

Competence and capital maintained
SICK is ideally positioned
for the market recovery

Waldkirch, 15 April 2010 – In one of the most difficult fiscal years in the company's history, SICK AG countered the economic crisis early on with a comprehensive package of measures. The company was able to largely retain its workforce, prevent losses and gain market share through consistent stock management, flexible adaptation of production to the orders' situation, and considerable cost-cutting efforts throughout the company.

The global nature of the crisis made it difficult for SICK to combat the downturn despite its broad sector positioning. Some strategic industries suffered a collapse in sales of up to 50 percent during the early months of 2009. Business only started to recover again in autumn. The satisfactory development since October, in particular, was responsible for SICK being able to complete 2009 with Group sales of EUR 596.8 m. While this meant a 19.1 percent fall compared to the previous year, given the substantial economic collapses in some regions the company is nevertheless quite pleased with what was achieved.

The satisfactory conclusion to the last quarter was, however, unable to compensate for the slow business development of the first three quarters. Orders received by the end of 2009 were, at EUR 592.4 m., 19.3 percent below the previous year's level. As a result of the consistent implementation of a comprehensive package of measures for cost reduction and process optimization it was not only possible to achieve a positive EBIT amounting to EUR 11.3 m., but also positive annual earnings after tax of EUR 3.5 m. SICK thus secured the company's entire competence and maintained its capital power.

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It is thanks to the extremely disciplined and responsible workforce that this ambitious aim could be achieved despite the poor market situation.

The results of the segments in detail:

The SICK Group's business activities are divided into Factory, Logistics and Process Automation Segments.

All the sensor tasks necessary for the automatic production of goods within a factory are consolidated within the **Factory Automation** Segment. The products and services provided for these tasks regulate and monitor processes in the production areas of numerous industries. The comprehensive product portfolio of automation and safety sensors, controllers and systems serve many sectors, such as the packaging, automotive, machine tool, and electronic or pharmaceutical industries.

All segments were affected by the crisis, though the effects on the Factory Automation Segment were particularly harsh: it completed the 2009 fiscal year with sales amounting to EUR 332.1 m., 25.0 percent less than in 2008 (EUR 442.9 m.). Many companies in the markets served by the Factory Automation Segment, such as those in the drive technology, machine construction, robotics and packaging industries, adapted their capacities to the falling order quantities and postponed expansion investments.

This trend was also discernible in the **Logistics Automation** Segment – particularly in the ports, handling and warehousing systems sectors. Even though the demand for process optimization of logistical plants for airports, in particular, was large, the sales achieved by the end of the year totaled EUR 132.2 m., 14.0 percent below that of the previous year (EUR 153.8 m.).

The Logistics Automation Segment is responsible for structuring and optimizing logistical and distribution processes by automating material flows or making sorting, picking and storage processes more reliable, efficient, and rapid. Customers include courier,

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express and package service providers as well as system integrators and operators of airports, container ports and handling terminals.

Only the **Process Automation** Segment profited from long-term project business and the comparatively robust development of important industrial sectors such as energy or waste incineration, and finished 2009 with total sales of EUR 132.5 m., 5.8 percent less than in the previous year (EUR 140.6 m.). For comparative purposes, the figures for 2008 have been adjusted to the current, sector-oriented, segment-based sales definition. The Process Automation Segment offers products and services for complex emission and process measurement tasks. Continuously measuring analyzers for gas, dust and process liquids provide customized solutions for numerous industrial sectors, such as power stations and cement works, waste incineration plants, the chemical and petrochemical industries, and refineries. In addition, the Segment offers throughflow measurement devices capable of approved-for-trade calibration, used in the gas industry, in particular.

Committed employees

In addition to natural fluctuations, organizational changes carried out during the 2009 fiscal year – principally at the German and US companies of the SICK Group – also played a role. The workforce totaled 4,919 on 31 December 2009, 3.4 percent less than at the end of the previous year (a loss of 173 jobs). In Germany, the number of employees fell by 3.9 percent to 3,103 personnel. Abroad, the number of employees at the end of the year fell to 1,816 – amounting to 2.6 percent fewer than at the end of 2008.

Further education measures were very precisely examined due to the economic situation, although considerable investments were made in training. Within the framework of shortened working hours, Germany's Federal Employment Office provided funds for further education measures at the German companies of the SICK Group as a result of

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the high motivation of the employees, who even ran their own seminars for colleagues. Expenditure on training and further education fell by 31.3 percent to EUR 5.3 m. (previous year: EUR 7.7 m.) despite the almost constant number of trainees, because further education costs could also be reduced as a result of these measures. An average of 199 youths (previous year: 213) underwent training at SICK during the fiscal year.

Research and Development

Innovations are always in demand

In its "Innovation Marathon", SICK presented one innovative product a week during the 2009 fiscal year. Innovative power is the engine for the company's growth, while maintaining and driving it forward is one of the company's top priorities. The company thus invested EUR 64.6 m., or 10.8 percent of sales, in the Research and Development Departments during the 2009 fiscal year (previous year: EUR 68.4 m. and 9.3 percent of sales). Even though the Research and Development Departments were also, to some extent, affected by the cost-cutting measures and external development activities were reduced, the relative share of R&D costs rose in 2009 in comparison to the previous year. An average of 613 employees – 4.4 percent more than in 2008 – were involved in the numerous product innovations during the 2009 fiscal year. Development activities focused, in particular, on still simpler handling of products and improved adaptation to customer requirements.

Prospects:

The economic recovery is gaining pace. For the first time since the start of the crisis the positive future prospects outweigh the negatives. The main drivers of this development are rising exports (despite some turbulence on foreign markets) and a gradual increase in demand for investments in Germany. There is also the surprising stability of employment throughout Germany – which has prevented a crisis-driven reduction in private consumption.

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The recovery trend can also be observed within the SICK Group. Indeed, the orders received during the first quarter almost reached the level of 2008. Nevertheless, the prospects for 2010 are afflicted with risks, because nobody knows how permanent this high rise in demand will actually be. The prerequisites for potential growth exist, however, so that SICK can look forward to an improvement in sales and earnings in the 2010 fiscal year – assuming that the world economy continues to stabilize.

Further information on SICK can be obtained on the Internet at <http://www.sick.com> or by phone at +49 (0)7681 202-3873.

Picture Service: current corporate photos are available for you to download free-of-charge at our website at:

http://www.sick.com/group/DE/home/pr/press_releases/Seiten/press_releases.aspx

Overview of the key figures in this press release:

The SICK Group (IFRS)	2009	2008	Change
Orders received (in m. EUR)	592.4	734.5	-19.3%
Sales (in m. EUR)	596.8	737.3	-19.1%
EBIT (in m. EUR)	11.3	71.3	-84.1%
Results for the year (in m. EUR)	3.5	45.3	-92.2%
R&D expenditure (in m. EUR)	64.6	68.4	-5.5%
Employees at end of year	4,919	5,092	-3.4%