100 YEARS
GROWING WITH
THE CHALLENGE

ANNUAL REPORT
2015

DATWYLER

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 some 7'000 employees, the Datwyler Group generates annual revenue of some CHF 1'200 million. The Group has been listed on the SIX Swiss Exchange since 1986 (security number 3048677).

www.datwyler.com

The Datwyler Group has faced the challenges of the past 100 years with the strength nurtured from its roots, and we look forward to the future with confidence.
Read more on pages 6/7, 16/17, 26/27 und 38/39.

100 YEARS
GROWING WITH
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Datwyler Group

in CHF millions	2015	2014	2015 Continuing operations	2014 Continuing operations
Net revenue	1'165.2	1'251.9	1'165.2	1'212.6
Year-on-year change (%)	–6.9%	–9.4%	–3.9%	–1.4%
Operating result before depreciation and amortisation (EBITDA)	179.4	185.8	179.4	186.3
EBITDA as % of net revenue	15.4%	14.8%	15.4%	15.4%
Operating result before interest and tax (EBIT)	126.1	132.3	126.1	133.8
EBIT as % of net revenue	10.8%	10.6%	10.8%	11.0%
Net result	82.2	97.9	82.2	99.4
Net result as % of net revenue	7.1%	7.8%	7.1%	8.2%
Net cash from operating activities	172.5	110.8		
Net cash (used in) / provided by investing activities	–45.6	69.9		
Free cash flow	126.9	180.7		
Net cash used in financing activities	–94.4	–91.5		
Net change in cash and cash equivalents	32.5	89.2		
Cash, cash equivalents and money market investments	302.0	321.1		
Net cash surplus	298.7	291.6		
Capital expenditure on property, plant and equipment	59.5	73.4		
Total assets	1'129.1	1'159.8		
Equity	726.1	753.2		
Equity as % of total assets	64.3%	64.9%		
Number of employees (at year-end)	7'013	6'760		
Full-time equivalents (at year-end)	6'773	6'528		

Dätwyler Holding Inc.

in CHF millions	2015	2014
Finance and investment income	79.7	91.3
Net result	72.8	102.9
Equity	891.4	961.6
Equity as % of total assets	85.5	86.3
Share capital [1]	0.9	0.9
Distribution	36.2 [(2)]	142.9

Per share data

in CHF	2015	2014
Earnings per bearer share ranking for dividend	5.04	6.14
Dividend per bearer share	2.20 [(2)]	8.96
Distribution yield at 31 December	1.5%	7.0%

[1] CHF 0.82 million eligible for a dividend.
[2] See Board of Directors' proposed appropriation of retained earnings (see page 101).

CONTENTS

Annual Review

Letter to the Shareholders 3

Divisions
Technical Components 8
Sealing Solutions 12

Sustainability 17

Corporate Governance 27

Remuneration Report 39
Report of the Statutory Auditor on the Remuneration Report 52

Financial Report

Consolidated Financial Statements
Group Financial Review 54
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 92

Dätwyler Holding Inc.
Income Statement 94
Balance Sheet 95
Notes to the Financial Statements 96
Proposed Appropriation of Retained Earnings 101
Report of the Statutory Auditor on the Financial Statements 102

Shareholder Information
Five Year Summary 104
Share Information 105
Share Price Performance, Dividend Performance 106
General Information 107

Addresses 108

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

LETTER TO THE SHAREHOLDERS

Foundations for future growth further consolidated

In 2015 the Datwyler Group exploited the momentum generated by its 100-year anniversary to consolidate the foundations for future growth. The focus at the Technical Components division was on rapid implementation of strategic integration projects and the associated improvement in supply capability. And the Sealing Solutions division is working hard – by means of targeted takeovers – to tap into the potential growth offered by new technologies and new niche markets.

Organic revenue growth and solid profitability

Based on the continuing operations, the Datwyler Group managed to achieve organic revenue growth of 1.8% (adjusted for currency effects) during 2015. Net revenue amounted to CHF 1'165.2 million (previous year: CHF 1'212.6 million). The strong Swiss franc resulted in negative currency effects of CHF 95.4 million or –7.9% following translation of revenue from abroad. The two divisions felt the effects of the strong Swiss franc in very different ways. Thanks to its strong position in global niche markets, the Sealing Solutions division was able to maintain its profitable growth trajectory during 2015. By way of contrast, the strong Swiss franc and ongoing integration projects affected the Technical Components division harder than expected and led to a loss of market share. Given the decrease in revenue, we had to accept another highly unsatisfactory EBIT margin in the distribution business.

Also at Group-level, the strong Swiss franc had a negative translation impact on the operating result (EBIT) in the year under review, reducing it by some CHF 11.5 million. The reported EBIT was CHF 126.1 million (previous year: CHF 133.8 million), which means the EBIT margin of 10.8% almost remained the same (previous year: 11.0%). At the previous year's exchange rates Datwyler managed to increase EBIT slightly to CHF 137.6 million. These figures also include a negative transaction effect relating to net foreign exchange losses and one-time costs associated with the Technical Components division totalling around CHF 12 million. The net result fell to CHF 82.2 million (previous year: CHF 99.4 million) due to the significant currency losses and a higher tax rate.

Given the solid profitability and the highly promising prospects for the future, the Board of Directors will propose to the General Meeting of Shareholders an unchanged cash dividend of CHF 2.20 per bearer share and CHF 0.44 per registered share. This equates to a distribution rate of 44.0%.

Sustainable increase in profitability

The Datwyler Group with its current profile – based around two divisions with a particular focus – is the result of a systematic approach adopted at both a strategic and operational level over recent years. The decision was taken to designate sealing technology and electronic distribution as the two core business areas where we ought to figure among the leading providers. Thanks to active portfolio management involving both divestments and acquisitions, the number of divisions has reduced from five to two and the two core business areas have been duly expanded. In addition to portfolio management, we have also defined clear strategic directions with a view to stimulating organic growth within the two divisions in existence today. At an operational level – as emphasised in our values – we aspire to excel in what we do, which involves comparison with the competition and a process of continuous improvement.

Reducing the influence of the Swiss franc

The strategic and operational measures taken in recent years have significantly reduced the extent to which the Group is influenced by the negative impact of a strong Swiss franc. To ensure it remains competitive, Datwyler

has – besides general cost savings and increases in productivity – invested in the automation of production in Switzerland and undertaken targeted expansion of capacity at low-wage locations. All acquisitions have been made exclusively abroad. With a few particularly labour-intensive processes, there was no choice but to relocate whole production units outside Switzerland. The privatisation of the Cabling Solutions division in 2012 and the sale of the specialist distribution unit Maagtechnic in 2014 also helped mitigate the influence of the Swiss franc. As a result of this package of measures, the stock quoted Datwyler Group's exports from Switzerland to the eurozone now account for less than 5% of revenue.

Technical Components: development of the new platform

Following ten years of intensive work, the portfolio optimisation and the process of defining the strategic direction are largely complete. With the shared infrastructure platform for several brands we have the right strategy at the Technical Components division. It must be said that the integration projects following the acquisitions of Elfa, Reichelt and Nedis have required far more time and resources to implement than originally planned. But we are now confident about the future. This is because the new platform offers customers a much improved shopping experience, with a user-friendly webshop, better product availability and shorter delivery times. The target organic growth, coupled with economies of scale, will enable us to achieve an EBIT margin in excess of 10% again from 2017 onwards. The shared infrastructure platform will also enable Datwyler to integrate the businesses it acquires more easily in future and make the most of any potential synergies.

Sealing Solutions: expanding into new niche markets through acquisitions

For some time now, with an EBIT margin of over 15%, we have been reaping the rewards of the strategic and operational groundwork within the Sealing Solutions division. In the global market segments of Health Care, Automotive, Civil Engineering and Consumer Goods, Datwyler is among the leading providers of high-quality sealing solutions. Thanks to our strong market positions and leading expertise in terms of materials, engineering and processes, we should be able to grow faster than the market across all segments where we are active. Datwyler will also be tapping into potential development and growth opportunities by means of targeted takeovers. This will enable us to offer new technologies and products to existing customers and gain access to new niche markets. We also see potential in combining acquired technologies with existing Datwyler technologies with a view to devising novel solutions. An early example of this strategy was the takeover of the Italian company Origom (CHF 23 million annual revenue) in September 2015. As a specialist provider of precision O-rings, Origom gives the Datwyler Group – besides the automotive industry – access to the hydraulics and pneumatics industry in particular, as well as other interesting industries. We are confident we will soon be able to tap into further new technologies and promising niche markets by means of further takeovers.

Confident about the prospects for 2016

We are confident going into 2016 based on the potential for growth, which exists within both divisions. Provided the Swiss franc does not become even stronger, we are expecting to achieve revenue in the region of CHF 1'250 million for 2016. In terms of the EBIT margin, we are optimistic that 2016 will see us comfortably reach the target range of 10% to 13% once more. Looking ahead to 2020, the Datwyler Group is still targeting revenue of CHF 2 billion and an EBIT margin of 12% to 15% by this time. Datwyler intends to secure more than half of the shortfall in revenue via acquisitions. With cash and cash equivalents worth CHF 300 million, the Group has the potential to finance the acquisitions it aims to make.

Early succession plan for Board of Directors and Executive Management

In accordance with the long-term direction of the Datwyler Group, the Board of Directors has resolved in good time the various succession issues involving senior positions at Datwyler. After many years of service, Chairman Ulrich Graf will step down from his post at the Annual General Meeting in March 2017 having decided, for age-related reasons, not to stand for re-election. In terms of his successor, Datwyler's long-standing CEO Paul Hälg will be recommended for election to the post of Chairman at the 2017 Annual General Meeting. The Board of Directors has appointed Dirk Lambrecht as the new CEO of the Datwyler Group. Having been Head of the Sealing Solutions division for many years, he will take up his new position at 1 January 2017. These personnel decisions taken by the Board of Directors are informed by the need for continuity and intended to ensure the Datwyler Group continues to enjoy sus-tainably profitable growth.

When Dirk Lambrecht, a manager with a proven track record at the company and a wealth of international experience, takes over as CEO, 2017 will see another personality with tremen-dous energy at the helm of Datwyler As Head of the Sealing Solutions division, the 55-year-old mechanical engineer has done much since 2005 to influence the development of the Datwyler Group to a focused industrial supplier. In addition to his value-enhancing approach to portfolio management, his main achievements include the successful merger of the two divisions previously known as Sealing Technologies and Pharma Packaging and the rapid integration of sealing specialists acquired in China and Korea. The succession of Dirk Lambrecht as Head of the Sealing Solutions division and member of the Executive Management will be communicated in due time.

With a view to strengthen the internationality of the highest body committee, the Board of Directors will recommend Zhiqiang Zhang for election as a new additional member of the Board of Directors at the Annual General Meeting of 5 April 2016. The Chinese national has been a member of the wider management team at the Swedish firm Sandvik since 2012 in his capacity as Chairman for the Greater China Region and Head of Emerging Markets. Zhi-qiang Zhang has previously been employed in various management roles at Siemens and Nokia, with responsibility for tapping into and developing the Chinese market. The Board of Directors will also recommend the current Director Jürg Fedier for election as a new additional representative of bearer shareholders at the Annual General Meeting of 5 April 2016.

Continuing to grow successfully with the challenges!

Everything we do is designed to make us more competitive – for the benefit of all our stake-holders. In this regard, we are grateful to our customers for the relationships we have en-joyed with them over many years. As for our employees, their expertise has contributed to the success of our customers for 100 years. Every employee deserves a huge thank you for this and for the commitment they show every day. We also thank our shareholders for the trust they have placed in the Datwyler Group. We are confident we will continue to master the challenges we encounter as the business enters its second century.

On behalf of the Board of Directors

Ulrich Graf, Chairman

On behalf of the Executive Management

Dr. Paul J. Hälg, CEO

OUR HISTORY

RECOGNISING THE **SIGNS OF THE TIMES**

Demand for cables has grown along with the demand for electricity and the growth of telephone, radio and television. Adolf Dätwyler recognised the signs of the times, and as early as 1921 he began production of lacquer-coated wire for telephone installations. In search of diversification, the developing automotive industry aroused Datwyler's interest. In 1935, Adolf Dätwyler signed a licensing agreement with the U.S.-based Firestone Tire & Rubber Company and established a production facility for automobile tires in Pratteln near Basel.

During World War II, use of the automobile was restricted. Datwyler again recognised an opportunity and, in 1941, began producing bicycle tires under the Bullcord brand name. The tires were immensely popular. No matter what the circumstances, he always manages to bring value to his customers.

OUR VALUES

WE BRING **VALUE** TO OUR CUSTOMERS

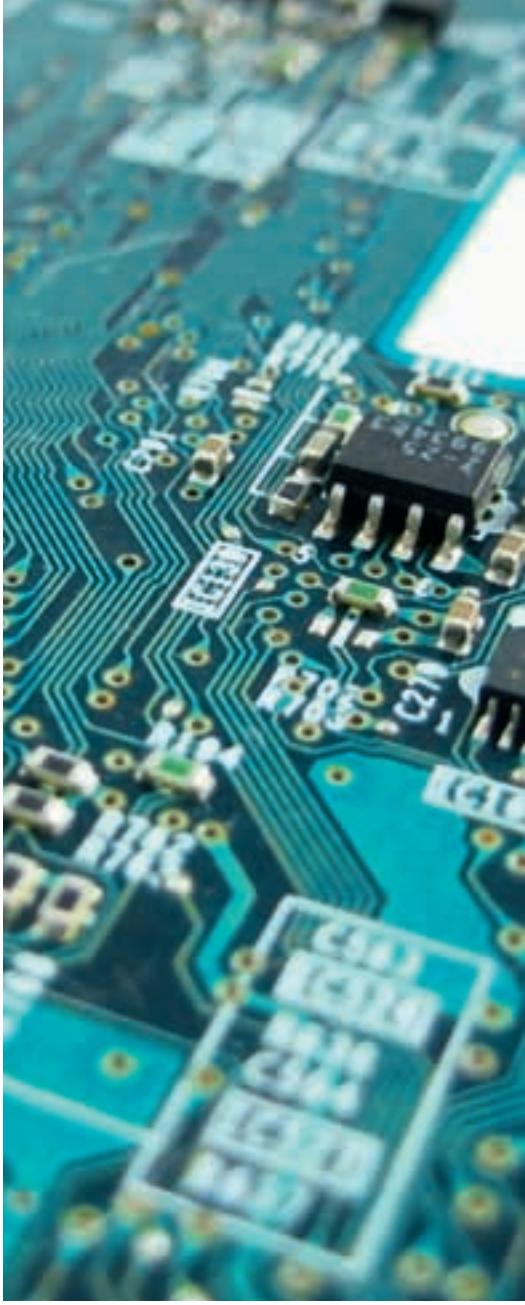
That is what our demanding customers in the industrial sector depend on. Development engineers rely on our ability to provide suitable components as the need demands and as soon as possible. Datwyler distribution companies provide this service and thereby create value for their customers – more than 10'000 times a day, every day, throughout the whole of Europe.

Smooth procedures require a product manager just as much as a packaging agent or a clerical assistant in accounting. Datwyler employees, at all levels, maintain agreements with external and internal partners and convince by means of reliability and customer focus.

DIVISIONS

Technical Components 8

Sealing Solutions 12



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 an extended range of up to 500'000 products for maintenance, electronics, automation and ICT, with excellent availability and fast delivery times.

Target groups

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

Geographical markets

- Europe

Products and services

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

Shared infrastructure platform provides firm foundations for the future

Under its new management team, the Technical Components division worked successfully on rapidly implementing its strategic integration projects in 2015, creating a shared infrastructure platform that will firm foundations for future organic and acquisitory growth. Thanks to significant improvements in product availability, shorter delivery times and higher satisfaction rates, Distrelec managed to increase the number of active customers and revenue during the last quarter. Although net revenue from continuing operations fell by a further –2.4% in organic terms in 2015 despite encouraging early signs, this is due in part to the challenging market environment for distributors of electronic goods as well as Distrelec's unsatisfactory supply capability in the first half year. Another factor was the rising Swiss franc, which had a greater-than-expected impact on performance in Switzerland and resulted in negative currency effects worth CHF 54.8 million or –10.4% on the conversion of foreign revenue. Reported net revenue thus dropped to CHF 459.3 million (previous year: CHF 526.5 million for continuing operations excluding Maagtechnic).

Pressure on margins due to lack of revenue, a strong franc and one-time costs
The reported operating result (EBIT) fell to CHF 0.3 million (previous year: CHF 24.0 million for continuing operations excluding Maagtechnic). Aside from the lack of sales volume and the negative effects associated with translation into Swiss francs, this is mainly due to provisions on existing stock and price reductions in Switzerland as a result of the rising franc. Datwyler also incurred one-time costs in a bid to accelerate its integration projects. Excluding these negative extraordinary effects, adjusted EBIT stood at CHF 13.1 million, which equates to an adjusted EBIT margin of 2.5%.

Integration projects almost fully implemented
The implementation of strategic integration projects remained on track throughout 2015 and focused on the shared infrastructure platform. This includes a central distribution centre for the European markets (except Switzerland) in the Netherlands and a joint procurement setup in China for the Distrelec and Nedis brands. In addition, there are a shared service centre in Latvia, a uniform SAP solution and a modern webshop for the Distrelec brand. The main advantage of the new platform is the much-improved shopping experience that it gives the customer. Distrelec and Nedis hit the ground running, making significant improvements in 2015 in terms of product availability and delivery times in particular. Customers have also been very positive about the new webshop. The search function, product information and user-friendliness are being enhanced continuously.

Following the move to relocate the German warehouse and logistics organisation to the central distribution centre in the Netherlands in late 2014, its Swedish counterpart was also transferred successfully by early November 2015. At a stroke, this effectively revolutionised the delivery process, the SAP solution and the webshop for no fewer than 14 countries across northern and eastern Europe. Despite the complexity of this migration exercise, customers from these regions benefited immediately from having 50,000 additional products available for delivery within 24 hours and 10 percentage points higher availability across the entire range. These operational improvements have a direct impact on customer satisfaction and increase the potential for growth. During the first half of 2016, Distrelec will move on to migrating the Swiss, Austrian and Italian markets to the shared infrastructure platform, whereas the warehouse in Switzerland remains unchanged.

Key figures of Technical Components

in CHF millions	2015	2014
Net revenue	459.3	565.8
EBIT	0.3	22.5
EBIT margin	0.1%	4.0%
Total assets	361.2	352.6
Gross capital expenditure	11.0	14.4
Number of full-time equivalents (at year-end)	1'231	1'283

Loyal customer base represents an opportunity for Distrelec
Although Distrelec continued to lose small amounts of market share during the year under review, the latest customer surveys indicate that the brand enjoys a very loyal customer base in the markets it serves. Distrelec intends to exploit this fact in future in order to win over passive customers with an improved shopping experience and get them making regular purchases again by continuously improving its key performance indicators. Distrelec's repositioning is being driven forward by a much-revamped management team featuring industry experts. The much-higher availability of products and the addition of 40'000 new ones to the range are proving to be major drivers of growth. The emphasis is on the high-margin maintenance and automation business as well as on high-quality components for electronic design and prototyping.

Reichelt successfully expanding in Europe
Reichelt performed well again during 2015, positioning itself as a provider that delivers good quality at competitive prices. The brand has successfully offset the decline in demand from private customers by growing its corporate customers and expanding into new European countries. Reichelt is also aiming for further profitable growth in 2016 by expanding its range by around a third.

Nedis making progress despite tough conditions
In spite of the strong headwind buffeting the consumer electronics segment during the year under review, Nedis nevertheless made further progress. As an attractive complement to its multinational retailer and online provider customers, Nedis stepped up its efforts to cultivate small and medium-sized retailers. In future, Nedis will increase its cross-selling activities and supplement its existing range with further products.

Outlook: the right strategy for profitable growth
Now that we have the shared infrastructure platform for several brands, we firmly believe that we have the right strategy for generating profitable growth again from 2016 onwards. Building on a much-improved shopping experience, by 2017 we intend to get back at least to the level of revenue we enjoyed in 2013. Combined with the improved margins delivered through joint procurement, increases in operating efficiency and economies of scale in terms of personnel and operating expenses, this will enable us to achieve an EBIT margin in excess of 10% again. As well as accelerating organic growth, Datwyler will also be able to use its shared infrastructure platform to ensure that any companies it acquires are integrated easier.

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 thanks to consistent implementation of strategic objectives

The Sealing Solutions division is on course for profitable growth. It managed to increase net revenue for 2015 to CHF 705.9 million (previous year: CHF 686.4 million). At constant exchange rates this equates to growth of 8.8%. Adjusted for foreign currency translation and acquisition effects, the resulting organic growth in revenue was 4.9%. The main contributions were made by the Health Care and Consumer Goods market segments. Thanks to consistent implementation of strategic objectives, high capacity utilisation and favourable raw material prices, the operating result (EBIT) increased disproportionately to CHF 125.8 million (previous year: CHF 109.8 million). This equates to an EBIT margin of 17.8% (previous year: 16.0%).

Systematic exploitation of the potential for synergies and growth

The positive trend as far as margins are concerned is the result of targeted strategic and operational optimising measures over the past few years. During the year under review Datwyler was able to bring about additional synergy effects from the merger of the former divisions. In particular, the positive effects expected as a result of the merger are starting to materialise in the Health Care market segment. With a view to generating further synergies, the Sealing Solutions division has launched a project intended to harmonise and optimise all internal processes. This will enable Datwyler to become even more competitive and achieve its target growth by ensuring any increase in costs is disproportionately low. Profitability will also be supported in future by focusing on higher-value products and the ongoing expansion of sites based in low-wage countries. In addition to organic growth, Datwyler is also keen to expand by means of further acquisitions, particularly in the Health Care and Automotive market segments. One example is the takeover of the Italian company Origom (with an annual revenue of CHF 23.0 million) in October 2015, which has opened up the O-ring market. Datwyler is confident that further takeovers will enable it to tap into new technologies and new niche markets with attractive potential for development and growth.

Increase in revenue for Health Care

Demand increased again in the Health Care market segment, which returned to previous levels of growth. The customers with problems at their Indian plants have resolved these with America's Food and Drug Administration (FDA) and have resumed production. At the same time, Datwyler has broadened its customer portfolio, particularly in the generics market, and stepped up both key account management and technical support. The outsourcing of a fast-growing product line from the plant in the USA to the new plant in India involves close collaboration with the customer and should be completed by 2017. Given the growing requirements of Health Care customers as regards the cleanliness of sealing components, Datwyler is making further investments in FirstLine clean-room technology. This standard gives the company already a competitive advantage. At the Belgian plant Datwyler is currently building its first highly automated elastomer mixing facility with this FirstLine clean-room technology in mind. Production is due to start in 2017.

Key figures of Sealing Solutions

in CHF millions	2015	2014
Net revenue	705.9	686.4
EBIT	125.8	109.8
EBIT margin	17.8%	16.0%
Total assets	629.4	573.3
Gross capital expenditure	48.5	57.2
Number of full-time equivalents (at year-end)	5'521	5'225

Automotive becoming more competitive

The Automotive market segment benefited from pleasing levels of demand in Europe and the USA. Columbia Engineered Rubber in the USA and Origom in Italy, which were acquired in 2014 and 2015, also made a contribution in this area. The additional sales capacity provided by Columbia is making a valuable contribution towards developing the American automotive market. And thanks to Origom Datwyler is able to meet existing customers' O-ring requirements. Growth in China and the other Asian countries in the year under review was much lower than in previous years when growth had been strong. Datwyler is the only provider with a genuinely global presence in the sealing component segment for the automotive industry. In order to consolidate this competitive advantage, the company successfully started operations at its own modern elastomer mixing facility at the Ningguo site in China in October 2015. Plans are also under way to develop an in-house elastomer mixing facility for the plant in the Czech Republic.

Civil Engineering enjoying strong demand

Datwyler has completed the revision of its product portfolio in the Civil Engineering market segment. The focus is now on tunnelling and railway superstructure applications. Both segments were able to post record incoming order levels by the end of the year. With the aim of accelerating growth yet further, Datwyler has beefed up the Engineering and Sales teams and brought these together – where possible and assuming this made sense – within the existing competence centre at the German site.

Consumer Goods achieving decent growth

The Nespresso order in the Consumer Goods market segment continued to develop nicely and delivered a decent rate of growth in the year under review. Drawing on its pioneering sealing expertise, Datwyler is currently involved in several development projects.

Optimistic outlook

Datwyler is optimistic about the coming year as far as the Sealing Solutions division is concerned. We are convinced our strong position will enable us to exceed average growth levels across all market segments where we are active over both the short and the medium term. We are also looking to continue our policy of accelerating expansion into new geographical markets by means of targeted acquisitions, as well tapping into new technologies and new niche markets. Given the further potential for harmonising and optimising our processes, we are also confident we can keep profitability levels high.

OUR HISTORY

NEVER LOSING **SIGHT OF PEOPLE AND THEIR NEEDS**

Things in Uri are not looking good at the beginning of the 20th century when it comes to education and earning potential. The development of industry is opening up new opportunities. Adolf Dätwyler finds a way to support the local workers on a sustainable basis and get them to commit to the Company.

In 1918 he establishes a company health insurance fund, followed by numerous affordable company apartments starting in 1933 and interesting continuing education offerings at the Company's own training facility starting in 1944. In 1948 – more than 30 years before being required by law – Datwyler introduces a pension fund.

OUR VALUES

WE HAVE **RESPECT** FOR OTHERS

Respect for one another is reflected in more than just our corporate culture. Datwyler has a code of conduct and is also a member of the UN Global Compact. Through this, we are committed to advocating for human rights and environmental protection as well as to combating corruption. We assume social responsibility.

Datwyler's employees foster respectful, honest cooperation. This applies to both internal and external partners on all continents and in all cultures. We support each other and seek out the best solutions together.

SUSTAINABILITY

Long-term values 18

Sustainability as a strategic direction 18

Quality for customers 19

Environment 21

Our people 23

Community 25

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 used our 100th anniversary in 2015 as an opportunity to consolidate awareness amongst our employees worldwide of our values and how they have evolved over time. 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. As early as 2008, we voluntarily adopted the standards of the Global Reporting Initiative (GRI) for the sustainability section of our 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, labor, 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 2015 reporting year the sixth 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.

As far as our suppliers are concerned, we have set out our requirements in a dedicated code of conduct since the beginning of 2014. The systematic customer satisfaction surveys were continued in 2015. The next employee satisfaction survey will be conducted in autumn of 2016. Since 2013, the Datwyler Group has also reported its greenhouse gas emissions in accordance with Carbon Dis-closure Project (CDP) standards. In this way we live up to our social responsibility every day as a reliable partner to our stakeholders.

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)*, Version G3. The Annual Report, together with the information compiled in the detailed GRI Content Index, was drawn up in accordance with the GRI G3 Guidelines for Application Level C. The GRI Content Index can be found on the Datwyler website under the following link: http://www.datwyler.com/unternehmen/nachhaltigkeit.html.

Implementation of the new GRI G4 Guidelines is planned for the next sustainability report in 2016, with the groundwork already under way. Datwyler intends to use the transition from the G3 to the G4 version of the Guidelines to make its sustainability activities an even more integral part of corporate strategy.

The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialog 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 [1]		All facilities	
ISO/TS 16949 (suppliers to the automotive industry)			Schattdorf, Switzerland Nový Bydžov, Czech Republic Malyn, Ukraine	Silao, Mexico Ningguo City, China Daegu, Korea Wuxi, China
ISO 15378 (primary packaging for medicines)			Alken, Belgium Karlsbad, Germany	Pregnana, Italy Montegaldella/Italy
Environment				
ISO 14001	Glostrup, Denmark Bremen, Germany Helsinki, Finland Järfälla, Sweden Oslo, Norway Warsaw, Poland	Tallinn, Estonia Vilnius, Lithuania Riga, Latvia	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 Montegaldella, Italy Pregnana, Italy	Schattdorf, Switzerland Waltershausen, Germany Ningguo City, China

[1] Except for Nedis

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 underlying processes, passing on an 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 strong 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 2015, 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 authorization 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 it operates. 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 customer representatives at a multitude of courses during the reporting 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 25% 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 [1]		Sealing Solutions [2]		Datwyler Group	
	Unit	2015	2014	2015	2014	2015	2014
Energy consumption and CO_2							
Electricity	MWh	6'769	7'130	152'446	142'968	159'215	150'098
Per capita electricity	MWh/ employee	5.4	5.7	27.8	27.9	23.6	23.5
District heating	MWh	2'129	2'380	679	749	2'808	3'129
Natural gas	MWh	2'499	2'691	35'328	31'938	37'827	34'629
Butane, propane, ethane	MWh	0	0	54	24	54	24
Extra light fuel oil	MWh	0	0	435	387	435	387
Other fossil fuels (e. g. diesel)	MWh	0	0	3'343	2'149	3'343	2'149
Renewable energy	MWh	0	0	4'250	3'216	4'250	3'216
CO_2 emissions [3]	tonnes	2'574	2'713	78'961	73'148	81'535	75'861
Direct (Scope 1) [3]	tonnes	505	543	8'155	7'133	8'660	7'676
Indirect (Scope 2) [3]	tonnes	2'069	2'169	70'806	66'016	72'875	68'185
Per capita CO_2 emissions	tonnes/ employee	2.1	2.2	14.4	14.3	12.1	11.9
Water consumption							
Drinking/industrial water	m^3	14'687	15'691	2'238'868	2'202'315	2'253'555	2'218'006
Per capita water consumption	m^3/ employee	12	12	408	430	334	347
Waste							
Total waste	tonnes	1'067	1'107	13'191	12'841	14'258	13'948
of which regular waste	tonnes	989	1'018	12'318	12'020	13'307	13'038
of which special waste	tonnes	78	104	873	821	951	926
Proportion of waste sent for recycling	%	72%	68%	65%	65%	66%	65%
Per capita total waste	tonnes/ employee	0.9	0.9	2.4	2.5	2.1	2.2
Employees [4]		1'252	1'261	5'493	5'125	6'745	6'386

1 In the Technical Components division, all main sites with a total of 1.252 employees (expressed in full-time equivalents as an annual average) are included in the reporting year. Environmental data relating to the Maagtechnic specialist distribution unit (approximately 550 full-time equivalents), which was sold in April 2014, were excluded from the previous year's calculations.

2 In the Sealing Solutions division, all main sites with a total of 5.493 employees (expressed in full-time equivalents as an annual average) are included in the reporting year. Columbia Engineered Rubber (110 full-time equivalents) was acquired in September 2014 and included for the first time in 2015. No environmental data were recorded retrospectively for 2014. No environmental data are available in the reporting year for Origom (115 full-time equivalents), which was acquired in September 2015.

3 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.

4 In full-time equivalents as an annual average (including temporary employees).

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 endeavoring to minimise significant impacts on the environment. The Group spent some CHF 1.0 million on specific environment-related activities in 2015, with some CHF 0.5 million of this going to investments, CHF 0.4 million for personnel and CHF 0.1 million for certifications.

Environmental performance at a glance

The environmental data in the table on page 21 cover the main sites in both divisions. In the Technical Components division, the environmental data relating to the Maagtechnic speciality retail unit (approximately 550 full-time equivalents), which was sold at the start of April 2014, were also excluded from the calculations in the previous year. In the Sealing Solutions division, environmental data were included in the reporting year for the first time for Columbia Engineered Rubber (110 full-time equivalents), which was acquired in September 2014. No data were recorded retrospectively for 2014. No environmental data are available in the reporting year for Origom (115 full-time equivalents), which was acquired in September 2015. As is to be expected, the manufacturing-centred Sealing Solutions division consumes considerably more resources than the Technical Components division, which focuses on trade and distribution.

Overall energy consumption in 2015 increased by 7.4% year-on-year, due mainly to organic growth in the Sealing Solutions division. Higher capacity utilisation in this manufacturing-centred division invariably means more resources are consumed. Volume growth was compounded by a harsher winter in Europe, which necessitated more days' worth of heating in 2015 than the previous year, which had been mild. Electricity consumption painted a similar picture, falling by some 5% in the Technical Components division but rising by 6.6% in the Sealing Solutions division. Higher energy and electricity consumption pushed the Datwyler Group's greenhouse gas emissions up by 7.5% in the reporting year. This rise is also entirely attributable to the Sealing Solutions division, with the growing production output of the plants in China, South Korea and India increasing average CO_2 intensity. The higher capacity utilisation in the Sealing Solutions division was also reflected in a 7.2% increase in headcount at the sites included in the reporting. This meant that electricity consumption and greenhouse gas emissions per capita remained virtually unchanged both for the Sealing Solutions division and the Datwyler Group as a whole.

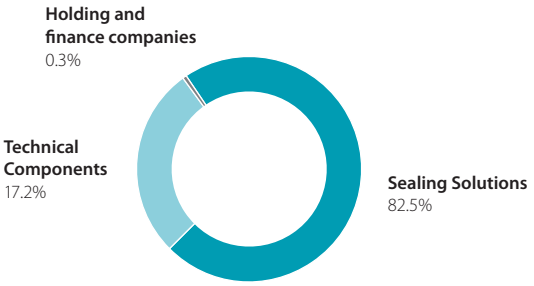
Water consumption in absolute terms rose by 1.6% throughout the Group compared to the previous year. This disproportionately low increase is down to the measures taken to limit water consumption, including the introduction of a closed water circuit at Datwyler's site in India during the reporting year. A system for recycling cooling water is also planned for the Waltershausen site. These measures have helped to cut per capita water consumption by 3.7%. The high water consumption for Sealing Solutions very clearly reflects the specific requirements of the production processes in this division. Cooling 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 "nature-made 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 saves around 500 tonnes of CO_2 emissions per year. 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 further 1.300 tonnes.

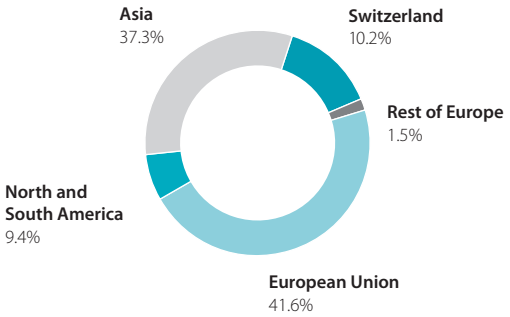
At 2.2%, the increase in the total quantity of waste was slightly less than the organic growth of the manufacturing-centred Sealing Solutions division, resulting in a slight fall in waste per capita. The rise in the quantity of special waste was one consequence of the greater demand for chemicals in the process for cleaning rubber components for the healthcare industry. In addition, a change to the law meant that additional substances were declared as special waste in Italy during the reporting year. Although the recycling rate was increased from 68% to 72% in the Technical Components division, it remained largely unchanged in the Sealing Solutions division and for the Group as a whole at around two-thirds.

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

The Datwyler Group's workforce increased in numbers once again in the 2015 reporting year. This was due to an increase in headcount at the foreign sites as a result of organic growth in the Sealing Solutions division as well as the 115 Italian employees who joined the Sealing Solutions division in September 2015 on the acquisition of Origom. In total, the Datwyler Group had a workforce of 7'013 – including fixed-term employment contracts – in 28 countries at the end of the year, of which more than 2'500 are in Asia. This is equal to 6'773 full-time equivalents per end of the year (previous year: 6'528 full-time equivalents). Based on full-time equivalents at an annual average of 6'804, sales per full-time equivalent came to CHF 171'000 in 2015. This figure is influenced by the continuously stronger weighting of the Asian production plants in the Sealing Solutions division, in which sales per full-time equivalent are generally lower than in western countries. The turnover rate for the Datwyler Group in the year under review amounted to 11.5% . 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 the annual average, the Group had 6'601 full-time employees and 386 part-time employees. The proportion of employees with fixed-term employment contracts was 545 people, or 7.8% of employees. The percentage of women in the Group's total staff came to 40.0%, while the proportion of women in management positions was 12.3%.

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 296.6 million in the reporting year. In business reorganization programs, we consider the needs of the employees, engaging in a constructive dialog with company employee representatives. In 2015, 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 2'840 lost days, which represents 0.16% of the total days worked. In total, 42'936 days were lost due to sickness, occupational injuries and non-occupational injuries, representing an absentee rate of 2.46%.

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 more than 100 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 strategic leadership program 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 questionnaire in 19 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. 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 2015. 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 officeholders.

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 almost 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 about a third of its purchases locally in 2015. 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 Dätwyler, is endowed with a capital of more than CHF 50 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 some CHF 11.5 million in grants. Of the total amount distributed, CHF 10.1 million or some 86% has gone to applicants in the Swiss canton of Uri. In the reporting year, a sum of CHF 1.1 million was awarded.

OUR HISTORY

A **BOLD BEGINNING** THAT PAID OFF HANDSOMELY

In 1915, only the farmer's son Adolf Dätwyler believed in the potential of debt-ridden Schweizerische Draht- und Gummiwerke located in Altdorf in the Swiss mountains. The young manager enjoyed industry experience and was hardworking. With a dash of courage and pioneering spirit he restructured the ailing company and, in the midst of World War I, set the stage for its long-term success.

In 1917, Adolf Dätwyler decided to change sides from employee to entrepreneur and, with the help of a group of investors, acquired the company for 2.25 million Swiss francs. Only a few years later, in 1920, the Dätwyler family acquired majority shareholding, and the company was renamed to reflect Dätwyler ownership in 1946. Adolf Dätwyler's sons, Peter and Max, took on management responsibility in 1958 and with great skill spurred on international expansion.

1

OUR VALUES

WE ARE **ENTRE-PRENEURS**

Dätwyler displayed a spirit of entrepreneurship in its cooperation with Nespresso. Not discouraged by initial setbacks, our innovative employees successfully developed a unique solution.

At Datwyler, entrepreneurial behavior is not limited to management alone. Quite in the contrary: all employees take on responsibility and constantly streamline procedures at their workplace. In this way, every member of our staff makes a significant contribution toward the company's success.

CORPORATE GOVERNANCE

Group structure and shareholders 28

Capital structure 29

Internal organisation 30

Board of Directors 33

Executive Management 34

Shareholders' participation rights 36

Statutory auditors 37

Information policy 37

CORPORATE GOVERNANCE

at 31 December 2015

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 and in the Remuneration Report. 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, civil engineering and consumer goods industries.

Substantial shareholders and ownership structure

The ownership structure of the Datwyler Group (see chart, p. 29) is the result of the Dätwyler family succession arrangements of 1990. The family's primary objective was to ensure the long-term independence of the Company.

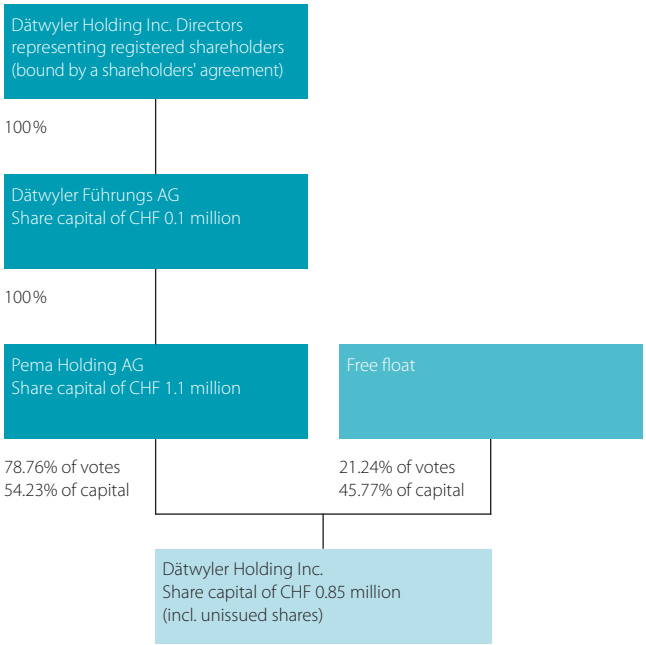
Following the 1986 IPO, Peter and Max Dätwyler's interest had been reduced to roughly 50% of capital and just below 80% of votes. They placed this ownership interest without compensation in a company they had founded, Pema Holding AG (PeMa = Peter and Max). Today, the Board of Directors of Dätwyler Holding Inc. controls these assets and the associated voting rights on a fiduciary basis and without beneficial ownership. It does so through Dätwyler Führungs AG, likewise founded by the Dätwyler brothers in 1990. The members of the Board of Directors of Dätwyler Holding Inc. (see p. 33, Members of the Board of Directors) are concurrently members of the Board of Directors of Pema Holding AG and hold equal interests of CHF 0.1 million in the share capital of Dätwyler Führungs AG. A shareholders' agreement requires departing Board members to pass their shares in Dätwyler Führungs AG on to their successors at par value and without financial gain. The Board members are likewise not entitled to receive dividend payments from Dätwyler Holding Inc. Dividends are retained by Pema Holding AG and can be reinvested in Dätwyler Holding Inc.

Under the shareholders' agreement, Pema Holding AG may invest only in the Datwyler Group and its spin-offs, precluding any conflicts of interest with other shareholdings. Disposal of a majority of votes is permitted only by a qualified majority, and only in the event that it is no longer economically feasible to maintain Dätwyler Holding Inc. as an independent going concern. In this case, Dätwyler Führungs AG and Pema Holding AG are to be liquidated, with the proceeds going to the Datwyler Foundation.

The representatives of bearer shares on the Board of Directors of Dätwyler Holding Inc. are not members of the Boards of Directors of Pema Holding AG or of Dätwyler Führungs AG. Concluded in 1990, these Dätwyler family succession arrangements entailed a waiver of claims to substantial assets and are unique.

Pema Holding AG currently owns all 22 million registered shares and 4.8185 million of the total of 12.6 million bearer shares of Dätwyler Holding Inc. This represents 78.76% of the voting rights and 54.23% 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.

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 69: segment reporting.
- Page 89: detailed list of subsidiaries and investments.
- Page 105: details of Dätwyler Holding Inc., the listed company, in the Share Information and General Information sections on page 107.
- Page 108: 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 2015:

22'000'000 registered shares of CHF 0.01 each	0.22
12'600'000 bearer shares of CHF 0.05 each (including 550'042 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 (550'042 bearer shares, see page 97, note 2.5 Reserve for treasury shares / Employee share ownership plan), all shares irrespective of their value are entitled to vote and rank for dividend. Information about changes in equity for 2015 and 2014 is presented in the statement of changes in equity on page 61. Changes in equity for 2014 and 2013 are shown in the statement of changes in equity on page 62 of the Annual Report 2014 (www.datwyler.com > Media > Publications).

Convertible bonds and share options

As at 31 December 2015, 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 80, Note 18, 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 2015, the Board comprised eight 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.

Since 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. 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 nine 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 Remuneration 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 2015, the Board held seven meetings. One member of the Board of Directors was excused from a meeting. The CEO and CFO and the other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2015, 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, 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 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), Jürg Fedier, Ulrich Graf and Ernst Odermatt. In 2015, the Audit Committee held three meetings, each of which was 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 2015, 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.

Remuneration Committee

The responsibilities of the Remuneration Committee are recorded in the Remuneration Report on page 40.

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 for 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 optimise cooperation, the head of Internal Audit meets regularly with the representatives of the external auditors. At their meetings they harmonise 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 Internal Audit, the local management defines specific corrective measures and a timetable for implementation. Division management and local management each issue an opinion. The report (including the corrective measures, the timetable for implementation and the opinions) is 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 Inc. (see p. 28, Substantial shareholders and ownership).

Pursuant to Article 14 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Board of Directors may hold on management and supervisory boards of legal entities outside the Group is restricted as follows:

- Four mandates in exchange-listed enterprises.
- Ten mandates in unlisted enterprises.
- Fifteen mandates in other legal entities such as foundations and associations

Ulrich Graf (1945, Swiss)
Chairman (term expires in 2016)
Ulrich Graf has served on the Board of Dätwyler Holding Inc. since 2004. He was appointed Chairman in 2005 and is a member of the Audit and the Remuneration 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 dorma+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. 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 2016)
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 Remuneration 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 Remuneration Committee, and Chairman of the Board of Directors of Datwyler Cabling Solutions AG, a sister company of the publicly listed Dätwyler Holding Inc. He is also a member of the board of Hatebur Metalforming Equipment Ltd. Until end of 2014 he was heading the worldwide business unit Grid Systems of the ABB Group. 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. He earned a doctorate specialising in mechatronics/robotics from the Swiss Federal Institute of Technology Zurich and also holds an Engineer's degree from Stanford University (USA).

Jürg Fedier (1955, Swiss)
Director (term expires in 2016)
Jürg Fedier was appointed to the Board of Dätwyler Holding Inc. at the 2015 Annual General Meeting. He is a member of the Audit Committee. Since 2009, he serves as Chief Financial Officer of the world wide operating and stock quoted Oerlikon Group. From 2007 to 2008 he acted as CFO of Ciba Group. Between 2006 and 2007, he was Head of Finance of Dow Europe and a Member of the Executive Board. From 2002 to 2006, Jürg Fedier served as Vice President Finance for Dow Chemical, Performance Chemicals, USA, between 2000 and 2002 as Global Business Finance Director for Dow Chemical, Thermosets. From 1978 to 2000, he filled several management positions with Dow Chemical in the USA and in Asia. Jürg Fedier holds a Commercial Diploma from the College of Commerce in Zurich, Switzerland, and completed international executive management programs at the IMD, Switzerland, and the University of Michigan, USA.

Gabi Huber (1956, Swiss)
Director (term expires in 2016)
Gabi Huber was appointed to the Board of Dätwyler Holding Inc. in 2013 and is a member of the Remuneration Committee. 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 represented the Canton of Uri in the National Council from 2003 to 2015 and was the "FDP. The Liberals" parliamentary group leader from 2008 to 2015. 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 Vice Chairwoman of the Board of Directors of UBS Switzerland AG 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.

Ernst Lienhard (1946, Swiss)
Director (term expires in 2016),
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 AG 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

Hanno Ulmer (1957, AT)
Director (term expires in 2016)
Hanno Ulmer was appointed to the Board of Dätwyler Holding Inc. at the 2015 Annual General Meeting. He has served on the Executive Board of Doppelmayr Holding AG, the parent company of the world's leading ropeway manufacturer based in Austria, since 1994 and, additionally, as Managing Director of Doppelmayr Seilbahnen GmbH since 2009. Hanno Ulmer has held various finance and management positions within the Doppelmayr Group since 1976. He is also a Director of Ropetrans AG and Garaventa AG and a Supervisory Board member of Bank für Tirol und Voralberg AG. Hanno Ulmer holds an accounting diploma from WIFI Voralberg and completed university studies in export and international management.

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

Pursuant to Article 19 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Executive Management may hold on management and supervisory boards of legal entities outside the Group is restricted as follows:
- Two mandates in exchange-listed enterprises.
- Five mandates in unlisted enterprises.
- Ten mandates in other legal entities such as foundations and associations.

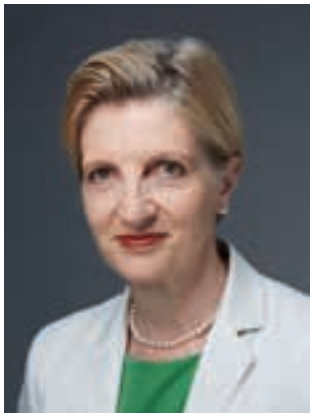
Board of Directors

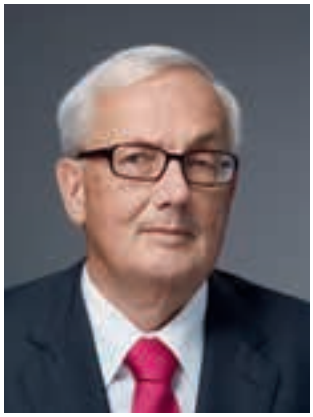
Ulrich Graf, Chairman

Hans R. Rüegg, Vice-Chairman

Hanspeter Fässler

Jürg Fedier


Gabi Huber


Ernst Lienhard

Ernst Odermatt

Hanno Ulmer

Executive Management

Paul J. Hälg, CEO

Reto Welte, CFO

Dirk Lambrecht, Head of Sealing Solutions division

Neil Harrison, Head of Technical Components division

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 and a member of the Board of Swissmem (Swiss mechanical and electrical engineering association). 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. 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.

Neil Harrison (1967, GB)
Head of Technical Components division
Neil Harrison, as a member of the Executive Management, is heading the Technical Components division. Before joining the Datwyler Group, he was, since 2009, the President of Premier Farnell Europe, a UK-based company, where he was responsible for the European business. In addition, as the global head of eCommerce, he was responsible for the continuous upgrading and expansion of the worldwide e-business offering. Neil Harrison has held several international management functions for Premier Farnell since 1995. He has completed various international management programmes at the universities of Harvard (USA) and Cranfield (GB).

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 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.

Significant events after balance sheet date
See Letter to the Shareholders page 5.

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 is recorded in the Remuneration Report on page 39 ff.

Shareholders' participation rights

The shareholders' participation rights comply with the provisions of Swiss Corporation Law, subject to the one-share-per-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 and instruct an independent proxy to represent them. To do so, an electronic solution has been provided since 2014. The independent proxy is elected annually by the Annual General Meeting for the next ordinary Annual General Meeting.

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 no less than 10% of the share capital 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. There was a change in the lead audit partner in 2014. Some of the Group companies are audited by other firms of accountants.

Fees paid in 2015 to the statutory and other auditors:

in CHF	Statutory auditors	Other auditors
Auditing services, total	1'114'000	563'000
Additional services, total	297'000	727'000
Tax consulting	209'000	292'000
Legal consulting	5'000	269'000
Transaction services	12'000	126'000
Other advisory services	71'000	40'000

Representatives of the statutory auditors attend all meetings of the Audit Committee for the discussion of certain items. Three meetings were held in 2015. 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 31.

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 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 107. Official notices concerning Datwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.

OUR HISTORY

EARLY INVESTMENT IN **RESEARCH AND DEVELOPMENT**

Adolf Dätwyler was sure that long-term success could be obtained only by means of product quality. Therefore, at an early stage, he employed scientifically trained personnel and invested in research and development and, in 1934, began with the production of technical rubber goods in Altdorf.

While World War II brought about dramatic raw-material shortages, Dätwyler quickly secured raw rubber supplies for his company. Moreover, in 1940, Switzerland's largest rubber recycling plant was introduced and running at high speed right from the start. These and other innovations confirm Dätwyler's goal to consistently excel in what he did even in adverse conditions.

OUR VALUES

WE **EXCEL** IN WHAT WE DO

Datwyler produces high-quality closure components for the health-care industry under state-of-the-art clean-room conditions, with fully automatic camera inspection and a unique cleaning process.

By means of this production concept, Datwyler exceeds the highest quality standards set by European and American regulatory authorities and increases the benefit for its global health-care customers. Each employee knows that his or her function contributes toward constantly improving our product offer, no matter of the department it concerns.

REMUNERATION REPORT

Remuneration governance framework 40

Remuneration structure of the Board of Directors 43

Remuneration structure of the Executive Management 44

Remuneration and loans in 2015 48

Remuneration outlook 50

Report of the Statutory Auditor on the Remuneration Report 52

REMUNERATION REPORT

The Remuneration Report describes the governance framework and principles of remuneration of the Board of Directors and Executive Management of the Datwyler Group. It also provides information on remuneration plans and remuneration paid for the 2015 fiscal year.

The Remuneration Report is written in accordance with Articles 663b^{bis} of the Swiss Code of Obligations, the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange, the Swiss Code of Best Practice for Corporate Governance of economiesuisse and the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

Remuneration governance framework

Remuneration Committee

The Remuneration Committee generally consists of three members of the Board of Directors who are elected individually each year by the Annual General Meeting. The Remuneration Committee appoints its chairman. As at the end of 2015, the members of the Remuneration Committee were: Hanspeter Fässler (Chairman), Ulrich Graf and Gabi Huber. In 2015 the Remuneration Committee met five times, with all members present for each meeting.

Areas under the purview of the Remuneration Committee:
- Basic human resource issues (e.g. talent management, succession planning, etc.) of the Datwyler Group.
- Membership of the Board of Directors and Executive Management.
- Determination of remuneration for members of the Board of Directors within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association.
- Terms of employment for members of the Executive Management.
- Determination of performance-based remuneration for members of the Executive Management within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association.
- Monitoring of structure and development of remuneration.
- Oversight of compliance by the members of the Board of Directors and Executive Management with the provisions of the Articles of Association concerning the number of mandates in top management and supervisory bodies of legal entities outside the Datwyler Group (Art. 14 section 5 and Art. 19 section 3 of the Articles of Association) including any necessary measures.
- Compliance with regulations concerning the disclosure of remuneration of members of the Board of Directors and Executive Management.

The Remuneration Committee has written terms of reference setting out its responsibilities. The Committee generally prepares the groundwork for proposals and decision-making by the full Board. It has executive authority only within the remuneration framework already approved in principle by the Annual General Meeting or Board of Directors and where expressly provided in the Articles of Association or a policy. It meets upon invitation of its Chairman as often as necessary, but at least once a year. When the business to be transacted so requires, meetings are attended by the CEO and CFO, by invitation and in an advisory capacity. At the agenda points, where their own performance and remuneration are being discussed, the CEO and CFO do not attend. The members of the Committee receive documentation before meetings to enable them to prepare for the individual agenda items. At least two members must be present to adopt decisions. The committees pass resolutions by an absolute majority of the votes cast. In the event of a tie, the Chairman casts the deciding vote. The Remuneration Committee keeps a record of its decisions and recommendations in minutes submitted to the full Board of Directors and reports the results of its activities at the next Board meeting.

Approval levels

	Proposal	Review	Approval
Remuneration principles (articles of incorporation)	Remuneration Committee	Board of Directors	Annual General Meeting (binding vote)
Remuneration models for the Board of Directors and Executive Management	Remuneration Committee		Board of Directors
Remuneration report	Remuneration Committee	Board of Directors	Annual General Meeting (consultative vote)
Maximum aggregate amount of remuneration for Board of Directors	Remuneration Committee	Board of Directors	Annual General Meeting (binding vote)
Individual remuneration of Board of Directors members	Remuneration Committee		Board of Directors
Maximum aggregate amount of remuneration for Executive Management	Remuneration Committee	Board of Directors	Annual General Meeting (binding vote)
Remuneration CEO	Remuneration Committee		Board of Directors
Individual remuneration other members of Executive Management	CEO	Remuneration Committee	Board of Directors

Determination procedure for the remuneration system

The remuneration system is reviewed every three years by the Remuneration Committee and may be adjusted to reflect the evolving business environment. A review of this nature did take place during 2015. The resulting changes, which will take effect from the 2016 fiscal year, are summarised on page 50 under "Remuneration outlook".

The process for determining the elements and levels of remuneration for the Board of Directors and Executive Management is based on a periodic benchmarking analysis on the basis of remuneration surveys and of remuneration disclosures published by comparable companies in their annual reports. Comparable companies are defined as international industrial companies listed on the SIX Swiss Exchange with similar geographic scope, revenue, complexity, capitalisation and employee headcount. The comparison group for determining remuneration of the Board of Directors and Executive Management comprises the following companies: Bucher Industries, Feintool, Forbo, Geberit, Georg Fischer, Kaba, Lonza, Oerlikon, Sika, Sonova and Sulzer. The Datwyler Group's remuneration policy is measured against common standards for similar positions at comparable companies. During the year under review, the Datwyler Group did not participate in any specific remuneration surveys.

The Annual General Meeting approves the proposals of the Board of Directors concerning the maximum aggregate amount for remuneration of the Board of Directors each year for the period up to the next ordinary Annual General Meeting pursuant to Art. 21b of the Articles of Association, and of remuneration for the Executive Management for the following fiscal year pursuant to Art. 21c of the Articles of Association.

The amount of remuneration for members of the Board of Directors is based on service on the individual committees. It is determined annually by the Remuneration Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association. The full Board of Directors is informed of the result. Members of the Board of Directors have a right to be consulted at these meetings of the Board of Directors.

The effective performance-based remuneration of members of the Executive Management is determined annually by the Remuneration Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association. The full Board of Directors is informed of the result.

Under Art. 21a section 5 of the Articles of Association, the Company is authorised to pay an additional amount of up to 50% of the applicable aggregate amount of the applicable maximum total remuneration of the Executive Management to members of the Executive Management who join the Executive Management or assume additional duties during a period for which Executive Management remuneration has already been approved in the event that the approved maximum aggregate amount of remuneration is insufficient for this period.

The Remuneration Report is submitted to the Annual General Meeting for approval in an advisory vote.

Remuneration philosophy and principles

The remuneration philosophy, as set forth in the Articles of Association, is aligned with the business strategy of sustainable, profitable growth and aims to promote and support the four core values of the Datwyler Group:

- We are entrepreneurs.
- We excel at what we do.
- We bring value to our customers.
- We have respect for others.

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.

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

Market competitiveness

Remuneration levels are in line with competitive market practice and are designed to attract, retain and develop the best talent.

Fairness and transparency

Remuneration programs are straightforward, transparent and fair.

The framework for implementing these remuneration principles is set forth in the Articles of Association.

Remuneration structure of the Board of Directors

Remuneration model for members of the Board of Directors

Base fee for Board membership + **Additional fee for special functions**

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

	Cash (CHF)	Stock (units)
Board chairmanship	80'000	1'300
Board vice-chairmanship	20'000	600
Committee chairmanship	40'000	
Committee membership	20'000	
Representation of minority shareholders	40'000	
Additional functions (per diem)	5'000	

The remuneration of members of the Board of Directors is determined based on the responsibility and time requirements of their function and includes a base fee for Board membership and additional fees for special functions such as committee chairmanship and membership. The additional fees are cumulative in the case of multiple functions. Members of the Board of 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., blocked for five years. In the event of death or disability of a Board member, the shares may be subject to early un-blocking if the participant or his or her beneficiaries so choose. They remain blocked in all other instances.

Fees are paid and shares allocated in June for the current year of Board service. They are subject to regular social security contributions but are not pensionable. Members of the Board of Directors receive no additional reimbursement of business expenses beyond actual expenditures for business travel.

Remuneration structure of the Executive Management

Remuneration model for the Executive Management

	Instrument	Purpose
Fixed base salary	Monthly cash payments	To compensate for performance of duties and for qualifications required to perform the role
Variable incentive	Annual cash payment	To share profit and reward for individual performance
Share participation	Annual granting of shares blocked for five years	To drive sustainable results and create long-term alignment with shareholders' interests
Employer social insurance contributions and perquisites	Retirement pension, insurance & perquisites	To protect against risks and reimburse business expenses

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

Fixed base salary
The amount of the fixed base salary depends on the scope of the position, the qualifications and experience required to perform the role together with the market environment. The objective is to pay fixed salaries in line with those offered by comparable companies for similar positions.

Variable incentives
Variable incentives reward collective performance in the form of a profit-sharing component as well as individual contributions to the Company's overall business success over a performance period of one year. Pursuant to Art. 21c section 2 of the Articles of Association, the variable incentive may range from 100% to 200% of the fixed base salary.

For the CEO and CFO, the variable incentive consists entirely of a share in the Group's net profit, as a pre-defined percentage of the net profit. This share is multiplied by a growth factor, which is determined on the basis of the year-on-year change in net profit. This mechanism ensures that remuneration reflects both the effective net profit achieved and the change in net profit from one year to the next. A negative year-on-year change means that the percentage of net profit awarded decreases disproportionately. A positive year-on-year change leads to a disproportionate increase in the percentage of net profit awarded.

In the event of acquisitions and disposals that increase or decrease Group sales by more than 10%, the formula used to calculate the variable incentive is updated, with both the percentage of profit and the growth factor adjusted on a linear basis, downwards in the case of acquisitions and upwards in the case of disposals. This procedure is used to correct the formula for added or reduced profit potential, thus mathematically neutralising the effects of acquisitions and disposals on the variable incentive.

Variable incentives are currently capped at 150% of the annual fixed base salary for the CEO and at 100% for the CFO.

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

- Business performance is measured as a share in the economic profit, defined as EBIT less the cost of average capital employed, of the respective division. 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 particular market conditions under which each division operates. The relevant peer group information is provided by an independent consulting firm. This mechanism for calculating business performance ensures that both the absolute performance of the division in terms of economic profit and its relative performance

Basic mechanism for calculating the variable incentive

	Net profit	Net loss
Growth factor > 1 (positive change year-over-year)	(% net profit) × (growth factor) **= higher percentage of net profit**	No payout
Growth factor < 1 (negative change year-over-year)	(% net profit) × (growth factor) **= lower percentage of net profit**	No payout

compared to the previous fiscal year and to its external peer group are considered in determining remuneration.
- The individual incentive component is based on the attainment of individual goals, i.e. of strategic, business and personal goals agreed at the beginning of the year as part of the performance appraisal process and assessed by the CEO at the end of the year.

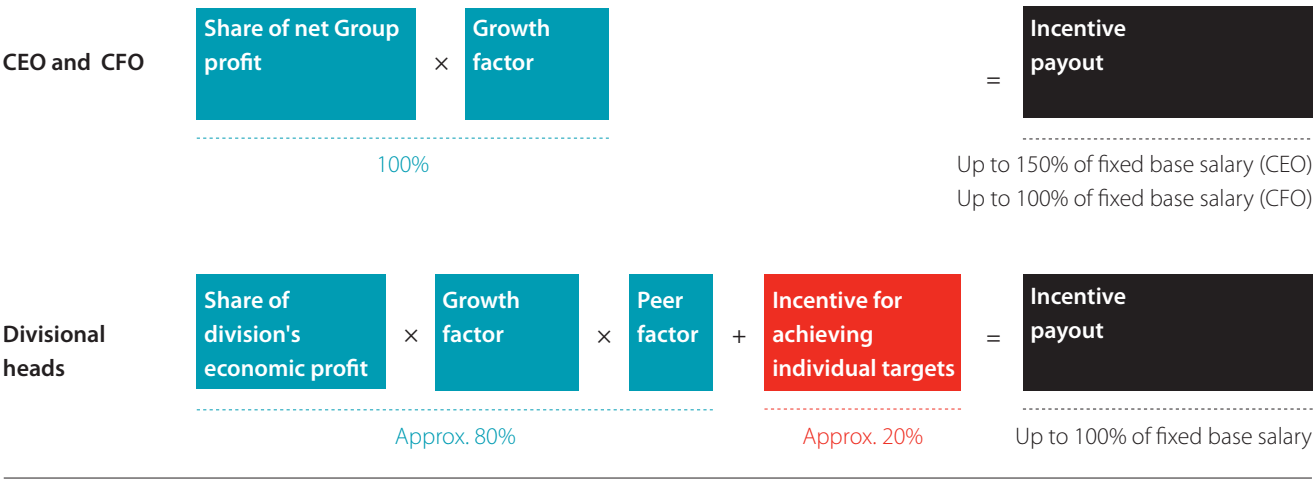
Variable incentives for the heads of divisions are currently capped at 100% of the annual fixed base salary.

Considering the profit-sharing nature of the variable incentive, no formal target is set. However a payout of two-thirds of the maximum is assumed to correspond to the expected level of performance.

Share participation

The equity participation programme established in 2007 gives Executive Management members an ownership interest in Dätwyler Holding Inc. and participation in the long-term performance of the Datwyler Group. The number of shares granted depends on the respective role and may reach up to 100% of the fixed base salary, pursuant to Art. 21c section 3 of the Articles of Association. The shares are granted at their market value on the first trading day of the month of June and are blocked for five years. In the event of termination due to death or disability, the shares may be subject to early un-blocking if the participant or his or her beneficiaries so choose. They remain blocked in all other instances.

Overview of calculation and payout of the variable incentive



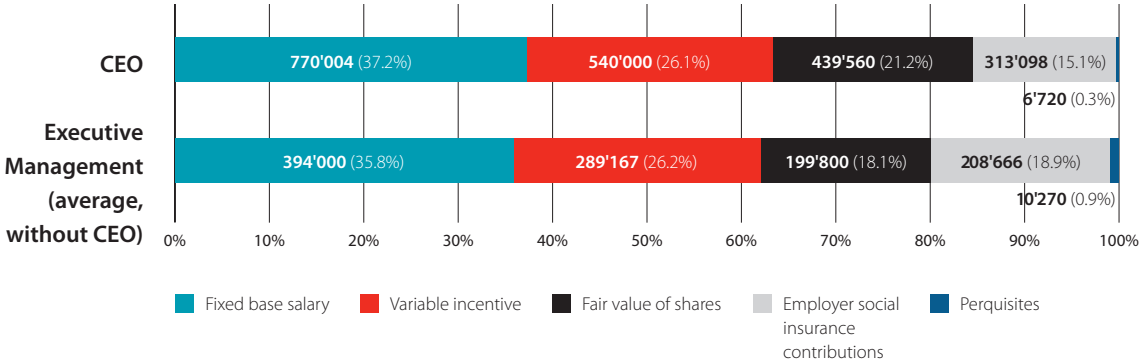
Employer social insurance contributions

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 the sixfold of the maximal retirement pension of the Swiss Governmental Old-Age, Survivors' and Disability Insurance (AHV) and a supplementary plan in which earnings in excess of this limit are insured up to a maximum of the tenfold of the upper limiting amount according to the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG). 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.

Perquisites

Members of Executive Management do not receive any particular executive benefits. They are entitled to a company car and a fiscally approved entertainment allowance, in accordance with the expense rules applicable to all employees at management levels employed in Switzerland. Since entertainment expenses represent a reimbursement of expenses, they are not included in the following lists.

Structure of 2015 remuneration for members of Executive Management



Remuneration mix

The chart above illustrates the remuneration mix for members of Executive Management for the remuneration related to 2015 and includes the fixed cash salary in 2015, the variable incentive that will be paid out in 2016 related to performance year 2015, the number of shares granted in 2015, and the value of benefits received in 2015.

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 contain neither a severance provision in the event of termination of employment, nor any change of control clauses. The employment contracts of Executive Management members contain a clawback clause allowing the company, where necessary under applicable Swiss law and the Articles of Association, to claw back remuneration already paid, insofar as and to the extent that such remuneration was paid before approval by the Annual General Meeting and the next Annual General Meeting fails to approve the proposals of the Board of Directors.

Remuneration and loans in 2015

The remuneration and loans/credits to current and former key management personnel (Board of Directors and Executive Management members) and persons connected with them are presented below. Tables 1 and 2 have been audited by the statutory auditors.

Table 1: Remuneration in 2015

in CHF								
Surname and first name	Function	Fixed base salary, gross	Variable incentives, gross	Share participation[1]		Employer social insurance contributions	Perquisites	Total remuneration
				Number	Fair value			
Directors								
Graf Ulrich[2]	Chairman	170'000	0	2'400	319'680	26'981	0	516'661
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	226'440	18'058	0	354'498
Fässler Hanspeter	Director	90'000	0	1'100	146'520	15'481	0	252'001
Fedier Jürg	Director	70'000	0	1'100	146'520	13'785	0	230'305
Huber Gabi	Director	70'000	0	1'100	146'520	14'005	0	230'525
Lienhard Ernst	Director	90'000	0	1'100	146'520	12'571	0	249'091
Odermatt Ernst	Director	70'000	0	1'100	146'520	11'196	0	227'716
Ulmer Hanno	Director	50'000	0	1'100	146'520	35'189	0	231'709
Total for Directors		**720'000**	**0**	**10'700**	**1'425'240**	**147'266**	**0**	**2'292'506**
Executive Management								
Hälg Paul J.[2]	CEO	770'004	475'470	3'300	439'560	307'645	6'720	1'999'399
Total for Executive Management		**1'952'004**	**1'412'055**	**7'800**	**1'038'960**	**939'479**	**37'530**	**5'380'028**

[1] The shares were awarded on 1 June 2015 at a daily closing price of CHF 133.20.
[2] Highest remuneration

Table 2: Remuneration in 2014

in CHF								
Surname and first name	Function	Fixed base salary, gross	Variable incentives, gross	Share participation[1]		Employer social insurance contributions	Perquisites	Total remuneration
				Number	Fair value			
Directors								
Graf Ulrich[2]	Chairman	170'000	0	2'400	344'640	28'368	0	543'008
Rüegg Hans R.	Deputy Chairman	110'000	0	1'700	244'120	19'007	0	373'127
Fässler Hanspeter	Director	90'000	0	1'100	157'960	16'143	0	264'103
Huber Gabi	Director	70'000	0	1'100	157'960	14'663	0	242'623
Lienhard Ernst	Director	90'000	0	1'100	157'960	13'144	0	261'104
Odermatt Ernst	Director	70'000	0	1'100	157'960	11'809	0	239'769
Total for Directors		**600'000**	**0**	**8'500**	**1'220'600**	**103'134**	**0**	**1'923'734**
Executive Management								
Hälg Paul J.[2]	CEO	770'004	369'435	3'300	473'880	296'370	6'720	1'916'409
Total for Executive Management		**1'952'004**	**963'660**	**7'800**	**1'120'080**	**922'681**	**34'080**	**4'995'505**

[1] The shares were awarded on 2 June 2014 at a daily closing price of CHF 143.60.
[2] Highest remuneration

Remuneration paid to members of the Board of Directors and Executive Management

The fixed remuneration for members of the Board of Directors and for the Executive Management remained unchanged compared to the previous year. For the members of the Board of Directors, the fixed base salary depends on membership of the various committees.

The amounts shown in the tables under variable incentive represent the expense actually recognised for variable salary components awarded for 2015, which will be paid in March 2016. The currency-adjusted net profit was used to calculate the variable incentive, which meant the variable element of remuneration increased compared with the previous year despite a lower net profit being recorded.

The share participation for the year 2015 was determined by the Remuneration Committee and approved by the Board of Directors in accordance with the maximum aggregate amount approved by the Annual General Meeting and Art. 21b of the Articles of Association. The shares awarded on 1 June 2015 at the then market value of CHF 133.20 are blocked over a period of five years. After the end of this period, the shares are at the free disposal of the beneficiary or his or her legal successor regardless of death, disability or termination. The number of shares awarded per functional level remained unchanged for the Board of Directors and for Executive Management in the year under review. The market value of the share in the year under review was CHF 10.40 lower than in the previous year, which decreased the fair value of the equity participation accordingly.

The heading employer social insurance contributions includes all employer expenditures for pension plans and social security contributions. Perquisites reflect the employer's contribution to private use of business vehicles and child allowances.

One member of the Board of Directors (a representative in accordance with SCO 709) receives higher remuneration in consideration of his efforts in favour of bearer shareholders.

Remuneration of former members of the Board of Directors and Executive Management

No remuneration was paid to former members of the Board of Directors or Executive Management in the year under review, nor was any non-arm's length remuneration paid to persons connected with current or former members of the Board of Directors or Executive Management.

Loans and credits

The Articles of Association do not allow for the possibility to grant loans and/or credits to current or former members of the Board of Directors or Executive Management or persons connected with them.

Remuneration outlook

The Board of Directors will propose the following maximum total sums to the 2016 ordinary Annual General Meeting for remuneration of the Board of Directors for their service during the period up to the 2017 ordinary Annual General Meeting and for remuneration of the Executive Management for the 2017 fiscal year:

- Board of Directors: CHF 2'800'000, of which CHF 1'100'000 for cash remuneration plus CHF 1'700'000 for granting of Dätwyler Holding Inc. bearer shares.
- Executive Management: CHF 7'700'000, of which CHF 6'300'000 for cash remuneration (fixed base salary, variable incentive, employer social insurance and perquisites) plus CHF 1'400'000 for granting of Dätwyler Holding Inc. bearer shares.

The remuneration system is reviewed by the Remuneration Committee at three-year intervals. In 2015, a regular review was conducted to take account of the evolution of the business environmen, in which the company operates. Following this review, the Board of Directors decided to keep the overall remuneration structure for the Board of Directors and for the Executive Management for the business years 2016 until 2018 unchanged. The scheme for the calculation of the variable incentive of the Executive Management will be amended, effective as of fiscal year 2016.

The variable incentive plan rewards the collective performance of the company and the individual contributions over a time horizon of one year. It is split into a collective performance component and an individual performance component. The variable incentives are capped at 180% of the annual fixed base salary for the CEO and 120% for the other members of Executive Management.

In alignment with the overall strategy of sustainable profitable growth, the collective performance will be measured on the basis of two performance indicators weighted equally:

- Net sales growth compared to previous year, relative to a peer group of companies;
- EBIT improvement (earnings before interest and tax) compared to previous year, rela-tive to the same peer group of companies.

Relative net sales growth and EBIT improvement will be measured by an independent consulting firm that compares and ranks the performance of Datwyler against the performances of similar companies. For each of the two Datwyler divisions, a specific peer group of more than 30 companies has been determined, including industrial and distribution firms that have a comparable base of products, technology, customers, suppliers or investors and thus are exposed to similar market cycles as the corresponding Datwyler division. The intention of measuring the performance relatively to peer companies is to neutralize the effect of market cycles and external factors that impact the company's performance but are outside of the control of management. The external market cycles being neutralized, the true performance of the company can be better assessed.

The objective of the collective performance component will be to achieve the median per-ormance of the peer group on both indicators (net sales growth and EBIT improvement), which provides for a 100% payout. The maximum payout of 200% can only be achieved if the division achieves the best ranking amongst all peer companies on both net sales growth and EBIT improvement. In case of a negative net result of the division or the Datwyler Group, the Board of Directors reserves the right to deviate from the above mentioned approach.

The assessment of the individual performance is based on personal objectives that are set as part of the annual performance evaluation process. The personal objectives are clearly measurable and may include financial indicators such as net working capital in percent of net sales, but also non-financial metrics such as customer satisfaction and employee commitment. The level of achievement for each objective corresponds to a payout percentage, which ranges from 0% to 200%.

The illustration on the next page summarizes the performance objectives and their respective weighting in percentage of the annual fixed base salary for the CEO and the other members of Executive Management.

Overview of calculation and payout of the variable incentive effective as of fiscal year 2016

Weighting in % of annual fixed base salary		CEO	CFO	COO (division heads)
Collective performance	Net sales growth relative to peers	37.5% average of both divisions	25% average of both divisions	25% own division
	EBIT improvement relative to peers	37.5% average of both divisions	25% average of both divisions	25% own division
Individual performance	Individual objectives	15%	10%	10%
Total (at target)		90%	60%	60%
Total (at maximum)		180%	120%	120%

Peer groups of companies to measure the collective performance effective as of fiscal year year 2016

Technical Components division

Company	Country
ams AG	AT
Analog Devices (Europe)	US
Arrow Electronics (EMEA)	US
ASBISc Enterprises Plc	CY
Atea ASA (Products)	NO
Avnet (Europe)	US
Bechtle (IT e-commerce)	DE
Brammer P.L.C.	UK
CML Microsystems plc	UK
Concurrent Technologies plc	UK
Densitron Technologies plc	UK
Eaton Corporation (Electrical Production)	IE
Electrocomponents (Continental Europe)	UK
Elektronikgruppen BK AB	SE
Elma Electronic AG	CH
ELMOS Semiconductor AG	DE
Esprinet SpA	IT
Flextronics	US
Ingram Micro Inc.	US
Logitech International SA	CH
LPKF Laser & Electronics AG	DE
Metro AG (Europe)	DE
Premier Farnell Plc	UK
S&T AG	AT
Scanfil Oyj	FI
Schweizer Electronic AG	DE
Sequans Communications S.A.	FR
Solid State Plc	UK
Sonel SA	PL
STMicroelectronics NV (Embedded Processing Solutions)	CH
Texas Insturments	US
Vivanco	DE
Würth (Industry)	DE
Yleiselektroniikka Oyj	FI

Sealing Solutions division

Company	Country
Anhui Zhongding Sealing Parts	CN
Antares Pharma Inc.	US
Aptargroup (Food & Beverages)	US
Aptargroup (Pharma)	US
Atrion Corp.	US
Becton Dickinson & Company (Diagnostics)	US
Becton Dickinson & Company (Medical)	US
Bioteque Corp.	TW
Bridgestone Corporation	JP
Continental (Chassy & Safety)	DE
Continental (ContiTech)	DE
Continental (Interior)	DE
Continental (Powertrain)	DE
Delphi Automotive	UK
Fukoku Company Limited	JP
Gerresheimer (Plastics & Devices)	DE
Gerresheimer (Primary Packaging Glass)	DE
Hexpol AB	SE
Johnson Control	US
Parker-Hannifin (Diversified Industrial, America and International)	US
Retractable Technologies Income	US
RPC Group PLC	UK
Semperit AG Holding	AT
Shandong Pharmaceutical Glass Company	CN
Shandong Weigao Group Medical (Single Use Medical Device Products)	CN
Stomil Sanok SA	PL
Terumo (General Hospital Use Products)	JP
Trelleborg (Sealing Solution)	SE
Valeo SA	FR
West Pharmaceutical (Pharmaceutical Packaging Systems)	US
ZF Friedrichshafen	DE

Report of the Statutory Auditor on the Remuneration Report

pwc

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

We have audited the remuneration report of Dätwyler Holding Inc. for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in chapter "Remuneration and loans in 2015" on pages 48 and 49 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Dätwyler Holding Inc. for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Josef Stadelmann
Audit expert

Zürich, 1 March 2016

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Consolidated Financial Statements

Group Financial Review 54

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 92

Group Financial Review

CONSOLIDATED INCOME STATEMENT DATWYLER GROUP

In 2015, the Datwyler Group generated net revenue of CHF 1'165.2 million (previous year CHF 1'251.9 million), representing a decrease of –6.9%. The net effect of subsidiaries acquired and sold amounted to CHF –12.4 million or –1.0%. The negative impact from foreign currency translation to Swiss francs on consolidation was –7.6%. Adjusted for these factors, organic growth was 1.7%.

Change in net revenue

in CHF millions	2015	%	2014	%
Acquisition/disposal of subsidiaries	–12.4	–1.0%	–109.4	–7.9%
Foreign currency translation to CHF	–95.4	–7.6%	–21.3	–1.5%
Organic change	21.1	1.7%	0.6	0.0%
Total change in net revenue	**–86.7**	**–6.9%**	**–130.1**	**–9.4%**

The gross profit margin decreased to 24.8% (previous year 25.6%). Gross profit was impacted by negative foreign currency translation effects of 2.2% and by raw material prices down 4.2%. Other organic change of gross profit amounted to –4.6%.

Change in gross profit

in CHF millions	2015	%	2014	%
Acquisition/disposal of subsidiaries	–23.5	–7.3%	–31.5	–9.2%
Foreign currency translation to CHF	–6.9	–2.2%	–5.8	–1.7%
Impact raw material purchases	13.4	4.2%	9.4	2.8%
Other organic change	–14.6	–4.6%	7.1	2.0%
Total change in gross profit	**–31.6**	**–9.9%**	**–20.8**	**–6.1%**

Personnel expenses and operating expenses were continually adjusted to the changed operating environment. Additionally, personnel expenses in the previous year included one-time pension costs of CHF 10.4 million.

In 2015, the Group's operating result (EBIT) reached CHF 126.1 million (previous year CHF 132.3 million) and the EBIT margin was 10.8% (previous year 10.6%) with the following factors contributing to this change:

Change in EBIT

in CHF millions	2015	%	2014	%
Acquisition/disposal of subsidiaries	3.9	2.9%	–3.7	–2.7%
Foreign currency translation to CHF	–11.5	–8.7%	–2.1	–1.6%
Organic change	1.4	1.1%	2.1	1.6%
Total change in EBIT	**–6.2**	**–4.7%**	**–3.7**	**–2.7%**

EBIT includes a gain of CHF 0.5 million (previous year CHF 2.1 million) on sale of property, plant and equipment and in the previous year a gain of CHF 16.1 million on sale of Dätwyler Immobilien AG.

Net finance costs increased to CHF 10.9 million (previous year CHF 5.4 million), despite lower interest expense of CHF 2.3 million (previous year CHF 3.5 million), but with higher net foreign exchange losses of CHF 11.8 million (previous year net foreign exchange losses of CHF 2.6 million). Income tax expense increased to CHF 33.0 million (previous year CHF 29.0 million). Accordingly, the tax ratio increased to 28.6% (previous year 22.9%). The Group's weighted average income tax rate for 2015 was 25.7% (previous year 19.1%).

With the higher income tax expenses and higher net finance costs, a net result of CHF 82.2 million (previous year CHF 97.9 million) or 7.1% (previous year 7.8%) of net revenue was achieved.

CONSOLIDATED BALANCE SHEET DATWYLER GROUP

Total assets decreased by CHF 30.7 million during the year to CHF 1'129.1 million (previous year CHF 1'159.8 million). Trade accounts receivable increased to CHF 178.5 million (previous year CHF 171.9 million) and inventories decreased to CHF 169.4 million (previous year CHF 174.7 million). With trade accounts payable of CHF 62.6 million (previous year CHF 64.4 million), net working capital increased slightly by 1.1% to CHF 285.3 million (previous year CHF 282.2 million). Cash and cash equivalents including money market investments dropped by CHF 19.1 million.

Compared to the previous year, equity decreased by CHF 27.1 million to CHF 726.1 million (previous year CHF 753.2 million), maintaining a solid equity ratio of 64.3% (previous year 64.9%). The significant changes in equity include the net result of CHF 82.2 million (previous year CHF 97.9 million), the dividend payment of CHF –78.5 million (previous year CHF –44.6 million), the offset of goodwill from acquisitions of CHF –22.0 million (previous year CHF 20.4 million net) and negative currency translation differences of CHF –11.0 million (previous year positive CHF 16.3 million) arising on net investments in foreign subsidiaries.

Short-term and long-term bank debts decreased by CHF 24.8 million during the year to CHF 8.7 million (previous year CHF 33.5 million). The Group's liquidity situation remains good, with cash, cash equivalents and money market investments amounting to CHF 302.0 million (previous year CHF 321.1 million) at the end of the year under review. Including the bond of CHF 149.8 million, the net cash position has changed to CHF 143.5 million (previous year CHF 137.9 million).

Current assets fell by 3.5% to CHF 675.7 million (previous year CHF 700.1 million). Non-current assets decreased by 1.4% to CHF 453.4 million (previous year CHF 459.7 million).

CONSOLIDATED CASH FLOW STATEMENT DATWYLER GROUP

With the net result of CHF 82.2 million (previous year CHF 97.9 million), net cash from operating activities amounted to CHF 172.5 million (previous year CHF 110.8 million). These cash flows were used to pay for investments in property, plant and equipment totalling CHF 59.5 million (previous year CHF 70.7 million). This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 5.1% versus 5.6% a year earlier. In addition, operating cash flow was used for the acquisition of subsidiaries in the amount of CHF 27.7 million (previous year CHF 16.9 million) and the repayment of bank debt of CHF 21.4 million net (previous year net repayment of CHF 46.3 million). Proceeds from the sale of money market investments amounted to CHF 48.0 million (previous year CHF 42.0 million net). Overall cash outflows and inflows led to a net change in cash and cash equivalents of CHF 32.5 million (previous year CHF 89.2 million), resulting in a cash and cash equivalents balance of CHF 242.0 million (previous year CHF 213.1 million) at year-end.

ADDITIONAL INFORMATION

The commentary of the significant events during the year under review is presented on pages 3 to 15 of this annual report.

Full-time equivalents
The annual average of full-time equivalents was 6'804 (previous year 6'516).

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 15 October 2015, 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	2015	2014
Cash and cash equivalents	242.0	213.1
Money market investments	60.0	108.0
Available credit lines	327.8	356.6
Total liquidity reserves	**629.8**	**677.7**

Net cash surplus

in CHF millions	2015	2014
Cash and cash equivalents	242.0	213.1
Money market investments	60.0	108.0
Less short-term bank debt	–3.3	–29.5
Net cash surplus	**298.7**	**291.6**

Order intake and backlog
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.

Research and development expenses
The research and development expenses are disclosed in the consolidated income statement. The research and development activities relate to various projects primarily for customers or products in the Sealing Solutions division.

Exceptional events
Acquisition and sale of subsidiaries are disclosed in note 31, other business transactions are presented in note 2 of the notes to the consolidated financial statements.

Future outlook
The estimates relating to the future outlook are presented on pages 3 to 15 of this annual report.

Consolidated Income Statement

in CHF millions	Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		2015	2015	2015	2014	2014	2014
Net revenue	3	1'165.2	–	1'165.2	1'212.6	39.3	1'251.9
Cost of goods sold		–876.2	–	–876.2	–902.8	–28.5	–931.3
Gross profit		289.0	–	289.0	309.8	10.8	320.6
Research and development expenses		–24.7	–	–24.7	–26.5	–	–26.5
Marketing and selling expenses		–90.0	–	–90.0	–109.0	–7.2	–116.2
General and administrative expenses		–61.0	–	–61.0	–75.3	–3.0	–78.3
Other operating income	4	13.3	–	13.3	35.1	0.3	35.4
Other operating expenses		–0.5	–	–0.5	–0.5	–2.4	–2.9
Interest in net result of associated companies		–	–	–	0.2	–	0.2
Operating result before interest and taxes (EBIT)	3	126.1	–	126.1	133.8	–1.5	132.3
Net finance result	8	–10.9	–	–10.9	–5.5	0.1	–5.4
Earnings before tax (EBT)		115.2	–	115.2	128.3	–1.4	126.9
Income tax expenses	9	–33.0	–	–33.0	–28.9	–0.1	–29.0
Net result		82.2	–	82.2	99.4	–1.5	97.9
Net result per bearer share entitled to dividend (in CHF)	24	**5.04**	**–**	**5.04**	**6.23**	**–0.09**	**6.14**

For both years, there were no dilutive effects affecting the net result per share.

The accompanying notes on pages 62 to 91 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets

in CHF millions	Note	31.12.2015	31.12.2014
Cash and cash equivalents	10	242.0	213.1
Money market investments	10	60.0	108.0
Trade accounts receivable	11	178.5	171.9
Inventories	12	169.4	174.7
Other receivables	13	18.5	24.2
Property, plant and equipment and intangible assets held for sale		0.7	–
Prepayments made and accrued income		6.6	8.2
Current assets		675.7	700.1
Property, plant and equipment	14	374.1	378.2
Intangible assets	15	16.3	16.7
Financial assets: Deferred income tax assets and miscellaneous financial assets	16	63.0	64.8
Non-current assets		453.4	459.7
Total assets		**1'129.1**	**1'159.8**

Liabilities and equity

in CHF millions	Note	31.12.2015	31.12.2014
Trade accounts payable	19	62.6	64.4
Short-term bank debt	17	3.3	29.5
Current provisions	21	31.3	35.9
Other current liabilities	20	64.3	50.9
Accrued expenses and deferred income		34.8	25.3
Current liabilities		196.3	206.0
Long-term bank debt	17	5.4	4.0
1.125% bond 2012–2018	18	149.8	149.7
Long-term provisions	21	15.1	14.0
Deferred income tax liabilities	22	29.5	27.9
Pension liabilities	6	3.5	3.0
Other long-term liabilities	20	3.4	2.0
Long-term liabilities		206.7	200.6
Total liabilities		403.0	406.6
Share capital	23	0.9	0.9
Treasury shares	25	–0.0	–0.1
Additional paid-in capital		134.0	131.5
Goodwill offset against equity		–644.6	–622.6
Retained earnings		1'333.0	1'329.4
Market valuation cash flow hedges		–0.3	–
Cumulative translation adjustments		–96.9	–85.9
Equity		726.1	753.2
Total liabilities and equity		**1'129.1**	**1'159.8**

The accompanying notes on pages 62 to 91 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in CHF millions	Note	2015	2014
Net result		82.2	97.9
Income tax expenses	9	33.0	29.0
Depreciation and amortisation	7	53.3	53.6
Share award plan		2.5	2.4
Exchange differences		27.6	1.7
Gain on sale of property, plant and equipment, net		–0.0	–1.5
Gain on sale of subsidiaries		–	–13.8
Interest in net result of associated companies		–	–0.2
Change in long-term provisions and pension liabilities		4.7	3.3
Interest income	8	–0.5	–0.7
Interest expense	8	2.3	3.5
Operating cash flow before changes in working capital		205.1	175.2
Change in trade accounts receivable		–13.3	–5.1
Change in other receivables, prepayments made and accrued income		–0.6	–6.3
Change in inventories		–1.8	–21.6
Change in trade accounts payable		–1.2	–8.3
Change in other current liabilities, accrued expenses and deferred income		13.8	12.1
Change in current provisions		–5.7	–4.7
Interest received		0.5	0.7
Interest paid		–2.1	–3.2
Income tax paid		–22.2	–28.0
Net cash from operating activities		172.5	110.8
Disbursements relating to purchases of / investments in:			
Property, plant and equipment		–59.5	–70.7
Intangible assets		–5.0	–7.6
Subsidiaries (net of cash and cash equivalents acquired)	31	–27.7	–16.9
Additional earn-out payments		–2.9	–10.5
Financial assets		–1.6	–
Money market investments		–	–50.0
Proceeds from sale of:			
Property, plant and equipment		2.9	5.4
Subsidiaries (net of cash and cash equivalents disposed of)	31	–	122.2
Financial assets		0.2	6.0
Money market investments		48.0	92.0
Net cash (used in) / provided by investing activities		–45.6	69.9
Proceeds from short-term bank debt		22.5	78.6
Repayment of short-term bank debt		–43.9	–124.9
Increase / (decrease) in finance lease and other long-term liabilities		0.1	–0.6
Dividend paid to shareholders		–73.1	–44.6
Net cash used in financing activities		–94.4	–91.5
Net change in cash and cash equivalents		32.5	89.2
Cash and cash equivalents at 1 January	10	213.1	122.4
Effect of exchange rate changes on cash and cash equivalents		–3.6	1.5
Cash and cash equivalents at 31 December	10	242.0	**213.1**

The accompanying notes on pages 62 to 91 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	Goodwill offset against equity[2]	Retained earnings[2]	Market valuation cash flow hedges	Cumulative translation adjustments[3]	**Total equity[4]**
At 1 January 2014	**0.9**	**–0.1**	**129.1**	**–643.0**	**1'276.1**	**–**	**–102.2**	**660.8**
Net result	–	–	–	–	97.9	–	–	97.9
Share award plan (see note 26)	–	0.0	2.4	–	–	–	–	2.4
Dividends	–	–	–	–	–44.6	–	–	–44.6
Offset of goodwill from acquisitions (see note 15)	–	–	–	–14.0	–	–	–	–14.0
Goodwill charged to income on sale of subsidiaries (see note 31)	–	–	–	34.4	–	–	–	34.4
Currency translation differences	–	–	–	–	–	–	16.3	16.3
At 31 December 2014	**0.9**	**–0.1**	**131.5**	**–622.6**	**1'329.4**	**–**	**–85.9**	**753.2**
Net result	–	–	–	–	82.2	–	–	82.2
Share award plan (see note 26)	–	0.0	2.5	–	–	–	–	2.5
Dividends	–	0.1	–	–	–78.6	–	–	–78.5
Offset of goodwill from acquisitions (see note 15)	–	–	–	–22.0	–	–	–	–22.0
Changes in market valuation of cash flow hedges	–	–	–	–	–	–0.3	–	–0.3
Currency translation differences	–	–	–	–	–	–	–11.0	–11.0
At 31 December 2015	**0.9**	**0.0**	**134.0**	**–644.6**	**1'333.0**	**–0.3**	**–96.9**	**726.1**

[1] *Holding company's share capital of CHF 850'000 (previous year CHF 850'000), less par value of treasury shares of CHF 27'502 (previous year CHF 52'384).*
[2] *Goodwill from acquisitions is no longer offset against retained earnings, but presented retroactively since 1 January 2014 as a separate item of equity.*
[3] *Arising on translation of subsidiaries' equity and income statements denominated in foreign currencies.*
[4] *At 31 December 2015 shareholders' equity includes legal reserves of CHF 180.0 million (previous year CHF 140.2 million), of which CHF 37.7 million (previous year CHF 45.6 million) are not distributable.*

In addition to the ordinary cash dividend of CHF 2.20 gross per bearer share or CHF 0.44 gross per registered share or CHF 35.1 million in total, respectively, the Annual General Meeting of 16 April 2015 declared an anniversary stock dividend whereby treasury shares held by Dätwyler Holding Inc. were distributed. Shareholders received three additional bearer shares for every 100 bearer shares and every 500 registered shares held. A total of 477'264 treasury shares with a fair value of CHF 69.9 million were distributed at par value and fractions amounting to CHF 0.2 million were compensated in cash. The reported dividend of CHF 78.6 million also includes withholding and income taxes and stamp duty of CHF 43.3 million in total, of which an amount of CHF 5.5 million was not yet paid at year-end 2015, decreasing the dividend payment reported in the cash flow statement accordingly.

The accompanying notes on pages 62 to 91 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 adoption of Swiss GAAP standard 31 had no effect on balance sheet and income statement, and the required disclosures were added to the notes. 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 1 March 2016 for submission to the Annual General Meeting on 5 April 2016.

The sale of Maagtechnic specialist distribution companies at the beginning of April 2014 is presented as discontinued operations in the income statement, see also notes 2 and 31. In case of changes to the current year's presentation, the comparative figures of the previous year are reclassified accordingly 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 that 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. At Datwyler Group, this is achieved when more than 50% of a subsidiary'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 34.

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. At year-end 2015, 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 subsidiaries 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:

	2015		2014	
	Closing rate at 31.12.	Average rate for the year	Closing rate at 31.12.	Average rate for the year
100 CNY	15.26	15.40	16.08	14.85
1 EUR	1.08	1.07	1.20	1.21
100 SEK	11.80	11.38	12.80	13.34
1 USD	0.99	0.96	0.99	0.91

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 subsidiaries 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 subsidiaries, 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. 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 subsidiaries, 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 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. Finance leasing and operating leasing agreements are treated differently. In a finance lease, the lessor transfers substantially all the risks and rewards relating to ownership of the leased asset to the Datwyler Group. 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. On sale of an acquired subsidiary, goodwill from acquisitions formerly directly offset against equity is charged to income at original cost when calculating the gain or loss on sale. 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 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.

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 the 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 subsidiaries 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 26. 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 / BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions and disposals during 2015 and 2014 are shown below, see also note 31. The percentages in brackets indicate the percentage voting rights held in each company.

Transactions 2015

ACQUISITIONS

Origom S.p.A. domiciled in Viadanica, Italy (100%)

COMPANIES ESTABLISHED

TeCo Asia Technology (Shenzhen) Co. Ltd., Shenzhen, China (100%)

MERGERS

In January 2015 Dätwyler Pharma Pack Holding AG (100%) was merged with Dätwyler Schweiz AG.
In May 2015 Matrijzenmakerij Maro B.V. (100%) was merged with Datwyler Pharma Packaging Belgium NV.
In October 2015 Nedis Management SAS and B.R.I. Sarl (both 100%) were merged with Nedis SAS.

LIQUIDATIONS

Fameart Limited, Leicester, England (100%)
Nedis Logistic SAS, Cergy Saint Christophe, France (100%)

Transactions 2014

ACQUISITIONS

Columbia Engineered Rubber Inc. and its parent company Keystone Holdings Inc., both domiciled in Dayton, Ohio, USA (100%)

COMPANIES ESTABLISHED

Datwyler Technical Components AG, Wallisellen, Switzerland (100%)
Nedis Elfogro GmbH, Brunn am Gebirge, Austria (100%)
Datwyler Sealing Solutions do Brasil Ltda, São Paulo, Brazil (100%)

LIQUIDATIONS

Bandridge International Limited, Pinner, United Kingdom (100%)
The liquidation of Gummi Merkur AG, Bern (100%) and MTD Immobilien AG, Bern (100%) was substantially completed in 2014 and the applications for the dissolution of the two companies were filed with the commercial registry on 28 October 2014 and 6 November 2014, respectively.

SALES

Maagtechnic AG, Dübendorf, Switzerland (100%)
Maag Technic GmbH, Göppingen, Germany (100%)
Wachendorf GmbH, Göppingen, Germany (100%)
Maagtechnic Holding France SAS, Vaulx-en-Velin, France (100%)
Maagtechnic SAS, Vaulx-en-Velin, France (100%)
Maagtechnic Soded, Saint-Marcellin, France (100%)
Maagtechnic s.r.o., Trutnov, Czech Republic (100%)
Dätwyler Immobilien AG, Altdorf, Switzerland (100%) sold to the related party Pema Holding AG
Hyundai Sealtech Manufacturing Pvt., Ltd., Kanchipuram, India (40%)

3 / SEGMENT INFORMATION

in CHF millions	Technical Components	Sealing Solutions	Elimi-nations	Total Group
2015				
Revenue from external customers	459.3	705.9	–	1'165.2
Inter-segment revenue	0.0	0.0	–0.0	–
Total net revenue	459.3	705.9	–0.0	1'165.2
EBIT	0.3	125.8	–	126.1
EBIT as % of net revenue	0.1%	17.8%	–	10.8%

in CHF millions	Technical Components	Sealing Solutions	Elimi-nations	Total Group
2014				
Revenue from external customers	565.6	686.3	–	1'251.9
Inter-segment revenue	0.2	0.1	–0.3	–
Total net revenue	565.8	686.4	–0.3	1'251.9
EBIT	22.5	109.8	–	132.3
EBIT as % of net revenue	4.0%	16.0%	–	10.6%

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. The Group is organised into two divisions.

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 is a high-service distributor of electronic, automation and ICT components and accessories with about 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 automotive, civil engineering, consumer goods and health care. The significant manufacturing and distribution companies are located in Switzerland, Germany, Belgium, the Netherlands, Italy, the Czech Republic, Ukraine, China, South Korea, India, the USA, Brazil and Mexico.

Net revenue by geographical region

in CHF millions	2015	2014
Switzerland	209.4	244.1
European Union	608.4	691.2
Rest of Europe	26.0	33.0
North and South America	179.6	151.2
Far East	105.5	102.9
Other markets	36.3	29.5
Total Group	**1'165.2**	**1'251.9**

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

4 / ADDITIONAL INCOME STATEMENT DISCLOSURES

Material expense of CHF 528.5 million (previous year CHF 579.1 million) is included in the income statement.

Other operating income includes gain on sale of property, plant and equipment of CHF 0.5 million (previous year CHF 2.1 million) as well as revenue from services and rental income. Additionally, other operating income in the previous year included a gain of CHF 16.1 million resulting from the sale of Dätwyler Immobilien AG to the related party Pema Holding AG, see also note 31. The pricing of this transaction was based on independent valuation reports.

5 / PERSONNEL EXPENSES

in CHF millions	2015	2014
Wages and salaries	229.8	243.6
Benefit costs	52.9	69.2
State social security contributions	33.1	36.7
Pension costs (see note 6)	10.3	20.9
Other benefit costs	9.5	11.6
Other employee costs	13.9	16.7
Total personnel expenses	**296.6**	**329.5**

A share award plan for Directors and senior executives has been in place since 2007, see note 26.

6 / 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	Changes not affecting income[1]	Change to prior year or charge to income current year	Contributions for the period	**Pension costs in personnel expenses**	Pension costs in personnel expenses
	31.12.2015	**31.12.2015**	31.12.2014				**2015**	2014
Welfare funds Switzerland	0.4	–	–	–	–	–	–	–
Pension schemes without funding surplus/deficit Switzerland	–	–	–	–	–	–	–	–
Pension schemes with funding surplus Switzerland	7.2	–	–	–	–	6.6	6.6	6.9
Pension schemes without funding surplus/deficit abroad	–	–	–	–	–	2.5	2.5	13.1
Unfunded pension schemes abroad	–	–3.5	–3.0	–0.3	0.8	0.4	1.2	0.9
Total	**–**	**–3.5**	**–3.0**	**–0.3**	**0.8**	**9.5**	**10.3**	**20.9**

[1] *Translation differences and acquisition/disposal of subsidiaries.*

At year-end 2015, as at the end of the previous year, no employer contribution reserves (ECR) existed. In 2014, pension costs included a one-time payment of CHF 10.4 million resulting from an agreement between the employer and the union to withdraw from a pension plan in the United States.

Summary of pension costs

in CHF millions	Switzerland	Abroad	**Total**
	2015	2015	**2015**
Contributions to pension schemes expensed at Group companies	6.6	2.9	9.5
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	6.6	2.9	9.5
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	6.6	2.9	9.5
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	**6.6**	**3.7**	**10.3**

in CHF millions	Switzerland	Abroad	Total
	2014	2014	**2014**
Contributions to pension schemes expensed at Group companies	6.9	13.5	20.4
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	6.9	13.5	20.4
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	6.9	13.5	20.4
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.5	0.5
Total change in economic impact from excess/insufficient coverage	–	0.5	0.5
= Pension costs included in personnel expenses for the period	**6.9**	**14.0**	**20.9**

7 / DEPRECIATION AND AMORTISATION

in CHF millions	2015	2014
Depreciation of property, plant and equipment	48.1	47.3
Depreciation of property, plant and equipment held for sale	0.0	1.0
Amortisation of intangible assets	5.2	4.0
Impairment charges	–	1.3
Total depreciation and amortisation	**53.3**	**53.6**

8 / NET FINANCE RESULT

in CHF millions	2015	2014
Interest expense on bond, bank and other loans	2.3	3.5
Interest expense on finance leases	0.0	0.0
Fair value loss on forward exchange contracts	5.9	2.6
Net foreign exchange loss on financing activities	11.8	2.6
Finance charges	1.3	1.2
Total interest and finance expenses	21.3	9.9
Interest income on bank deposits and loans receivable	–0.5	–0.7
Fair value gain on forward exchange contracts	–9.9	–3.8
Total interest and finance income	–10.4	–4.5
Net finance result (expenses, net)	**10.9**	**5.4**

9 / INCOME TAX EXPENSES

in CHF millions	2015	2014
Current income tax expense	32.3	25.8
Deferred income tax expense	0.7	3.2
Total income tax expenses	**33.0**	**29.0**

The effective tax charge on earnings before tax, using the weighted average income tax rate of 25.7% (previous year 19.1%) of the Group, can be analysed as follows:

in Mio. CHF	2015	2014
Earnings before tax	115.2	126.9
Income tax expense calculated at the weighted average tax rate	29.6	24.2
Effect of current year tax losses not recognised and reassessment of tax loss carryforwards	3.6	–5.9
Effect of previously unrecognised tax loss carryforwards used against taxable profits	–1.8	–1.7
Other new assessments of temporary differences	–2.4	13.2
Change in tax rates for deferred income taxes	–	–0.1
Expense and income items treated differently for tax purposes	1.3	–1.5
Non-refundable taxes on intra-group charges and dividends	2.1	0.2
Prior year tax adjustments	–0.1	0.8
Other effects	0.7	–0.2
Total (current and deferred) income tax expenses	**33.0**	**29.0**

Tax loss carryforwards
Total available tax loss carryforwards result in deferred income tax assets, gross, of CHF 63.3 million (previous year CHF 63.2 million), of which a net amount of CHF 30.8 million (previous year CHF 42.1 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 32.5 million (previous year CHF 21.1 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.

10 / CASH, CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS

in CHF millions	2015	2014
Cash in hand and at bank	196.6	213.1
Money market investments (original maturities up to 90 days)	45.4	–
Total cash and cash equivalents	**242.0**	**213.1**
Money market investments (maturities 91 to 360 days)	60.0	108.0
Total cash, cash equivalents and money market investments	**302.0**	**321.1**

11 / TRADE ACCOUNTS RECEIVABLE

in CHF millions	2015	2014
Trade accounts receivable from third parties, gross	182.4	175.2
Provision for impairment of trade accounts receivable	–4.4	–4.3
Total trade accounts receivable from third parties, net	**178.0**	**170.9**
Trade accounts receivable from related parties	0.5	1.0
Total trade accounts receivable, net	**178.5**	**171.9**

Aging analysis of gross trade accounts receivable from third parties

in CHF millions	2015	2014
Not yet due	154.0	147.6
Past due 1–30 days	15.0	16.6
Past due 31–60 days	3.9	3.6
Past due 61–90 days	1.4	1.4
Past due 91–180 days	3.2	1.3
Past due more than 180 days	4.9	4.7
Total trade accounts receivable from third parties, gross	**182.4**	**175.2**

Movements in provision for impairment of trade accounts receivable

in CHF millions	2015	2014
At 1 January	4.3	4.5
Charge for the year	2.0	1.8
Unused amounts reversed	–0.5	–0.4
Receivables written off as uncollectible	–1.0	–1.0
Acquisition/disposal of subsidiaries	0.0	–0.5
Exchange differences	–0.4	–0.1
At 31 December	**4.4**	**4.3**
Of which specific provisions for impairment	4.1	3.9

12 / INVENTORIES

in CHF millions	2015	2014
Raw material, gross	19.0	18.5
Consumables, gross	15.7	15.6
Work in progress, gross	11.3	10.2
Finished goods, gross	34.2	33.3
Goods for resale, gross	116.5	120.8
Provision for impairment of inventories	–27.3	–23.7
Total inventories	**169.4**	**174.7**

13 / OTHER RECEIVABLES

in CHF millions	2015	2014
Withholding, capital and value added tax receivable	10.3	9.5
Current income tax assets	1.2	8.1
Prepayments made, advances given and deposits made	2.7	2.1
Derivative assets: forward exchange contracts (see note 28)	0.8	2.0
Miscellaneous receivables	3.5	2.7
Provision for impairment of other receivables	–	–0.2
Total other receivables	**18.5**	**24.2**

14 / 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 2015						
At cost						
At 1 January 2015	–	259.7	502.4	43.1	47.4	852.6
Additions	–	3.5	10.7	3.3	42.0	59.5
Disposals	–	–3.9	–9.0	–4.3	–	–17.2
Transfers	–	7.0	39.8	0.0	–46.8	–
Acquisition/disposal of subsidiaries	–	6.5	2.9	0.1	0.1	9.6
Exchange differences	–	–12.6	–27.8	–3.4	–2.4	–46.2
At 31 December 2015	**–**	**260.2**	**519.0**	**38.8**	**40.3**	**858.3**
Accumulated depreciation						
At 1 January 2015	–	–103.9	–339.2	–31.3	–	–474.4
Depreciation expense	–	–7.8	–36.8	–3.5	–	–48.1
Disposals	–	1.8	8.6	3.8	–	14.2
Acquisition/disposal of subsidiaries	–	–	–	–	–	–
Exchange differences	–	3.4	18.1	2.6	–	24.1
At 31 December 2015	**–**	**–106.5**	**–349.3**	**–28.4**	**–**	**–484.2**
Net book values						
At 1 January 2015	–	155.8	163.2	11.8	47.4	378.2
At 31 December 2015	**–**	**153.7**	**169.7**	**10.4**	**40.3**	**374.1**

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 2014						
At cost						
At 1 January 2014	0.7	256.1	471.4	39.1	28.4	795.7
Additions	–	6.9	8.6	4.4	53.5	73.4
Disposals	–	–8.1	–8.1	–1.4	–	–17.6
Transfers	–	4.2	26.8	1.9	–32.9	–
Acquisition/disposal of subsidiaries	–0.7	–1.4	1.1	0.1	–1.9	–2.8
Exchange differences	–	2.0	2.6	–1.0	0.3	3.9
At 31 December 2014	**–**	**259.7**	**502.4**	**43.1**	**47.4**	**852.6**
Accumulated depreciation						
At 1 January 2014	–	–103.5	–307.1	–30.1	–	–440.7
Depreciation expense	–	–9.3	–36.4	–2.9	–	–48.6
Disposals	–	5.6	6.7	1.3	–	13.6
Acquisition/disposal of subsidiaries	–	2.1	0.2	0.1	–	2.4
Exchange differences	–	1.2	–2.6	0.3	–	–1.1
At 31 December 2014	**–**	**–103.9**	**–339.2**	**–31.3**	**–**	**–474.4**
Net book values						
At 1 January 2014	0.7	152.6	164.3	9.0	28.4	355.0
At 31 December 2014	**–**	**155.8**	**163.2**	**11.8**	**47.4**	**378.2**

Acquisition/disposal of subsidiaries include the additions from acquisitions and the disposals on sale of subsidiaries, see also notes 2 and 31. In 2015, no impairment charges (previous year CHF 1.3 million for buildings and equipment) were recognised.

Other details of property, plant and equipment

in CHF millions	2015	2014
Leased property, plant and equipment, at cost	2.5	0.3
Accumulated depreciation	–0.8	–0.1
Net book value of property, plant and equipment under finance leases	**1.7**	**0.2**

At year-end, no property, plant and equipment (previous year CHF 19.1 million) were pledged or assigned to secure own liabilities. Assets under construction include prepayments made in the amount of CHF 10.1 million (previous year CHF 9.5 million). Additions to property, plant and equipment include no capitalised borrowing costs (previous year none). At balance sheet date, commitments for capital expenditure on property, plant and equipment amounted to CHF 24.3 million (previous year CHF 25.7 million).

15 / INTANGIBLE ASSETS

in CHF millions	Software	Other intangible assets	Total intangible assets
INTANGIBLE ASSETS 2015			
At cost			
At 1 January 2015	25.1	2.5	27.6
Additions	5.0	–	5.0
Disposals	–0.6	–	–0.6
Acquisition/disposal of subsidiaries	0.0	–	0.0
Exchange differences	–0.1	–0.3	–0.4
At 31 December 2015	**29.4**	**2.2**	**31.6**
Accumulated amortisation			
At 1 January 2015	–10.2	–0.7	–10.9
Amortisation expense	–4.9	–0.3	–5.2
Disposals	0.6	–	0.6
Exchange differences	0.0	0.2	0.2
At 31 December 2015	**–14.5**	**–0.8**	**–15.3**
Net book values			
At 1 January 2015	14.9	1.8	16.7
At 31 December 2015	**14.9**	**1.4**	**16.3**

in CHF millions	Software	Other intangible assets	Total intangible assets
INTANGIBLE ASSETS 2014			
At cost			
At 1 January 2014	20.9	1.9	22.8
Additions	7.4	0.8	8.2
Disposals	–3.1	–0.2	–3.3
Acquisition/disposal of subsidiaries	0.0	–	0.0
Exchange differences	–0.1	0.0	–0.1
At 31 December 2014	**25.1**	**2.5**	**27.6**
Accumulated amortisation			
At 1 January 2014	–9.7	–0.5	–10.2
Amortisation expense	–3.7	–0.3	–4.0
Disposals	3.1	0.1	3.2
Exchange differences	0.1	0.0	0.1
At 31 December 2014	**–10.2**	**–0.7**	**–10.9**
Net book values			
At 1 January 2014	11.2	1.4	12.6
At 31 December 2014	**14.9**	**1.8**	**16.7**

Intangible assets include no assets under finance leases (previous year none). Additions to software do not include any capitalised cost (previous year none). In 2015, no impairment charges (previous year none) 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	2015	2014
At cost		
At 1 January	622.6	643.0
Additions from acquisition of subsidiaries	21.5	13.3
Adjustments from earn-out agreements	0.5	0.7
Elimination on sale	–	–34.4
At 31 December	**644.6**	**622.6**
Accumulated amortisation		
At 1 January	–503.9	–483.8
Amortisation expense	–43.7	–54.5
Impairment charges	–	–
Elimination on sale	–	34.4
At 31 December	**–547.6**	**–503.9**
Theoretical net book values		
At 1 January	118.7	159.2
At 31 December	**97.0**	**118.7**

Retroactively since 1 January 2014, goodwill items are eliminated on sale from the movement schedule above and no longer already when fully amortised.

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	2015	2014
Operating result (EBIT) according to income statement	126.1	132.3
Amortisation of goodwill	–43.7	–54.5
Theoretical operating result (EBIT) incl. amortisation of goodwill	82.4	77.8
Net result according to income statement	82.2	97.9
Amortisation of goodwill	–43.7	–54.5
Theoretical net result incl. amortisation of goodwill	38.5	43.4

Impact on balance sheet

in CHF millions	2015	2014
Equity according to balance sheet	726.1	753.2
Theoretical capitalisation of goodwill (net book value)	97.0	118.7
Theoretical equity incl. net book value of goodwill	823.1	871.9
Equity according to balance sheet	726.1	753.2
Equity as % of total assets	64.3%	64.9%
Theoretical equity incl. net book value of goodwill	823.1	871.9
Theoretical equity incl. net book value of goodwill as % of total assets	67.1%	68.2%

16/ FINANCIAL ASSETS

in CHF millions	2015	2014
Deferred income tax assets (see note 22)	60.3	63.3
Long-term loans to third parties	0.3	0.3
Other financial investments	2.4	1.2
Total financial assets	**63.0**	**64.8**

17 / BANK DEBT

in CHF millions	2015	2014
Bank overdrafts	3.3	8.1
Current portion of long-term bank loans	–	21.4
Total short-term bank debt	**3.3**	**29.5**
Long-term bank loans	5.4	4.0
Total bank debt	**8.7**	**33.5**
Secured portion of short-term and long-term bank debt	–	14.2

The average interest rate was 9 percent for the bank overdrafts in Indian rupees, US dollars and Swedish kronas and 3 percent for the long-term bank loans in euros.

Maturity of long-term bank debt

in CHF millions	2015	2014
Within 2 years	–	4.0
Within 3 years	1.8	–
Within 4 years	1.8	–
Within 5 years	1.8	–
Total long-term bank debt	**5.4**	**4.0**

18 / 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.

19 / TRADE ACCOUNTS PAYABLE

Trade accounts payable include accounts payable to related parties of CHF 0.1 million (previous year CHF 0.2 million).

20 / OTHER LIABILITIES

Other current liabilities

in CHF millions	2015	2014
Customer advances received	3.6	3.1
Social security liabilities	3.2	3.4
Current income tax liabilities	27.1	18.4
Capital and value added tax liabilities	6.7	7.0
Current finance lease liabilities (see notes 14 and 15)	0.5	0.1
Other short-term loans payable and financial liabilities	12.6	13.7
Deferred earn-out obligations	4.1	2.7
Derivative liabilities: forward exchange contracts (see note 28)	6.5	2.5
Total other current liabilities	**64.3**	**50.9**

Other long-term liabilities

Other long-term liabilities include long-term finance lease liabilities of CHF 1.2 million (previous year CHF 0.1 million) and deferred earn-out obligations of CHF 2.2 million (previous year CHF 1.8 million), see also note 31.

21 / PROVISIONS

in CHF millions	Employees and social security	Restructuring	Warranty and liability claims	Environment and infrastructure	Other	Total
PROVISIONS 2015						
At 1 January 2015	33.6	10.4	3.6	–	2.3	49.9
Charges	45.8	–	1.3	–	1.0	48.1
Uses	–42.7	–3.6	–0.4	–	–0.7	–47.4
Unused amounts reversed	–0.7	–1.1	–0.4	–	–0.1	–2.3
Acquisition/disposal of subsidiaries	1.5	–	–	–	–	1.5
Exchange differences	–2.5	–0.7	–0.2	–	–0.0	–3.4
At 31 December 2015	**35.0**	**5.0**	**3.9**	**–**	**2.5**	**46.4**
Thereof current provisions	23.5	5.0	0.5	–	2.3	31.3
Thereof long-term provisions	11.5	–	3.4	–	0.2	15.1

in CHF millions	Employees and social security	Restructuring	Warranty and liability claims	Environment and infrastructure	Other	Total
PROVISIONS 2014						
At 1 January 2014	34.9	14.8	4.0	0.7	1.7	56.1
Charges	54.0	4.9	1.0	–	1.4	61.3
Uses	–52.4	–8.4	–0.8	–	–0.5	–62.1
Unused amounts reversed	–0.4	–0.5	–0.2	–	–0.0	–1.1
Acquisition/disposal of subsidiaries	–2.7	–	–0.3	–0.7	–0.1	–3.8
Exchange differences	0.2	–0.4	–0.1	–	–0.2	–0.5
At 31 December 2014	**33.6**	**10.4**	**3.6**	**–**	**2.3**	**49.9**
Thereof current provisions	24.8	8.1	0.8	–	2.2	35.9
Thereof long-term provisions	8.8	2.3	2.8	–	0.1	14.0

Discounting
Long-term provisions amounting to CHF 2.6 million were discounted using discount rates between 2.3% and 3.6%.

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 of CHF 5.0 million at the end of 2015 concern the Technical Components division and include obligations relating to headcount reductions and to long-term rental contracts for sites becoming redundant due to various sites merging together.

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.

22 / DEFERRED INCOME TAX ASSETS/LIABILITIES

in CHF millions	2015	2014
At 1 January		
Deferred income tax assets	63.3	55.1
Deferred income tax liabilities	27.9	17.2
Deferred income tax (assets)/liabilities, net	**–35.4**	**–37.9**
Deferred income tax expense	0.7	3.2
Changes directly affecting equity	–	–1.9
Acquisition/disposal of subsidiaries (see note 31)	1.2	0.6
Exchange differences	2.7	0.6
At 31 December		
Deferred income tax assets (see note 16)	60.3	63.3
Deferred income tax liabilities	29.5	27.9
Deferred income tax (assets)/liabilities, net	**–30.8**	**–35.4**

Deferred income taxes are calculated at every subsidiary using the local effective income tax rates (weighted average around 19%, previous year around 19%) applicable.

23 / SHARE CAPITAL

Composition

in CHF	2015	2014
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

	2015	2014
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	12'049'958	11'552'327
Proposed/approved dividend per bearer share (CHF)	2.20 [1]	8.96
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)	0.44 [1]	1.79
Total par value of shares ranking for dividend (CHF)	822'498	797'616
Authorised additional share capital	none	none
Authorised contingent share capital	none	none
Registration/voting restrictions	none	none
Opting-out and opting-up provisions	none	none

[1] *See Board of Directors' proposed appropriation of retained earnings.*

24 / 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 25 and 26. The weighted value of the 22'000'000 registered shares represents 4'400'000 bearer shares.

	2015	2014
Net result reported in the income statement (CHF millions)	82.2	97.9
Weighted average number of shares	16'293'410	15'942'952
Net result per bearer share ranking for dividend (in CHF)	5.04	6.14

There were no dilutive effects in either year.

25 / TREASURY SHARES

At the end of 2015, the Group held 550'042 (previous year 1'047'673) treasury shares with a par value of CHF 0.05 each (previous year CHF 0.05). No treasury shares were sold on the stock exchange in 2015 (previous year none). As declared by the Annual General Meeting of 16 April 2015, 477'264 treasury shares were distributed as anniversary stock dividend at par value.

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 annual award of treasury shares to those eligible under the share award plan since 2008, the sale of treasury shares starting in 2012 and the anniversary stock dividend in 2015 the Group held 550'042 unissued bearer shares of CHF 0.05 each at the end of 2015. The par value of these shares totalling CHF 27'502 (previous year CHF 52'384) has been deducted from the CHF 850'000 (previous year CHF 850'000) share capital of Dätwyler Holding Inc.

26 / 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 June 2015, Directors were awarded a total of 10'700 (previous year 8'500) bearer shares and senior executives were awarded a total of 9'667 (previous year 10'250) bearer shares of Dätwyler Holding Inc. Personnel expenses relating to the share award plan amount to CHF 2.7 million (previous year CHF 2.7 million), and the increase of additional paid-in capital, net of applicable income taxes, was CHF 2.5 million (previous year CHF 2.4 million).

27 / SHAREHOLDERS

At year-end 2015, Pema Holding AG holds as in the previous year all 22'000'000 registered shares, plus 4'818'500 (previous year 4'550'000) of the total of 12'600'000 bearer shares of Dätwyler Holding Inc. This represents 78.76% (previous year 79.13%) of the voting rights and 54.23% (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 Dätwyler 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.

28 / 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	31.12.2015	31.12.2014
Positive fair value	0.8	2.0
Notional amounts	109.8	245.8
Negative fair value	6.5	2.5
Notional amounts	257.6	77.9

These forward exchange contracts have maturities until December 2016. Positive fair values are recorded as other receivables (note 13), while negative fair values have been recognised in other current liabilities (note 20).

29 / CONTINGENT LIABILITIES

In the ordinary course of business, the Group is exposed to a number of risks among others in connection with litigation cases and outstanding or disputed tax assessments which can lead to possible obligations (contingent liabilities). For most actual cases the amounts involved are insignificant. The most significant case amounts to around CHF 9 million. No provisions have been made where the outcome of such matters is uncertain or the risk is not quantifiable or an outflow of resources is not probable. Provisions have been recognised to the extent that the outcome can be reliably estimated and an outflow of resources is probable.

At year-end 2015, no guarantees (previous year none) 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 8.2 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.

30 / COMMITMENTS

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

in CHF millions	2015	2014
Less than 1 year	14.8	19.2
Between 2 and 5 years	41.1	54.6
Over 5 years	0.5	2.5
Total commitments	**56.4**	**76.3**

Total commitments include CHF 35.8 million (previous year CHF 46.9 million) relating to IT outsourcing contracts for the years 2016 to 2019. Operating lease payments recognised as an expense in the income statement amounted to CHF 8.4 million (previous year CHF 9.7 million). There are no individually significant operating leases.

31 / ACQUISITION AND SALE OF SUBSIDIARIES

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

Acquisitions in 2015
In September 2015, Origom S.p.A., domiciled in Viadanica, Italy, was fully acquired by the Sealing Solutions division. Since September 2015, the acquired business employing an average of 119 people generated net revenue of CHF 7.6 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	8.7	–	8.7
Trade accounts receivable	3.8	0.1	3.9
Inventories	5.4	–0.9	4.5
Other current assets	0.3	0.8	1.1
Property, plant and equipment	5.6	4.0	9.6
Intangible assets	0.0	–0.0	0.0
Current liabilities	–4.5	–0.5	–5.0
Long-term liabilities	–1.6	–2.0	–3.6
Net assets acquired at fair value			**19.2**
Goodwill including directly attributable transaction costs			21.5
Total			40.7
Less cash and cash equivalents acquired			–8.7
Less deferred earn-out obligations			–4.3
Net cash outflow on acquisition			**27.7**

Acquisitions in 2014
In October 2014, Columbia Engineered Rubber Inc. and its parent company Keystone Holdings Inc., both domiciled in Dayton, Ohio, USA, were fully acquired by the Sealing Solutions division. Since October 2014, the acquired businesses employing an average of 100 people generated net revenue of CHF 5.3 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	0.8	–	0.8
Trade accounts receivable	2.8	–	2.8
Inventories	4.5	0.3	4.8
Other current assets	0.1	–	0.1
Property, plant and equipment	3.5	1.0	4.5
Intangible assets	0.0	0.0	0.0
Current liabilities	–3.7	–	–3.7
Long-term liabilities	–	–0.4	–0.4
Net assets acquired at fair value			**8.9**
Goodwill including directly attributable transaction costs			13.3
Total			22.2
Less cash and cash equivalents acquired			–0.8
Less deferred earn-out obligations			–4.5
Net cash outflow on acquisition			**16.9**

Sales in 2014

In the Technical Components division the specialist distribution business Maagtechnic was sold at the beginning of April 2014 and is therefore presented as discontinued operations in the income statement. The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the result achieved from the transaction.

in CHF millions	Carrying amount on sale
Cash and cash equivalents	4.5
Trade accounts receivable	22.5
Inventories	26.7
Other current assets	0.7
Property, plant and equipment and intangible assets held for sale	32.8
Financial assets	1.0
Current liabilities	–21.2
Long-term liabilities	–1.4
Net assets disposed of	**65.6**
Cumulative translation adjustments	6.6
Goodwill charged to income on sale of subsidiaries	34.4
Subtotal	106.6
Loss on sale	–2.4
Selling price, net of transaction costs	104.2
Less cash and cash equivalents disposed of	–4.5
Net cash inflow on disposal	**99.7**

At the end of October 2014, Dätwyler Immobilien AG was sold to the related party Pema Holding AG. The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the result achieved from the transaction.

in CHF millions	Carrying amount on sale
Cash and cash equivalents	0.9
Other current assets	4.1
Property, plant and equipment	5.0
Financial assets	4.3
Current liabilities	–1.1
Long-term liabilities	–5.9
Net assets disposed of	**7.3**
Gain on sale	16.1
Selling price, net of transaction costs	23.4
Less cash and cash equivalents disposed of	–0.9
Net cash inflow on disposal	**22.5**

32 / RELATED PARTY TRANSACTIONS

Pema Holding AG
Transactions between the companies include the dividend payments to Pema Holding AG and administrative costs of CHF 20'000 charged in 2015 (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 occurred in 2015: Net revenue of CHF 0.0 million (previous year CHF 0.6 million), material expense of CHF 1.1 million (previous year CHF 1.4 million), IT and trademark service revenues and other service revenue of CHF 5.9 million in total (previous year CHF 7.4 million) and service expenses of CHF 0.8 million (previous year CHF 0.8 million). In addition, Dätwyler Immobilien AG, as related party, in the previous year charged actual costs as incurred amounting to CHF 1.6 million in the course of processing the order for the construction of a new road access. The details of the sale of Dätwyler Immobilien AG to Pema Holding AG executed in the previous year are disclosed in note 31. The pricing of this transaction was based on two independent valuation reports. Accounts receivable and payable with Pema Holding AG and its subsidiaries are disclosed as items with related parties in notes 11 and 19.

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
Except for the remuneration as disclosed in the remuneration report on pages 40 to 52 of this annual report, no further relations or transactions existed in 2015 and 2014 with the members of the Board of Directors and the Executive Board.

33 / EVENTS AFTER BALANCE SHEET DATE

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 1 March 2016 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

34 / SUBSIDIARIES

Dätwyler Holding Inc. directly or indirectly owned the following subsidiaries at 31 December 2015

		Registered office	Original currency	Capital in original currency (in millions)	Capital and voting 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 Schweiz AG	Schattdorf	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*	●		
	Datwyler Technical Components AG	Wallisellen	CHF	0.100	100	K	●		
	Distrelec AG	Altdorf	CHF	0.090	100	K*			●
	Distrelec Group AG	Nänikon	CHF	0.050	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	17.693	100	K		○	
	Datwyler Pharma Packaging International NV	Alken	EUR	107.330	100	K		●	
	Nedis NV	Geel	EUR	0.062	100	K	□		
BRAZIL	Datwyler Sealing Solutions do Brasil Ltda	São Paulo	BRL	0.250	100	K		□	
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		○	
	TeCo Asia Technology (Shenzhen) Co. Ltd.	Shenzhen	CNY	0.500	100	K	●		
DENMARK	Elfa Distrelec A/S	Glostrup	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	□		
	Nedis GmbH	Willich	EUR	0.026	100	K	□		
	Reichelt Elektronik GmbH & Co. KG	Sande	EUR	3.000	100	K	□		
UK	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	Nedis SAS	Nantes	EUR	0.100	100	K	□		
HONG KONG	Teco Asia Limited	Hong Kong	HKD	0.010	100	K	●		
INDIA	Datwyler Pharma Packaging India Private Limited	Kesurdi, Satara	INR	656.233	100	K		○	

		Registered office	Original currency	Capital in original currency (in millions)	Capital and voting interest in %	Footnote	Technical Components	Sealing Solutions	Service and financial companies
ITALY	Datwyler Pharma Packaging Italy srl	Milano	EUR	2.000	100	K		○	
	Distrelec Italia srl	Milano	EUR	1.275	100	K	□		
	Nedis Italia srl	Milano	EUR	0.100	100	K	□		
	Origom S.p.A.	Viadanica	EUR	1.300	100	K		○	
LATVIA	Elfa Distrelec SIA	Riga	EUR	0.008	100	K	□		
LITHUANIA	Elfa Distrelec UAB	Vilnius	EUR	0.003	100	K	□		
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	●		
	Nedis B.V.	's-Hertogenbosch	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	Trollåsen	NOK	0.200	100	K	□		
AUSTRIA	Distrelec Gesellschaft m.b.H.	Wien	EUR	0.145	100	K	□		
	Nedis Elfogro GmbH	Brunn am Gebirge	EUR	0.035	100	K	□		
POLAND	Elfa Distrelec Spz oo	Warschau	PLN	0.100	100	K	□		

		Registered office	Original currency	Capital in original currency (in millions)	Capital and voting interest in %	Footnote	Technical Components	Sealing Solutions	Service and financial companies
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	0.325	100	K	□		
SPAIN	Nedis Iberia SL	Mataró	EUR	0.103	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		○	
	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	Columbia Engineered Rubber, Inc.	Dayton	USD	0.287	100	K		□	
	Datwyler Pharma Packaging USA Inc.	Pennsauken	USD	9.130	100	K		○	

○ *Manufacturing and sales*
□ *Distribution*
● *Services/finance/real estate*

K = *Consolidated at 31 December*
* = *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 91), for the year ended 31 December 2015.

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 2015 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

René Rausenberger
Audit expert
Auditor in charge

Josef Stadelmann
Audit expert

Zürich, 1 March 2016

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Dätwyler Holding Inc.

Income Statement 94

Balance Sheet 95

Notes to the Financial Statements 96

Proposed Appropriation of Retained Earnings 101

Report of the Statutory Auditor on the Financial Statements 102

Income Statement

in CHF	Notes	2015	2014
Dividend income from subsidiaries	2.7	70'328'000	70'075'000
Gain on disposal of subsidiary	2.8	–	17'355'908
Other income		50'000	50'000
Personnel expenses		–2'292'506	–1'923'734
Other operating expenses	2.9	–2'536'807	–2'693'500
Operating income before interest and taxes		65'548'687	82'863'674
Financial income	2.10	9'332'058	22'929'150
Financial expenses	2.11	–1'896'859	–1'707'554
Operating income before taxes		72'983'886	104'085'270
Direct taxes		–206'810	–1'218'083
Annual profit		**72'777'076**	**102'867'187**

See notes 2.7 to 2.11 on page 98.

Balance Sheet

Assets

in CHF	Notes	31.12.2015	31.12.2014
Cash and cash equivalents		105'588	5'224
Other current receivables		800'628	12'571'826
Due from third parties		219'628	294'576
Due from subsidiaries		581'000	12'277'250
Total current assets		906'216	12'577'050
Financial assets: Long-term receivables from subsidiaries	2.1	895'821'639	955'421'777
Subsidiaries	2.2	145'963'752	145'963'752
Total non-current assets		1'041'785'391	1'101'385'529
Total assets		**1'042'691'607**	**1'113'962'579**

Liabilities and shareholders' equity

in CHF	Notes	31.12.2015	31.12.2014
Other current liabilities third parties		83'139	210'287
Accrued expenses and deferred income		1'162'558	2'174'057
Total current liabilities		1'245'697	2'384'344
Long-term interest-bearing liabilities: Bonds	2.3	150'000'000	150'000'000
Total long-term liabilities		150'000'000	150'000'000
Total liabilities		151'245'697	152'384'344
Share capital	2.4	850'000	850'000
Statutory capital reserves		83'000'000	83'000'000
Statutory retained earnings		4'000'000	4'000'000
Reserve for treasury shares	2.5	27'502	52'384
Voluntary retained earnings	2.6	305'235'816	305'210'934
Retained earnings available for distribution		498'332'592	568'464'917
Profit brought forward		425'555'516	465'597'730
Annual profit		72'777'076	102'867'187
Total shareholder's equity		891'445'910	961'578'235
Total liabilities and shareholders' equity		**1'042'691'607**	**1'113'962'579**

See notes 2.1 to 2.6 on pages 96 to 97.

Notes to the Financial Statements

Important information concerning the Notes

1 / VALUATION PRINCIPLES

These Financial Statements were prepared in accordance with the provisions of the Swiss Code of Obligations concerning commercial accounting and financial reporting standards (SCO 957 ff.). In the previous year the new financial reporting legislation in force from 1 January 2013 was applied for the first time. The material balance sheet items are reported as follows.

Financial assets and subsidiaries
Financial assets are measured at nominal value less necessary impairment charges. Subsidiaries are measured individually at purchase price less necessary impairment charges.

Measurement of liabilities/bonds
Liabilities including bonds are carried at nominal value.

2 / EXPLANATIONS CONCERNING THE FINANCIAL STATEMENTS

Dätwyler Holding Inc. is domiciled in Altdorf.
The average number of full-time equivalents in the course of a year does not exceed ten employees.

2.1. / LONG-TERM RECEIVABLES FROM SUBSIDIARIES

These are Swiss franc-denominated long-term loans receivable from subsidiaries. Most of the change from the previous year is due to dividend and interest payments by subsidiaries.

2.2. / SUBSIDIARIES

Dätwyler Holding Inc.'s direct and indirect subsidiaries are disclosed in note 34 to the consolidated financial statements.

2.3 / BONDS

Fixed-interest bonds were issued for CHF 150 million with a pay-in date of 7 December 2012 and an issue price of 100.50%. The bonds pay an interest rate of 1.125% and mature in five and a half years (on 7 June 2018).

2.4 / SHARE CAPITAL

in CHF	31 Dec. 2015	31 Dec. 2014
22'000'000 registered shares at CHF 0.01 par	220'000	220'000
12'600'000 bearer shares at CHF 0.05 par	630'000	630'000
Share capital	850'000	850'000

Shares in Dätwyler Holding Inc. are listed on the SIX Swiss Exchange. Each registered share and each bearer share, regardless of nominal value, carries one vote at the General Meeting of Shareholders, with the exception of bearer treasury shares.

All 22'000'000 registered shares along with 4'818'500 of the total 12'600'000 bearer shares are held by Pema Holding AG, Altdorf; thus its percentage of capital is 54.23% and its percentage of voting shares is 78.76%.

The Board of Directors is unaware of any further shareholders or of shareholder voting pools whose interest amounts to 3% of all votes.

2.5 / RESERVE FOR TREASURY SHARES / EMPLOYEE SHARE OWNERSHIP PLAN

Art. 659a para. 2 and Art. 671a of the Swiss Code of Obligations require the Company to maintain a separate reserve for treasury shares valued at purchase cost. The required reserve for bearer treasury shares has been also reduced by share grants to employees and disposal of bearer shares.

The bearer shares created by resolution of the General Meeting of Shareholders on 18 November 1989 were issued with shareholders' and participants' pre-emptive rights excluded to cover option and conversion rights and for other purposes in the Company's interest (market placement, means of payment for future acquisitions, etc.) and carry no voting or dividend rights until used.

As of 31 December 2015, the Company held 550'042 bearer treasury shares (previous year 1'047'673), carried on the balance sheet of Alvest AG at nominal value of CHF 0.05 per share, i.e. at CHF 27'502 (previous year CHF 52'384).

In the current year, a total of 20'367 bearer treasury shares were used for Group employees under the Employee Share Ownership Plan. 10'700 bearer shares with a total value of CHF 1'425'240 were allocated to members of the Board of Directors and a total of 7'800 bearer shares with a total value of CHF 1'038'960 to the Executive Management (see Remuneration Report). 1'867 bearer shares with a total value of CHF 248'684 (previous year: 2'450 bearer shares with a total value of CHF 351'820) were allocated to other employees.

No bearer shares were sold on the stock exchange in the current fiscal year (previous year none). As declared by the General Meeting of Shareholders of 16 April 2015 477'264 treasury shares were distributed as anniversary stock dividend.

These bearer shares, which were created prior to the reform of the corporation law on 4 October 1991, now represent a nominal value of CHF 27'502 or 3.24% (previous year: CHF 52'384 or 6.16%) of the total capital stock and are thus within the 10% limitation on holdings of bearer treasury stock set forth in Art. 659 para. 1 of the Swiss Code of Obligations.

2.6 / VOLUNTARY RETAINED EARNINGS

The voluntary retained earnings represent a free reserve at the disposal of the General Meeting of Shareholders. Pursuant to Art. 659a para. 2 and Art. 671a of the Swiss Code of Obligations, the Company is required to maintain a separate reserve for treasury shares held by a subsidiary in an amount equal to their purchase cost. The Board of Directors forms this reserve by transfers to and from the voluntary retained earnings. In 2015 CHF 24'882 was allocated to the voluntary retained earnings. As at 31 December 2015, voluntary retained earnings amount to CHF 305'235'816.

2.7 / DIVIDEND INCOME FROM SUBSIDIARIES
Dividend income from subsidiaries comprises profit distributions from each subsidiary.

2.8 / GAIN ON DISPOSAL OF SUBSIDIARY
The interest in Dätwyler Immobilien AG, Altdorf, was sold in the previous year to Pema Holding AG on 29 October 2014, resulting in a gain on disposal of CHF 17'355'908.

2.9 / OTHER OPERATING EXPENSES
This item comprises Dätwyler Holding Inc.'s general costs of doing business. Dätwyler Holding Inc. has no operating costs, as these are charged in full to Alvest AG and then in turn to the subsidiaries. "Stewardship costs" (Dätwyler Holding Inc. administrative expenses) are charged to Dätwyler Holding Inc.

2.10. / FINANCIAL INCOME
Financial income is derived primarily from interest-bearing assets of subsidiaries.

2.11. / FINANCIAL EXPENSES
Financial expenses comprise interest expenses for bond coupon payments together with commissions and bank fees.

Further disclosures required by law

SURETIES, GUARANTEES AND PLEDGE COMMITMENTS IN FAVOUR OF THIRD PARTIES
On a basis of joint and several liability, lines of credit were extended to various subsidiaries in the amount of CHF 148.7 million (previous year: CHF 188.9 million), of which CHF 48.3 million (previous year: CHF 23.6 million) was used to secure bank debt and unsettled forward exchange contracts.

Upon selling the Precision Tubes division at the end of 2007, the Group tendered the customary contractual guarantees, such as those concerning environmental contamination, in favour of the buyer. These guarantees are limited to a maximum of CHF 8'200'000 (previous year: CHF 12'300'000) and apply in certain cases for no longer than 10 years or to expiration of the respective statute of limitations. No claims on the part of the buyer are known at this time.

JOINT AND SEVERAL LIABILITY
Since 1 January 2009 the Company has been a member of the value-added tax group under the number CHE–116.346.605 MWST. The principal member of the group is Alvest AG, Altdorf. For the term of its membership in this group, the Company bears joint and several liability pursuant to Art. 15 para. 1 lit c of the VAT Act.

CONTINGENT LIABILITIES

In the normal course of business, risks arise in connection with such matters as legal disputes and pending or disputed tax assessments that could potentially lead to liabilities (contingent liabilities). The amount involved in most current cases is immaterial. The amount involved in the most significant case is roughly CHF 9 million. Where the outcome of such cases is unclear or the risk is unquantifiable or the likelihood of an outflow of funds is unlikely, no provisions have been made. Provisions have been made where the outcome can be estimated or an outflow of funds is probable.

LOANS AND CREDITS

No loans and/or credits were granted to individual current or former members of the Board of Directors or Executive Management (including persons connected with them) in the year under review. Likewise, no non-arm's length loans and/or credits were granted to current or former members of the aforementioned bodies or persons connected with them in the year under review.

BOARD OF DIRECTORS AND EXECUTIVE BOARD SHAREHOLDINGS

As at 31 December 2015, the individual members of the Board of Directors and Executive Management and their related parties held the following quantities of the Company's equity securities:

Board of Directors shareholdings 2015

Surname, first name	Position	Number of shares	% of voting rights	Of which vesting in				
				2016	2017	2018	2019	2020
Graf, Ulrich	Chairman	20'734	0.060893	2'400	2'400	2'400	2'400	2'400
Rüegg, Hans R.	Vice-Chairman	13'006	0.038197	1'700	1'700	1'700	1'700	1'700
Fässler, Hanspeter	Member	10'164	0.029850	1'100	1'100	1'100	1'100	1'100
Fedier, Jürg	Member	1'100	0.003231	0	0	0	0	1'100
Huber, Gabi	Member	3'466	0.019889	0	0	1'100	1'100	1'100
Lienhard, Ernst	Member	10'164	0.029850	1'100	1'100	1'100	1'100	1'100
Odermatt, Ernst	Member	10'164	0.029850	1'100	1'100	1'100	1'100	1'100
Ulmer, Hanno	Member	1'100	0.003231	0	0	0	0	1'100

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.000002937%

Executive Management shareholdings 2015

Last name, first name	Position	Number of shares	% of voting rights	Of which vesting in				
				2016	2017	2018	2019	2020
Hälg, Paul J.	CEO	29'153	0.085618	3'300	3'300	3'300	3'300	3'300
Welte, Reto	CFO	6'300	0.018502	1'100	1'100	1'100	1'500	1'500
Lambrecht, Dirk	Division CEO	6'753	0.019833	700	700	1'500	1'500	1'500
Harrison, Neil	Division CEO	1'500	0.004405	0	0	0	0	1'500

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.000002937%

Board of Directors shareholdings 2014

Last name, first name	Position	Number of shares	% of voting rights	Of which vesting in				
				2015	2016	2017	2018	2019
Graf, Ulrich	Chairman	17'800	0.053051	2'200	2'400	2'400	2'400	2'400
Rüegg, Hans R.	Vice-Chairman	11'000	0.032785	1'700	1'700	1'700	1'700	1'700
Fässler, Hanspeter	Member	8'800	0.026228	1'100	1'100	1'100	1'100	1'100
Huber, Gabi	Member	2'300	0.019889	0	0	0	1'100	1'100
Lienhard, Ernst	Member	8'800	0.026228	1'100	1'100	1'100	1'100	1'100
Odermatt, Ernst	Member	8'800	0.026228	1'100	1'100	1'100	1'100	1'100

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000298%

Executive Management shareholdings 2014

Last name, first name	Position	Number of shares	% of voting rights	Of which vesting in				
				2015	2016	2017	2018	2019
Hälg, Paul J.	CEO	25'100	0.074809	3'300	3'300	3'300	3'300	3'300
Welte, Reto	CFO	5'900	0.017584	1'100	1'100	1'100	1'100	1'500
Lambrecht, Dirk	Division CEO	5'100	0.015200	700	700	700	1'500	1'500
Heusser, Markus*	Division CEO	6'200	0.018479	0	1'500	1'500	1'500	1'500

** Resigned position on 31 August 2014*

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000298%

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None

Proposed Appropriation of Retained Earnings

Retained earnings carried forward

in CHF	2015	2014
Retained earnings at start of fiscal year	425'555'516	465'597'730
Annual profit	72'777'076	102'867'187
Retained earnings at disposal of General Meeting of Shareholders	498'332'592	568'464'917

Proposal of the Board of Directors on the appropriation of retained earnings [1]

in CHF	2015 Proposal of the Board of Directors	2014 Resolution of the General Meeting of Shareholders
Retained earnings at disposal of General Meeting of Shareholders	498'332'592	568'464'917
Distribution of cash dividend	–36'189'908	–35'095'119
Registered shares: CHF 0.44 (previous year: CHF 0.44)	–9'680'000	–9'680'000
Bearer shares: CHF 2.20 (previous year: CHF 2.20)	–26'509'908	–25'415'119
Distribution of non-cash dividend [2]	–	–107'814'282
Registered shareholders: none (previous year 132'000 treasury bearer shares)	–	–19'331'400
Bearer shareholders: none (previous year 345'264 treasury bearer shares)	–	–50'563'913
Bearer shareholders: fractions paid in cash	–	–180'058
Withholding tax on non-cash dividend	–	–37'738'911
To be carried forward	462'142'684	425'555'516

[1] *Treasury bearer shares (550'042 as at 31 December 2015; previous year: 1'047'673) are not entitled to a dividend. The share capital entitled to a distribution, and thus the distributed dividend, may vary due to possible disposals of treasury bearer until the record date of the dividend payment.*

[2] *The value of the non-cash dividend was based on an indicative bearer share price of CHF 146.45 (volume-weighted average price at 15 April 2015) and a capital-based distribution ratio of 1: 0.03, i.e. the shareholder received three bearer shares from the Company's stock of treasury shares per 100 bearer shares or 500 registered shares (equivalent value of fractions were paid in cash).*

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 94 to 100), for the year ended 31 December 2015.

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 2015 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 complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Josef Stadelmann
Audit expert

Zürich, 1 March 2016

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Shareholder Information

Five Year Summary 104

Share Information 105

Share Price Performance, Dividend History 106

General Information 107

Five Year Summary

Datwyler Group

in CHF millions	2015	2014	2013	2012	2011
Net revenue	1'165.2	1'251.9	1'382.0	1'414.2	1'290.5
Year-on-year change (%)	–6.9	–9.4	–2.3	9.6	–2.2
EBITDA	179.4	185.8	194.4	203.1	168.3
Depreciation and amortisation	53.3	53.6	58.4	52.1	44.1
As % of net revenue	4.6	4.3	4.2	3.7	3.4
Year-on-year change (%)	–0.6	–8.2	12.1	18.1	–9.4
Operating result before interest and tax (EBIT)	126.1	132.3	136.0	151.0	124.2
As % of net revenue	10.8	10.6	9.8	10.7	9.6
Year-on-year change (%)	–4.7	–2.7	–9.9	21.6	–2.9
Net result	82.2	97.9	120.2	127.5	96.2
As % of net revenue	7.1	7.8	8.7	9.0	7.5
Year-on-year change (%)	–16.0	–18.6	–5.7	32.5	–2.0
Net cash from operating activities	172.5	110.8	166.3	124.4	149.6
As % of net revenue	14.8	8.9	12.0	8.8	11.6
Year-on-year change (%)	55.7	–33.4	33.7	–16.8	4.8
Free cash flow (based on Consolidated Cash Flow Statement)	126.9	180.7	–39.6	–107.7	83.1
Non-current assets	453.4	459.7	429.2	445.8	384.9
Year-on-year change (%)	–1.4	7.1	–3.7	15.8	2.5
Current assets	675.7	700.1	693.9	633.2	507.1
Year-on-year change (%)	–3.5	0.9	9.6	24.9	7.5
Total assets	1'129.1	1'159.8	1'123.1	1'079.0	892.0
Equity	726.1	753.2	660.8	550.9	643.4
Year-on-year change (%)	–3.6	14.0	19.9	–14.4	10.3
As % of total assets	64.3	64.9	58.8	51.1	72.1
Total liabilities	403.0	406.6	462.3	528.1	248.6
Year-on-year change (%)	–0.9	–12.0	–12.5	112.4	–5.7
Thereof current liabilities	196.3	206.0	259.8	291.1	207.3
Thereof long-term liabilities	206.7	200.6	202.5	237.0	41.3
Capital expenditure on property, plant and equipment	59.5	73.4	48.6	75.0	64.1
Year-on-year change (%)	–18.9	51.0	–35.2	17.0	84.2
Personnel expenses	296.6	329.5	367.6	358.8	329.7
Year-on-year change (%)	–10.0	–10.4	2.5	8.8	–1.0
Number of employees (at year-end)	7'013	6'760	7'047	6'907	5'259
Year-on-year change (%)	3.7	–4.1	2.0	31.3	3.7

Dätwyler Holding Inc.

in CHF mio.	2015	2014	2013	2012	2011
Finance and investment income	79.7	91.3	70.0	95.9	69.8
Annual profit	72.8	102.9	64.7	90.2	65.6
Equity	891.4	961.6	903.3	879.6	823.4
Equity as % of total assets	85.5	86.3	85.6	85.3	99.7
Share capital	0.9	0.9	0.9	0.9	0.9
Distribution	36.2 [1]	142.9	44.6	40.9	34.0

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

Share Information

	Notes	Currency	2015	2014	2013	2012	2011
Share capital		in CHF mio.	0.85	0.85	0.85	0.85	0.85
Eligible for a dividend		in CHF mio.	0.82	0.80	0.80	0.78	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			550'042	1'047'673	1'066'423	1'415'347	1'534'600
Bearer shares in issue			12'049'958	11'552'327	11'533'577	11'184'653	11'065'400
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	148.70	147.20	125.00	99.25	87.00
Bearer share – low	2	CHF	102.00	111.00	86.35	63.00	45.50
Trading volume							
Number of shares			3'559'931	4'058'475	3'613'451	1'909'732	2'008'146
Value		in CHF mio.	454	525	386	142	140
Gross dividend							
Bearer share		CHF	2.20 (3)	8.96	2.80	2.60	2.20
Registered share		CHF	0.44 (3)	1.79	0.56	0.52	0.44
Net result per share	4						
Bearer share		CHF	5.04	6.14	7.60	8.23	6.22
Registered share		CHF	1.01	1.23	1.52	1.65	1.24
Net cash from operating activities per share	4						
Bearer share		CHF	10.59	6.95	10.51	8.03	9.68
Registered share		CHF	2.12	1.39	2.10	1.61	1.94
Price/earnings ratio (average)			25.3	21.1	14.1	9.0	11.2
Equity per share	4						
Bearer share		CHF	44	47	41	35	42
Registered share		CHF	9	9	8	7	8
Market capitalisation							
Average for the year		in CHF mio.	2'078	2'062	1'690	1'152	1'076
As % of equity			286	274	256	209	167
At 31 December		in CHF mio.	2'359	2'037	1'974	1'346	861
As % of equity			325	270	299	244	134

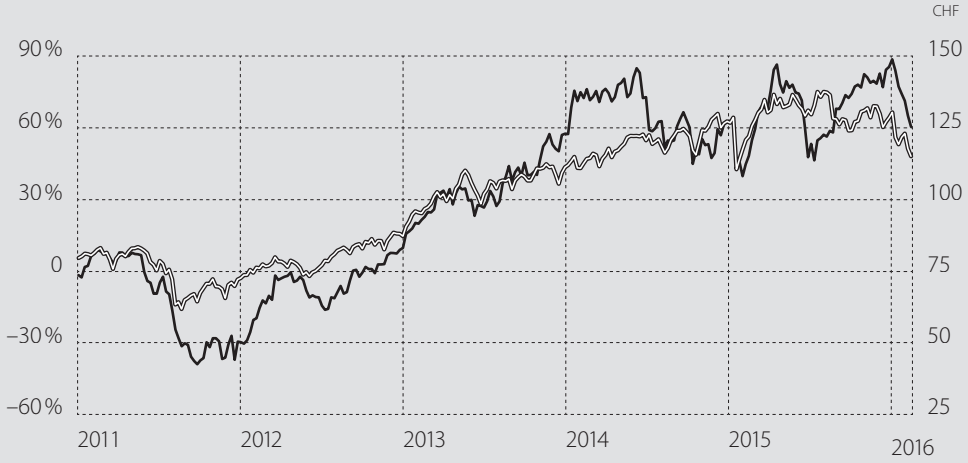
The Articles of Association of Dätwyler Holding Inc. do not contain any opting-out or opting-up provisions pursuant to the Swiss Stock Exchange Act.

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

Datwyler bearer share
SPI index



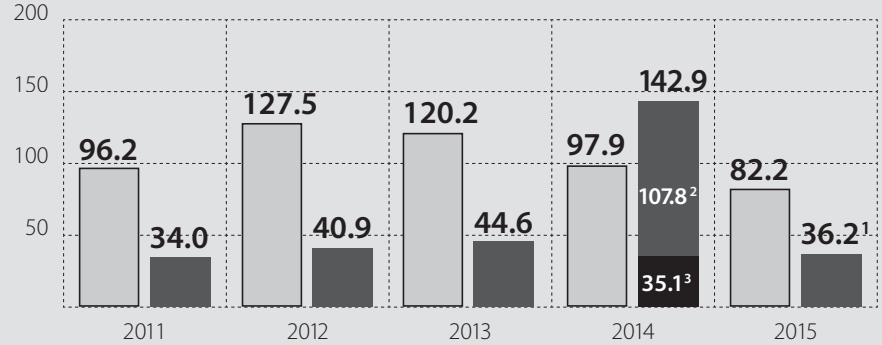
Dividend History

Dividend per share in CHF

Dividend per share in CHF
[1] *Proposal to the Annual General Meeting.*
[2] *Anniversary dividend (stock dividend plus cash dividend).*
[3] *Cash dividend business year 2014.*

Dividend in CHF millions

Net result in CHF millions
Dividend in CHF millions
[1] *Proposal to the Annual General Meeting.*
[2] *Stock dividend on the occasion of the 100 years anniversary.*
[3] *Cash dividend business year 2014.*



Payout ratio	35.3%	32.1%	37.1%	146.0%	44.0%

General Information

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

Incorporated
Dätwyler 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 2015
Bearer share: CHF 143.40
1.125% Bond 2012–2018: 101.55%

Important dates
2016
Annual General Meeting: 5 April 2016
Interim Report: 12 August 2016

2017
Announcement of net revenue 2016: 20 January 2017
Annual Press Conference and Analyst Conference: 7 February 2017
Annual General Meeting: 7 March 2017
Interim Report: 27 July 2017

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 3 March 2015

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http://www.datwyler.com/en/products-services/technical-components/addresses.html

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Published and edited by
Dätwyler Holding Inc., Altdorf, Switzerland

Advice on sustainability reporting
sustainserv GmbH, Zurich and Boston

Design and realization
Hotz Brand Consultants and GateB,
Steinhausen / Zug, Switzerland

Pictures
p. 8/9: Fotosearch, Datwyler archive
p. 12/13: Fotosearch, Getty Images, Shutterstock
p. 39: Dominic Büttner, Valentin Luthiger
Chapter introduction pages: Datwyler archive

Printing
Gisler Druck AG, Altdorf
Printed on chlorine-free bleached paper, without optical brightening agent

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