



KOUFU GROUP LIMITED

ANNUAL GENERAL MEETING

26 April 2021

CHUA SHER LIN
CHIEF FINANCIAL OFFICER



Agenda

1. Rising Through Challenges

2. Financial Performance FY2020

3. Kneading Future Growth



Rising Through Challenges

Koufu's defensive business nature helped to weather the vast challenges brought on by the global pandemic which can be attributed to:

- Steadfast philosophy of integrating modern management discipline
- Prudence in financial management
- Continuous adaptation to the “new normal”



Key Focus in 2020

- Enhancement of Multi-Brand Platform and Network
- Embracing innovation in delivery of F&B Services
- Efficiency-focused with game-changing Integrated Facility



Enhancement of Multi-Brand Platform and Network

Landmark Developments

a) Maiden entry into the Philippines

- Entered into a Master Franchise agreement to expand R&B Tea to the Philippines with Shakey's Pizza Asia Ventures Inc on 24 August 2020
- Under its co-branding strategy, the Master Franchisee had rolled out selected R&B Tea drinks to 122 Shakey's and Peri Peri stores in the first year of business and will set up at least five self-operated standalone R&B Tea outlets during the 7-year term
- Given the rights to sub-franchise the R&B Tea brand to sub-franchisees

b) Sold stake in Supertea Indonesia; continued with licensing arrangement

- To align overseas R&B Tea business as a franchise model and streamline operations/ reduce costs

The Group collects franchise/licence fees, royalties and marketing fees as part of the franchising/ licensing arrangement.



Enhancement of Multi-Brand Platform and Network

Landmark Developments

c) **Accretive synergistic acquisition of traditional snacks and dough products, Deli Asia Group**

- Acquired on 30 July 2020 for an aggregate cash consideration of S\$21,770,000
- Fast-tracks Koufu's revenue diversification and network expansion in complementary dim sum snacks and dough products
 - Gain access to new markets through the supply of frozen and partial fried food products to third party businesses, including supermarkets and exports to overseas markets
 - Further expand acquired network of seven retail kiosks under *Dough Culture* brand
 - Further expand the acquired network of 57 authorised/ licensed F&B stalls in coffee shop/ hawker centres carrying products under the *Delisnacks* brand

* Acquisition of Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd. (collectively, the "Deli Asia Group")



Retail brand logo



Authorised/ licensed brand logo

Multi-brand Strategy

14 Complementary brands at differentiated price points to expand market share

Food Courts



F&B Stalls, Franchised F&B Stalls, Kiosks, QSRs and Full-Service Restaurants



Coffee Shops



At a Glance – New Openings in FY 2020

Outlet & Mall Management

Singapore

Month	Brand	Location	F&B Outlets
Jan 2020	Happy Hawkers	Blk 602 Tampines Avenue 9	Coffee Shop
Jan 2020	Happy Hawkers	Blk 215 Compassvale Crescent	Coffee Shop
Oct 2020	Koufu	Le Quest	Food Court

Overseas

Month	Brand	Location	F&B Outlets
Sep 2020	Koufu	Nova City, Macau	Food Court



At a Glance – New Openings in FY 2020

F&B Retail (Self-operated only)

Singapore



Month	Brand	Location	F&B Outlets
Jan 2020	R&B Tea	Eastpoint Mall	F&B Kiosk
Aug 2020	Dough Culture	Causeway Point Waterway Point NEX AMK Hub NorthPoint Tampines Mall Changi City Point	F&B Kiosks
Oct 2020	R&B Tea	Change Alley Mall	F&B Kiosk
Dec 2020	R&B Tea	Le Quest	F&B Kiosk
Dec 2020	Grove	Canberra Plaza	QSR
Dec 2020	Dough Culture	Canberra Plaza	F&B Kiosk

Overseas

Month	Brand	Location	F&B Outlets
Sep 2020	R&B Tea	Nova City, Macau	F&B Kiosk



At a Glance – Outlets by Country

As at 31 December 2020

Outlet & Mall Management



Food Courts



Coffee Shops



Commercial Mall

F&B Retail



F&B Stalls



F&B Kiosks



Full-Service Restaurants



Quick-Service Restaurants ("QSR")



Authorised/licensed F&B Stalls/Kiosks/Stores³

Notes:

1. Including eight newly added Dough Culture kiosks from the recent Deli Asia group acquisition
2. R&B Tea is available at 122 of the Shakey's and Peri Peri stores, through a co-branding strategy with the Master Franchisee, Shakey's Pizza Asia Ventures Inc.
3. Authorised/licensed F&B Stalls/Kiosks/Stores refer to Delisnacks F&B stalls in Singapore and R&B Tea kiosks/stores in Indonesia/the Philippines

Embracing Innovation in Delivery of F&B Services

- A new revenue channel through delivery to capture additional sales. Since the Circuit Breaker, delivery services via third party vendors have been made available to 95% of our stall tenants from the initial 40%. Rolled out delivery options to various parts of Singapore through our Koufu Eat app.
- Koufu Eat app supports contactless ordering and payment, food collections upon notifications, and was well-received especially during the Circuit Breaker and Phase 1 periods, where only takeaways were allowed.
- Will continue to ramp up delivery sales as we roll out more delivery vendor platforms including our own delivery service through *Koufu Eat* app to the outlets.



Efficiency-Focused with Game Changing Integrated Facility

Koufu Headquarters at 1 Woodlands Height



GFA of
20,000 sqm

Group to occupy 75% of total GFA, of which includes for tenancy:

- 22 cloud kitchen units
- 9 stalls in coffee shop
- 132 beds in staff dormitory

Achieved full tenancy for balance 25% GFA (19 central kitchen units)

Expected TOP in **April 2021**

Expects to commence operations in **Q3 2021**



Agenda

1. Rising Through Challenges

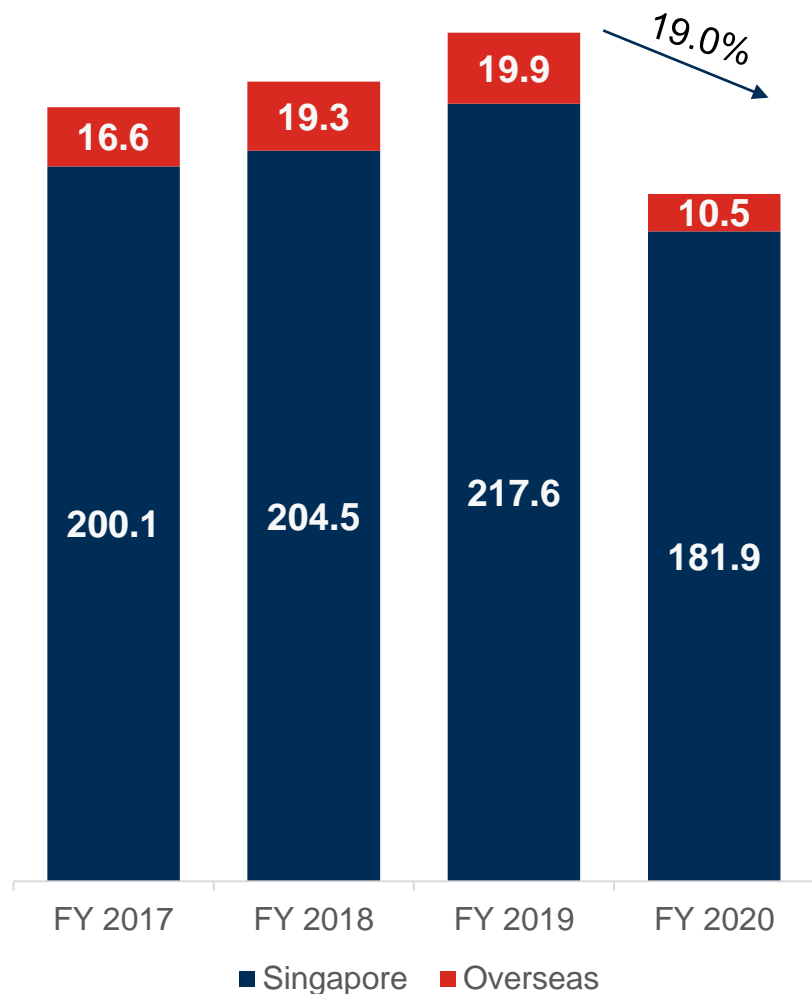
2. Financial Performance FY2020

3. Kneading Future Growth



Total Revenue

(S\$'m)



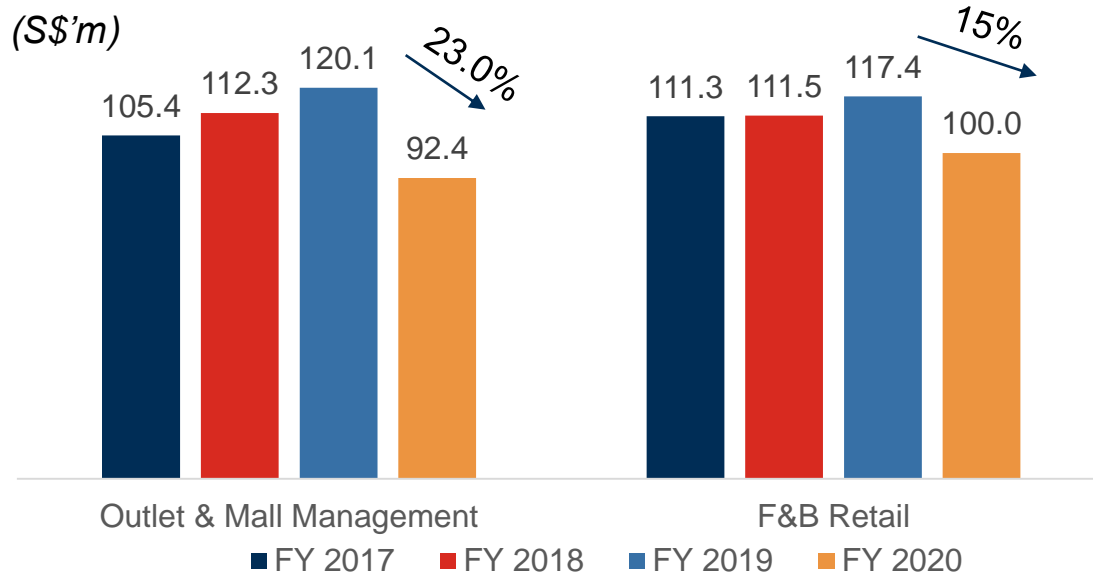
FY2020 revenue declined by 19.0% from S\$237.5 million in FY2019 to S\$192.4 million in FY2020 mainly due to:

- Impact from the circuit breaker and Phase 1 periods when dine-in services were disallowed.
- Temporary suspension of operations of 10 food courts, 3 QSRs, 2 full-service restaurants and 26 R&B tea kiosks/QSR during the circuit breaker and Phase 1 periods.
- Lower footfalls at food courts located near offices, down-town areas, tertiary institutions as well as tourist hot-spots due to work-from-home trends and restriction in tourist arrivals.

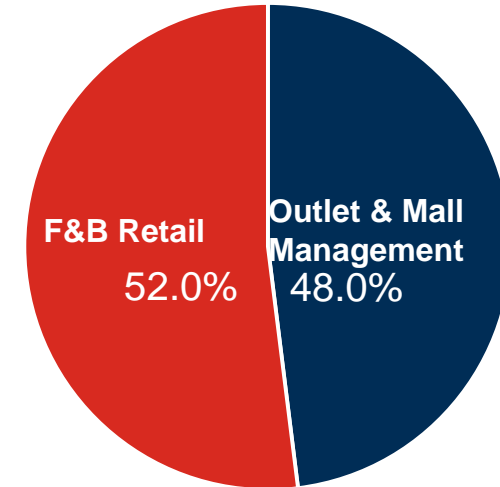
Negative impact on revenue was partially mitigated by government grants and rental waivers or rebates, as well as property tax rebates passed down by landlords.

DEFENSIVE BUSINESS NATURE

Revenue Breakdown – By Segment



FY 2020 Segment Breakdown

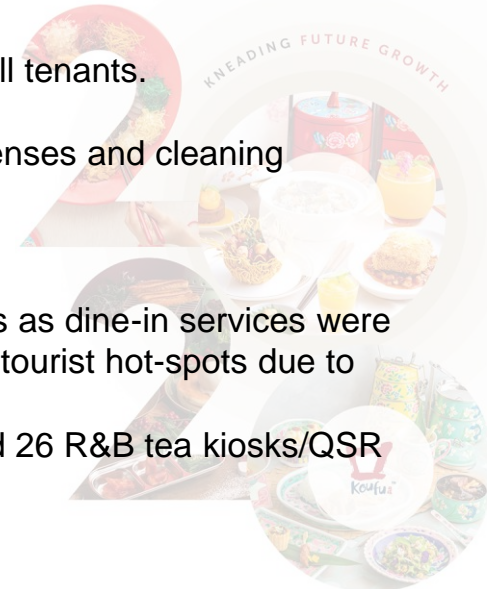


Outlet & Mall Management:

- Decrease in fixed rental income as rental rebates granted by landlords were passed on to stall tenants.
- Decrease in variable rent income due to lower footfall generated
- Decrease in recovery of utilities and cleaning expenses from stall tenants as lower utility expenses and cleaning expenses were incurred.

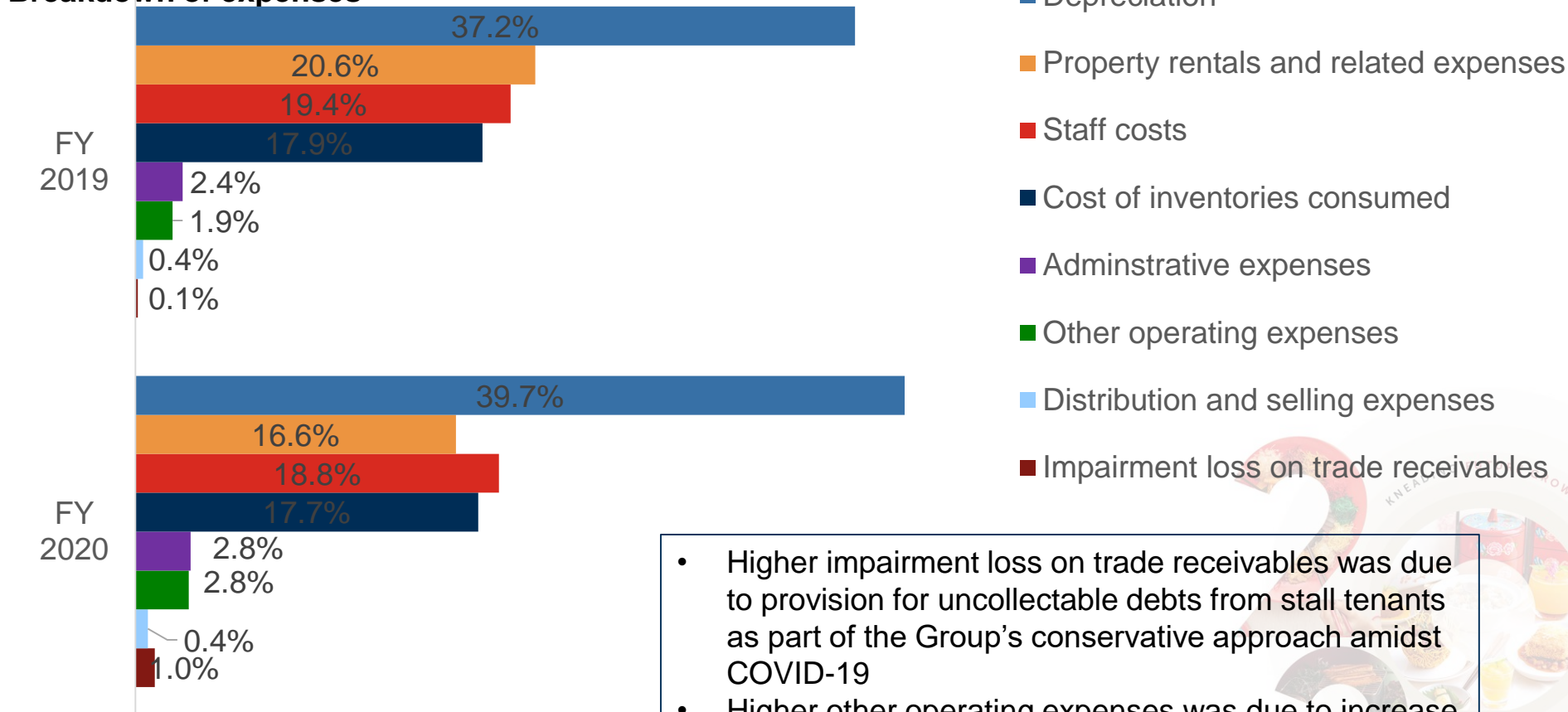
F&B Retail:

- Lower footfalls at most of the outlets especially during the circuit breaker and Phase 1 periods as dine-in services were disallowed, and at food courts located near offices, down-town areas, tertiary institutions and tourist hot-spots due to work-from-home trends and restriction in tourist arrivals in Phase 2.
- Temporary suspension of operations of 10 food courts, 3 QSRs, 2 full-service restaurants and 26 R&B tea kiosks/QSR during the circuit breaker and Phase 1 periods.
- Decrease was partially mitigated by contributions from newly acquired Deli Asia group.

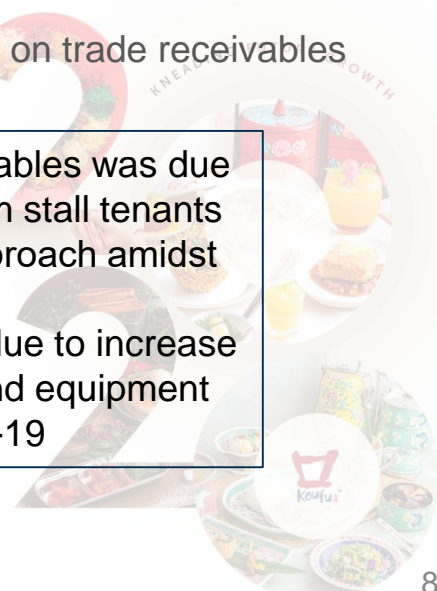


Our Expenses Breakdown

Breakdown of expenses

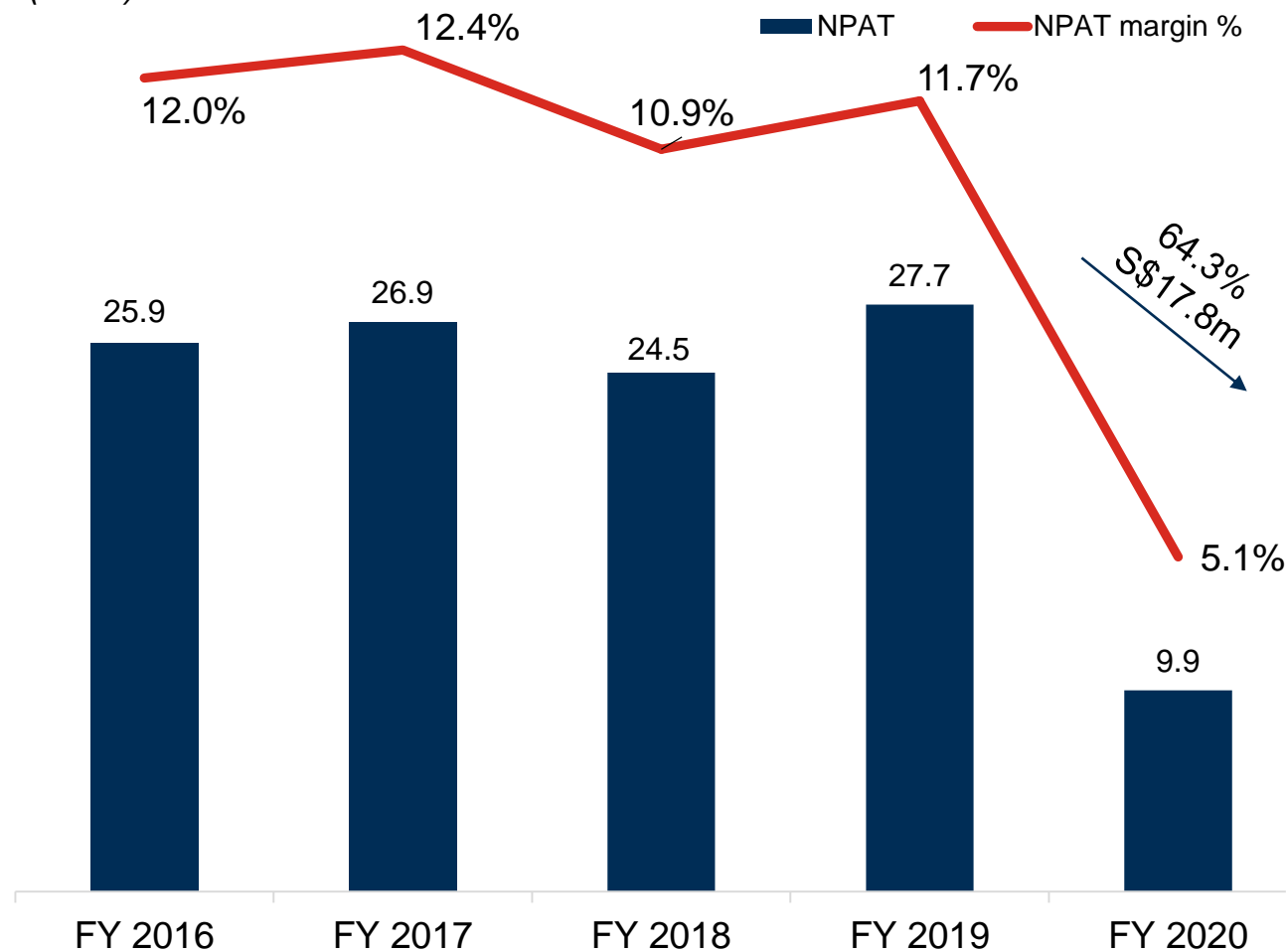


- Higher impairment loss on trade receivables was due to provision for uncollectable debts from stall tenants as part of the Group's conservative approach amidst COVID-19
- Higher other operating expenses was due to increase in impairment loss on property, plant and equipment and ROU assets, as a result of COVID-19



Net Profit After Tax

Net Profit After Tax (attributable to Owners of the Company)
(S\$m)



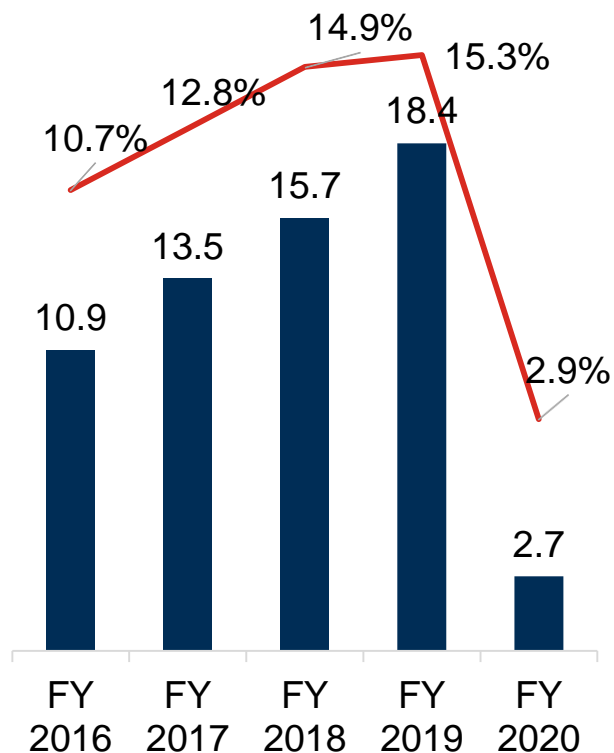
- Resilient performance as the Group remained profitable amidst the pandemic



Segment Profit and Segment Profit Margin

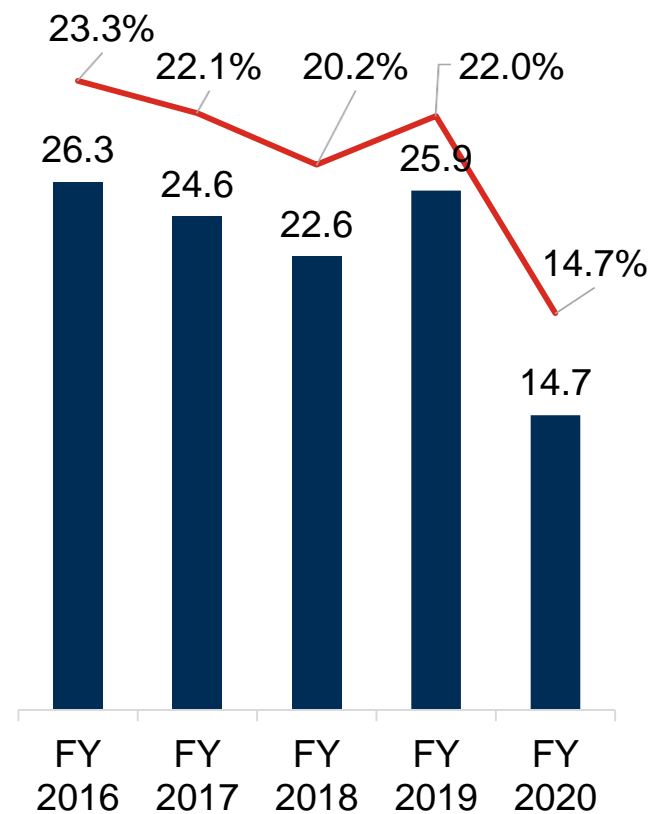
Outlet & Mall Management (S\$m)

■ Profit Before Tax — Profit Margin %



F&B Retail (S\$m)

■ Profit Before Tax — Profit Margin %



• Both segments remained profitable amidst the pandemic

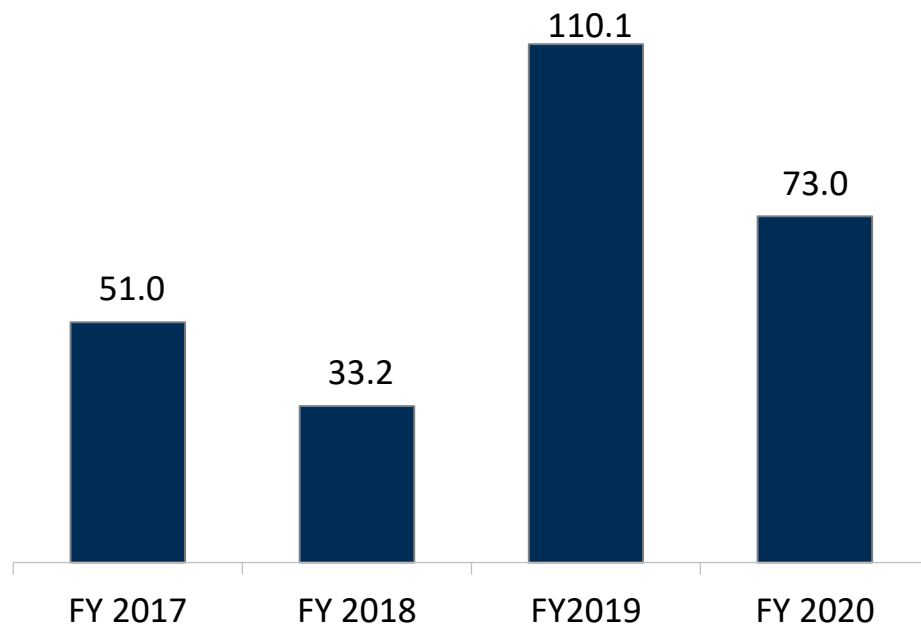


Healthy Cashflow & Strong Balance Sheet

Business is Resilient Through Economic Cycles

Cash-generative
Healthy cash flow
Strong balance sheet

Net Cash Generated from Operating Activities (S\$m)



S\$76.4m

Cash and cash equivalent
as at 31 December 2020

S\$62.6m

Net Cash as at
31 December 2020

N.B. The Group adopted the SFRS (I)16 effective 1 January 2019



Dividend

Dividends represent approximately 67% of the Net Profits After Tax for FY 2020

S\$0.007

FY 2020 Proposed Final Dividend

S\$0.012 *per ordinary share*

Total Dividends for FY 2020*

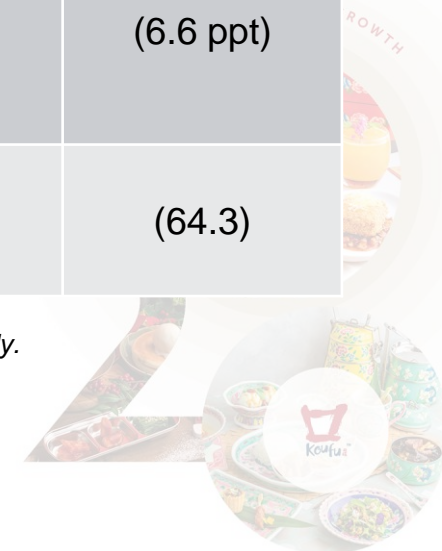
** Inclusive of the interim dividend paid of S\$0.005 per ordinary share on 3 September 2020.*



At a Glance – P&L

(S\$m)	FY 2017	FY 2018	FY 2019	FY 2020	Change (%) Between FY 2019 and FY 2020
Revenue	216.7	223.8	237.5	192.4	(19.0)
Profit after Tax <i>Attributable to Owners of the Company</i>	26.9	24.5	27.7	9.9	(64.2)
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	12.0	12.4	11.7	5.1	(6.6 ppt)
Earnings per Share <i>(SGD Cents)</i>	5.56	4.75	4.99 ⁽¹⁾	1.78 ⁽¹⁾	(64.3)

(1) Calculated based on 555,970,000 and 554,664,429 weighted average number of shares in FY 2019 and FY 2020 respectively.



Robust Balance Sheet and Healthy Cash Flows

(S\$m)	31 December			
	2017	2018	2019	2020
Total Assets	107.2	159.7	348.9 ⁽¹⁾	341.6
Total Liabilities	64.1	68.2	245.9 ⁽¹⁾	240.3
Total Shareholder's Equity	43.1	91.5	102.3	101.0
Cash and Cash Equivalents	53.0	61.0	90.4	76.4
Time Deposits	-	35.0	4.6	3.1
Net Asset Value Per Share (S\$)	0.09	0.16	0.18	0.18
Net cash generated from operating activities	51.0	33.2	110.1	73.0

Note:

⁽¹⁾ The Group adopted the SFRS(i)16 (Leases) effective 1 January 2019



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Outlet & Mall Management

Reinforcing our foothold in Singapore

- Secured five leases for food courts at Sun Plaza, Woodlands Height (Koufu's new HQ), NTU, Marina Square and Outram Community Hospital targeted to be opened in Q2 and Q3 2021
- To expand in Singapore with a focus on new housing estates, hospitals, commercial malls and tertiary educational institutions
- Notwithstanding the challenges amidst the COVID-19 outbreak, the Group expects to remain competitive with its productivity efforts and expansion plans as it monitors the situation closely
- Adopts a tactical and calculated approach in expansion plans in targeted markets for sustainable growth

Extending our network further abroad

- To expand overseas with an initial focus in Macau, currently operating 3 food courts



F&B Retail – Increasing our Multi-Brand Recognition

Network Expansion in Singapore

- **R&B Tea:** Secured further opened two kiosks at Fusionopolis (opened in Jan 2021) and Sun Plaza (opened in April 2021). Will be consolidating the outlets to improve the profit margins.
- **Dough Culture:** Secured and opened three new kiosks at SingPost Centre (opened in Jan 2021), Sun Plaza (opened in Mar 2021) and Oasis Terrace (opened in April 2021). Expects to expand to at least 20 outlets by FY2023.
- **Grove:** Secured one new lease at Northshore Plaza to be opened in Q4 2021, with the total number of outlets to be at 4. To expand the brand further.



Widening Footprint Overseas

- **Indonesia:** Sold off 55% stake in Supertea Indonesia to PT Berkah, while continuing master licensing agreement with Supertea Indonesia, in a strategic move to streamline operations
- **Philippines:** Entered into Master Franchise Agreement with Shakey's Pizza Asia Ventures Inc., for expansion of *R&B Tea*; plans to set up first stand-alone outlet in Q2 2021
- **New markets:** Actively looking for JV partners to expand *R&B Tea* brand to Thailand and Malaysia.
- Tap experience and network accumulated in various markets to progressively expand other F&B Retail brands, such as *Elemen*



Integrated Facility – to Drive and Support Growth

**GFA of
20,000 sqm**

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

S\$43.0 million

Estimated total construction including renovation cost, capital expenditure for equipment and machinery (excluded S\$3.9m land premium paid upfront for 30 years lease)

- To cater to the expansion of our F&B Outlets with the increased production capability
- Enter new markets through the supply of frozen or par-fried dim sum snacks and dough products to third party businesses, including supermarkets and exports to overseas markets
- Strengthens Koufu's supply chain with the broadening and consolidation of production, manufacturing and logistics capabilities for the dim sum, bakery dough products production factories; improving productivity and operational efficiency



Improving Productivity – Using Technology As a Key Enabler

We have adopted the following automation and various technologies, to improve efficiencies and reduce the workload on staff. We will continue to actively look for ways to extend the below:



Automated Traditional coffee making machine
Implemented at Le Quest and Pasir Ris West Plaza and will implement to a total of 20 outlets in the next 1-2 years



Mobile ordering application implemented to most food courts and coffee shops. To encourage self ordering-payment-collection, customers enjoy 10% direct discount. Delivery option has been rolled out.



NETS unified payment terminals implemented across all food courts.



43 smart tray return robots deployed to 16 food courts and coffee shops



KNEADING FUTURE GROWTH



THANK YOU

For enquiries, please contact:

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