

DKSH Capital Markets Day 2020



Delivering growth – in Asia and beyond.

Today's speakers



Stefan P. Butz
Chief Executive Officer



Marco Gadola
Chairman



Bernhard Schmitt
Chief Financial Officer



Bijay Singh
Head Business Unit
Healthcare



Terry Seremetis
Head Business Unit
Consumer Goods



Hanno Elbraechter
Head Business Unit
Technology



Natale Capri
Co-Head Business Unit
Performance Materials



Thomas Sul
Co-Head Business Unit
Performance Materials

Agenda

Time	Topic (all sessions incl. Q&A)	Speakers	Page
09:00	Welcome and Strategy update	Stefan P. Butz, CEO	1-15
09:20	Chairman address	Marco Gadola, Chairman	17-19
09:35	Business Unit Healthcare	Bijay Singh, Business Unit Head	21-36
10:10	Business Unit Consumer Goods	Terry Seremetis, Business Unit Head	38-54
	<i>Coffee Break</i>		
11:10	Business Unit Technology	Hanno Elbraechter, Business Unit Head	56-73
11:40	Business Unit Performance Materials	Thomas Sul and Natale Capri, Co-Business Unit Heads	75-95
12:20	Finance update	Bernhard Schmitt, CFO	97-106
12:30	Wrap-up Q&A session	Stefan P. Butz, CEO and Bernhard Schmitt, CFO	
12:50	Closing remarks	Stefan P. Butz, CEO	108-109
13:00	End of Capital Markets Day		

Objectives of today's Capital Markets Day



Provide an update on strategic priorities and actions to deliver growth



Update on our evolution



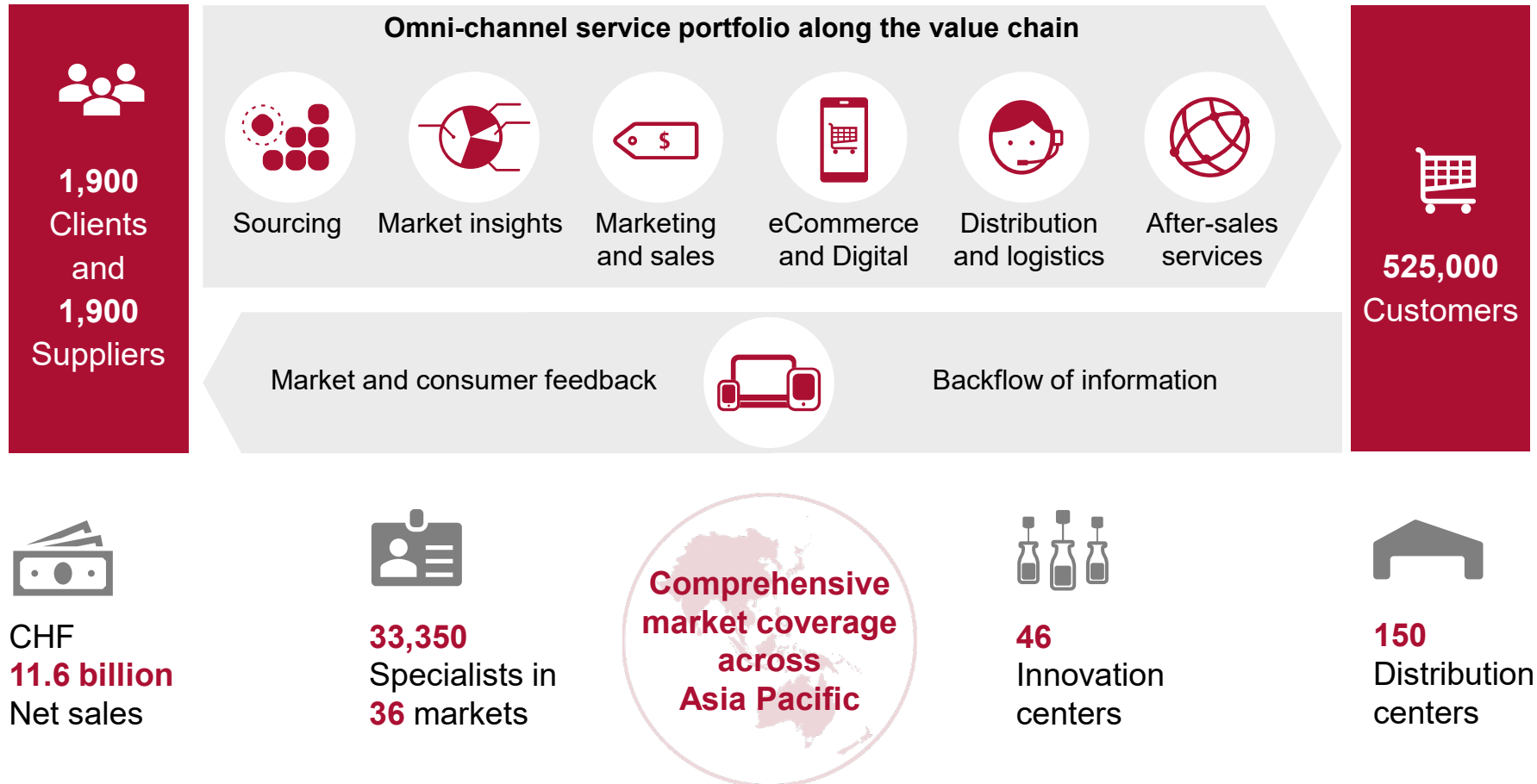
Get to know our leadership team and their focus on diligent execution



Deepen understanding of our business and growth drivers



We are the leader in Market Expansion Services in Asia



Numbers for 2019. Number of Innovation centers incl. Axieo acquisition

Delivering growth – in Asia and beyond.

More than 150 years of experience in Asia ... setting the stage for a new chapter



Three drivers fueling our business...

1	Market growth Mid- to long-term	2	Industry trends	3	M&A
	Well-positioned in fast-growing, resilient markets		Opportunity to capitalize on industry trends		Supplement growth with M&A
Sound economic fundamentals		Outsourcing and digitization		Expand geographic footprint	
Favorable demographic trends		More complexity and regulation		New value-added services	
Increasing consumption levels		Distributor network consolidation		Access new segments and channels	

... with the potential to deliver GDP+ growth (in real terms) post COVID-19

Six pillars to deliver on our growth strategy



Nurture high-performance culture



Drive Business Unit strategies



Expand regional footprint



Drive operational excellence



Champion digitization



Strengthen and update supply chain

Nurture high performance culture

New **DKSH Identity**
launched in 2020

25% change of Top 50
management since 2018

4.5x more people in
LTIP ¹ than three years ago

+25% increase in training
targeted by 2025 ²

New **Chief HR Officer**
appointed in 2020



¹ Long-term incentive plan

² See DKSH Sustainability Report 2019, page 19-20

Drive Business Unit strategies



Business Unit Healthcare

Expand our strong market position and drive into **higher value segments and services**



Business Unit Consumer Goods

Capitalize on **our leadership** in **Asia Pacific**



Business Unit Technology

Build resilience and deliver growth to **exceed pre-COVID-19 levels**



Business Unit Performance Materials

Strengthen leading position in specialty chemicals and ingredients distribution

Expand regional footprint

Around CHF 530 million of value-accretive net sales acquired in last three years



Value-added services and capabilities



Complementary to geographical footprint



Sound financials

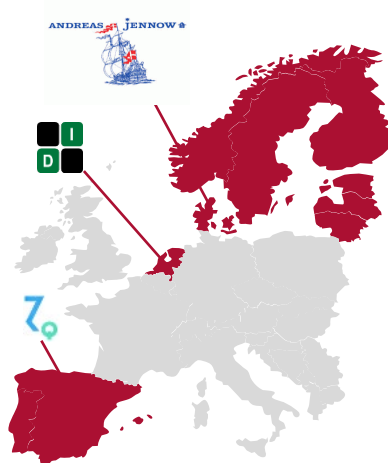


Cultural fit



Attractive multiples

European specialty chemicals expansion



Asia Pacific market consolidation



Up to CHF 1 billion leverage headroom (max. 2x net debt / EBITDA) ¹

¹ Net debt is net financial debt (debt minus cash)

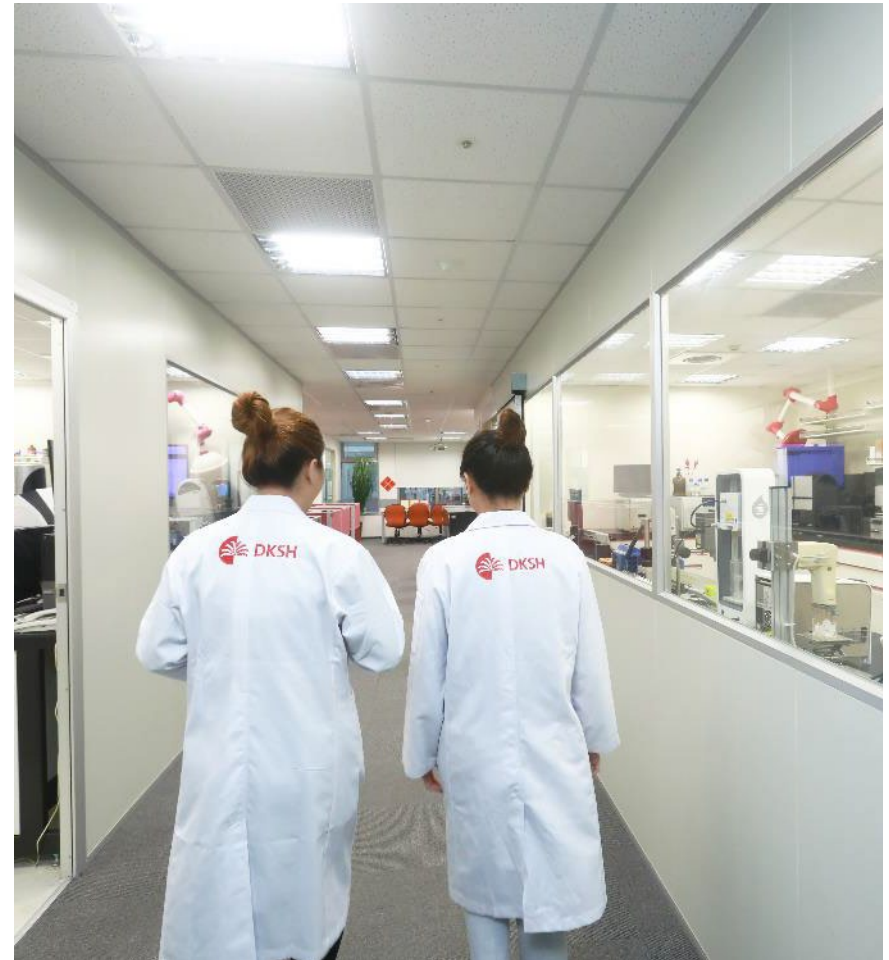
Drive operational excellence

4.8 percent overhead cost savings
(excl. IT and Digital) ¹

Further focus on **mid-term efficiency**
improvements based on operational KPIs

Increased focus on Sustainability

- Commitment to SDGs ²
- Targets for all Executive Committee members
- External ratings improved



¹ 2020 vs. 2018

² UN Sustainable Development Goals, for more information see DKSH Sustainability Report 2019, page 19

Champion digitization

> CHF 150 million target

eCommerce net sales (2020)

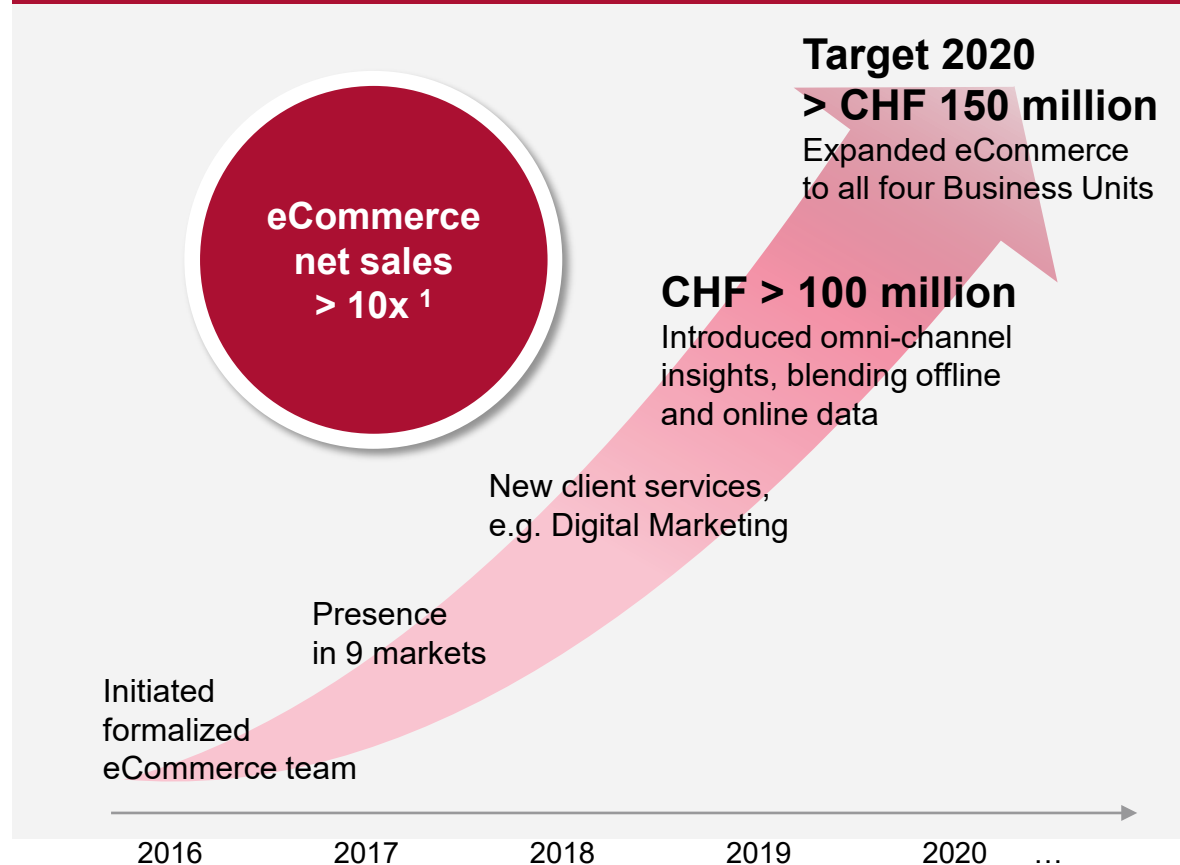
- Pan-Asian coverage
- Present on all top marketplaces
- Highest integrity standards
- Full direct-to-consumer capabilities

New **Chief Digital Officer** appointed, accelerating **digital transformation**

Sustained focus on:

- Process digitization
- Digital business models (e.g. New Retail)
- New Application Programming Interface platform

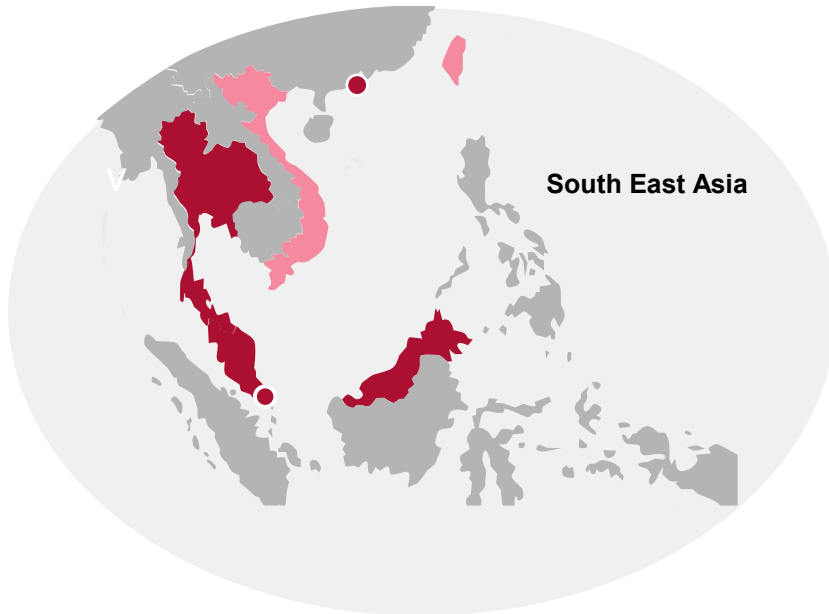
DKSH eCommerce development 2016 to 2020



¹ eCommerce net sales 2016 compared to 2020 target

Strengthen and update supply chain

Transport Management System (TMS) roll-out status per market



TMS rolled out

- Thailand
- Malaysia
- Singapore
- Hong Kong

TMS being rolled out

- Vietnam
- Taiwan



New advanced **data-driven** Transport Management System implemented in key markets

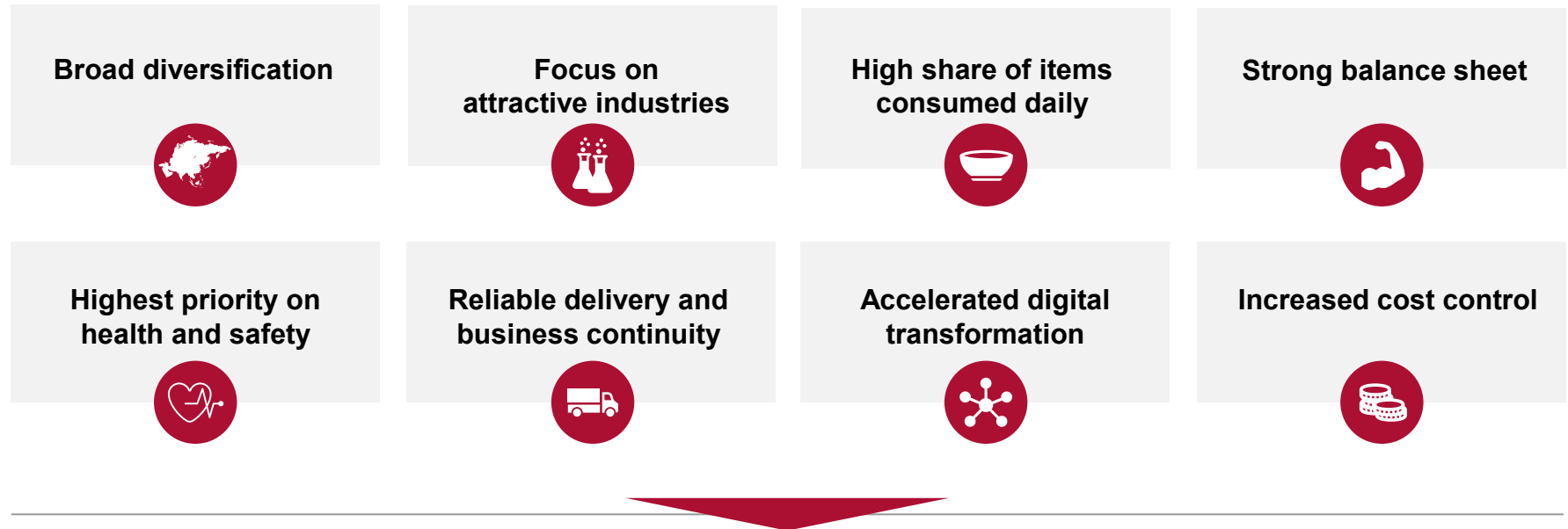


Introducing **automated service processes**
Two **semi-automated** distribution centers



Increase **flexibility and agility** with B2B and B2C fulfillment capabilities

DKSH proves resilience during unprecedented times



Overview of key financials H1 2020

CHF 51.1 million
Free Cash Flow
 (+59.2%) ¹

CHF 111.3 million
EBIT
 (+4.7%) ¹

CHF 5.3 billion
Net sales
 (-1.2%) ¹

CHF 1.90 per share
Ordinary dividend
 (+2.7%) ¹

¹ At constant exchange rates (except for Free Cash Flow and dividend), compared to same period of 2019

Chairman address

New DKSH Chairman since 2020



Marco Gadola
Chairman of the
Board of Directors

Joined DKSH:
2020

**Delivering growth –
in Asia and beyond.**

Initial impressions since assuming Chairman role



- **Asia Pacific** remains an attractive growth region
- **Proven and resilient business model** that creates value
- **Strong team** driving transformation
- Potential to further **expand our leadership** positions and market share
- Opportunities to **enhance profitability** and **cash flow generation**
- Long-term **committed anchor shareholder**

Key messages

Strategy

Sound corporate **strategy continues to be in place**
– H1 2020 results show **resilience** and **potential** of our business

Team

Strong management team focussing on business execution
and **developing future leaders**

Focus areas

Cash Flow generation, **FMCG** transformation, **Performance Materials** expansion,
process optimization, **geographical** expansion, **digital** transformation ...

Capital allocation

Progressive dividend policy and **M&A** strategy

Our ambition

Delivering growth – in Asia and beyond.

Business Unit Healthcare

Business Unit Healthcare

DKSH Business Unit Healthcare



Bijay Singh

Head Business Unit
Healthcare

Joined DKSH:
2015

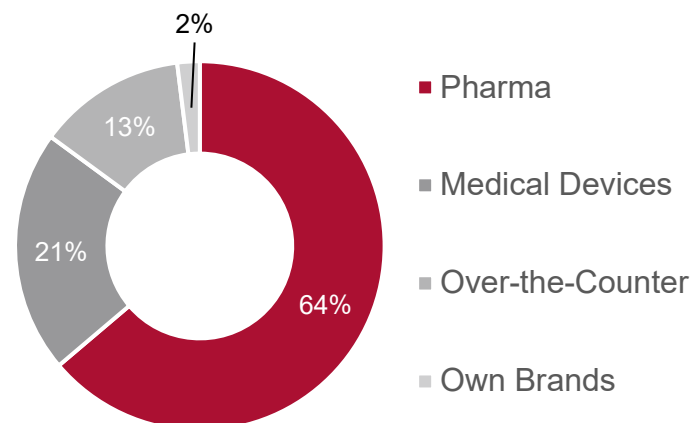
**Expand our strong market
position and drive into higher
value segments and services**

Our Healthcare business in Asia Pacific

14 markets



Net sales split 2019



Net sales
CHF 6.0 billion ¹

EBIT
CHF 134.5 million ¹

Leading in
commerical
outsourcing

Top 2
in distribution ²

8,220

Specialists

550

Clients

130,000

Customers

¹ For 2019

² Source: publicly available competitor information

Adding value for healthcare stakeholders in Asia

Key benefits



Among the largest distribution networks
(>80% direct hospital and pharmacy coverage)



Leading commercial team
(4,500 local sales and marketing specialists)



High quality and compliance standards
(international certifications e.g. ISO, GMP, GDP)



Growth-driving value-added services
(e.g. Patient Solutions, Regulatory, Analytics)



Well-established portfolio of 550 Blue Chip clients and emerging players...

Pharma



AstraZeneca

Roche

CHEPLA
PHARM
Arzneimittel

SANOFI

ALEXION

Medical Devices



Alcon

TERUMO

Medtronic

Lifescan

Baxter

Over-the-Counter (OTC)



虎豹 Haw par

gsk

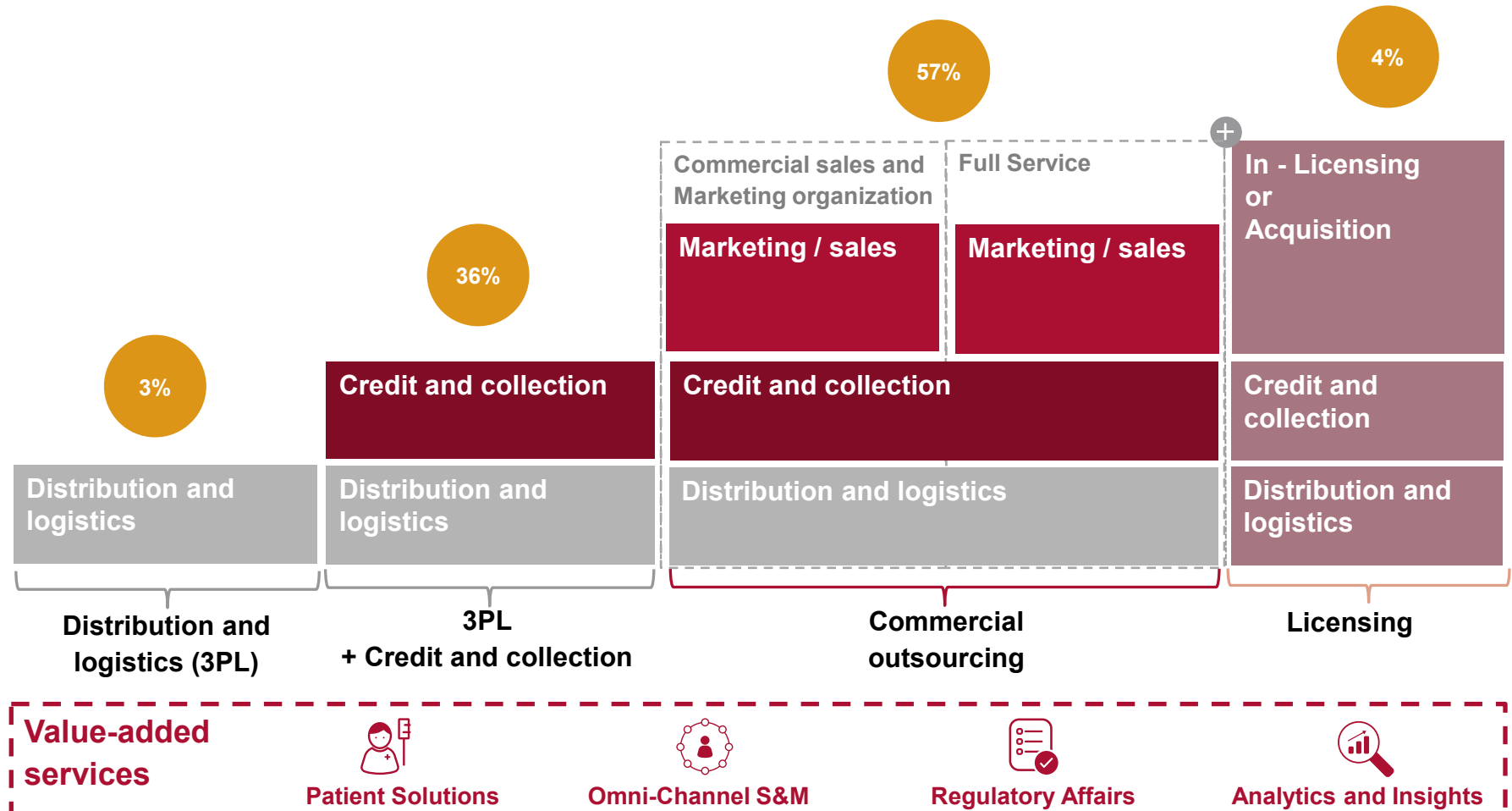
Abbott
Nutrition

BDF Beiersdorf

Reckitt
Benckiser

...across categories and markets

Modular partnership models to support our clients' long-term, cost-efficient growth strategies in Asia



Note: Bubbles represent share of EBIT contribution in 2019

Unique direct omni-channel approach connecting clients to 130,000 customers across Asia

Medical channel (mainly hospitals/clinics)

63%



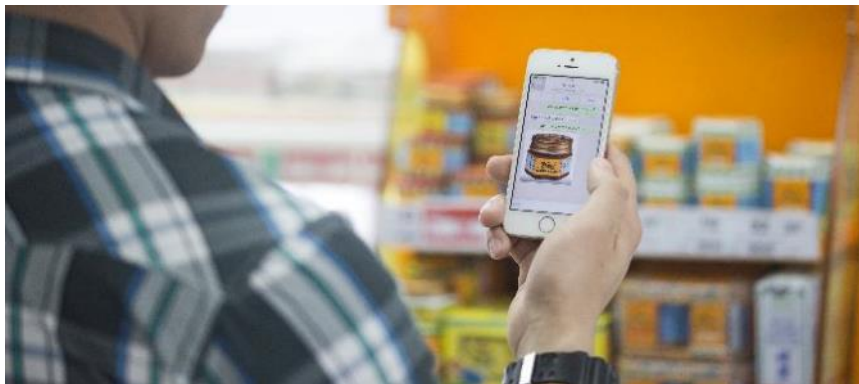
Traditional Trade (independent pharmacies)

26%



eCommerce

<1%



Customer split by net sales 2019

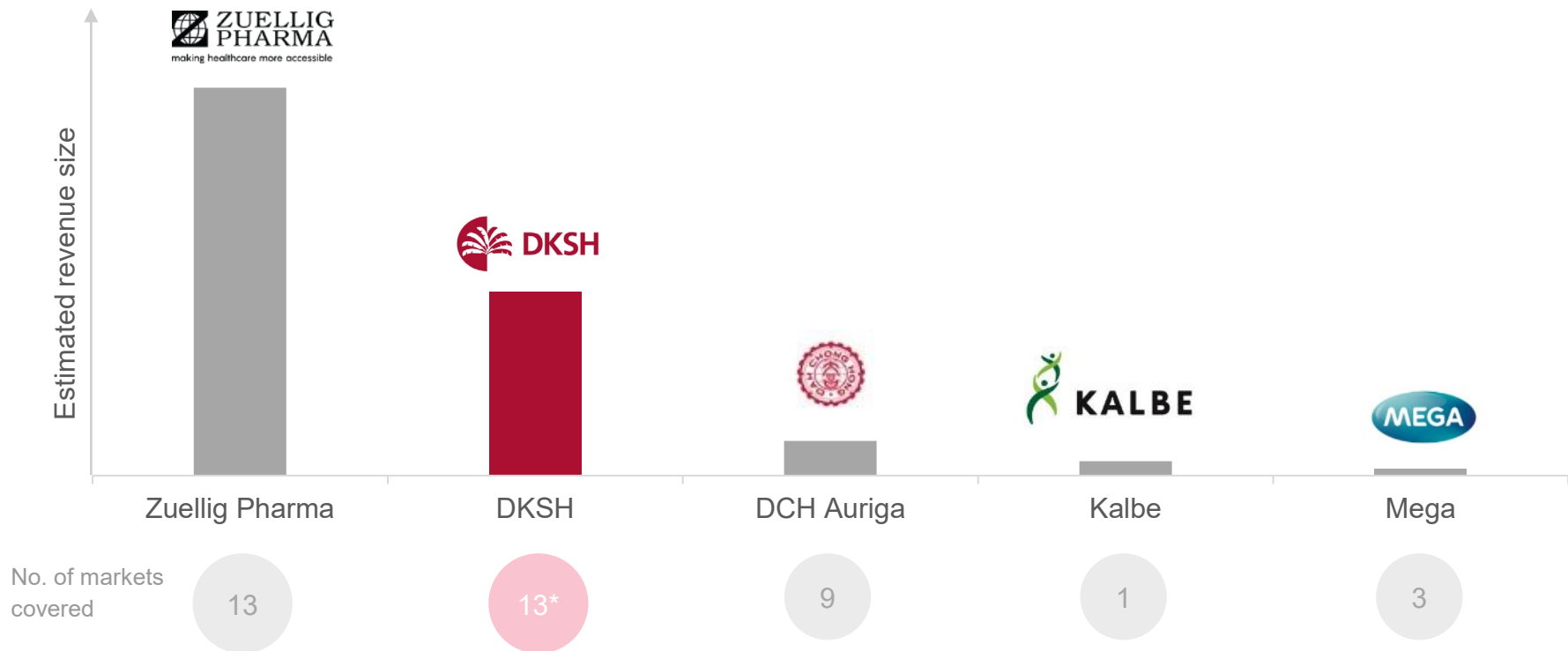
Modern Trade (mainly chain pharmacies)

11%



Delivering growth – in Asia and beyond.

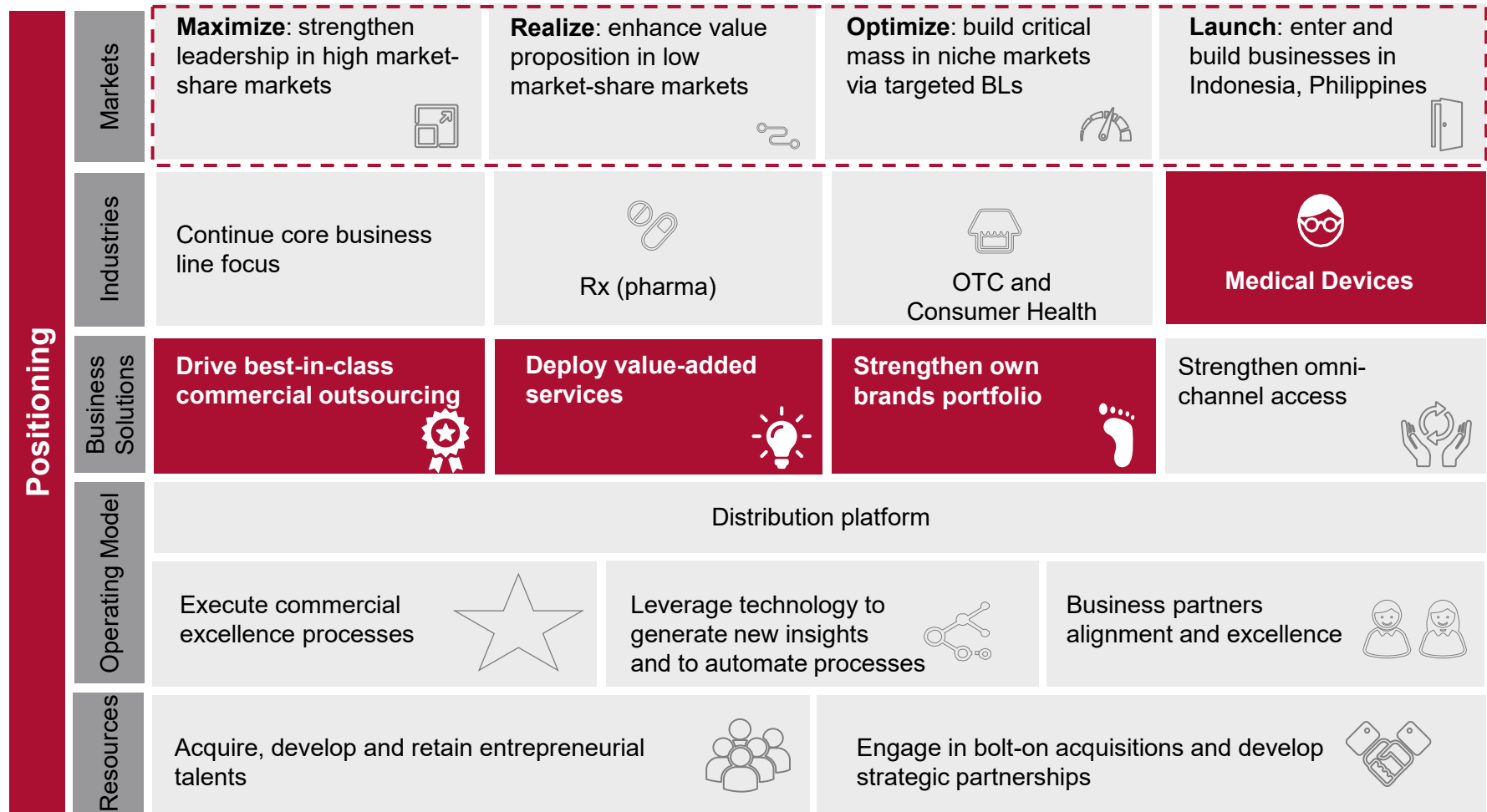
DKSH is a leading healthcare distributor in Asia



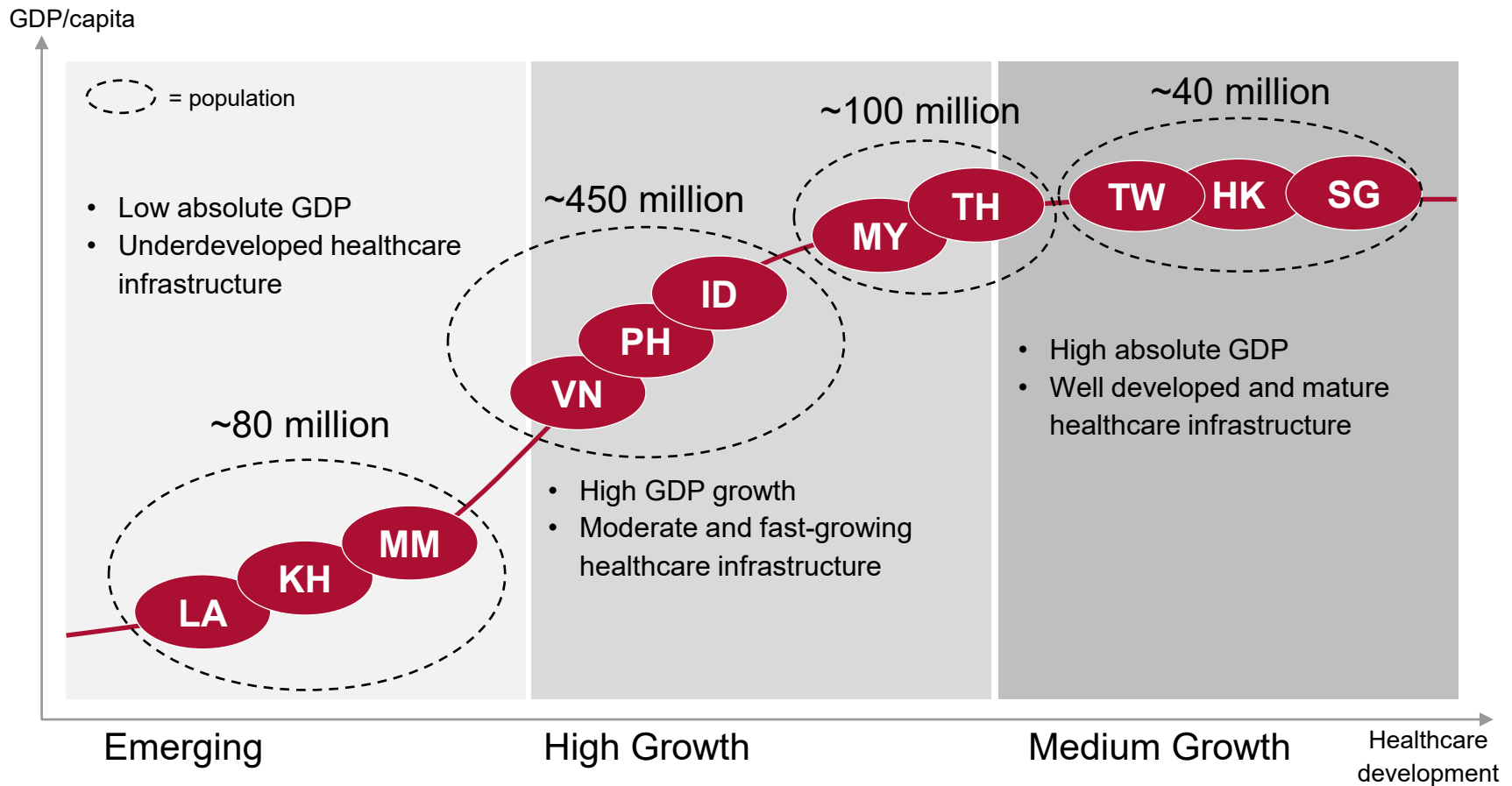
Source: Company information. DCH Auriga excluding Mainland China and combined consumer and healthcare businesses. For Mega and Kalbe distribution business only. *Excluding Switzerland

Delivering growth – in Asia and beyond.

Healthcare: Strategic direction



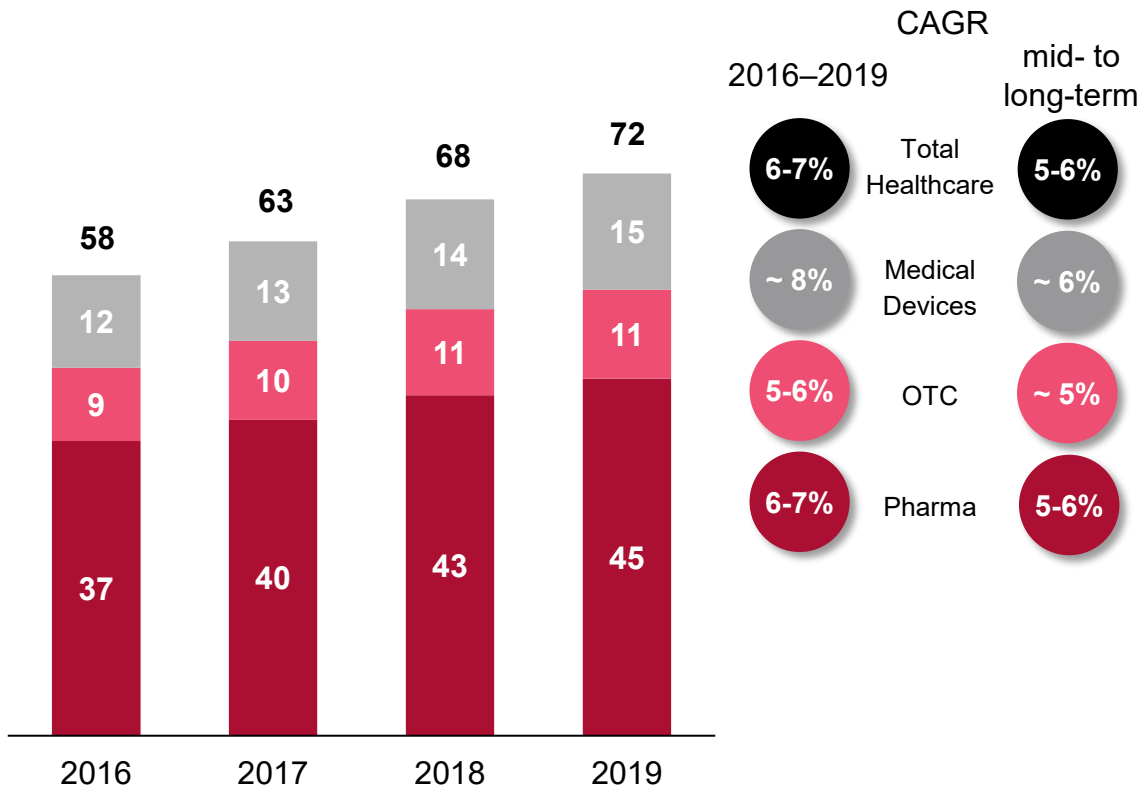
Customized Healthcare strategy per market



Source: Economist report: South-East Asia: The New Emerging Healthcare Market Challenge (2016)

Resilient growth expected for Asian Healthcare industries

Healthcare market size (in USD billion) ¹



Key highlights

Long-term growth driven by:

- Still relatively low healthcare spending per capita
- Aging population
- Innovative therapy launches
- **Mid- to long-term 5-6% growth forecasted for Asian healthcare markets ¹**

¹ Source: Fitch Solutions, June 2020

Pharma data for Cambodia, Hong Kong, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam
For Medical Devices and OTC all markets shown above, except Cambodia, Laos and Myanmar

Double-down on fast-growing Medical Devices categories



Win in selected categories
(cardiovascular, orthopedics, diabetes, ophthalmology, in vitro diagnostics)

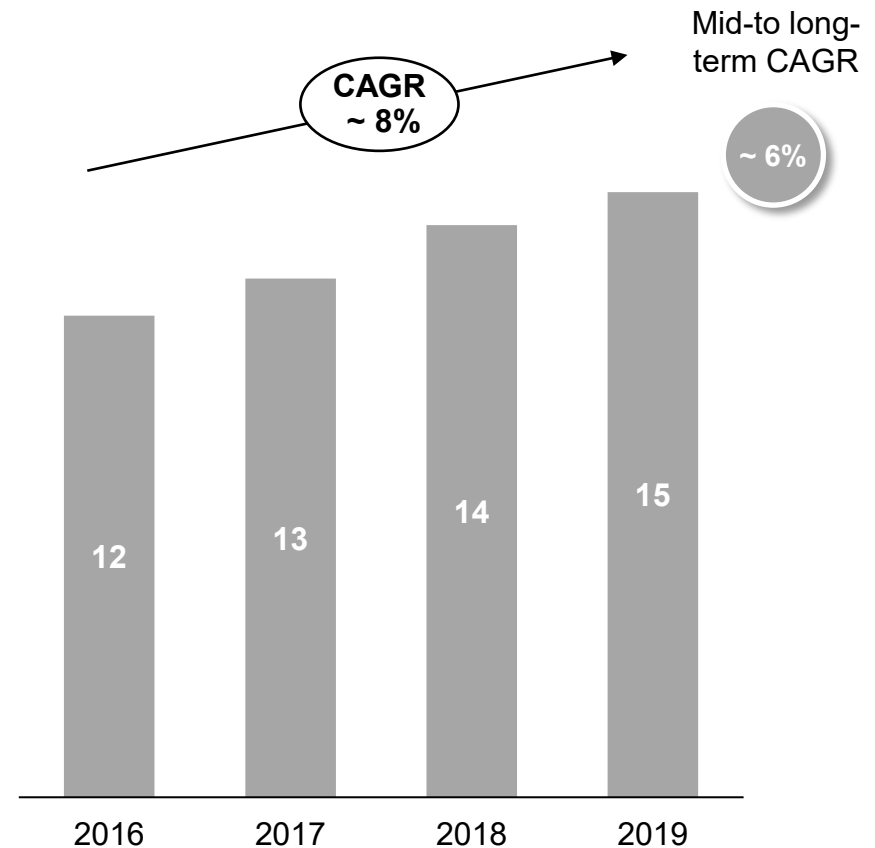


Differentiated distribution solutions
(e.g. 24h delivery, reverse logistics ...)



Opportunity for value-generating full-service solutions

Medical devices market size (in USD billion) ¹



¹ Fitch Solutions, June 2020

Data for Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam

Multiple client trends driving need for commercial outsourcing solutions

Continuously emerging client trends ...



Focus on core competencies (e.g. R&D, key brands etc.)



Market prioritization with a focus on large markets: US, Europe, China or Japan

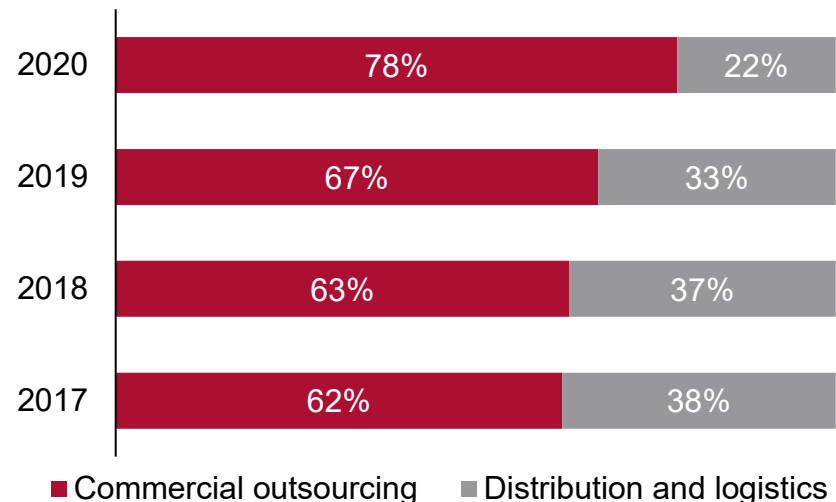


Price pressure leading to cost focus for the healthcare industry



Higher value products mean every patient counts – new starts and adherence are critical

... driving share of commercial outsourcing ¹



DKSH ranks top 10 among blue chip pharma companies ²



¹ Number of newly signed contracts, 2020 figures for July 2020 YTD

² Source: IQVIA, measured by revenues

Continuous shareholder value generation and attractive long-term product pipeline in own brands

Our own brands portfolio remains attractive

- Proven growth track record
- Expansion opportunities
- Good profitability
- Ownership of IP rights
- Production outsourced
- Careful management of potential client conflicts

Showcase future product pipeline

Alvotech and DKSH partner to bring key biosimilar to Asia



[Read more at: DKSH Alvotech 2020](#)

IP is Intellectual Property

Increased focus on value-added services driving higher benefits for clients, customers and patients



Regulatory Affairs

Client-specific regulatory affairs management



Patient Solutions

Beyond-the-pill support for patients



Omni-Channel Sales and Marketing

Increase customer reach and engagement



Analytics and Insights

Deep understanding of market dynamics and trends



Regulatory management

Accelerate launch timelines
Comply with continuously evolving regulations across markets



Patient engagement

Education, convenience and adherence solutions
Acquire new patients
Retain patients



Channel Optimization

Increase client reach cost-effectively
Engage with customers

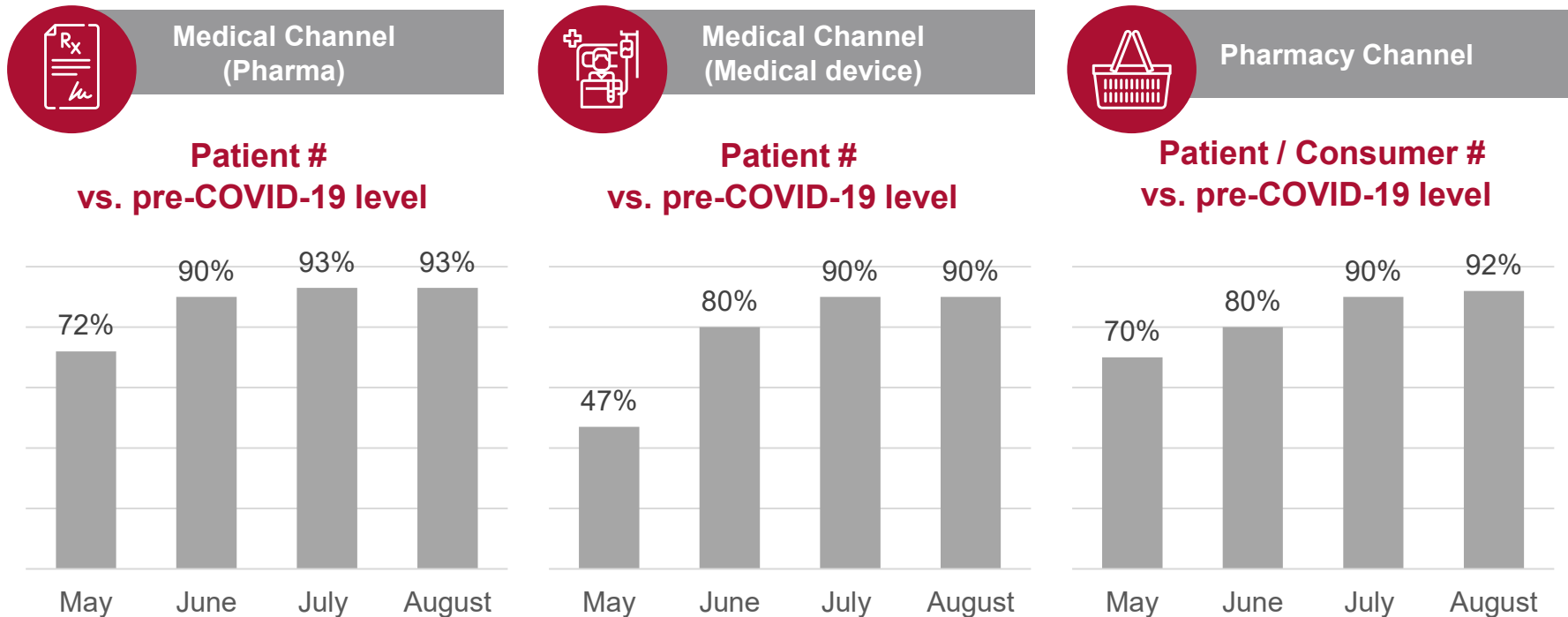


Growth opportunities

Generate insights with proprietary data from transactions and stakeholder engagement to optimize in-market performance

DKSH successfully navigating through COVID-19 crisis

Thailand – development of monthly patient numbers per channel



Small improvements seen across most key markets in recent months, but still behind pre-COVID-19 levels

Source: DKSH market survey Thailand, August 2020

Highlights Business Unit Healthcare



DKSH is **the leader** in healthcare **commercial outsourcing** in Asia



We run a **resilient, asset-light** and **cash-generative** business model



DKSH is **successfully navigating** through **COVID-19 challenges**



We see **growth opportunities** through the expansion of **higher value-added segments and services** (e.g. commercial outsourcing, own brands, medical devices...)

**Expand our strong market position and
drive into higher value segments and services**

Business Unit Consumer Goods

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DKSH Consumer Goods



Terry Seremetis
Head Business Unit
Consumer Goods

Joined DKSH:
2019

**Capitalize on our leadership
in Asia Pacific**

Business Unit Consumer Goods at a glance

22 markets

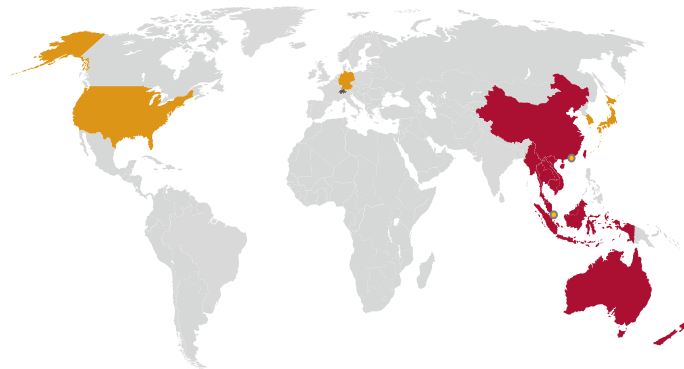
Net sales split 2019 ¹

Net sales
CHF 4.1 billion ¹

EBIT
CHF 82.9 million ¹

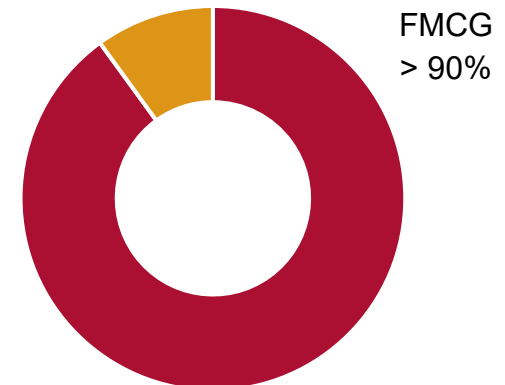
Leading regional
player

~1% Rest of the World



~99% Asia-Pacific

Luxury & Lifestyle
< 10%



20,300

Specialists

700

Clients

350,000

Customers

¹ Numbers for 2019. EBIT excl. restructuring costs (CHF 14.5 million)

Delivering growth – in Asia and beyond.

We offer one-stop-shop solutions tailored to specific client and customer needs

What are our clients' needs?



Pan-Asian expansion



Access to relevant trade channels



Consistent go-to-market approach



Insights and analytics

What services do we offer?

Sales and marketing
incl. value-added services

- + Field Marketing
- + Digital
- + Route-to-Market



Credit and collection



Distribution and logistics



Note: Bubbles represent share of FMCG EBIT contribution in 2019. Full service including value added-services

Our product portfolio covers a large variety of highly resilient categories for daily use

Nutritional products



Dry grocery and beverages



Beauty and personal care



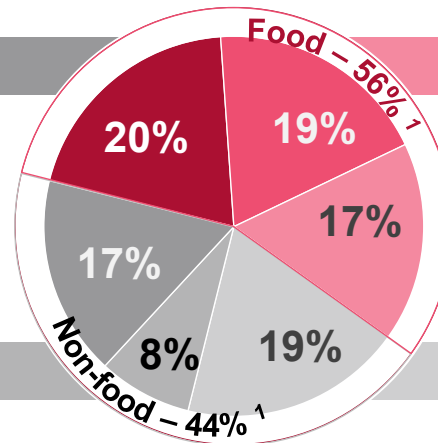
Snacks and confectionery



Household and Home care



Other categories



¹ Net sales split for FMCG distribution in 2019

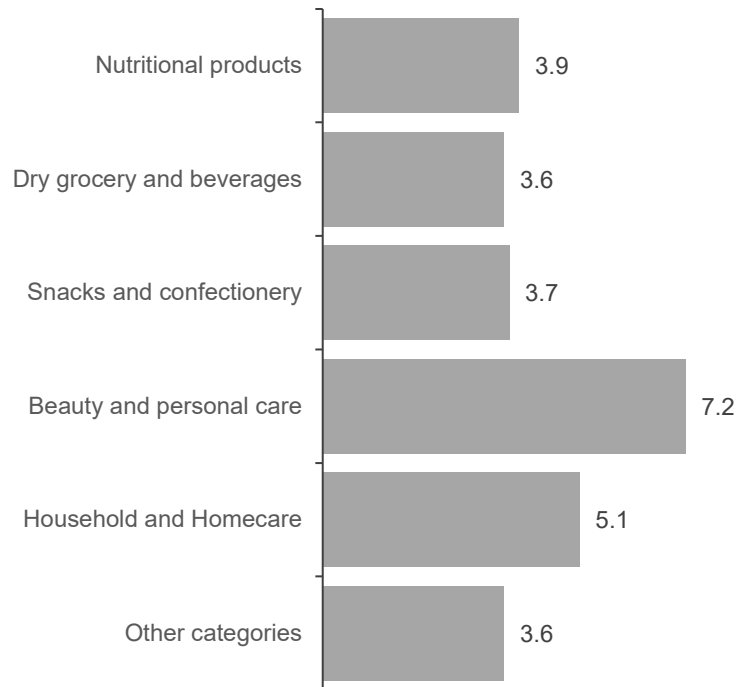
Our omni-channel approach provides access to 350,000 customers in Asia Pacific



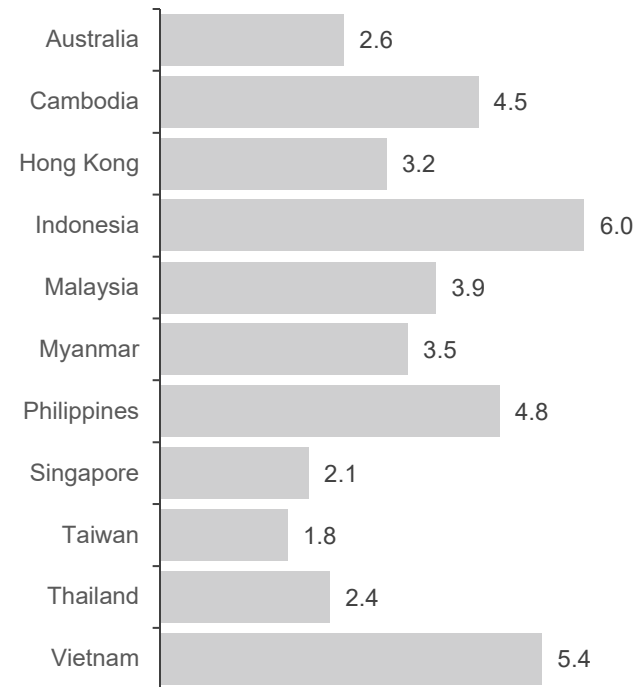
Source: Pie chart values represent DKSH internal numbers

Mid-term growth potential across categories and markets after COVID-19-related contraction

FMCG growth in Asia per category ¹ CAGR 2020-2023 (%)



FMCG growth in Asia per market ¹ CAGR 2020-2023 (%)

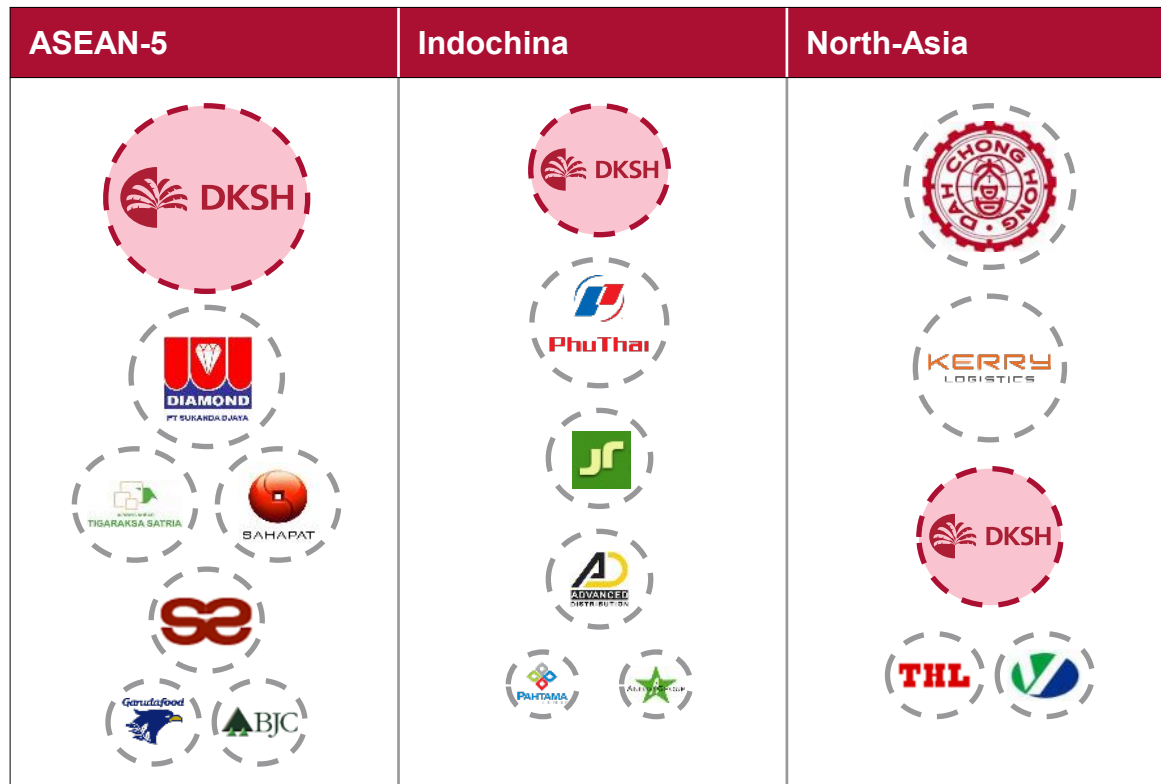


**After a pandemic-driven decline in 2020 of around 4.7%,
Asia's consumer goods industry is expected to rebound ^{1,2}**

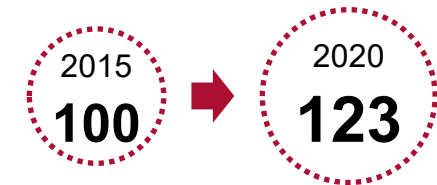
¹ Euromonitor, refreshed June to August 2020

² Global Data Market Analyzers (decline vs. initial baseline forecast for 2020)

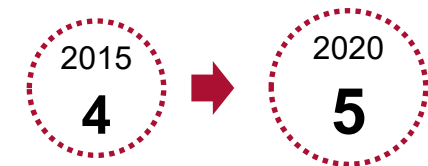
DKSH is the only player with comprehensive regional coverage as clients streamline distribution partnerships



○ Bubble size represents estimated sales



Number of DKSH's regional clients



Average number of markets covered for Top 30 clients

BJC: Consumer supply chain business only; Loxley: Trading business segment only; Pahtama is part of City Mart Holdings; LF Asia is part of DCH Group; Kerry Logistics turnover for Integrated Logistics only. North Asia is Hong Kong and Taiwan

Delivering growth – in Asia and beyond.

DKSH's FMCG business remains highly relevant as recent client wins and awards show

Expansion of partnerships across markets

Consolidation of distributor network

eCommerce



May 2020

DKSH appointed to increase market coverage across all trade channels for Unilever in Indonesia

July 2020

DKSH became anchor partner and full-service distributor for Kraft Heinz in Malaysia

August 2020

DKSH won from Lazada the Best Customer Engagement Award for Lego Thailand

Various factors led to underperformance in recent years – initiated transformation with higher results since 2019

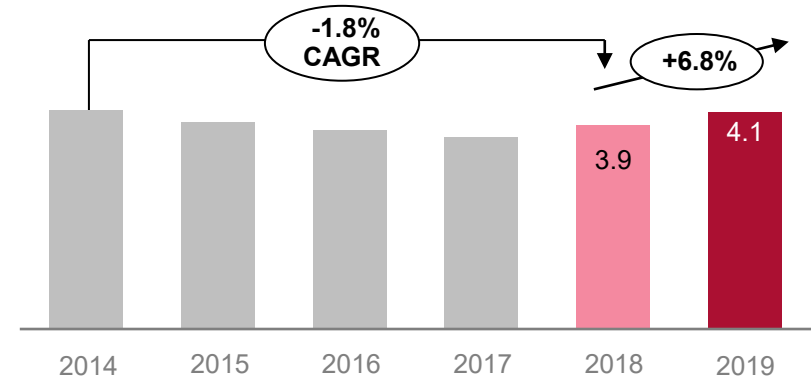
Market challenges

-  Shift in core categories
-  Shift in core channels
-  Shift in core markets

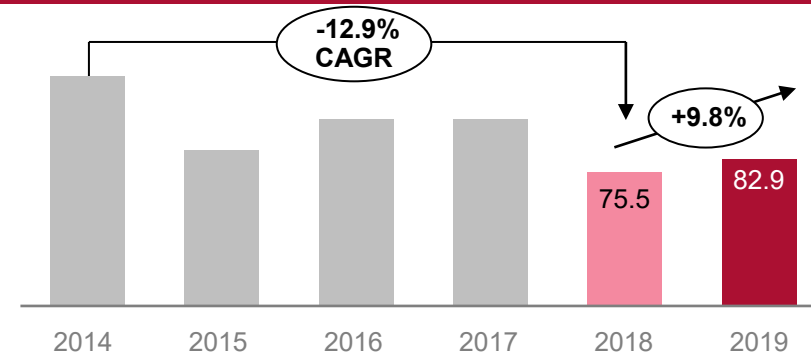
Internal challenges

-  Leadership and organizational structure
-  Not enough focus on market dynamics
-  Too complex and high cost base

Net sales (Consumer Goods in CHF billion)



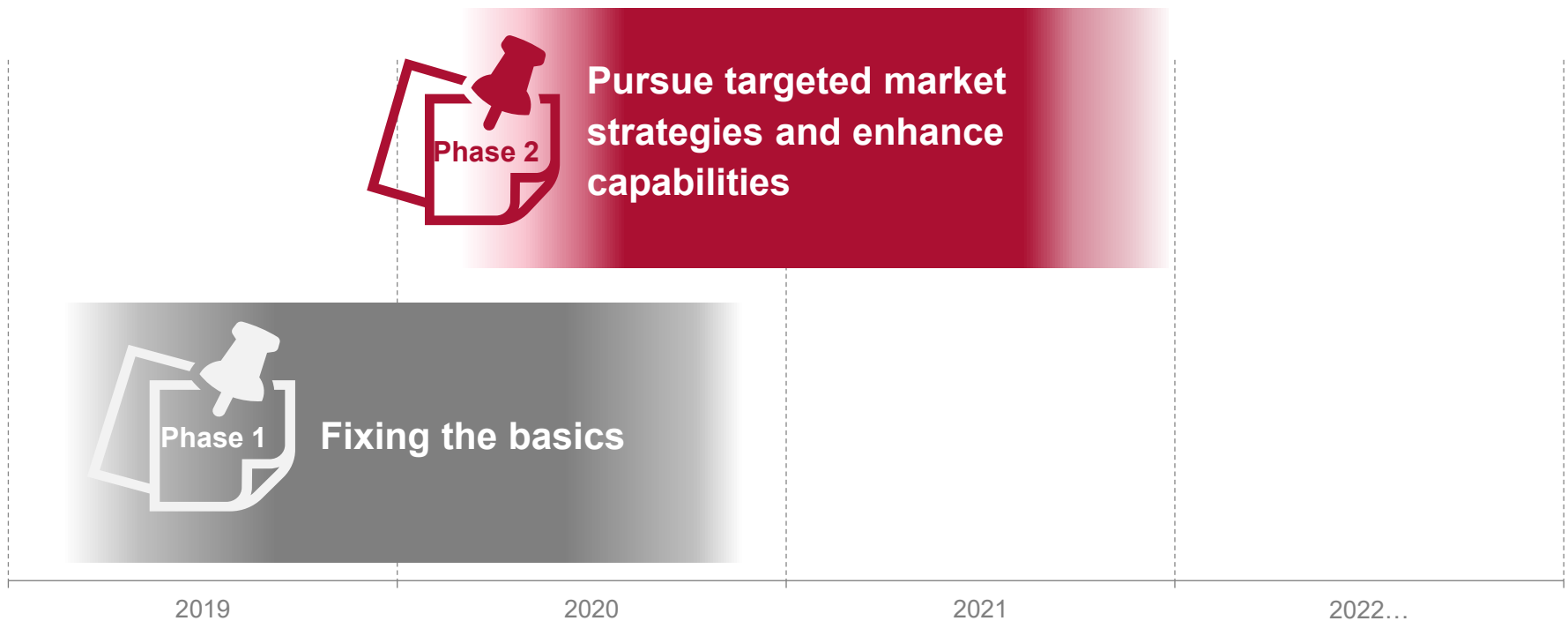
EBIT¹ (Consumer Goods in CHF million)



¹ Excluding one-time costs (2019: CHF 14.5 million, 2018: CHF 12.6 million, 2015: CHF 58.7 million)

Our FMCG transformation is gaining traction

... scale up as the preferred partner in Asia Pacific to capture future growth opportunities



Fixing the basics – Phase 1 overview

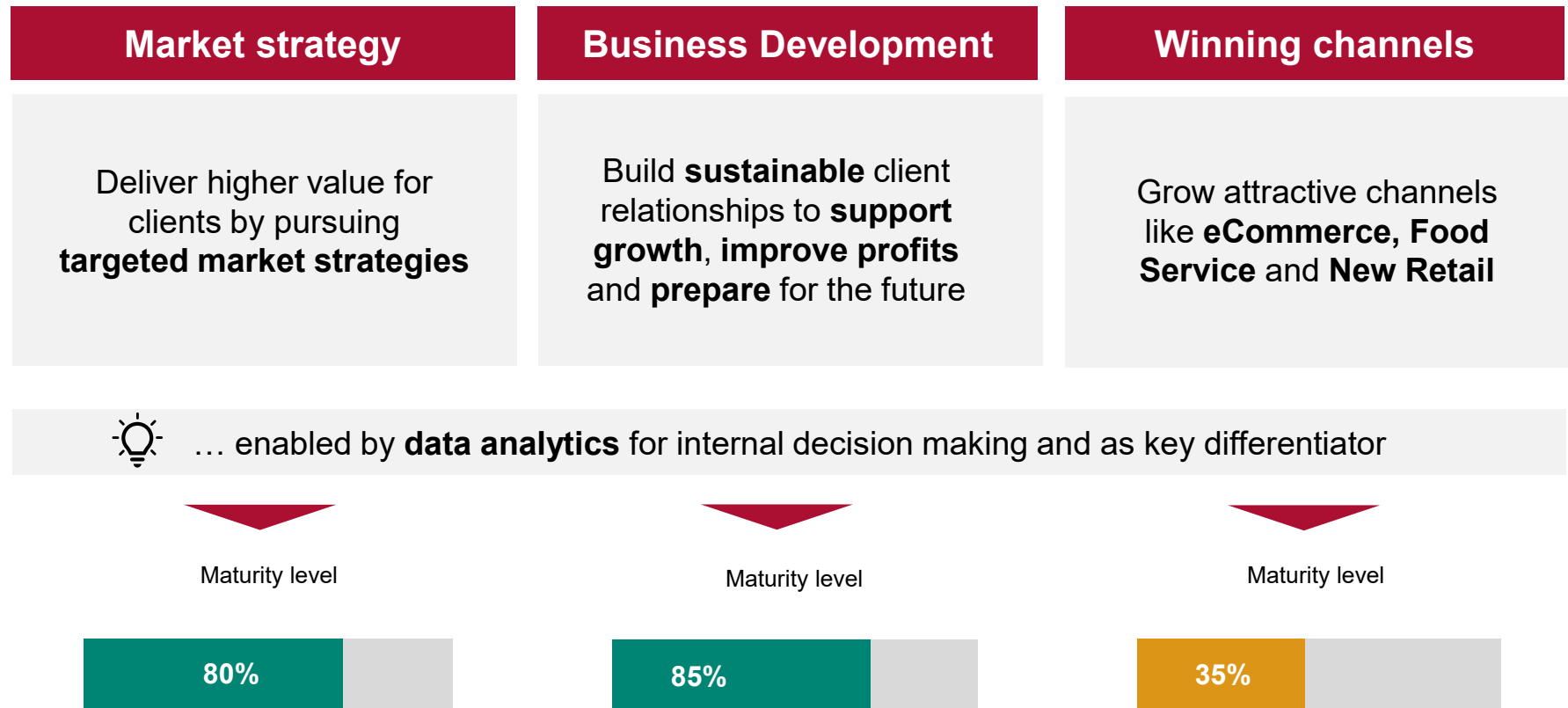


Key Highlights H1 2020 ¹



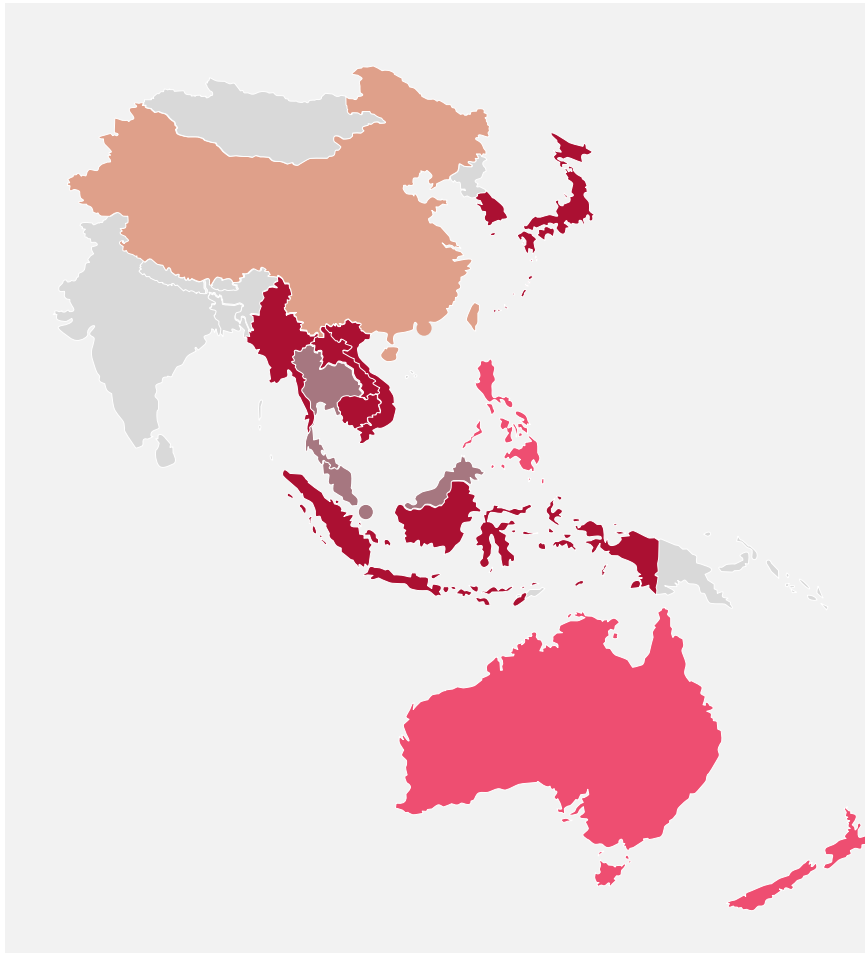
¹ FMCG change compared to same period of 2019

Pursue targeted market strategies and enhance capabilities – **Phase 2 overview**



We are on track with our transformation

Deliver higher value for clients by pursuing targeted **market strategies**



Expansion opportunities across most markets with targeted strategies to realize potential

Focus on profitable growth

- Thailand
- Malaysia
- Singapore



Capitalize on high-growth markets

- Cambodia
- Vietnam
- Myanmar
- Laos
- Indonesia



Focus on higher value creation

- Hong Kong
- Taiwan
- China



Focus on organic and M&A-led growth

- Australia
- New Zealand
- Philippines

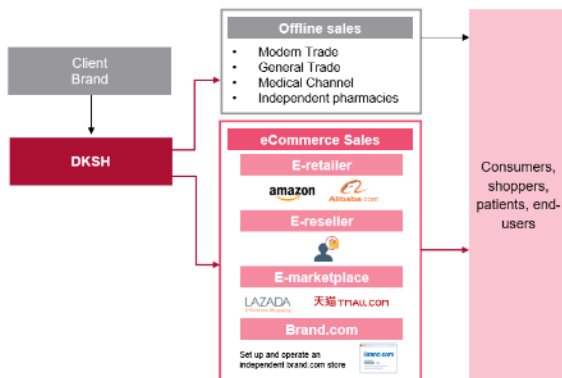


New **Business Development** as a key enabler for future profitable growth ...

Objectives	Key initiatives				Status vs. last year
Support growth	Key pillars focus	FERRERO	Unilever		Net sales up 75% to around CHF 200 million
	Regional clients	KraftHeinz	SUNTORY	Upfield™	
	Asia heros footprint	Horlicks	MORINAGA	SINGHA BEER	
Improve financials	Accretive EBIT				Accretive
Prepare for the future	Transformation and sustainable client pipeline	New organization		Implemented	
		2021 Business Development approach		Starting September 2020	
... generating higher sales at accretive terms					

Keeping our proven omni-channel approach while investing in **winning channels** to capture growth

eCommerce



New Retail



Food Service



- **Aligned** omni-channel **marketing** and **pricing** approach
- Representation of **client's brands**
- We work with **relevant e-retailers**
- **Efficient inventory** management

> CHF 150 million eCommerce net sales target in 2020 ¹

- Collaborate with **all relevant players** to digitally connect Traditional Trade outlets and **represent** our **client's brands**

Transition Traditional Trade outlets to digital

- **Strong footprint** in Malaysia, Singapore and Hong Kong
- **Positioned to expand** to **Thailand** and **Myanmar** (post COVID-19)

Further expansion post COVID-19

¹ Entire DKSH Group

Luxury and Lifestyle business

	FMCG	Luxury & Lifestyle
 Strategy	Capitalize on our leadership in Asia Pacific	Niche market strategy
 Business characteristics	Mainly daily necessities Low price point High volumes Lower profit margins Extensive distribution	Mainly discretionary products Higher price point Lower volumes Higher profit margins Selective distribution
 Business update	Resilient during COVID-19 Transformation progressing well	Watch turnaround delivered 2019 Year-to-date impacted by COVID-19 Business slowly bottoming-out

Highlights Fast Moving Consumer Goods



Factors leading to **underperformance** in recent years have been **addressed**
– **substantially higher H1 2020 results** as proof point



DKSH remains highly relevant for clients and customers



FMCG transformation is gaining traction



Future growth opportunities with transformed business

Capitalize on our leadership in Asia Pacific

Business Unit Technology

DKSH Business Unit Technology



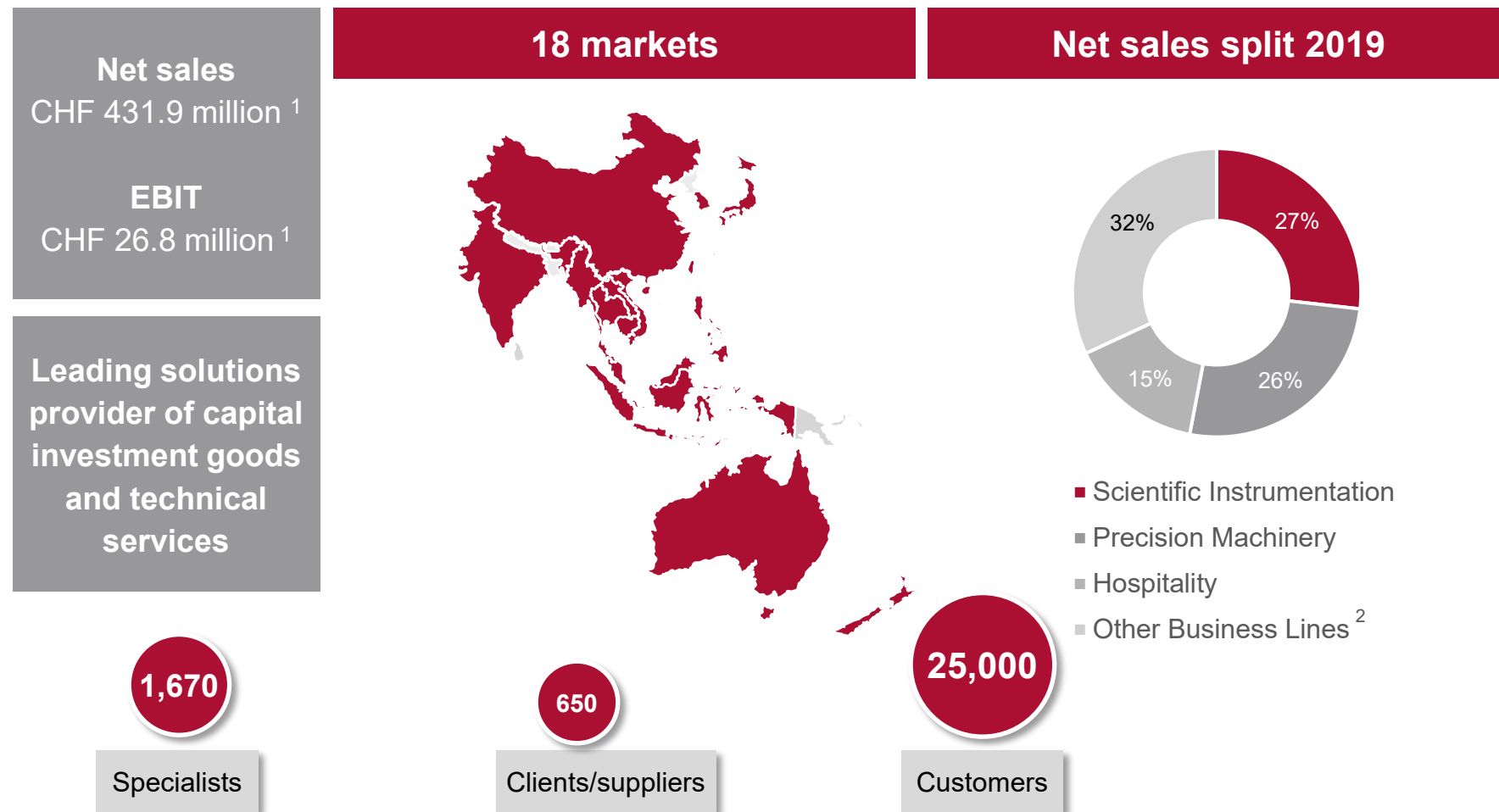
Hanno Elbraechter

Head Business Unit
Technology

Joined DKSH:
2014

**Build resilience, deliver growth
to exceed pre-COVID-19 levels**

Our Technology business in Asia Pacific

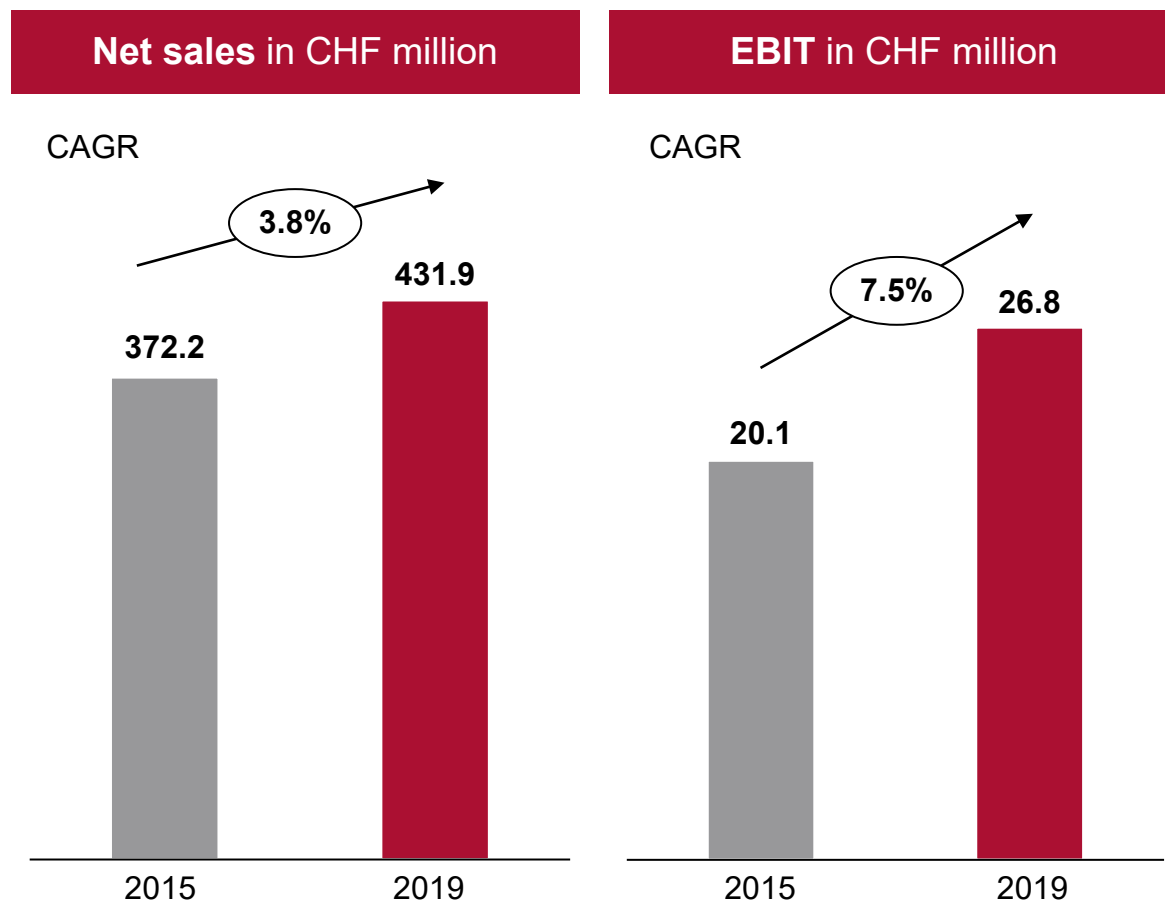


¹ Numbers for 2019

² Industrial Materials & Supplies, Infrastructure Equipment, Packaging Printing & Converting, Semiconductor, Photovoltaic & Electronics and Specialized Industrial Applications

Delivering growth – in Asia and beyond.

Sound financial track record



Asset-light model ¹
0.9% capex / net sales

Continuous
EBIT margin increase in
 the last five years

¹ Average 2015 to 2019

Strong relations with industry-leading manufacturers...

Scientific Instrumentation



Thermo
SCIENTIFIC

BRUKER

BINDER
Best conditions for your success

Malvern
Panalytical

AMETEK

Precision Machinery



WEINIG

STUDER

KLINGELBERG

hp

Schleuniger

Hospitality Equipment



RATIONAL

Panasonic

blendtec

nuova
SIMONELLI
espresso coffee machines

WELBILT

Other Business Lines



SOMA
engineering

KOENIG & BAUER

IMA
Sustain Ability

VERTIV

Cummins

... spanning a diversified portfolio of 650 clients/suppliers

Serving a portfolio of 25,000 reputable customers...

Scientific Instrumentation



- Academia
- Pharma
- Food & Beverage
- Oil & Gas
- Environmental

Precision Machinery



- Aerospace
- Die & Mold
- Electronics
- Automotive
- Medical

Hospitality Equipment



- Restaurants
- Hotels
- Convenience Stores
- Fast Food Chains
- Cafes

Other Business Lines



- Banking
- Packaging
- Telecommunications
- Semiconductors
- Plastics



... in multiple relevant industries

Case study: Scientific Instrumentation in Vietnam



Vietnamese government adopts DKSH's integrated testing solutions to comply with international regulations and standards

See more at: [DKSH Scientific Instrumentation Vietnam](#)

Bringing unique value to our business partners

Key benefits:



Extensive Pan-Asian footprint
(Coverage of 18 markets)



Coverage of entire product lifecycle

- > 500 service and application engineers
- 18 demo labs



Systematic market development

- CRM with >125,000 customers ¹
- Integrated marketing platform



High-tech solutions, reputable brands
(e.g. lab equipment, 3D printers, machine tools)

¹ Combined existing and potential customers



We provide extensive technical, industry and service expertise to ensure our business partners' success

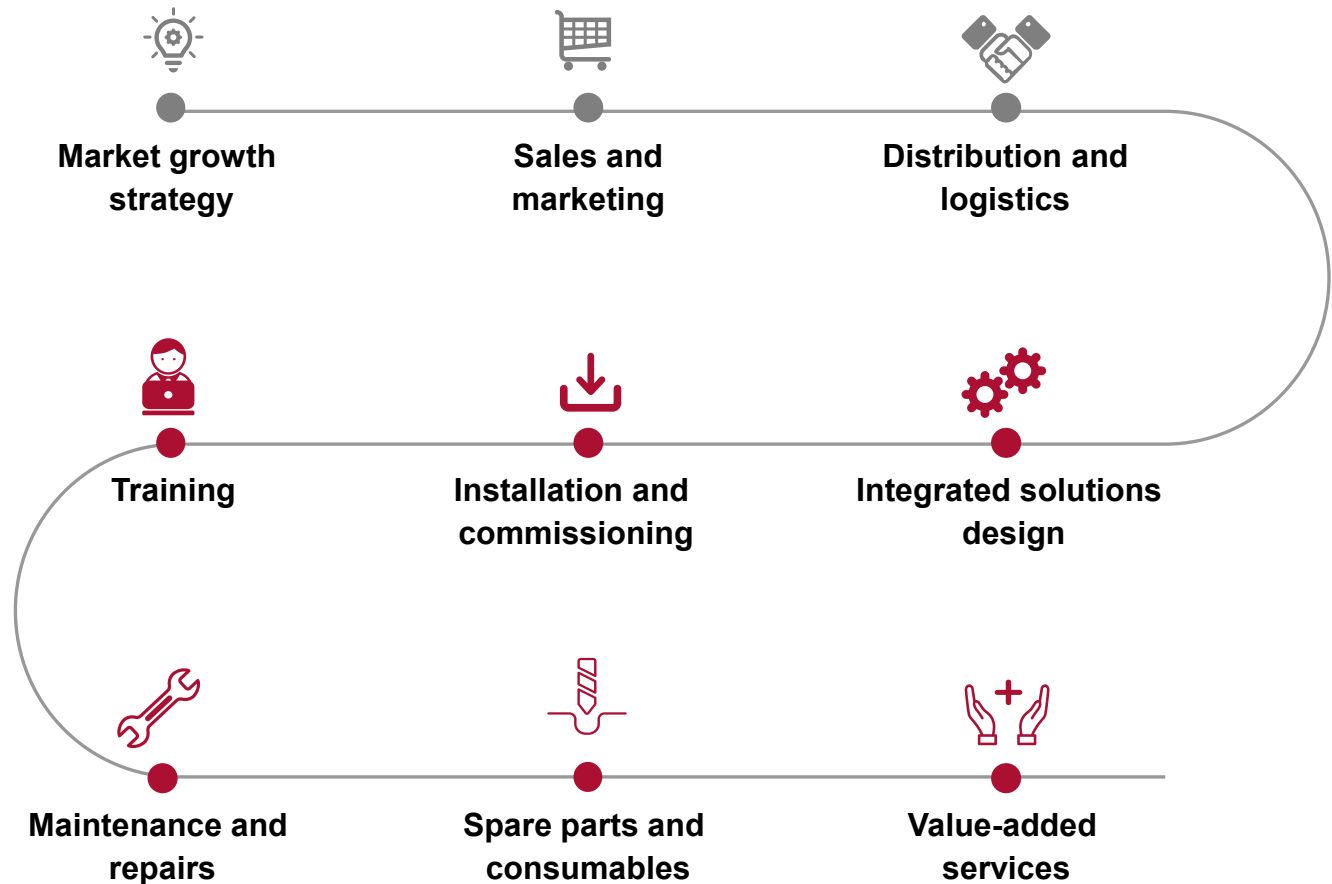
Case study HP 3D printers



- Partnership since 2018
- Malaysia, Singapore and Thailand
- [DKSH HP Southeast Asia](#)

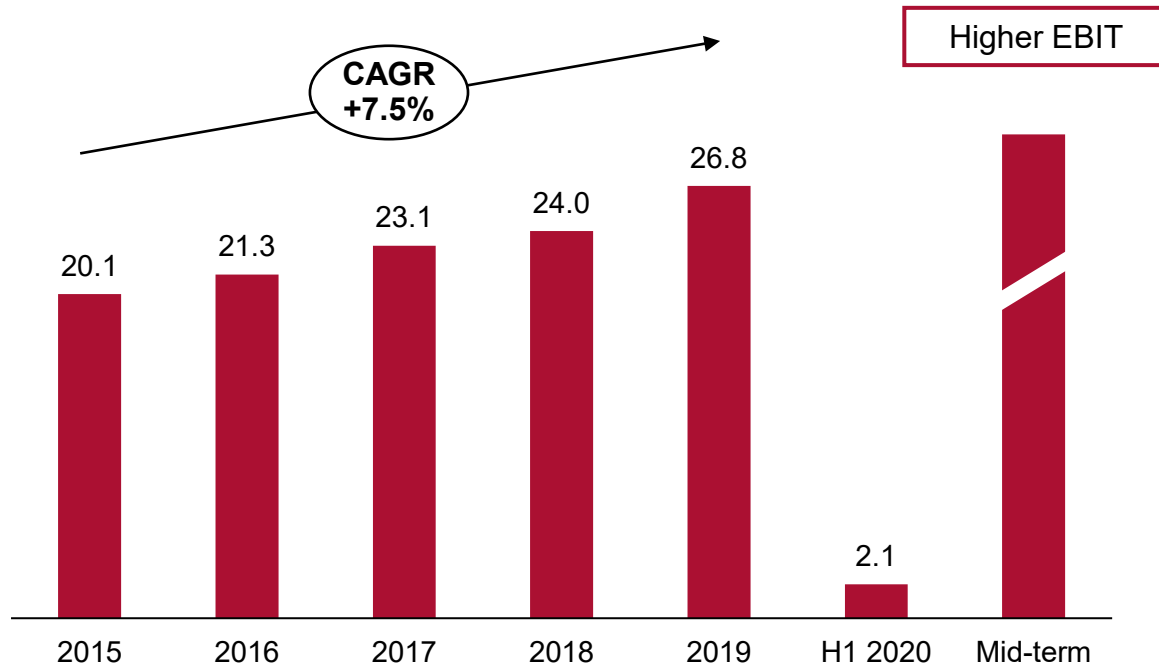


- Service to client
- Service to customer



Our mid-term ambition is to exceed pre-COVID-19 levels

EBIT development 2015 – H1 2020 (in CHF million)



Build resilience, deliver growth

- Consistent EBIT growth in the last five years (CAGR +7.5%)
- H1 2020 results substantially impacted by COVID-19
- **Cost savings plan** immediately rolled out to recover profitability
- **Strategy** to build more resilient business and to exceed pre-COVID-19 levels mid-term

High single-digit million cost savings plan to recover profitability



Personnel cost

- Headcount reductions in selected businesses
- Salary cuts and unpaid leaves
- Focus on process optimization



Travel and entertainment

- Reduction of non-essential travel
- Cut of entertainment expenses
- Shift to virtual meetings and sales



Marketing (go digital)

- Reduce offline marketing activities
- Focus on digital marketing and online lead generation (e.g. webinars, websites, search engine advertising, social media)

**We have identified 30% more cost savings than initially expected
(increase from mid single- to high single-digit million)**

Strategic direction

Build resilience, deliver growth to exceed pre-COVID-19 levels in the mid-term



**Solidify position as a
leading Pan-Asian
provider**

Scientific
Instrumentation

Pan-Asian focus



**Streamline and focus on
key value generating
industries in strategic
markets**

Industrial
Equipment & Solutions ¹

Market focus



**Intensify efforts to
grow service business**

Consumables, technical
services and application
engineering

Pan-Asian focus

Digital transformation to enhance productivity and drive growth

¹ Existing business lines excluding Scientific Instrumentation

Solidify our position as a leading integrated solutions provider for **Scientific Instrumentation**

Focus on high value generation and resilient industries

Life Sciences ¹

Market size: CHF 3.0 billion
CAGR: >10%



Pharmaceuticals ¹

Market size: CHF 2.6 billion
CAGR: >8%



Food & Beverage ¹

Market size: CHF 3.2 billion
CAGR: >8%



Prioritize and strategize investments according to market potential

Priority 1

China, Indonesia, Korea, Taiwan,
Thailand, Vietnam

Priority 2

Australia, Japan, Malaysia,
New Zealand, Philippines, Singapore

Priority 3

Cambodia, Laos, Myanmar

Deliver on core products while driving consumables and services

Sell more **core products**



Accelerate **consumables business**



Strengthen **service offerings**



Develop **solutions (long term)**



Expand **sub-dealer channels**

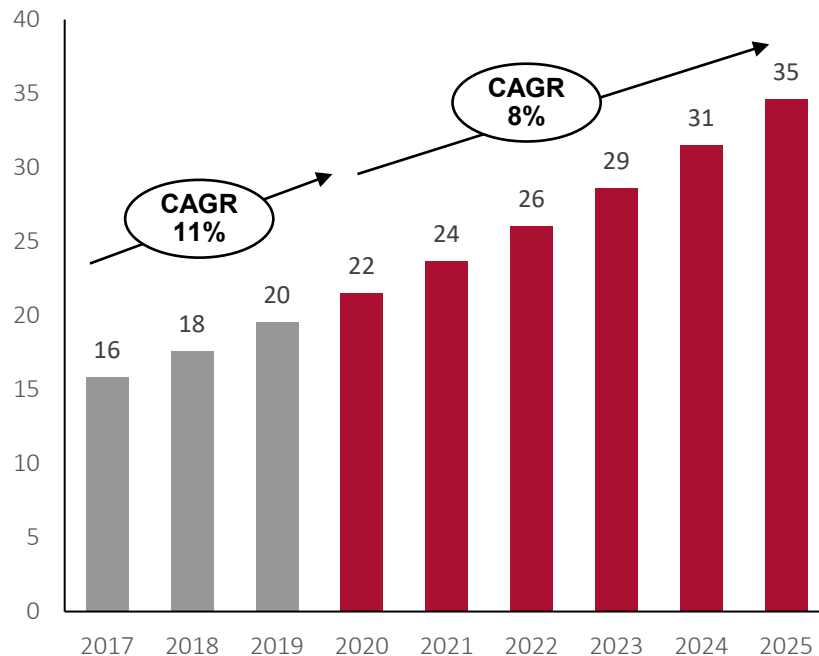


Targeted M&A

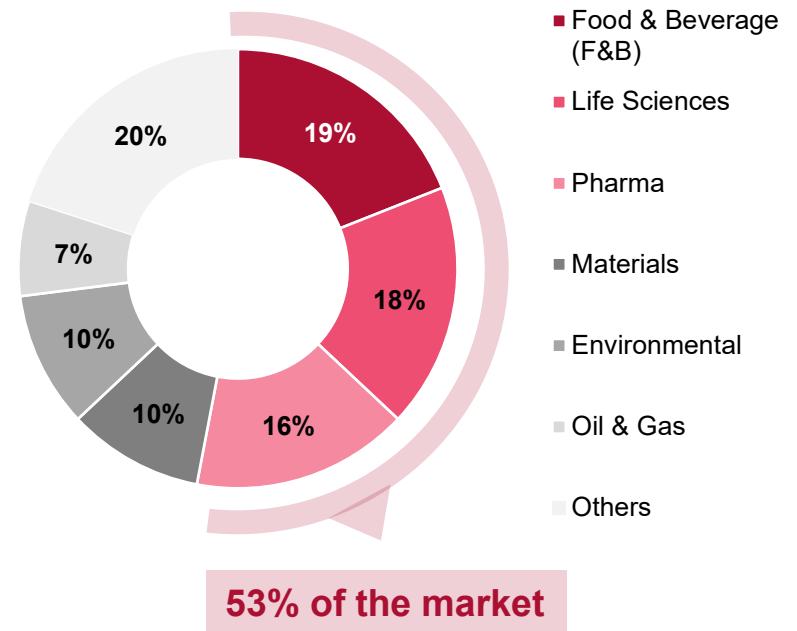
¹ Source: Instrument Business Outlook. Data for Asia Pacific. Market size for 2019 and CAGR from 2019 to 2023

Attractive expansion opportunities in Scientific Instrumentation across Asia Pacific

Total market size (USD billion) ¹



Size per industry (in %) ¹



Around 8% market growth expected

DKSH established in attractive segments
F&B, Life Sciences and Pharma

¹ Instrument Business Outlook. Materials includes mining, minerals and metals

Streamline and focus on key value-generating industries in strategic markets...



Pan-Asian focus

Scientific Instrumentation



Regional competences

- Precision Machinery
- Packaging, Printing and Converting
- Data centers



Local heroes

Examples of other Business Lines:

- Hospitality, Semiconductor
- Food processing, Environmental technologies
- Industrial materials and supplies, Textile

Focus and investments

... to support profitability recovery and improvement

Case study: new business development



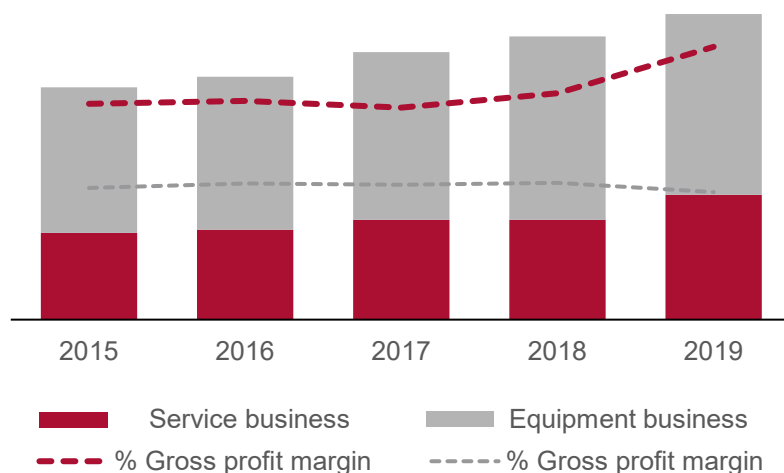
DKSH's innovative data center solution helps Indonesian bank BNI Syariah to increase efficiency by up to 27%

See more at: [DKSH Data Center Indonesia](#)

Capitalize on future growth opportunities by growing our **higher margin service business**

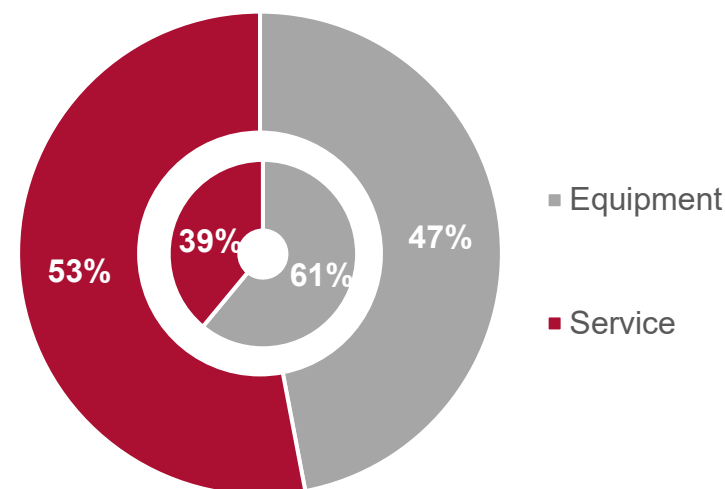
Business split and profitability

(DKSH data, in CHF million) ¹



Business share – Scientific Instrumentation

(inner ring DKSH data 2019, outer ring market data) ²



Key benefits for DKSH

Further growth opportunities

Attractive margin profile

More recurring / resilient business

Increase client retention

¹ Split by gross profit. Service business includes consumables, technical services and application engineering

² Instrument Business Outlook (2019 data)

Digital transformation to enhance customer experience and to drive productivity

A growing digital ecosystem...



- 360° Reporting
- Data analytics
- Configure, Price, Quote (CPQ)

SAP
Customer Experience

- Product Information Management (PIM)
- eCommerce platform



- Enhance service management tool
- End-to-end visibility for customers

...and powerful digital marketing...

> 710 emailing campaigns

> 120 online ad campaigns

> 10 social media brand and business line pages

> 85 webinars – live and on demand

Lead generation

6,790 ↑

Conversion rate %

25% Lead to Opportunity

...to increase revenues and lower cost to serve

Drive data-driven sales

Digitize and automate transactions

Provide online sales channels

Increase digital touchpoints

Highlights Business Unit Technology



Proven track record with **7.5% EBIT CAGR** in the last five years



Recovering profitability with **high single-digit million** cost savings program



Strategic plan in place:



Solidify leading position in
Scientific Instrumentation



Focus on key industries
in strategic markets



Grow higher margin
service business



Digital transformation to enhance productivity and drive growth

**Build resilience, deliver growth
to exceed pre-COVID-19 levels in the mid-term**

Business Unit Performance Materials

Business Unit Performance Materials

DKSH Business Unit Performance Materials



Thomas Sul
Co-Head Business Unit
Performance Materials

Joined DKSH:
1996 (24 years)



Dr. Natale Capri
Co-Head Business Unit
Performance Materials

Joined DKSH:
1998 (22 years)

**Expand leading position in
specialty chemicals and ingredients distribution**

DKSH Performance Materials at a glance



Global Top 3 pure-play provider of **specialty chemicals and ingredients** distribution



Focused on highest growth markets and segments:
Asia and **Life Sciences**



Long-standing and well-diversified **partnerships** with clients and customers



Comprehensive and differentiated **value-added service** offering



Organic and **M&A**-led **growth** track record with further value creation potential



Resilient, asset-light and cash-generative **business model**

Facts and figures

1,900

Clients/ suppliers

80

Regulatory specialists

1,100

Staff

46

Innovation centers

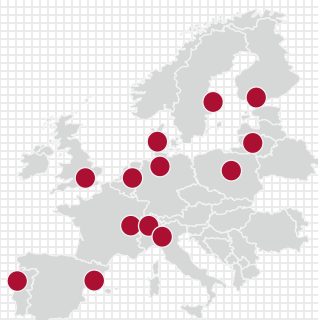
20,000

Customers

We focus on most attractive **regions** and **Business Lines**

Europe (13 markets)

30%



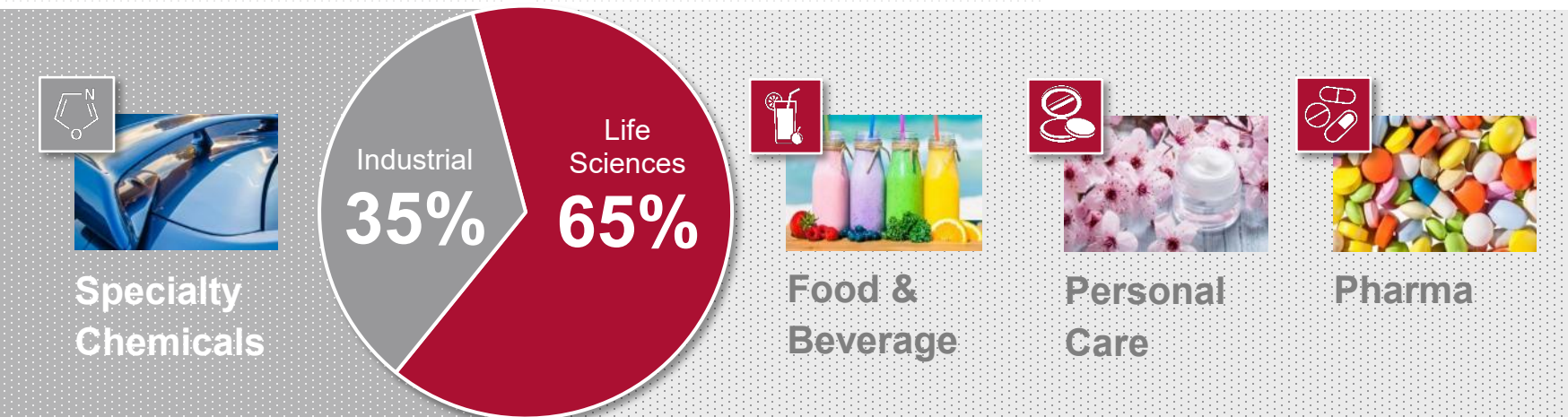
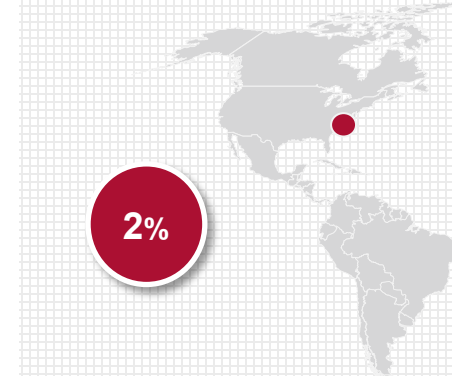
Asia (18 markets)

68%



Americas (1 market)

2%



Note: Bubble sizes represent 2019 net sales split

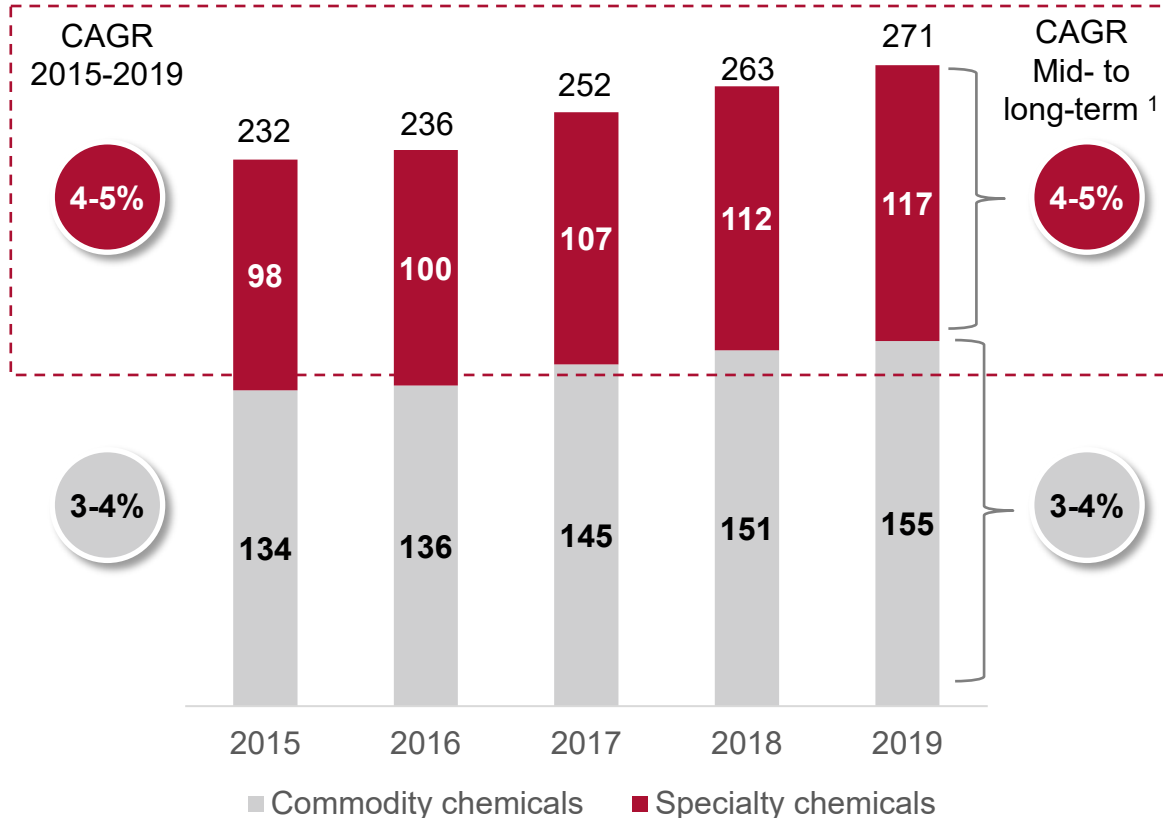
Delivering growth – in Asia and beyond.

Positive outlook for specialty chemicals distribution

Market size for third-party chemicals distribution ¹

Key highlights

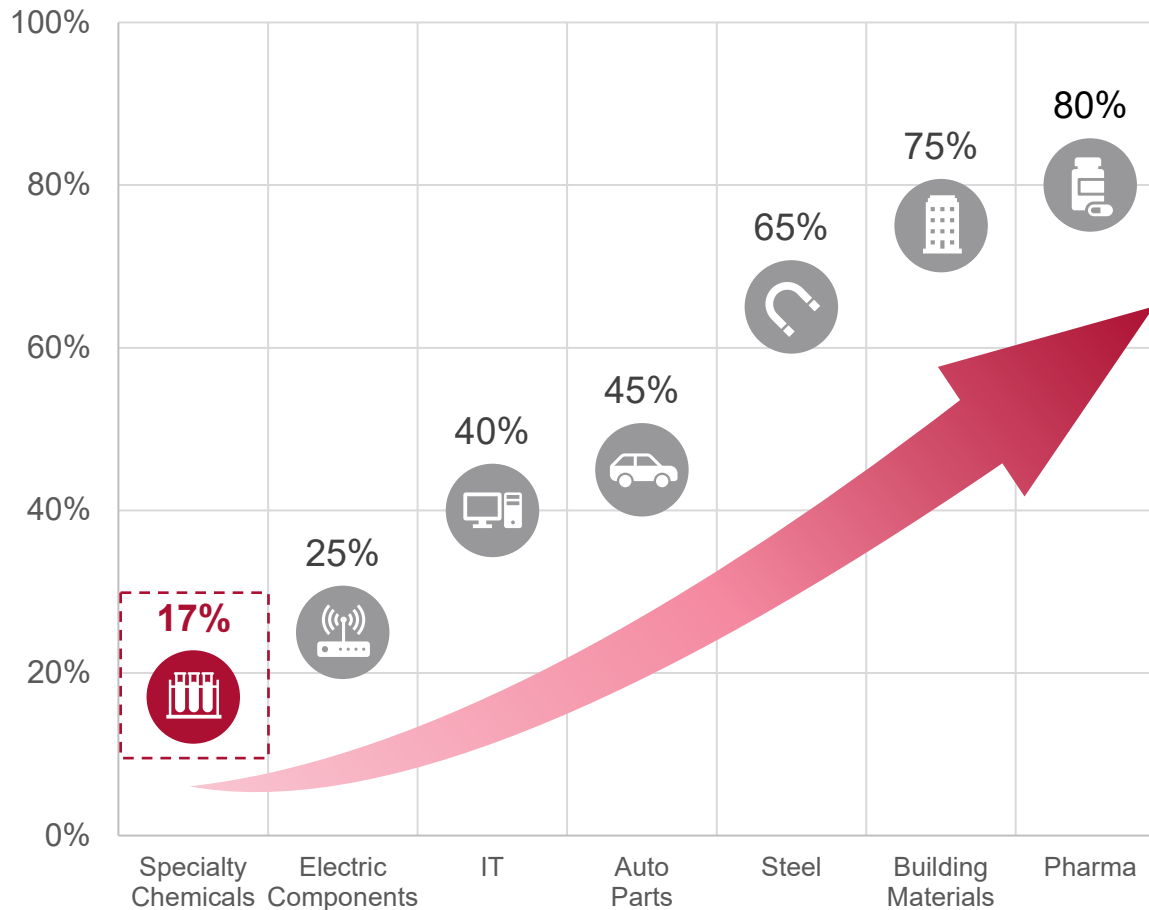
DKSH focus



- Sound fundamentals for specialty chemicals distribution
- Life sciences industry is non-cyclical with consistent growth in demand
- **Mid- to long-term 4-5% market growth p.a. for specialty chemicals distribution ¹**

¹ Boston Consulting Group, July 2020

Further outsourcing potential in specialty chemicals



Note: Percentages represent share of sales via distributors
Boston Consulting Group, June 2018

Outsourcing of specialty chemicals distribution expected to increase

- Worldwide industry consolidation
- More complex and fragmented customer landscape
- Increased regulatory requirements
- Customers require product development and formulation support
- Clients focus on their core competences of production and management of key accounts, while teaming-up with reliable global partners for distribution and technical assistance

DKSH has a leading position in the fragmented specialty chemicals and ingredients market



Source: ICIS report 2019 and DKSH management estimates

Specialty chemicals focus defined as per BCG report (April 2014). Other relevant distributors not ordered by rank

Long-standing and well-diversified client relationships

Food & Beverage



Personal Care



Pharmaceutical



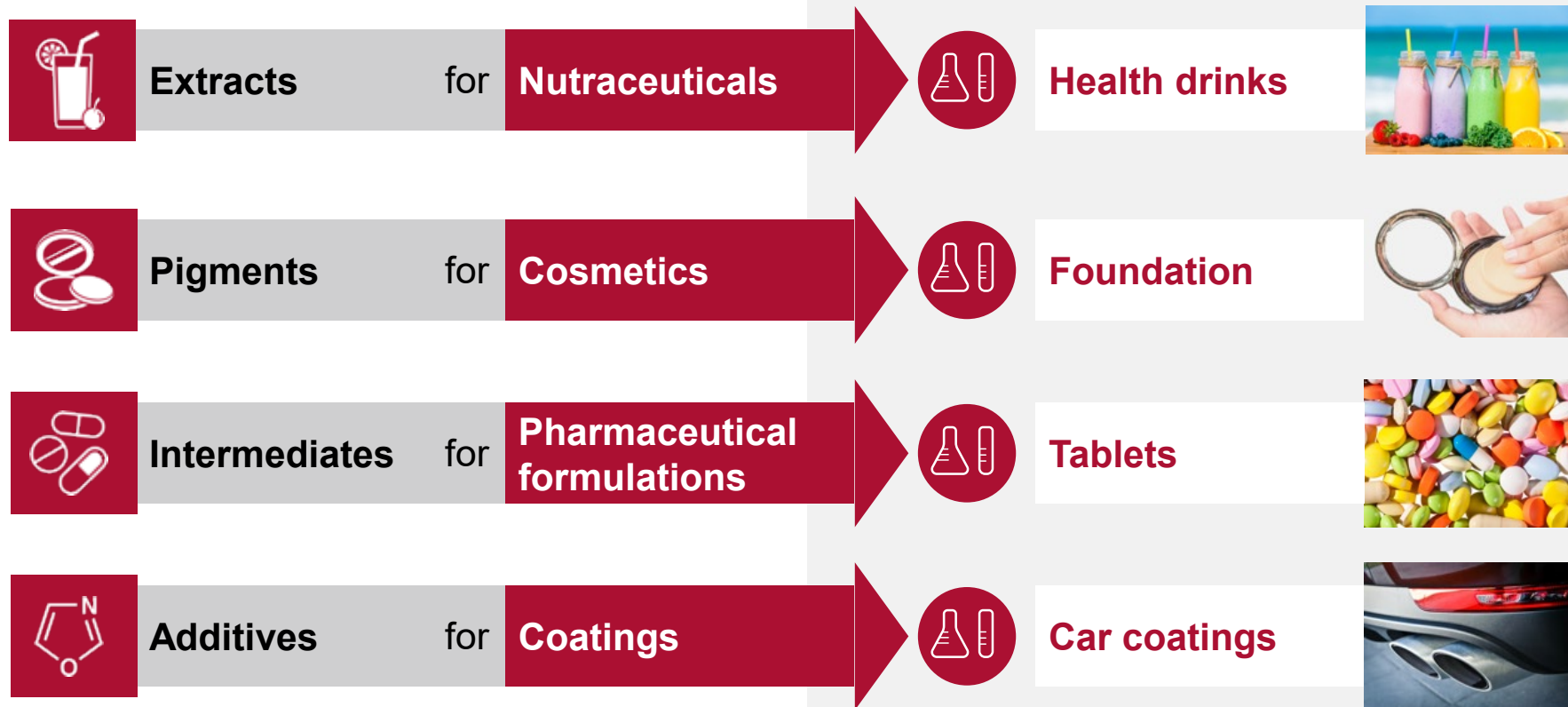
Specialty Chemicals



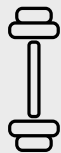
A **wide range** of specialty chemicals and ingredients is sold through **deep technical know-how** and **formulation expertise**

We source and supply...

...for the formulation of:



Performance Materials: Strategic Direction

Positioning	Markets	Be No.1 in Asia 		Be Top 10 in Europe 		Increase geographic footprint 
	Industries	Specialty Chemicals 	Pharma 	Food & Beverage 	Personal Care 	
	Business models	Focus on distribution 	Expand project business 	Close portfolio gaps 	Strengthen service offerings 	Go digital 
	Operating Model	Manage business by country 		Business Lines 	Global clients 	
		Regulatory services 	Formulation services 	Sourcing services 		
	Resources	Promote talents from within 	Technical expertise 		Pursue acquisitions 	



Beyond distribution, we provide value-added services: **Innovation & Formulation**



46

Innovation
centers
worldwide

80

Employees in
innovation and
formulation



Product innovation



Formulation support



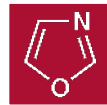
Technical consulting

We **doubled** our global network of innovation centers to **46** over the last 10 years

Key competences:

- ✓ Localization of formulations
- ✓ Portfolio selling concepts
- ✓ Technical trainings
- ✓ Benchmarking

Specialty Chemicals



12

Food & Beverage



16

Pharmaceutical



3

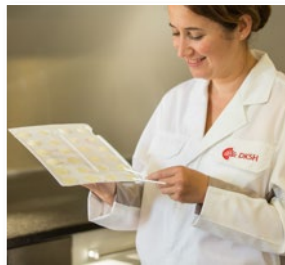
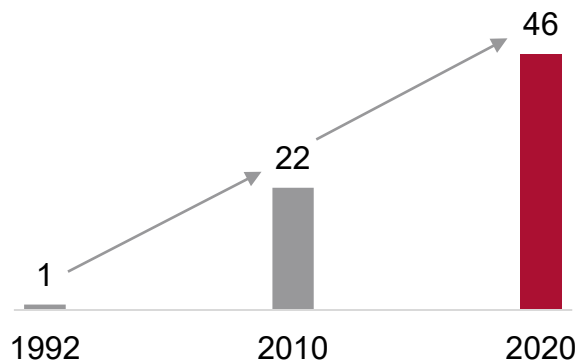
Personal Care



15

Strategic investments in innovation capabilities over the years

Number of innovation centers



Our **food blending facility** in the Philippines



Savory
Lab



Sweet
Lab



Bakery
Lab



Packaging
Lab

Key benefits:



Tailor-fit solutions for leading fast-food players



Formulation expertise
(data base of ~6.000 proprietary formulations)



Blending capabilities
(expanded from ~34.000 to 50.000 tons)



Certifications for
all local food regulations

Increasing regulatory complexity: examples of some of the food regulations in South East Asia...





Beyond distribution, we provide value-added services: **Regulatory**

Regulatory compliance



H&S and Environment



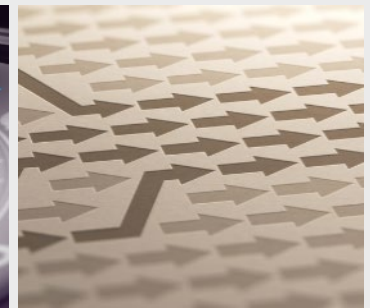
Quality assurance



Quality control



Quality management



14

Local / regional regulatory teams

80

Regulatory experts (8% of headcount)



Regulatory consulting



Supplier certification



Product registration



Beyond distribution, we provide value-added services: **Sourcing**



17

Sourcing
offices
worldwide

60

Sourcing
employees
worldwide



Technology scouting



Supplier audit/identification



Locating new supply sources



Beyond distribution, we provide
value-added services: **Digital@PM**



**Driving digital
transformation**
in specialty chemicals
and ingredients
distribution

Multicultural team of
digital specialists
across **Asia** and
Europe



Key client reporting

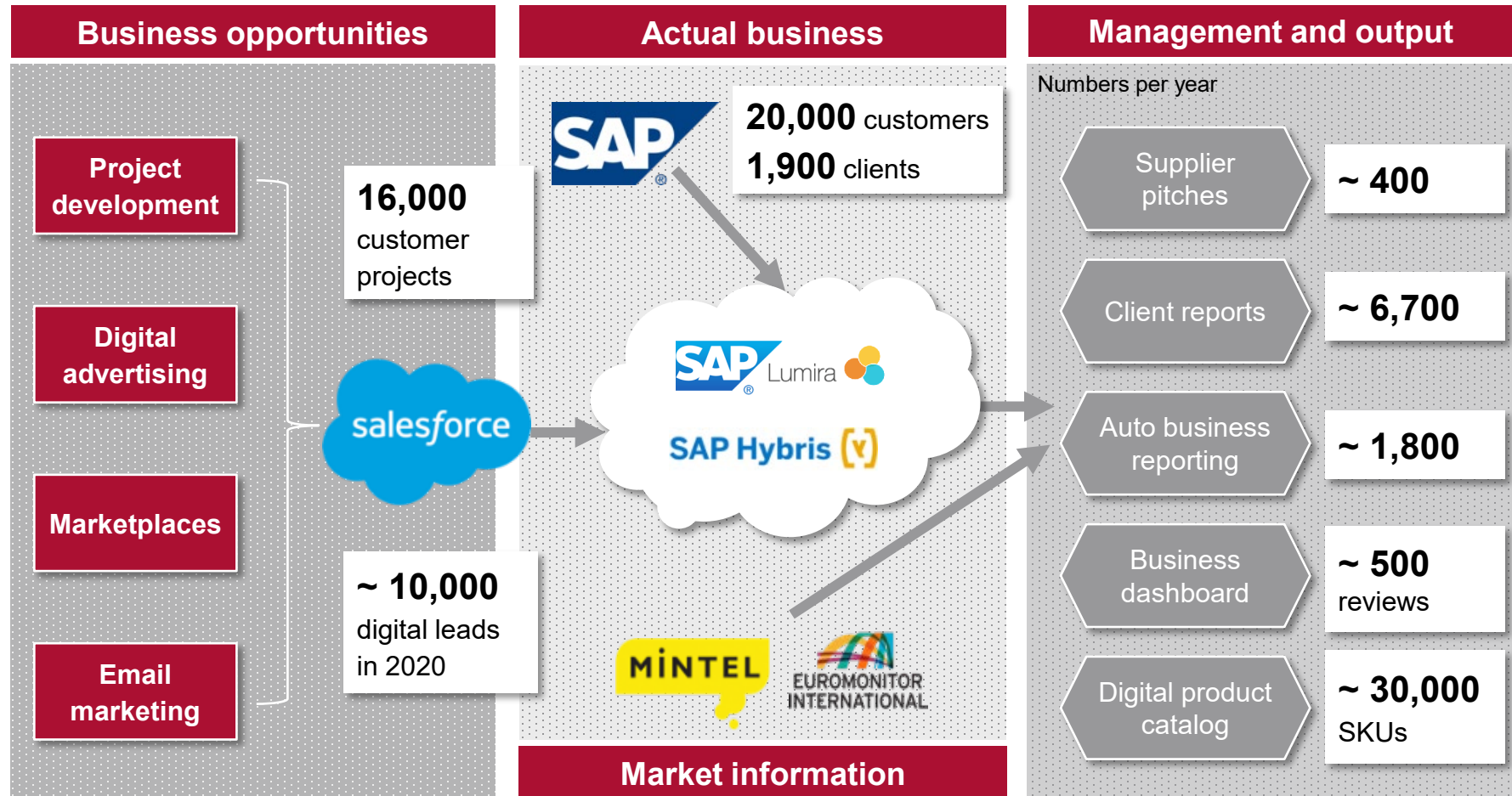


Sales Force Effectiveness

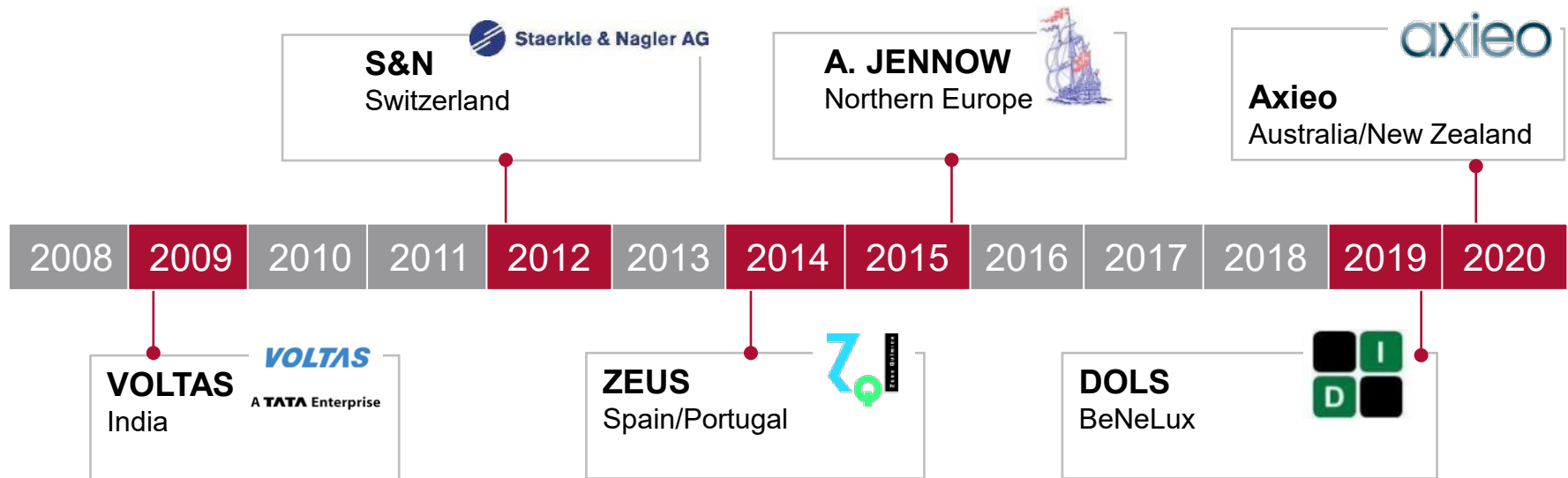


Digitization

The full-integrated **Digital Ecosystem** provides state-of-the-art digital services



M&A track record with further value creation potential



DKSH has successfully integrated several acquisitions in the past twelve years:

- More than **CHF 240 million** of net sales ¹
- Vast majority of acquired **clients grew with us**
- In all cases we **expanded the teams** in the years following the acquisition

¹ Numbers including Axieo acquisition in 2020

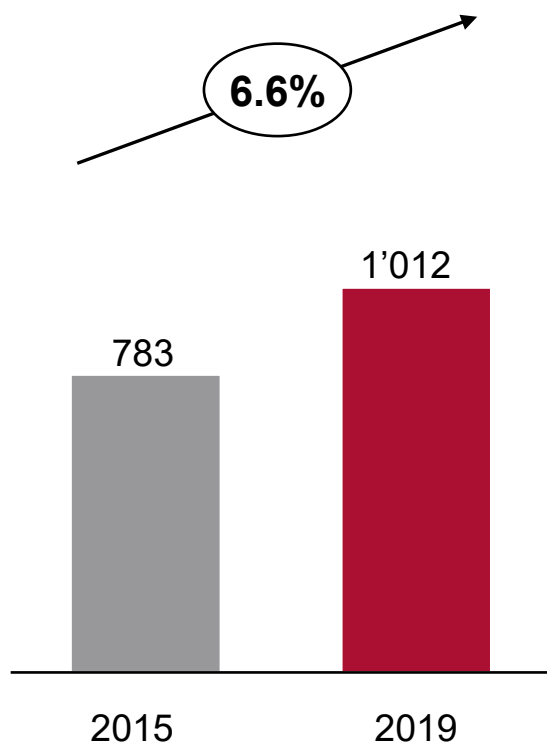
Future M&A-led growth as focus point:

- Well-positioned to **continue driving consolidation** of the fragmented specialty chemicals and ingredients distribution market
- **Robust pipeline** of value-accretive M&A opportunities

Proven growth track record and scalable business model

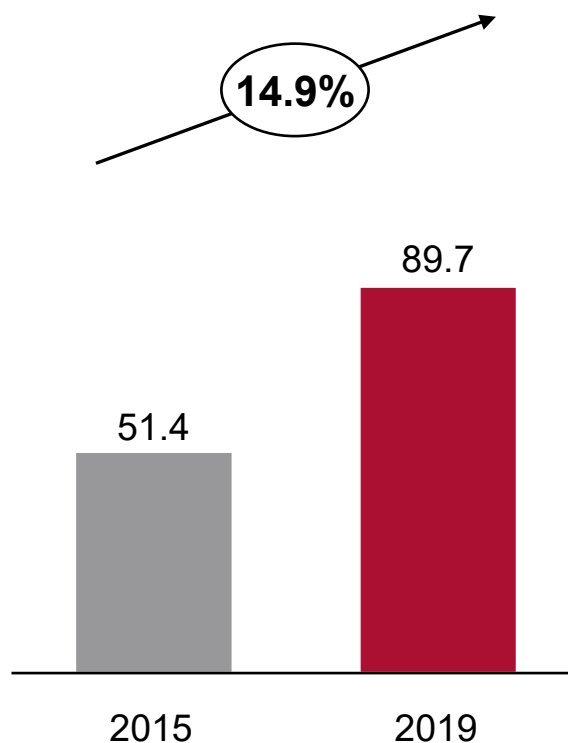
Net sales in CHF million

CAGR



EBIT in CHF million

CAGR



Asset-light model ¹
0.2% capex / net sales

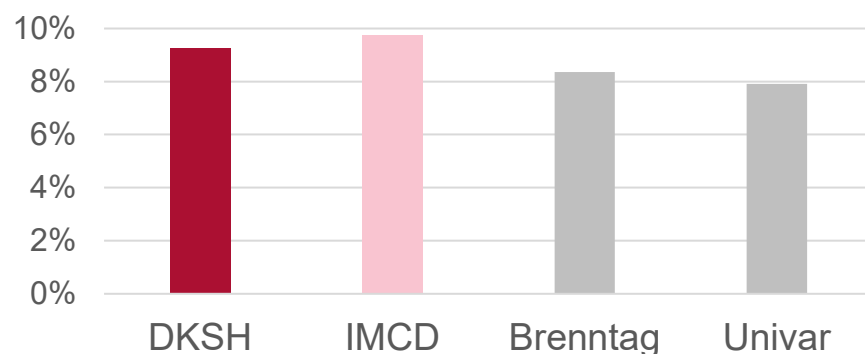
Uninterrupted sales growth
in **last 10 years**

**Increasing
EBIT margins**

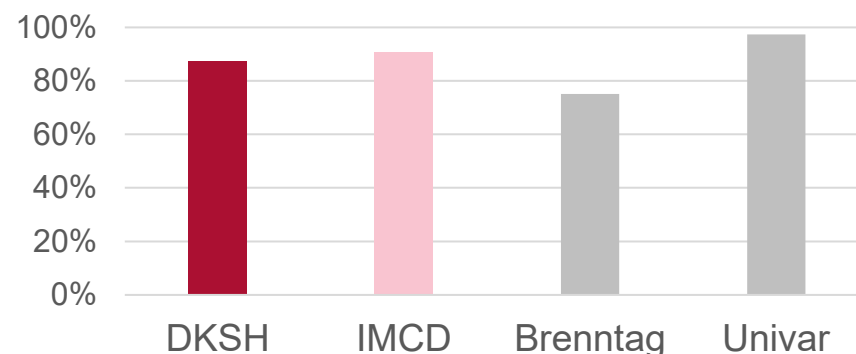
¹ Average 2015 to 2019

DKSH ranks high among listed leading chemical distributors

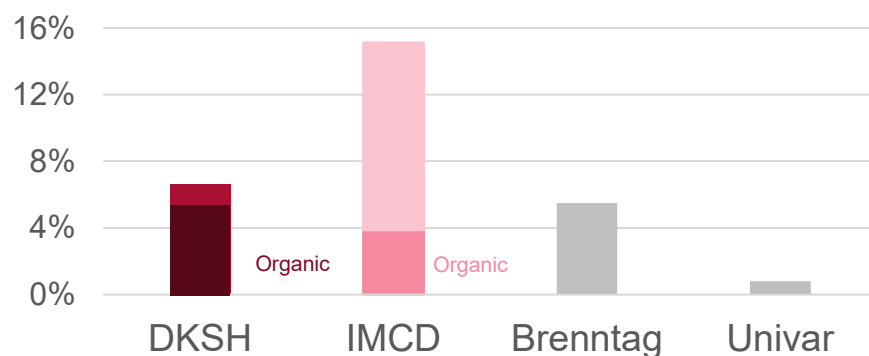
EBITDA margin 2019 (%)



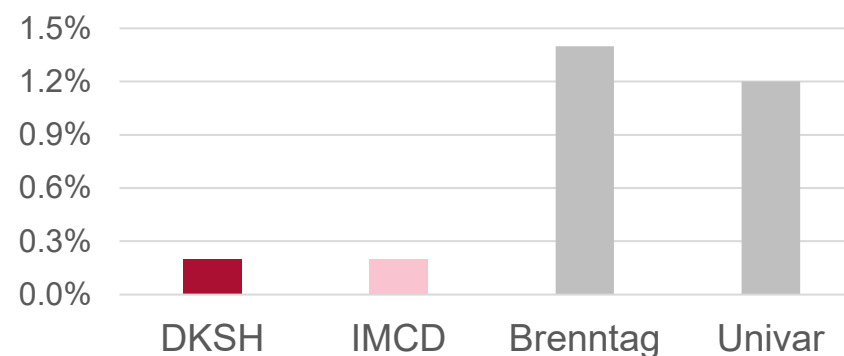
Cash conversion 2015 - 2019 ¹ (%)



Sales CAGR 2015 - 2019 (%)



Capex / sales 2015 - 2019 (%)



Source: Latest available company information. EBITDA margin excluding holding/other non-allocated costs for IMCD, Brenntag and Univar

¹ Cash conversion = Free Cash Flow divided by EBITDA

Highlights Business Unit Performance Materials



Leading pure-play specialty chemicals and ingredients distributor



Resilient and **cash-generative** business model (**14.9% EBIT CAGR** 2015-2019)



High share of **life sciences (65%)** and strong **Asian footprint (68%)** ¹



Focus on further expansion of **value-added services**



Establish, nurture and retain **global team of industry talents**



Track record of **organic** and **M&A-led growth**

Clear ambition of expanding our leading position in specialty chemicals and ingredients distribution

¹ Percentage of net sales in 2019

Finance update

11/11/2023

DKSH Financial Update



Bernhard Schmitt
CFO

Joined DKSH:
2004 (CFO since 2011)

**Setting the stage for future
growth with a resilient, asset-
light and cash-generative
business model**

CFO key messages

DKSH has ...



... a **resilient, asset-light, cash-generative** and **scalable** business model that is ...

+



... a proven set of **established KPIs** ...

... enabling us to ...

... **master COVID-19** challenges

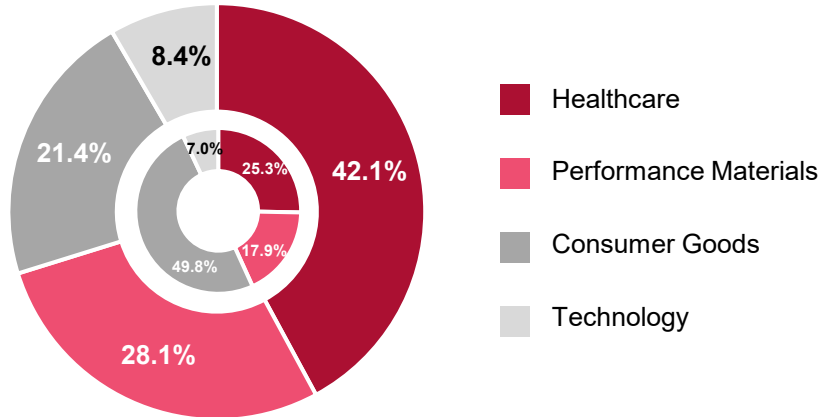
... pursue our **M&A** strategy

... follow a **progressive dividend policy**

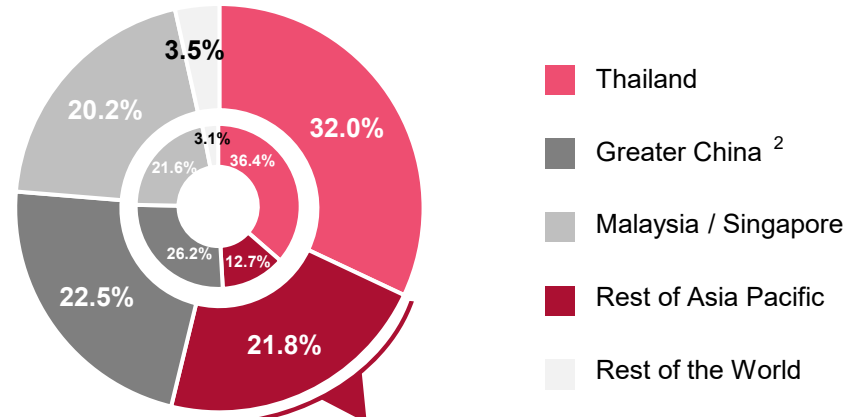
... be positioned for **future growth**

DKSH is resilient across Business Units and markets

EBIT by Business Unit ¹
FY 2012 (inside) vs. FY 2019 (outside)



Net sales by region
FY 2012 (inside) vs. H1 2020 (outside)



LVCM ~ 11%³
Pacific ~ 3%

70% of EBIT
Healthcare + Performance Materials

Reduced dependency and
higher exposure in fast growing markets

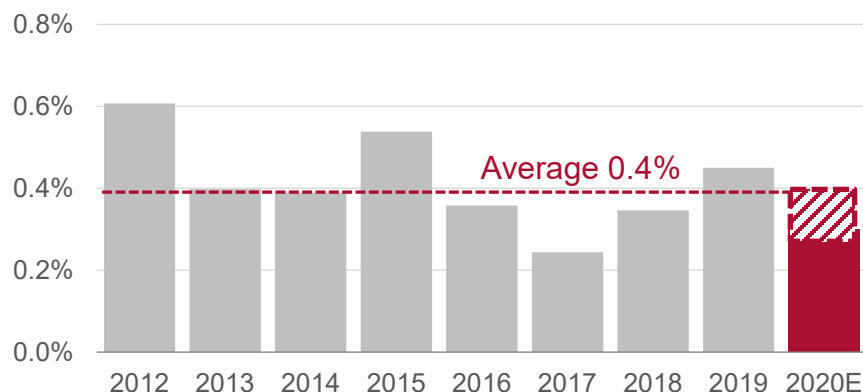
¹ Excl. segment "Other"

² Mainland China 1.6% of net sales

³ LVCM is Laos, Vietnam, Cambodia and Myanmar. Pacific covers Australia and New Zealand

Low capital intensity and sound cash generation

Capex / net sales (in %) ¹

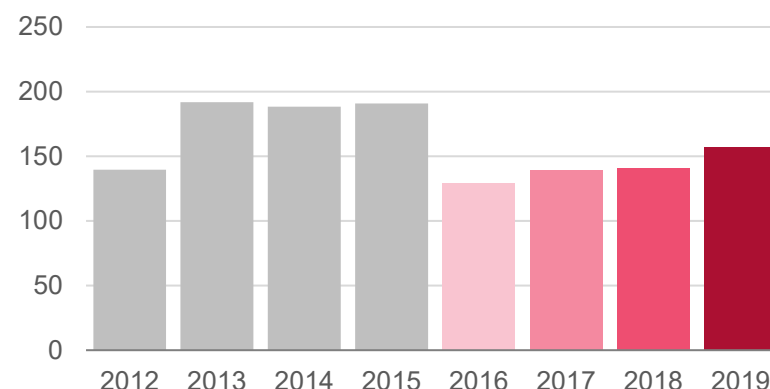


Distribution centers and offices pre-dominantly leased or rented



Transport > 95% outsourced

Free Cash Flow (in CHF million) ²



Continue best practices



Increased inventory focus

**Asset-light model
0.4% capex / net sales**

Focus on stronger cash generation

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

² Free Cash Flow defined as "Net cash flow from operating activities" minus "Repayment of leases" minus Capex

Continued strong balance sheet with substantial leverage headroom

in CHF million	H1 2020
Cash/Liquid assets	506.6
Trade receivables	1,982.5
Inventories	1,295.2
Intangibles	301.5
Right-of-use assets	203.9
Other assets	753.0
Trade payables	2,250.1
Borrowings	310.8
Lease liabilities	204.0
Other liabilities	549.2
Total equity	1,728.6
Total equity and liabilities	5,042.7

Despite COVID-19 challenges, our **balance sheet remains strong ...**

- High equity ratio of 34.3%
- Low goodwill to equity ratio of 14.1%
- Net cash position of CHF 195.8 million

... enabling us to



... grow organically



... pursue M&A with a leverage headroom of up to CHF 1 billion (max. 2x net debt / EBITDA)

We keep our proven KPIs and increase our focus on capital returns (RONOC)

Key KPIs



**EBIT or
Profit after tax**

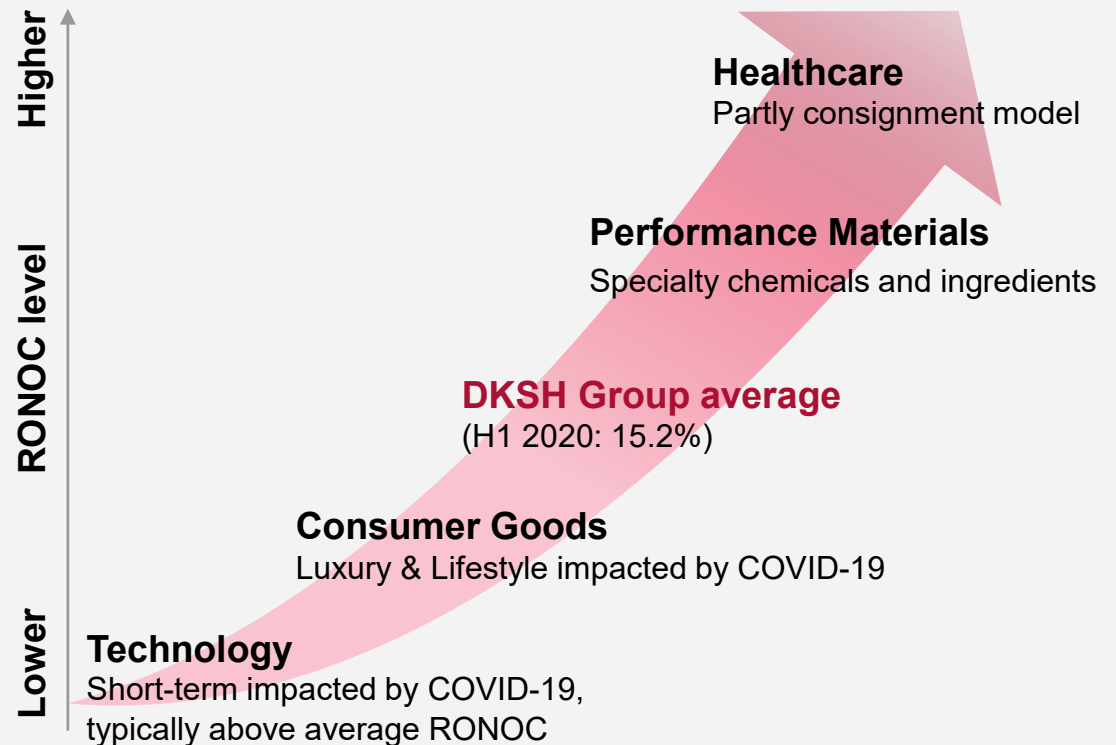


RONOC



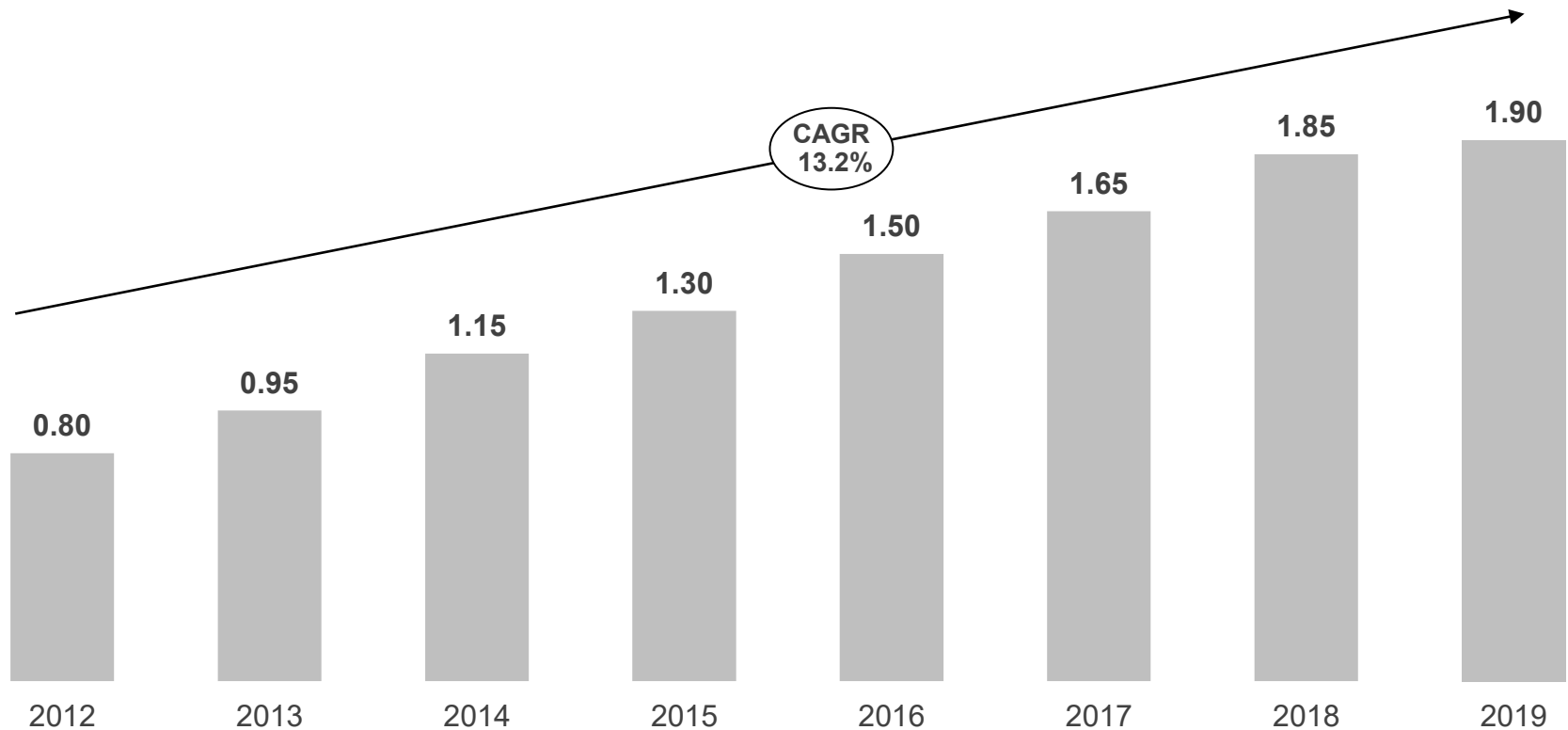
**Individual
operational
objectives**

DKSH RONO profile per Business Unit



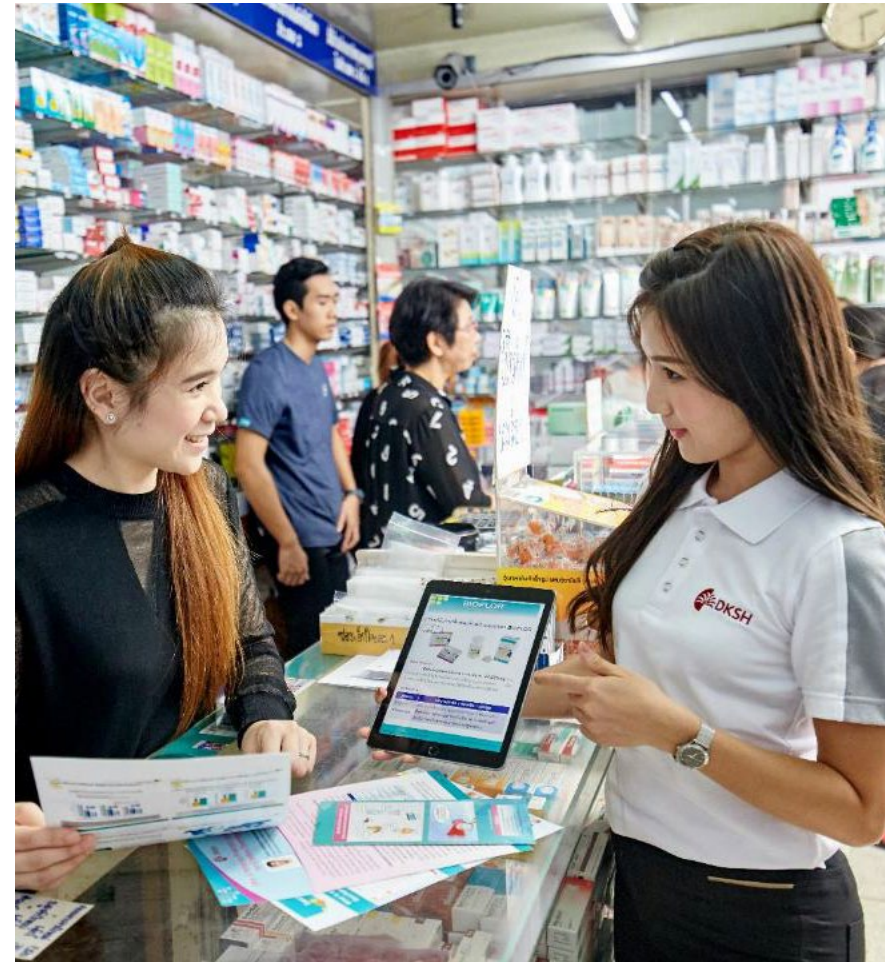
Our progressive dividend policy

Development of ordinary dividend (in CHF per share)



We provide additional financial disclosure

	Sales per relevant markets/regions
	Sales split per Business Line
	RONOC indication per Business Unit
	Capex / sales per Business Unit
	Market data per Business Unit
	Other Business Unit specific data e.g. split per business model



Business Update – first eight months in 2020

	Market demand ... still tracking below pre-COVID-19 levels	DKSH ... with higher focus on client wins and efficiency
Healthcare	- Continued low patient flow - Medical tourism subdued	Business Development
Consumer Goods	- FMCG resilient - L&L¹ slowly bottoming-out	- FMCG transformation on track - L&L¹ with strict cost focus
Performance Materials	Resilient demand for life sciences	Continued solid performance
Technology	Production facilities still not at 100% utilization	Cost savings program taking effect
DKSH Group 	DKSH with continued solid performance	

¹ Luxury and Lifestyle

Additional financial indications

	2020	Mid- to long-term	Comments
M&A (net sales contribution)	+2%	Further M&A ambitions	Annualized contributions from closed acquisitions
FX (net sales contribution)	-4% to -5% ¹		Conversion from local currencies to stronger Swiss franc
Tax rate	27% to 30% ²	27% to 29% ²	Higher tax rate in H1 2020
Capex	CHF 30 to 40 million	CHF 40 to 50 million	Gradual automation of distribution centers

¹ Assuming current spot rates prevail until the end of 2020

² As percentage of profit before tax

Closing remarks

DKSH generates value and is set for future growth

DKSH has successfully navigated through the **COVID-19 challenges** so far while investing for **future growth**

...based on 4 key pillars



Resilient, asset-light and cash-generative **business model**



Renewed **leadership** and specialized teams of **industry experts**



Promising trends in our industries **in Asia** and beyond



Compelling strategy with focus on digital and value-added services incorporating sustainability

Progressive ordinary dividend policy



Organic and M&A-led growth

DKSH Capital Markets Day 2020



Delivering growth – in Asia and beyond.

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