

# **DKSH 9M 2020 analyst and investor presentation**

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# Agenda



1. About DKSH Group
2. DKSH Malaysia at a glance
3. 9M 2020 results
4. Outlook



Welcome to DKSH's 9M 2020  
analyst and investor presentation



## About DKSH Group



# DKSH is a successful market leader



**No. 1**

Market Expansion Services provider  
with a focus on Asia

**1,900** clients  
**1,900** suppliers

**22** million  
transactions per year

CHF  
**11.6 billion**  
Net sales (2019)

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

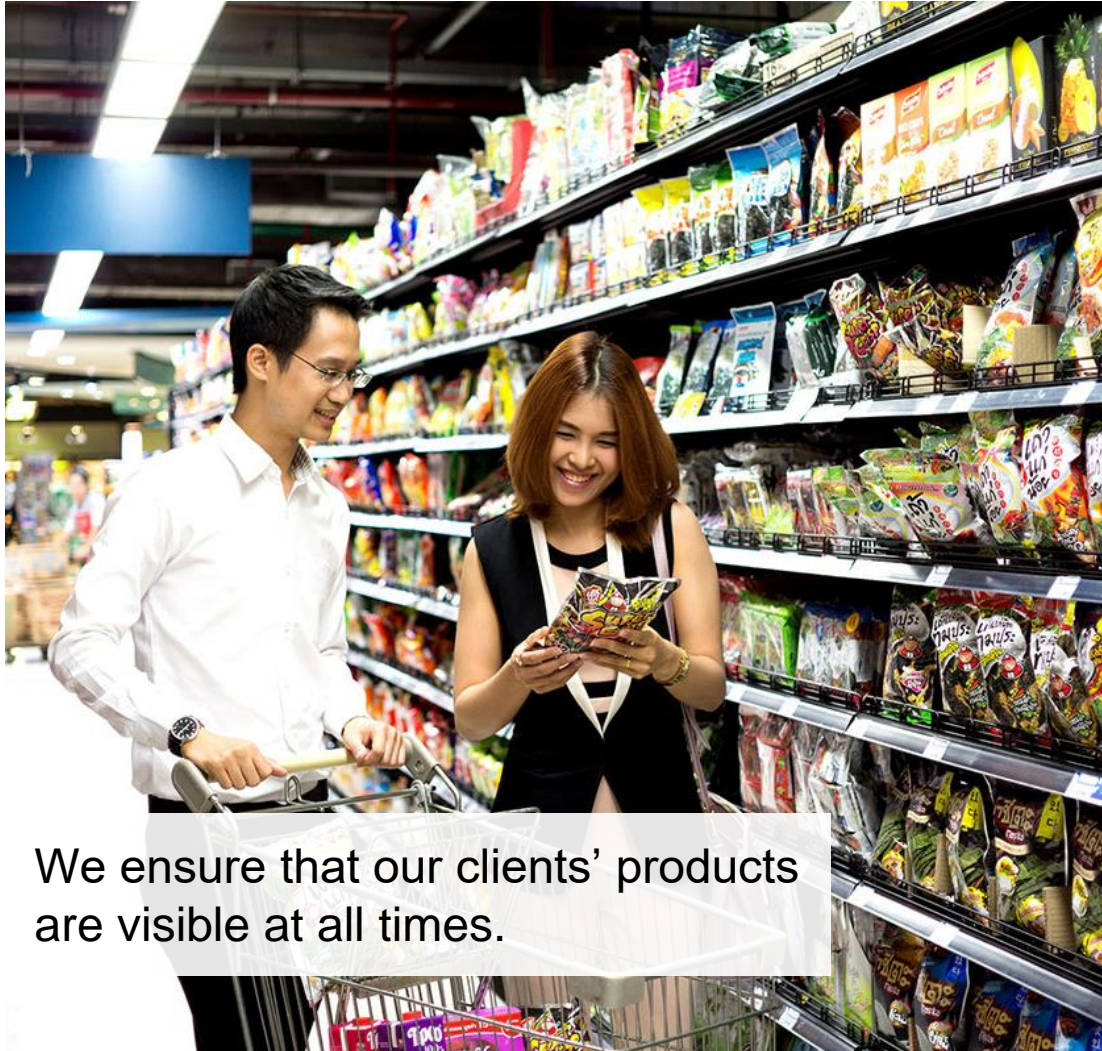
**850**  
business locations

**33,350**  
specialists

More than **150** years  
in Asia

**525,000**  
customers

# 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



# We link business partners and add value to business...



## Client

### Typically a manufacturer:

We support our clients in marketing, selling and distributing products, provide after-sales services and market insight in new and existing markets



Healthcare



Consumer Goods



Performance Materials



Technology



## Customer

### Typically a retailer or manufacturer:

We support our customers in getting the best raw materials, products and brands at the best price and we provide them with knowledge and market insights

Hospitals,  
clinics and  
pharmacies

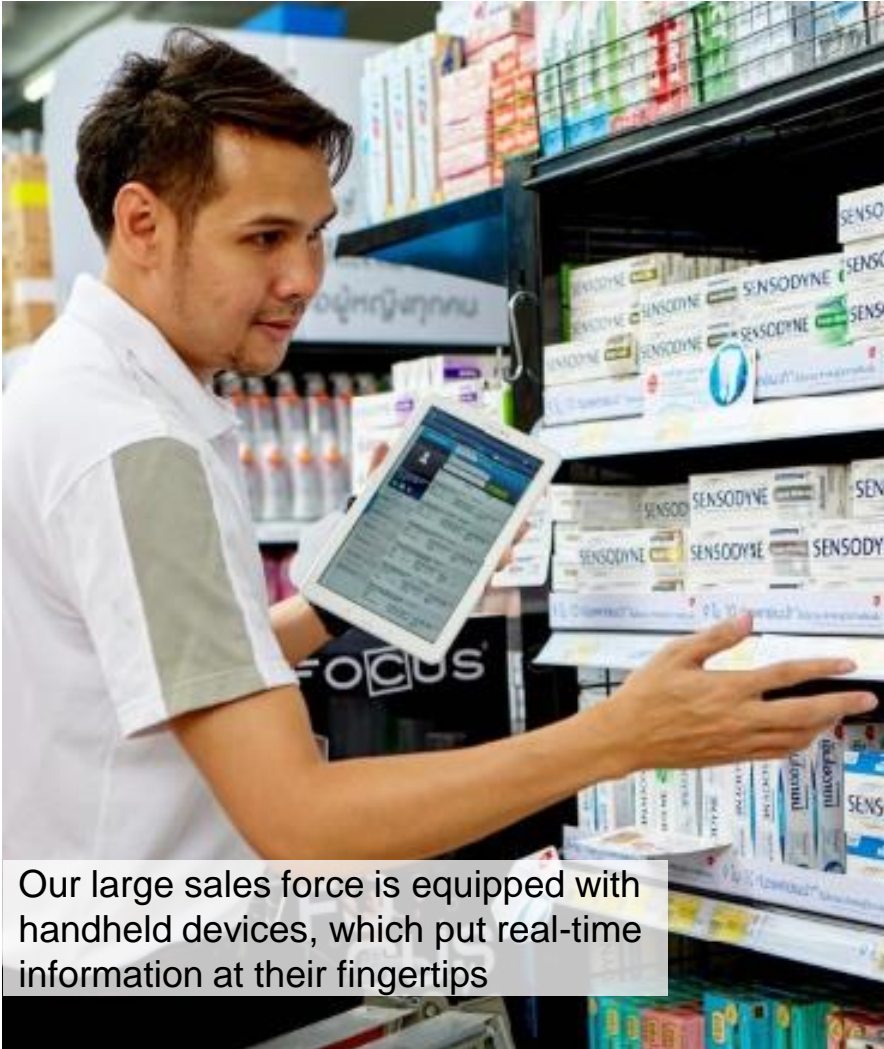
Retailers,  
supermarkets,  
hypermarkets and  
grocers

Food & Beverage,  
Personal Care,  
Pharmaceuticals and  
Specialty Chemicals

Diverse  
industrial  
manufacturers



# Drive sales growth in last mile of supply chain journey



## **DKSH Smollan Field Marketing (DSFM)**

- Joint venture with Smollan Group, leading retail solutions organization
- More than 5,000 specialists servicing over 180,000 retail stores across Asia
- Present in 11 markets
- Provides retail execution and brand activation services, backed by Smollan mobile real-time reporting and retail insights

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

# DKSH's omni-channel approach well received



**Extensive  
Omni-channel  
coverage**

**Consumer access**  
**>800** brands

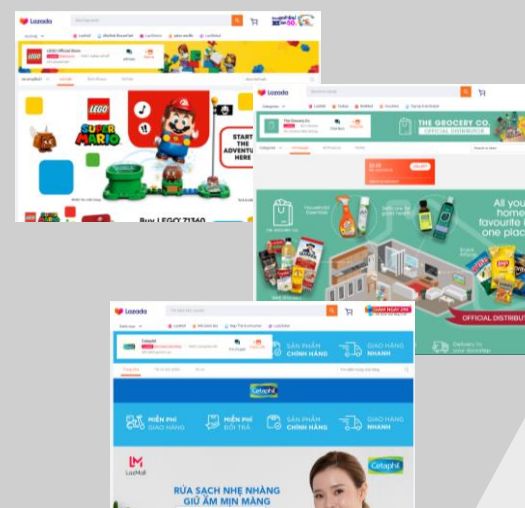
**Partnership with**



**All top channels**

GrabMart tokopedia  
Shopee JD.COM LAZADA  
天猫 TMALL.COM amazon  
Qoo10 TIKI.VN  
red'mart™ Alibaba.com  
HKTVMall Central

**>100** flagship stores



**9** markets



## **DKSH Malaysia at a glance**

# DKSH Malaysia at a glance



**Net sales:**  
**RM 6.5 billion**



**About 3,500**  
**specialists**



**31 business**  
**locations**



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



**Network of more than 220 clients**  
**and 19,000 customers**



**More than 90 years of success in Malaysia**



# Three specialized business segments



## Marketing & Distribution Services



- Fast Moving Consumer Goods
- Food Services
- Performance Materials

## Logistics Services



- Healthcare
- Telecommunications

## 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



PHARMACEUTICALS



## 9M 2020 results



# 9M 2020 results



## Financials

(in RM millions)	9M 2020	9M 2019	Change %
<b>Revenue</b>	<b>4,807.2</b>	4,846.5	(0.8%)
<b>Profit before interest and tax</b>	<b>76.7</b>	64.0	19.7%
<b>Profit before tax</b>	<b>50.4</b>	36.4	38.5%
<b>Profit after tax</b>	<b>31.6</b>	21.8	45.0%
(in RM sen)			
<b>Earnings per share (EPS)</b>	<b>20.0</b>	13.8	45.0%
<b>Cash earnings per share (EPS)</b>	<b>32.6</b>	24.6	32.7%

## Comments

- Revenue decreased marginally by 0.8% as a result of the effects of the COVID-19 pandemic
- Operating costs decreased by 0.9% in line with the decline in revenue
- Profit before tax improved by 38.5% due to contribution from the Auric Malaysia business, ongoing organic growth of existing clients and new clients secured, and the presence of costs relating to the growth and efficiency improvement project and purchase price allocation adjustments in 2019, offset by the effects of the COVID-19 pandemic

**Underlying cost efficiencies improved operating costs**

# Marketing and Distribution Services



## Financials

(in RM millions)	9M 2020	9M 2019	Change %
<b>Revenue</b>	<b>2,562.5</b>	2,357.6	8.7%
<b>Result</b>	<b>60.2</b>	29.3	>100.0%

## Comments

- Revenue increased 8.7% due to the positive contribution from the Auric Malaysia business, ongoing organic growth with existing clients and new clients secured
- Operating result increased >100.0% predominantly due to contribution from the Auric Malaysia business, ongoing organic growth of existing clients and new clients secured, and the non-recurring cost incurred for the growth and efficiency improvement project and presence of purchase price allocation adjustment in 2019

**1 FMCG**

**2 Food Services**

**3 Performance Materials**

**Steady growth continued in the Marketing & Distribution segment**

# Logistics Services



## Financials

(in RM millions)

**9M 2020**

9M 2019

Change %

**Revenue**

**2,212.4**

2,440.6

(9.4%)

**Result**

**33.7**

41.9

(19.6%)

## Comments

- Revenue reduced 9.4% due mainly to effects of the COVID-19 pandemic and the timing of government tenders
- Operating result decreased 19.6%, reflecting slightly lower sales levels due to the abovementioned

**1 Healthcare**

**2 Telecommunications  
business**

**Revenue affected by the COVID-19 pandemic**

# Segment – Others



## Financials

(in RM millions)	9M 2020	9M 2019	Change %
Revenue	32.4	48.4	(33.2%)
Result	(17.2)	(7.2)	(>100%)

## Comments

- Revenue declined 33.2% due to business operations being affected by the imposition of the MCO by the government
- Operating result decreased due to lower sales recorded as mentioned above, increased unrealized derivatives loss recorded for interest rate swap and financing cost incurred for acquisition of Auric Malaysia
- At the end of Q3 2020, there were a total of 99 Famous Amos outlets nationwide and two outlets in Brunei

1 Famous Amos

2 Others – overheads

The COVID-19 pandemic continues to affect revenue



# Outlook

# Outlook

- The year 2020 continues to be marked by the COVID-19 pandemic and the related MCO, RMCO and CMCO from March 18 onwards, which had significant effects on the market
- The Group has a well-diversified portfolio to weather the impact and is well prepared with a comprehensive and rigorous business continuity plan
- Supply chain operations continued at full capacity, operating under a total quarantine solution and all other operations seamlessly switched to remote and flexible working methods
- The Group remains cautious about the short-term outlook but confident about the growth opportunities in the medium to long term

**Focus on product innovation, business development and cost efficiency**

# Two market trends...

**1 Growing middle class in Malaysia**

**2 Trend towards outsourcing**

**Increased spending on consumer goods and healthcare products**

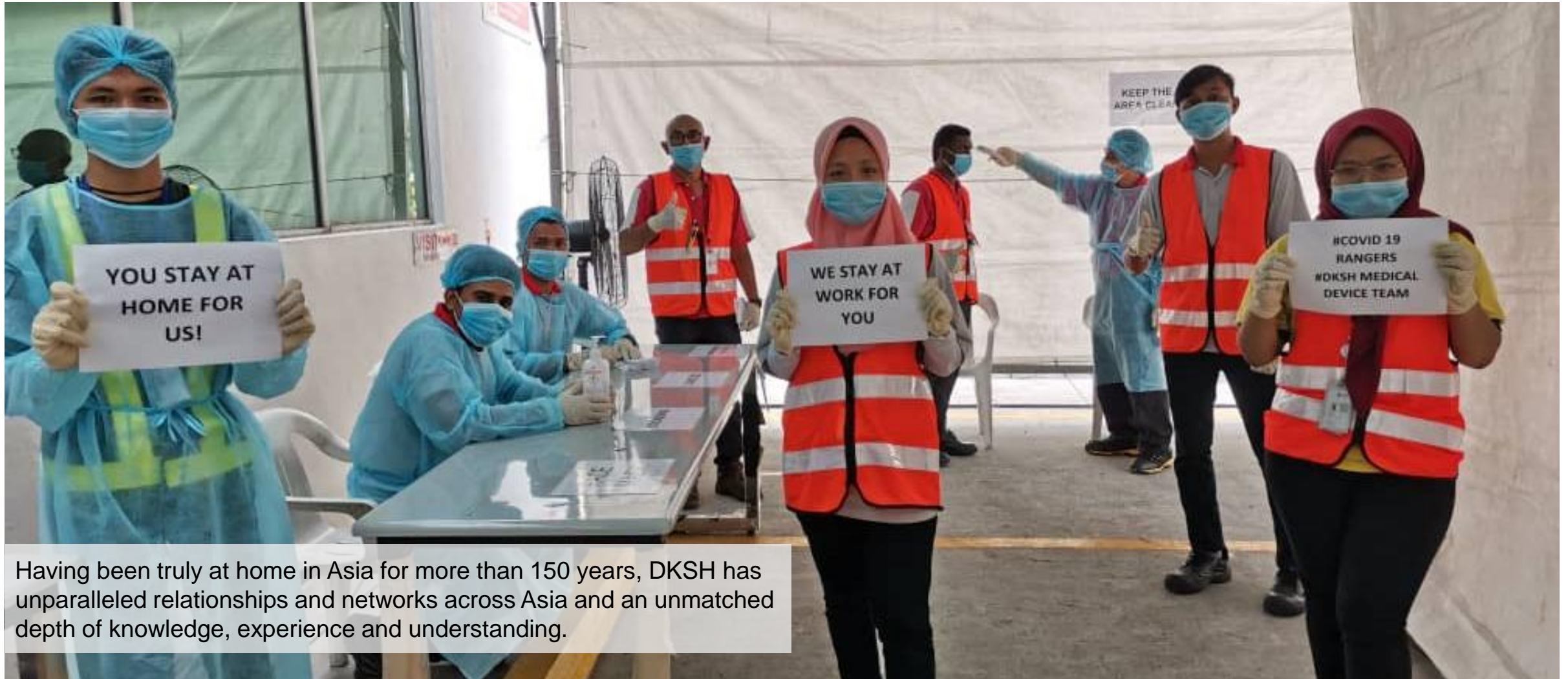
**Investments in local infrastructure and industries**

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





# 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**