



## Media release

### **AFG Arbonia-Forster-Holding AG restructures its radiator and kitchen business**

**Organisational restructuring of the Special Radiators Unit and reduction of over-capacity in the Kitchens division will enable long-term savings of over CHF 12 million a year from 2012.**

Arbon TG, 8 October 2010 – **The Heating Technology & Sanitary Equipment and Kitchens & Refrigeration divisions at AFG Arbonia-Forster-Holding AG are to adapt the capacities and structures of their production sites in Germany, the Czech Republic and, to a more limited extent, Switzerland in response to changes in market conditions. Across the Group the workforce will be reduced by around 110 employees. Despite one-off costs and impairments that are to be posted by an amount of CHF 22 million almost entirely to the 2010 financial statements, the company is confident of finishing the current year with a profit. The measures will result in sustainable savings of over CHF 12 million a year from 2012.**

In order to improve its competitiveness, the Heating Technology and Sanitary Equipment Division is concentrating the production of special radiators in Stříbro (Czech Republic) where the Division has had a manufacturing plant for many years. As a consequence the production and logistics activities in Riesa (Germany) will be gradually run down although sales activities will remain there. For the most part the production facilities in Arbon (Switzerland) will be retained. This applies particularly in respect of the highly automated, new Decotherm production line, which came into operation at the start of 2010. Only relatively minor production activities will be relocated from Arbon to Stříbro. The sales and logistics activities will remain based in Arbon. These structural measures will lead by summer 2011 to the progressive reduction of around 150 posts in Riesa as well as the creation of around 140 new posts in Stříbro. A total of 25 posts will be eliminated in Arbon by the end of 2012.

In the Kitchens and Refrigeration Division around 75 posts will be cut at the Warendorf plant in order to adjust capacities to the unsatisfactory workload situation that has existed for some



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time. This corresponds to almost a third of the Warendorf workforce. Part of this reduction in workforce numbers is connected with the outsourcing of logistics activities. In the United Kingdom 7 posts will also be eliminated through the closure of two kitchen showrooms.

Those employees affected by this reduction in workforce numbers will be assisted in their search for new jobs inside and outside the company. In Arbon a large proportion of the reduction in personnel by the end of 2012 will be achieved through natural fluctuation and internal redeployment. AFG employs around 2500 personnel at its locations in Eastern Switzerland.

The measures taken are leading to impairment charges in the Kitchens and Refrigeration Division of CHF 3.2 million to goodwill and intangible assets. The Heating Technology and Sanitary Equipment Division will also have a balance sheet adjustment of CHF 2.5 million in respect of the goodwill and intangible assets of the UK based Aqualux.

Of the total one-off costs and impairment charges of CHF 23.5 million, altogether CHF 22 million will be posted to the 2010 financial statements. Despite this extraordinary charge to the income statement AFG is confident of finishing the 2010 financial year with a profit. The cost reduction measures will start to have a positive impact on the income statements of the affected divisions in 2011 and will enable sustainable savings of over CHF 12 million a year from 2012.

"Because of increasing international competitive pressure, optimisation of costs is a constant task. Alignments of capacities and organisational structures are therefore inevitable in order to ensure our competitiveness in international markets and therefore ultimately to secure jobs", comments Edgar Oehler, Chairman of the Board of Directors and CEO of AFG Arbonia-Forster-Holding AG.

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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, has leading positions as an integrated construction industry supplier and in selected areas of technology. Listed on the SIX Swiss Exchange, the company comprises five divisions: Heating Technology and Sanitary Equipment, Kitchens and Refrigeration, Windows and Doors, Steel Technology, and Surface Technology. The Group has production facilities in Switzerland, Germany, France, the United States, the Czech Republic, the U.K., and Slovakia.

AFG has an active presence in more than 70 countries worldwide, with roughly 50 of its own production and distribution companies, as well as representatives and partners. The Kermi, Arbonia, Prolux, ASCO Swiss, Aqualux, Forster Kitchens, Forster Refrigeration, Piatti, Warendorf, EgoKiefer, RWD Schlatter, Slovaktual, Forster Precision Steel Tubes, Forster Profile Systems, and STI | Hartchrom brands are the backbone of AFG. With these brands, AFG has built leading positions in its home markets of Switzerland and Germany and is intensively pursuing entry and development of new markets in Eastern Europe, Russia, and the Middle and Far East.