Ad hoc announcement pursuant to Art. 53 LR

Record operating results again for Phoenix Mecano

Phoenix Mecano's industrial activities recorded double-digit growth rates in financial year 2022, while sales were down in the DewertOkin Technology Group (DOT Group) division. Despite a slight decline in sales at Group level, profitability increased significantly. This performance trend continued in the first quarter of 2023.

Kloten/Stein am Rhein, 20 April 2023. The Phoenix Mecano Group generated consolidated gross sales of EUR 792.9 million in financial year 2022, down 2.9% on the previous year (EUR 817.0 million). In organic, local-currency terms, gross sales fell by 6.8%.

Following the final results of the investigation and in agreement with SIX Exchange Regulation AG (SER), the effects of the irregularities at a US subsidiary on the prior-year figures were corrected by a restatement. The restatement means that the figures presented today for the past year, 2022, do not include any effects from other periods. This set of figures represents the true operating performance of the Group in 2022. As a further consequence of the restatement, equity as at 31 December 2021 decreased by EUR 4.2 million. The detailed impacts of the restatement are explained in the 2022 annual report.

Operating result

The Group increased its operating cash flow by 17.1% to EUR 78.0 million, compared with EUR 66.6 million the previous year. The operating result rose by 21% from EUR 44.3 million to EUR 53.6 million. This resulted in an operating margin of 6.8%, up from 5.4% the previous year.

Result of the period

The result of the period increased by 28.6% to EUR 39.0 million (previous year: EUR 30.3 million), and the net margin from 3.7% to 4.9%. This was Phoenix Mecano's best operating cash flow (EBITDA) and operating result in the past 20 years, and its second-best net result during that period.

Equity ratio and net indebtedness

Thanks to the positive trend in earnings, the equity ratio was 44.5% (previous year: 39.3%), significantly exceeding the target minimum equity ratio of 40%. Net indebtedness at the end of 2022 was EUR 84.0 million (previous year: EUR 80.6 million). The main reason for the rise, despite the slightly higher cash flow from operating activities (EUR 55.9 million compared with EUR 54.8 million the previous year), was the sharp increase in investment activity. The return on capital employed (ROCE) rose by 1.2 percentage points to 15.6% and thus already exceeded the strategic medium-term target of at least 15%.

Division results

Following the coronavirus pandemic, there has been a shift in consumer interest, away from consumer durables such as comfort furniture to services. This put a temporary damper on the DOT Group's history of uninterrupted growth over many years. The **DewertOkin Technology Group** division had to contend with a 21.0% drop in sales to EUR 310.3 million. In organic, local-currency terms, sales were down by 25.8%. The sharp decline in sales led to a fall in operating result from EUR 2.1 million to EUR -2.6 million.

In late 2022, the DOT Group started to consolidate production at its newly built industrial park in Jiaxing, a move designed to generate significant economies of scale. Investments to boost vertical integration and an innovation offensive expanding the service and product portfolio to include sensors and software solutions for furniture in medical technology and geriatric care were systematically pursued.

Gross sales in the **Industrial Components** division rose by 13.1% from EUR 226.3 million to EUR 255.8 million. In organic, local-currency terms, they were up by 10.1%. The division significantly increased its operating profit, from EUR 18.1 million to EUR 24.4 million. The operating margin was 9.5% (previous year: 8.0%).

The expansion of its consulting expertise helped the Automation Modules business area to win several major orders. Renewable energy and electromobility applications contributed to the good business performance.

The **Enclosure Systems** division increased its gross sales by 14.7% to EUR 226.8 million. In organic, local-currency terms, they were up by 12.1%. Supported by all business areas and regions, the operating result rose disproportionately to the increase in sales by 31.9% to EUR 35.2 million. The operating margin was 15.5%, up from the previous year's 13.5%.

Further significant sales increases were recorded in the key market segments of electrical engineering, measurement and control technology, and mechanical and plant engineering. In the human-machine interface (HMI) business, the teams implemented several large-scale projects in automotive technology and the packaging industry.

First quarter of 2023

The divergent development of the Group's divisions continued in the first quarter of 2023. While the industrial activities of the Industrial Components and Enclosure Systems divisions saw a further significant increase in sales from an already high level, sales in the DOT Group division declined.

The Phoenix Mecano Group's gross sales fell by 0.5% to EUR 208.9 million in Q1 2023 due to the sale of Phoenix Mecano Digital Elektronik and Phoenix Mecano Digital Tunisie. However, organic, local-currency gross sales increased by 3.7%.

Incoming orders fell by 8.9% from EUR 230.4 million to EUR 209.9 million. In organic, local-currency terms, incoming orders were down by 4.0% in Q1 2023, with a book-to-bill ratio of 100.5%. The operating result climbed by a disproportionately high 19.7% to EUR 15.6 million. The operating margin rose to 7.5% (previous year: 6.2%). The result of the period, EUR 10.5 million, was also up slightly (1.3%) on the previous year (EUR 10.3 million), despite negative currency effects.

Gross sales in the **DewertOkin Technology Group** division totalled EUR 79.3 million, a drop of 13.4% year-on-year (-12.3% in organic, local-currency terms). The operating result was EUR 0.2 million, down from EUR 0.8 million the previous year, while the operating margin stood at 0.3%.

The inventory levels of US furniture manufacturers remained high, decreasing only slightly. As a result, export demand in Asia remained weak, although the local market was growing. In Europe, demand was also below the previous year's level. The first part of the new industrial park in Jiaxing was occupied on schedule, and the second phase of construction got under way.

The **Industrial Components** division increased its gross sales in Q1 2023 by 4.0% to EUR 65.0 million, or by 19.4% in organic, local-currency terms. The division's operating profit improved further, from EUR 4.9 million to EUR 5.8 million. The operating margin stood at 8.9%.

A number of customers in the Automation Modules business area were reducing their inventories and therefore placed fewer orders. In other business areas, numerous orders and project enquiries were received from new customers. In general, Industrial Components continued to see strong demand from the renewable energy and electromobility markets. Higher capacity utilisation and further adjustments to the product mix enabled a growth in margin.

In the **Enclosure Systems** division, gross sales in Q1 2023 rose by 15.5% (15.2% in organic, local-currency terms) to EUR 64.6 million. The operating result increased from EUR 8.3 million to EUR 10.6 million while the operating margin reached 16.4%.

Against the backdrop of the economic slowdown, major customers of the Enclosure Systems division started optimising their inventories. Brisk demand from smaller customers offset the resulting impact on sales and had a positive effect on profitability. In the explosion-proof enclosures business, projects were undertaken for liquefied natural gas (LNG) terminals and initial orders were won in the promising segment of enclosures for power distribution units in electric commercial vehicles.

Sustainability

Phoenix Mecano is publishing a sustainability report for the second time, as it works towards carbon neutrality by 2050. The report shows that the Phoenix Mecano Group was able to reduce its CO_2 emissions by 10% already in 2022. By 2030, it aims to halve CO_2 emissions from its own operations, per unit of sales, compared with 2021. This goal is to be achieved through further increases in operational efficiency as well as the systematic use of renewable energy sources, for example by installing photovoltaic systems to generate green electricity for in-house use.

Proposals to the Shareholders' General Meeting

Based on the Group's solid balance sheet and strong cash flow, the Board of Directors will propose to the Shareholders' General Meeting of 17 May 2023 that a dividend of CHF 16.50 per share be paid out (previous year: CHF 15).

The election of two additional members to the Board of Directors will also be proposed to the General Meeting. Claudine Hatebur de Calderón (born 1973) is the long-standing Chairman of the Board of Directors and sole proprietor of Hatebur Umformmaschinen AG. She previously worked for various companies, in the medical technology and automotive industries, among others. Dr Anna Hocker (born 1991) is a consultant at Spencer Stuart, Munich. Before that, she worked for McKinsey & Company, including in the development of marketing and sales strategies and as a digitalisation expert. In the context of succession planning, the Board of Directors has concluded that Dr Anna Hocker and Claudine Hatebur de Calderón would be ideal additions to the Board of Directors. Ulrich Hocker does not intend to stand for re-election at the Shareholders' General Meeting in 2024.

The Board of Directors will also propose to the General Meeting that the existing bearer shares be converted into registered shares. In addition, the company's Articles of Incorporation are to be adapted to Switzerland's new law on companies limited by shares.

Outlook

Geopolitical risks, the war in Ukraine, higher interest rates and persistent inflation mean that the International Monetary Fund is forecasting slower global economic growth in 2023.

On the other hand, supply chains are now operating again largely without interruptions, logistics capacities have normalised, and there is good availability of raw materials and primary products. Energy prices have also been falling recently.

Despite this supply-side easing, purchasing managers' indices in the world's major economic regions have dropped below the growth threshold, with only China just above it. In China, the economy is likely to pick up speed again following the lifting of coronavirus measures. This would benefit the Group's industrial activities and in particular the DOT Group division.

Structural demand in Phoenix Mecano's end markets continues to be supported by megatrends such as automation, industrial digitalisation and renewable energies. The Group's clear focus on these attractive sectors has paid off and should enable further growth despite the weakening economic momentum.

With incoming orders tailing off and supply bottlenecks disappearing, the record level of orders on hand in Phoenix Mecano's industrial activities is starting to normalise. Thanks to the increased focus on structural growth markets, incoming orders remain sufficient overall and production capacities continue to be well utilised.

Phoenix Mecano's Board of Directors and management believe that the Group is well equipped to continue growing towards its medium-term targets, thanks to its strong positioning in global niche markets. Barring any external shocks, for financial year 2023 the Group's management anticipates organic sales growth and a further double-digit percentage improvement in operating result.

Link to the 2022 annual report:
https://www.phoenix-mecano.com/en/annual-reports/

Link to the presentation on financial year 2022 and Q1 2023:
https://www.phoenix-mecano.com/en/investor-relations/presentations

About Phoenix Mecano

The Phoenix Mecano Group is a global player in the enclosures and industrial components segments and is a leader in many markets. Headquartered in Stein am Rhein, Switzerland, the Group employs around 8,000 people worldwide and generated sales of EUR 793 million in 2022. It is geared towards the manufacture of niche products and system solutions for customers in the mechanical engineering, measurement and control technology, medical technology, aerospace technology, alternative energy, and home and hospital care sectors. Phoenix Mecano was founded in 1975 and has been listed on the Swiss stock exchange since 1988.

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Results Q1 2023 (in EUR million)

	1-3 2022	1-3 2023	in %
Incoming orders	230.4	209.9	-8.9
Gross sales	210.0	208.9	-0.5
per division:			
DewertOkin Technology Group	91.6	79.3	-13.4
Industrial Components	62.5	65.0	4.0
Enclosure Systems	55.9	64.6	15.5
Net sales	207.5	206.8	-0.4
Operating cash flow	18.8	21.2	12.5
Margin	9.0%	10.1%	
Operating result	13.1	15.6	19.7
Margin	6.2%	7.5%	
per division:			
DewertOkin Technology Group	0.8	0.2	-70.1
	0.9%	0.3%	
Industrial Components	4.9	5.8	17.3
	7.9%	8.9%	
Enclosure Systems	8.3	10.6	26.9
	14.9%	16.4%	
Other	-0.9	-1.0	-1.8
Result of the period	10.3	10.5	1.3
Margin	4.9%	5.0%	