

Press Release

November 6, 2020

Schweizer Electronic AG:

- **Business situation stabilised again**
- **Cost reduction programme successfully implemented**
- **Forecast confirmed for the 2020 fiscal year**

Schramberg, 6 November 2020 – The business development of the SCHWEIZER Group stabilised again in the third quarter. The positive revenue momentum for this period came predominantly from the automotive sector. After a sharp drop in sales in the second quarter, sales with SCHWEIZER's largest customer group rose again significantly in the third quarter.

With a **turnover** of EUR 23.6 million (2019: EUR 34.1 million), sales increased by +31.7 percent in the third quarter compared to the second quarter, which was weak due to the pandemic. As a result, total sales for the first three quarters of 2020 amounted to EUR 69.0 million, which corresponds to a decline of -26.8 percent compared to the previous year. The new Jintan/China plant, which went into production successfully in the middle of the year, generated sales of EUR 4.1 million in the first 9 months.

Incoming orders in the third quarter amounted to EUR 23.4 million, while delivery schedules were largely reduced in the second quarter. Incoming orders in the first three quarters thus totalled EUR 38.7 million, which corresponds to a decline of -36.2 percent compared to the same period in the previous year. The **order book** at the end of the third quarter amounted to EUR 101.7 million (31/12/2019: EUR 126.7 million).

Non-recurring effects and low utilisation burdened profitability

In the second and third quarter of 2020, short-time work was carried out both for production and administration in order to reduce the break-even point of the Schramberg plant. In order to counteract the impact of declining business volume and declining margin income, numerous saving measures were already implemented in personnel and material costs in the last financial year and continued in the reporting period. Compared to the reporting date of September 2019, the number of employees in Schramberg was reduced by around 10 percent at the end of the third quarter of 2020.

Costs for special expenses – in particular from restructuring – impacted upon earnings for the first nine months with a total of EUR -1.8 million.

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Earnings before interest, taxes, depreciation and amortization (EBITDA) improved in the third quarter, but remained negative at EUR -2.3 million. EBITDA for the first three quarters amounted to EUR -7.9 million (2019: EUR +2.9 million), which equates to an EBITDA ratio of -11.5 percent (first to third quarter 2019: +3.1 percent).

Forecast / outlook

As expected, SCHWEIZER's business situation stabilised in the third quarter of 2020 compared to the previous quarter. The Executive Board expects this recovery trend to continue in the fourth quarter of 2020. This forecast is supported by a positive development in order momentum and an increasing business volume at the new location in China. Nevertheless, SCHWEIZER is unlikely to be able to fully reach the level of the previous year in the fourth quarter either. As a result, the Executive Board confirms the sales forecast which was adjusted in July to be between EUR 87 million and EUR 93 million, with the expectation that it should reach the upper end of the forecast range. Furthermore, the Executive Board confirms the expectation for the operating result before interest, taxes, depreciation and amortization (EBITDA) of -8 percent to -12 percent, which amounts to a range of EUR -7 to -11 million.

Although the comprehensive restructuring measures at the Schramberg site have already significantly reduced the break-even threshold and will continue to do so in the fourth quarter, the result this year is still burdened by the extraordinary restructuring expense of more than EUR 2 million. Without these special expenses and taking into account the measures achieved and planned, a positive operating result for the Schramberg site is expected.

Due to the positive sales development, progressive fixed cost coverage is forecast for the location in China. Due to further investments in personnel and plant capacity, an operational loss is also expected for this location in the fourth quarter. This loss remains within expectations.

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

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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“).

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