

## **Schweizer Electronic AG confirms consolidated figures for 2019 and provides an outlook for 2020**

- **Preliminary figures for the 2019 financial year confirmed: Revenues and EBITDA in line with revised expectations**
- **Order book totalled EUR 126.7 million**
- **Plant in China is making great progress**
- **The effects of the coronavirus pandemic make it very difficult to make reliable projections for the 2020 financial year**

Schramberg, 21 April 2020 – Today SCHWEIZER publishes the full report for the 2019 financial year and confirms the preliminary figures. Consolidated sales amounted to EUR 120.7 million, which is at the lower end of the projected sales of EUR 120 – 125 million (previous year: EUR 125.3 million).

Gross profit was EUR 12.6 million (2018: EUR 18.6 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounting to EUR 0.1 million (previous year: EUR 9.2 million) with an EBITDA ratio of 0.1 percent (previous year: 7.3 percent) and consolidated EBIT (earnings before interest and taxes) amounting to EUR -6.5 million (previous year: EUR 1.6 million) was at the lower end of the revised forecast.

Earnings after tax amounted to EUR -5.6 million (previous year: EUR +0.5 million). After deducting the contribution to earnings from the investment in China, the result was EUR -2.6 million (previous year: EUR +2.8 million).

Orders on hand totalled EUR 126.7 million at the end of the reporting year, of which EUR 98.1 million is scheduled for delivery in 2020.

Liquid funds amounted to EUR 34.4 million at the end of the year. This corresponds to a EUR 4.4 million increase on the previous year.

### **Development of sales**

While we were able to expand business through our Asian partners WUS and Meiko with an increase of 52.9 percent, sales from our main plant in Schramberg did not develop satisfactorily (-17.5 percent). This decline was shaped by the downturn in economic activity since the beginning of 2019, which resulted in a corresponding reluctance to place orders among both automotive and industrial customers.

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Despite the mentioned reluctance of automotive customers to place orders, sales with this customer group increased again and amounted to EUR 92.0 million. This corresponds to an increase of EUR 4.1 million or 4.7 percent compared to the previous year. By contrast, sales to industrial customers declined. Their contribution to sales amounted to EUR 22.3 million in the 2019 financial year (previous year: EUR 30.5 million).

The export share increased from 43.7 percent to 47.1 percent, with Germany (53 percent) and Europe excluding Germany (26 percent) remaining the most important sales markets.

## **Operating margin and operating result**

The main reasons for the decline in the operating result were the sharply increased share of sales of the PCBs manufactured by our partners in Asia and a simultaneous decline in in-house production. Owing to the business model, gross margins in the trading business are lower than those for in-house production. In Schramberg, weak utilisation of production capacity in particular impacted profitability.

Administrative costs in Schramberg were reduced overall as a result of cost savings and short-time work in the administrative roles. In contrast, the costs of setting up the plant in China and restructuring costs in Schramberg had an opposite effect in this functional area, so that overall administrative costs rose by 2.7 percent. The operating loss (EBIT) amounted to EUR 6.5 million. Depreciation and amortisation amounted to EUR 6.6 million, which resulted in an EBITDA of EUR 0.1 million (previous year: EUR 9.2 million). Excluding the start-up losses incurred in connection with the China project, as well as the restructuring costs, the EBITDA would have amounted to EUR 5.1 million and the EBITDA ratio to 4.2 percent.

The positive effects of the extensive cost savings in terms of material and personnel costs initiated in 2019 will only have a full impact in 2020.

## **Dividend**

In view of the annual result and the further expansion of the new technology plant in China, the Executive Board and the Supervisory Board will propose a suspension of the dividend to the upcoming Annual General Meeting in order to invest the funds that are freed up as a result in the growth investment in China and to use it to deal with the current coronavirus crisis.

## **China investment project**

Construction work on the production and administration building was completed on schedule in 2019. It was also possible to install all the systems required for the start of production on time, which made it

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Contact:

Elisabeth Trik | Investor Relations | Schweizer Electronic AG | Einsteinstraße 10 | 78713 Schramberg

Phone: + 49 7422 / 512-302 | Fax: + 49 7422 - 512 777 302

E-mail: [ir@schweizer.ag](mailto:ir@schweizer.ag) | Please visit our website: [www.morethanPCBs.com](http://www.morethanPCBs.com)

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possible to produce the first sample PCBs in January 2020. Despite the outbreak of the coronavirus in China, the first series products will be delivered with a slight delay in April 2020.

## Forecast for 2020

The effects of the coronavirus pandemic make it very difficult to make reliable projections for the 2020 financial year. Aside from the COVID-19 situation, global trade disputes and Brexit seemed to have come a step closer to a solution, but there is still a lack of clarity on these issues.

Based on these factors, SCHWEIZER expects negative business development in 2020. This assumption is based in particular on the very negative impact that can be expected from the coronavirus crisis. In order to limit the effects, the Executive Board decided to depict the projected sales and earnings figures for 2020 in two scenarios. The more optimistic scenario indicates sales growth of -10 to -15 percent and an EBITDA ratio of -2 to -6 percent. The more pessimistic scenario includes sales growth of -20 to -25 percent and an EBITDA ratio of -4 to -8 percent for 2020.

SCHWEIZER intends to take advantage of offers of assistance as part of the economic stabilisation fund and to use short-time work as needed to secure jobs.

The full annual financial report for the 2019 financial year is available at <http://www.schweizer.ag/de/investorrelations/finanzberichte.html>.

## Key Figures Schweizer Group

in million euro	2019	2018
Order book	126.7	171.2
Revenues	120.7	125.3
EBITDA	0.1	9.2
EBITDA margin (%)	0.1	7.3
EBIT	-6.5	1.6
EBIT margin (%)	-5.4	1.3
Annual result	-5.6	0.5

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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.

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:

Elisabeth Trik  
Schweizer Electronic AG  
Einsteinstraße 10  
78713 Schramberg  
Phone: +49 7422 / 512-302  
Fax: +49 7422 / 512-777-302  
E-mail: [ir@schweizer.ag](mailto:ir@schweizer.ag)  
Please visit our website: [www.morethanPCBs.com](http://www.morethanPCBs.com)