

# Fastening Systems

Growth in a mixed market environment

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. Demand from industrial buyers of the segment's products was similarly firm. Due to negative currency effects, sales amounted to CHF 327 million, which corresponds to a reduction of 2.9% compared to the previous year.

## Projects to improve performance realized

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, which had been taken independently of the currency-related measures, made an important contribution to the improvement in underlying results. If the effect of exchange-rate movements were excluded, segment profitability would have slightly increased compared to the previous year.

## Fastening Systems segment

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 and more ergonomic. Fastening Systems consists of the Construction and Riveting divisions.

## Construction division

Under the SFS intec brand, SFS develops, manufactures and markets application-specific fastening systems, hinge technology and assembly systems for the construction and building materials industries. The products made by this division are used in the construction of building envelopes (roof and walls) and timber construction, as well as in doors, windows and other areas.

## Riveting division

The Riveting division specializes in fastening solutions based on blind riveting technology. As a dependable partner for trade and industry, the Riveting division offers customers premium quality GESIPA® brand fastening systems (blind rivets, blind rivet nuts and the corresponding installation tools).

**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 and there has been no fundamental change in the overall picture since the previous year. Markets in North America continued to show positive developments. Europe’s southern markets displayed signs of a recovery, but this has not yet substantially carried through to reported sales. Market share was captured in various applications on flat roofs and the construction of building envelopes.

**Further improvement in performance achieved**

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 The action plans conceived to improve operational performance cover many areas. Besides a narrowing of the product range, projects are in planning or already in execution throughout the value chain. For example, the relocation of finishing operations from Switzerland to the Czech Republic was successfully concluded.

The production site in Torbali (Turkey) was expanded during the summer. Both production capacity and the range of production capabilities that this highly competitive site offers were increased significantly, clearing the way for future productivity gains.

Construction division customers have profited from the further optimization of the C class logistics solutions, which have been a specialty of the Distribution & Logistics segment.

Major potential is 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. The additional capital will be spent on projects to improve competitiveness and accelerate growth. Thanks to their largely complementary product ranges and sales channels, HECO and SFS can offer customers better services while strengthening their respective market positions. Close collaboration will enable the two companies to take advantage of manufacturing synergies and further improve their competitive profile.

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.



Installation tool and fastening element are often designed as an integral system in fastening solutions for lightweight manufacturing applications.

## Riveting division

### Growth momentum increased over the year

– After a subdued start, demand for GESIPA® products turned increasingly positive as the year progressed. Dynamic growth in North America and Asia was particularly pleasing and confirmed the value of the preparatory work done in preceding years. This growth was supported by the growing order volumes from existing customers and the launch of key new products.

### Product innovation and new customers fuel divisional growth

– The most important new product launched last year was AccuBird® Pro, which was introduced in the spring of 2015 and 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.

The Riveting division managed to increase order volumes from various US and European car manufacturers and thus improve its position as supplier. The acquisition of initial orders for riveting systems from a US pioneer in the field of electromobility was also a gratifying achievement.

Considerable progress was made in the market for electronics applications by acquiring Asian leaders in this field as new customers. Significant potential is seen here in the use of automated GESIPA® solutions, particularly for assembly of electronic devices.

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. Migration of the division's IT architecture to SAP, the platform already in use at four of the SFS divisions, will generate additional synergies.



The AccuBird® Pro is just one example of our many novel developments for rationalizing riveting processes. Robot-controlled systems in particular can offer significant benefits.

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## AccuBird®Pro: Productivity increased with a pioneering spirit

GESIPA® has been a leader in battery-powered blind riveting tools for more than 20 years. AccuBird® Pro is in a class of its own, offering a setting speed up to four times faster than competitors' products. It was also designed with improved ergonomics. Other advantages for users include its light weight, rapid recharge time and improved illumination of the fastening point.

## Operating efficiency increased

Close contact with customers and continuous operational improvement have always been the driving forces behind the internationalization of our business activities. The relocation of finishing operations to the Czech Republic is a case in point. Thanks to the new logistics hub located at a major transport network junction, we are able to respond much more quickly to customer queries and reduce costs at the same time. The 45 employees in Switzerland who were affected by the relocation have been assigned other duties within SFS. SFS's production plants in Switzerland are focusing even more on knowledge and capital-intensive processes.

## Better efficiency with better fastening systems

"Creating added value" is SFS's credo. At our fastening systems operations, this means developing faster fastening techniques while making the fastening process more reliable and ergonomic. Success in this business depends on the perfect interplay between the fastening elements and the fastening devices, and the integration of the fastening systems wherever they may be used – in construction or manufacturing, for example. By offering 100% riveting quality control, we make the fastening process more efficient and reliable.