

BUSINESS PERFORMANCE IN 2010

Successfully in business for 125 years

The Swiss textile industry has battled against difficult conditions for many years – as shown by the renewed fall in the number of people employed in the textile sector, where the number of workplaces fell by 2.8% to 13,800 in 2010. Following the financial crisis, it is now being further challenged by the strength of the Swiss franc. In this extremely competitive sector, vertically-integrated companies producing textiles within Switzerland can only survive successfully by occupying attractive niche markets and developing innovative textiles, as well as offering top quality and service. Langenthal textile manufacturer Création Baumann has followed a successful path for 125 years to date. The company is proudly celebrating this anniversary in 2011 with both a book, “In the Weave”, and an exhibition called “Weberherzen” on the history of the company.

Création Baumann felt the effects of the financial crisis powerfully in 2009 and assumed that 2010 would produce a quiet market and a slight lift. Both of these predictions were realised, and 2010 closed with an increase in turnover of 1.4% ex Switzerland, once an adjustment had been made for currency fluctuations. However, the strong Swiss finance meant that the consolidated turnover fell by 1.6% in 2010, from 54.7 million to 53.8 million CHF.

The textiles sector has undergone a positive development. The net turnover for the “Création Baumann Line” and the “Living Line” grew slightly ex Switzerland in 2010. The increase in turnover of 16% in interior shading product Systems and the continuous growth in turnover of 7% experienced by GECKO adhesive textiles were both extremely pleasing. The company was able to achieve sales in every market (and in the contract business in particular) though private customers were somewhat restrained in 2010.

An increase in turnover of 6.7% was achieved in the company's home market in Switzerland. In Germany, which is the primary export market, the level of turnover was maintained. Developments in other subsidiary companies were very varied. Sales fell slightly in France, Belgium, Sweden, Italy and Spain, while the UK underwent a strong growth of 31%. A fall of 4.1% was experienced in the USA, where the private client business is looked after by a subsidiary of the company. On the other hand, the contract business is run by Carnegie, a partner company, which was able to increase turnover by 6%. The Japanese subsidiary was able to maintain sales, thanks to a number of contract orders.

Création Baumann continued to invest in product development in 2010. New products entering the market included a collection of tested, emission-free materials developed especially for use in display cabinets

for museums and exhibitions, occupying a further niche market of great international potential. The acoustic materials already successfully introduced to the market were further extended by an innovative new feature that once again emphasised Création Baumann's position as a provider of functional textiles for the interior architecture sector. "Sonic" is the first curtain material to successfully combine the blackout and acoustic functions with optimum functional values.

Investment amounts doubled in 2010, to 1.379 million CHF. This was invested in new web machines, logistics and IT in particular. The aim of financing all investments from funds earned by the company itself was also achieved in 2010. Despite a noticeably improved profit position, however, the strength of the Swiss franc resulted in a record currency loss being entered into the accounts.

Because of the currency situation, the current business year (2011) has not begun as anticipated. The strong franc and the poor economic conditions currently existing in significant European markets are putting pressure on the profit position. We are not yet able to estimate the effects of recent events in Japan on the Japanese subsidiary. Fortunately, however, a gratifying trend is still being shown by the home market in Switzerland, where the entry of orders in the first quarter was extremely positive.

Création Baumann – the figures

	2010	2009	2008
Consolidated turnover in CHF	53.8 million	54.7 million	65.7 million
Export ratio	68 %	74%	74%
Investments in CHF	1.379 million	0.65 million	1.5 million
Workforce, including trainees and part-time staff, Switzerland	202	202	221
Employees in other countries	57	58	55