

MANAGEMENT REPORT

2024



Transformation program as accelerator for profitable growth

Datwyler generated revenue of CHF 1'107.7 million and increased its adjusted EBIT margin to 10.7% in 2024, despite weak markets and tangibly negative currency effects. Solid free cash flow allows an unchanged cash dividend of CHF 3.20 per bearer share to be proposed to the Annual General Meeting. The «ForwardNow» transformation program will accelerate the planned growth in revenue and profitability. The one-off costs associated with this program had a negative impact of CHF 37.9 million on the result in the reporting year, with the reported EBIT amounting to CHF 80.2 million. Over the medium-term and in a normal operating environment, the company expects annual organic revenue growth in the higher single-digit percentage range and an EBIT margin of 17% plus. In light of market forecasts, Datwyler is cautiously optimistic and expects to see a continuous increase in revenue and profitability.



1'107.7 million
Net revenue



10.7 %
EBIT margin

adjusted



118.1 million
Operating result (EBIT)

adjusted



848.8 million
Average capital
employed



13.9 %
ROCE



45.9 million
Capital expenditures



7'951

Full-time equivalents

1 Management Report

1.1 Letter to the shareholders

Datwyler continued to invest in its growth capability and achieved a solid result in a challenging market environment in the 2024 reporting year. The acquisition of many new customer projects shows that long-term growth trends are intact in the markets that the company serves, despite the current weakness in demand. By launching the «ForwardNow» transformation program, Datwyler will accelerate the planned increase in revenue and profitability.

Solid revenue development despite declining markets

1'107.7 CHF

million

Revenue

In the year under review, Datwyler generated revenue of CHF 1'107.7 million (previous year: CHF 1'151.5 million). In a weak environment in four out of five relevant markets, this corresponds to a currency-adjusted decline of 1.4%. Around half of this is attributable to the loss of revenue of high-margin components for COVID-19 vaccines. Negative currency effects, primarily due to the strong Swiss franc, amounted to CHF 27.4 million or 2.4%.

In the key healthcare market in particular, demand remained weak due to customers' reduction of safety stocks. The automotive market contracted slightly and volume growth in battery electric vehicles was slower than originally expected. In the election year, the US energy market was dominated by high levels of uncertainty and caution.

Adjusted EBIT margin above prior year

10.7 %

EBIT margin

adjusted

As announced in December 2024, Datwyler recognized one-off costs of CHF 37.9 million for the «ForwardNow» transformation program at the level of the operating result (EBIT) in the reporting year. The reported EBIT was thus CHF 80.2 million, while the EBIT margin came to 7.2%. Taking into account these one-off effects, the adjusted EBIT margin increased to 10.7% (previous year: 10.5%) despite declining revenues. In absolute terms, the adjusted EBIT of CHF 118.1 million was broadly in line with the previous year's figure (CHF 120.4 million). Lower financial and tax expenses led to a reported net result of CHF 31.1 million. Taking the one-off effects into account, the adjusted net result amounted to CHF 69.0 million, which is slightly higher than the previous year's figure (CHF 66.8 million).

This corresponds to CHF 4.06 (previous year: CHF 3.93) per share. The strong Swiss franc also had a negative impact on the profit figures. The «ForwardNow» transformation program will already lead to cumulative earning improvements of around CHF 52 million during the three-year program period from 2025 to 2027. After the successful implementation of all measures, Datwyler anticipates sustainable earnings improvements of around CHF 24 million per year.



Proposal of a cash **dividend**
of **CHF 3.20** per bearer share

Strong free cash flow enables stable dividend proposal

Cash from operating activities fell to CHF 171.7 million in the reporting year (previous year: CHF 194.9 million). The previous year was influenced by an extensive reduction in safety stocks related to the pandemic at the Datwyler sites. Systematic action made it possible to reduce trade receivables in the year under review. Due to investments made in previous years, particularly in infrastructure, investment activity was again well below the long-term average. Although the free cash flow of CHF 127.9 million was down on the previous year's high figure (CHF 136.7 million), this is nevertheless a strong result in view of the difficult environment, and one that enables us to further strengthen the balance sheet. The Board of Directors plans to propose a cash dividend of CHF 3.20 per bearer share and CHF 0.64 per registered share to the Annual General Meeting.

Transformation program to accelerate profitable growth

To accelerate the planned growth in revenue and profitability, the Board of Directors and the Executive Committee have launched a comprehensive transformation program called «ForwardNow», as was announced in December 2024. This program will enable the company to exploit key synergies, become even more competitive and position itself better for the future. The potential improvements will be addressed over a period of three years (2025 to 2027) via four action areas:

- ➔ Optimization of the international production network
By optimizing our production footprint and better aligning our production technologies toward customer needs in the individual regions and markets, Datwyler will be able to serve its customers around the world even more quickly and efficiently.
- ➔ Strengthening of commercial excellence
The sales organization will focus specifically on market segments and customer groups in which Datwyler can achieve profitable growth and position the company even more strongly as a preferred development partner.
- ➔ Streamlining of the product portfolio
The strategic focus on high-quality products with a solid margin profile and the gradual elimination of products outside the core business will enable the company to reduce internal complexity and deploy its resources more effectively, among other things for innovative new products.
- ➔ A future-proof target operating model
Datwyler will exploit key synergies by gradually adapting its organizational structure and introducing globally aligned processes and company-wide standards. In doing so, it will lay a solid foundation for future growth.



The action areas will be broken down into individual initiatives, advanced within the company and brought together by a dedicated transformation team. In parallel with the transformation program, Datwyler is continuing to invest systematically in innovation and growth projects and is pushing ahead with key activities in the areas of healthcare and the transformation to e-mobility as matters of high priority. The innovation projects are progressing according to plan.

The company has put an industrial-scale pilot production line for electroactive polymers (EAPs) into operation. Initial EAP products are currently being evaluated by several customers for various applications. SoftPulse® soft dry electrodes for measuring and monitoring biosignals are in commercial use in a wide range of applications. Development projects with global innovation leaders in the area of smart, wearable devices confirm the high performance of Datwyler's dry electrodes.

|< >| [Learn more about EAP](#)

Medium-term margin target of 17% plus in a normal operating environment

Datwyler has launched the «ForwardNow» transformation program proactively and from a position of strength. The company enjoys leading positions in attractive markets with long-term growth potential and high barriers to entry. With its clear focus on system-critical components, Datwyler makes a key contribution to the functionality and quality of end products while accounting for a very low proportion of the overall costs of customers' systems.

Thanks to our leading competencies in materials, engineering and technology, we generate added value for the demanding applications of our customers, all of whom are innovation leaders with a global presence in their respective industries. With its transformation program, Datwyler is making a targeted investment in its growth capability and ensuring that the company is ideally prepared for the recovery in the markets. Based on the forecasted development of the relevant markets and the sustainable improvements resulting from the transformation program, we expect annual organic revenue growth in the higher single-digit percentage range and an EBIT margin of 17% plus in the medium-term in a normal operating environment.

Further progress with sustainability

Datwyler also made further progress in terms of sustainability in the reporting year. By taking targeted measures, we were able to increase the share of electricity from renewable sources from 38.3% in 2023 to 64.1%. As a result, the Scope 1 and 2 CO₂ emissions of our sites decreased by 32%. Water withdrawal also declined at our sites, falling by 7.9% compared to previous year. By joining the Science Based Targets Initiative (SBTi), Datwyler has committed to working toward specific greenhouse gas reduction targets. We already carried out a double materiality assessment in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and integrated sustainability criteria even more firmly into our existing risk management system in the year under review.

By doing so, we paved the way for our next Sustainability Report for the 2025 financial year to meet the requirements of the CSRD. The current Sustainability Report complies with the GRI Standards and the TCFD recommendations as external reporting frameworks as well as Articles 964a-c of the Swiss Code of Obligations. In recognition of our sustainability performance, the internationally renowned rating agency EcoVadis awarded us the Platinum medal, its highest standard, for the first time in 2024. This places Datwyler in the top 1% of more than 150'000 rated companies from over 185 countries.



[!\[\]\(35e4f762fc1cfea5610d92e2d225d5b4_img.jpg\) Read the media release on the award of the EcoVadis Platinum Standard](#)

[!\[\]\(d84e7ea36f695d92cb39ec32c307ac93_img.jpg\) Read the media release on joining the Science Based Target initiative](#)

Executive Committee and Board of Directors strengthened

Since 1 February 2025, the Executive Committee has been strengthened by Michael Höller, who has taken over as Head of the Industrial Solutions business area. Previously, this area had been managed directly by CEO Volker Cwielong under a dual mandate. Michael Höller brings with him more than 30 years of experience in global leadership positions in production and quality management and holds a degree in industrial engineering.

As already communicated, Britt Hendriksen will be proposed for election as a new Director and representative of the public shareholders at the Annual General Meeting on 18 March 2025. She has extensive experience in the global healthcare industry, most recently as Group CFO of Unilabs. Previously, she held various global management positions at Novartis for more than 20 years. In response to the Board of Directors' request, Chairman Paul Hälg has accepted to oversee and support the transformation program until the 2027 Annual General Meeting before stepping down from his role for age-related reasons.

Outlook for 2025: market environment expected to improve

Datwyler expects a gradual improvement in the market environment in 2025. The Healthcare Solutions business area is seeing a gradual increase in incoming orders, and is confident that the low point has been passed in terms of customer destocking. In addition, Datwyler will commence serial production of high-quality, FirstLine® standard plungers for drugs for weight reduction (GLP-1) during the first quarter of 2025.



Most forecasts for the global automotive market indicate that there will be slight growth. However, growth in the area of hybrid and battery electric vehicles will be well above the market average, especially in the key market of China. The Mobility business unit has significantly increased the proportion of newly acquired customer projects for electrified applications particularly in the important Chinese market. In the Connectors business unit, the proportion of attractive high-voltage applications in new projects has increased strongly.

Given the new US government's latest position, we expect to see rising demand from the energy industry, which is important for our General Industry business unit. Stable growth is predicted for the global capsule coffee market. Thanks to our close collaboration with the two leading suppliers of coffee capsules, our Food & Beverage business unit should continue to develop well. In light of market forecasts, we are cautiously optimistic and expect to see a continuous increase in revenue and profitability for the company as a whole.

Issues such as general economic trends in key countries, geopolitical tensions and events and increasingly protectionist policies of the new US government are uncertainty factors that could influence the presumed market developments. With its own production sites in the three most important economic regions of Asia, Europe and Americas, Datwyler is also well positioned for this scenario. We are capable of serving our customers predominantly local for local from plants in the corresponding regions.

Thank you to our employees, customers and shareholders

Our employees deserve a big thank you for their exceptional work in a very challenging environment. It is their expertise and commitment that determine Datwyler's performance and potential and it is they who will successfully implement the «ForwardNow» transformation program.

We would also like to thank our customers for the trust they place in us with every new order, and our shareholders for their loyalty toward our business.

On behalf of the Board of Directors and the Executive Committee



signed: Dr. Paul Hälg

Chairman



signed: Volker Cwielong

CEO

1.2 Business Area Healthcare Solutions

Datwyler is a leading supplier of system-critical elastomer components for injectable drug delivery systems. These components are used in billions of prefilled syringes, glass vials and cartridges worldwide, improving patients' lives. With a worldwide network of highly automated production facilities, Datwyler is able to supply locally manufactured components to global pharmaceutical companies in the key economic regions. The market for healthcare components is low cyclical and is characterized by high entry barriers and long-term growth trends such as the aging society in industrialized countries or the increase in living standards in emerging markets.



Products and services

- **High-quality rubber components**
for prefilled syringes, pens and injection systems
- **Components and closures**
for injectable drugs in vials
- **Rubber components**
for blood collection systems, IV administration sets, disposable syringes, etc.
- **Rubber components**
for diagnostics and medical devices

Target groups

- Pharmaceutical and biotech companies
- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic and medical products

- Manufacturers of parenteral drug delivery systems
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Geographical markets

- Europe
 - North and South America
 - Asia
 - Australia
-

Healthcare Solutions well prepared for expected market recovery

446.0 CHF million
Revenue

In the Healthcare Solutions business area, the 2024 financial year was still heavily impacted by customers' reduction in safety stocks of elastomer components for drug delivery systems. This led to revenue of CHF 446.0 million (previous year: CHF 469.0 million). Despite constituting a currency-adjusted decline of 2.5% compared to previous year, this is the fourth-highest result in Datwyler's history.

The previous year still included CHF 7.5 million in revenue of high-margin components for COVID-19 vaccines. During the reporting year, Datwyler was able to further intensify cooperation with new and existing healthcare customers and increase the revenue share of high-value projects in the development pipeline. This is particularly important in relation to the future development of the revenue shares.

Market weakness utilized to increase efficiency

Due to the lower demand and the negative currency effects, the adjusted operating result (EBIT) declined to CHF 61.8 million (previous year: CHF 74.4 million). The adjusted EBIT margin came to 13.9% (previous year: 15.9%). After allocating one-off costs for the announced transformation program, reported EBIT amounted to CHF 47.0 million. Datwyler took advantage of the market weakness in the year under review to further optimize processes at the production sites and reduce the complexity of workflows. At the same time, capacities and skills were specifically maintained in order to be well prepared for the expected market recovery.

13.9%

EBIT margin

adjusted



Cooperation with leading pharmaceutical companies intensified

In recent years, Datwyler has systematically invested in the expansion of its global production presence and of its product portfolio, as well as in market development and technical and scientific customer support. As a result, the Healthcare Solutions business area has substantially improved its market position and significantly intensified its cooperation with leading companies from the pharmaceutical sector.

Today, Datwyler is involved in its customers' development process for complex projects at an earlier stage and more frequently. Furthermore, when collaborating with system manufacturers of vials, syringes, pens and auto-injectors, it is our pure component strategy that differentiates us from our competitors and makes us a preferred partner for many providers.

High customer demand for NeoFlex™ products

Customer interest in coated NeoFlex™ plungers for the fast-growing market segment of prefilled syringes and cartridges has increased noticeably. Thanks to the unique spray coating method used by Datwyler, NeoFlex™ combines maximum chemical stability for highly sensitive large-molecule drugs with leading functionality and ideal machineability for pharmaceutical companies' filling systems. In the year under review, the NeoFlex™ product family was therefore expanded to include plungers for large-volume biopharmaceuticals in automatic and wearable injectors with 10 ml prefilled syringes and cartridges.

Especially for large-volume components, the advantages of spray coating generate high customer value. In total, the project pipeline for NeoFlex™ products grew strongly, which will have a corresponding impact on subsequent serial revenues. Successes like this form the basis for Datwyler's future profitable growth and expected gains in market share.

 [Reade the media release on the expansion of our NeoFlex™ product familiy](#)



Serial production for GLP-1 applications in the first quarter of 2025

The cooperation with leading providers of drugs for weight reduction (GLP-1) was further advanced and intensified in the reporting year. With its comprehensive range of components and services, Datwyler is also an expert partner for GLP-1 providers.



The GLP-1 projects are in various phases and include both market entry as a second source for existing GLP-1 drugs and the role of development partner for future GLP-1 drugs.

During the first quarter of 2025, Datwyler will commence serial production of high-quality plungers from the FirstLine® standard for GLP-1 applications.

Return to long-term growth trend

The Healthcare Solutions business area is seeing a gradual recovery in incoming orders and is confident that the low point has been passed in terms of customer destocking. Industry experts predict that the continuously growing market share of biopharmaceuticals, increasing regulatory standards (such as GMP Annex 1 in the EU) and the growth in sales of drugs with a wide range of uses and broad acceptance such as GLP-1 will accelerate growth in high-quality drug delivery systems and the components required for them. Datwyler is in an excellent position to benefit from this trend overproportionally.

1.3 Business Area Industrial Solutions

Datwyler is a leading supplier of system-critical elastomer components to the attractive global Mobility, Connectivity, General Industry and Food & Beverage markets. For instance, customer-specific components make an important contribution to driver and passenger safety in more than every second car worldwide. Leading core competencies in solution design, material expertise and operational excellence as well as a worldwide presence with its own production sites form the successful basis for this. As a recognized development partner, Datwyler maintains close, long-standing relationships with global innovation leaders and has in-depth knowledge of business models, technologies and development trends in the markets it serves.



Development partner for **innovation leaders**

Products and services

- **System-critical components**
for cars with all drive concepts. Applications include batteries and powertrains in electric vehicles, brake systems, interior and active assistance and safety systems in all cars as well as fuel and engine management and exhaust gas aftertreatment in combustion engines
 - **Seals and components**
for electrical connectors for demanding applications in various markets such as mobility, aerospace or the manufacturing industry
 - **Sealing components**
for upstream systems in the oil and gas industry, aerospace, heavy machinery, power tools and process and water treatment industries
 - **Sealing solutions**
for portioned food and beverages
-

Target groups

- Automotive system suppliers
 - Electrical connector manufacturers
 - Oil and gas service companies
 - Aerospace and heavy machinery
 - Manufacturers of power tools
 - Process and water treatment industries
 - Manufacturers of portioned food products
-

Geographical markets

- Europe
 - North and South America
 - Asia
-

Industrial Solutions with
significant margin improvement

Despite a largely weak market environment, the Industrial Solutions business area was able to generate revenue of CHF 664.8 million in 2024 (previous year: CHF 688.2 million). Adjusted for currency effects, this corresponds to a decline of 1.0%.

664.8 CHF million
Revenue

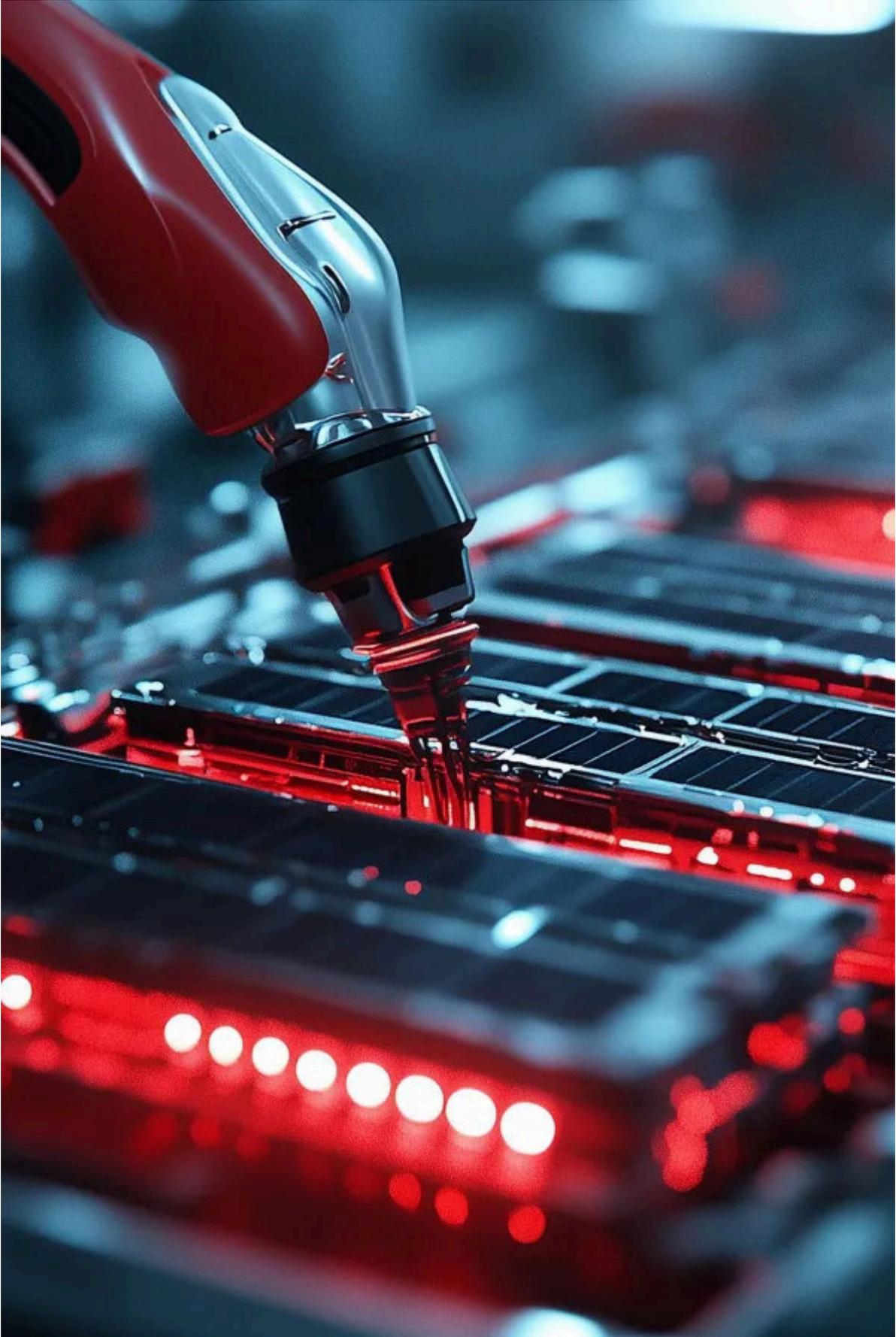
Increased operating profitability in a challenging market

8.5 %
EBIT margin

adjusted

Despite the tangible headwind caused by the strong Swiss franc, the business area was able to increase its adjusted operating result (EBIT) by 22.4% to CHF 56.3 million (previous year: CHF 46.0 million). The adjusted EBIT margin increased accordingly by 180 basis points to 8.5% (previous year: 6.7%).

After offsetting of the one-off costs for the transformation program announced, EBIT amounted to CHF 33.2 million. The higher adjusted profitability is the result of systematic price and cost management and targeted optimization measures, in particular at the sites in North and South America.



Good performance in a weak automotive sector

Global production of passenger cars was down slightly in the year under review and volume growth in battery electric vehicles was slower than originally expected. The Mobility business unit was able to acquire attractive new business in the e-mobility segment for applications involving pneumatic suspensions, brake systems and drive trains and further strengthen its position with regard to vehicle battery components. Within the Connectors business unit, gradual improvements at the production sites made it possible to almost entirely absorb the impact that lower revenues had on results.

Significant increase in new business for electric vehicle applications

Most forecasts for the global automotive market indicate that there will be slight growth. However, the expected increase in the area of hybrid and battery electric vehicles will be well above the market average, especially in China. The Mobility business unit has significantly increased the proportion of newly acquired customer projects for electrified applications particularly in the important Chinese market.

In the Connectors business unit, the proportion of attractive high-voltage applications in new projects has increased strongly. Datwyler mainly acts as a tier 2 supplier in the automotive market, primarily supplying system partners of vehicle manufacturers for brake systems, electrical connectors, driver assistance systems and high-voltage batteries. Thanks to this positioning and the products' broad spectrum of applications, the company is strongly diversified and is not dependent on the business performance of individual carmakers.





Well positioned for the recovery in the energy market

In the US election year, the oil and gas industry was dominated by high levels of uncertainty and caution. Recessive tendencies also limited sales potential in the general industrial markets. The General Industry business unit used the weak market environment to optimize its production infrastructure and reallocate product lines within the existing sites. This will improve profitability as soon as demand picks up again. A digitalization initiative in marketing, sales and order processing is enabling Datwyler to improve its market access and accelerating the acquisition of profitable new orders.

In the reporting year, the General Industry business unit gained promising new business in the sanitary systems, medical device and heating, ventilation and air conditioning markets. Given the new US government's latest position, Datwyler expects to see rising demand from the oil and gas industry.

Growth trend for aluminum in the capsule coffee market

The global capsule coffee market performed well in the reporting year with stable growth. Thanks to close collaboration with the two leading suppliers of coffee capsules, the Food & Beverage business unit significantly outgrew the market.



A new European Union regulation stipulates that packaging and packaging waste must be recyclable in future. Aluminum meets this requirement and is distinguished by its outstanding functionality in the coffee machine, good conservation properties and existing recycling systems for coffee capsules.

Industry experts also assume that the new EU regulation will lead to an increase in the replacement of existing plastic capsules with aluminum capsules. As a leading manufacturer of aluminum capsules that primarily uses recycled aluminum, Datwyler is in an excellent position. Additional supply contracts were secured in 2024, triggering an expansion in capacities.