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Media release

Annual results media conference of the ALSO Group

Cost of closures leads to net loss – Good result for continued operations

In 2008, under extremely demanding market conditions, ALSO consolidated its position among the leading ICE distributors. Compared with 2007, continued operations increased net sales by 5% to CHF 4 851 million and generated a profit of CHF 23.3 million. The two subsidiaries in Poland and Sweden, where operations were discontinued at the end of 2008, led to an overall reduction in the result of CHF -34.5 million, which meant that the Group reported a net loss of CHF -11.2 million for the year. The Board of Directors will therefore propose to the General Meeting on 11 March 2009 to forgo a dividend for the financial year 2008. The Group expects a return to net profitability in 2009.

Cost of closures leads to net loss – Good result for continued operations

Against an extremely difficult backdrop, ALSO consolidated its leading market position in Switzerland, Finland and the Baltic states, and acquired further market shares in Germany and Norway. In view of the rapidly deteriorating economic environment and in anticipation of the challenges expected in 2009, the decision was taken in autumn 2008 to close the two loss-making subsidiaries in Poland and Sweden.

In the continuing operations, ALSO pushed up net sales by 5% to CHF 4 851 million in 2008 (2007: CHF 4 599 million). As a result of increasingly aggressive pricing in various countries combined with a reduced gross margin and higher operating costs, the operating profit of CHF 55.8 million was below that for 2007 (CHF 69.3 million). Financing costs were significantly higher than in 2007 but were more than offset by an extraordinary tax impact, resulting in a net profit for the continuing operations of CHF 23.3 million (previous year: 33.1 million). The two discontinued operations in Poland and Sweden generated net sales of CHF 417 million in 2008 (2007: CHF 484 million). Including the cost of the closures, the companies produced a net loss of CHF -34.5 million. Despite encouraging performances by continued operations, the closure of the two subsidiaries led to a net loss of CHF -11.2 million for the Group as a whole. The Board of Directors will therefore propose to the General Meeting on 11 March 2009 to forgo a dividend for the financial year 2008.

Thanks to systematic management of current assets, total assets were down by CHF 267 million to CHF 877 million (2007: CHF 1 144 million). This means that in the last two years, total assets have been reduced by CHF 540 million, or 38%. Despite the Group's net loss, the equity ratio rose to 21% and is still below the target figure of 25 to 35%. Excluding discontinued operations, the ALSO Group had 1 658 employees on 31 December 2008 (previous year: 1 765).

Switzerland and Germany with increased sales

Despite higher unit sales (+15-20%), the markets in Switzerland and Germany reported virtually no growth because average prices fell massively compared with 2007. Despite this, ALSO managed to increase overall net sales by 12% to CHF 3 120 million (2007: CHF 2 784 million). In view of the increasingly competitive situation, operating profit was down slightly on 2007. ALSO Switzerland generated slightly higher net sales in 2008 than in the previous year and, thanks to higher service sales and rigorous cost management, also showed an increase in operating profit over 2007. ALSO Germany reported another double-digit percentage increase in net sales. However, in view of more aggressive pricing, operating profit failed to move above its 2007 level.

Consolidation of position in northern/eastern Europe

Unit sales of PCs in the Nordic markets (Finland, Norway) were up by 10 to 15%. By contrast, and as a result of the local recession, demand in the three Baltic states was noticeably down. The total value of sales in this region, therefore, was lower than in 2007. Excluding the two discontinued operations in Sweden and Poland, ALSO managed to consolidate its operations in a stiffly contested market. At CHF 1 731 million, net sales were down 5% on 2007 (CHF 1 815 million). In view of more aggressive pricing and higher operating costs, the operating profit was down sharply compared with 2007. In Finland, net sales rose impressively compared with the previous year. Nevertheless, as a result of the lower gross margin and higher operating costs, operating profit was down substantially on 2007. Norway maintained sales at the same level as in 2007, despite eliminating around sixty brands from its product range. Despite this, the operating loss remained static because gross margins in the core portfolio fell compared with 2007. In view of the drastic economic slowdown, the Baltic states suffered major declines in sales but have nevertheless retained their leading market position and generated a reasonable operating profit.

Outlook: focus on improved profitability and internal financing

In view of the worldwide financial crisis, economic growth in the entire euro area will probably shrink in 2009 and, with it, demand for IT products in the European PC markets relevant to ALSO's business. The Group's top priorities in 2009, then, will be to improve the profitability of its operations and to increase internal financing. Thanks to the closure of loss-making operations in Sweden and Poland and the implementation of other measures to improve profitability – the elimination of unprofitable sales and the passing on of transport costs to customers, for example – ALSO is now well equipped to master the challenges expected in 2009. For 2009, ALSO expects continued operations to generate net sales of CHF 4 billion and – excluding unforeseen circumstances – to return to net profitability.

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Important dates in 2009:	General Meeting:	11 March 2009
	First-quarter report (Q1):	20 April 2009
	Half-yearly report:	28 July 2009
	Third-quarter report (Q3):	20 October 2009