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Kardex Remstar International Group

Kardex reports significant increase in profitability in first half-year 2007 Successful turnaround in operations – EBIT increase in both divisions – sustainable growth by concentrating on intrinsic strengths

In the first half of 2007, the Kardex Group achieved a turnaround in its operations, increasing its operating result by EUR 8.7 million. In the first six months of the current financial year, Kardex reported a gratifying net result of EUR 8.3 million as against a loss of EUR -0.4 million in the previous year. This result included a charge against the operating result of EUR -1.3 million posted by the AFT division sold as per 21 February 2007. The operating result (EBIT) of the continuing operations increased by 87.1% to EUR 17.4 million (EUR 9.3 million) and the EBIT margin rose to 8.9% (1H 2006: 5.1%). The consolidated net revenues of the KRM division (revenues share: 62%) and Stow (revenues share: 38%) rose by 7.4% to EUR 196.2 million (EUR 182.7 million), or 8.0% when adjusted for currency exchange factors. At EUR 228.8 million (1H 2006: EUR 216.0 million), bookings exceeded the comparable figure for the previous year by 5.9%. Earnings before tax increased by 69.0% to EUR 14.7 million (1H 2006: EUR 8.7 million) and the net result for continuing operations of EUR 9.6 million (1H 2006: EUR 7.0 million) exceeded that of the previous year by 37.1%. KRM increased EBIT by 17.0% to EUR 11.0 million (1H 2006: EUR 9.4 million) and the EBIT margin to 9.1% (1H 2006: 8.5%). Sales rose by 9.7% to EUR 121.0 million (1H 2006: EUR 110.3 million), while bookings increased to EUR 130.3 million (1H 2006: EUR 129.7 million). As at 30 June 2007, KRM had an order backlog of EUR 70.4 million (1H 2006: EUR 72.0 million). Stow improved EBIT by more than 650% to EUR 4.6 million (1H 2006: EUR 0.6 million) and the EBIT margin to 6.1% (1H 2006: 0.8%). With the goal of a solid EBIT margin, Stow decided to focus consistently on qualitative project selection, accepting conservative revenue growth; in the event, period-on-period growth of 3.0% took revenues to EUR 75.7 million (1H 2006: EUR 73.5 million). Bookings increased by 14.1% to EUR 98.5 million (1H 2006: EUR 86.3 million); as at 30 June 2007, Stow had an order backlog of EUR 41.9 million (1H 2006: EUR 44.7 million). Thanks to much enhanced profitability, the Group's equity increased by 12.9% to EUR 63.0 million as at 30 June 2007 (31.12.2006: EUR 55.8 million), which improved the equity ratio by 5.6 percentage points to 24.8% (31.12.2006: 19.2%).

After the sale of the AFT Division to the German Certina Group with effect from 21 February 2007, the divestment process continued as planned in the first half of the year. The outstanding guarantees – including contract performance guarantees – in the initial amount of EUR 13.5 million were reduced in stages, and the residual guarantee risk for the Kardex Group amounted to EUR 5.1 million as at 30 June 2007. The guarantee obligations are expected to decline as planned in the third and fourth quarters as well. As things stand, adequate provision has been made for the guarantee risks related to the sale of AFT.

The Kardex Group has decided to retain the dual strategy with its two divisions, KRM and Stow, and will concentrate in the short term on further improving profitability and putting its finances on a firm footing. At the same time, the Group continues to evaluate investment projects such as the development of new products with a view to establishing a solid basis that will enable the Kardex Group to generate rapid sustainable growth in the long term. KRM seeks to continue revenue and profit growth with ongoing optimization of processes and structures and a consistent policy of market development, particularly in the USA and the emerging markets of Asia and Eastern Europe, and accelerate development of its service business and customized product solutions. Stow will continue to consistently optimize the process and cost potential of its investment in production capacity. Besides actively cultivating its existing markets, it will focus in particular on the rapid expansion of its market position in Central and Eastern Europe as well as in China.

Given the robust demand in its most important markets, the Kardex Group expects to continue its positive business development in the second half of 2007.

The detailed 2007 Half-Year Report can be downloaded from www.kri-group.ch

Key figures		1st half 2007	1st half 2006
Bookings of continuing operations	EUR m	228.8	216.0
Backlog of continuing operations 30.06.	EUR m	112.3	116.7
Net revenues of continuing operations	EUR m	196.2	182.7
Operating result of continuing operations	EUR m	17.4	9.3
<i>Operating result in %</i>	%	8.9	5.1
Net result of continuing operations	EUR m	9.6	7.0
<i>Net result in %</i>	%	4.9	3.8
Earnings per share of continuing operations	EUR	1.71	1.24
Net revenues of discontinued operation	EUR m	7.9	40.0
Operating result of discontinued operation	EUR m	-1.1	-5.8
Net result of discontinued operation	EUR m	-1.3	-7.4
Group result	EUR m	8.3	- 0.4
Group earnings per share	EUR	1.47	-0.07
Assets	EUR m	253.7	307.5
Equity	EUR m	63.0	89.1

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Calendar of events

11 March 2008 Conference for analysts and media
22 April 2008 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, Singapore, Slovakia, South Korea, Spain, Sweden, Switzerland, Taiwan, UK, USA.