

13 August 2019

Datwyler Group

Half year results 2019



Agenda

Business review and outlook
Dirk Lambrecht, CEO

Financial Review
Reto Welte, CFO

Questions and answers

Datwyler Group

Key figures first half 2019

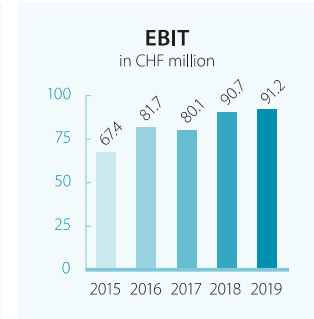
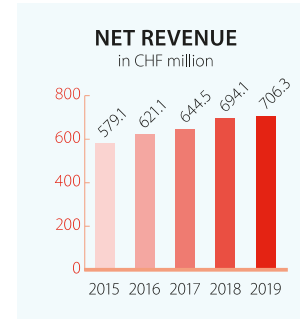
Revenue growth of 1.8% to CHF 706.3 million

Increase in EBIT to record CHF 91.2 million

Adjusted EBIT margin of 13.9% before start-up costs for growth projects of CHF 4.5 million and negative currency effects of CHF 2.3 million

Net result up 5.9% to CHF 66.2 million

Net earnings per bearer share increased by 5.7% to CHF 3.89



706.3
million
net revenue
in CHF



91.2
million
EBIT
in CHF

12.9%
EBIT
margin

66.2
million
net result
in CHF

Datwyler Group

Two focused divisions

	Sealing Solutions	Technical Components
		
Products	Sealing systems and solutions, plugs and piston plugs, precision moulded parts made of elastomer and metal, special profiles and seals	Components and accessories for custom production of electro-mechanic goods (CPE), maintenance, automation, electronics and ICT
Markets	GLOBAL Health care, automotive, general industries	EUROPE Online distribution and branded wholesale industry, commerce, universities, private customers, retail trade and wholesale trade
Revenue	CHF 891 million	CHF 471 million
Employees	6'900	1'100

Sealing Solutions division



HEALTH CARE



AUTOMOTIVE



GENERAL INDUSTRY

Unique core competencies as clear differentiator for leading market positions



Exceptional material and simulation expertise

Development of high performance materials for various applications

Leading surface treatments

Experts in simulation

Own mixing plants

More than 100 years of experience



Innovative and customer focused engineering

Tailor-made sealing solutions with fast prototyping and in-house mould shop using latest technologies

Interdisciplinary teams

Co-engineer with customers



Outstanding global processing quality

Capability to set industry standards and apply them worldwide

Zero-defect-philosophy

Highly automated to minimise interaction of people and product

Sealing Solutions first half 2019

Profitable growth course in a challenging environment

5.8% increase in revenue to CHF 479.3 million

Unchanged growth in high-quality health care components - declining demand in the automotive market

Maintained EBIT of CHF 83.7 million despite start-up costs of CHF 3.9 million for growth projects and negative currency effects of CHF 1.5 Mio.

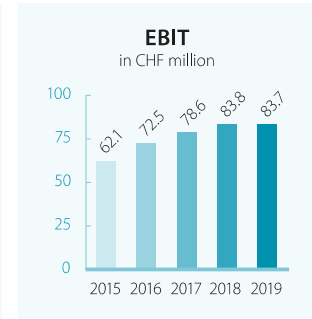
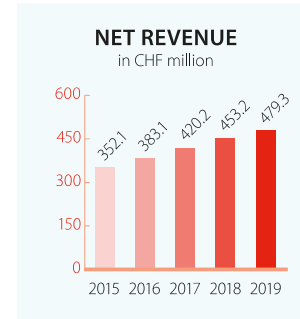
Adjusted EBIT margin of 18.6%

Integration of Parco and Bins on track

479.3
million
net revenue
in CHF

83.7
million
EBIT
in CHF

17.5%
EBIT
margin





New health care plant in the USA

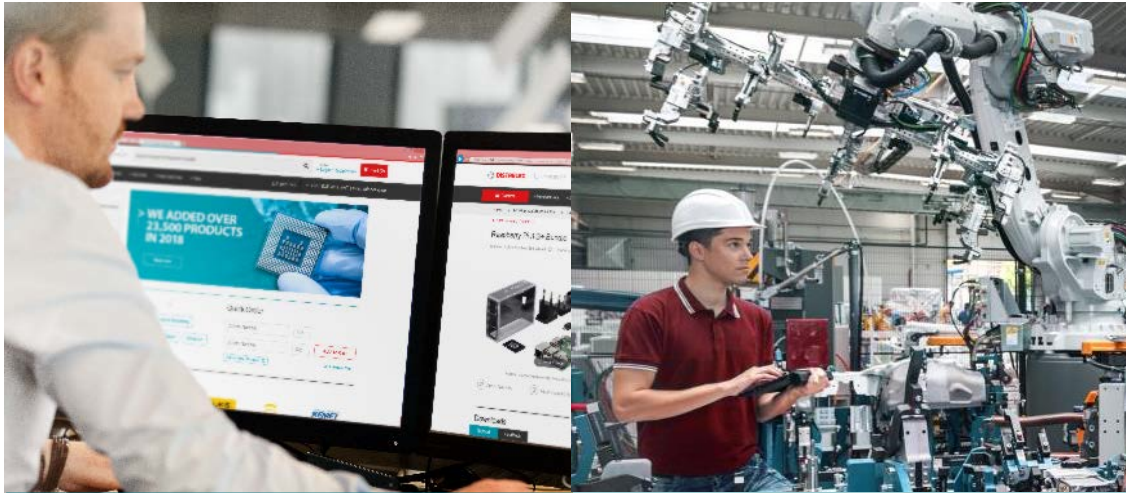
Very high interest of health care customers

First commercial sales in August 2019

First Line standard represents the highest level of innovation, quality and safety

Show case of Industry 4.0 with state of the art digital systems and infrastructure

Technical Components division



ONLINE DISTRIBUTION



WHOLESALE DISTRIBUTION

Three strong brands in Europe

> 700'000
customers

CHF 471 million
revenue

> 60%
share of e-commerce

> 230'000
webshop visits per day

18
languages of online
shops and catalogues



Omni-channel approach
e-commerce, catalogue,
call centre, field sales,
technical support

> 1'500
suppliers

> 250'000
products in stock

> 1'100
employees

> 12'000
packages per day

CHF 200
average order value

99%
on-time delivery

Technical Components first half 2019

Operational progress - growing B2B revenue

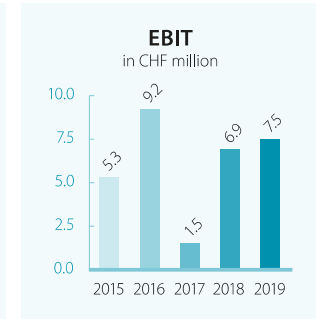
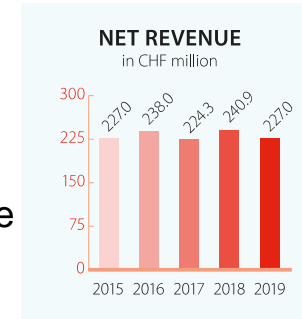
Slight decline in sales to CHF 227.0 million in a difficult environment

Growth in the attractive B2B segment

Increase in EBIT to CHF 7.5 million thanks to strict cost discipline

Start-up cost of CHF 0.6 million and negative currency effects of CHF 0.8 million. Adjusted EBIT margin of 3.9%

Further successful international expansion

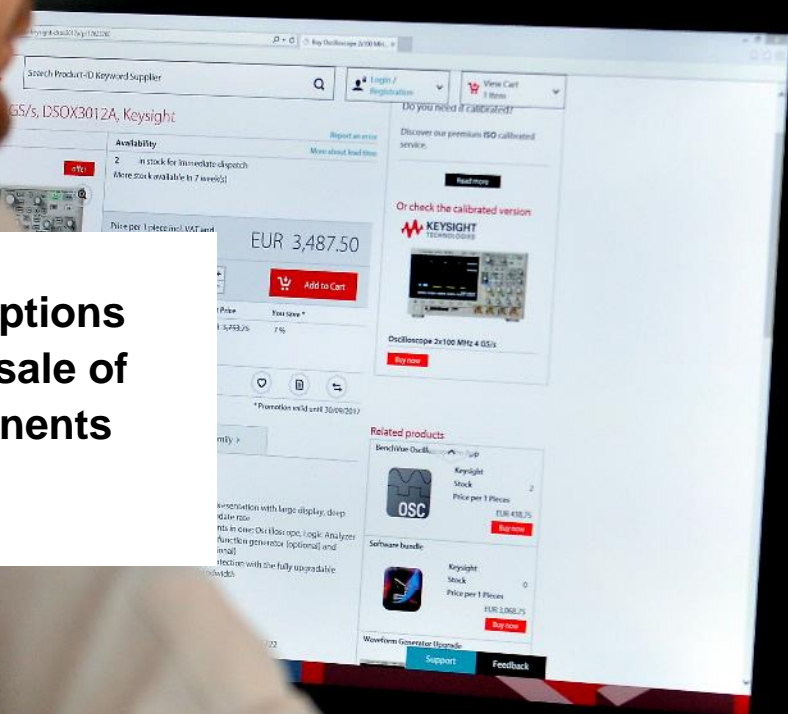


227.0
million
net revenue
in CHF




7.5
million
EBIT
in CHF

3.3%
EBIT margin

Review of strategic options including a possible sale of the Technical Components division

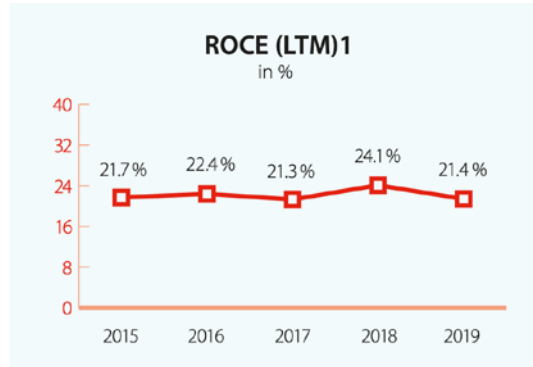


Segmental Reporting by division

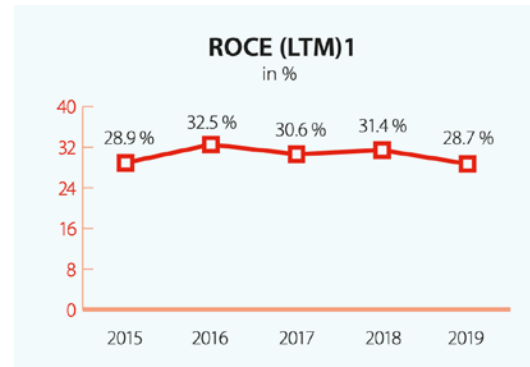
	Sealing Solutions	Technical Components	Datwyler Group
in CHF million			
NET REVENUE			
First half 2019	479.3	227.0	706.3
First half 2018	453.2	240.9	694.1
EBIT			
First half 2019	83.7	7.5	91.2
First half 2018	83.8	6.9	90.7
EBIT MARGIN			
First half 2019	17.5%	3.3%	12.9%
First half 2018	18.5%	2.9%	13.1%

Return on Capital Employed (ROCE)

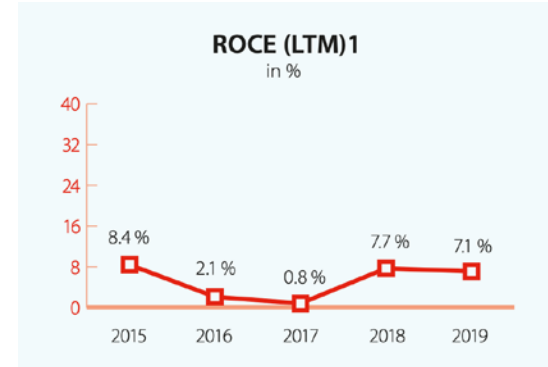
Group



Sealing Solutions



Technical Components

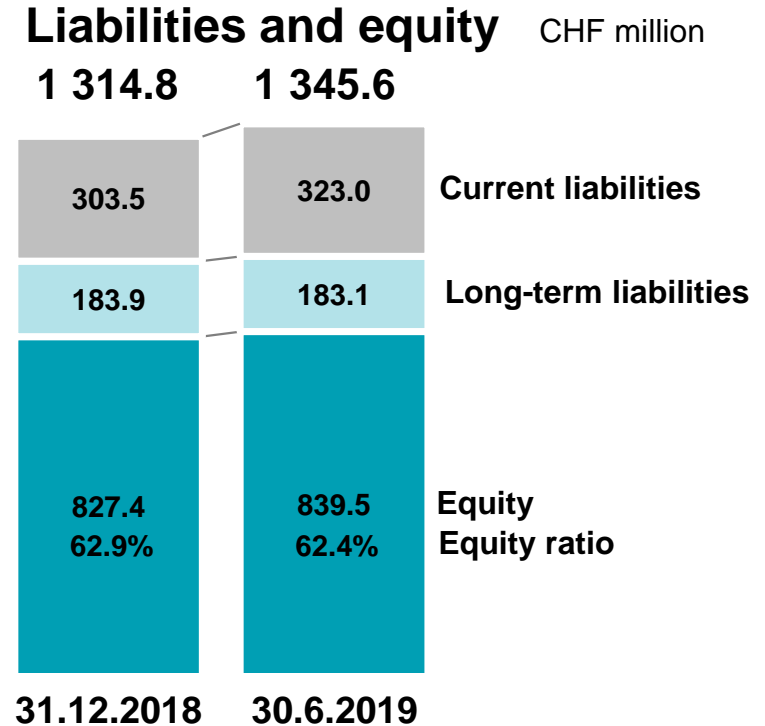
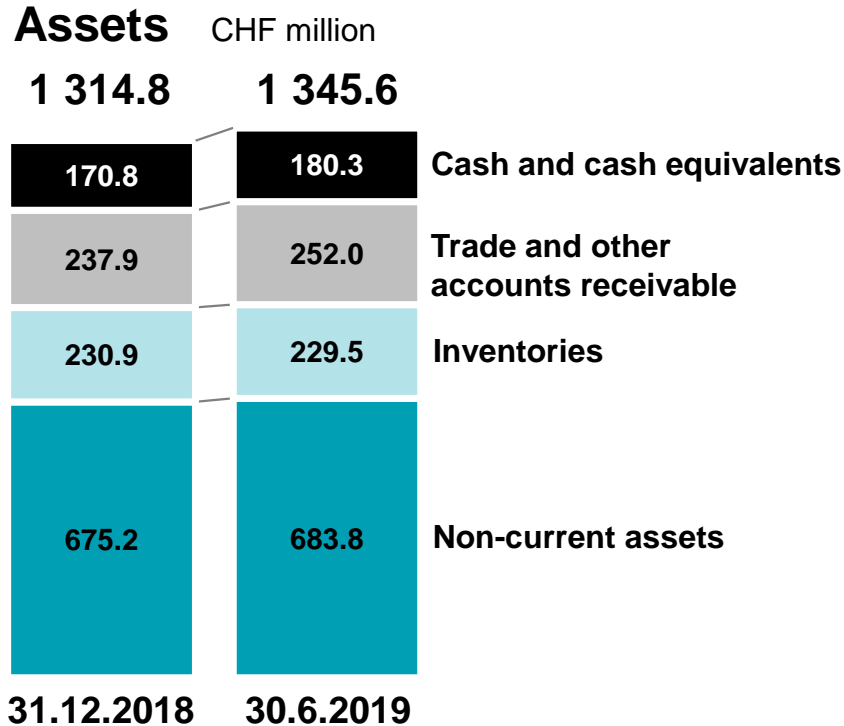


¹ ROCE is calculated by dividing the operating result before interest and tax (EBIT) of the last twelve months (= LTM) by the average capital employed of the same period.

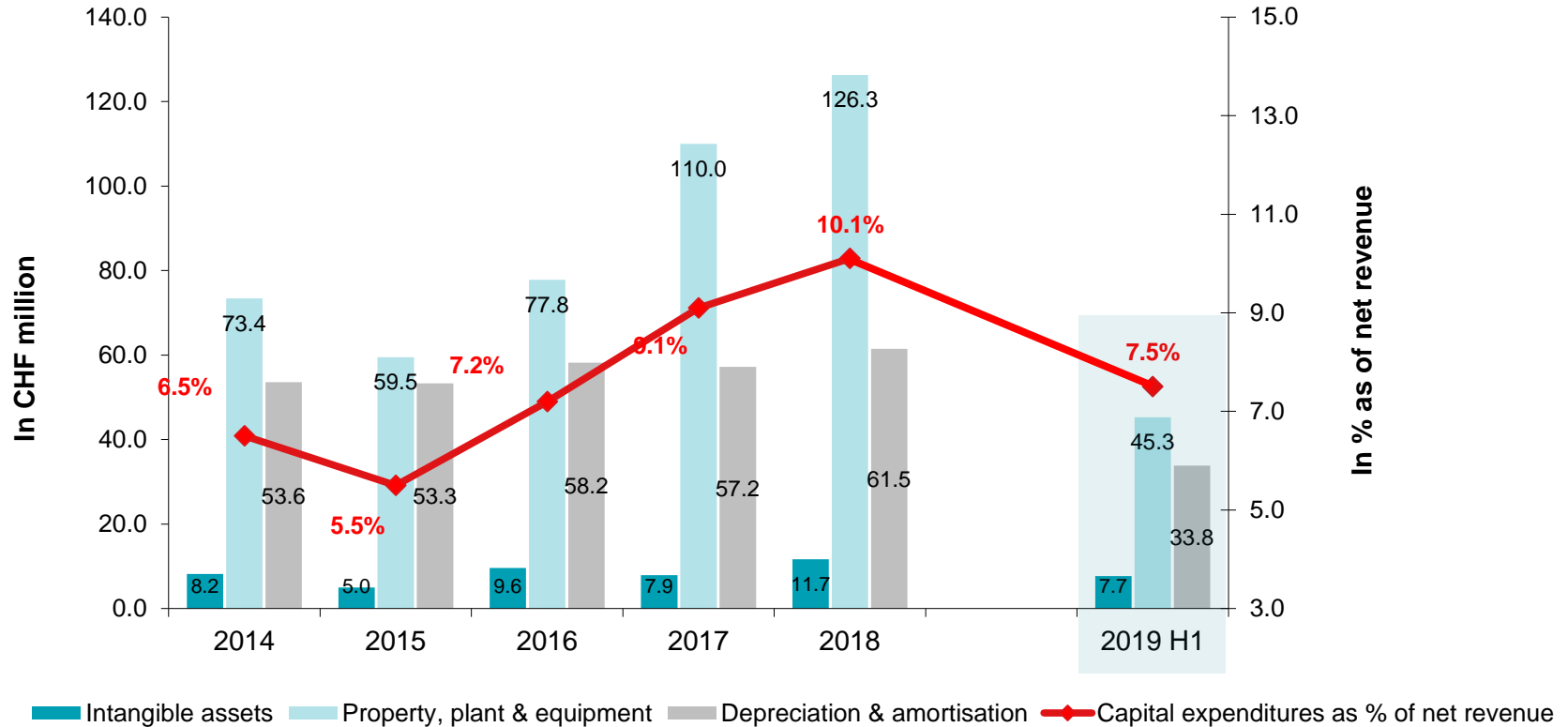
Consolidated Income Statement

in CHF million	30.06.2019 unaudited	30.06.2018 unaudited	% change
Net revenue	706.3	694.1	1.8%
Costs of goods sold	(524.9)	(513.7)	2.2%
Gross profit	181.4	180.4	0.6%
Research and development expenses	(14.8)	(14.5)	2.1%
Marketing and selling expenses	(48.5)	(48.8)	(0.6%)
General and administrative expenses	(36.9)	(36.0)	2.5%
Other operating income	10.1	9.7	4.1%
Other operating expenses	(0.1)	(0.1)	n/a
Operating result before interest & taxes (EBIT)	91.2	90.7	0.6%
Net finance result	(3.2)	(5.2)	(38.5%)
Earnings before tax (EBT)	88.0	85.5	2.9%
Income tax expenses	(21.8)	(23.0)	(5.2%)
Net result	66.2	62.5	5.9%
Net result per bearer share entitled to dividend (in CHF)	3.89	3.68	5.7%

Balance sheet: liquidity supports planned growth



Capital expenditure: planned decrease



Condensed Consolidated Cash Flow Statement

in CHF million	30.06.2019 unaudited	30.06.2018 unaudited
Net cash from operating activities	88.3	77.6
Net purchases of property, plant and equipment	(44.6)	(80.0)
Net purchases of other non-current assets/earn-out payments	(4.3)	(1.8)
Net cash used in investing activities	(48.9)	(81.8)
Net repayment of bank debt/decrease in other long-term liabilities	(5.1)	(2.3)
Net proceeds from loans payable to Pema Holding AG/issue of bond	28.5	150.1
Repayment of bond	-	(150.0)
Purchase of treasury shares	(1.3)	(1.7)
Dividend paid to shareholders	(51.0)	(51.0)
Net cash used in financing activities	(28.9)	(54.9)
Net change in cash and cash equivalents	10.5	(59.1)
Cash and cash equivalents at 30 June	170.8	281.8
Effect of exchange rate changes on cash and cash equivalents	(1.0)	(0.7)
Cash and cash equivalents at 30 June	180.3	222.0

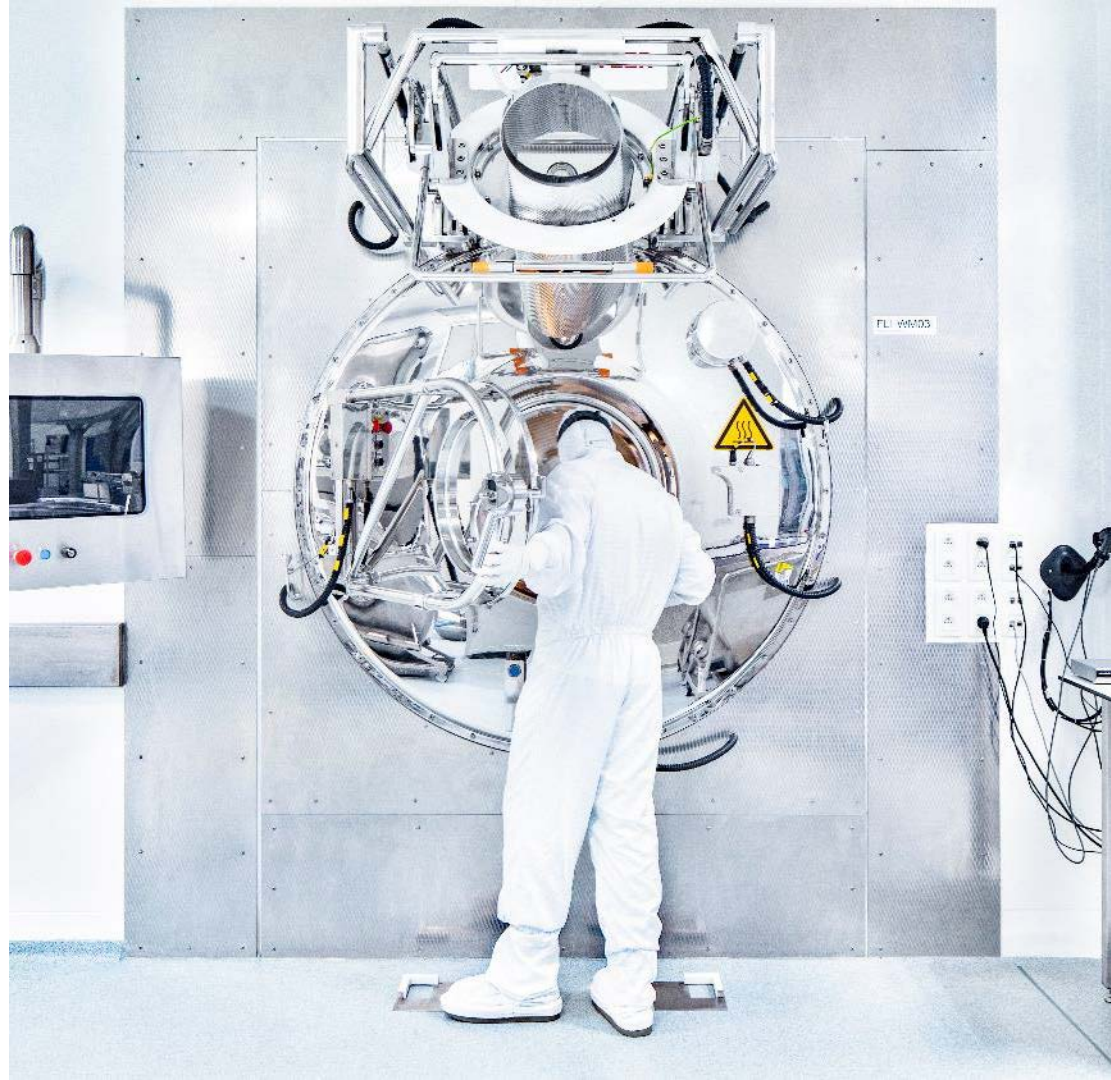
Datwyler Group outlook 2019

Challenging environment in
automotive and electronic
distribution markets

Strongly positioned with more
than one third of Group sales
in low cyclical but growing
markets

Revenue above previous year

EBIT margin in the lower half of
the target range of 12% to 15%



Strategic priorities – current examples



Opening of the Health Care plant in the USA

DRIVE PROFITABLE GROWTH



Automated guided vehicles (AGV)



Robotic process automation (RPA)



Use of big data



Access new markets



Innovative new products and applications

ACCELERATE DIGITALISATION



Modernization and expansion of the ERP software package



Promotion of new technologies and skills



Expansion into new geographical markets



Reduction of resource consumption
Increase of sustainability



Vision of a self-learning organisation



Digitalisation of all HR processes



Expansion of Health Care capacity in India

INCREASE AGILITY



Empowerment of employees



Employee survey underlines high levels of commitment and motivation



Culture change

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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