

## Immediate Release

# Duty Free International Announces FY2020 Performance

- Remains profitable for FY2020 with positive net cash generated from operations of RM40.3 million
- Ample liquidity to weather through COVID-19 challenges with robust cash and cash equivalents of RM325.2 million as at end of FY2020
- Streamlining of resource allocation and the resilient balance sheet will enable the company to remain viable amidst the challenging economic environment

SINGAPORE, 24 June 2020 – SGX Mainboard listed Duty Free International Limited (SGX: 5SO) (“DFI”, the “Company”, or collectively with its subsidiaries, the “Group”), the largest multi-channel duty free and duty paid retail group with strategic locations across Peninsular Malaysia, today announced its financial results for its fourth quarter (“4Q2020”) and full year (“FY2020”) ended 29 February 2020.

## Financial Highlights

<i>RM (Million)</i>	4Q2020	4Q2019	Change %	FY2020	FY2019	Change %
<b>Revenue</b>	169.7	167.5	1.3%	617.2	556.3	10.9%
<b>(Loss) / Profit Before Income Tax</b>	(8.0)	15.6	-151.5%	24.0	67.5	-64.4%
<b>Net (Loss) / Profit</b>	(11.6)	11.9	-197.6%	11.1	52.6	-78.9%
<b>Net (Loss) / Profit Attributable to Shareholders</b>	(9.1)	10.0	-191.6%	10.9	46.5	-76.6%

Revenue increased 10.9% year-on-year mainly due to contribution from Brand Connect Group and an increase in revenue from the trading of duty-free goods and non-dutiable merchandise. The Group registered a profit before income tax of RM24.0 million for the year, which decreased year-on-year mainly due to the recognition of one-off non-cash expenses of impairment of goodwill (RM11.5 million), impairment of property, plant and equipment and right of use assets (RM3.7 million). The lower profit was also due to impairment loss on receivables (RM2.2 million), a write down of inventories and a lower net gain in foreign currency. This was partially offset by a decrease in donations of RM 2.0 million as compared to the prior year.

Consequently, the Group posted a net profit of RM11.1 million and net profit attributable to shareholders of RM10.9 million in FY2020.

### **Balance Sheet and Cash Flow Highlights**

The Group's total equity stood at RM557.4 million as at 29 February 2020. During FY2020, the Group generated strong positive operating cashflow of RM40.3 million. Net cash generated from investing activities was RM38.3 million, mainly due to proceeds from the investment in the medium-term note. Net cash used in financing activities for FY2020 of RM54.2 million was primarily attributable to dividends paid to shareholders.

A Capital Reduction and Cash Distribution amounting to approximately RM128.9 million was made to the Shareholders on 13 May 2020. After the Cash Distribution, the cash and cash equivalents remained robust at RM196.3 million; this allows the Group to weather through the challenging operating environment.

### **Business Outlook: The Impact of COVID-19**

The Group's business operations have been adversely impacted by the unprecedented Covid-19 pandemic following the imposition of the Movement Control Order ("MCO") by the Malaysian Government. Even with the gradual easing from Conditional Movement Control Order ("CMCO") to Recovery Movement Control Order ("RMCO"), certain restrictions are still being imposed by authorities such as closure of international borders, overseas travel restrictions and compliance to the Standard Operating Procedures ("SOPs") and these actions

have impeded the Group's business operations significantly. Similarly, the Group's operations in Singapore have also been impacted with similar restrictions imposed by the Government.

To mitigate the adverse financial impact in the next twelve months, the Group carried out cost cutting measures on the Group's operating overheads and fixed costs such as, reduction of casual labours, leave clearance, deferral of all discretionary expenses and non-critical capital expenditures, reduction in human resource costs and closure of non-profitable outlets before the end of the second quarter of FY2021.

The outlook for coming financial year is expected to be very challenging and highly uncertain due to the global economic crisis, travel restrictions, consumers' cautious spending and more importantly, the unpredictable duration of the global Covid-19 pandemic with no clear indication when the duty free industry will be able to recover from it.

#### **Update on Bills of demand by Royal Malaysian Customs of Perak Darul Ridzuan**

On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand dated 14 November 2017 from the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs"), demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") all totalling RM41.6 million. The said Bills of demand were raised by the Customs Department who alleged that SMSB did not comply with certain conditions of a duty-free shop located at the border.

On 29 June 2018, the decision of the High Court was not to grant an application for judicial review to SMSB. SMSB then filed an appeal to the Court of Appeal against the High Court's decision and also filed a formal application to stay the effect and enforcement of the bills of demand raised on SMSB for import and excise duties. On 28 August 2018, the High Court granted interim stay pending the disposal of the stay application.

On 18 June 2020, the Court of Appeal unanimously ruled in favour of SMSB's appeal against the decision of the High Court and quashed the bills of demand issued by Customs for customs duties and excise duties dated 14 November 2017, amounting to RM15.4 million and RM23.6 million respectively.



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Customs has 30 days from 18 June 2020 to appeal against the Court of Appeal's decision to the Federal Court. The Company will make further announcement(s) if there is any material update on the above said matter.

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### **About Duty Free International Ltd. and DFZ Capital Sdn Bhd**

DFZ Capital Sdn Bhd, a group subsidiary of DFI with an operating history of more than 40 years, is the largest multi-channel duty free and duty paid retailing group in Malaysia. The Company through its "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 zones, seaports, border towns, duty free islands and other tourist destinations. For more information, please visit <https://www.dfi.com.sg>.

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