

# DKSH Q2 2023 Analyst and Investor Presentation

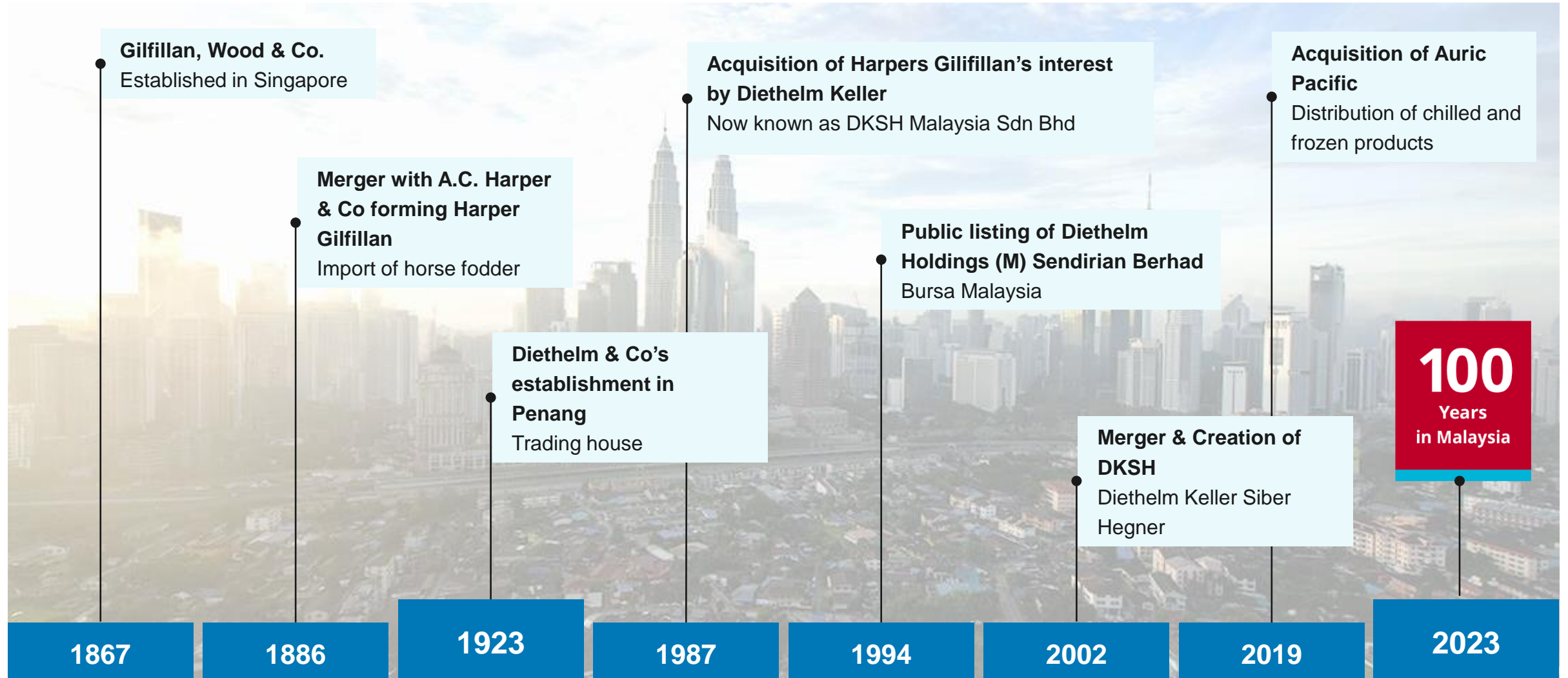
Stephen Ferraby, Head Corporate Affairs & Strategic Investments and Non-Independent Non-Executive Chairman, DKSH Malaysia

August 28, 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. Q2 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...



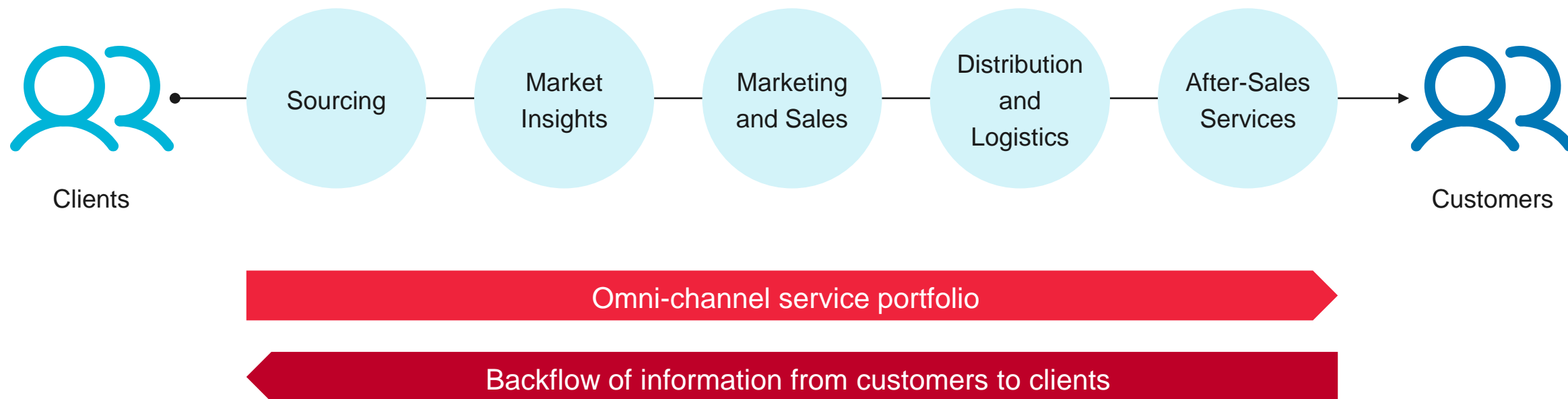
**We ensure that our clients' products are visible at all times.**

- 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

**15** regional distribution centers

**1** manufacturing plant



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



**Celebrating 100 Years in Malaysia**

# DKSH Malaysia Receives Great Place To Work Certification



DKSH Malaysia has been recognized as a great workplace by Great Place to Work®, with a remarkable satisfaction rate of 88% among its employees, according to an extensive anonymous survey conducted by the research and consulting firm. This recognition is another significant milestone for DKSH Malaysia as it celebrates its 100<sup>th</sup> anniversary this year.



# 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



# Extra Boost for Kalbe's Expansion into Malaysian Market



From the first year of working with DKSH, Kalbe's products and brand presence in the market have already exceeded their initial expectations. The client saw more than 250 new sales outlets across Malaysia carrying their products, including a significant increase in East Malaysia.

## Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



# GDPMD Completed for DKSH Management



BU HEC has achieved a significant achievement by successfully fulfilling the requirements of the Good Distribution Practice for Medical Devices (GDPMD) certification audit for its newly established entity, DKSH Management Sdn. Bhd.

This accomplishment holds particular importance as it marks the integration of AcuTest into the DKSH family.



## 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



During the first half of the year, Famous Amos has been actively collaborating with local brands to craft delectable treats for Malaysians and to amplify our brand presence. Our partners include Merry Ice Cream, Bubblebee Malaysia, Jobbie Creamy Peanut Spread, Yole Malaysia, Sangkaya, and Vanilla Mille Crepe.

# 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

## Q2 2023 Results

# Q2 2023 Results



## Financials

(in RM millions)	Q2 2023	Q2 2022	Change %
<b>Revenue</b>	<b>1,821.5</b>	1,748.6	4.2%
<b>Profit before interest and tax</b>	<b>39.0</b>	49.5	(21.1%)
<b>Profit before tax</b>	<b>32.4</b>	42.6	(23.9%)
<b>Profit after tax</b>	<b>23.8</b>	32.5	(26.7%)
(in RM sen)			
<b>Earnings per share (EPS)</b>	<b>15.1</b>	20.6	(26.7%)
<b>Cash earnings per share (Cash EPS)</b>	<b>19.0</b>	24.3	(21.6%)

## Comments

- Despite a decline in revenue in consumer goods segment due to the timing of Raya, which shifted profit into the first quarter, the total revenue improved 4.2%, contributed by higher sales in Healthcare from new clients and ongoing growth of existing clients and Others segments, with higher outlet sales
- In comparison with prior year, profit before tax was impacted by the earlier Hari Raya festival in 2023 which brought forward profits into Q1. Year-to-date profit before tax is in line with 2022

**Revenue improvement driven by Healthcare and Others segments**

# Consumer Goods Segment



Financials			
(in RM millions)	Q2 2023	Q2 2022	Change %
<b>Revenue</b>	<b>999.7</b>	1,016.8	(1.7%)
<b>Segment profit before interest and tax</b>	<b>24.5</b>	35.9	(31.7%)

## Comments

- Revenue declined by 1.7% due to the timing of festive sales, with Hari Raya occurring earlier in 2023 compared to 2022, which shifted profit into the first quarter. Despite this, year-to-date performance up to June 2023 grew by 4.7%
- Prior year profit before tax includes the positive impact of the Hari Raya festival, which was in Q1 2023. Year-to-date profit before tax for consumer goods is marginally behind year-to-date 2022, due to a change in margin mix, and the short-term impact of inflationary pressures

1 FMCG

2 Food Services

**Change in sales mix and higher cost base impacted operating result**

# Healthcare Segment



## Financials

(in RM millions)	Q2 2023	Q2 2022	Change %
<b>Revenue</b>	<b>800.7</b>	713.4	12.2%
<b>Segment profit before interest and tax</b>	<b>15.6</b>	13.2	18.6%

## Comments

- Revenue improved by 12.2%, driven by new clients secured and strong growth from existing clients
- Segment profit improvement of 18.6% comes from sales growth and improved margin mix

1

Healthcare

**Sales growth and improved margin mix led to better operating result**



# Others Segment



## Financials

(in RM millions)	Q2 2023	Q2 2022	Change %
<b>Revenue</b>	<b>21.1</b>	18.4	14.8%
<b>Segment profit before interest and tax</b>	<b>(1.1)</b>	0.4	>(100.0%)

## Comments

- Revenue grew 14.8% from the resumption of batter supply

**1** Famous Amos

**2** Others – overheads

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

# Cash Flows



Financials		
(in RM millions)	Q2 2023	Q2 2022
<b>Net cash flows generated from operating activities</b>	<b>127.1</b>	16.6
<b>Net cash flows used in investing activities</b>	<b>(6.3)</b>	(3.8)
<b>Net cash flows used in financing activities</b>	<b>(79.5)</b>	(106.0)
<b>Cash and cash equivalents</b>	<b>77.3</b>	16.2

Comments
<ul style="list-style-type: none"> <li>Higher cash flows generated from operating activities due to higher payable balances from increased stock holding to cater for future sales in Healthcare. Extended payment terms are in place for excess inventories</li> <li>Higher cash outflows in investing activities arising from office renovation, factory equipment and Famous Amos outlet renovation</li> <li>In financing activities, lower 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**