

# **JAPAN FOODS HOLDING LTD.**

## **Corporate Presentation**

**9M2019**

**(9 months ended 31 December 2018)**



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# **JAPAN FOODS HOLDING LTD.**

## **Overview of 9M2019**



# Performance at a Glance

## 3Q2019/3Q2018

<b>3Q2019:</b>	<b>Revenue</b> <b>S\$17.5 million</b>	<b>Gross Profit</b> <b>S\$14.8 million<sup>1</sup></b>
	-----	-----
<b>3Q2018:</b>	S\$18.7 million	S\$15.9 million

<b>3Q2019:</b>	<b>Net Profit</b> <b>S\$1.2 million</b>	<b>EBITDA</b> <b>S\$2.5 million</b>
	-----	-----
<b>3Q2018:</b>	S\$2.5 million	S\$4.2 million

## 9M2019/9M2018

<b>9M2019:</b>	<b>Revenue</b> <b>S\$50.8 million</b>	<b>Gross Profit</b> <b>S\$42.9 million</b>
	-----	-----
<b>9M2018:</b>	S\$51.7 million	S\$44.0 million

<b>9M2019:</b>	<b>Net Profit</b> <b>S\$2.8 million</b>	<b>EBITDA</b> <b>S\$6.6 million</b>
	-----	-----
<b>9M2018:</b>	S\$4.8 million	S\$9.3 million

**Note:**  
*All financial figures have been rounded*

# Financial Highlights (Q-on-Q)

<b>S\$' m</b>	<b>1Q2019</b>	<b>2Q2019</b>	<b>3Q2019</b>
<b>Revenue</b>	16.6	16.6	17.5
<b>Gross Profit</b>	14.1	14.0	14.8
<b>EBITDA</b>	2.2	1.7	2.5
<b>Net Profit After Tax (NPAT)</b>	1.0	0.6	1.2
<b>NPAT Margin (%)</b>	5.8	3.8	6.9
<b>Earnings Per Share (S'pore cents)</b>	0.56	0.36	0.70

*Note: All financial figures have been rounded*

# Our Growing Brand Portfolio

## 9 Franchise Brands from Japan



Ajisen Ramen



Shitamachi Tendon Akimitsu



Osaka Ohsho



Konjiki Hototogisu



Kazokutei



麵屋武蔵  
Menya Musashi



Menzo Butao



Yonehachi



Kagurazaka Saryo

## 5 Self-Developed Brands

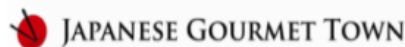
## 1 Franchise Brand from Malaysia



Aji-Tei



Curry is Drink



New ManLee Bak Kut Teh

# Upcoming New Brands

## AFURI Ramen



### Brand highlights:

- ✓ Origin: Kanagawa, Japan
- ✓ Location: Most outlets are in Tokyo Metropolitan area
- ✓ Known for: Healthy Yuzu-flavoured broth
- ✓ Target group: Health-conscious diners

## Kara-Men



### Brand highlights:

- ✓ Origin: Kyushu, Japan.
- ✓ Extension of “Ajisen Ramen” flagship brand
- ✓ Features: Broth with different levels of spiciness

*Expected launch dates for both brands: Next 12 months*



# Updates from Our Latest Brands

## Konjiki Hototogisu



- **First franchisee** in Asia.
- Launched in **June 2018** at CHIJMES

### Brand highlights:

- ✓ Originated in Shinjuku in Tokyo, Japan
- ✓ Featured in Michelin Guide Tokyo's Bib Gourmand for four consecutive years between 2015 and 2018
- ✓ **Accorded "1 Michelin Star" status in the Tokyo Michelin Guide 2019**
- ✓ Famed for its full-bodied clam, chicken and pork base broth



## Kagurazaka Saryo



- **First franchisee** in Asia
- Launched in **July 2018** at VivoCity

### Brand highlights:

- ✓ 20-year old brand
- ✓ Began in back street of Kagurazaka ("Little Kyoto") in Tokyo, Japan
- ✓ Offers variety of traditional Japanese desserts including cakes and ice creams with matcha as key ingredient





# Our Network

*As at 31 December 2018*



The Group, together with its sub-franchisees, operates a total of 56 restaurants under various brands in Singapore, Malaysia and Vietnam. It also has interests in 19 restaurants in Indonesia, Hong Kong and China through associated companies.

**54** Self-operated restaurants

**19** Restaurants through associated companies

**2** Restaurants operated by sub-franchisees

# Updates on our Singapore Network

Restaurant Brands	As at 31 Dec 2018	As at 31 Dec 2017
Ajisen Ramen	17 (a)	18 (a)
Curry is Drink	1	-
Dutch Baby Cafe	1	1
Fruit Paradise	1	3
Ginza Kushi Katsu	1	1
Japanese Gourmet Town	1	1
Kagurazaka Saryo	2	-
Kazokutei	1	1
Konjiki Hototogisu	2	-
Menya Musashi	11	10
Menzo Butao	2	1
New ManLee Bak Kut Teh	1	2
Osaka Ohsho (b)	5	5
Shitamachi Tendon Akimitsu	7	4
Yonehachi	1	1
<b>TOTAL</b>	<b>54</b>	<b>48</b>
<b>Food Court Outlet</b>		
Ajisen Ramen	-	1



Den by Ajisen Ramen



Konjiki Hototogisu



Shitamachi Tendon Akimitsu



New ManLee Bak Kut Teh



Curry is Drink

<sup>a</sup> Includes 3 "Den by Ajisen Ramen" brand restaurants and 3 "Keika Ramen" brand restaurant

<sup>b</sup> Includes 1 "Kotsujiru Nabe" brand restaurant, which is an extension of the "Osaka Ohsho" brand

# Updates on our Overseas Network

Restaurants	Updates	No. of Outlets As at 31 Dec 2018	No. of Outlets As at 31 Dec 2017
<b>Ajisen Ramen<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ Closed 1 restaurant in Kumho Link, Vietnam</li> </ul>	1 in Malaysia	2 in Malaysia
		1 in Vietnam	2 in Vietnam
<b>Menya Musashi<sup>2</sup></b>	<ul style="list-style-type: none"> <li>▪ Opened 1 restaurant in Jakarta, Indonesia</li> <li>▪ Closed 1 restaurant in Hong Kong</li> <li>▪ Opened 3 new restaurants in China                             <ul style="list-style-type: none"> <li>✓ 2 in Guangzhou</li> <li>✓ 1 in Shanghai</li> </ul> </li> <li>▪ Closed 2 restaurants in China                             <ul style="list-style-type: none"> <li>✓ 1 in Hangzhou</li> <li>✓ 1 in Shenzhen</li> </ul> </li> </ul>	1 in Indonesia	-
		7 in Hong Kong	8 in Hong Kong
		11 in China	10 in China
<b>TOTAL</b>		<b>21</b>	<b>22</b>

Note:

<sup>1</sup> operated by sub-franchisees

<sup>2</sup> interests in restaurants through associated companies

# **JAPAN FOODS HOLDING LTD.**

## **Financial Highlights**

**9M2019**

**(9 months ended 31 December 2018)**



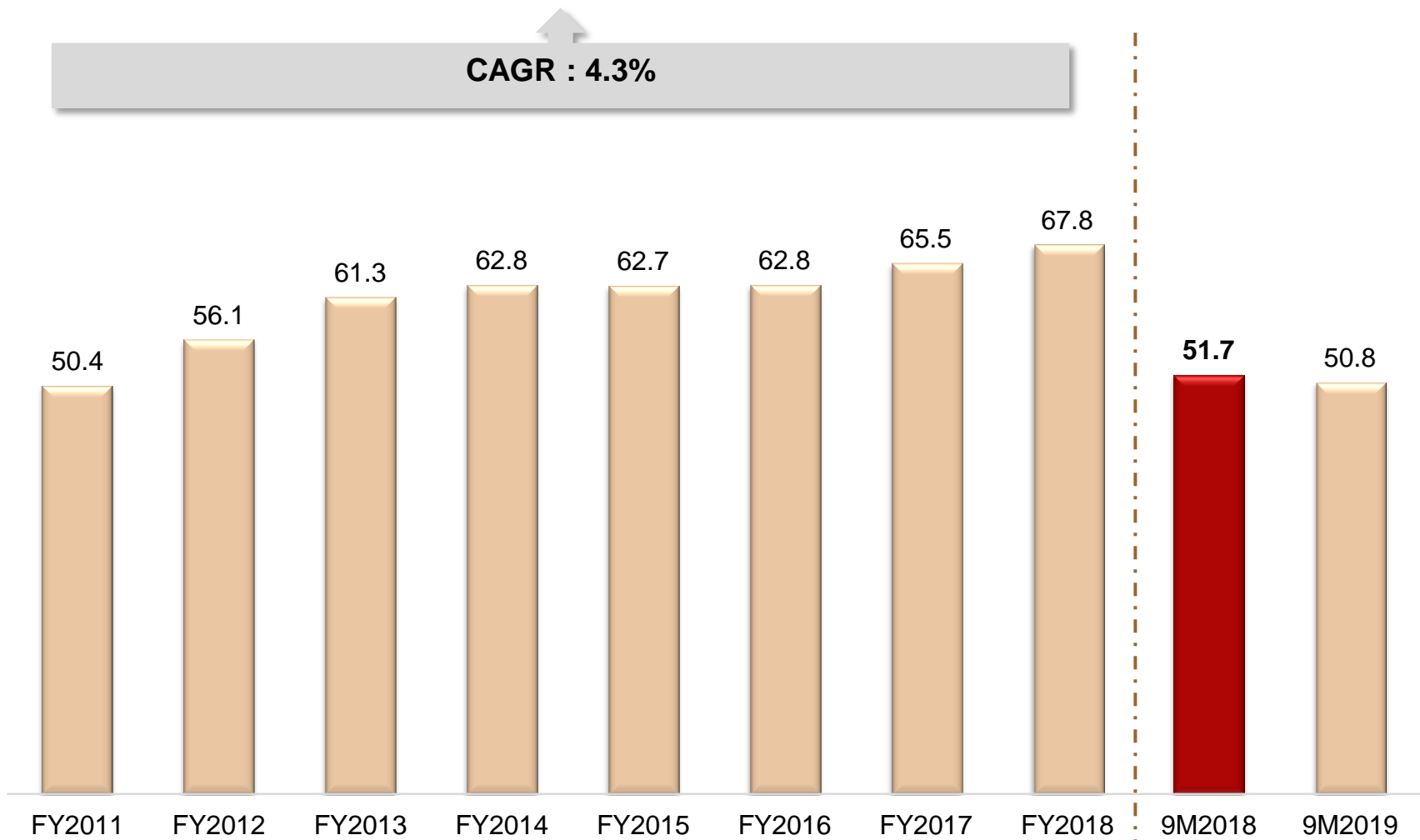
# Financial Highlights (3Q and 9M)

S\$' m	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change (%)
Revenue	17.5	18.7	(6.3)	50.8	51.7	(1.7)
Gross Profit	14.8	15.9	(7.1)	42.9	44.0	(2.4)
Gross Profit Margin (%)	84.4	85.1	(0.7 pts)	84.5	85.1	(0.6) pts
EBIT	1.5	3.1	(51.2)	3.4	6.0	(41.9)
EBIT margin (%)	8.6	16.6	(8.0) pts	6.7	11.6	(4.9) pts
EBITDA	2.5	4.2	(40.5)	6.6	9.3	(29.0)
EBITDA margin (%)	14.3	22.5	(8.2) pts	13.0	18.0	(6.0) pts
Net Profit After Tax (NPAT)	1.2	2.5	(51.3)	2.8	4.8	(42.0)
NPAT Margin (%)	6.9	13.3	(6.4) pts	5.5	9.4	(3.9) pts
Earnings Per Share (S'pore cents)*	0.70	1.44	(51.4)	1.61	2.79	(42.3)
Return on Equity (%)	3.6	7.3	(3.7) pts	8.4	14.2	(5.8) pts

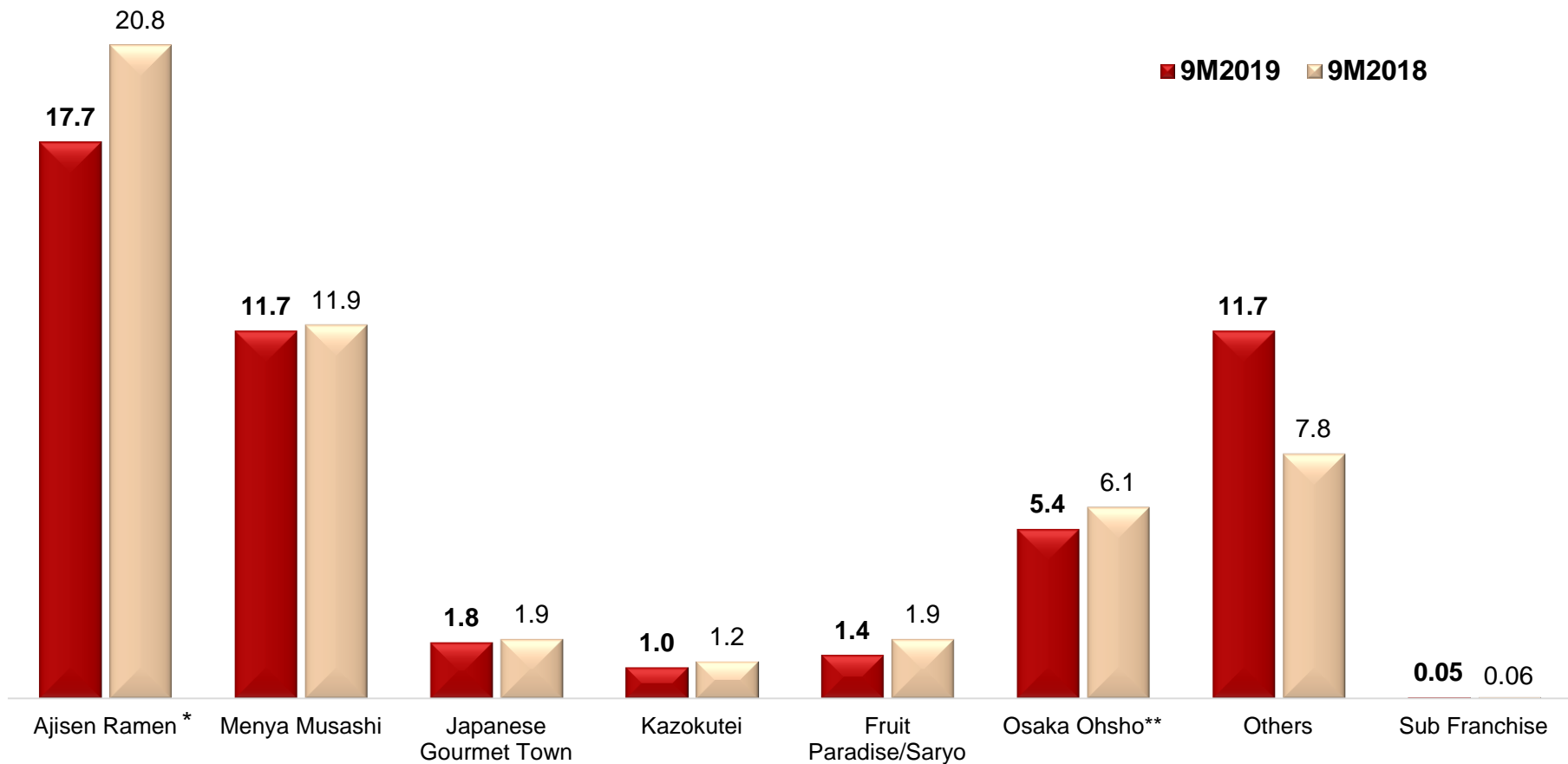
Note: All financial figures have been rounded

\*EPS was computed based on the weighted average number of shares of 173,686,190 shares and 173,484,246 shares in 3Q2019 and 3Q2018 respectively; and 173,799,499 shares and 173,398,949 shares in 9M2019 and 9M2018 respectively.

# Revenue (S\$' m)



# Revenue Mix by Brands (S\$' m)

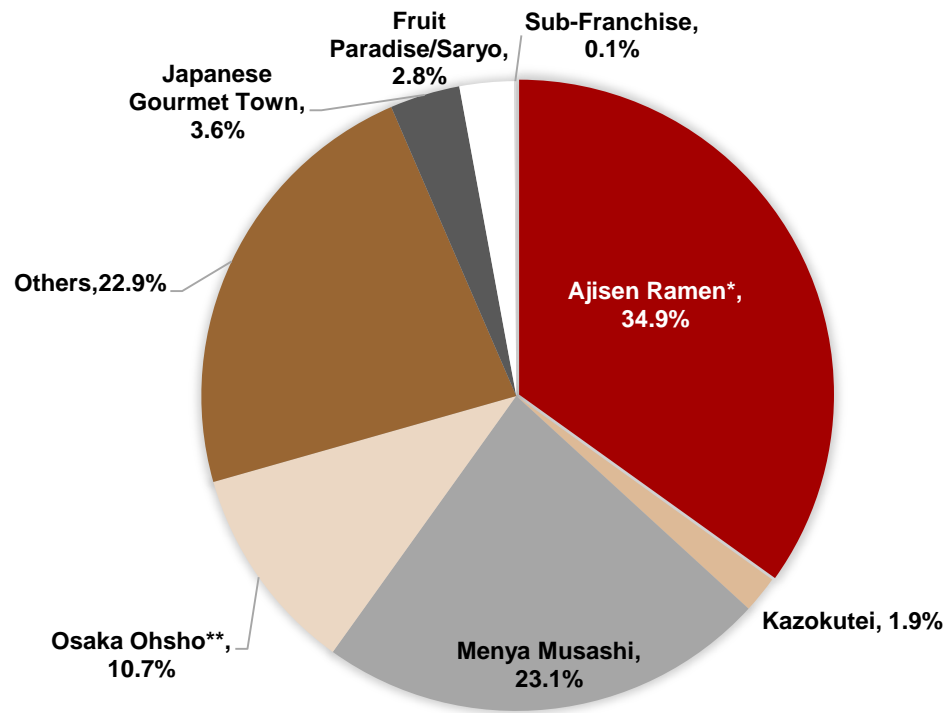


\* Includes Keika Ramen

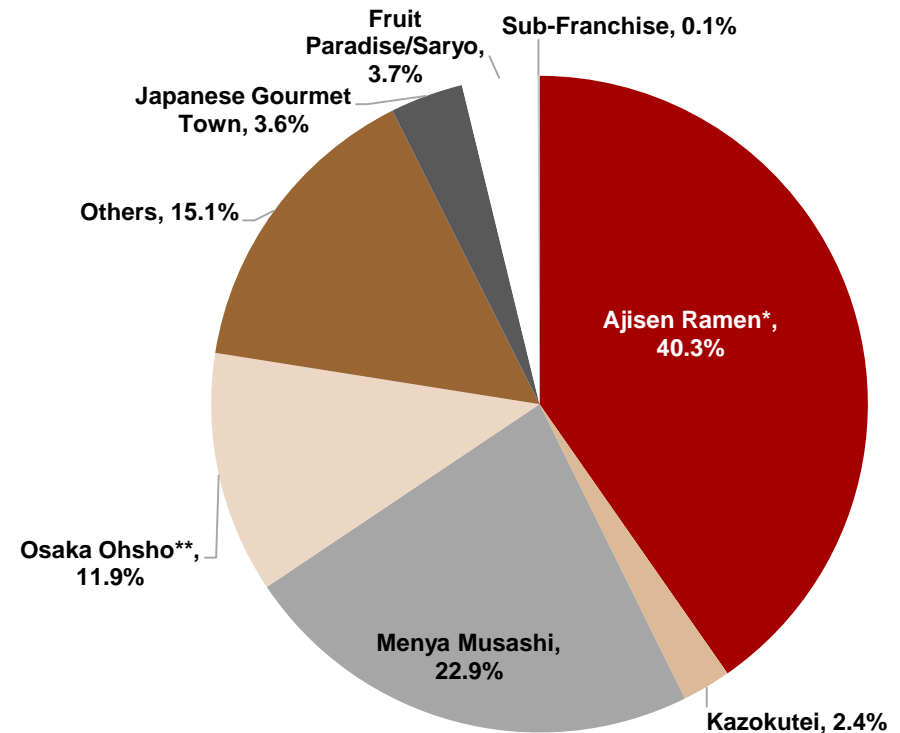
\*\* Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

# Revenue Breakdown

**9M2019**



**9M2018**



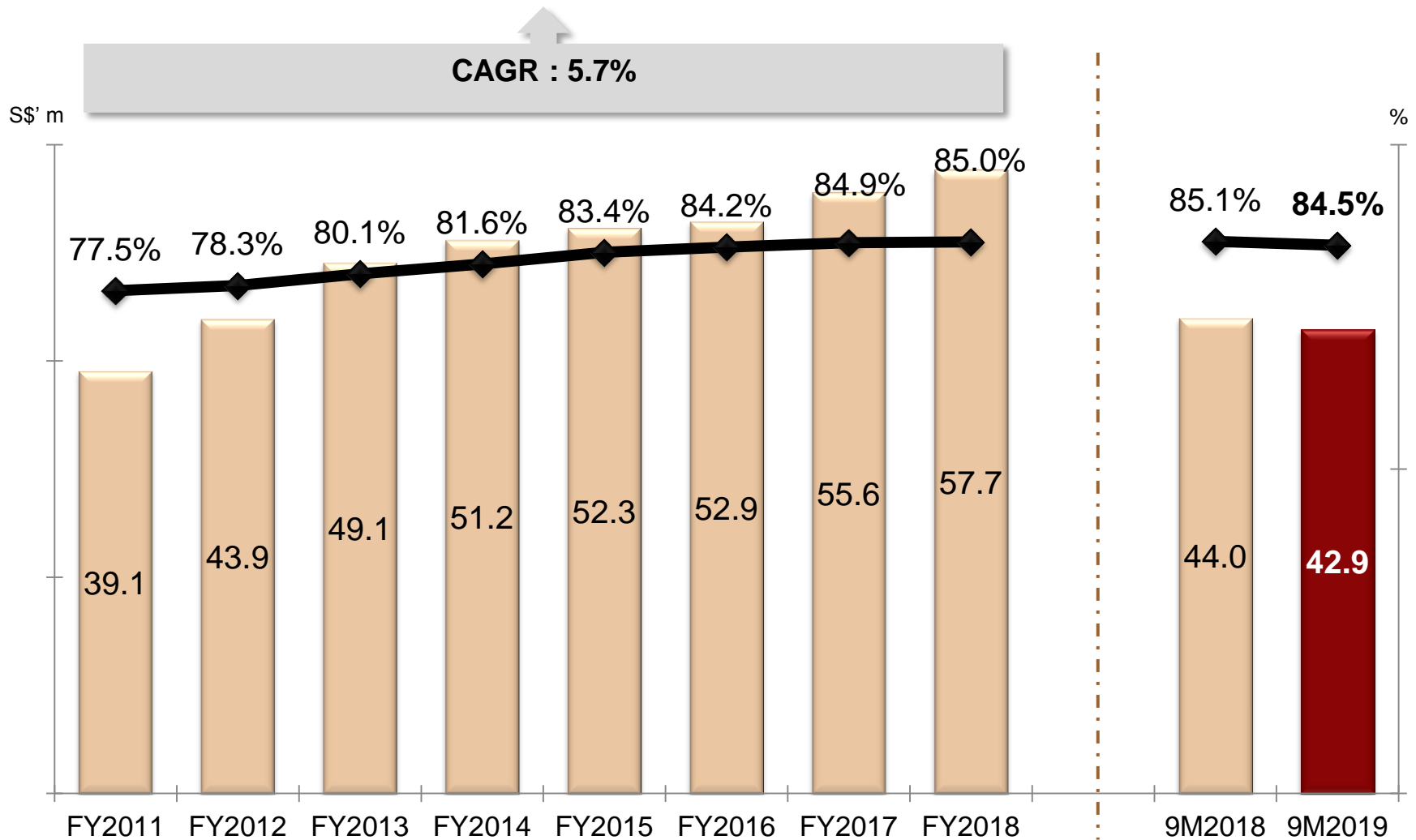
Notes:

\* Includes Keika Ramen

\*\* Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

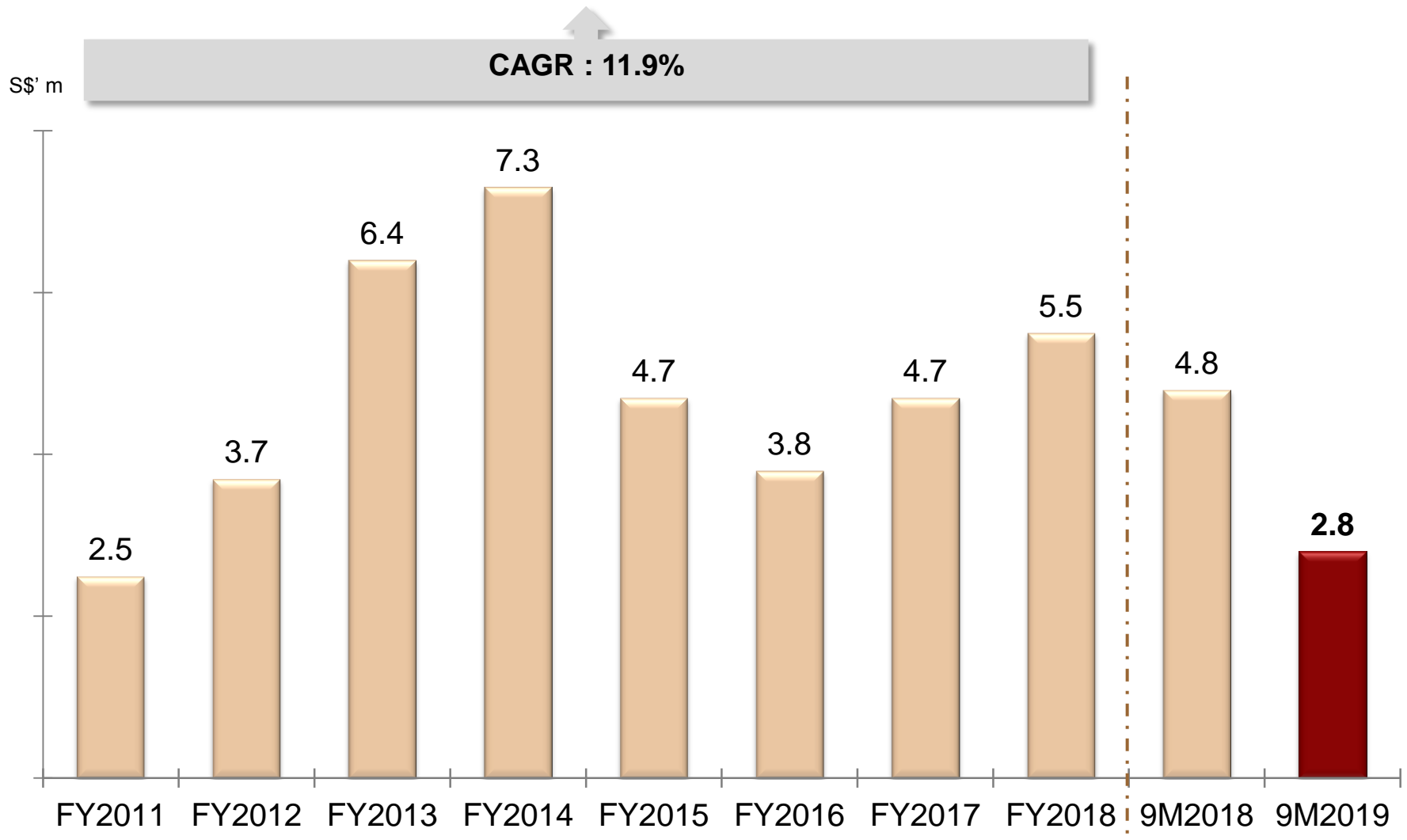


# Gross Profit and Gross Profit Margin



**Note:**  
All financial figures have been rounded

# Net Profit



**Note:**

*All financial figures have been rounded*

# Cash Flow

S\$ 'm	Nine months ended 31 Dec 2018	Nine months ended 31 Dec 2017	Change (%)
Net cash generated from operating activities	6.9	7.1	↓ 2.8
Net cash used in investing activities	(3.0)	(3.1)	↓ 3.2
Net cash used in financing activities	(4.3)	(3.7)	↑ 16.2
Net increase in cash and cash equivalents	(0.4)	0.3	N.M
Cash and cash equivalents at beginning of financial year	19.8	18.1	↑ 9.4
Cash and cash equivalents at end of financial period	19.4	18.4	↑ 5.4

*Note:  
All financial figures have been rounded*

# Key Financial Ratios

	As at 31 Dec 2018	As at 31 Mar 2018	Change (%)
Cash and bank balances (S\$m)	21.9	21.9	-
Total assets (S\$m)	43.3	43.3	-
Total equity (S\$m)	33.3	34.0	(2.1)
Net cash ratio <sup>(1)</sup>	2.3	2.5	(8.0)
Net asset value per share (S'pore cents) <sup>(2)</sup>	19.18	19.63	(2.3)
Net cash per share (S'pore cents) <sup>(2)</sup>	12.6	12.6	-

Notes:

(1) Net cash ratio is calculated by taking the cash and bank balances, subtracting total debt, and dividing that number by the total current liabilities.

(2) Computed based on 173,615,400 shares as at 31 December 2018 and 173,387,900 shares as at 31 March 2018.

*Note: All financial figures have been rounded*

# **JAPAN FOODS HOLDING LTD.**

## **Corporate Updates**



# Joint Venture with Minor Singapore

- Japan Foods and Minor Food Group (Singapore) Pte. Ltd. (“**Minor Singapore**”) formed 50-50 joint venture company **Dining Collective Pte Ltd** (“**Dining Collective**”) to expand geographical presence
- Dining Collective will operate Japan Foods’ Japanese cuisine brands in Thailand and China, and Minor Singapore’s Thai cuisine brands in Japan.
- MOU marks Japan Foods’ first foray into Thailand and Japan

Brands by

**MINOR**  
FOOD GROUP  
SINGAPORE



*Poulet*



*Thai Express*



*Xin Wang Hong Kong Cafe*

# JFH Rewards membership swells

Launched in January 2018 with approx. **12,000** JFH members

As at 31 December 2018, over **100,000** JFH members

- ✓ Members get a 10% rebate on what they spend in the form of \$J
- ✓ Free membership
- ✓ Accumulated \$J can be used to offset the next meal
- ✓ New programme replaces the previous JFH Family Card



# In the news recently

The Business Times, 28 Jan 2019

The Straits Times, Monday, January 28, 2019

## Japan Foods engineers myriad tastes of home

The group targets growth by constantly introducing new food and beverage brands while revising old ones

**F**OR engineer-turned-entrepreneur Takahashi Kenichi, the process involves a juggling act of how to create new brands that will be successful in Singapore.

At the time, Mr. Kenichi, who moved to the city-state in the 1990s to become the chief engineer for Perini Asia Group, was dismayed by the dearth of Japanese ramen shops. Knowledge of Japanese cuisine in Singapore was limited mostly to traditional restaurants serving authentic and taste, and I really missed the taste of home," recalled the executive, who has from the coastal city of Ito, Osaka in Kanagawa Prefecture, located in the Tokyo-Yokohama metropolitan area.

One of Osaka's most well-known ramen brands, and Osaka (Osaka, which shows health-conscious consumers with its delicately oily, grilled Japanese dumplings, or gyoza.

Another notable franchise is Manjiya Ramen. Named after the legendary samurai Miyamoto Musashi, famed for his virtuous, "double sword" style, it gained cult status among ramen fans in Japan and abroad after its Tokyo debut in 1978.

Property brands include Thai Paradise, which offers tourists made with highly experienced chefs and topped with fresh fruits, as well as Donki Kaya Cafe. Ramen for its past few years yet stays open baked pastries, served on hot cast iron pans.

Another self-developed concept is Cinnia Kaya-Kaya - specializes in a beef beef bowl, sticky rice, crab balls, tender, medium rare fillet steaks. In 2013, the group made its first foray into the Japanese cuisine with the launch of Ito, Osaka, Ramen. It is a brand trademarked from Malaysia.

## COMPANIES & MARKETS | 5



"Having a stable of strong brands allows us to manage our restaurant portfolio efficiently," says Japan Foods CEO Takahashi Kenichi. PHOTO: JAPAN FOODS HOLDING LTD.

"The role of brands is always to do research before we decide what to launch. It has been a long, slow process, but we are now interested in quality rather than quantity growth," he said. Japan Foods announced last month it had purchased Minor S'pore, an indirect subsidiary of Thai Catalyst-listed Japan Foods Holding, to run such other brands in Japan, Thailand and China.

On average, Japan Foods opens one new store and closes one to two stores each year. It aims to have 100 stores across the region in the next five years, he added.

"I'm still there and proud a lot of time and effort have been put into building out a new chain and even after it has been launched, there will be several months of more tweaking because it's a process to get things right."

Of an 18-year-old daughter can now help on a strenuous plate of food. "I'm still there and proud a lot of time and effort have been put into building out a new chain and even after it has been launched, there will be several months of more tweaking because it's a process to get things right."

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# Japan Foods, Minor S'pore to take F&B brands to the region

By Annabeth Leow  
leowhna@sph.com.sg  
@AnnabethLeowBT  
Singapore

**DINERS** could soon slurp away on ramen in the birthplace of pad thai, or vice versa, thanks to a franchising joint venture between Catalyst-listed Japan Foods Holding and fellow restaurant operator Minor S'pore.

The food and beverage players signed a binding memorandum of understanding on Friday to work together on growing their regional operations.

According to the board of Japan Foods, the planned tie-up will let both partners leverage each other's operational strengths, industry experience, and culinary experience.

Japan Foods will run the 50-50 joint-venture company's Thai eatery operations in Japan, while Minor S'pore - an indirect subsidiary of Thailand's Minor International Public Co - will operate Japanese restaurants in Thailand and China.

But a definitive joint-venture agreement must be reached in six months.

The partners will fund the joint venture with \$52.3 million in shareholder loans, to be used for working capital, and will contribute equally to the funding for joint-venture projects.

Japan Foods' flagship brands include Ajisen Ramen and Menya

Musashi, while Minor S'pore operates chains such as Thai Express, Xin Wang Hong Kong Cafe, Poulet and Buffet Town in Singapore.

The deal is not expected to have any material impact on Japan Foods' consolidated earnings and net tangible assets per share for the year to March 31, 2019, said the board.

Shares in Japan Foods Holding closed at 45.5 Singapore cents on Dec 3, when they were last traded.

## They will run each other's brands in Thailand, China and Japan

Catalist-listed Japan Foods Holding has teamed up with a fellow restaurant cuisine operators.

And Minor S'pore will run the Japanese food outlets in Thailand and China, and support the preparation of Thai cuisine, according to a binding memorandum of understanding (MOU) signed yesterday.

This is an excerpt from S'pore's SPC. The Company Brief, a regular column featuring C-level executives of S'pore-listed companies. Previous editions can be found on S'pore's website [www.spc.com.sg/news](http://www.spc.com.sg/news).

On average, Japan Foods opens one new store and closes one to two stores each year. It aims to have 100 stores across the region in the next five years, he added.

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Japan Foods plans to fund its half of the shareholder loan, and any subsequent funding, with internal cash resources, it said in a board filing.

But a definitive joint-venture agreement must be reached within six months or the MOU will be terminated.

Japan Foods said the proposed venture will let both partners go each other's operational and industry experience, as well as their respective culinary strengths.

Singapore executive chairman and chief executive Delin Subramaniam said that the two companies

will have no material impact on Japan Foods' consolidated earnings and net tangible assets per share for the year to March 31, 2019, said the group's board.

Japan Foods' flagship brands include noodle restaurants Ajisen Ramen and Menya Musashi, while Minor S'pore operates brands such as Thai Express, Xin Wang Hong Kong Cafe, Poulet and Buffet Town in Singapore.

The deal is not expected to have any material impact on Japan Foods' consolidated earnings and net tangible assets per share for the year to March 31, 2019, said the board.

Shares in Japan Foods Holding closed at 45.5 Singapore cents on Dec 3, when they were last traded.

The two restaurant operators will fund the joint venture with a combined shareholder loan of \$5.3 million, which will be disbursed for working capital as determined by the joint venture's directors.

Japan Foods executive chairman and chief executive Takahashi Kenichi says he looks forward to launching both franchise and in-house brands in Thailand and China. PHOTO: JAPAN FOODS HOLDINGS GROUP



# Peer Comparison

	Market Cap (S\$ 'm)	Price (S\$)	Net profit margin (%)	ROE (%)	Net Debt / Equity	P/E	Div yield (%)
<b>Japan Foods</b>	78.1	0.450	7.4	15.0	Net Cash	15.6	4.7
<b>BreadTalk</b>	484.4	0.860	1.9	6.4	0.2	42.6	2.9
<b>ABR Holdings</b>	151.8	0.755	3.3	4.4	Net Cash	36.0	3.3
<b>Sakae Holdings</b>	20.9	0.150	7.6	9.9	1.2	5.1	-
<b>Soup Restaurant</b>	44.8	0.160	6.1	24.8	Net Cash	17.1	3.1
<b>Tung Lok Restaurant</b>	41.7	0.152	(0.4)	-	Net Cash	-	-
<b>Katrina</b>	46.1	0.199	1.2	5.3	Net Cash	64.4	1.3
<b>Jumbo</b>	259.6	0.405	7.2	16.9	Net Cash	23.6	3.0
<b>RE&amp;S Holdings</b>	74.3	0.210	2.5	10.0	Net Cash	20.8	1.9
<b>Kimly Limited</b>	277.2	0.240	10.8	26.2	Net Cash	12.7	4.0
<b>No Signboard Holdings</b>	56.9	0.123	(8.7)	n.m.	Net Cash	n.m.	2.114

Source: ShareInvestor.com, data as at 30 Jan 2019, 10.00am

Japan Foods, Tung Lok – FYE 31 Mar RE&S Holdings – FYE 30 Jun No Signboard, Kimly – FYE 30 Sep Rest of peers – FYE 31 Dec

**JAPAN FOODS HOLDING LTD.**

**Thank You!**

