

Press Release 18 March 2010

A weakness in demand following the financial crisis led to significantly lower sales of CHF 214 million for the Gallus Group in 2009 (previous year CHF 233 million)

Continuing and intensified weakness in demand for labelprinting equipment

The effects of the recession beginning in 2008 became apparent in the first half of 2009 with major uncertainty regarding the further development of the world economy and difficulties for many companies in obtaining financing for capital goods. This resulted in a global reduction in demand and restraint in the purchase of labelprinting machines. Early adjustments in capacity on one hand and the continuation of innovative endeavours on the other strengthened the position of the Gallus Group. With the Gallus ECS 340 Gallus introduced the first labelprinting press for commodity labels – a label segment which is growing worldwide. As a novelty in the construction of printing machines, this press uses an industrial granite core as main carrier for the printing modules and comes with a number of innovative features in reducing cost per label.

Positive special effects in the folding cartons sector

Gallus Stanz- und Druckmaschinen GmbH, which is involved primarily with highly refined folding carton products, profited from several major projects acquired in previous years which could be successfully completed in 2009. These had a stabilizing effect on the overall result of the Gallus Group.

The Gallus Group

The Gallus group is the world market leader in the development, production and sale of narrow-web, reel-fed presses designed for label manufacturers. Its folding carton business is being developed with a range of wide-web, reel-fed presses and die-cutters for the cost-effective in-line production of folding cartons and cardboard products. Its range of machines is complemented by consumables, local service and spare parts throughout the world. In 1999 Gallus entered into a cooperation agreement with Heidelberger Druckmaschinen AG, the world market leader for print and media industry solutions. Gallus employs around 565 people, of whom 260 are based in Switzerland. The group headquarters is in St. Gallen.

For further information, please contact:

Peter J. Hauser, Chairman of the Board of Directors

Tel. +41 71 242 86 86