> August 11, 2014

Letter to shareholders

Adrian T. Keller, Chairman (right), and
Dr. Joerg Wolle, President & CEO (left), DKSH Group.

Dear Shareholders,

As the leading Market Expansion Services provider with a focus on Asia, DKSH continued to grow in the first half-year of 2014 at constant exchange rates in a challenging market environment.

We are well aware that for you, the performance of DKSH reported in Swiss francs is of high importance. Against the backdrop of substantial foreign exchange rate depreciations of almost 10% on Group level, we however are presenting our first half-year 2014 results at constant exchange rates. They emphasize DKSH's continued growth and competitive strength. In addition, the focus on constant exchange rates ensures the comparability of our results between the first half-year of 2013 and first half-year of 2014.

In line with our strategy, the focus in the first half-year of 2014 was on organic growth through expanding business with existing clients, multiplying success stories from country to country and new business development. In addition, we further strengthened our business through two bolt-on acquisitions in the markets in Macao and in Spain and Portugal.

Net sales grew by 6.7% at constant exchange rates to CHF 5,071.8 million. Organic growth was 6.0%, while just 0.7 percentage points of net sales growth resulted from M&A activities. The depreciation of Asian currencies impacted net sales in total by 9.6%. Reported in Swiss francs, net sales accordingly reached CHF 4,618.4 million (–2.9% compared to last year).

Despite the challenging political situation in our main market, Thailand, operating profit before interest and taxes (EBIT) at constant exchange rates increased by 1.4% and reached CHF 144.8 million (reported in Swiss francs CHF 131.4 million). Political unrest in Thailand was more profound and enduring than expected at the beginning of the year, resulting in negative economic growth. Over the past months, this caused a temporary lower demand for consumer goods, higher-margin luxury and lifestyle products as well as reduced industrial investments. The military takeover at the end of May, however, helped to stabilize the situation.

Profit after tax has been impacted by profit hedging costs and accordingly reached CHF 99.8 million at constant exchange rates (reported in Swiss francs CHF 91.7 million).

Although net sales grew in the first six months of 2014, free cash flow achieved, at constant exchange rates, CHF 166.7 million thanks to sound working capital management and thereby almost reached the high level of last year (reported in Swiss francs CHF 136.7 million).

We are pleased with the net sales growth achieved in this challenging market environment. At the same time, we continue to implement initiatives to consistently enhance our operational efficiency. Only then can we effectively implement our strategy going forward and efficiently leverage growth opportunities.

DKSH completed two bolt-on acquisitions in the first half-year of 2014. With the takeover of Glory, an established healthcare distributor in Macao, we not only added a direct presence in that market for the Business Unit Healthcare, but also reinforced our position as the leading Market Expansion Services provider for pharmaceuticals, consumer health and medical devices companies in the Greater China region.

With the acquisition of Zeus Química, a top-ranking specialty chemicals distributor in Spain and Portugal, we considerably strengthened our market position in Europe and thereby complemented our market leadership in Asia in June. Zeus Química offers a full range of specialty products for the polymers, paints and coatings, personal care, nutrition and pharmaceutical sectors. Significantly, the company has been able to increase net sales and profitability continuously during the years of financial crisis on the Iberian Peninsula. Through the incorporation of Zeus Química into our DKSH platform, our existing partners and clients can now also utilize our service portfolio on the Iberian Peninsula.

With both acquisitions, DKSH confirms its position as the industry consolidator in the fast-growing but still highly fragmented Market Expansion Services industry.

Formed in 2002 through the merger of long-established Swiss trading houses Diethelm Keller Services Asia and SiberHegner, DKSH has transitioned from a trading company into the leader in the recently defined Market Expansion Services industry.

Following the IPO in 2012 and the enhanced visibility that comes with being a listed company, awareness of DKSH among manufacturers and clients has increased yet again, as has our standing in the market for new talent.

DKSH continued to invest in the skills and training of its employees, its most important asset. At the end of June 2014, DKSH employed 27,159 specialists worldwide, representing an increase of 466 people or 1.7% compared to the year-end of 2013.

Our diversified Board of Directors has been further strengthened. In April 2014, David Kamenetzky, who is currently responsible for Corporate Affairs and Strategic Initiatives on the Executive Board of Mars, Incorporated, became a new board member. His in-depth understanding of the global consumer goods markets, coupled with his outstanding professional career, make him a perfect fit for our company.

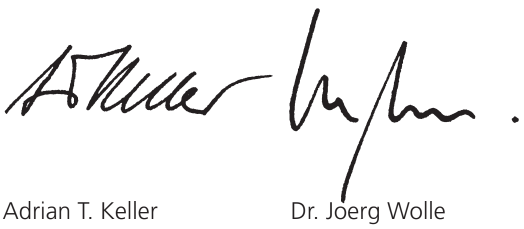
From today's perspective, we expect to achieve a 2014 result which is above the record year 2013. This assuming constant exchange rates.

The increasingly difficult political situation in our main market, Thailand, has temporarily resulted in lower demand for consumer goods and in reduced investment activities. While the current situation does not allow for providing an accurate forecast for the year, we are cautiously optimistic. This based on the recently improved consumer confidence index and increased growth forecasts for the Thai economy. The recent weeks can be considered as a potential trend reversal after thirteen months of continuously declining consumer confidence.

The growth outlook for our markets and the attractiveness of our business model remain very good. Because of increased uncertainty and complexity in some Asian markets, clients are increasingly outsourcing sales and distribution of their products in Asia to transparent and reliable partners like DKSH. Demand for our services therefore continues to rise. With our strongly diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle class, rising inner-Asian trade and increased outsourcing to specialist services providers like DKSH.

Building on these firm foundations and based on current market views, as well as constant exchange rates, DKSH is confident of achieving over a three-year time frame up to 2016 net sales of around CHF 12 billion at a compound annual growth rate (CAGR) of 8%. Within the same timeframe EBIT is expected to grow at a CAGR of 10% to a level of around CHF 380 million, which should translate into profit after tax of some CHF 270 million.

Sincerely yours,



Adrian T. Keller
Chairman

Dr. Joerg Wolle
President & CEO

Key figures

Interim consolidated income statement		At constant exchange rates[1]			
in CHF millions	January – June 2014	Change in %	January – June 2014	Change in %	January – June 2013
Net sales	5,071.8	6.7	4,618.4	(2.9)	4,754.5
Operating profit (EBIT)	144.8	1.4	131.4	(8.0)	142.8
Profit after tax	99.8	(4.9)	91.7	(12.6)	104.9
EBIT margin (in %)	2.9	-	2.8	-	3.0

Interim consolidated statement of financial position			
in CHF millions	June 30, 2014	December 31, 2013	Change in %
Total assets	3,534.1	3,386.6	4.4
Equity attributable to the shareholders of the Group	1,308.0	1,277.2	2.4
Net operating capital (NOC)	1,119.7	1,078.6	3.8
Net cash	203.9	214.4	(4.9)
Return on net operating capital (RONOC) (in %)	23.9	28.4	
Return on equity (ROE) (in %)	14.0	17.9	

Earnings per share			
in CHF	January – June 2014	January – June 2013	Change in %
Basic earnings per share	1.41	1.60	(11.9)
Diluted earnings per share	1.41	1.59	(11.3)

Other			
	June 30, 2014	December 31, 2013	Change in %
Specialists	27,159	26,693	1.7

[1] Constant exchange rates: 2014 figures converted at 2013 exchange rates

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