

## Media Release

### **Year of contrasts, characterized by change and consolidation**

#### **Market weakness in Power Magnetics weighs on sales and earnings**

Luterbach, Switzerland, 6 December 2016 – Sales of the Schaffner Group decreased by 8% in fiscal year 2015/16 to CHF 185.6 million, from CHF 201.8 million in 2014/15, the prior fiscal year (PY). On a local-currency basis the difference was 8.5%. The main reason was market weakness in the Power Magnetics division. The negative volume effect weighed on gross margin, which eased by 2.5 percentage points to 25.6% (PY: 28.1%). The Schaffner Group's operating profit (EBIT) was CHF 1.6 million (PY: CHF 10.8 million), with an EBIT margin of 0.8% (PY: 5.4%). The EBIT result includes restructuring expenses of CHF 4.6 million in the Power Magnetics division. The Group earned net profit for the period of CHF 0.4 million (PY: CHF 7.7 million), representing earnings per share of CHF 0.61 (PY: CHF 12.14). Schaffner believes that the bottom of the trough has been passed. In the year under review the Group booked new orders worth CHF 187.4 million (PY: CHF 196.2 million) and had a book-to-bill ratio of 1.01 (PY: 0.97).

#### **Contrasting trends in the three divisions**

The **EMC division** strengthened its leading international market position in the fiscal year, despite a slight reduction of 1.6% in sales to CHF 93.8 million (PY: CHF 95.3 million). The sales result was explained largely by low demand in the photovoltaic sector, notably in Japan, and by sustained high cost pressure especially also with European customers. The segment profit of CHF 8.9 million (CHF 9.1 million) includes significant expenditures for the expansion of the power quality business. The power quality activities continued to grow vigorously, with sales expanding by 34% in fiscal year 2015/16.

Sales of the **Power Magnetics division** slumped in the year under review. With a sales decline of 28.7% to CHF 45.4 million (PY: CHF 63.6 million), Power Magnetics registered a segment loss of CHF 9.2 million (PY: profit of CHF 1.6 million). A positive trend in the year was witnessed particularly in demand from China's wind turbine industry. In all other regions the division was hurt by the effects of weak demand from the drive systems, photovoltaic and rail technology sectors.

An excellent performance was delivered by the **Automotive division**. Its sales grew by 8.3% to a new total of CHF 46.4 million (PY: CHF 42.8 million). Segment profit rose to CHF 11.3 million (PY: CHF 6.3 million), with the segment profit margin increasing to 24.5% (PY: 14.6%). Demand for antennas for keyless entry systems remained high in the fiscal year. Schaffner is the global number two in the market for such antennas and has built a strong position internationally as a partner to the auto industry.

#### **Financial results adjusted after conversion to Swiss GAAP FER**

The consolidated financial statements of the Schaffner Group were converted from International Financial Reporting Standards (IFRS) to Swiss GAAP FER (FER) with retrospective effect from 1 October 2015. As part of these accounting and reporting changes, goodwill and intangible assets arising from acquisitions are now offset against equity, and pension obligations have been revalued. At the

reporting date of 30 September 2016, total assets stood at CHF 123.3 million (30 September 2015: CHF 131.6 million). Net working capital increased to CHF 34.1 million (PY: CHF 32.3 million) and net debt rose to CHF 16.0 million (PY: CHF 15.1 million). With shareholders' equity of CHF 46.8 million (PY: CHF 50.4 million), the equity ratio of 37.9% (PY: 38.3%) was within the target range. Equity per share came to CHF 73.58 at the balance sheet date (PY: CHF 79.24). The Schaffner Group generated free cash flow of CHF 2.4 million in fiscal year 2015/16 (PY: CHF 3.8 million).

### **Proposals for the 21<sup>st</sup> Annual General Meeting**

In addition to the recurring agenda items, the Board of Directors of Schaffner Holding AG will propose the following resolutions to shareholders at the Annual General Meeting on 12 January 2017:

- Forgo payment of a dividend
- Election of Urs Kaufmann and Philipp Buhofer as new members of the Board of Directors, and election of Urs Kaufmann as new Chairman of the Board of Directors and member of the Compensation Committee

The complete notice of the Annual General Meeting will be published by Schaffner Holding AG on 15 December 2016 in the Swiss Official Gazette of Commerce (SHAB) and on the Schaffner investor relations website at [www.schaffner-ir.com](http://www.schaffner-ir.com).

### **Outlook**

The developments in the Schaffner Group's key markets, the geopolitical environment and the situation in currency markets remain demanding. For the medium term, Schaffner reaffirms its organic growth target of more than 5% per year for sales and an EBIT margin of 8%.

### **Annual report**

The full Schaffner annual report 2015/16 is available at [www.schaffner-ir.com](http://www.schaffner-ir.com)

### **Webcast**

The webcast of the presentation of Schaffner's full-year results for 2015/16 is available from 10:15 a.m. CET, 6 December 2016 at

<http://78449.choruscall.com/dataconf/productusers/schaffner/mediaframe/17654/index1.html>

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## Key financials

<i>In CHF '000</i> <i>except % and per-share data</i>	2015/16	2014/15
Net sales	185,563	201,782
Net sales, EMC division	93,835	95,346
Segment profit, EMC division	8,934	9,108
Net sales, Power Magnetics division	45,373	63,637
Segment (-loss)/profit, Power Magnetics division	-9,186	1,593
Net sales, Automotive division	46,355	42,799
Segment profit, Automotive division	11,334	6,256
Operating profit (EBIT)	1,570	10,799
In % of net sales	0.8	5.4
Net profit for the period	387	7,700
In % of net sales	0.2	3.8
Earnings per share in CHF	0.61	12.14
Total assets	123,339	131,639
Net working capital	34,123	32,284
Free cash flow	2,394	3,796
Net debt	16,038	15,123
Equity ratio in %	37.9	38.3
Shareholders' equity per share in CHF	73.58	79.24
Repayment of excess share premium in CHF per share	0 <sup>1</sup>	6.50

<sup>1</sup> Subject to approval by the Annual General Meeting on 12 January 2016.

## Financial calendar

12 January 2017	21 <sup>st</sup> Annual General Meeting
11 May 2017	Publication of half-year report 2016/17
7 December 2017	Publication of annual report 2016/17
11 January 2018	22 <sup>nd</sup> Annual General Meeting

## Schaffner – Shaping Electrical Power

The Schaffner Group is a global leader in solutions that ensure the efficient and reliable operation of power electronic systems by shaping electrical power. The company's portfolio includes EMI filters, power magnetic components, power quality filters and the related services. Schaffner components are deployed in electronic motor controls, in wind power and photovoltaic systems, rail technology applications, machine tools and robots, electrical infrastructure, and in power supplies for a wide range of electronic devices, such as in medical technology. For the automobile industry, Schaffner develops and manufactures components for convenience and safety features in cars, and filter solutions for electric vehicles and their charging infrastructure. Headquartered in Switzerland, Schaffner serves its global customers through its engineering and manufacturing centers in Europe, Asia and North America. High investment in research and development helps drive the expansion of the Schaffner Group's leading position in its markets.