

Summary report 2015

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Financial overview

Income statement in CHF million	2015	2014	2013	2012	2011
Gross sales	1,376.3	1,383.0	1,330.6	1,193.3	1,068.1
Change to previous year (%)					
At actual exchange rates	-0.5	3.9	11.5	11.7	-2.3
At constant exchange rates	4.6	4.8	11.1	12.5	5.5
EBITDA	267.4	271.4	269.8	207.8	186.5
As a % of net sales	19.5	19.6	20.3	17.4	17.3
EBITA	186.6	195.4	195.4	140.7	123.7
As a % of net sales	13.6	14.1	14.7	11.8	11.5
EBITA adjusted ¹	171.7	195.4	177.1	136.1	123.7
As a % of net sales	12.5	14.1	13.3	11.5	11.5
Operating profit (EBIT)	129.1	141.5	142.3	110.7	111.9
As a % of net sales	9.4	10.2	10.7	9.3	10.4
Net income	105.0	110.2	86.5	73.5	82.9
As a % of net sales	7.7	8.0	6.5	6.2	7.7
Cash net income ²	151.1	154.6	128.2	96.6	92.1
As a % of net sales	11.0	11.2	9.6	8.1	8.6

Balance sheet in CHF million

Assets	2,169.7	2,246.1	2,133.0	2,298.3	1,525.5
Net operating assets (NOA)	1,763.1	1,822.2	1,664.2	1,766.1	905.4
Net cash/debt	127.5	87.7	-248.5	-424.2	333.0
Equity	1,792.6	1,805.0	1,336.4	1,256.2	1,167.3
As a % of assets	82.6	80.4	62.7	54.7	76.5

Cash flow statement in CHF million

Cash flow from operating activities	211.3	199.8	216.0	132.1	146.9
Purchase of property, plant, equipment and software	-90.4	-97.6	-76.6	-67.7	-56.7
Proceeds from sale of assets	2.1	2.7	18.0	13.2	1.7
Acquisitions of subsidiaries, net of cash	-7.2	-37.9	-10.6	-706.8	-2.8

Employees

Headcount	7,991	8,293	7,110	7,125	4,224
Full-time equivalents (FTE)	8,330	8,688	7,000	7,000	4,117

Financial key ratios

Return on equity (%) ³	5.8	8.2	6.9	6.3	7.2
RONOA (%) ⁴	10.6	10.7	11.7	10.2	13.7

Share key ratios

Earnings per share in CHF	2.78	3.07	2.67	2.29	2.58
Dividend per share in CHF	1.50 ⁵	1.50	1.00	0.63	0.70
Dividend payment CHF million	56.3	56.3	32.4	20.4	22.4
Payout ratio (%)	53.6	51.0	37.5	27.8	27.0

¹ adjusted for special impact due to IAS 19r (2015: CHF 14.9 million) and for book gains on the disposal of non-core assets (2013: CHF 18.3 million / 2012: CHF 4.6 million)

² net income before amortization of intangible assets net of deferred taxes

³ net income as a % of equity as of beginning of the year

⁴ return on net operating assets: EBITA in % of net operating assets

⁵ proposed dividend to the Annual General Meeting of SFS Group AG on 20 April 2016

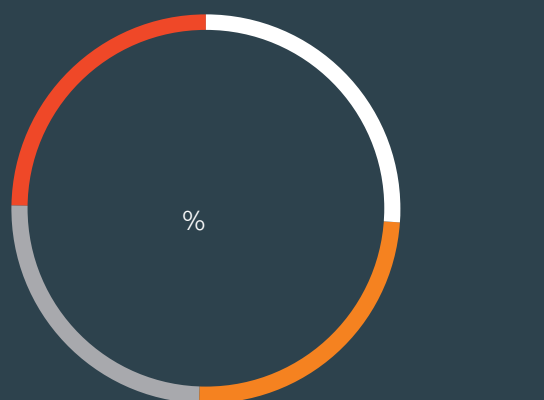
Highlights of SFS Group

Capital expenditure in PPE and software

CHF 90.4 million

Capital expenditure and research and development activities were maintained at high levels to create a solid platform for the realization of various innovation projects.

Share of sales by end market 2015 in %



Construction sector	26.2%
other sectors ¹	24.5%
Automotive sector	24.6%
Electro- and electronics	24.7%

¹ Capital goods	10.4%
Reseller	9.2%
Aircraft, others	4.9%

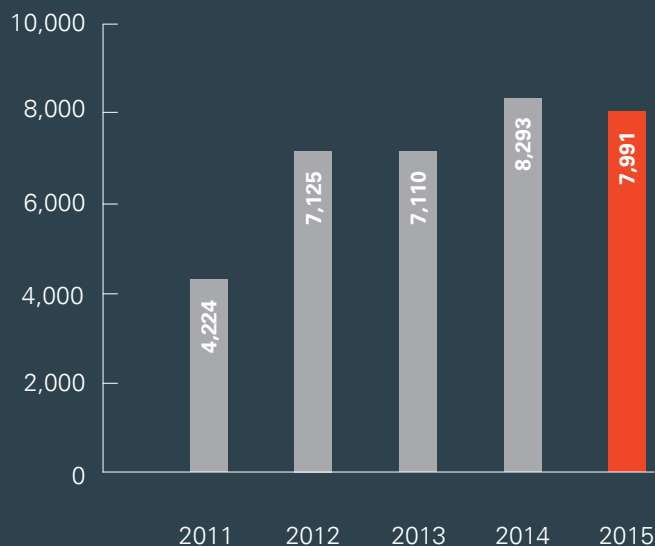
In 2015, SFS achieved solid local sales growth of 4.6%. Reported sales declined by 0.5% to CHF 1,376 million due to negative currency effects.

Emissions avoided through cold forming

-300,000t CO₂

Based on our annual consumption of raw material and the emissions associated with producing steel and with machining operations, the use of cold forming technology compared to metal-cutting techniques avoids approximately 300,000 tons of CO₂ emissions.

Number of employees at year-end



Exchange rate movements reduced operating profitability (EBITA, adjusted) to 12.5% (previous year: 14.1%). However, the EBITA margin steadily improved as the year progressed and stood at 14.3% for the second half.

To our shareholders

Solid operating performance despite overvalued Swiss franc

Dear shareholders,

We started the 2015 financial year with optimism and confidence. Due to the surge in value of the Swiss franc, the financial targets we had originally set - sales growth by 5–7% and improvement of the operating margin - were pushed out of reach right at the beginning of the year. The unfavorable currency effects diminished our reported operating profit for 2015 by approximately CHF 47 million.

SFS Group's Swiss-based activities were affected by the adverse exchange rate movements. These operations generate high added value in Switzerland, which is also where their cost base is located. SFS intec AG, for example, exports more than 95% of its output and almost all of this is invoiced in euros. As SFS is competing with companies that do not have their cost base located in Switzerland and which therefore operate with a different currency exposure profile, we were able to increase our selling prices in only a few exceptional cases.

Swift reaction, effective measures, dedicated employees

– Faced with the further significant appreciation of the Swiss franc, a large number of measures were taken in Switzerland. Immediate measures included an increase in weekly working hours with no change in pay, a reduction in paid annual leave, and cuts in compensation for senior executives.

As for action plans with a medium-term impact, we decided to focus the Swiss sites even more sharply on innovative, cutting-edge tasks, technically highly demanding production tasks, and capital-intensive manufacturing processes. Activities that do not meet these criteria will gradually be transferred to other sites of the SFS Group.

Maintaining a high rate of utilization at the Swiss sites and achieving significant productivity gains were also key targets. Thanks to the good order flow and the initiative displayed by all employees, we were able to achieve all these goals. The necessary structural adjustments were made without laying off any employees. The significant improvement in results witnessed in the second half of the year is testimony to the effectiveness of the measures we have initiated. We remain confident in our ability to compete effectively in the world market from our base in Switzerland.

Engineered Components segment

– The Engineered Components segment generated sales growth of 6.1% in local currency. Its sales growth was mainly fueled by the Automotive division, thanks to important new orders and the ramp-up of new projects. Divisional profitability declined due to the unfavorable currency movements. Sales increased by 1.8% in Swiss francs. The Electronics and Industrial divisions also performed well. Thanks to good productivity gains and lower levels of currency exposure, these two divisions were able to hold their margins at a good level despite intense pricing competition.

Fastening Systems segment

– The Fastening Systems segment achieved pleasing growth of 4.9% in local currency, to which both divisions contributed. In Swiss francs, however, sales were down 2.9%. Although the Riveting division (no sites in Switzerland) profited from the weak euro, the Construction division was clearly disadvantaged by the adverse currency situation. Structural adjustments included the relocation of an important logistics hub from Switzerland to the Czech Republic. This project was concluded before the end of 2015 without any disruption to ongoing operations and will contribute to the anticipated improvement in results.

A cooperation agreement was signed with Ludwig Hettich Holding GmbH & Co. KG (HECO Group), Schramberg, Germany, in the structural timberwork market in the autumn of 2015, and a minority interest in the company was also acquired.

Distribution & Logistics segment

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Although the Distribution & Logistics segment is almost exclusively active in Switzerland, the surge in the Swiss franc's value also had an impact on its sales and profits. Despite the acquisition of major new customers in 2015, segment sales declined by 3.1%. Due to the price and competitive dynamics that set in after 15 January 2015, SFS unimarket was obliged to offer price concessions to customers. This occurred before the division was able to benefit from lower sourcing costs. Significantly lower demand from industrial customers also had a negative impact on the course of business.

One-time effect in the income statement

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Adjustments to the pension plan contributions and benefits of SFS in Switzerland resulted in a one-time positive effect on operating profit (EBITA) of CHF 15 million related to other reporting periods. Provisions recognized in the income statements for previous years were reversed in the year under review due to the application of IAS 19r and the aforementioned adjustments. This effect is reported in the presentation of segment results under the column "Other".

Changes in the Group Executive Board

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Effective 1 January 2016, Jens Breu assumed the position of CEO from Heinrich Spoerry. Heinrich Spoerry will now concentrate on his duties as Chairman of the Board. With this change, SFS Group's management structure meets the recommended standards for corporate governance in Switzerland.

A word of thanks


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Employee performance during the past financial year was outstanding. The creativity, can-do attitude and know-how of employees throughout SFS Group were pivotal factors in the progress and results we achieved last year. We are grateful to the people who make SFS what it is and thank them all for their commitment and professional work. Special thanks are extended to all employees in Switzerland for their willingness to help us offset the currency-induced competitive disadvantage that faces us by working longer hours for the same pay and accepting cuts in vacation entitlement. We appreciate the steady and strong support of our shareholders, which reinforces the stability and sustainability of our company. We thank our customers for their trust and for engaging us in their projects as partners.

Dividend payment for shareholders

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In light of the company's operating results, good cash position and solid balance sheet, the Board of Directors will submit a motion at the Annual General Meeting to pay out an unchanged dividend of CHF 1.50 per share from capital contribution reserves. This payment is not subject to withholding or income tax for natural persons whose tax domicile is in Switzerland.

Outlook for the 2016 financial year

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The implemented measures are now gaining more traction, and will offset some of the unfavorable effects of the Swiss franc's appreciation. Based on the same exchange rates as last year, we forecast consolidated sales will increase by 2–4% in 2016 with an improvement in the adjusted EBITA margin from 12.5% to 13–14%.



Heinrich Spoerry
Chairman of the Board
CEO until 31.12.2015

Jens Breu
CEO from 1.1.2016

Strategy and markets

Technological expertise and customer focus applied in a wide range of markets

We create added value with our products and services – for our customers, our employees and our shareholders. This value can be traced to our detailed application know-how, outstanding technical expertise and our creativity.

Surrounded by SFS products every day

People come into contact with SFS products every day. Most times unknowingly because many of the often successcritical components we make are embedded within the products of our customers and are rarely visible from the outside. SFS products are used in a vast range of applications. Whether in a car, in adventure cameras or on board a modern plane, SFS know-how is everywhere. Our customers put their trust in us when they choose SFS as their development partner, solution provider or C-parts supplier.

Creating value for customers

The direct costs of SFS products are relatively low compared to the overall end product costs, but the related costs for the customer are several times higher due to administrative sourcing activities or logistics costs. We always try to put ourselves in the shoes of the customer. That means keeping an eye on the cost of each specific part and, in particular, optimizing overall costs. This perspective helps us to identify cost-savings potential and create sustainable added value. The advantage for us is that these custom-tailored products and solutions give us a more distinct profile and strengthen our partnerships we have with our customers.

Innovation and acquisition-driven growth

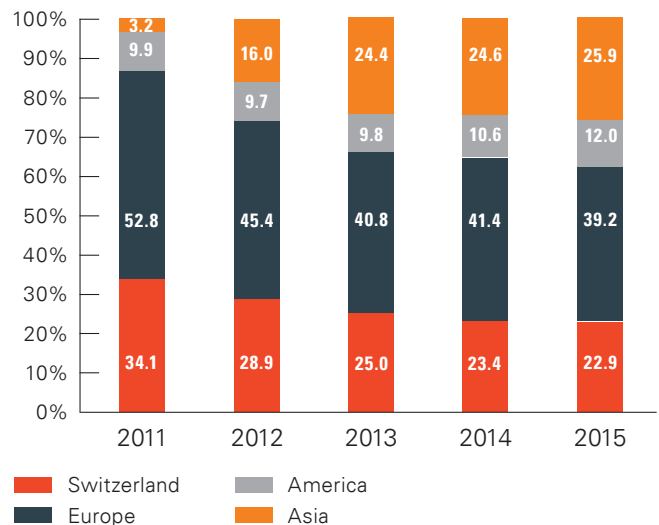
Our positioning in growth markets and our leadership in selected market niches give us many opportunities to demonstrate our capabilities and strengths with a steady flow of innovation.

The implementation of a wide range of measures brought short-term relief from the significant appreciation of the Swiss franc. In order to ensure sustainable competitiveness, the factories in Switzerland will focus even more on knowledge and capital-intensive products and processes. Selective acquisitions will be made to capture new markets and address new customer groups and application areas, and thereby create new opportunities for organic growth.

Supplying global players from local sources

A well-developed distribution and production network across North America, Europe and Asia enables us to serve our customers locally from one of more than 70 sites worldwide (see map page 7). This worldwide distribution and production network is a powerful tool of differentiation that sets us apart from the competition, which often operates only locally. We are also broadly diversified in terms of end markets and applications. This allows us to respond in

Share of sales by region 2011–2015 in %



Worldwide sales offices and production sites



a flexible manner to regional developments with targeted measures. High diversification reduces our vulnerability to cyclical downturns in any one industry or region, yet also necessitates the focused and systematic exploitation of business opportunities in these same markets by applications specialists.

Share of sales increased in America and Asia

Some marked changes in the share of sales generated in the various markets arose during the period from 2011 to 2015, in particular due to the acquisition of Unisteel Technology. While America's share of sales increased, Europe's share of Group sales fell below the 40% mark.

In light of our positioning in growth markets, our strong partnerships with the leading players in these markets, and our innovation capabilities, we are targeting 5–7% annual sales growth over the medium term, well above the projected rate of global economic growth.

Achieve attractive profitability

SFS operates with good margins. We see this as confirmation that we are pursuing the right market strategy and

successfully delivering on our value proposition and unwavering commitment to generate added value for every SFS customer. In the medium term (3–5 years), we are aiming to increase SFS Group's EBITA margin to more than 15%. The targeted improvement in profitability will be achieved through above-average growth in profitable business areas, the ongoing improvement in our operating efficiency, and the launch of innovative products.

Strategic priorities for 2016

- Strengthen our position with existing customers by focusing on the generation of added value
- Selectively widen the customer base and enter new application areas
- Intensify business activities in the aerospace and medical components sectors
- Continue the globalization of SFS activities
- Accelerate the pace of innovation
- Achieve further progress in standardization and efficiency gains in C-part logistics

Engineered Components

Innovation projects as growth drivers

—

Engineered Components delivered solid growth on the back of innovation projects. The segment was able to recoup much of the margin erosion caused by unfavorable exchange rates in the second half of the year.

Key figures Engineered Components

in CHF million

	2015	±	2014	2013
Third party sales	740.1	1.8%	727.2	672.9
Sales growth comparable*		4.3%		
Net sales	756.1	1.7%	743.5	686.8
EBITDA	185.3	-2.8%	190.7	175.0
As a % of net sales	24.5		25.7	25.5
EBITA	134.1	-6.2%	143.0	129.9
As a % of net sales	17.7		19.2	18.9
Net operating assets	1,290.6	-2.7%	1,326.1	1,182.0
Investments	70.3	12.3%	62.6	45.8
Employees (FTE)	5,635	-6.7%	6,038	4,488

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

Solid growth in local currency achieved

—

The Engineered Components segment achieved solid growth of 6.1% in local currency. On a reported basis, growth amounted to 1.8%, which represents sales of CHF 740 million. Growth was primarily fueled by the production ramp-up of numerous new products and the continuing market success of key customers' end products. Engineered Components attained a high EBITA margin of 17.7% in 2015 (previous year: 19.2%). The margin contraction compared to the previous year is directly attributable to the strong appreciation of the Swiss franc. Due to significant productivity gains and the divestment of a non-core company in Asia the number of employees declined to 5,635 (FTEs).

Automotive division

Growing in the wake of new project ramp-ups

—

Measured in local currency, the Automotive division posted high growth again, which was mainly driven by new project ramp-ups. The trend towards autonomous driving is the number one growth driver for this division. SFS is developing and manufacturing actuators for electric brake systems for this particular market segment. The ramp-up phase for these products is proceeding as planned. Infrastructure in India and China was expanded to lay the groundwork for the subsequent realization of growth projects. The Automotive division expects its positive business trends to be sustained during the course of 2016.

Electronics division

Strong market position achieved

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Sales at the Electronics division were slightly higher than the good previous year levels, thanks to the continuing market success of major end products. Various new projects were successfully completed – for example, with leading Chinese manufacturers of smartphones – and had a positive effect. The Electronics division has successfully positioned itself in the still young market segment of wearable electronics (e.g. smartwatches) and it sees good opportunities to capture some of the anticipated growth. Key priorities in 2016 are continuing and expanding the development partnerships with customers on the basis of its powerful, advanced technologies.

Industrial division

Good results in the aircraft manufacturing and medical components industries

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The major growth driver in the Industrial division remains the ramp-up of production for the Airbus A350, for which SFS supplies fastening solutions for the cabin interior. Compared to the previous year, sales of these products nearly doubled. In the medical components sector SFS is well positioned to improve opportunities for future growth, thanks to its vast know-how in the field of titanium cold forming processes and in plastic injection moulding.

Fastening Systems

Growth in a mixed market environment

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Clear focus on innovation and efficiency gains in the supply chain are the recipe for success in today's challenging markets.

Key figures Fastening Systems

in CHF million

	2015	±	2014	2013
Third party sales	326.9	-2.9%	336.7	330.0
Sales growth comparable*		4.9%		
Net sales	341.4	-3.3%	353.1	344.7
EBITDA	38.9	-10.4%	43.4	42.1
As a % of net sales	11.4		12.3	
EBITA	23.2	-13.6%	26.9	25.7
As a % of net sales	6.8		7.6	7.5
Net operating assets	289.1	-9.0%	317.6	311.0
Investments	16.3	-21.6%	20.8	23.6
Employees (FTE)	1,758	1.4%	1,733	1,608

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

Good growth achieved with industrial customers and in North America

—

Fastening Systems achieved solid growth of 4.9% in local currency, which is faster than the rate reported for both the previous year and the first half of 2015. The general business environment remains mixed. Markets in northern Europe and, especially, North America were again buoyant. Europe's southern markets displayed signs of a recovery, but this has not yet substantially carried through to reported sales. Unfavorable currency effects diminished the profitability of the Fastening Systems segment, bringing the EBITA margin to 6.8% (previous year: 7.6%). Various projects to improve operational performance made an important contribution to the improvement in underlying results.

Construction division

Slight growth achieved in a mixed market environment

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The Construction division continues to operate in a challenging market environment. The action plans conceived to improve operational performance includes a narrowing of the product range and the relocation of finishing operations from Switzerland to the Czech Republic which was successfully concluded. Major potential is also seen in the partnership with HECO (Ludwig Hettich Holding GmbH & Co. KG), a leading provider of innovative fastening solutions, especially in the expanding field of timber construction. As part of the partnership agreement, SFS acquired a 30% interest in HECO via a capital increase.

In the coming year the Construction division will intensify its product innovation efforts and implement further performance-enhancing measures. A key aspect here will be the sharpening of production strategy.

Riveting division

Growth momentum increased over the year

—

After a subdued start, demand for GESIPA® products turned increasingly positive as the year progressed. This growth was supported by the growing order volumes from existing customers and the launch of key new products. The most important new product launched last year was AccuBird® Pro, which was well received by the market. This new generation of battery-powered blind rivet installation tool offers significantly faster setting speed, up to four times faster than that of comparable tools offered by competitors. Considerable progress was made in the market for electronics applications.

Next year the Riveting division will continue its innovation drive to differentiate itself better from the competition. Its focus will be on the automation of setting processes through the use of high-performance installation tools and premium-quality fasteners.

Distribution & Logistics

Acquisition of new customers through our technical expertise

Technology leadership and a high level of dependability helped us to win new, prestigious customers in a challenging environment.

Key figures Distribution & Logistics

in CHF million

	2015	±	2014	2013
Third party sales	309.3	-3.1%	319.1	327.7
Sales growth comparable*		-4.0%		
Net sales	314.8	-3.4%	326.0	333.6
EBITDA	26.5	-21.4%	33.7	37.6
As a % of net sales	8.4		10.3	11.3
EBITA	18.8	-27.7%	26.0	29.2
As a % of net sales	6.0		8.0	8.8
Net operating assets	151.9	3.6%	146.6	145.7
Investments	1.6	-60.0%	4.0	2.7
Employees (FTE)	643	2.7%	626	608

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

Cost savings passed on to customers

The significant appreciation of the Swiss franc had a big impact on the Distribution & Logistics segment, which does almost all its business in Switzerland. Despite the quick adjustment of the prices, demand grew only hesitantly, especially from customers in industrial sectors. Sales amounted to CHF 309 million in the 2015 business year, which corresponds to a decline of 3.1% from the previous year. The first-time consolidation of Thomas Minder Holding AG had a positive effect, contributing 5.0% to segment sales. After the decline in the EBITA margin to 5.0% in the first half of 2015 due to exchange-rate turmoil and one-time effects (previous year: 8.6%), profitability stabilized during the course of the second half. With an EBITA margin of 6.0% (previous year: 8.0%) for the 2015 financial year as a whole, the segment's operating margin is satisfying for its sector considering the difficult market environment.

Market position as a partner for specialized retailers strengthened

In March of 2015, SFS acquired Thomas Minder Holding AG, a leading provider of specialized hardware and tools for demanding professionals in Switzerland. This transaction clearly strengthened SFS's profile and product range, and its offering for specialized retailers as well as hardware and home improvement stores in Switzerland. Integration is proceeding on schedule; Allchemet's location in Hinwil has already been transformed into an attractive HandwerkStadt retail store.

Technology leadership expanded with "M2M by SFS"

In the spring of 2015, SFS presented its latest developments in the field of automated inventory management systems named "M2M by SFS". The acronym "M2M" stands for "machine to machine" and refers to the automated exchange of information – in the case of "M2M by SFS", to the flow of information between warehouse infrastructure, mobile devices and ERP systems. These new solutions all share an impressive array of new features, such as smartphone, tablet and smartwatch connectivity as well as tracking and delivery notifications. Thanks to "M2M", SFS has succeeded in improving performance and lowering system costs.

Network of HandwerkStadt increased

With the recent opening of new HandwerkStadt locations in Kriessern (SG) and Hinwil (ZH), the network of HandwerkStadt retail stores has increased to 27 in total. In HandwerkStadt, professional customers from the skilled crafts and trade sectors are offered a wide range of professional tools, machines and fastening systems.

Exploitation of future potential

The focus in 2016 will be on the successful realization of the projects won, the acquisition of new customers and the further development of the opportunities offered by "M2M".

Sustainability

We value sustainable development

Partnership with our employees and business associates, acceptance of social responsibility and respect for the environment are integral elements of our culture and strategy.

SFS is a UN Global Compact member and pledges to adhere to its ten principles. We use these principles as the basis for a comprehensive presentation of our current and planned activities in the areas of human rights, labor, environment and anti-corruption. This is documented in our annual report for the first time.

Human rights

Our Corporate Principles are the common basis for approximately 8,000 employees and the linchpin of SFS culture. The common values shape the way we work together and are key elements of our success. The Code of Conduct sets out the guidelines for our day-to-day actions in the business environment and is binding for every SFS Group employee. In order to enable centralized risk analysis once a year, SFS has a standardized reporting process in place.

Labor

SFS invests heavily in the development of young talents within its own ranks. In Switzerland, SFS trains approximately 160 apprentices in ten professions, corresponding to about 7% of the entire Swiss workforce. Moreover, SFS aims to fill 80% of management positions by promotion of employees through the ranks and thereby secure SFS culture and the values we embody. SFS is proud to be able to count on a very loyal workforce. The average employee has been with the company for almost 12 years (not including Asia), with no more than minimal differences between sites.

Environment

A constant striving for improvement is firmly anchored in SFS's corporate culture. Alongside our achievements in customer projects, notable examples include our efforts in lean management, the quest for more energy-efficient solutions and the use of renewable energy. In order to measure the energy consumption at the relevant sites, a harmonized reporting system was implemented in 2015. The following parameters are measured on a yearly basis: energy consumption, process gas consumption, water consumption, waste volumes and CO₂ emissions. Robust, comparable data will be available for the first time on completion of the 2016 reporting period.

Based on our annual consumption of raw material and the emissions associated with producing steel and with machining operations, the use of cold forming technology compared to metal-cutting techniques avoids approximately 300,000 tons of CO₂ emissions.

Anti-corruption

We are committed to fair competition. An anti-corruption guideline document was drawn up in 2015 to complement the Code of Conduct and the introduction was supported by an e-learning program. The guideline is to ensure that employees who might be exposed to corruption issues in the course of their job are sufficiently aware of the dangers.

Priorities 2016

- Consolidate process and organization related to reporting violations of the Code of Conduct
- Intensification of vocational training at our sites in the US and Germany
- Standardization of quality, environment and safety report containing the key performance indicators
- Worldwide implementation of the anti-corruption guideline

Consolidated balance sheet SFS Group

Assets in CHF million	31.12.2015		31.12.2014	
Cash and cash equivalents	157.0		138.3	
Trade receivables	243.9		268.3	
Other receivables	29.2		33.2	
Inventories	258.1		273.2	
Current assets	688.2	31.7%	713.0	31.7%
Property, plant and equipment	576.0		590.5	
Intangible assets	850.2		908.7	
Financial assets	10.1		0.7	
Investments in related entities	27.1		13.8	
Deferred income tax assets	18.1		19.4	
Non-current assets	1,481.5	68.3%	1,533.1	68.3%
Assets	2,169.7	100.0%	2,246.1	100.0%
Liabilities and Equity in CHF million	31.12.2015		31.12.2014	
Trade payables	77.0		118.4	
Current income tax liabilities	18.4		24.3	
Other payables	93.6		87.4	
Current borrowings	17.2		38.2	
Current liabilities	206.2	9.5%	268.3	11.9%
Non-current borrowings	12.3		12.4	
Deferred income tax liabilities	106.2		119.5	
Provisions	52.4		40.9	
Non-current liabilities	170.9	7.9%	172.8	7.7%
Liabilities	377.1	17.4%	441.1	19.6%
Share capital	3.8		3.8	
Reserves	1,780.5		1,789.9	
Equity attributable to SFS	1,784.3	82.2%	1,793.7	79.9%
Non-controlling interests	8.3		11.3	
Total equity	1,792.6	82.6%	1,805.0	80.4%
Liabilities and equity	2,169.7	100.0%	2,246.1	100.0%

Consolidated income statement SFS Group

in CHF million	2015		2014	
Net sales	1,371.8	100.0%	1,381.8	100.0%
Change in work in progress and finished goods	-1.2		6.9	
Operating revenue	1,370.6		1,388.7	
Material expenses	-532.2		-523.5	
Other operating income	16.1		12.5	
Contribution margin	854.5	62.3%	877.7	63.5%
Personnel expenses	-377.5		-387.9	
Other operating expenses	-209.6		-218.4	
Depreciation	-80.8		-76.0	
Amortization of intangible assets	-57.5		-53.9	
Total operating expenses	-725.4	-52.9%	-736.2	-53.3%
Operating profit (EBIT)	129.1	9.4%	141.5	10.2%
Finance expense	-3.2		-12.2	
Finance income	3.4		4.4	
Share of profit/(loss) from related entities	1.6		0.4	
Earnings before tax	130.9		134.1	
Income taxes	-25.9		-23.9	
Net income	105.0	7.7%	110.2	8.0%
Attributable to owners of SFS Group AG	104.1		109.9	
Attributable to non-controlling interests	0.9		0.3	
Earnings per share of the owners of SFS Group (in CHF) basic and diluted	2.78		3.07	

Consolidated statement of comprehensive income SFS Group

in CHF million	2015	2014
Net income	105.0	110.2
Items that will not be reclassified to profit and loss		
Actuarial gains on defined benefit plans	-24.7	-20.7
Tax effect defined benefit plans	4.7	3.4
Items that may be subsequently reclassified to profit and loss		
Currency translation adjustments (CTA)	-36.3	86.7
Reversal of CTA from deconsolidation	-	5.0
Cash flow hedges	-2.4	-1.5
Tax effect on cash flow hedges	0.5	0.4
Comprehensive income	46.8	183.5
Attributable to owners of SFS Group AG	46.9	182.8
Attributable to non-controlling interests	-0.1	0.7

Consolidated statement of changes in equity SFS Group

in CHF million	Share capital	Reserves	Attributable to owners of SFS Group	Non-controlling interests	Total
Balance at 1.1.2014	3.2	1,328.8	1,332.0	4.4	1,336.4
Comprehensive income 2014	-	182.8	182.8	0.7	183.5
Dividends for 2013	-	-32.4	-32.4	-	-32.4
Other changes	-	-	-	6.2	6.2
Capital increase	0.6	310.7	311.3	-	311.3
Balance at 31.12.2014	3.8	1,789.9	1,793.7	11.3	1,805.0
Comprehensive income 2015	-	46.9	46.9	-0.1	46.8
Dividends for 2014	-	-56.3	-56.3	-2.3	-58.6
Other changes	-	-	-	-0.6	-0.6
Balance at 31.12.2015	3.8	1,780.5	1,784.3	8.3	1,792.6

Consolidated cash flow statement SFS Group

in CHF million	2015	2014
Operating profit (EBIT)	129.1	141.5
Depreciation/amortization	138.3	129.9
Interest paid	-3.1	-8.0
Income tax paid	-38.4	-35.3
Changes in provisions and valuation allowances	-8.5	-7.7
Cash flow before changes in net working capital	217.4	220.4
Changes in trade receivables	16.9	-31.6
Changes in other receivables	3.8	-
Changes in inventories	7.8	-21.1
Changes in current liabilities	-34.6	32.1
Changes in net working capital	-6.1	-20.6
Cash flow from operating activities	211.3	199.8
Purchases of property, plant and equipment	-88.7	-95.8
Purchases of software	-1.7	-1.8
Proceeds from sale of assets	2.1	2.7
Acquisition of subsidiary, net of cash acquired	-7.5	-38.6
Proceeds from sale of investments	0.3	0.7
Proceeds from sale of related entities	1.6	-
Acquisition of related entities	-10.1	-
Dividends from related entities	-	0.2
Proceeds from interest and securities	0.9	1.6
Proceeds from sale of marketable securities	-	0.3
Cash flow from investing activities	-103.1	-130.7
Capital increase net	-	311.3
Proceeds from current borrowings	12.9	21.6
Repayment of current borrowings	-29.0	-125.8
Repayment of non-current borrowings	-	-328.5
Change in financial assets	-9.9	0.5
Dividends paid to the shareholders	-58.6	-32.4
Cash flow from financing activities	-84.6	-153.3
Translation adjustment on cash and cash equivalents	-4.9	5.1
Changes in cash and cash equivalents	18.7	-79.1
Cash and cash equivalents at beginning of period	138.3	217.4
Cash and cash equivalents at end of period	157.0	138.3

Balance sheet SFS Group AG

Assets in CHF million	31.12.2015	31.12.2014
Cash and cash equivalents	19.3	24.8
Other current receivables	0.0	0.1
Other current receivables from related entities	52.5	11.9
Current assets	71.8	36.8
Financial assets	0.1	0.1
Financial assets from related entities	696.8	740.9
Shareholdings	90.8	82.5
Non-current assets	787.7	823.5
Assets	859.5	860.3

Liabilities and equity in CHF million		
Trade payables	0.0	0.0
Interest-bearing borrowings from related entities	21.6	28.3
Deferred income and accrued expenses	0.7	0.4
Current liabilities	22.3	28.7
Interest-bearing borrowings from related entities	14.2	19.5
Non-current liabilities	14.2	19.5
Share capital	3.8	3.8
Statutory capital reserves	266.9	323.2
Statutory retained earnings	1.9	1.6
Voluntary retained earnings	275.1	275.1
Retained earnings	275.3	208.4
Total equity	823.0	812.1
Liabilities and equity	859.5	860.3

Income statement SFS Group AG

Income in CHF million	2015	2014
Investment income	63.0	33.0
Interest income	5.7	10.3
Total income	68.7	43.3

Expenses in CHF million		
Interest expense, financing costs capital increase	-0.5	-13.2
Currency loss financial assets (net)	-0.3	-3.7
Administration expenses	-0.4	-0.4
Total expenses	-1.2	-17.3
Net income before taxes	67.5	26.0
Direct taxes	-0.4	0.0
Net income	67.1	26.0

Proposed appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting of shareholders on 20 April 2016 to approve the payment of a dividend from statutory capital reserves of CHF 1.50 (PY 1.50) per registered share with a nominal of CHF 0.10 per share.

Retained earnings in CHF million	31.12.2015	31.12.2014
Profit carry-forward	208.2	182.5
Net income	67.1	26.0
Withdrawal from statutory capital reserves	56.3	56.3
Earnings available for distribution	331.6	264.8

Board of Director's proposal in CHF million		
Dividend from statutory capital reserves	56.3	56.3
Allocation to statutory retained earnings	-	0.3
Profit carry-forward	275.3	208.2
Retained earnings	331.6	264.8

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.

	31.12.2015	31.12.2014
Number of registered shares	37,500,000	37,500,000
Number of shares ranking for dividend	37,500,000	37,500,000
Weighted average number of shares	37,500,000	35,814,167
Number of shareholders	6,941	6,778
Stock exchange quotation (in CHF)		
Year high	79.00	79.30
Year low	56.90	62.50
Year-end price at	70.00	79.10
Share key data		
Earnings per share in CHF	2.78	3.07
Cash earnings per share in CHF	4.03	4.32
Dividend per share in CHF	1.50	1.50
Payout ratio in % of consolidated net income	53.6	51.0
Price/earnings ratio (year-end price)	25.2	25.8
Cash price/earnings ratio (year-end price)	17.4	18.3
Market capitalization (year-end price x number of shares ranking for dividend)		
In CHF million	2,625.0	2,966.3
As a % of net sales	191.4	214.7
As a % of equity	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 151.1 million (PY 154.6).

Agenda

Friday, 4 March 2016	Publication results business year 2015
Wednesday, 20 April 2016	23rd Annual General Meeting of SFS Group AG
Friday, 22 July 2016	Publication half year results 2016

Security no.	23.922.930
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Fact Set:	SFSN-CH

Annual report 2015

The annual report is available in German and English. The German language version of the full annual report is the only legally binding version and is available online at <http://annualreport.sfs.biz/>.

Exclusion of liability

This annual 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 annual report are subject to such limitations.

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