



# **Clear focus on scaling the business model**

## Welcome to the Annual Results 2023 Conference

7 February 2024



# Agenda

## **Business Review**

Dirk Lambrecht, CEO

## **Financial Review**

Walter Scherz, CFO

## **Outlook**

Dirk Lambrecht, CEO

## **Questions and Answers**

Dirk Lambrecht, CEO

Walter Scherz, CFO

# Datwyler full year 2023

## Revenue maintained - temporary lower profitability

Maintained revenue – loss of Covid business, destocking at customers and significantly negative currency effect impact top- and bottom-line.

First-time consolidation of acquired QSR and Xinhui for twelve months. Slight organic revenue decline of 0.3% after adjustment for acquisitions and currency effects.

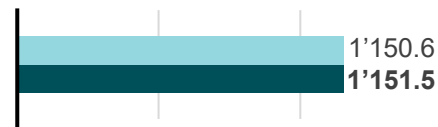
Underutilized capacities, one-time costs from restructuring and temporarily higher energy costs lead to a temporary decline in profitability.

EBIT of CHF 120.4 million and a 10.5% EBIT margin.

With a 10.9% EBIT margin in the second half year, the bottom of the first half has been passed.

Lower net result due to significantly higher finance costs.

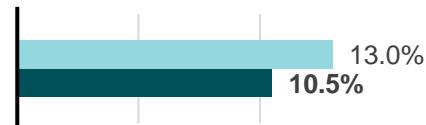
**Net revenue**  
in CHF million



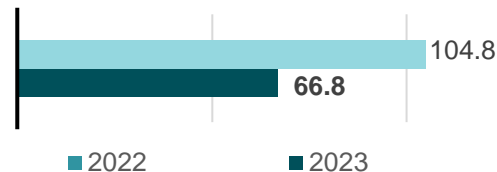
**EBIT**  
in CHF million



**EBIT margin**  
in %



**Net result**  
in CHF million



■ 2022

■ 2023

# Clear structure to focus on customer needs and to benefit from the synergy potential



Business Areas

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

Group Functions



# Healthcare Solutions



# Healthcare Solutions

Organic CAGR of 8.2% since pre-pandemic 2019

**469.0**

CHF million  
revenue

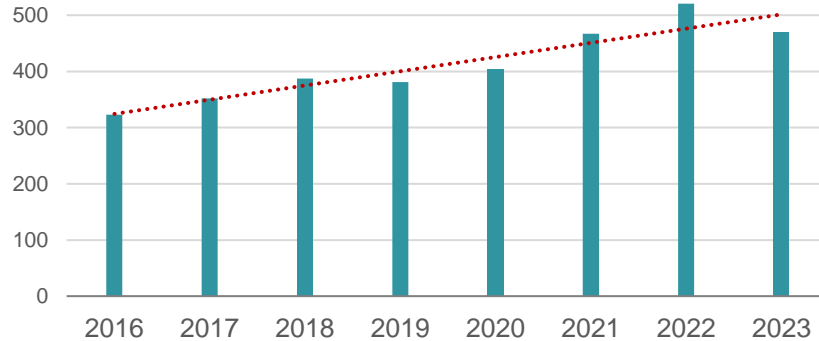
**15.9%**

EBIT  
margin

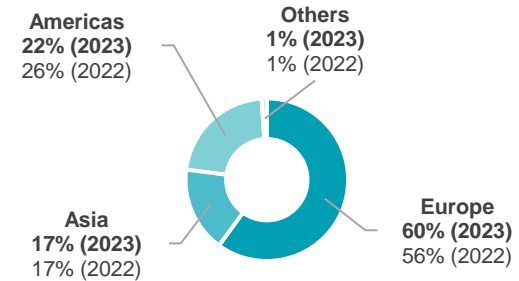
**2'594**

employees  
(FTE)

**REVENUE DEVELOPMENT 2016 - 2023**  
in CHF million



**REVENUE SPLIT**  
in CHF million



# Healthcare Solutions Highlights



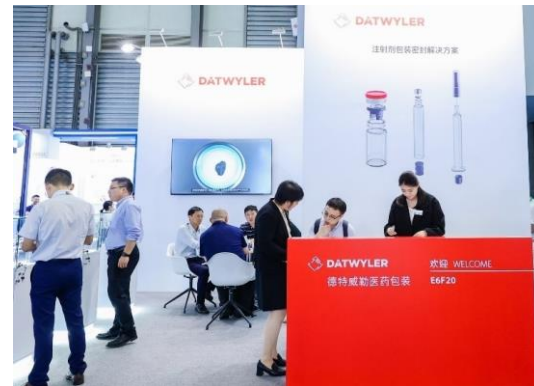
## India site as the largest healthcare plant in the mid-term

With the doubling of production space and the FirstLine upgrade in recent years, the Indian site will become the largest healthcare plant in the mid-term.



## Complete product portfolio with two coating technologies

Wide range of solutions with spray and film coating for all relevant containers and injection devices.



## Expanded market presence and scientific customer support

Expanded market presence, particularly in China and strengthened digital marketing, as well as technical and scientific customer support.



The banner is a collage of four images representing different industrial sectors. The top-left image shows a factory interior with metal structures. The top-right image shows a close-up of a car's engine bay with various connectors. The bottom-left image shows a yellow robotic arm working on a car chassis. The bottom-right image shows a coffee machine dispensing coffee into a glass cup. The text 'Industrial Solutions' is overlaid on the top-left image.

# **Industrial Solutions**

A yellow robotic arm is shown working on a car chassis in a factory setting.

**Mobility**

A close-up view of a car's engine bay, focusing on various electrical connectors and wiring.

**Connectors**

A large industrial machine, possibly a conveyor or processing unit, with a cylindrical component and various pipes and valves.

**General Industry**

A close-up of a coffee machine dispensing coffee into a glass cup, with the coffee being poured from a spout.

**Food & Beverage**



# Industrial Solutions

Operational progress and organic revenue growth of 3.6%

**688.2**

CHF million  
revenue

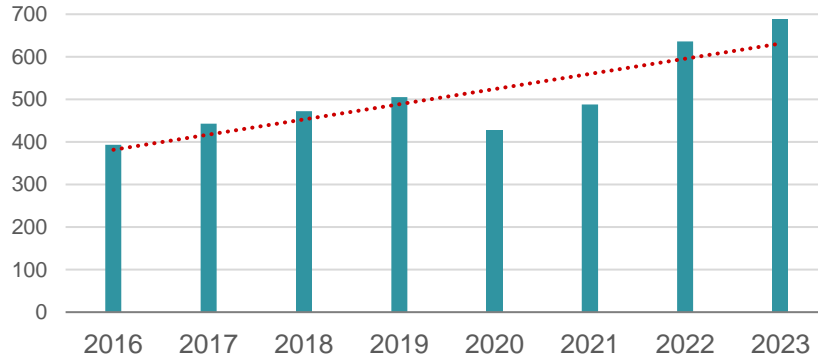
**6.7%**

EBIT  
margin

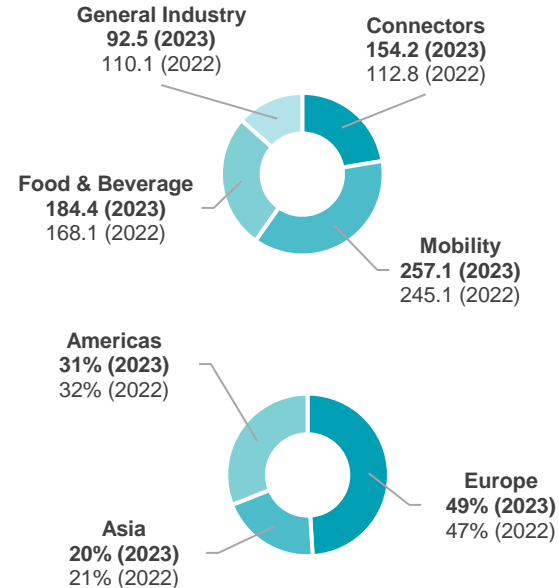
**5'322**

employees  
(FTE)

**REVENUE DEVELOPMENT 2016 - 2023**  
in CHF million



**REVENUE SPLIT**  
in CHF million



# Industrial Solutions Highlights



## **QSR integration and profitability improvement on track**

QSR unlocks the attractive Connectors market. Integration, process optimizations and profitability improvement are on track.



## **Accelerated transition to e-mobility**

With new products for batteries and e-powertrain, Datwyler wins new innovative customers and record numbers of new projects.



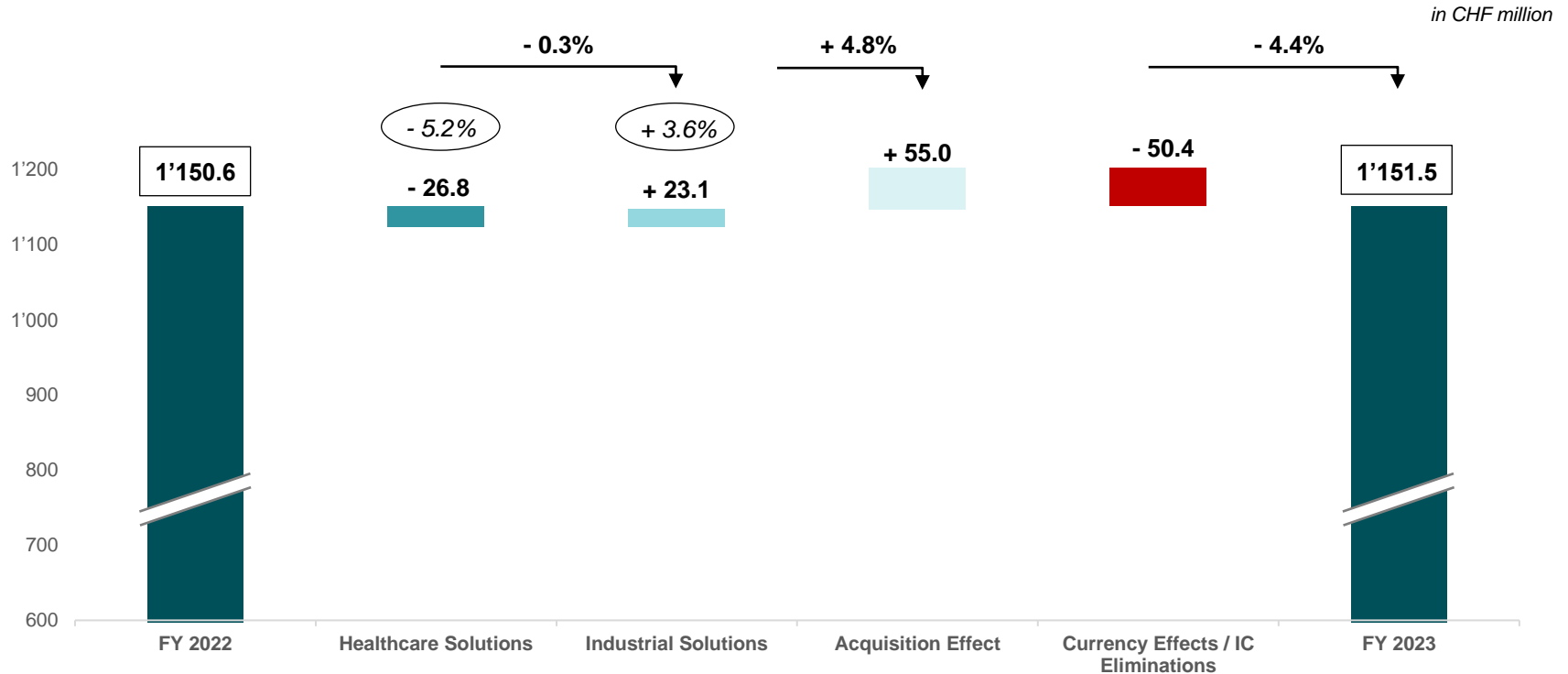
## **Additional growth potential for aluminum coffee capsules**

The new EU directive on the recyclability of coffee capsules makes aluminum more attractive and opens additional growth potential.

# Financial Review

Walter Scherz, CFO

# Group: offsetting revenue developments of the two business areas and significant negative currency effects



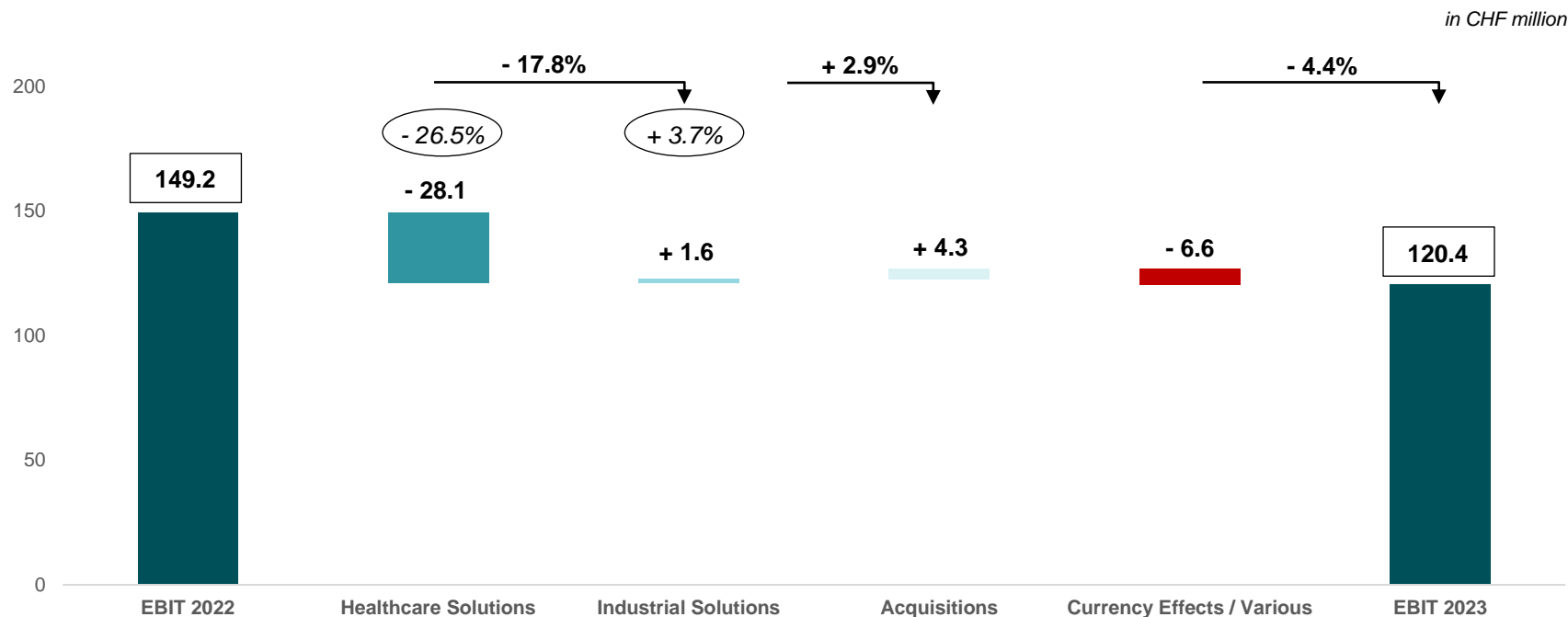


# Revenue impacts at Healthcare Solutions

Maintained volume in regular business, fuelled by price increases

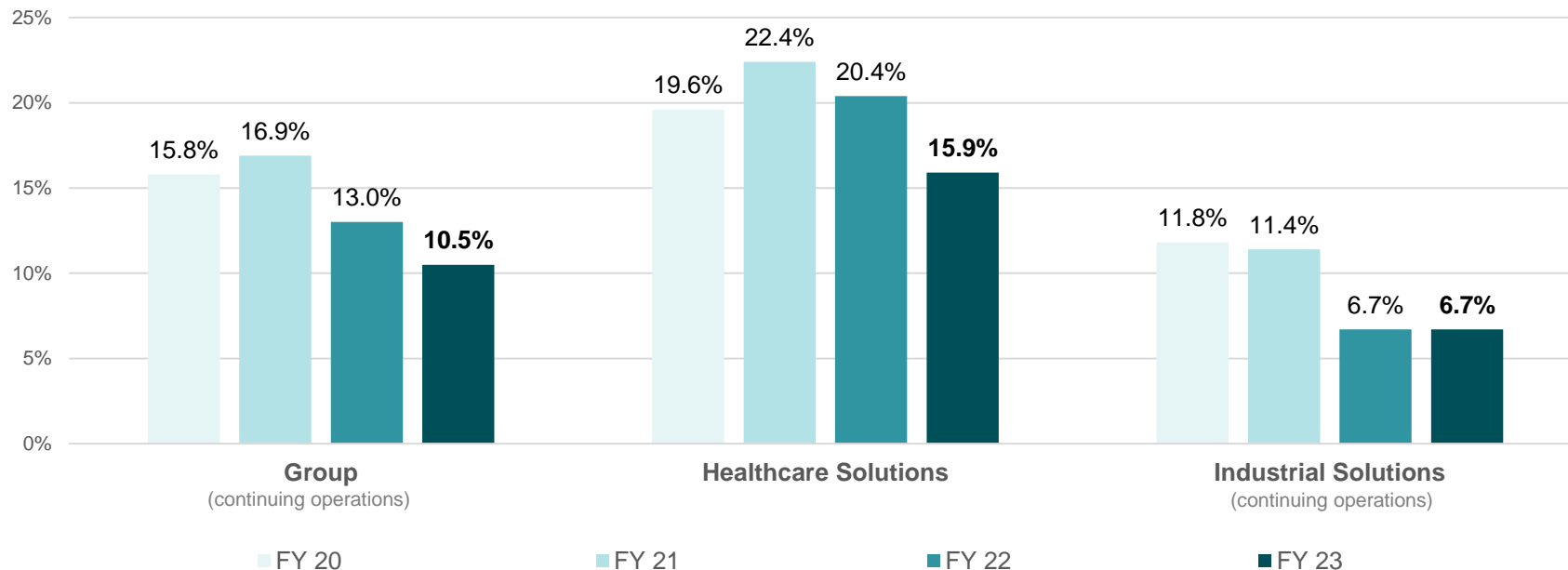


# Group: EBIT negatively impacted by unfavorable product mix, high energy costs and negative currency effects



# Temporary margin impacts due to loss of Covid business, destocking at customers and resulting underutilization

EBIT margin in %



## Consolidated income statement, functional:

# Negative impacts from capacity underutilization

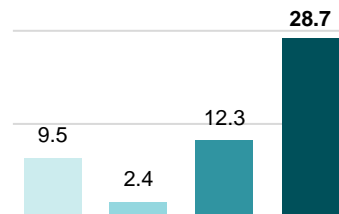
| in CHF million                              | 2023           | 2022           |
|---|----------------|----------------|
| <b>Net revenue</b>                          | <b>1'151.5</b> | <b>1'150.6</b> |
| Costs of goods sold                         | -911.3         | -895.4         |
| <b>Gross profit</b>                         | <b>240.2</b>   | <b>255.2</b>   |
| Research and development expenses           | -41.5          | -35.7          |
| Marketing and selling expenses              | -32.6          | -34.4          |
| General and administrative expenses         | -66.9          | -56.9          |
| Other operating income                      | 21.6           | 21.2           |
| Other operating expenses                    | -0.4           | -0.2           |
| <b>Operating result</b>                     | <b>120.4</b>   | <b>149.2</b>   |
| Net finance result                          | -28.7          | -12.3          |
| <b>Earnings before tax (EBT)</b>            | <b>91.7</b>    | <b>136.9</b>   |
| Income tax expenses                         | -24.9          | -32.1          |
| <b>Net result</b>                           | <b>66.8</b>    | <b>104.8</b>   |
| <b>Net result per bearer share (in CHF)</b> | <b>3.93</b>    | <b>6.16</b>    |



# Finance expenses driven by leveraged balance sheet

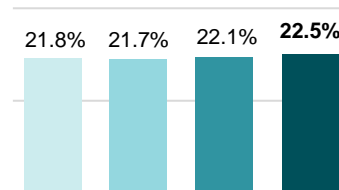
Stable weighted average tax rate at 22.5%

## Total interest and finance expenses



Net finance costs increased to CHF 28.7 million, due to higher interest expense from acquisition financing (CHF 14.6 million) and adverse development of FX rates (CHF 14.2 million).

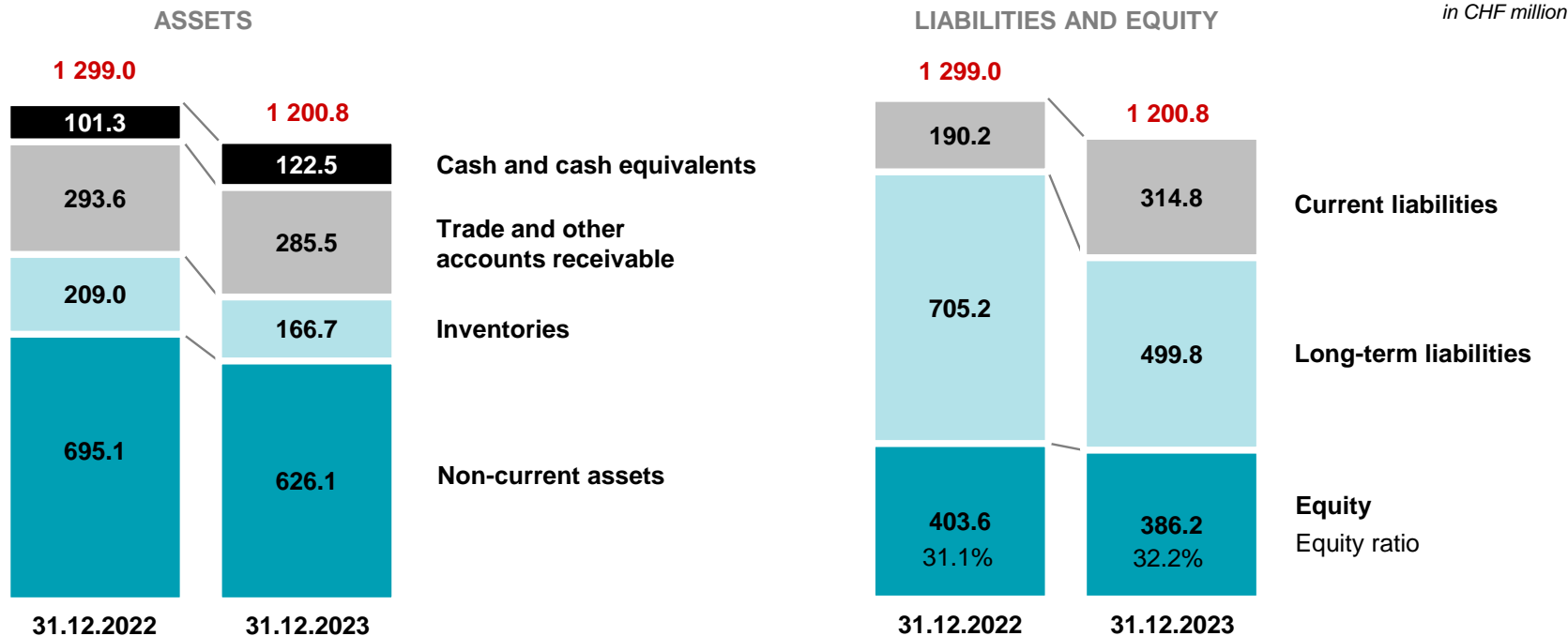
## Weighted average income tax rate



The Group's weighted average income tax rate increased slightly from 22.1 to 22.5% due to on average higher results in high tax countries.

■ 2020 ■ 2021 ■ 2022 ■ 2023

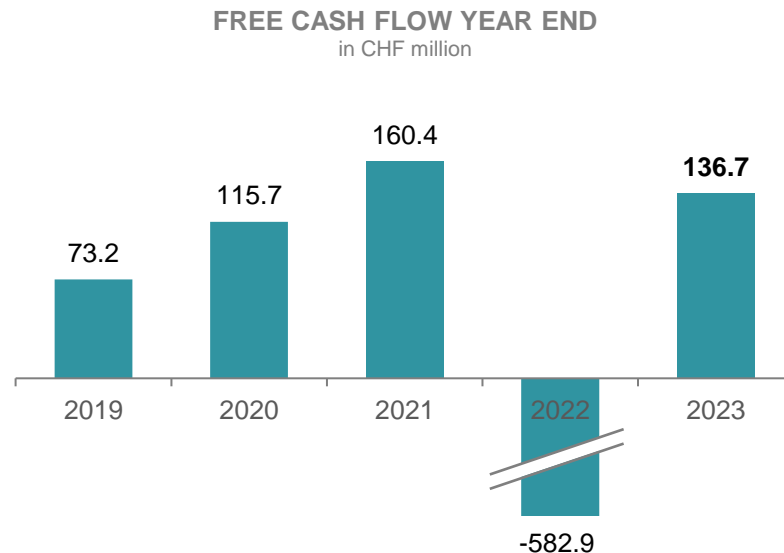
# Reduction in total assets by optimizing NWC, reclassification of the 2018-2024 bond to short-term



# Condensed consolidated cash flow statement:

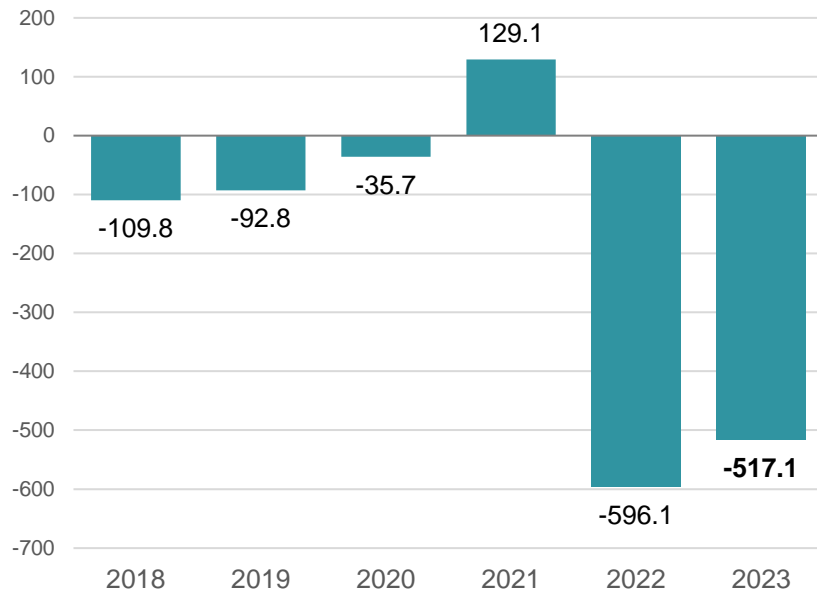
## Strong FCF enables further strengthening of the balance sheet

| in CHF million                                    | 2023         | 2022          |
|---|--------------|---------------|
| Net cash from operating activities                | 194.9        | 118.6         |
| Net cash used in investing activities             | -58.2        | -701.5        |
| <b>Free cash flow (FCF)</b>                       | <b>136.7</b> | <b>-582.9</b> |
| Net cash used in/provided by financing activities | -109.7       | 466.8         |
| Net change in cash and cash equivalents           | 27.0         | -116.1        |
| Cash and cash equivalents (end of period)         | 122.4        | 101.3         |

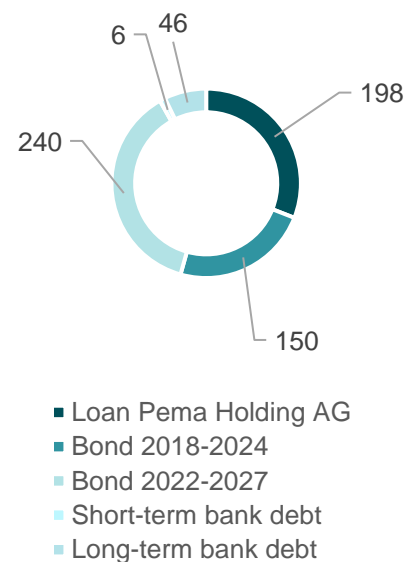


# Significant repayment of bank debts even in challenging market environment

NET CASH | NET DEBT  
in CHF million



EXTERNAL DEBTS | 31.12.2023  
in CHF million

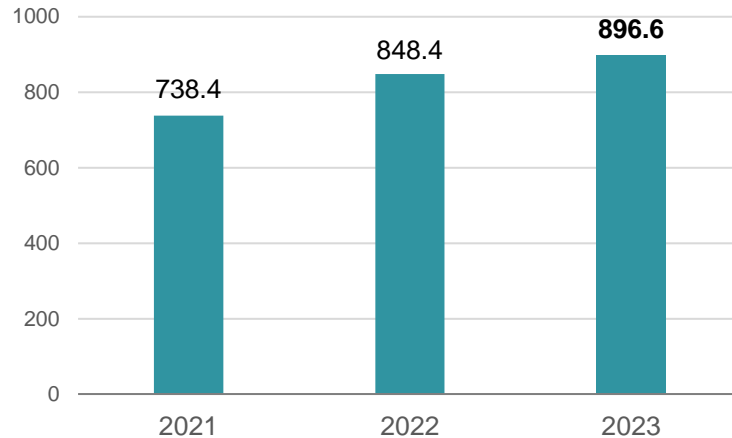




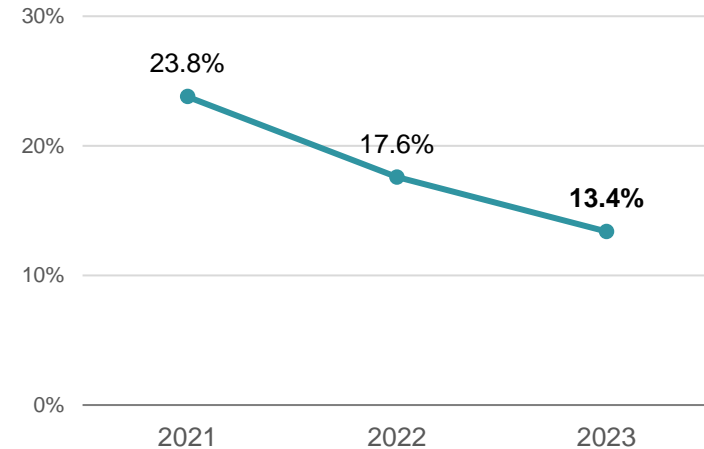
# Return on capital employed

Decline due to higher capital employed and lower EBIT

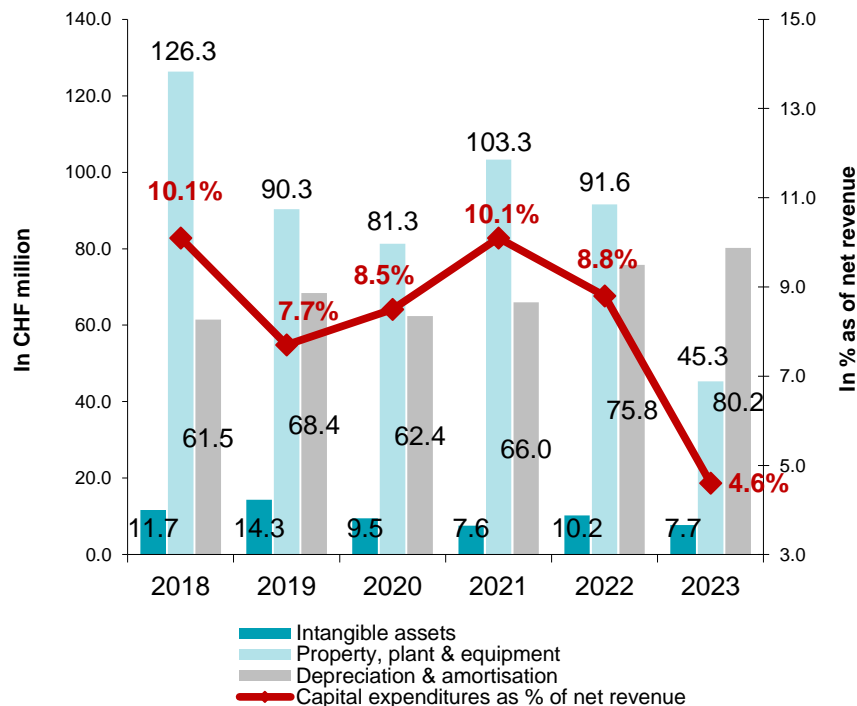
**AVERAGE CAPITAL EMPLOYED**  
in CHF million



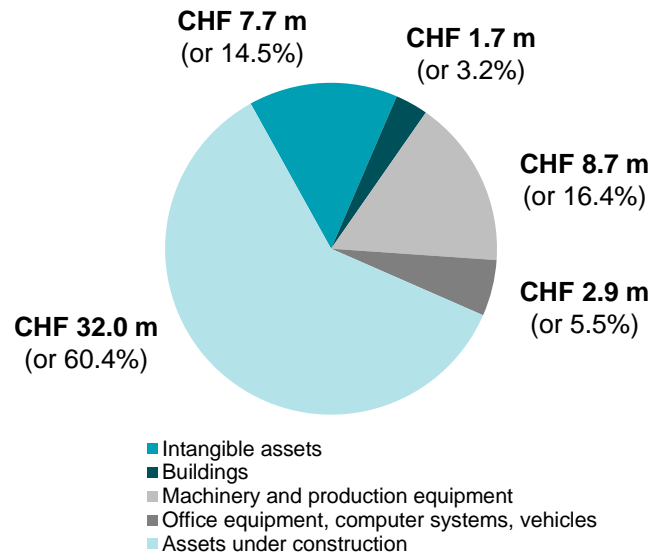
**ROCE (LTM)**



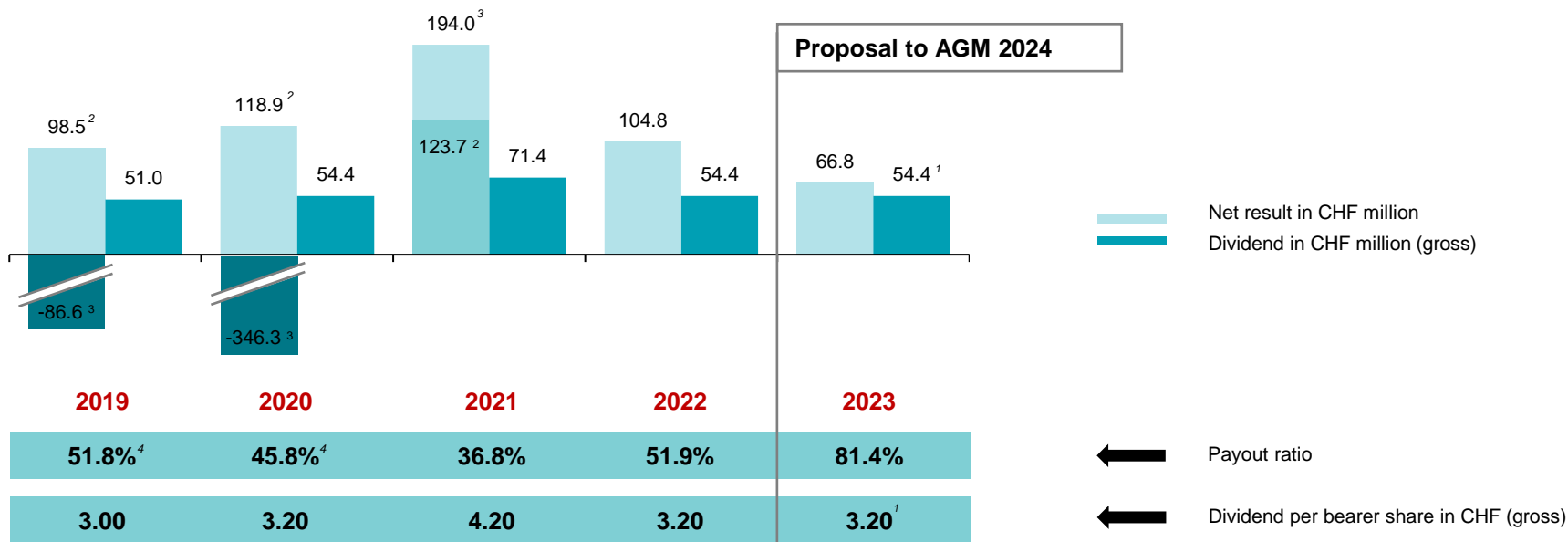
# Investment cycle completed – scaling of existing production capacities as top priority



**CAPITAL EXPENDITURES 2023**  
CHF 53 million



# Strong Free Cash Flow enables maintained dividend of CHF 3.20 per bearer share



<sup>1</sup> Proposal to the Annual General Meeting

<sup>2</sup> Net result continuing operations, as defined in the respective year

<sup>3</sup> Reported net result

<sup>4</sup> Payout ratio in relation to the net result continuing operations

# Outlook

Dirk Lambrecht, CEO

# Focus on execution of defined strategy



# Promising megatrends – business areas profit from long-term growth drivers and from advanced investments

## MEGATRENDS

### Healthcare Solutions

|   |   |
|---|---|
| Ageing society                                | Injection as preferred mode of administration |
| Increase in chronic diseases                  | Growth of self-administration                 |
| Increasing requirements in emerging countries | New opportunities for obesity drugs           |
| Stricter regulations                          |   |

### Industrial Solutions

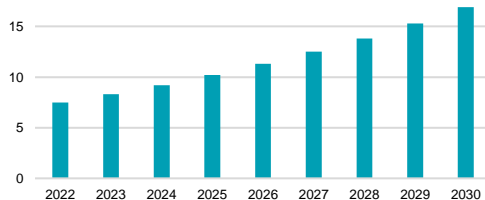
|                           |   |
|---------------------------|---|
| Electrification           | Sustainability  |
| Connectivity              | Technological progress  |
| Internet of Things        | Higher requirements for sealing components with high costs of failure |
| Automation / Industry 4.0 |   |

## GROWTH FORECASTS

### Pre-filled syringes

Global market potential in USD billions

CAGR 10.6%

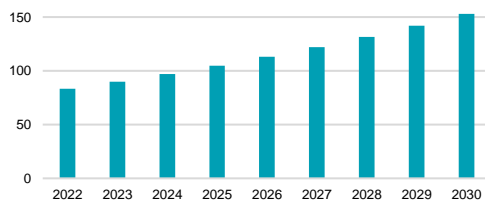


Source: Fortune Business Insights, April 2023

### Electrical Connectors

Global market potential in USD billions

CAGR 7.9%

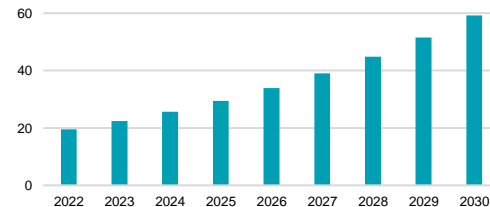


Source: Allied Market Research, April 2023

### Electric/hybrid vehicles

Global market potential in light vehicle production

CAGR 14.9%



Source: LCM, Q1 2023

# Continuous profitable growth in a difficult market environment

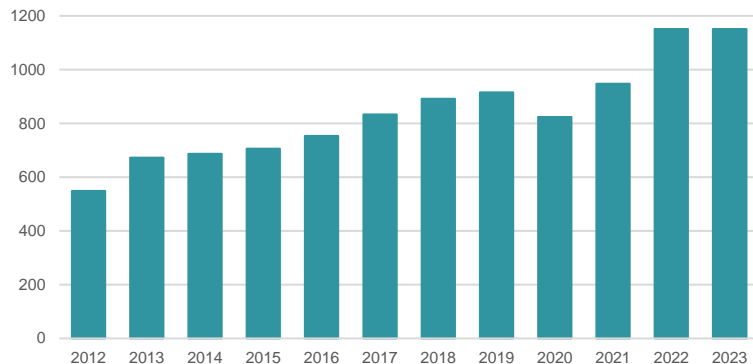
## Datwyler | Midterm goals

### Revenue (growth)

6% – 10%

REVENUE  
in CHF million

CAGR 7.2%

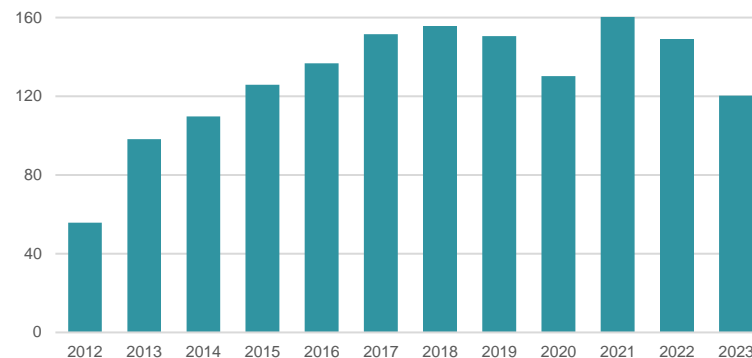


### EBIT margin

18% – 21%

EBIT  
in CHF million

CAGR 7.9%



# Outlook 2024

**Revenue growth in the low single digit percentage range (at comparable exchange rates)**

**Improvement in the EBIT margin**

## **Short term margin drivers**

- Lower energy costs
- Sustainably optimized cost structures
- Continuous recovery of BU Connectors
- Scaling effects due to better utilization

## **Short-term risks**

- Geopolitical uncertainties
- Further (fast) strengthening of the Swiss Franc
- Continuing destocking at customers in H2
- Recessionary trends





# Advance sustainability

Comprehensive ESG landscape with 12 focus topics



WE SUPPORT



**Climate-neutral operations 2030**  
Scope 1+2 (Science Based Targets)



**Eco-design**  
Life-cycle thinking, sustainable products



**Resource-friendly production**  
Waste, water, materials



**Sustainable supply chain**  
Scope 3, sustainable solutions through supplier and customer base



**Employer of choice**  
Employee commitment & satisfaction, employer branding, safe and healthy workplace



**Value-driven engagement with customers**  
Interactions, collaboration, positive social impact



**Human rights and equal opportunities**  
Diversity, equity, inclusion and belonging, protecting human rights of all stakeholders



**Engagement for sustainability**  
Volunteering for activities for company, customers, society



**Transparency**  
Reporting, standards, ratings



**Compliance and ethics**  
Policies, proactive chemical compliance

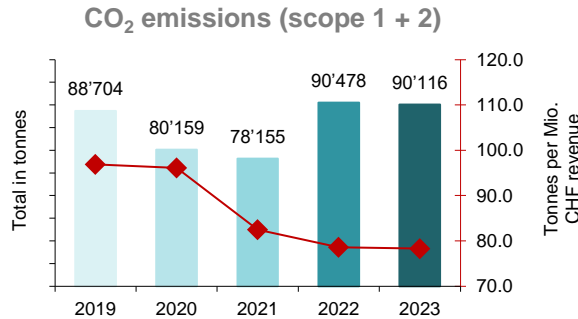


**Lead by example**  
ESG integration at all levels of the organization



**Commitment**  
Budget & resources, principles, memberships, remuneration

# Sustainability highlights 2023



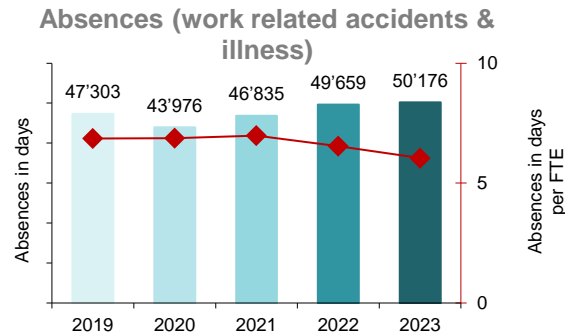
Further increase of electricity from renewable sources to 38.3%

Product carbon footprint analysis for selected products and customers

Strengthened human rights awareness in key processes

Above industry benchmark employee commitment rate

First-time limited assurance of selected sustainability information by the auditor



# 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.

# Changes in the Group Management



**Volker Cwielong**  
CEO as of 1 April 2024



**Judith van Walsum**  
CFO as of 1 Juni 2024

# Questions and Answers

Dirk Lambrecht, CEO

Walter Scherz, CFO

# Thank you!

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investor  
website.



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## Disclaimer

This presentation contains forward-looking statements that reflect the company'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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