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Swissmetal profits from positive economic climate and increases sales in first half-year

59% jump in the new orders - capacity utilization greatly increased - cost-cutting program bearing fruit - weak euro depresses operating income

In the first half of 2010 Swissmetal generated consolidated gross sales of CHF 141.1 million. The increase by CHF 38.1 million (37%) is primarily attributable to the marked recovery of the global economy and rising metal price developments.

The greatly increased demand ensured good capacity utilization and short work has been suspended since March. On a year-on-year basis, new orders rose by 59%.

The gross margin amounted to CHF 44.3 million and was negatively affected by a non-operative metal valuation impact of CHF 6.1 million, produced by application of the LIFO method and metal price volatility. Earnings before interest, taxes, depreciation and amortization (EBITDA) were CHF -0.9 million below the same period in the previous year at CHF -3.7 million.

After depreciation and amortization, this resulted in operative income (EBIT) of CHF -9.8 million which represented a reduction of CHF 0.6 million compared to the previous year. In this connection the metal valuation impact affected income by CHF -6.1 million. Consequently, EBITDA before the metal valuation impact was CHF 2.4 million and thereby improved from CHF -0.7 million by CHF 3.1 million compared to the previous year. EBIT before the metal valuation impact was CHF -3.6 million and thereby improved from CHF -7.0 million by CHF 3.4 million versus the comparable period.

The result after taxes (EAT) increased thanks to an increase in production by CHF 2.4 million to CHF -9.6 million compared to the previous year.

In the first six months Swissmetal generated an operative cash flow of CHF -0.3 million, which was CHF 10.0 million lower than the comparable period in 2009. The reason for this was above all the lower reduction in the net working capital compared to the previous year.

Thanks to the high number of new orders in the first half-year, Swissmetal remains optimistic for the second half-year. At the same time programs have been launched in the production area to improve the cost and organizational structure.

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 2009, Swissmetal achieved turnover of CHF 191.7 million. As at end of June 2010, the company had 670 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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