

Media release on financial year 2015 and Q1 2016

Phoenix Mecano financial year 2015: Sales up by 10%, operating result impacted by exceptional costs, stable dividend
Q1 2016: On course for further growth, operating result up by 13%

Kloten/Stein am Rhein, 26 April 2016. The Phoenix Mecano Group's consolidated gross sales increased significantly from €505.6 million to €559.8 million (+10.7%), while net sales also grew from €500.3 million to €554.5 million (+10.8%). Growth of 5.2% resulted from exchange-rate effects. Changes to the scope of consolidation contributed around 1% to the sales increase. The main growth driver was the Mechanical Components division. Despite challenging underlying conditions, the Enclosures and ELCOM/EMS divisions also recorded increases. The ELCOM/EMS division is nearing the end of an extensive realignment process, which had a substantial impact on earnings in 2015 owing to necessary restructuring measures and growth investments.

Operating result

The operating result (EBIT) totalled €15.0 million (previous year €29.5 million). This includes expenses announced in late November 2015 for the restructuring of the ELCOM/EMS division and the closure of a facility in the membrane keyboard product area (Enclosures division), totalling €15.4 million. The operating result before exceptional expenses therefore stood at €30.4 million. The growth of the Mechanical Components division enabled an improvement in its operating result, while the Enclosures division saw its margin and operating result decline.

Division sales

The Enclosures division saw its gross sales increase by 2.8% to €169.6 million. When corrected for differences in foreign-exchange rates, gross sales were down by 0.7%. Following a dip in 2014, the Mechanical Components division returned to its long-term growth trajectory in 2015, growing its sales by 16.7% to €274.4 million (8.8% when corrected for differences in foreign-exchange rates). Neither division was subject to consolidation effects. The ELCOM/EMS division posted a 9.7% increase in sales in 2015, to €115.9 million. Adjusted for consolidation effects, sales rose by 5%, or 7.7% when corrected for differences in foreign-exchange rates.

Result of the period

The result of the period fell by 67% to €6.7 million (previous year €20.0 million) due to the impact of the aforementioned exceptional costs.

Equity ratio and net indebtedness

The equity ratio at the balance sheet date 31 December 2015 was slightly down on the previous year (61.5% compared to 64.6%). This was owing to the growth-related expansion of the balance sheet, the lower result of the period and the unchanged dividend of CHF 15 per share.

Q1 2016

The Phoenix Mecano Group's gross sales in the first quarter of 2016 increased by 5% year-on-year to €146.8 million. The currency effect was -0.9% and the consolidation effect 1.1%.

Incoming orders were up by 2.4% compared with same period last year, at €146.3 million, meaning that the book-to-bill ratio currently stands at 99.6%.

The operating result grew by a disproportionately high 12.7% to €9.8 million, compared with €8.7 million in the same period last year. The operating margin increased accordingly to 6.7% (previous year 6.2%).

In the Enclosures division, gross sales were down by 0.3% to €45.7 million.

The operating result fell by 15.6% to €5.2 million.

The Mechanical Components division increased its gross sales to €71.4 million, up by 9.1%. Its operating result rose by 22.4% to €6.3 million.

The ELCOM/EMS division generated gross sales of €29.7 million, an increase of 4.1%. Its operating loss was reduced to €1.1 million from €1.5 million last year.

Early implementation of long-term succession plan, ensuring continuity of management

Benedikt Goldkamp, Delegate of the Board of Directors and CEO of Phoenix Mecano AG, will take over as Chairman of the Board of Directors subject to approval from the Shareholders' General Meeting on 20 May 2016. He will remain entirely at the Group's disposal as Executive Chairman of the Board of Directors. Ulrich Hocker, who has been Chairman of the Board of Directors of Phoenix Mecano AG since 2003, will assume the role of an independent lead director and in this capacity will represent the Chairman of the Board of Directors in the event of any conflicts of interest. As of the same date, Dr Rochus Kobler, COO and Chairman of the Executive Committee, will take over as CEO. The new elections required by these changes will take place at the Shareholders' General Meeting in Stein am Rhein on 20 May 2016.

No new Delegate of the Board of Directors will be appointed.

Following the successful structural adjustments of the past year, this succession plan is being implemented early in a spirit of continuity. The rejuvenation of the Group's management will pave the way for dynamic exploitation of the growth potential built up over recent years.

Outlook

The capital goods markets in the three regions of Europe, Asia and North and South America were in a relatively stable condition at the start of the year. The falling price of commodities, particularly crude oil, and weak economic activity in the BRIC countries – with the exception of India – will

pose challenges in 2016. On the other hand, low interest rates, great potential for industrial automation in emerging economies, the integration of renewable energy sources into Europe's power supply and real wage growth in most countries worldwide provide a solid foundation for positive development of the Phoenix Mecano Group in the medium and long term.

Despite the massive turbulence on world markets in early 2016, our business at the start of the year looks relatively robust. We will therefore be pushing ahead with our investment programme geared towards innovation, productivity and expanding our global presence.

The main focus of the Board of Directors and management in the current year will be on completing the ELCOM/EMS division restructuring and turnaround measures adopted in late 2015, which are in the process of being implemented. Successfully implementing these measures will create the conditions for positive development over the long term.

Dividend

On account of the stable cash flow and still high equity ratio of 61.5% of total assets/capital, the Board of Directors will propose to the next Shareholders' General Meeting that a dividend of CHF 15 per share be paid out, as in the previous year.

Link to the annual report 2015:

<http://www.phoenix-mecano.com/annualreports.html>

Link to the annual accounts 2015 and Current Business Q1 2016

<http://www.phoenix-mecano.com/current-media-releases.html>

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