

DKSH Holding Ltd.
Half Year Results 2020
July 15, 2020



An unprecedented first half year 2020

Sudden decline of economic outlook...



Negative GDP

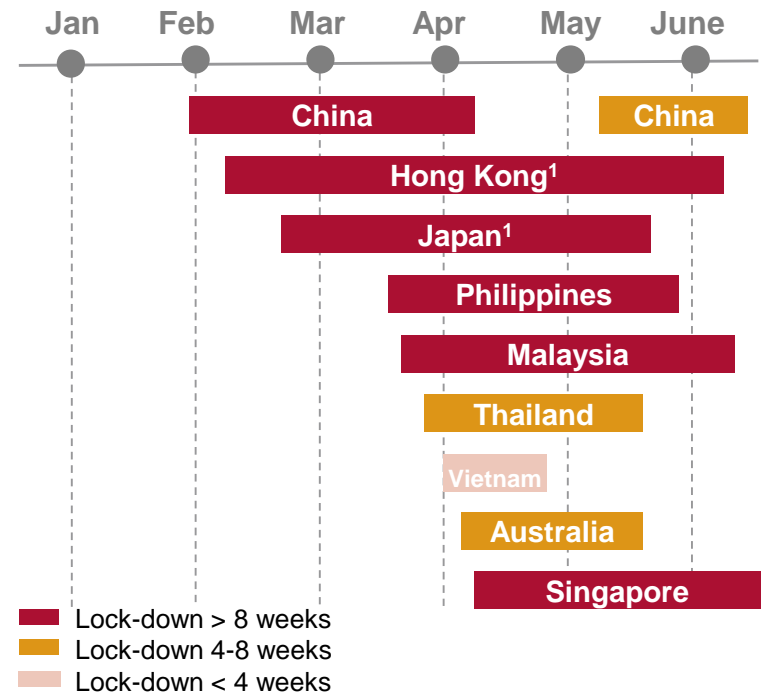
- 4.0% Malaysia
- 6.0% Singapore
- 6.5% Thailand
- 6.5% Hong Kong



21-year low

Consumer confidence Thailand

... due to lockdowns across markets



Sources: Worldbank, UTCC, Oxford Government Response Tracker. Lockdown defined as requirement to stay at home (for Malaysia and Thailand: restrictions on internal movement)

¹ Hong Kong and Japan: only recommendation to stay at home and/or limit domestic travel

Navigating through market uncertainties...

... while remaining fully operational

COVID-19 action plan



Highest priority on health and safety as well as ensuring business continuity



Reliable delivery of essential items



Safeguarding assets, strong balance sheet



Generating healthy cash flows



Increased cost control



Accelerated digital transformation

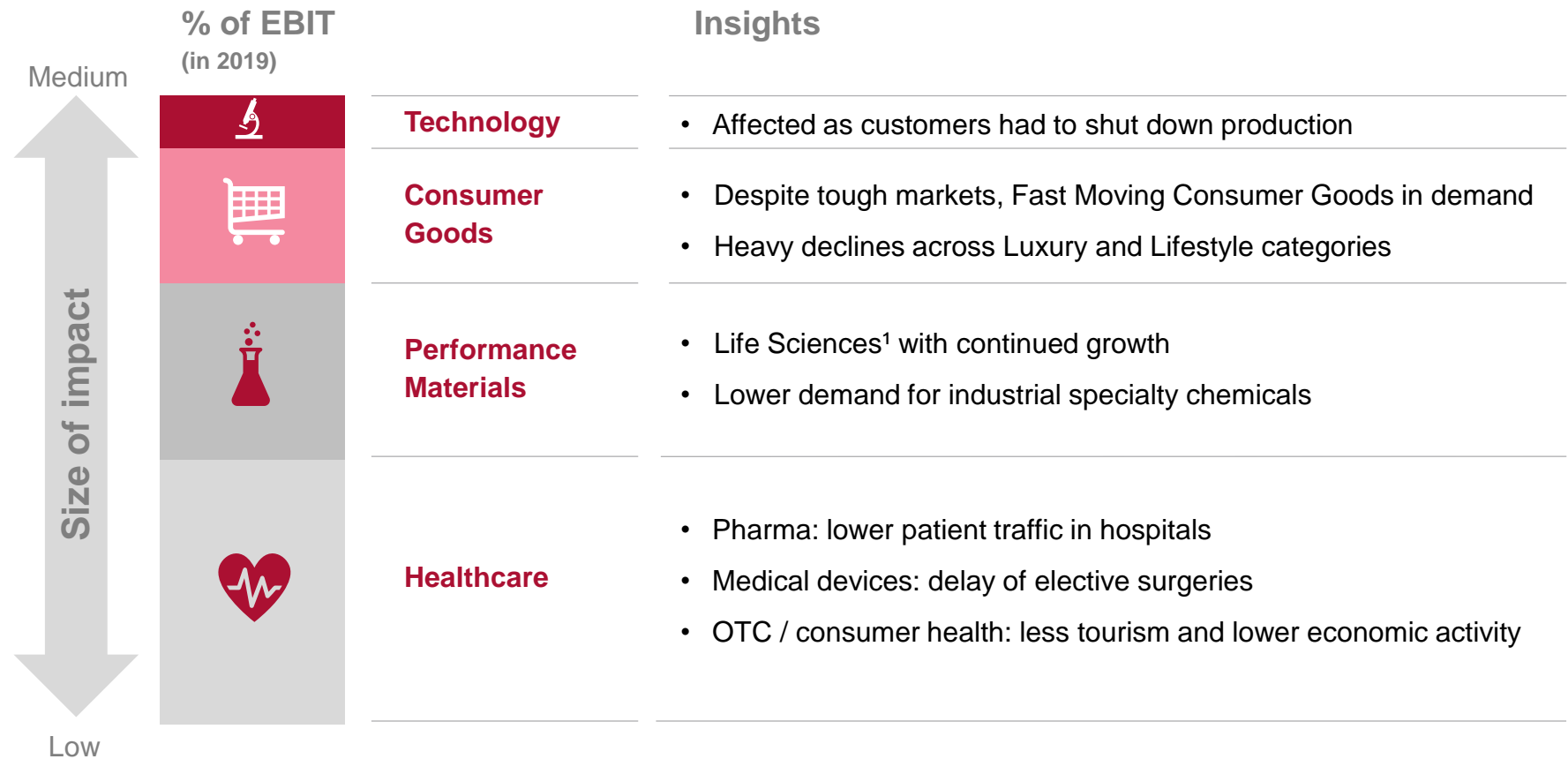


Ethanol donation in Thailand



Partnership with SOS International

Initial business impact from COVID-19



¹ Life Sciences includes Pharma, Food & Beverage and Personal Care industries

Pushing ahead with our strategic plan

More Business Development



Drive Business Units strategies

New DKSH Identity



Drive high-performance culture

Maintained service level; drive efficiency projects



Strengthen and update Supply Chain

Stronger eCommerce



Champion digitization

Closed two acquisitions

CROSSMARK
Smarter Way. Faster Growth.

axieo

Expand regional footprint

Good progress in FMCG



Drive operational excellence

Business Unit Healthcare

Softer market trends



Patient traffic 75% versus Q4 2019¹



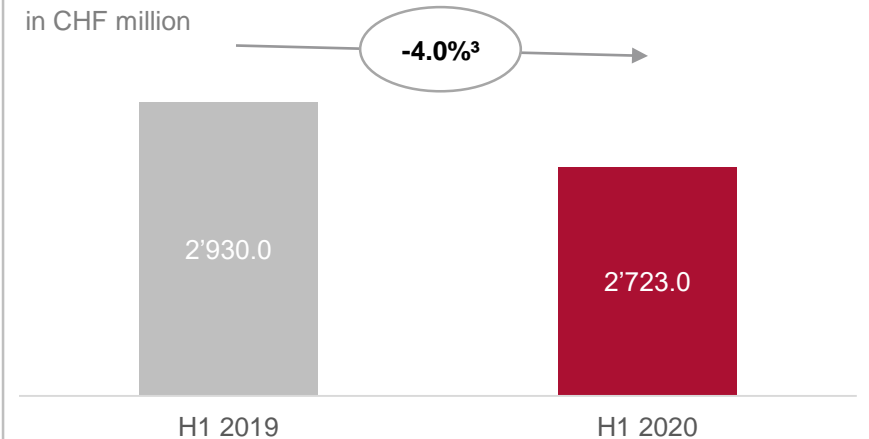
Patient flow 72% end-May and **90%** end-June, trend improving²

DKSH with resilient results

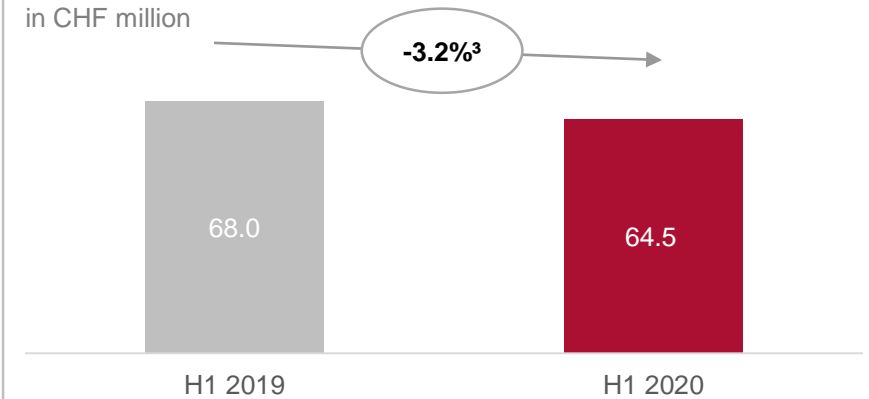
Net sales and EBIT around last year's level³

- Diversified across markets, channels and categories
- Good growth in the Indochina region
- Solid growth and good business development

Net sales
in CHF million



EBIT
in CHF million



¹ Hospital survey Vietnam. Estimated patient number change May 2020 versus Q4 2019

² DKSH market survey among top hospitals in Thailand. Comparison of patient numbers at the end of May and end of June 2020 versus normal levels pre COVID-19

³ Constant exchange rates

Business Unit Consumer Goods

Fast-moving Consumer Goods (FMCG)

- Nutritional
- Personal Care
- Snacks & Confectionary
- Beverages
- Home Care
-

*Turnaround progressing well
– strong EBIT growth*



Luxury and Lifestyle



- Accessories
- Apparel
- Household luxury products
- Watches
- Writing instruments
- ...

Business impacted by COVID-19



Business Unit Consumer Goods

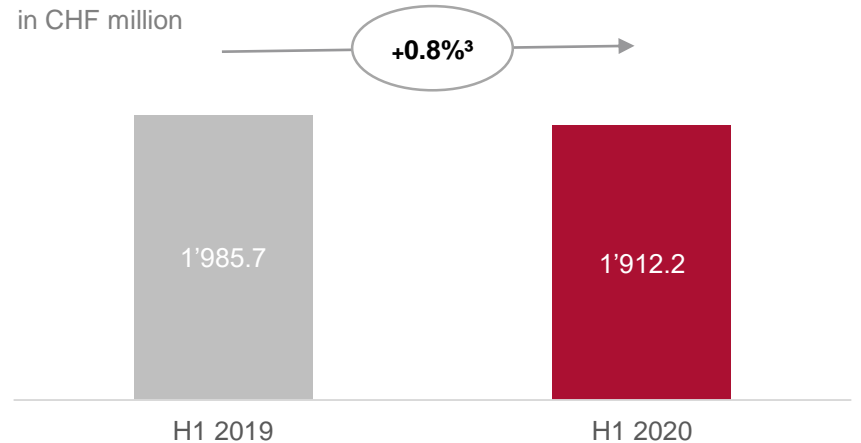
Unprecedented market trends

-  **Tourism -60%** in Thailand¹
-  **Watch exports -36%**²
-  **21-year low Thai consumer confidence**

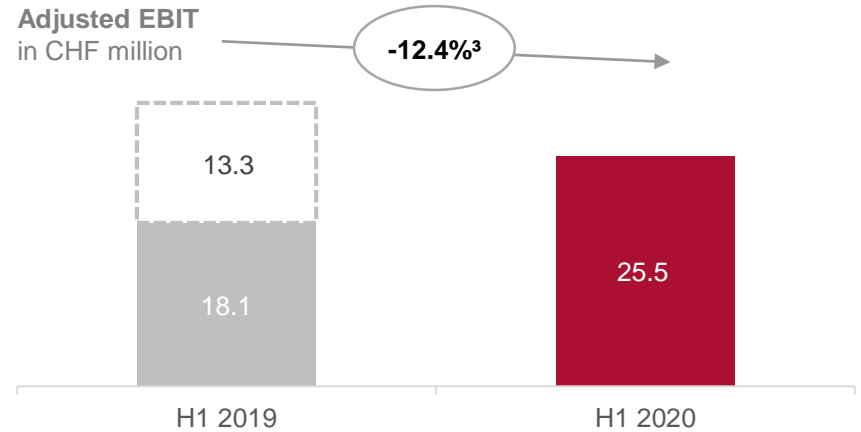
DKSH results

- **FMCG** with good sales and higher EBIT
 - Strong growth in eCommerce and Indochina
 - Accelerated trend towards outsourcing
 - Successful turnaround with strong EBIT growth
- **Luxury and Lifestyle** categories with substantial declines from COVID-19

Net sales
in CHF million



Adjusted EBIT
in CHF million



¹ Thai Tourism Ministry: Number of tourist arrivals from January to May 2020 versus same period of last year

² Federation of the Swiss Watch Industry FH. Data year-to-date May 2020 versus year-to-date May 2019

³ At constant exchange rates

Business Unit Performance Materials

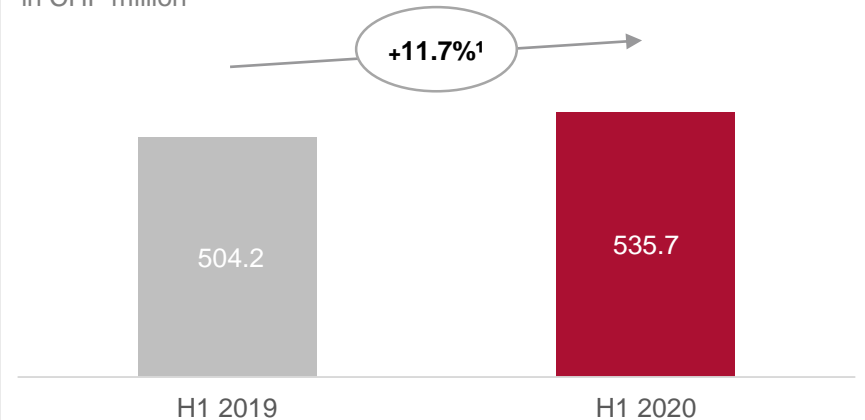
Strengthening position as leading specialty chemicals and ingredients distributor

- Continued net sales growth
 - Onboarding of new clients
 - Expansion with existing suppliers

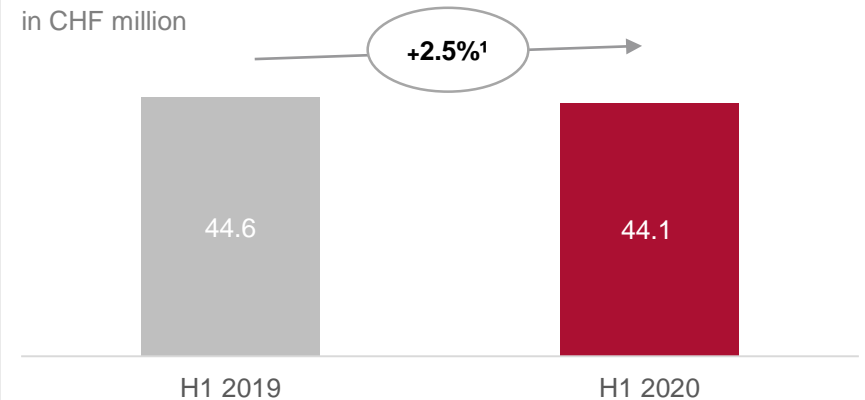
- Further expansion of market coverage
 - Takeover of Axieo in Australia and New Zealand

- Despite softer markets in Q2 2020, EBIT grows further¹

Net sales
in CHF million



EBIT
in CHF million



¹ Constant exchange rates

Business Unit Technology

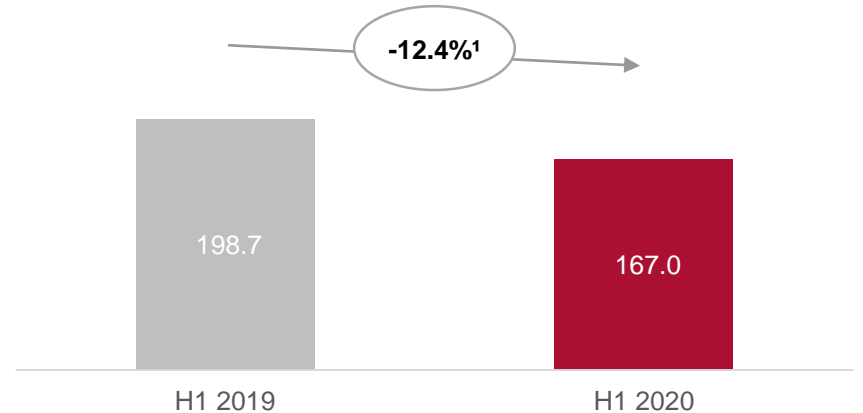
Exceptionally challenging first half 2020

- Customers had to shut down production temporarily and put investments on hold
- Impact on both project and service business

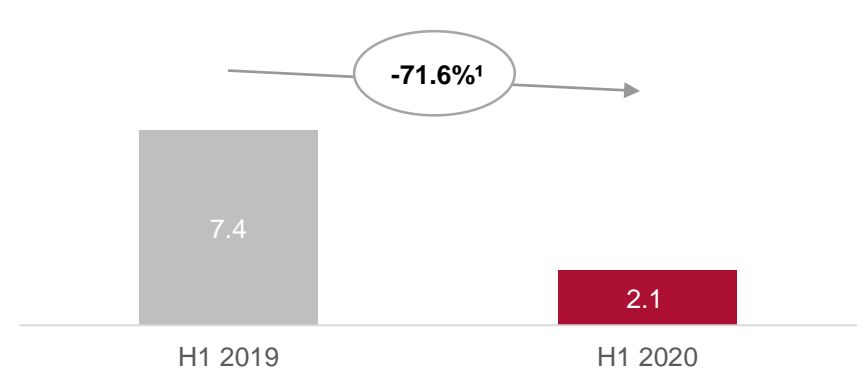
Clear action plan initiated

- Cost savings: **mid-single digit** million range
- Intensified business development with a focus on more resilient business areas and service
- Better second half expected

Net sales
in CHF million



EBIT
in CHF million

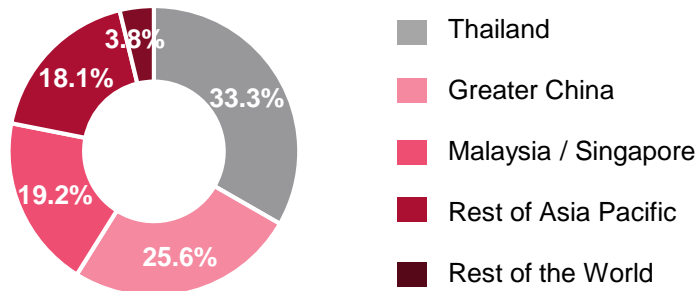


¹ Constant exchange rates

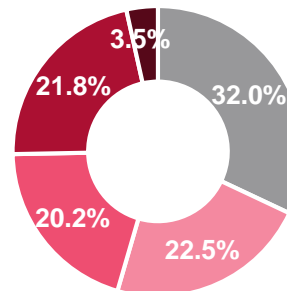
Financial results H1 2020

Net sales	EBIT	Profit after tax	Free Cashflow	RONOC
CHF 5.3 bn	CHF 111.3 m	CHF 60.2 m	CHF 51.1 m	15.2%
-1.2% ¹	+4.7% ¹	-9.1% ¹	+59.2%	-1.2%ppt

**Net sales by region
HY 2019**



**Net sales by region
HY 2020²**



**DKSH more diversified
across markets**

- Indochina, Indonesia and ANZ with higher share
- «Rest of Asia Pacific» for the first time above 20% of sales
- Reduced dependency on few large markets

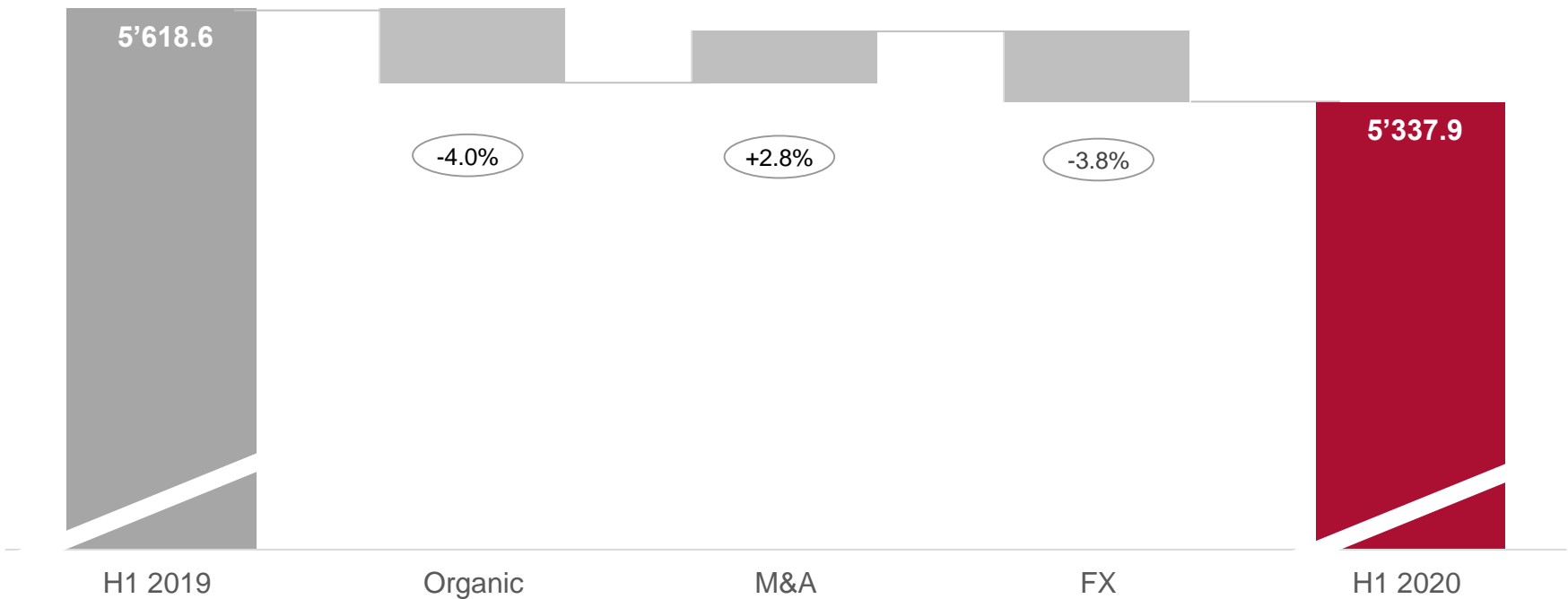
¹ At constant exchange rates

² Mainland China 1.6% of Group net sales

Net sales development

Resilient in unprecedented times

(in CHF million)



Organic: Difference 2020 figures to 2019 figures excluding M&A and FX

M&A: Acquisition Auric Pacific, CTD and Crossmark (Consumer Goods), Dols and Axieo (Performance Materials) as well as SPC (Technology)

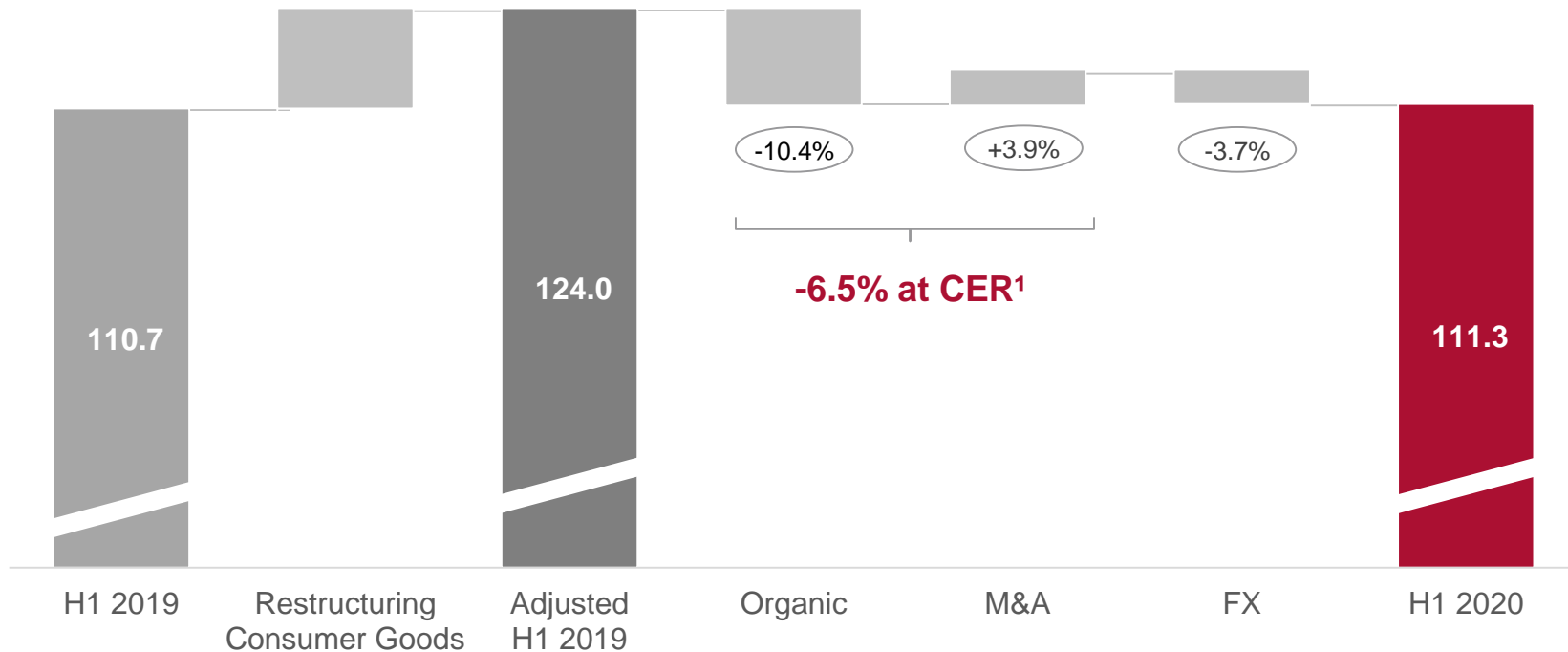
FX: Impact from currency translation on net sales

Delivering growth – in Asia and beyond.

EBIT development

EBIT only 6.5% below last year¹

(in CHF million)



¹ Constant exchange rates

COVID-19 cost and cash flow measures

Protect profitability

- Priority on health and well-being
- Hiring freeze, except for critical positions and new business
- Reduction in travel and other discretionary spending

Safeguard assets

- Diligent FX management (hedging)
- Increased focus on working capital discipline
- Intensified screening for receivables overdue

Optimize spending

- Lower Capex for 2020 from initially CHF 50 million to CHF 30-40 million
- Continue rolling-out asset-light strategy

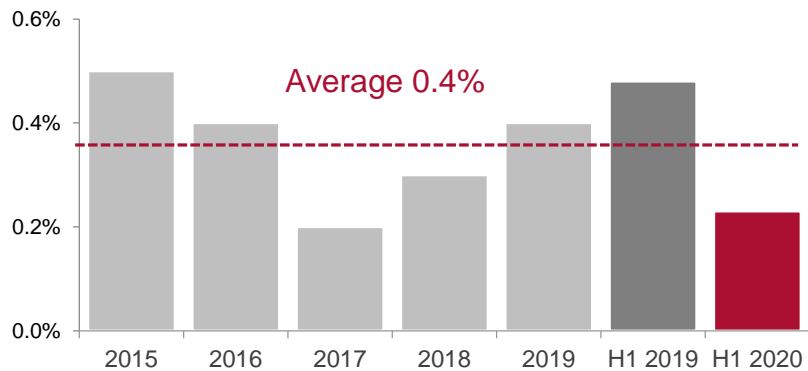
Invest for the future

- Capitalizing on business opportunities
 - Digitalization of the business
 - Continued investment in people
-

Sound financials to mitigate market volatilities

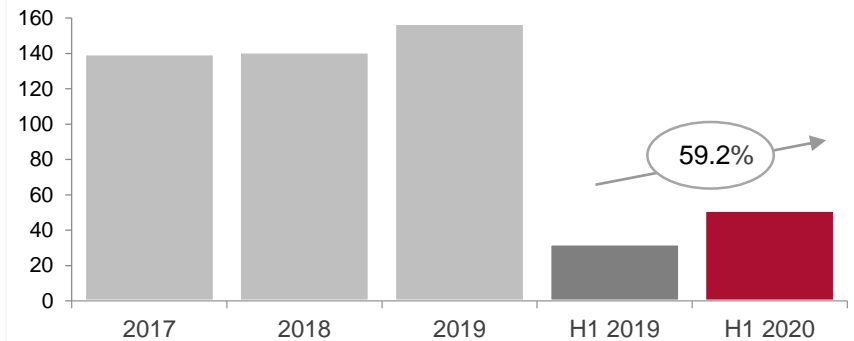
Asset-light business model

Capex / net sales (in %) ¹



Continued good cash generation

Free Cashflow (in CHF million)



¹ Capex defined as as «Purchase of property, plant, equipment» and «Purchase of intangible assets»

Balance Sheet






in CHF million	H1 2020	FY 2019
Cash/Liquid assets	506.6	592.6
Trade receivables	1,982.5	2,241.2
Inventories	1,295.2	1,236.9
Intangibles	301.5	298.5
Right-of-use assets	203.9	226.6
Other assets	753.0	757.2
Trade payables	2,250.1	2,415.0
Borrowings	310.8	279.7
Lease liabilities	204.0	221.2
Other liabilities	549.3	602.5
Total equity	1,728.6	1,834.6
Total equity and liabilities	5,042.7	5,353.0

- Dividend distribution of CHF 123.6 million
- Payments of CHF 53.0 million for acquisitions of Crossmark and Axieo
- Improved net working capital management
- Low goodwill to equity ratio at 14.1%
- Net cash position of CHF 195.8 million

Continued strong balance sheet

Accelerated M&A strategy ...

... completed at attractive multiples

Target	Business Unit	Consolidated months	Net sales in CHF million ¹
 AURIC PACIFIC	Consumer Goods	April 2019	185
 ctd	Consumer Goods	July 2019	45
 CROSSMARK <i>Smarter Way. Faster Growth.</i>	Consumer Goods	March 2020	50
 axieo	Performance Materials	March 2020	120
 ID	Performance Materials	June 2019	10
 SGC GROUP	Technology	April 2019	50
			460 in total

Ideal M&A criteria:



Earnings and margin accretive



>15% RONOC



Attractive multiple



Further leverage potential

¹ Annual net sales, typically the year before acquisition

Outlook



Robust and asset-light business model

Good share of daily consumption items

Distribution as the key growth driver

Strategic initiatives and short-term prudent spending

Intact long-term growth drivers

Capital Market Day 2020



Save the Date
September 21, 2020

Q&A session

