

# DKSH Q3 2023 Analyst and Investor Presentation

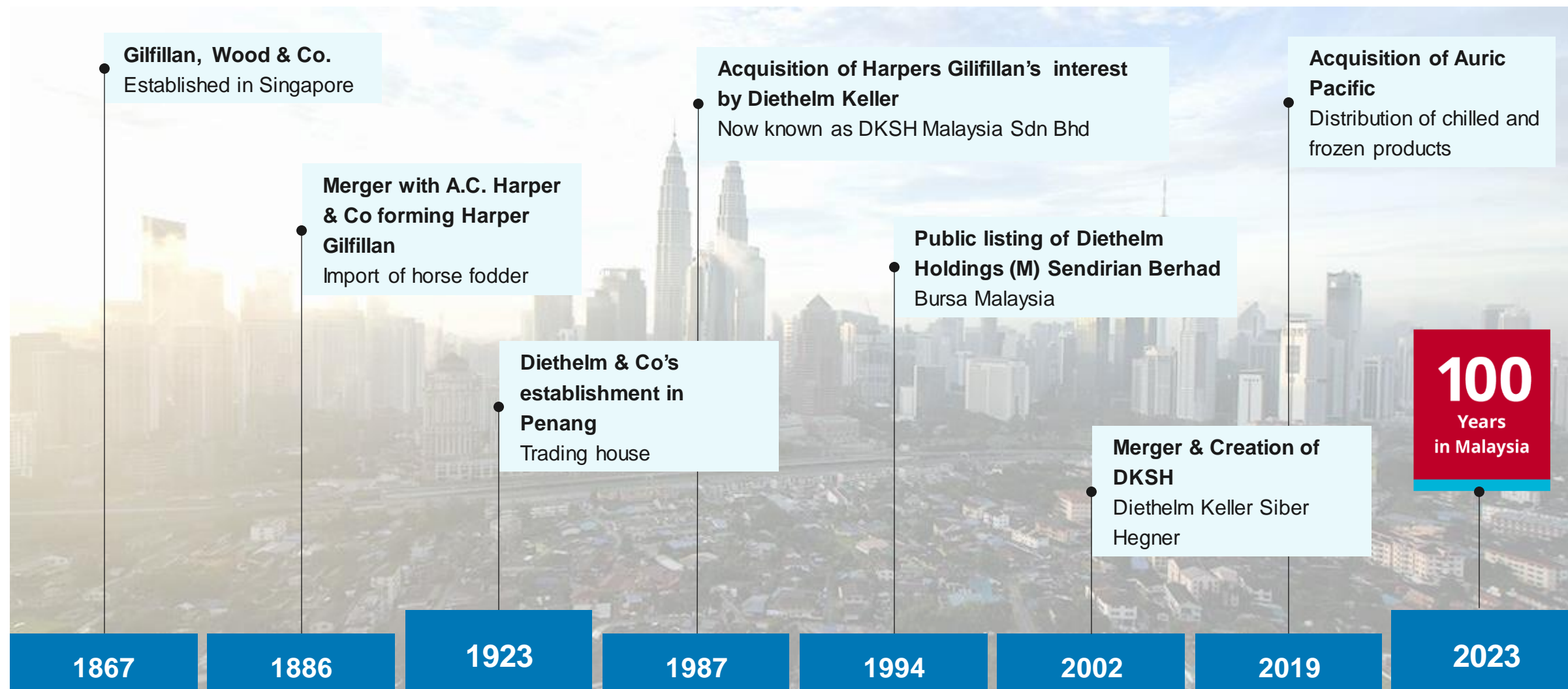
Stephen Ferraby, Head Corporate Affairs & Strategic Investments and Non-Independent Non-Executive Chairman, DKSH Malaysia

November 23, 2023

Delivering Growth – in Asia and Beyond.

**100** Years  
in Malaysia

# Celebrating a Century of Enriching People's Lives



# Agenda



- 1. About DKSH Group**
- 2. DKSH Malaysia at a Glance**
- 3. Q3 2023 Results**
- 4. Outlook**

# 1

## 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



Nearly  
**160** years' experience



**2,200** clients  
**2,100** suppliers



**32,600**  
specialists



**11.3 billion**  
Net sales (2022)



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



**21.8**  
**million**  
transactions per year

<sup>1</sup> Top 200 clients by net sales

# We Support Companies to Grow Their Business...



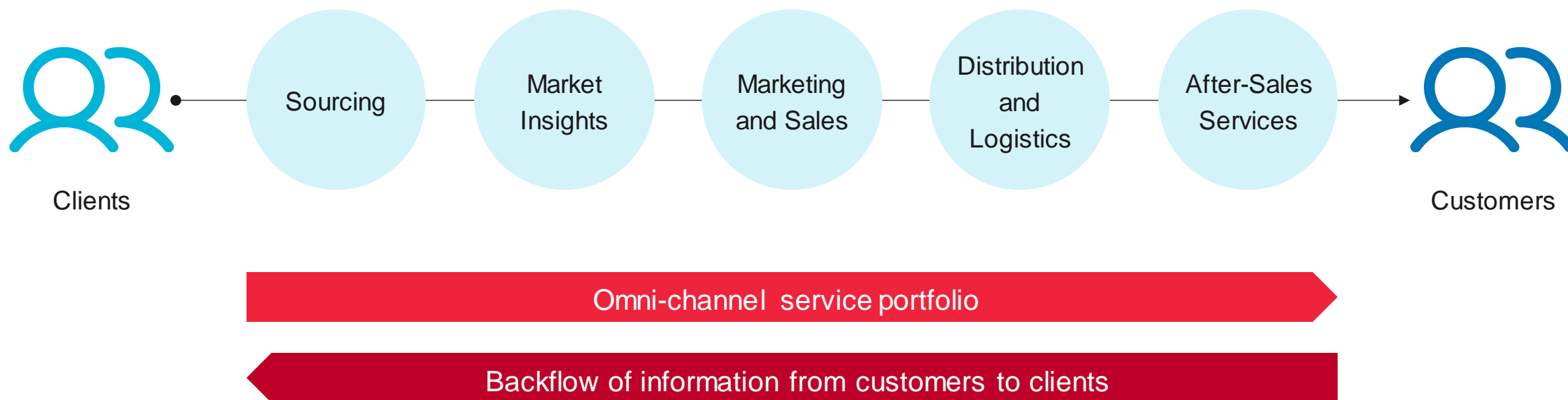
**We ensure that our clients' products are visible at all times.**

- 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





# 2

## **DKSH Malaysia at a Glance**

# DKSH Malaysia at a Glance



**7.2 billion**  
net sales (2022)



About **3,200** specialists



**25** business locations



**4** ISO-certified distribution centers

**12** regional distribution centers

**1** manufacturing plant



Network of more than **160** clients  
and thousands of customers



**Celebrating 100 Years in Malaysia**

# Three Specialized Business Segments

## Consumer Goods



- Fast Moving Consumer Goods
- Food Services

## Healthcare



- Healthcare

## Others



- Famous Amos
- Others – overheads

...leading the Market Expansion Services industry with tailored solutions across the value chain

# Consumer Goods Segment



## Fast Moving Consumer Goods (FMCG)

- Food (Nutritional products, snacks, beverages, dairy etc)
- Non-food (Personal care, home care, baby and child care, consumer health etc)
- Pet care

## Food Services

- Provide customers high quality ingredients and the latest industry innovations from our world-class clients





# New FMCG Partnerships



DKSH Malaysia appointed by Grand Universal Trading Sdn. Bhd. as the official and exclusive distributor for the tissue brands Paseo, Nice, and Livi in Malaysia.



DKSH Malaysia appointed as the official distributor for Hill's Pet Nutrition Asia Limited's products, including its Prescription Diet and Science Diet lines for cats and dogs, in Malaysia.

# Healthcare Segment



## Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



# New HEC Partnerships



As of Q3 2023, we have been appointed by the following healthcare business partners to grow their businesses in Malaysia:

- Mundipharma (OTC)
- Alcon
- Becton Dickinson (BD)
- Korean Ginseng Corp
- Embecta
- Organon



## Others Segment



At the end of FY2022, there were a total of 86 outlets located in West and East Malaysia as well as two outlets in Brunei



## Brand Collaboration: January – June 2023

Famous Amos remains actively engaged in collaborations with various brands to create delightful treats for Malaysians and to amplify our brand presence.

Our recent partnerships include Krispy Kreme, Madam Croffle, and Eureka Popcorn. Additionally, we have extended our presence to KidZania Kuala Lumpur, an award-winning family-themed learning center.



# Serving International Clients...



## Trusted Partner for Well-Known International Brands

### Consumer Goods:



### Healthcare:





# ...and Local Brands

## Reliable Partner for Asian Brands



## In Malaysia for Malaysia



# 3

## Q3 2023 Results



# Q3 2023 Results

## Financials

(in RM millions)	Q3 2023	Q3 2022	Change %
<b>Revenue</b>	<b>1,808.9</b>	1,829.7	(1.1)%
<b>Profit before interest and tax</b>	<b>27.4</b>	30.6	(10.4%)
<b>Profit before tax</b>	<b>20.8</b>	23.7	(12.3%)
<b>Profit after tax</b>	<b>17.4</b>	17.7	(1.7%)
(in RM sen)			
<b>Earnings per share (EPS)</b>	<b>11.0</b>	11.2	(1.7%)
<b>Cash earnings per share (Cash EPS)</b>	<b>14.9</b>	15.2	(1.9%)

## Comments

- Revenue declined due to nonrecurring hospital tender, offset by the following:
  - ✓ Sales from new clients and strong growth from existing clients in Healthcare segments
  - ✓ Higher outlet sales in Others segment with resumption of batter supply
  - ✓ Relatively stable sales in Consumer Goods segment
- Profit before tax declined due to higher operating expenses and lower net derivative gains
- Healthcare Segment continues to experience growth
- Short-term challenges are observed in the Consumer Goods Segment due to price increases in Fast-Moving Consumer Goods (FMCG) products, impacting overall volume

**Revenue balanced by stable CG sales and improved growth in HEC and Others segment**

# Consumer Goods Segment

Financials			
(in RM millions)	Q3 2023	Q3 2022	Change %
<b>Revenue</b>	<b>967.8</b>	964.1	0.4%
<b>Segment profit before interest and tax</b>	<b>10.9</b>	19.4	(43.5%)

Comments
<ul style="list-style-type: none"> <li>Revenue growth reflects stable sales</li> <li>Segment profit declined due to change in sales mix as well as higher personnel and logistics costs</li> <li>Impacted by MYR 4.5 million relative movement in provision for debt</li> <li>Despite the decline in segment profit, gross margin has improved</li> </ul>

**1 FMCG**

**2 Food Services**

**Change in sales mix and higher personnel and logistics costs impacted operating result**

# Healthcare Segment

Financials			
(in RM millions)	Q3 2023	Q3 2022	Change %
<b>Revenue</b>	<b>820.5</b>	854.3	(3.9%)
<b>Segment profit before interest and tax</b>	<b>17.5</b>	15.0	16.7%

Comments
<ul style="list-style-type: none"> <li>Revenue declined by 3.9% due to nonrecurring hospital tender, offset by sales from new clients and strong growth from existing clients</li> <li>Segment profit improvement of 16.7% driven by improved margin mix</li> </ul>

1

Healthcare

Improved margin mix led to better operating result

# Others Segment

## Financials

(in RM millions)

**Q3 2023**

Q3 2022

Change %

**Revenue**

**20.6**

11.3

82.7%

**Segment profit before  
interest and tax**

**(1.0)**

(3.7)

73.4%

## Comments

- Revenue grew 82.7% from the resumption of batter supply
- Segment profit improved by 73.4% due to strong sales

**1**

**Famous Amos**

**2**

**Others – overheads**

**Revenue improved due to resumption of batter supply**



# Cash Flows



Financials		
(in RM millions)	Q3 2023	Q3 2022
<b>Net cash flows used in operating activities</b>	<b>(126.4)</b>	(27.1)
<b>Net cash flows used in investing activities</b>	<b>(9.0)</b>	(25.8)
<b>Net cash flows from financing activities</b>	<b>137.2</b>	34.8
<b>Cash and cash equivalents</b>	<b>37.7</b>	91.5

Comments
<ul style="list-style-type: none"> <li>Higher cash flows used in operating activities due to higher inventory balances from increased stock holding to cater for future sales in Healthcare</li> <li>Lower cash outflows in investing activities due to PY acquisition of AcuTest of RM18.5m</li> <li>In financing activities, higher short-term borrowings to fund working capital</li> </ul>

**Increase in working capital to support existing and future growth**

# 4 Outlook

# Outlook

- This year, DKSH celebrates 100 years of presence in Malaysia.
- Overall, consumer demand remains largely stable with the easing of inflationary pressures and future growth is promising
- Continue to prioritize in gaining new businesses, increasing cost efficiency, managing working capital, and continuously monitoring of the short-term outlook.

**With a well diversified portfolio, the Group is well positioned to benefit from favorable long-term market, industry, and consolidation trends in Asia Pacific**



# Two market trends...

**1** Growing middle class in Malaysia

**2** Trend towards outsourcing

Increased spending on value-for-money  
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