

Media Release

Half-year net sales exceed five billion mark for the first time

- Net sales grow by 2.3% to CHF 5.1 billion
- DKSH gains further market shares
- Operating profit (EBIT) of CHF 135.7 million impacted by one-time contract adjustments in Business Unit Healthcare. Excluding adjustments, EBIT exceeds last year's level
- Increasing demand for performance materials for the industrial development and expansion leads to substantially higher profitability in this Business Unit
- Measures in the luxury goods business start to take effect
- Positive trend intact: DKSH continues to expect net sales and earnings growth for full-year

Key figures Group (in CHF millions)	At constant exchange rates (CER) ¹		In CHF		In CHF
	H1 2016	Δ in %	H1 2016	Δ in %	H1 2015
Net sales	5,157.3	3.8	5,084.1	2.3	4,968.9
Operating profit (EBIT)	137.6	(1.4)	135.7	(2.7)	139.5
Profit after tax	94.0	(11.2)	91.7	(13.4)	105.9
Free Cash Flow	–	–	42.0	(51.4)	86.5
Number of specialists	–	–	29,010	4.2	27,840

¹ Constant exchange rates: 2016 figures converted at 2015 exchange rates

Zurich, Switzerland, July 13, 2016 – DKSH (SIX: DKSH), the leading Market Expansion Services provider with a focus on Asia, for the first time increased net sales above the CHF 5 billion mark in a first half-year period, thereby continuing the net sales growth achieved in recent years despite challenging market conditions in the consumer goods-related sectors. DKSH managed to generate further strong growth particularly in the frontier markets of Vietnam, Myanmar, Laos and Cambodia. At the same time, DKSH succeeded in stemming the decline caused by political challenges in Thailand and notwithstanding continuing difficult market conditions in Hong Kong, the company recorded first signs of improvements there.

DKSH managed to significantly grow its businesses with clients active in the fields of private investments and consumption goods. The Business Units Performance Materials and Technology recorded solid growth in net sales. Restructuring measures in the luxury goods business are taking effect. Despite further market contractions, DKSH managed to improve results in this business, too. Consequently, the measures already implemented will continue undiminished. DKSH was able to gain further market shares in several important areas. At the same time, the company increased its expansion in particularly promising markets.

Dr. Joerg Wolle, CEO and President of DKSH, said: "We continued our successful work at DKSH in the first half-year. Given the challenging situation in important markets, this was anything but self-evident. In all operational areas directly under our control, we continue to progress towards our goals. We recognized at an early stage the strategic opportunities offered by the rising purchasing power in Asia and exploited them. Today, we are one of the major suppliers of advanced performance materials and a preferred solutions provider for industries like the fast-growing automotive or food processing sectors in Asia. We continue to benefit from growing prosperity and increased purchasing power in Asia and see an unchanged positive trend there."

Wolle added: "Overall, we managed to overcome the challenges experienced in some areas. In the luxury goods business, we are making progress with the rigorous measures announced earlier. Despite the various challenges, DKSH is well underway and we are in robust health."

DKSH Group

Net sales increased by 2.3% to CHF 5.1 billion. Organic growth was 3.5% and 0.3%-points were derived from M&A activities. This was achieved despite exchange rate fluctuations which had a negative impact of 1.5%. Adjusted for the termination of two client contracts in Business Unit Consumer Goods in Thailand and Malaysia, that were generating insufficient profitability, net sales grew by 6.7%. These results led to market share gains for DKSH in Asia.

DKSH generated an EBIT of CHF 135.7 million and profit after tax of CHF 91.7 million. These figures were lower than in the first-half of 2015. Adjusted for the one-time contract adjustments in Business Unit Healthcare, EBIT was significantly higher compared to last year. In the first half-year, the profit after tax was in particular negatively impacted by closing-date related foreign exchange rate fluctuations. Free Cash Flow amounted to CHF 42.0 million.

Consumer Goods

In the Business Unit Consumer Goods, margins recovered. Net sales decreased by 10.1% (–7.5% at CER) to CHF 1.8 billion. As part of our portfolio optimization, DKSH decided to discontinue contracts with two clients in Thailand and Malaysia. Excluding this, net sales would have grown slightly compared to last year. Whereas demand in Thailand for consumer goods stabilized at low levels attributed to political challenges, DKSH reported improvements in Malaysia. In Hong Kong, the current political uncertainty led to a drop in demand and a decline in tourist numbers, which in turn resulted in significantly lower consumption.

Despite these difficult market conditions, DKSH increased EBIT by 5.8% (10.3% at CER) to CHF 45.4 million. The efficiency measures initiated end of 2015, in the interface between FMCG and supply chain management, led to increased profitability.

The market environment for luxury goods further deteriorated in the first-half of 2016. DKSH continued the restructuring started in 2015 and was able to improve results for this business compared to last year.

Key figures Consumer Goods (in CHF millions)	At constant exchange rates		In CHF		In CHF
	H1 2016	Δ in %	H1 2016	Δ in %	H1 2015
Net sales	1,862.2	(7.5)	1,810.4	(10.1)	2,013.9
Operating profit (EBIT)	47.3	10.3	45.4	5.8	42.9

Healthcare

Business Unit Healthcare reported an increase in net sales of 10.6% (12.2% at CER) to CHF 2.7 billion, thereby recording net sales growth in almost all Asian markets.

EBIT fell by 14.7% and reached CHF 70.8 million (–11.9% at CER), due to one-time contract adjustments. From today's perspective, results of the Business Unit are expected to significantly improve in the second half of 2016.

Key figures Healthcare (in CHF millions)	At constant exchange rates		In CHF		In CHF
	H1 2016	Δ in %	H1 2016	Δ in %	H1 2015
Net sales	2,703.5	12.2	2,665.4	10.6	2,408.9
Operating profit (EBIT)	73.1	(11.9)	70.8	(14.7)	83.0

Performance Materials

Business Unit Performance Materials generated significantly higher results. Net sales came in at CHF 434.2 million, 12.3% above the level of the first-half of 2015 (8.6% at CER). Improvements are mainly attributable to the increasing demand for specialty raw materials supporting the development and expansion of local industries.

EBIT increased by 54.0% to CHF 38.5 million (45.6% at CER). This performance was supported by all regions, in particular by strong growth in the core market Japan.

Key figures Performance Materials (in CHF millions)	At constant exchange rates		In CHF		In CHF
	H1 2016	Δ in %	H1 2016	Δ in %	H1 2015
Net sales	419.7	8.6	434.2	12.3	386.6
Operating profit (EBIT)	36.4	45.6	38.5	54.0	25.0

Technology

Business Unit Technology reached net sales of CHF 174.6 million, which were higher by 9.3% (8.0% at CER). In Japan and China in particular, the business recorded continuing high demand for capital investment goods and analytical instruments.

EBIT was down to CHF 4.5 million against a very strong half-year 2015. The order backlog for technological products for the remaining months of 2016 indicates more deliveries of higher-margin products which will have a significantly positive effect on results.

Key figures Technology (in CHF millions)	At constant exchange rates		In CHF		In CHF
	H1 2016	Δ in %	H1 2016	Δ in %	H1 2015
Net sales	172.4	8.0	174.6	9.3	159.7
Operating profit (EBIT)	4.2	(62.5)	4.5	(59.8)	11.2

Outlook

From today's perspective, net sales and profit growth should continue in 2016 and the following years.

Further information

The live webcast of today's media conference call will be held at 9:30 a.m. CET (in German) and the live webcast of today's analyst and investor conference call will be held at 11:00 a.m. CET (in English). A recording of the webcast will be available on the DKSH website, along with the [Half-Year Report 2016](#).

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 2012, DKSH is a global company headquartered in Zurich. With 770 business locations in 36 countries – 740 of them in Asia – and 28,300 specialized staff, DKSH generated net sales of CHF 10.1 billion in 2015.

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.

DKSH was founded in 1865. 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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