



Schaffner Group

The expert in electromagnetics

Investora 2020, Zürich

Marc Aeschlimann, CEO; Christian Herren, CFO

Investora 2020 | © Schaffner Group

SCHAFFNER
shaping electrical power

Caution regarding “forward-looking” statements

The financial data as well as the other information presented herein constitute selected information.

The information in this presentation does not constitute an offer or invitation and may not be construed as a recommendation to purchase, hold or sell shares of Schaffner Holding AG.

This information or any copy thereof may not be sent or taken to or distributed in any jurisdiction in which such transmission or distribution is unlawful.

This document may contain certain “forward-looking” statements. By their nature, “forward-looking” statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such “forward-looking” statements.

Schaffner Group is not under any obligation to (and expressly disclaims any such obligations to) update or alter its “forward-looking” statements whether as a result of new information, future events, or otherwise.

AS THE ELECTROMAGNETIC EXPERT,
WE PROVIDE SOLUTIONS FOR OUR
CUSTOMERS THAT THEY CAN FOCUS
ON GREAT INVENTIONS.



Our customers move people
up and down.
WE KEEP THEM SAVE.

Rely on electromagnetic expertise
for proven solutions

Our customers design
tomorrows transportation.
**WE HELP THEM GETTING IT
ON THE ROAD.**

Managing electromagnetic
interference right from the start



A photograph of two surgeons in an operating room, illuminated by a large overhead surgical light. The surgeons are wearing blue scrubs, masks, and hairnets, and are focused on a patient lying on the operating table. The scene is dimly lit, with the primary light source being the surgical lamp. In the foreground, various surgical instruments and trays are visible on the table.

When trial and error is not an option.
WE HAVE YOUR BACK.

Eliminating the risk of electromagnetic
interference

Our customers connect continents.
**WE MAKE SURE IT DOESN'T
COST THE EARTH.**

Unlock the full potential of electromagnetic power

LEADING COMPETENCE AND ROBUST BUSINESS MODEL

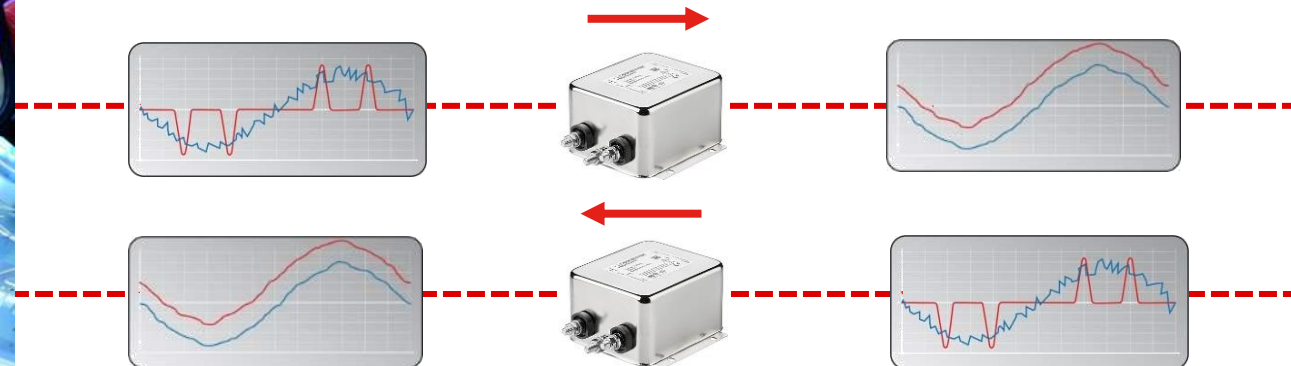
We ensure the secure operation of electronic systems



Schaffner EMC technology protects electronic systems from grid distortions...



.... and protects multiple electronic systems within a network from distorting each other.



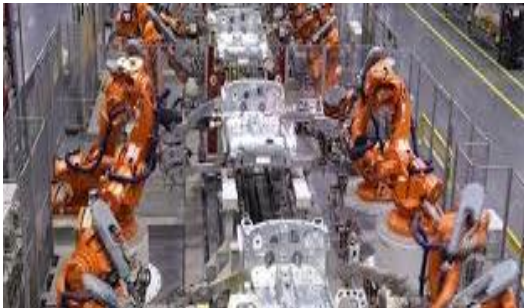
What happens if electro-magnetic compatibility is not secured?



Medical equipment might not operate...



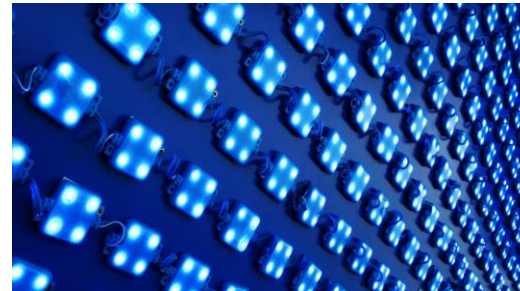
Elevators may stop to work...



Production lines could break down...



Data centers may overheat...

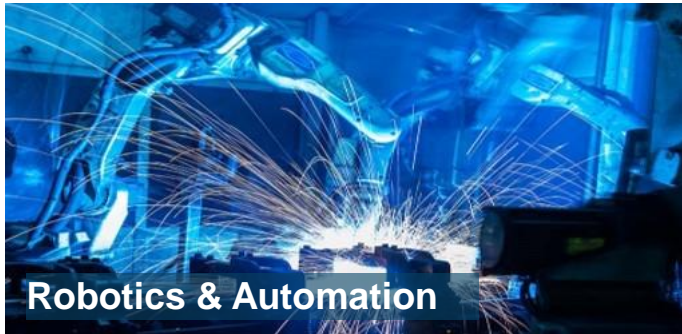


Lights could go out...



Electric cars may not be charged...

Our technologies are used in major markets driven by growth trends



Technological progress requires electrical networks

Digitization multiplies electronic systems

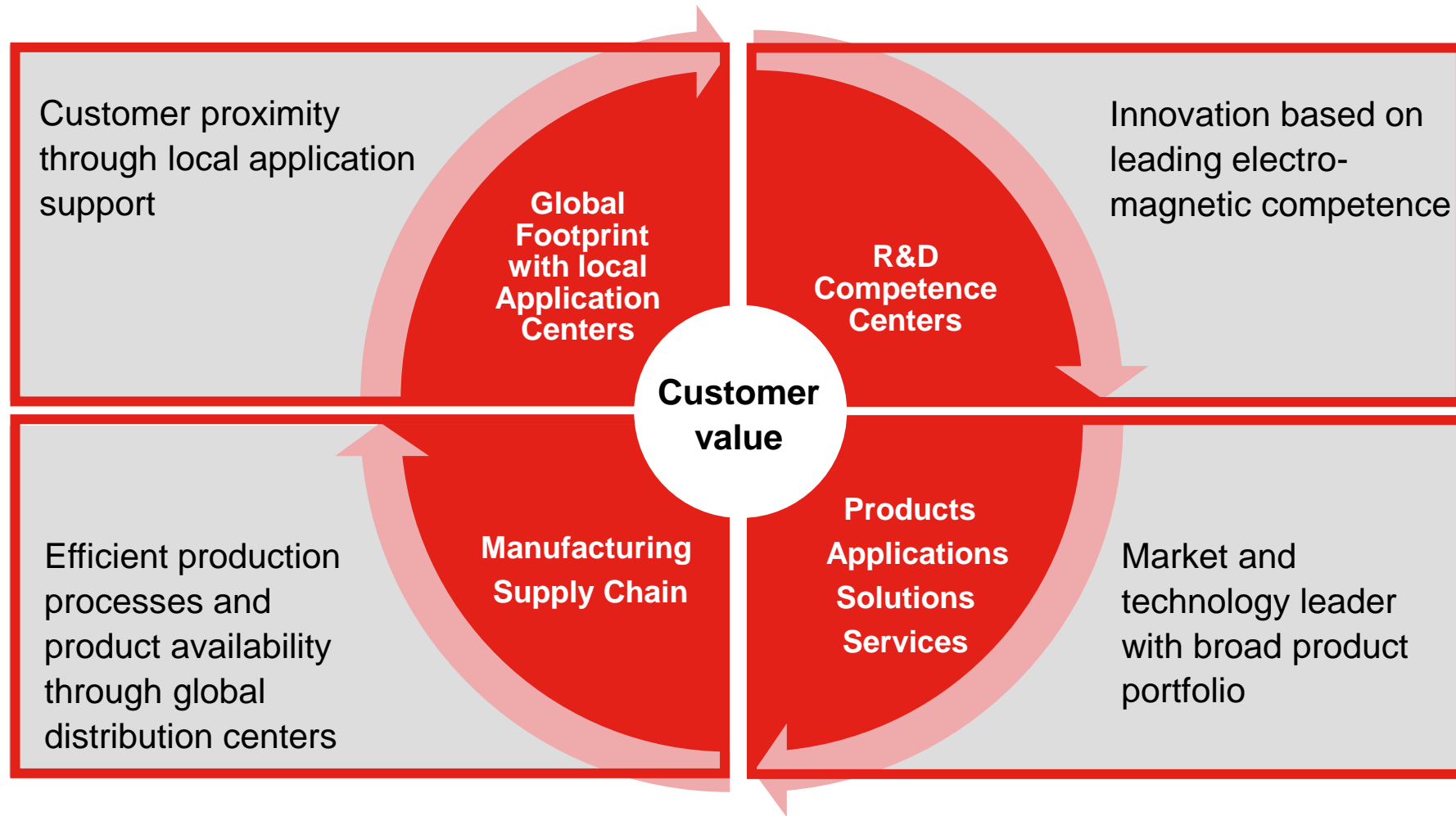
**Increasing
demand for
EMC-solutions**

E-mobility will play a dominant role

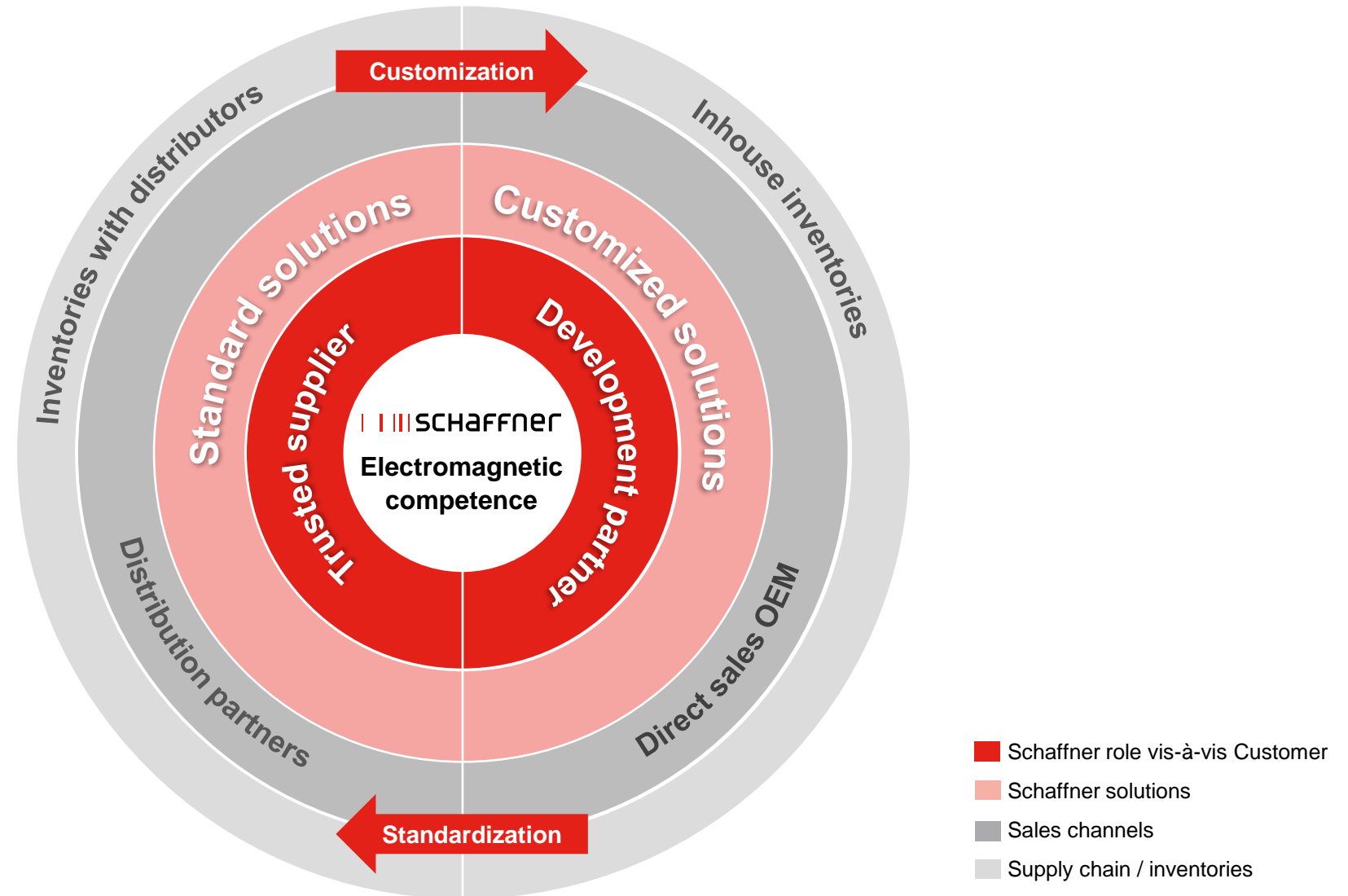
Efficient use of electrical energy as a global trend



How Schaffner creates value through expertise and innovation



Our business model to deliver customer value



BROAD PORTFOLIO IN ATTRACTIVE MARKETS

Three divisions serving attractive markets

EMC division



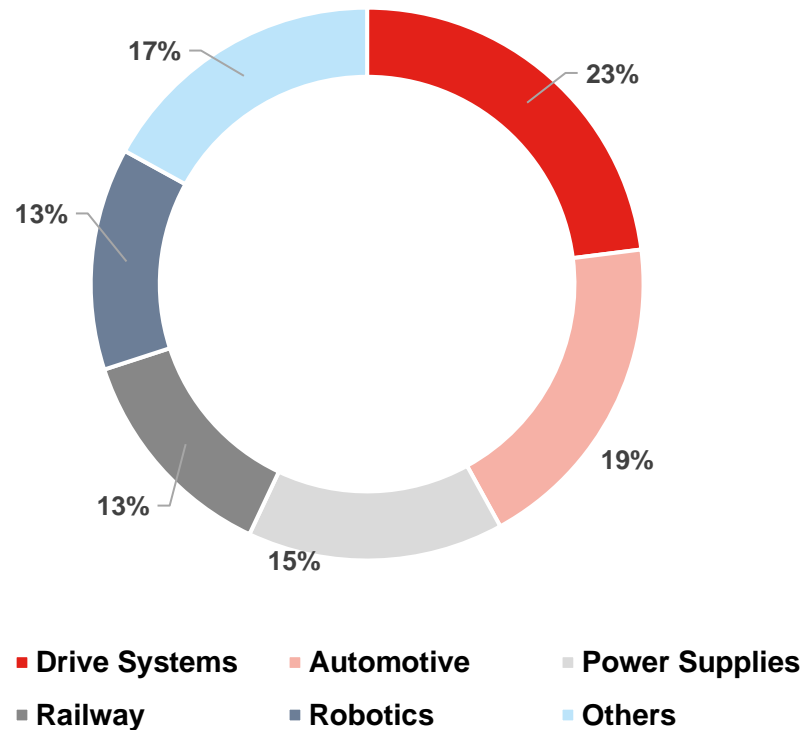
Automotive division



Power Magnetics division



Sales by end markets



Net sales FY 18/19

In CHF million

197.4

EBIT margin

5.0%

Net profit

In CHF million

7.2

Employees (FTE)

2,422

EMC division: Leading market position based on global service level

- World market leader for EMC filters (approx. 30% market share).
- Well established in major growth markets.
- Broadest range of customized and standard products to cover customer needs.
- Numerous services and application centers to be close to customers.
- Global network of distributors and own distribution centers to guarantee fast delivery.

ebmpapst

OMRON

FE Fuji Electric



SIEMENS

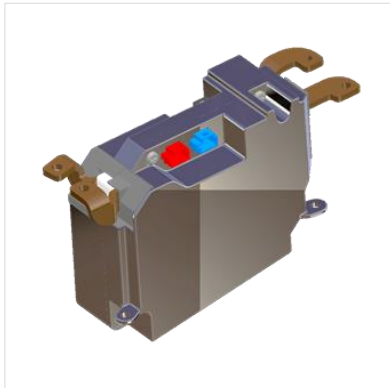
AVNET®



Automotive division: Expanding in growing e-mobility market

- Strong position with antennas for keyless authentication systems.
- Leveraging core EMC knowledge into growing e-mobility market.
- Numerous e-mobility projects with various car manufacturers in development phase.
- Strong position with key players in the global automotive industry (OEM's and tier 1).

Continental
The Future in Motion



DAIMLER



RENAULT

Power Magnetics division: Strong position in niche markets

- Global provider of customized transformers for railway, energy distribution, HVAC and renewable energy.
- Strong customer base with leading players in their fields.
- Excellent competencies in design, engineering, simulation and testing.
- Regional organization for sales, engineering and manufacturing to be close to customer needs.

BOMBARDIER



中国铁建



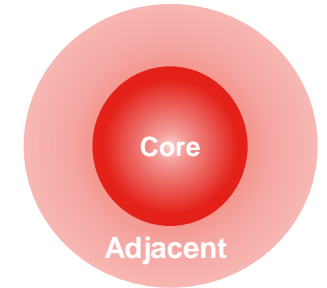
SIEMENS

OUR STRATEGY FOR FUTURE GROWTH

Our strategy to accelerate profitable growth

EMC division:

- Further strengthening strategic markets through market penetration and expansion of product portfolio.
- Expanding into growth markets around core business with new technologies and new sales approaches.



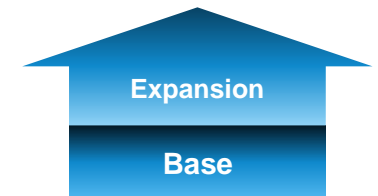
Automotive division:

- Further strengthening of antenna business through new designs.
- Building a strong second pillar in e-mobility with EMC-filter products based on existing strong customer relations.



Power Magnetics division:

- Building profitable foundation in existing end markets after successful turnaround.
- Expansion of business into new selected, higher margin markets.



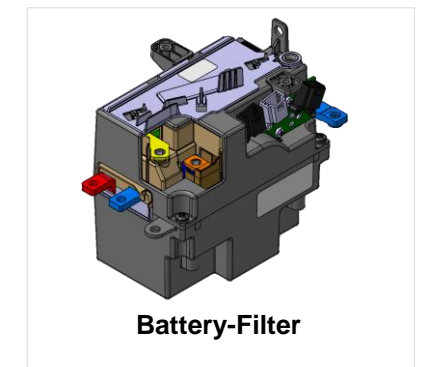
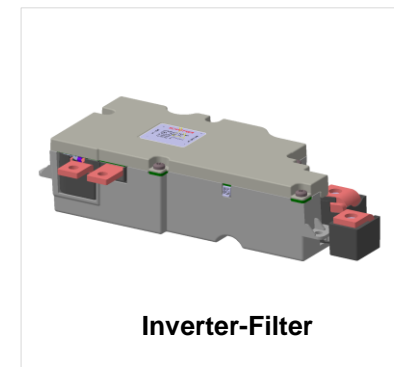
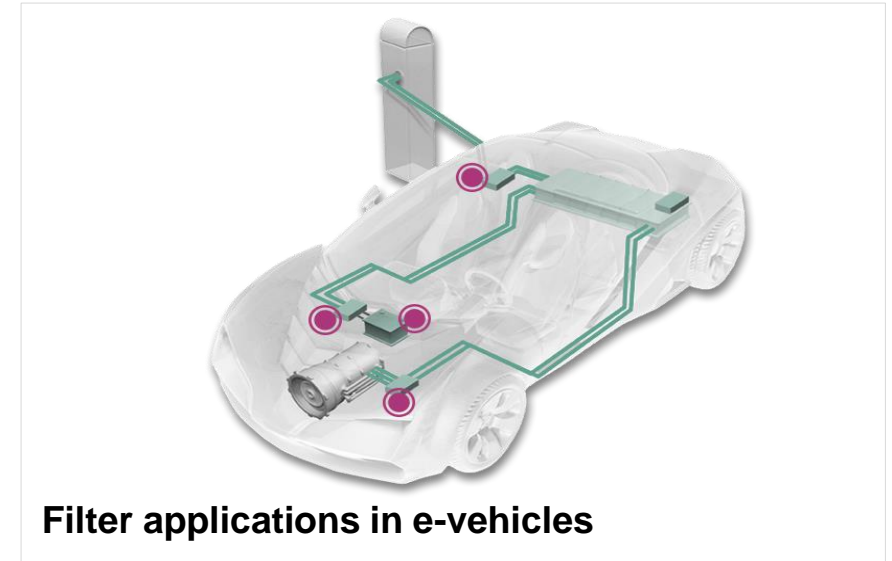
Growth initiative: Optimization for Smart Grids

- More than 200 million Smart Meters will be installed in Europe by 2024; 40-50% equipped with Power Line Communications (PLC).
- Schaffner solution ensures correct communication between smart meter and data center.
- First installations planned for Q4 2020.



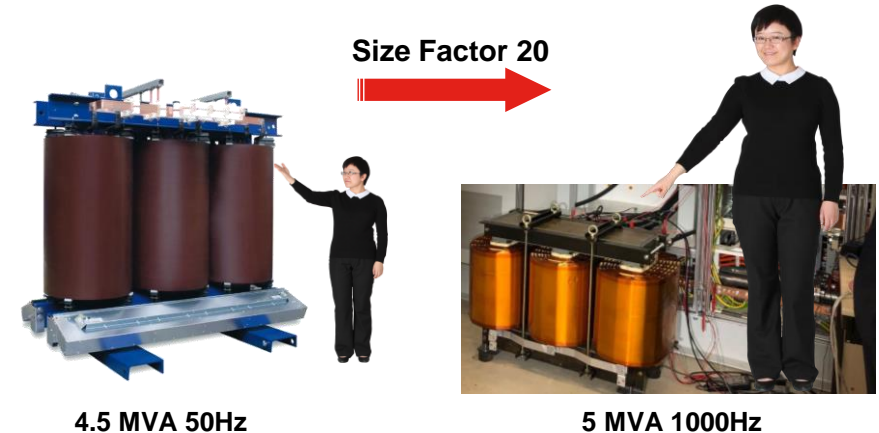
Growth initiative: EMC solutions for proper operation of e-vehicles

- E-mobility will be growing substantially in the coming years, electrical cars (fully electric, hybrid) need several EMC filter solutions.
- Schaffner will leverage its leading EMC filter competence into the E-mobility market.
- Schaffner is well positioned to play an important role in this market based on its leading technology and strong customer relations.
- Schaffner is currently involved in several development projects for e-car platforms.



Growth initiative: Middle Frequency Transformer for DC Grids

- DC-Grids gain in importance as power transformations and losses are reduced and renewables can be easier inter-connected
- Higher (middle) frequencies allow for significantly reduced physical size of transformers
- New core and insulation materials are a focused research topic
- Schaffner is participating in different research projects and delivered the world's first 5MVA MV middle frequency transformer



FINANCIALS H1 2019/20 AND OUTLOOK

Schaffner successfully mastered challenges during Covid-19

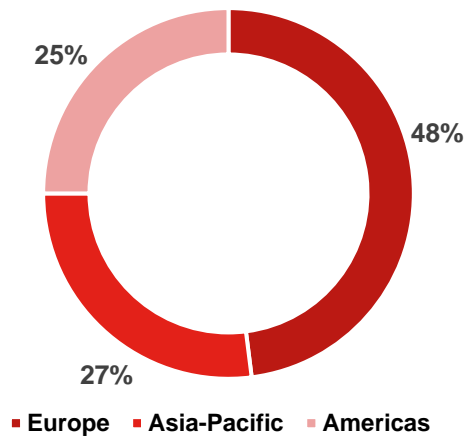
Key events and impacts in FY 2019/20

- Weaker economy and global spread of Covid-19 substantially impacted business.
- Implemented cost measures to keep Schaffner within profitability.
- Schaffner supply chain was operational all the time.
- EMC division could take advantage of growth in medical industry during Covid-19 peak.
- Power Magnetics division achieved break-even after successful restructuring.
- Automotive division could further strengthen its pipeline with several antenna and filter projects.
- Strategic projects in all divisions were continued consistently.

Schaffner Group: Weakening momentum in several industries in H1

in CHF m	H1 2019/20	H1 2018/19	Δ in %
Order intake	91.3	107.1	-14.8%
Net sales	86.0	101.4	-15.2%
EBIT	0.7	5.3	-86.6%
EBIT margin	0.8%	5.2%	—

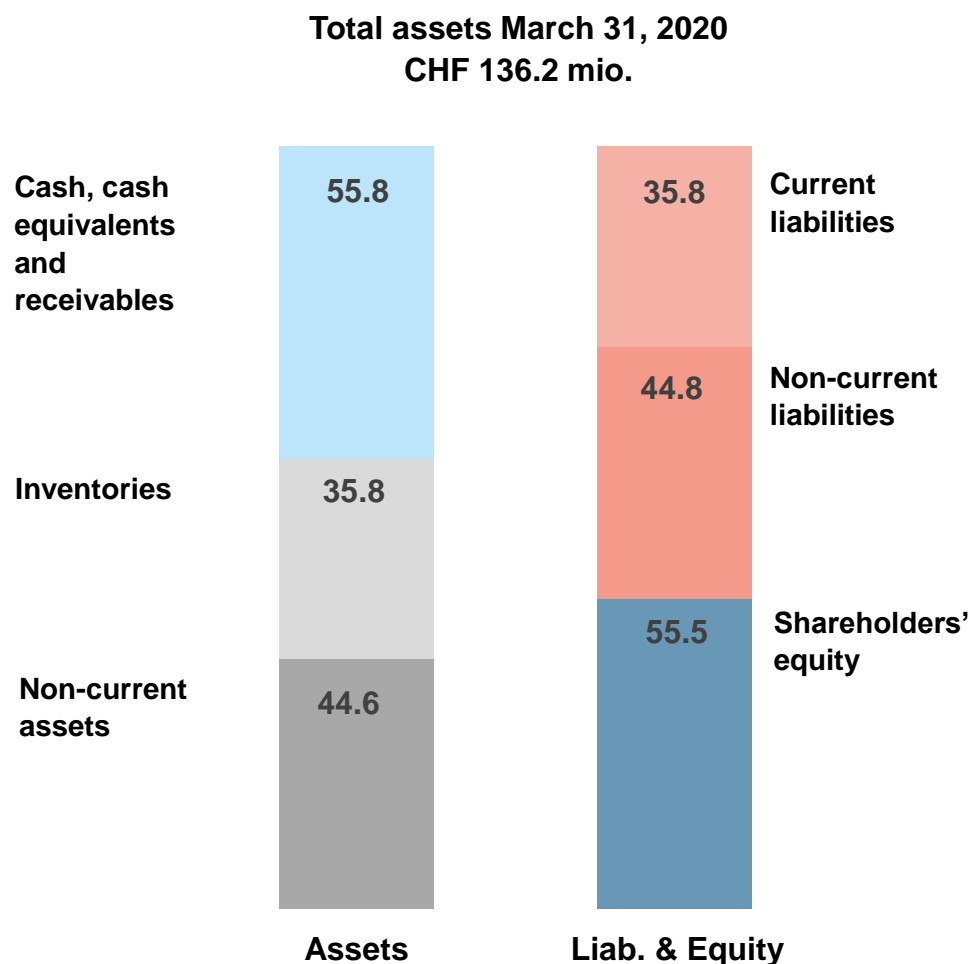
Sales by region H1 2019/20



H1 2019/20 per March 31, 2020

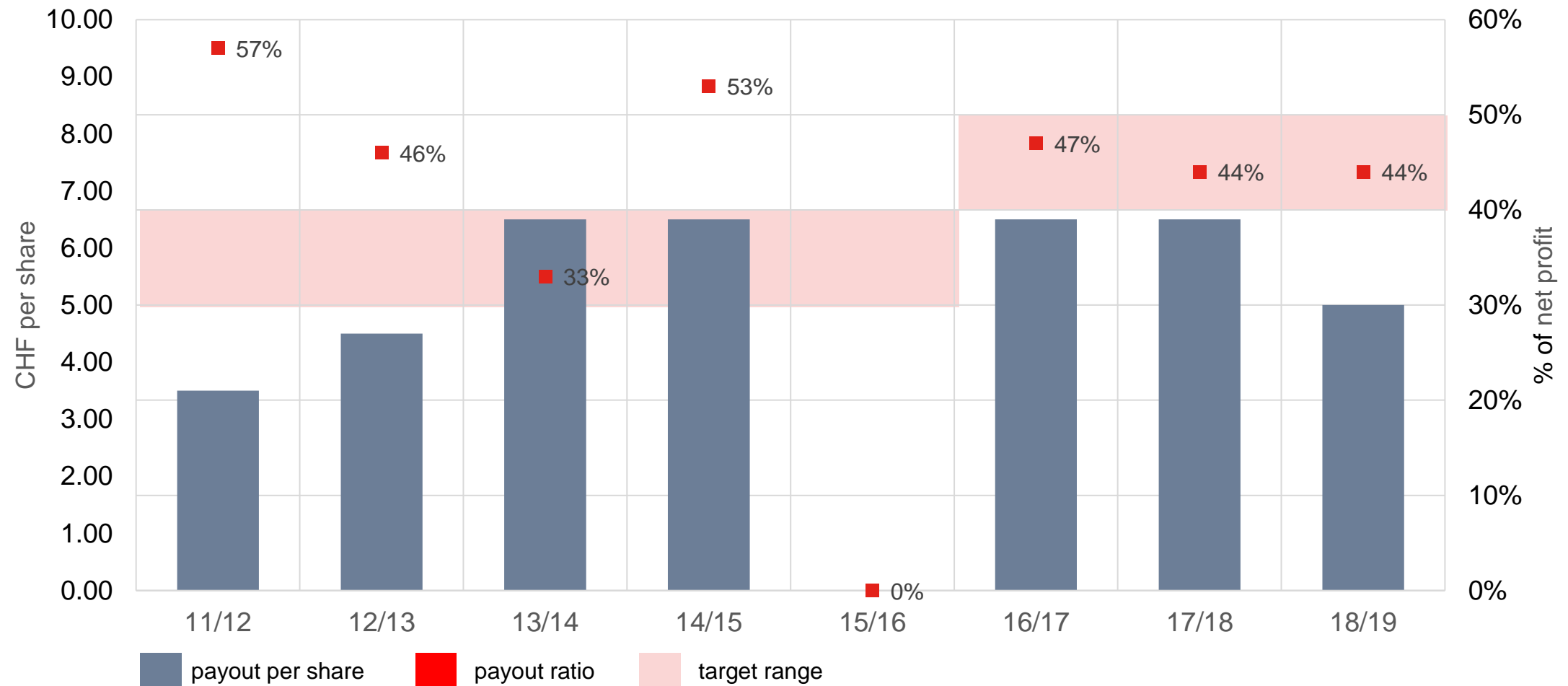
- Net sales CHF 86 million (-11.9% currency adj.).
- Declining demand in major markets (machine tools and robotics, rail technology, automotive electronics).
- Demand in Europe and Asia affected by weaker economy, from the 2nd quarter onwards, COVID-19.
- Capacity and cost structures significantly reduced to adapt to lower volumes.
- EBIT weakened mainly due to decline in volumes and partial overcapacities in the plants.

Solid balance sheet



- Equity ratio: 40.8% (30.9.2019: 44.6%)
- Net debt: CHF 24.5 m (31.3.2019: 22.3 m)
- Impact of challenging supply chain situation due to COVID 19, well managed
- Overdue on receivables under control and no bad debts

Dividend policy: Target pay-out ratio of 40-50% of net operating income



Outlook and mid-term financial targets

Markets

- China recovered, but Europe and America only first signs of recovery.
- Automotive industry started to recover in all regions.
- Visibility remains low and short-term trends depend on whether second wave will happen.

Priorities

- Adapting the organization to current market realities and volatile demand.
- Continue measures implemented to ensure operational resilience.
- Further investments in new projects and technologies.

Outlook

- No serious guidance for fiscal 2019/20 due to the unpredictable impact of COVID-19 crisis.
- Medium-term goals remain unchanged.

Mid-term financial targets

- Organic net sales growth > 5%.
- EBIT margin > 8-10%

Schaffner Group – key success factors



- 1) Broad product portfolio for major growth markets
- 2) Schaffner's electro-magnetic competence being leveraged into e-mobility.
- 3) Potential to move into adjacent growth markets through innovation and/or bolt-on acquisitions.
- 4) Core technology of high importance for several industries and high barriers to enter.
- 5) Mid-term topline growth potential to boost margin expansion.
- 6) Direct sustainability impact by enabling more efficient use of electrical energy.
- 7) Committed anchor shareholder with long-term perspective.

THANK YOU FOR
YOUR ATTENTION