



FrieslandCampina 



Dutch Lady Milk Industries Berhad



# Dutch Lady Milk Industries Berhad

Investor Relations briefing Q4 results  
24 February 2022

# Introducing Ramjeet & Arent



## Ramjeet Kaur Virik Managing Director

### Academic/ Professional Qualification(s):

- Leading to Succeed Programme, Ashridge University, United Kingdom
- BSc (Hons) Economics, Banking & Finance, London School of Economics, United Kingdom

### Working Experience:

Ramjeet has been with FrieslandCampina for over 10 years and has worked in Malaysia, Indonesia and Regional Role out of Singapore in mainly Marketing roles. She has stepped up to lead DLMI since 2 July 2021.

She has more than 20 years' experience in various commercial roles, namely in marketing, sales and shopper functions. Her career started in other leading fast-moving consumer goods organisations such as British American Tobacco (M) Sdn Bhd and Heineken Malaysia Berhad.

*“My Core Purpose is to energize others and enable everyone to achieve their full potential”*



## Arent Naber Finance Director

### Academic/ Professional Qualification(s):

- Leading to Succeed Programme, Ashridge University, United Kingdom
- Executive Master in Finance and Control, Tias Nimbas Business School, Netherlands
- Master of Science in Financial Management, Nyenrode Business University, Netherlands

### Working Experience:

Prior to his current role as Finance Director, Arent was the Customer Finance Manager for FrieslandCampina Philippines - Alaska Milk Corporation since 2017. Prior to that, Arent has held various positions in FrieslandCampina since 2009 including Manager Corporate Internal Audit and Supply Chain Finance Manager FrieslandCampina Domo USA 2015 – 2017.

*“My Core Purpose is to create an environment which enables people to grow to their full potential ultimately leading to business growth and achievement of our long-term objectives”*

# Our Dutch parent company - Royal FrieslandCampina is 51% shareholder of DLMI



- Royal FrieslandCampina is **one of the world's largest dairy companies** with **150 years** of Dutch dairy heritage & expertise
- Fully owned by a **cooperative** with **16,995 member dairy farmers** in the Netherlands, Germany & Belgium



**11.1 billion**  
euros revenue



Facilities in  
**38** countries



**23,877**  
employees



**16,995**  
member dairy  
farmers



Export to over  
**100** countries
















Every day  
**millions**  
of consumers



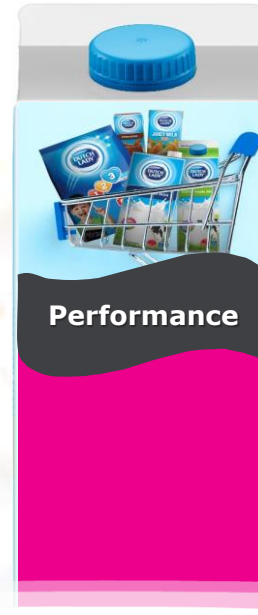
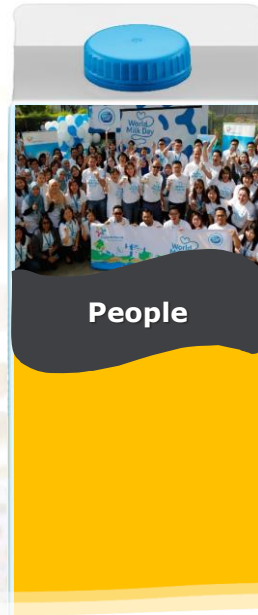
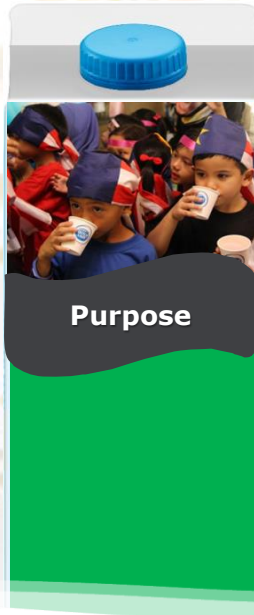
# Dutch Lady Milk Industries Berhad (DLMI)

Nourishing Malaysians with sustainable dairy nutrition to help them move forward in life

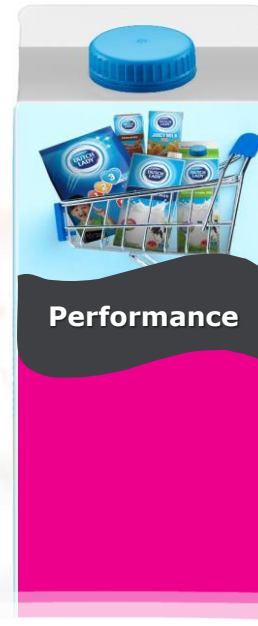
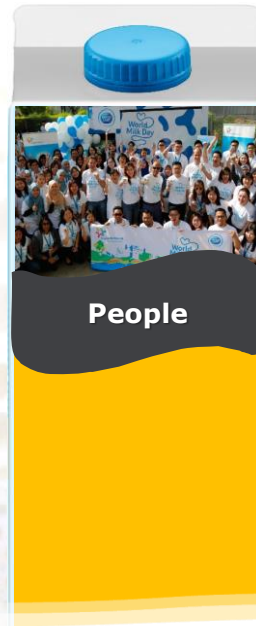


|   |   |  |   |   |
|---|---|--|---|---|
|  <p>Established in year<br/><b>1963</b></p>                    |  <p>Halal producer<br/><b>&gt;50 years</b><br/>&amp; implement HAS</p>      |  <p><b>Rev: &gt;RM1 bio</b><br/><b>Mkt. Cap: RM 2.1</b><br/><b>Bio (Feb 2022)</b></p> |  <p><b>RM 299 Million</b><br/>2021 profit</p>                  |  <p><b>&gt; 600</b><br/><b>employees</b></p>               |
|  <p><b>No. 1 Dairy Company</b><br/>in MALAYSIA</p>             |  <p>DDP produced <b>87</b><br/><b>million packs</b> since<br/>2013</p>     | <p><b>F2F</b></p> <p><b>F2F helps 466</b><br/><b>farmers nationally</b></p>  |  <p><b>68 million packs,</b><br/><b>2 million students</b></p> | <p><b>DRINK</b><br/><b>MOVE</b><br/><b>BE STRONG</b></p> <p><b>352,000 students</b><br/>participation</p>                                     |
| <p>Gender equality in<br/>Management</p>  <p><b>50:50</b></p> |  <p><b>25,000 pledges</b> for<br/>healthier &amp; active<br/>lifestyle</p> |    |  <p>Everyday <b>millions</b> of<br/>consumers</p>              |  <p><b>85%</b> packaging<br/>recyclable &amp; circular</p> |

# AGENDA: Key Priorities 4P's



# PURPOSE



# Purposeful 2021 for DLMI

## Enabled Sustainable Dairy Farming



- **Memorandum of Collaboration** with the Department of Veterinary Services (DVS) on **1 April 2021**
- Trained **144 farmers** virtually via VLOGs

## Stepping up our ESG Effort



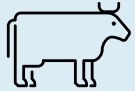
- Recognition by **Selangor Government** in revitalising the Klang River
- Partnered **Selangor Maritime Gateway** and removed 11.1 metric tonnes of waste from August to December 2021.

## Realised our future to nourish the nation



- DLMI@Enstek **official site visit** by the **N9 Chief Minister** on 9 December 2021 resulted in a closer working relation between DLMI and the state & Federal Government authorities.

# Sustainability Roadmap: Key Achievements in 2021



## Farm

- **Raw milk purchase** from farmers and milk collection centres of DVS exceeded target by **4.9%**.
- **Trained 144 farmers** via Farmer2Farmer Programme (exceeded by **20%**)
- **Partnership with DVS** via Memorandum of Collaboration



## Nutrition

- 100% New Product Development within FrieslandCampina's **Global Nutrition Standard** for Consumer Dairy products
- All liquid and family milk powder is compliant with **Malaysia's Healthier Choice** Logo
- Donated **300,000 milk packs** within 2021 in various CSR initiatives



## Carbon Footprint

- Materials such as Cocoa, Sugar, Palm Oil and packaging are **100% sustainably sourced**
- 2021 **Water Efficiency** is at 3.3m<sup>3</sup>/ton, lower than budget (3.59m<sup>3</sup>/ton)
- Total **waste to landfill** for 2021 is at 11.53%, a 15% reduction from 2020



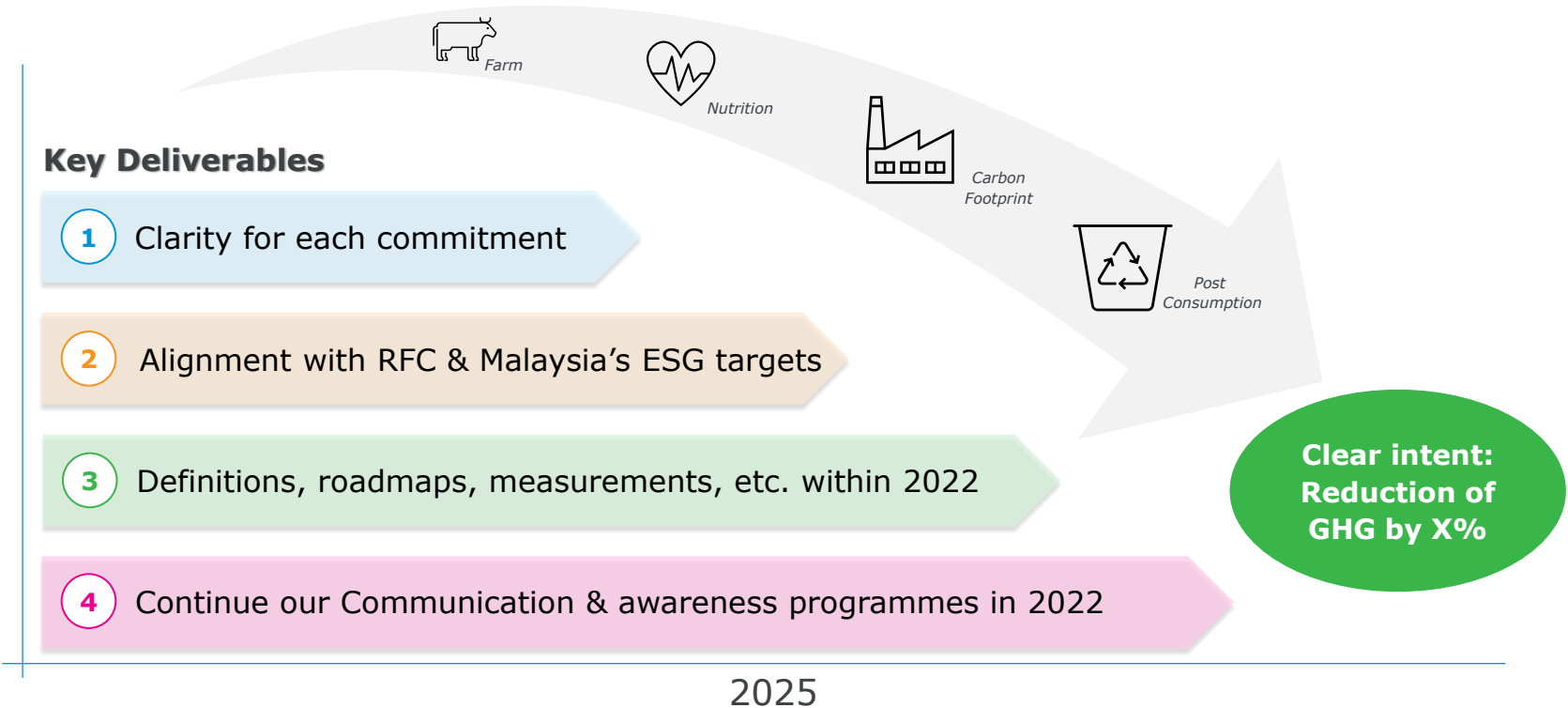
## Post Consumption

- **Educate consumers on recycling** via pack recycling steps on back of pack for all UHT, Pasteurised and STM products
- Recycling education via social post reached out to more than **2.3 million people**
- Partnering **Malaysian Recycling Alliance (MAREA)** with other industry leaders, working in partnership with KASA and KPKT



# Purpose: Elevating Sustainability in 2022


Designing our Climate Neutral Growth 2030 commitments within 2022



# PEOPLE





**Purpose**




**People**

**People Growth = Business Growth**



**Performance**



**Potential**



# Investing in our PEOPLE: People Growth = Business Growth

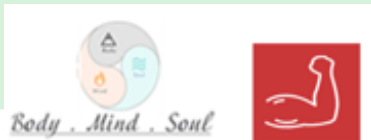
## Capability Building

- **Driving the Coaching Culture:** **75%** of our Business Leadership Team and selected Talents
- **Enterprise Agile Transformation:** Total **106** employees attended training, **768** Agile Coaching Hours
- **Employee Growth and Development:** **12.28** training hours per employee.



## Winning through Volatility: Body.Mind.Soul (BMS)

- **Amplifying relevance of personal energy management:** An **Engaged, Enabled, and Energised** workforce is key in motivating our business forward.
- **10** Virtual Fitness sessions, **10** virtual Mindfulness sessions, **10** Talk sessions and Health and Wellbeing; **27** Relax with Ramjeet sessions, **9** Energy Workshops, **15** Energizers and Fun Visuals.
- Emphasising on **Mental Health and Appreciation** during the pandemic and adapting to the new norm, with Employee Assistance Provider services and talks by Clinical Psychologists and Doctors.



## Strong Adoption of CARE

- Staying **connected** through strong adoption of **CARE** (C-Connected ; A-Appreciated; R-Responsive; E-Energised)
- Partnerships with **Blue Brigade** (Employee-led CSR Team) in mobilizing support (milk donation) in times of crisis.
- **COVID-19 care:** Employee Care Packs, Allowances, Buddy System Support, COVID-19 Vaccination initiatives partnering with Corporate Affairs



# Sustaining an Inclusive and Engaged Culture

## Diversity in Gender (Board of Directors)

(as of Dec 2021)

**63% : 37%**

Female : Male

## Diversity in Gender (Management Team)

(as of Dec 2021)

**50% : 50%**

Female : Male

## Diversity in Gender (\*Total DLMI)

(as of Dec 2021)

**31% : 69%**

Female : Male

## Diversity in Gender (Commercial)

(as of Dec 2021)

**61% : 39%**

Female : Male

## Over2You End Year 2021 Engagement Index

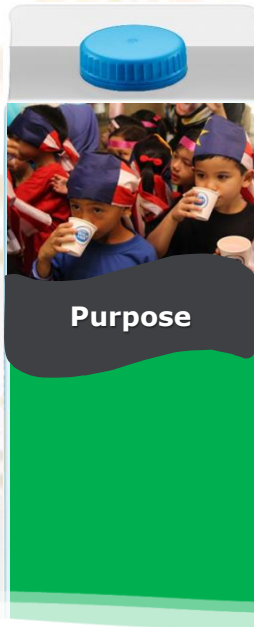
**77/100**

Engagement Index (+4 above  
benchmark); NEW Index by Glint

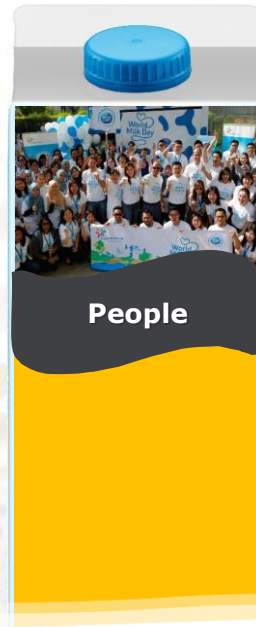


\*Excluding BOD, CEO, and MT

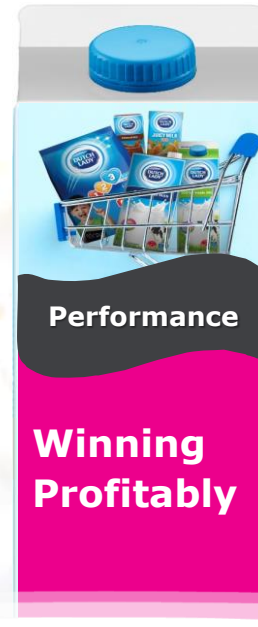
# PERFORMANCE



**Purpose**



**People**



**Performance**

**Winning Profitably**

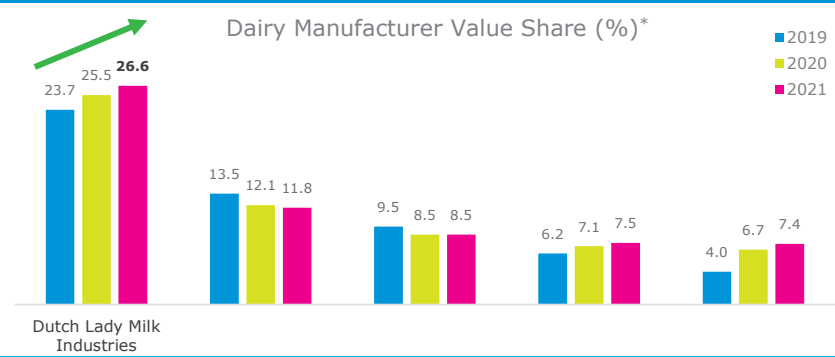


**Potential**

# Performance: Winning in the market!

Our brands continue to Win in the market despite a challenging environment.

## (1) DLMI strengthening position as leader in dairy !



## (2) Dutch Lady Liquid Milk continues to thrive !

- ✓ In 2021, **~60%** Malaysian Household choose Dutch Lady brand for their liquid milk product (+5.0 p.p. vs 2019).^
- ✓ In 2021, Dutch Lady value share within Liquid Milk category increased with **+3.5 p.p. vs 2019**\*.
- ✓ In 2021, Dutch Lady consumer dairy continue driving consumer excitement and enjoyment through insightful innovation.



## (3) Dutch Lady IFT increased credibility !

- ✓ Dutch Lady IFT brand power increased to **32.3%**; +5.4 p.p. vs 2020 through strong and purposeful national campaign.
- ✓ Dutch Lady IFT achieved **#1** position across all Regions within Peninsular Malaysia in both IFFO and GUM segment#.
- ✓ Launched new pack sizes for **Dutch Lady MaxGro** to increase basket size and create new excitement !



## (4) Friso has become a stronger challenger !

- ✓ In 2021, Friso value share hit its highest share since launch increasing **with 1.0 p.p. vs 2020** and improved ranking within premium segment.\*
- ✓ Increased GUM buyer base by more than **50%** vs PY#.
- ✓ **#1** in most positively talked about Premium IFT brand on digital platform through national campaign in conjunction with LN 2.5 upgrade!



## Key 2021 financials versus 2020

Our focus on **profitable growth** is, despite **multiple headwinds and external challenges**, coming through in our **very strong** financials for FY2021.

Revenue  
RM1,134m  
**+ 3 %**

Adj. EBIT\*  
**+45%**  
RM144.9m

Adj. Net Operating Free  
Cash Flow\*\*  
**RM 111m**

Organic sales growth  
RM33.1m

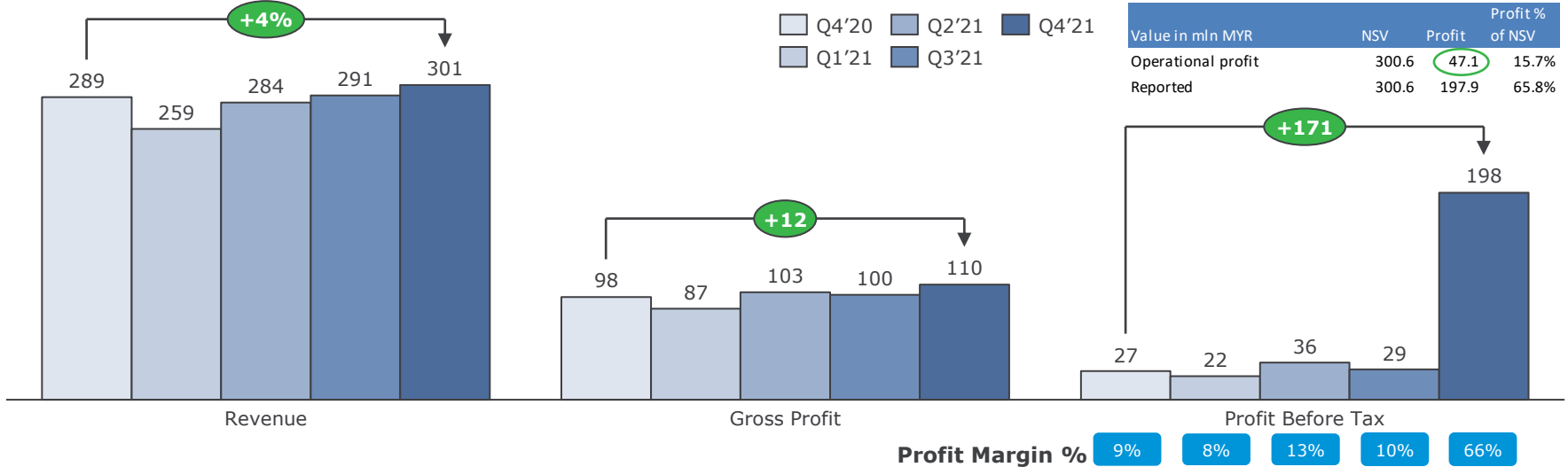
Adj. Net Profit  
**+48%**  
RM109m

Adj. EPS\*  
**+48%**  
RM1.7

# DLMI key financials: Strong financials on the back of demand & RGM

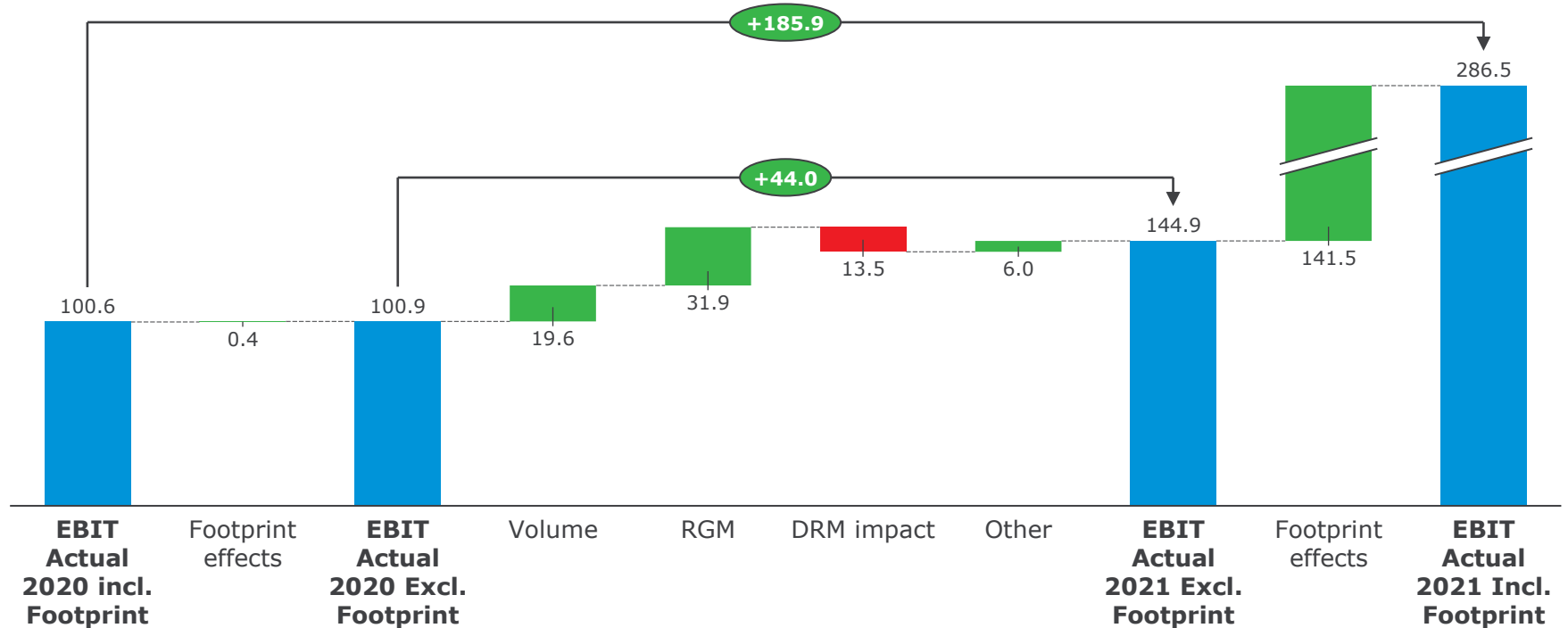
Revenue grew in Q4'21 **at 4 % versus SPLY** resulting from **higher sales of liquid milk**. **Excellent profit** performance on the back of **strong topline and RGM** activities partially offset by **higher input cost**.

In mln MYR





# Actions to bring DLMI profitability back paying off, resulting in exceptional operational and reported profit!



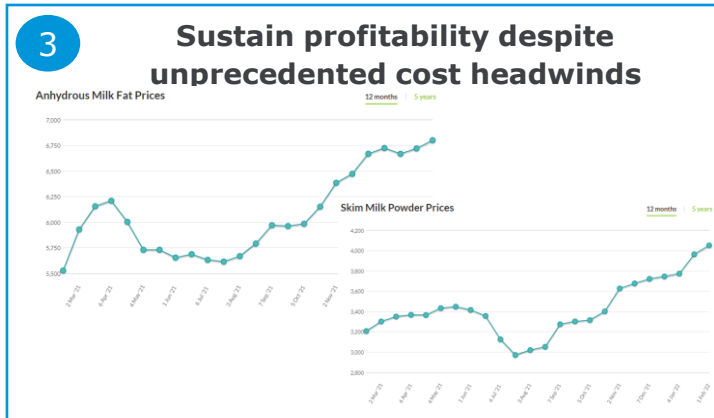
## Strong cash flow on the back of solid working capital management and land proceeds

| Amounts in MYR mln                    | 2021       | 2020      |
|---------------------------------------|------------|-----------|
| Cash receipts                         | 1,124      | 1,144     |
| Cash payments                         | (986)      | (972)     |
| Pre-payment                           | (126)      | -         |
| Income tax                            | (27)       | (27)      |
| Cash from operating activities        | (15)       | 144       |
| Capital investments                   | (62)       | (93)      |
| Proceeds from disposal PPE            | 194        | 0         |
| Interest received                     | 1          | 1         |
| Cash flow from financing activities   | (40)       | (58)      |
| Movement in cash and cash equivalents | 79         | (6)       |
| Cash at Jan 1 2021                    | 39         | 45        |
| <b>Cash at Dec 31 2021</b>            | <b>118</b> | <b>39</b> |

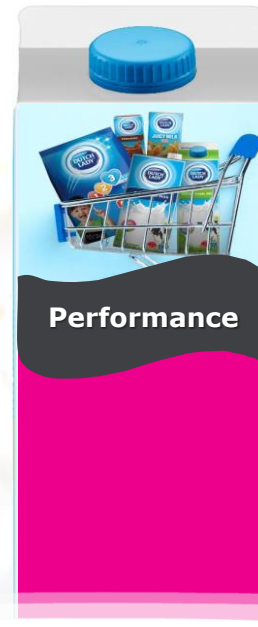
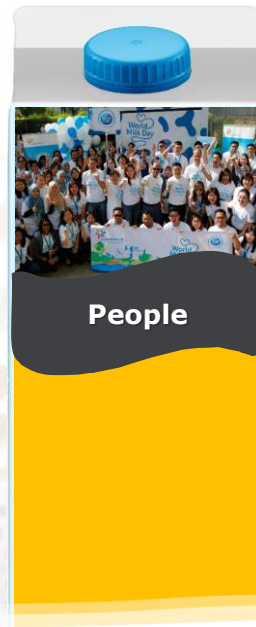
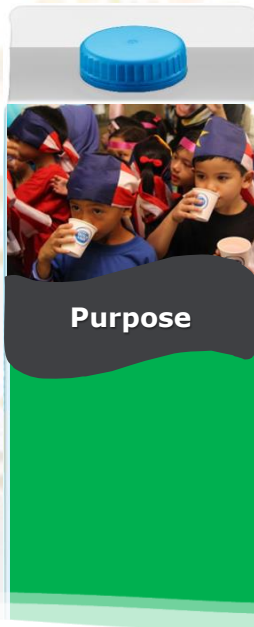
# Outlook: In 2022 we will continue to drive penetration of milk despite volatile and uncertain market dynamics

**1 Continue to drive penetration of milk**

**2 Accelerate Sustainability**



# POTENTIAL



## Past



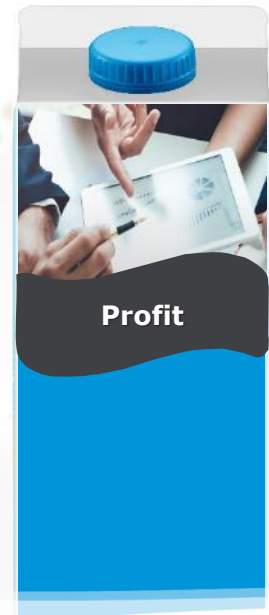
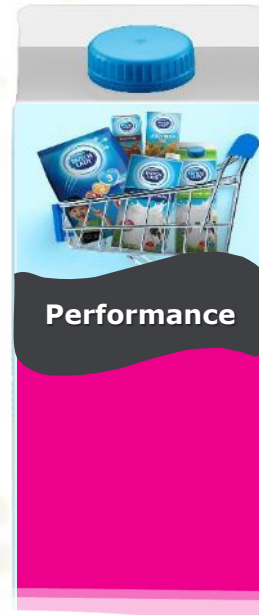
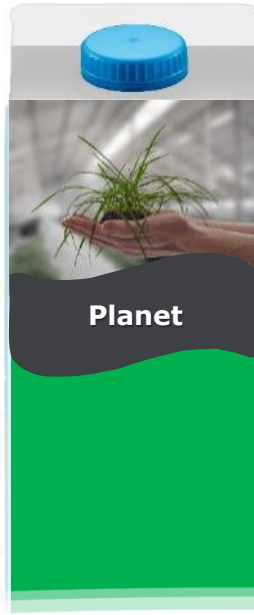
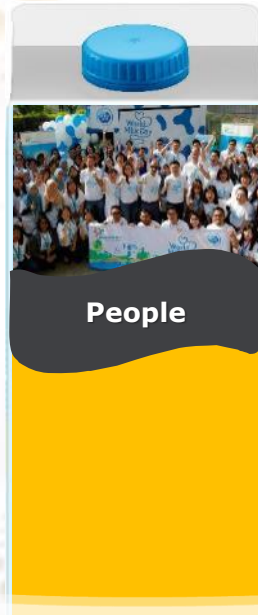
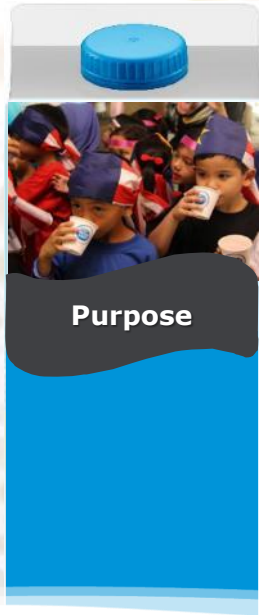
## Current



## Future



# The greenfield will support DLMI's purpose to Nourishing Malaysians with quality & sustainable dairy nutrition, for now and generations to come



>RM400 mln investment to continue to nourish the Malaysian people

Upgraded technology brings new skills and opportunity for growth

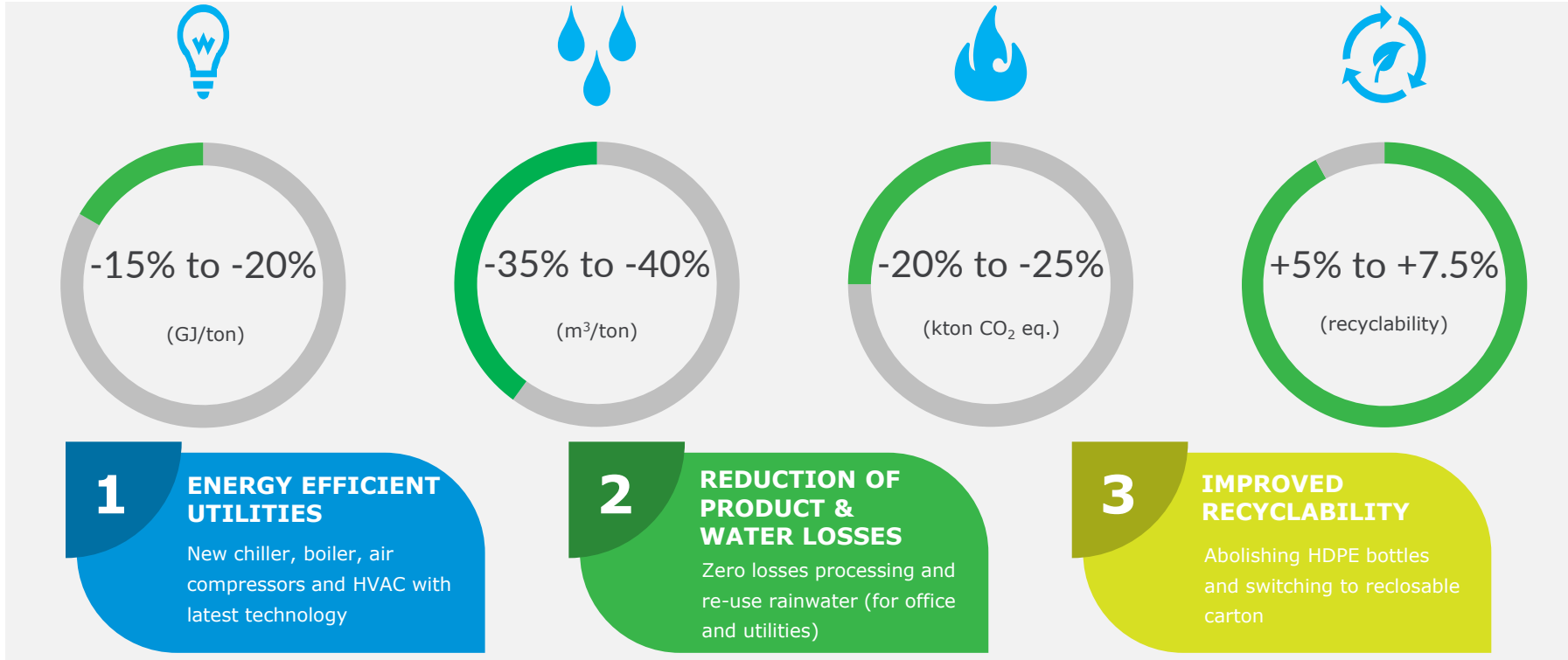
Improved sustainability

Innovations & improved efficiencies

Gross Profit improvement

# Planet

Greenfield factory realises significant reduction in use of energy, water & CO<sub>2</sub> and increased recyclability. All grid power is with green certificate and site is solar ready.



# Our transformation journey

<2021

**Acquisition** land Bandar Enstek (in world's largest Halal hub)

Forming of Big Blue **project organization** including kick-off

2021

Construction start



Completion **land sale** (Q4 '21)



2022

**Finalization of construction** of factory



Start of **installation** of equipment

2023

**Installation & commissioning** of factory

**Double operations:**

- **Ramp-up** of commercial production in new site
- **Ramp down** of commercial production Petaling Jaya

2024

**Closure** of Petaling Jaya factory



**Stabilize** Bandar Enstek factory after start-up





Greenfield in the making



# DLMI @ ENSTEK NEWSCAST



FEB  
2022

# Q&A

