

Media release

2013: a new record year for DKSH in a challenging market environment

- Net sales growth of 8.5% (10.4% at constant exchange rates) again higher than addressable market, resulting in market share gains
- Double-digit profitable growth, with profit after tax rising by 16.6% (20.0% at constant exchange rates) to CHF 214.1 million – excluding extraordinary income from divestment
- Operating profit growth of 2.5% (5.9% at constant exchange rates) to CHF 282.2 million – excluding extraordinary income from divestment
- Additional profit of CHF 27.6 million from the sale of a property in Malaysia belonging to operating assets
- Excellent free cash flow growth of 62.5% (36.4% at constant exchange rates) to CHF 409.4 million
- Increase of the ordinary dividend by CHF 0.15 (18.8%) to CHF 0.95 per share¹
- Additional special dividend of CHF 0.15 per share¹ enabling shareholders to participate in proceeds from sale of property
- For the first time, DKSH publishes a three-year target with further sustainable profitable growth foreseen

Key financial of DKSH (in CHF millions)	2013	2012 ²	Change in % (in CHF)	Change in % (at constant exchange rates ³)
Net sales	9,559.0	8,808.8	8.5%	10.4%
Operating profit (EBIT)	282.2	275.3	2.5%	5.9%
Operating profit incl. gain from sale of property ⁴	309.8	275.3	12.5%	16.7%
Profit after tax	214.1	183.6	16.6%	20.0%
Profit after tax incl. income from divestments ⁵	241.7	208.3	16.0%	20.1%
Free cash flow	409.4	252.0	62.5%	36.4%
Earnings per share (in CHF)	3.57	3.16	13.0%	n.a.
Dividend (in CHF)¹	0.95	0.80	18.8%	n.a.
Special dividend (CHF)¹	0.15	0.15	n.a.	n.a.
Employees at year-end	26,693	25,788	3.5%	n.a.

¹ Proposed by the Board of Directors

² 2012 restated to reflect adoption of IFRS 11 and IAS 19 revised

³ Constant exchange rates: 2013 figures converted at 2012 exchange rates

⁴ Incl. income of CHF 27.6 million from sale of property in Malaysia in 2013

⁵ Incl. income of CHF 27.6 million from sale of property in Malaysia in 2013 and CHF 24.7 million from sale of OLIC contract manufacturing plant in Thailand in 2012

Zurich, Switzerland, March 11, 2014 – DKSH (SIX: DKSH), the leading Market Expansion Services provider with a focus on Asia, achieved another record year in 2013 in a challenging market environment.

Year-on-year the company increased net sales by 8.5% (10.4% at constant exchange rates) to CHF 9,559.0 million. The increase was therefore once again above the projected 7.8% growth rate (Roland Berger Strategy Consultants) of its addressable Market Expansion Services industry. Just 0.6 percentage points of net sales growth resulted from M&A activities, i.e. organic growth was 9.8% at constant exchange rates.

Operating profit (EBIT) rose by 2.5% (5.9% at constant exchange rates) to CHF 282.2 million over the same period. As already stated in the 2013 half-year report, gains from currency hedging, particularly

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from the strong depreciation of the yen, are not booked to EBIT but below the EBIT line. This resulted in a reallocation of EBIT to profit after tax. On the other hand, extraordinary income of CHF 27.6 million from the successful sale of an operating property in Malaysia was booked to EBIT. Overall, EBIT was therefore CHF 309.8 million.

Profit after tax grew by 16.6% (20.0% at constant exchange rates) to CHF 214.1 million. These figures exclude extraordinary income from the sale of the Malaysian property in 2013 and income of a similar order from the sale of the OLIC contract manufacturing plant in Thailand in 2012. Profit after tax for 2013 including income from the sale of the Malaysian property was CHF 241.7 million.

Free cash flow increased by CHF 157.4 million to a record CHF 409.4 million, despite the strong sales growth of over CHF 750 million in 2013.

In view of DKSH's excellent financial performance, the Board of Directors will propose an ordinary dividend of CHF 0.95 (CHF +0.15 or +18.8%) per share at the Annual General Meeting (AGM) in April 2014, in line with its long-term policy of paying out 25% to 35% of profit after tax.

The Board of Directors also proposes that shareholders participate in the form of an extraordinary dividend of CHF 0.15 per share in the income from the sale of the property in Malaysia.

Payment date for these dividends, if approved by the AGM, is set to start as of April 24, 2014 (record date: April 23, 2014, ex-dividend date: April 17, 2014). The dividends will be paid from reserves of capital contributions and thus will continue to be tax-exempt for Swiss-domiciled private shareholders.

Dr. Joerg Wolle, President & CEO of DKSH, commented: "Given the challenging market environment, reporting double-digit profitable growth is a performance we can be proud of. This was achieved on the back of a well-established, robust business model and the rigorous implementation of our business strategy."

DKSH's strategy for sustainable, profitable growth is centered on growing organically, through expanding business with existing clients, multiplying success stories from country to country and new business development, complemented by strategic bolt-on acquisitions. At the same time, DKSH is continuously expanding its services offering and improving operating efficiency.

DKSH continues to invest in the skills and training of its employees, its most important asset. At the end of 2013, DKSH employed 26,693 specialists worldwide, representing an increase of 905 people or 3.5% compared to the previous year.

Positive three-year outlook

DKSH has announced a three-year target for the first time, giving investors long-term visibility. It is a reflection of DKSH's confidence that it can achieve further sustainable and over-proportional profitable growth as a market leader with an attractive business model.

Roland Berger Strategy Consultants expect DKSH's key markets to perform favorably, with 7.8% average annual growth over the next few years. This growth is driven by Asia's rising middle class, rapidly increasing trade flows within Asia and the trend for companies to outsource non-core activities.

Commenting on the outlook and DKSH's strategy, Joerg Wolle said: "We expect 2014 to be another record year. Due to the uncertain political situation in our main market, Thailand, it is currently difficult to provide an accurate forecast for the year. Nevertheless the growth outlook for our markets and the attractiveness of our business model remain very good. Because of increased uncertainty and complexity in some Asian markets, clients are increasingly outsourcing the sales and distribution of their products in Asia to transparent and reliable partners like DKSH. Demand for our services therefore continues to rise. With our strongly diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle class, rising inner-Asian trade and increased outsourcing to specialist service providers like DKSH."

Building on these firm foundations and based on current market views, DKSH is confident of achieving over a three-year timeframe until 2016 net sales of around CHF 12 billion at a compound annual growth rate (CAGR) of 8%. Within the same timeframe EBIT is expected to grow at a CAGR of 10% to a level of around CHF 380 million which should translate into profit after tax of around CHF 270 million.

Annual Report

The Annual Report 2013 is available for download at: [Annual Report 2013](#)

About DKSH Group

DKSH is the leading Market Expansion Services provider with a focus on Asia. As the term "Market Expansion Services" suggests, DKSH helps other companies and brands to grow their business in new or existing markets.

Publicly listed on the SIX Swiss Exchange since March 2012, DKSH is a global company headquartered in Zurich. With 735 business locations in 35 countries – 710 of them in Asia – and 26,700 specialized staff, DKSH generated net sales of CHF 9.6 billion in 2013.

The company offers a tailor-made, integrated portfolio of sourcing, marketing, sales, distribution, and after-sales services. It provides business partners with expertise as well as on-the-ground logistics based on a comprehensive network of unique size and depth. Business activities are organized into four specialized Business Units that mirror DKSH fields of expertise: Consumer Goods, Healthcare, Performance Materials, and Technology.

With strong Swiss heritage, the company has nearly a 150-year-long tradition of doing business in and with Asia, and is deeply rooted in communities and businesses across Asia Pacific.

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