

# Full-Year Results 2023

Investor and Media Conference

February 16, 2024

Delivering Growth – in Asia and Beyond.



**1. Highlights  
FY 2023**

**2. Business Units  
Review**

**3. Financial Update**

**4. Outlook**



# 1

## Highlights FY 2023



# FY 2023 Results Underline Continued Value Creation



## DKSH Value Creation

	<b>Growth</b>	Achieve above GDP <sup>1</sup> net sales growth
	<b>Profitability</b>	Expand margin
	<b>Cash Efficiency</b>	Drive cash conversion
	<b>Capital Allocation</b>	Increase dividend and targeted M&A based on strong balance sheet

## FY 2023 Realization



**Net Sales:** +5.3% at CER<sup>2</sup>



**Core EBIT:** +12.6% at CER<sup>2</sup>  
Margin 3.0% (+15 bps)



**Free Cash Flow:** CHF 282.3 million  
Cash Conversion: 137.0%



**Ordinary Dividend:** 11<sup>th</sup> consecutive increase to CHF 2.25 per share<sup>3</sup>

## FY 2019 - 2023

CAGR<sup>4</sup>

**+3.3%**

**+10.1%**  
(+60 bps)

**+15.9%**

**+4.3%**

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

<sup>1</sup> Weighted GDP calculation based on DKSH 2023 Net sales market split. <sup>2</sup> Constant exchange rates (CER): Figures converted at 2022 exchange rates. <sup>3</sup> Proposal by the Board of Directors.

<sup>4</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates. \* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

# DKSH Is Moving Forward Value Driving Programs



## 1 Business Unit Strategies



Increased client partnerships



New M&As



## 2 High-Performance Culture



Strengthened leadership team

- New BU Head in CG



Great Place to Work® Certification

- Certification in nine different markets<sup>1</sup>



Increased share of women in senior leadership to 34%



Streamlined headcount further

## 3 Digitalization



SAP S/4 Hana integration



Double-digit growth of digital platform “DKSH Connect”



Progressed in digitizing our supply chain



AI pilot projects in progress

## 4 Operational Excellence



Focus on operating leverage



Opened new Technology R&D hub in Asia



Further expanded global shared services in Malaysia



Upgraded distribution centers

## 5 Sustainability



Sustainability linked loan



Achieved >50%<sup>2</sup> reduction of CO<sub>2</sub>



Awarded second EcoVadis gold rating with increased score



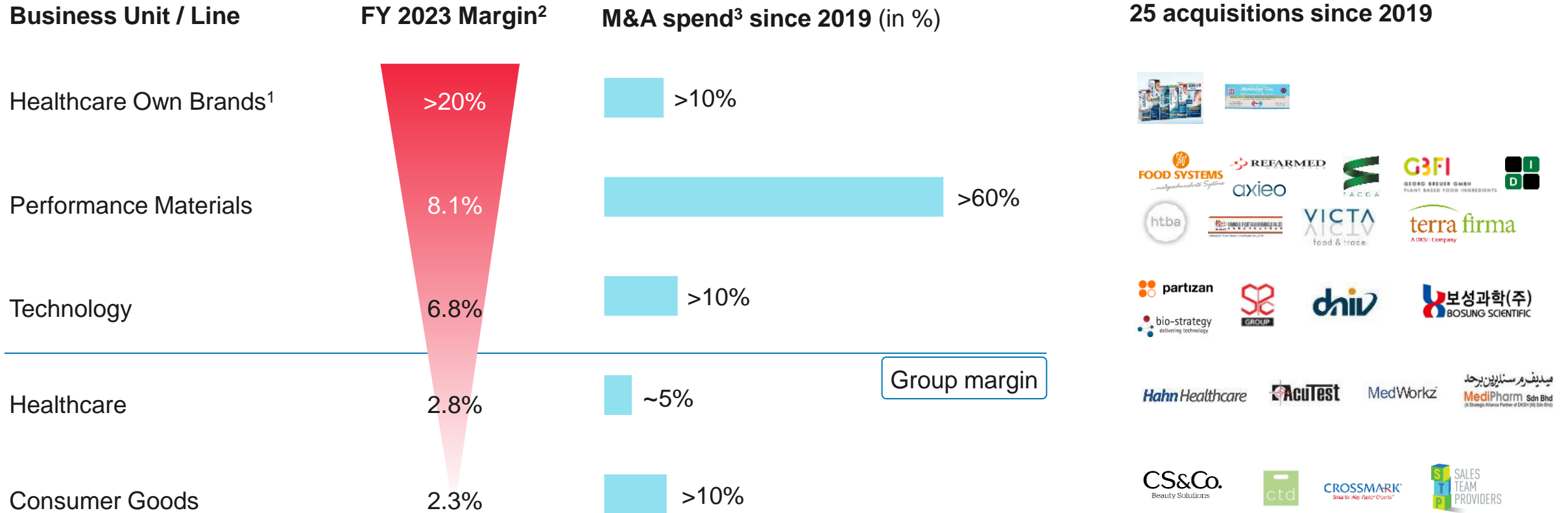
[Click to view full report](#)



Fulfilling its purpose of enriching people's lives

<sup>1</sup> Great Place to Work® Certification as of February 2024. <sup>2</sup> Against our 2020 baseline.

# More Than 80% of M&A Spend on Higher Profitability Business DKSH



> Restoring the M&A pace in H2 2023 and entering 2024 with a strong balance sheet

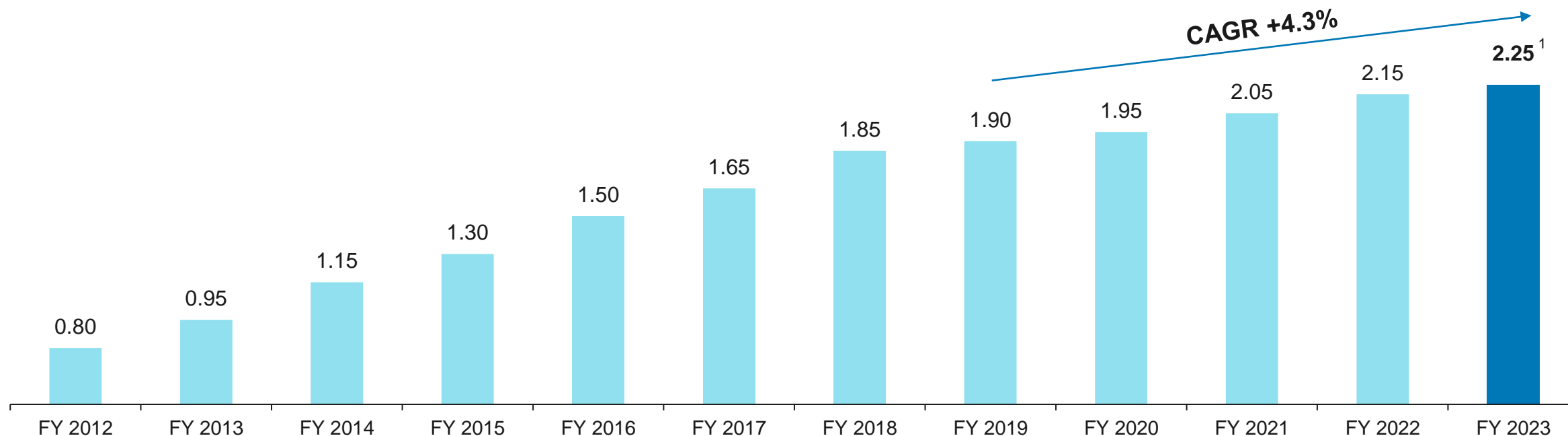
<sup>1</sup> Healthcare Own Brands is a part of Business Unit Healthcare; <sup>2</sup> Core EBIT Margin

<sup>3</sup> M&A spend percentage in rounded values

# Continuation of Progressive Dividend Policy



## Ordinary dividend per share (in CHF)



> DKSH proposes an increase of the ordinary dividend by 4.7% to CHF 2.25 per share<sup>2</sup>

<sup>1</sup> Proposal by the Board of Directors

# 2

## Business Units Review





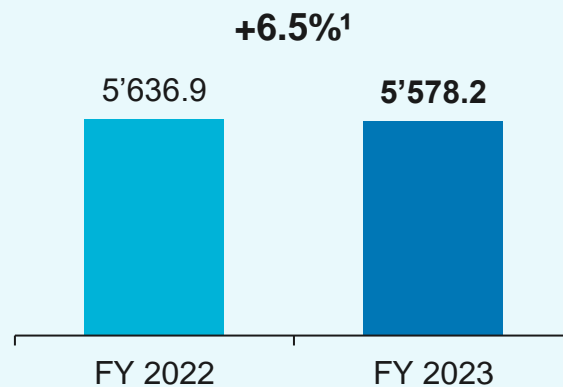


# Business Unit Healthcare

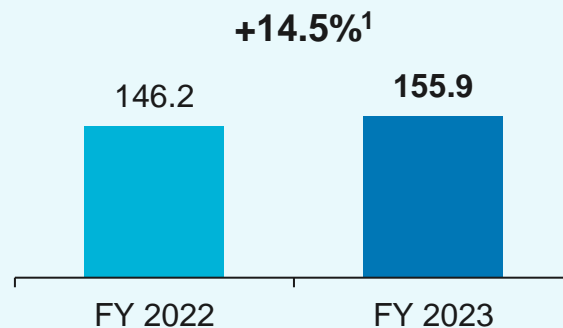


➤ **Expand strong market position and drive into higher value segments and services**

Net Sales (in CHF million)



Core EBIT (in CHF million)



- Accelerated Net sales growth driven by solid business development and strong underlying market
  - Expansion with existing and new clients in Thailand, Malaysia, Vietnam, etc.
- Focus on growing higher added-value segments and services
  - Expansion of Own Brands business and Medical Devices, as well as full-agency services
  - Continued M&A focus:
    - Partizan in Australia
    - Medipharm in Brunei (in 2024)
- Core EBIT margin further increased after strong FY 2022 from 2.6% to 2.8%

<sup>1</sup> Constant exchange rates (CER)

\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

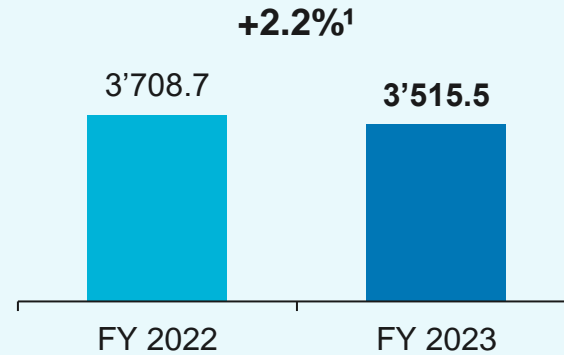


# Business Unit Consumer Goods

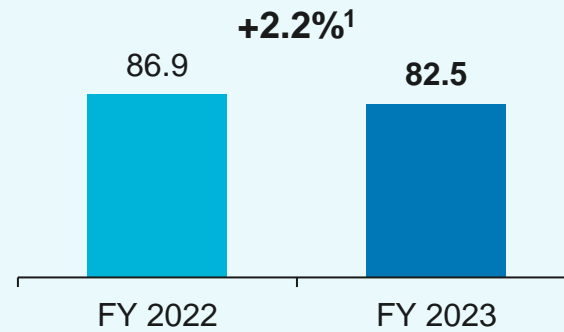


> Capitalizing on our leadership in Asia Pacific

Net Sales (in CHF million)



Core EBIT (in CHF million)



- Net sales growth of 2.2% due to client wins and expansion despite lower consumer sentiment and subdued market volumes
- Strengthened beauty care segment with CS&Co. acquisition
- Core EBIT at +2.2% (CER) above previous year at robust margin
- Strategic direction has evolved to an even stronger focus on its FMCG business
  - FMCG business is growing ahead of CG total and accounts for ~95% of BU Consumer Goods with a slightly higher margin
- Fully exited non-profitable, non-core fashion retail business

<sup>1</sup> Constant exchange rates (CER)

\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

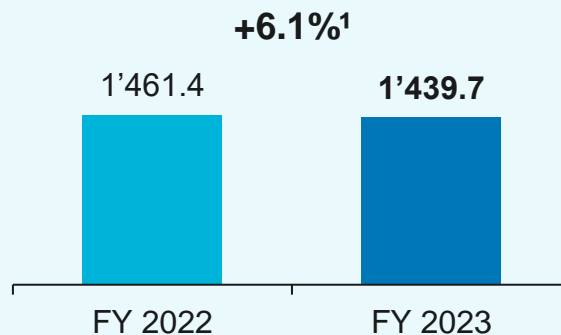


# Business Unit Performance Materials

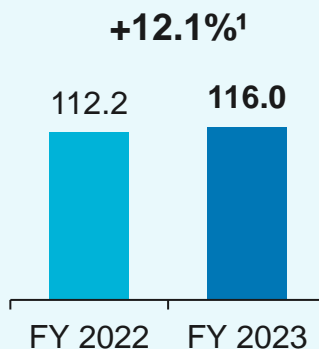


➤ Strengthen leading position in specialty chemicals and ingredients distribution

Net Sales (in CHF million)

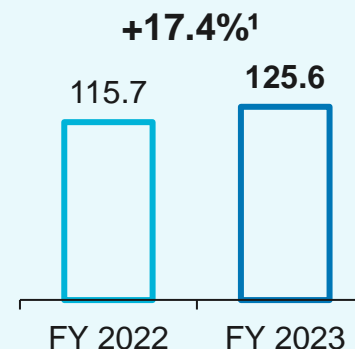


Core EBIT (in CHF million)



Margin 7.7% 8.1%

Core EBITA (in CHF million)



Margin 7.9% 8.7%

- Sales growth of 6.1% at CER is driven by contributions from M&As and our Life Sciences portfolio
- Life Sciences portfolio growing in Asia Pacific and Europe at CER
- Strong gross margin increase with disciplined pricing management and strong cost control incl. rightsizing
- Core EBITA at +17.4% (CER), strongly above previous year
- Core EBITA Margin increase by 80 bps with positive contributions by all regions
- Successfully reduced inventory levels and improved working capital

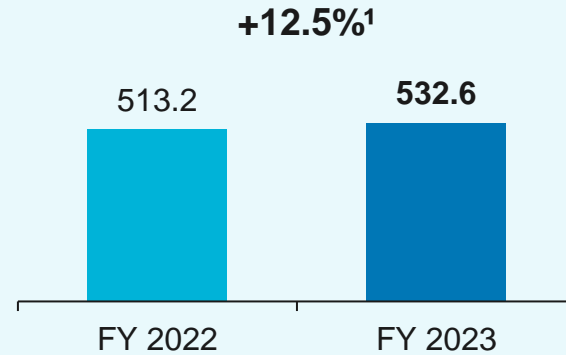
<sup>1</sup> Constant exchange rates (CER)

\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

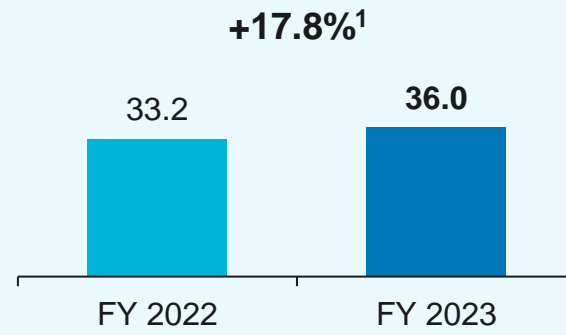


Building resilience and deliver profitable growth

Net Sales (in CHF million)



Core EBIT (in CHF million)



- Double-digit Net sales and Core EBIT growth (in CER)
- Diligently executed strategy and continued to grow key areas
  - Scientific Instrumentation, Precision Machinery, Semiconductor Industry
  - Consumables and Service business
  - M&A: acquisition of Bio-Strategy in Australia and New Zealand
- Further market consolidation potential ahead
- Business Unit will keep fostering its position in key industries and higher margin segments and services

<sup>1</sup> Constant exchange rates (CER)

\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

# 3

## Financial Update



# FY 2023 – Continued Good Financial Performance



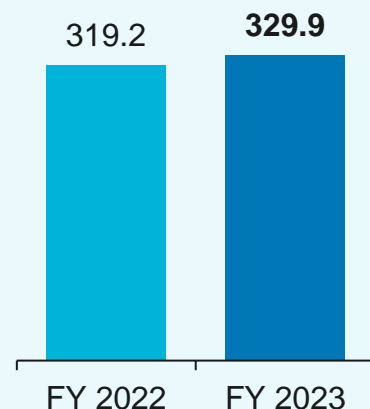
## Net Sales (in CHF billion)

**+5.3%<sup>1</sup>**



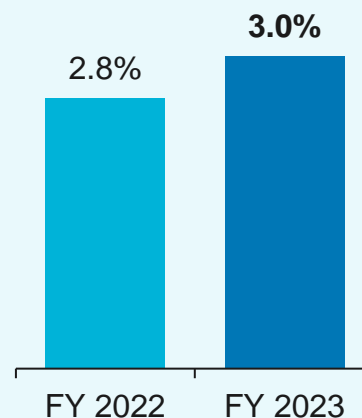
## Core EBIT (in CHF million)

**+12.6%<sup>1</sup>**



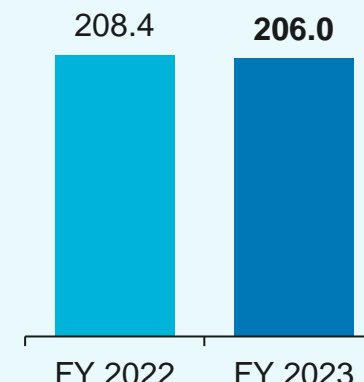
## Core EBIT Margin (in %)

**+15 bps**



## Core Profit After Tax (in CHF million)

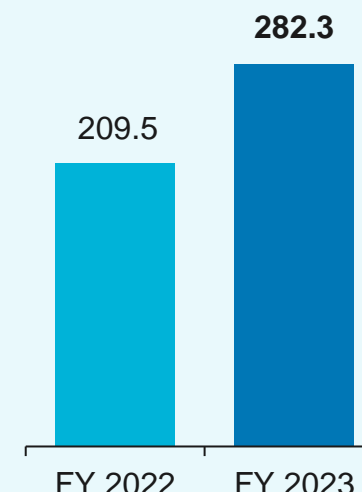
**+5.8%<sup>1</sup>**



## Free Cash Flow (in CHF million)

### Cash Conversion (%)

**100.5%**      **137.0%**



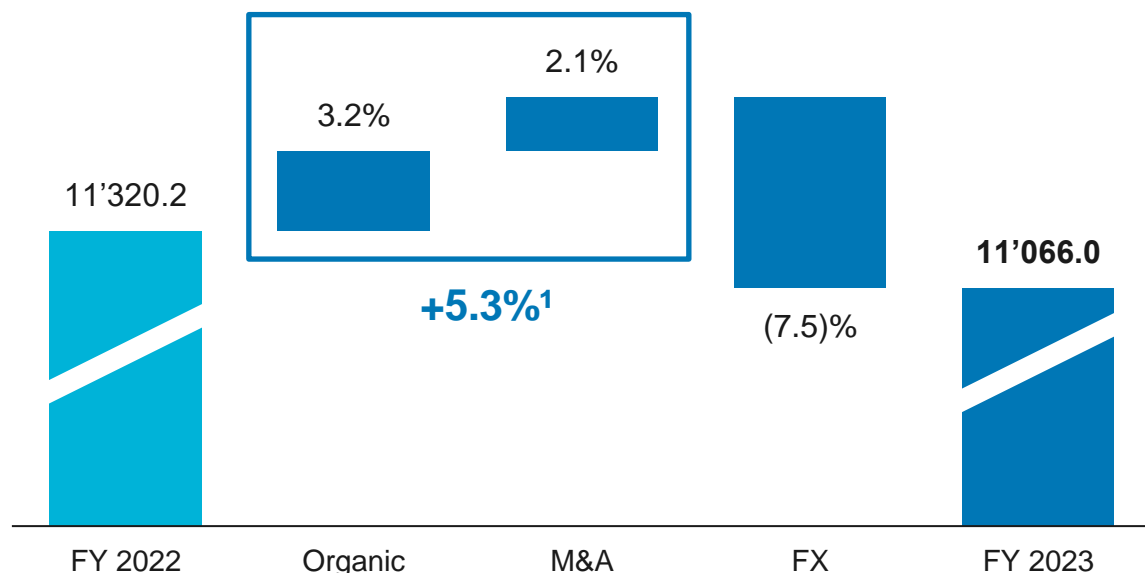
DKSH maintains track record of growth, margin expansion, and strong cash conversion

<sup>1</sup> Constant exchange rates (CER): 2023 figures converted at 2022 exchange rates  
\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

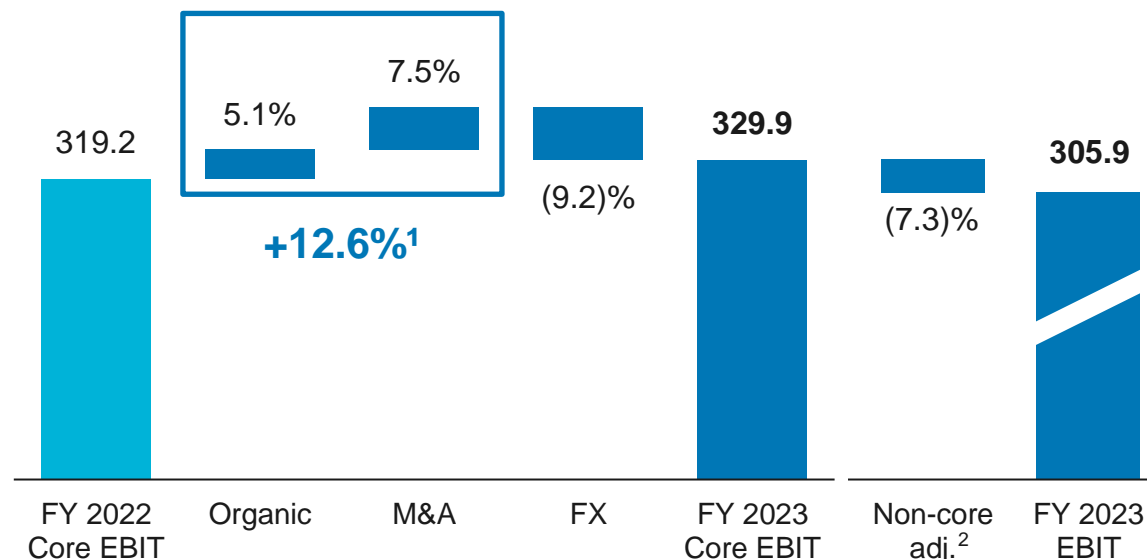
# Strong Core EBIT Growth



Net Sales (in CHF million)



Core EBIT (in CHF million)



## Organic

Core EBIT of CHF 329.9 million corresponds to single-digit growth in organic terms

## M&A

Margin-accretive M&A impact

## FX

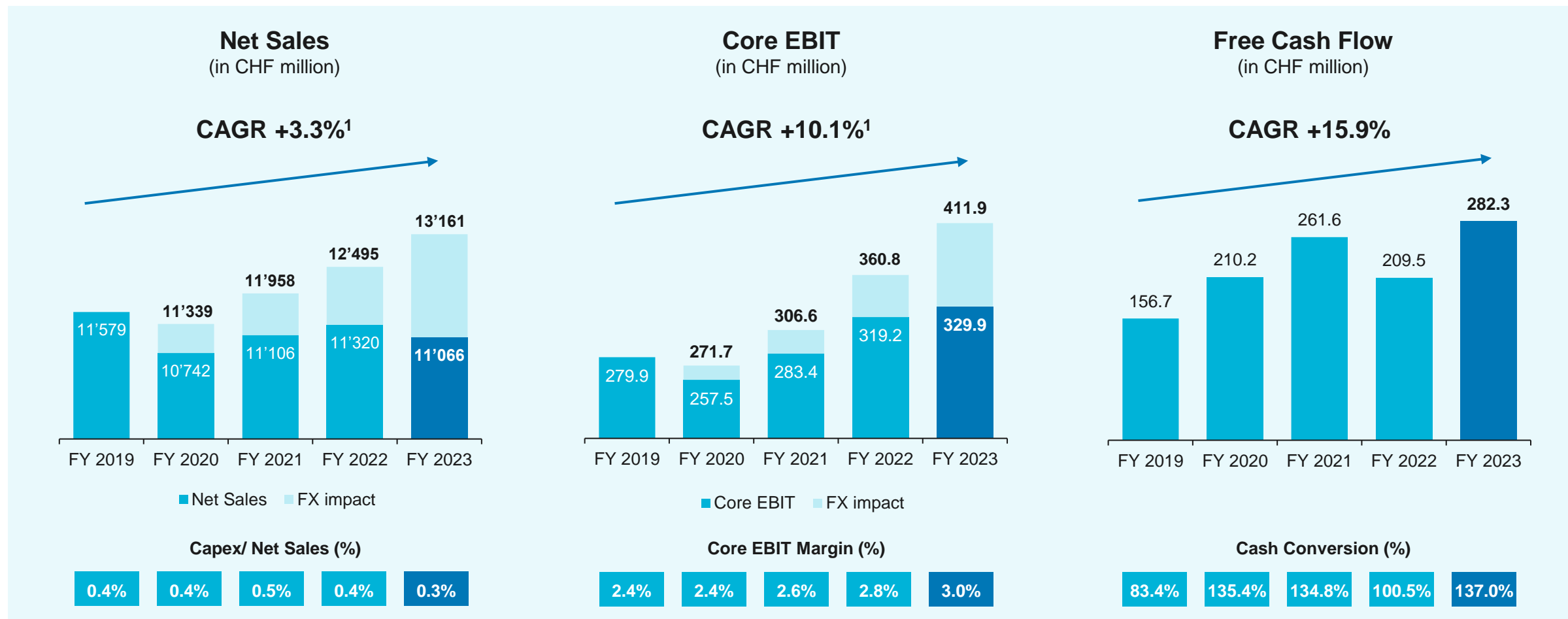
Strong impact (-9.2%) from the strengthening of the Swiss franc



DKSH FY 2023 results confirm sustainable, profitable growth

<sup>1</sup> Constant exchange rates; <sup>2</sup> Including share of result in associates (CHF 7.5 million), discontinuation of fashion retail business (CHF 11.7 million), goodwill impairment (CHF 3.9 million) and fair value adjustment related to employee benefit expenses (CHF 0.9 million). \* For the definition of Alternative Performance Measures (APM), see Annual Report 2023

# Strong Long-Term Performance



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

<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates.  
\* For the definition of Alternative Performance Measures (APM), see Annual Report 2023



# Continued Strong Balance Sheet With Significant Leverage Potential



in CHF million	FY 2022	FY 2023
Cash and cash equivalents	636.4	687.2
Trade receivables	2,030.9	1,840.7
Inventories	1,277.3	1,138.0
Intangibles	825.4	785.6
Right-of-use assets	317.4	261.5
Other assets	791.3	758.2
Trade payables	2,233.2	2,025.3
Borrowings	678.7	680.7
Lease liabilities	333.9	277.5
Other liabilities	806.6	749.8
<b>Total equity</b>	<b>1,826.3</b>	<b>1,737.9</b>
<b>Total equity and liabilities</b>	<b>5,878.7</b>	<b>5,471.2</b>



## Continued strong financial metrics:

- Strong liquidity position maintained and even improved
- Continued strong working capital management
  - Receivables management drive lean working capital balance
  - Managed to reduce inventory levels
  - Balanced trade payables and receivables management
- Solid equity ratio of 31.8%
- Significant leverage headroom (net cash surplus)

# Additional Financial Indications



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Estimate	Mid-Term Estimate
<b>M&amp;A</b> (net sales contribution)	2.1%	0.8%	1.5%	2.1%	0.5% to 1.5% <sup>1</sup>	Further M&A ambitions
<b>FX</b> (net sales contribution)	(5.1%)	(2.0%)	(2.6%)	(7.5%)	(3% to 5%) <sup>2</sup>	n.a.
<b>Tax rate</b> (% of profit before tax)	26.1%	27.8% <sup>3</sup>	27.1%	28.1%	27% to 29%	27% to 29%
<b>Capex</b> (% of net sales)	0.4%	0.5%	0.4%	0.3%	0.5%	0.5%

<sup>1</sup> Based on acquisitions signed and closed until publication of Annual Report 2023 results

<sup>2</sup> If current spot rates prevail for the remainder of the year

<sup>3</sup> 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

- Asia Pacific continues to be a key driver of global growth
- Increasing population and growing trade activities
- Growing tourism trends supportive for economic development in Asia Pacific
- Inflation has returned to pre-pandemic levels as supply-side pressures have eased and monetary tightening has taken effect

## Prospects For 2024 and Beyond

- DKSH committed to deliver GDP+<sup>1</sup> sales growth<sup>2</sup> (at CER) in fast-growing Asian markets
- Core EBIT growth (at CER) in 2024 expected<sup>2</sup>
- Further M&A consolidation potential



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

<sup>1</sup> Weighted GDP calculation based on DKSH 2023 Net sales market split. <sup>2</sup> Outlook assumes economic growth in Asia Pacific, stable exchange rates, and barring unforeseen events.

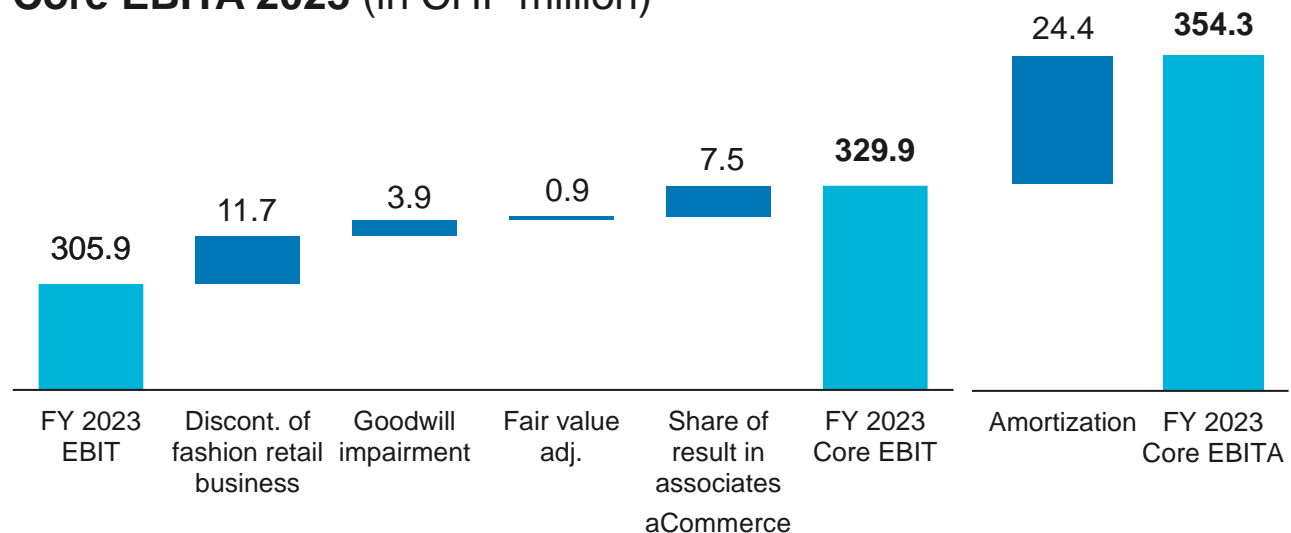
# 5

## Appendix

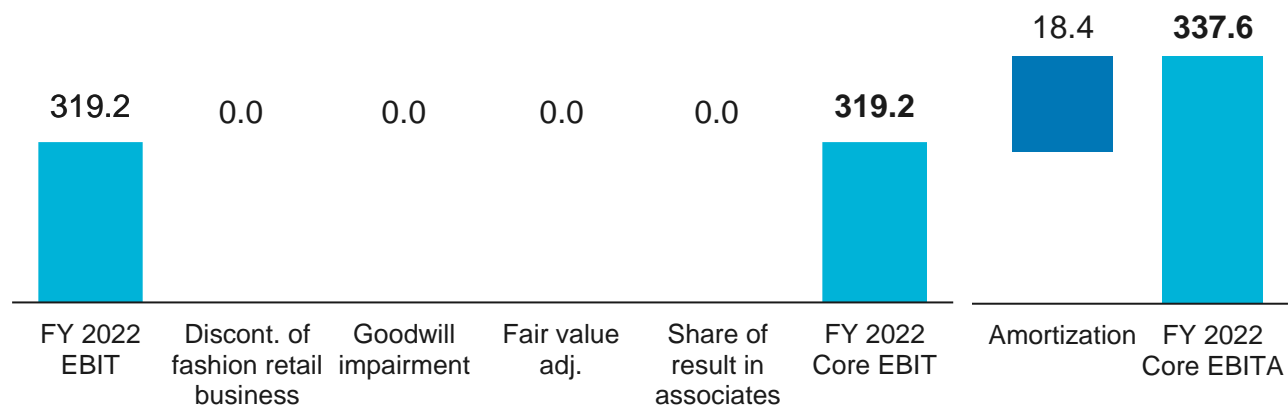


# EBIT to Core EBITA Bridge

## Core EBITA 2023 (in CHF million)



## Core EBITA 2022 (in CHF million)



# Disclaimer



While this presentation has been prepared by DKSH with due care and based on information it reasonably believes to be accurate, complete and up-to-date on the date hereof, this presentation may be inaccurate or incomplete or contain typographical errors or information that is not up-to-date. DKSH does not assume any liability for relevance, accuracy or completeness of the information included in this presentation. DKSH reserves the right to change, supplement or delete at any time some or all of the information included in this presentation without notice.

This presentation may contain certain forward-looking statements relating to DKSH and its business, including, but not limited to, statements regarding DKSH's financial position, business strategy, plans and objectives of management for future operations. Words like "believe", "anticipate", "expect", "project", "estimate", "predict", "intend", "target", "assume", "may", "might", "could", "should", "will" and similar expressions may indicate such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding, among other things, DKSH's present and future business strategies and the environment in which DKSH will operate in the future, some of which are beyond DKSH's control. Forward-looking statements involve certain risks, uncertainties and other factors which could cause the actual results, financial condition, performance or achievements of DKSH to be materially different from those expressed or implied by such statements. Readers of this presentation should therefore not place undue reliance on these statements. In particular, readers should not rely on any forward-looking statements in this presentation in connection with their entering into any contract or forming an investment decision. DKSH disclaims any obligation to update any forward-looking statements.

The layout, graphics and other contents of this presentation are protected by copyright law and may not be reproduced or used without DKSH's prior written consent.