

**ONE OF THE  
MOST ESTABLISHED  
AND LARGEST**  
OPERATORS AND MANAGERS  
OF FOOD COURTS AND  
COFFEE SHOPS IN SINGAPORE



**Corporate Presentation**  
*January 2019*



精致美食  
BETTER FOOD

优质生活  
BETTER PEOPLE

圆满人生  
BETTER LIFE

# Company Overview

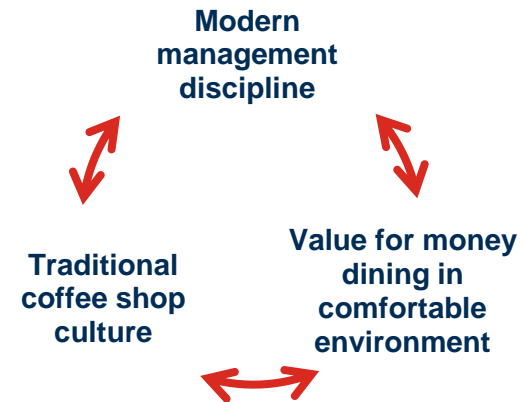
---



# One of Singapore's Most Established and Largest Operators and Managers of Food Courts and Coffee Shops

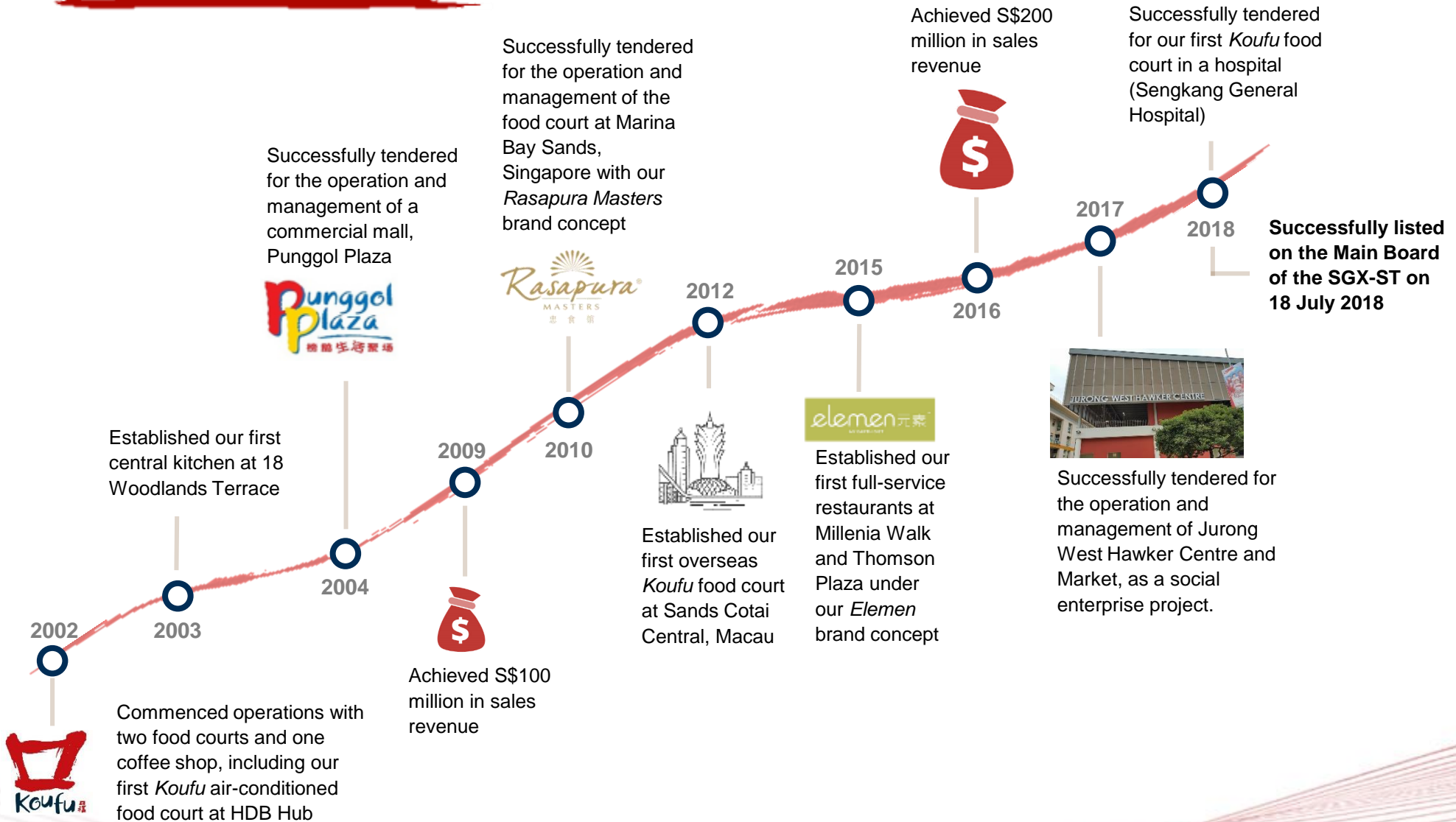


- **16 years of F&B experience:** With a history dating back to 2002, Koufu has established a reputation for serving quality food at affordable prices:
  - Connecting with our customers through efficient and friendly services
  - Brand equity amongst the younger population
- Our philosophy:



- Our Group's mission is to provide quality food and services to our customers, while staying true to our deep roots in the Singaporean food culture
- We have since expanded into Macau with the establishment of a *Koufu* food court in Sands Cotai Central in 2012

# Our Key Milestones



# Complementary Business Segments with Diversified Revenue Streams



As at 31 December 2018

## Outlet & Mall Management

47 1

Food Courts

1

Hawker Centre

15

Coffee Shops

1

Commercial Mall

## F&B Retail

71 2

F&B Stalls

9 1

F&B Kiosks

8

Quick-Service Restaurants ("QSR")

3

Full-Service Restaurants

## Food Courts



## Coffee Shops



## F&B Kiosks, QSRs and Full Service Restaurants

# Multi-Brand Strategy



Price Range	Brands	F&B Outlets
S\$20 – S\$50		Full-service restaurants
S\$5 – S\$15		Food courts and QSRs
S\$4 – S\$12		Food courts, F&B kiosks and QSRs
S\$3 – S\$8		Food courts and F&B kiosks
S\$2 – S\$5		Coffee shops and Hawker centre

By focusing on different market segments with different price ranges, we are able to grow our customer base, expand our market share and capture business opportunities in each market segment

# Holistic Approach to Improving Productivity Using Technology as a Key Enabler



In line with the Singapore government's emphasis on improving productivity through innovation as well as consumer experience, we have implemented:



More than 40 **smart tray return robots** deployed to more than 16 of our food courts and coffee shops



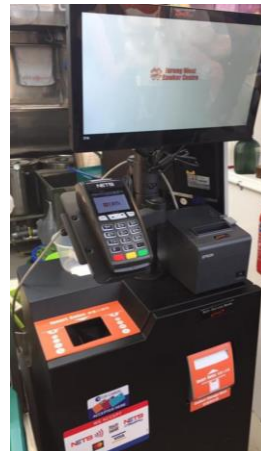
**Self-ordering and payment kiosks** at Koufu food court at Fusionopolis and Happy Hawkers coffee shop at Block 872C Tampines Street 86



**RFID tray return system**, integrated with the centralised dishwashing area and self-payment kiosks at our Jurong West Hawker Centre



**Mobile ordering applications** at selected Koufu, Cookhouse, Happy Hawkers and F&B Outlets. Intend to implement at most of our F&B outlets in the future

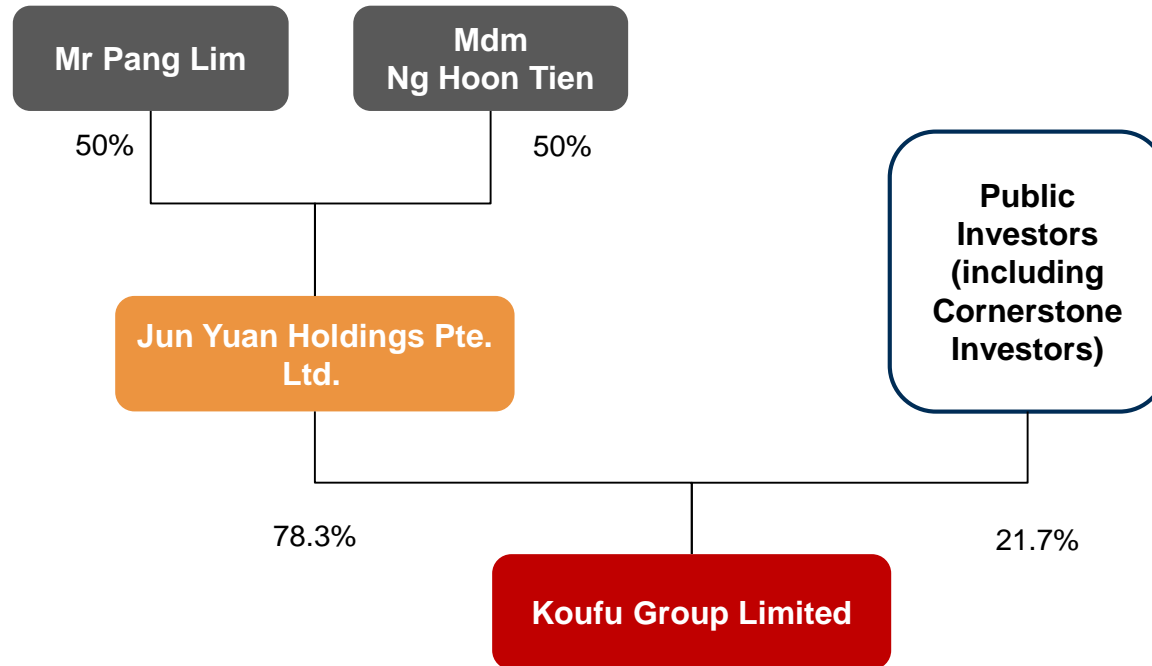


**NETS unified payment terminals implemented** across 18 food courts and plan to roll out to all food courts by Q1 2019



**Singapore Productivity Awards –  
Excellence in F&B Sector  
2016**

# Shareholding Structure





# **3Q/9M 2018**

## **Financial Highlights**

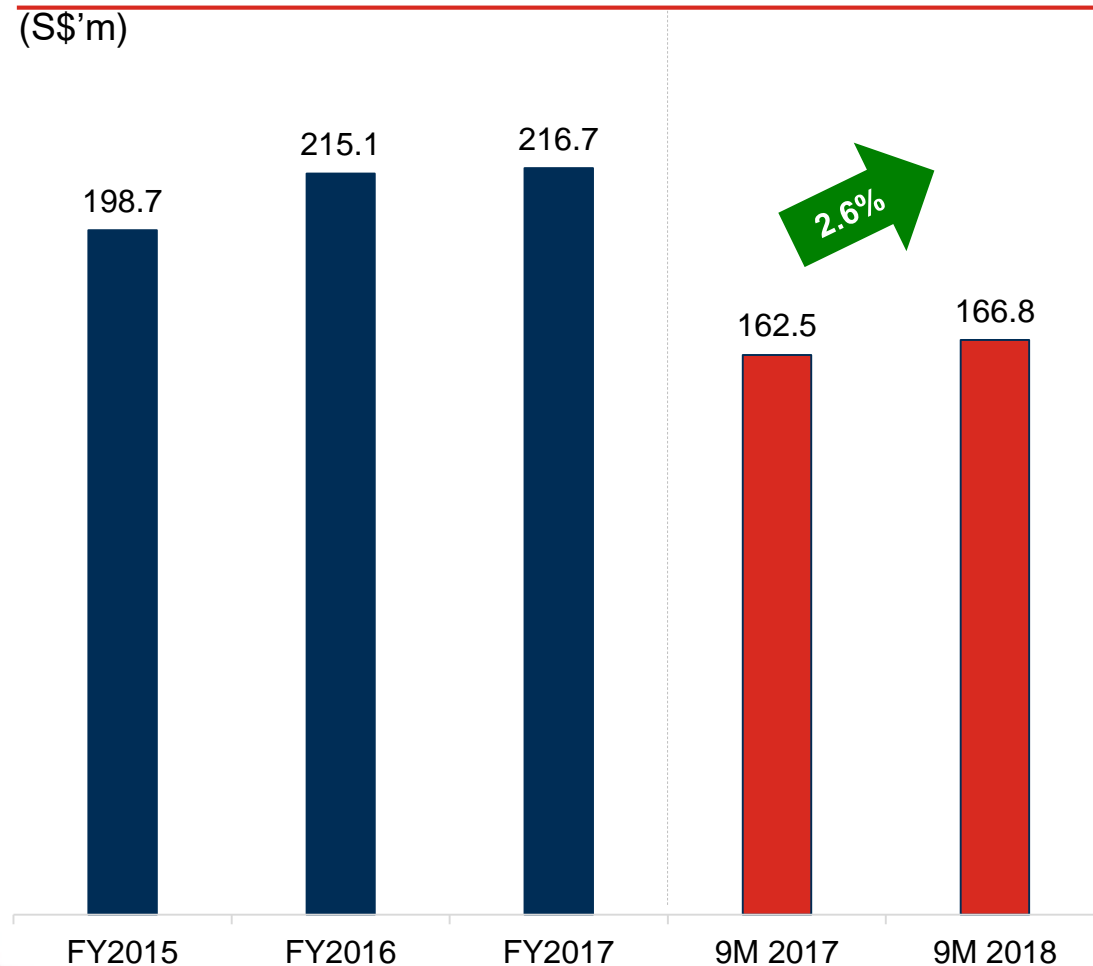
---



# Revenue



## Revenue (S\$m)



- Revenue growth was boosted by a 4.7% increase in revenue for the outlet & mall management segment and a 0.7% growth in F&B retail segment revenue

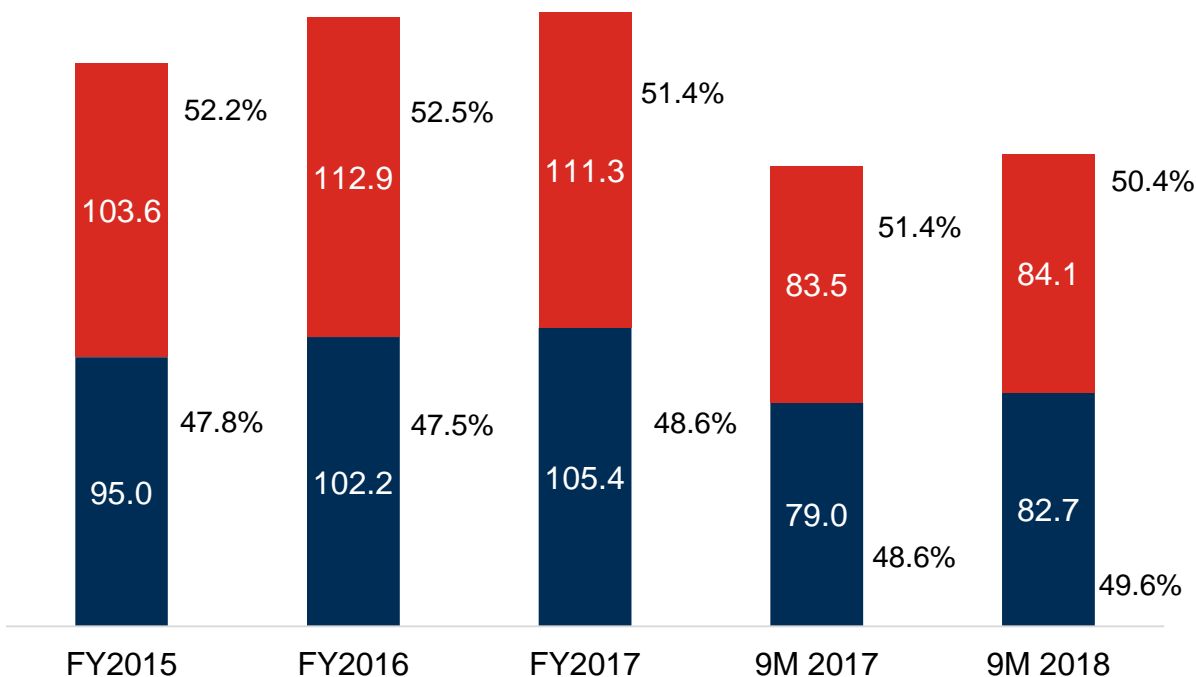
# Revenue Breakdown



## By Business Segments

(S\$m)

■ Outlet & Mall Management ■ F&B Retail



### Outlet & Mall Management:

- Revenue growth lifted by three new food courts opened in 9M 2018 – Fusionopolis, Oasis Terrace and Sengkang General Hospital
- Offset partially by closure of three food courts and coffee shop and temporary closure of MBS food court for progressive refurbishment works that took four months to complete

### F&B Retail:

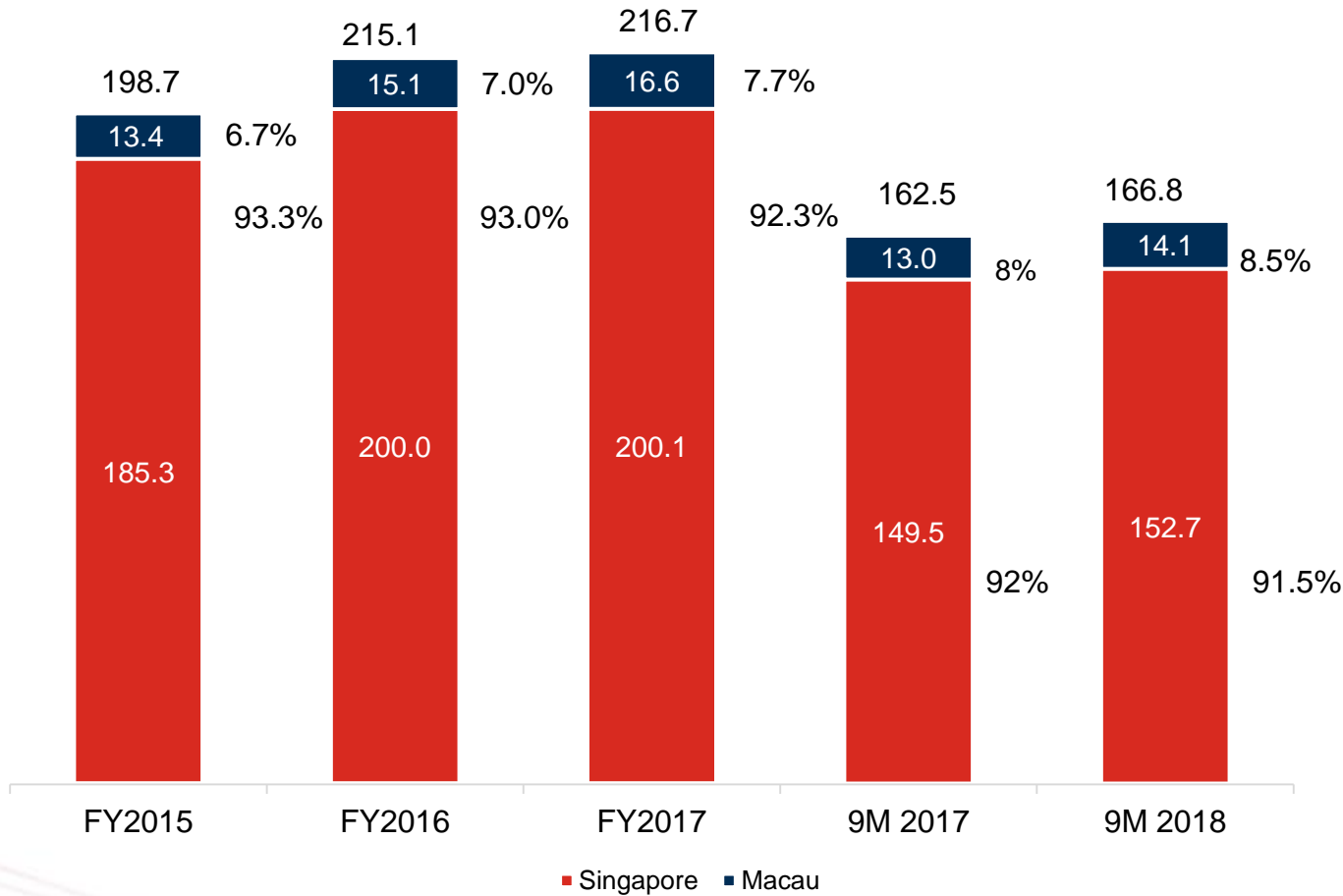
- Revenue growth lifted by three new F&B stalls opened in 9M 2018 – Fusionopolis, Oasis Terrace and Sengkang General Hospital
- Offset partially by closure of two QSRs and seven F&B stalls in 3Q 2018, and temporary closure of MBS food court for progressive refurbishment works that took four months to complete

# Revenue Breakdown



## By Geography

(S\$m)



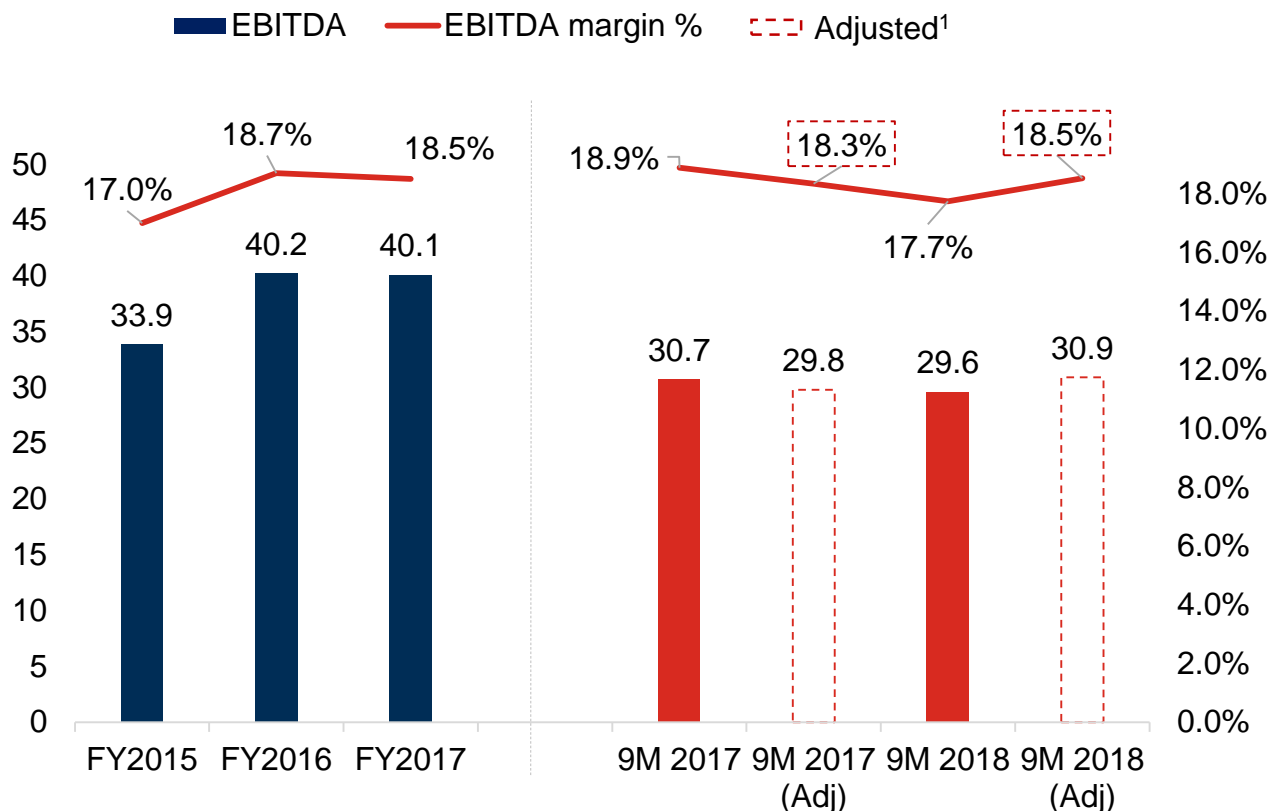
- Revenue contribution from Macau increased by \$1.1m while revenue contribution from Singapore increased by \$3.2m in 9M 2018
- Revenue contribution from Macau correspondingly increased 0.5% in 9M 2018

# EBIDA and EBITDA margin



## EBITDA and EBITDA margin

(S\$m)



- Excluding one-off IPO expenses and finance income from convertible loan notes amounting to a total of S\$1.6 million, the adjusted EBITDA increased marginally by 3.7% to S\$30.9 million

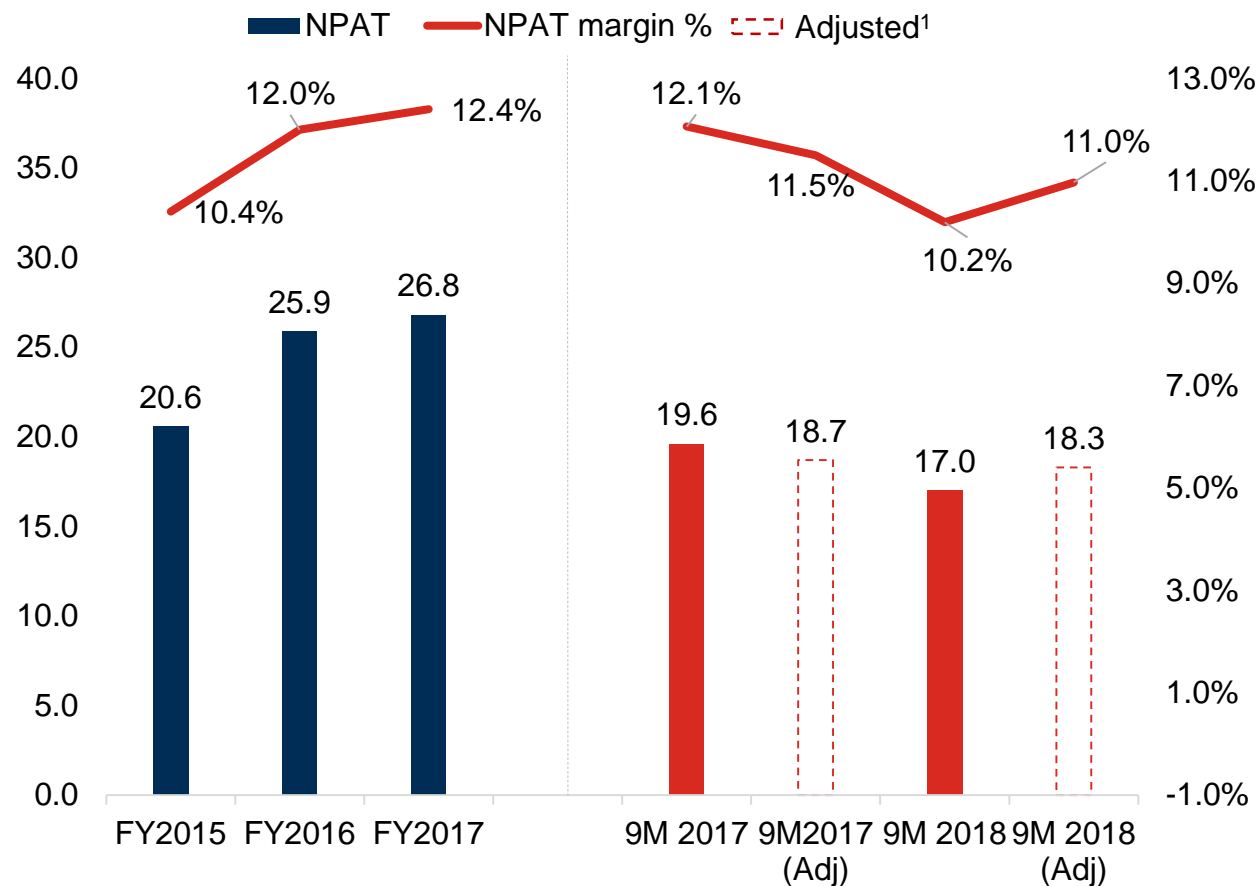
<sup>1</sup> Adjusted EBITDA is derived from the Group's Profit before income tax, after adding back depreciation and amortisation expenses, finance costs and finance income from convertible loan notes and one-off IPO expenses

# Net Profit After Tax



## Net Profit After Tax (attributable to owners of the Company)

(S\$'m)



- Excluding one-off IPO expenses and finance income from convertible notes amounting to a total of S\$1.6 million, the Group's adjusted NPAT declined 2.1% to S\$18.3 million
- Mainly due to higher rental costs incurred during the fit-out period for the three new food courts opened in 2018, compared to costs incurred for only one food court and one coffee shop recorded in 2017

<sup>1</sup> Adjusted NPAT is derived from the Group's Profit after income tax, after excluding the one-off IPO expenses of S\$1.3 million (Q3 2018 and 9M 2018) and finance income from convertible loan notes of S\$0.3 million (Q3 2017) and S\$0.9 million (9M 2017), reflecting the true operating performance of the Group

# Healthy Cashflows and Balance Sheet



Business is resilient through economic cycles

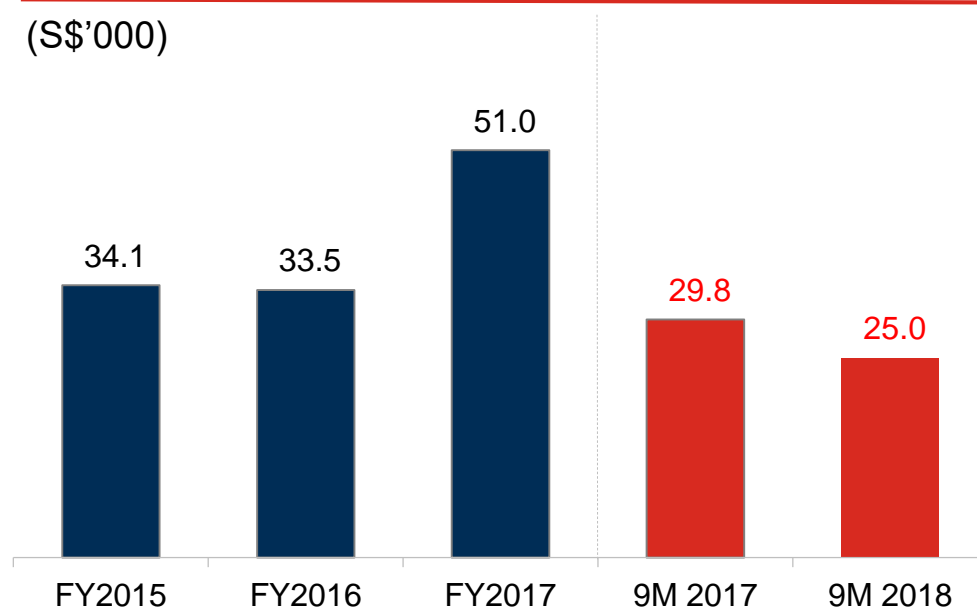
Cash-generative  
Strong operating cash flow  
Healthy balance sheet

## \$55.8m

Cash and cash equivalent  
as at 30 September 2018

## Net Cash Generated from Operating Activities

(\$'000)



## \$51.1m

Net Cash as at  
30 September 2018

## \$0.01

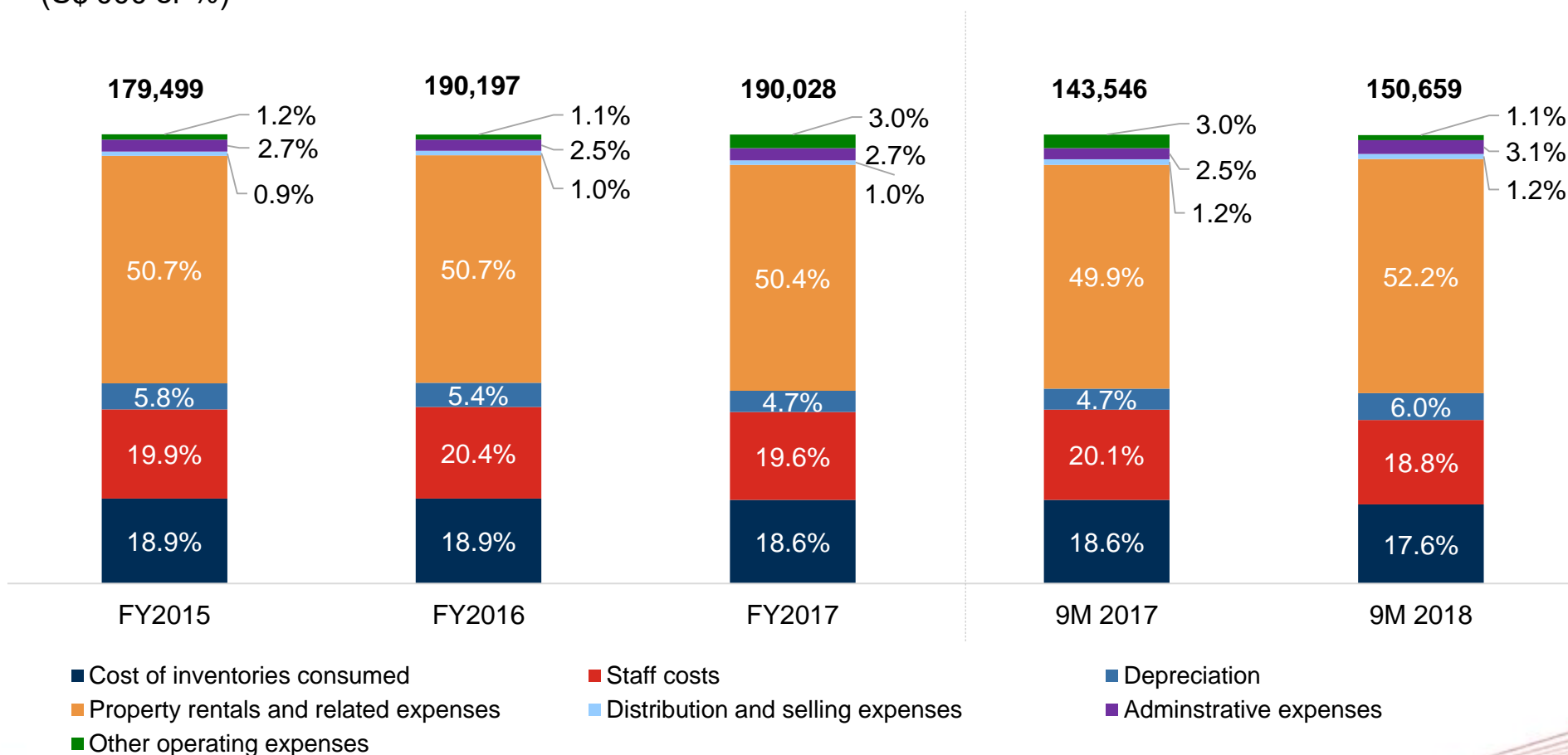
Interim Dividend in line with Prospectus'  
recommendation of paying out at least 50%  
of NPAT generated in FY2018 and FY2019

# Our Expenses Breakdown



## Breakdown of expenses

(S\$'000 or %)





## At a Glance – P&L



(S\$m)	3Q 2018	3Q 2017	Change (%)	9M 2018	9M 2017	Change (%)
Revenue	57.6	55.6	3.6	166.8	162.5	2.6
EBITDA	8.8	10.8	(18.5)	29.6	30.7	(3.6)
Adjusted EBITDA <sup>1</sup>	10.1	10.5	(3.8)	30.9	29.8	3.7
Profit Before Tax	5.6	8.5	(33.6)	20.3	23.5	(13.6)
Net Profit After Tax <i>Attributable to Owners of the Company</i>	4.6	7.1	(34.5)	17.0	19.6	(13.4)
Adjusted NPAT <sup>2</sup> <i>Attributable to Owners of the Company</i>	5.9	6.8	(13.2)	18.3	18.7	(2.1)
Basic and Fully Diluted EPS (SGD Cents)	0.86	1.47	(41.5)	3.38	4.06	(16.7)

<sup>1</sup> Adjusted EBITDA is derived from the Group's Profit before income tax, after adding back depreciation and amortisation expenses, finance costs and finance income from convertible loan notes and one-off IPO expenses

<sup>2</sup> Adjusted NPAT is derived from the Group's Profit after income tax, after excluding the one-off IPO expenses of S\$1.3 million (Q3 2018 and 9M 2018) and finance income from convertible loan notes of S\$0.3 million (Q3 2017) and S\$0.9 million (9M 2017), reflecting the true operating performance of the Group

## At a Glance – Balance Sheet



(S\$m)	30 September 2018	31 December 2017	Change (%)
<b>Current Assets</b>	103.7	65.0	59.5
<b>Current Liabilities</b>	51.9	53.5	(3.0)
<b>Net Current Assets</b>	51.8	11.5	350.4
<b>NAV/Share</b> <i>(SGD Cents)</i>	16.15	8.90	81.5
<b>Cash and Cash Equivalents</b>	55.8	53.0	5.3
<b>Time Deposits</b>	35.0	-	NA
<b>Total Borrowings</b>	4.8	1.8	166.7
<b>Net Cash</b>	51.0	51.2	(0.4)

## At a Glance – No. of F&B Outlets



Outlet & Mall Management Segment	FY2015	FY2016	FY2017	9M 2018	31 Dec 2018
Food courts	47	49	47	48	47
Coffee shops	12	15	15	14	15
Hawker centre	-	-	1	1	1
Commercial mall	1	1	1	1	1
F&B Retail Segment	FY2015	FY2016	FY2017	9M 2018	31 Dec 2018
Self-operated F&B stalls	75	83	79	75	73
F&B kiosks	2	2	4	7	10
QSRs	5	7	9	9	8
Full-service restaurants	2	2	3	3	3

# At a Glance – New Openings in 2018



Month	Brand	Location	F&B Outlets
<b>Singapore</b>			
January	<i>Koufu</i>	Fusionopolis	Food court
January	<i>Grove</i>	Fusionopolis	F&B QSR
April	<i>Supertea</i>	Millenia Walk	F&B QSR
June	<i>Gourmet Paradise</i>	Punggol, Oasis Terrace	Food court
June	<i>R&amp;B Tea</i>	Punggol, Oasis Terrace	F&B kiosk
July	<i>Koufu</i>	Sengkang General & Community Hospital	Food court
August	<i>R&amp;B Tea</i>	Rasapura Masters at Marina Bay Sands	F&B kiosk
October	<i>R&amp;B Tea</i>	Singapore Post	F&B kiosk
November	<i>Happy Hawkers</i>	Tampines T-Space	Coffeeshop
November	<i>R&amp;B Tea</i>	United Square	F&B Kiosk
November	<i>R&amp;B Tea</i>	Kinex	F&B Kiosk
<b>Macau</b>			
May	<i>Supertea</i>	Cotai Sands, Macau	F&B kiosk

# At a Glance – Pipeline Openings



## Outlet & Mall Management



- Koufu food courts to open at The Woodgrove and Buangkok Green in 1Q 2019, 164 Kallang Way in 2Q 2019 and Le Quest at Bukit Batok in 4Q 2019
- Koufu foodcourt to open at Macau University 1Q 2019
- Bringing the total number of foodcourts to 52

## Food Retail



- Secured 5 new locations in Singapore, including 100 AM, Tampines MRT, Parkway Parade, Yew Tee Point to open in January 2019 and Buangkok Green to open in February 2019
- Bringing the total outlets to 13



- Expected to open a full service restaurant at Paya Lebar Quarter in 1Q 2019 (TOP of mall delayed)
- Bringing the total number of restaurants to 4

# Business Strategies and Future Plans

---



# Our Business Strategies and Future Plans



## Expand Our Presence with New F&B Outlets in Singapore and Overseas



- Expand in Singapore with a focus on hospitals, commercial malls, tertiary educational institutions and new housing estates. Secured 4 new locations for foodcourts.
- Expand overseas with an initial focus in Macau, 1 foodcourt secured and opening in 1Q 2019 at Macau University. In the midst of finalizing 1 more foodcourt in Macau.
- Fourth *Elemen* outlet opening in first quarter of 2019 at Paya Lebar Quarters as TOP for the mall has been delayed. Bring *Elemen* to the PRC, Malaysia, Indonesia and Australia

## Establish an Integrated Facility to Drive and Support Our Growth, Including a Larger Central Kitchen and a Centralised Dishwashing Facility



- Expand our central procurement, preparation, processing and distribution functions
- Better support all our F&B Outlets and self-operated F&B stalls and cater for future business expansion
- Improve productivity and operational efficiency

**GFA of  
20,000 sqm**

More than 5 times larger than our current central kitchens and corporate headquarters

**S\$40.0 Million**

Estimated total construction **including** renovation cost, capital expenditure for equipment and machinery (S\$3.9m land premium paid)

Commenced construction in **4Q 2018**

Expected completion in **1H 2020**

# Proposed Integrated Facility



Artist impression of proposed integrated facility located at Woodlands Avenue 12

<b>Larger Central Kitchen</b>	<ul style="list-style-type: none"><li>▪ Reduce the food preparation and processes previously done on-site</li><li>▪ Enjoy greater economics of scale, improve production techniques, ensure better consistency</li><li>▪ Increase production, including through our potential joint venture businesses</li><li>▪ Expand central procurement function; bulk purchase of ingredients and improve purchasing and negotiation power with suppliers</li></ul>
<b>Centralised Dishwashing Facility</b>	<ul style="list-style-type: none"><li>▪ Automated facility to service our F&amp;B Outlets located in the northern and western areas of Singapore</li></ul>
<b>Training Centre</b>	<ul style="list-style-type: none"><li>▪ Provide training for employees</li><li>▪ Establish and align quality standards</li></ul>
<b>Research &amp; Development Centre</b>	<ul style="list-style-type: none"><li>▪ Develop new F&amp;B products and recipes. Research on food preparation process for increased productivity and cost efficiency</li><li>▪ Conduct market research and trend analysis</li><li>▪ Ensure greater consistency in our food quality with higher nutritional value</li></ul>

At least 70% of the GFA for our own business and operations and JV businesses

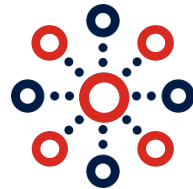
- May sublet unutilised space to third-party stall operators for their production needs and provide infrastructure support to improve their operational efficiency. Enable such stall operators to expand their operations and increase the number of their F&B stalls in our network



# Our Business Strategies and Future Plans



## Leverage on Our Network to Establish Joint Ventures, Strategic Alliances, Acquisitions or Investments in Complementary Business Segments and Markets



- Gain access to new markets, strengthen our market position and/or develop our supply chain through potential vertical integration with key suppliers, manufacturers and/or other service providers
- For F&B retail business:
  - Our Group may contribute management expertise, infrastructure support and priority for F&B stalls in our food courts and coffee shops
  - Potential partners provide manpower, recipes and innovative cooking techniques
- Mutually beneficial arrangement to grow our pool of potential stall operators, optimise mix and increase F&B menu offerings, with additional sources of revenue for our Group

## Leverage on Our Proposed Integrated Facility as a Value Proposition to Potential Partners

- **Expansion of Our Bakery, Confectionary, Tim Sum and Hot Kitchen Food Production Business**
  - Relocate to our proposed integrated facility subsequently
  - Leverage on specialist expertise and potentially expand our supply of food products to third parties and gain access to new markets both locally and overseas
- **Centralised Dishwashing Facility**
  - Partner with a dishwashing service provider
  - Transfer business expertise and existing business contracts to the joint venture
  - Deployment of more sophisticated dishwashing equipment potentially resulting in improved margins

# Our Business Strategies and Future Plans



## Improve Our Productivity by Continuing to Innovate and Automate



- Improve design and features of the smart tray return robots and increase deployment
- Automate the traditional coffee brewing process to ensure consistency in taste and quality and potentially deploy overseas
- Progressively roll out the mobile ordering application to further improve service delivery and operational efficiency

## Expand the Provision of Online Food Ordering and Delivery Services



- Growing demand for online food ordering and delivery services due to the changing lifestyles and convenience
- A channel for F&B Outlets and stall operators to reach out to a wider customer base and generate additional sales revenue
- Collaborated with third party online food ordering and delivery service providers to make available a selection of F&B products from certain F&B Outlets
- To roll out this service to most of our F&B Outlets by 2019

# Investment Merits



- 1 Market Leadership:** One of Singapore's most established and largest operators and managers of food courts and coffee shops with presence in Macau
- 2 Complementary Business Segments with Diversified Revenue Stream:** outlet & mall management business and F&B retail business segments
- 3 Resilient Business and Steady Income Stream**
- 4 Quality Stall Operators and Active Manager-Operator Partnership**
- 5 Comprehensive Supply Chain Facilitates Costs Management and Operational Efficiency**
- 6 Holistic Approach to Improving Productivity by Using Technology as a Key Enabler**
- 7 Experienced Management Team with Proven Track Record**
- 8 Dividend Recommendation:** At least 50% of NPAT generated for the financial years ended 31 December 2018 and 2019<sup>1</sup>



<sup>1</sup> After deducting profit attributable to non-controlling interests and excluding interim dividend of S\$12.5 million declared and paid by Koufu Pte Ltd in FY2018. This is a statement of the Board's present intention and shall not constitute legally binding obligations on Koufu and investors should not treat this as an indication of Koufu's future dividend policy



## THANK YOU

For enquiries, please contact:

**Citigate Dewe Rogerson Singapore Pte Ltd**  
Ms Dolores Phua / Ms Samantha Koh

Email:

[dolores.phua@citigatedewerogerson.com](mailto:dolores.phua@citigatedewerogerson.com)

[samantha.koh@citigatedewerogerson.com](mailto:samantha.koh@citigatedewerogerson.com)