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## Medisize Group reports successful first year

- 24.9% higher net income of CHF 22.6 million
- 10.7% EBIT increase to CHF 30.1 million
- Strong free cash flow of CHF 25.5 million
- With sales up by 4.4% to CHF 153.6 million, Dental activities show 25.4% increase in EBIT to CHF 24.3 million
- Several issues lead to 3.5% lower sales of CHF 96.3 million and disappointing EBIT of CHF 5.8 million in Medical activities

*Wattwil, March 27, 2007.* **Medisize Group (SWX: MSZN), a leading developer and manufacturer of medical and dental health care consumables, reports a 24.9% gain in net income over the prior year to CHF 22.6 million. Operating profit (EBIT) increased by 10.7% to CHF 30.1 million. While sales and earnings developed as expected in Medisize's dental activities, the medical business had to address and resolve several issues limiting its performance. With a cash flow from operating activities of CHF 31.4 million and a cash flow from investment activities of CHF -5.9 million, Medisize shows an excellent free cash flow of CHF 25.5 million. Based on the promising prospects of the Medisize Group, the Board of Directors of Medisize Holding AG proposes to pay a dividend of 32% or CHF 1.60 for each registered share at CHF 5 par value.**

In its first business year as an independent company listed on SWX Swiss Exchange, Medisize Group reports sales of CHF 249.9 million. This represents an increase of 1.2% over last year. Adjusting reported sales by the sales volume of a Swiss medical distribution company sold prior to January 1, 2006, sales would have increased by 3.2% on a comparable basis. Reported EBIT increased by 10.7% to CHF 30.1 million, resulting in a strengthened EBIT-Margin of 12.0% up from previous year's 11.0%.

### **Strong consolidated cash flow**

With a cash flow from operating activities of CHF 31.4 million and cash flow from investment activities of CHF -5.9 million, Medisize shows an excellent free cash flow of CHF 25.5 million. Accordingly, bank and other loans decreased substantially by

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35.0% from CHF 74.6 million in 2005 to CHF 48.5 million for 2006, and shareholders' equity improved from CHF 131.4 million to CHF 149.2 million. Cash positions and inventory levels decreased as a consequence of streamlined internal processes and systems. Medisize Group ended the year with current assets of CHF 123.9 million and total assets of CHF 247.4 million. With an equity ratio of 60.3%, the company shows a solid and strong balance sheet and is well positioned for future growth.

### **Strong performance in Dental activities**

In its dental business group, Medisize reported sales of CHF 153.6 million. Compared with last year's results, this represents a sales increase of 4.4%. With an EBIT of CHF 24.3 million, Medisize shows an EBIT increase of 25.4% over the prior year. The resulting EBIT-Margin of 15.8% represents an increase of 2.6 margin points over last year's EBIT-Margin of 13.2%. With eight successful product launches, the Medisize Dental Group performed very well, reporting a significant increase in sales in Europe and the Middle East. Latin American sales were very strong and Asian market initiatives performed well.

### **Medical business had to overcome various issues**

The Group's medical activities fell short of expectations due to various factors negatively impacting this business area's performance: Raw material related quality issues encountered at the Irish manufacturing plant at the beginning of the year, the negative impact of the German doctors' strike in the first half-year were compounded by rising raw material costs and customer-induced project delays. Compared with last year, the sales of the Medical Group declined by 3.5% to CHF 96.3 million. Disproportionately, the Medical Group's EBIT declined (28.1%) to CHF 5.8 million in 2006. Medisize Medical saw interesting new project wins and a strong demand for primary pharma-packaging. Combined with a more robust project development pipeline, and increasing sales on existing contracts, the medical group is confident it can materially improve both its sales performance and earnings development in 2007.

### **Returning CHF 7.5 million to the shareholders**

Based on the positive outlook of both business segments, the Board of Directors proposes to the Annual General Meeting of Medisize Holding AG on April 19 the distribu-

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tion of a dividend of 32%. Paying a gross dividend of CHF 1.60 per registered share at CHF 5.00 par value, Medisize will return CHF 7.5 million to its shareholders.

<b>Key figures (IN 1000 CHF)</b>	<i>2006</i>	<i>2005</i>	<i>% YoY</i>
<b>Net sales Medisize Group</b>	<b>249'864</b>	<b>246'887</b>	<b>1.2%</b>
Medisize Dental	153'560	147'109	4.4%
Medisize Medical	96'310	99'780	-3.5%
<b>EBIT Medisize Group</b>	<b>30'081</b>	<b>27'185</b>	<b>10.7%</b>
Medisize Dental	24'298	19'378	25.4%
Medisize Medical	5'805	8'069	-28.1%
<b>Net profit Medisize Group</b>	<b>22'637</b>	<b>18'124</b>	<b>24.9%</b>
<b>Free cash flow Medisize Group</b>	<b>25'481</b>	<b>25'115</b>	<b>1.5%</b>
<b>Earnings per share CHF</b>	<b>4.88</b>	<b>3.87</b>	<b>26.1%</b>

	<i>Dec 31, 2006</i>	<i>Dec 31, 2005</i>	<i>% YoY</i>
<b>Equity</b>	<b>149'196</b>	<b>131'383</b>	<b>13.6%</b>
Equity in % of total liabilities and equity	60.3%	51.7%	
<b>Bank and other loans</b>	<b>48'499</b>	<b>74'592</b>	<b>-35.0%</b>
<b>Employees</b>	<b>1'206</b>	<b>1'150</b>	<b>4.9%</b>

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