

DKSH 9M 2018 analyst and investor presentation

DKSH Holdings (Malaysia) Berhad

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Petaling Jaya, November 13, 2018

Agenda

- About DKSH Group
- DKSH Malaysia at a glance
- 9M 2018 results
- Outlook

Welcome to the DKSH 9M 2018 analyst and investor presentation



About DKSH Group

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 relationship¹⁾

825
business locations

31,970

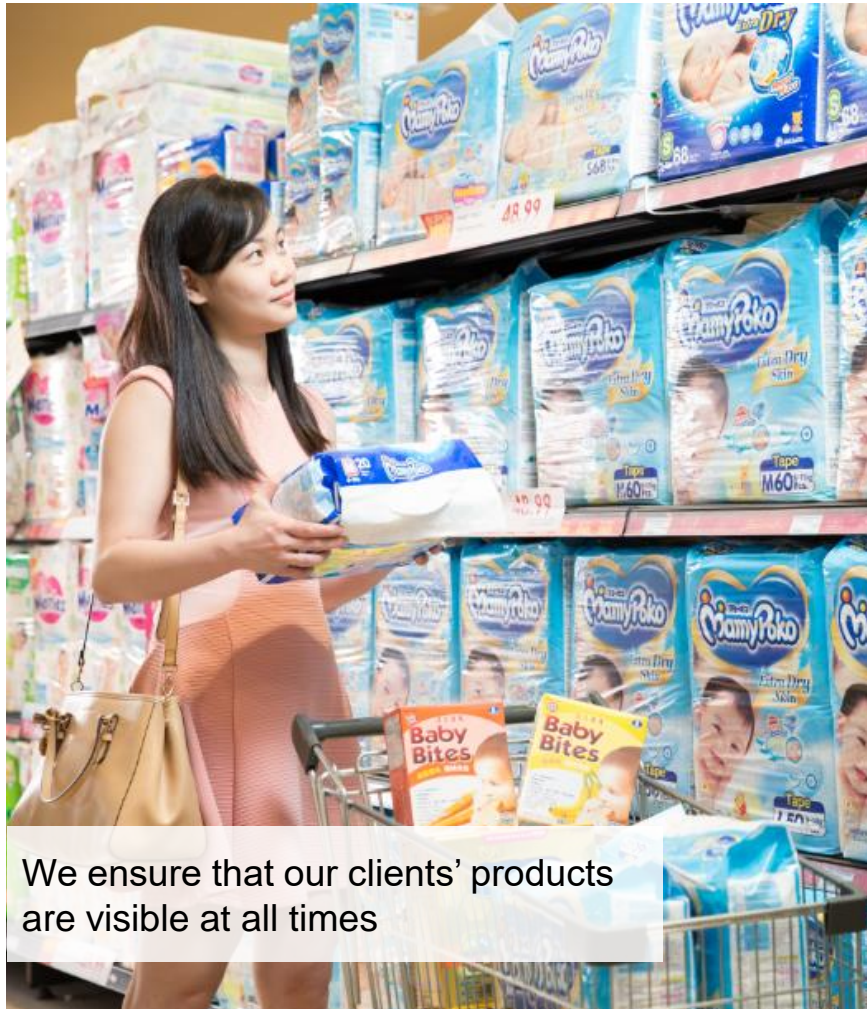
specialists

More than **150**
years in Asia

500,000
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



DKSH Smollan Field Marketing (DSFM)

- Joint venture with Smollan Group, leading retail solutions organization
- More than 4,500 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, from e-retailers to e-resellers to e-marketplaces to brand.com
- Operate across nine markets in Asia

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

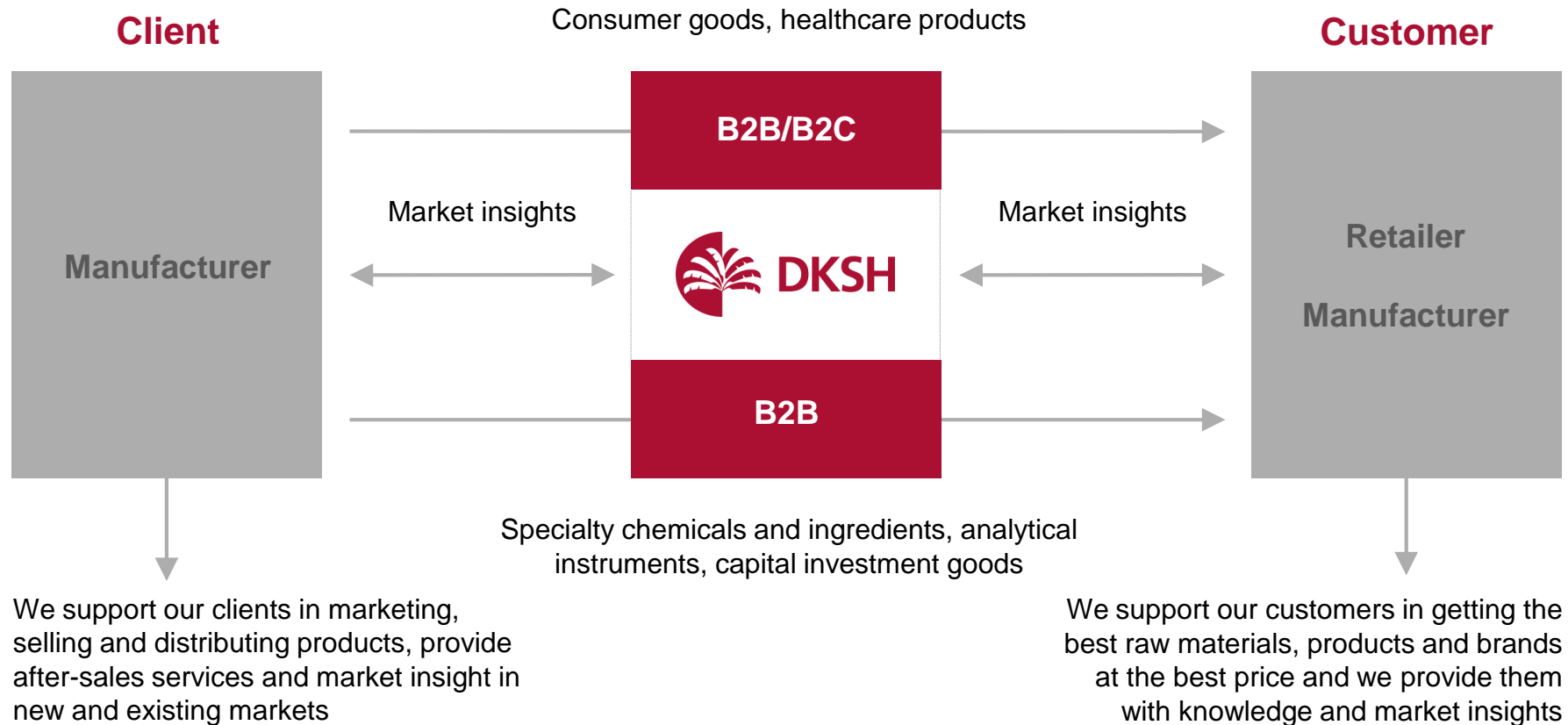
Increase
market share

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

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:



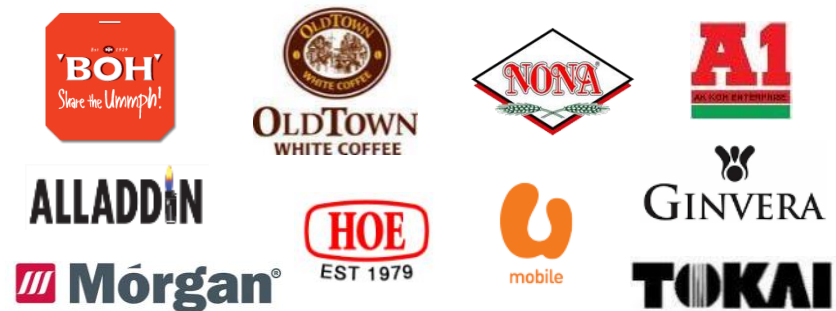
Performance Materials:



Reliable partner for Asian brands



In Malaysia for Malaysia



9M 2018 results



9M 2018 results

Financials

(in RM millions)	9M 2018	9M 2017	Change %
Net sales	4,414.1	4,133.4	6.8%
Profit from operations	52.3	54.7	(4.3%)
Profit before tax	46.3	49.8	(6.9%)
Profit after tax	34.1	36.4	(6.4%)
Net profit attributable to owners of parent	34.1	36.4	(6.4%)
Earnings per share	21.6	23.1	(6.4%)

Comments

- Revenue grew 6.8% as a result of underlying organic growth in existing clients, primarily in the Logistics segment
- Change in product mix leading to small increase of cost of goods sold and slight increase in cost base to support future growth. The increased operating cost of 6.9% is in line with the growth in revenue
- Profit before tax declined 6.9% due to change in product mix and increase in cost base

Major revenue contribution from Logistics segment

Marketing and Distribution Services

Financials

(in RM millions)	9M 2018	9M 2017	Change %
Net sales	2,110.9	1,991.7	6.0%
Result	19.6	31.4	(37.6%)

Comments

- Net sales increased 6.0% as a result of organic growth in existing clients and timing of Chinese New Year being later in 2018
- Operating results declined as a result of product mix shift in Q2, a one-off doubtful debt provision and an increased cost base to support future growth

1 FMCG

2 Performance Materials

Revenue increase attributable to organic growth and seasonal sales

Logistics Services

Financials

(in RM millions)	9M 2018	9M 2017	Change %
Net sales	2,260.4	2,103.0	7.5%
Result	34.7	24.4	41.9%

Comments

- Net sales grew 7.5% as a result of organic growth
- Growth in operating results reflect strong revenues supported by improving margin mix, a one-off debt recovery in Q1 2018 and operational efficiencies

1 Healthcare

2 Telecommunications business

Organically driven revenue growth

Segment – Others

Financials

(in RM millions)	9M 2018	9M 2017	Change %
Net sales	42.9	38.7	10.9%
Result	(2.0)	(1.2)	67.0%

Comments

- Net sales increase of 10.9% reflects improving consumer demand and additional Famous Amos' outlet
- Operating result was RM 0.8 million lower than prior year attributable to rising expenses despite improved revenue
- As of end of Q3 2018, Famous Amos operated 86 outlets nationwide

1 Famous Amos

2 Others – central overheads

Improving consumer demand continues to drive sales

Outlook

Outlook

- The Group takes an overall neutral outlook on 2018
- Prospects remain positive for Logistics segment but that for the Marketing and Distribution segment are less positive due to short-term volatility relating to the introduction of SST and a one-off negative impact from a specific client contract
- 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 major growth drivers



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

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.

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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