



9MFY2019 Results Update

1 April 2019



Contents Financial Highlights 9MFY2019

Review by Segment

9MFY2019 vs. 9MFY2018

For the nine month period ended 31 January 2019, the Group posted lower revenue and pre-tax profit of RM 258.4 million and RM 49.6 million as compared to RM 351.1 million and RM74.0 million, representing a decrease of 26.4% and 32.9% respectively for the corresponding quarter of the preceding year.

Excluding the adjustment arising from MFRSs, the revenue and pre-tax profit were RM 266.0 million and RM 49.3 million respectively. The decrease in the Group's revenue was mainly attributable to lower sales from MLM division.

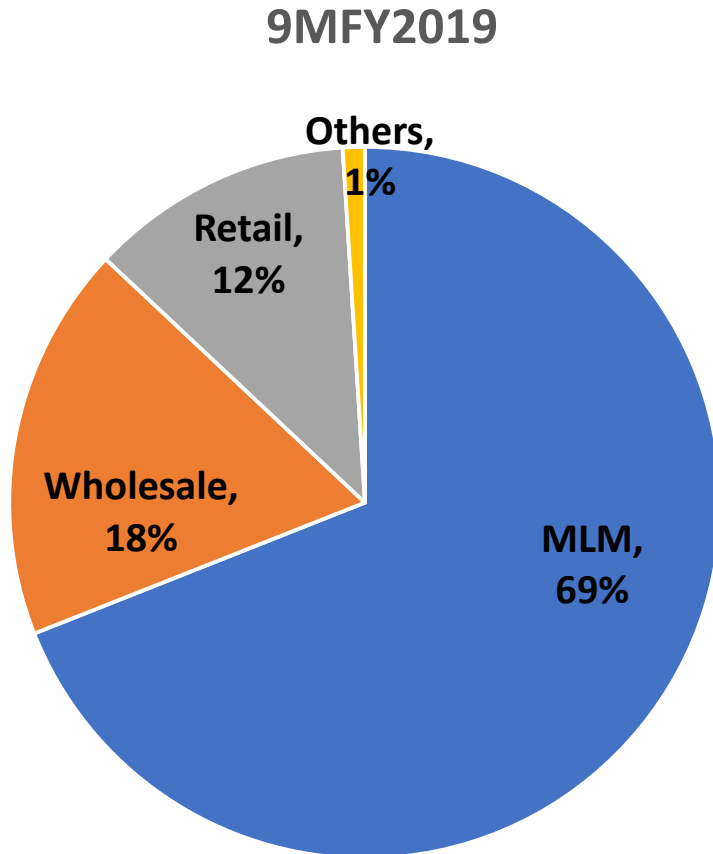
9MFY2019 vs. 9MFY2018

	9MFY2019 31 Jan 2019 (RM'mil)	9MFY2018 31 Jan 2018 (RM'mil)	Variance +/-
Revenue	258.41	351.13	-26.4%
Pre-tax Profit	49.62	73.99	-32.9%
Profit After Tax	37.39	56.57	-33.9%
Net Margin (%)	14.47%	16.11%	-1.64%
EPS (sen)	12.86	19.50	-6.64 sen

Statement of Financial Position

	9MFY2019 31 Jan 2019	FYE 30 April 2018 (audited)
	(RM'mil)	(RM'mil)
Net cash + Short term investment	92.14	126.62
Total Assets	368.13	396.00
Total Liabilities	57.68	77.08
Shareholders' Equity	299.77	307.91
Net Assets per share (sen)	103	106

Segment Revenue



Segment	9MFY2019 31 Jan 2019		9MFY2018 31 Jan 2018	
	(RM'mil)	(%)	(RM'mil)	(%)
MLM	177.46	69%	273.44	78%
Wholesale	46.92	18%	46.63	13%
Retail	30.99	12%	27.81	8%
Others	3.04	1%	3.25	1%
Total	258.41	100%	351.13	100%



Review by
Segment

Multi Level Marketing (“MLM”)

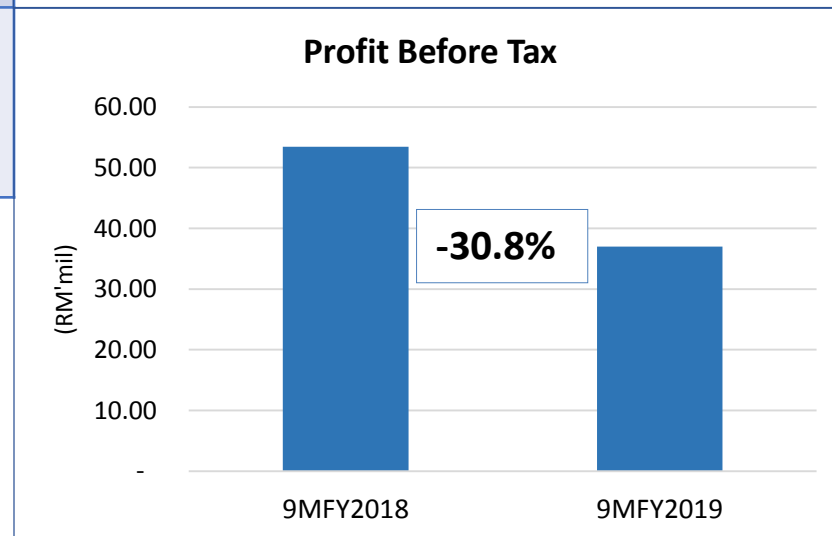
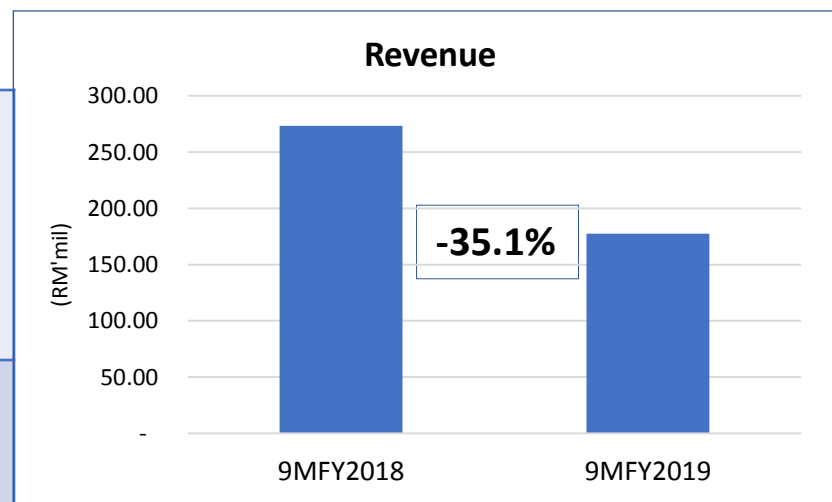
Wholesale

Retail

Others

MLM

MLM Segment	9MFY2019 31 Jan 2019 (RM'mil)	9MFY2018 31 Jan 2018 (RM'mil)	Changes (%)
External Revenue	177.46	273.44	-35.1%
Profit Before Tax	36.99	53.45	-30.8%



MLM

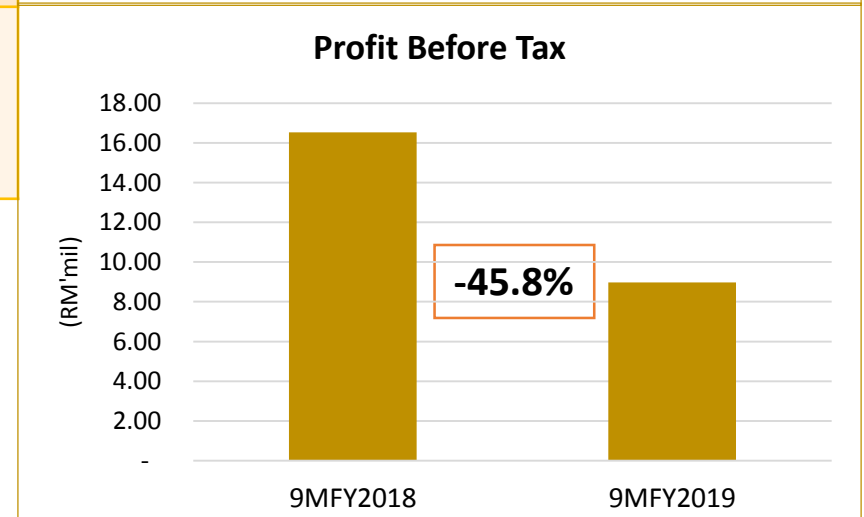
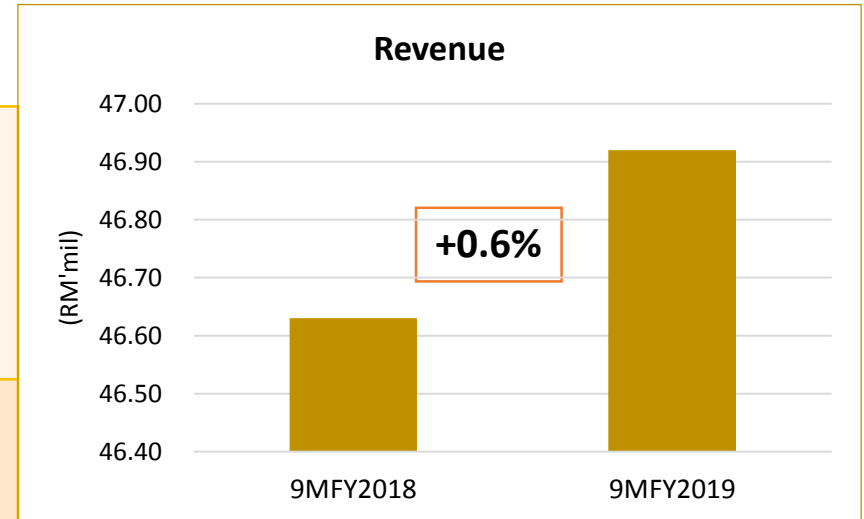
For the 9MFY2019, the MLM division recorded lower revenue of RM 177.5 million as compared to the previous year's corresponding period of RM 273.4 million, a decrease of 35.1%. Excluding the adjustment arising from MFRSs, the revenue was RM 184.5 million.

- ✓ Continuously facing challenges during the period, the slow-down in new members' recruitment and business activities had affected the financial performance of the division.
- ✓ A higher base was recorded in the previous year's corresponding quarter due to the overwhelming response from the 25th anniversary grand sales promotion and successful overseas incentive trip campaign to Gold Coast, Australia.

The division recorded lower pre-tax profit of RM 37.0 million as compared to the previous year's corresponding quarter of RM 53.5 million, mainly attributable to lower revenue achieved. The sales promotion with an additional 6% rebate given to members prior to the abolishment of GST amounting to approximately RM 0.9 million was absorbed by the division. Furthermore, higher branding expenditures incurred for the newly established "Infinence" brand amounting to approximately RM 1.2 million had further lowered the pre-tax profit.

Wholesale

Wholesale Segment	9MFY2019 31 Jan 2019 (RM'mil)	9MFY2018 31 Jan 2018 (RM'mil)	Changes (%)
External Revenue	46.92	46.63	+0.6%
Profit Before Tax	8.97	16.54	-45.8%



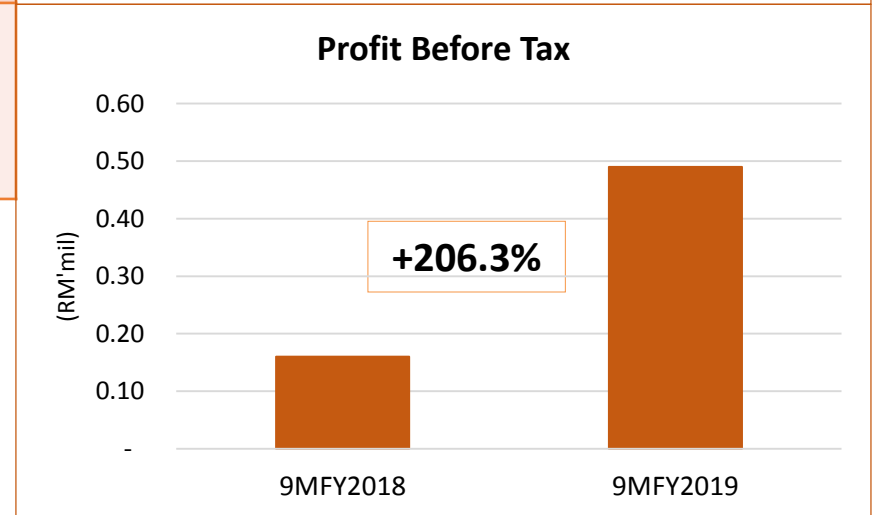
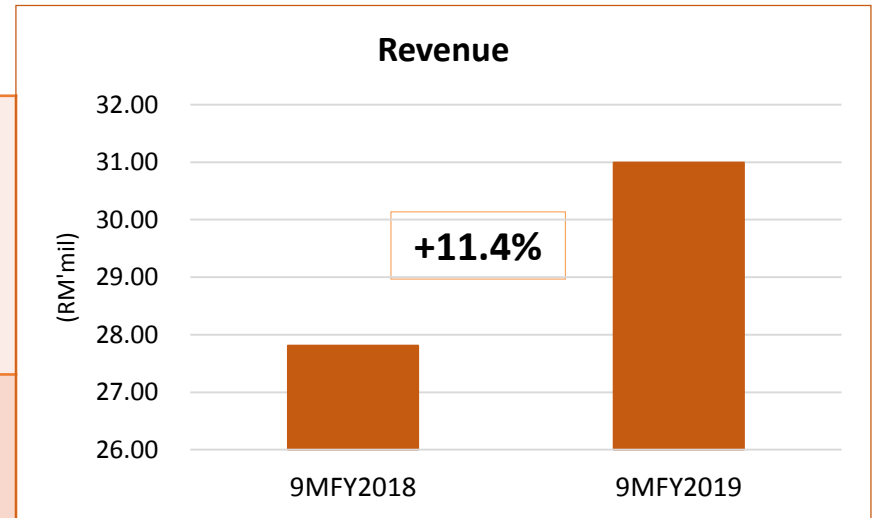
Wholesale

For the 9MFY2019, despite additional sales generated from CNY hampers sales via modern trade channels and higher sales from premium patented medicine, the Wholesale division revenue was offset by the drop in sales of vintage tea and other products. Hence, the external revenue maintained at about RM 47.0 million as compared to the preceding year's corresponding quarter.

The pre-tax profit was lower by 45.8% to RM 9.0 million mainly due to lower contribution from inter-segment sales and higher CSR costs amounting to RM 1.4 million incurred during the period.

Retail

Retail Segment	9MFY2019 31 Jan 2019 (RM'mil)	9MFY2018 31 Jan 2018 (RM'mil)	Changes (%)
External Revenue	30.99	27.81	+11.4%
Profit Before Tax	0.49	0.16	+206.3%



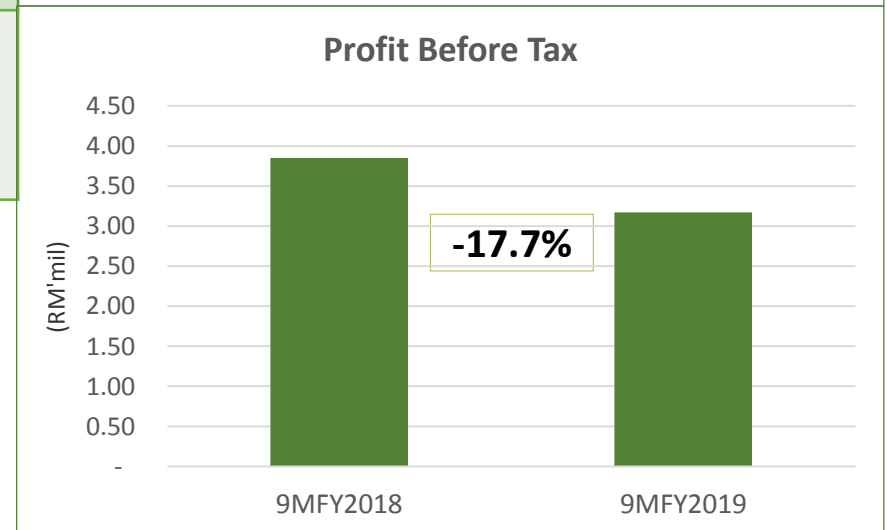
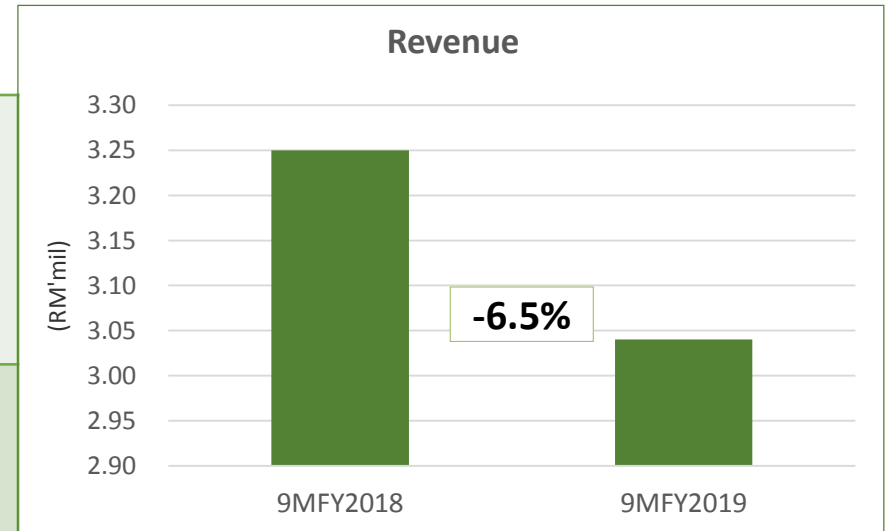
Retail

In view of the CNY sales recorded in the 3rd quarter of this current financial year as opposed to 4th quarter of last financial year, the Retail division revenue increased by 11.4% to RM 31.0 million for the 9MFY2019 as compared to lower base in the preceding year's corresponding period of RM 27.8 million.

Despite higher A&P costs incurred during the CNY period, the division recorded higher pre-tax profit of RM 0.5 million as compared to preceding year's corresponding period of RM 0.2 million due to higher revenue generated from CNY sales campaign.

"Others" segment

"Others" Segment	9MFY2019 31 Jan 2019 (RM'mil)	9MFY2018 31 Jan 2018 (RM'mil)	Changes (%)
External Revenue	3.04	3.25	-6.5%
Profit Before Tax	3.17	3.85	-17.7%



“Others” segment

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

For the 9MFY2019, its total external revenue maintained at about RM 3.0 million as compared to the preceding year’s corresponding period.

The pre-tax profit of Others division was lower by about 17.7%, to RM 3.2 million mainly due to lower inter-segment sales in the manufacturing division. The manufacturing segment is currently focused on the intersegment’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