

DKSH H1 2020 analyst and investor presentation

DKSH Holdings (Malaysia) Berhad

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Agenda

- About DKSH Group
- DKSH Malaysia at a glance
- H1 2020 results
- Outlook

Welcome to DKSH's H1 2020
analyst and investor presentation



About DKSH Group

DKSH Group is a leading provider of supply chain solutions, serving a wide range of industries and markets across Asia, Europe, and the Americas.

Our extensive network and expertise enable us to deliver comprehensive logistics, trade, and supply chain management services to our clients.

With a strong focus on innovation and customer service, DKSH Group continues to drive growth and efficiency in the global supply chain.

For more information about our services and the company, please visit our website at www.dksh.com.

DKSH Group is committed to sustainable growth and creating long-term value for all stakeholders.

Join us in shaping the future of the supply chain industry.

DKSH Group is a public company listed on the Singapore Exchange (SGX) under the ticker symbol DKSH.

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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**

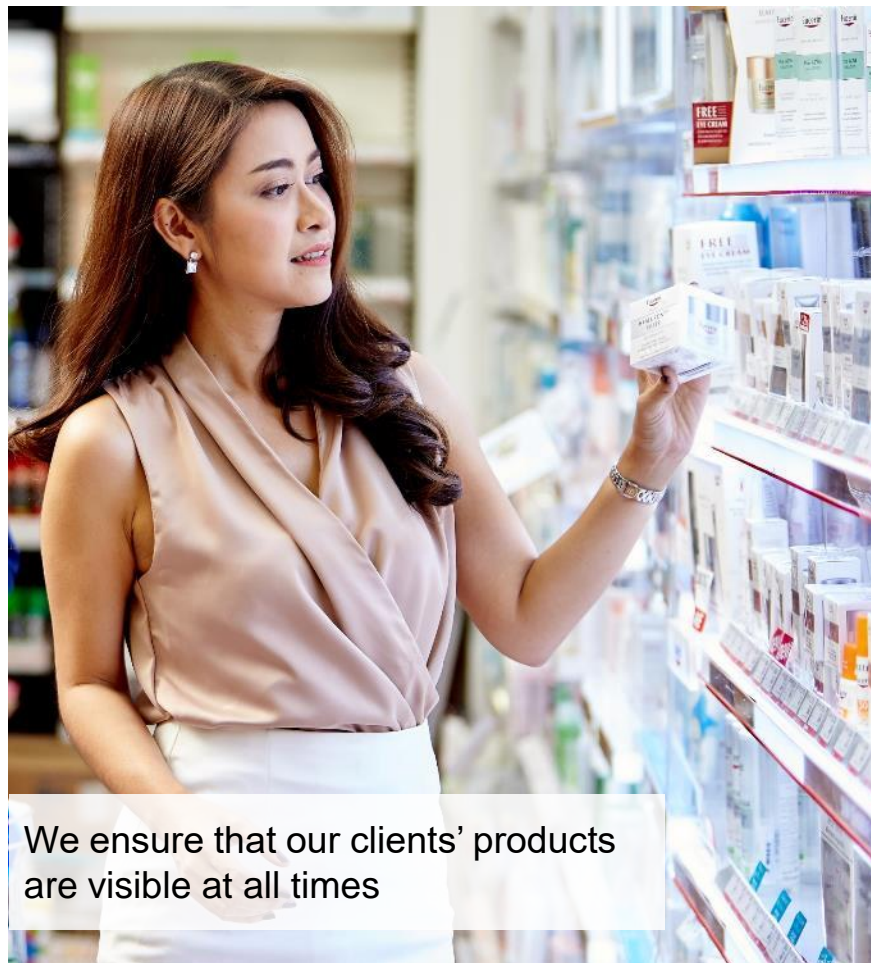
years in Asia

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**

We link business partners and add value to business...

Client

Typically a manufacturer:

We support our clients in marketing, selling and distributing products, provide after-sales services and market insight in new and existing markets



Healthcare



Consumer Goods



Performance Materials



Technology



Customer

Typically a retailer or manufacturer:

We support our customers in getting the best raw materials, products and brands at the best price and we provide them with knowledge and market insights

Hospitals,
clinics and
pharmacies

Retailers,
supermarkets,
hypermarkets and
grocers

Food & Beverage,
Personal Care,
Pharmaceuticals and
Specialty Chemicals

Diverse
industrial
manufacturers

...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 5,000 specialists servicing over 180,000 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

DKSH's omni-channel approach well received



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



H1 2020 results



H1 2020 results

Financials

(in RM millions)	H1 2020	H1 2019	Change %
Revenue	3,171.6	3,136.2	1.1%
Profit before interest and tax	50.0	36.0	38.8%
Profit before tax	32.1	18.7	72.0%
Profit after tax	17.9	11.0	62.7%
(in RM sen)			
Earnings per share (EPS)	11.4	7.0	62.8%
Cash earnings per share (EPS)	19.3	13.1	47.3%

Comments

- Revenue growth of 1.1% results from positive contribution from the Auric Malaysia business, ongoing organic growth of existing clients and new clients secured, offset by effects of the COVID-19 pandemic and business operations being affected by imposition of the Movement Control Order
- Operating costs increased by 0.7%, reflecting cost efficiencies realized
- Profit before tax improved by 72.0% due to contribution of the Auric Malaysia business, presence of costs relating to the growth and efficiency improvement project in 2019 and ongoing organic growth of existing clients, offset by effects of the COVID-19 pandemic

Revenue impacted by imposition of the Movement Control Order

Marketing and Distribution Services

Financials

(in RM millions)	H1 2020	H1 2019	Change %
Revenue	1,666.5	1,551.7	7.4%
Result	43.9	15.9	>100.0%

1 FMCG

2 Food Services

3 Performance Materials

Comments

- Net sales increased 7.4% due to the positive contribution from the Auric Malaysia business, ongoing organic growth with existing clients and new clients secured
- Operating result increased >100.0% predominantly due to contribution from the Auric Malaysia business, non-recurring cost incurred for the growth and efficiency improvement project and presence of purchase price allocation adjustment in 2019

Modest growth in revenue despite effects of the COVID-19

Logistics Services

Financials

(in RM millions)	H1 2020	H1 2019	Change %
Revenue	1,485.4	1,550.7	(4.2%)
Result	20.7	24.5	(15.5%)

Comments

- Revenue reduced slightly by 4.2% due to effects of the COVID-19 pandemic
- Reduction in operating result reflects slightly declining sales due to abovementioned with cost base remained similar

1 Healthcare

2 Telecommunications business

Effects of COVID-19 pandemic seen in Logistic segment

Segment – Others

Financials

(in RM millions)	H1 2020	H1 2019	Change %
Revenue	19.6	33.8	(42.0%)
Result	(14.6)	(4.4)	(>100%)

1 Famous Amos

2 Others – central overheads

Comments

- Revenue declined 42.0% due to business operations being affected by the imposition of the MCO by the government
- Operating result decreased due to lower sales recorded as mentioned above, increased unrealized derivatives loss recorded for interest rate swap and financing cost incurred for acquisition of Auric Malaysia
- At the end of Q2 2020, there were a total of 97 Famous Amos outlets nationwide and two outlets in Brunei

Imposition of the Movement Control Order impacts revenue

Outlook

Outlook

- The Group is confident about the growth opportunities in the medium to long term
- Q1 and Q2 have been marked by the COVID-19 pandemic and the related Movement Control Order from March 18 onwards, which had significant effects on the market
- The Group has a well-diversified portfolio to weather the impact and is well prepared with a comprehensive and rigorous business continuity plan
- Reacting to the series of unprecedented events, the Group continues to take a proactive approach to the recovery while maintaining caution in case of further COVID-19 impacts and a slower than anticipated general economic recovery



Supply chain operations continued at full capacity

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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