

Media release on financial year 2016 and Q1 2017

Phoenix Mecano financial year 2016:

Operating result up by 13.5%, sales growth of 4.2%, EBITDA turnaround at ELCOM/EMS, dividend unchanged

Q1 2017:

Disproportionately strong 16.9% increase in operating result, all divisions on a growth trajectory

Kloten/Stein am Rhein, 25 April 2017. The Phoenix Mecano Group's consolidated gross sales increased from €559.8 million to €583.2 million (+4.2%), and net sales from €554.5 million to €577.5 million (+4.2%). Sales growth in local currencies was 5.8%. Changes in the scope of consolidation contributed 1.7% to the increase in sales. All divisions contributed to the growth. The strongest organic growth was recorded by the Mechanical Components division. Despite challenging conditions in the oil and gas sector, the Enclosures division expanded on the back of growth in Asia. In the ELCOM/EMS division, some major milestones were reached in the realignment process and there was a turnaround in operating cash flow following challenging integration activities.

Operating result

The operating result (EBIT) increased from €15.0 million the previous year to €34.5 million in 2016. Compared with the previous year's operating result stripped of exceptional expenses (€30.4 million), the result was up by 13.5% and the operating margin improved from 2.7% to 5.9%. All three divisions recorded an increase in margin and operating result.

Division sales

The Enclosures division saw its gross sales increase by 0.6% to €170.5 million. When corrected for differences in foreign-exchange rates, gross sales were up by 1.4%. The Mechanical Components division grew its sales by 4.6% to €286.9 million (7.2% when corrected for differences in foreign-exchange rates). Neither division was subject to consolidation effects. The ELCOM/EMS division recorded sales growth of 8.6% in 2016, to €125.8 million. Adjusted for consolidation effects, sales rose by 0.3%, or 8.9% when corrected for differences in foreign-exchange rates.

Result of the period

The result of the period rose by 244.1% to €23.0 million (previous year €6.7 million).

Equity ratio and net indebtedness

The equity ratio at the balance sheet date of 31 December 2016 was 60.3%, which is slightly down on the previous year (61.5%) owing to the expansion of the balance sheet, but still high. Net indebtedness totalled €30.5 million, compared with €24.5 million the previous year. This includes the €16.8 million outflow of funds for the acquisition of the ismet Group and the still above-average purchases of tangible and intangible assets.

Q1 2017

The Phoenix Mecano Group's gross sales in the first quarter of 2017 increased by 9.8% year-on-year to €161.2 million. The currency effect was -0.1% and the consolidation effect 1.9%.

Incoming orders were up by 11.0% compared with same period last year, at €162.3 million, meaning that the book-to-bill ratio currently stands at 100.7%.

The operating result grew by a disproportionately high 16.9% to €11.5 million, compared with €9.8 million in the same period last year. The operating margin increased accordingly to 7.2% (previous year 6.7%).

The Enclosures division generated gross sales of €49.6 million, an increase of 8.5%. The operating result rose by 25.3% to €6.5 million.

The Mechanical Components division increased its gross sales by 9.1% to €77.9 million. Its operating result was up by 14.6%, at €7.2 million.

The ELCOM/EMS division recorded gross sales of €33.7 million, an increase of 13.4%. Its operating loss was €1.3 million (previous year - €1.1 million). The division's operating cash flow was up by 31.8% year-on-year.

Outlook

Rising oil prices, the expected return of inflation and generally improving economic data in the United States and important core European markets, in particular Germany, raise the hope of an increased willingness to invest, at least in the short term. In this environment, Phoenix Mecano has had a solid start to 2017.

At present, it is difficult to say how likely this positive mood is to continue in the light of the protectionist agenda of the US government, the upcoming Brexit negotiations on the UK's departure from the EU and the elections taking place this year in France, the UK and Germany.

Despite these challenging economic forecasts, Phoenix Mecano will continue to make long-term investments in new growth areas. These are an expression of our future ambitions as a global SME.

Mechanical and electronic solutions for ergonomic seating and reclining furniture and a wide range of instrument transformers to address the challenges posed by renewable energy sources and smart grids are just a few examples of this.

While forecasts are difficult under the present circumstances, the management and Board of Directors anticipate an increase in sales and operating result in 2017, barring any extreme volatility in our global target markets. We see €36-40 million as our target range for EBIT in 2017.

The management and Board of Directors of the Phoenix Mecano Group will observe economic developments closely and if necessary take prompt action to align the company flexibly to changing circumstances.

Dividend

The Board of Directors will propose to the Shareholders' General Meeting of 19 May 2017 an unchanged dividend of CHF 15 per share.

Link to the annual report 2016:

<http://www.phoenix-mecano.com/en/investor-relations/annual-reports/annual-reports>

Link to the annual accounts 2016 and current business Q1 2017:

<http://www.phoenix-mecano.com/en/media/current-media-releases>

For further questions, please contact:

Phoenix Mecano Management AG
Dr Rochus Kobler, CEO
Lindenstrasse 23, CH-8302 Kloten
Tel. +41 (0)43 255 4 255
Fax +41 (0)43 255 4 256

info@phoenix-mecano.com
www.phoenix-mecano.com