

# création **baumann**

## **On Target Despite Headwind - Thanks to Investments in the Product Portfolio and Markets – Création Baumann – Annual Report 2009**

Last year, several industries suffered from the impact of the worldwide economic crisis that began in autumn 2008. In particular export-oriented companies headquartered in Switzerland – to which Création Baumann, with an export share of 74%, most certainly belongs – were hit harshly.

Correspondingly, consolidated turnover of this textile manufacturer domiciled in Langenthal dropped by 16.7%, from CHF 65.7 million to CHF 54.7 million. Thanks to foreign currency effects, sales ex Langenthal recorded a by 2.4% lesser decline, thus amounting to 14.3%. Création Baumann assumes that sales drops in the industry amounted to approx. 20% on average, meaning that Création Baumann was able to maintain its market share. The company's two major market segments, the contract market and the private customers market, remained stable and still account for 39% and 56% of overall turnover respectively.

### **«Living Line» on track**

The product groups «Création Baumann Line» and the range of interior dimming solutions, «Systems», suffered losses of 16.2% and 18.9% respectively, as compared to overall turnover. The «Living Line», however, proved to be resistant to the crisis and recorded a slight plus of 0.6%. Sales of GECKO, an adhesive textile, developed very favourably, leading to a turnover of several percent of the company's overall sales volume. Sales of this worldwide unique product – only introduced on the international markets by Création Baumann in 2007, exceeded expectations. Amongst others, a major contract for an international jewellery group contributed to this success. Technology marketing, i.e. the sales of textile services, was unfortunately hit over proportionally by the economic crisis and led to a drop of 26.1% in this field.

### **Investments despite the crisis**

The group's various sales markets fared differently, depending on the significance of the market segments and the individual market circumstances. In Switzerland, the company's strongest sales market, and a market that focuses strongly on private customers, thanks to a tried and tested network of retail partners of long standing, sales only dropped by 5.4%. All other markets, however, had to come to terms with declines of 15% on average. Individual markets recorded more favourable results thanks to major contracts, e.g. Belgium, where sales volume could be maintained.

Despite the crisis, Création Baumann continued to invest in its subsidiaries: In the U.S., the group inaugurated a new showroom in New York and hired new sales staff. In Sweden and Spain, Création Baumann moved into new showrooms in Stockholm and Madrid; and in Tokyo, the existing showroom was refurbished and redecorated. The group also continued to invest in its shop-in-shop concepts in Rome, Barcelona, and Valencia as well as developing new and promising markets.

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## **Consequent cost management**

In order to emerge from the crisis stronger than before, Création Baumann implemented various different cost reduction programs, none of which had an impact on the quality of services provided to customers. However, only the most necessary investments, amounting to a total of CHF 650,000, were made. Natural departures and retirements as well as the executing of tasks outsourced in the past and now carried out by internal staff helped the company to limit the number of job cutbacks to a total of seven.

## **Optimistic outlook for the 125-year anniversary**

The past year in business proved to be a balancing act between saving costs and continuing to invest in market development. The strong Swiss Franc and the corresponding exchange rate losses proved to be a further challenge.

The situation remains uncertain for 2010 but Création Baumann is steering its vessel into calmer waters. The company continues to adhere to its long-term strategy and to invest in product innovation and market development. As per the end of April 2010, sales volume corresponds to the previous year's turnover. Création Baumann expects a gradual improvement of business results over the course of this year and to thus be able to celebrate its 125-year anniversary in 2011 in full strength.

## **Création Baumann in figures**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Consolidated turnover in CHF	54.7 M.	65.7 M.	70.8 M.
Export share	74%	74%	74 %
Investments CHF	0.65 M.	1.5 M.	1.8 M.
Number of employees in Switzerland, incl. apprentices and part-time staff	202	221	220
Number of employees abroad	58	55	56