



Schaffner Group

Presentation of the 2018/19 Financial Results

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 **SCHAFFNER**
shaping electrical power

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Q&A

Schaffner lays foundation for future growth in challenging environment

- Schaffner maintained strong position in major end markets
- Economic uncertainty led to a weak investment climate
- Economic slowdown affected result and temporarily stopped growth
- Downturn in the automotive industry mainly impacted results
- Investments in new technologies and markets kept at high level
- Several large automotive framework contracts will have a positive impact on earnings in the mid-term

Schaffner's three divisions are among the leaders in their niche markets

EMC division



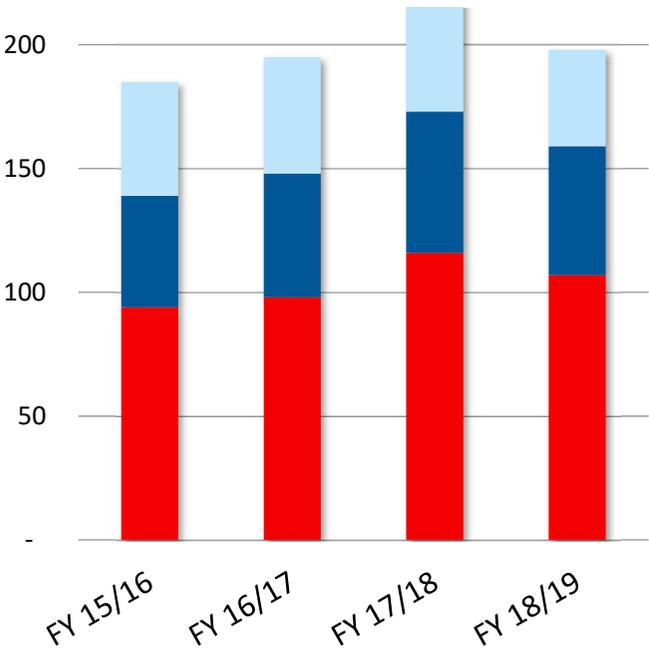
Power Magnetics division



Automotive division



Net sales by division



FY 2018/19

Net sales
In CHF million

197.4

EBIT margin

5.0%

Net profit
In CHF million

7.2

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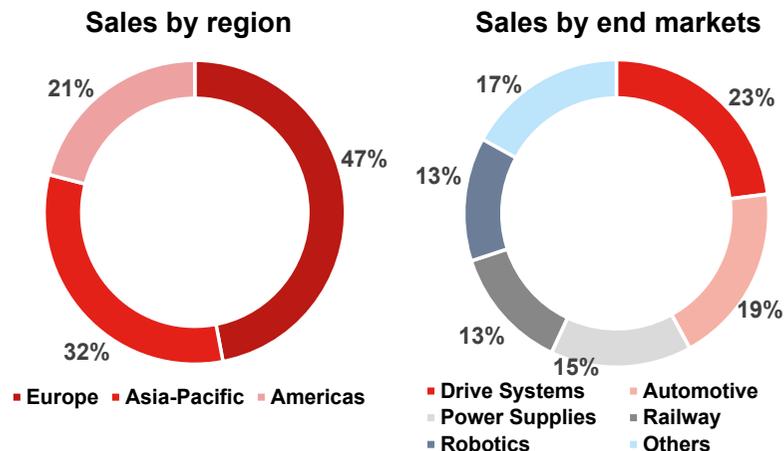
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Schaffner Group: Position kept in demanding fiscal year

In CHF m	2018/19	2017/18 ¹⁾	Δ in %
Order intake	200.7	223.5	-10.2%
Net sales	197.4	221.5	-10.9%
EBIT	9.8	17.2	-42.9%
EBIT margin	5.0%	7.7%	–

1) Inclusive one-time effects fire Thailand and restructuring PM

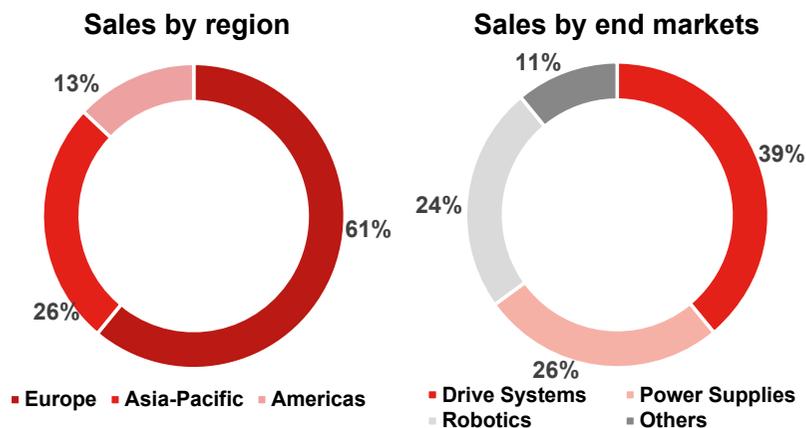


- After the record year 2017/18, economic momentum slowed in all regions
- Net sales reduced by 10.9% (9.3% in local currency)
- Still strong position in the end markets of motor drives, power supply, railway and robotics
- Capacities immediately adjusted to be in line with demand
- Europe and Americas increased relative share compared to Asia

EMC division: Leading position confirmed

In CHF m	2018/19	2017/18	Δ in %
Order intake	104.3	116.7	-10.6%
Net sales	106.9	115.9	-7.7%
EBIT	15.2	17.8	-14.6%
EBIT margin	14.2%	15.3%	–

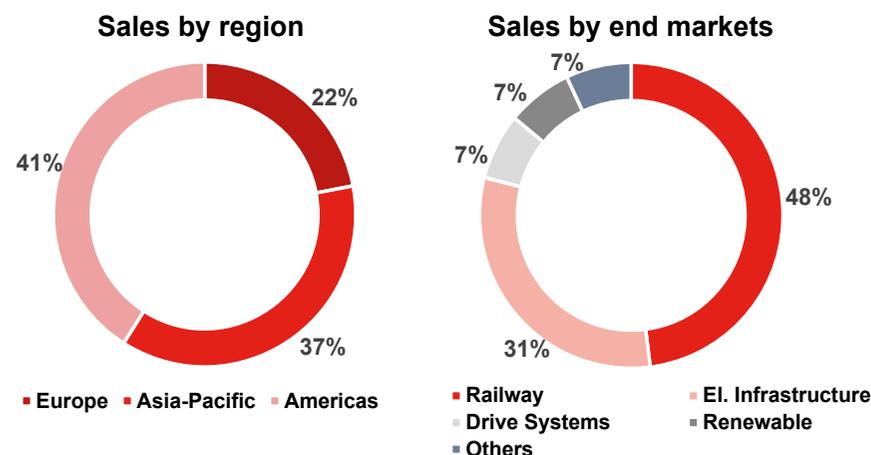
- Economic slowdown affected the EMC division particularly in the second half of the year
- Net sales down 7.7% (5.8% in local currency) compared to record year 2017/18
- Inventories in the downstream supply chain were significantly reduced (mainly distribution channels)
- The gross margin was kept at a high level
- EBIT margin still at attractive level
- Continuous investments in new technologies and new markets continued



Power Magnetics: Loss cut in half

In CHF m	2018/19	2017/18	Δ in %
Order intake	56.9	57.8	-1.5%
Net sales	52.0	56.6	-8.2%
EBIT	-3.3	-6.8	51.5%
EBIT margin	-6.4%	-12.0%	—

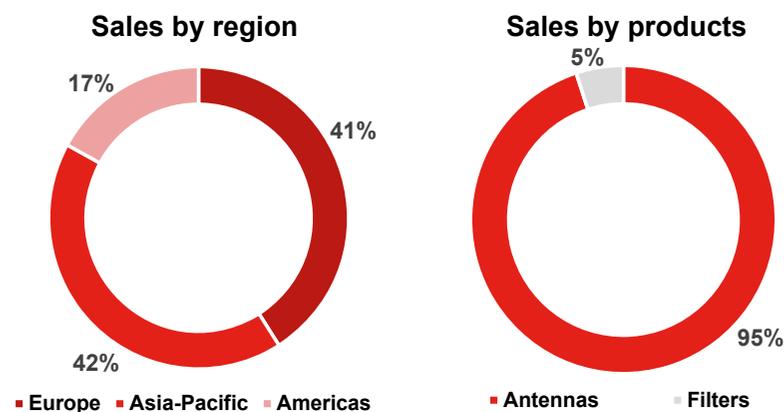
- Restructuring of the organization completed
- Order intake remains strong - mainly in the USA
- Lower net sales due to project postponements in Europe and China
- Gross margin further improved
- Temporary overcapacities in some factories and additional quality costs burdened earnings
- Further strengthening of position through new framework agreements and contract manufacturing partner in India
- Regional share of Americas further increased



Automotive division: Challenging market conditions

In CHF m	2018/19	2017/18 ¹⁾	Δ in %
Order intake	39.4	49.0	-19.6%
Net sales	38.5	49.0	-21.4%
EBIT	2.6	11.3	-77.4%
EBIT margin	6.6%	23.1%	–

1) Inclusive one-time effects fire Thailand



- Global weakness in the automotive industry had a significant impact on the division
- Major projects close to end of life and need to be replaced
- Lower volumes, unfavorable product mix and high Thai Baht had a negative impact on EBIT margin
- Reorganization of the division to take advantage of successful future opportunities
- Investments in new technologies intensified
- Strong pipeline of new projects (antennas and filters) being developed

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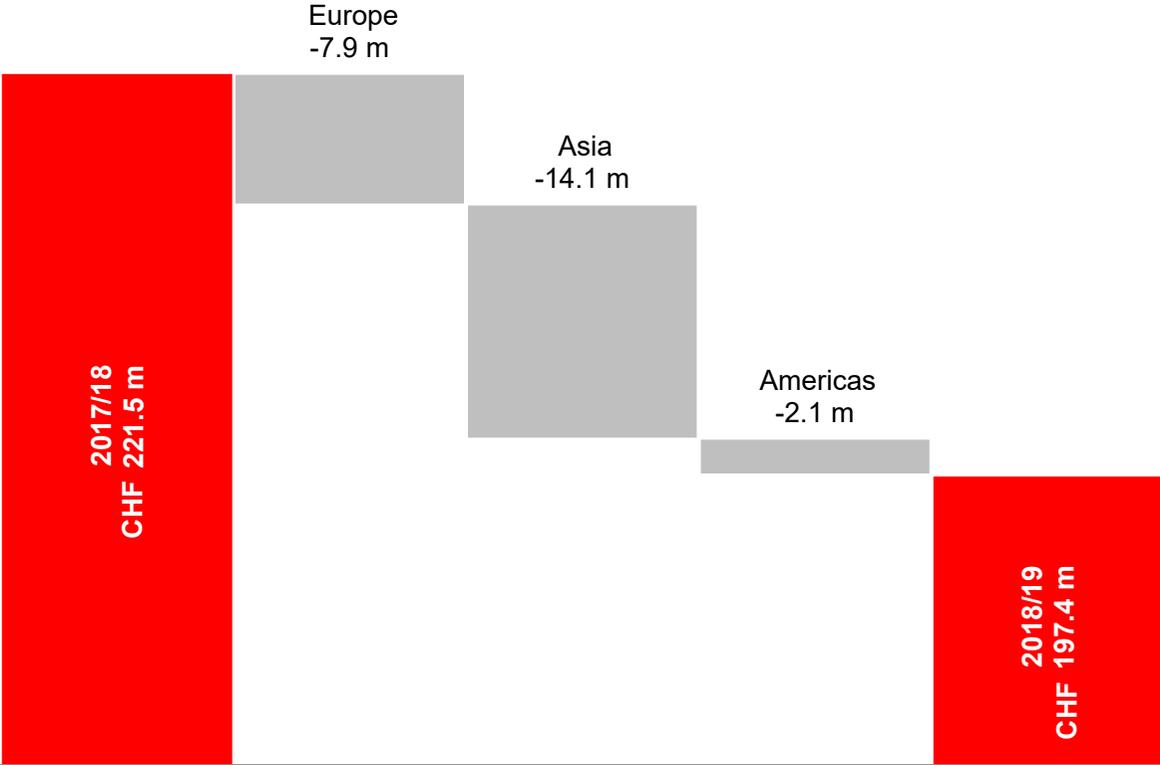
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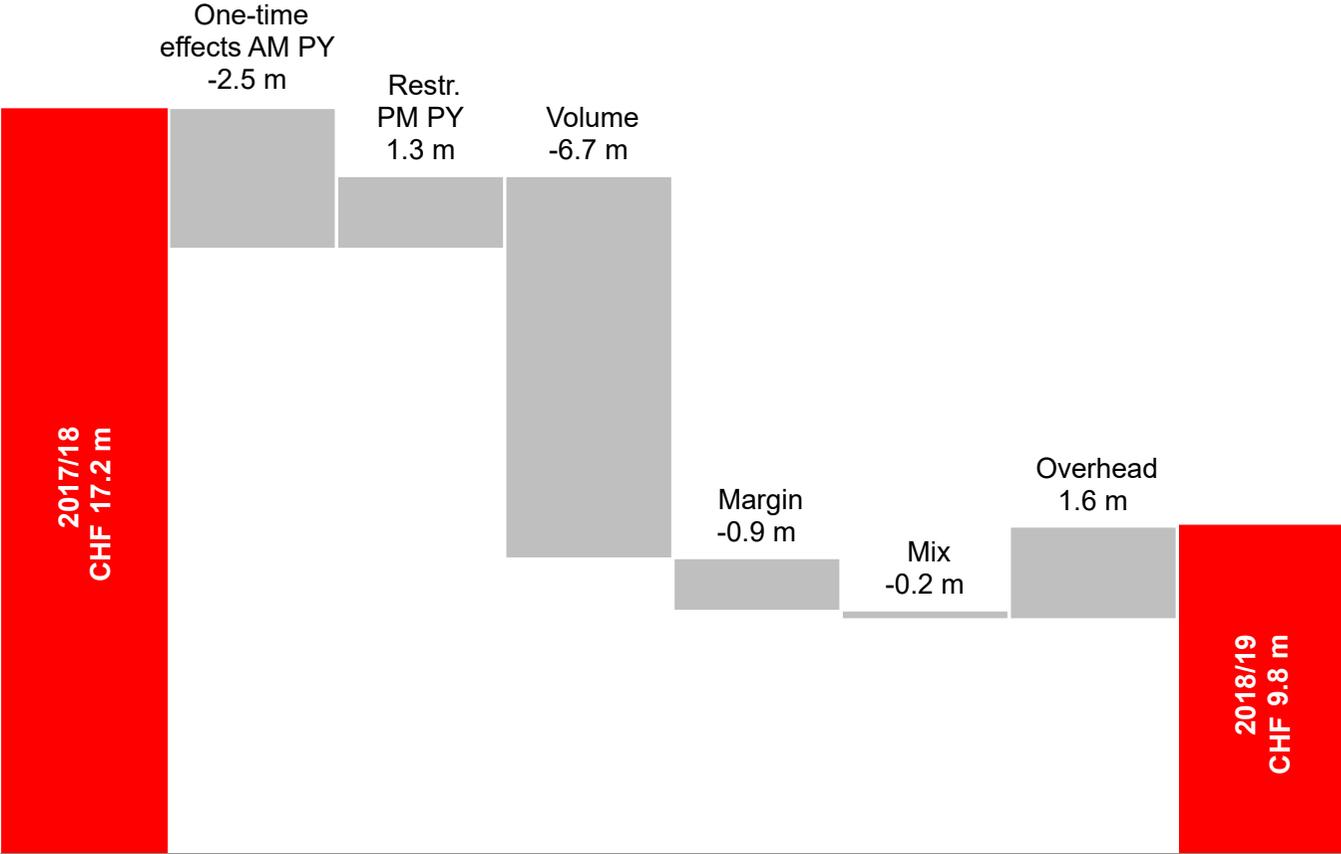
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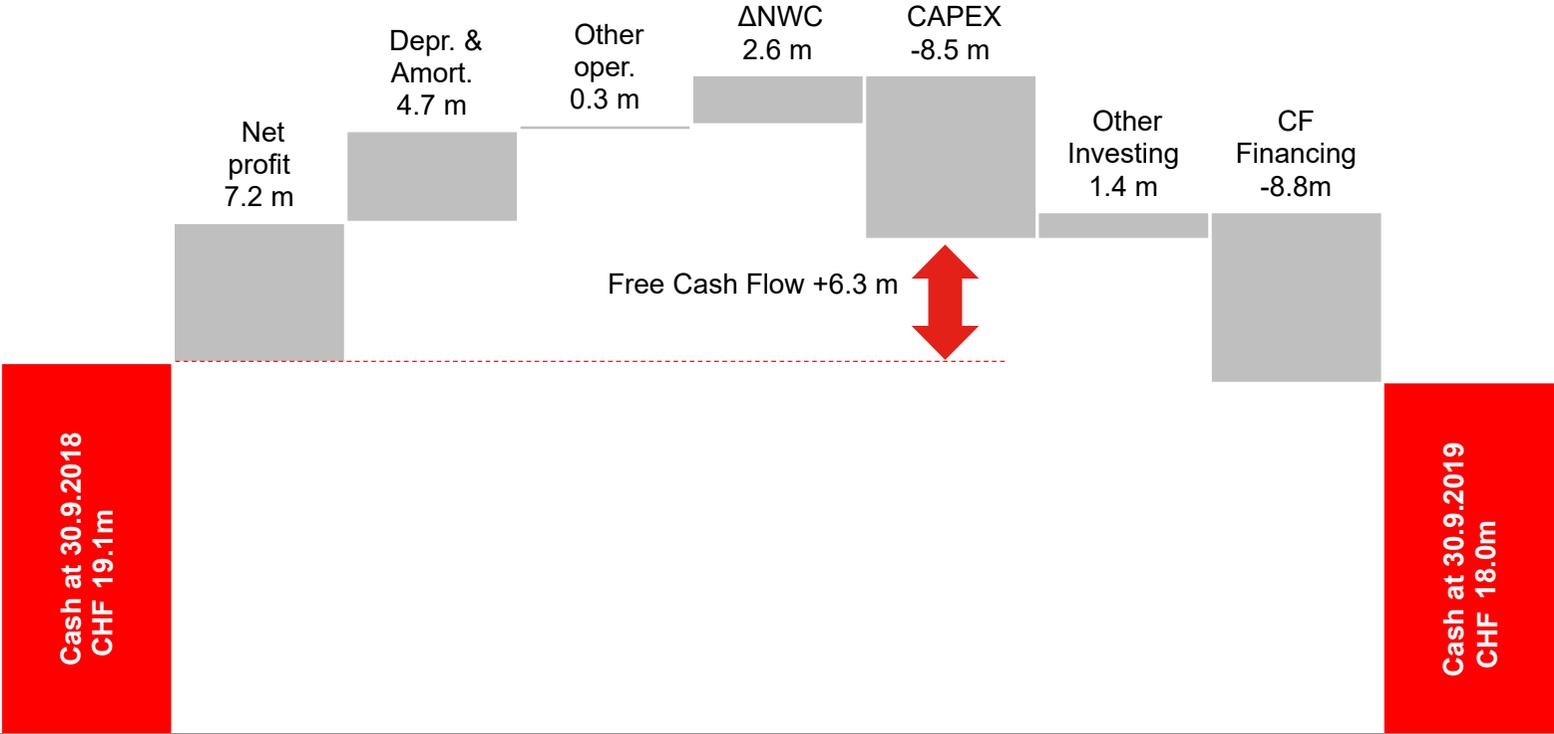
Net sales mainly impacted by the weakening of the global economic growth in Asia and Europe



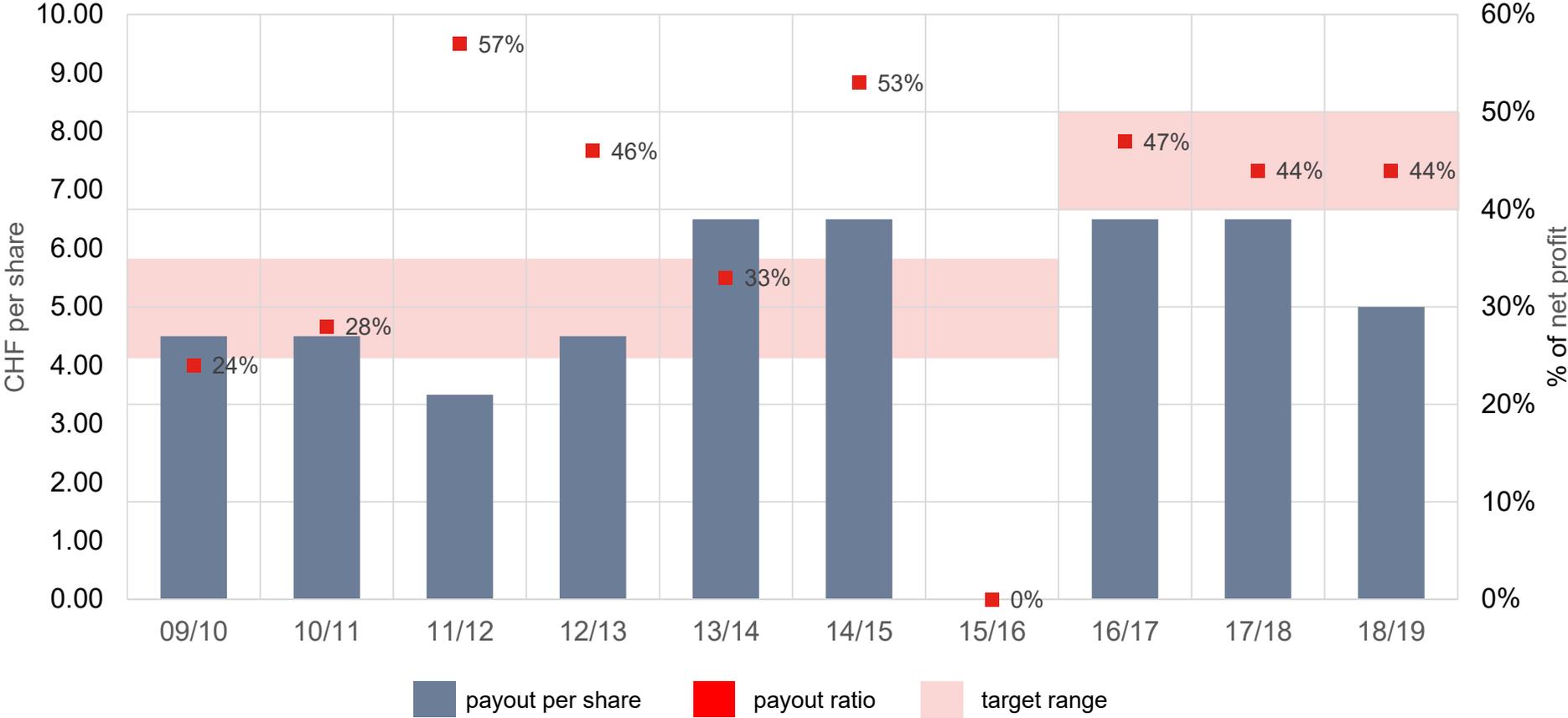
EBIT mainly affected by lower volume



Free cash flow increased substantially



Dividend payout remains in target range



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New strategies to accelerate profitable growth

EMC:

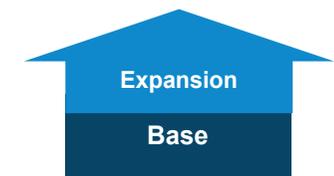
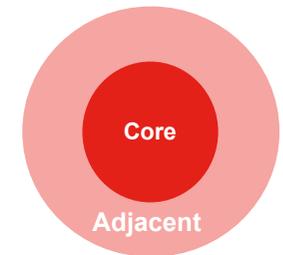
- Further strengthening of strategic markets through market penetration and expansion of product portfolio
- Expanding into growth markets with new technologies around core business

Power Magnetics:

- Building a profitable foundation in existing end markets
- Expansion of business into new selected, higher margin markets

Automotive:

- Further strengthening of antenna business through new designs
- Building a strong second pillar in e-mobility with EMC-filter products



Outlook

- Schaffner continues to strengthen base for future profitable growth
- Investments in new technologies and markets to be continued
- Economic uncertainty remains high while visibility stays low
- Automotive industry seems to have touched bottom but weak pipeline short-term
- Substantial new automotive projects won and being developed with mid-term contribution to the result

Outlook

- No guidance for fiscal year 2019/20
- Mid-term goals
 - With an even stronger position in its end markets, Schaffner keeps the mid-term target range for the EBIT margin of 8-10%
 - Organic net sales growth target >5% (average year-on-year) remains unchanged
- New product and market initiatives show first positive effects

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Financial calendar 2020/21

- 14 January 2020 24rd Annual General Meeting
- 7 May 2020 Publication of half-year report 2019/20
- 8 December 2020 Publication of annual report 2019/20
- 12 January 2021 25th Annual General Meeting

Schaffner Group

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