

# Record results achieved

Carried by a dynamic market environment, the Fastening Systems segment achieved record results in the 2021 financial year. Both the Construction division, which operates in the construction industry, and the Riveting division, the specialists in riveting technology, succeeded in providing reliable services to their customers in the midst of a challenging environment. The divisions' good market position and robust supply chains enabled both to profit from strong demand and contribute to the exceptional results.

### Dynamic market situation

The exceptional demand situation that the Fastening Systems segment had already successfully leveraged in the first half of the reporting period to generate record results continued in the second half of the year, albeit at a slightly lower level. The strong demand resulted in widespread supply shortages on the market, however. Both divisions successfully managed to largely maintain their ability to fill customer orders in this challenging environment.

Robust value chains enabled the Construction division to both serve its existing customers and gain new customers. Market access in Europe and the US was expanded further through the acquisitions of Jevith A/S (Denmark, as of July 1, 2021) and GLR Fasteners (USA, as of August 1, 2021). The two companies' good positioning in their respective markets will continue to underpin the division's development going forward.

The Riveting division made use of the good demand situation among industrial customers, whereas the business with customers from the automotive industry cooled down substantially over the course of the second half of the year. This was triggered by bottlenecks in the semiconductor supply chain, which impacted OEMs' production figures and had a corresponding yet delayed impact on call-offs in the Riveting division.

In this exceptional environment, the segment generated CHF 574.9 million in sales, which corresponds to a remarkable 17.4% increase over the same period of the previous year. Sales in the first half of the year exceeded those of the second half by +4.0%. In organic terms, this resulted in a sales

### Key figures Fastening Systems

In CHF million

	2021	+/- PY	2020	2019
Third party sales	574.9	17.4%	489.7	498.3
Sales growth comparable		16.6%		
Net sales	589.6	17.8%	500.7	511.5
EBITDA	120.4	53.2%	78.6	67.5
As a % of net sales	20.4		15.7	13.2
Operating profit (EBIT)	102.3	71.4%	59.7	47.1
As a % of net sales	17.4		11.9	9.2
Operating profit (EBIT) adjusted <sup>1</sup>	102.3	77.6%	57.6	47.1
As a % of net sales	17.4		11.5	9.2
Average capital employed	263.0	-2.9%	270.9	297.4
Investments	9.9	-9.2%	10.9	17.4
Employees (FTE)	2,510	3.0%	2,438	2,429
ROCE (%) <sup>2</sup>	38.9		21.3	15.8

<sup>1</sup> 2020 adjusted for book gains from the disposal of non-operating assets of CHF 2.1 million

<sup>2</sup> EBIT adjusted in % of average capital employed

increase of +16.6%. Foreign currency effects had a minor impact of +0.3%.

**High capacity utilization and efficiency**

Both divisions benefited from a high level of capacity utilization throughout the entire year. Prudent cost and price management enabled the segment to overcome both turbulences attributable to the ongoing pandemic as well as supply chain disruptions, and achieve a record-breaking EBIT margin of 17.4%. An extraordinary result that is 5.5 percentage points higher than the EBIT margin for the same period of the previous year.

**Construction division**

**Consistently high market demand**

Demand, which exceeded expectations and was extremely strong in some cases, resulted in exceptionally good growth in all application areas of the Construction division. This development was observed in both Europe and North America. As expected, demand slowed down slightly in the second half of the year yet still remained at a high level. On the supply side, the strong demand situation resulted in material shortages and price increases, which then caused delays in some customer projects. In this environment, guaranteeing the division’s ability to fill customer orders was immensely challenging. Robust supply chains, good material availability and a high degree of in-house production helped the division to benefit from the market environment. Its ability to fill customer orders even enabled it to acquire new customers. Like in the previous year, the division achieved growth in organic terms which outpaced the market and resulted in market share gains.

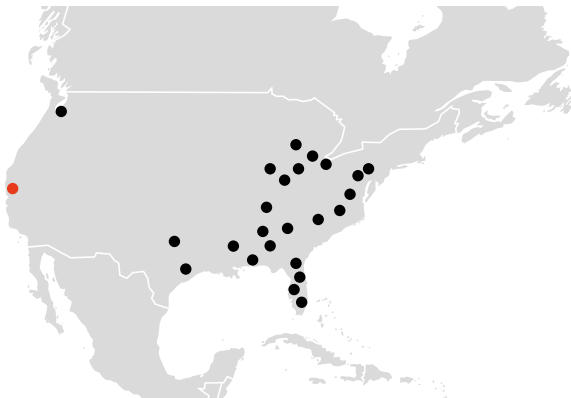
**Market trends intact**

The Construction division is able to continue benefiting from the good market environment by systematically positioning itself as a “Building Envelope Specialist”. The division focuses on applications with high growth potential that are driven by global trends towards energy-efficient building envelopes, streamlined fastening processes and improved accident prevention during the assembly process. Ongoing efforts to expand market access, which took the shape of two acquisitions in the year under review – of Jevith A/S (Denmark, as of July 1, 2021) and GLR Fasteners (USA, as of August 1, 2021) – will enable the division to gradually and sustainably achieve economies of scale with very few integration-related costs. Experience gained while integrating the acquired companies will continue to enable the division to efficiently incorporate these types of businesses into the organization without infringing on their independence, while also generating added value for the division from the very start.

**Outlook 2022**

The Construction division expects conditions on the market to remain positive. Uncertainties surrounding the persistently high energy, material and transport prices remain the biggest challenges. Current shortages of construction materials as well as rising interest rates could cause delays in construction projects. Despite these conditions, the division anticipates organic growth in 2022.

**25 locations of Triangle Fastener Corporation (TFC) in the US**



The acquisition of GLR Fasteners allowed TFC to expand its market access at the US West Coast.



Building facade with Sandwich panels, using SFS SXC drill fasteners in the fastening process.

## Riveting division

### Dynamic demand dampened by developments in the automotive industry

The good market environment in the first half of the year in automotive-related businesses, industrial manufacturing and the construction sector deteriorated as a result of developments in the automotive industry over the course of the second half. The semiconductor product shortages experienced by automotive OEMs had an increasingly detrimental impact on the business with customers from the automotive industry. The trend was parallel to that of the Automotive Division, albeit subject to a time lag. Nevertheless, the persistently good demand situation in the second half of the year in other end markets still enabled the division to generate stable growth in organic terms.

### Riveting division now at Nantong location

The first half of the year saw the Riveting division relocate its Chinese production facility from Nansha to Nantong, the production platform also used by other divisions. This move allowed the division to benefit from Nantong's established production and management processes and will also help it boost efficiency in other areas as well. The relocation was completed within the space of just a few weeks and select key employees were on hand to provide support at the new location, both during the transfer and for a certain transitional period. The Nansha location was sold on May 20, 2021. The move will not result in any changes to the Riveting division's strategic and operational alignment in Asia. However, the focus will increasingly shift to growth projects within China as well. Demand for customer-specific, automatically assembled fasteners is strong, especially in the local automotive industry.

### Focus on innovations

The development and market launch of innovative products and solutions remains an important area of focus. The transition from the division's cordless setting tool product lines to the technology advocated by the Cordless Alliance System (CAS), a cross-manufacturer battery pack system initiated by Metabo, is progressing and represents an important step toward improving the devices positioning among customers even further. If networked with end devices such as PCs or smartphones, new digitalized solutions also open up additional options that can offer significant customer benefits in terms of quality control or equipment availability, for example.

Areas of application in market segments that are driven heavily by sustainability-related requirements (such as fastening solutions for solar panels and heat pumps, for example) offer substantial growth potential going forward. Thanks to its expertise in riveting technology and its international sales organization, the Riveting division is well equipped to continue its efforts to gain a more solid foothold in these attractive, growing market segments.

### Outlook 2022

The Riveting division expects market conditions to continue to recover. In the business with customers from the automotive industry, a step-by-step recovery of product call-offs is anticipated over the course of the year on the basis of a stabilisation of the semiconductor product supply. Overall, the division expects growth in organic terms.



Fastening solutions for solar panels (rivets and setting tools) provide potential for further growth of the division.