



Inventing success together

Presentation 1H 2024 results
Heerbrugg | July 18, 2024

24
1H

Today's speakers

Welcome to the presentation on our 1H 2024 results

Jens Breu, CEO



Christina Burri, representing CFO Volker Dostmann



Agenda

- | | |
|-------------------------------------|-----------------------------|
| 1. Positioning of SFS | Jens Breu |
| 2. Key takeaways | Jens Breu |
| 3. Development of key financials | Christina Burri |
| 4. Development by segment | Jens Breu |
| 5. Guidance 2024 & Group priorities | Jens Breu |
| 6. Q&A | Jens Breu & Christina Burri |

Positioning of SFS

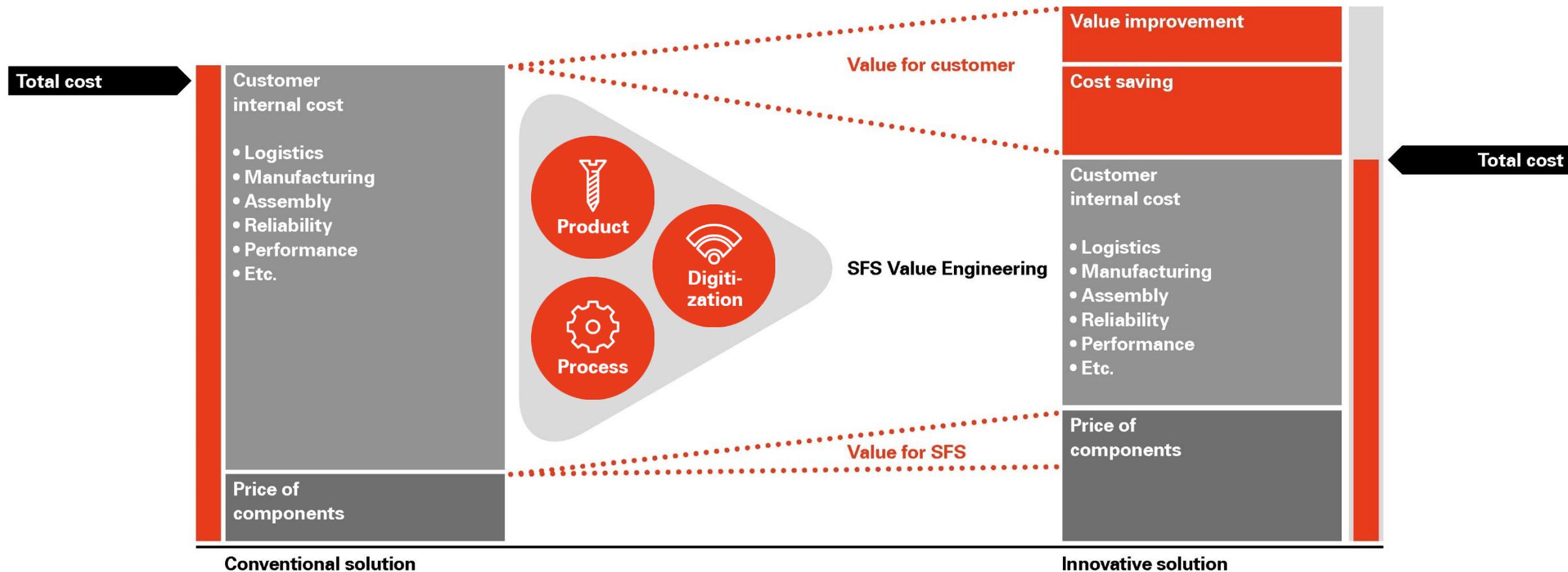
Mission critical products for selected end markets

We are by your side – 24/7



SFS value proposition

Inventing success together



SFS value engineering

Synergies in tooling-based technologies

Engineered Components

Engineering Partner

Development and industrialization of tooling-based, customized precision components and assemblies



SFS

GESIPA

TEGRA
MEDICAL

UNISTEEL

Fastening Systems

Solution Provider

Development and distribution of application-specific tools and fasteners



SFS

Distribution & Logistics

System Partner

Development and trade of tools, fasteners and work equipment



SFS

Hoffmann Group

Global sales & manufacturing platform

Customer proximity supported by local presence

140
locations
in 35
countries



North America

40 Locations
(7 Production sites)

Europe

85 Locations
(20 Production sites)

Asia, others

15 Locations
(5 Production sites)

Key takeaways

Key takeaways

Stable development

- Challenging economic environment in the first half of 2024, marked by inconsistent business performance and inventory reductions in individual end markets
- Total third-party sales (sales) of CHF 1,544.9 million, corresponding to a reduction of –2.3% vs. 1H 2023
 - Currency effects reduced sales growth by –2.4%
 - On a like-for-like basis, slight organic growth of 0.1% realized
- Operating profit (EBIT) of CHF 180.8 m (1H 2023: CHF 189.9 m), influenced by mix effects and uneven capacity utilization. EBIT margin amounts to 11.7%.
- Key projects and investments continuously driven forward
 - Ramp-up precision components/assemblies for electric brake systems in Heerbrugg (CH) and Medina (USA)
 - Completion of second expansion phase at the location in Nantong (CN)
 - Acquisition of land suitable for building a larger site in India to expand the local manufacturing platform
- Ongoing high commitment to advancing ESG measures. CO₂ emissions further significantly reduced thanks to increased share of purchased renewable energy
- Updated SFS Group guidance for the 2024 financial year

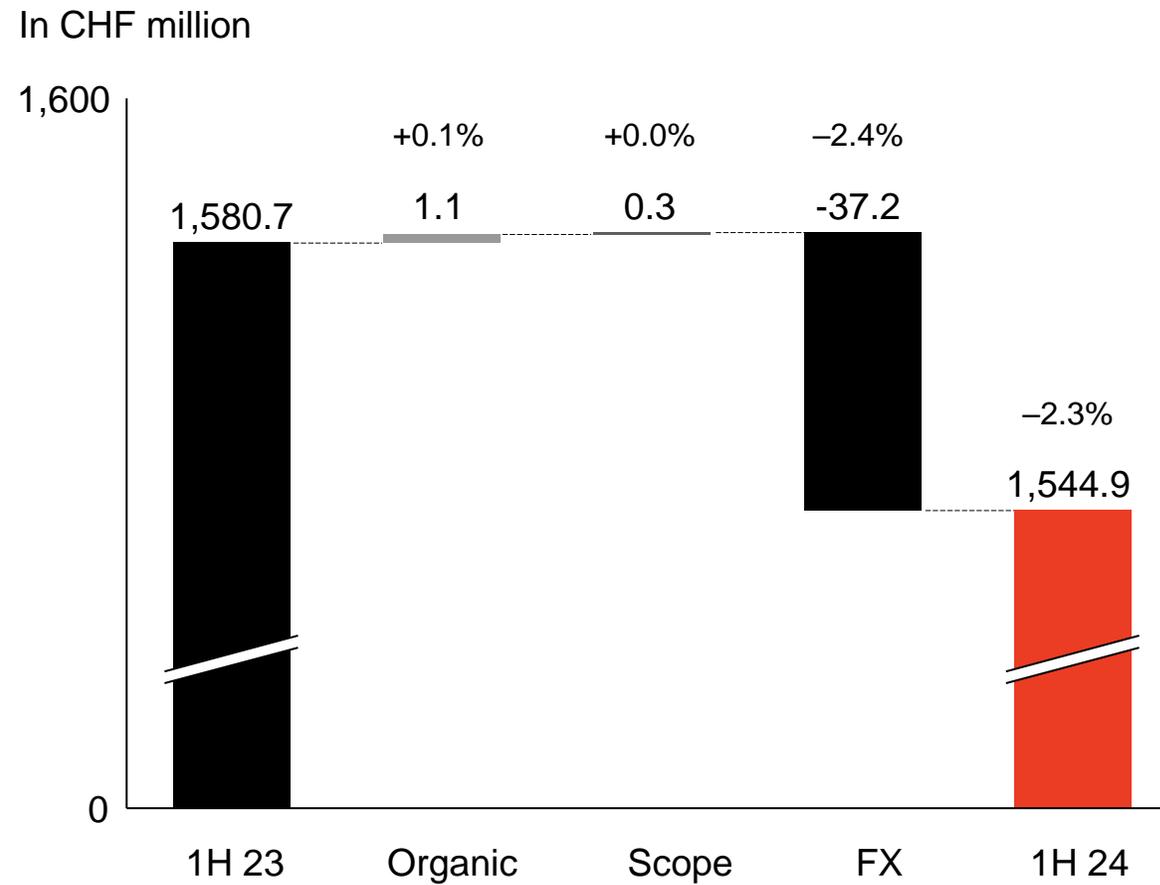
Development of key financials

Third-party sales bridge

Slight organic sales growth

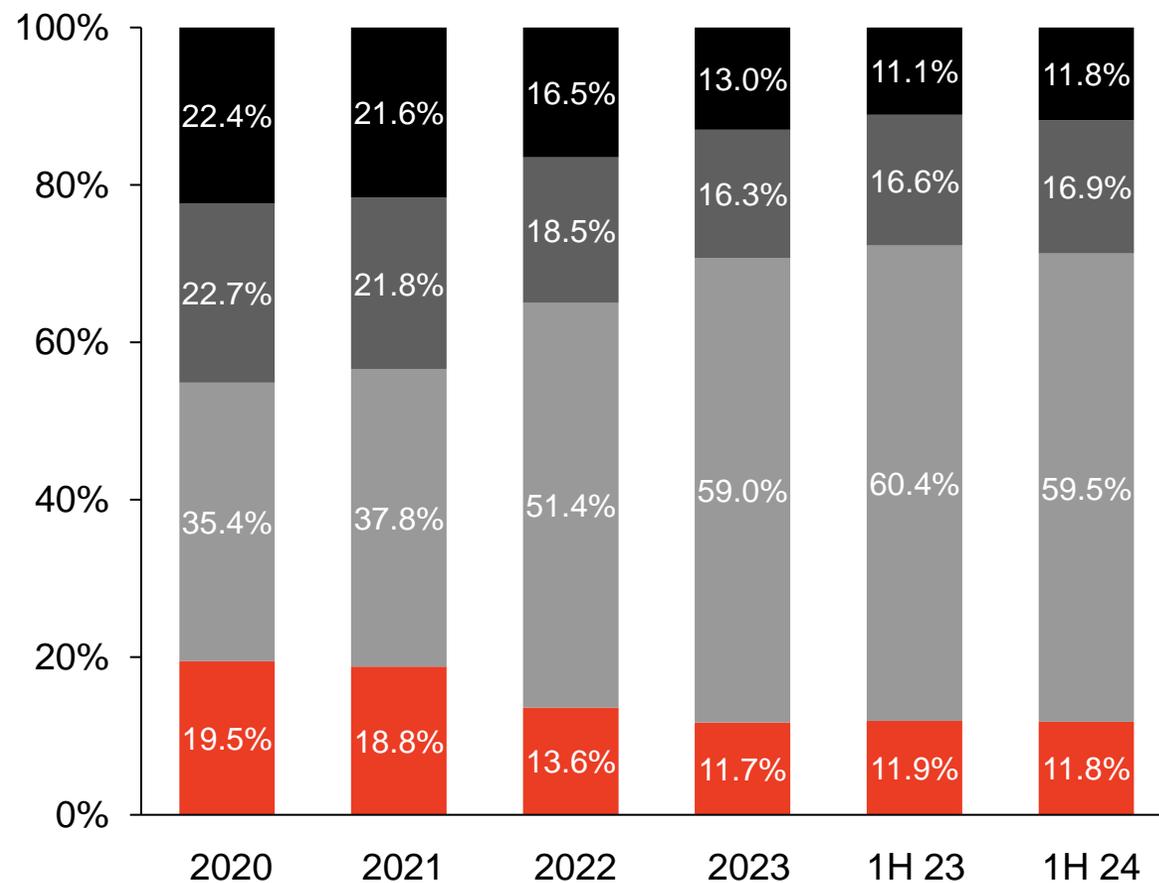
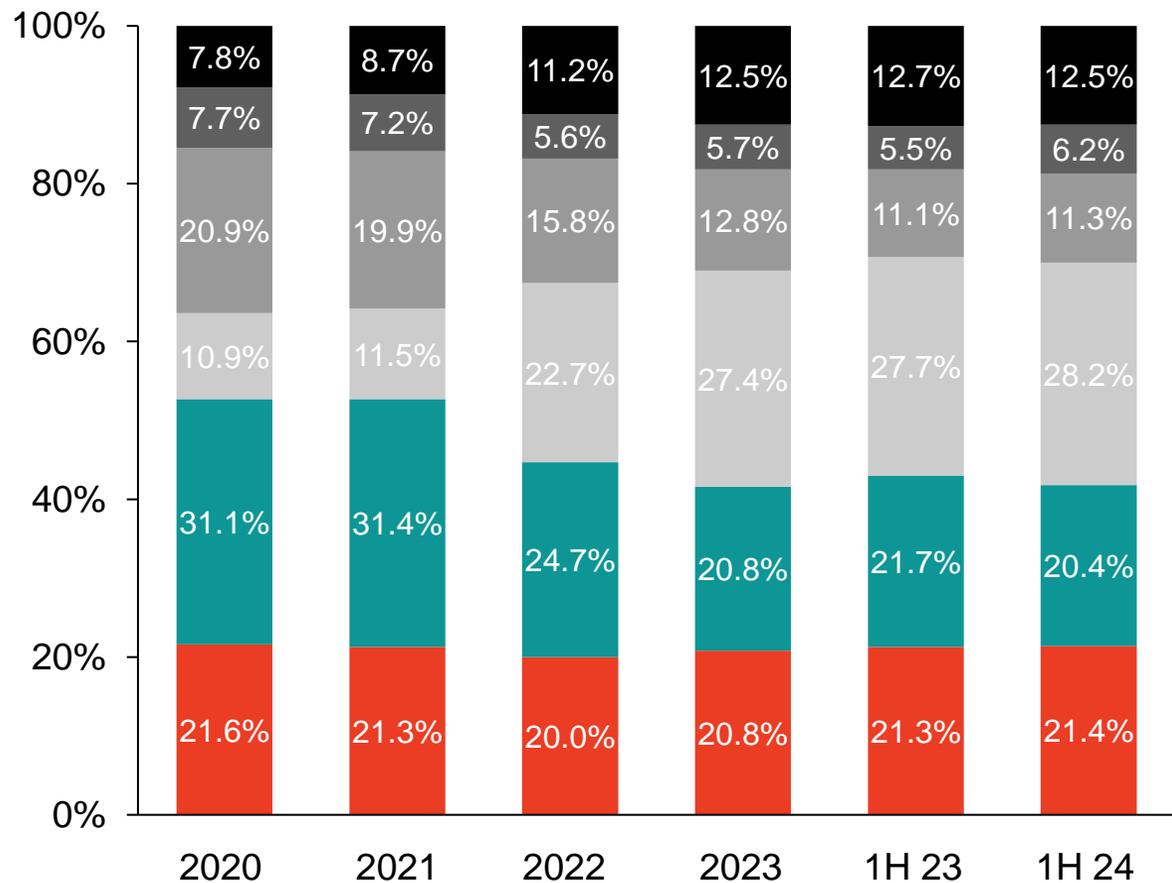
Organic growth ¹	1H 2024 CHF million	1H 2024 %	1H 2023 %
EC segment	26	4.8%	-4.3%
FS segment	-21	-7.7%	4.2%
D&L segment	-4	-0.5%	4.8%

- Recovery in EC segment driven by all divisions
- Slow-down in market demand in FS and D&L segments
- FX-effects still negative on a YTD basis
- Positive scope effect from acquisition of Etanco



Sales breakdown by end market and region

Growth in EC end markets, recovery in Asia



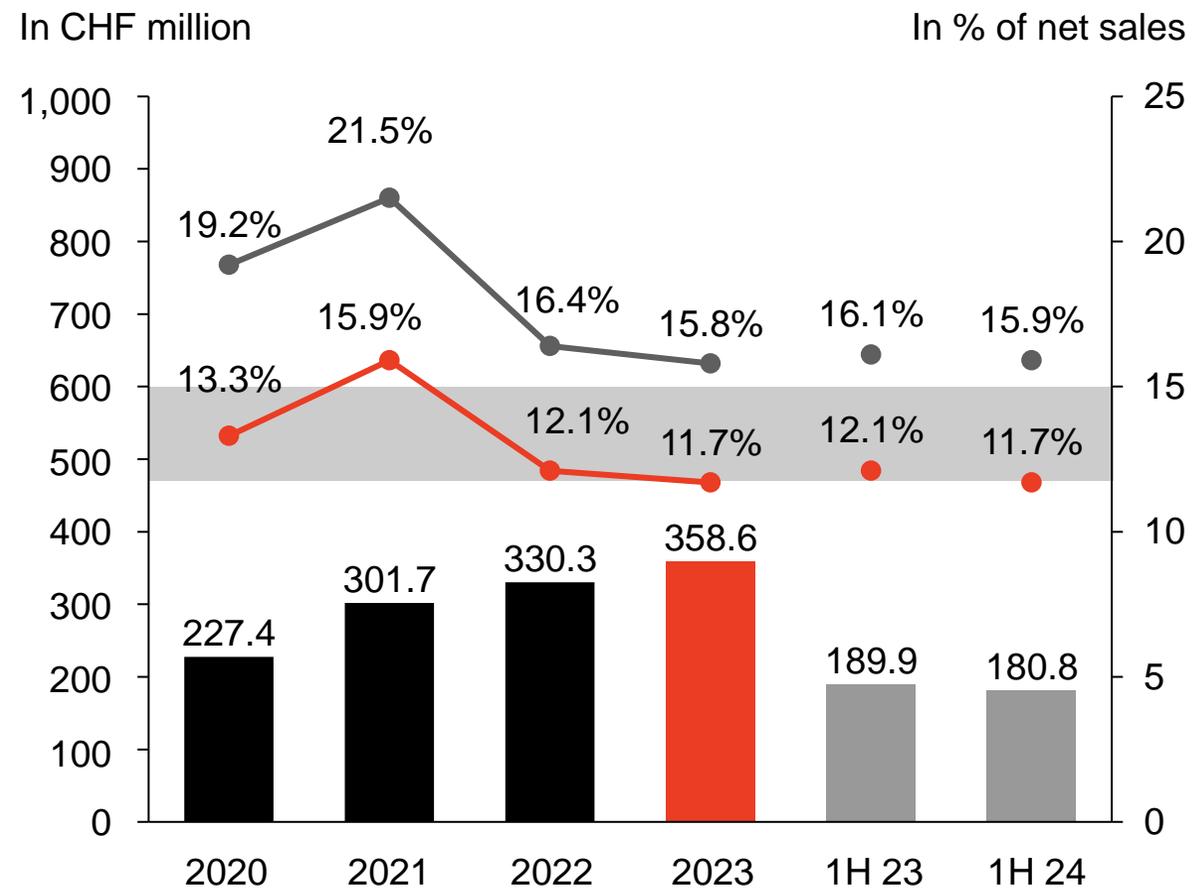
Other industries
 Electrical and electronics industry
 Construction industry
 Medical device industry
 Industrial Manufacturing
 Automotive industry

Asia, others
 America
 Europe
 Switzerland

Operating profitability

EBIT margin at previous year level

- Recovery in profitability in EC segment
- Capacity utilization impacting profitability of FS and D&L segments



Expectations met

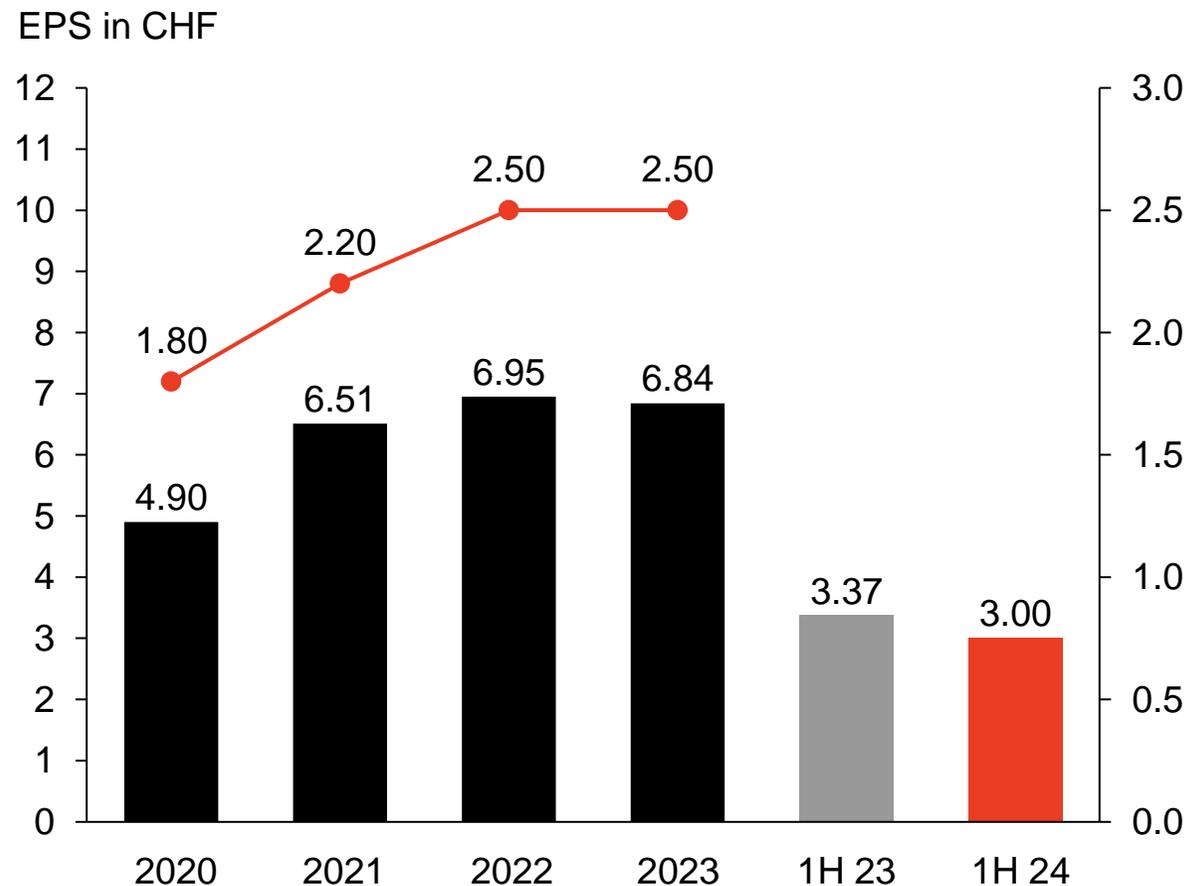
Profitability influenced by mix effects

In CHF million	1H 2024	%	1H 2023	%	+/- PY
Net sales	1,543.5	100.0%	1,573.7	100.0%	-1.9%
Contribution margin	904.3	58.6%	909.8	57.8%	-0.6%
Personnel expenses	-433.1	-28.1%	-420.9	-26.8%	
Other OPEX	-225.4	-14.6%	-235.8	-14.9%	
EBITDA	245.8	15.9%	253.1	16.1%	-2.9%
Depreciation & Amortization	-65.0	-4.2%	-63.2	-4.0%	
Operating profit (EBIT)	180.8	11.7%	189.9	12.1%	-4.8%
Financial result	-23.1	-1.5%	-8.4	-0.5%	
Income taxes	-40.4		-47.0		
Effective tax rate	25.6%		25.9%		
Net income	117.3	7.6%	134.5	8.5%	-12.8%

Earnings per share (EPS)

EPS with negative development

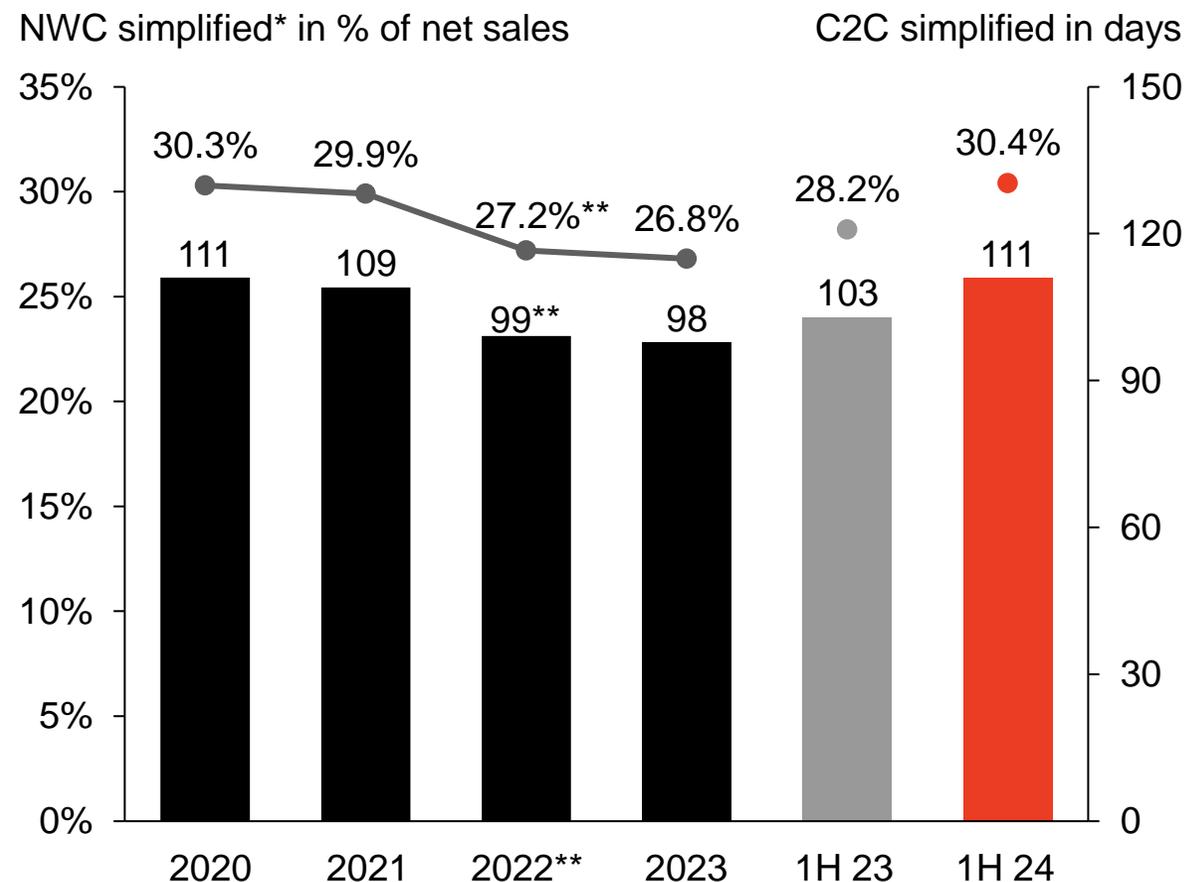
- Net income attributable to SFS (Nominator) -11.0%
- Weighted average number of outstanding shares (Denominator) -0.0%
- Overall EPS -11.0%
- Decrease in net income mainly driven by lower operating profit (EBIT) and a lower financial result



Net working capital

FX-impact and usual seasonal influences

- Overall slight increase in inventory due to EC segment ramp-ups
- Significant increase in NWC (especially account receivables) compared to December 2023 triggered by FX-rate development
- Seasonal high balances of accounts receivable due to usually higher sales compared to year-end
- Increase in NWC compared to 1H 23 mainly driven by the termination of the ABCP program in the D&L segment

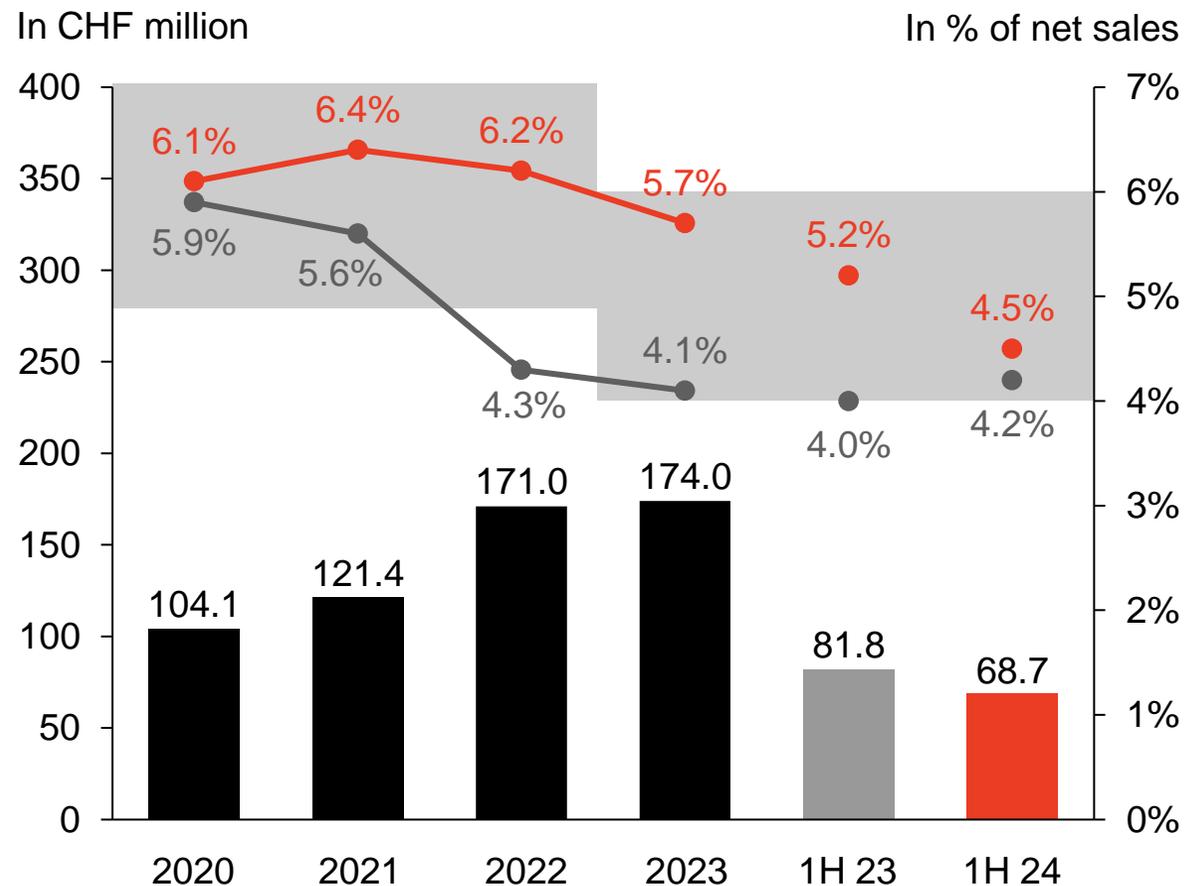


Capital expenditure

Investing – Focus on defined areas of growth

CAPEX spending by segment	1H 2024 %	1H 2023 %
EC	71	73
FS	12	12
D&L	11	10

- Continued CAPEX within target range of 4–6% of net sales
- Significant share of CAPEX in EC segment stemming from:
 - Ball Screw Drive (BSD) machinery in Heerbrugg
 - Building project Tegra Medical in Costa Rica
 - Capacity expansion in Nantong



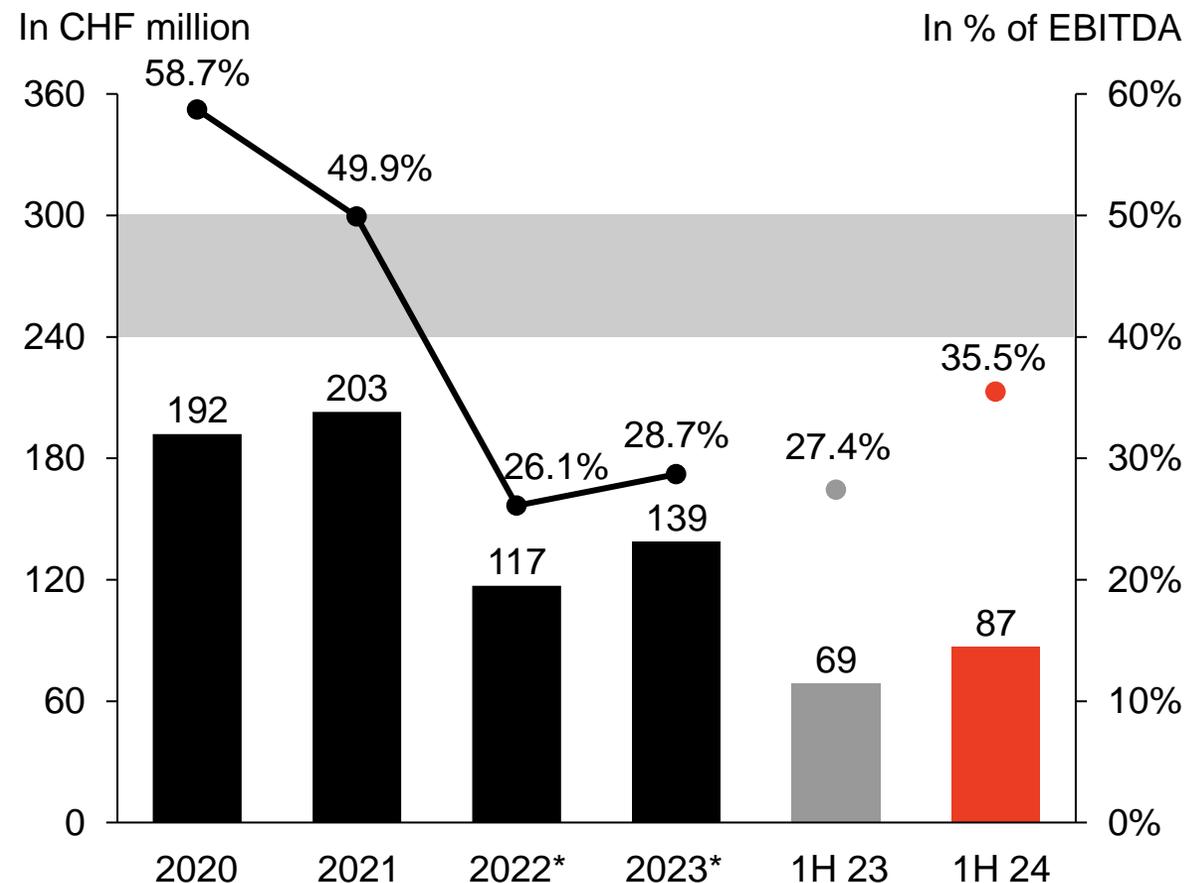
Operating free cash flow (OFCF)

Recovery to past performance ongoing

In CHF million	1H 2024	1H 2023
CF before changes in NWC	199	202
Changes in NWC	-43	-51
Cash flow from operations	156	151
CAPEX	-69	-82
Operating free cash flow	87	69

- Improved NWC management and lower CAPEX leading to higher OFCF
- Cash conversion (OFCF/EBITDA) reported rate at 35.5%

* OFCF impacted by Hoffmann integration/CAPEX

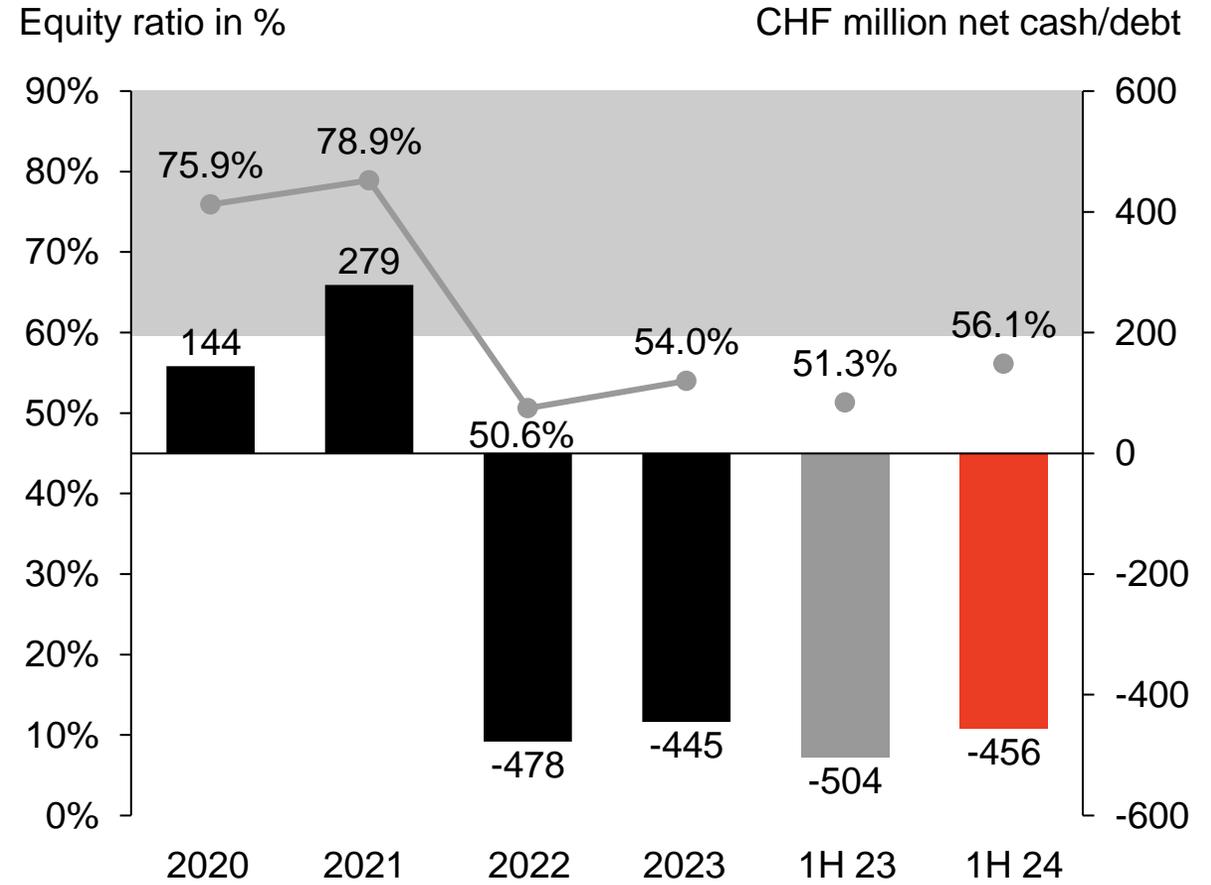


Balance sheet ratios

Equity ratio increasing according to plan

- Important factors for net debt development:
 - Improved generation of operating free cash flow
 - Dividend payment in first half-year
- Bond maturity is 2025/2027 (CHF 250 m/CHF 150 m)
- Unused credit lines grant financial flexibility going forward
- Cross currency swap on CHF bond to EUR with negative effect on equity in 1H 2024

In CHF million	1H 2024	2023
Market value CCS	42.5	50.3



Return on capital

ROCE remains on 2023 year-end level

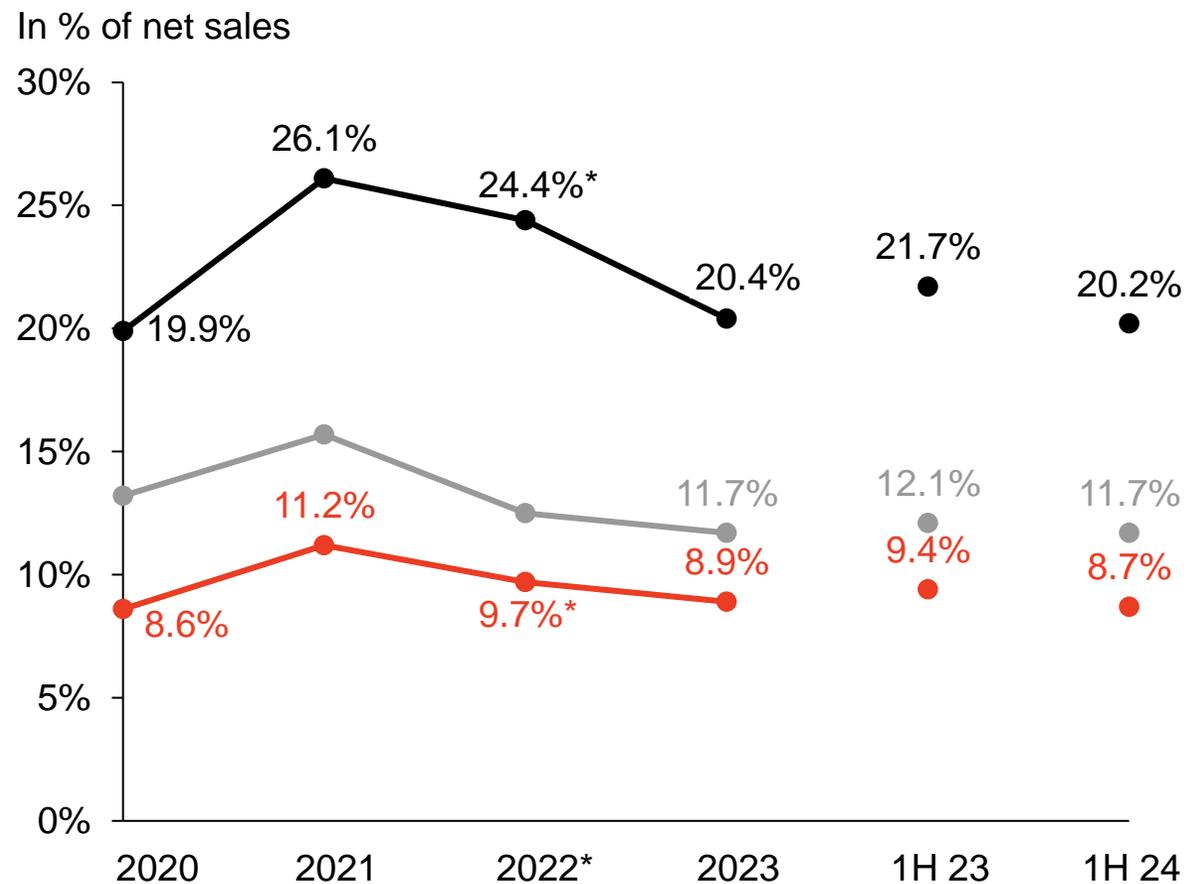
- Bridge ROCE to ROIC
 - Impact from goodwill and net cash: -8.0%
 - Impact from tax effects: -3.5%

$$\text{ROCE} = \frac{\text{Adjusted EBIT}}{\text{Ø Capital Employed (CE)}}$$

Ø CE = Working capital less cash plus tangible and intangible assets less def. tax and provisions

$$\text{ROIC} = \frac{\text{Adjusted EBIT} - \text{Tax Rate } 17.5\%}{\text{Invested Capital (IC)}}$$

IC = Equity before goodwill offset less net cash/plus net debt



KPI summary

In challenging environment

In CHF million		1H 2024	%	1H 2023	%	+/- PY
Third-party sales		1,544.9		1,580.7		
Net sales		1,543.5		1,573.7		
EBITDA	Margin	245.8	15.9%	253.1	16.1%	-20 bps
EBIT	Margin	180.8	11.7%	189.9	12.1%	-40 bps
EBIT adj.	Margin adj.	180.8	11.7%	189.9	12.1%	-40 bps
Net income	Ratio	117.3	7.6%	134.5	8.5%	-90 bps
Equity	Ratio	1,458.3	56.1%	1,319.8	51.3%	+480 bps
Net cash (+)/debt (-)		-456.0		-504.3		
CAPEX	% net sales	68.7	4.5%	81.8	5.2%	-70 bps
Operating FCF	Conversion rate	87.2	35.5%	69.4	27.4%	+810 bps
ROCE		20.2%		21.7%		-150 bps
EPS		3.00		3.37		

Development by segment

Headlines Engineered Components segment

Low point passed

- Reported sales of CHF 549.9 million, +2.1% vs. 1H 2023
- EBIT margin of 14.0% confirms positive development
- Major application areas all with good performance
- Automotive division continued to outgrow market as a whole, ramp-up precision components/assemblies for electric brake systems develops according to plan
- New capacities in Nantong used for producing stamped precision components for the electronics industry
- Riveting became part of EC as of January 1, 2024
- For remainder of the year, continuation of positive development anticipated. On like-for-like basis, improved result for 2024 compared to PY expected.

Key figures Engineered Components in CHF million	2024 1H	+/-%	2023 1H restated ¹	2023 1H reported
Third-party sales	549.9	2.1	538.6	479.0
Sales growth comparable		4.8		
Net sales	551.5	3.9	530.6	469.4
EBITDA	117.9	21.9	96.7	81.5
As a % of net sales	21.4		18.2	17.4
Operating profit (EBIT)	77.4	36.0	56.9	44.2
As a % of net sales	14.0		10.7	9.4
Operating profit (EBIT) adjusted	77.4	36.0	56.9	44.2
As a % of net sales	14.0		10.7	9.4
Average capital employed	910.4	1.7	895.2	815.5
Investments	48.6	-19.1	60.1	59.3
Employees (FTE)	7,547	6.7	7,073	6,554
ROCE (%) ²	17.0		12.7	10.8

¹The previous year's figures were adjusted to the new segment composition for better comparability.

²EBIT adjusted, annualized in % of average capital employed

Headlines Fastening Systems segment

Weaker demand

- Reported sales of CHF 243.8 million, –10.0% vs. 1H 2023
- EBIT margin of 14.6% burdened by lower level of capacity utilization
- Economy weakened by high inflation and interest rates equally in America and Europe, occasionally high inventories across the entire value chain
- Market position in building envelope area in Spain and Portugal strengthened by Etanco acquisition
- Riveting became part of EC as of January 1, 2024
- Inventory corrections in the European and North American construction industry assumed to be largely complete. Slight improvement in the market environment over the course of the year expected.

Key figures Fastening Systems in CHF million	2024 1H	+/-%	2023 1H restated ¹	2023 1H reported
Third-party sales	243.8	–10.0	270.8	330.4
Sales growth comparable		–7.7		
Net sales	248.2	–10.2	276.5	336.7
EBITDA	41.8	–11.4	47.2	62.4
As a % of net sales	16.8		17.1	18.5
Operating profit (EBIT)	36.2	–13.4	41.8	54.5
As a % of net sales	14.6		15.1	16.2
Operating profit (EBIT) adjusted	36.2	–13.4	41.8	54.5
As a % of net sales	14.6		15.1	16.2
Average capital employed	233.1	–7.6	252.4	315.0
Investments	8.4	–5.6	8.9	9.7
Employees (FTE)	1,926	–6.3	2,056	2,576
ROCE (%) ²	31.1		33.1	34.6

¹The previous year's figures were adjusted to the new segment composition for better comparability.

²EBIT adjusted, annualized in % of average capital employed

Headlines Distribution & Logistics segment

Robust positioning

- Reported sales of CHF 751.2 million, –2.6% vs. 1H 2023
- EBIT margin of 9.0% burdened by lower level of capacity utilization
- Continuation of slow-down in market demand that began over the course of 2023, results impacted by weaker economy in nearly all end markets & regions
- Occasionally reductions of the high levels of inventories by customers
- Two years after the transaction with Hoffmann, the integration project was successfully completed
- Inventory corrections in industrial manufacturing assumed not yet to be complete. Development during remainder of the year remains uncertain.

Key figures Distribution & Logistics in CHF million	2024 1H	+/-%	2023 1H
Third-party sales	751.2	–2.6	771.3
Sales growth comparable		–0.5	
Net sales	748.6	–2.3	766.4
EBITDA	83.1	–22.4	107.1
As a % of net sales	11.1		14.0
Operating profit (EBIT)	67.5	–27.3	92.8
As a % of net sales	9.0		12.1
Operating profit (EBIT) adjusted	67.5	–27.3	92.8
As a % of net sales	9.0		12.1
Average capital employed	637.1	5.6	603.3
Investments	7.6	–2.6	7.8
Employees (FTE)	3,813	3.0	3,703
ROCE (%) ¹	21.2		30.8

¹EBIT adjusted, annualized in % of average capital employed

Guidance & Group priorities

Updated guidance 2024

FY 2024 with slight growth and profitability improvement

	2023A	2024G
Gross sales SFS development	CHF 3,090.8 million	Confirm slight growth*
*(in local currencies, incl. scope effects)		
EBIT margin	11.7%	Slight improvement of EBIT margin

This outlook is based on the assumption that there will be no significant deterioration in the underlying economic and geopolitical conditions.

Strategic priorities

Focusing on our main strengths

Diversification

-
- Balanced focus on different regions, end markets and distribution channels

Mega-trends

-
- Focus on application areas with strong underlying growth drivers due to global megatrends

“Local-for-local”

-
- Close customer relationships are essential for successful realization of the value proposition
 - Superior supply reliability thanks to short and robust supply chains

Focus on technology

-
- Focus on a core set of tooling-based technologies allows leadership
 - Standardized processes, systems and equipment reduce risks and increase flexibility

Solid financing

-
- Good profitability and a solid balance sheet enable ongoing investments in innovations and the implementation of growth projects

Q&A

Today's speakers

Any questions?

Jens Breu, CEO



Christina Burri, representing CFO Volker Dostmann



Investor Day | September 5, 2024

Hands-on experience in Heerbrugg (Switzerland)

Insights in our business and core competence

- Automotive division
- Electronics division
- Construction division
- D&L divisions

Deep dive key projects, innovation trends & plant tours

Invitations will be sent out by mid of August.

IR Contact

investor.relations@sfs.com



Agenda

IR events in 2024 & 2025

2024

Investor Day

Thursday, September 5, 2024

2025

Publication of first results on financial year 2024

Friday, January 24, 2025

Publication & presentation of Annual Report 2024 including Sustainability Report 2024

Friday, March 7, 2025

32th Annual General Meeting

Wednesday, April 30, 2025

**Thank you
for your attention!**

Inventing success together