

Lantal set to expand

Broader value addition characterizes financial 2016

Langenthal, March 23, 2017 – In financial 2016, Lantal Textiles Ltd generated consolidated sales of CHF 103.2 million. This corresponds to a gain of 6.7% versus the prior year. The growth of the global leader in interiors for aircraft, buses and trains was fueled mainly by various acquisitions abroad as well as the inauguration of a laboratory in the Middle East. For Lantal, the expansion moves not only increased value addition but also improved responsiveness to extrinsic factors. As is the case for all Swiss textile companies and export-oriented businesses, Lantal continues to face formidable challenges because the Swiss company relies on exports for 94% of its revenues. However, as relevant metrics show, the Lantal Group's global positioning and customer proximity is paying off and justifies a continued optimistic outlook for the future.

The markets are still very demanding, and customer attitudes have changed considerably since the financial crisis. Despite these constraints, Lantal generated CHF 103.2 million in consolidated sales during the year in review. The acquisition of various companies in Europe had a positive impact on the financial result of Lantal Textiles Ltd as evidenced by the 6.7% upswing in comparison with 2015. As at the end of 2016, this expansion also increased the number of jobs from 376 to 526. Lantal continues to place great emphasis on promoting fresh talent and for this reason is training 18 apprentices in five different occupations.

Markets

In comparison with the prior year, revenues with products and services in the Aircraft market increased by 0.8% to CHF 73.3 million. The Ground segment (bus, train, and tram) also gained momentum again versus 2015 with a 1.3% advance in sales to CHF 14.2 million. Reassuring growth was posted in the Bus sector. However, public transportation and tour bus interior project tenders remain aggressively competitive and very price-sensitive. In response to this situation, Lantal is investing in the development of new velvet and flat-weave qualities and introducing them on a step-by-step basis.

The Pneumatic Comfort System (PCS)

In 2016, PCS sales closed at CHF 6.9 million, down 17.6% versus the prior year. It was not possible to maintain the high level of sales in 2015. One reason is that seat manufacturers are still reluctant to adopt the PCS, and this has had a negative effect on new orders.

Looking back, the PCS has been successfully deployed in Europe by Swiss in Business and First Class for seven years, by Lufthansa in Business Class across nearly its entire fleet, and by Edelweiss as well. In 2015, Lantal was able to acquire Etihad, the prestigious Abu Dhabi-based airline, as a PCS customer in the Middle East for the Business and Super First Class cabins of its A380 and B787 aircraft. And last year, Philippine Airlines was the first carrier in Asia to introduce the PCS.

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The "Mobility" market is posting long-term growth: in many countries, the attraction of traveling is increasing. But the passenger transportation markets – particularly trains and buses – are extremely competitive. Lantal is responding to this challenge by investing in strategically important markets with a more and more systematic and proactive approach. Thus, there will be a stronger focus on Europe, the Americas, and the Asia-Pacific region.

By concentrating on these regions, Lantal is broadening the internationalization of its markets and creating the prerequisites needed to intensify customer orientation and customer proximity. Meanwhile, the Swiss SME has globally positioned itself in such a way that it can circumvent or minimize the impact of extrinsic factors like currency fluctuations.

Inauguration of the first commercial fire test laboratory in the Middle East

Lantal's fire test laboratory in Switzerland is globally acclaimed for its high quality standards and short turnaround times. Last year, jointly with Etihad Airways Engineering, the Langenthal-based SME opened the first fire test laboratory in the Middle East. Thanks to this partnership, Lantal's top-tier laboratory services are now available in the Middle East as well and effective immediately can be quickly and conveniently accessed via the **Lantal Textiles AG – Branch** in this important region. The new Lantal laboratory is located adjacent to the Abu Dhabi International Airport within the Etihad Airways Engineering facility. It offers services such as flame, seat cushion, heat release, and smoke tests.

Realignment in the Ground segment

To allow Lantal to also achieve a global leadership position in the ground transportation market and further leverage its competitiveness, a swift and significant expansion of velvet production was essential. In late 2016, the Swiss company acquired **Gierlings Velpor SA** in Portugal. The tradition-steeped, creative company in Porto was established in 1808 and

offers a vast spectrum of capabilities such as weaving, dyeing, printing, and finishing. Apart from producing velvet products for the train, tram, and bus markets, Gierlings Velpor is also active in the apparel, decoration, and technical textiles segments.

From yardage supplier to system partner

To support customers with efficient and time-saving solutions, Lantal has long been proactively escalating its transformation from a yardage supplier to a provider of all-in-one interiors with innovations in the domain of parts and services. In the coming years, Lantal wishes to take a step further and offer its customers an all-inclusive service package. For the company, this means assuring complete passenger cabin maintenance as a "system partner for comprehensive problem solving on behalf of customers". Ultimately, Lantal will cover the entire value addition spectrum. This "all-in-one" strategy allows the globally active company to work more efficiently and independently. It addresses the demand among customers to procure everything from a single source and is also an important unique selling proposition in a fiercely competitive market.

To further leverage this development, Lantal acquired ACC, Aviation Cabin Consulting GmbH in Germany in late 2016. Meanwhile renamed **ACC Aircraft Cabin Components GmbH**, the company has more than ten years of aircraft industry experience and is solidly established. ACC is specialized in the sale and maintenance of used aircraft seats as well as the refurbishment of passenger cabins. Thanks to its certification to EASA Part 145 and EASA Part 21 J as well as its access to aircraft seats, components, and soft materials, ACC can offer a very broad spectrum of products and deliverables.

Additionally, in late February 2017, Lantal acquired CarTrim K.S. in Czechia to further expand its capabilities in the parts segment and integrate these deliverables under its own roof. The company was renamed **Lantal Parts s.r.o.** and from now on allows Lantal to sew covers and seats, assemble literature pockets, and upholster seats, relying on existing production machinery.

New innovative products

To address market needs, it takes not only customer proximity, superb quality, flexibility, and all-in-one solutions but also innovative products. This is exemplified by three product developments last year: the modular literature pocket system, a new generation of hybrid carpets, and the new PCS generation. The new developments will be shown for the first time at Aircraft Interiors Expo in Hamburg from April 4 to 6, 2017. With Lantal's new modular literature pocket system, customers can configure signature literature pockets for aircraft seats in just a few steps by selecting predefined types and materials. The new hybrid carpets unite the

finest properties of wool and polyamide. Their innovative composition endows them with a longer service life, which reduces the customer's cost of ownership. Lantal's latest-generation Pneumatic Comfort System provides options for integrating seat heating and seat cooling functions. This significantly improves passenger comfort with a uniform body temperature experience.

Lantal

Lantal is a leader in the design, production, and distribution of textiles, parts, and services for the international community of aircraft, bus, and railway operators. The company offers forward-looking counsel with the objective of achieving the ultimate in passenger well-being.

Photos

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