



## Creating value

—

Half Year Report 30 June 2015



# Financial overview

<b>Income statement</b> in CHF million (unaudited)	<b>2015</b> <b>1st half</b>	2014 1st half	2013 1st half	2012 1st half	2011 1st half
Gross sales	670.4	645.2	662.1	529.9	555.8
EBITDA	109.4	125.2	117.3	90.3	104.7
As a % of operating revenue	16.5	19.2	17.9	17.0	18.7
EBITA	70.4	88.8	80.0	58.7	73.2
As a % of operating revenue	10.6	13.6	12.2	11.1	13.1
Operating profit (EBIT)	42.1	63.4	53.1	52.6	67.1
As a % of operating revenue	6.3	9.7	8.1	9.9	12.0
Net income	31.8	45.8	37.2	38.4	48.8
As a % of operating revenue	4.8	7.0	5.7	7.2	8.7
Cash net income <sup>1</sup>	54.4	65.4	58.3	43.1	53.6
As a % of operating revenue	8.2	10.0	8.9	8.1	9.6

<b>Balance sheet</b> in CHF million	<b>30.6.2015</b> <b>(unaudited)</b>	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Assets	2,091.7	2,246.1	2,133.0	2,298.3	1,525.5
Net operating assets (NOA)	1,737.2	1,822.1	1,664.2	1,766.1	905.4
Net cash / (debt)	49.4	87.7	-248.5	-424.2	333.0
Equity	1,671.1	1,805.0	1,336.4	1,256.2	1,167.3
As a % of assets	79.9	80.4	62.7	54.7	76.5

<b>Cash flow statement</b> in CHF million (unaudited)	<b>2015</b> <b>1st half</b>	2014 1st half	2013 1st half	2012 1st half	2011 1st half
Cash flow from operating activities	76.4	78.1	83.9	25.0	40.0
Purchase of property, plant, equipment and software	-38.0	-38.7	-33.9	-28.7	-24.5
Proceeds from sale of assets	1.6	1.4	2.6	12.5	0.9

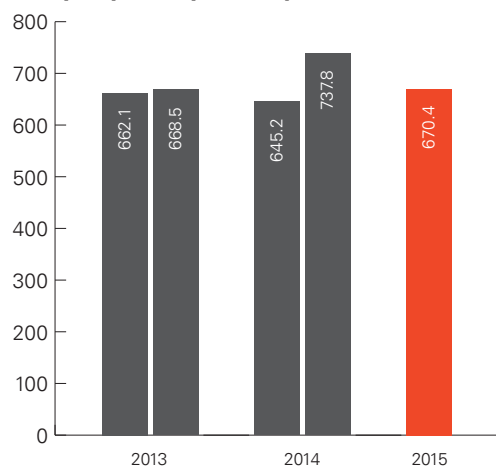
<b>Employees</b>	<b>30.6.2015</b>	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Headcount	8,131	8,293	7,110	7,125	4,224
Full-time equivalents (FTE)	8,501	8,688	7,000	7,000	4,117

<sup>1</sup> net income before amortization of intangible assets net of deferred taxes

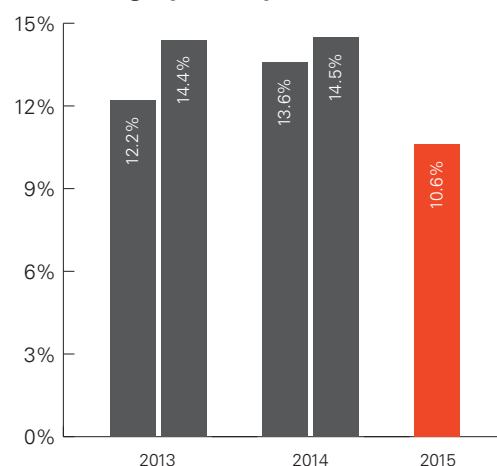
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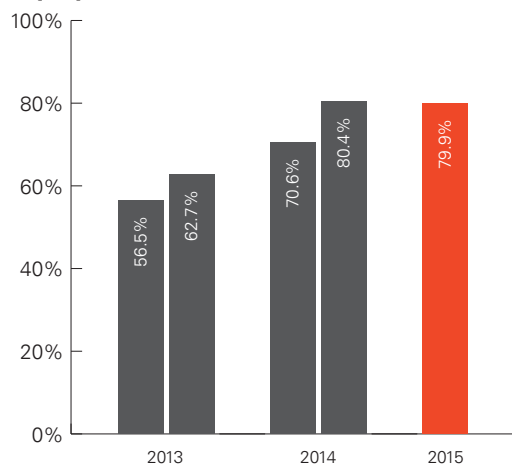
**Third party sales per half year** (in CHF million)



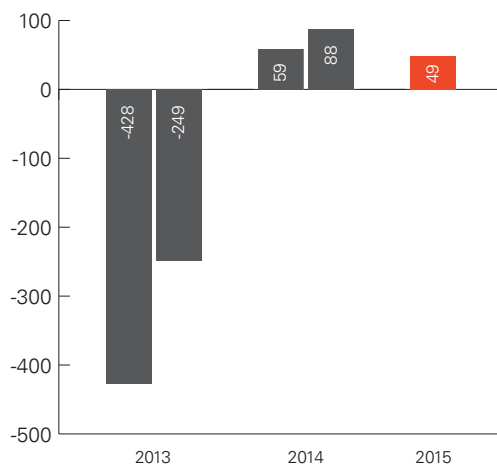
**EBITA margin per half year**



**Equity ratio at 30 June and 31 December**



**Net cash at 30 June and 31 December** (in CHF million)



# To our shareholders

Dear shareholders,

The Swiss franc's strong appreciation versus the euro after 15 January 2015 left a deep mark on SFS Group's sales and profits in the first half of 2015.

## Development of consolidated sales

Influencing factors	in CHF million	Growth in %
<b>Gross sales 1st half 2014</b>	<b>645.2</b>	
Organic growth	39.2	6.1
Change in scope	21.8	3.3
<b>Gross sales before FX-effects</b>	<b>706.2</b>	<b>9.4</b>
Negative currency impact	-35.8	-5.5
<b>Gross sales 1st half 2015</b>	<b>670.4</b>	<b>3.9</b>

Excluding currency effects, SFS Group achieved organic sales growth of 6.1%. Most of this growth was driven by the ramp-up of new projects and new products at the Engineered Components segment. Growing sales of components sourced by a contract manufacturer for a major account had a positive effect on organic sales growth for the period. The first-time consolidation of sales from acquired companies contributed an additional 3.3% to top-line growth.

The negative impact of exchange-rate movements on the translation of Group sales into CHF added up to CHF -35.8 million, or -5.5% of local sales.

Taking into consideration these factors, gross sales reported in Swiss francs still rose by 3.9% compared to the prior-year period.

## Development by regions

Share of sales by region in %	2015 1st half	2014 1st half
Switzerland	23.5	25.3
Europe	40.0	44.9
America	11.7	10.1
Asia	24.5	19.3
Rest of World	0.3	0.4
SFS Group	100.0	100.0

Currency-induced price concessions offered to customers in Switzerland and the contraction of sales volumes in the Distribution & Logistics segment resulted in a considerable drop of sales in Switzerland.

Despite good sales growth in euros in Europe, exchange-rate fluctuations led to a reduction in the share of sales generated in this region.

Good growth momentum was recorded at our North American companies thanks to new projects acquired last year by the Automotive division and to brisk US sales at the Construction division.

Significantly higher sales at the Electronics division compared to the disappointing sales number from the prior period led to a notable increase in Asia's share of total sales.



■ Assembly for brake booster.

## Operating profits (EBITA) for the period

The appreciation of the Swiss franc versus the euro had a material impact on the operating profits of SFS Group for the period.

The three manufacturing plants located in Switzerland export more than 95% of their output. Most of their exports are destined for the European Union and priced in euros. Due to the high added value and the high degree of vertical integration at these factories, currency-driven savings on production inputs procured abroad (e.g. raw materials) are negligible. Despite good growth in terms of volumes, persisting good rates of capacity utilization, and the countermeasures taken, it was not possible to prevent a sharp decline in the profits contributed by the Swiss companies of the SFS Group.



■ Together with our responsible employees we want to create the future successfully.

SFS Group companies located outside Switzerland have not been affected by these currency movements and they achieved a good overall improvement in their results.

At constant exchange rates, SFS Group would have achieved a significantly higher operating profit margin (EBITA margin) of 14.4% compared to the 13.6% margin from the prior period.

Influencing factors EBITA	in CHF million	in %
<b>EBITA 30.6.2014</b>	<b>88.8</b>	<b>13.6</b>
Organic growth	5.4	
Change in scope	2.7	
Profit improvement projects Switzerland	3.8	
<b>EBITA 30.6.2015 before FX-effects</b>	<b>100.7</b>	<b>14.4*</b>
Transaction effect Switzerland	-28.9	
Translation effect	-1.4	
<b>EBITA 30.6.2015 reported</b>	<b>70.4</b>	<b>10.6</b>

\* as a % of operating revenue before FX impact (CHF 700.3 million)

The increase in weekly working hours, a reduction in salary for senior management and the Board of Directors, as well as various other measures have so far produced cost-savings of CHF 3.8 million.

The negative currency effects on the operating profit (EBITA) of the Group's Swiss companies amounted to CHF 28.9 million in the first half. This figure includes a one-time effect of about CHF 7 million that will not recur in the second half of 2015.

Exchange-rate fluctuations reduced the operating profit of the Group's foreign companies (as reported in CHF) by CHF 1.4 million.

### Balance sheet

in CHF million	30.6.2015	31.12.2014
Net cash	49.4	87.7
Equity	1,671.1	1,805.0
As a % of assets	79.9	80.4

SFS Group's balance sheet remains strong. Despite the payment of the dividend in the first half of 2015, the seasonally induced increase in current assets, and the cash outflow from investing activities, the net cash position in the balance sheet still amounted to some CHF 50 million.

The pronounced shift in exchange rates reduced shareholders' equity by about CHF 100 million. As total assets also declined due to the exchange-rate fluctuations, the equity ratio remains unchanged at approximately 80%.



■ Multi stage process of a precision part produced by cold forming.



■ SFS unimarket supplies the Swiss market with a balanced range.

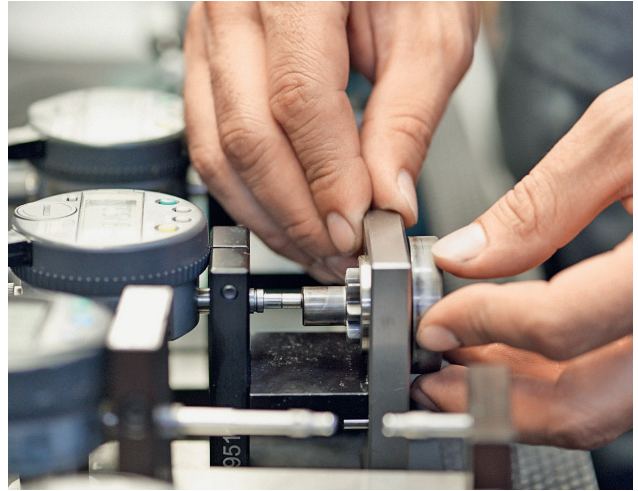
## Outlook

The Group's Swiss factories and the products and services they offer must compete against companies whose cost base is not located in Switzerland, and which are therefore not burdened by the currency handicap.

In Switzerland we are now focusing even more on developing and manufacturing innovative products. As a result, processes and applications are becoming more know-how intensive, more technically demanding and more capital intensive. We are aiming to maintain the employee headcount and good rates of utilization at the production plants in Switzerland by launching new products that meet these criteria. Production of less complicated products that do not meet these criteria will be gradually transferred to other Group locations. Appropriate action plans have been drawn up and are in the process of execution.

Our employees are making a vital contribution towards maintaining the company's sharp competitive edge by virtue of their willingness to raise their performance levels and pursue constant improvement. We thank them for their commendable actions as well as the loyalty and solidarity they have displayed towards the company.

The progress and the results that have been achieved in the second quarter confirm that the measures executed or introduced so far are on-target and effective.



■ Basis for demanding precision parts is the general quality management system.

We therefore expect operating profit margins to recover significantly during the second half of 2015. The various measures taken in Switzerland should have a growing impact as the year progresses. Moreover, one-time effects that reduced first-half profits by about CHF 7 million will not recur. The usual seasonal effects will also contribute to this recovery.

For the entire financial year 2015 we expect sales to remain on last year's level and the EBITA margin to decline by 100 - 200 basis points. These estimates are based on the assumption that there will be no further adverse changes in exchange rates (versus the first half of 2015) and similar macroeconomic conditions.

### Heinrich Spoerry

On behalf of the Board of Directors  
and the Group Executive Board

Heerbrugg, 23 July 2015  
SFS Group AG

# Engineered Components

## Sustained dynamic sales growth

The Engineered Components segment reported faster sales growth compared to the prior-year period. Profitability was sharply lower as a direct result of the Swiss franc's appreciation.

### Key figures Engineered Components

in CHF million (unaudited)	2015 1st half	Change	2014 1st half	2013 1st half
Third party sales	358.0	13.5%	315.5	331.8
Sales growth comparable		13.9%		
Operating revenue	362.2	10.0%	329.4	333.9
EBITDA	81.2	-2.2%	83.1	83.9
As a % of operating revenue	22.4		25.2	25.1
EBITA	55.6	-8.2%	60.6	61.4
As a % of operating revenue	15.4		18.4	18.4
Net operating assets	1,243.0	6.6%	1,166.0	1,252.6
Employees (FTE)	5,806	25.0%	4,644	n/a

### Sales growth accelerates

The Engineered Components segment achieved strong sales growth of 13.5%. Excluding the impact of exchange-rate movements and changes in the scope of consolidation, organic sales growth amounted to 13.9%. Sustained strong demand from the automotive and electronics industries and the execution of new projects contributed to the fast top-line growth.

### Margins pressured by the strong Swiss franc

With an EBITA margin of 15.4%, the segment achieved an attractive level of profitability. Compared to the prior-year period, however, the margin was 300 basis points lower. This significant contraction is a direct consequence of the stronger Swiss franc.

The Automotive and Industrial divisions supply their European customers primarily from their three factories located in Switzerland. Prices for these customers are quoted almost exclusively in euro whereas most of the operating expenses are incurred in Swiss francs. Foreign-exchange transaction effects and one-off effects on net current assets had a correspondingly negative impact.

Excluding the currency effects, profitability was considerably higher compared to the prior year.

In the Engineered Components segment, SFS partners with customers to develop and manufacture customized precision components, fastening solutions and assemblies. Tailor-made solutions create value added for customers by enhancing application performance, for example, and improving their overall competitiveness. Besides the applications knowledge, technical expertise on the manufacturing side is also imperative. The Engineered Components segment consists of three divisions, each focused on specific markets.

### Automotive division New projects on track

New projects for electronic braking systems and valve controls were executed on schedule and the ensuing sales flows were in line with forecasts. Sales from these projects are likely to double from last year's levels and make a substantial contribution to the current year's sales. SFS is confident it can acquire more projects in these areas.

Indo Schöttle's purchase of the machinery assets of a competitor will significantly enhance its production capabilities and set the stage for additional growth.

### Electronics division Good momentum and broader customer base

Besides the initial projects with Chinese smartphone manufacturers, growth momentum was driven by the steady success of long-established customers in the smartphone market. The non-core trading activities experienced surprisingly strong growth compared to the year-ago period. The Electronics division increased its share of components used in smartwatches, which underscores its strong position as a developer and manufacturer of application-specific miniature precision components. Business in hard disk drives was slightly weaker.

### Industrial division Successful ramp-up of production in aircraft business

Growth in this division was primarily driven by the ramp-up of production for the Airbus A350, for which SFS supplies fastening solutions for the cabin interior. Based on current Airbus production plans, A350-related sales are likely to double.

# Fastening Systems

Slightly higher sales despite market challenges

Fastening Systems achieved slightly higher sales on a comparable basis. More projects to improve operating performance were initiated.

## Key figures Fastening Systems

in CHF million (unaudited)	2015 1st half	Change	2014 1st half	2013 1st half
Third party sales	157.9	-5.8%	167.5	161.3
Sales growth comparable		2.5%		
Operating revenue	164.9	-6.7%	176.6	165.5
EBITDA	16.6	-25.3%	22.2	15.4
As a % of operating revenue	10.0		12.6	9.3
EBITA	9.0	-35.9%	14.0	7.4
As a % of operating revenue	5.4		7.9	4.5
Net operating assets	296.4	-9.5%	327.4	337.0
Employees (FTE)	1,756	6.6%	1,648	n/a

## Dynamics subside in mixed market environment

Markets were mixed during the period under review. Demand in North America, Central Europe and Northern Europe remained solid, but there were no material signs of a recovery in Southern Europe. Excluding currency effects, sales rose by 2.5% compared to the strong first half of 2014. Product innovations introduced last year were a major contributor to this growth as they are now starting to generate sales flows.

## Profitability diminished due to currency effects

The significant appreciation of the Swiss franc had a material impact on profitability at Fastening Systems. Its EBITA margin for the first half of 2015 was 5.4% (prior-year period: 7.9%). Excluding the negative currency effects on the Swiss business and upon translation of the financial results of foreign operations into Swiss francs, the EBITA margin would have been at 8.1%.

SFS offers customers proprietary mechanical fastening solutions under the SFS intec and GESIPA brands in its Fastening Systems segment. The segment creates added value for customers with its application-specific fasteners and specially designed installation tools, by making the fastening process faster, safer and more ergonomic. The Fastening Systems segment consists of the Construction and Riveting divisions.

## Construction Division

### Improvement of production and logistics structure

The operating performance of the Construction division is being steadfastly improved. Besides sharpening the focus of its production strategy, two other priority projects are the simplification of the division's operating structures and the regional centralization of its warehouses and logistics centers.

For example, finishing and assembly operations previously based in Switzerland will be transferred to the Czech Republic. The new setup will improve the division's response times and competitive cost position. Important product innovations such as Isoweld (fastening systems for flat roofs) and the JBD-L (window mounting systems) were also launched to enhance the division's market position and innovative profile.

## Riveting division

### New projects successfully launched

Clearly above-average growth was achieved by the Riveting division in its North American and Asian markets. This growth was supported by the successful ramp-up of projects in the auto sector and the acquisition of new customers.

Ongoing projects designed to increase productivity and harness synergies are of considerable importance. For example, ERP applications from SAP are now being introduced at all Riveting locations, after having already been rolled out at SFS Group's other four divisions.



# Distribution & Logistics

Technology leader for C class supply logistics

The immediate pass-through of lower procurement costs to customers led to a reduction in sales and margins. Technology leadership in logistics for C class parts was strengthened.

## Key figures Distribution & Logistics

in CHF million (unaudited)	2015 1st half	Change	2014 1st half	2013 1st half
Third party sales	154.5	-4.7%	162.2	169.0
Sales growth comparable		-5.5%		
Operating revenue	157.2	-5.1%	165.7	172.1
EBITDA	11.7	-35.2%	18.0	16.2
As a % of operating revenue	7.4		10.9	9.4
EBITA	7.8	-45.0%	14.2	11.8
As a % of operating revenue	5.0		8.6	6.9
Net operating assets	164.3	2.8%	159.8	182.8
Employees (FTE)	642	3.7%	619	n/a

## Cost savings passed on to customers

SFS unimarket, which operates solely in Switzerland reacted quickly to the new forex situation and adjusted its prices accordingly. Nevertheless, customers changed their ordering activity and drew down their inventories. The sharp downturn in Switzerland's economic growth had not been anticipated and it also had an impact on SFS unimarket. On a like-for-like basis, sales declined by 5.5%. Currency-induced price markdowns reduced sales by an additional 4.2% while the acquisition of Thomas Minder Holding AG added 5% to sales growth at Distribution & Logistics.

## Margins pressured by currency-induced price markdowns

Currency effects lowered the EBITA margin from 8.6% in the prior period to 5.0% for the period under review. Excluding this effect, the EBITA margin was virtually stable.

Distribution & Logistics offers market-oriented products (fastening technology, tools and architectural hardware) and innovative logistics solutions with significant customer benefit under the motto "fast, simple, reliable." Under the SFS unimarket brand, Distribution & Logistics is a leading supplier and services partner for manufacturers, the skilled trades, construction companies, specialty retailers, wholesalers, and hardware & home improvement stores in Switzerland.

## Market position strengthened

With the acquisition of Thomas Minder Holding AG and its subsidiary Allchemet AG at the beginning of 2015, the Distribution & Logistics segment strengthened its presence in the Swiss specialty trade and hardware and home improvement markets. Distribution & Logistics will open a new HandwerkStadt site at its Hinwil location in the third quarter of 2015.

## M2M by SFS underscores technology leadership

The acronym M2M (machine to machine) stands for the automatic exchange of information between machines and handheld devices – in the case of C class logistics, information is exchanged between warehouse infrastructure, mobile field devices and ERP systems.

In addition to the ongoing development of the innovative turnLOG® logistics solution, peripheral systems were developed and the integration of mobile devices enabled. This new M2M product generation cements SFS unimarket's position as technology leader in this field.

Customized logistics concepts create value for customers in terms of reduced process costs, warehouse costs and supply availability.

# Consolidated balance sheet

<b>Assets</b> in CHF million	Notes	<b>30.6.2015</b> <b>(unaudited)</b>	31.12.2014 (audited)
Cash and cash equivalents		121.2	138.3
Trade receivables		248.3	268.3
Other receivables		33.2	33.2
Inventories		256.9	273.2
<b>Current assets</b>		<b>659.6</b>	<b>713.0</b>
Property, plant and equipment		559.9	590.5
Intangible assets	11	827.9	908.7
Financial assets		8.9	0.7
Investments in associates		14.8	13.8
Deferred income tax assets		20.6	19.4
<b>Non-current assets</b>		<b>1,432.1</b>	<b>1,533.1</b>
<b>Assets</b>		<b>2,091.7</b>	<b>2,246.1</b>

<b>Liabilities and equity</b> in CHF million	Notes	<b>30.6.2015</b> <b>(unaudited)</b>	31.12.2014 (audited)
Trade payables		70.7	118.4
Current income tax liabilities		21.5	24.3
Other payables		99.4	87.4
Current borrowings		15.6	38.2
<b>Current liabilities</b>		<b>207.2</b>	<b>268.3</b>
Non-current borrowings		56.2	12.4
Deferred income tax liabilities		105.7	119.5
Provisions	13	51.5	40.9
<b>Non-current liabilities</b>		<b>213.4</b>	<b>172.8</b>
<b>Liabilities</b>		<b>420.6</b>	<b>441.1</b>
Share capital		3.8	3.8
Reserves		1,657.9	1,789.9
Equity attributable to SFS		1,661.7	1,793.7
Non-controlling interests		9.4	11.3
<b>Total equity</b>		<b>1,671.1</b>	<b>1,805.0</b>
<b>Liabilities and equity</b>		<b>2,091.7</b>	<b>2,246.1</b>

The notes on pages 14 to 18 are an integral part of this half year financial report as of 30 June 2015.

# Consolidated income statement

in CHF million (unaudited)		<b>2015 1st half</b>	2014 1st half
<b>Net sales</b>	7	<b>663.7</b>	<b>645.2</b>
Change in work in progress and finished goods		0.8	6.4
<b>Operating revenue</b>		<b>664.5</b>	<b>651.6</b>
Material expenses		-261.1	-239.8
Other operating income		7.4	6.3
<b>Contribution margin</b>		<b>410.8</b>	<b>418.1</b>
Personnel expenses		-198.0	-189.3
Other operating expenses		-103.3	-103.6
Depreciation		-39.1	-36.4
Amortization of intangible assets		-28.3	-25.4
<b>Total operating expenses</b>		<b>-368.7</b>	<b>-354.7</b>
<b>Operating profit (EBIT)</b>		<b>42.1</b>	<b>63.4</b>
Finance expense		-1.5	-6.3
Finance income		-1.0	1.5
Share of profit / (loss) from related entities		0.3	0.7
<b>Earnings before tax</b>		<b>39.9</b>	<b>59.3</b>
Income taxes	8	-8.1	-13.5
<b>Net income</b>		<b>31.8</b>	<b>45.8</b>
Attributable to owners of SFS Group AG		31.7	45.8
Attributable to non-controlling interests		0.1	-
<b>Earnings per share</b> of the owners of SFS Group AG (in CHF) basic and diluted	10	<b>0.85</b>	<b>1.34</b>

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# Consolidated statement of comprehensive income

in CHF million (unaudited)	Notes	2015 1st half	2014 1st half
Net income		31.8	45.8
<b>Items that will not be reclassified to profit and loss</b>			
Actuarial gains / (losses) on defined benefit plans	13	-10.0	-9.6
Tax effect defined benefit plans		1.7	0.8
<b>Items that may be subsequently reclassified to profit and loss</b>			
Currency translation adjustments (CTA)		-100.4	-1.7
Cash flow hedges		0.4	-0.2
Tax effect on cash flow hedges		-	-
<b>Comprehensive income</b>		<b>-76.5</b>	<b>35.1</b>
Attributable to owners of SFS Group AG		-75.7	35.1
Attributable to non-controlling interests		-0.8	-

# Consolidated statement of changes in equity

in CHF million	Notes	Share capital	Reserves	Attributable to owners of SFS Group	Non controlling interests	Total
Balance at 1.1.2014		3.2	1,328.8	1,332.0	4.4	1,336.4
Comprehensive income 1st half 2014		-	35.1	35.1	-	35.1
Dividends for 2013		-	-32.4	-32.4	-	-32.4
Capital increase		0.6	310.7	311.3	-	311.3
Balance at 30.6.2014 (unaudited)		3.8	1,642.2	1,646.0	4.4	1,650.4
Comprehensive income 2nd half 2014		-	147.7	147.7	0.7	148.4
Changes minorities		-	-	-	6.2	6.2
Balance at 31.12.2014		3.8	1,789.9	1,793.7	11.3	1,805.0
Comprehensive income 1st half 2015		-	-75.7	-75.7	-0.8	-76.5
Dividends for 2014	9	-	-56.3	-56.3	-1.1	-57.4
<b>Balance at 30.6.2015 (unaudited)</b>		<b>3.8</b>	<b>1,657.9</b>	<b>1,661.7</b>	<b>9.4</b>	<b>1,671.1</b>

The notes on pages 14 to 18 are an integral part of this half year financial report as of 30 June 2015.

# Condensed consolidated cash flow statement

in CHF million (unaudited)	Notes	<b>2015 1st half</b>	2014 1st half
Cash flow before changes in net working capital		91.2	100.3
Changes in net working capital		-14.8	-22.2
<b>Cash flow from operating activities</b>		<b>76.4</b>	<b>78.1</b>
Purchase of property, plant, equipment and software		-38.0	-38.7
Proceeds from sale of assets		1.6	1.4
Net outflow from investments	12	-7.5	-11.3
Proceeds / purchase of marketable securities net		0.4	0.7
<b>Cash flow from investing activities</b>		<b>-43.5</b>	<b>-47.9</b>
Capital increase net		-	311.3
Proceeds from / repayment of borrowings net		14.9	-103.6
Dividends paid to the shareholders	9	-57.4	-32.4
<b>Cash flow from financing activities</b>		<b>-42.5</b>	<b>175.3</b>
Translation adjustment on cash and cash equivalents		-7.5	-0.6
<b>Changes in cash and cash equivalents</b>		<b>-17.1</b>	<b>204.9</b>
Cash and cash equivalents at beginning of period		138.3	217.4
<b>Cash and cash equivalents at end of period</b>		<b>121.2</b>	<b>422.3</b>

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# Notes

## 1 General information

SFS Group is a global development, manufacturing and supply partner for customized precision cold formed parts, special fasteners and assemblies as well as tailor-made logistic solutions which are marketed under the brand names SFS intec, Unisteel, GESIPA and SFS unimarket.

The parent company SFS Group AG is a limited company according to Swiss law, incorporated and domiciled in Heerbrugg, municipality of Au/SG, Switzerland. It is listed on the SIX Swiss Stock Exchange AG in Zurich with the security code number 23.922.930 / ISIN: CH 023 922 930 2 and the security code symbol SFSN.

## 2 Summary of significant accounting policies

This consolidated and condensed half year financial report has been prepared according to the International Accounting Standard IAS 34 (Interim Financial Reporting). It is to be considered in conjunction with the consolidated financial report 2014 and has been prepared by using the same accounting and valuation methods.

## 3 New IFRSs / IASs adopted

With effect of 1 January 2015, no new International Financial Reporting Standards (IFRS) have been adopted. However, small adjustments to IFRSs/IASs and interpretations have been introduced.

None of the amendments and interpretations have a significant impact on the consolidated half year financial report of the SFS Group.

## 4 Accounting estimates and financial risk management

Recognized critical accounting estimates and judgments as well as the financial risk management used in the financial report 2014 have been continued unchanged in the first half of the year 2015. Similarly, there are no material changes in the financial risk and the levels of the fair value estimation.

## 5 Seasonality and other effects

Due to seasonal variations in the segments usually higher net sales and a slightly higher operating profit can be achieved in the second half of the year.

We expect the strongest characteristics in the end user markets electronic industry and construction sector. In the electronic industry, usually new products of important end customers will be launched as well as higher sales due to the holiday season can be realized. The construction sector benefits generally from seasonally strong fall months. In the other end markets sales are more balanced throughout the year.

## 6 Segment information

The SFS Group is divided into the three segments Engineered Components, Fastening Systems and Distribution & Logistics.

The monitoring and assessment of the financial results and the valuation of the assets are in line with the same principles as in the financial report 2014.

### Engineered Components

The Engineered Components segment is a global developer, manufacturer and supplier of precision formed components, engineered fasteners and assemblies.

### Fastening Systems

The segment Fastening Systems combines the principles of threaded fastening and riveting technologies.

### Distribution & Logistics

The Distribution & Logistics segment is a leading national supply partner for fasteners, tools and architectural hardware in Switzerland and the neighboring countries.

### Other

In addition to the elimination of inter-company transactions, the column "Other" contains figures relating to the crossfunctions Technology and Services.

1st half 2015 in CHF million	Engineered Components	Fastening Systems	Distribution & Logistics	Total Segments	Other	Total SFS Group
<b>Third party sales</b>	<b>358.0</b>	<b>157.9</b>	<b>154.5</b>	<b>670.4</b>	-	<b>670.4</b>
Inter-segment	9.9	7.5	2.2	19.6	-19.6	-
Gross sales	367.9	165.4	156.7	690.0	-19.6	670.4
<b>Operating revenue</b>	<b>362.2</b>	<b>164.9</b>	<b>157.2</b>	<b>684.3</b>	<b>-19.8</b>	<b>664.5</b>
<b>EBITDA</b>	<b>81.2</b>	<b>16.6</b>	<b>11.7</b>	<b>109.5</b>	-	<b>109.5</b>
- Depreciation	-25.6	-7.6	-3.9	-37.1	-2.0	-39.1
<b>EBITA</b>	<b>55.6</b>	<b>9.0</b>	<b>7.8</b>	<b>72.4</b>	<b>-2.0</b>	<b>70.4</b>
- Amortization	-23.7	-3.0	-0.4	-27.1	-1.2	-28.3
<b>Operating profit (EBIT)</b>	<b>31.9</b>	<b>6.0</b>	<b>7.4</b>	<b>45.3</b>	<b>-3.2</b>	<b>42.1</b>
<b>Investments</b>	<b>26.7</b>	<b>9.8</b>	<b>1.0</b>	<b>37.5</b>	<b>0.5</b>	<b>38.0</b>
Assets	1,349.8	328.3	185.9	1,864.0	49.6	1,913.6
Liabilities	106.8	31.9	21.6	160.3	16.1	176.4
<b>Net operating assets 30.6.2015</b>	<b>1,243.0</b>	<b>296.4</b>	<b>164.3</b>	<b>1,703.7</b>	<b>33.5</b>	<b>1,737.2</b>
Of which net working capital	224.7	115.3	99.6	439.6	-5.1	434.5

1st half 2014 in CHF million	Engineered Components	Fastening Systems	Distribution & Logistics	Total Segments	Other	Total SFS Group
<b>Third party sales</b>	<b>315.5</b>	<b>167.5</b>	<b>162.2</b>	<b>645.2</b>	-	<b>645.2</b>
Inter-segment	9.4	8.0	2.7	20.1	-20.1	-
Gross sales	324.9	175.5	164.9	665.3	-20.1	645.2
<b>Operating revenue</b>	<b>329.4</b>	<b>176.6</b>	<b>165.7</b>	<b>671.7</b>	<b>-20.1</b>	<b>651.6</b>
<b>EBITDA</b>	<b>83.1</b>	<b>22.2</b>	<b>18.0</b>	<b>123.3</b>	<b>1.9</b>	<b>125.2</b>
- Depreciation	-22.5	-8.2	-3.8	-34.5	-1.9	-36.4
<b>EBITA</b>	<b>60.6</b>	<b>14.0</b>	<b>14.2</b>	<b>88.8</b>	-	<b>88.8</b>
- Amortization	-20.2	-3.7	-	-23.9	-1.5	-25.4
<b>Operating profit (EBIT)</b>	<b>40.4</b>	<b>10.3</b>	<b>14.2</b>	<b>64.9</b>	<b>-1.5</b>	<b>63.4</b>
<b>Investments</b>	<b>27.3</b>	<b>8.8</b>	<b>1.2</b>	<b>37.3</b>	<b>1.4</b>	<b>38.7</b>
Assets	1,254.7	359.3	183.8	1,797.8	48.8	1,846.6
Liabilities	88.7	31.9	24.0	144.6	19.8	164.4
<b>Net operating assets 30.6.2014</b>	<b>1,166.0</b>	<b>327.4</b>	<b>159.8</b>	<b>1,653.2</b>	<b>29.0</b>	<b>1,682.2</b>
Of which net working capital	201.4	124.5	97.1	423.0	-4.7	418.3
Assets	1,480.4	351.0	169.6	2,001.0	59.1	2,060.1
Liabilities	154.3	33.4	23.0	210.7	27.2	237.9
<b>Net operating assets 31.12.2014</b>	<b>1,326.1</b>	<b>317.6</b>	<b>146.6</b>	<b>1,790.3</b>	<b>31.9</b>	<b>1,822.2</b>
Of which net working capital	234.7	114.0	84.9	433.6	-10.5	423.1

Sales to third parties (third party sales gross) constitutes a key performance metric for management.

## Reconciliation of segment results to income statement and balance sheet

Income statement in CHF million	<b>2015</b> <b>1st half</b>	2014 1st half
<b>Operating profit (EBIT)</b>	<b>42.1</b>	<b>63.4</b>
Financial result	-2.5	-4.8
Share of profit / (loss) of associates	0.3	0.7
<b>Earnings before tax</b>	<b>39.9</b>	<b>59.3</b>

Assets in CHF million	<b>30.6.2015</b>	31.12.2014
<b>Operating assets</b>	<b>1,913.6</b>	<b>2,060.1</b>
+ Cash and cash equivalents	121.2	138.3
+ Other receivables	33.2	33.2
+ Investments in associates	14.8	13.8
+ Financial assets	8.9	0.7
<b>Assets</b>	<b>2,091.7</b>	<b>2,246.1</b>

Liabilities and equity in CHF million	<b>30.6.2015</b>	31.12.2014
<b>Operating liabilities</b>	<b>176.4</b>	<b>237.9</b>
+ Current income tax liabilities	21.5	24.3
+ Other payables	99.4	87.4
+ Current borrowings	15.6	38.2
+ Non-current borrowings	56.2	12.4
+ Provisions	51.5	40.9
<b>Liabilities</b>	<b>420.6</b>	<b>441.1</b>
<b>Equity (Net assets)</b>	<b>1,671.1</b>	<b>1,805.0</b>

Customers with sales amounting to more than 10% of total gross sales to third parties

During the reporting period the SFS Group had sales in an amount of CHF 69.7 million to a customer within the segment Engineered Components, representing 10.4% of total gross sales which is above the reportable threshold of 10% (first half 2014: none).



## 7 Net sales

in CHF million	2015 1st half	2014 1st half
Gross sales	670.4	645.2
Transportation charged	3.7	3.9
Exchange differences	-7.1	-0.5
Discounts	-3.3	-3.4
<b>Total</b>	<b>663.7</b>	<b>645.2</b>

## 8 Income Taxes

In the financial report the income taxes have been recorded on the basis of local tax rates. There have been no significant changes in the tax rates within the first half of 2015.

## 9 Dividend

The dividend distribution for fiscal year 2014 of CHF 1.50 per share was approved at the annual general meeting and paid out in the total amount of CHF 56.3 million in May 2015.

## 10 Earnings per SFS share and shareholder's structure

	2015 1st half	2014 1st half
Weighted average numbers of shares	37,500,000	34,128,333
Net income in CHF million	31.8	45.8
<b>Earnings per share</b> (in CHF) basic and diluted	<b>0.85</b>	<b>1.34</b>

Shareholders' structure as of 30.6.2015	in %	Shareholders
Shareholder families Huber and Stadler / Tschan	55.1%	19
Board of Directors and Group Executive Board	1.0%	12
Natural persons	18.6%	6,468
Institutional investors	13.3%	472
Shares pending registration	12.0%	n/a
<b>Total</b>	<b>100.0%</b>	<b>6,971</b>

## 11 Goodwill

SFS Group tests goodwill for impairment in the fourth quarter of the business year. There are no signs for an impairment in this reporting period.

## 12 Changes in scope of consolidation

Acquisitions of subsidiaries in CHF million	2015 1st half	2014 1st half
Inventories	4.3	-
Other current assets	2.8	-
Intangible assets	5.4	-
Other non-current assets	2.2	-
Borrowings	-3.7	-
Other liabilities	-2.7	-
<b>Purchase price</b>	<b>8.3</b>	<b>-</b>
Cash and cash equivalents	-0.8	-
Contingent consideration	-	11.3
<b>Consideration in cash flow statement</b>	<b>7.5</b>	<b>11.3</b>

2015

As of 6 March 2015 the SFS Group acquired 100% of the Thomas Minder Holding AG domiciled in Bäretswil (Switzerland) to strengthen their segment Distribution & Logistics. Thomas Minder Holding AG contributed to total group sales with approximately CHF 8 million in the first six months of 2015. The above presented purchase price allocation (PPA) is provisionally as the final purchase price will depend on the financial result of 2015.

Contrary to the previous year this reporting period 2015 includes the financials of Indo Schöttle Automotive Parts, India.

2014

The contingent consideration of CHF 11.3 million represent a payment related to the acquisition of the Unisteel Technology Group in 2012.

## 13 Swiss pension plan

A reduction of the reference rate by 0.125% to 1.125% for determining the discount rate and the lower than expected return on assets, resulted in an increase of the pension obligation with CHF 10 million in the first half of 2015. The remaining parameters and demographic assumptions have not been adjusted.

## 14 Exchange rates

The major foreign exchange rates of the SFS Group developed as follows:

Income statement average rate	2015 1st half	2014 1st half
1 EUR	1.058	1.221
1 USD	0.947	0.891

Balance sheet closing rate	30.6.2015	31.12.2014
1 EUR	1.040	1.203
1 USD	0.931	0.989

## 15 Events after the reporting period

The Board of Directors has approved this half year financial report on 23 July 2015. There are no events after the balance sheet date that would have a significant impact on this financial report.

# Information for shareholders

The registered shares of the SFS Group AG have been listed on the main board of SIX Swiss Exchange AG since 7 May 2014.

	30.6.2015	31.12.2014
Number of registered shares at the balance sheet date	37,500,000	37,500,000
Number of shares ranking for dividend	37,500,000	37,500,000
Weighted average number of shares	37,500,000	35,814,167
Number of shareholders at the balance sheet date	6,971	6,778
<b>Stock exchange quotation</b> (in CHF)		
Year high in the reporting period	79.00	79.30
Year low in the reporting period	56.90	62.50
End price	67.90	79.10
<b>Share key data</b>		
Earnings per share in CHF	0.85	3.07
Cash earnings per share in CHF	1.45	4.32
Dividend per share in CHF	n/a	1.50
Payout ratio in % of consolidated net income	n/a	51.0
Price / earnings ratio (P / E end price)	n/a	25.8
Cash price / earnings ratio (P / E end price)	n/a	18.3
<b>Market capitalization</b> (end price x number of shares ranking for dividend)		
In CHF million	2,546.3	2,966.3
As a % of net sales	191.8	214.7
As a % of equity	152.4	164.3

Cash earnings per share is derived from the net income before amortization of intangible assets net of deferred taxes divided by the weighted average number of shares. Cash net income amounts to CHF 54.4 million (30.6.2014: CHF 65.4 million).

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ISIN	CH 023 922 930 2
SIX Swiss Exchange AG	SFSN
Reuters	SFSN.S
Bloomberg	SFSN SW
Fact Set	SFSN-CH

## **Half Year Report 30 June 2015**

The Half Year Report is available in German and English. The German language version will be the only legally binding version.

### **Exclusion of liability**

This Half Year Report 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 Half Year Report are subject to such limitations.

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### **Financial calendar**

26 January 2016  
First information on business year 2015

4 March 2016  
Press conference  
Publication business year 2015

20 April 2016  
Annual General Meeting of SFS Group AG

Further information is available on [www.sfs.biz](http://www.sfs.biz) under the section „Investors“.

