



MTSH Monitoring Report (No. 1)

1. Summary of FY2018 (Apr. 2018 – Mar. 2019) Financial Statement

MTSH FY2018 sales suffered a significant decline of 51.1% in comparison with the previous year at 5,382 mil kyat. Income from Myanmar Japan Thilawa Development Limited (MJTD) associated with industrial park management was up by 13.7% y/y to 1,040 mil kyat, while referral fees associated with sublease agreements achieved major growth of 557.6% y/y to 1,335 mil kyat. Orders from MJTD for road maintenance and building construction inside industrial parks was down by 60.8% y/y to 2,329 mil kyat, while income from sale of commercial and residential properties also suffered a major decline of 79.3% to 738 mil kyat. The overall decline in sales was especially influenced by the slowdown in these two areas of business. But despite the major decline in income, after-tax profits grew by 21.9% y/y to 15,610 mil kyat.

The major factors behind growth in current profit were an increase in dividend income of 25.5% from MJTD in which the company holds 41% ownership to 11,395 mil kyat, and increased other income including interest income of 310.6% to 1,413 mil kyat, as well as an increase in foreign exchange profits of 269.6% y/y to 2,684 mil kyat. Dividend income from MJTD is a major part of MTSH's after-tax profit at more than 70%, and is hence an extremely important source of income for the company. Growth in MJTD dividends can be accounted for by the faster-than-expected pace of progress achieved in the development of the Thilawa Special Economic Zone, and shows how positive the income environment is for MJTD.

Due to growth in profits, MTSH announced that earnings per share of the company's stock grew from 310 kyat to 398 kyat last fiscal year. As a result, dividend per share also grew from 230 kyat to 250 kyat during the same period.



Summary of Income Statement

	FY 2018-19 (in million Kyat)	FY 2017-18 (in million Kyat)	change %
Revenue	5,382	11,001	(51.1)
Cost of Sales	(2,134)	(5,771)	(63.0)
Gross Profit	3,248	5,230	(37.9)
Other Income	1,413	344	310.6
Other gains (losses)	2,684	726	269.6
Expense	(2,825)	(2,535)	11.5
Profit for the year	4,520	3,766	20.0
Share of profit of associate	11,395	9,083	25.5
Profit before tax	15,915	12,849	23.9
Tax Expense	(304)	(43)	600.3
Net Profit after Tax	15,610	12,805	21.9
Earning per share(MMK)	398	310	28.4

MTSH's major sources of profits are share of profit from MJTD, which is handling the development of the Thilawa Special Economic Zone, as well as income from its subsidiary, Thilawa Property Development Limited (TPD), which handles commercial and residential development of the Thilawa Special Economic Zone. For this reason, MTSH's future earnings depend on how the development of the Thilawa Special Economic Zone is going, and how it progresses in the future. On this note, recent news that Toyota Motor Corporation decided in May this year to build a factory in the Thilawa Special Economic Zone is extremely important.

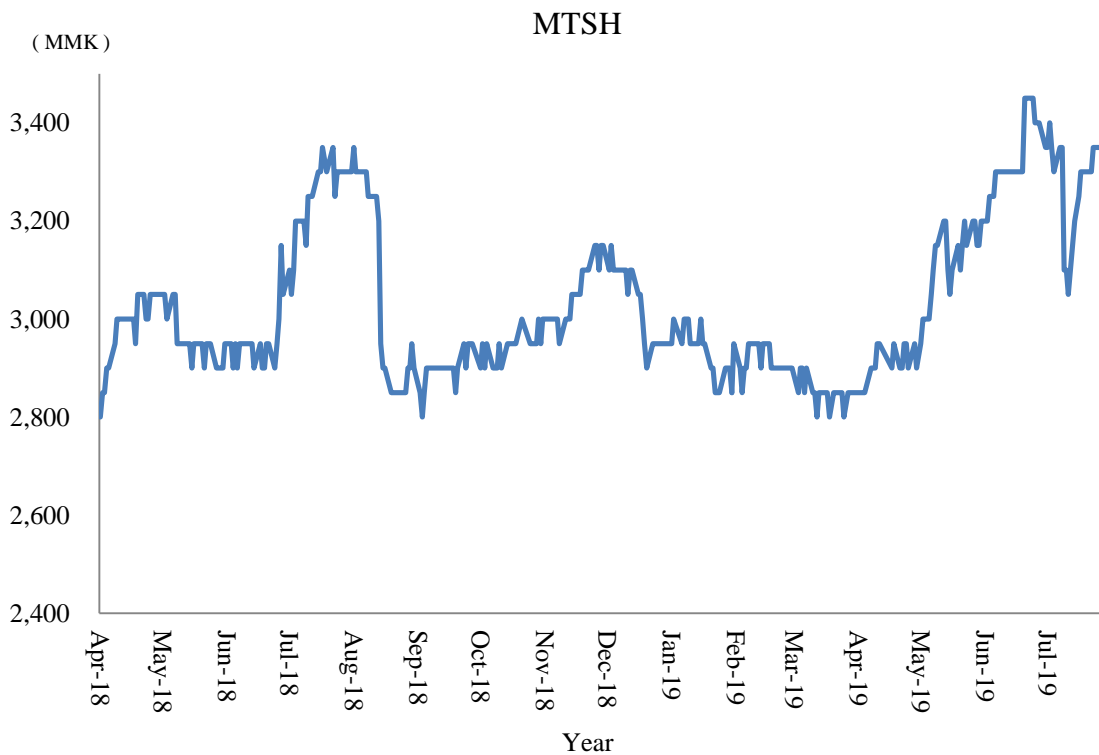
Associated companies that do business with Toyota are also considering investing in facilities nearby Toyota, following the company in its market entry in Myanmar. Hence possibilities are great that more Japanese companies will set up business in the Thilawa Special Economic Zone in the future. If that is the case, then MJTD's income environment promises to improve still further, and as a result, will be a plus for MTSH profits. In addition to the activities mentioned above, work has also begun to improve access to the Thilawa Special Economic Zone by building port facilities, expanding roads, and building bridges. This is all very welcoming information. These new construction projects will make the Thilawa Special Economic Zone all the more convenient, and it is hoped that it will lead to growth in the number of corporations moving in. An increase in the number of corporations moving in would



greatly benefit TPD, which handles commercial and residential development in the Thilawa Special Economic Zone. This is because it stands to reason that corporations and their employees will have a wide variety of needs, including rental office space, banks, hotels, shopping malls, etc. TPD has much experience in building employee dormitories, shops, and housing in the commercial and residential areas of the Thilawa Special Economic Zone, and plans on building a shopping mall in the future. If commercial and residential development progresses smoothly, income from land leasing, building construction, and office rentals would be promised in the future, and these activities will also contribute to the earnings of its parent company, MTSB.

Considering the above situation, the MTSB earnings environment is expected to continue improving in the future.

2. Change Over Time in MTSB Stock Price



Source : YSX

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