

Dornach, November 7, 2008

Balanced result for the first three quarters of 2008 – progress in switchover to new extrusion press – order book remains healthy – Swissmetal nevertheless preparing for cyclical business scenarios

In the first nine months of 2008, the Swissmetal Group generated total gross sales of CHF 260.3 million, CHF 55.2 million down on the comparable period last year. This was due to lower metal prices and reduced production volumes as a result of the switchover to the new extrusion press.

The Group's gross added value sales – i.e. gross sales less metal at standard metal costs – attributable to the manufacturing plants declined by CHF 10.6 million to CHF 85.7 million. Sales of third-party trading products by our trading company Avins USA remained stable at CHF 17.3 million in local currency, but fell by CHF 2.1 million in Swiss franc terms compared to the previous year. The gross margin shrank by CHF 16.1 million year-on-year to CHF 98.2 million.

Operating income before depreciation and amortization (EBITDA) for the first nine months of 2008 totalled CHF 13.2 million, CHF 11.7 million less than the previous year's result. This fall is largely due to the effects of reduced production volumes stemming from the switchover to the new extrusion press. The operating income (EBIT) totalled CHF 3.1 million, representing a decline of CHF 9.6 million versus the previous year. Until the end of September personnel expenses had fallen by CHF 9.3 million to CHF 48.4 million compared with the same period in 2007. The procurement of tools for the new extrusion press and essential maintenance costs pushed operating expenses up by a substantial 5.0 million on the previous year's figure to CHF 36.6 million. Other reasons for the increase in operating expenses include costs incurred in connection with the roll-out of SAP at Avins USA and the procurement of various consulting services in connection with the ongoing implementation of corporate strategy. Despite increased prices, synergy effects generated by the implementation of Swissmetal's industrial concept kept energy costs stable.

The balance sheet total of CHF 230.3 million as of 30 September has decreased by CHF 6.7 million compared to the end of 2007.

Swissmetal made good progress in changing over to its new extrusion press in the third quarter. The steps taken include linking systems for the new press, such as the wire reels developed in conjunction with the supplier. The necessary new wire channels have been installed and equipped with additional shock absorbers to minimize vibrations. Crucial modifications to the billet loading and scrap transport systems have been made, and safeguards have been installed to ensure that a wide range of product categories such as sections, strips and rods can be pressed safely. For example, cameras now simplify the task of checking the pressing process. Further adjustments were made to the computer-based control system.

Swissmetal's independent subsidiary Swissmetal Design Solutions Ltd made pleasing progress. The architectural bronze roofing tiles that it has developed derive energy that can be used for heating from their surroundings, offering an individual, architecturally striking and very high-quality roof covering. The company is currently preparing for the market launch phase. The tiles have already been installed on projects in Lucerne and Stuttgart. Swissmetal sees major opportunities for the novel product. Under current conditions, series production start-up in 2009 seems to be realistic.

At CHF 93.7 million – a slight CHF 2.6 million increase on 2007 – order intake in the first nine months remained stable. Nevertheless Swissmetal is preparing for cyclical business scenarios. Regardless of current global economic trends, Swissmetal is well positioned for the future with its high-quality, innovative speciality products such as the recently certified products for the aviation industry or the energy-producing roof tiles.

Swissmetal produces and sells worldwide high-quality special products made of copper and copper alloys which are mainly used in the electronics, telecommunications, air travel, petroleum, automobile, stationery and watch industries and in the architectural sector. In financial year 2007, Swissmetal achieved turnover of CHF 407.0 million. As at end of October 2008, the company had 706 full time-employees. Swissmetal, with its registered office in Dornach (Switzerland) is quoted on the SWX Swiss Exchange as Swissmetal Holding AG.

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