

Media Release

H1 2009: Strong EBITA Margin Maintained with a Positive Net Result in a Challenging Market Environment

- EBITA margin maintained at high level of 26.3% in a challenging market environment
- Positive net result despite low 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
- Business for HVI cotton classing systems by the China Fiber Inspection Bureau (CFIB) continues to grow with expansion of testing facilities
- Launch of a further new mid-range system for testing cotton fiber and yarn properties
- Strong direct presence in major territories ensures continued market and industry leadership
- Uster Group well positioned to participate in the economic upswing once markets recover

Uster, Switzerland – July 21, 2009 – Uster Technologies Ltd, the leading high technology instrument manufacturer of products for quality measurement and certification for the textile industry, faced a continuously challenging market environment in the first half of the 2009 financial year. The Group delivered a strong EBITA margin and positive net result on the basis of reduced sales. Whilst gross sales declined to CHF 50.1 million (H1 2008: CHF 93.3 million, H2 2008: CHF 61.6 million), the Group reached an EBITA of CHF 13.2 million (H1 2008: CHF 28.6 million, H2 2008: CHF 5.5 million after restructuring) keeping the margin on a high level of 26.3% (H1 2008: 30.7%, H2 2008: 9.0%). The net result amounted to CHF 0.8 million (H1 2008: CHF 13.1 million, H2 2008: CHF -7.8 million) underlining the Company's lean and flexible organizational structure and pro-active cost management. The measures to adjust the cost base of the Group to lower demand announced in November 2008, were fully implemented and are effective as of March 2009.

Following the fast slow down of business in the second half of 2008, business continued at low levels in the first quarter 2009. However, towards the end of the reporting period, signs of market stabilization indicated that the steep drop in demand is bottoming out.

The low level of gross sales in H1 2009 is a result of the current difficult market environment. Whereas sales of on-line products to textile machinery customers followed the textile market trend and dropped further, sales of off-line fiber and yarn laboratory equipment and after-sales services were sustained at comparable levels generated in the second half 2008. The sales of classing products to governmental organizations increased well above H2 2008 levels.

Relatively Robust Chinese Market

The downward cycle hit all markets; however, the severity of the impact varied from region to region. Whilst business in China remained relatively robust, the mid-Asian markets including India, Turkey, Bangladesh and Pakistan were particularly hard hit. This was primarily the effect of excess inventories, lack of trade financing, which constrained investments, and economic uncertainty delaying investments.

Overall, sales in the Asian markets contributed 69.0% to total gross sales (H1 2008: 61.9%, H2 2008: 72.6%), Europe and Americas generated 14.7% and 16.3% respectively (H1 2008: 27.0% and 11.1%, H2 2008: 15.1% and 12.3%). The decline in Europe reflects the weak business with the European machinery manufacturers.

Improving Strong Cotton Classing Business

In the **cotton classing** business, the Company maintained its strong relationship with the China Fiber Inspection Bureau (CFIB). To fulfill their ongoing expansion plans, the CFIB placed high levels of orders for USTER® HVI cotton classing systems. In parallel, the Uster Group serviced the United States Department of Agriculture (USDA) delivering a number of classing systems in line with the agency's replacement program for its offices throughout the cotton growing regions in the US. Additional business for the HVI cotton classing systems was secured in other cotton growing regions including Africa and Central Asia.

In the **laboratory yarn and fiber testing** business, the Group's revenues were impacted by the slow business in India, Turkey and Pakistan whereas sales development in China was relatively stable at lower levels. Thanks to the acquisition of the product range of Zweigle, the Uster Group successfully complemented and further strengthened its position as the world leader and authority in yarn testing and certification. The integration of Zweigle's products allows Uster Technologies Ltd to now offer a complete range of testing instruments to specify the quality characteristics of yarns, enhanced with further important parameters such as yarn twist, friction and hairiness length measurements.

In the **yarn clearer** business, Uster Technologies Ltd continued to face challenging market conditions, as many of the textile manufacturing machinery suppliers reported a significant decline of orders. Producers with strong market positions in China, however, were able to maintain orders on satisfying levels, whilst producers predominantly selling to India and the rest of Central Asia were more severely affected. Direct sales to Chinese customers for retrofit improvements to their existing installations increased.

High Investments in New Growth Opportunities

In the first half of 2009, expenses for research and development amounted to CHF 5.1 million corresponding to 10.1% of gross sales (H1 2008: 11.1%, H2 2008: 15.4%). In the second quarter 2009, Uster Group launched a further new mid-range system for testing cotton fiber properties, the USTER® MN100. In parallel, the new cotton classing system USTER® HVI MF100 introduced in the third quarter 2008 was well received. First order levels in China signalize that this product is well suited to the needs of the targeted mid-segment customer base. New products under development progress as planned and are expected to be introduced in the second half of 2009 and in 2010.

Ongoing Challenging Market Environment

The second half of 2009 is expected to remain challenging. However, several trends and early market indicators signal a possible bottoming out of the downturn: economic stimulus programs now in place are positively impacting consumer spending in Western and Asian major markets, the relative strengths of the Chinese textile market as well as the reduced yarn oversupply.

In the meantime, the Company's focus remains on strengthening its market position by continuing its high investments in product and market development.

Key Figures (CHF 1,000)	H1 2009	H2 2008	H1 2008	Δ H1 09/H2 08 (%)
Gross sales	50,100	61,550	93,343	-18.6%
EBITA	13,152	5,519	28,649	+138.3%
Net result	780	-7,756	13,072	n.a.
Free cash flow	-922	13,108	16,181	n.a.
	June 30, 2009	Dec 31, 2008	June 30, 2008	Δ H1 09/H2 08 (%)
Total assets	412,537	409,805	433,352	+0.7%
Total equity	160,566	159,542	166,273	+0.6%
Employees	464	536	534	-13.4%

Half Year Conference Call Information

Uster Technologies Ltd will host a conference call for financial analysts, investors and media representatives on Tuesday, July 21, 2009, at 9:00 a.m. to discuss its half year results. The Management will comment on the half year slides available on their website www.uster-investors.com/publication.php. Members of the public who are interested in participating in the call should dial, +41 (0)44 580 73 89 (Switzerland), +49 (0)69 222 249 90 (Germany use Participant PIN: 24234583#) or +44 203 147 47 52 (UK), shortly before 9:00 a.m. and reference the Uster Technologies Ltd Conference Call.

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 2008, the Uster Group generated gross sales of CHF 155 million and an operating profit (EBITA) of CHF 34 million, with a workforce of approximately 540 employees.

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

Contact

Dr. Geoffrey Scott
Chief Executive Officer
Uster Technologies Ltd
Sonnenbergstrasse 10
CH-8610 Uster / Switzerland

Phone +41 43 366 36 00
Fax +41 43 366 36 04
E-mail investorrelations@uster.com

Thomas F. Dressendoerfer
Chief Financial Officer
Uster Technologies Ltd
Sonnenbergstrasse 10
CH-8610 Uster / Switzerland

Phone +41 43 366 36 06
Fax +41 43 366 36 54
E-mail investorrelations@uster.com

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.