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Media Release

Duty Free International’s 2Q2018 net profit attributable to shareholders rises 1.6% to RM14.1 million

- Declares second interim dividend of 0.5 Singapore cents per share

Singapore, 11 October 2017 – SGX Mainboard listed Duty Free International Limited (“DFI” or the “Company”, and together with its subsidiaries, the “Group”), the largest multi-channel duty free and duty paid retail group in Malaysia with more than 40 retail outlets, today announced its financial results for its second quarter (“2Q2018”) and half year (“1H2018”) ended 31 August 2017.

Financial Results

FINANCIAL HIGHLIGHTS						
In RM million except otherwise stated	2Q2018	2Q2017	% Change	1H2018	1H2017	% Change
Revenue	148.3	157.0	(5.5%)	315.8	349.6	(9.7%)
Profit before income tax	21.5	21.4	0.7%	43.5	46.5	(6.4%)
Net Profit after income tax	15.6	15.4	1.0%	32.1	35.3	(8.9%)
Net Profit attributable to shareholders	14.1	13.8	1.6%	29.1	33.7	(13.6%)

When compared to the three months ended 31 August 2016 (“2Q2017”), revenue decreased by 5.5% to RM148.3 million. The revenue drop was affected by customers’ lower demand in certain products following the implementation of Goods and Services Tax at border outlets and duty free zones from 1 January 2017.

The Group recorded a profit before income tax of RM21.5 million for 2Q2018, compared to RM21.4 million for 2Q2017 and net profit attributable to shareholders saw a 1.6% increase to RM14.1 million in 2Q2018 (2Q2017: RM13.8 million). For 2Q2018, the Group has declared a second interim dividend of 0.5 Singapore cents per share.

For 1H2018, the Group reported a RM3.0 million or 6.4% decrease in profit before income tax to RM43.5 million, which was mainly due to a decrease in revenue of 9.7% to RM315.8 million and net loss in foreign exchange of RM5.7 million. This was partially offset by lower financial expenses, lower transportation costs and a recognition of gain from changes in fair value of the call option amounting to RM7.5 million for the period under review.

Financial Position and Cashflow Highlights

The Group’s inventories decreased from RM200.0 million in the financial year ended 28 February 2017 to RM149.1 million in 2Q2018. The reduction in inventories is in line with the Group’s aim in improving the overall efficiencies of the working capital requirement of the Group.

The Group’s operating cash flow remained stable at RM36.0 million in 2Q2018 compared to RM35.8 million in 2Q2017. Net cash used in financing activities for 2Q2018 was RM22.9 million, mainly due to the dividend payout of RM13.6 million. Overall cash and cash equivalents of the Group increased and ended the period with RM270.4 million as at 31 August 2017, compared to RM198.6 million in the corresponding quarter ended 31 August 2016.

Business Outlook

The Group's operating environment continues to be a challenge with a competitive business environment and a volatile US Dollar - Malaysian Ringgit exchange rate. However, the Group will continue its efforts in identifying new market opportunities while keeping focused on its core business and broadening its customer base and products. Maintaining operational efficiency and cost control strategies will also help the Group to remain competitive and profitable for the remaining quarters of the financial year ending 28 February 2018.

End

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Duty Free International Ltd. and DFZ Capital Sdn. Bhd (formerly known as DFZ Capital Berhad)

DFZ Capital Sdn. Bhd., a group subsidiary of DFI with an operating history of more than 38 years, is the largest multi-channel duty free and duty paid retailing group in Malaysia. The Company through its "the ZON" brand of retail shops serves both Malaysian and international customers across all major entry and exit points in Peninsular Malaysia including operations at international and domestic airports, duty free zone, seaports, border towns, duty free islands and other tourist destinations.

For more information, please visit <http://dfi.com.sg>

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