MEDIA RELEASE

Phoenix Mecano in Q3 2013: Slight year-on-year recovery – Operational improvements show initial results and will be continued – Well-equipped for possible upturn in 2014

Stein am Rhein/Kloten, 1 November 2013. Phoenix Mecano, a leading technology company active in the production of enclosures and industrial components, recorded slight organic growth in incoming orders and sales in the third quarter of financial year 2013. The dynamic markets of drive solutions for comfort furniture and beds as well as explosion-proof enclosures for the oil & gas industry remain the main drivers of the Phoenix Mecano Group's organic growth.

With the economic leading indicators for industry, particularly in Europe, now positive again, the Phoenix Mecano Group's Board of Directors and Management have created the technical and organisational conditions to ensure that the Group is well prepared for a possible upturn in 2014. However, based on the current incoming orders situation, this potential upswing is not yet broad-based. Consequently, scenario planning for the year ahead also includes short-term responses to an absence of recovery.

A year or so ago it was decided to withdraw from large parts of the photovoltaic business, primarily with the key customer SMA in Germany. Now largely completed, this withdrawal resulted in a planned decrease in sales of approximately €21 million in the first nine months of 2013. Thanks to growth initiatives in the Phoenix Mecano Group's other business areas, this decline has been largely offset, despite challenging economic conditions.

Consolidated gross sales in the third quarter of financial year 2013 were up by 4.2% compared with the same period last year, at €126.4 million. Taking into account changes in the scope of consolidation, the increase was 3.3%. Excluding negative currency effects, growth would have been 6.4%. Incoming orders rose by 2.8% to €121.6 million. The book-to-bill ratio in Q3 was 96.2%. However, over the first nine months of the year, the book-to-bill ratio showed slight overall growth of 100.4%. Operating cash flow in the third quarter of 2013 was up 3% compared with the same period last year, at €15.6 million. Operating result rose disproportionately by 9.4% to €10.4 million, corresponding to an operating margin of 8.2%, compared with 7.8% last year.

The result of the period after tax was down by 1% from €7.4 million to €7.3 million owing to the reduction in financial result caused by fluctuations in exchange rates as well as to an increased tax rate.

The projected operating result (EBIT) of €30-40 million for 2013 can be confirmed.

Industrial recovery still uncertain, growth driven by trend in motorised adjustable comfort furniture

Sales in the Enclosures division rose by 6.1% in the reporting period from €38.9 million to €41.2 million. Despite the positive trend, there remains some uncertainty as to the quality of this recovery. According to reports from end customers, particularly in the mechanical engineering sector, there is still a reluctance to risk major investments. However, leading indicators suggest that things will move in a positive direction in the coming year. The membrane keyboards arm is continuing to realign its business towards the processing of keyboards and touchscreen solutions in MMIs (man-machine interfaces). At the same time, in the current environment of economic fluctuations, the division is focusing heavily on operational improvements in logistics, lean production and lean administration, in order to shorten response times in the medium and long term and continually enhance competitiveness based on our market leader position.

In the Mechanical Components division, the growth recorded in the first half of 2013 continued at a slightly faster pace. Sales rose by 10.8% in the third quarter, from €53 million to €58.8 million. A cyclically-induced decline in sales of industrial solutions (RK Rose&Krieger) was offset by dynamic growth in linear drive systems for medical technology and comfort furniture (DewertOkin), particularly in the USA and China.

The ELCOM/EMS division recorded a 10.3% drop in sales, from €29.4 million to €26.4 million, caused by the strategic partial withdrawal from the photovoltaic components business. Sales in the other segments are now stable. However, the necessary, intensive growth efforts to make up for the planned declines in sales are currently resulting in increased expenses, which are reflected in the division's generally unsatisfactory profitability. Phoenix Mecano expects the ELCOM/EMS division's profitability to gradually improve within the next two years.

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Results Q3 2013 in figures (in EUR million)

	7-9 2012	7-9 2013	in %
Incoming orders	118.3	121.6	2.8
Gross sales	121.3	126.4	4.2
per division:			
Enclosures	38.9	41.2	6.1
ELCOM/EMS	29.4	26.4	-10.3
Mechanical components	53.0	58.8	10.8
Net sales	120.1	124.4	3.6
Operating cash flow	15.1	15.6	3.0
Margin	12.5%	12.3%	
Operating result	9.5	10.4	9.4
Margin	7.8%	8.2%	
per division:			
Enclosures	6.0	6.1	2.3
	15.3%	14.8%	
ELCOM/EMS	0.9	0.2	-79.6
	3.0%	0.7%	
Mechanical components	3.3	4.6	41.0
	6.2%	7.9%	
Other	-0.7	-0.5	30.1
Result of the period	7.4	7.3	-1.0
Margin	6.1%	5.8%	

Results Q1 – Q3 2013 in figures (in EUR million)

	1-9 2012	1-9 2013	in %
Incoming orders	390.1	384.3	-1.5
Gross sales	388.0	382.7	-1.4
per division:			
Enclosures	124.3	123.2	-0.9
ELCOM/EMS	97.6	80.6	-17.4
Mechanical components	166.1	178.9	7.7
Net sales	384.5	378.3	-1.6
Operating cash flow	49.3	45.3	-8.1
Margin	12.7%	11.8%	
Operating result	32.8	29.9	-9.0
Margin	8.5%	7.8%	
per division:			
Enclosures	20.6	17.2	-16.6
	16.6%	13.9%	
ELCOM/EMS	5.0	1.0	-79.6
	5.1%	1.3%	
Mechanical components	9.8	14.4	47.7
	5.9%	8.1%	
Other	-2.6	-2.7	-5.4
Result of the period	23.6	21.1	-10.4
Margin	6.1%	5.5%	