

**MEDIA RELEASE**

## **Yoma Strategic's FY2019 Results Driven by Continued Growth at Yoma Financial Services and Yoma F&B, Positive Momentum at Yoma Land**

- Yoma Financial Services recorded substantial growth, with Yoma Fleet's portfolio increasing by 62% and Wave Money's revenue increasing by 323% in FY2019
- Yoma F&B more than doubled its store count and improved its financial performance through the continued growth of KFC, the addition of Auntie Anne's™ and Little Sheep Hot Pot and the acquisition of YKKO
- Yoma Land's revenues and profits boosted by a modest recovery in its development activities and growth in its portfolio of investment properties; City Loft expected to drive sales volumes and significantly expand the affordable mass market product offering

**Singapore, 29 May 2019** – 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 full year and fourth quarter ended 31 March 2019 (“FY2019” and “4Q2019” respectively). The presentation currency has been changed from SGD to USD.

In-line with its 2020 strategy, for FY2019 the Group grew its Yoma F&B and Yoma Financial Services businesses which partially offset a slowdown in its Yoma Motors business. In addition, the Group's Real Estate business experienced a modest recovery in development activities and grew its portfolio of investment properties as it looks to increase recurring rental revenue. As a result, the Group's revenue increased to US\$100.7 million for FY2019 and US\$31.8 million for 4Q2019. Net profit attributable to shareholders rose to US\$34.1 million in FY2019 and US\$25.7 million in 4Q2019 mainly attributable to the fair value gains in this portfolio of new investment properties.

*"In the Yoma Financial Services business, Wave Money saw its revenue triple in FY2019 and turned profitable during the September quarter, whilst Yoma Fleet grew its lease portfolio significantly during the same period. Meanwhile, Yoma F&B has more than doubled its store count during the past year to 72 F&B outlets, and we have created the largest F&B operator in the country. Many of our non-real estate businesses started operations within the last three years and are just starting to come out of their incubation stage. Going forward, we are focused on driving scale and efficiency and believe that the operating leverage in our businesses will result in a much-improved and more balanced profitability as we continue to grow."*

**Mr. Melvyn Pun, Yoma Strategic's Chief Executive Officer**

*"We remain optimistic about the business outlook and long-term prospects of Yangon's Real Estate market which we anticipate will be driven by an increase in foreign direct investment and positive responses to the pro-business reforms being implemented by the Government. Yoma Land's transformation into both a developer and a landlord will help to build resilient revenue streams and we will focus on City Loft to drive sales volume and significantly expand our affordable mass market product offering. The fast pace of take-up during City Loft's initial launch was encouraging when compared to our*

sales volumes in previous years. Meanwhile, the strategic partnerships we have formed with SF Express and Tokyo Century will help us to grow these businesses rapidly. Moving forward we will continue to explore similar partnerships for our other business pillars.”

**Mr. Serge Pun, Yoma Strategic's Executive Chairman**

## FINANCIAL HIGHLIGHTS

In US\$ million except otherwise stated	4Q2019	4Q2018	Change	FY2019	FY2018	Change
<b>Revenue</b>	31.8	17.9	77.9%	100.7	75.5	33.4%
<b>Gross Profit</b>	23.3	5.6	316.4%	47.3	27.4	72.6%
<b>Net Profit</b>	26.1	1.3	NM	42.2	17.6	140.4%
<b>Net Profit attrib. to Equity Holders</b>	25.7	0.4	NM	34.1	11.9	186.5%

### FY2019 and 4Q2019 Income Statement Review

- Revenue increased by 33.4% to US\$100.7 million for FY2019 and 77.9% to US\$31.8 million for 4Q2019. The increase was driven by a modest recovery in Yoma Land’s development activities, as well as the increase in its portfolio of investment properties, and continued growth at Yoma F&B and Yoma Financial Services, which helped to partially offset a slower performance by Yoma Motors.
- Net profit attributable to shareholders increased to US\$34.1 million for FY2019 and US\$25.7 million for 4Q2019 mainly attributable to net fair value gains from its investment properties, which was partially offset by an increase in financing costs due to the higher amount of borrowings and the rising interest rate environment.
- The higher share of losses from associated companies in FY2019 was primarily attributed to (1) the dilutive effects of Memories Group Limited (“MM Group”) issuing additional shares for new acquisitions which reduced the value of the Group’s effective interest in the net assets of MM Group, and (2) the incurrence of market entry costs at Access Myanmar Distribution Company Limited (“AMDC”) which launched two new whiskeys in the past year under Seagram’s brand umbrella. The higher share of losses of joint venture was mainly due to the start-up costs of Yoma Micro Power.

## **Balance Sheet Review**

- Net assets attributable to equity holders of the Company increased by 3.2% year-on-year to US\$554.9 million as at 31 March 2019 as compared to US\$537.9 million as at 31 March 2018. Correspondingly, the Group's net asset value per share as at 31 March 2019 increased to 29.3 US cents as compared to 28.4 US cents as at 31 March 2018.
- The Group's financial gearing ratio increased from 26.3% in the last quarter to 30.3%<sup>1</sup> as at 31 March 2019 due to the issuance of the US\$70 million Thai baht denominated bonds in January 2019, but it is still below the Group's maximum targeted gearing ratio of 40.0%. Total borrowings as at 31 March 2019 was US\$334.7 million.

## **Segment Commentaries of the Group's Four Core Businesses**

Set out below are the summarised financial performance of the Group's core businesses. For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences. In the case of Real Estate Development, core operating EBITDA excludes EBITDA of the Yoma Central project as administrative expenses form part of the overall project budget and have been funded according to the shareholders' agreement.

### **YOMA LAND**

#### **Real Estate Development**

<b>Operational Review</b>	<b>4Q2019 US\$'000</b>	<b>4Q2018 US\$'000</b>	<b>FY2019 US\$'000</b>	<b>FY2018 US\$'000</b>
Revenue	3,246	4,151	31,839	16,861
Gross Profit	3,087	1,419	13,314	10,770
Core Operating EBITDA	2,048	(2,612)	8,886	9,608

In 4Q2019, gross profit margin and core operating EBITDA improved despite lower revenues. The increase in gross margin was mainly attributable to the final share of profits for certain developments in Pun Hlaing Estate where there was minimal cost of sales, resulting in a high gross profit margin for the quarter under review. Revenue was primarily driven by the progressive revenue recognition from sold units at StarCity Galaxy Tower 2 and Tower 4 and Yoma Central. As at 31 March 2019, the Group has sold 15 out of 30 units launched with another 3 being reserved at The Peninsula Residence Yangon.

The Group's real estate development focus since 3Q2019 has been on City Loft @ StarCity and, as at 31 March 2019, approximately 90% of the 357 launched units have been sold. Since construction only started in April 2019 and the Group recognises revenue over time using the percentage of completion method, the Group did not recognise any revenue in

<sup>1</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.

relation to these sales in 4Q2019 but will do so in future quarters. Following the positive response for this initial launch, the Group is planning the launch of the next phase.

### Real Estate Services

<b>Operational Review</b>	<b>4Q2019 US\$'000</b>	<b>4Q2018 US\$'000</b>	<b>FY2019 US\$'000</b>	<b>FY2018 US\$'000</b>
Revenue	17,114	2,446	24,400	9,580
Gross Profit	16,081	1,122	20,605	5,129
Core Operating EBITDA	42,217	5,535	90,261	17,784

In 4Q2019, Yoma Land grew its portfolio of investment properties and decided to streamline its activities at Pun Hlaing Estate by outsourcing the operations of Pun Hlaing Golf and Country Club ("PHGCC") to third party management. This decision resulted in the reclassification of PHGCC as an investment property and the recognition of certain fair value gains which lifted the revenue and core operating EBITDA of Yoma Land in the quarter.

### YOMA F&B

<b>Operational Review</b>	<b>4Q2019 US\$'000</b>	<b>4Q2018 US\$'000</b>	<b>FY2019 US\$'000</b>	<b>FY2018 US\$'000</b>
Revenue	4,542	2,991	14,569	10,453
Gross Profit	2,337	1,444	7,285	5,009
Core Operating EBITDA	(333)	(600)	(1,068)	(1,298)

In 4Q2019, Yoma F&B's revenue and gross profit increased by 51.9%% year-on-year and 61.9% year-on-year respectively. This was mainly due to the higher sales from KFC and the additional revenue from YKKO following the completion of the acquisition in March 2019. Yoma F&B increased its store count from 33 to 72 during the quarter under review with the addition of 37 YKKO restaurants and the opening of the first Auntie Anne's™ outlet and Little Sheep Hot Pot restaurant.

The gross profit margin also improved to 51.5% in 4Q2019 from 48.3% in 4Q2018 through stable operations at KFC and healthy operating margins from YKKO's operations.

The KFC business continued to see healthy performance. In 4Q2019, same store sales and same store transactions for stores opened for at least 12 months increased by 5.7% and 6.1% respectively.

In 4Q2019, core operating EBITDA losses were mainly attributable to the pre-opening expenses related to the first Little Sheep Hot Pot restaurant and Auntie Anne's™ outlet which commenced operations in March 2019.

## YOMA MOTORS

<b>Operational Review</b>	<b>4Q2019 US\$'000</b>	<b>4Q2018 US\$'000</b>	<b>FY2019 US\$'000</b>	<b>FY2018 US\$'000</b>
Revenue	4,920	6,827	22,736	32,625
Gross Profit	1,063	953	2,858	4,188
Core Operating EBITDA	(416)	(513)	(2,258)	(1,216)

Revenue of Yoma Motors, which was mainly contributed by the heavy equipment business, recorded a 27.9% year-on-year decline to US\$4.9 million largely due to a lower number of tractor and implements sold in the New Holland tractor business. In 4Q2019, the Group sold 118 tractors as compared to 135 tractors in 4Q2018.

However, the gross profit margin improved, reaching 21.6% in 4Q2019 up from 13.9% in 4Q2018. This was mainly due to sales of larger agricultural machinery such as sugarcane and combine harvesters which carry higher gross profit margins.

Core operating EBITDA losses in 4Q2019 were also partly due to the startup cost of the Volkswagen showrooms in Yangon and Mandalay which became operational in May 2019.

## YOMA FINANCIAL SERVICES

<b>Operational Review</b>	<b>4Q2019 US\$'000</b>	<b>4Q2018 US\$'000</b>	<b>FY2019 US\$'000</b>	<b>FY2018 US\$'000</b>
Revenue	1,794	1,219	6,256	5,001
Gross Profit	662	565	2,677	1,627
Core Operating EBITDA	1,060	640	4,019	2,880

In 4Q2019, revenue generated from the Financial Services business was exclusively from Yoma Fleet, the Group's vehicle leasing business, which grew by 47.2% year-on-year to US\$1.8 million. Fleet size increased by 61.9% year-on-year to 1,166 vehicles and its total assets under management grew by 43.5% to US\$37.3 million as at 31 March 2019. The investment made by Tokyo Century for a stake of 20% in Yoma Fleet is expected to allow for the rapid expansion of the fleet size and for the company to explore other non-bank financial opportunities.

Wave Money<sup>2</sup> is not included in core operating EBITDA in the Operational Review above as it is an associated company of the Group. However, Wave Money continues to build on its leading position in the Myanmar mobile financial services sector with its nationwide network of 45,000 agents at 31 March 2019. In 4Q2019, revenue and transaction numbers grew strongly by 30% and 27% quarter-on-quarter respectively, while FY2019 revenue and transaction numbers grew by 323% and 363% year-on-year respectively. The business turned profitable in September 2018 and continued to record a positive

<sup>2</sup> Digital Money Myanmar Limited

EBITDA. Wave Money<sup>2</sup> looks to continue to grow and maintain the profitability of its remittance business as it builds up the scale of its mobile wallet service.

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**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](http://www.yomastrategic.com))**

Listed on the Main Board of the Singapore Securities Exchange Trading Limited (SGX-ST), Yoma Strategic is a leading business corporation with a diversified portfolio of businesses in Real Estate, Consumer, Automotive & Heavy Equipment, Financial Services and Investments in Myanmar. Together with its Yoma Group partners, Yoma Strategic 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 2018, ranked 26th out of top 100 largest Singapore companies in the ASEAN Corporate Governance Scorecard 2017 and won the Best Managed Board (Gold) Award at the Singapore Corporate Awards in 2016.

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