

Press release / Main company information

Binder+Co: new markets and customer segments penetrated as planned

Gleisdorf, March 6, 2014.

- **2013 sales revenues 6.7% higher at EUR 93 million**
- **2013 EBIT down on the preceding year, but solid at EUR 5.4 million**
- **Packaging Technology raises its sales revenues by 84.3 %**
- **New Chinese subsidiary assembles 23 screening machines in its first year of operation**
- **New markets and customer segments penetrated**

Karl Grabner, from the Binder+Co Management Board: *"For us, 2013 was characterized by medium- and long-term group growth. And by growth we do not simply mean becoming ever larger and achieving annual rises in all our key indicators. Instead, for us growth also involves the targeted adaptation of our structural basis in step with the opening up of new markets and customer segments. Accordingly, against a background of solid, ongoing business development, our focus was on capacity expansion through the start of operations at our new location in China, the enlargement of the Gleisdorf plant and the supplementation of our product portfolio. As a result, although market conditions continued to be difficult, we were again able to tap into important new branches and markets."*

An increasingly challenging market environment

In 2013, the economic environment for Binder+Co's mechanical engineering business became steadily more difficult. The marked weakening in demand in the EU resulted in a deterioration in result margins, which was particularly evident in the system and plant area. From a Binder+Co perspective, as far as investment decisions were concerned, the construction and construction supply industries were extremely reticent and orders from the iron and steel industry during 2013 also failed to live up to expectations. Furthermore, while the recycling branch demonstrated positive demand levels, competition in this segment intensified, which led to increased pressure on prices.

Successful penetration of new markets

Nonetheless, in the course of the targeted expansion and spread of its activities during 2013 Binder+Co was able to tap into interesting new markets and customer segments. Successful entry into the Chinese coal mining industry via screening technology products and an increase in Canadian orders for potassium chloride (potash) drying plants provide clear evidence of the growth potential in both sectors. The past year also showed a continuation of the very strong demand in Asia for high-performance packaging technology products.

Chinese subsidiary already very active in its first business year

In January 2013, the fully owned subsidiary Binder+Co Machinery (Tianjin) Ltd. received a business licence from the Chinese authorities and in May operations commenced at the sales, production and services location in Wuqing. The first business year closed with notable successes, 23 screening machines having been assembled at the new plant and Binder+Co sales in China doubling as a consequence. Initially, the Wuqing operation is to concentrate on the production of screening machines for the Chinese coal mining industry. Subsequently, activities in the Chinese recycling industry are to be stepped up gradually.

Further sales revenue growth, EBIT down on 2012

In spite of demanding conditions, in 2013 Binder+Co raised its sales volumes over the previous year by 6.7% to EUR 93.04 million. A decisive factor in this increase was the steady growth of single machine, services and spare part business. By contrast, a revival in large-volume system and plant orders only commenced in the final quarter of the year. EBIT for the period under report remained solid at EUR 5.39 million, but was 35.9% down on the EUR 8.41 million of the preceding year. In addition to strong competitive pressure in the markets and branches served in Europe, this fall was due primarily to the anticipated initial losses at the subsidiaries currently in the development phase.

As the strongest segment in terms of sales revenues, **Processing Technology** business in 2013 was characterized by systems orders, which were obtained under price pressure and therefore contributed to a marked reduction in result quality. In addition, the anticipated start-up losses at the Comec-Binder S.r.l., Bublön GmbH and Binder+Co Machinery (Tianjin) Ltd. subsidiaries had a negative effect on the segment result. Nevertheless, segment sales amounted to EUR 38.6 million (2012: EUR 42.08 million) and thus constituted 41.5% of total sales revenues. In spite of strong single machine business results, segment EBIT was negative at EUR -2.01 million (2012: EUR 3.09 million). Total order intake in the Processing Technology Segment stood at EUR 55.15 million in the period under review and was therefore notably higher than the figure of the preceding year (2012: EUR 42.12 million).

Demand for **Environmental Technology** Segment products during 2013 remained good, but there was a sharp increase in competitive pressure. Consequently, although numerous orders were again obtained in the single machine area, order intake was well down on the EUR 28.26 million achieved in 2012 at EUR 17.89 million. With sales of EUR 26.19 million (2012: EUR 29.75 million) the segment provided 28.1% of total revenues. Solid single machine business ensured an EBIT contribution of EUR 3.05 million (2012: EUR 3.52 million).

Following exceptionally high order intake in 2012, the **Packaging Technology** know-how concentrated in the independent subsidiary Stateg Binder GmbH again provided solid order intake in 2013 with contracts worth a total of EUR 16.49 million (2012: EUR 28.15 million). Owing to the excellent order backlog at the beginning of the year, segment sales revenues rose to EUR 28.25 million (2012: EUR 15.33 million), while EBIT totalled EUR 4.35 million (2012: EUR 1.80 million) and thus represented a major contribution to total EBIT.

Export business continues to be of major significance

Consolidated international sales during the period under review provided 92.2% (2012: 91.1%) of total revenues, thus again confirming the primary importance of export business. With a share of sales revenues of 41.7%, Western Europe (excluding Austria) was again the largest

sales market, followed by Asia and Australia with 31.1%, the Americas with 8.6%, Central and Eastern Europe (CEE and CIS) with 7.0% and Africa with 3.8%.

Demand remains low-key

Thanks to an order backlog of EUR 40.16 million, Binder+Co started the 2013 financial year with a sizeable cushion. By contrast, order intake during the first nine months of the year under report remained at a low level of around EUR 18 million per quarter. Only the fourth quarter stood out with EUR 35.45 million, indicating the dispersal of the investment backlog, which had developed in the initial three quarters of 2013. All in all, order intake in 2013 amounted to EUR 89.53 million, which was EUR 9.00 million or 9.1% lower than the value for the preceding year (2012: EUR 98.53 million). As at December 31, 2013, Binder+Co had secured an order backlog of EUR 36.59 million for 2014 and subsequent years.

Binder+Co share price development

During the period under review, the price of the Binder+Co share showed a marked fall, although this followed considerable rises in past years. Starting from a level of EUR 27.50 at the beginning of 2013, during the year the share price fell by 22.2% before closing at a solid EUR 21.40. It was therefore still 214.0% above the value of the initial quotation on December 27, 2006.

Outlook 2014

In view of the fact that, from a Binder+Co perspective, a short-term recovery in the EU cannot be expected, the intensification of overseas market activities, which the company has been pursuing for a number of years, represents an important measure for the securing of sustained, positive group development. With an order backlog of EUR 36.59 million at the beginning of the year, in 2014 the company should be able to continue its growth course on the basis of a secured position.

The Binder+Co Group

Binder+Co is a specialist in the field of processing, environmental and packaging technology and the world market leader in the screening and glass recycling segments. The company was listed on the Vienna Stock Exchange at the end of 2006 and is now part of the Third Market in the mid market segment. The Binder+Co Group consists of Binder+Co AG, the three fully owned subsidiaries Comec-Binder S.r.l., Bublon GmbH and Binder+Co Machinery (Tianjin) Ltd., as well as the Statec Binder GmbH joint venture (50.7%). In 2010, Binder+Co was awarded the Austrian National Innovation Prize for its successful implementation of inventive capacity and in 2011 received the Austrian National Prize for Work Safety for its introduction of special accident prevention measures for apprentices. In the same year, the company was also honoured with the Best Open Innovator Award of the Zeppelin University Friedrichshafen as the top SME in the D-A-CH region.