

# Half-Year Results 2024

Media and Investor Conference

July 16, 2024

Delivering Growth – in Asia and Beyond.

# Agenda



1. Highlights  
H1 2024

2. Business Units  
Review

3. Financial Update

4. Outlook



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## Highlights H1 2024







# H1 2024 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

## H1 2024 Realization vs. H1 2023

	<b>Net Sales: +3.3% at CER<sup>2</sup></b>
	<b>Core EBIT: +8.2% at CER<sup>2</sup></b> Margin 3.0% (+10 bps)
	<b>Free Cash Flow: CHF 160.8 million</b> Cash Conversion: 136.0%
	<b>Ordinary Dividend Paid: 11<sup>th</sup> consecutive increase to CHF 2.25 per share</b>

> 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 2023 exchange rates.  
<sup>3</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates. \* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024

# H1 2024 Highlights...

## Increased Client Partnerships



> Stronger pipeline

## Two Bolt-On Acquisitions

- Medipharm (Healthcare, Brunei)
- Elite Organic (Performance Materials, Malaysia)



> Further M&A potential

## High-Performance Culture

- Great Place to Work® Certification in nine markets
- Improved employee engagement survey result to 78 (from 77)
- Higher rate of promotions from internal talent pool: 60%, up from 58% in Full Year 2023
- 34% of women in senior leadership

> Maximizing talent and engagement

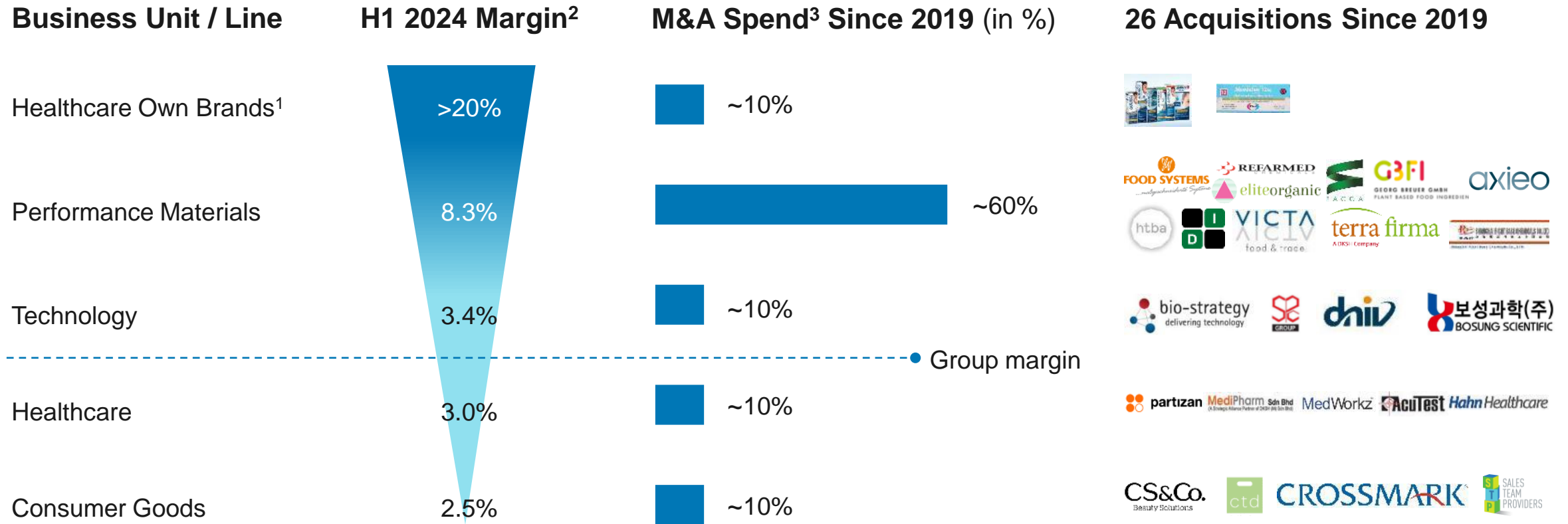
## Operational Excellence incl. Digital & Sustainability

- Increased productivity
- Continuous digitalization of distribution centers
  - 2023: 10, 2024E:12
- Improved agility and efficiency of supply chain; improved Case Fill Rate and Cost per Case
- Electric vehicles and solar project initiated

> Sustainable Value Chain

> ... confirm DKSH's ambition to be the trusted partner for growth in Asia and beyond

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

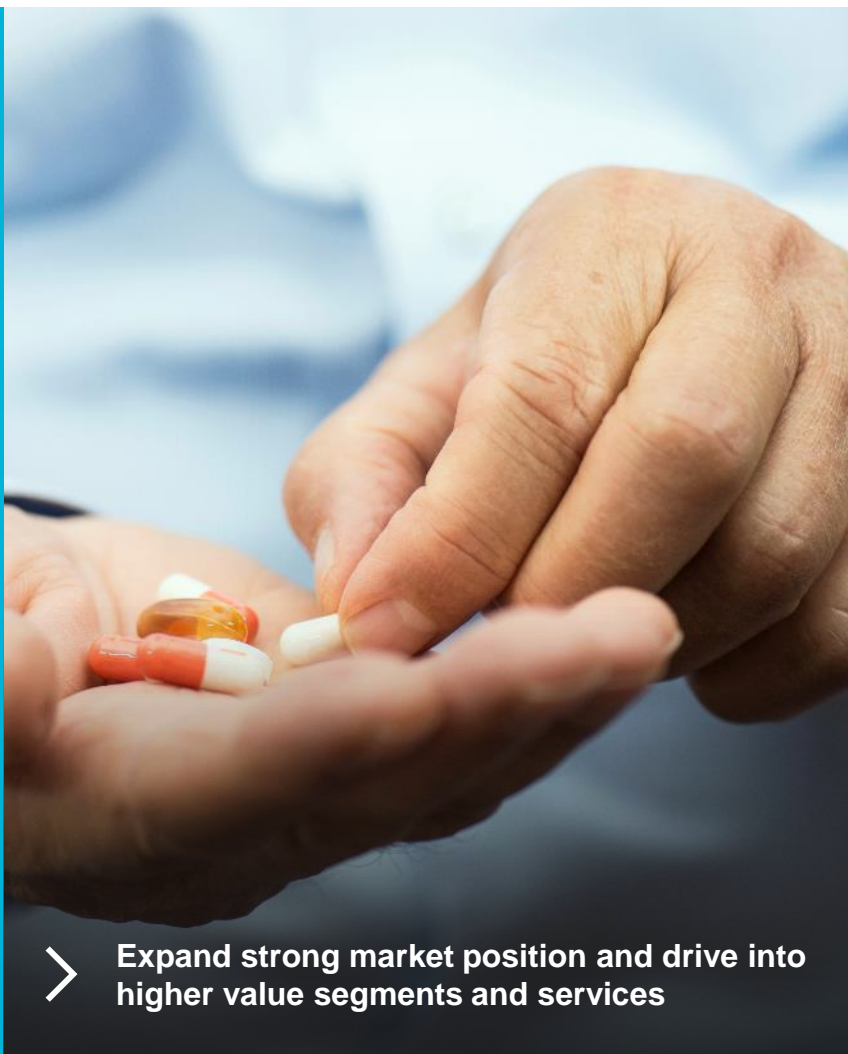


Entering H2 2024 with a solid M&A track record and a strong balance sheet

# 2

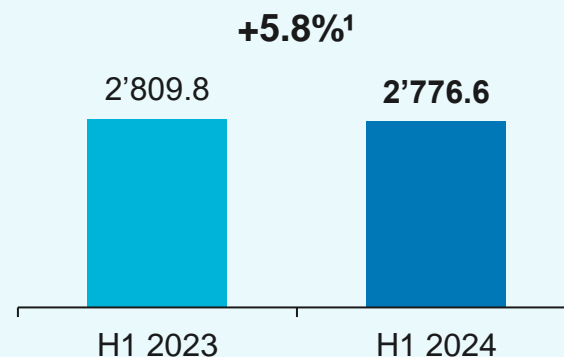
## Business Units Review



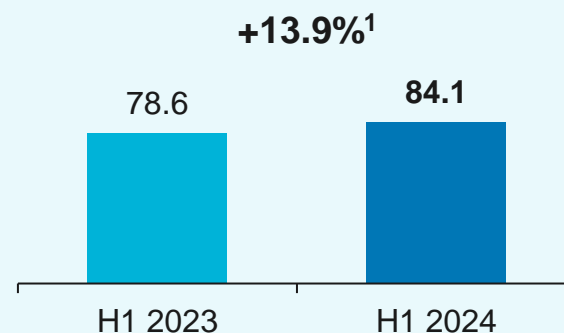


➤ **Expand strong market position and drive into higher value segments and services**

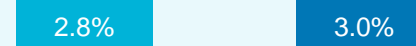
Net Sales (in CHF million)



Core EBIT (in CHF million)



Margin



- Continued strong net sales growth
  - Expansion with existing and new clients in Thailand, Malaysia and Taiwan
  - Above-GDP growth with market share gains in key markets
- Focus on higher value-added segments and services
  - Full Agency services and Own Brands
  - Successful M&A integration (Partizan Health, Medipharm)
- Core EBIT margin further increased after strong H1 2023 from 2.8% to 3.0%

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

\* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024

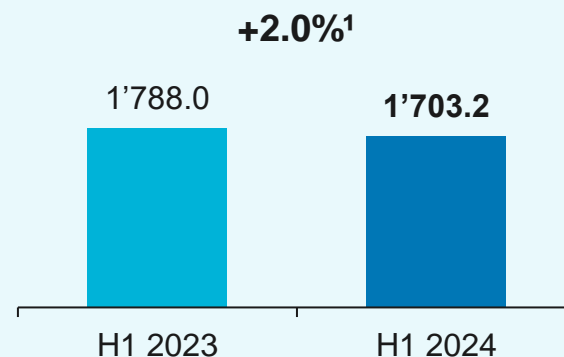


# Business Unit Consumer Goods

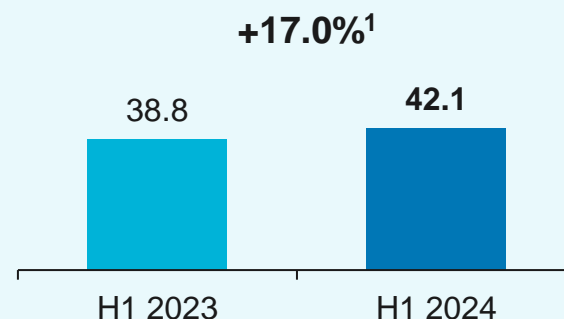


➤ Capitalizing on our leadership in Asia Pacific

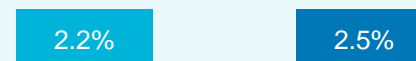
Net Sales (in CHF million)



Core EBIT (in CHF million)



Margin



- Mid-term Core EBIT margin target of 2.5% achieved (steady improvement vs. 1.6% in H1 2019)
- Net Sales growth of 2.0% in CER
- Positioned the business for further profitable growth:
  - Improving salesforce effectiveness
  - Business development for client acquisition
  - Optimizing outlets and product mix to increase rate of sale
  - Increased KPI based performance management
- Core EBIT growth of 17.0% (CER)

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

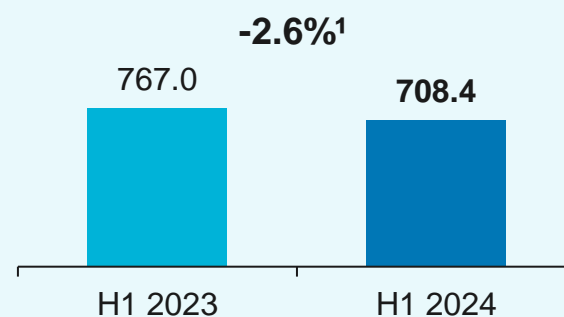
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# Business Unit Performance Materials

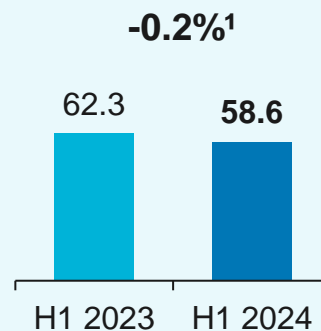


➤ Strengthen leading position in specialty chemicals and ingredients distribution

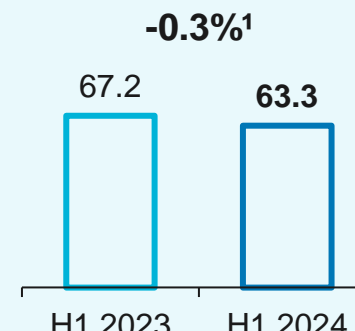
Net Sales (in CHF million)



Core EBIT (in CHF million)



Core EBITA (in CHF million)



Margin 8.1% 8.3%

8.8% 8.9%

- Net sales hold up well in a declining H1 market environment
- H1 2024 sequentially stronger than H2 2023; quarter by quarter improvement
- Better momentum across all regions
- Improved M&A pipeline
- Optimized cost structure and gross margin increase
- Disciplined pricing and inventory management; inventory reduced by ~7% vs. H1 2023
- Core EBITA margin further increased from 8.8% to 8.9%

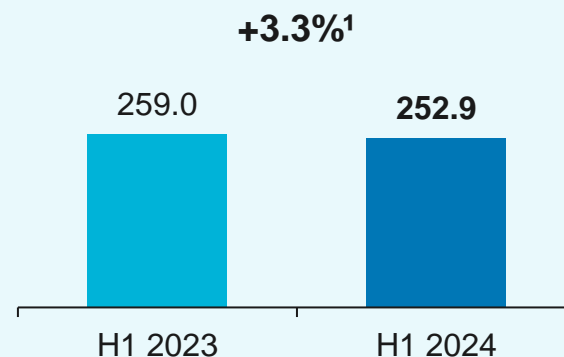
<sup>1</sup> Constant exchange rates (CER)

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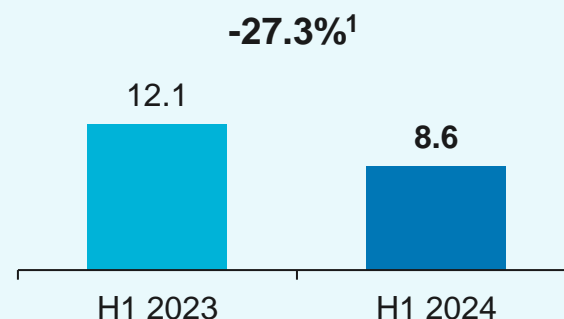


➤ Building resilience and deliver profitable growth

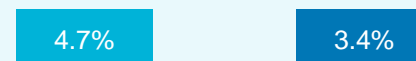
Net Sales (in CHF million)



Core EBIT (in CHF million)



Margin



- M&A driven net sales growth of 3.3% (CER) vs. exceptionally strong H1 2023
- Continued investments in scientific solutions, precision machinery, and semiconductor industries in Asia
- Bio-Strategy acquisition progressing well
- Core EBIT of CHF 8.6 million
- Further consolidation potential ahead
- Some projects moved into H2 2024, stronger second half expected

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

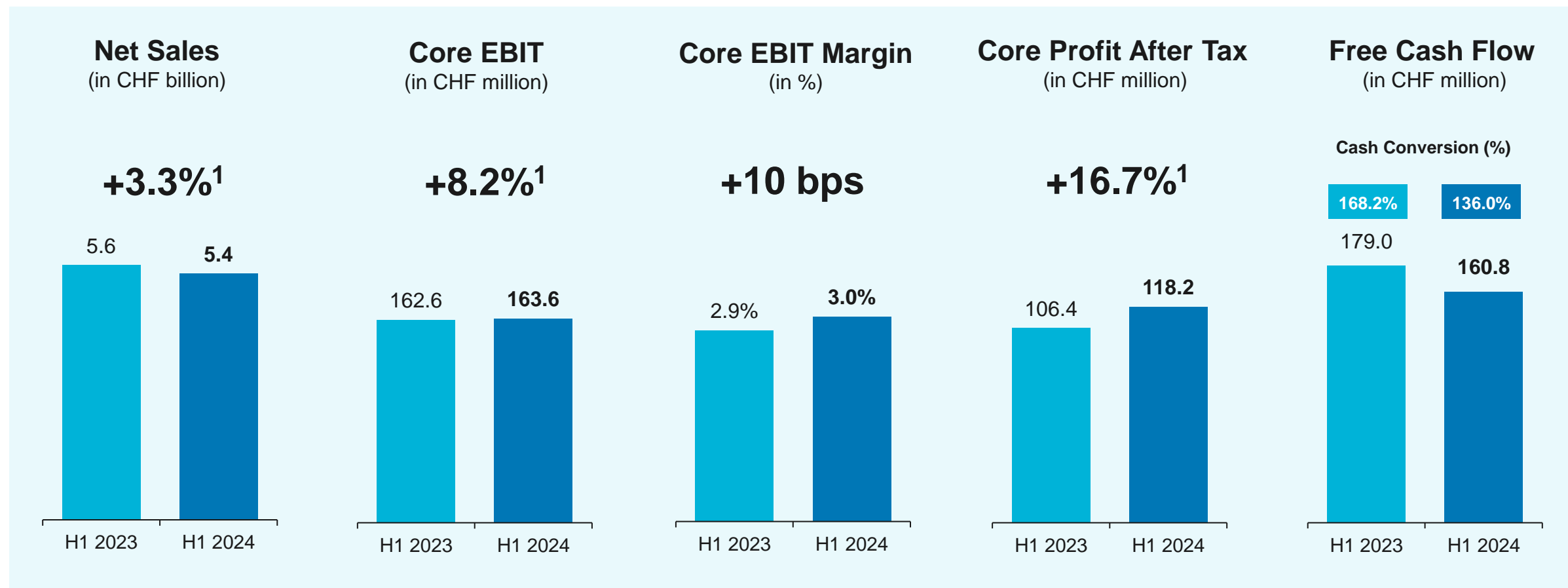
\* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024

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Financial Update



# H1 2024 – Continued Good Financial Performance



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

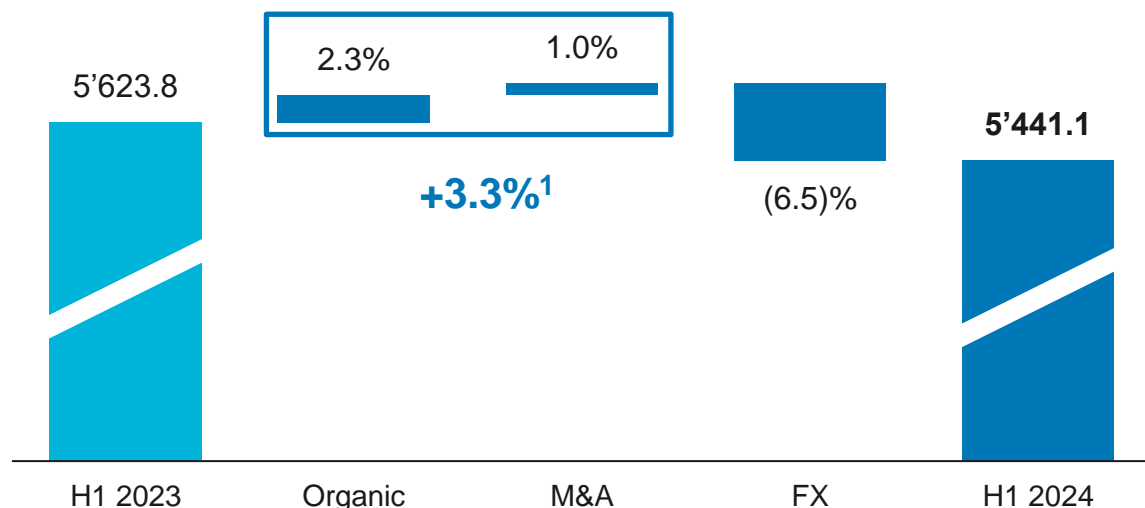
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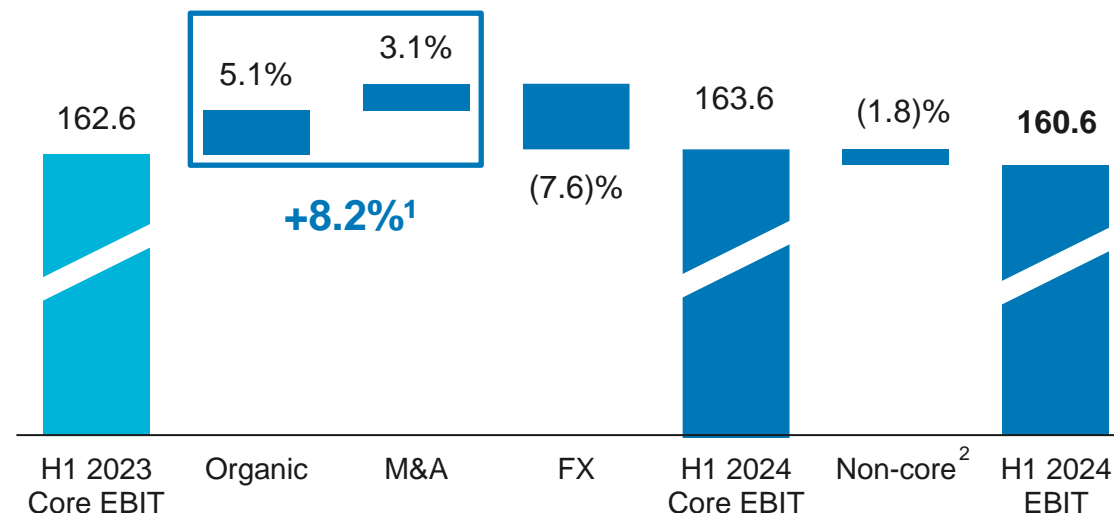
# Strong Core EBIT Growth



Net Sales (in CHF million)



Core EBIT (in CHF million)



## Organic

Business Units Healthcare and Consumer Goods contributing to top line growth (CER)

## M&A

M&A contributions from all four Business Units

## FX

Strong impact from the strengthening of the Swiss franc, but stabilization in recent months

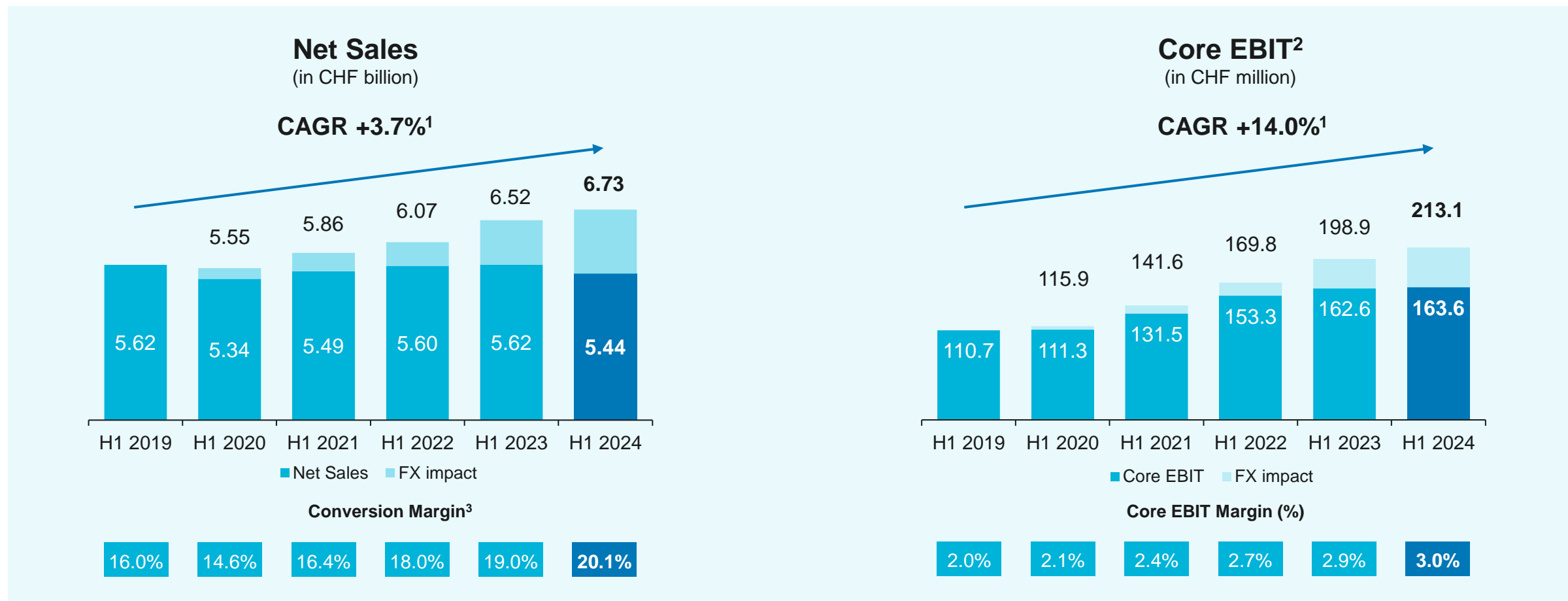


DKSH H1 2024 results confirm sustainable, profitable growth

<sup>1</sup> Constant exchange rates; <sup>2</sup> Including fair value adjustment related to employee benefit expenses (H1 2024: CHF 1.2 million) and legal case settlement (H1 2024: CHF 1.8 million)

\* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024

# Sustainable Net Sales And Core EBIT Increase Since 2019...



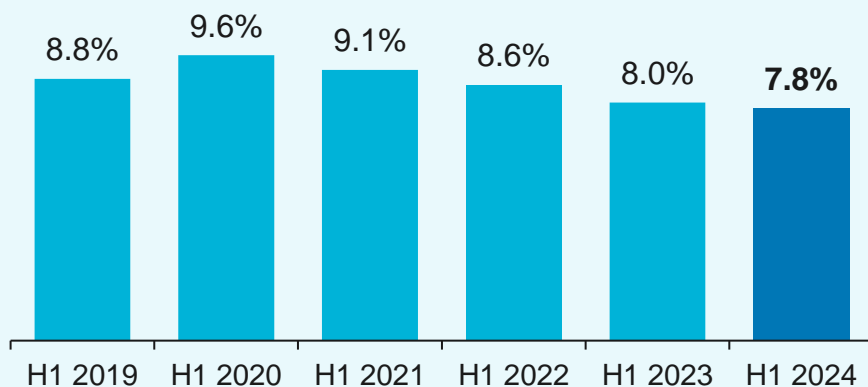
DKSH maintains track record of growth and margin expansion

<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates; <sup>2</sup> For H1 2019 – H1 2021 EBIT; <sup>3</sup> Defined as Core EBIT divided by Gross Profit  
\* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024

# ...Combined With A Legacy Of Strong Cash Generation Over The Years



**Working Capital<sup>1</sup>**  
(in % of annualized Net Sales)

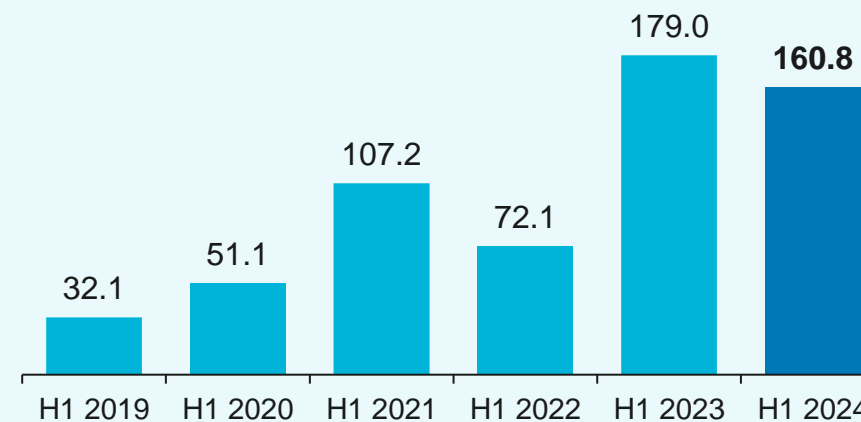


**Capex<sup>1</sup> / Net Sales (%)**



**Free Cash Flow**  
(in CHF million)

Ø Cash Conversion: 104.7%



**Cash Conversion (%)**



Asset-light business model and optimized working capital management drive sustainable Free Cash Flow generation and Ø Cash Conversion above 90% target

<sup>1</sup> Working Capital defined as trade receivables plus inventories less trade payables, Capex defined as purchase of property, plant and equipment plus purchase of intangible assets;

\* For the definition of Alternative Performance Measures (APM), see Half-Year Report 2024



# Continued Strong Balance Sheet with Significant Leverage Potential



in CHF million	H1 2023	H1 2024
Cash/Liquid assets	627.5	501.6
Trade receivables	1,878.1	1,860.9
Inventories	1,354.9	1,267.7
Intangibles	791.9	819.7
Right-of-use assets	290.0	250.8
Other assets	797.3	837.8
Trade payables	2,333.3	2,275.3
Borrowings	648.2	511.8
Lease liabilities	305.2	270.3
Other liabilities	724.0	710.2
<b>Total equity</b>	<b>1,729.0</b>	<b>1,770.9</b>
<b>Total equity and liabilities</b>	<b>5,739.7</b>	<b>5,538.5</b>



## Strong return metrics

- Further optimized working capital
- Higher Core RONOC of 19.1%
- Improved Core ROE of 13.4%

## Improved balance sheet metrics

- Net debt neutral, slightly better than in H1 2023
- Improved equity ratio of 32.0%
- Significant leverage headroom (current leverage below 0.1x EBITDA)

# Additional Financial Indications



	FY 2021	FY 2022	FY 2023	H1 2024	FY 2024 Estimate	Mid-Term Estimate
<b>M&amp;A</b> (net sales contribution)	0.8%	1.5%	2.1%	<b>1.0%</b>	~1.0% <sup>1</sup>	Increased M&A ambitions
<b>FX</b> (net sales contribution)	(2.0%)	(2.6%)	(7.5%)	<b>(6.5%)</b>	(4% to 5%) <sup>2</sup>	n.a.
<b>Tax rate</b> (% of profit before tax)	27.8% <sup>3</sup>	27.1%	28.1%	<b>28.2%</b>	27% to 29%	27% to 29%
<b>Capex</b> (% of net sales)	0.5%	0.4%	0.3%	<b>0.3%</b>	0.3% to 0.4%	0.5%

<sup>1</sup> Based on acquisitions signed and closed until publication of Half-Year 2024 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)

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DKSH

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Outlook

# Outlook

## Current Macroeconomic Landscape

- Economic growth in Asia continues to be resilient, driven by robust domestic demand and a continued recovery in tourism
- Stimulus plans in Thailand and China could provide upside to economic growth
- Inflation in Asia is expected to stay at moderate levels

## Prospects for 2024 and Beyond

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

## Events

- DKSH will hold its Capital Markets Day & Dinner in London on November 18, 2024



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

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