



## Media Information

Zurich, 11 August 2009

### Kardex Group

#### Recession-induced downturn in revenues leads to decrease in earnings

**In the first half of fiscal 2009, the Kardex Group, with its two divisions Kardex (KRM) (60% share) and Stow (40% share), achieved consolidated revenues of EUR 177.7 million, representing a year-on-year decline of 20.0%. Adjusted for currency factors, revenues were 19.5% lower than in the previous year. The operating result before interest and taxes (EBIT) totalled EUR 4.9 million, down 76.3% on the prior-year result. EBIT for the first half of fiscal 2009 includes special and one-off effects mainly for reorganizational measures totalling EUR 2.8 million. The EBIT margin came to 2.8% or, factoring out the special and one-off effects, 4.3%, as against 9.3% in the first half of fiscal 2008. The result for the period came to EUR 1.2 million, compared with EUR 13.8 million the previous year. The free cash flow of EUR 4.5 million was lower than the previous year's result of EUR 8.4 million. This allowed a further reduction in net debt to EUR 23.2 million. The equity ratio increased to 39.8%.**

In the first six months of fiscal 2009, the Kardex Group further strengthened its balance sheet structure and hence its financial independence despite the unfavourable economic conditions. The package of measures implemented by the Board of Directors and management will bring cost structures into line with the decline in demand and contribute to ensuring the Kardex Group's profitability. The most important measures taken include short-time working hours in the factories and selective downsizing at distribution companies as well as restricting investment to key planned strategic projects. In the USA, production is to be concentrated and modernized at one location. Both divisions are continuing to implement the SAP projects launched last year.

As a result of the severe global economic downturn, the consolidated revenues of the Kardex Group decreased by 20.0% year-on-year to EUR 177.7 million in the first half of fiscal 2009. Countries which felt the impact of the downturn particularly keenly were Spain, the UK and Germany in western Europe and Poland, the Czech Republic and Russia in eastern Europe. China also saw a decline in demand. The US market, where Kardex USA Inc. profited in particular from government orders in the office segment, showed a positive trend, as did the Swiss and Dutch markets. After adjustment for currency translation effects, the Group's revenues dropped by 19.5%. Kardex USA Inc., first time consolidated in the first six months of fiscal 2009 after acquisition in December 2008, and the business area taken over from Element Storage Systems AS, Norway, consolidated since May 2009, contributed EUR 7.0 million to Group revenues in the first half of fiscal 2009. Consolidated bookings declined by 30.3% to EUR 169.7 million; adjusted for acquisitions, the decrease amounted to 32.8%.

The fall in revenues impacted negatively on earnings. In the first half of fiscal 2009, the operating result before interest and taxes (EBIT) declined by 76.3% to EUR 4.9 million (previous year: EUR 20.7 million). The EBIT margin came to 2.8% as against 9.3% in the first half of fiscal 2008. The operating result for the first half of fiscal 2009 includes special and one-off effects for reorganizational measures amounting to EUR 1.8 million. As early as the second half of fiscal 2009, these adjustments will generate savings. In addition,

various projects gave rise to one-off costs of EUR 1.0 million also impacting the operating result. After factoring out special and one-off costs, EBIT stood at EUR 7.7 million or 4.3% of revenues.

The Kardex (KRM) division saw a decline in revenues of 13.1% to EUR 106.0 million (first half of fiscal 2008: EUR 122.0 million), EBIT came to EUR 3.5 million (EUR 12.9 million) and the EBIT margin to 3.3% (10.6%). Adjusted for special and one-off effects, this division achieved EBIT of EUR 5.0 million and an EBIT margin of 4.7%. Bookings received by the Kardex division were down by 28.8% to EUR 91.9 million (EUR 129.1 million). As of 30 June 2009, order intake came to EUR 52.7 million, 31.7% below the previous year's figure. At EUR 72.0 million, the Stow division posted revenues 28.6% below the comparable figure for the previous year (EUR 100.8 million). EBIT came to EUR 2.9 million (EUR 8.6 million), with an EBIT margin of 4.0% (8.5%). Adjusted for special and one-off effects, the Stow division achieved EBIT of EUR 4.2 million and an EBIT margin of 5.8%. Bookings amounted to EUR 77.8 million, down 31.9% on the first half of fiscal 2008. As of the end of June 2009, order backlog amounted to EUR 37.3 million, 36.0% below the prior-year figure.

Owing to the above-mentioned factors, the Kardex Group's result of EUR 1.2 million for the period under review was well below the figure of EUR 13.8 million for the first half of fiscal 2008. At EUR 4.5 million, the free cash flow in the first half of fiscal 2009 remained below the previous year's result (EUR 8.4 million) thanks to the revenue-related reduction in net current assets. In the first half of fiscal 2009, the Kardex Group invested EUR 2.6 million primarily in property, plant and equipment as well as software, and spent a further EUR 2.6 million on the acquisition of net assets of Element Storage Systems AS, Norway.

Net debt followed a positive trend, declining from EUR 25.4 million at the end of fiscal 2008 to EUR 23.2 million. The equity ratio thus increased to 39.8% as of 30 June 2009 (31 December 2008: 38.5%). Since the end of fiscal 2008, the gearing (debt-to-equity ratio) has decreased slightly from 23.7 to 23.5%.

In the second half, the functional organizational structure of the Kardex (KRM) division, one of the world leaders in dynamic storage and retrieval systems, is to be structured as those of the Stow division. Here, the aim of the Board of Directors and the Executive Board is to push ahead swiftly and systematically with the strategic thrusts in this division and to step up market expansion – particularly in Asia and the US – and the service business as well as to promote an acceleration of growth. The associated costs will amount to around EUR 1.0 million.

The Kardex Group is confident that the measures taken have ensured the company's profitability in the current challenging economic situation. Customer reticence and the negative trend in evidence in many markets make it impossible at present to provide reliable forecasts for the medium or long-term future. If the decrease in revenues and results persists over the months ahead, the Kardex Group will take additional measures in both divisions with a view to further reducing capacity and costs, while giving top priority to safeguarding know-how. With a sound balance sheet, the Kardex Group has sufficient financial latitude to implement its strategic projects and benefit from a recovery in demand on a sustainable basis.

## Key figures

EUR millions

<b>1.1. to 30.6.</b>	<b>2009</b>	<b>+/- %</b>	<b>2008</b>
Bookings	169.7	-30.3%	243.4
Order backlog	90.0	-33.6%	135.5
Net revenues	177.7	-20.0%	222.0
Operating result (EBIT)	4.9	-76.3%	20.7
EBIT in % of net revenues	2.8		9.3
Result for the period	1.2	-91.3%	13.8
Result for the period in % of net revenues	0.7		6.2
Capital expenditure (gross)	2.6	-23.5%	3.4
Net cash flow from operating activities	9.6	-15.8%	11.4
Net cash flow from operating activities in % of net revenues	5.4		5.1
Free cash flow	4.5	-46.4%	8.4
Free cash flow in % of net revenues	2.5		3.8
<b>As of</b>	<b>30.06.09</b>	<b>+/- %</b>	<b>30.06.08</b>
Net debt	23.2	-32.4%	34.3
Gearing	23.5%		39.6%
Equity	98.7	14.0%	86.6
Equity ratio in %	39.8	21.7%	32.7
Employees (full-time positions)	1 932	2.2%	1 891

**The detailed Interim Report 2009 is available at [www.kri-group.com](http://www.kri-group.com).**

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## Agenda

16 March 2010 Publication of full-year 2009 results  
27 April 2010 Annual General Meeting 2010

### **Kardex Group**

Australia, Austria, Belgium, China, Cyprus, Czech Republic, Finland, France, Germany, Hungary, India, Ireland, Italy, Malaysia, the Netherlands, Norway, Poland, Portugal, Russia, Singapore, Slovakia, Spain, Sweden, Switzerland, Turkey, UK, USA.

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