Inventing success together 17

Presentation FY2017 results
Zurich, 9 March 2018

Todays speakers
Welcome to the presentation on our FY17 results

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Chief Executive Officer

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Chief Financial Officer

Agenda

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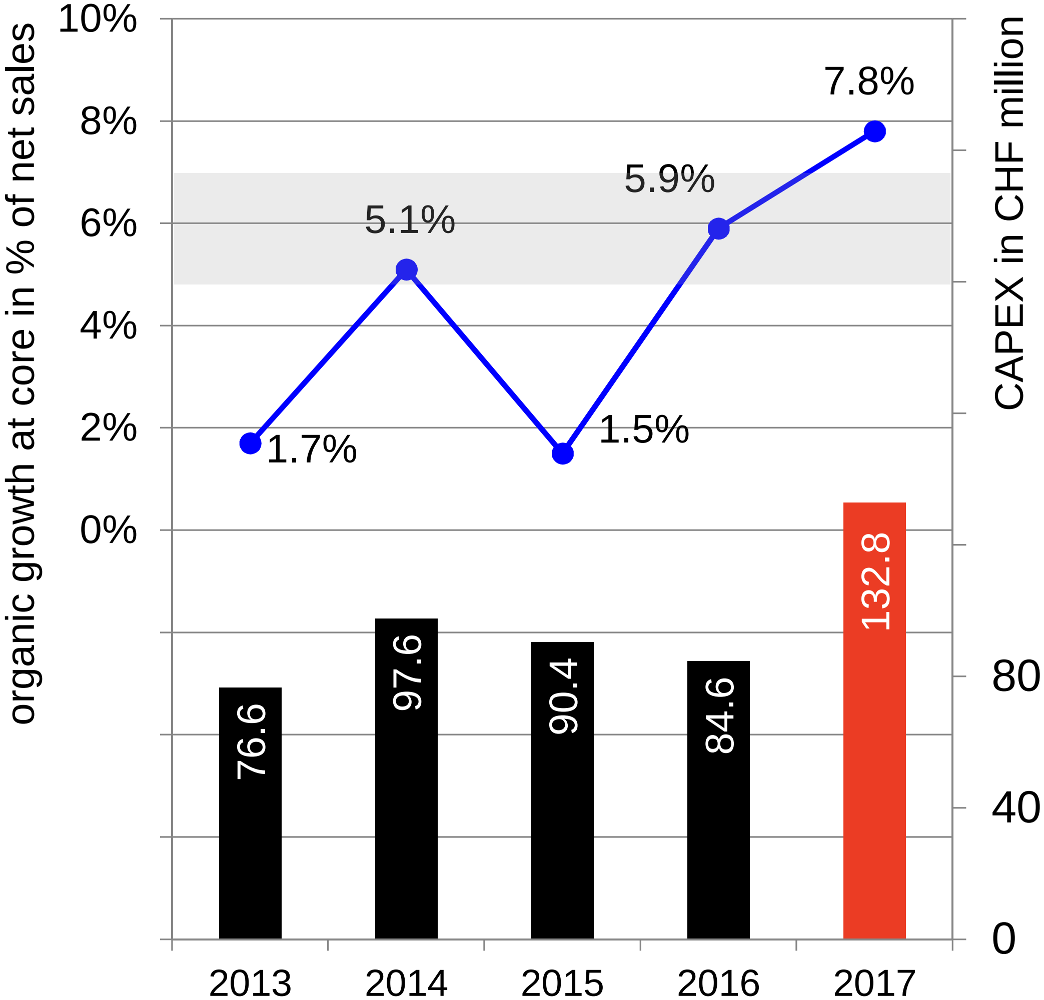
Key takeaways FY2017

Key takeaways FY2017
Dynamic sales growth and high advance outlays

- Sales increased in FY2017 by 13.7% to CHF 1,632.7 million
  - Driven by strong organic growth of 7.4%
  - First time consolidation of Tegra Medical
- EBITA rose by 10.7% and reached CHF 235.8 million, which corresponds to 14.4% EBITA margin (PY 14.8%)
- Profitability burdened by
  - high advance outlays for realization of new growth projects
  - cost of projects to sharpen production profiles
  - rapid increase in procurement cost
- Attractive project pipeline reflected in CAPEX of CHF 132.8 million (PY: CHF 84.6 million)

CAPEX vs. organic growth 2013 – 2017
High CAPEX trigger strong organic growth



- Realization of new projects requires CAPEX
- High CAPEX levels to be seen as reliable indicators for future organic growth
- Typical time lag between CAPEX spending and growth stimulus of 1 – 3 years

Development of key financials

Reconciliation balance sheet
Offset of intangible assets with CHF 909 million

CHF million **31.12.2017**	**Equity**	**%**
IFRS	**1,947.0**	80.1%
Offset goodwill	-908.6	
Pension plans: Liabilities & economic benefit	30.4	
Others	18.2	
Swiss GAAP FER	**1,087.0**	71.6%

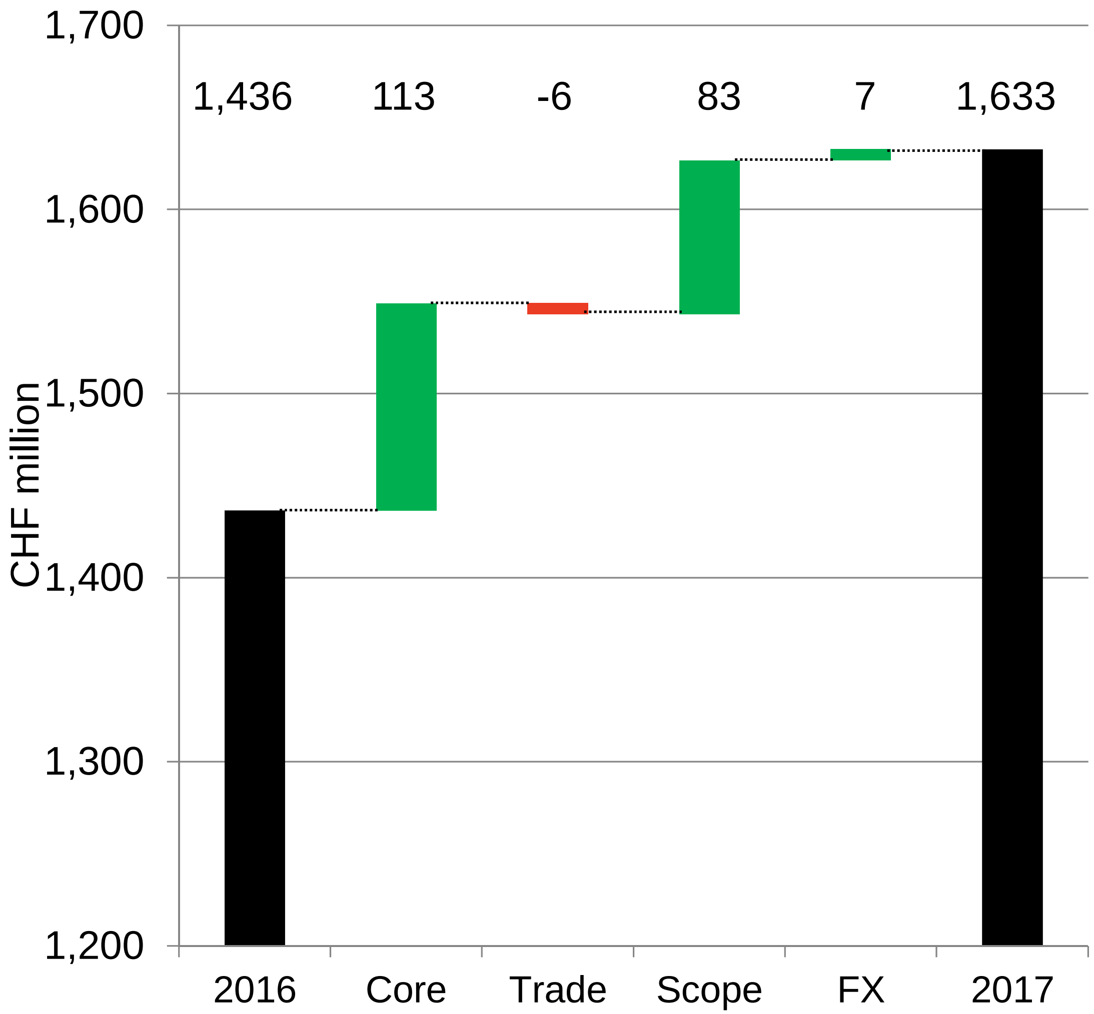
- Conversion to Swiss GAAP FER
- Goodwill and intangibles are offset against equity initially and in future at acquisition date
- No more IAS19 pension liabilities

Reconciliation income statement
EBIT and net income on enhanced level

CHF million **2017**	**EBIT**	**Net income**
IFRS	**168**	**133**
Lower amortization	**28**	**28**
Pension plans	2	3
Income taxes	na	-5
Swiss GAAP FER	**198**	**159**
Lower Amortization	***40***	***40***
Higher Income taxes	*na*	***-5***
Adjustment book gains	*-4*	*-4*
Comparable for future	***234***	***190***
In % of net sales 2017	*14.3%*	*11.6%*

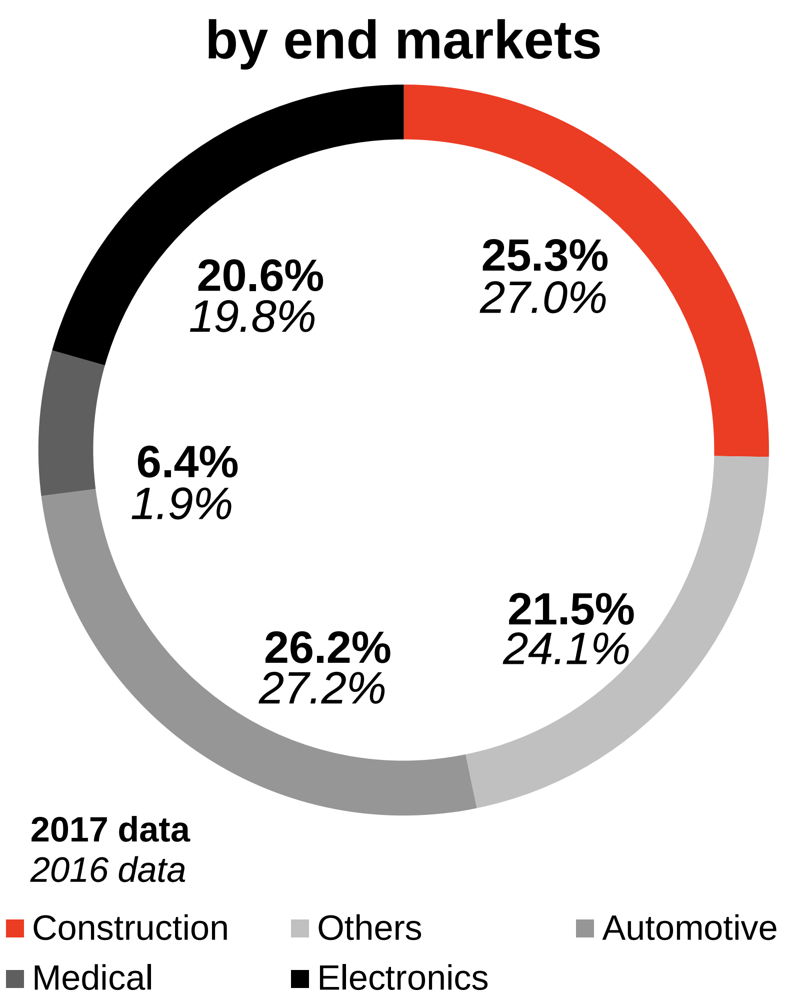
- Amortization 2017
  - CHF 70m in IFRS
  - CHF 42m in SGF
  - CHF 28m less in SGF
- Residual amortization in 2017 dissolved in future
  - CHF 42m amortization
  - CHF 40m dissolved
  - CHF 2m remainng
- EBIT and EBITA as well as net income and cash net income almost equalize from 2018 onwards

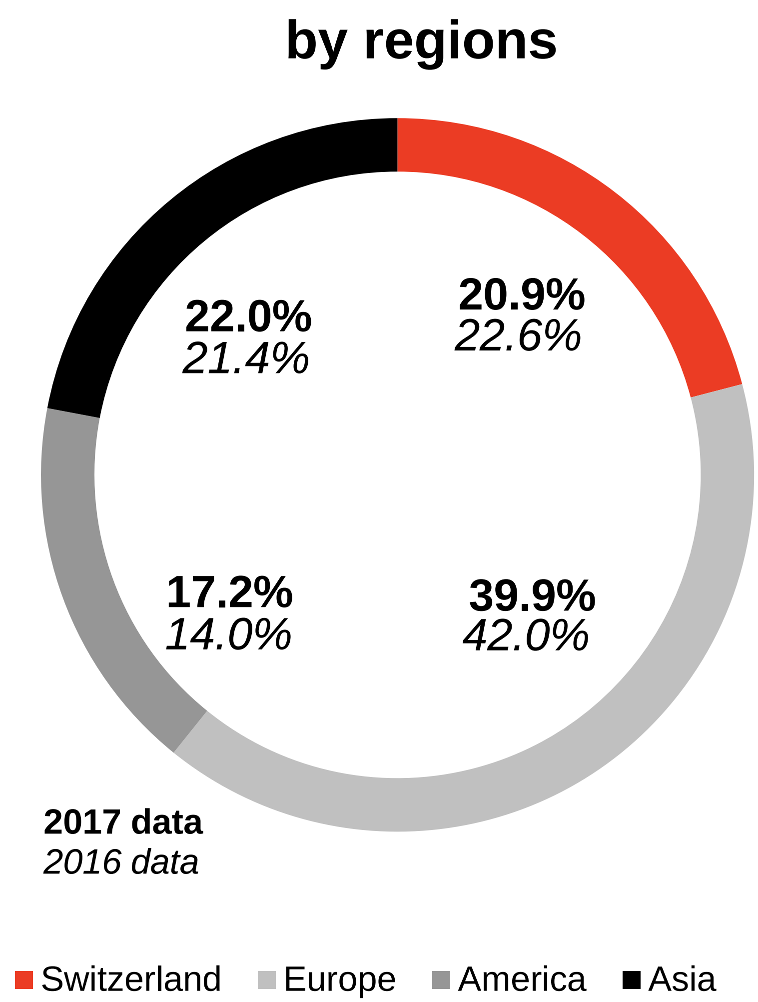
Sales bridge 2016 → 2017
Strong organic growth of 7.4%



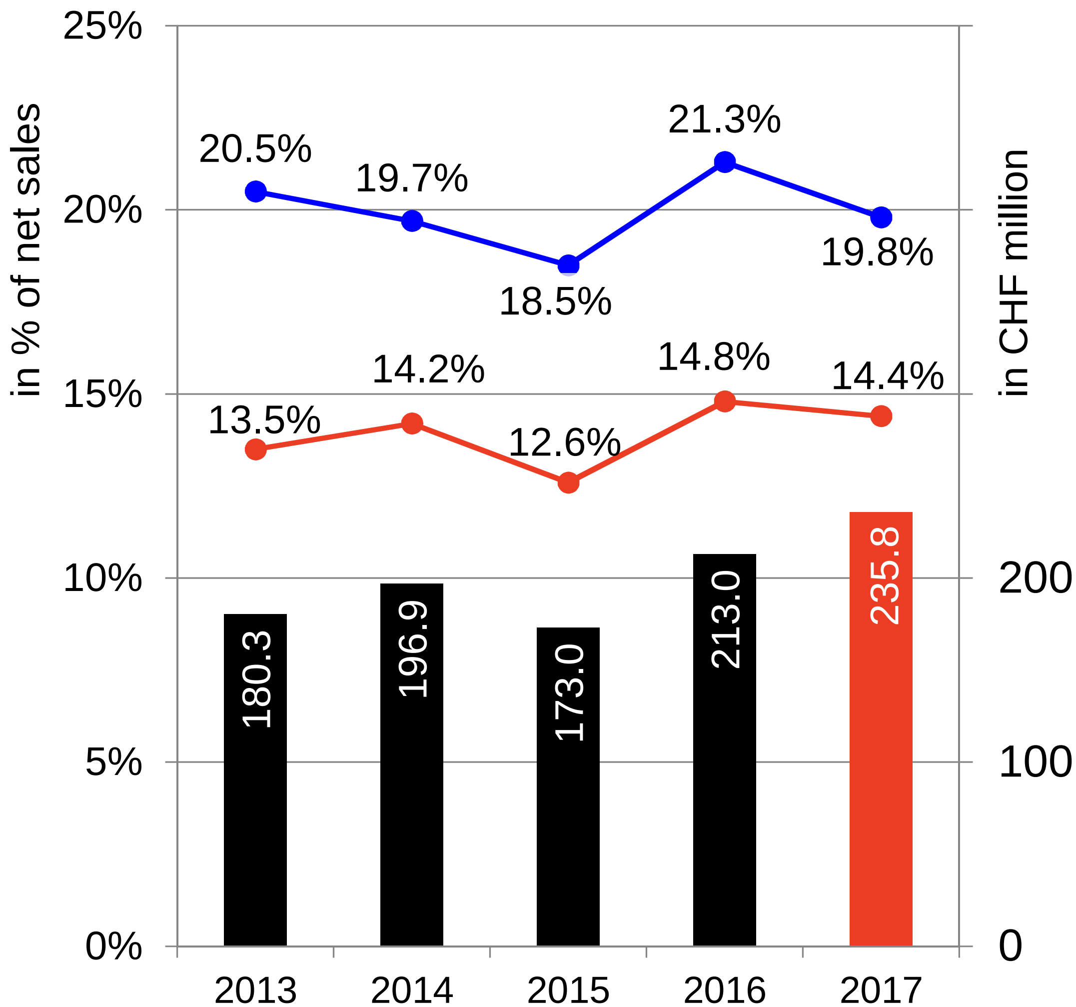
- Reported growth of 13.7%
  - Organic +7.4% (PY 2.0%)
  - M&A +5.8% (PY 1.5%)
  - FX impact +0.5% (PY 0.9%)
- Like-for-like growth by segment
  - 9.6% in EC (PY 0%)
  - 6.5% in FS (PY 7.5%)
  - 3.1% in D&L (PY 0.9%)
- Trade activity with TI inserts USD 15.3m (PY 21.3)

Sales breakdown
Medical & America increased share substantially





Operating profitability
Extraordinary and temporary operating effects

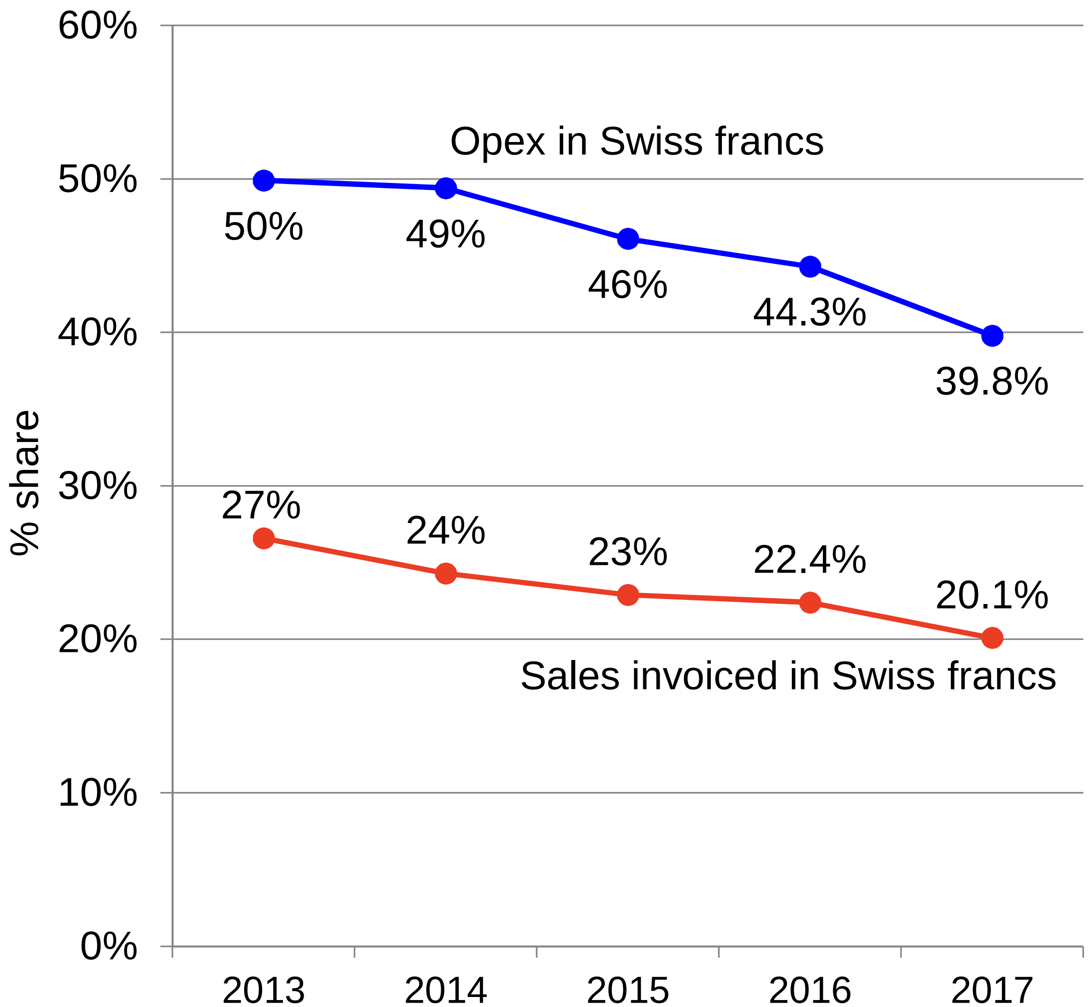


- Profitability burdened by one-off operating effects:
  - advance outlays
  - customer-induced project delays
  - transition cost in key projects
  - higher procurement costs

- EBITDA margin 19.8%
  - +CHF 17.3m or 5.7% yoy
  - +CHF 22.6m on adjusted level

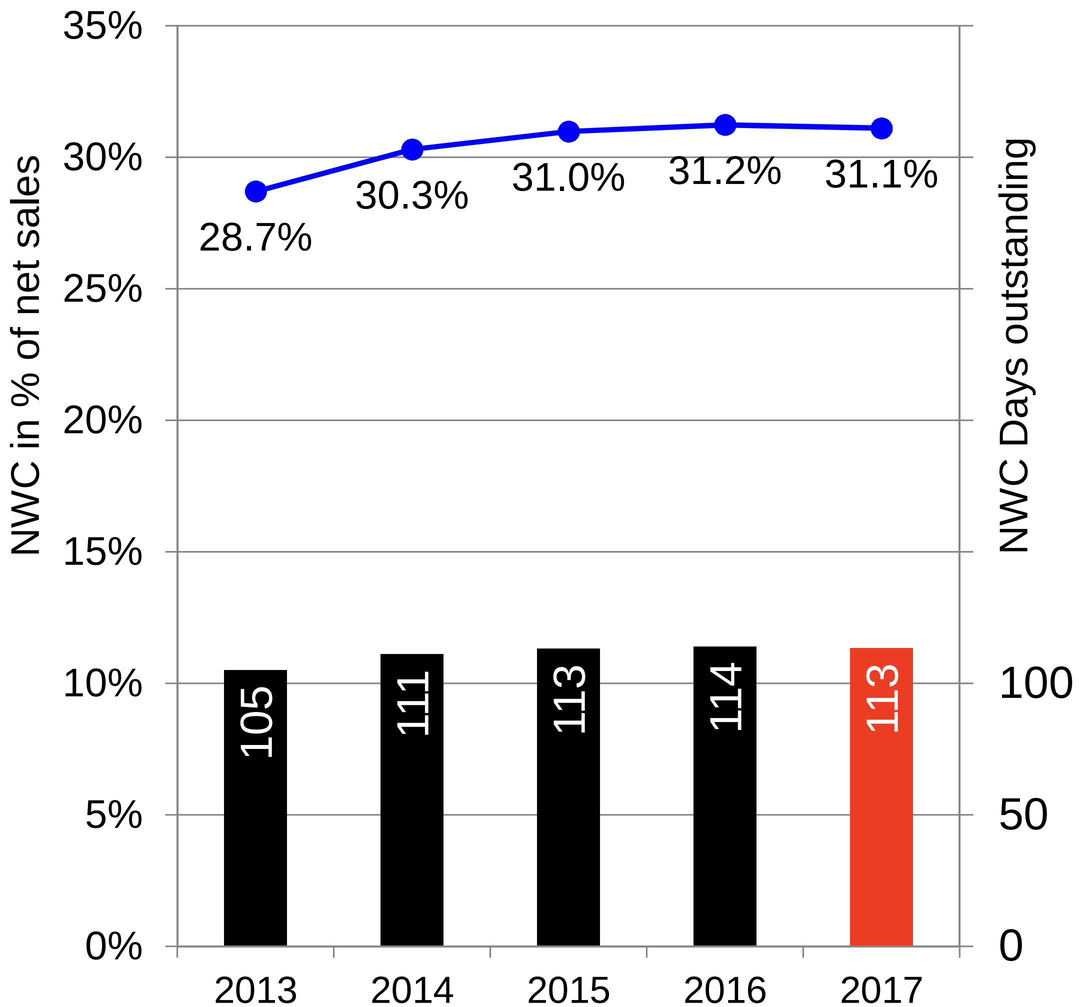
- EBITA margin adj. 14.4%
  - +CHF 22.8m or 10.7% yoy

Swiss franc exposure
Substantially reduced exposure



- Operating expenses in CHF
  - 39.8% share of group OPEX
- Drivers for strategic driven decline
  - international M&A
  - improved productivity in CH
  - relocation to foreign sites
  - higher growth outside CH
- Sales invoiced in CHF
  - 20.1% share
- Net cash FX exposure
  - € 90m in Switzerland

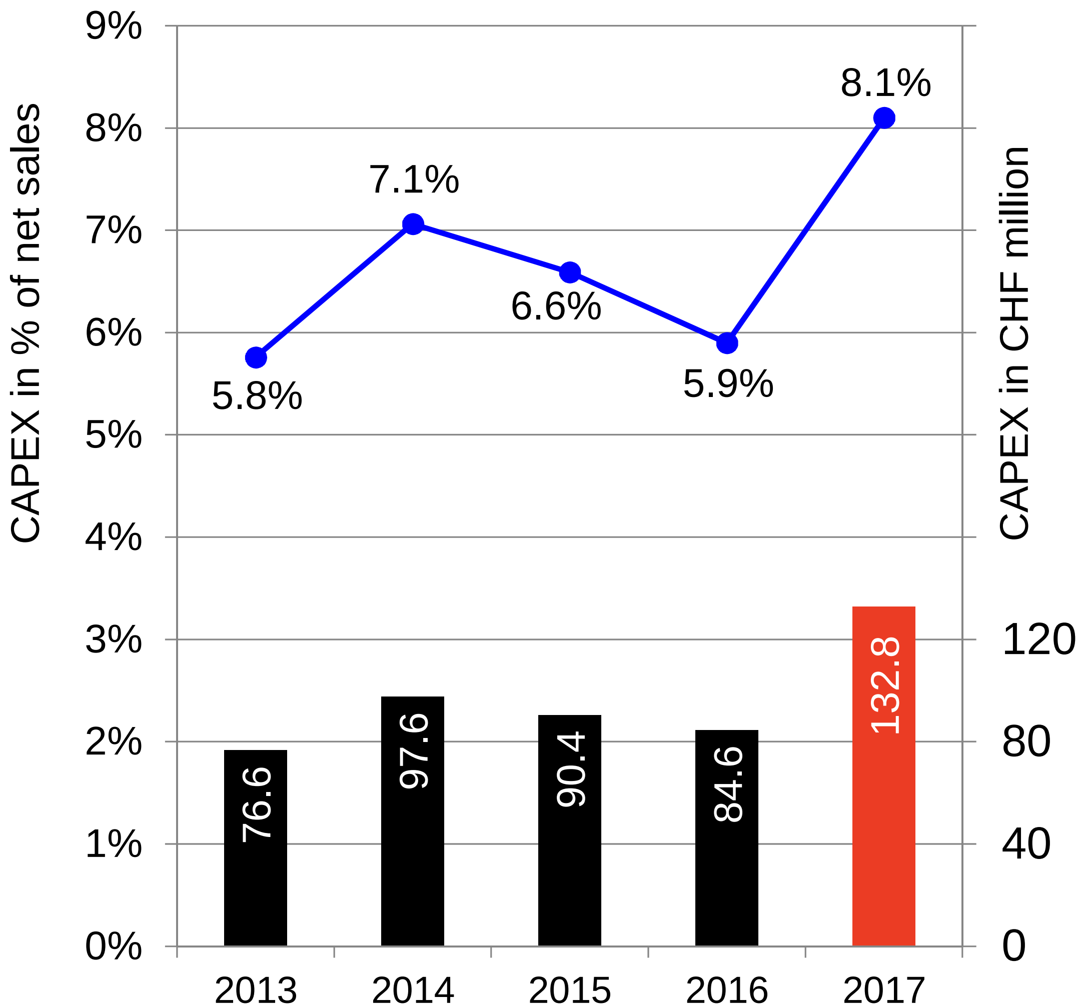
Net working capital
Stable development in past three years



- NWC stable at 31% of net sales or at 113 days
  - increase by CHF 45m
  - mainly due to sales growth
- Ø Days Sales Outstanding
  - 67.7 SFS Group (PY 66.8)
  - 79.4 EC (PY 79.5)
  - 52.8 FS (PY 52.3)
  - 48.7 D&L (PY 47.0)
- No major shifts in Ø days of inventories and payables

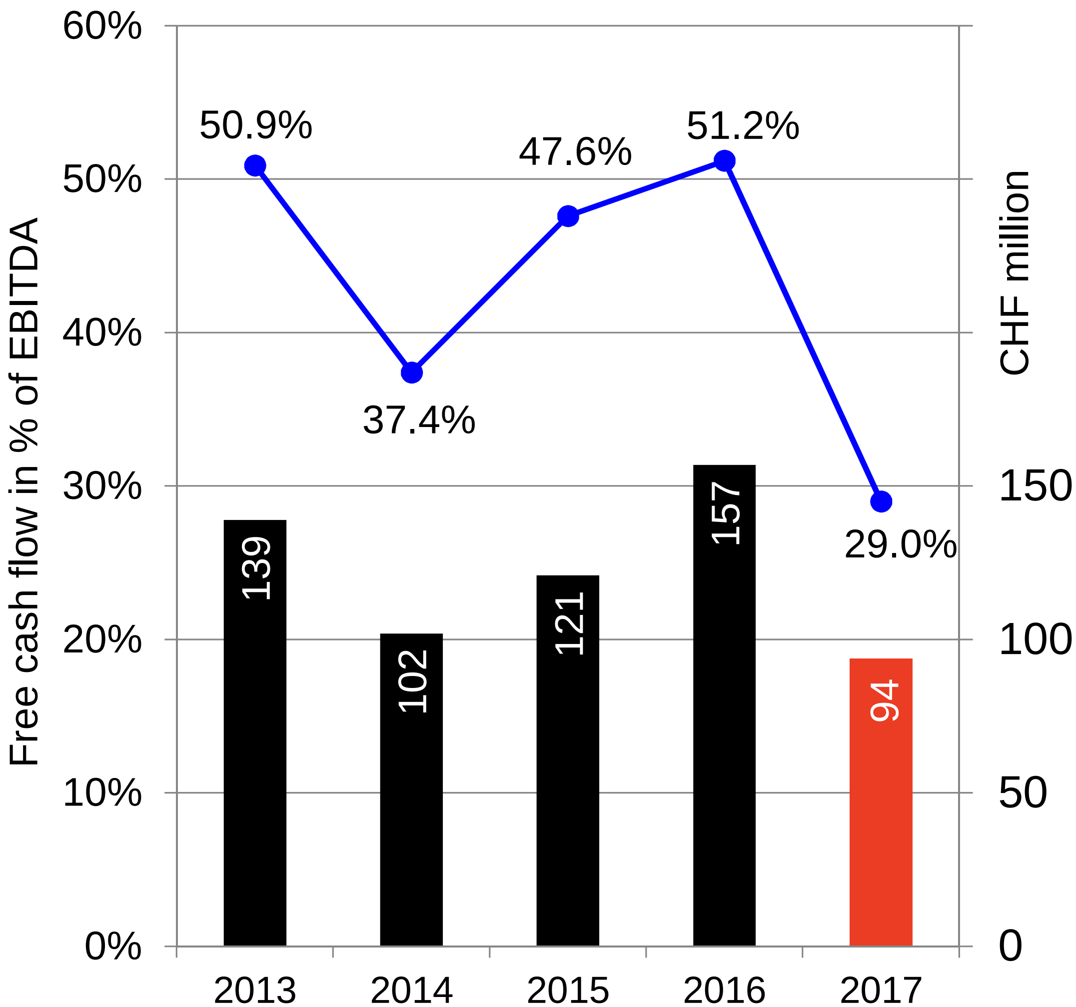
Net sales annualized for Indo Schöttle (2014) and excluded for Tegra Medical (2016)

Capital expenditure
Record spending to secure future growth



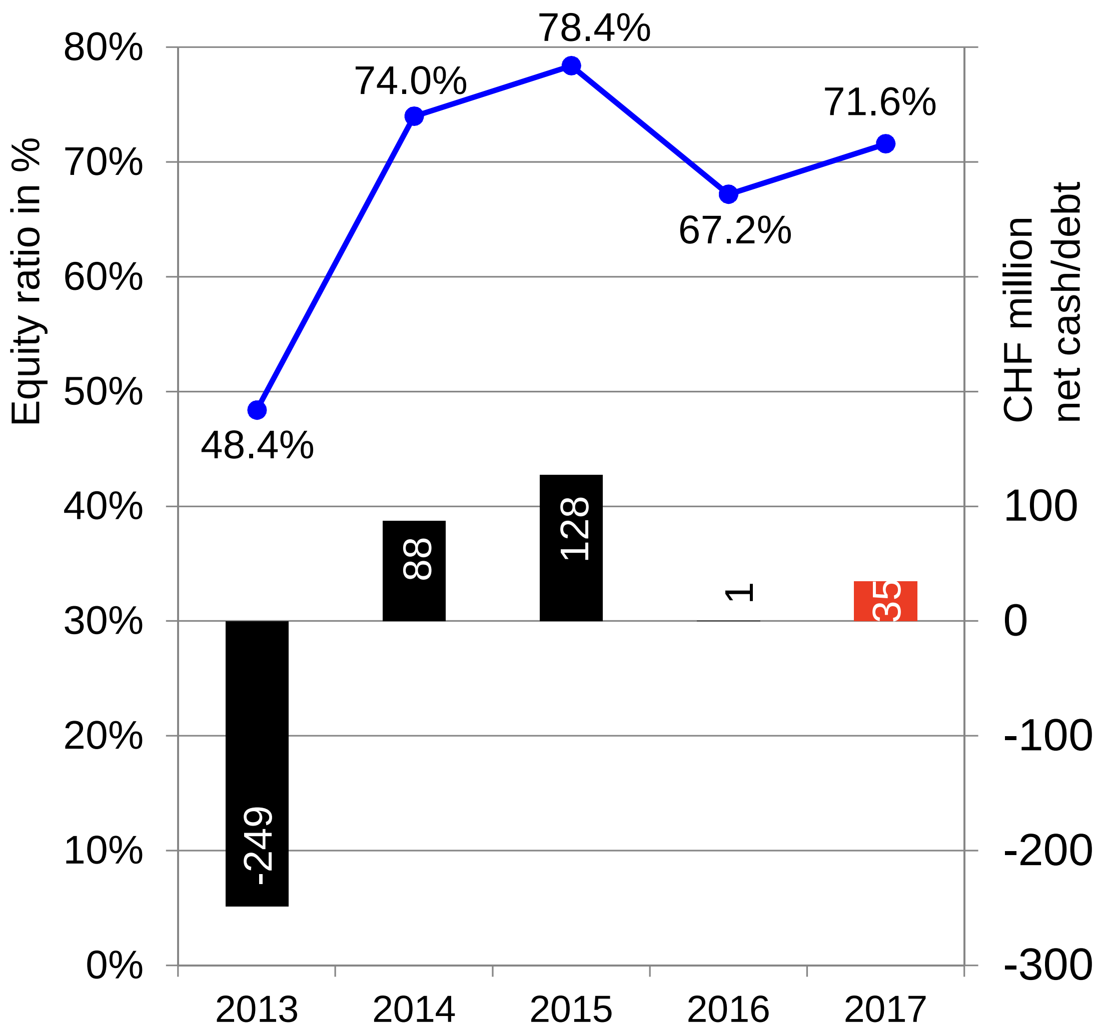
- CAPEX spending 8.1%
  - to increase capacity, efficiency and productivity
  - to support future growth
- CAPEX spending by region
  - 43% Switzerland (PY 41%)
  - 28% Europe (PY 32%)
  - 9% Americas (PY 8%)
  - 20% Asia (PY 19%)
- CAPEX by segments
  - 60% EC (PY 57%)
  - 23% FS (PY 32%)

Free cash flow
CAPEX drive free cash flow & conversion rate



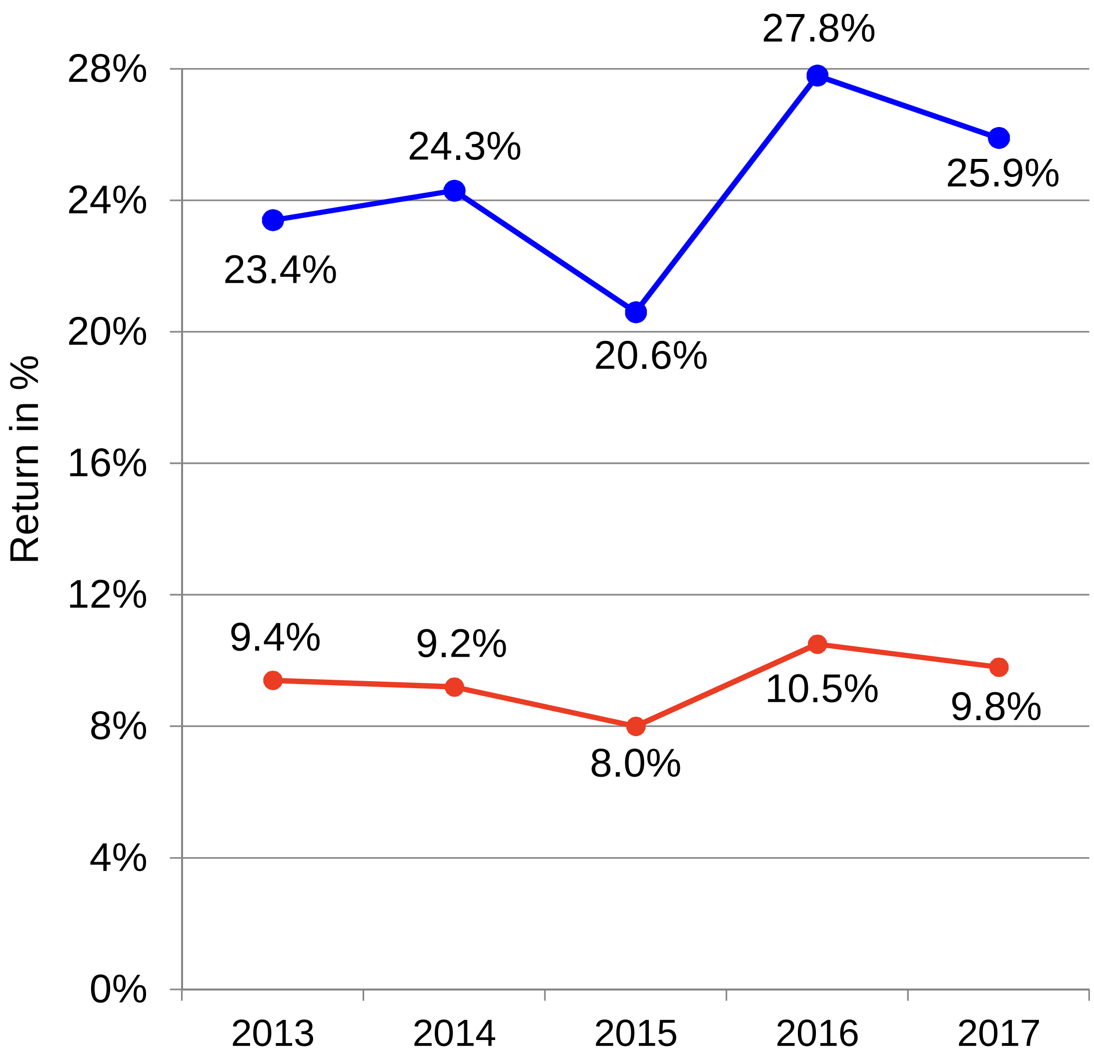
- Strong cash flow from operations used for CAPEX
  - 227m cash from operations
  - -133m CAPEX
  - 94m free cash flow
- Conversion rate with 29% below target of 40 – 50%
- Cash down by CHF 51m; major cash flow items
  - 94m free cash flow
  - 12m proceeds from disposals
  - - 80m borrowings net
  - - 10m acquisitions
  - - 66m payout shareholders

Balance sheet ratios
Solid equity and strong financial flexibility



- Equity ratio remains strong and healthy at 71.6%
  - after goodwill offset
- Financial flexibility for growth secured by
  - net cash CHF 34.7m
  - unused credit facilities
  - annual free cash flow
- Upper limit of leverage ratio at 1.5x EBITDA (as set by financial policy)

Return on capital
Economic value added generated

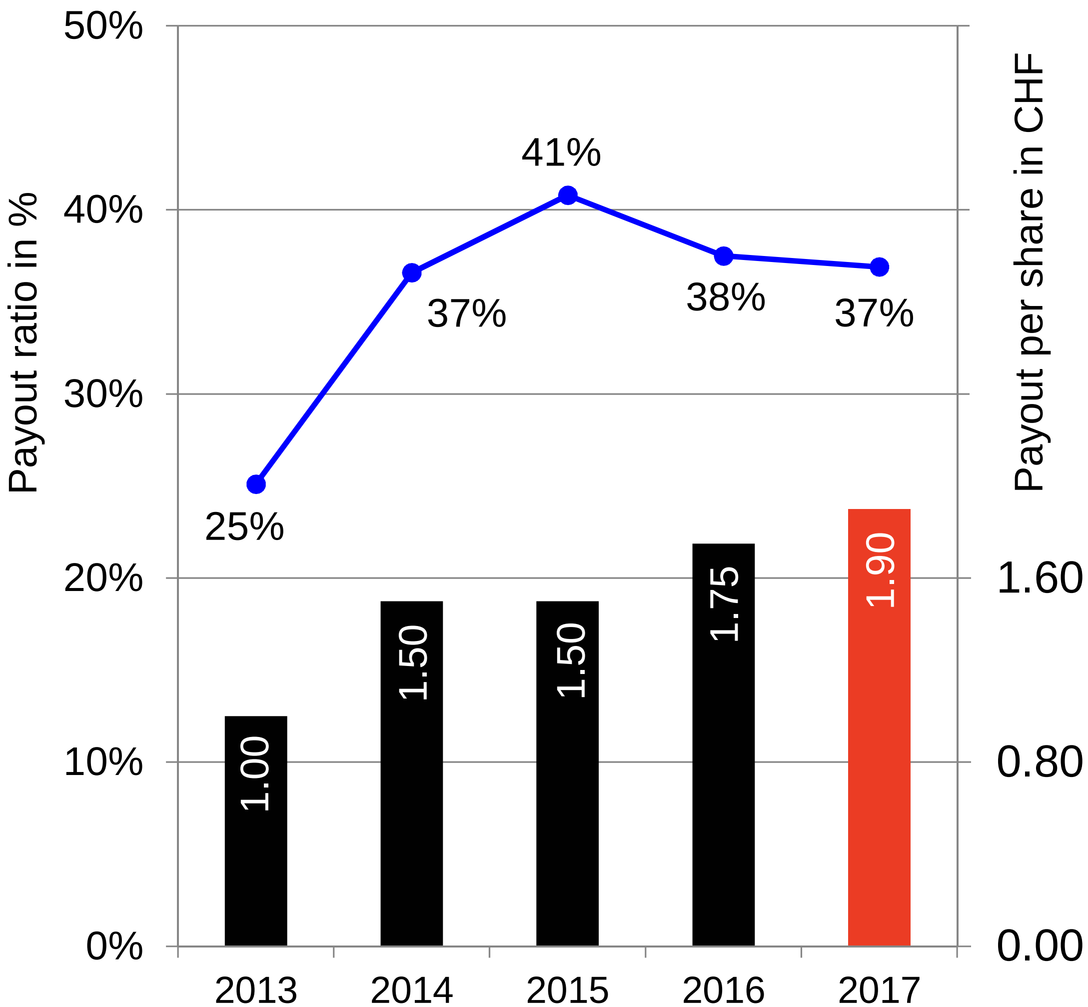


- Capital employed
  - ROCE at 25.9%
  - EBITA measured at Ø CE
  - excluding intangible assets
  - above target range of >20%

- Return on invested capital
  - ROIC at 9.8%
  - EBITA less tax in % of invested capital including goodwill offset

- Economic value added
  - ROIC above WACC of ~6% (weighted average cost of capital)

Payout ratio
Stable dividend at ~37% of cash net income



- BoD will propose a payout per share of CHF 1.90
  - PY CHF 1.75; increase by 8.6%
  - cash out CHF 71.25m
  - from statutory capital reserve
- Dividend yield ~ 1.7% (at share price of CHF 110)
- Stable payout ratio
  - measured at cash net income
  - from 2018 onwards cash net income and net income will be almost equal

Summary KPI's
Strong growth, healthy profitability and funding

In CHF million		2017	%	2016	%	yoy
Sales		1,632.7		1,436.5		**13.7%**
EBITDA	margin	323.5	19.8%	306.2	21.3%	5.7%
EBITA adjusted	margin	235.8	14.4%	213.0	14.8%	**10.7%**
Net income	margin	159.1	9.7%	124.8	8.7%	27.5%
Equity	ratio	1,087.0	**71.6%**	933.0	67.2%	16.5%
Net cash		**34.7**		0.5		
Capex	%sales	**132.8**	8.1%	84.6	5.9%	57.0%
Free cash flow	conversion rate	93.8	29.0%	156.9	51.2%	-40.2%
ROCE		**25.9%**		27.8%		

Development by segment

Headlines Engineered Components segment
Strong sales growth achieved

Key figures Engineered Components
in CHF million

	2017 SGF*	2017 IFRS	+/- PY	2016 IFRS	2015 IFRS
Third party sales	925.8	925.8	20.5%	768.1	740.1
Sales growth comparable[1]			9.6%		
Net sales	938.2	938.2	20.0%	781.5	756.1
EBITDA	243.3	243.3	11.2%	218.9	185.3
As a % of net sales	25.9	25.9		28.0	24.5
EBITA	186.0	186.0	12.4%	165.4	134.1
As a % of net sales	19.8	19.8		21.2	17.7
Net operating assets	618.6	1,482.2	-2.4%	1,519.2	1,290.6
Investments	80.3	80.3	66.6%	48.2	70.3
Employees (FTE)	6,492	6,492	4.4%	6,217	5,635
RONOA (%)[2]	30.1	12.6		12.6	10.4
ROCE (%)[3]	31.7	31.7		32.3	26.5

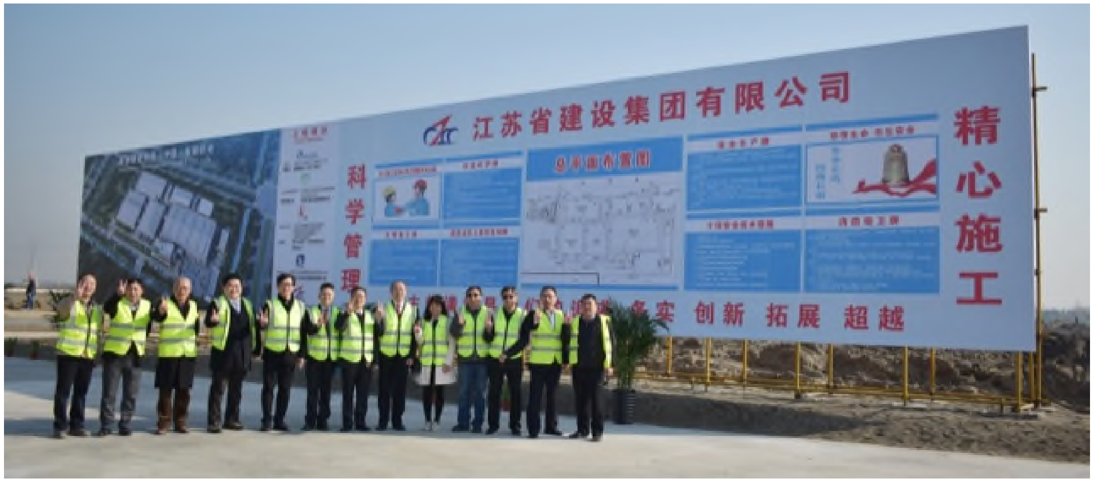
[1] at constant exchange rates and on the same scope of consolidation
[2] return (EBITA) in % of net operating assets (adjusted for Tegra Medical 2016)
[3] return (EBITA) in % of average capital employed without intangible assets
*SGF = Swiss GAAP FER

- Sales growth of 20.5% to CHF 926m driven by:
  - Dynamic growth of Automotive and Electronics
  - fueled by project ramp-ups
  - first-time consolidation of Tegra Medical
- Project wins drive CAPEX and advance outlays that impact profitability in the short-term
- EBITA margin remained at high level of 19.8%

Key messages Automotive division
Electrification of cars confirmed as a growth driver

- High growth momentum sustained thanks to the ramp-up of new projects
- Vehicle electrification and autonomous driving support innovation and growth
- Significant project wins fuel future growth and require substantial CAPEX
- Expect positive develop-ment to continue in 2018

Key messages Electronics division
Back on the growth track



- Strong growth in both semesters vs. prior year
- Positive demand development in HDD
- Underpinned position as reliable partner in major product launches
- Strong project pipeline triggers new plant in CN-Nantong
- Expect positive development in 2018

Key messages Industrial division
Stable sales trend achieved

- Overall stable sales level
- Good momentum in electrical engineering, control engineering and sensorics application
- Temporary inventory effects in customer supply chain for A350 caused flat sales in aircraft activities
- Attractive project pipeline indicates for growth in 2018

Key messages Medical division
Smooth integration process

- First time fully consolidated
- Integration viewed positively by customers and employees
- Project characteristics and inventory effects led to flat sales development
- Production capacity at site in Costa Rica expanded
- Healthy project pipeline to support growth in 2018

Headlines Fastening Systems segment

Strengthened market position

Key figures Fastening Systems
in CHF million

	2017 SGF*	2017 IFRS	+/- PY	2016 IFRS	2015 IFRS
Third party sales	384.0	384.0	8.0%	355.6	326.9
Sales growth comparable[1]			6.5%		
Net sales	401.0	401.0	8.2%	370.8	341.4
EBITDA	47.1	47.1	-4.5%	49.3	38.9
As a % of net sales	11.7	11.7		13.3	11.4
EBITA	31.0	31.0	-7.4%	33.5	23.2
As a % of net sales	7.7	7.7		9.0	6.8
Net operating assets	240.8	347.5	12.2%	309.7	289.1
Investments	30.6	30.6	12.7%	27.2	16.3
Employees (FTE)	1,992	1,992	5.7%	1,885	1,758
RONOA (%)[2]	12.9	8.9		10.8	8.0
ROCE (%)[3]	13.5	13.5		16.0	11.1

[1] at constant exchange rates and on the same scope of consolidation
[2] return (EBITA) in % of net operating assets
[3] return (EBITA) in % of average capital employed without intangible assets
*SGF = Swiss GAAP FER

- Attractive sales growth of 8.0% to CHF 384.0 Mio.
  - good market environment
  - gained market share thanks to new product introductions
- Projects to improve productivity
  - additional costs in the short-term impact profitability
  - expect completion by end of 2018
- EBITA margin declined to 7.7% (PY 9.0%)

Key messages Construction division
Market share gains thanks to innovative products

- Key markets showed strong momentum
- Market share gains fueled by innovative solutions
- Positive momentum from improved product offering (Ncase & HECO products)
- Production optimization projects will be concluded by end of 2018
- Positive development expected for 2018

Key messages Riveting division
Demand from automotive sector increased

- Positive sales development driven by good demand from automotive customers
- Benefit from trends like electrification of assembly lines & 100% quality control
- Numerous projects to sharpen production profiles initiated; challenges in US operations
- Indications for sound development in 2018

Headlines Distribution & Logistics segment
Broadened customer base

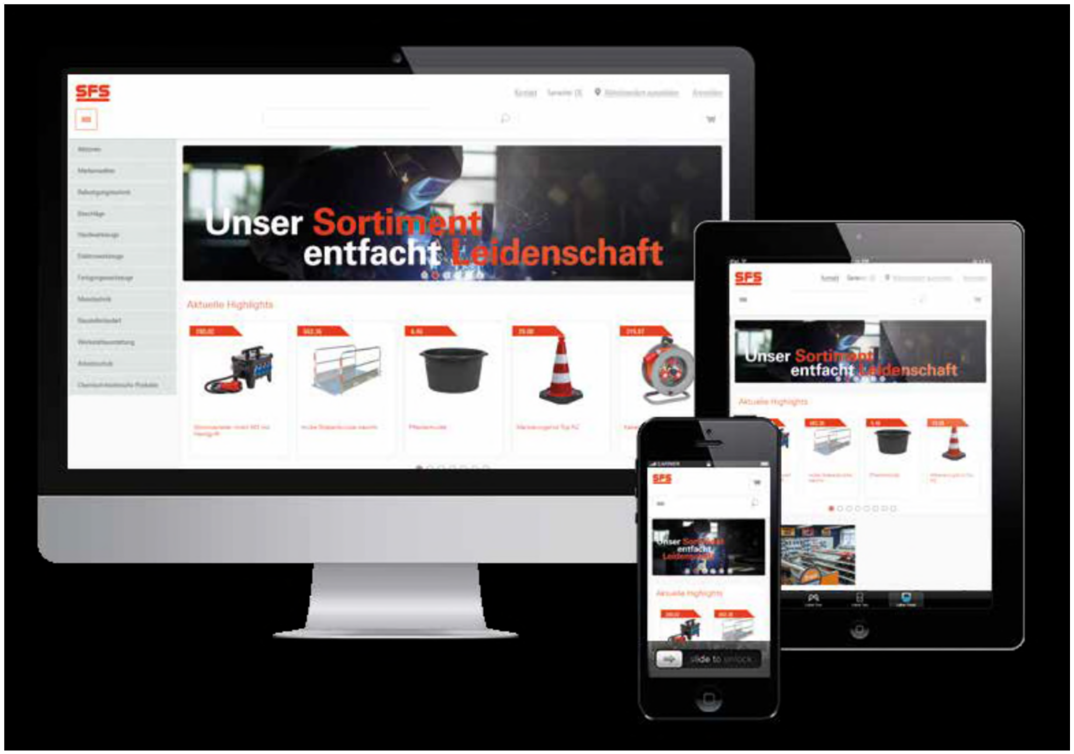
Key figures Distribution & Logistics
in CHF million

	2017 SGF*	2017 IFRS	+/- PY	2016 IFRS	2015 IFRS
Third party sales	322.9	322.9	3.2%	312.8	309.3
Sales growth comparable[1]			3.1%		
Net sales	328.9	328.9	3.2%	318.6	314.8
EBITDA	35.9	35.9	6.2%	33.8	26.5
As a % of net sales	10.9	10.9		10.6	8.4
EBITA	30.0	30.0	10.7%	27.1	18.8
As a % of net sales	9.1	9.1		8.5	6.0
Net operating assets	134.2	143.1	2.0%	140.3	151.9
Investments	10.4	10.4	166.7%	3.9	1.6
Employees (FTE)	655	655	4.8%	625	643
RONOA (%)[2]	22.4	20.9		19.3	12.3
ROCE (%)[3]	21.3	21.3		19.0	12.5

[1] at constant exchange rates and on the same scope of consolidation
[2] return (EBITA) in % of net operating assets
[3] return (EBITA) in % of average capital employed without intangible assets
*SGF = Swiss GAAP FER

- Solid sales growth with 3.2% yoy above Swiss GDP
  - realization of new projects
  - good momentum of business units tools and fastening systems
- EBITA on like for like level at 6.9% (PY 7.2%)
  - book gains from disposal of properties of CHF 7.3m
  - profitability suffered from rapidly increased purchasing cost

Key messages Distribution & Logistic segment
Product portfolio & online sales channel improved



- Extensive measures to improve product range & operating performance
- Personal protective equip-ment enhanced offering
- Offering of multiple sales channels as differentiator
- Launch of new online shop (www.sfs.ch)

Guidance FY 2018

Guidance FY2018
Expect solid growth & margin improvement yoy

	Actual FY2017	Guidance FY2018
Gross sales reported	13.7%	5 – 7%
EBIT margin comparable	14.3%*	>14.3%

FY: Financial Year
*: EBIT margin reported FY2017: 12.1%

Q&A

Q&A

Jens Breu
Chief Executive Officer

Rolf Frei
Chief Financial Officer

Thank you
More than 9,000 employees – one target

Inventing
success
together

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