

Media release

## DKSH publishes full-year results 2018

- Net sales increased by 3.1% to CHF 11.3 billion
- Profit after tax grew by 22.0% to CHF 260.3 million (incl. sale of Healthcare business in China)
- EBIT of CHF 263.6 million included one-time effects of CHF 20.7 million
- Restructuring initiated in Business Unit Consumer Goods
- Proposal to increase ordinary dividend to CHF 1.85 per share (+12.1%)
- Outlook 2019: increased operating result expected
- Changes to the Board of Directors

Key figures Group (in CHF millions)	2018	2017	Δ in % CHF	Δ in % CER <sup>1</sup>
<b>Net sales</b>	<b>11,344.6</b>	11,006.4	3.1	1.1
<b>Operating profit (EBIT)<sup>2</sup></b>	<b>263.6</b>	297.0	(11.2)	(12.9)
<b>Profit after tax<sup>3</sup></b>	<b>260.3</b>	213.3	22.0	19.1
<b>Free Cash Flow</b>	<b>140.6</b>	139.5	0.8	-
<b>Ordinary dividend (in CHF)<sup>4</sup></b>	<b>1.85</b>	1.65	12.1	-
<b>Number of specialists</b>	<b>32,996</b>	31,973	3.2	-

<sup>1</sup> Constant exchange rates (CER): 2018 figures converted at 2017 exchange rates

<sup>2</sup> Including one-time effects in Business Units Consumer Goods (CHF 12.6 million) and Healthcare (CHF 8.1 million)

<sup>3</sup> Including gain on sale of Healthcare business in China (CHF 75.2 million)

<sup>4</sup> Proposal of the Board of Directors

Zurich, Switzerland, February 7, 2019 – DKSH increased net sales in 2018 by 3.1% to CHF 11.3 billion. Profit after tax increased by 22.0% to CHF 260.3 million. The operating profit of CHF 263.6 million was below last year (excluding one-time effects the operating profit of CHF 284.3 million was 4.3% below prior year). In line with the progressive dividend policy – pursued for many years – the Board of Directors will propose a higher ordinary dividend of CHF 1.85 per share (+12.1%) to the Ordinary General Meeting on March 21, 2019.

Stefan P. Butz, CEO, DKSH said: “The three Business Units Healthcare, Performance Materials and Technology reported increased results. With the divestment of the Healthcare business in China, we realized a sizeable profit. However, in a challenging market environment, performance in Business Unit Consumer Goods was significantly below last year. Therefore, we have started to restructure the business. This will impact the first half of 2019, though we are confident that results for the Business Unit will be better than in 2018 due to the started measures. For 2019, we expect a higher operating result for the DKSH Group.”

### DKSH Group

Consolidated net sales in 2018 increased by 3.1% to CHF 11.3 billion. Exchange rates had a positive impact of 2.0% and acquisitions contributed 0.5%. Divestments and a changed service offering in Business Unit Healthcare reduced net sales by 3.0%. The organic growth was 3.6%.

Business Units Healthcare, Performance Materials and Technology reported an improved operating profit compared to last year. The EBIT decline in Business Unit Consumer Goods, however, could not be compensated. DKSH Group's operating profit was CHF 263.6 million with one-time adjustments of CHF 12.6 million in Business Unit Consumer Goods and CHF 8.1 million in Business Unit Healthcare reducing the result.

The divestment of the Healthcare business in China resulted in a one-time gain on sale of CHF 75.2 million after taxes. Profit after tax grew substantially by 22.0% and accumulated to CHF 260.3 million. Excluding the gain from China (CHF 75.2 million) and the one-time effects in Business Units Consumer Goods and Healthcare (CHF 20.7 million), profit after tax of CHF 204.8 million was around last year's level. The Free Cash Flow of CHF 140.6 million was slightly above last year.

DKSH announced two acquisitions in growing and highly profitable business segments during 2018. In June, DKSH acquired Davies Foods' beverage business in New Zealand and in December, DKSH signed an agreement to acquire Auric Pacific's distribution business in Singapore and Malaysia.

### Business Unit Consumer Goods

For the first time in years, net sales rose by 5.9% to CHF 3.9 billion. In Thailand, DKSH also reported a slight net sales increase.

EBIT of CHF 62.9 million was, with 40.6%, considerably below the prior year. Last year's result included a gain on sale from two distribution centers of CHF 6.8 million. Investments in key account management, route-to-market, Indonesia and e-commerce were reinforced after starting in the first half of 2018.

As a result of the weaker operating performance, DKSH has started to restructure the business. Initial restructuring expenses impacted the result in 2018 by CHF 12.6 million and will also lower the result in the first half of 2019. However, DKSH expects an improved Consumer Goods result this year overall.

Key figures Consumer Goods (in CHF millions)	2018	2017	Δ in % CHF	Δ in % CER <sup>1</sup>
Net sales	3,859.1	3,643.1	5.9	3.9
Operating profit (EBIT) <sup>5</sup>	62.9	105.9	(40.6)	(42.4)

<sup>5</sup> Including one-time effects of CHF 12.6 million

### Business Unit Healthcare

Business Unit Healthcare reported an increase in net sales of 0.8% to CHF 6.1 billion. In China, DKSH adjusted its service offering with a few clients and sold the business in November. Excluding these effects, organic net sales growth was 4.0%. DKSH grew sales in all major markets except for China.

EBIT increased by 2.7% to CHF 150.5 million. Measures to refocus the business in South Korea and Macau resulted in one-time charges. From November onwards, DKSH deconsolidated its Healthcare business and the corresponding profits in China. Excluding these one-time effects of CHF 8.1 million, EBIT would have increased significantly by 8.3%. The deconsolidation of the Healthcare business in China will reduce sales and profits of the Business Unit in 2019.

Key figures Healthcare (in CHF millions)	2018	2017	Δ in % CHF	Δ in % CER <sup>1</sup>
Net sales	6,113.0	6,065.8	0.8	(1.5)
Operating profit (EBIT) <sup>6</sup>	150.5	146.5	2.7	1.0

<sup>6</sup> Including one-time effects of CHF 8.1 million

### Business Unit Performance Materials

In Business Unit Performance Materials, DKSH expanded contracts with international clients and gained new business. With CHF 960.4 million, net sales exceeded last year's level by 7.4%. DKSH recorded growth in all major markets. EBIT of CHF 75.1 million grew by 2.6%.

<b>Key figures Performance Materials</b> (in CHF millions)	<b>2018</b>	<b>2017</b>	<b>Δ in % CHF</b>	<b>Δ in % CER<sup>1</sup></b>
Net sales	960.4	894.1	7.4	6.5
Operating profit (EBIT)	75.1	73.2	2.6	1.8

### **Business Unit Technology**

Business Unit Technology reported 2.0% higher net sales of CHF 412.1 million. EBIT grew by 3.9% to CHF 24.0 million. DKSH especially increased results in Japan, Thailand, Vietnam and Indonesia.

<b>Key figures Technology</b> (in CHF millions)	<b>2018</b>	<b>2017</b>	<b>Δ in % CHF</b>	<b>Δ in % CER<sup>1</sup></b>
Net sales	412.1	404.2	2.0	1.9
Operating profit (EBIT)	24.0	23.1	3.9	3.9

### **Outlook**

DKSH expects a higher operating result in 2019 – with a strong performance in the second half of the year.

### **Changes in the Board of Directors**

As Dr. Joerg Wolle announced in October 2018, he will not stand for re-election, stepping down as Chairman and member of the Board of Directors at the Annual General Meeting 2019. Adrian T. Keller, Honorary Chairman, said: “On behalf of the entire Board of Directors and Management, I would like to thank Dr. Joerg Wolle for his highly appreciated leadership over the past decades. He played a key role in establishing DKSH as a leading Market Expansion Service provider in Asia.” Theo Siegert, David Kamenetzky and Robert Peugeot will not stand for re-election to the Board of Directors. DKSH thanks these long-standing members of the Board for their valuable contributions over the past years. The proposal for the election of the members of the Board and of the Chairman will be published in the invitation to the Ordinary General Meeting.

### **Further information**

The media conference will take place today at 10:30 a.m. CET. The live webcast of the analysts and investors call will be held in English at 1:00 p.m. CET. A recording of the webcast will be available on the DKSH website, along with the [Annual Report 2018](#).

### **About DKSH Group**

DKSH is the leading Market Expansion Services provider with a focus on Asia. The Group helps other companies and brands to grow in the Consumer Goods, Healthcare, Performance Materials and Technology sectors. DKSH’s portfolio of services includes sourcing, market insights, marketing and sales, distribution and logistics as well as after-sales services. Publicly listed on the SIX Swiss Exchange, the Group operates in 35 markets with 33,000 specialists, generating net sales of CHF 11.3 billion in 2018. With its strong Swiss heritage and long business tradition since 1865, DKSH is deeply rooted in Asia Pacific.

### **For further information please contact:**

#### **DKSH Holding Ltd.**

Till Leisner  
Head, Group Investor & Media Relations  
+41 44 386 7315, [till.leisner@dksh.com](mailto:till.leisner@dksh.com)

Dominique Nadelhofer  
Senior Manager, Group Media Relations  
+41 44 386 7228, [dominique.nadelhofer@dksh.com](mailto:dominique.nadelhofer@dksh.com)