



Half-Year Report 2020

Delivering growth – in Asia and beyond.

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Key figures

Interim consolidated income statement				At CER¹
in CHF millions	January – June 2020	January – June 2019	Change in %	Change in %
Net sales	5,337.9	5,618.6	(5.0)	(1.2)
Operating profit (EBIT)	111.3	110.7	0.5	4.7
Profit after tax	60.2	68.3	(11.9)	(9.1)
EBIT margin (in %)	2.1	2.0	-	-

Interim consolidated statement of financial position		
in CHF millions	June 30, 2020	December 31, 2019
Total assets	5,042.7	5,353.0
Equity attributable to the shareholders of DKSH Holding Ltd.	1,669.3	1,774.3
Net operating capital (NOC)	1,475.8	1,459.5
Net cash	195.8	312.9
Return on net operating capital (RONOC) (in %)	15.2	19.7
Return on equity (ROE) (in %)	6.9	9.7

Earnings per share		
in CHF	January – June 2020	January – June 2019
Basic earnings per share	0.88	1.03
Diluted earnings per share	0.88	1.03

Other		
	June 30, 2020	December 31, 2019
Specialists	33,054	33,353

¹ Constant exchange rates (CER): 2020 figures converted at 2019 exchange rates.

Interim consolidated income statement (unaudited)

in CHF millions ¹	Note	January – June 2020	January – June 2019
Net sales		5,337.9	5,618.6
Other income		15.6	12.5
Goods and materials purchased and consumables used		(4,593.7)	(4,855.8)
Employee benefit expenses		(346.7)	(343.4)
Depreciation, amortization and impairments		(66.0)	(67.5)
Other operating expenses		(236.7)	(255.0)
Share of profit of associates and joint ventures		0.9	1.3
Operating profit (EBIT)		111.3	110.7
Financial income		0.5	1.3
Financial expense		(16.7)	(17.8)
Loss on sale of subsidiaries	5	(5.5)	-
Profit before tax		89.6	94.2
Income tax expenses		(29.4)	(25.9)
Profit after tax		60.2	68.3
Attributable to			
Shareholders of DKSH Holding Ltd.		57.5	67.2
Non-controlling interest		2.7	1.1
Earnings per share for profit attributable to the shareholders of DKSH Holding Ltd.			
Basic earnings per share		0.88	1.03
Diluted earnings per share		0.88	1.03

¹ Except for earnings per share (in CHF).

Interim consolidated statement of comprehensive income (unaudited)

in CHF millions	January – June 2020	January – June 2019
Profit after tax	60.2	68.3
Other comprehensive income		
Net investment hedges, net of tax of CHF 0.0 million in current and prior period	(3.1)	(3.0)
Currency translation differences	(45.9)	12.5
Items that may be reclassified to profit or loss	(49.0)	9.5
Remeasurement gains on defined benefit plans, net of tax of CHF 2.0 million in current and CHF 0.0 million prior period	7.6	0.1
Net (losses) on equity instruments at fair value through other comprehensive income	(0.3)	(0.2)
Items that will not be reclassified to profit or loss	7.3	(0.1)
Other comprehensive income	(41.7)	9.4
Total comprehensive income	18.5	77.7
Attributable to		
Shareholders of DKSH Holding Ltd.	18.9	76.4
Non-controlling interest	(0.4)	1.3

Interim consolidated statement of financial position (unaudited)

in CHF millions	June 30, 2020	December 31, 2019
Cash and cash equivalents	506.6	592.6
Trade receivables	1,982.5	2,241.2
Inventories	1,295.2	1,236.9
Prepaid expenses and contract assets	46.3	39.1
Other receivables	366.4	383.9
Current income tax receivables	30.6	22.7
Current assets	4,227.6	4,516.4
Intangible assets	301.5	298.5
Other receivables	0.6	-
Property, plant and equipment	140.3	152.2
Right-of-use assets	203.9	226.6
Financial assets	57.0	62.2
Investments in associates and joint ventures	42.8	44.3
Retirement benefit assets	16.4	7.4
Deferred tax assets	52.6	45.4
Non-current assets	815.1	836.6
Total assets	5,042.7	5,353.0
Borrowings	99.4	63.9
Lease liabilities	79.7	66.3
Trade payables	2,250.1	2,415.0
Current income tax liabilities	24.6	30.0
Other payables, accrued expenses and contract liabilities	442.8	497.8
Current provisions	3.4	3.7
Current liabilities	2,900.0	3,076.7
Borrowings	211.4	215.8
Lease liabilities	124.3	154.9
Other non-current liabilities	12.3	12.4
Deferred tax liabilities	27.3	19.8
Non-current provisions	5.1	5.3
Retirement benefit obligations	33.7	33.5
Non-current liabilities	414.1	441.7
Total liabilities	3,314.1	3,518.4
Share capital	6.5	6.5
Reserves and retained earnings	1,662.8	1,767.8
Equity attributable to the shareholders of DKSH Holding Ltd.	1,669.3	1,774.3
Non-controlling interest	59.3	60.3
Total equity	1,728.6	1,834.6
Total equity and liabilities	5,042.7	5,353.0

Interim consolidated statement of changes in equity (unaudited)

in CHF millions	Share capital	Treasury shares	Currency translation	Other reserves	Retained earnings	Total equity attributable to shareholders of DKSH Holding Ltd.	Non-controlling interest	Total equity
As of January 1, 2020	6.5	-	(160.2)	234.2	1,693.8	1,774.3	60.3	1,834.6
Profit after tax	-	-	-	-	57.5	57.5	2.7	60.2
Other comprehensive income	-	-	(45.9)	-	7.3	(38.6)	(3.1)	(41.7)
Total comprehensive income	-	-	(45.9)	-	64.8	18.9	(0.4)	18.5
Purchase of treasury shares	-	(1.1)	-	-	-	(1.1)	-	(1.1)
Vested share-based payment awards	-	0.9	-	-	(0.9)	-	-	-
Share-based payments	-	-	-	-	0.8	0.8	-	0.8
Dividend	-	-	-	-	(123.6)	(123.6)	(0.6)	(124.2)
As of June 30, 2020	6.5	(0.2)	(206.1)	234.2	1,634.9	1,669.3	59.3	1,728.6

in CHF millions

As of January 1, 2019	6.5	-	(175.1)	234.2	1,644.8	1,710.4	58.2	1,768.6
Profit after tax	-	-	-	-	67.2	67.2	1.1	68.3
Other comprehensive income	-	-	9.4	-	(0.2)	9.2	0.2	9.4
Total comprehensive income	-	-	9.4	-	67.0	76.4	1.3	77.7
Purchase of treasury shares	-	(2.5)	-	-	-	(2.5)	-	(2.5)
Sale of treasury shares	-	0.1	-	-	-	0.1	-	0.1
Vested share-based payment awards	-	1.3	-	-	(1.3)	-	-	-
Treasury shares to settle a liability	-	1.1	-	-	-	1.1	-	1.1
Share-based payments	-	-	-	-	1.0	1.0	-	1.0
Dividend	-	-	-	-	(120.3)	(120.3)	(1.0)	(121.3)
As of June 30, 2019	6.5	-	(165.7)	234.2	1,591.2	1,666.2	58.5	1,724.7

Interim consolidated cash flow statement (unaudited)

in CHF millions	Note	January – June 2020	January – June 2019
Profit before tax		89.6	94.2
Non-cash adjustments			
Depreciation, amortization and impairments on			
Property, plant and equipment		16.5	16.6
Intangible assets		8.1	8.5
Right-of-use assets		41.4	42.4
Share-based payment transaction expense		0.8	1.0
Gain on sale of tangible assets, intangible assets		-	(0.2)
Financial income		(0.5)	(1.3)
Financial expense		16.7	17.8
Share of profit of associates and joint ventures		(0.9)	(1.3)
Loss on sale of subsidiaries		5.5	-
Change in provisions and other non-current liabilities		(1.8)	(0.2)
Change in other non-current assets		2.1	1.5
Working capital adjustments			
Decrease in trade and other receivables and prepaid expenses and contract assets		217.2	75.4
Increase in inventories		(81.0)	(67.9)
Decrease in trade and other payables		(156.7)	(37.5)
Interest received		0.5	1.3
Interest paid		(10.9)	(10.7)
Taxes paid		(44.7)	(39.7)
Dividend received from associates and joint ventures		1.9	1.8
Net cash flows from operating activities		103.8	101.7
Proceeds from sale of property, plant and equipment		1.9	3.8
Purchase of property, plant and equipment		(10.3)	(25.2)
Proceeds from sale of intangible assets		-	0.1
Purchase of intangible assets		(2.0)	(1.8)
Proceeds from sale and repayment of financial assets		0.2	2.2
Acquisition of subsidiary net of cash	5	(51.9)	(175.1)
Disposal of subsidiary	5	(5.5)	-
Net cash flows used in investing activities		(67.6)	(196.0)

in CHF millions	January – June 2020	January – June 2019
Proceeds from current and non-current borrowings	149.1	196.0
Repayment of current and non-current borrowings	(100.5)	(65.3)
Repayment of leases	(40.4)	(42.6)
Acquisition of non-controlling interest	-	(1.1)
Dividend paid	(123.6)	(120.3)
Dividend paid to non-controlling interest	(0.6)	(1.0)
Net payments net investment hedges	3.1	(4.2)
Treasury shares transactions	(1.1)	(2.4)
Net cash flows used in financing activities	(114.0)	(40.9)
Cash and cash equivalents, as of January 1	592.6	614.3
Effect of exchange rate changes	(8.2)	1.0
Net decrease in cash and cash equivalents	(77.8)	(135.2)
Cash and cash equivalents, as of June 30	506.6	480.1

Notes to the interim consolidated financial statements

1. General information

DKSH ("the Group") is a Market Expansion Services Group with a focus on Asia. DKSH helps other companies and brands to grow their business in new or existing markets.

The Group offers any combination of sourcing, marketing, sales, distribution and after-sales services. It provides business partners with expertise as well as on-the-ground logistics based on a comprehensive network of unique size and depth.

Business activities are organized into four specialized Business Units that mirror the Group's fields of expertise: Healthcare, Consumer Goods, Performance Materials and Technology.

DKSH Holding Ltd. is the parent company of DKSH Group. Since March 20, 2012 DKSH Holding Ltd.'s shares are listed on the SIX Swiss Exchange. The address of its registered office is Wiesenstrasse 8, 8008 Zurich, Switzerland.

These interim consolidated financial statements include the consolidated financial statements of DKSH Holding Ltd. and its subsidiaries as of June 30, 2020. They were approved by the Board of Directors on July 14, 2020.

2. Basis of preparation and accounting policies

Basis of preparation

The interim consolidated financial statements for the six months ended June 30, 2020, are prepared in accordance with IAS 34. These interim consolidated statements do not include all of the information and disclosures required for the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has early adopted one amendment to IFRS 16 "COVID-19-Related Rent Concessions" issued in May 2020.

The amendment includes a practical expedient, a lessee may elect not to assess whether a rent concession that meets specific conditions is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The Group has made this election and has recorded for the first six-month of 2020 rent concessions of CHF 1.4 million in other operating income.

3. Segment information

Operating segments

January – June 2020						
in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other/Elimination	Group Total
Net sales	2,723.0	1,912.2	535.7	167.0	-	5,337.9
Depreciation, amortization and impairment	16.4	32.8	2.4	5.1	9.3	66.0
of which right-of-use assets	10.0	23.1	0.7	2.1	5.5	41.4
EBIT	64.5	25.5	44.1	2.1	(24.9)	111.3
Net finance costs						(21.7)
Profit before tax						89.6

January – June 2019						
in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other/Elimination	Group Total
Net sales	2,930.0	1,985.7	504.2	198.7	-	5,618.6
Depreciation, amortization and impairment	16.1	36.7	1.8	3.9	9.0	67.5
of which right-of-use assets	10.2	24.2	0.6	1.9	5.5	42.4
EBIT	68.0	18.1	44.6	7.4	(27.4)	110.7
Net finance costs						(16.5)
Profit before tax						94.2

4. Impairment of assets

Based on the business performance during the first six months of 2020 including the influence of COVID-19, the Group identified no impairment indicators with regards to the recoverable amounts of its cash-generating units (CGUs).

Prior year impairment

Following further deteriorating performance of eSweets, the Group recalculated the recoverable amount of this cash-generating unit (CGU) as of June 30, 2019. A full impairment of goodwill resulted in a loss of CHF 3.4 million in the Business Unit Consumer Goods. In addition, a full impairment of other intangible assets of CHF 1.1 million related to eSweets was recognized.

5. Acquisitions and divestments

New acquisitions

During the first six months of 2020, the Group acquired the following businesses:

Business	Country of incorporation	Equity interest acquired	Effective date	Employees
Crossmark	Australia, New Zealand	100%	February 27, 2020	627
Axio	Australia, New Zealand	100%	February 28, 2020	126

Effective February 27, 2020, the Group purchased via DKSH Smollan Fieldmarketing Pte Ltd (51% Group ownership) the separate shares of the Crossmark business activities in Australia and New Zealand. The shares were held by a private company. Crossmark represents a field marketing provider in Australia and New Zealand.

Effective February 28, 2020, the Group purchased the shares of Axio Group, a privately held business based in Australia and New Zealand. Axio represents a specialty chemicals distributor with a focus on the agricultural sector active in Australia and New Zealand.

From the dates of acquisition, the business of Crossmark contributed net sales amounting to CHF 12.7 million and a combined profit after tax of CHF 0.1 million. Assuming the business had been acquired as of January 1, 2020, the contribution for the net sales would have been CHF 19.1 million with a corresponding profit after tax of CHF 0.1 million.

From the dates of acquisition, the business of Axio contributed net sales amounting to CHF 47.4 million and loss of CHF 1.4 million. Assuming the business had been acquired as of January 1, 2020, the contribution for the net sales would have been CHF 71.2 million with a corresponding loss of CHF 2.2 million.

The goodwill of CHF 12.2 million relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

The allocation of the purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period.

The provisional fair values of the identifiable assets and liabilities relating to the acquisitions:

in CHF millions	Total fair value recognized on acquisition of Crossmark	Total fair value recognized on acquisition of Axieo	Total fair value recognized on acquisitions
Assets			
Cash and cash equivalents	3.2	4.4	7.6
Trade receivables	9.4	18.0	27.4
Inventories	-	22.4	22.4
Other current assets	1.8	3.0	4.8
Intangible assets	2.9	5.7	8.6
Property, plant and equipment	0.5	0.7	1.2
Right-of-use assets	4.0	2.9	6.9
Deferred tax assets	1.5	1.8	3.3
Liabilities			
Trade payables	(1.2)	(15.5)	(16.7)
Other current liabilities	(4.6)	(3.4)	(8.0)
Provisions	-	(0.1)	(0.1)
Lease liabilities	(4.0)	(2.9)	(6.9)
Deferred tax liabilities	(0.8)	(1.6)	(2.4)
Other non-current liabilities	(0.7)	(0.1)	(0.8)
Net assets acquired	12.0	35.3	47.3
Goodwill on acquisitions	12.1	0.1	12.2
Purchase consideration	24.1	35.4	59.5
Purchase consideration paid in cash	24.1	35.4	59.5
Cash and cash equivalents acquired	3.2	4.4	7.6
Net cash outflow	(20.9)	(31.0)	(51.9)

Settlement relating to prior year divestment

The Group entered into a settlement agreement with the buyer of its former Healthcare business in China (transaction effected on October 31, 2018) based on a warranty claim brought by said buyer in the first half of 2020. The final settlement paid by DKSH amounted to CHF 5.5 million.

Prior year acquisitions and divestments

During the business year 2019, the Group acquired the following businesses:

in CHF millions	Total fair value recognized on acquisition of Auric Group	Total fair value recognized on acquisition of CTD	Total fair value recognized on acquisition of SPC, Dols	Total fair value recognized on acquisitions
Assets				
Cash and cash equivalents	7.4	1.4	0.4	9.2
Trade receivables	46.9	3.2	1.3	51.4
Inventories	34.9	7.4	7.0	49.3
Other current assets	8.6	0.1	0.3	9.0
Intangible assets	33.6	7.2	6.5	47.3
Property, plant and equipment	2.4	-	2.9	5.3
Right-of-use Asset	0.4	-	0.6	1.0
Deferred tax assets	1.0	0.1	-	1.1
Liabilities				
Trade payables	(31.0)	(7.6)	(1.3)	(39.9)
Current borrowings	(7.2)	-	-	(7.2)
Other current liabilities	(23.9)	(1.3)	(0.1)	(25.3)
Provisions	(0.9)	-	-	(0.9)
Lease Liabilities	(0.4)	-	(0.6)	(1.0)
Deferred tax liabilities	(4.8)	(2.4)	-	(7.2)
Other non-current liabilities	-	-	(0.7)	(0.7)
Net assets acquired	67.0	8.1	16.3	91.4
Goodwill on acquisitions	91.1	21.5	19.9	132.5
Purchase consideration	158.1	29.6	36.2	223.9
Contingent consideration	-	(12.2)	(11.4)	(23.6)
Purchase consideration paid in cash	158.1	17.4	24.8	200.3
Cash and cash equivalents acquired	7.4	1.4	0.4	9.2
Net cash outflow	(150.7)	(16.0)	(24.4)	(191.1)

Effective March 29, 2019, the Group purchased the shares of the Auric Pacific Group via various share transactions of subsidiaries, from a public listed company. The Auric business activities include distribution of fast moving consumer goods, retailing, food manufacturing, restaurant management as well as food court management in Singapore and Malaysia.

Effective April 5, 2019, the Group purchased the business of SPC, a privately held company based in Thailand via asset purchase. SPC represents a technology distributor of scientific instrumentation of laboratory equipment and sector specific services for pharma, cosmetics and oil and gas companies in Thailand.

Effective May 24, 2019, the Group purchased the shares of Dols International B.V., a privately held company and specialty chemicals distributor based in the Netherlands. Dols International focuses on marketing, sales and distribution of specialty chemicals in the Benelux.

Effective July 1, 2019, the Group purchased the shares of Club Trading & Distribution Pty Ltd (CTD), a privately held company based in Australia. CTD distributes consumer goods in Australia.

From the dates of acquisition, the Auric business contributed net sales amounting to CHF 147.4 million and a combined profit after tax of CHF 6.0 million. Assuming the business had been acquired as of January 1, 2019, the contribution for the net sales would have been CHF 195.5 million with a corresponding profit after tax of CHF 8.0 million as of December 31, 2019.

From the dates of acquisition, the CTD business contributed net sales amounting to CHF 31.8 million and a profit after tax of CHF 1.3 million. Assuming the business had been acquired as of January 1, 2019, the contribution for the net sales would have been CHF 63.6 million with a corresponding profit after tax of CHF 2.5 million as of December 31, 2019.

From the dates of acquisition, the other acquired businesses contributed net sales amounting to CHF 29.9 million and a combined profit after tax of CHF 3.2 million. Assuming the businesses had been acquired as of January 1, 2019, the contribution for the net sales would have been CHF 41.7 million with a corresponding profit after tax of CHF 4.3 million as of December 31, 2019.

The goodwill of CHF 132.5 million relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

6. Equity

There were no changes in share capital during the first six months of 2020 and 2019.

During the first six months of 2020, the Group purchased 19,500 treasury shares for CHF 1.1 million. The Group used 16,696 treasury shares (CHF 0.9 million) for vested share-based payment awards. The Group holds 2,804 treasury shares as of June 30, 2020.

During the first six months of 2019, the Group purchased 39,442 treasury shares for CHF 2.5 million. The Group used 18,342 treasury shares (CHF 1.3 million) for vested share-based payment awards and 20,000 treasury shares (CHF 1.1 million) to settle a liability. 1,100 treasury shares were sold for an amount of CHF 0.1 million. The Group held no treasury shares as of June 30, 2019.

An ordinary dividend of CHF 1.90 per registered share was paid during the 2020 interim period. Total dividend payments amounted to CHF 123.6 million. In 2019, a dividend of CHF 1.85 per registered share was paid, resulting in total dividend payments of CHF 120.3 million.

7. Financial instruments

Details of the carrying amounts and fair values of financial instruments by category and hierarchy levels are as follows:

in CHF millions	June 30, 2020	December 31, 2019
Financial assets at fair value through profit and loss		
Derivative assets	3.3	4.3
Unlisted equity securities	29.9	30.5
Convertible loan	3.0	3.0
Total	36.2	37.8
Financial assets at fair value through other comprehensive income		
Other equity securities	2.8	3.2
Total	2.8	3.2
Financial assets at amortized cost¹		
Cash and cash equivalents ¹	506.6	592.6
Trade receivables ¹	1,982.5	2,241.2
Other receivables ^{1,2}	305.6	336.2
Deposits to third party ¹	19.5	20.8
Loans to third party ¹	4.9	4.7
Total	2,819.1	3,195.5
Total financial assets	2,858.1	3,236.5
Financial liabilities at fair value through profit and loss		
Contingent consideration liabilities	23.8	24.5
Derivative liabilities	9.3	2.9
Total	33.1	27.4
Financial liabilities at amortized cost		
Borrowings ¹	310.8	279.7
Lease liabilities ⁴	204.0	221.2
Trade payables ¹	2,250.1	2,415.0
Other payables ^{1,3}	155.2	142.3
Total	2,920.1	3,058.2
Total financial liabilities	2,953.2	3,085.6

¹ Carrying amount is a reasonable approximation for fair value.

² Excluding VAT and other tax receivables and derivative financial instruments.

³ Excluding VAT and other tax payables, derivative liabilities.

⁴ No fair value disclosure required.

8. Events after the reporting period

No events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors that could have a significant impact on the consolidated financial statements as of June 30, 2020.

Alternative performance measures

Definitions and financial details

In the communication to external stakeholders, DKSH uses financial performance measures which are not defined by IFRS. These measures are used by the management to assess the performance of the Group. Certain measures are defined by a reconciliation in the specific sections where they appear. The other main alternative performance measures used by DKSH are reconciled below.

Organic growth

Organic growth is the difference between current and previous reporting period excluding Mergers & Acquisitions (M&A), Foreign Exchange effects (FX), Divestments and for 2019 the effect of the exit of the Healthcare business in China.

Mergers & Acquisitions

M&A includes the impact of the businesses acquired in the reporting period.

Foreign exchange effects

FX is the difference between current period reported figures at current versus previous period exchange rates.

Healthcare China

Excludes the Healthcare business in China in 2018.

The reconciliation between net sales of current and previous reporting period as per consolidated income statement is as follows:

2020 by Business Unit in CHF millions	January – June 2020	Organic	M&A	FX	Healthcare China	January – June 2019
Healthcare	2,723.0	(118.2)	-	(88.8)	-	2,930.0
Consumer Goods	1,912.2	(81.7)	98.3	(90.1)	-	1,985.7
Performance Materials	535.7	7.9	51.3	(27.7)	-	504.2
Technology	167.0	(32.3)	7.6	(7.0)	-	198.7
Group Total	5,337.9	(224.3)	157.2	(213.6)	-	5,618.6
in % of 2019		(4.0)	2.8	(3.8)	-	

2019 by Business Unit in CHF millions	January – June 2019	Organic	M&A	FX	Healthcare China	January – June 2018
Healthcare	2,930.0	167.3	-	41.0	(361.2)	3,082.9
Consumer Goods	1,985.7	(18.5)	56.1	27.4	-	1,920.7
Performance Materials	504.2	29.5	0.7	(1.7)	-	475.7
Technology	198.7	(3.2)	8.6	1.2	-	192.1
Other/Elimination	-	0.3	-	-	-	(0.3)
Group Total	5,618.6	175.4	65.4	67.9	(361.2)	5,671.1
in % of 2018		3.1	1.2	1.2	(6.4)	

Adjusted operating profit (EBIT)

The reconciliation from operating profit (EBIT), reconciled in the consolidated income statement, to adjusted operating profit (EBIT) is as follows:

2020 by Business Unit in CHF millions	Operating profit (EBIT)	Restructuring costs	Adjusted operating profit (EBIT)
Healthcare	64.5	-	64.5
Consumer Goods	25.5	-	25.5
Performance Materials	44.1	-	44.1
Technology	2.1	-	2.1
Other/Elimination	(24.9)	-	(24.9)
Group Total	111.3	-	111.3

2019 by Business Unit in CHF millions	Operating profit (EBIT)	Restructuring costs	Adjusted operating profit (EBIT)
Healthcare	68.0	-	68.0
Consumer Goods	18.1	13.3	31.4
Performance Materials	44.6	-	44.6
Technology	7.4	-	7.4
Other/Elimination	(27.4)	-	(27.4)
Group Total	110.7	13.3	124.0

Restructuring costs are included in Goods and material purchased and consumables used (2019: CHF 0.7 million), Employee benefit expenses (2019: CHF 2.4 million), Depreciation, amortization and impairments (2019: CHF 4.6 million) and Other operating expenses (2019: CHF 5.6 million) in the Consolidated income statement.

Adjusted operating profit (EBIT) margin

Defined as adjusted operating profit (EBIT) divided by net sales.

Adjusted profit after tax

The reconciliation from profit after tax in the consolidated income statement, to Adjusted profit after tax is as follows:

in CHF millions	January – June 2020	January – June 2019
Profit after tax	60.2	68.3
Restructuring costs	-	11.0
Adjusted profit after tax	60.2	79.3

Restructuring costs are adjusted for applicable tax rate in the jurisdiction where these costs are incurred.

Free cash flow

The reconciliation from net cash flows from operating activities in the consolidated cash flow statement to Free cash flow is as follows:

in CHF millions	January – June 2020	January – June 2019
Net cash flows from operating activities	103.8	101.7
Repayment leases	(40.4)	(42.6)
Purchase of property, plant and equipment	(10.3)	(25.2)
Purchase of intangible assets	(2.0)	(1.8)
Free cash flow	51.1	32.1

Net operating capital (NOC)

Net operating capital is the capital invested in the business and is calculated from the consolidated statement of financial position as follows:

in CHF millions	June 30, 2020	December 31, 2019	December 31, 2018
Total assets	5,042.7	5,353.0	4,895.4
Financial assets	(57.0)	(62.2)	(58.5)
Cash and cash equivalents	(506.6)	(592.6)	(614.3)
Total liabilities	(3,314.1)	(3,518.4)	(3,126.8)
Current borrowings	99.4	63.9	57.3
Non-current borrowings	211.4	215.8	83.2
Net operating capital (NOC)	1,475.8	1,459.5	1,236.3

Return on net operating capital (RONOC)

Return on net operating capital is calculated from the consolidated income statement and the consolidated statement of financial position as follows:

in CHF millions	June 30, 2020	December 31, 2019	December 31, 2018
Operating Profit (EBIT)	111.3	265.4	-
Net operating capital (NOC)	1,475.8	1,459.5	1,236.3
Average NOC current and previous period	1,467.7	1,347.9	-
Return on net operating capital (RONOC)¹	15.2%	19.7%	-

¹ The return on NOC is based on an annualized EBIT.

Return on equity (ROE)

Return on equity is calculated from the consolidated income statement and the consolidated statement of financial position as follows:

in CHF millions	June 30, 2020	December 31, 2019
Profit attributable to the shareholders of DKSH Holding Ltd.	57.5	172.6
Equity attributable to the shareholders of DKSH Holding Ltd.	1,669.3	1,774.3
Return on equity (ROE)¹	6.9%	9.7%

¹ The return on equity is based on an annualized Profit attributed to the shareholders of DKSH Holding Ltd.

Net cash

The reconciliation from cash and cash equivalents in the consolidated statement of financial position to net cash is as follows:

in CHF millions	June 30, 2020	December 31, 2019
Cash and cash equivalents	506.6	592.6
Current borrowings	(99.4)	(63.9)
Non-current borrowings	(211.4)	(215.8)
Net cash	195.8	312.9

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