PHOENIX MECANO

MEDIA RELEASE
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Phoenix Mecano continues to grow in Q3 2011

Stein am Rhein/Kloten, 1 November 2011. Phoenix Mecano, a leading manufacturer of enclosures and industrial components, continues to grow after nine months of financial year 2011. Sales, incoming orders and operating result were all up on the same period last year; only the net result dipped slightly, owing to a decrease in financial result. The industrial markets remain robust, on the whole. However, increasing caution among customers has led to a slight decline in incoming orders recently. The hoped-for recovery in the photovoltaic market failed to materialise in the third quarter.

Nine months into the year, consolidated gross sales were up 6.3%, from €385.7 million to €410.2 million. Taking into account changes in the scope of consolidation, growth was 2.5%. There were no currency effects in the period under review. Incoming orders rose by 1.8% from €400.6 million to €407.7 million. Operating cash flow was up 4.4% compared with the same period last year, at €59.5 million. Operating result increased by 2.6% to €44.9 million, corresponding to an operating margin of 10.9%.

The result of the period after tax fell by 3.7% to €33.0 million, compared with €34.3 million last year, owing to the reduced financial result.

Industrial business solid, photovoltaic sluggish

Sales in the Enclosures division rose by 16.2% over the period to €128.6 million, compared with €110.7 million last year. The mechanical engineering and oil & gas markets in particular are in robust form, as are the German and Chinese markets. Customers in the industrial electronics sector are becoming increasingly cautious, although there are no signs yet of a significant slowdown.

In the Mechanical Components division, sales rose by 13.3% to €168.6 million, with the industrial business in particular still in good shape. The custom machine building and automation engineering sectors have performed especially well this year. In geographical terms, the solid economic situation in Germany, the division’s principal market, merits particular emphasis. The market for linear drives in medical and care technology applications has remained relatively stable this year, albeit with a slight downward trend. The tense situation on the international financial markets is having a negative impact on capital spending by public and private operators of hospitals and retirement and nursing homes. In the market for linear drives used in comfort furniture applications, in particular motorised adjustable beds and chairs, sluggish conditions in Europe are offset by dynamic growth in the USA. Through the use of standardised components and production capacity in China, the mid- and low-price product range in the US market is expanding. The consumer-friendly pricing policy of

US furniture chains and manufacturers means that these products are increasingly suitable for mass production, enabling double-digit market growth despite the difficult economic conditions faced by American consumers.

In the ELCOM/EMS division, the weak performance of the solar business impacted negatively on an otherwise stable situation. Overall, sales were down by 9.4% at €113.0 million. An increasingly cautious approach to the placing of orders by industrial customers is particularly noticeable in this division – even in China, a market which has remained very buoyant in recent years.

The unsatisfactory business development and impending changes in the competitive situation in relation to components for photovoltaic inverters, primarily toroidal transformers and chokes, may mean that an impairment on intangible and tangible assets of up to €12 million may be required in the 2011 consolidated financial statements. In accordance with the International Financial Reporting Standards (IFRSs), this impairment would have an impact on the statement of income and on equity. The effect would be one-off and would not be relevant in terms of liquidity. In line with Phoenix Mecano's dividend policy, any such value adjustment would not affect the dividend for 2012.

Outlook

Phoenix Mecano continues to expect positive overall development in financial year 2011. Given the weak state of the photovoltaic components market and the effects that the sovereign and bank debt crisis is having on the real economy, we are no longer virtually certain of achieving year-on-year increases in gross sales and operating result. Our revised forecast is therefore that gross sales and operating result will remain at roughly the same level as last year. This does not take into account a possible impairment in relation to solar inverter components. For 2012 we anticipate a challenging environment. Visibility is severely limited due to the debt crisis and this may affect our customers' willingness to make investments. However, there is currently no evidence of a recession. Indeed, key markets such as mechanical engineering are expecting renewed growth in 2012, according to industry associations. Phoenix Mecano is equally well equipped for growth and recession scenarios. Our high equity ratio of over 60%, excellent liquidity and, above all, our high level of competitiveness, combined with leading market positions in all three divisions, means that we can look ahead with confidence, even in the current climate.

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Results Q3 2011 in figures (in EUR million)

	7-9 2010	7-9 2011	in %
Incoming orders	129.8	126.3	-2.7
Gross sales	131.5	134.4	2.2
per division:			
Enclosures	39.2	41.3	5.4
ELCOM/EMS	44.7	39.8	-11.0
Mechanical components	47.1	53.3	13.1
Other	0.5	0.0	-100.0
Operating cash flow	20.8	19.2	-7.9
Margin	15.8%	14.2%	
Operating result	16.3	14.1	-13.1
Margin	12.4%	10.5%	
per division:			
Enclosures	8.6	9.0	4.7
	21.9%	21.8%	
ELCOM/EMS	4.8	3.0	-37.6
	10.7%	7.5%	
Mechanical components	4.0	3.1	-20.3
	8.5%	5.9%	
Other	-1.1	-1.0	6.6
Result of the period	12.7	10.2	-19.6
Margin	9.7%	7.6%	

Results Q1 – Q3 2011 in figures (in EUR million)

	1-9 2010	1-9 2011	in %
Incoming orders	400.6	407.7	1.8
Gross sales	385.7	410.2	6.3
per division:			
Enclosures	110.7	128.6	16.2
ELCOM/EMS	124.7	113.0	-9.4
Mechanical components	148.7	168.6	13.3
Other	1.6	0.0	-100.0
Operating cash flow	57.0	59.5	4.4
Margin	14.8%	14.5%	
Operating result	43.8	44.9	2.6
Margin	11.4%	10.9%	
per division:			
Enclosures	22.1	29.0	31.3
	20.0%	22.5%	
ELCOM/EMS	14.1	6.3	-55.2
	11.3%	5.6%	
Mechanical components	10.9	13.1	20.5
	7.3%	7.8%	
Other	-3.3	-3.5	-7.8
Result of the period	34.3	33.0	-3.7
Margin	8.9%	8.0%	