

Media release

DKSH publishes half-year results 2019

- Net sales of CHF 5.6 billion match the previous year's level
- Lower EBIT due to exit of Healthcare business in China and restructuring costs
- Adjusted EBIT³ above last year's level:
 - Healthcare, Performance Materials and Technology grew adjusted EBIT in sum by 8.1%
 - Consumer Goods below previous year's level; restructuring well-advanced
- Acquisition strategy with four value-accretive takeovers
- Outlook 2019: increased operating result expected

Key figures Group (in CHF million)	H1 2019 ¹	H1 2018	Δ in % CHF	Δ in % CER ²
Net sales	5,618.6	5,671.1	(0.9)	(2.1)
Adjusted operating profit (EBIT)³	124.0	122.4	1.3	0.4
Operating profit (EBIT)	110.7	139.5	(20.6)	(21.4)
Adjusted profit after tax³	79.3	86.4	(8.2)	(9.3)
Profit after tax	68.3	97.5	(29.9)	(30.9)
Free Cash Flow	32.1	69.6	(53.9)	-

¹ Including effects from first-time application of IFRS 16. For further details see appendix on page 3

² Constant exchange rates (CER): 2019 figures converted at 2018 exchange rates

³ H1 2018: excluding Healthcare business in China (EBIT: CHF 17.1 million, profit after tax: CHF 11.1 million)

H1 2019: excluding restructuring costs in Consumer Goods (EBIT: CHF 13.3 million, profit after tax: CHF 11.0 million)

Zurich, Switzerland, July 16, 2019 – Net sales of CHF 5.6 billion matched the previous year's level (underlying growth: 3.1% organic plus 1.2% M&A). The operating profit (EBIT) was below last year due to the exit of the Healthcare business in China (CHF 17.1 million) and restructuring costs in Consumer Goods (CHF 13.3 million). Excluding these effects, the adjusted EBIT grew 1.3% to CHF 124.0 million. In line with the acquisition strategy, DKSH has already acquired four value-accretive businesses.

The three Business Units Healthcare, Performance Materials and Technology further expanded their leading positions. With double-digit EBIT growth and a higher margin, Performance Materials developed particularly well. Consumer Goods grew sales by 3.4%, and the restructuring of the Business Unit is already well-advanced. Furthermore, DKSH entered new and attractive business segments with two value-accretive acquisitions in Consumer Goods.

DKSH CEO Stefan P. Butz commented: "With the exit of the Healthcare business in China and the restructuring in Consumer Goods, we have taken important steps to better position DKSH for the future. Excluding these effects, we increased net sales – organically and with acquisitions by 4.3% – and the adjusted EBIT was above the previous year's level. In sum, Business Units Healthcare, Performance Materials and Technology improved adjusted EBIT by more than 8%. Based on the development of our Business Units and the measures that we have introduced, we expect a better second half and a higher operating result for the Group in 2019."

DKSH Group

Group net sales declined by 0.9% to CHF 5.6 billion. Exchange rates had a positive impact of 1.2% and acquisitions contributed 1.2%. Net sales were 6.4% lower without the Healthcare business in China. Excluding these effects, organic growth was 3.1%. The adjusted EBIT of CHF 124.0 million was above the previous year's level. The adjusted profit after tax of CHF 79.3 million was below last year due to foreign exchange effects, the first-time application of IFRS 16 and higher financing costs for acquisitions. The Free Cash Flow amounted to CHF 32.1 million.

Business Unit Healthcare

With the exit of the Healthcare business in China in 2018, net sales declined by 5.0% to CHF 2.9 billion. Without this effect, net sales grew 7.7% and the adjusted EBIT of CHF 68.0 million was 8.6% higher than last year.

Key figures Healthcare (in CHF million)	H1 2019 ¹	H1 2018	Δ in % CHF	Δ in % CER ²
Net sales	2,930.0	3,082.9	(5.0)	(6.3)
Adjusted operating profit (EBIT) ⁴	68.0	62.6	8.6	8.0
Operating profit (EBIT)	68.0	79.7	(14.7)	(15.2)

⁴ H1 2018: excluding Healthcare business in China (CHF 17.1 million)

Business Unit Consumer Goods

Despite difficult markets and a challenging environment in the consumer goods industry, net sales rose by 3.4% to nearly CHF 2.0 billion. DKSH initiated a restructuring at the end of 2018, which is now well-advanced. Organizational changes, impairments and the closing of unprofitable businesses resulted in one-time costs of CHF 13.3 million in the first half of 2019. Excluding these restructuring costs, adjusted operating profit of CHF 31.4 million was 7.9% below last year's level.

The acquisition of Auric Pacific's distribution business in Malaysia and Singapore had a positive impact on the operating profit. With the acquisition of CTD in Australia in July, DKSH further expanded its presence in the Pacific region. The new Consumer Goods Head, Terry Seremetis, will join DKSH in August.

Key figures Consumer Goods (in CHF million)	H1 2019 ¹	H1 2018	Δ in % CHF	Δ in % CER ²
Net sales	1,985.7	1,920.7	3.4	2.0
Adjusted operating profit (EBIT) ⁵	31.4	34.1	(7.9)	(9.4)
Operating profit (EBIT)	18.1	34.1	(46.9)	(48.4)

⁵ H1 2019: excluding restructuring costs (CHF 13.3 million)

Business Unit Performance Materials

Business Unit Performance Materials grew in the first half of 2019 and increased profitability. With CHF 504.2 million, net sales exceeded last year's level by 6.0%. The operating profit grew by a double-digit to CHF 44.6 million. In June, DKSH acquired Dols International and thereby expanded its market coverage in Europe. The number of innovation centers increased by 5 to 44.

Key figures Performance Materials (in CHF million)	H1 2019 ¹	H1 2018	Δ in % CHF	Δ in % CER ²
Net sales	504.2	475.7	6.0	6.3
Operating profit (EBIT)	44.6	39.7	12.3	11.6

Business Unit Technology

Business Unit Technology reported 3.4% higher net sales of CHF 198.7 million. The EBIT of CHF 7.4 million was below last year due to fewer realized projects. Results will be positively impacted by more projects in the second half of 2019 and the acquisition of SPC. With this acquisition, DKSH became the largest provider of analytical instruments in Thailand.

Key figures Technology (in CHF million)	H1 2019 ¹	H1 2018	Δ in % CHF	Δ in % CER ²
Net sales	198.7	192.1	3.4	2.8
Operating profit (EBIT)	7.4	8.7	(14.9)	(18.4)

Outlook

Assuming stable markets, DKSH expects a higher operating result in 2019.

Further information

The media conference will take place today at 9:30 a.m. CET 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 2019](#).

Appendix I: Reconciliation table net sales

(in CHF million)	H1 2019	Organic*	M&A*	FX*	Healthcare China*	H1 2018
DKSH Group	5,618.6	175.5	65.3	67.9	(361.2)	5,671.1
Healthcare	2,930.0	167.3	-	41.0	(361.2)	3,082.9
Consumer Goods	1,985.7	(18.5)	56.1	27.4	-	1,920.7
Performance Materials	504.2	29.6	0.7	(1.7)	-	475.7
Technology	198.7	(3.2)	8.6	1.2	-	192.1

* **Organic:** difference 2019 figures to 2018 figures excluding M&A, FX and Healthcare China

M&A: acquisition Auric Pacific (Consumer Goods), Dols International (Performance Materials) and SPC (Technology)

FX: impact from currency translation on net sales

Healthcare China: without Healthcare business in China in 2018

Appendix II: IFRS 16

As of January 1, 2019, DKSH applies IFRS 16 in its financial reporting. As a result, operating profit and adjusted operating profit increased by CHF 2.5 million in the first half of 2019 (thereof: Healthcare CHF 0.6 million, Consumer Goods CHF 1.5 million, Performance Materials CHF 0.1 million, Technology CHF 0.1 million and Others CHF 0.2 million). Profit after tax and adjusted profit after tax decreased by CHF 1.7 million.

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 Swiss heritage and long business tradition since 1865, DKSH is deeply rooted in Asia Pacific.

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