Media release

DKSH results reach record levels in 2016
– an increase in all key figures despite challenging markets

- **Net sales grow in 2016 by 4.5% to CHF 10.5 billion**
- **Operating profit (EBIT) increases over-proportionally by 8.4% to CHF 293.0 million**
- **Profit after tax of CHF 213.0 million significantly above last year**
- **Proposal to increase ordinary dividend by 15.4% to CHF 1.50 per share**
- **Additional special dividend of CHF 3.00 per share proposed**
- **Further net sales and profit growth expected**

Key figures Group (in CHF millions)	**2016**	**2015**	**∆ in % CHF**	**∆ in % CER** [1]
Net sales	10,505.2	10,050.8	4.5	4.6
Operating profit (EBIT)	293.0	270.2	8.4	6.9
Profit after tax	213.0	199.6	6.7	5.8
Free Cash Flow	128.8	190.8	(32.5)	-
Ordinary dividend (in CHF) [2]	1.50	1.30	15.4	-
Special dividend (in CHF) [2]	3.00	-	-	-
Number of specialists	30,318	28,340	7.0	-

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

[2] Proposal of the Board of Directors

Zurich, Switzerland, February 6, 2017 – DKSH, the leading Market Expansion Services provider with a focus on Asia, reports the highest ever results in its history for 2016 despite challenging market conditions. The company announced today that it improved all key figures, in some cases even considerably.

Compared to last year, net sales increased by 4.5%, operating profit (EBIT) by 8.4% and profit after tax by 6.7%. The number of specialists reached more than 30,000 for the first time.

Organic growth constituted the greater part of the increase. DKSH generated strong growth particularly in Vietnam, Myanmar, Laos and Cambodia. In September, DKSH successfully acquired the majority of Shanghai Sweets International (eSweets) in China and Hong Kong.

In Thailand, DKSH stabilized growth rates that were slowing due to political challenges in 2015. In Malaysia, the investments of recent years are further paying off. In total, DKSH managed to continuously expand its leading positions in Business Units Consumer Goods and Healthcare. Net sales of Business Units Performance Materials and Technology rose due to higher demand for capital goods and specialty raw materials.

The restructuring measures initiated in the luxury goods business had a positive effect. Despite further market contractions, DKSH improved results in this business significantly and, at the same time, successfully divested assets. These measures will continue in 2017.

Based on the very solid business performance and continuously good development of the company, a 15.4% increase of the ordinary dividend to CHF 1.50 will be proposed to the Ordinary Annual General Meeting (AGM) on March 23, 2017. Payout of the ordinary dividend will rise from CHF 84.6 million to CHF 97.6 million. In addition, a special dividend of CHF 3.00 per share is proposed.

Dr. Joerg Wolle, President & CEO of DKSH said: “We set ourselves ambitious targets which, in spite of the economic difficulties, we not only achieved, but exceeded. This is an outstanding performance by our employees. To a certain extent DKSH avoided the unfavorable industry climate. By developing new business areas and taking over further parts of the value chain from key clients, DKSH opened up new growth opportunities. Our company is well positioned and remains dynamic. It has always been our aspiration to let shareholders participate in the success of DKSH. Therefore we propose an increase of the ordinary dividend and the distribution of a special dividend.” Wolle added: “During 2016 we also set the course for the transitions at the top of the company at an early stage and with due foresight. Ensuring continuity in pursuing our successful strategy is one of our most important goals. In 2017, we will make these changes happen from a position of strength.”

DKSH Group

Consolidated net sales in 2016 increased by 4.5% to CHF 10.5 billion. Organic growth was 4.4% and 0.2%-points were derived from acquisitions. This was achieved despite exchange rate fluctuations which had a slightly negative impact of 0.1%.

Operating profit (EBIT) increased over-proportionally to CHF 293.0 million. Profit after tax of CHF 213.0 million was significantly above last year’s level. The revaluation effect of derivatives used for hedging foreign exchange rate fluctuations at year-end led to a lower net finance result when compared to 2015.

Free Cash Flow added up to CHF 128.8 million. As the year-end fell on a weekend, Free Cash Flow has been impacted by the effect of this closing date.

In line with the progressive dividend policy practiced since many years, the Board of Directors will propose to the AGM in March 2017 an ordinary dividend of CHF 1.50 per share for the financial year 2016. The ordinary dividend would thereby be CHF 0.20 or 15.4% higher than last year.

Additionally, the Board of Directors proposes to let shareholders participate in the success of the company with a special dividend of CHF 3.00 per share. Payment date for these dividends, if approved by the AGM, is set starting March 29, 2017 (record date: March 28, 2017; ex-dividend date: March 27, 2017).

Consumer Goods

The margin in Business Unit Consumer Goods recovered despite a 4.0% (-3.6% at CER) lower net sales figure of CHF 3.8 billion. As part of the portfolio optimization, DKSH decided to discontinue contracts with two clients in Thailand and Malaysia in 2015. Excluding this, net sales would have grown slightly. Whereas demand for consumer goods in Thailand remained at low levels, DKSH reported significant improvements in Malaysia. In Hong Kong, the economic slowdown led to a significant drop in consumption.

Despite these difficult market conditions, DKSH increased EBIT by 19.7 % (20.0% at CER) to CHF 105.8 million. The efficiency measures initiated at the end of 2015, between Fast-Moving Consumer Goods (FMCG) and Supply Chain Management, led to an improvement in profitability.

The market environment for luxury goods further deteriorated in 2016. DKSH continued the restructuring that started in 2015 and significantly improved results for this business compared to last year. At the same time, divestments have been executed successfully and the inventory has been substantially reduced.

Key figures Consumer Goods (in CHF millions)	**2016**	**2015**	**Δ in % CHF**	**Δ in % CER** [1]
Net sales	3,768.5	3,925.6	(4.0)	(3.6)
Operating profit (EBIT)	105.8	88.4	19.7	20.0

Think Asia. Think DKSH.

Healthcare
Business Unit Healthcare reported an increase in net sales of 10.3% (11.1% at CER) to CHF 5.5 billion, thereby recording net sales growth in almost all Asian markets.

EBIT fell by 10.8% and reached CHF 134.3 million (-9.8% at CER), due to one-time contract adjustments. As expected, business performance was better in the second half-year of 2016.

Key figures Healthcare (in CHF millions)	**2016**	**2015**	**Δ in % CHF**	**Δ in % CER [1]**
Net sales	5,481.5	4,971.0	10.3	11.1
Operating profit (EBIT)	134.3	150.5	(10.8)	(9.8)

Performance Materials
Business Unit Performance Materials generated significantly higher results. Net sales came in at CHF 870.6 million, 11.3% above the level of 2015 (6.9% at CER). Improvements are mainly attributable to the increasing demand for specialty raw materials to develop and expand local industries.

EBIT increased by 49.8% to CHF 77.0 million (40.1% at CER). This performance was supported by all regions, in particular by strong growth in the core market of Japan.

Key figures Performance Materials (in CHF millions)	**2016**	**2015**	**Δ in % CHF**	**Δ in % CER [1]**
Net sales	870.6	782.5	11.3	6.9
Operating profit (EBIT)	77.0	51.4	49.8	40.1

Technology
Business Unit Technology reached net sales of CHF 385.4 million, which were by 3.5% higher (1.0% at CER). The business recorded a continuing high demand for capital investment goods, particularly in China. EBIT came in at CHF 21.3 million. In the second half-year of 2016, more higher-margin projects were closed which had a positive effect on results.

Key figures Technology (in CHF millions)	**2016**	**2015**	**Δ in % CHF**	**Δ in % CER [1]**
Net sales	385.4	372.2	3.5	1.0
Operating profit (EBIT)	21.3	20.1	6.0	2.0

Outlook
From today's perspective, net sales and profit growth should continue for DKSH.

Further information
The live webcast of today's analyst and investor call will be held at 1:00 p.m. CET (in English). A recording of the webcast will be available on the DKSH website, along with the [Annual 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 780 business locations in 36 countries – 750 of them in Asia – and 30,320 specialized staff, DKSH generated net sales of CHF 10.5 billion in 2016.

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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