

## Reorganization 2020

Datwyler Group reorganized during 2020. This included disposing of Distrelec, Nedis and the Civil Engineering business, transforming the old division Sealing Solutions into two new business areas, renewing the Executive Management and transform several Group functions, refer to media release under <https://datwyler.com/media/news/datwyler-focuses-activities-profitable-growth-markets>. Before that reorganization, in the annual report of the financial year 2019, the Datwyler Group reported certain performance measures on an adjusted basis. Due to this reorganization the prior year adjustments, now meaningless, were abandoned, which results in an inconsistent presentation compared to the prior year APM and the APM disclosed with the interim report in June 2020, see also [https://datwyler.com/files/pages/data/downloads/interim-report-2020-apm/a561adff60-1612164401/datwyler.com\\_interim-report\\_apm\\_2020.en.pdf](https://datwyler.com/files/pages/data/downloads/interim-report-2020-apm/a561adff60-1612164401/datwyler.com_interim-report_apm_2020.en.pdf).

The annual report 2020 refers only to two non-recurring items, which are the loss on sale of subsidiaries of CHF 464.5 million in the current year and the impairment loss on assets discontinued operations of CHF 169 million in the prior year for the performance measures EBITDA and return on capital employed. Wherever applicable, the corresponding performance measures of the prior year have been restated. For the prior year's Alternative Performance Measure document, showing the former Group and divisions, refer to [https://datwyler.com/files/pages/data/downloads/annual-report-2019-apm/b773c06208-1612164706/datwyler.com\\_annual-report\\_apm\\_2019.en.pdf](https://datwyler.com/files/pages/data/downloads/annual-report-2019-apm/b773c06208-1612164706/datwyler.com_annual-report_apm_2019.en.pdf).

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

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is presented on pages 2 and 118 of the 5-year summary.

<i>in CHF million</i>	2020	2019	2020	2019
	Datwyler Group	Datwyler Group	continuing operations	continuing operations
<b>Revenue</b>	<b>1'069.2</b>	<b>1'360.8</b>	<b>1'012.1</b>	<b>1'050.5</b>
<b>EBIT</b>	<b>-315.9</b>	<b>-40.3</b>	<b>148.0</b>	<b>133.5</b>
<i>EBIT-margin</i>	-29.5%	-3.0%	14.6%	12.7%
Depreciation and amortisation (page 66 and note 7)	62.4	68.4	60.4	56.7
Impairment charges on assets discontinued operations (page 64)	-	169.0	-	-
Loss on sale of subsidiaries (page 64)	464.5	-	-	-
<b>EBITDA before non-recurring items</b>	<b>211.0</b>	<b>197.1</b>	<b>208.4</b>	<b>190.2</b>
<i>EBITDA-margin before non-recurring items</i>	19.7%	14.5%	20.6%	18.1%

## 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 pages 2 and 3 include non-recurring items for both, the EBIT and the capital employed. The ROCE as presented in the Highlight section on pages 2 and 3 is calculated as follows:

<i>in CHF million</i>	<b>2020</b>		<b>2019</b>	
	Datwyler Group	Datwyler Group	continuing operations	continuing operations
<b>EBIT reported</b>	<b>-315.9</b>	<b>-40.3</b>	<b>148.0</b>	<b>133.5</b>
Impairment charges on assets discontinued operations (page 64)	-	169.0	-	-
Loss on sale of subsidiaries (page 64)	464.5	-	-	-
<b>EBIT before non-recurring items</b>	<b>148.6</b>	<b>128.7</b>	<b>148.0</b>	<b>133.5</b>
Average capital employed	729.4	780.7	668.9	595.8
<b>Return on capital employed before non-recurring items</b>	<b>20.4%</b>	<b>16.5%</b>	<b>22.1%</b>	<b>22.4%</b>

### 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.

<i>in CHF million</i>	31 Dec 2020	30 June 2020	31 Dec 2019	30 June 2019	31 Dec 2018
	Datwyler Group				
Trade accounts receivable	167.8	157.7	188.1	210.3	198.0
Inventories	123.5	132.1	230.1	229.5	230.9
Fixed assets excluding assets under construction	448.0	429.7	413.2	383.6	391.5
Intangible assets	25.3	25.0	31.4	29.7	26.0
Trade accounts payable	-59.8	-55.2	-68.8	-75.0	-76.3
Capital employed	704.8	689.3	794.0	778.1	770.1
<b>Average capital employed</b>	<b>729.4</b>		<b>780.7</b>		

Average capital employed in 2019 is before impairment charges (non-recurring item).

The average per 31 December 2020 is calculated using the capital employed per 31 Dec 2020, 30 June 2020 and 31 Dec 2019 dividing by 3 equalling CHF 729.4 million. Similarly, the average per 31 December 2019 equates the average of 31 Dec 2019, 30 June 2019 and 31 Dec 2018.

The ROCE as presented for the Business Areas Healthcare Solutions, Industrial Solutions and Reichelt on pages 17, 21 and 25, respectively, is calculated accordingly.

<i>in CHF million</i>	<b>2020</b>			<b>2019</b>		
	Healthcare Solutions	Industrial Solutions (continuing)	Reichelt	Healthcare Solutions	Industrial Solutions (continuing)	Reichelt
<b>EBIT</b>	<b>79.2</b>	<b>50.4</b>	<b>17.2</b>	<b>63.8</b>	<b>59.1</b>	<b>14.8</b>
Average capital employed	334.2	294.8	36.5	259.8	295.5	34.6
<b>Return on capital employed (Roce)</b>	<b>23.7%</b>	<b>17.1%</b>	<b>47.1%</b>	<b>24.6%</b>	<b>20.0%</b>	<b>42.8%</b>

### Capital expenditures

Capital expenditures in fixed and intangible assets are reported on page 2 for the Datwyler Group and on pages page 17, 21 and 25, respectively, for the business areas Healthcare Solutions, Industrial Solutions and Reichelt. 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 66).

<i>in CHF million</i>	Financial year 2020				Financial Year 2019			
	Healthcare Solutions	Industrial Solutions (continuing)	Reichelt	Datwyler Group	Healthcare Solutions	Industrial Solutions (continuing)	Reichelt	Datwyler Group
Capital expenditure in fixed assets (note 14)	50.3	29.1	1.4	81.3	59.2	26.5	0.9	90.3
Capital expenditure in intangible assets (note 15)	4.1	4.6	0.0	9.5	5.4	2.2	0.2	14.3
<b>Total capital expenditure in fixed and intangible assets</b>	<b>54.4</b>	<b>33.7</b>	<b>1.4</b>	<b>90.8</b>	<b>64.6</b>	<b>28.7</b>	<b>1.1</b>	<b>104.6</b>

The capital expenditures according to the definition explained above are also reported on the 5-year summary on page 118.

### Free cash flow and change in cash and cash equivalents

Free cash flow as reported on page 2 of the financial report and page 118 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 66. 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>	2020	2019	2018	2017	2016
	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group
Cash flow from operating activities	185.3	174.8	162.9	112.7	90.7
Cash flow from investing activities	-69.6	-101.6	-334.9	-110.0	-51.3
<b>Free cash flow</b>	<b>115.7</b>	<b>73.2</b>	<b>-172.0</b>	<b>2.7</b>	<b>39.4</b>
Cash flow from financing activities	-132.7	-49.2	64.0	-41.2	37.4
<b>Net change in cash and cash equivalents</b>	<b>-17.0</b>	<b>24.0</b>	<b>-108.0</b>	<b>-38.5</b>	<b>76.8</b>