

Hergiswil (Switzerland), 28 October 2008

## **Media release**

ALSO quarterly report

### **Operating profit up 16% on last year – new package of measures**

**In the first nine months of the year, ALSO pushed up net sales by 8% to CHF 3782 million and reported a net result of CHF -0.3 million, which was slightly lower than last year. Operating profit, on the other hand, was up by 16% to around CHF 29 million (previous year CHF 25 million). In view of the difficult economic situation, ALSO is reckoning on a weak fourth quarter and expects a reduced net profit for 2008 of between CHF 3 and 4 million. In order to bring about a lasting improvement to net income, the Group has implemented a comprehensive package of measures, which, among other things, includes the closure of the Polish subsidiary. For Sweden, various options – including the discontinuation of activities – are being evaluated.**

Ongoing turbulence on the financial markets depressed demand for IT products in the third quarter and further increased the pressure on distributors' margins. Despite posting a 4% increase in net sales to CHF 1288 million in the third quarter, ALSO reported a consolidated loss of CHF -2.4 million (Q3/2007: CHF 7.6 million). In the first nine months, ALSO pushed up net sales by 8% compared with the same period last year to CHF 3782 million (2007: CHF 3509 million) and boosted operating profit by 16% to CHF 28.9 million (2007: CHF 25.0 million). Due to an increase in financing costs of approximately CHF 4 million (+17%) and higher taxes, net income, at CHF -0.3 million, was slightly down on last year (2007: CHF 0.1 million).

#### **Developments differ by region**

In the Switzerland/Germany region, ALSO increased net sales by 15% to CHF 2197 million (last year CHF 1904 million). For this region, operating profit was down slightly on last year because the German market was noticeably more competitive than in 2007. In the Nordic countries (Finland, Norway and Sweden), net sales were up by 3% to CHF 1205 million compared with last year (CHF 1170 million). After a substantial operating loss last year, this region showed a small profit for the first nine months of the year. In the countries of Eastern Europe, net sales for the first nine months of the year were down overall by 13% compared with the same period last year. Operating profit in this region was likewise down considerably compared with last year. In the wake of the drastic cooling-off in the economy, sales in the Baltic States were down – sometimes noticeably – but the region still reported an acceptable operating profit. In Poland, on the other hand, the operating loss was considerably higher than last year.

### **Measures to create lasting improvement in net income**

In view of the dissatisfactory state of affairs, ALSO has implemented a package of measures designed to bring about a lasting improvement in net income. Following the drastic rise in transport costs, all Group companies were instructed to forcefully charge freight to the trade based on actual costs arising from each shipment. In addition, all subsidiaries will have to evaluate what price adjustments are necessary to counter the severe drop in average unit prices and the considerable rise in financing costs. In Germany, ALSO has now secured a strong enough position and in the foreseeable future will be focusing on improving margins.

The Polish subsidiary, established in 2005, has not succeeded in the past two years in significantly improving its market position. It therefore has no realistic medium-term prospect of securing a place among the leading distributors and, with it, sustainable profitability. ALSO has thus decided to pull out of Poland before the end of the year. The closure will affect around 70 employees. The cost of discontinuing operations is likely to be CHF 3 to 4 million and will be charged to the Income Statement for 2008. Sweden – although it substantially reduced its operating loss compared with last year – has so far failed to achieve the critical mass required for profitable long-term operations. For this reason, various options – including the discontinuation of operations – are being considered for the Swedish subsidiary.

### **Outlook for 2008: ALSO expects net income of CHF 3 to 4 million**

In view of the depressed economic climate, ALSO expects demand for IT products to be down in the fourth quarter. For 2008 as a whole, the Group is reckoning on net sales of slightly more than CHF 5 billion and, including the cost of closing operations in Poland, a markedly lower net profit of CHF 3 to 4 million. This figure excludes unforeseen events and the – possibly negative – effects of any measures taken in connection with the Swedish subsidiary.

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### **Next publication dates**

Annual media results conference 16 February 2009

# ALSO Group

## Report as at 30 September 2008

### Consolidated profit and loss statement

CHF million	2008		2007		Change
	Jan. – Sept.	%	Jan. – Sept.	%	in %
<b>Net sales</b>	<b>3 781.5</b>	<b>100.0</b>	<b>3 508.6</b>	<b>100.0</b>	<b>7.8</b>
<b>Gross margin</b>	<b>177.2</b>	<b>4.7</b>	<b>166.5</b>	<b>4.7</b>	<b>6.4</b>
Operating expenses	-148.3	-3.9	-141.5	-4.0	4.8
<b>Operating profit (EBIT)</b>	<b>28.9</b>	<b>0.8</b>	<b>25.0</b>	<b>0.7</b>	<b>15.6</b>
Financial result	-25.1	-0.7	-21.5	-0.6	16.7
<b>Profit before tax (EBT)</b>	<b>3.8</b>	<b>0.1</b>	<b>3.5</b>	<b>0.1</b>	<b>8.6</b>
Income taxes	-4.1	-0.1	-3.4	-0.1	20.6
<b>Net profit (EAT)</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-400.0</b>
<b>Cash flow*</b>	<b>8.8</b>		<b>8.7</b>		<b>1.1</b>
<b>Cash flow from operating activities</b>	<b>184.2</b>		<b>208.0</b>		<b>-11.4</b>

\* Cash flow: Net profit plus depreciation/amortization +/- change in provisions

### Consolidated balance sheet

CHF million	30.09.2008		31.12.2007		30.09.2007	
		%		%		%
Cash	105.7	9.7	84.0	7.4	81.8	6.7
Other current assets	820.7	75.0	876.9	76.6	950.5	78.1
Non-current assets	167.6	15.3	183.4	16.0	184.9	15.2
<b>Total assets</b>	<b>1 094.0</b>	<b>100.0</b>	<b>1 144.3</b>	<b>100.0</b>	<b>1 217.2</b>	<b>100.0</b>
Current liabilities	749.7	68.5	868.7	75.9	890.3	73.2
Non-current liabilities	141.1	12.9	60.4	5.3	126.9	10.4
Shareholders' equity	203.2	18.6	215.2	18.8	200.0	16.4
<b>Total liabilities and shareholders' equity</b>	<b>1 094.0</b>	<b>100.0</b>	<b>1 144.3</b>	<b>100.0</b>	<b>1 217.2</b>	<b>100.0</b>

### Consolidated statement of shareholders' equity

CHF million	2008	2007	
<b>1 January</b>	<b>215.2</b>	<b>202.1</b>	
Foreign exchange differences	-8.3	1.2	
<b>Total of items recognized in shareholders' equity</b>	<b>-8.3</b>	<b>1.2</b>	
Net profit	-0.3	0.1	
<b>Total gains and losses</b>	<b>-8.6</b>	<b>1.3</b>	
Dividends	-4.2	-4.2	
Treasury shares	0.4	0.4	
Employee shares/-options	0.4	0.4	
<b>30 September</b>	<b>203.2</b>	<b>200.0</b>	
<b>Personnel</b>	<b>30.09.2008</b>	<b>31.12.2007</b>	<b>30.09.2007</b>
<b>Full time equivalents</b>	<b>1 894</b>	<b>1 987</b>	<b>1 939</b>