

Media release

Weakness in Asian currencies overshadows solid growth in local markets

- Net sales growth of 6.7% at constant exchange rates
- Depreciation of Asian currencies impact results negatively by 9.6%
- Operating profit in a challenging market environment, at constant exchange rates, slightly above last year's level
- Impact from political unrest in Thailand more profound than expected at the beginning of the year
- DKSH confirms outlook

Key figures of DKSH (in CHF millions)	At constant exchange rates (CER) ¹		In CHF		In CHF
	H1 2014	Δ in %	H1 2014	Δ in %	H1 2013
Net sales	5,071.8	6.7	4,618.4	(2.9)	4,754.5
Operating profit (EBIT)	144.8	1.4	131.4	(8.0)	142.8
Profit after tax	99.8	(4.9)	91.7	(12.6)	104.9
Free Cash Flow	166.7	(2.4)	136.7	(20.0)	170.8
Earnings per share (in CHF)	–	–	1.41	(11.9)	1.60
Number of specialists²	–	–	27,159	1.7	26,693

¹ Against the backdrop of substantial foreign exchange rate depreciations and to make operating performance comparable, DKSH has since the full-year 2013 results communicated figures as well at constant exchange rates. For constant exchange rates, the 2014 figures have been converted at 2013 exchange rates

² As of December 31, 2013

Zurich, Switzerland, August 11, 2014 – DKSH (SIX: DKSH), the leading Market Expansion Services provider with a focus on Asia, continued to grow in the first half-year of 2014 at constant exchange rates in a challenging market environment. All Business Units and major countries positively contributed to net sales growth.

Net sales grew by 6.7% at constant exchange rates to CHF 5,071.8 million. Organic growth was 6.0%, while just 0.7 percentage points of net sales growth resulted from M&A activities. The depreciation of Asian currencies impacted net sales in total by 9.6%. Reported in Swiss francs, net sales accordingly reached CHF 4,618.4 million.

Despite the challenging political situation in our main market, Thailand, operating profit before interest and taxes (EBIT) at constant exchange rates increased by 1.4% and reached CHF 144.8 million. Reported in Swiss francs, EBIT accordingly reached CHF 131.4 million. Political unrest in Thailand was more profound and enduring than expected at the beginning of the year, resulting in negative economic growth. Over the past months, this caused a temporary lower demand for consumer goods, higher-margin luxury and lifestyle products as well as reduced industrial investments. The military takeover at the end of May, however, helped to stabilize the situation.

Profit after tax (PAT) has been impacted by profit hedging costs and accordingly reached CHF 99.8 million at constant exchange rates. Reported in Swiss francs, PAT accordingly reached CHF 91.7 million.

Although net sales grew in the first six months of 2014, free cash flow achieved, at constant exchange rates, CHF 166.7 million thanks to sound working capital management and thereby almost reached the high level of last year.

Think Asia. Think DKSH.

Dr. Joerg Wolle, President & CEO of DKSH, commented: "Despite the challenging market environment, DKSH again reported solid growth in numerous markets. This was achieved on the back of our robust business model and the rigorous implementation of our 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.

DKSH continued to invest in the skills and training of its employees, its most important asset. At the end of June 2014, DKSH employed 27,159 specialists worldwide, representing an increase of 466 people or 1.7% compared to the year-end of 2013.

Confirmation of outlook

Commenting on the outlook Dr. Joerg Wolle said: "From today's perspective, we expect to achieve a 2014 result which is above the record year 2013. This assuming constant exchange rates. The increasingly difficult political situation in our main market Thailand has temporarily resulted in lower demand for consumer goods and in reduced investment activities. While the current situation does not allow for providing an accurate forecast for the year, we are cautiously optimistic. This based on the recently improved consumer confidence index and increased growth forecasts for the Thai economy. The recent weeks can be considered as a potential trend reversal after thirteen months of continuously declining consumer confidence.

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 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 services providers like DKSH."

Building on these firm foundations and based on current market views, as well as constant exchange rates, DKSH is confident of achieving over a three-year time frame up to 2016 net sales of around CHF 12 billion at a compound annual growth rate (CAGR) of 8%. Within the same time frame 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 some CHF 270 million.

Half-Year Report

The Half-Year Report 2014 is available for download at: [Half-Year Report 2014](#)

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 27,200 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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