

Schweizer Electronic shows considerable improvement in 2008

Highlights from 2008

- 5% increase in turnover in the 2008 financial year – despite fourth quarter sales crisis
- Industrial sales doubled
- Photovoltaic sales up 300%
- 90% of sales growth achieved in high-value circuit board technologies
- EBITDA margin before special effects: +7,4% in 2008 after -1,2% in the prior year
- Liquidity over EUR 23 mln.
- Non-recurring items and provisions for further cost reduction measures burden the 2008 result
- 11% increase in new orders in 2008

Business Development

In 2008, Schweizer Electronic succeeded in not only developing sales volumes (up by 5% compared to the prior year), but also succeeded in strengthening productivity and qualitative growth, despite unfavourable economic conditions during the second half-year.

Successful Turnaround

In the first instance, the portfolio measures led to a strengthening of Schweizer Electronic. Industrial electronics sales rose by 113% to EUR 30.7 mln compared to the prior year. The largest portion of this development was due to photovoltaic sales. As a result, the ratio of automobiles reduced to 57% in the overall turnover (prior year: 67%).

In addition, the subsequently realised restructuring and cost reduction measures had a positive effect. Schweizer Electronic increased the productivity of its personnel by 10%, achieved clear savings in other operating expenses and consolidated its German production capacities earlier than planned.

The first three quarters were characterised by a steady improvement in revenues. The operating result was thus above expectations.

Effects of Economic Crisis put Dampener on Fourth Quarter

The economic crisis also had a negative effect on Schweizer Electronic in its fourth quarter results, despite a rapid implementation of counter-measures. These included shortened working hours since the 1st of November 2008.

Schweizer Electronic in 2009

Schweizer Electronic will continue to implement its strategic plan unabated:

- Expanding product lines by sourcing supplies from low-cost countries
- Developing and strengthening the professional resources in sales
- Own distribution channels for major customers in automotives and industrial electronics as well as customers in small and medium-sized business
- Further developing innovative solutions such as an RFID-based measuring instrument for temperature monitoring in sensitive application areas (incl. blood products).

Schweizer Electronic has a robust balance sheet structure with an equity ratio of 33% as well as a debt ratio of 2.0. Liquidity of EUR 23.1 million consists of cash funds and unutilised lines of credit. Neither the complete, mint-condition machinery, nor the industry-typical high level of receivables, is financed by leasing or factoring. Supplier invoices are, in principle, discounted.

	2006	2007	2008
Net turnover	62.4	78.1	81.8
EBITDA margin*	-11.6 %	-1.2 %	7.4 %
Liquidity**	19.6	24.3	23.1

* before non-recurring items

** cash and unutilised lines of credit

Outlook

The consolidation of the European circuit board industry – fragmented with close on 300 companies – has gained strong momentum.

It cannot yet be predicted for how long the worldwide steep drop in circuit board demand will continue. Schweizer Electronic is also equipped for a longer-lasting downswing, not least due to its robust financing structure. The company thus envisages good opportunities for developing its competitive position further in 2009.

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