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energy efficiency and reliability

Media Release

Schaffner in fiscal 2010/11: Well-positioned for growth through year's strategic groundwork

Earnings affected by strong CHF and volatility in Chinese rail market – Proposed distribution of CHF 4.50 per share as a tax-free repayment of capital

In the fiscal year 2010/11 the Schaffner Group recorded consolidated net sales of CHF 183.7 million, a decrease of 2.8% from the prior year (FY 2009/10: CHF 188.9 million). However, sales grew by 9% in local currencies. Operating profit (EBIT) was CHF 12.8 million (prior year: CHF 15.0 million). Amid the underutilization of the manufacturing plants (caused particularly by the weak demand from China's railway industry), the non-recurring costs related to moving into the new facility in Shanghai and the acquisition-related expenses in the USA, the EBIT margin eased to 7.0% (prior year: 7.9%). The Group earned net profit for the year of CHF 10.2 million (prior year: CHF 12.0 million), representing basic earnings per share of CHF 16.03 and diluted earnings per share of CHF 15.43 (prior year: basic EPS of CHF 18.87 and diluted EPS of CHF 18.68). New orders of CHF 178.1 million were received in the year (prior year: CHF 207.3 million), amounting to a slight decrease of 3.6% in local currencies. The book-to-bill ratio of new orders to sales was 0.97. In the fiscal year 2010/11, net working capital contracted to CHF 33 million (from CHF 38 million at the prior year-end of 30 September 2010). Net debt increased to CHF 21 million (prior year: CHF 12 million) as a result of the acquisition of Schaffner MTC, and the gearing ratio of net debt to equity was 36% (prior year: 21%). With shareholders' equity of CHF 57 million (prior year: CHF 56 million), Schaffner had an equity ratio of 42% (prior year: 44%). The Board of Directors will propose to the 16th Annual General Meeting of Schaffner Holding AG on 12 January 2012 to make an unchanged distribution of CHF 4.50 per share (prior year: CHF 4.50) to shareholders in the form of a tax-free repayment of capital.

Markets
In the 2010/11 fiscal year the sales contribution from the strategic growth markets of energy-efficient drive systems, renewable energy, rail technology and automotive electronics grew from 63% to 65%. The geographic sales split changed only little. Europe, at 57% (prior year: 60%), remained the largest geographic market for Schaffner, while the Americas had a share of 8% (prior year: 7%). The Asia/Pacific region accounted for 35% of consolidated sales (prior year: 33%), including 20% from the Chinese market (prior year: 22%); China thus remains Schaffner's second largest national market after Germany.

Electromagnetic Compatibility (EMC)
The EMC segment generated sales of CHF 104.5 million in 2010/11 (prior year: CHF 111.5 million). In local currencies, segment sales expanded by 5.0%. Operating profit in the EMC segment increased from CHF 18.3 million to CHF 18.9 million and its operating margin showed continuing growth from 16.4% to 18.1%. The share of the EMC segment in Group sales was 57% (prior year: 59%). With the further increase in operating profitability in the year under review, the EMC activities reaped the rewards of consistent improvement programs such as the successful implementation of lean manufacturing processes. The market

position in high-margin areas was also further expanded. With the divisional organizational structure in effect since the beginning of the new 2011/12 fiscal year, the EMC segment has now been turned into a separate division, with plans for vigorous further development under the leadership of Guido Schlegelmilch, former head of Schaffner's activities in Germany.

Power Quality (PQ)

The sales of CHF 61.6 million in the Power Quality segment slightly surpassed the prior-year figure of CHF 60.9 million. In local currencies, the segment's sales rose by 13.2%. Power Quality's operating profit fell to CHF 1.0 million (prior year: CHF 3.1 million) amid the underutilization caused by the market decline in the Chinese rail business; the operating margin narrowed to 1.6% (prior year: 5.0%). Also weighing on the segment result were the costs in connection with the – since completed – move to the new plant in Shanghai. The share of the Power Quality segment in Group sales in the year under review was 33% (prior year: 32%). The growth was driven mainly by active harmonic filters (ECOsine™ Active), sales of which doubled from the previous year to CHF 7 million. The acquisition of the dry-type transformer division of US company MTC Transformers, Inc., with manufacturing operations in Wytheville, Virginia, strengthens the position of the Schaffner Group in the North American market for power magnetics components. With the introduction of a divisional organization, the Power Quality segment has been reshaped into the Power Magnetics division, headed by Eduard Hadorn, who was previously responsible for the Schaffner Group's Asian business. Power Magnetics will focus entirely on power magnetic components (chokes and transformers), while the harmonic filter business (the ECOsine™ range) is now integrated in the EMC division.

Automotive (AM)

In the Automotive segment, sales increased slightly in fiscal 2010/11 to CHF 17.6 million (prior year: CHF 16.6 million). In local currencies, the segment's sales rose by 20.3% year-on-year. Owing to high pre-production costs for a large number of new products, notably in electromobility, Automotive recorded a small operating loss of CHF 0.4 million (prior year: profit of CHF 1.5 million), representing a negative segment operating margin of -2.2% (prior year: positive margin of 9.4%). In the year under review the Automotive segment accounted for 10% of Group sales (prior year: 9%). The demand for components for keyless entry systems continues to grow. With about 12 million antennas for convenience and safety electronics sold by Schaffner annually, the Group is one of the leading vendors in this market segment worldwide. In the fiscal year 2010/11, Schaffner also invested intensively in the development of new solutions for electromobility. The development team at the Group's headquarters in Luterbach was tripled in size. Currently, work is in progress on more than 20 projects and customer requests. With its strong commitment to development and consulting, Schaffner has set the stage for commanding an important position in this promising market from the outset. In the fiscal year 2011/12, for the first time a sizeable proportion of Group sales is expected to come from the electromobility business. By 2015, Schaffner wants to generate annual sales of about CHF 40 million with products for the automotive industry. With the Group's adoption of the divisional organizational structure, the Automotive segment is now a separate division headed by Jean-Michel Calleri, previously Vice President, Sales Europe.

Outlook

The integration of Schaffner MTC is progressing as planned. With the relocation in China to the new operations and production facility in Shanghai, the Schaffner Group has strengthened its competitive position, particularly in the Chinese market. The roll-out of a SAP system, which will be largely complete in the first half of 2011/12, will drive further process optimization, especially in material planning and logistics.

The Schaffner Group expects the railway market in China and the photovoltaic market to recover in the course of fiscal 2011/12 from the lows of the second half of 2010/11. Nonetheless, given the macroeconomic and global political environment, the further trajectory of the sales markets cannot be predicted with confidence. Currently it is not possible to forecast the Group's results for the fiscal year 2011/12. However, the medium-term targets remain in place: an operating profit margin of 10% and sales of more than CHF 200 million.

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Annual Report

The full Schaffner Annual Report 2010/11 is available at:
http://www.schaffner.com/en/investor-relations/reports.html

Webcast

The webcast of the presentation of Schaffner's full-year results for 2010/11 is available from 10:15 am on Tuesday, December 6, 2011:
http://www.schaffner.com/en/investor-relations.html

Calendar

January 12, 2012	16th Annual General Meeting
May 14, 2012	Publication of Half-Year Report 2011/12 (half-year results)
December 6, 2012	Publication of Annual Report 2011/12 (full-year results)
January 14, 2013	17th Annual General Meeting

Schaffner – energy efficiency and reliability

The Schaffner Group is a global leader in the development and manufacturing of solutions which ensure the efficient and reliable operation of electronic systems. The Group's portfolio of products and services includes EMC filters, harmonic filters and power 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 supplies for numerous electronic devices, such as in medical technology and telecommunications. For the automobile industry, Schaffner develops and produces EMC and power quality components for electric drive trains and for the charging infrastructure, as well as components for convenience and safety electronics. Schaffner provides on-site service to

customers around the world through an efficient, global organization and invests continually in research, development, production and distribution to further expand its international market-leading position.