

Datwyler Group

Vontobel Summer Conference
7 June 2017 in Interlaken

Dirk Lambrecht, CEO
Dätwyler Holding Inc.



Datwyler Group

Highlights

- Focused industrial supplier with global presence
- Leading positions in global and regional market segments
- Two divisions
 - Sealing Solutions
 - Technical Components
- Distributor and solution provider to health care, automotive, building and manufacturing industries
- Revenue of more than CHF 1,200 million
- More than 7,000 employees
- Established in 1915
- Listed on the SIX Swiss Exchange, Zurich

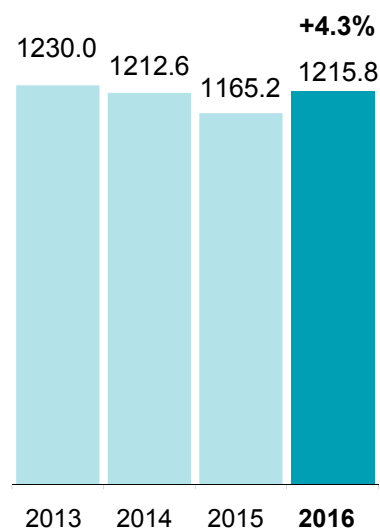


Datwyler Group

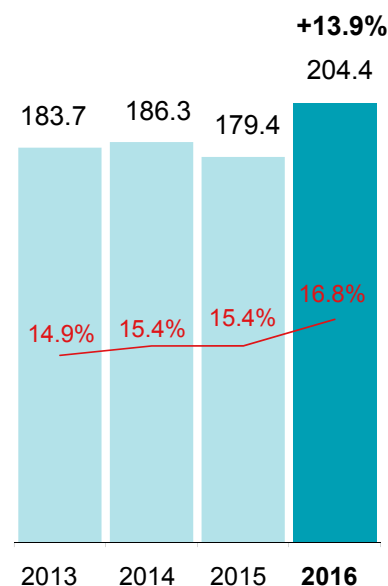
Key reported figures 2016

- Able to halt downward trend of recent years
- EBIT margin and EBITDA margin on target despite one-off costs
- Significant decrease in net result due to one-off “Premier Farnell” effects and higher tax rate

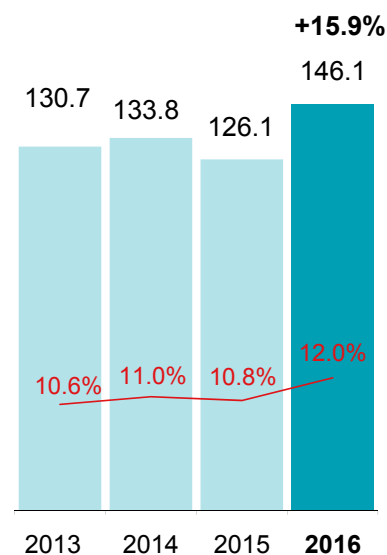
Net revenue



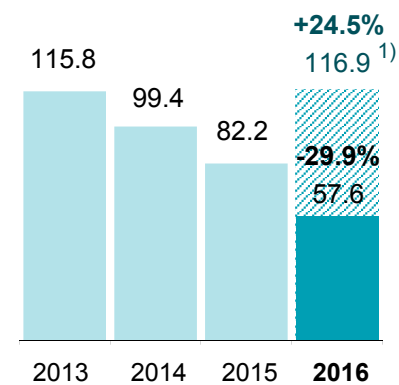
EBITDA
EBITDA margin in %



EBIT
EBIT margin in %



Net result



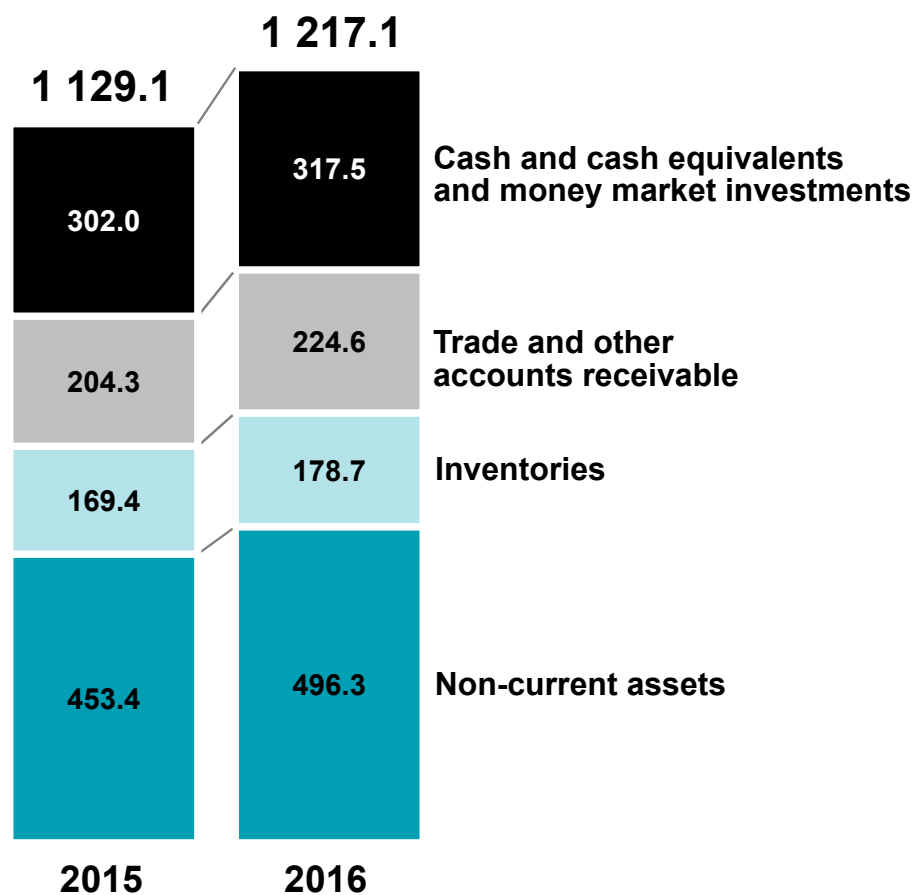
In CHF million; 2013 and 2014 continuing operations excluding Maagtechnic

¹⁾ Before one-off “Premier Farnell” costs

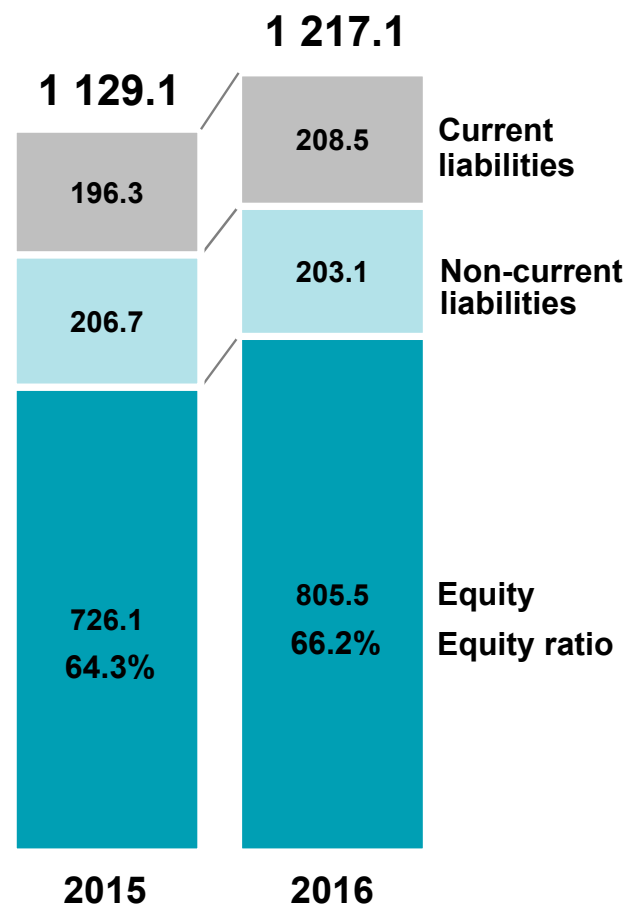
Datwyler Group

Balance sheet structure

Assets CHF million



Liabilities and equity CHF million



Our strategy is focused on three main priorities

Acceleration of growth

- Consistent pursuit of accelerated growth
- Tapping into new niche markets through acquisitions

Focusing of market position



- Intensified segmentation of markets and customers
- Differentiation thanks to customer-specific solutions
- Leading position in the selected niches

Increase in effectiveness and efficiency (Operational Excellence)

- Better mobilisation of the knowledge and skills of all involved
- Process of continuous improvement

Datwyler Group

Two focused divisions

	Sealing Solutions	Technical Components
		
Products	Sealing systems and solutions, elastomer and aluminium/plastic closures, stoppers and plungers; precision moulded elastomer and metal components; special seals, profiles and gaskets	Distribution of maintenance, automation electronic and ICT components and accessories (online distribution and branded wholesale)
Markets	GLOBAL Health care, automotive, civil engineering and consumer goods	EUROPE Manufacturing companies, trades, retailers, resellers, universities, private consumers
Revenue	Approx. CHF 750 million	Approx. CHF 450 million
Employees	6,000	1,200

Sealing Solutions division



Sealing Solutions

Leading positions in attractive global market segments



Consumer Goods

1

CHF 250 m.

2

CHF 1,600 m.



Health Care



Automotive

1

CHF 2,400 m.

1

CHF 650 m.



Civil Engineering

High market
and growth
potential

Sealing Solutions

Health Care: growth drivers and success factors



Growth drivers

- Ageing society in western industrial nations
- Increasing requirement for medicines in emerging countries
- Increase in chronic diseases such as diabetes and cardiovascular diseases
- Trend for injectable medicines and stricter regulations from the authorities



Success factors and measures

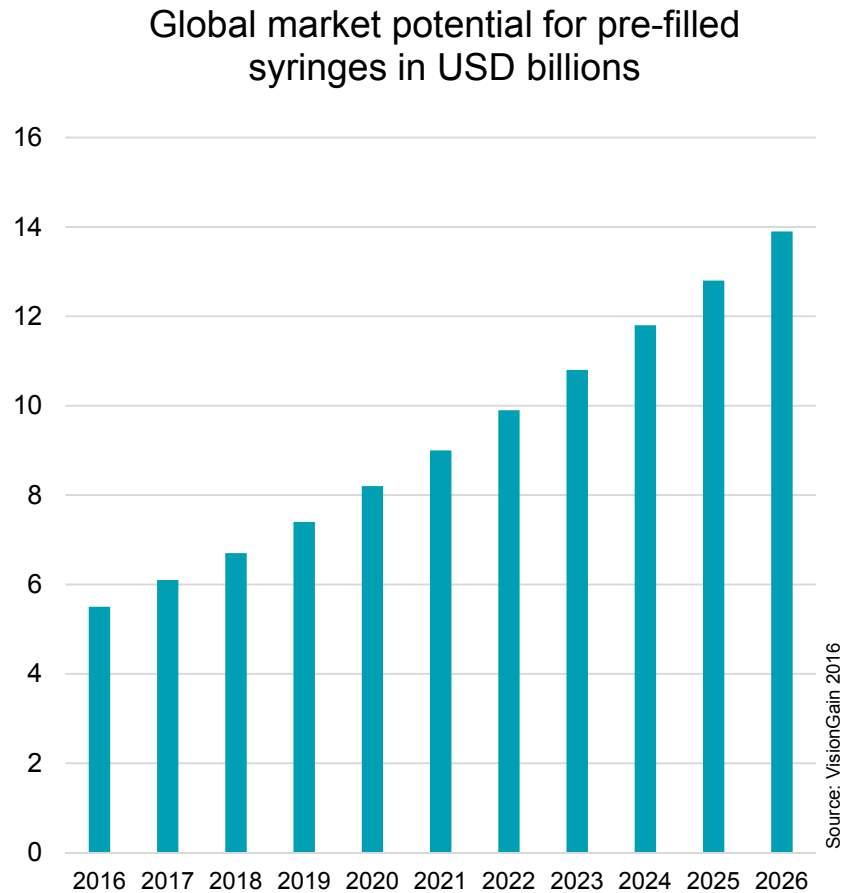
- Leading FirstLine production technology
- Expansion of FirstLine activities
- New offer strategy from customers' perspective
- Expansion of key account management
- Almost 50 years' experience within the industry

Health Care sealing components:

Market potential CHF 1,600 million
Market growth 5% - 7%

Sealing Solutions

Example Health Care: Growth market pre-filled syringes



Average annual market growth of 9.7%
over the next 10 years

- Ideal containers for biotech medicines and vaccines given the risk that properties may change during transfer from bottles to syringes
- Correct dose every time improves patient safety
- Technological developments allow higher levels of self-administration
- Trend for automatic administration systems (including use of WiFi / Bluetooth)
- Europe leading the way so far, but USA catching up
- Datwyler elastomer stoppers are system-critical components
- Expansion of FirstLine capacities in Belgium and India
- New FirstLine plant in the USA from mid-2018

Sealing Solutions

Automotive: growth drivers and success factors



Growth drivers

- Sophisticated, environmentally friendly technologies (e.g. SCR systems)
- Car ownership increasing fast in emerging countries
- Trend for customers to outsource engineering aspects



Success factors and measures

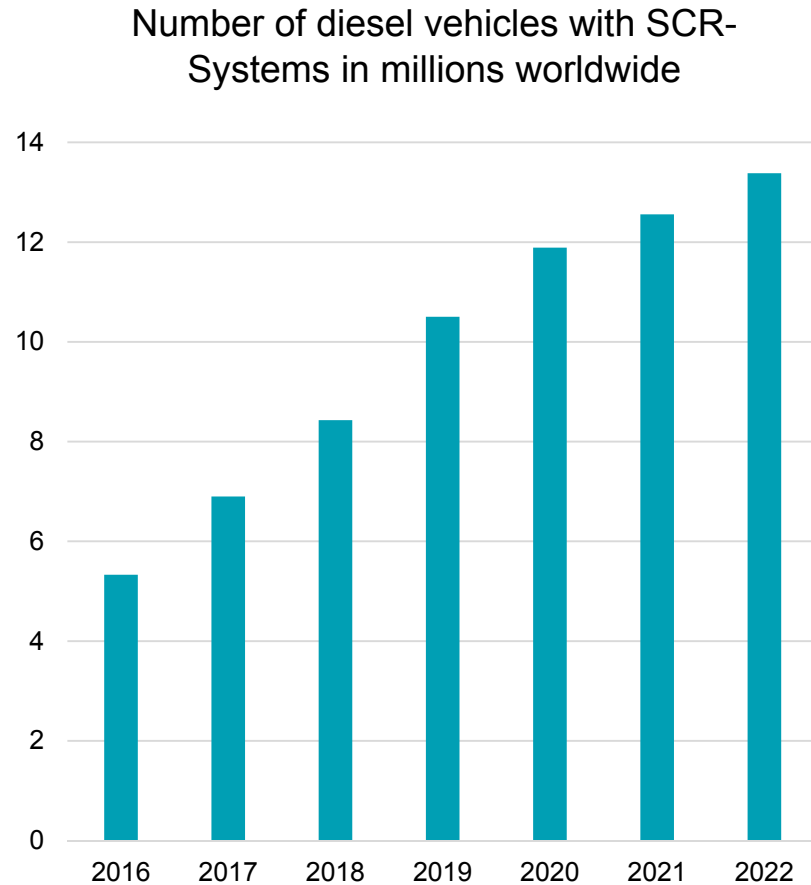
- Own plants in the three key business regions EU, Asia and NAFTA
- Experience and customer relationships going back many years
- New mixing plants in China (since 2015) and the Czech Republic (from 2018)
- Tapping into new technologies and niche markets through acquisitions (Origom / Ott)

Automotive sealing components / O-rings:

Market potential CHF 2,400 million
Market growth 4 % - 5%

Sealing Solutions

Example Automotive: Growth market SCR system



Average annual market growth of 17.0% over the next 6 years

- Emissions scandal and worldwide tightening of emissions regulations mean diesel emissions require additional treatment
- Selective Catalytic Reduction (SCR) is the leading technology and the most effective
- Five system-critical sealing components for the conveyor and dispensing module in each SCR system
- Enormous challenges in terms of geometry, tolerances, cleanliness, adhesion and resistance to high temperatures, pressure and aggressive media
- The two leading providers are long-standing customers
- Despite electrification, diesel engines will still have an important role to play in the near future

Sealing Solutions

Core competences



CORE COMPETENCES

Materials

Engineering

Processes



Sealing Solutions

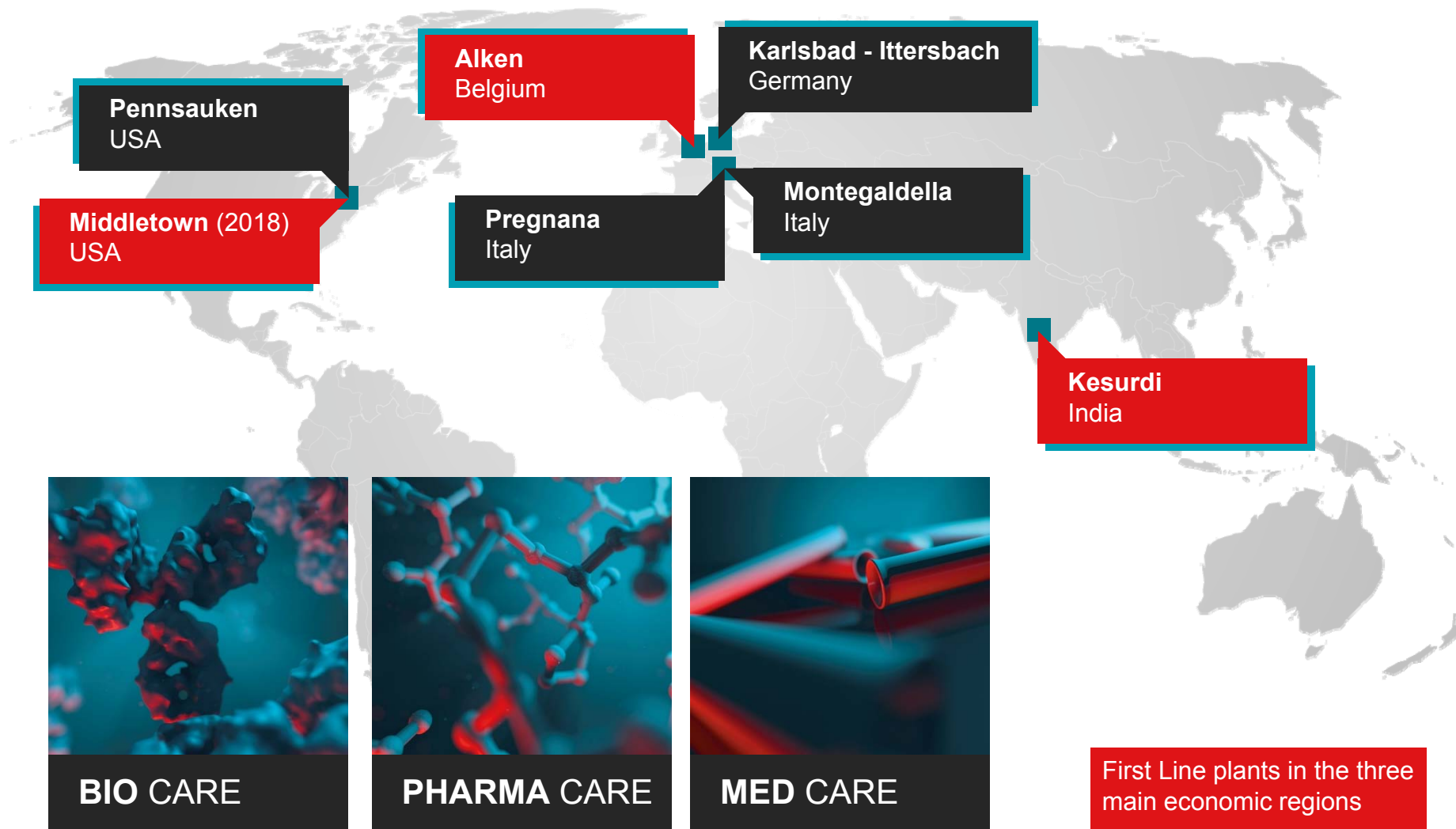
New Health Care plant in the USA according to plan

- Greenfield manufacturing facility for high quality elastomer components located in Middletown, Delaware
- Involvement of customers in design concept
- Investment of more than CHF 100 million
- 120 employees and production capacity for some CHF 50 million sales
- State-of-the-Art First Line concept setting new industry standards:
 - Ultra-modern clean room technology
 - Automated production cells
 - Fully automated camera inspection
 - Unique washing process
- Construction work on track
 - Customer audits in Q3/Q4 2018
 - Series production beginning of 2019

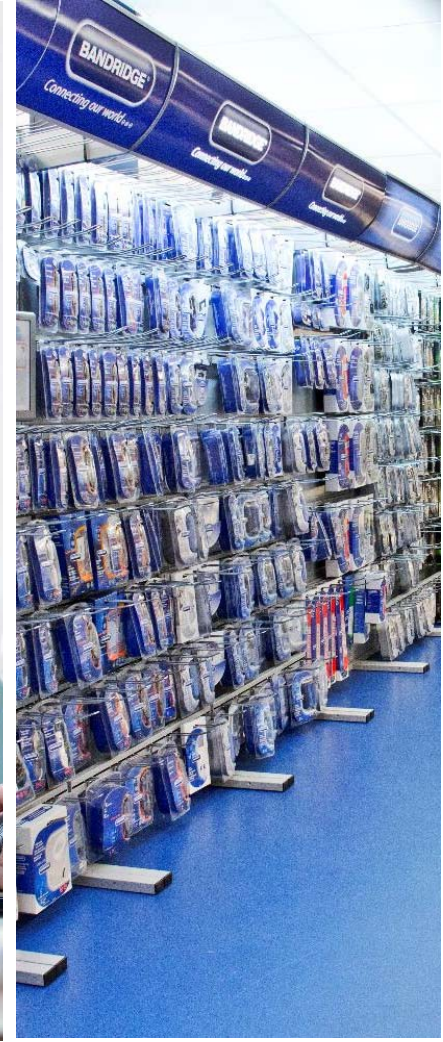


Sealing Solutions

New Health Care offering strategy based on global footprint

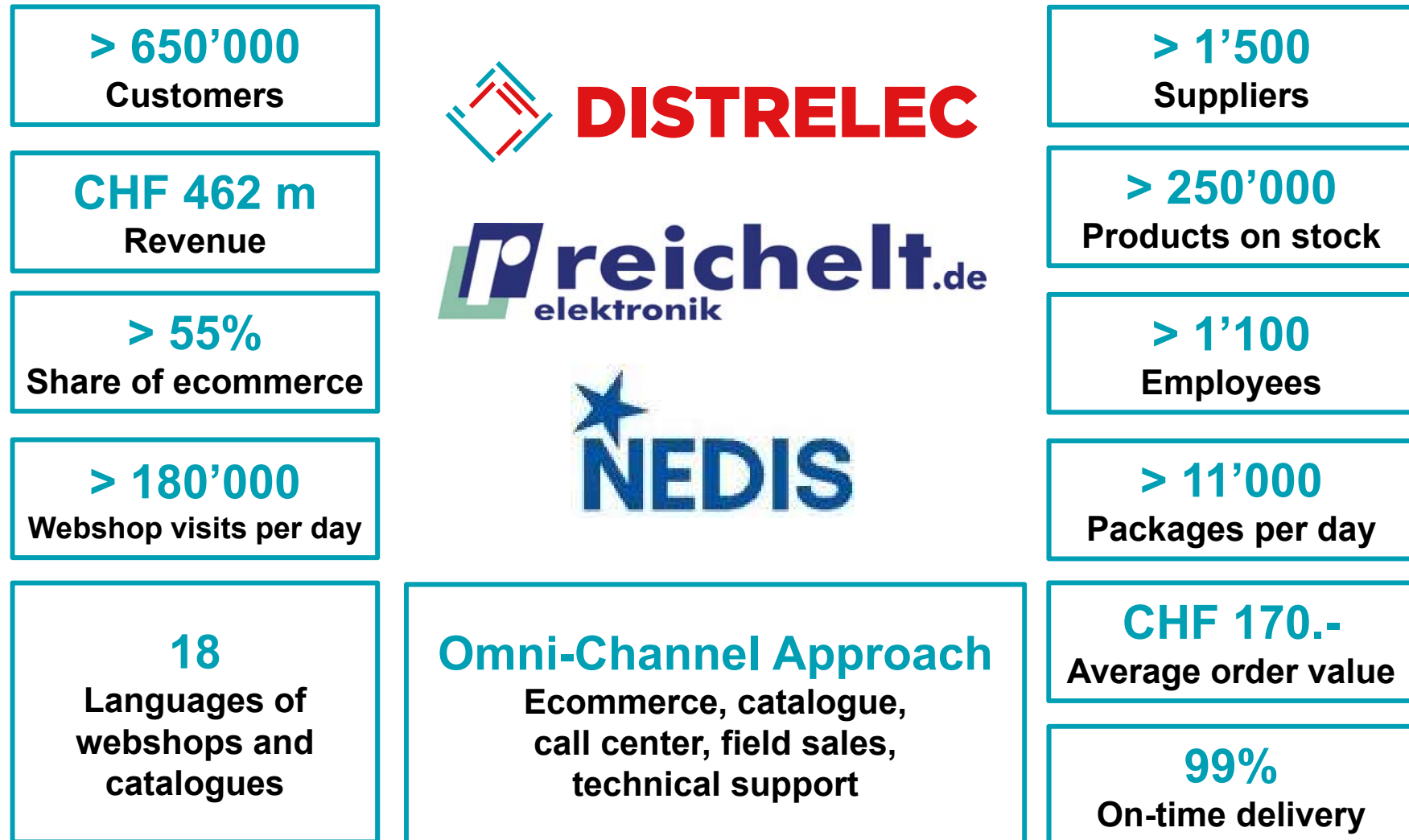


Technical Components division



Technical Components

Leading position in Europe with three strong brands



Technical Components

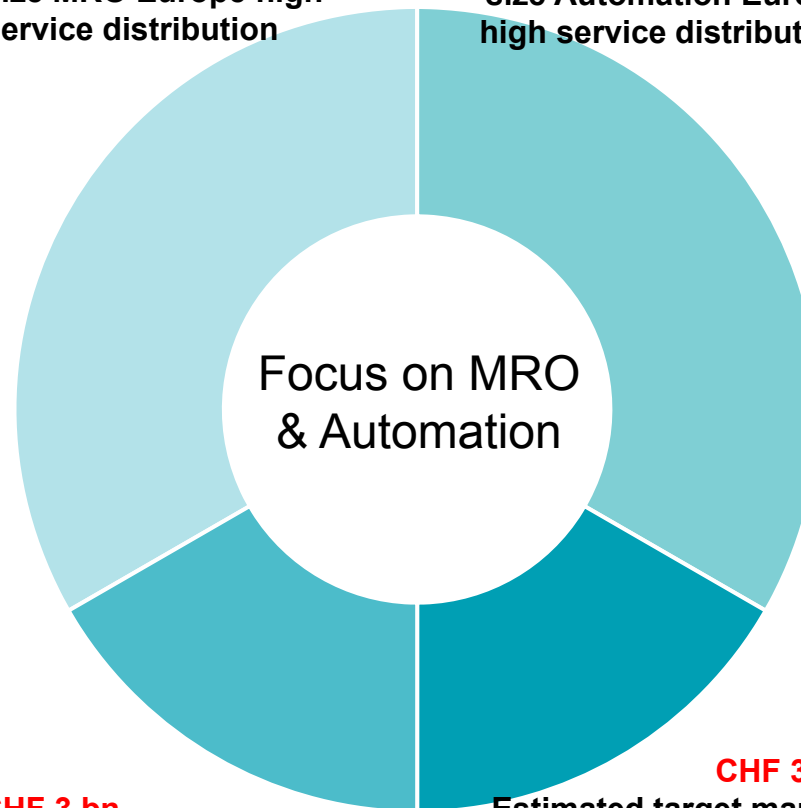
Four important market segments



CHF 6 bn
Estimated target market size MRO Europe high service distribution



CHF 6 bn
Estimated target market size Automation Europe high service distribution



CHF 3 bn
Estimated target market size Wholesale/ Consumer Electronics Europe



CHF 3 bn
Estimated target market size EDE&Production Europe high service distribution

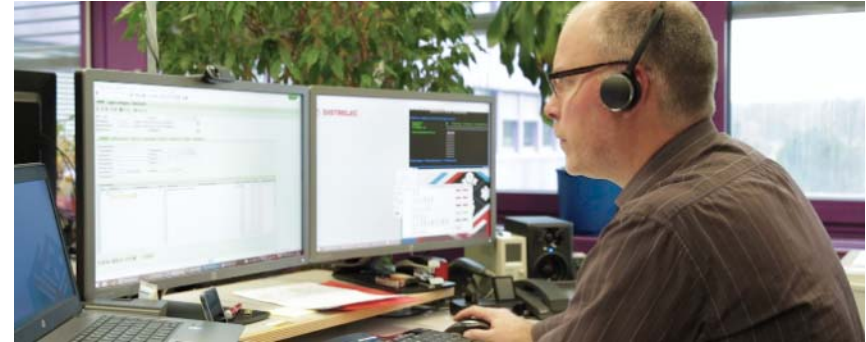
Technical Components

Maintenance, Repair, Operations (MRO)



Growth drivers

- Vendor and inventory reduction
- Total cost of ownership (TCO)
- Capex limitations – ambitions to extend life time of machinery
- Industry 4.0

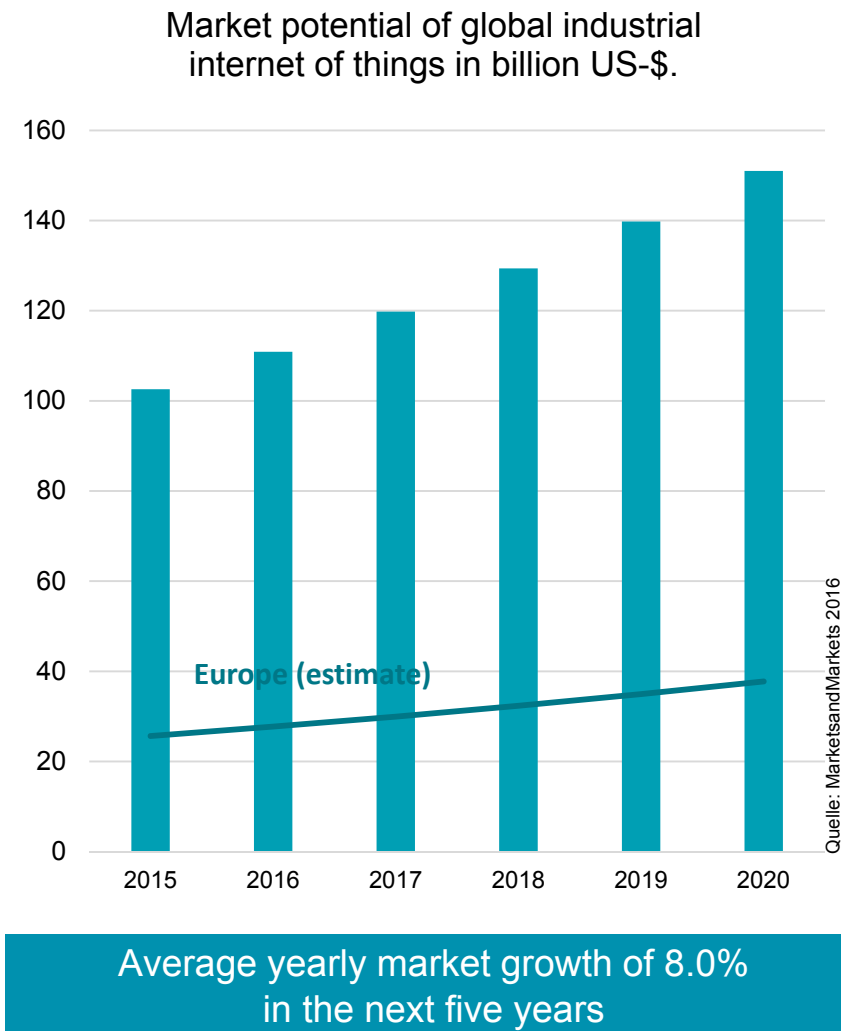


Success factors and measures

- Brand awareness
- Regional presence
- Competent technical support
- Comprehensive and state of the art product range
- High quality of own brand
- Intuitive search in the web-shop

Technical Components

Example MRO: Growth market Industry 4.0



- Highly fragmented market
- Forecasted growth above historic market average, both for new facilities and for retrofit
- Enough niches for Datwyler distributors to be able to participate in the growth of the European market
- Anticipation of 5% growth per year of the relevant market



Technical Components Automation



Growth drivers

- Importance of efficient processes
- Increased focus on productivity
- Just in time delivery
- Industrial robotics

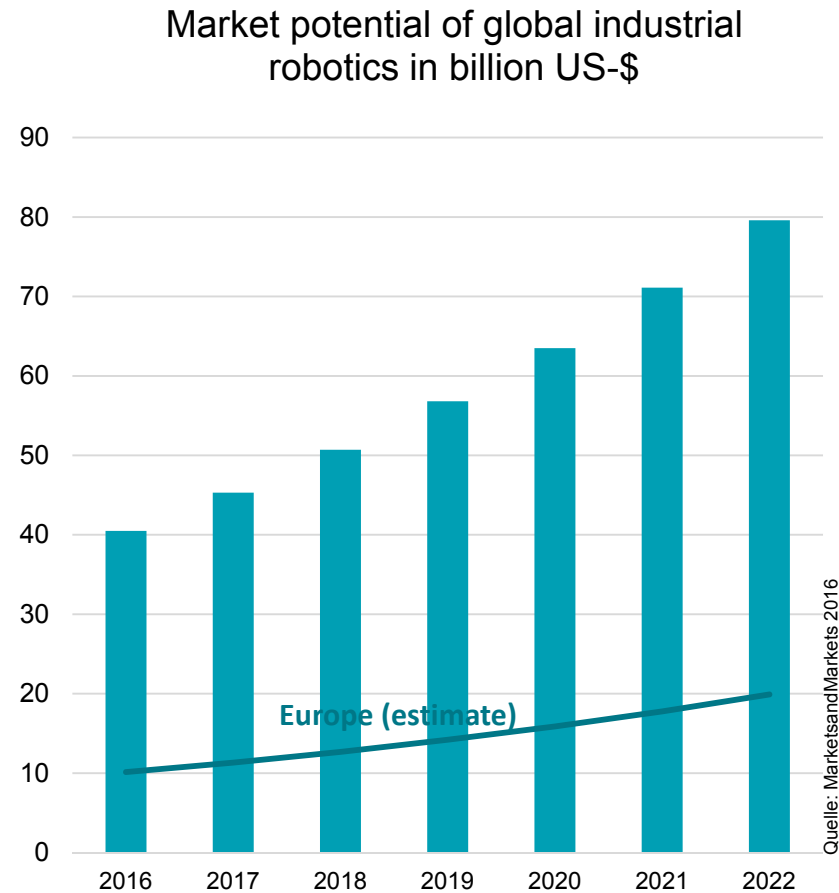


Success factors and measures

- Technology roadmap: fastest integration of innovative components
- Range focussed – application specific product packages
- Key account management
- Quality own brand as alternative

Technical Components

Example Automation: Growth segment industrial robotics



Average yearly market growth of 11.9%
in the next six years

- High technology, low volumes
- Wide range required, computing through to mechanical components
- Highly innovative products
- Positive penetration effect into standard business



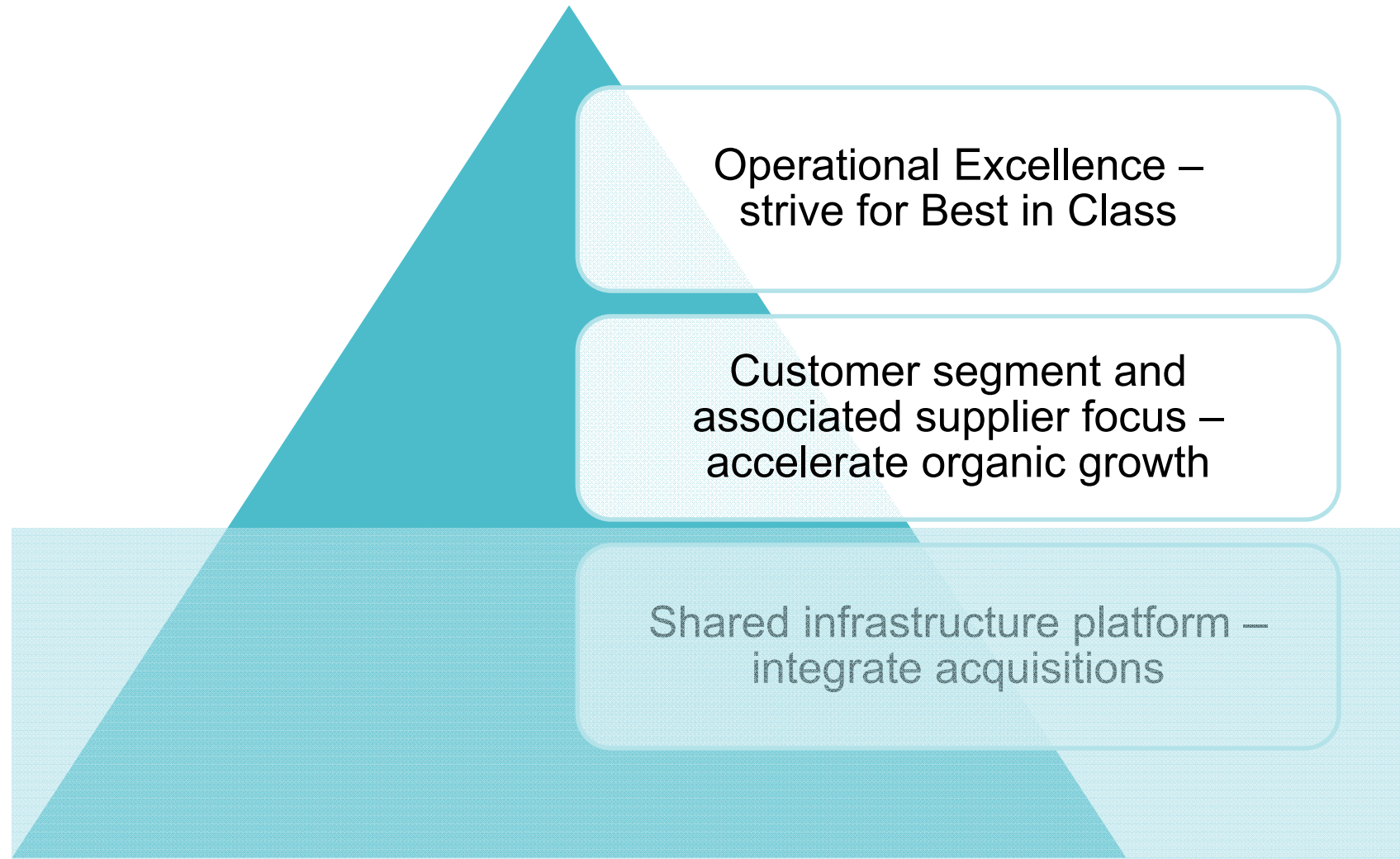


Core competences

- Distribution and logistic
- Easy to do business with
- International expansion
- Ecommerce as main channel
- Product management

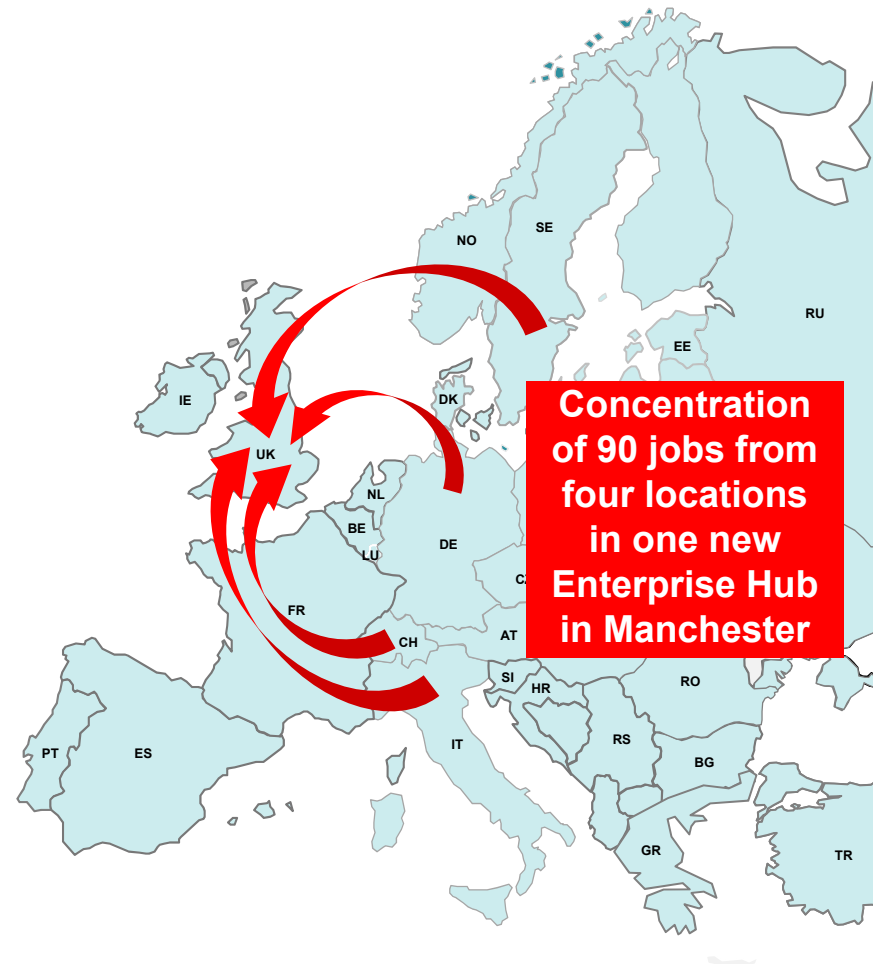
Technical Components

Performance improvement plan



Technical Components

New Distrelec/Elfa Enterprise Hub in Manchester



- Central steering of product, supplier, purchasing, e-commerce and marketing management for the high service brands Distrelec/Elfa
- Significantly increase quality and productivity of proposition delivery
- Boost the range of products and services on offer to customers
- Some 90 jobs across four locations in Sweden, Germany, Switzerland and Italy will be relocated until the end of 2017
- Local sales function and existing distribution centres in the Netherlands and Switzerland continue to serve and supply the customers
- Expected one-off costs of CHF 10 million

Datwyler Group outlook for 2017

Focus on accelerating organic growth

– Datwyler Group:

- Revenue between CHF 1,250 and 1,350 million
- New target range for EBIT margin of 11% - 14%

– Sealing Solutions division:

- Above market growth in the Health Care and Automotive segments thanks to strong positions
- Tapping into new regions and technologies through further acquisitions

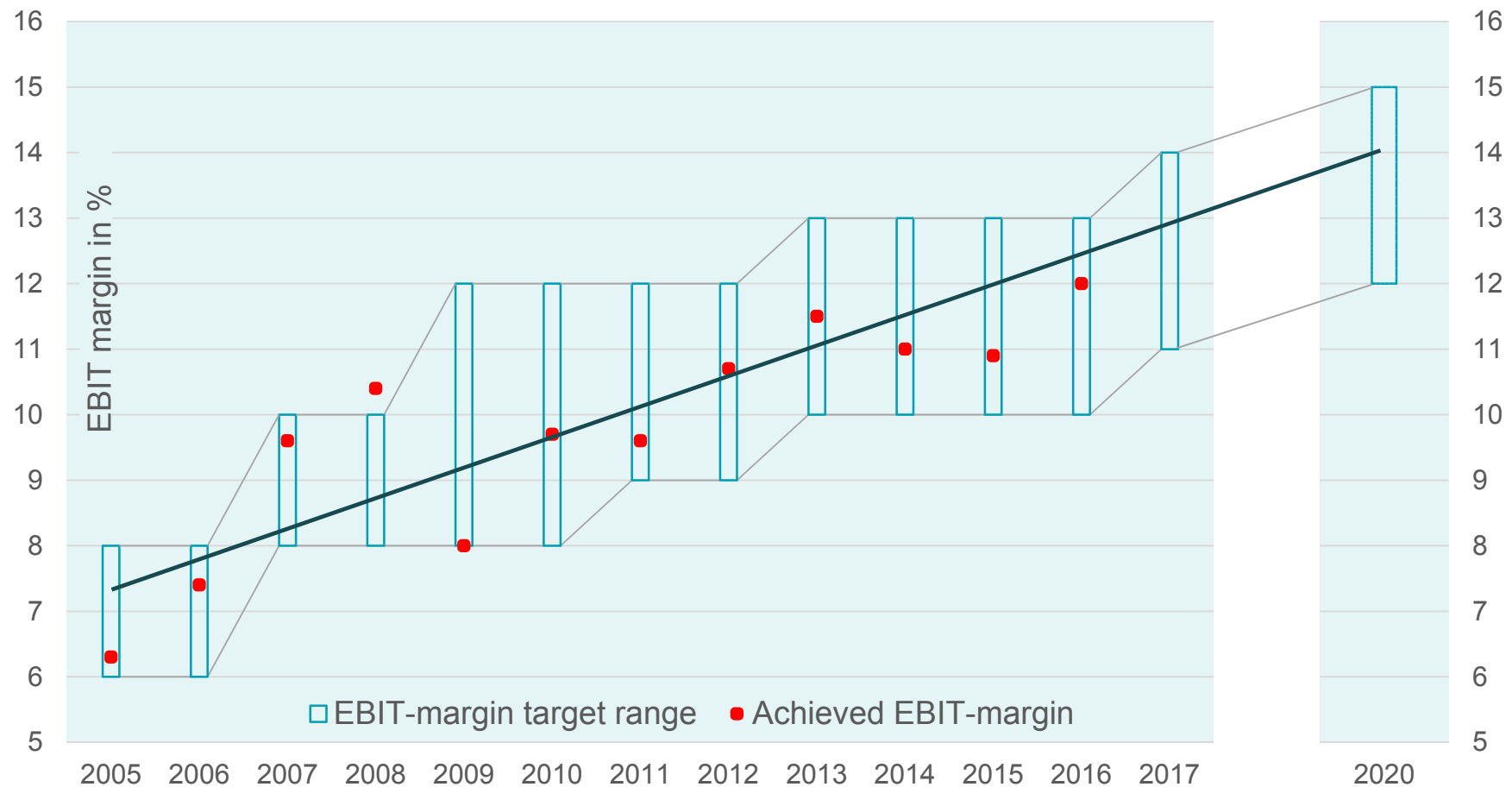
– Technical Components division:

- Emphasis on focusing the core competences
- Further increases in efficiency, particularly by opening the new competence center in Manchester
- Organic growth through MRO and Automation focus, expansion of range and marketing activities



Datwyler Group outlook

2020 growth target: revenue CHF 2 billion, 12% – 15% EBIT margin





Thank you for your attention.



Disclaimer

This presentation contains forward-looking statements that reflect the Group's current expectations regarding market conditions and future events and are therefore subject to a number of risks, uncertainties and assumptions. Unanticipated events could cause actual results to differ from those predicted and from the information contained in this presentation. All forward-looking statements in this presentation are qualified in their entirety by the foregoing.

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