

DKSH Q2 2022 Analyst and Investor Presentation

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August 29, 2022

Delivering Growth – in Asia and Beyond.

Agenda



- 1. About DKSH Group**
- 2. DKSH Malaysia at a glance**
- 3. Q2 2022 results**
- 4. Outlook**

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About DKSH Group

DKSH Is a Successful Market Leader



No. 1

Market Expansion Services
provider with a focus on Asia



2,100 clients
2,000 suppliers



23 million
transactions per year



11.1 billion
Net sales (2021)



>10 years
4 markets
average client relationship¹



870
business locations



33,100
specialists



More than
150 years in Asia



530,000
customers

¹ Top 200 clients by net sales

We Support Companies to Grow Their Business In and With Asia...



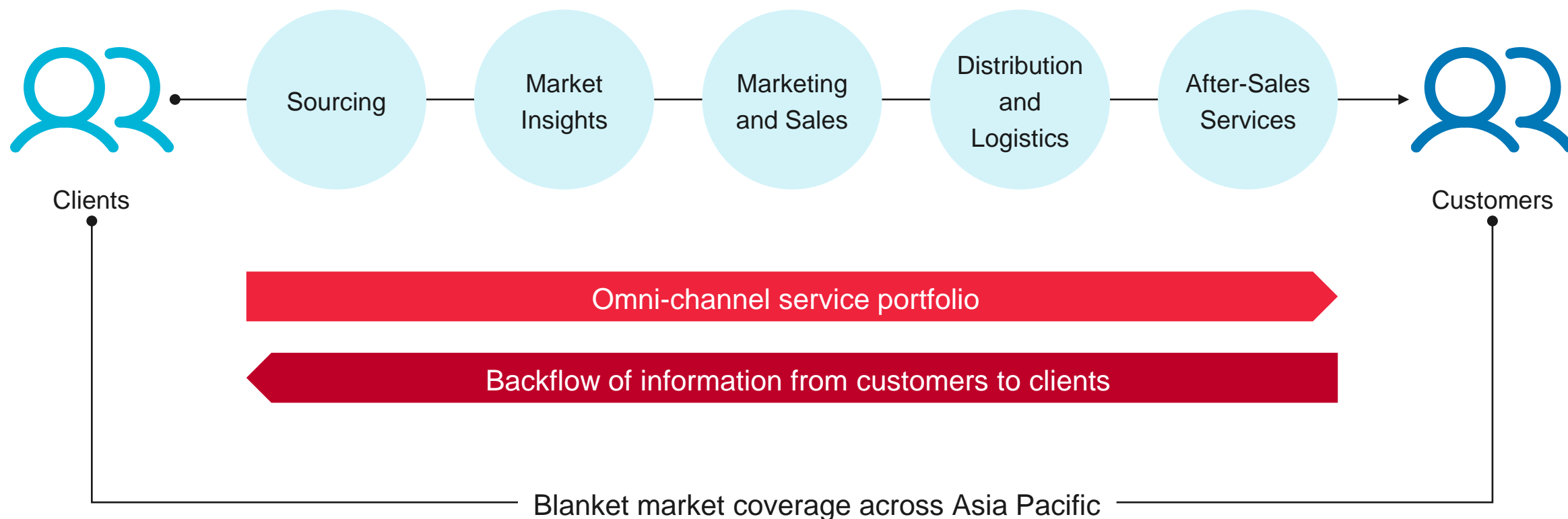
We ensure that our clients' products are visible at all times.

- 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



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DKSH Malaysia at a Glance

DKSH Malaysia at a Glance



Net sales:
RM 6.7 billion



About 3,250 specialist



25 business locations



**4 ISO-certified distribution centers,
15 regional distribution centers, and
1 manufacturing plant**



**Network of more than 170 clients
and 14,000 customers**



More than 95 years of success in Malaysia

Three Specialized Business Segments



Marketing & Distribution Services



- Fast Moving Consumer Goods
- Food Services

Logistics Services



- Healthcare

Others



- Famous Amos
- Others – overheads

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

Marketing & Distribution Segment



Fast Moving Consumer Goods (FMCG)

- Food (Nutritional products, snacks, beverages, dairy etc)
- Non-food (Personal care, home care, baby and child care, consumer health etc)
- Pet care

Food Services

- Provide customers high quality ingredients and the latest industry innovations from our world-class clients



Crafting BOH Tea's Distribution Success

- DKSH focused on expanding its distribution coverage across the market while ensuring timely marketing and promotion execution
- This has been instrumental in BOH winning the Brand of the Year 2021/22 under the Malaysia Tea category at the prestigious World Branding Awards

“ Thank you DKSH for your continued commitment, support, and passion towards BOH’s successful brand journey through the years. We are pleased to celebrate with you our latest recognition by the World Branding Awards. ”

- Jason Foo, CEO, BOH Plantations Sdn Bhd



Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



Growing Medical Device Business with Acquisition of AcuTest Systems



Background



AcuTest Systems, founded in 2002, is a distributor of clinical diagnostic point-of-care-testing analyzers, and diagnostic devices and instruments in Malaysia



Customer portfolio includes general practitioners, pharmacy chains, medical centers, laboratories, and public hospitals



Provides quality assurance services



Around 25 employees



Recorded sales of MYR 15.7 million in FY2021

Strategic Rationale

1

Further expand in the fragmented medical devices industry in Asia Pacific

2

Diversify DKSH's existing medical device business

3

Gain access to complementary supplier & product portfolio, and solid customer base

TAPA Recertification for Healthcare Supply Chain



DKSH Malaysia's healthcare distribution center in Shah Alam has been recertified level "A" for Facility Security Requirements (FSR) by Transported Asset Protection Association (TAPA) - making it the **first** in Malaysia to attain such recognition with the additional IT and Cyber Security requirements



Others Segment



At the end of Q2'2022, there were a total of 96 outlets located in West and East Malaysia as well as two outlets in Brunei

Serving International Clients...



Trusted Partner for Well-Known International Brands

Consumer Goods:



Healthcare:



...and Local Brands

Reliable Partner for Asian Brands



In Malaysia for Malaysia



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Q2 2022 Results

Q2 2022 Results



Financials

(in RM millions)	Q2 2022	Q2 2021	Change %
Revenue	1,748.6	1,780.1	(1.8%)
Profit before interest and tax	49.5	40.0	23.6%
Profit before tax	42.6	33.4	27.5%
Profit after tax	32.5	25.4	27.8%
(in RM sen)			
Earnings per share (EPS)	20.6	16.1	27.8%
Cash earnings per share (EPS)	24.3	19.9	22.2%

Comments

- Revenue decreased by 1.8% mainly due to the timing of the delivery of the hospital tender in Logistics segment, offset by ongoing growth of existing clients in both Marketing and Distribution and Logistics segment and recovery of customer demand from the COVID-19 pandemic for all segments
- Operating costs decreased by 2.4%, in line with movement in revenue and improved operation efficiencies
- Profit before tax improved by 27.5% due to improved margin mix and lower operating expenses from the improved operational efficiencies

Profit improvement driven by improved margin mix and lower operating expenses

Marketing and Distribution Services



Financials

(in RM millions)

Q2 2022

Q2 2021

Change %

Revenue

1,016.8

966.3

5.2%

**Segment profit before
interest and tax**

35.9

30.3

18.5%

Comments

- Revenue grew by 5.2% as a result of ongoing growth of existing clients and recovery from the effects of the COVID-19 pandemic
- Segment profit increased by 18.5% due to revenue growth, lower receivables provision and reduction in market hygiene

1 **FMCG**

2 **Food Services**

Ongoing growth of existing clients continued to drive sales

Financials			
(in RM millions)	Q2 2022	Q2 2021	Change %
Revenue	713.4	803.0	(11.2%)
Segment profit before interest and tax	13.2	12.4	6.7%

Comments
<ul style="list-style-type: none"> Revenue declined by 11.2% due to the timing of the delivery of the hospital tender Segment profit improved 6.7% due to improved margin mix and a one-off bad debt recovery

1

Healthcare

Improved margin mix and one-off bad debt recovery led to profit growth

Segment – Others



Financials			
(in RM millions)	Q2 2022	Q2 2021	Change %
Revenue	18.4	10.7	71.4%
Segment profit before interest and tax	0.4	(2.6)	115.9%

Comments
<ul style="list-style-type: none"> Revenue grew by 71.4% mainly due to business operations being affected by movement control order imposed by the government in 2021 Segment result improved 115.9% largely due to higher sales as Famous Amos returned to profitability following the COVID-19 disruptions, with the corresponding increase in operating expenses because of full operation of all outlets

1 Famous Amos

2 Others – overheads

Revenue and profit improved due to the recovery from the COVID-19 effects

Cash Flows

Financials		
(in RM millions)	Q2 2022	Q2 2021
Net cash flows generated from operating activities	16.6	121.7
Net cash flows used in investing activities	(3.8)	(3.2)
Net cash flows generated from financing activities	(106.1)	(122.1)
Cash and cash equivalents	16.2	51.9

Comments
<ul style="list-style-type: none"> Reduction in cash and cash equivalents is mainly due to repayment of fixed term loans

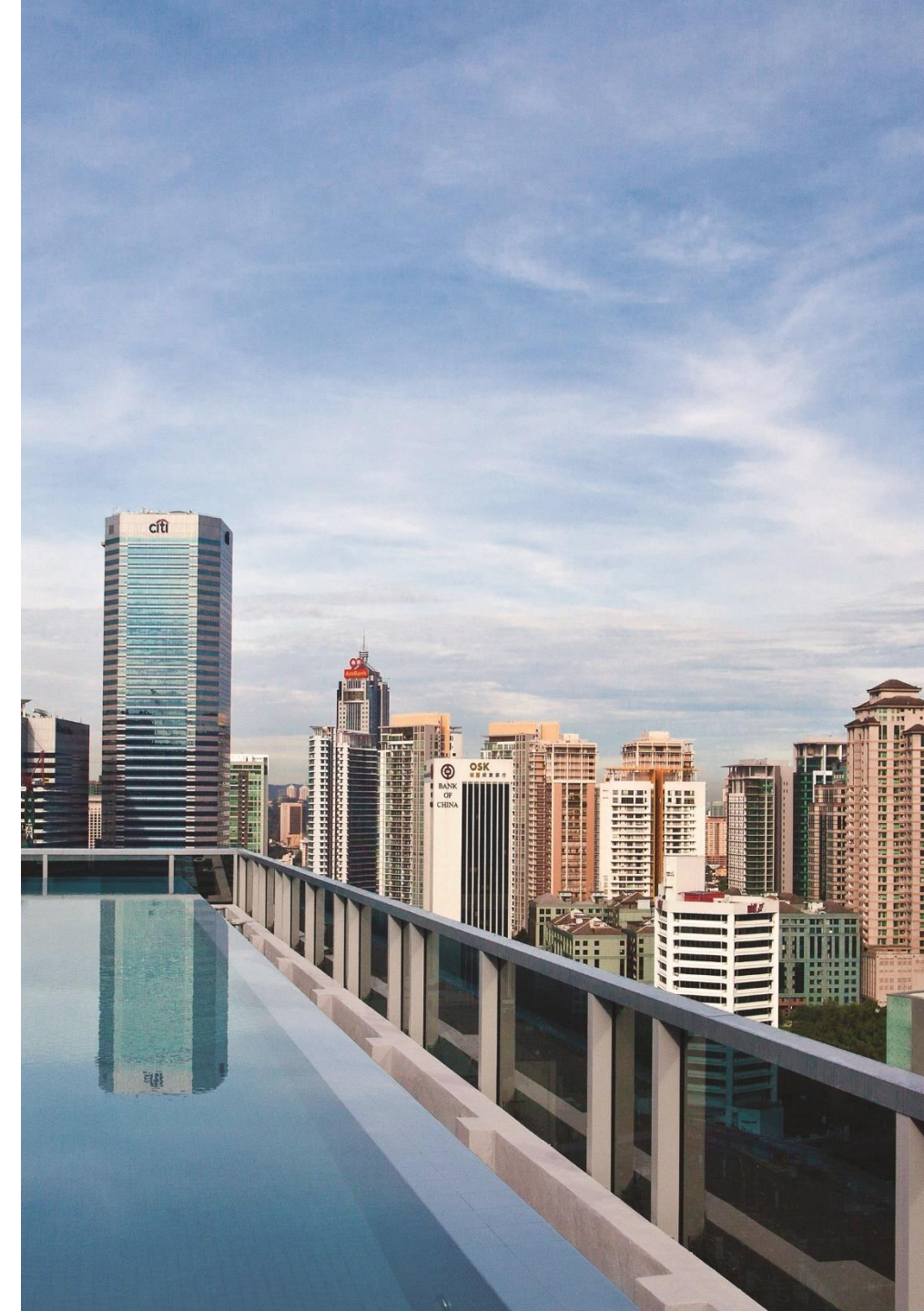
Significant reduction in fixed term borrowings

4 Outlook

Outlook

- Consumer demand remains stable with some fluctuations in relation to the current phase of recovery.
- Continue to focus on winning new businesses, cost efficiency improvements, working capital management, and other growth initiatives while closely monitoring the short-term outlook to ensure prudent navigation of the current situation
- The medium- and long-term outlook remains positive

The Group is well positioned for growth post-COVID-19



Two market trends...

1 Growing middle class in Malaysia

2 Trend towards outsourcing

**Increased spending on value-for-money
consumer goods and healthcare products**

Investments in local infrastructure and industries

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



We welcome your questions

Thank you for your attention