

Letter to shareholders



Stefan P. Butz, CEO, and Dr. Joerg Wolle, Chairman, DKSH Group

Dear shareholders,

DKSH diligently implemented its strategy for sustainable, profitable growth and once again improved prior year's numbers.

The successful leadership changes and the external headwinds in some of our Asian markets characterized the year 2017.

Thanks to the continuously enhanced client and customer focus, DKSH nevertheless increased consolidated net sales by 4.8% to over CHF 11.0 billion for the first time. Organic growth was 3.7% and 0.2% were derived from acquisitions. Exchange rate fluctuations had a slightly positive impact of 0.9%.

Organic growth constituted the greater part of the increase. DKSH generated strong growth in Vietnam, Laos, Cambodia and Myanmar.

In addition, DKSH expanded its market presence through acquisitions. In January, DKSH took over the Cambodian medical device distributor Europ Continents and in March the field marketing provider IMA in Vietnam. With the strategic acquisition of PT Wicaksana, DKSH successfully entered the Indonesian market for Business Units Consumer Goods and Healthcare.

We furthermore increased our footprint in Asia's fast-growing online channels. The DKSH digital team has been strengthened and we now offer services for around 400 brands in eight countries across Asia. eSweets, acquired at the end of 2016, and our investments in aCommerce developed positively.

With the appointment of DKSH's Chief Information Officer as a member of the Group Management team, DKSH underlines the importance of digitization and the significance of an integrated and centralized IT platform within the Group.

DKSH increased its other key financial numbers in 2017, too. Operating profit (EBIT) rose to CHF 297.0 million. Profit after tax was slightly above last year's level at CHF 213.3 million. The Free Cash Flow added up to CHF 139.5 million and was above the previous year's result.

Despite muted consumer demand in Thailand caused by political developments, the Business Unit Consumer Goods managed to keep its result on last year's level. DKSH continued to restructure its luxury goods business and improved results for this segment compared to last year.

In Business Unit Healthcare, DKSH continued to grow strongly and further expanded its leading market position.

Net sales in Business Units Performance Materials and Technology rose due to higher demand for capital investment goods and specialty raw materials.

In line with the progressive, shareholder-friendly dividend policy practiced for many years, the Board of Directors will propose to the Ordinary Annual General Meeting (AGM) in March 2018 an ordinary dividend of CHF 1.65 per share for the financial year 2017. The ordinary dividend would thereby be CHF 0.15 or 10.0% higher than last year. Payment date for the dividend, if approved by the AGM, is set to start on March 28, 2018 (record date: March 27, 2018; ex-dividend date: March 26, 2018).

The performance of our 32,000 specialists, a promising business development pipeline from clients around the world and the opening of further distribution centers in Asia will drive DKSH's expansion. DKSH is therefore overall confident and expects an increased net sales and profit growth rate for 2018.

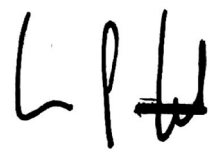
Based on our distinct strategy, our strong balance sheet and our broadly diversified and scalable business model, DKSH is ideally positioned to continue to benefit in the long-term from the growing middle class, the rising inner-Asian trade and the increasing outsourcing to specialist services providers.

We would like to thank our business partners, employees and shareholders for their commitment.

Sincerely yours,



Dr. Joerg Wolle
Chairman



Stefan P. Butz
CEO

Key figures

Consolidated income statement

	At CER ¹			
in CHF millions	2017	2016	Change in %	Change in %
Net sales	11,006.4	10,505.2	4.8	3.9
Operating profit (EBIT)	297.0	293.0	1.4	1.3
Profit after tax	213.3	213.0	0.1	0.0
EBIT margin (in %)	2.7	2.8	-	-

Consolidated statement of financial position

in CHF millions	December 31, 2017	December 31, 2016
Total assets	4,645.0	4,415.3
Equity attributable to the shareholders of the Group	1,576.4	1,641.8
Net operating capital (NOC)	1,234.1	1,142.8
Net cash	344.2	512.5
Return on net operating capital (RONOC) (in %)	25.0	26.7
Return on equity (ROE) (in %)	13.1	12.7

Earnings per share

in CHF	2017	2016
Basic earnings per share	3.18	3.21
Diluted earnings per share	3.18	3.21

Other

	December 31, 2017	December 31, 2016
Specialists	31,973	30,318

¹ Constant exchange rates: 2017 figures converted at 2016 exchange rates

Publisher

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