

Dear Shareholders,

Just six months have passed since I took on my new role in the Board of Directors and as the Chairman of the Executive Management of Von Roll Holding AG. During the first 100 days, I met with many of our employees, customers and investors. We had extremely interesting discussions that contained many concrete suggestions about how we can become even better. I can assure you that we will continue to discuss and work uncompromisingly on implementing these suggestions and capitalizing on Von Roll's potential for optimization that I and my Executive Management colleagues have identified, which will pave the way for the successful future of the company.

A Successful Business Year in 2007

2007 was an important year in setting the course in our company's long and varied history. The year saw successes, changes, and also major challenges, some of which we have already overcome and some that we still need to address. What were the highlights of the past year?

The capital increase completed in October with gross proceeds of around CHF 323 million frees Von Roll up to invest further in new growth markets without neglecting its existing and successful core business. In our operational business, this means that we can concentrate more fully on achieving our goals over the long run.

We were able to close out the business year with a very positive result. Group sales rose by 16.6 percent to CHF 620 million. This figure means that we grew faster than the market and were able to expand our market shares accordingly. Order intake increased from the previous year by 18.5 percent to CHF 681 million. The operating result rose by 36.1 percent from the previous year to CHF 48 million. Company earnings after tax amounted to CHF 43 million. This reflects growth of 81.8 percent over the previous year. Based on the positive result of the individual financial statement of Von Roll Holding AG, the Board of Directors recommends a dividend payment of CHF 0.10 per share for the 2007 business year to the General Meeting of Shareholders.

Global Trends

The way that our business develops in the future will also be influenced by two global megatrends: demographic changes and urbanization. They will determine our business environment over the long run and create considerable challenges that we are already getting ready for today: a look at projections for the energy markets of tomorrow shows that growth will continue in the years to come despite discussions about a reduction in energy consumption. In 2007, the "Energy Information Administration" of the US Department of Energy (DOE) predicted an increase in global energy con

Reconciliation of operating income

in CHF 1,000	2007	2006
Operating income	44,157	27,316
Impairment	446	8,443
Costs for extraordinary shareholders' meeting	1,602	0
Costs for termination of contracts with previous management	1,884	0
Profit/loss from sale of fixed assets	10	-421
Operating income (adjusted)	48,099	35,338

sumption of 57 percent by the year 2030 in its study entitled “System for the Analysis of Global Energy Markets”. Accordingly, demand for electronic and thermal insulation materials and composites for various industrial applications will increase significantly.

Portfolio Policy and Performance

As the global leader for insulation products, systems and services and as one of the industrial companies in Switzerland with the longest traditions, we still currently focus on products for power production. In keeping with our acquisition strategy, we will invest in key technologies that will play an increasingly important role as global trends develop. These include, for example, technologies to supply scarce resources such as energy and water and components to support various industries.

Active portfolio management is thus an important cornerstone of our strategy and simultaneously serves as both the basis of and an external benchmark for our performance. We will orient our portfolio around profitable growth. Which makes our strategic objective 100 percent clear: we want to be number one or two in all markets that we are active in.

The purchase of Shenzhen Mica is an excellent example: Shenzhen Mica is the global market leader of fire-resistant, mica-based cable tapes and thermal insulation sheets. With the completion of the 100 percent takeover on January 11, 2008, we have once again become number one on the market for mica-based and insulation products and we were able to further strengthen our technological leadership in insulation materials. We have also secured long-term access to key raw material sources and taken another step on the dynamically grow-

ing Chinese market. We were also able to expand our position on the American, Asian and European markets with the July 2007 acquisition of the resin and varnish manufacturer John C. Dolph Company.

Operational Excellence

In addition to the strategic realignment of our company, we will focus our attention on improving the operating results of our business units in the coming months. Our goal is to steadily increase margins. We plan to achieve this goal by being successful among our global competitors and providing outstanding performance to our customers. Innovation, customer orientation and global competitiveness are the three main areas of our focus. If we manage to put them into practice, we will successfully overcome the challenges posed by new markets.

The Executive Management has spent a lot of time over the last few months familiarizing itself with Von Roll’s strengths and weaknesses. Through this process, we have identified a number of measures, some of which have already been implemented, that can boost the operational efficiency of the business units. These include, for example, a price structure optimization program, centralized procurement of raw materials and supplies needed around the world and activities to reduce overheads.

We are currently planning to restructure production into three cost-optimized production centers in Asia, Europe and America that are supported by other sites that act as satellites. The European hub will be the traditional location in Breitenbach. In a second step, we will harmonize the organizational and sales structures with the company’s strategic realignment. In the new regionally organized structure, Von

Roll will be the central contact in the countries in which we are active. In particular, we will give the regional offices more sales responsibility and those responsible on site will have additional freedom when dealing with our customers.

Corporate Culture

To reach the goals described, all Von Roll employees need to base their actions on clearly defined values. We thus initiated a process that strongly promotes the accountability of each individual Von Roll employee. We are striving to create a corporate culture that is results-oriented and has our customers' interests as its core. To achieve this, we have to interact with each other on the basis of mutual respect and acknowledgment, deal constructively with conflicts and more strongly encourage creative and innovative thinking. The first signs of this change are already visible: greater transparency, improved communication and clearer responsibilities.

2008 Business Year – Global Opportunities

We are looking confidently into the future. The strategic realignment of Von Roll is off to a good start: we have used the last six months to set new standards for Von Roll in profitability and value creation. We are planning to expand our portfolio as the next key step in securing a successful future. The resources generated from the capital increase will help us in this respect.

For 2008, we have set clear performance targets as part of our work program: a further increase in the EBIT margin with above average market growth. We are confident that we will be able to reach these ambitious goals and thus contribute to Von Roll's profitable growth

over the long run – as long as the overall global economic conditions continue to stay favorable.

We guarantee you that we will continue to focus all of our energy on the interests of our shareholders, our customers and our employees. The new course that our company is embarking on would not have been possible without your trust, your dedication and your solidarity. Which is why I extend our special thanks to you.

Au ZH, March 2008



Thomas P. Limberger
Chairman of the Board of Directors & CEO