

# FINANCIAL SUCCESS

The Datwyler Group strives for sustainably profitable growth for the benefit of all stakeholders. This ambition, together with the unique shareholder structure, provides the basis for ensuring the Group's independence as a business and helping it assume its social and environmental responsibilities.

The Datwyler Group takes a long-term view of things, as evidenced by its successful history dating back over 100 years. Several production facilities of the Datwyler Group have been located at the same sites for decades. In many cases, Datwyler ranks among the larger employers in the regions where its sites are based. This means Datwyler sites generate considerable direct and indirect benefits for industry in the region. Local municipalities also benefit from this indirect economic impact through things like training places and both the tax paid directly by Datwyler companies and the tax paid indirectly by employees.

## Further increase in operating profitability

In the 2017 reporting year, the Datwyler Group increased net revenue compared with previous year, by 6.2% to CHF 1'291.4 million (previous year : CHF 1'215.8 million) and thus achieve the self-imposed objectives. Adjusted for positive currency and acquisition effects, the resulting organic revenue growth was 2.9%. The reported operating result (EBIT) was up by 11.3% to CHF 162.6 million (previous year : CHF 146.1 million). The reported EBIT margin increased to 12.6% (previous year : 12.0%). Before CHF 9.9 million in one-off costs (mainly related to the development of Distrelec's new enterprise hub in Manchester), adjusted EBIT climbed to CHF 172.5 million. This helped the adjusted EBIT margin to improve to 13.4% (previous year : 13.0%). The net result increased to CHF 123.7 million (previous year : reported CHF 57.6 million / adjusted CHF 116.9 million). Adjustments to deferred taxes had a positive impact on net

result of CHF 8.5 million. (see the Annual Report 2017, particularly pp. 1-9 and pp. 53-60).

## Objective 2018: accelerating profitable growth

Datwyler is confident the Group can accelerate the profitable growth path during 2018. In the Sealing Solutions division, we are expecting to enjoy profitable dynamic growth in 2018 too based on the positive market environment, the leading positions occupied, the healthy order book, the new Nespresso contract and the capacity levels available. The Technical Components division (which is mainly focused on Europe) should – with the economic climate looking favourable – manage in the new year to accelerate the revenue growth achieved in the fourth quarter of 2017 and continue to improve the EBIT margin. For 2018, we are aiming at Group level for revenue of between CHF 1'350 and CHF 1'400 million. For the second time in succession, we are increasing the target range for the EBIT margin, which will now rise to 12% to 15%. From the current perspective, there should not be any more one-off costs during 2018.

With liquidity reserves (cash and cash equivalents plus unused credit limits) worth over CHF 640 million, Datwyler has the potential to finance the organic and acquisitive growth it aims to make (see the Annual Report 2017, pp. 7-9). With a view to aligning the financial interests of the management and shareholders, the variable element of annual salary and the long-term participation scheme are linked to clear performance indicators and reward both long-term performance and sustainable success (see the Annual Report 2017, pp. 39-50).

## 1'350 million

CHF is the revenue target for 2018.



Datwyler is building a new Health Care plant in the USA to the highest standards.

## KEY POINTS IN BRIEF

- **The** Datwyler sites generate considerable benefits for the local industry and municipalities.
- **In** the 2017 reporting year Datwyler achieved its objectives: revenue increase by 6.2% to CHF 1'291.4 million and the EBIT margin reach a record 12.6%
- **Objectives:** Revenue growth in 2018 to CHF 1'350 million to CHF 1'400 million, target range for the EBIT margin of 12% to 15%.