

NEWS RELEASE

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Media enquiries:

Group Strategy & Communications

Malathi Pillay – General Manager, +6012 284 8830 / malathi@easternandoriental.com

Esther Teo – Manager, +6012 6290 628 / estherteo@easternandoriental.com

E&O announces revenue up 15.3% y-o-y for Q1 2019

KUALA LUMPUR, 20 August 2018 – Eastern & Oriental Berhad (E&O) today announced its financial results for the first quarter ended 30 June 2018 where total revenue achieved for the period increased to RM200.00 million as compared to RM173.44 million recorded for the first quarter ended 30 June 2017. This figure represents an increase of RM26.56 million or 15.31%.

Strong contribution from the property development segment attributed to the results with total property development revenue of RM179.14 million achieved for the quarter compared to RM148.89 million for the first quarter ended 30 June 2017, an increase of RM30.25 million or 20.32%. The revenue increase is mainly due to recognition from the sale of the 20% reclaimed land in Seri Tanjung Pinang Phase 2A (STP 2A) to Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and the higher sales of completed properties namely Andaman, the final tower of EO's flagship Quayside Seafront Condominiums in Seri Tanjung Pinang.

Despite higher operating profit recognised from the property development segment, the Group posted profit before tax of RM29.55 million, a decrease of RM5.24m or 15.06% as compared to RM34.79 million in the financial quarter ended 30 June 2017. The lower profit before tax was mainly due to share of losses from joint ventures and higher unrealized foreign exchange losses. The weakening of Sterling Pound against Ringgit has accounted for RM8.88 million of unrealized foreign exchange losses in the operating profit.

On a more positive note, the Group's net gearing ratio reduced to 0.36 times as compared to 0.61 times as at 31 March 2018 mainly attributed to the receipt of 70% of the proceeds from sale of STP 2A land to KWAP which reduced net borrowing to RM670 million from RM1.129 million.

Commenting on the financial results, Kok Tuck Cheong, Managing Director of E&O said, “The broad outlook for the property sector remains challenging with continuing tight mortgage financing coupled with other global uncertainties. We believe that properties in strategic locations by reputable developers will possess an advantage and sustain buyer interest through property cycles.

Despite the challenging property environment this year, we managed to reduce our inventory level down to RM286.22 million as compared to RM324.42 million as at 31 March 2018. Our focus remains on clearing our current inventory of completed projects. To this end, we have recently launched the “E&O Luxury Living” campaign offering homebuyers exclusive packages for selected E&O landmark properties in Penang, Iskandar Malaysia and Kuala Lumpur City Centre.”

In the next two years, we are projected to launch two E&O-signature developments in Kuala Lumpur as well as the STP2A’s maiden launch of service apartments & neighbourhood retail space with a total GDV of RM1.5 billion. With these impending launches, we are well positioned to capitalise on opportunities when the overall market uptrend crystallises. This will ensure that we continuously review the value proposition of our products and marketing strategies whilst maintaining a pulse on the evolving market.”

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The E&O Group (东家集团)

The E&O Group (**Eastern & Oriental Berhad**) is a listed company on Bursa Malaysia that has established a reputation as the premier lifestyle property developer of exclusive addresses for the discerning.

In Kuala Lumpur, E&O’s landmark properties include **The Mews**, **St Mary Residences**, **Dua Residency**, **Idamansara** and **Seventy Damansara**, all located in the most prime and prestigious neighbourhoods of the capital city.

In Penang, the award-winning **Seri Tanjung Pinang** (STP) is the island’s first masterplanned seafront development that is now a highly sought-after and thriving community to locals as well as expatriates from over 20 nationalities. Reclamation of the second phase of STP started in 2016 and is on-going.

In Johor’s southern development corridor of Iskandar Malaysia, E&O has embarked on **Avira**, a 207-acre development within Bandar Medini Iskandar that has easy accessibility to the Second Link connection to Singapore.

In its expansion overseas, E&O’s international foray into real estate investment and development is focused within prime locations in London, including **Princes House** along Kingsway, **ESCA House** in Bayswater, and a commercial property in **Hammersmith**.

E&O’s leading position as a lifestyle developer is anchored by its niche in luxury hospitality derived from its namesake, the iconic **Eastern & Oriental Hotel**, a cherished heritage landmark in George Town established in 1885. The Group has further leveraged on its experience and expertise in hospitality management with the opening of **E&O Residences** serviced apartments in Kuala Lumpur.

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