

## Media Release

# Yoma Strategic continues strong growth trajectory of Automotive & Heavy Equipment and Consumer businesses in 3Q2018

- New Holland tractors business grew by 43.9% year-on-year and received another order of 500 units which will be recognised progressively in the coming months
- KFC business grew by 28.1% year-on-year and aims to increase from 21 current stores to at least 32 stores nationwide by March 2019
- Completed the spin-off of its non-core tourism related businesses and recorded a one-off net gain of S\$27.7 million
- Real estate market remains soft ahead of the implementation of the Condominium Law
- Sales of the Peninsula Residences at Yoma Central to formally launch in the coming months

FINANCIAL HIGHLIGHTS In S\$ million except otherwise stated	3Q2018	3Q2017	Change	9M2018	9M2017	Change
<b>Revenue</b>	<b>24.1</b>	<b>24.0</b>	<b>0.1%</b>	<b>82.9</b>	<b>66.7</b>	<b>24.3%</b>
<b>Gross Profit</b>	<b>6.5</b>	<b>10.0</b>	<b>(34.9)%</b>	<b>31.7</b>	<b>27.1</b>	<b>16.8%</b>
<b>Net Profit</b>	<b>18.8</b>	<b>1.3</b>	<b>1,352.5%</b>	<b>29.2</b>	<b>11.6</b>	<b>151.5%</b>
<b>Net Profit attrib. to Equity Holders</b>	<b>16.8</b>	<b>0.3</b>	<b>4,916.2%</b>	<b>23.2</b>	<b>11.0</b>	<b>109.6%</b>

**Singapore, 6 February 2018** – SGX Mainboard listed Yoma Strategic Holdings Ltd. (“祐玛战略控股有限公司”, “Yoma Strategic” or collectively with its subsidiaries, the “Group”) today announced its financial results for the third quarter ended 31 December 2017 (“3Q2018”).

### Results Highlights

In 3Q2018, net profit attributable to equity holders of the Company increased by 4,916.2% year-on-year to S\$16.8 million, up from S\$0.3 million for the three months ended 31 December 2016 (“3Q2017”). The increase in net-profit was a result of gains from the disposal of the Group’s tourism related businesses as well as higher revenue from its Automotive & Heavy Equipment and Consumer businesses.

The Group's 3Q2018 revenue was at S\$24.1 million with the Automotive & Heavy Equipment and Consumer businesses together contributing 74.0% of the total revenue.

Revenue from the Group's Automotive & Heavy Equipment business increased by 36.3% year-on-year to S\$13.9 million in 3Q2018. This was largely driven by the significant growth in the New Holland tractors business which grew by 43.9% to \$11.8 million. The Group sold 241 tractors in 3Q2018 compared to 181 tractors in 3Q2017. Revenue from Yoma Fleet had also increased by 12.5% to S\$1.8 million. As at 31 December 2017, the fleet size reached 649 vehicles.

Meanwhile, revenue from the Group's KFC business grew by 30.0% year-on-year to S\$3.9 million, mainly due to the addition of new stores.

Revenue from the Group's Real Estate development business contributed S\$1.4 million or 5.7% to the Group's 3Q2018 revenue, a decrease from S\$6.1 million in 3Q2017. The decrease in revenue was mainly due to the Group's change in sales strategy for StarCity's Zone C following the recent buy-back of the development to keep some units for long-term rental while re-designing other units to meet the demand for smaller units. Additionally, Real Estate revenue continued to be impacted by the Group's sales strategy to only sell near-completed units in Pun Hlaing Estate.

Meanwhile, Real Estate rental revenue in 3Q2018 remained stable at S\$4.9 million compared to S\$4.8 million in 3Q2017. The Group started recognising leasing revenue from the two Dulwich International Schools and The Campus (previously known as Yoma Office Park) in Pun Hlaing Estate.

Gross profit margins for the quarter under review decreased to 27.0% from 41.4% in 3Q2017, mainly due to the higher portion of revenue generated from the Automotive & Heavy Equipment segment, which has lower margins compared to the Real Estate segment.

Net other income increased 111.2% year-on-year to S\$27.2 million in 3Q2018, mainly due to the fair value and disposal gain from the completion of the disposal of the Group's tourism related businesses. The Group now holds a 47.6% stake in Memories Group, which was listed on the SGX Catalist Board on 5 January 2018.

An increase in total borrowings and a rising interest rate environment resulted in higher interest expense of S\$3.7 million, while administrative expenses increased by 31.9% to S\$14.6 million in 3Q2018 largely due to the increase in the number of KFC stores and Convenience Prosperity branches as well as administrative expenses related to the Yoma Central project.

Commenting on the 3Q2018 financial results, **Mr Melvyn Pun, Yoma Strategic's Chief Executive Officer** said, *"We are pleased with the high growth in our Heavy Equipment, Yoma Fleet Leasing and KFC businesses and expect them to contribute meaningfully to the Group in the coming years. The current market provides us attractive expansion opportunities which focus on domestic consumption patterns, namely in the consumer and financial services sectors."*

## **Outlook**

### Real Estate Business

The Condominium by-laws issued by the Myanmar Ministry of Construction in December 2017 allows foreign buyers to own up to 40 percent of the total floor area of a condominium building. Furthermore, registered condominiums will soon be eligible for strata title and this will support the development of a domestic mortgage market. The Group will explore the possibilities of applying for condominium status for its projects once the relevant committees and a Condominium Registration Office to administer the by-laws are established. With the continued progress in construction work for Yoma Central<sup>1</sup> and the Peninsula Yangon<sup>2</sup> helmed by joint ventures of Bouygues Construction and Taisei Corporation, the Group is looking to formally launch sales of the Peninsula Residences in the coming months.

### Automotive & Heavy Equipment Business

The Group is currently fulfilling an additional order of 500 New Holland tractors organized by the government's Agriculture Mechanisation Department with revenue expected to be recognised progressively in the coming months. At the same time, the Group is also seeing traction with its JCB construction equipment business and currently has five Yoma JCB branches with two more branches expected to open in 4Q2018.

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<sup>1</sup> The Yoma Central project is being built by BTJV Myanmar Company Limited, which is a joint venture between Dragages Singapore Pte Ltd, a subsidiary of Bouygues Construction Taisei Corporation.

<sup>2</sup> The Peninsula Yangon project is being built by BYMA Pte Ltd, which is a joint venture between Dragages Singapore Pte Ltd and the Group.

## Consumer Business

The KFC store expansion outside of Yangon has been progressing well. Subsequent to 3Q2018, the Group opened three more KFC stores in Yangon and two KFC stores in Bago, bringing the total number of KFC stores nationally up to 21. The performance of existing KFC stores and new KFC stores is expected to continue to drive revenue growth. KFC continues to be the leading quick service restaurant brand in Myanmar and aims to operate at least 32 KFC stores nationwide by the end of March 2019. As the consumer market in Myanmar continues to record a healthy growth, the Group intends to explore other opportunities in this space.

**Mr Serge Pun, Yoma Strategic's Executive Chairman** also commented, *"All of our three core businesses are developing steadily. The soft property market will see a boost from the implementation of the Condominium Law in the coming months. As we focus on growing our key businesses, it has served a good purpose for us to spin-off our tourism assets into Memories Group Limited."*

## **Financial Ratio**

Borrowings for the Group has increased to S\$178.4 million as at 31 December 2017, as compared to S\$165.9 million as at 31 March 2017 with the Group's net financial gearing ratio currently standing at 14.9%<sup>3</sup> as at 31 December 2017.

End.

Note: This media release should be read in conjunction with the results announcement released on the SGXNet on the same date.

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<sup>3</sup> The financial gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interests) less cash and cash equivalents. Total capital is calculated as total equity plus net debt.



**About Yoma Strategic Holdings Ltd. ([www.yomastrategic.com](http://www.yomastrategic.com))**

Listed on the Main Board of the Singapore Securities Exchange Trading Limited (SGX-ST), Yoma Strategic Holdings Ltd. is a leading business corporation with a diversified portfolio of businesses in Real Estate, Consumer, Automotive & Heavy Equipment, and Investments in Myanmar. Together with its partner, the SPA Group, the Group is taking a conglomerate approach to build a diversified portfolio of businesses in Myanmar. The Company was ranked in the top 5% of the Governance and Transparency Index 2017, ranked 17th out of top 100 largest Singapore companies in the Asean Corporate Governance Scorecard 2015 and won the Best Managed Board (Gold) Award at the Singapore Corporate Awards in 2016.

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