

Media release on financial year 2017 and Q1 2018

Phoenix Mecano financial year 2017:

Sales growth of 7.6%, operating result before one-off expenses up 13.1%, increased dividend

Q1 2018:

Disproportionately strong 20.3% increase in operating result, all divisions on a growth trajectory, positive operating result for ELCOM/EMS

Kloten/Stein am Rhein, 24 April 2018. The Phoenix Mecano Group's consolidated gross sales increased from €583.2 million to €627.6 million (up 7.6%), and net sales from €577.5 million to €621.7 million (up 7.7%). Sales growth in local currencies was 8.9%. Changes in the scope of consolidation contributed 1.4% to the increase in sales. All divisions grew organically.

In the ELCOM/EMS division, the implementation of an extensive package of measures laid the foundation for a sustainable improvement in earnings.

Division sales

The Enclosures division saw its gross sales increase to €183.8 million. Growth was 8.4% in local currencies and 7.7% in the reporting currency EUR. The Mechanical Components division grew by 10.4% in local currencies and generated sales of €310.4 million. In EUR, the increase was 8.2%, with organic growth of 7.7%. The ELCOM/EMS division recorded sales of €133.4 million in 2017, up by 6.3% in local currencies and 6.1% in the reporting currency EUR. Adjusted for consolidation effects, sales rose by 0.8%.

Operating result

The operating result, adjusted for one-off items, rose by 13.1% from €35.2 million to €39.7 million. The operating margin (before one-off items) increased from 6.0% to 6.3%. Performance enhancement measures, site consolidations combined with capacity adjustments, and the streamlining and renewal of product ranges resulted in one-off expenses of €9.0 million in 2017 (previous year: net one-off expenses of €0.7 million). Including these one-off items, the operating result was €30.7 million (previous year €34.5 million).

Result of the period

Despite considerable one-off charges, the result of the period fell only slightly by 4.7% to €21.9 million (previous year €23.0 million).

Equity ratio and net indebtedness

Owing to the strong organic growth and negative currency effects, the equity ratio fell slightly to 57.2% as at 31 December 2017, compared to 60.3% the previous year. Net indebtedness totalled €38.1 million (previous year €30.5 million). The main reason for the rise in net indebtedness was the growth-related increase in current assets and increased investment activity.

First quarter of 2018

The Phoenix Mecano Group's gross sales in the first quarter of 2018 increased year-on-year to €169.7 million. Growth was 9.1% in local currencies and 5.3% in the reporting currency EUR, which has gained in strength. The impact of consolidation was 1.6%. All divisions grew organically in local currencies.

Incoming orders were up by 11.6% compared with same period last year, at €181.2 million. The book-to-bill ratio stands at 106.8%.

The operating result grew by a disproportionately high 20.3% to €13.8 million, compared with €11.5 million in the same period last year. The operating margin was 8.1% (previous year 7.1%).

The Enclosures division generated gross sales of €48.7 million and grew by 1.1% in local currencies. Measured in the reporting currency EUR, sales were down 1.7% year-on-year. The operating result rose by 7.7% to €7.0 million.

The Mechanical Components division grew by 14.3% in local currencies and generated gross sales of €84.6 million. The increase in EUR was 8.6%, with organic growth of 7.1%. The operating result increased by 5.0% to €7.6 million.

The ELCOM/EMS division recorded gross sales of €36.4 million. This equates to growth of 8.7% in local currencies and 8.0% in EUR. The impact of consolidation was 4.2%. The operating profit was €0.2 million, compared with a prior year operating loss of €1.3 million. The division's operating cash flow was up by €1.7 million year-on-year to €2.8 million.

Outlook

The traffic lights of global industrial activity are still on green. Nonetheless, the growing number of cyclical warning signs, mounting geopolitical tensions and the increasing propensity towards isolationism and protectionism cannot be ignored.

The focus in 2018 is on achieving a positive operating result in the ELCOM/EMS division and implementing growth-oriented investment programmes in the Enclosures and Mechanical Components divisions.

Operational performance optimisations, organic growth and targeted acquisition activities will continue to generate sustainable added value for Phoenix Mecano Group stakeholders this year.

Barring any extreme volatility in our global target markets, the management and Board of Directors anticipate a growth in sales and operating result in 2018. We see €40-46 million as our target range for EBIT this year.

Dividend

The Board of Directors will propose to the Shareholders' General Meeting of 18 May 2018 an increase in dividend from CHF 15 to CHF 16 per share.

Link to the annual report 2017:

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

Link to the annual accounts 2017 and current business Q1 2018:

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

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