



NEWS RELEASE

KOUFU ACHIEVES S\$4.6 MILLION NET PROFIT ON S\$57.6 MILLION REVENUE IN Q3 2018

- ***Stronger revenue contributions from both outlet & mall management and F&B retail segments despite partial closure of the food court at Marina Bay Sands for refurbishment and upgrading works from April to July 2018***
- ***Adjusted EBITDA¹ of S\$10.1 million in Q3 2018 compared to S\$10.5 million in Q3 2017, excluding one-off IPO expenses and finance income from convertible loan notes***
- ***Robust balance sheet with net assets of S\$89.7 million and a healthy net cash position of S\$51.1 million***
- ***Expansion of network of F&B outlets in Singapore and overseas well on track***
- ***Exploring for partners to operate within integrated facility, which is expected to commence and complete construction in Q4 2018 and 1H 2020 respectively***
- ***Declares interim dividend of 1.0 Singapore cent per ordinary share***

¹ 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



(S\$m)	Q3 2018	Q3 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 ¹	10.1	10.5	(3.8)	30.9	29.8	3.7
Net Profit After Tax ² ("NPAT")	4.6	7.1	(34.5)	17.0	19.6	(13.4)
Adjusted NPAT ^{2,3}	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)
(S\$m)	30 September 2018		31 December 2017			
NAV/Share (SGD Cents)	16.15		8.90			
Net Cash	51.1		51.3			

Singapore, 9 November 2018 – One of Singapore’s most established and largest operators and managers of food courts and coffee shops, Mainboard-listed Koufu Group Limited (“**Koufu**”, 口福集团有限公司, or together with its subsidiaries, the “**Group**”), today announced a 3.6% revenue growth to S\$57.6 million for the three-month financial period ended 30 September 2018 (“**Q3 2018**”).

² Attributable to owners of the Company

³ 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



Its synergistic business segments – outlet and mall management as well as F&B retail – both registered increased contributions during the period due to a year-on-year increase in number of outlets, despite the partial closure of the Marina Bay Sands (“**MBS**”) food court for refurbishment and upgrading works in two phases; and amidst other openings and closures.

Mr Pang Lim (庞琳), Koufu’s Executive Chairman and Chief Executive Officer, said, “Our operational performance remained steady amidst efforts to review our islandwide network of outlets. We will continue to sharpen our competitive edge by investing in our growth, both in Singapore and abroad, while maintaining a long-term view on our business to create sustainable value for our shareholders and stakeholders.”

Financial Highlights

Koufu’s revenue in Q3 2018 of S\$57.6 million was a 3.6% increase from S\$55.6 million in the equivalent period a year ago (“**Q3 2017**”), boosted by a 7.0% and 0.3% growth in revenue for the outlet & mall management and F&B retail segments, respectively, to S\$28.9 million and S\$28.6 million.

During the period, the Group’s EBITDA dipped 18.5% to S\$8.8 million compared to S\$10.8 million in Q3 2017. Excluding one-off IPO expenses and finance income from convertible loan notes amounting to a total of S\$1.6 million, the adjusted EBITDA declined marginally by 3.8% to S\$10.1 million from S\$10.5 million over the comparative periods.



NPAT declined 34.5% to S\$4.6 million in Q3 2018 from S\$7.1 million in Q3 2017. 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 13.2% to S\$5.9 million from S\$6.8 million over the same corresponding periods. This was 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.

Koufu's cash generation remained strong with S\$25.0 million in net cash generated from operating activities. Similarly, its robust balance sheet reported cash and cash equivalents of S\$55.8 million and net cash of S\$51.1 million as at 30 September 2018, signifying headroom for further growth. The Group's shareholders' equity stood at S\$89.6 million as at 30 September 2018.

Earnings per share on a fully-diluted basis slid to 0.86 Singapore cent in Q3 2018 compared to 1.47 Singapore cents in Q3 2017, while net asset value per share increased to 16.15 Singapore cents as at 30 September 2018 from 8.90 Singapore cents as at 31 December 2017.

For the nine-month period ended 30 September 2018 ("**9M 2018**"), the Group recorded a 2.6% growth in revenue to S\$166.8 million compared to S\$162.5 million in the equivalent period a year ago ("**9M 2017**").



9M 2018 NPAT decreased 13.4% to S\$17.0 million from S\$19.6 million a year ago, while adjusted NPAT excluding the one-off IPO expenses and finance income from convertible loan notes saw a lessened impact, decreasing 2.1% to S\$18.3 million from S\$18.7 million in the same comparative periods. This mainly resulted from the loss of income from the partial closure of the MBS food court for upgrading and refurbishment works that took four months and higher rental costs incurred during the fit-out period for the three new food courts that opened in 2018.

Proposed Dividend

To reward loyal shareholders, the Board has recommended an interim, tax-exempt dividend of 1.0 Singapore cent. This translates to a total payout ratio of 119.5% of the Group's net profit attributable to shareholders for Q3 2018, in line with the Group's dividend recommendation made in the IPO Prospectus⁴ of paying out at least 50.0% of NPAT generated in FY2018 and FY2019.

Future Strategies & Outlook

Network Expansion in Singapore and Abroad

The Group's extensive islandwide network remains relatively steady with a total count of 48 food courts, 14 coffee shops, a hawker centre and a commercial mall under the outlet & mall management segment, while the F&B retail segment constitutes 75 self-operated F&B stalls, 7 F&B kiosks, 9 Quick-Service Restaurants ("QSR") and 3 full-service restaurants.

⁴ IPO Prospectus dated 11 July 2018



Recent notable openings include the Group's first entry into hospitals, the *Koufu* food court at the Sengkang General and Community Hospital that opened in July 2018. This food court has already commenced positive contributions to the outlet & mall management segment. The *Rasapura Masters* food court at MBS had also commenced full operations on 1 August 2018 after the completion of its upgrading and refurbishment works in July 2018, which also consists a *R&B Tea* F&B kiosk that opened on the same day.

The Group is expanding its *R&B Tea* and *Supertea* F&B kiosks; and has secured six new locations for *R&B Tea* in Singapore, with the opening of one of these kiosks in SingPost Centre in October 2018 and another five expected for opening later in the same quarter, bringing total number of outlets to 11 by end of 2018.

Additionally, Koufu expects to open an *Elemen* full-service restaurant at the new Paya Lebar Quarter, a *Happy Hawkers* coffeeshop at T-Space @ Tampines and another *Koufu* food court at The Woodgrove in Q4 2018. The Group expects to open another *Koufu* food court in Buangkok Green by the first quarter ending 31 March 2019 (“**Q1 2019**”).

“We strive to prudently balance the costs associated with new store openings and the need to expand our market share in food courts, coffee shops and F&B concept stores, bringing new dining options and concepts to consumers. We take a proactive approach to evaluating the performance of each outlet, closing non-performing locations or tweaking its offerings to better suit the needs of its immediate catchment demographics. We also continue to keep a look out for promising locations where we can extend the reach of our brands so as to optimise the returns on our resources,” added Mr Pang.



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优质生活，
圆满人生。

Better Food, Better People, Better Life.

Overseas, Koufu had opened its first *Supertea* F&B kiosk in Cotai Sands, Macau, in May 2018, adding to its Macau network that currently consists a total of one food court, two F&B stalls and one F&B kiosk. The Group has recently secured a new site *Koufu* food court site in Macau University that is targeted to open in Q1 2019. The Group continues to explore opportunities to expand its footprint in Macau.

The Group intends to use Singapore and Macau as springboards for expansion into overseas markets, which may potentially include the People's Republic of China, Malaysia, Indonesia and Australia⁵. Koufu continues its negotiations with several commercial landlords and developers to establish new F&B outlets in Macau.

Commitment to Raise Productivity while Exploring M&As and Strategic Partnerships

The Group's integrated facility in Woodlands Avenue 12 is expected to commence construction in Q4 2018 and complete by 1H 2020. The 20,000 square metres integrated facility is over five times larger than the aggregate gross floor area of its existing central kitchens and headquarters. The proposed integrated facility will include a larger central kitchen with state-of-the-art kitchen equipment.

This reinforces Koufu's vertically-integrated business model that generates cost savings and allows for better control over the entire process – from production in its central kitchens, retail sales at its F&B outlets and self-operated F&B stalls, to the operation and management of its food courts and coffee shops.

⁵ In respect of its *Elemen* full-service restaurants only.





The added space could also support future business expansion as Koufu leverages its network to explore possible opportunities for synergistic joint ventures, M&As and investments in complementary business segments and markets, taking into consideration factors such as the acquisition of capabilities, skills, technology and operational processes.

Mr Pang commented, “The proposed integrated facility is meant to be a collaborative platform for our tenants and synergistic third-party businesses to tap on, beyond supporting Koufu’s business growth and operations. Rather than being a cost centre, the integrated facility has the potential to create new revenue streams, such as recurring rental income, while allowing us to grow alongside our tenants and opening new doors with complementary businesses to strengthen our value chain. This is a game changer for Koufu that will bring us into our new phase of growth.”

Koufu also seeks to continuously improve its productivity by embracing technology and innovation, such as increased automation in its processes and the progressive roll-out of the mobile ordering applications to its food courts and coffee shops. Koufu has since implemented the *Koufu Eat* Mobile ordering application to 10 food courts rewarding customers who order and pay using the application with a 10% discount.

Recognising a growing demand for online food ordering and delivery services, Koufu has partnered with third-party service providers to roll out such services to its food courts, QSRs and restaurants. The Group has since implemented such delivery services to 7 food courts and a restaurant, and plans to roll out delivery services to most of its F&B outlets by 2019, providing a platform for Koufu and its tenants to reach out to a wider customer base and capture additional sales revenue.

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ABOUT KOUFU GROUP LIMITED

Established in 2002, Koufu is one of the most established and largest operators and managers of food courts and coffee shops in Singapore, with a presence in Macau. Since its inception, Koufu's philosophy has been to integrate modern management discipline into its business while retaining the traditional coffee shop culture, with particular emphasis on providing patrons with value for money dining options in a comfortable environment – congruent with its core values in its vision towards “Better Food”, “Better People” and “Better Life”.

Koufu's business comprises two business segments – outlet & mall management and F&B retail. Under the outlet & mall management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B retail business segment, it operates self-operated F&B stalls located within its food courts and coffee shops or within third party food courts as well as F&B kiosks, quick-service restaurants and full-service restaurants, amongst others.

In less than two decades, Koufu's outlet & mall management business segment has grown to a sizeable islandwide network. Koufu's multi-brand business model and network of F&B outlets currently comprises a portfolio of unique and distinct brands, each focusing on different types of cuisine and dining experiences at various price points to its consumers with varying tastes, preferences, budgets and occasions.

For more information, please visit <http://www.koufu.com.sg/>.





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