



Ad hoc announcement pursuant Art. 53 LR  
Heerbrugg, March 3, 2023

### **SFS seizes opportunities in the financial year 2022**

**In 2022, the SFS Group generated sales of CHF 2,746.1 million in a market environment characterized by geopolitical and macroeconomic events. The strong growth of 45.1% was driven both organically and by the inclusion of Hoffmann. SFS boosted its operating profit (EBIT) by 9.5% to CHF 330.3 million, which corresponds to an EBIT margin of 12.1%. Adjusted for acquisition related one-off effects, the EBIT margin amounts to 12.9%.**

SFS Group looks back on a year characterized by geopolitical and macroeconomic events. With the acquisition of Hoffmann, SFS seized the extraordinary strategic opportunity to secure an internationally strong position in the attractive area of quality tools. The considerable uncertainties and high volatility attributable to the war in Ukraine, sustained disruption in supply chains, further waves of COVID-19 as well as sharply rising energy costs, interest rates and inflation were constant companions during the entire reporting period. Thanks to local production sites, largely regional and therefore robust supply chains, an impressive product range as well as our employees' enormous commitment, SFS has managed to maintain the ability to deliver to customers with just a few exceptions and gain market share in several business areas.

SFS generated good organic growth of overall 9.1% in most end markets and regions throughout 2022 as a whole, achieving third party sales of CHF 2,746.1 million. That corresponds to a strong year-over-year increase of 45.1%. Consolidation effects that mainly arose as a result of the inclusion of Hoffmann as per May 1, 2022, accounted for 37.9% of the growth surge. Currency effects negatively impacted sales by -1.9%.

### **Profitability significantly impacted by mix effects**

Hoffmann's consolidation significantly impacted profitability in different ways: Whereas operating profit (EBIT) saw a substantial increase, the business model in the Distribution & Logistics segment comes with a lower EBIT margin that, in turn, reduces the Group's consolidated EBIT margin. The volatile and occasionally lower utilization of capacities weighed on profit in the Engineered Components segment. All in all, this resulted in an operating profit (EBIT) of CHF 330.3 million and an EBIT margin of 12.1% of net sales (PY 15.9%). The reported result is weighed down by increased material expenses of CHF 22.9 million due to acquisition effects. Accounted for these acquisition effects, the adjusted EBIT margin amounts to 12.9%. At CHF 270.6 million (PY CHF 248.0 million), net income corresponds to 9.9% of net sales. An operating free cash flow of CHF 116.9 million (PY CHF 203.1 million) was achieved during the financial year. The realization of earnings per share (EPS) of CHF 6.95 (PY CHF 6.51) clearly underpins the financial attractiveness of the transaction with Hoffmann, especially in light of the negative impact of acquisition effects. The equity ratio rose by 3.9 percentage points to 50.6% compared with the closing date of the half-year report.



| <b>Income statement CHF million</b> | <b>2022</b>       | 2021    | 2020    | 2019    | 2018    |
|-------------------------------------|-------------------|---------|---------|---------|---------|
| Third party sales                   | 2,746.1           | 1,893.1 | 1,704.9 | 1,781.4 | 1,738.6 |
| Change to previous year in %        | 45.1              | 11.0    | -4.3    | 2.5     | 6.5     |
| thereof currency impact             | -1.9              | -0.1    | -4.1    | -1.3    | 1.4     |
| thereof change in scope             | 37.9              | 0.8     | 3.0     | 4.4     | 0.8     |
| thereof organic growth              | 9.1               | 10.3    | -3.2    | -0.6    | 4.3     |
| Net sales                           | 2,738.7           | 1,897.3 | 1,707.1 | 1,782.1 | 1,736.9 |
| EBITDA                              | 448.1             | 407.1   | 327.6   | 331.7   | 332.8   |
| As a % of net sales                 | 16.4              | 21.5    | 19.2    | 18.6    | 19.2    |
| Operating profit (EBIT)             | 330.3             | 301.7   | 227.4   | 236.3   | 243.1   |
| As a % of net sales                 | 12.1              | 15.9    | 13.3    | 13.3    | 14.0    |
| Operating profit (EBIT) adjusted    | 353.2             | 298.6   | 225.3   | 239.1   | 243.1   |
| As a % of net sales                 | 12.9              | 15.7    | 13.2    | 13.4    | 14.0    |
| Net income                          | 270.6             | 248.0   | 184.8   | 206.5   | 193.9   |
| As a % of net sales                 | 9.9               | 13.1    | 10.8    | 11.6    | 11.2    |
| Cash flow from operating activities | 287.9             | 324.5   | 296.4   | 277.6   | 263.5   |
| Earnings per share in CHF           | 6.95              | 6.51    | 4.90    | 5.47    | 5.14    |
| Payout per share in CHF             | 2.50 <sup>1</sup> | 2.20    | 1.80    | 1.80    | 2.00    |
| <b>Balance sheet in CHF million</b> |                   |         |         |         |         |
| Assets                              | 2,574.2           | 1,839.1 | 1,684.1 | 1,638.6 | 1,619.3 |
| Net cash (+)/debt (-)               | -477.7            | 279.1   | 144.3   | 68.7    | 59.1    |
| Average Capital Employed            | 1,557.6           | 1,143.6 | 1,134.0 | 1,134.9 | 1,070.8 |
| Invested Capital <sup>2</sup>       | 3,290.9           | 2,194.0 | 2,149.5 | 2,153.2 | 2,058.3 |
| Equity                              | 1,303.6           | 1,450.4 | 1,278.2 | 1,237.2 | 1,204.6 |
| As a % of assets                    | 50.6              | 78.9    | 75.9    | 75.5    | 74.4    |

<sup>1</sup> Proposed payout at SFS Group's Annual General Meeting on April 26, 2023

<sup>2</sup> Calculation of the key figure is shown in the annual report on page 112, [annualreport.sfs.com](https://annualreport.sfs.com) →

## Development by segment

In the Engineered Components (EC) segment, 2022 was a year shaped by regional events and occasionally high volatility. While good growth was supported largely by applications from the Electronics and Industrial divisions in the first half year, applications from the Automotive and Industrial divisions were the main contributors in the second half of the year. The segment generated CHF 1,028.2 million in third party sales, which corresponds to sales growth of 5.4% over the previous year. The uneven, fluctuating utilization of production capacities in individual business areas of the segment had a major impact on profitability. This resulted in operating profit (EBIT) of CHF 146.2 million, which corresponds to an EBIT margin of 14.1% (PY 17.1%).

For around two years, an impressive product range has helped the Fastening Systems segment and specifically the Construction division to consistently take advantage of the exceptional demand situation in the construction industry and achieve record results – which continued in the second half of 2022. CHF 644.9 million in third party sales were generated, which corresponds to another impressive 12.2% increase over the prior-year period. The EBIT margin for the period under review amounts to 17.7%, which corresponds to an increase of 30 basis points over the previous year.



Based on an attractive product range and thanks to good material availability, the Distribution & Logistics (D&L) segment took advantage of the positive market environment again in 2022 and achieved an attractive organic growth in both divisions. The segment generated third party sales of CHF 1,073.0 million. This corresponds to a year-on-year growth surge of 212.8%, which was mainly driven by consolidation effects that arose as a result of the inclusion of Hoffmann. The segment generated adjusted operating profit (EBIT) of CHF 102.2 million in the year under review, which corresponds to an increase of 213.5%. Development of the adjusted EBIT margin of 9.6% was stable over the course of the year. The reported result is weighed down by increased material expenses of CHF 22.9 million due to acquisition effects. A project team comprised of employees from all affected business areas was assembled to carefully examine all areas of potential synergies connected to the collaboration with Hoffmann and prioritize the realization of that potential.

| <b>Sales by segment<br/>In CHF million</b>  | <b>2022<br/>1<sup>st</sup> half-year</b> | <b>2022<br/>2<sup>nd</sup> half-year</b> | <b>2022</b> | <b>2021</b> | <b>+/- PY</b> |
|---|--|--|-------------|-------------|---------------|
| Third party sales   | 1,223.6                                  | 1,522.5                                  | 2,746.1     | 1,893.1     | 45.1%         |
| Engineered Components   | 523.4                                    | 504.8                                    | 1,028.2     | 975.2       | 5.4%          |
| Fastening Systems   | 334.5                                    | 310.4                                    | 644.9       | 574.9       | 12.2%         |
| Distribution & Logistics  | 365.7                                    | 707.3                                    | 1,073.0     | 343.0       | 212.8%        |
| <b>Operating profit (EBIT) adjusted by segment<br/>In CHF million/as a % of net sales</b> |  |  |             |             |               |
| Operating profit (EBIT) adjusted  | 179.5                                    | 173.7                                    | 353.2       | 298.6       | 18.3%         |
|   | 14.7%                                    | 11.5%                                    | 12.9%       | 15.7%       | -2.8pp        |
| Engineered Components   | 84.6                                     | 61.6                                     | 146.2       | 168.2       | -13.1%        |
|   | 15.9%                                    | 12.1%                                    | 14.1%       | 17.1%       | -3.0pp        |
| Fastening Systems   | 65.2                                     | 51.1                                     | 116.3       | 102.3       | 13.7%         |
|   | 19.1%                                    | 16.1%                                    | 17.7%       | 17.4%       | 0.3pp         |
| Distribution & Logistics  | 34.9                                     | 67.3                                     | 102.2       | 32.6        | 213.5%        |
|   | 9.6%                                     | 9.6%                                     | 9.6%        | 9.4%        | 0.2pp         |

### Changes in the Group Executive Board

With the closing of the Hoffmann transaction, Martin Reichenecker joined the Group Executive Board in his role as CEO of Hoffmann.

Furthermore, the Board of Directors appointed Susanne Jung as Chief Human Resources Officer (CHRO). Susanne Jung strengthens and broadens the HR organization. She joined the Group Executive Board on January 1, 2023, as she took on her new role.

### Changes in the Board of Directors

Shareholders elected Thomas Oetterli as Chairman of the Board of Directors at the Annual General Meeting on April 27, 2022. He succeeded Heinrich Spoerry, who retired from the Board of Directors after reaching the age limit as defined in the Articles of Association.

The motion to elect Peter Bauschatz was also accepted at the Annual General Meeting on April 27, 2022. Peter Bauschatz is the Chairman of the Supervisory Board of Hoffmann SE, which became a part of the SFS Group upon completion of the transaction.



### **Outlook for the 30th Annual General Meeting on April 26, 2023**

For the first time following a three-year interruption, the Annual General Meeting of SFS Group AG will be held with the physical presence of shareholders at Sportzentrum Aegeten in Widnau on April 26, 2023. Further information will follow together with the invitation, which will be sent out end of March 2023.

As part of the long-term succession plan set up by the Stadler/Tschan family shareholders, Bettina Stadler will not stand for re-election to the Board of Directors at the 2023 Annual General Meeting. Consequently, the Board of Directors proposes that Fabian Tschan be appointed as a new member. He will ensure continuity in his capacity as a representative of the family shareholders.

In view of the good earnings situation and the completed transaction with Hoffmann, the Board of Directors proposes that a dividend of CHF 2.50 per share be distributed.

### **Outlook for the financial year 2023**

Performance will continue to be shaped by considerable uncertainty as a result of macroeconomic and geopolitical developments. Regional restrictions in supply chains will impact the course of business in individual end markets also over the course of the 2023 financial year. Safeguarding business processes, ongoing efforts to pursue forward-looking innovation projects and sharpening the Group's customer focus take top priority in this volatile environment. Chances and opportunities that go hand-in-hand with the current changes shall be identified and seized in a systematic way.

SFS expects in the 2023 financial year sales of CHF 3.2–3.3 billion, including the first time consolidation of Hoffmann for the full year. With this, SFS expects – before consolidation effects – sales growth along the mid-term guidance of 3–6%. For SFS Group as a whole, including Hoffmann, an EBIT margin along the mid-term guidance of 12–15% is expected. The outlook is based on the assumption that there will be no significant deterioration in the underlying economic conditions or geopolitical, energy or pandemic-related restrictions.

[Link to Annual Report 2022](#)



### About SFS Group

SFS is a worldwide leading supplier of precision components and assemblies, mechanical fastening systems, quality tools and logistics solutions. SFS Group AG is made up of the three segments Engineered Components, Fastening Systems and Distribution & Logistics, which represent the company's corresponding business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customer-specific precision components, assemblies and fastening solutions. Engineered Components comprises four divisions: Automotive, Electronics, Industrial and Medical. The **Fastening Systems** segment, which consists of the Construction and Riveting divisions, develops, manufactures and markets application-specific mechanical fastening systems. In the **Distribution & Logistics** segment, SFS is a leading sales and logistics partner in Europe for direct and indirect materials in the areas of quality tools, fasteners and other C-parts as well as logistics and process solutions for customers in industrial and construction industries. The segment comprises two divisions, Distribution & Logistics Switzerland and Distribution & Logistics International. SFS Group is a global player with manufacturing sites and distribution companies at 140 locations in 35 countries around the world. It generated sales of CHF 2,746 million in the 2022 financial year with a workforce of approximately 13,500 (FTE).

More information can be found at [www.sfs.com](http://www.sfs.com)

### Media contact:

SFS Group AG  
Benjamin Sieber  
Valentina Dönz  
Rosenbergsaustrasse 8  
9435 Heerbrugg  
Switzerland

Tel.: +41 71 727 62 48

E-mail: [corporate.communications@sfs.com](mailto:corporate.communications@sfs.com)

### Stock information

|                       |                  |
|-----------------------|------------------|
| Security no.          | 23.922.930       |
| ISIN                  | CH 023 922 930 2 |
| SIX Swiss Exchange AG | SFSN             |