

Media Release

FY 2009: Solid Performance in Depressed Market Environment – Well Positioned to Benefit from Economic Upswing

- **EBITA margin maintained at high level of 22.5% in a challenging market environment.**
- **Positive net result of CHF 1.1 million despite lower sales level underlining the Company's pro-active and effective cost management.**
- **Acquisition of Zweigle product range adding to USTER®'s laboratory yarn testing offering.**
- **Maintained strong relationship with the China Fiber Inspection Bureau (CFIB) and the United States Department of Agriculture (USDA) serving their expansion and replacement plans.**
- **Launch of a further new mid-range system for testing cotton fiber properties.**
- **Strengthening of financial and operational flexibility and deleveraging following the strong endorsement of new strategic investor Toyota Industries Corporation.**

Uster, Switzerland – March 1, 2010 – Uster Technologies Ltd, the leading high technology instrument manufacturer of products for quality measurement and certification for the textile industry, announced sales of CHF 100.8 million in FY 2009, a decrease of 34.9% compared to the prior year figure of CHF 154.9 million. This decline is a result of the weak market environment. In spite of this the group maintained its strong market position and delivered impressive margins. EBITA was CHF 22.7 million (2008: CHF 34.2 million) keeping the margin at a strong 22.5% slightly above the previous year's level (2008: 22.1%). Net result amounted to CHF 1.1 million (2008: CHF 5.3 million) or 1.1% of gross sales (2008: 3.4%). The strong EBITA margin and the positive net result build primarily on the unique USTER® product range, the lean and flexible organization structure as well as the significant overhead cost reduction pro-actively implemented in the first quarter 2009.

In November 2009, Uster Technologies Ltd raised gross proceeds of CHF 43.9 million by means of a capital increase and broadened its shareholder base with the new strategic investor Toyota Industries Corporation. The proceeds of the transaction were primarily used to deleverage the balance sheet enhancing the Group's financial and operational flexibility.

Shareholder's equity increased by CHF 44.1 million mainly as a result of the capital increase resulting in a strong equity ratio of 50.3% (2008: 38.9%). An impairment test performed in fourth quarter of 2009 confirmed the carrying amounts of the goodwill and the related intangible assets. The Group repaid CHF 40.0 million of bank loans with a maturity date in 2012 and met all loan covenants in the financial year 2009. As of the end of the reporting period, free, not utilized credit facilities amounted to CHF 20.0 million. Cash per December 31, 2009 improved by CHF 7.6 million to CHF 15.1 million (2008: CHF 7.5 million) highlighting Uster Technologies Ltd's continuing focus on strong cash generation. Currency impacts continued to be negligible due to the unique business model of the Uster Group. In order to maintain the financial robustness of the Group going forward, the Board of Directors will also propose at the General Meeting to refrain from a dividend payment for the 2009 financial year.

Dr Geoffrey Scott, CEO of Uster Technologies Ltd, comments: "We have not completely turned the corner yet, but we have reached the point where the Group is now able to focus again on the industry's mid-term growth opportunities. We are encouraged by the positive market signs seen in the past months, and are working hard to make sure that the Group – based on its excellent market position and state-of-the-art product and service offering – will benefit strongly from the economic upswing."

Successful Navigation through the Crisis

Faced with a developing crisis in the textile industry, the Company pro-actively addressed the market challenges in 2009. First, management implemented a reduction of the world-wide workforce by approximately 10%, the introduction of a short-time working program in Uster as well as a company-wide expense-saving program to adjust the cost base of the Group to lower demand. In order to achieve

maximum benefit from these measures, implementation was complete by the end of the first quarter. Second, Uster Technologies Ltd continued to focus on further developing and strengthening the operational business. The Group maintained R&D investments at a high level of 10.9% of gross sales (2008: 12.8%) thereby broadening the product and service pipeline as a source of future growth. Third, Uster Technologies Ltd raised gross proceeds of CHF 43.9 million and broadened its shareholder base with the new strategic investor Toyota Industries Corporation which acquired 1.9 million newly issued shares by way of the capital increase, approved by the General Assembly in March 2009. The shares were acquired by Toyota at a premium of 10% to the then prevailing market price underlining the attractiveness of the USTER[®] investment case. The proceeds of the transaction were primarily used to deleverage the balance sheet and to invest in product and market developments including corporations with Toyota Industries Corporation. At the General Meeting, the Board of Directors will propose the election of a representative from Toyota Industries Corporation to the Board of Uster Technologies Ltd.

Stable Offline, Improving Online Business

Following the sharp decrease in demand for textile machinery equipment and quality systems in the fourth quarter 2008, markets remained weak in the first half of 2009. A further challenge came with the lack of trade financing for customers to fund new investments, a result of the financial crisis. By the second half of the year, the market environment stabilized. Positive developments in all product areas were seen towards the end of the year.

In the cotton classing business, the Company maintained its strong relationship with the China Fiber Inspection Bureau (CFIB) fulfilling their ongoing expansion plans. The United States Department of Agriculture (USDA) continued with their replacement program. Additional business for classing systems was secured in other cotton growing regions, including India, Africa and Central Asia.

In the laboratory yarn and fiber testing business, the Group's revenues were impacted by slow order intake in India, Turkey and Pakistan whereas sales in China remained relatively stable, although at lower levels. With the acquisition of the product range of Zweigle, the Uster Group further strengthened its position as the world leader and authority in yarn testing and certification. In the yarn clearer business, Uster Technologies Ltd faced challenging market conditions in the first half of 2009, as many of the textile manufacturing machinery suppliers reported a significant decline in equipment orders. In the second half of the year, the situation in the yarn production increased, which encouraged new investments in machinery and quality systems.

Outlook: Gradual Improvements

Management is confident that the textile industry will gradually recover in 2010 enabling markets in the mid-term and eventually bring back volumes seen before the crisis. The economic stimulus programs deployed by various countries in addition to the relative strength of the Chinese textile market are expected to continuously improve market conditions. Also, the reduction in yarn oversupply is a further indicator of an improved outlook. Positive effects will also result from the general need to build up new inventories as well as the execution of previously postponed investment plans. Assuming these positive trends will be backed by improved conditions of credit and project financing, this will allow manufacturers to invest in quality measurement.

Looking forward, Uster Technologies Ltd will continue to strengthen its market position by continuing its high investments in product and market development. A special focus in 2010 will be on taking advantage of technical and joint business development synergies offered by the partnership with Toyota Industries Corporation. At the same time, the Group will seize attractive business opportunities with the potential to increase the added value of its products, thereby optimizing customers' production efficiency, minimizing waste and reducing their costs.

About Uster Technologies Ltd

The Uster Group is the leading high technology instrument manufacturer of products for quality measurement and certification for the textile industry. The Group provides testing and monitoring instruments, systems and services that allow optimization of quality through each individual stage of textile production; from the raw textile fiber, such as cotton, wool or synthetic filament yarns, to the final finished fabric. The Uster Group provides benchmarks that are a basis for the trading of textile products at assured levels of quality across global markets.

The Group is headquartered in Uster, Switzerland and operates through a worldwide Market Organization complemented by Technology Centers. It has sales and service subsidiaries in the major textile markets and Technology Centers in Uster (Switzerland), Knoxville (USA) and Suzhou (China). In 2009, the Uster Group generated gross sales of CHF 101 million and an operating profit (EBITA) of CHF 23 million, with a workforce of approximately 449 employees.

The Uster Technologies Ltd annual report 2009 was published today and is available on: <http://www.uster-investors.com/publication.php>

Uster Technologies Ltd is listed on the SIX Swiss Exchange since October 2007. The ticker symbol is USTN.

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Financial Calendar

Last day for inscription into the share register before the Shareholders' meeting 2010	March 19, 2010
Shareholders' meeting 2010	March 30, 2010
Semi-annual results 2010	July 20, 2010

Disclaimer

The foregoing release contains forward-looking statements that can be identified by terminology such as "may", "continue", "believes", "expects", "will", "would", "could" or similar expressions, or by express or implied discussions regarding Uster Technologies Ltd, its business, or potential future revenues from its products and services. Such forward-looking statements reflect the current views of Uster Technologies Ltd regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such statements. Uster Technologies Ltd is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

Key Figures (in CHF 1,000)

Income Statement	2009		2008		2007		2006 ¹⁾	
Gross sales	100,763	100%	154,893	100%	186,666	100%	163,900	100%
Cost of goods sold/Sales deductions	-44,489	-44.2%	-63,877	-41.2%	-79,299	-42.5%	-64,814	-39.5%
Gross profit	56,274	55.8%	91,016	58.8%	107,367	57.5%	99,086	60.5%
Overhead expenses w/o amortization and restructuring	-34,179	-34.2%	-52,471	-33.9%	-54,983	-29.5%	-52,893	-32.3%
EBIT	7,457	7.4%	18,900	12.2%	33,753	18.1%	46,084	28.1%
Amortization and restructuring	14,638		19,645		18,631		109	
EBITA before restructuring	22,095	21.9%	38,545	24.9%	52,384	28.1%	46,193	28.2%
Restructuring cost incl. pension expense	614		-4,377					
EBITA after restructuring	22,709	22.5%	34,168	22.1%	52,384	28.1%	46,193	28.2%
Amortization	-15,252		-15,268		-18,631		-109	
EBIT	7,457	7.4%	18,900	12.2%	33,753	18.1%	46,084	28.1%
Finance result	-7,044	-7.0%	-10,211	-6.6%	-26,865	-14.4%	-4,715	-2.9%
Earnings before tax (EBT)	413	0.4%	8,689	5.6%	6,888	3.7%	41,369	25.2%
Income tax (in % of EBT)	665	161.0%	-3,373	-38.8%	-3,301	-47.9%	-11,412	-27.6%
Net result	1,078	1.1%	5,316	3.4%	3,587	1.9%	29,957	18.3%
Cash Flow Statement								
Cash flow from operating activities	14,278		32,756		39,225		48,288	
Cash flow from investing activities	-3,000		-3,347		-2,016		-2,644	
Cash flow from financing activities	-4,015		-27,413		-39,727		-54,801	
Net change in cash and cash equivalents	7,263		1,996		-2,518		-9,157	
Free cash flow generated in % of EBITA	49.7%		86.1%		71.0%		98.8%	
Balance Sheet								
	2009		2008		2007		2006²⁾	
Assets	404,739		409,805		432,057		437,090	
Non-current assets	361,269		375,321		391,189		392,967	
as % of total assets	89.3%		91.6%		90.5%		89.9%	
Current assets	43,470		34,484		40,868		44,123	
as % of total assets	10.7%		8.4%		9.5%		10.1%	
Equity	203,607		159,542		158,594		44,738	
as % of total assets	50.3%		38.9%		36.7%		10.2%	
Liabilities	201,132		250,263		273,463		392,352	
Non-current liabilities	165,692		215,174		231,309		342,121	
as % of total assets	40.9%		52.5%		53.5%		78.3%	
Current liabilities	35,440		35,089		42,154		50,231	
as % of total assets	8.8%		8.6%		9.8%		11.5%	
Net debt	109,224		156,546		173,412		280,488	
Capital Expenditure	-3,328		-3,687		-2,437		0	
Number of Employees	449		536		529		490	

1) Consolidated figures of Uster Technologies Ltd (formerly Hercules Holding Ltd) before the secondary buyout by the Management and Alpha Beteiligungsberatung GmbH & Co. KG.

2) Consolidated figures of Uster Technologies Ltd after the secondary buyout by the Management and Alpha Beteiligungsberatung GmbH & Co. KG.