



Schaffner Group

# Presentation of the 2020/21 Financial Results

7 December 2021 | © Schaffner Group

 **SCHAFFNER**  
shaping electrical power

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# Agenda

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**Business Review**

Marc Aeschlimann

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**Financials**

Christian Herren

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**Strategy & Outlook**

Marc Aeschlimann

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**Q&A**

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# Schaffner with successful and transformative FY 2020/21

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## Order Intake

in CHF million

**191.0**

## Net Sales

in CHF million

**172.5**

## EBIT<sup>1</sup>

in CHF million

**18.2**

## EBIT<sup>1</sup> Margin

% of net sales

**10.6%**

## Free Cashflow

in CHF million

**15.3**

## Equity Ratio

% of balance sheet

**56.3%**

- Strategic and transformative step with divestment of Power Magnetics division
- Schaffner focusing on core business EMC-filter solutions / magnetic components and thus on most attractive growth markets with superior margin profile
- Continued business with good demand in all markets
- Only limited impact of Covid pandemic, mainly in logistics
- Revenue level kept despite Power Magnetics divestment; strong increase in profitability
- Strong free cashflow and net cash position
- Strengthened equity base
- Proposed dividend of CHF 9 per share; payout ratio is 45% of net result

<sup>1</sup> Operating EBIT before goodwill recycling.

# Schaffner Group: Strong increase in profitability

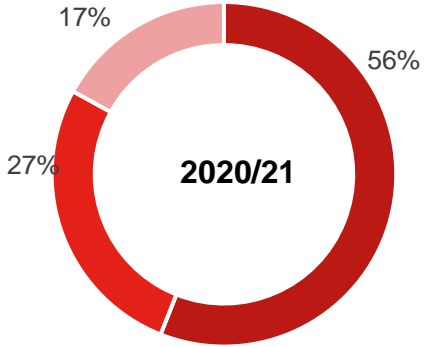
in CHF m	2020/21	2019/20	Δ in %
Order intake	<b>191.0</b>	167.0	14.4%
Net sales	<b>172.5</b>	171.7	0.5%
Operating EBIT <sup>1</sup>	<b>18.2</b>	4.7	287.2%
EBIT margin	<b>10.6%</b>	2.7%	–
Goodwill recycling	<b>-14.9</b>	–	–
EBIT	<b>3.3</b>	4.7	-29.8%
Net result	<b>-2.3</b>	2.7	

<sup>1</sup> Operating EBIT before goodwill recycling.

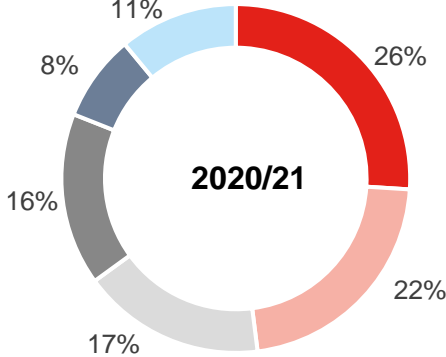
- Net sales on prior year level although Power Magnetics is only included for nine months
- Good demand in all markets led to increase in order intake and order backlog
- All Schaffner facilities always operational during Covid-19 crisis
- Improved margin profile reflected in operating EBIT margin of 10.6%
- Reported EBIT of CHF 3.3 m despite one-off, non-cash goodwill recycling of CHF 14.9 m from Power Magnetics sale required by Swiss GAAP FER accounting standard

# Schaffner Group: Sales split by region and markets

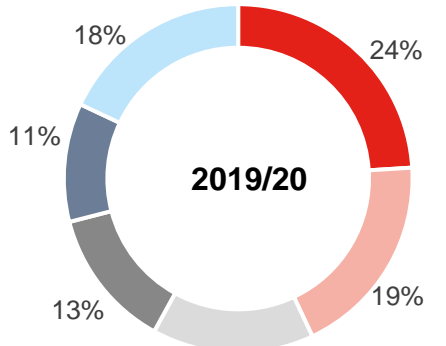
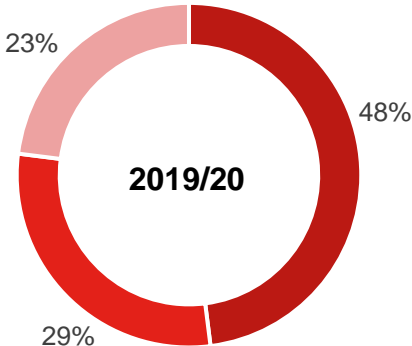
Net sales by region



Net sales by markets



- Larger share of Europe due to stronger weight of the automotive market
- America as well as railway market less important due to Power Magnetics sale
- Increase of Automotive share



- Europe
- Asia-Pacific
- Americas
- Drive Systems
- Power Supplies
- Railway
- Automotive
- Machinery & Robotics
- Others

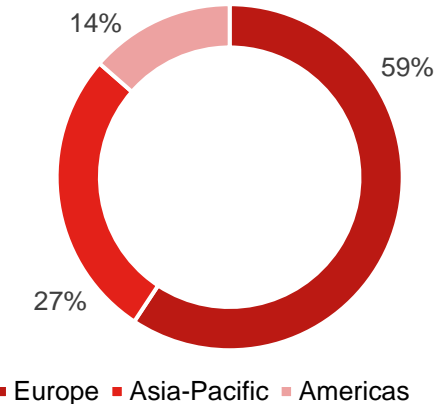
# Industrial division<sup>1</sup>: Strong business performance

in CHF m	2020/21	HY1 2020/21	HY2 2020/21	2019/20	HY1 2019/20	HY2 2019/20
Order intake	<b>131.8</b>	59.6	72.1	95.4	52.3	43.0
Net sales	<b>108.6</b>	48.3	60.3	94.9	46.9	48.0

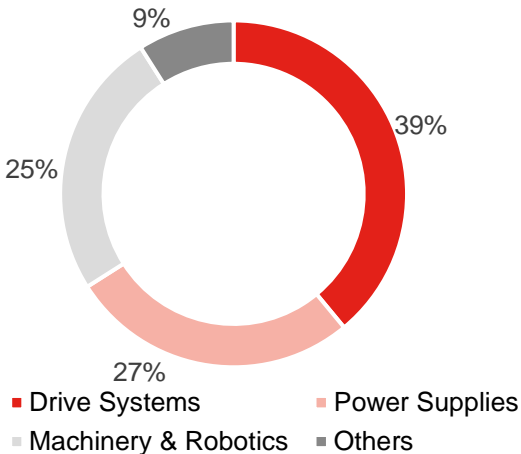
In view of the greater uniformity of our business, going forward the Schaffner Group is no longer reporting segment results down to the EBIT level.

1) Per October 1, 2021 the former EMC Division was renamed to Industrial Division

**Net sales by region**



**Net sales by markets**



- Strong performance backed by leading position with estimated market share of approx. 30%
- Recovery of industrial markets led to a strong growth in order intake of 38.2%
- Net sales increased by 14.4% with significant acceleration in the second half of the year
- Strategic initiatives in core business continued with new product families launched for robotics, EV charging and LED lights
- Advance in adjacent smart grid market with new active electronic components delayed due to Covid-19 impact

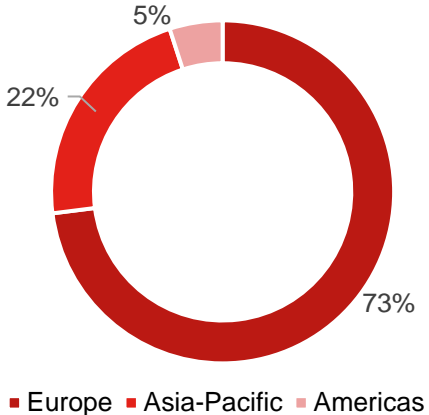
# Automotive division: Successful expansion of EMC-filter solutions

in CHF m	2020/21	HY1 2020/21	HY2 2020/21	2019/20	HY1 2019/20	HY2 2019/20
Order intake	<b>38.5</b>	22.4	16.0	31.5	14.8	16.7
Net sales	<b>38.7</b>	21.8	16.8	32.8	16.4	16.4

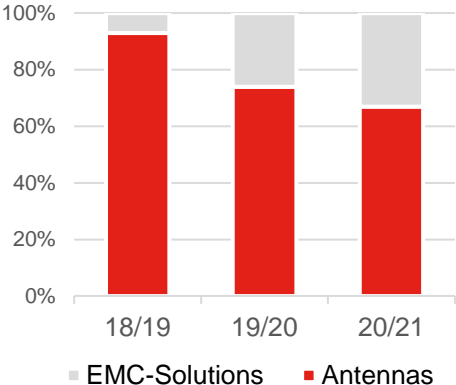
In view of the greater uniformity of our business, going forward the Schaffner Group is no longer reporting segment results down to the EBIT level.

- Strong momentum in HY1 driven by catch-up purchases after the Covid-19 lockdowns and electromobility
- Focus on ramp-up of newly won projects as well as high-margin special projects
- In HY2 slowdown of car industry due to semi conductor shortage
- Share of EMC filter solutions within Automotive Division growing to 33%

Net sales by region



Net sales by products





# Continued business: Strong performance

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in CHF m	2020/21	2019/20	Δ in %
Order intake	<b>170.4</b>	126.9	34.2%
Net sales	<b>147.3</b>	127.7	15.3%
EBIT	<b>16.1</b>	2.1	666.7%
EBIT margin	<b>10.9%</b>	1.7%	–
EBITDA	<b>20.8</b>	6.8	205.5%
EBITDA margin	<b>14.1%</b>	5.3%	

- Strong order intake in core business leads to increase of 34%; book to bill ratio of 1.2
- Net sales up by 15.3%
- High EBIT-margin of 10.9% despite high raw material and logistics cost

# Agenda

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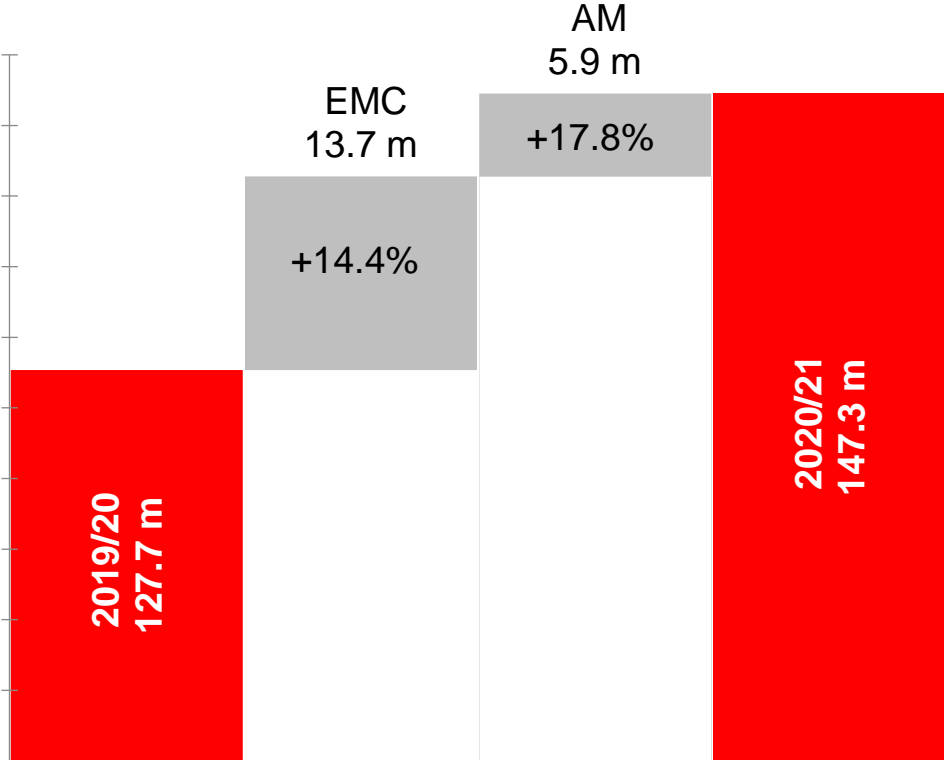
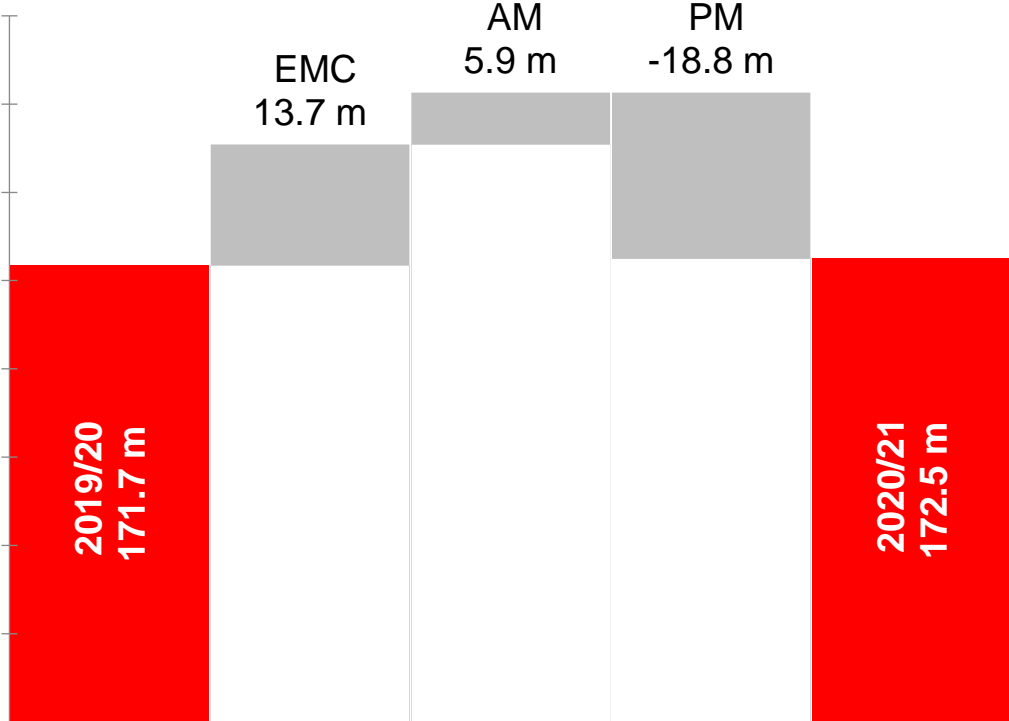
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**Q&A**

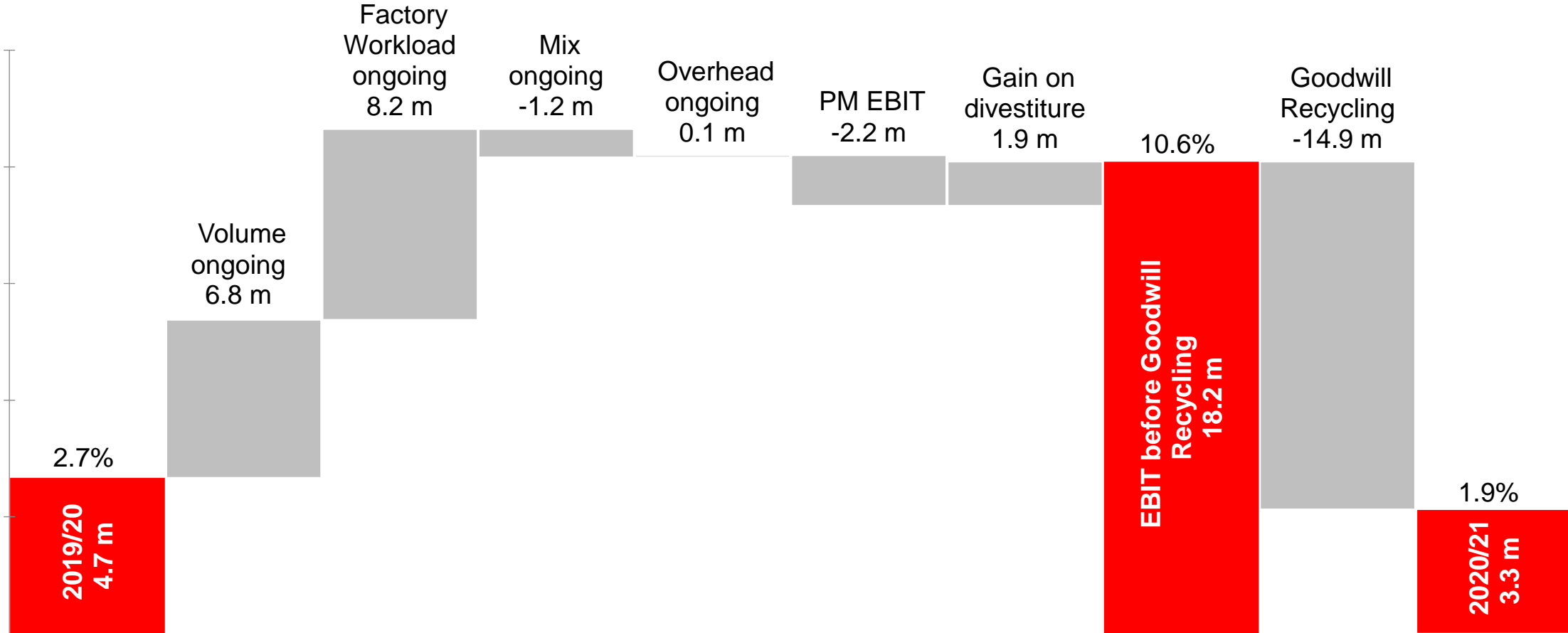
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# Net sales growth with ongoing business

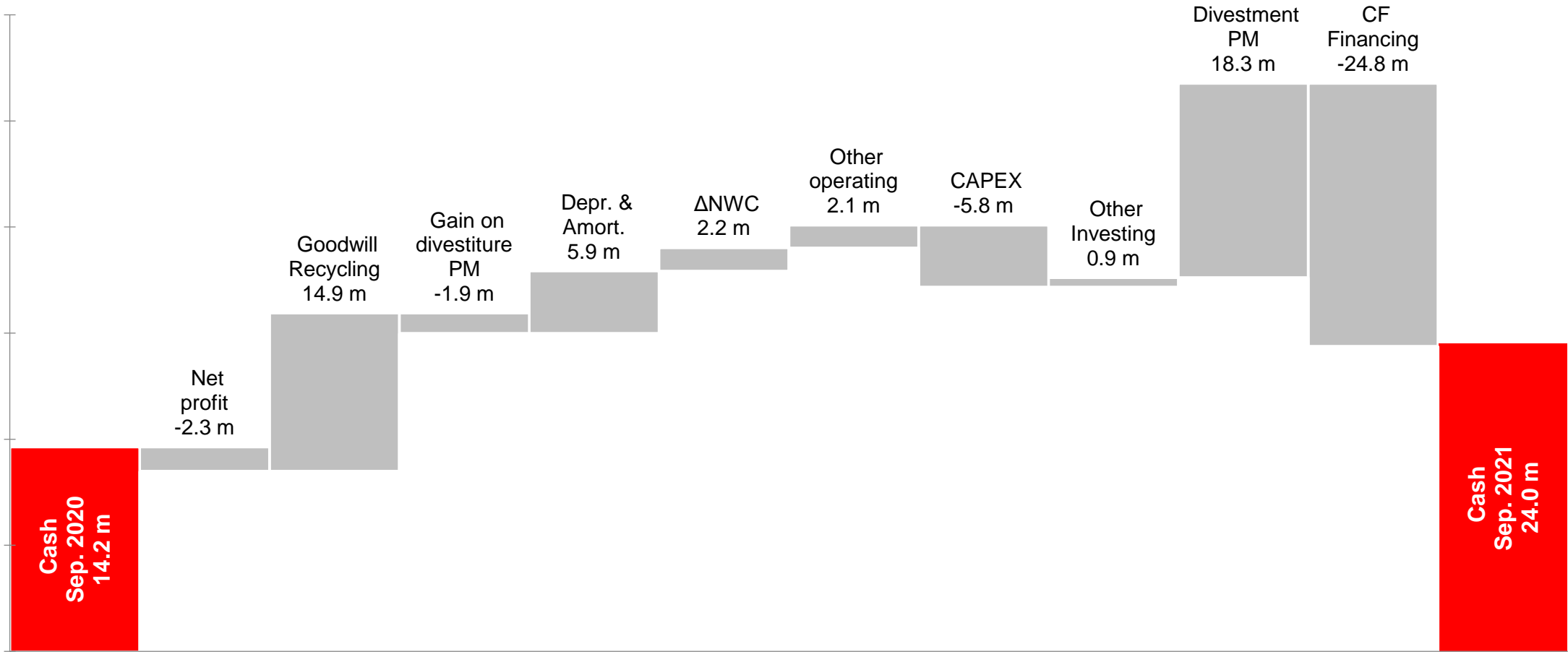
Ongoing business +15.3%



# EBIT mainly driven by ongoing business

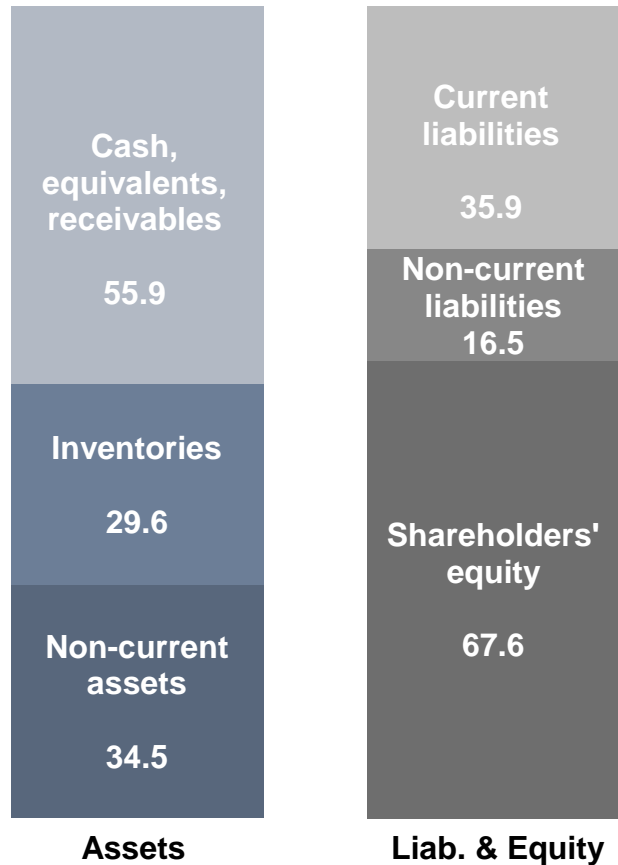


# Strong Free Cashflow of CHF 15.3 Mio.



# Balance sheet further strengthened and net cash position

**Total assets CHF 120.0 Mio.**  
(September 30, 2021)



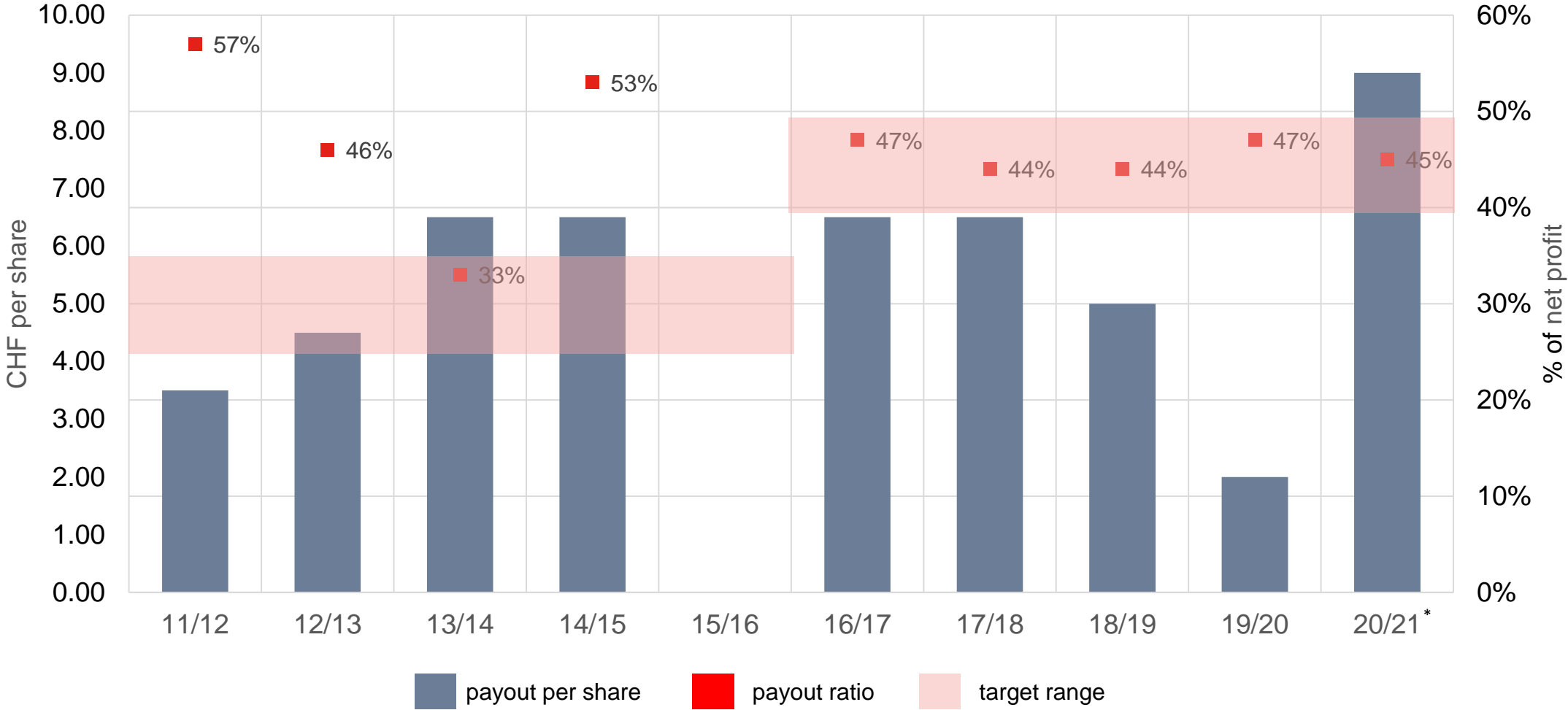
- Equity ratio: 56.3% (30.9.2020: 44.5%)
- Net cash: CHF 11.4 m (30.9.2019 : -20.8 m)
- Improved DSO 58 days (68 days)

# Impact Power Magnetics Divestment

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- Net proceeds have further reduced debt and enabled Schaffner to reach a net cash position.
- Positive result of divestment before goodwill recycling.
- Goodwill recycling of CHF -14.9m to be recognized following Swiss GAAP FER 30
  - Goodwill was offset against equity when switching accounting standards from IFRS to Swiss GAAP in 2015/16.
  - Recycling through income statement has no impact on liquidity or equity.
- Organization and overhead structure already adjusted to the new situation.

# Highest ordinary dividend since going public



\* Based on net profit without goodwill recycling



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# Schaffner focus on core competence EMC-filter solutions

## 3 individual business lines

EMC division	
Automotive division	
Power Magnetics division (divested June 21)	

July 2021



## Focus on core competence EMC-filter solutions and magnetic components

Industrial	
Automotive	
	

- Little synergies
- High complexity in organization
- Broad product portfolio with filters, transformers, chokes

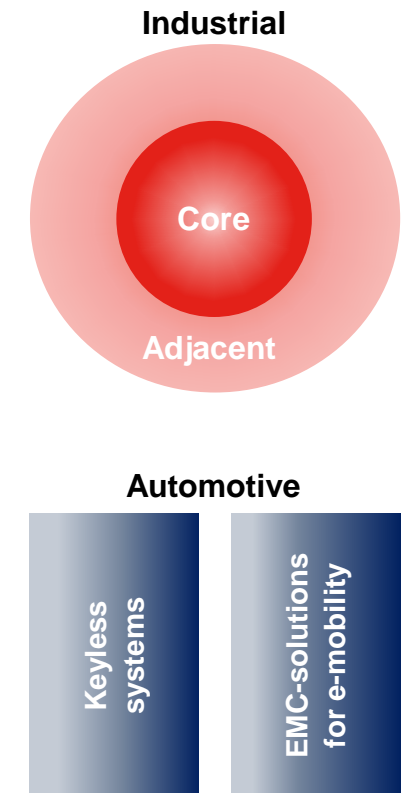
- Focus on higher margin business
- Reduced complexity in organization
- Streamlined product portfolio

# Our strategy to accelerate profitable growth

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**We fully focus on our core competence EMC-solutions and gain further momentum through the continued execution of our growth initiatives!**

- We strengthen our strategic industrial markets with EMC-filter solutions / magnetic components through penetration and expansion of product portfolio (e.g. Lighting, EV-Charging, Robotics)
- We expand into additional growth markets around our core business with new technologies and solutions (e.g. Smart Grids)
- We strengthen our antenna business with new designs for electrical and non-electrical car platforms (e.g. Long Range Antennas)
- We build a strong pillar in e-mobility with EMC-filter solutions / magnetics components based on existing customer relations (e.g. Inverter Filter, PFC modules)



# Outlook

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- Good development in industrial markets likely to continue
- Automotive industry is currently slowed down by supply shortages of semi conductors. Sooner or later, supplies should stabilize, which would significantly increase production numbers
- High order backlog and good project pipeline ensure high capacity utilization in factories well into 2022
- Schaffner Group will make certain price adjustments to account for the high level of raw material prices as well as energy and logistics costs
- Lower cost structure will support profitability
- Investments in new technologies and markets will be continued

# Raising profitability margin range to 10-12%

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- New mid-term guidance:
  - Organic net sales growth target >5% (average year-on-year)
  - EBIT margin in the range of 10-12%
- Guidance for FY 2021/22:
  - Net sales growth and EBIT margin within new mid-term range

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<b>Financials</b>	Christian Herren
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<b>Outlook</b>	Marc Aeschlimann
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**Q&A**

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# Q&A

# Financial calendar 2022

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- 11 January 2022      26<sup>th</sup> Annual General Meeting
- 5 May 2022          Publication of half-year report 2021/22
- 6 December 2022     Publication of annual report 2021/22



# Schaffner Group

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