Media release
Heerbrugg, 6 March, 2015

Higher sales and margins thanks to new customers and projects

In 2014 financial year SFS Group achieved strong sales growth of 5.1% on a comparable basis and increased its EBITA margin from 13.3% to 14.1%. SFS Group stepped up its innovation drive in 2014 and secured important new customers and new projects that will help to fuel its future growth. Considerable investments were also made last year to expand the company's international presence and production capacity.

SFS Group AG generated organic sales growth of 5.1% on a comparable basis in its core business in 2014 financial year. All three business segments contributed to the top-line growth. In Swiss francs, the company's reporting currency, sales grew 3.9% y-o-y to CHF 1,383.0 million (2013: CHF 1,330.6 million). The EBITA margin rose by 80 basis points to 14.1% from the previous-year level of 13.3%, which excludes one-time book gains from divestments.

Third party sales In CHF million	**1H 2014**	**2H 2014**	**2014**	2013	± prev. year
Engineered Components	315.5	411.7	727.2	672.9	8.1%
Fastening Systems	167.5	169.2	336.7	330.0	2.0%
Distribution & Logistics	162.2	156.9	319.1	327.7	-2.6%
Third-party sales, reported	**645.2**	**737.8**	**1,383.0**	**1,330.6**	**3.9%**
Effects due to:					
Scope of consolidation	–	**-13.7**	**-13.7**	**-13.4**	
Exchange rates	**11.1**	**0.5**	**11.6**	**-**	
Non-core trading activity	**-9.6**	**-50.7**	**-60.3**	**-60.8**	
Core business third-party sales	**646.7**	**673.9**	**1,320.6**	**1,256.4**	**5.1%**

Jens Breu, COO of SFS Group: "Besides the going public transaction, another highlight of the 2014 financial year was the organic sales growth of 5.1% that we achieved in our core business. We helped to realize innovative solutions in sectors with fast innovation cycles and benefited from the market success of our customers."

Rolf Frei, CFO of SFS Group: "The expectations we raised among analysts and investors and our new shareholders were met with the reported solid sales growth in our core business and the improvement of our operating profit margin to 14.1%."

Strong balance sheet
Through its initial public offering and the placement of some 5 million new shares, SFS Group increased its equity capital by CHF 311.3 million after consideration of all transaction-related costs. The equity ratio at the end of 2014 stood at 80.4% (previous year: 62.7%) and the net cash position amounted to CHF 87.8 million. SFS Group is thus well positioned to seize new market opportunities for organic and acquisition-driven growth.

In view of the good results for the 2014 financial year, solid financial position and ample liquidity, the Board of Directors proposes a dividend of CHF 1.50 per share to the Annual General Meeting.

Engineered Components: Growth thanks to innovation

Key figures Engineered Components
CHF million

	2014	±	2013	2012
Third party sales	727.2	8.1%	672.9	524.2
Sales growth comparable		7.8%		
Operating revenue	749.9	9.0%	687.8	537.5
EBITDA	190.7	9.0%	175.0	131.1
As a % of operating revenue	25.4		25.4	24.4
EBITA	143.0	10.0%	129.9	92.9
As a % of operating revenue	19.1		18.9	17.3
Net operating assets	1,326.1	12.2%	1,182.0	1,259.4
Employees (FTE)	6,038	34.5%	4,488	4,498

SFS achieved strong sales growth of 8.1% in its Engineered Components segment. Sales at the segment’s trading activity, which is not part of the company’s core business, staged a strong recovery during the second half.

Organic sales growth in the core business, which excludes the effects of exchange rate movements and changes in the scope of consolidation as well as the results of the non-core trading activity, amounted to 7.8%. This strong momentum is primarily attributed to the initiation of numerous new projects at the Automotive and Electronics divisions. Additional significant innovation-driven projects are still at an early stage of development and will provide further growth momentum in the years ahead.

The segment widened its EBITA margin slightly from 18.9% in the previous year to 19.1% for 2014. This is particularly pleasing because the major innovation drive now under way entailed significant preparatory investments for the years ahead and led to increased costs for the year under review.

The Automotive division strengthened its position in India by increasing its stake in Indo Schöttle Auto Parts, an Indian supplier of quality parts, from a minority to a majority shareholding.

Fastening Systems: Growing sales thanks to new products

Key figures Fastening Systems
CHF million

	2014	±	2013	2012
Third party sales	336.7	2.0%	330.0	328.5
Sales growth comparable		3.4%		
Operating revenue	353.7	3.6%	341.4	340.7
EBITDA	43.4	3.2%	42.1	32.6
As a % of operating revenue	12.3		12.3	9.6
EBITA	26.9	4.7%	25.7	18.2
As a % of operating revenue	7.6		7.5	5.4
Net operating assets	317.6	2.1%	311.0	316.3
Employees (FTE)	1,733	7.8%	1,608	1,552

Construction activity did not recover in the European markets relevant to SFS, as had been widely expected. Despite the challenging market environment, the Fastening Systems segment generated sales of CHF 336.7 million or 2.0% more than in the previous year. Excluding currency movements, organic growth amounted to 3.4%. This growth resulted primarily from business with industrial customers.

The segment pressed ahead with numerous programs designed to improve its operating efficiency and its profit margins.

Distribution & Logistics: Differentiation through logistics systems

Key figures Distribution & Logistics
CHF million

	2014	±	2013	2012
Third party sales	319.1	–2.6%	327.7	340.6
Sales growth comparable		1.6%		
Operating revenue	326.0	–2.3%	333.6	346.9
EBITDA	33.7	–10.4%	37.6	33.4
As a % of operating revenue	10.3		11.3	9.6
EBITA	26.0	–11.0%	29.2	24.2
As a % of operating revenue	8.0		8.8	7.0
Net operating assets	146.6	0.6%	145.7	169.1
Employees (FTE)	626	3.0%	608	635

Sales at the Distribution & Logistics segment, which is focused on Switzerland, increased 1.6% on a comparable basis to CHF 319.1 million. The divestment of a business unit resulted in a 2.6% decline in segment sales.

Excluding the one-time effect from the previous year, the EBITA margin remained constant at 8.0%. Due to the relatively low capital requirements in this business activity, the segment's EBITA margin represents a good return of 17.7% on the capital employed.

Distribution & Logistics acquired major new customers during the period under review thanks to its optimized logistics solutions and its reputation as a reliable supplier and service partner. The segment also managed to broaden its supply and services contracts with existing customers, which creates good potential for future growth.

Measures taken to counter the strength of the Swiss franc
SFS has devised a comprehensive set of measures during recent weeks to improve the competiveness of its Swiss-based operations. In addition to strict cost management, a hiring freeze has been imposed, weekly working hours have been increased from 42 to 44 hours and annual leave has been reduced from 6 weeks to 5 weeks. Fixed compensation paid to the Group Executive Board was reduced by 10%. SFS is also steadfastly pressing ahead with sales and marketing activities, innovation efforts and the implementation of growth projects. In order to realize growth projects in Switzerland without hiring additional staff, SFS will increasingly assign manufacturing activities involving limited know-how and technology to its sites outside the country.

Heinrich Spoerry, Chairman of the Board of Directors and CEO of SFS Group:
"Numerous measures are being taken to compensate for the currency-induced competitive disadvantages forced upon our Swiss production plants. We will intensify our efforts to innovate. In Switzerland we will focus even more on the development and production of innovative and demanding technologies and products.

Outlook for the financial year 2015
The Swiss National Bank's decision to abandon the minimum exchange-rate floor of CHF 1.20 to the euro on January 15, 2015 changed the playing field going into the 2015 financial year. Due to the massive depreciation of the euro and other currencies against the Swiss franc, SFS is expecting reported sales in Swiss francs, the company's reporting currency, to decline by 2–4%.

Despite the many measures being taken, company management expects the EBITA margin to recede by 60 to 120 basis points compared to the margin reported for the 2014 financial year.

In view of the progress made during the 2014 financial year and the new projects that have been won, SFS is confident it can continue to strengthen its technology leadership and expand its position in its targeted niche markets during the coming year. For the coming year management expects sales in the core business to grow by 5–7% at constant exchange rates.

About SFS Group

SFS Group is organised 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 and Industrial divisions and sells its products under the SFS intec and Unisteel 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 72 locations in 24 countries around the world. Sales in business year 2014 amounted to CHF 1.383 bn and the work force numbered approximately 8,300.

For further information visit www.sfs.biz

For media inquiries, please contact:

SFS Group AG
Claude Stadler
Rosenbergsaustrasse 20
CH-9435 Heerbrugg

Direct: +41 71 727 51 85
e-mail: corporate.communications@sfs.biz

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