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Media Release

ALSO: Net sales increased. Currency effects and optimization expenses influenced half-year results.

ALSO achieved a Group net profit of 27.0 million euros in the first half of 2018 (previous-year period 36.9 million euros), and a profit before taxes (EBT) of 40.5 million euros (previous-year period 51.4 million euros). These results were influenced by currency effects amounting to -3.7 million euros. In the previous-year period (first-half 2017), currency effects had been at +3.2 million euros. Additionally, non-recurring expenses related to structural optimizations amounted to 5.3 million euros. Adjusted for these effects, EBT amounted to 49.5 million euros (previous-year period 48.2 million euros). Net sales increased from 4 130 to 4 181 million euros (+1.2 percent) with stable market shares.

“In recent years, we have created the basis for optimizing our structure through a large number of measures. Our investments in a harmonized ERP system (SAP), customer relationship management software, and a business intelligence platform have enabled the transformation team to implement efficiency measures faster than expected. We estimate that with a one-off investment of 12-15 million euros, savings of 25-30 million euros with effect for the full year will be achieved from the second half of 2019. We expect first positive effects already in the next six months,” explained Gustavo Möller-Hergt, CEO of ALSO Holding AG (SIX: ALSN). “We have taken a major step forward in our digital transformation while at the same time sharpening our customer focus. We will continue to vigorously improve our efficiency and effectiveness as well as utilize additional potential,” Möller-Hergt added.

Structure optimizations

Following the successful harmonization of IT systems, administrative functions such as product management and order entry will be optimized and tailored to customer requirements. In parallel, national sales organizations will be strengthened and competences will be expanded for new product categories such as 3D printing, Security and Internet of Things (IoT) as well as the Consumptional Business in competence centers. With these measures, the company is streamlining its processes, strengthening its customer focus and simultaneously reducing costs.

Central Europe market segment

In the Central Europe market segment (Germany, France, Austria, and Switzerland), net sales decreased by -2.2 percent to 2 494 million euros compared to the previous-year period. The company had deliberately refrained from orders whose profitability was questionable, especially in Germany. The EBT margin was 1.3 percent (previous-year period 1.3 percent), including restructuring costs. The improvement in net sales and profits in Switzerland partially compensated for the restructuring effects.

Northern/Eastern Europe market segment

Net sales in the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland, Sweden and Slovenia) increased by 4.0 percent to 1 866 million euros compared to the same period last year. The EBT margin declined to 0.4 percent compared to 1.0 percent in the previous year. In addition to the restructuring effects, currency changes negatively impacted the segment.

Solutions and as-a-Service continue to grow

The direct takeover of a larger customer's business by a manufacturer slowed net sales growth in the Solutions business in the first half of 2018. This was primarily compensated by an expansion of the customer portfolio. The as-a-Service business grew by about 10 percent in comparison to the previous-year period. The strongest growth in this segment was in IT-as-a-Service (the “Consumptional Business”), which grew by about 40 percent.

Outlook

For 2018, the company continues to expect a higher increase in net sales than the market growth forecasted by Gartner. On an adjusted basis, Group net profit is again expected to grow faster than net sales. ALSO confirms its medium-term targets: The company is aiming for a net sales volume of 10 to 14 billion euros and an EBITDA margin of 2.1 to 2.6 percent. The share of Solutions is expected to be about 30 percent, while about 10 percent is targeted in the as-a-Service area. These shares will also depend on the weighting of potential acquisitions.

Direct link to the press release: https://also.com/goto/20180726en

Direct link to the Interim Report 2018: https://also.com/goto/20180726enir

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ALSO Holding AG (Emmen/Switzerland) (ALSN.SW) brings providers and buyers of the ICT industry together. The company offers services at all levels of the ICT value chain from a single source. In the European B2B marketplace, ALSO bundles logistics services, financial services, supply services, solution services, digital services, and IT services together into individual service packages. ALSO's portfolio contains more than 250 000 articles from some 525 vendors. The Group has 4 058 employees throughout Europe. In fiscal year 2017 (closing on December 31), the company generated net sales of 8.9 billion euros. The majority shareholder of ALSO Holding AG is the Droege Group, Düsseldorf, Germany. Further information is available at https://www.also.com

Droege Group

Droege Group (founded in 1988) is an independent advisory and investment company under full family ownership. The company acts as a specialist for tailor-made transformation programs aiming to enhance corporate value. Droege Group combines its corporate family-run structure and capital strength into a family-equity business model. The group carries out direct investments with its own equity in corporate spin-offs and medium-sized companies in "special situations". With the guiding principle "execution - following the rules of art", the group is a pioneer in execution-oriented corporate development. Droege Group follows a focused investment strategy based on current megatrends (knowledge, connectivity, prevention, demography, specialization, future work, shopping 4.0). Enthusiasm for quality, innovation and speed determines the company's actions. In recent years Droege Group has successfully positioned itself in domestic and international markets and operates in 30 countries. More information: https://www.droege-group.com

Disclaimer

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