

GoldenPeaks Capital

Media information

GoldenPeaks Capital seeks merger with Swisslog as strategic alternative to impending increase in Kardex's capital.

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Zug, 15 August 2011 – GoldenPeaks Capital urges the Kardex Board to consider strategic alternatives with much greater potential than an impending capital increase.

At the end of 2006 GoldenPeaks Capital was one of the largest shareholders in Kardex. Prompted by a risk analysis and by differences of opinion within the Kardex Board of Directors on the company's further strategic orientation, GoldenPeaks Capital disposed of its shareholding in Kardex in the third quarter of 2008 at an average price level in excess of CHF 60. In recent weeks GoldenPeaks Capital has again taken a stake in Kardex, though initially below the 3% reporting threshold.

Kardex today

Due partly to past mistakes, Kardex now faces a major challenge, especially with regard to its liquidity. In response to this crisis, at the last general meeting, the Board of Directors proposed a capital increase to which the frustrated shareholders agreed in principle, in the absence of alternative proposals.

In recent weeks, GoldenPeaks Capital has again intensively reviewed the Kardex company and is now firmly convinced that a capital increase would be the wrong approach in the present circumstances, as much more attractive alternatives exist.

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Strategic options

The Board's proposal for a capital increase poses considerable risks. For example, it is highly questionable whether the current management capacity is sufficient to rectify the unsuccessful takeover of Mlog and successfully manage the two remaining divisions. It should also be remembered that a capital increase of CHF 30 million (around 40% of the present market capitalization!), if feasible at all in today's strained market environment, can only take place at a very high discount of 30% to 40%. This represents an enormous dilution for existing shareholders who cannot, or do not wish to, subscribe.

One of the strategic options open to GoldenPeaks Capital is a merger with Swisslog Group. A feasibility assessment has yielded highly positive results. Swisslog's strong balance sheet would obviate the need for a capital increase. At the same time, the merger of the two companies would lead to considerable synergies. GoldenPeaks Capital assumes that Swisslog's management would take a positive view of such a merger.

Such a scenario fundamentally alters the initial situation for Kardex and offers some potential.

GoldenPeaks Capital urges the Board of Directors to shelve the capital increase for the time being. It also calls for a simultaneous, detailed review of strategy, covering all the options open to the company (i.e. possible mergers, divestments, etc.). **Adriano Agosti, Managing Director of GoldenPeaks Capital**, stated: "An extraordinary general meeting should be called, to consult the shareholders on the strategic alternatives to a capital increase, in the light of the new facts. I urge all Kardex shareholders to participate actively in this process."