DKSH Capital Markets Day 2020

Delivering growth – in Asia and beyond.

Today's speakers

Stefan P. Butz
Chief Executive Officer

Marco Gadola
Chairman

Bernhard Schmitt
Chief Financial Officer

Bijay Singh
Head Business Unit
Healthcare

Terry Seremetis
Head Business Unit
Consumer Goods

Hanno Elbraechter
Head Business Unit
Technology

Natale Capri
Co-Head Business Unit
Performance Materials

Thomas Sul
Co-Head Business Unit
Performance Materials

Agenda

Time	Topic (all sessions incl. Q&A)	Speakers	Page
09:00	**Welcome and Strategy update**	Stefan P. Butz, CEO	1-15
09:20	**Chairman address**	Marco Gadola, Chairman	17-19
09:35	Business Unit **Healthcare**	Bijay Singh, Business Unit Head	21-36
10:10	Business Unit **Consumer Goods**	Terry Seremetis, Business Unit Head	38-54
	Coffee Break		
11:10	Business Unit **Technology**	Hanno Elbraechter, Business Unit Head	56-73
11:40	Business Unit **Performance Materials**	Thomas Sul and Natale Capri, Co-Business Unit Heads	75-95
12:20	**Finance update**	Bernhard Schmitt, CFO	97-106
12:30	**Wrap-up Q&A session**	Stefan P. Butz, CEO and Bernhard Schmitt, CFO	
12:50	**Closing remarks**	Stefan P. Butz, CEO	108-109
13:00	**End of Capital Markets Day**		

Objectives of today's Capital Markets Day

- **Provide an update on strategic priorities and actions to deliver growth**
- **Update on our evolution**
- **Get to know our leadership team and their focus on diligent execution**
- **Deepen understanding of our business and growth drivers**

We are the leader in Market Expansion Services in Asia

1,900 Clients and **1,900** Suppliers

Omni-channel service portfolio along the value chain

- Sourcing
- Market insights
- Marketing and sales
- eCommerce and Digital
- Distribution and logistics
- After-sales services

525,000 Customers

Market and consumer feedback

Backflow of information

CHF **11.6 billion** Net sales

33,350 Specialists in **36** markets

Comprehensive market coverage across Asia Pacific

46 Innovation centers

150 Distribution centers

Numbers for 2019. Number of Innovation centers incl. Axieo acquisition

More than 150 years of experience in Asia … setting the stage for a new chapter

Foundation

Diethelm, Keller,
Siber & Brennwald

Merger

IPO

Transforming DKSH…

to deliver growth in Asia and beyond.

- **Nurture high-performance culture**
- **Drive Business Unit strategies**
- **Expand regional footprint**
- **Drive operational excellence**
- **Champion digitization**
- **Strengthen and update supply chain**

1865 | 2002 | 2012 | 2020

Three drivers fueling our business…

1 Market growth Mid- to long-term	2 Industry trends	3 M&A
Well-positioned in fast-growing, resilient markets	Opportunity to capitalize on industry trends	Supplement growth with M&A
Sound economic fundamentals	Outsourcing and digitization	Expand geopraphic footprint
Favorable demographic trends	More complexity and regulation	New value-added services
Increasing consumption levels	Distributor network consolidation	Access new segments and channels

… with the potential to deliver GDP+ growth (in real terms) post COVID-19

Six pillars to deliver on our growth strategy

Nurture high-performance culture

Drive Business Unit strategies

Expand regional footprint

Drive operational excellence

Champion digitization

Strengthen and update supply chain

Nurture high performance culture

New **DKSH Identity** launched in 2020

25% change of Top 50 management since 2018

4.5x more people in LTIP [1] than three years ago

+25% increase in training targeted by 2025 [2]

New **Chief HR Officer** appointed in 2020

[1] Long-term incentive plan

[2] See DKSH Sustainability Report 2019, page 19-20

Drive Business Unit strategies

Business Unit
Healthcare

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

Business Unit
Consumer Goods

Capitalize on **our leadership** in **Asia Pacific**

Business Unit
Technology

Build resilience and deliver growth to **exceed pre-COVID-19 levels**

Business Unit
Performance Materials

Strengthen leading position in specialty chemicals and ingredients distribution

Expand regional footprint

Around CHF 530 million of value-accretive net sales acquired in last three years

Value-added services and capabilities

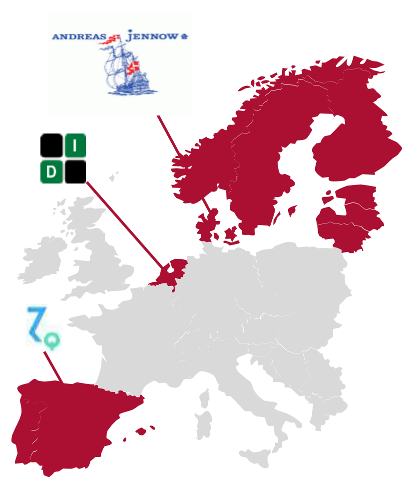
Complementary to geographical footprint

Sound financials

Cultural fit

Attractive multiples

European specialty chemicals expansion



Asia Pacific market consolidation

Up to CHF 1 billion leverage headroom (max. 2x net debt / EBITDA) [1]

[1] Net debt is net financial debt (debt minus cash)

Drive operational excellence

4.8 percent overhead cost savings (excl. IT and Digital) [1]

Further focus on **mid-term efficiency** improvements based on operational KPIs

Increased focus on Sustainability

- Commitment to SDGs [2]
- Targets for all Executive Committee members
- External ratings improved

[1] 2020 vs. 2018

[2] UN Sustainable Development Goals, for more information see DKSH Sustainability Report 2019, page 19

Champion digitization

> CHF 150 million target
eCommerce net sales (2020)

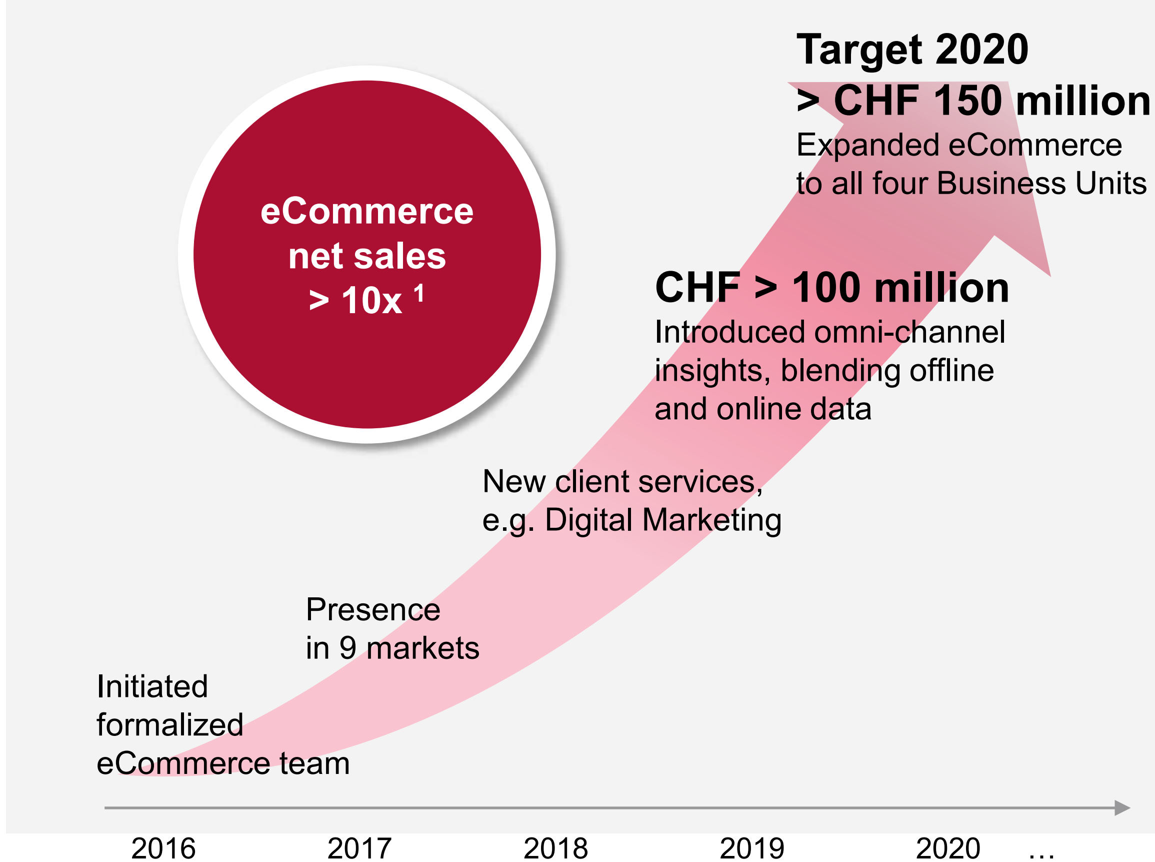
- Pan-Asian coverage
- Present on all top marketplaces
- Highest integrity standards
- Full direct-to-consumer capabilities

New **Chief Digital Officer** appointed, accelerating **digital transformation**

Sustained focus on:

- Process digitization
- Digital business models (e.g. New Retail)
- New Application Programming Interface platform

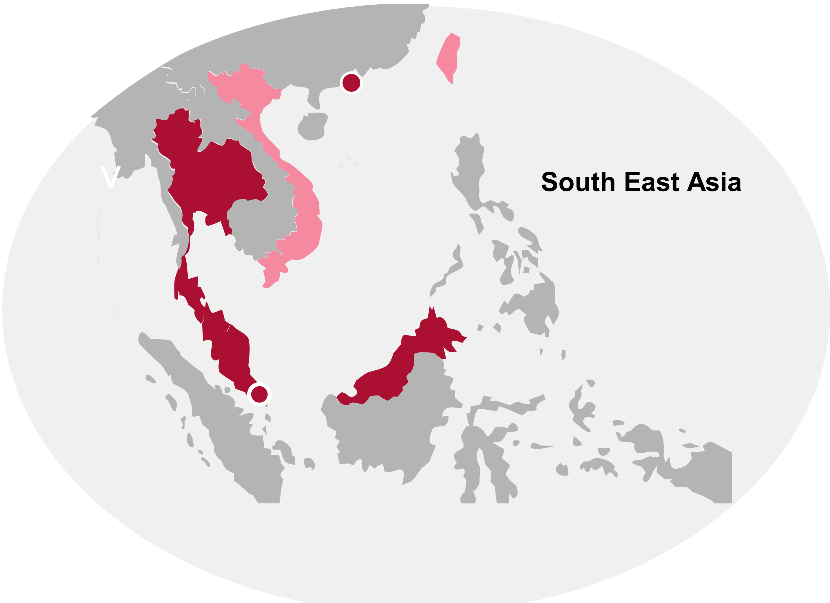
DKSH eCommerce development 2016 to 2020



[1] eCommerce net sales 2016 compared to 2020 target

Strengthen and update supply chain

Transport Management System (TMS) roll-out status per market



TMS rolled out
- Thailand
- Malaysia
- Singapore
- Hong Kong

TMS being rolled out
- Vietnam
- Taiwan

New advanced **data-driven** Transport Management System implemented in key markets

Introducing **automated service processes**

Two **semi-automated** distribution centers

Increase **flexibility and agility** with B2B and B2C fulfillment capabilities

DKSH proves resilience during unprecedented times

Broad diversification

Focus on attractive industries

High share of items consumed daily

Strong balance sheet

Highest priority on health and safety

Reliable delivery and business continuity

Accelerated digital transformation

Increased cost control

Overview of key financials H1 2020

CHF 51.1 million
Free Cash Flow
(+59.2%) [1]

CHF 111.3 million
EBIT
(+4.7%) [1]

CHF 5.3 billion
Net sales
(-1.2%) [1]

CHF 1.90 per share
Ordinary dividend
(+2.7%) [1]

[1] At constant exchange rates (except for Free Cash Flow and dividend), compared to same period of 2019

Chairman address

New DKSH Chairman since 2020

Marco Gadola
Chairman of the
Board of Directors

Joined DKSH:
2020

**Delivering growth –
in Asia and beyond.**

Initial impressions since assuming Chairman role

- **Asia Pacific** remains an attractive **growth region**
- **Proven and resilient business model** that creates value
- **Strong team** driving transformation
- Potential to further **expand our leadership** positions and market share
- Opportunities to **enhance profitability** and **cash flow generation**
- Long-term **committed anchor shareholder**

Key messages

Strategy	Sound corporate **strategy continues to be in place** – H1 2020 results show **resilience** and **potential** of our business
Team	**Strong management team** focussing on business execution and **developing future leaders**
Focus areas	**Cash Flow** generation, **FMCG** transformation, **Performance Materials** expansion, **process** optimization, **geographical** expansion, **digital** transformation ...
Capital allocation	**Progressive dividend policy** and **M&A** strategy
Our ambition	**Delivering growth – in Asia and beyond.**

Business Unit Healthcare

DKSH Business Unit Healthcare

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 in Asia Pacific

Net sales
CHF 6.0 billion [1]

EBIT
CHF 134.5 million [1]

Leading in commerical outsourcing

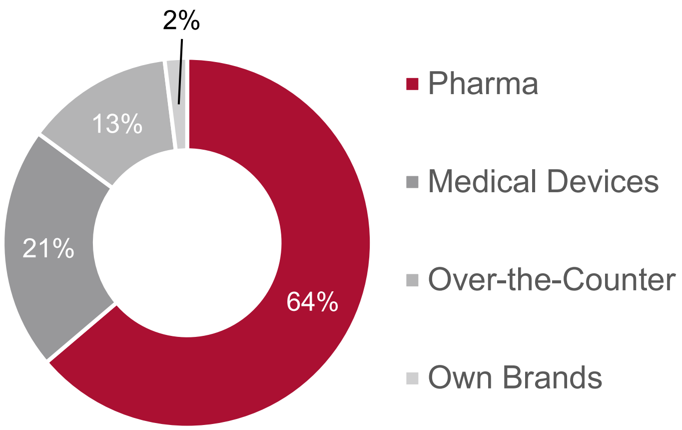
Top 2
in distribution [2]

8,220
Specialists

14 markets

550
Clients

Net sales split 2019



130,000
Customers

[1] For 2019
[2] Source: publicly available competitor information

Adding value for healthcare stakeholders in Asia

Key benefits

Among the largest distribution networks
(>80% direct hospital and pharmacy coverage)

Leading commercial team
(4,500 local sales and marketing specialists)

High quality and compliance standards
(international certifications e.g. ISO, GMP, GDP)

Growth-driving value-added services
(e.g. Patient Solutions, Regulatory, Analytics)

Well-established portfolio of 550 Blue Chip clients and emerging players…

DKSH

Pharma

AstraZeneca

Roche

CHEPLAPHARM Arzneimittel

SANOFI

ALEXION

Medical Devices

Alcon

TERUMO

Medtronic

Lifescan

Baxter

Over-the-Counter (OTC)

Haw par

gsk

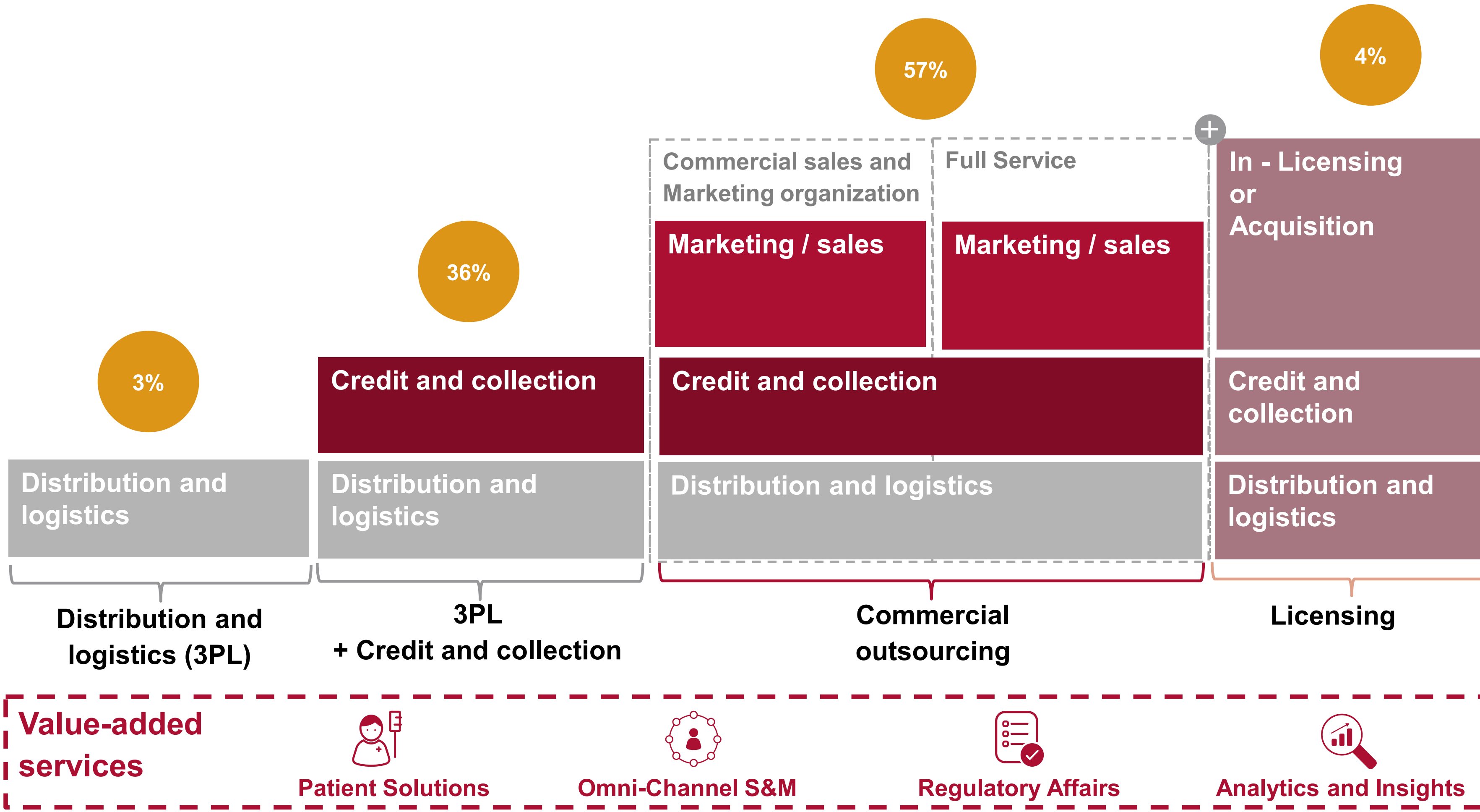
Abbott Nutrition

BDF Beiersdorf

Reckitt Benckiser

…across categories and markets

Modular partnership models to support our clients' long-term, cost-efficient growth strategies in Asia



Note: Bubbles represent share of EBIT contribution in 2019

Unique direct omni-channel approach connecting clients to 130,000 customers across Asia

Medical channel (mainly hospitals/clinics) **63%**

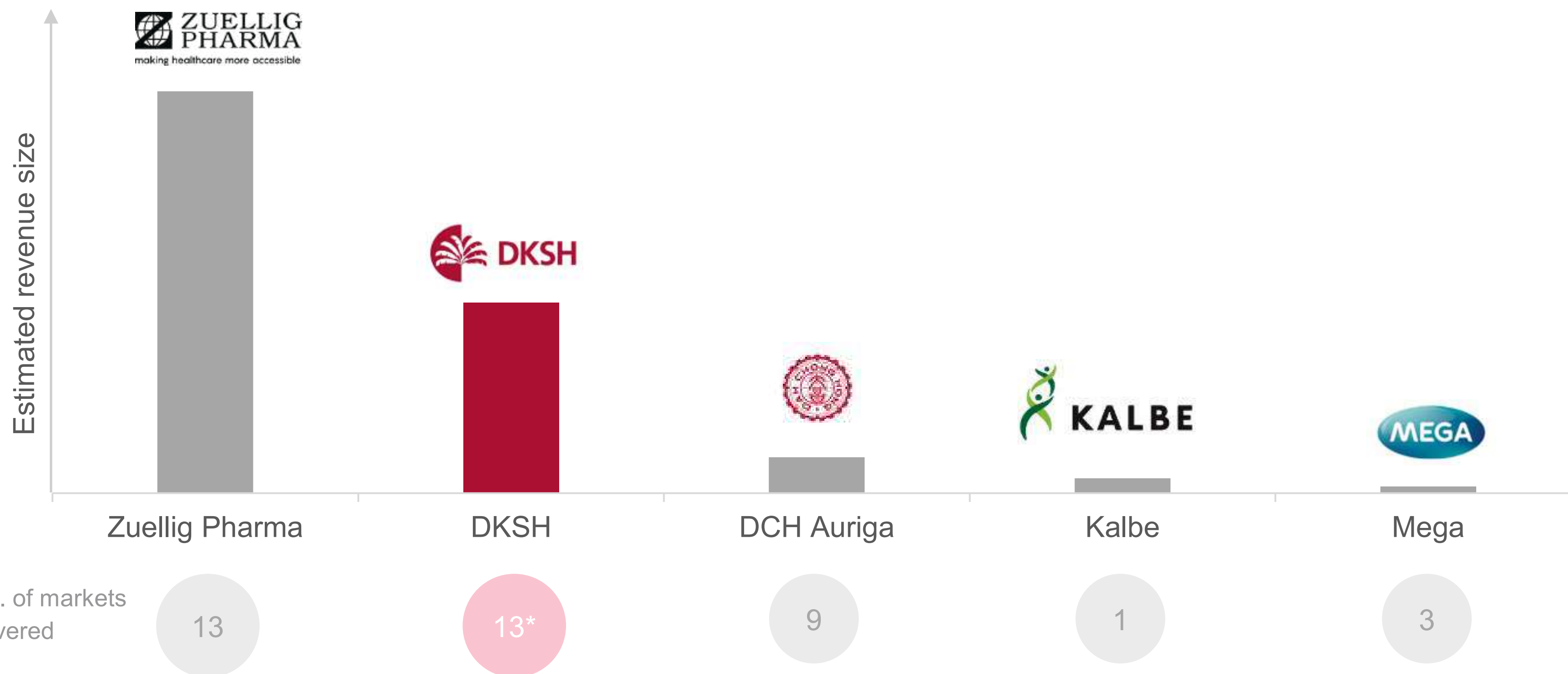
Traditional Trade (independent pharmacies) **26%**

eCommerce **<1%**

Modern Trade (mainly chain pharmacies) **11%**

Customer split by net sales 2019

DKSH is a leading healthcare distributor in Asia



Source: Company information. DCH Auriga excluding Mainland China and combined consumer and healthcare businesses. For Mega and Kalbe distribution business only. *Excluding Switzerland

Healthcare: Strategic direction

Positioning

Markets

- **Maximize**: strengthen leadership in high market-share markets
- **Realize**: enhance value proposition in low market-share markets
- **Optimize**: build critical mass in niche markets via targeted BLs
- **Launch**: enter and build businesses in Indonesia, Philippines

Industries

- Continue core business line focus
- Rx (pharma)
- OTC and Consumer Health
- **Medical Devices**

Business Solutions

- **Drive best-in-class commercial outsourcing**
- **Deploy value-added services**
- **Strengthen own brands portfolio**
- Strengthen omni-channel access

Operating Model

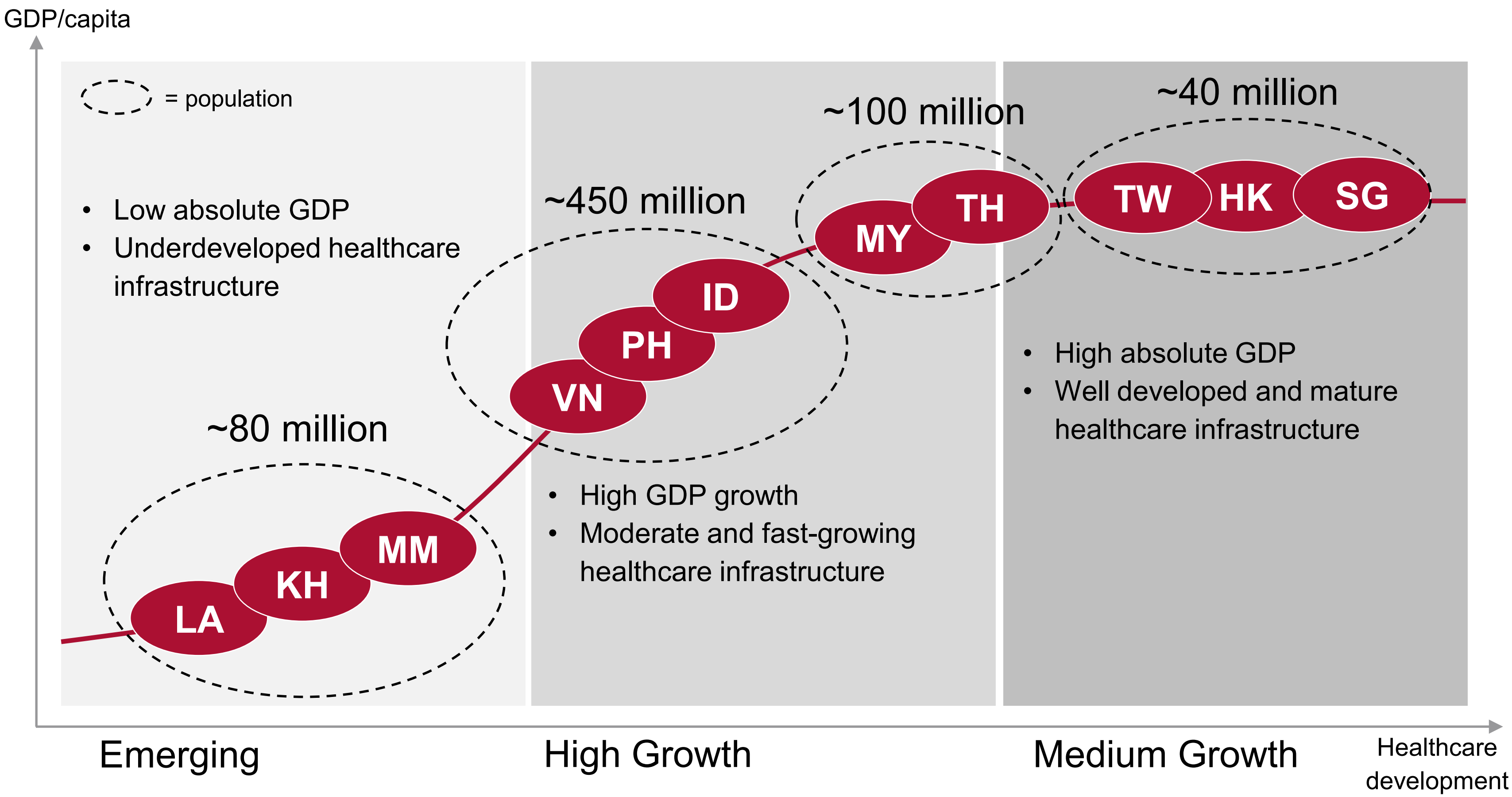
Distribution platform

- Execute commercial excellence processes
- Leverage technology to generate new insights and to automate processes
- Business partners alignment and excellence

Resources

- Acquire, develop and retain entrepreneurial talents
- Engage in bolt-on acquisitions and develop strategic partnerships

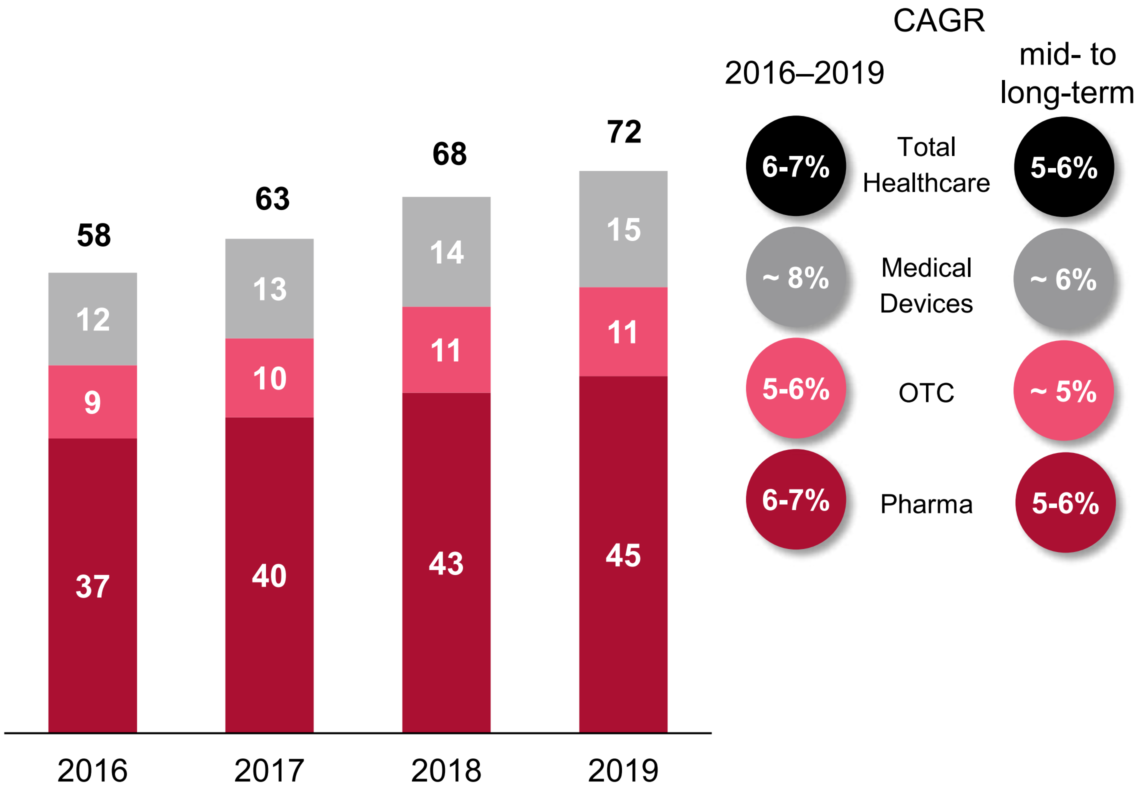
Customized Healthcare strategy per market



Source: Economist report: South-East Asia: The New Emerging Healthcare Market Challenge (2016)

Resilient growth expected for Asian Healthcare industries

Healthcare market size (in USD billion) [1]



Key highlights

Long-term growth driven by:

- Still relatively low healthcare spending per capita
- Aging population
- Innovative therapy launches

- **Mid- to long-term 5-6% growth forecasted for Asian healthcare markets [1]**

[1] Source: Fitch Solutions, June 2020
Pharma data for Cambodia, Hong Kong, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam
For Medical Devices and OTC all markets shown above, except Cambodia, Laos and Myanmar

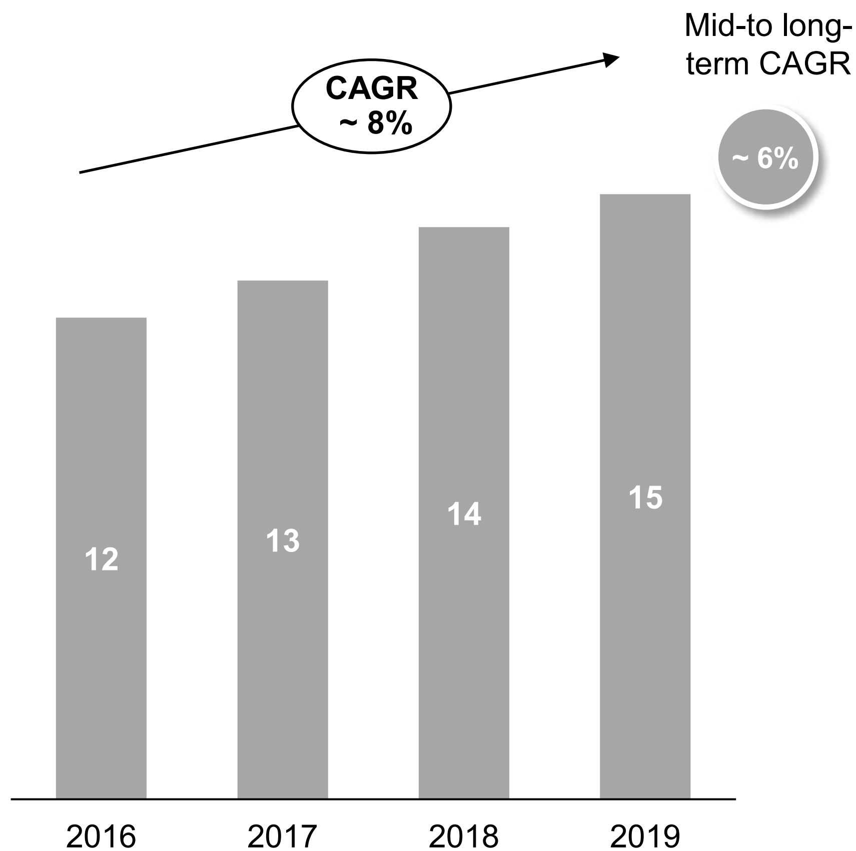
Double-down on fast-growing Medical Devices categories

Win in selected categories
(cardiovascular, orthopedics, diabetes, ophthalmology, in vitro diagnostics)

Differentiated distribution solutions
(e.g. 24h delivery, reverse logistics ...)

Opportunity for value-generating full-service solutions

Medical devices market size (in USD billion) [1]



[1] Fitch Solutions, June 2020
Data for Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam

Multiple client trends driving need for commercial outsourcing solutions

Continuously emerging client trends ...

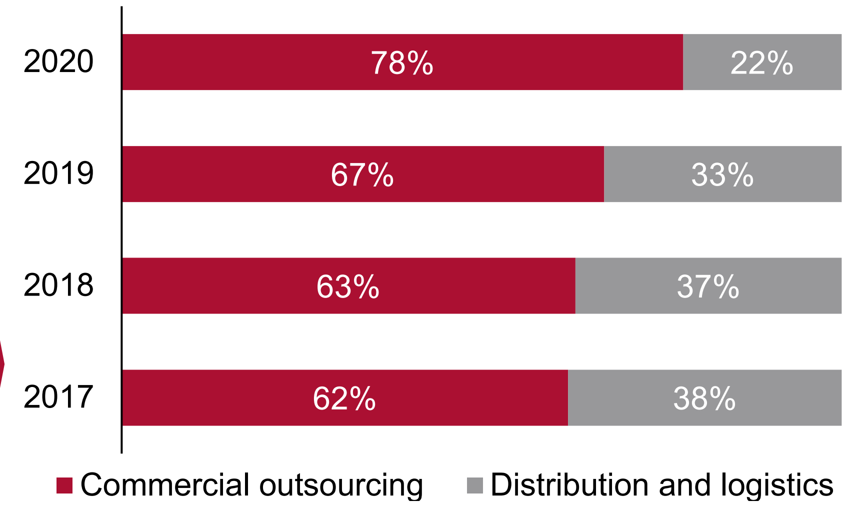
Focus on core competencies (e.g. R&D, key brands etc.)

Market prioritization with a focus on large markets: US, Europe, China or Japan

Price pressure leading to cost focus for the healthcare industry

Higher value products mean every patient counts – new starts and adherence are critical

… driving share of commercial outsourcing [1]



DKSH ranks top 10 among blue chip pharma companies [2]

#1 Thailand, Cambodia, Laos, Myanmar

#2 Vietnam

#5 Hong Kong, Malaysia

[1] Number of newly signed contracts, 2020 figures for July 2020 YTD
[2] Source: IQVIA, measured by revenues

Continuous shareholder value generation and attractive long-term product pipeline in own brands

Our own brands portfolio remains attractive

- Proven growth track record
- Expansion opportunities
- Good profitability
- Ownership of IP rights
- Production outsourced
- Careful management of potential client conflicts

Showcase future product pipeline

Alvotech and DKSH partner to bring key biosimilar to Asia

Read more at: DKSH Alvotech 2020

IP is Intellectual Property

Increased focus on value-added services driving higher benefits for clients, customers and patients

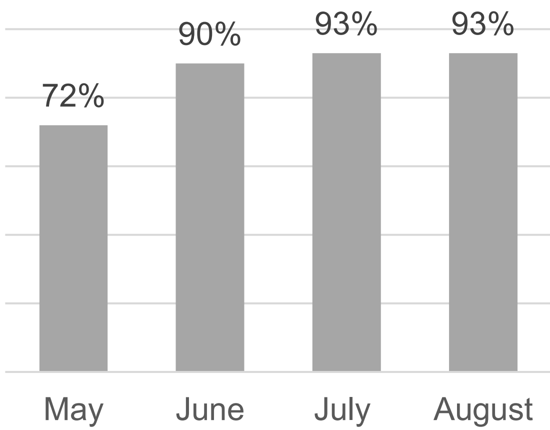
Regulatory Affairs	Patient Solutions	Omni-Channel Sales and Marketing	Analytics and Insights
Client-specific regulatory affairs management	Beyond-the-pill support for patients	Increase customer reach and engagement	Deep understanding of market dynamics and trends
Regulatory management	**Patient engagement**	**Channel Optimization**	**Growth opportunities**
Accelerate launch timelines Comply with continuously evolving regulations across markets	Education, convenience and adherence solutions Acquire new patients Retain patients	Increase client reach cost-effectively Engage with customers	Generate insights with proprietary data from transactions and stakeholder engagement to optimize in-market performance

DKSH successfully navigating through COVID-19 crisis

Thailand – development of monthly patient numbers per channel

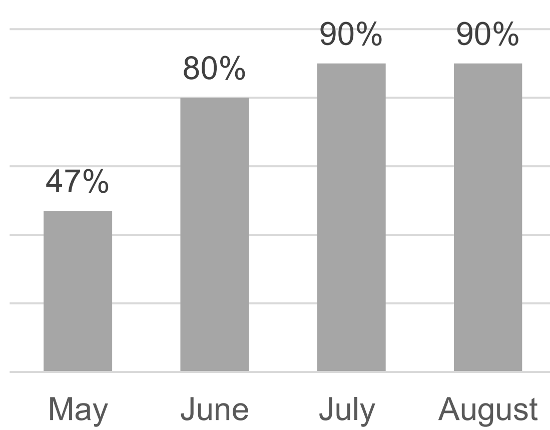
Medical Channel (Pharma)

Patient # vs. pre-COVID-19 level



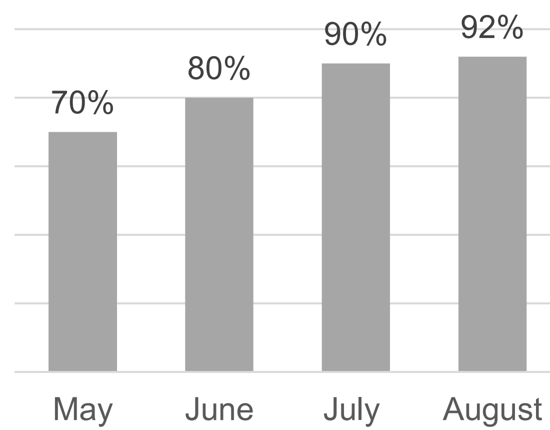
Medical Channel (Medical device)

Patient # vs. pre-COVID-19 level



Pharmacy Channel

Patient / Consumer # vs. pre-COVID-19 level



Small improvements seen across most key markets in recent months, but still behind pre-COVID-19 levels

Source: DKSH market survey Thailand, August 2020

Highlights Business Unit Healthcare

DKSH is **the leader** in healthcare **commercial outsourcing** in Asia

We run a **resilient, asset-light** and **cash-generative** business model

DKSH is **successfully navigating** through **COVID-19 challenges**

We see **growth opportunities** through the expansion of **higher value-added segments and services** (e.g. commercial outsourcing, own brands, medical devices…)

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

Business Unit Consumer Goods

DKSH Consumer Goods

Terry Seremetis
Head Business Unit
Consumer Goods

Joined DKSH:
2019

Capitalize on our leadership in Asia Pacific

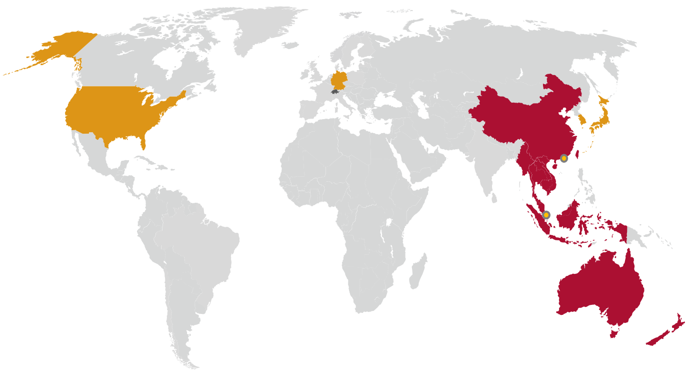
Business Unit Consumer Goods at a glance

Net sales
CHF 4.1 billion [1]

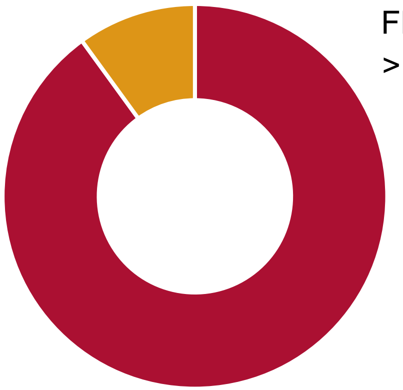
EBIT
CHF 82.9 million [1]

Leading regional player

22 markets



Net sales split 2019 [1]



20,300 Specialists

700 Clients

350,000 Customers

[1] Numbers for 2019. EBIT excl. restructuring costs (CHF 14.5 million)

We offer one-stop-shop solutions tailored to specific client and customer needs

What are our clients' needs?

- **Pan-Asian expansion**
- **Access to relevant trade channels**
- **Consistent go-to-market approach**
- **Insights and analytics**

What services do we offer?

Sales and marketing
incl. value-added services
+ Field Marketing
+ Digital
+ Route-to-Market

Credit and collection

Distribution and logistics

3PL	4PL	Full service
7%	15%	78%

Note: Bubbles represent share of FMCG EBIT contribution in 2019. Full service including value added-services

Our product portfolio covers a large variety of highly resilient categories for daily use

Nutritional products

Abbott, NAN Wyeth, Nestlé, MeadJohnson Nutrition

Dry grocery and beverages

Ichitan, Tipco, Coca-Cola, KraftHeinz

Beauty and personal care

Johnson & Johnson, P&G, mandom, Unilever

Snacks and confectionery

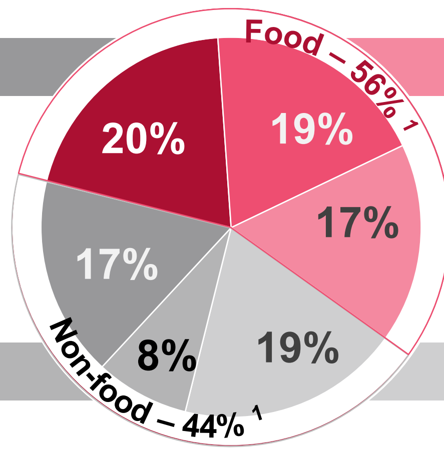
Mars, Mondelēz International, Lindt, Ferrero

Household and Home care

Fumakilla, Henkel, Philips

Other categories

Duracell, LEGO, unicharm



[1] Net sales split for FMCG distribution in 2019

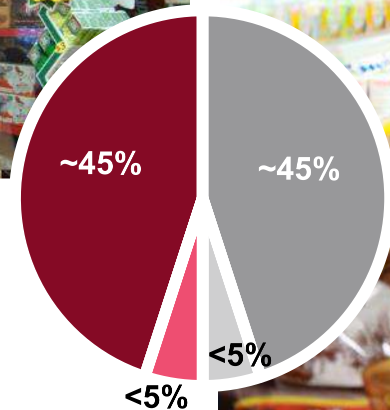
Our omni-channel approach provides access to 350,000 customers in Asia Pacific

Traditional Trade

- “Mom-and-pop” stores
- Independent pharmacies and personal care stores
- Traditional medicine stores

Modern Trade

- Hyper- and supermarkets
- Convenience and personal care stores
- Pharmacy chains



- Hotels
- Restaurants and bars
- Cafes
- Catering

Foodservice

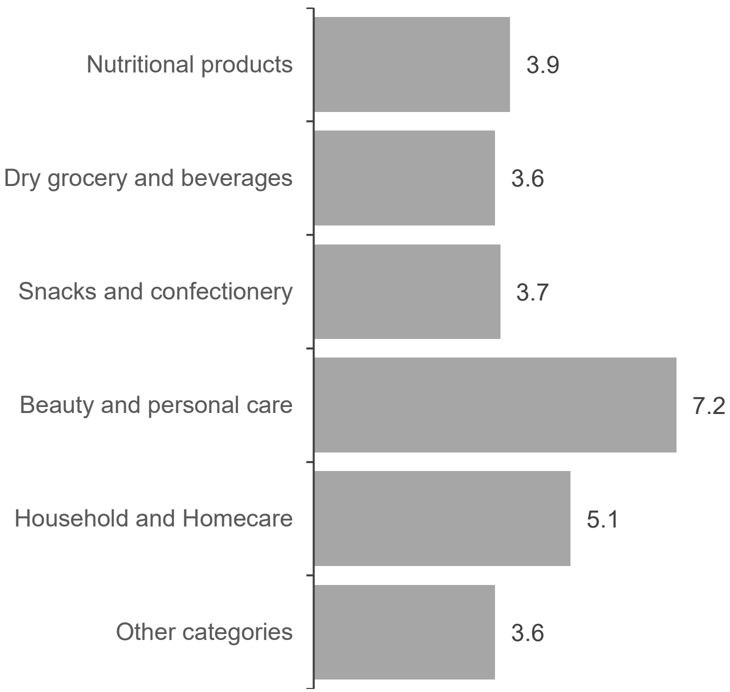
- Online retailers and marketplaces
- eCommerce channels of clients

eCommerce

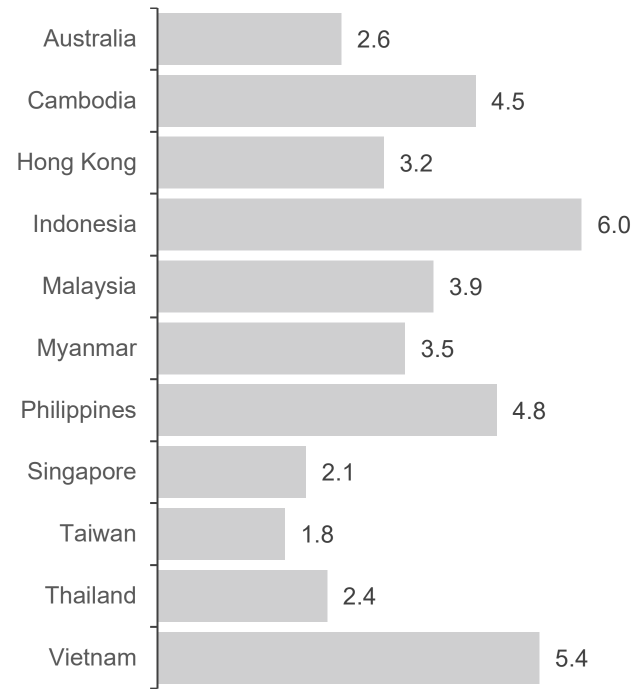
Source: Pie chart values represent DKSH internal numbers

Mid-term growth potential across categories and markets after COVID-19-related contraction

FMCG growth in Asia per category [1]
CAGR 2020-2023 (%)



FMCG growth in Asia per market [1]
CAGR 2020-2023 (%)

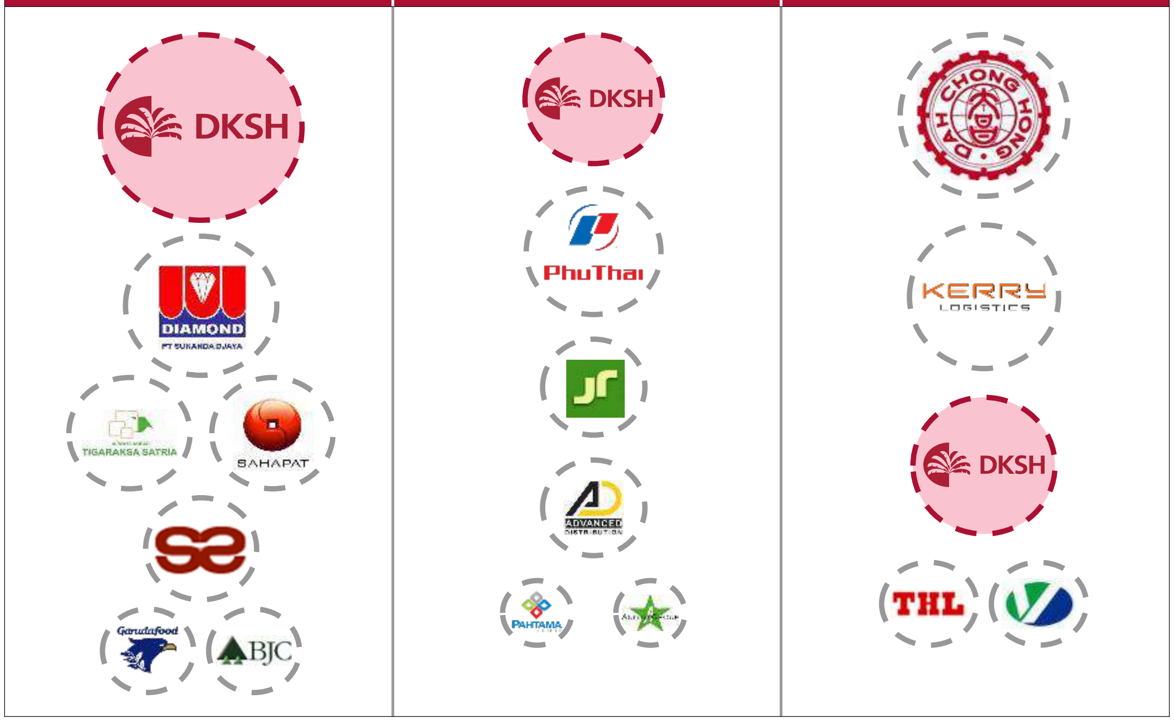


After a pandemic-driven decline in 2020 of around 4.7%, Asia's consumer goods industry is expected to rebound [1,2]

[1] Euromonitor, refreshed June to August 2020
[2] Global Data Market Analyzers (decline vs. initial baseline forecast for 2020)

DKSH is the only player with comprehensive regional coverage as clients streamline distribution partnerships

ASEAN-5	Indochina	North-Asia



Bubble size represents estimated sales

2015 **100** → 2020 **123**

Number of DKSH's regional clients

2015 **4** → 2020 **5**

Average number of markets covered for Top 30 clients

BJC: Consumer supply chain business only; Loxley: Trading business segment only; Pahtama is part of City Mart Holdings; LF Asia is part of DCH Group; Kerry Logistics turnover for Integrated Logistics only. North Asia is Hong Kong and Taiwan

DKSH's FMCG business remains highly relevant as recent client wins and awards show

Expansion of partnerships across markets	Consolidation of distributor network	eCommerce

PT Wicaksana O.I. Tbk.

May 2020

DKSH appointed to increase market coverage across all trade channels for Unilever in Indonesia

July 2020

DKSH became anchor partner and full-service distributor for Kraft Heinz in Malaysia

August 2020

DKSH won from Lazada the Best Customer Engagement Award for Lego Thailand

Various factors led to underperformance in recent years – initiated transformation with higher results since 2019

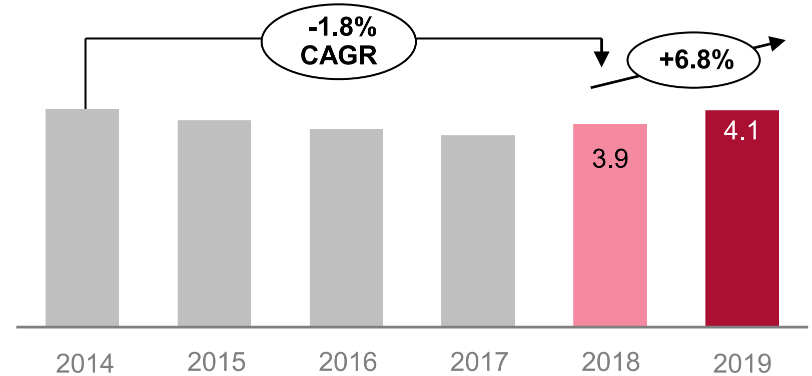
Market challenges

- Shift in core categories
- Shift in core channels
- Shift in core markets

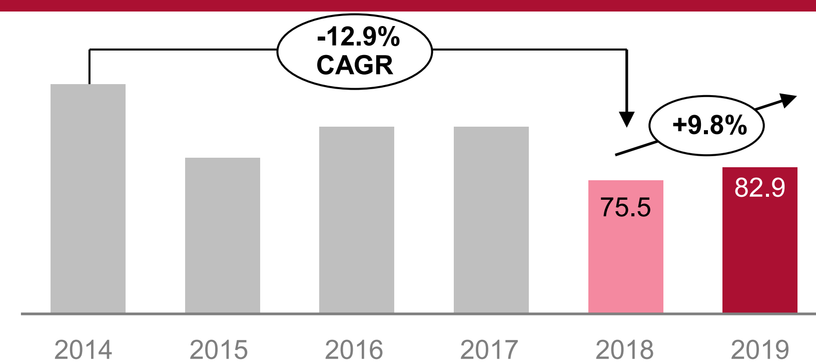
Internal challenges

- Leadership and organizational structure
- Not enough focus on market dynamics
- Too complex and high cost base

Net sales (Consumer Goods in CHF billion)



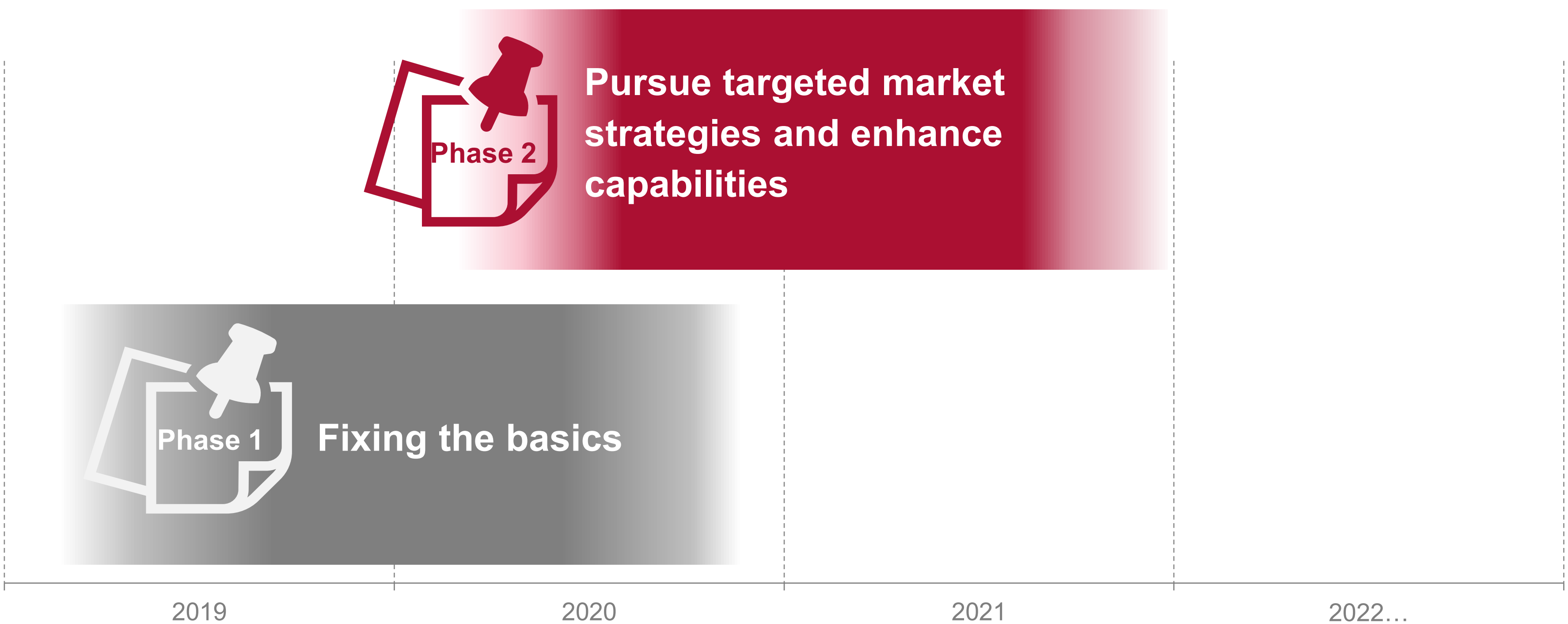
EBIT[1] (Consumer Goods in CHF million)



[1] Excluding one-time costs (2019: CHF 14.5 million, 2018: CHF 12.6 million, 2015: CHF 58.7 million)

Our FMCG transformation is gaining traction

… scale up as the preferred partner in Asia Pacific to capture future growth opportunities



Fixing the basics – Phase 1 overview

People	Portfolio	Supply Chain
Strengthened leadership	Optimized client portfolio	Enhanced collaboration
Delayered organization	Rationalized products	Saved logistics costs
Increased accountability	Improved Business Development	Increased focus on inventory levels

Key Highlights H1 2020 [1]

Net sales	EBIT	RONOC	Working Capital
Slighty down	Strongly up	Strongly up	Down

[1] FMCG change compared to same period of 2019

Pursue targeted market strategies and enhance capabilities – Phase 2 overview

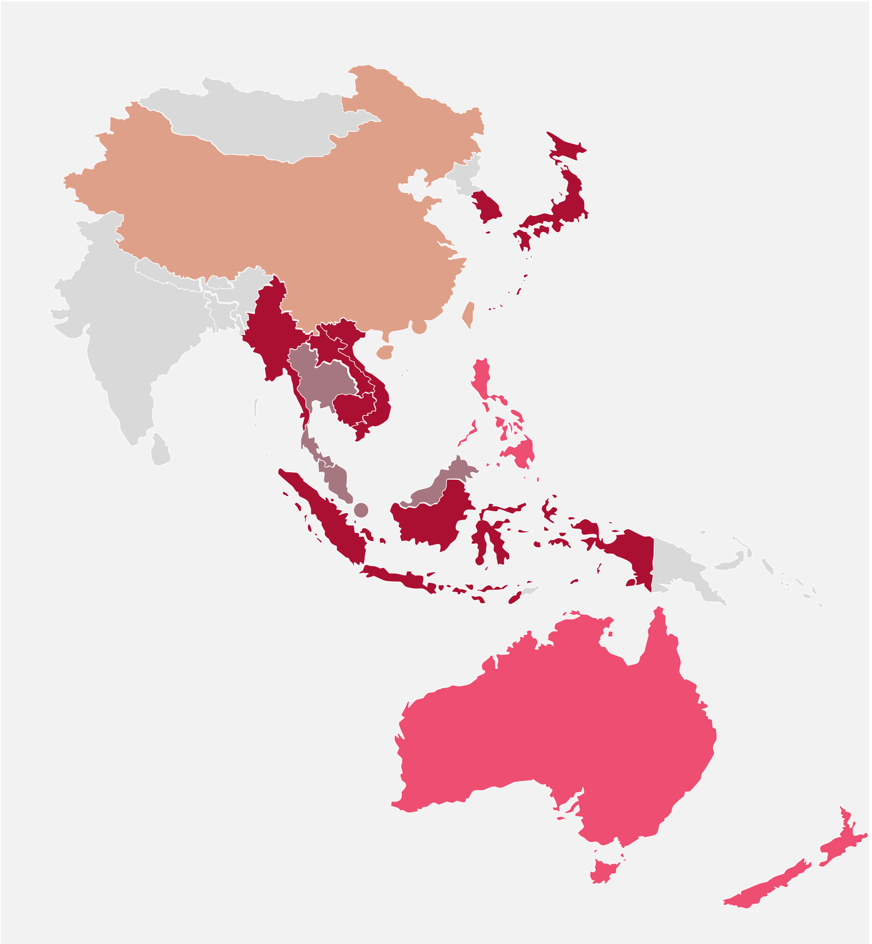
Market strategy	Business Development	Winning channels
Deliver higher value for clients by pursuing **targeted market strategies**	Build **sustainable** client relationships to **support growth**, **improve profits** and **prepare** for the future	Grow attractive channels like **eCommerce, Food Service** and **New Retail**

… enabled by **data analytics** for internal decision making and as key differentiator

Maturity level	Maturity level	Maturity level
80%	85%	35%

We are on track with our transformation

Deliver higher value for clients by pursuing targeted **market strategies**



Expansion opportunities across most markets with targeted strategies to realize potential

Focus on profitable growth

- Thailand
- Malaysia
- Singapore

Capitalize on high-growth markets

- Cambodia
- Vietnam
- Myanmar
- Laos
- Indonesia

Focus on higher value creation

- Hong Kong
- Taiwan
- China

Focus on organic and M&A-led growth

- Australia
- New Zealand
- Philippines

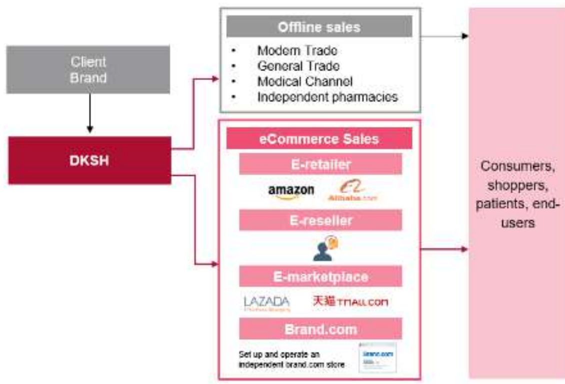
New **Business Development** as a key enabler for future profitable growth …

Objectives	Key initiatives		Status vs. last year
Support growth	Key pillars focus		Net sales up 75% to around CHF 200 million
	Regional clients		
	Asia heros footprint		
Improve financials	Accretive EBIT		Accretive
Prepare for the future	Transformation and sustainable client pipeline	New organization	Implemented
		2021 Business Development approach	Starting September 2020

… generating higher sales at accretive terms

Keeping our proven omni-channel approach while investing in **winning channels** to capture growth

eCommerce	New Retail	Food Service



eCommerce

- **Aligned** omni-channel **marketing** and **pricing** approach
- Representation of **client's brands**
- We work with **relevant e-retailers**
- **Efficient inventory** management

> CHF 150 million eCommerce net sales target in 2020 [1]

New Retail

- Collaborate with **all relevant players** to digitally connect Traditional Trade outlets and **represent** our **client's brands**

Transition Traditional Trade outlets to digital

Food Service

- **Strong footprint** in Malaysia, Singapore and Hong Kong
- **Positioned to expand** to **Thailand** and **Myanmar** (post COVID-19)

Further expansion post COVID-19

[1] Entire DKSH Goup

Luxury and Lifestyle business

	FMCG	Luxury & Lifestyle
Strategy	Capitalize on our **leadership** in **Asia Pacific**	**Niche market strategy**
Business characteristics	Mainly **daily** necessities **Low** price point **High** volumes **Lower** profit margins **Extensive** distribution	Mainly **discretionary** products **Higher** price point **Lower** volumes **Higher** profit margins **Selective** distribution
Business update	**Resilient** during COVID-19 **Transformation** progressing well	**Watch turnaround** delivered 2019 Year-to-date **impacted** by COVID-19 Business slowly **bottoming-out**

Highlights Fast Moving Consumer Goods

Factors leading to **underperformance** in recent years have been **addressed** – **substantially higher H1 2020 results** as proof point

DKSH remains highly relevant for clients and customers

FMCG transformation is gaining traction

Future growth opportunities with transformed business

Capitalize on our leadership in Asia Pacific

Business Unit Technology

DKSH Business Unit Technology

Hanno Elbraechter

Head Business Unit Technology

Joined DKSH: 2014

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

Our Technology business in Asia Pacific

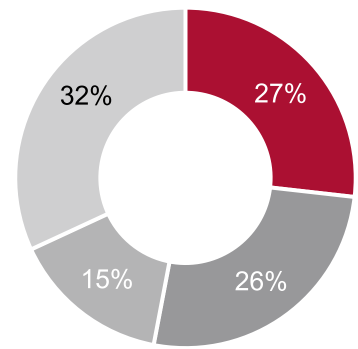
Net sales
CHF 431.9 million [1]

EBIT
CHF 26.8 million [1]

Leading solutions provider of capital investment goods and technical services

18 markets

Net sales split 2019



- Scientific Instrumentation
- Precision Machinery
- Hospitality
- Other Business Lines [2]

1,670 Specialists

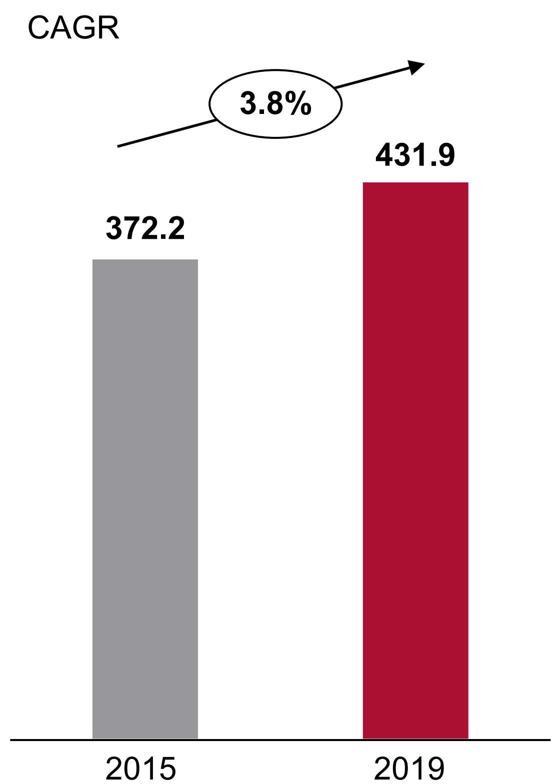
650 Clients/suppliers

25,000 Customers

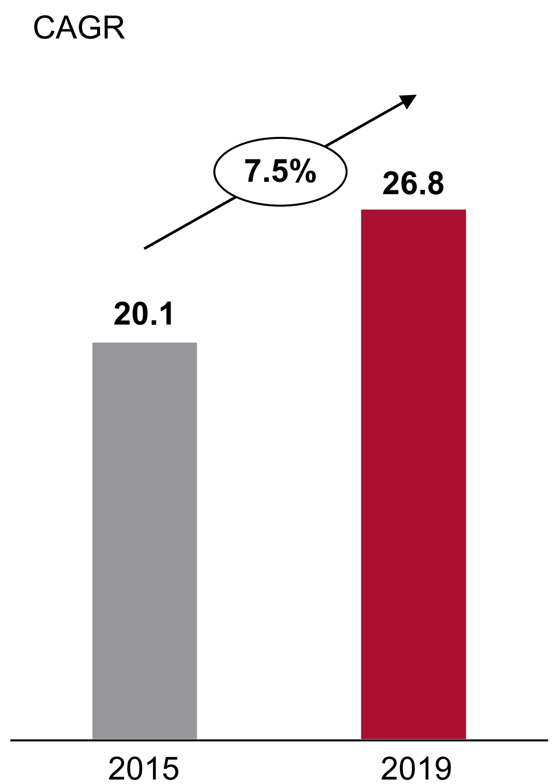
[1] Numbers for 2019
[2] Industrial Materials & Supplies, Infrastructure Equipment, Packaging Printing & Converting, Semiconductor, Photovoltaic & Electronics and Specialized Industrial Applications

Sound financial track record

Net sales in CHF million



EBIT in CHF million



Asset-light model [1]
0.9% capex / net sales

Continuous
EBIT margin increase in
the last five years

[1] Average 2015 to 2019

Strong relations with industry-leading manufacturers…

DKSH

Scientific Instrumentation

- Thermo Scientific
- Bruker
- Binder – Best conditions for your success
- Malvern Panalytical
- Ametek

Precision Machinery

- Weinig
- Studer
- Klingelnberg
- hp
- Schleuniger

Hospitality Equipment

- Rational
- Panasonic
- blendtec
- nuova Simonelli – espresso coffee machines
- Welbilt

Other Business Lines

- Soma engineering
- Koenig & Bauer
- IMA SPA – Sustain Ability
- Vertiv
- Cummins

… spanning a diversified portfolio of 650 clients/suppliers

Serving a portfolio of 25,000 reputable customers…

Scientific Instrumentation

- Academia
- Pharma
- Food & Beverage
- Oil & Gas
- Environmental

Precision Machinery

- Aerospace
- Die & Mold
- Electronics
- Automotive
- Medical

Hospitality Equipment

- Restaurants
- Hotels
- Convenience Stores
- Fast Food Chains
- Cafes

Other Business Lines

- Banking
- Packaging
- Telecommunications
- Semiconductors
- Plastics

… in multiple relevant industries

Case study: Scientific Instrumentation in Vietnam

Vietnamese government adopts DKSH's integrated testing solutions to comply with international regulations and standards

See more at: [DKSH Scientific Instrumentation Vietnam]

Bringing unique value to our business partners

Key benefits:

Extensive Pan-Asian footprint
(Coverage of 18 markets)

Coverage of entire product lifecycle
- > 500 service and application engineers
- 18 demo labs

Systematic market development
- CRM with >125,000 customers [1]
- Integrated marketing platform

High-tech solutions, reputable brands
(e.g. lab equipment, 3D printers, machine tools)

[1] Combined existing and potential customers

We provide extensive technical, industry and service expertise to ensure our business partners' success

Case study HP 3D printers

- Partnership since 2018
- Malaysia, Singapore and Thailand
- DKSH HP Southeast Asia

Service to client

Service to customer

Market growth strategy

Sales and marketing

Distribution and logistics

Integrated solutions design

Installation and commissioning

Training

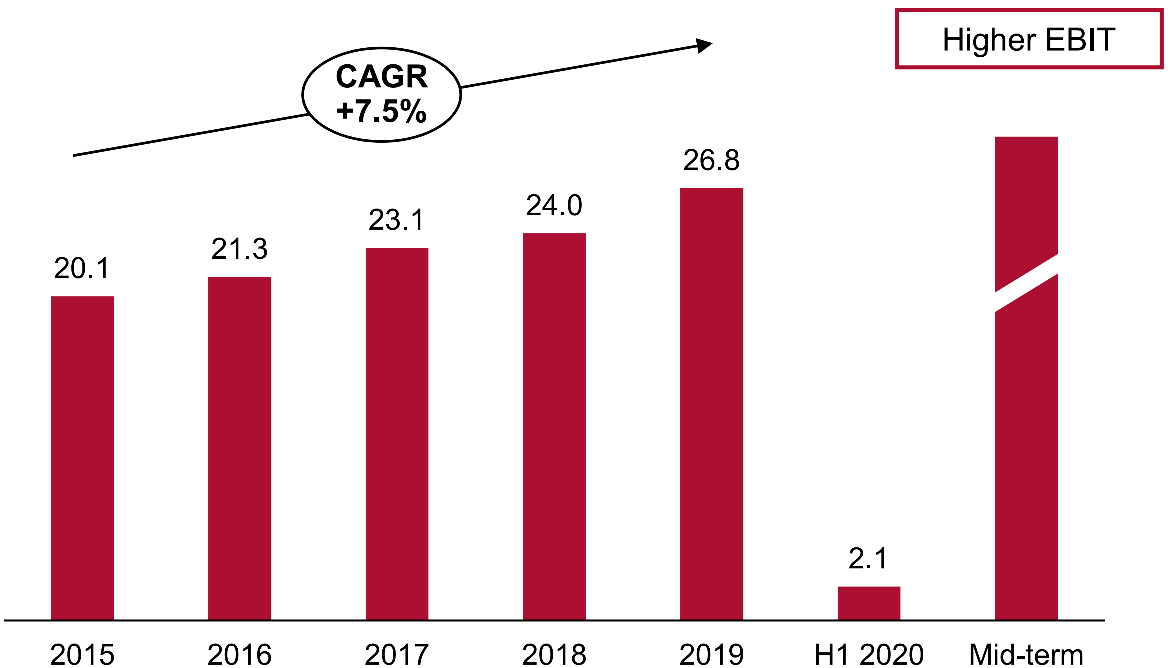
Maintenance and repairs

Spare parts and consumables

Value-added services

Our mid-term ambition is to exceed pre-COVID-19 levels

EBIT development 2015 – H1 2020 (in CHF million)



Build resilience, deliver growth

- Consistent EBIT growth in the last five years (CAGR +7.5%)
- H1 2020 results substantially impacted by COVID-19
- **Cost savings plan** immediately rolled out to recover profitability
- **Strategy** to build more resilient business and to exceed pre-COVID-19 levels mid-term

High single-digit million cost savings plan to recover profitability

Personnel cost	• Headcount reductions in selected businesses • Salary cuts and unpaid leaves • Focus on process optimization
Travel and entertainment	• Reduction of non-essential travel • Cut of entertainment expenses • Shift to virtual meetings and sales
Marketing (go digital)	• Reduce offline marketing activities • Focus on digital marketing and online lead generation (e.g. webinars, websites, search engine advertising, social media)

We have identified 30% more cost savings than initially expected (increase from mid single- to high single-digit million)

Strategic direction

Build resilience, deliver growth to exceed pre-COVID-19 levels in the mid-term

Solidify position as a leading Pan-Asian provider

Scientific Instrumentation

Pan-Asian focus

Streamline and focus on key value generating industries in strategic markets

Industrial Equipment & Solutions [1]

Market focus

Intensify efforts to grow service business

Consumables, technical services and application engineering

Pan-Asian focus

Digital transformation to enhance productivity and drive growth

[1] Existing business lines excluding Scientific Instrumentation

Solidify our position as a leading integrated solutions provider for **Scientific Instrumentation**

Focus on high value generation and resilient industries

Life Sciences [1]
Market size: CHF 3.0 billion
CAGR: >10%

Pharmaceuticals [1]
Market size: CHF 2.6 billion
CAGR: >8%

Food & Beverage [1]
Market size: CHF 3.2 billion
CAGR: >8%

Prioritize and strategize investments according to market potential

Priority 1
China, Indonesia, Korea, Taiwan, Thailand, Vietnam

Priority 2
Australia, Japan, Malaysia, New Zealand, Philippines, Singapore

Priority 3
Cambodia, Laos, Myanmar

Deliver on core products while driving consumables and services

Sell more **core products**

Accelerate **consumables** business

Strengthen **service offerings**

Develop **solutions** *(long term)*

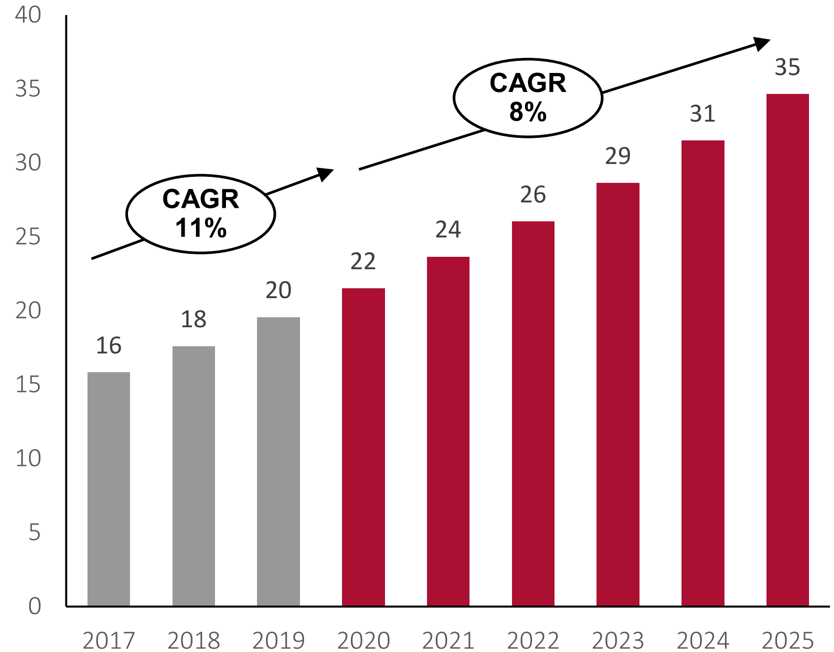
Expand **sub-dealer** channels

Targeted M&A

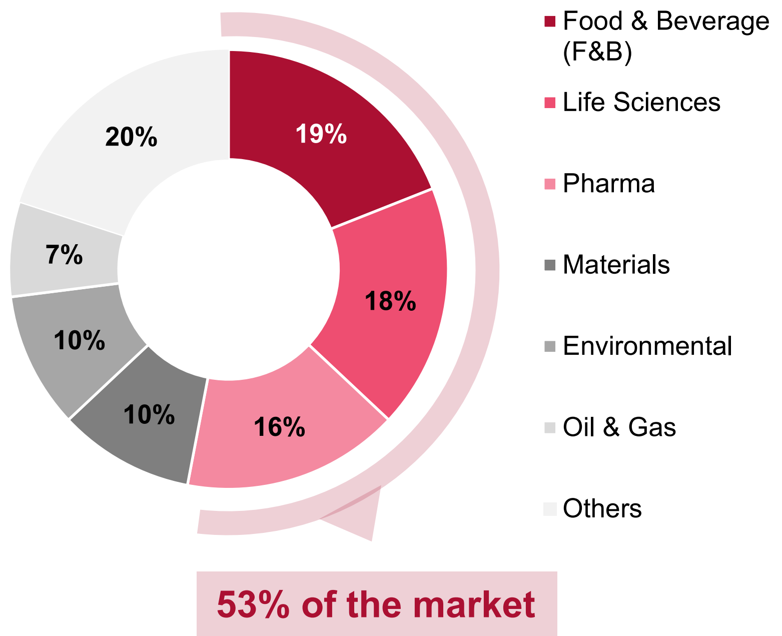
[1] Source: Instrument Business Outlook. Data for Asia Pacific. Market size for 2019 and CAGR from 2019 to 2023

Attractive expansion opportunities in **Scientific Instrumentation** across Asia Pacific

Total market size (USD billion) [1]



Size per industry (in %) [1]



Around 8% market growth expected

DKSH established in attractive segments F&B, Life Sciences and Pharma

[1] Instrument Business Outlook. Materials includes mining, minerals and metals

Streamline and focus on key value-generating industries in strategic markets...

Pan-Asian focus	Scientific Instrumentation	
Regional competences	• Precision Machinery • Packaging, Printing and Converting • Data centers	
Local heroes	Examples of other Business Lines: • Hospitality, Semiconductor • Food processing, Environmental technologies • Industrial materials and supplies, Textile	

Focus and investments

… to support profitability recovery and improvement

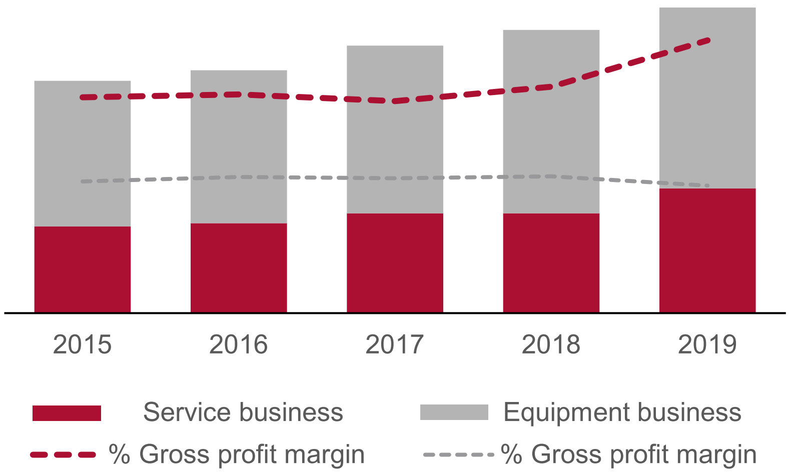
Case study: new business development

DKSH's innovative data center solution helps Indonesian bank BNI Syariah to increase efficiency by up to 27%

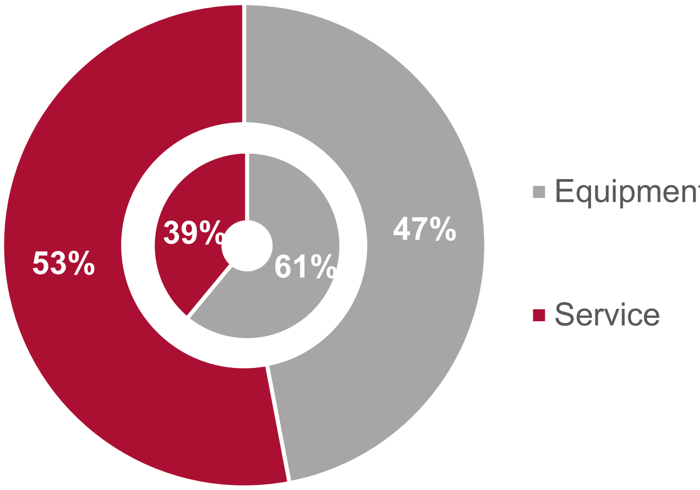
See more at: DKSH Data Center Indonesia

Capitalize on future growth opportunities by growing our **higher margin service business**

Business split and profitability
(DKSH data, in CHF million) [1]



Business share – Scientific Instrumentation
(inner ring DKSH data 2019, outer ring market data) [2]



Key benefits for DKSH

Further growth opportunities	**Attractive margin profile**	**More recurring / resilient business**	**Increase client retention**

[1] Split by gross profit. Service business includes consumables, technical services and application engineering
[2] Instrument Business Outlook (2019 data)

Digital transformation to enhance customer experience and to drive productivity

A growing digital ecosystem…	…and powerful digital marketing…	…to increase revenues and lower cost to serve
salesforce • 360° Reporting • Data analytics • Configure, Price, Quote (CPQ)	**> 710 emailing campaigns** **> 120 online ad campaigns** **> 10 social media brand and business line pages** **> 85 webinars – live and on demand**	**Drive data-driven sales**
SAP Customer Experience • Product Information Management (PIM) • eCommerce platform	Lead generation **6,790** ⬆	**Digitize and automate transactions**
• Enhance service management tool • End-to-end visibility for customers	Conversion rate % **25%** Lead to Opportunity	**Provide online sales channels** **Increase digital touchpoints**

Highlights Business Unit Technology

Proven track record with **7.5% EBIT CAGR** in the last five years

Recovering profitability with **high single-digit million** cost savings program

Strategic plan in place:

- Solidify leading position in Scientific Instrumentation
- Focus on key industries in strategic markets
- Grow higher margin service business

Digital transformation to enhance productivity and drive growth

Build resilience, deliver growth to exceed pre-COVID-19 levels in the mid-term

Business Unit Performance Materials

DKSH Business Unit Performance Materials

Thomas Sul
Co-Head Business Unit
Performance Materials

Joined DKSH:
1996 (24 years)

Dr. Natale Capri
Co-Head Business Unit
Performance Materials

Joined DKSH:
1998 (22 years)

Expand leading position in specialty chemicals and ingredients distribution

DKSH Performance Materials at a glance

- **Global Top 3** pure-play provider of **specialty chemicals and ingredients** distribution
- Focused on highest growth markets and segments: **Asia** and **Life Sciences**
- **Long-standing** and well-diversified **partnerships** with clients and customers
- Comprehensive and differentiated **value-added service** offering
- **Organic** and **M&A**-led **growth** track record with further value creation potential
- **Resilient**, asset-light and cash-generative **business model**

Facts and figures

1,900
Clients/ suppliers

80
Regulatory specialists

1,100
Staff

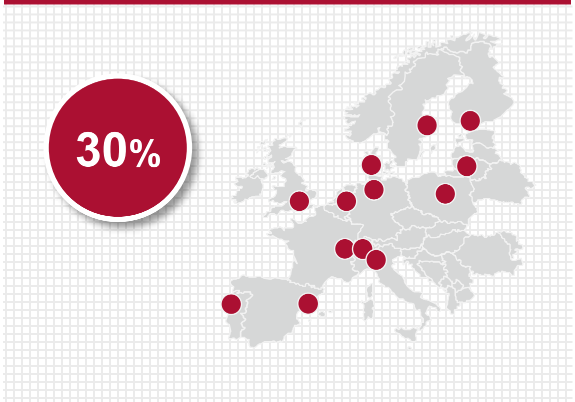
46
Innovation centers

20,000
Customers

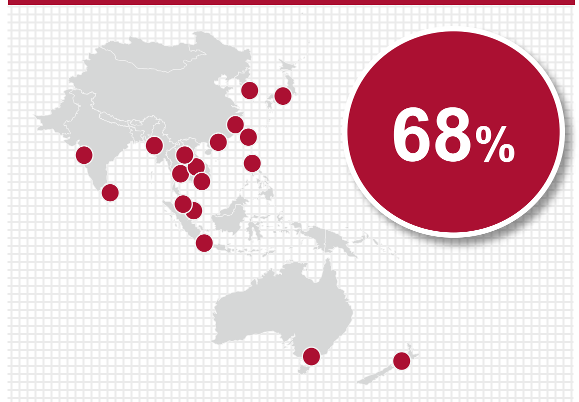
We focus on most attractive **regions** and **Business Lines**

Regions

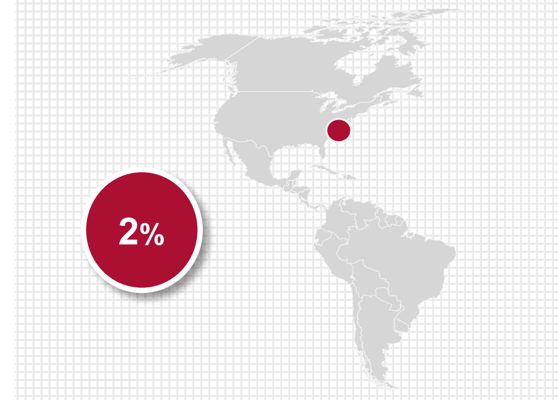
Europe (13 markets)



Asia (18 markets)

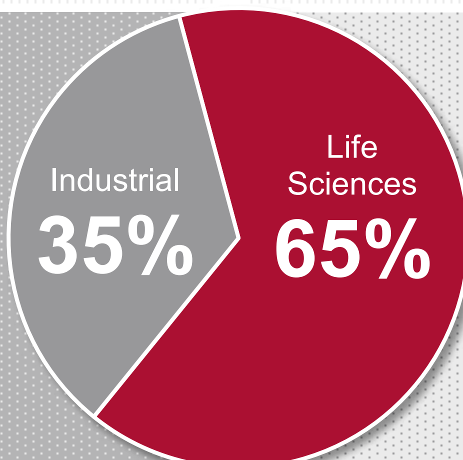


Americas (1 market)



Business Lines

Specialty Chemicals



Food & Beverage

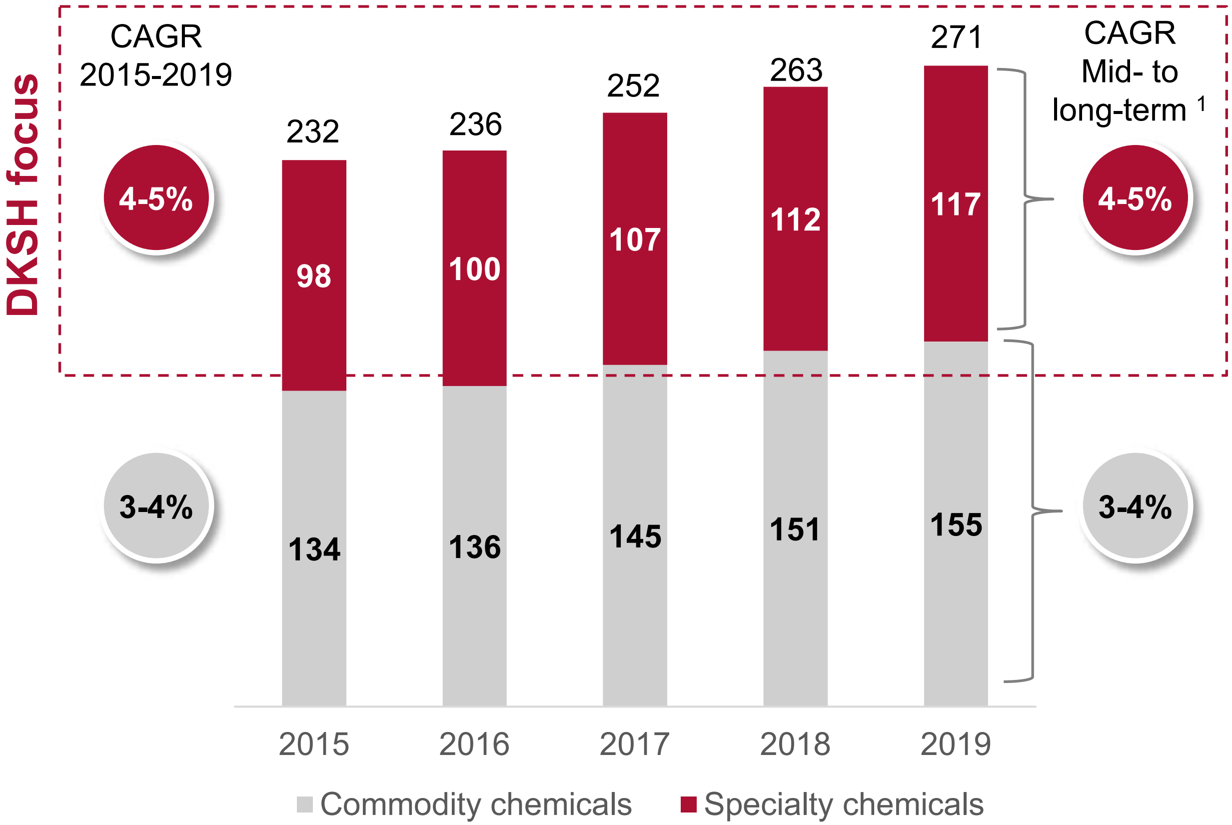
Personal Care

Pharma

Note: Bubble sizes represent 2019 net sales split

Positive outlook for specialty chemicals distribution

Market size for third-party chemicals distribution [1]

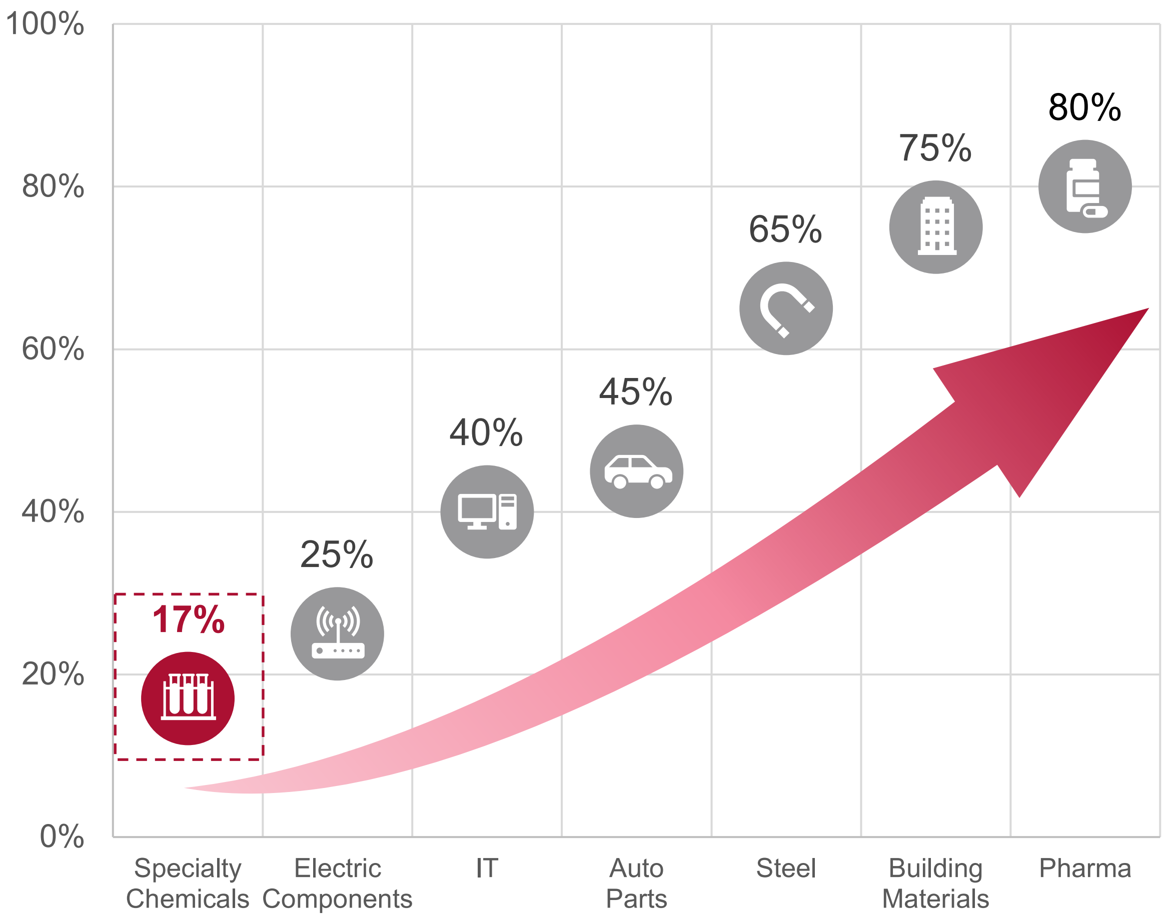


Key highlights

- Sound fundamentals for specialty chemicals distribution
- Life sciences industry is non-cyclical with consistent growth in demand
- **Mid- to long-term 4-5% market growth p.a. for specialty chemicals distribution [1]**

[1] Boston Consulting Group, July 2020

Further outsourcing potential in specialty chemicals



Note: Percentages represent share of sales via distributors
Boston Consulting Group, June 2018

Outsourcing of specialty chemicals distribution expected to increase

- Worldwide industry consolidation
- More complex and fragmented customer landscape
- Increased regulatory requirements
- Customers require product development and formulation support
- Clients focus on their core competences of production and management of key accounts, while teaming-up with reliable global partners for distribution and technical assistance

DKSH has a leading position in the fragmented specialty chemicals and ingredients market

Pure specialty distributors	Global	APAC	Europe	Other relevant distributors
# 1	IMCD	DKSH	IMCD	Jebsen & Jessen
# 2	azelis	CONNELL	azelis	CALDIC, SAFIC ALCAN
# 3	DKSH	IMCD	Barentz. Always a better solution.	REDOX
DKSH position	3	1	Top 10	

Source: ICIS report 2019 and DKSH management estimates
Specialty chemicals focus defined as per BCG report (April 2014). Other relevant distributors not orderd by rank

Long-standing and well-diversified client relationships

DKSH

Food & Beverage

DSM
beneo
connecting nutrition and health
Cargill
TATE & LYLE

Personal Care

Givaudan
Stepan
ShinEtsu
CLARIANT

Pharmaceutical

Ashland
always solving
schülke
WACKER
Nisso

Specialty Chemicals

Dow
EVONIK
INDUSTRIES
ELEMENTIS
SPECIALTIES
TOYOBO

A **wide range** of specialty chemicals and ingredients is sold through **deep technical know-how** and **formulation expertise**

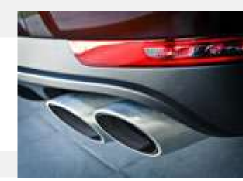
We source and supply… | *...for the formulation of:*

Extracts for **Nutraceuticals** → **Health drinks**

Pigments for **Cosmetics** → **Foundation**

Intermediates for **Pharmaceutical formulations** → **Tablets**

Additives for **Coatings** → **Car coatings**



Performance Materials: Strategic Direction

Positioning

Markets	Be **No.1** in **Asia**	Be **Top 10** in **Europe**	Increase **geographic footprint**		
Industries	**Specialty Chemicals**	**Pharma**	**Food & Beverage**	**Personal Care**	
Business models	Focus on **distribution**	**Expand** project business	**Close portfolio gaps**	Strengthen **service offerings**	**Go digital**
Operating Model	**Manage business** by country		**Business Lines**	**Global clients**	
Operating Model	**Regulatory services**	**Formulation services**	**Sourcing services**		
Resources	**Promote talents from within**	**Technical expertise**	**Pursue acquisitions**		

Beyond distribution, we provide value-added services: Innovation & Formulation




46

Innovation centers worldwide

80

Employees in innovation and formulation

- Product innovation
- Formulation support
- Technical consulting

We **doubled** our global network of innovation centers to 46 over the last 10 years

Key competences:

✓ Localization of formulations

✓ Portfolio selling concepts

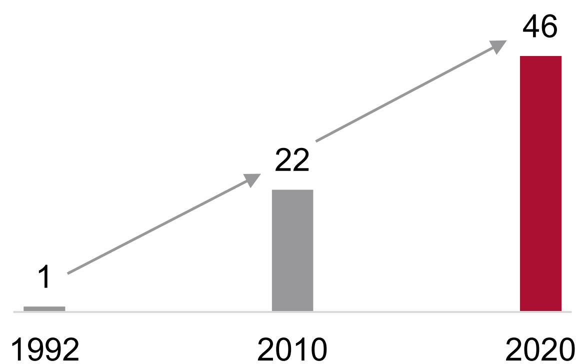
✓ Technical trainings

✓ Benchmarking

Specialty Chemicals	Food & Beverage	Pharmaceutical	Personal Care
			
12	16	3	15

Strategic investments in innovation capabilities over the years

Number of innovation centers



Our **food blending facility** in the Philippines

Savory Lab

Sweet Lab

Bakery Lab

Packaging Lab

Key benefits:

Tailor-fit solutions for leading fast-food players

Formulation expertise
(data base of ~6.000 proprietary formulations)

Blending capabilities
(expanded from ~34.000 to 50.000 tons)

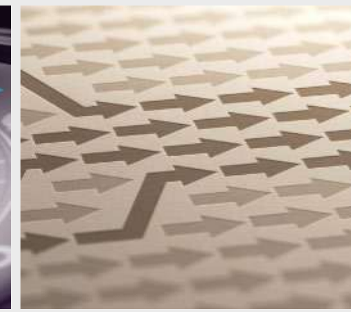
Certifications for all local food regulations

Increasing regulatory complexity: examples of some of the **food regulations** in **South East Asia**…

Beyond distribution, we provide value-added services: Regulatory

Regulatory compliance	H&S and Environment	Quality assurance	Quality control	Quality management





14
Local / regional regulatory teams

80
Regulatory experts (8% of headcount)

- Regulatory consulting
- Supplier certification
- Product registration

Beyond distribution, we provide value-added services: **Sourcing**

17

Sourcing offices worldwide

60

Sourcing employees worldwide

- Technology scouting
- Supplier audit/identification
- Locating new supply sources

Beyond distribution, we provide value-added services: **Digital@PM**




Driving digital transformation
in specialty chemicals and ingredients distribution

Multicultural team of **digital specialists** across **Asia** and **Europe**

- Key client reporting
- Sales Force Effectiveness
- Digitization

The full-integrated **Digital Ecosystem** provides state-of-the-art digital services

Business opportunities

- Project development
- Digital advertising
- Marketplaces
- Email marketing

16,000 customer projects

~ 10,000 digital leads in 2020

salesforce

Actual business

SAP

20,000 customers
1,900 clients

SAP Lumira

SAP Hybris

MINTEL

EUROMONITOR INTERNATIONAL

Market information

Management and output

Numbers per year

Supplier pitches	**~ 400**
Client reports	**~ 6,700**
Auto business reporting	**~ 1,800**
Business dashboard	**~ 500** reviews
Digital product catalog	**~ 30,000** SKUs

M&A track record with further value creation potential

2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020

S&N
Switzerland
Staerkle & Nagler AG

A. JENNOW
Northern Europe

Axieo
Australia/New Zealand
axieo

VOLTAS
India
VOLTAS
A TATA Enterprise

ZEUS
Spain/Portugal

DOLS
BeNeLux

DKSH has successfully integrated several acquisitions in the past twelve years:

- More than **CHF 240 million** of net sales [1]
- Vast majority of acquired **clients grew with us**
- In all cases we **expanded the teams** in the years following the acquisition

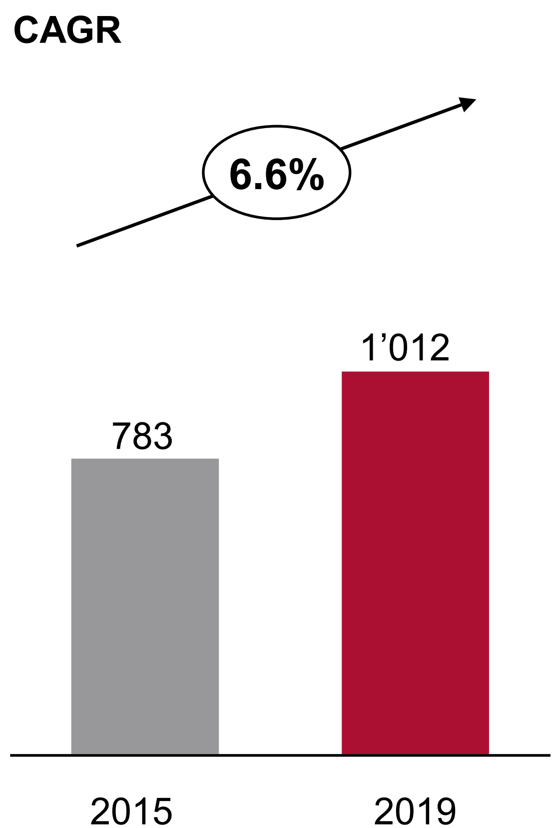
Future M&A-led growth as focus point:

- Well-positioned to **continue driving consolidation** of the fragmented specialty chemicals and ingredients distribution market
- **Robust pipeline** of value-accretive M&A opportunities

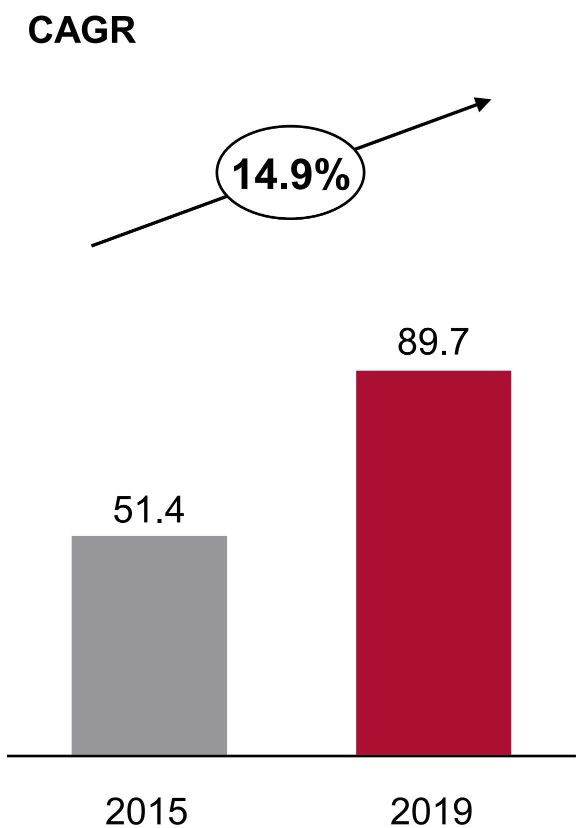
[1] Numbers including Axieo acquisition in 2020

Proven growth track record and scalable business model

Net sales in CHF million



EBIT in CHF million



Asset-light model [1]
0.2% capex / net sales

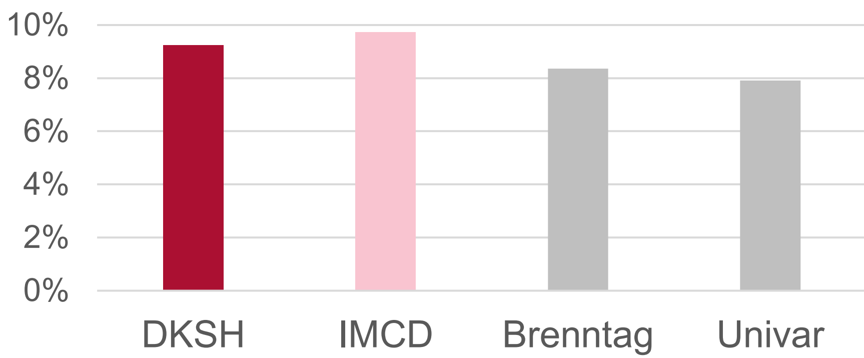
Uninterrupted sales growth in **last 10 years**

Increasing EBIT margins

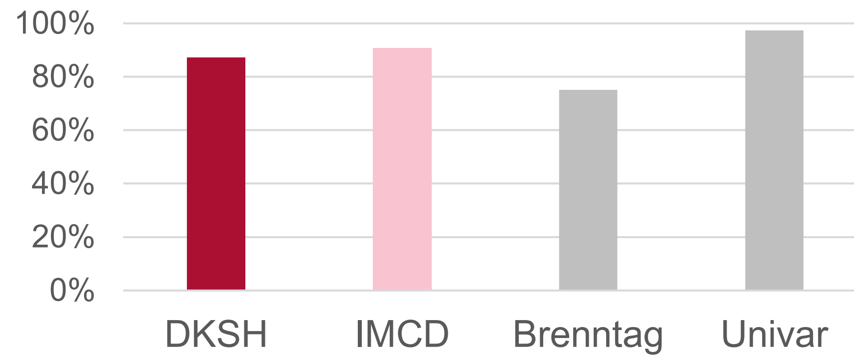
[1] Average 2015 to 2019

DKSH ranks high among listed leading chemical distributors

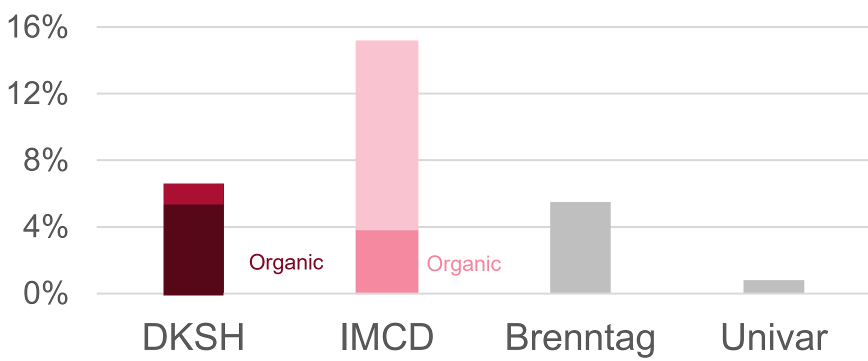
EBITDA margin 2019 (%)



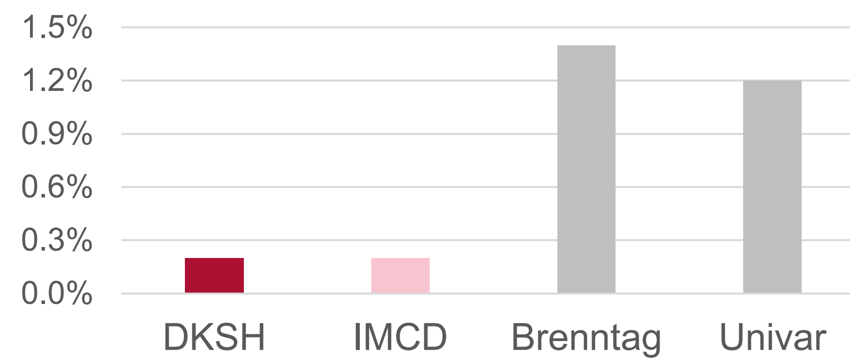
Cash conversion 2015 - 2019 [1] (%)



Sales CAGR 2015 - 2019 (%)



Capex / sales 2015 - 2019 (%)



Source: Latest available company information. EBITDA margin excluding holding/other non-allocated costs for IMCD, Brenntag and Univar
[1] Cash conversion = Free Cash Flow divided by EBITDA

Highlights Business Unit Performance Materials

Leading pure-play specialty chemicals and ingredients distributor

Resilient and **cash-generative** business model (**14.9% EBIT CAGR** 2015-2019)

High share of **life sciences (65%)** and strong **Asian** footprint **(68%)** [1]

Focus on further expansion of **value-added services**

Establish, nurture and retain **global team of industry talents**

Track record of **organic** and **M&A-led growth**

Clear ambition of expanding our leading position in specialty chemicals and ingredients distribution

[1] Percentage of net sales in 2019

Finance update

DKSH Financial Update

Bernhard Schmitt
CFO

Joined DKSH:
2004 (CFO since 2011)

Setting the stage for future growth with a resilient, asset-light and cash-generative business model

CFO key messages

DKSH has ...

… a **resilient, asset-light, cash-generative** and **scalable** business model that is …

+

… a proven set of **established KPIs** …

... enabling us to ...

… **master COVID-19** challenges

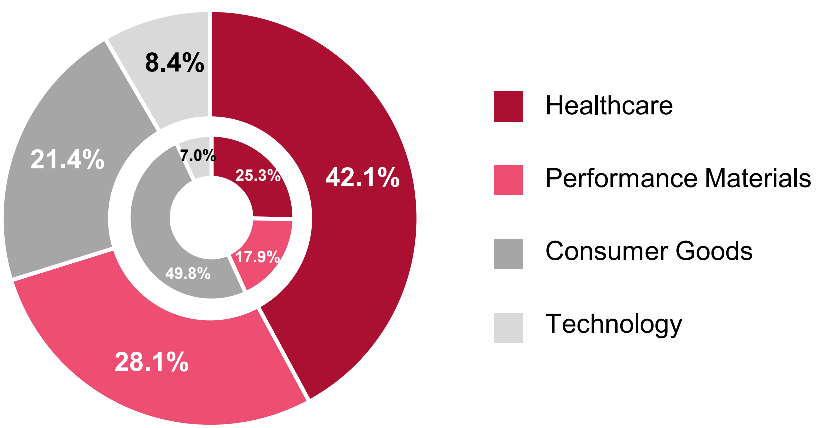
… pursue our **M&A** strategy

… follow a **progressive dividend policy**

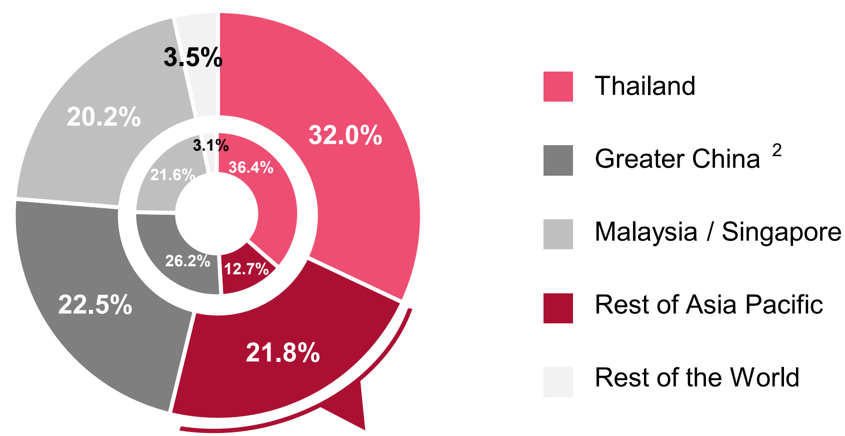
… be positioned for **future growth**

DKSH is resilient across Business Units and markets

EBIT by Business Unit [1]
FY 2012 (inside) vs. FY 2019 (outside)



Net sales by region
FY 2012 (inside) vs. H1 2020 (outside)



LVCM ~ 11%[3]
Pacific ~ 3%

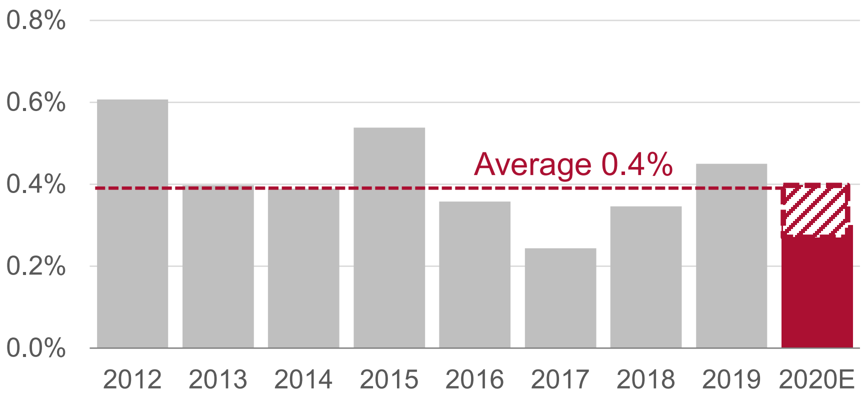
70% of EBIT
Healthcare + Performance Materials

Reduced dependency and
higher exposure in fast growing markets

[1] Excl. segment “Other”
[2] Mainland China 1.6% of net sales
[3] LVCM is Laos, Vietnam, Cambodia and Myanmar. Pacific covers Australia and New Zealand

Low capital intensity and sound cash generation

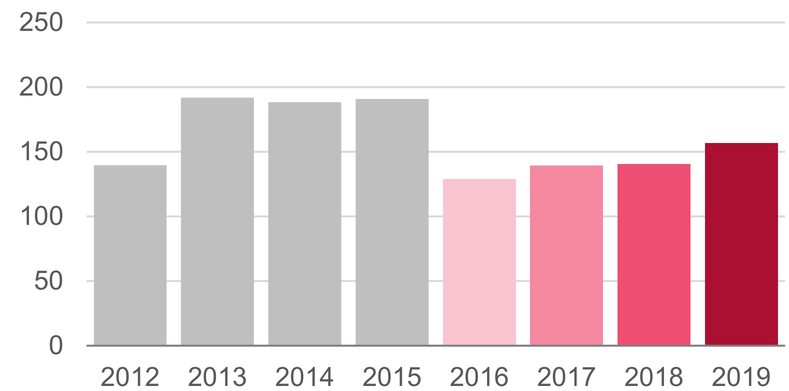
Capex / net sales (in %) [1]



- Distribution centers and offices pre-dominantly leased or rented
- Transport > 95% outsourced

Asset-light model
0.4% capex / net sales

Free Cash Flow (in CHF million) [2]



- Continue best practices
- Increased inventory focus

Focus on stronger cash generation

[1] Capex defined as "Purchase of property, plant, equipment" and "Purchase of intangible assets"
[2] Free Cash Flow defined as "Net cash flow from operating activities" minus "Repayment of leases" minus Capex

Continued strong balance sheet with substantial leverage headroom

in CHF million	H1 2020
Cash/Liquid assets	506.6
Trade receivables	1,982.5
Inventories	1,295.2
Intangibles	301.5
Right-of-use assets	203.9
Other assets	753.0
Trade payables	2,250.1
Borrowings	310.8
Lease liabilities	204.0
Other liabilities	549.2
Total equity	1,728.6
Total equity and liabilities	**5,042.7**

Despite COVID-19 challenges, our balance sheet remains strong …

- High equity ratio of 34.3%
- Low goodwill to equity ratio of 14.1%
- Net cash position of CHF 195.8 million

… enabling us to

… grow organically

… pursue M&A with a leverage headroom of up to CHF 1 billion (max. 2x net debt / EBITDA)

We keep our proven KPIs and increase our focus on capital returns (RONOC)

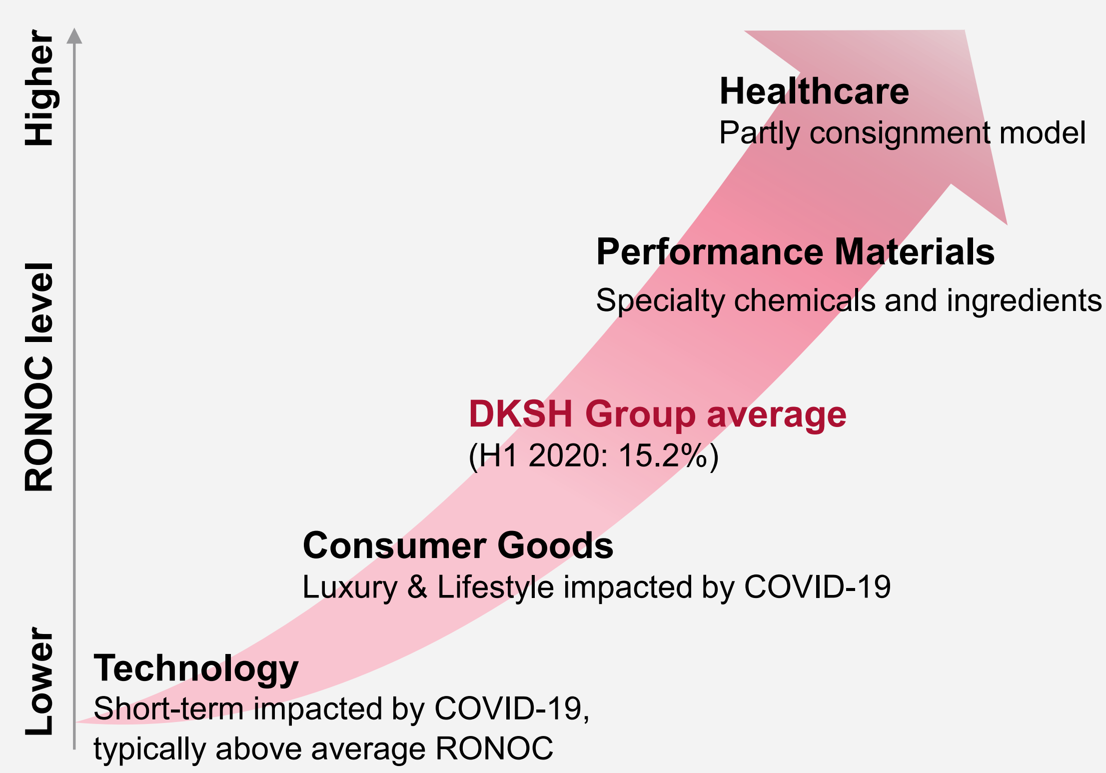
Key KPIs

EBIT or Profit after tax

RONOC

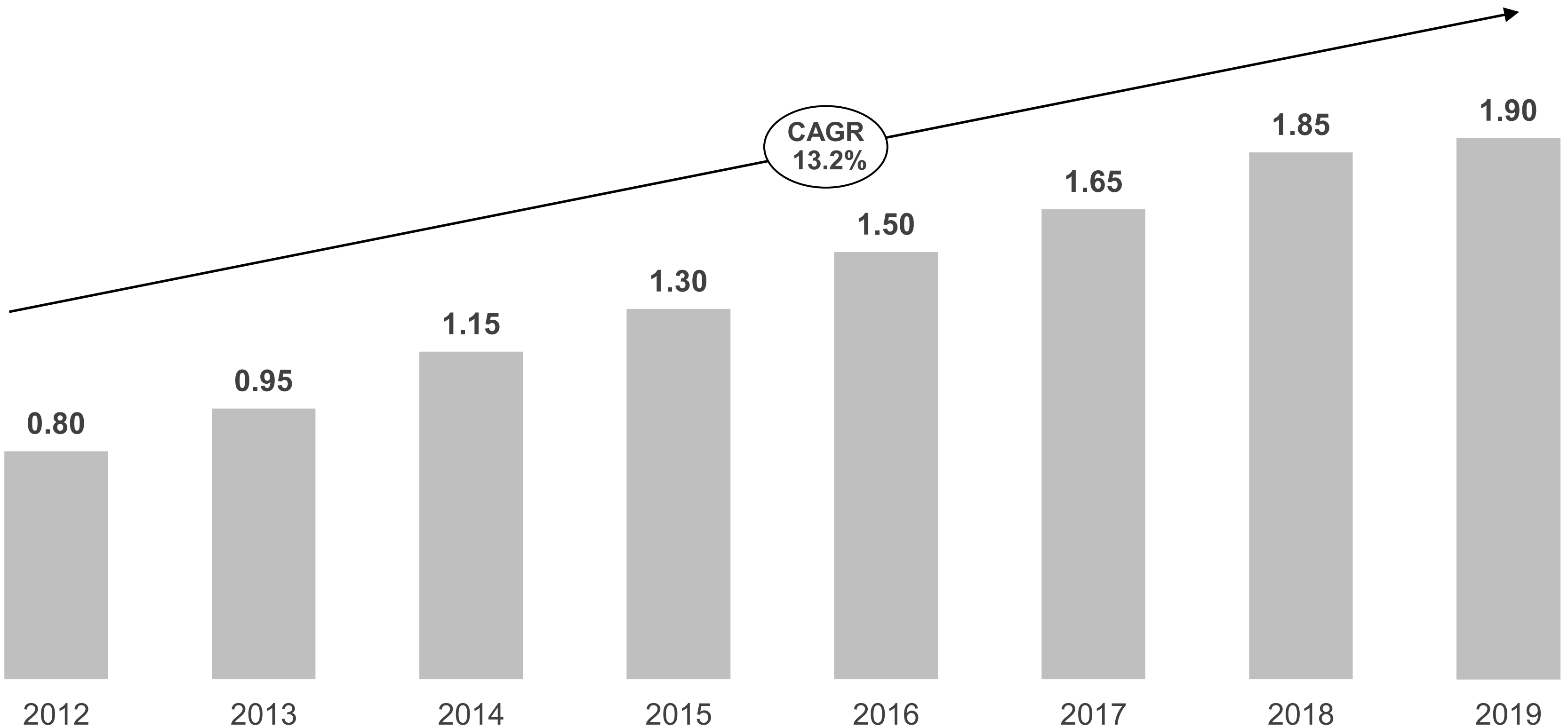
Individual operational objectives

DKSH RONOC profile per Business Unit



Our progressive dividend policy

Development of ordinary dividend (in CHF per share)



We provide additional financial disclosure

Sales per relevant **markets/regions**

Sales split per **Business Line**

RONOC indication per Business Unit

Capex / sales per Business Unit

Market data per Business Unit

Other Business Unit specific data
e.g. split per business model

Business Update – first eight months in 2020

	Market demand ... still tracking below pre-COVID-19 levels	DKSH ... with higher focus on client wins and efficiency
Healthcare	• Continued low patient flow • Medical tourism subdued	• Business Development
Consumer Goods	• FMCG resilient • L&L[1] slowly bottoming-out	• FMCG transformation on track • L&L[1] with strict cost focus
Performance Materials	• Resilient demand for life sciences	• Continued solid performance
Technology	• Production facilities still not at 100% utilization	• Cost savings program taking effect
DKSH Group	**DKSH with continued solid performance**	

[1] Luxury and Lifestyle

Additional financial indications

	2020	Mid- to long-term	Comments
M&A (net sales contribution)	+2%	Further M&A ambitions	Annualized contributions from closed acquisitions
FX (net sales contribution)	-4% to -5% [1]		Conversion from local currencies to stronger Swiss franc
Tax rate	27% to 30% [2]	27% to 29% [2]	Higher tax rate in H1 2020
Capex	CHF 30 to 40 million	CHF 40 to 50 million	Gradual automation of distribution centers

[1] Assuming current spot rates prevail until the end of 2020
[2] As percentage of profit before tax

Closing remarks

DKSH generates value and is set for future growth

DKSH has successfully navigated through the **COVID-19 challenges** so far while investing for **future growth**

…based on 4 key pillars

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

Renewed **leadership** and specialized teams of **industry experts**

Promising trends in our industries **in Asia** and beyond

Compelling strategy with focus on digital and value-added services incorporating sustainability

Progressive ordinary dividend policy + **Organic and M&A-led growth**

DKSH Capital Markets Day 2020

Delivering growth – in Asia and beyond.

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