

PRESS RELEASE

RE&S registers 11.5% growth in net profit after tax to S\$4.0 million for FY2019

- Revenue relatively stable at S\$141.0 million despite keen competition
- Net profit after tax increased by 11.5%
- *Quick-Service Restaurants, Convenience & Others* (“QSR”) segment grew by 4.5%
- Group proposes first and final dividend of 0.45 Singapore cent, representing a payout ratio of 40.0% of the Group’s FY2019 net profit after tax

Singapore, 19 August 2019 – RE&S Holdings Limited (“RE&S” or the “Company” and, together with its subsidiaries, the “Group”), a Japanese multi-brand food and beverage (“F&B”) operator, announced today its financial results for the twelve months ended 30 June 2019 (“FY2019”).

Financial Highlights

S\$'000	FY2019	FY2018	Change (%)
Revenue	141,004	142,294	(0.9)
Other operating income	2,751	1,253	119.6
Operating expenses ⁽¹⁾	(135,024)	(135,270)	(0.2)
Other expenses (Non-operating)	(3,099)	(2,637)	17.5
Profit before tax	5,344	5,291	1.0
Profit, net of tax	3,979	3,568	11.5

(1) Operating expenses as the summation of the Group’s raw materials and consumables used, changes in inventories, employee benefits expense, operating lease expenses, utilities expenses, depreciation expenses and other operating expenses.

For the period under review, the Group’s overall revenue for FY2019 was S\$141.0 million. Compared to FY2018, there was a marginal decline of 0.9% mainly attributable to the closure of outlets located at Great World City impacted by major enhancement works in the mall.

For revenue by segment, despite a 3.0%, or approximately S\$3.1 million decline in revenue from the Group’s *Full-Service Restaurants* (“FSR”) segment from S\$102.4 million in FY2018 to S\$99.3 million, this was partially offset by the revenue from the QSR segment which saw a steady growth of 4.5%, or approximately S\$1.8 million, from S\$39.9 million in FY2018 to S\$41.7 million in FY2019. This was mainly contributed by the Group’s growing concepts, Kuriya Japanese Market and Ichiban Bento.

Revenue by Segment

S\$'000	FY2019	FY2018	Change (%)
Full-Service Restaurants	99,259	102,360	(3.0)
Quick-Service Restaurants, Convenience & Others	41,745	39,934	4.5
Total Revenue	141,004	142,294	(0.9)

Through prudent efforts conducted by the Group, operating expenses fell by 0.2% from S\$135.3 million in FY2018 to S\$135.0 million in FY2019. This was resulted from a decrease in expenses related to employee benefits due to closure of outlets and improvement of workflow processes.

Other non-operating expenses increased by 17.5%, or approximately S\$0.5 million, from S\$2.6 million in FY2018 to S\$3.1 million in FY2019. This was mainly due to an increase in plant and equipment written off of S\$1.2 million and consultancy fee of S\$0.2 million after a partial offset by the one-off IPO expenses of S\$1.1 million incurred in FY2018.

Accordingly, the Group reported an increase of 11.5%, in profit net of income tax to approximately S\$4.0 million in FY2019. This was after taking into account a decrease of 20.8%, or approximately S\$0.4 million, in income tax.

On the Group's performance for the fiscal year, Mr. Fenton Foo, Executive Director and Chief Executive Officer of RE&S, commented, **"FY2019 has been an eventful year affected by closure of multiple outlets at Great World City. We plan to conduct strategic business consolidation through reviewing our existing portfolio. We are looking at refreshing certain QSR concepts in existing outlets and increasing new outlets to grow the top-line, and at the same time, improve the bottom-line by further streamlining our operations and exercising careful cost-cutting measures."**

Dividend

For FY2019, in line with the Board of Directors' (the "Board") intention to recommend and distribute dividends of at least 35.0% of the Group's net profits attributable to shareholders in each of FY2018 and FY2019, the Board has proposed a final one-tier tax-exempt dividend of 0.45 Singapore cent per share. This represents a dividend payout of 40.0% of the Group's FY2019 net profit.

Outlook

The F&B industry is expected to face continuous challenges driven by intensifying competition and higher cost pressures posed by a tighter labour and rental market. Nonetheless, the Group is confident to overcome the challenges through expansion via strategic partnerships and further improve labour shortage issues by implementing digitalised solutions.

The Group seeks to grow its top-line by increasing its current network of outlets in the QSR segment and revamping of existing outlets to improve the overall performance. On the cost front, Management will remain dedicated towards improving work flow processes and enhancing labour productivity. Together with the optimisation of its Central Kitchen function, the Group seeks to explore further operational efficiencies.

About RE&S Holdings Limited

Established in 1988, RE&S is a multi-concept owner and operator of F&B outlets in Singapore and Malaysia that provides customers with authentic Japanese cuisine and dining experience. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising its Corporate Headquarters which houses more than 1,600 employees across the corporate office, a central kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets. Staying true to the RE&S brand promise of “Food for Life”, its diverse portfolio comprising 20 distinct brands covers the full spectrum of varied market segments today; ranging from fine dining (Kuriya Dining) to family-style (Ichiban Boshi) and convenience (Kuriya Japanese Market). Supported by its ISO 22000:2005-certified Central Kitchen, RE&S is committed to maintaining a high standard of food consistency and quality for its customers alongside constant efforts in strategic innovation.

For more information, please visit <http://www.res.com.sg>

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*This press release (“**Press Release**”) has been prepared by RE&S Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, DBS Bank Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Press Release.*

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