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Continued depressed economic environment leads to strongly reduced gross sales (CHF 103.0 million) and earnings (EAT CHF -7.2 million) in the first half-year of 2009 but Swissmetal further improves its cost position and cash flows

In the first six months of 2009, Swissmetal has generated consolidated gross sales of CHF 103.0 million. The decrease of CHF 78.3 million or 43% compared to the first half-year of 2008 can be principally explained by the downturn of the economic situation.

The gross margin stood at CHF 43.2 million, which is CHF 24.4 million or 36% less than the same period 2008. The gross margin lags behind to a lesser extent due to higher metal prices in the previous year.

Swissmetal has continually optimized its cost structure in the first six months of 2009. The average operating expenses could be reduced by 40% between the 1st and the 2nd quarter of 2009. Both energy expenses as well as operating supply expenses are lower due to strong cost saving initiatives and the reduced business activity. However, the strong decline of the gross margin especially in the second quarter could not be fully compensated by the cost reduction measures. Therefore, the half-year operating income before interest, taxes, depreciation and amortization (EBITDA) was CHF -2.8, CHF 10.7 million lower than in the same period of the previous year. The operating result after depreciation and amortization (EBIT) fell to CHF -9.1 million. Earnings after tax (EAT) are at CHF -7.2 million, compared to the (restated) result of CHF -2.5 million in the same period of the previous year.

In the reporting period, Swissmetal's net working capital was further optimized from CHF 74.6 to 61.8 million. As of 30 June 2009, the equity ratio was 60%, 2% higher compared to 31 December 2008. Since the beginning of the year, the net debt has decreased from CHF 46.6 million to CHF 32.6 million.

Swissmetal has generated an operating cash flow of CHF 9.7 million (previous year: CHF -2.8 million) which is CHF 12.5 million higher than in 2008. The cash flow from financing activities shows that Swissmetal paid back loans in the amount of CHF 4.8 million in the first half year of 2009.

The market environment, after months of stagnation at depressed levels, shows signs of a potential upswing in the months to come.. Swissmetal uses this phase of low capacity utilization to optimize processes and workflows also in connection with the new extrusion press. Swissmetal is prepared to participate in a potential economic upswing in the coming months to the full extent.

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/clock industries and in the architectural sector. In financial year 2008, Swissmetal achieved turnover of CHF 324.9 million. As at end of June 2009, the company had 643 full time-employees. Swissmetal, with its registered office in Dornach (Switzerland) is quoted on the SIX Swiss Exchange as Swissmetal Holding Ltd.

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