



Schaffner Group

# Half-year 2018/19 result presentation

7 May 2019 | © Schaffner Group

 **SCHAFFNER**  
shaping electrical power

# 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 2018 and the Interim Report for the period ended 31 March 2019. 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

---

**Business Review** Marc Aeschlimann

---

**Financials** Christian Herren

---

**Outlook** Marc Aeschlimann

---

**Q&A**

---

# Agenda

---

**Business Review**

Marc Aeschlimann

---

**Financials**

Christian Herren

---

**Outlook**

Marc Aeschlimann

---

**Q&A**

---

# Schaffner holds its own in a more challenging environment

---

- After the record year 2017/18, Schaffner couldn't continue its growth due to the significant downturn in the global automotive industry and the cooling of the Chinese economy
- Continued growth in non-automotive business in Europe and the Americas
- Exchange rates negatively impacted sales development
- Stable gross margin despite global price pressure
- Restructuring of the Power Magnetics division completed

**Net sales**

in CHF million

**101.4**

**EBIT margin**

**5.2%**

**Net result**

in CHF

**3.5**

## Schaffner Group: Net sales slightly below previous year's record level

---

in CHF m	H1 2018/19	H1 2017/18	Δ in %
Order intake	107.1	114.4	-6.4%
Net sales	101.4	108.3	-6.3%
EBIT	5.3	9.0*	-41.1%
EBIT margin	5.2%	8.3%*	–

\* incl. positive one-time effects

- Strong growth of the previous year could not be continued
- Half-year results 2018/19 significantly influenced by weak automotive market and economic slowdown in China
- Continued growth in the other core markets
- Price pressure on global markets offset by increased efficiency
- No impacts from positive one-time effects as in the previous year

## EMC division: Further increase in profitability

---

in CHF m	H1 2018/19	H1 2017/18	Δ in %
Order intake	55.9	58.6	-4.7%
Net sales	54.3	55.5	-2.3%
EBIT	7.6	7.5	0.5%
EBIT margin	14.0%	13.6%	–

- EMC Division with stable performance on strong previous year's level
- Continued growth in Europe and the Americas
- Chinese market weakened due to economic slowdown
- Profitability increased despite global price pressure
- Position in power quality market strengthened with new generation of harmonic filters

## Power Magnetics division: Restructuring concluded

---

in CHF m	H1 2018/19	H1 2017/18	Δ in %
Order intake	31.6	30.0	5.4%
Net sales	27.7	27.1	2.3%
EBIT	-2.0	-4.5*	56.2%
EBIT margin	-7.1%	-16.7%*	—

\* incl. restructuring cost

- Net sales increased driven by Asia and the Americas
- Restructuring concluded and gross margin improved
- Loss significantly reduced despite further one-time costs
- Customer delays in two major projects in Europe could slightly delay achieving break-even point

## Automotive division: Challenging global market conditions

---

in CHF m	H1 2018/19	H1 2017/18	Δ in %
Order intake	19.6	25.8	-23.8%
Net sales	19.5	25.7	-24.1%
EBIT	2.3	8.9*	-73.7%
EBIT margin	12.0%	34.5%*	–

\* incl. insurance payments

- Net sales down due to weak global automotive industry
- Low volume has negative impact on profitability
- The EBIT of the previous year was positively influenced by insurance payments (CHF 2.8 million)
- Pipeline of e-mobility development projects further expanded

# Agenda

---

**Business Review** Marc Aeschlimann

---

**Financials** Christian Herren

---

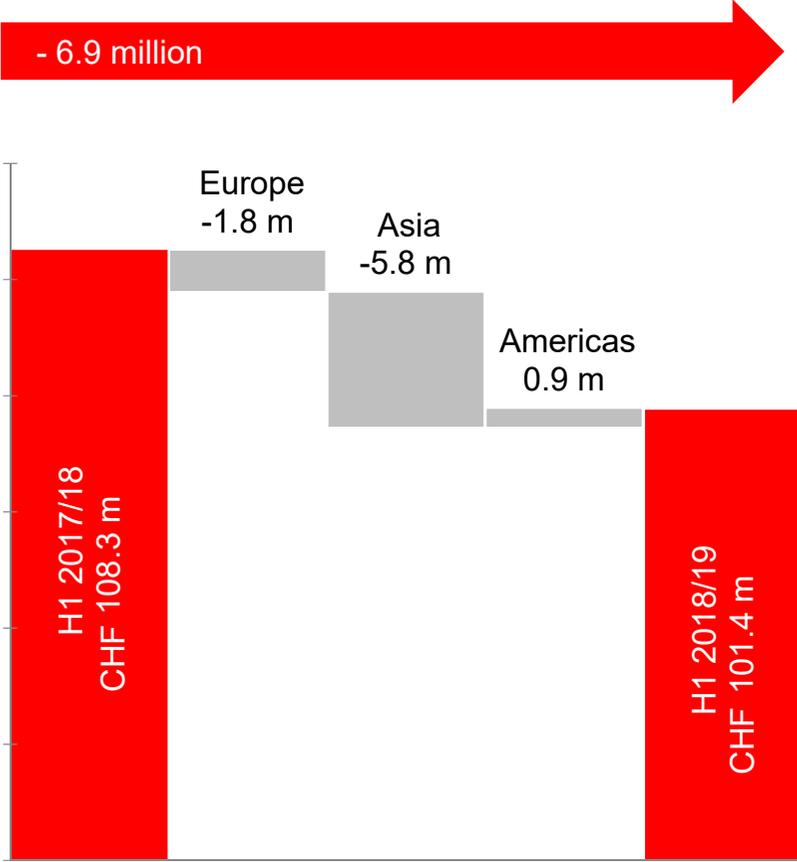
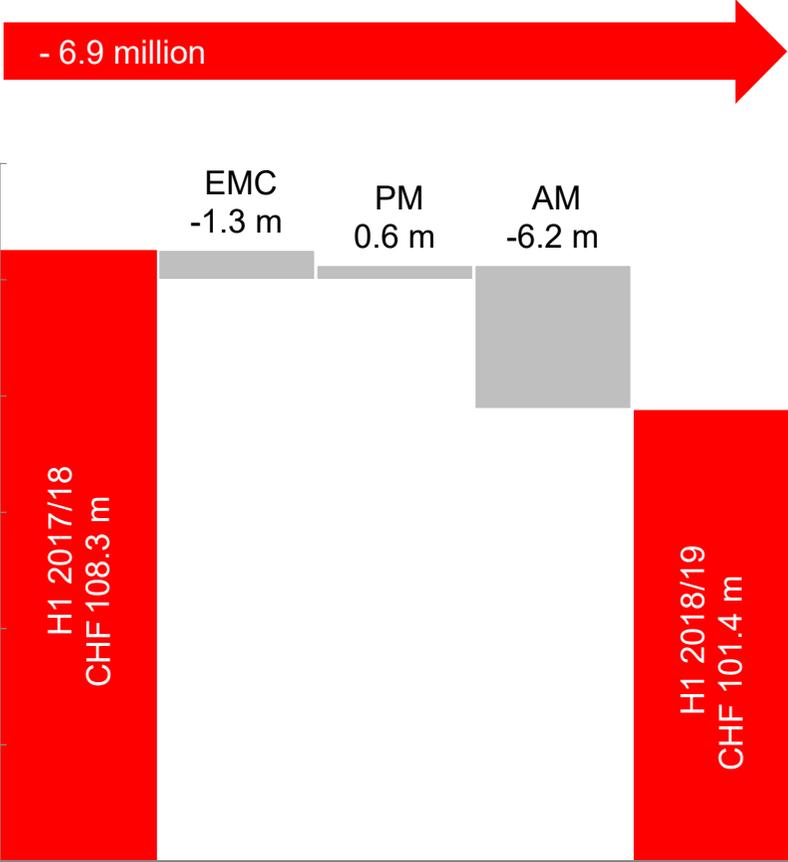
**Outlook** Marc Aeschlimann

---

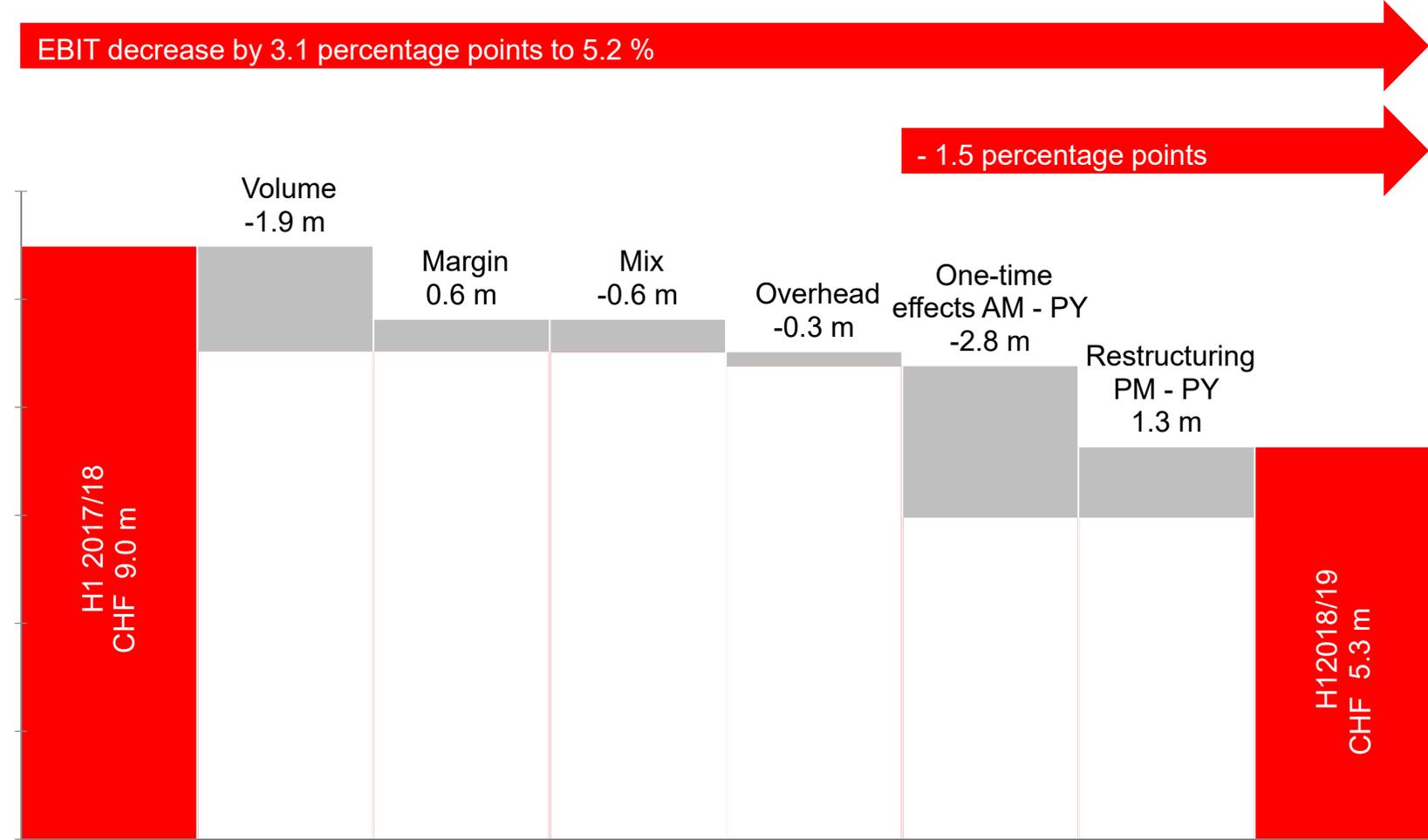
**Q&A**

---

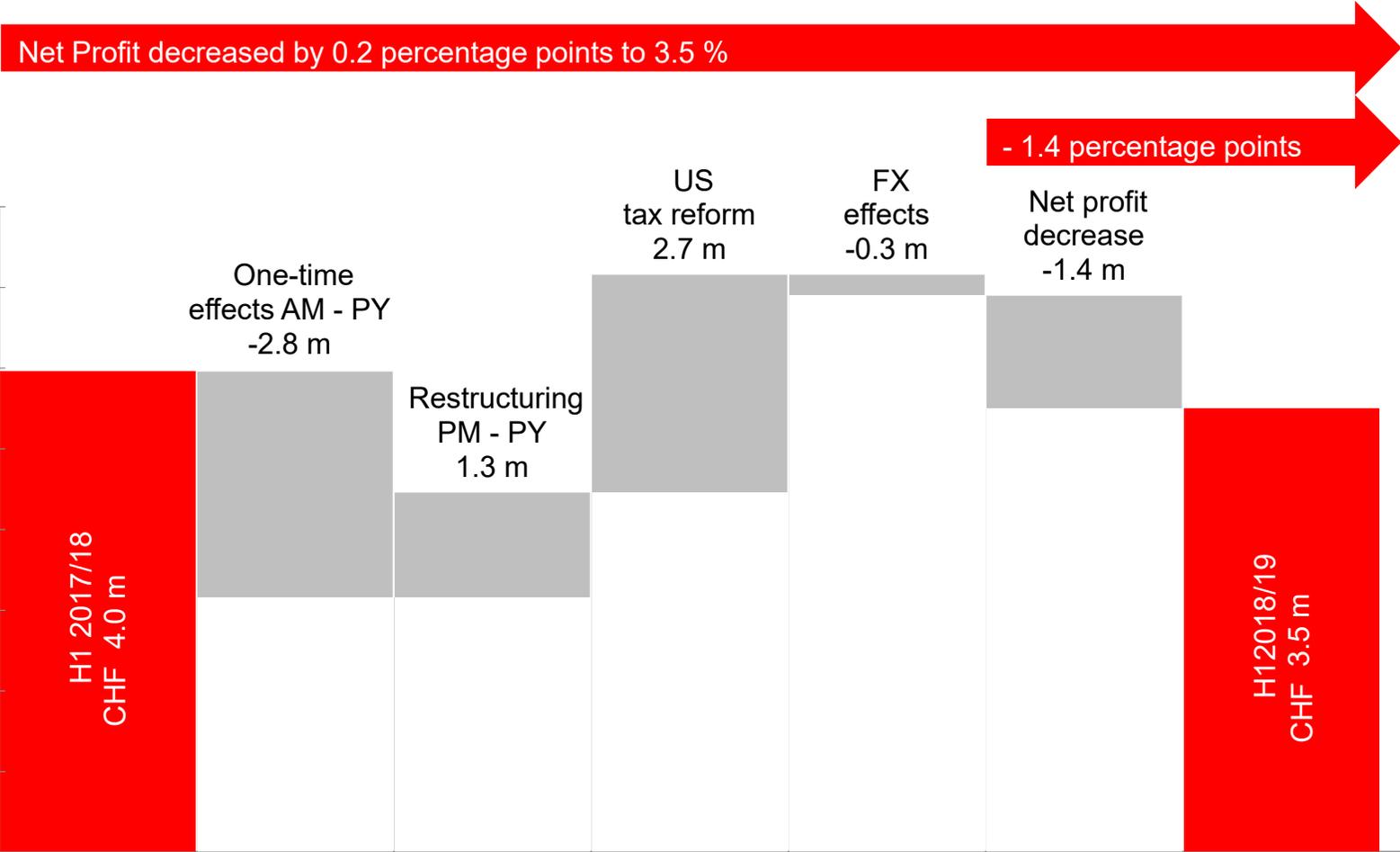
# Net sales impacted by Automotive division and Asia, especially China



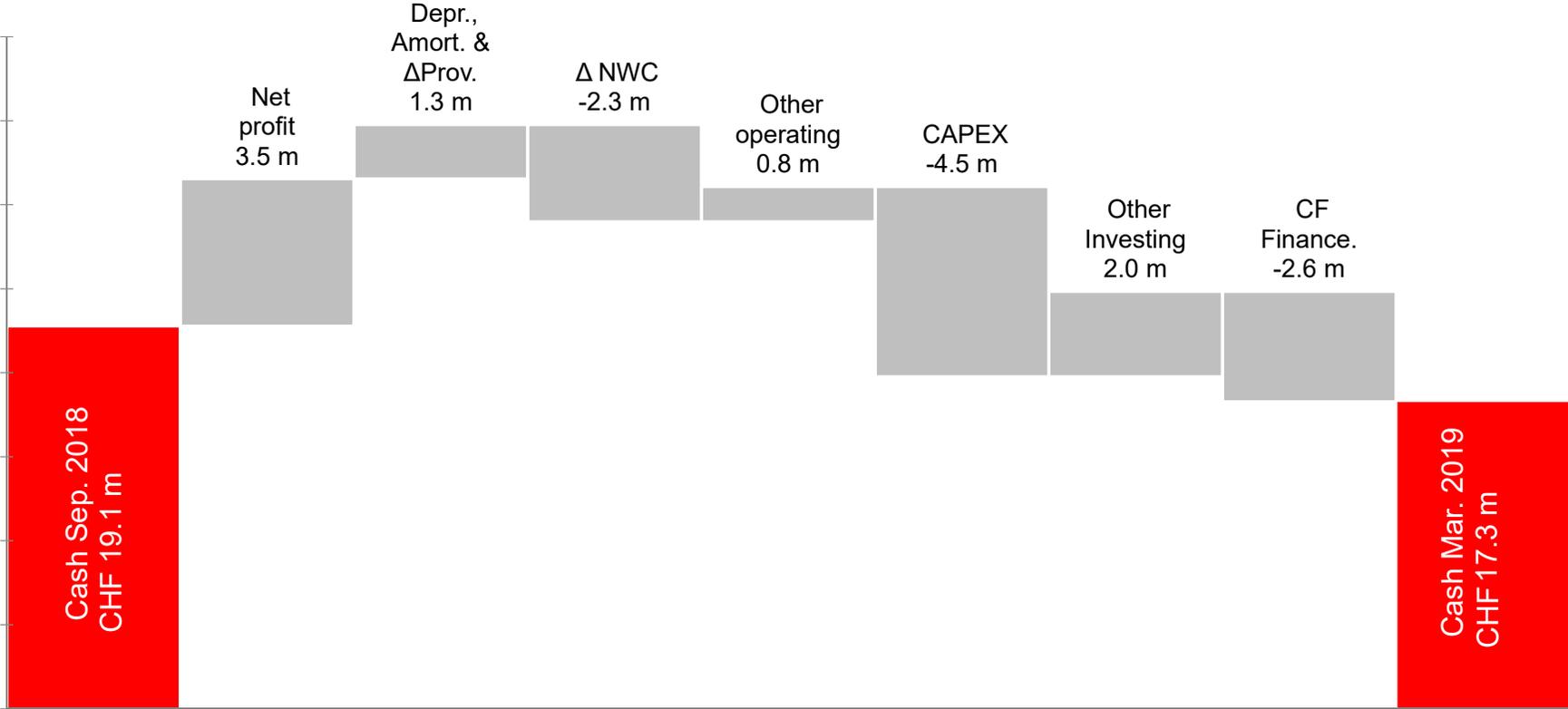
# EBIT affected primarily by lower volumes and product mix



# Net profit down due to decreased sales volume of Automotive division



# Cash flow reflects high investments



# Agenda

---

**Business Review** Marc Aeschlimann

---

**Financials** Christian Herren

---

**Outlook** Marc Aeschlimann

---

**Q&A**

---

# Outlook

---

- Global economic uncertainty remains high due to unsolved trade disputes
- A certain risk that the European and American economies could slow down
- Low volumes in the Automotive division will continue to impact profitability
- Raw material prices tend to rise
- Growth opportunities in various core markets
- Continuous investment in new projects and technologies

# Outlook

---

- Guidance for fiscal 2018/19:
  - Net sales in the second half slightly higher than in the first half
  - EBIT margin of around 6%
- Medium-term goals remain unchanged:
  - Organic net sales growth of 5% per year (multi-year average basis)
  - Medium-term target range for EBIT margin at 8%-10%

# Agenda

---

**Business Review** Marc Aeschlimann

---

**Financials** Christian Herren

---

**Outlook** Marc Aeschlimann

---

**Q&A**

---