



Media release
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SFS achieved solid sales growth and a substantial improvement in profitability

Driven by solid sales growth of 5.9% in its core businesses, SFS Group generated consolidated sales of CHF 1,437 million in its 2016 financial year. The adjusted operating profit margin (EBITA) improved to 14.4% from 12.5% in the previous year.

SFS Group AG set a new sales record in the 2016 financial year with consolidated sales of CHF 1,437 million, an increase of 4.4% from the previous financial year. Solid, organic growth of 5.9% in its core businesses fueled the positive development, to which all segments contributed. Currency movements had a positive effect of 0.9% on reported sales and changes in the scope of consolidation added 1.5% to the reported sales growth. The run-off of the trading activities, a non-core business within the Engineered Components segment, reduced sales by about CHF 50 million.

Sales by segment

Gross sales in CHF million	2016 1st half	2016 2nd half	2016	2015	±PY
Engineered Components	355.6	412.5	768.1	740.1	3.8%
Fastening Systems	176.7	178.9	355.6	326.9	8.8%
Distribution & Logistics	156.5	156.3	312.8	309.3	1.1%
Gross sales, reported	688.8	747.7	1,436.5	1,376.3	4.4%

Growth factors	2016 1st half	2016 2nd half	2016	2015
Currency movements	2.1%	-0.2%	0.9%	-5.1%
Change in scope of consolidation	0.7%	2.3%	1.5%	2.1%
Organic growth	-0.1%	3.8%	<u>2.0%</u>	<u>2.5%</u>
of which core business			5.9%	1.5%
of which trading activities			-3.9%	1.0%
Total	2.7%	5.9%	4.4%	-0.5%

Engineered Components: Successful core business

The Engineered Components segment reported sales of CHF 768 million, an increase of 3.8% versus the previous year. Factoring out changes in the scope of consolidation and exchange-rate fluctuations, segment sales remained at the prior-year level. Sales of the core business activities, i.e., excluding the trading activities at the Electronics division, showed an increase of 8% on a like-for-like basis. This growth was driven by the launch



and scale-up of key customer projects. Sales from Tegra Medical, a recently acquired leading development, manufacturing and supply partner for the medical device industry, were consolidated for the first time as of December.

Fastening Systems: Good momentum sustained

The Fastening Systems segment carried its good momentum from the first half into the second half of the year and generated sales of CHF 355.6 million. This corresponds to a pleasing growth of 8.8% (6.9% on a like-for-like basis). Growth was broadly based in terms of application areas and geographies.

Distribution & Logistics: Incremental growth

The Distribution & Logistics segment (SFS unimarket) has battled strong market headwinds since January 2015 in the wake of the sudden appreciation of the Swiss franc. SFS unimarket displayed its competitive edge by winning key projects for digitalized warehouse management systems (M2M by SFS). Segment sales rose 1.1% to CHF 312.8 million in the 2016 financial year.

Sales breakdown by region: Strong growth in the Americas

The scale-up of new projects and the overall positive economic environment fueled the pleasing sales growth of 22% in the Americas region (14.7% on a like-for-like basis). Its share of sales rose once again in 2016 and now stands at 14.0%. The share of sales generated in the Americas is likely to increase to about 20% in 2017 because of the acquisition of Tegra Medical.

Concentration on core business activities and the ensuing run-off of the trading activities within the Engineered Components segment led to a decline in the Asian share of consolidated sales. It contracted from 25.6% in the previous year to 21.1%. The share of sales generated in Europe was supported by the success of the Engineered Components and Fastening Systems segments in this market and stood at 42.0% (up from 39.2%). In Switzerland, sales grew 3.1% and the Swiss share of sales amounted to 22.6%.

In CHF million	2016	2015	±PY	% share, 2016	% share, 2015
Switzerland	325.3	315.3	3.1%	22.6%	22.9%
Europe	601.9	538.5	11.8%	42.0%	39.2%
Americas	201.1	164.8	22.0%	14.0%	12.0%
Asia	303.6	353.4	-14.1%	21.1%	25.6%
Africa, Australia	4.6	4.3	6.3%	0.3%	0.3%
Total	1,436.5	1,376.3	4.4%	100.0%	100.0%

Sharp increase in operating profitability

The adjusted EBITA margin excluding the accounting gains on the sale of company property amounted to 14.4%. This significant increase in profitability compared to the previous year (adjusted EBITA margin of 12.5%) is attributed to the market success of innovative products, the realization of economies of scale on the back of higher production



capacity utilization, and the effectiveness of the measures taken by SFS after the substantial appreciation of the Swiss franc in January 2015.

The reported EBITA margin, which includes divestment gains on the sale of company property of approximately CHF 9 million, will be slightly higher.

The audited results for the 2016 financial year will be published on 10 March 2017.

Changes in the Board of Directors

The SFS Board of Directors will propose Bettina Stadler for election to the Board of Directors as a representative of the Stadler/Tschan family shareholders at the Annual General Meeting on 26 April 2017.

Bettina Stadler (born in 1967) has gained professional experiences in the field of HR Management at an international company. She is currently working at Polygena AG, Altstätten (Switzerland), as Head of HR and member of the management team.

Bettina Stadler will replace Karl Stadler, who has now reached the statutory age limit in the Board of Directors and will be stepping down after 34 years of service as a member of the Board of Directors of SFS Group.

About SFS Group

SFS is a global market leader for mechanical fastening systems and precision formed components. SFS Group is organized into three business segments Engineered Components, Fastening Systems und Distribution & Logistics which represent the three business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customer-specific precision formed components, fastening solutions and assemblies. The segment operates in the Automotive, Electronics, Industrial and Electronics divisions and sells its products under the SFS intec (Automotive, Industrial), Unisteel (Electronics) and Tegra (Medical) brands. In the **Fastening Systems** segment, consisting of the Construction and the Riveting divisions, SFS develops, manufactures and markets application-specific mechanical fastening systems under the SFS intec (Construction) and GESIPA (Riveting) brands. In the **Distribution & Logistics** segment with the SFS unimarket brand, SFS is a leading provider of fasteners, tools and architectural hardware as well as innovative logistics solutions in Switzerland. SFS Group is a global player with manufacturing sites and distribution companies at more than 70 locations in 25 countries around the world. Sales in business year 2016 amounted to CHF 1.437 bn and the work force numbered approximately 9,000.

For further information visit www.sfs.biz

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