

Press Release

November 09, 2018

Schweizer Electronic AG confirms profit forecast and adjustment of turnover guidance for Fiscal Year 2018

- **Turnover growth of 5.3 percent in the first nine months of 2018**
- **EBITDA jumped by 55 percent to 9.3 million euro in the nine-month period**
- **Expected turnover growth for Fiscal Year 2018 is between 2 – 3 percent**

Schramberg, November 09, 2018 – The SCHWEIZER Group closed the first nine months of the fiscal year 2018 with a turnover growth of 5.3 percent to 96.7 million euro (2017: 91.8 million euro). The EBITDA (earnings before interest, taxes, depreciation and amortisation) jumped by 55 percent to 9.3 million euro (2017: 6.0 million euro), corresponding to an EBITDA ratio of 9.7 percent.

The third quarter 2018 has been the strongest in this fiscal year with a growth of 9.7 percent to 32.8 million euro (2017: 29.9 million euro), which is due to the demand from the automotive sector in particular for power electronic solutions. With a clear positioning on the topics CO₂ reduction and sensor solutions, it was thus possible to decouple from the overall negative trend of the automotive industry. As a consequence, sales with automotive customers increased by 15.2 percent to 23.5 million euro, corresponding to almost 72 percent of the total turnover. Business with the other customer groups from the fields of industry electronics, consumer electronics and communications remained almost unchanged and amounted to 28.4 percent of the total turnover in the reporting period.

The turnover growth of 2.9 million euro was achieved exclusively in Europe. In total, SCHWEIZER generated 86.0 percent of the turnover in Europe, 8.2 percent in Asia and 5.8 percent in the US as well as the rest of the world. In preparation for the new production site in China, intensive measures are underway in order to tap the Asian markets. Sales generated through the Asian partners WUS Kunshan and Meiko Electronics more than doubled in the third quarter and represent almost a quarter of the group turnover. Therefore, the gross margin declined by 1.0 million euro compared to previous year's quarter and amounted to 4.6 million euro, corresponding to 14.1 percent (2017: 18.8 percent). In total, profit targets were achieved and previous year's profits exceeded. The EBITDA of the third

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Contact:

Christina Blake| Media & Communications | Schweizer Electronic AG | Einsteinstraße 10 | 78713 Schramberg

Phone: + 49 7422 / 512-213 | Fax: + 49 7422 - 512 777 213 | Mobile: + 49 151 - 15119010

E-mail: communications@schweizer.ag | Please visit our website: www.morethanPCBs.com

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quarter amounted to 2.7 million euro (2017: 2.4 million euro), corresponding to an EBITDA ratio of 8.2 percent.

Compared to previous year's quarter, the EBIT (earnings before interest and taxes) doubled to 0.8 million euro. In the nine-month period of the fiscal year 2018, the EBIT amounted to 3.6 million euro (2017: 0.0 million euro), but it has to be considered that negative special effects amounting to 2.5 million euro burdened the EBIT in 2017.

At the end of the third quarter the order book amounted to 169.1 million euro (2017: 172.0 million). A slowdown of incoming orders in the months August and September becomes visible here, which is due to the current uncertainty in the automotive sector.

The construction works for the new production site in China started on time in August this year. The production capacity in Jintan will be set up within three investment phases, with each phase providing the current production capacity of the site in Schramberg. Production is to start at the beginning of 2020.

Forecast

Declining sales figures in the automotive market triggered amongst others by bottlenecks in the exhaust gas test procedures, by existing and potential trade conflicts between leading economic regions as well as uncertainties concerning imminent bans on diesel vehicles, currently burden the atmosphere in particular in the German automotive industry. Apart from the slowdown of incoming orders we also see a trend of customers shifting their order call-offs from the fourth quarter 2018 to the following business year. Based on the current expectations for the business development in the fourth quarter, the Management Board of Schweizer Electronic AG lowered the turnover forecast for the total fiscal year 2018 to around 124.0 million euro, which corresponds to a growth of 2 to 3 percent (previous growth forecast: plus 6 to 8 percent).

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About Schweizer

Schweizer Electronic AG stands for state-of-the-art technology and consultancy competence. SCHWEIZER's premium printed circuit boards and innovative solutions and services for automotive, solar, industry and aviation electronics address key challenges in the areas of Power Electronics, Embedding and System Cost Reduction. Its products are distinguished for their superior quality and their energy-saving and environmentally-friendly features. Together with its partners WUS Printed Circuit (Kunshan) Co., Ltd., Meiko Electronics Co. Ltd. and Elekonta Marek GmbH & Co. KG the company offers in its division electronics cost- and production-optimised solutions for small, medium and large series. Together with its partner Infineon Technologies AG, SCHWEIZER plans to jointly tap the chip embedding market in future.

With 797 employees SCHWEIZER achieved sales of 120.9 million euro in Fiscal Year 2017 (ending December). The company was founded by Christoph Schweizer in 1849 and is listed at the Stuttgart and Frankfurt Stock Exchanges (ticker symbol „SCE“, „ISIN DE 000515623“).

For further information please contact:

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Schweizer Electronic AG
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