



Media release

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First half of 2014: Solid and profitable growth in core business

SFS Group AG achieved organic sales growth of 5.6% in its core business in the first six months of 2014, excluding the effects of exchange-rate movements and divestments. Operating profit before amortization (EBITA) increased 11.1% to CHF 88.8 million.

In a positive market environment with additional tailwind from successful products, SFS grew its core sales excluding deconsolidation and currency effects by 5.6% compared to the previous year. This organic growth was fueled by all three segments.

The 5.6% organic growth in the core business was negatively affected by currency translation (-1.7%) and deconsolidation effects (-2.1%) as well as by a sharp reduction in sales from the non-core trading activities in Engineered Components (-4.4%), leading to a 2.6% decline in reported Group sales compared to the first half of the previous year.

Improvement in operating profitability

Thanks to the growth of high-margin products, SFS increased its operating profit before amortization (EBITA) by 11.1% to CHF 88.8 million. This widened the EBITA margin for the first half of 2014 to 13.6% of sales (H1 2013: 12.2%). Group net income increased 23.3% to CHF 45.8 million.

Income statement	2014	2013	± PY
In CHF million	1 st half	1 st half	
Third party sales gross	645.2	662.1	-2.6%
EBITDA	125.2	117.3	6.8%
As a % of operating revenue	19.2	17.9	
EBITA	88.8	80.0	11.1%
As a % of operating revenue	13.6	12.2	
Operating profit (EBIT)	63.4	53.1	19.4%
As a % of operating revenue	9.7	8.1	
Net income	45.8	37.2	23.3%
As a % of operating revenue	7.0	5.7	
Cash net income ¹	65.4	58.3	12.2%
As a % of operating revenue	10.0	8.9	

¹ Cash net-income has been calculated before tax adjusted amortization of intangible assets



Segment commentary

Adjusted for the aforementioned special effects, the Engineered Components segment increased its sales by 6.0%. The segment EBITA margin was held at the high level of 18.4%.

Engineered Components In CHF million	2014 1 st half	2013 1 st half	± PY
Third party sales gross	315.5	331.8	-4.9%
EBITA	60.6	61.4	-1.3%
EBITA margin as a % of operating revenue	18.4	18.4	

Fastening Systems increased its local sales by 6.0%. Its EBITA margin improved sharply from 4.5% to 7.9%.

Fastening Systems In CHF million	2014 1 st half	2013 1 st half	± PY
Third party sales gross	167.5	161.3	3.9%
EBITA	14.0	7.4	88.5%
EBITA margin as a % of operating revenue	7.9	4.5	

Locher Bewehrungen was included in the Distribution & Logistics results for the last time in the first half of 2013. Factoring out this divestment activity, sales in the Distribution & Logistics segment increased 4.6%. The segment EBITA margin rose to 8.6% from 6.9% in the prior year period.

Distribution & Logistics In CHF million	2014 1 st half	2013 1 st half	± PY
Third party sales gross	162.2	169.0	-4.0%
EBITA	14.2	11.8	20.3%
EBITA margin as a % of operating revenue	8.6	6.9	

Capital increase and free cash flow strengthen the balance sheet

Shareholders' equity after the capital increase conducted during the course of the initial public offering stood at 70.6% (Dec. 31, 2013: 62.7%). Proceeds from the capital increase and the free cash flow of approximately CHF 41 million for the first six months of 2014 resulted in a net cash position of CHF 59 million as of June 30, 2014.

Balance sheet In CHF million	30.06.2014	31.12.2013
Assets	2,337.1	2,133.0
Net operating assets (NOA)	1,682.2	1,664.2
Net cash / (debt)	59.0	-248.5
Equity	1,650.5	1,336.4
As a % of assets	70.6	62.7



IPO

On May 7, 2014 SFS Group shares were listed on the SIX Swiss Exchange AG. After the exercise of the over-allotment option approximately 11 million shares were held by the general public, which corresponds to 29.3% of current share capital. Total placement volume amounted to CHF 704 million. The current free float of 34.2% will increase to about 45% upon expiry of the 12-month lock-up period.

Outlook for the second half of 2014

SFS Group expects a similar business environment in the second half of the year. Trade sanctions imposed in response to the hostilities in Ukraine will have little impact on SFS because SFS is hardly exposed, directly or indirectly, to the markets and industries that have been targeted by these sanctions.

For 2014 as a whole, SFS Group expects sales in its core business (which excludes the trading activities in Engineered Components, the effects of changes in the scope of consolidation and exchange rate movements) to grow by 5% to 7%. Including these effects, SFS expects sales for 2014 to be flat.

Given the typical seasonal acceleration in sales in the second half and a relatively stable level of operating expenses, SFS Group is expecting to achieve a higher EBITA margin for the second half. For the year as a whole SFS is guiding for an EBITA margin of 14% to 15%.

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 1.331 bn and the work force numbered approximately 7,000.

For further information visit www.sfs.biz

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