

Media Release

Back on track for growth

Definite recovery in the second half of fiscal 2012/13

Schaffner can look back on a satisfactory fiscal year on balance. After a difficult first six months, the Group returned to growth in the second half of 2012/13. All divisions increased their sales in the latter six-month period compared to the first half of the year. The recovery of the strategic growth markets was the mainspring of this upturn. Especially the market for renewable energy boasted very dynamic growth, thanks to the strong demand from the photovoltaic industry led by China and Japan. In the summer of 2013, a gradual recovery in the European market for industrial electronics also started to take hold. The resulting impetus should be positive for earnings in the new fiscal year 2013/14.

The Schaffner Group expanded its net sales by 10.2% in fiscal year 2012/13, from CHF 176.9 million to CHF 194.9 million. The sales growth amounted to 8.6% in local currencies. New orders grew to CHF 196.8 million (prior year: CHF 180.2 million), giving the Group a positive book-to-bill ratio of 1.01. Although the steady sales shift to the Asia-Pacific region continued unabated – a region where the more intense competition exerts downward pressure on prices – and despite the volume-driven underutilization of the plants during much of the year, the Group's operating margin (EBIT margin) was pushed up to 4.8% from the prior year's 4.1%. Operating profit (EBIT) increased by 31% to CHF 9.4 million (prior year: CHF 7.2 million) and net profit for the period was up by 62% year-on-year, reaching CHF 6.3 million (prior year: CHF 3.9 million).

Strong growth in renewable energy market in Asia-Pacific

The Asia-Pacific region's share of sales increased to 41% (from 35%) in fiscal year 2012/13, approaching the 44% share (prior year: 47%) contributed by Europe. Sales in North America made up 15% (prior year: 18%) of the Group total. The decrease in the US share was driven primarily by the postponement of publicly funded projects amid the political debate in Washington over the national budget. This held back results in the Power Magnetics division. The sales share represented by the strategic growth markets kept rising during the fiscal year, reaching 66% (prior year: 61%). The renewable energy market recorded the strongest growth, fueled by brisk demand from China and Japan. With its sales share of now 18% (prior year: 15%), renewable energy is the second-largest application segment for Schaffner's products after energy-efficient drive systems at 23% (prior year: 23%).

Positive trajectories in the divisions

The two divisions Power Magnetics and Automotive posted growth above the Group average in the year under review, narrowing the gap to the traditionally largest division, EMC, which contributed 56% (prior year: 60%) of sales. The Power Magnetics division grew from 26% to 28% of Group sales, while Automotive now accounted for 16%, up from 14%. The EMC division grew its sales to CHF 109.7 million in fiscal year 2012/13, thanks particularly to faster growth in the key markets during the second

half, when sales were 18.5% higher than in the first six months. This acceleration was driven in particular by power quality filters, including the ECOsine line of harmonic filters. Although the plants were underutilized as a result of low order volume during the first six months in particular, and the sharp hike of 80% in statutory minimum wages in Thailand weighed on profitability, the EMC division pushed up its segment profit to CHF 14.1 million (prior year: CHF 12.6 million). The profit margin increased by one percentage point to 12.8% (prior year: 11.8%). Sales in the Power Magnetics division increased to CHF 53.9 million (prior year: CHF 46.5 million). The good growth of 16% was due largely to the successful establishment of a strong position in the Japanese photovoltaics market. Thanks to the operational improvement measures, the PM division returned to profitability. The division's segment profit amounted to CHF 3.0 million (prior year: loss of CHF 0.3 million), with a profit margin of 5.5% (prior year: – 0.5%). The Automotive division boosted its sales by about one-fourth during the year under review, reaching CHF 31.3 million (prior year: CHF 24.7 million). Despite this continuing growth in sales, the division registered a loss of CHF 2.0 million, compared with a profit of CHF 0.6 million in the previous year. High projectrelated costs had a negative impact here, as two large projects were developed and taken to industrial scale in the areas of electromobility and keyless access systems. Both projects will generate sales and earnings from fiscal year 2013/14. The division's profitability was also restricted by one-time personnel expenses arising from the termination of the (French-law) employment contract of the former head of the Automotive division.

Sound financing structure

Schaffner was able to significantly reduce net working capital through the continuous operational improvements, to CHF 25.5 million at the 30 September 2013 year-end (30 September 2012: CHF 37.8 million). The Group generated substantial growth in free cash flow to CHF 16.0 million (prior year: CHF 1.5 million). Net debt fell to CHF 13.4 million (from CHF 25.9 million) and the gearing ratio of net debt to shareholders' equity improved to 21% (prior year-end: 43%). With shareholders' equity at CHF 62.5 million (CHF 60.3 million), Schaffner had an unchanged equity ratio of 43% (43%) at the end of September 2013.

Distribution proposal

The Board of Directors of Schaffner Holding AG will propose a dividend of CHF 4.50 (CHF 3.50) at the Annual General Meeting on 14 January 2014. As a result of the robust cash flow trend and good outlook for the new fiscal year, the proposal, at 45% of net profit, surpasses the payout ratio target range of 25% to 35% of net profit. The proposed distribution will be made in the form of a tax-free repayment of capital.

Outlook

All divisions achieved growth in the second half of the year under review and made a good start into the new fiscal year. The outlook in the important European market for industrial electronics improved in recent months. Schaffner intends to consolidate and expand its leading position in the EMC market as well as in attractive niche markets, through new products and superior customer service. In addition, operational excellence is to be continually enhanced. The Automotive division should return to profits now that the two major new projects are underway. For fiscal 2013/14 the management thus

expects the Schaffner Group to deliver sales growth in the high single-digit range and a further improvement in operating margin.

Luterbach, 10 December 2013

Key figures

<i>in CHF '000</i>	2012/13	2011/12
Net sales	194,889	176,942
Net sales EMC division	109,686	105,784
Segment profit EMC division	14,071	12,552
Net sales Power Magnetics division	53,924	46,495
Segment profit/(loss) Power Magnetics division	2,963	-284
Net sales Automotive division	31,280	24,663
Segment profit/(loss) Automotive division	-1,973	563
Operating profit (EBIT)	9,414	7,243
in % of net sales	4.8	4.1
Net profit	6,287	3,909
in % of net sales	3.2	2.2
Earnings per share in CHF	9.92	6.17
Total assets	143,653	140,843
Net working capital	25,484	37,824
Free Cash flow	15,959	1,537
Net debt	13,351	25,897
Gearing in %	21	43
Equity ratio in %	43.5	42.8
Shareholders' equity per share in CHF	98.30	94.87
Repayment of excess share premium, per share in CHF	4.50 ¹	3.50

¹Subject to approval by the Annual General Meeting on 14 January 2014.

Contacts

Alexander Hagemann	Kurt Ledermann
Chief Executive Officer	Chief Financial Officer
T +41 32 681 66 06	T +41 32 681 66 08
alexander.hagemann@schaffner.com	kurt.ledermann@schaffner.com

Annual report

The full Schaffner Annual Report 2012/13 is available at:

www.schaffner.com/en/investor-relations/reports.html

Webcast

The webcast of the presentation of Schaffner's full-year results for 2012/13 is available from 10:15 am CET on 10 December 2013 at:

<http://services.choruscall.eu/links/schaffner131210.html#>

or

www.schaffner.com/en/investor-relations.html

Calendar

14 January 2014	18 th Annual General Meeting
13 May 2014	Publication of Half-Year Report 2013/14 (half-year results)
9 December 2014	Publication of Annual Report 2013/14 (full-year results)
15 January 2015	19 th Annual General Meeting

Schaffner – energy efficiency and reliability

The Schaffner Group is a global leader in the development and production of solutions that ensure the efficient and reliable operation of power electronic systems. The Group's portfolio of products and services includes EMC filters, harmonic filters and power magnetic components as well as the development and implementation of customized solutions. Schaffner components are used in energy-efficient drive systems and electronic motor controls, in wind power and photovoltaic systems, rail technology, electrical infrastructure, machine tools and robotics, as well as in power supplies for a wide range of electronic devices in sectors such as medical technology. For the automobile industry, Schaffner develops and produces EMC and power quality components for electric drive trains and for the charging infrastructure, as well as components for convenience and safety electronics. Schaffner provides on-site service to customers around the world through an efficient global organization and invests continually in research, development, production and distribution to further expand its international market-leading position.