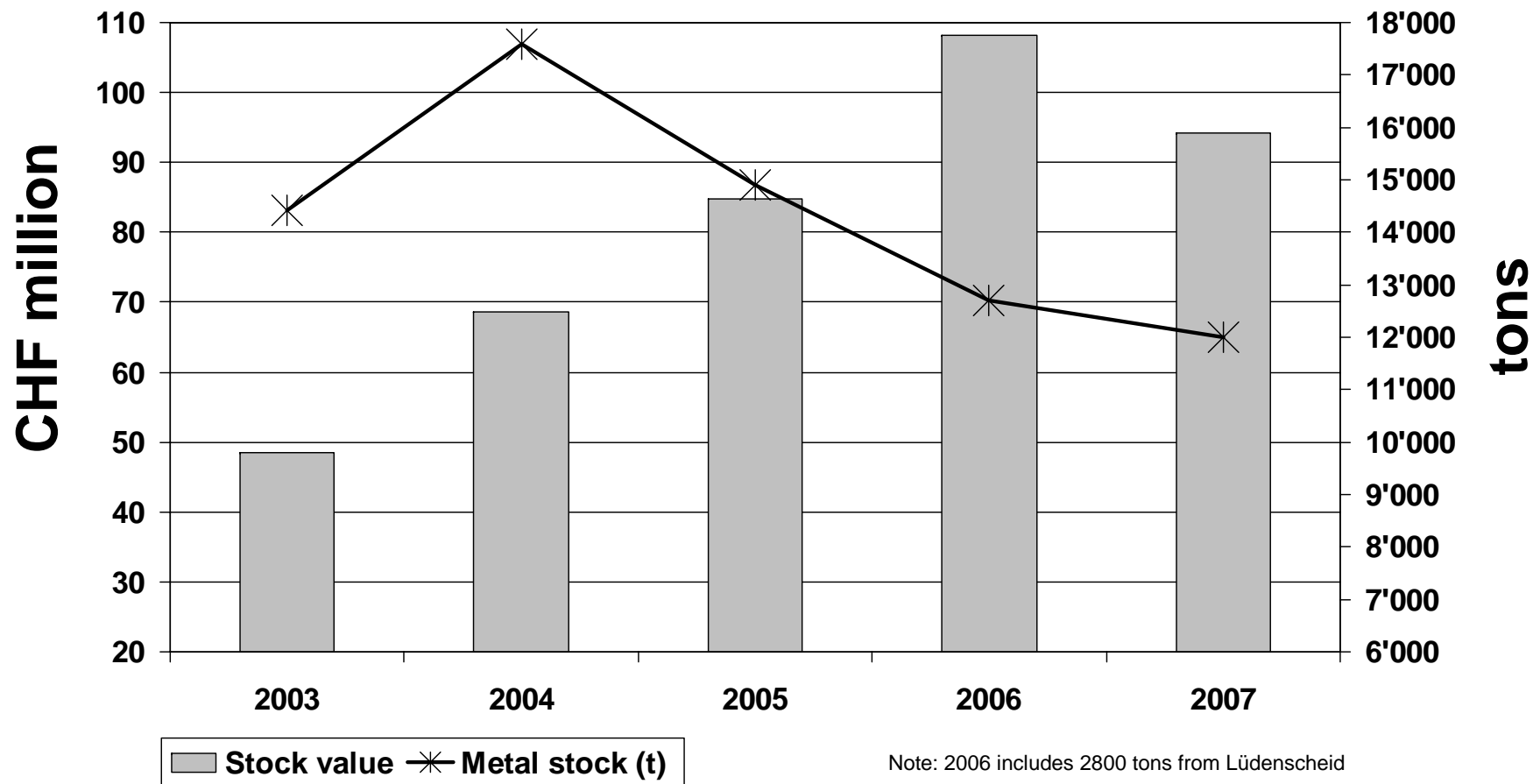
**Balance Sheet**

<b>CHF 000</b>	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>Change</b>	<b>Change in %</b>
Current assets	147'796	129'305	18'491	14
Fixed assets	89'143	89'830	-687	-1
Total assets	236'939	219'135	17'804	8
Short-term liabilities	51'979	57'941	-5'962	-10
Long-term liabilities	45'355	34'890	10'465	30
Total liabilities	97'334	92'831	4'503	5
Total shareholders' equity	139'605	126'304	13'301	11
Total liabilities and shareholders' equity	236'939	219'135	17'804	8

## Cash Flow Statement

CHF 000	2007	2006	Change	Change in %
Cash flow from operating activities before change in net current assets	24'089	22'618	1'471	7
Change in net current assets	-15'942	10'491	-26'433	-
Cash flow from operating activities	8'147	33'109	-24'962	-75
Cash flow from investing activities	-15'991	-28'380	12'389	44
Free cash flow	-7'844	4'729	-12'573	-
Cash flow from financing activities	8'456	1'893	6'563	347
Net change in cash and cash equivalents	667	6'677	-6'010	-90
Cash and cash equivalents as at 1 January	20'398	13'721	6'677	49
Cash and cash equivalents as at 31 December	21'065	20'398	667	3

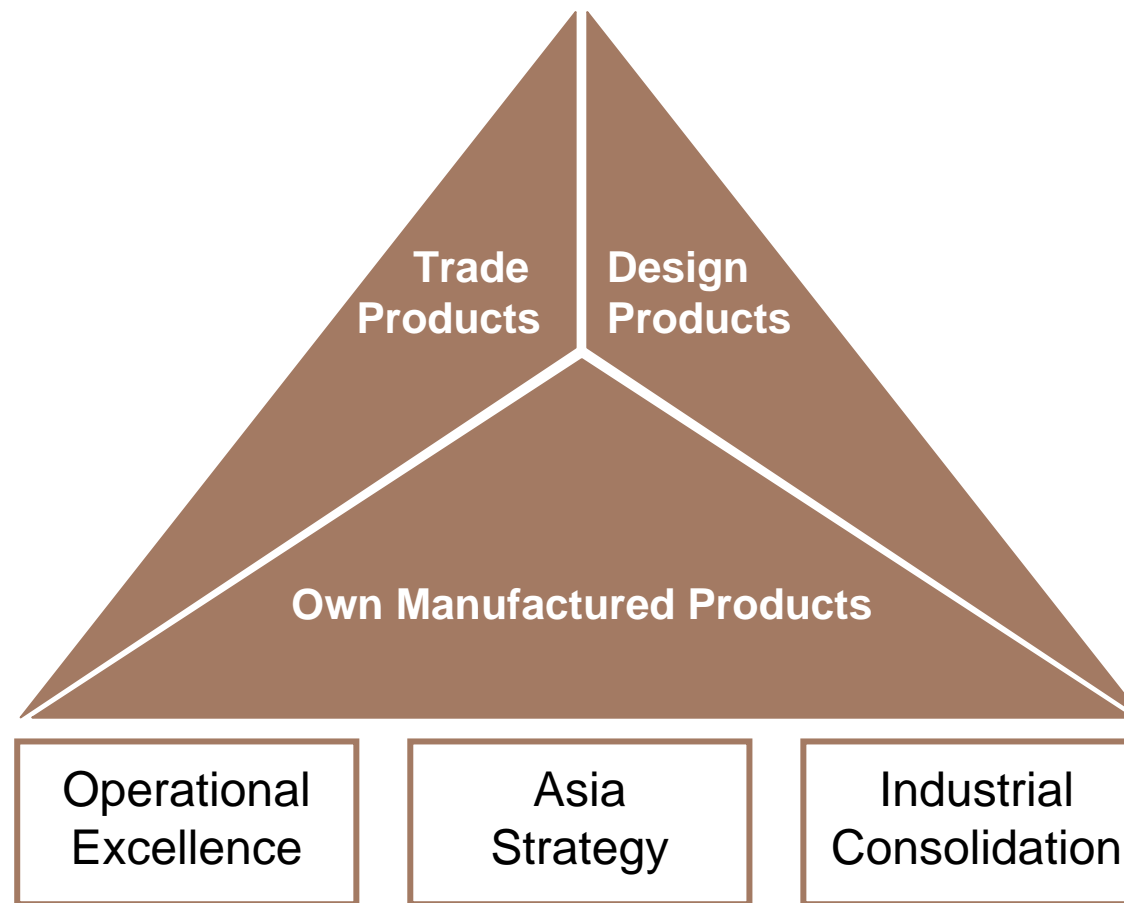
### Development of metal stock and stock value (2003 - 2007)

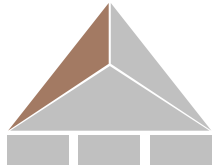


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**Our strategy for the core business is based on three pillars. New businesses in development open up additional growth potentials**

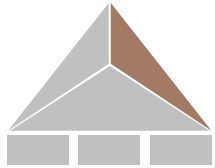




## Trade Business

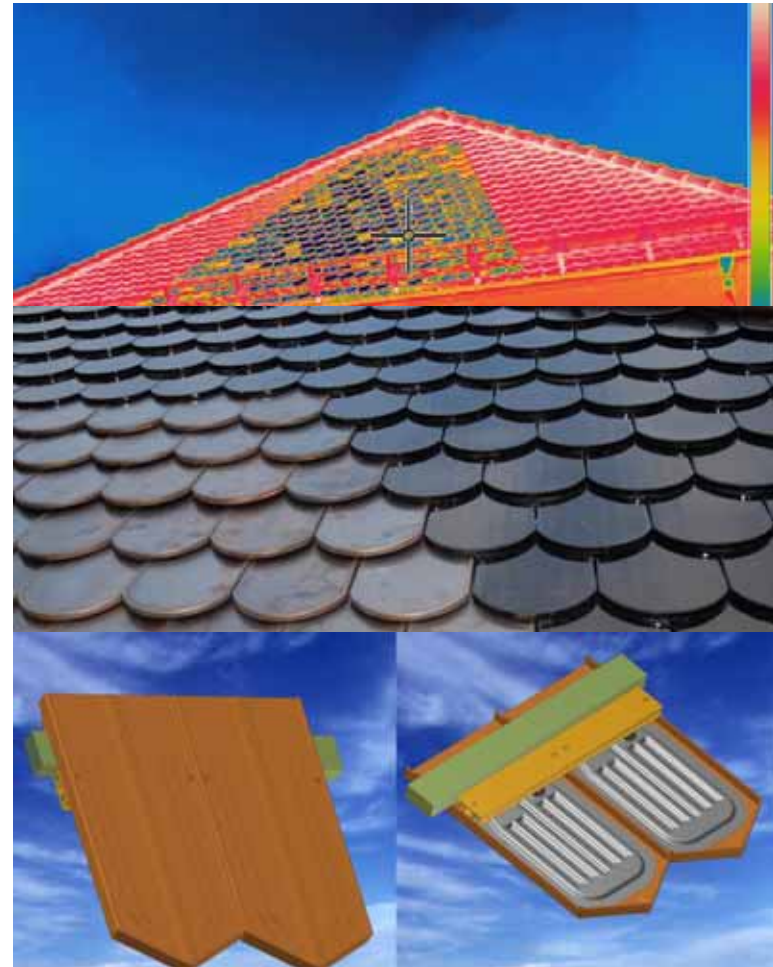
- Avins: Division of Swissmetal group for global sales, distribution, stocking and customer service for Own Manufactured Product *and* Trade Product
- Avins International AG established in CH as global sourcing center for Trade products
- 3 country organizations in operation (USA, Germany, CH), 4 other planned (France, Italy, India, China)
- Years of established business relationships with a number of high-end third party manufacturers from Europe, Asia and the US

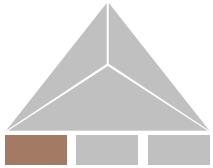




## Swissmetal Design Solution

- This innovation has been presented to the public for the first time in November 2007
- First test installation since 6 months shows: it works!
- Current activities:
  - Testing and certification
  - Industrialization of production process
  - Preparation of marketing
- Market launch: 2nd half of 2008

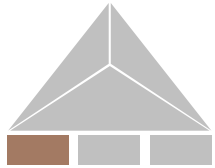




## New extrusion press Schloemann SMS in Dornach





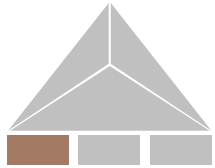


## New extrusion press in Dornach

- Decommissioning of four old extrusion presses in Dornach and in Reconvilier completed
- New extrusion press in Dornach is running but has not yet reached the desired productivity (Plan: summer 2008)
- Weekend shifts introduced to close the capacity gap
- Extrusion press in Lüdenscheid (installed in 1997) supplies Reconvilier and Dornach
- Third old extrusion press in Dornach will be dismantled in the second half of 2008
- The restructuring announced in November 2007 (based on Industrial Concept) completed

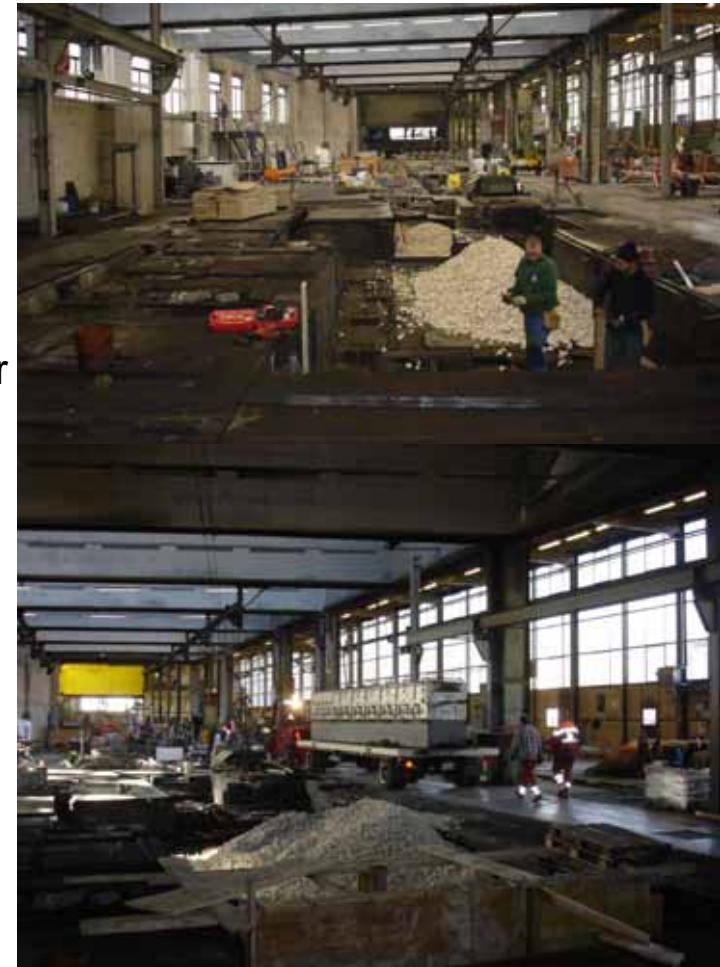
Swissmetal machinery park

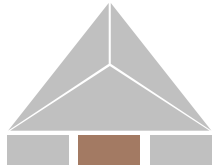
	old	new
<b>Dornach</b>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Schloemann</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Loewy</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; text-align: center;"><del>Klus</del></div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; text-align: center;"><del>Kreuser</del></div>	<div style="border: 1px solid black; padding: 10px; width: 100%;">Schloemann SMS</div>
<b>Reconvilier</b>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; text-align: center;"><del>Klus</del></div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; text-align: center;"><del>Loewy</del></div>	
<b>Lüdenscheid</b>		<div style="border: 1px solid black; padding: 10px; width: 100%;">Clecim</div>



## Move of all Reconvilier activities from Plant 2 to Plant 1

- Reason why:
  - Lower internal logistics costs (no more movements between the two plants in Reconvilier)
  - Optimized production processes within one plant
  - Making redundant factory space available for other uses
- Project status:
  - Project almost completed
  - Redundant machinery ready for shipment to Lüdenscheid or India
  - Planned end of project: end of April 2008

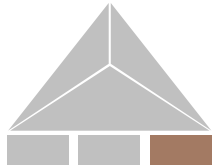




## Asia Strategy

- Decision for green field production site in India where we already have an strong customer base for pen tip wire
- Two step approach for investments
  1. 2008: establishment cold deformation (scalable, with rather easy to transfer machinery)
  2. 2009/2010: investment in hot deformation (foundry, transfer of existing extrusion press)





## Acquisition of RM Precision Swiss Inc.

- On March 05, 2008 Swissmetal announced the acquisition of RM Precision Swiss Inc., Las Vegas, Nevada/USA
- RM Precision is a highly-specialized manufacturer of technical precision parts (leading in parts for plug connectors)
- RM Precision was a long-term business partner of Swissmetal
- The acquisition is a reinforcement of our foothold in the US and in key high-end product markets



## Outlook

- New press on full capacity in summer 2008
- Reconvilier: Integrated one-factory with optimized production flow fully operational by the end of the month
- Closing and integration of RM Precision Swiss, Inc.
- Completion of global Avins organization
- Start of own production of pen tip wire in India (from pre-drawn wire from Lüdenscheid)
- Market launch of the roof tiles
- Further stock reduction in Own Manufactured Products

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