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NEWS RELEASE

ST GROUP ACHIEVES 16.5% INCREASE IN REVENUE TO A\$29.1 MILLION FOR 1H FY2020

- ***Stronger revenue driven by F&B retail sales and supply chain sales***
- ***PATMI remained largely unchanged at A\$1.9 million. Excluding the impact of IPO expenses, PATMI would have increased by 7.2% to A\$2.1 million***
- ***Total number of outlets increased by 23 from 95 outlets as at 31 December 2018 to 118 outlets as at 31 December 2019***

Singapore, 13 February 2020 – ST Group Food Industries Holdings Limited (the “**Company**”, and together with its subsidiaries, “**ST Group**” or the “**Group**”), an established F&B group headquartered in Australia with a diversified portfolio of six internationally popular brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, as well as two of its own brand concepts, “PAFU” and “KURIMU”, today announced a 16.5% increase in revenue to A\$29.1 million for the six-month financial period ended 31 December 2019 (“**1H FY2020**”), from A\$25.0 million in the previous corresponding period (“**1H FY2019**”).

Mr. Saw Tatt Ghee (蘇達義), Executive Chairman and CEO of the Company, said, “ST Group has made good progress in the expansion of our brand portfolio as the total number of outlets increased by 23 over the past year to 118 as at end of December 2019. We successfully executed our strategy to strengthen our position in key markets such as Australia and New Zealand, while making inroads into relatively newer markets such as Malaysia and the United Kingdom (“**UK**”). With an established franchise system and a portfolio of internationally popular brands, we will strive to maintain the growth of our recurring income streams.”

Financial Performance

Leveraging on its strong positioning as a successful master franchisee or master licensee for various brands in its portfolio, the Group has successfully expanded its network of outlets over the past year across key geographical markets of Australia, New Zealand, Malaysia and the UK. Bolstered by a growth in the total number of Group-owned outlets from 36 as at 31 December 2018 to 48 as at 31 December 2019, the Group achieved a 16.5% increase in revenue to A\$29.1 million in 1H FY2020 as compared to A\$25.0 million in 1H FY2019.

The F&B retail sales segment continues to be the key growth driver, recording a 23.5% increase in revenue from A\$17.0 million in 1H FY2019 to A\$21.0 million in 1H FY2020, mainly from additional revenue contributions from new outlets opened for “Gong Cha” in both the UK and New Zealand as well as “IPPUDO” in New Zealand.

The Group’s supply chain sales segment also registered a strong performance, supported by an increase in the total number of sub-franchised and sub-licensed outlets from 59 as at 31 December 2018 to 70 as at 31 December 2019. The segment, which mainly involves the sale of F&B ingredients and other supplies to its sub-franchisees and sub-licensees, recorded a 13.6% increase in revenue to A\$5.0 million in 1H FY2020 from A\$4.4 million in 1H FY2019.

Franchise revenue fell 16.1% to A\$2.9 million in 1H FY2020 from A\$3.5 million in 1H FY2019, due to a A\$0.6 million decrease in project income, which relates to the renovation and fitting-out of new outlets for sub-franchisees and sub-licensees.

Overall, the Group’s 1H FY2020 profit after tax and minority interests (“**PATMI**”) remained largely unchanged at A\$1.9 million. Excluding the impact of listing expenses of A\$0.2 million incurred in 1H FY2020, the Group’s PATMI for 1H FY2020 would have increased by 7.2% to A\$2.1 million.

Outlook & Future Strategies

On the Group's strategic direction ahead, Mr. Saw said, "Our "Gong Cha" outlets in the UK have received overwhelming response and currently, the two outlets already contribute 2.8% of the Group's revenue for 1H FY2020. We are excited about the growing demand for the "Gong Cha" brand in the UK and plan to open two new Group-owned outlets by March 2020."

Riding on the success of the "Gong Cha" brand, the Group plans to open five outlets, two in the UK and three in New Zealand. The Group's "PappaRich" brand has also fared well with its sub-franchisees, and three additional sub-franchised outlets are slated to open by June 2020. ST Group targets to open a total of nine outlets across three brands by June 2020.

As at 31 December 2019, the Group has a network of 118 outlets comprising 48 Group-owned outlets and 70 outlets owned by its sub-franchisees and sub-licensees.

The Group's central kitchen in Australia continues to support the outlets in the Group's network across Australia and New Zealand, enabling scalability while maintaining a high standard of consistency and food quality. ST Group will continue to invest in its central kitchen to explore opportunities to adopt new automation and technology to sharpen its competitive edge in the industry.

On the recent outbreak of Covid-19, while its impact on businesses and the global economy remains to be determined, the Group is adopting a cautious stance and will take prudent measures to control its operating costs.

About ST Group Food Industries Holdings Limited

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular F&B brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. It has also developed two of its own brand concepts, “PAFU” and “KURIMU”.

ST Group operates in the key geographical markets of Australia, New Zealand, Malaysia and the United Kingdom through four main business segments - F&B retail sales under the various brands through outlets owned and operated by the Group, the sub-franchising and sub-licensing of brands to its sub-franchisees and sub-licensees, the sale of F&B ingredients and other supplies to its franchise network through its central kitchen, and receipt of machine income from electronic dart machines installed at sub-franchised “iDarts” outlets. In June 2019, the Group made headway into England, United Kingdom through the launch of its first “Gong Cha” outlet at City Tower, Manchester, England.

As at 31 December 2019, ST Group had a network of 118 outlets comprising 48 Group-owned outlets and 70 outlets owned by its sub-franchisees and sub-licensees.

For more information, please visit <http://stgroup.net.au/>

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