

## SEALING SOLUTIONS

The Datwyler Sealing Solutions division is a leading supplier of customer-specific sealing, closure and packaging solutions to global markets, such as the Health Care, Automotive and General 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

- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic and medical products
- Manufacturers of parenteral drug delivery systems
- Automotive system suppliers
- Oil and gas service companies
- Aerospace
- Manufacturer of water filtration systems
- Tunnel and construction industry
- Manufacturer of portioned food products

### Geographical markets

- Europe
- North and South America
- Asia
- Australia

### Products and services

#### Health Care

- High-quality rubber components for prefilled syringes, pens and injection systems

- Rubber, aluminium and plastic components and closures for injectable drugs
- Rubber components for blood collection systems, IV administration sets, disposable syringes, etc.
- Rubber components for diagnostics and medical devices

#### Automotive

High-quality sealing components for

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

#### General Industries

- Sealing components and O-rings for various applications and industries such as oil and gas
- Sealing components for power tools
- Sealing profiles for tunnel construction, civil engineering and building construction
- Sealing solutions for portioned food



With the new First Line production capacity, Datwyler is ideally positioned to benefit from the strong growth of Health Care components.

## Health Care enjoying strong demand – strategic acquisitions to promote growth

### Revenue and earnings

- The Sealing Solutions division continued to enjoy profitable growth in 2018. Thanks to leading market positions, net revenue increased on the strong previous year by 7.0% to CHF 891.1 million (previous year: CHF 832.8 million).
- Adjusted for positive currency and acquisition effects, the resulting organic growth was 3.0%.
- Datwyler recorded strong demand in the health care market, particularly for high-quality First Line components. The company continued to do well in the automotive market, despite a more challenging environment. While growth slowed in China and the USA, demand for innovative components used in the treatment of exhaust gases from diesel vehicles (SCR technology) was up in Europe. Revenue in the general industry market was suppressed in the reporting year by inventory effects and project delays, although the newly acquired business Parco performed very well.
- In total, the operating result (EBIT) increased to CHF 155.5 million (previous year: CHF 151.6 million) for the sixth time in a row.
- The EBIT margin stood at 17.5% (previous year: 18.2%). Efficiency enhancements could not fully compensate for the considerable start-up costs for the new Health Care capacity in the USA and India, the one-off costs for further growth-related projects and higher raw material prices. It should be possible, however, to absorb higher raw material prices in the first quarter of 2019.

### Important developments in 2018

- Significant customer interest was generated with the opening – as scheduled – of the new Health Care plant in the USA, which features the state-of-the-art First Line standard.
- The acquisition of the US company Parco supports further differentiation within growth areas of the general industry market (revenue of CHF 60 million).
- The takeover of the Brazilian company Bins provides access to the South American automotive industry (revenue of CHF 20 million).

### Current priorities

- Thanks to the new First Line production capacity for Health Care components, Datwyler is better positioned than most to profit from the strong growth of prefilled syringes and modern drug delivery systems. The health care market benefits from structural growth drivers, attractive margins and high barriers to entry and is largely impervious to economic cycles.
- Datwyler is keen to exploit the strong market positions enjoyed by its acquisition Parco with a view to accessing new industries such as oil and gas. The aim is to accelerate profitable growth with the help of targeted cross-selling.
- Datwyler will be able to offer its full range to automotive suppliers and industrial customers in South America via the distribution network of its acquisition Bins.
- Given the shift towards electric vehicles, Datwyler is actively identifying new business opportunities. Target areas include sealing components for electro-hydraulic brakes, sensors, connectors and housings involving two components technology and electroactive polymers.

### Outlook

- Thanks to the new production capacity, Datwyler expects to continue enjoying strong, above-average growth in the health care market. The start-up costs for the new US plant will be considerable during 2019 too.
- A lot of attention will be devoted to integrating the recent acquisitions Bins and Parco.
- Conditions within the automotive market remain challenging. Any forecasts are likely to be unreliable, given the political discussions regarding trade barriers and the sheer difficulty of predicting technological developments. However, Datwyler has created a platform that should enable it to respond accordingly to future developments.

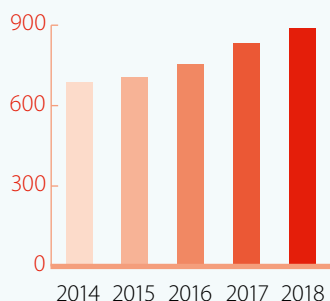
## KEY FIGURES OF SEALING SOLUTIONS

in CHF millions	2018	2017
Net revenue	891.1	832.8
Operating result (EBIT)	155.5	151.6
Operating result as % of net revenue	17.5%	18.2%
ROCE in %	29.8%	31.2%
Average capital employed	522.2	485.4
Capital expenditures	130.2	109.4
Number of full-time equivalents (at year-end)	6'929	6'321

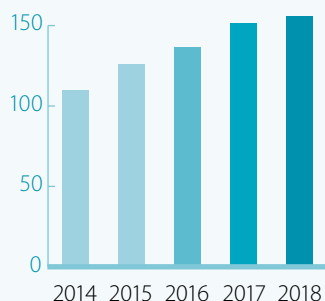


**891 mn**  
Net revenue in CHF

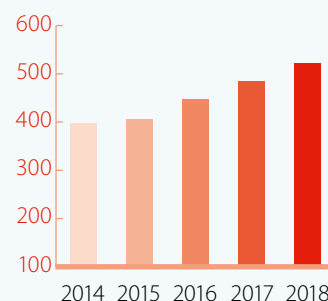
### NET REVENUE in CHF millions



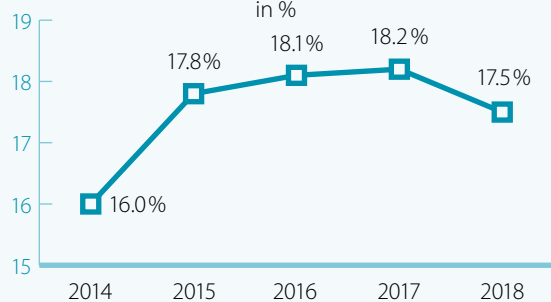
### OPERATING RESULT (EBIT) in CHF millions



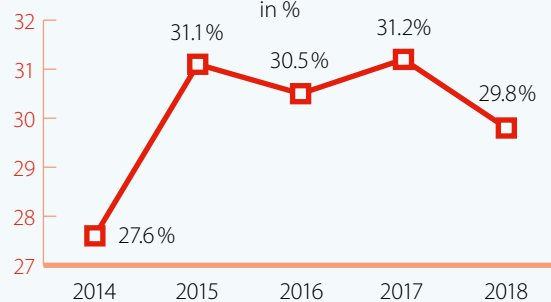
### CAPITAL EMPLOYED average in CHF millions



### EBIT MARGIN in %



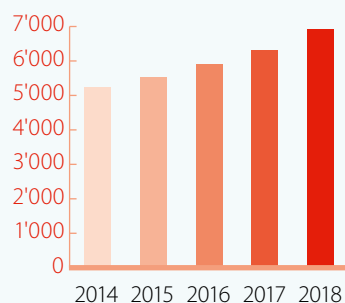
### ROCE in %



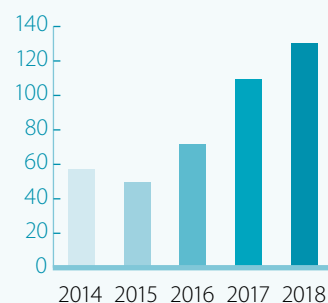
**17 bn**

Components for the  
health care industry

### FULL-TIME EQUIVALENTS at year-end



### CAPITAL EXPENDITURES in CHF millions



**6'930**

Full-time equivalents