



Value Engineering Specialist



Octavian Seminar
January 13, 2023

Agenda

1. Positioning of SFS
2. Financial key messages 1H 22
3. Deep dive Automotive division
4. Deep dive Electronics division
5. Deep dive Construction division
6. D&L International update
7. Q&A

Positioning of SFS

Mission critical products for selected niche applications

We are by your side – 24/7



Our focused business activities

Tailored solutions for selected niche applications

Engineered Components

Automotive



Electronics



Industrial



Medical



Fastening Systems

Construction



Riveting



Distribution & Logistics

D&L Switzerland



D&L International



Our focused business activities

Synergies in tooling based technologies

Engineered Components

Engineering Partner

Development and industrialization of tooling based, customized precision components and assemblies



Fastening Systems

Solution Provider

Development and distribution of application specific tools and fasteners



Distribution & Logistics

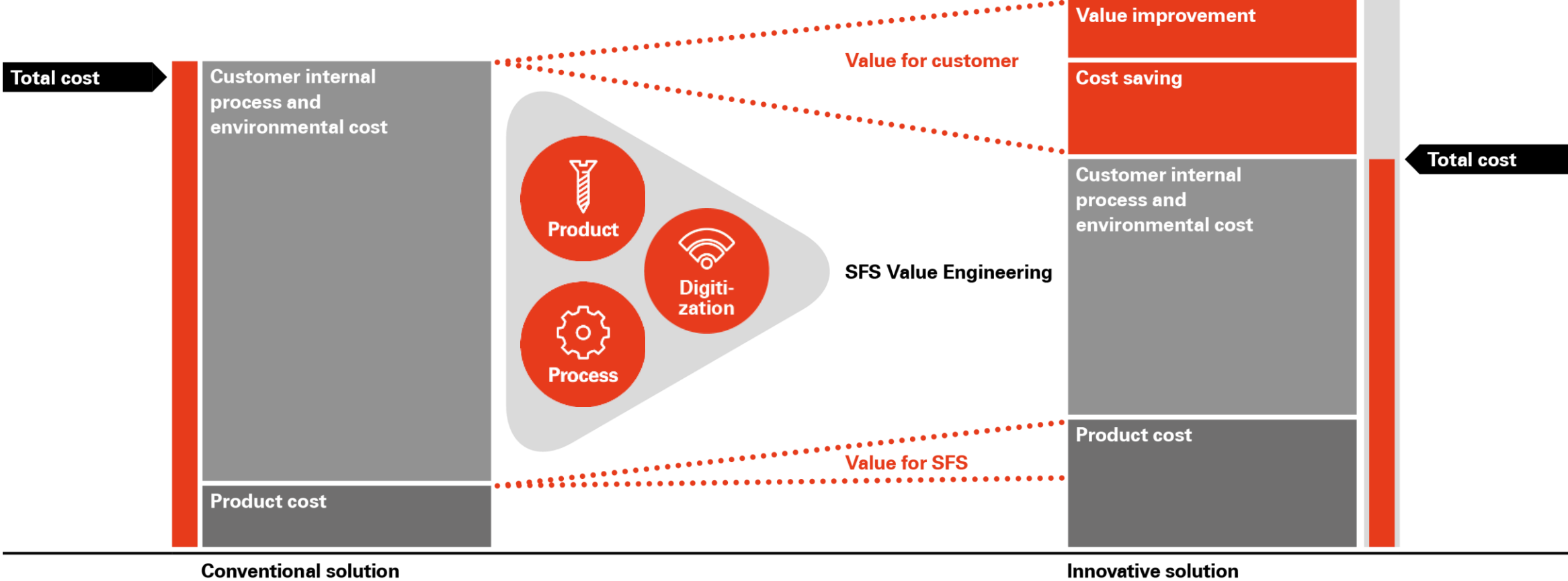
System Partner

Development and trade of tools, fasteners and work equipment



SFS value proposition over all segments

Inventing success together



Our focused business activities

Sustainable growth through the cycle

Megatrends

 Digital revolution

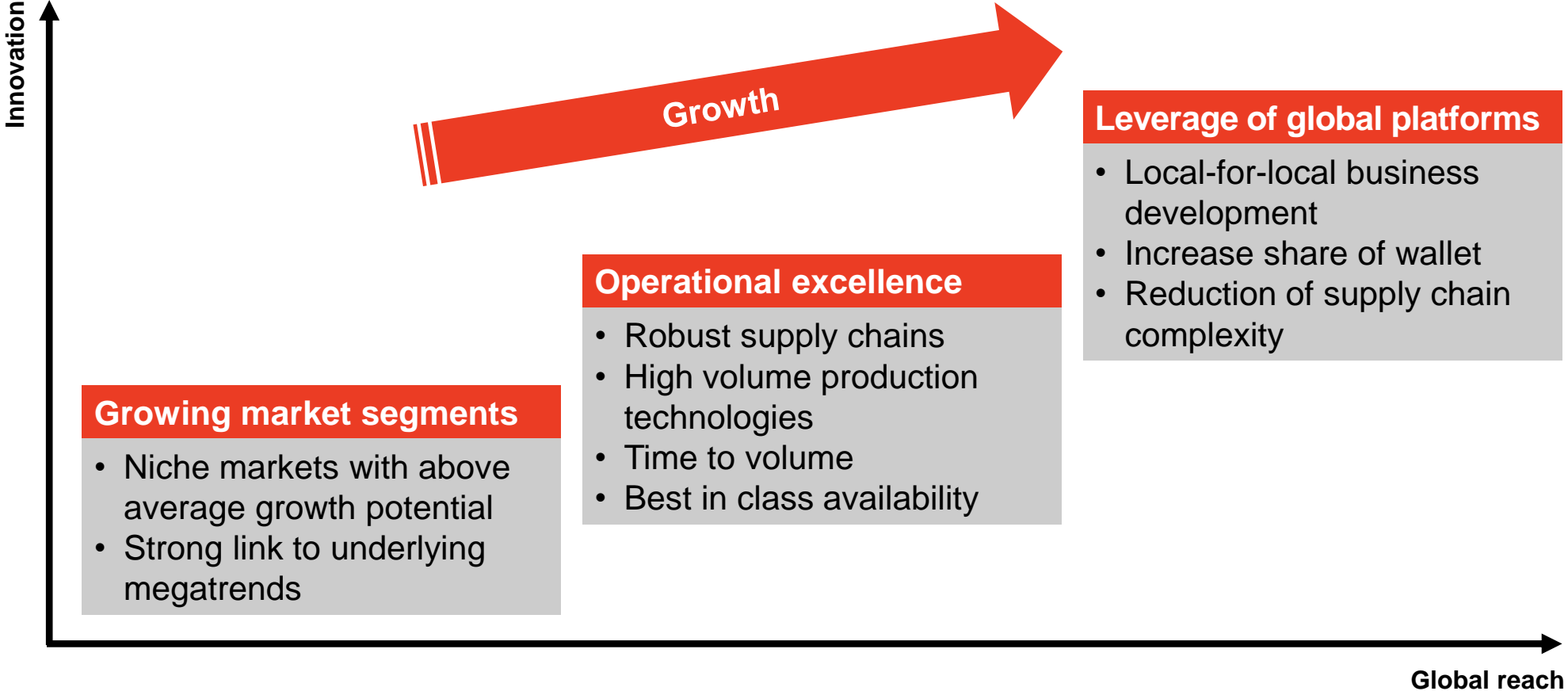
 Resources constraints

 Economic globalization

 Demographic asymmetries

 Evolving consumption

 Innovation acceleration

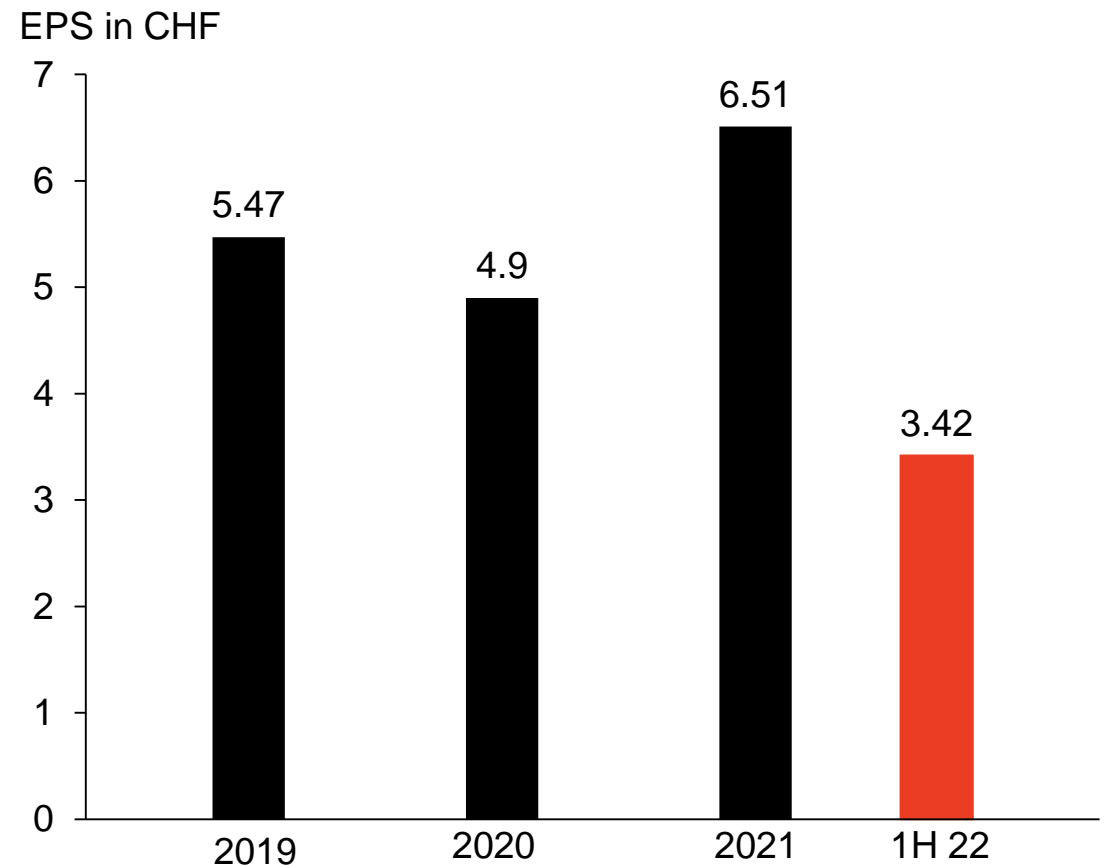


Financial key messages 1H 22

Development EPS 2019 – 1H 22

Hoffmann accretive to EPS as of 2022

- CAGR EPS 2019 – 2021 of 9.1%
- 1H 22 EPS reported CHF 3.42 per share
- 1H 22 EPS considered to be very strong:
 - Total shares increased by 1.4 million
 - 1H 22 EBIT 13.3%, yoy -380bp
 - Hoffmann contribution to earnings for 2 months only
 - 1H 22 effects from accounting of Hoffmann acquisition at CHF 0.36 per share
 - Total year effect from acquisition estimated at CHF 0.43 per share



Adjust Guidance FY2022 to mid-term guidance SFS and Hoffmann (8 months of consolidation)

	2021A (CHF)	2022G: W/o Hoffmann	2022G: Updated May 12	2022G: Updated Aug 26
Gross sales SFS stand-alone (in local currencies)	1,893 m	Growth 3–6%	Growth 3–6%	Growth 3–6%
Sales impact 8 months consolidation Hoffmann			+ ca. CHF 720–770 m	+ CHF 720–770 m
EBIT margin SFS	15.9%	13–16%	stand-alone 13–16%	12–15%

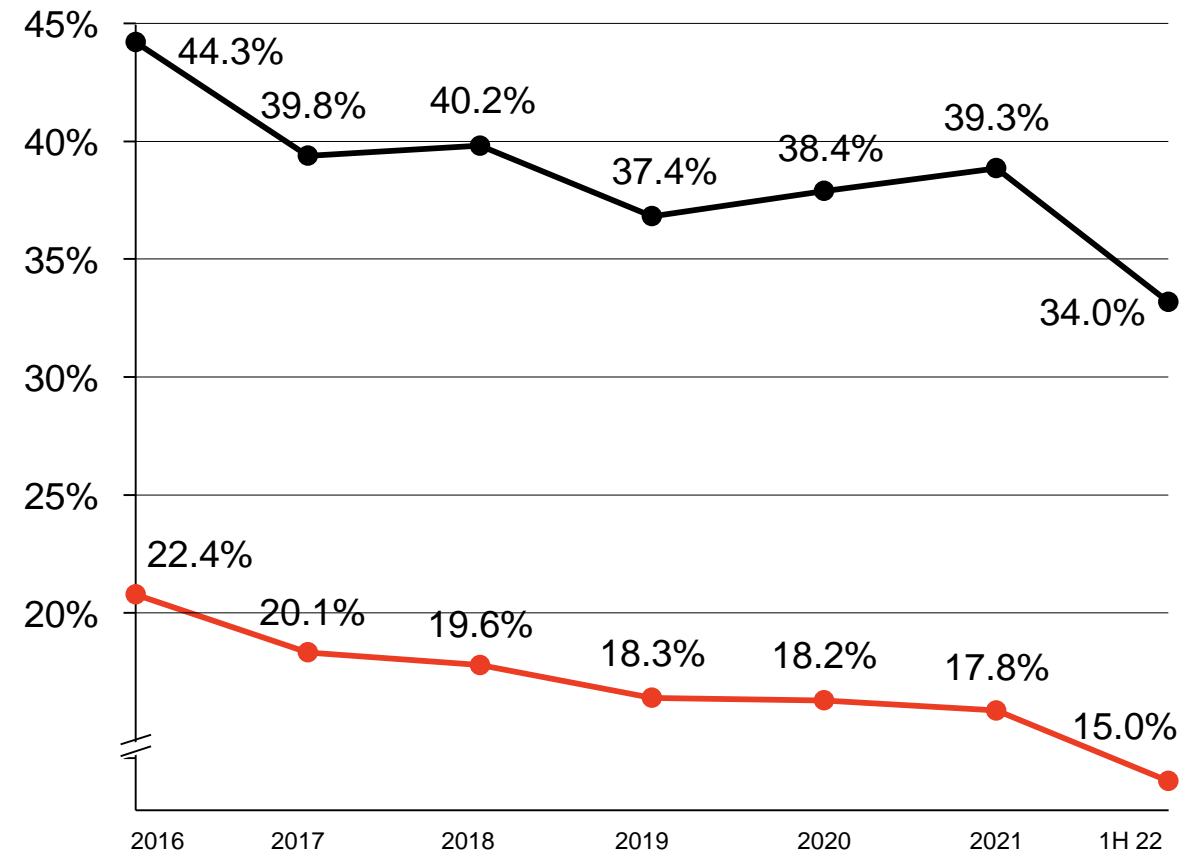
A = Actual G = Guidance

- This outlook is based on the assumption that there will be no significant worsening in the underlying economic conditions or pandemic-related restrictions

Swiss franc exposure

Share of OPEX in Swiss francs further reduced to 34%

- Export activities suffer from appreciation
- Drivers for strategically targeted reduction
 - M&A outside CHF denomination
 - Improved productivity in CH
 - Relocate processes outside CHF
 - Adopt natural hedging
- Net cash FX exposure (as per end of 1H 22)
 - Estimated <100 m/year in Switzerland
 - Fully hedged in 2022 at CHF 1.076/€
 - >40% hedged for 2023 at CHF 1.025/€

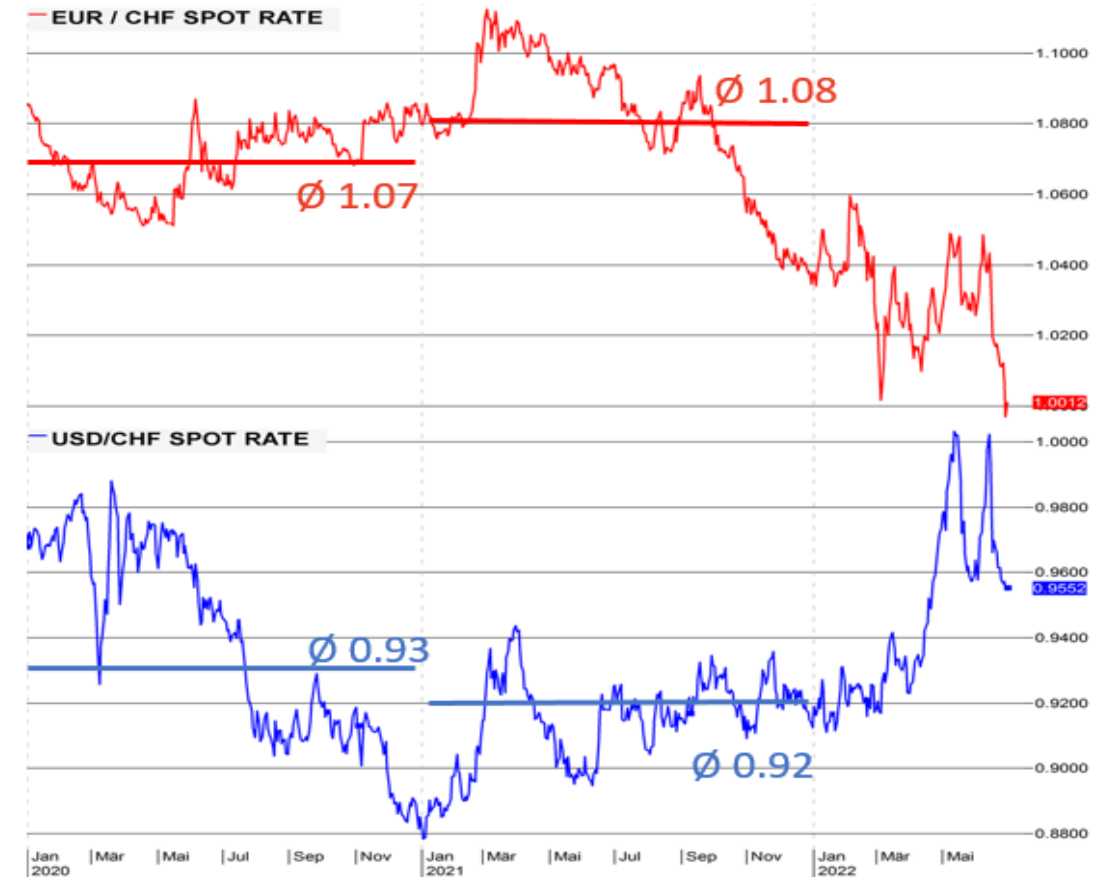


—●— Sales invoiced in CHF —●— OPEX in CHF

Swiss franc exposure

Appreciation of CHF with limited translation impact

- P&L translation in foreign currency
 - simulation with an € at 0.975 or \$ at 0.900
 - combined impact on Group EBIT margin expected to be around –10 to +10 bps compared to average 1H 22
- Hence, FX translation effect has limited impact on Group EBIT



Deep dive Automotive division

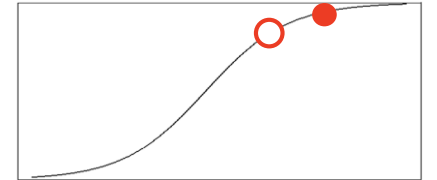
Participation in the braking circuit

Fleet penetration continuing

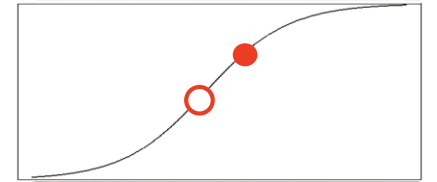


Market penetration 2020 and '22

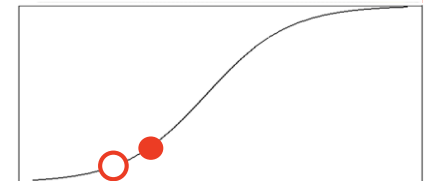
ABS/
ESC



Electric
Parking
Brake (EPB)



Integrated
Brake
System



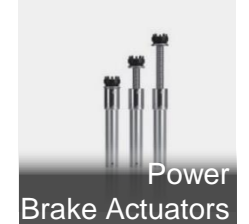
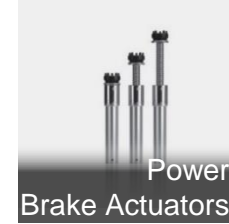
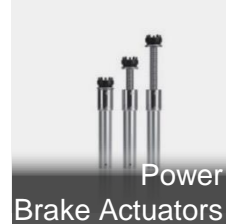
Penetrating the braking circuit

Build up local supply chains and operations over 20yrs

North
America

Europe

Asia



Finished new Hall 6 in Heerbrugg – high dynamic

80% of space will be occupied within the next 3 years



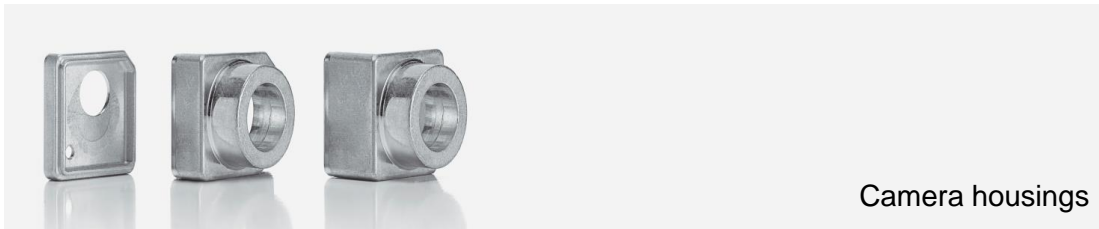
- Building finished on time and within budget
- First machines and equipment installed
- Focus on new generation BSD programs
- Recently awarded programs from all major Tier 1s will occupy 100% of the space within the next 3 years
- Continued ramp-up of new programs in coming years

Camera/sensor housings for autonomous driving

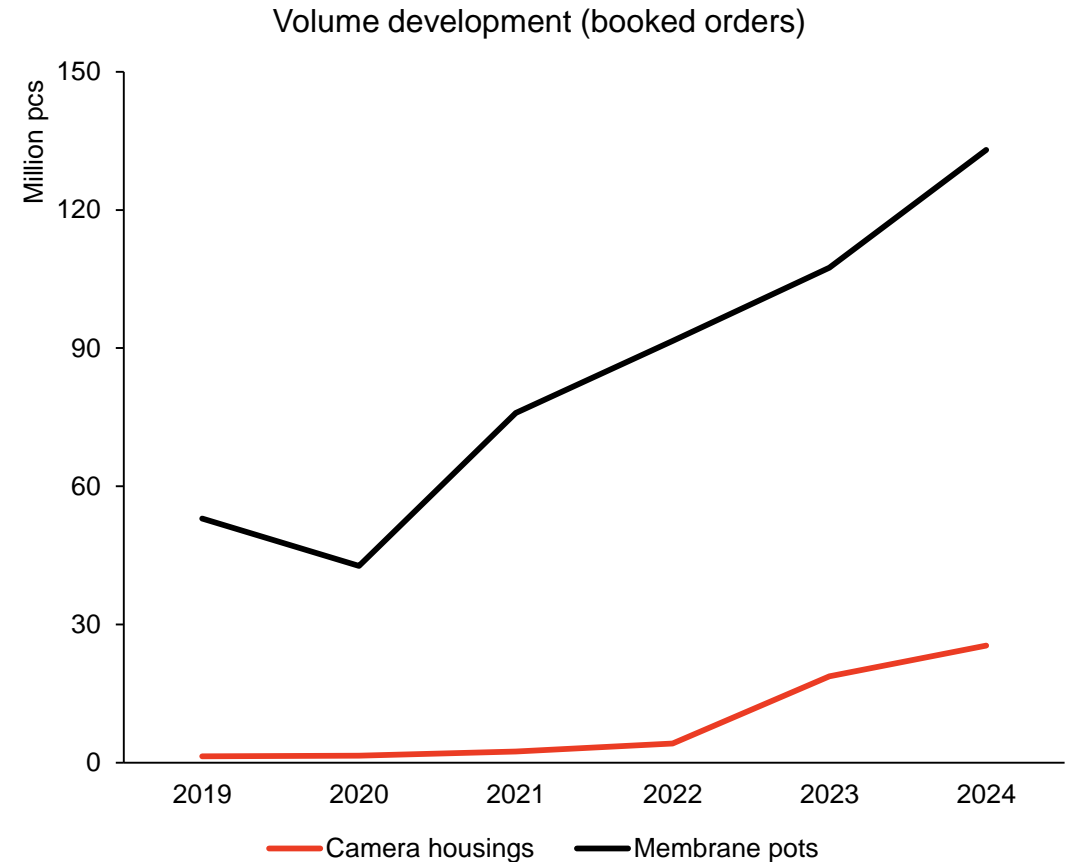
Dynamic growth



- CAGR 2019–2024: 20%
- Localization: Flawil (CH)



- CAGR 2019–2024: 78%
- Localization: Flawil (CH), Nantong (CN)



Deep dive Electronics division

Project Starlight 2 – Unisteel Nantong phase 2 expansion

Completion in June 2023

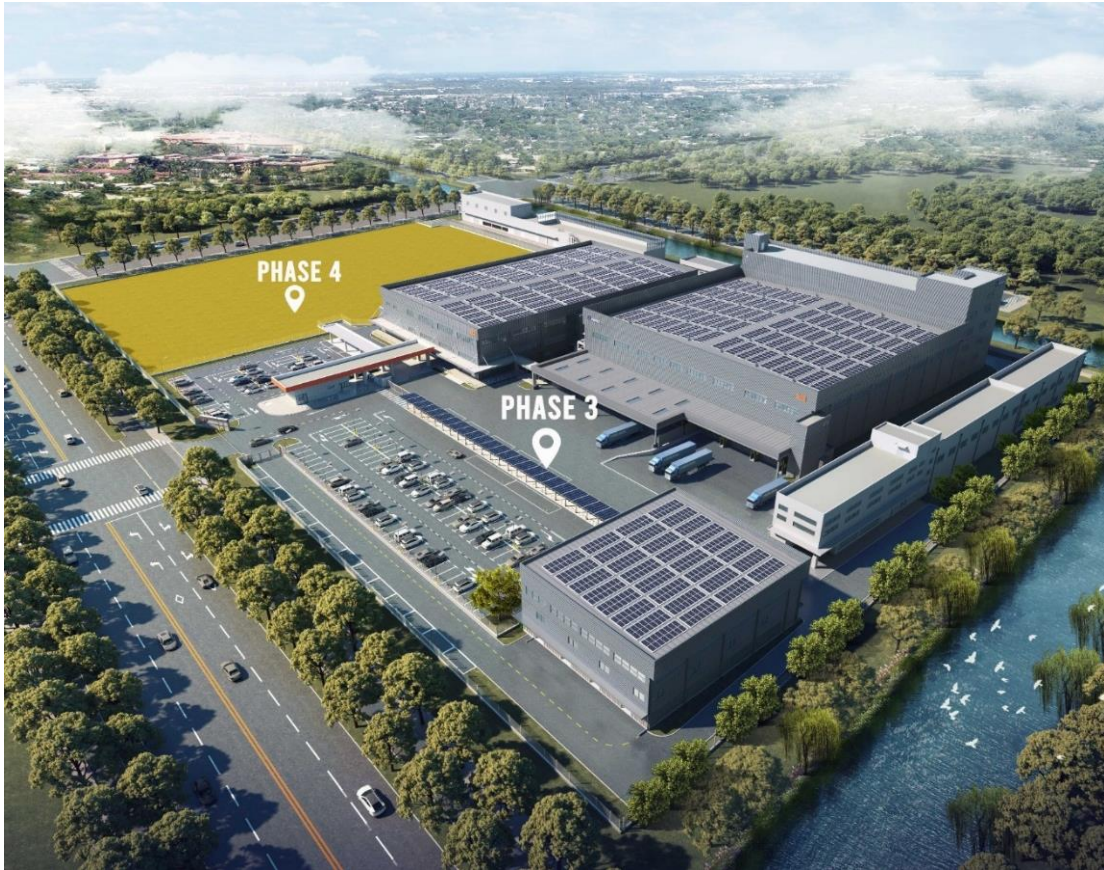


- Phase 1 space fully utilized earlier than expected (occupation in 2019)
- Growth of Electronics products with higher space utilization footprint
- Platform for other divisions in China:
 - Relocation Riveting from Nansha
 - Localization ABS, camera housings, BSD of Automotive
 - Support growth of Industrial, Medical, D&L

	Land area	Built-up area
Phase 1	90,000 m ²	77,000 m ²
Phase 2	22,000 m ²	34,440 m ²

Project Starlight 2 – Unisteel Nantong phase 3 expansion

Completion by end 2023

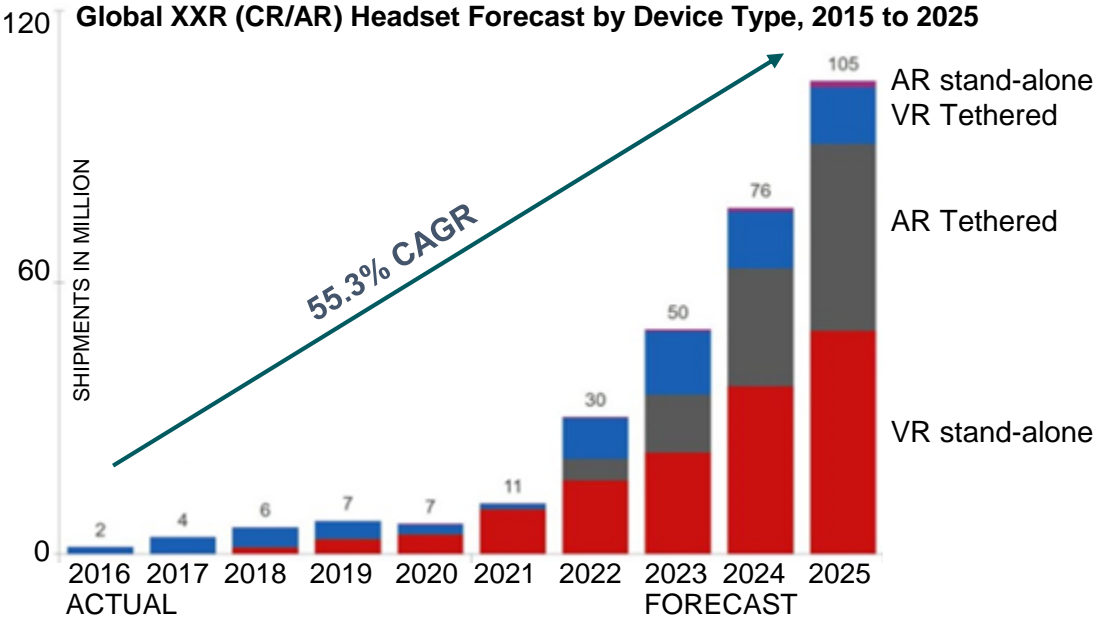


- Phase 3/4 located 1 km away from main site
- Limited land nearby existing site
- Phase 3 – mainly warehouse plus production
- Phase 4 – land reserved for future expansion

	Land area	Built-up area
Phase 3	57,470 m ²	28,233 m ²
Phase 4		Land reserve

AR/VR: Market trend and applications

Attractive opportunities for Unisteel



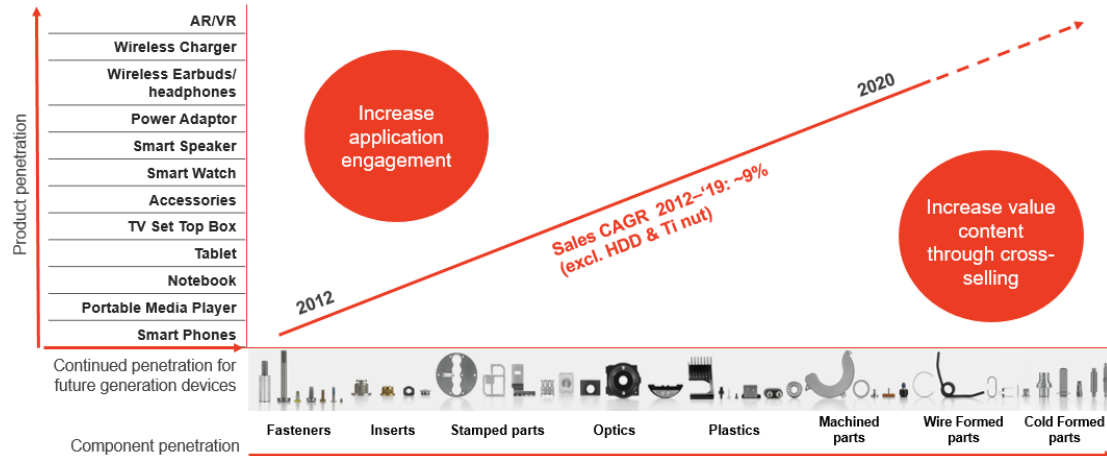
- Analysts forecast exponential growth, expected to reach >100 m units by 2025
- High Unisteel value content per device
- Opportunities for accessories beside main device
- Currently supporting market leader in this area of application, further existing customers are also working on the application

Applications	Games	Medical
	Military	Video
	Livestream	Logistics
	Education	Retail



Multilevel customer penetration

Growth across product ecosystem and technologies



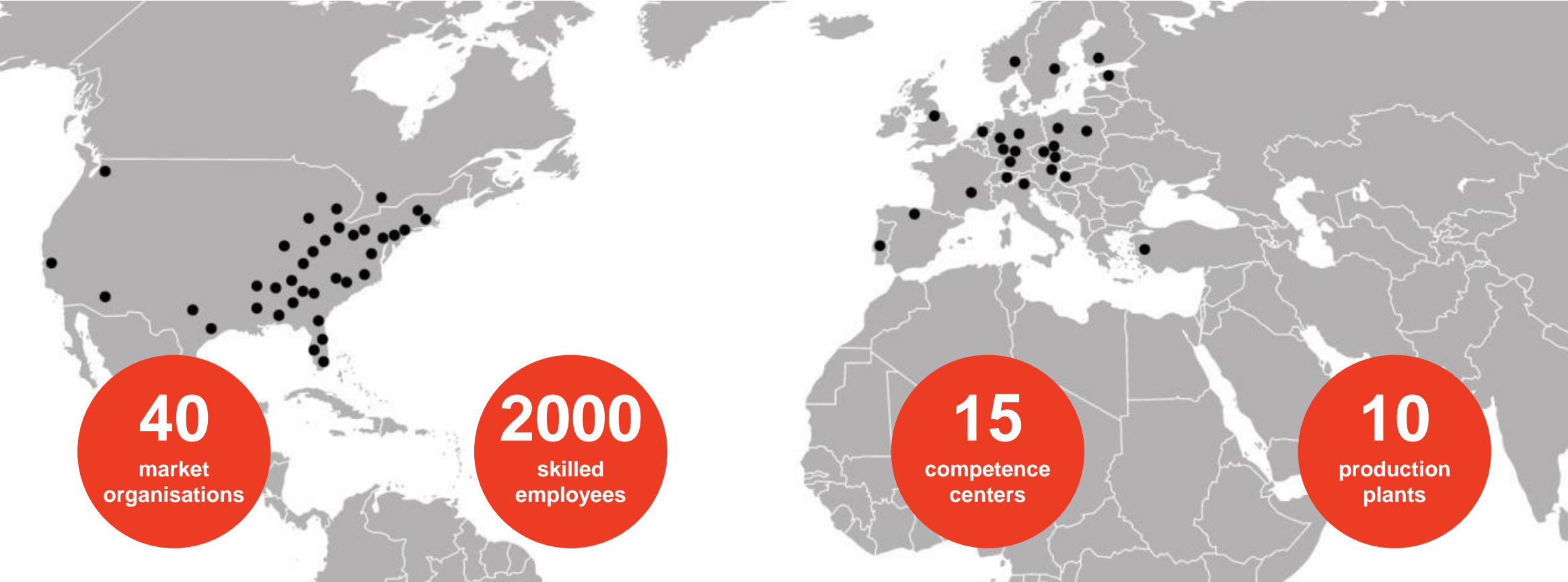
- Increase value content of supplies on end customer products
- Value engineering with special coating on existing screws to improve performance
- Changing material from carbon steel to stainless steel
- Cross-selling of core products (e.g. stamping parts) to existing customers



Deep dive Construction division

Key Figures Division Construction

Close to the market for best understanding

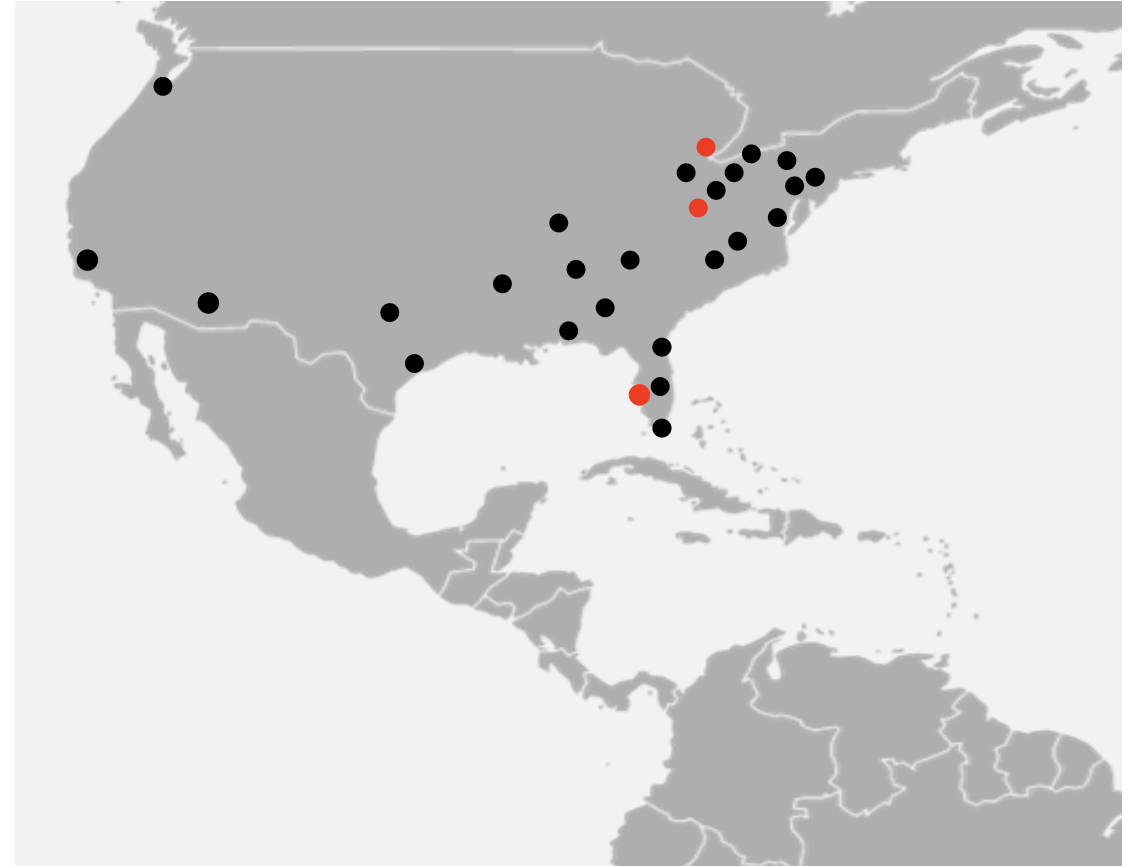


Sustainable growth in North America

Expansion of TFC branch network

- Acquisition of Triangle Fastener Corporation (TFC) in 2019 allowed to add direct access to local installers and contractors (about 6000 active end customers)
- TFC with network of 25 sales branches, mainly along the US East Coast
- Significant growth opportunities by expansion of branch network

● Sales location ● Distribution Centre



Value generation with superior technologies

Increase value with systems approach

- Car factory Magna in Hungary
- Fastening of single-ply membrane and the insulation boards on the 32'000 m² flat roof with more than 100'000 isoweld[®] stress plates and several thousand fully-metallic fixing points
- Additional products sold in the same project
 - 70'000 SL2 self-drilling fasteners in building envelope
 - 21'000 self-tapping screw anchors to mount steel structure to concrete
- Total order value EUR 60'000



D&L International update

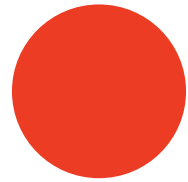
Increase share of wallet through product line additions

Industrial ecosystem 20m around the workcenter



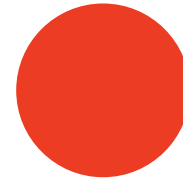
Key needs of customers in line with SFS core strengths

Providing the basis for cross-selling initiatives



Application and industry expertise

Personal contact and qualified advice on products and process are decisive



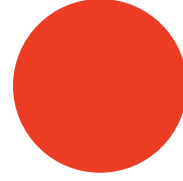
Security of supply

100% reliability required in terms of completeness and accuracy delivery which is ideally fulfilled over night



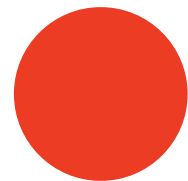
Value Engineering

Best price-performance ratio on the long run – lowest net price is in most cases not in the focus



Quality and reliability

Highest precision, durability and performance of products supplied by a reputable and trusted partner



In-depth technological competence

Specialized and broad product portfolio with easy access to relevant information

Q&A

Inventing
success
together

Disclaimer

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