



NEWS RELEASE

NEO GROUP ACHIEVES 9.7% REVENUE GROWTH TO S\$42.4 MILLION FOR 1Q2020

- *Food Catering business continues to drive topline growth with 41.8% increase, underscored by strong recurring income streams*
- *Improved bottom-line performance through cost efficiencies*
- *Sharpening competitive edge through automation and technology*

SINGAPORE – 7 August 2019 – Neo Group Limited ("**Neo Group**", 梁苑集团有限公司, or together with its subsidiaries, the "**Group**"), a homegrown integrated food solutions provider, today announced a 9.7% increase in revenue to S\$42.4 million for the financial quarter ended 30 June 2019 ("**1Q2020**"), from S\$38.6 million in the previous corresponding period ("**1Q2019**"). In line with the stronger topline performance, the Group achieved an improved bottom-line, with net loss attributable to owners of the parent narrowing to S\$0.3 million, from a loss of S\$0.8 million over the previous corresponding period.

Page 1 of 9

(S\$m)	1Q2020	1Q2019	Change (%)
Revenue	42.4	38.6	9.7
Profit/(Loss) before tax	(0.7)	(1.2)	(45.0)
Profit/(Loss) after tax	(0.4)	(1.3)	(68.4)
Profit/(Loss) attributable to Owners of the Parent	(0.3)	(0.8)	(65.7)
Earnings per share Fully Diluted (Singapore cents)	(0.19)	(0.56)	(66.1)

	As at 30 June 2019 (Unaudited)	As at 31 March 2019 (Audited)	Change (%)
NAV per ordinary share (Singapore cents)	25.83	26.12	(1.1)

Neo Group's Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said, "We have seen a sustained and strong performance from our core Food Catering business. Our concerted efforts to grow our brand portfolio and increase our recurring income streams, from childcare to eldercare market segments and our "tingkat" businesses, have yielded a good harvest.

“We will stay firmly focused on nurturing all our business pillars as we prepare for our next phase of growth, with clear initiatives in place to optimise margins through productivity and cost efficiencies, leveraging on automation and technology. At the same time, our highly synergistic and complementary businesses that we have built over the last few years will serve as a solid foundation from which to sustainably grow our business.”

Financial Performance

Despite a seasonally slow quarter, the Group continues to sustain its strong business momentum, achieving a 9.7% in revenue growth to S\$42.4 million in 1Q2020 as compared to S\$38.6 million in 1Q2019. The Food Catering business continues to be the key growth driver resulting in higher topline growth, underscored by strong recurring income streams.

The Group’s flagship Food Catering business achieved a significant 41.8% increase in revenue to S\$19.6 million this quarter from S\$13.9 million in the previous corresponding quarter. The improved topline was boosted by stronger recurring income from the childcare and eldercare market segments, the ramping up of the Group’s *tingkat* business, and revenue contributed by newly acquired subsidiaries.

The Group continues to foster a strong foundation with its other three main business pillars – the Food Retail, Food Manufacturing, and Supplies and Trading businesses, through ongoing business reviews to consolidate its business while preparing for the upcoming months of harvest.

As part of the Group's strategic business review and deliberate decision to close non-performing outlets and streamline its business for sustainable growth, the Group's Food Retail business posted a 7.7% decrease in revenue to S\$3.7 million in 1Q2020 from S\$4.0 million in 1Q2019.

Meanwhile, the Food Manufacturing business saw a 5.4% decrease in revenue from S\$11.7 million in 1Q2019 to S\$11.1 million in 1Q2020 on the back of a more subdued quarter, which resulted in lower sales volume.

Likewise, the Supplies and Trading business saw a 12.3% decrease from S\$8.8 million in 1Q2019 to S\$7.7 million in 1Q2020 as the Group continues its strategy to intentionally reduce low margin trading transactions as part of its ongoing business review.

The Group's Other businesses recorded a 7.5% decrease in revenue from S\$0.3 million in 1Q2019 to S\$0.2 million in 1Q2020.

The Group continues to capture a wider customer demographic and increased its market share, having expanded its portfolio of brands over the past years. As a result of the Group's planned expansion, delivery expenses increased by 47.6% due to increase in Food Catering's outsourced delivery expenses, while employee benefits expense increased by 8.6% due to the consolidation of additional headcount from newly acquired catering subsidiaries. In line with the Group's overall increase in revenue, purchases and consumables saw a 1.0% increase to S\$17.5 million.

As a result of the above, the Group's loss attributable to owners of the parent for 1Q2020 narrowed 65.7% to S\$0.3 million from S\$0.8 million recorded in 1Q2019.

Outlook & Future Strategies

Commenting on the Group's strategic direction ahead, Mr. Neo said, "Having connected the dots through the consolidation of subsidiaries along our integrated value chain in growing our catering empire, we are now placing our focus back on our flagship catering business. We will continue to strengthen our foothold in catering through our multi-brand strategy, expanding our market share while widening our recurring income streams. At the same time, we will continue to move towards automation with our new growth platform – our headquarters and catering hub at 30B Quality Road.

"In our endeavour towards technology innovation, we are pleased to have unveiled our latest creation – Sophie the Robotic Chef, the all new robotic live cooking laksa station which can serve up a piping hot bowl of delicious laksa in just 45 seconds and up to 80 bowls in an hour. Through automation and technology, we hope to reduce our reliance on manpower while ensuring consistency and food safety, to sharpen our competitive edge in this labour intensive industry."

Besides capturing a larger market share in Food Catering, through the pursuit of more institutional catering, corporate clients and venue partnerships, as well as diversifying the range of cuisines and catering options, the Group will continue to leverage on its extensive procurement and logistics network to drive economies of scale with its central kitchens strategically located across Singapore.

Meanwhile, the Group will continue to focus on cost rationalisation and process streamlining, by performing business review for the Food Retail business, as well as through cost discipline for the Supplies and Trading segment, with the objective of enhancing profitability.

In terms of the Food Manufacturing business, the Group's surimi-based seafood products continue to be well-received by consumers. Neo Group intends to accelerate overseas export sales, tapping on its global distribution network, as well as perform R&D to develop new and improved products.

Barring unforeseen circumstances, the Group expects its operations to remain profitable for the financial year ending 31 March 2020.

Note: This press release is to be read in conjunction with the related financial results announcement released by Neo Group Limited via SGXNET on 7 August 2019.



About Neo Group Limited

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Neo Group Limited is a homegrown, integrated food solutions provider. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names in Singapore. The Group has been named the number one events caterer in Singapore and provides one-stop food and catering solutions.

The Group prides itself in providing convenience to customers through its vertically-integrated value chain via four main business segments, namely, Food Catering, Food Retail, Food Manufacturing, Supplies and Trading and other businesses, combining their synergistic qualities to bring customers top value in delivering fresh and tasty meals on time.

The Group supplies a large variety of quality food and buffets appealing to various market segments through its multi-brand strategy. Neo Group's strong portfolio of over 20 brands includes *Neo Garden Catering, Deli Hub Catering, Orange Clove Catering, Best Catering, Chilli Manis Catering, Lavish Dine Catering, How's Catering, Gourmetz, Kim Paradise, umisushi, DoDo fish ball, Joo Chiat Kim Choo traditional rice dumplings, amongst others.* Its food retail network spans over 20 outlets islandwide.



Through its subsidiaries, Neo Group has a trading network across over 30 countries worldwide. Its operations are supported by its central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

For more information, please visit www.neogroup.com.sg.

IMPORTANT NOTICE

This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), Listing Manual Section B: Rules of Catalist.

This news release has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.



ISSUED ON BEHALF OF : Neo Group Limited
BY : Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
SINGAPORE 069534
CONTACT : Ms Dolores Phua / Ms Samantha Koh
DURING OFFICE HOURS : 6534-5122
EMAIL : dolores.phua@citigatedewerogerson.com
samantha.koh@citigatedewerogerson.com
