



Ad hoc announcement pursuant to Art. 53 LR
Heerbrugg, July 18, 2023

SFS achieves constant development

The SFS Group looks back on the first half of 2023, which was characterized by mixed business performance and destocking effects in the end markets. Renewed strong sales growth of 29.2% was mainly driven by the inclusion of Hoffmann. Sales amounted to CHF 1,580.7 million. At CHF 189.9 million, operating profit (EBIT) rose by 16.6% year-over-year.

While the SFS Group benefited from opportunities arising from its broad positioning across different end markets and regions, it still feels the impact of challenging regional and global developments. Business in the first half of 2023 clearly reflects this by a mixed performance and effects from de-stocking.

The SFS Group generated third party sales (sales) of CHF 1,580.7 million in the first half of 2023. Consolidation effects led to growth of 32.7%, stemming from the inclusion of Hoffmann as per May 1, 2022. Currency effects reduced sales growth by -4.3%. On a like-for-like basis, a slight organic growth of 0.8% was achieved. In total, this corresponds to another strong increase of 29.2%.

Influencing factors	In CHF million	Growth
Third party sales 1st half 2022	1,223.6	
Currency impact	-52.1	-4.3%
Change in scope*	400.6	32.7%
Organic growth	8.6	0.8%
Third party sales 1st half 2023	1,580.7	29.2%

*Hoffmann SE (as of May 1, 2022)

Profitability was impacted by mix effects, uneven capacity utilization from new program ramp-ups and partially increased cost basis. The Distribution & Logistics segment developed positively and contributed significantly to the increase in operating profit. All in all, the SFS Group reached an operating profit (EBIT) of CHF 189.9 million, which corresponds to strong growth of 16.6%. The EBIT margin amounted to 12.1% of net sales.



Third party sales by segment In CHF million	1st half 2023	1st half 2022	+/- PY
Third party sales	1,580.7	1,223.6	29.2%
Engineered Components	479.0	523.4	-8.5%
Fastening Systems	330.4	334.5	-1.2%
Distribution & Logistics	771.3	365.7	110.9%
Operating profit (EBIT) by segment In CHF million/As a % of net sales			
Operating profit (EBIT)	189.9	162.9	16.6%
	12.1%	13.3%	-1.2pp
Engineered Components	44.2	84.6	-47.8%
	9.4%	15.9%	-6.5pp
Fastening Systems	54.5	65.2	-16.4%
	16.2%	19.1%	-2.9pp
Distribution & Logistics	92.8	18.3	407.1%
	12.1%	5.0%	7.1pp

Operating free cash flow recovered and, at CHF 69.4 million, is considerably higher than in the same period of the previous year (CHF 1.8 million). Earnings per share (EPS) of CHF 3.37 (PY CHF 3.42) have been supported by the Distribution & Logistics segment. Investments in the first half of 2023 totaled CHF 81.8 million, which is equivalent to 5.2% of net sales.

On July 1, 2023, the Construction division acquired the business concerning fasteners and other products of Connective Systems & Supply, Inc. (CSS), which is located in the Denver (USA) region.

Organizational development to strengthen the customer focus

To guarantee a strong customer focus and better leverage cross-selling potentials as well as both operational and application-oriented synergies, the current Automotive and Industrial divisions are being complemented with the respective end market specific business areas of the Riveting division. This change will be implemented within the organization as of January 1, 2024. The growth and profitability targets of the EC and FS segments will remain unchanged.

In the interests of a farsighted succession planning, the Board of Directors appointed Urs Langenauer as the future head of the expanded Automotive division. He will take over from Alfred Schneider on January 1, 2024, who will continue to support SFS in selected projects until his retirement on May 31, 2024. The Board of Directors and Group Executive Board would like to take this opportunity to thank Alfred Schneider for his farsighted positioning of the Automotive division as well as for his enormous, longstanding commitment to SFS.

To make better use of the collaboration potentials in the area of technology between the Industrial and Medical divisions, the two divisions will be merged into one division called "Medical & Industrial Specials". This change will be implemented as of January 1, 2024. Walter Kobler, who had been heading up the Industrial division as well as the Medical division, will take charge of this new division. With this step, the organizational structure of the Group will become leaner.

Sustainability-related transformation driven

SFS published its Sustainability Report 2022 → in accordance with the new requirements of the Global Reporting Initiative (GRI Standards 2021) at the end of May. Not only did the SFS Group experience strong growth in 2022, but it also produced good results with respect to sustainability. An increase in the share of energy from renewable sources and a substantial reduction in direct emissions helped the Group make enormous headway on environmental issues.



Expectations for the 2023 financial year updated

The Group's maximum customer focus and ongoing efforts to pursue forward-looking innovation and organizational projects continue to take top priority. We want to identify the chances and opportunities that go hand-in-hand with the current changes and systematically seize them.

SFS updates the outlook on the 2023 financial year and expects sales of CHF 3.1–3.3 billion, including the first-time consolidation of Hoffmann for the full year. This corresponds to an expected sales growth on a like-for-like basis along the mid-term guidance of 3–6%. For the SFS Group as a whole, an EBIT margin of around 12% is expected, at the lower end of the mid-term guidance of 12–15%.

The outlook is based on the assumption that there will be no significant deterioration in the underlying economic conditions or geopolitical, energy or pandemic-related restrictions.

Link to the Half-Year Report 2023 →

About SFS Group

SFS is a worldwide leading supplier of precision components and assemblies, mechanical fastening systems, quality tools and logistics solutions. SFS Group AG is made up of the three segments Engineered Components, Fastening Systems and Distribution & Logistics, which represent the company's corresponding business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customer-specific precision components, assemblies and fastening solutions. Engineered Components comprises four divisions: Automotive, Electronics, Industrial and Medical. The **Fastening Systems** segment, which consists of the Construction and Riveting divisions, develops, manufactures and markets application-specific mechanical fastening systems. In the **Distribution & Logistics** segment, SFS is a leading sales and logistics partner in Europe for direct and indirect materials in the areas of quality tools, fasteners and other C-parts as well as logistics and process solutions for customers in industrial and construction industries. The segment comprises two divisions, Distribution & Logistics Switzerland and Distribution & Logistics International. SFS Group is a global player with manufacturing sites and distribution companies at 140 locations in 35 countries around the world. It generated sales of CHF 2,746 million in the 2022 financial year with a workforce of approximately 13,500 (FTE).

More information can be found at www.sfs.com →.

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