



Media release
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Solid operating performance despite overvalued Swiss franc

SFS Group increased its sales by 4.6% in local currency in the 2015 financial year. Exchange rate movements reduced the adjusted EBITA margin to 12.5%. A significant improvement in profitability in the second half confirmed the effectiveness of the measures taken to counter the adverse currency effect. Investments in the realization of growth projects were maintained at high levels.

SFS Group's consolidated sales for the 2015 financial year amounted to CHF 1,376.3 million, in line with the prior year (CHF 1,383 million). Sales in local currency were up 4.6% and all business segments contributed to the positive growth.

Profitability was clearly diminished by the strong appreciation of the Swiss franc. The adjusted EBITA margin declined from 14.1% in 2014 to 12.5%. A substantial recovery in earnings power during the second half of the year compared to the first half was achieved due to the measures taken to counter the surge in value of the Swiss franc, the absence of the non-recurring effects reported in the first half, and the seasonally higher level of sales in the second half. Excluding the unfavorable currency effect in the amount of some CHF 47 million, profitability at the EBITA level would have actually been much higher.

Income statement in CHF million	2015	+/- PY	2014
Gross sales	1,376.3	-0.5%	1,383.0
Change to previous year (%)			
At actual exchange rates	-0.5		3.9
At constant exchange rates	4.6		4.8
EBITDA	267.4	-1.5%	271.4
As a % of net sales	19.5		19.6
EBITA	186.6	-4.5%	195.4
As a % of net sales	13.6		14.1
EBITA adjusted	171.7	-12.1%	195.4
As a % of net sales	12.5		14.1
Operating profit (EBIT)	129.1	-8.8%	141.5
As a % of net sales	9.4		10.2
Net income	105.0	-4.7%	110.2
As a % of net sales	7.7		8.0
Cash net income	151.1	-2.3%	154.6
As a % of net sales	11.0		11.2



Positive extraordinary effect in the income statement

Adjustments to the pension plan contributions and benefits of SFS in Switzerland resulted in a one-time positive effect of CHF 15 million on operating profit (EBITA) related to other reporting periods. Provisions recognized in the income statements for previous years were reversed in the year under review due to the application of IAS 19r and the aforementioned adjustments.

Due to this extraordinary effect, reported EBITA for the 2015 financial year amounted to CHF 186.6 million and net income amounted to CHF 105.0 million.

Engineered Components segment Innovation projects as growth drivers

Key figures Engineered Components

in CHF million	2015	+/- PY	2014	2013
Third party sales	740.1	1.8%	727.2	672.9
Sales growth comparable*		4.3%		
Net sales	756.1	1.7%	743.5	686.8
EBITDA	185.3	-2.8%	190.7	175.0
As a % of net sales	24.5		25.7	25.5
EBITA	134.1	-6.2%	143.0	129.9
As a % of net sales	17.7		19.2	18.9
Net operating assets	1,290.6	-2.7%	1,326.1	1,182.0
Investments	70.3	12.3%	62.6	45.8
Employees (FTE)	5,635	-6.7%	6,038	4,488

*at constant exchange rates and on the same scope of consolidation

The Engineered Components segment achieved solid sales growth of 6.1% in local currency. On a reported basis, growth amounted to 1.8%, which represents sales of CHF 740 million. Growth was primarily fueled by the production ramp-up of numerous new products and the continuing market success of key customers' end products. Engineered Components attained a high EBITA margin of 17.7% in 2015 (previous year: 19.2%). The margin contraction compared to the previous year is directly attributable to the strong appreciation of the Swiss franc. Due to significant productivity gains and the divestment of a non-core company in Asia the number of employees declined to 5,635 (FTEs).



Fastening Systems segment Growth in a mixed market environment

Key figures Fastening Systems

in CHF million	2015	+/- PY	2014	2013
Third party sales	326.9	-2.9%	336.7	330.0
Sales growth comparable*		4.9%		
Net sales	341.4	-3.3%	353.1	344.7
EBITDA	38.9	-10.4%	43.4	42.1
As a % of net sales	11.4		12.3	
EBITA	23.2	-13.6%	26.9	25.7
As a % of net sales	6.8		7.6	7.5
Net operating assets	289.1	-9.0%	317.6	311.0
Investments	16.3	-21.6%	20.8	23.6
Employees (FTE)	1,758	1.4%	1,733	1,608

*at constant exchange rates and on the same scope of consolidation

The Fastening Systems segment achieved solid growth of 4.9% in local currency, which is faster than the rate reported for both the previous year and the first half of 2015. The general business environment remains mixed. Markets in northern Europe and, especially, North America were again buoyant. Europe's southern markets displayed signs of a recovery but this has not yet substantially carried through to reported sales. Unfavorable currency effects diminished the profitability of the Fastening Systems segment, bringing the EBITA margin to 6.8% (previous year: 7.6%). Various projects to improve operational performance made an important contribution to the improvement in underlying results.

Distribution & Logistics segment Acquisition of new customers through our technical expertise

Key figures Distribution & Logistics

in CHF million	2015	+/- PY	2014	2013
Third party sales	309.3	-3.1%	319.1	327.7
Sales growth comparable*		-4.0%		
Net sales	314.8	-3.4%	326.0	333.6
EBITDA	26.5	-21.4%	33.7	37.6
As a % of net sales	8.4		10.3	11.3
EBITA	18.8	-27.7%	26.0	29.2
As a % of net sales	6.0		8.0	8.8
Net operating assets	151.9	3.6%	146.6	145.7
Investments	1.6	-60.0%	4.0	2.7
Employees (FTE)	643	2.7%	626	608

*at constant exchange rates and on the same scope of consolidation



The significant appreciation of the Swiss franc had a big impact on the Distribution & Logistics segment, which does almost all of its business in Switzerland. Despite the quick adjustment of the prices, demand grew only hesitantly, especially from customers in industrial sectors. Segment sales amounted to CHF 309 million in the 2015 business year, which corresponds to a decline of 3.1% from the previous year. The first-time consolidation of Thomas Minder Holding AG had a positive effect, contributing 5.0% to segment sales. After the decline in the EBITA margin to 5.0% in the first half of 2015 due to exchange-rate turmoil and one-time effects (previous year: 8.6%), profitability stabilized during the course of the second half. With an EBITA margin of 6.0% (previous year: 8.0%) for the 2015 financial year as a whole, the segment's operating margin is satisfying for its sector considering the difficult market environment.

Dividend of CHF 1.50 per share proposed

Thanks to the robust earnings power, the equity ratio rose from 80.4% in 2014 to 82.6% despite the negative currency effects. Net cash amounted to CHF 127.4 million at the end of the reporting period.

In light of the company's operating results, good cash position and solid balance sheet, the Board of Directors will submit a motion at the Annual General Meeting to pay out an unchanged dividend of CHF 1.50 per share from capital contribution reserves.

Outlook for the 2016 financial year

The many measures introduced during the course of 2015 are now gaining more traction and will offset some of the unfavorable effects of the Swiss franc's appreciation. Based on the same exchange rates as last year, SFS expects consolidated sales to increase by 2–4% in 2016 and the adjusted operating profit margin (EBITA margin) to improve from 12.5% to 13–14%.

Annual report available online

The annual report is available online at <http://annualreport.sfs.biz/en>. For the first time it contains a chapter on sustainability.

Exclusion of liability

This media release includes forward looking statements. These statements reflect the SFS Group's current assessment of market conditions and future events. The statements are therefore subject to risks, uncertainties and assumptions. Unforeseen events may lead to deviations of the actual results from the forecasts and estimates made in this presentation and in other published information. To this extent, all forward looking statements in this media release are subject to such limitations.



About SFS Group

SFS Group is organised 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 and Industrial divisions and sells its products under the SFS intec (Automotive, Industrial) and Unisteel (Electronics) 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 2015 amounted to CHF 1.376 bn and the work force numbered approximately 8,300.

For further information visit www.sfs.biz

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