

Half-Year Report 2021



Delivering Growth – in Asia and Beyond.

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Key figures

Interim consolidated income statement				At CER¹	
in CHF millions	January - June 2021	January - June 2020	Change in %	Change in %	
Net sales	5,487.9	5,337.9	2.8	5.3	
Operating profit (EBIT)	131.5	111.3	18.1	20.7	
Profit after tax	86.7	60.2	44.0	47.7	
EBIT margin (in %)	2.4	2.1	-	-	

Interim consolidated statement of financial position		
in CHF millions	June 30, 2021	December 31, 2020
Total assets	5,301.4	5,118.0
Equity attributable to the shareholders of DKSH Holding Ltd.	1,698.4	1,738.4
Net operating capital (NOC)	1,430.4	1,388.9
Net cash	268.5	342.2
Return on net operating capital (RONOC) (in %)	18.7	18.1
Return on equity (ROE) (in %)	9.8	9.0

Earnings per share		
in CHF	January - June 2021	January - June 2020
Basic earnings per share	1.28	0.88
Diluted earnings per share	1.28	0.88

Other		
	June 30, 2021	December 31, 2020
Number of employees ²	32,049	32,447

¹ Constant exchange rates (CER): 2021 figures converted at 2020 exchange rates.

² Full-time equivalents (FTEs).

Interim consolidated income statement (unaudited)

in CHF millions ¹	Note	January - June 2021	January - June 2020
Net sales	3	5,487.9	5,337.9
Other income		8.7	15.6
Goods and materials purchased and consumables used		(4,692.6)	(4,593.7)
Employee benefit expenses		(359.2)	(346.7)
Depreciation, amortization and impairments	3	(63.8)	(66.0)
Other operating expenses		(250.0)	(236.7)
Share of profit of associates and joint ventures		0.5	0.9
Operating profit (EBIT)		131.5	111.3
Financial income		0.5	0.5
Financial expense		(7.1)	(16.7)
Loss on sale of subsidiaries	4	-	(5.5)
Profit before tax		124.9	89.6
Income tax expenses		(38.2)	(29.4)
Profit after tax		86.7	60.2
Attributable to			
Shareholders of DKSH Holding Ltd.		83.1	57.5
Non-controlling interest		3.6	2.7
Earnings per share for profit attributable to the shareholders of DKSH Holding Ltd.			
Basic earnings per share		1.28	0.88
Diluted earnings per share		1.28	0.88

¹ Except for earnings per share (in CHF).

Interim consolidated statement of comprehensive income (unaudited)

in CHF millions	January - June 2021	January - June 2020
Profit after tax	86.7	60.2
Other comprehensive income		
Net investment hedges, net of tax of CHF 0.0 million in current and prior period	0.6	(3.1)
Currency translation differences	3.9	(45.9)
Items that may be reclassified to profit or loss	4.5	(49.0)
Remeasurements on defined benefit plans, net of tax of CHF 1.3 million in current and CHF 2.0 million prior period	5.0	7.6
Net losses on equity instruments at fair value through other comprehensive income, net of tax of CHF 0.0 million in current and CHF 0.1 million in prior period	(0.2)	(0.3)
Items that will not be reclassified to profit or loss	4.8	7.3
Other comprehensive income	9.3	(41.7)
Total comprehensive income	96.0	18.5
Attributable to		
Shareholders of DKSH Holding Ltd.	91.8	18.9
Non-controlling interest	4.2	(0.4)

Interim consolidated statement of financial position (unaudited)

in CHF millions	June 30, 2021	December 31, 2020
Cash and cash equivalents	606.3	680.8
Trade receivables	2,113.3	2,015.9
Inventories	1,238.1	1,151.8
Prepaid expenses and contract assets	36.6	43.6
Other receivables	328.2	358.9
Current income tax receivables	43.1	24.7
Current assets	4,365.6	4,275.7
Intangible assets	354.6	295.3
Property, plant and equipment	154.2	138.7
Right-of-use assets	238.1	222.7
Financial assets	63.1	68.5
Investments in associates and joint ventures	44.2	44.6
Retirement benefit assets	31.2	25.6
Deferred tax assets	50.4	46.9
Non-current assets	935.8	842.3
Total assets	5,301.4	5,118.0
Borrowings	201.7	121.2
Lease liabilities	59.5	82.5
Trade payables	2,351.1	2,133.6
Current income tax liabilities	38.3	35.7
Other payables, accrued expenses and contract liabilities	482.6	512.0
Current provisions	2.6	2.4
Current liabilities	3,135.8	2,887.4
Borrowings	136.1	217.4
Lease liabilities	181.8	144.5
Other non-current liabilities	16.4	9.2
Deferred tax liabilities	29.7	20.1
Non-current provisions	7.1	8.8
Retirement benefit obligations	32.5	31.0
Non-current liabilities	403.6	431.0
Total liabilities	3,539.4	3,318.4
Share capital	6.5	6.5
Reserves and retained earnings	1,691.9	1,731.9
Equity attributable to the shareholders of DKSH Holding Ltd.	1,698.4	1,738.4
Non-controlling interest	63.6	61.2
Total equity	1,762.0	1,799.6
Total equity and liabilities	5,301.4	5,118.0

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, 2021	6.5	(1.1)	(243.0)	234.2	1,741.8	1,738.4	61.2	1,799.6
Profit after tax	-	-	-	-	83.1	83.1	3.6	86.7
Other comprehensive income	-	-	3.9	-	4.8	8.7	0.6	9.3
Total comprehensive income	-	-	3.9	-	87.9	91.8	4.2	96.0
Purchase of treasury shares	-	(7.3)	-	-	-	(7.3)	-	(7.3)
Vested share-based payment awards	-	1.8	-	-	(1.8)	-	-	-
Share-based payments	-	-	-	-	2.3	2.3	-	2.3
Dividend	-	-	-	-	(126.8)	(126.8)	(1.8)	(128.6)
As of June 30, 2021	6.5	(6.6)	(239.1)	234.2	1,703.4	1,698.4	63.6	1,762.0

in CHF millions

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

Interim consolidated cash flow statement (unaudited)

in CHF millions	Note	January - June 2021	January - June 2020
Profit before tax		124.9	89.6
Non-cash adjustments			
Depreciation, amortization and impairments on	3		
Property, plant and equipment		16.0	16.5
Intangible assets		7.8	8.1
Right-of-use assets		40.0	41.4
Rent concessions COVID-19		(0.4)	(1.4)
Share-based payment transaction expense		2.3	0.8
Loss on sale of tangible assets, intangible assets		0.1	-
Financial income		(0.5)	(0.5)
Financial expense		7.1	16.7
Share of profit of associates and joint ventures		(0.5)	(0.9)
Loss on sale of subsidiaries		-	5.5
Change in provisions and other non-current liabilities		(0.2)	(1.8)
Change in other non-current assets		1.8	2.1
Working capital adjustments			
Decrease (increase) in trade and other receivables and prepayments		(66.2)	217.2
Increase in inventories		(49.0)	(81.0)
Increase (decrease) in trade and other payables		151.2	(156.7)
Interest received		0.4	0.5
Interest paid		(10.4)	(10.9)
Taxes paid		(53.9)	(44.7)
Dividend received from associates and joint ventures		1.0	1.9
Net cash flows from operating activities		171.5	102.4
Proceeds from sale of property, plant and equipment		2.9	1.9
Purchase of property, plant and equipment		(19.9)	(10.3)
Purchase of intangible assets		(3.5)	(2.0)
Proceeds from sale of financial assets and repayment of loan		1.4	0.2
Purchase of financial assets/loans granted		(1.3)	-
Acquisition of subsidiary net of cash	4	(45.5)	(51.9)
Disposal of subsidiary net of cash	4	-	(5.5)
Net cash flows used in investing activities		(65.9)	(67.6)

in CHF millions	January - June 2021	January - June 2020
Proceeds from current and non-current borrowings	297.0	149.1
Repayment of current and non-current borrowings	(300.7)	(100.5)
Repayment of leases	(40.9)	(39.0)
Dividend paid	(126.8)	(123.6)
Dividend paid to non-controlling interest	(1.8)	(0.6)
Net payments for net investment hedges	0.1	3.1
Purchase of treasury shares	(7.3)	(1.1)
Net cash flows used in financing activities	(180.4)	(112.6)
Cash and cash equivalents, as of January 1	680.8	592.6
Effect of exchange rate changes	0.3	(8.2)
Net decrease in cash and cash equivalents	(74.8)	(77.8)
Cash and cash equivalents, as of June 30	606.3	506.6

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, 2021. They were approved by the Board of Directors on July 14, 2021.

2. Basis of preparation and accounting policies

Basis of preparation

The interim consolidated financial statements for the six months ended June 30, 2021, 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, 2020, 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, 2020, except for the adoption of amendments effective as of January 1, 2021. These amendments do not have an impact on the interim condensed consolidated financial statements of the Group.

In 2020, the Group early adopted one amendment to IFRS 16 "COVID-19-Related Rent Concessions" issued in May 2020. The Group is also early adopting the amendment "Covid-19-Related Rent Concessions beyond 30 June 2021" issued in April 2021. 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. The Group recorded for the first six-month of 2021 rent concessions of CHF 0.4 million (2020: CHF 1.4 million) in other operating income.

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform – Phase 2": Following the financial crisis, the reform and replacement of some benchmark interest rates such as LIBOR and other Interbank Offered Rates ("IBORs") has become a priority for global regulators. There is still some uncertainty around the timing and precise nature of these changes.

The Group's treasury is managing the transition plan, so that the existing contracts that refer to LIBORs shall be adjusted to ensure contract continuity after cessation of relevant benchmarks and address term and credit differences between LIBORs and alternative reference rates. The changed reference rates will also impact systems, processes, computation of incremental borrowing rate for IFRS 16 leases and risk and valuation models. The Phase 2 amendments have no impact on these interim consolidated Financial Statements as existing contracts continue to refer to LIBORs as of 30 June 2021.

3. Segment information

Operating segments

January - June 2021

in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other/ Elimination	Group Total
Net sales	2,753.0	1,914.3	633.2	187.4	-	5,487.9
Depreciation, amortization and impairment	17.5	29.9	2.7	5.3	8.4	63.8
of which right-of-use assets	11.0	20.7	1.1	2.2	5.0	40.0
Operating profit (EBIT)	62.1	35.1	61.4	2.3	(29.4)	131.5
Net finance costs						(6.6)
Profit before tax						124.9

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
Operating profit (EBIT)	64.5	25.5	44.1	2.1	(24.9)	111.3
Net finance costs						(21.7)
Profit before tax						89.6

4. Acquisitions and divestments

New acquisitions

During the first six months of 2021, the Group acquired the following businesses:

Business	Country of incorporation	Equity interest acquired	Effective date	Employees (FTEs)
Medworkz Pte. Ltd.	Singapore	100%	March 3, 2021	3
Bosung Scientific Co., Ltd.	South Korea	100%	March 31, 2021	92
Sacoa Pty. Ltd	Australia	100%	April 30, 2021	9

Effective March 3, 2021, the Group purchased the business activities of Medworkz Pte. Ltd, a privately held business based in Singapore. Medworkz represents a medical device distributor in Singapore.

From the date of acquisition, the business of Medworkz contributed net sales amounting to CHF 0.3 million and a profit after tax of CHF 0.0 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 0.4 million with a corresponding profit after tax of CHF (0.1) million.

Effective March 31, 2021, the Group purchased the shares of Bosung Scientific Co.,Ltd, a privately held business based in South Korea. Bosung Scientific represents a life-science distributor in the local market of South Korea.

From the date of acquisition, the business of Bosung scientific contributed net sales amounting to CHF 10.2 million and a profit after tax of CHF 0.7 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 20.4 million with a corresponding profit after tax of CHF 1.5 million.

Effective April 30, 2021, the Group purchased the shares of Sacoa Pty Ltd, a privately held business based in Western Australia. Sacoa represents a formulator and distributor of premium agricultural crop protection products in the territory of Australia.

From the date of acquisition, the business of Sacoa contributed net sales amounting to CHF 1.6 million and a profit after tax of CHF 0.2 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 4.7 million with a corresponding profit after tax of CHF 0.7 million.

The goodwill of CHF 41.4 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 contingent considerations are recorded at the acquisition date fair value based on the best estimate of future payments discounted with the appropriate interest rate reflecting the risk inherent in the arrangement. The contingent consideration for Bosung depends on the separate business performance (EBITDA) during the first and second year following the closing of the transaction. The contingent consideration relating to Sacoa depends on the performance of one key brand. If the sales of 2022 exceed sales of 2021, the earnout amount representing 20% of the purchase price determined at closing, will become due, otherwise payment will be nil.

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

in CHF millions	Total fair value recognized on acquisition of Medworkz	Total fair value recognized on acquisition of Bosung Scientific	Total fair value recognized on acquisition of Sacoa	Total fair value recognized on acquisitions
Assets				
Cash and cash equivalents	-	13.5	1.4	14.9
Trade receivables	-	2.1	2.7	4.8
Inventories	0.4	4.7	1.6	6.7
Other current assets	-	0.1	-	0.1
Intangible assets	0.6	6.1	8.2	14.9
Property, plant and equipment	0.3	0.2	0.1	0.6
Right-of-use assets	-	0.3	-	0.3
Other non-current assets	-	0.4	-	0.4
Liabilities				
Trade payables	-	(2.3)	(1.2)	(3.5)
Current borrowings	-	(0.7)	(0.3)	(1.0)
Other current liabilities	-	(2.5)	(1.6)	(4.1)
Lease liabilities	-	(0.3)	-	(0.3)
Deferred tax liabilities	(0.1)	(1.4)	(2.4)	(3.9)
Net assets acquired	1.2	20.2	8.5	29.9
Goodwill on acquisitions	1.0	9.9	30.5	41.4
Purchase consideration	2.2	30.1	39.0	71.3
Contingent consideration	(1.0)	(7.2)	(8.3)	(16.5)
Purchase consideration paid in cash	1.2	22.9	30.7	54.8
Cash and cash equivalents acquired	-	13.5	1.4	14.9
Net cash outflow	(1.2)	(9.4)	(29.3)	(39.9)

During the first six month of 2021, the Group has settled the final earnout relating to the acquisition of SPC in 2019 for an amount of CHF 5.6 million.

Prior year acquisitions and divestments

During the business year 2020, the Group acquired the following businesses:

in CHF millions	Total fair value recognized on acquisition of Crossmark	Total fair value recognized on acquisition of Axieo	Total
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	1.3	3.0	4.3
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	(0.7)	(0.1)	(0.8)
Lease liabilities	(4.0)	(2.9)	(6.9)
Deferred tax liabilities	(0.8)	(1.6)	(2.4)
Other non-current liabilities	-	(0.1)	(0.1)
Net assets acquired	11.5	35.3	46.8
Goodwill on acquisitions	12.6	0.1	12.7
Purchase consideration	24.1	35.4	59.5
Purchase consideration paid in cash			
Cash and cash equivalents acquired	3.2	4.4	7.6
Net cash outflow	(20.9)	(31.0)	(51.9)

Effective February 27, 2020, the Group purchased the separate shares of the Crossmark business activities in Australia and New Zealand from the same private seller. The Australian business was purchase through DKSH Smollan Field Marketing, Singapore held 51% by the Group. Crossmark represents a field marketing provider in Australia and New Zealand.

From the dates of acquisition until June 30, 2020, 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.

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

From the dates of acquisition until June 30, 2020, the business of Axieo 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 12.7 million relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

Settlement relating to divestment in 2019

In the first half of 2020, 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 amount of CHF 5.5 million was recorded as a loss on sale of subsidiaries.

5. Equity

There were no changes in share capital during the first six months of 2021 and 2020.

During the first six months of 2021, the Group purchased 98,227 treasury shares for CHF 7.3 million. The Group used 24,391 treasury shares (CHF 1.8 million) for vested share-based payment awards. The Group holds 90,457 treasury shares as of June 30, 2021.

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 held 2,804 treasury shares as of June 30, 2020.

An ordinary dividend of CHF 1.95 per registered share was paid during the 2021 interim period. Total dividend payments amounted to CHF 126.8 million. In 2020, a dividend of CHF 1.90 per registered share was paid, resulting in total dividend payments of CHF 123.6 million.

6. Financial instruments

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

in CHF millions	Level ¹	June 30, 2021	December 31, 2020
Financial assets at fair value through profit and loss			
Derivative assets	2	4.8	2.4
Unlisted equity securities	3	42.0	40.1
Convertible loan	3	1.3	-
Total		48.1	42.5
Financial assets at fair value through other comprehensive income			
Other equity securities	1	2.0	2.2
Total		2.0	2.2
Financial assets at amortized cost			
Cash and cash equivalents ²		606.3	680.8
Trade receivables ²		2,113.3	2,015.9
Other receivables ^{2,3}		283.1	309.0
Deposits to third party ²		17.2	25.7
Loans to third party ²		0.5	0.5
Total		3,020.4	3,031.9
Total financial assets		3,070.5	3,076.6
Financial liabilities at fair value through profit and loss			
Contingent consideration liabilities	3	23.7	12.0
Derivative liabilities	2	3.5	7.5
Total		27.2	19.5
Financial liabilities at amortized cost			
Borrowings ²		337.8	338.6
Lease liabilities ⁵		241.3	227.0
Trade payables ²		2,351.1	2,133.6
Other payables ^{2,4}		178.9	132.4
Total		3,109.1	2,831.6
Total financial liabilities		3,136.3	2,851.1

¹ Level 1: The fair value is based on quoted prices in active markets

Level 2: The fair value is based on observable market data, other than quoted prices

Level 3: The fair value is based on valuation techniques using non-observable data

² Carrying amount is a reasonable approximation for fair value.

³ Excluding VAT and other tax receivables and derivative financial instruments.

⁴ Excluding VAT and other tax payables, derivative liabilities.

⁵ No fair value disclosure required.

7. Events after the reporting period

On May 11, 2021, the Group signed an agreement to acquire 70% of the shares of Hahn Healthcare in Australia for a consideration of about CHF 35 million. Hahn Healthcare is a medical engagement company, providing sales team outsourcing and medical marketing services to healthcare companies in Australia and generates net sales of approximate CHF 25.0 million with a total number of employees of about 300.

At closing of the transaction on July 1, 2021, the Group settled a purchase price of CHF 33.3 million which is subject to adjustment based on the completion accounts available during second half year of 2021.

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. Some of the measures are defined by a reconciliation in the sections where they appear. The other main alternative performance measures used by DKSH are defined and/or reconciled below.

Organic growth

Organic growth is the difference between current and previous reporting period excluding Mergers & Acquisitions (M&A) and Foreign Exchange effects (FX).

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.

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

2021 by Business Unit in CHF millions	January - June 2021	Organic	M&A	FX	January - June 2020
Healthcare	2,753.0	111.3	0.3	(81.6)	2,723.0
Consumer Goods	1,914.3	46.2	7.5	(51.6)	1,912.2
Performance Materials	633.2	74.8	22.1	0.6	535.7
Technology	187.4	12.6	10.2	(2.4)	167.0
Group Total	5,487.9	244.9	40.1	(135.0)	5,337.9
in % of 2020		4.6	0.7	(2.5)	

2020 by Business Unit in CHF millions	January - June 2020	Organic	M&A	FX	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)	

EBIT margin (in %)

EBIT margin (in %) is calculated from the consolidated income statement as follows:

in CHF millions	January - June 2021	January - June 2020
Net sales	5,487.9	5,337.9
Operating profit (EBIT)	131.5	111.3
EBIT margin (in %)	2.4	2.1

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 2021	January - June 2020
Net cash flows from operating activities	171.5	103.8
Repayment leases	(40.9)	(40.4)
Purchase of property, plant and equipment	(19.9)	(10.3)
Purchase of intangible assets	(3.5)	(2.0)
Free cash flow	107.2	51.1

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, 2021	December 31, 2020	December 31, 2019
Total assets	5,301.4	5,118.0	5,353.0
Financial assets	(63.1)	(68.5)	(62.2)
Cash and cash equivalents	(606.3)	(680.8)	(592.6)
Total liabilities	(3,539.4)	(3,318.4)	(3,518.4)
Current borrowings	201.7	121.2	63.9
Non-current borrowings	136.1	217.4	215.8
Net operating capital (NOC)	1,430.4	1,388.9	1,459.5

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, 2021	December 31, 2020	December 31, 2019
Operating Profit (EBIT)	131.5	257.5	-
Net operating capital (NOC)	1,430.4	1,388.9	1,459.5
Average NOC current and previous period	1,409.7	1,424.2	-
Return on net operating capital (RONOC)¹	18.7%	18.1%	-

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, 2021	December 31, 2020
Profit attributable to the shareholders of DKSH Holding Ltd.	83.1	157.1
Equity attributable to the shareholders of DKSH Holding Ltd.	1,698.4	1,738.4
Return on equity (ROE)¹	9.8%	9.0%

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

Equity ratio

The Equity ratio is calculated from the consolidated statement of financial position as follows:

in CHF millions	June 30, 2021	December 31, 2020
Total equity	1,762.0	1,799.6
Total assets	5,301.4	5,118.0
Equity ratio	33.2%	35.2%

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, 2021	December 31, 2020
Cash and cash equivalents	606.3	680.8
Current borrowings	(201.7)	(121.2)
Non-current borrowings	(136.1)	(217.4)
Net cash	268.5	342.2

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