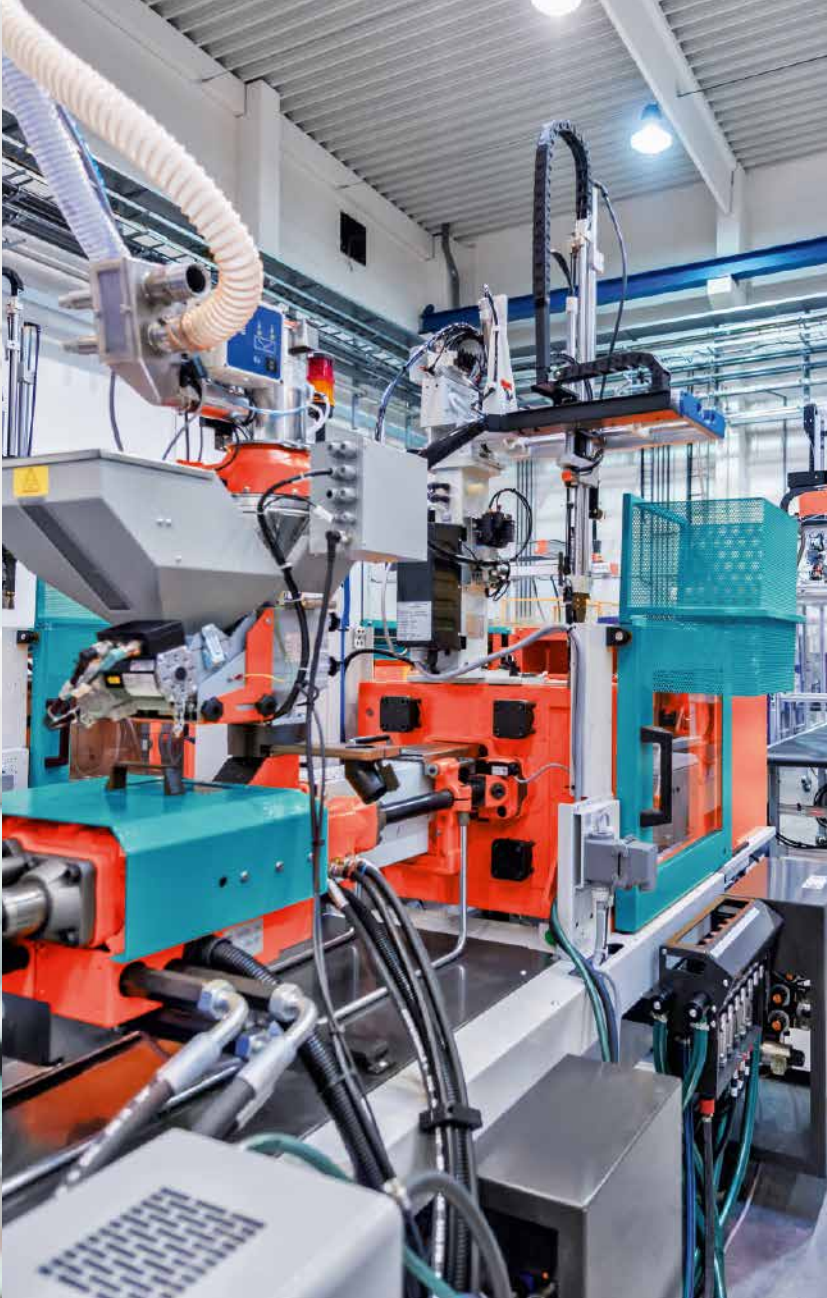




TECHNICAL COMPONENTS

The Datwyler Technical Components division is one of Europe's leading high-service distributors with local representation, a modern omni-channel offering and an attractive product range. It comprises three specialised brands – Distrelec, Reichelt and Nedis. Altogether, the Technical Components division offers an extended range of up to 500'000 products for maintenance, automation, electronics and ICT, with excellent availability and fast delivery times.



Target groups

- Maintenance, Repair, Operations (MRO)
- Automation
- Electronic Design Engineers (EDE)
- Online and retail distributors of home and consumer electronics

Geographical markets

- Europe

Products and services

- Maintenance and safety
- Electronic components and accessories
- Automation
- Connectors
- Electrical engineering
- T&M equipment
- Network technologies
- ICT components and accessories
- Building technology and building automation
- Alarm and security technology



With the new enterprise hub in Manchester, Distrelec becomes more agile and improves the service offering for its customers.

Revenue growth in online distribution

Revenue and earnings

- The Technical Components division managed to achieve encouraging revenue growth in the core business-to-business activity of online distribution brands Distrelec and Reichelt during the second half of the year (despite there being fewer trading days) with an upward trend during the fourth quarter.
- Nedis, a wholesaler for home/consumer electronics, did manage to reduce the decline in demand during the second half of the year, but still had to contend with a noticeable decline in revenue for the year as a whole.
- In total, net revenue for the year as a whole fell slightly to CHF 458.6 million (previous year: CHF 462.6 million). Adjusted for positive currency effects, this equates to an organic decline of 2.3%.
- Thanks to consistent cost control and an improved gross margin, the adjusted operating result (EBIT) before one-off costs of CHF 9.7 million (mainly related to the development of the new Distrelec enterprise hub in Manchester) increased to CHF 20.7 million (previous year: 18.9 million), which gives an adjusted EBIT margin of 4.5% (previous year: 4.1%). Reported EBIT amounted to CHF 11.0 million (previous year: CHF 9.4 million).

Important developments in 2017

- Distrelec has successfully developed a new enterprise hub in Manchester. As of the fourth quarter of 2017, products, suppliers, procurement, e-commerce and marketing have been managed centrally for all markets covered. This will improve the service offered and support annual recurring cost savings of CHF 3 million.
- Reichelt achieved significant growth with local webshop expansions in France, Poland and the Netherlands.
- The division has centralised additional administrative functions involving no direct customer contact at the shared service centre in Latvia.
- The central distribution centre in the Netherlands is performing steadily and is continuously improving supply quality and cost efficiency per order.

Current priorities

- Given the significant increase in storage capacities, Reichelt is working on accelerating international expansion with the focus on business-to-business customers right across Europe. Thanks to the centralised support functions within one location, it is possible to sustain cost leadership despite offering online shops and telephone support in local languages.
- Distrelec is increasingly focusing on maintenance, repair and operations (MRO) and both automation and robotics. By specifically appealing to target customers, Distrelec is able to offer added value and tap into potential for growth.
- As a wholesaler for home/consumer electronics, Nedis is operating in a very challenging market segment with lots of competition and changing customer needs. With a view to halting the decline in revenue, the business is in the process of implementing a comprehensive optimization program. Among other things, Nedis is reducing the various product brands to create a common brand as well as improving product quality, optimising product management and enhancing sales efficiency. These combined measures are delivering efficiency enhancements and cost savings along the entire supply chain as well as improving customer acceptance levels and creating a stronger presence in sales terms.
- By expanding shared procurement for the three distribution brands, Datwyler strives to become more attractive to manufacturers and improve competitiveness still further.

Outlook

- With the measures already implemented and given their current priorities, the Datwyler distributors are continuously looking to improve how they tailor their offer to customers' current needs.
- Datwyler is confident therefore that – with the economic climate looking favourable – the Technical Components division (which is focused on Europe) will manage in the new year to accelerate the revenue growth achieved in the fourth quarter of 2017 and continue to improve the EBIT margin.

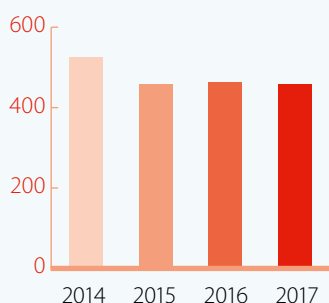
KEY FIGURES OF TECHNICAL COMPONENTS

in CHF millions	2017	2016
Net revenue	458.6	462.6
EBIT	11.0	9.4
EBIT as % of net revenue	2.4%	2.0%
ROCE in %	5.0%	4.5%
Capital employed	218.9	209.5
Capital expenditures	7.1	15.8
Number of full-time equivalents (at year-end)	1'112	1'116

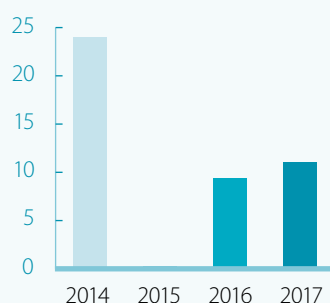


459 mn
Net revenue in CHF

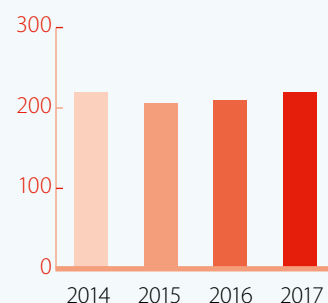
NET REVENUE in CHF million



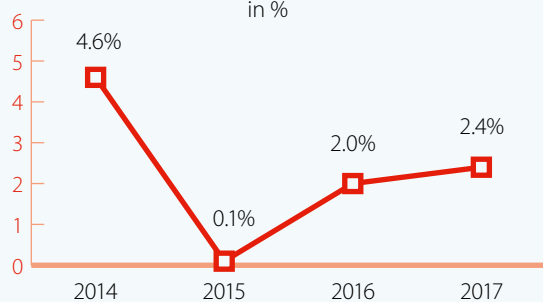
EBIT in CHF million



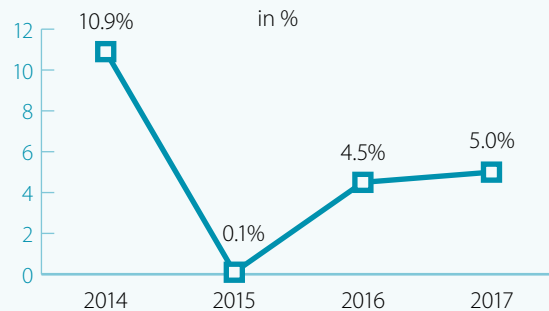
CAPITAL EMPLOYED in CHF million



EBIT MARGIN in %

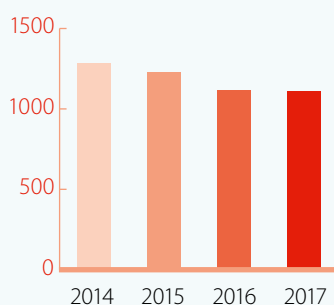


ROCE in %

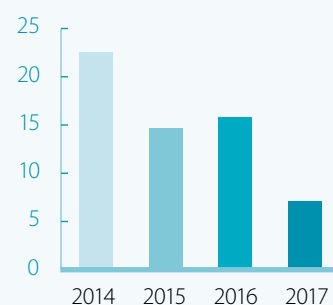


250'000
Products in stock

FULL-TIME EQUIVALENTS at year-end



CAPITAL EXPENDITURE in CHF million



1'100
Employees

2014 continuing operations (without Maagtechnic)