



1QFY2019 Results Update

27 September 2018



Contents Financial Highlights 1QFY2019

Review by Segment

1QFY2019 vs. 1QFY2018

For the 1st quarter under review, the Group recorded lower revenue of RM 80.1 million, a decrease of 35.7% as compared to the previous year corresponding quarter of RM 124.5 million. This is after factored in the impact of MFRS 9 and MFRS 15 which was effective on or after 1 January 2018.

- ✓ Revenue increased by about 4.0% in the Wholesale division which was mainly contributed by higher sales from patented medicine;
- ✓ However it was offset by lower revenue in the Multi-level marketing (“MLM”) and Retail divisions, a decrease of 43.3% and 6.2% to RM 58.0 million and RM 7.6 million, respectively.

1QFY2019 vs. 1QFY2018

- ✓ The Group's gross profit margin improved by about 7.0% as a result of change in sales mix with higher sales contribution from Wholesale which command higher margin.
- ✓ However, the Group recorded lower pre-tax profit of RM 14.4 million as compared to previous year corresponding period of RM 23.1 million, a decrease of 37.5%. The decrease in pre-tax profit was mainly attributable to lower revenue registered in the MLM and Retail divisions and higher marketing costs incurred.
- ✓ In addition, 6% rebate promotion on sales was carried out in May 2018 prior to the abolishment of GST on 1 June 2018 amounting to RM 1.2 million and the higher CSR cost of RM 1.3 million incurred during the quarter had further lowered the bottom line.

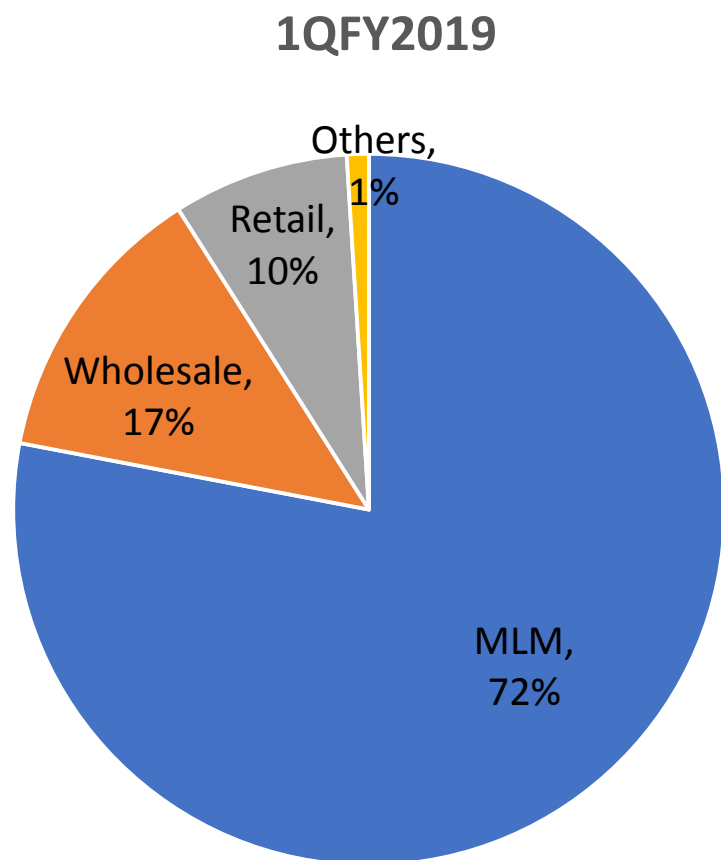
1QFY2019 vs. 1QFY2018

	1QFY2019 31 July 2018	1QFY2018 31 July 2017	Variance +/-
	(RM'mil)	(RM'mil)	
Revenue	80.09	124.54	-35.69%
Pre-tax Profit	14.44	23.11	-37.52%
Profit After Tax	10.66	17.59	-39.40%
Net Margin (%)	13.3%	14.1%	-0.80%
EPS (sen)	3.78	6.17	-2.39 sen

Strong and Healthy Balance Sheet

	1QFY2019 31 July 2018	FYE30 April 2018 (audited)
	(RM'mil)	(RM'mil)
Net cash + Short term investment	113.46	126.62
Total Assets	390.93	396.00
Total Liabilities	61.70	77.08
Shareholders' Equity	318.57	307.91
Net Assets per share (sen)	110	106

Segment Revenue



Segment	1QFY2019 31 July 2018		1QFY2018 31 July 2017	
	(RM'mil)	(%)	(RM'mil)	(%)
MLM	58.03	72%	102.38	82%
Wholesale	13.56	17%	13.04	10%
Retail	7.62	10%	8.12	7%
Others	0.88	1%	1.00	1%
Total	80.09	100%	124.54	100%



Review by
Segment

Multi Level Marketing (“MLM”)

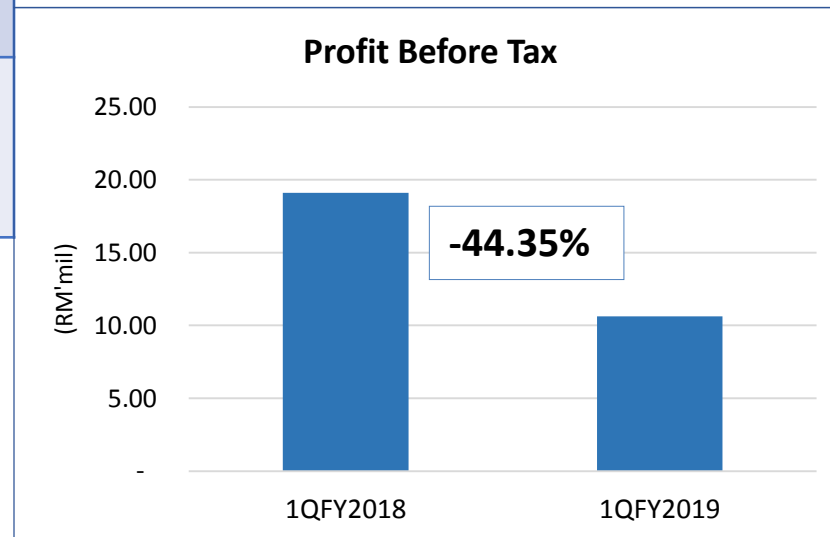
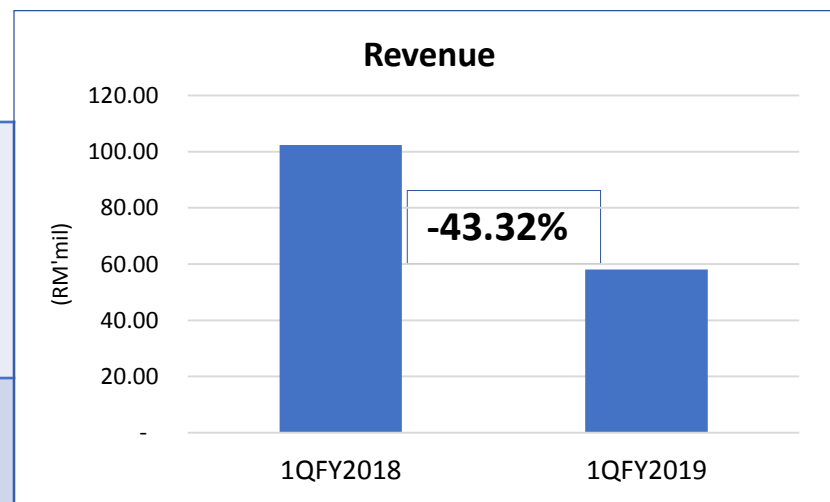
Wholesale

Retail

Others

MLM

MLM Segment	1QFY2019 31 July 2018 (RM'mil)	1QFY2018 31 July 2017 (RM'mil)	Changes (%)
External Revenue	58.03	102.38	-43.32%
Profit Before Tax	10.63	19.10	-44.35%



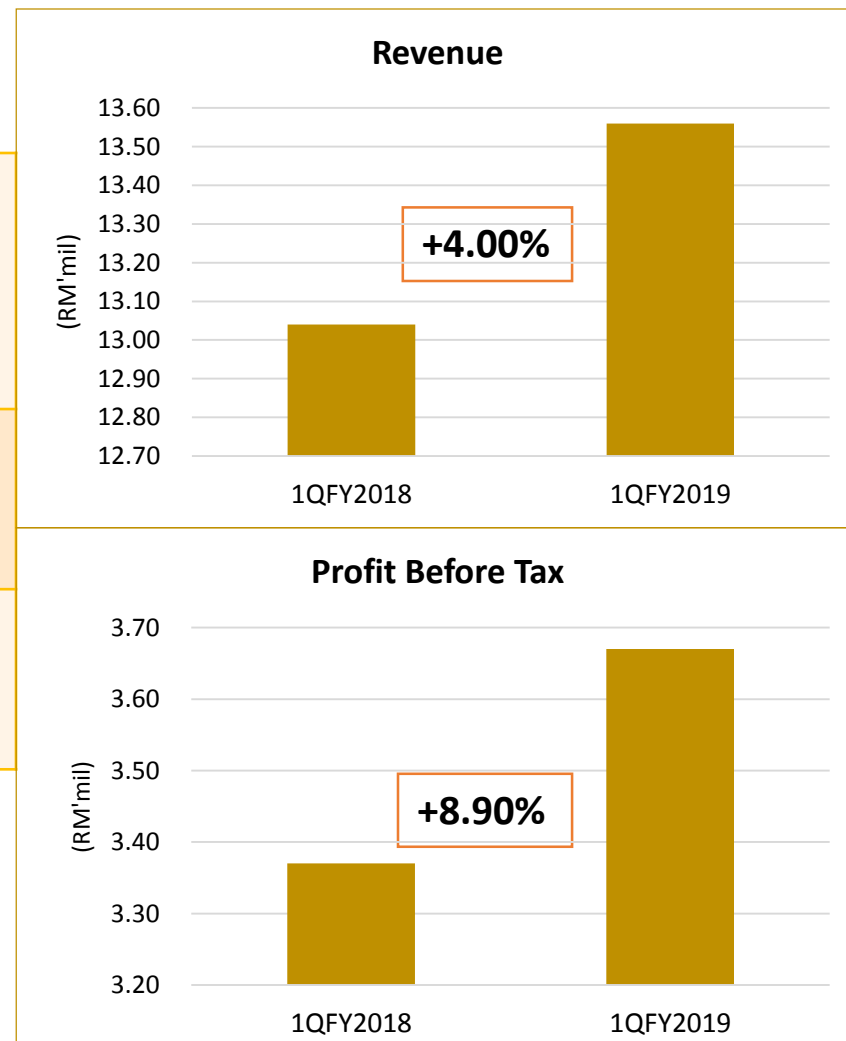
MLM

The division recorded lower revenue and pre-tax profit of RM 58.0 million and RM 10.6 million for the period under review as compared to the previous year's corresponding quarter of RM 102.4 million and RM 19.1 million respectively. Excluding the adjustment arising from MFRS, the revenue was RM 60.4 million. Higher sales in the previous year's corresponding quarter was mainly attributable to the overwhelming response ahead of the 25th anniversary grand sales promotion in last financial year and successful overseas incentive trip campaign to Gold Coast, Australia with over 500 distributors qualified for the trip.

- ✓ The slow-down of business activities post GE14 has impacted the performance of MLM division in the 1st quarter as members turned more cautious in their spending and slow down in members' recruitment rate.
- ✓ Furthermore, 6% rebate promotion on sales which was carried out in May 2018 prior to the abolishment of GST amounting to RM 1.2 million was absorbed by the division coupled with higher marketing and branding costs incurred on newly launched fashion and lifestyle products has further lowered the bottom line.

Wholesale

Wholesale Segment	1QFY2019 31 July 2018 (RM'mil)	1QFY2018 31 July 2017 (RM'mil)	Changes (%)
External Revenue	13.56	13.04	+4.00%
Profit Before Tax	3.67	3.37	+8.90%



Wholesale

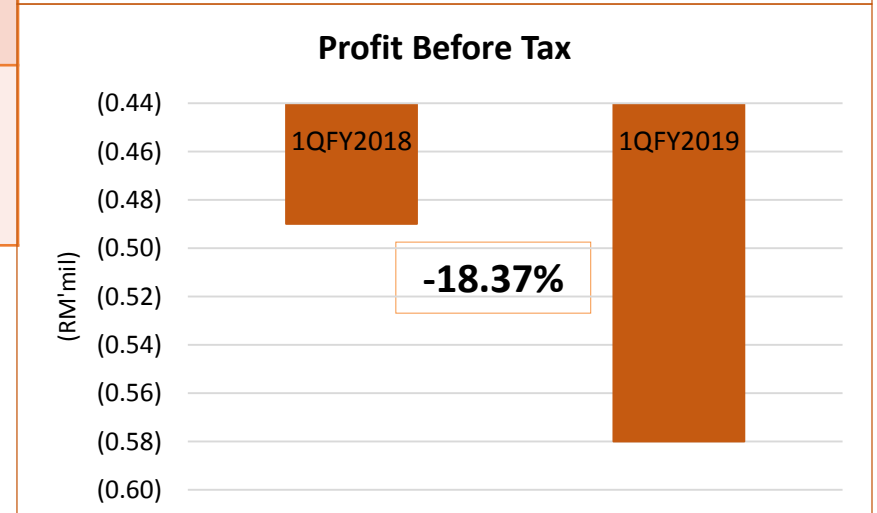
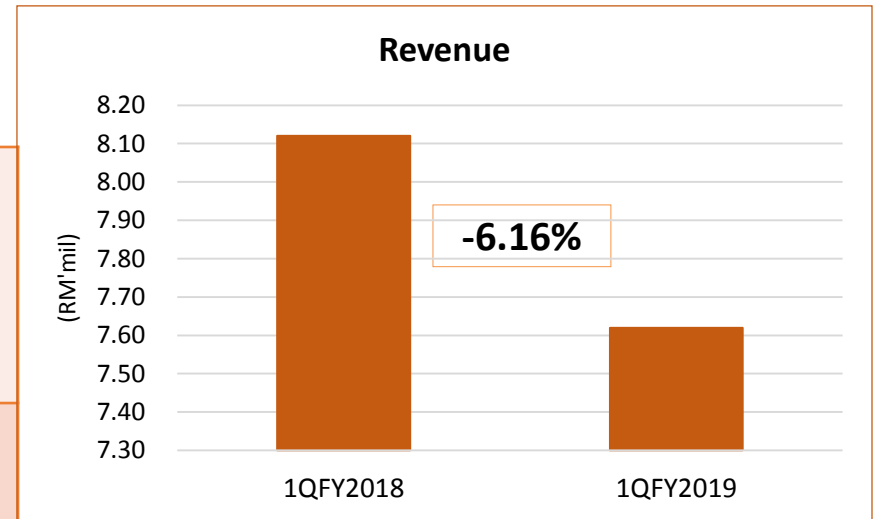
Revenue increased marginally by 4.0% to RM 13.6 million as compared to the preceding year's corresponding quarter of RM 13.0 million.

- ✓ The increase in revenue was mainly attributable to higher sales from premium patented medicine before the price revision by the overseas principal.

Despite higher CSR costs amounting to RM 1.3 million incurred and lower contribution from inter-segment sales, the pre-tax profit increased by 8.9% to RM 3.7 million due to higher margin achieved in the Wholesale division .

Retail

Retail Segment	1QFY2019 31 July 2018 (RM'mil)	1QFY2018 31 July 2017 (RM'mil)	Changes (%)
External Revenue	7.62	8.12	-6.16%
Profit Before Tax	-0.58	-0.49	-18.37%



Retail

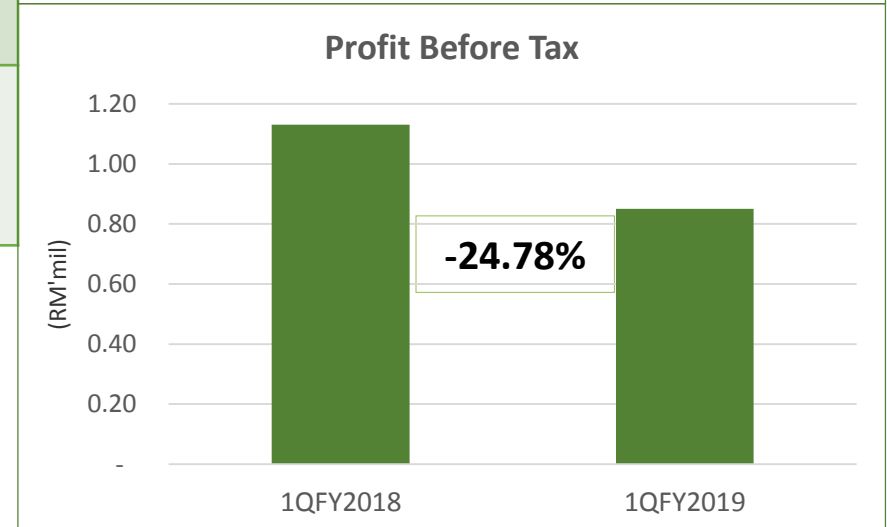
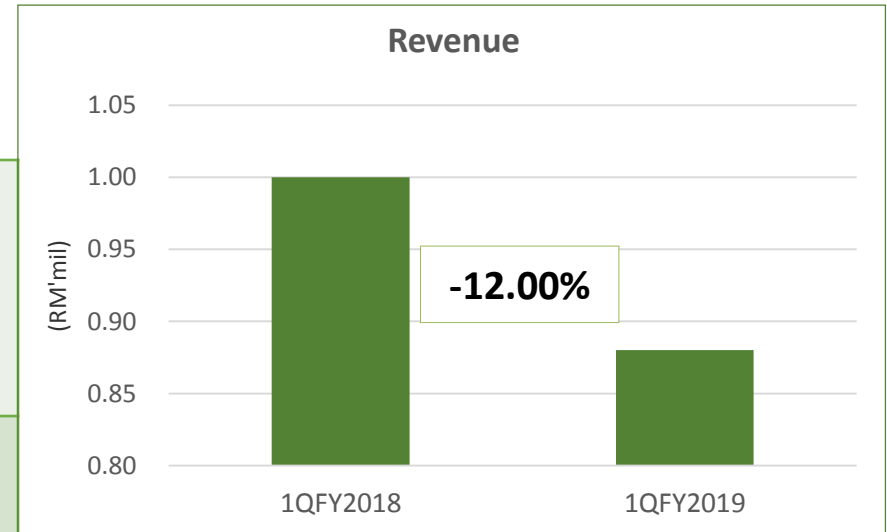
In the current quarter under review, the revenue decreased by 6.2% to RM 7.6 million as compared to the higher based in the preceding year's corresponding quarter of RM 8.1 million.

- ✓ There was an extensive sales promotion been carried out in the previous year's corresponding quarter on one of its premium house brand products which had contributed higher revenue and profit to the division.
- ✓ In addition, the impact of GE14 has caused the consumers turned more cautious in their spending and cut down spending on non-essential goods.

The division recorded a pre-tax loss of RM 0.6 million due to lower margin and revenue recorded in the 1st quarter especially on the house brand products.

“Others” segment

“Others” Segment	1QFY2019 31 July 2018 (RM'mil)	1QFY2018 31 July 2017 (RM'mil)	Changes (%)
External Revenue	0.88	1.00	-12.00%
Profit Before Tax	0.85	1.13	-24.78%



“Others” segment

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.

The manufacturing segment is mainly focus on the inter-segment’s OEM sales for MLM and Retail divisions with its total revenue maintained at about RM 1.0 million.

The pre-tax profit was marginally lowered from RM 1.1 million to RM 0.9 million due to lower inter-segment sales in the manufacturing division.



Thank You

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