

Build international presence

The Distribution & Logistics segment, which primarily serves customers from the industrial manufacturing and construction industries in Switzerland, grew substantially and achieved strong results in the financial year just ended. Going forward, the inclusion of Hoffmann lends the segment an internationally strong position in the attractive area of quality tools.

Good initial situation from first half of year exploited

After realizing year-on-year sales growth of 8.1% in the first half of 2021, stable market demand in all areas and good overall material availability enabled the segment to maintain this high level of growth in the second half of the year. This resulted in sales of CHF 343.0 million in the D&L segment during the period under review, up +8.2% over the previous year. Foreign currency effects had an impact of +0.2%. Existing relationships with large customers could be expanded. Additionally, new customer acquisitions helped to underpin the broad based growth.

Broad focus on customer needs

The segment remains committed to creating added value for customers by focusing on their needs. Innovative solutions, thanks to ongoing digitalization of both customers processes (electronic procurement and logistics solutions in their respective warehouses, for example) and SFS's internal business processes (new generation ERP system S/4HANA at the warehouses, for example) enable the segment to offer customers more efficient solutions by means of higher integrated processes. To consistently align the organization to customer needs, the segment continued to deploy considerable resources in the financial year under review, for example to further exploit the opportunities opened up by digitalization. Organizational changes are currently being made to the existing teams with the goal of meeting the specific needs of customers in the industrial manufacturing and construction industries even better by providing more targeted, customized solutions from one source.

Profitability continues upward trend

The encouraging profitability trend over the previous reporting periods was sustained in the financial year just ended. Strong sales growth and prudent management enabled the segment to generate an operating profit (EBIT) of CHF 32.6 million, which corresponds to an EBIT margin of 9.4%.

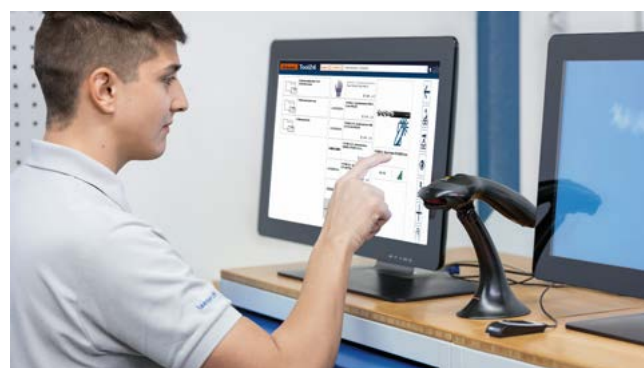
Key figures Distribution & Logistics

In CHF million

	2021	+/- PY	2020	2019
Third party sales	343.0	8.2%	316.9	326.0
Sales growth comparable		8.0%		
Net sales	347.9	8.2%	321.6	330.9
EBITDA	37.7	10.6%	34.1	46.5
As a % of net sales	10.8		10.6	14.1
Operating profit (EBIT)	32.6	13.6%	28.7	40.5
As a % of net sales	9.4		8.9	12.3
Operating profit (EBIT) adjusted ¹	32.6	13.6%	28.7	26.2
As a % of net sales	9.4		8.9	7.9
Average capital employed	130.4	2.8%	126.9	132.8
Investments	4.1	0.0%	4.1	2.3
Employees (FTE)	606	1.3%	598	622
ROCE (%) ²	25.0		22.6	19.7

¹ 2019 adjusted for book gains on the disposal of non-core assets CHF 14.3 million

² EBIT adjusted in % of average capital employed



Intuitive goods issuing system
GARANT TOOL24.

Compared to the previous year period, profitability rose by 50 percentage points on a like-for-like basis.

Internationalization of the D&L segment through inclusion of Hoffmann

The inclusion of Hoffmann lends the D&L segment an internationally strong position in the attractive area of quality tools. Hoffmann is a leading international systems partner for quality tools that is well-known on European markets and serves more than 100,000 customers with a product range comprising around 500,000 items. Customers appreciate not only the company’s comprehensive range of products but also its high level of product and logistics expertise, which will be strengthened even further through the commissioning of the new LogisticCity in Nuremberg (Germany), Europe’s most high-performance logistics center for quality tools.

The extensive cross-selling potential opened up through the combination of the two companies gives rise to attractive growth prospects for the D&L segment. In the medium term, Hoffmann’s customers will gain access to the segment’s existing expertise in the areas of mechanical fastening systems and electronic procurement solutions. Furthermore, Swiss customers will have access to the same range of products and the same high level of service and logistics expertise that they have grown accustomed to, but at the international level, as well.

Outlook 2022 (excluding Hoffmann)

The D&L segment expects conditions on the Swiss market to remain stable overall, resulting in a positive development. Once the closing conditions of the transaction with Hoffmann have been met, which is currently expected toward the end of the first half of 2022, Hoffman will become part of the SFS organization as division within the D&L segment. The outlook will be updated after closing of the transaction.

Growth initiatives D&L segment with inclusion of Hoffmann

- Further penetration of existing Hoffmann key accounts and high potential customers with complementary portfolio of mechanical fastening systems and electronic procurement solutions
- Supply of existing D&L Switzerland key accounts with quality tools, also outside Switzerland
- Continuous market launch of new products and innovative supply chain solutions
- Expansion of multifaceted eCommerce solutions and further development of digital service products for connected manufacturing
- Targeted regional expansion in European markets outside DE/AT/CH, USA and China

Organizational embedding of Hoffmann in the SFS Group
New Division «D&L International»

