

Media release

Continued growth and market share gains underline resilience of DKSH's business model in a challenging market environment

- Net sales grow by 7.1% to CHF 10.2 billion at constant exchange rates resulting in market share gains in core markets
- Despite the more challenging than expected business environment in Thailand, China, Hong Kong and Japan, operating profit of CHF 284.1 million at constant exchange rates exceeds last year's level
- Stable income and net sales growth underline resilience of DKSH's business model in highly challenging year 2014
- Board of Directors has decided to increase long-term dividend payout ratio to 30–50% of profit after tax
- Given the favorable outlook for the coming years, proposal to increase the ordinary dividend 2014 by 21% (+CHF 0.20) to CHF 1.15 per share
- Continued dynamic net sales growth and double-digit EBIT growth expected for 2015 at constant exchange rates
- DKSH confirms 2016 outlook

Key figures of DKSH (in CHF millions)	At constant exchange rates ¹		In CHF		In CHF 2013
	2014	Δ in %	2014	Δ in %	
Net sales	10,240.7	7.1%	9,818.2	2.7%	9,559.0
Operating profit (EBIT)²	284.1	0.7%	272.7	(3.4%)	282.2
Operating profit incl. gain from sale of property	284.1	(8.3%)	272.7	(12.0%)	309.8
Profit after tax²	201.3	(6.0%)	195.5	(8.7%)	214.1
Profit after tax incl. gain from sale of property	201.3	(16.7%)	195.5	(19.1%)	241.7
Free Cash Flow	-	-	188.4	(1.8%)	191.8
Earnings per share (in CHF)²	-	-	2.96	(5.7%)	3.14
Earnings per share (in CHF) incl. gain from sale of property	-	-	2.96	(17.1%)	3.57
Ordinary dividend per share (in CHF)³	-	-	1.15	21.1%	0.95
Number of employees	-	-	27,550	3.2%	26,693

¹ Against the backdrop of foreign exchange rate depreciations and to make operating performance more comparable, DKSH also communicates figures at constant exchange rates. For constant exchange rates, the 2014 figures have been converted at 2013 exchange rates

² Excluding income of CHF 27.6 million from sale of property in Malaysia in 2013

³ Proposed by the Board of Directors

Zurich, Switzerland, February 26, 2015 – DKSH (SIX: DKSH), the leading Market Expansion Services provider with a focus on Asia, continued to grow in 2014 at constant exchange rates despite a challenging business environment and gained market share in core markets. All Business Units contributed to this performance.

Net sales grew by 7.1% at constant exchange rates to CHF 10.2 billion. Organic growth was 6.4%, while just 0.7 percentage points of net sales growth resulted from M&A activities. The depreciation of Asian currencies negatively impacted net sales by 4.4%. Reported in Swiss francs, net sales accordingly increased by 2.7% to CHF 9.8 billion.

Think Asia. Think DKSH.

Despite the more challenging than expected market conditions in Thailand, operating profit before interest and taxes (EBIT) increased by 0.7% to CHF 284.1 million at constant exchange rates. Reported in Swiss francs, EBIT amounted to CHF 272.7 million. The economic implications of the challenging political situation in Thailand were more profound and enduring than expected, which led to lower demand for higher-margin luxury and lifestyle products as well as consumer goods and resulted in reduced industrial investments. The further depreciation of the Japanese yen, the political unrest in Hong Kong and the reduced demand for luxury products in China impacted business additionally.

Profit after tax reached CHF 201.3 million at constant exchange rates. Reported in Swiss francs, profit after tax was CHF 195.5 million.

Free Cash Flow in 2014 amounted to CHF 188.4 million, thereby almost reaching last year's figure of CHF 191.8 million. As announced along with the half-year 2014 results, and to increase capital market transparency and comparability, the Free Cash Flow definition has been changed.

Against the backdrop of DKSH's resilient business model as well as favorable outlook, the Board of Directors, in the 150th anniversary year, decided to increase the long-term dividend payout range from 25–35% to 30–50% of profit after tax.

In line with the progressive dividend policy practiced since many years, the Board of Directors will propose to the Annual General Meeting (AGM) in March 2015 an ordinary dividend of CHF 1.15 per share for the financial year 2014. The ordinary dividend thereby will be 21% higher than last year and represent a payout ratio of 38.9%.

Payment date for this dividend, if approved by the AGM, is set to start as of April 8, 2015 (record date: April 7, 2015; ex-dividend date: April 2, 2015). Dividends will be paid from reserves of capital contributions and thus be tax-exempt for Swiss-domiciled private shareholders.

DKSH continuously invested in the skills and development of its employees. At year-end 2014, DKSH employed 27,550 specialists worldwide, representing an increase of 857 people or 3.2% compared to 2013.

Confirmation of outlook 2016

Dr. Joerg Wolle, President & CEO of DKSH commented: "This year, DKSH will celebrate its 150th anniversary. The growth achieved in a highly challenging market environment reflects the ongoing attractiveness of our business model. The growth prospects for our markets and Business Units are promising. With our diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle classes, rising inner-Asian trade and increased outsourcing to specialist services providers."

Building on this solid basis, DKSH expects a continued dynamic net sales growth and double-digit EBIT growth at constant exchange rates in 2015.

Looking into 2016, DKSH continues to project net sales of around CHF 12 billion at constant exchange rates (compound annual growth rate of 8% between 2013 and 2016). For the same period, DKSH anticipates an operating profit (EBIT) of around CHF 380 million at constant exchange rates (compound annual growth rate of 10% between 2013 and 2016), which should translate into profit after tax of some CHF 270 million at constant exchange rates.

Further information

A live webcast of today's analyst and investor conference will be held at 1:00 p.m. CET (in English). A recording of the webcast will be available on the DKSH website. The Annual Report 2014 is available for download: [Annual 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 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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