



NEWS RELEASE

ENVICTUS RECORDS 11.7% TOPLINE GROWTH TO RM101.6 MILLION¹ IN Q1FY2017

- ***Texas Chicken expansion and newly acquired San Francisco Coffee chain achieves robust 73.4% growth for Food Services Division***
- ***Gross profit margin up 4.4 percentage points to 33.0% from increased sales of higher margin products in Food Services Division***
- ***Total store count of 34 Texas Chicken outlets to date, with planned opening of seven outlets over the next three quarters***
- ***San Francisco Coffee chain plans to open 12 new stores in FY2017***

Singapore, February 13, 2017 – Envictus International Holdings Limited (“Envictus” “恒益德國際控股有限公司” or the “Group”), an established Food & Beverage (“F&B”) Group, today announced a revenue growth of 11.7% to RM101.6 million for the financial period ended December 31, 2016 (“Q1FY2017”) as compared to RM91.0 million in the previous corresponding quarter (“Q1FY2016”). Mainly in line with higher costs to support business expansion and acquisition, coupled with lower other income, Envictus reported a loss after tax of RM1.6 million in Q1FY2017, from a profit after tax of RM2.6 million in Q1FY2016.

¹ Approximately S\$32.5 million. Currency conversion based on S\$1.00 = RM3.1288

Envictus' Group Chairman, Dato' Jaya Tan said, "During the quarter, we have continued to invest in marketing and branding activities to drive business growth. Food Services remains our star performer, with Texas Chicken's strong revenue growth underpinned by the opening of 11 additional new restaurant outlets since Q1FY2016. We are very pleased with the continued good market acceptance of this brand, which is synonymous with product quality and value.

"For San Francisco Coffee, we look forward to the completion of the rebranding exercise by Q2FY2017, through a host of strategies, from the introduction of new logo to refreshed menu to store concepts, aimed at increasing San Francisco Coffee's presence in malls and lifestyle markets."

Financial Review

The Group's RM10.7 million topline growth during the financial quarter was mainly contributed by Food Services Division's exceptional revenue growth of RM11.9 million with the opening of 11 additional Texas Chicken outlets attributed to market acceptance. In addition, the newly acquired San Francisco Coffee chain and Delicious restaurants contributed RM5.2 million and RM0.9 million to revenue growth respectively. The Food Processing Division registered a modest revenue growth of RM1.5 million. The improved performance of these two divisions more than offset the dips in revenue of RM2.3 million and RM0.5 million from the Trading and Frozen Food and Nutrition Divisions respectively.

Gross profit margin improved 4.4 percentage points to 33.0% in Q1FY2017 on the back of increased sales from higher margin products from the Food Services Division.

Other income declined by 44.1% to RM3.7 million mainly due to lower income generated from held-for-trading investments.

Operating expenses rose RM8.9 million to RM37.4 million in Q1FY2017 mainly due to higher selling, marketing and administrative expenses mainly attributed to costs associated with the opening of new Texas Chicken restaurant outlets as well as an inclusion of operating costs of newly acquired San Francisco Coffee and Delicious restaurant business. Finance costs rose RM0.4 million to RM1.2 million due to higher borrowings for expansion of new restaurant outlets and corporate office.

Consequently, the Group registered a loss after tax of RM1.6 million in Q1FY2017, from a profit after tax of RM2.6 million in Q1FY2016.

The Group's cash and cash equivalents stood at RM48.2 million while shareholders' equity was RM353.8 million as at December 31, 2016.

Outlook

The Trading and Frozen Food Division expects to mitigate concerns over the weakening of the Ringgit and the resulting rise in food costs, through the launch of more roadshows and promotions, to maintain its market share.

Commenting on the Group's Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "We've once again expanded our footprint beyond the Klang Valley, opening our first outlet in Penang in January this year, bringing a total of 34 outlets to date. With a strong branding, Texas Chicken has attracted offers from malls and shoplots in Klang Valley and beyond, enabling us to improve site selections and rental terms."

"For San Francisco Coffee, plans are underway to open another 12 new stores in FY2017. Together with our rebranding strategy, we are optimistic of capturing market share even as competition heats up."

The Nutrition Division has commenced a long-term plan to diversify its product offering beyond sports nutrition and weight management products, which have become very competitive across channels in Australia and New Zealand. The Division's recent launches of a new range of bars with a natural/protein claim profile and a new range of UHT long life non-dairy beverages (PET bottles) throughout Australia and New Zealand in the emerging and growing chilled supermarket segment have received encouraging responses. The Group is focused on gaining additional product ranging in the retail segment in New Zealand and to make headway in supermarkets in Australia.

The Food Processing Division's businesses are pressured by increasing raw material import prices due to the current weak Ringgit, lacklustre consumer sentiment and intense competition within the processed food sector. Besides branding activities, cost controls and price increase for certain products, the businesses are executing strategies to diversify into other markets and segments to drive revenue potential.

ABOUT ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Listed on SGX Catalist in 2004, and upgraded to the Mainboard in 2009, Envictus International Holdings Limited, is an established Food & Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its four business divisions – Trading and Frozen Food, Food Services, Nutrition and Food Processing.

For the Trading and Frozen Food Division, the Group's wholly-owned subsidiary, Pok Brothers Sdn Bhd, is one of Malaysia's leading frozen food and premium food wholesaler and is a supplier to several major American restaurant chains in Malaysia. In addition, the division also distributes the Gourmessa quality cold cuts across supermarkets and hypermart chains in Malaysia.

Under the Group's Food Services Division, Envictus holds exclusive rights for a 10-year period since July 2012 to develop and operate the fast growing American-styled Texas Chicken fast food restaurant chains in Malaysia and Brunei. Since its first flagship outlet opened in January 2013 at Aeon Bukit Tinggi Shopping Centre, Klang, Malaysia, the robust demand for the Texas Chicken restaurant concept has driven the Group to expand its store footprint at a healthy pace. Envictus also owns Malaysian homegrown specialty coffee chain business – San Francisco Coffee – which serves house roasted coffee in Malaysia.

For Nutrition, under Naturalac Nutrition Limited ("NNL"), the Group markets its range of branded sports nutrition and weight management food products for mass consumer markets. This includes the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women) and Replace™ (an isotonic sports drink in powder format). More recently NNL also launched a range of nut milks under the Covet™ brand name. The Covet range is manufactured by Envictus Dairies NZ Ltd, a sister company to NNL. In New Zealand, NNL's products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route.

The Group's Food Processing Division comprises of the business segments – Bakery, Butchery, Beverages as well as Contract Packing for Dairy and Juice based Drinks. Envictus' Bakery business includes its wholly-owned subsidiary, Family Bakery Group which produces fresh breads and buns under the Daily Fresh and Family brand while De-luxe Food Services Sdn Bhd, another wholly-owned subsidiary, produces frozen bakery items. The Group's Butchery business manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. For the Beverages business, the Group's canned beverages are produced by Polygold Beverages Sdn Bhd in Seremban, Negeri Sembilan. The business' stable of products include the Polygold brand of carbonated and non-carbonated drinks, Air Champ energy drink and Power Champ isotonic sports drink.

The Group also entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited to establish New Zealand's first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park.

For more details, please visit the Group's corporate website at www.envictus-intl.com.

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