Strong strategic position

Welcome to the Annual Results 2022 Conference

9 February 2023

DATWYLER

Agenda

Business Review
Dirk Lambrecht, CEO

Financial Review
Walter Scherz, CFO

Outlook
Dirk Lambrecht, CEO

Questions and Answers

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Datwyler full year 2022
Strong organic revenue growth – lower profitability

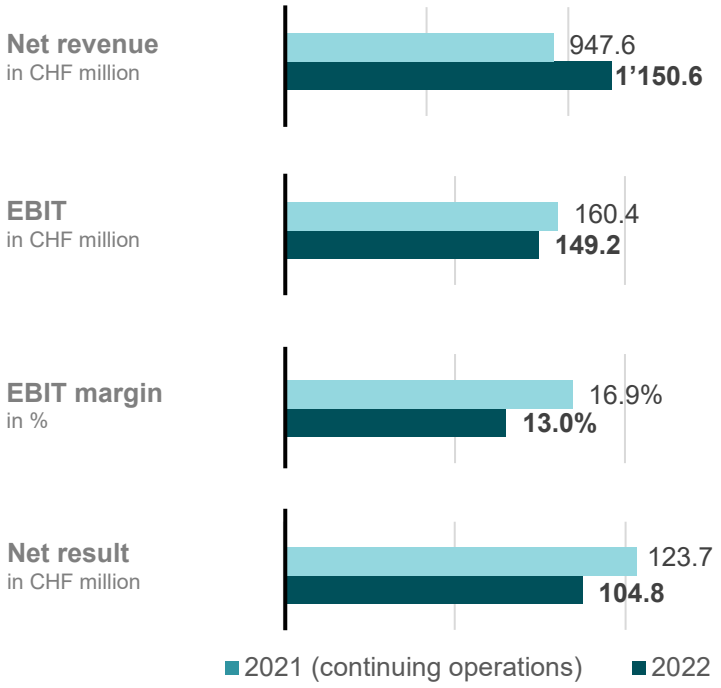
First-time consolidation of acquired QSR (8 months) and Xinhui (10 months) leads to a 21.4 % revenue growth

Organic revenue growth of 10.4% after adjustment for negative currency effects and acquisitions

Decline in profitability due to a strong input cost increase and delayed effect of implemented price increases

Reported EBIT of CHF 149.2 million and a 13.0% EBIT margin

Negative one-off effects from the fair value adjustments in the acquisition balance sheets and the provisional closure of the Ukrainian subsidiary totaling some CHF 7.5 million which leads to an adjusted EBIT margin of 13.6%



Clear structure to strengthen customer focus and to benefit from the synergy potential

Business Areas

Group Functions

- Technology & Innovation
- Sustainability & Operational Excellence
- Finance & Shared Services

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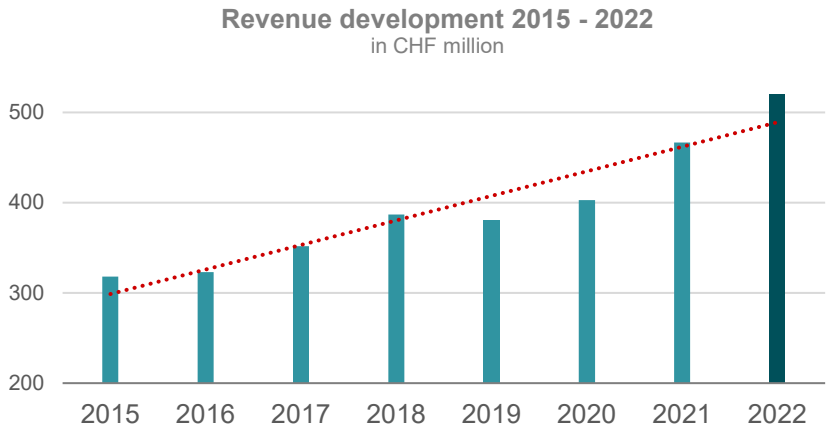
Healthcare Solutions

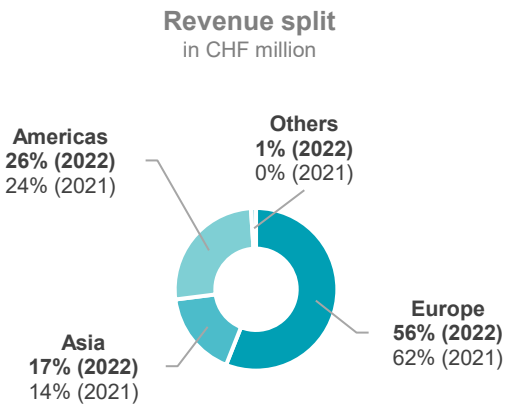
Medical

Pharma

Healthcare Solutions
Organic revenue growth of 13% despite Covid decline

520.3	20.4%	2’870
CHF million revenue	EBIT margin	employees (FTE)

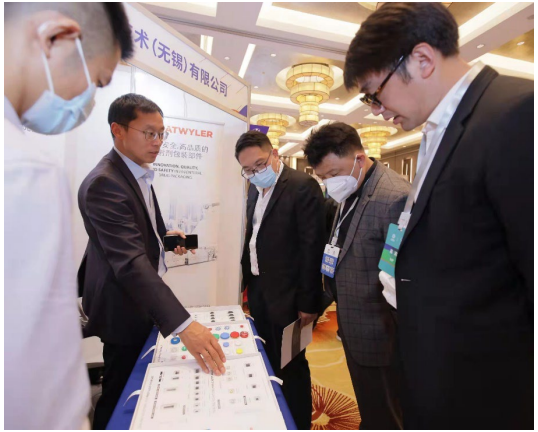




Healthcare Solutions: Highlights 2022

Xinhui acquisition
Acquisition and integration of Xinhui opens the Chinese healthcare market. Significant revenue increase in 2022 in China.

Second plant at Indian site
Start up of second plant at Indian site provides the production capacity needed to benefit from future market growth.



Targeting biotech R&D companies
Intensified online and offline marketing activities in all relevant markets to better access the biotech R&D companies.

Industrial Solutions

Mobility

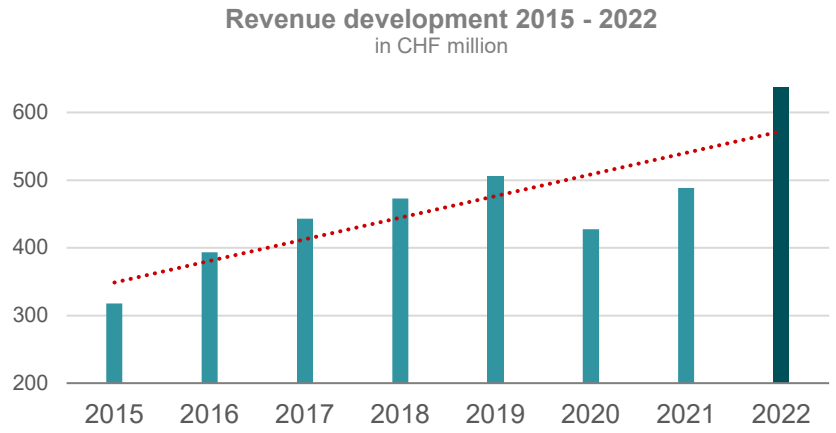
Connectors

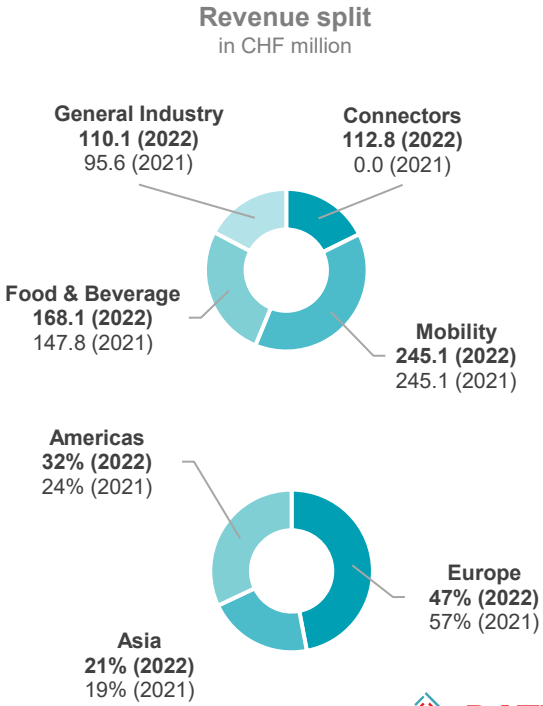
General Industry

Food & Beverage

Industrial Solutions
Three business units with double digit revenue growth

636.1	6.7%	5’585
CHF million revenue	EBIT margin	employees (FTE)





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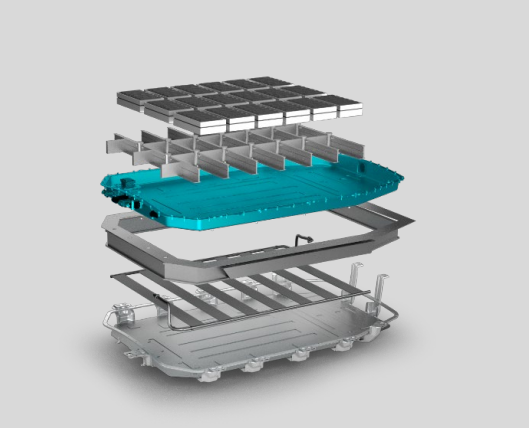
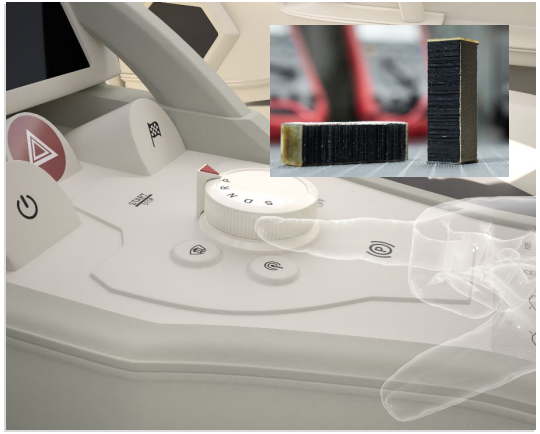
Industrial Solutions: Highlights 2022

Acquisition of QSR
QSR acquisition and integration opens attractive growth potential in the electrical connectors market.



Successful transition to e-mobility
Thanks to new technologies and materials, the business unit Mobility is continuously increasing the number of projects for electric vehicles.



Promising electroactive polymers
Patents on electroactive polymers in a unique stacked design enable new applications in the car of the future.

Financial Review

Walter Scherz, CFO

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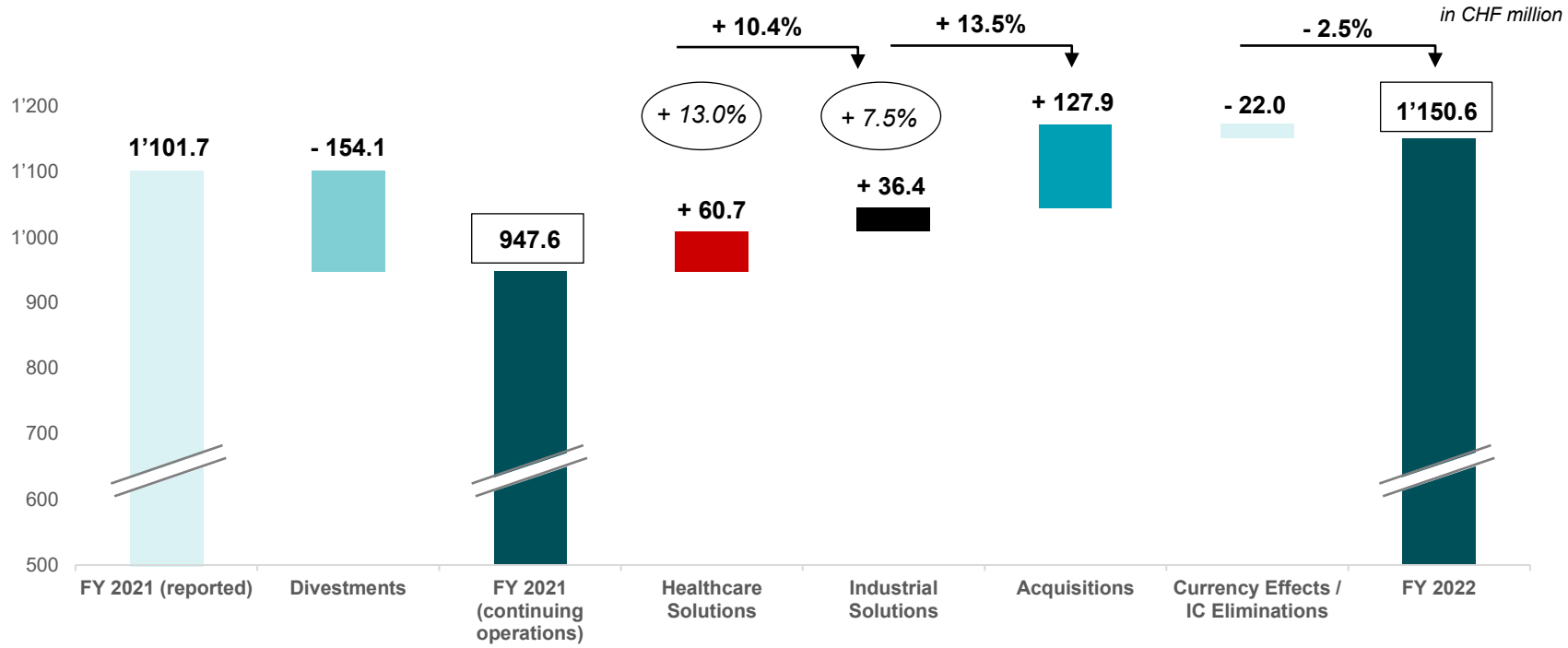
Strong organic revenue growth of 10.4%, supported by acquisitions



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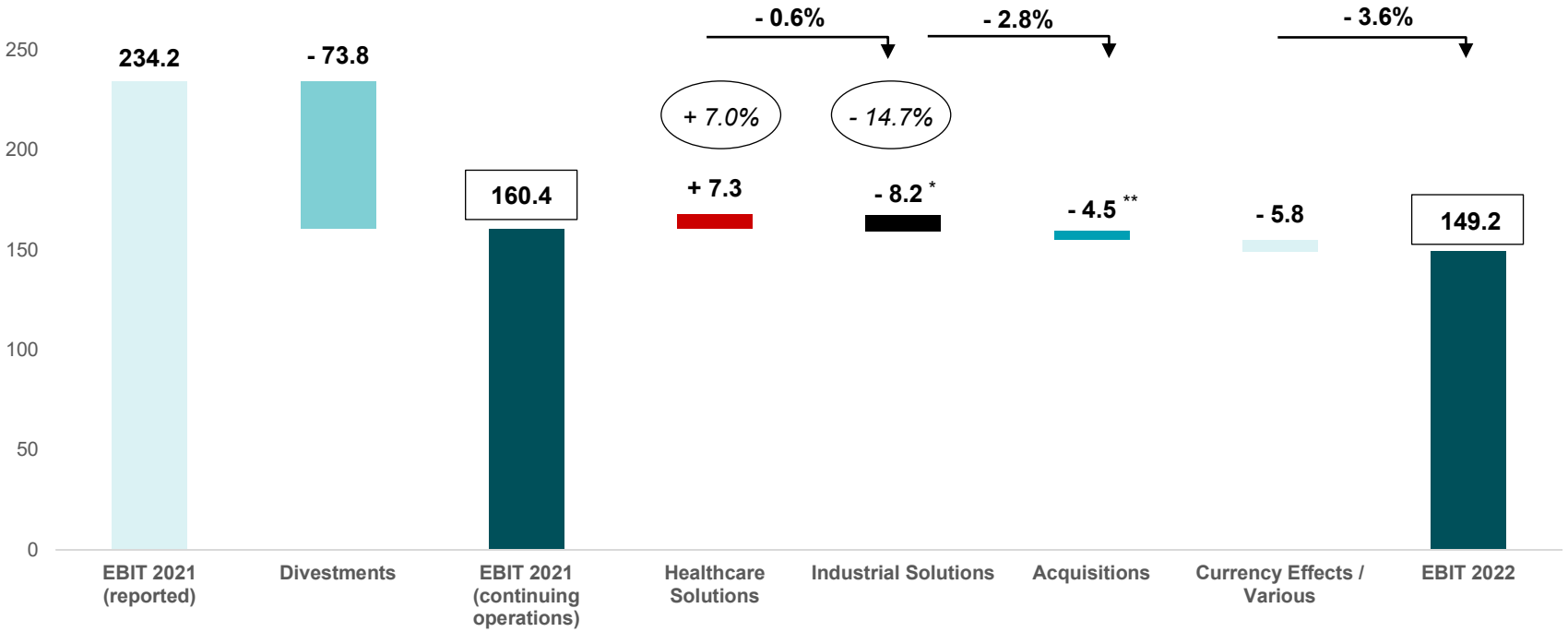
Opposing EBIT development of the two business areas with Ukrainian war demanding tribute

in CHF million



* Including negative Ukraine one-time-effects / ** Including negative one-time-effect (fair value adjustments), but also post merger integration costs, etc.

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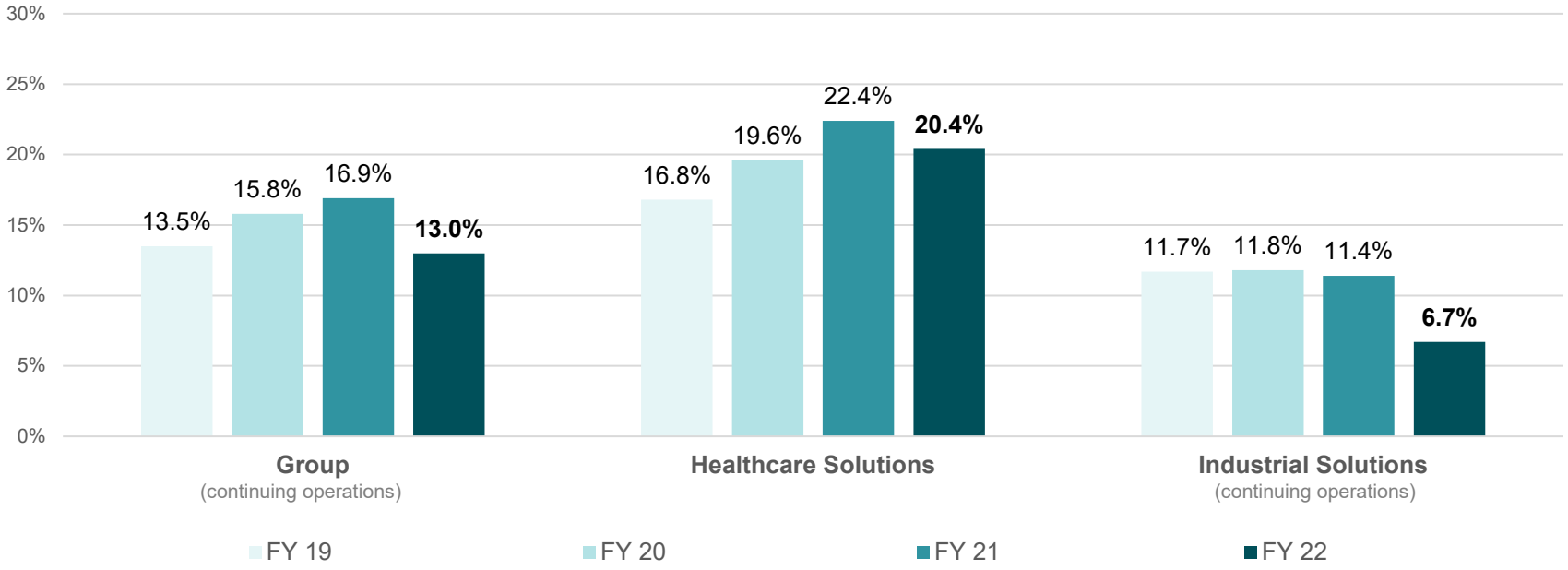
Margin pressure due to geopolitical environment, one-time costs and lagging effect in passing on input costs

EBIT margin in %



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Consolidated income statement:
Input cost inflation led to higher COGS and lower net result per share

in CHF million	Continuing operations 2022	Discontinued operations 2022	**Total 2022**	Continuing operations 2021	Discontinued operations 2021	**Total 2021**
Net revenue	**1'150.6**	**-**	**1'150.6**	**947.6**	**154.1**	**1'101.7**
Costs of goods sold	-895.4	-	-895.4	-700.0	-122.5	-822.5
Gross profit	**255.2**	**-**	**255.2**	**247.6**	**31.6**	**279.2**
Research and development expenses	-35.7	-	-35.7	-27.2	-	-27.2
Marketing and selling expenses	-34.4	-	-34.4	-31.1	-13.6	-44.7
General and administrative expenses	-56.9	-	-56.9	-49.7	-2.8	-52.5
Other operating income	21.2	-	21.2	21.4	0.2	21.6
Other operating expenses	-0.2	-	-0.2	-0.6	-	-0.6
Gain on sale of subsidiaries	-	-	-	-	58.4	58.4
Operating result	**149.2**	**-**	**149.2**	**160.4**	**73.8**	**234.2**
Net finance result	-12.3	-	-12.3	-2.3	-0.1	-2.4
Earnings before tax (EBT)	**136.9**	**-**	**136.9**	**158.1**	**73.7**	**231.8**
Income tax expenses	-32.1	-	-32.1	-34.4	-3.4	-37.8
Net result	**104.8**	**-**	**104.8**	**123.7**	**70.3**	**194.0**
Net result per bearer share (in CHF)	**6.16**	**-**	**6.16**	**7.28**	**4.13**	**11.41**

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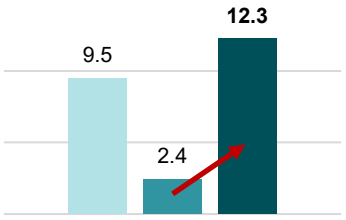
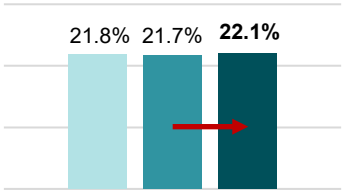
Finance expenses driven by leveraged balance sheet
Weighted average tax rate at 22.1%

Total interest and finance expenses



Net finance costs increased to CHF 12.3 million, due to higher interest expense from acquisition financing (CHF 8.4 million).

Weighted average income tax rate



The Group's weighted average income tax rate increased slightly from 21.7 to 22.1% due to on average higher results in high tax countries.

2020 2021 2022

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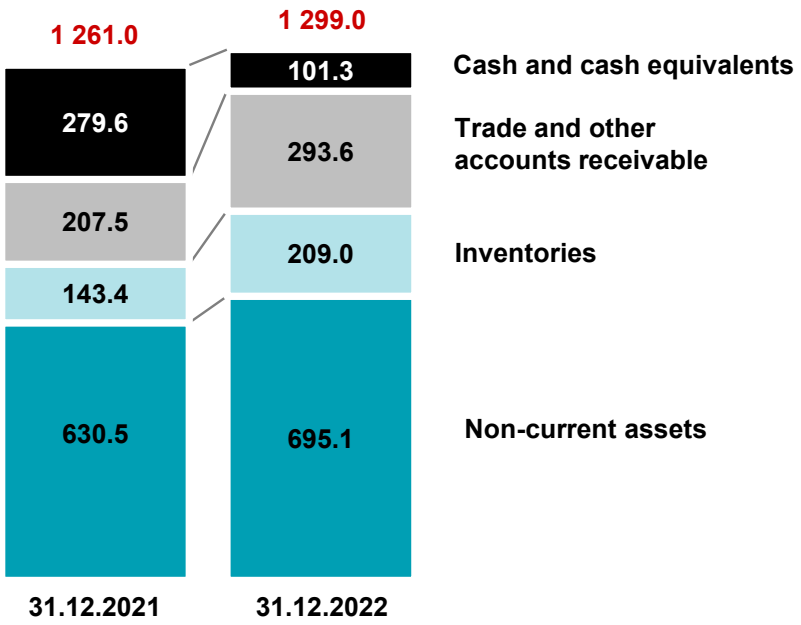
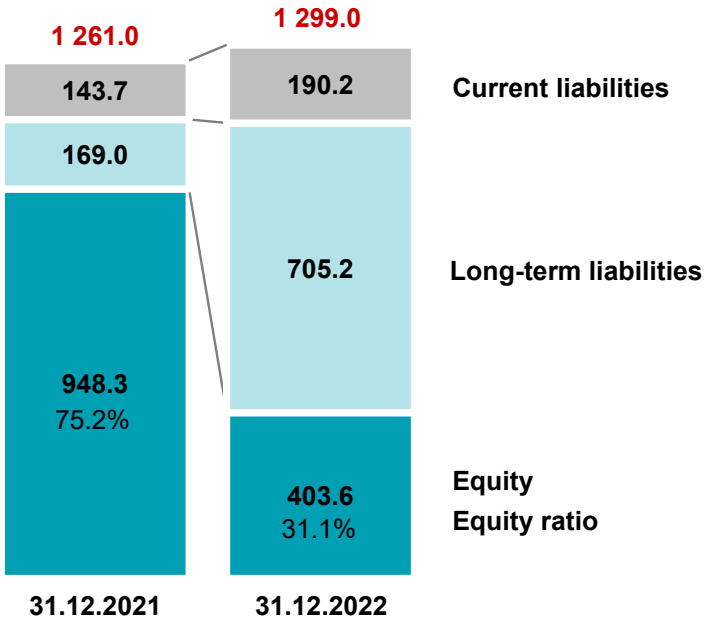
Significant changes in balance sheet structure due to the QSR acquisition

in CHF million





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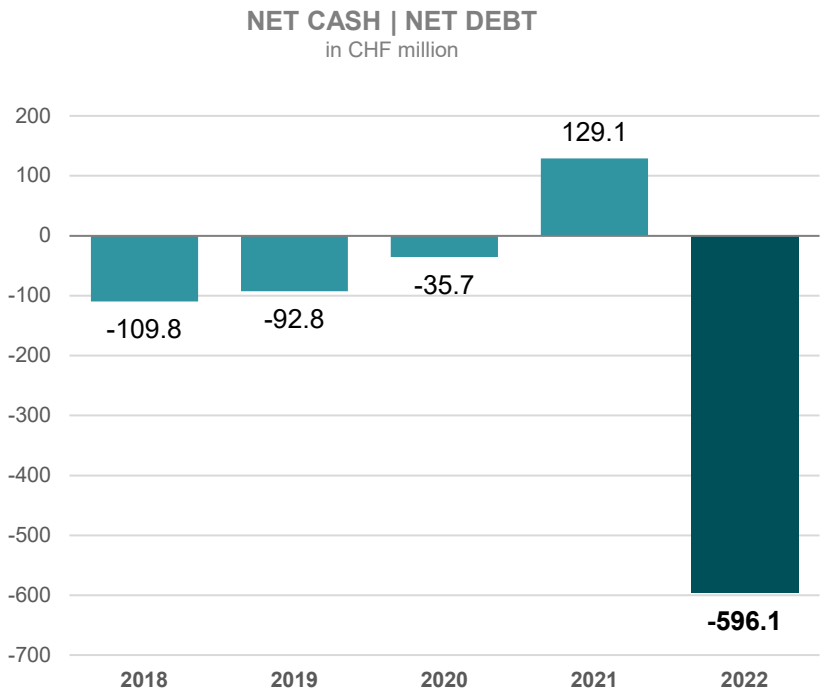
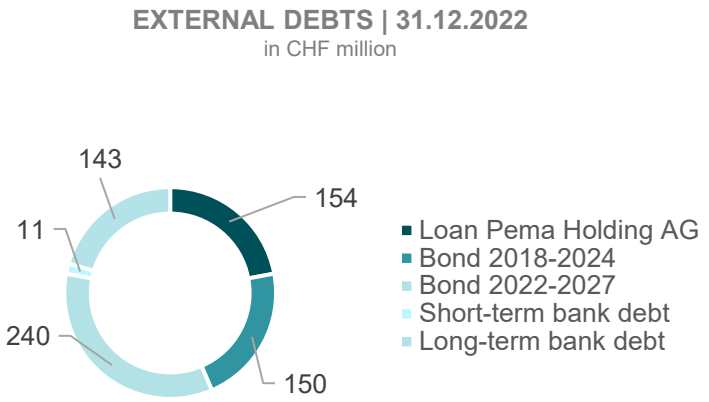
Change to a net debt position – successful bond placement and first debt repayments





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Condensed consolidated cash flow statement:

Significant investment and financing activities

in CHF million	2022	2021
Net cash from operating activities	**118.6**	**183.5**
- Of which change in net working capital, income tax paid and interest paid/received	(115.4)	(54.8)
Net cash used in investing activities	**(701.5)**	**(23.1)**
- Of which property, plant and equipment, net	(89.2)	(100.3)
- Of which money market investments	-	(60.0)
- Of which disposal of subsidiaries (net of cash acquired / disposed of)	-661.8	145.9
Free Cash Flow	**(582.9)**	**160.4**
Net cash flowing from / used in financing activities	**466.8**	**(113.0)**
- Of which proceeds from bank debt, net	1.0	0.4
- Of which proceeds from (repayment of) loan Pema Holding AG	154.0	(55.0)
- Of which dividend payment	(71.4)	(54.4)
- Of which purchase of treasury shares	(5.5)	(3.9)
- Effect of exchange rate changes on cash and cash equivalents	(2.2)	2.7
Net change in cash and cash equivalents	**(116.1)**	**47.4**
Cash and cash equivalents on 31 December	**101.3**	**219.6**

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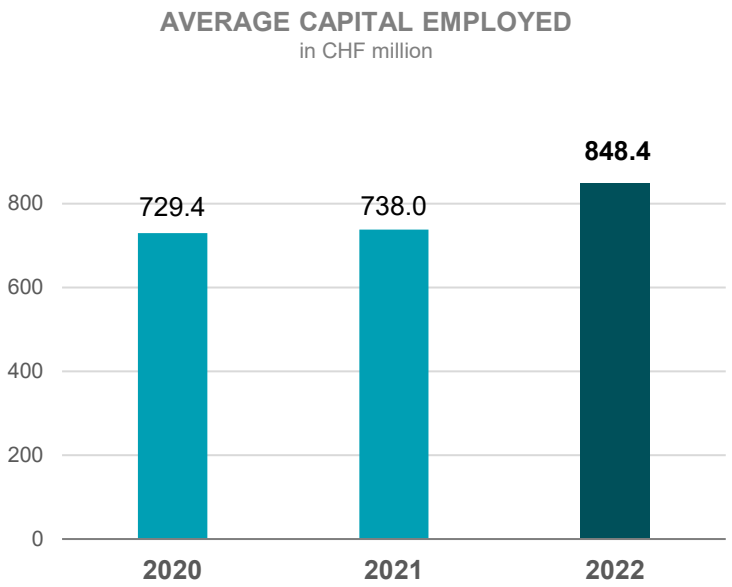
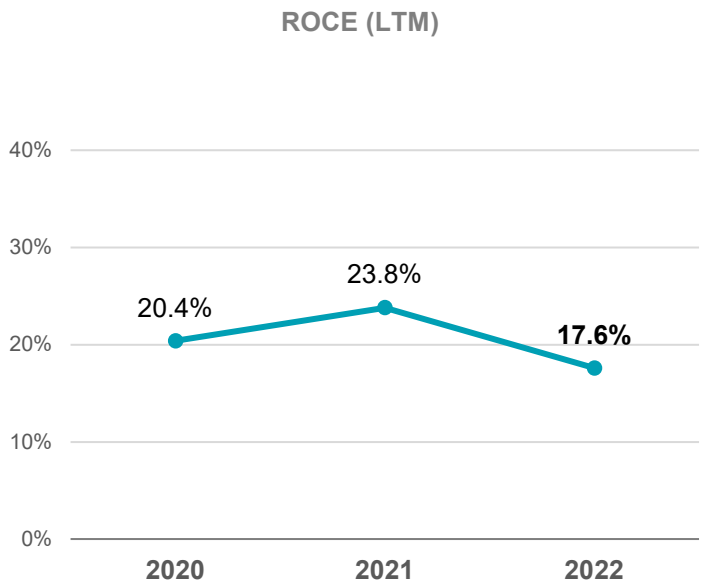
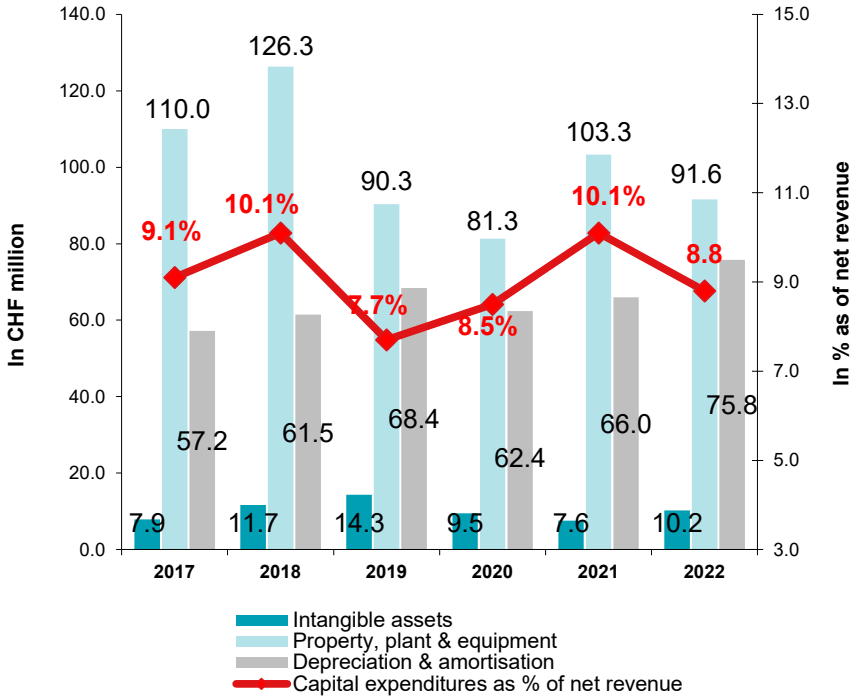
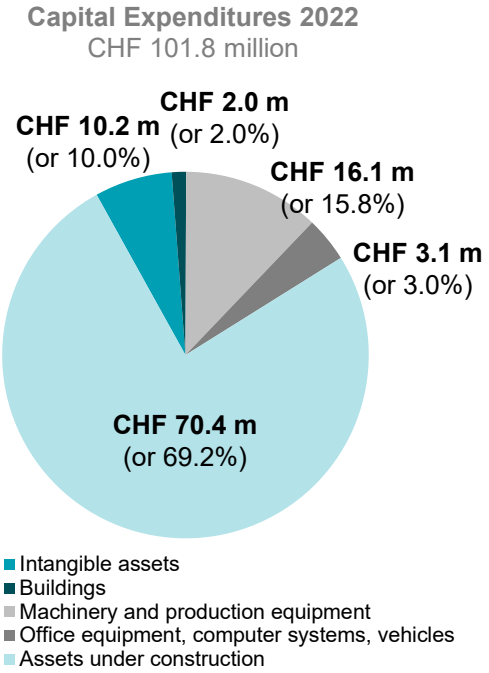
Return on capital employed (continuing operations)
Higher capital employed and lower EBIT led to a decline





Decline of capital expenditures towards long-term average
Scaling of existing production capacities as top priority





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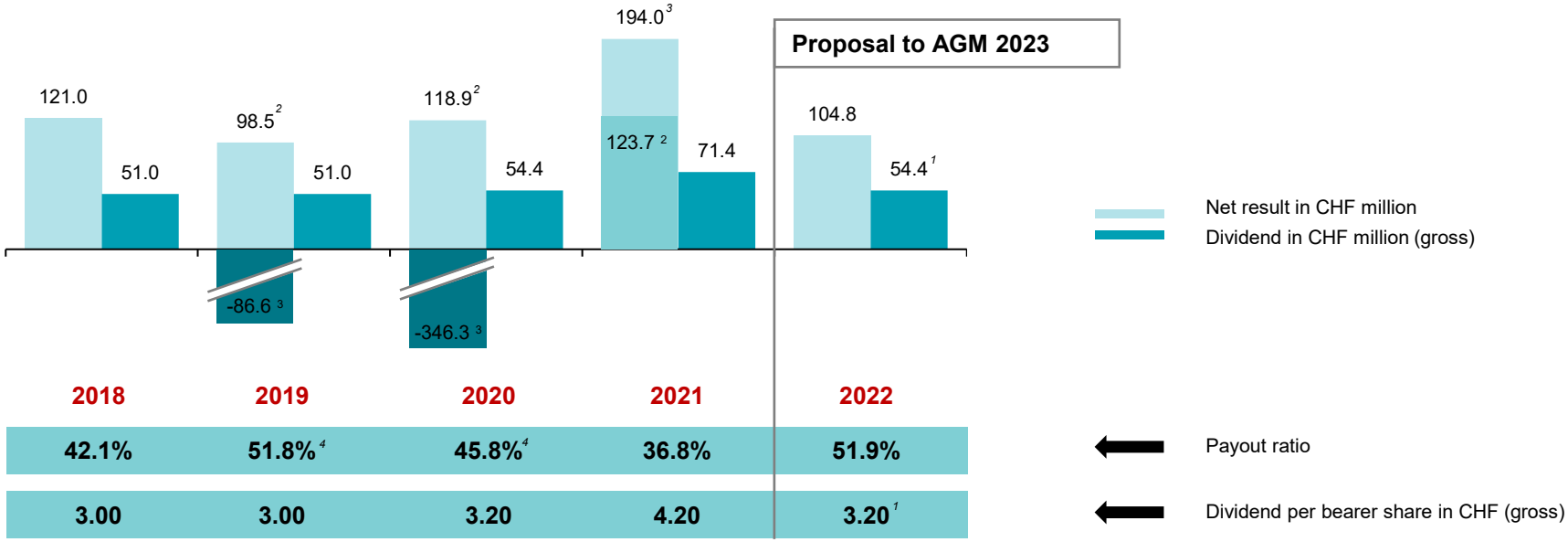
Dividend of CHF 3.20 per bearer share to maintain the balance between payout and strengthening the balance sheet



[1] *Proposal to the Annual General Meeting*
[2] *Net result continuing operations, as defined in the respective year*
[3] *Reported net result*
[4] *Payout ratio in relation to the net result continuing operations*

Outlook

Dirk Lambrecht, CEO

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MISSION

We materialize ideas for a safer, smarter, and more sustainable world.

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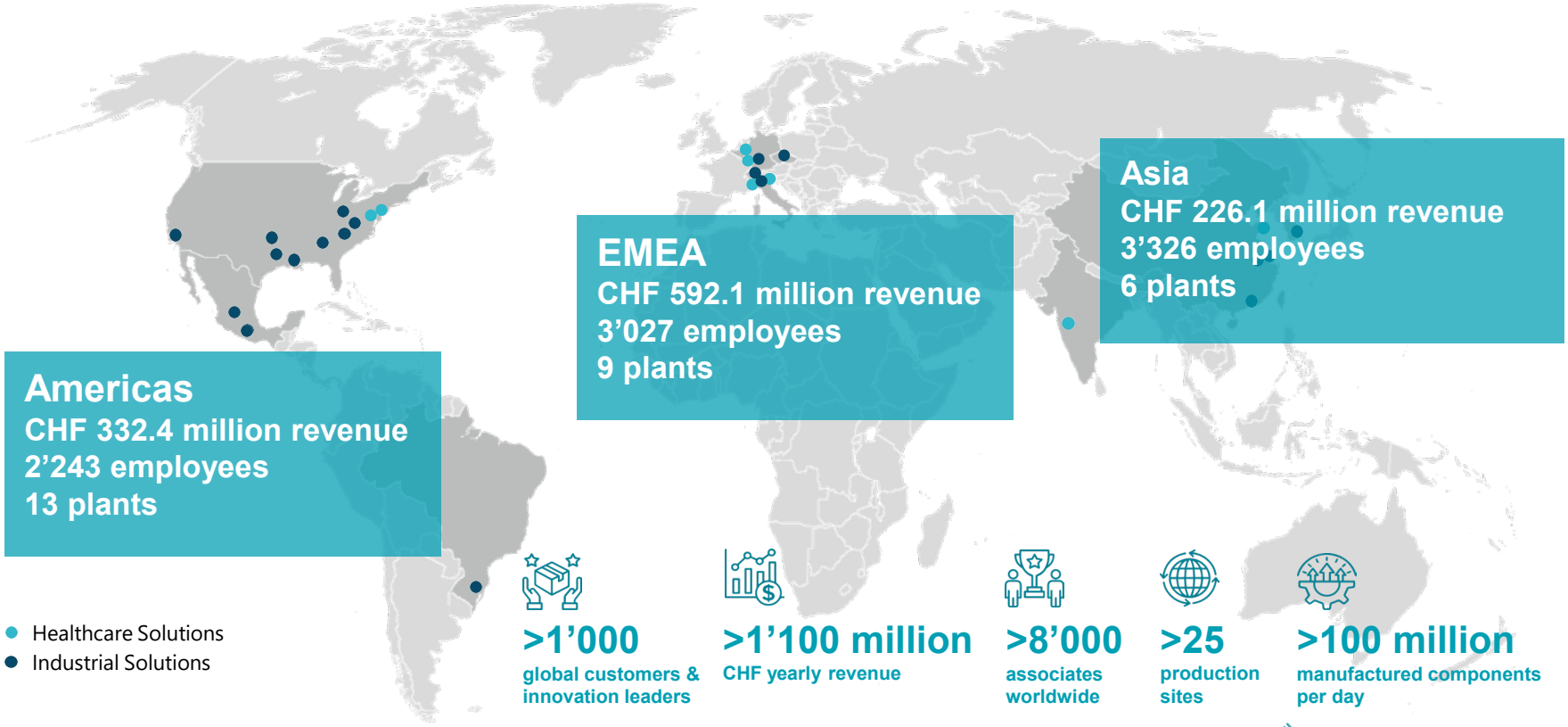
Global presence to serve customers locally



>1’000
global customers & innovation leaders

>1’100 million
CHF yearly revenue

>8’000
associates worldwide

>25
production sites

>100 million
manufactured components per day

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Pharma

Providing solutions to maximize patient safety

System-critical components for injectable drug delivery systems

Datwyler market position	**Market growth** (excl. Covid-19) CAGR 2022-27		**Strategic priorities**
• Leading global player in established markets • Complete portfolio of products and services for regulated markets • Harmonized global manufacturing footprint based on identical best in class quality and technology	•Americas •EMEA •China •India •Southeast Asia •World:	6 - 8% 4 - 6% 8 - 10% 6 - 8% 7 - 9% 6 – 6.5%	• Accelerate growth in the US market and in the attractive biotech field • Expand our engagement in new drug packaging development • Pursue opportunities in pharmerging markets with a special focus on China

Data source: Datwyler analysis February 2023

Current addressable market for high-quality system-critical compo-nents for injectable medications

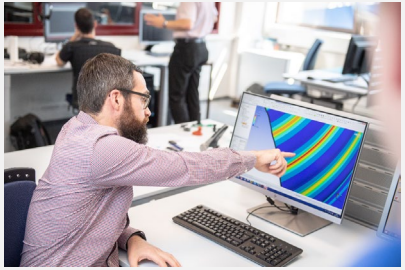
2 – 2.5 billion CHF

Mobility

Driving the transition towards new mobility

System-critical components for conventional and new vehicle applications

Datwyler market position	Market growth CAGR 2022-2027[1]	Strategic priorities
• Leading co-engineering partner for the global automotive industry • Broad technology for sophisticated and highly complex components • Newly developed material portfolio for the car of the future • Industry's most advanced production facility (Lean&Clean concept)	• EMEA: 6.2% • Americas: 4.8% • Asia Pacific[2]: 2.5% • World: 4.0% *[1]Source: LMC Light Vehicle Production (excl. low cost and economy class), Dec 2022* *[2]Including the mature markets Japan and Korea*	• Product portfolio expansion towards electrified systems, advanced driver assistance, smart components • Move into attractive adjacencies • Launch of new rubber technologies • Optimization of manufacturing footprint to drive high-efficiency and future readiness



Current addressable market for high-quality system-critical components in the mobility industry

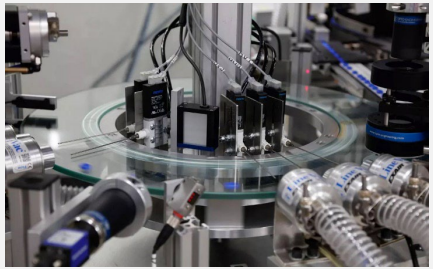
CHF 2.3 billion

Connectors

Enabling the megatrends of electrification and connectivity

System-critical seals for electrical connectors for diverse markets

QSR market position	Market growth CAGR 2022-2027[1]	Strategic priorities
• Leading global supplier of system-critical electrical connector seals • Unique competencies in materials, engineering, tooling and production • Close relationships with the world's largest connector manufacturers • Broad portfolio of complex seals and components	• Overall: 9% • Automotive Light Vehicle: 9% • Transport / Mobility 9% • Industrial: 7% • Telecom/Datacom: 10% • Aerospace: 7% *[1]Source: Bishop and Associates, BCG Analysis (2021)*	• Penetration of existing markets • Boost sales in Europe with strong Datwyler sales network • Leverage cross selling with Datwyler business units Mobility and General Industry • Open new market segments



Current addressable market for system-critical components for electrical connectors

CHF 1.6 – 1.7 billion

General Industry

Strategic sealing partner across multiple industries

System-critical components for demanding applications across industries

Datwyler market position	Market growth CAGR 2022-2027[1)]	Strategic priorities
• Co-engineering competence with strong material expertise • Global manufacturing capabilities • Outstanding product quality • Long-standing relationships with industry leaders	• EMEA: 5 - 7% • Americas: 5 - 7% • Asia Pacific: 7 - 9% *[1]Source: Datwyler analysis February 2023, highly fragmented market*	• Enhance the product and capability proposition • Digitalize commercial processes to accelerate profitable business wins • Broaden our market access and product portfolio and increase number of top key accounts • Generate cross-selling projects with the business unit Connectors

Current addressable market for system-critical components across targeted general industrial segments

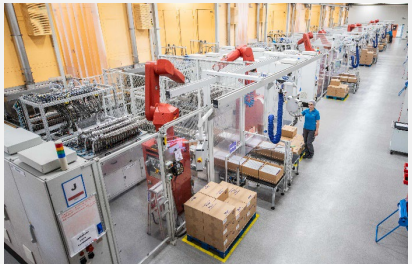
> CHF 3 billion

Food & Beverage

Contributing to a unique coffee tasting experience

System-critical components for leading single-serve coffee capsule brands

Datwyler market position	Market growth CAGR 2022-2027[1]	Strategic priorities
• Long-term, close relationships with market leaders • Industrialization power for highly automated volume production • Long learning curve with continuous improvement and efficiency gains	• Europe: 1.6% • North America: 2.2% • South America: 12.1% • Asia & Australia: 12.9% • Africa & Middle East: 9.3% • World: 2.4% *[1]Source: Applied Market Information Ltd., September 2022*	• Foster relationships and growth with existing customers • Expansion of product and customer portfolio • Maintain innovation leadership • Continuously increase effectiveness of production processes



Current addressable market for system-critical components for the single-serve coffee capsule industry

CHF 1.2 billion

Midterm goals

		2021 (continuing operations)	2022	Midterm goals
Healthcare Solutions	Revenue (growth)	CHF 466.8 million	CHF 520.3 million	8% – 12%
	EBIT margin	22.4%	20.4%	22% – 25%
Industrial Solutions	Revenue (growth)[1]	CHF 488.4 million	CHF 636.1 million	6% – 8%
	EBIT margin	11.4%	6.7%	12% – 15%
Group	Revenue (growth)	CHF 947.6 million	CHF 1’150.6 million	6% – 10%
	EBIT margin	16.9%	13.0%	18% – 21%

1 Including intercompany revenue of CHF 5.8 million in 2022 and CHF 7.6 million in 2021.

The growth targets for the future are subject to unforeseeable economic, political and social risks and events.

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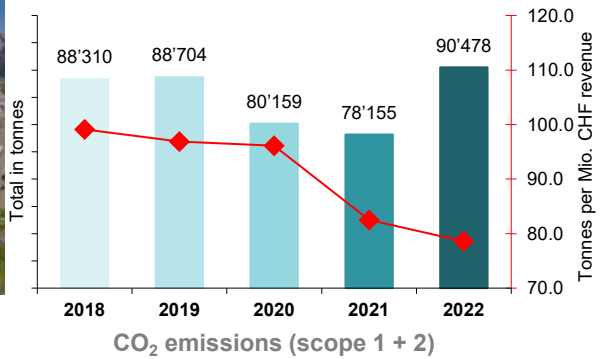
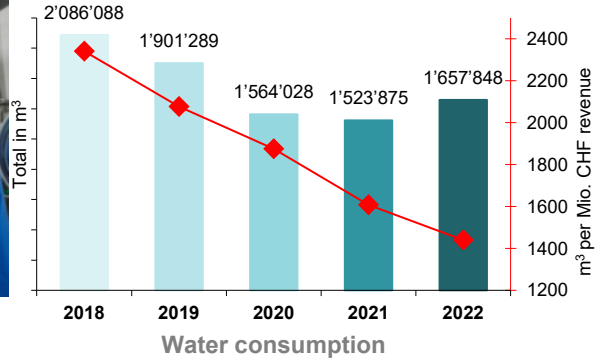
Our strategic priorities

Sustainability highlights 2022





Strengthened our sustainability focus with Chief Sustainability Officer in Executive Management

45% reduction of absence days per FTE due to work-related accidents (from 0.31 to 0.17 day)

E-Learning tool successfully established with 3'200 active learners in second year

Eco-design check for new product developments to be launched

Progress in the development of sustainable materials

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Strong foundation for future success

Focus on system-critical elastomer components.

Superior customer value based on core competencies.

Leading positions in markets driven by megatrends.

Dedication to talent development and sustainable growth.

Track record of strong performance and financial stability.

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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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