

DKSH Q1 2020 analyst and investor presentation

DKSH Holdings (Malaysia) Berhad

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Agenda

- About DKSH Group
- DKSH Malaysia at a glance
- Q1 2020 results
- Outlook

Welcome to the DKSH Q1 2020 analyst and investor presentation



About DKSH Group

Being the trusted partner

Enriching people's lives

We are the trusted partner for companies looking to grow their business in Asia and beyond.



DKSH is a successful market leader

No. 1

Market Expansion Services
provider with a focus on Asia

1,900 clients

1,900 suppliers

22 million

transactions per year

CHF

11.6 billion

Net sales (2019)

>10 years

4 markets

average client relationship¹⁾

850

business locations

33,350

specialists

More than **150**

years in Asia

525,000

customers

¹⁾ Top 200 clients by net sales

We support companies to grow their business in and with Asia...



We ensure that our clients' products are visible at all times

- Helping companies to grow their business in new and existing markets
- Providing business partners with the knowledge, advice, relationships and on-the-ground logistics to reach their individual growth goals
- Expanding their access to knowledge, their sourcing base, revenue opportunities, and ultimately, their market shares

**This is what we define as
Market Expansion Services**

...with a comprehensive, tailor-made portfolio of services

Market Expansion Services goes beyond offering individual services – it is about the integration of many different services to meet the needs of business partners



Drive sales growth in last mile of supply chain journey

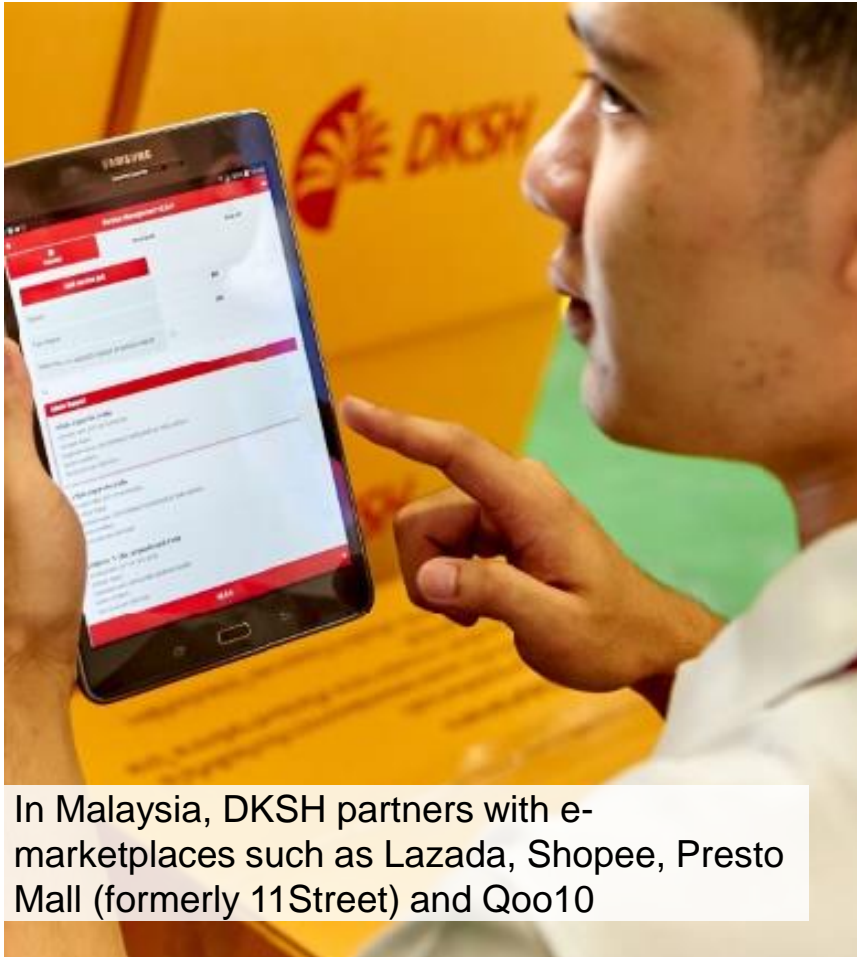


Our large sales force is equipped with handheld devices, which put real-time information at their fingertips

DKSH Smollan Field Marketing (DSFM)

- Joint venture with Smollan Group, leading retail solutions organization
- More than 8,000 specialists servicing over 117,000 retail stores across Asia
- Present in 11 markets
- Provides retail execution and brand activation services, backed by Smollan Mobile real-time reporting and retail insights

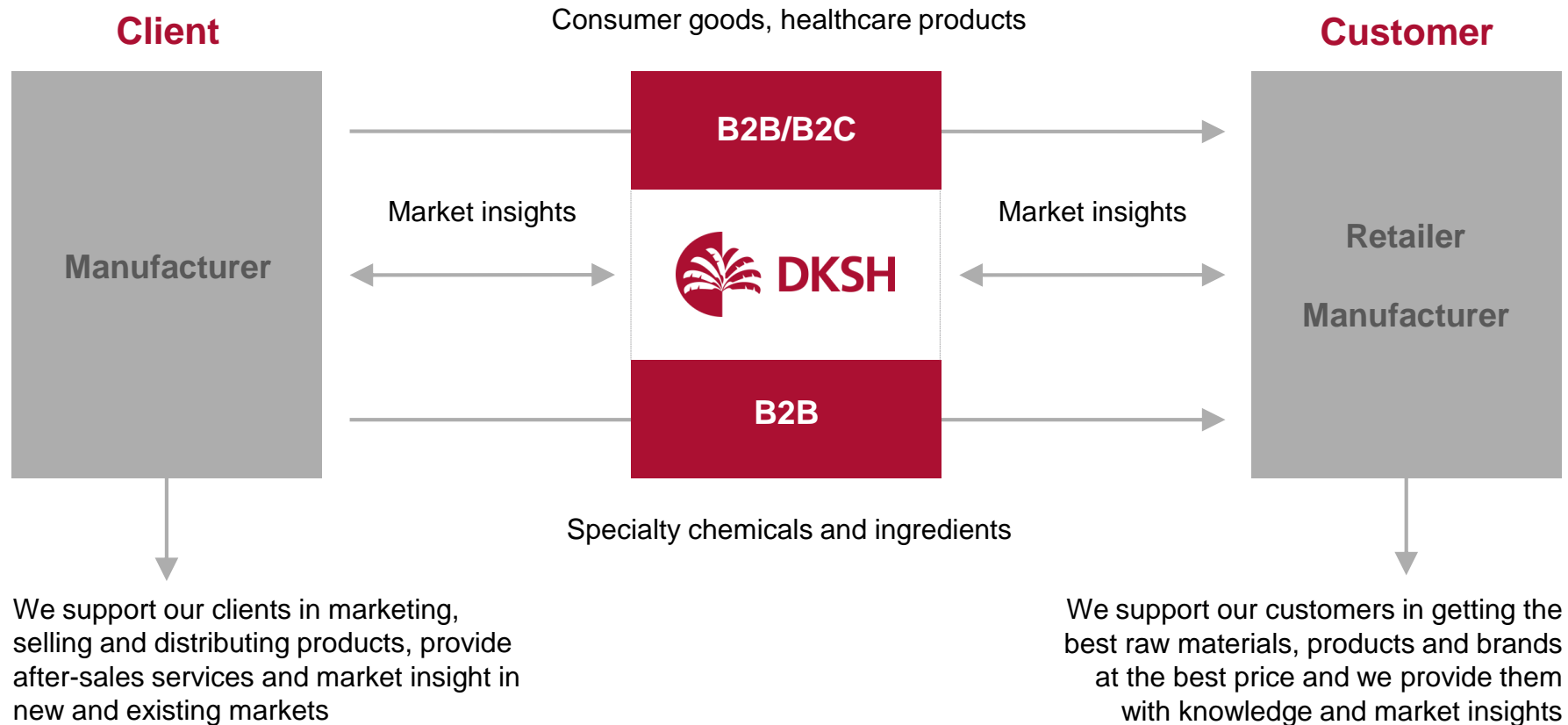
Omni-channel approach increases clients' access to market



In Malaysia, DKSH partners with e-marketplaces such as Lazada, Shopee, Presto Mall (formerly 11Street) and Qoo10

- Offer an end-to-end portfolio of e-commerce services – from online channel management to performance marketing to e-fulfillment and customer service solutions
- Provide brands with access to over 100 online channels in Asia, from e-retailers to e-resellers to e-marketplaces to brand.com
- Operate across nine markets in Asia

We link business partners and add value to businesses



Providing companies access and expertise to grow in and with Asia

With a strategy for growth and deep expertise gathered in specialized Business Units, we consistently deliver results



DKSH Malaysia at a glance



DKSH Malaysia at a glance



More than 90 years of success in Malaysia

Figures as of financial year 2019

Delivering growth – in Asia and beyond.

Three specialized business segments

Marketing & Distribution Services



- Fast Moving Consumer Goods
- Food Services
- Performance Materials

Logistics Services



- Healthcare
- Telecommunications

Others



- Famous Amos

...leading the Market Expansion Services industry with tailored solutions across the value chain

Serving international clients...



Trusted partner for well-known international brands

Consumer Goods:



Healthcare:



Performance Materials:



...and local brands

Reliable partner for Asian brands



In Malaysia for Malaysia



Q1 2020 results



Q1 2020 results

Financials

(in RM millions)	Q1 2020	Q1 2019	Change %
Revenue	1,723.5	1,562.7	10.3%
Profit before interest and tax	27.9	8.2	>100.0%
Profit before tax	18.5	0.8	>100.0%
Profit/(loss) after tax (PAT)	10.1	(0.6)	>100.0%
Earnings per share (EPS)	6.41	(0.39)	>100.0%
Cash earnings per share (EPS)	10.57	1.58	>100.0%

Comments

- Revenue growth of 10.3% results from positive contribution from Auric Malaysia, new clients secured in 2019 and increased consumer demand during first stages of the Movement Control Order (MCO) as well as sales stability and ongoing organic growth of existing clients
- Operating costs increased by 9.1%
- Profit before tax improved >100% due to contribution of the Auric Malaysia business, presence of costs relating to the growth and efficiency improvement project in Q1 2019 and on-going organic growth of existing clients

Stability of sales observed during the Movement Control Order

Marketing and Distribution Services

Financials

(in RM millions)	Q1 2020	Q1 2019	Change %
Revenue	840.3	736.2	14.1%
Result	22.4	(0.4)	>100.0%

1 FMCG

2 Food Services

3 Performance Materials

Comments

- Net sales increased 14.1% due to the positive contribution from the Auric Malaysia business, ongoing organic growth of existing clients, new clients wins in 2019 and increased consumer demand during the early stages of the MCO period
- Operating result increased >100.0% predominantly due to contribution from the Auric Malaysia business and non-recurring cost incurred for the growth and efficiency improvement project in Q1 2019

Food Services business segment and organic growth drive revenue

Logistics Services

Financials

(in RM millions)	Q1 2020	Q1 2019	Change %
Revenue	870.1	810.6	7.3%
Result	14.9	12.7	16.8%

Comments

- Increase in revenue of 7.3% was organic in both the Healthcare and Telecommunications areas
- Growth in operating result attributed to strong revenue supported by improved margin mix and continued gain from operational efficiencies

1 Healthcare

2 Telecommunications business

Organic growth in both Healthcare and Telecommunications areas

Segment – Others

Financials

(in RM millions)	Q1 2020	Q1 2019	Change %
Revenue	13.1	15.9	(17.6%)
Result	(9.4)	(4.1)	(>100%)

Comments

- Revenue declined 17.6% due to business operations being affected by the imposition of the MCO in March
- Operating result decreased due to unrealized derivatives loss recorded for interest rate swap and increased financing cost incurred for the acquisition of Auric Malaysia
- At the end of Q1 2020, Famous Amos operated 99 outlets nationwide and two outlets in Brunei

1 Famous Amos

2 Others – central overheads

Imposition of the Movement Control Order impacts revenue

Outlook

Outlook

- The Group is well positioned to continue its growth trajectory from 2019 as a result of the positive transformation of the Marketing and Distribution segment
- As longer-term market effects are unclear in view of the COVID-19 pandemic, the Group is planning conservatively while ensuring that no opportunities are overlooked
- Despite the current uncertainties, the Group is confident about the growth opportunities in the medium to long term
- Due to unclear longer-term market effects, the management takes a conservative approach to cashflow management to not pay a dividend for 2019; interim dividend to be reviewed



Solid Business Continuity Plans to sustain ongoing services to market

Two market trends...

1

Growing middle class in Malaysia

2

Trend towards outsourcing

Increasing spending on consumer goods and healthcare products

Investments in local infrastructure and industries

...boost expansion, consumer/industrial spending as well as MES industry



An increasingly urbanized population continues to boost consumer spending.

Question-and-answer



Having been truly at home in Asia for more than 150 years, DKSH has unparalleled relationships and networks across Asia and an unmatched depth of knowledge, experience and understanding.

Thank you for your attention

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