

# Improved Sales Backed by Strong EBITA Margin

Half-year Results 2010  
July 20, 2010

# First Half-year 2010 – Operational Review

# Achievements in the First Half FY 2010

## Positive business recovery

- 24.5% sales improvement with strong EBITA margin of 25.5%
- Positive net result of 4.0 million
- Net debt further reduced to CHF 98.2 million
- New classing business in additional cotton growing regions
- Increased investments in all R&D projects
- Start-up of joint technology and business development projects with Toyota Industries Corporation
- Sale of the two millionth USTER<sup>®</sup> *QUANTUM* clearer with celebration of the 50th anniversary of the launch of the first electronic yarn clearer
- Launch of a new USTER<sup>®</sup> *ZWEIGLE* laboratory system
- Demonstrated market leadership at ITMA ASIA & CITME 2010 under the slogan 'The Future Has a Past'

# Generally Improved Market Environment

## Change in mood – switch to growth track again

- Steady recovery of the textile markets
  - Renewed investment appetite of textile producers
  - Dynamic OEM business
  - Increased demand for new yarn production
  - Improved credit and trade financing for Uster customers
- Continued shift to Asia with strong focus on China
  - Fast growing Chinese local textile market – currently switching from manual to automated production technologies
  - Stabilized economic environment in the mid-Asian markets including India, Turkey, Bangladesh and Pakistan

# Renewed Interest in Quality

## Increased orders from machinery manufacturers

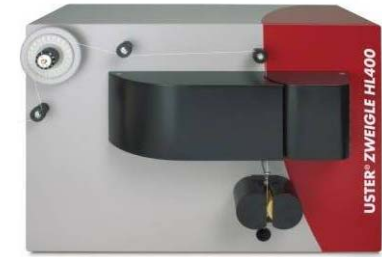
- Cotton classing business
  - Strong relationships with CFIB and USDA
  - New contracts in further cotton growing regions
- Laboratory yarn and fiber testing business
  - Renewed interest of manufacturers in efficiency and quality improvements
- Online yarn clearer business
  - Positive development supported by new demand for yarn
  - Dynamic OEM business recovering from a low basis
  - Two millionth USTER® *QUANTUM* clearer sold
  - 50<sup>th</sup> anniversary of first electronic yarn clearer



# High Investments in Future Growth

## Extension of product portfolio

- R&D expenses at 11.4% of gross sales
  - Market introduction of new USTER® Zweigle laboratory system
- Demonstrated market leadership
  - Presentation of latest range of testing instruments at ITMA Asia & CITME 2010 in Shanghai
- Joint technology and business development projects with Toyota Industries Corporation



USTER® Zweigle  
laboratory system



# First Half-year 2010 – Financial Review and Outlook

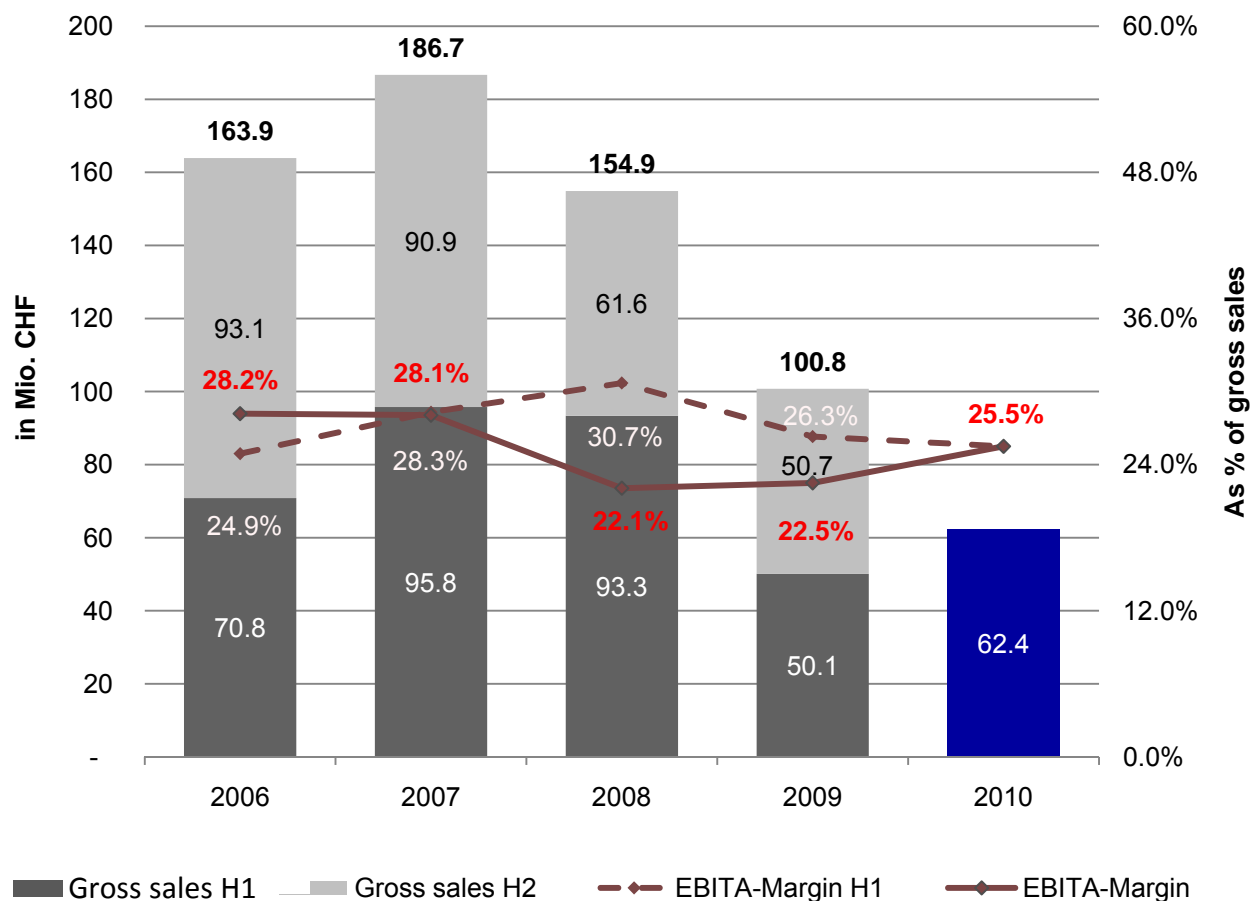
# Financial Summary First Half-year 2010

## Strong financial management

- Improved financial performance – switch over to a growth track again
  - Sales at CHF 62.4 million up by 24.5% compared to H1 2009
  - Increased EBITA at CHF 15.9 million despite termination of short-term working program and increase of R&D and Marketing projects
  - Net profit of CHF 4.0 million compared to CHF 0.8 million in H1 2009
  - Minimal impact from currency fluctuations
- R&D investments of 11.4% of gross sales
  - Expansion of product development to take advantage of market upswing
  - Capex increase in relation to new product releases
- Strong equity ratio of 51.1%
- Cash position at CHF 16.2 million
- Voluntary loan repayment of CHF 10 million
- Net Debt down to CHF 98.2 million resulting into a net debt/EBITDA ratio of 3.6

# EBITA and Sales

## Sales improvement backed by strong EBITA margin

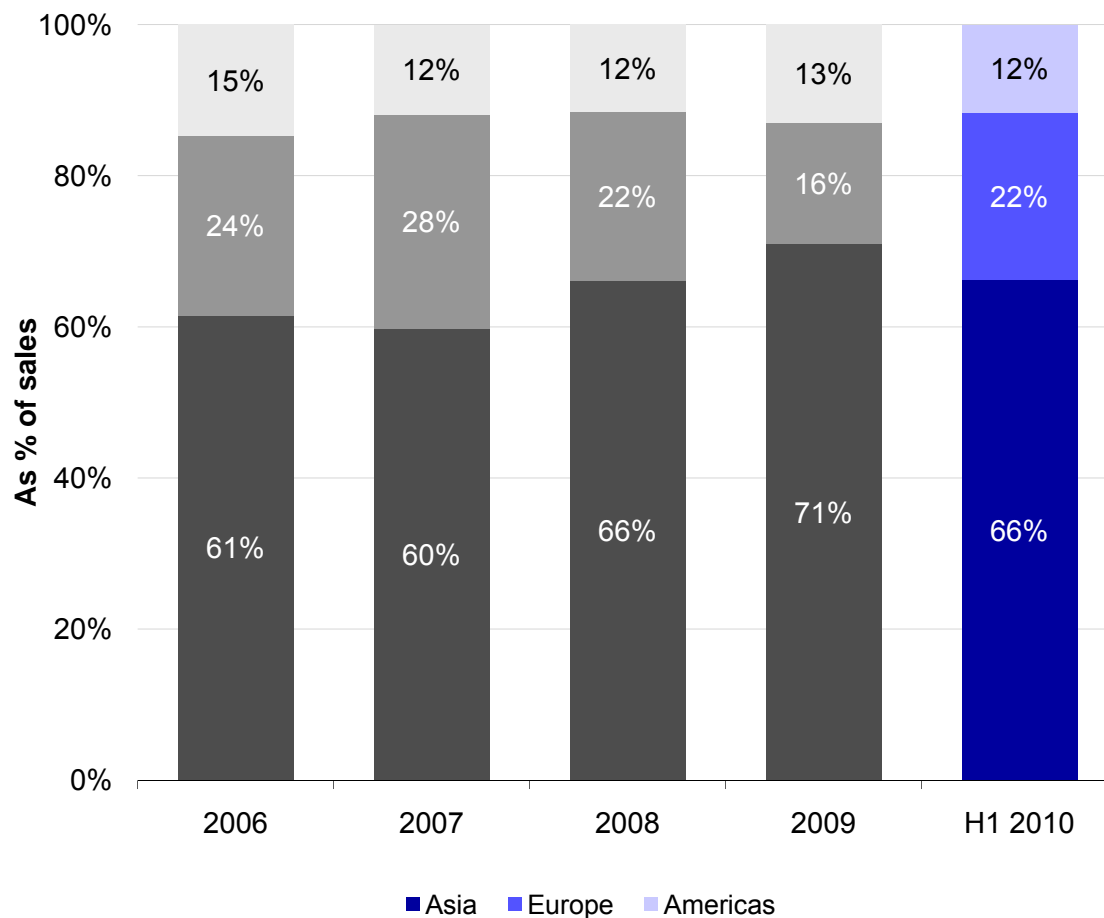


### Comments

- Sales improvement of 24.5% compared to H1 2009
- Strong EBITA despite
  - Termination of short-term working program
  - Increased R&D and Marketing projects

# Gross Sales by Regions

## Asia – center of the textile market

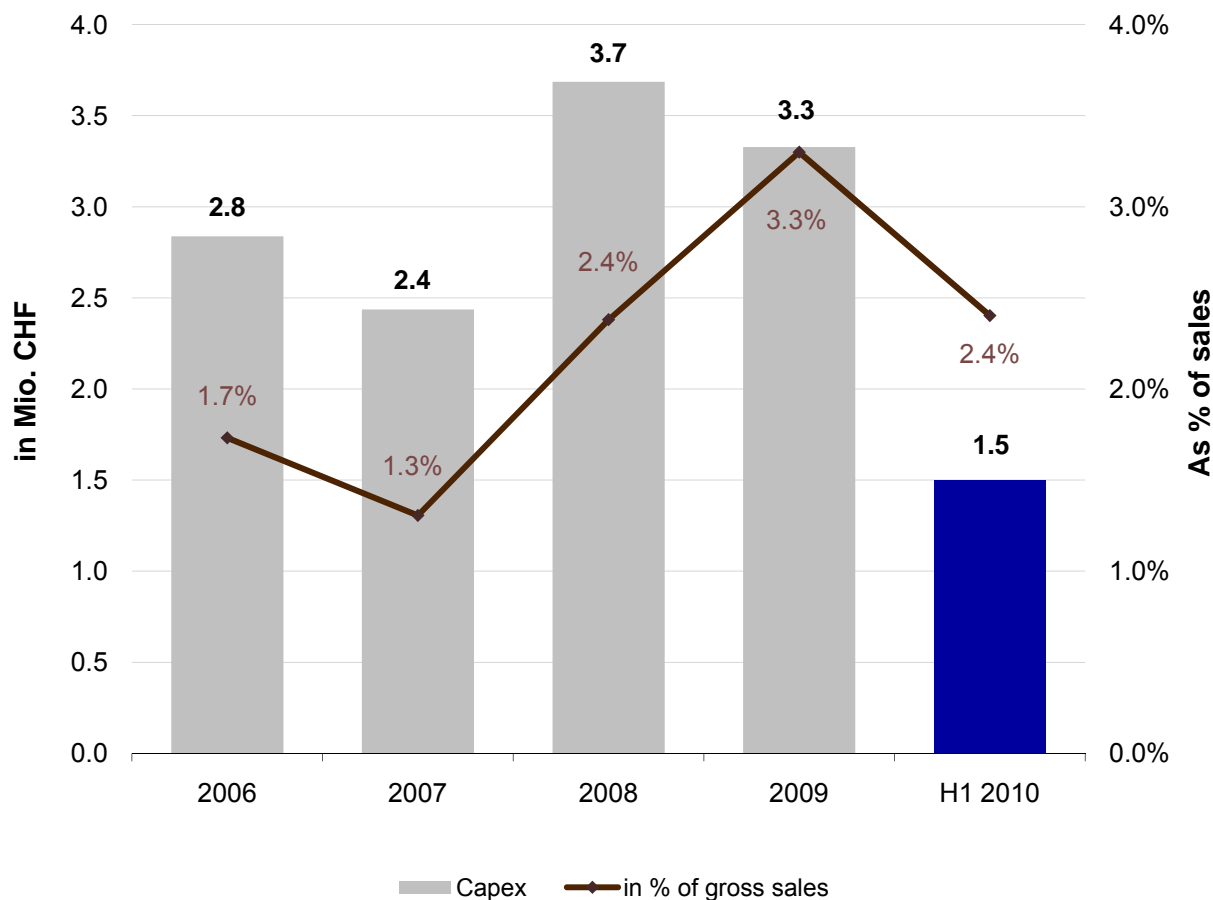


### Comments

- Continued strong presence in the key market Asia
- Europe increases due to renewed demand from machinery manufacturers

# Capital Expenditure

## Lean and flexible organization structure

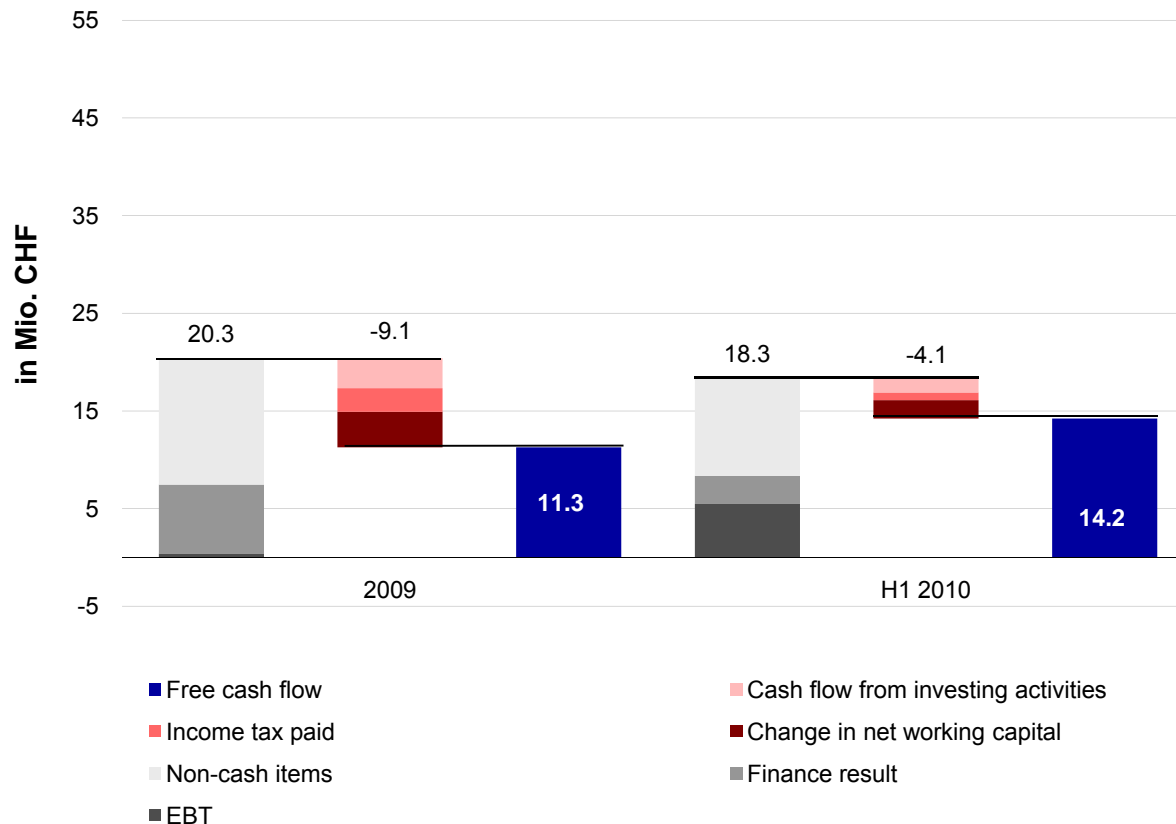


### Comments

- Investments driven by R&D and business development projects
- Low capital intensity due to flexible business model
- Capex only amounted to CHF 1.5 million, 2.4% of gross sales

# Cash Flow from Operating Activities

## Strong cash and working capital management



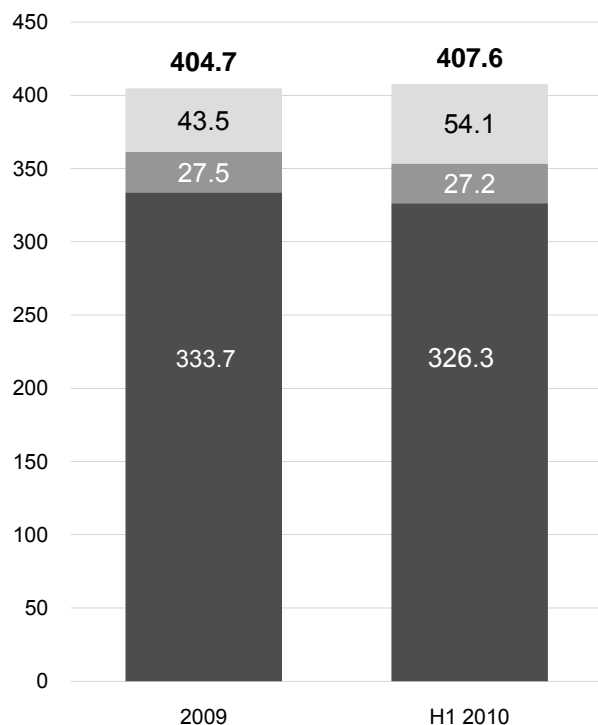
### Comments

- Increased net working capital to support growth in sales
- Continued focus on cash generation

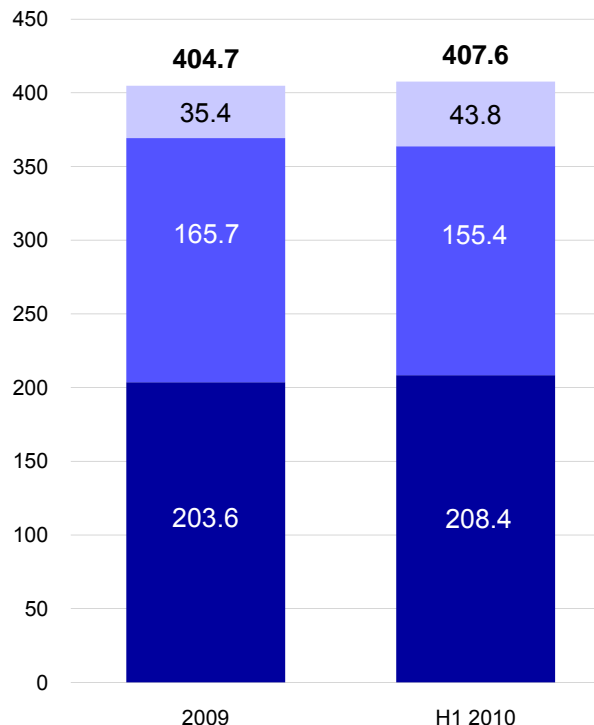
# Balance Sheet Structure

## Further strengthened equity position

Assets in Mio. CHF



Liabilities in Mio. CHF



## Comments

- Strong equity ratio of 51.1%
- Cash position at CHF 16.2 million
- Voluntary loan repayment of CHF 10 million
- Net debt reduced to CHF 98.2 million
- Net debt / EBITDA ratio down to 3.6

■ Intangible assets ■ Other non-current assets ■ Current assets

■ Shareholders' equity ■ Non-current liabilities ■ Current liabilities

# Outlook

## Improvement in sales backed by strong EBITA margin

- Continued market upswing based on strong demand from Asian markets especially from China and India
- Guidance for financial year 2010
  - Gross sales in the range of CHF 125 million to CHF 130 million
  - EBITA margin around 25%
- Mid-term perspective
  - Continued strong investments in R&D; further new product launches
  - Further expansions in global marketing and sales
  - Gradual increase of business activities restoring volumes to pre-crisis levels
  - Ongoing monitoring of selected growth opportunities adding to the Group's existing product range or market presence
  - Maintain operational flexibility

# USTER®

Think quality

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