



# Schaffner Group

## FY 2016/17 – Annual result presentation

### Caution regarding forward-looking statements



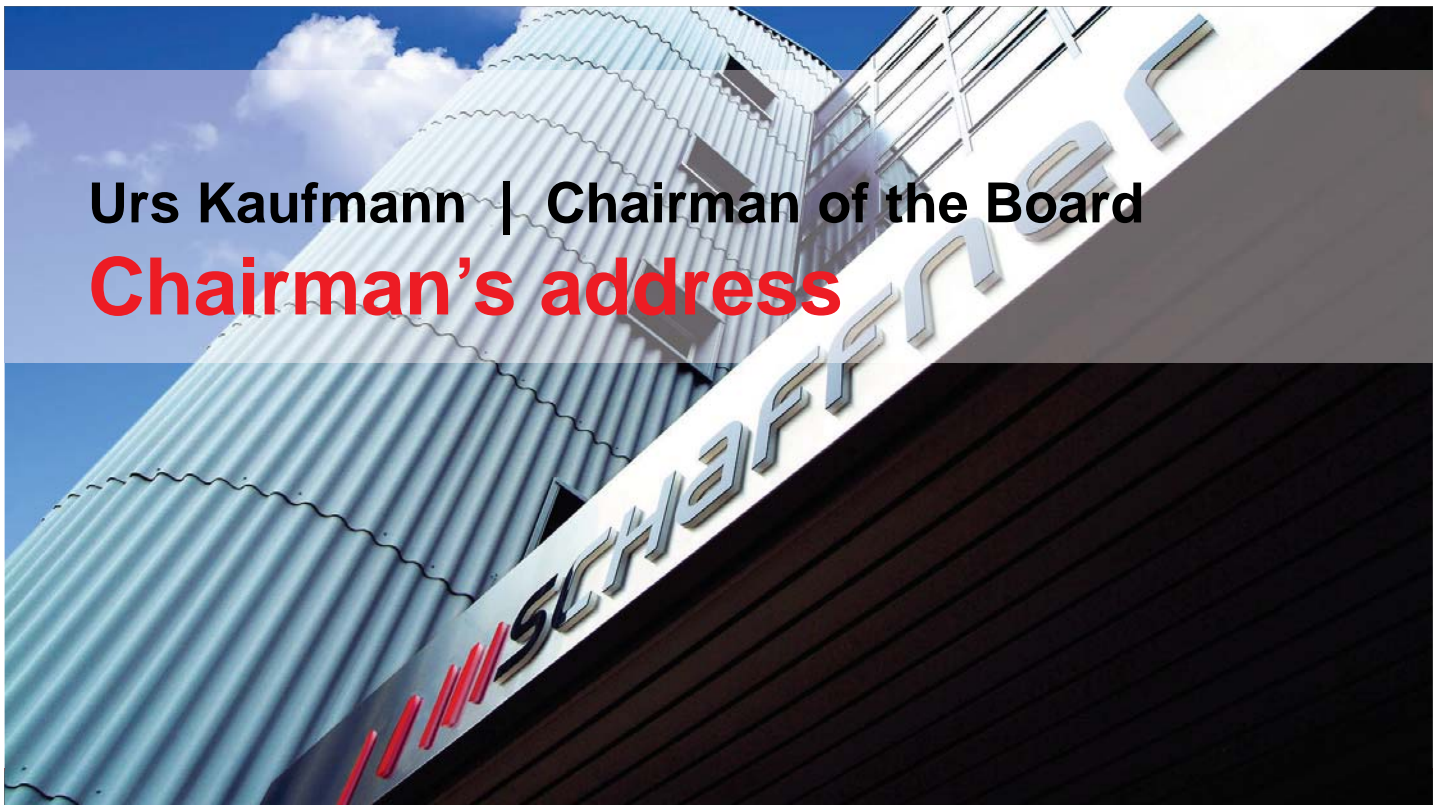
This communication contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives, and other statements relating to our future business development and economic performance.

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. 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.

Chairman's address	Urs Kaufmann
Business review	Marc Aeschlimann
Financials	Kurt Ledermann
Outlook	Marc Aeschlimann
Q&A	



- | Back on growth path
- | Increased profitability
- | Strategic initiatives make headway
- | Changes in the Board of Directors
- | Management team strengthened
- | Resuming dividend payment

- | Dipl. El. Ing. ETH, MBA
- | Consultant at Helbling Management Consulting
- | Various management positions at Franke:
  - > Head of Franke Food Service Systems for the Asia-Pacific region
  - > CEO of Franke Coffee Systems
- | CEO experience in electrical industry companies:
  - > Pfiffner Messwandler
  - > R&S Group

- | Daniel Hirschi is not standing for re-election – no replacement
- | Other five members nominated for re-election
- | Philipp Buhofer nominated as a new member of the Compensation Committee

- | Increased attractiveness of Schaffner for long-term oriented shareholders
- | Continuing a profit-oriented dividend policy
- | Target range for payout ratio increased
  - > so far 25 to 35% of net profit
  - > in the future 40 to 50% of net profit
- | Dividend proposal to AGM of CHF 6.50 (tax free repayment)
  - > corresponding to a payout ratio of 47%



# Marc Aeschlimann | CEO

## Business review



### Schaffner Group is back on a growth path



In CHF m	2016/17	2015/16	Δ in %
Order intake	199.5	187.4	6.5%
Net sales	195.7	185.6	5.5%
EBIT	11.5	1.4	721.0%
In % of sales	5.9%	0.7%	–

| Growth of 5.5% driven primarily by Europe and Americas

| Substantial increase in EBIT brings Schaffner back on track for sustained profitable growth

| Strong order pipeline allows further growth



## EMC division: Strong performance in top line and profitability

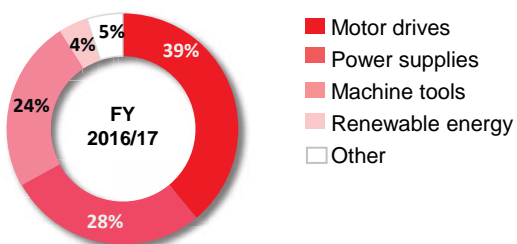
In CHF m	2016/17	2015/16	Δ in %
Order intake	102.2	92.4	10.6%
Net sales	98.3	93.8	4.7%
EBIT	13.3	8.7	52.9%
In % of sales	13.6%	9.3%	–

- | Major growth of 10.6% in order intake
- | Market share gained in important segments
- | Significant increase in profitability due to cost optimization projects
- | Launch of a new choke family shows 20% growth and high profitability
- | Substantial growth with new generation of passive harmonic filters

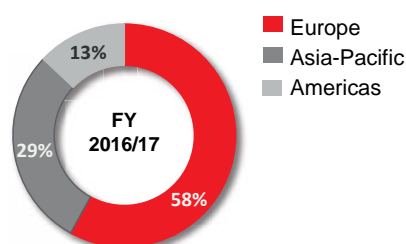


## EMC division: Major growth in Europe and Americas

Sales by Market



Sales by Region



- | Growth of 8-10% in machine tools and robotics and power supplies
- | Gain of market share in the three top segments (>90% of total segment sales)

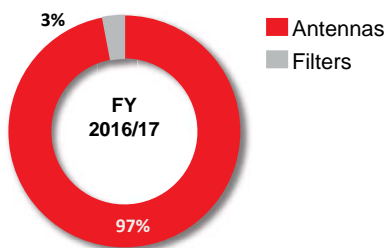
- | Strong growth in Europe and Americas with growth of around 10%

In CHF m	2016/17	2015/16	Δ in %
Order intake	47.9	48.2	-0.6%
Net sales	47.4	46.4	2.2%
EBIT	9.4	11.3	-16.8%
In % of sales	19.9%	24.5%	-

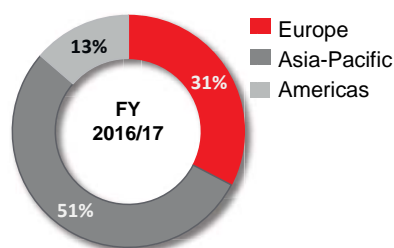
- | Growth of 2.2% despite lower demand in the USA and South Korea
- | Profitability remains at a high absolute level, but lower due to the revenue mix
- | Sustained high profitability through continued cost optimization projects
- | Multiple requests for quotations for filters for electric vehicles



Sales by Market



Sales by Region



- | Current business with antennas
- | Early successes with filters for electric vehicles

- | Strong growth of over 30% in Europe
- | Asia showed slight growth
- | Americas had lower sales than in previous years

## Power Magnetics division: Turnaround continued

In CHF m	2016/17	2015/16	△ in %
Order intake	49.4	46.7	5.8%
Net sales	50.0	45.4	10.3%
EBIT	-7.0	-13.8 <sup>1</sup>	49.2%
In % of sales	-13.9%	-30.4%	–

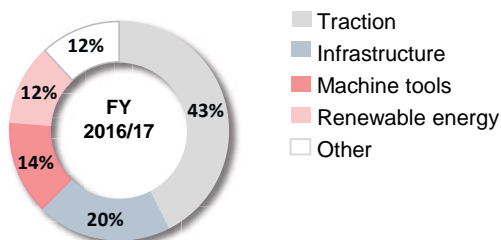
<sup>1</sup> Incl. restructuring costs of CHF 4.6 million



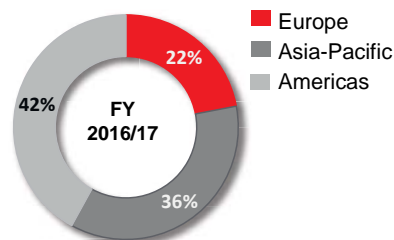
- | Growth of more than 10% (mainly from the USA and China)
- | Substantial reduction of losses, through to restructuring measures initiated
- | New manufacturing set-up USA and Europe established
- | Focus on increasing efficiency and further cost reductions
- | Important projects with transformers for quick charging stations

## Power Magnetics division: Strong growth in Americas and China

Sales by Market



Sales by Region



- | Major growth in machine tools
- | Slight growth in traction and growing pipeline

- | Main growth in Americas driven by new OEM customers in USA
- | Growth in China driven by traction





# Kurt Ledermann | CFO

## Financials 2016/17

### Financial Highlights 2016/17



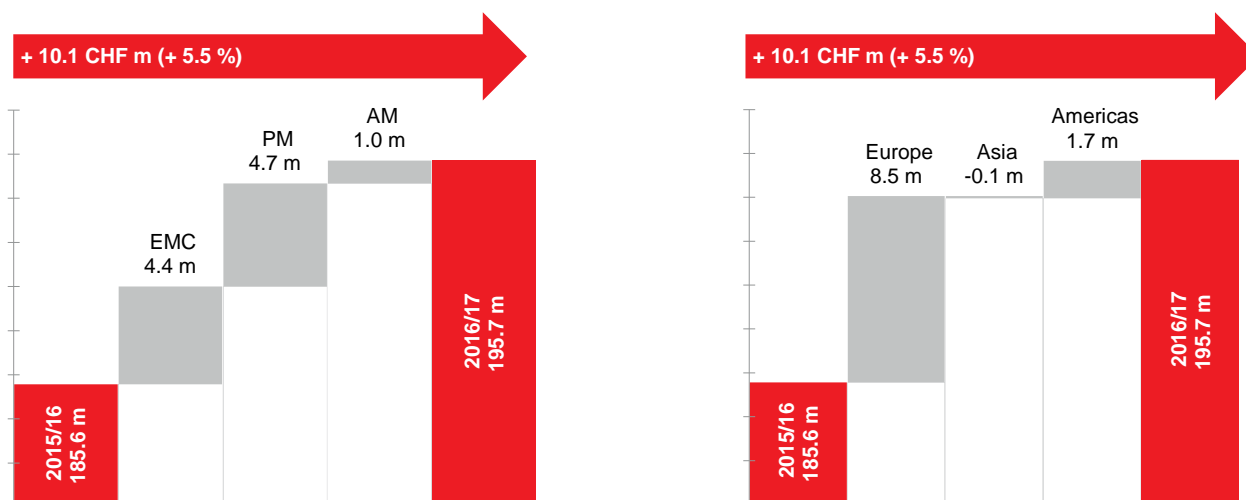
#### Key financials

- | Net sales CHF 195.7 million (+5.5%; +6.6% in LC)
- | Book-to-bill ratio 1.02 (1.01)
- | Operating profit EBIT CHF 11.5 million (up from CHF 1.4 million)
- | EBIT margin 5.9% (0.7%)
- | Net profit CHF 8.7 million (up from CHF 0.2 million)
- | ROCE 19.3% (up from 2.6%)
- | EPS CHF 13.77 (up from CHF 0.29)
- | Free cash flow CHF 5.0 million (up from CHF 2.4 million)
- | Equity ratio 40% (up from 38%)

## EBIT margin stabilizes in the mid-single digit range

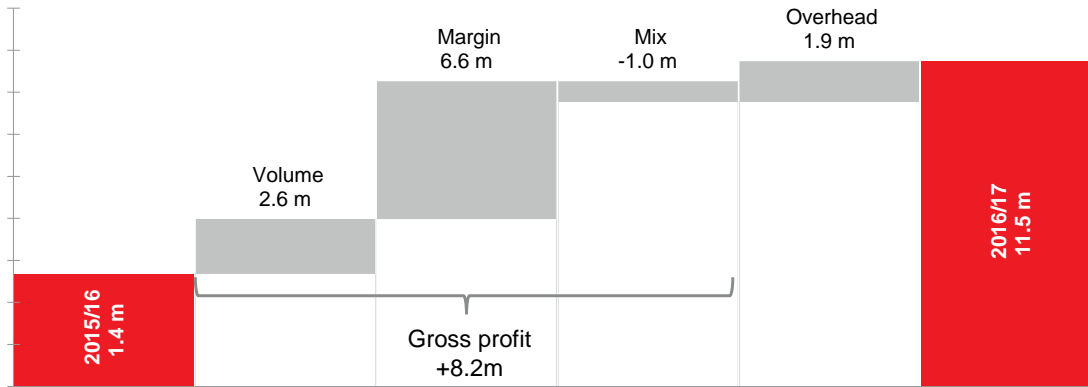
In CHF m	2015/16				2016/17			
	H1		H2		H1		H2	
Net sales	92.6		92.8		94.6		101.1	
– Cost of sales	-67.5		-70.6		-66.3		-73.8	
Gross profit	27.1%	25.1	23.9%	22.2	29.9%	28.3	27.0%	27.3
– Overhead	-23.5		-22.5		-22.3		-21.9	
EBIT	1.8%	1.6	-0.3%	-0.3	6.4%	6.0	5.4%	5.4
– Financial result	-1.0		-0.4		-0.5		-0.1	
– Tax	-0.1		0.4		-1.4		-0.8	
Net profit	0.5%	0.4	0.3%	-0.3	4.4%	4.2	4.5%	4.6

## Organic net sales growth of 6.6%

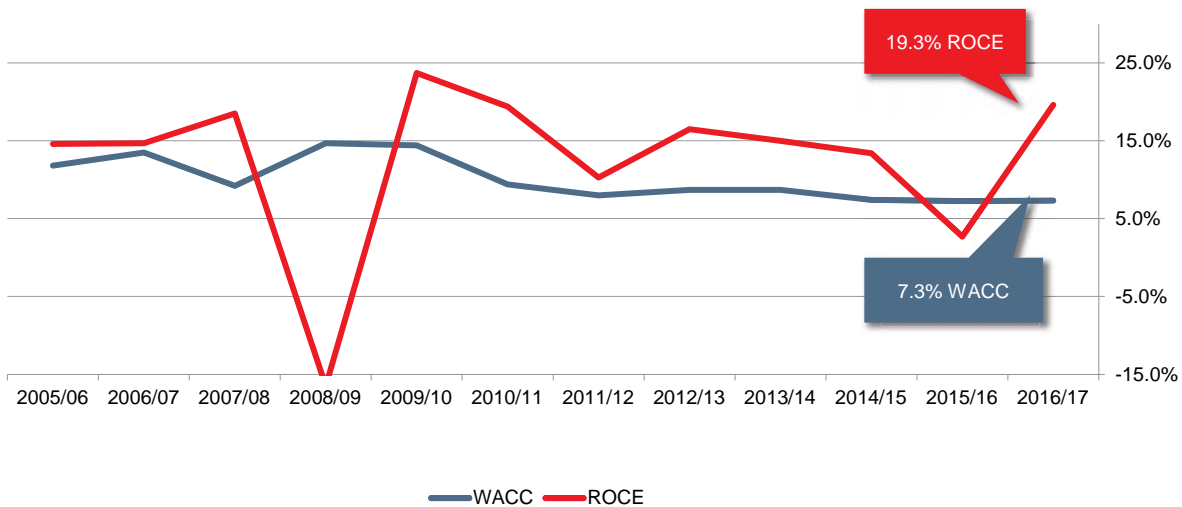


# Major EBIT growth due to strong margin increase

EBIT margin increased by 5.2 percentage points to 5.9 %



# 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

 **SCHAFFNER**  
shaping electrical power

- | Good start into FY 2017/18
- | Positive economic environment
- | Growth opportunities in the areas of motor drives, traction, power supply and machine tools
- | Launch of a new generation of active harmonic filters in spring 2018
- | Basis for mid-term growth laid with filters for electric vehicles
- | Further improvement in financial performance of Power Magnetics division
- | Continued price pressure and rising raw material prices

- | Expectations for FY 2017/18
  - > staying on growth path
  - > achieving an EBIT margin in the mid-single digits
- | Confirmation of mid-term goals
  - > organic net sales growth >5%
  - > EBIT > 8%

- |                 |   |
|-----------------|---|
| 11 January 2018 | 22 <sup>nd</sup> Annual General Meeting |
| 9 May 2018      | Publication of half-year report 2017/18 |
| 6 December 2018 | Publication of annual report 2017/18    |
| 15 January 2019 | 23 <sup>rd</sup> Annual General Meeting |