

# TUNG LOK RESTAURANTS (2000) LTD

Corporate and Business Update

31 July 2017





# INDUSTRY IN REVIEW

Challenging operating environment  
for Singapore F&B in recent years

- Stiff competition
- High rentals and operating costs
- Manpower constraints
- Weaker consumer spending due to economic slowdown



# TUNG LOK AT A GLANCE



- Specialises in Chinese cuisine
- More than 20 F&B brands
- 46 outlets in Singapore, Indonesia, Vietnam, China and Japan
  - 26 directly owned
  - 9 held by associates
  - 11 under franchising/licensing contracts
- Catering arm for outdoor, institutional catering services
- Manufacturing facilities for dim sum, mooncakes, dumplings, festive goods, etc



# HOW TUNG LOK HAS FARED IN RECENT YEARS



- Three straight years of profitability
  - Successful turnaround beginning FY2015
  - Profitable in FY2016 and FY2017
- Strong balance sheet (as at 31 March 2017)
  - Net working capital of S\$8.6 million
  - S\$15.0 million in cash and bank balances
  - Low gearing of 0.21x



# STRATEGIES TO SUSTAIN AND DRIVE GROWTH



- 1.** Bring promising brands to new geographical markets
- 2.** Expand services and capabilities to offer greater convenience and choice, with an eye on younger diners in Singapore
- 3.** Further streamline operations through innovation and automation to enhance productivity at kitchen and service levels

# 1. NEW GEOGRAPHICAL MARKETS

*Bringing Singapore's best brands overseas*



- Focus on brands that thrive in Singapore's tough operating environment and have potential for expansion abroad



# 1. NEW GEOGRAPHICAL MARKETS

## *Entering China: Singapore Seafood by TungLok*



- *Singapore Seafood by TungLok* is a brand that underscores the unique reputation of Singapore's seafood cuisine in Asia
- Rebranded in September 2016 from *My Humble House*, a modern Chinese restaurant originally launched in 2004
  - Outlet set up in collaboration with Chinese restaurant operator XiHe Group
- Positive response led to opening of second outlet in May 2017
  - Set up through associate, Beijing Xihe Tung Lok Restaurant Company
- More outlets to be launched in Beijing, other Tier 1-2 cities in China if demand and results remain encouraging. Any rollout will be carried out prudently and at a sustainable pace

## 2. EXPANDING SERVICES & CAPABILITIES

### *E-Commerce Platforms*



- Launch of Home Fiesta, an online store for ready-to-eat meals and home delivery, in 2015
- Partnering third-party e-commerce and delivery platforms to expand sales channels, customer base (Qoo10, FoodPanda and Deliveroo)



## 2. EXPANDING SERVICES & CAPABILITIES

*QSRs: Greater Convenience & Choice*



- To focus on quick-service restaurants (QSRs) and casual dining concepts
- QSRs: Highly scalable
  - Technology-centric, manpower-lean and no more than 1,500 sq ft in size
  - Possible features: digital menus, self-service and ordering through smart devices
- Casual dining concepts that have been well-received include Dancing Crab, Tung Lok Teahouse, Lokkee

## 2. EXPANDING SERVICES & CAPABILITIES

*Focus on Millennials*



- Expected to be popular with millennial diners (early 20s to mid-30s)
  - This segment eats out often and is tech-savvy though cost-conscious
  - Millennials represent a significant and fast-growing portion of TungLok's customers in Singapore
- Increase engagement with younger consumers via social media
  - Active collaboration with social media influencers to promote brands
  - Platforms include Facebook, Instagram and WeChat

### 3. STREAMLINING OPERATIONS

#### *Greater Economies of Scale*



- The Group constantly strives to optimise internal efficiencies while still delivering differentiated value
- Current efforts include:
  - Refreshing menus regularly
  - Reducing food wastage
  - Using central kitchens to maintain quality and consistency
  - Centralising purchases
  - Closing non-performing outlets
  - Automating cooking processes

# 3. STREAMLINING OPERATIONS

## *Innovation & Automation*



- The Group operates two central kitchens in Singapore (of which one is halal-certified)
- Artificial-intelligence cooking machines in central kitchens can be programmed to prepare multiple dishes:
  - Higher food output (one worker can operate two or more machines at once)
  - Workers freed up to complete more value-adding tasks
  - Lower energy consumption
  - Better consistency and quality control





# OUTLOOK

Singapore F&B market expected to remain challenging

Tung Lok will leverage on healthy balance sheet to explore value-added investment opportunities

# THANK YOU • Q&A

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