



## Media release

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### **AFG Arbonia-Forster-Holding AG announces final terms of the contemplated rights issue and introduction of a unitary share structure**

- **Final terms of the contemplated rights issue including adjustment of the transaction structure towards an asymmetric subscription ratio for registered shares**
- **Recommendation to the AGM to cancel the proposed dividend payment**
- **Initiation of a "generation change" by Edgar Oehler while concentrating on the strategic leadership of the group**
- **Introduction of a unitary share structure during the course of the year**
- **Trading update on first quarter 2009**

#### **Final terms of the contemplated rights issue**

Arbon, 17 April 2009 – The Board of Directors of AFG Arbonia-Forster-Holding AG will propose to the shareholders at today's 22nd ordinary Annual General Meeting (AGM) an ordinary capital increase in order to raise gross proceeds of around CHF 113 million. The share capital of currently CHF 8,505,281.40 shall be increased by CHF 68,042,251.20 to CHF 76,547,532.60 by the issuance of 13,163,036 to be fully paid in bearer shares with a nominal value of CHF 4.20 each and of 15,187,500 to be fully paid in registered shares with a nominal value of CHF 0.84 each. A banking syndicate under the lead of Credit Suisse and UBS has committed to a firm underwriting of the bearer and registered shares. The new shares will be entitled to dividends for the financial year 2009 and will rank pari passu in all respects to the existing shares.

The exchange ratio for bearer shares is determined at 8:1, i.e. 1 existing bearer share qualifies for the subscription of 8 new bearer shares at a subscription price of CHF 7.00 each; 1 existing



registered share qualifies for the subscription of 5 new registered shares at a subscription price of CHF 1.40 each and 0.6 new bearer shares at a subscription price of CHF 7.00. 8 subscription rights for bearer shares will be allotted to every existing bearer share held and 5 subscription rights for registered shares and 0.6 subscription rights for bearer shares will be allotted to every existing registered share held.

The exercise period of subscription rights for bearer shares will last from 22 April until 29 April 2009, 12.00 pm noon (CET). The subscription rights for bearer shares are eligible for trading on SIX Swiss Exchange from 22 April until close of trading on 28 April 2009. Trading of the bearer shares ex-subscription rights will thus start on 22 April 2009.

### **Cancellation of the proposed dividend payment**

In order to further strengthen the capital base, the Board of Directors recommends to today's general meeting to cancel the proposed dividend payment. The Board of Directors will therefore make a respective recommendation to the general meeting. The amount of the contemplated rights issue will be reduced by the additional CHF 10 million that will be at the company's disposal as a result of the cancellation of the proposed dividend.

### **Concentration of Edgar Oehler on the strategic leadership of the group — introduction of a unitary share structure**

Edgar Oehler, president and delegate of the Board of Directors, informed the Board of Directors that he will concentrate on his function as Chairman of the Board within one year considering his health. Already in March of this year, the Board of Directors decided to initiate a succession planning process for the operational leadership of AFG.

Furthermore, Edgar Oehler informed the Board of Directors that he will give up his current majority of voting rights in the sense of a comprehensive succession planning and will thereby pave the way for a broader distribution of responsibility. In this context and under the leadership of its president, the Board of Directors decided unanimously to call for an extraordinary general meeting during the course of this year in order to vote for an introduction of a unitary share structure. As a preparatory measure for this step, Edgar Oehler decided to reduce his voting rights to not less than 50% plus one vote already in connection with the announced rights issue. Consequently, he will not exercise his subscription rights to the full extent.



### **Trading update on first quarter 2009**

In light of the challenging market environment and the uncertain economic outlook, AFG has initiated a comprehensive set of measures – including the announced capital increase in the amount of CHF 113 million – to ensure the Company's long-term financial flexibility, even in a further deteriorating market environment.

In the first quarter of 2009 AFG faced a further decline in customer demand especially in its non-construction divisions. Selected steel and surface technology markets but also construction activities in Eastern Europe were below previous year when the effect of the financial crisis on these sectors and regions was still limited. In its home markets Switzerland and Germany AFG however was able to stabilize net revenues and results.

Based on preliminary, non-audited figures, AFG's Q1 2009 net revenues were approximately 16% below Q1 2008. Adjusted for currency effects (approximately 5%) the decrease in net revenues was around 11%, which was mainly due to lower revenues in the Steel Technology and Surface Technology divisions. The construction related divisions (Heating Technology and Sanitary Equipment, Kitchens and Refrigeration and Windows and Doors) performed relatively well respectively were above previous year.

AFG operates in a seasonal business in which the first quarter is traditionally the weakest one. This year's harsh winter conditions in Continental and Eastern Europe further contributed to lower net revenues compared to the previous year. However, the decline of net revenues in March was lower compared to the first two months of 2009. Although visibility in the current market environment is very limited, the company believes that the bottom has been reached in certain of its end-markets, however, a slight recovery is only expected towards the end of the year at the earliest. Further, lower prices for raw materials (in particular steel) should have a positive impact on profitability. The development of the financial performance will also be supported by operating measures which have been and will continue to be implemented and which will show positive effects in 2009 and 2010, respectively.



**Envisaged timetable for the capital increase (listed bearer shares):**

<b>When</b>	<b>What</b>
17 April 2009	AGM, 4:00 pm (CET), decision to increase the ordinary share capital Media release with regards to the decisions of the AGM
21 April 2009	After close of trading: record date for determination of shareholders entitled to subscription rights
22 April 2009	Publication of the offering and listing prospectus
22 April 2009	Bearer shares trading ex-subscription rights Start of exercise and trading period for subscription rights in bearer shares
28 April 2009	End of trading period for subscription rights in bearer shares
29 April 2009	12:00 pm (CET): end of exercise period for subscription rights in bearer shares Ordinary capital increase
30 April 2009	First trading day of new bearer shares on the SIX Swiss Exchange Potential placement of new shares from subscription rights not taken up
6 May 2009	Payment and delivery of new bearer shares

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This press release and further information on AFG Arbonia-Forster-Holding AG can also be found on our website at [www.afg.ch](http://www.afg.ch).

**About AFG Arbonia-Forster-Holding AG**

AFG Arbonia-Forster-Holding AG, based in Arbon, Switzerland, is a leading integrated supplier to the construction industry. The company is listed on the SIX Swiss Exchange and operates through five Divisions: Heating Technology and Sanitary Equipment, Kitchens and Refrigeration, Windows and Doors, Steel Technology and Surface Technology. Its production sites are in Switzerland, Germany, France, the USA, the Czech Republic, the UK, China and Slovakia.

AFG has about 50 production and distribution companies around the world, as well as several representative offices and partners. It is active in more than 70 countries in total. Its brands – Kermi, Arbonia, Prolux, Asco Swiss, Aqualux, Forster Kitchens, Forster Refrigeration, Miele Kitchens, Piatti, EgoKiefer, RWD Schlatter, Slovaktual, Forster Precision Steel Tubes, Forster Profile systems and STI | Hartchrom – are at the heart of its business. With these brands, AFG Arbonia-Forster-Holding AG has built up strong positions in its home markets of Switzerland and Germany. It is also engaged in intensive efforts to develop new markets in Eastern Europe, Russia, and the Middle and Far East. In the 2008 financial year, AFG Arbonia-Forster-Holding AG and its 6100 employees generated sales of CHF 1571 million and an operating profit before interest and tax (EBIT) of CHF 86.6 million.



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