

# Shareholders' Letter for Financial Year 2010

Period from 1 January 2010 to 31 December 2010



# Further revenue and earnings growth for Looser Holding



Tim Talaat, CEO, Dr. Rudolf Huber, Chairman of the Board of Directors (from left).

In the financial year 2010, the Looser Group generated net revenues of 480.7 million Swiss francs, an increase against the prior year by 12.3 million Swiss francs. The Group's operating result (EBITDA) amounted to 61.7 million Swiss francs. Thanks to the solid cashflow, net debt was reduced further so that financial flexibility was improved. Consolidated net income recorded a double-digit growth by 12.1 percent to 24 million Swiss francs. After the recession year 2009, the Looser Group benefited from the economic recovery and good demand situation in the past financial year. The great commitment of our employees and management as well as earnings and efficiency enhancement measures and a number of product innovations additionally contributed to such revenue and earnings growth. Thanks to the positive development of net income, Looser Holding will propose to its shareholders a distribution of 1.60 Swiss francs out of capital reserves and exempt from capital gains tax per registered and entitled share.

The Looser Group operated successfully in the past year. Revenues increased by 12.3 million Swiss francs to 480.7 million Swiss francs (prior year: 468.4 million Swiss francs). The fact that the Euro and U.S. dollar were markedly weaker than in the previous year affected revenues by approximately 26 million Swiss francs. Revenues grew by 7.6 percent after currency and acquisition-related adjustments; the nominal growth rate was 2.6 percent. Based on the operating result (EBITDA) of 61.7 million Swiss francs, the Group's operating margin improved to 12.8 percent from 12.7 percent in the previous year. In terms of EBIT, which amounted to 44.2 million Swiss francs (prior year: 41.7 million Swiss francs), the Looser Group's margin increased from 8.9 percent in the previous year to 9.2 percent.

## **Financial flexibility improved further**

Despite the distribution made in July 2010 in the form of a par value reduction, net debt experienced a decline against the previous year in the double-digit range by 18.2 million Swiss francs to 114.9 million Swiss francs (prior year: 133.1 million Swiss francs) thanks to the solid free cashflow. Shareholders' equity decreased from 215.7 million Swiss francs to 190.9 million Swiss francs, mainly due to exchange rate effects relating to the weaker Euro and U.S. dollar which had a total negative impact of 43.3 million Swiss francs. Despite the increase in consolidated net income, the equity ratio thus declined from 40.5 percent in the previous year to a still solid 38.1 percent.

### **Double-digit rise in net income and higher distribution**

The consolidated net income of the Looser Group recorded a double-digit increase by 12.1 percent to 24 million Swiss francs (prior year: 21.4 million Swiss francs). Looser Holding aims to have its shareholders participate in the Group's financial success by increasing corporate value on an ongoing basis as well as through distributions. With respect to the financial year 2010, the Board of Directors will propose to the general meeting a distribution of 1.60 Swiss francs (exempt from capital gains tax) per registered and entitled share out of capital reserves. Thus approximately 25 percent of the Group profit will be distributed to the shareholders of Looser Holding AG. In the previous year, the distribution per registered share amounted to 1.30 Swiss francs.

### **Business divisions recorded continued growth**

Despite the still difficult currency situation and increased prices for raw materials, the four business divisions of Looser Holding continued on their growth path in 2010. In local currencies, all divisions experienced further growth in terms of revenues as well as operating results.

**Coatings division continued to grow:** In the financial year 2010, the Coatings segment generated a 5 percent rise in revenues (7.9 percent increase after currency adjustments) to 206.5 million Swiss francs. In all, EBITDA generated by the five business areas amounted to 21.7 million Swiss francs (prior year: 20 million Swiss francs). A positive growth impetus was primarily provided by the business areas Non-Stick Coatings (more than 20 percent rise in revenues), Wood Coatings (about 10 percent rise in revenues) and Packaging Coatings (revenue growth by more than 5 percent). Due to delayed plant and machinery construction projects, the Industrial Coatings business recorded a decline. The building conservation business, now no longer a core competence of the Looser Group, was sold to Mäder Farben AG in Bremgarten (Swit-

zerland) on 7 February 2011. The sale is scheduled for completion 1 April 2011.

**Strong revenue growth in the Industrial Services division:** With net revenues of 59.8 million Swiss francs, the Conducta Group generated a marked increase by 11.1 percent or 7.5 percent after acquisition-related and currency adjustments. This significant growth was inter alia due to stable demand in the construction sector as well as industry and trade and a stronger position in the event business. The operating result (EBITDA) amounted to 14.9 million Swiss francs and thus slightly rose against the prior year. The EBITDA margin declined to 25 percent in 2010. Such decline was largely due to the increased share of trading activities in the area of cranes and modular space systems. Generally, lower gross margins are generated by these activities than in the rental business. In addition, there were extraordinary expenses in connection with the relocation of the Romandy-based subsidiary and the introduction of a new ERP (enterprise resource planning) system. The integration of Mobi-Toil AG acquired in June 2009 was completed in July 2010.

**Upswing in the Temperature Control division:** The Single Group experienced a significant recovery in 2010. Thanks to the continuously strong demand from all sales markets for Single solutions, the Single Group recorded a consistent upward development throughout the year. Net revenues grew by 21.6 percent, or 32.5 percent after currency adjustments, to 34.9 million Swiss francs (prior year: 28.7 million Swiss francs). The Group generated overproportionate revenue growth in relation to applications in the semi-conductor business. Such growth was also supported by the broader based core business with OEMs and direct customers as well as the increased export business with EU countries (the Netherlands, Belgium, Poland, France, Slovenia) and the Chinese and U.S. markets. The Single Group closed the financial year with an operating result (EBITDA) of 3.8 million Swiss francs, i.e. more than twice the previous year's EBITDA of 1.8 million Swiss francs.

### Highest annual revenues ever generated in the

**Doors division:** The Prüm-Garant Group further strengthened its position as number 2 in the German market for interior doors. Net revenues amounted to 184.0 million Swiss francs. After currency adjustments, this corresponds to a 5.1 percent increase against the previous year. Thanks to this growth, the highest annual revenues so far in the history of the Prüm-Garant Group were recorded in 2010. Due to the increased level of productivity, the company's EBITDA margin increased slightly by 0.2 percent to 14.2 percent (prior year: 14 percent). EBITDA amounted to 26.2 million Swiss francs (prior year: 26.7 million Swiss francs). The German market for interior doors grew by 2 percent in 2010 after a decline had been observed during the period from 2007 through 2009. In its capacity as a full-range provider, the Prüm-Garant Group obviously benefited from the upward development and, as in the previous year, won additional market share as a result of its successful two-brand strategy.

### Strategy

In view of the gratifying business development in 2010, the Board of Directors and Group Executive Management are convinced that the Group, with its four business divisions and broad diversification, is on the right track for successful further development. The focus will be on further portfolio adjustments and on niches where the Group can achieve a leading position with clear competitive advantages and growth potential. Further development is also expected to benefit from the implementation of synergies between business segments and the Continuous Improvement Process (CIP) as well as the further professionalization of our distribution organization. Due to the higher level of financial flexibility, Looser Holding will, in addition to enhancing organic growth, also intensify its efforts in the area of appropriate acquisitions.

### Innovation

In the financial year 2010, the innovation potential throughout the Group was investigated and

categorized. The first projects have already been implemented. In 2011, the focus will be on systemizing our innovation efforts. Innovations, which will involve strong customer benefits and cost optimization, are to be realized in all business segments on the basis of clearly defined and structured processes.

### Resignation of Leo Looser from the Board of Directors

Leo Looser, co-founder of Looser Holding AG and longstanding member of the Board of Directors, will resign on the occasion of the general meeting on 28 April 2011. He served as Chairman of the Board of Directors from the company's formation until the end of May 2009. Subsequently, he made his extensive and valuable experience available to the Board of Directors as a member. With his great dedication, commitment and expert knowledge, Leo Looser was instrumental in the company's successful development. In the name of the Board of Directors and the Group Executive Management, we would like to express our sincere thanks to Leo Looser and wish him all the best for the future. The successor to be proposed for election to the general meeting by the Board of Directors is Andreas Stocker of Ottikon (Grossau, Zurich). Andreas Stocker, born in 1960, is a member of the Looser-Stocker family of entrepreneurs and shareholder group. The Board of Directors is convinced that, with his experience, Andreas Stocker will be able to significantly support the Group in the implementation of its strategies and its further internationalization efforts.

### Prospects

In 2011, Looser Holding intends to achieve further revenue and earnings growth. The Board of Directors and Group Executive Management anticipate a positive economic development, continuously rising raw material prices, and continuing exchange rate uncertainties with respect to the Euro and U.S. dollar. To the extent that there are no unexpected negative trends in the areas mentioned above or in the economy at large, our Group Management

expects that growth dynamics will continue in the four business divisions. Additional growth is to be generated in the Coatings and Temperature Control divisions with the aid of new applications and innovative products but also through geographical expansion. Also, thanks to positive market prognoses, prospects for renewed growth in the Doors division are good. With respect to activities in the Swiss construction industry, the Group expects demand in the Industrial Services division to remain stable while a higher growth potential is anticipated in the Event Services business.

#### **Free float / shareholders**

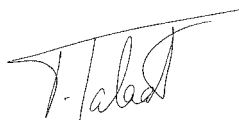
The total number of registered shareholders as of 31 December 2010 was 924 (prior year: 843). The free float remained stable at 44.3 percent.

#### **Appreciation**

We would like to express our sincere thanks to our motivated and committed employees. Their great dedication and excellent performance have guaranteed the Looser Group's business success. In the name of the Board of Directors, our management and all employees, we would like to thank all our customers and partners for their loyalty and trusting cooperation. We would also like to thank our esteemed shareholders for their trust placed in us.



Dr. Rudolf Huber, Chairman of the Board of Directors



Tim Talaat, CEO Looser Group  
and Chairman of the Group Executive Management

### **Major events in 2010**

#### **April**

- Buy-out of parts of minority interests in Treffert Asia-Pacific Pte. Ltd.
- Formation of Ilag High Performance Coatings Inc. in the U.S.A.

#### **June**

- Executive management of Single strengthened through the appointment of additional members of management

#### **July**

- Completion of Mobi-Toil AG integration into Condicta AG
- Relocation of Condicta SA (Romandy) to its new location in Echallens
- Appointment of Dr. Marcel Dissel as CEO of the Treffert Group

#### **September**

- Opening of the new exhibition and training center of the Prüm-Garant Group in Weinsheim, Germany

#### **October to December**

- Implementation of Performance Management and MbO

#### **December**

- Resignation of Leo Looser from the Board of Directors announced
- Appointment of Stefan Burlage as Technical Director of the Prüm-Garant Group

# Key Figures

		2010	2009	2008	2007	2006
<b>Group</b>						
Net Revenues	TCHF	480'661	468'427	497'431	415'696	278'354
EBITDA	TCHF	61'653	59'352	64'672	55'131	38'591
EBITDA Margin		12.8%	12.7%	13.0%	13.3%	13.9%
EBIT	TCHF	44'227	41'652	43'758	37'926	29'024
EBIT Margin		9.2%	8.9%	8.8%	9.1%	10.4%
Consolidated net income	TCHF	24'018	21'423	22'525	29'398	20'337
Cashflow from operations	TCHF	40'767	44'392	36'605	27'135	17'642
Free cashflow <sup>1)</sup>	TCHF	28'722	38'743	25'628	25'842	11'164
Shareholders' equity	TCHF	190'929	215'687	167'309	174'508	117'324
Total assets	TCHF	501'556	532'418	533'550	569'755	330'272
Shareholders' equity as a percentage of total assets		38.1%	40.5%	31.4%	30.6%	35.5%
Net debt	TCHF	114'907	133'123	190'424	211'830	89'877
Number of staff at year-end	Number of full-time equivalents	1'682	1'634	1'610	1'597	792
Average equity	TCHF	203'308	191'498	170'909	145'916	105'516
Gearing		0.60	0.62	1.14	1.21	0.77
<b>Share-related key figures</b>						
Earnings per registered share	CHF	6.32	6.34	7.48	10.00	7.07
There are no potential shares with a dilutive effect						
Equity per registered share	CHF	50.22	56.74	65.57	68.68	48.28

<sup>1)</sup> Cashflow from operations plus cashflow from investment activities (excluding acquisition of Group companies)

# Financial Calendar

<b>30 March 2011</b>	Media and analysts' conference, SIX ConventionPoint, Zurich
<b>28 April 2011</b>	2011 Q1 results press release
<b>28 April 2011</b>	Annual general meeting of Looser Holding AG, Einstein Congress, St. Gallen
<b>16 August 2011</b>	2011 mid-year results press release
<b>7 November 2011</b>	2011 Q3 results press release

Keyvisual:

ATT – Alternating Temperature Technology, Single Group



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