

Media release

Phoenix Mecano Group's provisional accounts for 2013

Sales at previous year's level – Improvement in profitability – Financial result impacted by earn-out obligation from acquisition of Okin Refined – Positive start to 2014

Kloten/Stein am Rhein, 14 February 2014. The Phoenix Mecano Group's provisional consolidated gross sales were on a par with the previous year at €500.6 million (previous year €500.5 million). Unaudited net sales were also at the previous year's level (€495.4 million compared with €495.6 million the previous year). This sales pattern masks two opposing effects. On the one hand, the strategic partial withdrawal from the photovoltaic components sector in the former Datatel business area led to a substantial reduction in sales, which fell, as expected, by around €23 million to approximately €3 million in 2013.

On the other hand, an equivalent volume of new sales were generated through organic growth initiatives and acquisitions. Negative currency effects depressed sales by -1.1%. Excluding changes in the scope of consolidation, sales were down by 0.8%. The main driver of the organic growth was the DewertOkin business unit, a global market leader in innovative drive and control systems for the ergonomic adjustment of comfort furniture and hospital beds. After a weak start, the industrial components business showed a slight growth trend, particularly in the second half of 2013. Based on the leading indicators for global industrial production, which are moderately favourable overall, the Board of Directors and Management anticipate a positive start to financial year 2014. Business performance in the rest of 2014 will largely depend on whether the positive trend stabilises in the coming months.

Consolidated incoming orders in the reporting year totalled €515.7 million, corresponding to a book-to-bill ratio of 103%.

Operating result and result for the period under review

Provisional operating result rose by 26% from €27.9 million to around €35 million. This was right in the middle of the recently confirmed guidance range of €30-40 million EBIT (media release on Q3 2013).

The previous year's result was impacted by a one-off impairment of intangible and tangible assets as well as losses on goods and production materials in the photovoltaic components business totalling approximately €8 million. In the reporting year, weak industrial activity in large parts of Europe as well as costs and capital expenditure relating to the realignment of the ELCOM/EMS division following the withdrawal from the inverter components business impacted the Phoenix Mecano

Group's profitability. On the other hand, growth at DewertOkin, particularly in China, had a positive effect.

The operating margin (unaudited) improved from 5.6% to 7%.

The provisional operating cash flow (EBITDA) rose by 3% to around €56 million, compared with €54.4 million the previous year.

The (not yet audited) figures indicate a result for the period of approximately €22 million. This includes earn-out obligations of around €3 million net, which is greater than planned owing to positive business development.

Development of the Group's divisions

The **Enclosures** division remained the Group's best performing division in terms of profit and margin. However, it was impacted by a reluctance to invest on the part of industrial customers in Europe due to uncertainty caused by the financial crisis. In addition, capital expenditure aimed at enhancing the division's touchscreen expertise in the membrane keyboard business had a negative impact. Explosion-proof enclosures for the oil and gas industry continued to perform well.

The **Mechanical Components** division developed positively on the whole. The main contributors to this positive performance were drive and control components for electrically adjustable comfort beds and recliner chairs in the US market. By contrast, the Europe-centric industrial components segment (Rose&Krieger) declined slightly due to the weak economic situation in the custom machine building and automation technology sector.

The **ELCOM/EMS** division remains in a phase of realignment characterised by increased costs and capital expenditure. Initiatives are focused mainly on the market segments of industrial drive technology, measurement technology, LED exterior lighting and renewable energies. They are part of a three-year recovery plan launched in early 2013. Initial market successes confirm that we are on the right path. The Board of Directors expects the division's profitability to improve gradually over the next two years.

Outlook

The Management and Board of Directors of the Phoenix Mecano Group expect a gradual recovery in Europe's industrial markets. It is now the emerging economies that are the focus of uncertainties. A strengthening of the current currency turbulence could have negative effects on the willingness to invest. The Phoenix Mecano Group with its equity ratio of over 60% is well equipped to deal with the various market scenarios. It is in a position to exploit organic and acquisition-based growth opportunities as part of its long-term strategy.

Dates for your diary:

Balance sheet media conference	23 April 2014	9.30 a.m. Widder Hotel, Zurich
Financial analysts' conference	23 April 2014	11.30 a.m. Widder Hotel, Zurich

For further information, please contact:

Phoenix Mecano Management AG
Benedikt Goldkamp, CEO
Lindenstrasse 23
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.