

Report Pick

ReportWatch e.com

December 2017

Phoenix Mecano

Stein am Rhein, Switzerland



**ANNUAL
REPORT 2016**
FOCUSING
ON FUTURE
MARKETS

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Report Facts

Company name: Phoenix Mecano AG
Fiscal year end: December 31, 2017
Report title: *Focusing on future markets*
CEO: Dr Rochus Kobler
Chairman of the Board: Benedikt A. Goldkamp
Report length: 195 pages
Auditors: KPMG AG
Website: <http://www.phoenix-mecano.com/en/investor-relations/>
Email: info@phoenix-mecano.com
Design and production: Petranix

Report Rating: ★★*(★)

(To qualify for *Report of the Month*, the minimum rating required is ★★*(★). Rating scale below)

Profile

... a global technology company with a presence in the international growth markets. With... three divisions -Enclosures, Mechanical Components and ELCOM/EMS- we are leaders in many of our markets. Important areas of application are mechanical engineering, measurement and control technology, electrical engineering, automotive and railway technology, energy technology, medical technology, aerospace technology and home and hospital care.

(Report excerpts. Italics are own company's words)

Key Figures

Gross sales: EUR 583.2 million
Operating result: EUR 34.5 million
Net result: EUR 23.0 million
Earnings per share: EUR 24.0
Dividend: CHF 15.0
Return on equity: 8.4%
Net debt/equity: 11.2%
Employees: 6,252

(Source: figures sourced from the annual report only)

Competitors

- Elma Electronic
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Report Rating: ★★*(★)

Triple A

- > Reader-friendly and very informative A-Z introduction that gives good insights into a rather complex business.
- > More broadly, a very good report introduction.

Double A

- > Comprehensive *key figures*: last 5 years, percentage changes, ratios...
- > Group and division performance finely reported. Segment information in notes supplements.

Simple A

- > *Letter to shareholders* does its job.
- > Business model well introduced yet lacking in details about ins and outs.
- > Product examples depicted in ending pages but not explained.
- > Governance matters fairly addressed.
- > Remuneration report not fully up to best practice.
- > No-frills design but good readability.
- > Online report could be more developed.

B sides

- > Insufficient on financial condition.
- > Much too short on risks and their management.
- > Big deficit on responsibility and sustainability issues and practices.

Rating Scale

★★★★★: World-class ★★★★★(★): First-rate ★★★★★: Excellent ★★★(★): Fine ★★*: Average

★*(★): Uneven ★*: Ordinary ★(★): Deficient ★: Unsatisfactory (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the *Annual Report on Annual Reports*.

e.com-ReportWatch does not provide comments other than the ones published in Reports Picks.

How does the company report in key areas? What are the main report pluses and minuses? The **Report Scan** gives an overview of strengths and weaknesses, and scores each item. Contact e.com@reportwatch.net

B

B2B BUSINESS MODEL

All Phoenix Mecano Group companies act as suppliers of mechanical and electrotechnical components in the B2B market. In most cases, these components are critical to the success of our customers' end products.

BONUS MODEL

For the management and the Executive Chairman of the Board of Directors, the bonus is a recognition of exceptional business performance. A bonus is therefore only paid if the result of the period exceeds a minimum amount of 3% of equity for shareholders. No bonus is paid in the event of a loss.

BUSINESS MODEL

The Phoenix Mecano Group's core business is the development and manufacture of industrial components and modules. Its extensive product range is distinguished by a competitive

cost structure and product features tailored to individual customer needs. Combining demand from customers in a wide range of sectors enables it to achieve economies of scale in industrial product development.

