



Creating sustainable value

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Half year report 30 June 2016



Financial overview

Income statement in CHF million (unaudited)	2016 1st half	2015 1st half	2014 1st half	2013 1st half	2012 1st half
Gross sales	688.8	670.4	645.2	662.1	529.9
Net sales	688.2	663.7	645.2	662.0	529.3
EBITDA	135.7	109.4	125.2	117.3	90.3
As a % of net sales	19.7	16.5	19.4	17.7	17.1
EBITA	93.3	70.4	88.8	80.0	58.7
As a % of net sales	13.6	10.6	13.8	12.1	11.1
Operating profit (EBIT)	63.4	42.1	63.4	53.1	52.6
As a % of net sales	9.2	6.3	9.8	8.0	9.9
Net income	47.1	31.8	45.8	37.2	38.4
As a % of net sales	6.8	4.8	7.1	5.6	7.3
Cash net income*	70.0	54.4	65.4	58.3	43.1
As a % of net sales	10.2	8.2	10.1	8.8	8.1

Balance sheet in CHF million	30.6.2016 (unaudited)	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Assets	2,133.2	2,169.7	2,246.1	2,133.0	2,298.3
Net operating assets (NOA)	1,782.0	1,763.1	1,822.2	1,664.2	1,766.1
Net cash/(debt)	103.9	127.5	87.7	-248.5	-424.2
Equity	1,733.4	1,792.6	1,805.0	1,336.4	1,256.2
As a % of assets	81.3	82.6	80.4	62.7	54.7

Cash flow statement in CHF million (unaudited)	2016 1st half	2015 1st half	2014 1st half	2013 1st half	2012 1st half
Cash flow from operating activities	94.8	76.4	78.1	83.9	25.0
Purchase of property, plant, equipment and software	-30.1	-38.0	-38.7	-33.9	-28.7
Proceeds from sale of assets	6.1	1.6	1.4	2.6	12.5

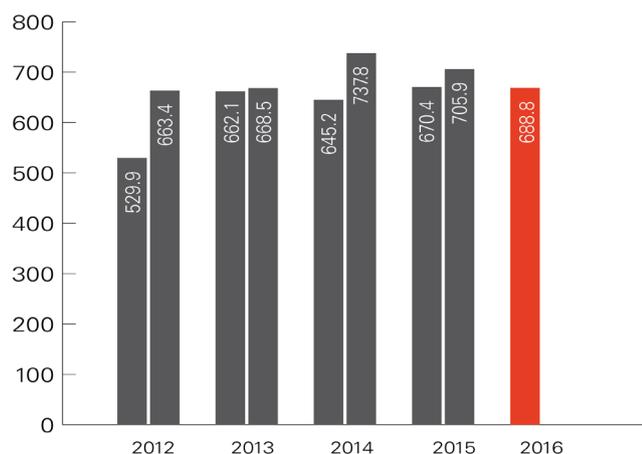
Employees	30.6.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Headcount	7,730	7,991	8,293	7,110	7,125
Full-time equivalents (FTE)	8,046	8,330	8,688	7,000	7,000

* net income before amortization of intangible assets net of deferred taxes

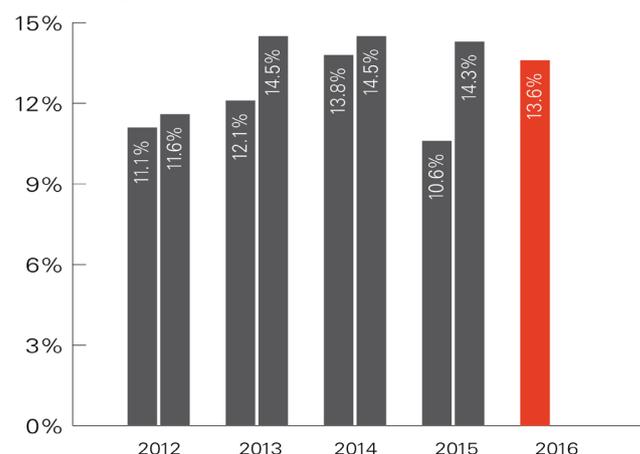
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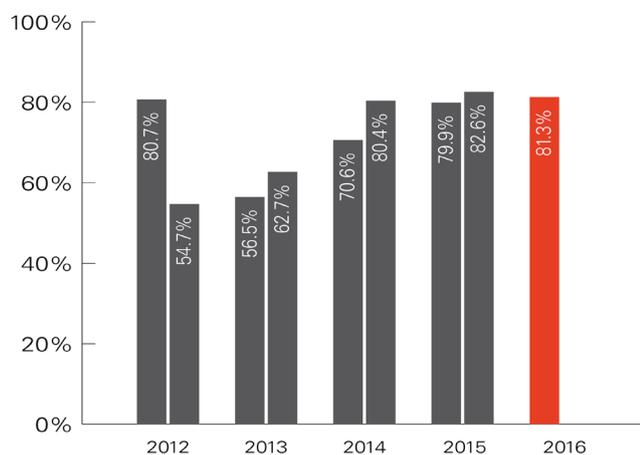
Third party sales per half year (in CHF million)



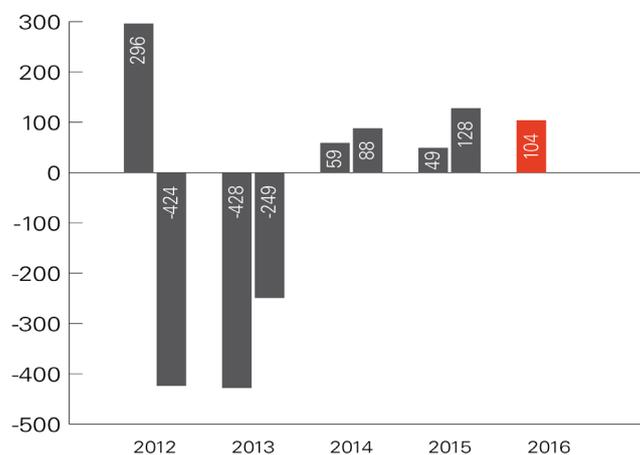
EBITA margin per half year



Equity ratio at 30 June and 31 December



Net cash at 30 June and 31 December (in CHF million)



To our shareholders

Dear shareholders,

We are pleased to report on SFS Group's overall positive operating performance in the first half of 2016. SFS Group significantly widened its EBITA margin for the period to 13.6% from 10.6% in the prior-year period, which had been overshadowed by the sudden appreciation of the Swiss franc. Group sales, conversely, did not grow as fast as expected.

Development of consolidated sales

Influencing factors	in CHF million	Growth in %
Gross sales 1 half 2015	670.4	
Currency impact	14.3	2.1
Change in scope	4.7	0.7
Organic growth	-0.6	-0.1
Gross sales 1 half 2016	688.8	2.7

Excluding the effects of currency fluctuations and acquisition activity, SFS Group achieved organic sales growth of -0.1%. Both the Fastening Systems (+10.0%) and Distribution & Logistics (+0.8%) segment delivered higher sales at comparable basis, while sales at the Engineered Components segment declined by 5.1%.

Business at the three divisions in the Engineered Components segment varied widely. The Electronics division's trading business was beset by accelerated product phase-outs. Despite the challenging markets for electronic devices, such as smartphones, tablets, PCs, HDDs, etc., the division was able to defend if not expand the market share of the products it manufactures in-house. Although sales volumes dropped sharply, margins held steady at a good level.

Meanwhile, momentum in the segment's other two divisions, Automotive and Industrial, was particularly strong. Growth at these divisions was driven by the ramp-up of mass production for new, innovative products. In order to ensure sufficient heat treating capacity for tomorrow's growth, a capital expenditure project for new heat treating facilities was approved. Scheduled for completion in 2019, it will entail a total investment of around CHF 30 million. About two-thirds of that sum will be invested in Switzerland.

Sales development by regions

Share of sales by region in %	2016 1st half	2015 1st half
Switzerland	23.6	23.5
Europe	43.9	40.0
America	13.8	11.7
Asia	18.3	24.5
Rest of World	0.4	0.3
SFS Group	100.0	100.0

The sharp contraction in sales at the Electronics division, which does almost all its business in Asian markets, led to a decline in the share of group sales generated in Asia. Pleasing growth rates were achieved in the Europe and Americas regions, and their share of consolidated sales therefore increased considerably.

Operating profits (EBITA) for the period

The operating profit margin (EBITA) for the first half rose to 13.6% (previous year: 10.6%). In absolute numbers, operating profit rose from CHF 70.4 million in the previous year to CHF 93.3 million, which corresponds to an increase of 32.6%. This pleasing growth is attributed to various factors and measures. The clearly above-average sales growth of business operations with high value added contributed to the good result, as did the constant renewal of portfolios with innovative products and the implementation of improvement projects. Slightly better exchange rates also had a positive impact on results, along with the absence of the unfavorable extraordinary effects in the wake of the de-pegging of the Swiss franc to the euro on 15 January 2015.



SFS Group's production sites in Switzerland played a particularly active role in the realization of improvement projects, and their actions are credited to a large extent for the good margin development. That holds true even though the measures taken immediately after the sudden surge in the value of the Swiss franc have since been rescinded, either at the beginning or middle of the current year.

Ongoing strategic and structural measures with a lasting impact have been initiated according to plan and already implemented in some cases. We therefore express confidence in our ability as a Swiss-based company to operate successfully in the world market with international competitors.

This conviction induced us to lift the hiring freeze that we had imposed in Switzerland after 15 January 2015. Employees are being recruited again on a moderate scale, where necessary and justifiable.

Balance sheet

in CHF million	30.6.2016	31.12.2015
Net cash	103.9	127.5
Equity	1,733.4	1,792.6
As a % of assets	81.3	82.6

Net financial assets at the end of June amounted to CHF 103.9 million, slightly below the level from the beginning of the year due to seasonal reasons. The application of an even lower discount rate (0.25%) than at the end of 2015 (0.75%) significantly increased the present value of pension obligation, which was recognized in equity pursuant to IAS 19. Despite this charge of a gross CHF 41 million, the equity ratio remains very high at 81.3%.

Outlook

Although exchange rates are slightly more favorable compared to last year, sales growth for the current year is expected to be at the lower end of the previously guided range of 2–4%. The main reason for this deviation is the aforementioned quicker-than-expected phase-out of trading products at the Electronics division.



On the other hand, we expect the EBITA margin for the year as a whole to be at the upper end of the previously given range of 13–14%, which represents a considerable improvement over the 12.5% margin reported for the previous year (normalized EBITA).

This guidance is based on the assumption of constant exchange rates (similar to the first half of 2016) and similar economic conditions.

We thank all our shareholders and our employees, customers and suppliers for their enduring trust and partnership.

Heinrich Spoerry
Chairman of the
Board of Directors

Jens Breu
CEO

Engineered Components

Making progress on profitability

The Automotive and Industrial divisions generated solid growth. Various measures helped boost profitability.

Key figures Engineered Components

in CHF million (unaudited)	2016 1st half	± PY	2015 1st half	2014 1st half
Third party sales	355.6	-0.7%	358.0	315.5
Sales growth comparable*		-5.1%		
Net sales	363.0	0.4%	361.5	324.2
EBITDA	98.6	21.3%	81.2	83.1
As a % of net sales	27.1		22.5	25.6
EBITA	72.2	29.8%	55.6	60.6
As a % of net sales	19.9		15.4	18.7
Operating profit (EBIT)	46.9	47.1%	31.9	40.4
As a % of net sales	12.9		8.8	12.5
Investments	17.2	-35.6%	26.7	27.3
Assets	1,371.3	1.6%	1,349.8	1,254.7
Liabilities	93.1	-12.8%	106.8	88.7
Net operating assets	1,278.2	2.8%	1,243.0	1,166.0
Of which net working capital	224.9		224.7	201.4
Employees (FTE)	5,320	-8.4%	5,806	4,644

in CHF million (audited)	31.12.2015
Assets	1,402.8
Liabilities	112.2
Net operating assets	1,290.6
Of which net working capital	229.3

* at constant exchange rates and on the same scope of consolidation

Good growth in Automotive and Industrial achieved

The good momentum of the Automotive and Industrial divisions was sustained throughout the first half of 2016. Growth was largely driven by the successful ramp-up of new projects. Sales in the Electronics division were weakened by subdued market demand and the rapid phase-out of trading products. The Engineered Components segment recorded sales of CHF 355.6 million, which corresponds to a decline of 0.7% compared with the first half of 2015.

Profitability improved significantly, lifting the EBITA margin to 19.9% (prior-year period: 15.4%). This can be traced to the measures taken after the Swiss franc's surge in value last year, as well as to productivity gains, economies of scale in the fast growing Automotive and Industrial divisions, and the non-recurrence of negative FX-effects in the prior-year period.

In the Engineered Components segment, SFS partners with customers to develop and manufacture customized precision components, fastening solutions and assemblies under the SFS intec and Unisteel brands. Tailor-made solutions create value added for customers by enhancing application performance and improving their overall competitiveness.

Automotive division Strong growth fueled by innovation projects

The successful realization of new projects, in particular in connection with self-driving cars, proved to be the main factor in the renewed strong sales growth. SFS demonstrated its sharp competitive edge by winning major new projects. Production capacity was expanded to ramp up projects for electronic braking systems and other projects for automotive companies in China. The joint venture in Tianjin (China), which addresses the still rapidly growing automotive market in China, displayed very robust momentum.

Electronics division Market position defended

Unisteel defended its strong market position, but 2016 will be a year of transition, as had been expected. Sales in the first half were depressed by a renewed drop in demand for hard disk drives, muted demand for important customer end-products and the rapid phase-out of trading products. Sales fell well short of the prior-year level. That said, the division demonstrated its strong market position through its collaboration with Chinese smartphone OEMs and in various new projects for consumer electronics manufacturers. Its high level of competence in cold forming and productivity gains driven by lean management and automation will further sharpen its competitive edge.

Industrial division Competence in medical technology strengthened

The ramp-up of Airbus A350 production was the greatest contributor to divisional growth. Strong organic growth and the acquisition of Stamm AG clearly strengthened SFS's position in the medical components industry. With its competence in micro injection moulding, Stamm AG is the partner of choice for development and production projects carried out with leaders in the medtech industry and various manufacturing sectors.

Fastening Systems

Attractive momentum maintained

The Construction and Riveting divisions maintained their momentum from the preceding half-year period, as had been expected. Profitability improved.

Key figures Fastening Systems

in CHF million (unaudited)	2016 1st half	± PY	2015 1st half	2014 1st half
Third party sales	176.7	11.9%	157.9	167.5
Sales growth comparable*		10.0%		
Net sales	184.7	12.3%	164.4	175.5
EBITDA	23.9	44.1%	16.6	22.2
As a % of net sales	12.9		10.1	12.6
EBITA	15.9	78.0%	9.0	14.0
As a % of net sales	8.6		5.4	8.0
Operating profit (EBIT)	12.7	113.0%	6.0	10.3
As a % of net sales	6.9		3.6	5.9
Investments	9.4	-4.1%	9.8	8.8
Assets	337.1	2.7%	328.3	359.3
Liabilities	30.2	-5.3%	31.9	31.9
Net operating assets	306.8	3.5%	296.4	327.4
Of which net working capital	130.4		115.3	124.5
Employees (FTE)	1,826	4.0%	1,756	1,648

in CHF million (audited)	31.12.2015
Assets	320.2
Liabilities	31.1
Net operating assets	289.1
Of which net working capital	109.5

* at constant exchange rates and on the same scope of consolidation

Margins expanded

As anticipated, the good momentum witnessed during the second half of 2015 was sustained. Sales rose by 11.9% to CHF 176.7 million compared with the prior-year and this growth stemmed from an increasingly broad base. The different regions and also the new products are contributing to the top-line growth.

Higher profitability is attributed to productivity-enhancing measures, the launch of new products and the absence of one-off effects that had negatively impacted operating results in the prior-year period. The EBITA margin rose from 5.4% in the first half of 2015 to 8.6%.

SFS offers customers proprietary mechanical fastening solutions under the SFS intec and GESIPA® brands in its Fastening Systems segment. The segment creates added value for customers with its application-specific fasteners and specially designed installation tools, by making the fastening process faster, safer or more ergonomic.

Construction division Growth more broadly based

The Construction division achieved good sales growth in the first half. North America continued to show robust demand as in the preceding reporting periods and business in Europe was considerably better than in the previous year. Overall growth in the current reporting period was more broadly based. The Construction division benefited in particular from the strong momentum of North America and Europe, as well as the market success of new products.

Projects designed to improve operating performance delivered the expected results. For example, the relocation of finishing operations to the Czech Republic has already made a significant contribution to the expansion of the divisional margin in the current year. More profitability-enhancing projects were initiated during the period under review. Considerable progress has also already been made with regard to the strategic partnership with HECO (Ludwig Hettich GmbH & Co. KG) following the consolidation of production activities.

Riveting division Solid growth and innovation leadership confirmed

The Riveting division also delivered solid sales growth in the first half of 2016. This growth was primarily driven by industrial applications, solutions for the automotive industry, and the retail business. Geographically, the fastest growth came from Europe and Asia.

GESIPA® strengthened its leading position in the market for blind rivet solutions with the launch of its "Flow Drilling Rivet" (FDR®) technology. FDR® is a lightweight blind rivet that drills its own hole during the installation process. This shortens the fastening process significantly and optimizes costs, delivering considerable value to the customer.

A new generation of the "Bird Pro" battery-powered blind rivet setting tools was unveiled. All three "Bird Pro" model types have been well received by both retail and industrial customers.

Distribution & Logistics

M2M logistics solutions successfully implemented

Distribution & Logistics was able to hold its sales at the prior-year level thanks to new M2M projects. Profitability improved on the prior-year period.

Key figures Distribution & Logistics

in CHF million (unaudited)	2016 1st half	± PY	2015 1st half	2014 1st half
Third party sales	156.5	1.3%	154.5	162.2
Sales growth comparable*		0.8%		
Net sales	159.5	1.5%	157.2	165.7
EBITDA	16.2	38.7%	11.7	18.0
As a % of net sales	10.2		7.4	10.9
EBITA	12.7	62.9%	7.8	14.2
As a % of net sales	8.0		5.0	8.6
Operating profit (EBIT)	12.2	65.8%	7.4	14.2
As a % of net sales	7.7		4.7	8.6
Investments	0.9	-5.0%	1.0	1.2
Assets	182.7	-1.7%	185.9	183.8
Liabilities	23.3	7.9%	21.6	24.0
Net operating assets	159.4	-3.0%	164.3	159.8
Of which net working capital	102.9		99.6	97.1
Employees (FTE)	612	-4.7%	642	619

in CHF million (audited)	31.12.2015
Assets	172.5
Liabilities	20.6
Net operating assets	151.9
Of which net working capital	90.9

* at constant exchange rates and on the same scope of consolidation

Sales held thanks to new projects

The Distribution & Logistics segment, which does almost all its business with customers in Switzerland, is operating in a challenging environment. The effects of the Swiss franc's appreciation are still reverberating through the market, with a corresponding negative impact on demand from industrial customers in particular. The ramp-up of new customer projects that were acquired thanks to proven competence in C class logistics was a major contribution. In the first half of 2016, the segment achieved sales of CHF 156.5 million (prior-year period: CHF 154.5 million).

Distribution & Logistics offers market-oriented products (fastening technology, tools and architectural hardware) and innovative logistics solutions with significant customer benefit under the SFS unimarket brand. Distribution & Logistics is a leading supplier and services partner for manufacturers, the skilled trades, specialty retailers, wholesalers, and hardware and home improvement stores.

Profitability further strengthened

The profitability of the Distribution & Logistics segment was strengthened compared with the prior-year period. The EBITA margin rose from 5.0% in the first half of 2015 to 8.0%, a level achieved before the Swiss franc's appreciation. Besides operating improvements, this is largely attributable to the non-recurrence of extraordinary effects in the prior-year period, when price concessions granted in the wake of the significant appreciation of the Swiss franc reduced margins and led to inventory revaluations.

M2M logistics competence expanded

SFS unimarket asserted its technology leadership with the new automated inventory management solutions introduced under the "M2M by SFS" banner. These C class logistics solutions have earned the confidence for instance of the Swiss Federal Railways (SBB CFF FFS) and other well-known Swiss companies. This year management is focusing on the successful roll-out of new customer projects and successor solutions to the existing logistics solutions installed. The M2M product portfolio will also be expanded during the course of 2016.

SFS unimarket's logistics systems offer customers significant advantages: In addition to a reduction in administrative costs, inventory levels can be lowered and supply security increased.

Allchemet integrated into the SFS family

The integration of Allchemet AG, the firm acquired by SFS last year within the scope of a business succession plan, went well, as had been expected. This significant expansion of market presence in the specialized retailer segment has been met with a positive market response.

Consolidated balance sheet

Assets in CHF million	Notes	30.6.2016 (unaudited)		31.12.2015 (audited)	
Cash and cash equivalents		127.2		157.0	
Trade receivables		252.0		243.9	
Other receivables		28.7		29.2	
Inventories		259.9		258.1	
Current assets		667.8	31.3%	688.2	31.7%
Property, plant and equipment		561.7		576.0	
Intangible assets		847.0		850.2	
Financial assets		11.6		10.1	
Investments in related entities		26.7		27.1	
Deferred income tax assets		18.4		18.1	
Non-current assets		1,465.4	68.7%	1,481.5	68.3%
Assets		2,133.2	100.0%	2,169.7	100.0%

Liabilities and equity in CHF million	Notes	30.6.2016 (unaudited)		31.12.2015 (audited)	
Trade payables		57.1		77.0	
Current income tax liabilities		16.1		18.4	
Other payables		108.3		93.6	
Current borrowings		13.1		17.2	
Current liabilities		194.6	9.1%	206.2	9.5%
Non-current borrowings		10.2		12.3	
Deferred income tax liabilities		99.9		106.2	
Provisions	12	95.0		52.4	
Non-current liabilities		205.1	9.6%	170.9	7.9%
Liabilities		399.7	18.7%	377.1	17.4%
Share capital		3.8		3.8	
Reserves		1,722.2		1,780.5	
Equity attributable to SFS		1,726.0	80.9%	1,784.3	82.2%
Non-controlling interests		7.5		8.3	
Total equity		1,733.5	81.3%	1,792.6	82.6%
Liabilities and equity		2,133.2	100.0%	2,169.7	100.0%

The notes on pages 13 to 15 are an integral part of this financial report as of 30 June 2016.

Consolidated income statement

in CHF million (unaudited)	Notes	2016 1st half		2015 1st half	
Net sales	7	688.2	100.0%	663.7	100.0%
Material expenses		-248.9		-260.3	
Other operating income		9.8		7.4	
Contribution margin		449.1	65.3%	410.8	61.9%
Personnel expenses		-205.0		-198.0	
Other operating expenses		-108.4		-103.3	
Depreciation		-42.4		-39.1	
Amortization of intangible assets		-29.9		-28.3	
Total operating expenses		-385.7	-56.1%	-368.7	-55.6%
Operating profit (EBIT)		63.4	9.2%	42.1	6.3%
Finance expense		-2.2		-1.5	
Finance income		0.3		-1.0	
Share of profit /(loss) from related entities		-0.2		0.3	
Earnings before tax		61.3		39.9	
Income taxes	8	-14.2		-8.1	
Net income		47.1	6.8%	31.8	4.8%
Attributable to owners of SFS Group AG		47.1		31.7	
Attributable to non-controlling interests		0.0		0.1	
Earnings per share of the owners of SFS Group (in CHF) basic and diluted	10	1.26		0.85	

The notes on pages 13 to 15 are an integral part of this half year financial report as of 30 June 2016.

Consolidated statement of comprehensive income

in CHF million (unaudited)	Notes	2016 1st half	2015 1st half
Net income		47.1	31.8
Items that will not be reclassified to profit and loss			
Actuarial gains on defined benefit plans	12	-41.0	-10.0
Tax effect defined benefit plans		7.1	1.7
Items that may be subsequently reclassified to profit and loss			
Currency translation adjustments (CTA)		-16.8	-100.4
Cash flow hedges		1.7	0.4
Tax effect on cash flow hedges		-0.3	-
Comprehensive income		-2.2	-76.5
Attributable to owners of SFS Group AG		-2.0	-75.7
Attributable to non-controlling interests		-0.2	-0.8

Consolidated statement of changes in equity

in CHF million	Notes	Share capital	Reserves	Attributable to owners of SFS Group	Non- controlling interests	Total
Balance at 1.1.2015		3.8	1,789.9	1,793.7	11.3	1,805.0
Comprehensive income 1st half 2015		-	-75.7	-75.7	-0.8	-76.5
Dividends for 2014		-	-56.3	-56.3	-1.1	-57.4
Balance at 30.6.2015 (unaudited)		3.8	1,657.9	1,661.7	9.4	1,671.1
Comprehensive income 2nd half 2015		-	122.6	122.6	0.7	123.3
Dividends for 2014		-	-	-	-1.2	-1.2
Other changes		-	-	-	-0.6	-0.6
Balance at 31.12.2015 (audited)		3.8	1,780.5	1,784.3	8.3	1,792.6
Comprehensive income 1st half 2016		-	-2.0	-2.0	-0.2	-2.2
Dividends for 2015	9	-	-56.3	-56.3	-0.6	-56.9
Balance at 30.6.2016 (unaudited)		3.8	1,722.2	1,726.0	7.5	1,733.5

The notes on pages 13 to 15 are an integral part of this half year financial report as of 30 June 2016.

Condensed consolidated cash flow statement

in CHF million (unaudited)	Notes	2016 1st half	2015 1st half
Cash flow before changes in net working capital		106.2	91.2
Changes in net working capital		-11.4	-14.8
Cash flow from operating activities		94.8	76.4
Purchases of property, plant, equipment and software		-30.1	-38.0
Proceeds from sale of assets		6.1	1.6
Acquisition of subsidiary, net of cash acquired	11	-32.6	-7.5
Acquisition of related entities		-4.3	-
Proceeds/purchase of marketable securities net		0.5	0.4
Cash flow from investing activities		-60.4	-43.5
Repayment of/proceeds from borrowings net		-5.8	14.9
Dividends paid to the shareholders	9	-56.9	-57.4
Cash flow from financing activities		-62.7	-42.5
Translation adjustment on cash and cash equivalents		-1.5	-7.5
Changes in cash and cash equivalents		-29.8	-17.1
Cash and cash equivalents at beginning of period		157.0	138.3
Cash and cash equivalents at end of period		127.2	121.2

The notes on pages 13 to 15 are an integral part of this half year financial report as of 30 June 2016.

Notes

1 General information

SFS Group is a global development, manufacturing and supply partner for customized precision cold formed parts, special fasteners and assemblies as well as tailor-made logistic solutions which are marketed under the brand names SFS intec, Unisteel, GESIPA and SFS unimarket.

The parent company SFS Group AG is a limited company according to Swiss law, incorporated and domiciled in Heerbrugg, municipality of Au/SG, Switzerland. It is listed on the SIX Swiss Stock Exchange AG in Zurich with the security code number 23.922.930/ISIN: CH 023 922 930 2 and the security code symbol SFSN.

2 Summary of significant accounting policies

This consolidated and condensed half year financial report has been prepared according to the International Accounting Standard IAS 34 (Interim Financial Reporting). It is to be considered in conjunction with the consolidated financial statements 2015 and has been prepared by using the same accounting and valuation methods.

3 New IFRSs/IASs adopted

With effect of 1 January 2016, the IAS 1 Disclosure initiative has been adopted. For the interim financial reporting it has marginal impact. From the annual improvement cycle 2012–2014 SFS made use of the option to report segment figures elsewhere in the interim financial report (IAS 34 para. 16A). Other changes from the annual improvements are insignificant.

Based on current perception, new standards not adopted within the consolidated financial statements 2015, in particular IFRS 15 Revenue from contracts with customers as well as IFRS 16 Leases does not have significant effects on future reporting of SFS except for disclosure.

4 Critical accounting estimates and judgments

Recognized critical accounting estimates and judgments as well as the financial risk management used in the consolidated financial statements 2015 have been continued unchanged in the first half of the year 2016. Similarly, there are no material changes in the financial risk and the levels of the fair value estimation.

5 Seasonality and other effects

Due to seasonal variations in the segments usually higher net sales and a slightly higher operating profit can be achieved in the second half of the year.

Usually we expect the strongest characteristics in the end user markets electronic industry and construction sector. In the electronic industry, new products of important end customers will be launched as well as higher sales due to the holiday season can be realized. The construction sector benefits generally from seasonally strong fall months. In the other end markets sales are more balanced throughout the year.

6 Segment information

The SFS Group is divided into the three segments Engineered Components, Fastening Systems and Distribution & Logistics.

The monitoring and assessment of the financial results and the valuation of the assets are in line with the same principles as in the financial report 2015.

Detailed information about segments are presented on pages 6 to 8.

In addition to the elimination of inter-company transactions, the segment "Other" contains figures relating to the cross-functions Technology and Services.

Reconciliation of segment results to income statement and balance sheet

Income statement in CHF million	2016 1st half	2015 1st half
Operating profit (EBIT)		
Engineered Components	46.9	31.9
Fastening Systems	12.7	6.0
Distribution & Logistics	12.2	7.4
Others	-8.4	-3.2
Operating profit (EBIT)	63.4	42.1
Financial result	-1.9	-2.5
Share of profit from related entities	-0.2	0.3
Earnings before tax	61.3	39.9

Assets in CHF million	30.6.2016	31.12.2015
Operating assets		
Engineered Components	1,371.3	1,402.8
Fastening Systems	337.1	320.2
Distribution & Logistics	182.7	172.5
Others	47.9	50.8
Operating assets	1,939.0	1,946.3
+ Cash and cash equivalents	127.2	157.0
+ Other receivables	28.7	29.2
+ Investments in related entities	26.7	27.1
+ Financial assets	11.6	10.1
Assets	2,133.2	2,169.7

Liabilities and equity in CHF million	30.6.2016	31.12.2015
Operating liabilities		
Engineered Components	93.1	112.2
Fastening Systems	30.2	31.1
Distribution & Logistics	23.3	20.6
Others	10.4	19.3
Operating liabilities	157.0	183.2
+ Current income tax liabilities	16.1	18.4
+ Other payables	108.3	93.6
+ Current borrowings	13.1	17.2
+ Non-current borrowings	10.2	12.3
+ Provisions	95.0	52.4
Liabilities	399.7	377.1
Equity (Net assets)	1,733.5	1,792.6

7 Net sales

in CHF million	2016 1st half	2015 1st half
Gross sales	688.8	670.4
Transportation charged	3.9	3.7
Hedged exchange differences	-1.3	-7.1
Discounts	-3.2	-3.3
Total	688.2	663.7

8 Income taxes

In the financial report the income taxes have been recorded on the basis of local tax rates. There have been no significant changes in the tax rates within the first half of 2016.

9 Dividend

The dividend distribution for fiscal year 2015 of CHF 1.50 per share was approved at the annual general meeting and paid out in the total amount of CHF 56.3 million in April 2016.

10 Earnings per SFS share

	2016 1st half	2015 1st half
Weighted average number of shares	37,500,000	37,500,000
Net income attributable to owners of SFS Group AG	47.1	31.7
Earnings per share (in CHF) basic and diluted	1.26	0.85

11 Changes in scope of consolidation

Acquisition of subsidiaries in CHF million	2016	2015
	1st half	1st half
Cash and cash equivalents	5.9	0.8
Trade receivables	2.0	1.9
Inventories	2.9	4.3
Other current assets	0.2	0.1
Other fixed assets	7.7	2.2
Intangible assets	32.8	5.4
Current liabilities	-0.4	-1.5
Borrowings	-3.2	-3.7
Deferred taxes net	-4.1	-1.2
Other provisions	-0.9	-
Purchase price	42.9	8.3
Cash and cash equivalents	-5.9	-0.8
Contingent consideration	-4.4	-
Consideration cash flow statement	32.6	7.5

2016

As of 11 February 2016 the SFS Group acquired 100% of the Stamm AG domiciled in Hallau (Switzerland). The company Stamm AG achieved in 2015 with 60 employees a turnover of CHF 15 million and will become part of segment Engineered Components. The purchase price allocation is provisionally. The contingent consideration represents a price component depending on the annual result of 2016 payable in 2017.

2015

On 6 March 2015 the SFS Group acquired 100% of the Thomas Minder Holding AG, located in Bäretswil (Switzerland) to strengthen the Distribution & Logistic segment. Thomas Minder Holding AG achieved in 2015 with 35 employees sales amounting to CHF 16 million. The company structure has been simplified. Market presence and distribution are carried out via Allchemet AG (Bäretswil).

12 Swiss pension plan

A further reduction of the reference rate from 0.75% to 0.25% for determining the discount rate and fall below under expected return on assets, resulted in an increase of the pension obligation with CHF 41.0 million in the first half of 2016. The remaining parameters and demographic assumptions have not been adjusted.

13 Exchange rates

Income statement average rate	2016	2015
	1st half	1st half
1 EUR	1.096	1.058
1 USD	0.983	0.947
Balance sheet closing rate	30.6.2016	31.12.2015
1 EUR	1.087	1.082
1 USD	0.979	0.990

14 Events after the reporting period

On 7 July 2016 SFS Group acquired Ncase Ltd based in Welwyn Garden City, North of London. Ncase Ltd provides the fastening systems and the engineering for ventilated facades. The company employed 22 employees in 2015 and generated a turnover of around CHF 8 million.

On 8 July 2016 SFS Group sold the subsidiary Unibolt A/S, Denmark, to a person close to the Unibolt management team. Unibolt generated sales of nearly CHF 4 million in 2015.

The Board of Directors has approved this half year financial report on 21 July 2016. SFS is not aware of other events that occurred after the balance sheet date that could have a material impact on the consolidated statements for this financial report.

Agenda

27 January 2017	First information business year 2016
10 March 2017	Publication results business year 2016
26 April 2017	24th Annual General Meeting SFS Group AG

Information for shareholders

The registered shares of the SFS Group AG of CHF 0.10 each are listed on the SIX Swiss Exchange AG (International Reporting Standard) since 7 May 2014.

	30.6.2016	31.12.2015	31.12.2014
Number of registered shares	37,500,000	37,500,000	37,500,000
Number of shares ranking for dividend	37,500,000	37,500,000	37,500,000
Weighted average number of shares	37,500,000	37,500,000	35,814,167
Number of shareholders	6,880	6,941	6,778
Stock exchange quotation (in CHF)			
Year high in the reporting period	72.25	79.00	79.30
Year low in the reporting period	60.45	56.90	62.50
End price	68.55	70.00	79.10
Share key data			
Earnings per share in CHF	1.26	2.78	3.07
Cash earnings per share in CHF	1.87	4.03	4.32
Dividend per share in CHF	n/a	1.50	1.50
Payout ratio in % of consolidated net income	n/a	53.6	51.0
Price/earnings ratio (P/E end price)	n/a	25.2	25.8
Cash price/earnings ratio (P/E end price)	n/a	17.4	18.3
Market capitalization (end price x number of shares ranking for dividend)			
In CHF million	2,570.6	2,625.0	2,966.3
As a % of net sales	186.8	191.4	214.7
As a % of equity	148.3	146.4	164.3

Cash earnings per share is derived from the net income before amortization of intangible assets net of deferred taxes divided by the weighted average number of shares. Cash net income amounts to CHF 70.0 million (PY 54.4).

Half year report 30 June 2016

The half year report is available in German and English. The German language version will be the only legally binding version.

Exclusion of liability

This half year report includes forward looking statements. These statements reflect the SFS Group's current assessment of market conditions and future events. The statements are therefore subject to risks, uncertainties and assumptions. Unforeseen events may lead to deviations of the actual results from the forecasts and estimates made in this presentation and in other published information. To this extent all forward looking statements in this half year report are subject to such limitations.

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