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Kardex Remstar International Group

Strong revenue growth and increased profitability in the first half of fiscal 2008

In the first half of fiscal 2008, the Kardex Group, with its two divisions KRM (55% share) and Stow (45% share), lifted consolidated net revenues by 13.1% to EUR 222.0 million (prior year: EUR 196.2 million). Adjusted for exchange rate effects, the increase was 14.5%. The operating result (EBIT) rose by 19% to EUR 20.7 million (EUR 17.4 million). Excluding the EUR 2.2 million impact of the sale of the AFT Division, EBIT was up 36.2%. The EBIT margin rose from 8.9% to 9.3%, while net result of EUR 13.8 million exceeded the prior-year figure by 66.3% (EUR 8.3 million). Bookings for the Kardex Group saw a 6.4% year-on-year increase to EUR 243.4 million (EUR 228.8 million) in the first half of fiscal 2008. At the end of the period, the order backlog amounted to EUR 135.5 million (EUR 107.8 million). The balance sheet was bolstered further, with the equity ratio amounting to 32.7% as of 30 June 2008 (31 December 2007: 29.4%) and the gearing (debt-to-equity ratio) standing at 39.6% (31 December 2007: 51.9%). Based on the solid order backlog and continuing strong demand, the Kardex Group's management is optimistic about net revenue and result in the second half of fiscal 2008. Based on the current situation, it expects the result for the second half to be at least on a par with the first half. The Kardex Group has set itself a medium-term target for annual revenue growth of around 8% to 10%, alongside a double-digit EBIT margin.

Demand in the Kardex Group's core market, the logistics sector, remained high during the first six months of fiscal 2008. This sector is currently benefiting from continued outsourcing of production processes to emerging markets such as Russia, India and China. Demand was also healthy in Europe, while the share of net revenues attributable to the US fell, mainly as a result of the economic climate and currency effects. Despite a further increase in the price of commodities – especially steel – in the first half of 2008, the Kardex Group was able to raise its EBIT margin from 8.9% to 9.3%. Not only was it possible to largely pass on the higher material costs to customers, but the Group's operating profitability was also improved by consistent purchase management and improved productivity. KRM, being one of the world leaders in dynamic storage and retrieval systems, achieved revenues of EUR 122.0 million (EUR 121.0 million) in the first half of 2008. Thanks to continual process optimization and smooth integration of the Kardex and Megamat market units, which were previously under separate management, it was able to make further advances in profitability. KRM's operating result (EBIT)

climbed 17.3% to EUR 12.9 million (EUR 11.0 million), while its EBIT margin improved to 10.6% (9.1%). Whereas demand remained at a consistently high level in Europe and Russia, revenues suffered a downturn in the US as a result of the economic climate and currency effects. The Asian markets – notably India and China – continued to develop positively. In the first half of fiscal 2008, the KRM Division recorded bookings worth EUR 129.1 million (EUR 130.3 million). The division's order backlog on 30 June 2008 stood at EUR 77.2 million (EUR 70.4 million). Stow, the Group division operating in the static storage systems market, achieved its third consecutive half-year increase in revenues and operating income during the first six months of fiscal 2008. Revenues rose by 33.2% to EUR 100.8 million (EUR 75.7 million). Adjusted for effects related to soaring steel prices, this jump in revenues equates to an increase in volume of some 20%. The operating result (EBIT) climbed 87% to EUR 8.6 million (EUR 4.6 million), while the EBIT margin increased to 8.5% (6.1%). "Synergy", the Operational Excellence Program, facilitated further process optimization. The consistently high level of demand for static storage systems, particularly in Central and Eastern Europe, as well as a continually proactive approach to purchase management, also helped to underpin the Stow Division's excellent performance. Bookings in the first half of fiscal 2008 exceeded the comparable prior-year figure by 16.0%, reaching EUR 114.3 million (EUR 98.5 million), while the order backlog on 30 June 2008 stood at EUR 58.3 million (EUR 41.9 million), a 39.1% improvement on the previous year.

The Kardex Board of Directors and Executive Board are continuing the Kardex Group's successful dual strategy, which focuses on the two divisions KRM and Stow. Thanks to the full integration of the Kardex and Megamat market units, KRM will further enhance its presence and profitability, and is well placed to achieve sustainable growth, in particular in the US and the emerging markets of Asia and Eastern Europe. Energies are being focused on expanding the company's service business and customized product solutions. Through further implementation of the "Synergy" program, the Stow Division will continue to optimize operational flexibility and underpin advances in profitability. What is more, the extension of the value chain, which will see the division launching its own slitting line in the first quarter of fiscal 2009, is expected to contribute to a further increase in operating result (EBIT). The new Stow plant in Shanghai, which commenced operations as planned in April 2008, will enable production volume in China to be doubled by the end of 2009. Stow is also continuing to look at ways of expanding its market presence in Eastern and Central Europe.

The detailed Half-year Report 2008 is available at www.kri-group.com

Kardex Group (continued operations)

Key figures		1st half-year 2008	1st half-year 2007
Bookings	EUR m	243.4	228.8
Order backlog (30.06.2008/31.12.2007)	EUR m	135.5	107.8
Net revenues	EUR m	222.0	196.2
Operating result (EBIT)	EUR m	20.7	17.4
<i>in % of net revenues (EBIT margin)</i>	%	9.3	8.9
Net result	EUR m	13.8	8.3
<i>in % of net revenues</i>	%	6.2	4.2
Earnings per share Group (basic)	EUR	2.48	1.71
Total assets (30.06.2008/31.12.2007)	EUR m	265.1	252.3
Total equity (30.06.2008/31.12.2007)	EUR m	86.6	74.2

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Calendar of events

10 March 2009 Annual Media Conference
21 April 2009 Annual General Meeting

Kardex Remstar International Group

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

Disclaimer

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