

Letter to shareholders



Stefan P. Butz, CEO, and Marco Gadola, Chairman

Dear shareholders,

In 2021, the COVID-19 pandemic continued to impact industries and businesses were put to the test. We successfully navigated these challenges, delivered a strong operational performance and strengthened our leading position in Asia Pacific by expanding our relationships with clients and customers across Business Units.

We are pleased to report strong results in 2021. Net sales, EBIT, and profit after tax showed impressive performance. In addition, Free Cash Flow grew strongly by 24.5% to CHF 261.6 million, which allowed us to maintain our progressive dividend policy. These strong results are a direct consequence of the disciplined execution of our strategy.

In early 2021, we were entrusted by the Thai Government with the storage and distribution of the first COVID-19 vaccines in Thailand. Overall, in the Asia Pacific region, DKSH has distributed over 80 million doses. This is a tangible example of how we carry out our purpose to enrich people's lives by providing access to goods, services, and insights.

All Business Units leveraged on technologies to drive client and customer connectivity. Accordingly, eCommerce net sales grew double-digit and exceeded CHF 300 million for the first time.

In 2021, we established a new Sustainability Framework in alignment with the United Nations' Sustainable Development Goals, building on three pillars: Our People – Our Partners – Our Planet. The Framework embodies our purpose as a company and provides a clear commitment to measuring, reporting on, and improving relevant sustainability topics. We established a clear governance structure for the management of Sustainability at DKSH, and expanded our targets, such as the reduction of our own carbon emissions by 35% by 2025. In addition, our continued efforts to strengthen our company culture of trust and empowerment were reflected in our most recent employee engagement score.

Strong Performance Across Business Units

Business Unit Healthcare delivered results ahead of last year's levels with an acceleration of performance during the second half. Despite the impact of COVID-19 on the healthcare industry in Asia, the lockdowns seen in the third quarter, and the situation in Myanmar, DKSH expanded its outsourcing services as well as business development, and successfully closed the acquisitions of MedWorkz (Singapore) and Hahn Healthcare (Australia).

Business Unit Consumer Goods improved profitability strongly. The transformation of the Fast Moving Consumer Goods segment is well on track. EBIT increased double digit for the third consecutive year benefitting from a leaner and more agile structure, consistent strategy execution across markets and ongoing product portfolio rationalization. Demand for Luxury and Lifestyle products increased, albeit from low levels. The Swiss watch brand Maurice Lacroix further improved results.

Business Unit Performance Materials posted double-digit sales and EBIT growth. The strong technical expertise,

value-added services, wide market coverage, and focus on digital marketing helped overcome supply chain constraints. The industrial business increased sharply and the life sciences business (Food & Beverage, Personal Care, and Pharmaceutical) performed well across key markets. In addition, DKSH successfully closed the acquisitions of SACOA (Australia), Right Base Chemicals (China), and HTBA (Spain), thereby taking further steps toward consolidating the specialty chemicals distribution industry in Asia Pacific and Europe.

Business Unit Technology grew sales organically and through the Bosung acquisition in Korea. EBIT was slightly behind last year as pandemic-related movement restrictions impacted the service business and resulted in product mix shifts. The Business Unit is on track with implementing its focus strategy and digital transformation.

Capitalizing on Our Proven Business Model

One of the most important pillars of our strategy is to capitalize on the promising trends in Asia Pacific and increased outsourcing to deliver organic growth exceeding GDP. Acquisitions represent a key growth engine to do this. In 2021, we accelerated our M&A activities with seven acquisitions.

We are also committed to pursuing our progressive dividend policy. Based on a strong financial performance, especially in terms of cash generation, the Board of Directors proposes an ordinary dividend of CHF 2.05 per share to the next Ordinary General Meeting. The proposed dividend represents a CHF 0.10 increase versus last year, or a growth of 5.1%. Pending approval by the next Ordinary General Meeting, the payment date for the dividend is set to start on March 23, 2022 (record date: March 22, 2022; ex-dividend date: March 21, 2022).

While we hope to see the pandemic behind us, 2022 already shows some signs of continued constraints. We look forward to a return to normality and are confident our robust business model will support our performance in turbulent waters, just like we navigated 2021.

For 2022, we expect an EBIT above last year's, assuming economic growth in Asia Pacific and stable currencies. A robust business model, large share of daily consumption items, and strong balance sheet provide resilience and offer growth opportunities. The Group will continue developing its business through disciplined strategy implementation, digitalization, sustainability, and M&As, while focusing on operational excellence and cost discipline. Beyond short-term uncertainties, DKSH remains confident about Asia's long-term potential and is well-positioned to benefit from favorable market, industry, and consolidation trends.

Changes in the Board of Directors

Dr. Frank Ch. Gulich, who joined the Board of Directors in 2001 (in a predecessor company), will not stand for reelection at the next Ordinary General Meeting to take place on March 17, 2022. The Board of Directors thanks Dr. Frank Ch. Gulich warmly for his longstanding and valuable contributions and wishes him all the best in his future endeavors. The Board of Directors will propose Dr. Hans Christoph Tanner, who is already a member of DKSH's Board of Directors, to join the Nomination and Compensation Committee.

We would like to thank our partners, employees and shareholders for their trust and look forward to continuing our cooperation in 2022.

Sincerely yours,



Marco Gadola
Chairman



Stefan P. Butz
CEO

Key figures

Consolidated Income Statement				At CER¹	
in CHF millions	2021	2020	Change in %	Change in %	
Net sales	11,106.3	10,742.2	3.4	5.4	
Core operating profit (EBIT) ²	283.4	257.5	10.1	12.5	
Operating profit (EBIT)	284.6	257.5	10.5	13.0	
Profit after tax	230.1	164.8	39.6	43.1	

Consolidated Statement of Financial Position			
in CHF millions		December 31, 2021	December 31, 2020
Total assets		5,347.4	5,118.0
Equity attributable to the shareholders of DKSH Holding Ltd.		1,808.8	1,738.4
Net operating capital (NOC)		1,489.9	1,388.9
Net cash		367.3	342.2
Return on net operating capital (RONOC) (in %)		19.8	18.1
Return on equity (ROE) (in %)		12.4	9.0

Earnings per Share			
in CHF		2021	2020
Basic earnings per share		3.45	2.42
Diluted earnings per share		3.44	2.41

Other			
		December 31, 2021	December 31, 2020
Headcount		33,099	33,931
Full-time equivalents		31,453	32,447

¹ Constant exchange rates (CER): 2021 figures converted at 2020 exchange rates.

² Excl. gain on sale to aCommerce (CHF 10.3 million) and non-recurring share of loss in associate (CHF -9.1 million).

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