Media release

Phoenix Mecano Group's provisional accounts for 2019

Growth in incoming orders and sales – Performance enhancement programme on track – Upturn in adjusted operating result in H2

Kloten/Stein am Rhein, 18 February 2020. The Phoenix Mecano Group's provisional consolidated gross sales increased from €650.8 million to €680.0 million (up 4.5%). Organically and in local currencies, gross sales fell by 2.2%. Unaudited net sales grew from €645.0 million to €674.0 million (up 4.5%). Incoming orders rose from €659.4 million to €691.6 million (up 4.9%).

Sales and incoming orders saw a double-digit increase in the fourth quarter. The Mechanical Components division achieved the strongest growth, in drive and fittings technology for comfort furniture in the Americas and Asia (DewertOkin). The Enclosures and ELCOM/EMS divisions also expanded their sales in the fourth quarter. The book-to-bill ratio at the end of the year was 101.7%, suggesting a continuation of the upward trend in business performance.

Following the switch to Swiss GAAP FER (see media release of 24 May 2019), the previous year's figures have been adjusted for the sake of comparability.

The performance enhancement programme focusing on the Mechanical Components and ELCOM/EMS divisions (see media release of 15 August 2019) is fully on track. It resulted in one-off expenses of around €16 million in 2019. Adjusted for these expenses and an exceptional income of €1.9 million in the previous year, the operating result fell by 21% from €49.5 million to around €39 million, and the operating cash flow was down by 14% from €72.1 million to around €62 million. Thanks to increasing business momentum and the measures taken to boost performance, the Group achieved an adjusted operating result in the second half of the year that was on a par with the previous year's level. On an annual basis, the 2019 operating result including one-off items was down by 55% from €51.3 million to around €23 million, while the operating cash flow fell by 34% from €74.0 million to around €49 million.

The (as yet unaudited) figures indicate a result for the period of approximately €14 million (previous year: €36.1 million).

Development of the Group's divisions

In the **Enclosures** division, sales increased by 1.4% to €189.3 million. Adjusted for acquisitions and measured in local currencies, they were down by 1.3%. Sales rose slightly in both North America and Europa (acquisition-related). Industrial customers are still showing a reluctance to invest. In Southeast Asia, sales of explosion-proof enclosures fell slightly, mainly in connection with project business.

In the **Mechanical Components** division, gross sales climbed by 10.0% to €360.6 million. Organic local-currency sales declined by 2.3%. The China-based furniture fittings manufacturer MyHome, acquired on 1 April 2019, contributed €37.5 million to sales. The company is profitable and its integration into the business area is proceeding to plan. Sales in Europe declined due to weak market conditions. The Rose & Krieger industrial segment, which continues to operate in an economically challenging climate, posted a slight fall in overall sales.

In the **ELCOM/EMS** division, gross sales were down by 4.6% to €130.1 million, or 3.3% on an organic basis and in local currency terms. The Electronic Packaging business area generated double-digit sales growth, but the Electrotechnical Components and Power Quality business areas, both operating in the general industrial segment, were hit by weaker demand.

Outlook

The global economic situation at the start of 2020 is a mixed picture.

Positive factors such as the continued relaxation of monetary policy, an initial partial resolution to the US-China trade war, and waning concerns about a disorderly UK exit from the EU prompted a rise in the IHS Markit global Purchasing Managers' Index in January.

However, economic experts (The Economist Intelligence Unit, Capital Economics, CEIC) now expect the Covid-19 epidemic to have a significant impact on the Chinese economy. This could slow global growth in the coming months and lead to weaker economic data across the board.

In the short term, Phoenix Mecano's management and Board of Directors anticipate a slowdown, due in part to the disruption to production capacity and logistics chains caused by the epidemic.

Our Group is not immune to these effects. Transport and travel restrictions and strict rules designed to curb the risk of infection mean that our Chinese production facilities will only be able to resume operations gradually in the coming weeks. In whatever way, the health of our employees is our top priority.

At a global level, the performance enhancement programme is proceeding as planned.

The key external factors affecting business performance in 2020 will be the subsequent progress of the Covid-19 epidemic and the efforts to ease the US-China tariff conflict.

Forecasts for these factors are highly uncertain at present. The management and Board of Directors will therefore refrain from making specific predictions about the outlook for 2020 until a later date.

Dates for your diary:

Balance sheet media conference	23 April 2020	9.30 a.m. Widder Hotel, Zurich
Financial analysts' conference	23 April 2020	11.30 a.m. Widder Hotel, Zurich

For more information, please contact:

Phoenix Mecano Management AG
Dr Rochus Kobler, CEO
Lindenstrasse 23, CH-8302 Kloten
Tel.: +41 (0)43 255 4 255
info@phoenix-mecano.com
www.phoenix-mecano.com

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