ANNUAL REPORT
2013

DÄTWYLER

Datwyler Group – a focused industrial supplier

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. With its technological leadership and customised solutions, the Group delivers added value to customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth. The Technical Components Division is one of Europe's foremost high-service distributors of electronic, automation and ICT components and accessories. The Sealing Solutions Division is a leading supplier of customised sealing solutions to global market segments, such as the automotive, health care, civil engineering and consumer goods industries. With a total of more than 50 operating companies, sales in over 100 countries and around 7'000 employees, the Datwyler Group generates annual revenue of some CHF 1'400 million. The Group has been listed on the SIX Swiss Exchange since 1986 (security number 3048677).

www.datwyler.com

This annual report can be downloaded at www.datwyler.com.

Datwyler Group

in CHF millions	2013	2012	2012 Operations without Cabling Solutions
Net revenue	1'382.0	1'414.2	1'185.9
Year-on-year change (%)	–2.3%	9.6%	12.9%
Operating result before depreciation and amortisation (EBITDA)	194.4	203.1	156.5
EBITDA as % of net revenue	14.1%	14.4%	13.2%
Operating result before interest and tax (EBIT)	136.0	151.0	109.1
EBIT as % of net revenue	9.8%	10.7%	9.2%
Net result	120.2	127.5	93.3
Net result as % of net revenue	8.7%	9.0%	7.9%
Net cash from operating activities	166.3	124.4	
Net cash used in investing activities	–205.9	–232.1	
Free Cash Flow	–39.6	–107.7	
Net cash provided by/(used in) financing activities	–86.5	222.2	
Net change in cash and cash equivalents	–126.1	114.5	
Cash, cash equivalents and money market investments	272.4	248.5	
Net cash surplus	205.6	135.8	
Capital expenditure on property, plant and equipment	48.6	75.0	
Total assets	1'123.1	1'079.0	
Equity	660.8	550.9	
Equity as % of total assets	58.8%	51.1%	
Number of employees (at year-end)	7'047	6'907	
Full time equivalents (at year-end)	6'707	6'670	

Dätwyler Holding Inc.

in CHF millions	2013	2012
Finance and investment income	70.0	95.9
Net result	64.7	90.2
Equity	903.3	879.6
Equity as % of total assets	85.6	85.3
Share capital [1]	0.9	0.9
Distribution	44.6 [2]	40.9

Per share data

in CHF	2013	2012
Earnings per bearer share ranking for dividend	7.60	8.23
Dividend per bearer share	2.80 [2]	2.60
Distribution yield at 31 December	2.3%	3.0%

[1] CHF 0.80 million eligible for a dividend.
[2] Board of Directors' proposal to the Annual General Meeting.

CONTENTS

Annual Review

Letter to the Shareholders 3

Divisions
Technical Components 8
Sealing Solutions 14

Sustainability 21
Corporate Governance 31
Remuneration Report 43

Financial Report

Consolidated Financial Statements
Group Financial Review 56
Consolidated Income Statement 58
Consolidated Balance Sheet 59
Consolidated Cash Flow Statement 60
Consolidated Statement of Changes in Equity 61
Notes to the Consolidated Financial Statements 62
Report of the Statutory Auditor on the Consolidated Financial Statements 94

Dätwyler Holding Inc.
Income Statement 96
Balance Sheet 97
Notes to the Financial Statements 98
Proposed Appropriation of Retained Earnings 105
Report of the Statutory Auditor on the Financial Statements 106

Shareholder Information
Five Year Summary 108
Share Information 109
Share Price Performance, Dividend Performance 110
General Information 111

Addresses 112

LETTER TO THE SHAREHOLDERS

Focused Datwyler portfolio has higher earning power

The Datwyler Group looks back on a successful first year of business with a streamlined portfolio. The portfolio changes announced at the end of 2012 have proven worthwhile and have helped to strengthen the Group's earning power. The companies acquired in 2012 have had a positive impact on profits in both divisions of the Group. All comparisons with the previous year period refer to continuing business activities excluding the former Cabling Solutions division. The announced sale of the Maagtechnic specialist distribution unit represents a further focusing of the Group's portfolio in the current year.

Acquisitions strengthen growth

The Datwyler Group again faced very diverse situations in its sales markets in 2013. One the one hand the Technical Components division, focused on Europe, struggled with a contracting market volume and was able to expand sales only because Nedis was included in the scope of consolidation for the first time. At the same time, the Sealing Solutions division with its focus on global market segments enjoyed vigorous demand in every market segment it serves and experienced organic growth of 9.1%. Overall, net sales grew 16.5% compared with the previous year to CHF 1'382.0 million (previous year: CHF 1'185.9 million). The companies acquired in the second half of 2012 – Nedis, Zhongding Sealtech and Hankook Sealtech – contributed CHF 150.0 million (previous year: CHF 67.2 million) to this growth. Adjusted for acquisition and foreign exchange effects, the group achieved organic growth in continuing business of 2.6%.

Operating earning power in higher target range

The reported figure for operating profit (EBIT) grew 24.7% to CHF 136.0 million (previous year: CHF 109.1 million). Net result came to CHF 120.2 million (previous year: CHF 93.3 million). These figures include several negative and positive special items. Restructuring costs, special write-offs and one-time operating effects for 2013 add up to CHF –29.1 million, attributable mainly to the centralization of logistics for online distribution in European markets at the Nedis site in the Netherlands. There were also negative one-time charges from the merger of the two former divisions Pharma Packaging and Sealing Technologies and integration of newly acquired companies. In addition, the Datwyler Group modified the actuarial basis for the occupational pension fund to suit the changing circumstances and low interest rates. Datwyler mitigated the financial consequences with a voluntary employer contribution of CHF 9.1 million. These negative special items are offset by a one-time gain from the sale of real estate in the amount of CHF 15.9 million. Exclusive of these special items, adjusted EBIT rose 26.0% to CHF 158.3 million (previous year: CHF 125.6 million), with a corresponding increase in adjusted EBIT margin to 11.5% (previous year: 10.6%). Despite the difficult conditions prevailing in the distribution business, this brings the Datwyler Group within the target EBIT range, raised at the start of 2013, of 10% to 13%. In view of promising perspectives and solid profitability, the Board of Directors will propose an increased dividend of CHF 2.80 (previous year: CHF 2.60) per bearer share and CHF 0.56 (previous year: CHF 0.52) per registered share to the Annual General Meeting. This represents a payout ratio of 37.1% (previous year: 32.1%).

Further focusing of the Group portfolio

Following the major portfolio changes and growth initiatives of 2012, at the strategic level 2013 was a year of consolidation, integration and strengthening of the existing organisation. We proceeded with the integration of the acquired companies Nedis, Zhongding Sealtech and Hankook Sealtech while concurrently optimizing structures and processes in the newly formed Sealing Solutions division. In addition, preliminary work was carried out to further focus the Group portfolio. With the announced sale of the specialist distribution unit Maagtechnic at the end of March 2014, Datwyler will further sharpen its profile, now concentrating in the Technical Components divi-

sion on the high-earning and high-growth business of distributing electronics, automation and ICT components and accessories. Maagtechnic will be better able to take advantage of its strong Swiss market position as part of the international Eriks Group with its broad range of products and services. Acquisitions are planned to make up for the loss of sales from the disposal of Maagtechnic. Electronics distribution is a consolidating market, and we are currently reviewing potential acquisitions. Following the sale of Maagtechnic, the Datwyler Group consists of two divisions with strong growth and margins and a focus on clearly defined core competencies and markets.

Technical Components: Multi-brand strategy with centralized functions

In electronics distribution, Datwyler operates on a European market in which size and economies of scale are steadily growing in importance. By taking advantage of synergies in purchasing, logistics, ICT, product management and marketing, the Datwyler distribution companies will enjoy the cost structure of a major corporation. Thanks to the integration of wholesaler Nedis, we also control the entire value chain, from manufacturer to end customer, in certain product categories. This enhances competitiveness and reduces time to market for new products. On the market side, the multi-brand strategy enables the Datwyler distribution companies to address and serve customers in line with their specific needs through independent brands and market presences.

Technical Components: Strategic priorities

To take advantage of synergies from the acquisition of Elfa, Reichelt and Nedis and the growth potential of the markets, Datwyler has defined four strategic priorities for electronics distribution in the Technical Components division. Using a comprehensive multichannel approach we will coordinate and optimize all of our online and offline marketing activities, thus boosting our penetration in the markets we serve. Furthermore, we wish to expand in East and West European countries where we have little presence as yet, both through acquisitions and organic growth. We see additional growth opportunities in broadening our product range. Here our target is to double the number of articles to over one million by 2016. Moreover, we want to realize synergies through an integrated business model in the base functions across brands.

Sealing Solutions: Cutting-edge technology and worldwide presence

In the Sealing Solutions division, Datwyler operates in narrowly defined but global market segments. The success factors in the markets of interest – Healthcare (formerly the Pharma Packaging division), Automotive, Civil Engineering and Consumer Goods – have grown ever more similar. All customers are corporations with a global presence who demand professional development partnerships along with high-quality, project-specific sealing components in high quantities. In this environment Datwyler differentiates itself by the combination of core competencies we possess. Thanks to our leading elastomer material and engineering know-how, we are able to develop cost-effective and functionally specific solutions for our customers. Many of these solutions are at the limits of the technically feasible and are possible only with our top-quality production processes. Moreover, Datwyler has built a global presence with in-house production facilities in the three most important economic regions of Asia, NAFTA and Europe.

Sealing Solutions: Strategic priorities

Datwyler has identified four strategic priorities for the Sealing Solutions division as well. These priorities will create the conditions that allow us to realize the growth potential that exists from the merger of divisions and acquisitions

in Asia. We thus intend to strengthen and expand our global presence, thereby further strengthening our relationships with our global customers. Differentiation through innovation and thanks to our leading know-how will play an important role. In addition, we intend to further increase the value we generate by taking over responsibility from our customers for certain tasks and processes. Furthermore, we are convinced that the merger of divisions will enable us to capture new markets and applications in the medium term.

Annual Gerneral Meeting and changes on the Board of Directors

Werner Inderbitzin will not stand for re-election to the Board of Directors at the Datwyler Holding AG Annual General Meeting on 8 April 2014. Werner Inderbitzin was elected to the Board of Directors of Dätwyler Holding Inc. in 2002. Since 2005 he has also been a member of the Human Resources Committee. After the next Annual General Meeting, the Board of Directors of Dätwyler Holding Inc. will consist of six members. The Board will propose a proactive amendment to the Articles of Association to comply with the new Ordinance on Excessive Compensation at Exchange-Listed Corporations (VegüV) to the 2014 Annual General Meeting.

Outlook: Further gains in competitiveness

Despite cyclical weak demand for the Technical Components division, the Datwyler Group looks to the future with optimism. Thanks to our acquisitions, we hold a leading position in every market segment we serve. We believe that the worst of the downturn at the Technical Components division is over. Nevertheless, we still do not anticipate a substantial tailwind in our key electronics and industrial markets in 2014 due to continuing economic uncertainty in Europe. By investing in shared infrastructure we are improving our cost structure and enhancing our competitiveness. In the global market segments of the Sealing Solutions division we expect strong demand to continue in 2014, driven by growth in emerging markets. Thanks to our stronger presence in Asia and the combined strength from the merger of divisions, Datwyler will see greater than average benefits from the growth trends in the market segments served. At the consolidated level, taking account of the Maagtechnic disposal and net of acquisitions, we anticipate sales of around CHF 1'300 million with an EBIT margin within our target range of 10–13%. We are aware that only the hard work and dedication of all of our employees makes all of this possible. It is they who create value for our customers with their knowledge and skill, and we offer them our sincerest thanks! We would also like to thank our customers and shareholders for their loyalty and trust in the Datwyler Group.

On behalf of the Board of Directors

Ulrich Graf, Chairman

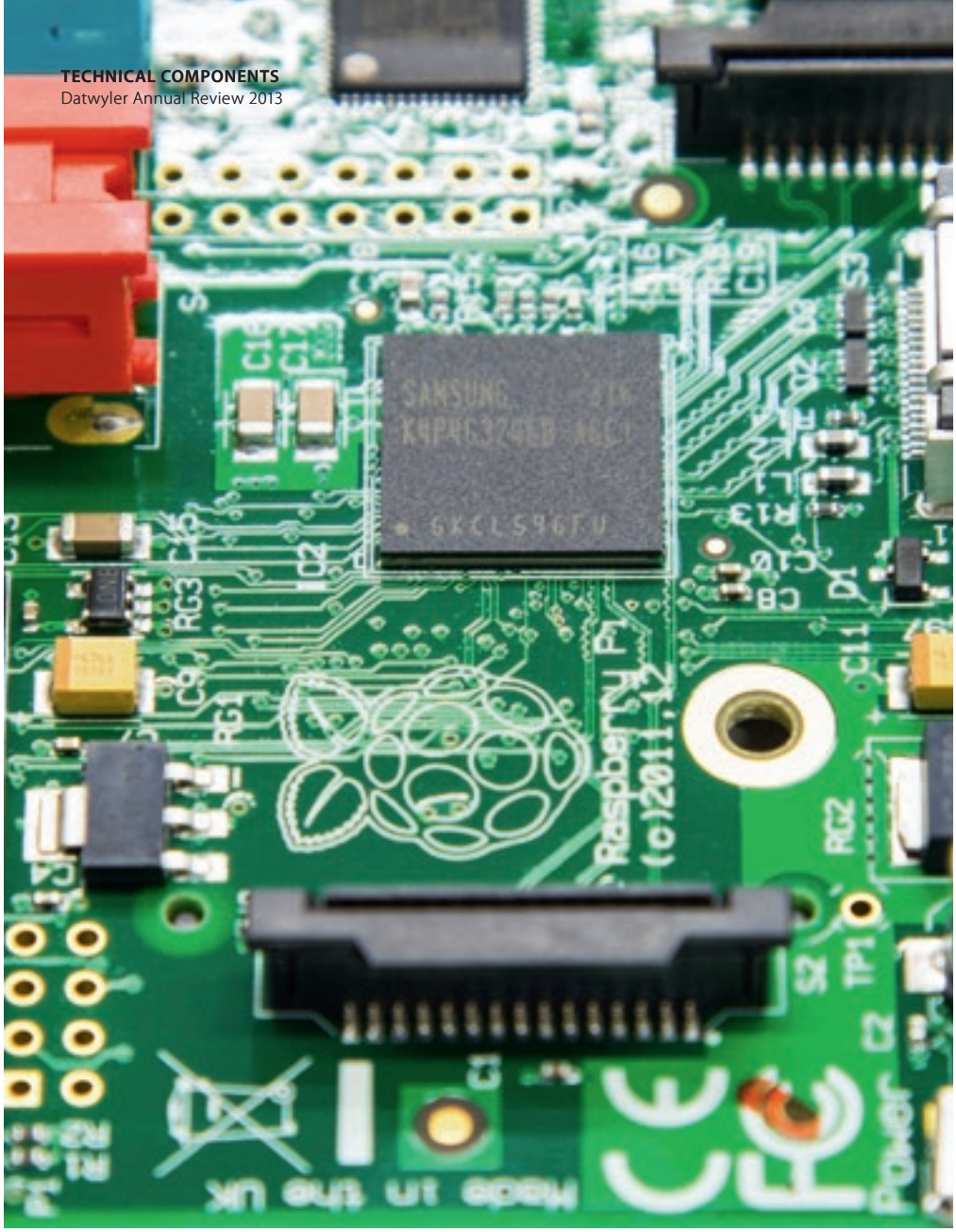
On behalf of the Executive Management

Dr. Paul J. Hälg, CEO

DIVISIONS

Technical Components 8

Sealing Solutions 14



TECHNICAL COMPONENTS

The Datwyler Technical Components Division is one of Europe's leading high-service distributors with local representation, a modern multi-channel offering and an attractive product range. It comprises three specialised brands – Distrelec / Elfa Distrelec, Reichelt and Nedis. Altogether, the Technical Components Division offers a wide range of more than 500'000 standard products for electronics, automation and ICT, with excellent availability and fast delivery times.

Target groups

- Industrial companies
- Small to medium-sized businesses
- Retailers
- Wholesalers
- Technical schools and universities
- Government agencies and administrations
- Private customers

Geographical markets

- Europe

Products and services

- Electronic components and accessories
- Automation
- Connectors
- Electrical engineering
- I&C equipment
- ICT components and accessories
- Building technology and building automation
- Alarm and security technology

Difficult current environment; growth projects on track

Focusing on Europe, the Technical Components division continued to struggle with a very difficult market environment throughout 2013. Although net sales grew 11.0% to CHF 711.2 million (previous year: CHF 640.4 million) thanks to the first-time full consolidation of Nedis, acquired in September 2012, when adjusted for acquisition and exchange rate effects the Datwyler distribution companies experienced a year-on-year decline in sales of 3.3%. This result must be viewed against the background of a stagnant electronics market in Europe. Purchasing managers' indices also indicated a slowdown in the manufacturing cycle during the first half-year in most European countries with values below 50. The slight recovery in demand in the fourth quarter suggests that the low point is now past.

Missing volume depresses margin

Reported operating profit (EBIT) declined in comparison to the year-back period to CHF 37.9 million (previous year: CHF 50.8 million), due primarily to restructuring costs and one-time operating charges in the amount of CHF –16.7 million. This figure is the result of centralizing the logistical activities of Nedis, Distrelec and Elfa Distrelec for the European market at the existing Nedis logistics centre in the Netherlands. Adjusted for these negative special items, net EBIT came to CHF 54.6 million (previous year: CHF 57.8 million). The decline in the adjusted EBIT margin to 7.7% (previous year: 9.0%) reflects the missing volume along with more intense marketing and sales activities to combat the fall in demand. Convinced of the long-term growth potential of distribution for electronic, automation and ICT components, Datwyler has deliberately made countercyclical investments in brand and market development rather than cutting back on marketing activities.

Focus on distribution for electronics, automation and ICT components

At the strategic level, Datwyler used 2013 to advance its exploitation of synergies from the acquisitions made. In addition, preliminary work was carried out to further focus the Group's portfolio. With the announced sale of the speciality sales unit Maagtechnic at the end of March 2014, Datwyler will further sharpen its profile, now focusing the Technical Components division on the high-earning and high-growth business of distributing electronics. The Group intends to make up for the loss of sales due to the disposal of Maagtechnic through acquisitions. Electronics distribution is a consolidating market, and we are currently reviewing potential acquisitions. Maagtechnic will be better able to take advantage of its strong Swiss market position as part of the Eriks Group, which operates throughout Europe and boasts a broad range of products and services. Maagtechnic continued to struggle with difficult circumstances on its Swiss domestic market in the 2013 financial year but managed to post encouraging sales growth in Germany and France.

Nedis: Centralization of logistics and product management

Nedis, acquired in September 2012, held its own in a very difficult environment, even showing moderate market share gains in some submarkets. The top priority in 2013 was updating the structure of logistics. Instead of operating several small decentralized warehouses, Nedis will use a central logistics centre and product management facility starting in April 2014. In future this will allow the national subsidiaries to concentrate fully on sales. Its integration into the Datwyler Technical Components division is also proceeding apace, with initial synergies already being realized.

Key figures of Technical Components

in CHF millions	**2013**	2012
Net revenue	711.2	640.4
EBIT	37.9	50.8
EBIT margin	5.3%	7.9%
EBIT adjusted	54.6	57.8
EBIT margin adjusted	7.7%	9.0%
Total assets	386.9	377.1
Gross capital expenditure	10.2	3.3
Number of full-time equivalents (at year-end)	1'851	1'829

Taking advantage of cross-unit synergies
Within the division, Datwyler is working actively to take advantage of synergies from the Nedis acquisition. Online distributors Distrelec, Elfa Distrelec and Reichelt already do brisk business offering hundreds of Nedis products. Datwyler also established a new cross-unit purchasing organisation based in Hong Kong with TeCo Asia in autumn 2013. Purchasing volumes in Asia are thus being consolidated under Nedis management, strengthening the division's negotiating position with suppliers. This has enabled the Datwyler distribution companies to lower their purchasing costs and raise the quality of the products purchased.

Distrelec and Elfa Distrelec: Growth projects on track
Distrelec and Elfa Distrelec saw a slight decline in sales in 2013 in a challenging market environment with shrinking demand. The growth projects launched in 2012 are all on track, and the new, functional organisational structure has proven effective. In January 2014 Distrelec and Elfa Distrelec began the launch of a new Web platform, which is progressively going live in all countries served and will stimulate organic growth. Preparatory work for implementation of a new uniform ERP system is also going according to plan, and the centralization of logistics for European markets at the Nedis site in the Netherlands is likewise proceeding on schedule. The current warehouse in Achim, Germany will be closed by the end of 2014, and the one in Stockholm, Sweden during 2015. By the end of 2015 Distrelec and Elfa Distrelec will be serving all of Europe except Switzerland through centralized logistics facilities. This will not only mean significant cost savings, but will also enhance product availability and reduce delivery times. The increased capacity will also permit a considerably wider range of products.

Reichelt expands successfully abroad
Reichelt has increased sales and market share with its "Professional quality at discount prices" positioning in the price-sensitive consumer segment. Its expansion into additional European countries is proceeding successfully and on schedule. Reichelt already operates in over 15 countries and is continually intensifying its marketing efforts.

Outlook: Cautiously optimistic
We are cautiously optimistic for 2014. While we believe that, on the market side, the worst of the downturn in Europe is over, we do not anticipate a substantial tailwind in our key industrial and electronics markets due to continuing economic uncertainty. On the enterprise side, we are confident that the growth projects described above will enable us to gain market share. In addition, an improved cost structure will make us more competitive from 2015 onwards.

The Internet and the new intelligent devices are changing buyer behaviour.
A strong multi-channel approach skilfully combines the best of the offline and online worlds.

ONLINE MARKETING AS GROWTH ENGINE

Changing market and customer behaviour are why online marketing is at the top of the agenda for Datwyler's Technical Components business unit. Organic growth can be accelerated by the targeted use of modern online tools.

The distribution sector is moving away from catalogues to online sales. Key factors for business success include the size of the business, excellent service and a strong multi-channel offering. Datwyler's Technical Components division is also building on a multi-brand strategy comprising three specialised brands – Distrelec / Elfa Distrelec, Reichelt and Nedis. Here, a modern web-based shop is a central factor in the success of each brand. At Nedis and Reichelt, online orders already account for over 70% of sales; at Distrelec the figure is over 40% and rising fast!

A change in buying behaviour …

Marketing, as much as if not more than other disciplines, must adjust to the new circumstances. Buying behaviour has undergone a fundamental change. Customers are giving sellers less and less time and attention. Studies show that today's "customer journey" is made up of over 50 points of contact on a wide range of channels with an average attention span of one minute. But potential buyers nowadays devote less time and attention to each contact, have higher expectations and are harder to satisfy.

… sends shockwaves through marketing

What do these trends mean for marketing? A lot. "The Internet has truly rewritten the rules of the distribution game", says Markus Dobbelfeld, Chief Marketing Officer for Technical Components and Distrelec. "We are experiencing a dramatic shift away from traditional media and tools towards a steadily expanding range of interactive strategy options." Online tools themselves have seen considerable development in recent years and offer advantages such as low wastage, greater personalization and quick tracking and evaluation. At the same time, online marketing is an extremely innovative and dynamic field. Providers like Google offer new services at ever shorter intervals. "Google works continually at refining marketing techniques", confirms Google Switzerland Country Director Patrick Warnking. "It's also about

user acceptance of advertising. If a user consciously chooses to click on a text advert or deliberately doesn't skip a video commercial because it's relevant, that represents a good balance between the interests of users and advertisers and opens up new prospects." The Datwyler distribution companies are convinced that organic growth can be accelerated through targeted, orchestrated application of modern online marketing instruments.

Distrelec: Becoming a multi-channel company

Distrelec sees the changes as an opportunity and is on the way to having a multi-channel sales platform. Together with external specialists, the marketing team, which has expanded considerably in recent months, has developed an industry-leading e-platform based on the latest e-commerce technology. The system will go online in 2014, replacing the current Web shops. A new "responsive" Web design makes the site usable on any device, including PCs, tablets and smartphones. All online marketing tools the company uses will be linked to the new e-platform. The aim is to automate processes. The new Internet platform will make it possible to target individual business and private customers with personalized marketing, merchandising and sales campaigns. Distrelec will apply every discipline – e-mail marketing, search engine marketing, Web analytics, social media marketing, dynamic online advertising and mobile marketing. And the company will continue to search for additional new marketing opportunities.

Reichelt: A presence in many channels

Reichelt addresses business and private customers throughout Europe with a clearly defined product assortment at attractive prices. Search engine marketing is an important customer acquisition tool.

The user-friendly design of the new Distrelec Web shop will lead to a higher conversion rate and turn more visitors into buyers.

The responsive design of the new Distrelec Web shop provides a pleasant shopping experience on any device.

Sales attributable to product searches have quadrupled over the past three years. Reichelt primarily uses Google AdWords, and increasingly Product Listing Ads (PLAs) as well. These present product information including a photo and price and are displayed directly to a potential buyer in response to a search in Google Shopping. Display marketing such as targeted placement of banners is also used to support brand awareness and enhance visibility. A well-thought-out, continual presence on social medial channels such as Facebook and Twitter communicates primarily with a young buyer segment.

Nedis: The aim is to strengthen customer selling power

Naturally, which online marketing measures are necessary and appropriate depends on the given company's target market. As a brand-name wholesaler, Nedis exclusively seeks to motivate resellers to enter into collaborations. This takes place over several channels, including separate websites for each product brand along with a Web shop. To best communicate with customers, Nedis uses personalized Web shop content as well as innovative product presentation, for example using videos on the individual brand websites. E-mail marketing activities round out the marketing mix. Nedis's medium-term vision is an integrated e-platform that will make it possible to manage all of these channels automatically and in a targeted fashion.

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

Geographical markets

- Europe
- North and South America
- Asia
- Australia

Products and services

Automotive

- Brake systems
- Fuel and engine management
- 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.
- 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

Profitable growth due to merger of divisions and acquisitions

The Sealing Solutions division, newly formed in November 2012, recorded a positive first year of business. Thanks to its global orientation, it enjoyed healthy demand in all market segments and increased net sales by 22.6% to CHF 672.2 million (previous year: CHF 548.4 million). Zhongding Sealtech and Hankook Sealtech, two companies acquired in October 2012, significantly accelerated this growth. After adjustments for the effects of the acquisitions and for exchange rate effects, the new Sealing Solutions division achieved organic growth of 9.1%.

Further improvements in earning power

Due to very good capacity utilization in almost every product area, positive exchange rate effects, optimization of market prices and lower raw material prices, reported operating profit (EBIT) rose to CHF 98.1 million (previous year: CHF 58.3 million). The reported EBIT margin improved to 14.6% (previous year: 10.6%). A stronger presence in Asian growth markets along with optimized processes at various production sites had a positive impact on operating profit. Reported EBIT reflects one-off restructuring costs in the amount of CHF –5.6 million in relation to the merger of divisions and integration of Zhongding Sealtech and Hankook Sealtech. Adjusted for these negative special items, net EBIT came to CHF 103.7 million (previous year: CHF 67.8 million).

Successful merger of divisions

In the Sealing Solutions division, Datwyler used 2013 to implement the strategic measures announced in autumn 2012. Structures and processes were redefined through the merger of the former Pharma Packaging and Sealing Technologies divisions. Among other things, the new division has revised and adjusted the production strategy for each location in line with the new circumstances with the emphasis on utilizing the specific strengths of each site. For example, the site in Belgium will concentrate on high-end healthcare products, while the facility in Schattdorf, Switzerland will focus even more closely on automated processes and complex components. With its leading mechanical expertise, Schattdorf is also being developed as a centre of excellence for toolmaking and tool prototyping for western markets. Consequently, Datwyler will shut down the toolmaking unit of the former Pharma Packaging division in the Netherlands.

Accelerating growth

Thanks to plants in low-wage countries, Datwyler is able to remain competitive in offering components that are difficult to automate but nevertheless challenging. The strategic fine-tuning has been well received both internally and externally and has produced recurring savings from synergies even sooner than expected. By combining materials know-how and engineering and process capabilities, the division will be able to accelerate global growth in the existing Healthcare, Automotive, Civil Engineering and Consumer Goods market segments as well as entering new markets in the medium term.

Acquisitions bring stronger presence in Asia

Along with the merger of the two divisions, the focus in 2013 was on the integration of Zhongding Sealtech in China and Hankook Sealtech in Korea. By acquiring these two companies in autumn 2012 Datwyler significantly strengthened its presence in the rapidly growing Asian emerging markets. Zhongding Sealtech and Hankook Sealtech employ some 2'000 people at three locations and have close contacts with local Asian and global customers in the automotive industry. To emphasize their status as part of the Datwyler Group both internally and externally, the two Asian companies began operating under the Datwyler brand from the beginning of 2014. This is a further important step in the

Key figures of Sealing Solutions

in CHF millions	**2013**	2012
Net revenue	672.2	548.4
EBIT	98.1	58.3
EBIT margin	14.6%	10.6%
EBIT adjusted	103.7	67.8
EBIT margin adjusted	15.4%	12.4%
Total assets	518.1	518.1
Gross capital expenditure	38.0	58.5
Number of full-time equivalents (at year-end)	4'829	4'815

exploitation of synergies and shared potential. The decision to build a new CHF 15 million mixing plant at the former Zhongding Sealtech facility in Ningguo City, China, will also contribute to this. The plant is scheduled to begin operating in 2015.

Healthcare gains market share
To address customers even more specifically, Datwyler has brought together its high-end closure components for injectable pharmaceuticals in phials and pre-filled syringes and for blood sampling and infusion systems into the Container Closure, Injection Systems and Diagnostic & Disposables market segments. The company once again significantly exceeded the market growth rate of roughly 6% and captured additional market share in this mostly non-cyclical business. Series production of the first components has begun at the new plant in India. Validation for additional products is under way with customers being present on-site.

Stronger market position in Automotive
In the Automotive market segment Datwyler has again significantly expanded its market position through the acquisitions in Asia. Series production also began in 2013 for several components won in previous years. As a result, and thanks to dynamic growth in emerging markets, healthy demand in the United States and a strong position as supplier to German premium manufacturers, Datwyler exceeded market growth in the Automotive market segment.

Civil Engineering: Tunnel gaskets offset weakness in Europe
The Civil Engineering market segment faced a stagnant construction market in Europe, partially offset by a good global market position in the field of tunnel gaskets.

Encouraging trend in Consumer Goods
The Nespresso order in the Consumer Goods market segment has developed favourably, with volumes growing as planned.

Outlook remains optimistic
We remain optimistic about the Sealing Solutions division. We anticipate that the relevant global markets will continue to develop positively in 2014. Commodity trends are difficult to forecast and could rise during the second half of the year as a consequence of a general economic recovery. Through selective investments in market positioning, technical support and market development we can further strengthen our global presence and offer our customers further improvements in service. Thanks to our global orientation, strong market positions and the combined strengths from the merger of the divisions, Datwyler is confident of being able to benefit greatly from the growth trends in the relevant markets in the long term.

Datwyler tunnel seal gaskets were successfully installed for the Winter Olympics in Sochi.

OLYMPIC HONOURS FOR DATWYLER TUNNEL SEALS

Since acquiring Phoenix Dichtungstechnik, Datwyler has been the unquestioned worldwide number one in the growth market for tunnel seals. Datwyler sealing gaskets even played a successful part in the Winter Olympics in Sochi.

The Winter Olympic Games in Sochi were held successfully – and a share of the credit belongs to Datwyler tunnel gaskets. These seals have a permanent role in one of the most important infrastructure projects carried out in the preparations for the 2014 Winter Olympics, the upgrade of road and rail infrastructure between the city of Sochi on the Black Sea coast and the winter sporting region of Krasnaya Polyana in the Caucasus mountains. The new combined rail line and motorway carried thousands of athletes, officials and spectators swiftly to their destinations during the Games. After the Olympics, they will help support Sochi's new potential as a summer and winter tourist destination.

Geometric and material challenges

To make all this possible, the Russian government ordered the construction of twelve road, rail and service tunnels with a total length of some 30 km on a previously undeveloped route between Sochi and Krasnaya Polyana from 2009 to 2013. The six longest of these tunnels were carved out using tunnel boring machines and fitted out with single-layer steel and concrete lining segments. The Datwyler gaskets were used to seal the gaps between these tunnel lining segments. The hydrological and geological conditions prevailing in the different tunnels presented significant geometrical and material challenges for the segment gaskets. A tight tunnel seal is essential for safety and to protect costly electromechanical equipment and systems.

Global market leader since Phoenix acquisition

Along with Datwyler, the former Phoenix Dichtungstechnik was also awarded a contract for part of the Olympic tunnels. As a result, after Datwyler acquired Phoenix Dichtungstechnik at the start of 2012, nearly all of the Sochi tunnels built using segment linings were sealed with gaskets from either Datwyler or Phoenix. In combination with Phoenix Dichtungstechnik, Datwyler is the clear number one worldwide in the growth market for tunnel seals. Over 500 reference projects on every continent are testimony to the companies' com-

bined expertise, making the new entity a capable partner for segment-built tunnels of all types and diameters.

Urbanization driving growth market

Urbanization is advancing worldwide. As early as 2008, more people lived in cities than in rural areas, and the trend is sharply upwards. With vacant land becoming scarce, tunnel construction is growing in significance. Major cities are moving large portions of their infrastructure underground, from road, rail, and subway lines to water and sewerage tunnels as well as energy supply systems. A large share of these new tunnels is therefore being built in dense urban areas using tunnel boring machines. For example, Datwyler was chosen to supply the seals for construction of the first metro lines in India's capital city, New Delhi. Likewise in Singapore Datwyler has for many years been the first choice for seal gaskets for hydrologically challenging metro tunnels.

As here in Sochi, Datwyler gaskets keep tunnels tightly sealed around the world in over 500 structures.

Innovative anchored tunnel seals

Conventional tunnel seals are fixed to a pre-cast groove in the concrete segment using a contact adhesive – a labour-intensive process. Poor process reliability makes this procedure the weakest link in the installation of concrete segments for a tunnel project. Anchored tunnel seals are a Datwyler innovation that significantly improves process reliability, reduces labour costs and completely eliminates the cost of adhesives. The new process involves encasing the sealing gasket in concrete during the casting of the segments themselves. The idea has been successfully tested in real-world conditions, and acceptance among customers is very high. Since the first anchored tunnel gasket was installed three years ago, the process has so far been used in sealing a further fifteen tunnel projects worldwide, with many more to come.

"Invaluable support at every stage of the project!"

What were the greatest challenges in building the new tunnel between Sochi and the Krasnaya Polyana winter sporting region?

Vladimir Burtsev: "The biggest challenge was in meeting the deadlines set by our customer. We were confronted with a wide variety of issues and problems during the construction phase. But we managed to find a solution for all of them!"

Why did UPTK SK Most choose tunnel gaskets from Datwyler and the former Phoenix Dichtungstechnik?

Vladimir Burtsev: "The key factor was their broad experience and extensive reference list of tunnel projects in a wide range of hydrological and geological conditions. Additional considerations included a readiness to engage in discussions and negotiations and their good price-performance relationship. To put it simply, cultivating a good relationship with the customer. The way Datwyler and the former Phoenix Dichtungstechnik supported us at every stage of the project was very important to us. It made it easy to deal with all of the questions and issues that arose."

Where do you think the focus will lie for tunnel work in Russia in the near future?

Vladimir Burtsev: "In our company's view, the focus will be on the following regions: Construction of the second line of the Baikal-Amur Highway. The route currently has only one lane. Datwyler is already involved in a sub-project there, the Baikal Tunnel. Further there is road construction towards Abakan-Taishet in the Khakassia region. This construction work is very important for regional development and tapping into the lignite coal deposits there. We also anticipate tunnel projects in regions in the far east."

Vladimir Burtsev is head of the International Activities department of UPTK SK Most, which carried out the bulk of the tunnel construction work between Sochi and Krasnaya Polyana.

SUSTAINABILITY

Long-term values 22

Sustainability as a strategic direction 22

Quality for customers 23

Environment 25

Our people 27

Community 28

SUSTAINABILITY

Long-term values

100 years of innovation for the benefit of our customers, employees, shareholders and the community – that is the hallmark of the Datwyler Group. Over this period, Datwyler has evolved from a family-owned Swiss company into an international group. Building on our strong roots, we have developed our own style with high standards and unique values:
We are entrepreneurs.
We bring value to our customers.
We excel in what we do.
We have respect for others.

These values guide the way we run our business over the long term. We strive to deliver sustainable profitable growth for the benefit of our stakeholders as the foundation for adding long-term value and preserving the corporate independence of the Datwyler Group.

In our efforts, we are addressing the challenges of our times. We voluntarily adopted the standards of the Global Reporting Initiative (GRI) for the sustainability section of our 2008 Annual Report, and in 2009 we joined the UN Global Compact. This is an initiative launched by the United Nations which espouses ten principles in the areas of human rights, labour, the environment and combating corruption. As a UN Global Compact participant, Datwyler undertakes to follow the ten principles and to accept its responsibility within society. In the 2013 reporting year the fourth progress report on the ten UN Global Compact principles was published. This endeavour is based on the Datwyler values and the Code of Conduct that lay down globally binding rules for all Datwyler Group employees. The systematic surveys of customers were continued in 2013. The next employee satisfaction survey will be conducted in the spring of 2014. In this way we live up to our social responsibility every day as a reliable partner to our stakeholders.

Following the major portfolio changes and growth initiatives of 2012, at the strategic level 2013 was a year of consolidation, integration and strengthening of the existing organisation. The three companies acquired in 2012, Nedis, Zhongding Sealtech and Hankook Sealtech, are now included in the sustainability report.

Dr. Paul J. Hälg, CEO

Sustainability as a strategic direction

Sustainability is about balancing economic, social and environmental responsibility. Within the Datwyler Group, sustainability is an important strategic objective, embedded in all we do from product development, customer support, human resources management and production to social engagement. Our aim is to communicate these efforts transparently in this Annual Report and, for that reason, we have adopted the voluntary Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI)*. This has been checked and confirmed by GRI.

The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations. These include, first and foremost, customers, the environment, employees, suppliers and the communities in which the Datwyler Group companies have often been long established and promote regional development as reliable employers and partners. The following pages are dedicated to these stakeholders by disclosing a number of performance indicators based on the requirements of the GRI Guidelines, while clearly illustrating the long-term approach fundamental to responsible corporate citizenship.

* The Global Reporting Initiative (GRI) based in Amsterdam has set itself the objective of improving the transparency and comparability of corporate reporting worldwide. The GRI Guidelines are the world's leading standard for sustainability reporting.

Quality for customers

Overview of certifications obtained

	Technical Components	Sealing Solutions	
Quality			
ISO 9001	All facilities (except for Nedis)	All facilities	
ISO/TS 16949 (suppliers to the automotive industry)		Schattdorf/Switzerland Novy Bydzov/ Czech Republic Malyn/Ukraine	Silao/Mexico Ningguo City/China Daegu/Korea Wuxi/China
ISO 15378 (primary packaging for medicines)		Alken/Belgium Pregnana/Italy Karlsbad/Germany	
Environment			
ISO 14001	Brabrand/Denmark Bremen/Germany Helsinki/Finland Järfälla/Sweden Oslo/Norway Warsaw/Poland	Alken/Belgium Karlsbad/Germany Montegaldella/Italy Pregnana/Italy Schattdorf/Switzerland Waltershausen/Germany	Ningguo City/China Daegu/Korea
Occupational health and safety			
OHSAS 18001		Alken/Belgium Karlsbad/Germany Pregnana/Italy Schattdorf/Switzerland	Waltershausen/ Germany Ningguo City/China

Policy of high quality and reliability
The Datwyler Group stands for more than its products alone. In all parts of our business, we focus on continuously improving the underlying processes, passing on the ever-growing pool of expertise to our customers. High quality standards and reliability are key factors that customers value in their working relationship with Datwyler.

Standardised processes assure quality
Datwyler Group companies invest continuously in even better materials and process engineering, production facilities and testing methods. Each product is measured against stringent quality standards several times before it reaches the customer. Business processes are based on internationally recognised quality management systems and a high commitment to innovation, which is also reflected in collaboration with universities, international standards bodies and independent testing laboratories. Regular supplier audits are also carried out as part of the quality assurance systems. At the start of 2014, Datwyler introduced a standard code of conduct for suppliers which is binding for all Group companies.

Throughout development, certification and production, we also devote special attention to an analysis of the impact of all our products on users' health and safety. For this, we apply standardised processes and accepted industry standards, such as safety data sheets, when purchasing new substances and materials. During the reporting year 2013, the Datwyler Group again recorded no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services on users.

Regulatory information requirements as minimum standards
Almost all of the Datwyler Group's products are subject to information requirements in the countries where they are used. Particularly relevant are the chemicals legislation in Switzerland and the EU as well as the EU REACH and RoHS regulations concerning the material composition of products. While requiring transparency about material composition, the laws and standards also ban the use of certain substances. REACH (EU Regulation No. 1907/2006) governs the registration, evaluation and authorisation of chemicals in the European Union and impacts both of Datwyler's divisions. RoHS (EC Directive 2002/95/EC) bans the use of certain substances in the manufacture and processing of electrical and electronic equipment and components. Within Datwyler, RoHS affects the Technical Components Division. By using standardised processes in the selection of raw materials and with safety data sheets for all products, the Datwyler Sealing Solutions division meets the relevant regulatory requirements and standards for material composition and transparency in the countries in which they operate. Datwyler's online/catalogue distributors (Technical Components Division) take the responsibility for ensuring that imported products comply with national legislation and standards. They assume this responsibility by providing specifications and safety data sheets to suppliers and by monitoring the products.

Focus on delivering customer value
Through decentralised management, Datwyler fosters an entrepreneurial culture with short response times and decision-making authority close to the market. This makes Datwyler companies attractive development partners who contribute to their customers' success in the marketplace by providing leading materials and engineering expertise. Besides the products themselves, the complete solutions offered by Datwyler also encompass consulting, logistics and training services. The companies in the Technical Components Division passed on their knowledge to more than 1'300 customer representatives at no less than 112 courses during the year, and in so doing strengthened customer loyalty. The Sealing Solutions Division has been commended for its customer responsiveness with a number of Supplier of the Year Awards or chosen as a "Preferred Supplier" by renowned companies like Bosch and Continental Teves. To facilitate relations with customers, the Datwyler Group has established clearly positioned and well-managed company brands as the foundation for a consistent corporate identity in the marketplace. The framework for this is provided by centrally coordinated worldwide trademark protection and a clear Corporate Design Manual.

Systematic customer surveys
The Datwyler Group holds a Group-wide standardised customer survey once a year. This web-based survey is conducted with the help of an external specialist. The response rate is between 10% and 30% depending on the division. The survey is designed around the concept of benchmarking. Customers selected at random are requested to name one of our competitors and to rate the particular Datwyler company against this benchmark. Datwyler also asks how significant the individual performance indicators are for the customer and allows individual qualitative comments. Most of the Datwyler Group companies score about the same as the external benchmarks. The survey results provide valuable inputs for developing and implementing improvements. These form part of the systematic management process, helping us to continuously enhance our performance for customers of the Datwyler Group.

Environment

Summary of environmental data by division

		Technical Components[3]		Sealing Solutions[4]		Datwyler Group	
	Unit	2013	2012	2013	2012	2013	2012
Energy consumption and CO_2							
Electricity	MWh	11'088	8'730	139'296	108'155	150'384	116'885
Per capita electricity	MWh/ employee	6.0	6.0	28.1	37.7	22.1	27.0
District heating	MWh	3'136	2'960	1'271	1'126	4'407	4'086
Natural gas	MWh	4'303	3'232	34'550	31'310	38'853	34'542
Butane, propane, ethane	MWh	4	6	26	0	30	6
Extra light fuel oil	MWh	2'019	2'013	436	423	2'455	2'436
Other fossil fuels	MWh	0	0	11'956	6'002	11'956	6'002
Renewable energy	MWh	0	0	3'924	3'804	3'924	3'804
CO_2 emissions [2]	tonnes	4'114	2'931	72'973	47'370	77'087	50'302
Direct (Scope 1) [2]	tonnes	1'409	1'191	10'292	8'039	11'701	9'230
Indirect (Scope 2) [2]	tonnes	2'705	1'740	62'681	39'332	65'386	41'072
Per capita CO_2 emissions	tonnes/ employee	2.2	2.0	14.7	16.5	11.3	11.6
Water consumption							
Drinking/industrial water	m^3	20'431	18'279	2'433'954	2'121'749	2'454'385	2'140'028
Per capita water consumption	m^3/ employee	11	12	490	739	360	494
Waste							
Total waste	tonnes	1'677	1'516	11'703	10'030	13'379	11'546
of which regular waste	tonnes	1'624	1'493	10'916	9'244	12'540	10'736
of which special waste	tonnes	53	23	786	787	839	810
Proportion of waste sent for recycling	%	55%	46%	67%	65%	66%	62%
Per capita total waste	tonnes/ employee	0.9	1.0	2.4	3.5	2.0	2.7
Employees [1]		1'845	1'465	4'964	2'869	6'809	4'334

(1) In full-time equivalents as an annual average (incl. temporary employees).
(2) The CO_2 emissions are reported as direct (Scope 1) emissions, resulting for example from the combustion of natural gas at the Group›s own facilities, and indirect (Scope 2) emissions, caused for example by the consumption of electricity.
(3) In the Technical Components division, all main sites with a total of 1'845 employees (expressed in full-time equivalents as an annual average) are included in the reporting year. The figures for 2013 are not directly comparable with those for 2012. In 2013 the locations of the Nedis Group (390 full-time equivalents) were included for the first time. The Nedis Group was acquired in the second half of 2012. It was not possible to record retroactive figures for 2012.
(4) In the Sealing Solutions division (formerly Pharma Packaging and Sealing Technologies), all main sites with a total of 4'964 employees (expressed in full-time equivalents as an annual average) are included in the reporting year. The figures for 2013 are not directly comparable with those for 2012. In 2013, the sites of Zhongding Sealtech and Hankook Sealtech (total 1'921 full-time equivalents) were also included for the first time. It was not possible to record retroactive figures for 2012.

Focus on the environment

For the companies in the Datwyler Group, environmental protection is an important mission and, as such, is embodied in the Group's Code of Conduct. This encompasses both environmentally friendly production with efficient use of resources and the development of products that are made of the most environmentally sound components possible and, in many cases, directly help to protect the environment. One example is the new rubber gaskets for environmentally friendly natural gas engines or for technologies to reduce nitrogen-oxide emissions from diesel-powered vehicles in the automotive industry.

Certified environmental management

As part of the internal, certified environmental management system, Datwyler is continually improving its environmental performance and endeavouring to minimise significant impacts on the environment. In 2013 the Group spent around CHF 1.6 million on specific environmental activities. This included some CHF 1.1 million on investments, CHF 0.4 million on staff and CHF 0.1 million on certification.

Environmental performance at a glance

Since 2010 the environmental data in the table on page 25 have included all significant sites in both divisions. Environmental data for Nedis, Zhongding Sealtech and Hankook Sealtech, acquired in the second half of 2012, have been included for the first time as of 2013. It was not possible to record the data for 2012 for these locations. Therefore, the absolute figures for 2013 are not directly comparable with those for 2012. As is to be expected, the Sealing Solutions Division consumes considerably more resources than the trade- and distribution-centred Technical Components Division.

A comparison with 2012 shows an increase in resource consumption in absolute figures in both divisions. This is primarily due to the first-time inclusion of the new sites. Per capita consumption has fallen considerably in the Sealing Solutions division. This is because the newly acquired plant in China has much lower per capita consumption than the division's other sites. In Europe, both the higher capacity utilization and the harsher winter in 2013 resulted in higher energy consumption at some sites. A comparison of the pro capita consumption without the new sites reveals that, despite higher capacity utilization, per capita resource efficiency remained at a constant level. In the Technical Components division, per capita water consumption even fell by 5%, and both divisions reduced their per capita waste volumes by 2%. Per capita electricity consumption was reduced by 3% in the Sealing Solutions division and by 2% in the Technical Components division. Overall, per capita energy consumption rose by just under 3% in both divisions, not including the new sites in each case.

Emissions of greenhouse gases increased in both divisions. In the Sealing Solutions division, the new plants in China and South Korea and the commissioning of the new plant in India have caused a significant increase in the average CO_2 intensity in production.

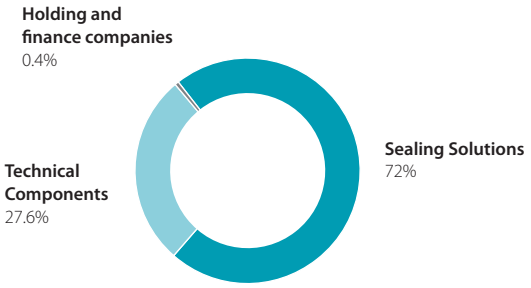
The high water consumption for Sealing Solutions very clearly reflects the specific requirements of the production processes in this division. Cooling the sealing profiles for civil engineering and the manufacturing process for the Nespresso order both involve particularly large amounts of water. The water requirements at the Swiss production site in Schattdorf of over 1.1 million m^3 (just under half of the group's water consumption) are completely met by industrial water. Datwyler is thus helping to reduce the consumption of valuable drinking water as much as possible.

Another significant aspect is the combination of electricity sources used at the Swiss production site operated by Sealing Solutions. Since the end of 2012, Datwyler has been using only environmentally friendly, 100% hydroelectric power from naturemade basic certified power stations owned by the local electricity company. This means that more than 10% of the Group's electricity requirements come from environmentally friendly hydropower. This has saved around 500 tonnes of CO_2 emissions. A wood-fired electricity generating plant has been in operation at the same Swiss production site since October 2008 to supply process and heat energy. The use of renewable energy sources enables Datwyler to save around 500'000 litres of heating oil annually and to reduce CO_2 emissions by some 1'300 tonnes.

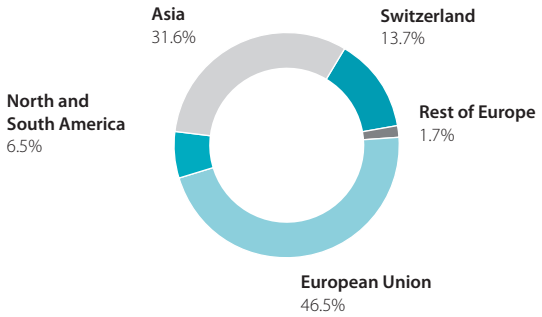
The increase in the absolute waste volume can also be attributed to the first-time consolidation of the new sites. The volume of waste per employee has fallen, and the proportion of waste recycled has increased in both divisions. In the Technical Components division in particular, a number of sites were able to engage external service companies who sent more waste for recycling. Around two-thirds of the rubber waste produced by Sealing Solutions is sent for recycling. Slightly above 50% of the waste produced by the Technical Components division is recycled. Datwyler intends to increase the proportion of waste recycled. However, this also depends on whether its recycling partners have sufficient demand for the raw materials in question.

Our people

Employees by division
(full-time equivalents, end of year)



Employees by region
(full-time equivalents, end of year)



Clear core values and processes

Qualified and committed employees are particularly critical to the Datwyler Group's future success in international industrial markets. For this reason, the company attaches special importance to fair and safe working conditions, thorough training and development, and a corporate culture with a high level of identification. A decentralised structure promotes personal responsibility and close contact with customers.

Workforce demographics

There have been no significant staffing changes in the Datwyler Group during the 2013 reporting year. Following the acquisition of Nedis, Zhongding Sealtech and Hankook Sealtech in the second half of 2012 and the sale of the Cabling Solutions division at the end of 2012, the focus in 2013 was on the consolidation and integration of the new sites. In total, the Datwyler Group had a workforce of 7'047 – including fixed-term employment contracts – in 28 countries at the end of the year, of which 2'120 are in Asia. This is equal to 6'707 full-time equivalents per end of the year (previous year 6'670 full-time equivalents). Based on full-time equivalents at an annual average of 6'853, sales per full-time equivalent came to CHF 201'664 (previous year: CHF 225'972) in 2013. The decline compared with 2012 is entirely due to the first-time full consolidation of the Zhongding Sealtech plant in China, where sales per employee are considerably lower than in the Western countries. The turnover rate for the Datwyler Group increased in the year under review to 16.5% (previous year: 13.9%). The turnover rate is also strongly influenced by the establishment and expansion of the production sites in low-cost countries, where staff turnover is generally higher. Turnover is calculated by dividing the number of voluntary employee departures by the average headcount for the year (excluding fixed-term contracts). Based on annual average, the Group had 6'216 full-time employees and 453 part-time employees. The proportion of employees with fixed-term employment contracts was 356 people, or 5.0% of employees. The percentage of women in the Group's total staff came to 39.9%, while the proportion of women in management positions was 14.2%.

Fair employment conditions

Datwyler Group companies ensure equal opportunities, equal treatment and fair employment conditions, pay fair wages and salaries, and offer employee benefits in line with national and industry standards. Employee costs, including social security and pension costs, amounted to CHF 367.6 million in the reporting year. In business reorganisation programmes, we consider the needs of the employees, engaging in a constructive dialogue with company employee representatives. In 2013, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Datwyler companies. By continuously raising awareness and supporting managers, Datwyler helps to promote equality of men and women in the work process.

Training promotes competence and safety

Datwyler Group companies are committed to ensuring a safe and healthy working environment. This applies both to technical planning of workplaces, equipment and processes and to safety management and personal behaviour in everyday working life. Throughout the Group, occupational injuries resulted in 2'631 lost days, which represents 0.15% of the total days worked. In total, 49'300 days were lost due to sickness, occupational injuries and non-occupational injuries, representing an absentee rate of 2.73%.

The markets in which the Datwyler Group operates call for highly trained employees undergoing continuous development and improvement. Some of our initiatives to train young people are reflected in the 140 apprenticeships offered by Datwyler Group companies worldwide. Our apprentices regularly receive top rankings in national competitions, which are testimony to the high quality of technical instruction in the training workshops. We support training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy. To develop up-and-coming managers, the Datwyler Group has been holding a four-day intensive young managers programme every year since 2010. Participants are drawn from the second management tier of both divisions. An annual two-day group seminar is held for top management.

Employee survey also based on benchmarking

The Datwyler Group regularly holds a Group-wide standardised employee survey. The survey consisting of a written questionnaire in 17 languages is conducted with the help of an external specialist. This guarantees anonymity for employees. The average response rate is around 80%. The survey is designed around the concept of benchmarking. The external specialist's experience enables Datwyler's results to be compared with a pool of around 20'000 Swiss employees. Most of the Datwyler facilities score about the same as the external benchmarks. The survey results provide valuable inputs for developing and implementing improvements. The measures to increase the commitment of employees are part of the systematic management process.

Community

Fair and responsible partner

The Datwyler Group is committed to sharing responsibility for general community affairs. In mid-2008, Datwyler put in place a Code of Conduct that is binding for the entire Group and also sets out rules for proper interaction with business partners and competitors. Collusion, bribery and corruption are accordingly strictly forbidden. The Code of Conduct is reiterated to employees constantly during internal training sessions. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Datwyler during 2013. Nor were any significant fines or non-monetary sanctions imposed on Datwyler for non-compliance with laws and regulations during the reporting year.

In accordance with the Code of Conduct, the Datwyler Group does not provide financial support to political parties, organisations or office holders.

Important contribution to regional development

Many of the Datwyler Group's production facilities have been based at the same location for several decades, giving them strong local ties. This is reflected, among other things, in local suppliers being accorded preference in purchasing where possible, as long as their price-performance ratio is competitive. A good example of this can be seen at the manufacturing facility in the Swiss Canton of Uri where the publicly listed Datwyler Group is the largest privately-owned employer, providing a total of some 500 jobs. With the exception of basic production feedstock, such as raw materials for rubber (which cannot be purchased locally), the facility in Uri sourced 52.1% of its purchases locally in 2013. The Datwyler Group has had its roots in the Swiss Canton of Uri ever since its inception and intends to preserve industrial jobs in this peripheral region where economically viable and practical.

Social responsibility

The charitable Datwyler Foundation, established in 1990 by brothers Peter and Max Datwyler, is endowed with a capital of CHF 59.7 million. It does not own any shares in Dätwyler Holding Inc. or have any influence over the management of the Datwyler Group. The purpose of the Datwyler Foundation is to support charitable initiatives. Since its beginnings, the foundation has awarded CHF 9.1 million in grants. Of the total amount distributed, CHF 7.6 million or about 84% has gone to applicants in the Swiss Canton of Uri. In this spirit, a sum of CHF 0.6 million was awarded last year.

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Dätwyler Holding Inc.** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 February 2014

GC GRI REPORT GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 14 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

CORPORATE GOVERNANCE

Group structure and shareholders 32

Capital structure 33

Internal organisation 33

Board of Directors 37

Executive Management 39

Shareholders' participation rights 40

Statutory auditors 40

Information policy 41

CORPORATE GOVERNANCE

at 31 December 2013

As a company committed to creating long-term value, Datwyler has a clear framework of management and control policies in place to ensure compliance with the principles of good corporate governance. These policies are set out in the Articles of Association* and the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. They are presented below following the applicable Directive issued by the SIX Swiss Exchange. Where appropriate, reference is made to issues that are discussed in detail in the notes to the financial statements. Where information required under a section of the SIX Directive has been omitted, it is either not applicable to Datwyler or the corresponding situation does not exist at Datwyler or does not apply to Datwyler.

* www.datwyler.com > Our Company > Organisation

Group structure and shareholders

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. The Technical Components Division is one of Europe's foremost high-service distributors of electronic, automation and IT components and accessories. The Sealing Solutions Division is a leading supplier of bespoke sealing solutions to global market segments, such as the automotive, health care and civil engineering industries.

Substantial shareholders and ownership

Pema Holding AG owns all 22 million registered shares and 4.55 million of the total of 12.6 million bearer shares of Dätwyler Holding Inc. This represents 79.17% of the voting rights and 52.65% of the share capital. Treasury shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The reason is that unissued shares carry no votes.

Dätwyler Führungs AG wholly owns Pema Holding AG, indirectly giving it a majority of the voting rights in Dätwyler Holding Inc. Dätwyler Führungs AG is owned by its Directors who are elected by co-optation and are also Directors of Pema Holding AG and Dätwyler Holding Inc. (cf. p. 37, Board of Directors). They acquired equal shares in the CHF 0.1 million share capital of Dätwyler Führungs AG at par value and are subject to clear rules under a shareholders' agreement. On leaving the Board, they transfer their shares to their successors at par value. This arrangement was made to provide a sound legal framework to ensure that the majority of votes in Dätwyler Holding Inc. are controlled by the top management. The Bearer Shareholders' Representative on the Board of Dätwyler Holding Inc. is not a Director of Pema Holding AG or Dätwyler Führungs AG.

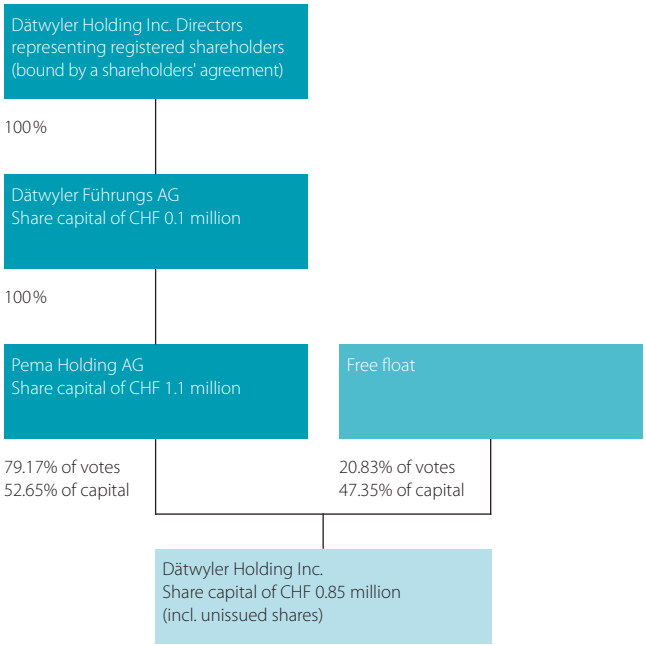
The Board of Dätwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3% or more of the total voting rights. No disclosure notices were received in the year under review.

Group structure and companies

The required disclosures relating to the Group structure are presented on the following pages of the Annual Report:

- Page 70 segment reporting.
- Page 91: detailed list of subsidiaries and investments.
- Page 109: details of Dätwyler Holding Inc., the listed company, in the Share Information and General Information sections on page 111.
- Page 112: directory of Group operations.

No listed companies are included in the consolidation of Dätwyler Holding Inc. There are no cross-shareholdings with other companies.



Capital structure

Composition of share capital in CHF millions
at 31 December 2013:

22'000'000 registered shares of CHF 0.01 each	0.22
12'600'000 bearer shares of CHF 0.05 each (including 1'066'423 treasury shares)	0.63
Total ordinary share capital	0.85
Authorised additional share capital	none
Authorised contingent share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting-out and opting-up provisions	none

All shares are fully paid-up. With the exception of treasury shares (1'066'423 bearer shares, see note 8, treasury shares, on page 103), all shares irrespective of their value are entitled to vote and rank for dividend. Information about changes in equity for 2013 and 2012 is presented in the statement of changes in equity on page 61 Changes in equity for 2012 und 2011 are shown in the statement of changes in equity on page 51 of the Annual Report 2012 (www.datwyler.com > Media > Publications).

Convertible bonds and share options

As at 31 December 2012, Datwyler did not have any outstanding convertible bonds or options. In 2012 a fixed-rate bond was issued in the amount of CHF 150 million (see page 82, Note 19, Bond).

Internal organisation

Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of the Datwyler Group. The Board consists of no fewer than five and no more than eleven members. At 31 December 2013, the Board comprised seven Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors or companies and organisations which they influence have no executive functions in the Group, do not have any business relationship with the Datwyler Group and are all independent. No Director holds cross-directorships with other Directors through involvement in other listed companies.

Starting at the annual general meeting 2014, Directors are elected for one-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Directors retire at the Annual General Meeting following their 70th birthday. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 64 and their average tenure is 9.5 years.

Main responsibilities and operation of the Board

The Board organises itself. Its main responsibilities are defined in Art. 716a of the Swiss Code of Obligations. In order to discharge these responsibilities efficiently, the Board has authority under the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. to appoint Committees from among its members to deal with specific matters. There are currently two Committees: the Audit Committee and the Human Resources Committee.

In accordance with the Rules of Organisation, the Board holds at least five regular meetings a year, each lasting between half a day and one full day. A two-day annual strategy workshop is held to review and develop the strategy. The strategy workshop is usually combined with a visit to one of the divisions. Special Board meetings are held when necessary. Agendas for Board meetings are set by the Chairman in consultation with the CEO and CFO. Any Director may request that an item be placed on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board.

Directors receive papers and information at least five days in advance of meetings to allow them to prepare for discussion of each item. Depending on the nature of the business to be transacted, the Chairman may invite members of the Executive Management to provide information at Board meetings and participate in an advisory capacity. The Board operates as a team and strives to reach decisions unanimously, wherever possible. If a unanimous decision cannot be reached, the minutes of the meeting must give the names of who voted and how they voted. The Board has a quorum when at least a majority of its members is present. Its resolutions are passed by a majority of the members present. The Chairman is also a voting member and has the casting vote in the event of a tie. Resolutions may also be adopted by telephone conference or by circular letter.

During 2013, the Board held six meetings attended by the CEO and CFO. The other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2013, no external specialists were called in.

Operation of the Committees

The Committees have written terms of reference specifying their responsibilities. In addition to these written terms, the Audit Committee has defined its tasks and responsibilities in a detailed checklist. The Committees generally prepare the groundwork for decision-making by the full Board. They meet at the call of their chairmen as often as necessary to discharge their duties, but at least once a year. Their meetings usually last half a day. All Directors, Executive Management members and the external auditors may request a meeting of the Committees. Depending on the nature of the business to be transacted, meetings are attended by the CEO, CFO or, if required, by a representative of the external auditors or a specialist in an advisory capacity. The agendas for Committee meetings are set by the respective chairmen in agreement with the CEO and CFO. Committee members receive papers and information in advance of meetings to allow them to prepare for discussion of each item. At least two members must be present to constitute a quorum. The Committees pass their resolutions by an absolute majority of the votes cast. In the event of a tie, the chairman has the casting vote. The Committees keep a record of their decisions and recommendations in minutes submitted to the Board and report the results of their activities at the next following Board meeting.

Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Hans R. Rüegg (Chairman), Ulrich Graf and Ernst Odermatt. In 2013, the Audit Committee held three meetings attended by the CEO and CFO. The internal auditor as well as representatives of the external auditors attended all the meetings for the discussion of selected items. In 2013, other external specialists were not called in.

Responsibilities of the Audit Committee

- To ensure a comprehensive and effective audit programme for Dätwyler Holding Inc. and the Datwyler Group.
- To comment on the annual and consolidated financial statements.
- To comment on the audit plan and results of audits.
- To receive recommendations from the external auditors, discuss the recommendations with the Executive Management and provide a summary for the Board of Directors.
- To present the Executive Management's proposal for the appointment of Dätwyler Holding Inc.'s external auditors to the Board of Directors for consideration by the Annual General Meeting of Shareholders.

Human Resources Committee

The responsibilities of the Human Resources Committee are recorded in the remuneration report on page 44.

Division of responsibilities between the Board of Directors and Executive Management

The authority and responsibilities delegated to the Board of Directors and Executive Management are laid down in the "Rules of Organisation" as provided in Article 20 of the Articles of Association of Dätwyler Holding Inc. These rules are updated on a regular basis. They describe the duties and responsibilities of the Board of Directors and define the duties and responsibilities of the Executive Management, presided over by the CEO. In addition to the non-delegable functions reserved to the Board of Directors by law, the Rules of Organisation delegate the following duties, among others, to the Board:

- To determine the principles of corporate strategy.
- To make decisions on financial policy.
- To adopt resolutions on the establishment of new business units and discontinuation of existing ones.
- To adopt resolutions on the setting up of new sites and closure of existing ones.
- To adopt resolutions on the acquisition and disposal of equity holdings.
- To adopt resolutions on the acquisition, encumbrance and disposal of land and buildings.
- To review the risk management system.

As a rule, the Board of Directors approves major projects it deems expedient together with the budget. For urgent capital expenditure not included in the budget, levels of authority are defined and a return on investment analysis must be prepared. Capital expenditure exceeding CHF 3 million must be approved by the full Board of Directors.

The policies set out in the "Rules of Organisation" are detailed for all business and functional areas in the following written documents: "Division of Responsibilities of the Executive Management" and "Investment Manual". The Datwyler Group operates a systematically decentralised management system within a clear framework. The Group fosters an entrepreneurial culture where decisions are taken at the lowest possible level close to the market and customers.

Information and control systems for monitoring the Executive Management

The Board has an internal control system in place to monitor and control the Executive Management. This is based on an institutionalised, annual management process cycle, of which the key elements available to the full Board of Directors are as follows:

- Monthly report with a division and Group consolidation: budget, actual and forecast figures, including variance analyses and a written commentary by the division managers on current developments and potential risks.
- Interim and annual report.
- Annual review and approval of the annual budget and three-year medium-term plan.
- Annual review and approval of the updated Group and division strategies.
- Uniform Group-wide management system with integrated risk evaluation for strategic projects.
- Special reports on major items of capital expenditure, acquisitions and alliances.
- Inclusion of Executive Management members at Board and Committee meetings.

In addition to these institutionalised information and control systems, the Chairman of the Board and CEO engage in regular dialogue regarding all important business. In addition, the CEO and CFO are required to inform the Chairman of the Board without delay of any important unusual events or developments and measures planned.

Internal Audit

Internal Audit reports to the Audit Committee and is under the direct administrative line management of the CFO. Every year it draws up a risk-based audit plan, which is approved by the Audit Committee. The interval between audits of Group companies varies between two and five years, depending on the size and importance of the individual company. To optimize cooperation, the head of Internal Audit meets regularly with the representatives of the external auditors. At their meetings they harmonize audit plans and audit priorities and exchange useful information.

Internal Audit verifies compliance with the division of responsibilities and monitors the internal control system, risk management and the efficiency of the structures and processes. The findings and recommendations of Internal Audit are recorded in written reports. Following completion of the audit the findings are reviewed and discussed with the local management. In coordination with its division management, the local management defines specific corrective measures and a timetable for implementation and issues an opinion. Copies of the report are sent to the line managers, the external auditors, Executive Management and the Audit Committee. The head of Internal Audit presents the significant findings contained in the audit reports at the respective next meeting of the Audit Committee. Comments and suggestions of the Audit Committee and the external auditors are taken into consideration in planning and conducting audits. Internal Audit also ensures that all discrepancies raised by its audits are addressed within the prescribed period and submits a report on such matters to Executive Management and the Audit Committee.

Risk Management

The Datwyler Group is aware of the importance of systematic risk management for lasting corporate success. Final responsibility in assessing risks lies with the Board of Directors. The head of Internal Audit is responsible for the Group-wide coordination of risk management. He is supported by risk officers in both divisions.

As part of a standard process the division managements hold an annual workshop to evaluate significant risks. A record of the results is kept in a risk-management system. To ensure uniform valuation methods, the CFO of the Datwyler Group and the head of Internal Audit conduct annual reviews with the division managements and the risk officers. These reviews guarantee the same treatment of similar risks across all divisions. The head of Internal Audit is responsible for the consolidation of risks and the presentation of the annual risk management report to the Board of Directors. In addition to this standardised risk management process, ongoing risk assessment is an integral part of all operational planning and management processes. Division managements and Executive Management regularly assess risks in particular in their joint business review meetings.

Datwyler distinguishes in principle between two categories of risk: risks arising from the business environment and risks arising from business processes. The business environment category includes risks associated with the industry and the market, the external stakeholder groups, laws and regulations and catastrophic events. The business process category in turn includes risks along the value-added chain, in IT, the planning and reporting process, finances and human resources. Risks are assessed on the basis of probability of occurrence and the potential loss on occurrence. After identifying and assessing the individual risks, it is the task of the division managements to draw up for each risk a number of measures to reduce the danger of occurrence and the potential damage. The implementation of these measures is monitored as part of the systematic risk management process and taken into consideration at the next risk assessment.

Board of Directors

The Directors of Dätwyler Holding Inc. are all – with the exception of Ernst Lienhard – also Directors of Pema Holding AG and Dätwyler Führungs AG. Pema Holding AG is the majority owner of Dätwyler Holding AG (see p. 32, Substantial shareholders and ownership).

Ulrich Graf (1945, Swiss)
Chairman (term expires in 2016)
Ulrich Graf has served on the Board of Datwyler Holding Inc. since 2004. He was appointed Chairman in 2005 and is a member of the Audit and the Human Resources Committees. Between 1989 and 2006, he was CEO of the Kaba Group, where he had held a number of management positions since 1976. In addition to his appointment in Datwyler, Ulrich Graf is Chairman of Kaba Holding Ltd. and Griesser Ltd. He is also Chairman of the Board of Trustees of REGA Swiss Air Ambulance. Further, Ulrich Graf is a Director of Georg Fischer Ltd., Fr. Sauter Ltd. and Feller Ltd. and a Supervisory Board member of DEKRA e.V. Stuttgart. He has a degree in electrical engineering from the Swiss Federal Institute of Technology.

Hans R. Rüegg (1946, Swiss)
Deputy Chairman (term expires in 2014)
Hans R. Rüegg has served Dätwyler Holding Inc. as a Director since 1991. He took office as Deputy Chairman in 2002. He is Chairman of the Audit Committee. Hans R. Rüegg was Chief Operating Officer of Baumann Springs Ltd. from 1983 to 2011. He has been Chairman of Baumann Springs Ltd. since 1993. He is also Chairman of Vetropack Holding AG. Hans R. Rüegg holds a degree in electrical engineering from the Swiss Federal Institute of Technology and an MBA from the University of Florida, Gainesville (USA).

Hanspeter Fässler (1956, Swiss)
Director (term expires in 2016)
Hanspeter Fässler has been a Director of Datwyler Holding Inc. since 2004 and is Chairman of the Human Resources Committee. Since December 2012 he is heading the worldwide business unit Grid Systems of the ABB Group. Previously he was responsible for the global integration of the Thomas & Betts Group and for the combined ABB low voltage business in North America. From 2010 until 2011 he was CEO of the Implenia Construction Services Group. Before that Hanspeter Fässler held various national and international management positions within the ABB Group, including the position of Country Manager Switzerland. From 2006 to 2010 he was responsible for ABB's Mediterranean Region and Country Manager of ABB Italy. Hanspeter Fässler has been Chairman of the Board of Directors of Datwyler Cabling Solutions AG, a sister company of publicly listed Dätwyler Holding Inc., since 30 October 2012. He earned a doctorate specialising in mechatronics/robotics from the Swiss Federal Institute of Technology Zurich and also holds an engineering degree from Stanford University (USA).

Gabi Huber (1956, Swiss)
Director (term expires in 2017)
Gabi Huber was appointed to the Board of Dätwyler Holding Inc. in 2013. Co-owner of the law firm of Bachmann & Huber in Altdorf, she has practised as an independent lawyer and notary public since 1982 and was certified as a mediator in 2006. She has been the "FDP. The Liberals" parliamentary group leader since 2008 and has represented the Canton of Uri in the National Council since 2003. Prior to her election to the National Council, Gabi Huber served as a member of the cantonal government and head of the Finance Department of the Canton of Uri from 1996 to 2004. From 2002 to 2004, she was president of the Uri cantonal executive. She is a member of the Advisory Board of PricewaterhouseCoopers Switzerland and a delegate of Swiss Mobiliar Cooperative Company. Gabi Huber graduated 1980 from the University of Fribourg, completed a course of study at Columbia University, New York and did a doctorate in law 1990.

Werner Inderbitzin (1946, Swiss)
Director (term expires in 2014)
Werner Inderbitzin was appointed to the Board of Dätwyler Holding Inc. at the 2002 Annual General Meeting and is a member of the Human Resources Committee. He is Chairman of Garaventa Ltd. and a member of the Executive Board of Doppelmayr-Garaventa Group (Ropetrans AG). He took over the management of Garaventa Ltd., a global manufacturer of ropeway systems, in 1992, having previously spent 18 years with todays Datwyler's Sealing Solutions Division, ultimately as First Vice President and a member of the division's management committee. Werner Inderbitzin obtained a degree in business administration from the University of St. Gallen.

Ernst Lienhard (1946, Swiss)
Director (term expires in 2014),
Bearer Shareholders' Representative
Ernst Lienhard was appointed a Director of Dätwyler Holding Inc. at the 2006 Annual General Meeting to serve as the Bearer Shareholders' Representative. He was with the Credit Suisse Group for more than 30 years, several of which were spent abroad in Paris, Peru, New York and the Bahamas. After his return and until his retirement in 2004, he was responsible for Swiss wholesale commercial banking. Ernst Lienhard is a Director of publicly listed Hügli Holding Aktiengesellschaft and several family-owned Swiss companies. He studied banking at the University of St. Gallen, where he also earned a doctorate in economics. In addition, he studied at IMD in Lausanne and Wharton University in Philadelphia.

Ernst Odermatt (1948, Swiss)
Director (term expires in 2016)
Ernst Odermatt was appointed to the Board of Dätwyler Holding Inc. in 2004 and is a member of the Audit Committee. Until the end of 2005, he was CEO of the Oerlikon Contraves Group, in which capacity he served on the Executive Board of Rheinmetall DeTec AG, Düsseldorf, having held a number of management positions with Oerlikon Contraves since 1978. He is Chairman of Hofstetter PCB AG. Ernst Odermatt is also a member of the Advisory Board of CGS Private Equity Partnership. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich and a degree in business administration from the University of Zurich.

Honorary Directors

Roland Zimmerli (1934, Swiss)
Honorary Chairman (since 2005)
During his 35 years of committed service in a variety of management positions, Roland Zimmerli helped to shape Datwyler into a Group of international dimensions. After the IPO, he circumspectly transformed Datwyler from a family-owned business into a public company. In appreciation of his services to the Datwyler Group, the Board appointed him Honorary Chairman in 2005, following his term as Chairman from 1999 to 2005. Before joining the Board, Roland Zimmerli served as CEO of Dätwyler Holding Inc. from 1991 to 1999. His expertise was also much sought after on the Boards of renowned Swiss companies. He graduated with a degree in business administration from the University of Zurich.

Max Dätwyler (1929, Swiss)
Honorary Director (since 1999)
Max Dätwyler was Chairman of Dätwyler Holding Inc. from its inception in 1958 until 1965. After handing over the Chairmanship to outside Directors, he continued to serve as Deputy Chairman and Executive Director until the end of 1999. Together with his late brother, Peter Dätwyler, Max Dätwyler was instrumental in building Dätwyler Holding Inc. into a diversified international corporation and, in 1990, ensured the Group's long-term independence through the shareholders' agreement of Dätwyler Führungs AG. He holds a doctorate in chemistry from the Swiss Federal Institute of Technology Zurich and a degree in economics from the University of Zurich.

Executive Management

Paul J. Hälg (1954, Swiss)
Chief Executive Officer (CEO)
Paul J. Hälg was appointed CEO of the Datwyler Group from August 2004. Before joining Datwyler, he served on Forbo Group's Executive Board as Executive Vice President of Forbo Adhesives. From 1986 to 2001, he held a number of management positions with Gurit-Essex (Gurit-Heberlein Group), ultimately as CEO. In the five years prior to that, he worked for the Swiss Aluminium Group. Paul J. Hälg is Chairman of publicly listed Sika Ltd. He also is a Director of Dätwyler Cabling Solutions AG, a sister company of publicly listed Dätwyler Holding Inc. He studied chemistry at the Swiss Federal Institute of Technology Zurich, graduating with a doctorate (DSc).

Reto Welte (1959, Swiss)
Chief Financial Officer (CFO)
Reto Welte was appointed Chief Financial Officer and Member of the Datwyler Executive Management from June 2009. Before joining Datwyler, he for two years held the same function with the Kardex Remstar Group, also a SIX Swiss Exchange listed Group of companies. Between 2003 and 2006, he was CFO and member of Group Management of the Feintool Group. Previously Reto Welte was CFO of the Gretag Imaging Group and of co.don AG in Berlin. From 1991 to 2000, he held various management positions in finance with the Alstom group and was head of the Medium-Voltage Technology unit. Reto Welte is a Director of Pfister Arco Holding AG and of Möbel Pfister AG. He also is a Director of Dätwyler Cabling Solutions AG, a sister company of publicly listed Dätwyler Holding Inc. He holds a degree in business administration from the University of St. Gallen.

Markus Heusser (1966, Swiss)
Head of Technical Components Division
Markus Heusser has headed the Technical Components Division since August 2010 and is a member of the Datwyler Executive Management Team. Before joining Datwyler he was with the Sulzer Group for seven years, where he held various international management positions, including chief of staff, head of the globally active Metco Thermal Spray business and head of the Group-wide 2009 restructuring programme. Prior to that he was a strategy consultant and integration manager with McKinsey&Co. from 1996 to 2003. During this period, he was based in Hong Kong for one year. Markus Heusser is a member of the Board of Swissmem (Swiss mechanical and electrical engineering association). He has an MBA from the University of St. Gallen and a PhD in finance from the University of Fribourg.

Dirk Lambrecht (1960, German)
Head of Sealing Solutions Division
Dirk Lambrecht, as a member of the Executive Management, is heading the Sealing Solutions Division, in which the former Sealing Technologies and Pharma Packaging Division have been combined. From 2005 until the end of October 2012 he was head of the Sealing Technologies Division. Before joining the Datwyler Group, he managed Phoenix Traffic Technology GmbH, a subsidiary of Phoenix AG. Prior to that, from 1987 to 2003, he held a number of international management positions with Phoenix AG in Hamburg. Dirk Lambrecht is on the Management Board of the German Rubber Society. He earned a degree in mechanical engineering, specialising in apparatus engineering, from Hamburg University of Applied Sciences and completed further studies, including a programme at the Management School St. Gallen.

Management contracts
There are no management contracts with external individuals or companies to perform management tasks for the Datwyler Group.

Remuneration, shareholdings and loans
The information on remuneration, shareholdings and loans are recorded in the remuneration report on page 44 ff.

Shareholders' participation rights

The shareholders' participation rights comply with the provisions of Swiss Corporation Law, subject to the one share one vote principle presented below. The Articles of Association contain no quorum requirements that differ from those prescribed by law.

Voting restrictions and proxy voting
There are no restrictions on registration or voting. Under the Articles of Association of Dätwyler Holding Inc., each share carries one vote at general meetings regardless of its par value. Persons representing shareholders must present a written proxy. Legal representatives of shareholders do not need a proxy appointment. Shareholders who are unable to attend a general meeting may also appoint a member of a corporate agent of the Company or an independent proxy to represent them.

Calling of general meetings and additions to the agenda
The procedures for calling general meetings and adding items to the agenda are set out in the Articles of Association of Dätwyler Holding Inc. in accordance with the Swiss Code of Obligations (Art. 699 f.). Shareholders holding shares of at least CHF 85'000 in par value are entitled to submit agenda items in writing. The deadline for submitting agenda items is published in advance in the Swiss Official Gazette of Commerce.

Share registration
Every person whose name is entered in the share register no later than 14 days prior to a general meeting is recognised by the Company as a shareholder and holder of all rights attached to the registered shares.

Change of control and defensive measures
The Articles of Association do not contain any "opting out" or "opting up" provisions. Dätwyler Holding Inc. does not have any change of control clauses which benefit Directors or Executive Management members.

Statutory auditors

PricewaterhouseCoopers AG has audited the financial statements of Dätwyler Holding Inc. since its inception in 1958. It was first engaged to audit the consolidated financial statements in 1986. The auditors are appointed by the Annual General Meeting of Shareholders for a period of one year. In accordance with the Swiss Code of Obligations, the normal rate of rotation for the auditor in charge is seven years. The last change occurred in 2007. Some of the Group companies are audited by other firms of accountants.

Fees paid in 2013 to the statutory and other auditors:

in CHF	Statutory auditors	Other auditors
Auditing services, total	955'000	928'000
Additional services, total	493'000	767'000
Tax advice	345'000	340'000
Legal advice	119'000	386'000
Transaction advice	–	9'000
Other advisory services	29'000	32'000

Representatives of the statutory auditors attend all meetings of the Audit Committee for the discussion of certain items. Three meetings were held in 2013. At each meeting, the statutory auditors present a written report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

The supervisory body for the external statutory auditors is the overall Board of Directors. It conducts an annual evaluation of the statutory auditors. This is based on the following criteria:
- Professional competence.
- Scope and quality of their written reports and verbal statements.
- Practicability of recommendations.
- Priority setting.
- Transparent and effective communication and coordination.
- Ability to meet deadlines.
- Independence.
- Fees.

The members of the Board of Directors rely on the competencies and experience they have gained in similar roles with other companies, on the statutory auditors' reports as well as on the comments made by the Audit Committee. The responsibilities of the Audit Committee are defined on page 34.

Information policy

The Datwyler Group maintains an open dialogue with all stakeholders. In the interests of shareholders, Datwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report, Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website (www.datwyler.com), Datwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of the SIX Swiss Exchange. The archive of ad hoc press releases can be found at www.datwyler.com > Media > Press Releases. A facility for signing up to receive ad hoc press releases is provided at www.datwyler.com > Media > Email Alerts. Contact details and important dates are given in the "General Information" section on page 111. Official notices concerning Datwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.

REMUNERATION REPORT

Remuneration Governance 44

Architecture of remuneration of the Board of Directors 46

Architecture of remuneration of the Executive Management 47

Remuneration, loans and shareholdings for the year 2013 50

REMUNERATION REPORT

The remuneration report describes the Governance framework, the remuneration principles and the compensation programs related to the compensation of the Board of Directors and the Executive Management of the Datwyler Group. It also provides information on the remuneration related to the 2013 business year.

The remuneration report is written in accordance to the Articles 663b bis and 663c of the Swiss Code of Obligations, the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance of economiesuisse. Voluntarily it is already in line with the Ordinance against Excessive Remuneration (VegüV).

Remuneration Governance

Human Resources Committee

The Human Resources Committee consists of at least three Directors: the Chairman of the Board and two other members to be appointed by the Board from among its members. Members of the Human Resources Committee are: Hanspeter Fässler (Chairman), Ulrich Graf and Werner Inderbitzin. In 2013, the Human Resources Committee held three meetings which were attended by all members of the Committee. During 2013, no external specialists were called in.

Responsibilities of the Human Resources Committee:

- To support the Board of Directors on matters related to personnel and compensation policy.
- To deal with fundamental human resources issues at the Datwyler Group.
- To prepare the proposals for the appointment of members of the Board and the Executive Management.
- To determine the conditions of employment for members of the Executive Management.
- To decide on performance-related payments for members of the Executive Management.
- To monitor the company wage structure and its development.
- To comply with the regulations concerning the disclosure of remuneration related to the members of the Board of Directors and Executive Management.

The Human Resources Committee has written terms of reference specifying its responsibilities. The Committee generally prepares the groundwork for decision-making by the full Board and meets at the call of its chairman as often as necessary, but at least once a year. Depending on the nature of the business to be transacted, meetings are attended by the CEO and the CFO in advisory capacity. The Committee keeps a record of its decisions and recommendations in minutes submitted to the full Board and reports the results of its activities at the next following Board meeting.

Method of determination of remuneration

The remuneration system is reviewed every three years by the Human Resources Committee and may be adjusted in order to reflect the evolving business environment.

The process to determine the elements and levels of remuneration for the Board of Directors and the Executive Management is based on a periodic benchmarking analysis on the basis of remuneration surveys and of compensation disclosures published by comparable companies in their annual reports. Comparable companies are defined as international industrial companies with similar geographic scope, revenue size and business complexity, which are listed on the SIX Swiss Exchange. The objective of Datwyler is to offer remuneration that is consistent with common standards for similar positions at comparable companies.

For 2013, the remuneration structure has not been modified, reason why Datwyler did not participate in any specific remuneration survey. The remuneration level of the Board of Directors remained unchanged. The remuneration levels of the Executive Management have been reviewed in line with the re-organisation of the divisions and the resulting increase in scope of responsibilities for the divisional heads. For the CEO and the CFO, the fixed cash salary has been increased as a result of the review after three years.

Approval levels for remuneration decisions

	Recommendations from	Approval from
Overall remuneration policy	Human Resources Committee	Board of Directors
Incentive and shareholding programs	Human Resources Committee	Board of Directors
Remuneration of Board of Directors	Human Resources Committee	Board of Directors
Remuneration of CEO	Human Resources Committee	Board of Directors
Remuneration of Executive Management	CEO	Human Resources Committee

For the Board of Directors, the level of remuneration is determined annually by the Human Resources Committee in order to reflect the participation in the various committees, and is approved by the full Board. The directors have a voice at the meetings of the Board of Directors.

The remuneration effectively paid to the members of the Executive Management depends on the performance, and is determined annually by the Human Resources Committee and brought to the attention of the full Board of Directors. The CEO and the CFO do not attend the sessions during which their own performance and remuneration are discussed.

Remuneration philosophy and principles
The remuneration philosophy is aligned to the business strategy of sustainable profitable growth and aims to drive and support the four core values of Datwyler of entrepreneurship, value-creation to the customer, excellence in delivery and culture of mutual respect.

Remuneration principles

Pay for performance
The variable incentive plan for Executive Management is mainly based on profit-sharing.

Reward long-term and sustainable value-creation
Part of the remuneration of the Board of Directors and Executive Management is delivered in the form of blocked shares in order to encourage a long-term view and to create alignment with the interests of the shareholders.

Further, the variable incentive plan for Executive Management has no excessive leverage, therefore does not encourage inappropriate risk taking.

Market conformity
Remuneration levels are in line with competitive market practice, in order to be able to attract, retain and develop the best talent.

Fairness and transparency
Remuneration programs are straightforward, transparent and fair.

Architecture of remuneration of the Board of Directors

Remuneration model for the Board of Directors

Basic fee for Board Membership + **Additional fee for special functions**

CHF 50'000 + **1'100 shares**

	Cash (CHF)	Shares (nb)
Board chairmanship	80'000	1'300
Board vice-chairmanship	20'000	600
Committee chairmanship	40'000	
Committee membership	20'000	
Representation minority shareholder	40'000	
Additional functions (per day fee)	5'000	

The remuneration of the Board of Directors is determined based on the responsibility and time requirements of their function and includes a basic fee for the board membership and additional fees for special functions such as committee chairmanship and membership. The additional fees are cumulative in case of multiple functions. Directors receive their remuneration in the form of a fixed fee in cash and a grant of a predefined number of bearer shares of Dätwyler Holding Inc., which are subject to a blocking period of five years. In case of termination due to death or disability, the shares may be subject to an early unblocking if the participant or his beneficiaries chose to. They remain blocked in all other instances.

The fee in cash and the shares are paid out in June for the current year of mandate. They are subject to regular social security contributions but are not pensionable. The Directors receive no additional reimbursement of business expenses beyond actual expenditures for business travel.

Architecture of remuneration of the Executive Management

Remuneration model for the Executive Management

	Instrument	Purpose
Fixed cash salary	Monthly cash payments	To remunerate for the function and for the qualifications required to perform the role
Variable incentive	Annual cash payment	To share profit and to reward individual performance
Share participation	Annual grant of shares with a five-year blocking period	To drive sustainable results and to create long-term alignment to the shareholders' interests
Benefits	Pension, insurances & perquisites	To protect against risks and to cover business expenditures

The remuneration of Executive Management members is determined based on the scope and responsibilities of their function and consists of a fixed cash salary, a grant of a predefined number of bearer shares of Dätwyler Holding Inc., a variable incentive and benefits such as pension, insurances and perquisites.

Fixed cash salary

The amount of the fixed remuneration depends on the scope of the function, the qualifications and experience required to perform the role as well as the market environment. The objective is to pay fixed salaries that are in line with those offered by comparable companies for similar functions.

Variable incentive

The variable incentive rewards the collective performance, in form of a profit-sharing component, and the individual contributions to the overall business success, over a performance period of one year.

For the CEO and the CFO, the variable incentive consists entirely of a share in the Group's net result, as a pre-defined percentage of the net result. This share is multiplied by a growth factor, which is determined on the basis of the year-on-year change in the net result. This mechanism rewards both the absolute net result achieved and the year-on-year development: a negative year-on-year change means that the percentage of net result awarded decreases over-proportionally. A positive year-on-year change leads to an over-proportional increase of the percentage of net result awarded.

The maximum amount of the variable incentive payout is capped at 150% of the annual fixed cash salary for the CEO and at 100% for the CFO.

For the divisional heads, the variable incentive is based on the business performance (approximately 80% of the incentive) and on the attainment of individual goals (approximately 20% of the incentive).

- The business performance is made up of a share in the economic profit of the respective division, defined as EBIT less the cost of average capital employed. This share of economic profit is multiplied by a growth factor, which is determined according to the year-on-year change in sales, and by a peer-factor, which is determined according to the sales growth of the division relative to that of an external peer group. A specific peer group is selected for each division to reflect the individuality of the market conditions in which the division operates. The relevant peer group information is provided by an independent consulting firm. This mechanism for calculating the business performance rewards both the absolute performance of the division in terms of economic profit, and the relative performance of the division compared to the previous business year and to its external peer group.
- The individual incentive component is based on the attainment of individual goals. These are strategic, business and personal goals agreed at the beginning of the year within the Performance Management process and assessed by the CEO at year-end.

Underlying mechanism for the calculation of the variable incentive

	Net result > 0	Net result < 0
Growth factor > 1 (positive year-on-year change)	(% of net result) x (growth factor) **= higher share % of net result**	No payout
Growth factor < 1 (negative year-on-year change)	(% of net result) x (growth factor) **= lower share % of net result**	No payout

The maximum amount of the variable incentive for the divisional heads is capped at 100% of the annual fixed cash salary.

Considering the profit-sharing characteristic of the formula of the variable incentive, there is no formal target level for that incentive. However it is considered that a payout of two-thirds of the maximum corresponds to the expected level of performance.

Share participation

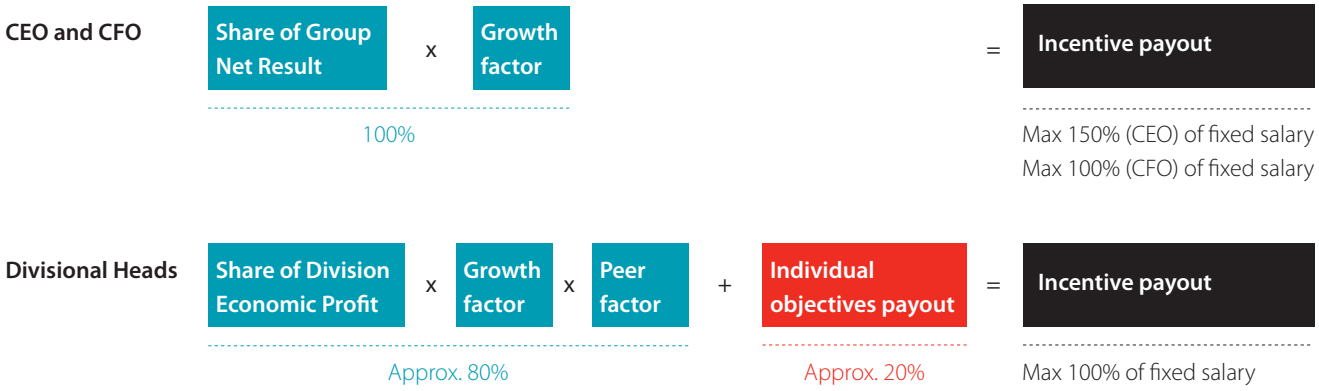
The share participation established in 2007 gives Executive Management members an ownership interest in Dätwyler Holding Inc. and a participation in the long-term performance of the Datwyler Group. The number of shares granted depends on the respective role. The shares are granted at their market value on the first trading day of the month of June and are blocked for a period of five years. In case of termination due to death or disability, the shares may be subject to an early unblocking if the participant or his beneficiaries chose to. They remain blocked in all other instances.

Benefits

Members of the Executive Management participate in the regular employee pension plan provided by Datwyler to all employees in Switzerland. The retirement plan consists of a basic plan covering annual earnings up to CHF 168'480 and a supplementary plan in which earnings in excess of this limit are insured, up to a maximum of CHF 842'400 p.a.. The benefits provided under the pension fund exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are in line with typical market practice of other industrial companies in Switzerland.

Members of Executive Management do not receive any executive benefits. They are entitled to a company car and a representation allowance, in accordance to the expense rules applicable to all employees at management levels employed in Switzerland

Overview of the variable incentive payout calculation



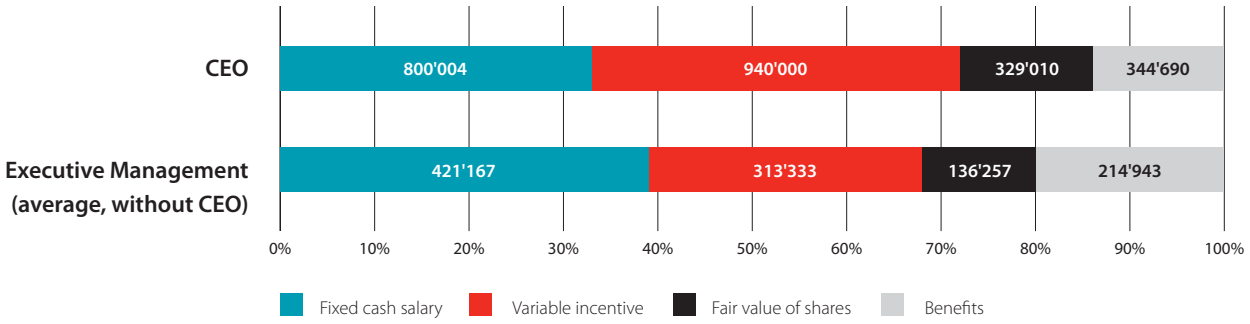
Remuneration mix

The table below illustrates the remuneration mix for members of Executive Management for the remuneration related to 2013 and includes the fixed cash salary in 2013, the variable incentive that will be paid out in 2014 related to performance year 2013, the number of shares granted in 2013, and the value of benefits received in 2013.

Employment contracts

Employment contracts with members of Executive Management stipulate a notice period of 6 to 12 months and of 12 months for the CEO. They do not contain any severance provision in case of termination of employment, nor any change of control clauses.

Remuneration mix for the Executive Management for 2013



Remuneration, loans and shareholdingsfor the year 2013

The remuneration, loans/credits and shares granted to current and former key management personnel (Directors and Executive Management members) and persons connected with them are presented below.

Remuneration in 2013

in CHF							
Last name and first name	Function	Fixed cash salary	Variable incentive	Share participation		Benefits	Total remuneration
				Number	Fair value		
Directors							
Graf Ulrich *	Chairman	170'000	0	2'400	239'280	22'890	432'170
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	169'490	15'161	294'651
Fässler Hanspeter	Director	90'000	0	1'100	109'670	13'481	213'151
Huber Gabi	Director	50'000	0	1'100	109'670	10'286	169'956
Inderbitzin Werner	Director	70'000	0	1'100	109'670	9'318	188'988
Lienhard Ernst	Director	90'000	0	1'100	109'670	10'697	210'367
Odermatt Ernst	Director	70'000	0	1'100	109'670	9'765	189'435
Total for Directors		**650'000**	**0**	**9'600**	**957'120**	**91'598**	**1'698'718**
Executive Management							
Hälg Paul J.*	CEO	800'004	940'000	3'300	329'010	344'690	2'413'704
Total for Executive Management		**2'063'504**	**1'880'000**	**7'400**	**737'780**	**989'518**	**5'670'802**

Remuneration in 2012

in CHF							
Last name and first name	Function	Fixed cash salary	Variable incentive	Share participation		Benefits	Total remuneration
				Number	Fair value		
Directors							
Graf Ulrich*	Chairman	170'000	0	2'400	168'600	19'250	357'850
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	119'425	12'579	242'004
Fässler Hanspeter	Director	90'000	0	1'100	77'275	11'691	178'966
Inderbitzin Werner	Director	70'000	0	1'100	77'275	7'649	154'924
Lienhard Ernst	Director	90'000	0	1'100	77'275	9'028	176'303
Odermatt Ernst	Director	70'000	0	1'100	77'275	10'212	157'487
Steinegger Franz	Director	50'000	0	1'100	77'275	6'271	133'546
Total for Directors		**650'000**	**0**	**9'600**	**674'400**	**76'680**	**1'401'080**
Executive Management							
Hälg Paul J.*	CEO	750'000	1'055'000	3'300	231'825	348'591	2'385'416
Total for Executive Management		**2'458'195**	**2'102'167**	**8'000**	**562'000**	**1'212'916**	**6'335'278**

* Highest remuneration

The fixed cash salary for Directors remained unchanged compared to the previous year. The fixed cash salary is contingent on membership of the various Sub-Committees. The fixed cash salary for the Executive Management was brought into line with the prevailing market conditions and the new scope of responsibilities for the divisional heads in the year under review. Messrs. Müller (30.12.2012) and Wallraff (31.10.2012) stepped down from the Executive Management in the previous year. The payments made to them in 2012 are contained pro rata in the total figure for the Executive Management.

The amounts shown in the tables under Variable incentive represent the expense actually recognised for variable salary components granted for 2013, which will be paid in March 2014. Owing to the consolidated result posted in the year under review, the variable incentives were also correspondingly lower. However, the variable incentives are contingent not only on the consolidated result, but also on the individual results of the divisions. In the reporting year, the variable incentive paid out corresponds to 118% of the fixed cash salary for the CEO and to 74% of the fixed cash salary (on average) for the other members of Executive Management. The variable incentive paid to members who stepped down from the Executive Management in the previous year is factored in pro rata.

The share participation for 2013 was determined by the HR Committee and approved by the Board of Directors. The shares awarded on 1 June 2013 at the then market value of CHF 99.70 vest over a period of five years. After the end of this period, the shares are at the free disposal of the beneficiary or his legal successor regardless of death, disability or termination. The number of shares awarded per functional level remained unchanged for the Board of Directors in the year under review. A minor adjustment was made for certain Executive Board functions. In the reporting year, the value of the shares awarded corresponds to 41% of the fixed base salary for the CEO and to 32% of the fixed base salary (on average) for the other members of Executive Management. The market value of the share in the year under review was CHF 29.45 higher than in the previous year, which increased the fair value of the share participation accordingly.

The heading Benefit includes all costs of pension plans, social security contributions and benefits in kind.

In the year under review, no payments were made to former Directors or Executive Management members. Nor was any non-arm's length remuneration paid to persons connected with current or former Directors or Executive Management members.

Loans and credits

No loans and/or credits were granted to individual current or former Directors or Executive Management members (including persons connected with them). Nor were any non-arm's length loans and/or credits granted to current or former members of the aforementioned bodies or persons connected with them. The interests in the Company's shares held by individual Directors and Executive Management members including persons connected with them, at 31 December 2013, are shown in the tables on the following two pages.

Remuneration in 2014

In light of the Ordinance against Excessive Remuneration (VegüV) effective as of 1 January 2014, the 2013 Remuneration Report has been written as a stand-alone report that provides relevant details around the remuneration principles applicable to the Board of Directors and the Executive Management.

The remuneration system for the members of the Board of Directors and Executive Management will remain unchanged in 2014. The compensation level for the fixed cash salary and the variable incentive potential is expected to change only in particular cases.

Directors' interests in shares in 2013

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2014	2015	2016	2017	2018
Graf Ulrich	Chairman	15'400	0.045924	2'200	2'200	2'400	2'400	2'400
Rüegg Hans R.	Deputy Chairman	10'000	0.029821	1'700	1'700	1'700	1'700	1'700
Fässler Hanspeter	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100
Huber Gabi	Director	1'200	0.019889	0	0	0	0	1'100
Inderbitzin Werner	Director	7'800	0.023260	1'100	1'100	1'100	1'100	1'100
Lienhard Ernst	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100
Odermatt Ernst	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000298

Executive Management's interests in shares in 2013

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2014	2015	2016	2017	2018
Hälg Paul J.	CEO	26'900	0.080218	3'300	3'300	3'300	3'300	3'300
Welte Reto	CFO	5'500	0.016401	1'100	1'100	1'100	1'100	1'100
Lambrecht Dirk	Division Head	4'300	0.012823	700	700	700	700	1'500
Heusser Markus	Division Head	4'700	0.014016	0	0	1'500	1'500	1'500

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000298

Directors' interests in shares in 2012

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2013	2014	2015	2016	2017
Graf Ulrich	Chairman	13'000	0.039175	2'200	2'200	2'200	2'400	2'400
Rüegg Hans R.	Deputy Chairman	10'000	0.030134	1'700	1'700	1'700	1'700	1'700
Fässler Hanspeter	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Inderbitzin Werner	Director	6'700	0.020190	1'100	1'100	1'100	1'100	1'100
Lienhard Ernst	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Odermatt Ernst	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Steinegger Franz	Director	8'600	0.025916	1'100	1'100	1'100	1'100	1'100

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000301

Executive Management's interests in shares in 2012

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2013	2014	2015	2016	2017
Hälg Paul J.	CEO	24'500	0.073829	3'300	3'300	3'300	3'300	3'300
Welte Reto	CFO	4'400	0.013259	0	1'100	1'100	1'100	1'100
Lambrecht Dirk	Division Head	3'500	0.010547	700	700	700	700	700
Heusser Markus	Division Head	3'404	0.010258	0	0	0	1'500	1'500

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000301

Consolidated Financial Statements

Group Financial Review 56

Consolidated Income Statement 58

Consolidated Balance Sheet 59

Consolidated Cash Flow Statement 60

Consolidated Statement of Changes in Equity 61

Notes to the Consolidated Financial Statements 62

Report of the Statutory Auditor on the Consolidated Financial Statements 94

Group Financial Review

CONSOLIDATED INCOME STATEMENT DATWYLER GROUP

In 2013, the Datwyler Group generated net revenue of CHF 1'382.0 million (previous year CHF 1'414.2 million), representing a slight decrease of 2.3%. The net effect of subsidiaries acquired and sold amounted to CHF –79.4 million or –5.6%. The positive impact from foreign currency translation to Swiss francs on consolidation was 1.1%. Adjusted for these factors, organic growth was 2.2%.

Change in net revenue

in CHF millions	2013	%	2012	%
Acquisition/disposal of subsidiaries	–79.4	–5.6%	129.9	10.0%
Foreign currency translation to CHF	15.6	1.1%	–8.3	–0.6%
Organic change	31.6	2.2%	2.1	0.2%
Total change in net revenue	**–32.2**	**–2.3%**	**123.7**	**9.6%**

The gross profit margin improved to 24.7% (previous year 24.1%). Gross profit was positively impacted by foreign currency effects of 1.2% and by raw material prices down 2.7%. Other organic change of gross profit amounted to –0.4%.

Change in gross profit

in CHF millions	2013	%	2012	%
Acquisition/disposal of subsidiaries	–10.7	–3.1%	22.7	7.3%
Foreign currency translation to CHF	4.1	1.2%	–1.6	–0.5%
Impact raw material purchases	9.2	2.7%	–3.9	–1.3%
Other organic change	–1.4	–0.4%	10.0	3.2%
Total change in gross profit	**1.2**	**0.4%**	**27.2**	**8.7%**

Personnel expenses and operating expenses were continually adjusted to the changed operating environment, and the year under review includes significant restructuring costs.

In 2013, the Group's operating result (EBIT) reached CHF 136.0 million (previous year CHF 151.0 million) and the EBIT margin was 9.8% (previous year 10.7%) with the following factors contributing to this change:

Change in EBIT

in CHF millions	2013	%	2012	%
Acquisition/disposal of subsidiaries	7.0	4.7%	–0.7	–0.6%
Foreign currency translation to CHF	1.2	0.8%	–0.3	–0.3%
Organic change	–23.2	–15.4%	27.8	22.5%
Total change in EBIT	**–15.0**	**–9.9%**	**26.8**	**21.6%**

EBIT includes a gain of CHF 16.2 million (previous year CHF 33.4 million) on sale of property, plant and equipment and in the previous year the gain of CHF 5.6 million on sale of the Cabling Solutions Division.

Net finance costs increased to CHF 9.3 million (previous year CHF 4.3 million), due to higher interest expense of CHF 4.3 million (previous year CHF 2.0 million) and net foreign exchange losses of CHF 4.4 million (previous year net foreign exchange losses of CHF 2.2 million). Income tax expense decreased to CHF 6.5 million (previous year CHF 19.2 million) as a result of capitalising tax loss carryforwards, and the tax ratio declined accordingly to 5.1% (previous year 13.1%). The Group's average income tax rate for 2013 was 22.1% (previous year 18.2%).

With the lower income tax charges and higher net finance costs, a net result of CHF 120.2 million (previous year CHF 127.5 million) or 8.7% (previous year 9.0%) of net revenue was achieved.

CONSOLIDATED BALANCE SHEET DATWYLER GROUP

Total assets increased by CHF 44.1 million during the year to CHF 1'123.1 million (previous year CHF 1'079.0 million). Trade accounts receivable increased to CHF 184.4 million (previous year CHF 180.2 million), while inventories decreased to CHF 176.0 million (previous year CHF 179.0 million). With trade accounts payable of CHF 79.4 million (previous year CHF 81.6 million), net working capital increased by 1.2% to CHF 281.0 million (previous year CHF 277.6 million). Cash and cash equivalents including money market investments rose by CHF 23.9 million.

Compared to the previous year, equity increased by CHF 109.9 million to CHF 660.8 million (previous year CHF 550.9 million), maintaining a solid equity ratio of 58.8% (previous year 51.1%). The significant changes in equity include the net result of CHF 120.2 million (previous year CHF 127.5 million), the dividend payment of CHF –40.9 million (previous year CHF –34.0 million), the offset of goodwill from acquisitions of CHF –1.4 million (previous year CHF –195.2 million net), the proceeds from the sale of treasury shares of CHF 30.4 million (previous year CHF 8.3 million) and negative currency translation differences of CHF –0.2 million (previous year CHF –0.5 million) arising on net investments in foreign subsidiaries.

Short-term and long-term bank debts decreased by CHF 74.2 million during the year to CHF 81.1 million (previous year CHF 155.3 million). The Group's liquidity situation remains good, with cash, cash equivalents and money market investments amounting to CHF 272.4 million (previous year CHF 248.5 million) at the end of the year under review. Including the bond of CHF 149.6 million, the net cash position has changed to CHF 41.7 million (previous year CHF –56.4 million).

Current assets rose by 9.6% to CHF 693.9 million (previous year CHF 633.2 million). At year-end 2013, this includes property, plant and equipment and intangible assets held for sale in the amount of CHF 31.2 million, which were reclassified from non-current assets. Accordingly, non-current assets decreased by 3.7% to CHF 429.2 million (previous year CHF 445.8 million).

CONSOLIDATED CASH FLOW STATEMENT DATWYLER GROUP

With the net result of CHF 120.2 million (previous year CHF 127.5 million), net cash from operating activities amounted to CHF 166.3 million (previous year CHF 124.4 million). These cash flows were used to pay for investments in property, plant and equipment totalling CHF 48.6 million (previous year CHF 75.0 million). This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 3.5% versus 5.3% a year earlier. In addition, operating cash flow was used for the purchase of money market investments in the amount of CHF 150.0 million (previous year acquisition of subsidiaries in the amount of CHF 239.9 million) and the repayment of bank debt of CHF 75.9 million net (previous year net proceeds of CHF 98.3 million). Overall cash outflows and inflows led to a net change in cash and cash equivalents of CHF –126.1 million (previous year CHF 114.5 million), resulting in a cash and cash equivalents balance of CHF 122.4 million (previous year CHF 248.5 million) at year-end.

Consolidated Income Statement

in CHF millions	Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		2013	2013	2013	2012	2012	2012
Net revenue	4	1'230.0	152.0	1'382.0	1'032.3	381.9	1'414.2
Cost of goods sold		–930.9	–109.7	–1'040.6	–779.2	–294.8	–1'074.0
Gross profit		299.1	42.3	341.4	253.1	87.1	340.2
Research and development expenses		–24.8	–	–24.8	–21.1	–4.0	–25.1
Marketing and selling expenses		–103.5	–26.9	–130.4	–85.5	–48.0	–133.5
General and administrative expenses		–67.1	–11.1	–78.2	–50.8	–29.6	–80.4
Other operating income	5	28.0	2.3	30.3	9.6	41.4	51.0
Other operating expenses		–0.5	–1.3	–1.8	–0.6	–0.6	–1.2
Interest in net loss of associated companies		–0.5	–	–0.5	–0.0	–0.0	–0.0
Operating result before interest and taxes (EBIT)	4	130.7	5.3	136.0	104.7	46.3	151.0
Net finance result	9	–9.3	0.0	–9.3	–4.1	–0.2	–4.3
Earnings before tax (EBT)		121.4	5.3	126.7	100.6	46.1	146.7
Income tax expenses	10	–5.6	–0.9	–6.5	–11.2	–8.0	–19.2
Net result		115.8	4.4	120.2	89.4	38.1	127.5
Net result per bearer share entitled to dividend (in CHF)	25	**7.32**	**0.28**	**7.60**	**5.77**	**2.46**	**8.23**

The accompanying notes on pages 62 to 93 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets

in CHF millions	Note	31.12.2013	31.12.2012
Cash and cash equivalents	11	122.4	248.5
Money market investments	11	150.0	–
Trade accounts receivable	12	184.4	180.2
Inventories	13	176.0	179.0
Other receivables	14	21.0	19.9
Property, plant and equipment and intangible assets held for sale	34	31.2	–
Prepayments made and accrued income		8.9	5.6
Current assets		693.9	633.2
Property, plant and equipment	15	355.0	398.3
Intangible assets	16	12.6	9.1
Financial assets	17	61.6	38.4
Non-current assets		429.2	445.8
Total assets		**1'123.1**	**1'079.0**

Liabilities and equity

in CHF millions	Note	31.12.2013	31.12.2012
Trade accounts payable	20	79.4	81.6
Short-term bank debt	18	66.8	112.7
Current provisions	22	38.5	28.1
Other current liabilities	21	49.8	45.8
Accrued expenses and deferred income		25.3	22.9
Current liabilities		259.8	291.1
Long-term bank debt	18	14.3	42.6
1.125% bond 2012–2018	19	149.6	149.6
Long-term provisions	22	17.6	12.7
Deferred income tax liabilities	23	17.2	19.0
Pension liabilities	7	3.1	2.3
Other long-term liabilities	21	0.7	10.8
Long-term liabilities		202.5	237.0
Total liabilities		462.3	528.1
Share capital	24	0.9	0.9
Treasury shares	26	–0.1	–0.1
Additional paid-in capital		129.1	96.9
Retained earnings		633.1	555.2
Cumulative translation adjustments		–102.2	–102.0
Equity		660.8	550.9
Total liabilities and equity		**1'123.1**	**1'079.0**

The accompanying notes on pages 62 to 93 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in CHF millions	Note	2013	2012
Net result		120.2	127.5
Income tax expenses	10	6.5	19.2
Depreciation and amortisation	8	58.4	52.1
Share award plan		1.8	1.4
Exchange differences		5.3	–0.2
Gain on sale of property, plant and equipment, net		–15.8	–32.1
Gain on sale of division		–	–5.6
Interest in net loss of associated companies		0.5	–
(Gain)/loss on sale or valuation of securities	9	–	–0.3
Change in long-term provisions and pension liabilities		5.8	0.4
Interest income	9	–0.4	–0.9
Interest expense	9	4.3	2.0
Operating cash flow before changes in working capital		186.6	163.5
Change in trade accounts receivable		–4.8	–26.9
Change in other receivables, prepayments made and accrued income		–1.9	2.4
Change in inventories		2.9	2.7
Change in trade accounts payable		–2.3	5.8
Change in other current liabilities, accrued expenses and deferred income		2.1	1.7
Change in current provisions		10.5	–3.3
Interest received		0.4	0.9
Interest paid		–3.0	–1.5
Income tax paid		–24.2	–20.9
Net cash from operating activities		166.3	124.4
Purchases of/investments in:			
Property, plant and equipment		–48.6	–75.0
Intangible assets		–9.3	–5.4
Subsidiaries (net of cash and cash equivalents acquired) and associated companies	32	–	–239.9
Additional earn-out payment		–13.2	–
Associated companies		–	–0.1
Money market investments		–150.0	–
Proceeds from sale of:			
Property, plant and equipment		13.9	43.0
Subsidiaries (net of cash and cash equivalents disposed of) and associated companies	32	1.1	31.1
Financial assets		0.2	3.9
Money market investments		–	10.3
Net cash used in investing activities		–205.9	–232.1
Proceeds from short-term bank debt		89.8	435.9
Repayment of short-term bank debt		–165.7	–386.1
Proceeds from long-term bank debt		–	48.5
Proceeds from issuance of bond	19	–	149.6
Increase/(decrease) in finance lease and other long-term liabilities		–0.1	0.0
Proceeds from sale of treasury shares, net of income taxes		30.4	8.3
Dividend paid to shareholders		–40.9	–34.0
Net cash provided by/(used in) financing activities		–86.5	222.2
Net change in cash and cash equivalents		–126.1	114.5
Cash and cash equivalents at 1 January	11	248.5	134.8
Effect of exchange rate changes on cash and cash equivalents		–0.0	–0.8
Cash and cash equivalents at 31 December	11	**122.4**	**248.5**

The accompanying notes on pages 62 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in CHF millions	Share capital [1]	Treasury shares [1]	Additional paid-in capital	Retained earnings	Cumulative translation adjustments [2]	**Total equity [3]**
At 1 January 2012	**0.9**	**–0.1**	**87.2**	**656.9**	**–101.5**	**643.4**
Net result	–	–	–	127.5	–	127.5
Share award plan (see note 27)	–	0.0	1.4	–	–	1.4
Dividends	–	–	–	–34.0	–	–34.0
Offset of goodwill from acquisitions (see note 16)	–	–	–	–196.3	–	–196.3
Goodwill charged to income on sale of subsidiaries (see note 32)	–	–	–	1.1	–	1.1
Proceeds from sale of treasury shares (see note 26)	–	0.0	8.3	–	–	8.3
Currency translation differences	–	–	–	–	–0.5	–0.5
At 31 December 2012	**0.9**	**–0.1**	**96.9**	**555.2**	**–102.0**	**550.9**
Net result	–	–	–	120.2	–	120.3
Share award plan (see note 27)	–	0.0	1.8	–	–	1.8
Dividends	–	–	–	–40.9	–	–40.9
Offset of goodwill from acquisitions (see note 16)	–	–	–	–1.4	–	–1.4
Proceeds from sale of treasury shares, net of income taxes (see note 26)	–	0.0	30.4	–	–	30.4
Currency translation differences	–	–	–	–	–0.2	–0.2
At 31 December 2013	**0.9**	**–0.1**	**129.1**	**633.1**	**–102.2**	**660.8**

[1] Holding company's share capital of CHF 850'000 (previous year CHF 850'000), less par value of treasury shares of CHF 53'321 (previous year CHF 70'767).
[2] Arising on translation of Group companies' equity and income statements denominated in foreign currencies.
[3] At 31 December 2013 shareholders' equity includes legal reserves of CHF 148.6 million (previous year CHF 139.6 million), of which CHF 45.7 million (previous year CHF 40.1 million) are not distributable.

The accompanying notes on pages 62 to 93 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 / SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Datwyler Group. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP ARR) and are based on the subsidiaries' annual financial statements at 31 December which are prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle, and also comply with the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of Dätwyler Holding Inc. approved the consolidated financial statements at its meeting on 25 February 2014 for submission to the Annual General Meeting on 8 April 2014.

The Cabling Solutions Division sold on 31 December 2012 and the sale of Maagtechnic specialist distribution companies announced on 11 February 2014 are presented as discontinued operations in the income statement, see also notes 3, 32 and 34. The comparative figures of the previous year have been reclassified to conform to the presentation of the current financial year in order to ensure comparability.

Use of estimates
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Dätwyler Holding Inc. domiciled in Altdorf (Switzerland) and all subsidiaries which belonged to the Group during the year and over which Dätwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. In the Datwyler Group, this is achieved when more than 50% of a Group company's share capital or voting rights is unconditionally owned directly or indirectly by Dätwyler Holding Inc.

A list of the subsidiaries included in the consolidation is presented in note 35.

Consolidation method
The financial statements of subsidiaries are prepared using uniform classification and accounting policies. The reporting date for Dätwyler Holding Inc., all subsidiaries and the consolidated financial statements is 31 December.

The full consolidation method is applied to all subsidiaries included in the consolidation. Their assets, liabilities, income and expenses are incorporated in full. Minority interests are presented as a separate component of the Group's equity and net result. The purchase method of accounting is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets.

Intercompany transactions and balances are eliminated. Unrealised intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights, are classified as associates and accounted for using the equity method, see note 17. In the previous year, the Group had no investments classified as associates.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

Foreign currency translation

TRANSLATION FOR CONSOLIDATION PURPOSES

The financial statements of foreign Group companies are prepared in local currencies. For the purpose of consolidation, the local financial statements are translated into Swiss francs (CHF), which is the Group's presentation currency. The principal exchange rates used to translate foreign currencies in the Datwyler Group were as follows:

	2013		2012	
	Closing rate at 31.12.	Average rate for the year	Closing rate at 31.12.	Average rate for the year
100 CNY	14.56	14.94	14.46	14.82
1 EUR	1.23	1.23	1.21	1.20
100 SEK	13.73	14.22	14.03	13.83
1 USD	0.89	0.93	0.91	0.94

For the purpose of presenting consolidated financial statements, assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date, while income statements, cash flow statements and other movements are translated at average exchange rates for the year.

Exchange differences arising from the translation of balance sheets and income statements of foreign Group companies are taken directly to reserves (currency translation reserve in equity) and not recognised in the income statement.

TRANSLATION OF BALANCES AND TRANSACTIONS IN THE ACCOUNTS OF SUBSIDIARIES

In preparing the financial statements of the individual Group companies, assets and liabilities denominated in foreign currencies are translated at the closing rates used in the consolidation. Exchange differences resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognised as foreign exchange gains or losses in the income statement. There are no foreign operations in hyperinflationary economies. Exchange differences from the valuation of equity-like loans denominated in foreign currencies or in CHF at foreign subsidiaries are directly charged to equity.

Income statement and balance sheet

REVENUE RECOGNITION

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with their delivery. Revenue under long-term multiple supply contracts is recorded when each instalment is delivered, according to the quantity delivered. Revenue from services rendered is recognised by reference to the stage of completion in the period in which the services were rendered.

GROSS PROFIT

The income statement is presented using the functional format where gross profit represents net revenue less cost of goods sold.

RESEARCH AND DEVELOPMENT

Research expenditure is recognised as an expense in the period in which it is incurred. Development costs are capitalised only if it can be demonstrated that future economic benefits will be generated. Otherwise they are charged to the income statement.

INCOME TAX EXPENSE

Current income tax is calculated on taxable profits for the year and recognised on an accrual basis.

Deferred income tax is provided, using the liability method, on all temporary differences and recognised as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising

on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date.

Tax losses carried forward are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Provision is made for tax that will arise on the distribution of profits retained by Group companies, mainly comprising non-refundable withholding tax and income tax in the parent company, if it is intended to remit such profits in the form of dividends.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, deposits in postal and bank accounts, and money market investments with original maturities of three months or less. They are stated at nominal value.

MONEY MARKET INVESTMENTS

Money market investments with a maturity of 91 to 360 days are stated at nominal value.

SECURITIES

Securities are initially recognised at cost including transaction costs. All purchases and sales are recognised on the trade date. Securities are subsequently remeasured to their current fair value at each balance sheet date with unrealised gains and losses recognised in the income statement and classified as current assets. Foreign exchange gains and losses on securities are also recognised in the income statement.

TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

Trade accounts receivable and other current receivables are recognised at nominal value less provision for any impairment.

Doubtful debts are provided for by way of specific provisions and taking into account the actual losses expected based on past experience. Delinquency in payment by customers, or the probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators of impairment. The provision for impairment of receivables is presented separately. The amount of the provision is the difference between the receivable's carrying amount and its current estimated recoverable amount. When receivables are no longer collectible, they are written off against the provision for impairment. Changes in the carrying amount of the provision for impairment and income from recoveries of receivables previously written off are recognised in operating expenses in the income statement.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Appropriate provisions are made for slow-moving inventories and obsolete inventories are fully written off. If the net realisable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

PROPERTY, PLANT AND EQUIPMENT

Land is stated at cost. Buildings, plant and equipment are stated at cost less depreciation, calculated on a straight-line basis to write off the assets over their estimated useful lives, and less any impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the assets into working condition for their intended use.

The estimated useful lives and depreciation periods in years are as follows:

	Years
Buildings:	
Building structures	20 – 40
Interiors	20
Installations, storage equipment, tanks, silos, etc.	10 – 20
Production equipment	10 – 15
Production equipment: electrical/electronic equipment	5 – 8
Machinery	8 – 10
Moulds and tools	3

Land is generally not depreciated, but any impairment loss is recognised.

Costs of maintenance and renovations, other than improvements, are charged to the income statement. Borrowing costs of long-term projects actually incurred during construction in progress are capitalised, all other financing costs are expensed as incurred.

The residual values and useful lives of property, plant and equipment are reviewed annually and adjusted, if appropriate.

LEASES

The Datwyler Group leases certain assets. Leased assets where substantially all the risks and rewards of ownership are transferred to the Datwyler Group at the inception of the lease are classified as finance leases. The fair value of such assets or, if lower, the net present value of the future minimum lease payments is therefore recognised as a non-current asset and as a finance lease liability in the balance sheet. Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

INTANGIBLE ASSETS

Intangible assets mainly include software as well as licences, patents and other intangible assets which are capitalised at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of software are between 3 and 5 years.

GOODWILL

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the recognised assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed in the notes to the consolidated financial statements. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated best possible at the date of acquisition. Accordingly, goodwill offset against equity is modified for adjustments resulting later from the final purchase price determination. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net assets recognised.

IMPAIRMENT OF NON-CURRENT ASSETS AND GOODWILL

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for an impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs.

When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised separately in the income statement. As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but only be disclosed in the notes to the consolidated financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments used for hedging of balance sheet items are recognised at fair value on the date a derivative contract is entered into and are recorded as other receivables or other current liabilities. Derivatives are subsequently remeasured to their current fair value at each balance sheet date, with unrealised gains and losses recognised in the income statement. Fair values of derivative financial instruments are determined by reference to current market prices on the balance sheet date. Changes in the fair value of derivative financial instruments used to hedge future cash flows are directly recognised in equity until realised.

Derivatives used to hedge purchases of raw materials with physical settlement (delivery) are excluded from fair value measurement. The Group does not enter into any commodity contracts for speculative purposes.

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency risk as well as interest rate swaps to hedge its exposure to interest rate risk.

FINANCIAL ASSETS

Financial assets include loans to third parties, minority shareholdings as well as deferred income tax assets. Loans receivable and minority shareholdings are stated at cost less appropriate impairment losses.

TRADE ACCOUNTS PAYABLE

Trade accounts payable are recognised at nominal value.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with restructuring is recognised when a detailed restructuring plan has been developed and the measures have been approved before the balance sheet date. For long-term provisions material discounting effects are considered.

BANK DEBT

Bank debt is recognised at nominal value. Discounts are netted with bank debt and recognised on a straight-line basis in the financial result of the income statement over the period of the respective bank loan. Bank debt is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

BONDS

Bonds are initially recorded at issue price net of issue costs. Issue costs and any discount or premium are recognised in the financial result of the income statement over the period of the respective bond.

DIVIDENDS

Dividend payments to shareholders are recognised as a liability in the balance sheet in the period in which the dividends are approved by shareholders.

PENSION BENEFITS

Pension benefit obligations of Group companies are recognised in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a Group company is calculated as at balance sheet date. An economic benefit is recorded, if it will be used for future pension contributions made by the company. An economic obligation is recognised if the requirements to record a provision are met. Unrestricted employer contribution reserves are capitalised as an asset.

The Swiss subsidiaries of the Group have their own legally independent pension schemes financed by employer and employee contributions. The economic impact of a funding surplus or deficit of pension schemes for the Group, the change in employer contribution reserves and the contributions accrued for the period are charged to income as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the respective pension schemes prepared in accordance with Swiss GAAP ARR 26.

There are no significant pension schemes in foreign countries. Certain foreign subsidiaries have unfunded pension schemes and recognise the respective benefit obligation as a provision directly in the balance sheet. Such pension liabilities are calculated using methods accepted in the respective countries with changes charged to income as personnel expenses. In addition, in certain countries there are comprehensive coverages with insurance companies where the paid insurance premiums are recorded as an expense.

SHARE AWARD PLAN

A share award plan for Directors and senior executives has been in place since 2007, see note 27. Share-based payments to Directors and senior executives are measured at market value at the issue date and recognised as personnel expenses. The shares awarded may not be sold for a period of 5 years after issue date. Voting and dividend rights of shares awarded are transferred to beneficiaries at issue date.

CAPITAL MANAGEMENT

The Group has a solid equity base. It consequently focuses the management of its capital structure on the equity of the Group as a whole, the following objectives and policies being relevant:

– Where possible and economically viable, the Group finances its operations through equity, the objective being to maintain an equity ratio of approximately 60%.
– A portion of profits generated is paid out to owners as dividends, taking into account current financing needs and compliance with legal requirements. The current dividend policy is generally to maintain a payout ratio of about one-third of the Group's profit for the year.

2 / RISK MANAGEMENT

Risk assessment
As part of its duties to oversee the management of the Group, the Board of Directors of Dätwyler Holding Inc. conducts a systematic risk assessment at least once a year. At its meeting held on 2 October 2013, the Board of Directors acknowledged management's report on group-wide risk management and approved the proposed actions included therein.

Financial risk management
The Datwyler Group's global operations expose it to a variety of financial risks, including currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The nature of these risks has not changed significantly from the previous year. The Group's financial risk management measures, implemented without change from the previous year, seek to minimise potential adverse effects of the unpredictability of financial markets on the Group's financial performance. For this purpose, derivative financial instruments may be used occasionally to hedge risks and exposures.

Liquidity reserves

in CHF millions	2013	2012
Cash and cash equivalents	122.4	248.5
Money market investments	150.0	–
Available credit lines	280.6	273.6
Total liquidity reserves	**553.0**	**522.1**

Net cash surplus

in CHF millions	2013	2012
Cash and cash equivalents	122.4	248.5
Money market investments	150.0	–
Less short-term bank debt	–66.8	–112.7
Net cash surplus	**205.6**	**135.8**

3 / BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions and disposals during 2013 and 2012 are shown below, see also note 32. The percentages in brackets indicate the percentage voting rights held in each company.

Transactions 2013

COMPANIES ESTABLISHED

TeCo CDC B.V., Amsterdam, the Netherlands (100%)

MERGERS

In September 2013 Nedis Beheer B.V. (100%) and Nedis Holding B.V. (100%) were merged with Datwyler TeCo Holding B.V.
In December 2013 Dreher & Kauf GmbH (100%) was merged with Nedis GmbH.

LIQUIDATIONS

Nedis Macau Commercial Offshore Limited, Macau (100%)

Transactions 2012

ACQUISITIONS

Profiles Division of Phoenix Dichtungstechnik GmbH, Hamburg, Germany
Display Elektronika B.V., Utrecht, the Netherlands (100%), subsequently renamed to Distrelec B.V.
Nedis Group headquartered in 's-Hertogenbosch, the Netherlands (100%) with subsidiaries in twelve countries, see note 35
Anhui Zhongding Taike Automobile Sealing Parts Co., Ltd., Ningguo, China (100%)
Hankook Sealtech Inc. in Daegu, South Korea (100%)
Hyundai Sealtech Manufacturing Pvt., Ltd., Kanchipuram, India (40%)

COMPANIES ESTABLISHED

WDA Assembly s.r.o., Děčín, Czech Republic (25%), at the end of 2012 sold with the Cabling Solutions Division
Datwyler TeCo Holding B.V., Amsterdam, the Netherlands (100%)
Datwyler (Suzhou) Cabling Solutions Co., Ltd., Taicang, China (100%), at the end of 2012 sold with the Cabling Solutions Division

SALES

DP Elfa Electronics, Kiev, Ukraine (100%)
Cabling Solutions Division (100%) sold to the related party Pema Holding AG

4 / SEGMENT INFORMATION

in CHF millions	Technical Components	Sealing Solutions	Cabling Solutions *	Elimi-nations	Total Group
2013					
Revenue from external customers	710.2	671.8	–	–	1'382.0
Inter-segment revenue	1.0	0.4	–	–1.4	–
Total net revenue	711.2	672.2	–	–1.4	1'382.0
EBIT	37.9	98.1	–	–	136.0
EBIT as % of net revenue	5.3%	14.6%	–	–	9.8%

in CHF millions	Technical Components	Sealing Solutions	Cabling Solutions *	Elimi-nations	Total Group
2012					
Revenue from external customers	638.0	547.9	228.3	–	1'414.2
Inter-segment revenue	2.4	0.5	1.1	–4.0	–
Total net revenue	640.4	548.4	229.4	–4.0	1'414.2
EBIT	50.8	58.3	41.9	–	151.0
EBIT as % of net revenue	7.9%	10.6%	18.3%	–	10.7%

** Sold at the end of 2012, see note 32*

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. The Group has been organised into two divisions since the end of 2012.

The result of the Group management functions is allocated to the divisions using a revenue-based key. The divisions are managed independently and their business performance is measured separately.

The Technical Components Division engages in online distribution, branded wholesale and in 2013 specialist distribution with more than 30 distribution and service companies across Europe. Significant operations are located in Switzerland, Germany, the Netherlands as well as in Scandinavia.

The Sealing Solutions Division offers customised sealing solutions in global market segments including health care, automotive, civil engineering and consumer goods. The overall 14 manufacturing and distribution companies are located in Switzerland, Germany, Belgium, the Netherlands, Italy, the Czech Republic, Ukraine, China, South Korea, India, the USA and in Mexico.

For Datwyler Group overall no meaningful order intake or backlog data can be presented because the business in the Technical Components Division is mostly executed on a daily basis with no significant order intake and backlog existing.

Net revenue by geographical region

in CHF millions	2013	2012
Switzerland	298.3	368.7
European Union	762.0	749.1
Rest of Europe	41.9	44.8
North and South America	134.7	111.9
Far East	113.7	102.4
Other markets	31.4	37.3
Total Group	**1'382.0**	**1'414.2**

Net revenue by geographical region corresponds to revenue from external customers by destination.

5 / ADDITIONAL INCOME STATEMENT DISCLOSURES

Material expense of CHF 656.6 million (previous year CHF 716.3 million) is included in the income statement. Net revenue included in the previous year revenues from long-term contracts of CHF 9.2 million generated by the Cabling Solutions Division sold at year-end 2012 (see note 32).

Other operating income includes gain on sale of property, plant and equipment of CHF 16.2 million (previous year CHF 33.4 million), and in the previous year the gain on sale of the Cabling Solutions Division of CHF 5.6 million realised as well as revenue from services and rental income. The gain on sale of property, plant and equipment included in the previous year a gain of CHF 30.2 million resulting from the sale of real estate to the (in terms of personnel and management) independent Datwyler Foundation. The pricing of this transaction was based on independent valuation reports.

6 / PERSONNEL EXPENSES

in CHF millions	2013	2012
Wages and salaries	272.5	276.3
Benefit costs	74.5	68.2
State social security contributions	39.6	38.9
Pension costs (see note 7)	20.9	13.5
Other benefit costs	14.0	15.8
Other employee costs	20.6	14.3
Total personnel expenses	**367.6**	**358.8**

A share award plan for Directors and senior executives has been in place since 2007, see note 27.

7 / EMPLOYEE BENEFIT SCHEMES

Economic benefit/obligation and pension costs

in CHF millions	Funding surplus/deficit according to Swiss GAAP ARR 26	**Economic impact Group**	Economic impact Group	Exchange differences not affecting income	Change to prior year or charge to income current year	Contributions for the period	**Pension costs in personnel expenses**	Pension costs in personnel expenses
	31.12.2013	**31.12.2013**	31.12.2012				**2013**	2012
Welfare funds Switzerland	0.3	–	–	–	–	–	–	–
Pension schemes without funding surplus/deficit Switzerland	–	–	–	–	–	13.8	13.8	8.6
Pension schemes with funding surplus Switzerland	0.4	–	–	–	–	3.4	3.4	2.4
Pension schemes without funding surplus/deficit abroad	–	–	–	–	–	2.5	2.5	2.1
Unfunded pension schemes abroad	–	–3.1	–2.3	0.0	0.8	0.4	1.2	0.4
Total	**–**	**–3.1**	**–2.3**	**0.0**	**0.8**	**20.1**	**20.9**	**13.5**

At year-end 2013, as at the end of the previous year, no employer contribution reserves existed. In 2013, pension costs include an additional employer contribution of CHF 9.1 million.

Summary of pension costs

in CHF millions	Switzerland	Abroad	**Total**
	2013	2013	**2013**
Contributions to pension schemes expensed at Group companies	17.2	2.9	20.1
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	17.2	2.9	20.1
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	17.2	2.9	20.1
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.8	0.8
Total change in economic impact from excess/insufficient coverage	–	0.8	0.8
= Pension costs included in personnel expenses for the period	**17.2**	**3.7**	**20.9**

in CHF millions	Switzerland	Abroad	Total
	2012	2012	**2012**
Contributions to pension schemes expensed at Group companies	11.0	2.3	13.3
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	11.0	2.3	13.3
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	11.0	2.3	13.3
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.2	0.2
Total change in economic impact from excess/insufficient coverage	–	0.2	0.2
= Pension costs included in personnel expenses for the period	**11.0**	**2.5**	**13.5**

8 / DEPRECIATION AND AMORTISATION

in CHF millions	**2013**	2012
Depreciation of property, plant and equipment	50.7	48.1
Amortisation of intangible assets	3.2	3.5
Impairment charges	4.5	0.5
Total depreciation and amortisation	**58.4**	**52.1**

9 / NET FINANCE RESULT

in CHF millions	**2013**	2012
Interest expense on bond, bank and other loans	4.3	2.0
Interest expense on finance leases	0.0	0.0
Fair value loss on forward exchange contracts	1.2	0.1
Net foreign exchange loss on financing activities	4.4	2.2
Finance charges	1.2	1.2
Total interest and finance expenses	11.1	5.5
Interest income on bank deposits and loans receivable	–0.4	–0.9
Securities income	0.0	–0.3
Fair value gain on forward exchange contracts	–1.4	–
Total interest and finance income	–1.8	–1.2
Net finance result (expenses, net)	**9.3**	**4.3**

Foreign exchange gains and losses

in CHF millions	**2013**	2012
Net foreign exchange losses on financing activities	4.4	2.2
Net foreign exchange losses/(gains) on purchase and sale of goods and other	–0.2	0.4
Total net foreign exchange losses	**4.2**	**2.6**

10 / INCOME TAX EXPENSES

in CHF millions	2013	2012
Current income tax expense	28.1	21.9
Deferred income tax expense/(credit)	–21.6	–2.7
Total income tax expenses	**6.5**	**19.2**

The Group's average income tax rate was 22.1% (previous year 18.2%).

Tax loss carryforwards
Total available tax loss carryforwards result in deferred income tax assets, gross, of CHF 49.3 million (previous year CHF 20.3 million), of which a net amount of CHF 30.6 million (previous year CHF 9.6 million) was capitalised. Deferred income tax assets were impacted by valuation allowances for and non-capitalisation of tax loss carryforwards in the amount of CHF 18.7 million (previous year CHF 8.5 million). Deferred income tax assets are recognised for tax loss carryforwards to the extent that according to current estimates it appears probable that future taxable profits will be available against which tax loss carryforwards can be utilised. Deferred tax assets have been recognised in respect of tax losses carried forward mostly relating to tax-effective write-downs of subsidiaries and by companies whose results have been subject to cyclical fluctuations or that have incurred start-up losses and where there are clear indications that they will generate sufficient taxable profits in the foreseeable future.

11 / CASH, CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS

in CHF millions	2013	2012
Cash in hand and at bank	122.4	248.5
Total cash and cash equivalents	**122.4**	**248.5**
Money market investments (maturities 91 to 360 days)	150.0	–
Total cash, cash equivalents and money market investments	**272.4**	**248.5**

12 / TRADE ACCOUNTS RECEIVABLE

in CHF millions	2013	2012
Trade accounts receivable from third parties, gross	188.5	183.3
Provision for impairment of trade accounts receivable	–4.5	–3.6
Total trade accounts receivable from third parties, net	**184.0**	**179.7**
Trade accounts receivable from related parties	0.4	0.5
Total trade accounts receivable, net	**184.4**	**180.2**

Aging analysis of gross trade accounts receivable from third parties

in CHF millions	2013	2012
Not yet due	154.8	142.9
Past due 1–30 days	21.4	24.4
Past due 31–60 days	4.5	6.3
Past due 61–90 days	1.2	2.2
Past due 91–180 days	1.9	3.4
Past due more than 181 days	4.7	4.1
Total trade accounts receivable from third parties, gross	**188.5**	**183.3**

Movements in provision for impairment of trade accounts receivable

in CHF millions	2013	2012
At 1 January	3.6	4.8
Charge for the year	2.9	1.7
Unused amounts reversed	–0.9	–1.1
Receivables written off as uncollectible	–1.1	–1.6
Acquisition / disposal of subsidiaries	–	–0.3
Exchange differences	0.0	0.1
At 31 December	**4.5**	**3.6**
Of which specific provisions for impairment	4.3	3.1

13 / INVENTORIES

in CHF millions	2013	2012
Raw material, gross	18.4	18.8
Consumables, gross	12.2	11.6
Work in progress, gross	11.4	13.0
Finished goods, gross	46.0	43.6
Goods for resale, gross	120.2	124.9
Provision for impairment of inventories	–32.2	–32.9
Total inventories	**176.0**	**179.0**

14 / OTHER RECEIVABLES

in CHF millions	2013	2012
Withholding, capital and value added tax receivable	6.7	5.5
Current income tax assets	4.8	4.0
Prepayments made, advances given and deposits made	1.9	2.2
Accrued interest receivable	0.0	0.0
Derivative assets: forward exchange contracts (see note 29)	2.0	0.3
Accounts receivable from associated companies	0.1	0.5
Current accounts receivable related parties	0.0	1.1
Miscellaneous receivables	5.7	6.8
Provision for impairment of other receivables	–0.2	–0.5
Total other receivables	**21.0**	**19.9**

15 / PROPERTY, PLANT AND EQUIPMENT

in CHF millions	Unbuilt land lots	Real estate	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	Total property, plant and equipment
PROPERTY, PLANT AND EQUIPMENT 2013						
At cost						
At 1 January 2013	3.2	324.4	457.8	45.3	31.6	862.3
Additions	0.0	1.4	11.8	3.7	31.7	48.6
Disposals	–2.4	–8.9	–4.6	–4.0	0.0	–19.9
Transfers	0.0	6.3	27.5	0.8	–34.6	–
Reclassification to current assets	–	–65.7	–18.6	–6.6	–0.1	–91.0
Exchange differences	–0.1	–1.4	–2.5	–0.1	–0.2	–4.3
At 31 December 2013	**0.7**	**256.1**	**471.4**	**39.1**	**28.4**	**795.7**
Accumulated depreciation						
At 1 January 2013	–	–141.8	–287.9	–34.3	–	–464.0
Depreciation expense	–	–10.2	–38.6	–4.0	–	–52.8
Disposals	–	7.1	3.9	3.7	–	14.7
Reclassification to current assets	–	41.2	14.1	4.6	–	59.9
Exchange differences	–	0.2	1.4	–0.1	–	1.5
At 31 December 2013	**–**	**–103.5**	**–307.1**	**–30.1**	**–**	**–440.7**
Net book values						
At 1 January 2013	3.2	182.6	169.9	11.0	31.6	398.3
At 31 December 2013	**0.7**	**152.6**	**164.3**	**9.0**	**28.4**	**355.0**

in CHF millions	Unbuilt land lots	Real estate	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	Total property, plant and equipment
PROPERTY, PLANT AND EQUIPMENT 2012						
At cost						
At 1 January 2012	3.7	340.3	533.4	54.8	38.5	970.7
Additions	–	6.3	25.2	4.1	39.4	75.0
Acquisition/disposal of subsidiaries	–	7.8	–103.7	–9.4	–6.7	–112.0
Disposals	–0.6	–38.0	–22.5	–4.6	–0.5	–66.2
Transfers	–	9.8	28.6	0.7	–39.1	–
Exchange differences	0.1	–1.8	–3.2	–0.3	0.0	–5.2
At 31 December 2012	**3.2**	**324.4**	**457.8**	**45.3**	**31.6**	**862.3**
Accumulated depreciation						
At 1 January 2012	–	–195.7	–386.4	–44.7	–	–626.8
Depreciation expense	–0.5	–9.8	–34.4	–3.9	–	–48.6
Disposal of subsidiaries	–	33.2	110.8	9.8	–	153.8
Disposals	0.5	30.0	20.5	4.2	–	55.2
Exchange differences	–	0.5	1.6	0.3	–	2.4
At 31 December 2012	**–**	**–141.8**	**–287.9**	**–34.3**	**–**	**–464.0**
Net book values						
At 1 January 2012	3.7	144.6	147.0	10.1	38.5	343.9
At 31 December 2012	**3.2**	**182.6**	**169.9**	**11.0**	**31.6**	**398.3**

Acquisition/disposal of subsidiaries include the additions from acquisitions and the disposals on sale of subsidiaries, see also notes 3 and 32. In 2013, impairment charges of CHF 2.1 million (previous year CHF 0.5 million) for buildings and equipment were recognised.

Other details of property, plant and equipment
The carrying amount of property, plant and equipment include among others a building in France leased by a company in the Technical Components Division.

in CHF millions	2013	2012
Leased property, plant and equipment, at cost	0.8	0.8
Accumulated depreciation	–0.1	–0.1
Net book value of property, plant and equipment under finance leases	**0.7**	**0.7**

At year-end, property, plant and equipment with a net book value of CHF 18.3 million (previous year CHF 24.2 million) were pledged or assigned to secure own liabilities. Assets under construction include prepayments made of CHF 9.4 million (previous year CHF 1.4 million). Additions to property, plant and equipment include no capitalised borrowing costs (previous year CHF 0.4 million). At balance sheet date, commitments for capital expenditure on property, plant and equipment amounted to CHF 27.1 million (previous year CHF 7.6 million).

Fire insurance value of property, plant and equipment:

in CHF millions	2013	2012
Buildings	399.3	409.1
Machinery, equipment and vehicles	755.4	833.5
Total fire insurance value of property, plant and equipment	**1'154.7**	**1'242.6**

The assets are insured at replacement value. Business interruption risks are insured throughout the Group.

16 / INTANGIBLE ASSETS

in CHF millions	Software	Other intangible assets	Total intangible assets
INTANGIBLE ASSETS 2013			
At cost			
At 1 January 2013	27.3	2.1	29.4
Additions	9.3	0.0	9.3
Disposals	–7.4	–0.2	–7.6
Reclassification to current assets	–8.4	–	–8.4
Exchange differences	0.1	0.0	0.1
At 31 December 2013	**20.9**	**1.9**	**22.8**
Accumulated amortisation			
At 1 January 2013	–19.9	–0.4	–20.3
Amortisation expense	–5.3	–0.3	–5.6
Disposals	7.4	0.2	7.6
Reclassification to current assets	8.3	–	8.3
Exchange differences	–0.2	0.0	–0.2
At 31 December 2013	**–9.7**	**–0.5**	**–10.2**
Net book values			
At 1 January 2013	7.4	1.7	9.1
At 31 December 2013	**11.2**	**1.4**	**12.6**

in CHF millions	Software	Other intangible assets	Total intangible assets
INTANGIBLE ASSETS 2012			
At cost			
At 1 January 2012	27.8	0.2	28.0
Additions	5.3	0.1	5.4
Acquisition/disposal of subsidiaries	–5.6	1.9	–3.7
Disposals	–0.2	–	–0.2
Exchange differences	–0.0	–0.1	–0.1
At 31 December 2012	**27.3**	**2.1**	**29.4**
Accumulated amortisation			
At 1 January 2012	–21.1	–0.1	–21.2
Amortisation expense	–3.2	–0.3	–3.5
Disposal of subsidiaries	4.3	–	4.3
Disposals	0.2	–	0.2
Exchange differences	–0.1	–0.0	–0.1
At 31 December 2012	**–19.9**	**–0.4**	**–20.3**
Net book values			
At 1 January 2012	6.7	0.1	6.8
At 31 December 2012	**7.4**	**1.7**	**9.1**

Intangible assets include no assets under finance leases (previous year none). Additions to software do not include any capitalised cost (previous year CHF 0.5 million). In 2013, impairment charges of CHF 2.4 million (previous year none) for software were recognised.

Goodwill from acquisitions
Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed below:

Theoretical movement schedule for goodwill

in CHF millions	2013	2012
At cost		
At 1 January	564.4	368.1
Additions from acquisition of subsidiaries	–	196.3
Adjustments from earn-out agreements	1.4	–
Elimination of fully amortised goodwill items	–296.3	–
At 31 December	**269.5**	**564.4**
Accumulated amortisation		
At 1 January	–332.6	–246.1
Amortisation expense	–74.0	–86.5
Impairment charges	–	–
Elimination of fully amortised goodwill items	296.3	–
At 31 December	**–110.3**	**–332.6**
Theoretical net book values		
At 1 January	231.8	122.0
At 31 December	**159.2**	**231.8**

Goodwill is theoretically amortised on a straight-line basis usually over 5 years. The carrying amounts of goodwill existing on conversion from IFRS to Swiss GAAP ARR at 1 January 2009 have been included in the theoretical movement schedule above using the closing rates prevailing at 1 January 2009. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

Impact on income statement

in CHF millions	2013	2012
Operating result (EBIT) according to income statement	136.0	151.0
Amortisation of goodwill	–74.0	–86.5
Theoretical operating result (EBIT) incl. amortisation of goodwill	62.0	64.5
Net result according to income statement	120.2	127.5
Amortisation of goodwill	–74.0	–86.5
Theoretical net result incl. amortisation of goodwill	46.2	41.0

Impact on balance sheet

in CHF millions	2013	2012
Equity according to balance sheet	660.8	550.9
Theoretical capitalisation of goodwill (net book value)	159.2	231.8
Theoretical equity incl. net book value of goodwill	820.0	782.7
Equity according to balance sheet	660.8	550.9
Equity as % of total assets	58.8%	51.1%
Theoretical equity incl. net book value of goodwill	820.0	782.7
Theoretical equity incl. net book value of goodwill as % of total assets	63.9%	59.7%

17/ FINANCIAL ASSETS

in CHF millions	2013	2012
Long-term loans to third parties	4.7	0.6
Investments in associated companies	0.5	1.0
Minority shareholdings	–	0.0
Deferred income tax assets (see note 23)	55.1	35.6
Other financial investments	1.3	1.2
Total financial assets	**61.6**	**38.4**

18 / BANK DEBT

in CHF millions	2013	2012
Bank overdrafts	4.5	4.4
Current portion of long-term bank loans	62.3	108.3
Total short-term bank debt	**66.8**	**112.7**
Long-term bank loans	14.3	42.6
Total bank debt	**81.1**	**155.3**
Secured portion of short-term and long-term bank debt	16.2	12.8

Maturity of long-term bank debt

in CHF millions	2013	2012
Within 2 years	10.2	23.4
Within 3 years	4.1	10.4
Within 4 years	–	4.2
Within 5 years	–	4.2
Beyond 5 years	–	0.4
Total long-term bank debt	**14.3**	**42.6**

In 2013, early repayments were made for certain long-term bank debt.

19 / BOND

On 7 December 2012 a 1.125% CHF 150.0 million bond was placed at an issue price of 100.5%. Interest payments are due annually on 7 June and the bond is repayable on 7 June 2018.

20 / TRADE ACCOUNTS PAYABLE

Trade accounts payable include accounts payable to related parties of CHF 0.2 million (previous year CHF 0.7 million).

21 / OTHER LIABILITIES

Other current liabilities

in CHF millions	2013	2012
Customer advances received	4.6	3.7
Social security liabilities	6.8	5.1
Current income tax liabilities	17.5	12.9
Capital and value added tax liabilities	5.5	5.7
Current finance lease liabilities (see notes 15 and 16)	0.1	0.1
Other short-term loans payable and financial liabilities	4.4	5.8
Deferred earn-out obligations	9.9	11.9
Derivative liabilities: forward exchange contracts (see note 29)	0.9	0.5
Accounts payable to associated companies	–	0.0
Other current liabilities to related parties	0.0	0.0
Miscellaneous current liabilities	0.1	0.1
Total other current liabilities	**49.8**	**45.8**

Other long-term liabilities

Other long-term liabilities include long-term finance lease liabilities of CHF 0.1 million (previous year CHF 0.1 million) and in the previous year deferred earn-out obligations of CHF 10.1 million, see also note 32.

22 / PROVISIONS

in CHF millions	Employees and social security	Restructuring	Warranty and liability claims	Environment and infrastructure	Other	Total
PROVISIONS 2013						
At 1 January 2013	33.4	1.4	3.2	1.0	1.8	40.8
Charges	40.6	17.4	1.5	0.1	0.8	60.4
Uses	–38.2	–3.6	–0.4	0.0	–0.8	–43.0
Unused amounts reversed	–1.0	–0.1	–0.2	–0.4	–0.2	–1.9
Exchange differences	0.1	–0.3	–0.1	0.0	0.1	–0.2
At 31 December 2013	**34.9**	**14.8**	**4.0**	**0.7**	**1.7**	**56.1**
Thereof current provisions	27.3	8.3	1.5	0.1	1.3	38.5
Thereof long-term provisions	7.6	6.5	2.5	0.6	0.4	17.6

in CHF millions	Employees and social security	Restructuring	Warranty and liability claims	Environment and infrastructure	Other	Total
PROVISIONS 2012						
At 1 January 2012	28.4	3.2	4.7	3.7	3.0	43.0
Charges	32.6	2.0	1.4	0.0	1.1	37.1
Uses	–30.1	–3.2	–0.7	–0.6	–2.5	–37.1
Unused amounts reversed	–1.0	–0.7	–0.7	–0.0	–0.6	–3.0
Acquisition/disposal of subsidiaries	3.6	–	–1.5	–2.0	0.7	0.8
Exchange differences	–0.1	0.1	0.0	–0.1	0.1	0.0
At 31 December 2012	**33.4**	**1.4**	**3.2**	**1.0**	**1.8**	**40.8**
Thereof current provisions	24.0	1.4	1.3	–	1.4	28.1
Thereof long-term provisions	9.4	–	1.9	1.0	0.4	12.7

Discounting
Significant discounting effects for long-term provisions are recognised.

Employees and social security
This provision covers holiday pay, overtime, bonuses, employee retention plans, incentive pay and similar liabilities. The provisions are calculated based on actual data.

Restructuring
The restructuring provisions charged to income in the Technical Components Division amounting to CHF 14.2 million and in the Sealing Solutions Division amounting to CHF 3.2 million include obligations relating to headcount reductions and to long-term rental contracts for warehouses becoming redundant as a result of concentrating various locations.

Warranty and liability claims
The Datwyler Group gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements. The provision is calculated from past experience. The current provision for liability claims is based on actual claims reported, which are generally settled within one year. The long-term provision is based on historical experience for normally five- to ten-year warranties.

Environment and infrastructure
This provision relates to liabilities for the clean-up of long-used contaminated manufacturing sites and costs expected to be incurred in the restoration and repair of infrastructure. The provision is determined based on detailed cost estimates.

23 / DEFERRED INCOME TAX ASSETS/LIABILITIES

in CHF millions	2013	2012
At 1 January		
Deferred income tax assets	35.6	32.1
Deferred income tax liabilities	19.0	23.3
Deferred income tax (assets)/liabilities, net	**–16.6**	**–8.8**
Deferred income tax expense/(credit)	–21.6	–2.7
Charges directly to equity	0.4	–0.7
Acquisition/disposal of subsidiaries (see note 32)	–	–4.1
Exchange differences	–0.1	–0.3
At 31 December		
Deferred income tax assets (see note 17)	55.1	35.6
Deferred income tax liabilities	17.2	19.0
Deferred income tax (assets)/liabilities, net	**–37.9**	**–16.6**

Deferred income taxes are calculated at every subsidiary using the local effective income tax rates (average around 20%, previous year average around 20%) applicable.

24 / SHARE CAPITAL

Composition

in CHF	2013	2012
22 million registered shares of CHF 0.01 each	220'000	220'000
12.6 million bearer shares of CHF 0.05 each	630'000	630'000
Total share capital	**850'000**	**850'000**

Per share data

	2013	2012
Bearer shares		
Par value (CHF)	0.05	0.05
Number issued	12'600'000	12'600'000
Number with voting rights and ranking for dividend	11'533'577	11'184'653
Proposed/approved dividend per bearer share (CHF)	2.80	2.60
Registered shares		
Par value (CHF)	0.01	0.01
Number issued	22'000'000	22'000'000
Number ranking for dividend	22'000'000	22'000'000
Proposed/approved dividend per registered share (CHF)	0.56	0.52
Total par value of shares ranking for dividend (CHF)	796'679	779'233
Authorised additional share capital	none	none
Authorised contingent share captial	none	none
Registration/voting restrictions	none	none
Opting-out and opting-up provisions	none	none

25 / NET RESULT PER SHARE

Net result per share is calculated by dividing net result by the weighted average number of shares in issue and ranking for dividend, excluding the weighted average number of treasury shares, see notes 26 and 27. The weighted value of the 22’000’000 registered shares represents 4’400’000 bearer shares.

	2013	2012
Net result reported in the income statement (CHF millions)	120.2	127.5
Weighted average number of shares	15'823'849	15'486'635
Net result per bearer share ranking for dividend (in CHF)	7.60	8.23

There were no dilutive effects in 2013 and 2012.

26 / TREASURY SHARES

At the end of 2013, the Group held 1'066'423 (previous year 1'415'347) treasury shares with a par value of CHF 0.05 each (previous year CHF 0.05). In 2013 a total of 329'124 (previous year 99'553) treasury shares were sold on the stock exchange at an average price of CHF 100.11 (previous year CHF 83.11) with net proceeds of CHF 30.4 million (previous year CHF 8.3 million), net of income taxes of CHF 2.6 million.

26'000 bearer shares of then CHF 500 each were created by a resolution passed by the General Meeting on 18 November 1989, disapplying the pre-emption rights of shareholders and participation certificate holders, to provide for the exercise of options, warrants or conversion rights and for other purposes in the company's interest. These shares are not entitled to vote and do not rank for dividend until they are used. Following the resolution passed by the Annual General Meeting on 24 April 2007 to cancel 10'000 unissued bearer shares of CHF 500 each, the 100-for–1 share split on 6 July 2007, the par value reduction from CHF 5.00 to CHF 0.05 on 14 July 2008, the award of treasury shares to those eligible under the share award plan in the years 2008 to 2013 and the sale of treasury shares starting in 2012, the Group held 1'066'423 unissued bearer shares of CHF 0.05 each at the end of 2013. The par value of these shares totalling CHF 53'321 (previous year CHF 70'767) has been deducted from the CHF 850'000 (previous year CHF 850'000) share capital of Dätwyler Holding Inc.

27 / SHARE AWARD PLAN

Since 2007, Directors and senior executives have received a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc. Share-based payments to Directors and senior executives are measured at market value and recognised as personnel expenses at issue date. The shares awarded may not be sold for a period of 5 years after issue date. Voting and dividend rights of shares awarded are transferred to beneficiaries at issue date. In 2013, Directors were awarded a total of 9'600 (previous year 9'600) bearer shares and senior executives were awarded a total of 10'200 (previous year 10'100) bearer shares of Dätwyler Holding Inc. Personnel expenses relating to the share award plan amount to CHF 2.0 million (previous year CHF 1.4 million), and the increase of additional paid-in capital, net of applicable income taxes, was CHF 1.8 million (previous year CHF 1.4 million).

28 / SHAREHOLDERS

At year-end 2013, Pema Holding AG holds as in the previous year all 22'000'000 registered shares, plus 4'550'000 (previous year 4'550'000) of the total of 12'600'000 bearer shares of Dätwyler Holding Inc. This represents 79.17% (previous year 80.01%) of the voting rights and 52.65% (previous year 52.65%) of the share capital. Non-voting unissued bearer shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The entire share capital of Pema Holding AG was contributed to Datwyler Führungs AG, indirectly giving it a majority of the voting rights in Dätwyler Holding Inc.

The Board of Dätwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3% or more of the total voting rights.

29 / DERIVATIVE FINANCIAL INSTRUMENTS

The Group economically hedges part of its exposure to foreign currency risk on trade accounts receivable and payable as well as intercompany loans. Forward exchange contracts and currency options, which generally have maturities of less than 12 months, are used as hedging instruments.

Unsettled forward exchange contracts

in CHF millions	31.12.2013	31.12.2012
Positive fair value	2.0	0.3
Notional amounts	188.6	36.6
Negative fair value	0.9	0.5
Notional amounts	63.8	57.0

These forward exchange contracts have maturities until December 2014. Positive fair values are recorded as other receivables (note 14), while negative fair values have been recognised in other current liabilities (note 21).

30 / CONTINGENT LIABILITIES

The Group has a number of risks arising in the ordinary course of business from contingent or probable liabilities in connection with litigation cases and outstanding tax assessments. Provisions have been recognised to the extent that the outcome of such matters can be reliably estimated. No provisions have been made where the outcome is uncertain or the risk is not quantifiable.

At year-end 2013, guarantees of CHF 1.3 million (previous year CHF 2.6 million) in favour of third parties existed. The Datwyler Group has not given any other guarantees in respect of its business relationships with third parties. Performance bonds and guarantees within the Group have been eliminated on consolidation. There are no subordination agreements with third parties.

When the Precision Tubes Division was sold at the end of 2007, the Group granted usual contractual guarantees to the purchasers in respect of environmental contamination, etc. This guarantee is limited to a maximum of CHF 16.4 million and applies to certain cases on a degressive basis for a maximum period of 10 years or until statute-barred. At present, no claims by the purchaser are known.

31 / COMMITMENTS

Maturities of commitments under operating leases and long-term rental agreements:

in CHF millions	2013	2012
Less than one year	11.5	11.5
Between 2 and 5 years	15.8	25.2
Over 5 years	1.2	1.4
Total commitments	**28.5**	**38.1**

Operating lease payments recognised as an expense in the income statement amounted to CHF 14.8 million (previous year CHF 13.0 million). There are no individually significant operating leases. Additional commitments of CHF 67.3 million (previous year CHF 21.7 million) relate to IT outsourcing contracts for the years 2014 to 2019.

32 / ACQUISITION AND SALE OF SUBSIDIARIES

Acquisitions and sales of subsidiaries had the following effect on the Group's assets and liabilities in the previous year:

Acquisitions in 2012
At the beginning of January 2012 the Profiles Division of Phoenix Dichtungstechnik GmbH, Hamburg, Germany, was acquired in the Sealing Solutions Division. The Profiles Division of Phoenix is a leading international manufacturer of high-quality elastomeric seals and gaskets. At the beginning of April 2012, Display Elektronika B.V., domiciled in Utrecht, the Netherlands, with net assets of CHF 0.1 million was fully acquired by the Technical Components Division. In 2012, the acquired businesses employing an average of 260 people generated net revenue of CHF 62.7 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from the transactions.

in CHF millions	Carrying amount	Fair value adjustments	**Fair value on acquisition**
Cash and cash equivalents	0.0	–	0.0
Trade accounts receivable	0.3	–	0.3
Inventories	3.0	–0.3	2.7
Other current assets	0.2	–	0.2
Property, plant and equipment	3.6	–	3.6
Intangible assets	0.0	1.8	1.8
Deferred income tax assets	–	4.2	4.2
Current liabilities	–0.5	–0.3	–0.8
Long-term liabilities	–0.1	–0.2	–0.3
Net assets acquired at fair value			**11.7**
Goodwill including directly attributable transaction costs			10.9
Total			22.6
Less cash and cash equivalents acquired			–0.0
Net cash outflow on acquisition			**22.6**

At the beginning of September 2012, the Nedis Group was fully acquired by the Technical Components Division. Headquartered in 's-Hertogenbosch, the Netherlands, the Nedis Group ranks as Europe's number two wholesaler of IT and electronics accessories with subsidiaries in twelve countries. For the four months from beginning of September to the end of December 2012, the acquired businesses employing an average of 416 people generated net revenue of CHF 46.6 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from the transactions.

in CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	8.8	–	8.8
Trade accounts receivable	19.4	–0.2	19.2
Inventories	34.5	–0.9	33.6
Other current assets	3.2	–	3.2
Property, plant and equipment	27.9	12.5	40.4
Intangible and financial assets	1.1	–0.7	0.4
Current liabilities	–49.4	–	–49.4
Long-term liabilities	–27.0	–1.9	–28.9
Net assets acquired at fair value			**27.3**
Goodwill including directly attributable transaction costs			88.0
Total			115.3
Less cash and cash equivalents acquired			–8.8
Net cash outflow on acquisition			**106.5**

In October 2012, Anhui Zhongding Taike Automobile Sealing Parts Co., Ltd. in Ningguo, China and Hankook Sealtech Inc. in Daegu, South Korea, were fully acquired by the Sealing Solutions Division together with a 40% interest in Hyundai Sealtech Manufacturing Pvt., Ltd. in Kanchipuram, India. The acquired companies are the leading suppliers of rubber seals and gaskets for the automotive industry in Asia. For the three months from October to December 2012, the acquired businesses employing an average of 1'834 people generated net revenue of CHF 20.6 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from the transactions.

in CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	7.0	–	7.0
Trade accounts receivable	20.8	–	20.8
Inventories	6.6	0.5	7.1
Other current assets	1.6	2.6	4.2
Property, plant and equipment	27.0	1.0	28.0
Intangible and financial assets	2.7	–1.5	1.2
Current liabilities	–19.5	–0.1	–19.6
Long-term liabilities	–3.2	–3.1	–6.3
Net assets acquired at fair value			**42.4**
Goodwill including directly attributable transaction costs			97.4
Total			139.8
Less cash and cash equivalents acquired			–7.0
Less deferred earn-out obligations			–22.0
Net cash outflow on acquisition			**110.8**

Sales in 2012

In the Technical Components Division the subsidiary DP Elfa Electronics, Kiev, Ukraine, was sold in April 2012. The financial impact on the consolidated financial statements is insignificant.

On 31 December 2012 the Cabling Solutions Division was sold to the related party Pema Holding AG. In 2012, the businesses disposed of employing an average of 904 people generated net sales of CHF 229.4 million (see note 4). The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the gain on sale resulting from the transaction.

in CHF millions	Carrying amount on sale
Cash and cash equivalents	26.0
Trade accounts receivable	27.8
Inventories	50.5
Other current assets	8.1
Property, plant and equipment, intangible and financial assets	33.1
Current liabilities	–64.9
Long-term liabilities	–30.7
Net assets disposed of	**49.9**
Cumulative translation adjustments	1.6
Goodwill charged to income on sale of subsidiaries	1.1
Gain on sale of division	5.6
Consideration (equity value)	58.2
Less cash and cash equivalents disposed of	–26.0
Less sales proceeds payable	–1.1
Net cash inflow on disposal	**31.1**

Including the repayment of loans the contractually agreed selling price (enterprise value) of CHF 95.0 million resulted from this transaction.

33 / RELATED PARTY TRANSACTIONS

Pema Holding AG
The details of the sale of the Cabling Solutions Division to Pema Holding AG executed on 31 December 2012 are disclosed in note 32. The pricing of this transaction was based on two independent valuation reports. Transactions between the companies include the dividend payments to Pema Holding AG and administrative costs of CHF 20'000 charged in 2013 (previous year CHF 20'000) for administration and accounting services provided by Alvest AG.
In addition, the following transactions with Pema Holding AG and its subsidiaries occured in 2013: Net revenue of CHF 1.2 million, material expense of CHF 1.0 million, IT and trademark service revenues, rental income and other service revenue of CHF 5.3 million in total and service expenses of CHF 0.8 million. Accounts receivable and payable with Pema Holding AG and its subsidiaries are disclosed as items with related parties in notes 12, 14, 20 and 21.

Pension schemes
Alvest AG charged administrative costs of CHF 0.2 million (previous year CHF 0.2 million) to the pension schemes.

Remuneration of Directors and Executive Board members
The information required by Art. 663b^{bis} and Art. 663c (transparency requirements) of the Swiss Code of Obligations is disclosed in note 2 to the financial statements of Dätwyler Holding Inc.

The remuneration of Directors of Dätwyler Holding Inc. consists of a fixed fee in the form of cash and shares. Their remuneration last year totalled CHF 1.699 million (previous year CHF 1.401 million), of which cash accounted for CHF 0.650 million (previous year CHF 0.650 million), shares for CHF 0.957 million (previous year CHF 0.674 million) and social benefits for CHF 0.092 million (previous year CHF 0.077 million).

The remuneration paid to Executive Board members consists of a fixed salary, a share award and a variable bonus up to a maximum of 150% of base salary. Former Executive Board members receive no form of remuneration other than benefits under the regular and supplementary pension schemes. No termination benefits were paid in the current year (previous year none). The total remuneration of Executive Board members for the year was

CHF 5.671 million (previous year CHF 6.335 million). Of the total remuneration, CHF 2.064 million (previous year CHF 2.458 million) were fixed salaries, CHF 0.738 million (previous year CHF 0.562 million) equity-settled payments in the form of shares, CHF 1.880 million (previous year CHF 2.102 million) cash bonuses and CHF 0.989 million (previous year CHF 1.213 million) social benefits and other costs. Social benefits include pension fund contributions of CHF 0.576 million (previous year CHF 0.632 million).

34 / EVENTS AFTER BALANCE SHEET DATE

On 10 February 2014, the Datwyler Group signed an agreement with the Dutch-based Eriks Group to sell the operating Maagtechnic specialist distribution companies in the Technical Components Division. Completion of the agreement is expected in April 2014 after the contractual conditions have been met. The income statement of the specialist distribution companies are presented as discontinued operations and comparative previous year figures have been reclassified accordingly. Property, plant and equipment and intangible assets of the companies to be sold were reclassified as current assets held for sale in the balance sheet at 31 December 2013. The estimated net result of discontinued operations in 2014 will not be significant.

The Board of Directors and the Executive Board are not aware of any other significant events occurring up to the date of approval of the consolidated financial statements on 25 February 2014 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

35 / SUBSIDIARIES AND INVESTMENTS

Dätwyler Holding Inc. directly or indirectly owned the following companies at 31 December 2013:

		Registered office	Original currency	Capital in original currency (in millions)	Group's interest in %	Footnote	Technical Components	Sealing Solutions	Service and financial companies
SWITZERLAND	Alvest AG	Altdorf	CHF	15.000	100	K*			●
	Dätwyler AG	Altdorf	CHF	0.100	100	K*			●
	Dätwyler IT Services AG	Altdorf	CHF	0.100	100	K*			●
	Dätwyler Pharma Pack Holding AG	Altdorf	CHF	39.000	100	K*		●	
	Dätwyler Schweiz AG	Altdorf	CHF	32.000	100	K*	□	○	●
	Dätwyler Sealing Solutions International AG	Schattdorf	CHF	0.100	100	K		●	
	Dätwyler Teco Holding AG	Altdorf	CHF	9.900	100	K*	●		
	Distrelec AG	Altdorf	CHF	0.050	100	K	●		
	Gummi Maag AG	Dübendorf	CHF	0.050	100	K	●		
	Dätwyler Immobilien AG	Altdorf	CHF	0.100	100	K*			●
	Maag Technic AG	Altdorf	CHF	0.090	100	K*			●
	MDT-Immobilien AG	Dübendorf	CHF	2.000	100	K	●		
	Pohl Immobilien AG	Schattdorf	CHF	1.600	100	K		●	
	Proditec AG	Nänikon	CHF	0.300	100	K	□		
	Teco Immobilien AG	Altdorf	CHF	0.500	100	K	●		
BELGIUM	Datwyler Pharma Packaging Belgium NV	Alken	EUR	15.778	100	K		○	
	Datwyler Pharma Packaging International NV	Alken	EUR	107.330	100	K		●	
	Nedis NV	Geel	EUR	0.062	100	K	□		

		Registered office	Original currency	Capital in original currency (in millions)	Group's interest in %	Footnote	Technical Components	Sealing Solutions	Service and financial companies
CHINA	Datwyler Sealing Technologies (Anhui) Co., Ltd.	Ningguo	USD	5.000	100	K		○	
	Datwyler Sealing Technologies (Wuxi) Co., Ltd.	Wuxi	USD	5.000	100	K		○	
DENMARK	Elfa Distrelec A/S	Aarhus	DKK	1.000	100	K	□		
GERMANY	Dätwyler Pharma Packaging Deutschland GmbH	Karlsbad	EUR	2.600	100	K		○	
	Dätwyler Sealing Technologies Deutschland GmbH	Waltershausen	EUR	0.256	100	K		○	
	Dätwyler Teco Holding (Deutschland) GmbH	Göppingen	EUR	3.100	100	K	●		
	Distrelec Schuricht GmbH	Bremen	EUR	0.800	100	K	□		
	Maag Technic GmbH	Göppingen	EUR	2.600	100	K	□		
	Nedis GmbH	Willich	EUR	0.026	100	K	□		
	Reichelt Elektronik GmbH & Co. KG	Sande	EUR	3.000	100	K	□		
	Wachendorf GmbH	Göppingen	EUR	0.030	100	K	●		
UK	Bandridge International Limited	Pinner	GBP	0.040	100	K	●		
	Fameart Limited	Leicester	GBP	0.122	100	K	●		
	Nedis (UK) Limited	Leicester	GBP	0.009	100	K	□		
ESTONIA	Elfa Distrelec AS	Tallinn	EUR	0.079	100	K	□		
FINLAND	Elfa Distrelec Oy	Helsinki	EUR	0.020	100	K	□		
	Nedis Oy	Savonlinna	EUR	0.017	100	K	□		
FRANCE	B.R.I. Sarl	Sainte-Luce-sur-Loire	EUR	0.008	100	K	●		
	Maagtechnic Holding France SAS	Vaulx-en-Velin	EUR	16.050	100	K	●		
	Maagtechnic SAS	Vaulx-en-Velin	EUR	2.166	100	K	○		
	Maagtechnic Soded	Saint-Marcellin	EUR	0.400	100	K	○		
	Nedis SAS	Cergy Pontoise	EUR	0.100	100	K	□		
	Nedis Logistic SAS	Cergy Saint Christophe	EUR	0.010	100	K	●		
	Nedis Management SAS	Saint Ouen l'Aumone	EUR	0.010	100	K	●		
HONG KONG	Teco Asia Limited	Hong Kong	HKD	0.010	100	K	●		
INDIA	Datwyler Pharma Packaging India Private Limited	New Delhi	INR	550.590	100	K		○	
	Hyundai Sealtech Manufacturing Pvt., Ltd.	Kanchipuram	INR	130.100	40	E		○	
ITALY	CIF srl	Veggiano	EUR	0.014	8	B		○	
	Datwyler Pharma Packaging Italy srl	Milano	EUR	2.000	100	K		○	
	Distrelec Italia srl	Milano	EUR	1.275	100	K	□		
	Nedis Italia srl	Udine	EUR	0.100	100	K	□		
LATVIA	Elfa Distrelec SIA	Riga	LVL	0.006	100	K	□		
LITHUANIA	Elfa Distrelec UAB	Vilnius	LTL	0.010	100	K	□		

		Registered office	Original currency	Capital in original currency (in millions)	Group's interest in %	Footnote	Technical Components	Sealing Solutions	Service and financial companies
MEXICO	Datwyler Sealing Technologies Mexico S DE RL DE CV	Silao	MXN	82.000	100	K		○	
NETHERLANDS	Datwyler TeCo Holding B.V.	Amsterdam	EUR	0.018	100	K	●		
	Distrelec B.V.	Utrecht	EUR	0.064	100	K	●		
	Matrijzenmakerij Maro B.V.	Roosendaal	EUR	0.018	100	K		○	
	Nedis B.V.	Hedel	EUR	0.045	100	K	□		
	Nedis Group B.V.	's-Hertogenbosch	EUR	0.018	100	K	●		
	TeCo CDC B.V.	Amsterdam	EUR	0.018	100	K	●		
NORWAY	Elfa Distrelec AS	Oslo	NOK	0.200	100	K	□		
AUSTRIA	Distrelec Gesellschaft m.b.H.	Wien	EUR	0.145	100	K	□		
POLAND	Elfa Distrelec Spz oo	Warschau	PLN	0.100	100	K	□		
SWEDEN	Distrelec Sweden AB	Stockholm	SEK	0.100	100	K	●		
	Elfa Distrelec AB	Stockholm	SEK	5.000	100	K	□		
	Nedis AB	Jönköping	SEK	3.575	100	K	□		
	Nordic Power i Strömstad AB	Stockholm	SEK	0.100	100	K	□		
SLOVAKIA	Nedis Slovakia a.s.	Bratislava	EUR	0.066	100	K	□		
SPAIN	Nedis Iberia SL	Valencia	EUR	1.474	100	K	□		
SOUTH KOREA	Datwyler Korea Inc.	Daegu	KRW	1'131.000	100	K		○	
CZECH REPUBLIC	Datwyler Sealing Technologies CZ s.r.o.	Novy Bydzov	CZK	20.000	100	K		○	
	Maagtechnic s.r.o.	Dobruska	CZK	2.000	100	K	○		
	Nedis Kerr s.r.o.	Trutnov	CZK	0.100	100	K	□		
UKRAINE	Datwyler Sealing Technologies Ukraine JSC	Malyn	UAH	12.500	100	K		○	
HUNGARY	Nedis Kft.	Budapest	HUF	13.040	100	K	□		
USA	Datwyler Pharma Packaging USA Inc.	Pennsauken	USD	9.130	100	K		○	

○ *Manufacturing and sales*
□ *Distribution*
● *Services / finance / property*

K = *Consolidated at 31 December*
E = *Accounted for using the equity method*
B = *Recorded as other financial investments at cost (less any impairment)*
* = *Held directly by Dätwyler Holding Inc.*

Report of the Statutory Auditor on the Consolidated Financial Statements

pwc

Report of the statutory auditor
to the General Meeting of
Dätwyler Holding Inc.
Altdorf

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Dätwyler Holding Inc., which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 58 to 93), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Josef Stadelmann
Audit expert

Zürich, 25 February 2014

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Dätwyler Holding Inc.

Income Statement 96

Balance Sheet 97

Notes to the Financial Statements 98

Proposed Appropriation of Retained Earnings 105

Report of the Statutory Auditor on the Financial Statements 106

Income Statement

in CHF	Notes	2013	2012
Investment income		47'570'000	51'167'500
Gain on disposal of investment	1	0	20'059'000
Financial income	1	24'256'587	25'087'863
Finance costs	1	–1'874'522	–411'208
Net finance income		22'382'065	44'735'655
Personnel expenses	2	–1'698'718	–1'401'080
Administrative expenses	3	–2'341'650	–2'644'916
Other income		50'000	50'000
Profit before tax		65'961'697	91'907'159
Income tax expense		–1'248'781	–1'683'159
Profit for the year		**64'712'916**	**90'224'000**

Notes 1 to 3, see pages 98 to 101.

Balance Sheet

Assets

in CHF	Notes	31.12.2013	31.12.2012
Investments	4	151'991'243	151'991'243
Loans to Group companies	5	903'070'182	877'679'782
Non-current assets		1'055'061'425	1'029'671'025
Other receivables from Group companies		307'861	108'848
Other receivables from related parties		0	1'059'000
Other receivables from third parties		372'131	462'508
Cash and cash equivalents		6'795	50'903
Current assets		686'787	1'681'259
Total assets		**1'055'748'212**	**1'031'352'284**

Equity and liabilities

in CHF	Notes	31.12.2013	31.12.2012
Share capital	6	850'000	850'000
Statutory reserves	7	87'053'321	87'070'767
of which general reserve		87'000'000	87'000'000
of which reserve for treasury shares	8	53'321	70'767
Special reserve	9	305'209'997	305'192'551
Retained earnings		510'211'746	486'445'650
Equity		903'325'064	879'558'968
Bond	10	150'000'000	150'000'000
Long-term liabilities		150'000'000	150'000'000
Other current liabilities	11	2'423'148	1'793'316
Current liabilities		2'423'148	1'793'316
Liabilities		152'423'148	151'793'316
Total equity and liabilities		**1'055'748'212**	**1'031'352'284**

Notes 4 to 11, see pages 102 to 104.

Notes to the Financial Statements

1 / NET FINANCE INCOME

The finance income from interest-bearing amounts owed by Group companies comes to CHF 24'256'587. The finance costs of CHF 1'874'522 include interest on bonds, as well as commission and bank charges.

2 / PERSONNEL EXPENSES

Personnel expenses include all expenses of the Board of Directors. The disclosures required by the Transparency Act in respect of remuneration, loans/credits and interests granted to current and former key management personnel (Directors and Executive Management members) and persons connected with key management personnel are presented below:

Remuneration in 2013

in CHF							
Last name and first name	Function	Fixed cash salary	Variable incentive	Share participation		Benefits	Total remuneration
				Number	Fair value		
Directors							
Graf Ulrich*	Chairman	170'000	0	2'400	239'280	22'890	432'170
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	169'490	15'161	294'651
Fässler Hanspeter	Director	90'000	0	1'100	109'670	13'481	213'151
Huber Gabi	Director	50'000	0	1'100	109'670	10'286	169'956
Inderbitzin Werner	Director	70'000	0	1'100	109'670	9'318	188'988
Lienhard Ernst	Director	90'000	0	1'100	109'670	10'697	210'367
Odermatt Ernst	Director	70'000	0	1'100	109'670	9'765	189'435
Total for Directors		**650'000**	**0**	**9'600**	**957'120**	**91'598**	**1'698'718**
Executive Management							
Hälg Paul J.*	CEO	800'004	940'000	3'300	329'010	344'690	2'413'704
Total for Executive Management		**2'063'504**	**1'880'000**	**7'400**	**737'780**	**989'518**	**5'670'802**

Remuneration in 2012

in CHF							
Last name and first name	Function	Fixed cash salary	Variable incentive	Share participation		Benefits	Total remuneration
				Number	Fair value		
Directors							
Graf Ulrich*	Chairman	170'000	0	2'400	168'600	19'250	357'850
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	119'425	12'579	242'004
Fässler Hanspeter	Director	90'000	0	1'100	77'275	11'691	178'966
Inderbitzin Werner	Director	70'000	0	1'100	77'275	7'649	154'924
Lienhard Ernst	Director	90'000	0	1'100	77'275	9'028	176'303
Odermatt Ernst	Director	70'000	0	1'100	77'275	10'212	157'487
Steinegger Franz	Director	50'000	0	1'100	77'275	6'271	133'546
Total for Directors		**650'000**	**0**	**9'600**	**674'400**	**76'680**	**1'401'080**
Executive Management							
Hälg Paul J.*	CEO	750'000	1'055'000	3'300	231'825	348'591	2'385'416
Total for Executive Management		**2'458'195**	**2'102'167**	**8'000**	**562'000**	**1'212'916**	**6'335'278**

** Highest remuneration*

Explanatory notes:

1. The fixed cash salary for Directors remained unchanged compared to the previous year. Cash payments are contingent on membership of the various Sub-Committees. The fixed cash salary for the Executive Management was brought into line with the prevailing market conditions in the year under review. Messrs. Müller (30.12.2012) and Wallraff (31.10.2012) stepped down from the Executive Management in the previous year. The payments made to them in 2012 are contained pro rata in the total figure for the Executive Management.

2. The amounts shown in the table under Variable incentive represent the expense actually recognised for variable salary components granted for 2013, which will be paid in March 2014. Owing to the consolidated result posted in the year under review, the variable incentive was also correspondingly lower. However, the variable incentives are contingent not only on the consolidated result, but also on the individual results of the divisions. The variable incentive paid to members who stepped down from the Executive Management in the previous year is factored in pro rata.

3. The share participation for 2013 was determined by the HR Committee and approved by the Board of Directors. The shares awarded on 1 June 2013 at the then market value of CHF 99.70 vest over a period of five years. After the end of this period, the shares are at the free disposal of the beneficiary or his legal successor regardless of death, disability or termination. The number of shares awarded per functional level remained unchanged for the Board of Directors in the year under review. A minor adjustment was made for certain Executive Board functions. The market value of the share in the year under review was CHF 29.45 higher than in the previous year, which increased the fair value of the share participation accordingly.

4. The heading Benefits includes all costs of pension plans, social security contributions and benefits in kind.

5. One Director (shareholders' representative under Art. 709 of the Swiss Code of Obligations) receives a higher remuneration for his services to bearer shareholders.

In the year under review, no payments were made to former Directors or Executive Management members. Nor was any non-arm's length remuneration paid to persons connected with current or former Directors or Executive Management members.

Loans and credits

No loans and/or credits were granted to individual current or former Directors or Executive Management members (including persons connected with them). Nor were any non-arm's length loans and/or credits granted to current or former members of the aforementioned bodies or persons connected with them.

At 31 December 2013, individual Directors and Executive Management members including persons connected with them held the following interests in the Company's shares:

Directors' interests in shares in 2013

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2014	2015	2016	2017	2018
Graf Ulrich	Chairman	15'400	0.045924	2'200	2'200	2'400	2'400	2'400
Rüegg Hans R.	Deputy Chairman	10'000	0.029821	1'700	1'700	1'700	1'700	1'700
Fässler Hanspeter	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100
Inderbitzin Werner	Director	1'200	0.019889	0	0	0	0	1'100
Lienhard Ernst	Director	7'800	0.023260	1'100	1'100	1'100	1'100	1'100
Odermatt Ernst	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100
Steinegger Franz	Director	7'700	0.022962	1'100	1'100	1'100	1'100	1'100

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000298

Executive Management's interests in shares in 2013

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2014	2015	2016	2017	2018
Hälg Paul J.	CEO	26'900	0.080218	3'300	3'300	3'300	3'300	3'300
Welte Reto	CFO	5'500	0.016401	1'100	1'100	1'100	1'100	1'100
Lambrecht Dirk	Division Head	4'300	0.012823	700	700	700	700	1'500
Heusser Markus	Division Head	4'700	0.014016	0	0	1'500	1'500	1'500

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000298

Directors' interests in shares in 2012

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2013	2014	2015	2016	2017
Graf Ulrich	Chairman	13'000	0.039175	2'200	2'200	2'200	2'400	2'400
Rüegg Hans R.	Deputy Chairman	10'000	0.030134	1'700	1'700	1'700	1'700	1'700
Fässler Hanspeter	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Inderbitzin Werner	Director	6'700	0.020190	1'100	1'100	1'100	1'100	1'100
Lienhard Ernst	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Odermatt Ernst	Director	6'600	0.019889	1'100	1'100	1'100	1'100	1'100
Steinegger Franz	Director	8'600	0.025916	1'100	1'100	1'100	1'100	1'100

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000301

Executive Management's interests in shares in 2012

Last name and first name	Function	No. of shares	Percentage voting rights	of which vesting over 5 years				
				2013	2014	2015	2016	2017
Hälg Paul J.	CEO	24'500	0.073829	3'300	3'300	3'300	3'300	3'300
Welte Reto	CFO	4'400	0.013259	0	1'100	1'100	1'100	1'100
Lambrecht Dirk	Division Head	3'500	0.010547	700	700	700	700	700
Heusser Markus	Division Head	3'404	0.010258	0	0	0	1'500	1'500

Class of share: bearer share, CHF 0.05 par value.
Percentage of voting rights: bearer share, 0.00000301

3 / ADMINISTRATIVE EXPENSES

This item comprises general business expenses of Dätwyler Holding Inc. Dätwyler Holding Inc. is exempted from the operating costs charged in full to Alvest AG and charged on by the latter to its subsidiaries. Stewardship costs (administrative costs incurred by Dätwyler Holding Inc.) are charged to Dätwyler Holding Inc.

4 / INVESTMENTS

As at 31 December 2013, Dätwyler Holding Inc. held the following direct investments (each with 100% share):

Company	Company actitivity	Share capital in CHF
Switzerland		
Alvest AG, Altdorf	Finance	15'000'000
Dätwyler Schweiz AG, Altdorf	Manufacturing	32'000'000
Dätwyler Pharma Pack Holding AG, Altdorf	Investments	39'000'000
Dätwyler Teco Holding AG, Altdorf	Investments	9'900'000
Dätwyler Immobilien AG, Altdorf	Real Estate	100'000
Dätwyler AG, Altdorf	Finance	100'000
Dätwyler IT Services AG, Altdorf	Services	100'000
Maag Technic AG, Altdorf	Finance	90'000

5 / LOANS TO GROUP COMPANIES

This item comprises long-term loans denominated in Swiss francs which were granted to Group companies. The year-on-year change is largely the result of dividend and interest payments from Group companies.

6 / SHARE CAPITAL

in CHF	31.12.2013	31.12.2012
22'000'000 registered shares of CHF 0.01 each	220'000	220'000
12'600'000 bearer shares of CHF 0.05 each	630'000	630'000
Share capital	850'000	850'000
Per share data		
Registered shares (of CHF 0.01 each)		
Number issued	22'000'000	22'000'000
Number ranking for dividend	22'000'000	22'000'000
Bearer shares (of CHF 0.05 each)		
Number issued	12'600'000	12'600'000
Number ranking for dividend	11'533'577	11'184'653
Total par value of shares ranking for dividend (in CHF)	796'679	779'233
Authorised additional share capital	0	none
Authorised contingent share capital	0	none
Voting restrictions	0	none
Opting-out and opting-up provisions	0	none

The bearer shares of Dätwyler Holding Inc. are listed on the Swiss Stock Exchange. With the exception of Company bearer shares held in treasury, each registered or bearer share entitles the holder to one vote at general meetings, regardless of its par value.

All 22'000'000 registered shares and 4'550'000 of the total of 12'600'000 bearer shares are owned by Pema Holding AG, Altdorf, which consequently holds 52.65% of the share capital and 79.17% of the voting rights.

The Board is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3.00% or more of the total voting rights.

7 / STATUTORY RESERVES

in CHF	31.12.2013	31.12.2012
Transfer from profit	4'000'000	4'000'000
Share premium	83'000'000	83'000'000
General reserve	87'000'000	87'000'000
Reserve for treasury bearer shares	53'321	70'767
Total	**87'053'321**	**87'070'767**

Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations (CO) require the Company to recognise the cost of acquiring its own shares as a separate reserve. As a result of the issuing of employee shares and the disposal of bearer shares, the necessary reserve for treasury bearer shares was also reduced accordingly.

8 / TREASURY SHARES

26'000 bearer shares of CHF 500 par each were created by a resolution passed by the General Meeting on 18 November 1989, disapplying the pre-emption rights of shareholders and participation certificate holders, to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest (market placements, consideration for acquisitions etc.). These shares are not entitled to vote and do not rank for dividend until they are used.

Following the reduction in share capital and share split in 2007 and the par value reduction in 2008 and awards under the employee share award plan between 2007 and 2013 as well as the sale of treasury bearer shares, 1'066'423 (previous year 1'415'347) bearer shares were still held at 31 December 2013 and are recorded in the balance sheet of Alvest AG at a par value of CHF 0.05 each, making a total of CHF 53'321. In total, 19'800 treasury bearer shares were used for the employee share award plan in 2013. Between 08.01.2013 and 05.07.2013, 329'124 treasury bearer shares were sold on the stock exchange at an average price of CHF 100.11.

These bearer shares created before the new Swiss Corporation Law was enacted on 4 October 1991 now correspond to a nominal holding of CHF 53'321, representing 6.27% (previous year 70'767, representing 8.33%) of the total share capital, and are thus within the 10% limit which Art. 659 par. 1 of the Swiss Code of Obligations imposes on holdings of the Company's own bearer shares.

9 / SPECIAL RESERVE

The special reserve is an unrestricted reserve available for distribution by the General Meeting.

Under Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations, the Company is required to recognise the cost of acquiring its own shares as a separate reserve. The Board adjusts that reserve by transfers from and to the special reserve. In 2013, an amount of CHF 17'446 was transferred to the special reserve. As a result, the special reserve amounted to CHF 305'209'997 at 31 December 2013.

10 / BOND

A fixed-rate CHF 150 million bond was placed at an issue price of 100.50% and with a payment date of 7 December 2012. The bond bears an interest rate of 1.125% and has a 5½ year term (to 7 June 2018).

11 / OTHER CURRENT LIABILITIES

in CHF	31.12.2013	31.12.2012
Accruals and deferred income	2'402'190	1'772'668
Uncashed dividend coupons	20'958	20'648
Total	**2'423'148**	**1'793'316**

Accruals and deferred income comprise accrued tax and audit expense and interest.

12 / BONDS, GUARANTEES AND PLEDGES IN FAVOUR OF THIRD PARTIES

Borrowing facilities of CHF 170.6 million (previous year CHF 208.0 million) backed by joint and several guarantees were extended to various Group companies,of which CHF 68.2 million (previous year CHF 138.5 million) was drawn.

When the Precision Tubes Division was sold at the end of 2007, the Group granted the usual contractual guarantees to the purchaser in respect of environmental contamination, etc. This guarantee is limited to a maximum of CHF 16'400'000 (previous year CHF 16'400'000) and applies to certain cases for a maximum period of 10 years or until statute-barred. At present, no claims by the purchaser are known.

Since 1 January 2009, the company has been a member of the VAT group under number CHE-116.346.605 MWST; the group parent is Dätwyler Schweiz AG, Altdorf. For the period of this group membership the company is jointly and severally liable in accordance with Art. 15 par. 1c of the VAT Act.

13 / RISK ASSESSMENT

As part of its duties to oversee the management of the Company, the Board of Directors conducts a systematic risk assessment at least once a year. At its meeting V/2013 of 2 October 2013, the Board of Directors acknowledged management's report on Group-wide risk management and approved the proposed measures contained in it.

14 / ACCOUNTING LAW APPLIED

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

Proposed Appropriation of Retained Earnings

in CHF	2013	2012
The Board of Directors proposes to the Annual General Meeting that retained earnings consisting of		
Profit for the year	64'712'916	90'224'000
Retained earnings brought forward	445'498'830	396'221'650
Retained earnings	510'211'746	486'445'650
be appropriated as follows:		
Payment of a dividend of CHF 0.56 per registered share and CHF 2.80 per bearer share (previous year: CHF 0.52 per registered share and CHF 2.60 per bearer share) on share capital of CHF 796'679 (previous year CHF 787'439) eligible for dividend[1]	44'614'016	40'946'820
Balance to be carried forward	465'597'730	445'498'830
Total	**510'211'746**	**486'445'650**

[1] As at 31 December 2013, 1'066'423 (previous year 1'415'347) treasury bearer shares do not rank for dividend. Owing to sales of treasury bearer shares in the period from 1 January 2014 to the record date (14 April 2014), the share capital entitled to dividend may still vary and, hence, the dividend paid out from it. The appropriation of profit for the previous year was adjusted in line with the actual dividend payments. Pursuant to the resolution of the Annual General Meeting on 18 November 1989, treasury bearer shares reserved to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest do not rank for dividend and are to be used at the discretion of the Board of Directors.

Report of the Statutory Auditor on the Financial Statements

pwc

Report of the statutory auditor
to the General Meeting of
Dätwyler Holding Inc.
Altdorf

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dätwyler Holding Inc., which comprise the balance sheet, income statement and notes (pages 96 to 104), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Josef Stadelmann
Audit expert

Zürich, 25 February 2014

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Shareholder Information

Five Year Summary 108

Share Information 109

Share Price Performance, Dividend Performance 110

General Information 111

Five Year Summary

Datwyler Group

in CHF millions	2013	2012	2011	2010	2009
Net revenue	1'382.0	1'414.2	1'290.5	1'319.5	1'122.2
Year-on-year change (%)	–2.3	9.6	–2.2	17.6	–13.3
EBITDA	194.4	203.1	168.3	176.6	134.0
Depreciation and amortisation	58.4	52.1	44.1	48.7	54.0
As % of net revenue	4.2	3.7	3.4	3.7	4.8
Year-on-year change (%)	12.1	18.1	–9.4	–9.8	5.7
Operating result before interest and tax (EBIT)	136.0	151.0	124.2	127.9	80.0
As % of net revenue	9.8	10.7	9.6	9.7	7.1
Year-on-year change (%)	–9.9	21.6	–2.9	59.9	–40.4
Net result	120.2	127.5	96.2	98.2	63.7
As % of net revenue	8.7	9.0	7.5	7.4	5.7
Year-on-year change (%)	–5.7	32.5	–2.0	54.2	–41.9
Net cash from operating activities	166.3	124.4	149.6	142.8	148.3
As % of net revenue	12.0	8.8	11.6	10.8	13.2
Year-on-year change (%)	33.7	–16.8	4.8	–3.7	18.4
Free Cash Flow (based on Consolidated Cash Flow Statement)	–39.6	–107.7	83.1	25.3	197.5
Non-current assets	429.2	445.8	384.9	375.4	393.3
Year-on-year change (%)	–3.7	15.8	2.5	–4.6	n/a
Current assets	693.9	633.2	507.1	471.6	546.4
Year-on-year change (%)	9.6	24.9	7.5	–13.7	–14.4
Total assets	1'123.1	1'079.0	892.0	847.0	939.7
Equity	660.8	550.9	643.4	583.5	596.3
Year-on-year change (%)	19.9	–14.4	10.3	–2.1	n/a
As % of total assets	58.8	51.1	72.1	68.9	63.5
Total liabilities	462.3	528.1	248.6	263.5	343.4
Year-on-year change (%)	–12.5	112.4	–5.7	–23.3	n/a
Current liabilities	259.8	291.1	207.3	223.8	285.3
Long-term liabilities	202.5	237.0	41.3	39.7	58.1
Capital expenditure on property, plant and equipment	48.6	75.0	64.1	34.8	53.1
Year-on-year change (%)	–35.2	17.0	84.2	–34.6	–23.9
Personnel expenses	367.6	358.8	329.7	333.0	327.8
Year-on-year change (%)	2.5	8.8	–1.0	1.6	–3.6
Number of employees (at year-end)	7'047	6'907	5'259	5'070	4'512
Year-on-year change (%)	2.0	31.3	3.7	12.4	–4.2

Dätwyler Holding Inc.

in CHF mio.	2013	2012	2011	2010	2009
Finance and investment income	70.0	95.9	69.8	81.9	76.9
Net result	64.7	90.2	65.6	79.0	74.2
Equity	903.3	879.6	823.4	791.8	731.3
Equity as % of total assets	85.6	85.3	99.7	99.8	99.8
Share capital	0.9	0.9	0.9	0.9	0.9
Distribution	44.6 [1]	40.9	34.0	34.0	18.5

[1] *Board of Directors' proposal to the Annual General Meeting.*

Share Information

	Notes	Currency	2013	2012	2011	2010	2009
Share capital		in CHF mio.	0.85	0.85	0.85	0.85	0.85
Eligible for a dividend		in CHF mio.	0.80	0.78	0.77	0.77	0.77
Number of shares							
Bearer shares of CHF 0.05 each			12'600'000	12'600'000	12'600'000	12'600'000	12'600'000
Unissued shares			1'066'423	1'415'347	1'534'600	1'553'600	1'570'900
Bearer shares in issue			11'533'577	11'184'653	11'065'400	11'046'400	11'029'100
Registered shares of CHF 0.01 each			22'000'000	22'000'000	22'000'000	22'000'000	22'000'000
Market price (high/low)	(1)						
Bearer share – high	(2)	CHF	125.00	99.25	87.00	79.45	66.00
Bearer share – low	(2)	CHF	86.35	63.00	45.50	56.55	36.00
Trading volume							
Number of shares			3'613'451	1'909'732	2'008'146	2'437'950	2'093'440
Value		in CHF mio.	386	142	140	167	97
Gross dividend							
Bearer share		CHF	2.80 (3)	2.60	2.20	2.20	1.20
Registered share		CHF	0.56 (3)	0.52	0.44	0.44	0.24
Net result per share	(4)						
Bearer share		CHF	7.60	8.23	6.22	6.36	4.13
Registered share		CHF	1.52	1.65	1.24	1.27	0.83
Net cash from operating activities per share	(4)						
Bearer share		CHF	10.51	8.03	9.68	9.25	9.62
Registered share		CHF	2.10	1.61	1.94	1.85	1.92
Price/earnings ratio (average)			14.1	9.0	11.2	10.7	12.3
Equity per share	(4)						
Bearer share		CHF	41	35	42	38	39
Registered share		CHF	8	7	8	8	8
Market capitalisation							
Average for the year		in CHF mio.	1'690	1'152	1'076	1'050	787
As % of equity			256	209	167	180	132
At 31 December		in CHF mio.	1'974	1'346	861	1'197	895
As % of equity			299	244	134	205	150

The Articles of Association of Dätwyler Holding Inc. do not contain any opting out or opting up provisions pursuant to the Swiss Stock Exchange Act.

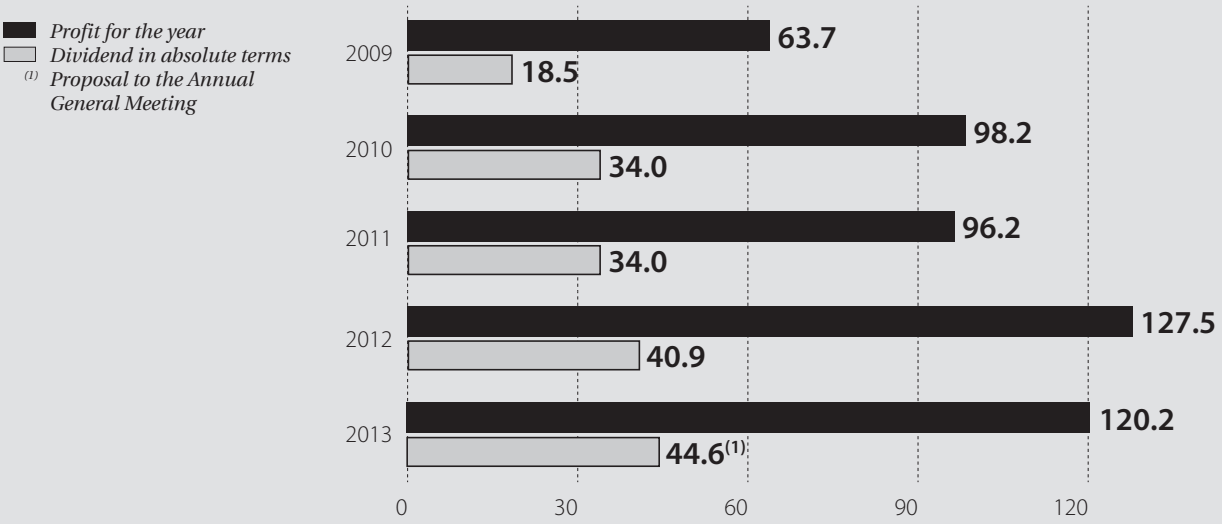
(1) Swiss Stock Exchange (SIX).
(2) Issued at a price of CHF 2'250 in October 1986. 100-for–1 share split on 6 July 2007.
(3) Board of Directors' proposal to the Annual General Meeting.
(4) As adjusted per share ranking for dividend.

Share Price Performance

in CHF

Dividend Performance

in CHF millions



General Information

Financial year
Datwyler Group: 1 January to 31 December
Dätwyler Holding Inc.: 1 January to 31 December

Incorporated
Datwyler Inc.: 1915
Dätwyler Holding Inc.: 1958
publicly listed since 1986

Share trading
Bearer shares traded on the SIX Swiss Exchange

Ticker symbols

Security	Security No.	Investdata	ISIN	Common Code	Reuters
Datwyler bearer share	3 048 677	DAE	CH003 048677 0	XS030821700	DAEZ
Datwyler bond	20 029 554	DAE12	CH020 029554 8	085652214	DAE

Taxable value set by the Swiss Federal Tax Administration at 31 December 2013
Bearer share: CHF 123.90
1.125% Bond 2012–2018: 101.25%

Important dates
2014
Annual General Meeting: 8 April 2014
Interim Report: 14 August 2014

2015
Announcement of net revenue 2014: 23 January 2015
Annual Press Conference and Analyst Conference: 3 March 2015
Annual General Meeting: 16 April 2015
Interim Report: 14 August 2015

Annual General Meetings are held at 5.00 p.m. at the theater (uri), Tellspielhaus, Altdorf

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This Annual Report is also available in German and can be downloaded from our website at www.datwyler.com.
In the event of any inconsistency, the German version will prevail.

DATWYLER GROUP

at 27 February 2014

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