

DKSH FY2021 Analyst and Investor Presentation

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March 04, 2022

Delivering Growth – in Asia and Beyond.

Agenda



- 1. About DKSH Group**
- 2. DKSH Malaysia at a glance**
- 3. FY2021 results**
- 4. Outlook**

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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



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...



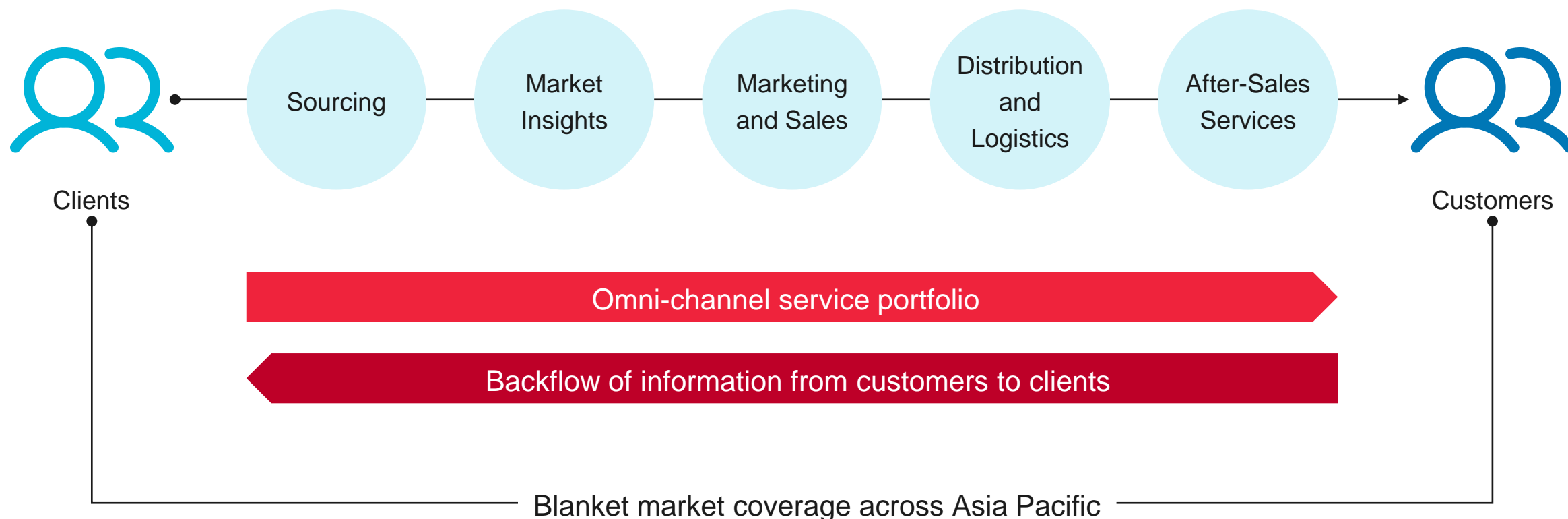
We ensure that our clients' products are visible at all times.

- 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



Drive Sales Growth in Last Mile of Supply Chain Journey



Our large field marketing sales force drives sales growth in the last mile of the supply chain journey

DKSH Smollan Field Marketing (DSFM)

- Joint venture with Smollan Group, leading retail solutions organization
- More than 8,000 specialists 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



Extensive Omni-channel coverage

Consumer access

901 brands

>900 performance marketing campaigns

>5,000 performance ads

>7,000 creative artwork

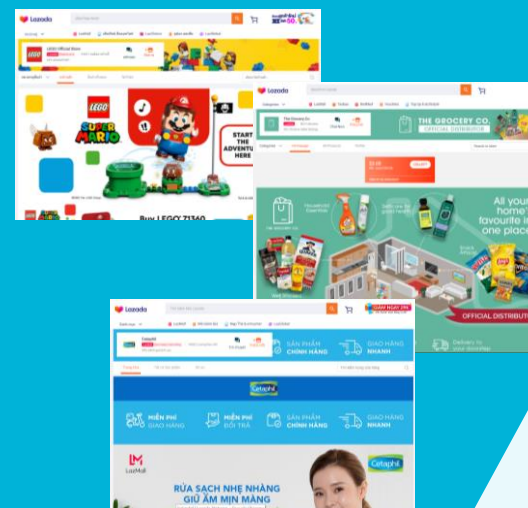
All top channels



Partnership with



169 flagship stores



9 markets



> CHF 200 million
eCommerce sales

DKSH won fifteen awards at Marketing Interactive's Asia eCommerce Awards between 2020 and 2021

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DKSH Malaysia at a Glance

DKSH Malaysia at a Glance



Net sales:
RM 6.4 billion



About 3,300
specialists



26 business
locations



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



Network of more than 220 clients
and 16,000 customers



More than 95 years of success in Malaysia

Three Specialized Business Segments



Marketing & Distribution Services



- Fast Moving Consumer Goods
- Food Services
- Performance Materials

Logistics Services



- Healthcare

Others



- Famous Amos
- Others – overheads

...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



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FY2021 Results

FY2021 Results



Financials

(in RM millions)	FY2021	FY2020	Change %
Revenue	6,738.4	6,355.7	6.0%
Profit before interest and tax	154.9	109.0	42.2%
Profit before tax	126.9	74.5	70.3%
Profit after tax	91.3	48.9	86.7%
(in RM sen)			
Earnings per share (EPS)	57.9	31.0	86.8%
Cash earnings per share (EPS)	73.4	48.5	51.3%

Comments

- Revenue grew by 6.0% reflecting the ongoing organic growth of existing clients and new clients secured as well as recovery from the effects of the COVID-19 pandemic
- Operating costs increased by 5.5% reflecting improvements in cost efficiencies
- Profit before tax improved by 70.3% partly due to the one-off gain recognized on the internal reorganization of the business of Performance Materials of RM 8.5 million. With the one-off gain removed, the profit before tax attributable to the underlying business improved by 58.9% due to the above-mentioned results, lower unrealized derivative losses on interest rate swap and decline in interest expenses resulting from reduced borrowings.

Revenue improved due to the recovery from COVID-19 pandemic

Marketing and Distribution Services



Financials			
(in RM millions)	FY2021	FY2020	Change %
Revenue	3,800.0	3,447.2	10.2%
Segment profit before interest and tax	103.1	81.4	26.7%

Comments
<ul style="list-style-type: none"> Revenue grew by 10.2% as a result of contribution by the ongoing organic growth with existing clients and new clients secured as well as the continuous improved sales from own brands Segment profit improved 26.7% predominantly due to the movement in revenue as mentioned above and improved operation efficiencies

1	FMCG
2	Food Services
3	Performance Materials

Strong focus on organic growth with new and existing clients continued to drive sales

Financials

(in RM millions)	FY2021	FY2020	Change %
Revenue	2,891.0	2,864.9	0.9%
Segment profit before interest and tax	52.3	47.5	10.0%

Comments

- Revenue improved by 0.9% due to the recovery from the effects of COVID-19 pandemic in 2020, offset by the exit of the telecommunications client in Q4 2020
- Segment profit improved 10.0% largely due to better margin mix and continued gain from operational efficiencies

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Healthcare

Profit increased with better margin mix and continued gain from operational efficiencies

Segment – Others



Financials			
(in RM millions)	FY2021	FY2020	Change %
Revenue	47.5	43.6	8.9%
Segment profit before interest and tax	(0.5)	(19.9)	97.6%

Comments
<ul style="list-style-type: none"> Revenue grew by 8.9% due to the recovery from the effects of the COVID-19 pandemic Segment profit improved 97.6% partly due to a one-off gain recognized on internal reorganization of the business of the Performance Materials of RM 8.5 million, lower unrealized derivative losses on interest rate swap and higher sales

1 Famous Amos

2 Others – overheads

Profit improved partly due to reorganization of Performance Materials business

Cash Flows



Financials

(in RM millions)

FY2021

FY2020

Net cash flows generated from operating activities

197.4

37.9

Net cash flows generated from/(used in) investing activities

10.1

(10.5)

Net cash flows (used in)/generated from financing activities

(153.4)

6.0

Cash and cash equivalents

109.5

55.4

Comments

- Strong cash generation
- Good performance on inventory and Accounts receivable management
- Significant reduction of MYR 96 million in external borrowings
- One-off inflow of MYR 19 million from disposal of PM business

Strong cash generation and reduced debt

4 Outlook

Outlook

- Consumer demand and market demand remains stable
- Even in areas with short-term disruption, recovery comes quickly
- Well-diversified portfolio of clients across varied industries, channels, and product categories in 2022
- 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 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