

# **DKSH Holdings (Malaysia) Berhad**

## **27th Annual General Meeting**

Petaling Jaya, May 29, 2019

# **DKSH Holdings (Malaysia) Berhad**

## **27th Annual General Meeting**

**Business review 2018**

**By Nicholas McLaren, Head, Country Management and  
Vice President, Country Finance**

Petaling Jaya, May 29, 2019

# Agenda

- **About DKSH Group**

- DKSH Malaysia at a glance
- FY 2018 performance review
- 2018 highlights – strengthening our leading position in the MES industry
- Outlook
- Resolutions
- Outcome of Annual General Meeting (AGM)

## Welcome to DKSH's 27th Annual General Meeting



## About DKSH Group



## Who we are



## DKSH is a successful market leader

# No. 1

Market Expansion Services  
provider with a focus on Asia

**1,700** clients

**1,800** suppliers

**19** million

transactions per year

CHF

# 11.3 billion

Net sales (2018)

**>10 years**

**4 countries**

average client relationship<sup>1)</sup>

# 825

business locations

# 33,000

specialists

More than **150**

years in Asia

# 450,000

customers

<sup>1)</sup> 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



# We link business partners and add value to businesses



## Clear strategy for sustainable, profitable growth

### **Focus on existing Business Units**

Focus on growing existing markets and existing Business Units where we leverage our leader position for our business partners

### **Strengthen service offering**

Continuously strengthen and extend our service offerings to ensure long-term success of our customers and clients

### **Increase operational efficiency**

Successively improve efficiency and effectiveness of our processes to serve our business partners best

**Do more of the same and... do it more efficiently**

## 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 2018

**Think Asia. Think DKSH.**

## Three specialized business segments

### Marketing & Distribution Services



- Fast Moving Consumer Goods
- 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



## FY 2018 performance review

10/10/2018



## FY 2018 results

### Financials

(in RM millions)	FY 2018	FY 2017	Change %
<b>Net sales</b>	<b>6,010.3</b>	5,509.5	9.1%
<b>Profit from operations</b>	<b>68.7</b>	77.6	(11.4%)
<b>Profit before tax</b>	<b>60.6</b>	70.7	(14.4%)
<b>Profit after tax</b>	<b>44.6</b>	52.1	(14.4%)
<b>Net profit attributable to owners of parent</b>	<b>44.6</b>	52.1	(14.4%)
<b>Earnings per share</b>	<b>28.3</b>	33.0	(14.4%)

### Comments

- Revenue grew 9.1% as a result of underlying organic growth in existing clients, primarily in Logistics segment, as well as new clients, primarily in Marketing and Distribution segment
- Change in product mix corresponding to small increase of cost of goods sold and slight increase in cost base resulted in 9.3% increase in operating costs
- Change in product mix and slight increase in cost base to support future growth resulted in 14.4% decrease in profit before tax

**Aggressive business development boosted organic growth**

## Marketing and Distribution Services

### Financials

(in RM millions)	FY 2018	FY 2017	Change %
<b>Net sales</b>	<b>2,827.3</b>	2,628.8	7.6%
<b>Result</b>	<b>21.6</b>	45.7	(52.8%)

### Comments

- Net sales increased 7.6% due to organic growth of existing clients and contributed by new clients
- Operating results declined as a result of product mix shift in the second quarter, increased doubtful debts provision, commencement of growth and efficiency improvement project as well as increased cost base relative to the prior period

**1 FMCG**

**2 Performance Materials**

**Steady performance due to steady sales and ongoing organic growth of existing clients**

## Logistics Services

### Financials

(in RM millions)	FY 2018	FY 2017	Change %
<b>Net sales</b>	<b>3,122.3</b>	2,825.4	10.5%
<b>Result</b>	<b>48.7</b>	32.8	48.5%

### Comments

- Increase in net sales of 10.5% was organically driven
- Growth in operating results reflects strong revenues supported by improving margin mix, one-off debts recovery and operational efficiencies

**1 Healthcare**

**2 Telecommunications business**

**Performance boosted by strong revenue from organic growth**

## Segment – Others

### Financials

(in RM millions)	FY 2018	FY 2017	Change %
<b>Net sales</b>	<b>61.7</b>	56.2	9.9%
<b>Result</b>	<b>(1.5)</b>	(0.8)	72.2%

### Comments

- The addition in total outlets and improving consumer demand increased net sales by 9.9%
- Decrease in operating results reflects rising expenses centrally despite improved revenue
- At the end of 2018, Famous Amos operated 91 outlets nationwide and one outlet in Brunei

**1 Famous Amos**

**2 Others – central overheads**

**Outlet expansion strategically catered to growing consumer demand**

## **2018 highlights – strengthening our leading position in the MES industry**





## Winning new clients in 2018



## Acquisition of Auric Pacific: strategic growth initiative

### Increase product portfolio

- Complementary strengths in providing Market Expansion Services
- Synergistic effect to generate positive earnings

### Enhanced scale and synergies

- Grow our FMCG business to generate positive income
- Acquisition of Auric's melange manufacturing business creates greater income stream



**Increase market share in the Market Expansion Services industry  
and strengthen our leading position in the FMCG industry in  
Malaysia**

## Auric Pacific: entering the high-margin food service business



### SCS:

- Leading butter brand in Malaysia
- Product portfolio includes butter-blocks, spreadable butter, cream cheese and sliced cheese
- Retail and food service channels



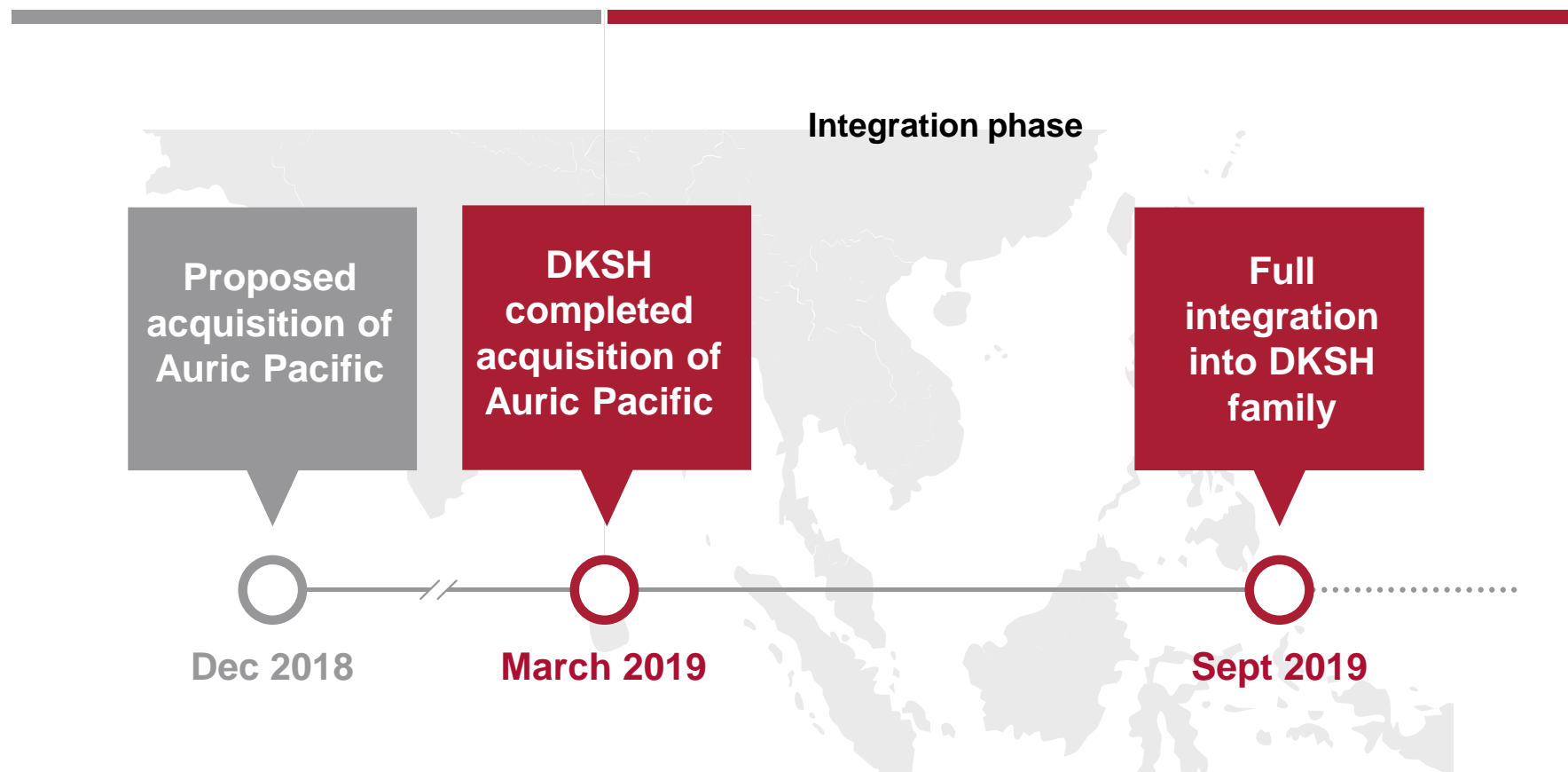
### Buttercup:

- Leading mélange brand in Malaysia
- Product portfolio includes salted mélange as well as garlic, canola and olive spread
- Halal-certified
- Retail and food service channels

# Auric Pacific: expanding our presence in the consumer goods industry

Dairy and spreads	       
Spices, sauces and condiments	   
Cereals and biscuits	  
Sugar and baking needs	      
Canned foods and ready-to-eat	    
Dried fruits and nuts	 
Edible oils	
Beverages	
Frozen	

## Auric Pacific: integration timeline





## Ongoing growth and profitability improvement initiatives

### Sales

Continued focus on business development

### Accounts receivable

Enhanced focus on efficient management of key accounts

### Expenses

Continuing focus on operational efficiencies and automation

### Inventory

Constantly improving inventory management processes

### E-Commerce

Focus on omni-channel market approach

# Outlook

## 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.

## Outlook

- The Group takes a cautiously optimistic outlook on 2019
- Prospects remain positive for the Logistics and Others segments
- The Marketing and Distribution segment is expected to positively benefit from the acquisition of Auric Pacific (M) Sdn. Bhd. as well as an efficiency and profitability improvement project
- Client and customer portfolio remains well-diversified and supported by strong sales, marketing and distribution infrastructure with capillary distribution reach and comprehensive portfolio of services along the value chain
- Long-term outlook remains positive, supported by two market trends



**Focus on core competencies as Market Expansion Services (MES) provider**



Thank you for your continuous support



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.

# Resolutions

## Resolutions



## Agenda 1

### Audited Financial Statements 2018

To receive the Audited Financial Statements of the Company for the financial year ended December 31, 2018 and the reports of the Directors and Auditors thereon.

## Q & A

**Agenda 2**  
**Proposed Final Single Tier Dividend**  
**Ordinary Resolution 1**

To approve the payment of a final single tier dividend of 10.0 sen per share for the financial year ended December 31, 2018.

## Agenda 3

### Proposed Directors' Fees from May 30, 2019 to next AGM in 2020

#### Ordinary Resolution 2

To approve the payment of Directors' fees of up to an amount of RM 280,000 from May 30, 2019 until the next Annual General Meeting of the Company to be held in 2020.

**Agenda 4**  
**Re-election of Director**  
**Ordinary Resolution 3**

To re-elect Datuk Haji Abdul Aziz bin Ismail who retires pursuant to Article 105 of the Constitution of the Company.

**Agenda 5**  
**Re-election of Director**  
**Ordinary Resolution 4**

To re-elect Lee Chong Kwee who retires pursuant to Article 105 of the Constitution of the Company.



**Agenda 6**  
**Re-appointment of Auditors**  
**Ordinary Resolution 5**

To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending December 31, 2019 and to authorize the Directors to fix their remuneration.

## Agenda 7

### Proposed Mandate for RRPT

#### Ordinary Resolution 6

To approve the renewal of the Proposed Mandate for the Company and/or its subsidiaries (“DKSH Group”) to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with the Directors and/or major shareholders of DKSH Group (“Related Parties”) as specified in Section 2.5(a) of the Circular to Shareholders.

## Recurrent Related Party Transactions (RRPT) Speech

## Q & A

- Q: How can I tell if my child has a learning disability?
- A: If your child has a learning disability, you may notice that he or she has trouble with reading, writing, or math. Your child may also have trouble with organization, time management, or following directions. If you are concerned about your child's learning, it is important to talk to your child's teacher and a professional who can evaluate your child's learning abilities.
- Q: What are the signs of a learning disability?
- A: Signs of a learning disability can include difficulty with reading, writing, or math. Your child may also have trouble with organization, time management, or following directions. If you are concerned about your child's learning, it is important to talk to your child's teacher and a professional who can evaluate your child's learning abilities.
- Q: How can I help my child with a learning disability?
- A: There are many ways to help your child with a learning disability. You can help your child by providing extra practice, using visual aids, and breaking tasks into smaller steps. You can also help your child by providing a quiet place to study and encouraging your child to ask for help when needed.
- Q: What are the benefits of early intervention for a learning disability?
- A: Early intervention for a learning disability can help your child develop the skills and strategies needed to succeed in school. It can also help your child build self-esteem and confidence. Early intervention can also help your child avoid the negative consequences of a learning disability, such as school failure and social isolation.
- Q: How can I find a professional to evaluate my child's learning abilities?
- A: You can find a professional to evaluate your child's learning abilities by contacting your child's school district or a private evaluator. You can also find a list of professionals on the website of the Department of Education.
- Q: What are the costs of a learning disability evaluation?
- A: The costs of a learning disability evaluation can vary depending on the type of evaluation and the professional who is conducting the evaluation. Some evaluations are provided at no cost to the family, while others may require a fee.
- Q: How long does a learning disability evaluation take?
- A: A learning disability evaluation can take several weeks to complete. The evaluation process typically involves a series of tests and interviews with the child and the parent.
- Q: What are the next steps after a learning disability evaluation?
- A: After a learning disability evaluation, the professional who conducted the evaluation will provide a report to the parent. The report will describe the results of the evaluation and recommend appropriate interventions. The parent can then discuss the results of the evaluation with the child's teacher and the school district.
- Q: How can I ensure that my child receives the appropriate interventions?
- A: You can ensure that your child receives the appropriate interventions by working closely with the school district and the professional who is conducting the evaluation. You can also advocate for your child's needs and ensure that your child is receiving the services that are recommended in the evaluation report.
- Q: What are the long-term benefits of a learning disability evaluation?
- A: A learning disability evaluation can provide your child with the information and resources needed to succeed in school and in life. It can also help your child develop the skills and strategies needed to overcome the challenges of a learning disability.

## Agenda 8

To transact any other business of an Annual General Meeting for which due notice shall have been given.

# Polling procedures



## Outcome of AGM

## **Chairman's closing and conclusion of the meeting**

Thank you for your attention

## Disclaimer

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