

7 February 2017

**Welcome
Annual Results Press
Conference
Analysts Presentation
Datwyler Group**

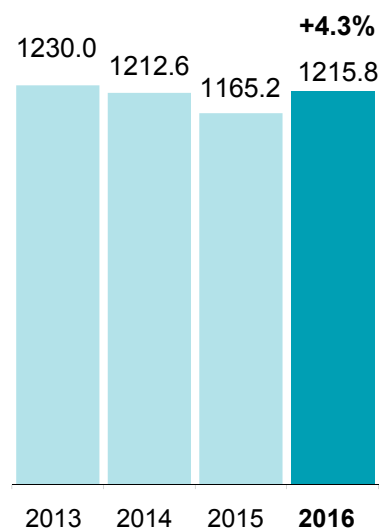


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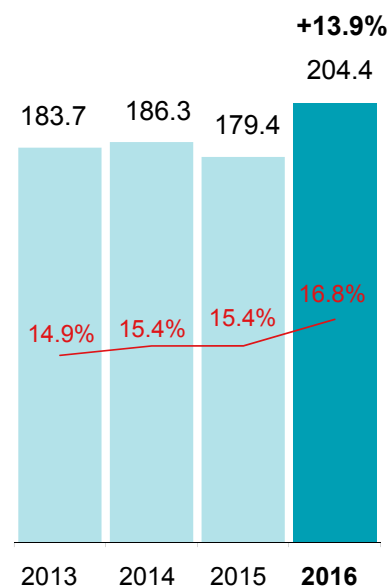
Key reported figures 2016

- 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

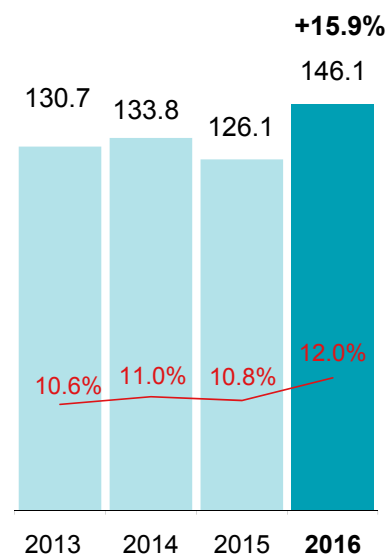
Net revenue



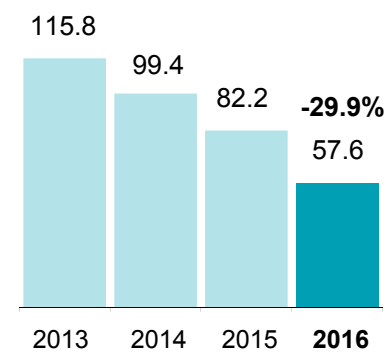
EBITDA
EBITDA margin in %



EBIT
EBIT margin in %



Net result



In CHF million; 2013 and 2014 continuing operations excluding Maagtechnic

One-off “Premier Farnell” costs: CHF 3.9 million in terms of EBIT and CHF 44.1 million in terms of net result

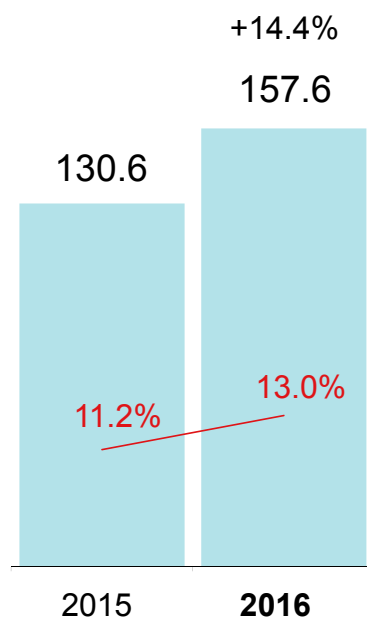
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Adjusted profit figures for 2015/2016 before one-off costs

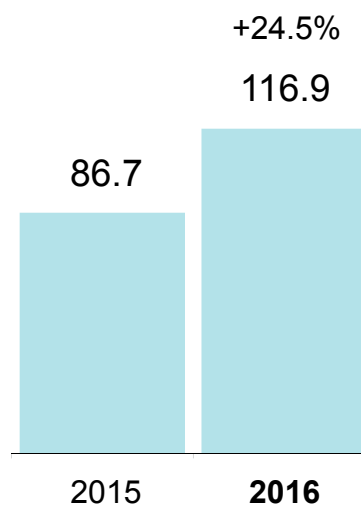
- Adjusted EBIT margin and net result at record levels

EBIT

EBIT margin %



Net result

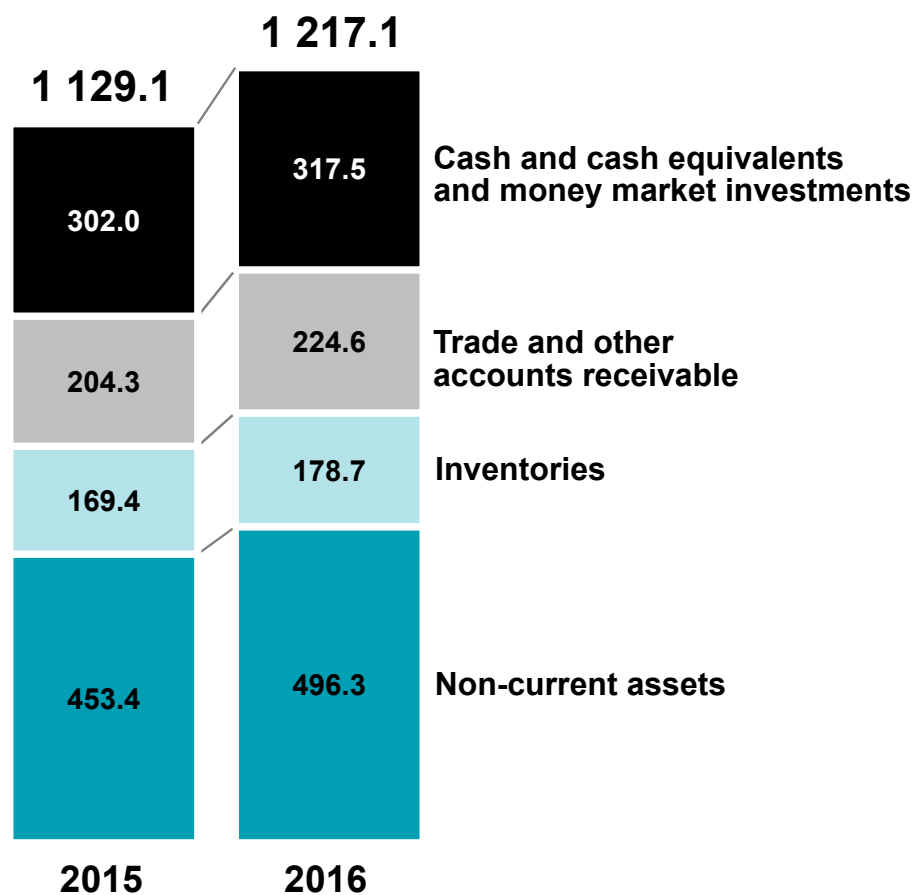


In CHF million

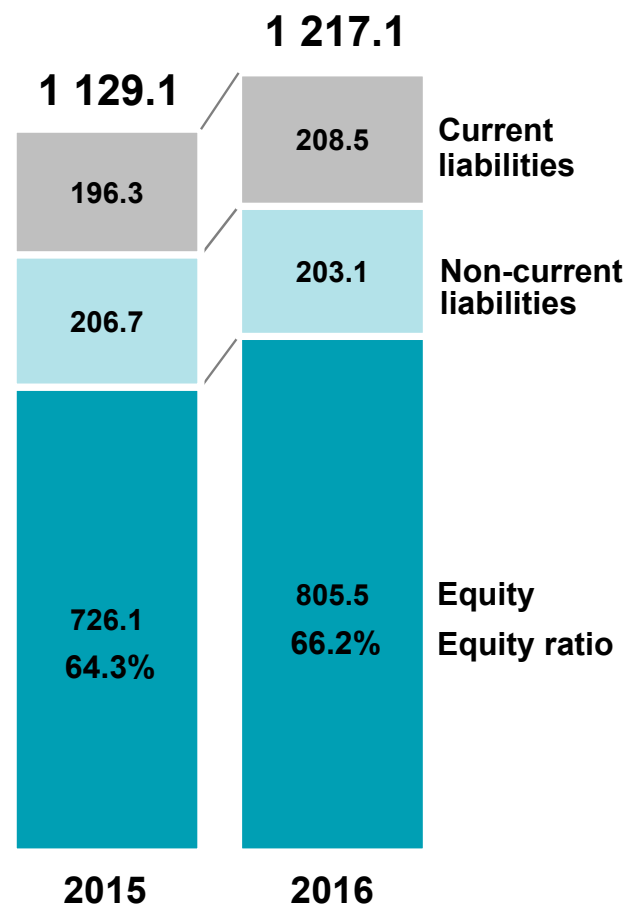
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Balance sheet structure

Assets CHF million



Liabilities and equity CHF million

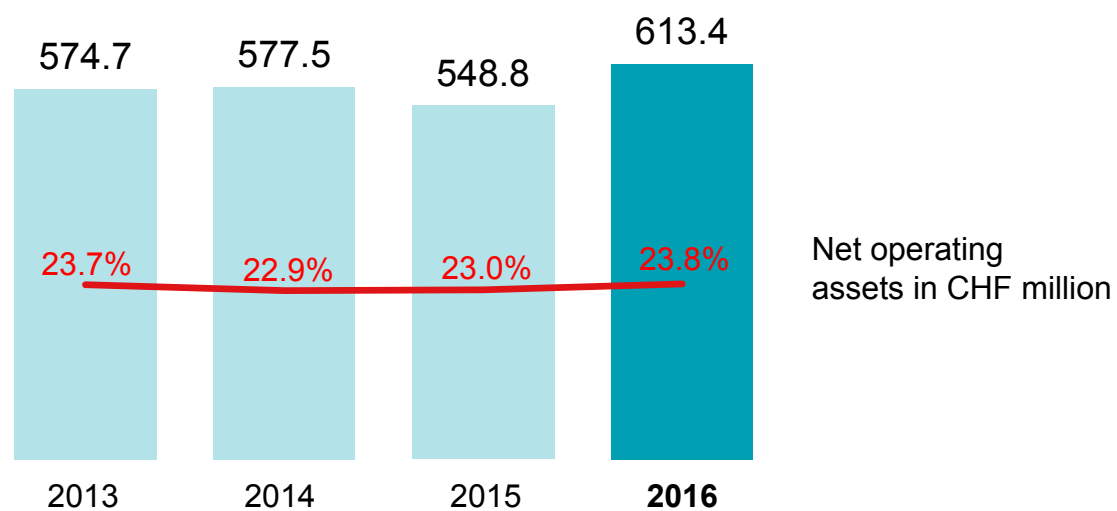


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Return on Capital

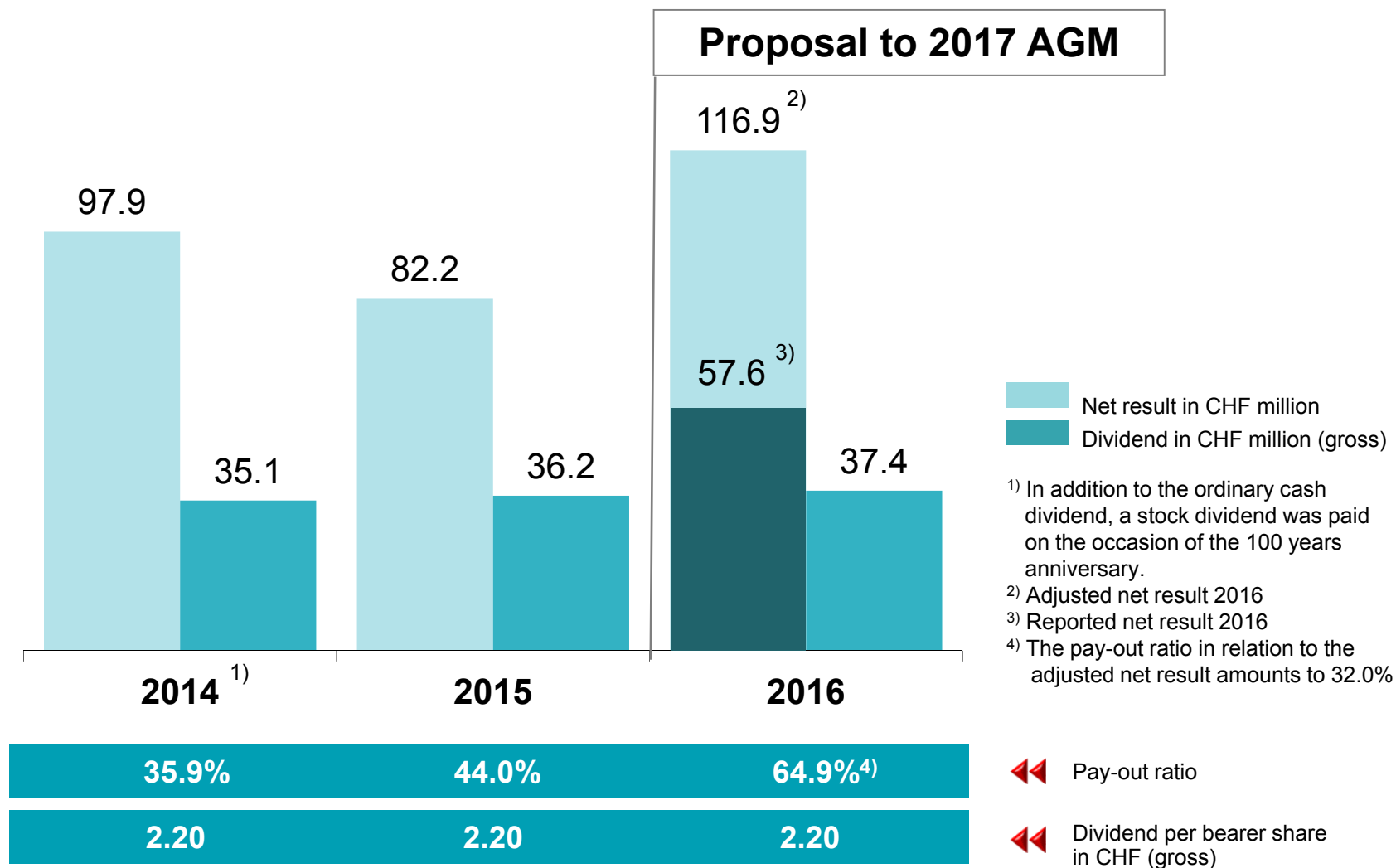
RONOA %

(EBIT / net operating assets)





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Dividend of CHF 2.20 per bearer share



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Two focused divisions

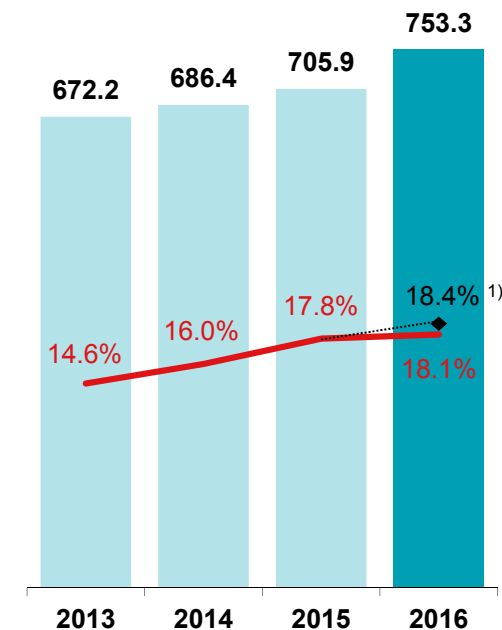
	Sealing Solutions	Technical Components
		
Products	Sealing systems and solutions, elastomer and aluminium/plastic closures, stoppers and plungers; precision moulded elastomer and metal components; special seals, profiles and gaskets	Distribution of maintenance, automation electronic and ICT components 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 2016

Still on profitable growth trajectory

- Revenue growth of 6.7%, up to CHF 753.3 million, organic growth of 2.9%
- Capacity bottlenecks in Health Care segment and delays affecting Civil Engineering project business prevented stronger organic growth
- Further increase in adjusted EBIT margin to 18.4% thanks, among other things, to high capacity utilisation
- Health Care associated with strong demand for high-quality components
- Automotive doing well across all regions, particularly in China too
- Collaboration with Nespresso still going well; main parameters for new contract defined.
- Torsten Maschke new CEO since 1 October 2016

Net revenue in CHF million
EBIT as % of net revenue

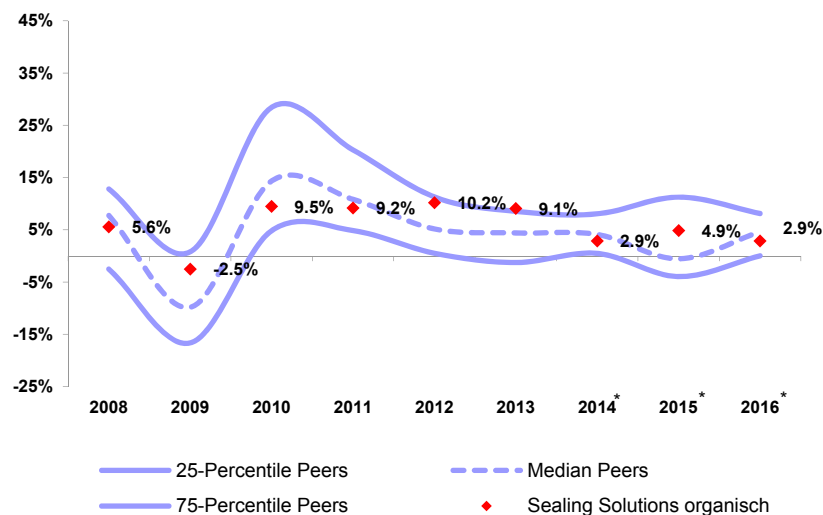


¹⁾ Adjusted EBIT margin

Sealing Solutions Benchmark

Revenue development

Revenue growth in the middle range of the peers, although below expectations



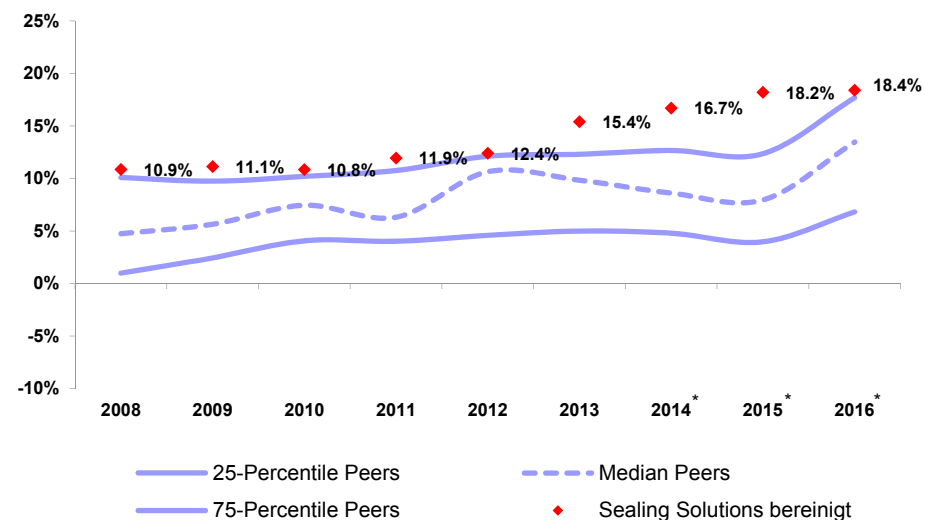
Peer group: all peers

Analysis January 2017 by
www.obermatt.com

* Peer data since 2014 September to September

EBIT margin

Thanks to strong niche position EBIT margin is still well above industry average



Peer group: all peers

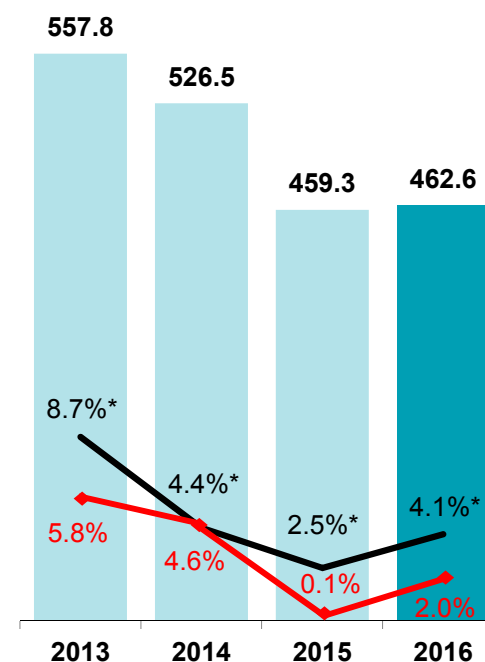
Analysis January 2017 by
www.obermatt.com

Technical Components 2016

Negative revenue and margin trend has been reversed

- Slight increase in revenue despite challenging environment
- Increase in revenue in core B2B business, but growth restricted due to reduction in low-margin products and standardisation of discounts
- Ongoing expansion of product range and launch of new own brand “RND”
- Increase in adjusted EBIT margin to 4.1% thanks to focus on higher-margin MRO segment and continuous improvements of the new infrastructure
- Conclusion of strategic integration projects to create a shared infrastructure platform

Net revenue in CHF million
EBIT as % of net revenue



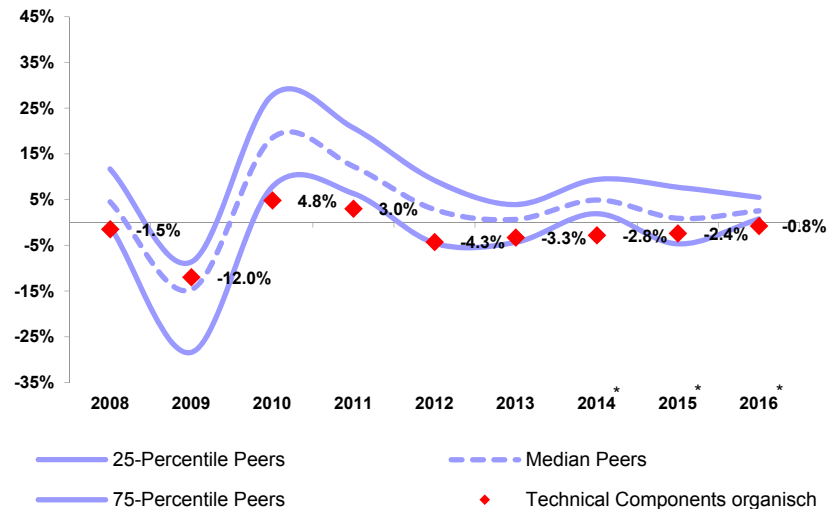
Continuing operations
adjusted for one-off effects

* Adjusted EBIT margin

Technical Components Benchmark

Revenue development

Revenue development behind peers



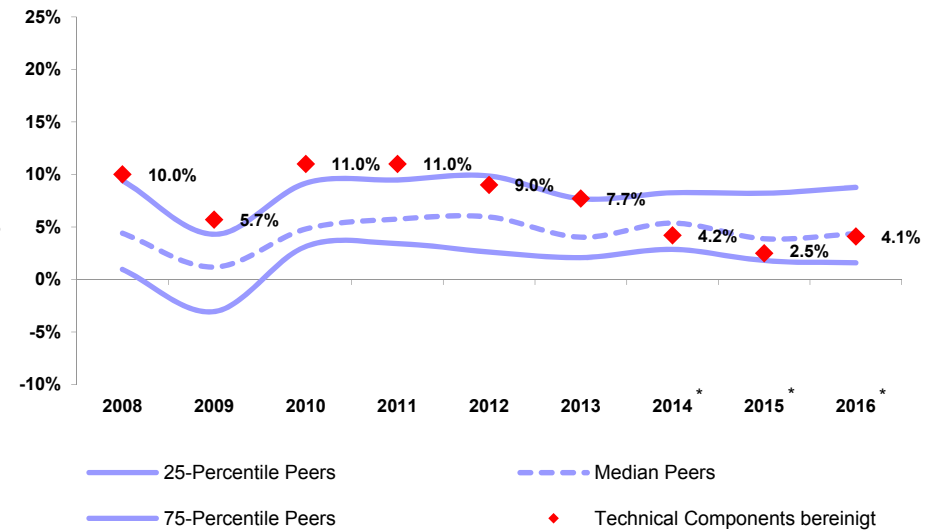
Peer group: all peers

Analysis January 2017 by
www.obermatt.com

* Peer data since 2014 September to September
Previous years up to 2013 include Maagtechnic

EBIT margin

Improved EBIT margin thanks to improvements
in operating processes

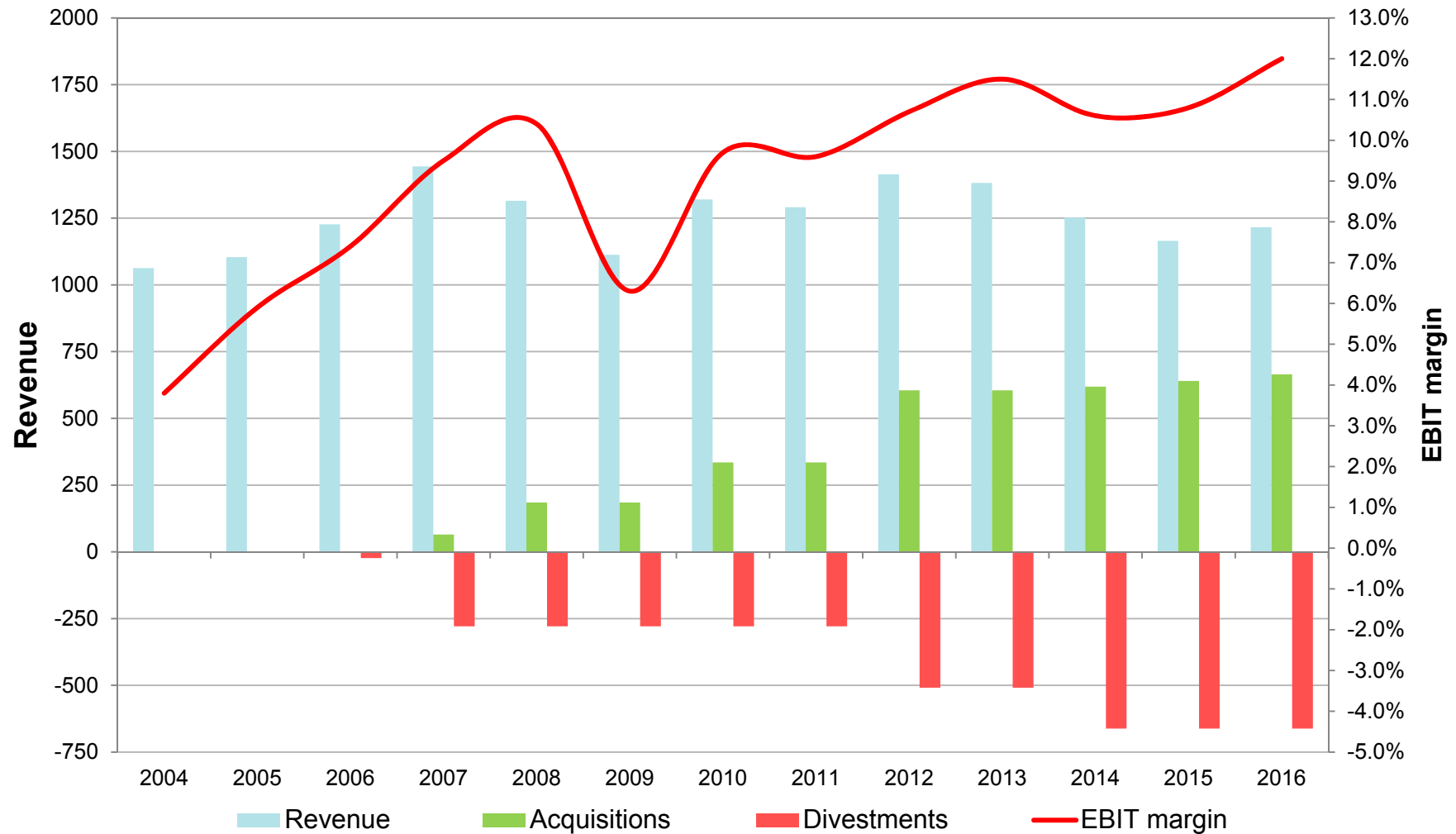


Peer group: all peers

Analysis January 2017 by
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Datwyler Group

Successful portfolio management



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

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

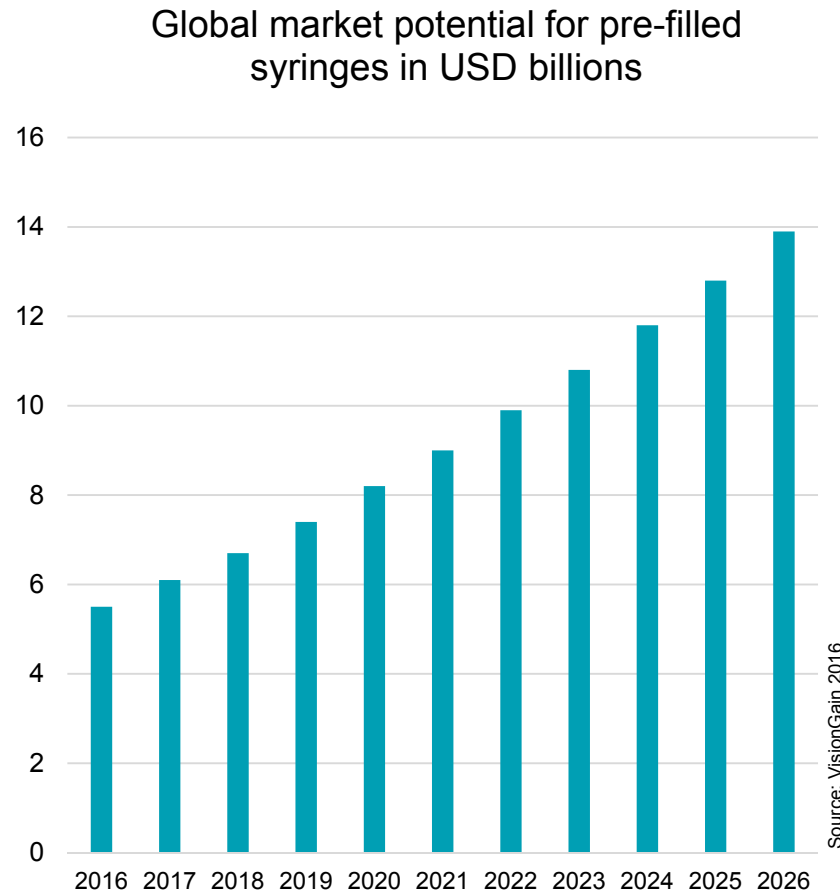
- Leading FirstLine production technology
- Expansion of FirstLine activities
- New offer strategy from customers' perspective
- Expansion of key account management
- Almost 50 years' experience within the industry

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

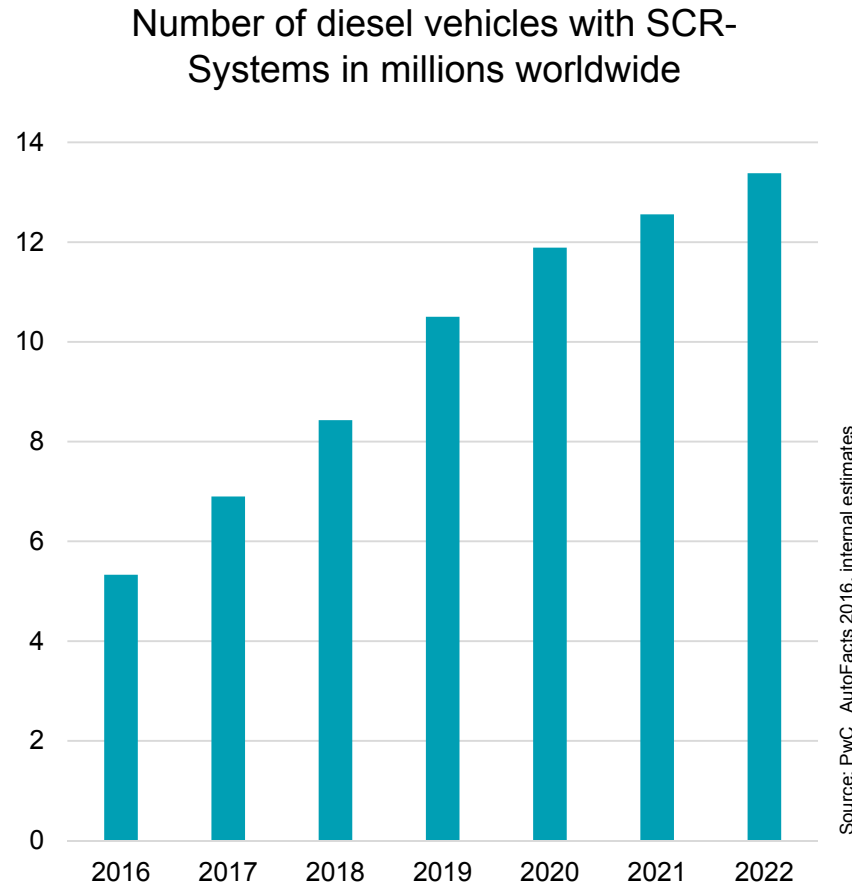
- Own plants in the three key business regions EU, Asia and NAFTA
- Experience and customer relationships going back many years
- New mixing plants in China (since 2015) and the Czech Republic (from 2018)
- Tapping into new technologies and niche markets through acquisitions (Origom / Ott)

Automotive sealing components / O-rings:

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

Sealing Solutions

Example Automotive: Growth market SCR system

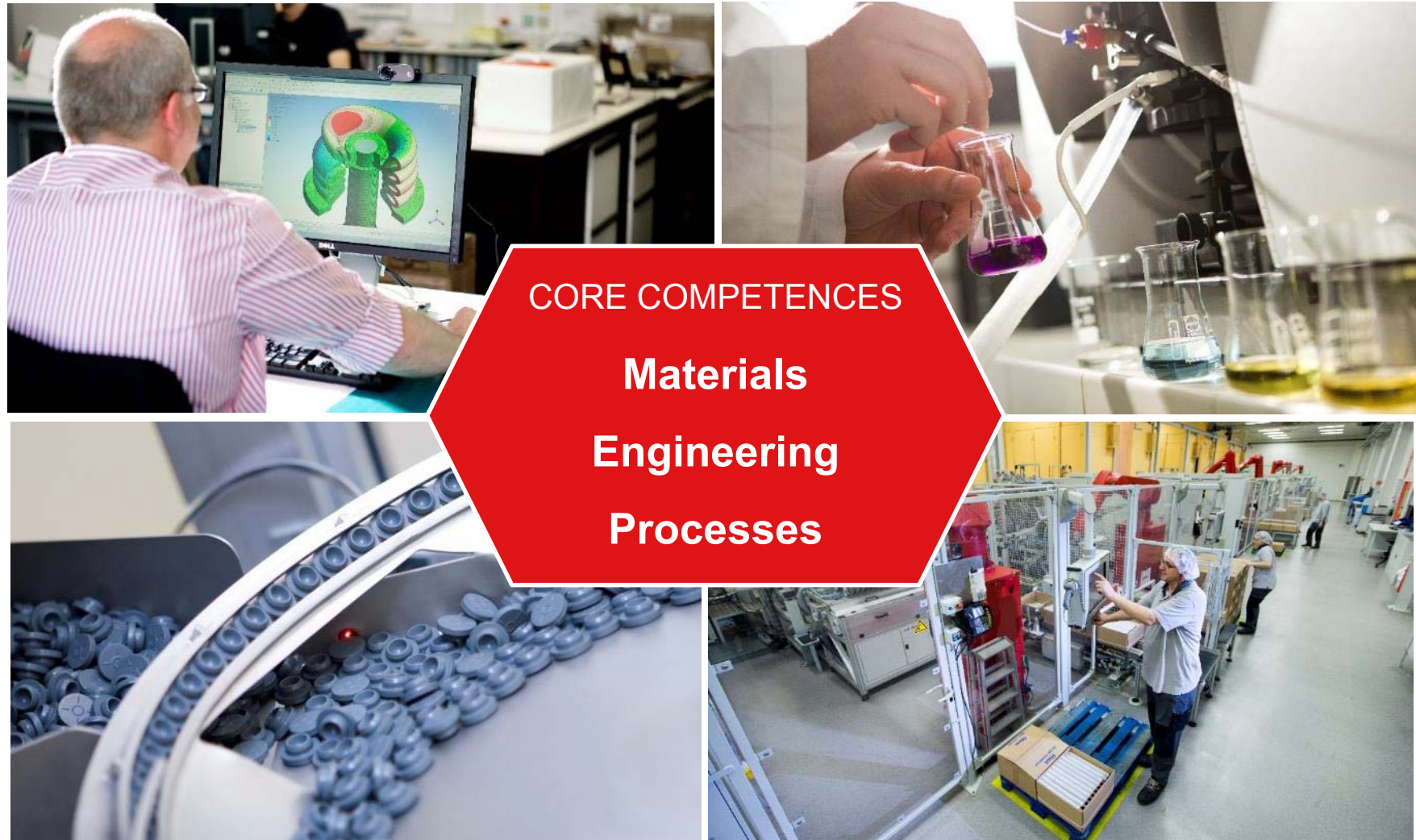


Average annual market growth of 17.0% over the next 6 years

- 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

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Core competences

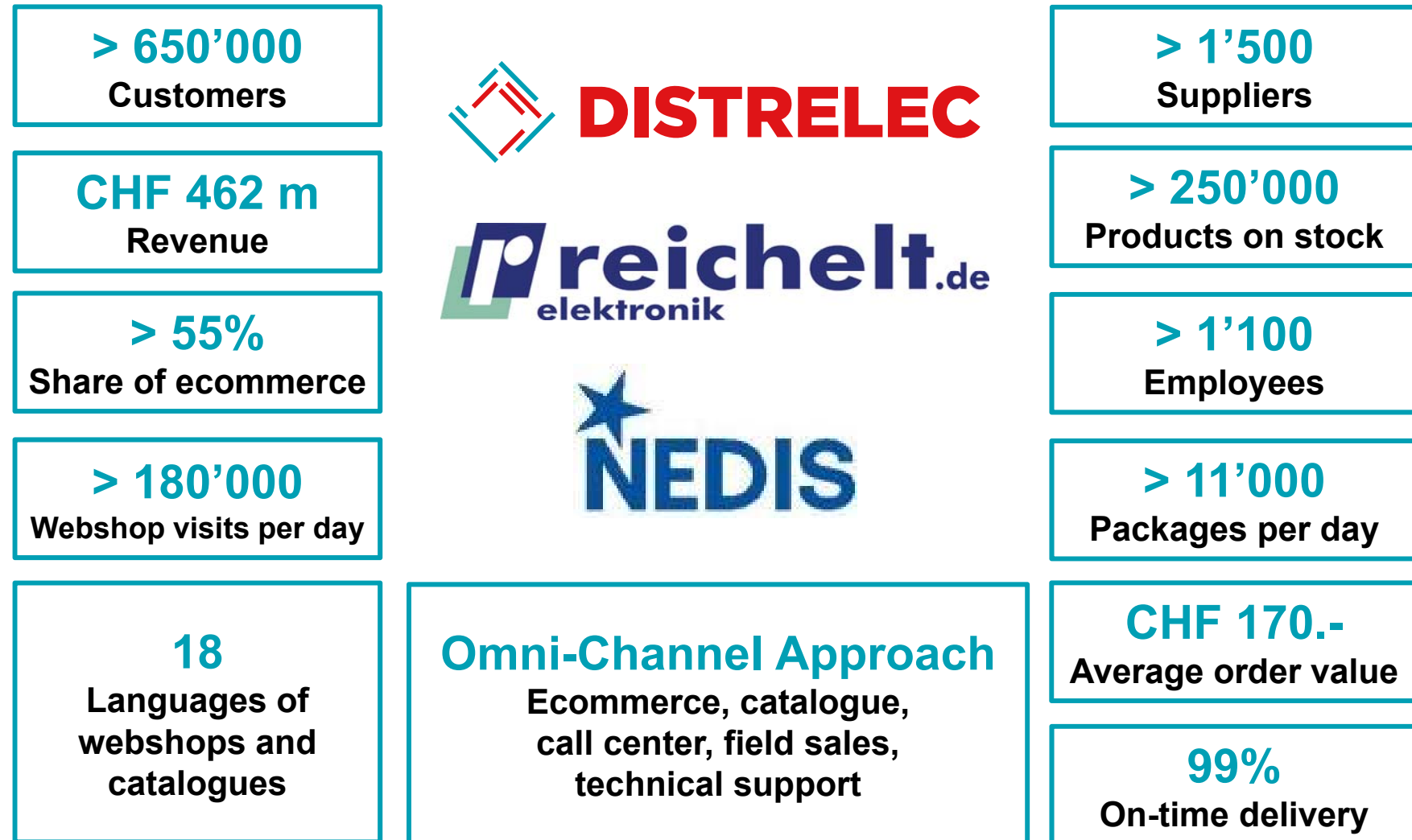


Technical Components division



Technical Components

Leading position in Europe with three strong brands



Technical Components

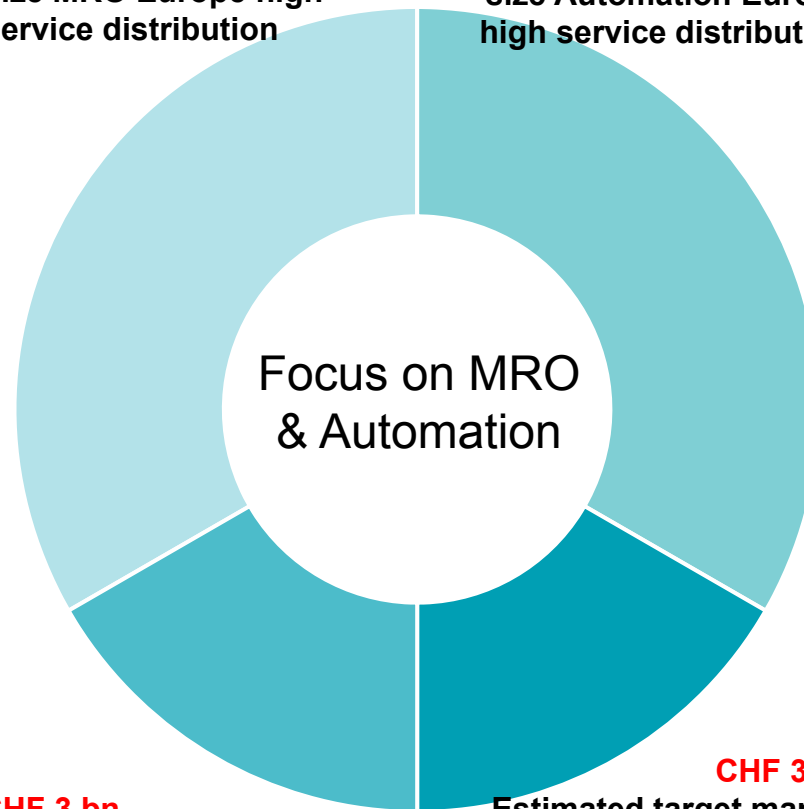
Four important market segments



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

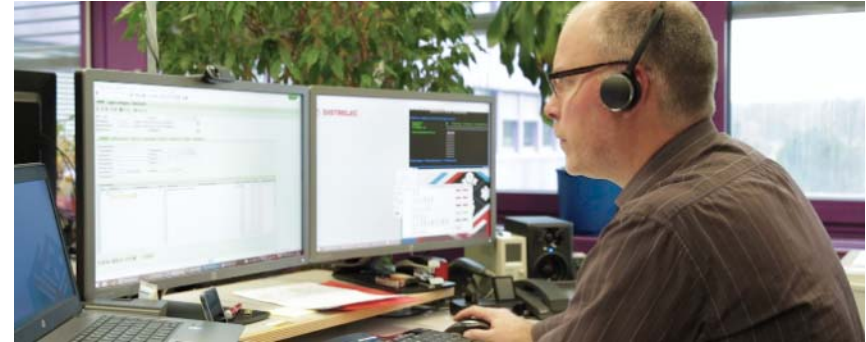
Technical Components

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

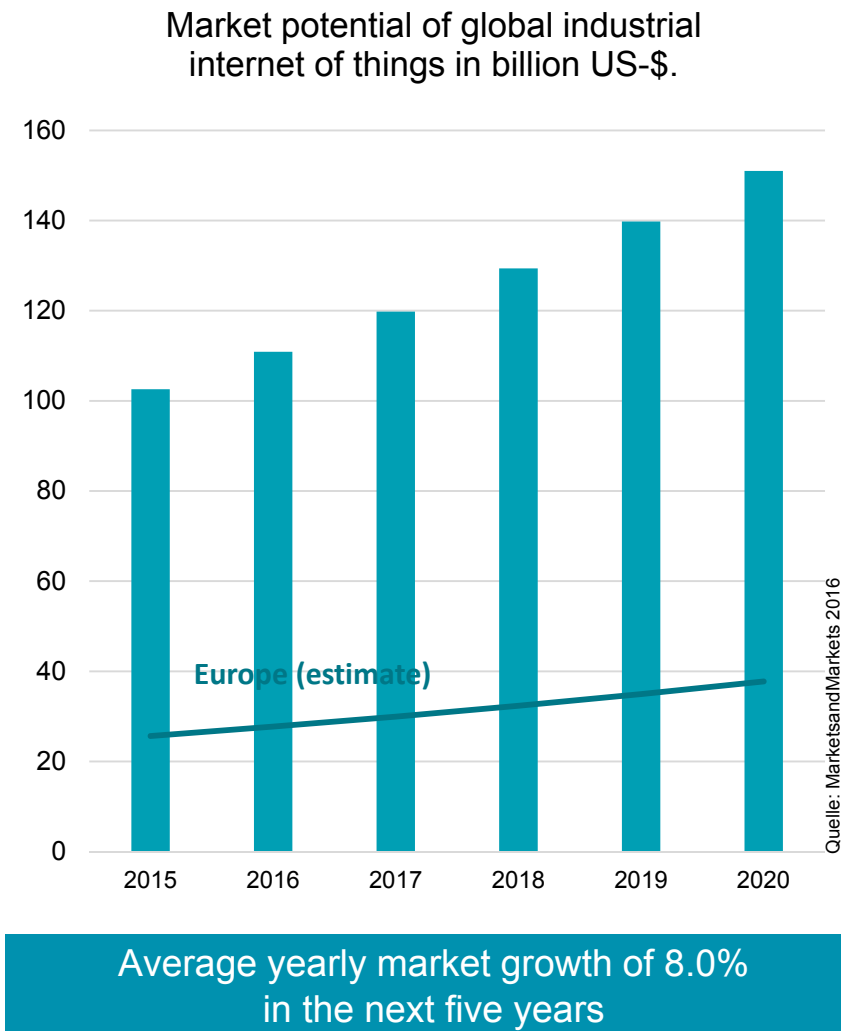


Success factors and measures

- 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

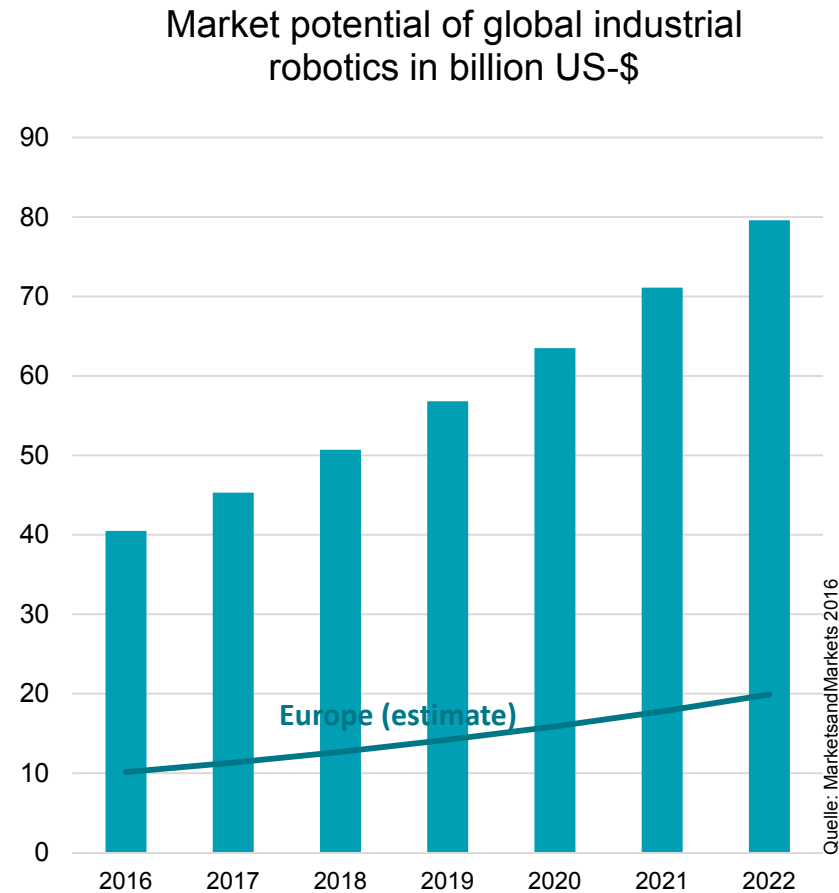


Success factors and measures

- 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



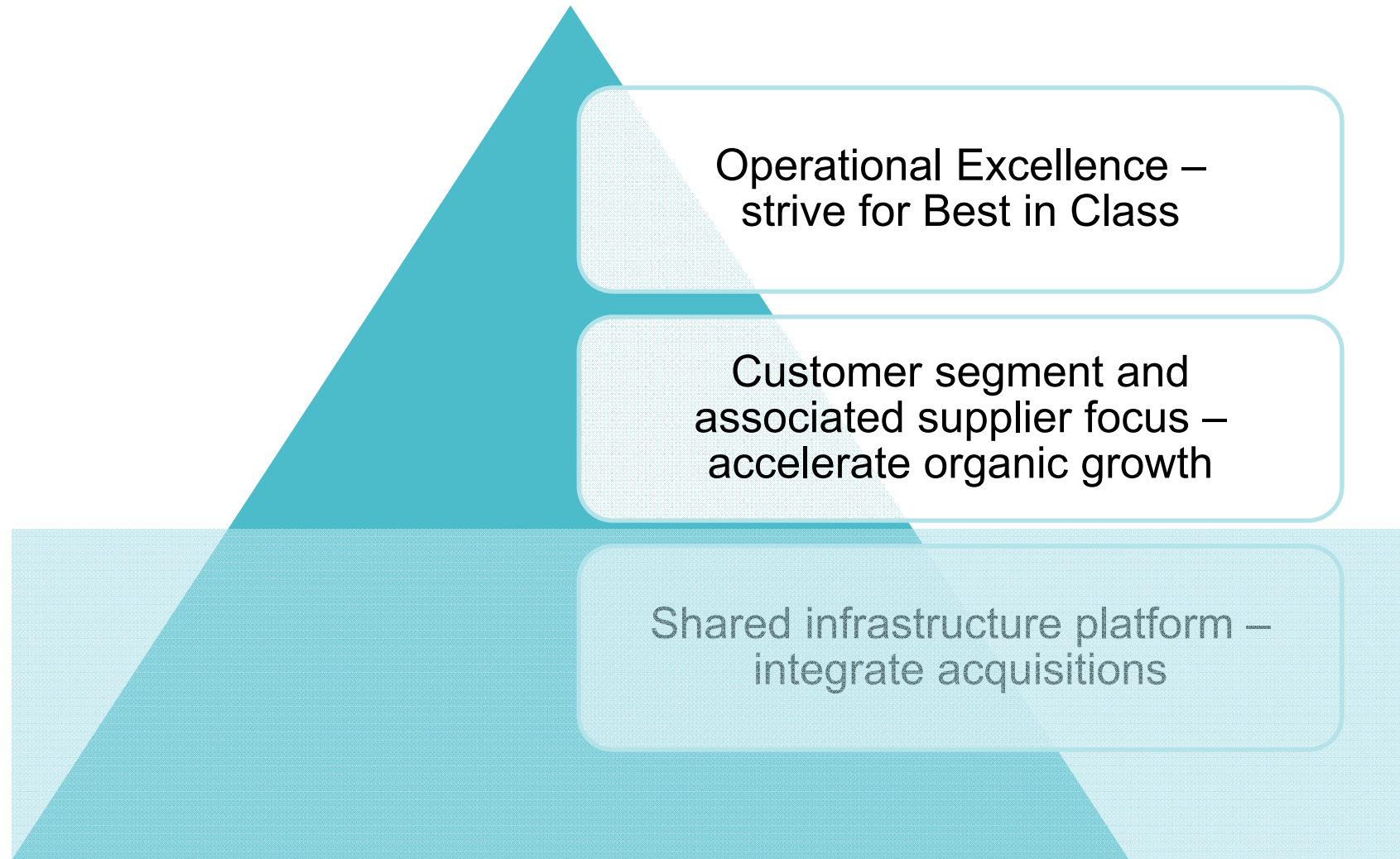


Core competences

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

Technical Components

Performance improvement plan



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

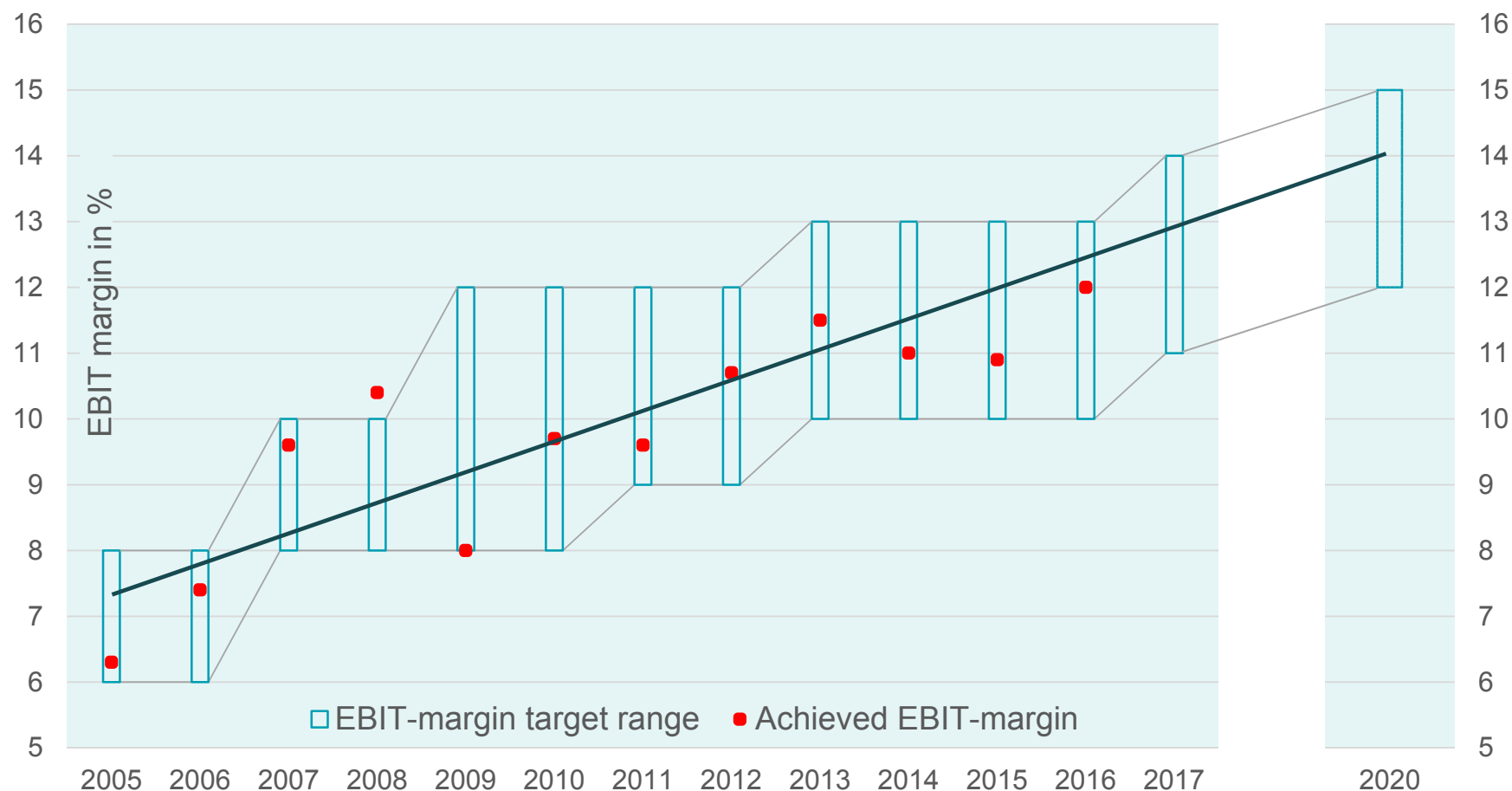
– **Technical Components division:**

- Emphasis on focusing the core competences
- Further increases in efficiency, particularly in terms of product management
- 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



Datwyler Group

Changes to Board of Directors by AGM 2017

- Resignation of Ulrich Graf as Chairman
- Recommendation of Paul Hälg for election as new Chairman
- Resignation of long-standing Directors Hans R. Rüegg and Ernst Lienhard





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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