

# FINANCIAL SUCCESS

The Datwyler Group strives for sustainably profitable growth for the benefit of all stakeholders. This ambition, together with the unique shareholder structure, provides the basis for ensuring the Group's independence as a business and helping it assume its social and environmental responsibilities.

The Datwyler Group takes a long-term view of things, as evidenced by its successful history dating back over 100 years. Several production facilities of the Datwyler Group have been located at the same sites for decades. In many cases, Datwyler ranks among the larger employers in the regions where its sites are based. This means Datwyler sites generate considerable direct and indirect benefits for industry in the region. Local municipalities also benefit from this indirect economic impact through things like training places and both the tax paid directly by Datwyler companies and the tax paid indirectly by employees.

## Further increase in operating profitability

In the 2016 reporting year, the Datwyler Group increased its revenue year-on-year by 4.3% to CHF 1'215.8 million (previous year: CHF 1'165.2 million). Adjusted for positive currency and acquisition effects, organic growth of 1.4% was achieved. Various one-off situations across both divisions restricted organic growth to this level. Thanks to effective cost control, the adjusted operating result (EBIT) increased to CHF 157.6 million, giving a record-high adjusted EBIT margin of 13.0%. Including one-off costs from the Technical Components division and costs relating to the attempted acquisition of Premier Farnell, the reported EBIT figure was CHF 146.1 million (previous year: CHF 126.1 million), which equates to a reported EBIT margin of 12.0%. As such, Datwyler was comfortably inside the EBIT target range of 10% to 13%. With an adjusted value of CHF 116.9 million, Datwyler also managed to improve the net result significantly compared with the previous year (CHF 82.2 million; see the Annual Report 2016, particularly pp. 1-5 and pp. 50-57).

## Growth target for 2020: CHF 2 billion in revenue and an EBIT margin of between 12% and 15%

Datwyler is optimistic that the Group can accelerate the profitable growth trajectory. The Sealing Solutions division is benefiting from its strong positions in growing global market segments. In the medium term, the recently acquired new technologies will open up additional potential for development. In the Technical Components division, Datwyler is confident the measures implemented and introduced will make it possible to improve competitiveness and thereby also increase revenue and margins. At Group level, Datwyler is expecting to achieve revenue of between CHF 1'250 million and CHF 1'350 million. And based on the fact that operating profitability remains strong, the target range for the EBIT margin was increased to between 11% and 14%. Looking ahead to 2020, the Datwyler Group is still aims to achieve revenue of CHF 2 billion and an EBIT margin of 12% to 15% by this time. The Group intends to secure half of the shortfall in revenue (based on this target) via acquisitions. With liquidity reserves (cash and cash equivalents plus unused credit limits) worth over CHF 650 million, Datwyler has the potential to finance the acquisitions it aims to make (see the Annual Report 2016, pp. 3-5). With a view to aligning the financial interests of the management and shareholders, the variable element of annual salary and the long-term participation scheme are linked to clear performance indicators and reward both long-term performance and sustainable success (see the Annual Report 2016, pp. 36-47).

# 2.2 billion

CHF is the revenue target for 2020.



Datwyler has commissioned its own mixing facility at the existing Chinese plant.

## KEY POINTS IN BRIEF

- **The** 2016 reporting year saw revenue increase by 4.3% to CHF 1'215.8 million and the adjusted EBIT margin reach a record 13.0%.
- **For** 2017, Datwyler is expecting to achieve revenue of between CHF 1'250 million and CHF 1'350 million, based on a target range for the EBIT margin of 11% to 14%.
- **Looking** ahead to 2020, the Datwyler Group aims to achieve revenue of CHF 2 billion and an EBIT margin of 12% to 15% by this time.