

Media release

DKSH grew net sales by 7.4% and profit after tax by 4.5% in the first half-year of 2018

- Net sales increased by 7.4% to CHF 5.7 billion
- Operating profit (EBIT) grew by 0.5% and profit after tax by 4.5% above last year's levels
- Improved performance in Business Units Healthcare, Performance Materials and Technology
- Increased strategic focus: transfer of healthcare business in China and acquisition in New Zealand
- For 2018, DKSH expects further net sales growth and an operating result around last year's level

Key figures Group (in CHF millions)	H1 2018	H1 2017	Δ in % CHF	Δ in % CER ¹
Net sales	5,671.1	5,278.7	7.4	4.3
Operating profit (EBIT)	139.5	138.8	0.5	(3.0)
Profit after tax	97.5	93.3	4.5	0.4
Free Cash Flow	69.6	56.7	22.8	-
Number of specialists	32,050	30,890	3.8	-

¹ Constant exchange rates: 2018 figures converted at 2017 exchange rates

Zurich, Switzerland, July 12, 2018 – DKSH, the leading Market Expansion Services provider with a focus on Asia, increased net sales in the first half of 2018 by 7.4% to CHF 5.7 billion. EBIT of CHF 139.5 million was at last year's level and profit after tax was 4.5% ahead of the prior year.

Business Unit Consumer Goods returned to sales growth in the first half of 2018. This required targeted investments and initiatives that impacted profits. DKSH substantially upgraded key account management, expanded the route-to-market and invested in its businesses in Indonesia and e-commerce. DKSH also recently announced an agreement to sell its healthcare business in China to Warburg Pincus – emphasizing the increased strategic focus of the Group.

Stefan P. Butz, CEO, DKSH said: "The three Business Units Healthcare, Performance Materials and Technology reported good results and increased profitability. In Business Unit Consumer Goods, we managed to increase net sales for the first time in several years, though the targeted initiatives and investments in this business resulted in higher costs. Group operating profit was at last year's level. DKSH, on a Group level, developed its acquisition pipeline and strengthened its presence in New Zealand with the purchase of Davies Foods. We also further increased our strategic focus with the transaction in China."

DKSH Group

Consolidated net sales in the first half of 2018 increased by 7.4% to CHF 5.7 billion. Organic growth was 3.7% and acquisitions contributed 0.6%. Exchange rates had a positive impact of 3.1%.

EBIT was CHF 139.5 million and profit after tax was CHF 97.5 million. In the first half-year of 2018, finance result was higher than in the prior year driven by currency effects. Last year's profit was positively impacted by the sale of a distribution center amounting to CHF 6.8 million. The Free Cash Flow amounted to CHF 69.6 million and was above last year's level.

Business Unit Consumer Goods

By putting a greater focus on fast-growing Asian brands, DKSH increased net sales for the first time in several years. Net sales rose by 9.4% (6.5% at CER) to CHF 1.9 billion. In Thailand, DKSH also reported a slight increase in net sales. EBIT of CHF 34.1 million was 25.1% below last year's level.

The decrease in the FMCG business in the first half of 2018 was mainly due to higher investments into key account management and the expansion of DKSH's route-to-market. In addition, DKSH invested in market development in Indonesia and initiatives for growth in e-commerce. DKSH also continued to restructure its luxury goods business.

In June, DKSH acquired Davies Foods' beverage business in New Zealand and positioned itself for further growth in the Pacific.

Key figures Consumer Goods (in CHF millions)	H1 2018	H1 2017	Δ in % CHF	Δ in % CER ¹
Net sales	1,920.7	1,755.1	9.4	6.5
Operating profit (EBIT)	34.1	45.5	(25.1)	(27.9)

Business Unit Healthcare

Business Unit Healthcare reported an increase in net sales of 6.7% (3.2% at CER) to CHF 3.1 billion with the strongest growth in South East Asia. In North East Asia, the Business Unit recorded stable demand. EBIT increased by 4.9% to CHF 79.7 million.

Key figures Healthcare (in CHF millions)	H1 2018	H1 2017	Δ in % CHF	Δ in % CER ¹
Net sales	3,082.9	2,888.4	6.7	3.2
Operating profit (EBIT)	79.7	76.0	4.9	1.4

Business Unit Performance Materials

With CHF 475.7 million, net sales in Business Unit Performance Materials exceeded last year's result by 5.8% (3.4% at CER). DKSH recorded particularly strong growth in Thailand, the Philippines and India. EBIT of CHF 39.7 million stood 6.1% above last year's level.

Key figures Performance Materials (in CHF millions)	H1 2018	H1 2017	Δ in % CHF	Δ in % CER ¹
Net sales	475.7	449.6	5.8	3.4
Operating profit (EBIT)	39.7	37.4	6.1	4.0

Business Unit Technology

Business Unit Technology reported slightly increased sales of CHF 192.1 million and EBIT grew by 52.6% to CHF 8.7 million due to further portfolio adjustments and focus. The business recorded a high demand for capital goods especially in Japan, Thailand and Indonesia.

Key figures Technology (in CHF millions)	H1 2018	H1 2017	Δ in % CHF	Δ in % CER ¹
Net sales	192.1	185.9	3.3	2.7
Operating profit (EBIT)	8.7	5.7	52.6	50.9

With an increased strategic focus, DKSH announced earlier this week an agreement to transfer its healthcare business in mainland China to Warburg Pincus. DKSH has pursued a niche strategy in the Chinese healthcare market for many years. DKSH continues to be present in mainland China with Business Units Consumer Goods, Performance Materials and Technology.

Closing of the transaction is expected in the second half of 2018 and is subject to certain conditions and regulatory approvals. Assuming constant exchange rates, net sales related to the transaction were over CHF 300 million in 2017 and the purchase price is expected to be approximately CHF 100 million.

Outlook

DKSH expects further growth in net sales for 2018. Due to targeted investments and initiatives in Business Unit Consumer Goods and the announced transfer of its healthcare business in mainland China, DKSH also anticipates an operating result around last year's level.

Further information

The media conference will take place today at 9:30 a.m. CET at the DKSH headquarters in Zurich. The live webcast of the analysts and investors call will be held at 11 a.m. CET (in English). A recording of the webcast will be available on the DKSH website, along with the [Half-Year Report 2018](#).

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 825 business locations in 37 countries – 800 of them in Asia – and 31,970 specialized staff, DKSH generated net sales of CHF 11.0 billion in 2017. 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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