Media release
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Solid growth in local currency

SFS Group achieved solid sales growth of 9.4% in local currency in the first half of 2015. The EBITA margin narrowed to 10.6% due to significant appreciation of the Swiss franc. Factoring out the impact of currency movements, profitability would have increased significantly. Profit margins are expected to recover considerably in the second half of the year.

SFS Group AG achieved solid sales growth of 9.4% in local currency in the first half of 2015. Organic growth amounted to 6.1%. Most of this growth was driven by the ramp-up of new products and the trading activities at the Engineered Components segment. The first-time consolidation of sales from acquired companies contributed an additional 3.3% to top-line growth.

This pleasing momentum was clearly diminished by the surge in value of the Swiss franc. The negative impact of exchange-rate movements on the translation of Group sales into CHF added up to CHF -35.8 million, or -5.5% of local sales.

Including these effects, gross sales revenues in CHF rose by a good 3.9% to CHF 670.4 million.

Influencing factors on sales development:

	in CHF million	Growth in %
Gross sales 1st half 2014	**645.2**	
Organic growth	39.2	6.1
Change in scope	21.8	3.3
Gross sales before FX-effects	**706.2**	**9.4**
Negative currency impact	-35.8	-5.5
Gross sales 1st half 2015	**670.4**	**3.9**

Higher profitability after factoring out the currency impact

The appreciation of the Swiss franc had a significant impact on SFS Group’s operating results. Despite the good volume growth and capacity utilization rate and the swiftly taken countermeasures, a steep reduction in the operating results of SFS Group’s Swiss-based companies could not be prevented.

SFS Group companies located outside Switzerland have not been affected by these currency movements and they achieved a good overall improvement in their results.

At constant exchange rates, SFS Group would have achieved a much higher EBITA margin of 14.4% compared to the 13.6% margin from the prior period.

Influencing factors on operating profit (EBITA):

	in CHF million	in %
EBITA 30.6.2014	**88.8**	**13.6**
Organic growth	5.4	
Change in scope	2.7	
Profit improvement projects Switzerland	3.8	
EBITA 30.6.2015 before FX-effects	**100.7**	**14.4***
Transaction effect Switzerland	-28.9	
Translation effect	-1.4	
EBITA 30.6.2015 reported	**70.4**	**10.6**

* in % of operating revenue before FX impact (CHF 700.3 million)

The increase in weekly working hours, a reduction in salary for senior management and the Board of Directors, as well as various other measures have so far produced cost-savings of CHF 3.8 million.

Balance sheet remains solid

in CHF million	**30.6.2015**	31.12.2014
Net cash	49.4	87.7
Equity	1,671.1	1,805.0
As a % of assets	79.9	80.4

SFS Group's balance sheet remains strong. Despite the payment of the dividend in the first half of 2015, the seasonally induced increase in current assets, and the cash outflow from investing activities, the net cash position in the balance sheet still amounted to some CHF 50 million.

The pronounced shift in exchange rates reduced shareholders' equity by about CHF 100 million. As total assets also declined due to the exchange-rate fluctuations, the equity ratio remains unchanged at approximately 80%.

Engineered Components: Sustained dynamic sales growth

Key figures Engineered Components

in CHF million (unaudited)	**2015 1st half**	Change	2014 1st half	2013 1st half
Third party sales	358.0	13.5%	315.5	331.8
Sales growth comparable		13.9%		
Operating revenue	362.2	10.0%	329.4	333.9
EBITDA	81.2	-2.2%	83.1	83.9
As a % of operating revenue	22.4		25.2	25.1
EBITA	55.6	-8.2%	60.6	61.4
As a % of operating revenue	15.4		18.4	18.4
Net operating assets	1,243.0	6.6%	1,166.0	1,252.6
Employees (FTE)	5,806	25.0%	4,644	n/a

The Engineered Components segment achieved strong sales growth of 13.5%. Excluding the impact of exchange-rate movements and changes in the scope of consolidation, organic sales growth amounted to 13.9%. Sustained strong demand from the automotive and electronics industries and the execution of new projects contributed to the fast top-line growth. Furthermore, the non-core trading activities in this segment experienced surprisingly strong growth compared to the year-ago period.

With an EBITA margin of 15.4%, the segment achieved an attractive level of profitability. Compared to the prior-year period, however, the margin receded 300 basis points. This significant contraction is a direct consequence of the stronger Swiss franc. The Automotive and Industrial divisions supply their European customers primarily from their three factories located in Switzerland. Prices for these customers are quoted almost exclusively in euro whereas most of the operating expenses are incurred in Swiss francs.

Fastening Systems: Slightly higher sales despite market challenges
Key figures Fastening Systems

in CHF million (unaudited)	**2015 1st half**	Change	2014 1st half	2013 1st half
Third party sales	157.9	-5.8%	167.5	161.3
Sales growth comparable		2.5%		
Operating revenue	164.9	-6.7%	176.6	165.5
EBITDA	16.6	-25.3%	22.2	15.4
As a % of operating revenue	10.0		12.6	9.3
EBITA	9.0	-35.9%	14.0	7.4
As a % of operating revenue	5.4		7.9	4.5
Net operating assets	296.4	-9.5%	327.4	337.0
Employees (FTE)	1,756	6.6%	1,648	n/a

Markets were mixed during the period under review. Demand in North America, Central Europe and Northern Europe remained solid, but there were no material signs of a recovery in Southern Europe. Excluding currency effects, sales rose by 2.5% compared to the strong first half of 2014. Product innovations introduced last year were a major contributor to this growth as they are now starting to generate sales flows.

The significant appreciation of the Swiss franc had a material impact on profitability at the Fastening Systems segment. Its EBITA margin for the first half of 2015 was 5.4% (prior-year period: 7.9%). Excluding the negative currency effects on the Swiss business and upon translation of the financial results of foreign operations into Swiss francs, the EBITA margin would have been at 8.1%.

Distribution & Logistics: Technology leader for C class supply logistics
Key figures Distribution & Logistics

in CHF million (unaudited)	**2015 1st half**	Change	2014 1st half	2013 1st half
Third party sales	154.5	-4.7%	162.2	169.0
Sales growth comparable		-5.5%		
Operating revenue	157.2	-5.1%	165.7	172.1
EBITDA	11.7	-35.2%	18.0	16.2
As a % of operating revenue	7.4		10.9	9.4
EBITA	7.8	-45.0%	14.2	11.8
As a % of operating revenue	5.0		8.6	6.9
Net operating assets	164.3	2.8%	159.8	182.8
Employees (FTE)	642	3.7%	619	n/a

SFS unimarket, which operates solely in Switzerland, reacted quickly to the new forex situation and adjusted its prices accordingly. Nevertheless, customers changed their ordering activity and drew down their inventories. The sharp downturn in Switzerland's economic growth had not been anticipated and it also had an impact on SFS unimarket. On a like-for-like basis, sales declined by 5.5%. Currency-induced price markdowns reduced sales by an additional 4.2% while the acquisition of Thomas Minder Holding AG added 5% to the sales growth at Distribution & Logistics.

Currency effects lowered the EBITA margin from 8.6% in the prior period to 5.0% for the period under review. Excluding this effect, the EBITA margin was virtually stable.

In addition to the ongoing development of the innovative turnLOG® logistics solutions, peripheral systems were developed and the integration of mobile devices enabled. This new M2M (machine to machine) product generation cements SFS unimarket's position as the technology leader in this field.

Outlook for the second half of 2015: Significant improvement in profitability expected
SFS Group is operating in an increasingly volatile market environment. In response to the appreciation of the Swiss franc, SFS is now focusing its Swiss operations even more intently on developing and manufacturing innovative products. As a result, processes and applications are becoming more know-how intensive, more technically demanding and more capital intensive.

A substantial recovery in operating profit margins is expected in the second half. The various measures taken in Switzerland should have a growing impact as the year progresses. Moreover, one-time effects that reduced first-half profits by about CHF 7 million will not recur.

SFS Group expects full-year sales to roughly match the previous year’s figure and the EBITA margin to decline by 100-200 basis points. This forecast is based on the assumption of constant exchange rates (versus the first half of 2015) and similar macroeconomic conditions.

The Board of Directors and the Group Executive Board thank all employees, especially those in Switzerland, for their loyalty and commitment while coping with these currency-induced challenges.

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

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