



4th Quarter Report 2020

State Trading Organization plc

Reporting Principles



This is the fourth quarter report of State Trading Organization plc. for the year 2020.

In compiling this report, STO has made its best efforts to adhere to the Listing Rules, the Corporate Governance Code of Capital Market Development Authority and the Securities Continuing Disclosure Obligation of Issuers Regulation 2019.

This report includes events for the period from 01st October 2020 to 31st December 2020.

Report was published on 30th January 2021.

KEY FACTS



Key Figures of this Quarter

Total Revenue

1,873

(in million) MVR

Operating Profit

151

(in million) MVR

Net Profit

91

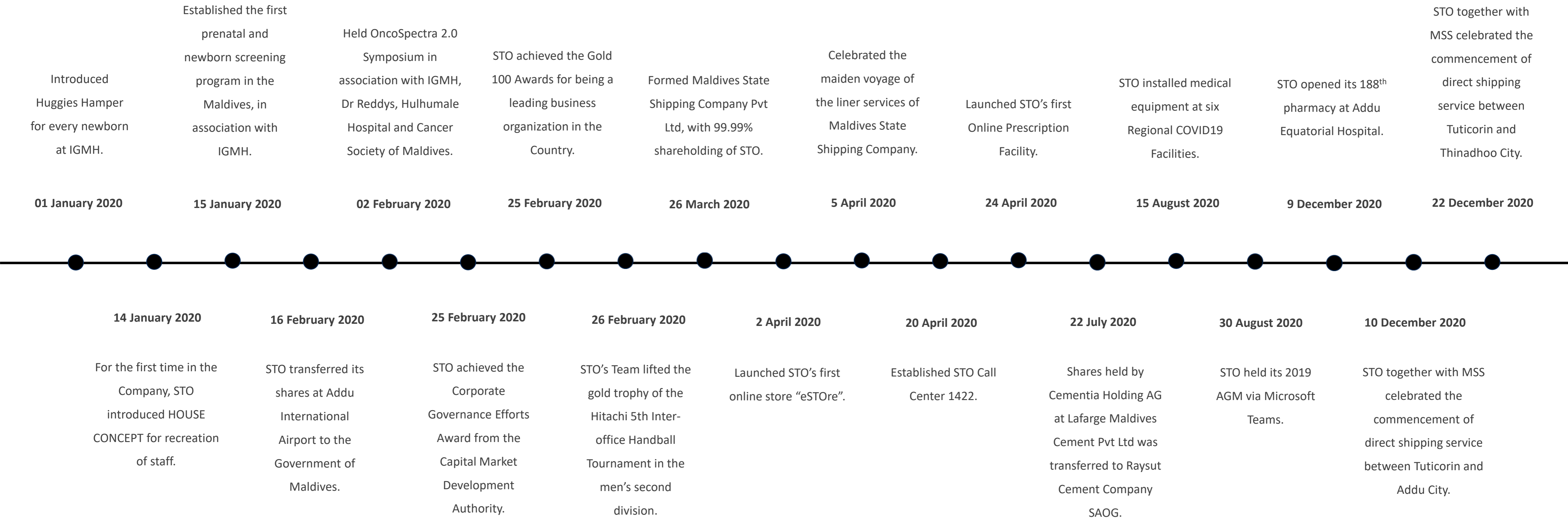
(in million) MVR

Earning per Share

80

in MVR

This Year so Far



Human Resources

Employees

2,031

Male Employees

1,297

64% of total employees

Female Employees

734

36% of total employees

Local Employees

1,642

81% of total employees

Foreign Employees

389

19% of total employees

MAIN EVENTS



Corporate Events

1



Opening of STO Pharmacy at Addu City

A STO pharmacy was opened at Addu Equatorial Hospital on 9th December 2020. This was the 188th pharmacy opened.

2



Celebration of commencement of MSS direct shipping services between Tuticorin and Addu City

STO, together with MSS celebrated the commencement of direct shipping service between Tuticorin and Addu City on 10th December 2020.

3



Celebration of commencement of MSS direct shipping services between Tuticorin and Thinadhoo City

STO, together with MSS celebrated the commencement of direct shipping service between Tuticorin and Addu City on 22nd December 2020.

Corporate Social Responsibility

1



Handing over safety goggles to Maldives police

Services

STO Handed over 3000 safety goggles to Maldives Police service on 4th October 2020.

2



Celebration of World Children's Day

STO celebrated World Children's Day on 20th November 2020.

3



Opening of STO Park and Bus Stop

STO together with Maldives Road Corporation and Male City council developed a Park at west side of Male City together with a Bus Stop under CSR. The opening ceremony was held on 20th December 2020.

SHARE PERFORMANCE



Share Performance

	Y2020	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Lowest Trading Price (MVR)	455	455	515	700	500	500
Highest Trading Price (MVR)	700	700	520	700	600	500
Last Trading Price (MVR)	455	455	520	700	510	500
No. of Trades	14	4	2	1	7	7
No. of Securities Traded	1,057	726	150	1	180	221
Value of Securities Traded	507,235	335,450	77,750	700	93,335	110,500
WATP	480	462	518	700	519	500
Market Capitalization (MVR in millions)	513	513	586	789	610	564
Dividend Yield %	13	13	11	8	11	12
EPS (MVR)	364	80	89	93	101	73
Price Earning Ratio	5.66	5.66	5.84	7.52	5.03	6.84

* Dividend yield has been calculated based on dividend value of MVR58.00, approved by the shareholders at the last Annual General Meeting.

** (Last Trade on 13/12/2020)

BOARD ACTIVITIES



Board Directors



Hamid Nasheed Mohamed

Chairman,
Non-Executive, Independent Director



Husen Amru Mohamed Rashad

CEO & MD,
Executive Director



Mohamed Mihad

Chief Financial Officer
Executive Director
(Resigned on 30/11/2020)



Aminath Rushma

Non-Executive, Independent Director
Chairperson of CG Committee
Member of AR (Until 18/12/2020) and NR Committee
(Director elected to represent public shareholders)



Ismail Zumayl Rasheed

Non-Executive, Independent Director
Chairman of NR Committee
Member of AR Committee



Shimad Ibrahim

Non-Executive, Independent Director
Chairman of AR Committee
Member of CG Committee



Gais Ismail

Non-Executive, Independent Director
Member of AR, CG and NR Committee

Board Committees

Audit & Risk Committee



Shimad Ibrahim
Chairman



Aminath Rushma

(a member of Committee until 18 December 2020)



Ismail Zumayl Rasheed



Gais Ismail

Nomination & Remuneration Committee



Ismail Zumayl Rasheed
Chairman



Gais Ismail



Aminath Rushma

Corporate Governance & Compliance Committee



Aminath Rushma
Chairperson



Shimad Ibrahim



Gais Ismail

* AR – Audit and Risk Committee, CG – Corporate Governance and Compliance Committee, NR – Nomination and Remuneration Committee. Members were last appointed to committees on 15 September 2020.

Board Activities

The Articles of Association of STO specifies that the Board should comprise of seven directors. This include of five non-executive, independent members and two executive members.

At the Annual General Meeting held on 30 August 2020, the Government appointed 6 members to the Board of Directors, while the public shareholders elected 1 member. Appointed directors and their positions are given on page 13. Executive Director Mohamed Mihad resigned from the Company and the Board of Directors on 30 November 2020. As such, the Board currently constitutes of 6 Board Members.

Furthermore, there were no changes to the shareholding structure of the Company. As such the Government of Maldives represents 81.63% shares while the public represent 18.37% of shares in the Company.

There were no known material transactions with Directors, associates or substantial shareholders or an associate, other than those conducted under ordinary course of business.

Major Board Decisions

- Approved STO's Strategic Action plan for the next 3 years
- Amended and approved the Whistleblower Policy
- Introduced an Anti-Bribery and Anti-Corruption Policy
- Amended and approved the Corporate Gift Policy
- Introduced a Blacklisting policy
- Discussed on targets for next year and changes to Bonus and Incentive Policy
- Discussed on the Group plans of CEO and CIO
- Approved changes to organization structure and department works
- With the resignation of Mohamed Mihad, from the post of CFO, Board appointed Mohamed Nizam to the position
- Board reflected on its agenda items and discussions held during the year and discussed further on how to enhance Board works
- Approved to study Gogoro Project
- Developed and discussed on an Executive Charter for the management
- Discussed and brought changes to the Board composition of Subsidiary Companies
- Discussed on the Strategic Action Plans of subsidiaries for next 3 years
- Discussed and provided direction to CEO / MD, on the issues NED's had identified at the NED meeting
- Approved Board Calendar for 2021
- Approved Budget for next year

Board and Committee Attendance

	Q4					Q3					Q2					Q1					Total 2020					
	BM	ARC	NRC	CGC	NED	BM	ARC	NRC	CGC	NED	BM	ARC	NRC	CGC	NED	BM	ARC	NRC	CGC	NED	BM	ARC	NRC	CGC	NED	
Hamid Nasheed Mohamed Chairman	7/7				1/1	8/8					4/4				5/5						24/24					1/1
Husen Amru Mohamed Rashad CEO/MD	7/7					8/8					4/4				5/5						24/24					
Mohamed Mihad Board Director until 30.11.2020	4/4					8/8					4/4				5/5						21/21					
Shimad Ibrahim Board Member Chairman of ARC Member of NRC until 15.09.2020 Member of CG Committee	7/7	2/2			1/1	8/8	1/1		4/4		4/4	2/2	1/1	1/1	5/5	1/1	2/2	1/1			24/24	6/6	3/3	6/6	1/1	
Gais Ismail Board Member Member of NR committee Member of CG Committee Member of ARC from 15.09.2020	7/7	2/2	2/2		1/1	8/8			4/4		3/4		1/1	1/1	5/5		2/2	1/1			23/24	2/2	5/5	6/6	1/1	
Ismail Zumayl Rasheed Board Member Chairman of NR Committee Member of ARC	7/7	2/2	2/2		1/1	8/8	1/1				3/4	2/2	1/1		5/5	1/1	2/2				23/24	6/6	5/5		1/1	
Aminath Rushma Board Member Chairperson of CG Committee Member of ARC until 18.12.2020 Member of NR Committee from 15.09.2020	7/7	1/1	2/2		1/1	8/8	1/1		4/4		4/4	2/2		1/1	5/5	1/1		1/1			24/24	5/5	2/2	6/6	1/1	

Compliance

Compliance to Corporate Governance

STO's Board of Directors and Management strongly support the principles of good corporate governance and are committed to embed such principles into the operations and management of STO and its Group.

STO believes that the governance arrangements adopted by STO Group are reflective of a high performing, well governed organization. These arrangements enable the Board and Management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture and behaviors. STO also believes that leading governance practices is essential for the long-term sustainability of our businesses.

The Board regularly reviews the Company's corporate governance framework, policies and practices to ensure at a minimum that they meet the expectations of our shareholders and evolve in line with the Corporate Governance Code of Capital Market Development Authority and our own internal processes and practices.

Reporting Compliance

This report has been prepared in compliance with the Capital Market Development Authority's Minimum Criteria for Periodic Reporting for Listed Companies.

There were no fines due on Company with regard to any regulations, during the Quarter.

FINANCIAL PERFORMANCE



Financial Highlights of this Quarter

1,873

(in millions) MVR
Q3/2020 MVR1,546m
Q2/2020 MVR1,299m
Q1/2020 MVR2,492m

Total Revenue

258

(in millions) MVR
Q3/2020 MVR235m
Q2/2020 MVR200m
Q1/2020 MVR211m

Total Expenses

91

(in millions) MVR
Q3/2020 MVR100m
Q2/2020 MVR105m
Q1/2020 MVR114m

Net Profit

80

in MVR
Q3/2020 MVR89
Q2/2020 MVR93
Q1/2020 MVR101

Earning Per Share

2,276

in MVR
Q3/2020 MVR2,195
Q2/2020 MVR2,164
Q1/2020 MVR2,076

Net Asset Per Share

(133)

in MVR
Q3/2020 MVR148
Q2/2020 MVR490
Q1/2020 MVR2

Cashflow Per Share

2.23

Q3/2020 2.38
Q2/2020 2.27
Q1/2020 2

Asset Cover Available

1.61

Q3/2020 1.59
Q2/2020 1.62
Q1/2020 1.52

Debt Equity Ratio

1.02

Q3/2020 0.99
Q2/2020 1.07
Q1/2020 1.51

Debt Service Cover Ratio

4.25

Q3/2020 3.88
Q2/2020 5.12
Q1/2020 5.12

Interest Service Cover Ratio

2,480

(in millions) MVR
Q3/2020 MVR2,390
Q2/2020 MVR2,355
Q1/2020 MVR2,255

Reserves

2,565

(in millions) MVR
Q3/2020 MVR2,474
Q2/2020 MVR2,439
Q1/2020 MVR2,339

Net Worth

Debt Securities

	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Previous due date for the payment of interest/dividend	30.11.2020	31.08.2020	31.05.2020	29.02.2020	30.11.2019
Repayment of principal	22,542,650	22,250,610	21,962,355	21,677,833	21,396,997
Interest	3,818,318	4,110,357	4,398,613	4,683,135	4,963,970
The amounts and where the same has been paid or not	Paid	Paid	Paid	Paid	Paid
Next due date for the payment of interest/dividend	28.02.2021	30.11.2020	31.08.2020	31.05.2020	29.02.2020
The extent and nature of collateral created and maintained with respect of principal	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee	Sovereign guarantee
Breach of any covenants under the terms of debt securities	No	No	No	No	No

Income Statement

	Y2020	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Fuel Revenue	4,138,110,287	972,092,817	818,626,012	629,287,318	1,718,104,140	1,661,674,729
Non-Fuel Revenue	3,070,876,309	900,449,815	727,025,764	669,907,815	773,492,915	688,966,806
Total Revenue	7,208,986,596	1,872,542,632	1,545,651,776	1,299,195,133	2,491,597,055	2,350,641,535
Cost of Sales	(5,784,925,796)	(1,494,060,523)	(1,203,026,825)	(953,801,401)	(2,134,037,047)	(2,021,392,945)
Gross Profit	1,424,060,800	378,482,109	342,624,951	345,393,733	357,560,008	329,248,590
Other Operating Income	66,360,813	30,062,417	12,793,939	10,383,332	13,121,125	17,509,588
	1,490,421,613	408,544,526	355,418,890	355,777,065	370,681,133	346,758,178
Selling and Marketing Costs	(251,044,617)	(83,987,449)	(76,515,994)	(42,203,289)	(48,337,885)	(68,613,471)
Administrative Costs	(649,047,037)	(171,770,022)	(158,255,640)	(157,051,425)	(161,969,950)	(179,265,721)
Other Operating Expenses	(2,711,027)	(1,842,939)	(28,969)	(291,168)	(547,950)	(159,992)
Operating Profit	587,618,932	150,944,116	120,618,286	156,231,183	159,825,347	98,718,994
Finance Costs	(87,493,985)	(35,455,514)	(861,743)	(29,604,302)	(21,572,426)	(6,985,023)
Profit Before Tax	500,124,948	115,488,602	119,756,543	126,626,881	138,252,921	91,733,971
Business Profit Tax Expense	(90,131,180)	(24,873,270)	(19,494,805)	(21,702,656)	(24,060,449)	(9,357,967)
Profit After Tax	409,993,768	90,615,332	100,261,738	104,924,225	114,192,472	82,376,004
Attributable to						
Equity Holders of the Parent	409,993,768	90,615,332	100,261,738	104,924,225	114,192,472	82,376,004
Non-Controlling Interest						
Earnings per share Attributable to Equity holders of the Parent	364	80	89	93	101	73

Balance Sheet

	As at 31 Dec 2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
ASSETS					
NON-CURRENT ASSETS					
Property Plant and Equipment	1,757,883,151	1,798,899,532	1,814,412,453	1,813,319,242	2,005,279,812
Investment in Subsidiaries	122,639,380	104,944,380	104,944,380	104,944,380	104,944,380
Investment in Associates	10,567,267	10,567,267	10,567,267	10,567,267	10,567,267
Investment in Joint Venture	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Available-for-sale Financial Assets	2,240,800	2,240,800	2,240,800	2,240,800	4,820,026
Investments	7,528,197	5,675,926	7,346,463	9,038,454	10,730,445
Deferred Tax Asset	80,207,242	80,207,242	80,207,242	103,024,421	115,928,722
Right-of-use Assets	154,232,501	154,232,501	154,232,501	154,232,501	-
Total Non-Current Assets	2,139,998,538	2,161,467,648	2,178,651,105	2,202,067,065	2,256,970,652
CURRENT ASSETS					
Inventories	985,795,528	1,050,440,791	865,838,467	766,197,008	911,471,653
Trade and Other Receivables	3,169,133,740	2,953,893,063	3,133,203,701	2,865,914,751	3,052,205,881
Cash and Cash Equivalents	386,546,500	250,396,466	201,462,498	50,884,554	114,720,571
Total Current Assets	4,541,475,768	4,254,730,319	4,200,504,665	3,682,996,313	4,078,398,104
Total Assets	6,681,474,306	6,416,197,967	6,379,155,771	5,885,063,378	6,335,368,756
EQUITY					
Share Capital	56,345,500	56,345,500	56,345,500	56,345,500	56,345,500
Share Premium	27,814,500	27,814,500	27,814,500	27,814,500	27,814,500
General Reserve	822,196,990	804,073,923	784,021,576	763,036,730	740,198,236
Retained Earnings	1,658,288,155	1,585,795,889	1,570,947,278	1,492,211,447	1,451,737,971
Total Equity	2,564,645,144	2,474,029,812	2,439,128,854	2,339,408,178	2,276,096,207

Balance Sheet

Cont.....

	As at 31 Dec 2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans and Borrowings	155,538,197	184,225,554	210,288,198	259,181,443	284,332,965
Current Liabilities					
Current Tax Liabilities	57,148,253	32,274,983	67,338,005	45,640,848	43,813,922
Lease Liabilities	159,087,803	159,087,803	159,087,803	159,087,803	-
Trade and Other Payables	1,883,964,969	2,021,536,121	1,860,471,936	1,094,527,692	1,672,634,193
Borrowings	1,861,089,940	1,545,043,694	1,642,840,975	1,987,217,415	2,058,491,468
Total Current Liabilities	3,961,290,965	3,757,942,601	3,729,738,719	3,286,473,758	3,774,939,584
Total Liabilities	4,116,829,162	3,942,168,155	3,940,026,917	3,545,655,200	4,059,272,549
Total Equity and Liabilities	6,681,474,306	6,416,197,967	6,379,155,771	5,885,063,378	6,335,368,756



Mohamed Nizam
CFO



Husen Amru Mohamed Rashad
CEO and Managing Director



Shimad Ibrahim
Chairman
Audit & Risk Committee

Cash Flow Statement

	Y2020	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Profit before business profit tax	500,124,948	115,488,602	119,756,543	126,626,881	138,252,921	91,733,971
Adjustments for:						
- Depreciation & amortization	117,820,984	30,992,948	29,226,790	28,974,541	28,626,705	31,577,699
- Interest income	(2,937,986)	(680,352)	(665,336)	(751,013)	(841,285)	(894,258)
- Interest expense	128,314,917	35,526,294	31,091,866	30,486,302	31,210,455	61,365,384
- Dividend income	(37,900,867)		(29,900,867)	-	(8,000,000)	(54,999,700)
- Provision for impairment of receivables	64,757,876	27,716,377	26,618,540	6,107,272	4,315,687	6,137,007
- Provision for impairment of assets	12,233,788	12,233,788				
- Provision for slow and nonmoving inventories	10,580,228	(549,667)	5,746,326	4,192,025	1,191,544	(2,602,863)
- Profit on disposal of property, plant and equipment	(17,815,397)	(17,691,158)			(124,240)	(41,080)
Changes in working capital:						
- Inventories	(78,303,415)	65,194,929	(190,348,650)	(103,833,484)	150,683,789	(302,537,831)
- Trade and other receivables	(263,074,792)	(244,809,325)	154,362,635	(227,704,231)	55,076,128	25,101,355
- Trade and other payables	342,189,245	(137,309,981)	106,044,522	718,858,609	(345,403,905)	255,864,745
	775,989,527	(113,887,544)	251,932,369	582,956,903	54,987,800	110,704,429
Cash flows from operating activities						
Interest paid	(128,314,917)	(35,526,294)	(31,091,866)	(30,486,302)	(31,210,455)	(61,365,384)
Business profit tax paid	(76,058,791)		(54,557,827)	-	(21,500,964)	-
<i>Net cash generated from / (used in) operating activities</i>	571,615,820	(149,413,839)	166,282,677	552,470,600	2,276,381	49,339,045

Cash Flow Statement

	Y2020	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Cash flows from investing activities						
Purchases of property, plant and equipment - net	(28,681,517)	15,480,803	(13,713,870)	(9,373,985)	(21,074,465)	(15,214,304)
Sales / (purchases) of available-for-sale financial assets	(17,695,000)	(17,695,000)			-	7,343,701
Interest received	2,937,986	680,352	665,336	751,013	841,285	894,258
Dividends received	37,900,867		29,900,867		8,000,000	54,999,700
Net cash generated from / (used in) investing activities	(5,537,664)	(1,533,845)	16,852,333	(8,622,972)	(12,233,180)	48,023,355
Cash flows from financing activities						
Net proceeds from / (repayment of) borrowings	(280,980,531)	287,358,889	(123,859,925)	(393,269,684)	(51,209,811)	(72,017,109)
Dividends paid to shareholders	(10,800,716)	(261,171)	(10,341,117)		(198,428)	(1,209,028)
Net cash generated from / (used in) financing activities	(291,781,247)	287,097,718	(134,201,042)	(393,269,684)	(51,408,239)	(73,226,137)
Net increase / (decrease) in cash and cash equivalents	274,296,908	136,150,034	48,933,968	150,577,944	(61,365,038)	24,136,263
Cash, cash equivalents and bank overdrafts at beginning of the quarter	112,249,592	250,396,466	201,462,498	50,884,554		90,584,308
Adjusted cash, cash equivalents and bank overdrafts at beginning of the quarter					112,249,592	
Cash, cash equivalents and bank overdrafts at end of the quarter	386,546,500	386,546,500	250,396,466	201,462,498	50,884,554	114,720,570

Statement of Changes in Equity

	Share Capital	Share Premium	General reserve	Retained earnings	Total
Balance as at 1st October 2019	56,345,500	27,814,500	723,723,035	1,392,421,058	2,200,304,094
Profit for the year	-	-	-	82,376,004	82,376,004
Remeasurement of retirement benefit liability (OCI)	-	-	-	(6,583,891)	(6,583,891)
Transfer to general reserve	-	-	16,475,201	(16,475,201)	-
Balance as at 31st December 2019	56,345,500	27,814,500	740,198,236	1,451,737,971	2,276,096,207
Impact on reported profit due to audit adjustments	-	-	-	(56,084,050)	(56,084,050)
Adjusted balances as at 1st January 2020	56,345,500	27,814,500	740,198,236	1,395,653,921	2,220,012,157
Profit for the year	-	-	-	114,192,472	114,192,472
Transfer to general reserve	-	-	22,838,494	(22,838,494)	-
Balance as at 31st March 2020	56,345,500	27,814,500	763,036,730	1,487,007,898	2,334,204,629
Adjusted balances as at 1st April 2020	56,345,500	27,814,500	763,036,730	1,487,007,898	2,334,204,629
Profit for the year	-	-	-	104,924,225	104,924,225
Transfer to general reserve	-	-	20,984,845	(20,984,845)	-
Balance as at 30th June 2020	56,345,500	27,814,500	784,021,576	1,570,947,278	2,439,128,854
Balances as at 1st July 2020	56,345,500	27,814,500	784,021,576	1,570,947,278	2,439,128,854
Profit for the year	-	-	-	100,261,738	100,261,738
Transfer to general reserve	-	-	20,052,348	(20,052,348)	-
Dividends	-	-	-	(65,360,780)	(65,360,780)
Balance as at 30th September 2020	56,345,500	27,814,500	804,073,923	1,585,795,889	2,474,029,812
Balances as at 1st October 2020	56,345,500	27,814,500	804,073,923	1,585,795,889	2,474,029,812
Profit for the year	-	-	-	90,615,332	90,615,332
Remeasurement of retirement benefit liability (OCI)	-	-	-	-	-
Transfer to general reserve	-	-	18,123,066	(18,123,066)	-
Dividends	-	-	-	-	-
Balance as at 31st December 2020	56,345,500	27,814,500	822,196,990	1,658,288,154	2,564,645,144

State Trading Organization plc

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