

## Media Release

### H1 2010: Improved Sales Backed by Strong EBITA Margin

- **24.5% sales improvement with strong EBITA margin of 25.5%**
- **Positive net result of CHF 4.0 million**
- **Net debt further reduced to CHF 98.2 million demonstrating the Company's strong cash generation ability**
- **New classing business in additional cotton growing regions**
- **Increased investments in all R&D projects in order to secure long-term growth prospects**
- **Start-up of joint technology and business development projects in order to exploit strategic collaboration with Toyota Industries Corporation**
- **Sale of the two millionth USTER® QUANTUM clearer along with celebration of 50<sup>th</sup> anniversary of the launch of the first electronic yarn clearer**
- **Launch of a new USTER® ZWEIGLE laboratory system that allows the measurement of yarn hairiness at greatly improved accuracy, reproducibility and speed**
- **Demonstrated market leadership at ITMA ASIA & CITME 2010 under the slogan 'The Future Has a Past'**

**Uster, Switzerland – July 20, 2010** – Uster Technologies Ltd, the leading high technology instrument manufacturer of products for quality measurement and certification for the textile industry, received many positive signs from the markets reflecting a change in mood and a general improvement in overall economic conditions in the first half of the 2010 financial year. The Group delivered a strong top- and bottom-line performance as the market steadily recovered. Gross sales grew to CHF 62.4 million, an increase of 24.5% compared to the previous year (H1 2009: CHF 50.1 million). EBITA reached CHF 15.9 million (H1 2009: CHF 13.2 million), keeping the margin at the high level of 25.5% (H1 2009: 26.3%). The net result amounted to CHF 4.0 million (H1 2009: CHF 0.8 million) whilst net debt was further reduced to CHF 98.2 million demonstrating the Group's strong cash generation ability.

After a challenging 2009, the textile industry currently finds itself switching over to a growth track again. The major growth driver was the renewed investment appetite of textile producers who began to buy new equipment aiming to enhance efficiency and profitability. This positive development was in response to increased demand for new yarn production as producers had worked off their excess stocks in the previous year. A third important factor was the improvement in credit and trade financing for the Group's customers in all major markets.

#### **Strong Chinese and Stabilized Mid-Asian Markets**

Geographically the center of the textile market is in Asia with a strong focus on China. In particular, the Chinese local textile market is growing fast. It is currently switching from labor-intensive manual production to automated production technology, thereby powering the business of foreign producers that are well positioned in this important growth market. At the same time, the mid-Asian markets including India, Turkey, Bangladesh and Pakistan recovered from the economic instability of previous years, which led to an improved investment climate. Whilst the Indian market is growing again, albeit not as fast as the dynamic Chinese market, order levels in Turkey, Bangladesh and Pakistan have stabilized and are expected to increase towards the end of the year or, at the latest, at the beginning of 2011.

Overall, sales in the Asian markets contributed 66.2% of total gross sales (H1 2009: 69.0%, H2 2009: 73.3%), Europe and Americas generated 22.2% and 11.6% respectively (H1 2009: 14.7% and 16.8% respectively, H2 2009: 16.3% and 9.9%).

### Increased Orders from Machinery Manufacturers

In the cotton classing business Uster Technologies Ltd deepened its strong relationship with the China Fiber Inspection Bureau (CFIB) and United States Department of Agriculture (USDA) and continued to support their ongoing expansion and replacement plans. Additional business for the HVI cotton classing systems was secured in other cotton growing regions, including India, Africa and Central Asia and further diversified the customer base in the classing business.

In the laboratory yarn and fiber testing business, greater interest from manufacturers in efficiency improvements and cost reductions resulted in new demand for USTER® products. In addition, the Group profited from stabilized market conditions in the mid-Asian markets as well as from the strong local business in China.

In the yarn clearer business the positive developments already seen in the second half of 2009 continued, supported by the renewed increase in demand for yarn. The ongoing move to automated production technology in China restored demand for automatic winding machinery. Consequently, Uster Technologies Ltd experienced increased orders from machinery suppliers. Moreover the Company celebrated the 50<sup>th</sup> anniversary of its development of the first electronic yarn clearers – the technology which enables in-process quality assurance for yarns. Also in the reporting period, the Group passed the milestone of two million USTER® QUANTUM clearers sold.

### Extension of Product Offering

Pro-active management of the business in response to the improving market environment, backed by the Group's flexible business model, allowed an immediate increase of R&D and Marketing activities that had been slowed down in the face of the uncertain business climate that existed earlier last year. The result of this fast response was the launch of new products at the ITMA ASIA & CITME 2010. USTER® presented under the slogan 'The Future Has a Past' its latest range of testing instruments. In addition, the Group launched a new USTER® ZWEIGLE laboratory system that allows the measurement of yarn hairiness at speeds that are eight times faster than those of previous devices. This demonstrated USTER®'s continued innovation power and ability to bring new value-added products to the market in response to customer's ongoing needs for more efficiency, cost savings and consistent quality. Going forward, Uster Technologies Ltd will maintain its focus on strengthening its competitive positioning by introducing new state-of-the-art products in all market segments in combination with expanding its global sales organization. A special focus was on evaluating and developing synergies and joint technology and market opportunities offered by the strategic partnership with Toyota Industries Corporation.

### Improvement in Sales Backed by Strong EBITA Margin

Uster Technologies Ltd is currently expecting a continued market improvement based on strong demand from Asian markets, especially from China and India. For the financial year 2010 the management expects gross sales in the range of CHF 125 million to CHF 130 million whilst maintaining an EBITA margin around 25%. It is important to note that the Group is maintaining its operational flexibility and its ability, as demonstrated last year, to respond to any possible subsequent softening of demand. Nonetheless, future growth prospects are underpinned by the move towards quality and automation in the emerging markets. In the mid-term, management is confident it can gradually expand business activities and bring the Group's revenues back to the levels seen before the crisis.

Key Figures (CHF 1,000)	H1 2010	H2 2009	H1 2009	△ H1 10/H1 09 (%)
Gross sales	62,389	50,663	50,100	24.5
EBITA	15,925	9,557	13,152	20.0
Net result	4,008	298	780	
Free cash flow	14,225	12,200	-922	
	June 30, 2010	Dec 31, 2009	June 30, 2009	△ H1 10/H2 09 (%)
Total assets	407,574	404,739	412,537	0.7
Total equity	208,418	203,607	160,566	2.4
Employees	434	449	464	-3.3

### Half Year Conference Call Information

Uster Technologies Ltd will host a conference call for financial analysts, investors and media representatives on Tuesday, July 20, 2010, at 9:00 a.m. CET to discuss its half year results. The Management will comment on the half year slides available on their website [www.uster-investors.com/publication\\_investor.php](http://www.uster-investors.com/publication_investor.php). Members of the public who are interested in participating in the call should dial, +41 (0)91 610 56 00 (Switzerland and all below not mentioned countries), +44 (0)207 107 06 11 (UK), +49 (0)69 2 2222 0593 (Germany) or +81 00531 12 12 66 (Japan, Toll Free), 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 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 450 employees.

The Uster Technologies Ltd semi-annual report 2010 was published today and is available on: [http://www.uster-investors.com/publication\\_financial.php](http://www.uster-investors.com/publication_financial.php)

*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

Thomas F. Dressendoerfer  
Chief Financial 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](mailto:investorrelations@uster.com)

Phone +41 43 366 36 06  
Fax +41 43 366 36 54  
E-mail [investorrelations@uster.com](mailto:investorrelations@uster.com)

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