



Value engineering specialist

SFS Investor Day 2022
Nuremberg Germany, June 14, 2022



Today's Speakers

Welcome to the presentation and video webcast



Jens Breu
Chief Executive
Officer



Iso Raunjak
Member of the Group
Executive Board



Martin Reichenecker
Member of the Group
Executive Board



Volker Dostmann
Chief Financial
Officer

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4. Recap: Strategic rationale of transaction	1.50–2.00 pm	Jens Breu
5. Financial implications	2.00–2.10 pm	Volker Dostmann
6. Q&A	2.10–2.30 pm	All

Positioning of SFS

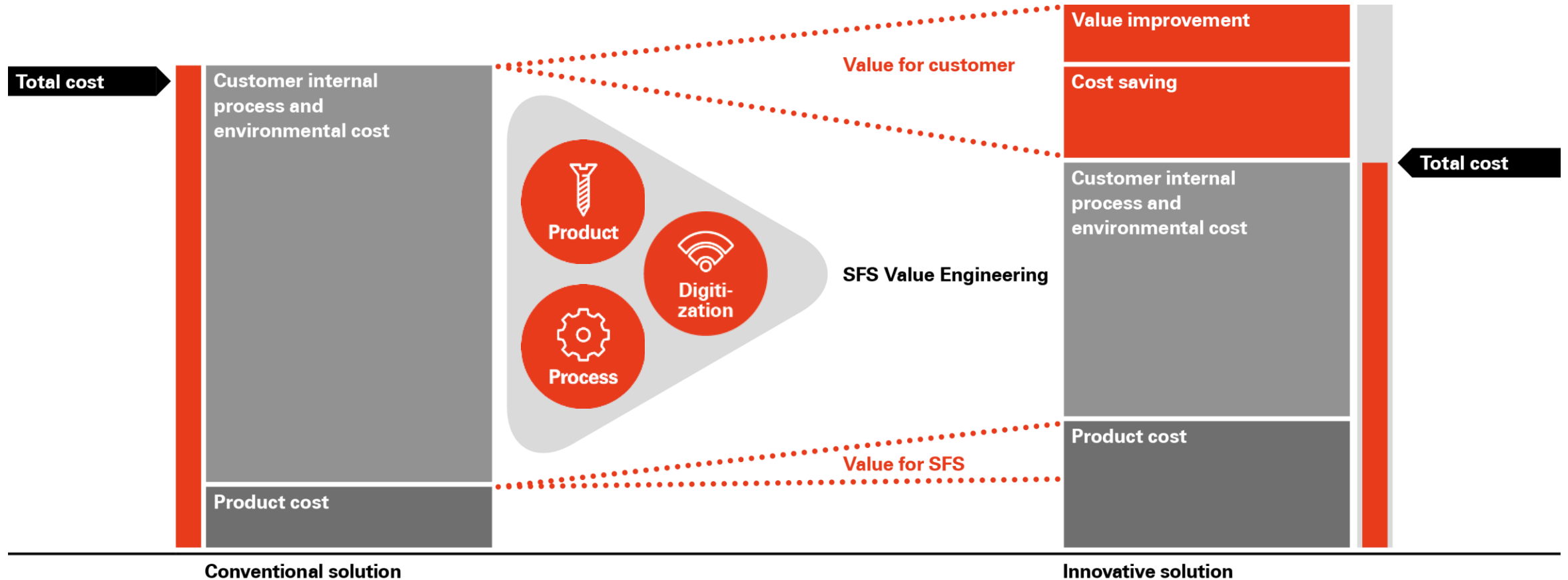
Mission critical products for selected niche applications

We are by your side – 24/7



SFS value proposition

Inventing success together



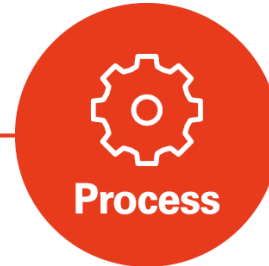
SFS value engineering

Creating customer benefit in three dimensions



Optimizing the product

- Reduction of product complexity
- Lower cost due use of cold forming or other SFS technologies
- Improved product characteristics



Improving the processes

- Lower process cost for SFS and/or customer
- Increased reliability
- Improved ergonomics



Advantage of digitization

- Process automation
- Higher product availability
- Optimization based on process data

Our focused business activities

Tailored solutions for selected niche applications

Engineered Components

Automotive



Electronics



Industrial



Medical



SFS

UNISTEEL

**TEGRA
MEDICAL**

Fastening Systems

Construction



SFS

Riveting



GESIPA

Distribution & Logistics

Switzerland



SFS

International



Hoffmann Group

Global sales & manufacturing platform

Customer proximity supported by local presence

Over 135
locations,
in over 30
countries



Our key ESG initiatives

Creating value for all our stakeholders

Environmental



Renewable Energy
Purchase and own production



Lean & Green Program
Efficient production, waste reduction



Mobility and Transport
Sales, Logistics, Employees



Sustainable Value Chain
Supplier assessments

Reduce CO₂ emissions by 90% until 2030

Social



Training and Education
Vocational training, lifelong learning



Occupational Health and Safety
Minimize work-related accidents



Social Engagement
Hoffmann Group Foundation



Promotion of Dual Education
Hans Huber Foundation

Create value for employees and society

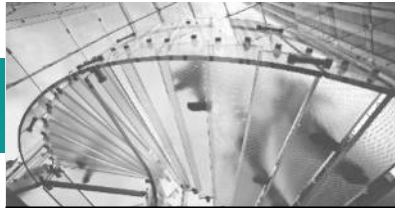
Governance



Compliance
Fair Competition, Anti-Corruption



Ethics
Human Rights and Corporate Values



Transparency
Transparent and accurate reporting



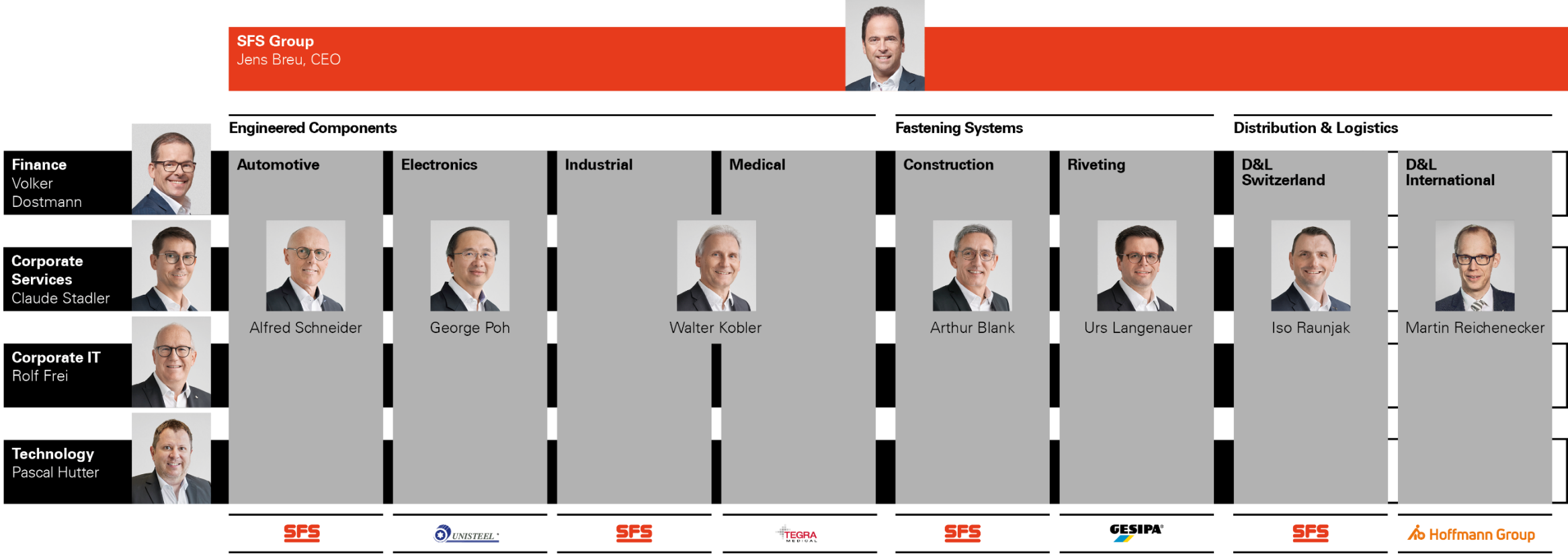
Diversity
Promoting the value of diversity

Act responsibly and with integrity

Division Distribution & Logistics Switzerland

Organizational structure

Clear focus on end markets, high level of autonomy



Vision und Mission

Supply Chain Professionals



We are the **Supply Chain Professionals** for tools, fasteners, building materials and fittings. We deliver: fast, simple and reliable!



For Industry, Craftsmen and Retail we are the most reliable supplier and service partner **for the Swiss market**. With innovative logistics systems and process optimization solutions we differentiate ourselves from the competition.

Your supply chain profi...

We deliver: fast, simple and reliable!

Specific solutions for selected assortments...

Tools/PSE



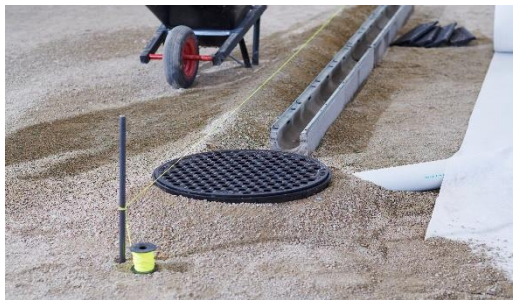
Fastening Systems



Architectural Hardware



Construction Support

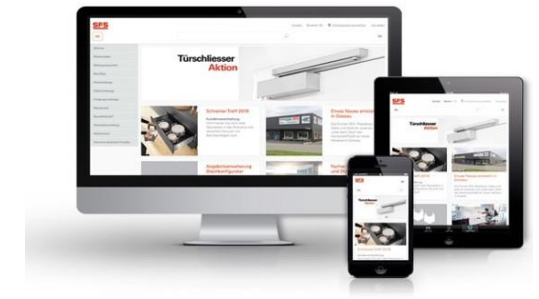


... and for all needs the appropriate access.

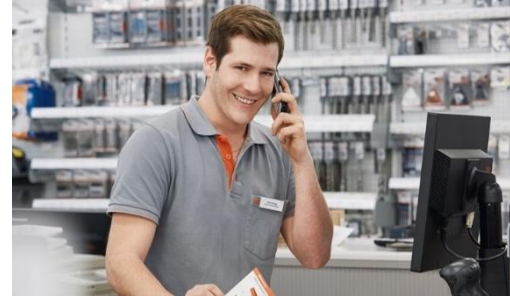
Direct sales



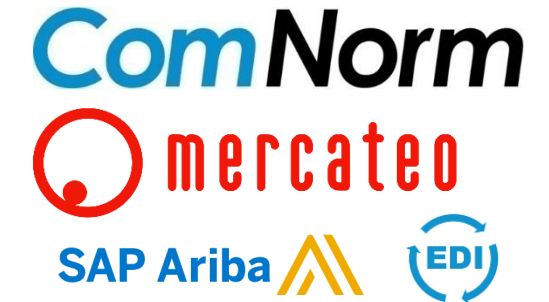
eShop



Craftsman shops



Connectivity/Marketplace



Your supply chain profi...

We deliver: fast, simple and reliable!

With innovative services...

Efficient logistics



Digitization



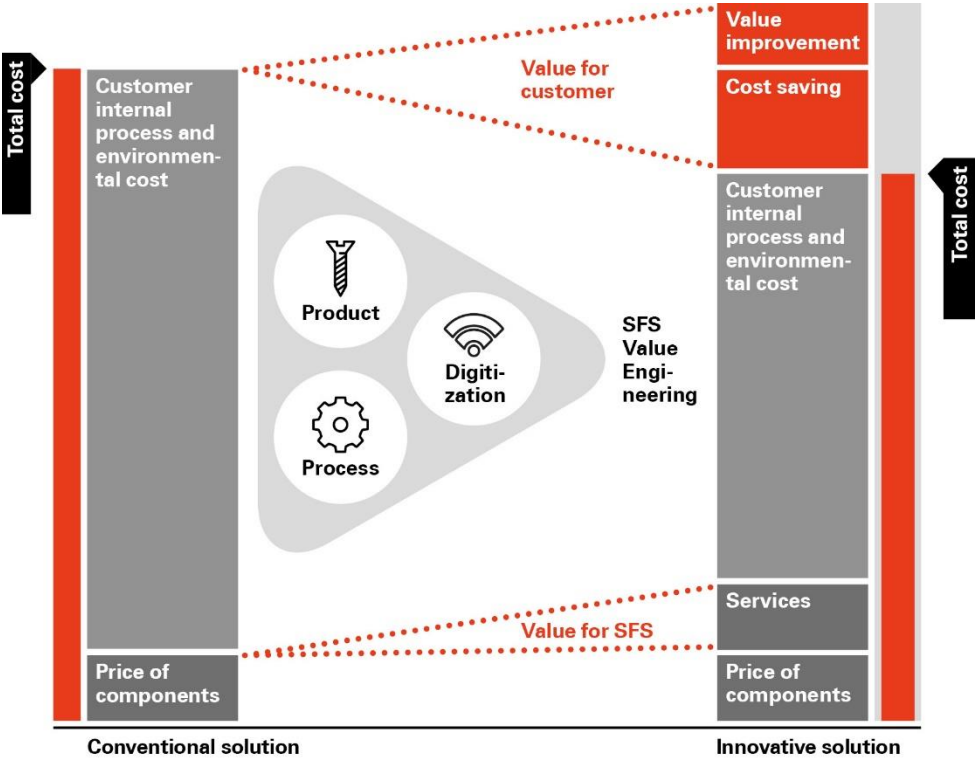
Management systems



Merchandising



...adding values for our customers.



Reference Cases

Creating sustainable benefit in the three dimensions



Product

Gotthard tunnel

- 40,000 threaded rods supplied for fixing overhead contact line
- Thread dimension M20, made of highly corrosion resistant steel
- Technical support and consulting



Process

Light installation with Veriset AG

- Installs of about 33,000 lights in kitchens per year
- Significant time savings with SFS lights achieved
- Simple on-site installation and repair



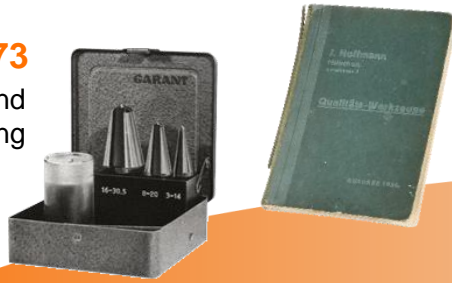
Digitization

Stadler Rail

- Supply of full Industry & Metal portfolio
- At multiple sites in CH and abroad
- Broad utilization of logistics modules for efficient warehousing

Division Distribution & Logistics International

1973
Introduction of the GARANT brand as a „clever alternative“ for machining



1936
The first Hoffmann catalogue

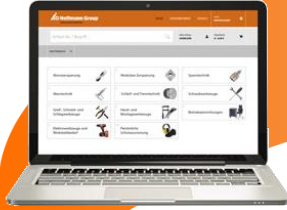


1932
Franz Hoffmann joins the company



1919
Founding of J. Hoffmann K.G. Qualitätswerkzeuge in Munich by Josef Hoffmann.

2000
Start of the eBusiness age: products are now also available online



2004
GARANT becomes market leader in Germany in the field of solid carbide drilling and milling



2009
Opening of Europe's most efficient tooling logistic centre in Nuremberg



2012
Founding of GARANT Productions GmbH



2014
Opening of the new workstations and storage centre in Odelzhausen, near Munich



2014
For the first time the Hoffmann Group achieves a turnover of more than € 1,000,000,000



2021
Ramp-up of LogisticCity, Nuremberg

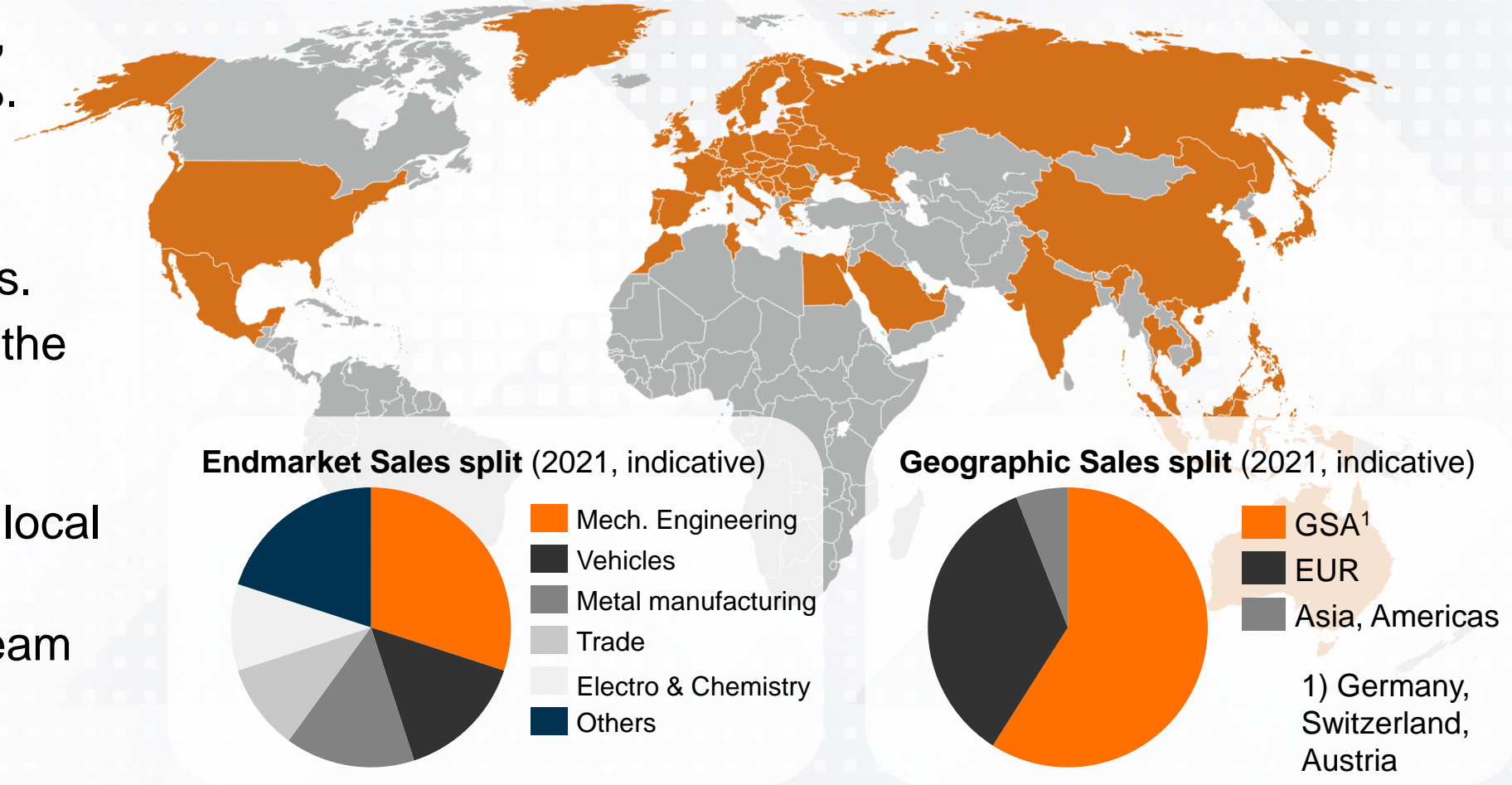


2019
Anniversary: 100 Years of Hoffmann

NO MATTER WHERE. NO MATTER WHEN. WE ARE THERE FOR YOU.

Europe's No. 1, there for you, throughout the world.

- 1 bn revenue in 2021, 10-yrs. CAGR of ~7%.
- 135,000 satisfied customers.
- 3,000 HSE employees.
- Global presence - on the spot in more than 50 countries.
- Local strength due to local sales teams.
- Professional export team for global supply



CONSULTING, TESTING, ENGINEERING – WE TAKE IT PERSONAL

About 1,400 technical advisors and specialists – always at your side.

- Field application engineers
- Workstations and Storage technical advisors
- Personal protective equipment advisors
- Metrology and grinding specialists
- eBusiness experts
- Technology centers

Together with our customers
we drive value engineering.



SIMPLY EVERYTHING FROM ONE SOURCE.

We cover the 20m around the industrial workplace

PERSONAL CONSULTING

**DIGITALIZATION IN
MANUFACTURING**

**SERVICES AND
E-BUSINESS**

AUTOMATION

**MACHINING AND
CLAMPING TECHNOLOGY**

**PERSONAL PROTECTIVE
EQUIPMENT**

**HAND AND
MEASURING TOOLS**

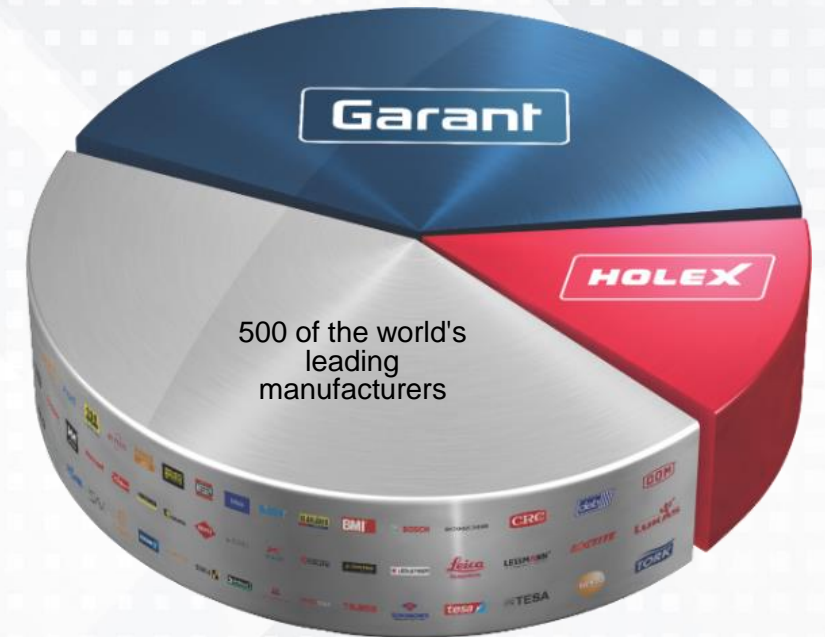
**WORKSTATIONS AND STORAGE AND
GOODS ISSUING SYSTEMS**



SELECTED TOP ASSORTMENT FOR OUR CUSTOMERS.

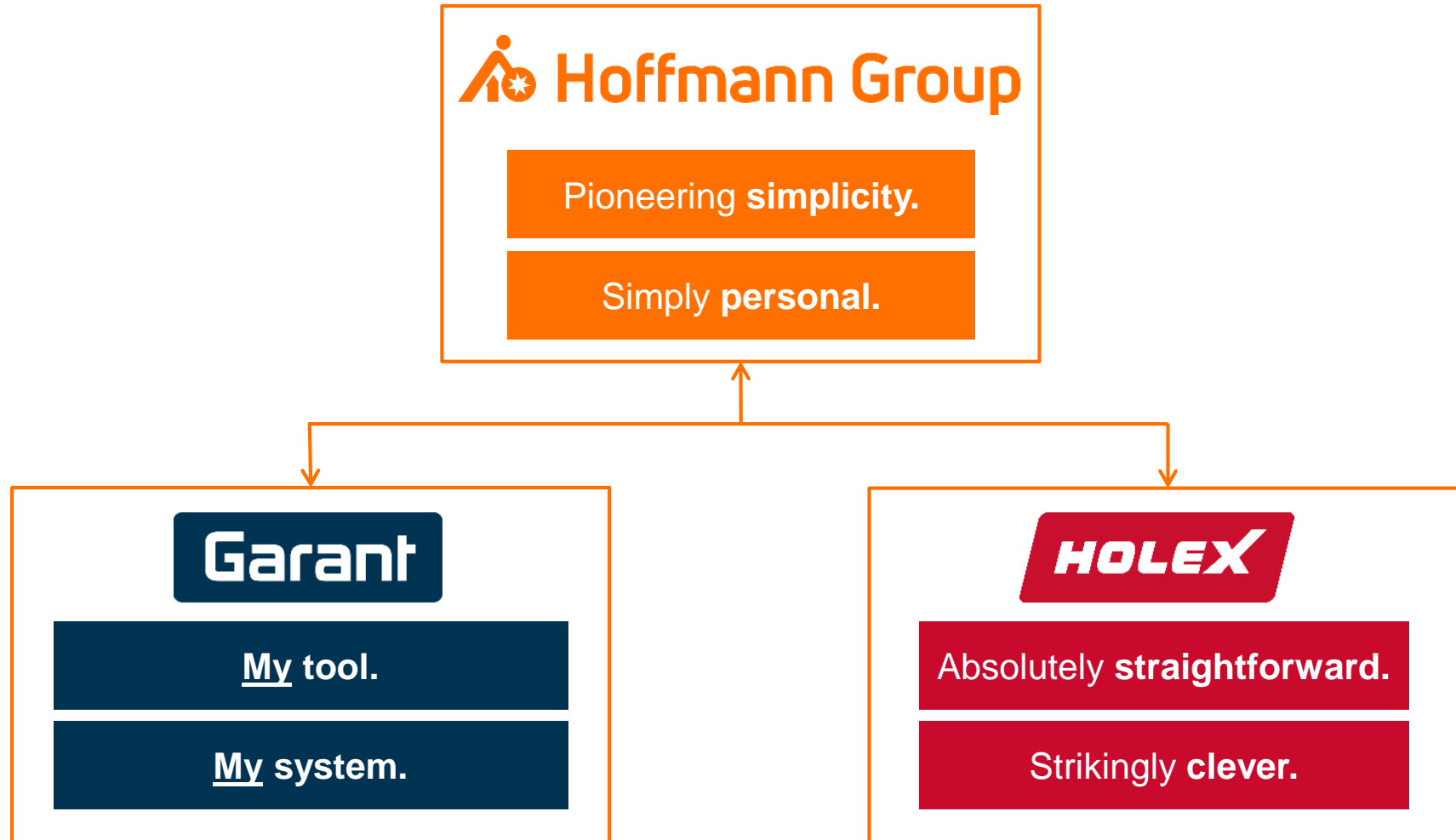
The quality tool you cannot find here, you will not find anywhere.

- GARANT system brand. HOLEX quality brand.
- More than 100,000 catalogue items immediately available.
- 500 brands from leading manufacturers.
- 500,000 items listed.
- Around 100 product managers with a global perspective.



BRAND ARCHITECTURE

Hoffmann Group | GARANT | HOLEX



Garant

WE START BY MAKING OUR TOOLS
PERFECT. THEN WE SEE HOW
WE CAN IMPROVE THEM.

- More than 45,000 GARANT top quality products.
- Successful for almost 50 years.





FOR ALL THOSE WHO SIMPLY WANT TO GET ON WITH THE JOB.

- Rocksolid and proven: Industrial quality for everyday use.
- Really clever: Convincing good price and convincing good performance.
- A broad range: More than 14,000 tools for standard applications.
- Focus on functionality: Exactly the products you need.



99% DELIVERY CAPACITY. NOBODY'S PERFECT.

LogisticCity: the world's most efficient center for tool logistics.

- 60,000 items/day.
- Zero error strategy.
- Within 24hrs in Germany, 48hrs throughout Europe.
- Dedicated workstations and storage centre.



**WE VALUE DELIVERY AVAILABILITY.
AND THAT'S WHY WE BUILD LIKE IT.**



New building LogisticCity in
Nuremberg

- The most powerful tool logistics system in the world
- More than 100,000 sqm logistics area (approx. 25 football pitches)
- Capacity up to 40,000 parcels / day



INTELLIGENT SERVICES: FROM US – FOR OUR CUSTOMERS.



Calibration service

In-production measuring technology for accurate machining results.



eTool

Uniform tool data for CAD / CAM systems.



Planning of workstations and storage

Individually planned workstations and storage for structured CNC workplaces.



ToolScout

Intelligent tool selection and determination of technology data.

- New process data integrated (TPC).
- Can also be used on all mobile devices.



Regrinding service

Original regrind for maximum tool performance and tool life.



Connected Manufacturing

The future of tool management.

- Maximum transparency in work planning.
- Less effort for creation of CAM programs.
- Increase of efficiency in tool preparation.



GARANT Tool24

Flexible tool issuing system for efficient and reliable supply.



Production planning

Component-related machining concepts to support production planning.

- Cross-sector service package – for all applications.
- Various service packages selectable.

WE EVEN TURN FINGER AND MOUSE INTO HIGHLY EFFICIENT TOOLS.

- **eShop:** Order quickly and securely.
- **eCatalog:** Available in 18 languages.
- **Simple System:** The procurement marketplace for C-parts with around 700 suppliers.
- **ToolScout:** Quick application-related tool selection.
- **Apps:** Calculators for highest productivity and economy (e.g. Machining Calculator).



JOINT FUTURE WITH SFS

Quite some room for synergies

Cross-Selling

Assortments, customers, industries

Possible
value-add
for customers

Supply Chain

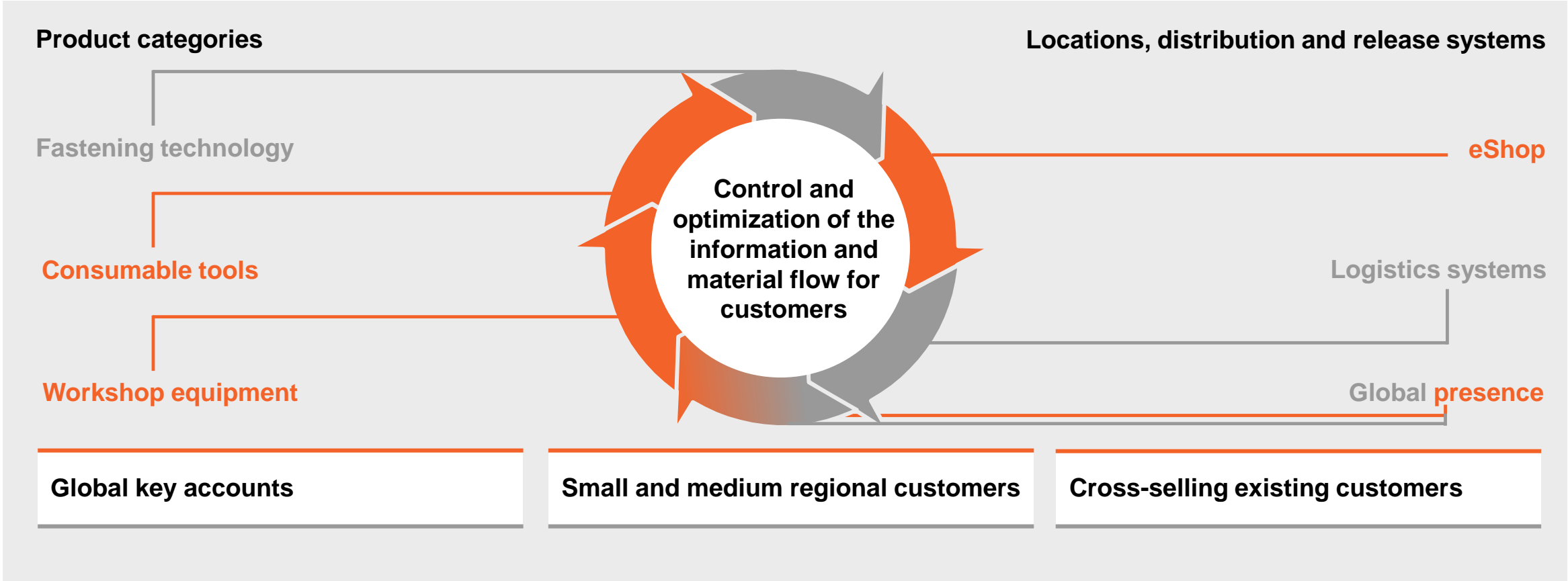
Logistics, Procurement

Best Practice exchange

Recap: Strategic rational of transaction

Strong Competences from a Single Source

Aiming for a long-term, leading global position



Overview key Growth and Synergy Potentials

Both divisions of D&L segment will benefit

Cross-selling

- Tools
- Fastening systems
- Supply chain solutions

Realize synergies in supply chain

- Procurement
- Logistics
- Transportation

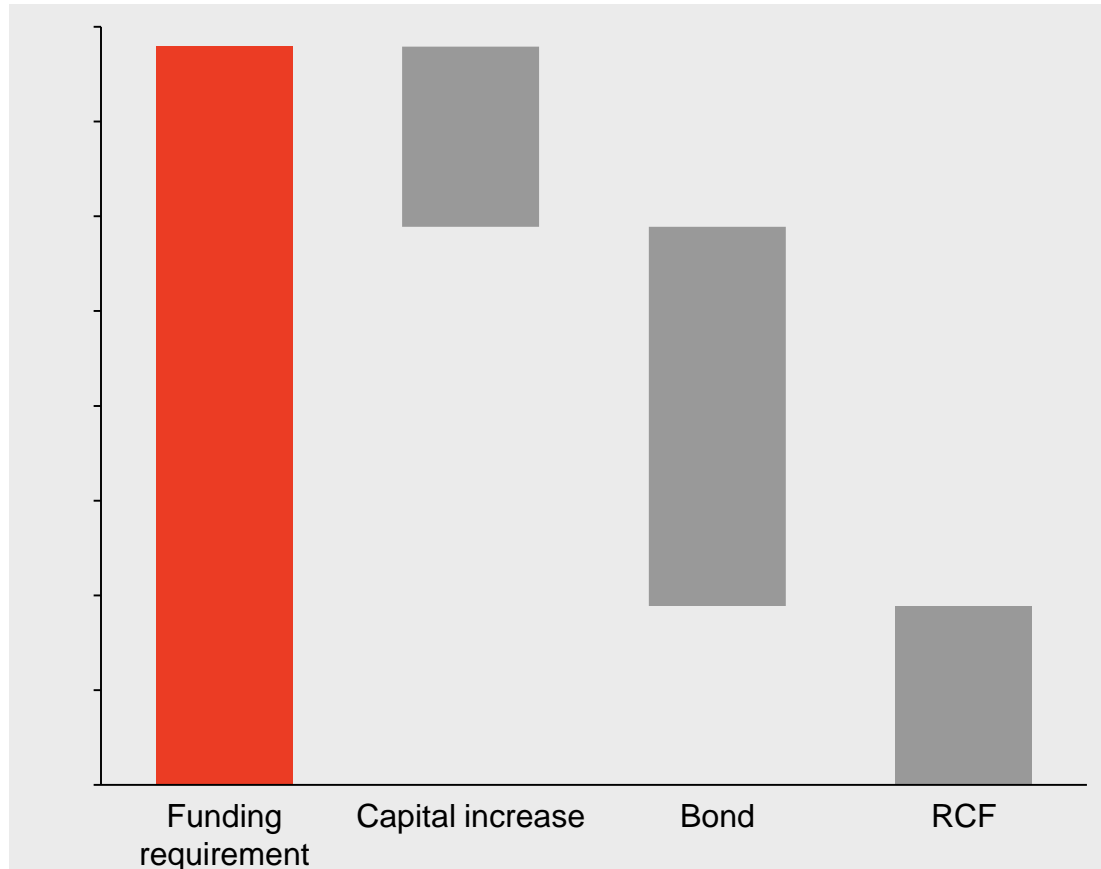
Know-how exchange

Development of improved products and services

Financial implications

Financing from a Strong Position

Own funds | capital increase ~ 4% | debt capital



- Capital increase and refinancing of transaction:
 - 1,400,000 new shares issued (total number of shares outstanding new 38,900,000)
 - In total 1,600,000 shares part of purchase price payment
 - Issued two listed bonds with a total volume of CHF 400 million for transaction refinancing
- Continued clear commitment of SFS for strong, stable financing according to existing financial policy (net debt <1.5 x EBITDA)

Placement of Bonds: Transaction summary

Two listed Bonds with total volume of CHF 400 million

Issuer	SFS Group AG, Heerbrugg
Issue/Status	Domestic public fixed rate bond
Current ratings	BBB+ (ZKB/CS)
Currency/Amount	CHF 400 million
Maturity	Dual tranche, 250m 3 yrs/150m 5 yrs
Joint Lead Managers	ZKB, CS
Governing Law	Swiss law
Listing	SIX Swiss Exchange
Coupon (3Y/5Y)	1.0% 3 yrs/1.45% 5 yrs

Target balance sheet after transaction – Indicative

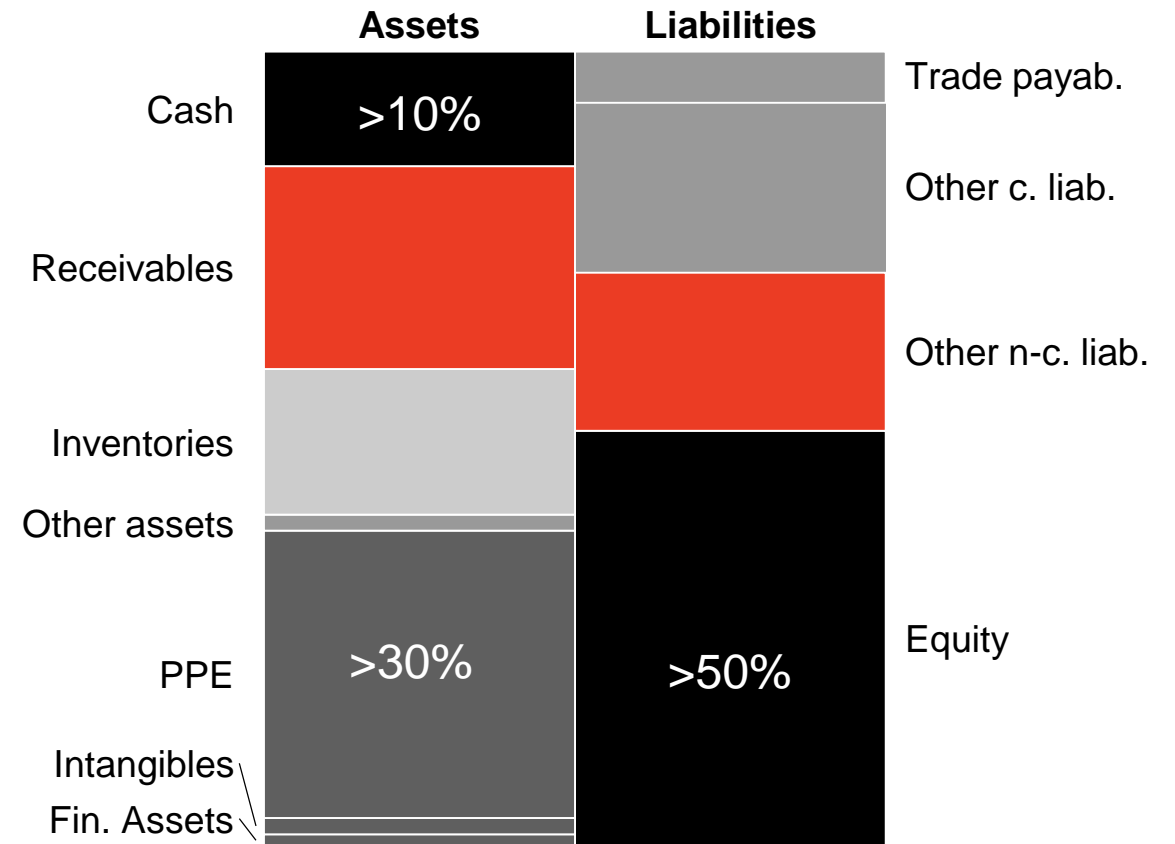
Equity ratio remains >50%

Situation after transaction

- Equity Ratio >50%
- Net Debt/EBITDA <1.5x
- Updated guidance see separate slide
- Unused credit lines >200 CHF million

Mid/Long term view

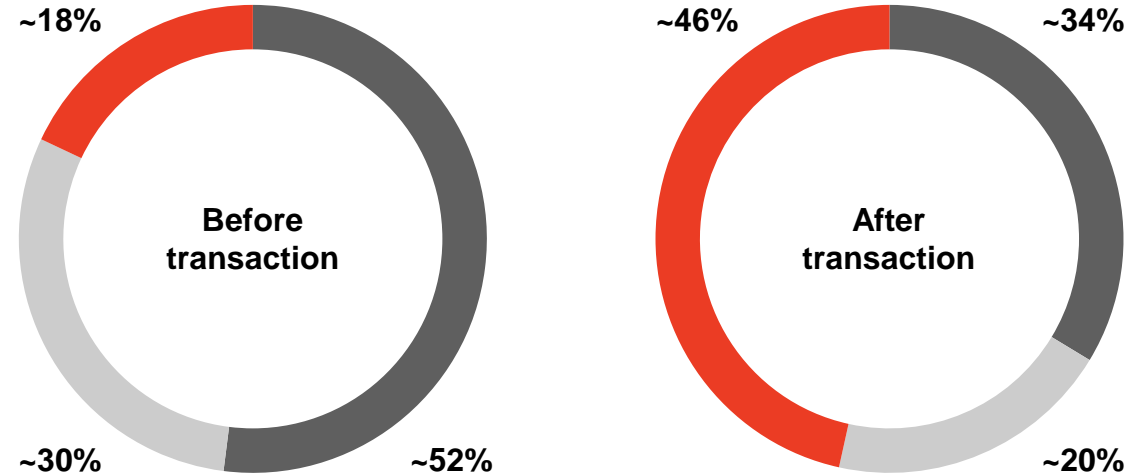
- Cash levels remain at 8–10% of sales
- Target: “Net Cash” position



Breakdown of Sales (Pro Forma 2021)

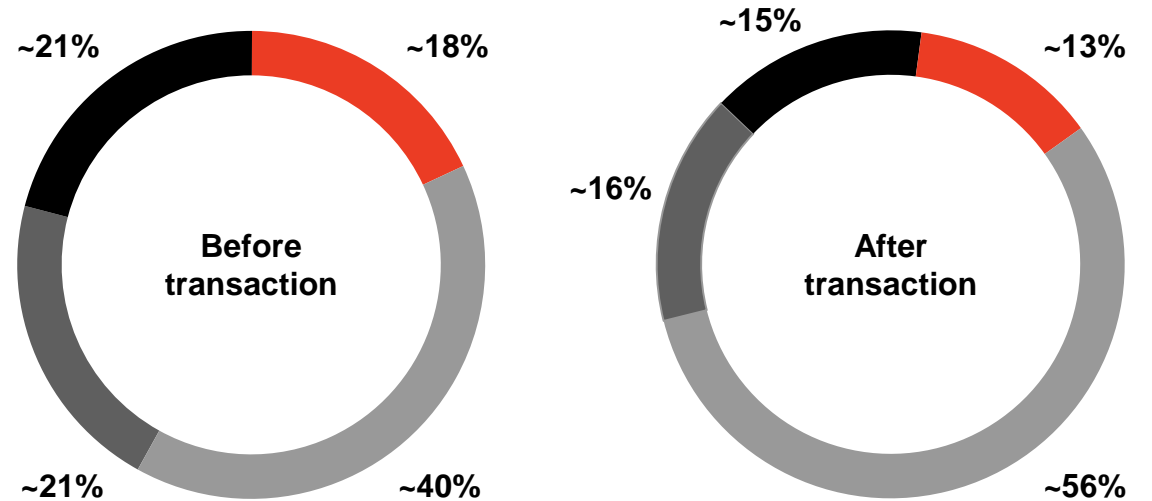
D&L and Europe are gaining in significance

Sales by segment



■ EC
■ FS
■ D&L

Sales by region



■ Switzerland
■ Europe
■ Americas
■ Asia

Guidance FY2022

SFS and Hoffmann (8 months of consolidation)

	2021A	2022G: Initial (w/o Hoffmann)	2022G: Updated May 12
Gross sales SFS stand-alone (in local currencies)	CHF 1,893 m	Growth 3–6%	Growth 3–6%
Sales impact from 8 months consolidation of Hoffmann			+ ca. CHF 720–770 m
EBIT margin SFS stand-alone	15.9%	13–16%	13–16%

A = Actual G = Guidance

- EBIT margin guidance will be updated when the half-year results are published on August 26, 2022

Q&A

Today's Speakers

Welcome to the Q&A



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Chief Executive
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Volker Dostmann
Chief Financial
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Our IR agenda for FY2022

Highlights 2022

- Detailed information on 1H 2022:
August 26, 2022
- Investor Day II, Heerbrugg (CH)
September 15, 2022

IR Contact:

investor.relations@sfs.com

Thank you for your attention

Inventing success together

Disclaimer

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