

# DKSH FY2023 Analyst and Investor Presentation

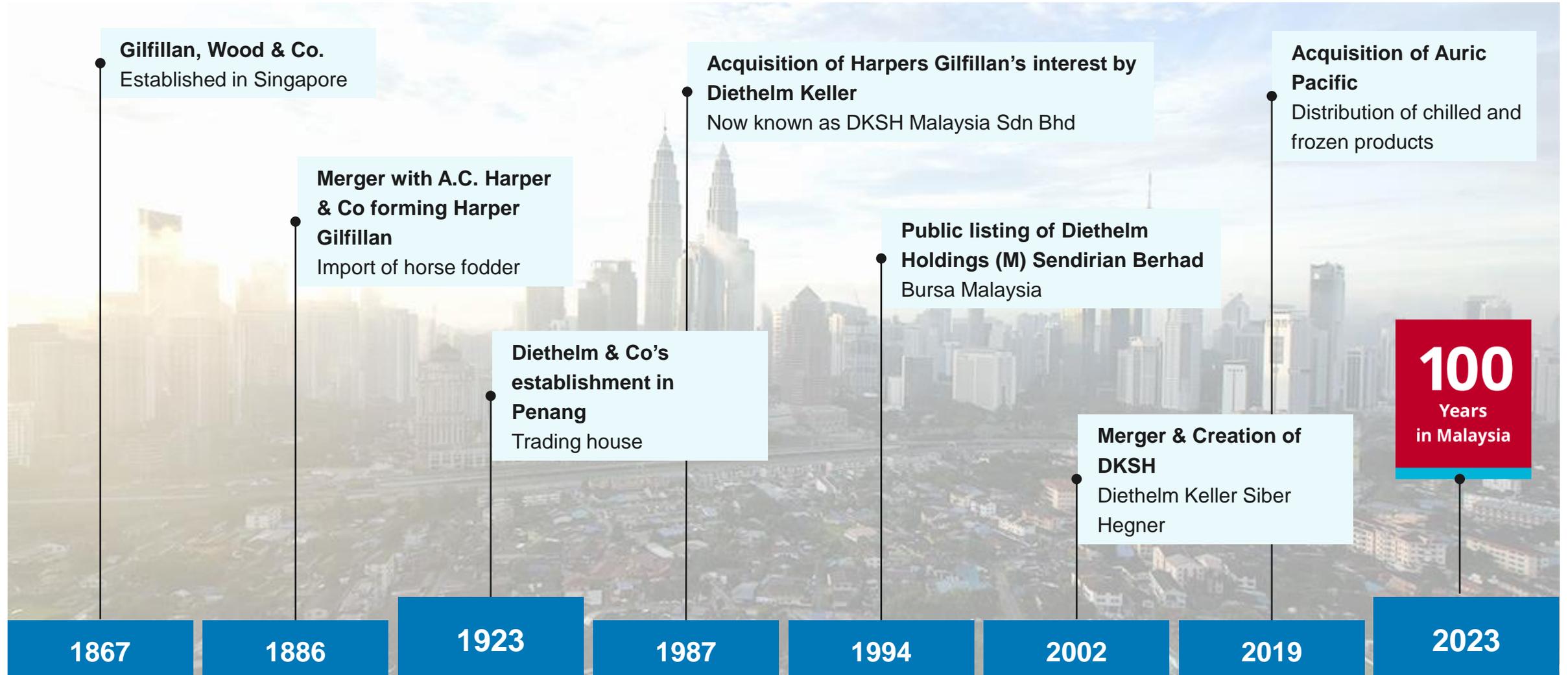
Stephen Ferraby, Head Corporate Affairs & Strategic Investments and Non-Independent Non-Executive Chairman, DKSH Malaysia

February 29, 2024

Delivering Growth – in Asia and Beyond.

**100** Years  
in Malaysia

# Celebrating a Century of Enriching People's Lives



# Agenda



- 1. About DKSH Group**
- 2. DKSH Malaysia at a Glance**
- 3. FY2023 Results**
- 4. Outlook**

# 1 About DKSH Group

# Who We Are



## Your Trusted Partner

We enrich people's lives by providing access to goods, services, and insights. United by our vision to be the trusted partner, we help companies grow.



# DKSH Is a Successful Market Leader



Nearly  
**160** years' experience



**4,800**  
clients & suppliers



**29,040**  
specialists



**11.1 billion**  
Net sales (2023)



**>10 years**  
**4 markets**  
average client relationship<sup>1</sup>



**19.9**  
**million**  
transactions per year

<sup>1</sup> Top 200 clients by net sales

# We Support Companies to Grow Their Business...



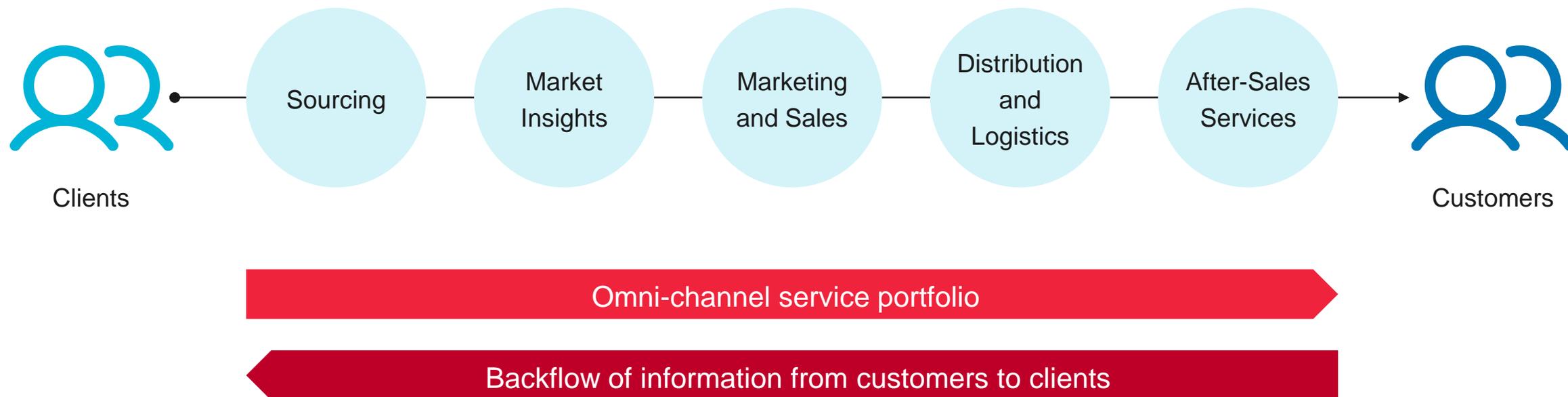
**We ensure that our clients' products are visible at all times.**

- 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



# 2 DKSH Malaysia at a Glance

# DKSH Malaysia at a Glance



**7.5 billion**  
net sales (2023)



About **3,400** specialists



**24** business locations



**4** ISO-certified distribution centers

**11** regional distribution centers

**1** manufacturing plant



Network of more than **170** clients  
and thousands of customers



**Celebrating 100 Years in Malaysia**

# Three Specialized Business Segments

## Consumer Goods



- Fast Moving Consumer Goods
- Food Services

## Healthcare



- Healthcare

## Others



- Famous Amos
- Others – overheads

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

# Consumer Goods 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



# DKSH and S&P Industries Sdn. Bhd. Forge Strategic Partnership



DKSH has been appointed as the authorized partner and distributor for S&P Industries Sdn. Bhd. to facilitate the growth and expansion of Santan and Cosip products in West Malaysia.



DKSH Awarded Best Business Partner 2023 for Kewpie Brands in Food Services. Despite the challenges posed by a competitive market and the post-COVID environment, DKSH Malaysia Food Services team achieved an impressive double-digit growth in 2023.



DKSH emerges victorious at The Global Economics Awards 2023, clinching the title of Best Fast-Moving Consumer Goods (FMCG) Distribution Partner in Malaysia. This award strengthens our position as a trusted partner for brands seeking effective market expansion solutions in Malaysia.

## Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



# New HEC Partnerships



As of Q4 2023, we have been appointed by the following healthcare business partners to grow their businesses in Malaysia:

- Nature Gift
- Glenmark
- Alvimedica

# Winning Awards for HEC Clients



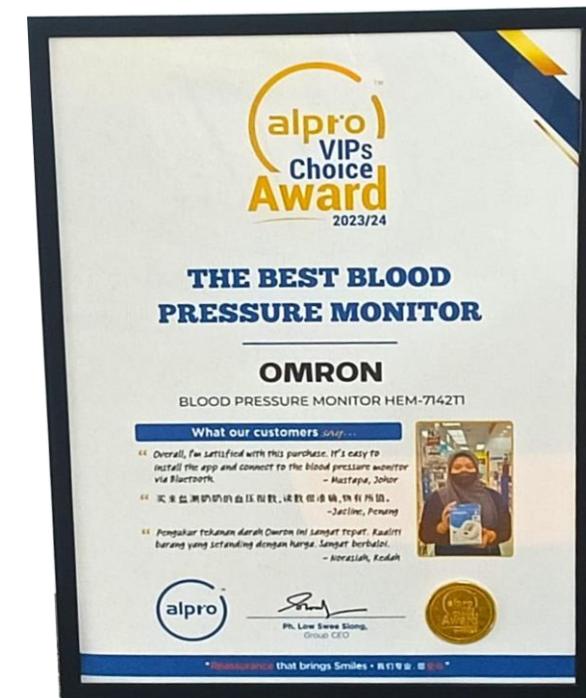
"Most Wanted Multivitamin" award for Pharmaton at the Watsons HWB Awards 2023



"Most Wanted Feminine Hygiene Wash" award for Lactacyd at the Watsons HWB Awards 2023



"Most Wanted Medically Inspired Knee Support" award for Vantelin at the Watsons HWB Awards 2023



"The Best Blood Pressure Monitor" award for Omron at the Alpro VIPs Choice Award 2023/24

## Others Segment



At the end of FY2023, there were a total of 89 outlets located in West and East Malaysia as well as two outlets in Brunei

## Brand Collaboration: July – December 2023

Famous Amos remains actively engaged in collaborations with various brands to create delightful treats for Malaysians and to amplify our brand presence.

Our recent partnerships include Air Asia, Firefly and Pop meals. Whether you're soaring high above or firmly grounded, cookie lovers can always savor our delicious cookies, no matter where they may be.



# 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



# 3

## FY2023 Results

# FY2023 Results



## Financials

(in RM millions)	FY2023	FY2022	Change %
<b>Revenue</b>	<b>7,524.3</b>	7,162.7	5.0%
<b>Profit before interest and tax</b>	173.9	173.3	0.4%
<b>Profit before tax</b>	147.2	145.3	1.3%
<b>Profit after tax</b>	110.5	104.2	6.0%
(in RM sen)			
<b>Earnings per share (EPS)</b>	<b>70.1</b>	66.1	6.1%
<b>Cash earnings per share (Cash EPS)</b>	<b>87.5</b>	81.6	7.4%

## Comments

- Revenue improved by 5.0% due to:
  - ✓ Ongoing growth from existing and new clients in the Healthcare and Consumer Goods segments
  - ✓ Resumption of batter supply in the Others segment
- Operating expenses increased largely in line with the revenue growth and a higher cost base in 2023, while 2022 benefited from debt recovery
- Profit after tax improved benefited from non-recurring prosperity tax in the previous year and this has led to EPS growth of 6.1%

**Revenue driven by CG and HEC growth and the resumption of batter in Others segment**

# Consumer Goods Segment



## Financials

(in RM millions)	FY2023	FY2022	Change %
<b>Revenue</b>	<b>4,155.4</b>	4,004.5	3.8%
<b>Segment profit before interest and tax</b>	<b>100.7</b>	116.5	(13.6%)

## Comments

- Revenue grew by 3.8% due to the ongoing growth of existing and new clients secured in the segment
- Segment profit was 13.6% lower largely due to higher personnel expense and loss allowance on trade receivables in 2023, while 2022 had a lower cost base from debt recovery

1 FMCG

2 Food Services

**Improvement in revenue driven by ongoing growth of existing and new clients secured**

# Healthcare Segment



Financials			
(in RM millions)	FY2023	FY2022	Change %
<b>Revenue</b>	<b>3,280.8</b>	3,095.4	6.0%
<b>Segment profit before interest and tax</b>	<b>77.5</b>	61.4	26.1%

## Comments

- Revenue improved by 6.0% due to the overall growth in the segment
- Segment profit increased by 26.1% as a result of revenue growth and an improved margin mix from new business development in full distribution services, Own Brands, and higher success fees

**1** Healthcare

**Revenue growth and improved margin mix led to better operating result**

# Others Segment



Financials			
(in RM millions)	FY2023	FY2022	Change %
Revenue	88.1	62.8	40.2%
Segment loss before interest and tax	(4.3)	(4.7)	9.1%

Comments
<ul style="list-style-type: none"> <li>Revenue grew by 40.2%, contributed by strong sales and the resumption of batter supply</li> <li>Segment loss improved by 9.1%, driven by strong sales from Famous Amos, offset by an increase in information technology costs and one-off expenses</li> </ul>

1 Famous Amos

2 Others – overheads

Revenue improved due to resumption of batter supply

# Cash Flows



Financials		
(in RM millions)	FY2023	FY2022
<b>Net cash flows from operating activities</b>	<b>10.4</b>	108.4
<b>Net cash flows used in investing activities</b>	<b>(13.0)</b>	(29.2)
<b>Net cash flows from/(used in) financing activities</b>	<b>5.7</b>	(161.0)
<b>Cash and cash equivalents</b>	<b>39.1</b>	27.7

## Comments

- Lower cash flows generated from operating activities due to timing of payment to suppliers
- Lower cash outflows in investing activities due to previous year's acquisition of AcuTest of RM18.5m
- In financing activities, higher short-term borrowings to fund working capital

**Increase in working capital to support existing and future growth**

# 4 Outlook

# Outlook

- While the current macroeconomic environment poses certain challenges, the Group has a well-diversified portfolio.
- Continue to prioritize in gaining new businesses, optimizing productivity, and managing working capital.

**With a well diversified portfolio, the Group is well positioned to benefit from favorable long-term market, industry, and consolidation trends in Asia Pacific**



# 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**