



KOUFU GROUP LIMITED

**FY 2019
ANNUAL GENERAL MEETING**

5 JUNE 2020

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 - Outlet and Mall Management
 - F&B Retail
- **Financial Highlights**
- **Impact of COVID-19**
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Operations Review



MULTI-BRAND STRATEGY

– Complementary business segments with diversified revenue streams



As at 31 December 2019

Outlet & Mall Management

48 **2**

Food Courts

1

Hawker Centre

16

Coffee Shops

1

Commercial Mall

F&B Retail

72 **4**

F&B Stalls

27 **1** **1**

F&B Kiosks

7

Quick-Service Restaurants (“QSR”)

4

Full-Service Restaurants

Food Courts



Coffee Shops



MULTI-BRAND STRATEGY

– Complementary brands at targeted price points to expand market share

Price Range	Brands	F&B Outlets
S\$20 – S\$50		Full-service restaurants
S\$5 – S\$15	  	Food courts and QSRs
S\$4 – S\$12	  	Food courts, F&B kiosks and QSRs
S\$3 – S\$8	   	Food courts and F&B kiosks
S\$2 – S\$5		Coffee shops and Hawker centre

By focusing on different market segments with different price ranges, we are able to grow our customer base, expand our market share and capture business opportunities in each market segment

Key Milestones



Outlet and Mall Management



6 New Outlet Openings in FY 2019 (Singapore and Macau)



4  Koufu 喜福®

- The Woodgrove (Jan 2019)
- Buangkok Square (Feb 2019)
- 164 Kallang Way (Jul 2019)
- Millenia Walk (Aug 2019)



1



- 289C Compassvale Crescent (Apr 2019)



1  Koufu 喜福®

- University of Macau (Apr 2019)

F&B Retail



Expansion of Our F&B Retail Footprint – New Openings in FY 2019



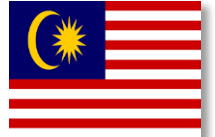
R&B 巡茶

18 

kiosks in Singapore

1 

kiosk in Macau

1 

kiosk in Malaysia

2 *elemen* 元素™
MY EARTH DIET

Full-service restaurants in Singapore

- Great World City (Jul 2019)
- Paya Lebar Quarter (Jul 2019)



精致美食 优质生活 圆满人生
Better Food Better People Better Life

At a Glance – 20 New R&B Openings in FY 2019

Singapore

Month	Location
Jan	100 AM Mall
Jan	Tampines MRT
Jan	Parkway Parade
Jan	Yew Tee Point
Mar	Buangkok Square
Apr	Wisma Atria
Apr	Rivervale Plaza
May	Harbourfront Centre
Jun	Singapore Polytechnic
Jul	JEMS
Aug	Far East Square
Aug	Vivocity
Sep	White Sands
Sep	SMU
Oct	Seletar Mall
Nov	Clementi Mall
Dec	Thomson Plaza
Dec	Great World City



Overseas

Month	Location
Mar	Macau (Macau University)
Nov	Malaysia (Mahkota Parade Melaka)

At a Glance – No. of F&B Outlets

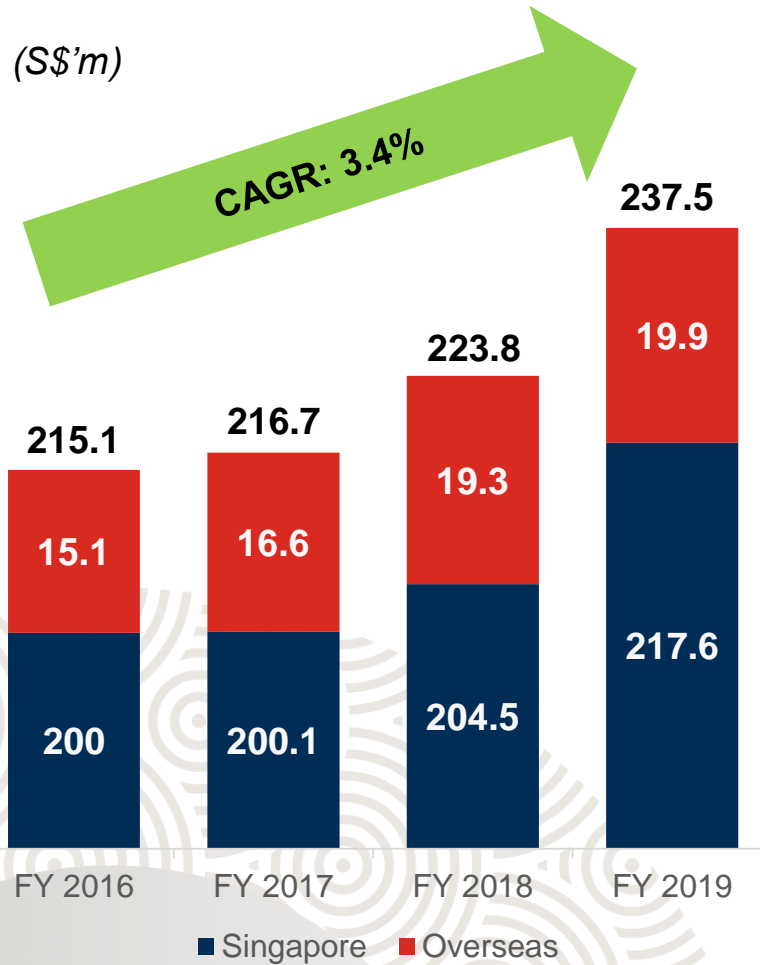
Outlet & Mall Management Segment	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Food courts	47	49	47	47	50
Coffee shops	12	15	15	15	16
Hawker centre	-	-	1	1	1
Commercial mall	1	1	1	1	1
F&B Retail Segment	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Self-operated F&B stalls	75	83	79	73	76
F&B kiosks	2	2	4	10	29
QSRs	5	7	9	8	7
Full-service restaurants	2	2	3	3	4

Financial Highlights



Total Revenue

(S\$m)

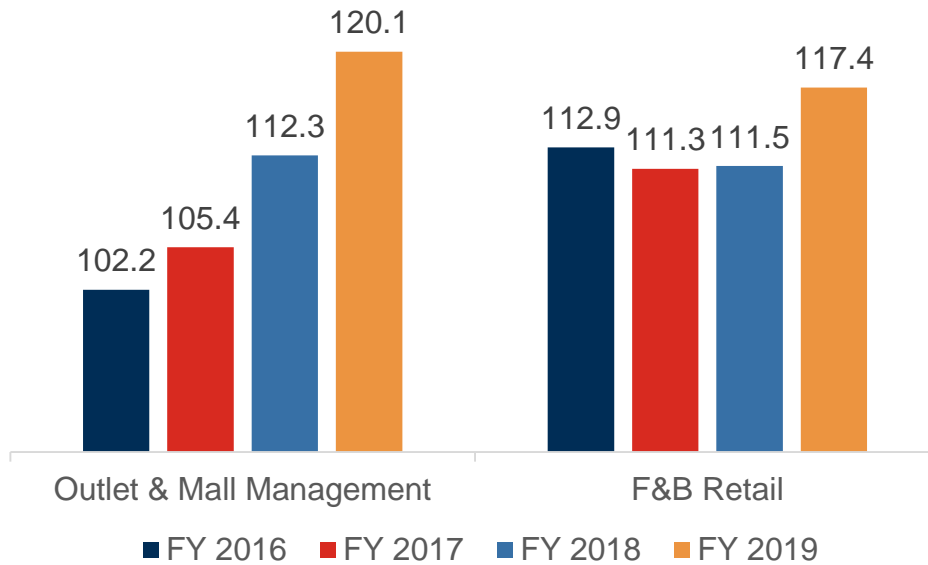


6.1%
\$13.7m
y-o-y

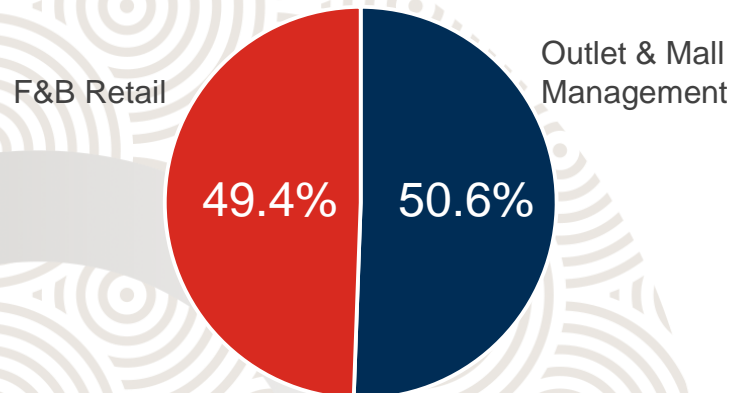
- Opening of new outlets, including 5 new food courts (inclusive of Macau University), 1 new coffee shop, 7 new F&B stalls, 20 new F&B kiosks and 2 new full service restaurants
- Increased YoY contributions from the food court at Marina Bay Sands that was closed for renovation from April to July 2018
- Overall stronger contributions from both the outlet & mall management and F&B retail business segments

Revenue Breakdown – By Segment

Revenue By Segment (S\$m)



FY 2019 Segment Breakdown



Outlet & Mall Management:

↑
6.9% /
S\$7.8m
 y-o-y

- Lifted by YoY increase in number of outlets, including 5 newly opened food courts in 2019 (inclusive of Macau University) and 1 coffee shop, and reopening of food court at Marina Bay Sands that was closed from April to July 2018
- Overall revenue growth from most outlets

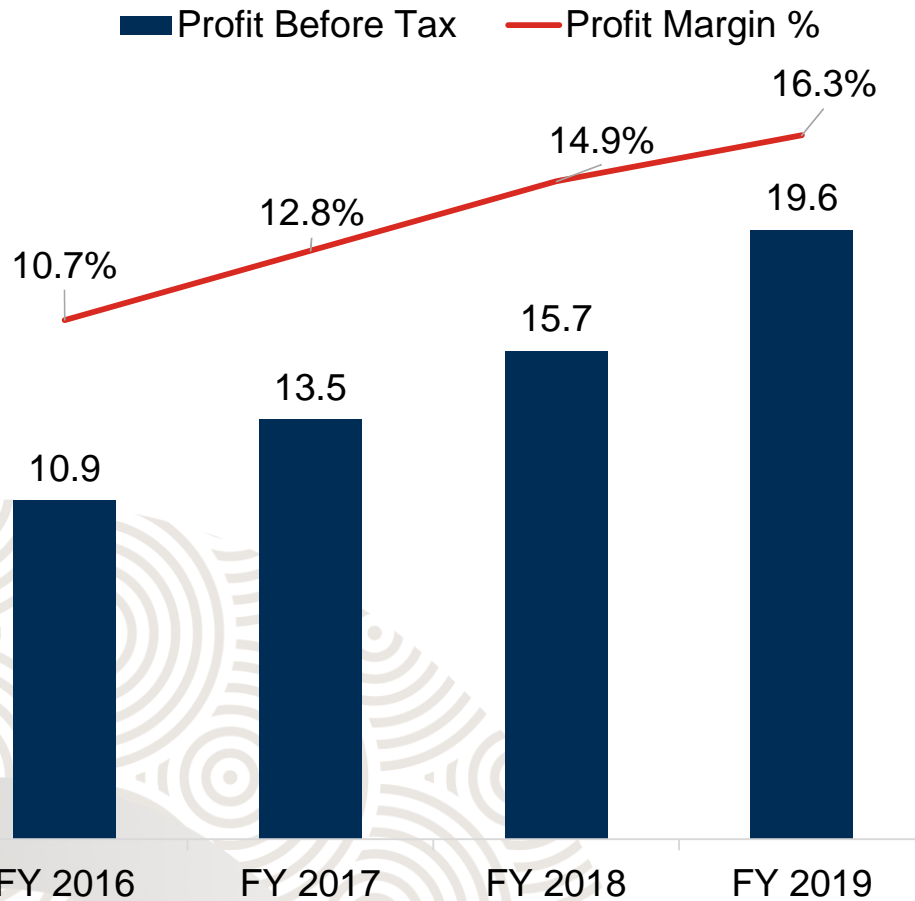
F&B Retail:

↑
5.3% /
S\$5.9m
 y-o-y

- Lifted by opening of 7 new F&B stalls in the 6 newly opened food courts and coffee shop; 20 new F&B kiosks; and 2 full-service restaurants at Great World City and Paya Lebar Quarter
- Overall revenue growth from most outlets

Segment Profit and Segment Profit Margin

Outlet & Mall Management (S\$m)



FY2019:

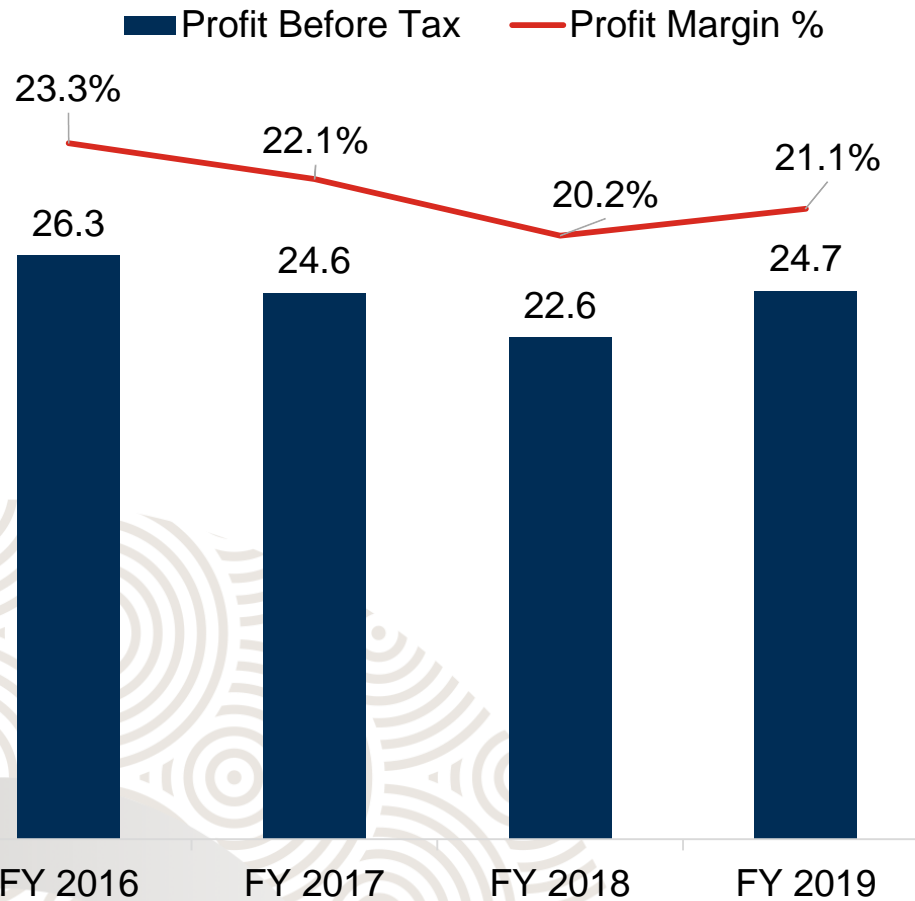
S\$19.6m



**24.8% / S\$3.9m
y-o-y**

Segment Profit and Segment Profit Margin

F&B Retail (S\$m)



FY2019:

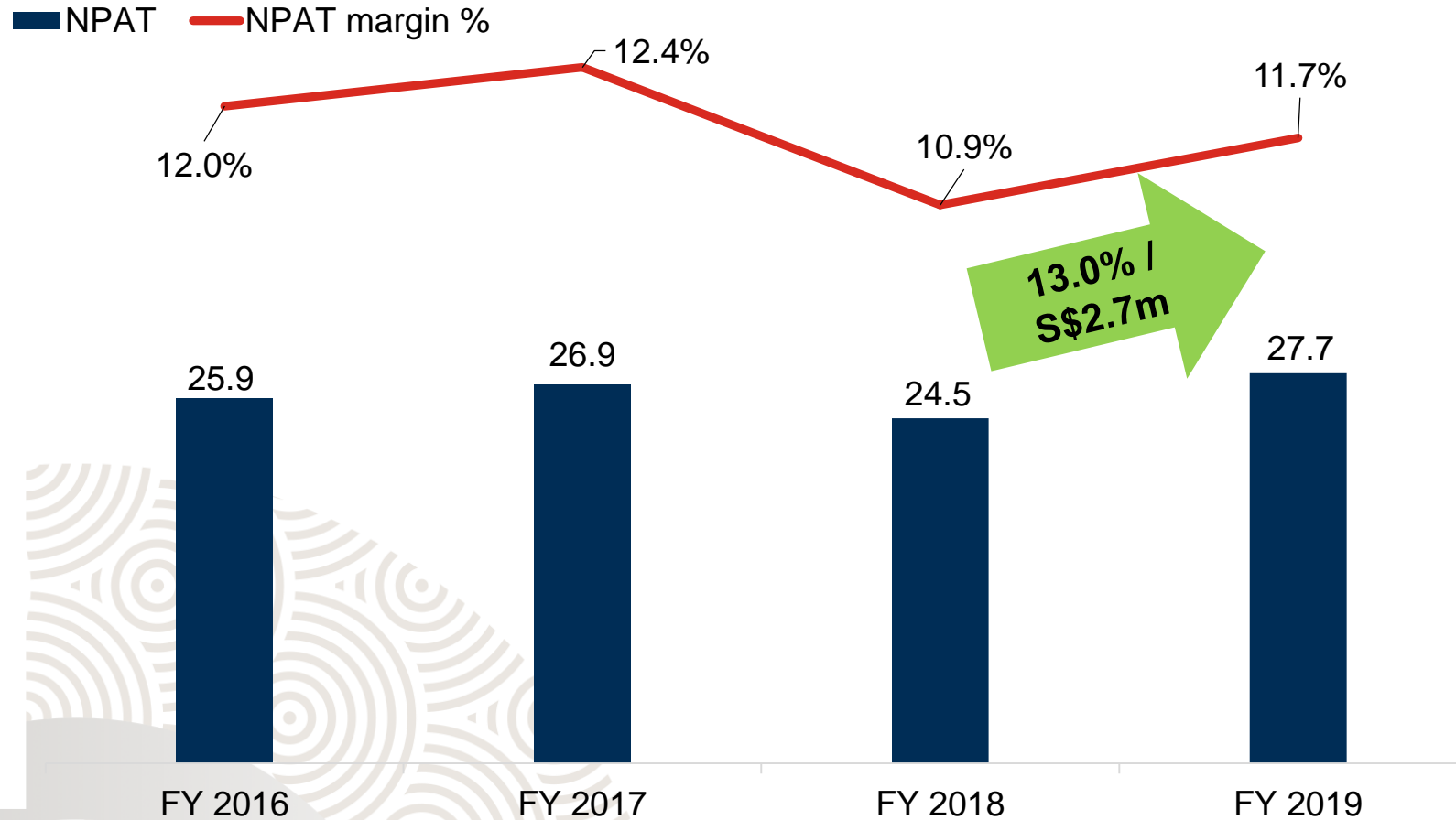
S\$24.7m



**9.3% / S\$2.1m
y-o-y**

Net Profit After Tax

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



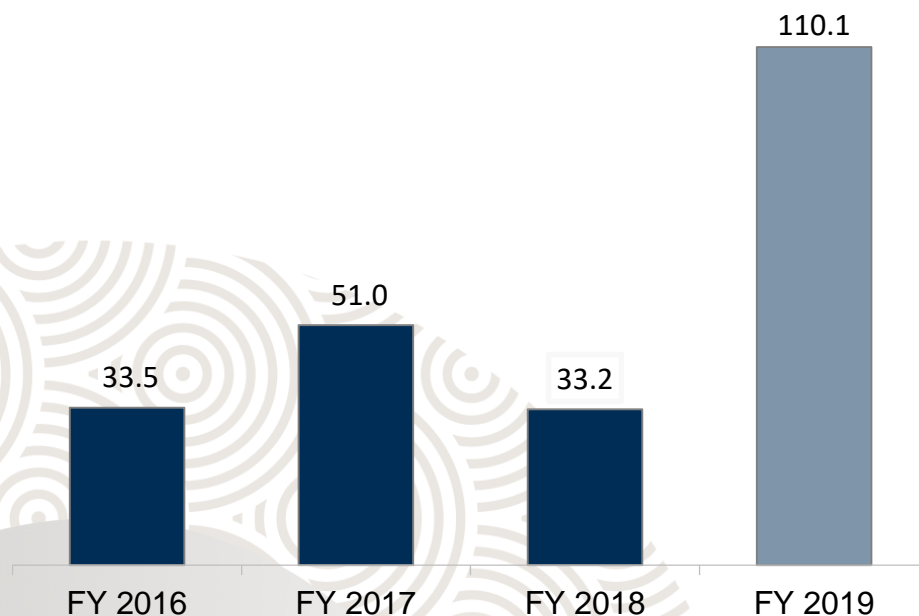
Healthy Cashflow & Balance Sheet



Business is Resilient Through Economic Cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

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



S\$90.4m

Cash and cash equivalent
as at 31 December 2019

S\$85.7m

Net Cash as at
31 December 2019

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

Dividend



S\$0.015

FY 2019 Proposed Final Dividend

S\$0.025 per ordinary share

Total Dividends for FY 2019*

IPO Dividend Recommendation

At least
50%

of **net profits after tax⁽¹⁾** generated
in **FY 2018** and **FY 2019** intended
to be distributed as dividends

* Inclusive of the interim dividend paid of S\$0.01 per ordinary share on 21 August 2019

(1) Excluding exceptional items and interim dividend of S\$12.5million declared and paid by Koufu in FY2018

At a Glance – P&L



(S\$m)	FY 2016	FY 2017	FY 2018	FY 2019	Change (%)
Revenue	215.1	216.7	223.8	237.5	6.1
Profit after Tax <i>Attributable to Owners of the Company</i>	25.9	26.9	24.5	27.7	13.0
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	12.0	12.4	10.9	11.7	0.8 ppt
Earnings per Share <i>(SGD Cents)</i>	5.36	5.56	4.75 ⁽¹⁾	4.99 ⁽¹⁾	5.1

(1) Calculated based on 554,970,100 weighted average number of shares in FY 2019 compared to 516,215,000 weighted average number of shares in FY 2018 respectively.

Robust Balance Sheet and Healthy Cash Flows



(S\$m)	31 December			
	2016	2017	2018	2019
Total Assets	186.8	107.2	159.7	348.9 ⁽¹⁾
Total Liabilities	84.0	64.1	68.2	245.9 ⁽¹⁾
Total Shareholders' Equity	102.9	43.1	91.5	102.3
Cash and Cash Equivalents	49.0	53.0	61.0	90.4
Time Deposits	-	-	35.0	4.6
Net Asset Value Per Share (S\$)	0.21	0.09	0.16	0.18
Net cash generated from operating activities	33.5	51.0	33.2	110.1

Note:

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

Impact of COVID-19



Impact of Covid-19

Business Operations

Singapore

- Significantly lower footfall at food courts in tertiary institutions, near offices, downtown and tourist hotspots
- Business operations generally remain within the ambit of “essential services” during circuit breaker for takeaway and delivery only
- Temporarily suspended operations of 10 food courts, 3 QSRs, 2 full-service restaurants and 26 tea-beverages kiosks during circuit breaker period
- Re-opened 4 food courts, 3 QSRs and 1 full-service restaurant in Phase 1 post-circuit breaker

Macau

- Cotai Sands and University of Macau remains operational, but with significantly lower footfall

New Outlets/Integrated facility

- Openings of 2 new food courts and 2 new *R&B Tea* kiosks delayed from Q2 2020 to Q3 2020
- TOP for new integrated facility delayed to Q3 2020, at the earliest



- Partner with delivery platforms and have launched delivery services within our own “Koufu Eat” App to boost online sales
- Expects both revenue and operating profits to be affected
- Most of the government grants and rental rebates from landlords will be received in Q2 and Q3 2020, to a certain extent, mitigating the negative impact
- Strong balance sheet and cash position in meeting operating requirements
- Remain competitive with cautious growth and expansion plans

Transformational Strategies



Outlet & Mall Management

Reinforcing our foothold in Singapore

- Opened five food courts and one coffee shop in 2019
- Subsequent to FY 2019, opened two coffee shops in Q1 2020 and further secured one more lease for food court, targeted to open in FY 2020
- To expand in Singapore with a focus on new housing estates, hospitals, commercial malls and tertiary educational institutions
- Despite the current challenges arising from 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

- Expand overseas with an initial focus in Macau
- Opened a new food court in Macau University in 2019
- Secured lease of third food court in Macau, targeted to open in FY 2020



F&B Retail – Increasing our Multi-Brand Recognition

Network Expansion in Singapore

- Opened two new *Elemen* outlets, achieving target of four outlets by FY 2019
- Opened 18 R&B Tea kiosks, achieving 26 outlets by FY 2019
- Further secured 2 leases for R&B Tea, slated to open in 3Q 2020



Widening footprint overseas

- **Macau:** Continue keeping a look out for suitable locations to expand footprint
- **Indonesia:** Established JV to develop, establish, manage and operate tea beverage business in Indonesia
- **Malaysia:** First R&B Tea outlet opened in Mahkota Parade Melaka in November 2019
- **New markets:** Actively looking for JV partners to expand *R&B Tea* brand to the Philippines and Thailand
- 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



Artist impression of proposed integrated facility located at Woodlands Avenue 12

Commenced construction in **4Q 2018**

Expected TOP in **3Q 2020**

**GFA of
20,000 sqm**

More than 5 times larger than our current central kitchens and corporate HQ

S\$40.0 Million

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

- To house larger Central Kitchen and Corporate HQ, new Training Centre and R&D Centre
- Expand central procurement, preparation, processing and distribution functions
- Better support for all F&B Outlets and self-operated F&B stalls – Up to 30% of total GFA to be rented out to our stallholders to build their own central kitchen
- At least 70% of total GFA for our own business and operations and JV businesses
- Improve productivity and operational efficiency

Improving Productivity – Using Technology As a Key Enabler



In line with the Singapore government's emphasis on improving productivity through innovation as well as consumer experience, we have implemented the following in 2018 and 2019 and will continue doing so in 2020:



Traditional coffee making machine

Started its first pilot outlet at Blk 289 Compassvale Crescent in June 2019, 2nd Generation machine tested



Mobile ordering application

implemented at 42 food courts and coffee shops. To encourage self ordering-payment-collection, customers get to enjoy 10% direct discount. Delivery option currently being rolled out.



NETS unified payment terminals implemented

across all food courts
SG QR payments at most coffeeshops



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



THANK YOU