

Building A Fair Society

4th QUARTER 2018 PERFORMANCE

21st FEBRUARY 2019



Agenda

- **Business Review**
- **Q4 2018 Financial Performance**

Business Review

Business highlights

Total illegal cigarette volume

63%

Full year stagnant

Q4'18: 64%

Q3'18: 63%

Total legal industry volume

-3.5%

-1.0% vs Q3'18

Q4'18: 590mns

Q3'18: 596mns

Revenue

-3.2%

+4.8% vs Q3'18

Q4'18: RM771 mil

Q3'18: RM736 mil

Profit from operations

-2.2%

-15.5% vs Q3'18

Q4'18: RM162 mil

Q3'18: RM192 mil

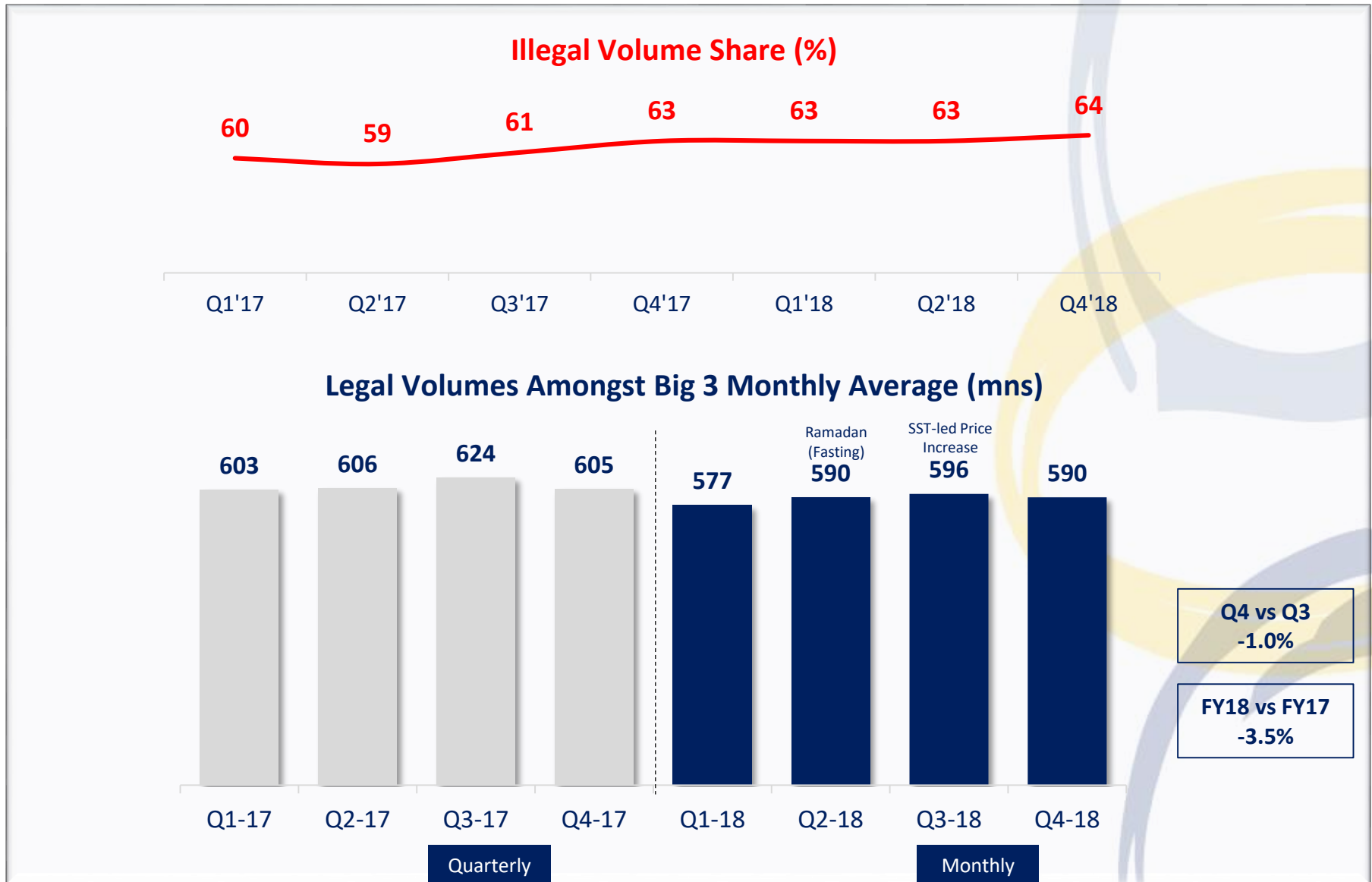
Inventories optimization

+RM75mil

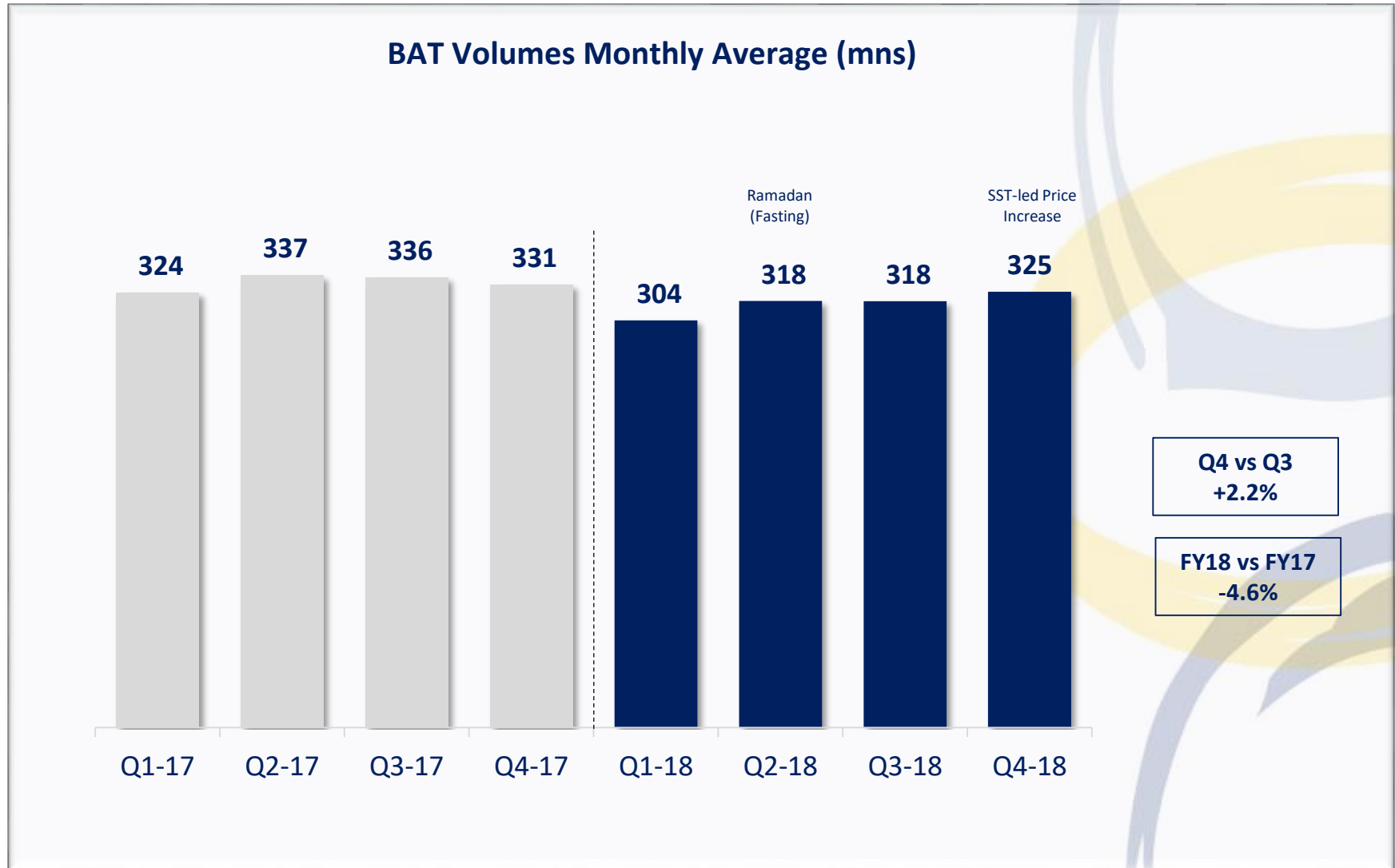
2018 : RM162 mil

2017 : RM237 mil

Market remained stable despite SST impact



Slight recovery in Q4 driven by price speculation



Illegal trade remains big but Government measures gradually heading in right direction



Budget 2019

RMC to step up enforcement, hope to recover at least RM1 billion



LAWS OF MALAYSIA

Act A1580

CUSTOMS (AMENDMENT) (NO. 2) ACT 2018

Minimum 100k fine under amended Customs Act

More than 25 cases in court since 2 Jan 2019

More than 12 people imposed RM100k or jail in default



Awareness drive

RMC drove awareness campaign nationwide

Smoking ban effective 1st Jan 2019

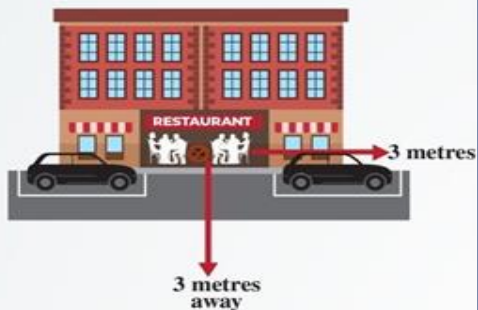
Regulation

- Smoking is banned in ALL eateries
- No smoking within 3 meters from any eating premises

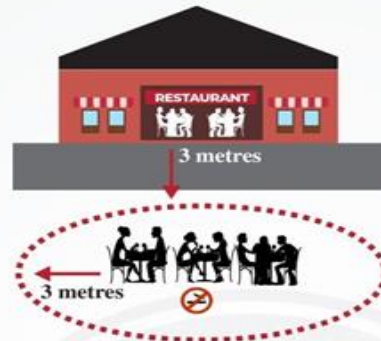
Impact on business

- Initial signs indicates minimal impact ~2%
- Consumer behaviour likely to adjust

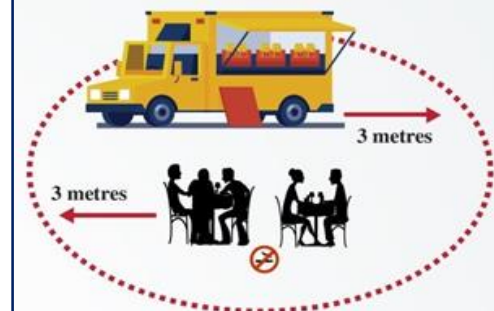
SHOPHOUSES



OPEN-AIR EATERIES



FOOD TRUCK





Financial highlights



Q4 Financial performance

	FY 2018 vs SPLY	Q4'2018 vs Q4'17
REVENUE	-3.2%	+12.5%
OPERATING EXPENSES	-4.5%	-21.8%
PROFIT FROM OPERATIONS	-2.2%	+54.2%
WORKING CAPITAL	RM75mil	

Q4 Financial performance

	FY 2018 vs SPLY	Q4'2018 vs Q4'17
REVENUE	-3.2%	+12.5%
OPERATING EXPENSES	-4.5%	-21.8%
PROFIT FROM OPERATIONS	-2.2%	+54.2%
WORKING CAPITAL	RM75mil	

Q4 underlying improving excluding one-offs

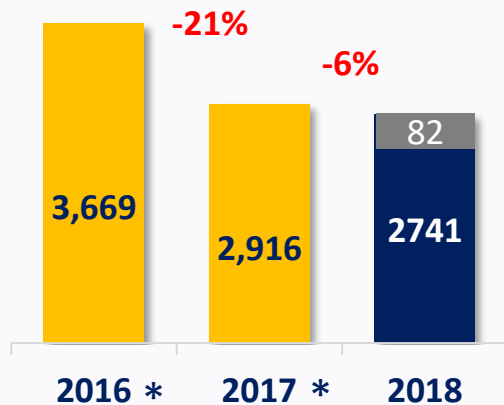
	Q4'2018 vs Q4'17	ONE-OFF	Adjusted
REVENUE	+12.5%	Due to GST removal	+6%
OPERATING EXPENSES	-21.8%	Provision for impairment of prepaid excise duties	FLAT
PROFIT FROM OPERATIONS	+54.2%	2017 provision for impairment of prepaid excise duties	+30%

Revenue and profit from operations stabilizing

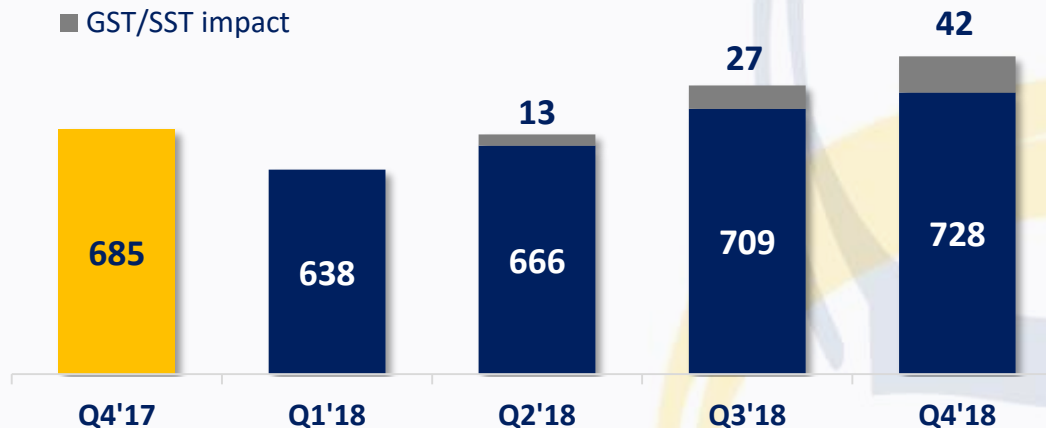
* Restated due to MFRS15

Revenue

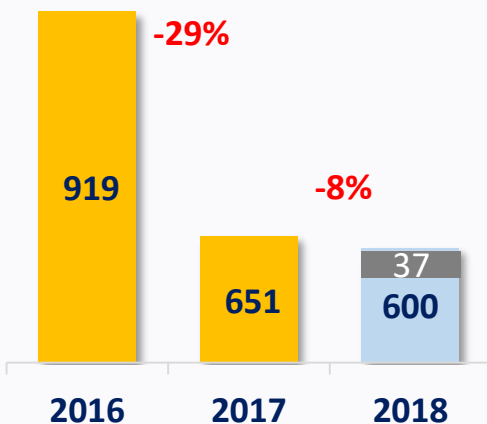
RM'000



■ GST/SST impact

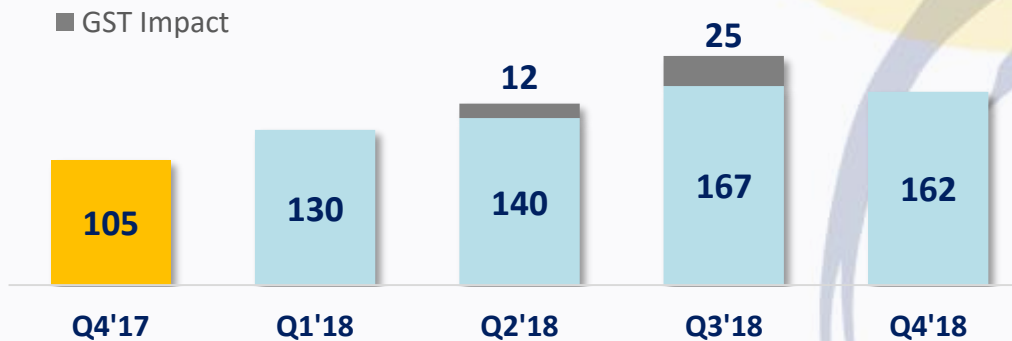


RM'000



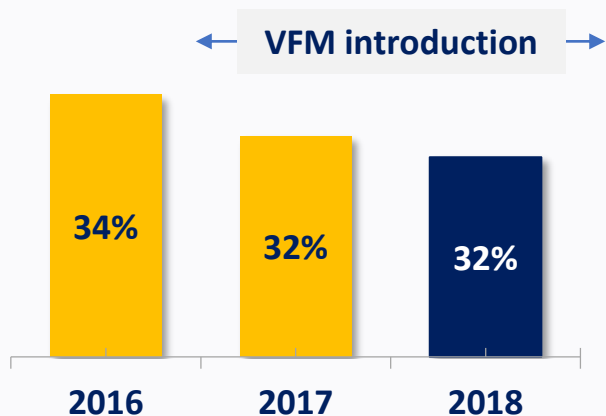
Profits from operations

■ GST Impact



Improving fundamentals in Income Statements

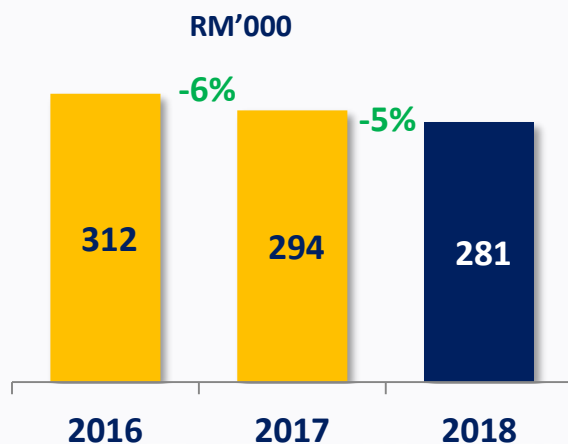
Stabilized gross profit margin



Key initiatives:

- Full year new business operating model
- Productivity efficiencies
- Pricing partially offset with VFM launch

Continue to optimize cost base whilst funding strategic investment



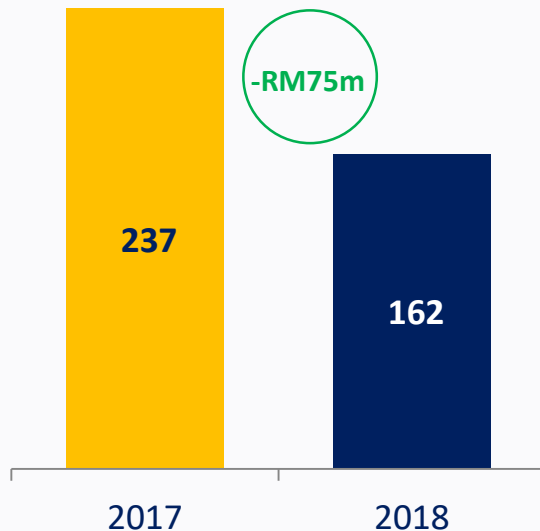
Strategic investment

- Investment for strategic growth
- Support VFM introduction

Improving fundamentals in Balance sheet

Working capital optimization leveraging new business model

Inventories
(RM million)



Inventories initiatives:

- Optimal stock level at warehouse
- Improvement in transit days

Dividend payout and share performance

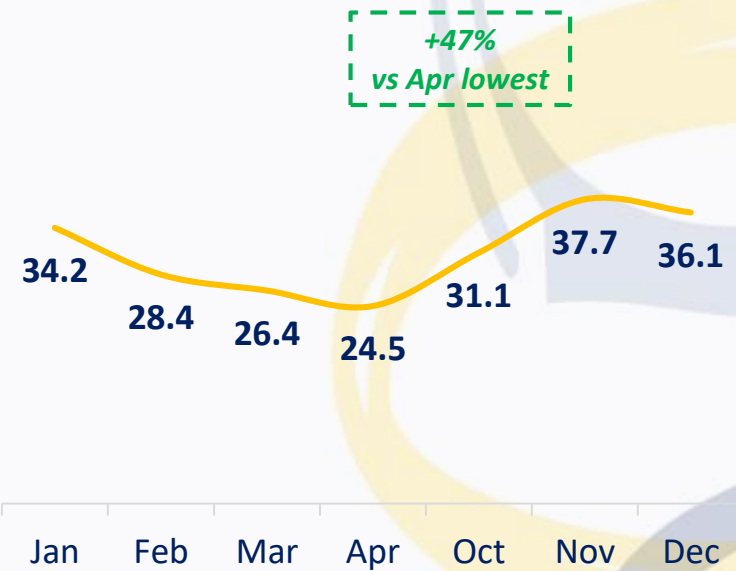
Dividend > 90% payout

RM 1.55



Dividend yield 4.3%

Stable share performance



Foundation set for 2019



2018 HAD SHOWED SIGNS OF STABILIZATION



GOOD Q4 2018 PERFORMANCE



Q1 2019 LIKELY TO BE INFLUENCED BY PRICING AND PUBLIC PLACE SMOKING BAN



2019 OUTLOOK REMAINED CHALLENGING WITH HIGH INCIDENCE OF ILLEGAL CIGARETTE TRADE

THANK YOU