



Schaffner Group

# Presentation of the 2017/18 Financial Results

6 December 2018

 **SCHAFFNER**  
shaping electrical power

# Caution regarding forward-looking statements

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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 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.

# Agenda

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**Summary** Marc Aeschlimann

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**Business review** Marc Aeschlimann

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**Financials** Kurt Ledermann

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**Outlook** Marc Aeschlimann

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**Q&A**

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# Agenda

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**Summary**

Marc Aeschlimann

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**Business review**

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Kurt Ledermann

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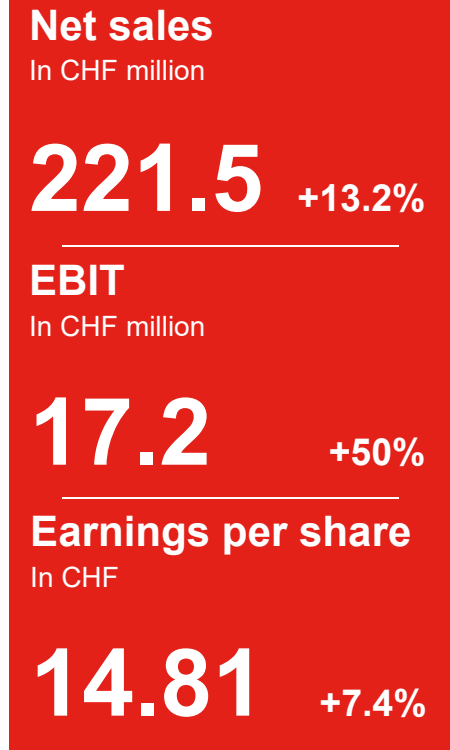
**Q&A**

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# Substantial increase in sales and profitability

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- Continued growth in all segments
- Substantially increased profitability
- Strategic initiatives make headway
- Group management team completed
- Dividend proposal to AGM of CHF 6.50



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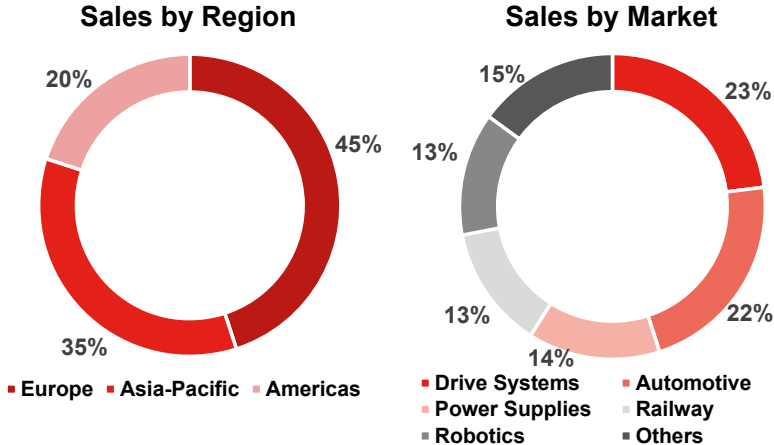
**Q&A**

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# Schaffner Group continued profitable growth

| In CHF m     | 2017/18 | 2016/17 | Δ in % |
|--------------|---------|---------|--------|
| Order intake | 223.5   | 199.5   | 12.0%  |
| Net sales    | 221.5   | 195.7   | 13.2%  |
| EBIT         | 17.2    | 11.5    | 50.0%  |
| EBIT margin  | 7.7%    | 5.9%    | –      |

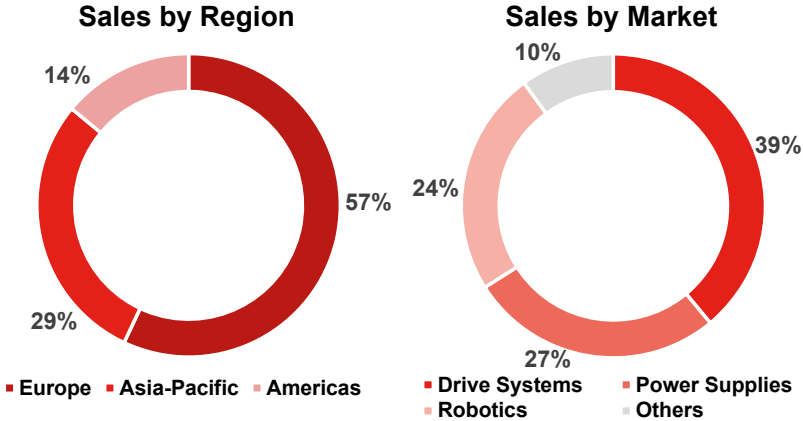
- Growth of 13.2% driven by all regions, resulted in a historic record in net sales
- Substantial growth in core markets
- Net positive impact of CHF 1.2 million from one-time effects on EBIT level from insurance benefits after the fire in Thailand and restructuring costs for Power Magnetics division
- Adjusted EBIT increased substantially to CHF 16 million or 7.2%



# EMC division: Strong growth and increased market share

| In CHF m     | 2017/18 | 2016/17 | Δ in % |
|--------------|---------|---------|--------|
| Order intake | 116.7   | 102.2   | 14.2%  |
| Net sales    | 115.9   | 98.3    | 17.9%  |
| EBIT         | 17.8    | 13.3    | 33.3%  |
| EBIT margin  | 15.3%   | 13.6%   | –      |

- Substantial growth of 18% driven by all regions
- Increased market share in major markets
- Successfully launched new Active Harmonic Filter family in spring
- Profitability increased by 33% despite continued price pressure

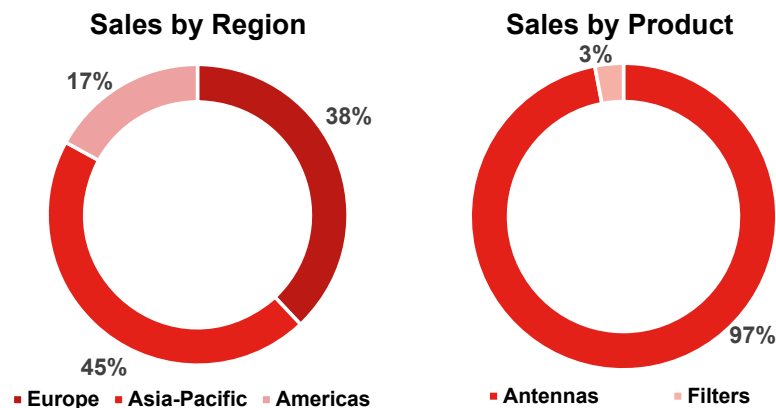




## Automotive division: Maintaining high profitability

| In CHF m     | 2017/18 | 2016/17 | Δ in % |
|--------------|---------|---------|--------|
| Order intake | 49.0    | 47.9    | 2.3%   |
| Net sales    | 49.0    | 47.4    | 3.5%   |
| EBIT         | 11.3    | 9.4     | 19.9%  |
| EBIT margin  | 23.1%   | 19.9%   | –      |

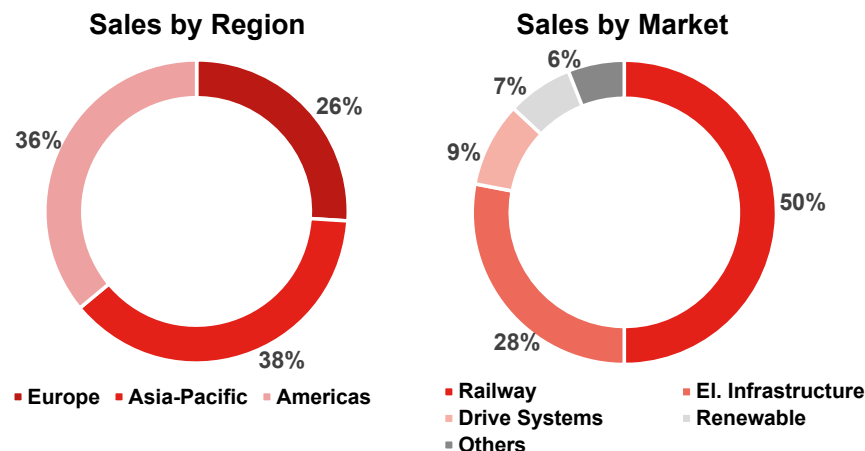
- Business remains on high level
- Fire in Thailand without negative impact on top line
- Positive impact of one-time effects on EBIT level due to insurance benefits of CHF 2.5 million
- Adjusted EBIT margin remains above 18% level
- Negative exchange rate impacts in second half of the year
- New projects for e-mobility won
- Division under new leadership



# Power Magnetics: Turnaround makes substantial progress

| In CHF m     | 2017/18 | 2016/17 | Δ in % |
|--------------|---------|---------|--------|
| Order intake | 57.8    | 49.4    | 16.9%  |
| Net sales    | 56.6    | 50.0    | 13.1%  |
| EBIT         | -6.8    | -7.0    | 2.7%   |
| EBIT margin  | -12.0%  | -13.9%  | –      |

- Substantial growth in Europe and Asia
- Turnaround measures led to additional one-time costs
- Gross margin continuously increased
- New division structure implemented
- New division head on board
- After completion of restructuring measures in first half of fiscal year 2018/19 the division is expected to reach break-even in the second half of the fiscal year



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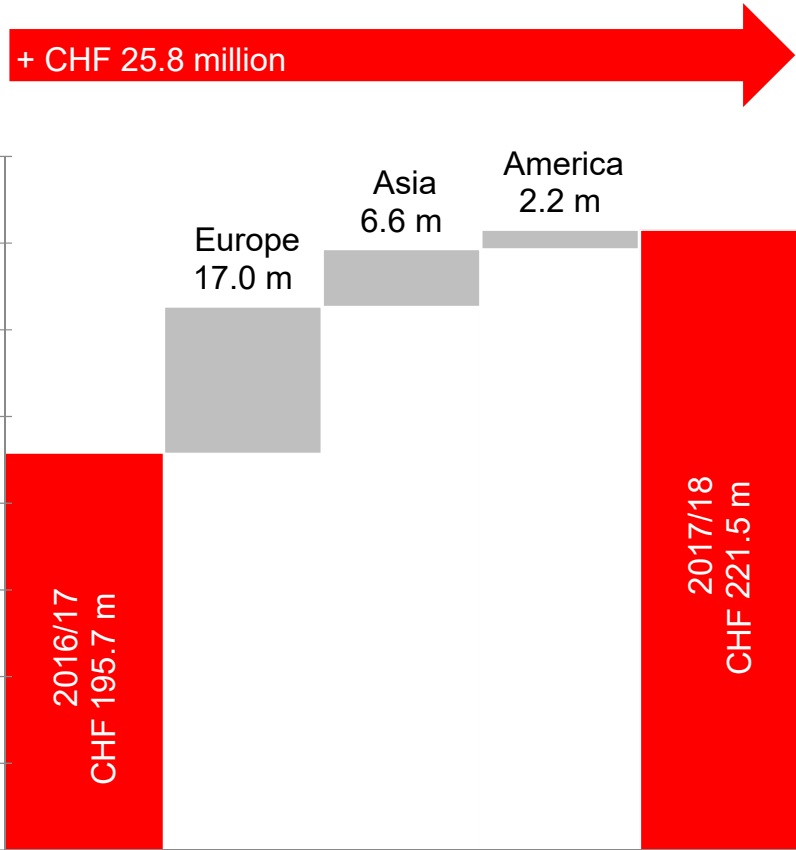
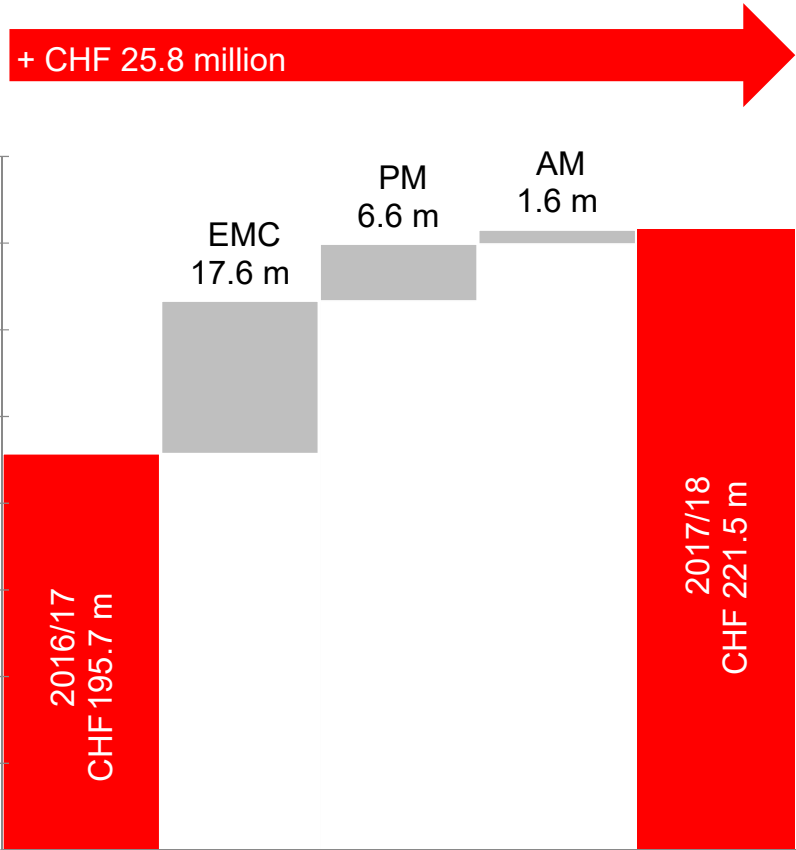
**Outlook** Marc Aeschlimann

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**Q&A**

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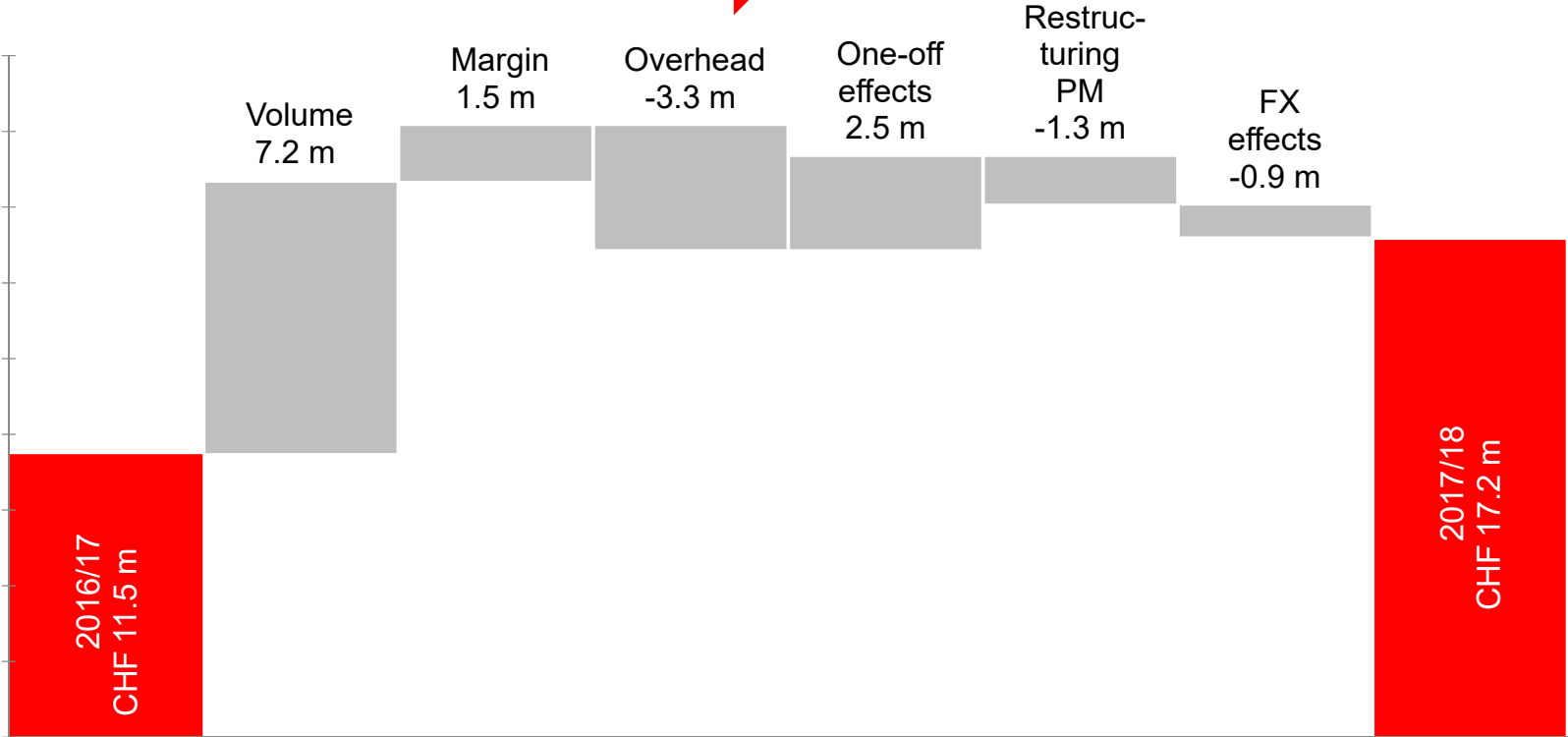
# Net sales growth mainly driven by EMC and Europe



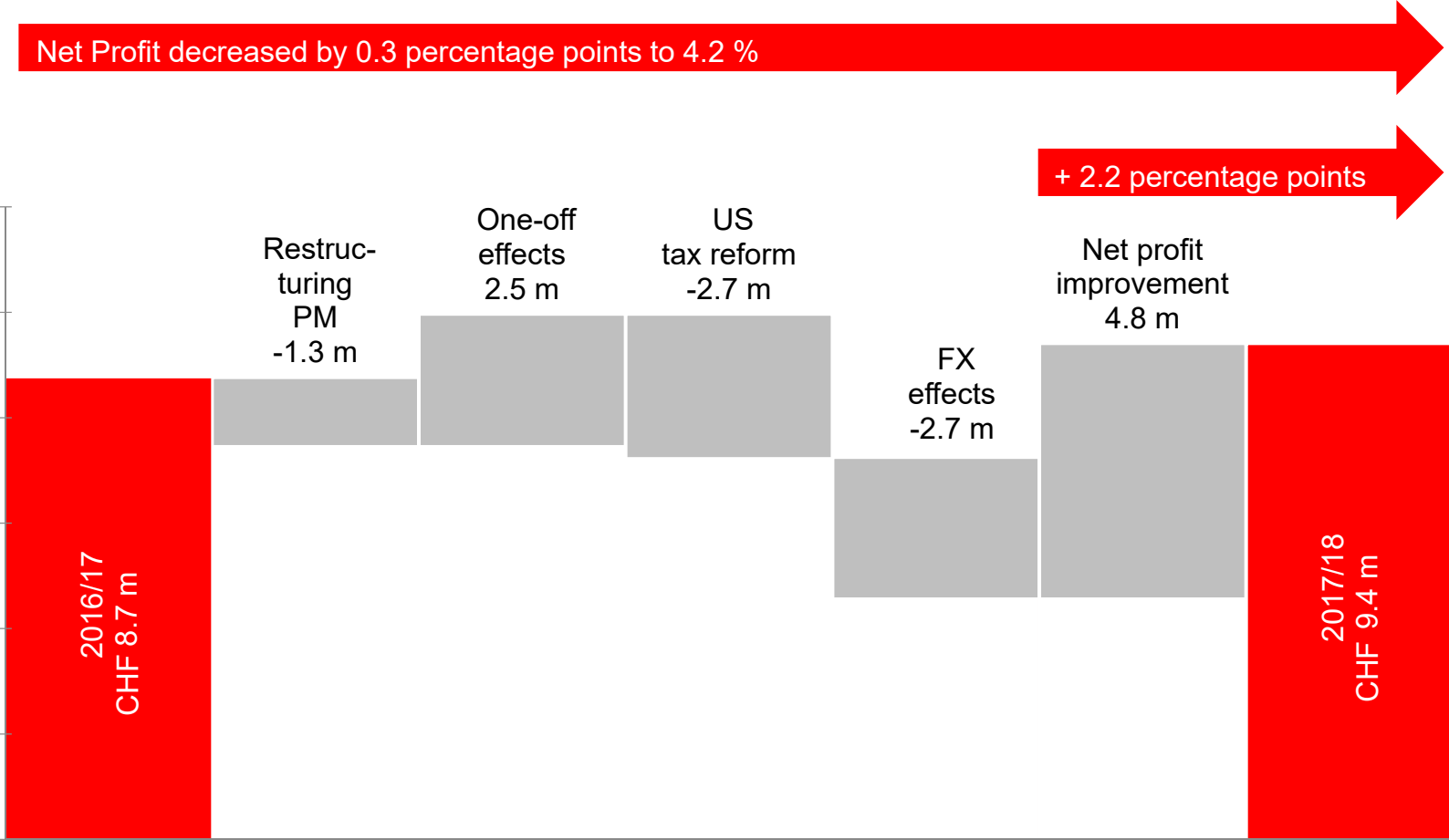
# EBIT increase mainly volume and margin driven

EBIT increase by 1.8 percentage points to 7.7 %

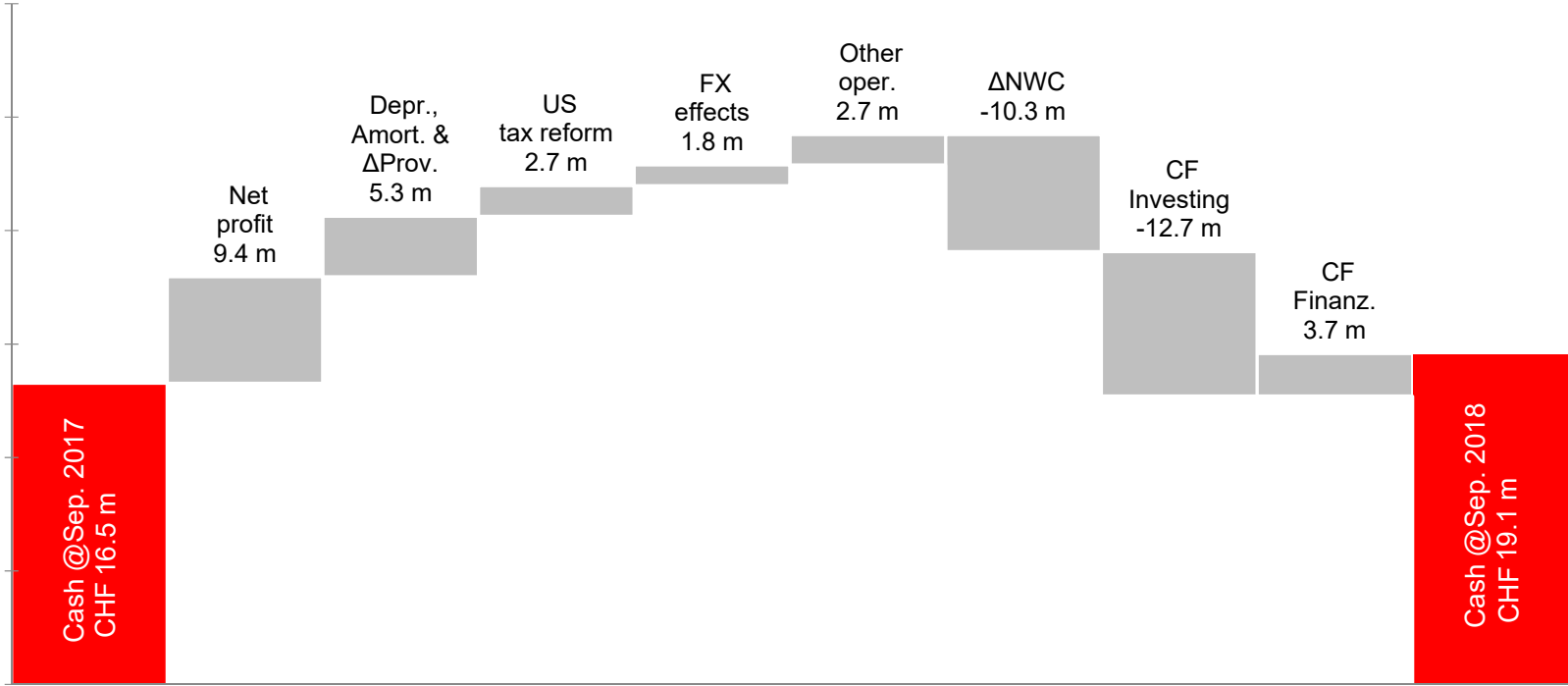
EBIT increase by 1.6 percentage points to 7.5 %



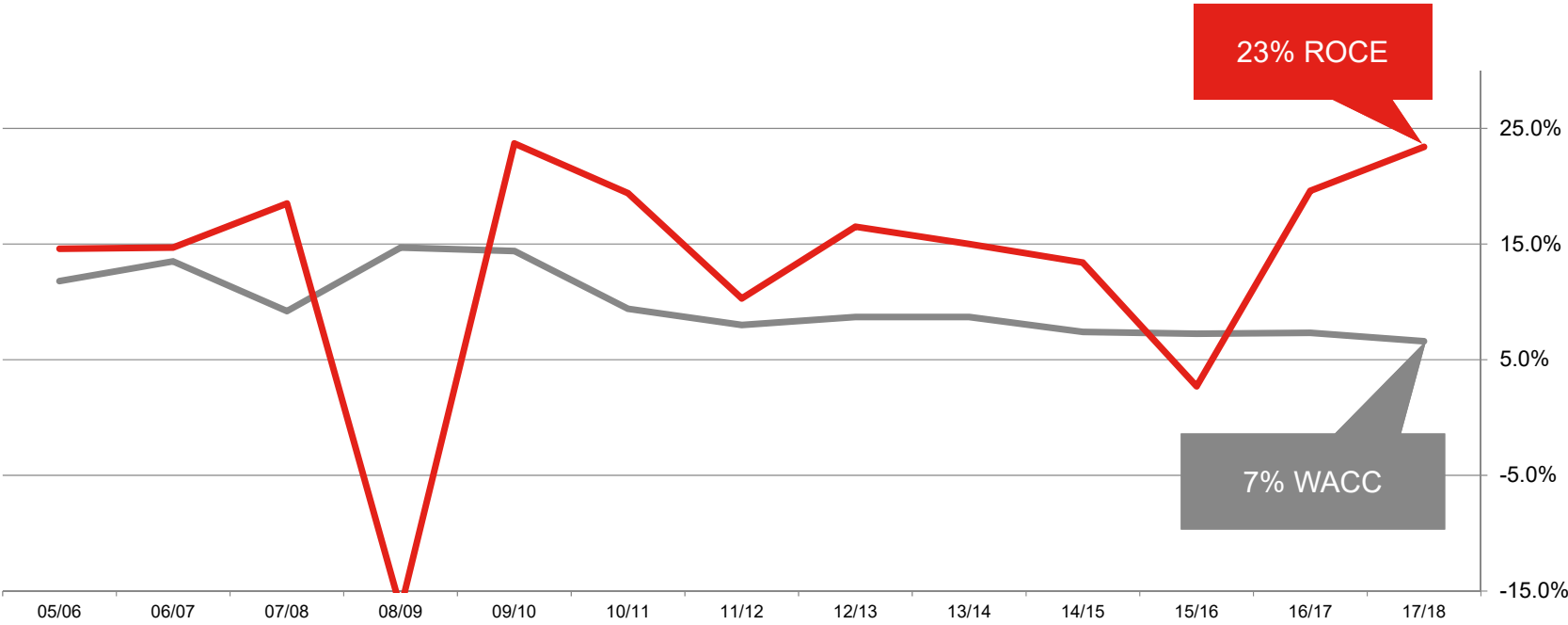
# Net profit influenced by one-time effects



# NWC increase driven by growth



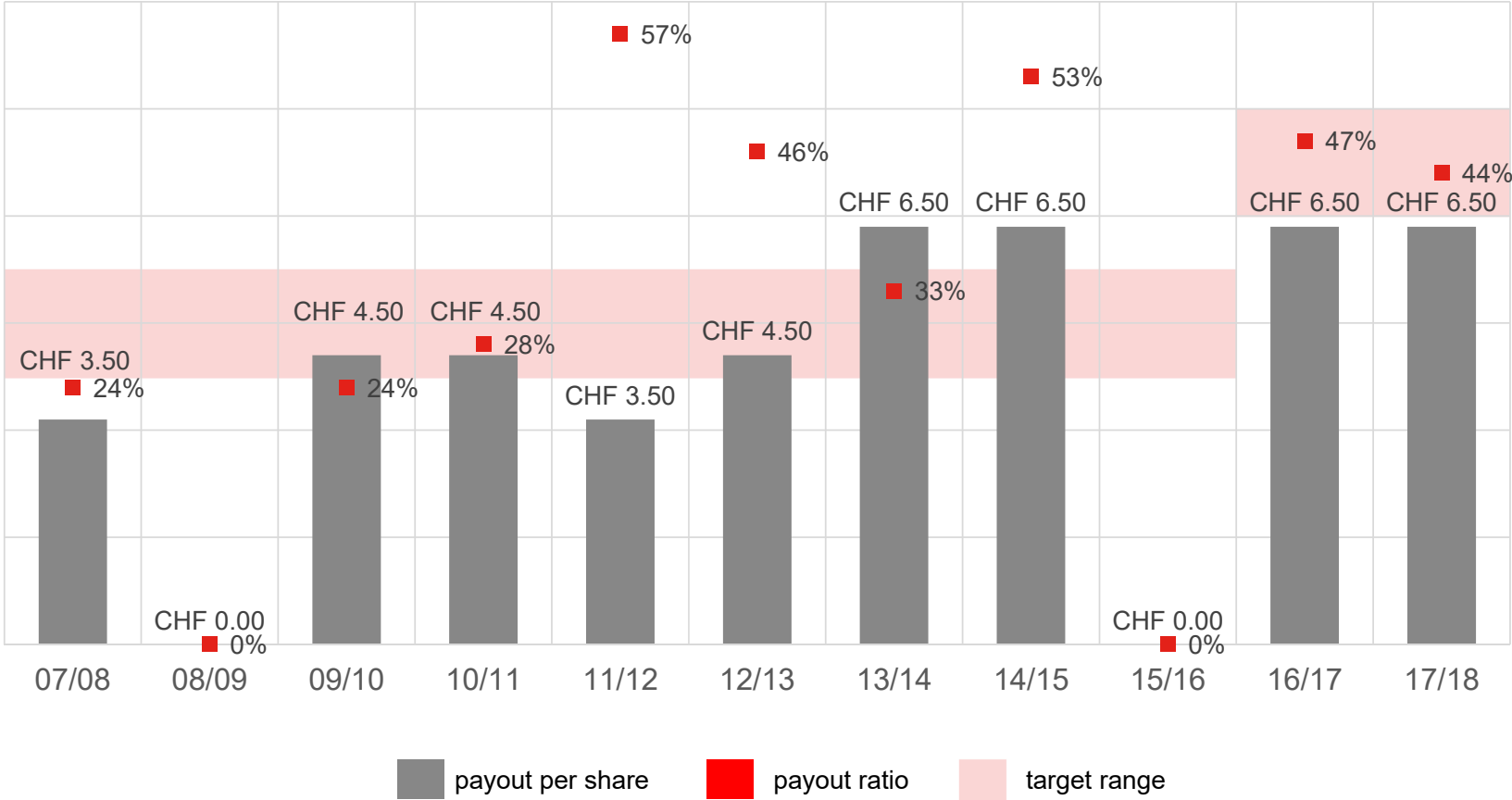
# Shareholder value further increased



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.



# Dividend payout remains on high level



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# Outlook

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- Good start into new fiscal year 2018/19
- Economic environment remains positive in most regions, but uncertainty is increasing
- Increased tariffs and trade war lead to higher cost
- Further growth opportunities in core markets
- Additional investments in new products and business opportunities
- Continuing development of solutions for e-mobility
- Turnaround completed at Power Magnetics division
- New headquarters in Switzerland and new factory in Thailand under construction

# Outlook

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- Mid-term goals
  - After completion of the turnaround at the Power Magnetics division, Schaffner sets a mid-term target range for the EBIT margin of 8-10%
  - Organic net sales growth target >5% (average year-on-year) remains unchanged
- Expectations for fiscal year 2018/19
  - Staying on growth path
  - Achieving an EBIT margin in the range of 8-10%

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## Financial calendar 2018/19

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- 15 January 2019      23<sup>rd</sup> Annual General Meeting
- 7 May 2019          Publication of half-year report 2018/19
- 5 December 2019     Publication of annual report 2018/19
- 14 January 2020      24<sup>th</sup> Annual General Meeting