



Media Information

Schaffner Group in fiscal 2008/2009

Costs substantially reduced – Free cash flow significantly increased – Operating profit before restructuring costs positive in second half

In fiscal 2008/2009, the Schaffner Group's sales in Europe, the USA and Japan fell by 33 percent due to developments in the capital goods market. In contrast, a 38 percent increase in orders and an 11 percent rise in sales were recorded in China. While the demand for EMC components dropped virtually to zero in some target markets, particularly in the first half of the year, sales of power quality solutions rose worldwide by 9 percent in the year under review. China made the second largest contribution to group sales after Germany with 17 percent (previous year: 10 percent). The Schaffner Group has systematically cut costs, reduced its net current assets and thereby increased its financial flexibility. Despite the difficult market environment, the company focused strongly on product innovations. The Schaffner Group is therefore now well placed to benefit more than average when the market recovers.

Significantly strengthened financial structure

The Schaffner Group's net sales fell by 24 percent in fiscal 2008/2009 to CHF 133.4 million (2007/2008: CHF 182.4 million), adjusted for currency effects. Order intake amounted to CHF 132.5 million (CHF 188.5 million). The book-to-bill ratio was 0.99 (2nd half-year: 1.03). The operating result (EBIT) before restructuring costs was CHF -4.5 million (CHF 13.9 million). After the one-off restructuring costs of CHF 4.7 million, EBIT came to CHF -9.2 million, with a net result of CHF -10.9 million (CHF 9.4 million). Headcount fell year-on-year by 22 percent, and personnel expenses were reduced by 13 percent. The cost reduction measures are taking effect and the Schaffner Group achieved a positive EBIT before restructuring costs of CHF 0.4 million in the second half of the year, despite a 15 percent decline in sales compared with the first half (CHF -4.9 million). The 38 percent reduction in net current assets to CHF 30.6 million exceeded the fall in sales, and the high free cash flow of CHF 10.7 million (CHF 3.4 million) enabled the company to pay down its net debt to CHF 11.9 million (CHF 22.6 million). Gearing (ratio of net debt to shareholders' equity) improved to 25 percent (39%). An approved credit line of CHF 40 million has been agreed with our principal banks. This, together with the Schaffner Group's current earnings situation and good liquidity, will secure the follow-up financing of the convertible bond that is due to mature at the end of January 2010 (2.25% convertible bonds 2004-2010). On account of the 2008/2009 annual results and the continuing lack of market visibility, the Board of Directors of Schaffner Holding AG will propose to the Annual General Meeting that no dividend be paid.

Well positioned in growth markets

Sales of components for machine tools and robotics fell by around 40 percent. With manufacturers of solar inverters reducing surplus inventories accumulated in the previous year, the decline in the

market for renewable energies was on a similar level, at 45 percent. In addition, new projects for solar plants were delayed, primarily due to lack of project financing. Demand from European solar inverter manufacturers has been rising again since the fourth quarter. The renewable energy market continues to offer high growth potential for the Schaffner Group. Demand from Chinese wind turbine producers was particularly high. Schaffner supplies seven of the twelve major manufacturers in China's growing domestic market. In rail technology, Schaffner was able to gain share in the growing total market, leading to a 47 percent increase in sales in this area. The group supplies magnetic components in Europe and China to the five biggest manufacturers of electric drive units. Schaffner serves all technology platforms from Germany and China: high-speed trains, locomotives, regional trains and underground trains. At the end of 2008, Schaffner entered the growing market for harmonic filters, which ensure interference-free power supply to buildings and infrastructure installations. In January 2009, Schaffner added the products of the newly acquired German company BETEC-Engineering to its portfolio of in-house developments. Schaffner's harmonic filters ensure the flawless operation of the electrical systems at the KKL Luzern as well as in the Shanghai Metro, skyscraper projects in Singapore and mining operations in Australia. Demand in the automotive electronics market was virtually zero at the start of the year. However, newly acquired projects have led to a significant revival since summer 2009. With production of EMC filters for hybrid and electric drives expected to start at the end of 2009, Schaffner will establish itself in this key market also.

Annual General Meeting 2010

At the Annual General Meeting on January 13, 2010, the Board of Directors of Schaffner Holding AG will propose that existing members Hans Hess and Robert F. Spoerry be re-elected for a period of office of three years. Leo Steiner and Peter E. Rüd, whose period of office expires with effect from the Annual General Meeting of January 13, 2010, will not stand for re-election. The Board of Directors will also propose that Daniel Hirschi, born 1956, Swiss, graduate in Engineering, be elected to the Board for a period of office of three years. When he is elected, Daniel Hirschi will be appointed Chairman at the constituting meeting of the Board. Daniel Hirschi was employed at Saia-Burgess in Murten from 1983 to 2005, first as head of the Switches business area, then Head of Automotive Division, CEO from 2001, and CEO and Member of the Board of Directors from 2003. From 2006 to 2009 he was CEO and Delegate of the Board of Directors of Benninger AG, Uzwil. Daniel Hirschi is a member of the Board of Directors of Benninger AG, Uzwil, and Komax Holding AG, Dierikon. The 14th Annual General Meeting of Schaffner Holding AG will also vote on the amendment to the Articles of Association in accordance with the new act on book-entry securities (Bucheffektengesetz) which comes into force on January 1, 2010.

Outlook

Despite some market recovery over the past few months, it is impossible to predict how the sales markets will develop further. Therefore no forecasts can be made at present for fiscal 2009/2010. On the basis of the successful restructuring, its market leadership in key sectors and its focus on growth markets, Schaffner is set to benefit more than average when the market recovers. The medium-term

objectives of an operating return on sales of 10 percent and sales of over CHF 200 million remain unchanged.

Luterbach, December 8, 2009

The 2008/2009 Annual Report is available at www.schaffner.com

[http://www.schaffner.com/corporate/en/corporate/investor/reports.asp?language_id=12&level=1\\$3\\$3](http://www.schaffner.com/corporate/en/corporate/investor/reports.asp?language_id=12&level=1$3$3)

For further information

Alexander Hagemann	Kurt Ledermann
Chief Executive Officer	Chief Financial Officer
T +41 32 681 66 06	T +41 32 681 66 08
alexander.hagemann@schaffner.com	kurt.ledermann@schaffner.com

Schaffner Holding AG

4542 Luterbach, Switzerland

T +41 32 681 66 26

F +41 32 681 66 30

www.schaffner.com

Calendar

January 13, 2010	14th Annual General Meeting
May 12, 2010	Publication of 2009/2010 Interim Report
December 7, 2010	Publication of 2009/2010 Annual Report
January 12, 2011	15th Annual General Meeting

Schaffner – energy efficiency and reliability

The Schaffner Group is the international leader in the development and production of solutions which ensure the efficient and reliable operation of electronic systems. The Group's broad range of products and services includes EMC/EMI components, harmonic filters and magnetic components as well as the development and implementation of customized solutions. Schaffner components are deployed in energy-efficient drive systems and electronic motor controls, in wind power and photovoltaic systems, rail technology, machine tools and robotics as well as power supplies for numerous electronic devices in sectors such as medical technology or telecommunications. Schaffner provides on-site service to customers around the world through an efficient, global organization and makes ongoing investments in research, development, production and sales to systematically expand its position as leader on the international market.

The Schaffner Group
Key figures in fiscal 2008/2009

		1.10.2008	(restated ¹)
		to 30.09.2009	1.10.2007
Net sales	CHF million	133.4	182.4
Operating result (EBIT)	CHF million	-9.2	13.9
<i>as % of net sales</i>	%	-6.9	7.6
Net profit	CHF million	-10.9	9.4
<i>as % of net sales</i>	%	-8.2	5.1
Earnings per share (EPS)	CHF	-18.04	15.43
Free cash flow	CHF million	10.7	3.4

¹First use of IFRIC 14

		30.9.2009	(restated ¹)
Total assets	CHF million	126.9	148.1
Shareholders' equity	CHF million	47.3	58.1
<i>as % of total assets</i>	%	37.3	39.3

¹First use of IFRIC 14

		1.10.2008	1.10.2007
		to 30.09.09	to 30.09.08
Order intake	CHF million	132.5	188.5
<i>Book-to-bill ratio</i>		0.99	1.03