

Pre-election property slowdown partially offset by strong automotive and KFC businesses

- Pre-election slowdown in property market resulted in lower revenue and net profit
- Non-real estate revenue grew strongly due to the New Holland tractors and KFC businesses
- Opened the first KFC store. On track for more store openings in the coming quarters
- Finalizing discussions with edotco regarding MTC stake

FINANCIAL HIGHLIGHTS						
In S\$ million except otherwise stated	2Q2016	2Q2015	Change	1H2016	1H2015	Change
Revenue	19.9	41.2	- 51.7%	42.6	58.7	-27.4%
Gross Profit	8.9	15.5	-42.5%	18.9	20.5	-7.8%
Net Loss	-0.3	16.5	-101.6%	2.4	19.5	-87.6%
Net profit attrib. to equity holders	0.3	10.8	-97.2%	2.9	12.3	-76.1%

Singapore, 12 November 2015 – 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 three months ended 30 September 2015 (“2Q2016”).

Results Highlights

The Group recorded a lower revenue of S\$19.9 million in 2Q2016 as compared to S\$41.2 million in the three months ended 30 September 2014 (“2Q2015”). The decline in revenue was mainly due to lower real estate revenue which was partially offset by the robust performance from its non-real estate businesses.

Revenue from the Group’s non-real estate businesses grew significantly from S\$0.4 million in 2Q2015 to S\$7.8 million in 2Q2016, with its first KFC outlet contributing its maiden revenue of S\$1.4 million. The outlet located in the heart of downtown Yangon opened on 30 June 2015 and has since attracted strong consumer demand as the country welcomed its first major global quick service restaurant.

Meanwhile, the Group’s automotive business continued to deliver solid performance contributing S\$6.4 million or 32 per cent of the Group’s revenue in 2Q2016, mainly driven by its New Holland tractors business. In the six months ended 30 September 2015 (“1H2016”), the Group sold 243 tractors and 449 implements, representing a 146 per cent and 145 per cent year-on-year growth respectively.

For the Group’s real estate business, rental revenue recorded strong growth from S\$0.7 million in 2Q2015 to S\$2.5 million in 2Q2016 despite the slowdown in homes sales. The leasing environment in Yangon remains favourable.

Revenue from sales of residences and land development rights (“LDRs”) dropped from S\$37.4 million in 2Q2015 to S\$7.8 million in 2Q2016 due to the following factors:

- (i) In 2Q2015, the Group recognised S\$25.2 million from the sales of LDRs relating to Star City Zone C while there was no such revenue in 2Q2016.
- (ii) The percentage-of-completion revenue recognition for Star City Buildings A3 and A4 had also declined from S\$4.8 million in 2Q2015 to S\$0.4 million in 2Q2016 upon the completion of Building A3.

Administrative expenses rose from S\$9.2 million in 2Q2015 to S\$12.4 million in 2Q2016. The increase was mainly due to the once-off share-based payment to the CEO of S\$0.9 million and the administration expenses amounting to S\$3.0 million that were incurred by new subsidiaries relating to the New Holland tractors, Landmark development and the KFC businesses. Higher interest expenses from the increase in borrowings and currency exchanges losses from the Group’s US denominated loans had also resulted in higher finance expenses.

As a result of the above, the Group recorded a lower net profit attributable to equity holders of S\$0.3 million in 2Q2016 as compared to the S\$10.8 million in 2Q2015.

Financial Position

The Group’s net assets attributable to the equity holders of the Company decreased by S\$19.2 million to S\$642.6 million as at 30 September 2015 mainly due to the lower net profit recorded during the current reporting period and the currency translation losses arising at the consolidated Group level.

Borrowings for the Group remained low at S\$67.0 million as at 30 September 2015 with net gearing at 13.3 per cent¹. In 2Q2016, the Group drew down the first US\$16.00 million from the US\$100.00 million Asian Development Bank (ADB) loan facility. This loan of US\$16.00 million is secured by shares in the Company’s wholly-owned subsidiary, YSH Finance Ltd which holds the Group’s 25% interest in Digicel Asian Holdings Pte. Limited.

¹ The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interest) plus trade and other payables less cash and cash equivalent. The total capital is calculated as net assets attributable to equity holders of the Company (“total equity”) plus net debt.

Outlook

Real Estate Business

Construction progressing steadily

Star City Building A4 is at its final stage of construction and the remaining unrecognised revenue of approximately S\$3.3 million is expected to be recognised within the next quarter. The first phase of Myanmar's Thilawa Special Economic has opened in September 2015 with the first factories starting operation. Together with the opening of the swimming pool and other recreational facility, the Group expects home buying and rental interest to pick up. In Pun Hlaing Golf Estate, the construction of an office complex and hotel are on track to be completed in 2016, and will collectively form part of the Group's portfolio of rental properties.

Consumer Business

KFC on track to open more stores

The Group's KFC business has opened its second outlet on 27 October 2015 at Junction Square, a shopping mall which is located near major residential areas in Yangon. Featuring a private function room, the purpose-built restaurant has space for up to 240 people. The opening of the Junction Square restaurant comes as part of the ongoing rollout of KFC restaurants across Yangon, which will see a third outlet open in the coming weeks. The Group has plans to open additional KFC outlets in 2016.

Automotive Business

New Holland and Yoma Fleet are expected to continue to see good demand

The Group's New Holland tractors business is expected to see sales pick up in 2H2016 which is typically its higher selling season as Myanmar's rainy season ends in early October. Apart from New Holland tractors, Yoma Fleet, the Group's commercial vehicle operating and rental business, is expected to start contributing more meaningfully to the Group's automotive revenue in the coming quarters. As of 30 September 2015, the Group leased out 280 vehicles as compared to 84 vehicles a year ago.

Investments

Discussions with edotco on its telecom tower business

The Group is in the final stages of discussions with edotco Group Sdn Bhd (“edotco”) regarding its 25 per cent stake in Digicel Asian Holdings Pte Limited (DAHPL). DAHPL, which is the parent of Myanmar Tower Company Limited (“MTC”) has completed the construction of 1,250 telecommunication towers to-date which are leased out to its anchor tenant, Ooredoo Myanmar. On 2 October 2015, edotco entered into a conditional sale and purchase agreement to acquire a 75 per cent stake in DAHPL from Digicel Group Limited. The Group will provide further information upon the conclusion of its discussions with edotco.

Balloons over Bagan continues to see strong interest

The Group’s Balloons over Bagan business which usually runs from October-April each year will likely benefit from the continued interest from tourists visiting the country. Myanmar Ministry of Hotels and Tourism is expecting tourist arrivals in 2015 to reach 4.5 million, surpassing the 3.8 million tourist arrivals in 2014.

Mr. Melvyn Pun, Yoma Strategic's Chief Executive Officer concluded, *“We expect the 2H of our financial year to improve driven by the positive momentum from our non-real estate business with the opening of more KFC restaurants, as well as another peak season for our New Holland Tractors and Balloons over Bagan businesses. Although the residential market has slowed down as buyers adopted a “wait-and-see” attitude in anticipation of the general election which was held on 8th November 2015, we are cautiously optimistic that market sentiments are likely to improve in the coming months with the election being conducted in a smooth fashion. Meanwhile, the growing resident population and the progressive completion of the new facilities will continue to make our developments an attractive housing options for families.”*

End.

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

About Yoma Strategic Holdings Ltd. (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 real estate, consumer, automotive, agriculture & logistic and tourism businesses 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 10% of the Governance and Transparency index 2014 and won the Best Managed Board (Silver) Award at the 10th Singapore Corporate Awards in 2015.

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