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safety for electronic systems

Media information

Schaffner Group posts marked improvement in operating results

Reappraisal of individual balance sheet positions results in net loss

In fiscal 2002/2003 (to September 30), the Schaffner Group increased its consolidated sales to CHF 163.4 million (2001/2002: CHF 159.3 million). Stringent management of working capital enabled the Group to reduce its interest-bearing debt by around CHF 10 million to CHF 49.5 million (CHF 59.4 million). Free cash flow doubled from CHF 4.5 million to around CHF 9 million. Despite the still difficult market environment and considerable investment in research and application development, earnings before interest, tax and amortization (EBITA) increased significantly to CHF 7.5 million (CHF –2.1 million). The EBIT figure also improved markedly, rising by CHF 9.6 million to CHF 4.8 million (CHF –4.8 million), and the like-for-like net result was up from CHF –5.8 million to CHF 1.3 million.

Reappraisal under IAS 8

Following the appointment of Ernst & Young as sole, Group-wide auditors by the 2003 Annual General Meeting, the Board of Directors of Schaffner Holding AG, Schaffner Group Management and the auditors took the joint decision to partially amend the Group's valuation policy and reappraise several balance sheet positions from previous years in order to reflect the changed economic environment. This reappraisal resulted in an exceptional write-down of CHF 9.6 million on the like-for-like net result, leading to a reported net loss of CHF –8.3 million (CHF –5.8 million). The reappraisal does not affect the Group's cash flow and will have a positive impact on the like-for-like net result as early as the current fiscal year.

The reappraisal under IAS 8 relates in particular to the adjustment of capitalized development costs and deferred tax assets, as well as to the standardization of inventory valuation methods. The goodwill of a subsidiary acquired in fiscal 1997/1998, which proved to no longer have any value following the dramatic collapse of the technology markets, has been written off in full. Provisions have also been made for liabilities to employees (years-of-service awards and legally prescribed severance payments in Thailand) stemming from previous years. In addition, the employer contribution reserve of the Swiss pension fund was shown as an asset in the consolidated financial statements for the first time.

Dividend proposal

The Board of Directors of Schaffner Holding AG will recommend to the Annual General Meeting on January 9, 2004 that no dividend be paid.

Positive trend in order intake

After adjustment for currency effects, order intake rose 6.9% on the year-back figure to CHF 167.7 million in fiscal 2002/2003 (2001/2002: CHF 159.5 million). The book-to-bill ratio was 1.03. With an increase in operating profitability and a significantly healthier order book (up roughly 15% year-on-year), the Schaffner Group made a solid start to the new fiscal year and given a stable economic environment expects to see further improvement in the like-for-like net result.

The Schaffner Group will be providing detailed information on its Annual Report 2002/2003 and its expectations for fiscal 2003/2004 on December 16, 2003.

For further information

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Calendar

December 16, 2003	Publication of Annual Report 2002/2003
January 9, 2004	Publication of first quarter 2003/2004 sales and order intake
January 9, 2004	Annual General Meeting of Shareholders, 4.30 pm, Landhaus, Solothurn

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 and transportation as well as the public sector. The Schaffner Group develops, produces and markets standard and customer-specific components, modules, test systems and test facilities. As a global provider, Schaffner strives to secure and expand on its leading market positions through a program of innovation, a constant drive for quality, cost-efficient practices and customer-focused logistics.