

Dear Shareholders

In 2008 all the signs were set for growth and expansion at Von Roll. This was reflected in the pleasing results and the movement in our share price, which significantly outperformed the Swiss and European equity markets. We considerably expanded and strategically strengthened our business activities both in the established segments, Von Roll Insulation and Von Roll Composites, and through the addition of our new segment, Von Roll Elco Transformers. The targeted and comprehensive further development of Von Roll through the change of strategic direction, reorganisation and implementation of the operating programmes enabled us fully to achieve our goals for 2008.

Sound growth despite difficult global economic conditions

We performed significantly better than the rest of the industry, increasing our sales by 18.7% to CHF 748.7 million (as reported + 12.5%) and gaining market share accordingly. With incoming orders¹ of CHF 726.4 million, we recorded a 6.7% rise in order intake year-on-year (as reported 1.1%) despite the increasingly recessionary environment. Operating EBIT¹ was up by 27.6% to CHF 59.2 million (as reported + 19.5%), while the return on invested capital (ROIC) rose sharply to 24%. We therefore achieved our performance targets for the year. This success is reflected in the net income before tax of CHF 41.4 million (previous year: CHF 39.4 million). Our shareholders are set to share in this success and the Board of Directors of Von Roll Holding AG will be proposing to the Annual General Meeting that the dividend be doubled to CHF 0.20 per share.

Expansion in established business and launch of new transformer segment

During the reporting year, we significantly improved the market position of our two established segments, Von Roll Insulation and Von Roll Composites, acquiring Shenzhen Mica, the biggest Chinese competitor in the thermal and electrical insulation business. We also increased our stake in Pearl Insulations and Pearl Metal Products in India to 100%, strengthening Von Roll's presence in the most important Asian growth markets.

Our strategic decision to expand the Von Roll value added chain within the energy sector led to the acquisition of an Israeli transformer manufacturer in September 2008 (now known as Von Roll Elco Transformers). The company's expertise in transformer manufacturing now forms the nucleus of our new business segment, Von Roll Elco Transformers. We believe this segment offers significant growth potential in the US, Middle East and Asian markets.

At the beginning of 2009, Bank Von Roll AG commenced operations as an independent private bank. Although we played an important part in its creation, we will hold only a very small minority stake (currently 3%).

We are presently developing another new business area, Von Roll Solar, and are assessing the possibility of marketing Von Roll's innovative technology for harnessing solar energy. The increasing trend towards renewable energy means that this fast-growing market of the future offers us a great deal of potential for developing our business.

We are continuing to pursue our expansion strategy and are continually looking out for acquisition candidates in sectors related to our core energy business. These must offer leading-edge technology and be in a position to benefit from investment in energy infrastructure, in particular the increased use of renewable energies, by achieving high levels of profitable growth. The areas of technology in which we are interested include water treatment, surface technology, laser technology and the manufacture of energy technology components. Von Roll is able to use its strengths, such as its extensive expertise in materials and the management of complex value added chains, to maximise the growth potential offered by such companies.

¹ At constant exchange rates

Targeted and comprehensive further development through operational measures and promotion of corporate culture

To continue achieving our ambitious goals, we need a high degree of flexibility, efficient processes and a structure that matches this strategy. The basis for this was created through the reorganisation in 2008, with the three segments Von Roll Insulation, Von Roll Composites and Von Roll Elco Transformers, and three regional management levels EMEA, America and Asia. Our business is now driven by innovation, client focus and efficiency. And as a result of measures to increase productivity and profitability as part of our business operating system, all our production sites were again profitable for the first time in years in 2008.

To meet the growth and profitability targets, our employees work in line with clearly defined corporate values. These form the basis for our corporate culture which fosters a profit and client-oriented approach as well as greater innovation. Our significant international expansion has raised the level of understanding between employees from different cultures, and we have adopted numerous measures to encourage the sharing of ideas and experiences.

The very high level of volatility in the commodity and currency markets posed new challenges in 2008. We have therefore enhanced the effectiveness of our risk management. The introduction of the new global copper and currency management function means that these risks are now managed systematically.

Outlook for 2009

The international financial market crisis spilled over increasingly into the real economy during the course of the reporting year. To combat the economic downturn, governments around the world adopted programmes worth billions to boost the economy, with a very strong focus on infrastructure investment. The energy sector, including the associated investment in environmental technologies, forms a large part of this. We are therefore confident that the energy sector will be less seriously affected by the financial crisis than other industrial sectors. We will consistently seize the resulting opportunities.

Von Roll has already started financial year 2009 well, with the order intake and sales developing as planned during the first two months. However, the deteriorating economic climate makes it difficult to provide a forecast for 2009 as a whole at the present time. We confirm that we will double the sales in our established business segments to over CHF 1 billion by 2012, and to achieve a 14% margin on operating EBIT. Our transformer manufacturing operation will provide an additional impetus towards sales growth.

I am very grateful to all our shareholders, both private and institutional, for their loyalty and confidence in our company and its management team. We will make every effort to continue justifying this loyalty and confidence in 2009.

Au/Wädenswil, March 2009



Thomas Limberger
Chairman of the Board of Directors and CEO