



Media information

Positive result despite extraordinary costs

Letter of intent concerning the sale of the Test Systems sub-unit Power Electronic ready for signature

The Schaffner Group recorded net sales of CHF 166.8 million (2003/2004: CHF 175.4 million) in fiscal 2004/2005 in an extremely demanding environment. Order intake was CHF 173.8 million (CHF 176.3 million), and the book-to-bill ratio improved to 1.04 (1.01). EBIT was CHF 3.1 million (CHF 5.9 million), corresponding to an EBIT margin of 1.9% (3.4%). The net profit was CHF 0.3 million (CHF 2.3 million). Profitability was affected by the fall of 2.6 percentage points in the gross margin and extraordinary costs of around CHF 1.0 million in connection with preparations for the divestment of the Test Systems Division. The further significant drop of around CHF 4 million in overhead costs was a positive development. It will be recommended to the 10th Annual General Meeting of Shareholders that no dividend be paid. In addition, Hans Hess (1955), former CEO and Delegate of the Board of Directors of Leica Geosystems, will be put forward for election as an additional member of the Board of Directors of Schaffner Holding AG.

The Schaffner Group further optimized its capital structure in the year under review. Inventories were reduced by CHF 3.7 million, meaning that the Schaffner Group has reduced its inventories by a total of CHF 12.8 million since 2001. Net debt was also further reduced to CHF 38.2 million (CHF 41.0 million), and the gearing improved to 0.83 (0.89). Cash flow from investing activities remained constant, while free cash flow increased significantly, up CHF 2.1 million to CHF 5.8 million (CHF 3.7 million).

Solid industrial electronics

The sales contribution made by the automotive sector stabilized at 12% (12%) in the last fiscal year. New products going into production will help ensure that the sector continues to develop in line with strategy and delivers double-digit growth rates. In terms of sales, the largest sector in the year under review was once again industrial electronics with 35% (34%). The contribution made by the telecommunications segment rose by 2 percentage points to 18% (16%). In addition to the three key revenue drivers, the Schaffner Group continues to enjoy a solid, broad-based reach in terms of both sector coverage and customer base. In particular, the medical technology area generated 8% (7%) of sales. In a geographical split, Asia contributed 19% (20%) to Group sales. 68% (69%) of sales were generated in Europe and 13% (11%) in the Americas.

Rising order intake for Components

The Components Division recorded net sales of CHF 122.7 million (CHF 122.9 million) in the last fiscal year, accounting for 74% of consolidated Group sales. Order intake rose by 3.6% on a currency-adjusted basis to CHF 127.8 million (CHF 124.6 million), while the book-to-bill ratio improved to 1.04 (1.01). EBIT for the Components Division was CHF 7.6 million (CHF 12.8 million). The Components Division recorded above-average order intake of CHF 35.3 million in the first quarter of fiscal 2004/2005. Orders tailed off dramatically at the start of the second quarter, however, primarily due to the fact that major resellers adopted a wait-and-see attitude following the introduction of the new RoHS (Restrictions of the use of certain Hazardous Substances) safety regulations. Demand began to pick up in July 2005 and steadily gained pace up to the end of the fiscal year, and order intake for the fourth quarter exceeded the comparable year-back figure by 22%. Asian 'me-too' providers also entered the market for the first time with massive price reductions on standard components. Despite the flexible production capability, the effect on profitability was not absorbed immediately, leading to a reduction in the profit margin. This trend affected all providers in the components market, but Schaffner recorded the smallest relative drop in profitability.

Reorganization of Test Systems produces first results

The Test Systems Division was not able to repeat the performance of the previous year due to the streamlining of its product range, posting net sales of CHF 44.1 million (CHF 52.5 million). Order intake for the division was CHF 46.0 million (CHF 51.7 million), thus improving the book-to-bill ratio to 1.04 (0.99). Despite considerable extraordinary costs in connection with the divestment, Test Systems managed to reduce its operating loss by 36% year-on-year. The division recorded an EBIT figure of CHF -4.4 million (CHF -6.9 million) for fiscal 2004/2005. In the year under review, Test Systems was divided into five largely autonomous business lines backed up by an overarching marketing and support unit. This optimization made it possible to further reduce costs while at the same time increasing efficiency. The most successful developments were next-generation products such as the NSG 438 30kV ESD generator, the modular Modula testing platform, and two innovative immunity test systems for the automotive industry. Another particularly pleasing development was Schaffner Test Systems' largest single order to date, which was received from the USA in the fourth quarter of the fiscal year. The US subsidiary of a global product testing group ordered measurement and testing equipment worth a total of USD 1.3 million.

Successful start to the new fiscal year

In the first few months of fiscal 2005/2006, which began on October 1, 2005, Schaffner Components has been able to renew its framework agreements with existing customers. The division has also concluded a particularly pleasing annual agreement worth EUR 1.1 million with another global customer from the telecommunications sector. With this success Schaffner Components has significantly strengthened its already commanding position as a supplier to the telecommunications industry, thanks primarily to its powerful, global organization. With the planned new focus on the components market, the Schaffner Group intends to pool its resources in the international market for standard and customer-specific components as well as solutions to ensure the reliable, interference-free functioning of electrical and electronic devices. This step will support further cost reductions and create a stronger base for a return to profitable growth.

Letter of intent concerning the sale of the Test Systems sub-unit Power Electronic ready for signature

As part of the planned divestment of Schaffner's test systems activities, a letter of intent concerning the sale of the Power Electronic sub-unit, which is domiciled in Ireland, to a US investor group is now ready for signature. The transaction is scheduled to be completed in the first half of the current fiscal year.

Luterbach, December 8, 2005

Schaffner Holding AG's full Annual Report 2004/2005 is available at www.schaffner.com.

For further information

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Calendar

January 11, 2006	Publication of first quarter 2005/2006 net sales and order intake
January 12, 2006	Annual General Meeting of Shareholders
May 12, 2006	Publication of 2005/2006 Interim Report
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 automotive, building automation, industrial and consumer electronics, 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.