



Schaffner Group

Half-year 2020/21 result presentation

6 May 2021 | © Schaffner Group

 **SCHAFFNER**
shaping electrical power

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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 2020 and the Interim Report for the period ended 31 March 2021. 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.

Agenda

Business Review

Marc Aeschlimann, CEO

Financials H1 2020/21

Christian Herren, CFO

Strategy / Outlook

Marc Aeschlimann, CEO

Q&A

Successful first half of fiscal 2020/21

Key events and impacts in H1 2020/21

- Strong position in key markets and economical recovery supported Schaffner business.
- Good momentum in automotive industry, driven by e-mobility.
- Very strong order intake in key industrial markets in recent months.
- Substantial increase in profitability.
- Sale of Power Magnetics Division will sharpen Schaffner's strategy to focus on core business of EMC-filter solutions.

Net sales

in CHF million

88.1

EBIT margin

8.0%

Net result

in CHF million

4.6

Schaffner Group: Good development in core markets

in CHF m	H1 2020/21	H1 2019/20	Δ in %
Order intake	95.0	91.3	4.1%
Net sales	88.1	86.0	2.4%
EBIT	7.0	0.7	899.6%
EBIT margin	8.0%	0.8%	—

- Net sales CHF 88.1 million (+3.8% currency adjusted).
- Good development in core markets like industrial and automotive.
- Strong growth in Europe, good development in Asia to further strengthen position.
- Growth of higher-margin business, adjusted cost structure and good utilization of capacity in factories increased profitability.

EMC division: Leading market position further strengthened

in CHF m	H1 2020/21	H1 2019/20	Δ in %
Order intake	59.6	52.3	14.0%
Net sales	48.3	46.9	3.2%
EBIT	7.1	3.9	82.0%
EBIT margin	14.6%	8.3%	—

- Good development in core markets in Europe and Asia, USA kept good level.
- Net sales CHF 48.3 million (+4.1% currency adjusted).
- Substantial increase in order intake in recent months led to book to bill rate of 1.24.
- Successful restructuring of Power Quality business with significant increase of profitability.
- EBIT-margin substantially increased.

Automotive division: Strong recovery supported by e-mobility

in CHF m	H1 2020/21	H1 2019/20	Δ in %
Order intake	22.4	14.8	51.2%
Net sales	21.8	16.4	33.2%
EBIT	2.2	-0.9	n.m.
EBIT margin	9.9%	-5.7%	—

- Good momentum in automotive market.
- Net sales CHF 21.8 million (+33.2%).
- Ramp up of recently won projects showed positive impact.
- E-mobility solutions contributed 34% to division net sales.
- Higher volume and better product mix led to EBIT-margin back on good level.

Power Magnetics division: Challenging environment due to Corona

in CHF m	H1 2020/21	H1 2019/20	Δ in %
Order intake	12.9	24.1	-46.4%
Net sales	17.9	22.8	-21.3%
EBIT	0.4	0.0	957.6%
EBIT margin	2.0%	0.1%	—

- Covid-19 delayed investments in railway and energy distribution.
- Mainly USA affected by lower order intake and net sales.
- Net sales only reached CHF 17.9 million (-18% currency adjusted).
- Strong project pipeline for different applications.
- Order intake steadily increased in recent months.
- Despite low net sales, EBIT margin kept at 2%.
- Signed contract to sell Power Magnetics to AQ Group.

Continued business with strong performance

in CHF m	H1 2020/21	H1 2019/20	Δ in %
Order intake	82.1	67.2	+22.2%
Net sales	70.2	63.3	+11.0%
EBIT	6.9	0.4	n.m.
EBIT margin	9.9%	0.6%	–
EBITDA	9.5	2.5	+274.4%
EBITDA margin	13.5%	4.0%	–

- Strong order intake in core business with book to bill rate 1.2.
- Net sales grew in continued business by 11%.
- High EBIT-margin despite higher overhead portion.

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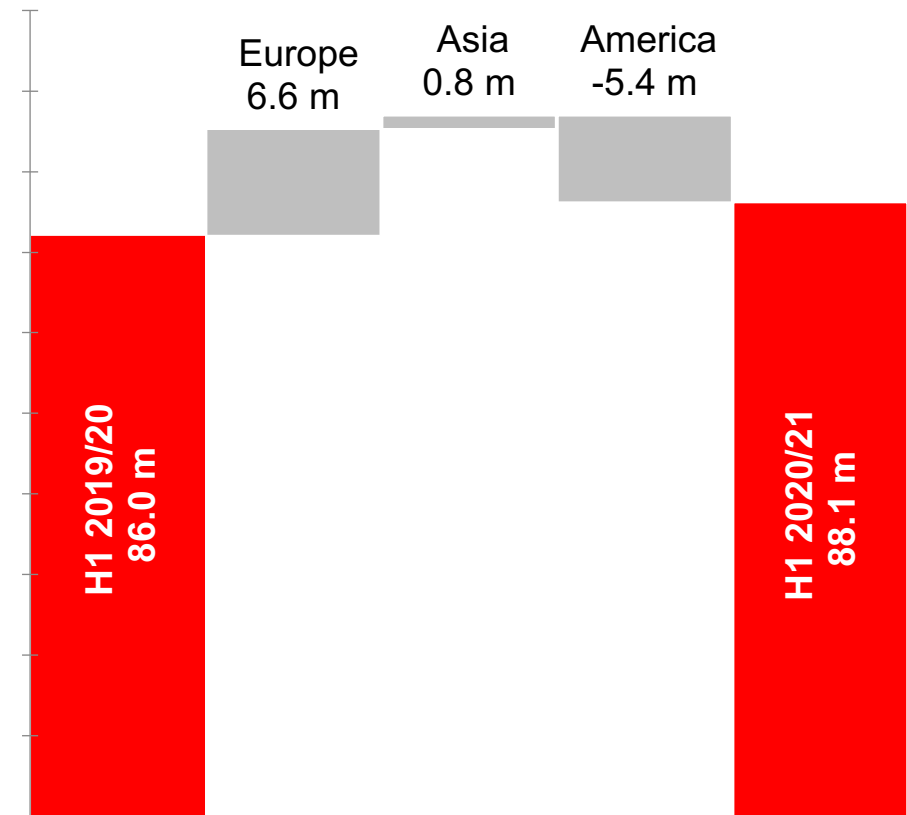
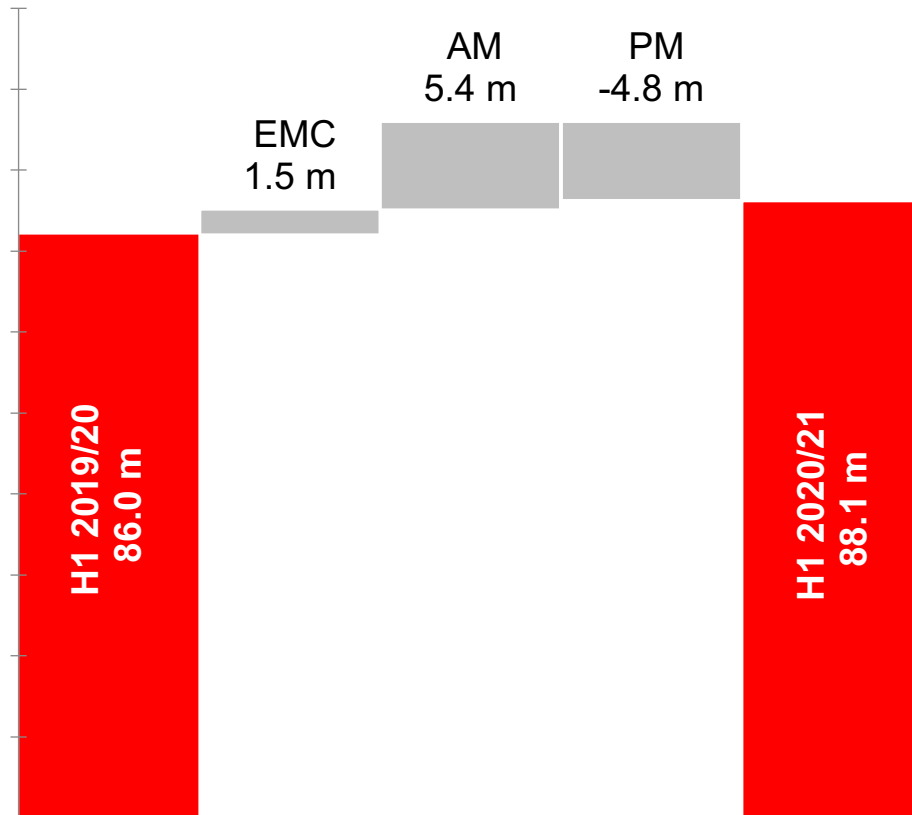
Christian Herren, CFO

Strategy / Outlook

Marc Aeschlimann, CEO

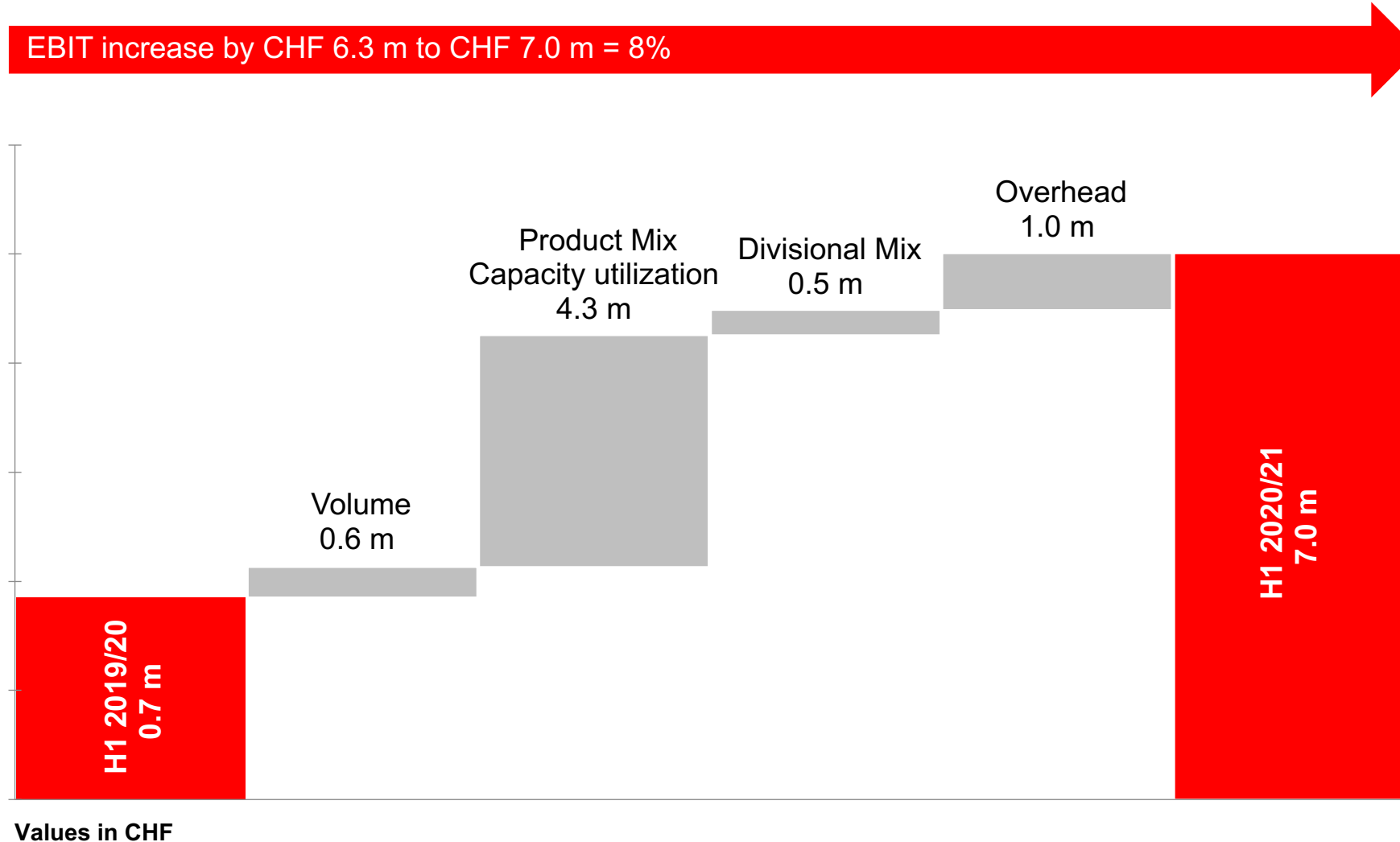
Q&A

Strong net sales growth mainly in Automotive and Europe

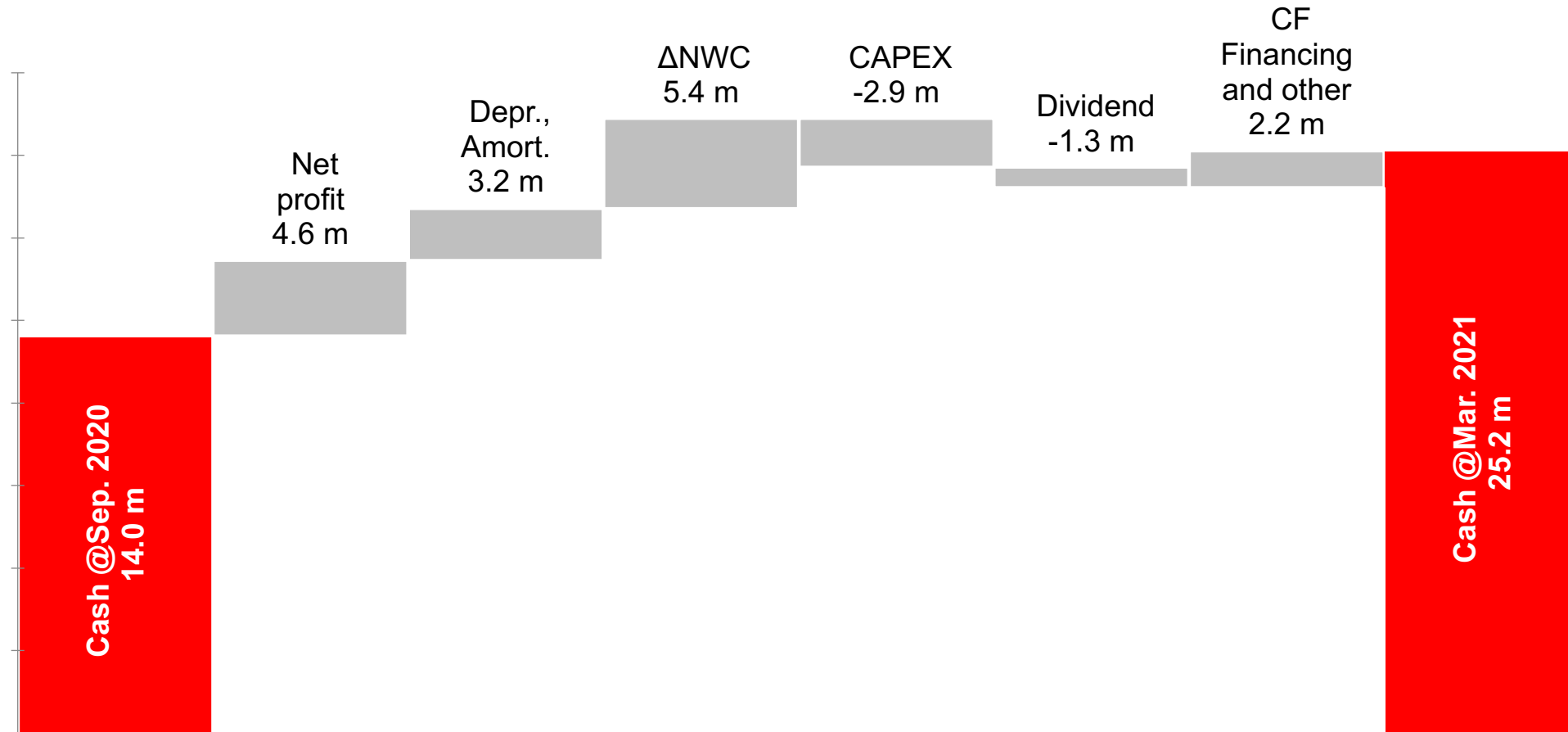


Values in CHF

EBIT mainly driven by product mix and higher capacity utilization

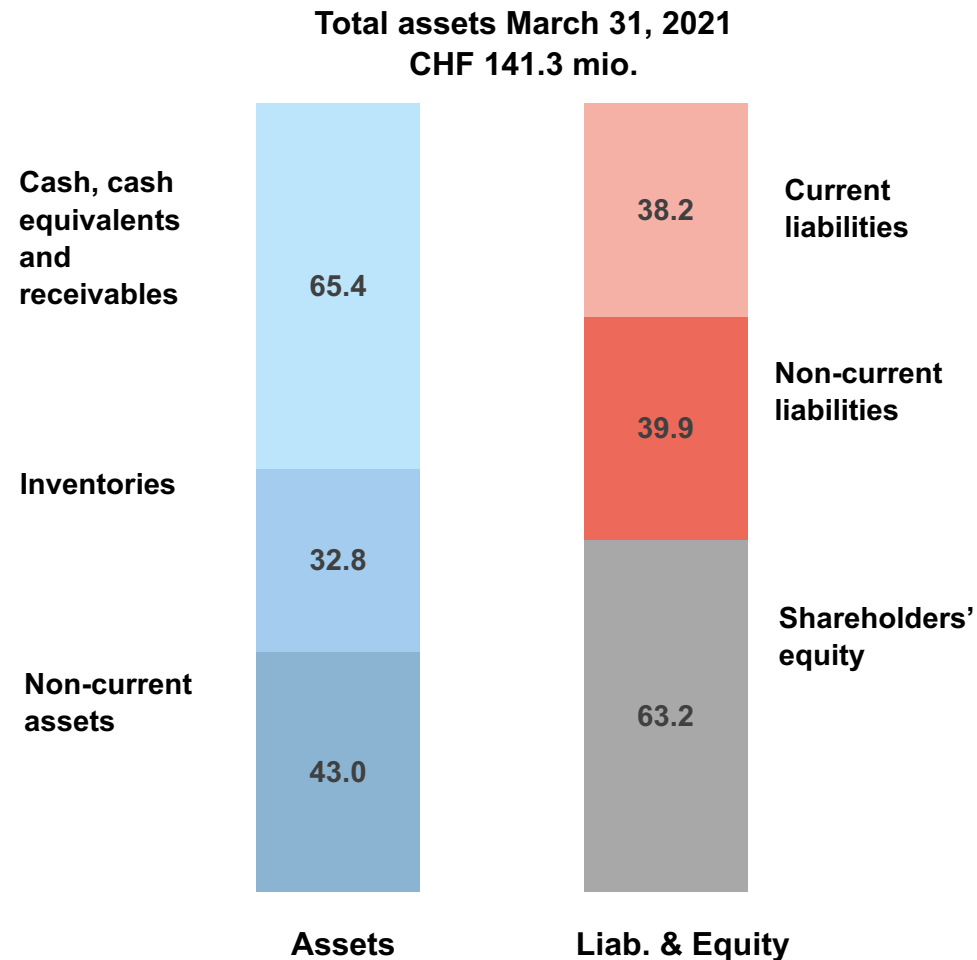


Strong cash flow due to good NWC management and normal investment level



Values in CHF

Solid balance sheet



- Equity ratio: 44.7% (30.9.2020: 44.5%)
 - Net debt: CHF 10.5 m (30.9.2020: 20.8 m)
 - Impact of challenging supply chain situation due to COVID 19 well managed.
 - Overdue on receivables further reduced and no bad debts.
- Days sales outstanding (DSO): 66 days (30.9.2020: 68 days)

Impact Power Magnetics Divestment

- Net proceeds will further reduce net debt respectively lead soon to a net cash position.
- Positive result of divestment before goodwill recycling.
- Goodwill recycling of approx. CHF -14.9m to be recognized following Swiss GAAP FER 30
 - Goodwill was offset against equity when switching accounting standards from IFRS to Swiss GAAP in 2015/16.
 - Recycling through income statement has no impact on liquidity or equity.
- Organization and overhead structure already adjusted to the new situation.

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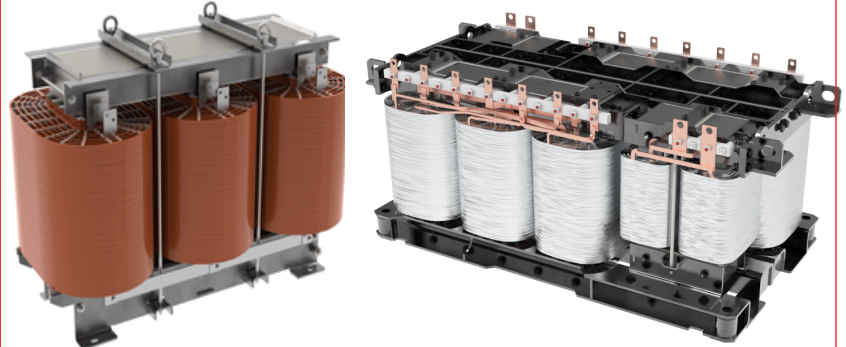
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Power Magnetics divestment leads to a consistent strategy and portfolio

	EMC / Automotive	Power Magnetics
Product Portfolio	<p>EMC Filters Antennas Small Magnetic Components</p> 	<p>Inductors Transformers</p> 
Markets	<p>Robotics, Machinery, Automation Automotive Medical Building Technology Energy Management</p>	<p>Railway Energy Distribution</p>
Business / Operational Model	<p>High(er) Volume / Low Mix Standard / Customized Business Make to Stock Global</p>	<p>Low Volume / High Mix Engineering / Customized Business Make to Order Regional</p>

How to accelerate profitable growth?

We fully focus on our core competence EMC-solutions and gain further momentum through the continued execution of our growth initiatives!

- We strengthen our strategic industrial markets with EMC-filter solutions through penetration and expansion of product portfolio.
- We expand into additional growth markets around our core business with new technologies and new sales approaches.
- We strengthen our antenna business with new designs for electrical and non-electrical car platforms.
- We build a strong pillar in e-mobility with EMC-filter solutions / magnetics components based on existing customer relations.

Outlook

Market trends

- Continued momentum in strategic industrial markets and e-mobility.
- Further ramp up of recently won projects.
- Current stocking-up at OEM's and distributors will slow down.
- High freight costs and increased raw material prices will slightly impact profitability.

Our Guidance for FY 2020/21

- We expect net sales of at least CHF 170 million (Power Magnetics business included until end of Q3).
- Our core business may therefore grow by almost 15%.
- We expect to achieve double-digit EBIT-margin in HY2, and therefore to further improve EBIT-margin before goodwill recycling for the whole financial year.

Review of mid-term targets ahead

- Mid term-targets will be adjusted after closing of Power Magnetics divestment.

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Thank you for your attention