

# Yoma Strategic Holdings Ltd

Capitalising on the new challenges

SINGAPORE | REAL ESTATE | VISIT NOTE

- We visited Yoma's impressive office campus at Pun Hlang Estate in Yangon, which housed major business units such as Yoma Land, Wave Money and Yoma Fleet. The malls we visited had the usual traffic jams in the city centre. We also saw new infrastructure underway that will improve connectivity to their flagship StarCity project.
- Preparation for the preliminary works on-site in the iconic Yoma Central project in the heart of Yangon is commencing after its suspension in 2021. The project's residential tower will be relaunched this year.
- Operating challenges in the current environment include the long delivery time to import building materials, constant power disruptions, rising inflation, and availability of foreign currency. These challenges also meant opportunities. Demand for real estate for projects such as Yoma Land with quality materials and reliable power supply jumped as households hedged rising inflation and depreciating local currency. Yoma continues to capitalise on the demand for affordable housing. Another trend is the fast adoption of digital finance, supported by the central bank.

## Company Background

Listed on the SGX since 2006, Yoma is a leading conglomerate in Myanmar, with businesses spanning real estate, mobile financial services, leasing, F&B, automotive & heavy equipment and investments. In November 2019, Ayala Corporation acquired a 14.9% stake in Yoma at S\$0.45 per share, valuing the company at S\$1,055mn. In December 2022, Yoma, together with a consortium of investors, completed the acquisition of Telenor's 51% interest in Wave Money, raising Yoma's effective stake in Wave Money to 65%. In terms of EBITDA in 1H24, the key divisions are real estate (67%), wave money (18%) and food and beverage (13%).

## VISIT HIGHLIGHTS

### Day 1 - 8Jan24: Pun Hlaing (North of Yangon) / Wave Money / City Loft West

- **Pun Hlaing**  
This is a 650-acre estate with a focus on low to mid-density luxury homes and an 18-hole golf course. We visited the Yoma campus (Figure 3), which houses key divisions such as Wave Money and Yoma Land (Figure 4). The site houses about 800 employees. The homes we visited in the area were semi-detached and luxury bungalows (Figure 5). The new launch was Lotus Hills, with selling prices of around S\$800,000+.
- **Wave Money**  
There are largely two major sources of revenue:
  - 1) **OTC:** Around 70% of the revenue is from over-the-counter (OTC) money transfers, and the balance is 30% from digital transactions. OTC is currently more lucrative due to the commission structure, which is shared with the merchant. The demand for OTC is due to the low penetration of banking in the country. Only 20-30% of the population has a banking account. Furthermore, 60% of the population live more than one hour from a bank branch. Wave Money is the leader in OTC and relies on its 55,000+ agent network, 60% of which are in rural areas.
  - 2) **Digital:** The growth in the business is now in the digital business. P2P wallet transfers by customers incur no fees. Revenue is generated from the float in the digital wallet and merchant fees. Other opportunities will come from lending, which will utilize payment data to credit score potential customers. The central bank is introducing a universal QR payment code whereby any of the current 16 payment wallets can be used to settle with the merchant. The differentiator for Wave Money is the customer can access cash with



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07 March 2024

**Not Rated**

LAST CLOSE PRICE SGD 0.046

#### COMPANY DATA

BLOOMBERG CODE:	YOMA SP Equity
O/S SHARES (MN):	2,244
MARKET CAP (USD mn / SGD mn):	77 / 103
52 - WK HI/LO (SGD):	0.11 / 0.04
3M Average Daily T/O (mn):	5.59

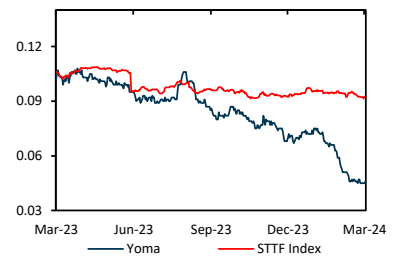
#### MAJOR SHAREHOLDERS

Pun Serge	28.1%
Ayala Fernando M Zobel De	14.8%

#### PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	(19.6)	(35.7)	(55.9)
STTF RETURN	(0.8)	1.3	0.7

#### PRICE VS. STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Mar(US mn)	FY19	FY20**	FY21	FY23*
Revenue	100.7	144.2	87.3	160.2
Gross Profit	47.3	48.3	29.1	130.1
EBIT	44.0	(119.1)	(12.8)	(76.7)
PAT	42.2	(123.4)	(15.7)	(81.3)
P/NAV (x)	0.1	0.1	0.2	0.2
P/E (x)	1.9	1.9	(3.8)	(1.4)
ROE	6.2%	-20.5%	-3.6%	-12.0%

Source: Company, PSR

\*FY23 is 18 months, year-end changed to Mar from Sep.

\*\* FY20 is 18 Months till Sep20.

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agents, especially in rural areas. KPay and WavePay have a combined market share of more than 90%.

During the pandemic, the adoption of digital wallets spiked. However, during the coup, there was a 2-3 month period when the 4G network was shut down, thus negatively impacting the operations in 2021. However, operations have since recovered.

- **City Loft West**

Launched in mid-2023, this project has been a success, with 70% of the launched units sold within the first week. Of the two towers launched, 461 of the 494 units have been sold and booked as of 31 December 2023 (Figure 9). A third tower will be launched early this year. Each tower houses around 250 units. Key selling points of the project are the affordability and riverside living along the Hlaing River (Figure 10). The average selling price is MMK380,000 per sft (or S\$60k per unit). Financing is available from multiple banks, including Yoma Bank. Units are sold off plans, and 30% is paid to the developer within one month of launch. Construction starts when 60-70% of units within a tower are sold. Yoma projects are known for their quality and imported materials (Figure 11).

## Day 2 - 9Jan24: KFC (Junction City Mall) / Yoma Central (Yangon downtown)

- **KFC**

Launched in 2015, the initial expansion plan was 50 restaurants in five years to raise market share. Due to the pandemic, the number of outlets is currently down to 36, with around 1000 staff. KFC enjoys several thousand customers per day. The nearest fast-food competitor, Korean Lotteria, has around 40 stores. We tasted fried chicken when visiting the restaurant in Junction City Mall (Figure 13). It was delicious as fresh chicken was used. The price of the chicken is fixed for 12 months to reduce volatility. Localisation of the supply chain is slowly creeping up from 60% pre-pandemic to 70% currently. The imported items are mainly seasoning, packaging, and fries. The meals are priced around MMK8,000 per pax or MMK11,000 for two pax. Most outlets may face 6-8 hours of power cuts per day. Power generators are used to reduce disruption but can cost 10x more in utilities. The flip side of power cuts is households will dine out more as their ability to cook at home is affected.

- **Yoma Central \***

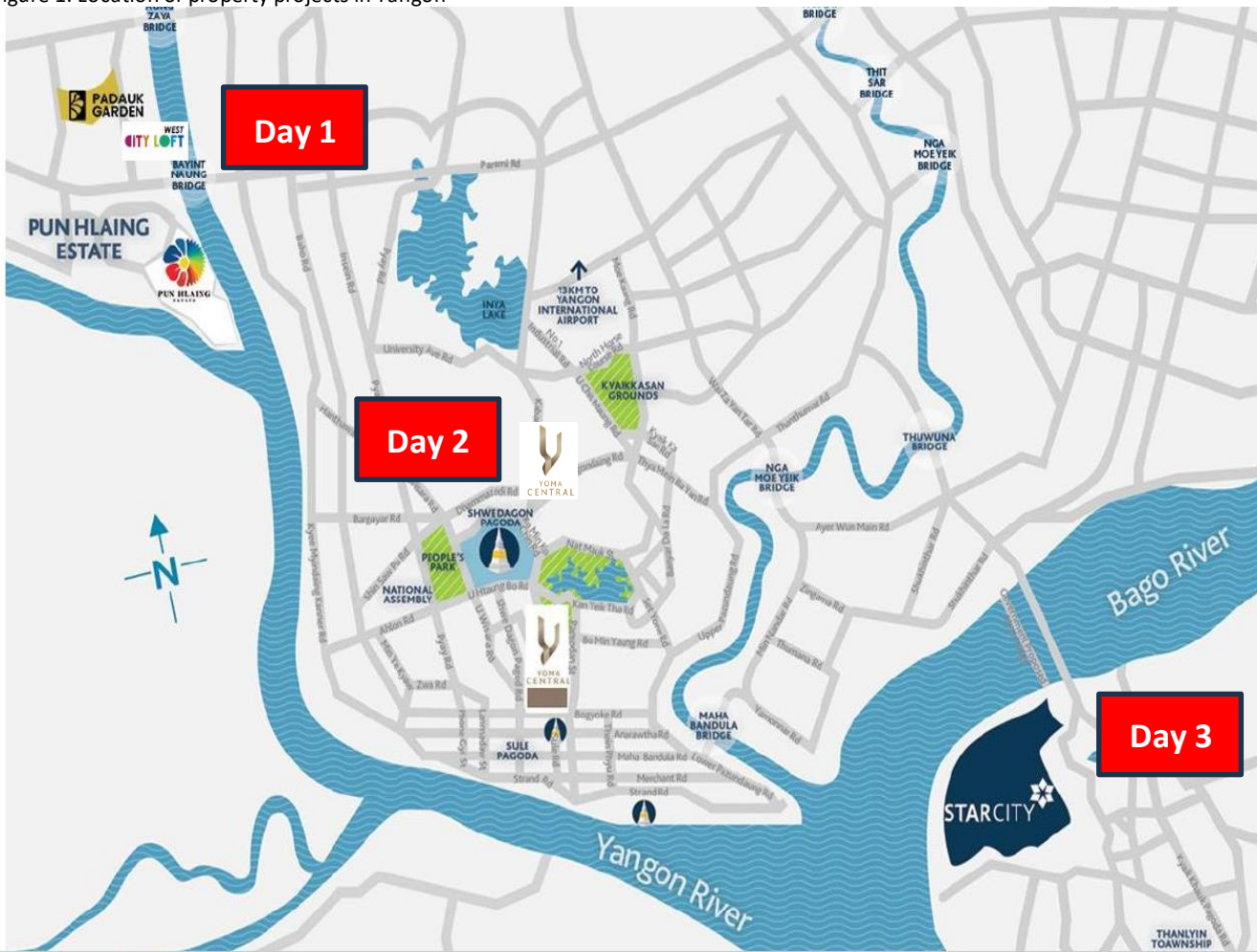
The planned iconic development is in central Yangon and comprises one residential block, one business hotel & serviced apartments, a 4-storey mall, and two office towers on a 6.3-acre land (Figure 15 to 17). There are hardly any other new developments in the downtown area. The project was suspended in early 2021. The focus is to relaunch the 112-unit residential towers, of which 20 of the 30 launched units have been sold and booked. The price range is US\$1.2mn for a 2-bedroom to a US\$5.5mn penthouse. The residential tower was launched in 2019 but was suspended when the coup occurred. Preparation of the preliminary works is commencing.

\*Yoma Central is a joint venture between Yoma Strategic (48%), First Myanmar Investment Public Company Limited (12%), a joint venture involving Mitsubishi Corporation and Mitsubishi Estate (30%), International Finance Corporation (5%) and Asian Development Bank (5%).

## Day 3 - 10Jan24: StarCity (East of Yangon)

- **New bridge:** To enter the 484-acre StarCity (Figure 18), we had to cross a congested bridge. However, we saw a new parallel 4-lane bridge being constructed (Figure 19), which will critically ease the traffic into StarCity. Other modes of transport included a ferry. Around 135 acres of StarCity are owned by Yoma Strategic.
- **Large sports facility:** StarCity Sports City (SCSC), which was formerly part of Dulwich College, offers many sports and recreational facilities in StarCity. We saw football pitches (Figure 20), tennis courts, basketball courts, and F&B establishments. SCSC now has a membership sports club, which generates incremental recurring revenue.
- **Renting Galaxy Towers apartments:** We visited some of the completed Galaxy Towers (Figure 22), and around 200 units are available for rent at a 4-5% rental yield. Some of the investment units in Galaxy Towers have been sold in 6M-Sept 2023 with a disposal gain. Yoma Land will look to commence construction for the third tower of this development.
- **Established neighbourhood.** From barren land, Yoma created a flourishing township (Figures 23 and 24) with 7,000 residents, 4,000 plus homes, and a golf course.

Figure 1: Location of property projects in Yangon



Source: Yoma

Figure 2: Price and customer positioning of the property projects



Source: Yoma

Figure 3: Huge campus for staff



Source: Yoma, PSR

Figure 4: Key operations located here – Yoma Land, Wavemoney

Source: Yoma, PSR

Figure 5: Occupied bungalow



Source: Yoma, PSR

Figure 6: New luxury units under Lotus Hills



Source: Yoma, PSR

Figure 8: Ground-mounted solar farms meeting up to 30% of residential electricity needs



Source: Yoma, PSR

Figure 9: Not many units left for sale

Unit Type	3-Bed	2-Bed	Studio	3-Bed	1-Bed	Studio	3-Bed	1-Bed	1-Bed	2-Bed	3-Bed	2-Bed	2-Bed
Total Area (sq.ft)	920	750	350	920	535	350	920	625	625	750	920	750	750
1st Floor	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
2nd Floor	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901
3rd Floor	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801
4th Floor	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701
5th Floor	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601
6th Floor	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501
7th Floor	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401
8th Floor	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301
9th Floor	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201
10th Floor	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101
11th Floor	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001
12th Floor	913	912	911	910	909	908	907	906	905	904	903	902	901
13th Floor	813	812	811	810	809	808	807	806	805	804	803	802	801
14th Floor	713	712	711	710	709	708	707	706	705	704	703	702	701
15th Floor	613	612	611	610	609	608	607	606	605	604	603	602	601
16th Floor	513	512	511	510	509	508	507	506	505	504	503	502	501
17th Floor	413	412	411	410	409	408	407	406	405	404	403	402	401
18th Floor	313	312	311	310	309	308	307	306	305	304	303	302	301
19th Floor	213	212	211	210	209	208	207	206	205	204	203	202	201
20th Floor	113	112	111	110	109	108	107	106	105	104	103	102	101

Source: Yoma, PSR

Figure 10: Many towers yet to be launched at City Loft West



Source: Yoma, PSR

Figure 11: Imported materials such as aluminium door frames



Source: Yoma, PSR

Figure 11: Older housing in Yangon



Source: Yoma, PSR

Figure 12: Big brands like Apple were there



Source: Yoma, PSR

Figure 13: The KFC we visited in the mall



Source: Yoma, PSR

Figure 14: The roads were bustling with activity



Source: Yoma, PSR

Figure 15: Yoma Central construction site



Source: Yoma, PSR

Figure 16: Yoma Central luxurious showroom



Source: Yoma, PSR

Figure 17: Scaled model of Yoma Central with Peninsula Yangon



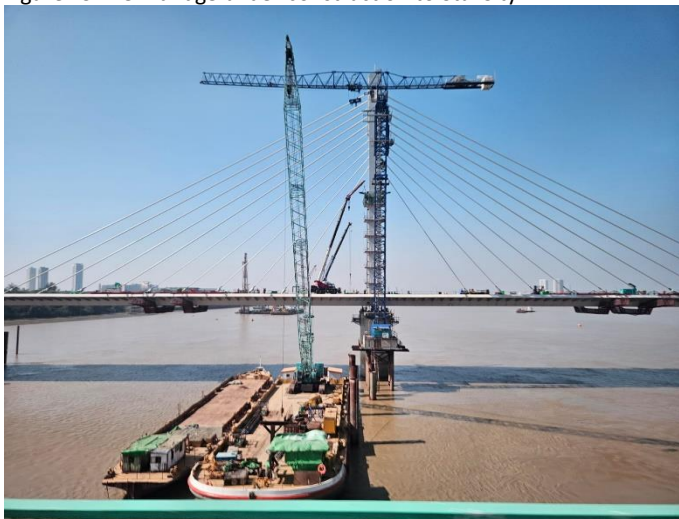
Source: Yoma, PSR

Figure 18: StarCity Master development



Source: Yoma, PSR

Figure 19: New bridge under construction to StarCity



Source: Yoma, PSR

Figure 20: StarCity Sports Club with outdoor facilities



Source: Yoma, PSR

Figure 21: City Loft @StarCity



Source: Yoma, PSR

Figure 22: View from rented Galaxy Tower unit



Source: Yoma, PSR

Figure 23: Established township emerging in StarCity



Source: Yoma, PSR

Figure 24: Pool and golf course for StarCity Residents



Source: Yoma, PSR

Figure 25: Yoma Bank building acquired from Yoma Strategic



Source: Yoma, PSR

Figure 26: Night view of the busy port



Source: Yoma, PSR

## Financials

### Income Statement

Y/E Mar, (USD '000)	FY18	FY19	FY20 **	FY21	FY23*
<b>Revenue</b>	<b>75,497</b>	<b>100,698</b>	<b>144,192</b>	<b>87,328</b>	<b>160,207</b>
Cost of sales	(48,083)	(53,368)	(95,909)	(58,188)	(30,083)
<b>Gross Profit</b>	<b>27,414</b>	<b>47,330</b>	<b>48,283</b>	<b>29,140</b>	<b>130,124</b>
<b>Other Income</b>	<b>42,332</b>	<b>76,682</b>	<b>(35,198)</b>	<b>31,235</b>	<b>12,239</b>
Administrative expenses	(39,728)	(45,958)	(83,063)	(46,410)	(92,544)
Finance expenses	(9,701)	(21,711)	(40,113)	(25,444)	(121,975)
Joint ventures	(804)	(2,883)	(1,639)	(2,521)	(1,584)
Associated companies	(396)	(9,485)	(7,326)	1,152	(2,938)
<b>EBIT</b>	<b>19,117</b>	<b>43,975</b>	<b>(119,056)</b>	<b>(12,848)</b>	<b>(76,678)</b>
Income Tax expense	(1,547)	(1,732)	(4,386)	(2,832)	(4,612)
Discontinued operations	(258)	-	-	-	-
<b>Net Profit</b>	<b>17,312</b>	<b>42,243</b>	<b>(123,442)</b>	<b>(15,680)</b>	<b>(81,290)</b>
Minority interests	5,403	8,118	(5,429)	4,024	(25,301)
<b>Profit attributable to owners</b>	<b>11,909</b>	<b>34,125</b>	<b>(118,013)</b>	<b>(19,704)</b>	<b>(55,989)</b>

### Per share data (USD cents)

Y/E Mar	FY18	FY19	FY20 **	FY21	FY23*
BVPS	29.6	29.1	28.4	21.7	19.8
DPS	25.0	-	-	-	-
EPS	0.7	1.8	1.8	(0.9)	(2.5)

### Cash Flow

Y/E Mar, (USD '000)	FY18	FY19	FY20 **	FY21	FY23*
<b>CFO</b>					
<b>Pretax profit</b>	<b>17,312</b>	<b>42,243</b>	<b>(123,442)</b>	<b>(15,680)</b>	<b>(81,290)</b>
Adjustments	(10,417)	(33,455)	130,083	3,065	63,310
WC changes	(6,287)	11,222	15,186	17,204	38,752
<b>Cash generated from ops</b>	<b>608</b>	<b>20,010</b>	<b>21,827</b>	<b>4,589</b>	<b>20,772</b>
Others	(1,537)	(786)	810	(395)	159
<b>Cashflow from ops</b>	<b>(929)</b>	<b>19,224</b>	<b>22,637</b>	<b>4,194</b>	<b>20,931</b>
<b>CFI</b>					
CAPEX, net	(16,873)	(23,038)	(42,496)	(14,858)	(7,419)
Others	(160,541)	(184,333)	(105,954)	(25,615)	64,685
<b>Cashflow from investments</b>	<b>(177,414)</b>	<b>(207,371)</b>	<b>(148,450)</b>	<b>(40,473)</b>	<b>57,266</b>
<b>CFF</b>					
Dividends paid to owners	(3,204)	(3,472)	-	-	-
Borrowings	65,912	150,676	11,288	21,633	(81,437)
Others	111,851	44,043	132,840	10,920	28,964
<b>Cashflow from financing</b>	<b>174,559</b>	<b>191,247</b>	<b>144,128</b>	<b>32,553</b>	<b>(52,473)</b>
<b>Net change in cash</b>	<b>(3,784)</b>	<b>3,100</b>	<b>18,315</b>	<b>(3,726)</b>	<b>25,724</b>
Cash at the start of the period	16,877	13,023	15,487	34,712	26,939
Currency translation	(70)	(636)	910	(4,047)	(2,251)
<b>Ending cash</b>	<b>13,023</b>	<b>15,487</b>	<b>34,712</b>	<b>26,939</b>	<b>50,412</b>

\*FY23 is 18 months as year-end changed to Mar from Sep.

\*\* FY20 is 18 Months till Sep20.

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Mar, (USD '000)	FY18	FY19	FY20 **	FY21	FY23*
<b>ASSETS</b>					
PPE & Investment Properties	51,944	65,066	182,434	159,687	171,090
Others	503,035	612,061	575,530	516,415	586,669
<b>Total non-current assets</b>	<b>554,979</b>	<b>677,127</b>	<b>757,964</b>	<b>676,102</b>	<b>757,759</b>
Cash and cash equivalents	25,455	29,877	46,418	27,180	138,811
Inventories	26,862	18,401	19,298	12,539	11,936
Trade and other receivables	50,532	85,776	114,474	109,220	99,756
Others	373,877	391,514	403,963	404,360	200,245
<b>Total current assets</b>	<b>476,726</b>	<b>525,568</b>	<b>584,153</b>	<b>553,299</b>	<b>450,748</b>
<b>Total assets</b>	<b>1,031,705</b>	<b>1,202,695</b>	<b>1,342,117</b>	<b>1,229,401</b>	<b>1,208,507</b>
<b>LIABILITIES</b>					
Trade and other payables	106,826	76,129	85,004	91,895	193,320
ST borrowings	71,118	116,156	80,735	92,960	126,769
Others	4,452	4,143	6,935	6,424	8,437
<b>Total current liabilities</b>	<b>182,396</b>	<b>196,428</b>	<b>172,674</b>	<b>191,279</b>	<b>328,526</b>
Trade and other payables		11,700	1,884	1,918	1,968
LT borrowings	143,169	259,004	337,625	316,017	137,629
Others	42,577	33,157	36,000	38,784	43,714
<b>Total non-current liabilities</b>	<b>185,746</b>	<b>303,861</b>	<b>375,509</b>	<b>356,719</b>	<b>183,311</b>
<b>Total liabilities</b>	<b>368,142</b>	<b>500,289</b>	<b>548,183</b>	<b>547,998</b>	<b>511,837</b>
Net assets	663,563	702,406	793,934	681,403	696,670
<b>EQUITY</b>					
Share Capital	483,178	513,716	624,890	624,890	625,181
Retained profits	(1,388)	90,313	(9,919)	(29,999)	(85,389)
Others	56,120	(49,522)	(15,662)	(107,639)	(93,362)
<b>Total equity</b>	<b>537,910</b>	<b>554,507</b>	<b>599,309</b>	<b>487,252</b>	<b>446,430</b>
Minority interests	125,653	147,082	194,625	194,151	250,240
<b>Total equity and liabilities</b>	<b>663,563</b>	<b>701,589</b>	<b>793,934</b>	<b>681,403</b>	<b>696,670</b>
<b>Valuation Ratios</b>					
Y/E Mar	FY18	FY19	FY20 **	FY21	FY23*
P/E (x)	5.3	1.9	1.9	-3.8	-1.4
P/B (x)	0.1	0.1	0.1	0.2	0.2
EV/EBITDA (x)	6.9	7.6	-4.8	103.6	-3.5
Dividend yield	33.3%	-	-	-	-
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	-34.5%	33.4%	43.2%	-39.4%	83.5%
Gross profit	-39.3%	72.6%	2.0%	-39.6%	346.5%
EBIT	-47.5%	130.0%	-370.7%	-89.2%	496.8%
PBT	-49.5%	144.0%	-392.2%	-87.3%	418.4%
<b>Margins</b>					
Gross profit margin	36.3%	47.0%	33.5%	33.4%	81.2%
EBIT margin	25.3%	43.7%	-82.6%	-14.7%	-47.9%
Net profit margin	7.2%	33.9%	-81.8%	-22.6%	-34.9%
<b>Key Ratios</b>					
ROE	2.0%	6.2%	-20.5%	-3.6%	-12.0%
ROA	2.5%	6.8%	-21.3%	-3.5%	-11.2%
Net Gearing	28.5%	49.2%	46.8%	56.0%	18.0%

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