
NEWS RELEASE

14 December 1998

Net profit sharply higher – leading market position expanded

Schaffner Group continues growth trend in 1997/98 financial year

The Schaffner Group achieved growth of 12.2% in sales for the 1997/98 financial year (to the end of September) which rose to a new record of CHF 149.9 million. All business units contributed to this excellent performance. The strongest growth was reported by Test Equipment (+27.0% to CHF 30.7 million) in response to improved market conditions and the contribution of two new acquisitions. The Components business unit developed in line with the long-term market growth and achieved sales of CHF 97.5 million (+7.6%), also a new record. The Trading business unit reported sales growth of 15.4% to CHF 21.7 million.

Net profit more than double

Gross profit earned by the Schaffner Group rose 15.5% in 1997/98 to CHF 60.2 million, with the gross margin improving from 39.0% to 40.2%. Operating income was up 7.8% to CHF 17.4 million, falling just short of the record result achieved the year before last. Net profit grew by a disproportionately high 135.0% to CHF 8.1 million, primarily as a result of sharply lower net financial expense. The Board of Directors of Schaffner Holding AG will propose the distribution of a first-time dividend of CHF 3.0 gross per registered share to the Annual General Meeting of Shareholders on 12 January 1999.

Leadership position in EMC market consolidated further

The Schaffner Group successfully expanded its leading position in the market for electromagnetic compatibility (EMC) in 1997/98. Following its acquisition of Chase EMC and PowerTest and a cooperation agreement with MEB Messelektronik Berlin, Schaffner is now able to provide the most comprehensive range of EMC test equipment in the world. This expansion is of major strategic significance and will provide additional growth impetus for the Test Equipment business unit.

Equity base strengthened substantially

The Schaffner Group was able to strengthen its equity base substantially in the wake of the public share offering carried out in June 1998. At the end of the reporting year, shareholders' equity totalled CHF 35.2 million, accounting for 29.2% of the overall balance sheet, to reach a new record. The proceeds from the share issue were used to pay down around CHF 60 million in borrowings.

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Fresh growth expected in new financial year

During the current financial year, Schaffner expects sales to increase in line with the long-term growth of 8-9% a year characteristic of the EMC market, provided there is no further deterioration in the economic environment worldwide and the Swiss franc exchange rate remains largely stable. Order flows have been picking up again since the summer months, and this augurs well for the foreseeable future. Growth in operating income and net profit should once again outstrip growth in sales due to a combination of factors including further gains in efficiency, a stronger contribution to profits from the newly acquired companies and lower interest expense.

Key figures at a glance

In CHF 1000	1997/98	1996/97	Change
Sales	149 885	133 618	+12.2%
Gross profit	60 217	52 134	+15.5%
Operating income	17 449	16 190	+7.8%
Net profit	8 054	3 427	+135.0%
Shareholders' equity	35 163	-33 520	n.a.
Equity ratio	29.2%	n.a.	n.a.
Headcount (annual average)	1 226	1 117	+9.8%
Earnings per registered share, in Swiss Fr.	12.74	n.a.	n.a.
Dividend per share, in Swiss Fr.	*3.00	0	

N.c.: not properly comparable due to the IPO.

* Proposal to the General Meeting of Shareholders on 12 January 1999.

Profile

The Schaffner Group is the world's leading provider of products and services in the area of electromagnetic compatibility (EMC), which is becoming more and more important with the ever increasing use of electronics. Schaffner offers EMC components for the protection of electronic devices and systems as well as their environment against electromagnetic disturbances, laboratory instruments for the simulation and measurement of electromagnetic disturbances, automatic test systems for electronic sub-assemblies as well as a variety of EMC services. Schaffner's products and services are used by several thousand customers in industrial electronics, telecommunications, instrumentation and controls, EDP and office automation, medical technology and numerous other industries. The shares of Schaffner Holding AG have been trading on the Swiss Exchange since June 1998.
