

Press Release

November 12, 2010

Schweizer Electronic AG successful also in 3rd Quarter 2010 - Forecast for current Fiscal Year again increased: EBIT of above 10 % for 2010 expected Outlook for 2011 rated stable and further on positively

Highlights of Third Quarter

- Mutual shareholding Contract with Meiko Electronics signed
- Expansion of flexible production capacities results in turnover of 28.1 Mio. EUR, an increase by 49 % compared to 3rd Quarter of previous year
- EBIT Margin increases to 14% in 3rd Quarter
- Operational revenues secure robust balance sheet structures: equity ratio in September above 41 %
- Stock Exchange rewards positive development: share price increase by 36 % in 3rd quarter

Schramberg, November 12, 2010 – In its third quarter of the current fiscal year 2010 Schweizer Electronic AG was able to continue and even accelerate the positive business and revenue development which already started mid of 2009. Orders, sales and results even improved compared to previous quarters.

The company fully benefited from the general economic recovery in the areas of automotive and engineering. The growing area of solar electronics again accounted for a positive business development above average. This customer segment is subject to seasonal dynamics especially in the months of summer

Despite partially significant price increases in materials, results could be kept stable compared to the previous quarter.

In September contracts on mutual shareholding with our strategic cooperation partner Meiko Electronics were signed. In this context Meiko Electronics acquired 5% of Schweizer Electronic's capital stock. In return, Schweizer Electronic acquired 1,6% of Meiko Electronics. The transaction was carried out in the first weeks of October – accordingly an impact on the balance sheet will be reported in the fourth quarter. This measure, already being announced in the context of the cooperation agreement, will strengthen and further intensify the cooperation of both companies.

Press Release November, 12, 2010 – Schweizer Electronic AG successful in 3rd Quarter 2010

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Shares

Schweizer Electronic AG's share (WKN 515623) again showed a significant increase in the past quarter. The final quotation at the end of the quarter was 26.35 EUR and thus increased during the course of the quarter by 7,00 EUR which corresponds to a share increase by 36%.

Sales on record level

Despite holiday season the company achieved a record sales in its third quarter of 28.1 Mio. EUR (before reduction in earnings of 28.6 Mio. EUR). The sales increase of 49% compared to the same quarter of the previous year was generated by all customer segments.

12 % of our sales volume in the third quarter was processed by our strategic partner Meiko Electronics. This represents a significant increase compared to previous quarters: in the first quarter Meiko's sales share was only 0.2% and 3,7% in the second quarter.

Results continue to be on a high level

From an economic point of view, the first two quarters of the fiscal year 2010 had been successful for Schweizer Electronic. This development continued in the third quarter. In our third quarter we achieved an EBITDA (earnings before interest, taxes, depreciation and amortisation) of 5.2 Mio. EUR, corresponding to a margin of 18% (previous year 14%). Compared to the previous quarters, this margin is stable and shows that a partially significant increase in material prices could be counterbalanced by according measures.

EBIT (earnings before interest and tax) even increased and amounted to 4.1 Mio EUR or 14 % in the third quarter EUR (previous year 8%). Due to a cautious investment policy over the last months, the amount of depreciations was 1.1 Mio. EUR in the third quarter (previous year 1.2 Mio. EUR). This does not include depreciations caused by revaluations of the capital assets in the second quarter amounting to 250K EUR, which – for comparison reasons - we report as special item.

Balance Sheet back to level before crisis

The ongoing good business results brought our equity capital back to a level before the economic crisis. The equity ratio of 41.3% (previous year 28.6%) shows that Schweizer Electronic has fully overcome the crisis not only as far as results are concerned but also related to our balance sheet structures.

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Cash flow follows our positive results

During the third quarter we achieved a positive operating cash flow of 4.7 Mio. EUR. During the course of the year a total cash flow of 8.9 Mio. EUR was realized.

Cash flow from investment activities amounted to -1.4 Mio. EUR. These financial means had been directed at investments to cure current and future areas of bottlenecks in our PCS production in Schramberg.

Outlook

Schweizer Electronic assumes that the positive development of the first nine months of this year can be continued in the fourth quarter – even despite a seasonally weaker fourth quarter usually experienced in this industry.

We expect that the upward dynamics following the boom of the past months that was partially caused by refilling inventories, will be lowered to a normal level at the beginning of the year 2011.

Due to measures taken early in order to increase competitiveness, improvement and flexibility of cost structures and an attractive product and performance portfolio, we are confident to gain further market share.

We will strengthen our position in our technology site Schramberg by shifting our portfolio towards high value products within our innovation building blocks. Investment into new technologies and reduction of bottleneck areas have been implemented and will gradually be accelerated in line with market developments. Required buildings and infrastructure are already existing.

Schweizer Electronic intends to grow by volume increase in mass production. Our strategic partner Meiko Electronics is increasing its capacities in the current calendar year 2010 by 50 % – major part of which has been achieved already. In 2011 a further capacity increase is planned in China as well as the start of production of a volume production site in Vietnam. Schweizer Electronic will dispose of a defined and significantly increasing production corridor.

For the full fiscal year 2010 we expect sales volumes to be at the upper end of the forecast hitherto reported of between 90 to 100 Mio. EUR. Based on the development of 3rd quarter's results we raise our forecast for the EBIT margin before special items to more than 10%.

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Operating Figures

Comparison to 3rd quarter previous year

Mio. EUR	3rd Quarter 2010	3rd Quarter 2009	Change	
			Mio. EUR	%
Sales	28,1	18,8	+9,3	+49%
EBITDA	5,2	2,7	+2,5	+92%
EBITDA Margin	18%	14%		
EBIT	4,1	1,4	+2,6	+186%
EBIT Margin	14%	8%		
Orders in hand	123,8	48,0	+75,8	+158%
Orders received	52,0	35,8	+16,2	+45%
Persons employed ¹⁾	744	653	+91,0	+14%
Equity Ratio	41%	29%	12%	+41%

Comparison to previous quarters

Mio. EUR	3rd Quarter 2010	2nd Quarter 2010	1st Quarter 2010	CAGR ²⁾
Sales	28,1	26,9	23,9	6%
EBITDA	5,2	³⁾ 4,8	3,2	21%
EBITDA Margin	18%	18%	13%	
EBIT	4,1	³⁾ 3,6	2,2	28%
EBIT Margin	14%	13%	9%	
Orders in hand	123,8	100,5	75,8	21%
Orders received	52,0	51,5	35,7	15%
Persons employed ¹⁾	744	719	693	2%
Equity Ratio	41%	37%	32%	10%

1) Number of persons employed at the end of the quarter including temporary staff

2) Average rate of change of the first three quarters 2010

3) EBITDA and EBIT in second quarter before special items

About Schweizer:

Schweizer Electronic AG (WKN 515623) is one of the Top 3 PCB manufacturers in Europe with recognized technology and consulting expertise in the field of automobile, solar and industrial electronics. The company was established in 1849 and is currently managed by the sixth generation of the family.

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Schweizer Electronic is focused on complex multilayer and HDI circuits as well as solutions for reducing the system cost and improving the integration of active and passive components on the PC board. In addition, Schweizer Electronic has many answers to the challenges of modern power electronics. With its network of partners, Schweizer Electronic AG offers optimal cost and manufacturing solutions for small, medium and large series.

For further information please contact

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