

SWISSMETAL[®]

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Chief Executive Officer

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- **Financial Performance**
- **Strategy and Change Initiatives**
- **Key Messages – Summary**

smdays 2007

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Swissmetal develops and produces superior-quality, world-leading, high added-value specialty products from non-ferrous metals

- The leader in superior-quality alloys

Swissmetal is a leading manufacturer of exceptional copper-alloy forms and profiles that have to satisfy stringent requirements in terms of electrical and thermal conductivity, strength, corrosion resistance and machinability

- Exclusive modules for growth industries and new markets

With selected modules for suppliers of such consumer and capital goods manufacturers as the watch, computer, automotive, electronic, telecommunications, and aviation industries, Swissmetal has a global market penetration of up to 90%. It aims to secure its stronghold in European manufacturing industry in the long term by means of high service quality and strong delivery capabilities, and to enter attractive markets such as Asia and North America with a greatly expanded sales team

- High innovative drive

Swissmetal intends to grow globally by developing new production processes and applications for the industries of tomorrow, such as medical, automotive and aeronautic engineering. Swissmetal's strong innovative drive is based on close relationships with customers in the manufacturing industries

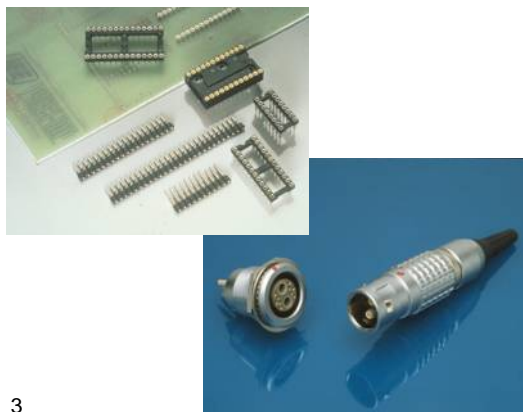
- Swiss company with an international presence

Swissmetal generated sales of CHF 358 million for the full year 2006 and CHF 224 million for the first half of 2007. The company is listed on SWX Swiss Exchange. At the end of June 2007, Swissmetal employed a workforce of 812 FTEs. With development and production sites in Reconvilier (CH), Dornach (CH) and Lüdenscheid (D), and its global sales and distribution network of the wholly-owned Avins International Group, Swissmetal delivers to clients around the world and especially in Europe, North America and Asia

Key Driver Innovation – Example: Patented Alloy NP6



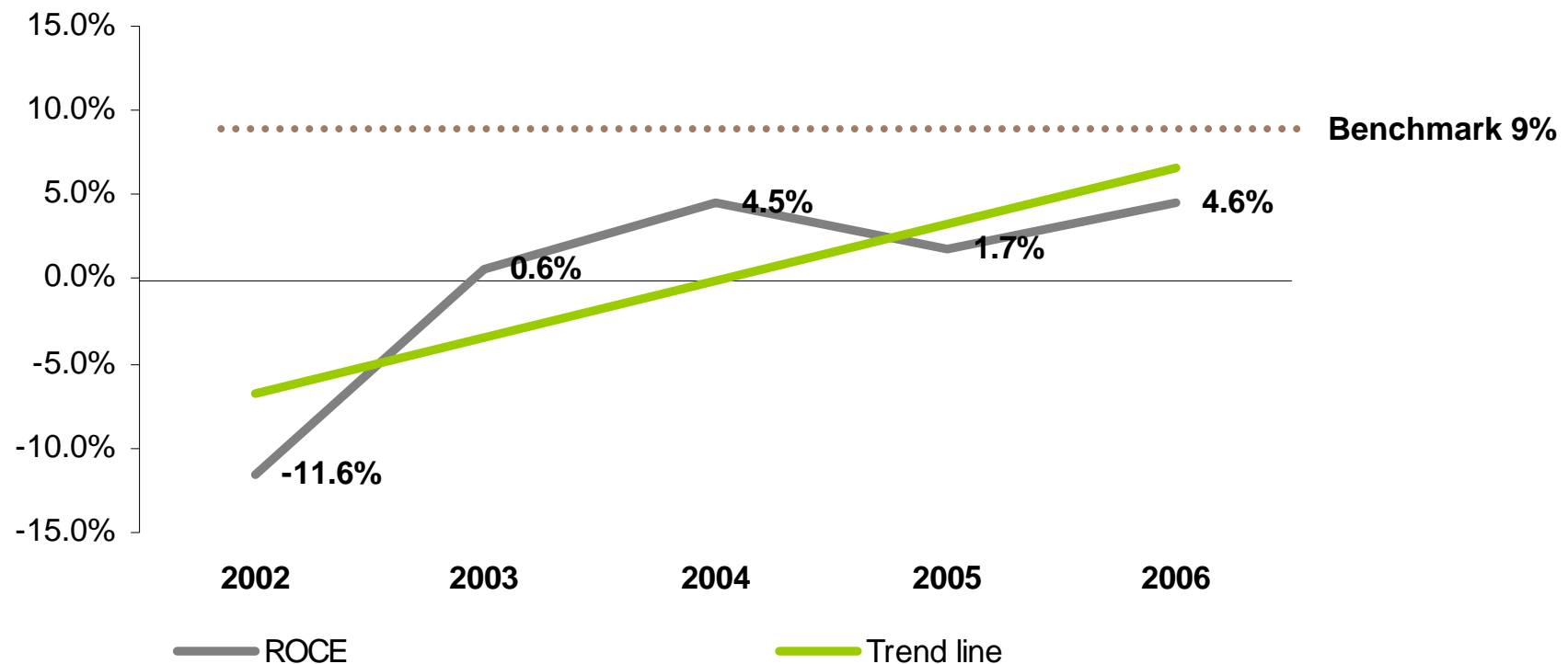
- The patented alloy NP6, originally developed for the connector industry, is now also being used in watchmaking, an industry where Swissmetal generates about 5% of its gross added value sales
- New application (beyond connectors) in watchmaking:
 - Gear wheels in watches
- Special properties of NP6 are:
 - High mechanical strength
 - Combined with easy machinability on automatic lathes
 - Environmentally friendly machining since chips are readily recycled without any special protective measures
 - Substitute for certain toxic beryllium copper alloys



Refinancing, Restructuring and Repositioning

- 2003-2004
 - Comprehensive restructuring of Swissmetal based on more than 200 measures and initiatives across the board
 - Implementation of SAP
 - Successful refinancing of the company including a capital increase resulting in 87% new shares (quasi “re-IPO”) led to new start following the near collapse in 2002-2003 due to Swissmetal’s inability to refinance its debt
- 2004-2006
 - Formulation and start of the implementation of a new group strategy focussing on innovative high value-added products and technological leadership
 - The strategy entails a comprehensive industrial concept including the centralization and renewal of the hot deformation in Switzerland
 - Two strikes in Reconvilier accompanied the implementation of the strategy
- 2006-2007
 - Acquisition and integration of Busch-Jaeger Metallwerk GmbH in Germany (today Swissmetal Lüdenscheid GmbH), a company already once owned by Swissmetal
 - Acquisition of Avins Industrial Products Corp. (USA) as the first step into sales & distribution of third-party trade products

Swissmetal has achieved a lot in the past years, but is still in the midst of a fundamental repositioning process



Financial Performance

Half-year 2007 at a Glance

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- Gross sales at CHF 223.8 million => up 42%
 - Mainly due to significantly higher metal prices and additional sales by Avins Industrial Products Corp., Warren/NJ, USA, (CHF 19.0 million)
- New: Third party trading products at CHF 12.0 million (not included in BBU)
 - Part of the business of the newly acquired trading company
- Gross Added Value Sales (BBU) at CHF 66.7 million => up 6%
 - Positive development in generators, transport systems and some decolletage segments. Decline in connectors, writing instruments and architecture segments.
- Gross margin at CHF 76.1 million => up 11%
 - Increased overall activity
- EBITDA at CHF 15.5 million => up 16%
 - Operative improvement concerning personnel efficiency (from 56% to 52%)
- EBIT at CHF 6.5 million => up 1%
 - Non-scheduled depreciations in the hot deformation Switzerland at CHF 2.2 million
- EAT at CHF 3.5 million => up 10%
- Balance sheet at CHF 242.3 million => up 12%
 - Increase in business activity and acquisition of Avins Industrial Products Corp., Warren/NJ, USA
- Operating cash flow at CHF -9.4 million => down CHF 21.2 million
 - Higher net working capital mainly due to increased metal prices
- Investment activity at CHF 12.1 million => down 25%
 - New industrial program, acquisition Avins Industrial Products Corp., Warren/NJ, USA

Income statement

CHF 000	2007*	2006**	Change	Change in %
Gross sales	223'803	157'632	66'171	42
- of which sales of third-party trading products	12'023	-	12'023	-
Gross added value sales	66'709	63'059	3'650	6
Gross margin	76'090	68'517	7'573	11
EBITDA	15'479	13'343	2'136	16
Depreciation	-8'995	-6'898	-2'097	-30
EBIT	6'484	6'445	39	1
EAT	3'451	3'124	327	10

* Both the figures for Avins Industrial Products Corp., Warren/NJ, and the ones for Swissmetal Lüdenscheid GmbH (formerly Busch-Jaeger Metallwerk GmbH), Lüdenscheid, are included.

** The figures for Swissmetal Lüdenscheid GmbH, Lüdenscheid, are included for February to December 2006.

Balance sheet

CHF 000	30.06.2007*	31.12.2006	Change	Change in %
Current assets	154'936	130'380	24'556	19
Fixed assets	87'343	86'255	1'088	1
Total assets	242'279	216'635	25'644	12
Short-term liabilities	57'947	57'941	6	0
Long-term liabilities	48'746	32'390	16'356	50
Total liabilities	106'693	90'331	16'362	18
Total shareholders' equity	135'586	126'304	9'282	7
Total liabilities and shareholders' equity	242'279	216'635	25'644	12

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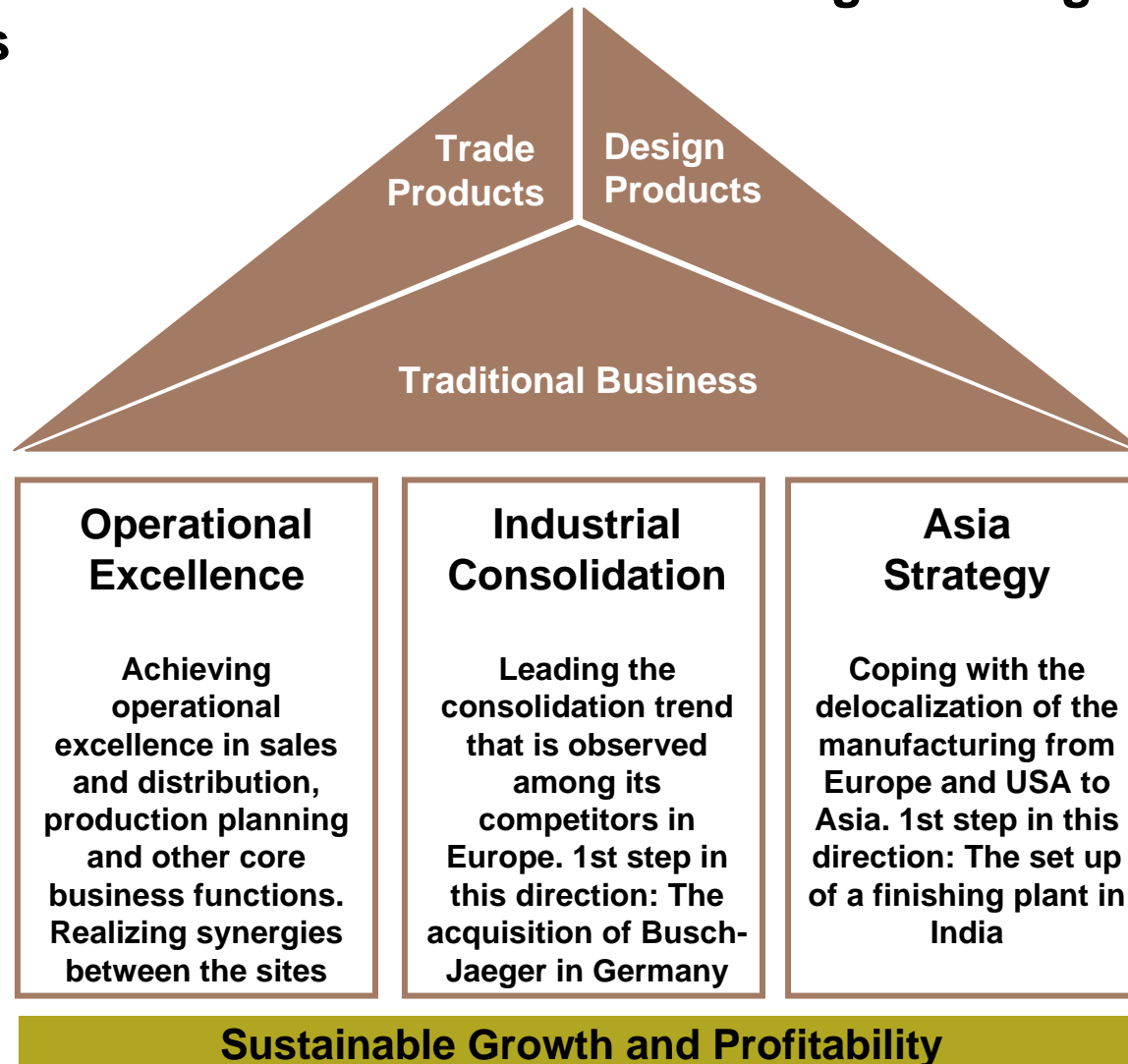
Cash flow statement

CHF 000	2007*	2006**	Change	Change in %
Cash flow from operating activities before change in net current assets	14'050	8'437	5'613	67
Change in net current assets	-23'464	3'343	-26'807	-
Cash flow from operating activities	-9'414	11'780	-21'194	-
Cash flow from investing activities	-12'067	-16'133	4'066	25
Free cash flow	-21'481	-4'353	-17'128	-393
Cash flow from financing activities	12'278	2'541	9'737	383
Net change in cash and cash equivalents	-9'122	-1'794	-7'328	-408
Cash and cash equivalents as at 1 January	20'398	13'721	6'677	49
Cash and cash equivalents as at 30 June	11'276	11'927	-651	-5

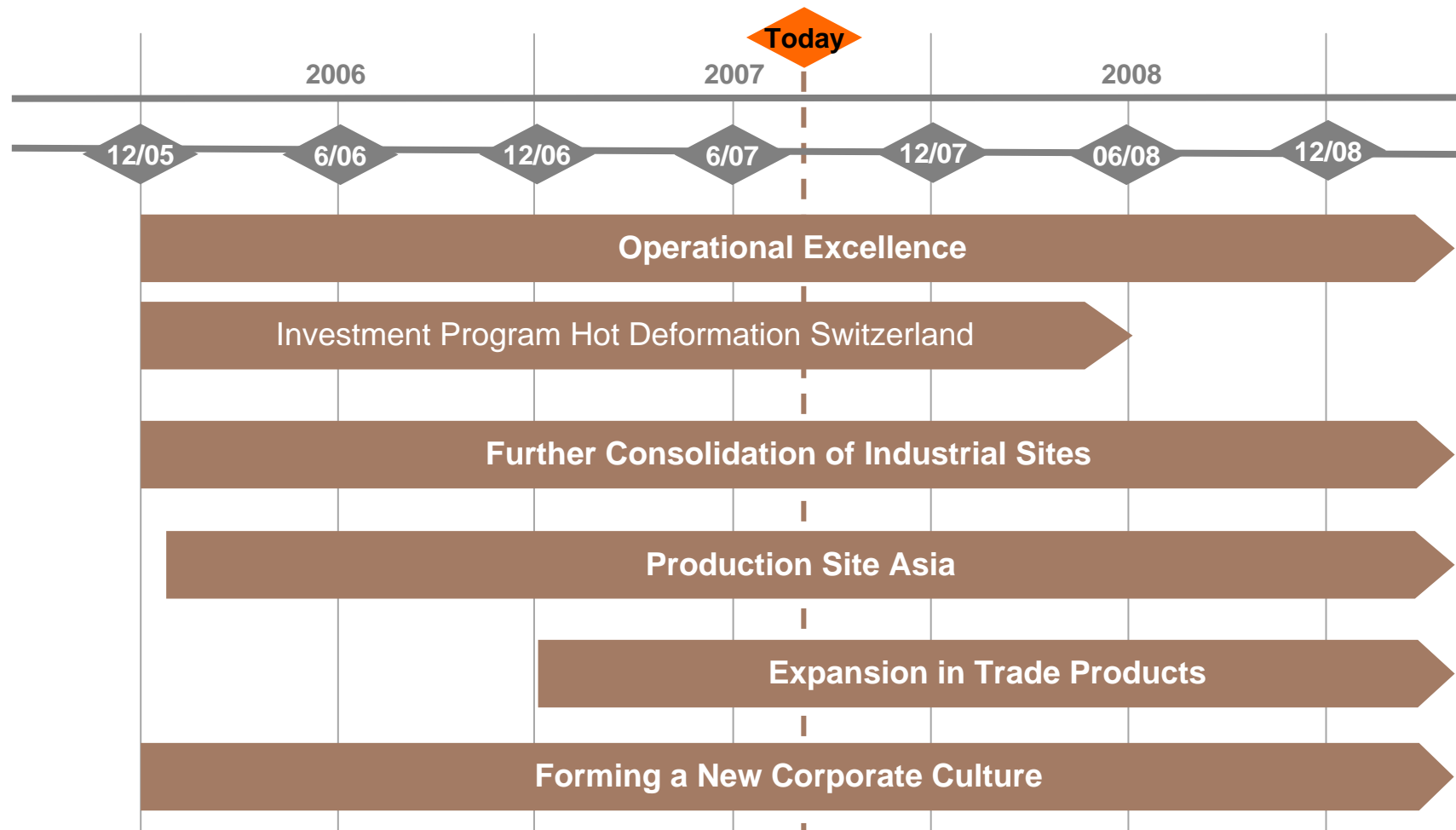
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Improving our traditional business and creating further growth opportunities

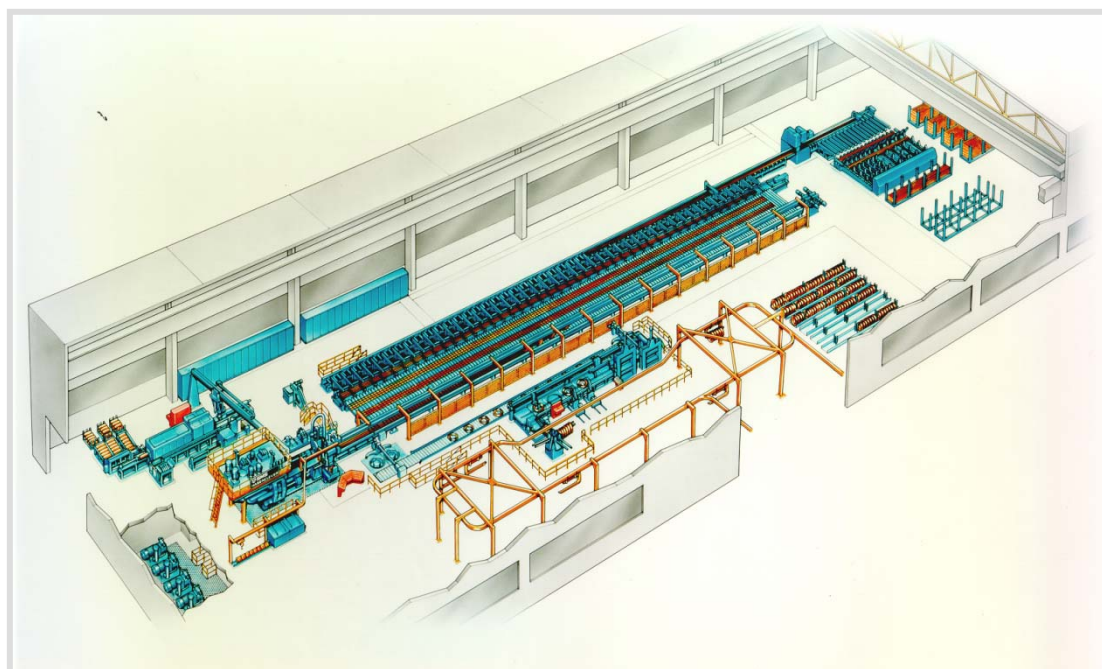


Some of our key change initiatives in focus



The extrusion press investment is making solid progress


- Hall construction completed in December 2006. Dimension: 90x40x12m
- Extrusion press weighing 480 tonnes delivered and in assembly now. First pressing took place in June 2007.
- Press force: 5.000 tonnes
- From fall 2007 until summer 2008 products will be transferred step by step from old presses to the new one.
- First significant productivity impact in 2008



Following the restructuring of the company and a comprehensive investment program, Swissmetal is now ready to create the long-awaited efficiencies

- Comprehensive redundancy plan, implementation steps in June and November 2007
- Reduction of the total workforce from 606 to 453 full-time equivalents in Switzerland (German plant already fully-restructured in 2004-2005)
- Social Plan agreed-upon with the labour representatives and unions, including
 - Severance packages
 - Early retirement
 - Assistance with finding new employment
 - Reimbursement of relocation expenses

Swissmetal intends to play an active role in the industry consolidation process

- Due to delocalization of many standard products to Asia, there are massive overcapacities in Europe, example brass rods:
 - 1.8 million t capacity ⇔ 1.0 million t demand
 - Specialty products show a different, growing trend. Market segments, however, are comparatively small, yet global. Companies specialized in this kind of high-end niche products therefore need to join forces
- 
- Swissmetal wants to play an active role in the industry's consolidation process and is continuously making an effort to join forces with other top specialty product companies

The construction of a finishing plant in India needs to be seen as a first step into the Asian market

- Following a series of not-completed acquisition attempts in Asia, Swissmetal now intends to go ahead with setting up it's own redraw and finishing plant. The initial product focus is the market for pen tip wire
- It is planned to have capacities installed to cover the needs of the pen tips market by 2009
- The plant is planned to employ around 50 FTEs
- Swissmetal expects this Asian plant not to cannibalize significantly at its European sister plants, but to enable more growth in Asia

With the acquisition of Avins, Swissmetal represents a number of reknown companies in selected regions as their sales&distribution arm

avins



LAWRENCE
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POONGSAN



Strong resistance to change and inability to implement a coherent group strategy over the past 20 years almost led to the company's bankruptcy

- In July 2003, Swissmetal performed an analysis of its corporate culture called “The Unwritten Rules of the Game”
- The study revealed a non-integrated company with distinctive site-specific corporate cultures
 - Primary identification with the site/region, not with the group
 - Organization chart did not represent the real power structures
 - History of closed site “Selve” showed: one can draw huge benefits from the closure of another Swissmetal site
- The dysfunctional culture at Swissmetal allowed the influential local forces at Swissmetal to prioritize the interests of site/region before those of the company
- This almost led to the bankruptcy of Swissmetal in 2002-2003

Our efforts over the last four years show first fruits in building a corporate culture of intensive cooperation, implementation drive and performance orientation

- Changing management culture and fostering integration
 - United management team having a common understanding of the market and sharing the same long-term vision
 - Several internal communication and management development programs fostering the “group spirit” and making it more important than the interests of each site
 - Transparency across the sites, partially thanks to the implementation of SAP
 - Readiness to collaborate, to change and to perform
- Introduction of a comprehensive Employee Ownership Plan to
 - Enforce the identification with Swissmetal
 - Promote motivation and
 - Support the repositioning of Swissmetal

- The restructuring and refinancing of Swissmetal opened up an opportunity to build a global leader in superior-quality, high added-value specialty products from non-ferrous metals
- The Return on Capital Employed improved from a level of -11.6% in 2002 to about 4.6% in 2006
- Based on its successful restructuring efforts, Swissmetal is now in the process of repositioning the company to become a sustainably and successfully growing company
- As part of its operational excellence initiatives, the company is in the process of finalizing a major investment into a new extrusion press in Dornach
- A comprehensive redundancy plan is implemented in 2007 on the basis of an agreed-upon social plan
- The newly acquired Avins organization is the basis for the establishment of a third-party trade business arm
- A new corporate culture has been built characterized by intensive cooperation, implementation drive and performance orientation

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Questions & Answers

