



Quantum leap in market position & size

SFS establishes with Hoffmann Group international presence in quality tools
December 22, 2021, Heerbrugg

Today's Speakers

Welcome to the video webcast



Jens Breu
Chief Executive Officer



Volker Dostmann
Chief Financial Officer

Agenda

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|--|----------------------------------|
| 1. Key takeaways | Jens Breu |
| 2. SFS Group and Distribution & Logistics Segment (D&L) | Jens Breu |
| 3. Hoffmann Group | Jens Breu |
| 4. Strategic rationale | Jens Breu |
| 5. Financing | Volker Dostmann |
| 6. Organizational involvement in the SFS Group | Volker Dostmann |
| 7. Next Steps | Volker Dostmann |
| 8. Q&A | Jens Breu/Volker Dostmann |

Key takeaways

Key takeaways

Quantum leap in market position and size

- SFS establishes international presence in quality tools with Hoffmann Group (Hoffmann)
- Both companies are positioned as leading providers in their industries, share a similar value proposition and value systems and look back on a longstanding and successful partnership
- In 2021 Hoffmann generates around EUR 1 billion in sales with a workforce of approx. 3000
- Joining forces will mark a milestone and result in attractive development opportunities:
 - Cross-selling of mechanical fastening systems and electronic procurement solutions
 - Leverage benefits in digitization, logistics, software and purchasing
 - Access to Europe's largest tool logistics center
- Inclusion at the shareholder, Board of Directors and Executive Board levels at SFS establishes continuity and the basis for successful future development
- Transaction will have a positive impact on earnings per share from the first year on

SFS Group and Segment D&L

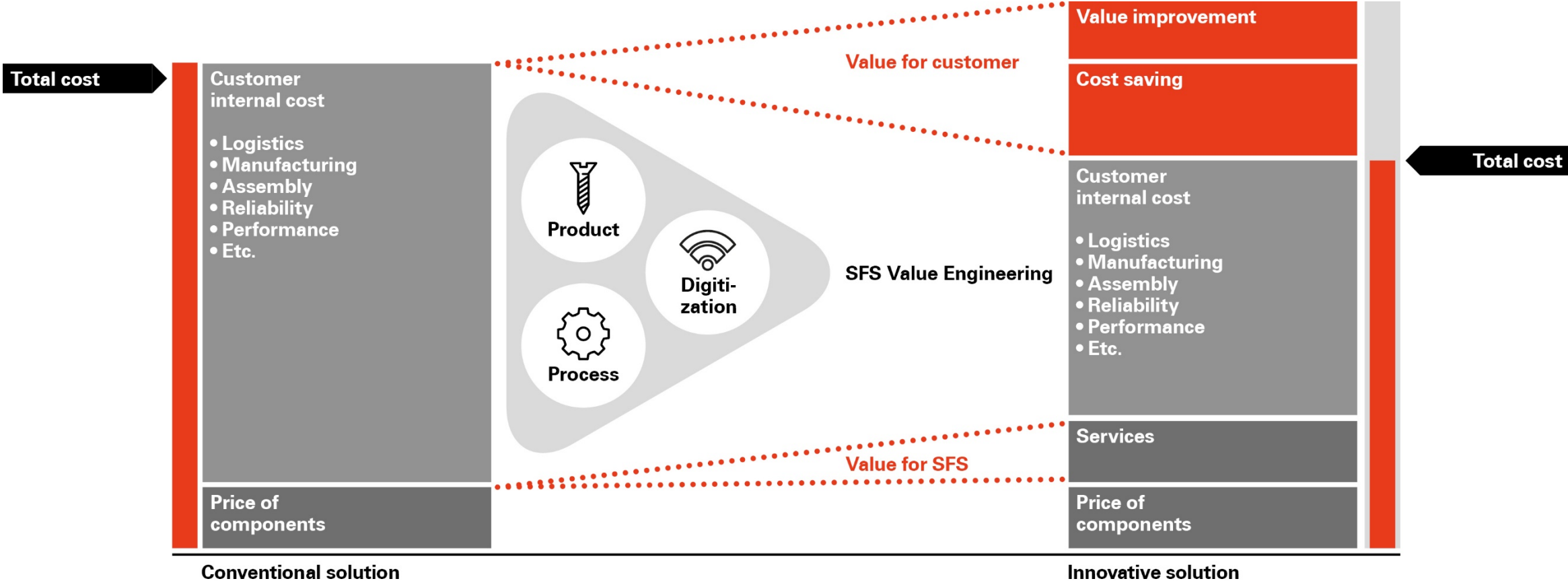
Mission-Critical Products for Selected Niche Applications

We're with you – 24/7



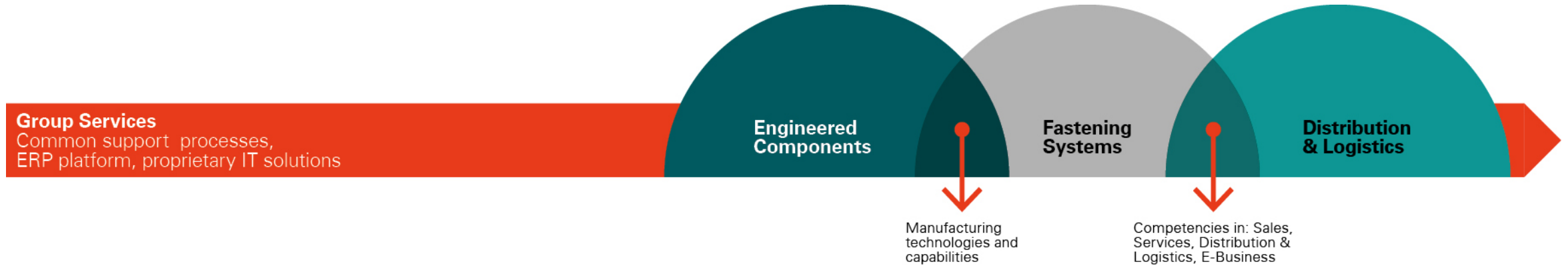
SFS Service Commitment

Inventing success together



Segments and Competences

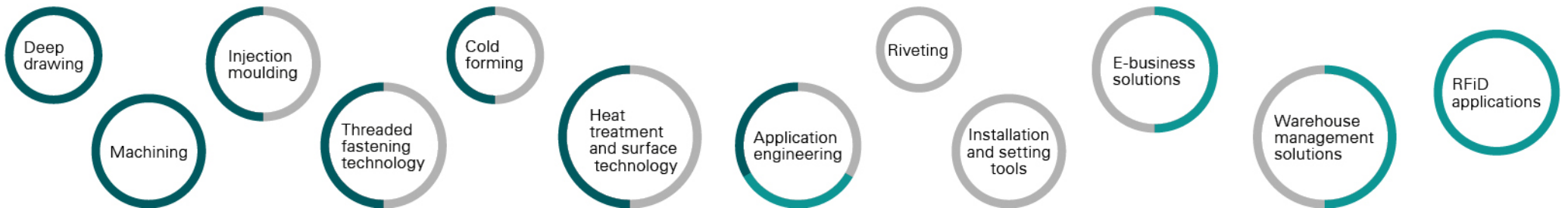
Focus on technology and knowledge sharing



Relevance of competencies



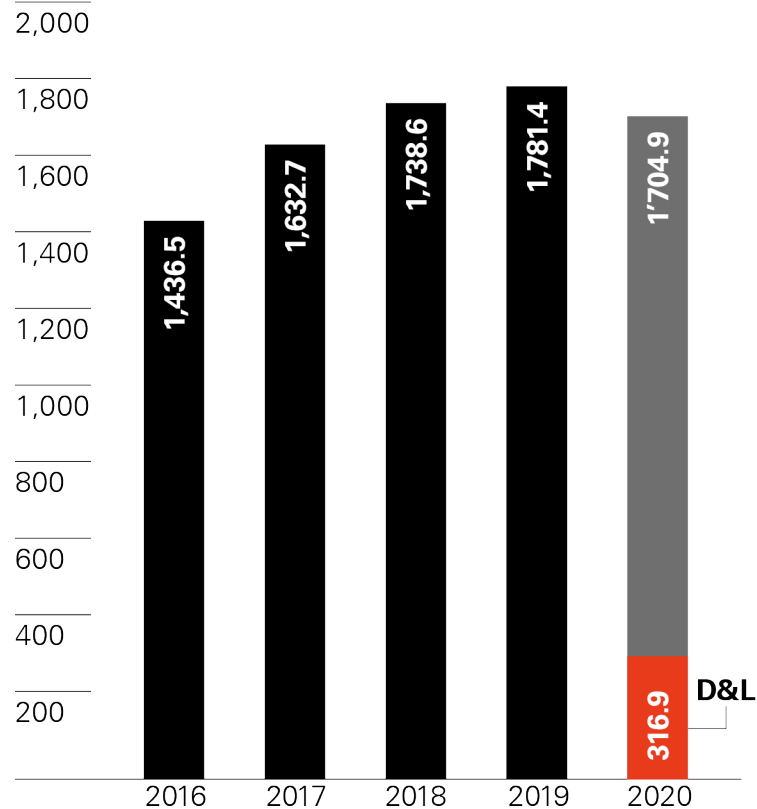
Key technologies & competencies



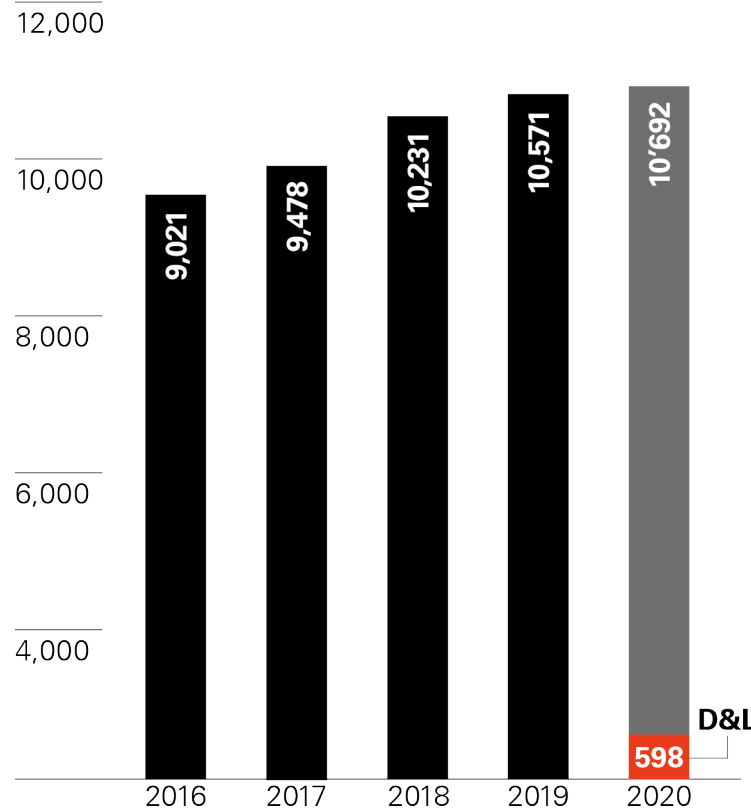
SFS Group, D&L Segment | Facts and Figures (2020)

Continuous success, balanced development

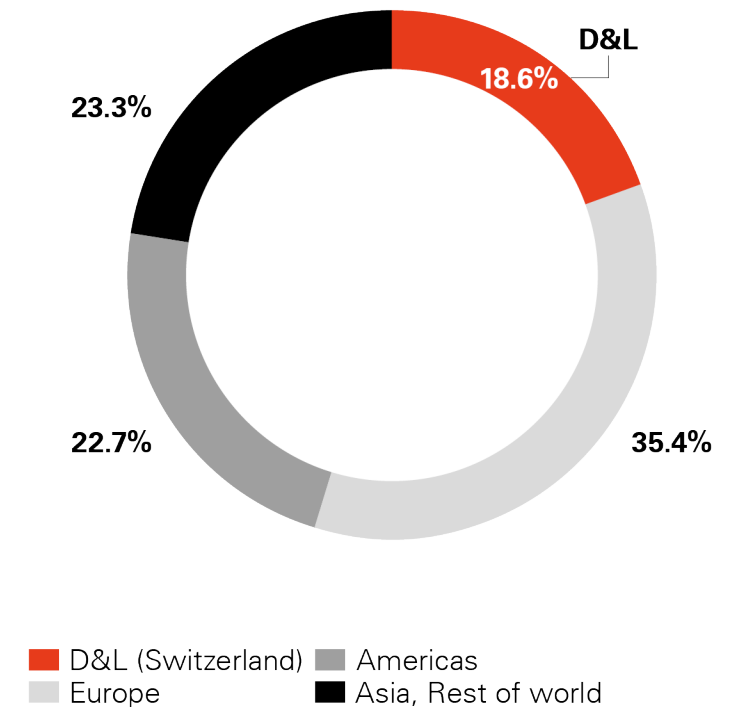
Third party sales (in CHF million)



Number of employees (FTE)



Share of sales by region



Our Focused Business Activities D&L CH

Specific solutions for selected needs

Tools



Fastening Systems



Construction Support



Architectural Hardware



Retail Shops



Strong Brands in the Swiss Market

A wide range for good reasons

Own brands (extract)

The SFS logo consists of the letters 'SFS' in a bold, orange, sans-serif font. The letters are slightly shadowed, giving them a 3D appearance as if they are floating above a thin orange horizontal line.The GESIPA logo features the word 'GESIPA' in a bold, black, sans-serif font. Below the text is a stylized graphic element consisting of two parallel diagonal lines, one blue and one yellow, forming a parallelogram shape.The Garant logo shows the word 'Garant' in a white, sans-serif font, centered within a dark blue rectangular box with rounded corners.The HOLEX logo features the word 'HOLEX' in a white, italicized, sans-serif font, centered within a red rectangular box with rounded corners and a slight perspective effect.

Partner brands (extract, alphabetical order)

- 3M
- Blum
- Bosch
- Fein
- Fischer
- Mitutoyo
- Panduit
- Peiner
- UVEX
- Winkhaus
- ...



Hoffmann Group

COMPANY
PRESENTATION
HOFFMANN



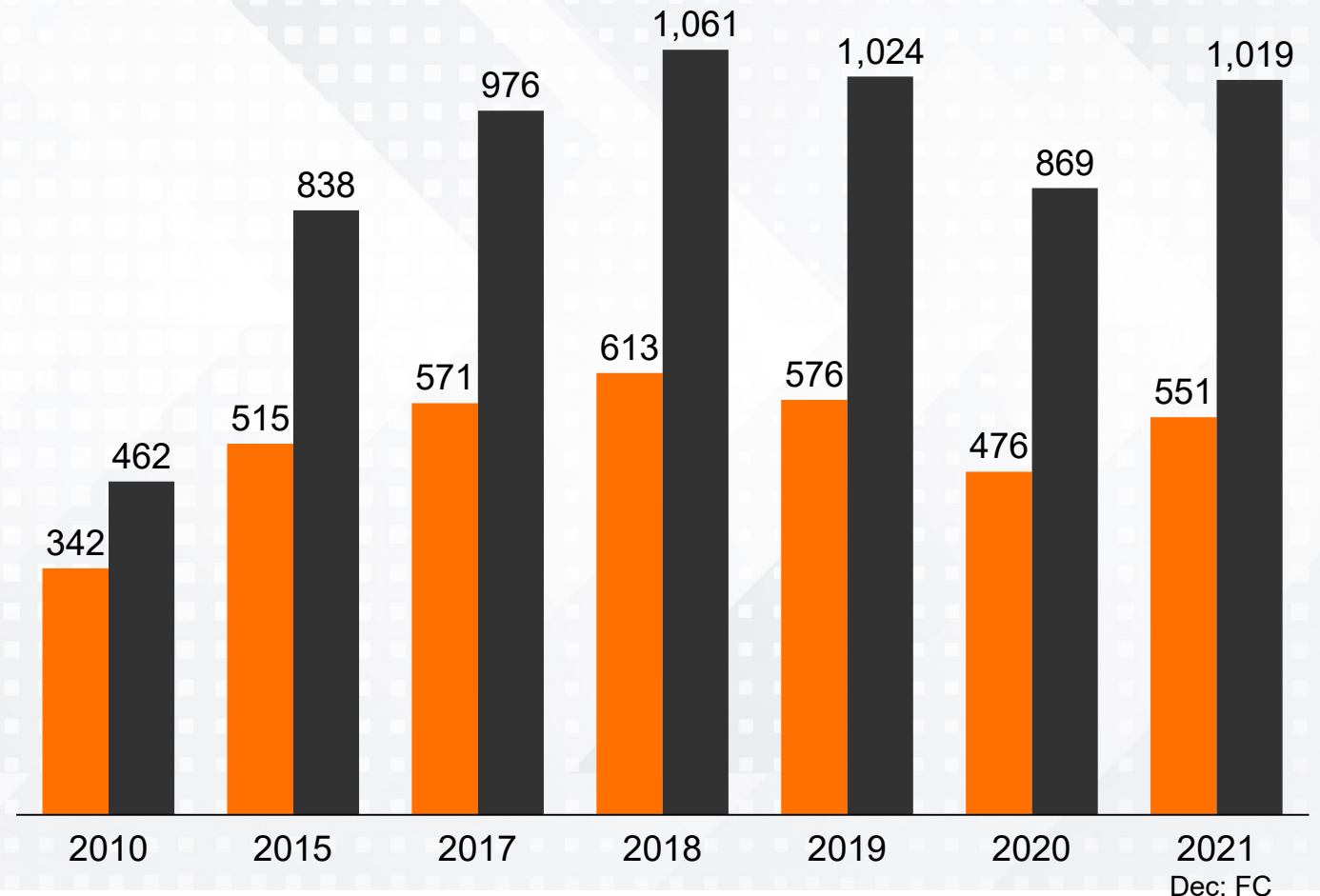
ON COURSE FOR SUCCESS FOR MORE THAN 100 YEARS

Simple selection. Simple procurement. Personal service.

- More than 100,000 satisfied customers
- Around 3,000 dedicated employees
- Around Euro 1 billion in sales

Sales in million Euros

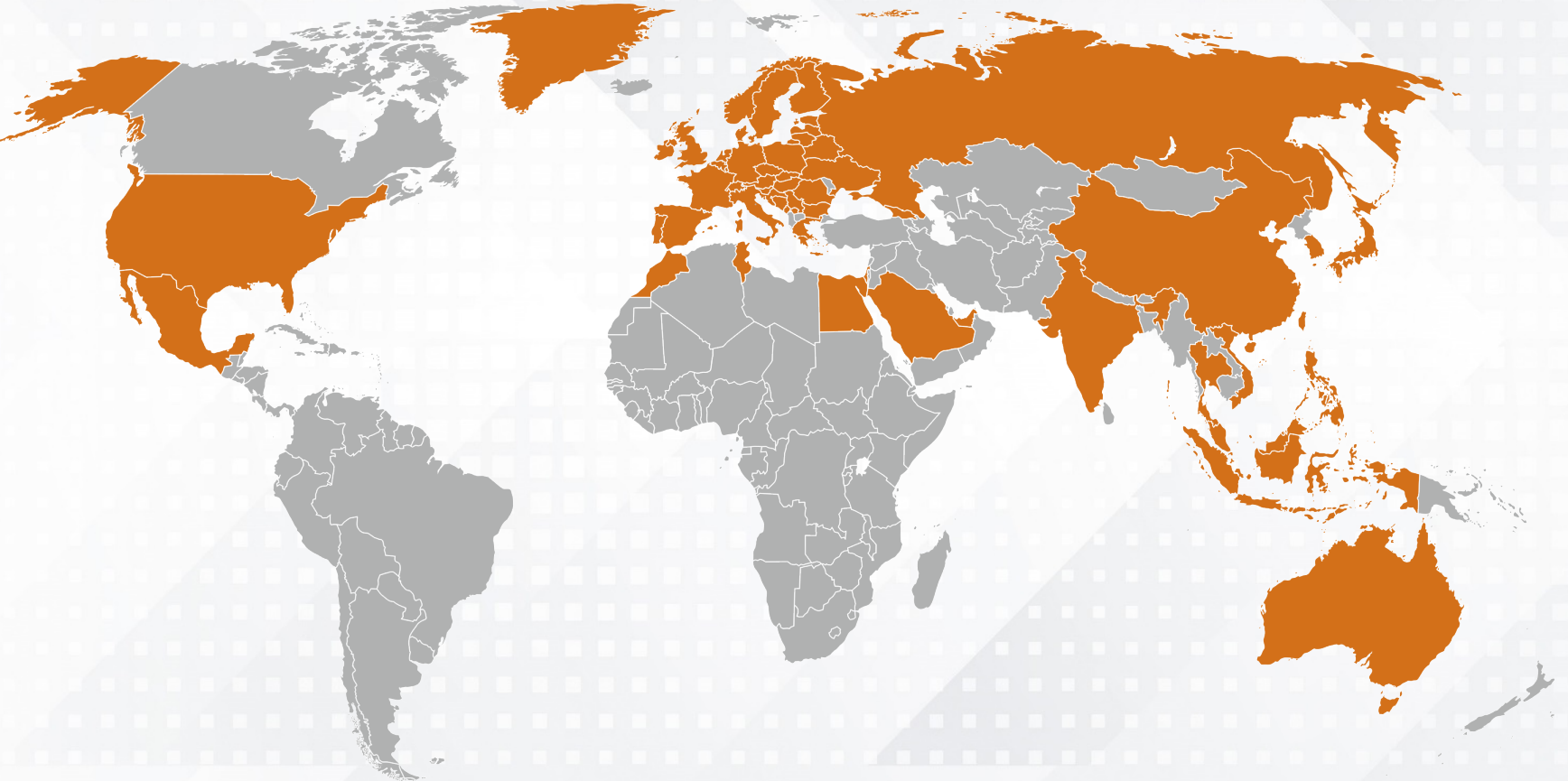
- Hoffmann SE globally
- Hoffmann SE Germany



NO MATTER WHERE. NO MATTER WHEN. WE'RE THERE FOR YOU.

Number 1 in Europe, there for you, all over the world.

- Global presence in more than 50 countries
- Local strength thanks to local sales teams
- Professional export team for global supply

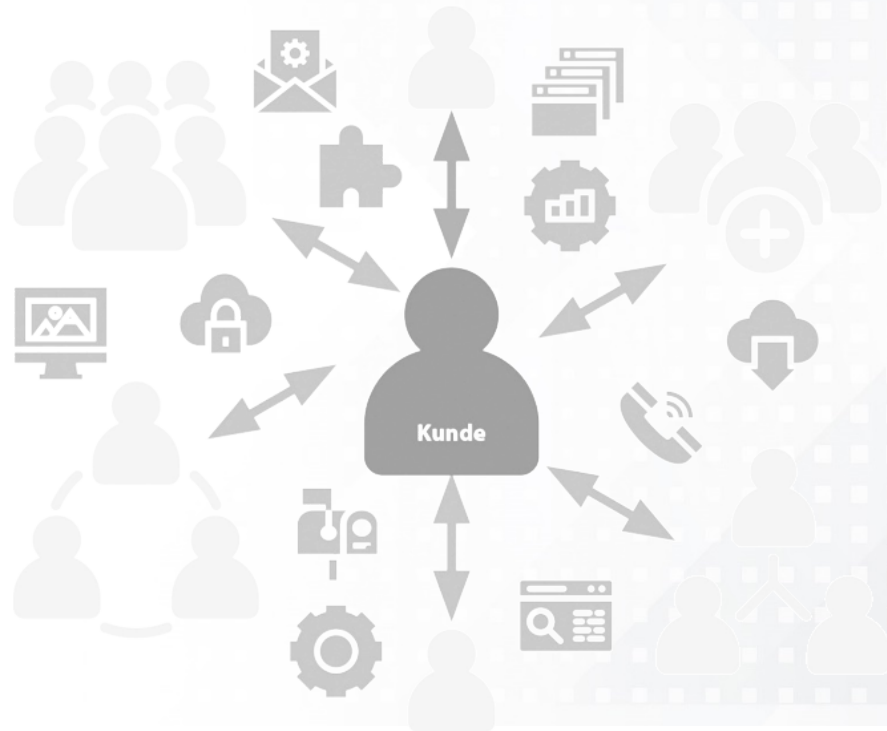


WHEN IT COMES TO PROCUREMENT, WE MAKE THINGS SIMPLE.

A whole variety of quality tools – from a single source.

Before:

Multiple suppliers and multiple channels of communication



After:

With the Hoffmann Group as your partner, in no time at all you have...

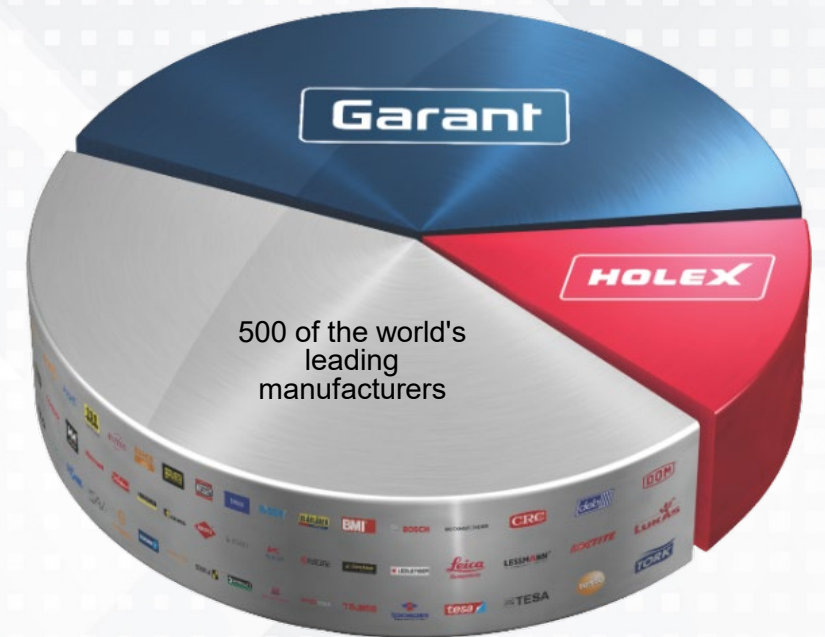
- fewer contact persons
- fewer orders
- fewer goods receipts
- fewer delivery notes and invoices



TOP RANGE SELECTED FOR YOU.

If you can't find your quality tool here, you won't find it anywhere.

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



Garant

OUTSTANDING TOOLS FOR REAL PROFESSIONALS WHO KNOW WHAT THEY NEED

- Developed with users, suppliers, institutes and 12 of our own technology centers
- As a manufacturer in 3rd place in the German precision machining ranking

RANKING PRECISION MACHINING*

1. Gühring KG	420
2. Ceratizit	280
3. GARANT	253,4
4. Sandvik Coromant	250
5. Mapal Dr. Kress KG	210
6. Paul Horn GmbH	195
7. Kennametal Group	186
8. Walter AG	172
9. Iscar Germany GmbH	152
10. Emuge Franken	148

Machining Ranking/Sales in Germany in € million - Source: production 2019



Manufacturer certified to ISO 9001 and VDA 6.4 for processes and development



FOR EVERYONE WHO SIMPLY WANT TO GET ON WITH THE JOB

- Rock solid as well as tried and tested – industrial quality for everyday use
- Smart – a convincingly low price with convincingly good performance
- Broad range – more than 14,000 tools for standard applications
- Focus on functionality – exactly the products you need



INTELLIGENT SERVICES – FROM US TO YOU



Calibration service

In-production measuring technology for accurate machining results



Planning of workstations and storage

Individually planned workstations and storage for structured CNC workplaces.



Regrinding service

Original regrind for maximum tool performance and tool life



GARANT Tool24

Flexible tool issuing system for efficient and reliable supply



eTool

Standardized tool data for CAD/CAM systems



ToolScout

Intelligent tool selection and determination of technology data

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



Connected Manufacturing

The future of tool management

- Maximum transparency in work planning
- Less effort in creating CAM program
- Increased efficiency in tool preparation

NEW



Production planning

Component-related machining concepts to support production planning

- Cross-sector service package – for all applications
- Various service packages can be selected

WE EVEN TURN YOUR MOUSE AND YOUR FINGERS INTO HIGHLY EFFICIENT TOOLS.

- **eShop:** Order quickly and easily
- **eCatalog:** Permanently available in 18 languages
- **Simple System:** The procurement marketplace for C parts with over 80 million articles
- **ToolScout:** Quick and accurate tool search
- **Apps:** Calculators for maximum productivity and economy





Daniel,
field sales consultant

OUR CONSULTANTS KNOW VIRTUALLY EVERY MILLING CUTTER, LIKE THE BACK OF THEIR HAND.

Your projects are as important to us as if they were our own. More than 1,400 consultants are always ready to offer you personal and expert assistance. Worldwide.

www.hoffmann-group.com

 **Hoffmann Group**

WE VALUE DELIVERABILITY.
THAT'S WHY WE BUILD THIS WAY.



New LogisticCity building in Nuremberg

- The most powerful tool logistics system in the world
- More than 100,000 m² of logistics space (approx. 25 football pitches)
- 40,000 parcels every day
- Completed in 2021





► Overview Foundation-Projekte

HOFFMANN GROUP FOUNDATION

- The foundation was established in 2006
- Foundation projects promote the development of socially disadvantaged and traumatized children and adolescents
- Our goal is to support and strengthen these young people in the long term



Strategic rational

Megatrends – Overview (1/2)

Underlying growth drivers

Digital revolution



EC



FS



D&L



Strategy

- Own digital solution
- Part of customer solution
- Digitalization to improve supply chain

Economic globalization



EC



FS



D&L



Strategy

- Globalization of services/manufacturing
- Near/right shoring

Evolving consumption



EC



FS



D&L



Strategy

- Health and wellness

Resources constraints



EC



FS



D&L



Strategy

- Energy constraint
- Electrification of drive systems

Demographic asymmetries



EC



FS



D&L



Strategy

- Rise of Asian middle class
- Aging societies

Megatrends – Overview (2/2)

Underlying growth drivers

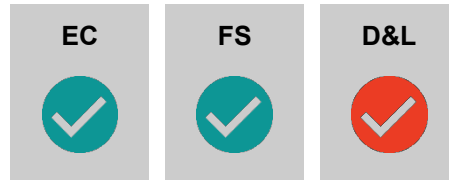
Digital revolution



Strategy

- Own digital solution
- Part of customer solution
- Digitalization to improve supply chain

Economic globalization



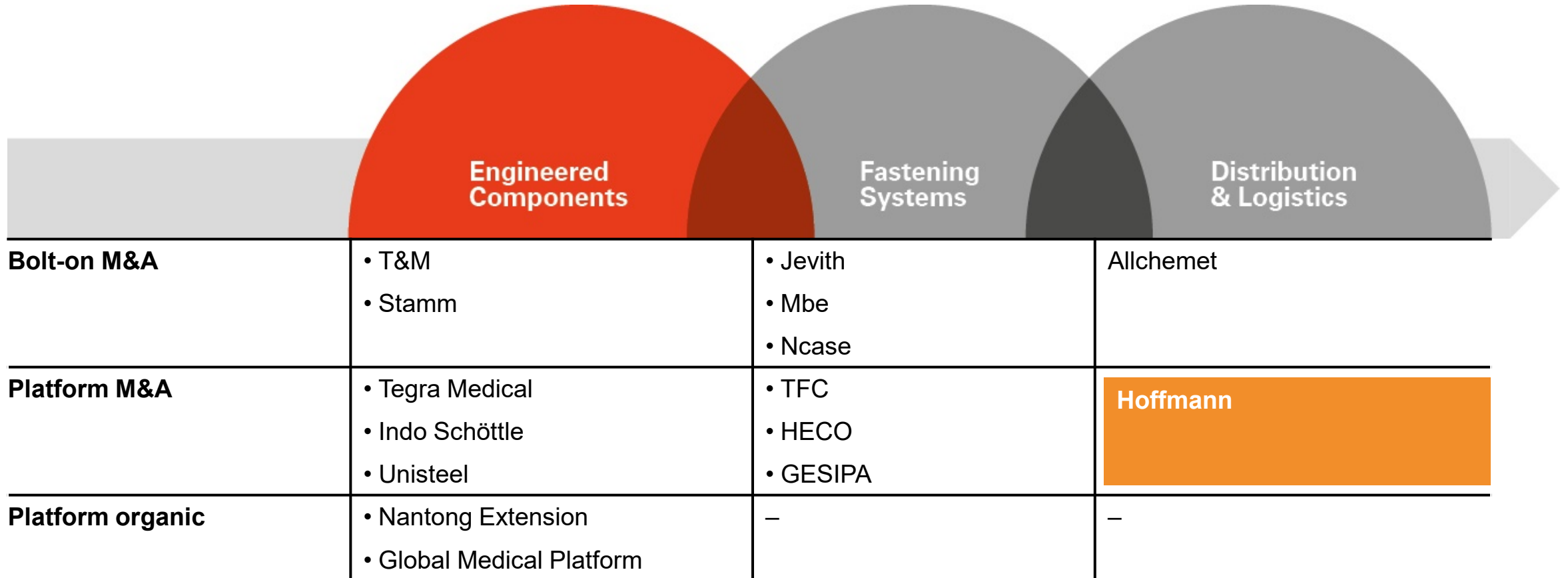
Strategy

- Globalization of services/manufacturing
- Near/right shoring

- Continuing digitization as an important lever for success
 - Enabling internationalization of the tried-and-tested SFS solutions (we follow the customers)
- Making a valuable contribution to the development of SFS Group's D&L segment

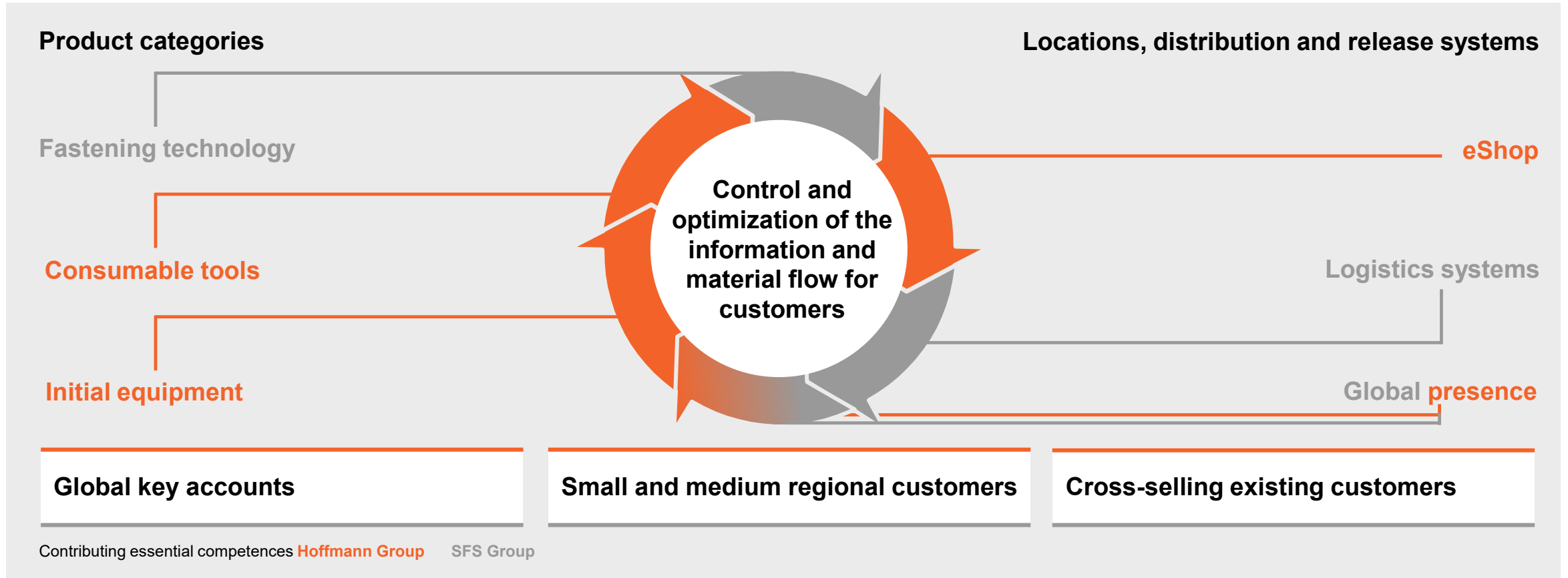
Focused Growth Investments

Hoffmann as platform for D&L



Strong Competences from a Single Source

Aiming for a long-term, leading global position



Strategic Rationale of the Consolidation

New perspectives through internationalization of D&L

Culture

- Long-term partners with a high degree of consistency in value proposition and preservation of values

Positioning

- Internationalization of D&L segment thanks to strong, established system partners for quality tools with production expertise

Potential

- Digitization: eBusiness, process optimization
- Sales channels and range of services
- Purchasing
- Logistics: access to one of the most efficient logistics centers in the whole of Europe

Shareholder base/Finances

- Strong and stable anchoring at different levels (Shareholder base, Board of Directors, GEB, D&L segment)
- Attractive growth opportunities and increase in earnings per share

Strategic Rational D&L Segment

International platform for quality tools

Reach

- One of Europe's leading distributors with manufacturer expertise in quality tools, workstations and storage equipment and personal protective equipment
- Excellent positioning through clearly differentiated and practiced value proposition identical with the D&L segment
- Recognized partner for innovative solutions with more than 100,000 customers
- Global presence in over 50 countries thanks to 1,400 technical consultants and specialists
- Europe's largest tool logistics center with 99% delivery capability and 99.9% delivery accuracy

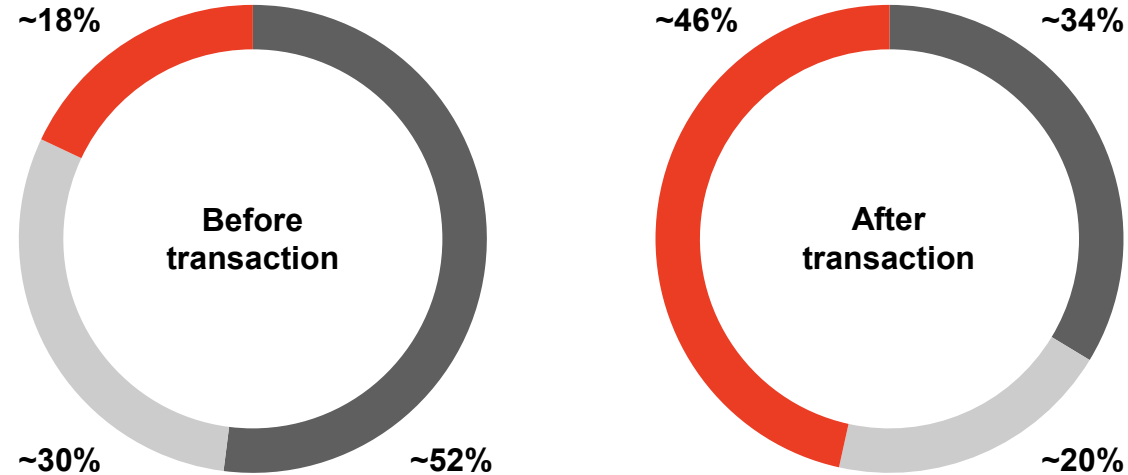
Potential for sustainable growth

- Significant future growth potential thanks to continuous development of regional markets and expansions of the product portfolio with physical and digital products as well as services
- Stable growth and sustainable margins over the economic cycle

Breakdown of Sales (Pro Forma 2021)

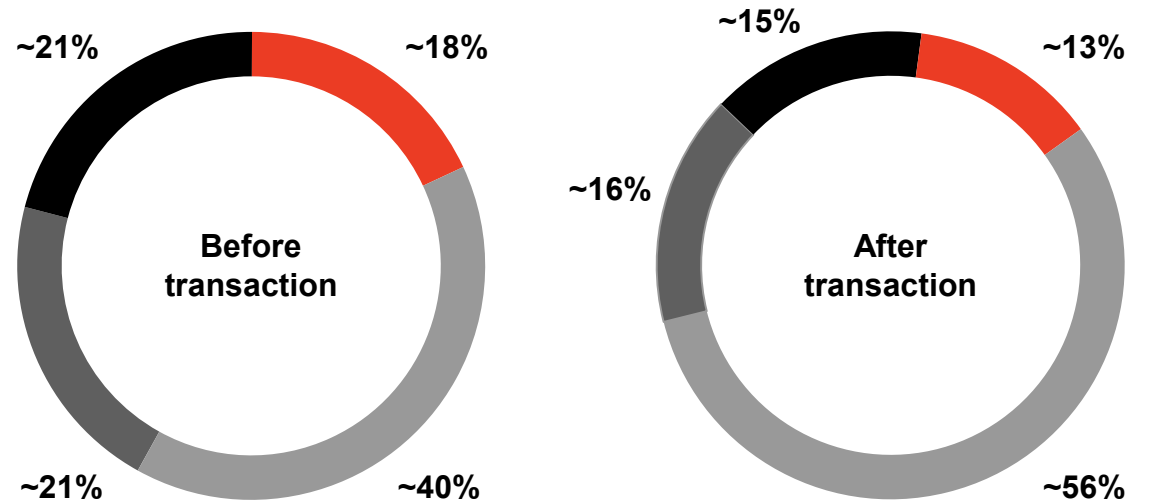
D&L and Europe are gaining in significance

Sales by segment



- EC
- FS
- D&L

Sales by region



- Switzerland
- Europe
- Americas
- Asia

Strategic Growth Initiatives of D&L Segment

Leverage combined potential

Use platforms

- Further penetration of key accounts (“share of wallet”)
- Targeted acquisition of customers with high potential
- Development of regional growth strategies based on local expertise
→ Deliberate implementation of “Local-for-local” strategy

Innovation, new products and product lines

- Continuous market launch of new products and innovative supply chain solutions
- Joint development together with our customers and thus deeper integration thanks to improved products and services

Regional expansion

- Targeted expansion in the growth markets of USA and China
- Targeted regional growth initiatives to broaden market coverage in Europe, North America and Asia based on existing structures

Digitization

- Expansion of multifaceted eCommerce solutions
- Further development of digital service products for networked production

Positioning of Hoffmann

Relevant competitive differentiation

Competences

Manufacturers

Skills

- Distributor with manufacturer expertise
- Own development and product management capacities
- High level of consulting expertise

Competitors



Distributor

- Distributor with manufacturer expertise
- Leading distributor of quality tools in Europe
- Top brands Garant and HOLEX
- Another 500 leading brands in portfolio

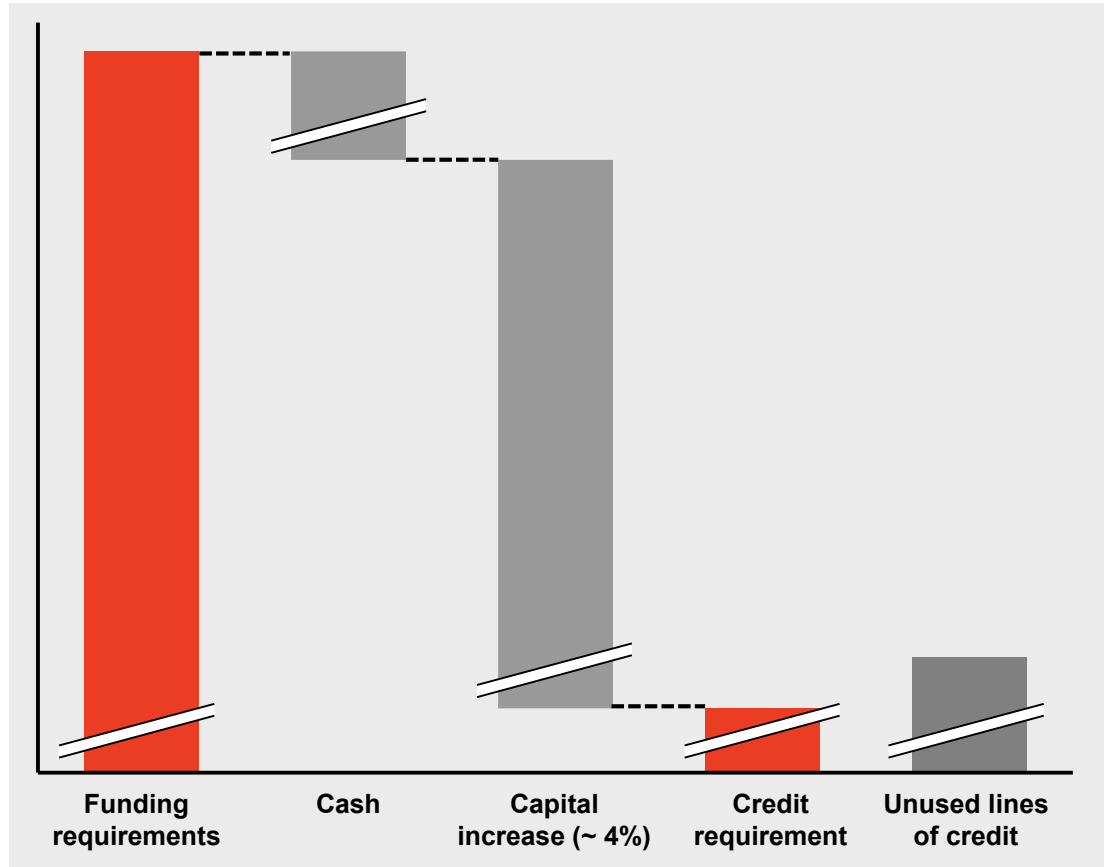


Regional
and local
hardware
stores

Financing

Financing from a Strong Position

Own funds | capital increase ~ 4% | debt capital

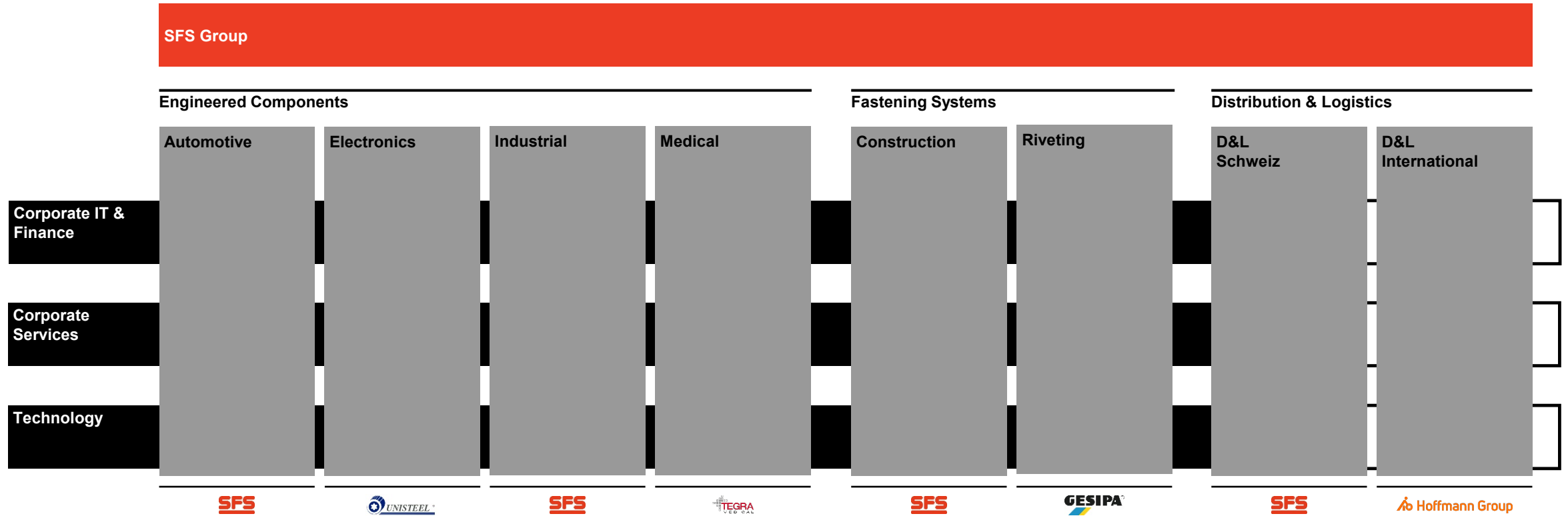


- Capital increase and re-participation as essential financing
- Using existing lines of credit
- Additional lines of credit are assured
- Bridge loan facility under negotiation
- Aim is long-term financing with combination of cash, bank loans and bonds
- Continued clear commitment of SFS for strong, stable financing according to existing financial policy (net debt <math>< 1.5 \times \text{EBITDA}</math>)

Organizational involvement in the SFS Group

Organizational Embedding in the SFS Group (1/2)

New Division D&L International



Organizational Embedding in the SFS Group (2/2)

Involvement and continuity for successful future

Shareholder base

>50% SFS family shareholders
~4% Hoffmann shareholders

Board of Directors

Election of the current chairman of the Supervisory Board
Dr. Peter Bauschatz

Group Executive Board

Election of the current chairman of the Board of Directors
Martin Reichenecker


Organization

Involvement of the current Hoffmann as “International Trade” division
in the Distribution & Logistics segment

Next Steps

Planned Milestones 2022

Goal: Closing of Transaction in Q2 2022



12/21	Signature of SPA	
01/04	Q&A	• SFS CEO, CFO, IR
Jan 22	Notification Antitrust filings	
01/28	First information on business year 2021 of SFS Group	• Excluding Hoffmann
01/31	Extraordinary SFS General Meeting	• Approval of capital increase
03/04	Publication of Annual Report of SFS Group	• Guidance FY22 expected to be excluding Hoffmann
04/27	SFS General Meeting	• Election request Thomas Oetterli as Board Chairman • Cooptation request Dr. Peter Bauschatz as Board Member
Q2	Closing of Transaction	• After completion of Antitrust filings
Q2/Q3	Investors' Day I	• Focus on segment D&L, Location: Nuremberg (Germany)
07/19	Publication of 1H 22 results	• Results and guidance expected to be including Hoffmann
Q3/Q4	Investors' Day II	• Heerbrugg (Switzerland)

Q&A

Today's Speakers

Welcome to the Q&A



Jens Breu
Chief Executive Officer



Volker Dostmann
Chief Financial Officer

Inventing success together