



The Schaffner Group

Half-year 2016/17 result presentation

H1 2016/17 Results



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 2016 as well as the Interim Report for the period ended 31 March 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.

Kurt Ledermann | Interim CEO & CFO

Schaffner is growing and increasing profitability



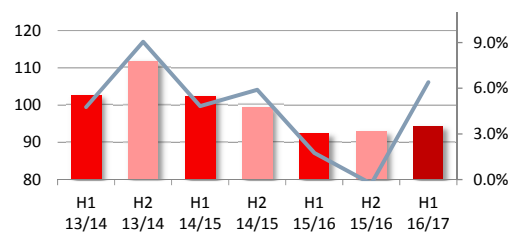
H1 2016/17 Results



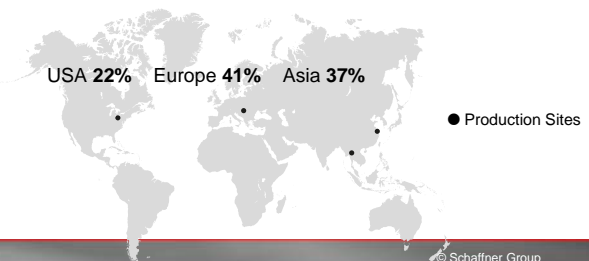
Highlights

- | Group returned to growth in the first half of 2016/17
- | EMC and Automotive division achieved double-digit profit margins
- | Power Magnetics division is proceeding with its successive turnaround
- | Order intake is recovering
- | New CEO takes up November 2017 at the latest

Mid-term sales and EBIT margin development



Balanced sales and global footprint

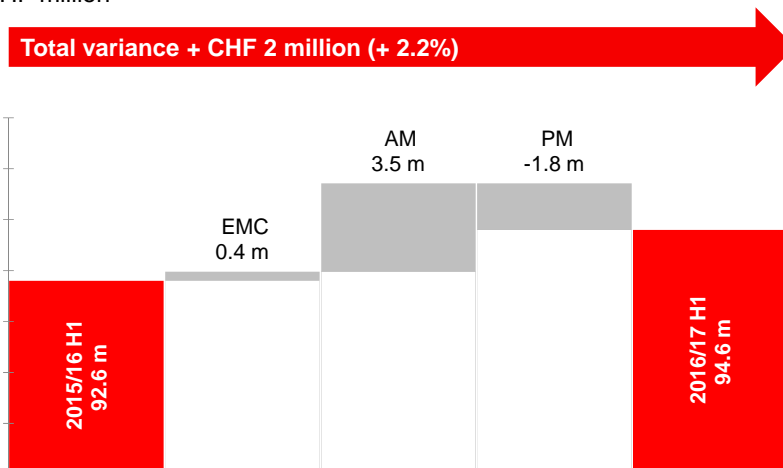


Key financials

- | Net sales CHF 94.6 million (H1 2015/16: CHF 92.6 million)
- | Book-to-bill ratio 1.05 (1.02)
- | Operating profit EBIT CHF 6.0 million (CHF 1.6 million)
- | EBIT margin 6.4% (1.8%)
- | Net profit CHF 4.2 million (CHF 0.4 million)
- | ROCE 19.6% (5.2%)
- | EPS CHF 6.57 (CHF 0.70)
- | Free cash flow CHF -3.1 million (CHF -4.7 million)
- | Equity ratio 38.1% (30.09.16: 37.6%)

Organic net sales growth in local currencies of 4.5 %

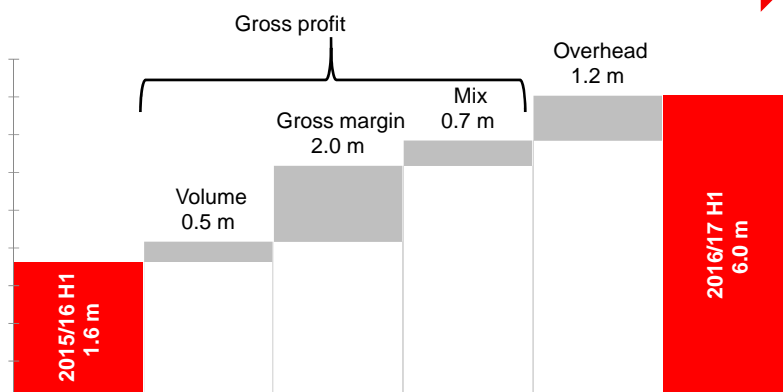
| in CHF million



Operating profit (EBIT) increased to CHF 6.0 million

| in CHF million

EBIT margin increased by 4.6 percentage points to 6.4%



Profit and loss statement

| H1 2015/16 restated

| * IFRS

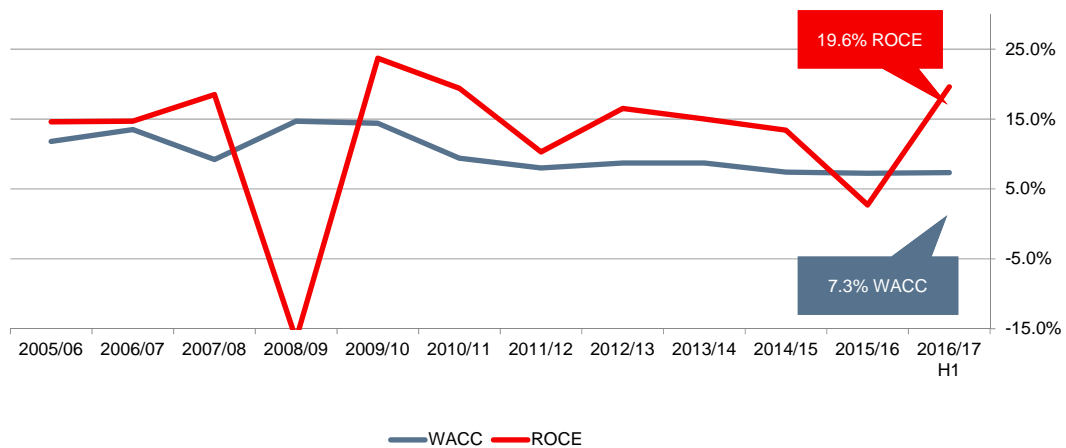
	H1* 2014/15		H1 2015/16		H1 2016/17	
Net Sales		102.5		92.6		94.6
- Cost of sales		-74.3		-67.5		-66.3
Gross profit	27.5%	28.2	27.1%	25.1	29.9%	28.3
- R&D	7.7%	-7.9	9.0%	-8.3	8.9%	-8.4
- Others		-15.5		-15.2		-13.9
EBIT	3.6%	3.7	1.8%	1.6	6.4%	6.0
- Financial result		-1.4		-1.0		-0.5
- Tax		-0.4		-0.1		-1.4
Net Profit		1.9		0.4		4.2

Balance sheet

* IFRS

		H1* 2014/15	H1* 2015/16	H1 2016/17		
Intangible assets		23.2	20.7	0.7		
Property, plant and equipment		24.4	22.0	22.9		
Others		6.9	7.8	12.5		
Total non-current assets	37%	54.5	38%	27%	36.1	
Inventories		29.2	30.2	33.7		
Trade Receivables		36.9	34.3	37.9		
Cash & Equivalents		20.1	12.6	18.5		
Others		7.9	6.5	5.9		
Total current assets	63%	94.1	62%	83.6	73%	96.0
Equity	40%	59.2	41%	55.1	38%	50.3
Non-current liabilities	34%	51.0	36%	47.7	32%	41.8
Current liabilities	26%	38.3	23%	31.4	30%	40.1

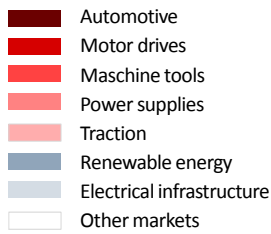
Target: ROCE > WACC



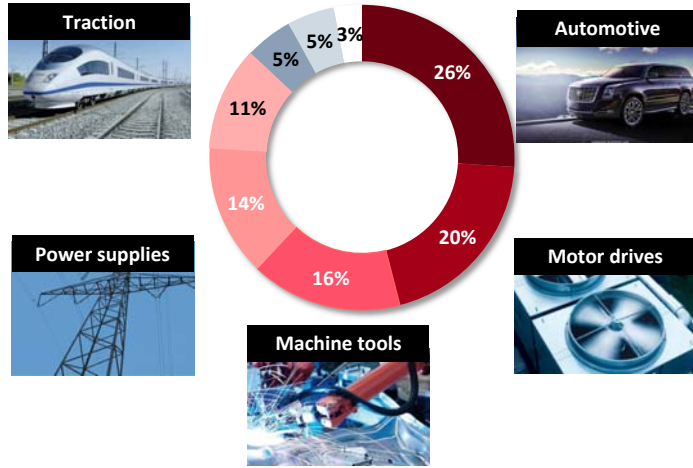
Due to the conversion of the financial reporting system to Swiss GAAP FER from fiscal year 2015/16 and the associated effects, the return on capital employed (ROCE) has risen by approximately 2 percentage points comparatively.

Development by core markets

- | **Automotive**
Continued growth
- | **EMC**
Recovery in machine tools and power supplies
- | **PM and EMC**
Slight recovery in motor drives and traction



Share of net sales H1 2016/17

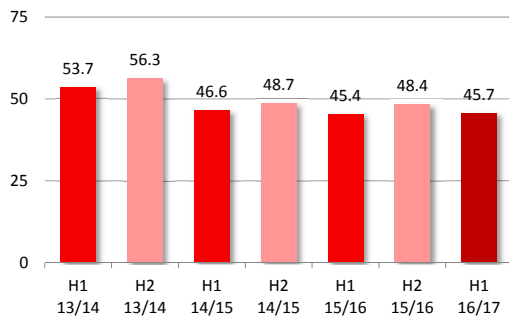


EMC division

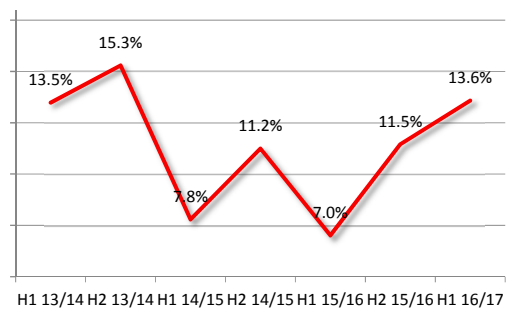
- | New projects acquired in Germany and China
- | Number of new customers increased on a global level
- | Power Quality business successfully launched second generation of harmonic filters

Segment sales

CHF million



Operating margin

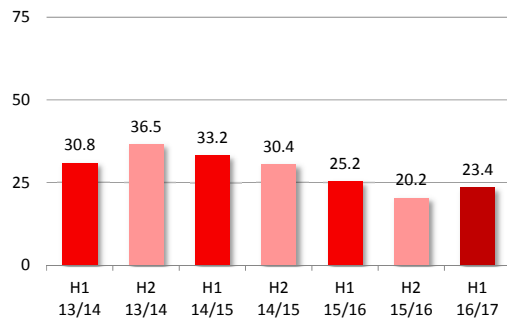


Power Magnetics division

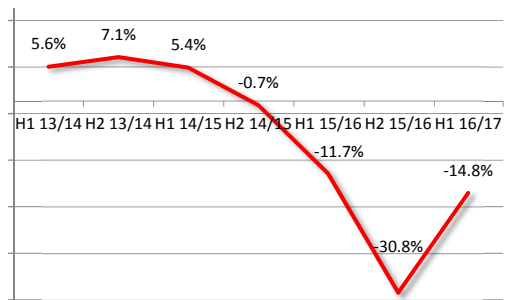
- | Sales in China in rail technology and wind turbine market saw positive developments
- | Delivery situation in USA gradually improved after completion of plant merger
- | Still in a turnaround phase

Segment sales

CHF million



Operating margin

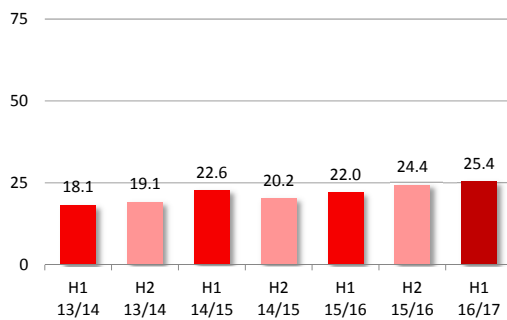


Automotive division

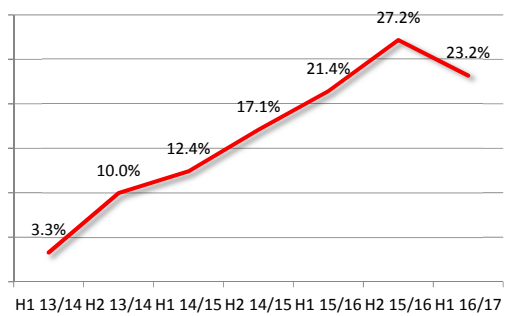
- | Sustained high demand for antennas for keyless entry systems
- | Multiyear contract with a European premium automobile manufacturer for EV-filters
- | Growth opportunities in the market for filters

Segment sales

CHF million



Operating margin



Group financial medium-term goals

- | Net sales growth, organic > 5%
- | EBIT > 8%
- | ROCE > WACC
- | Leverage ratio target: Net debt/EBITDA < 3
- | Long-term equity ratio > 40%
- | Dividend policy: pay-out ratio 25-35% of net income

