



## Media information No. 74

Zurich, April 12, 2007

### Kardex Remstar International Group

#### **Kardex back on course for profitable growth after selling AFT**

#### **Measures to sustainably strengthen Group to be proposed to Annual General Meeting**

##### **Substantial growth at KRM and Stow – divestment of AFT depresses shareholders' equity**

In those business divisions in which it is continuing operations – KRM (Dynamic Storage and Retrieval Systems) and Stow (Static Storage Systems) – the Kardex Group generated a significant increase in consolidated sales in 2006, up by 16.2% from EUR 326.2 million to EUR 379.1 million. At EUR 18.6 million, the operating result (EBIT) of those business divisions was slightly ahead of the previous year's figure (EUR 18.3 million), which reduced the EBIT margin from 5.6% to 4.9%. The lower EBIT margin was due to start-up problems at the new Stow works, steel price increases that could not be passed on to the market straight away, and heavy capital investment in the Sales & Marketing organization – especially at KRM. The profits achieved by the business divisions continuing in operation fell from the previous year's figure of EUR 14.6 million to EUR 13.5 million. This decrease was due to significantly higher interest charges as borrowing levels rose. Taking account of the loss of EUR -46.7 million (previous year: loss of EUR -48.8 million) incurred by the AFT business division (Industrial Automation and Conveyor Technology), the Group as a whole posted a loss for the year of EUR -33.2 million (previous year: loss of EUR -34.2 million). The financial burden imposed by the former AFT business division led to a reduction in Groups' equity from EUR 90.3 million to EUR 55.8 million.

##### **Record year for the KRM business division**

The KRM business division increased sales by 15.4% in the 2006 financial year, from EUR 191.5 million to EUR 221.0 million – the highest level in its history to date. Operating result grew substantially for the second year in succession, reaching EUR 18.4 million – 43.8% ahead of the previous year's figure of EUR 12.8 million. The EBIT margin was 8.3% (6.7%). 56.4% of KRM's sales during the year under review were generated in the euro zone, the rest of Europe accounting for 23.0%. The American markets contributed 13.0%, and 7.6% came from the Asian growth markets (China and India). At EUR 227.0 million, new orders received during the year under review were 11.3% up on the previous year's figure of EUR 204.0 million. As at the year-end the KRM order backlog was EUR 58.4 million (EUR 51.6 million).

### **Challenges successfully handled by Stow**

The Stow business division increased sales by 19.3%, from EUR 133.5 million to EUR 159.3 million. At EUR 2.2 million, operating result was substantially down on the previous year's figure of EUR 6.9 million – and the EBIT margin was 1.4% (5.1%). This decline was mainly due to unexpected start-up problems at the new works in Belgium and to a significant increase in steel prices, which it proved impossible to pass on to the market straight away. Once these difficulties had been successfully overcome by the end of the third quarter, Stow's production volume and margins in the final quarter of 2006 were on target. The Stow business division generated 56.9% of its sales in the euro zone markets, 33.4% in the rest of Europe and 9.7% in the Asia/Pacific region. At EUR 158.3 million, new order bookings were 15.5% ahead of the previous year's EUR 137.1 million. At the year-end the Stow business division's order backlog was EUR 28.6 million (EUR 25.0 million).

### **Proposals to the Annual General Meeting**

In order to strengthen the financial basis for the reorientation of the Kardex Group and to be able to respond flexibly and fast to changes and opportunities on the market, the Board of Directors will propose to the Annual General Meeting on 24 May 2007 that no dividend should be paid. The Board of Directors also plans to seize the opportunity presented by the current market environment and issue a convertible bond with the aim of sustainably strengthening the financing structure and entrepreneurial flexibility of the Kardex Group. The time of issue and the terms of the bond are dependent on market conditions and will be determined at a later date and subsequently communicated. Current shareholders will enjoy preferential subscription rights. A proposal will be made to the Annual General Meeting to create the necessary conditional share capital. It will also be proposed that the Annual General Meeting elect Martin Wipfli – attorney, Managing Partner of Baryon AG and Chairman of the Board of Directors of NEBAG – as an additional member of the Board of Directors.

### **Ready for profitable growth**

Having disposed of the AFT business division, the Kardex Group can now focus on profitable growth in its successful international business with logistics products from the KRM and Stow business divisions. In the coming months the Board of Directors and the Executive Board will establish the strategy of the Kardex Group in the light of its altered circumstances. Initial results are expected in the second half of 2007.

**The detailed Annual Report can be downloaded from [www.kri-group.ch](http://www.kri-group.ch)**

## Kardex Group

Key figures		2006	2005
Bookings continued operations	EUR m	<b>388.0</b>	343.6
Order backlog continued operations	EUR m	<b>88.5</b>	77.6
Net revenues continued operations	EUR m	<b>379.1</b>	326.2
Operating result continued operations	EUR m	<b>18.6</b>	18.3
<i>in % of net revenues</i>	%	<b>4.9</b>	5.6
Result from continued operations	EUR m	<b>13.5</b>	14.6
<i>in % of net revenues</i>	%	<b>3.6</b>	4.5
Earnings per share for continued operations	EUR	<b>2.40</b>	2.59
Net revenues discontinued operation	EUR m	<b>76.1</b>	99.1
Operating result discontinued operation	EUR m	<b>-44.4</b>	-48.4
Result from discontinued operation	EUR m	<b>-46.7</b>	-48.8
Net result Group	EUR m	<b>-33.2</b>	-34.2
Loss per share Group	EUR	<b>-5.91</b>	-6.07
Total assets	EUR m	<b>290.6</b>	286.6
Total equity	EUR m	<b>55.8</b>	90.3

## Contact

Jos De Vuyst, Chief Executive Officer  
jos.devuyst@kri-group.com  
Reto Welte, Chief Financial Officer  
reto.welte@kri-group.com  
Tel. +41(0)44 386 44 15, Fax +41(0)44 386 44 17

## Calendar

24 May 2007 Annual General Meeting

## Kardex Remstar International Group

Australia, Austria, Belgium, China, Cyprus, Czech Republic, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Mexico, Netherlands, Norway, Poland, Portugal, Sweden, Switzerland, Singapore, Slovakia, Spain, South Korea, Taiwan, UK, USA.

## Parent company

Kardex AG, Thurgauerstrasse 40, CH-8050 Zurich,  
Tel. +41(0)44 386 44 10, Fax +41(0)44 386 44 18  
info@kri-group.com  
www.kri-group.com