

Segment report – Distribution & Logistics

Stable development

Stable demand in the construction sector and multi-channel activities helped to mitigate the effects of the COVID-19 pandemic in the Distribution & Logistics segment. Profitability was increased amid a difficult environment.

Segment supported by good demand in the construction industry

The Distribution & Logistics (D&L) segment does business primarily with construction and industrial manufacturing customers in Switzerland. With its comprehensive portfolio of hardware tools, fasteners, building materials and architectural hardware, the segment was also affected by the COVID-19 pandemic. However, its well-balanced positioning in terms of products and sales channels helped to lessen the impact of the pandemic on its business operations. Strong demand, particularly in the areas of building materials and personal protective equipment, compensated for the weaker development with industrial manufacturing customers.

The segment generated sales of CHF 316.9 million in the period under review, which represents a slight decrease of –2.8% compared with the prior year. Currency translation accounted for –0.6% of the decline in sales.

Diversified sales channels confirmed to be a strategic success factor

The segment's multi-channel sales approach has become an important strategic pillar. Sales with speciality retailers, which are supplied by Allchemet, showed positive growth year-on-year. During the lockdown, sales through the e-shop proved to be an important alternative to the segment's other sales channels. Conversely, the operations of the 29 hardware stores were partially restricted due to the COVID-19 measures and the direct sales force was temporarily unable to make any, or only very few, customer visits. The importance of a broad market coverage through a multi-channel sales approach was clearly confirmed during the year under review.

Developing and deepening partnerships with key customers will remain vital in order to continue with sustainable growth. The segment is therefore aiming for selective growth outside Switzerland by supplying C-parts to internationally active, established D&L customers for example in countries where

Key figures Distribution & Logistics in CHF million

	2020	+/- PY	2019	2018
Third party sales	316.9	–2.8%	326.0	334.5
Sales growth comparable		–2.2%		
Net sales	321.6	–2.8%	330.9	339.7
EBITDA	34.1	–26.6%	46.5	31.7
As a % of net sales	10.6		14.1	9.3
Operating profit (EBIT)	28.7	–29.3%	40.5	25.8
As a % of net sales	8.9		12.3	7.6
Operating profit (EBIT) adjusted ¹	28.7	9.4%	26.2	25.8
As a % of net sales	8.9		7.9	7.6
Average capital employed	126.9	–4.4%	132.8	142.2
Investments	4.1	73.7%	2.3	6.2
Employees (FTE)	598	–3.9%	622	621
ROCE (%) ²	22.6		19.7	18.1

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



The solid development of the segment was supported by the good demand in the areas of building materials and personal protective equipment.

SFS already has an established presence. Together with its logistics solutions, the segment creates significant added value for its customers through harmonization of ordering processes, inventory management and a standardized C-part portfolio offering.

Profitability increased

Overall stable demand, swift action taken to temporarily adjust capacity, good results from the e-shop and strict cost management led to a positive effect on profitability. EBIT for the period under review showed a pleasing increase of 9.4% compared with the previous year, to CHF 28.7 million.

Outlook 2021

The Distribution & Logistics segment expects demand after a subdued development in the first half of the year to continuously improve during the course of the year.



Although the D&L segment focuses mainly on Switzerland, international customers have been showing an interest in the company's innovative logistics solutions and are increasingly implementing them at their global production sites, due to their scalability.