

Ad hoc announcement pursuant to Art. 53 LR

Phoenix Mecano achieves record result in a challenging market environment

Phoenix Mecano once again significantly increased its profitability at Group level in financial year 2022. Dynamic growth in industrial activities almost completely offset the decline in sales in the DewertOkin Technology Group division.

Kloten/Stein am Rhein, 16 February 2023. Based on provisional and unaudited results, the Phoenix Mecano Group generated consolidated gross sales of EUR 792.9 million in fiscal year 2022, representing a decrease of 2.9% compared to the previous year's figure of EUR 816.9 million. In organic, local-currency terms, the decline in sales was 6.8%.

Net sales fell from EUR 809.5 million to EUR 784.4 million (down 3.1%). Incoming orders were down by 9.5%, from EUR 888.9 million to EUR 804.1 million.

Operating result and result for the period under review

The investigations into irregularities at a US subsidiary (see [media release of 4 July 2022](#)) have been completed. In accordance with the applicable Swiss GAP FER accounting standard, Phoenix Mecano will correct the effects in previous years by restating the prior-year figures. Compared with the half-year financial statements as at 30 June 2022, this leads to an improvement of EUR 4.7 million in the 2022 operating result and of EUR 4.1 million in the result of the period. The detailed impacts of the restatement will be explained in the 2022 annual report.

The unaudited operating cash flow (EBITDA) climbed by 17% to around EUR 78 million (previous year: EUR 66.6 million). The provisional operating result (EBIT) increased significantly again to around EUR 53.5 million (up 21%). The (as yet unaudited) figures indicate that the result of the period rose by 29% to around EUR 39 million.

This is 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.

Division performance

Sales in the **DewertOkin Technology Group** division fell by 21.0% to EUR 310.3 million. The furniture market experienced a significant decline in 2022, particularly in the division's main US market. The end of COVID-19 restrictions saw a shift in consumer interest, away from consumer durables such as comfort furniture to services. At the same time, inflation is eroding purchasing power. Consequently, there is currently an overcapacity in production compared with the weak demand and inventory levels are still above average in most end markets. In late 2022, the DewertOkin Technology Group started to consolidate production at its newly built industrial park in Jiaying. Vertical integration is being further enhanced to achieve significant economies of scale. An innovation offensive is currently under way, expanding the portfolio to include sensor and software solutions for furniture in medical technology and geriatric care.

The **Industrial Components** division achieved sales of EUR 255.8 million (up 13.1%). The expansion of its consulting expertise helped the Automation Modules business area to win several large orders in lean solutions for assembly workstations. In the Measuring Technology and Electrotechnical Components business areas, renewable energy and electromobility applications contributed to the good business performance. The Rugged Computing business area succeeded in entering the promising space technology market, delivering the first product for the Ariane programme and acquiring two major customers.

The **Enclosure Systems** division increased its gross sales by 14.7% to EUR 226.8 million. A stable supply chain ensured that customer orders could be delivered and helped to implement price increases quickly and comprehensively. Growth was driven by all business areas and regions, with industrial enclosures showing particularly strong growth. Cutting-edge input systems with touchscreen technology and printed electronic circuits also performed well, driven by high demand from medical technology.

Outlook

Since the summer months, the purchasing managers' indices for the industrial sector have steadily weakened and are now below the growth threshold in many places. Aside from the DewertOkin Technology Group division, Phoenix Mecano has so far only felt the effects of this industrial trend as a normalisation of incoming orders and orders on hand. In China, following the scrapping of the zero-COVID policy, sentiment is brightening as expected and supply chain pressures are continuing to ease.

It is still unclear when demand in the DewertOkin Technology Group's end markets will recover. However, the structural growth drivers remain intact. With leading positions in global niche markets, the Group will continue to benefit from global megatrends such as decarbonisation and industrial automation. Similarly, strategies

aimed at reshoring and establishing regional supply chains will boost demand for Phoenix Mecano's products and services.

Phoenix Mecano's Board of Directors and management are therefore cautiously optimistic for the 2023 financial year. The focus will be on further increasing profitability and achieving the [medium-term targets communicated at the Capital Markets Day on 1 December 2022](#). A more specific assessment of financial year 2023 will be provided together with the results for the first quarter of 2023 and the publication of the 2022 annual report on 20 April 2023.

About Phoenix Mecano

Phoenix Mecano is a globally positioned technology company with leading positions in the growth markets for industrial automation, industrial enclosures and drive systems for electrically adjustable comfort and healthcare furniture. Headquartered in Stein am Rhein, Switzerland, the Group employs around 8,000 people worldwide and generated sales of EUR 793 million in 2022. Phoenix Mecano's successful business model focuses on the cost-effective manufacture of technical components and their further processing into customized products for niche applications and integration into modular system solutions. Three focused divisions supply a broad customer base in mechanical engineering, measurement and control technology, medical technology, aerospace, 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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