

# DKSH FY 2017 analyst and investor presentation

**DKSH Holdings (Malaysia) Berhad**

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# Agenda

- **About DKSH Group**
- DKSH Malaysia at a glance
- FY 2017 results
- Outlook

# Welcome to the DKSH FY 2017 analyst and investor presentation



## About DKSH Group

DKSH Group is a leading provider of supply chain solutions, serving a wide range of industries including pharmaceuticals, chemicals, food and beverage, and consumer goods. The group's extensive network and expertise enable it to deliver comprehensive end-to-end supply chain management services, from procurement and logistics to distribution and customer support.

With a strong focus on innovation and digital transformation, DKSH Group leverages advanced technologies to optimize supply chain efficiency and enhance customer experience. The group's commitment to sustainability and ethical practices further solidifies its position as a trusted partner for global businesses.

DKSH Group's global presence and deep industry knowledge make it a valuable asset for its clients, providing them with the resources and expertise needed to navigate complex supply chain challenges and achieve their business goals.

For more information about DKSH Group and its services, please visit our website at [www.dkshgroup.com](https://www.dkshgroup.com). We look forward to partnering with you to drive your supply chain success.

DKSH Group is a public company listed on the Singapore Exchange (SGX) under the ticker symbol DKSH. The group's financial performance and other relevant information are available on our investor relations page.

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## Who we are

DKSH is the No. 1 in  
Market Expansion Services

We help companies to grow their business  
in new and existing markets



## DKSH is a successful market leader

**No. 1**

Market Expansion Services  
provider with a focus on Asia

**1,600** clients

**1,900** suppliers

**>16** million  
transactions per year

CHF  
**11.0 billion**  
Net sales (2017)

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

**825**  
business locations

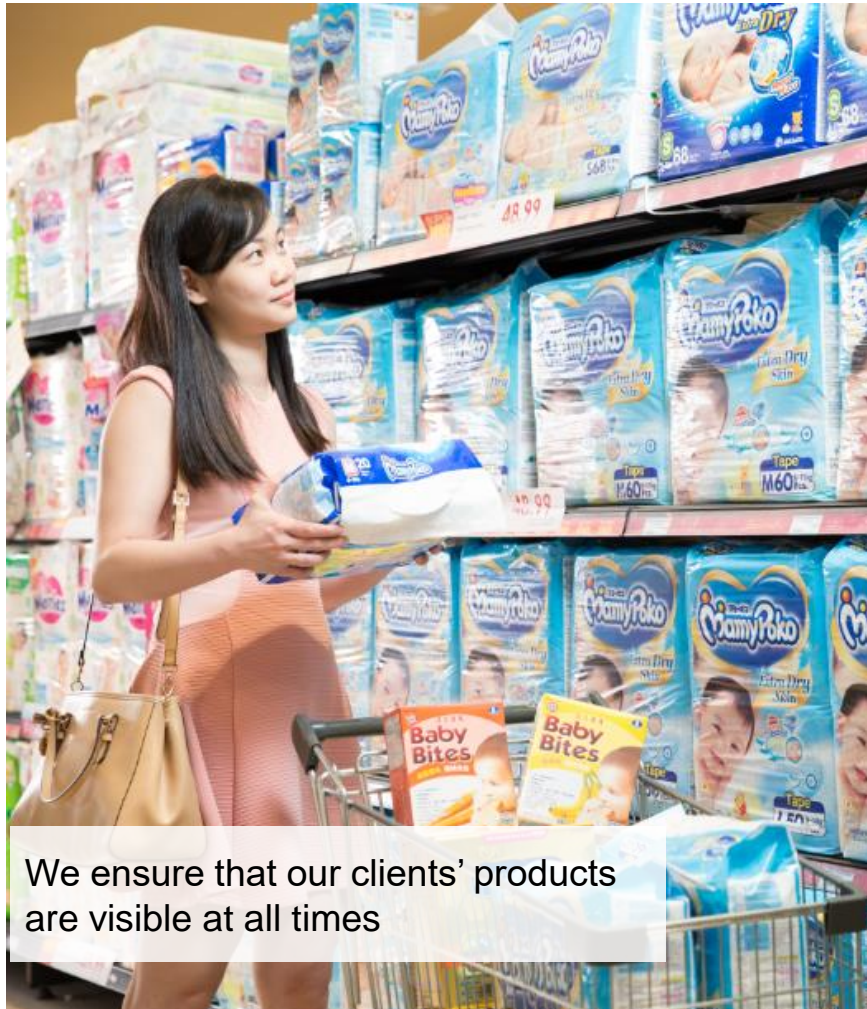
**31,970**  
specialists

More than **150**  
years in Asia

**500,000**  
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



## 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 4,000 specialists servicing over 70,000 retail stores across Asia
- Present in eight countries
- Provides retail marketing and brand activation services, backed by SMART device for real-time reporting

## Omni-channel approach increases clients' access to market



In Malaysia, DKSH partners with e-retailers Lazada, Gemfive, 11 Street and Shopee

- Offer an end-to-end portfolio of e-commerce services – from online channel management to digital marketing to e-fulfillment and customer service solutions
- Provide brands with access to over 100 online channels, from e-retailers to e-resellers to e-marketplaces to brand.com
- Operate across eight markets in Asia, driven by close-knit team of over 60 specialists

## What we do



We generate growth opportunities through a comprehensive, tailor-made portfolio of Market Expansion Services

## Tailor-made Market Expansion Services

### Business partners' needs

CEOs and Corporate Boards across the world want to grow their businesses and margins in existing markets and to expand into new markets

### Market Expansion Services

We help our business partners grow their business in new and existing markets with a comprehensive, tailor-made package of services across the entire value chain

### Capturing growth opportunities

Improve  
revenue  
opportunities

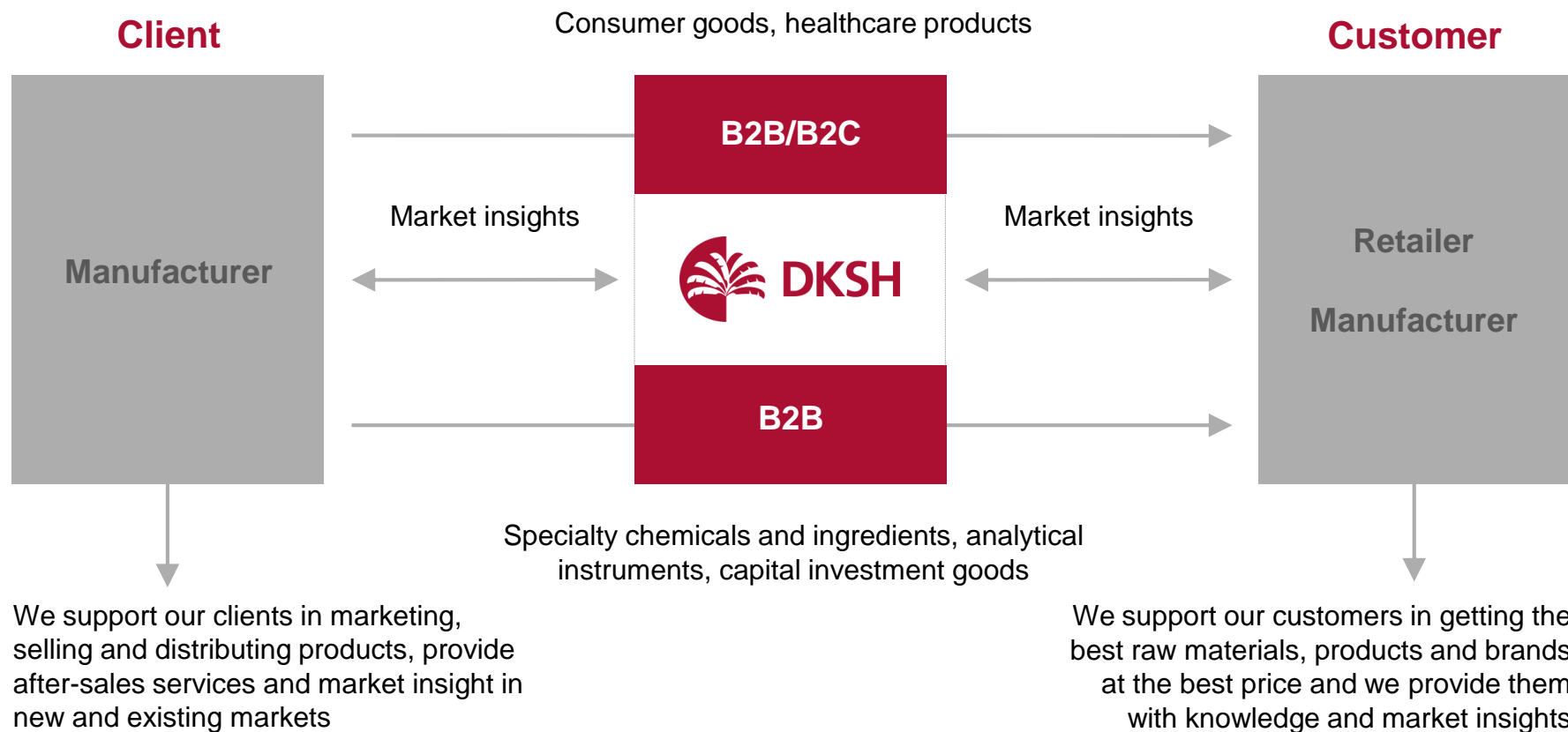
Increase  
market share

Enhance  
efficiency

Advance  
access to  
knowledge

Expand  
sourcing base

## 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**

## 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 both international and local brands

### Trusted partner for well-known international brands

#### Consumer Goods:



#### Healthcare:



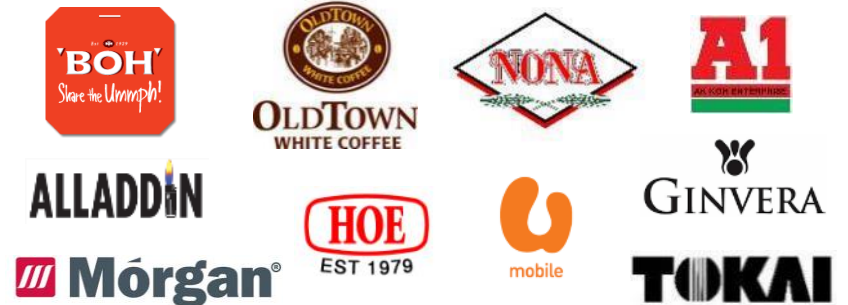
#### Performance Materials:



### Reliable partner for Asian brands



### In Malaysia for Malaysia



## FY 2017 results

## FY 2017 results

### Financials

(in RM millions)	FY 2017	FY 2016	Change %
<b>Net sales</b>	<b>5,510.4</b>	5,271.0	4.5%
<b>Profit from operations</b>	<b>77.6</b>	75.2	3.1%
<b>Profit before tax</b>	<b>70.7</b>	68.9	2.6%
<b>Profit after tax</b>	<b>52.0</b>	50.5	3.0%
<b>Net profit attributable to owners of parent</b>	<b>52.0</b>	50.5	3.0%
<b>Earnings per share</b>	<b>33.0</b>	32.0	3.0%

### Comments

- Revenue grew 4.5% as a result of underlying organic growth in existing clients, assisted by strategic new business development
- Change in product mix leading to small increase of cost of goods sold and slight increase from temporary warehousing required for seasonal stocking resulted in 4.6% increase in operating costs
- Profit before tax increased 2.6% as a result of organic revenue growth and relatively stable cost base

**Revenue growth from existing clients and new businesses**

## Marketing and Distribution Services

### Financials

(in RM millions)	FY 2017	FY 2016	Change %
<b>Net sales</b>	<b>2,628.8</b>	2,657.7	(1.1%)
<b>Result</b>	<b>45.7</b>	55.2	(17.3%)

### Comments

- Net sales declined 1.1% due to lower festive sales resulting from timing of Chinese New Year
- Year-to-date operating results declined as a result of product mix shift and temporary additional warehousing costs

**1 FMCG**

**2 Performance Materials**

**Performance impacted by timing of festive seasons**

## Logistics Services

### Financials

(in RM millions)	FY 2017	FY 2016	Change %
<b>Net sales</b>	<b>2,825.4</b>	2,560.2	10.4%
<b>Result</b>	<b>32.8</b>	22.8	43.8%

### Comments

- Increase in net sales of 10.4% was organically driven
- Growth in operating results attributed to revenue growth, improved cost efficiency and one-off accounting adjustment affecting prior year

**1 Healthcare**

**2 Telecommunications business**

**Higher result from organic growth and operational efficiencies**

## Segment – Others

### Financials

(in RM millions)	FY 2017	FY 2016	Change %
<b>Net sales</b>	<b>56.2</b>	53.2	5.6%
<b>Result</b>	<b>(0.9)</b>	(2.8)	68.3%

### Comments

- Net sales increase of 5.6% reflects improving consumer demand
- RM 1.9 million improvement on operating result due to improved revenue and continuing cost efficiencies
- At the end of Q4 2017, Famous Amos operated 81 outlets nationwide

**1 Famous Amos**

**2 Others – central overheads**

**Improved result with higher consumer demand and better outlet placement**

# Outlook

## Two major growth drivers...

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

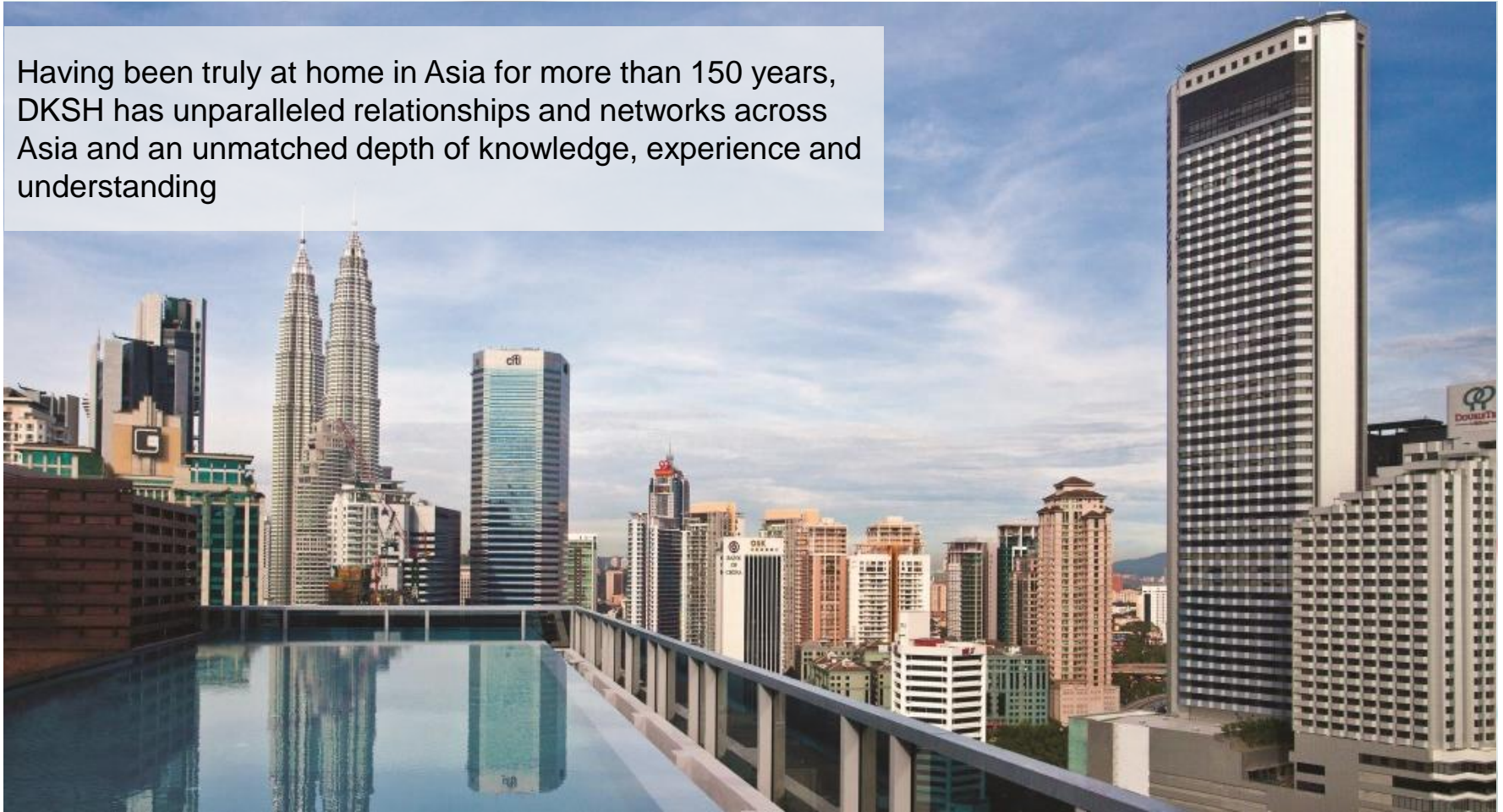
- Long-term growth drivers intact
- The Group takes a cautiously optimistic outlook on 2018, as market conditions are expected to remain variable
- Cost base remains stable with no major expenses or infrastructure upgrades planned in near future
- Client and customer portfolio remains well-diversified supported by strong sales; marketing and distribution infrastructure with capillary distribution reach and comprehensive portfolio of services along the value chain



**Focus on core competencies as a Market Expansion Services provider**

## 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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