

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 transforming several Group functions, refer to media release under <https://datwyler.com/media/news/datwyler-focuses-activities-profitable-growth-markets>. Prior to this reorganization, the Datwyler Group reported in the interim report 2020 certain performance measures on an adjusted basis. Due to the reorganization, the adjustments in the prior year, now meaningless, were abandoned, which results in an inconsistent presentation of certain Alternative Performance Measures (APM) as compared to the prior year, see also https://datwyler.com/files/pages/data/downloads/interim-report-2020-aptm/a561adff60-1612164401/datwyler.com_interim-report_apm_2020.en.pdf.

The interim report 2021 refers only to one non-recurring item, the loss on sale of subsidiaries of CHF 464.5 million in the first half of 2020. Wherever applicable, the corresponding performance measures of the prior year have been restated.

Operating result (EBIT)

In the prior year of this interim report, operating result (EBIT) is adjusted for the loss on the sale of subsidiaries in the amount of CHF 8.0 million in the Business Area Industrial Solutions and CHF 456.5 million in division Technical Components.

	Six months ended 30 June 2021					
<i>in CHF millions</i>	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Datwyler Group	Continuing Operations
Net revenue	238.7	249.3	105.0	-3.0	590.0	590.0
EBIT	56.9	31.9	10.1	-	98.9	98.9
<i>EBIT-margin</i>	23.8%	12.8%	9.6%		16.8%	16.8%
	Six months ended 30 June 2020					
<i>in CHF millions</i>	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Datwyler Group	Continuing Operations
Net revenue	201.1	212.0	135.9	-3.3	545.7	488.6
EBIT as reported	35.5	13.2	-448.1	-	-399.4	64.5
<i>EBIT-margin</i>	17.7%	6.2%	-329.7%		-73.2%	13.2%
Loss on sale of Distrelec and Nedis	-	-	456.5	-	456.5	-
Loss on sale of Civil Engineering	-	8.0	-	-	8.0	-
EBIT before loss on sale of subsidiaries	35.5	21.2	8.4	-	65.1	64.5
<i>EBIT-margin before loss on sale of subsidiaries</i>	17.7%	10.0%	6.2%		11.9%	13.2%

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

In the prior year of this interim report, earnings before interest, taxes, depreciation and amortisation (EBITDA) is reported excluding the loss on the sale of subsidiaries in the amount of CHF 464.5 million.

<i>in CHF millions</i>	Six months ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Datwyler Group	Datwyler Group	Continuing operations	Continuing operations
Net revenue	590.0	545.7	590.0	488.6
EBIT as reported	98.9	-399.4	98.9	64.5
<i>EBIT-margin</i>	16.8%	-73.2%	16.8%	13.2%
Loss on sale of subsidiaries	-	464.5	-	-
Depreciation and amortization	32.5	32.1	32.5	30.1
EBITDA before loss on sale of subsidiaries	131.4	97.2	131.4	94.6
<i>EBITDA-margin</i>	22.3%	17.8%	22.3%	19.4%

Return on capital employed (ROCE)

The Datwyler Group reports the return on capital employed (ROCE) in the Highlights section of the Datwyler interim report on pages 1 and 2. ROCE is calculated by dividing the operating result (EBIT) of the last twelve months (= LTM) by the average capital employed of the same period. 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 30 June, 31 December of the prior year and 30 June of the prior year divided by 3.

The ROCE presented on pages 1 and 2 include the aforementioned adjustments for the loss on sale of subsidiaries of CHF 464.5 million.

The ROCE as presented in the Highlight section on page 1 for continuing operations and the Datwyler Group is calculated as follows:

<i>in CHF millions</i>	Six months ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Datwyler Group	Datwyler Group	Continuing operations	Continuing operations
EBIT adjusted (LTM)	182.4	n.a.	182.4	105.9
Average capital employed adjusted	723.3	n.a.	723.3	631.7
ROCE adjusted (LTM)	25.2%	n.a.	25.2%	16.8%

As explained above, the only adjustments relate to the loss on sale of subsidiaries regarding the EBIT in the first half of 2020.

Similarly, the ROCE for the Datwyler Group as presented in the shareholder information section on page 2 is calculated as follows:

	Six months ended 30 June				
	2021	2020	2019	2018	2017
<i>in CHF millions</i>	Datwyler Group				
EBIT adjusted (LTM)	182.4	102.6	163.2	173.2	144.5
Average capital employed adjusted	723.3	753.8	762.0	718.6	677.1
ROCE adjusted	25.2%	13.6%	21.4%	24.1%	21.3%

In the above table, the loss on sale of subsidiaries of CHF 464.5 million has been excluded.

Average capital employed (CE)

Average means the balance sheet amounts per 30 June of the current year, 31 December of the prior year and 30 June of the prior year divided by 3. The following table illustrates the calculation.

	30 June	31 Dec	30 June	31 Dec	30 June
	2021	2020	2020	2019	2019
<i>in CHF millions</i>	Datwyler Group				
Trade accounts receivable	203.0	167.8	157.7	188.1	210.3
Inventories	157.3	123.5	132.1	230.1	229.5
Fixed assets excluding assets under construction	463.0	448.0	429.7	413.2	383.6
Intangible assets	27.3	25.3	25.0	31.4	29.7
Trade accounts payable	-74.8	-59.8	-55.2	-68.8	-75.0
Capital employed adjusted	775.8	704.8	689.3	794.0	778.1
Average capital employed adjusted	723.3		753.8		

The term “adjusted” only relates to the capital employed at 31 December 2019 which is before impairment charges of CHF 169.0 million.

Capital expenditures

Capital expenditures in fixed and intangible assets are reported on page 1 of the interim report. Capital expenditures relate to additions according to the accounting records as presented in the fixed and intangible assets tables (not presented in the interim report). The net purchases of property, plant and equipment as reported in the cash flow statement on page 8 equals capital expenditures based on cash payments (less cash received on disposal of fixed and intangible assets).

	Six months ended	
	30 June 2021	30 June 2020
<i>in CHF millions</i>	Datwyler Group	
Capital expenditure in fixed assets	50.8	32.4
Capital expenditure in intangible assets	4.0	5.8
Total capital expenditures	54.8	38.2

Free cash flow and change in cash and cash equivalents

Free cash flow as reported on page 1 of the interim report equals cash flow from operating activities minus cash flow from investing activities as presented in the cash flow statement on page 8. 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.

	Six months ended	
	<u>30 June 2021</u>	<u>30 June 2020</u>
<i>in CHF millions</i>	Datwyler Group	
Cash flow from operating activities	78.6	79.1
Net cash used in investing activities	-53.3	-18.5
Free cash flow	25.3	60.6
Net cash used in financing activities	-60.6	-79.8
Net change in cash and cash equivalents	-35.3	-19.2