

**INTERIM REPORT**  
2020

# HIGHLIGHTS

**545.7 mn**

Revenue in CHF

**11.9%**

EBIT margin  
before loss on sale of subsidiaries

**42.8 mn**

net result in CHF  
before loss on sale of subsidiaries

## KEY FIGURES DATWYLER GROUP

in CHF millions

Six months (unaudited) ended

	30.06.2020 unaudited	30.06.2019 unaudited	30.06.2020 Continuing operations	30.06.2019 Continuing operations
<b>Net revenue</b>	545.7	706.3	488.6	544.7
Change compared to prior period (%)	-22.7%	1.8%	-10.3%	n/a
<b>EBITDA before loss on sale of subsidiaries<sup>1</sup></b>	97.2	124.9	94.6	119.8
EBITDA before loss on sale of subsidiaries as % of net revenue	17.8%	17.7%	19.4%	22.0%
<b>EBIT before loss on sale of subsidiaries<sup>1</sup></b>	65.1	91.2	64.5	92.1
EBIT before loss on sale of subsidiaries as % of net revenue	11.9%	12.9%	13.2%	16.9%
<b>Operating result (EBIT)</b>	-399.4	91.2	64.5	92.1
Operating result as % of net revenue	-73.2%	12.9%	13.2%	16.9%
<b>Net result</b>	-421.7	66.2	43.5	70.7
Net result as % of net revenue	-77.3%	9.4%	8.9%	13.0%
<b>ROCE (LTM)<sup>1</sup> in %</b>	n/a	21.4%	16.8%	30.6%
Average capital employed <sup>1</sup>	n/a	762.0	631.7	571.4
<b>Net cash from operating activities</b>	79.1	88.3		
<b>Net cash used in investing activities</b>	-18.5	-48.9		
<b>Free cash flow<sup>1</sup></b>	60.6	39.4		
<b>Net cash used in financing activities</b>	-79.8	-28.9		
<b>Net change in cash and cash equivalents<sup>1</sup></b>	-19.2	10.5		
<b>Cash and cash equivalents</b>	168.7	180.3		
<b>Capital expenditures<sup>1</sup></b>	38.2	53.0		
<b>Total assets</b>	1'087.3	1'345.6		
<b>Equity</b>	664.4	839.5		
Equity as % of total assets	61.1%	62.4%		
<b>Number of employees</b>	6'700	8'181		
<b>Full time equivalents</b>	6'558	7'966		

<sup>1</sup> Datwyler Group uses certain financial performance measures, including adjusted key figures, that are not defined by Swiss GAAP. The definition of these alternative performance measures and adjustments are published under: [datwyler.com/investors/publications](http://datwyler.com/investors/publications)

## PER SHARE DATA

in CHF

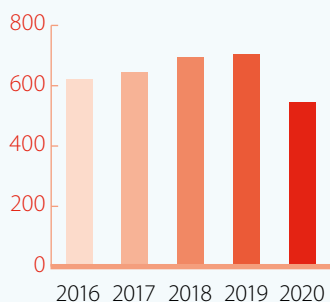
	Six months ended	
	30.06.2020 unaudited	30.06.2019 unaudited
Earnings per bearer share	-24.80	3.89
Market price (high / low) per bearer share	189 / 126	164 / 123



**38.2 mn**  
Capital expenditure in CHF

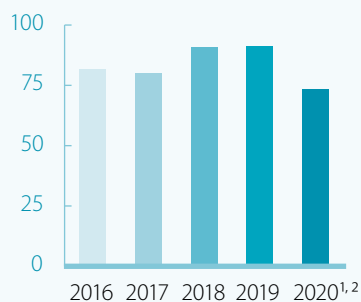
## NET REVENUE

in CHF million



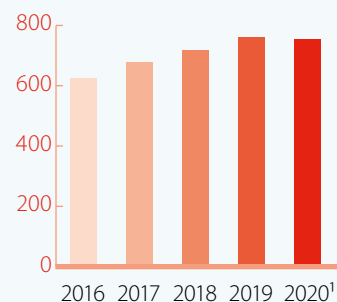
## OPERATING RESULT (EBIT)

in CHF million



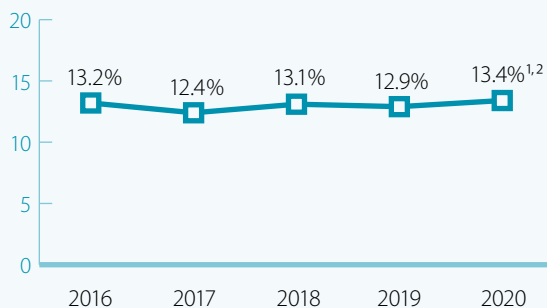
## CAPITAL EMPLOYED<sup>2</sup>

in CHF million



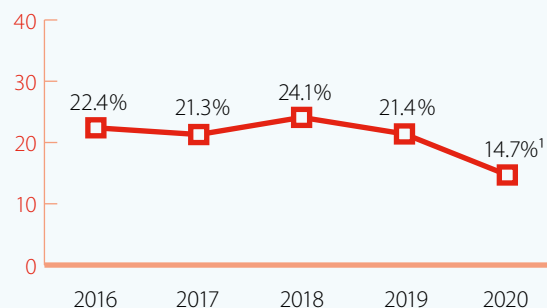
## EBIT MARGIN

in %

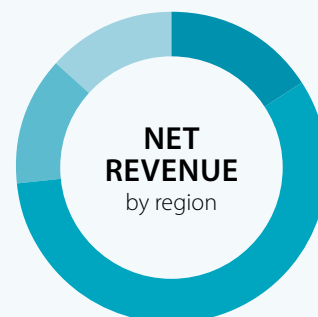


## ROCE (LTM)<sup>2, 3</sup>

in %



**6'700**  
Employees



● Switzerland ● Rest of Europe ● North and South America ● Asia ●

<sup>1</sup> Adjusted for the loss on the sale of subsidiaries and for the start-up costs for the new US healthcare plant.

<sup>2</sup> Dätwyler Group uses certain financial performance measures, including adjusted key figures, that are not defined by Swiss GAAP. The definition of these alternative performance measures and adjustments are published under: [datwyler.com/investors/publications](https://www.datwyler.com/investors/publications)

<sup>3</sup> ROCE is calculated by dividing the operating result (EBIT) of the last twelve months (= LTM) by the average capital employed of the same period.

# LETTER TO THE SHAREHOLDERS

Datwyler reports solid profitability in extraordinary times

- **Continuing operations with currency-adjusted revenue decline of 5.2% and EBIT margin of 13.2%.**
- **Massive slump affecting markets within the automotive and oil industry.**
- **Healthcare Solutions with strong order volumes and positive outlook.**
- **Over 70% of revenue in low cyclical markets that are growing steadily.**

Datwyler had to contend with some extremely challenging developments within the markets it serves in the first half of 2020 due to the Covid-19 pandemic. With measures being taken at an early stage, it was possible to protect employees' health and combat the spread of the Covid-19 virus. Despite the restrictions imposed by the authorities to contain the Covid-19 virus, Datwyler was able to guarantee supplies at all times and keep serving its customers. However, the company was not immune to the massive collapse in demand within the global automotive industry and the negative impact of a strong Swiss franc.

## **Focus to system-critical elastomer components implemented**

Notwithstanding the challenges associated with Covid-19, Datwyler switched its focus, as announced, to high-quality, system-critical elastomer components during the first half of the year. This meant selling the Distrelec and Nedis distribution companies in March and the civil engineering business in May. Taking into account the companies sold, net revenue for the first half of 2020 amounted to CHF 545.7 million. The sale of the subsidiaries resulted, as announced, in a non-cash loss of CHF 464.5 million in total. This led in turn to a reported operating result (EBIT) of CHF –399.4 million. Before taking into account the loss from the sale, this equates to an EBIT margin of 11.9%. The reported net result was CHF –421.7 million. Further reporting will be based on continuing operations for the two business areas Healthcare Solutions and Industrial Solutions as well as the online distributor Reichelt.

## **High demand for Healthcare, Food & Beverage and Reichelt**

At an operational level, Datwyler coped well despite the negative impact of the Covid-19 pandemic. The new organisational structure, with the two business areas Healthcare Solutions and Industrial Solutions and the two Group functions Technology & Innovation and Finance & Shared Services, has certainly proved its worth already during the Covid-19 pandemic. The increased focus on the respective markets helped Datwyler respond to changing market conditions and customer needs with speed and agility. Thanks to strong market positions and high demand Datwyler only suffered a 10.3% decline in net revenue, which amounted to CHF 488.6 million (previous year: CHF 544.7 million). Adjusted for the negative impact of a strong Swiss franc, this equates to a 5.2% organic decline. Despite the massive slump in the automotive and oil industry markets, Datwyler still managed to cope well.

## **Early action to maintain profitability**

With the automotive industry contracting, Datwyler had already introduced efficiency improvement programmes as early as 2019. During the first half of the year, these were reinforced in the Industrial Solutions business area by additional cost-saving measures. By taking action early, Datwyler managed to achieve EBIT of CHF 64.5 million (previous year: CHF 92.1 million) and maintain profitability with an EBIT margin of 13.2% (previous year: 16.9%). Adjusted for the start-up costs of CHF 8.1 million for the new Healthcare plant in the USA, the adjusted EBIT margin was 14.9%. This in turn meant a net result of CHF 43.5 million (previous year: CHF 70.7 million). Diversification across several market segments has proven its worth in tough times such as the Covid-19 pandemic. With the Healthcare Solutions and Food & Beverage areas and the online distributor Reichelt, we earn over 70% of our revenue in low cyclical markets that are growing steadily.

### **Healthcare Solutions enjoys strong order volumes**

The Covid-19 pandemic has left the Healthcare Solutions business area with additional costs, but demand is up too. Organic revenue growth of 5.7% was offset by negative currency effects. In Swiss francs, the strong performance of the same period last year was almost replicated, based on revenue of CHF 201.1 million (previous year: CHF 202.1 million). Although all Datwyler Healthcare plants have been classed as essential production facilities in their respective countries, the measures imposed by the authorities to contain the Covid-19 virus had reduced production capacity at the same time. Productivity has been steadily increasing since the end of April, however, and revenue growth is accelerating all the time. The product mix is also changing to good effect, with a significant increase in the percentage devoted to coated components with higher margins. The operating result (EBIT) amounted to CHF 35.5 million (previous year: CHF 42.4 million), which corresponds to an EBIT margin of 17.7% (previous year: 21.0%). Various additional costs to manage the impact of Covid-19, as well as higher depreciation and start-up costs for the new Healthcare plant in the USA, meant that margins were squeezed in the first half of the year. Adjusted for the start-up costs of CHF 8.1 million, the adjusted EBIT margin was 21.7%. Customer validation of the new US Healthcare plant has been accelerated by the additional need for production capacity for Covid-19 medicines and vaccines.

### **Industrial Solutions faced with sharp decline in automotive demand**

The Industrial Solutions business area was badly hit by the negative economic impact of the Covid-19 pandemic in the Mobility, Oil & Gas and General Industry business units. For example, many Mobility customers had pretty much closed their plants worldwide for several weeks. The number of facilities actively involved in oil extraction declined by over 60% in the USA due to the low price of oil during the first half of the year. Only the Food & Beverage business unit was able to buck the negative trend and accelerate growth compared with the previous year. Overall, the business area's revenue declined to CHF 212.0 million (previous year: CHF 280.5 million). This corresponds to an organic decline of 18.4%. Datwyler was quickly able to adjust certain cost structures to reflect the new situation, at the sites concerned, by introducing short-time working, making people take holidays and overtime, dismissing temporary staff and making savings in respect of other operating costs. The adjusted operating result (EBIT) amounted to CHF 21.2 million (previous year: CHF 41.3 million). This equates to an adjusted EBIT margin of 10.0% (previous year: 14.7%).

### **Online distributor Reichelt enjoying strong growth**

During the first half of the year, the online distributor Reichelt profited from the growing popularity of online shopping. There was particularly strong demand for electronic devices and accessories for use in a home office or home schooling setting. The strong growth in the business-to-consumer segment more than compensated for the decline in the business-to-business segment. Thanks to its attractive value for money proposition, Reichelt achieved organic growth of 10.8% in a contracting market and increased revenue to CHF 89.6 million (previous year: CHF 85.8 million). The low cost base helped to increase the operating result (EBIT) by 15.6% to CHF 7.4 million (previous year: CHF 6.4 million). The EBIT margin improved to 8.3% (previous year: 7.5%).

### **Outlook for Industrial Solutions: significant decline in revenue and profit**

Datwyler is expecting conditions in the markets it serves to be completely different in the second half of the year as well. The Mobility, Oil & Gas and General Industry business units will continue to have to contend with significant uncertainty for the foreseeable future. The company believes that demand will only recover slowly in these markets. It will probably take until 2022 before revenue is back up to the 2019 level. In view of this, Datwyler is forced to further adjust capacity and cost structures in line with lower demand. This will probably lead to one-off restructuring costs in the mid single-digit million range. By contrast, Datwyler is confident that revenue growth will remain high in the Food & Beverage business unit. In order to cope with order volumes for 2020 and the next few years, we are investing in additional production capacity.

### **Outlook for Healthcare Solutions: acceleration in profitable growth**

In the Healthcare Solutions business area, Datwyler is expecting the growth trend to continue in the second half of the year – given the high volume of incoming orders. Due to payments from foundations and public authorities, and given the market potential, some pharmaceutical companies are planning to produce medicines and vaccines to combat the Covid-19 virus before they actually have the relevant approval for these. This development has been prompting additional orders of Datwyler components from as long ago as May. In order to cope sufficiently quickly with the additional volume in 2021 and over the next few years, Datwyler will be investing to expand capacity further at the existing Healthcare plants. Thanks to a healthy balance sheet with an equity ratio of over 60% and high liquidity, Datwyler is able to take advantage of profitable growth opportunities at any time and thereby emerge from the Covid-19 crisis in a strong position.

### **Generally confident about the second half of the year – subject to any unforeseen impact of the pandemic**

We are generally confident about the second half of the year as we are also expecting demand to remain strong for the online distributor Reichelt – besides the high order volumes for the Healthcare Solutions and Food & Beverage areas. However, the ongoing uncertainty regarding the impact of the Covid-19 pandemic on our markets, particularly for the Mobility and Oil & Gas units, makes it difficult, to come up with a quantitative forecast for the year as a whole.

We feel we owe a special thank you to all our employees around the world this year. It makes us proud to see how they are navigating the major challenges presented by the Covid-19 pandemic, with great commitment, creativity, solidarity and optimism. It says a lot about Datwyler that we pull together during hard times – even more than usual – and are willing to use our initiative. These good interim results would not have been possible without the commitment of our employees.

We also thank our customers for their loyalty and understanding. Our top priorities in these extraordinary times are clear: to protect employees' health and ensure supplies are maintained.

We would also like to take this opportunity to thank you, our shareholders, for the solidarity you show towards our company.

Altdorf, 11. August 2020

On behalf of the Board of Directors



Dr. Paul Hälg, Chairman

On behalf of the Executive Management



Dirk Lambrecht, CEO

## Consolidated Income Statement

in CHF millions		Six months (unaudited) ended						
		Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
			30.06.2020	30.06.2020	30.06.2020	30.06.2019	30.06.2019	30.06.2019
<b>Net revenue</b>	1		488.6	57.1	545.7	544.7	161.6	706.3
Cost of goods sold			-370.3	-46.5	-416.8	-395.6	-129.3	-524.9
<b>Gross profit</b>			118.3	10.6	128.9	149.1	32.3	181.4
Research and development expenses			-11.1	-0.9	-12.0	-13.4	-1.4	-14.8
Marketing and selling expenses			-24.5	-6.5	-31.0	-26.1	-22.4	-48.5
General and administrative expenses			-29.6	-2.8	-32.4	-26.9	-10.0	-36.9
Other operating income			11.5	0.2	11.7	9.5	0.6	10.1
Other operating expenses			-0.1	-0.0	-0.1	-0.1	-0.0	-0.1
Loss on sale of subsidiaries	3		-	-464.5	-464.5	-	-	-
<b>Operating result</b>	1		64.5	-463.9	-399.4	92.1	-0.9	91.2
Net finance result	5		-6.6	-0.3	-6.9	-2.9	-0.3	-3.2
<b>Earnings before tax (EBT)</b>			57.9	-464.2	-406.3	89.2	-1.2	88.0
Income tax expenses			-14.4	-1.0	-15.4	-18.5	-3.3	-21.8
<b>Net result</b>			43.5	-465.2	-421.7	70.7	-4.5	66.2
<b>Net result per bearer share (in CHF) <sup>1</sup></b>			<b>2.56</b>	<b>-27.36</b>	<b>-24.80</b>	<b>4.16</b>	<b>-0.27</b>	<b>3.89</b>

<sup>1</sup> There were no dilutive effects in the first half-year of 2020 and 2019.

The accompanying notes on pages 10 to 14 are an integral part of these interim consolidated financial statements.

## Consolidated Balance Sheet

### Assets

in CHF millions	Note	30.06.2020 unaudited	31.12.2019	30.06.2019 unaudited
Cash and cash equivalents		168.7	191.9	180.3
Trade accounts receivable		157.7	163.1	210.3
Inventories		132.1	141.3	229.5
Other receivables		18.4	24.0	29.1
Prepayments made and accrued income		10.8	11.6	12.6
<b>Current assets</b>		<b>487.7</b>	<b>531.9</b>	<b>661.8</b>
Property, plant and equipment		514.1	543.5	577.5
Intangible assets		25.0	23.4	29.7
Deferred income tax assets		59.7	61.9	75.4
Miscellaneous financial assets		0.8	1.0	1.2
<b>Non-current assets</b>		<b>599.6</b>	<b>629.8</b>	<b>683.8</b>
<b>Total assets</b>	4	<b>1'087.3</b>	<b>1'161.7</b>	<b>1'345.6</b>

### Liabilities and equity

in CHF millions	Note	30.06.2020 unaudited	31.12.2019	30.06.2019 unaudited
Trade accounts payable		55.2	68.8	75.0
Short-term bank debt		20.7	45.7	60.1
Current interest-bearing liabilities due to Pema Holding AG		87.0	88.5	88.5
Current provisions		13.9	14.9	15.8
Other current liabilities		29.8	33.6	44.4
Accrued expenses and deferred income		37.5	51.5	39.2
<b>Current liabilities</b>		<b>244.1</b>	<b>303.0</b>	<b>323.0</b>
Long-term bank debt		0.2	0.4	6.1
0.625 % bond 2018–2024		150.1	150.1	150.1
Long-term provisions		15.3	17.0	7.8
Deferred income tax liabilities		9.6	11.0	13.2
Pension liabilities		3.5	3.8	4.2
Other long-term liabilities		0.1	1.3	1.7
<b>Long-term liabilities</b>		<b>178.8</b>	<b>183.6</b>	<b>183.1</b>
<b>Total liabilities</b>		<b>422.9</b>	<b>486.6</b>	<b>506.1</b>
Share capital		0.9	0.9	0.9
Treasury shares		–	–	–
Additional paid-in capital		205.1	205.1	205.1
Goodwill offset against equity		–355.4	–780.7	–780.7
Retained earnings		902.5	1'374.6	1'526.9
Cumulative translation adjustments		–88.7	–124.8	–112.7
<b>Equity</b>		<b>664.4</b>	<b>675.1</b>	<b>839.5</b>
<b>Total liabilities and equity</b>	4	<b>1'087.3</b>	<b>1'161.7</b>	<b>1'345.6</b>

The accompanying notes on pages 10 to 14 are an integral part of these interim consolidated financial statements.



## Condensed Consolidated Cash Flow Statement

in CHF millions	Note	Six months ended	
		30.06.2020 unaudited	30.06.2019 unaudited
<b>Net result</b>		-421.7	66.2
Non-cash items of income and expenses		524.9	58.5
<b>Operating cash flow before changes in working capital</b>		103.2	124.7
Changes in net working capital		-24.1	-36.4
<b>Net cash flow from operating activities</b>		79.1	88.3
Net purchases of property, plant and equipment		-37.7	-44.6
Earn-out payments		-0.0	-0.1
Disposal of subsidiaries (net of cash disposed of)	3	19.3	-
Net purchases of other non-current assets		-0.1	-4.2
<b>Net cash used in investing activities</b>		-18.5	-48.9
Net repayment of bank debt		-25.0	-4.2
(Net repayment of)/proceeds from loan payable to Pema Holding AG		-1.5	28.5
Net decrease in other long-term liabilities		-0.7	-0.9
Purchase of treasury shares		-1.6	-1.3
Dividend paid to shareholders		-51.0	-51.0
<b>Net cash used in financing activities</b>		-79.8	-28.9
<b>Net change in cash and cash equivalents</b>		-19.2	10.5
Cash and cash equivalents at 1 January		191.9	170.8
Effect of exchange rate changes on cash and cash equivalents		-4.0	-1.0
<b>Cash and cash equivalents at 30 June</b>		<b>168.7</b>	<b>180.3</b>

The accompanying notes on pages 10 to 14 are an integral part of these interim consolidated financial statements.

## Consolidated Statement of Changes in Equity

in CHF millions	Share capital <sup>1</sup>	Treasury shares <sup>2</sup>	Additional paid-in capital	Goodwill offset against equity	Retained earnings	Cumulative translation adjustments	Total equity
<b>At 1 January 2019</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–780.6</b>	<b>1'511.1</b>	<b>–109.1</b>	<b>827.4</b>
Net result	–	–	–	–	66.2	–	66.2
Dividends	–	–	–	–	–51.0	–	–51.0
Purchase of treasury shares	–	–1.3	–	–	–	–	–1.3
Share award plan (see note 6)	–	1.3	–	–	–	–	1.3
Long-term incentive plan (see note 6)	–	–	–	–	0.6	–	0.6
Offset of goodwill from acquisitions	–	–	–	–0.1	–	–	–0.1
Currency translation differences	–	–	–	–	–	–3.6	–3.6
<b>At 30 June 2019</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–780.7</b>	<b>1'526.9</b>	<b>–112.7</b>	<b>839.5</b>
Net result	–	–	–	–	–152.8	–	–152.8
Share award plan	–	–	–	–	0.5	–	0.5
Currency translation differences	–	–	–	–	–	–12.1	–12.1
<b>At 1 January 2020</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–780.7</b>	<b>1'374.6</b>	<b>–124.8</b>	<b>675.1</b>
Net result	–	–	–	–	–421.7	–	–421.7
Dividends	–	–	–	–	–51.0	–	–51.0
Purchase of treasury shares	–	–1.6	–	–	–	–	–1.6
Share award plan (see note 6)	–	1.6	–	–	–	–	1.6
Long-term incentive plan (see note 6)	–	–	–	–	0.6	–	0.6
Offset of goodwill from acquisitions	–	–	–	–0.0	–	–	–0.0
Goodwill charged to income on sale of subsidiaries (see note 3)	–	–	–	425.3	–	–	425.3
Cumulative translation adjustments charged to income on sale of foreign subsidiaries (see note 3)	–	–	–	–	–	55.3	55.3
Other currency translation differences	–	–	–	–	–	–19.2	–19.2
<b>At 30 June 2020</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–355.4</b>	<b>902.5</b>	<b>–88.7</b>	<b>664.4</b>

<sup>1</sup> At 30 June 2020, the holding company's share capital was CHF 850'000 (30 June 2019 CHF 850'000).

<sup>2</sup> At 30 June 2020, the par value of treasury shares amounted to CHF 0 (30 June 2019 CHF 0).

The accompanying notes on pages 10 to 14 are an integral part of these interim consolidated financial statements.

# Notes to the Consolidated Financial Statements

## I / SEGMENT INFORMATION

in CHF millions	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Total Group
<b>Six months ended 30 June 2020:</b>					
Revenue from external customers	201.1	208.7	135.9	–	545.7
Inter-segment revenue	–	3.3	0.0	–3.3	–
<b>Total net revenue</b>	201.1	212.0	135.9	–3.3	545.7
<b>Operating result</b>	35.5	13.2	–448.1	–	–399.4
Operating result as % of net revenue	17.7%	6.2%	–329.7%	–	–73.2%

in CHF millions	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Total Group
<b>Six months ended 30 June 2019:</b>					
Revenue from external customers	202.1	277.2	227.0	–	706.3
Inter-segment revenue	–	3.3	0.0	–3.3	–
<b>Total net revenue</b>	202.1	280.5	227.0	–3.3	706.3
<b>Operating result</b>	42.4	41.3	7.5	–	91.2
Operating result as % of net revenue	21.0%	14.7%	3.3%	–	12.9%

The Datwyler Group is a focused industrial supplier organised into two business areas with leading positions in global and regional market segments. In addition, Datwyler Group owns in the Technical Components division the electronic distributor Reichelt in Germany.

The result of the Group management functions is allocated to the two business areas Healthcare Solutions and Industrial Solutions using a revenue-based key. The business areas and Reichelt are managed independently and their business performance is measured separately.

The Business Area Healthcare Solutions offers system-critical components for containers and delivery systems for injectable drugs and diagnostics in the pharmaceutical and medical markets. The significant manufacturing and distribution companies are located in Belgium, Germany, Italy, the USA and India.

The Business Area Industrial Solutions manufactures customised system-critical components for applications in the Mobility, Food & Beverage, Oil & Gas and General Industry markets. The significant manufacturing and distribution companies are located in Switzerland, Germany, Italy, the Czech Republic, Ukraine, China, South Korea, the USA, Brazil and Mexico.

Until the sale of all Distrelec and Nedis subsidiaries in March 2020, see note 3, the Technical Components division was a high-service distributor of maintenance, automation, electronic and ICT components and accessories with about 30 distribution and service companies across Europe. Currently, the division consists of the electronic distributor Reichelt located in Germany.

## **2 / BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated financial statements (hereinafter referred to as the “interim consolidated financial statements”) comprise the unaudited interim financial statements for the six months ended 30 June 2020 (hereinafter referred to as “first half of 2020”). The consolidated financial statements are prepared in accordance with Swiss GAAP. The consolidated interim financial statements have been prepared in accordance with the rules of Swiss GAAP standard 31 relating to interim financial reporting. The interim consolidated financial statements do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 7 August 2020.

The interim consolidated financial statements include all companies which belonged to the Group during the reporting period and over which Dätwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. In the Datwyler Group, this is achieved when more than 50 % of a Group company’s share capital or voting rights is unconditionally owned directly or indirectly by Dätwyler Holding Inc. domiciled in Altdorf (Switzerland).

Discontinued operations as presented in the consolidated income statement include all Distrelec and Nedis subsidiaries including TeCo CDC B.V. as well as the two TeCo Asia sourcing companies in China and Hongkong, for which an agreement for their sale was signed on 23 December 2019. In addition, discontinued operations also include the subsidiary Dätwyler Sealing Technologies Deutschland GmbH, which was sold at the beginning of May 2020. See also note 3 explaining both transactions.

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The operations of the Datwyler Group are not subject to significant seasonal variations. Certain business units are affected by the corona crisis, but with the available liquidity such impacts are not existential.

## **3 / DISCONTINUED OPERATIONS**

In the Technical Components division Datwyler Group signed an agreement on 23 December 2019 for the sale of all Distrelec and Nedis subsidiaries including TeCo CDC B.V. in the Netherlands as well as the two TeCo Asia sourcing companies in China and Hong Kong. Accordingly, these entities are presented as discontinued operations in the income statement. The closing of the transaction in the first half of March 2020.

The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the result generated from the transaction.

<u>in CHF millions</u>	<b>Carrying amount on sale</b>
Cash and cash equivalents	6.6
Trade accounts receivable	9.7
Inventories	13.6
Other current assets	0.1
Property, plant and equipment	4.8
Other non-current assets	1.3
Current liabilities	-33.3
Long-term liabilities	-8.7
<b>Net assets disposed of</b>	<b>-5.9</b>
Cumulative translation adjustments charged to income on sale of foreign subsidiaries	55.1
Goodwill charged to income on sale of subsidiaries	415.3
Subtotal	464.5
Loss on sale of subsidiaries	-456.5
Selling price received, net of transaction costs	8.0
Less cash and cash equivalents disposed of	-6.6
<b>Net cash inflow on disposal</b>	<b>1.4</b>

In the Industrial Solutions segment the subsidiary Dätwyler Sealing Technologies Deutschland GmbH including its operational real estate was sold at the beginning of May 2020 and is therefore presented as discontinued operations in the income statement. The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the result generated from the transaction.

in CHF millions	Carrying amount on sale
Cash and cash equivalents	0.6
Trade accounts receivable	3.9
Inventories	4.0
Other current assets	0.4
Property, plant and equipment	10.9
Other non-current assets	1.7
Current liabilities	-5.0
Long-term liabilities	-0.2
<b>Net assets disposed of</b>	<b>16.3</b>
Cumulative translation adjustments charged to income on sale of foreign subsidiaries	0.2
Goodwill charged to income on sale of subsidiaries	10.0
Subtotal	26.5
Loss on sale of subsidiary	-8.0
Selling price, net of transaction costs	18.5
Less cash and cash equivalents disposed of	-0.6
<b>Net cash inflow on disposal</b>	<b>17.9</b>

#### 4 / BALANCE SHEET

Total assets decreased by CHF 74.4 million or 6.4% compared to year-end 2019, resulting from the sale of subsidiaries, see note 3. Cash and cash equivalents of the Group amounted to CHF 168.7 million at the end of June 2020. The decrease of CHF 23.2 million compared to year-end 2019 resulted mainly from the repayment of bank debt. Consolidated equity decreased by CHF 10.7 million to CHF 664.4 million, representing an equity ratio of 61.1%.

#### 5 / INCOME STATEMENT

Compared with the first half of 2019, personnel expenses decreased by CHF 31.2 million to CHF 157.7 million. Compared to 30 June 2019, the number of employees including temporary staff was reduced by 1'481 to 6'700 at 30 June 2020, including an decrease of 1'015 employees from the subsidiaries sold.

Net finance expenses of CHF 6.9 million (first half of 2019 CHF 3.2 million) include net foreign exchange losses of CHF 2.7 million (first half of 2019 losses of CHF 3.0 million) and also net losses on derivative financial instruments of CHF 3.1 million (first half of 2019 gains of CHF 1.0 million). Net interest expense amounted to CHF 0.7 million in the first half of 2020 (first half of 2019 CHF 0.7 million).

## 6 / SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN

Since 2007, Directors and senior executives have received a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc.

The share award plan was introduced in 2007 and from 2019 only directors in this plan. The awarding of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on current market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date. In June 2020, Directors were awarded a total of 8'924 (June 2019 9'595) bearer shares of Dätwyler Holding Inc., which were purchased for this purpose from the related party Pema Holding AG at market prices. Personnel expenses relating to the share award plan amounted to CHF 1.6 million (first half of 2019 CHF 1.3 million), without impact on additional paid-in capital (first half of 2019 no impact on additional paid-in capital).

Since 2018, a long-term incentive plan exists for senior executives, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfilment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies. Personnel expenses for the long-term incentive plan attributable to the first half of 2020 amounted to CHF 0.6 million (first half of 2019 CHF 0.6 million). Shares will be awarded for the first time in 2021 under this plan.

## 7 / EVENTS AFTER BALANCE SHEET DATE

The Board of Directors and the Executive Management are not aware of any significant events occurring up to the date of approval of the interim consolidated financial statements on 7 August 2020 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

## 8 / CURRENCY TRANSLATION RATES

	<b>Six months ended 30 June 2020</b>		Six months ended 30 June 2019	
	Closing rate at 30.06.	Average rate first half-year	Closing rate at 30.06.	Average rate first half-year
100 CNY	13.40	13.72	14.22	14.74
1 EUR	1.07	1.06	1.11	1.13
1 USD	0.95	0.97	0.98	1.00

## **Datwyler – leading provider of high-quality, system-critical elastomer components**

Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, oil & gas and food & beverage. With its recognised core competencies and technological leadership, the company delivers added value to customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth. With a global presence with more than 20 operating companies, sales in over 100 countries and more than 6'500 employees Datwyler, headquartered in Switzerland, generates annual sales of more than CHF 1'000 million (including online distributor Reichelt). The Group has been listed on the SIX Swiss Exchange since 1986 (security no. 3048677).

[www.datwyler.com](http://www.datwyler.com)

### **Important dates**

Annual Press Conference and Analyst Conference	9 February 2021
Annual General Meeting	9 March 2021
Interim Report	11 August 2021



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**Disclaimer**

This Interim Report contains forward-looking statements that reflect the Datwyler 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 published in this report. All forward-looking statements contained in this report are qualified in their entirety by the foregoing.

This Datwyler Group Interim Report is available in English and German as a downloadable PDF on [www.datwyler.com](http://www.datwyler.com) > Investors > Publications > Interim Report. The German version is binding.

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