

Welcome to the presentation of 1HY 2017 results



International development, manufacturing and distribution specialist

Focused in technology – diversified in end markets

Today's speakers



Jens Breu
Chief Executive Officer



Rolf Frei
Chief Financial Officer

Agenda

- 1 Welcome and key takeaways Jens Breu
- 2 Development of key financials Rolf Frei
- 3 Development by segment Jens Breu
- 4 Guidance 2017 Jens Breu
- 5 Q&A Jens Breu / Rolf Frei

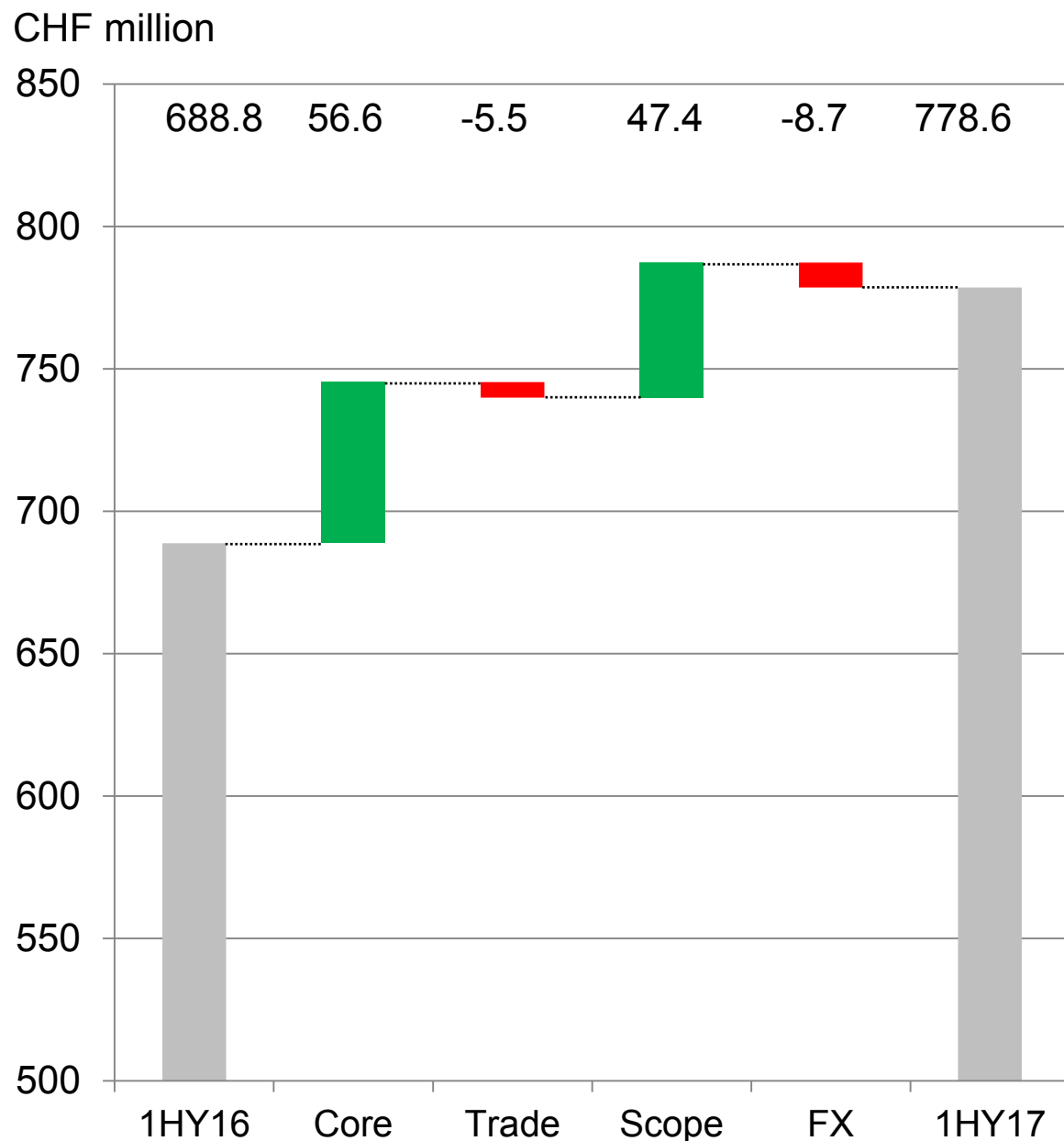
Key takeaways 1HY 2017

- ➔ SFS achieved consolidated sales of CHF 778.6 million in the first half of 2017, representing a dynamic growth of 13.0% yoy
- ➔ Strong organic growth of 7.4% yoy supported by all segments; growth in core business even higher at 8.2%
- ➔ Significant improvement in profitability, lifting EBITA margin to 14.2% (PY 13.6%)
- ➔ Accelerated CAPEX spending to support future growth
- ➔ Confirmation of guidance for FY2017
- ➔ Decision to switch from IFRS to Swiss GAAP FER in order to reduce complexity

Agenda

- 1 Welcome and key takeaways Jens Breu
- 2 Development of key financials Rolf Frei
- 3 Development by segment Jens Breu
- 4 Guidance 2017 Jens Breu
- 5 Q&A Jens Breu / Rolf Frei

Sales bridge 1HY 2017



→ Reported growth 13.0% yoy
(PY 2.7%)

- organic +7.4% (PY -0.1%)
- core +8.2% (PY 2.5%)
- trade ti -0.8% (PY -2.6%)
- Scope +6.9% (PY 0.7%)
- FX impact -1.3% (PY 2.1%)

→ Trade activity with ti-inserts

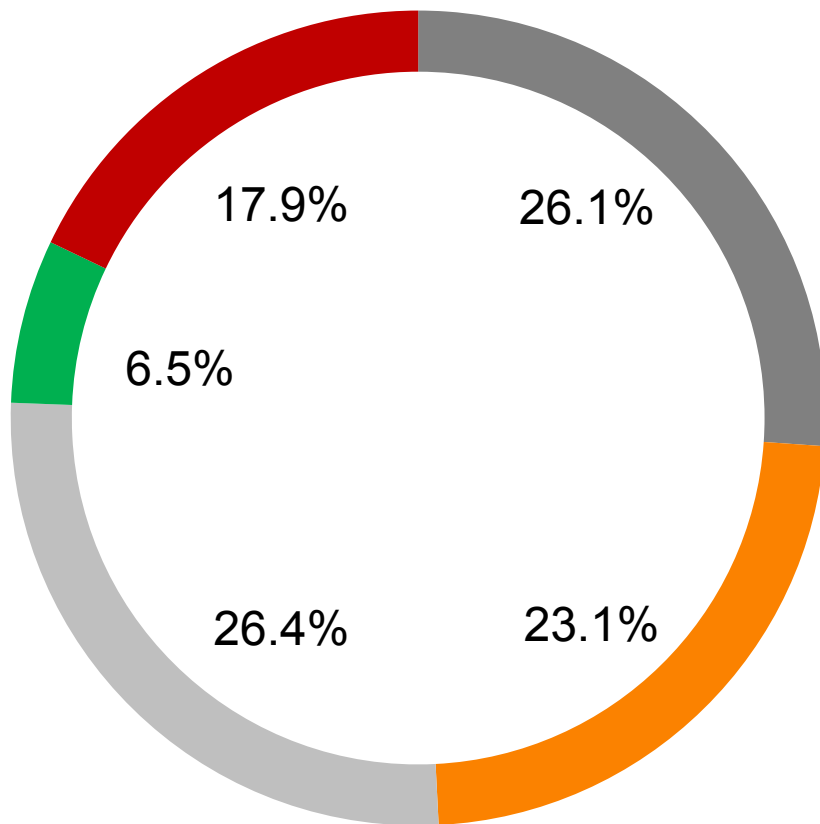
- USD 7.2m (PY 13.0)
- expect low number in 2nd HY

→ Like-for-like growth by segment

- 9.3% EC (PY -5.1%)
- 10.9% EC Core (PY 0.0%)
- -1.6% EC trade ti (PY -5.1%)
- 7.8% FS (PY 10.0%)
- 2.5% D&L (PY 0.8%)

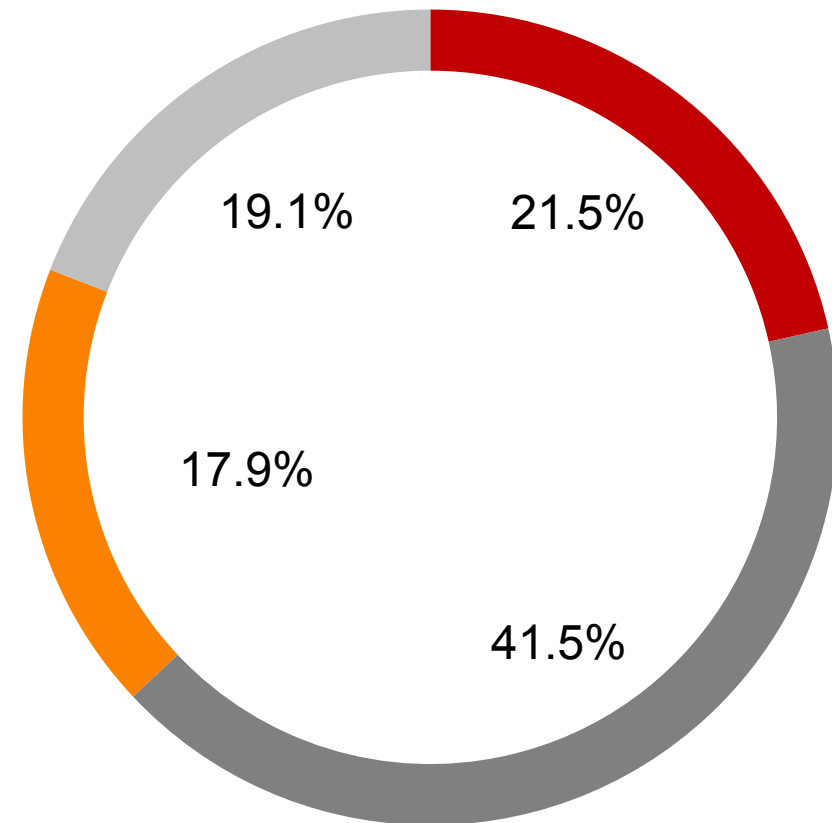
Sales breakdown 1HY 2017

by end market



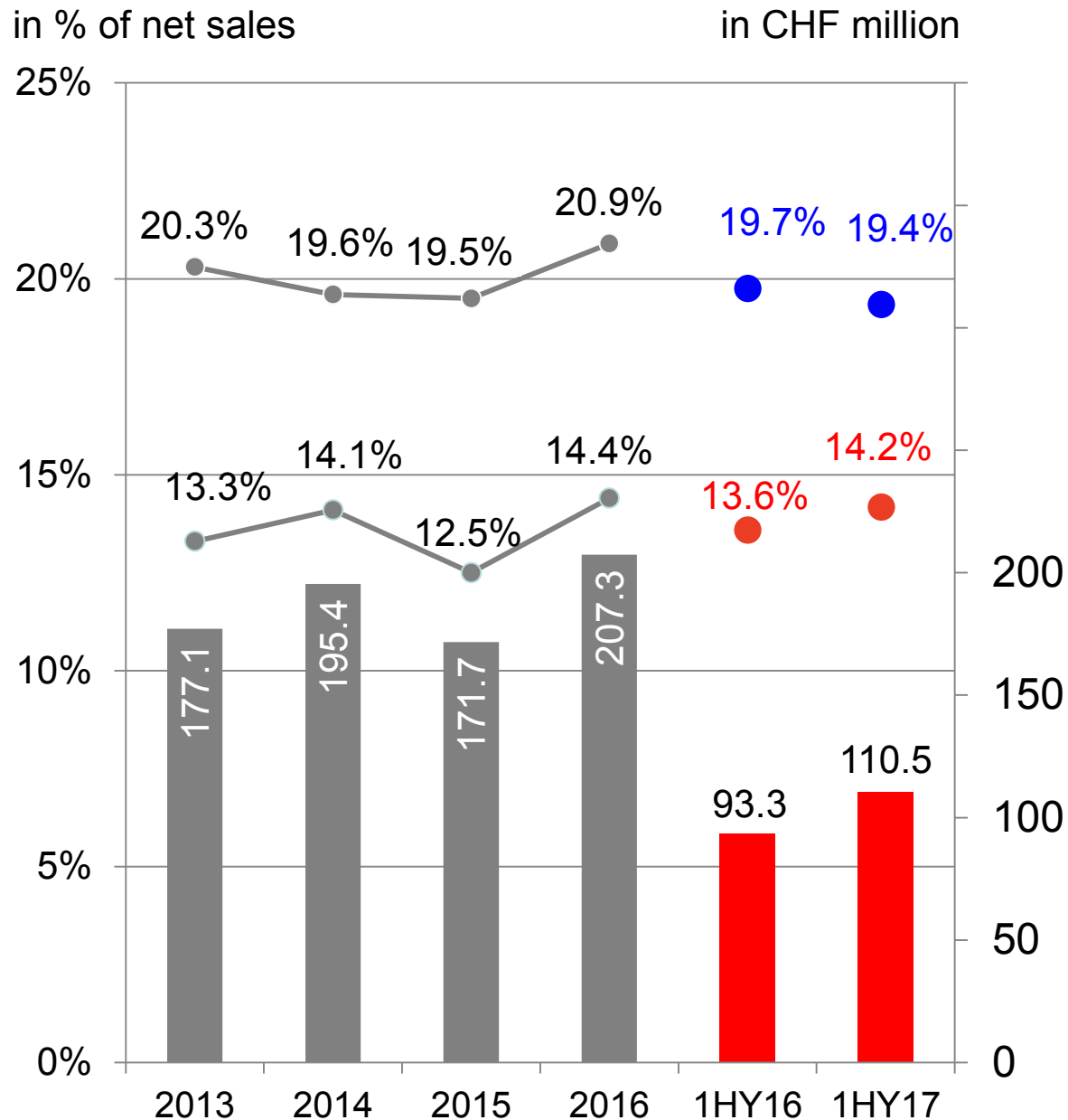
■ Construction ■ Others ■ Automotive
■ Medical ■ Electronics

by region



■ Switzerland ■ Europe ■ America ■ Asia

Operating profitability

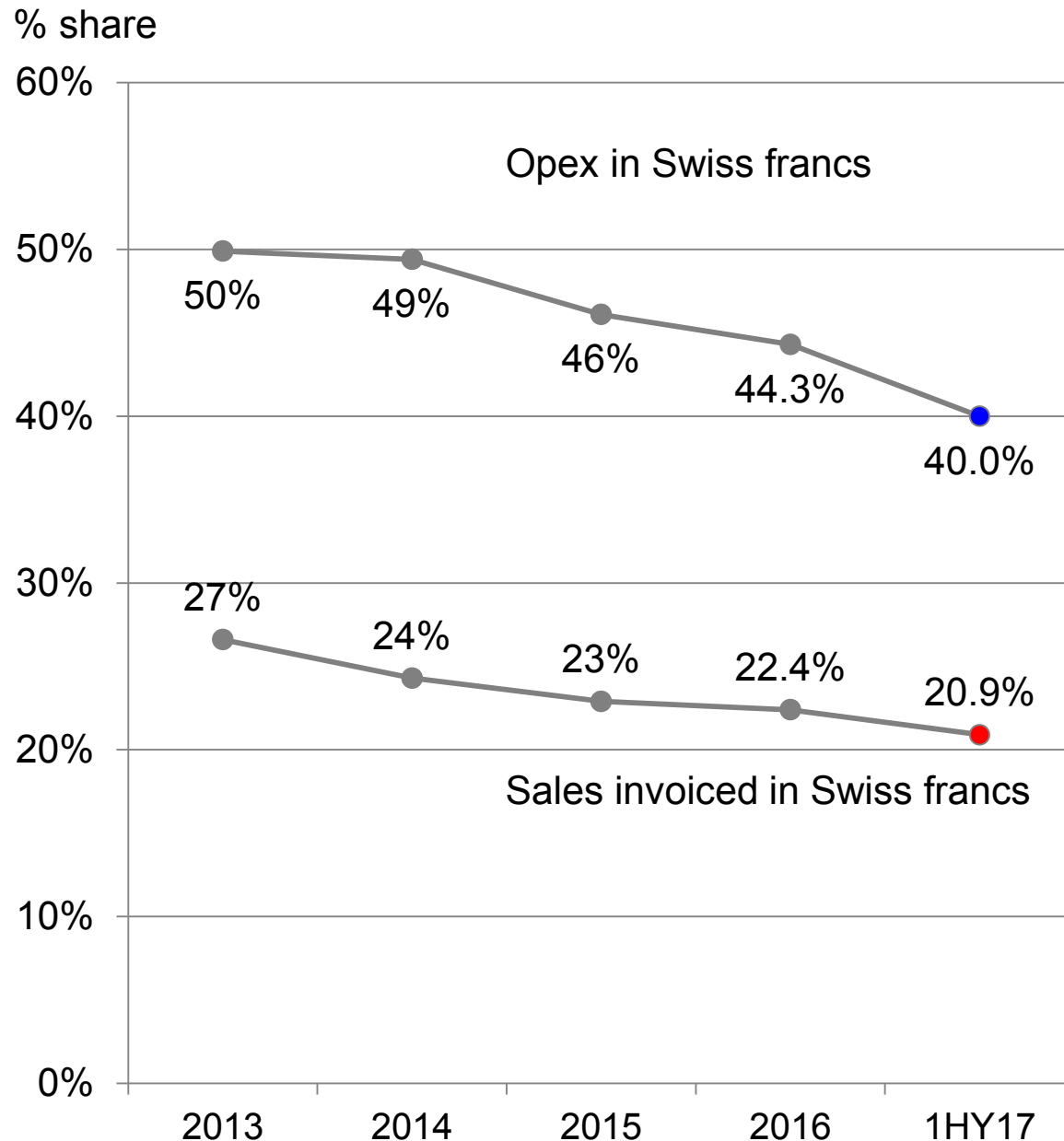


- ➔ **EBITA** margin 14.2%
 - +17.2m or +18.5% yoy

- ➔ Success factor: profitable growth
 - gain of market share
 - further ramp-ups
 - innovative products
 - economies of scale
 - productivity gains

- ➔ **EBITDA** margin 19.4%
 - +15.8m or +11.7% yoy

Swiss franc exposure



→ **Operating expenses** in CHF

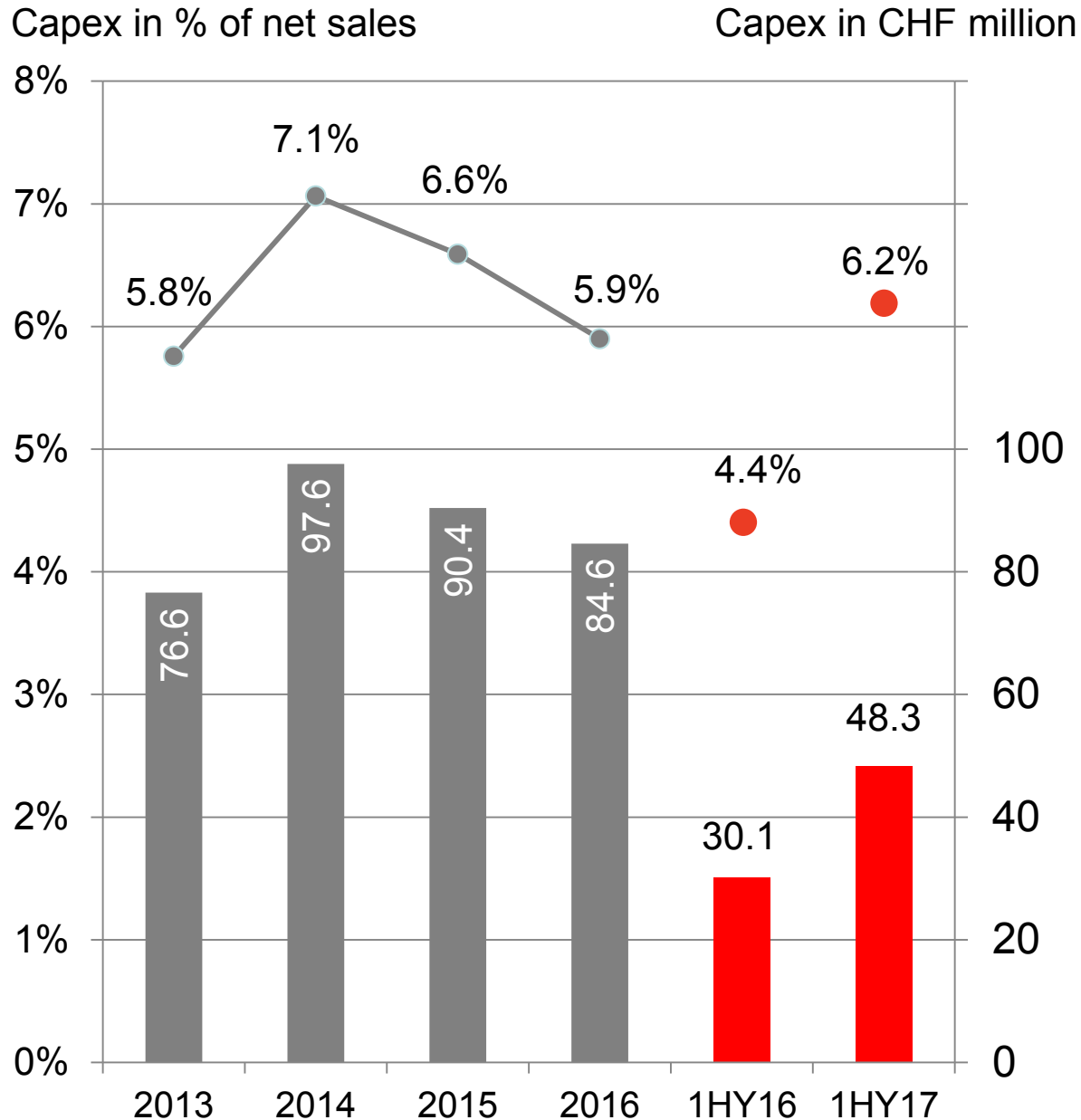
- 40.0% share
- decline 430bps against FY 2016

→ **Sales invoiced** in CHF

- 20.9% share
- decline 150bps against FY 2016

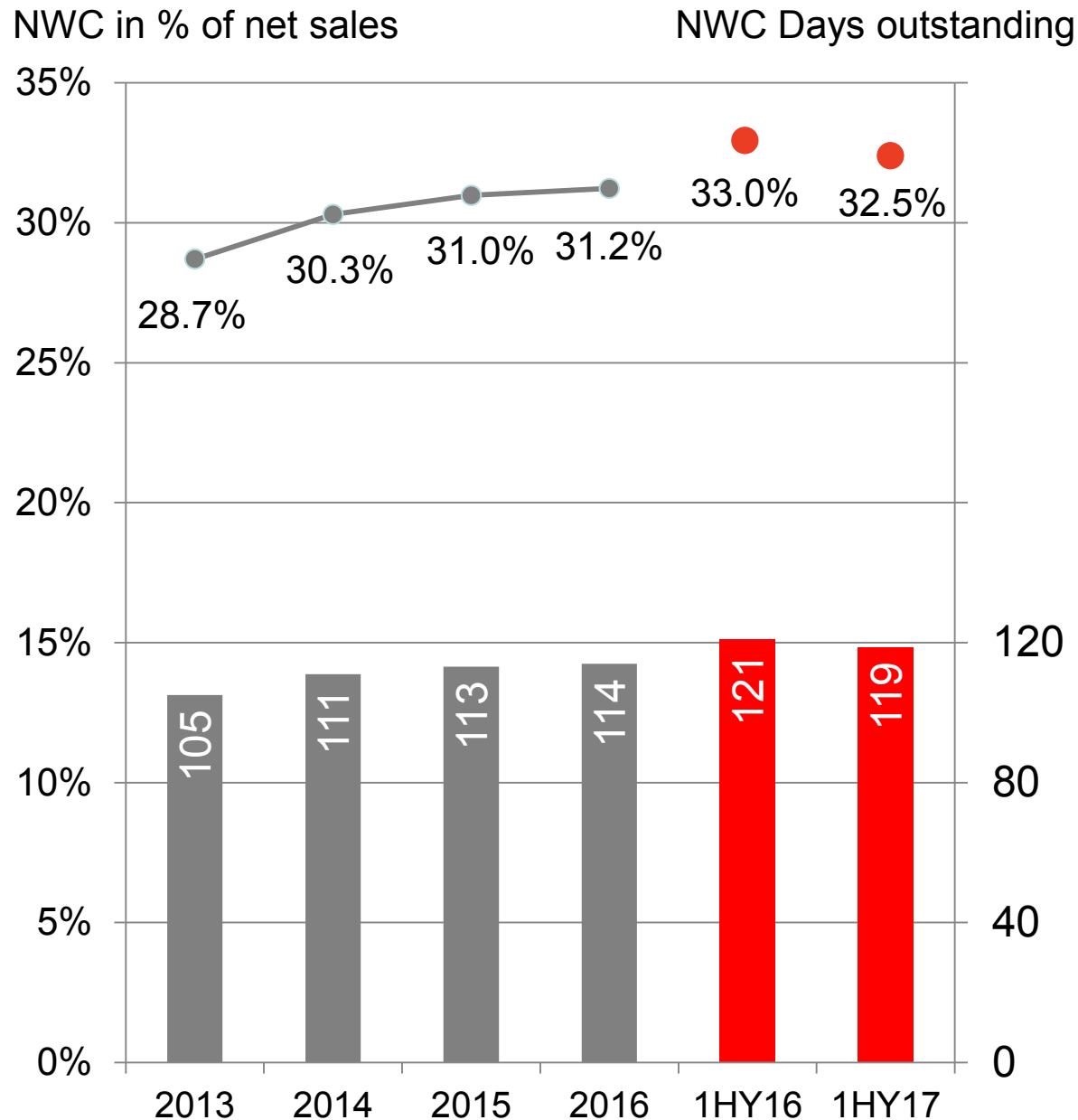
→ Driver for decline is the internationalization with Ncase (UK) and Tegra Medical (US)

Capital expenditure



- ➔ Capex spending 6.2% of net sales
 - 70% share growth capex
- ➔ Capex share by Segments
 - 55% EC
 - 27% FS
 - 6% D&L
 - 12% Others
- ➔ Substantial capex demand next 18 months expected for
 - relocation projects
 - increase in capacity to support existing and new projects
 - LBE 2017 >8.5%

Net working capital

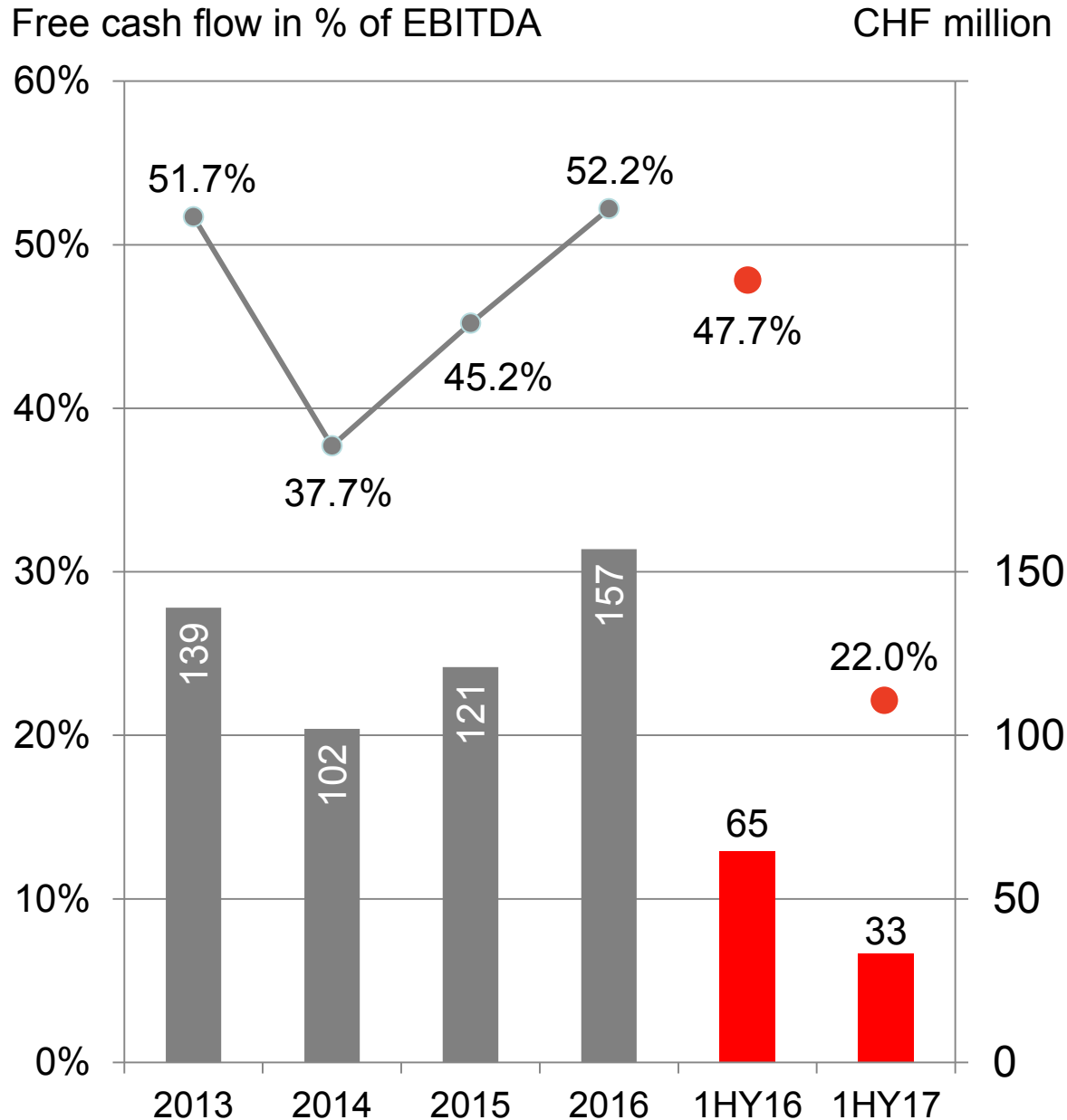


- ➔ Seasonal peak of NWC at balance sheet date
 - 32.5% of net sales
 - 118.7 days cash cycle

- ➔ Ø Days Sales Outstanding
 - 67 SFS Group (PY 67)
 - 80 EC (PY 79)
 - 52 FS (PY 52)
 - 48 D&L (PY 46)

- ➔ No major shifts in Ø days of inventories and payables

Free cash flow

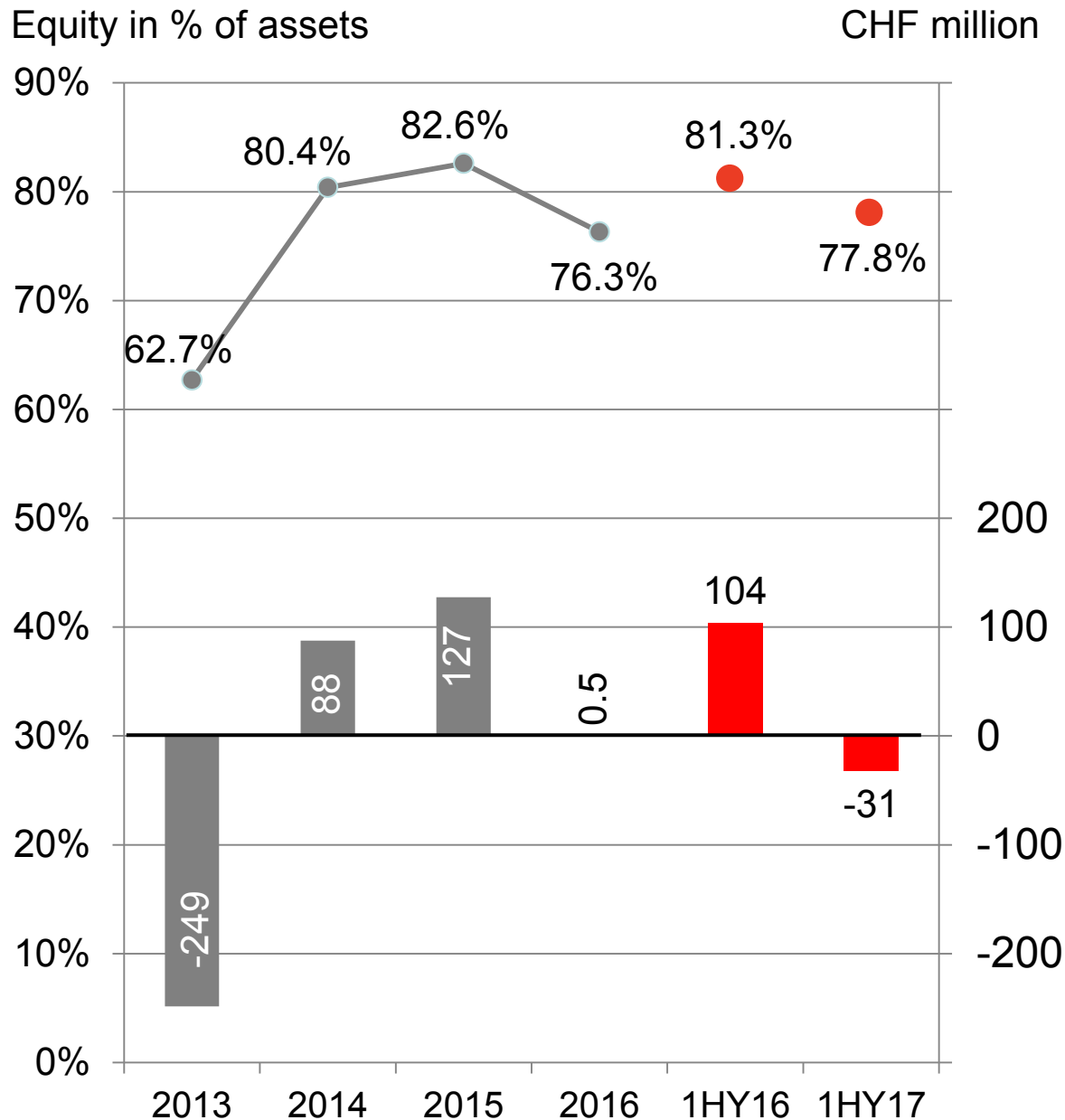


- ➔ Strong cash flow but also high increase in NWC (CHF)
 - 125.5m cash flow (PY 106.2)
 - - 44.0m increase NWC
 - 81.5m cf from operations

- ➔ Free cash flow at CHF 33.2m after capex of CHF 48.3m
 - Conversion rate at low 22%

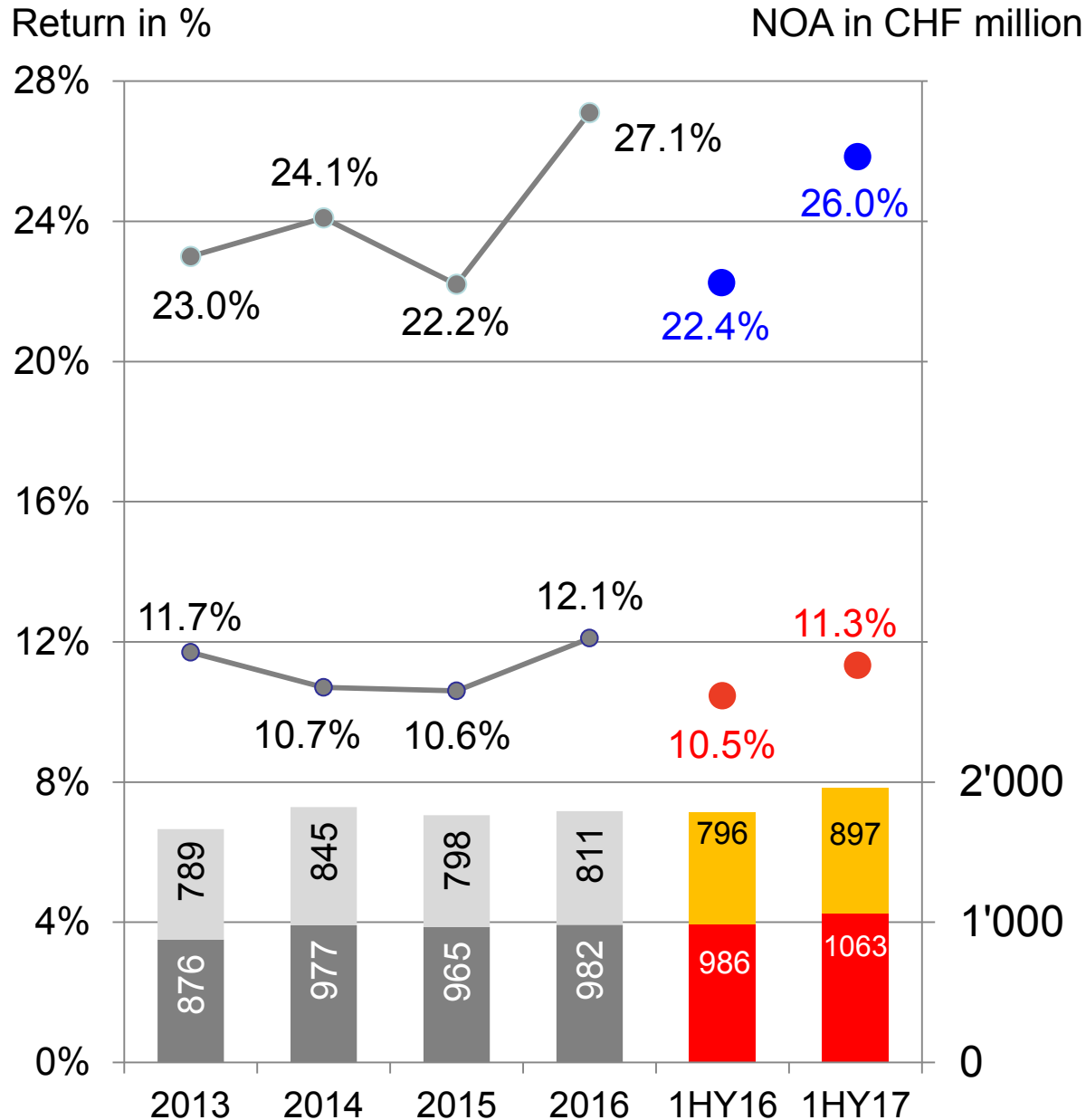
- ➔ Free cash flow expected to
 - more than double in Swiss francs by year end
 - reach conversion rate at around 30%

Net cash and equity ratio



- ➔ Free cash flow of CHF 33.2m mainly used for dividend payout with CHF 65.8m
- ➔ Change to net debt of CHF 31.4m after black zero at YE
- ➔ Equity ratio remains strong with 77.8%
- ➔ Changes in equity due to
 - FX fluctuations (CHF -58m)
 - IAS19r volatility (CHF 30m)
- ➔ Financial flexibility and opportunity for organic growth and M&A are available

ROCE and RONO



- ➔ Capital employed
 - average of last 4 quarters
 - excluding intangible assets
 - EBITA measured at Ø CE
 - ROCE 26.0%

- ➔ Net operating assets
 - at year end CHF 1,960m
 - of which intangible assets CHF 897m
 - EBITA measured at NOA
 - RONO 11.3%
 - target range 13 – 15%

Summary of important KPI's

CHF million		1HY2017	%	1HY2016	%	yoy
Sales		778.6		688.8		13.0%
EBITDA	margin	151.5	19.4%	135.7	19.7%	11.7%
EBITA	margin	110.5	14.2%	93.3	13.6%	18.5%
Net income	margin	56.9	7.3%	47.1	6.8%	20.8%
Equity	ratio	1,816.5	77.8%	1,733.5	81.3%	4.8%
Net debt / cash		-31.4		103.9		
Capex	% sales	48.3	6.2%	30.1	4.4%	60.5%
Free cash flow	conversion rate	33.2	22.0%	64.7	47.7%	-48.7%
RONOA		11.3%		10.5%		+80bps

Change to Swiss GAAP FER (1/3)

- ➔ Main reasons for Board decision
 - increasing complexity in IFRS
 - IAS19r post-employment benefits

- ➔ Swiss GAAP FER to be adopted at year end 2017 for the first time
 - restatement from 1 January 2016 onwards required
 - comparable key data will be made available
 - transparent and true & fair view of financial position remains

- ➔ Main changes under Swiss GAAP FER
 - pension obligation based on economic benefit/obligation principle
 - existing intangible assets offset with equity
 - also in future "surplus of acquisition cost" charged to equity

Change to Swiss GAAP FER (2/3)

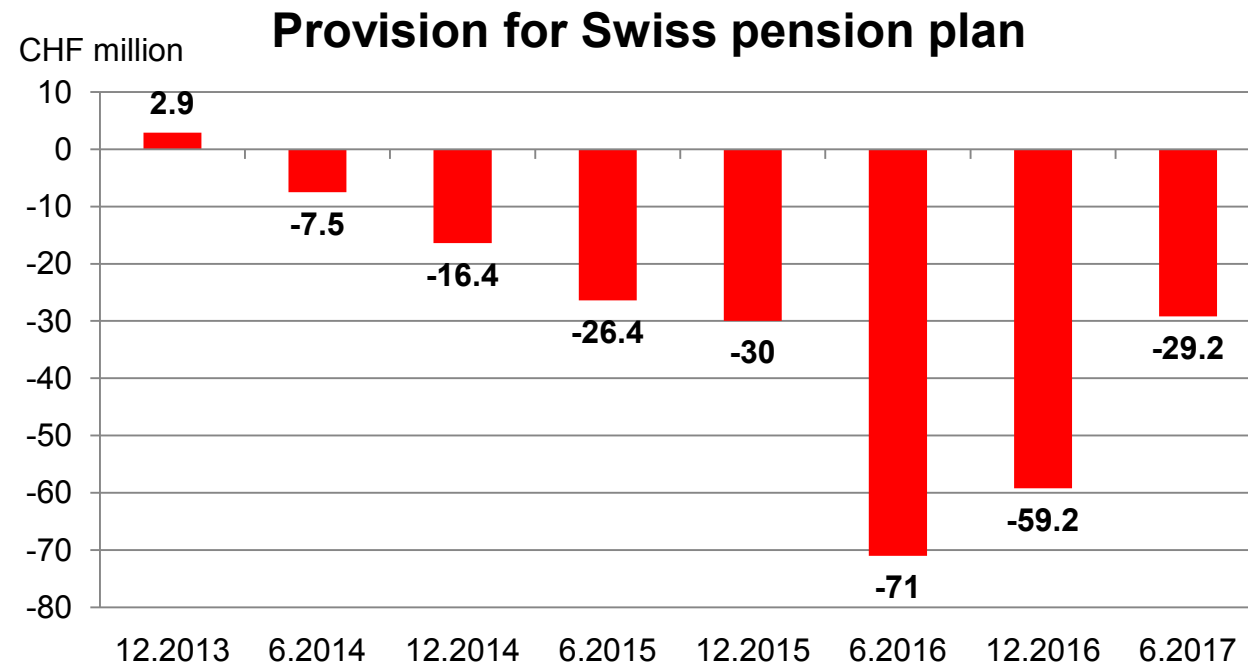
➔ IAS19r post-employment benefits

- inappropriate for our Swiss pension scheme
- recurring high volatility in

Income statement (2015: one time gain of CHF 18.2m)

Statement of comprehensive income

Balance sheet



Change to Swiss GAAP FER (3/3)

- ➔ Estimated major impacts (CHF) on reported IFRS key data
- ➔ Estimated equity impact 31.12.2016
 - - 978m Intangible assets (out of 1,028m)
 - + 59m Provisions for Swiss pension plan
 - + 43m Deferred income tax liabilities
 - - 876m Total impact on Equity
 - ~67% Total Equity ratio under Swiss GAAP FER
- ➔ Estimated EBIT impact
 - + 3m higher 2016 EBIT (-3 pension cost; - 0 amortisation)
 - + 30m higher 2017 EBIT (-3 pension cost; -27 amortisation)
 - + 70m higher 2018 EBIT (-3 pension cost; -67 amortisation)

Agenda

- 1 Welcome and key takeaways Jens Breu
- 2 Development of key financials Rolf Frei
- 3 Development by segment Jens Breu
- 4 Guidance 2017 Jens Breu
- 5 Q&A Jens Breu / Rolf Frei

Headlines Engineered Components (EC)

Key figures Engineered Components

in CHF million (unaudited)	2017 1st half	± PY	2016 1st half	2015 1st half
Third party sales	428.2	20.4%	355.6	358.0
Sales growth comparable*		9.3%		
Net sales	434.7	19.7%	363.0	361.5
EBITDA	114.0	15.7%	98.6	81.2
As a % of net sales	26.2		27.1	22.5
EBITA	85.5	18.3%	72.2	55.6
As a % of net sales	19.7		19.9	15.4
Investments	26.6	54.7%	17.2	26.7
Assets	1,544.5	12.6%	1,371.3	1,349.8
Liabilities	101.0	8.5%	93.1	106.8
Net operating assets	1,443.5	12.9%	1,278.2	1,243.0
Of which net working capital	268.8		224.9	224.7
Employees (FTE)	6,409	20.5%	5,320	5,806

in CHF million (audited)	31.12.2016	31.12.2015
Assets	1,639.9	1,402.8
Liabilities	120.7	112.2
Net operating assets	1,519.2	1,290.6
Of which net working capital	264.8	229.3

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

- ➔ Sales growth of 20.4% driven by dynamic organic growth and consolidation of Tegra Medical
- ➔ Organic growth fueled by
 - successful project ramp-ups
 - expanded market share
- ➔ Integration of Tegra Medical on track and project pipeline strengthened
- ➔ Profitability remained on high level (EBITA margin 19.7%)
- ➔ Substantial investments of CHF 26.6 million reflect strong project pipeline, acceleration in 2HY

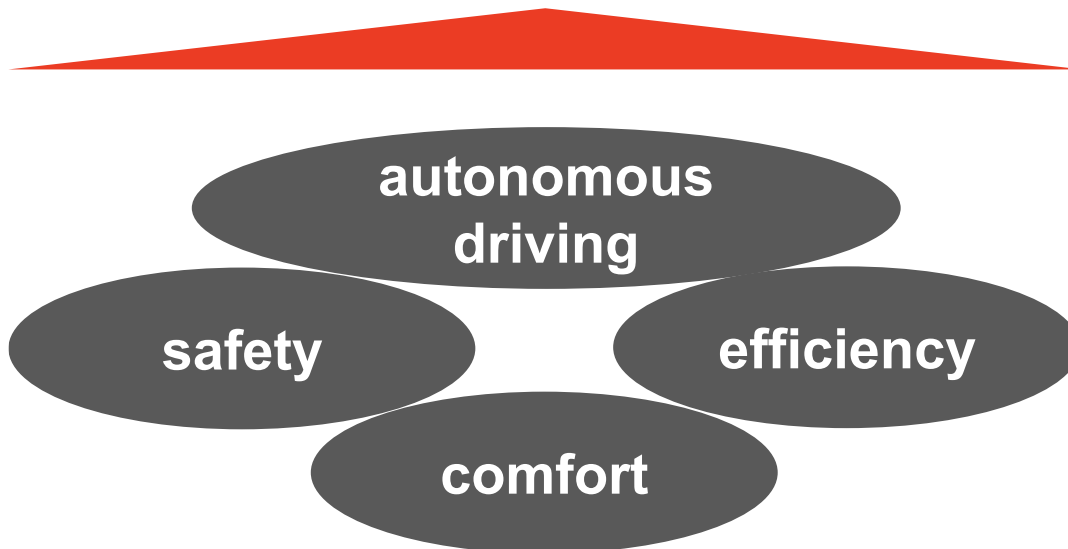
EC: Key messages Automotive division

Growth

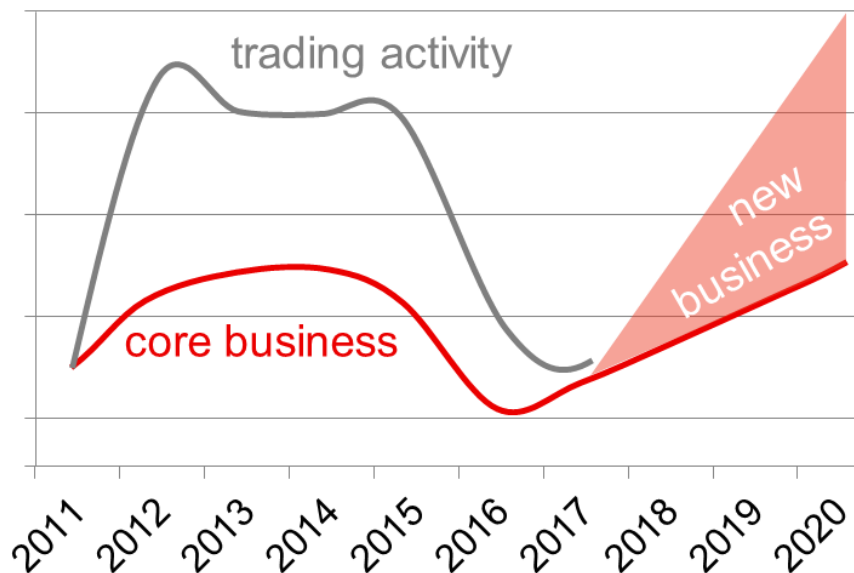


- ➔ Attractive growth development supported by successful project ramp-ups and generally good market environment
- ➔ Successful acquisition of new projects further strengthening the project pipeline and creating basis for future growth
- ➔ Pleasing business trends at Indo Schöttle continued
- ➔ Numerous projects to expand production capacity on the way
- ➔ Positive momentum expected to continue in the 2nd half of 2017

Innovation

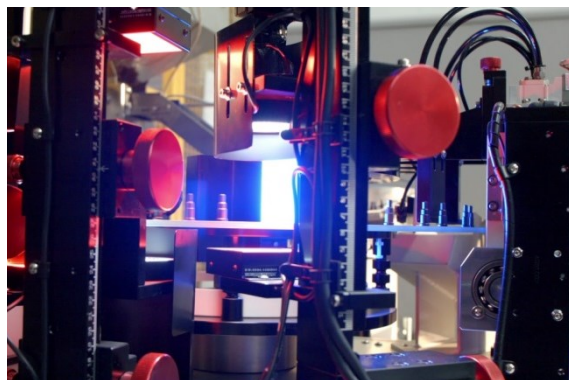
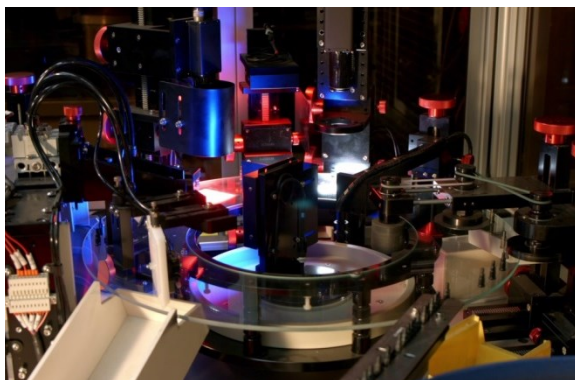
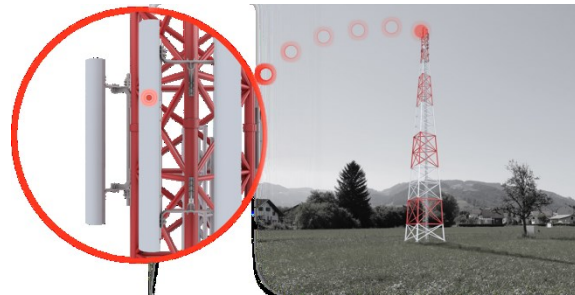
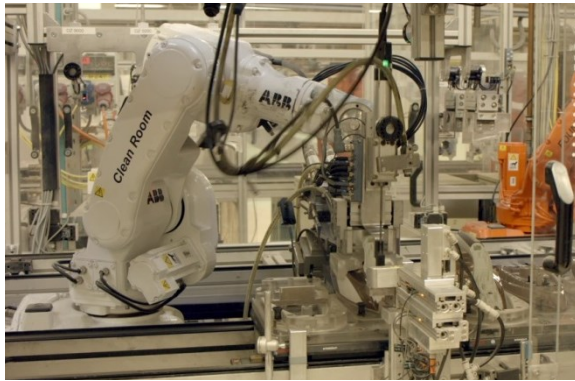


EC: Key messages Electronics division



- ➔ Back on growth track as expected – despite continued run-off of trading business
- ➔ Growth supported by all application fields, successful product launches and increased wallet share with key accounts
- ➔ Investment of CHF 35 million in new sales and production site in Nantong (Shanghai area, China)
 - to strengthen competitive position
 - to exploit synergy potential
 - to create space for growth
- ➔ Various innovation projects to exploit new sources of growth

EC: Key messages Industrial division



- ➔ Expanded or at least held its market position in all application areas
- ➔ Project or market success in niche applications for various industries like telecommunication or automation technology
- ➔ Aircraft continues to be a significant growth driver (e.g. ramp-up of Airbus A350)
- ➔ M&A efforts in aircraft business will be continued
- ➔ Expect steady course of business in the 2nd half of 2017

EC: Key messages Medical division



- Integration of Tegra Medical, acquired late 2016, is on track
- Acquisition by SFS viewed positively by customers and employees
- Overall position in medical devices industry significantly strengthened from 1.5% to 6.5% of total group sales
- Uneven sales development due to specific project characteristics and inventory movements at our customers
- Project pipeline to accelerate business in second half

Headlines Fastening Systems (FS)

Key figures Fastening Systems

in CHF million (unaudited)	2017 1st half	± PY	2016 1st half	2015 1st half
Third party sales	190.2	7.6%	176.7	157.9
Sales growth comparable*		7.8%		
Net sales	198.9	7.7%	184.7	164.4
EBITDA	26.3	10.1%	23.9	16.6
As a % of net sales	13.2		12.9	10.1
EBITA	18.8	17.7%	15.9	9.0
As a % of net sales	9.4		8.6	5.4
Investments	13.0	38.3%	9.4	9.8
Assets	365.2	8.4%	337.1	328.3
Liabilities	26.7	-11.6%	30.2	31.9
Net operating assets	338.5	10.3%	306.8	296.4
Of which net working capital	137.4		130.4	115.3
Employees (FTE)	1,954	7.0%	1,826	1,756

in CHF million (audited)	31.12.2016	31.12.2015
Assets	343.9	320.2
Liabilities	34.2	31.1
Net operating assets	309.7	289.1
Of which net working capital	115.9	109.5

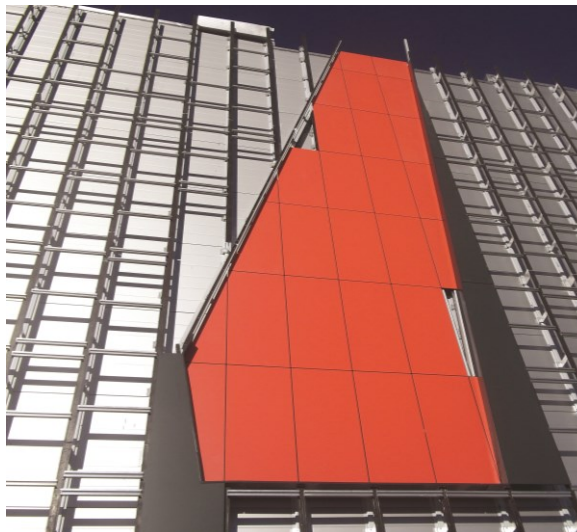
* at constant exchange rates and on the same scope of consolidation

- ➔ Attractive comparable sales growth of 7.8% yoy
- ➔ Growth drivers:
 - sound market momentum
 - gain of market share by innovative products
- ➔ Ncase integration on track and proves to be valuable addition of product offering
- ➔ Continued improvement of profitability to EBITA margin of 9.4% (1HY 2016: 8.6%)
- ➔ Ongoing projects to further improve efficiency cause additional cost in the short-term

FS: Key messages Construction division

Enhanced competence field

Fall arrest (SOTER)



Cladding subframes (Ncase)



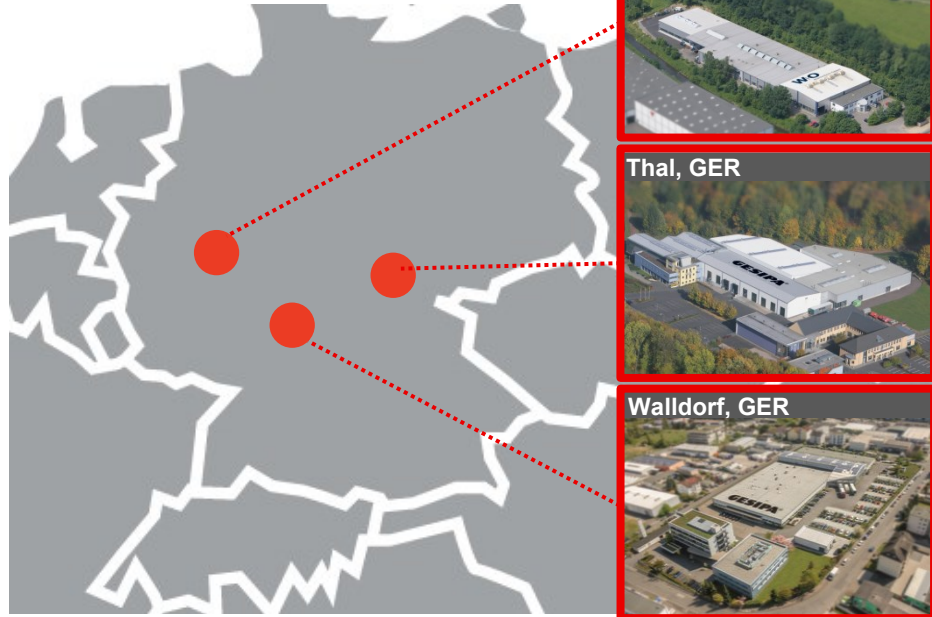
Timber construction (HECO)

- ➔ Solid demand in the relevant construction markets
- ➔ Continued market success of our products on the back of innovation trends like energy efficiency, safety and prefabrication
- ➔ Increased attractiveness of product offering due to integration of HECO (timber construction) and Ncase (rainscreen) products
- ➔ Good progress on projects to sharpen production profile
- ➔ Expect to continue the positive performance in 2HY 2017

FS: Key messages Riveting division

Production strategy Riveting

Europe



North America



- ➔ Solid growth in its various market and application areas
- ➔ GESIPA setting tools are well positioned to address the needs arising from the electrification of assembly lines and quality monitoring
- ➔ Projects to streamline the production sites proceeding on schedule, but merger of two US sites caused supply shortfalls and will remain challenging in the 2nd half
- ➔ Expect steady business development for 2HY 2017

Headlines Distribution & Logistics (D&L)

Key figures Distribution & Logistics

in CHF million (unaudited)	2017 1st half	± PY	2016 1st half	2015 1st half
Third party sales	160.2	2.4%	156.5	154.5
Sales growth comparable*		2.5%		
Net sales	163.2	2.3%	159.5	157.2
EBITDA	14.2	-12.4%	16.2	11.7
As a % of net sales	8.7		10.2	7.4
EBITA	11.4	-10.3%	12.7	7.8
As a % of net sales	7.0		8.0	5.0
Investments	2.7	200.0%	0.9	1.0
Assets	178.8	-2.1%	182.7	185.9
Liabilities	24.0	3.0%	23.3	21.6
Net operating assets	154.8	-2.9%	159.4	164.3
Of which net working capital	107.0		102.9	99.6
Employees (FTE)	635	3.8%	612	642

in CHF million (audited)	31.12.2016	31.12.2015
Assets	163.1	172.5
Liabilities	22.8	20.6
Net operating assets	140.3	151.9
Of which net working capital	91.8	90.9

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

- ➔ Generally improved market environment
- ➔ Sales reached CHF 160.2 million, which corresponds to a 2.4% growth yoy
- ➔ Additional solid customer and project wins on the basis of good product portfolios and recognized competence in C class logistics
- ➔ Flat development of profitability on a comparable basis with EBITA margin of 7.0% due to product mix
- ➔ We estimate a positive continuation in the 2nd half 2017

D&L: Key messages



- ➔ 14 customer wins for logistic solutions in 1HY 2017 underpin the strong competitive position
- ➔ The customer wins for logistic solutions in FY2016 contributed more than CHF 4 million in sales in 1HY2017
- ➔ Launch of new ecommerce platform in 2HY will further strengthen SFS' position
- ➔ Over CHF 7 million investment in expanding logistic infrastructure to improve capacity and performance

Agenda

- 1 Welcome and key takeaways Jens Breu
- 2 Development of key financials Rolf Frei
- 3 Development by segment Jens Breu
- 4 Guidance 2017 Jens Breu
- 5 Q&A Jens Breu / Rolf Frei

Guidance

	Actual FY2016	Expectations FY2017
Gross sales reported	4.4%	8 – 10%
<ul style="list-style-type: none">• Core business• Non-core trading business• Change in scope• FX impact	5.9% -3.9% 1.5% 0.9%	5 – 7% approx. - 2% approx. 5% n/a
EBITA Marge adjusted	14.4%	14.2 – 15.2%

FY = Financial Year

Agenda

- 1 Welcome and key takeaways Jens Breu
- 2 Development of key financials Rolf Frei
- 3 Development by segment Jens Breu
- 4 Guidance 2017 Jens Breu
- 5 Q&A Jens Breu / Rolf Frei



Jens Breu
Chief Executive Officer



Rolf Frei
Chief Financial Officer

9'000 employees – one target



Creating value with

- In-depth technological competence
- International presence
- Application and industry expertise
- Long-term relationships

Disclaimer

This presentation 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 presentation are subject to such limitations.