

DKSH 9M 2019 analyst and investor presentation

DKSH Holdings (Malaysia) Berhad

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Agenda

- About DKSH Group
- DKSH Malaysia at a glance
- 9M 2019 results
- Outlook

Welcome to the DKSH 9M 2019 analyst and investor presentation



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 relationship¹⁾

825

business locations

33,000

specialists

More than **150**

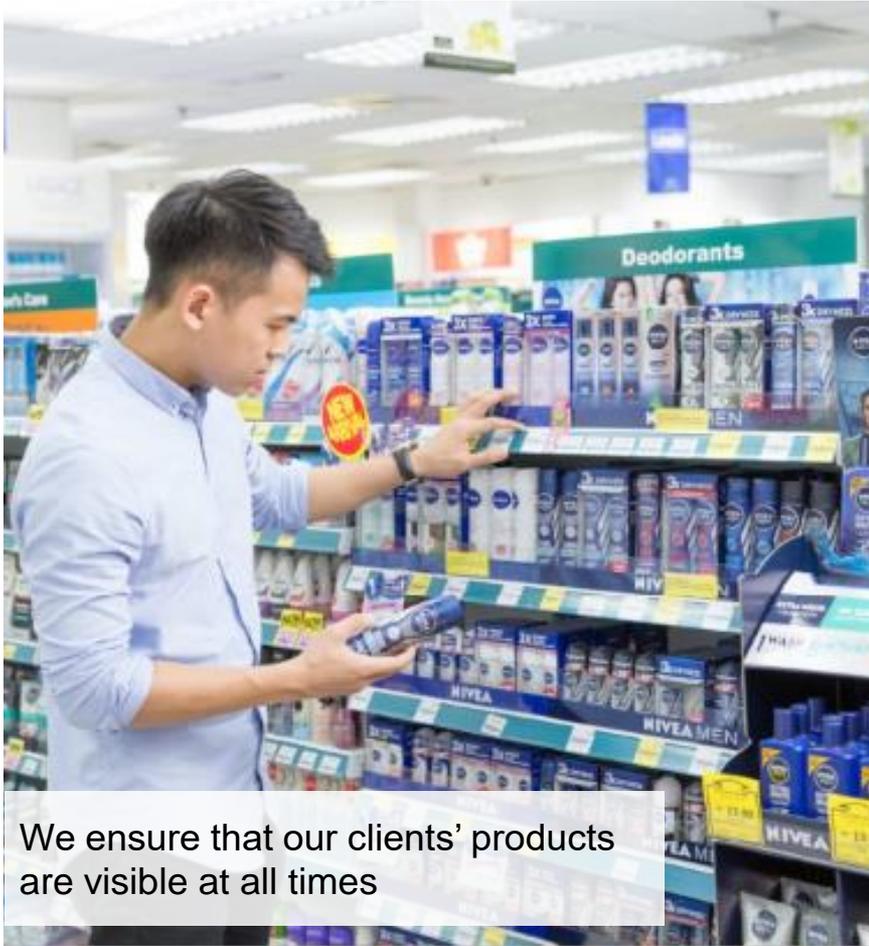
years in Asia

450,000

customers

1) Top 200 clients by net sales

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



- 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

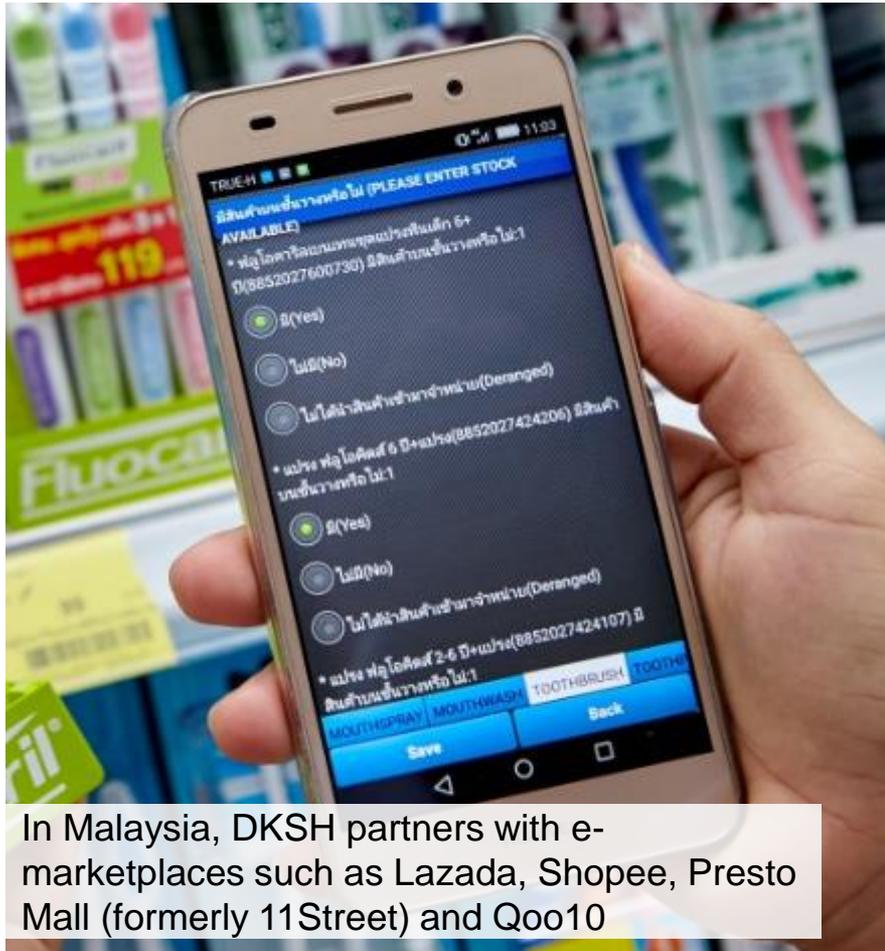
Our large sales force is equipped with handheld devices, which put real time information at their fingertips



DKSH Smollan Field Marketing (DSFM)

- Joint venture with Smollan Group, leading retail solutions organization
- About 6,000 specialists servicing over 81,000 retail stores across Asia
- Present in ten markets
- Provides retail execution and brand activation services, backed by Smollan Mobile real-time reporting and retail insights

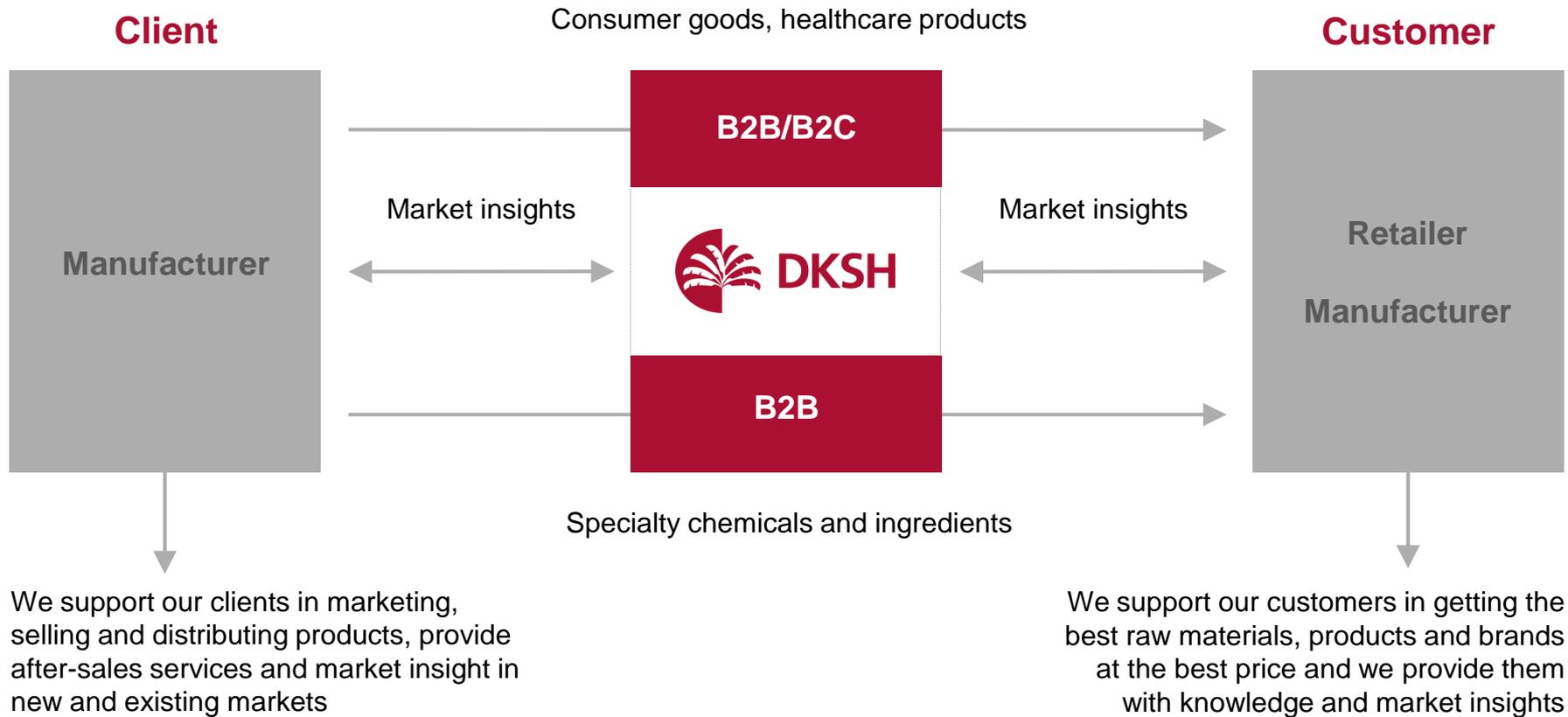
Omni-channel approach increases clients' access to market



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 2018

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



9M 2019 results

9M 2019 results

Financials

(in RM millions)	9M 2019	9M 2018	Change %
Net sales	4,846.5	4,414.1	9.8%
Profit before interest and tax	64.0	52.3	22.5%
Profit before tax	36.4	46.3	(21.4%)
Profit after tax (PAT)	21.8	34.1	(36.1%)
Net profit attributable to owners of parent	21.8	34.1	(36.1%)
Adjusted operating PAT	64.3	34.1	88.8%
Comparative PAT	42.8	34.1	25.7%
Earnings per share (EPS)	13.8	21.6	(36.1)
Cash earnings per share (EPS)	24.6	25.8	(4.7%)

Comments

- Revenue growth of 9.8% results from positive contribution from Auric Malaysia's business and underlying organic growth of existing clients in all segments
- Operating costs increased by 9.6% which is largely in line with revenue growth listed above
- Profit before tax declined 21.4% as a result of abovementioned costs incurred, additional finance costs on borrowings for Auric Malaysia acquisition and impact of MFRS16
- Comparative profit after tax (PAT) is 25.7% above last year's

Revenue continues to record uptrend

Marketing and Distribution Services

Financials			
(in RM millions)	9M 2019	9M 2018	Change %
Net sales	2,357.6	2,110.9	11.7%
Result	29.3	19.6	49.4%
Comparative results	26.3	19.6	33.9%

Comments

- Net sales increased 11.7% due to the acquisition of Auric Malaysia and ongoing organic growth with existing clients and new clients secured in Q4 2018
- Operating results increased predominantly due to acquisition of Auric Malaysia with higher operating margins and revenue growth as highlighted above
- Competitive result (adjusted for Auric Malaysia's result and unusual items) is up 33.9% when compared to the same period of last year

- 1 FMCG**
- 2 Food Services**
- 3 Performance Materials**

Higher profitability largely due to Auric Malaysia's acquisition

Logistics Services

Financials

(in RM millions)	9M 2019	9M 2018	Change %
Net sales	2,440.6	2,260.4	8.0%
Result	41.9	34.7	20.8%

Comments

- Increase in net sales of 8.0% was organically driven
- Growth in operating results attributed to strong revenue supported by improving margin mix and continued gain from operational efficiencies

- 1 Healthcare**
- 2 Telecommunications business**

Steady revenue growth maintained in Logistics segment

Segment – Others

Financials			
(in RM millions)	9M 2019	9M 2018	Change %
Net sales	48.4	42.9	12.8%
Result	(7.2)	(2.0)	(>100%)

Comments

- Revenue improved 12.8% due to improved per-store revenue growth as a result of strategically driven outlet openings
- Operating result decreased due to a one-off cost relating to the acquisition of Auric Malaysia, derivative losses recorded for interest rate swaps and the impact of MFRS 16
- At the end of Q3 2019, Famous Amos operated 93 outlets nationwide and two outlets in Brunei

1 Famous Amos

2 Others – central overheads

Strategic outlet expansions boost revenue

Outlook

Outlook

- The Group takes an optimistic outlook on 2019
- Prospects remain good for the Logistics and Others segments
- The Marketing and Distribution segment has a positive outlook due to growth in the existing consumer goods business, an improving cost base and a strong contribution from Auric Malaysia's acquisition
- Long-term outlook remains positive, supported by two market trends



Strengthening our leading position in the FMCG industry

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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