



Media information

Schaffner Group with further increase in sales and earnings during first half of 2010/11

Net sales CHF 99.2 million; EBIT CHF 9.0 million; net profit CHF 7.2 million

The Schaffner Group continued to grow during the first half of fiscal 2010/11 and considerably exceeded the previous year's results. Growth in China, expansion of sales operations in the Asia-Pacific region and product innovations contributed to these results as did strong demand from the photovoltaic industry. Consolidated net sales increased by 17.2% (28.7% in local currencies) to CHF 99.2 million (HY1 2009/10: CHF 84.6 million). The operating result rose to CHF 9.0 million (CHF 5.6 million), while the EBIT margin expanded to 9.1% (6.6%) and net profit increased to CHF 7.2 million (CHF 3.8 million). During the first six months of fiscal 2010/11, the Schaffner Group posted order intake of CHF 102.3 million (CHF 98.3 million), with a book-to-bill ratio of 1.03.

Dynamic development in all markets

In the first half of fiscal 2010/11, the Schaffner Group once again recorded strong growth in the strategic growth markets of energy-efficient drive systems, renewable energy and rail technology, which accounted for 56% (51%) of Group sales. Only minor changes were seen in the geographical breakdown of sales. Europe remains the Group's foremost regional market at 60% of sales (61%), while 32% (32%) came from the Asia-Pacific region and the Americas accounted for 8% (7%). With sales growth of 24% in local currencies and a 20% (19%) share of sales, China continues to be the Schaffner Group's second largest national market after Germany.

All three business segments of the Schaffner Group have shown further growth in the first-half of fiscal 2010/11. The **Electromagnetic Compatibility (EMC)** segment, with its standard and customized components that ensure the electromagnetic compatibility of electronic power equipment and systems, posted sales of CHF 57.2 million (HY1 2009/10: CHF 49.7 million). The segment result rose 51% to CHF 11.5 million (CHF 7.6 million) and the segment operating margin grew to 20.1 % (15.3%). During the first half of fiscal 2010/11, additional gains in market share led to a 51% increase in sales in North America in local currency. Key markets of the EMC segment include energy-efficient drive systems, renewable energies, power supply systems for electronic devices, as well as machine tools and robotics. The EMC segment contributed 58% (59%) to Group sales in the first half-year. The **Power Quality (PQ)** segment designs and manufactures magnetic components as well as active and passive harmonic filters that guarantee power quality in grids and the reliable functioning of energy-efficient systems and equipment. The segment generated sales of CHF 33.6 million (CHF 26.9 million), around a quarter higher than the previous year, despite the fact that several Chinese rail technology and wind energy customers reduced their call orders due to project delays. The segment result more than doubled to CHF 1.1 million (CHF

0.5 million), with a segment operating margin of 3.4% (1.9%). The result of the PQ segment is negatively impacted by higher costs for capacity expansion in Shanghai where a new operating and production facility will be ready for occupancy in summer 2011. Key markets include energy-efficient drive systems, renewable energies and rail technology. The PQ segment accounted for 34% (32%) of Group sales. The **Automotive (AM)** segment is currently generating the largest share of sales with components for comfort and safety electronics in automobiles. In the future, EMC and power quality components will be key growth drivers for the drive systems of hybrid and electric vehicles. The AM segment increased its sales by 4% to CHF 8.4 million (CHF 8.1 million) compared with the prior period. Higher costs in connection with intensified R&D activities in the area of electromobility as well as changes in the exchange rate led to a slightly negative segment result of CHF –0.2 million (CHF 0.9 million). The AM segment accounted for 8% (9%) of Group sales.

Further improvement in the financing structure

The Schaffner Group has a solid balance sheet which, in conjunction with interest rate changes, enabled it to considerably reduce financing costs. The increase in sales generated an increase in net current assets to CHF 40.8 million (end of prior year: CHF 38.3 million). Net debt was reduced slightly to CHF 10.9 million (CHF 11.8 million), and the gearing ratio was 19% (21%). With a rise in shareholders' equity to CHF 58.3 million (CHF 56.0 million), the equity ratio increased further to 45.4% (44.2%) as at the end of March 2011. Compared to the previous period, free cash flow improved from CHF –2.7 million to CHF 4.6 million.

Outlook

Demand remains high for EMC and power quality solutions for use in energy-efficient drive systems and electronic motor controls as well as rail technology. Some late-cyclical EMC markets – particularly for machine tools and robotics – are continuing to recover. The new power quality products as well as market share gains among distribution customers are supporting the business volume. Sales on the automotive market are experiencing consistent growth at a high level. After last year's strong showing, only the photovoltaic market is likely to see a drop in demand. Assuming that exchange rates remain basically stable, the Schaffner Group expects that sales and the operating result for the second half-year will be comparable to the first half, which, assuming largely steady exchange rates, would indicate a sales figure for fiscal 2010/11 of approximately CHF 200 million and an EBIT margin of at least 9.0%.

**The full 2010/11 Half-Year Report can be downloaded:
www.schaffner.com/reports**

Luterbach, May 12, 2011

Key figures first half 2010/11

Consolidated income statement For the first six months (1 October to 31 March)		H1 2010/11	H1 2009/10
Net sales	CHF million	99.2	84.6
Operating result (EBIT)	CHF million	9.0	5.6
as % of net sales	%	9.1	6.6
Net profit/loss	CHF million	7.2	3.8
as % of net sales	%	7.3	4.5
Earnings per share	in CHF	11.42	5.94
Consolidated balance sheet		31.3.2011	30.9.2010
Total assets	CHF million	128.3	126.6
Current assets	CHF million	85.7	82.6
Fixed assets	CHF million	42.6	44.1
Total liabilities	CHF million	70.0	70.7
Shareholders' equity	CHF million	58.3	56.0
as % of total assets	%	45.4	44.2
Segment reporting For the first six months (1 October to 31 March)		H1 2010/11	H1 2009/10
Electromagnetic Compatibility (EMC)			
Segment sales	CHF million	57.2	49.7
Segment result	CHF million	11.5	7.6
as % of segment sales	%	20.1	15.3
Power Quality (PQ)			
Segment sales	CHF million	33.6	26.9
Segment result	CHF million	1.1	0.5
as % of segment sales	%	3.4	1.9
Automotive (AM)			
Segment sales	CHF million	8.4	8.1
Segment result	CHF million	-0.2	0.9
as % of segment sales	%	n/a	10.9

Webcast

Alexander Hagemann, Chief Executive Officer, and Kurt Ledermann, Chief Financial Officer, comment the results for the first half of fiscal 2010/11 in a webcast (in German). The webcast will be available from May 12, 10.00 am CEST at:

<http://view-w.tv/637-871-9632/de>

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Calendar

December 6, 2011	Publication of 2010/11 Annual Report
January 12, 2012	16 th Annual General Meeting

Schaffner – energy efficiency and reliability

The Schaffner Group is an international leader in the development and production of solutions which ensure the efficient and reliable operation of electronic systems. The Group's diverse range of offerings includes EMC components, harmonic filters and 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, machine tools and robotics as well as in power supply systems for a wide range of electronic devices in sectors such as medical technology or telecommunications. For the automobile industry Schaffner develops and produces both EMC and power quality components for electric drive systems in vehicles and for the charging infrastructure, as well as components for comfort and safety electronics. Schaffner provides on-site service to customers around the world through an efficient, global organization and makes ongoing investments in research, development, production and sales to strengthen its position as international market leader.