



NEWS RELEASE

ENVICTUS ACHIEVES PROFITABILITY TURNAROUND TO RM16.4 MILLION, BACKED BY 12.2% REVENUE GROWTH TO RM314.1 MILLION¹ IN 1HFY2024

- ***Food Services Division, leading with 22.7% growth in revenue, largely contributed by Texas Chicken***
- ***Dairies Division achieves a commendable 34.2% surge in revenue, propelled by increase in sales volume and market penetration***
- ***Gross profit margin improves 4.4 percentage points to 43.3%***
- ***Strong pipeline for expansion of Food Services Division***
 - o ***Texas Chicken continues with prudent expansion of 8 new outlets in FY2024 to improve revenue and earnings streams***
 - o ***San Francisco Coffee to open 5 new cafes in FY2024, aimed at increasing brand profile and growing demand for coffee***

	1HFY2024	1HFY2023	Change
Revenue (RM Millions)	314.1	280.1	12.2%
Gross Profit (RM Millions)	136.1	108.9	24.9%
Gross Profit Margin (%)	43.3%	38.9%	4.4%
Net Attributable Profit/(Loss) (RM Millions)	16.4	(12.5)	>100%
Net Attributable Profit/(Loss) Margin (%)	5.2%	(4.4)%	>100%
EPS (RM sen)	5.38	(4.66)	>100%
NAV Per Share (RM)	0.57	0.51*	11.8%

* As at 30 September 2023

¹ Approximately S\$89.7 million. Currency conversion based on S\$1.00 = RM3.50145.

Singapore, 30 April 2024 – 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, reported today a turnaround to profitability of RM16.4 million for the six months ended 31 March 2024 (“1HFY2024”), from a net loss of RM12.5 million in the previous corresponding period (“1HFY2023”). Revenue rose 12.2% to RM314.1 million in 1HFY2024, from RM280.1 million in 1HFY2023, mainly attributed to the increased contributions from the Food Services and Dairies Divisions.

Profit before tax of RM18.4 million was derived from Food Services Division of RM11.3 million, Trading and Frozen Food Division of RM4.7 million, Dairies Division of RM1.4 million and balance RM1.0 million from Food Processing Division and non-operating companies.

Envictus’ Group Chairman Dato’ Jaya Tan (陈友文) said, “The profitability is a testament of our ongoing efforts in adapting to the changing landscape resulted from the past Covid-19 pandemic, disposing loss-making businesses and continuing cost control measures. The Group remains steadfast in our internal optimisation endeavours to strengthen our position and we are committed to expand our business prudently across all divisions.”

“Backed by our strengthening Food Services Division, the Group will leverage on a robust demand to grow our presence with an expansion of 8 new Texas Chicken outlets, as well as the addition of 5 San Francisco Coffee cafes to further enhance revenue and earnings streams. Meanwhile, continual efforts are underway to increase E-commerce sales for our Trading and Frozen Food Division, enabling us to navigate challenges and drive sustainable growth.”

“Additionally, we are encouraged by the significant growth in our Dairies Division, attributed to our competitive pricing alongside market penetration into major hypermarket chains. Looking ahead, we will continue with our efforts in enhancing sales by exercising financial prudence and proactive cash management to deliver sustainable growth and value to our shareholders.”



Texas Chicken restaurant at Jalan Pengkalan Chepa, Kota Bharu, Kelantan

FINANCIAL REVIEW

For the period under review, the Group's revenue rose 12.2% to RM314.1 million from RM280.1 million in 1HFY2023, on the back of higher contributions from the Food Services and Dairies Divisions. Revenue from the Food Services Division edged 22.7% higher to RM185.2 million from RM150.9 million in 1HFY2023, primarily driven by the contributions from Texas Chicken restaurants, partially offset by the underperformance from San Francisco Coffee chain, attributed to intense competition and the closure of high-performance Seremban Gateway store following the expiration of its lease term.

Revenue contributions from the Trading and Frozen Food Division declined 19.5% to RM66.5 million in 1HFY2024, from RM82.6 million in 1HFY2023 amid slower sales momentum from restaurant and hotel sectors and competitive pricing and exacerbated by fewer tourism arrivals.

However, revenue from the Dairies Division surged 34.2% to RM62.4 million from RM46.5 million over the same period, driven by volume growth and growing market penetration.

Gross profit margin rose 4.4 percentage points to 43.3% in 1HFY2024 from 38.9% in 1HFY2023, mainly contributed from the Food Services and Dairies Divisions. Food Services' profit margin improved from the reduction in food costs and increase in selling price whilst Dairies' profit margin improved due to increased production output that has led to better production yield and lower raw material costs.

Meanwhile, the Group recorded a higher other operating income of RM17.4 million for the period under review, as compared to RM4.5 million in the previous corresponding period, mainly due to gain on disposal of assets and lease modifications.

Operating expenses increased by 11.3% to RM127.9 million, from RM114.9 million in the previous corresponding period, primarily attributable to higher selling and marketing expenses, warehouse and distribution expenses, and other operating expenses, which increased by RM7.1 million, RM0.6 million and RM5.8 million, respectively.

Selling and marketing expenses increased by RM7.1 million, due mainly to higher delivery commission of RM3.0 million on increased delivery sales, coupled with higher repair and outlets maintenance expenses of RM1.6 million. The increase of RM0.6 million in warehouse and distribution expenses was primarily due to the rise in handling and storage expenses, which were accounted as cost of goods sold in the previous corresponding period. The increase of RM5.8 million in other operating expenses was attributed to the loss on disposal of a subsidiary and foreign currency fluctuation loss.

Finance costs decreased by 24.4% to RM7.2 million in 1HFY2024, from RM9.5 million in the previous corresponding period, due mainly to lower bank borrowings following the settlement of loans associated with disposed assets. The recorded RM2.0 million income tax largely resulted from the gain on disposal of assets.

Consequently, the Group posted a profit after tax of RM16.4 million in 1HFY2024 as compared to a loss after tax of RM12.5 million in the previous corresponding period. Excluding the exceptional gain on disposal of assets and subsidiary and non-operating companies results, profit after tax derived from operations for 1HFY2024 was RM10.1 million.

As at 31 March 2024, the Group's cash and cash equivalents stood at RM18.5 million, while shareholders' equity was RM172.8 million.

OUTLOOK

Despite the positive turnaround in trading conditions and retail sentiment, the Group is cognizant and remain steadfast in identifying potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of an increase in minimum wages, rising interest rates and inflation.

Looking ahead, the Group remains cautiously optimistic on the long-term business prospects. To stay competitive, the Group will continue its active pursuit in various business strategies as well as enhancing efficiency through implementation of cost control measures to achieve revenue growth.

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 key business divisions – Food Services, Trading and Frozen Food and Dairies.

Under the Group’s Food Services Division, Envictus has held exclusive rights to the Texas Chicken Franchise Agreement since July 2012, and has since renewed the Agreement for a second 10-year period starting from May 2022, to develop and operate the fast growing Texas Chicken fast food restaurant chains in Malaysia and Brunei. To further expand the Group’s presence in key markets in Asia, the Group will develop a total of 125 “Texas Chicken” restaurants spanning across Malaysia and Brunei over a period of 10 years starting May 2022. Envictus also owns Malaysian homegrown specialty coffee chain business, “San Francisco Coffee” (“SFCoffee”) which serves house-roasted coffee in Malaysia. Presently, the Group operates 92 Texas Chicken restaurants and 50 SFCoffee cafes².

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 restaurant chains in Malaysia.

Held by the Group’s wholly-owned Motivage Sdn Bhd, the Group’s Dairies Division manufactures condensed milk under the “SuJOHAN” brand. Following the attainment of the HALAL and VHM certifications in 2021 and 2023 respectively, the Dairies Division has captured emerging opportunities, positioning itself for expansive growth backed by global footprint and a legacy of quality with plans to export globally.

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

² As of 30 April 2024.

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