



# 1HFY2019 Results Update

20 December 2018



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Review by Segment

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# 1HFY2019 vs. 1HFY2018

For the first half of the financial year, the Group recorded lower revenue of RM 172.3 million, a decrease of 30.6% as compared to the previous year corresponding quarter of RM 248.1 million, after factored in the impact of MFRS 9 and MFRS 15 which was effective on or after 1 January 2018.

The external revenue increased by about 4.0% in the Wholesale division which was mainly contributed by higher sales of premium patented medicine and Chinese medicated tonic;

However it was offset by lower revenue in the Multi-level marketing (“MLM”) division, a decrease of 38.8%.

# 1HFY2019 vs. 1HFY2018

The Group's gross profit margin was 37.2% before factored in the impact of MFRS 9 and MFRS 15, as compared to previous year of 33.8%, it improved by about 3.4% as a result of higher margin in the MLM division and change in sales mix with higher sales contribution from Wholesale division which command higher margin.

However, the Group recorded lower pre-tax profit of RM 32.7 million as compared to previous year corresponding period of RM 51.0 million, a decrease of 35.8%. The decrease in pre-tax profit was mainly attributable to lower revenue registered in the MLM and higher marketing and branding costs incurred. In addition, a one-off 6% rebate promotion on sales was carried out in May 2018 prior to the abolishment of GST on 1 June 2018 amounting to RM 0.9 million and the higher CSR cost of RM 1.3 million incurred during the period had further lowered the bottom line.

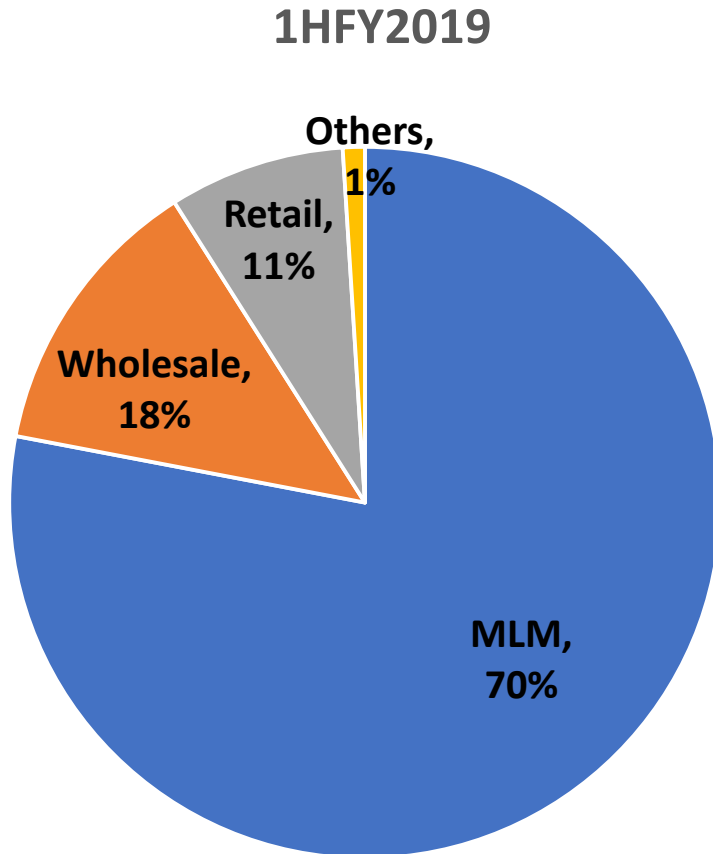
# 1HFY2019 vs. 1HFY2018

|                  | <b>1HFY2019<br/>31 Oct 2018</b> | <b>1HFY2018<br/>31 Oct 2017</b> | <b>Variance<br/>+/-</b> |
|------------------|---------------------------------|---------------------------------|-------------------------|
|                  | <b>(RM'mil)</b>                 | <b>(RM'mil)</b>                 |                         |
| Revenue          | 172.26                          | 248.07                          | <b>-30.56%</b>          |
| Pre-tax Profit   | 32.70                           | 50.96                           | <b>-35.83%</b>          |
| Profit After Tax | 24.60                           | 39.30                           | <b>-37.40%</b>          |
| Net Margin (%)   | 14.28%                          | 15.84%                          | <b>-1.56%</b>           |
| EPS (sen)        | 8.47                            | 13.58                           | <b>-5.11 sen</b>        |

# Strong and Healthy Balance Sheet

|                                  | <b>1HFY2019<br/>31 Oct 2018</b> | <b>FYE 30 April 2018<br/>(audited)</b> |
|----------------------------------|---------------------------------|--|
|                                  | <b>(RM'mil)</b>                 | <b>(RM'mil)</b>                        |
| Net cash + Short term investment | 119.32                          | 126.62                                 |
| Total Assets                     | 398.24                          | 396.00                                 |
| Total Liabilities                | 88.39                           | 77.08                                  |
| Shareholders' Equity             | 299.29                          | 307.91                                 |
| Net Assets per share (sen)       | 103                             | 106                                    |

# Segment Revenue



| Segment      | 1HFY2019<br>31 Oct 2018 |             | 1HFY2018<br>31 Oct 2017 |             |
|--------------|-------------------------|-------------|-------------------------|-------------|
|              | (RM'mil)                | (%)         | (RM'mil)                | (%)         |
| MLM          | 121.20                  | 70%         | 197.90                  | 80%         |
| Wholesale    | 30.69                   | 18%         | 29.51                   | 12%         |
| Retail       | 18.44                   | 11%         | 18.49                   | 7%          |
| Others       | 1.93                    | 1%          | 2.16                    | 1%          |
| <b>Total</b> | <b>172.26</b>           | <b>100%</b> | <b>248.06</b>           | <b>100%</b> |



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Review by  
Segment

Multi Level Marketing (“MLM”)

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Wholesale

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Retail

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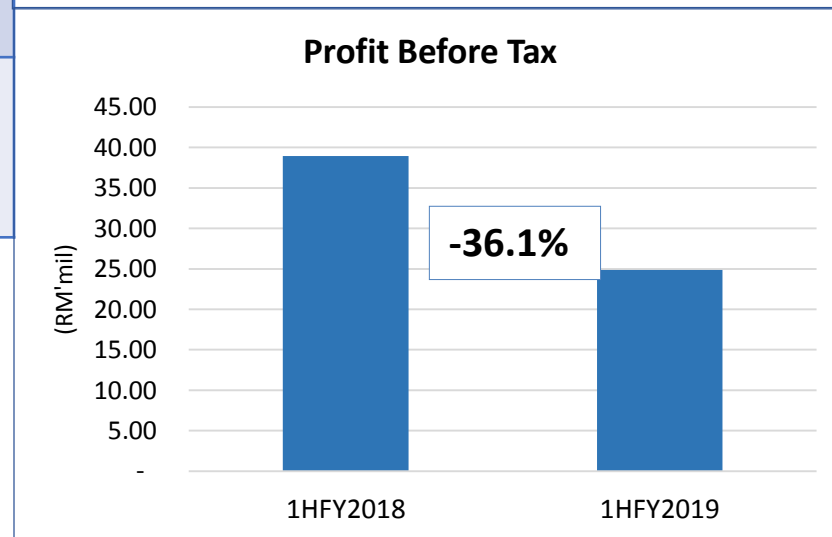
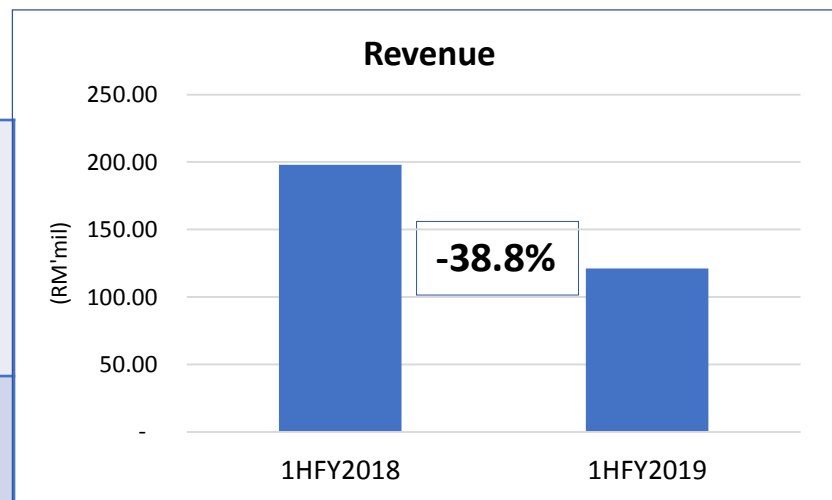
Others

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# MLM

| MLM Segment       | 1HFY2019<br>31 Oct 2018<br><br>(RM'mil) | 1HFY2018<br>31 Oct 2017<br><br>(RM'mil) | Changes<br><br>(%) |
|-------------------|---|---|--------------------|
| External Revenue  | 121.20                                  | 197.90                                  | <b>-38.8%</b>      |
| Profit Before Tax | 24.88                                   | 38.95                                   | <b>-36.1%</b>      |



# MLM

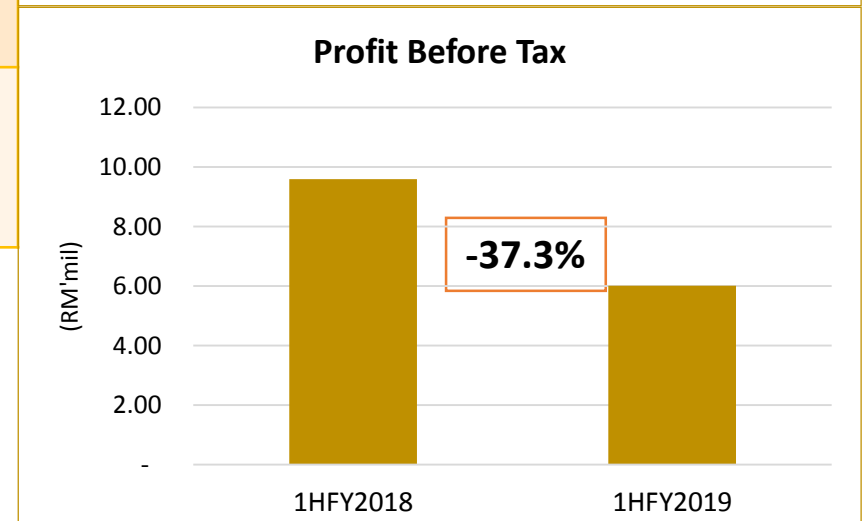
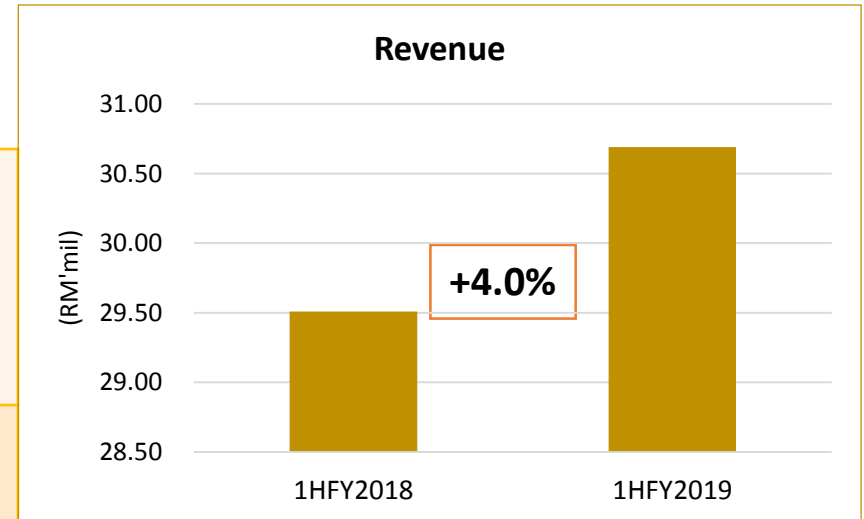
For the 1HFY2019, MLM division was facing challenges with the slowdown in members' recruitment and business activities of its members after the GE 14 had affected its financial performance. The division recorded lower revenue of RM 121.2 million as compared to the previous year's corresponding quarter of RM 197.9 million. Excluding the adjustment arising from MFRSs, the revenue was RM 125.7 million.

- ✓ This was attributable to higher based in the previous year's corresponding quarter due to the overwhelming response of the 25th anniversary grand sales promotion and successful overseas incentive trip campaign to Gold Coast, Australia.
- ✓ In addition, the newly launched products included "infinence" brand beauty and lifestyle related series and some food & beverage products had contributed RM 7.5 million to the revenue during the period under review.

The lower pre-tax profit of RM 24.9 million compared to the previous year's corresponding quarter of RM 38.9 million, mainly attributable to lower revenue achieved and additional 6% rebate promotion given to members prior to the abolishment of GST amounting to approximately RM 0.9 million was absorbed by the division. The higher marketing and branding costs amounting to about RM 1.0 million incurred on newly launched fashion, beauty and lifestyle products has further lowered down the bottom line.

# Wholesale

| Wholesale Segment | 1HFY2019<br>31 Oct 2018<br><br>(RM'mil) | 1HFY2018<br>31 Oct 2017<br><br>(RM'mil) | Changes<br><br>(%) |
|-------------------|---|---|--------------------|
| External Revenue  | 30.69                                   | 29.51                                   | <b>+4.0%</b>       |
| Profit Before Tax | 6.01                                    | 9.59                                    | <b>-37.3%</b>      |



# Wholesale

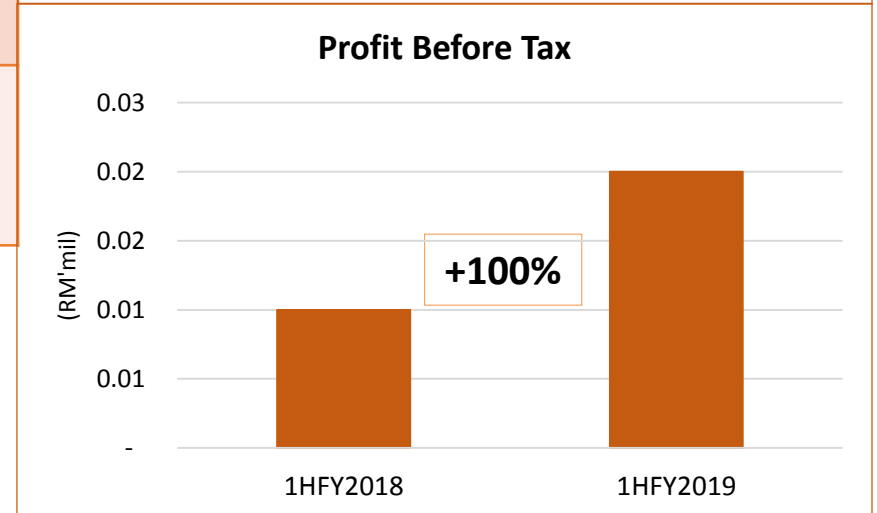
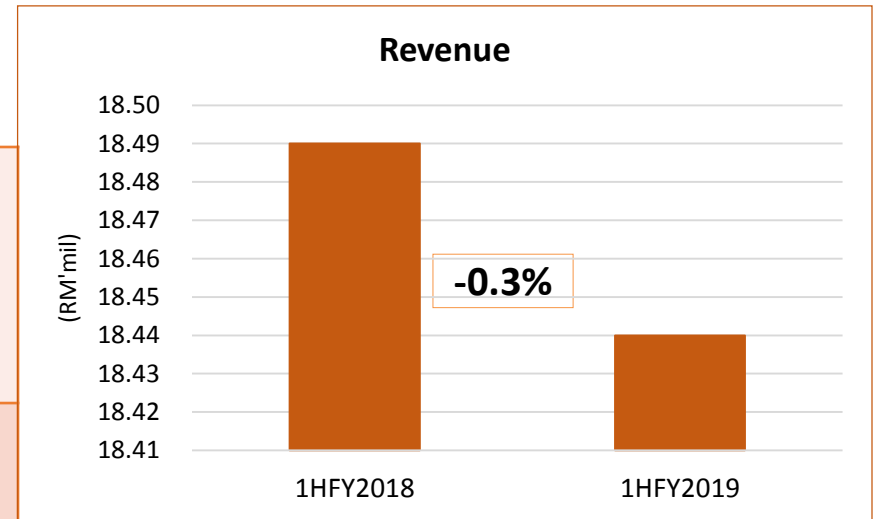
For the 6HFY2019, the Wholesale division recorded higher external revenue of RM 30.7 million as compared to the preceding year's corresponding quarter of RM 29.5 million, an increase of about 4.0%.

- ✓ The increase in revenue was mainly attributable to higher sales from Chinese medicated tonic and premium patented medicine.
- ✓ Furthermore, the aggressive sales activities carried out by salesperson had increased the productivity and further contributed to the increase in revenue.

Despite the increase in revenue, the pre-tax profit was lowered by 37.4% to RM 6.0 million mainly due to lower contribution from inter-segment sales and higher CSR costs amounting to RM 1.3 million incurred during the period.

# Retail

| Retail Segment    | 1HFY2019<br>31 Oct 2018<br><br>(RM'mil) | 1HFY2018<br>31 Oct 2017<br><br>(RM'mil) | Changes<br><br>(%) |
|-------------------|---|---|--------------------|
| External Revenue  | 18.44                                   | 18.49                                   | <b>-0.3%</b>       |
| Profit Before Tax | 0.02                                    | 0.01                                    | <b>+100%</b>       |



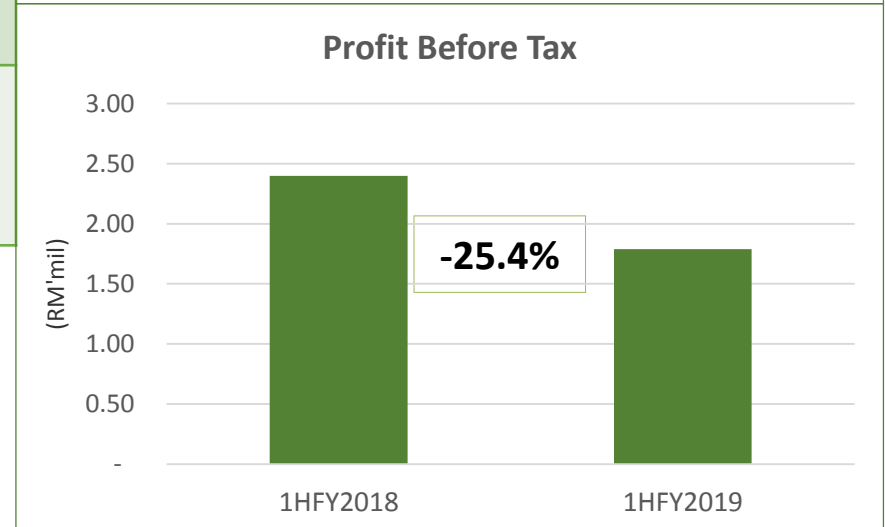
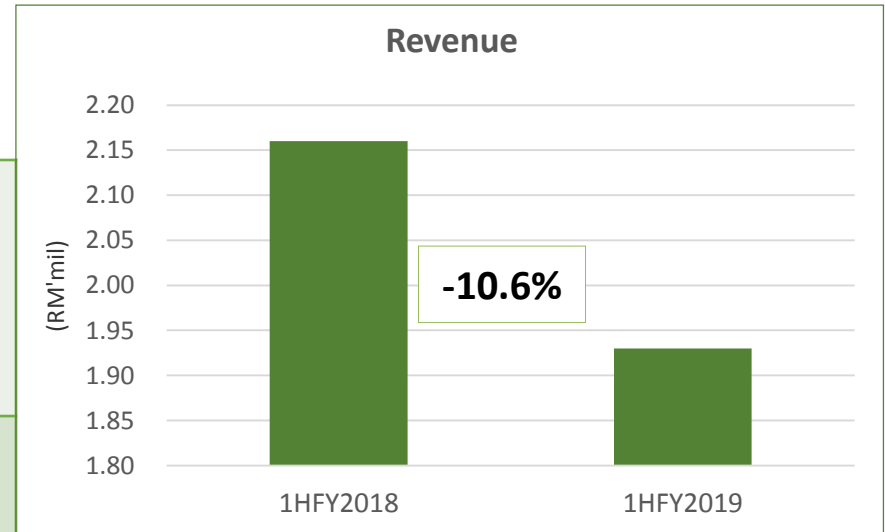
# Retail

For the 1HFY2019, the Retail division revenue maintained at RM 18.5 million with bottom line remain at break-even level as compared to the preceding year's corresponding period.

The consumer sentiment remain subdued in spite of an aggressive promotion campaign been carried during the period, the response from consumer was not encouraging as consumer are more cautious in their spending in view of the uncertainty on the outlook of the domestic economy.

# "Others" segment

| "Others" Segment  | 1HFY2019<br>31 Oct 2018<br><br>(RM'mil) | 1HFY2018<br>31 Oct 2017<br><br>(RM'mil) | Changes<br><br>(%) |
|-------------------|---|---|--------------------|
| External Revenue  | 1.93                                    | 2.16                                    | <b>-10.6%</b>      |
| Profit Before Tax | 1.79                                    | 2.40                                    | <b>-25.4%</b>      |



# “Others” segment

“Others” Revenue are mainly comprised of rental income from investment properties, manufacturing activities and credit & leasing business. The main contributors are from the manufacturing and properties segments.

With its total external revenue maintained at about RM 2.0 million as compared to the preceding year’s corresponding quarter, the pre-tax profit of Others division was lowered by about 25.4%, from RM 2.4 million to RM 1.8 million mainly due to lower inter-segment sales in the manufacturing division.

The manufacturing segment currently focused on the inter-segment’s OEM sales to MLM and Retail divisions.





# Thank You

**Wisma Hai-O, Lot 11995**

**Batu 2, Jalan Kapar**

**41400 Klang, Selangor D.E.**

**T : 03-33423322 F : 03-33434257**

**[www.hai-o.com.my](http://www.hai-o.com.my)**