



Hai-O Enterprise Berhad
43rd Annual General Meeting
25 September 2018



Agenda

FY2018 Performance

Business Segment Performance

Outlook



FY2018 Results At A Glance

Revenue

RM 461.7 million

↑ +14.2%

Profit After Taxation

RM 72.5 million

↑ +22.1%

Total Assets

RM396.0 million

↑ +8.7%

Net Assets

RM 307.9 million
*(attributable to equity holders
of the parent)*

↑ +8.1%

Dividend Per Share

20 sen full year

↑ +25.0 %

Market Capitalisation

RM 1.5 million
(as at 30 Apr 2018)

↑ +30.9% y-o-y

Growth Drivers

- ✓ **Consistent performance and long-term operational stability**
- ✓ **Organic growth with existing businesses and ongoing realisation of operation efficiencies**
- ✓ **Key business initiatives**

**Product
Development**

**Agent
Expansion**

Cost Discipline

**Reducing
Complexity**



Business Segments / Operating Structure

Multi-Level Marketing ("MLM")

Multi-level direct marketing of health food, healthcare, wellness and beauty products

Wholesale

Wholesaling and trading in herbal medicines and healthcare products, herbs and tea

Retail

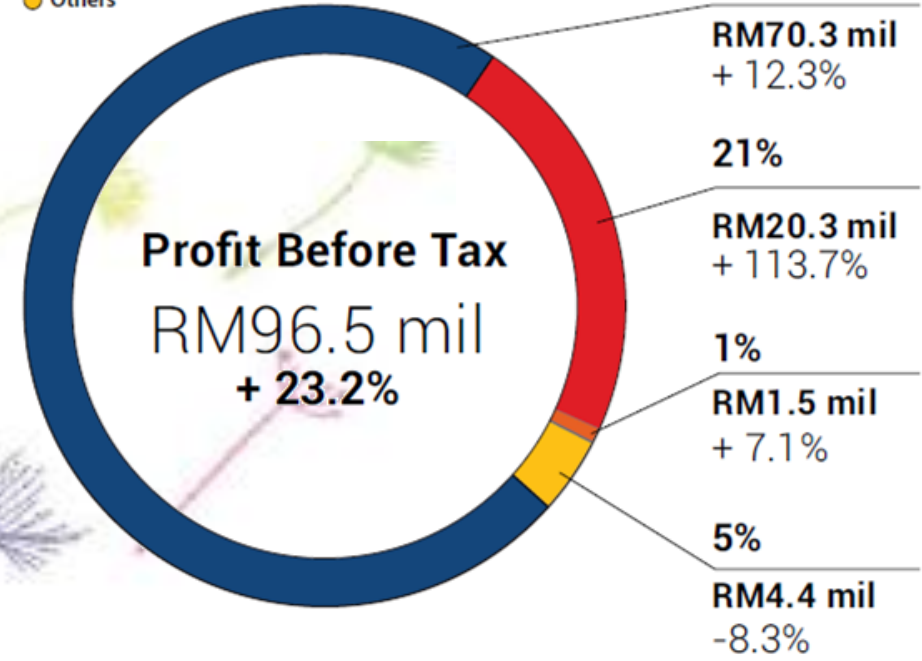
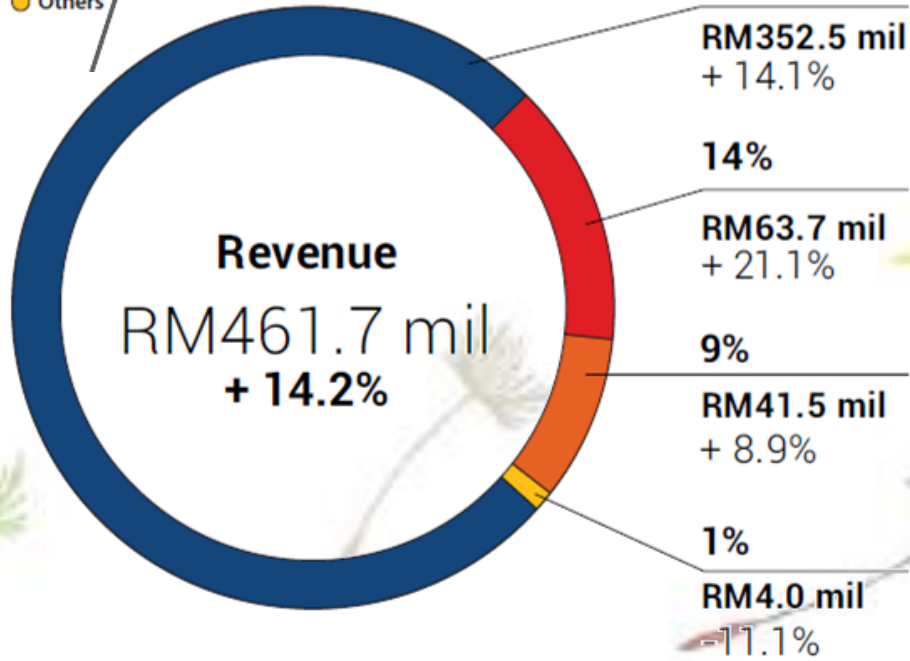
Operating Traditional Complementary Medicines (TCM) retail chain stores

Others

Manufacturing, credit & leasing, insurance agent, investment holding and property holding



Segment Contributions / Segment Performance



- ✓ **Growth in revenue and PBT was contributed by all major business segments**
- ✓ **MLM segment maintained its position as the major contributor for revenue and PBT**

Segment Review – MLM

Revenue

| FY18 | FY17 | |
|---------|---------|-------------------------|
| RM' mil | RM' mil | |
| 352.5 | 308.9 | ↑ 14.1% year-on-year |



25-year anniversary grand sales promotion



Wider products choices in fashion, beauty and lifestyle

PBT

| FY18 | FY17 | |
|---------|---------|-------------------------|
| RM' mil | RM' mil | |
| 70.3 | 62.6 | ↑ 12.3% year-on-year |



Introduction of new products and product range

PBT margin

| FY18 | FY17 | |
|------|------|------------------------|
| % | % | |
| 19.9 | 20.3 | ↓ 0.4% year-on-year |



Margin decreased marginally, mainly affected by marketing development cost

Segment Review – Wholesale

Revenue*

| FY18 | FY17 |
|---------|---------|
| RM' mil | RM' mil |
| 63.7 | 52.6 |

↑ **21.1%**
year-on-year



An exceptional year for Wholesale segment with 21.1% and 113.7% improvement in revenue and PBT

PBT

| FY18 | FY17 |
|---------|---------|
| RM' mil | RM' mil |
| 20.3 | 9.5 |

↑ **113.7%**
year-on-year



Increase in sales of premium Chinese medicated tonics, patented medicine and vintage Pu-Er tea and sustained by inter-segment sales to MLM and Retail segments

PBT margin

| FY18 | FY17 |
|------|------|
| % | % |
| 10.7 | 6.4 |

↑ **4.3%**
year-on-year

Segment Review – Retail

Revenue

| FY18 | FY17 | |
|---------|---------|------------------------|
| RM' mil | RM' mil | |
| 41.5 | 38.1 | ↑ 8.9% year-on-year |



Retail outlets incentive programme and product campaigns contributed to the improvement in revenue and PBT

PBT

| FY18 | FY17 | |
|---------|---------|------------------------|
| RM' mil | RM' mil | |
| 1.5 | 1.4 | ↑ 7.1% year-on-year |



Intense competition resulted in high operating cost and low profit margin

PBT margin

| FY18 | FY17 | |
|------|------|-------------------|
| % | % | |
| 3.6 | 3.6 | ↔ year-on-year |

Outlook

✓ **Our business continues to experience intense competition and changes driven by market developments, technological innovation and evolution of customers' needs and expectations**

✓ **To focus on the use of technology and promote e-Commerce activities**

✓ **Products line-up, including “Ready-To-Wear” clothing, health supplements and skincare extension series**

✓ **Downside risk to business growth including changes in policy rates, trade tension and downward pressures of RM**