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## TRADING UPDATES 3M-Jun2021

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“The Group posted encouraging growth in 3M-Jun2021 driven by strength in property sales during the quarter, despite an overall challenging operational environment in Myanmar. In recent weeks, Myanmar has experienced a resurgence of COVID-19 infections, which has severely impacted economic activities and our operations. We will continue to prioritise the well-being of our employees, and our staff are expected to be fully vaccinated in the coming months to combat the pandemic.

The Group's stringent financial management measures implemented since February, in particular the cost efficiencies realised, will continue to help buffer the expected slowdown. We have proactively managed our balance sheet by paying down debt and engaging with lenders to extend key principal and interest payment schedules, and will continue to take actions on collections and will explore selective asset sales in the future.”

Melvyn Pun, CEO

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### Revenue Breakdown

<b>US\$(Million)</b>	<b>3M-Jun2020</b>	<b>3M-Jun2021</b>	<b>YoY% change</b>
Yoma Land	6.8	8.9	30.9%
<i>Real Estate Development</i>	4.8	7.0	45.8%
<i>Real Estate Services</i>	2.0	1.9	(5.0%)
Yoma Financial Services	1.9	1.7	(10.5%)
Yoma F&B	4.7	4.4	(6.4%)
Yoma Motors	5.6	4.3	(23.2%)
Investment and Corporate	0.2	0.3	50.0%
<b>Group Revenue</b>	<b>19.2</b>	<b>19.6</b>	<b>2.1%</b>

### Core Segment Commentary

#### Yoma Land

- The strong growth in revenue from Real Estate Development in 3M-June 2021 was driven by the start of construction of Star Villas at StarCity since the beginning of the current financial year and new land sales at Pun Hlaing Estate. In addition, the Group continued to see healthy conversion rates of bookings to sales at both Star Villas and City Loft @ StarCity.

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- Construction activities resumed at both StarCity and Pun Hlaing Estate which contributed to percentage of completion revenue recognition at both estates.
- Buyers who are increasingly looking to store their wealth in real estate are attracted by the amenities and security provided by StarCity and Pun Hlaing Estate.
- Future revenue of US\$19 million for the sold units at StarCity and Pun Hlaing Estate is expected to be realised as construction progresses:
  - City Loft @ StarCity: As at 30 June 2021, 931 units were launched for sale, of which 762 units were booked and sold.
  - Star Villas: As at 30 June 2021, 31 units of the 32 launched units were booked and sold.
- Despite the temporary construction halt at Yoma Central, Peninsula Residences Yangon sold 1 unit. As at 30 June 2021, 21 units of the 30 launched units were booked and sold.
- Additional estate management and utilities fees from the enlarged resident population at StarCity have partially offset the absence of rental from The Campus which has been reclassified to the Corporate & Investments segment since the start of the current financial year.
- Occupancy at Pun Hlaing Estate was slightly lower year-on-year due to the declining number of expatriate residents, which was partially offset by the growing number of local families moving into the estate who are attracted by the lower rental rates and the amenities and security provided by the estate.

## **Yoma Financial Services**

### **Yoma Fleet**

- As at 30 June 2021, the fleet size stood at 1,365 vehicles with third-party assets under management of US\$42.7 million.
- While Yoma Fleet continues to see healthy interest for its finance lease products, growth is likely to be curtailed in the near-term until additional funding lines can be secured from banks.
- It will continue to maintain strong focus on collections and improve fleet efficiency via monetization of underutilised fleet. It is also expected to reduce leverage in the near term through operating cashflow to reduce finance expense.

### **Wave Money**

- While overall revenue and transaction volumes have been affected by the broader slowdown in economic activity and the availability of cash in the over-the-counter business, EBITDA remained positive supported by stringent cost control measures.
- Digital transaction volumes and monthly active users have started to recover following the reinstatement of the Wave Pay mobile app on 4G networks from 3 May 2021 and recorded month-on-month double-digit growth rates in May. As at 31 July 2021, digital monthly active users (MAUs) stood at 1.0 million.

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## **Yoma F&B**

- Following the resumption of services by the delivery aggregators on 6 May 2021, Yoma F&B has witnessed strong month-on-month recovery. The KFC business recorded double-digit year-on-year same-store-sales growth in June.
- Continued improvement in operational efficiency, including right sizing the restaurants platform where around 25% of restaurants<sup>1</sup> will be closed permanently or temporarily if they can no longer be operated profitably.
- Streamlining the focus on two main brands (KFC and YKKO) with Little Sheep Hot Pot being closed from 1 July 2021 and Auntie Anne's™ ceasing operations by the end of August.
- Revenue from logistics and distribution improved year-on-year due to the implementation of more efficient cross-dock transportation solutions and an expansion in transportation capacity using third party trucks.

## **Yoma Motors**

### *Heavy Equipment*

- As the availability of credit from local banks is still limited, the New Holland business has commenced offering in-house financing solutions where customers are required to make an upfront cash down payment and payment terms of up to 2 years.
- 86 tractors and 5 JCB machines were sold in the quarter (vs. 124 tractors and 11 JCB machines in 3M-Jun2020).

### *Automotive*

- The registration offices for motor vehicles and dealer showrooms were mostly closed during April. In addition, credit processing from local banks remains limited.
- The Group sold 16 Volkswagen vehicles (vs. 16 in 3M-Jun2020) and 18 Ducati motorbikes (vs. 22 in 3M-Jun2020).
- Mitsubishi Motors also sold 263 vehicles (vs. 184 vehicles in 3M-Jun2020) boosted by the popular Xpander model.
- The Bridgestone tyres business ceased operations at the end of July as the business can no longer operate competitively in the Myanmar market due to a price hike in Bridgestone tyres. Yoma Strategic has a 30% interest in the Bridgestone tyres business.

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<sup>1</sup> On 17 May 2021, the Group announced that Yoma F&B will look to permanently or temporarily close up to a third of its restaurants if they can no longer be operated profitably. Following a more in-depth assessment, the number has been revised downwards to around 25% based on a total of 91 restaurants as at 31 March 2021.

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### Myanmar Updates

- With the third wave of COVID-19, economic activities within Myanmar are expected to be severely disrupted in the coming months. Public holidays have been declared from 17 July 2021 to 15 August 2021 and stay-at-home orders have been implemented in 86 townships in 10 regions and states to prevent the spread of COVID-19. Only healthcare facilities, banks and shops selling basic essentials, medicines and medical supplies are allowed to remain operational, while F&B establishments can only open for takeaway and/or delivery. These measures are expected to have a severe impact on the Group's businesses in particular, the F&B and Motor businesses.
- The Group's priority remains with the health and wellbeing of its employees and customers and has deployed significant efforts to initiate a vaccination programme for its employees and their families, as well as customers and the general public.
- In addition, while essential services, including banking operations have resumed since the end of April, economic activities continue to be constrained by the short supply of cash, the limited access to banking services and the limited availability of credit.
- On 23 July 2021, the World Bank revised its forecast for Myanmar's economy to contract by 18% this year as the slower economic environment is expected to be further impacted by the rapidly rising third wave of COVID-19 cases<sup>2</sup>.

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### Singapore Corporate Governance and Transparency Index 2021

- Yoma Strategic was ranked 15th out of 519 Singapore listed companies in the Singapore Corporate Governance and Transparency Index 2021. This marks a significant improvement on last year's 24th place ranking.

Dated 11 August 2021

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<sup>2</sup> Myanmar Economic Monitor July 2021 from World Bank.

## Cautionary Statement

Statements made in this Trading Update may contain some forward-looking statements that express management's beliefs, expectations or estimates regarding future occurrences and prospects. These statements are not undertakings as to the future performance of the Company. Although the Company considers that such statements are based on reasonable expectations and assumptions on the date of release of this Trading Update, they are subject to various risks and uncertainties, including changes and volatility in political, economic or industry conditions, slowdowns or global outbreaks of pandemics or contagious diseases or fear of such outbreaks, which could cause actual performance to differ from those indicated or implied in such statements and/or could change over time. The Company does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.

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## About Yoma Strategic Holdings Ltd. ([www.yomastrategic.com](http://www.yomastrategic.com))

Listed on the Main Board of the Singapore Securities Exchange Trading Limited (SGX-ST), Yoma Strategic Holdings Ltd. is a leading business corporation with a diversified portfolio of businesses in Real Estate, Consumer, Automotive & Heavy Equipment, Financial Services and Investments in Myanmar. Together with its partner, the SPA Group, the Group is taking a conglomerate approach to build a diversified portfolio of businesses in Myanmar. The Company was ranked in the top 5% of the Governance and Transparency Index 2021, ranked 26th out of top 100 largest Singapore companies in the ASEAN Corporate Governance Scorecard 2017 and won the Best Managed Board (Gold) Award at the Singapore Corporate Awards in 2016.

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