

## Immediate Release

# Duty Free International Announces First Quarter Results

- Strong fundamentals to weather headwinds with healthy balance sheet and cash and cash equivalents at RM195.4 million
- The Group has undertaken various initiatives to conserve cash and reduce operating costs, focus on strategic planning to navigate through this unprecedented macroeconomic uncertainty

**SINGAPORE, 15 July 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 in Malaysia with strategic locations across Peninsular Malaysia, today announced its financial results for its first quarter (“1Q2021”) ended 31 May 2020.**

## Financial Highlights

<i>RM ('Million)</i>	<b>1Q2021</b>	<b>1Q2020</b>	<b>Change %</b>
<b>Revenue</b>	43.2	135.6	-68.1%
<b>(Loss)/Profit Before Income Tax</b>	(6.8)	12.2	> -100.0%
<b>Net (Loss)/Profit</b>	(7.2)	7.8	> -100.0%
<b>Net (Loss)/Profit Attributable to Shareholders</b>	(5.2)	7.2	> -100.0%

The Group’s operations have been affected by the COVID-19 outbreak as countries imposed travel restrictions and safe distancing measures to contain the spread of the virus. Malaysia Government implemented Movement Control Order (“MCO”) effective 18 March 2020 to contain the outbreak of COVID-19 in Malaysia and this resulted in temporary closure of the Group’s retail outlets. The MCO was followed by the Conditional Movement Control Order

(“CMCO”) which took effect from 4 May 2020, allowing only certain outlets to operate under strict operating procedures imposed by the government. Consequently, 1Q2021 revenue declined 68.1% to RM43.2 million as compared to 1Q2020.

In order to conserve the Group’s cash position and reduce operating costs, DFI has undertaken several cost rationalisation initiatives since 1 April 2020, including reduction in manpower costs. As a result, employee benefits expenses decreased by 34.6% to RM6.5 million during the quarter. All other operating expenses has also decreased significantly following the temporary closure of the Group’s retail outlets during the MCO and CMCO periods.

Nonetheless, the decline in sales had caused a significant reduction in gross profit contributions, which were insufficient to offset the fixed costs, such as rental expenses and payroll related expenses of the Group. The Group recorded a loss of RM 7.2 million and net loss attributable to shareholders of RM 5.2 million for 1Q2021.

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

The Group’s total equity stood at RM422.8 million as of 31 May 2020. Despite the challenging quarter, the Group’s net cashflow generated from operating activities was RM2.4 million. Net cash generated from investing activities was RM1.9 million, principally due to interest received. Net cash used in financing activities for 1Q2021 of RM139.5 million was mainly due to the capital repayment of RM128.9 million, and the repayment of short-term borrowings amounting to RM10.1 million.

The cash and cash equivalents remained robust at RM195.4 million at the end of the financial quarter, as the Group continues to maintain ample liquidity to weather through the challenging operating environment.

### **DFI to Weather Headwinds on Strong Foundation**

The outlook of the local economy remains uncertain and challenging in the near term due to the global outbreak of COVID-19 pandemic. Even with the gradual easing from CMCO to Recovery Movement Control Order (“RMCO”) since 10 June 2020, certain restrictions are still imposed by local authorities such as the closure of the international borders, overseas travel

restrictions and compliance to the Standard Operating Procedures (“SOPs”), which have impeded the Group’s business operations significantly. The Group’s retail outlets at the Malaysia-Thai border and airport outlets remained closed as of the date of this announcement.

DFI continues to work on reducing its operating overheads and fixed costs such as the downsizing of manpower, closure of non-profitable outlets and deferral of all discretionary expenses and non-critical expenditures, while also ensuring the COVID-19 precautions are being complied throughout the Group. With a strong foundation and a healthy balance sheet and positive net cash position, the Group intends to continue to invest in various initiatives and programmes for strategic growth so as to ensure business recovery and sustainability.

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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>

#### **Investor Relations and Media Contact:**

Ms Emily Choo

Mobile: +65 9734 6565

Email: [emily@gem-comm.com](mailto:emily@gem-comm.com)