Katrina GROUP LTD.

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NEWS RELEASE

Katrina Group reports FY2018 results and commences initiatives to ramp up hospitality business

- Revenue increased by 11.7% to S$64.8 million for FY2018 due to contribution from newly-acquired hospitality business, and increased number of outlets opened and acquired
- Profit before tax decreased to S$0.5 million for FY2018, owing to the gestation period of new outlets and expansion of hospitality business
- Group looks towards overseas opportunities for its homegrown brands and accelerated progression of its hospitality business to bolster growth prospects

Singapore, 1 March 2019 – Katrina Group Ltd. ("Katrina" or the "Group"), an established and recognised Food & Beverage ("F&B") group specialising in multi-cuisine concepts and restaurant operations, today announced its financial results for the financial year ended 31 December 2018 ("FY2018").

Financial Highlights	**FY2018 (S$'000)**	**FY2017 (S$'000)**	**Chg (%)**
Revenue	64,754	57,966	11.7
Gross profit	6,143	5,712	7.5
Gross profit margin (%)	*9.5*	*9.9*	*(0.4) ppt*
Operating expenses[1]	5,983	4,970	20.4
Net profit	250	1,012	(75.3)
Net profit margin (%)	*0.4*	*1.7*	*(1.3) ppt*

[1] Operating expenses comprise Selling and distribution costs and Administrative expenses
ppt: percentage points

The Group's revenue rose by 11.7% year-on-year ("yoy") to S$64.8 million for FY2018, mainly attributed to the overall increase in outlets opened and acquired, as well as added revenues from the newly acquired hospitality business, Straits Organisation Pte. Ltd. ("SOPL"). The dine-in revenue for newly opened and newly acquired outlets increased revenue by S$5.1 million, with another S$0.4 million contributed from SOPL.

Online delivery revenue and dine-in revenue from existing outlets also contributed to the increase, rising by S$1.2 million and S$0.8 million yoy respectively.

The Group's gross profit rose by 7.5% to S$6.1 million with gross profit margin at 9.5% for FY2018. Lower increase in gross profit in proportion to revenue was a result of the gestation period for the 7 new outlets, improvements to operations such as the addition of E-Waiters and E-Menus at selected outlets, and costs related to the expansion of the hospitality business.

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The Group's operating expenses increased by 20.4% yoy to S$6.0 million. Administrative expenses rose by S$0.9 million yoy mainly due to higher value of fixed assets written off, higher recruitment costs, consultancy fees incurred for the recent acquisitions, higher professional fees and salaries in respect of the hospitality business. Selling and distribution costs increased by S$0.1 million yoy.

Overall, the Group reported net profit of S$0.3 million for FY2018.

As at 31 December 2018, the Group had cash and cash equivalents amounting to S$6.5 million with no borrowings.

Commenting on the Group's results, **Mr. Alan Goh ("吴景轩"), Founder, CEO and Executive Chairman of Katrina** said, "*FY2018 was a journey filled with milestones for the Group as we expanded our business offerings and enlarged our regional presence. Our focus now shifts to untapped overseas opportunities in the region and building additional revenue streams through our hospitality business.*

We are on a path for growth and our broadened strategic approach positions us well to capture rising trends in the region. Understandably, the expansion of our business will take time, but we are excited at the positive impact to come in FY2019. We hope to update the market soon with more news on our progress."

In Singapore, Japanese restaurant operator, Tomo Izakaya, was acquired by the Group in October 2018 which increased the number of brands under the Katrina Group umbrella to 10. Overseas, in January 2019, the Group established its fourth So Pho outlet with Ajisen China and in February 2019, it also made its maiden foray into the Indonesian market with its first restaurant in Jakarta.

Another major milestone for the Group was its entry into the hospitality business in December 2018 through the acquisition of diverse and affordable accommodation provider, SOPL. SOPL, under the brand name ST Residences, increased the number of units under management from 141 units as at 31 December 2018 to approximately 201 units across Singapore and 15 units in Hong Kong as at 1 March 2019.

Business Outlook

Singapore's F&B industry, and the restaurant sector in particular, continues to face pressure owing to slowing economic growth, rising operating costs, and labour shortage. Consumer trends continue to lean towards greater convenience and flexibility of choice, and growing demand for options such as online deliveries and sustainable practices. Focus for the Group remains on growth and effective cost management, and it will progress in tandem with the changing consumer trends to broaden its reach in the local market.

As at 31 December 2018, the total number of outlets for the Group stood at 3 overseas and 43 in Singapore. In Singapore, there were seven new outlets opened, two outlets acquired, one outlet closed due to mall refurbishment and 3 non-performing outlets closed in FY2018. The Group has 2 new outlets in the pipeline and 3 outlets to be closed in the next 12 months.

The Group will continue exploring untapped overseas opportunities to export its homegrown brands. The Group and Hong Kong-listed Ajisen Group have opened three outlets under the “So-Pho” brand in the PRC as at end December 2018, two in Shanghai and one in Guangzhou. In January 2019, Ajisen opened a new outlet in Shanghai Huanmao IAPM Shopping Mall. Separately, the Group’s maiden outlet in Indonesia, in Plaza Senayan, Central Jakarta under the “So Pho” brand was opened in February 2019. Depending on the success of this venture, the Group will look to open more outlets in Indonesia over the next two years.

Alongside the initiatives for its F&B business, the Group is building up its hospitality business to provide a secondary revenue base and cross-sector collaboration opportunities. As at 31 December 2018, SOPL’s serviced apartments arm, ST Residences had 141 serviced apartments across Singapore. It continues to grow with 60 additional serviced apartments across Singapore and 15 serviced apartments in Hong Kong and two additional apartment buildings comprising about 106 apartments in the pipeline, as well as three co-living hotels which could add an estimated 180 rooms to its portfolio by the last quarter of 2019.

Sustainable growth remains a priority for the Group and it will explore suitable brands and businesses whether internally, through collaborations or acquisitions to add value to its operations both locally and overseas.

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ABOUT KATRINA GROUP LTD. (BLOOMBERG TICKER KTG:SP)

With an established history since 1995, Katrina Group Ltd. (“Katrina” or the “Group”) is a Food & Beverage (F&B) group that specialises in multi-cuisine concepts and restaurant operations. The Group owns and operates 43 restaurants in Singapore under ten different F&B brands, namely, Bali Thai, Streats, Honguo, So Pho, Indobox, Muchos, RENNthai, Bayang, Hutong and Tomo Izakaya. These brands serve a multitude of cuisines, namely Indonesian, Thai, Hong Kong, Yunnan, northern Chinese, Mexican, Vietnamese and Japanese. The Group also has four restaurants in China through a joint venture with Ajisen (China) Holdings Limited.

Katrina prides itself on the identification of consumer trends and creating concepts that meet the demand of a wide spectrum of patrons from different market segments. Of the Group's ten brands, six are casual dining brands and four are mid-ranged dining brands, all strategically located in convenient and high foot traffic locations. In addition, four of the Katrina Group's brands – Bali Thai, Streats, So Pho and Indobox – are Halal-certified.

Katrina also acquired affordable and diverse accommodation provider, Straits Organization Pte. Ltd. in December 2018. Straits Organization currently manages 201 units across Singapore.

http://katrinagroup.com

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Issued for and on behalf of Katrina Group Ltd. by **Financial PR**

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