

Operating result (EBIT)

Operating result is reported without adjustments on page 2 of the annual report 2019 and including adjustments on pages 3 for the Datwyler Group and on pages 17 and 21, respectively, for the divisions Sealing Solutions and Technical Components.

<i>in CHF million</i>	Financial year 2019			Financial Year 2018		
	Sealing Solutions	Technical Components	Datwyler Group	Sealing Solutions	Technical Components	Datwyler Group
Net revenue	915.6	445.2	1 360.8	891.1	470.5	1 361.6
EBIT reported	124.2	-164.5	-40.3	155.5	14.5	170.0
<i>EBIT-margin</i>	13.6%	-36.9%	-3.0%	17.5%	3.1%	12.5%
Impairment charges on assets discontinued operations (page 60)	-	169.0	169.0	-	-	-
Restructuring- and other cost relating to discontinued operations	14.1	6.9	21.0	-	-	-
Start-up cost Health Care USA	9.2	-	9.2	5.9	-	5.9
Other adjustments, net	3.1	1.9	5.0	0.9	5.1	6.0
Total adjustments	26.4	177.8	204.2	6.8	5.1	11.9
Adjusted EBIT	150.6	13.3	163.9	162.3	19.6	181.9
<i>Adjusted EBIT-margin</i>	16.4%	3.0%	12.0%	18.2%	4.2%	13.4%

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is presented before impairment charges in connection with the sale of Distrelec and Nedis on page 2 and page 114 of the 5-year summary.

<i>in CHF million</i>	2019		2018	
	Datwyler Group	Datwyler Group	continuing operations	continuing operations
EBIT reported	-40.3	170.0	134.8	173.6
<i>EBIT-margin</i>	-3.0%	12.5%	12.4%	16.4%
Depreciation and amortisation (page 62 and note 7)	68.4	61.5	58.4	51.0
Impairment charges on assets discontinued operations (page 60)	169.0	-	-	-
EBITDA before impairment charges	197.1	231.5	193.2	224.6
<i>Adjusted EBITDA-margin before impairment charges</i>	14.5%	17.0%	17.7%	21.2%

Adjusted net result

On page 116, the Datwyler Group presents an adjusted net result for the financial year 2019 in connection with the dividend history. The adjustments are the same as for the EBIT and EBITDA except that the tax effects have been added.

<i>in CHF million</i>	2019	2018
	Datwyler Group	Datwyler Group
Net result as reported	-86.6	121.0
EBIT adjustments (see explanations to EBIT adjusted)	204.2	-
Tax effects on adjustments and non-recurring tax items (net)	0.7	-
Net result adjusted	118.3	121.0

Return on capital employed (ROCE)

The Datwyler Group reports the return on capital employed (ROCE) in the Highlights section of the Datwyler's annual report on pages 2 and 3. ROCE equals the EBIT divided by the average capital employed. Capital employed according to Datwyler's definition equals the average of the trade accounts receivables, inventories, fixed assets excluding assets under construction, intangible assets less trade accounts payable. Averages are calculated using the balance sheet amounts per 31 December of the prior year, of the half-year and the current year-end divided by 3. The ROCE presented on page 2 is based on reported figures. The ROCE presented on page 3 includes adjustments for both, the EBIT and the capital employed, however, only 2019 contains such adjustments. The ROCE as presented in the Highlight section on page 2 is calculated as follows:

	2019	2018	2019	2018
<i>in CHF million</i>	Datwyler Group	Datwyler Group	continuing operations	continuing operations
EBIT as reported	-40.3	170.0	134.8	173.6
Average capital employed	n/a	744.6	606.1	561.6
ROCE as reported	n/a	22.8%	22.2%	30.9%

The ROCE using the adjusted EBIT and adjusted capital employed as presented in the shareholder information section on page 3 is calculated as follows:

	2019	2018	2017	2016	2015
<i>in CHF million</i>	Datwyler Group				
EBIT as reported	-40.3	170.0	162.6	146.1	126.1
Adjustments	204.2	-	-	-	-
EBIT adjusted	163.9	170.0	162.6	146.1	126.1
Average capital employed	780.7	744.6	700.0	658.3	616.9
ROCE adjusted	21.0%	22.8%	23.2%	22.2%	20.4%

Average capital employed in 2019 is before impairment charges.

Average capital employed (CE)

Average means the balance sheet amounts per 31 December of the prior year, of the half-year and the current year-end divided by 3. The following table illustrates the calculation.

	31 Dec 2019	30 June 2019	31 Dec 2018	30 June 2018	31 Dec 2017
<i>in CHF million</i>	Datwyler Group				
Trade accounts receivable	188.1	210.3	198.0	215.0	201.9
Inventories	230.1	229.5	230.9	218.7	215.8
Fixed assets excluding assets under construction	413.2	383.6	391.5	356.6	364.7
Intangible assets	31.4	29.7	26.0	22.3	21.7
Trade accounts payable	-68.8	-75.0	-76.3	-74.6	-78.5
Capital employed	794.0	778.1	770.1	738.0	725.6
Average capital employed	780.7	744.6			

Average capital employed in 2019 is before impairment charges.

The average per 31 December 2019 is calculated using the capital employed per 31 Dec 2019, 30 June 2019 and 31 Dec 2018 dividing by 3 equalling CHF 780.7 million. Similarly, the average per 31 December 2018 equates the average of 31 Dec 2018, 30 June 2018 and 31 Dec 2017.

The ROCE as presented for the divisions Sealing Solutions and Technical Components on pages 17 and 21, respectively, is also applying adjusted EBIT and adjusted capital employed (only two years are shown below instead of 5 years in the financial report).

<i>in CHF million</i>	2019		2018	
	Sealing Solutions	Technical Components	Sealing Solutions	Technical Components
EBIT adjusted	150.6	13.3	155.5	14.5
Average capital employed	565.7	209.6	522.2	217.4
ROCE adjusted	26.6%	6.3%	29.8%	6.7%

Capital expenditures

Capital expenditures in fixed and intangible assets are reported on page 2 for the Datwyler Group and on pages page 17 and 21, respectively, for the divisions Sealing Solutions and Technical Components. Capital expenditures in connection with this note relate to additions according to the accounting records as presented in the fixed and intangible assets tables in notes 14 and 15 of the consolidated financial statements (as opposed to the cash flow statement equalling capital expenditures based on cash payments reported in the cash flow statement on page 62).

<i>in CHF million</i>	Financial year 2019			Financial Year 2018		
	Sealing Solutions	Technical Components	Datwyler Group	Sealing Solutions	Technical Components	Datwyler Group
Capital expenditures in fixed assets (note 14)	87.1	2.9	90.3	123.3	2.5	126.3
Capital expenditures in intangible assets (note 15)	7.6	3.4	14.3	6.9	0.9	11.7
Total capital expenditures in fixed and intangible assets	94.7	6.3	104.6	130.2	3.4	138.0

The capital expenditures according to the definition explained above are also reported on the 5-year summary on page 114.

Free cash flow and change in cash and cash equivalents

Free cash flow as reported on page 2 of the financial report and page 114 of the 5-years summary equals cash flow from operating activities minus cash flow from investing activities as presented in the cash flow statement on page 62. After deducting the financing activities as per the cash flow statement from the free cash flow results in the net change in cash as per cash flow statement.

<i>in CHF million</i>	2019	2018	2017	2016	2015
	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group
Cash flow from operating activities	174.8	162.9	112.7	90.7	172.5
Cash flow from investing activities	-101.6	-334.9	-110.0	-51.3	-45.6
Free cash flow	73.2	-172.0	2.7	39.4	126.9
Cash flow from financing activities	-49.2	64.0	-41.2	37.4	-94.4
Net change in cash and cash equivalents	24.0	-108.0	-38.5	76.8	32.5