

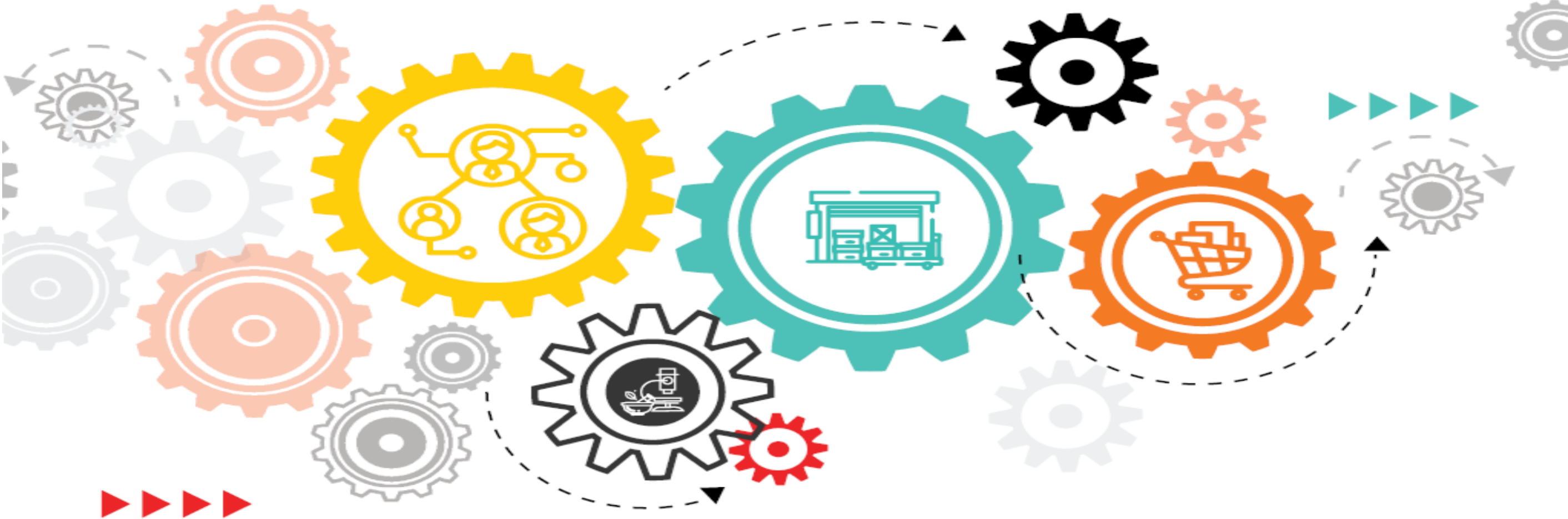
# 45<sup>th</sup> ANNUAL GENERAL MEETING

1 October 2020



## HAI-O ENTERPRISE BERHAD

Registration No. 197501000919 (22544-D)





# Agenda

1

**FY2020 Financial Performance**

2

**Business Segment Overview**

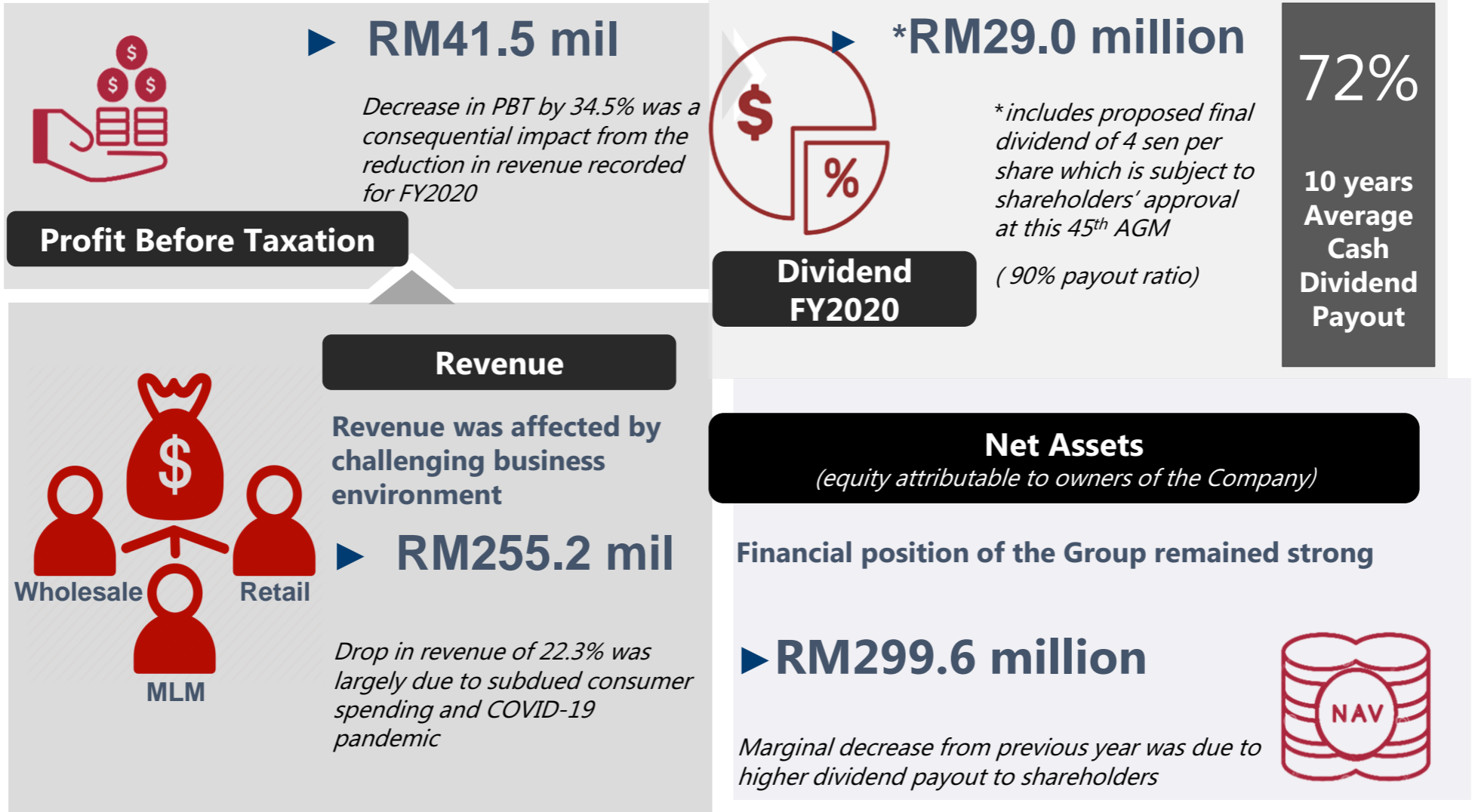
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**Outlook**



# FY2020 Financial Highlights

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# Business Segments



## Multi Level Marketing

Multi level direct marketing of nutritional food & beverage, wellness supplements, skincare, beauty & cosmetic, personal care and household products

## Wholesale

Wholesaling and trading in patented medicines, medicated tonic, healthcare products, herbs and tea

## Retail

Operating traditional complementary medicines ("TCM") retail chain stores and provide Chinese physician consultation services

## Others

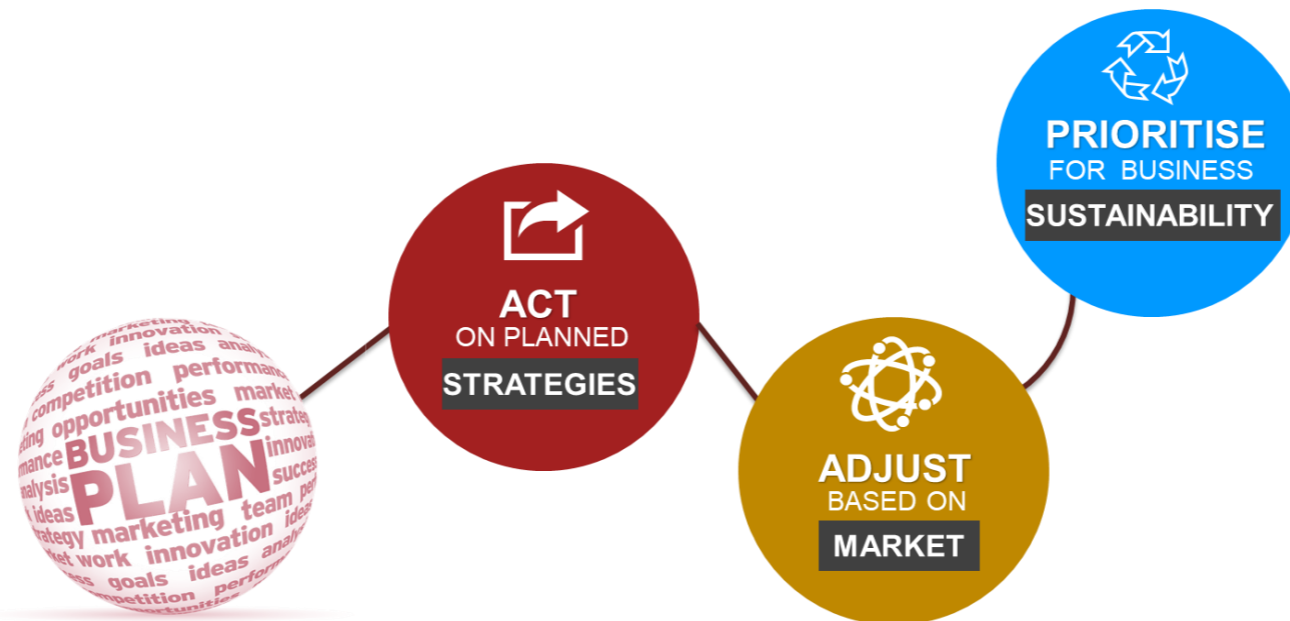
Include manufacturing, credit & leasing, insurance agent, investment and property holdings

**3 core business segments with other business activities primarily in property investments and manufacturing activities**



# Managing Business Complexity for Sustainability

- The operating environment for the Group's businesses was challenging and constantly evolving in FY2020
- Escalating US-China trade disputes brought great uncertainties to overall business sentiments and business was also affected by severe outbreak of COVID-19
- Inevitable setback in business activities, revenue and profits
- Priority was to respond and reposition the Group's businesses strategically, while preserving balance sheet and foundation





## Review of Segmental Operation – MLM

### Revenue

RM156.7 mil

↓ 30.3%

### PBT

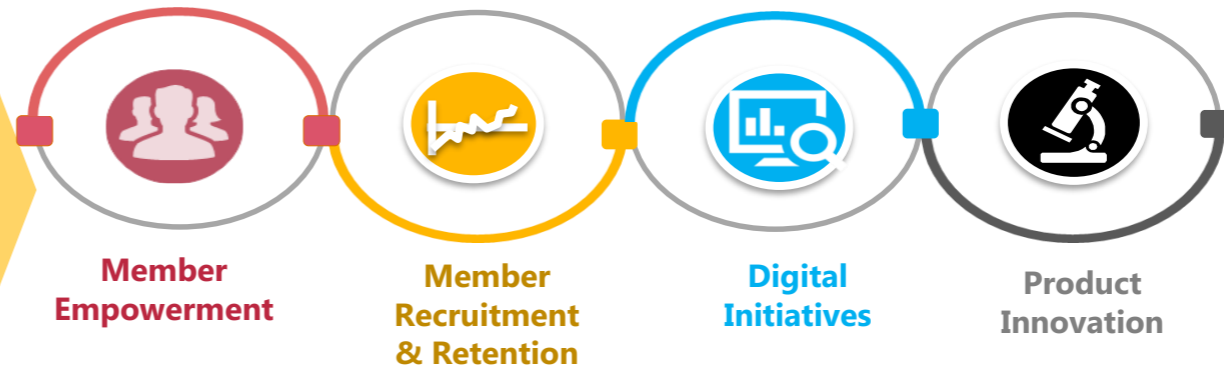
RM32.5 mil

↓ 31.4%

### Key Facts

- Performance was affected by sluggish consumer spending, political uncertainties, unexpected change in Government, and the COVID-19 pandemic-fuelled economic downturn
- Recognise the need to constantly anticipate, respond and adjust to evolving changes during prevailing uncertainties

**Focus areas to reinforce segment sustainability**





## Review of Segmental Operation – Wholesale

### Revenue

RM57.4 mil

↓ 2.7%

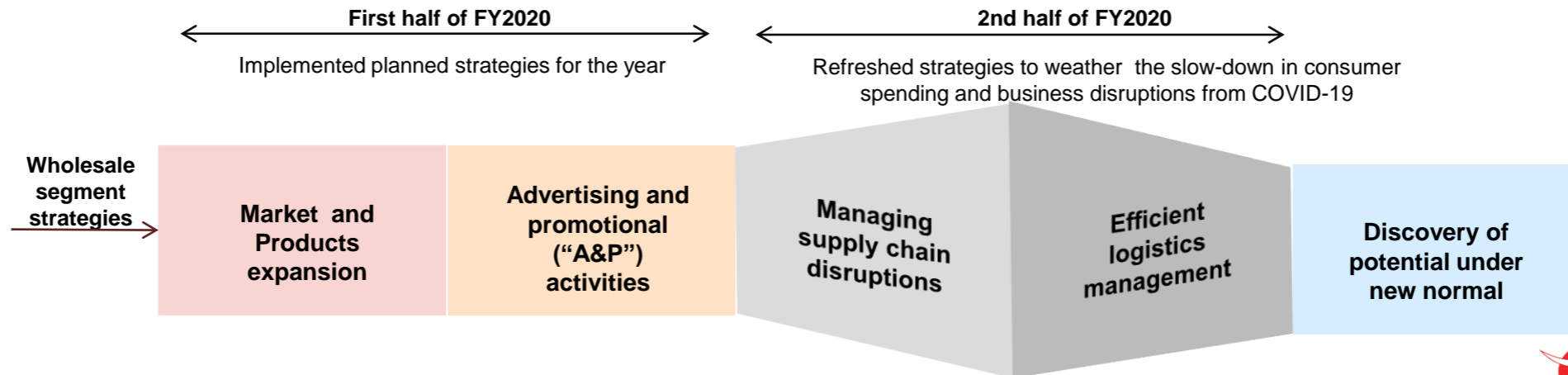
### PBT

RM5.7 mil

↓ 47.2%

### Key Facts

- Higher sales of Pu-Er tea and export of bird's nest products were offset by reduced demand for Chinese medicated tonic, cooking wine and patented medicine
- Affected by MCO which prohibited the delivery of non-essential products and restricted business activities
- Profitability was impacted by lower contribution from inter-segment sales in addition to an unfavourable shift in product mix and higher import costs





## Review of Segmental Operation – Retail

### Revenue

RM36.7mil

↓ 9.4%

### PBT

↔ Breakeven

(Before MFRS 16 - Leases)

### Key Facts

- Hit hard by the slowdown in the overall economy as well as COVID-19 pandemic
- Lower revenue and added costs to implement SOP during MCO
- Took proactive measures to bolster sales amidst subdued consumer sentiment in the first half of the financial year, and promptly re-strategised to overcome COVID-19 challenges in the last quarter of the financial year

### Action plans . . . .

Optimising cost



Re-balancing distribution platforms



Harnessing digital potentials



Adapting to the "new normal"





**Downside risks emanating from both domestic and external factors remained in the horizon, a challenging backdrop for the Hai-O Group**

## Focus areas for FY2021



**To balance long-term strategies and objectives with adjustments necessary to meet short term changes, to stay relevant in the market, and to strengthen our foundation and sustainability**





## AWARDS

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Centurion Of The Year

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Highest Growth in  
Profit After Tax Over Three Years  
(Consumer Products  
& Services Sector)

•••••

Highest Returns to  
Shareholders Over Three Years  
(Consumer Products  
& Services Sector)



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