

Media Release

Non-real estate businesses drive Yoma Strategic's third quarter results

- Net Profit attributable to shareholders up 223% to S\$25.2 million
- Non-real estate business revenue grew by 260%
- Telecom towers investment recorded significant fair value gain
- To open up to 12 KFC stores by March 2017, quadrupling current store count

FINANCIAL HIGHLIGHTS						
In S\$ million except otherwise stated	3Q2016	3Q2015	Change	9M2016	9M2015	Change
Revenue	23.8	25.0	- 5.0%	66.3	83.5	-20.6%
Gross Profit	8.2	12.2	-33.1%	27.3	32.6	-16.1%
Net profit	27.4	8.0	240.2%	29.5	27.4	7.7%
Net profit attrib. to equity holders	25.2	7.8	222.8%	27.7	19.9	39.6%

Singapore, 28 January 2016 – 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 31 December 2015 (“3Q2016”).

Results Highlights

The Group's 3Q2016 net profit rose by 240% to S\$27.4 million compared to the three months ended 31 December 2014 (“3Q2015”), despite a 5% decline in revenue to S\$23.7 million. The strong growth in net profit was largely attributed to the fair value gain recorded for its telecom tower business and the strong performance of its non-real estate segments, offsetting the slowdown in real estate sales.

Revenue from the Group's non-real estate businesses recorded a 260% growth to S\$13.8 million in 3Q2016, mainly driven by its New Holland tractors business with the sales for its tractors recording strong growth of 76%. The revenue contributed by the Group's vehicle leasing arm also more than doubled to S\$1.1 million in 3Q2016. During the current quarter under review, the Group opened its second and third KFC stores in Yangon, while its ‘Balloons Over Bagan’ tourism business, which runs from October to March every year, continued to record healthy growth supported by the growing tourism market in Myanmar.

Meanwhile, the revenue generated by the sales of residences and land development rights (“LDRs”) in 3Q2016 decreased to S\$5.1 million in 3Q2016 as compared to S\$19.1 million in 3Q2015. The decline was mainly driven by buyers putting on hold their buying decisions running up to the general election which was held in November 2015, a lower percentage-of-completion revenue recognition with the completion of Star City Building A3 and the Group’s decision to defer sales in Pun Hlaing Golf Estate until near completion in order to achieve higher margins.

Mr Serge Pun, Chairman of Yoma Strategic commented: *“Given the political stability and positive sentiment following the recent general election at the end of 2015, we are starting to see signs of a recovery in the real estate market. I continue to be optimistic regarding the long term sustainable growth of the real estate market due to the country’s continued growth as an emerging economy. Myanmar still has a lot to catch up with the rest of the world, and this long runway will sustain the growth of its real estate sector, notwithstanding periodical market adjustments.”*

Other gains increased significantly to S\$30.4 million in 3Q2016 as compared to S\$3.9 million in 3Q2015, mainly due to the fair value gain of S\$27.0 million for the Group’s telecom tower business where it was granted a put option to sell its 25% interest to edotco Investments (Labuan) Limited (“edotco”), a wholly-owned subsidiary of edotco Group Sdn Bhd, at a minimum valuation of US\$40.25 million.

Although administrative expenses rose from S\$6.8 million in 3Q2015 to S\$11.3 million in 3Q2016, the increase was mainly due to administrative and set-up expenses incurred by new subsidiaries that were formed or acquired subsequent to 3Q2015 (e.g. those related to the New Holland tractors, Landmark development and KFC businesses).

As a result of the above, the Group’s net profit attributable to equity holders of the Company increased by 223% to S\$25.2 million in 3Q2016 from S\$7.8 million in 3Q2015.

Financial Position

The Group’s net assets attributable to the equity holders of the Company decreased by S\$1.2 million to S\$660.6 million as at 31 December 2015 mainly due to the currency translation losses occurring at the consolidated Group level.

Borrowings for the Group was at S\$82.6 million as at 31 December 2015, with net gearing remaining low at 15.7%¹. In 3Q2016, the Group drew down an additional US\$7 million from the US\$100 million Asian Development Bank (ADB) loan facility and the total drawn down amount now stands at US\$23 million. The loan of US\$7 million was secured by the assignment of a 100% interest in Yoma Fleet Limited².

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.

² The Company is deemed interested in 100% interest in Yoma Fleet Limited.

Outlook

Real Estate Business

Buying activities have increased moderately in both Star City and Pun Hlaing Golf Estate in recent weeks. The Group intends to step up marketing efforts in the coming months, and plans to launch new products in Pun Hlaing Golf Estate. In the meantime, the Myanmar Parliament has passed the long-awaited Condominium Law which in principle, will allow foreigners to purchase up to 40% of a condominium apartment block, provided that the apartments are on the sixth floor or above. More importantly, the law will enable banks to provide mortgages to condominium owners. The Group believes it will likely boost sales in the property market in the medium term once the law become effective upon the approval of the President.

The Group has made positive progress on the Landmark Development with the signing of the framework agreement on the master lease extension with the Ministry of Rail Transport on 31 December 2015. This is a significant milestone. The Group will continue to work with its other partners to develop the remaining part of the mixed-use development and it will provide further information on the progress of the Landmark Development project including the latest development costs and financing plans in the coming months.

Consumer Business

KFC on track to open more stores

The KFC business is focused on adding new stores. The third store was opened as scheduled in November 2015 and the Group expects the fourth store to commence operations by February 2016. It targets to have up to 12 stores by March 2017.

Automotive Business

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

The automotive businesses continue to record strong growth for the Group's key subsidiaries, Convenience Prosperity (New Holland) and Yoma Fleet (commercial vehicle leasing). Given that agriculture is one of the key national priorities for the new Myanmar government administration, the Group believes that this will continue to help drive the New Holland tractor and implements business. The Group's fleet leasing business is expected to continue to expand quickly with growing demand from incoming MNCs. As of 31 December 2015, the Group leased out 313 vehicles as compared to 124 vehicles a year ago.

Investments

Telecom Towers

The Group expects a continual contribution from the revaluation of this investment each year in accordance with its agreement with edotco, where it will be able to sell this investment at a predetermined multiple of EBITDA, at a value not less than the initial valuation of US\$40.25 million. Provided that the EBITDA does not fall, the Group expects to record a revaluation gain on this investment until it has been disposed. Telecom infrastructure remains one of the fastest growing segments in Myanmar, and edotco is targeting to grow its 1,250 towers operation to 5,000 towers over the next three years.

Mr. Melvyn Pun, Yoma Strategic's Chief Executive Officer concluded, *“Our non-real estate business are growing nicely, supporting our steady development as a diversified conglomerate in Myanmar. Our telecom towers investment is expected to generate meaningful earnings for us each year, while our KFC, New Holland tractor and vehicle leasing businesses are all growing rapidly. We expect to see recovery in the real estate market over the next few quarters. In particular, we are hopeful that the passing of the new Condominium Law last week will drive the availability of mortgages and foreign investment in the real estate market. We will continue to invest and strengthen our leadership position in our core businesses so that we can capitalise on the growth opportunities in the future.”*

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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