

DKSH FY 2018 analyst and investor presentation

DKSH Holdings (Malaysia) Berhad

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Agenda

- About DKSH Group
- DKSH Malaysia at a glance
- FY 2018 results
- Outlook

Welcome to the DKSH FY 2018 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**

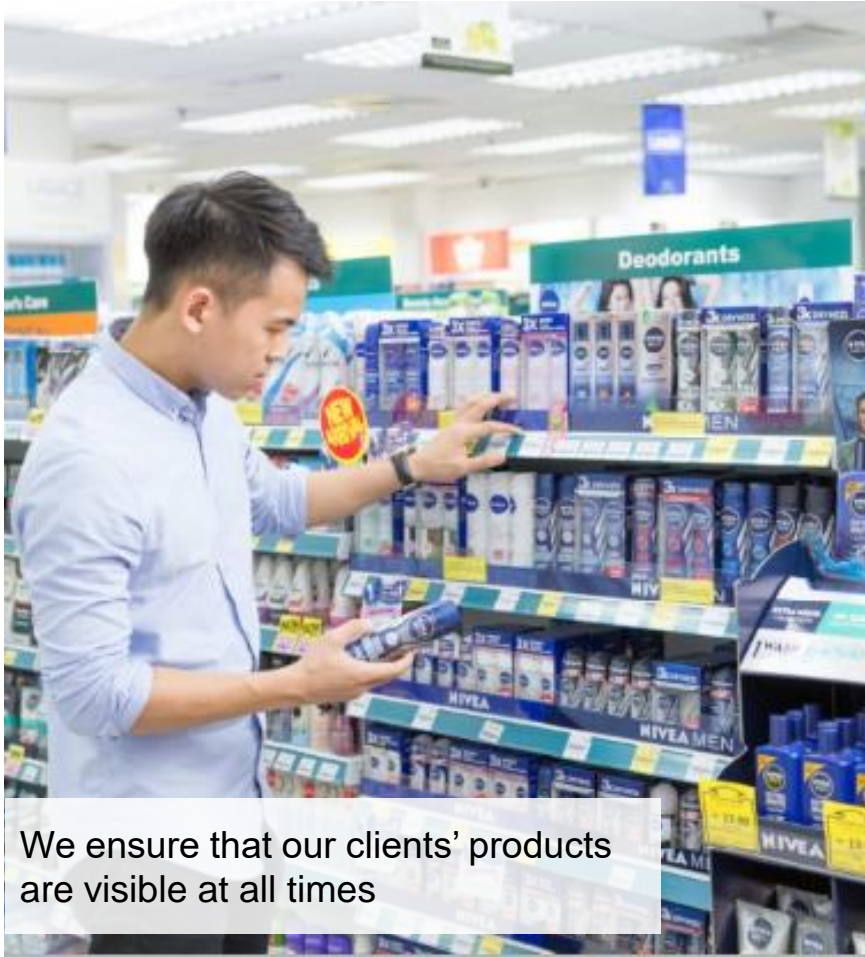
years in Asia

450,000

customers

¹⁾ Top 200 clients by net sales

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



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

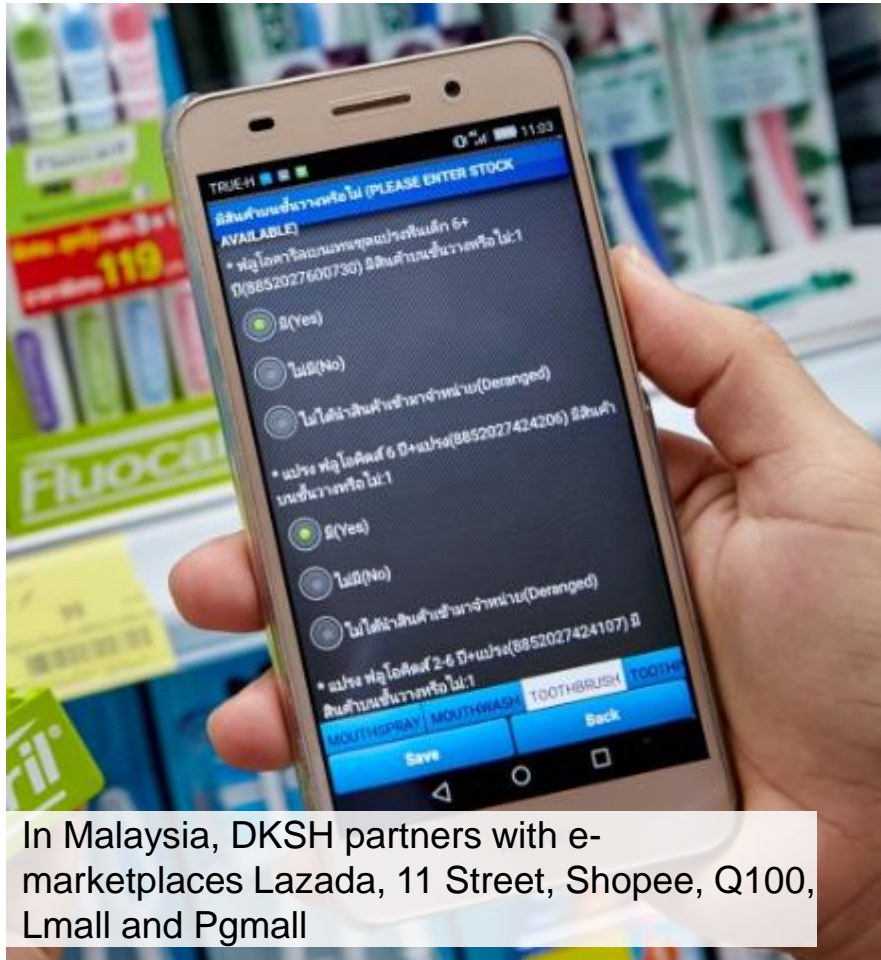
Our large sales force is equipped with handheld devices, which put real time information at their fingertips



DKSH Smollan Field Marketing (DSFM)

- Joint venture with Smollan Group, leading retail solutions organization
- More than 5,000 specialists servicing over 75,000 retail stores across Asia
- Present in ten countries
- 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 Lazada, 11 Street, Shopee, Q100, Lmall and Pgmall

- 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

What we do



We link business partners and add value to businesses



DKSH Malaysia at a glance



DKSH Malaysia at a glance



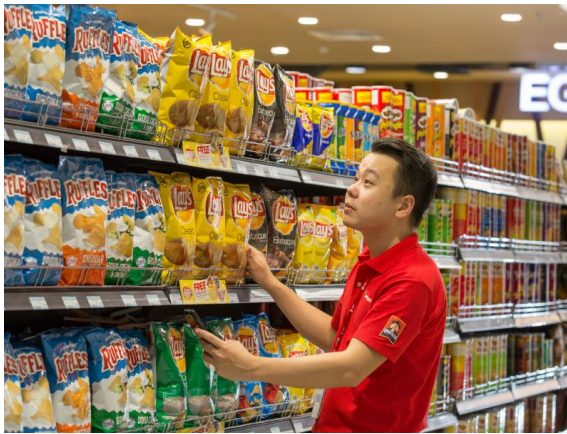
More than 90 years of success in Malaysia

Figures as of financial year 2017

Think Asia. Think DKSH.

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 2018 results

FY 2018 results

Financials

(in RM millions)	FY 2018	FY 2017	Change %
Net sales	6,011.8	5,509.5	9.1%
Profit from operations	68.8	77.6	(11.3%)
Profit before tax	60.6	70.7	(14.3%)
Profit after tax	44.6	52.1	(14.3%)
Net profit attributable to owners of parent	44.6	52.1	(14.3%)
Earnings per share	28.3	33.0	(14.3%)

Comments

- Revenue grew 9.1% as a result of underlying organic growth in existing clients, primarily in Logistics segment, as well as new clients, primarily in Marketing and Distribution segment
- Change in product mix corresponding to small increase of cost of goods sold and slight increase in stock base resulted in 9.3% increase in operating costs
- Change in product mix and slight increase in cost base to support future growth resulted in 14.3% decrease in profit before tax

Aggressive business development boosted organic growth

Marketing and Distribution Services

Financials

(in RM millions)	FY 2018	FY 2017	Change %
Net sales	2,827.8	2,628.8	7.6%
Result	21.6	45.7	(52.8%)

Comments

- Net sales increased 7.6% due to organic growth of existing clients and contributed by new clients
- Year-to-date operating results declined as a result of product mix shift in the second quarter, increased doubtful debts provision, commencement of growth and efficiency improvement project as well as increased cost base relative to the prior period

1 FMCG

2 Performance Materials

Steady performance due to steady sales and ongoing organic growth of existing clients

Logistics Services

Financials

(in RM millions)	FY 2018	FY 2017	Change %
Net sales	3,122.3	2,825.4	10.5%
Result	48.7	32.8	48.5%

Comments

- Increase in net sales of 10.5% was organically driven
- Growth in operating results reflects strong revenues supported by improving margin mix, one-off debts recovery in Q1 2018 and operational efficiencies

1 Healthcare

2 Telecommunications business

Performance boosted by strong revenue from organic growth

Segment – Others

Financials

(in RM millions)	FY 2018	FY 2017	Change %
Net sales	61.7	55.3	11.6%
Result	(1.5)	(0.8)	68.9%

Comments

- The addition in total outlets and improving consumer demand increased net sales by 11.6%
- Decrease in operating results reflects rising expenses centrally despite improved revenue
- At the end of Q4 2018, Famous Amos operated 91 outlets nationwide and one outlet in Brunei

1 Famous Amos

2 Others – central overheads

Outlet expansion strategically catered to growing consumer demand

Outlook

Outlook

- The Group takes a cautiously optimistic outlook on 2019
- Prospects remain positive for the Logistics segment
- The Marketing and Distribution segment is expected to positively benefit from the acquisition of Auric Pacific (M) Sdn. Bhd. as well as an efficiency and profitability improvement project
- Client and customer portfolio remains well-diversified and supported by strong sales, marketing and distribution infrastructure with capillary distribution reach and comprehensive portfolio of services along the value chain
- Long-term outlook remains positive, supported by two market trends



Focus on core competencies as Market Expansion Services (MES) provider

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

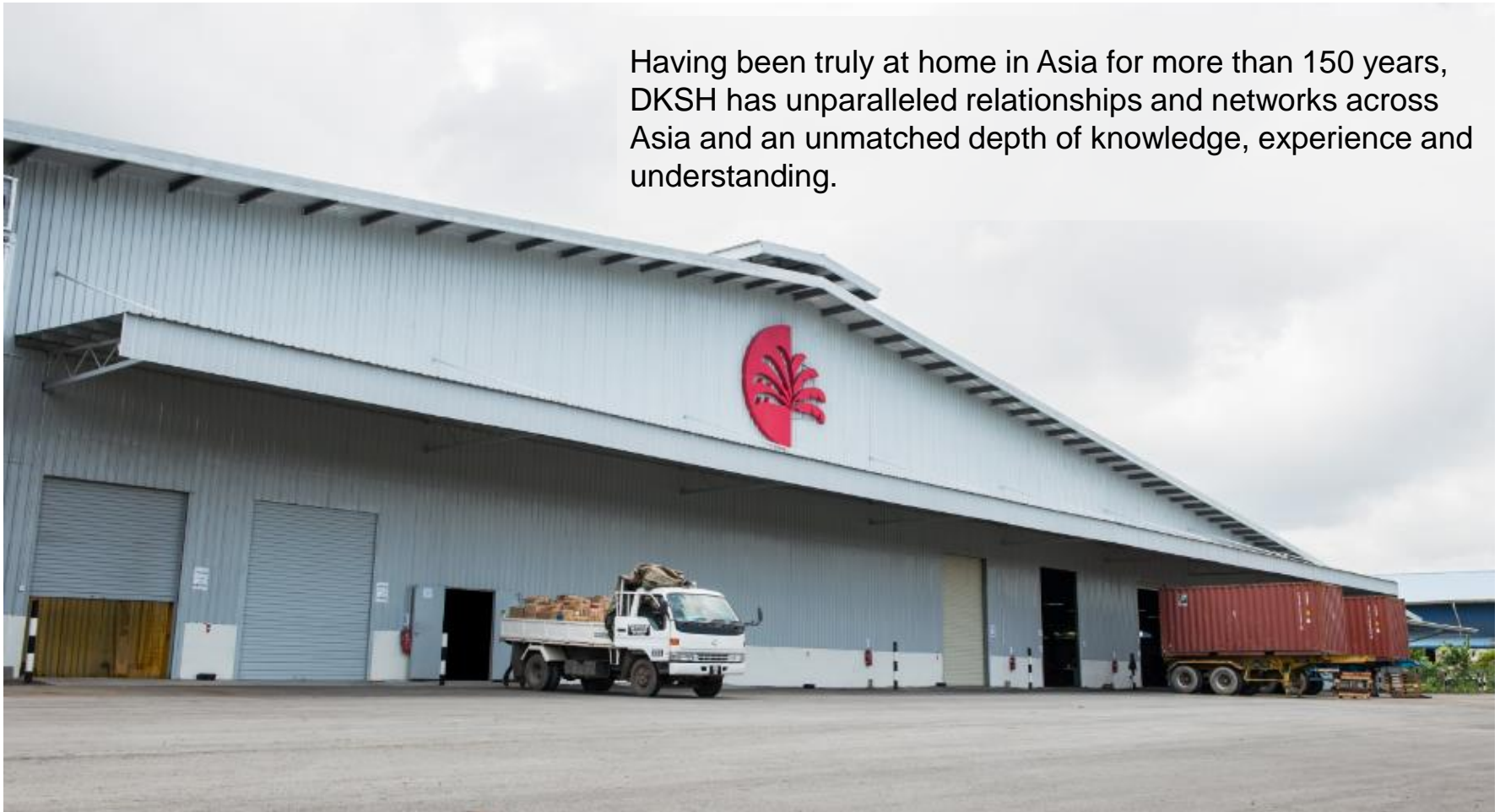
...boost expansion, consumer/industrial spending as well as MES industry



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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