August 18, 2009

Interim management statement acc. to § 37x WpHG within the 2nd half of fiscal year 2008/09

- **New orders reach € 443.0 million after nine months**
- **Sales down on previous year at € 620.8 million**
- **Implementation of restructuring program on schedule**
- **Special item for restructuring charged in 3rd quarter**

Economic environment

There are isolated signals from industrial companies which indicate that the economic climate has become a little more stable. The German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau - VDMA), however, fails to see any relief for the engineering sector with regard to new orders at present and reported a year-on-year decline of 46 percent in June.

New orders down 43 percent

In the period under review (October 1, 2008, to June 30, 2009), Schuler suffered a fall in **new orders** to € 443.0 million (prior year: € 778.2 million). This development is mainly due to the strong fall in capital expenditures of the automotive sector and its suppliers, Schuler's main customer group, which has been hit particularly hard by the economic crisis.

The strongest fall in new orders was from Schuler's domestic customers. Orders from Germany amounted to € 156.6 million and were thus more than 50 percent below the prior-year figure of € 340.0 million. Orders from other European countries fell from € 151.9 million to € 91.6 million. In America, orders were down from € 89.1 million last year to € 49.6 million. There was also a decline in new orders received from China, which amounted to € 142.6 million (prior year: € 194.7 million). In June, Schuler closed contracts with car manufacturers in China for three large mechanical press lines and two hydraulic

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tryout presses. The orders are planned as part of capacity expansion programs at the new stamping plants of our customers.

Consolidated **sales** amounted to € 620.8 million in the period under review, compared with € 659.3 million in the same period last year.

In Germany, the Group generated revenue of € 255.0 million in the period under review (prior year: € 272.3 million), while sales in the rest of Europe reached € 125.4 million (prior year: € 128.7 million). In Asia, sales in the first three quarters of 2008/09 reached € 93.5 million (prior year: € 118.7 million) and in America € 146.2 million (prior year: € 135.9 million). America was thus the only region to report a slight growth in sales.
As in the previous year, around 59 percent of consolidated sales were generated outside Germany.

Order backlog as of June 30, 2009, amounted to € 561.9 million and was thus 31.3 percent below the prior-year figure of € 818.4 million.

Special item for restructuring charged in 3rd quarter

Whereas sales and total performance both achieved further year-on-year growth in the first half of the current fiscal year 2008/09, these two key figures fell sharply in the third quarter. As a result, total consolidated performance for the 9-month reporting period fell from € 677.8 million to € 624.2 million. The lack of revenue cover for sales and general administration expenses, as well as increased idle-plant expenses in production, had a noticeable negative impact on operating earnings in the third quarter. Due to cost lags, this development has only been partially offset so far by measures introduced to raise efficiency and reduce costs. Special items for the implementation of restructuring and capacity adjustment programs, on the other hand, were mainly charged in the past quarter and placed an additional burden on earnings. The total non-recurring cost of these items (mainly for personnel measures and write-downs, including goodwill impairment) amounted to € 53.5 million as of June 30, 2009. In the first three quarters of fiscal year 2008/09, EBIT before special items fell to € 6.9 million and after special items to

€ -46.5 million (prior year: € 24.7 million). After deducting increased financial expenses, earnings before taxes (EBT) for the same period amounted to € -66.9 million (prior year: € 7.1 million).

Financial position

Compared with the last balance sheet date, net financial liabilities grew from € 130.3 million to € 195.5 million as of June 30, 2009. The increase resulted mainly from a performance-based rise in future receivables from long-term construction contracts as well as from a significant reduction in trade payables. After consideration of additions for personnel and restructuring measures, other provisions rose by € 16.6 million to € 138.6 million.

The Group’s financial requirements are mainly covered by a syndicated loan of € 450 million arranged in March 2008. As disclosed in the half-yearly financial report, Schuler decided at an early stage to seek talks with the syndicate partners about adapting the terms of the syndicated loan agreement in view of the increasingly difficult economic environment. By way of precaution, compliance with the agreed covenants was suspended for the duration of these talks. In consideration of the advanced status of negotiations, the Board of Management expects to successfully conclude these talks in the current fiscal year.

Capital expenditures and depreciation

As a result of cost reduction measures already introduced, capital expenditures have been more than halved from € 16.7 million to € 7.5 million. Additions to property, plant and equipment focused mainly on replacement purchases to maintain operational reliability and capitalized development costs for new machine types and equipment.

At € 32.8 million (prior year: € 20.5 million), depreciation and amortization allowances were significantly higher than capital expenditures. Of this total, non-scheduled additions to allowances due to reduced market prices or value in use accounted for € 12.0 million (prior year: € 0.0 million).

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Personnel

As of June 30, 2009, the Group employed a total of 5,403 people (including apprentices). This corresponds to a reduction of 231 people since the end of fiscal year 2007/08. Of this total, 4,352 people were employed in Germany (September 30, 2008: 4,445) and 1,051 abroad (September 30, 2008: 1,189).

The measures introduced to adapt capacities at the Group’s various facilities will result in a further reduction in direct and indirect employees during the following quarters. This process is expected to be completed in the course of the first half of 2010.

Implementation of restructuring program on schedule

Schuler reacted to the slump in new orders with its restructuring concept announced in early May. Some 11 percent of total headcount is to be reduced around the world (around 600 jobs, of which around 360 in Germany). Reductions in material costs by means of purchasing measures and cuts in temporary staff represent a further focus area. The targeted savings amount to a total of € 80 million per year. At the Group’s facilities in Wilnsdorf (to be closed) and Esslingen (to focus in future on service activities), social compensation plans have been agreed to reconcile the respective interests.

In addition to capacity reductions and cuts in material and equipment costs, various measures were introduced to achieve an additional temporary reduction in personnel costs of 20 percent. Most of these measures have now been implemented and are expected to take effect from July 1, 2009, onward.

Schuler believes that the successful realization of this comprehensive catalogue of measures will enable it to chart a stable course through the current crisis.

Outlook

The Board of Management expects conditions to remain difficult for the engineering sector in the final quarter of the current accounting period. However, the efficiency enhancement and cost reduction programs which are now taking hold throughout the Group are expected to offer considerable relief for Schuler’s profit and loss account.

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