

Half-Year Results 2023

Media and Investor Conference

July 18, 2023

Delivering Growth – in Asia and Beyond.

Agenda



**1. Highlights
HY 2023**

**2. Business Units
Review**

3. Financial Update

4. Outlook



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Highlights HY 2023



DKSH Has a Growth Strategy...



Business Unit Strategies

Continuously implement our growth strategies, strengthen stakeholder relationships, and accelerate M&As



High-Performance Culture

Keep evolving our culture of trust and empowerment to build a better place to work for all



Digitalization

Accelerate digital solutions, drive our eCommerce business, digitize internal processes and thereby creating value to clients and customers



Operational Excellence

Optimize our operations to become more efficient and increase our service levels



Sustainability

Accelerate our sustainability agenda and offerings





Driving DKSH's transformation with a clear purpose and strong set of values




...and is Moving Forward in All Relevant Areas




1


Business Unit Strategies



**Client partnerships**










2

High-Performance Culture




**Strengthen leadership team**

- New Head Business Unit Consumer Goods





- Focused digital leadership


**Higher employee engagement score**

3

Digitalization





**SAP S/4Hana integration**


**SAP integration of last year's M&As well advanced**


4

Operational Excellence




**New distribution centers**


**Opening of new technology R&D hub in Asia**


**Further expansion of the global shared services in Malaysia**

5

Sustainability



**Sustainability linked loan**

**First TCFD report published**



Fulfilling its purpose of enriching people's lives

H1 2023 Results Confirm DKSH's Value Creation



DKSH Value Creation

	Growth	Achieve above GDP net sales growth
	Profitability	Expand margin
	Cash Efficiency	Drive cash conversion
	Capital Allocation	Ambition to increase dividend and targeted M&A based on strong balance sheet

H1 2023 Realization

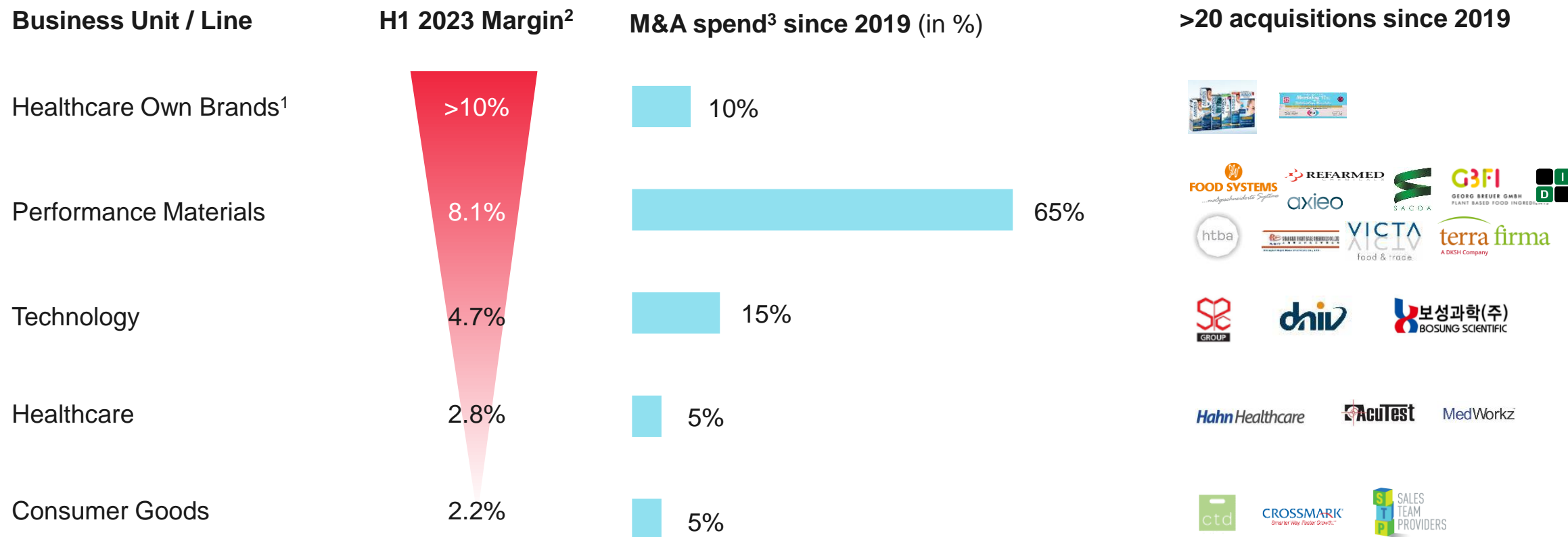
- Net Sales:** CHF 5.6 billion (+7.2% at CER¹)
- Core EBIT:** CHF 162.6 million (+15.5% at CER²)
Margin 2.9% (+15 bps)
- Free Cash Flow:** CHF 179.0 million
Cash Conversion: 168.2%
- Ordinary Dividend:** 10th consecutive increase to CHF 2.15 per share

> DKSH maintains track record of growth, margin expansion, and strong cash conversion

¹ Constant exchange rates (CER)

² For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

Capital Allocation Focused on Higher Profitability Business



Focus on high-margin business through active portfolio management

¹ Healthcare Own Brands is a part of Business Unit Healthcare; ² Core EBIT Margin

³ M&A spend percentage in rounded values

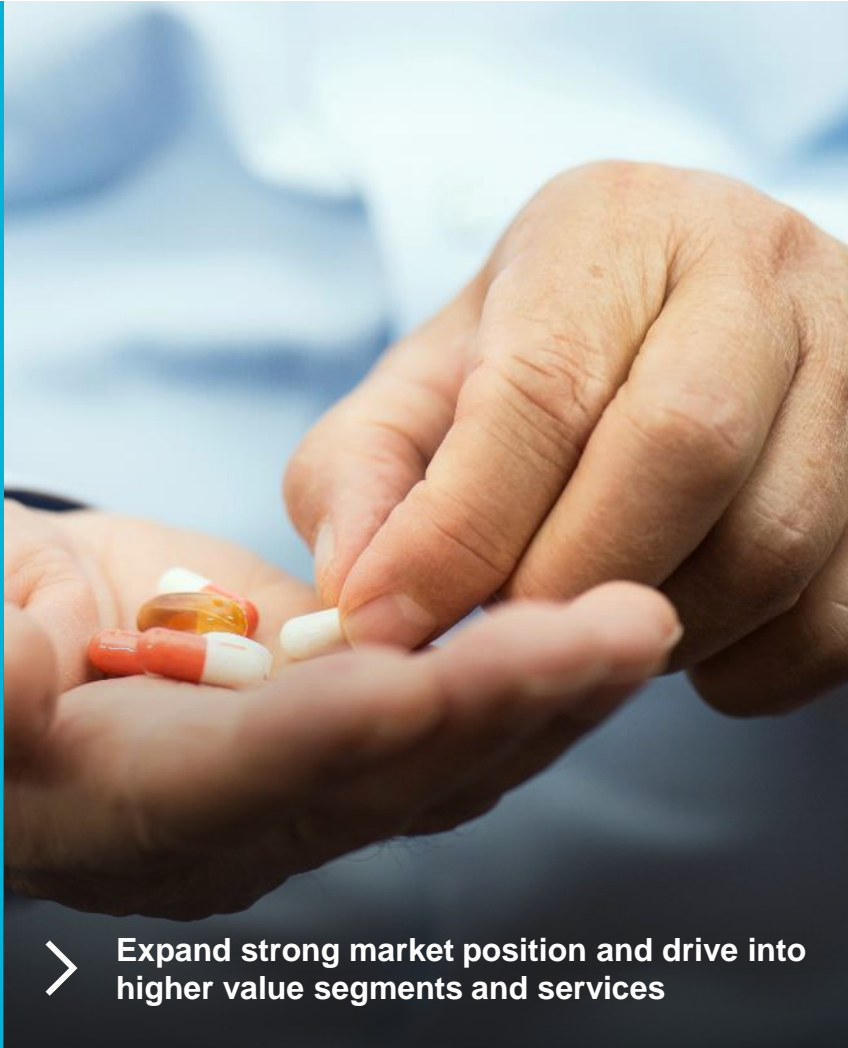
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Business Units Review



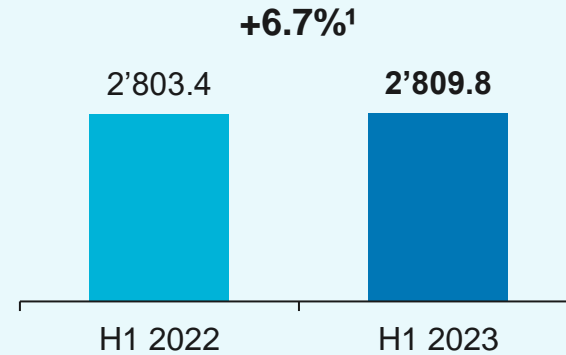


Business Unit Healthcare

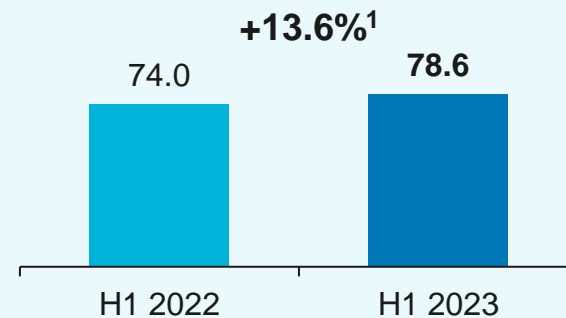


Expand strong market position and drive into higher value segments and services

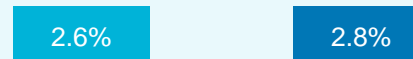
Net Sales (in CHF million)



Core EBIT (in CHF million)



Margin



- Accelerated net sales growth
 - Expansion with existing and new clients in Thailand, Malaysia, and Vietnam
 - Successful market entry in the Philippines
- Focus on growing higher added-value segments and services
 - Expansion of the Own Brands business
 - Successful M&A integration
- Core EBIT margin further increased after strong H1 2022 from 2.6% to 2.8%

¹ Constant exchange rates (CER)

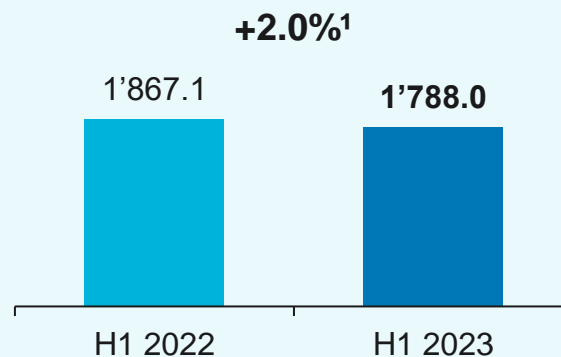
* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023



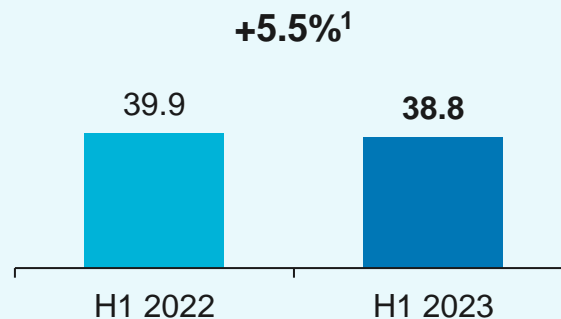
Business Unit Consumer Goods



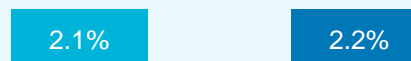
Net Sales (in CHF million)



Core EBIT (in CHF million)



Margin



- Early shift into growth acceleration
 - Client wins and expansion
 - Portfolio optimization in closing
- Core EBIT margin further increased from 2.1% to 2.2%
- Insourcing of field marketing activities², now offering services out of one hand
- Continue capitalizing on our position in APAC to drive growth and profitability under the leadership of new Business Unit Head



Capitalizing on our leadership in Asia Pacific

¹ Constant exchange rates (CER); ² DSFM = DKSH Smollan Field Marketing Joint Venture
* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

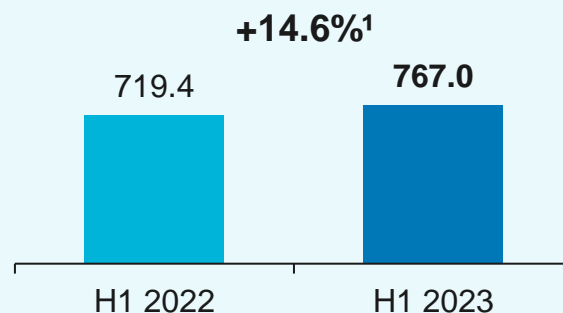


Business Unit Performance Materials

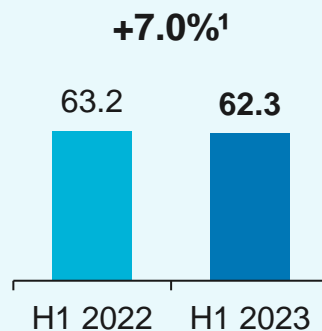


Strengthen leading position in specialty chemicals and ingredients distribution

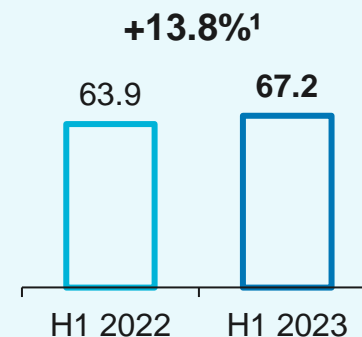
Net Sales (in CHF million)



Core EBIT (in CHF million)



Core EBITA (in CHF million)



Margin 8.8% 8.1%

8.9% 8.8%

- M&A driven sales growth of 14.6% (CER)
- Slightly lower organic sales to be viewed against challenging macroeconomic environment and strong H1 2022 results
- Core EBIT includes amortizations of CHF 4.9 million, which are mainly M&A-related
- EBITA margin remained on last year's level
- Cost efficiency measures
- Q2 results show a sequential improvement vs Q1 and year-on-year growth

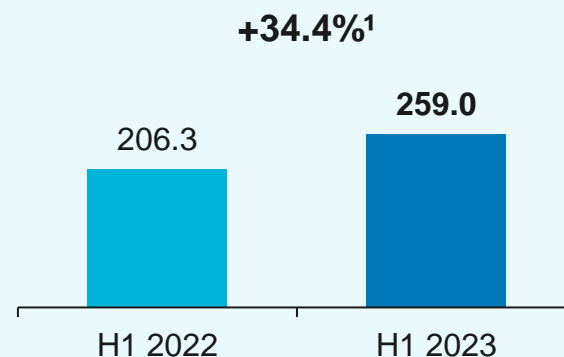
¹ Constant exchange rates (CER)

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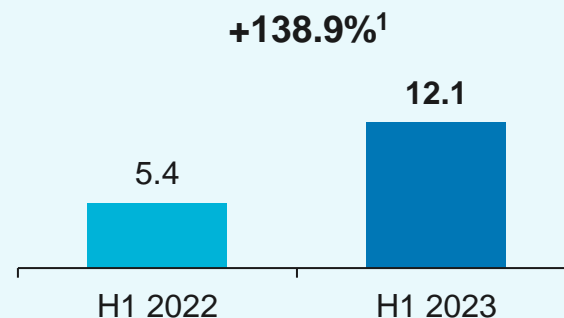


> **Building resilience and deliver
profitable growth**

Net Sales (in CHF million)



Core EBIT (in CHF million)



- Double-digit net sales growth
- Increased investments in scientific instrumentation, precision machinery, and semiconductor industries in Asia
- M&A performing ahead of expectations
- Core EBIT margin expands to 4.7%
- Diligently executed strategy by focusing Business Lines and expanding consumables and service portfolio
- Solidify position in key industries in APAC to build further resilience, and to focus on higher margin segments and services
- Further market consolidation potential

¹ Constant exchange rates (CER)

* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

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Financial Update

HY 2023 – Continued Good Financial Performance



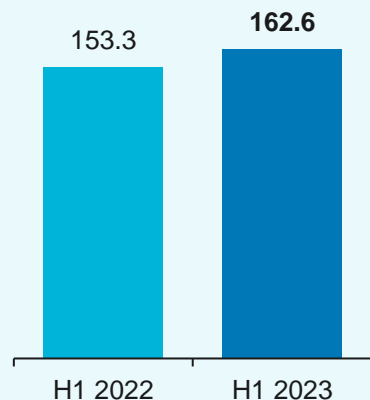
Net Sales (in CHF billion)

+7.2%¹



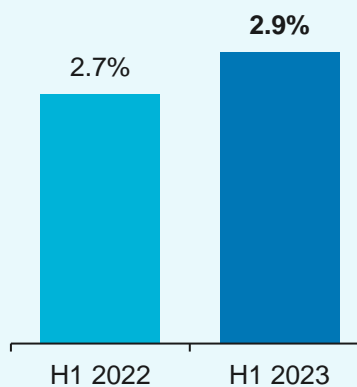
Core EBIT (in CHF million)

+15.5%¹



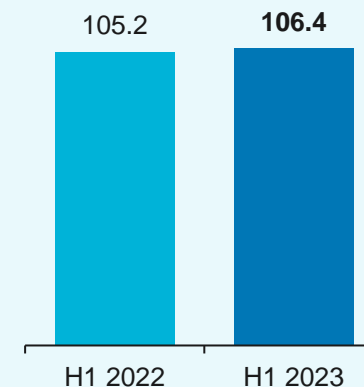
Core EBIT Margin (in %)

>15 bps



Core Profit After Tax (in CHF million)

+9.3%¹

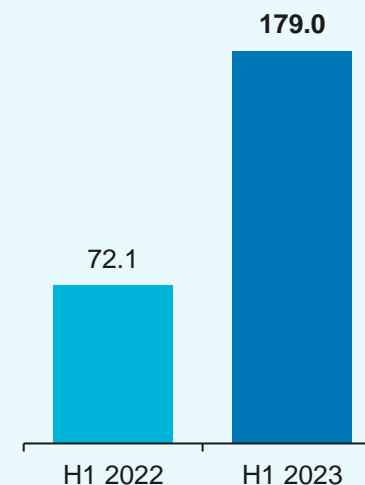


Free Cash Flow (in CHF million)

Cash Conversion (%)

68.5%

168.2%



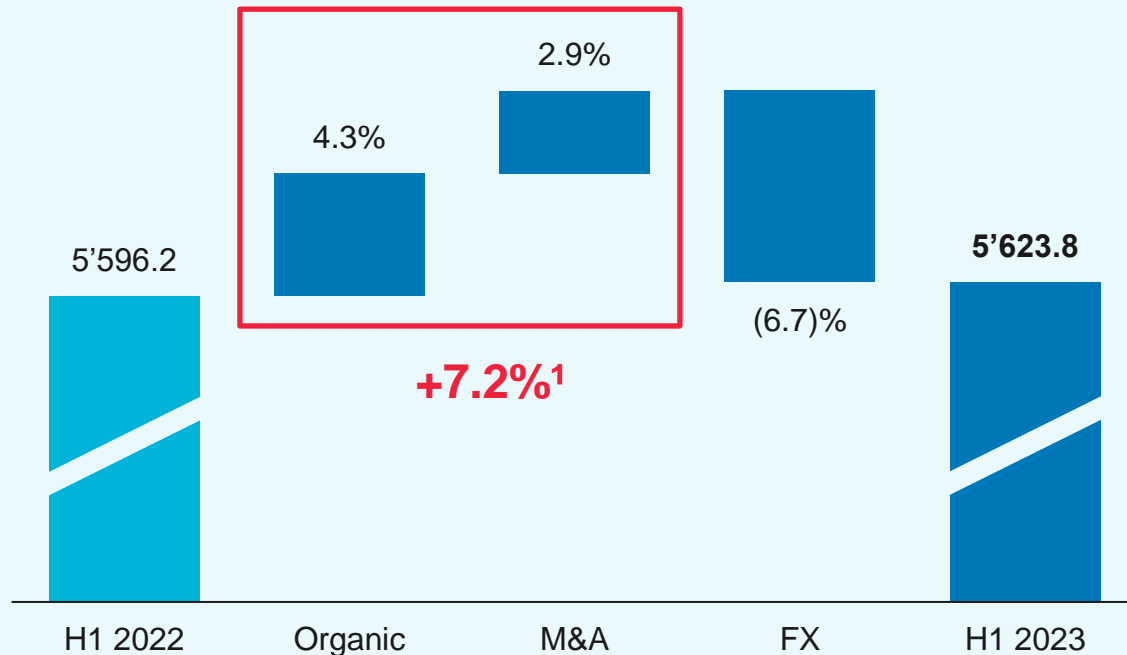
DKSH maintains track record of growth, margin expansion, and strong cash conversion

¹ Constant exchange rates (CER): 2023 figures converted at 2022 exchange rates
* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

Solid Net Sales Growth



Net sales (in CHF million)



Organic

- Organic growth of +4.3% - above weighted GDP
- Portfolio optimization in Business Unit Consumer Goods

M&A

- Strong impact from value-accretive M&A (translational effect from transactions in 2022)
- Healthy pipeline

FX

- Translational FX impact of -6.7%
- Strong impact from the strengthening of the Swiss franc (THB and MYR at all time low)



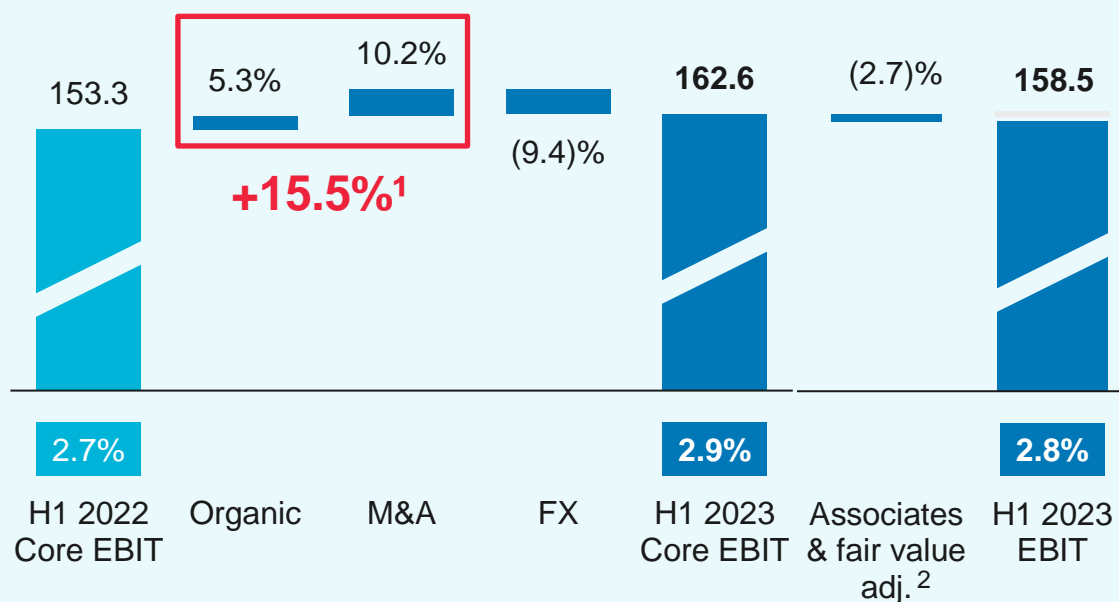
DKSH aspires to deliver GDP+ growth

¹ Constant exchange rates

* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

Double-Digit Core EBIT Growth

Core EBIT (in CHF million)



Organic

- Core EBIT of CHF 162.6 million corresponds to single-digit growth in organic terms

M&A

- Strong impact from margin-accretive M&A

FX

- Core EBIT growth (in CER)¹ across all Business Units
- Strong impact from the strengthening of the Swiss franc (THB and MYR at all time low)



Profitability further increasing

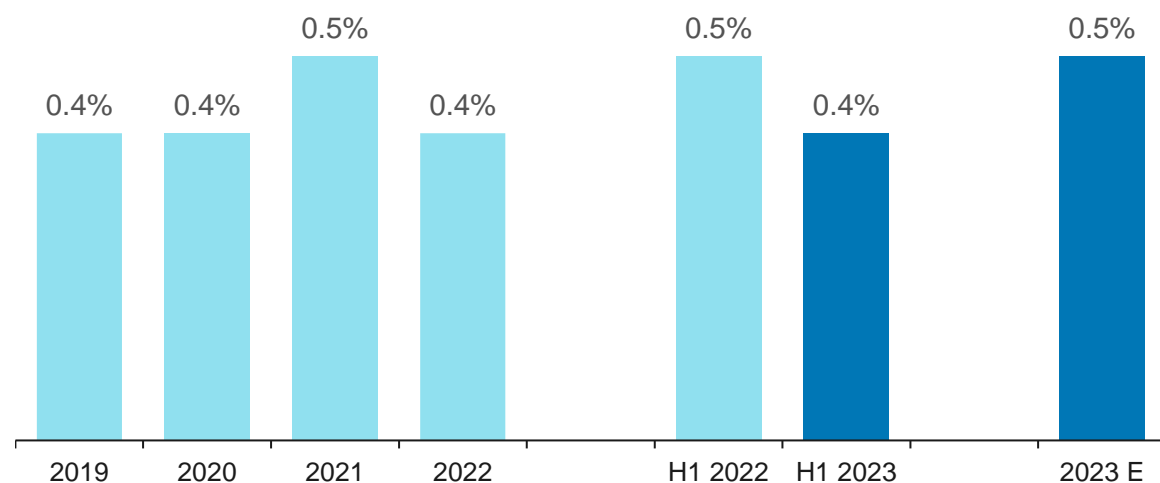
¹ Constant exchange rates; ² Including non-recurring share of results in associates (H1 2023: CHF 3.2 million) and fair value adjustment related to employee benefit expenses (H1 2023: CHF 0.9 million)

* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

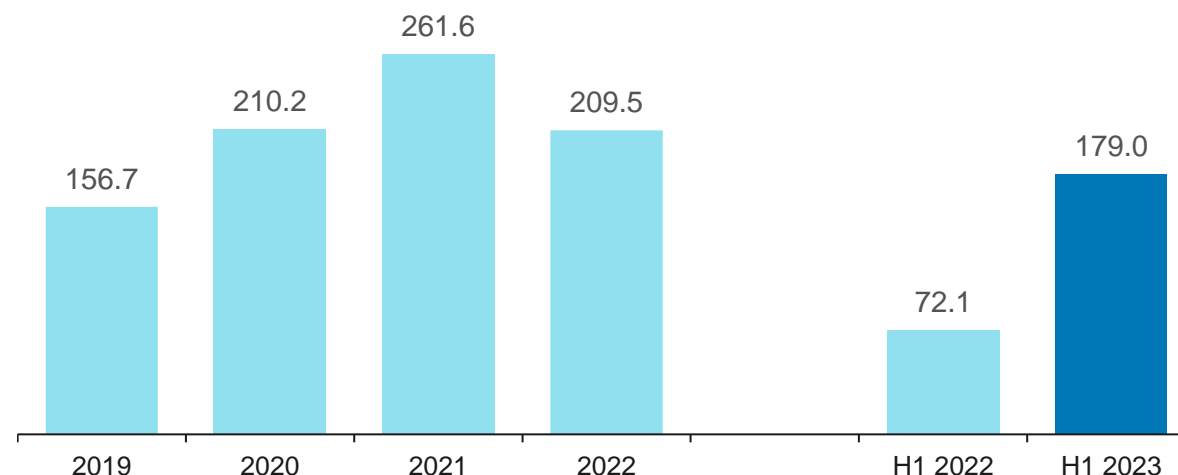
Continued Strong Cash Generation



Capex / net sales (%)



Free Cash Flow (in CHF million) and Cash Conversion (%)



Cash conversion

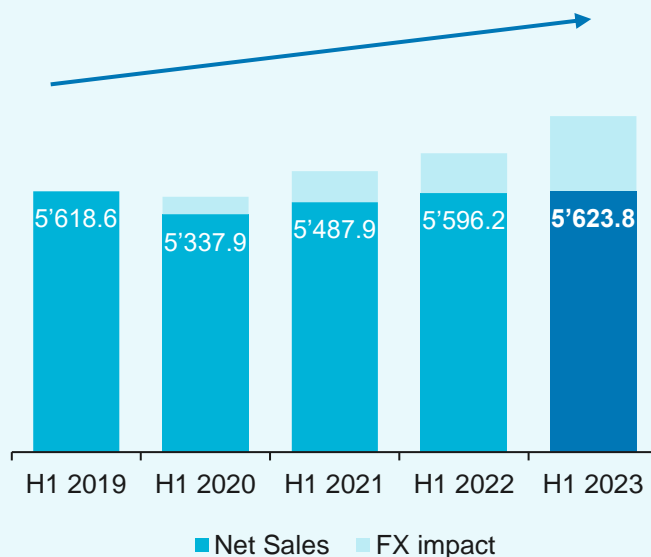


Strong Long-Term Performance



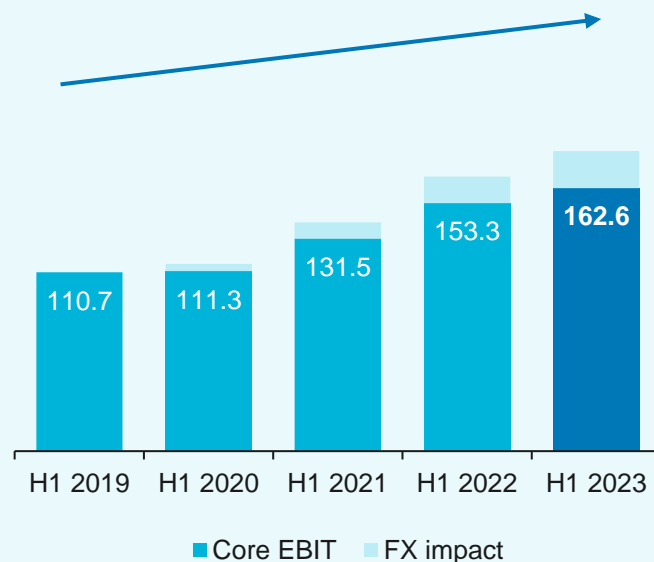
Net Sales
(in CHF million)

CAGR +3.8%¹

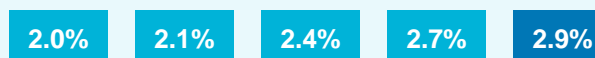


Core EBIT²
(in CHF million)

CAGR +15.8%¹

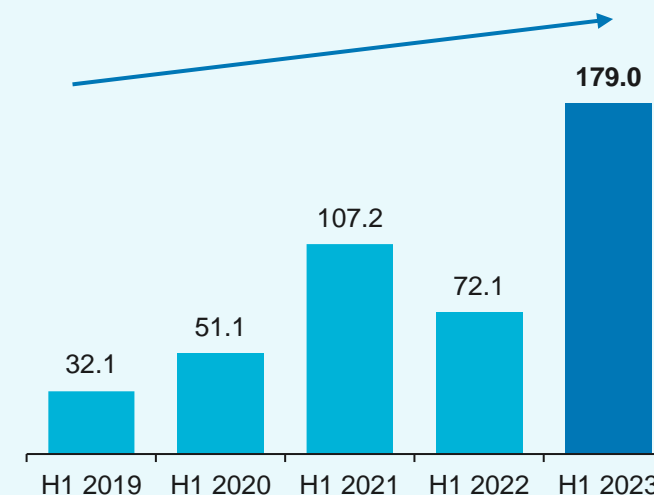


Core EBIT Margin (%)

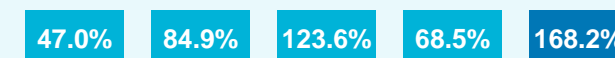


Free Cash Flow
(in CHF million)

CAGR +53.7%



Cash Conversion (%)



> **DKSH maintains track record of growth, margin expansion, and strong cash conversion**

¹ Constant exchange rates (CER): Figures converted at 2019 exchange rates; ² For H1 2019 – H1 2021 EBIT

* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2023

Continued Strong Balance Sheet with Significant Leverage Potential



in CHF million	H1 2022	H1 2023
Cash/Liquid assets	598.5	627.5
Trade receivables	2,000.9	1,878.1
Inventories	1,322.1	1,354.9
Intangibles	388.3	791.9
Right-of-use assets	266.3	290.0
Other assets	857.2	797.3
Trade payables	2,358.7	2,333.3
Borrowings	292.2	648.2
Lease liabilities	276.8	305.2
Other liabilities	651.1	724.0
Total equity	1,854.5	1,729.0
Total equity and liabilities	5,433.3	5,739.7



Continued strong financial metrics:

- Strong liquidity position maintained and even slightly improved
- Strong receivables management drive lean working capital balance
- Strong equity ratio of 30.1%
- Return on equity at 12.4%, up 80 bps from H1 2022
- Significant leverage headroom (current leverage below 0.1x EBITDA)

Additional Financial Indications



	FY 2020	FY 2021	FY 2022	H1 2023	FY 2023 Estimate	Mid-Term Estimate
M&A (net sales contribution)	2.1%	0.8%	1.5%	2.9%	2.5% to 3.0% ¹	Further M&A ambitions
FX (net sales contribution)	(5.1%)	(2.0%)	(2.6%)	(6.7%)	(6% to 7%) ²	n.a.
Tax rate (% of profit before tax)	26.1%	27.8% ³	27.1%	28.1%	27% to 29%	27% to 29%
Capex (% of net sales)	0.4%	0.5%	0.4%	0.4%	0.5%	0.5%

¹ Based on acquisitions signed and closed until publication of Half-Year 2023 results

² If current spot rates prevail for the remainder of the year

³ Excludes gain on sale to aCommerce (CHF 10.3 million) and share of loss in associate (CHF -9.1 million) as well as revaluation gain of aCommerce (CHF 34.8 million)

4

Outlook

Outlook



Current macroeconomic landscape

- Economic recovery in Asia is expected to continue
- Strong tourism performance and robust domestic demand are boosting Southeast Asian economies
- Inflation is expected to moderate this year and next year, gradually moving closer to pre-pandemic levels

Prospects for 2023 and beyond

- DKSH committed to deliver GDP+ sales growth in fast growing Asian markets
- Core EBIT Growth in 2023 expected¹
- Further M&A consolidation potential

> **DKSH is well positioned to benefit from favorable long-term market, industry, and consolidation trends in Asia Pacific**

¹ Outlook assumes economic growth in Asia Pacific, stable exchange rates and barring unforeseen events



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