

*Media release, 3 March 2015*

## **Focused Datwyler portfolio with promising potential**

In 2014, the Datwyler Group's organic net revenue held steady at the previous year's high level. Reported net revenue declined to CHF 1,251.9 million due to the divestment of the Maagtechnic specialist distribution business. Datwyler was able to increase its profitability slightly despite a somewhat challenging environment – the EBIT margin of the continuing operations rose to 11.0%. The reported operating result (EBIT) fell slightly to CHF 132.3 million. The net result amounted to CHF 97.9 million. On the occasion of the company's 100th anniversary, the Board of Directors will propose to the General Meeting of Shareholders an anniversary dividend with cash and share components at an indicative price of CHF 7.8155 per bearer share. By harnessing synergies in the Technical Components division and thanks to the strong market position of the Sealing Solutions division, Datwyler is confident about its prospects for 2015, despite a strong Swiss franc.

In the year under review, the Datwyler Group continued to focus on the strategic level and advanced important integration projects in both divisions. These will serve to further strengthen the Group's competitiveness going forward. For our 100th anniversary in 2015, the focused portfolio holds promising potential after the extensive changes of recent years. On the operational level, 2014 was a year of transition following the strong growth of the previous year. The Datwyler Group's organic sales held steady at the previous year's high level, despite the sometimes difficult prevailing circumstances. Reported net revenue, however, fell by 9.4% to CHF 1,251.9 million (previous year: CHF 1,382.0 million). This was due to the sale of the Maagtechnic specialist distribution business at the start of April 2014, leading to a year-on-year decline in revenue of CHF 115 million in 2014. The acquisition of Columbia Engineered Rubber Inc. in October 2014 was not enough to make up for the shortfall. Exchange rate losses in 2014 also amounted to CHF 21.3 million.

### **Further slight improvement in profitability**

At the operating profit (EBIT) level Datwyler achieved a further slight improvement in profitability. In its continuing business, net of the Maagtechnic specialist distribution business, which was divested at the start of April 2014, the EBIT improved slightly to CHF 133.8 million (previous year: CHF 130.7 million), corresponding to a rise in the EBIT margin from 10.6% to 11.0%. Reported EBIT including Maagtechnic declined slightly to CHF 132.3 million (previous year: CHF 136.0 million). The reported net result fell to CHF 97.9 million (previous year: CHF 120.2 million). The decline was due entirely to the tax rate, which for the previous year was well below the long-term average. This profit figure includes a negative net effect from non-recurring items of around CHF 6.5 million. One-time costs related to the pension fund in the United States and to a change in IT outsourcing vendor stood against one-time revenues from the sale of Datwyler Immobilien AG to Pema Holding AG.

"2014, the focus was on implementing the strategic integration projects. The focused portfolio holds promising potential due to the extensive changes of recent years. The ongoing rise in profitability shows that we are on the right path," says CEO, Paul Hälg.

### **Anniversary dividend with cash and non-cash component**

On the occasion of the company's 100th anniversary, the Board of Directors will propose to the General Meeting of Shareholders an anniversary dividend at an indicative amount of CHF 7.8155 (previous year: CHF 2.80) per bearer share and CHF 1.5631 (previous year: CHF 0.56) per registered share. The distribution will consist of an ordinary cash dividend and a stock dividend. The cash dividend of CHF 2.20 per bearer share and CHF 0.44 per registered share is in line with the long-term average of the distribution rate. For the stock dividend, shareholders will receive three bearer shares from Dätwyler Holding Inc.'s bearer treasury shares per 100 existing bearer shares or per 500 registered shares. The value of the stock dividend (based on the volume-weighted average price of

the bearer share as of 25 February 2015) is indicative. It is determined definitively on 15 April 2015 (one day before the Annual General Meeting) and announced at the Annual General Meeting to be held on 16 April 2015.

### **Improving strategic positions**

In both divisions, Datwyler spent 2014 further enhancing its strategic positions for future profitable growth. The Technical Components division reduced complexity by selling the Maagtechnic specialist distribution business, focusing on electronic distribution since April 2014. Datwyler is also working to realise synergies from the acquisitions it carried out in the years prior and to build a shared platform for purchasing, logistics and ICT infrastructure. The Sealing Solutions division further expanded production capacity in low-wage countries. At the same time, Datwyler strengthened its market presence by acquiring Columbia Engineered Rubber Inc. in the US and setting up an own sales office in Brazil.

### **Strengthening profitability through portfolio management**

The portfolio changes in the year under review form a seamless whole with the long-term changes to the Datwyler Group's portfolio over the past ten years. At the strategic level, the Board of Directors identified the high-margin sectors of sealing technologies and electronic distribution as the two activities in which Datwyler wants to be a leading supplier. As a result we disposed of business units worth over CHF 650 million in sales. The proceeds from these disposals were used to judiciously strengthen and expand the sealing technologies and electronic distribution businesses by establishing new locations of our own and acquiring suitable companies. With Elfa, Reichelt and Nedis in electronic distribution, and Phoenix, Zhongding and Hankook in sealing technologies, we have purchased over CHF 500 million in new sales. Through these portfolio management measures, we have significantly increased the Datwyler Group's earning power and thus its value. In combination with countless operating efficiency improvements, we raised our operating profit margin from 3.8% in 2004 to over 10.0% in 2014.

### **Restructuring in Technical Components**

In the Technical Components division the focus was on implementing strategic integration projects. These projects are proving to be demanding and are taking up more time and resources than expected. From a market perspective, the division continued to struggle with a challenging European market environment. Business-to-business (B2B) with industrial and commercial end clients stagnated in large parts of Europe. Moreover, the business-to-consumer (B2C) market for consumer electronics even declined. Reported net revenue fell to CHF 565.8 million (previous year: CHF 711.2 million). If we consider the negative influence from currency effects and continuing operations without Maagtechnic, which was sold at the beginning of April 2014, net revenue dropped by 2.8% compared to the same period of the previous year. Due to a lack of revenue and the higher costs for marketing and strategic integration projects, the operating result (EBIT) fell disproportionately to CHF 22.5 million including respective CHF 24.0 million excluding Maagtechnic. This corresponds to an EBIT margin from continuing operations of a disappointing 4.6% (previous year: 5.8%). The profit figures include a negative net effect from non-recurring items of around CHF 1.5 million.

### **Sealing Solutions with a rising growth trend in the second half of 2014**

The Sealing Solutions division showed some growth in 2014 after a restrained start to the year. Net revenue for the full year rose by 2.1% to CHF 686.4 million (previous year: CHF 672.2 million), resulting in organic growth of 2.9% after adjustment for negative currency and acquisition effects. The company generated synergies from the merging of previous divisions, lower commodity prices and productivity improvements, thus leading to another rise in profitability. Operating profit (EBIT) climbed by 11.9% to CHF 109.8 million (previous year: CHF 98.1 million), resulting in an EBIT margin of 16.0% (previous year: 14.6%). This profit figure includes a negative net effect from non-recurring items of around CHF 5 million.

### **New members for the Board of Directors and Executive Management**

Datwyler has succeeded in attracting three new members to join the Board of Directors and Executive Management. Jürg Fedier and Hanno Ulmer will be nominated for appointment to the Board of Directors by the Annual General Meeting on April 16, 2015. As Chief Financial Officer (CFO) of the global Oerlikon Group since 2009, Jürg Fedier took an active role in shaping this traditional Swiss industrial conglomerate. As a member of Doppelmayr Holding AG's Management Committee, Mr. Ulmer has many years of international management experience. At the Executive Management level, Briton Neil Harrison has headed the Technical Components division since the beginning of 2015. He brings many years of experience in electronic distribution to the position. From 1995 until the end of 2014, Harrison served in various management positions for Britain's Premier Farnell, most recently with full responsibility for European business and global accountability for e-commerce.

### **Outlook: Confident despite the strong Swiss franc**

In the Technical Components division, the focus will be on rapidly implementing strategic integration projects. The use of synergies will significantly reduce our cost structure and improve our ability to compete in the European market environment, which remains challenging. In the Sealing Solutions division's global market segments we remain as confident as we have been for some time. With our strong market positions and optimised internal processes, we should be able to accelerate growth.

Datwyler has assumed for some time that the franc would be strong. Measures implemented in recent years have sharply reduced the company's dependence on the Swiss franc. By now, less than 5% of the exchange-listed Group's revenue is produced in Switzerland and exported to the European region. A euro-franc exchange rate of 1:1 would result in a currency translation effect of roughly 10% at 2014. Against this background, even as we strive to achieve organic growth, we regard sales of CHF 1,200 million in 2015 as a realistic target. Acquisitions could increase this sales figure. Datwyler is currently working on several projects. As for the EBIT margin, we are optimistic that we will reach the 10% to 13% target range that we set for ourselves in 2015. In light of the new exchange rate situation, the sale of Maagtechnic and the demanding integration projects at the Technical Components division, we have reviewed our medium-term goals and adjusted the timetable – the Datwyler Group now aims to generate sales of CHF 2 billion and an EBIT margin of between 12% and 15% by 2020.

### **100 year anniversary: Strong roots as a foundation for a successful future**

Our growth strategy for the future has strong roots. Above all, our 100 years of corporate history has left us with two valuable legacies that positively shape our present and future – our corporate values and our ownership structure. The success factors of the founding family can be described as entrepreneurship, customer focus, excellence and respect for others. To ensure that these key success factors are not lost, Datwyler established them as official corporate values and presented them to our employees shortly before our 100th anniversary. The second important legacy of our corporate history is the unique succession arrangements made by Peter and Max Dätwyler in 1990. The supreme objective was to ensure the long-term independence of the company. To this end, the brothers gave up substantial assets. Since then, the Board of Directors of the exchange-listed holding company holds a majority of votes on a fiduciary basis and without economic benefit.

### Key figures Datwyler Group (in CHF millions)

	2014	2013	2014 Continuing operations	2013 Continuing operations
<b>Net revenue</b>	1,251.9	1,382.0	1,212.6	1,230.0
<i>Year-on-year change (%)</i>	-9.4%	-2.3%	-1.4%	19.2%
<b>EBITDA</b>	<b>185.8</b>	194.4	186.3	183.7
<i>EBITDA as % of net revenue</i>	14.8%	14.1%	15.4%	14.9%
<b>Operating result before interest and tax (EBIT)</b>	<b>132.3</b>	136.0	133.8	130.7
<i>EBIT as % of net revenue</i>	10.6%	9.8%	11.0%	10.6%
<b>Net result</b>	<b>97.9</b>	120.2	99.4	115.8
<i>Net result as % of net revenue</i>	7.8%	8.7%	8.2%	9.4%
Net cash from operating activities	<b>110.8</b>	166.3		
Net cash used in investing activities	<b>69.9</b>	-205.9		
Free cash flow	<b>180.7</b>	-39.6		
Net cash used in financing activities	<b>-91.5</b>	-86.5		
Net change in cash and cash equivalents	<b>89.2</b>	-126.1		
Cash, cash equivalents, money market investments and securities	<b>321.1</b>	272.4		
Net cash surplus	<b>291.6</b>	205.6		
Capital expenditure on property, plant and equipment	<b>73.4</b>	48.6		
Total assets	<b>1,159.8</b>	1,123.1		
Equity	<b>753.2</b>	660.8		
<i>Equity as % of total assets</i>	64.9%	58.8%		
Number of employees (annual average)	<b>6,760</b>	7,047		
Full time equivalents (annual average)	<b>6,528</b>	6,707		

### Key figures Datwyler divisions (in CHF millions)

	Net revenue		Operating result (EBIT)			EBIT margin (%)		
	2014	2013	2014*	2014	2013	2014*	2014	2013
<b>Technical Components</b>	565.8	711.2	24.0	22.5	37.9	4.6%	4.0%	5.3%
<b>Sealing Solutions</b>	686.4	672.2	109.8	109.8	98.1	16.0%	16.0%	14.6%
<b>Datwyler Group</b>	1,251.9	1,382.0	133.8	132.3	136.0	11.0%	10.6%	9.8%

\* EBIT and EBIT margin continuing operations.

➔ **Annual Press Conference/Analyst Conference: 3 March 2015, 10.00 a.m., ConventionPoint, Zürich**

**Publication of Annual Report 2014: 3 March 2015, 06.00 a.m., [www.datwyler.com](http://www.datwyler.com)**

**Datwyler Group** ([www.datwyler.com](http://www.datwyler.com))

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, ICT and automation components and accessories. The Sealing Solutions Division is a leading supplier of customised sealing solutions to global market segments, such as the health care, automotive, civil engineering and consumer goods sectors. With a total of more than 50 operating companies, sales in over 100 countries and around 6,500 employees, the Datwyler Group generates annual revenue of more than CHF 1,200 million. The Group has been listed on the SIX Swiss Exchange since 1986 (security number 3048677).

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**Photos (in print quality):** [www.datwyler.com](http://www.datwyler.com) > Media > Image Library

**Financial Calendar:**

Annual Press Conference/Analyst Conference	3 March 2015
Annual General Meeting	16 April 2015
Interim Report	14 August 2015

The figures of the 2014 Annual Report are binding (German edition). The Annual Report and this media release contain forward-looking statements. They reflect current estimates regarding market conditions and future events and are therefore subject to certain risks, uncertainties and assumptions. Unforeseeable events could result in a deviation to the actual results from the forecasts in this document and other published information. Accordingly, all the forward-looking statements in this media release are subject to this reservation.