

Media release

## **Phoenix Mecano Group's provisional accounts for 2017**

### **Growth in sales and incoming orders – all divisions contributed to growth – disproportionately strong increase in operating result before one-off items**

Kloten/Stein am Rhein, 15 February 2018. The Phoenix Mecano Group's provisional consolidated gross sales increased from €583.2 million to €627.6 million (up 7.6%). Unaudited net sales grew from €577.5 million to €621.7 million (up 7.7%). Incoming orders rose from €598.0 million to €642.3 million (up 7.4%), corresponding to a book-to-bill ratio for 2017 of 102.3%.

Sales growth in local currencies was 8.9%. Changes in the scope of consolidation contributed 1.4% to the increase in sales.

All three divisions contributed to the Group's growth, which was broad-based across the regions. Dynamic demand for comfort furniture drive technology in America and Asia and the intensification of activities in the Asian oil&gas business led to double-digit growth rates in these regions. In Europe, the Group benefited from increasing propensity to invest in its main market Germany, across a range of industrial segments.

### **Operating result and result for the period under review**

The provisional operating cash flow, adjusted for one-off items, increased by approximately 12% from €59.8 million to around €67 million. The adjusted unaudited operating result also rose by 12% from €35.2 million to around €39.5 million. In the ELCOM/EMS division, the performance enhancement measures outlined in the media release of 15 August 2017 were implemented. These measures, including site closures, staffing measures and portfolio streamlining, mainly within the ELCOM/EMS division, resulted in one-off expenses of €9 million in 2017 (previous year: net one-off expenses of €0.7 million). Including one-off items, this resulted in a provisional operating cash flow of approximately €59.5 million (previous year: €59.1 million) and an unaudited operating result of approximately €30.5 million (previous year: €34.5 million).

The financial result improved by just under €2 million. Consequently, the (as yet unaudited) figures indicate a result for the period, including one-off items, of around €22 million (previous year: €23.0 million).

## Development of the Group's divisions

The **Enclosures** division generated sales of €183.8 million (up 7.7%). In Europe, sustained robust economic activity resulted in broad-based growth. There was high demand for system solutions, which combine modern industrial enclosures with electronic input modules. Sales of enclosures in Far East recorded double-digit growth, with high-protection class products for use in explosion prone environments performing particularly well. In this highly dynamic oil&gas project business, a number of deals with attractive margins were signed. Operational progress on data entry systems also boosted the positive development of the operating margin.

The **Mechanical Components** division continued its course of uninterrupted long-term growth, generating sales of €310.4 million (up 8.2%). In the Rose & Krieger industrial segment, there was high demand in all market regions for profile systems and linear units used in factory and process automation and custom machine building. The DewertOkin product area, a global market leader in electric drive solutions used in comfort and care furniture, posted double-digit growth in both China and the US retail market. Last year saw an increase in capacity following the move to the new development and production centre in Jiaxing, China. This will also enable future growth.

The **ELCOM/EMS** division invested in an ambitious bundle of performance enhancement measures in 2017. Key milestones included: reducing the number of production sites, making capacity adjustments, merging sales and development centers, and streamlining product ranges and flows of goods. As a result, the division recorded a positive provisional operating cash flow, before one-off items, of approximately €3 million in 2017. The operating result was negative, impacted by one-off expenses of €9 million and amortisation of acquisition-related, intangible assets totalling approximately €4.5 million.

The division achieved sales of €133.4 million (up 6.1%). Market successes in electromechanical components and with instrument transformer products for high-voltage applications confirmed that the division is moving in the right strategic direction.

## Outlook

Economic analysts are observing a synchronised global upturn, as the global economy continues to gain momentum. In January, the industrial purchasing managers' indices (PMIs) in all major economies were at or above the growth threshold of 50.

In this positive environment, Phoenix Mecano Group has made a solid start to 2018. Moreover, prospects for the relevant industrial markets of the Group's three divisions are intact. As a global business, Phoenix Mecano consistently seeks to build on its strong positions in core markets. Its focus on sunrise industries such as medical, automation and energy technology, coupled with the inexorable rise of digitalisation, means that Phoenix Mecano can tap into further attractive growth segments and benefit from the current positive macroeconomic situation.

Examples of this include: customised system solutions for enclosure technology, delivering robust yet ergonomic input systems at human-machine interfaces; the

further development of electromechanical linear drives into electronically controlled drive systems for comfort and care furniture with digital interfaces; a wide range of electrotechnical components addressing the growing challenges of decentralised electricity grids integrating an increasing share of renewable energy; and electromechanical and electronic components for high-performance computer systems.

Barring any exceptional turbulence in our global target markets, the management and Board of Directors expect to see further growth in sales and operating result in 2018.

**Dates for your diary:**

Balance sheet media conference	24 April 2018	9.30 a.m. Widder Hotel, Zurich
Financial analysts' conference	24 April 2018	11.30 a.m. Widder Hotel, Zurich

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Phoenix Mecano is a leading technology company active in the production of enclosures and industrial components.