



Media release
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SFS increased profitability significantly

SFS looks back on a successful year. It achieved solid organic growth of 5.9% in its core business and increased its profitability significantly to 14.4% (adjusted EBITA margin). Moreover, thanks to two acquisitions, SFS established a firm position in the growing medical device market. SFS expects sales to grow by 8–10% in the 2017 financial year.

SFS achieved solid organic growth of 5.9% in its core business in the 2016 financial year. All segments contributed to this growth. They maintained and expanded their market positions. Consolidated sales reached a record high of CHF 1,437 million. This represents an increase of 4.4% from the previous year. Currency movements had a positive effect of 0.9% on reported sales, and changes in the scope of consolidation added 1.5% to the reported sales growth. Sales were reduced by CHF 50 million (3.9%) due to the phase-out of the trading activities, a non-core activity within the Engineered Components segment.

Income statement in CHF million	2016	± Vj.	2015
Gross sales	1,436.5	4.4%	1,376.3
EBITDA	300.5	12.4%	267.4
As a % of net sales	20.9		19.5
EBITA	216.8	16.2%	186.6
As a % of net sales	15.1		13.6
EBITA adjusted	207.3	20.7%	171.7
As a % of net sales	14.4		12.5
Operating profit (EBIT)	155.1	20.2%	129.1
As a % of net sales	10.8		9.4
Net income	122.2	16.4%	105.0
As a % of net sales	8.5		7.7
Cash net income	172.1	13.9%	151.1
As a % of net sales	12.0		11.0

Significant improvement in profitability achieved

After the currency-induced decline in profitability in 2015, SFS managed to surpass its previous levels of profitability. The adjusted EBITA margin excluding the accounting gains on the sale of company property amounted to 14.4%. This represents a significant increase in profitability compared to 2015 (adjusted EBITA margin of 12.5%). This improvement is attributed to the market success of our innovative products, the realization of economies of scale in the wake of higher production capacity utilization, and the effectiveness of the measures taken after the substantial appreciation of the Swiss franc. Net income including the proceeds of property disposals amounted to CHF 122.2 million (previous year: CHF 105.0 million).



Significant expansion of position in medical device market

SFS has significantly expanded its position in the growing medical device sector through the acquisitions of Tegra Medical (USA) and Stamm (CH). These two transactions have given SFS access to a large, and largely complementary, portfolio of top-quality customers, while enhancing its range of technical competencies. Meanwhile, integration into SFS Group gives Tegra Medical and Stamm's customers access to SFS's extensive range of technology and know-how. SFS intends to strengthen its position in the medical device market during the coming years.

Engineered Components segment: Solid growth trends in core business

in CHF million	2016	+/- PY	2015	2014
Third party sales	768.1	3.8%	740.1	727.2
Sales growth comparable ¹		0%		
Net sales	781.5	3.4%	756.1	743.5
EBITDA	218.9	18.1%	185.3	190.7
As a % of net sales	28.0		24.5	25.7
EBITA	165.4	23.4%	134.1	143.0
As a % of net sales	21.2		17.7	19.2
Net operating assets	1,519.2	17.8%	1,290.6	1,326.1
Investments	48.2	-31.4%	70.3	62.6
Employees (FTE)	6,217	10.3%	5,635	6,038
RONOA (%) ²	12.6		10.4	11.0
ROCE (%) ³	32.3		26.5	30.8

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 and Indo Schöttle 2014)

³ return (EBITA) in % of average capital employed without intangible assets

The Engineered Components segment reported sales of CHF 768.1 million, an increase of 3.8% versus the previous year. Sales of the core business activities, i.e. excluding the trading activities of the Electronics division as well as consolidation and exchange-rate effects, showed an increase of 8.0% on a comparable basis. This improvement was supported by the scale-up of important customer projects. The segment raised its EBITA margin by 350 basis points from the previous year to 21.2% thanks to the launch of innovative products, economies of scale, and measures to improve the operational expertise.



**Fastening Systems segment:
Good momentum sustained**

in CHF million	2016	+/- PY	2015	2014
Third party sales	355.6	8.8%	326.9	336.7
Sales growth comparable ¹		7.5%		
Net sales	370.8	8.6%	341.4	353.1
EBITDA	49.3	26.7%	38.9	43.4
As a % of net sales	13.3		11.4	12.3
EBITA	33.5	44.1%	23.2	26.9
As a % of net sales	9.0		6.8	7.6
Net operating assets	309.7	7.1%	289.1	317.6
Investments	27.2	66.9%	16.3	20.8
Employees (FTE)	1,885	7.2%	1,758	1,733
RONOA (%) ²	10.8		8.0	8.5
ROCE (%) ³	16.0		11.1	12.3

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

The Fastening Systems segment carried its good momentum from the first half into the second half of the year and generated sales of CHF 355.6 million (+8.8%, +7.5% on a comparable basis). Growth was broadly based in terms of application areas and geographies. Profitability also increased significantly versus the previous financial year and resulted in an EBITA margin of 9.0% (+220 basis points). The segment took a big step towards its mid-term goal of achieving a 10% EBITA margin and demonstrated that it is moving in the right direction.



Distribution & Logistics segment: Incremental growth achieved

in CHF million	2016	+/- PY	2015	2014
Third party sales	312.8	1.1%	309.3	319.1
Sales growth comparable ¹		0.9%		
Net sales	318.6	1.2%	314.8	326.0
EBITDA	33.8	27.6%	26.5	33.7
As a % of net sales	10.6		8.4	10.3
EBITA	27.1	44.4%	18.8	26.0
As a % of net sales	8.5		6.0	8.0
Net operating assets	140.3	-7.6%	151.9	146.6
Investments	3.9	143.8%	1.6	4.0
Employees (FTE)	625	-2.8%	643	626
RONOA (%) ²	19.3		12.3	17.7
ROCE (%) ³	19.0		12.5	18.8

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

The Distribution & Logistics segment has battled strong market headwinds since January 2015 in the wake of the sudden appreciation of the Swiss franc. SFS unimarket displayed its competitive edge thanks to its comprehensive product range and the acquisition of key projects for digitalized warehouse management systems ("M2M by SFS"). In the 2016 financial year, sales in the Distribution & Logistics segment rose by 1.1% to CHF 312.8 million and the EBITA margin increased from 6.0% to 8.5%. Half of the increase of the EBITA margin is due to book gains on the disposal of non-core properties.

Pay-out to shareholders

In view of the improved earnings situation and the company's solid balance sheet, the Board of Directors is proposing an increase in the pay-out to CHF 1.75 per share (previous year: CHF 1.50 per share) from capital contribution reserves.

Outlook for the 2017 financial year

SFS Group's focus in the coming financial year will be on strengthening its position with customers, acquiring new customers and applications, sharpening the profiles of its production sites and integrating business activities within the Medical division.

Assuming exchange rates remain fairly constant, SFS expects in 2017 sales to grow by 8–10% including consolidation effects and the adjusted EBITA margin to climb to 14.2–15.2% of net sales.



About SFS Group

SFS is a global market leader for mechanical fastening systems and precision formed components. SFS Group is organized into three business segments Engineered Components, Fastening Systems und Distribution & Logistics which represent the three business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customer-specific precision formed components, fastening solutions and assemblies. The segment operates in the Automotive, Electronics, Industrial and Electronics divisions and sells its products under the SFS intec (Automotive, Industrial), Unisteel (Electronics) an Tegra (Medical) brands. In the **Fastening Systems** segment, consisting 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, tools and architectural 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 in business year 2016 amounted to CHF 1.437 bn and the work force numbered approximately 9,000.

For further information visit www.sfs.biz

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