



Diethelm Keller Holding Ltd

Europe Asia Americas  
Americas Asia Europe

2009: EASTERN STABILITY – WESTERN CONTRACTION

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## **Photography concept**

The Diethelm Keller Group has its historic roots in the exchange of goods and services between Asia, Europe and the Americas. In over 140 years of business activities, extensive networks and close relations have been built with people as well as customers and clients. At the same time the spectrum of activities has widened. The images in this publication reflect both the close ties with customers and the various business lines of the Diethelm Keller Group.

Commissioned by Diethelm Keller Holding Ltd., the photographs in this Annual Review were taken by Laurent Raphaël Burst. He lives in Zug (Switzerland) where he was born in 1979, and in Berlin (Germany). Since 2009 he has been working as a freelance photographer.



The Diethelm Keller Group is an internationally active Swiss company, whose roots date back more than 140 years. The founders started by trading products between Asia and Europe. Today, the Diethelm Keller Group, which is principally owned by fourth generation descendants of the founders, consists of four operating units with strong market positions in their respective fields. Under the roof of the Diethelm Keller Holding Ltd., they operate with a high degree of entrepreneurial autonomy. At the end of 2009, the four operating units employed more than 24,000 people in 42 countries.

## Operating units:

- DKSH is the leading Market Expansion Services company with focus on Asia
- Diethelm Keller Brands holds a portfolio of international proprietary brand companies grouped in three divisions: Household, Industrial and Cleaning Systems
- Diethelm Travel is a major destination management company in Asia
- STA Travel is the world's leading travel company for students and young people.



The fan tree (*ravenala madagascariensis*), also known as the traveler palm, is the symbol of the Diethelm Keller Group. The fan tree is not only beautiful; it is strong, sturdy and enjoys long life. It bends with the wind but does not yield. The branches and leaves form a circle, thus embracing all the activities of the Diethelm Keller Group. The red color reflects the Swiss heritage and the fan tree stands for the Group's Asian roots.

## 2009: Eastern Stability – Western Contraction

Dear shareholders

Dear business partners, staff members and friends

Economic and financial instability on a global scale, insecurity about future developments and political maneuvering put their stamp on the year 2009.

While business around the globe struggled with the economic downturn, governments had to tackle extremely difficult challenges. To safeguard the financial system against a further and possibly devastating loss of confidence among market participants governments, central banks and international financial institutions intervened on a massive scale in 2009 to save banks and private enterprises, thereby piling up public debt.

For the time being, the worst economic crisis of our lifetime appears to be under control as signs of a weak recovery have become evident since the latter part of 2009. However, no matter how useful and appropriate actions taken by governments have been to stabilize the system, there can be hardly any doubt that these massive interventions carry risks of higher inflation in future, threatening the global financial system anew.

Against this background the Board of Directors of Diethelm Keller Holding Ltd. continually monitored the situation and evaluated the position of the Group's different business segments with caution. To compensate for inevitable sales declines, we lowered the cost base in various segments and invested in meaningful opportunities. During 2009, all four operating units vigorously aimed at enhancing innovation, customer orientation and operational efficiency as well as quality of staff. Consequently the Group's profitability improved even though lower net sales in some segments reflected the difficult market conditions.

During 2009 and early in 2010 some important acquisitions and expansions were successfully concluded:

*DKSH* acquired the chemicals trading section of Voltas Ltd. in India, as well as Dasico A/S, a specialty chemicals distributor in Scandinavia. Furthermore, *DKSH* took over the Japanese business of Michael Weinig Germany, as well as the business of Shell Distribution Company, a subsidiary of Shell in Thailand. In early 2010, *DKSH* bought Chiao Tai Logistics, a well-known Taiwanese logistics company specializing in fast moving consumer goods. In March 2010, two additional transactions followed: *DKSH* acquired Biolife Sdn Bhd, the leading own-brand vitamin and health supplement company in Malaysia, and the Hagemeyer-Cosa Liebermann Group, a diversified luxury consumer goods and lifestyle products marketer and distributor in Asia.





*Diethelm Keller Brands* acquired Outdoor Chef International Ltd., a leading Swiss-based barbecue manufacturer and marketer, in the last quarter of 2009. With this acquisition DKB won the leading position in the Swiss barbecue market and at the same time expanded distribution channels into several European markets. Wetrok Ltd. established a subsidiary in Austria in March of 2009.

*Diethelm Travel* opened a branch in Singapore, its twelfth country of operation, in July and in December launched a new department, Diethelm Travel Golf.

*STA Travel* introduced its new retail brand across all websites and at a great number of branches. While closing some poorly performing locations in Germany, the company started a strategic expansion drive and added seven new shops on high street locations.

In 2009, the strategy for the Diethelm Keller Group has been put to the test and again has been proven valid. While it is true that the rough economic climate of 2009 did reduce sales in various business sectors, the wide range of well balanced high quality activities – offering specialized niche products on the one hand and mass distribution of goods for the basic daily needs like healthcare and fast moving consumer goods on the other hand – allowed to compensate for any shortfalls. The fact that the Diethelm Keller Group generates sales and profits predominantly in Asia proved to be beneficial as the East was hit less hard by the crisis and went back to economic recovery earlier than the West.

In light of these developments the Diethelm Keller Group started the year 2010 with reassuring progress. Nevertheless, instability and uncertainty remain ominous. Therefore utmost flexibility is needed to take advantage of and master further anticipated challenges as well as unexpected developments.

Strategy alone however is not sufficient to be successful. In 2009, the Group's dedicated staff again worked extremely hard, with creativity and diligence to turn strategy into sales and financial success. My colleagues on the Board of Directors of Diethelm Keller Holding Ltd. join me in extending our thanks, gratitude and appreciation to all employees throughout our worldwide operations. At the same time we are well aware of the importance and role of our business partners and clients. To them as well as to all friends and supporters of the Group we extend our heartfelt thanks.

Andreas W. Keller  
Chairman

#### Diethelm Keller Group: Key figures<sup>1</sup> (Financial figures in CHF million)

	2009	2008 <sup>2</sup>	+/- %
Consolidated transaction value	9,950	9,887	+ 1
Consolidated sales under IFRS	7,045	7,013	0
Employees at year-end	24,025	25,107	- 4

#### Locations

Headquarters: Zurich (Switzerland)

International presence: Companies and branch offices in 42 countries as well as representatives, franchisees and licensees in 45 further countries.

<sup>1</sup> Pursuant to International Financial Reporting Standards (IFRS), significant parts of activities are not classified as revenues. For example, while STA Travel sold tickets and other services and generated a transaction value, according to IFRS, only the commissions earned on these transactions are recognized as Diethelm Keller Group revenues.

<sup>2</sup> Comparative numbers re-presented to reflect DKSH's Premium Pet Products business in the Netherlands as discontinued operations.

## Professional standards as guiding principle

Diethelm Keller Holding Ltd. is a privately held company, principally owned by fourth generation descendants of the founders. The four major owners form the Executive Committee of the Board of Directors of the Holding Company.

The Diethelm Keller Group is committed to the principles of good Corporate Governance, has a professionally organized Board and applies group-wide International Financial Reporting Standards (IFRS).

### Diethelm Keller Holding Ltd.

#### Board of Directors

Andreas W. Keller, Chairman\*

Dr. Jean-Pierre Blancpain, Vice Chairman\*

Adrian T. Keller, Vice Chairman\*/\*\*

Jean-Daniel de Schaller\*

Walter Ehrbar\*\*

Dr. Joerg W. Wolle

\* Member of the Executive Committee

\*\* Member of the Audit Committee

### Corporate Office

Dr. Markus Braun, Head of Corporate Office & Chief Financial Officer<sup>1</sup>

Joe Piaz, Chief Financial Officer<sup>2</sup>

Beat Schwendener, Group Controller

Markus Keller, Head of Corporate Affairs

<sup>1</sup> as of June 2010

<sup>2</sup> retirement at the end of May 2010

### Auditor

PricewaterhouseCoopers Ltd., Zurich

Visitors to the Zurich headquarters of Diethelm Keller Holding are welcomed in the building's lobby by an ingenious presentation of various company symbols of the Group's long history – among them the fan tree.





### Diethelm Keller Group organization

Diethelm Keller Holding Ltd.

Executive Committee of the  
Board of Directors

Andreas W. Keller  
Jean-Pierre Blancpain  
Adrian T. Keller  
Jean-Daniel de Schaller

Corporate Office

Markus Braun  
Joe Piaz<sup>1</sup>  
Beat Schwendener  
Markus Keller

DKSH Holding Ltd.	Diethelm Keller Brands Ltd.	Diethelm Travel Holding Ltd.	STA Travel Holding Ltd.
Ownership 65 %	Ownership 100 %	Ownership 100 %	Ownership 100 %
Joerg W. Wolle Gonpo Tsering Stuart Davy Marcel W. Schmid Bernhard Schmitt	Josef von Arx Joe Piaz <sup>1</sup> Daniel Lippuner <sup>2</sup> Michel Bösiger	John Watson Richard Brouwer David Gostling	Peter Liney Steve Jenkins Paul Maine Andy Mills

<sup>1</sup> retirement at the end of May 2010  
<sup>2</sup> as of June 2010

## Operating units



### DKSH

DKSH is the No. 1 Market Expansion Services company with focus on Asia, helping clients and customers to grow their businesses in new or existing markets. For this, DKSH offers a comprehensive package of services that includes organizing and running the entire value chain for any product: from sourcing, research and analysis, marketing, sales, distribution and logistics to after-sales services. Business activities are organized into four highly specialized business units. 20,744 employees in 35 countries.

CEO: Dr. Joerg W. Wolle.

#### Business units

##### Consumer Goods

Asia's leading Market Expansion Services specialist with a focus on fast-moving consumer goods, food services, luxury goods, fashion and lifestyle products, as well as hair and skin cosmetics. The comprehensive services extend from product feasibility studies and registration to importation, customs clearance, sales, marketing and merchandising, warehousing, distribution, invoicing, cash collection and after-sales services. 11,500 employees in 443 locations in 19 countries.

##### Healthcare

The partner of choice for healthcare companies seeking to grow their business in Asia, offering a wide range of Market Expansion Services from product registration, marketing and sales to distribution. Products available include ethical pharmaceuticals, consumer health and over-the-counter (OTC) products as well as medical devices and are delivered to professional healthcare outlets such as hospitals, clinics, pharmacies, drugstores, dentists, optical outlets and more. 7,000 employees in 109 locations in eleven countries.

##### Performance Materials

A major provider of Market Expansion Services for a wide range of specialty chemicals and ingredients, including sourcing, development, marketing and distribution. Business partners can be found in the brush and apparel, food and beverage, personal care and cosmetics, pharmaceutical and specialty chemicals industries. 1,200 employees in 57 locations in 24 countries.

##### Technology

The leading provider of Market Expansion Services, offering technical solutions in the areas of manufacturing and production, energy, research, advanced metals, food and beverage, as well as infrastructure. The services portfolio includes market entrance consultancy, product planning, marketing, sales, application engineering and after-sales services. 1,200 employees in 67 locations in 17 countries.



### Diethelm Keller Brands

Diethelm Keller Brands owns a portfolio of proprietary brand companies with 15 brands aligned in three divisions. DKB is headquartered in Zurich and has 1,010 employees in ten companies and 16 subsidiaries across twelve countries. There are agents and distributors in another 46 countries. CEO: Josef von Arx.

#### Divisions



##### Cleaning Systems division

The Cleaning Systems division owns two brands and provides integrated cleaning solutions for professional applications in institutions and industries. 313 employees.







#### Diethelm Travel

Over the last five decades, Diethelm Travel has evolved to become a leading destination management company. Diethelm Travel services tour operators worldwide from 81 countries. 594 employees in twelve countries. CEO: John Watson.



#### STA Travel

STA Travel was originally established in Australia and acquired by Diethelm Keller Group in 1979. Today it is the world's leading travel company for students and young adults, with 1,663 employees in twelve countries, as well as franchising and licensing partners in another 48 countries. CEO: Peter Liney.



#### Household division

The Household division unites five companies and ten brands with innovative products in the areas of household and kitchen, creative leisure activities, outdoor furniture, distribution of Nespresso coffee machines and consumer electronic brands, grouped into Audio and Vision. 308 employees (excluding Gloster).



#### Industrial division

The Industrial division encompasses three companies which manufacture top-quality aluminium products. 363 employees.

#### Diethelm Travel locations

Diethelm Travel offers professional inbound travel and golf services in twelve countries and is active in the convention and conference business.

Bhutan  
Cambodia  
China  
India  
Laos  
Malaysia  
Maldives  
Myanmar  
Singapore  
Sri Lanka  
Thailand  
Vietnam

#### STA Travel locations

STA Travel sells its products and services to young people with a love for adventure. STA Travel covers individual journeys, group tours, language holidays and work and travel programs. STA Travel uses a network of 219 retail travel stores, call centers and websites in:

Australia  
Austria  
Germany  
Japan  
New Zealand  
Singapore  
South Africa  
Sweden  
Switzerland  
Thailand  
United Kingdom  
USA



Diethelm  
Keller  
Aviation



Singapore



## Historic milestones



In 1887, Wilhelm Heinrich Diethelm purchased the majority of the shares of his employer, Hooglandt & Co., Singapore, and Edward Anton Keller acquired his employer's company, Lutz & Co., Manila (Philippines). Dedication to their companies and knowledge of their markets and customers was essential for the development of strong ties with international business partners.

Andreas W. Keller, Chairman of DKH, characterized the merger of the Diethelm and Keller groups as follows: 'Out of Diethelm and Keller, a single group was born that is stronger than the individual companies added together. This was made possible by the far-sighted vision of our predecessors who coordinated the development of both groups to avoid duplications of efforts and creating potential synergies.'



The fan tree logo of Diethelm & Co. Ltd., registered as a trademark in Saigon in the late 19<sup>th</sup> century.

In the late 1860s, two young Swiss pioneers, Wilhelm Heinrich Diethelm and Edward Anton Keller, ventured to the Far East. Diethelm settled down in Singapore and Keller chose the Philippines as his new home.

Diversification, together with a policy of reinvesting profits, provided the basis for continuous growth. Diethelm & Co. Ltd. and Edward Keller Ltd. had the foresight to tap the potential of their extensive networks throughout Asia, Europe and the Americas and combine them with their core competencies.

Although cooperation between the two families and their companies dates back to the beginning of the 20<sup>th</sup> century, the establishment of the Diethelm Keller Group did not take place until 100 years later, in July 2000, when the two groups merged into the newly founded Diethelm Keller Holding Ltd. (DKH).

After World War II, Diethelm & Co. Ltd. and Edward Keller Ltd. began to expand their presence in Europe to reinforce their strong position in Asia. Over the years, they built up a portfolio of brands. These companies are integrated under the umbrella of Diethelm Keller Brands (DKB).

In the postwar years, Diethelm & Co. Ltd. also began to offer travel services in Southeast Asia. Today, Diethelm Travel is a leading destination management company in the region.

In 1979, STA Travel was acquired. Established in the early 1970s, STA Travel is the world's premier travel organization for students and young people. STA Travel is present in 60 countries.

DKSH Holding Ltd. was formed in June 2002, through the merger of Diethelm Keller Services Asia Ltd. with SiberHegner Holding Ltd. SiberHegner's roots date back to 1865 when Hermann Siber, another pioneering Swiss entrepreneur, founded his own trading company in Yokohama. Today, DKSH is the leading Market Expansion Services company with focus on Asia. DKSH offers sourcing, marketing, sales, distribution and after-sales services and provides its partners with sound expertise and on-the-ground logistics based on a comprehensive network of unique size and depth established over its long corporate history.

## Values and success factors

### – Respect

We conduct our business with responsibility and respect toward people, cultures, countries and the environment. We respect national customs, regulations and laws.

### – Fairness

We are proud of the good reputation the names Diethelm and Keller have enjoyed for generations, standing for credibility, stability and fairness.

### – Integrity

We are committed to the highest standards of ethics and integrity throughout our company. It is a key requirement for employees to succeed in our organization.

### – Sustainability

We maintain long-term ownership of our various businesses. Each entity is responsible for its financial soundness and is allowed to retain sufficient profits to enable a long-term growth strategy.

### – Operating autonomy

Our operating units can rely on a high degree of entrepreneurial and financial autonomy in the implementation of their long-term strategies.

### – Commitment to customers

We are fully committed to the products and services we provide and distribute. With our know-how, reliability and efficiency, we make sure that our customers' interests are served optimally.

### – Learning culture

We foster an active and professional exchange of know-how among our employees by providing an open environment for our multicultural, multilingual and geographically diverse staff.

### – Long-term financial orientation

With the vision to remain private, we pursue a long-term strategy of sustainable growth. Adequate profits combined with a conservative dividend policy ensure a successful long-term future.

### Our values

The Diethelm Keller Group is a privately held enterprise in the tradition of European family companies. The principal owners are fourth generation descendants of the founders and have a long-term commitment to the business. We are proud of our company's longstanding reputation which is based on our principal values.

### Our success factors

The Diethelm Keller Group operates as a portfolio holding company. The long-term strategy and the balance of risk exposure are determined by the core shareholders to safeguard the long-term viability of our company. The responsibility and the authority to operate our various businesses are delegated to the operating units, which enjoy a high degree of entrepreneurial freedom. Our success is based on several business principles that we strictly adhere to.



# Highlights

## January

- DKSH  
Acquisition of Voltas Ltd., a leading company in specialty chemicals and food ingredients in India
- Marcel W. Schmid becomes new member of the Executive Board
- Opening of a new state-of-the-art distribution center in Australia
- Inauguration of DKSH's European Regulatory Affairs Competence Center (ERACC) in Lyon, France

## February

- DKSH  
Acquisition of Dasico A/S, a specialty chemicals distributor in Scandinavia
- DKB  
Wetrok launches Minatol Elan 600 and Elan 700 R ride-on scrubbers

## March

- DKSH  
Joint venture with Smollan, one of the world's leading field marketing companies
- DKB  
Wetrok establishes a subsidiary in Austria
- Diethelm Furniture wins contract with Robert Bosch for workstations and Lecco chairs for Singapore and Indonesia
- Diethelm Travel  
Diethelm Travel China handles a high profile incentive group of 300 individuals
- STA Travel  
Rollout of the new STA Travel logo and store design starts at the Sheffield shop (UK)

## April

- DKSH  
SiberHegner K.K. in Japan changes its name to DKSH Japan K.K.
- Acquisition in full of Michael Weinig's Japan business, a market leader in solid wood processing machinery and equipment
- Partnership with Oerlikon Systems to take over their distribution and after-sales setup in China and Taiwan
- Opening of new distribution center in Myanmar

- DKB  
EDAK starts cooperation with Günzburger and launches new professional grade ladders for the Swiss market

DKB Household introduces a new range of Nespresso machines in Switzerland and Austria

DKB Household introduces 'BBQ Academies' for end consumers in Switzerland

- STA Travel  
Launch of 30<sup>th</sup> Anniversary promotions
- Display of new brand design on global websites

## May

- DKB  
Wetrok concludes a framework agreement with Vebego Services AG to provide comprehensive facility services in Switzerland
- Diethelm Travel  
Diethelm Travel The Maldives signs contract with a major European tour operator to handle large groups
- STA Travel  
Kevin Jacobs is appointed Managing Director USA and Japan

## June

- DKSH  
Strategy for growth for the company and the business units approved by the Board of Directors
- Opening of the state-of-the-art cold chain distribution center in Thailand
- DKB  
DKB Household rolls out Zyliss Essentials program in Australia via DKSH
- STA Travel  
Rollout of the global point of sale technology to Switzerland and Austria
- New retail expansion strategy is launched in Germany
- Rationalization of Group Human Resources and IT functions

## July

- DKB  
DKB Household launches an extended range of Jamie Oliver 'kitchen kit'
- Wetrok introduces six chemical eco-products for professional cleaning
- Diethelm Keller Aviation renews four-year contract with Air France and wins new airline customers including Saudi Arabian Airlines, Air New Zealand, Wataniya Airways (Kuwait) and Paramount Airways in India
- Diethelm Travel  
Start of operations in Singapore
- STA Travel  
Exclusive European student rail pass is launched with Eurail

## August

- DKB  
DKB Household office in Shenzhen (China) assumes wider responsibilities for other group companies

From left:  
With the acquisition of Outdoor Chef, DKB Household became the leader in the Swiss barbecue market.

STA Travel started displaying the new logo and store design in Sheffield (UK).

DKSH opened new state-of-the-art distribution centers in Australia, Myanmar and Thailand.



- STA Travel  
Michelle Cox is appointed Managing Director Asia Pacific Division

#### September

- DKSH  
Bernhard Schmitt is appointed to the Executive Board in the new position of Executive Vice President Country Operations & Business Processes

Launch of the new in-house DKSH 'Fantree Academy' in Singapore, with the University of St. Gallen, Switzerland, as principal partner

Completion of the global rollout of DKSH's own SAP-based Global Enterprise Resource Planning template called 'Pegasus'

- DKB  
Gloster launches new products at exhibitions in Paris and Chicago
- Diethelm Travel  
Tekla Maira is appointed Managing Director India
- STA Travel  
Signing of the first student ticket agreement with low cost carrier Jetstar Australia

#### October

- DKSH  
Launch of the new global website  
Opening of a new hospital and three schools in Myanmar, built with donations from DKSH and Diethelm Keller Holding  
Acquisition of Shell Distribution Company, a subsidiary of Shell in Thailand
- DKB  
Acquisition of Outdoor Chef Group  
Diethelm Furniture launches the modified Swissline 3000, a new trendy innovative desking

Diethelm Keller Aviation's production unit in Suzhou (China) wins AS9100 Aerospace Standard

- Diethelm Travel  
Diethelm Travel Thailand is voted 'Best Travel Agency – Thailand' in the Travel Trade Gazette Travel Awards 2009

#### November

- DKB  
Mario Hochstrasser is appointed Managing Director EDAK  
EDAK fulfills large orders in Switzerland and the USA  
DKB Household appoints a new distribution partner in China  
Delta Creative's Musicolor is named a finalist in the Activity Category of the 2010 Toy of the Year Award
- Diethelm Travel  
Diethelm Travel is voted 'Leading Travel Agent in Asia' in the World Travel Awards

#### December

- DKSH  
Renaming of DKSH's operations in Thailand to DKSH (Thailand) Ltd.
- DKB  
Gloster appoints new distributors in Australia and New Zealand
- Diethelm Travel  
Launch of Diethelm Travel Golf
- STA Travel  
New global student ticket agreement is launched with Emirates  
Rollout of the new global internet booking engine to Australia

#### January 2010

- DKSH  
Launch of DKSH's first client magazine called 'expand – DKSH's magazine for Market Expansion Services'
- DKB  
Will Symonds is appointed Managing Director DKB Household USA

#### February 2010

- DKSH  
Acquisition of Chiao Tai Logistics Corporation, positioning DKSH as the biggest consumer goods distributor in Taiwan

#### March 2010

- DKSH  
Acquisition of the Swiss trading house Hagemeyer-Cosa Liebermann Group  
Acquisition of Biolife Sdn Bhd, a major distributor of vitamin and food supplement products in Malaysia  
Renaming of DKSH's operations in the Philippines to DKSH Philippines, Inc. and in Singapore to DKSH Singapore Pte Ltd.



**DKSH:**  
**Asia's leading company**  
**in Market Expansion Services**



A vast number of leading international brands, as well as smaller companies without the necessary infrastructure, successfully rely on DKSH's competent Market Expansion Services. Among them is Swiss chocolate manufacturer

Felchlin. DKSH is responsible for the distribution of Felchlin products in Japan. In addition, DKSH helps to expand the market for Felchlin by teaching Japanese pastry cooks in its training center "Condirama" in Yokohama how to make delicacies out of Felchlin base products.





**“Think Asia. Think DKSH.”** While the brand name unites the initials of the founders of Swiss trading houses Diethelm, Keller and Siber-Hegner, the tagline sums up the vision of DKSH. In recent years DKSH has pushed its transformation from a traditional trading house into a highly specialized services provider able to blend into the value-chain of its business partners. Today DKSH, with over 140 years of company history, is the No.1 Market Expansion Services company with focus on Asia, helping clients and customers to grow their businesses in new or existing markets. With 560 business locations in 35 countries and 21,000 specialized staff, DKSH offers any combination of sourcing, marketing, sales, distribution and after-sales services.



**DKSH: Key figures**

(Financial figures in CHF million)

	2009	2008*	+/- %
Transaction value	8,576	8,185	+5
Net sales	6,549	6,447	+2
Assets	2,586	2,657	-3
Employees at year-end	20,744	21,552	-4

\* Comparative numbers re-presented to reflect Premium Pet Products business in the Netherlands as discontinued operations.

**Management Committee**

Dr. Joerg W. Wolle, President & CEO
Gonpo Tsering, Senior Executive Vice President, Operations & Business Support
Stuart Davy, Executive Vice President, Chief Financial Officer
Marcel W. Schmid, Executive Vice President, Governance, Compliance & Resources
Bernhard Schmitt, Executive Vice President, Country Operations & Business Processes

**Heads of business units**

Consumer Goods: Somboon Prasitjutrakul
Healthcare: Charles Toomey
Performance Materials: Mario Preissler
Technology: Claus Bressmer (ad interim)

**Locations**

Headquarters: Zurich (Switzerland)
560 offices in 35 countries

**Board of Directors**

Adrian T. Keller, Chairman
Jean-Daniel de Schaller**
Rainer-Marc Frey*
Dr. Frank Ch. Gulich*/ <sup>1</sup>
Andreas W. Keller**
Dr. Rolf A. Meyer*
Robert Peugeot
Dr. Theo Siegert*
Dr. Joerg W. Wolle

\* Member of Audit & Finance Committee

\*\* Member of Nomination & Compensation Committee

<sup>1</sup> as of June 2009

**2009: Pursuit of a successful expansion strategy**

Although 2009 was not another record year, DKSH's business model proved to be very resilient under highly challenging economic conditions. DKSH's high diversity in terms of geography and industries, together with proactive and strict management of cost and efficiency issues, serves the company well in good as well as bad economic times.

In 2009, DKSH achieved a transaction value of CHF 8.6 billion, up from CHF 8.2 billion in 2008, while net sales reached CHF 6.6 billion, up 2 % over last year.

The main focus in 2009 was on the development and implementation of the new strategies for growth for the company and for each business unit. While an independent strategy review confirmed the considerable potential for growth and expansion, DKSH's strategy itself focuses on leveraging internal strength in combination with strategic acquisitions and business development. In addition DKSH strives to strengthen its service competence and improve operational efficiency and excellence, especially in the areas of country infrastructure and supply chain management. In order to achieve these goals a new position at the Executive Board level was created to better coordinate country related topics across the company and, in September, Bernhard Schmitt assumed this responsibility as Executive Vice President of Country Operations & Business Processes.

In line with its expansion strategy, at the beginning of 2009 DKSH acquired the chemicals trading section of Voltas Ltd. in India, as well as Dasico A/S, a specialty chemicals distributor in Scandinavia. In spring 2009, DKSH formed a partnership with Oerlikon Systems to take over their distribution and after-sales setup in China and Taiwan. Furthermore, DKSH took over the Japanese business of Michael Weinig Germany, the world market leader in solid wood processing machinery and equipment. Later in the year, the business of Shell Distribution Company, a subsidiary of Shell in Thailand, was acquired. The long standing partnership with Tipco Foods (Thailand) Public Co. Ltd., a producer of ready-to-drink beverage products, was extended and expanded to include Vietnam. Another significant development was the joint venture with Smollan, one of the world's leading field marketing companies.

Three further significant acquisitions were undertaken in early 2010. DKSH bought Chiao Tai Logistics, a well-known Taiwanese logistics company specialized in fast moving consumer goods. In March, DKSH acquired the Swiss trading house Hagemeyer-Cosa Liebermann Group which focuses on the marketing and distribution of quality branded consumer goods exclusively in the Asia Pacific region. This acquisition strengthens DKSH's Luxury & Lifestyle operation by expanding its presence in Korea, Taiwan and Hong Kong, as well as adding Guam and Saipan to the footprint.





Another significant acquisition in early 2010 was Biolife Sdn Bhd, a major distributor of vitamin and food supplement products in Malaysia, strengthening DKSH's business unit Healthcare.

The company also invested heavily in its infrastructure by opening three new distribution centers in Myanmar, Thailand and Australia. All are state-of-the-art facilities, equipped with the latest technology to increase efficiency and productivity and provide DKSH with the ability to offer business partners high-quality distribution services.

DKSH invested in its infrastructure to enhance the quality of distribution services

In 2009, DKSH's four business units operated with varied success. The business unit *Healthcare* recorded an excellent performance, with net sales of CHF 2,598 million, up 16 % from last year. This strong financial performance was a result of the new strategy for growth which focuses on building up full agency business in all channels and segments, business development, refining operational processes, creating a diversified portfolio of product segments and strengthening of the service offerings.

The business unit Healthcare recorded strong sales growth

The business unit *Consumer Goods* delivered solid results, with net sales of CHF 2,936 million, 6 % lower than 2008. The tough market conditions especially affected the Luxury & Lifestyle business segment. The overall resilience of the Consumer Goods business unit however is a direct result of the efforts made over the years to anticipate the needs and goals of clients and customers, as well as the implementation of the new strategy for growth.

The business segment Luxury & Lifestyle was affected by the economic downturn

The business unit *Performance Materials* suffered in 2009, particularly as a consequence of the European economic downturn in the automotive, construction and luxury industries. Overall, it attained net sales of CHF 629 million, down 5 % from 2008. Thanks to the broadly diversified business in terms of geography and industry, the business unit was able to limit the impact of the economic crisis.

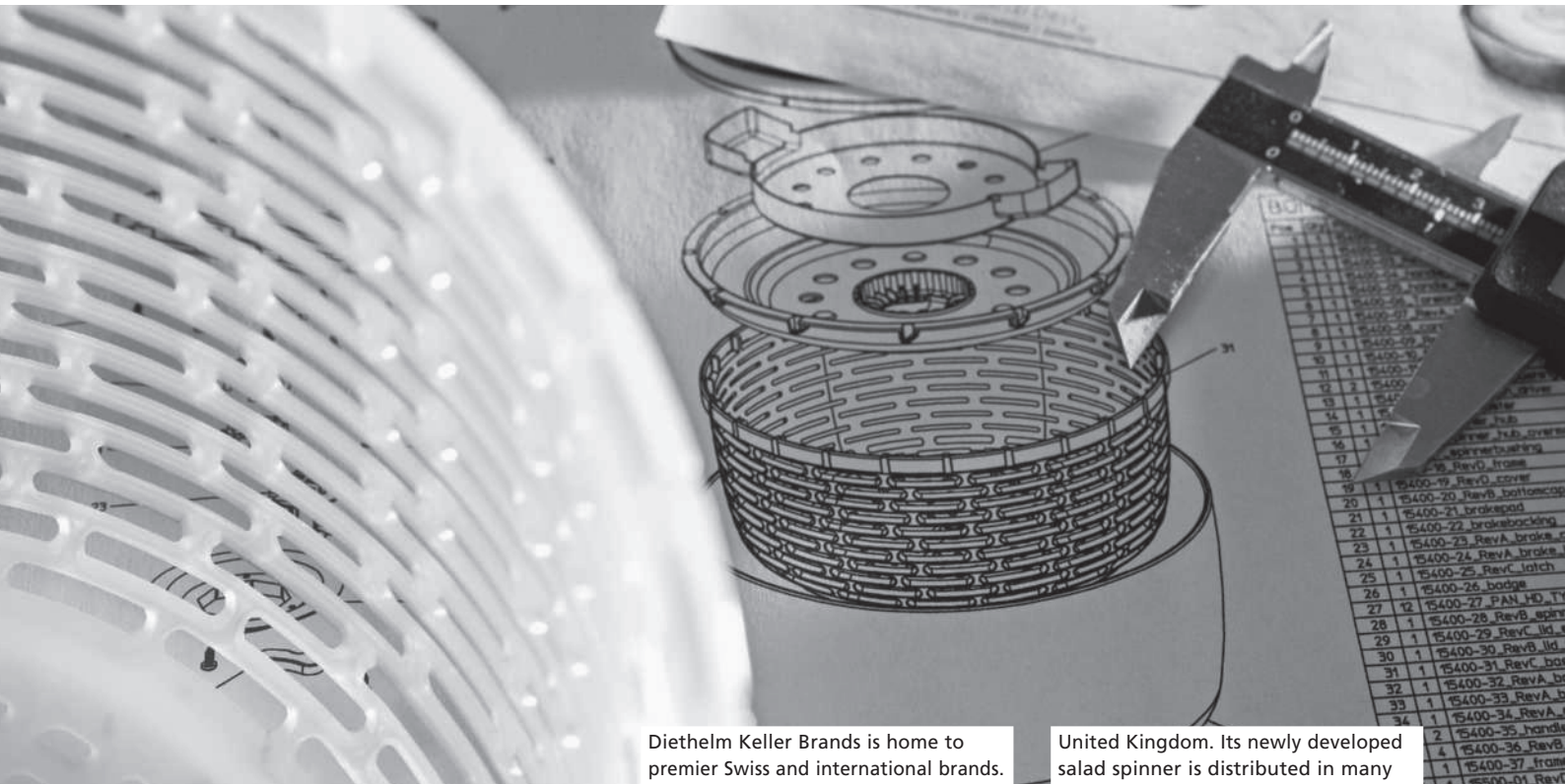
The business unit *Technology* experienced a rather difficult year in the wake of a sharp decline in commercial construction as well as the drop in titanium prices. In 2009, net sales amounted to CHF 386 million, down 8 % from last year. However, the diverse mix of services and products, as well as the proactive management of costs, were important for last year's performance.

## Outlook

As an internationally active services provider, DKSH is optimally positioned geographically. DKSH generates almost 97 % of its sales in Asia, the world's strongest growth market. Numerous companies are currently seeking new market expansion opportunities in this region. DKSH will continue to keep its business partners' best interests in mind, helping them to capitalize on new and exciting opportunities. The focus remains clear: providing excellent services and tailor-made solutions that help its partners grow their businesses.

DKSH is well positioned to take advantage of expansion opportunities

## Diethelm Keller Brands: Passion for brands



Diethelm Keller Brands is home to premier Swiss and international brands. Zyliss, a leader of innovative quality kitchen utensils has long gone international and established operating bases in the United States and the

United Kingdom. Its newly developed salad spinner is distributed in many markets. Zyliss Essentials, a new line of kitchen tools, started well in the American and Australian markets.



Diethelm Keller Brands (DKB) – the company name reflects both the vision and mission of the owners who, in the middle of the last century, started to invest in Europe to secure and reinforce their strong position in Asia, acquiring leading Swiss and international brand companies. Diethelm Keller Brands keeps reinforcing its trademark by continuously and specifically expanding its portfolio. With 15 brands, ten companies and 16 subsidiaries operating across twelve countries DKB holds a leading position in the areas of household and kitchen products, aluminium products and cleaning systems.



#### Diethelm Keller Brands: Key figures

(Financial figures in CHF million)

	2009	2008	+/- %
Revenues	291	316	-8
Employees at year-end	972*	1,053	-8

\* excluding 38 employees of Outdoor Chef International Ltd.

#### Management Committee

Josef von Arx, Chief Executive Officer
Joe Piaz, Chief Financial Officer <sup>1</sup>
Daniel Lippuner, Chief Financial Officer <sup>2</sup>
Michel Bösiger, Head of Group Human Resources

<sup>1</sup> retirement at the end of May 2010

<sup>2</sup> as of June 2010

#### Managing Directors

Chia Chee Seng, Diethelm Keller Aviation Pte Ltd., Singapore
Nick Cornwell, DKB Household UK Ltd., Farnborough (UK)
Ronald Fehlmann, Wetrok Ltd., Kloten (Switzerland)
Mario Hochstrasser, EDAK Ltd., Dachsen (Switzerland)
Alexander Howden, DKB Household Switzerland Ltd., Zurich, and Outdoor Chef International Ltd., Ebikon (Switzerland)
David Lim, Diethelm Furniture Pte Ltd., Singapore
Anders Norgaard, Gloster Furniture Ltd., Bristol (UK)
Mac Ritchie, Delta Creative Inc., Whittier (USA)
Will Symonds, DKB Household USA Corp., Irvine (USA)

#### Locations

Headquarters: Zurich (Switzerland)
Ten companies and 16 subsidiaries in Austria, China, France, Germany, Malaysia, Poland, Singapore, Sweden, Switzerland, The Netherlands, United Kingdom and USA

#### Board of Directors

Andreas W. Keller, Chairman
Dr. Jean-Pierre Blancpain, Vice Chairman
Adrian T. Keller
Jean-Daniel de Schaller

Delta Creative extended its operational alliance with DKB Household

#### 2009: Brand building and innovation enhance the market position

In 2009, Diethelm Keller Brands allocated more resources to brand building, innovation and staff development, thereby enhancing its competitive position in its key markets. The acquisition of Outdoor Chef Group in the fourth quarter of 2009 opened the door to the European barbecue market. Overall sales were mainly affected by weak demand in export markets for aviation trolleys and cleaning machines, as well as unfavorable exchange rates. Despite lower sales, operating performance was maintained through cost reductions.

The *Household division* continued to focus on innovation and operational efficiency. The manual appliances business was challenging, as most retail customers exercised caution at stock building and new product listings, thereby affecting consumer purchases. However, sales showed signs of recovery in the second half of the year. In all of the core markets, sales of Zyliss and Cole and Mason products held up well. An expanded range of Jamie Oliver kitchen products was launched, yielding increased sales and an expanded distribution among international retailers. Electrical appliances performed well in Switzerland and Austria thanks to the launch of a new range of Nespresso machines by Turmix and Koenig. Turmix successfully introduced Turmix White, a new healthy cooking appliance range. The Koenig barbecue brand had the best year ever. By acquiring Outdoor Chef, an international barbecue brand, DKB Household became the market leader in Switzerland and opened the door to many European markets. Delta Creative, a leading brand in the US arts and crafts industry, faced a challenging year given the economic circumstances. The company gained new business, including Toys“R”Us, opened new distribution channels and introduced Musicolor, a new music player for children based on innovative technology. Furthermore, Delta Creative extended its operational alliance with DKB Household by fully assuming their distribution and logistics management for the North American business. Gloster, one of the most recognized brands in quality outdoor furniture worldwide, suffered both from the effects of the financial crisis and the liquidation of a major customer, closing the year with declining sales.



In the *Industrial division*, Diethelm Keller Aviation (DKA), one of the world's leading manufacturers of airline food service equipment, achieved a satisfying financial performance, considering the impact of the economic situation on the aviation sector. DKA introduced cost containment measures and won contracts with several new airline customers that helped limit the decline. Despite the economic downturn, Diethelm Furniture maintained profitability through effective cost saving measures and by consistently improving its customer relationship management and supply chain processes. EDAK, a manufacturer and distributor of aluminium and stainless steel products, underwent a year of restructuring. Thanks to a solid performance of the US business, the company returned to profitability.

Diethelm Keller Aviation won several airlines as new customers

In the *Cleaning Systems division*, Wetrok expanded its direct reach into Austria by incorporating an own subsidiary. Introducing the "Wetrok CleanPlanner" software, Wetrok provided a useful tool for its customers. Thanks to their combined know-how, the two brands Wetrok and Minatol profited from valuable synergies which strongly supported their efforts to satisfy customers' needs. Despite numerous innovations overall sales declined, primarily as a consequence of a sharp decline in machine sales in export markets.

Wetrok introduced six chemical eco-products

### Outlook

In 2010, DKB will pursue its strategy to strengthen the position of its key brands by continued investment in innovation, strong customer relationship and people development as a base for sustainable and profitable growth.



## Diethelm Travel: A leading destination management company in Asia



Travelers wishing to visit the Wat Arun temple at the Chao Phraya River in Bangkok – where Diethelm Travel started offering travel services some 50 years ago – can go there by long-tail taxi boat. Over time

Diethelm Travel ventured outside Bangkok and Thailand and today is a much sought-after guide to historic and cultural treasures in Asia.



Diethelm Travel at first specialized in tours around Thailand, exposing travelers to the kingdom's beauty and charms. Gradually expanding its business and with over 50 years of experience in providing quality travel services in Asia, Diethelm Travel is respected as a highly professional organization. The company has evolved to become one of the leading tour operators in the region. Diethelm Travel is active in twelve countries, serving tourists from 81 countries. Diethelm Travel is also active in the convention and conference business.



#### Diethelm Travel: Key figures

(Financial figures in CHF million)

	2009	2008	+/- %
Transaction value	80	114	-30
Revenues	59	85	-31
Employees at year-end	594	618	-4

#### Management Committee

John Watson, Chief Executive Officer

Richard Brouwer, Chief Operating Officer

David Gostling, Chief Financial Officer

#### Locations

Headquarters: Bangkok (Thailand)

Offices: Bhutan, Cambodia, China, India, Laos, Malaysia, Maldives, Myanmar, Singapore, Sri Lanka, Thailand, Vietnam

#### Board of Directors

Adrian T. Keller, Chairman

Dr. Jean-Pierre Blancpain, Vice Chairman

Stuart Davy

The Diethelm Travel organization in China won several new accounts

Interest of tourists in Myanmar rebounded and promises further growth

#### 2009: Consolidation and resilience

In 2009, Diethelm Travel retained its position as a leading travel operator in the region. The company achieved satisfactory results despite the global economic downturn. Diethelm Travel commenced operations in Singapore, expanding the number of destinations it serves to twelve countries. In December, the company launched Diethelm Travel Golf to exploit the growing golf market in Asia.

According to the United Nations World Tourism Organization, the Asian-Pacific region in 2009 had to put up with a decline in arrivals of 2 % as a consequence of the global financial crisis. Against this background Diethelm Travel had a mixed year. The company consolidated its position and improved its fitness in order to capitalize on the up-swing, which has seemingly begun at year's end. The efforts and improvements of Diethelm Travel were recognized for the third time in the last four years as the company was named "Leading Travel Agent in Asia" at the prestigious World Travel Awards.

Diethelm Travel Bhutan reported a temporary decrease in tourist arrivals caused by the decline of the global economy. Despite the downturn, all employees were retained. Diethelm Travel Bhutan strengthened its position as a socially responsible tour operator by strictly adopting ecological standards in its operations.

Cambodia started reasonably well in 2009 but revenue later declined. New hotels in Siem Reap and Phnom Penh, as well as new cruise companies operating on the Mekong River, have improved the position of Cambodia as a travel destination for 2010.

Diethelm Travel China successfully handled major incentive meetings in Shanghai and won new accounts. In 2010, the improving inbound and outbound travel markets, as well as the developing domestic market, will provide growth.

In India, the Mumbai blasts severely depressed inbound tourism. Diethelm Travel India received recognition by the Ministry of Tourism and was accepted as an allied member of the Indian Association of Tour Operators. The company signed a contract with a major German tour operator which extended its operations into India. The last quarter showed growth in revenue, raising optimism for 2010.

Laos experienced a difficult year. The 25<sup>th</sup> Southeast Asian Games, held in Laos for the first time, were successfully handled by the country. Investments in the hotel industry in the main cities, Vientiane and Luang Prabang, are continuing.

Diethelm Travel Malaysia made a profit in a challenging year thanks to cost-cutting and aggressive marketing.

Interest in Myanmar increased during the latter part of 2009 and in particular in the first quarter of 2010. It appears that Myanmar is back on track to satisfy the pent-up demand for tourism, as evidenced by the increasing number of scheduled flights into the country.





Diethelm Travel Singapore started its operations in July with a joint-venture with Uniglobal Holidays Singapore. The company already had excellent business from existing and new accounts. By handling the Liverpool Football Club Tournament in Singapore the Singapore organization raised its profile.

Diethelm Travel Sri Lanka completed its first year of operations. After the civil war came to an end in May, arrivals to the country showed steady growth. Sri Lanka is once again on its way to becoming one of the most in demand Asian destinations.

Diethelm Travel The Maldives established an office in Male and won one of the very largest tour operators to The Maldives as a new account.

Operations in Thailand were affected by continuing domestic political issues. The company focused on further technological advancements, which will benefit not only the Thailand operations, but the company as a whole. In 2009, Diethelm Travel Thailand again won the Travel Trade Gazette News award for "Best Travel Agency – Thailand".

Diethelm Travel Vietnam, after recording satisfactory results in the first quarter, was affected later in the year by the economic downturn. Tourism infrastructure is improving steadily, providing Vietnam with a better platform for the future.

Toward the end of 2009, Diethelm Travel decided to set up a special organization to exploit the growing golf market in Asia. Diethelm Travel Golf will focus on Thailand, Vietnam and Cambodia, with plans to offer a comprehensive golf product across the entire company network by the end of 2010. The product will be distributed through the existing client base of agents featuring golf, as well as the global network of dedicated golf tour operators.

The business of Diethelm Travel in Sri Lanka grew after the end of the civil war

Diethelm Travel set the course for exploiting the growing golf market in Asia

## Outlook

Despite the current global economic and financial problems, 2010 promises to become a successful year for Diethelm Travel. The company will focus on new systems for streamlining guest services, booking procedures and internal control.

**STA Travel:**  
**The world's leading travel company**  
**for students and young adults**



Students and young adults travel even in turbulent economic times. Their preferred partner is STA Travel because the company is known for its offerings of products and services tailored to their needs. In March of 2009,

STA Travel launched the new logo and store design at the Sheffield shop (UK) enabling the company to serve its clients even better.



STA Travel, established in Australia in the early 1970s and acquired by the Diethelm Keller Group in 1979, has won its position as the world's leading travel company in the student and young adult market thanks to continually focusing on the needs of the target group. STA Travel maintains a global distribution network spanning 60 countries through a mixture of wholly owned businesses, franchises and licensed partnerships.



**STA Travel: Key figures<sup>1</sup>**  
(Financial figures in CHF million)

	2009	2008	+/- %
Transaction value	946	1,224	-23
Revenues	146	166	-12
Employees at year-end	1,663	1,870	-11

**Management Committee**

Peter Liney, Chief Executive Officer
Steve Jenkins, Chief Financial Officer
Paul Maine, Managing Director International
Andy Mills, Chief Information Officer
John Constable, Group Managing Director Northern Europe, Africa and Asia Pacific
Kevin Jacobs, Managing Director USA and Japan
Michelle Cox, Managing Director Asia Pacific
Andreas Siegmann, Managing Director Central Europe

**Locations**

Headquarters: Zurich (Switzerland) and London (UK)
219 retail travel stores in twelve countries, as well as franchising and licensing partners in another 48 countries

**Board of Directors**

Andreas W. Keller, Chairman
Jean-Daniel de Schaller, Vice Chairman
Dr. Markus Braun
Joe Piaz <sup>2</sup>

<sup>1</sup> In 2009, STA Travel sold tickets and other services which generated a transaction value of CHF 0.95 billion. However, pursuant to International Financial Reporting Standards (IFRS), only the commissions earned on these transactions are recognized as revenues.

<sup>2</sup> retirement at the end of May 2010

New shops were opened in Germany as part of a growth program for Central Europe

STA Travel signed new student ticket agreements with several airlines

**2009: Margin improvements and cost control offset lower demand**

Against the background of a global credit crunch and fears of a swine flu pandemic, in 2009 STA Travel made substantial progress on the way back to sustainable profitability. While overall sales and passenger volumes declined, a combination of very strong cost control and success at selling global supplier products produced an improved margin.

In 2009, students and young adults continued to travel and the company pursued its transformation strategy with the rollout of the new brand, the ongoing investment in its people and the streamlining of its operational performance as its main features. STA Travel's unique air and land product offerings combined with a strong customer service ethos and multichannel distribution capability proved to be decisive qualities in last year's difficult economic situation.

The pressures of falling demand levels called for an optimal operational performance. To this end the business units in the USA as well as in Nordic and Central Europe were restructured during 2009. At the same time hitherto centralized costs for Human Resources were substantially reduced by returning this function to the main operating divisions. The group IT organization was also reduced on the back of the successful completion of several stages of the deployment plan. The leadership continued to be strengthened with the appointment of Kevin Jacobs as Managing Director USA and Japan and of Michelle Cox as Managing Director Asia Pacific.

STA Travel's Central European business took advantage of the investment in a substantial retail growth program. New shops were opened in seven locations while several poorly performing locations were closed. In Australia, the global internet booking engine was rolled out to support on-line travel in that market. In the USA, a new business-to-business account team supported the growth of the markets for groups and for studying abroad. In Austria and Switzerland, the global point of sale technology platform was introduced, enabling a consolidation of all operations and finance functions across Central Europe into Frankfurt.

Amidst the overall pressure on customer volumes, major distribution players such as STA Travel are becoming attractive partners for the land and air industry. As a result, new student ticket agreements were signed with a number of key airlines. STA Travel had considerable success gaining new business with Emirates and Etihad Airways and continued to enjoy an excellent relationship with Qantas. In September, the company also signed the first agreement with a low cost carrier, Jetstar Australia. Among its global land partners STA Travel was particularly successful with GAP Adventures in selling small group adventure holidays and its hostel and hotel accommodation product which is specifically targeted at the student and young adult market.



The new STA Travel brand was successfully rolled out across all web-sites and 50 retail locations. Innovative marketing campaigns were launched on the back of “STA Travel’s 30<sup>th</sup> Anniversary,” while a new global brochure strategy brought together the brand with exciting new products, proving to be the foundation of a successful year of growth in the sales of land products.

### Outlook

While the economic outlook remains uncertain at the beginning of 2010, STA Travel is well placed to take advantage of any upturn in demand. Investment in a new retail strategy for Central Europe, the rollout of the global internet booking engine to new markets and the ongoing improvement of operational performance are expected to deliver growth and higher profitability. STA Travel will remain focused on the student and young adult sector. Thanks to its geographic diversity, STA Travel is in a position to exploit growth opportunities in any particular region of the world.

STA Travel will remain focused on its target groups of students and young adults

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