



Media release
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SFS achieves dynamic sales growth

SFS Group achieved attractive sales growth of 13.0% to CHF 778.6 million in the first half of 2017 and increased its profitability to 14.2%. SFS will change its accounting standards to Swiss GAAP FER for the annual report 2017.

Dynamic organic sales growth of 7.4% was achieved in the first half, mainly fueled by the successful ramp-up of new projects, gains in market share and the successful market performance of innovative products. Sound fundamentals in key end markets accentuated these growth drivers. Changes in the scope of consolidation, essentially the first-time consolidation of Tegra Medical and Ncase, contributed an additional 6.9% to top-line growth. Exchange-rate fluctuations had a slightly negative impact on sales (-1.3%).

Development of consolidated sales

Influencing factors	in CHF million	Growth in %
Gross sales 1st half 2016	688.8	
Currency impact	-8.7	-1.3
Change in scope	47.4	6.9
Organic growth	51.1	7.4
Gross sales 1st half 2017	778.6	13.0

Further increase in profitability

Growing sales of innovative products, the exploitation of economies of scale, and the continuous optimization throughout the value chain contributed to the further increase in profitability. The EBITA margin rose from 13.6% in the prior-year period to 14.2% in the first half of 2017. Net income improved by 20.8% compared with the previous-year period and amounted to CHF 56.9 million.

Substantial investments for future growth

Investments in property, plant, equipment and software increased significantly compared with the year-ago period and amounted to CHF 48.3 million (prior-year period CHF 30.1 million). This corresponds to 6.2% of sales. These investments to expand the company's infrastructure and production footprint create a solid base for future growth.

Balance sheet remains solid

Thanks to the good profitability and a shorter balance sheet total, the equity ratio amounts to high 77.8%. The growth and seasonal-induced increase in net working capital led, along with the investments made and the dividend payout, to net debt of CHF 31.4 million.



Balance sheet metrics

in CHF million	30.06.2017	31.12.2016
Net cash / (debt)	-31.4	0.5
Equity	1,816.5	1,860.3
As a % of assets	77.8	76.3

Engineered Components segment: Dynamic growth momentum

The Engineered Components segment achieved broad-based sales growth. Its first-half sales amounted to CHF 428.2 million. Compared with the previous year period, this corresponds to a growth of 20.4%, whereof 11.8% accounts for changes in the scope of consolidation. Core sales growth amounted to 10.9%. With the EBITA margin standing at 19.7%, profitability was held at the high year-ago level. Besides the good rates of capacity utilization, widespread efforts to increase productivity contributed to this positive result.

Fastening Systems segment: Solid growth sustained

The relevant markets for the Fastening Systems segment maintained their good momentum throughout the first half of 2017. Sales rose 7.6% year-on-year to CHF 190.2 million. Excluding exchange-rate fluctuations and changes in the scope of consolidation, sales were up by 7.8%. This attractive growth – and the ensuing increase in market share – can be traced to the market's broad recovery and the successful uptake of the segment's innovative products. Profitability improved versus the previous year's period, bringing the EBITA margin to 9.4% (prior year: 8.6%). Large projects in both divisions aimed at further improving productivity are currently being implemented.

Distribution & Logistics segment: Acceleration in growth

Thanks to its vast expertise in logistics systems and its attractive products and services, the Distribution & Logistics segment (SFS unimarket) profited from the improving economy and acquired more new customers. Sales grew by 2.4% versus the first half of 2016 and amounted to CHF 160.2 million. Excluding a book gain attained last year due to the disposal of a property, the EBITA margin was sustained at 7.0% compared with the first half of 2016.

Accounting standards changed to Swiss GAAP FER

The Board of Directors has decided to apply Swiss GAAP FER accounting standards for the annual report 2017. These standards are more practical for SFS Group than IFRS, which is becoming increasingly complex, in particular IAS 19r post-employment benefits. This leads to unwarranted volatility in the equity, the income statement and the statement of comprehensive income. These fluctuations are largely eliminated under Swiss GAAP FER.

The decision not to apply IAS19r and capitalize goodwill and other intangible assets will reduce equity by CHF 876 million and the total assets by CHF 978 million. Under Swiss GAAP FER, the 2016 equity ratio would be lower, but still reach about 67% compared to 76% under IFRS.

Additional pension costs under IAS19r will no longer be recognized in the income statement and the amortization of intangible assets will gradually decline from approx. CHF 67 million (2016) to virtually zero from 2018 onwards. One of the effects will be that in future EBIT will reach almost the same size as EBITA.



Positive developments expected

SFS expects the positive trends in sales and profits to continue in the second half of 2017. Due to the higher comparison base, however, growth momentum will subside somewhat in comparison with the first half of the year.

Based on the assumption of constant exchange rates and similar economic conditions, SFS expects sales growth for 2017 as a whole to be between 8–10% and the EBITA margin to reach the upper half of the forecast range of 14.2–15.2%. Management's previous guidance is thus confirmed.

The half-year report for 2017 can be downloaded at www.sfs.biz/investorrelations.

About SFS Group

SFS is a leading global provider of mechanical fastening systems and precision components. SFS Group AG operates in the three segments Engineered Components, Fastening Systems and Distribution & Logistics, which reflects the respective business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customized precision components, fastening solutions and assemblies. The segment has four divisions, Automotive, Electronics, Industrial and Medical, and sells its products under the SFS intec (Automotive and Industrial), Unisteel (Electronics) and Tegra Medical (Medical) brands. In the **Fastening Systems** segment, which consists 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, hand tools and power tools, 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 amounted to CHF 1.437 billion in fiscal 2016 and the workforce numbered approximately 9,000.

For further information visit www.sfs.biz

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