

# Letter to the Shareholders 2006 Fiscal Year

Period from 1 January 2006 – 31 December 2006



# Dear Shareholders,



The Looser Group managed to produce outstanding results in its second fiscal year. Revenues increased by over 30 percent to 278.4 million Swiss francs. Organic growth came to 9.2 percent. This heartening development is the result of several factors.

The general conditions in the Group's various markets have improved. In addition, our position of leadership for parquet flooring lacquer in China's rapidly expanding market was further strengthened. Our two most recent acquisitions, Single Temperiertchnik GmbH (Germany) and Otto Hagenbuch & Fils SA (Switzerland), were also quickly and successfully integrated into our **Industrial Services** Division.

Income from operations (EBIT) and net income at the Looser Group showed over-proportional improvement. EBIT climbed by 77.6 percent to 29 million Swiss francs and net income by 57.1 percent to 20.3 million Swiss francs. Increased productivity and strict cost controls allowed the EBIT margin to gain ground from 7.7 percent to 10.4 percent.

Both the **Coatings** and **Industrial Services** divisions contributed to these welcome results.

The dynamic growth of the Chinese market for parquet flooring lacquer required greater production capacity in China. In September 2006, we opened a new production plant in Shanghai. Revenues for the Looser Group in China came to around 31 million Swiss francs during the 2006 fiscal year.

On 18 September 2006, trading began for all of the Looser Holding AG registered shares on the BX Berne eXchange. The opening price was 100 Swiss francs. By the end of the year, these shares were being traded 35 percent higher at 135 Swiss francs.

Thanks to our outstanding business operations and an acquisition, the number of employees in the Looser Group grew by 35 workers to a total of 792.

## Coatings Division

The **Coatings** Division generated the best results in its history in 2006. Revenues rose by 9.6 percent to 194 million Swiss francs. Despite higher raw material prices, it was possible to improve the EBIT margin from 5.8 percent to 8.2 percent. Productivity increases along with strict cost controls enabled this development.

Various projects – some lasting several years – in conjunction with the creation of the competence centre for wood, industrial and packaging lacquers were brought to a successful conclusion. This means that we can achieve improved customer contact, faster product innovation, and optimised production and logistics in the future. Through procurement pooling among the various affiliated companies within the FLH Group, we were able to generate cost advantages as well.

## Industrial Services Division

The **Industrial Services** Division currently consists of two companies. The Conducta Group, headquartered in Winterthur, with subsidiaries in Switzerland, Germany and Italy, is a provider of space systems, cranes, and heavy building machinery. Its revenues amounted to 43.7 million Swiss francs in 2006. This is an improvement of 21.2 percent. Through the acquisition of Otto Hagenbuch & Fils SA, rapid access to the market in French-speaking Switzerland was ensured. The expansion of the rental parks also laid the foundation for greater organic growth. The previous year's earnings of the Conducta Group were substantially surpassed once again.

## Highlights 2006

### Coatings

- Net revenues increased by almost 10% to CHF 194 million
- Operating results (EBIT) climbed by 55% from CHF 10.2 million to CHF 15.8 million
- Strong organic growth in practically all FLH Group business areas
- Buyout of the minority holdings in the Treffert Group
- New production plant in Shanghai occupied
- ILAG China established

### Industrial Services

- Net revenues increased by 134% to CHF 84.4 million
- Acquisition of Otto Hagenbuch & Fils SA brought to a successful conclusion
- EBIT increased by CHF 6.8 million to CHF 15.8 million
- Above-average investment in rental parks

Single Temperiertechnik GmbH, headquartered in Hochdorf, Germany, is a provider of heat-balancing equipment for a wide variety of industrial applications. Their products are primarily used in the plastics industry. Revenues rose by 15.9 percent to 25.9 million euros during the reporting year. An intensive review of internationalisation options for this area of business is currently underway.

Through the acquisition of Single and robust organic growth, the operating results for the **Industrial Services** Division jumped from 6.8 million Swiss francs to 15.8 million Swiss francs. This result corresponds exactly to the total income from operations for the **Coatings** Division.

Current plans call for the continual expansion of the **Industrial Services** Division while maintaining the high EBIT margin.

## Free Float and Shareholders

By taking Looser Holding AG public, all 2,430,000 registered shares were traded on the BX Berne eXchange. The intention is to apply for a listing on the SWX in Q1 2008.

The shares in Looser Holding AG were well accepted by the capital markets in a positive market environment. The free float issue increased from 12.6 percent to 21.7 percent in the period from 18 September 2006 to 31 December 2006. The Looser Holding AG management holdings remain unchanged at 10.5 percent. The four primary shareholders in Looser held 70.8 percent of the issued registered shares at the end of the year. The market capitalisation at the end of the year was 328 million Swiss francs.

## The Financial Situation

The Looser Group and its affiliated companies have grown rapidly in recent years. Where ten years ago revenues were at 60 million Swiss francs, in 2006 they came to 278 million Swiss francs. This growth binds additional funds. A solid financial situation is the basis for further healthy growth in the opinion of the board of directors and corporate management.

It was possible to increase the Looser Group equity capital from 93.7 million Swiss francs to 117.3 million Swiss francs in 2006. This corresponds to an equity capital increase of around 36 percent. Despite major investments in fixed assets and new holdings, the company's net debt remained at the same level as the year before.

There are 43.8 million Swiss francs in cash and cash equivalents on hand. These funds are available for further acquisitions.

## 2006 Milestones

### January

- Creation of the "Holzlacke Inland" Competence Center through the merger of A. Wenger Holding AG, Wenger AG, Feyco AG, Nobs, and Pentol
- Acquisition of Otto Hagenbuch & Fils SA

### March

- Dr. Christian Wenger joins the Board of Directors

### July

- Complete takeover of the Treffert Group through a buyout of the remaining 47.5 percent held by minority shareholders

### August

- Approval of the new Organisation Regulations for Looser Holding AG

### September

- Stock floatation on the BX Berne eXchange
- Occupancy of the new Treffert – ILAG Shanghai facilities

### October

- Creation of industrial coatings and packing coatings competence centres
- Founding of ILAG High Performance Coatings, Shanghai

### Outlook

We look forward to the 2007 fiscal year with a great deal of optimism. The geo-political situation is calmer. The business climate in the distribution markets relevant to the Looser Group has improved and can be termed excellent.

By shifting some of our activities into higher-growth markets, the level of internationalisation within the Group will increase. The Asian markets continue to gain in importance for us.

As in previous years, the board of directors and management have set high targets for 2007. Revenues should climb by at least 20 percent. In terms of profitability, EBIT and net income should rise at above-average rates.

Towards the end of 2006, we strengthened our efforts to acquire an attractive company for the **Industrial Services** Division. If we are able to successfully close this decisive project, the **Industrial Services** Division will be able to expand by one to two additional companies in 2007.

### Thanks

Without the tireless efforts and the expertise of our employees, we would not have been able to achieve our 2006 fiscal year results. At this time, we would like to express our deep appreciation for their commitment. We would also like to thank our shareholders, customers, and business partners for the confidence they have placed in us.



Leo Looser, Chairman of the Board of Directors



Christian Niederkofler, Delegate of the Board of Directors / CEO

# Key Figures

Group		2006	2005
Net revenues	TCHF	278,354	213,033
EBITDA	TCHF	38,591	24,183
EBIT	TCHF	29,024	16,343
Group income	TCHF	20,337	12,945
Cash flow from operations	TCHF	19,788	18,876
Free cash flow	TCHF	11,164	12,845
Equity capital	TCHF	117,324	93,708
Total assets	TCHF	330,272	293,327
Equity capital as a % of total assets	%	35.5	31.9
Equity capital as a % of total assets (incl. subordinated shareholder loans)	%	38.9	35.7
Net debt (without shareholder loans)	TCHF	77,791	77,793
Number of employees at year end (FTEs)		792	757
Average equity capital (without shareholder loans)	TCHF	105,516	88,595
Return on equity capital	%	19.3	14.6
Gearing (without shareholder loans)		(0.60)	(0.74)

## Key Group Figures for Shares

Group income per registered share <sup>1</sup>	CHF	7.79	8.45
Potential shares that could dilute values do not exist.			
Equity capital per registered share	CHF	48.28	38.56

<sup>1</sup> In accordance with a resolution of the extraordinary General Shareholders Meeting on **25 July 2006**, a par value split of 1:100 was made. The par value split was accounted for in the numbers from 31 December 2005. A capital increase was carried out in the previous year on 8 July 2005 and thus the average number of outstanding shares was lower than in 2006 (weighted numbers in 2005).

## Trading price development

Period: 18 September 2006 to 31 December 2006

Exchange: BX Berne eXchange

Security number: 2620586

ISIN number: CH0026205861

Ticker symbol: LOHN

## Market value

per 18 Sep. 2006: CHF 265 million

Opening price: CHF 100.00

Closing price: CHF 109.00

per 29 Dec. 2006: CHF 328 million

Closing price: CHF 135.00





Looser Holding AG  
Grabenstrasse 4, CH-9320 Arbon  
Tel: +41 (0)71 447 20 80, Fax: +41 (0)71 447 20 81  
[www.looserholding.com](http://www.looserholding.com), [info@looserholding.com](mailto:info@looserholding.com)