

DKSH Q1 2023 Analyst and Investor Presentation

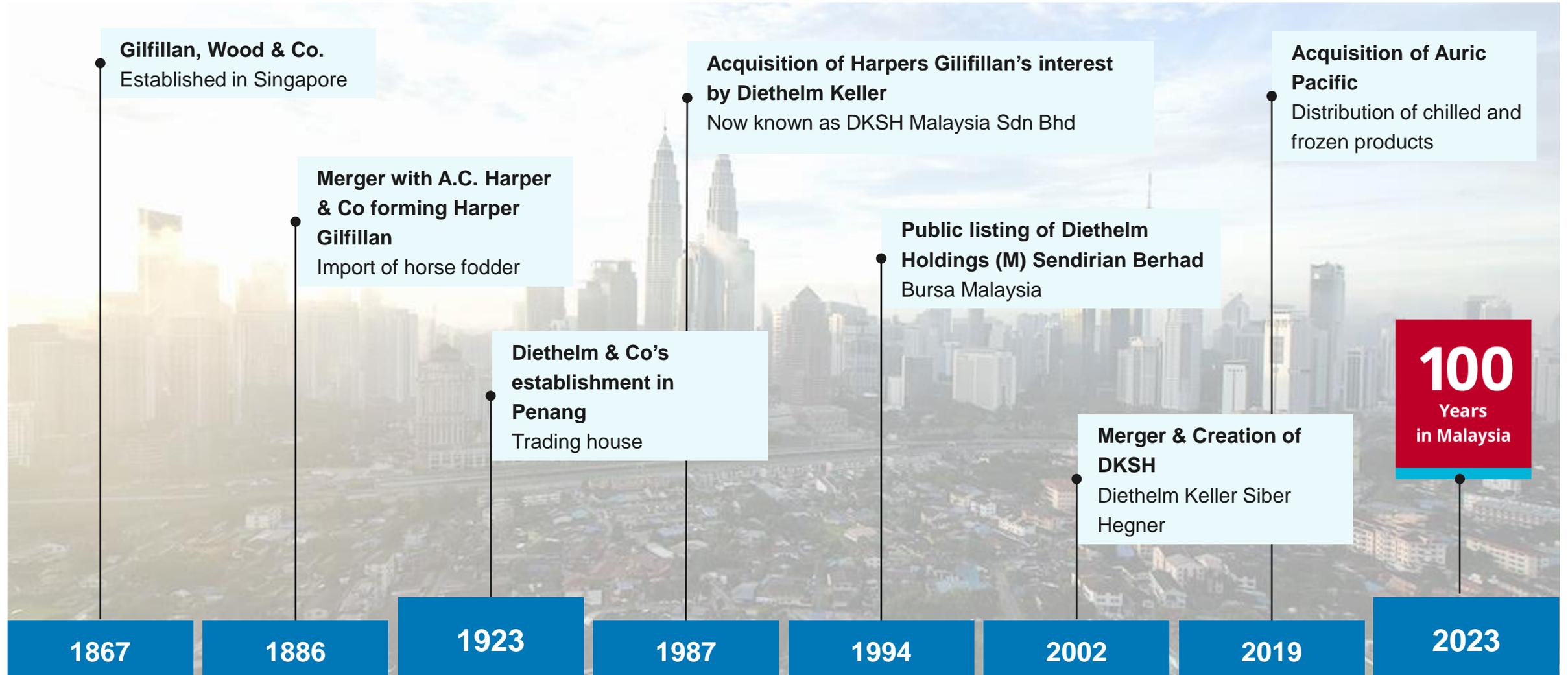
Stephen Ferraby, Head Corporate Affairs & Strategic Investments and Non-Independent Non-Executive Chairman, DKSH Malaysia

May 25, 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. Q1 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 relationship¹



21.8
million
transactions per year

¹ Top 200 clients by net sales

We Support Companies to Grow Their Business...



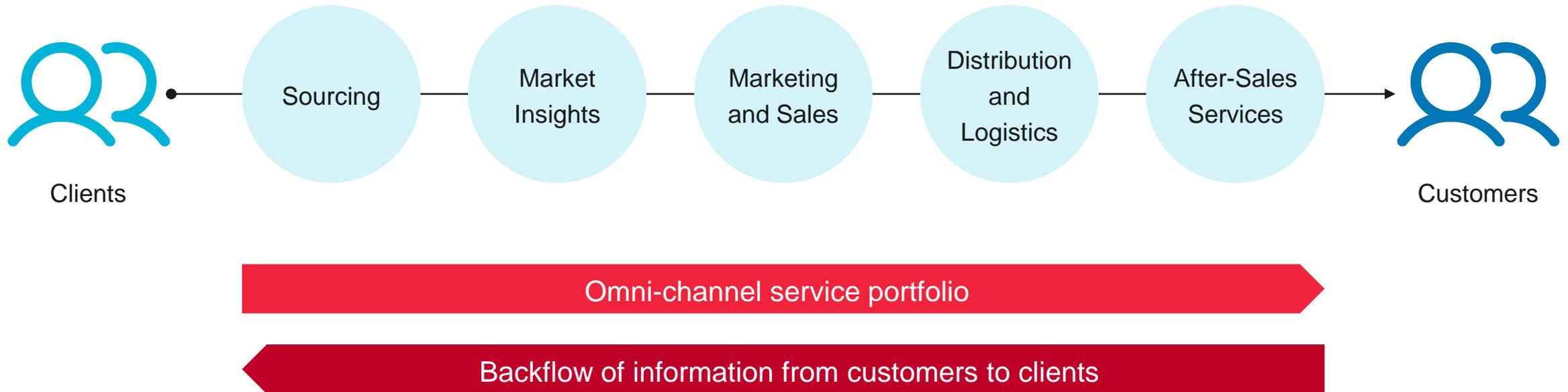
We ensure that our clients' products are visible at all times.

- 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

15 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



Partnership with Cavico to Expand Footprint for Oradex Oral Care Products



DKSH has formed a new partnership with Cavico to distribute the entire range of oral care products under the Oradex brand. This partnership aims to bring innovative and effective oral care solutions to the market and improve the overall oral hygiene experience for consumers.

DKSH and Beiersdorf Commit to Strategic Partnership in Asia Pacific



DKSH has entered into an agreement with Beiersdorf, the world's leading manufacturer of skin care products such as NIVEA and Eucerin, to strengthen its product's availability to local consumers across six markets, including Malaysia.

Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



DKSH Appointed to Distribute Korea's Most Prominent Red Ginseng Brand in Malaysia



DKSH signed an exclusive agreement with Korea Ginseng Corporation (KGC) to bring premium red ginseng CheongKwanJang to Thailand, Singapore and Malaysia. DKSH will provide full market expansion services by building dedicated sales and marketing teams on the ground and managing logistics and product distribution.

Others Segment



At the end of FY2022, there were a total of 89 outlets located in West and East Malaysia as well as two outlets in Brunei

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



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Q1 2023 Results

Q1 2023 Results



Financials

(in RM millions)	Q1 2023	Q1 2022	Change %
Revenue	1,963.4	1,814.9	8.2%
Profit before interest and tax	56.4	44.3	27.3%
Profit before tax	49.6	37.8	31.2%
Profit after tax	37.0	28.4	30.6%
(in RM sen)			
Earnings per share (EPS)	23.5	18.0	30.6%
Cash earnings per share (Cash EPS)	27.4	21.5	27.4%

Comments

- Revenue improved by 8.2% mainly due to higher festive sales recorded in Consumer Goods and Famous Amos segments; strong sales from new clients in Healthcare segment; and ongoing growth of existing clients in both Consumer Goods and Healthcare segments.
- Operating costs increased by 7.8%, largely in line with the movement in revenue.
- Profit before tax improved by 31.2%, growing faster than revenue growth from improved margin mix.

Profit improvement driven by higher festive sales, new clients, and ongoing growth of existing clients

Consumer Goods Segment



Financials			
(in RM millions)	Q1 2023	Q1 2022	Change %
Revenue	1,136.7	1,024.5	10.9%
Segment profit before interest and tax	37.8	31.3	20.6%

Comments

- Revenue are generally influenced by the festive seasons of Chinese New Year, Hari Raya, Deepavali and Christmas. In current quarter, the revenue growth of 10.9% is driven by festive sales (Chinese New Year and Hari Raya) as well as the recovery of Own Brands' margin
- Segment profit increased by 20.6%, largely driven by revenue growth and change in sales mix

1 FMCG

2 Food Services

Revenue increased due to the change of normal seasonal flows

Healthcare Segment



Financials			
(in RM millions)	Q1 2023	Q1 2022	Change %
Revenue	806.5	776.1	3.9%
Segment profit before interest and tax	19.2	14.3	33.9%

Comments

- Revenue improved by 3.9%, driven by new clients secured and strong growth from existing clients
- Segment profit of 33.9% comes from sales growth, improved margin mix and one-off success fee. Excluding the one-off, the growth is 13.9%
- Improved margin mix as a result of the focus on full distribution services
- Integration of Acutest acquisition has proceeded smoothly, and the business is performing in line with expectations

1 Healthcare

Sales growth and improved margin mix led to better operating result

Others Segment



Financials			
(in RM millions)	Q1 2023	Q1 2022	Change %
Revenue	20.2	14.3	41.7%
Segment profit before interest and tax	(0.5)	(1.3)	59.6%

Comments
<ul style="list-style-type: none"> Revenue grew by 41.7% mainly due to the recovery from the effects of COVID-19 pandemic and resumption of raw material supply Operating result improved by 59.6%, largely driven by sales growth

1 Famous Amos

2 Others – overheads

Operating result improved due to sales growth

Cash Flows



Financials

(in RM millions)

Q1 2023

Q1 2022

Net cash flows generated from operating activities

(94.6)

(83.5)

Net cash flows used in investing activities

(4.3)

(2.6)

Net cash flows generated from financing activities

165.1

55.8

Cash and cash equivalents

102.1

79.2

Comments

- Lower cash flows generated from operating activities due to higher receivables from increased sales and increased stock holding in anticipation of tender sales in Healthcare
- Higher cash outflows in investing activities arising from office renovation and factory equipment
- In financing activities, higher short-term borrowings to fund working capital

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 despite inflationary pressure 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.

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