



SEALING SOLUTIONS

The Datwyler Sealing Solutions division is a leading supplier of customer specific sealing, closure and packaging solutions to global market segments, such as the Automotive, Health Care, Civil Engineering and Consumer Goods industries. This is thanks to its leading material, engineering and process expertise and worldwide presence with its own production locations. As an acknowledged development partner, Datwyler maintains close working relationships with global customers, and has in-depth knowledge of the business models and technologies used in the markets in which it operates.



Target groups

- Automotive system suppliers
- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic products
- Manufacturers of parenteral drug delivery systems
- Construction industry
- Packaging industry

Geographical markets

- Europe
- North and South America
- Asia
- Australia

Products and services

Automotive

- Brake systems
- Fuel and engine management
- Exhaust gas aftertreatment (Selective Catalytic Reduction)
- Comfort and safety equipment

Health Care

- Rubber, aluminium and plastic components and closures for injectable drugs
- Rubber components for blood collection systems, IV administration sets, disposable syringes, etc.
- High-quality rubber components for prefilled syringes, pen systems, etc.

Civil Engineering

- Tunnel construction (gaskets for single shell tunnelling)
- Civil engineering (hydrophilic seals, injection hoses, joint seals)
- Track superstructure (sub-ballast mats, sleeper boots)
- Industrial profiles (absorber profiles, solar profiles)
- Building construction (curtain wall, window, and door seals)

Consumer Goods

- Innovative sealing solutions for portioned food and drinks



With the construction of a new Health Care plant in the USA, Datwyler is strengthening its market position in the world's largest pharmaceuticals market.

Accelerated profitable growth

Revenue and earnings

- The Sealing Solutions division managed to accelerate profitable growth during 2017. Thanks to leading positions in the market segments and the introduction of new products, net revenue rose year-on-year by 10.6% to CHF 832.8 million (previous year: CHF 753.3 million).
- Adjusted for positive currency and acquisition effects, the resulting organic revenue growth was 6.1%.
- Demand for high-quality health care components remained strong, while dynamic growth associated with automotive components for the Chinese market also continued. The Nespresso business continued to develop well.
- For the fifth consecutive time since the merger of the two former divisions, the sealing business has increased the operating result (EBIT), this time by 10.9% to CHF 151.6 million (previous year: CHF 136.7 million).
- The EBIT margin improved slightly to 18.2% (previous year: 18.1%). Further efficiency enhancements made it possible to compensate for slightly higher raw material prices and one-off costs for growth-related projects.

Important developments in 2017

- The new Health Care offering strategy involving the Bio Care, Pharma Care and Med Care categories met with a positive response from the market.
- The integration of Ott, which was acquired in 2016, is proceeding according to schedule. The potential products and applications associated with thermoplastics and liquid silicones offer interesting opportunities for growth for new applications in the Health Care and Automotive segments.
- The new mixing plants at existing sites in Belgium and the Czech Republic have successfully started production.
- A new multi-year contract with Nespresso offers further potential for growth.

Current priorities

- Construction of the new Health Care plant in the USA remains on schedule. The approval process for our customers is scheduled to begin in the second half of 2018.
- With a view to intensify development of the US health care market, Datwyler is expanding its sales capacity in the USA in a targeted manner.
- The Automotive market segment is introducing a new production concept at the Swiss site in the form of "Lean-and-Clean". For the first time, Datwyler will produce high-quality automotive components in clean rooms. The new production concept is suitable, among other things, for components used in SCR (selective catalytic reduction) technology – an area experiencing strong growth – which makes diesel vehicles more environmentally friendly.
- Electromobility is opening up opportunities for Datwyler in the form of new products for both existing and new customers. With the sector-leading "Lean-and-Clean" production concept and the opportunities arising from recently acquired production skills, Datwyler is well positioned to support future requirements in the automotive industry.
- By introducing a uniform production system at all plants, Datwyler is becoming more agile and creating a framework for operational excellence.

Outlook

- Based on the positive environment in the markets served, the leading positions occupied, the healthy order book, the new Nespresso contract and the capacity levels available, Datwyler is expecting the Sealing Solutions division to enjoy dynamic profitable growth in 2018 too.
- Additional capacity expansion measures are in the pipeline to encourage organic growth. For example, Datwyler will be investing CHF 70 million in expanding the existing Health Care plant in India over the next two years. This will expand production capacity there by around 50% and provide additional buildings reserves.
- The business is always on the lookout for potential acquisitions.

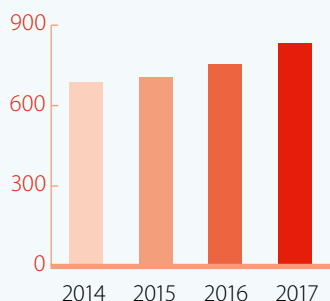
KEY FIGURES OF SEALING SOLUTIONS

in CHF millions	2017	2016
Net revenue	832.8	753.3
EBIT	151.6	136.7
EBIT as % of net revenue	18.2%	18.1%
ROCE in %	30.1%	29.2%
Capital employed	503.3	468.2
Capital expenditures	109.4	71.6
Number of full-time equivalents (at year-end)	6'321	5'917

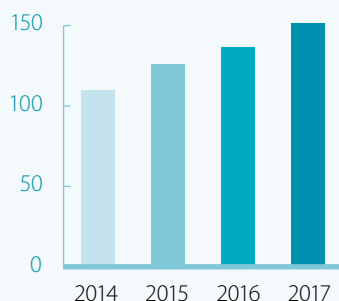


833 mn
Net revenue in CHF

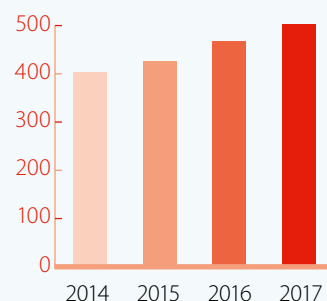
NET REVENUE in CHF million



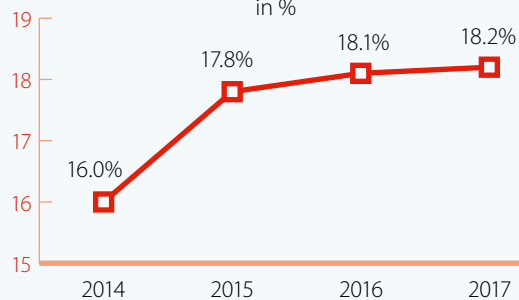
EBIT in CHF million



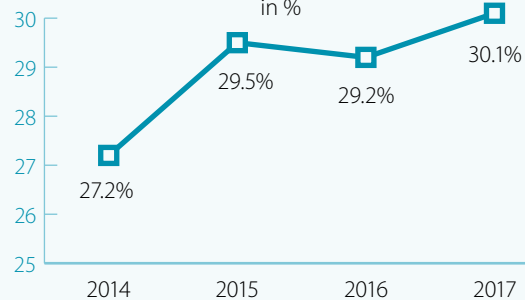
CAPITAL EMPLOYED in CHF million



EBIT MARGIN in %

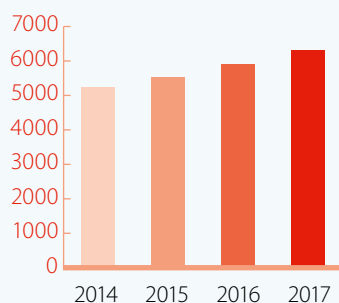


ROCE in %

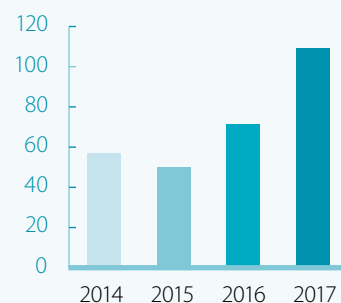


16 bn
Components for the
Health Care industry

FULL-TIME EQUIVALENTS at year-end



CAPITAL EXPENDITURE in CHF million



6'300
Employees