

# DKSH

## Capital Markets Day 2024

London, November 18, 2024

Delivering Growth – in Asia and Beyond.

# Today's Speakers



**Marco Gadola**  
Chairman of the  
Board of Directors



**Stefan P. Butz**  
Chief Executive  
Officer



**Ido Wallach**  
Chief Financial  
Officer



**Bijay Singh**  
Head Business Unit  
Healthcare



**Hanno Elbraechter**  
Head Business Unit  
Technology



**Chris Ritchie**  
Head Business Unit  
Consumer Goods



**Thomas Sul**  
Co-Head Business Unit  
Performance Materials



**Natale Capri**  
Co-Head Business Unit  
Performance Materials

# Today's Agenda



Time	Theme	Speaker
13:05 – 13:20	Chairman's Address	Marco Gadola
13:20 – 13:50	CEO Note	Stefan P. Butz
13:50 – 14:20	Financial Framework	Ido Wallach
14:20 – 14:35	Break	
14:35 – 15:05	Business Unit Healthcare	Bijay Singh
15:05 – 15:35	Business Unit Technology	Hanno Elbraechter
15:35 – 16:00	Break	
16:00 – 16:30	Business Unit Consumer Goods	Chris Ritchie
16:30 – 17:00	Business Unit Performance Materials	Thomas Sul, Natale Capri
17:00 – 17:15	Break	
17:15 – 18:00	Q&A Session	CEO, CFO, Business Unit Heads
18:00	Dinner @ Los Mochis	



**Marco Gadola**  
Chairman of the Board  
of Directors

Joined DKSH:  
**2020**

**DKSH is well positioned for its  
next phase of growth, margin  
expansion and accelerated M&A**

# DKSH Is Well Positioned for Its Next Phase of Growth, Margin Expansion, and Accelerated M&A



Board of Directors fully aligned with management on future strategic priorities

## Building on a Strong Foundation

- ✓ **Asia Pacific** remains an attractive growth region outpacing the world
- ✓ DKSH has a **resilient, asset-light**, and **cash generative** business model
- ✓ Unmatched **~160 years legacy** with unique network and relationships

## With a Proven Track Record

- ↗ **Core EBIT CAGR +10.1%**<sup>1</sup>
- ↗ **High Performance Culture** established
- ↗ Distributed **>CHF 650M** in **dividends** and invested in **28 M&As**<sup>2</sup>

## Future Strategic Priorities



<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates. <sup>2</sup> Since 2019



**Stefan Butz**  
Chief Executive Officer

Joined DKSH:  
**2017**




**DKSH mid-term roadmap:  
Deliver growth, margin expansion,  
and accelerated M&A**

# Deliver on Our 2020 Promises: A Better, More Efficient Company

## Our Promises at the CMD 2020

-  Drive Business Unit growth strategies
-  M&A and expand regional footprint
-  Nurture high-performance culture
-  Drive operational excellence
-  Champion digitalization
-  Strengthen and update supply chain

## Our Delivery

-  Higher **strategic focus**, Core EBIT **ca. +50%**<sup>1</sup>
-  **28 M&As** since 2019
-  **78** engagement score (from 74)
-  Core EBIT Margin **+60bps**
-  Digital Sales: **>3.5x**<sup>2</sup>, Value Chain further digitized, AI test pilots
-  **Modernized** distribution centers, less paper, more digital payments

# We Are the Leading Market Expansion Services Provider in Asia and Beyond



 **CHF 11.1 billion**  
Net sales, 2023


 **36**  
markets

 **28,186**  
specialists<sup>1</sup>


 **CHF 329.9 million**  
Core EBIT, 2023


 **~400,000**  
customers

 **>4,000**  
suppliers

 We are experts in **navigating agile, complex markets** with strict compliance to local regulations and consumer preferences

 We provide unmatched **one-stop sales, marketing and distribution solutions** for companies expanding in Asia and beyond

 With almost **160 years** of experience in Asia, we leverage a **strong network** of trusted partnerships

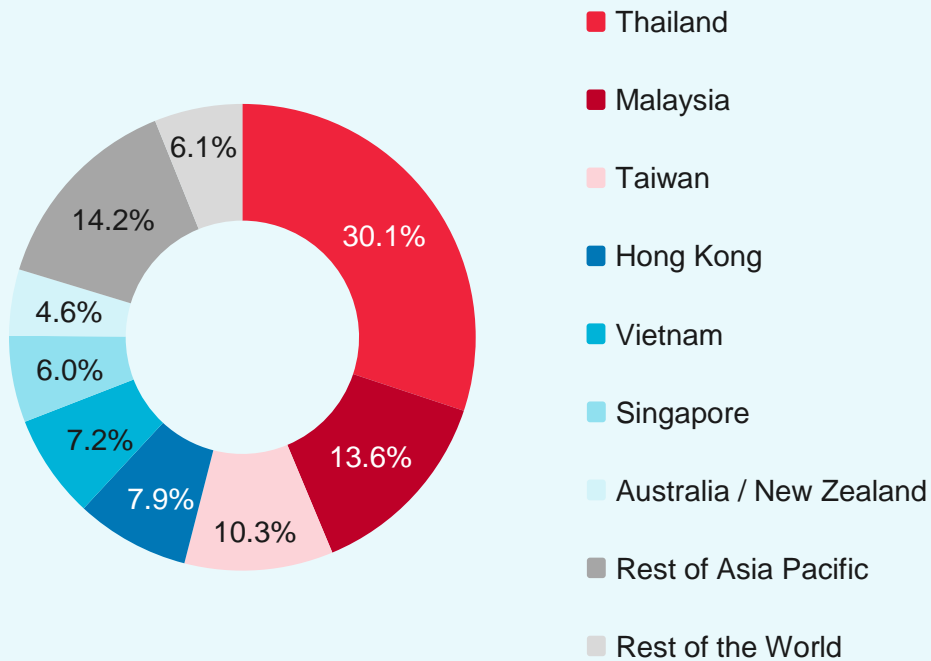
 Our diverse portfolio across four Business Units provides **a high level of resilience** through global challenges and economic shifts



# Further Expanded Regional Footprint Since 2019



## Net Sales by Market 2023



Established **specialty chemicals distribution platform** in **North America**



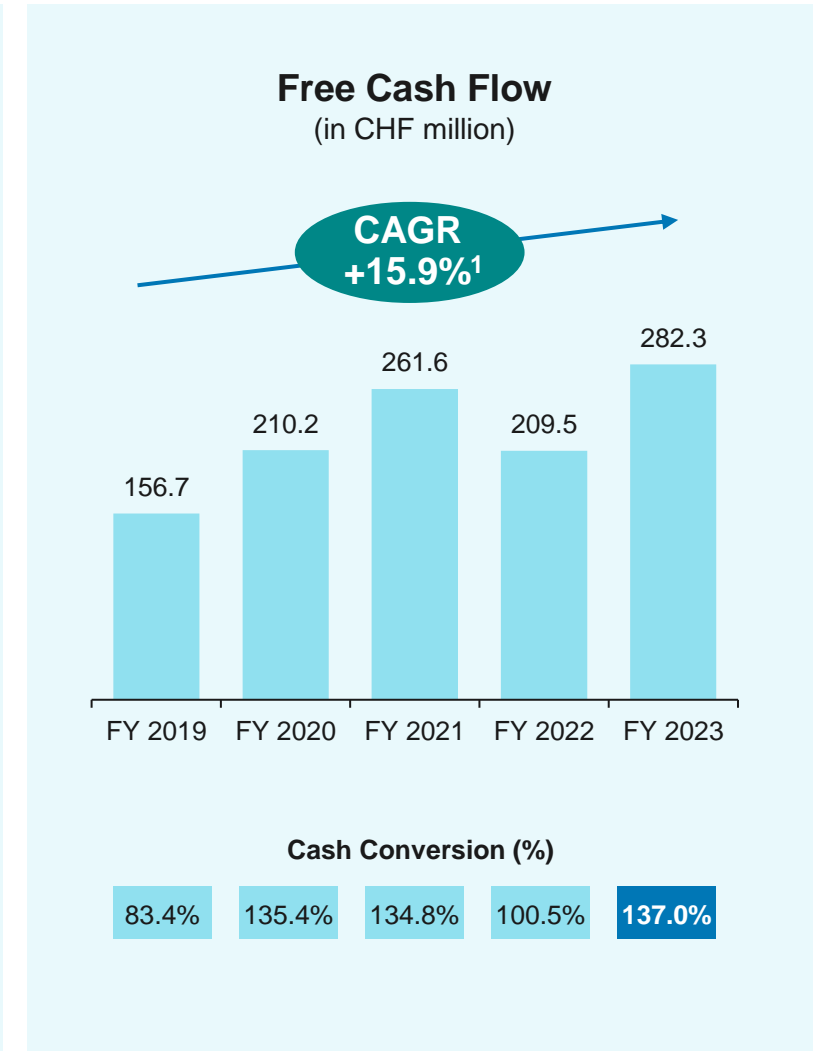
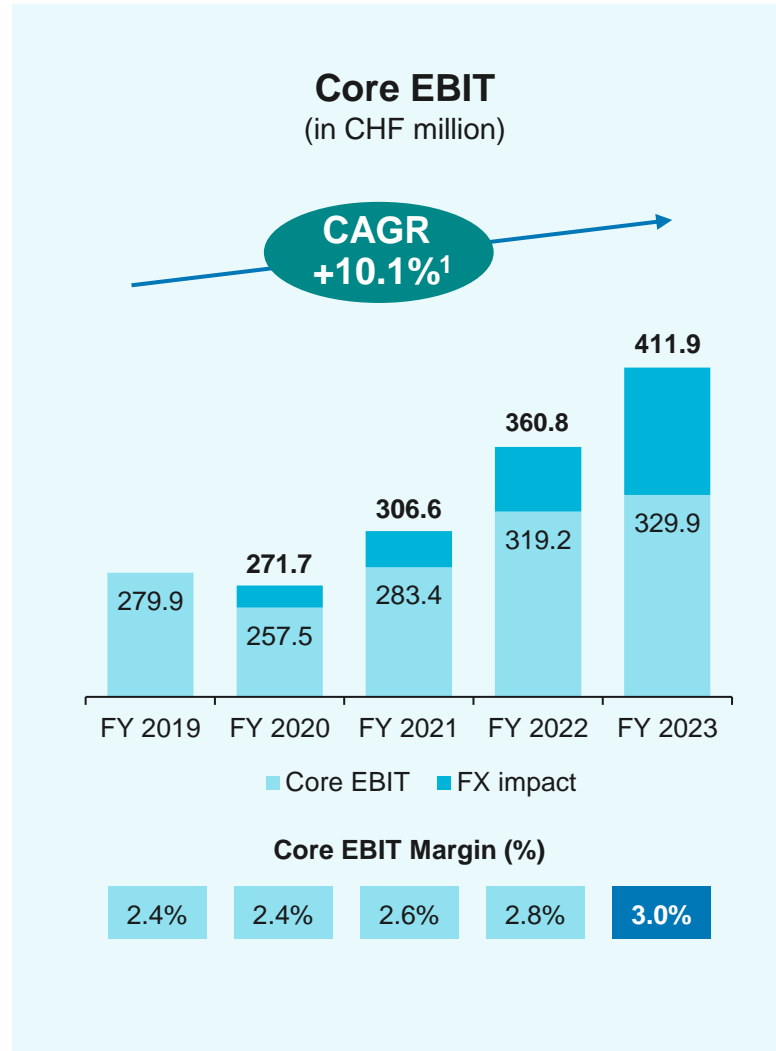
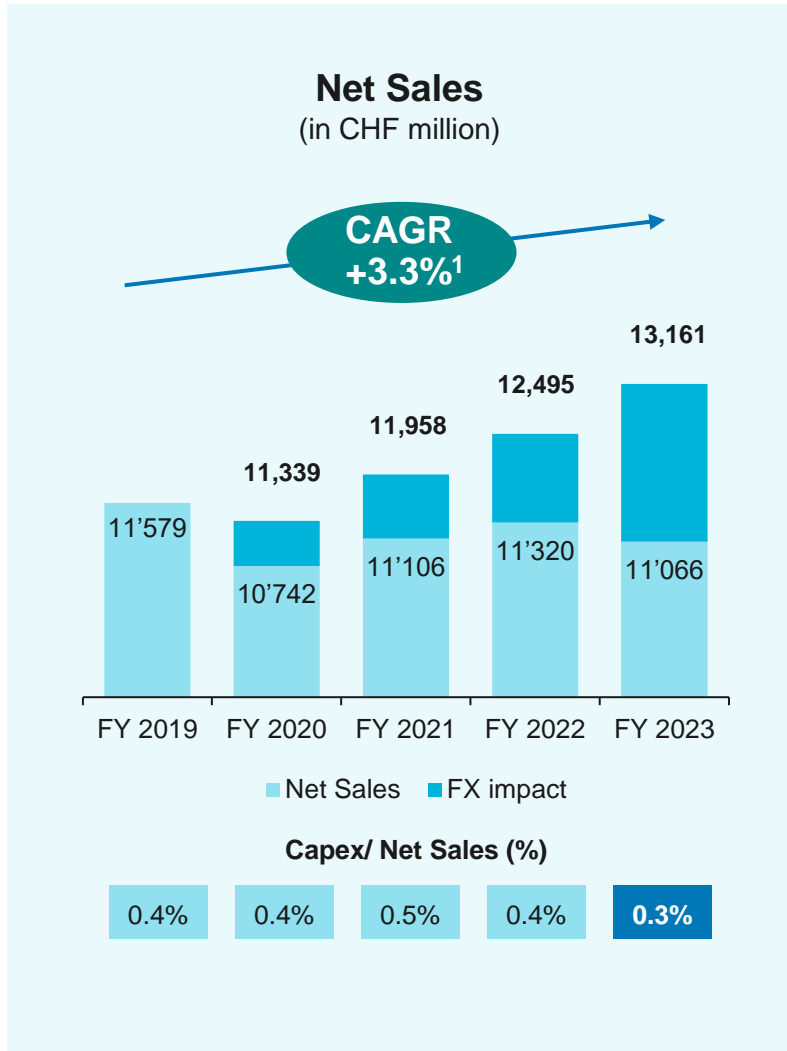
Expanded business in **Australia & New Zealand**



Focus on **fast-growing VIP markets\***

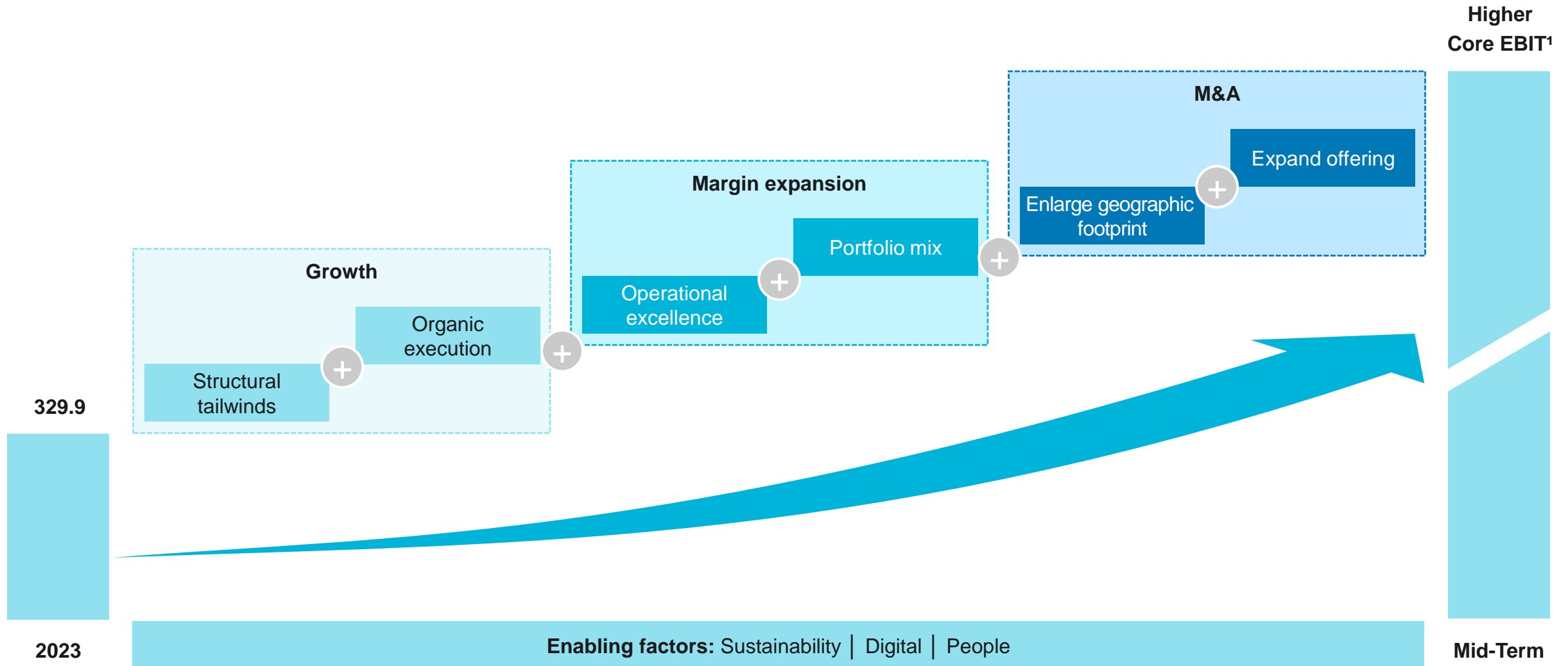
\* VIP markets = Vietnam, Indonesia, Philippines

# Strong Long-Term Performance



<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

# DKSH Mid-Term Roadmap: Our Strategic Priorities will Deliver Higher Core EBIT Levels<sup>1</sup>



<sup>1</sup> Assumes economic growth in Asia Pacific, at constant exchange rates (CER), and barring any unforeseen events

# Growth Through Strong Underlying Fundamentals and Business Unit Growth Strategies



## Structural Tailwinds



Sound economic fundamentals



Favourable demographic trends



Outsourcing and digitalization



Higher complexity and regulation



Distributor network consolidation

## Organic Execution (Business Unit Strategies)

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

**Consumer Goods:** Leverage on our leadership position to drive profitable growth in Asia Pacific

**Performance Materials:** Build leading global position in specialty chemicals distribution

**Technology:** Solidify our position as a leading Scientific Solutions provider in Asia and Beyond

# Margin Expansion Through Operational Excellence and Portfolio Mix



## Operational Excellence



Sales force excellence



Improve cost position



Drive simplification

## Portfolio Mix



Increase share of full-service business

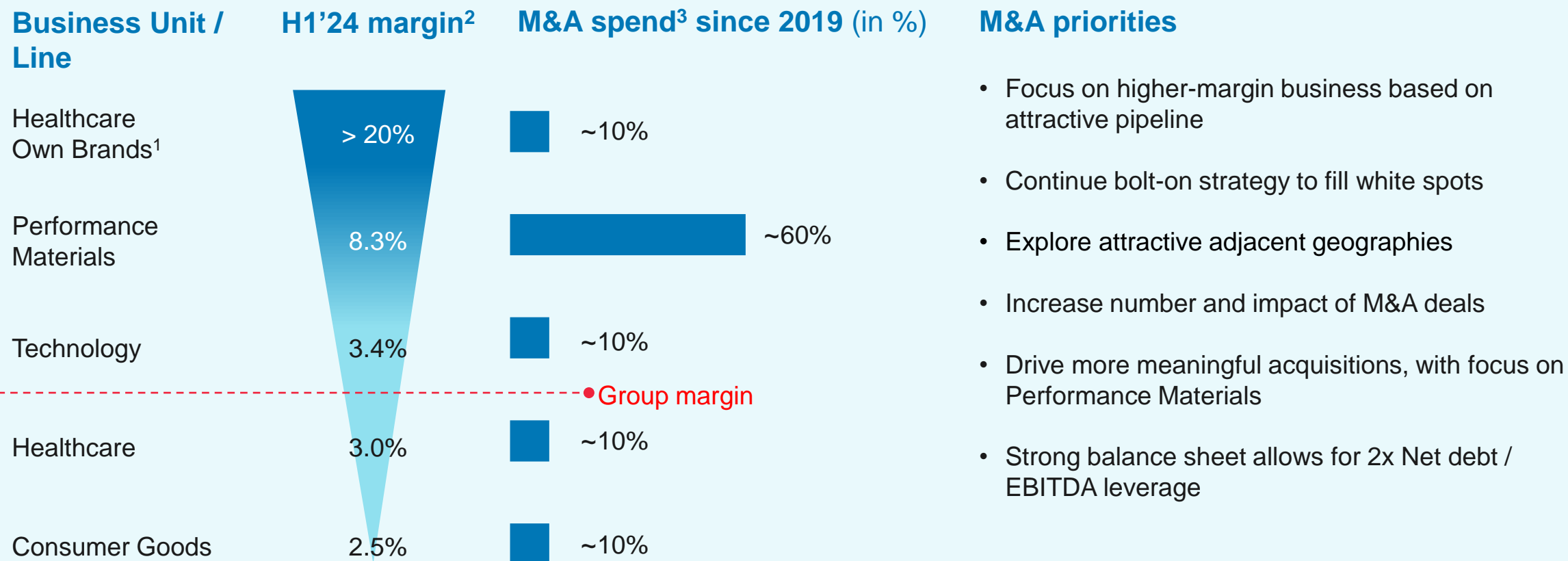


Drive higher-margin segments  
(e.g. Own Brands)



Strategic healthy client mix

# M&A: Accretive Acquisitions Supplementing Organic Growth



**> Commitment to continued strategic bolt-on M&A approach, with appetite for more impactful transactions**

<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.

# Our Commitment to Sustainability is Reflected in Strong Rating Results



## Our Four Sustainability Objectives



Flourishing people



Achieve net zero emissions



Sustainable value chains

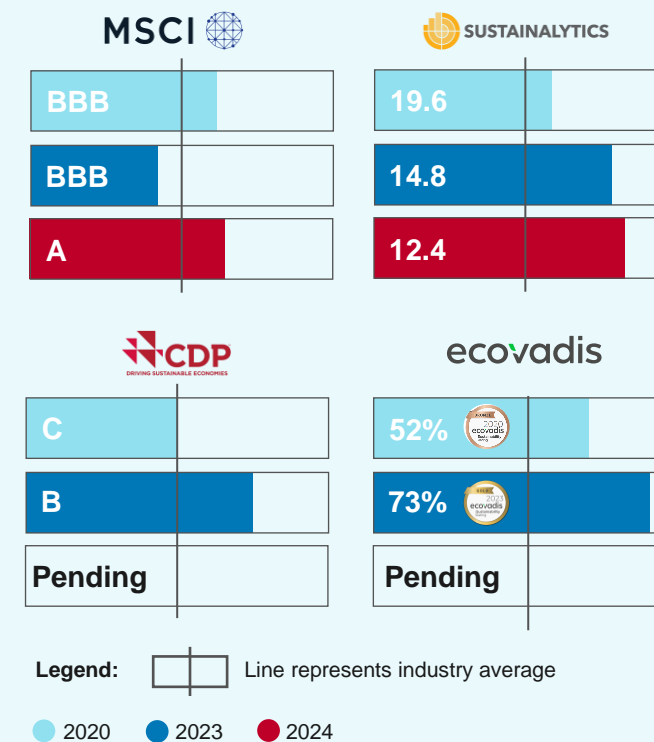


Positive local impact



Committed to set Science Based Target

## Selection of Sustainability Ratings





## Key Highlights



**Digitalization**  
of distribution centers



**>3.5x** digital sales vs. 2019



**83%** digital payments in 2023,  
up from 75% in 2022



Multiple **AI** pilot projects in progress



**Ambition to innovate & incubate, drive digital transformation, and increase digital sales**



# Accelerating our Performance Culture – Investing in and Empowering our People



## Key Highlights



**37%** females in senior leadership (from 29%)



Increased employee engagement score of **78** (from 74)



Award-winning **employer of choice**



We continue to attract, empower and develop talent for DKSH



**Ido Wallach**  
Chief Financial Officer

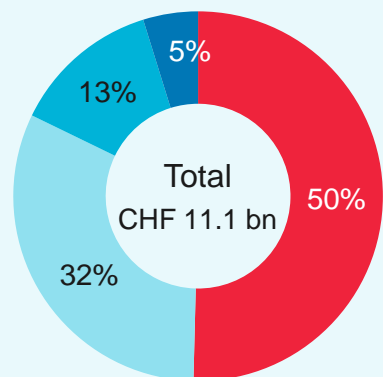
Joined DKSH:  
**2019**

**Scaling our business for  
further sustainable, profitable  
growth in Asia and Beyond**

# DKSH Operates a Resilient and Diversified Business Model

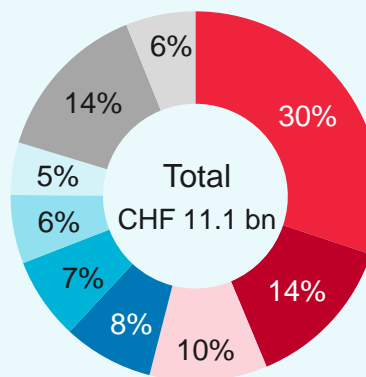


## Net Sales by Business Unit<sup>1</sup>



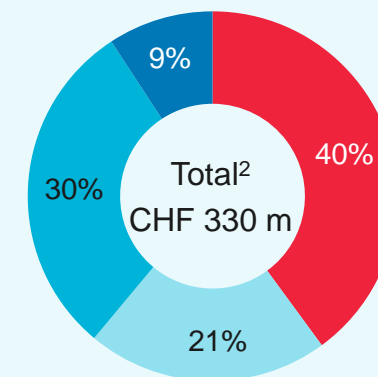
- Healthcare
- Consumer Goods
- Performance Materials
- Technology

## Net Sales by Market<sup>1</sup>



- Thailand
- Malaysia
- Taiwan
- Hong Kong
- Vietnam
- Singapore
- Australia / New Zealand
- Rest of Asia Pacific
- Rest of the World

## Core EBIT<sup>2</sup> by Business Unit<sup>1</sup>



- Healthcare
- Consumer Goods
- Performance Materials
- Technology

## Suppliers

>4,000<sup>1</sup>



229

Distribution centers<sup>1</sup>



54

Innovation centers<sup>3</sup>



>18 m

Invoices p.a.<sup>3</sup>



1 SAP

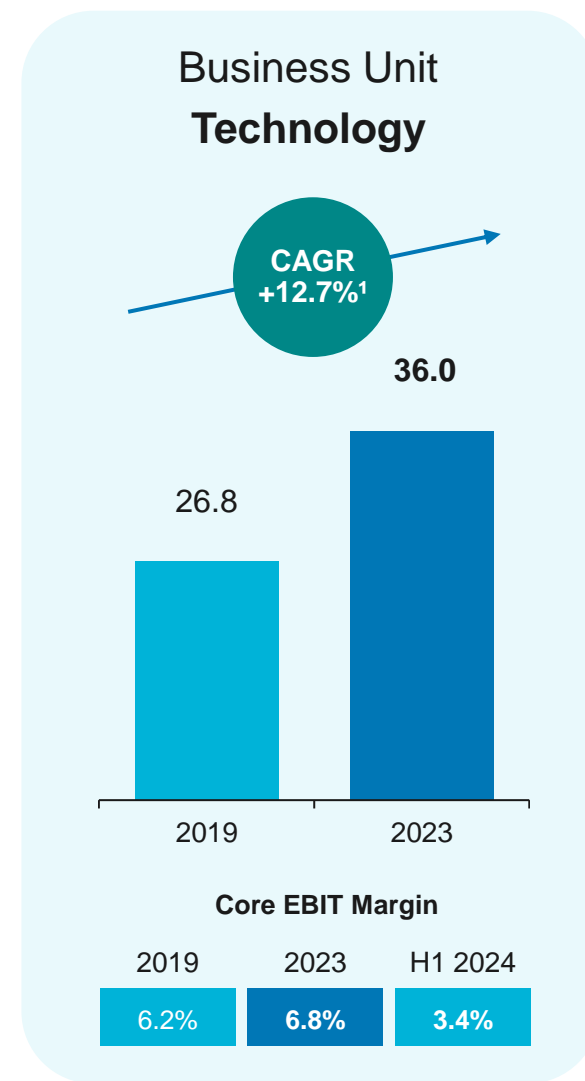
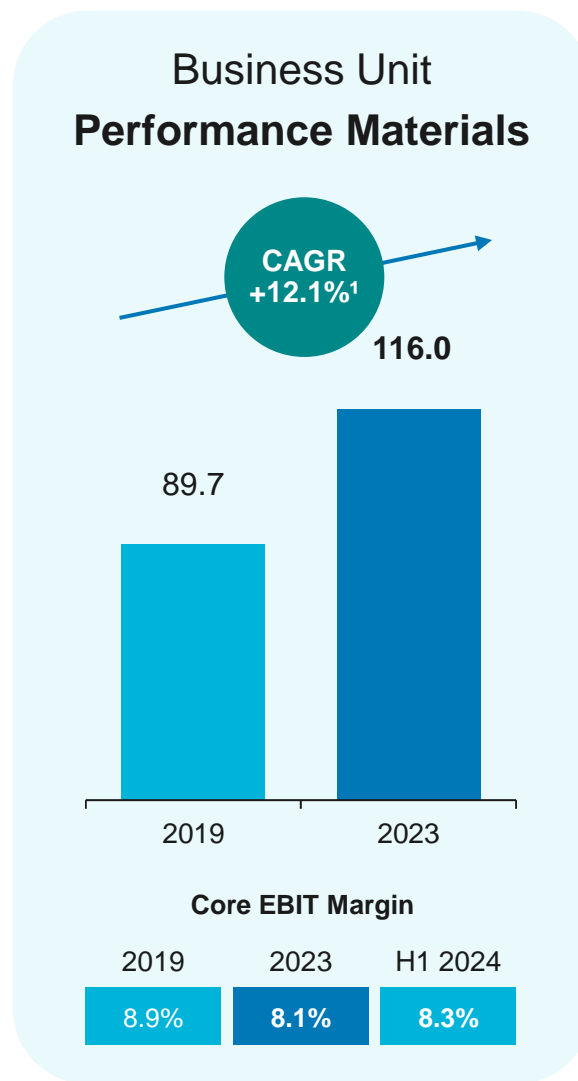
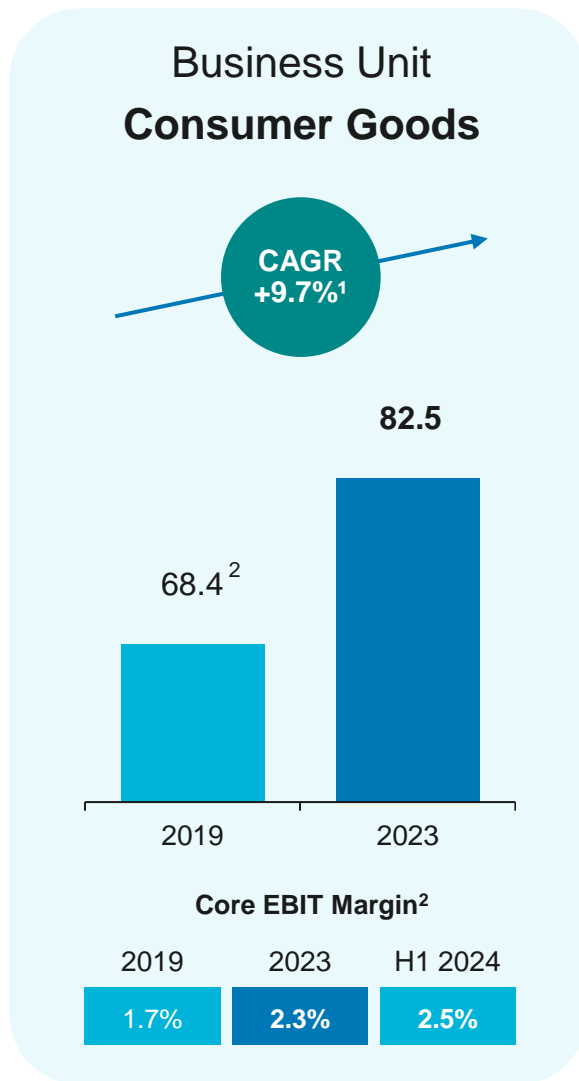
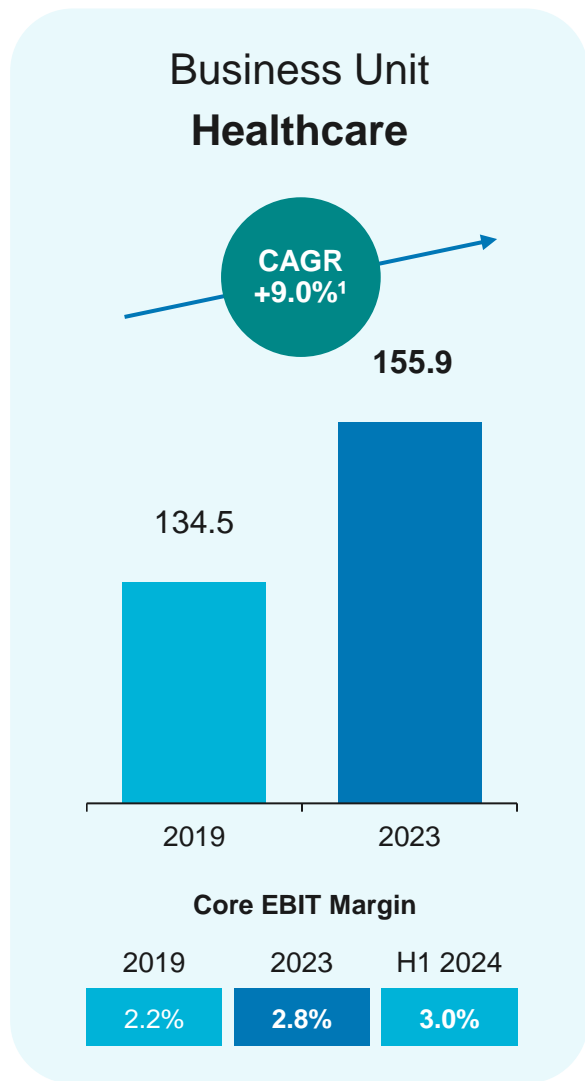
for the Group + Finance & IT shared service center in Kuala Lumpur

## Clients

~400,000<sup>1</sup>

<sup>1</sup> Data for FY 2023. <sup>2</sup> EBIT share excluding segment "Other". <sup>3</sup> Based on 2024e numbers.

# Strong Core EBIT Development Driven by All Business Units



<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates. <sup>2</sup> The 2019 figure for Consumer Goods is based on EBIT. For the definition of Alternative Performance Measures (APM), see Annual Report 2023.

# Core EBIT Growth Backed by Gross Profit Margin Increase and Lower OPEX



	FY 2019		FY 2023		Var.
	CHF million	% Net Sales	CHF million	% Net Sales	% Net Sales
Net Sales	11,579		11,066		
<b>Gross Profit</b>	1,616	14.0%	1,670	15.1%	1.1%
Personnel Costs	688	5.9%	756	6.8%	0.9%
Other Opex incl. Depreciation	566	4.9%	502	4.5%	-0.4%
Amortization	11	0.1%	24	0.2%	0.1%
<b>Core EBIT</b>	<b>280</b>	<b>2.4%</b>	<b>330</b>	<b>3.0%</b>	<b>0.6%</b>

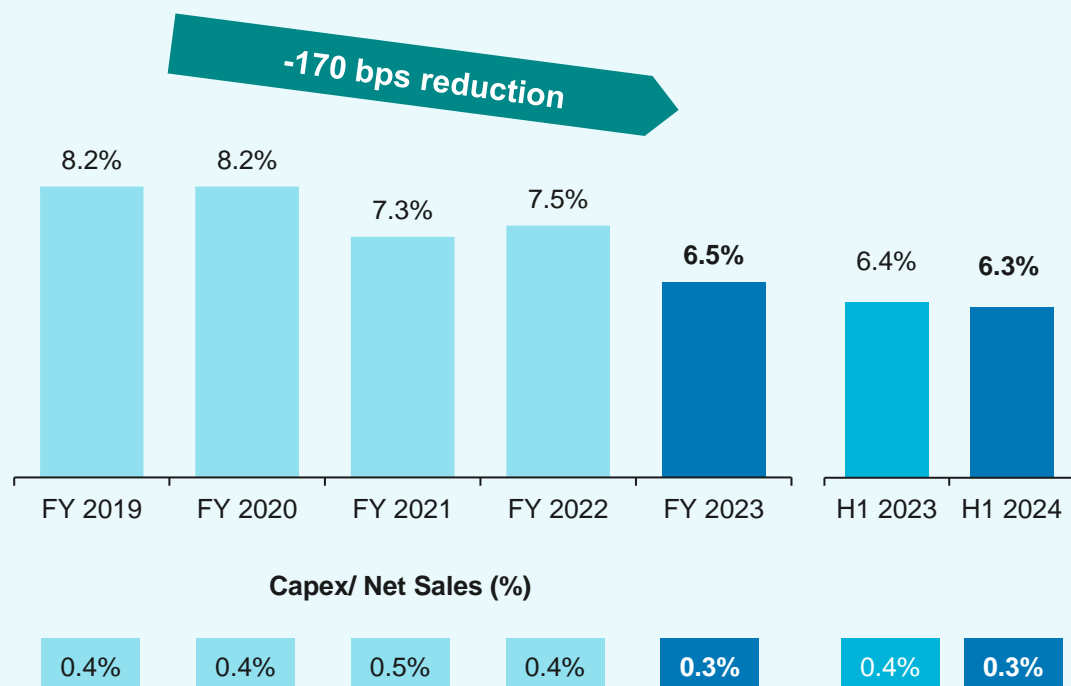


Continued focus on Gross Profit Margin growth and lower OPEX lead by supply chain efficiencies

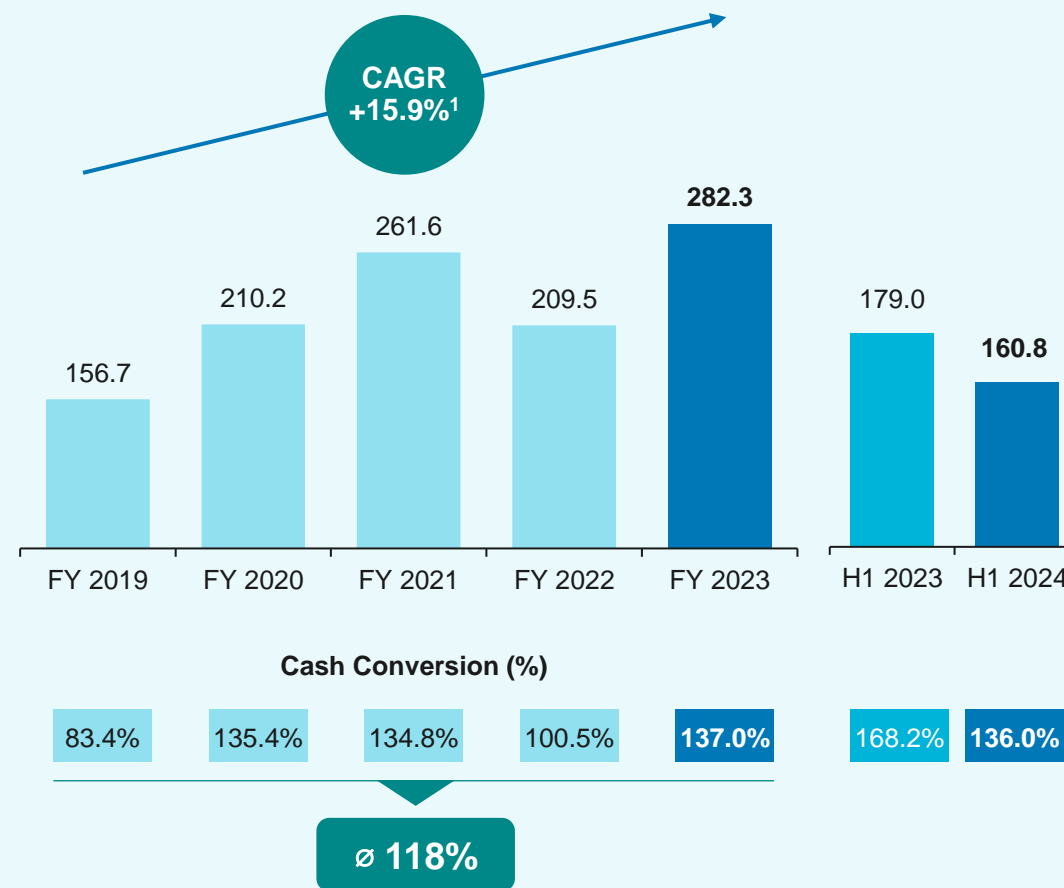
# Working Capital Improvement Drives Strong Cash Generation



## Net Working Capital in % of Net Sales



## Free Cash Flow (in CHF million)



<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

# Strong Balance Sheet with Substantial Upside Potential



## Balance sheet as of December 31, 2023

### Assets (in CHF m)

Cash	687
Trade receivables	1,841
Inventories	1,138
Other current & non-current assets	576
Intangibles / Goodwill	786
PPE	144
Right of use asset	262
Financial assets	39
<b>Total</b>	<b>5,471</b>

### Liabilities and Equity (in CHF m)

Trade payables	2,025
Other liabilities	750
Lease liabilities	278
Borrowings	681
<b>Equity and minority interests</b>	<b>1,738</b>
<b>Total</b>	<b>5,471</b>

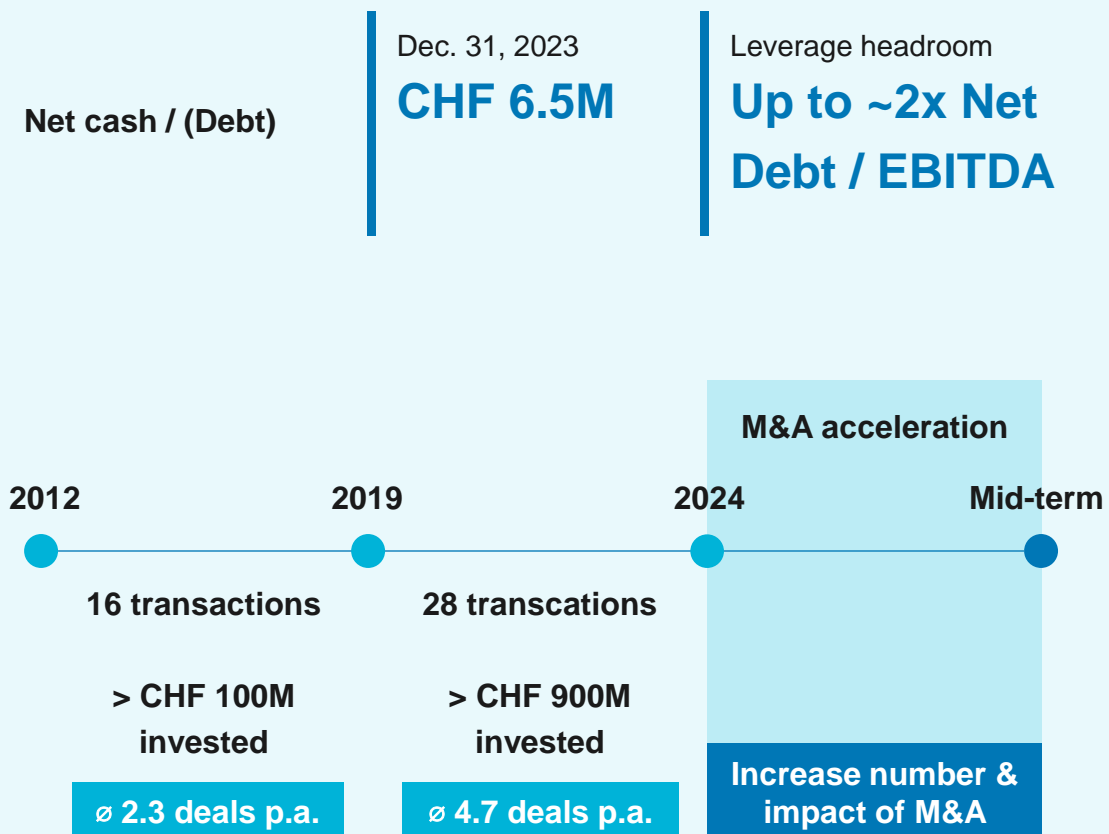
## Key characteristics of our operating model

- Asset-light business model
- Solid return on capital – RONOC: **18.7%**
- Strong cash position
- Zero net debt
- Equity Ratio: **31.8%**

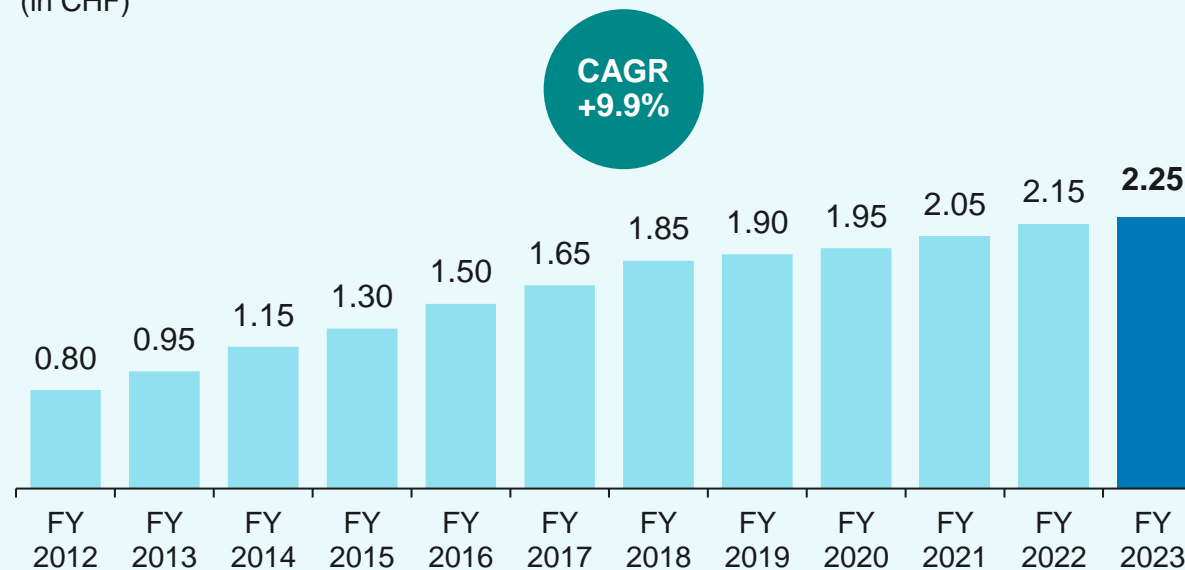
# Strong Cash Generation Enables M&A Acceleration and a Progressive Dividend Policy



## M&A Activity & Balance Sheet



## Ordinary Dividend per Share (in CHF)



Dividend coverage = FCF<sup>1</sup> / Dividend



We pursue a progressive dividend policy

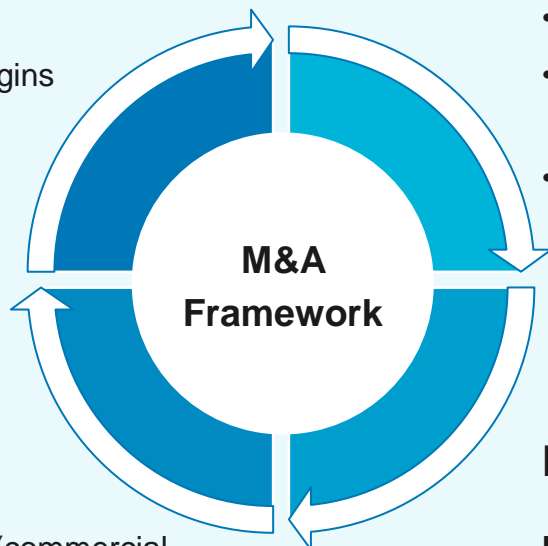
<sup>1</sup> According to published numbers.



# Accelerated, More Meaningful M&A

## Strategic & financial criteria

- Strategic value & cultural fit
- Margin accretive
- Focus on higher margins
- Risk management



## M&A process

- Deep due-diligence (commercial, legal, financial, HR, regulatory)
- Full integration of acquired companies incl. move to our SAP
- Post-acquisition tracking

## Financial Framework

- Continue bolt-on strategy
- More meaningful M&A possible
- Ambition to leverage up to ~2x Net Debt / EBITDA
- Continue with progressive dividend policy

## Funding sources

### Focus:

- Cash
- Debt

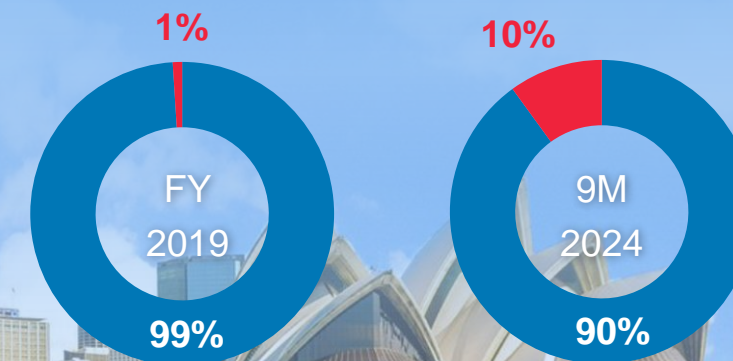
### Optionality:

- Equity

## Australia & New Zealand

### Share of Core EBIT

■ Australia & New Zealand ■ Rest of DKSH Group

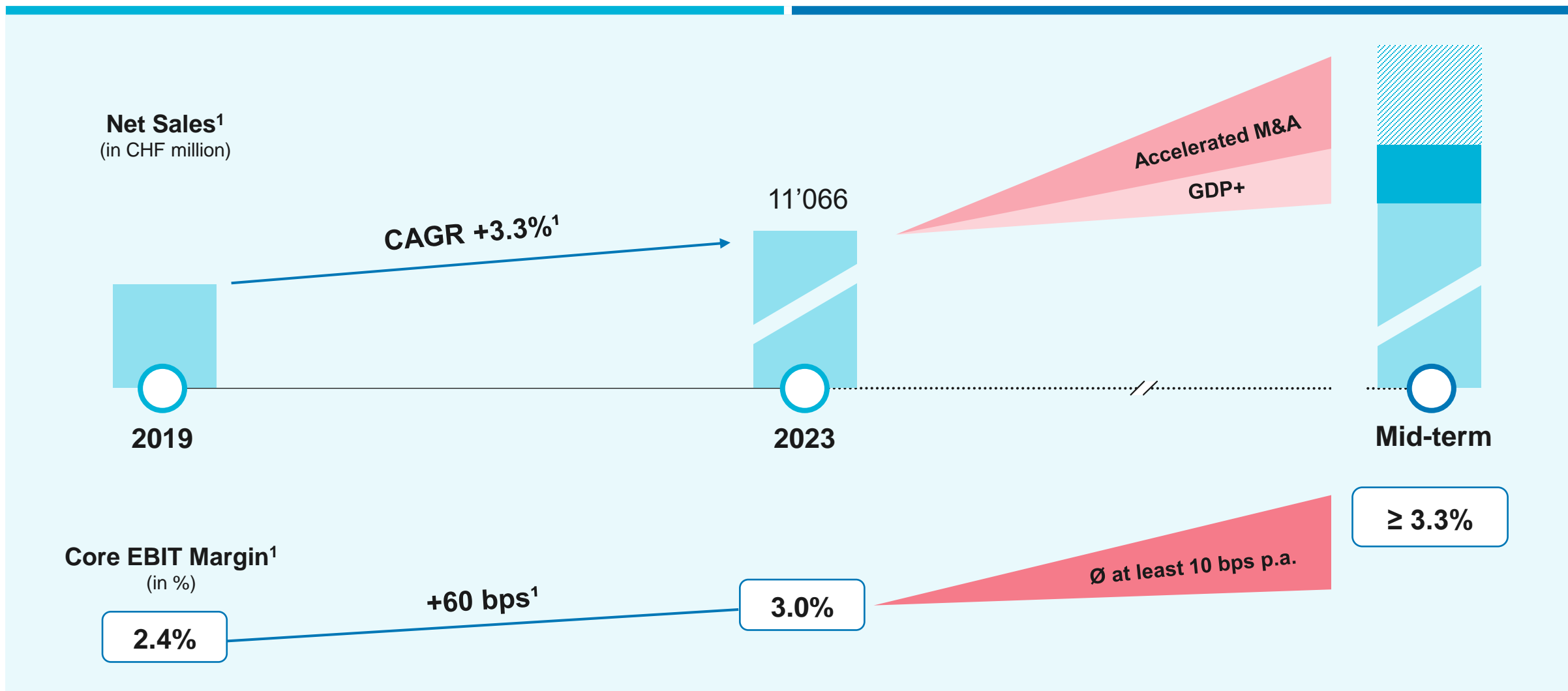


**10 acquisitions since 2019**

**Executed on geographical expansion:  
ANZ Profit grew 10x driven by focused M&A strategy**

# DKSH Mid-Term Roadmap

## Growth, Margin Expansion and Accelerated M&A



<sup>1</sup> Assumes economic growth in Asia Pacific, at constant exchange rates (CER), and barring any unforeseen events.

# DKSH Mid-Term Roadmap for the Future Growth, Margin Expansion, and Accelerated M&A



Deliver **accelerated net sales growth above GDP<sup>1,2</sup>**

Expand margin on average by **at least 10 basis points annually<sup>2</sup>**

Target of at **least 90% cash conversion<sup>2</sup>**

Accelerate **more impactful M&A** and continue with **progressive dividend policy**



**Scaling our business for further sustainable, profitable growth in Asia and Beyond**

<sup>1</sup> Weighted GDP calculation based on DKSH Net sales market split. Organic growth supplemented with M&A. <sup>2</sup> Assumes economic growth in Asia Pacific, at constant exchange rates (CER), and barring any unforeseen events. For the definition of Alternative Performance Measures (APM), see Annual Report 2023




**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: Proven Capabilities & Performance



 **Leading** in Commercial Outsourcing


 **CHF 5.6 billion**  
Net sales, 2023

 **CHF 155.9 million**  
Core EBIT, 2023

 **Top 2** in Distribution

 **16**  
markets

 **8,140**  
specialists

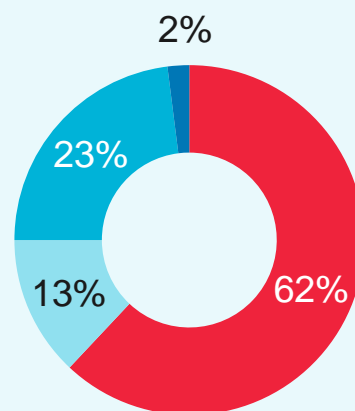
 **131,000**  
customers

 **575**  
clients



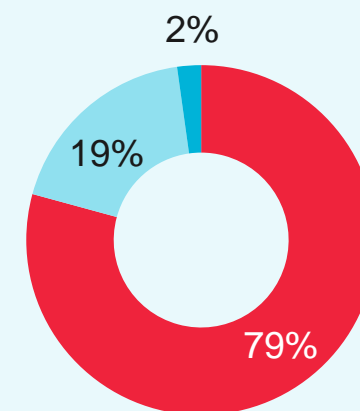
## Net Sales by Business Line

- Pharma
- OTC / Consumer Health
- Medical Devices
- Own Brands



## Net Sales by Growth Engine

- Distribution & Logistics
- Commercial Outsourcing
- Own Brands
- Value Added Services






# Deliver on Our 2020 Promise: Strong Core EBIT Growth and Continued Margin Increase



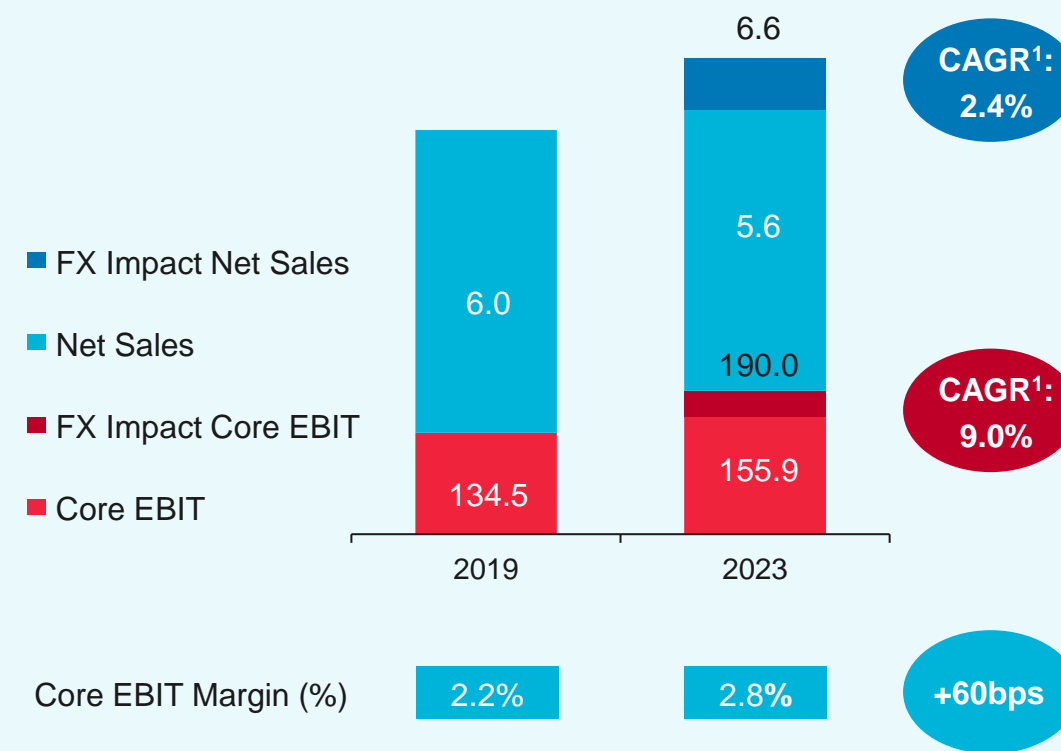
## Our CMD 2020 Promise

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

## Our Delivery

-  Expanded coverage to **16** markets across APAC
-  Core EBIT > **40%**<sup>1</sup>
-  Increased share of **Commercial Outsourcing, Own Brands** and **Value-added Services**

**Net Sales** (in CHF billion), **Core EBIT** (in CHF million)



<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

# Attractive Asian Healthcare Markets Offer Abundant Growth Opportunities



## Key Market Trends



**3.5 bn** Asian middle class by 2030  
(2020: 2.0 bn)



**75%** of deaths from NCDs<sup>1</sup> by 2030  
(2020: 60%)



**2x** population aged 65+ by 2030

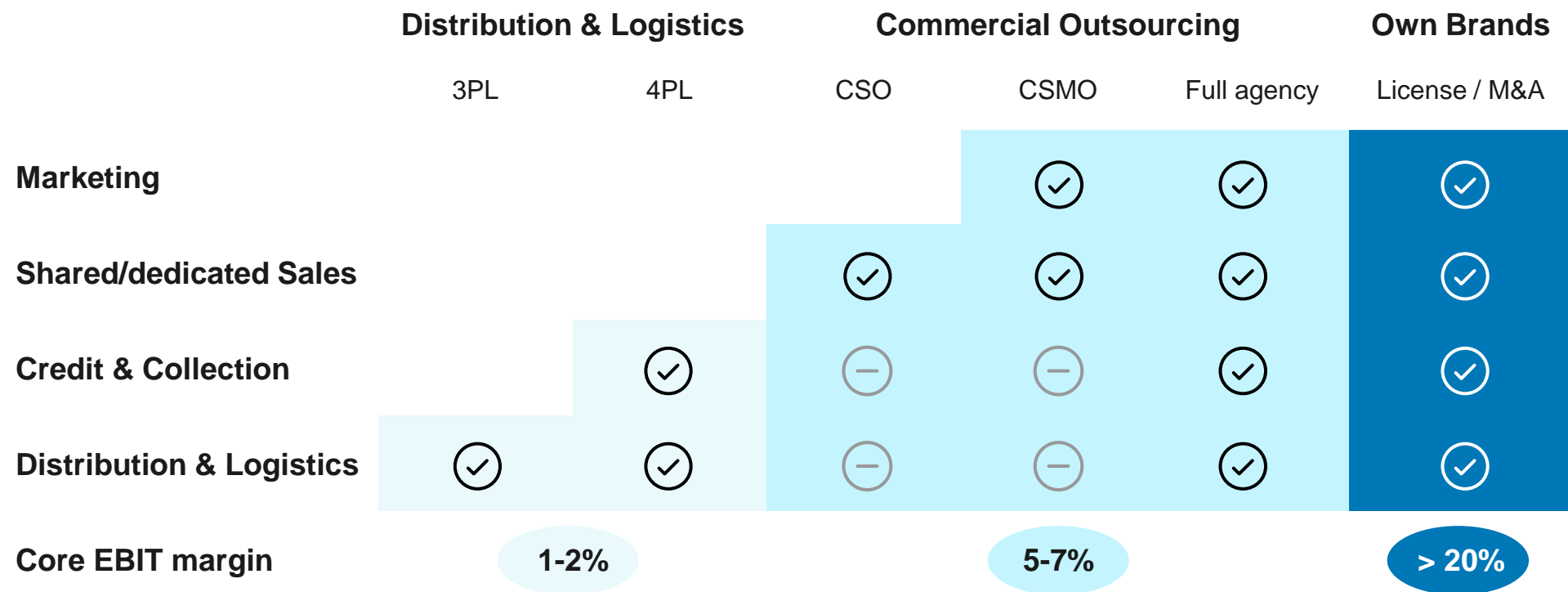


**70%** rise in healthcare spending by 2030

## Growth Across Clusters



# DKSH Provides a Variety of Flexible Business Models, Creating Value for Business Partners and Shareholders



## Value-added services

- Digital
- Patient Solutions
- Data analytics
- Tele marketing /sales
- Regulatory services
- Redressing, relabelling or SCM

Legend    ✓ Included    — Optional



Commercial Outsourcing and Own Brands drive transformation towards higher margin levels



# Four Strategic Priorities to Further Accelerate Top Line Growth and Margin Expansion



## Lead in Commercial Outsourcing

- Expand focus to high-margin multi-country deals
- Drive top-line growth and productivity



## Accelerate Own Brands

- Grow core categories
- Focus on M&A
- Accelerate tier two markets



## Increase Market Share of Distribution

- Focus on priority wins for Business development
- Emphasize digitalization & automation services
- Improve operational efficiency



## Differentiate through New Services

- Enter new white spaces i.e., home care, patient monitoring
- Scale services under development



## Purpose and Mission – Enriching People’s Lives by Providing Healthcare for All

We exist to help patients, in Asia Pacific and Beyond, get reliable and efficient access to the best healthcare possible, with an emphasis on quality and compliance, leveraging technology wherever possible.

# Commercial Outsourcing Success Story: Securing the Largest Deal in DKSH Healthcare History With Kyowa Kirin



## Key Highlights

- > Covering **six markets**
- > **> CHF 100 million** annual net sales
- > **Business acceleration** for Korea and Taiwan
- > **72 Kyowa Kirin employees** joining DKSH

Increase competitiveness in medical affairs and shift perception from OTC player to specialized portfolio expert

# Own Brands Success Story: Smooth Integration of Eisai Brands Across Nine APAC Markets



***Myonal***<sup>®</sup>

Maximize your  
**MOBILITY**



## Key Highlights

- Covering **nine markets**
- **> CHF 15 million** annual net sales
- **Ahead of business plan** above initial EBIT target
- **Increased market share** in Thailand, Malaysia and Philippines

Demonstrated strong capability in integrating brands, fueling M&A aspirations

# Distribution (3/4 PL): Our Right to Play and Turbo-Charger for Commercial Outsourcing



## Role of Distribution

- Contribute EBIT to the BU (>30%)
- Leverage as stand-alone service
- Build critical mass, meet client needs
- Be entry point for client relationships
- High Return on Investment



Nurture our existing profitable business and further drive **competitiveness and capabilities** across all markets



Leverage distribution business to **turbo-charge commercial outsourcing and Own Brands**

# Disciplined Bolt-On Acquisitions Will Continue



## Seven Bolt-on Acquisitions Since 2021

2021



2022



2023



2024



■ Commercial Outsourcing ■ Own Brands ■ Value-added services ■ Distribution

### M&A priorities

- Own Brands
- Commercial Outsourcing
- Value-added services
- Distribution



### Geographies

- APAC white spots
- Own Brands: APAC & DACH
- Actively exploring expansion into India etc.

### Categories

- Pharma, OTC, Medical Device
- VAS: Data, digital, services

Regular opportunities in targeted growth areas, ongoing strategic evaluation of margin-accretive businesses



**Hanno Elbraechter**  
Head Business Unit  
Technology

Joined DKSH:  
**2014**

**Solidify our position as a  
leading scientific solutions  
provider in Asia and Beyond**

# A Leading Technology Provider With Focus on Scientific Solutions



**CHF 532.6 million**

Net sales, 2023



**CHF 36.0 million**

Core EBIT, 2023



**16**  
markets



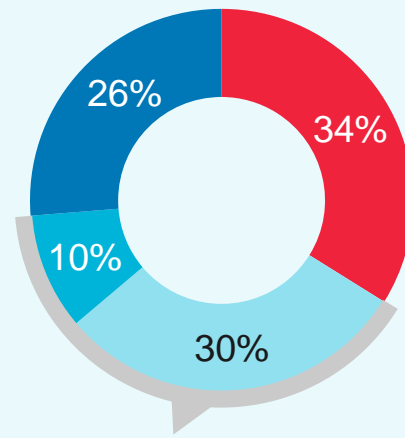
**1,965**  
specialists



**29,000**  
customers

## Net Sales by Business Line

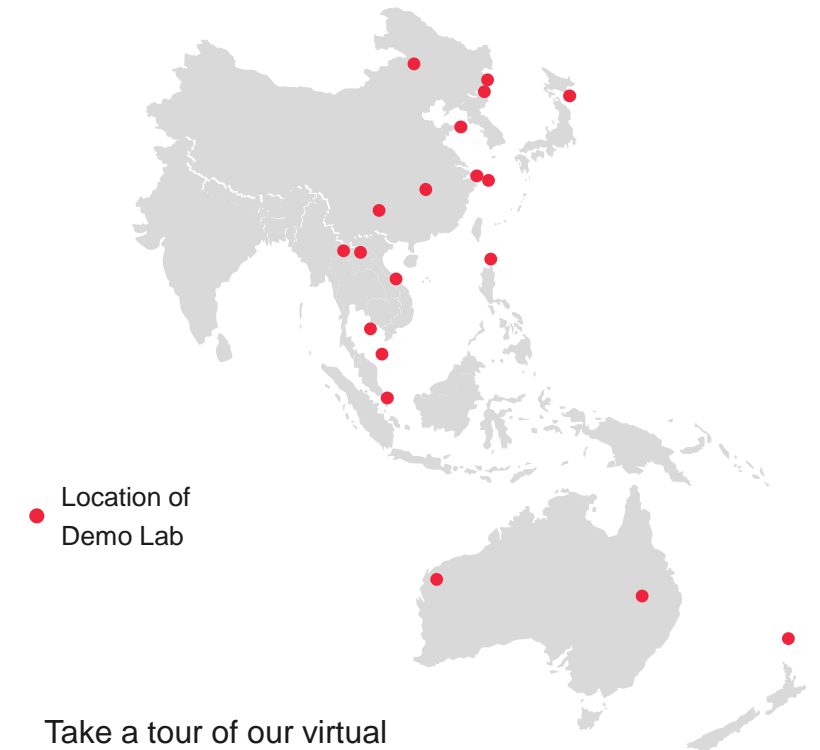
- Scientific Solutions
- Precision Machinery
- Semiconductor & Electronics
- Commercial & Industrial Applications



Hi-Tech Industries

## Extensive Demo Lab Network

19 labs across Asia Pacific



Take a tour of our virtual demo labs [here](#)

# Deliver on Our 2020 Promise: Double-Digit Growth



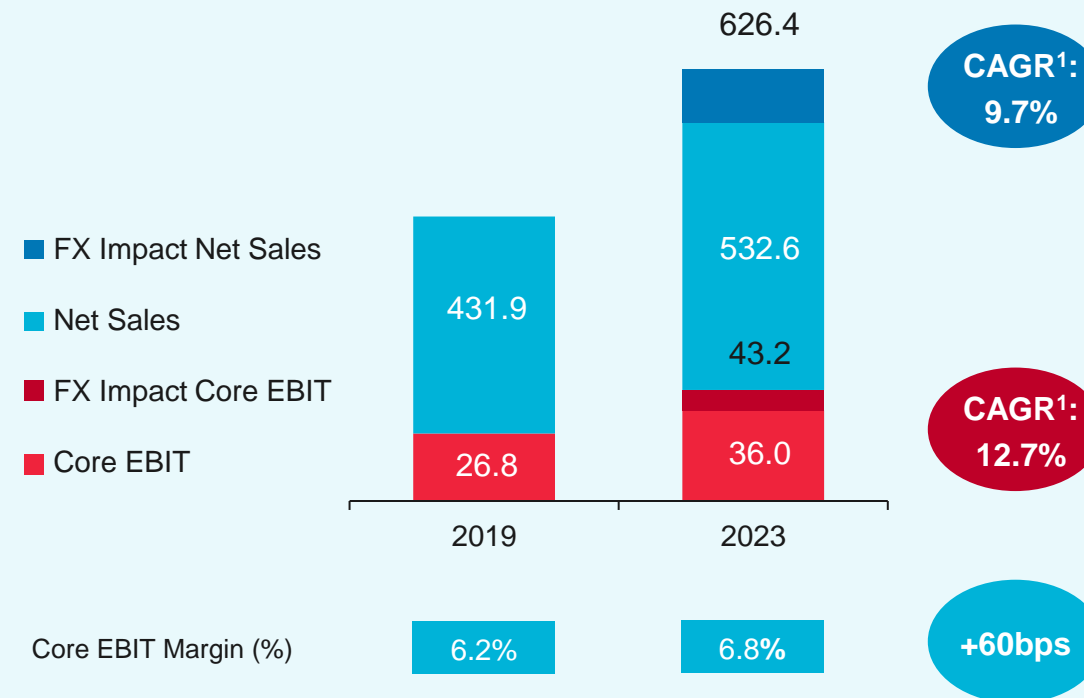
## Our CMD 2020 Promise

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

## Our Delivery

- ✓ **Resilience:** Higher share of consumables, and services
- ✓ **Growth:** Net sales **>45%**<sup>1</sup> incl. 4 acquisitions
- ✓ **Exceed:** Core EBIT **>60%**<sup>1</sup>

## Net Sales and Core EBIT (in CHF million)





# Structural Growth Across Key Industries in Asia



## Key Industries

- Food & Beverage
- Life Science
- Pharmaceuticals
- Material Science

## Key Trends

- **Growing middle class** fuels demand for quality products and advanced technologies
- **Rising health needs** drive demand for biotech solutions
- **Growth in food industry** boosts demand for quality control and safety testing solutions
- The **rise of high-tech industries** requires innovative materials

## Our Capabilities

- ✓ Extensive sales coverage
- ✓ Process development
- ✓ Solutions portfolio
- ✓ Industry-specific workflows
- ✓ After-sales services

## Example Workflow: Genomics



Sample Collection

Blood  
Swab saliva  
Viral specimen



Sample Extraction

DNA extraction kit  
RNA<sup>1</sup> extraction kit



PCR

PCR<sup>1</sup> reagents  
Digital PCR<sup>1</sup>



Sequencing

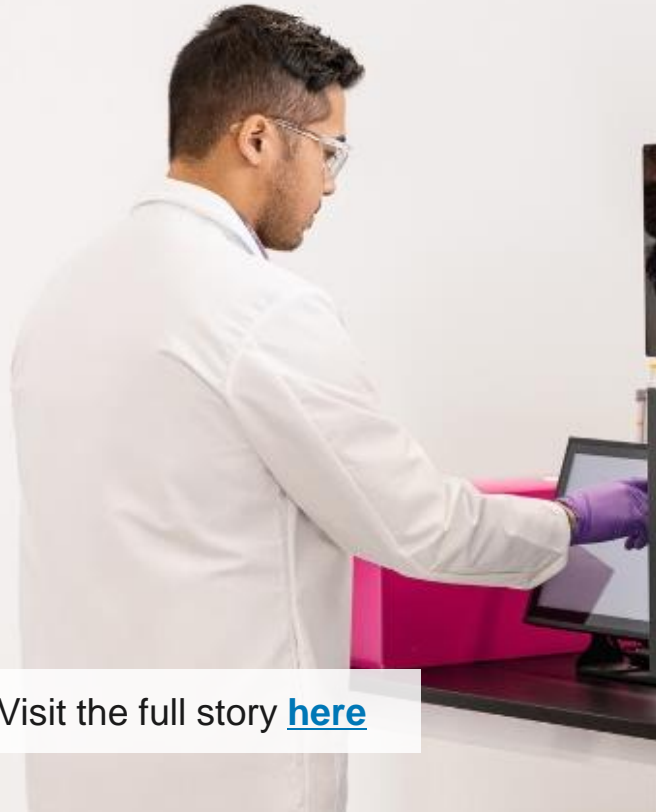
Long-read sequencing  
Short-read sequencing  
NGS<sup>1</sup> reagents & consumables



Other Sequencing Services

Whole genome  
Whole exome  
Targeted sequencing

# Case Study: Enable Life Science Researches in Southeast Asia With Strategic Partnership With PacBio



**Challenge**  
Genomic research in Southeast Asia needs to access advanced sequencing technology for precision medicine and cancer diagnostics.

**Approach**  
Regulatory advice and market access, collaborating with local key opinion leaders to promote advanced sequencing solutions.

**Result**  
Partnership in 5 markets  
~CHF 30 million expected net sales next 3-5 years

Visit the full story [here](#)

**Thailand**  
Chulalongkorn University  
Advanced cancer testing

**Indonesia**  
Dharma Setia Foundation  
Population genomics

**Philippines**  
Mariano Marcos State University  
Human gut microbiome research

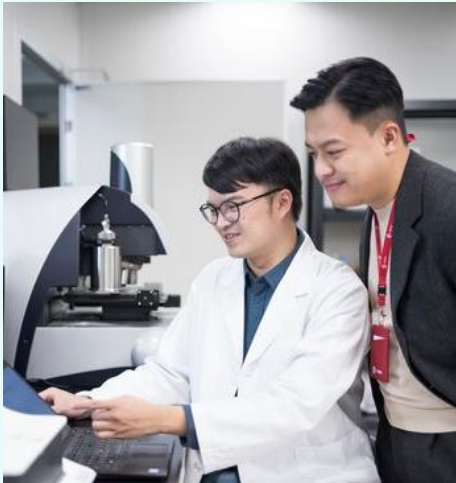
**Singapore**  
National Cancer Institute  
Oncology research

**Vietnam**  
KTest  
Prenatal diagnostics

# Five Strategic Pillars to Drive Top and Bottom-Line Growth

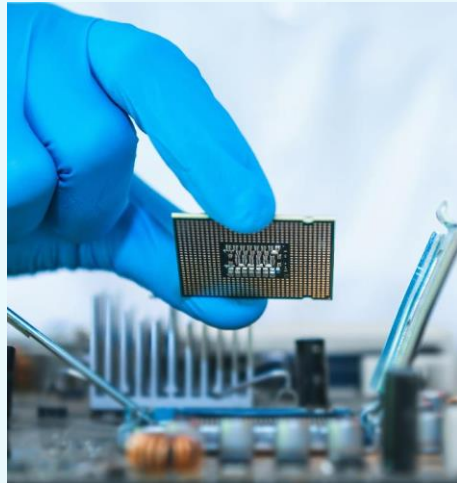


**Mission:** Provide sustainable growth through systematic market development and in-depth technical expertise in Asia-Pacific



## Scientific Solutions

Solidify position as a leading solution provider in Asia-Pacific



## Hi-Tech Industry Segments

Focus on precision machinery, semiconductor & electronics



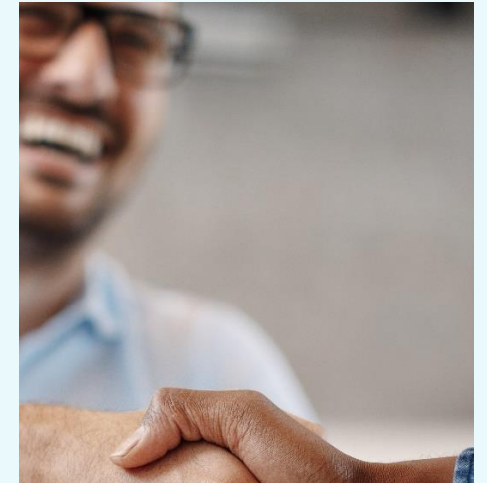
## Consumables and Services

Expand higher-margin consumables and service business



## Digital Transformation

Integrated digital platform and establish leading eCommerce platform for labs



## M&A

Acquire scientific solution providers in Asia-Pacific and screen adjacent geographies

# Solidify Position in Scientific Solutions, Focus on Hi-Tech, and Drive Consumables & Services



## Scientific Solutions

- 34% of Business Unit Net Sales<sup>1</sup>
- Double-digit growth (CER)
- Higher consumables share (from ~10% to ~30%)
- Three acquisitions: Thailand, Korea, and ANZ

### Mid-term Vision

- Business development for regional partnership
- Further grow consumables and services share
- Strong M&A pipeline in APAC, screen adjacent geographies



ProxiMate by Büchi Labortechnik, [Link](#)

## Hi-Tech Industries

- 40% of Business Unit Net Sales<sup>1</sup>
- Fostered a high-tech niche strategy
- Capitalized on tailwinds for Precision Machinery in China
- DNIV acquisition in Semiconductors/Electr.

### Mid-term Vision

- Continue to follow a high-tech niche strategy
- Focus on Northeast Asia for Precision Machinery, Southeast Asia for Semiconductor & Electronics
- Expand with key accounts



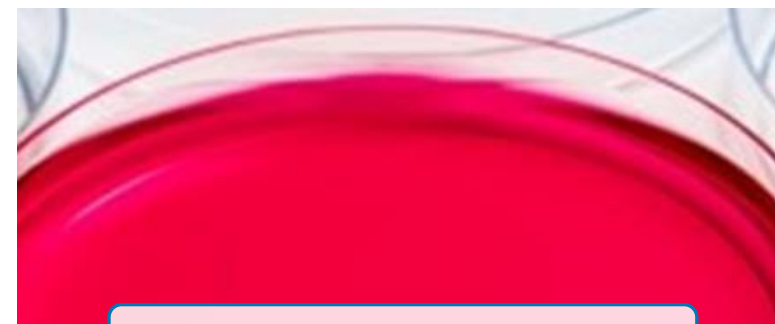
Klingelberg Precision Machinery, [Link](#)

## Consumables & Services

- 27% of Business Unit Net Sales<sup>1,2</sup>
- Higher stickiness through repetitive interactions
- Implementation of state-of-the-art services management tool
- Expanded calibration business

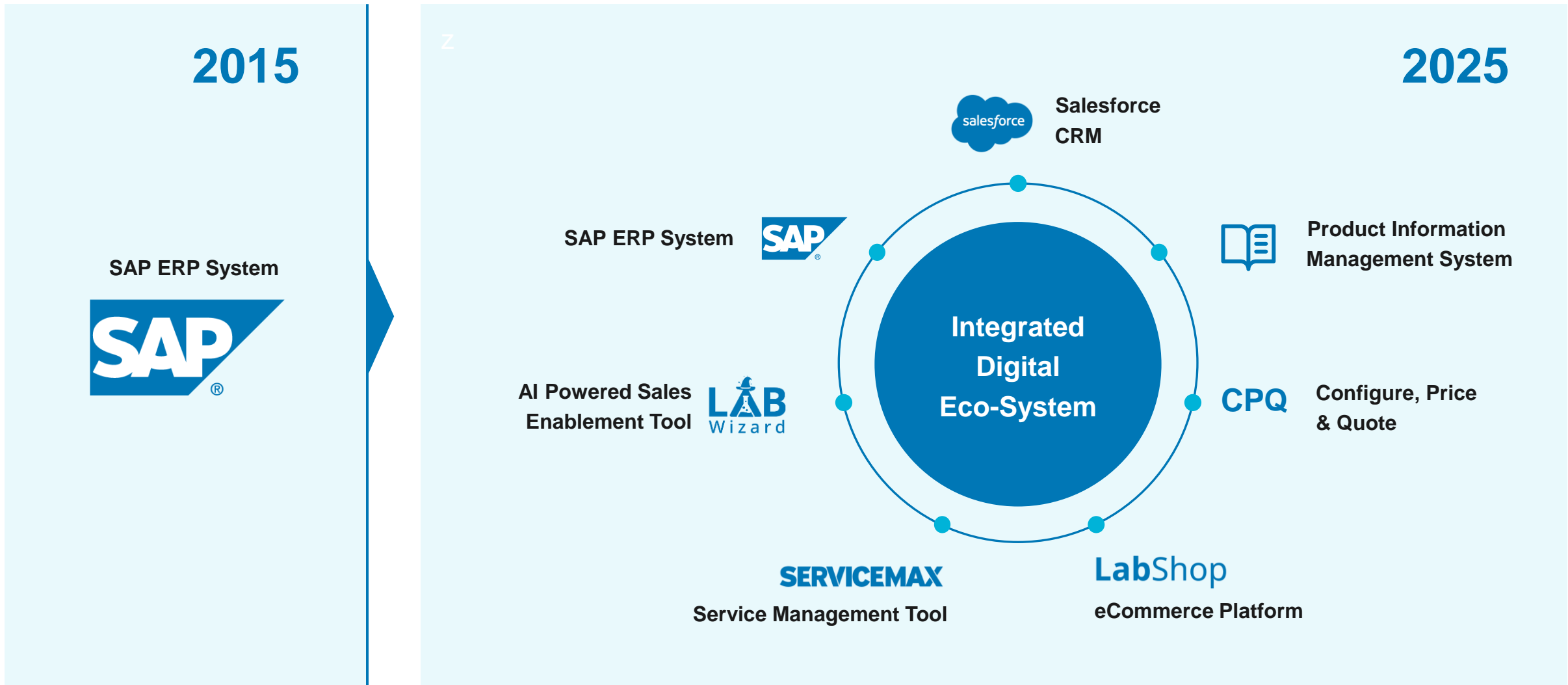
### Mid-term Vision

- Expand installed base
- Grow own brands consumables (LabPro)
- Target firms with high share of consumables
- eCommerce platform (LabShop)

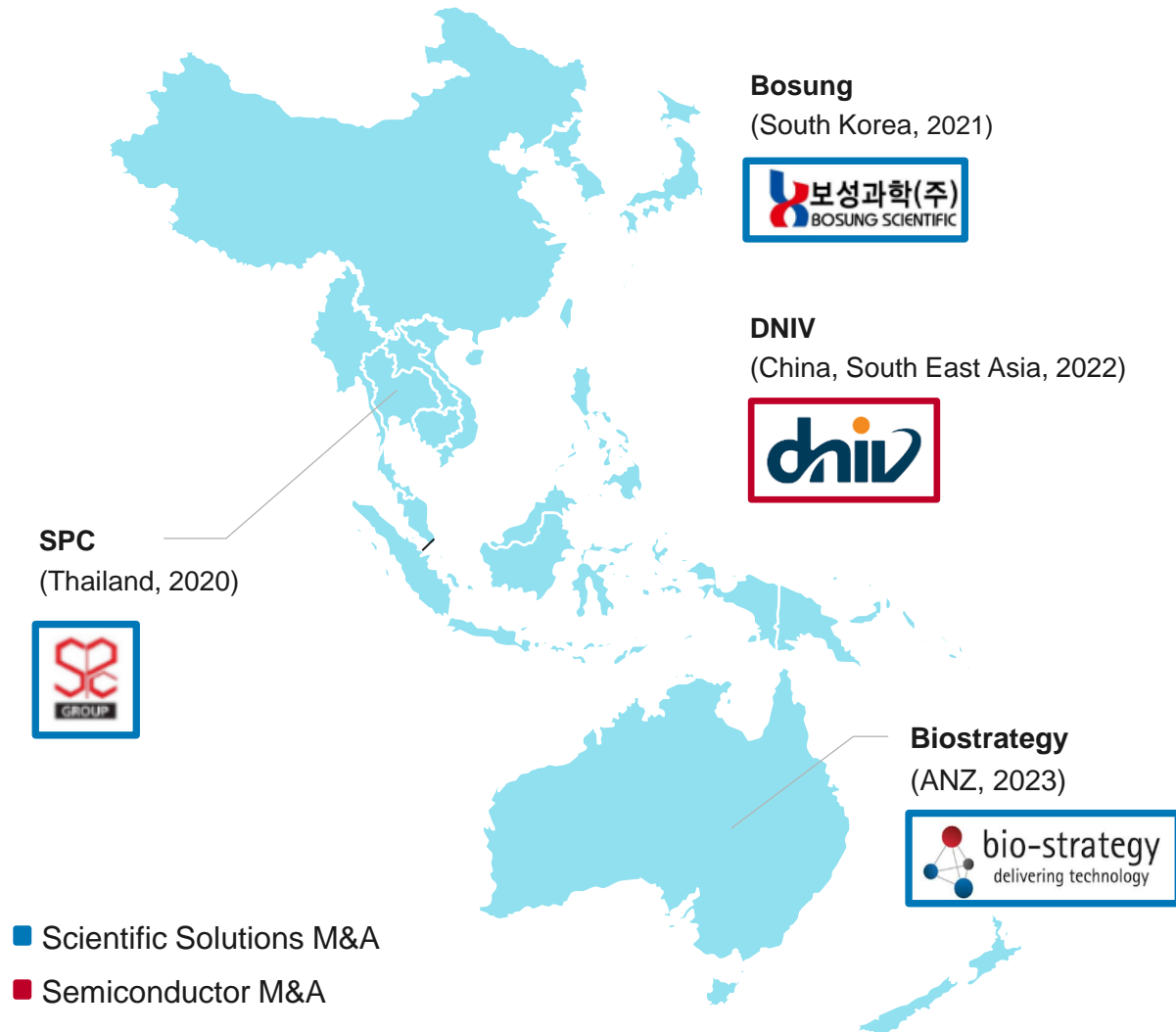


Petri Dishes Labpro, [Link](#)

# Digital Transformation Drives Productivity, Customer Satisfaction, and New Revenue Streams



# DKSH Technology Accelerates Market Consolidation of the Scientific Solutions Industry



**16**  
markets

**4**  
M&A

**800**  
specialists

**530** sales

**270** service

## M&A priorities

Continuous screening of scientific solutions & semiconductor targets

## Geographies

Focus on Asia-Pacific, investigating expansion in adjacent geographies such as India / Middle East etc.



**Chris Ritchie**  
Head Business Unit  
Consumer Goods

Joined DKSH:  
**2023**

**Leverage on our leadership  
position to drive profitable  
growth in Asia Pacific**

# DKSH Consumer Goods at a Glance



## Leading regional player

20 markets



~11'320

FTEs<sup>1</sup>

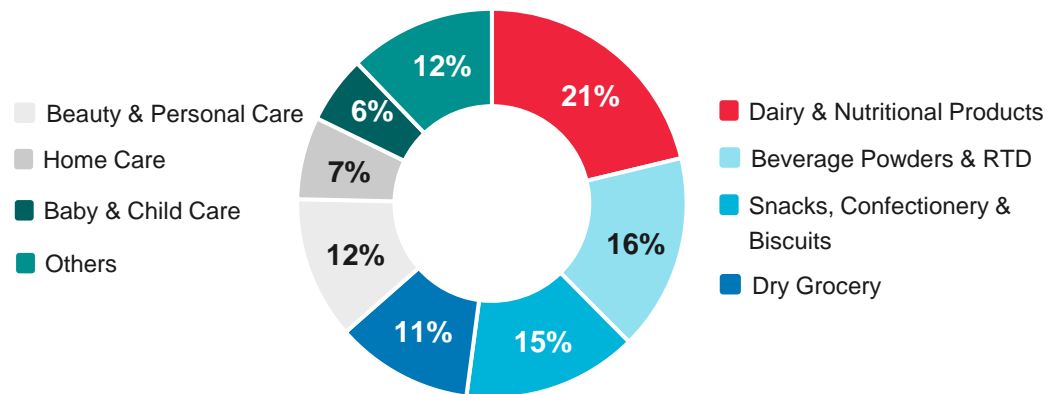


~925

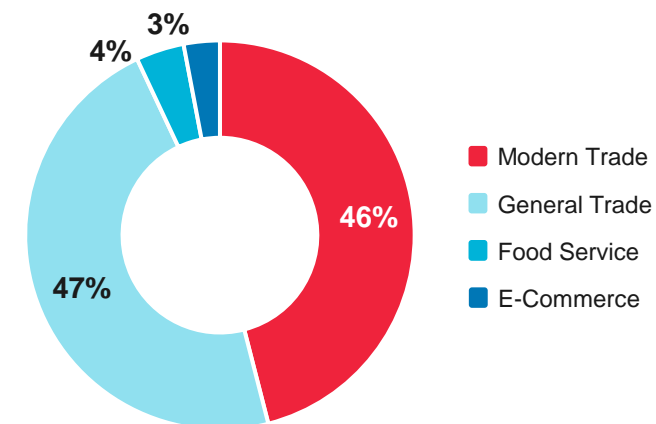
clients<sup>1</sup>

## Sales Contribution<sup>2</sup>

by product category

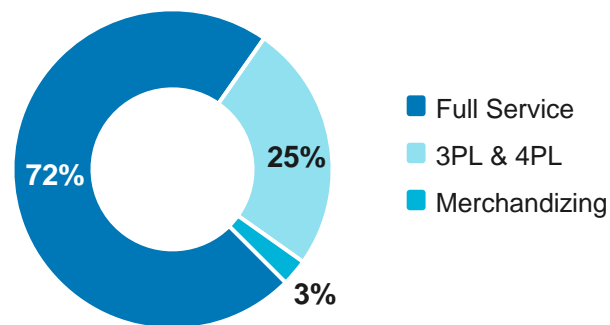


by channel



## Business Model Split<sup>2</sup>

by revenue



by EBIT



<sup>1</sup> FTE & client numbers as of October 2024. <sup>2</sup> Figures based on September Year-to-date 2024



# As a Leading Market Expansion Service Provider in Asia, We Support our Clients with Tailored One-Stop-Shop Solutions



## How do we support companies?



## What are our clients' needs?

Pan-Asian expansion

Scale & access to relevant trade channels

Consistent go-to-market approach

Insights and analytics

Core EBIT Margin

## What services do we offer?

>4.5%

**Value-added services**  
Field activation + Merchandising  
Local repacking requirements



>2.5%

**Full Service Route to Market**  
Sales & Marketing strategy + activation  
Full local supply chain + requirements



>0.5%

**Credit, collection, regulatory: 4 PL**



~0.5%

**Distribution and logistics: 3 PL**



# Major Wins Since Last CMD



## Initiatives & Recap

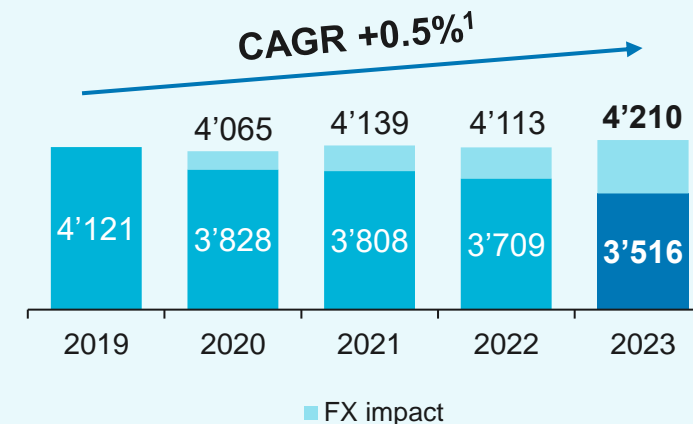
- **2.5% Margin target achieved** in H1 2024
- More **agile & efficient** organization
- Client portfolio optimization **completed**
- **New leadership** on board
- **Strategy** for the future **defined**



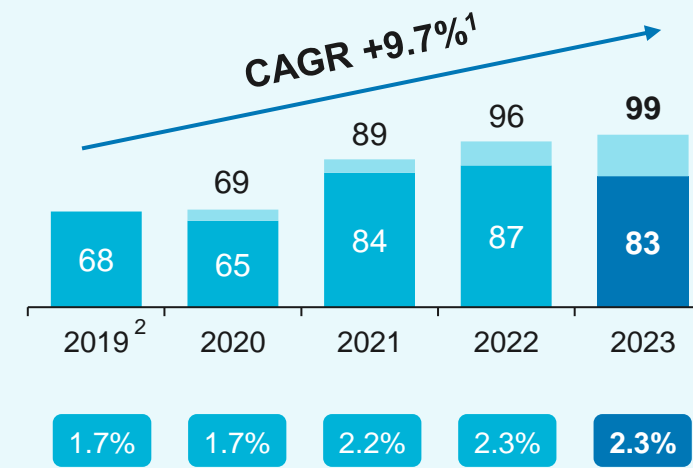
Focus for the future

**Profitable Growth Acceleration**

**Net Sales**  
(in CHF million)



**Core EBIT**  
(in CHF million)



**Core EBIT Margin<sup>2</sup>**  
(in %)



<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates. <sup>2</sup> The 2019 figure for Consumer Goods is based on EBIT.

# Consumer Goods Strategy Going Forward



## Vision

DKSH is acknowledged as the best Sales & Distribution force of any FMCG player across APAC

## Strategic priorities

### Grow sales & market share for existing clients

- Sales Force Effectiveness to win at shelf
- Route to Market & General Trade coverage focused on top pareto outlets

### Drive new client acquisition

- For sustained mid- and long-term growth
- Attract & hunt clients from defined priority segments with higher embedded growth & margin opportunities
- Continually seek margin enhancing opportunities with existing clients

### Accelerate margins & scale with secondary growth engines

- Own Brands, Food Service, eCommerce and Field Activation
- Supplement with M&A
- Breadth of geographic coverage

## Priority programs for continual development towards our “best sales force” vision



### **Right plans: integrated commercial planning:**

- Building sales by successfully integrating individual brand plans at individual customer outlets



### **Right outlets and SKUs:**

- Prioritizing top outlets and top SKU mix to drive sales, margin, and share growth



### **Right selling skills, practices, and incentives:**

- Capability development programs to capture and build group best practice
- Priority focus on modern and general trade, while expanding capabilities within eCommerce and Food Service



### **Right operating analytics for continual improvement:**

- Performance management based on detailed KPI metrics linked to incentive-based sales remuneration
- Underpinned with digital enablement of the Sales and Merchandising teams

# Sales Force Effectiveness: What Are the In-Market Results? Consumer Goods Thailand Example



	From	To
<b>Cost-to-serve</b>	<b>Costly</b> 360 reps, lower productivity	<b>Efficient</b> 220 reps, higher productivity
<b>SFE</b>	<b>Inconsistent</b> Varied approach to SFE	<b>Comprehensive</b> Aligned metrics and tools
<b>Route to market</b>	<b>Complex</b> 11 sales teams to 1 customer	<b>Simplified</b> 6 teams to 1 customer
<b>Marketing</b>	<b>Generic</b> One-size-fits-all approach	<b>Tailored</b> Catered to retailer & shopper

## DKSH Company Results:

**+11% Sales<sup>1</sup>** in General Trade

**+29% Active Stores** per Rep<sup>2</sup>

## Top Client Result: Ichitan *Leading beverage company*

**+15% Net Sales**

**+25% in General Trade**

**+3pts in Market Share**

# Driving Business Development for Profitable Growth



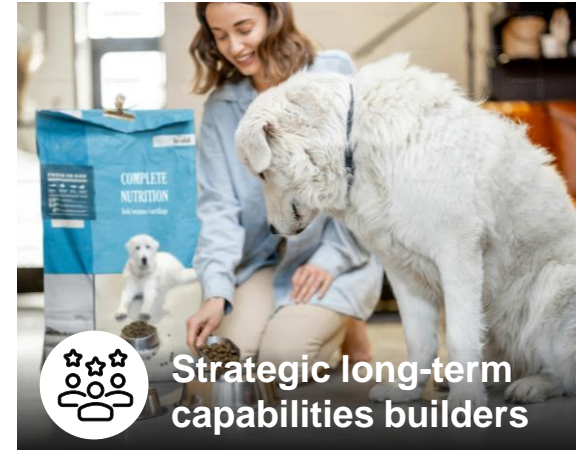
**Scale and efficiency builders**

- High volume / frequency products
- Build scale within current outlets



**Underlying margins and growth builders**

- Higher margin segments & services
- Higher underlying segment growth



**Strategic long-term capabilities builders**

- Smaller scale adjacent categories, provide long term margin opportunities



**Reputational builders**

- Marquee brand name clients
- Create category anchors for future client attraction



**First Achievement: Net sales of top clients +8.5%<sup>1</sup>** (versus Business Unit Consumer Goods +2%)


<sup>1</sup> Top 10 clients Net sales September Year-to-date 2024 growth

# Focus Areas and Their Growth Opportunities

Key Categories	Size of the Category	Growth Forecast	Opportunity to Win	Where to Win
 Chilled & Frozen	CHF 20 bn	+	++	Modern trade, Food Service
 Dairy & Alternatives	CHF 33 bn	+	+++	Modern trade Food Services
 Consumer Health	CHF 24 bn	++	+++	Pharmacy, e-Commerce, modern & general trade
 Premium Beauty Care	CHF 19 bn	++	+	e-Commerce beauty specialty
 Pet Care	CHF 9 bn	+	+	e-Commerce specialty retail

# Accelerate with Secondary Growth Engines




Own Brands	<p><b>Portfolio examples</b></p> 	<p><b>Future growth priorities</b></p> <ul style="list-style-type: none"> <li>• Geographic &amp; subcategory expansion</li> <li>• Supply chain &amp; procurement efficiency</li> </ul> <p>+ M&amp;A</p>
Field Activation	<p><b>Current service portfolio</b></p> <p>Merchandising &amp; display management</p>	<p><b>Future Opportunities of Expanded Service Offering</b></p> <ul style="list-style-type: none"> <li>• Brand ambassador &amp; promoter management</li> <li>• Store Audit</li> </ul> <p>+ M&amp;A</p>
Food Services	<p><b>Net sales in 2023</b></p> <p><b>&gt; CHF 100 m</b></p>	<p><b>Key enablers to win</b></p> <ul style="list-style-type: none"> <li>• M&amp;A, business development</li> <li>• DKSH own brand leverage</li> </ul> <p>+ M&amp;A</p>
eCommerce	<p><b>Net Sales Contribution</b></p> <p><b>~3 %</b> → <b>&gt;5%</b></p> <p>Now                      Mid-term</p>	<p><b>Top Categories for Growth</b></p> <ul style="list-style-type: none"> <li>• Beauty</li> <li>• Personal Care</li> <li>• Baby/Nutrition</li> <li>• Consumer Health</li> </ul>

## Opportunity

**>15% Margin**

**Accelerated top line growth  
+  
Margin expansion**





# Highlights Business Unit Consumer Goods



- Nearly **160 years of experience** in Asia
- DKSH is the **only player** with **comprehensive regional coverage**
- We **generate growth opportunities** through a **comprehensive, tailor-made portfolio** of Market Expansion Services
- **Resilient, asset-light** and **cash-generative** business model
- Clear **strategy** for **profitable growth**

# Business Unit Performance Materials



**Thomas Sul**  
Co-Head Business Unit  
Performance Materials

Joined DKSH:  
**1996**

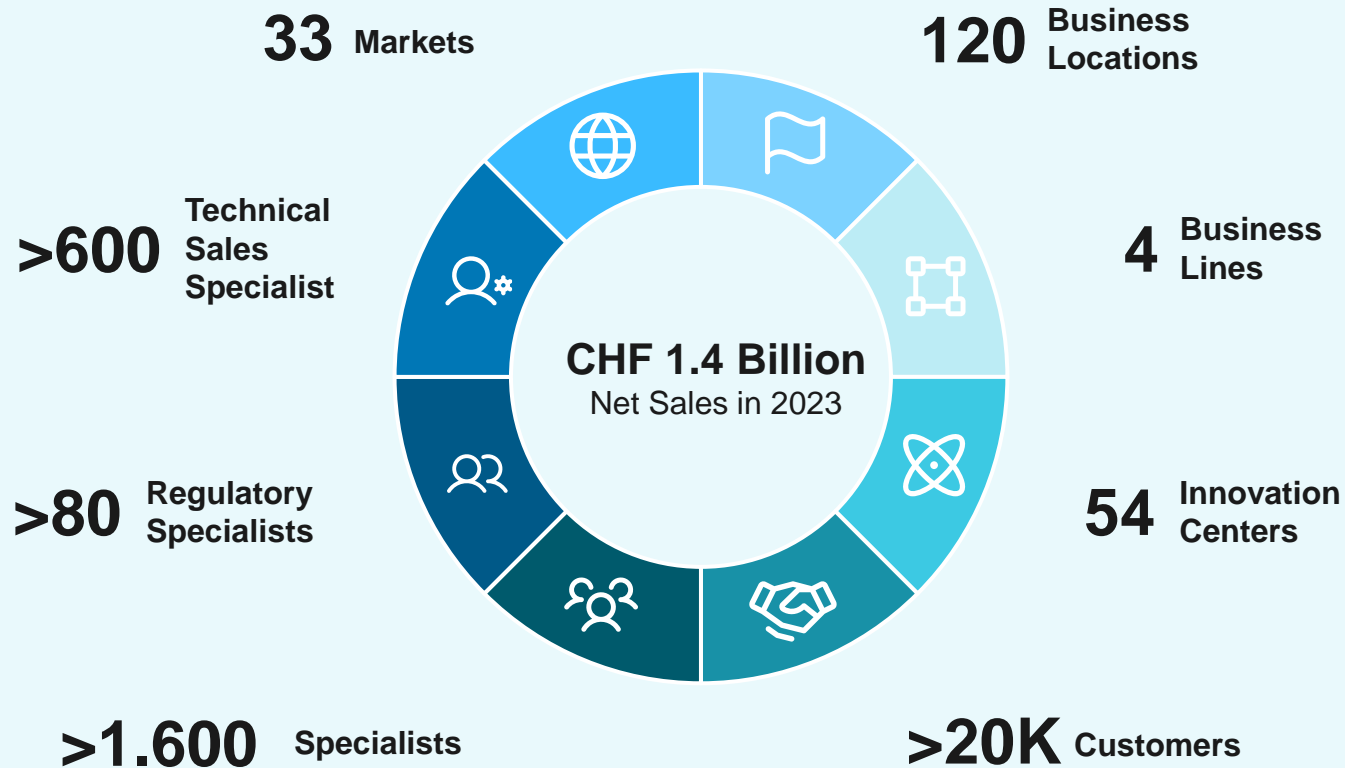


**Natale Capri**  
Co-Head Business Unit  
Performance Materials

Joined DKSH:  
**1998**

**Build leading global position  
in specialty chemicals and  
ingredients distribution**

# World-Class Solutions for Performance Materials



## Asia Pacific



## Europe



## North America



Our position in the pure-play specialty chemicals & ingredients market

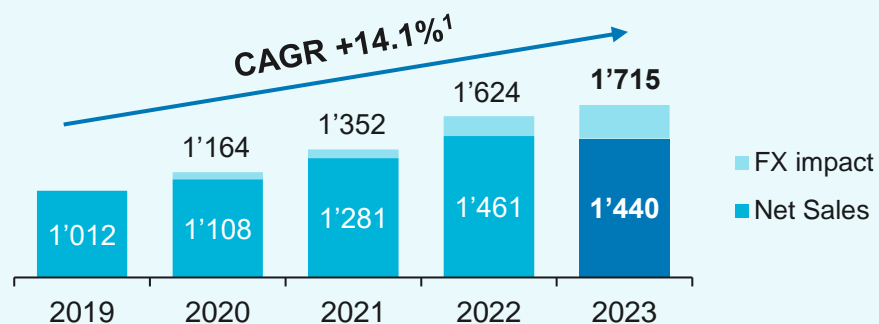
Indicates number of innovation centers in each market.



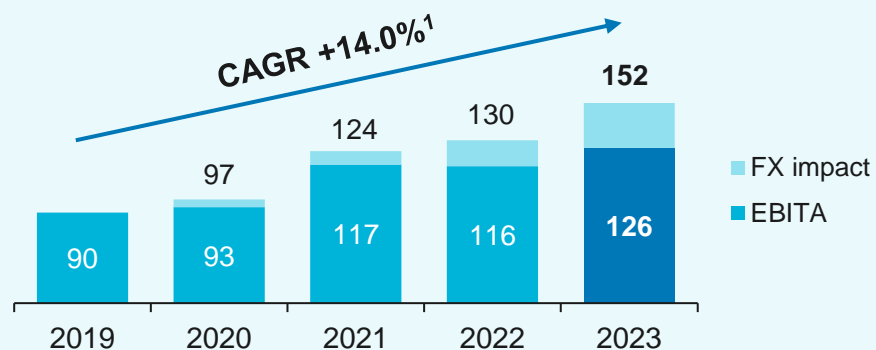
Proven capabilities, strong industry know-how and local networks

# Delivering Results: Achievements Since Last CMD

## Net Sales (in CHF million)



## Core EBITA (in CHF million)



## EBITA Margin (in %)



## Key Highlights

- **Global expansion on track**
  - Presence in North America increased by **6x**
- **Business scaling success**
  - Net Sales **1.7x** (at CER) vs 2019
- **Enhanced resilience**
  - Stronger, diversified, and more resilient business
- **Scaled our digital business**
  - More than **50x revenue increase** with our digital business DKSH Discover



<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates.

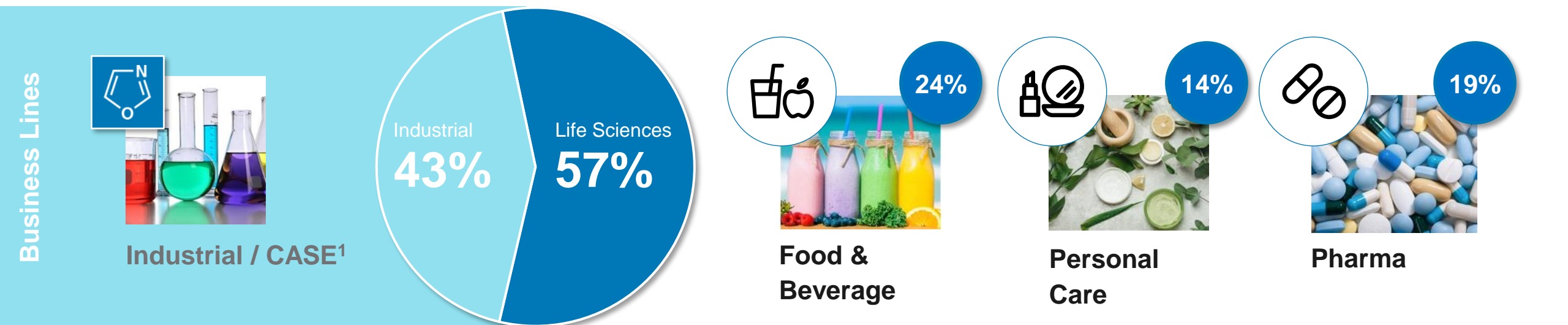
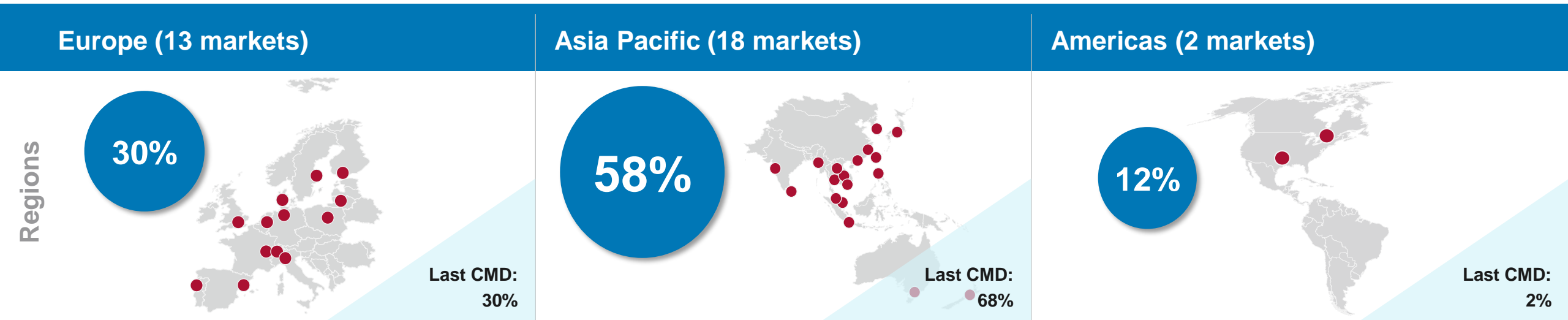
# Strategy: Build Leading Global Position in Attractive Specialty Chemicals Distribution Market



**Mission** To be the sustainable partner of choice for our specialty chemicals and ingredients clients and customers for being innovative, successful, growth-driven and entrepreneurial

<sup>1</sup> CASE = Coatings, adhesives, sealants, and elastomers

# Globalize Our Core Business & Boost the Future Stars



Note: Bubble sizes represent 2023 net sales split. Red dots indicates markets in which we have offices.

<sup>1</sup> CASE = Coatings, adhesives, sealants, and elastomers

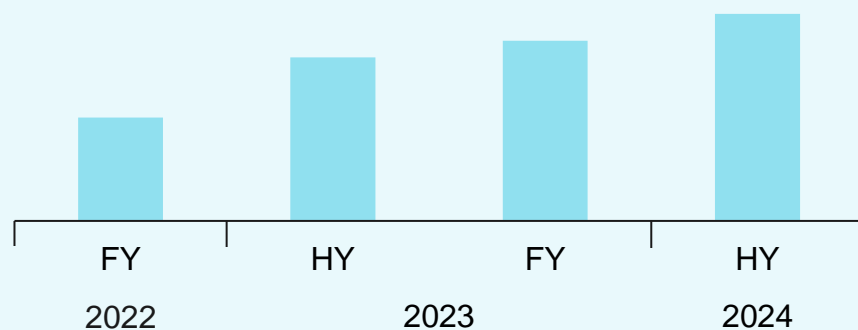
# Operational Excellence with a Focus on Gross Profit Margin Growth



## Gross Profit Margin FY 2022 to H1 2024



Gross Profit Margin  
**+230** basis points



### Gross Margin Drivers:

- One ERP system with global standardized business analytics and performance management
- Significantly improved pricing process incl. Gross profit margin incentivisation
- Focus on favorable portfolio mix, e.g. increasing share of Life Science business
- Optimized sales and inventory planning

# Digital Business as a Strong Organic Growth Driver



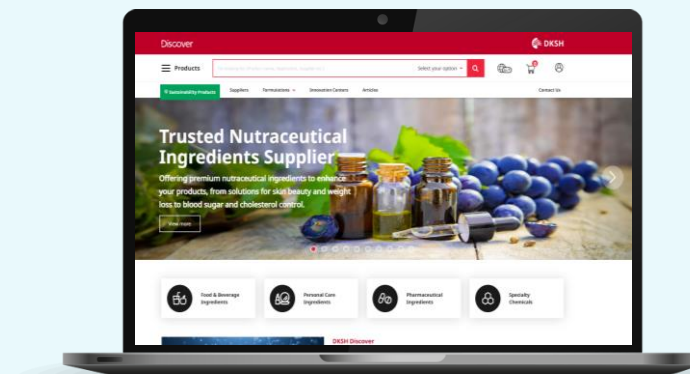
- **Digital as a Service** for customers and clients
- Creating **leads, opportunities**, and projects
- DKSH is the **#1 distributor** in chemical market places<sup>1</sup>
- A **cloud-based ecosystem supported by AI** for our customers and clients

## USP for customers:

- DIY access to all ingredients
- Connect with an expert
- One-click re-ordering

## USP for clients:

- Power BI client report with live results
- Live management of supplier information
- Connected: Integrated to our CRM



Scan to visit  
DKSH Discover

>13k

Leads generated  
in 2023

2.4M

DKSH Discover Visits  
(2023)

+64%

Digital Business in  
2024 vs 2023

35%

Business opportunities  
are digitally initiated

~860

New Purchasing  
Customers



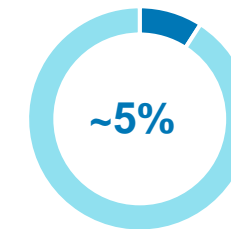
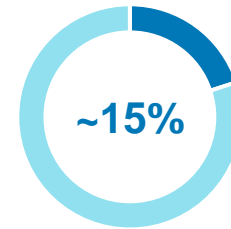
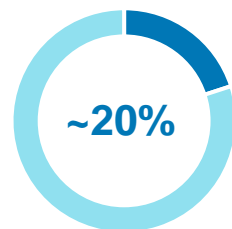
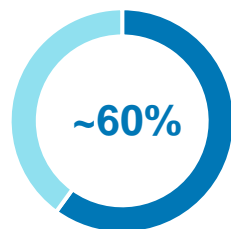
# Expand Margin with Focus on Value Added Manufacturing



Exclusive distribution business complemented by additional service offering



Contribution to Net sales



Key characteristics

- CORE business
- Exclusive distribution
- Client driven
- Regionalization

- Customer driven service offering
- Local sourcing experts in key markets
- Close portfolio gaps

- Custom development of critical ingredients
- Projects can last multi-years
- More present in Pharma & Electronics business

- Food Blending for food industry
- Agri Solutions

Average Gross Profit Margin in %

15-25%

15-20%

25-30%

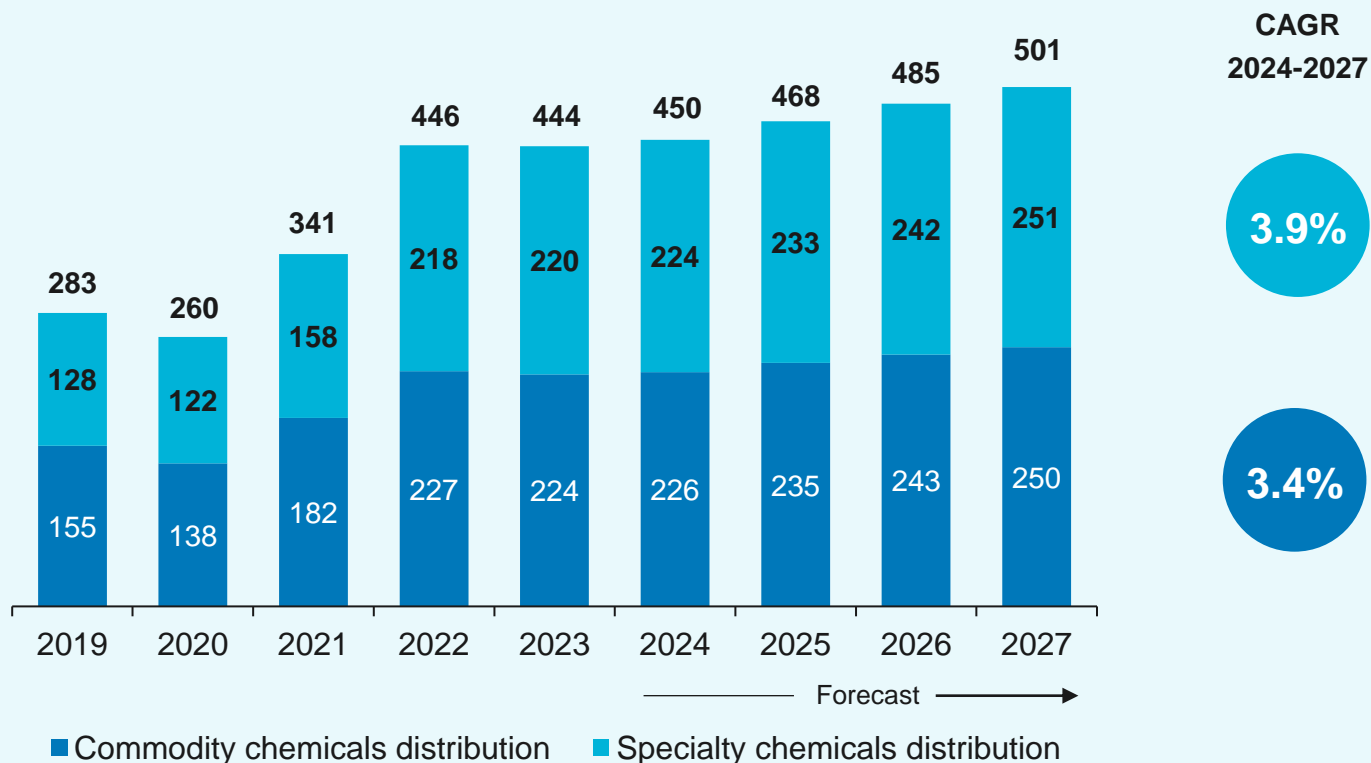
>30%

# Positive Outlook for Specialty Chemicals Distribution



## Global third-party chemical distribution market size and CAGRs by segment<sup>1</sup>

(in EUR billion)



## Key Highlights

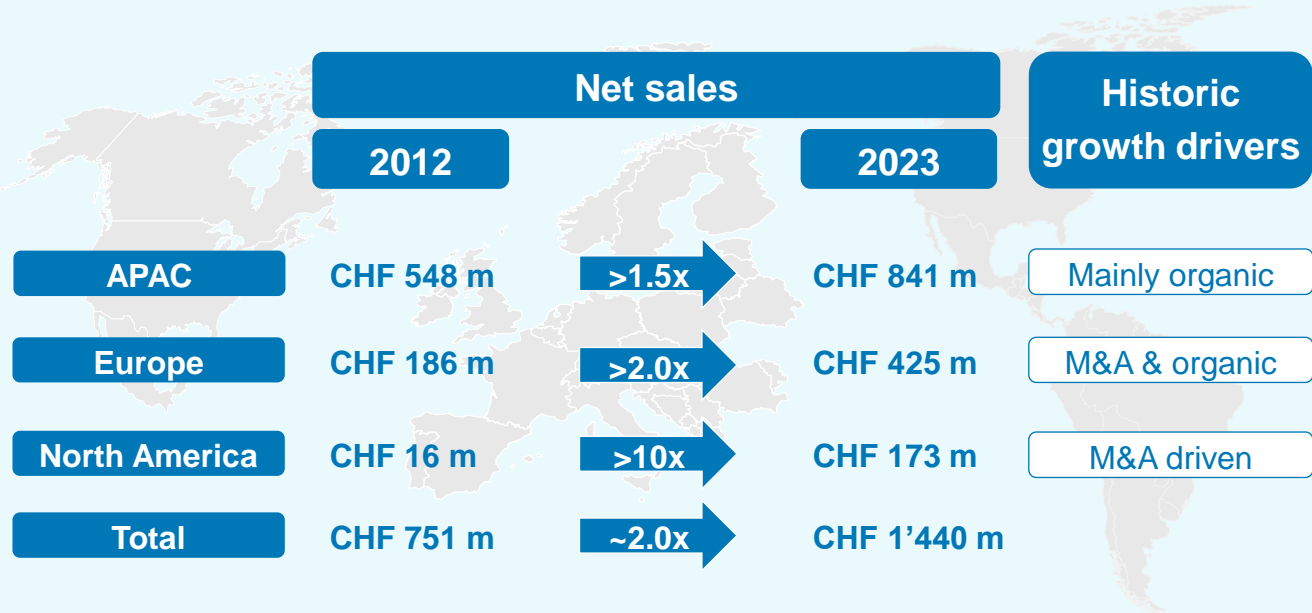
- The global specialty chemical distribution market is projected to grow with a **CAGR of 3.9% from 2024 to 2027**
- **>70% of global chemicals growth until 2035+ from Asia<sup>2</sup>**
- An **increasing outsourcing share** comes along with a set of expectations toward distributors
- Life sciences industry is **non-cyclical** with consistent **demand growth**



# Organic Growth Complemented with M&A Delivers Value



## Geographic expansion progressing well

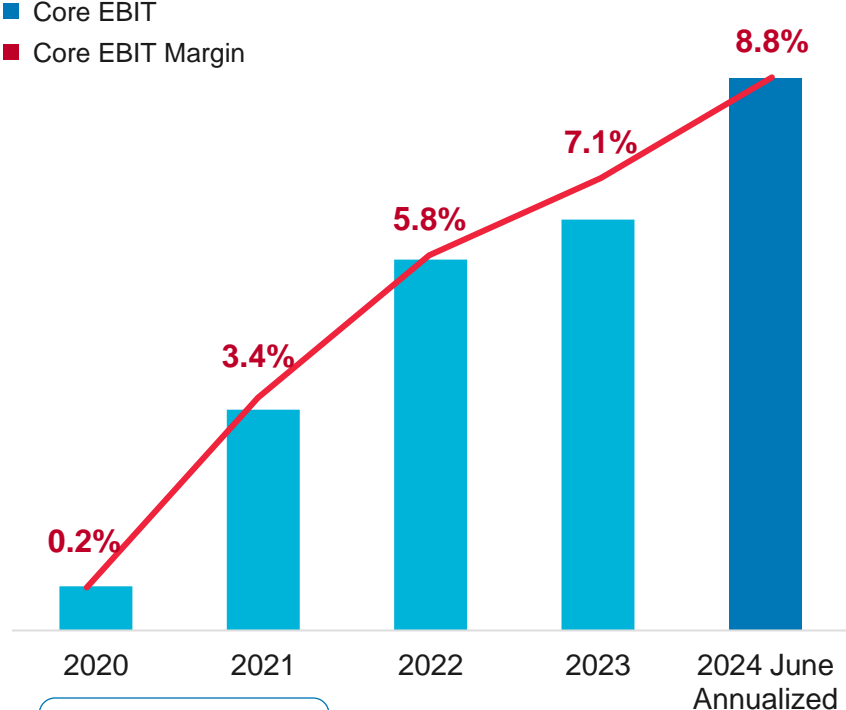


Track record of delivering value via organic and M&A growth

Case study

## Example: Australia & New Zealand

CHF m at CER<sup>1</sup>



Two targets acquired

<sup>1</sup> Constant exchange rates (CER): Figures converted at 2019 exchange rates.

# Attractive Investment Opportunity



We address **promising market & industry trends** in **Asia Pacific**

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

We hold **leading scalable positions** in our industries

We focus on **people, digital,** and **sustainability**

**Attractive investment** – backed by a demonstrated **track record** – with **substantial upside** through **M&A**

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