

Letter to shareholders



Stefan P. Butz, CEO, and Adrian T. Keller, Chairman, DKSH Group

Dear shareholders,

In 2019, DKSH achieved further growth for clients and customers. Based on our resilient business model, we mastered unexpected challenges in some core markets and strengthened our leading market position in Asia by strategically developing our four Business Units. Thereby, we laid the foundations for our future success.

Net sales grew by 2.1% to CHF 11.6 billion and operating profit (EBIT) increased by 0.7% to CHF 265.4 million. On an adjusted basis, net sales and EBIT grew by 6.7% and 10.1%, respectively. All four Business Units contributed to this performance.

Excluding the former business in China, Business Unit Healthcare recorded a solid performance with higher sales and operating profit.

In Business Unit Consumer Goods, the good progress made with the restructuring program yielded higher results and the business reached several further milestones. The online business reported sales of more than CHF 100 million for the first time and, after many years, the watch brand Maurice Lacroix reached break-even again.

Business Unit Performance Materials delivered a record year. For the first time, the Unit generated more than CHF 1 billion in net sales and grew EBIT at a double-digit rate. Today, this business contributes almost one third to the Group's profits.

Business Unit Technology achieved higher net sales and EBIT, too. It successfully expanded strategic growth segments, such as scientific instrumentation.

Organic growth remains our highest priority and our focused acquisition strategy delivers additional strategic value. With four closed transactions, 2019 was the most successful year in terms of acquisitions in the company's history.

DKSH has supported clients to expand in Asia for more than 150 years. Over this time, the company has developed from a traditional trading house into the leading Market Expansion Services provider in Asia. Together with our employees, we have now widely implemented this vision.

We are currently launching our new Identity, reflecting our ambition for future growth as well as our corporate purpose to enrich people's lives. As a company, our services give people in Asia access to important daily products, create sustainable value for our partners and generate jobs across the region.

As part of our new Identity, we updated our corporate values: integrity, empowerment, collaboration, entrepreneurship and sustainability. With these core values, we ensure that DKSH will continue its journey to become "ever better" and keeping our employees, and their development, at the heart of our culture.

Sustainability is an essential component of our new Identity and we intensified our efforts. We achieved climate-neutrality in our founding markets through a new partnership with Plant-for-the-Planet. Since 13 years, we have a proud cooperation with Right

to Play in Thailand. Currently, we are expanding this partnership by joining their programs with the Liverpool FC Foundation. Together we improve life-skills, increase community and social cohesion as well as foster better learning environments for children, young people and communities in Thailand.

Over the last two years, we have substantially renewed our Board of Directors. We are pleased that Marco Gadola, an industry expert with deep understanding of Asian markets, joined the Board of Directors, effective January 1, 2020. He will stand for election as Chairman at the next Ordinary General Meeting on March 19, 2020. DKSH will continue to pursue its strategy for sustainable, profitable growth.

In addition, we also continue our progressive dividend policy and – taking into consideration our financial results as well as investment opportunities – the Board of Directors proposes an ordinary dividend of CHF 1.90 per share to the next Ordinary General Meeting. The ordinary dividend would thereby be CHF 0.05 or 2.7% higher than last year. Payment date for the dividend, if approved by the AGM, is set to start on March 25, 2020 (record date: March 24, 2020; ex-dividend date: March 23, 2020).

The intact long-term growth drivers in Asia, our resilient business model and strategic measures initiated in the last years form the foundations of our future success.

Assuming stable market and currency conditions, DKSH expects an adjusted operating profit (EBIT) above previous year.

In line with our new promise “Delivering growth – in Asia and beyond”, we look forward to continue cooperating with our partners, employees and you – our shareholders – in 2020. We thank you for your continued commitment and trust over the past year.

Sincerely yours,



Adrian T. Keller
Chairman



Stefan P. Butz
CEO

Key figures

Consolidated income statement

	At CER ¹			
in CHF millions	2019	2018	Change in %	Change in %
Net sales	11,579.2	11,344.6	2.1	0.3
Adjusted operating profit (EBIT) ²	279.9	254.3	10.1	8.1
Operating profit (EBIT)	265.4	263.6	0.7	(1.3)
Adjusted Profit after tax ³	188.0	182.4	3.1	0.8
Profit after tax	176.1	260.3	(32.3)	(33.9)

Consolidated statement of financial position

in CHF millions	December 31, 2019	December 31, 2018
Total assets	5,353.0	4,895.4
Equity attributable to the shareholders of the Group	1,774.3	1,710.4
Net operating capital (NOC)	1,459.5	1,236.3
Net cash	312.9	473.8
Return on net operating capital (RONOC) (in %)	19.7	21.3
Return on equity (ROE) (in %)	9.7	14.9

Key share figures

in CHF	2019	2018
Basic earnings per share	2.65	3.92
Diluted earnings per share	2.65	3.92
Ordinary dividend per share	1.90 ⁴	1.85

Other

	December 31, 2019	December 31, 2018
Specialists	33,353	32,996

¹ Constant exchange rates (CER): 2019 figures converted at 2018 exchange rates

² Excl. restructuring costs (2019: CHF 14.5 million, 2018: CHF 18.2 million); 2018 excl. EBIT Healthcare China (CHF 27.5 million)

³ Excl. restructuring costs (2019: CHF 11.9 million, 2018: CHF 17.9 million); 2018 excl. EBIT and gain on sale Healthcare China (CHF 20.6 million and CHF 75.2 million)

⁴ Proposal of the Board of Directors

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