PHOENIX MECANO

Media release

Phoenix Mecano Group's provisional accounts for 2011

Sales at record level, but one-off charges weigh on profitability; 2012 outlook intact

Kloten/Stein am Rhein, 17 February 2012. In reporting year 2011, the Phoenix Mecano Group's provisional consolidated gross sales rose by 5.6% from €501.6 million to €529.8 million. Positive exchange-rate effects contributed just 0.1% to this increase. Organically, i.e. excluding changes in the scope of consolidation, the Group grew by 1.6%. Solid growth in the industrial, furniture and medical technology business was accompanied by a sharp decline in sales in the renewable energies sector – particularly photovoltaics.

Consolidated incoming orders in the reporting year totalled €524.3 million, corresponding to a book-to-bill ratio of 99%.

Operating result and result for the period under review

Provisional operating profit (EBIT) fell by 32% from €52.6 million to around €36 million.

This result includes non-recurring, one-off charges of approximately €16 million, as already reported last year. Just under €12 million of these relate to an impairment of assets in the ELCOM/EMS division's photovoltaic components business. In the Mechanical Components division, the restructuring of subsidiary DewertOkin, combined with the relocation of logistics and technical functions from Germany to Hungary, impacted to the tune of just under €4 million. The operating margin was 7%, compared with 10.5% the previous year. Excluding the aforementioned one-off items, the EBIT margin was just under 10%.

The Group's operating cash flow (EBITDA) decreased by 20% to around €56 million, compared with €70.4 million the previous year. The (not yet audited) figures suggest a result for the period of approximately €23.5 million. The non-tax-deductible impairment of assets in the photovoltaic sector (ELCOM/EMS division) led to an in increase in the tax rate compared with the previous year.

Development of the Group's divisions

The **Enclosures** division benefited from the healthy state of industrial markets in the three regions of Europe, Asia and America, and saw further increases in its sales and profitability. Thanks to a strong performance in all three regions, it narrowly exceeded its previous records for sales and operating result, set in 2008.

In the **Mechanical Components** division, the considerable willingness to invest displayed by mechanical engineering customers was the main driver of growth for the Rose&Krieger industrial business. The increasing global demand for high-quality end products combined with increased personnel costs – including in emerging markets–, offer growing potential for our automation solutions and components. As regards electrically adjustable comfort and reclining furniture and medical technology products (DewertOkin product area), the US market in particular displayed dynamic development, while in Europe consumer caution had a negative impact on volumes and prices.

The **ELCOM/EMS** division suffered from the slump in the photovoltaic components market during the reporting year. In that market, sales were down by around a third compared with the previous year. By contrast, the industrial markets for our electromechanical components and electronic assemblies developed positively. Due to an impairment of intangible and tangible assets, the division recorded a negative operating result below the line.

Outlook

Our customer markets are not unaffected by the subdued economic expectations for the global economy. Such expectations generally result in a reduced propensity by industrial customers to invest, with a tangible impact in the mechanical engineering sector in particular. However, infrastructure development in the emerging economies and the predominantly well-filled order books of our customers mean that there are solid grounds for anticipating a balanced ratio of opportunities to risks in 2012. Although the proportion of our sales generated in Europe is historically high (on average around 80%), we now see Asia as the driver of our growth. As well as double-digit growth in local sales in these markets, most of our target sectors in Europe are heavily focused on exports to the emerging Asian economies and should thus benefit from the economic growth forecast in these markets. We therefore plan to continue our investment programmes, which are geared towards long-term value creation, in the current year. Our solid balance sheet, low level of debt and stable free cash flow provide the best possible framework in which to do this. Our main scenario assumes a generally stable environment in 2012. Initial indications from our subsidiaries and regions for January and February 2012 confirm this assessment. Such a scenario should enable an increase in operating result and net result compared with the 2011 annual accounts, which were affected by one-off items. We have prepared the company so that it can react quickly to any changes in prevailing conditions. Consequently, despite respect for the challenges we face, we look to the future with a healthy dose of optimism.

Dates for your diary:

Balance sheet media conference	24 April 2012	9.30 a.m.
Financial analysts' conference	24 April 2012	11.30 a.m.

For more information, please contact:

Phoenix Mecano Management AG
Benedikt Goldkamp / 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.