

Media release

DKSH continues to grow in a challenging environment and focuses further on its core competence as Market Expansion Services provider

- Net sales grow by 7.6% to CHF 5.0 billion
- Operating profit (EBIT) increases by 6.2% to CHF 139.5 million
- Solid Free Cash Flow of CHF 86.5 million
- Profit after tax grows double-digit by 15.5% to CHF 105.9 million
- Transfer of two own pharma brands and restructuring of luxury goods business
- New allocation of responsibilities within the Executive Board
- DKSH maintains targets

Key figures of DKSH (in CHF millions)	In CHF		At constant exchange rates (CER) ¹		In CHF
	H1 2015	Δ in %	H1 2015	Δ in %	H1 2014
Net sales	4,968.9	7.6	4,877.2	5.6	4,618.4
Operating profit (EBIT) ²	139.5	6.2	137.8	4.9	131.4
Profit after tax ²	105.9	15.5	104.4	13.8	91.7
Free Cash Flow	86.5	-13.8	–	–	100.4
Earnings per share (in CHF) ²	1.70	20.6	–	–	1.41
Number of specialists	27,837	1.0	–	–	27,550 ³

¹ Constant exchange rates: 2015 figures converted at 2014 exchange rates (CER)

² Incl. nearly offsetting effects from CMS transaction and luxury goods business

³ As of December 31, 2014

Zurich, Switzerland, July 13, 2015 – DKSH (SIX: DKSH), the leading Market Expansion Services provider with a focus on Asia, achieved growth in the first halfyear of 2015 despite a very challenging business environment.

Net sales grew by 7.6% to CHF 5.0 billion (5.6% at constant exchange rates – CER). Organic growth was 5.0%, while 0.6 percentage points of net sales growth resulted from M&A activities. Operating profit (EBIT) grew by 6.2% when compared to the same period of the previous year, reaching CHF 139.5 million (4.9% at CER). Profit after tax reached CHF 105.9 million, representing a double-digit increase of 15.5% (13.8% at CER).

Focus on core competence as Market Expansion Services provider

In March 2015, as communicated earlier, DKSH and China Medical System (CMS) signed an agreement for the transfer of two pharmaceutical products, Combizym and Hirudoid, for the Chinese market.

DKSH has decided to restructure its own brands in the sub-segment Luxury & Lifestyle. While in total the sub-segment developed favorably, the luxury goods business and the own watch brands were impacted by continued low demand in Asia, the ongoing industry consolidation and the appreciation of the Swiss franc. These combined effects led, after many years with above-average profitability, to a loss.

DKSH therefore resolved to separate from this business in order to further focus on its core competence as a Market Expansion Services provider, also in the Luxury & Lifestyle sub-segment. The core business, in which DKSH holds a leading position in Asia, offers attractive, long-term growth opportunities. The necessary adjustments were introduced in the first half-year of 2015 and will largely be completed by the end of 2015. DKSH therefore maintains its targets.

Think Asia. Think DKSH.

Gains from the CMS transaction and the decided restructuring of the luxury goods business resulted in one-time effects in the first half-year of 2015 which are nearly offsetting each other.

Dr. Joerg Wolle, President & CEO, commented: “We have made good use of the challenging market environment to further expand our business model as Market Expansion Services provider. The sub-segment Luxury & Lifestyle historically reached above-average profitability levels. Lower demand in Asia, the ongoing industry consolidation and the appreciation of the Swiss franc, however, led us to restructure this business. This will positively impact earnings in 2016 already.”

New allocation of responsibilities within the Executive Board

With view to the further development of the DKSH Group, the Board of Directors decided on a reallocation of responsibilities within the Executive Board. Management of the function Corporate Affairs will be moved to Asia and headed in future by Stephen Ferraby. The long-standing former Head of Finance for DKSH in Thailand will as well assume responsibility for the Strategic Investments function. The former Head of Corporate Affairs, Marcel Schmid, decided to leave DKSH to pursue business opportunities outside of the company. Gonpo Tsering, member of the Executive Board of DKSH since the merger in 2002, will take his well-earned retirement by the end of the year.

Dr. Joerg Wolle stated: “Along with the gratitude of the Board of Directors, I would like to thank Gonpo Tsering and Marcel Schmid for their outstanding performance at DKSH. With their strong commitment over many years, both have contributed to making DKSH the leading Market Expansion Services provider in Asia. We wish them all the best for their next phase in life.”

Business Unit reporting

Consumer Goods

Net sales of Business Unit Consumer Goods grew in a challenging market environment to CHF 2.0 billion, representing a growth of 4.2% (2.6% at CER). Continuing subdued consumer demand in Thailand impacted net sales, whereas other markets partially offset this trend. As in Thailand, DKSH witnessed lower demand for luxury goods in China and Hong Kong, which affected profitability disproportionately. Compared to last year, EBIT declined by 26.9% to CHF 42.9 million (-28.8% at CER).

Key figures Consumer Goods (in CHF millions)	In CHF		At constant exchange rates (CER) ¹		In CHF
	H1 2015	Δ in %	H1 2015	Δ in %	H1 2014
Net sales	2,013.9	4.2	1,982.2	2.6	1,932.3
Operating profit (EBIT) ¹	42.9	-26.9	41.8	-28.8	58.7

¹ Excluding one-time effect from luxury goods business (-CHF 59.4 million)

Healthcare

Business Unit Healthcare achieved an increase in net sales by 12.4% to CHF 2.4 billion (8.6% at CER). EBIT rose by 21.9% to CHF 83.0 million (18.4% at CER) owing to organic growth with existing clients, multiplying success stories from country to country, plus new business development. Economies of scale enabled a significant increase in terms of profitability.

Key figures Healthcare (in CHF millions)	In CHF		At constant exchange rates (CER) ¹		In CHF
	H1 2015	Δ in %	H1 2015	Δ in %	H1 2014
Net sales	2,408.9	12.4	2,328.6	8.6	2,143.8
Operating profit (EBIT) ¹	83.0	21.9	80.6	18.4	68.1

¹ Excluding CMS transaction (CHF 60.4 million)

Performance Materials

Business Unit Performance Materials achieved an increase of net sales by 1.3% to CHF 386.6 million (6.6% at CER). EBIT has been impacted by the further decline of the Euro and the Yen. The cost of raw

materials sourced in Asia and Europe, and converted into Euro and Yen, rose as a result of those currency devaluations. While these exchange rate effects are hedged, the corresponding gains are reported in the net finance result below the EBIT line. Accordingly, this led to a reallocation from EBIT to profit after tax. Without this reallocation effect, EBIT would have increased. Moreover, DKSH recently acquired the company Andreas Jennow, a top-ranking specialty chemicals distributor in Northern Europe. With this move, DKSH is driving forward consolidation of the chemicals distribution industry.

Key figures Performance Materials (in CHF millions)	In CHF		At constant exchange rates (CER) ¹		In CHF
	H1 2015	Δ in %	H1 2015	Δ in %	H1 2014
Net sales	386.6	1.3	407.0	6.6	381.7
Operating profit (EBIT)	25.0	-10.7	26.3	-6.1	28.0

Technology

Last year's completed management change in Business Unit Technology led to a substantial improvement in results. Net sales slightly declined by 0.7% to CHF 159.7 million (-0.7% at CER) and EBIT more than doubled to CHF 11.2 million (151.1% at CER).

Key figures Technology (in CHF millions)	In CHF		At constant exchange rates (CER) ¹		In CHF
	H1 2015	Δ in %	H1 2015	Δ in %	H1 2014
Net sales	159.7	-0.7	159.7	-0.7	160.8
Operating profit (EBIT)	11.2	148.9	11.3	151.1	4.5

Media, analyst and investor conference call

A recording of the webcast will be available on the DKSH website.

About DKSH

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 750 business locations in 35 countries – 720 of them in Asia – and 27,600 specialized staff, DKSH generated net sales of CHF 9.8 billion in 2014.

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.

In 2015, DKSH celebrates its 150th anniversary. With strong Swiss heritage, the company has a long tradition of doing business in and with Asia, and is deeply rooted in communities and businesses across Asia Pacific.

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