



Media information

Schaffner Group in the first half of fiscal 2005/2006

Clear signs of growth and a return to profit

The Schaffner Group increased its net sales by 14.8% to CHF 91.0 million in the first six months of fiscal 2005/2006 (first half 2004/2005: CHF 79.3 million) and achieved a net profit of CHF 0.8 million (CHF –1.5 million), despite extraordinary costs related to the divestment of its test systems activities. As a result of the divestment process and the systematic streamlining of the organization's structure, 50 jobs were cut worldwide in the first six months of the year. Order intake increased by 9.2% in the first half of the fiscal year to CHF 96.5 million (CHF 88.4 million), while the book-to-bill ratio was a solid 1.06. Schaffner's management expects the continuing Components unit to achieve profitable mid to high single-digit sales growth for fiscal 2005/2006 as a whole.

Components

Net sales in the continuing Components Division rose by 14.1% to CHF 66.8 million (CHF 58.5 million) in the first half of fiscal 2005/2006. New orders totaled CHF 72.2 million (CHF 66.5 million), giving rise to a book-to-bill ratio of 1.08. EBIT almost doubled (+93.9%) to CHF 5.0 million (CHF 2.6 million), while the EBIT margin rose sharply to 7.4% (4.4%). Schaffner Components significantly increased the net profit to CHF 3.8 million (CHF 1.3 million). After deducting the net profit of the discontinued Test Systems Division of CHF –3.1 million (CHF –2.8 million), the consolidated net profit after six months was CHF 0.8 million (CHF –1.5 million). Schaffner Components' growth is broadly based and bears witness to Schaffner's leading position as a provider of products for complex applications in the global EMC market. In terms of sectors, 42% (46%) of sales in the first half of 2005/2006 were generated in industrial electronics, 21% (22%) in telecommunications, and 9% (8%) in automotive. The Medical technology and power supply sectors also performed well, contributing 9% (5%) and 7% (4%) of Components' sales respectively. The remaining sales were spread across a number of sectors including IT, consumer goods and others. Industrial electronics provided strong growth momentum, with huge potential for new applications in the power quality area. Schaffner is one of the world's leading producers in this growth sector. Schaffner power quality solutions are used in a range of applications including the conversion and recovery of electricity in solar and wind energy production, and the recovery of energy from elevators and electric motors. Important growth momentum is also expected from the machine tools and process automation sectors, as well as from the transport industry in general. In the telecommunications sector, an additional annual agreement worth EUR 1.1 million was concluded with a new international customer. The first deliveries were made in the

second quarter. In the automotive sector, mass production of Schaffner components for use in the tire pressure monitoring systems (TPMS) of various models produced by a major US manufacturer got off to a successful start. The geographical breakdown reflects the global structure of Schaffner Components, with double-digit growth rates particularly in Germany (+12%) and the US (+13%), as well as ongoing dynamic development in the Asia-Pacific market (+23%).

Test Systems

The discontinued Test Systems Division also recorded very satisfactory growth in the first half of fiscal 2005/2006. Net sales rose by 16.8% to CHF 24.2 million (CHF 20.8 million). Order intake was up 11.0% on the year-back figure at CHF 24.3 million (CHF 21.9 million), while the book-to-bill ratio was 1.0. The net profit of CHF –3.1 million (CHF –2.8 million) includes the loss on the Power Electronics business line, which has now been sold, and the costs in connection with the ongoing divestment of test systems activities. The pleasing rise in demand for Schaffner's measurement and testing systems despite the ongoing divestment underlines Test Systems' high level of acceptance in the global EMC market. Against this backdrop, the large-scale order from a Japanese customer for cable and electroemulation testing equipment, which is essentially equivalent to breaking into the Japanese market, and the designation as preferred supplier for a Japanese automaker, are especially pleasing.

Outlook

After it became clear that the greatest potential value could be derived by divesting the Test Systems Division not as a single entity but broken down into its three core technological units, the first stage was completed with the sale of the Power Electronics business line to US-based Intepro America, LLC., Santa Ana, California. Intepro, which markets power electronics test systems in the North American market, acquired Schaffner Ltd., Limerick, Ireland, and the corresponding sales and service organizations in the UK and the US at the end of April 2006. The sale of the Power Electronics business line will have a positive impact on profitability in the second half of the fiscal year. Discussions with potential buyers for the two remaining Test Systems units, EMC and Cable & ElectroEmulation, are continuing as a matter of priority. As things stand, the Company still believes that the divestment process can be completed before the end of the current fiscal year. The new funds generated by the sale are to be used primarily to ensure the organic growth of the Schaffner Group and to consolidate technological positions through further acquisitions, for example in the area of power quality or to expand market positions outside Europe. With the comparable year-back figures being clearly exceeded once again in April, particularly in the components business, Schaffner's management expects the continuing activity to achieve profitable mid to high single-digit sales growth for fiscal 2005/2006 as a whole.

Luterbach, May 12, 2006

For further information

Fritz Gantert
President & Chief Executive Officer
T +41 32 681 66 02
fritz.gantert@schaffner.com

Martin Zwyssig
Executive Vice President & Chief Financial Officer
T +41 32 681 66 08
martin.zwyssig@schaffner.com

Schaffner Holding AG, CH-4542 Luterbach
T +41 32 681 66 26
F +41 32 681 66 30
www.schaffner.com

The detailed 2005/2006 Interim Report is available at www.schaffner.ch

Schaffner Group

Consolidated key figures first half year of 2005/2006

		1.10.05 – 31.3.06	1.10.04 – 31.3.2005
Net sales continuing operations	in CHF million	66.8	58.5
EBIT continuing operations	in CHF million	5.0	2.6
<i>in % of net sales</i>		7.4 %	4.4 %
Profit continuing operations (Components)	in CHF million	3.8	1.3 ¹
<i>in % of net sales</i>		5.7 %	2.3 %
Profit discontinued operations (Test Systems)	in CHF million	-3.1	-2.8 ¹
<i>in % of net sales</i>		-12.7 %	-13.5 %
Consolidated profit (Group)	in CHF million	0.8	-1.5 ¹
<i>in % of net sales</i>		0.8 %	-1.9 %
		31.3.06	30.9.05
Total assets	in CHF million	136.3	134.0
Shareholders' equity	in CHF million	47.6	46.1
<i>in % of total assets</i>		34.9 %	34.4 %

¹ Previous year adjusted by share-based payments (restatement)

Net sales/order intake: First half year of 2005/2006

		1.10.05 – 31.3.06	Year-on-year change in %		1.10.04 – 31.3.05
Net sales					
Components	in CHF m	66.8	11.1 ²	14.1	58.5
Test Systems	in CHF m	24.2	12.8 ²	16.8	20.8
Schaffner Group	in CHF m	91.0	11.6 ²	14.8	79.3
Order intake					
Components	in CHF m	72.2	5.8 ²	8.6	66.5
Test Systems	in CHF m	24.3	7.8 ²	11.0	21.9
Schaffner Group	in CHF m	96.5	6.3 ²	9.2	88.4

² currency-adjusted

Net sales/order intake: Second quarter of 2005/2006

		1.1.06 – 31.3. 06	Year-on-year change in %		1.1.05 – 31.3. 05
Net sales					
Components	in CHF m	37.5	14.1 ²	16.8	32.1
Test Systems	in CHF m	14.3	28.4 ²	32.9	10.8
Schaffner Group	in CHF m	51.8	17.7 ²	20.8	42.9
Order intake					
Components	in CHF m	37.1	16.0 ²	19.0	31.2
Test Systems	in CHF m	12.0	22.3 ²	25.0	9.6
Schaffner Group	in CHF m	49.1	17.5 ²	20.4	40.8

² currency-adjusted

Calendar

July 11, 2006	Publication of third quarter 2005/2006 net sales and order intake
November 3, 2006	Publication of fourth quarter 2005/2006 net sales and order intake
December 7, 2006	Publication of Annual Report 2005/2006 (presentation)
January 16, 2007	Publication of first quarter 2006/2007 net sales and order intake
January 17, 2007	Annual General Meeting of Shareholders

Schaffner – safety for electronic systems

Schaffner is the international leader in electromagnetic compatibility (EMC), focusing on high-growth sectors such as the automotive industry, building automation, industrial electronics, consumer goods, aerospace, medical technology, power supplies, telecommunications, transportation, and the public sector. Schaffner develops, produces, and markets standard and customer-specific components, modules, test systems, and test facilities. Schaffner strives to secure and expand its leading position through a program of innovation, customer-focused logistics, and cost-efficient practices.