
Ad hoc announcement pursuant to Art. 53 LR

Figures for the first half 2023

Schweiter proves agile in a challenging environment

- Sales at CHF 559.5 million, 9% below previous year after currency adjustments (-14% at current exchange rates)
- EBITDA at CHF 42.9 million (2022: H1: CHF 57.0 million; H2: CHF 28.5 million)
- EBITDA as % of net sales: 7.7% (2022: H1: 8.8%; H2: 5.2%)
- Substantial increase in operating cash flow
- Efficiency-enhancement and cost-reduction measures to improve competitiveness proving increasingly effective
- Acquisition of JMB Wind Engineering completed to bolster wind business in anticipation of the upcoming growth cycle

Steinhausen, 17 August 2023 – In a difficult environment still characterized by economic and geopolitical challenges, Schweiter Technologies achieved net sales of CHF 559.5 million in the first half of 2023. Compared with the previous year's record high, sales fell by 14%, around one-third of which was due to the strong currency effects (at constant exchange rates: -9%). As anticipated, the consistent implementation of efficiency-enhancement and cost-reduction measures could only partly offset the negative effects of the lower sales volumes. Nevertheless, the impact of the measures is increasingly visible in the results. The Group achieved EBITDA of CHF 42.9 million or 7.7% of net sales (previous year: CHF 57.0 million; 8.8%), while EBIT came to CHF 23.4 million (previous year: CHF 37.8 million). Operating cash flow at CHF 30.1 million showed a significant increase (previous year: CHF 0.0 million).

BUSINESS PERFORMANCE, FIRST HALF OF 2023

In the face of a still volatile and dynamic market environment and increased foreign currency pressure, **3A Composites** continued to make customer satisfaction a top priority. Despite subdued demand – which persisted from the second half of 2022 in the Display and Architecture business in the key European market in particular – there were gains in market share with an increase in profitability compared with the previous half-year (EBITDA +51%). The markets outside Europe performed reliably overall. The global wind business saw some growth, with the positive market development in China, in particular. The transport business also increased its volumes, thanks to projects in the rail and bus manufacturing. In addition, competitiveness and resilience were strengthened by the efficiency-enhancement and cost-reduction measures introduced, and the negative impact on profitability of lower volumes was offset to some extent.

Key figures**Schweiter Technologies Group**

(in CHF millions)	H1 2023	H1 2022	H2 2022	H1/H1 + / -	H1/H2 + / -
Net sales	559.5	647.8	549.9	-14%	+2%
EBITDA	42.9	57.0	28.5	-25%	+51%
in % of net sales	7.7%	8.8%	5.2%		
EBIT	23.4	37.8	4.7	-38%	+395%
Net income	11.9	27.3	1.7	-56%	+581%

As expected, results for the **Display** business were below the high levels of the previous year. European demand for non-transparent sheets had been brisk in the first half of 2022 before dropping off significantly in the second half and remaining at a lower level thereafter. The North American business was also unable to build on the previous year's success due to falling demand. It was pleasing that the sustainable paper-based products were being used increasingly for visual communications in indoor areas. Due to the challenging business environment and falling prices for raw materials and energy costs in Europe, customers showed restraint and reduced their inventories. Thanks to the agility developed throughout the value chain, the shift in the needs of the distributors towards smaller, more frequent orders could be met with short lead times. A particular advantage was the systematic development of the global sales organization and dynamic collaboration with the purchasing department.

The **Architecture** business had recorded growth in each of the preceding two years but the positive trend was arrested in the second half of 2022 by the economic challenges and the downturn in construction activity in Europe. In North America, revenues were at a level comparable with that of the successful previous year, while sales in Asia showed a slight decline due to reduced demand in India, despite the growth in China. In North America and Asia, profitability was up again, but in Europe it was affected by pressure on prices and the reduced utilization of production capacity.

The **Core Materials** business achieved growth compared with the previous year, both in balsa and PET products. In China, demand picked up in line with expectations, though the business was operating in a competitive market environment with the associated high pressure on prices. In Europe and North America, the willingness to develop wind energy remains strong, yet the next growth cycle has been further delayed by lengthy authorization processes. Sales were pleasing except for the wind segment. Profitability was boosted by the consolidation of the balsa production sites in Ecuador but was affected by the competitive environment in China and start-up costs for the new PET production line in Poland. At the end of May, the minority holding in JMB Wind Engineering was extended to a full acquisition. During June, this already made a positive contribution to the results for the half-year.

The **Transport & Industry** business saw year-on-year growth in the road and rail segments despite customers continuing to postpone projects. The Industry business continued to benefit from the trend in the vehicle manufacturing industry toward lightweight construction using composite materials. Profitability improved, one factor being increasing automation,

although it was only possible to pass on part of the higher costs for long-term customer supply contracts.

INVESTMENT IN THE WIND BUSINESS

At the end of May 2023, Schweiter Technologies topped up its holding in JMB Wind Engineering from 40% to 100%. JMB Wind Engineering is a leading company in the development and production of core material kits and has subsidiaries in Poland, Portugal and Brazil. This addition to the value chain will enable 3A Composites to offer an even better portfolio of solutions to wind customers and to benefit further from the upcoming growth cycle in the wind energy industry, which will last for a number of years.

In addition, 3A Composites further expanded its global leading market position in balsa and PET core material solutions for the manufacture of wind turbine rotor blades with its Airex PET production line, which became operational at the JMB site in Poland at the beginning of 2023.

OUTLOOK

The market environment will remain volatile in the second half of the year and continue to be affected by various uncertainties. Business visibility also remains limited. Schweiter Technologies' will therefore continue to focus on systematically increasing agility throughout the company in order to further enhance its resilience and competitiveness. The company will also further improve efficiency and pursue existing energy-saving projects. Operating results for the second half of the year are expected to be in line with those of the first half.

The **Display** business will still be very dependent on consumer confidence in Europe and the USA in the second half of the year. It is pleasing that Schweiter is well placed in the small but burgeoning market for paper-based products to benefit from the trend toward sustainable visual communications solutions.

The **Architecture** business is expected to see further healthy performance at a high level and with strong margins in North America. The new paint line for aluminum composite panels in the USA will contribute to this by increasing efficiency and flexibility. Based on the pleasing performance in China, Asia also expects to see profitable growth. On the other hand, Europe will remain challenging as investment in the construction industry has slowed significantly due to the current interest rates and market environment. The new lamination line will bring greater efficiency to the manufacturing process, however.

The **Core Materials** unit expects business performance to be sound. This is based particularly on the ever increasing demand from wind customers in China and the pleasing performance in marine engineering, along with expansion in the kitting business thanks to acquisitions. In Europe and North America, the next major wind growth cycle is only expected to begin sometime in 2024, however.

The **Transport** business anticipates a slow recovery with delivery of the rail projects postponed by customers and a return to normal levels of demand in the business with bus manufacturers. Expectations remain positive in the Industry business, with structural growth in the vehicle segment a driving factor.

The complete Semi-Annual Report for 2023 can be found on our website www.schweiter.com.

A media conference on the 2023 half-year results for analysts, media representatives, and investors will take place at the Marriott Hotel, Neumühlequai 42, Zurich, today at 11.00 a.m.

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ABOUT SCHWEITER

Schweiter Technologies, with its head office in Steinhausen, Switzerland, is a globally active Group focusing on composites solutions with its division 3A Composites. The main activities include the development, production and distribution of high-quality composites, paper and plastic sheets, foamboards and core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, industry, train and bus manufacturing and marine engineering.

The company has offices, distribution facilities and production sites at 40 locations in Europe, America, and the Asia-Pacific region, and employs 4,700 people. Schweiter Technologies AG is listed on SIX Swiss Exchange with the ticker symbol SWTQ.