

DKSH Q3 2024 Analyst and Investor Presentation

Sam Oh

Non-Independent Non-Executive Director,
DKSH Malaysia

November 22, 2024

Delivering Growth – in Asia and Beyond.

Agenda



- 1. About DKSH Group**
- 2. DKSH Malaysia at a Glance**
- 3. Q3 2024 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



4,800
clients & suppliers



29,040
specialists



11.1 billion
Net sales (2023)



>10 years
4 markets
average client relationship¹



19.9
million
transactions per year

¹ Top 200 clients by net sales

We Support Companies to Grow Their Business...



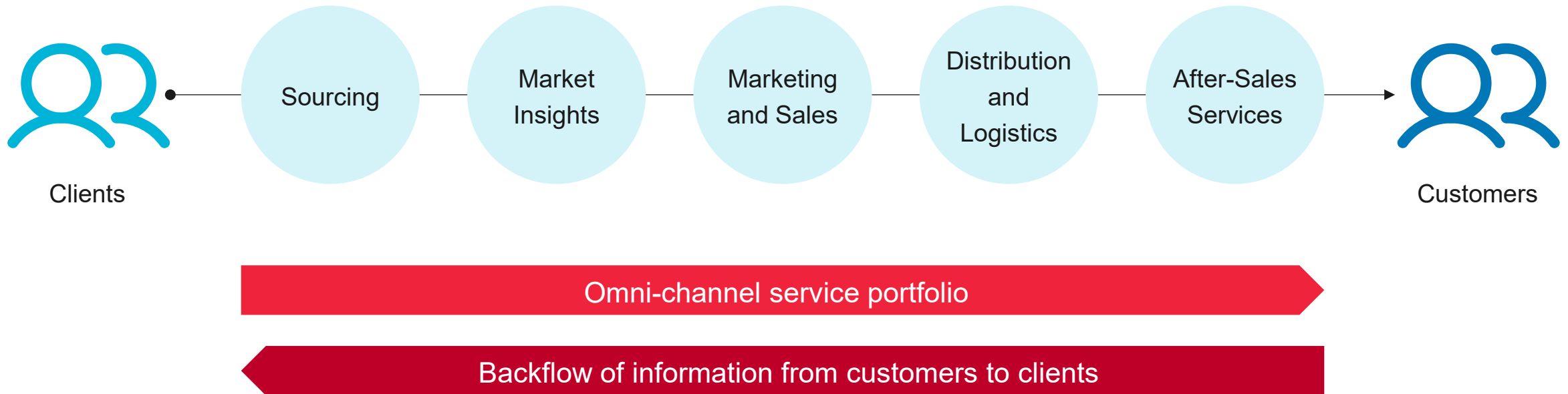
We ensure that our clients' products are visible at all times.

- 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



7.5 billion
net sales (2023)



About **3,400** specialists



24 business locations



4 ISO-certified distribution centers

11 regional distribution centers

1 manufacturing plant



Network of more than **170** clients
and thousands of customers



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



Serving more than
4,000
customers in Malaysia



Own professional
chef and mixologist
in Malaysia



Dedicated F&B creation
studio to provide technical
advice and menu creation
for customers

DKSH Secures and Expands Strategic Partnerships with Hwa Tai and Simplot



DKSH has been appointed as the authorized partner and distributor for Hwa Tai Industries Berhad, facilitating the growth and expansion of their LUXURY biscuits within the West Malaysian market.

By leveraging DKSH's distribution network and local knowledge, a broader selection of high-quality biscuit products will be made available to the Malaysian consumers.



Building on DKSH's strategic partnership with Simplot in Singapore, DKSH is now collaborating with Simplot Malaysia Sdn. Bhd. to drive the growth and expansion of their frozen fries product line within Malaysia's Food Services industry.

Healthcare Segment



Healthcare

- Pharmaceuticals
- OTC & Consumer Health
- Medical Devices



DKSH Forges New Strategic Partnerships with Alpro Pharmacy and Kyowa Kirin



DKSH has formed a strategic partnership with Alpro Pharmacy Sdn. Bhd., Malaysia's largest prescription pharmacy chain to enhance healthcare accessibility across Malaysia, contributing positively to the country's overall healthcare landscape.



DKSH has signed a strategic business partnership with Kyowa Kirin, a Japan-based global specialty pharmaceutical company, to provide comprehensive services for their specialty drugs in South Korea, Taiwan, Singapore, Thailand, Malaysia, and Hong Kong & Macau.

DKSH Patient Purpose Day 2024 – Empowering Elder Care



For the second consecutive year, DKSH is celebrating Patient Purpose Day 2024 with a series of meaningful initiatives across Asia, focusing on elder care.

In Malaysia, we have collaborated with KPJ Damansara Specialist Hospital 2 to provide senior care to patients and contributed MYR 36,000 to support the Alzheimer's Disease Foundation Malaysia.

Others Segment



At the end of Q3 2024, there were a total of 97 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



3

Q3 2024 Results

Q3 2024 Results



Financials

(in RM millions)	Q3 2024	Q3 2023	Change %
Revenue	1,966.2	1,808.9	8.7%
Profit before interest and tax	28.0	27.4	2.4%
Profit before tax	21.9	20.8	5.5%
Profit after tax	17.5	17.4	0.6%
(in RM sen)			
Earnings per share (EPS)	11.07	11.01	0.5%
Cash earnings per share (Cash EPS)	13.02	14.92	(12.7%)

Comments

- Revenue improved by 8.7% due to:
 - ✓ Strong growth from new and existing clients in both Consumer Goods and Healthcare segments
 - ✓ Higher outlet sales for the Others segment
- Operational expenses increased largely in line with the revenue growth but impacted by unrealized forex losses
- Profit before tax improved due to sales growth in all segments
- Decline in Cash EPS as amortization of intangible assets recognized at the Auric acquisition concluded

Revenue improved due to CG and HEC growth and higher sales in Others segment

Consumer Goods Segment



Financials			
(in RM millions)	Q3 2024	Q3 2023	Change %
Revenue	1,057.8	967.8	9.3%
Segment profit before interest and tax	10.4	10.9	(5.0%)

Comments

- Revenue improved due to growth from existing and newly secured clients
- Segment profit was 5% lower mainly from client mix and foreign exchange losses, partially offset by lower operating cost from continued distribution cost optimization

1 FMCG

2 Food Services

Client mix and foreign exchange losses led to decline in segment profit

Healthcare Segment



Financials			
(in RM millions)	Q3 2024	Q3 2023	Change %
Revenue	883.3	820.5	7.6%
Segment profit before interest and tax	18.7	17.5	6.9%

Comments

- Revenue improved by 7.6% due to strong growth from existing and newly secured clients
- Segment profit increased by 6.9%, driven by sales growth and offset against higher selling expenses

1

Healthcare

Sales growth led to increased revenue and better operating result

Others Segment



Financials

(in RM millions)	Q3 2024	Q3 2023	Change %
Revenue	25.1	20.6	21.9%
Segment loss before interest and tax	(1.0)	(0.9)	(2.0%)

Comments

- Revenue grew by 21.9% driven by strong growth and outlets expansion
- Segment loss was minimal but overall due to the higher selling, personnel expenses and foreign exchange losses

1 Famous Amos

2 Others – overheads

Revenue improved due to strong growth and outlet expansion

Cash Flows



Financials		
(in RM millions)	Q3 2024	Q3 2023
Net cash flows from/used in operating activities	22.0	(126.4)
Net cash flows used in investing activities	(8.7)	(9.0)
Net cash flows used in/from financing activities	(12.4)	137.2
Cash and cash equivalents	39.9	37.7

Comments

- Higher cash flows generated from operating activities driven by improved sales growth from all segments and better working capital management.
- As a result, lower borrowings were required to fund the working capital

Sales growth and better working capital management

4 Outlook

Outlook

- While the current macroeconomic environment poses certain challenges, the Group has a well-diversified portfolio.
- Continue to prioritize in gaining new businesses, optimizing productivity, and managing working capital.
- To sustain our success, we will continue to focus on enhancing our people capabilities, accelerating digitalization, and leveraging automation.

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