



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



FY2018 Results At A Glance

Revenue

RM461.7 million

↑ +14.2%

Profit After Taxation

RM72.5 million

↑ +22.1%

Total Assets

RM396.0 million

↑ +8.7%

Net Assets

RM307.9 million

(attributable to equity holders of the parent)

↑ +8.1%

Dividend Per Share

20 sen full year

↑ +25.0%

Market Capitalisation

RM1.5 billion

(as at 30 April 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**

**Members
Expansion**

Cost Discipline

**Operational
Efficiency**



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

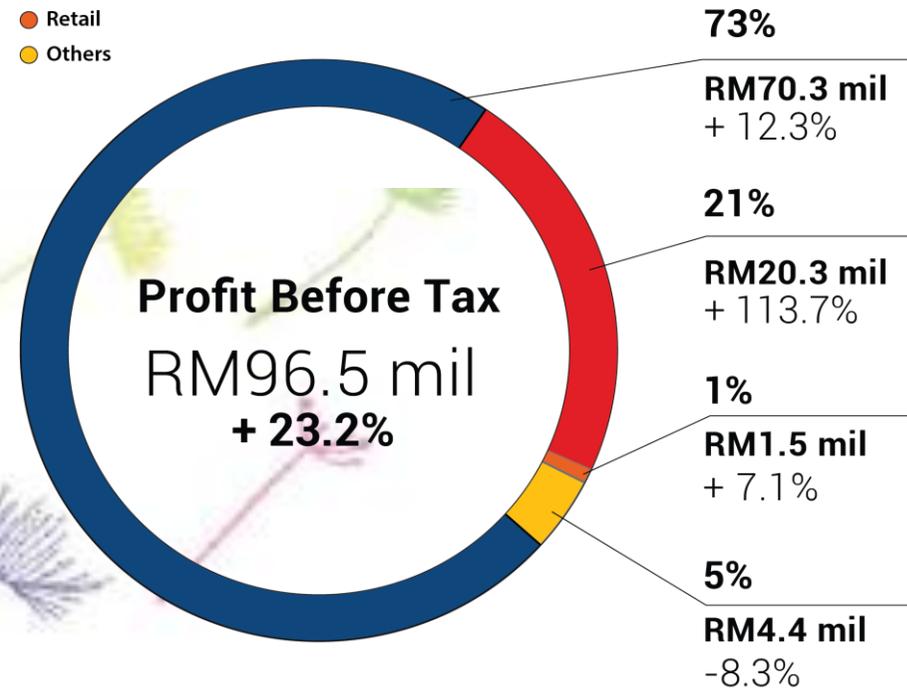
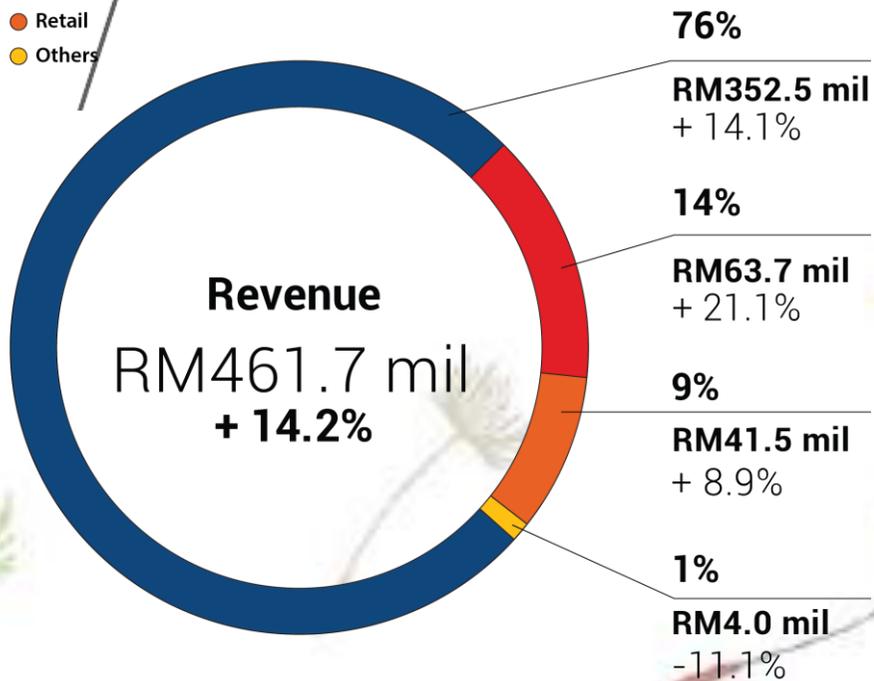
Manufacturing, credit & leasing, insurance agent, investment holding and property holding



Segment Contributions / Segment Performance

● MLM
● Wholesale
● Retail
● Others

● MLM
● Wholesale
● Retail
● Others



✓ **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 product 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

✓ **Growth in distributors**

✓ **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, skincare extension series and canned food products**

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