



**NEO GROUP LIMITED**

14M 2015 ANNUAL GENERAL MEETING

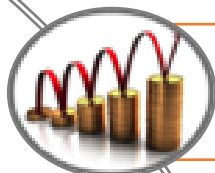
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**SOLID  
PERFORMANCE**



# KEY GROUP HIGHLIGHTS



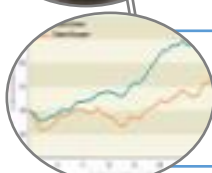
**Revenue continues growth to S\$77.4 million in 14M 2015<sup>1</sup>, 47.8% higher than in FY2014**



**Achieved net profit of S\$7.4 million and healthy net margin of 9.6% in 14M 2015**



**Healthy financial position**



**Attractive dividends**



**Various brands to capture different market segments**



**Favorable industry outlook**



**Clear growth strategies**

*<sup>1</sup> 14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015 due to a change in the Group's financial year-end*

# ENHANCED VALUE CHAIN



# 1<sup>ST</sup> MAJOR M&A SINCE LISTING

## – THONG SIEK GROUP

- Completed the acquisition of **55%-stake** in parent company of popular “DoDo” brand of fishballs for S\$7.35 million on June 12, 2015
  - **40 years** of experience in **manufacturing** of seafood- and surimi-based products
  - **Strong brand** recognition for quality **DoDo** line of fishballs
  - Products **distributed in major supermarkets** in Singapore **and across the globe** including Asia, Australia, Europe and U.S.A.
  - Owns **two production facilities**: Senoko, Singapore, and Johor Bahru, Malaysia
- First foray into Food Manufacturing to **enhance value proposition** to provide turnkey food and catering solutions
- Leverage on TS Group’s expertise in food manufacturing to automate central kitchen’s operations
- **Expand customer base and broaden market reach**, while giving Neo Group access to large global distribution network across 22 countries



*DoDo products in an NTUC Fairprice display*



# TSH STRATEGIES POST-ACQUISITION

## Integration

- Achieve back-end integration with potential for greater profitability and economies of scale
- NKK to aid TSH in sourcing for raw ingredients – better cost management

## Expansion

- TSH's large global distribution network to allow Neo Group access into new markets with greater ease
- The Group to bring TSH products into new markets

## New Revenue Streams

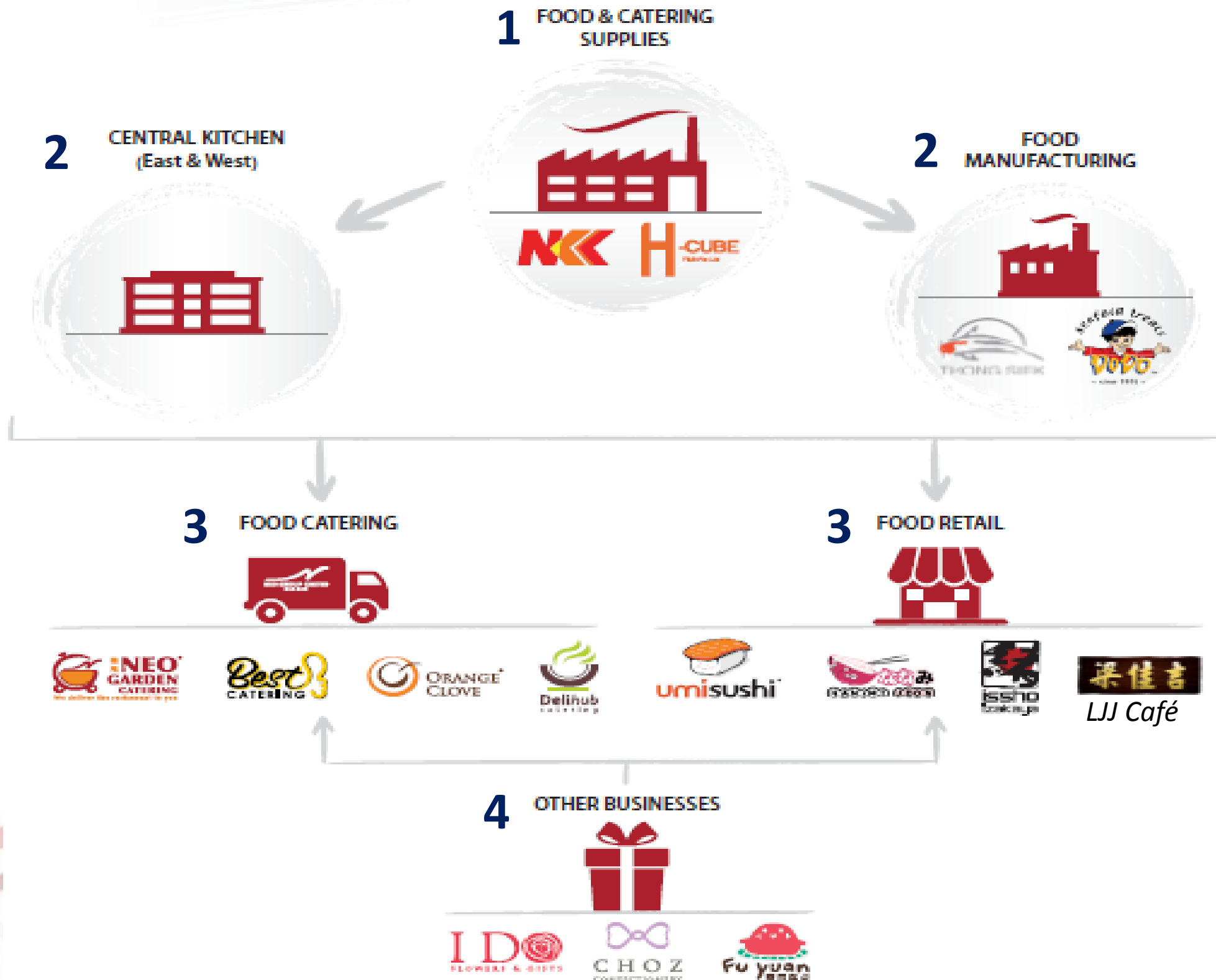
- Create new recurring B-to-C income streams by leveraging on Neo Group's Food Retail experience to bring TSH products directly to consumers

## Greater Food Quality

- TSH's manufacturing expertise to complement Neo Group's vertically-integrated value chain by automating processes – improve food quality and consistency while reducing manpower reliance for greater margin efficiency

# INTEGRATED VALUE CHAIN

SINGAPORE'S LARGEST CATERING GROUP WITH LEADING MARKET SHARE\*



\* As defined in Euromonitor International report, "Events catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only

# OVERVIEW: VARIOUS BRANDS TO CAPTURE DIFFERENT MARKET SEGMENTS

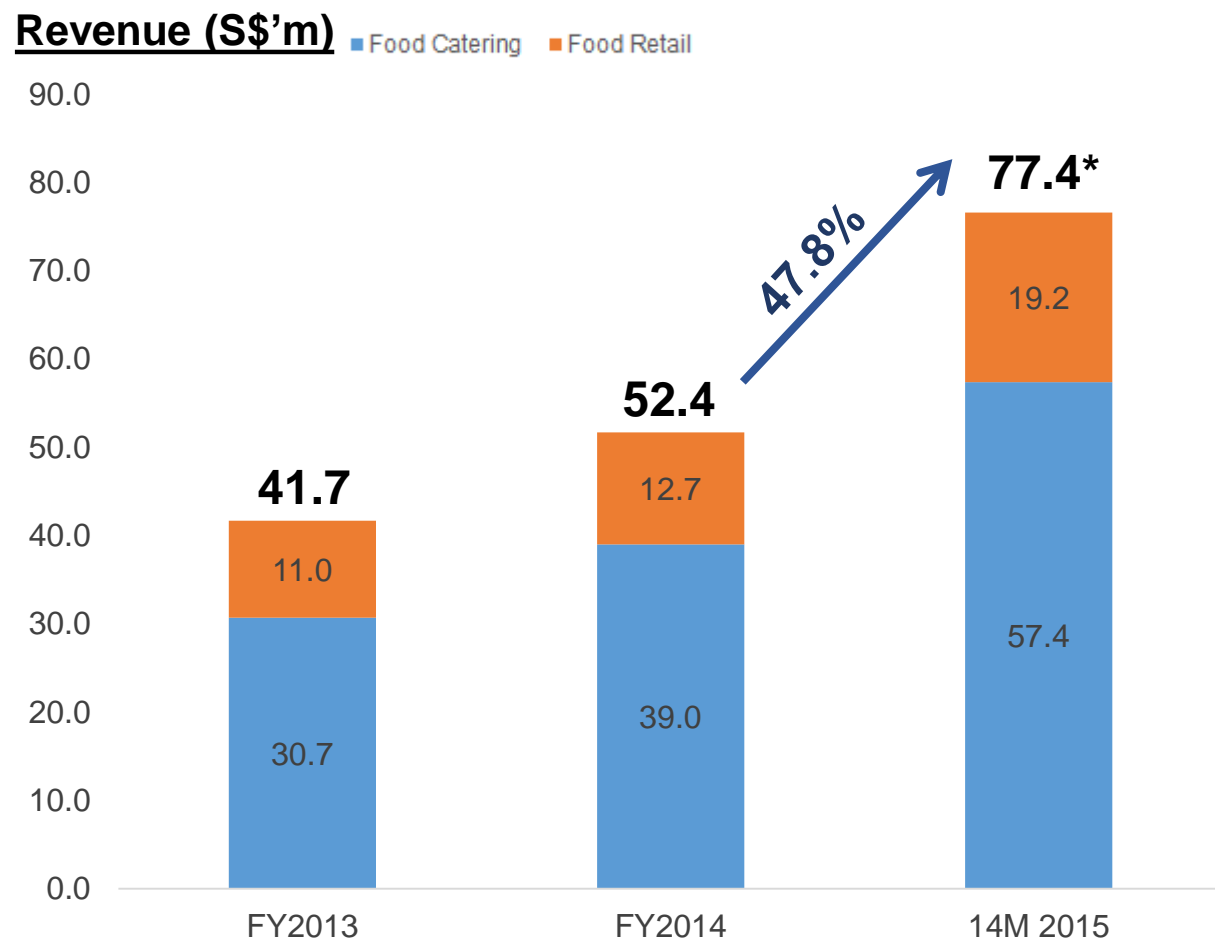
FOOD CATERING	FOOD RETAIL	FOOD MANUFACTURING	FOOD AND CATERING SUPPLIES
 <ul style="list-style-type: none"> <li>– Mid-tier</li> <li>– Households</li> <li>– Corporations</li> </ul>	 <ul style="list-style-type: none"> <li>– Mid tier</li> <li>– Families</li> <li>– Young Working Adults</li> <li>– PMEBS</li> </ul>	 <ul style="list-style-type: none"> <li>– Two manufacturing facilities in Senoko, Singapore, and Johor Bahru, Malaysia</li> </ul>	 <ul style="list-style-type: none"> <li>– Support the Group's Food Catering and Retail Businesses in sourcing and supplying ingredients and buffet equipment at bulk, thereby achieving economies of scale</li> <li>– Sales to third parties</li> </ul>
 <ul style="list-style-type: none"> <li>– Mid to high-end</li> <li>– Corporate</li> <li>– Weddings</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> <li>– Young Working Adults</li> <li>– PMEBS</li> </ul>	 <ul style="list-style-type: none"> <li>– Strong branding</li> <li>– Distributed to most local major supermarkets</li> </ul>	 <ul style="list-style-type: none"> <li>– H-Cube is specialised in Japanese food ingredients</li> <li>– Sales to third parties</li> </ul>
 <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Corporate</li> <li>– Public sector institutions</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> <li>– Corporate</li> <li>– Expatriates</li> </ul>	<ul style="list-style-type: none"> <li>– Strong footprint in Singapore and Malaysia</li> <li>– Distributed across 22 countries globally</li> </ul>	<h3 style="text-align: center;">OTHERS</h3>
 <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Households</li> <li>– Tingkat services</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> </ul>		 <ul style="list-style-type: none"> <li>– Online Flowers and Gifts</li> </ul>  <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Households</li> </ul>  <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Corporations</li> </ul>



# **14M 2015 Financial Highlights**

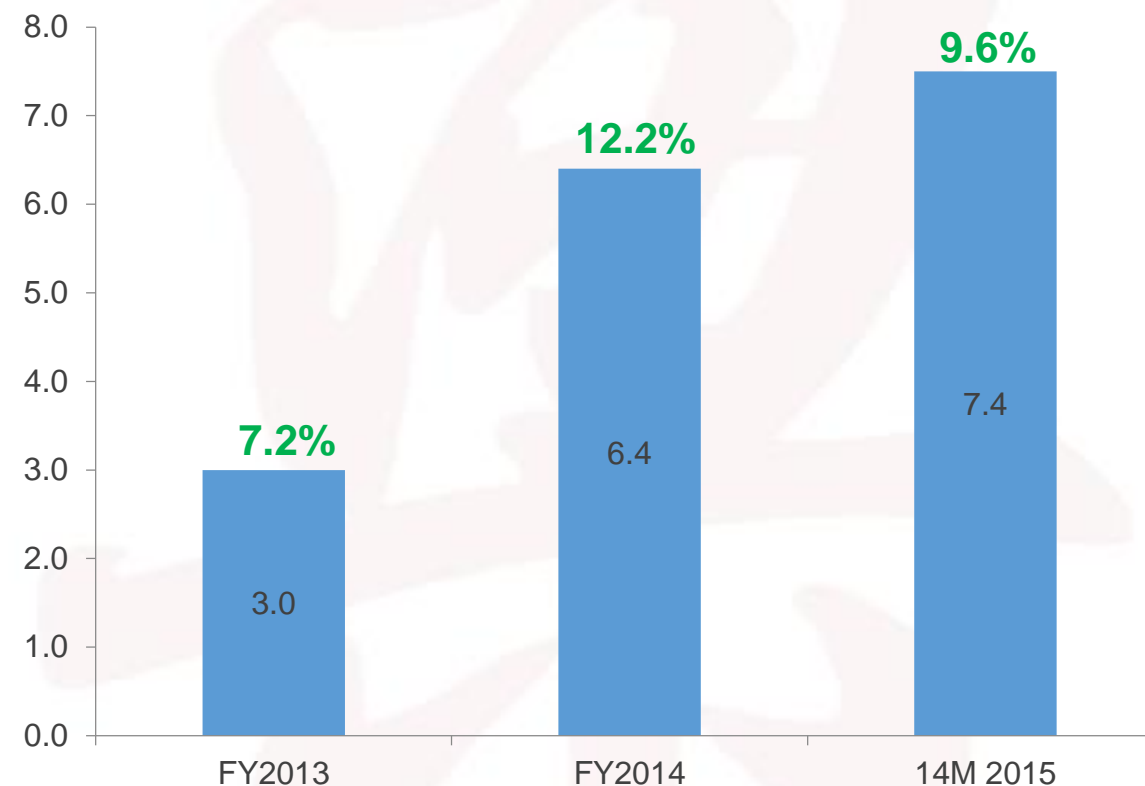


# RECORD REVENUE



**Profit After Tax (S\$m)**

**Net Margin**



- Revenue surged 47.8% to S\$77.4 million in 14M 2015 from S\$52.4 million in FY2014
- Improved performance across all business segments contributed to top-line growth
- 14M 2015 net profit rose 15.7% to S\$7.4 million from S\$6.4 million in FY2014
- 14M 2015 net profit margin of 9.6% due to increase in expenses resulting from business growth

# HEALTHY FINANCIAL POSITION

<b>PROFITABILITY RATIOS</b>	<b>14M 2015 (Audited)</b>	<b>FY2014 (Audited)</b>
Earnings Per Share (cents)	5.14	4.44
Return On Assets (%)	13.6	14.7
Return On Equity (%)	30.6	31.2

<b>CASH FLOW</b>	<b>14M 2015</b>	<b>FY2014</b>
Net cash from operating activities (S\$m)	10.5	7.9
Cash and cash equivalent at end of period (S\$m)	7.6	8.5

<b>FINANCIAL POSITION</b>	<b>As at 31 Mar 2015 (Audited)</b>	<b>As at 31 Jan 2014 (Audited)</b>
Shareholders' equity (S\$m)	24.2	20.5
Net Gearing (%) <sup>(1)</sup>	45.9	38.3
Net Asset Value Per Share (SGD cents) <sup>(2)</sup>	16.8	14.2

<b>DIVIDEND</b>	<b>14M 2015</b>	<b>FY2014</b>
Total Dividend/Ordinary Share (SGD cents)	2.56	2.17
Dividends (S\$m)	3.69	3.12

1) Net Gearing is computed by net debt divided by shareholder's equity plus net debt

2) Net Asset Value Per Share is computed by dividing the total Net Asset Value excluding the intangible assets of the company by the number of outstanding shares

# STRONG SHARE PRICE PERFORMANCE

## TOTAL SHARE PRICE RETURN SINCE LISTING

183%

### Strong returns since listing on 11 July 2012



### Outpacing STI since IPO



Source: Bloomberg; 29 July 2015

# FOOD RETAIL HIGHLIGHTS



# FOOD RETAIL

## 14M 2015 PERFORMANCE REVIEW



**REVENUE GROWTH**



**52.4%**

**DELIVERY SALES**



**27.4%**

**NEW OUTLETS**

- 6 umisushi
- 1 isscho izakaya
- 1 NANAMI UDON

# FOOD RETAIL

## 14M 2015 HIGHLIGHTS



- umisushi: expanded retail network to **25 stores**, **increased delivery fleet** to capitalise on burgeoning demand for deliveries
- **New Food Retail concepts:**
  - NANAMI UDON – One Raffles Place; quick & healthy udon options)
  - issho izakaya – Sports Hub; Neo Group's first Japanese drinking and dining establishment
- Neo Group to **monitor and fine-tune Food Retail business models** to drive margin efficiency while pursuing partnerships with **corporate clients** to grow business demand

# FOOD CATERING HIGHLIGHTS





# FOOD CATERING

## 14M 2015 PERFORMANCE REVIEW



Thank you for making us **Number 1\*** again

**REVENUE  
GROWTH**



**46.9%**

**GUESTS  
SERVED**



**37.0%**

*\* As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only*

# FOOD CATERING

## 14M 2015 HIGHLIGHTS



**Neo Group's flagship brand**  
 Preferred choice for baby full-month celebrations, birthdays and festive occasions.

### NEW DEVELOPMENTS:

- Launched SG50 campaigns - Jubilee babies, Pioneer Generation
- Neo Bao Bao Mascots – capture baby full-month market.
- Highest Number of Events Catered by a Company in One Day in the Singapore Book of Records
- “Top 1 Brand” - Generation X Consumers Influential Brands Award 2014

*Unbelievable*  
**周日特惠**

**50% 折扣**

星期一至五就与梁苑订购自助餐配套

**50% OFF** 星期一

**40% OFF** 星期二

**30% OFF** 星期三

**20% OFF** 星期四与五

健康家庭 *Tingkat*  
 递送服务

**\$150 折扣**

我们只选用最新鲜的菜油，带给您最健康的佳肴！  
 预知详情，请拨打 6261 1011 至 Best Catering

**NEO 宝宝**  
 BAO BAO

**50% 折扣**

马上订购 NEO 宝宝满月派对畅享优惠

pioneer generation  
**建国英雄**

**50% 折扣**

现在就订购生日派对自助餐



# FOOD CATERING

## 14M 2015 HIGHLIGHTS

晚餐递送服务

**\$150 OFF**  
折扣\*



Call 6261 1011 to enjoy **\$150 off\***  
3 months package!

\*T&Cs Apply

Economical buffet menus and healthy Tingkat (tiffin carriers) subscription meals at competitive prices.

### NEW DEVELOPMENTS:

- Revamped Tingkat Menus - healthier choice through reduced oil and salt, brown rice.
- New Marketing initiatives to drive brand awareness namely corporate video, contests and attractive promotions

# FOOD CATERING

## 14M 2015 HIGHLIGHTS



- **Complete Events Solutions** provides one-stop service (Events execution and management)
- **New venue partnerships and corporate clients**
  - Chijmes
  - Singapore Expo
  - Star Performing Arts Centre
  - The Arts House
- **Award Winning Brand**
  - Best Caterer ( Restaurant Association of Singapore)
  - Best Corporate Caterer ( HRM Asia)
  - Outstanding Caterer of the Year 2015 (World Gourmet Summit)
  - Overall Winner Singapore Prestige Brand Award - Promising Brand

# FOOD CATERING

## 14M 2015 HIGHLIGHTS



Halal-certified buffet catering for all events  
(Schools, GLC, Church and Large-scale  
Corporate Functions)

### NEW DEVELOPMENTS:

- Rebranding exercise - refresh logo and brand
- Revamped catering menu for greater variety and optimised ordering web interface
- Launched Hawker Delights live stations and Do-It-Yourself stations for SG50
- New All-Day Breakfast party sets, mini party sets to target smaller gatherings and meetings
- Partner with Health Promotion Board in Healthier Dining Programme

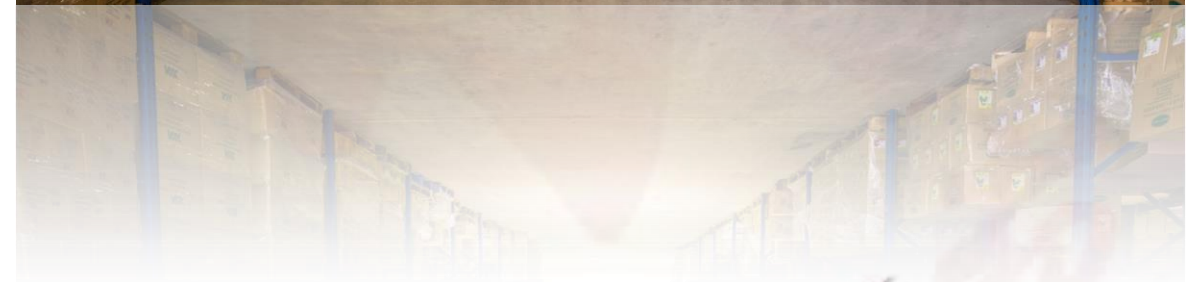
# **FOOD CATERING SUPPLIES & OTHER BUSINESSES HIGHLIGHTS**



# FOOD & CATERING SUPPLIES

## 14M 2015 HIGHLIGHTS

- New Facility at Enterprise Road
  - **> 10,000 sq ft** of warehouse and cold room space for NKK
- NKK **expanded its product line for**
  - Greater cost efficiencies
  - Economies of scale
- NKK – Central Procurement to **source for TSH for better cost management**
- Business segment to gradually **supply to external businesses**



# OTHER BUSINESSES

## 14M 2015 HIGHLIGHTS



- New businesses – I DO, Choz & Fu Yuan
  - Enhance Neo Group's value proposition to provide one-stop food & catering solutions:
  - I DO provides floral arrangements and gift sets / mooncake gift sets
  - Choz provides Baby Full Month packages
  - Fu Yuan specialises in Nonya kuehs



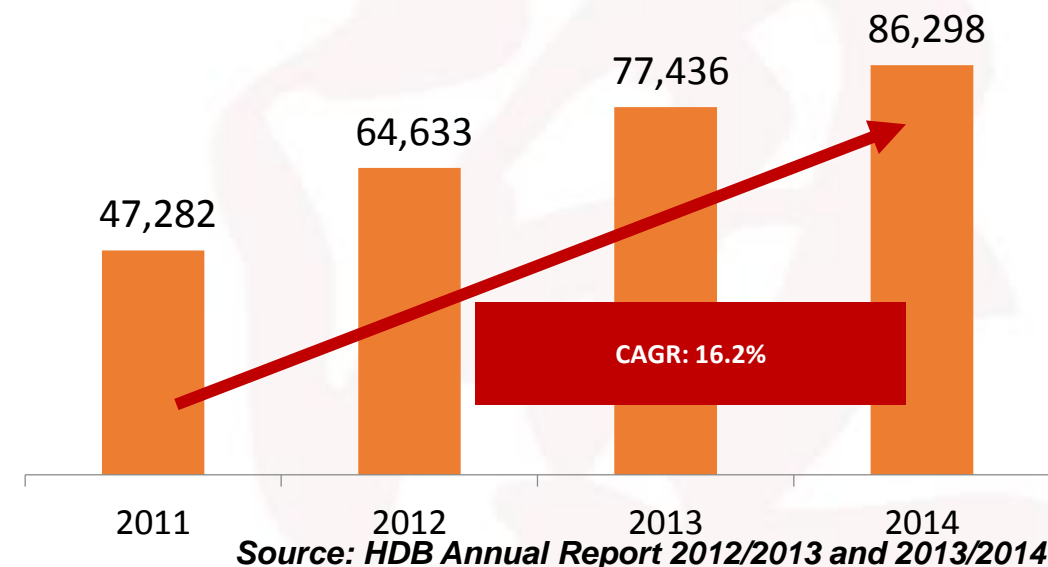


# OUTLOOK & FUTURE PLANS



# FAVOURABLE EXTERNALITIES

Increasing number of households under construction



## GROWING MICE INDUSTRY

- Burgeoning demand for catering
- STB initiatives such as: INSPIRE <sup>1</sup>, SMAP <sup>2</sup> and MICE 2020 roadmap <sup>3</sup> to boost Singapore's value proposition as a top MICE destination
- STB to increase marketing investment by 35% to boost Singapore's MICE appeal <sup>4</sup>

<sup>1</sup> <https://www.stb.gov.sg/news-and-publications/newsletters/Pages/Issue%201/Issue-1-Singapore-Launches-INSPIRE-Programme-to-Lure-Indian-Incentive-Groups.aspx>

<sup>2</sup> <https://www.stb.gov.sg/news-and-publications/newsletters/Pages/Issue%202/Issue-2-Singapore-MICE-Advantage-Programme.aspx>

<sup>3</sup> Business Times, 31 Oct, 2014 – STB, MICE players chart course for the sector

<sup>4</sup> TTG Asia, April 7, 2015 – Singapore beefs up marketing budget to strengthen MICE appeal

# CLEAR GROWTH STRATEGIES

**Capture  
Market  
Share**

## Pursue Top-line Growth

- **Food Catering:** Leverage on strong brands and integrated value chain
- **Food Retail:** Introduce new innovative and fresh concepts
- **Food Manufacturing:** Create new recurring B-to-C income for TSH

**Drive  
Internal  
Efficiencies**

## Driving Margin Efficiencies

- Greater adoption of technology and innovation for better cost management
- Ramp up productivity and utilisation rate at Enterprise Road central kitchen
- Centralised procurement for all businesses including TSH

**Expansion**

## Expansion

- Fine-tune food retail business models, expand retail network and delivery fleet
- Continue to seek out suitable M&A targets complementary to our businesses
- Leverage on TSH's global distribution network of 22 countries

# WHY INVEST IN NEO GROUP?



# INVESTMENT MERITS

## **1** Strong Brand Recognition

- Singapore's No. 1 event caterer for five consecutive years since 2011
- Largest catering group capturing 10% market share of \$360M catering industry

## **2** Strong Financial Performance

- Consistent revenue growth
- High margins: 9.6% NPM
- Net profit CAGR of 28% (vs peer average of 15%)<sup>1</sup>

## **3** Integrated Value Chain

- Central Kitchen + Manufacturing Facilities + Food & Catering Supplies to support Food Catering & Food Retail businesses
- Reap synergies and economies of scale

## **4** Clear Growth Strategies

- Diversification through M&A of companies with strong focus in food
- Leverage on TSH's international presence to expand into overseas markets and expertise in food manufacturing to automate kitchen
- Favorable market conditions

## **5** Multiple Product Lines to Capture Various Market Segments

- 4 catering brands to capture mass to high-end market segment
- 6 food retail brands to offer unique concepts

# THANK YOU

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