Media release
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Financial year 2014: Good growth and higher margins

SFS Group generated consolidated sales of CHF 1,383 million in financial year 2014, an encouraging increase of 3.9% compared to the previous year. The like-for-like EBITA margin rose from 13.3% to 14.1%.

Excluding changes in foreign exchange rates and in the scope of consolidation as well as the results of the non-core trading activity in the Engineered Components segment, organic sales growth amounted to 5.1%. All three segments contributed to top-line growth in the core business.

Sales breakdown by segment

Third party sales In CHF million	2014 1st half	2014 2nd half	2014	2013	±PY
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%

Engineered Components
The Engineered Components segment displayed strong momentum, particularly in the second semester, and lifted its full-year sales by 8.1% y-o-y. The segment’s trading business, which is not part of the company’s core business, recovered significantly in the second half.

On a comparable basis, the segment grew 7.8%. Growth was driven primarily by new customer projects initiated in the Automotive and Electronics divisions.

Fastening Systems
Contrary to general expectations, construction activity did not recover in the European markets relevant to SFS. The reported growth of 2.0% in the Fastening Systems segment

for this reason, fell short of management goals. In local currencies, the segment recorded a growth of 3.4%.

Distribution & Logistics

The Distribution & Logistics segment, which is focused on the Swiss market, narrowly missed its given target with like-for-like sales growth of 1.6%. Sales fell short of expectations particularly in the second half. Due to change in the scope of consolidation, reported sales declined 2.6%.

Sales breakdown by region

Thanks to a well above-average growth, the share of sales in North America increased to 10.6%. In Asia and Europe slightly higher sales shares of 24.3% and 41.4% were generated. Due to the lower growth dynamics and the sale of concrete reinforcement activities in mid-2013, the share generated in Switzerland fell to 23.4%.

In CHF million	2014	2013	±PY	share 2014	share 2013
Switzerland	323.2	332.4	-2.8%	23.4%	25.0%
Europe	572.4	543.3	5.4%	41.4%	40.8%
America	146.8	130.4	12.5%	10.6%	9.8%
Asia	336.4	320.7	4.9%	24.3%	24.1%
Rest of World	4.2	3.8	10.3%	0.3%	0.3%
Total	1,383.0	1,330.6	3.9%	100.0%	100.0%

Profitability within the targeted range

Based on the provisional, unaudited consolidated financial statements, SFS is expecting an EBITA margin of 14.1%. Compared to the adjusted EBITA margin of 13.3% from the previous year, which excludes gains on the disposal of non-operating assets and properties, the EBITA margin rose by 80 basis points in 2014.

Exposure to Swiss franc reduced

The expansion of the company's international presence and the various acquisitions that were made in recent years have clearly reduced the mismatch between the earnings generated in foreign currencies and the costs incurred in Swiss francs. Nevertheless, the Swiss franc's substantial appreciation will have considerable repercussions on the future sales and operating results of SFS Group when reported in Swiss francs.

Based on the preliminary results for 2014, a simulation using an exchange rate of CHF 1.10 against the EUR and CHF 0.90 against the USD but leaving all other variables unchanged reduced the sales figure for 2014 by about CHF 120 million. The negative effect on the EBITA margin would be an estimated 100 to 140 basis points.

Improvements already implemented last year will have an impact in the current financial year and help to counteract some of the EBITA margin contraction caused by exchange rate movements. In addition, the transfer of labor-intensive activities requiring limited know-how and technology to other company sites outside Switzerland will be expedited and more production ranges will be sourced externally. Further measures are under consideration.

The final financial statements for the financial year 2014 will be published on 6 March 2015.

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 2013 amounted to CHF 1.383 bn and the work force numbered approximately 8,700 (FTE).

For further information visit www.sfs.biz

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