Schaffner Group

Half-year 2017/18 result presentation

Agenda

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Business review	Marc Aeschlimann
Financials	Kurt Ledermann
Outlook	Marc Aeschlimann
Q&A	

Marc Aeschlimann | CEO

Business review

Strong growth and substantial increase in operating profit

- Strong growth above strategic target
- Significant increase in operating profit
- One-time US tax impact keeps net income at about previous year's level
- Fast recovery after the fire in Thailand with no negative market impact
- Further restructuring measures in the Power Magnetics division to accelerate turnaround
- Management team further strengthened

Schaffner Group: Strong organic growth

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In CHF m	H1 2017/18	H1 2017/18 Adjusted [1]	H1 2016/17	△ in %
Order intake	114.4	114.4	99.6	14.8%
Net sales	108.3	108.3	94.6	14.5%
EBIT	9.0	7.5	6.0	23.5%
EBIT margin	8.3%	6.9%	6.4%	–

[1] Adjusted for one-time effects

- Strong growth of 14.5% driven by Europe and Asia
- One-time effects on EBIT level due to positive impact of insurance payment for the fire in Thailand and restructuring costs
- Substantial increase in EBIT (adjusted) mainly due to volume increase
- Strong order pipeline supports continuous growth

EMC division: Strong performance on top line and profitability

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In CHF m	H1 2017/18	H1 2016/17	△ in %
Order intake	58.6	49.1	19.3%
Net sales	55.5	45.7	21.4%
EBIT	7.5	6.2	21.4%
EBIT margin	13.6%	13.6%	–

- Significant growth of 21.4% in all regions
- Market share in major markets increased
- Strong growth of Power Quality
- EBIT margin stable despite margin pressure and higher material prices
- Launch of new generation of Active Harmonic Filters in March 2018

Automotive division: Top line not negatively affected by fire incident

In CHF m	H1 2017/18	H1 2017/18 Adjusted [1]	H1 2016/17	△ in %
Order intake	25.8	25.8	25.7	0.1%
Net sales	25.7	25.7	25.4	0.8%
EBIT	8.9	6.1	5.9	3.0%
EBIT margin	34.5%	23.6%	23.1%	–

[1] Adjusted for one-time effects

- Fire incident in Thailand without impact on top line
- One-time effects on EBIT level due to insurance payments
- Adjusted EBIT-Margin stays at high level
- Additional filter solutions for e-mobility under development

Power Magnetics division: Turnaround accelerated under new division leadership

In CHF m	H1 2017/18	H1 2017/18 Adjusted [1]	H1 2016/17	△ in %
Order intake	30.0	30.0	24.8	21.0%
Net sales	27.1	27.1	23.4	15.8%
EBIT	-4.5	-3.2	-3.5	6.3%
EBIT margin	-16.7%	-12.0%	-14.8%	–

[1] Adjusted for one-time effects

- Substantial growth in Europe and Asia, USA with weak start
- Additional measures implemented to optimize structure and reduce cost
- Major low margin contracts renegotiated
- Continued focus on increasing efficiency
- Strong order pipeline with higher margins

Kurt Ledermann | CFO

Financials H1 2017/18

Financial highlights H1 2017/18

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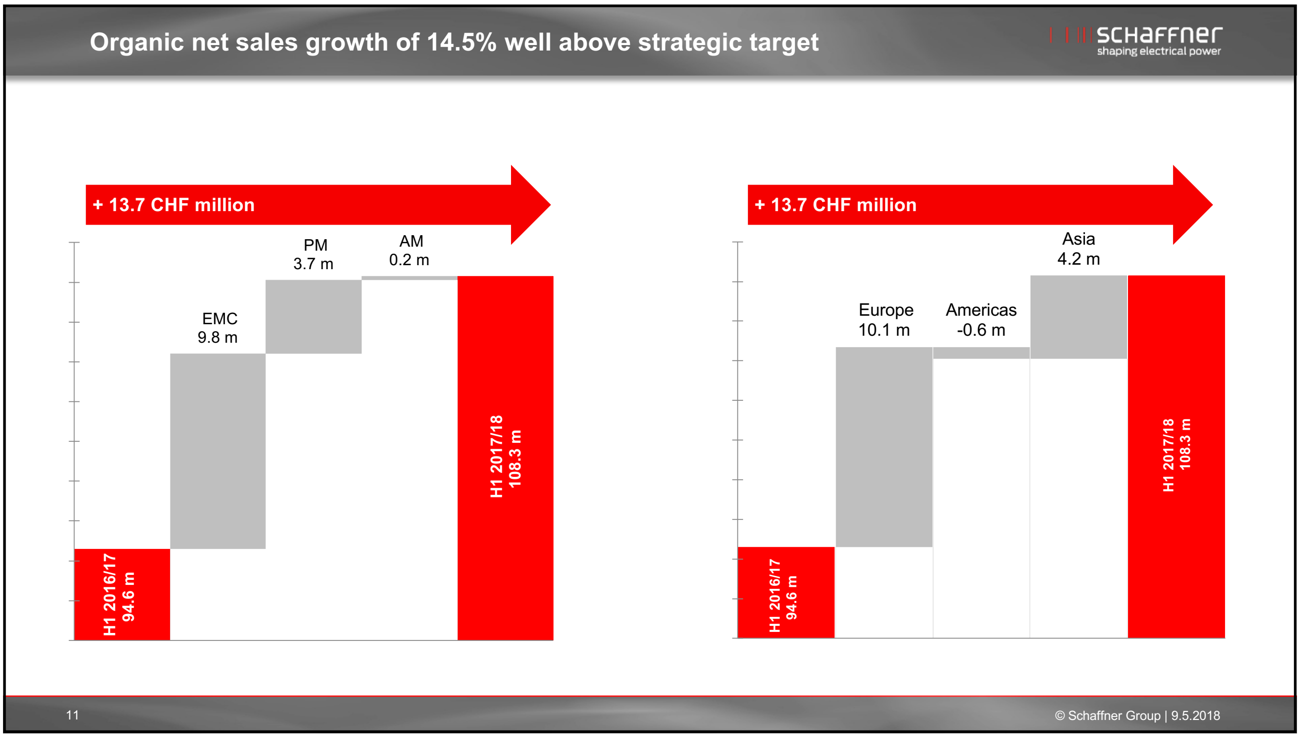
- Net sales CHF 108.3 million (+14.5%; +10.2% in LC)
- Book-to-bill ratio 1.06 (1.05)
- Operating profit (EBIT) CHF 9.0 million (up from CHF 6.0 million)
- EBIT margin 8.3% (6.4%)
- Net profit CHF 4.0 million (down from CHF 4.2 million)
- ROCE 25.0% (up from 19.6%), annualized
- EPS CHF 6.24 (down from CHF 6.57)
- Free cash flow CHF -1.6 million (up from CHF -3.1 million)
- Equity ratio 35.9% (down from 39.6%)



Organic net sales growth of 14.5% well above strategic target
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+ 13.7 CHF million
H1 2016/17
94.6 m
EMC
9.8 m
PM
3.7 m
AM
0.2 m
H1 2017/18
108.3 m
+ 13.7 CHF million
H1 2016/17
94.6 m
Europe
10.1 m
Americas
-0.6 m
Asia
4.2 m
H1 2017/18
108.3 m
11
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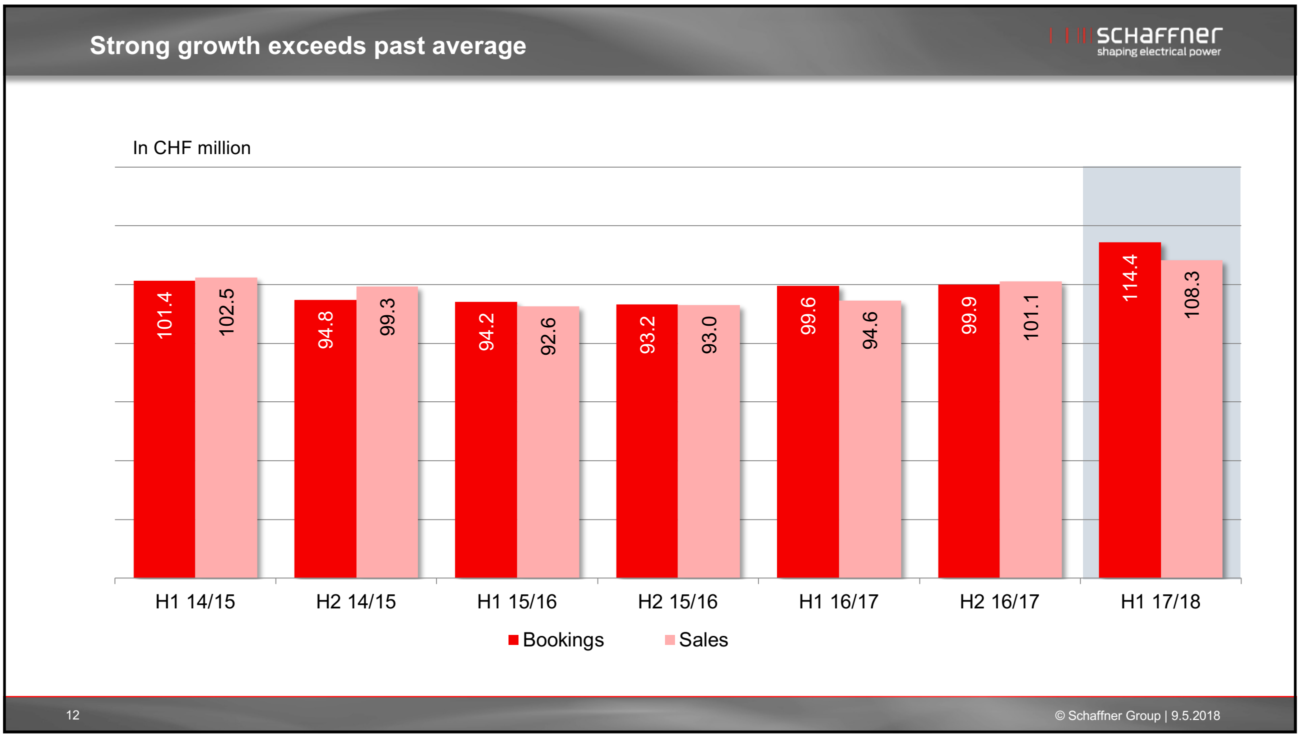

Strong growth exceeds past average
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In CHF million
101.4
102.5
94.8
99.3
94.2
92.6
93.2
93.0
99.6
94.6
99.9
101.1
114.4
108.3
H1 14/15
H2 14/15
H1 15/16
H2 15/16
H1 16/17
H2 16/17
H1 17/18
Bookings
Sales
12
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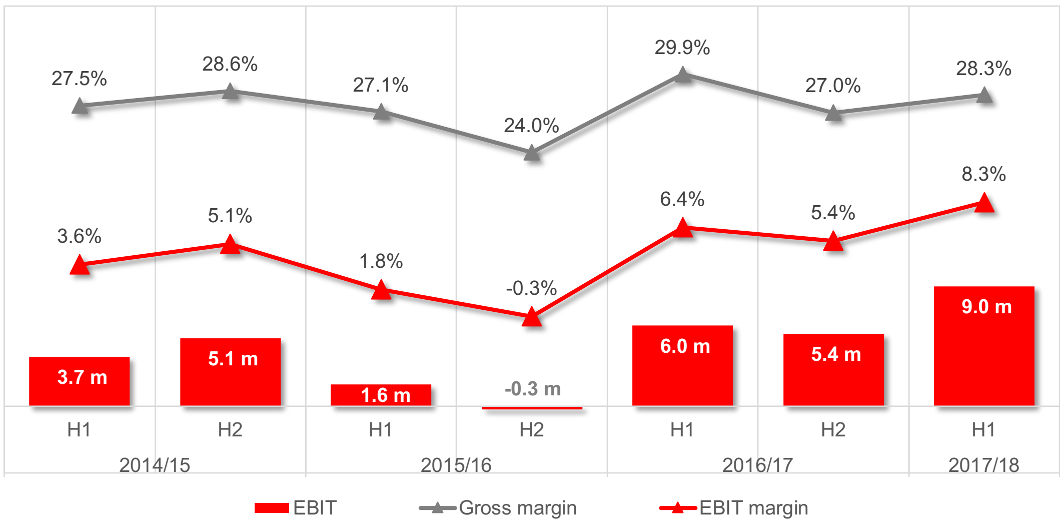
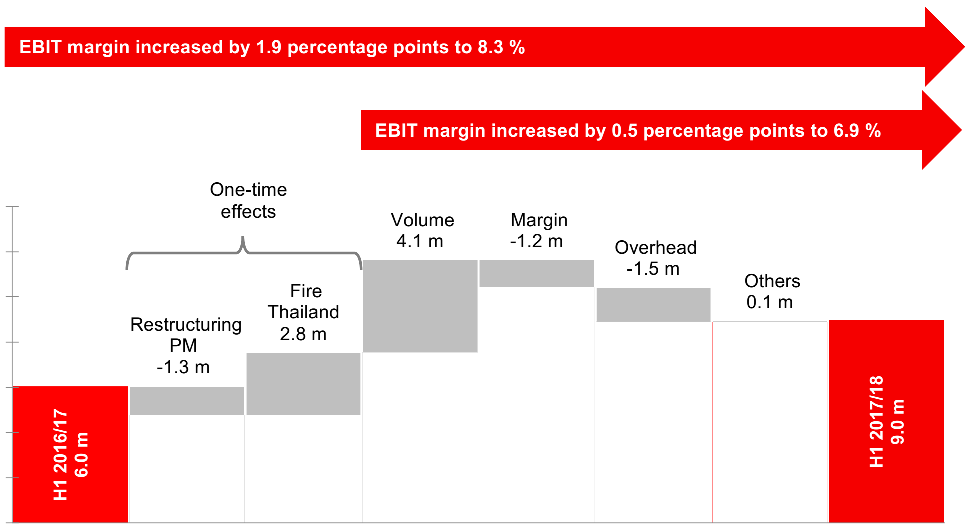
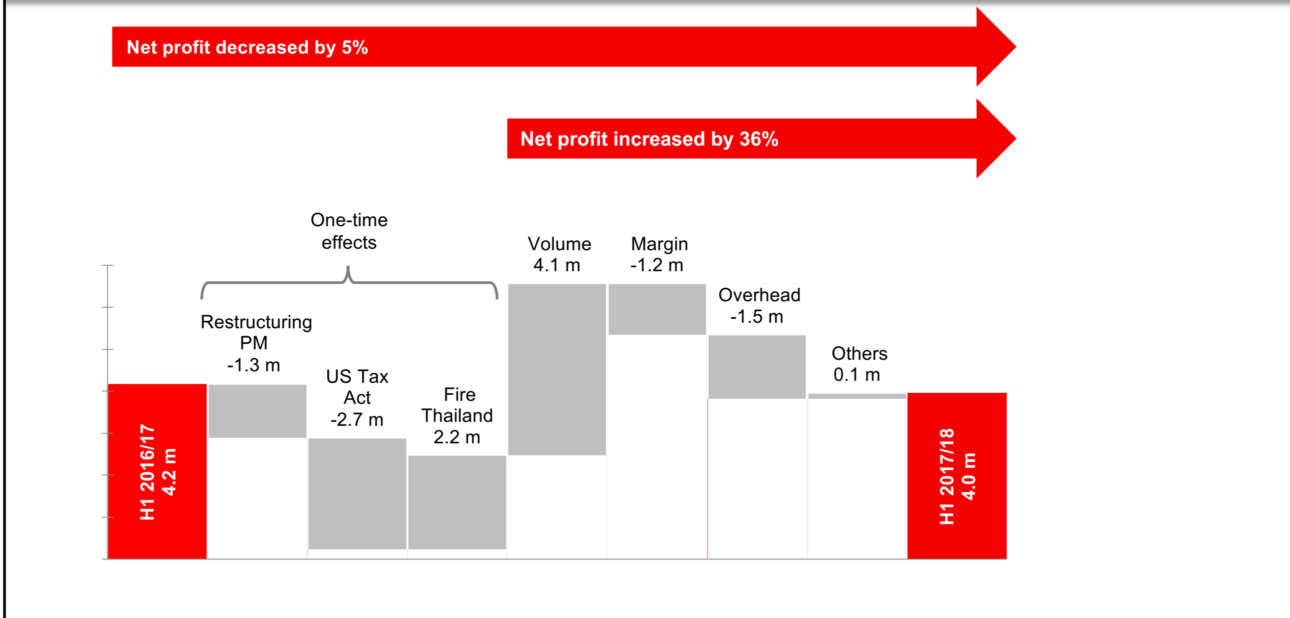
Positive development of profitability



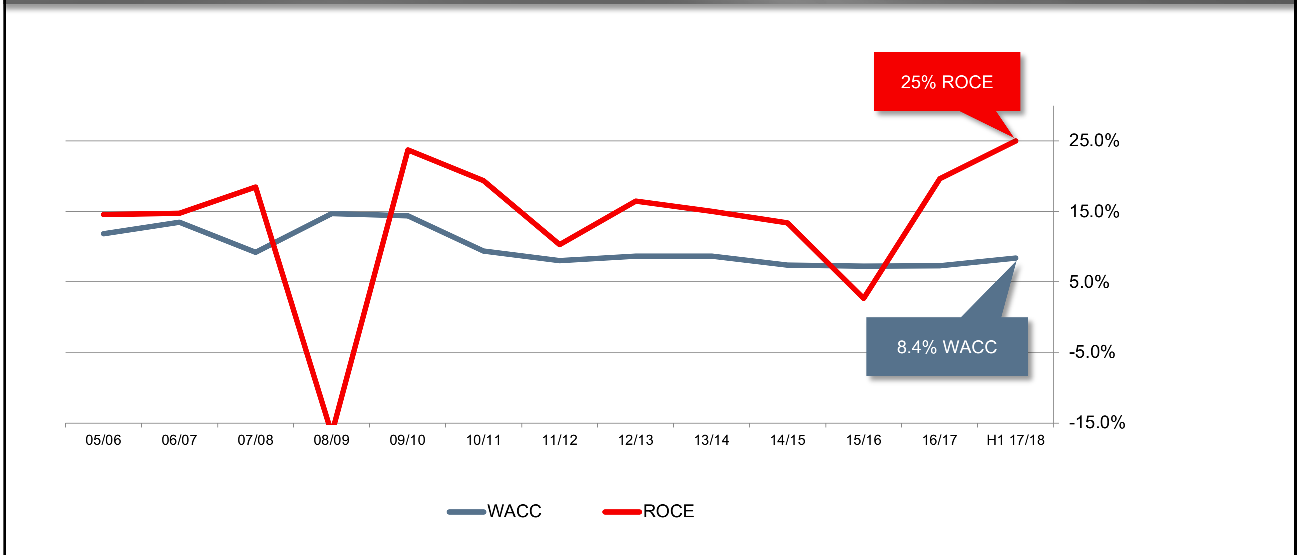
Significant increase in operating profit



Increased net profit after one-time effects



Creating shareholder value



Due to the conversion of the financial reporting system to Swiss GAAP FER from and including fiscal year 2015/16 and the associated effects, the return on capital employed (ROCE) has risen by approximately 2 percentage points comparatively.

Marc Aeschlimann | CEO

Outlook

Outlook

- Good order pipeline in all three divisions
- Positive economic environment expected to continue
- Growth opportunities in core markets motor drives, rail technology, power supplies and machine tools
- Good mid-term opportunities with filters for electric vehicles
- Further improvement in financial performance of Power Magnetics division targeted
- Unclear impact of tariffs and trade barriers on material prices

Outlook

- Expectations for second half of 2017/18
  - staying on growth path
  - achieving an EBIT margin (without one-time effects) at least at level of first half of 2017/18
- Confirmation of medium term goals
  - organic net sales growth > 5% per year on a multi-year average basis
  - EBIT margin > 8% in the medium term

Caution regarding forward-looking statements

This communication contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives, and other statements relating to our future business development and economic performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in currency exchange rates and interest rates, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, and counterparties and developments in the markets in which they operate, (6) legislative developments, (7) management changes and changes to our Business structure and (8) other key factors that we have indicated could adversely affect our business and financial performance which are contained in other parts of this document and in our past and future filings and reports, including those filed with the SIX Swiss Exchange.

More detailed information about those factors is set forth elsewhere in this document and in documents furnished by Schaffner Group, including Schaffner Holding's Annual Report for the year ended 30 September 2017 and the Interim Report for the period ended 31 March 2018 Schaffner Group is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.