

## Media Release

### **Schaffner Group reports a successful first half-of fiscal 2013/14 Considerable improvement of net sales and profits**

**The Schaffner Group increased net sales by 14.5% to CHF 102.6 million (H1 2012/13: CHF 89.6 million), or 15.9% in local currencies. Operating profit (EBIT) recovered to CHF 4.9 million (CHF 1.5 million), while the EBIT margin increased to 4.8% (1.7%). Net profit was CHF 3.2 million (CHF 0.2 million), earnings per share were CHF 5.08 (CHF 0.33). In the first half of 2013/14, the Schaffner Group received new orders worth CHF 108.9 million (CHF 90.2 million). The book-to-bill ratio was 1.06 (1.01).**

The Schaffner Group made significant progress in implementing its strategy in the first half of fiscal 2013/14. The EMC division posted a substantial increase in profitability, bringing it much closer to its target margin for the segment; the Power Magnetics division is now positioned as a leading global supplier following the acquisition of Transformer Engineering LLC (Trenco); and the Automotive division returned to profit after a lot of preparatory work over the past few years.

The encouraging trend was attributable in part to the strategic core markets. The rail technology market in particular delivered a positive performance, with strong demand from European customers, while solid demand from the photovoltaics sector in Japan and the wind turbine industry in China and the gradual recovery in the European industrial electronics market also contributed to the positive trend. Schaffner is also reaping the benefits of productivity improvements implemented over the last few years.

#### **Gradual recovery in Europe – slowdown in China**

In Europe, Schaffner reported growth both compared with the first half of 2012/13 and sequentially compared with the previous six months. Demand for EMC products continued to pick up, with several major projects won with existing and new customers in Germany, the biggest market of the Schaffner Group. Europe contributed 47% (45%) to first-half sales. Sales in the Asia/Pacific region grew by 11% year-on-year, while the share of Group sales declined slightly to 37% (39%). North America accounted for 16% of Group sales, unchanged on the previous year. Schaffner's acquisition of MTC in fiscal 2010/11 and Trenco as of 31 March 2014 has strengthened its position in the power magnetics market in North America while opening the door to new national and international customers.

#### **Robust growth in strategic core markets**

The contribution of the strategic core markets to Group sales increased to 68% (66%). Energy-efficient drive systems is the biggest market sector, accounting for 21% (24%). Components for automotive electronics contributed 18% (17%), while the renewable energies sector accounted for 16% (17%) and rail technology for 13% (8%).

### **One-off items relating to administrative expense**

Administrative expense rose sharply year-on-year. This was partly because the expiry of an option plan had a positive impact of CHF 1.3 million on the results for the first half of the previous year, and partly because the current half-year results include one-time costs of CHF 0.6 million relating to the Trencos acquisition.

### **EMC division**

Benefiting from a gradual recovery in Europe, the EMC division increased segment sales by 7% to CHF 53.7 million in the first half of the year (CHF 50.2 million). Efficiency improvements contributed to a sharp rise in the segment result to CHF 7.2 million (CHF 4.4 million), while the profit margin increased to 13.5% (8.8%). The EMC division further expanded its leading position in the international EMC market in the first half of the year, recording new orders worth CHF 55.1 million (CHF 51.8 million) and maintaining an unchanged book-to-bill ratio of 1.03.

### **Power Magnetics division**

The Power Magnetics division increased segment sales by 27.8% to CHF 30.8 million (CHF 24.1 million). The Power Magnetics division reported an increase in orders from the European rail technology sector, continuing strong demand from customers in the Chinese wind turbine industry and a sharp year-on-year rise in sales in the Japanese photovoltaic sector. The segment result doubled to CHF 1.7 million (CHF 0.8 million), while the profit margin increased from 3.4% to 5.6%. In the first six months of the current fiscal year, the Power Magnetics division won new orders worth CHF 35.5 million (CHF 23.2 million), and had a book-to-bill ratio of 1.15 (0.96) as at the end of the first half of the year.

### **Automotive division**

Sales of the Automotive division increased by 18.3% to CHF 18.1 million (CHF 15.3 million) following the transfer of new projects to series production. Productivity gains, improved plant capacity utilization and the virtual elimination of special project costs led to an encouraging improvement in the segment result. After a loss of CHF 1.0 million in the prior-year period, Automotive division recorded an operating profit of CHF 0.6 million, improving the profit margin by 9.5 percentage points year-on-year to 3.3%.

### **Sound financing structure**

The Schaffner Group has a sound financing structure. Total assets increased as a result of acquisitions to CHF 152.1 million as at 31 March 2014 (30 September 2013; restated: CHF 138.7 million). Net working capital was CHF 33.0 million (CHF 25.5 million). Free cash flow amounted to CHF -2.2 million (H1 2012/13: CHF 1.7 million). Net debt increased to CHF 26.9 million (30 September 2013; restated: CHF 13.4 million), while the gearing ratio (net debt to shareholders' equity) rose to 47% (23%). With shareholders' equity of CHF 57.1 million (CHF 58.1 million), Schaffner had an equity ratio of 37.5% as at 31 March 2014 (41.9%). Shareholders' equity per share was CHF 89.82 (CHF 98.30). The Trencos acquisition reduced shareholders' equity by 2.4 percentage points. Shareholders' equity also fell due to the application of IAS 19 (Employee Benefits) and negative currency translation effects on the shareholders' equity of the subsidiaries in China and Thailand.

## Outlook

Schaffner seeks to achieve sustained growth above the market average through major development spending, operational excellence and acquisitions. Including Trencos, consolidated as of 31 March 2014, the Schaffner Group expects net sales in fiscal 2013/14 to exceed the prior-year figure by 10% to 15%. The Schaffner Group is aiming to achieve an EBIT margin of around 7% for fiscal 2013/14, with the one-time costs for the integration of Trencos in the first half of 2013/14 (impact of -0.3 percentage points) already taken into account.

Luterbach, 13 May 2014

## Key figures half-year

<i>in CHF '000</i>	<b>2013/14</b>	<b>2012/13</b>
Net sales	102,615	89,604
Net sales EMC division	53,686	50,167
Segment profit EMC division	7,240	4,410
Net sales Power Magnetics division	30,781	24,132
Segment profit/(loss) Power Magnetics division	1,711	819
Net sales Automotive division	18,148	15,305
Segment profit/(loss) Automotive division	594	-984
Operating profit (EBIT)	4,885	1,507
in % of net sales	4.8	1.7
Net profit	3,212	209
in % of net sales	3.1	0.2
Earnings per share in CHF	5.08	0.33
Free Cash flow	-2,200	1,700
	<b>31.3.2014</b>	<b>30.9.2013</b>
Total assets	152,134	138,726
Net working capital	33,000	25,500
Net debt	26,900	13,400
Gearing in %	47.0	23.0
Equity ratio in %	37.5	41.9
Shareholders' equity per share in CHF	89.82	98.30

## Half-year report

The half-year report 2013/14 of the Schaffner Group is available from 6:00 am on Tuesday, 13 May 2014: [www.schaffner.com/en/investor-relations/reports.html](http://www.schaffner.com/en/investor-relations/reports.html)

## Webcast

The audio webcast will be available from 10:00 am on Tuesday, 13 May 2014, at the following links:

<http://services.choruscall.eu/links/schaffner140513.html>

<http://www.schaffner.com/en/investor-relations.html>

## **Presentation**

The presentation will be available from 6:00 am on Tuesday, 13 May 2014, at the following link:  
<http://schaffner.com/en/investor-relations/presentations.html>

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## **Calendar**

9 December 2014      Publication of Annual Report 2013/14 (full-year results)

15 January 2015      19<sup>th</sup> 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 company's portfolio ranges from EMC filters, power quality filters and power magnetic components to the development and implementation of customized solutions. Schaffner components are deployed in energy-efficient drive systems and electronic motor controls, in wind power and photovoltaic systems, in rail technology applications, machine tools and robotics as well as in electrical infrastructure and in power supplies for a wide range of electronic devices used in sectors such as medical technology. For the automobile industry, Schaffner develops and manufactures components for convenience and safety features in cars and, in the promising electromobility market, solutions both for electric drive systems in vehicles and for their charging infrastructure. Schaffner provides on-site service to customers around the world through its global application centers and distribution organization, and invests heavily in research and development in order to expand its position as international market leader.