



NEO GROUP 梁苑集团

Neo Group Limited

**Media & Analyst Briefing
FY2013 Financial Results**



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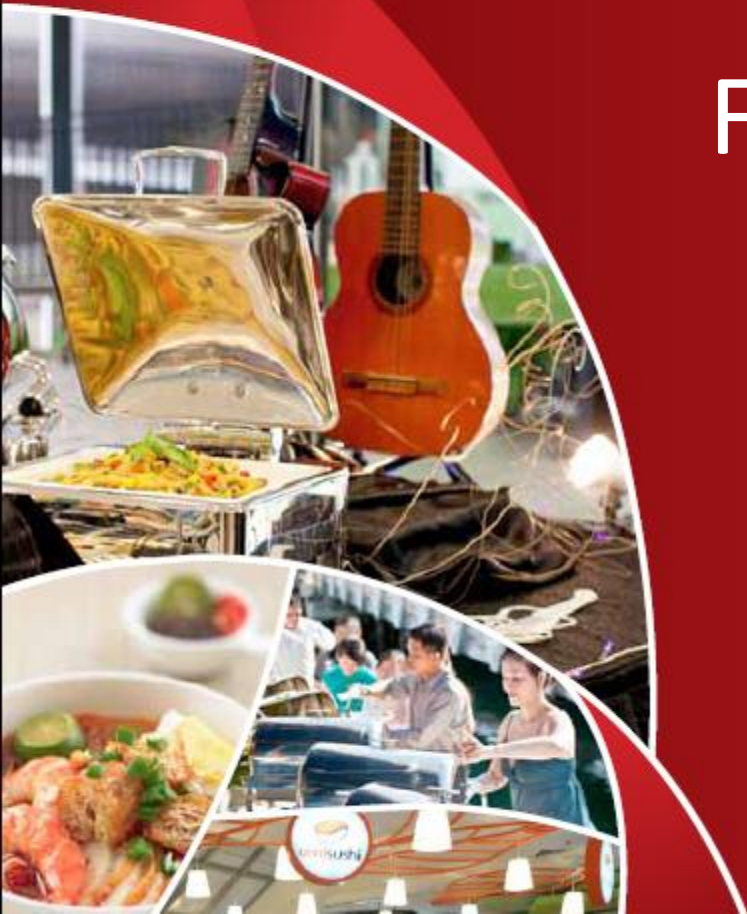
NEO GROUP 樂苑集團

Neo Group Limited

FY2013

Financial Highlights

(FYE 31 January)



Key Highlights



Improved revenue in FY2013



Healthy growth in “umisushi” delivery and outlet sales



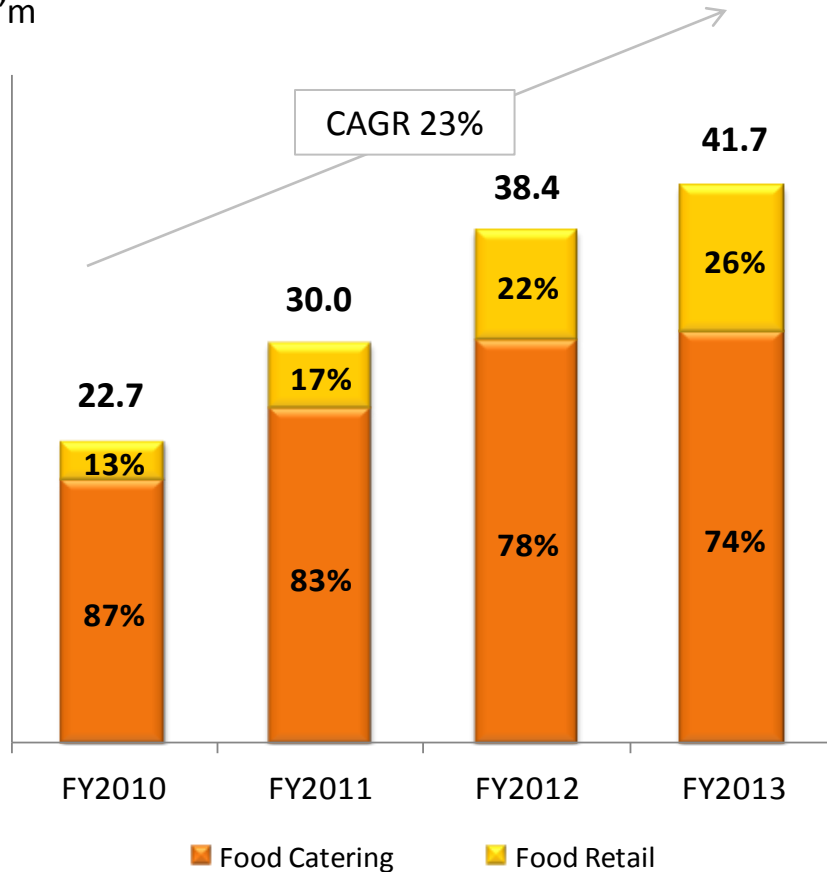
Increased catering sales to the corporate and government sectors



Continued industry recognition and awards

Revenue

S\$'m



Food Retail Business

+31.4% to S\$11.0m

- 18 outlets as at 31 January 2013 vs 17 outlets a year ago
- Increase in home deliveries

Food Catering Business

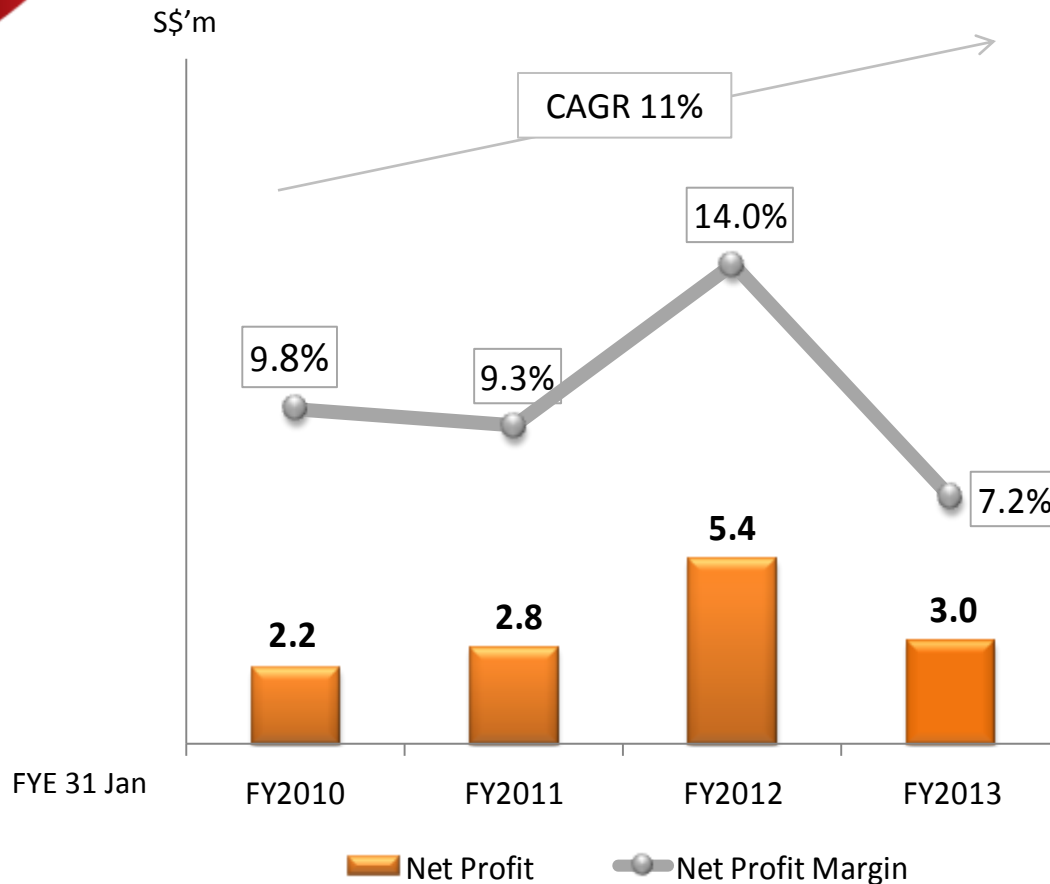
+2.5% to S\$30.7m

- Growth in market share for corporate and government sectors
- Revenue growth achieved even though FY2013 did not include the full Lunar New Year peak, as compared to FY2012 which enjoyed sales from two Lunar New Year peaks

FYE 31 Jan

* Revenue from our Food and Catering Supplies Business was not significant in FY2010, FY2011, FY2012 and FY2013.

Net Profit and Margin



Net Profit

- 43.9% to S\$3.0m

- Increase in purchases and consumables used due to higher food prices and consumables expenses
- Higher employee benefits, depreciation, advertising, rental and utilities expenses in line with business growth
- Lower distribution costs due to improved driver planning system
- One-time IPO expenses of S\$0.90m
- Increase in compliance expenses
- Exclusion of full Lunar New Year peak

Note: Net profit is defined as profit for the financial year, representing total comprehensive income for the financial year.

Financial Position

Profitability Ratios	FY2012 (Audited)	FY2013 (Unaudited)
Earnings Per Share (cents)	3.74	2.10
Return On Assets (%)	20.2	9.8
Return On Equity (%)	52.4	17.3
Financial Position	As at 31 Jan 2012 (Audited)	As at 31 Jan 2013 (Unaudited)
Total assets (S\$'m)	26.6	30.8
Total liabilities (S\$'m)	16.3	13.3
Shareholders' equity (S\$'m)	10.3	17.4
Debt ratio (%) ⁽¹⁾	61.3	43.2
Net Asset Value Per Share (cents)	7.1	12.1
Cash Flow	FY2012 (Audited)	FY2013 (Unaudited)
Net cash from operating activities (S\$'m)	8.0	4.6
Net cash from/(used in) investing activities (S\$'m)	(10.7)	0.6
Net cash from financing activities (S\$'m)	5.3	3.1
Net change in cash and cash equivalents (S\$'m)	2.6	8.2
Cash and cash equivalents at the beginning of period (S\$'m)	0.9	3.4
Cash and cash equivalent at end of period (S\$'m)	3.4	11.7
Efficiency Ratios	FY2012	FY2013
Trade receivables turnover days ⁽²⁾	15	7
Trade payables turnover days ⁽³⁾	68	39

1) Debt ratio is computed by dividing total liabilities by total assets

2) Trade receivables turnover days is computed by dividing 365 days by the gross trade receivables turnover ratio. The gross trade receivables turnover ratio is calculated by dividing annual sales by gross trade receivables.

3) Trade payables turnover days is computed by dividing 365 days by the trade payables turnover ratio. The trade payables turnover ratio is calculated by dividing annual purchases by trade payables.

Dividend Payout

The Group's intention, as set out in its Initial Public Offering Offer Document dated 2 July 2012, is to recommend and distribute dividends of not less than 60% of our net profits attributable to our Shareholders in each of FY2013, FY2014 and FY2015



This represents a dividend payout ratio of 71.4% and dividend yield of 5%* for FY2013.

** Based on IPO price of S\$0.30.*



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Corporate Updates



Food Catering Business

Improved market share in corporate and government sectors

We served **2.13 million** headcounts in FY2013, compared to 1.92 million headcounts in FY2012.

New Menus & Concepts...



- Neo's Elite
- LunchBox

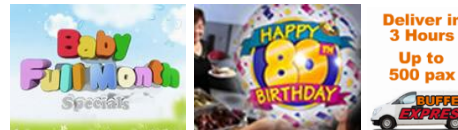


- New Western & Indian menus
- New creative department
- New "Teapot" brand offering customised cakes/desserts



- Makanbox
- Trial packages for first-time customers

Targeted Marketing...



- Direct mailers / distribution of brochures to households
- Advertisements in print and broadcast media
- Participation in wedding roadshows and food festivals
- Official caterer for Costa Sands



Food Catering Business

Continued to see robust sales in February 2013

818
orders @
first day of Lunar
New Year 2012



1,005
orders @
first day of Lunar New
Year 2013



7,937
orders achieved in
February 2013



Food Retail Business

Improved delivery and outlet sales



- Actively promoted umisushi's delivery service

- New outlet openings in FY2013:

- Alexandra Retail Centre
- Kallang Bahru
- Ngee Ann Polytechnic

- Outlet closures in FY2013:

- Tiong Bahru Plaza #B1-24
- CityLink Mall

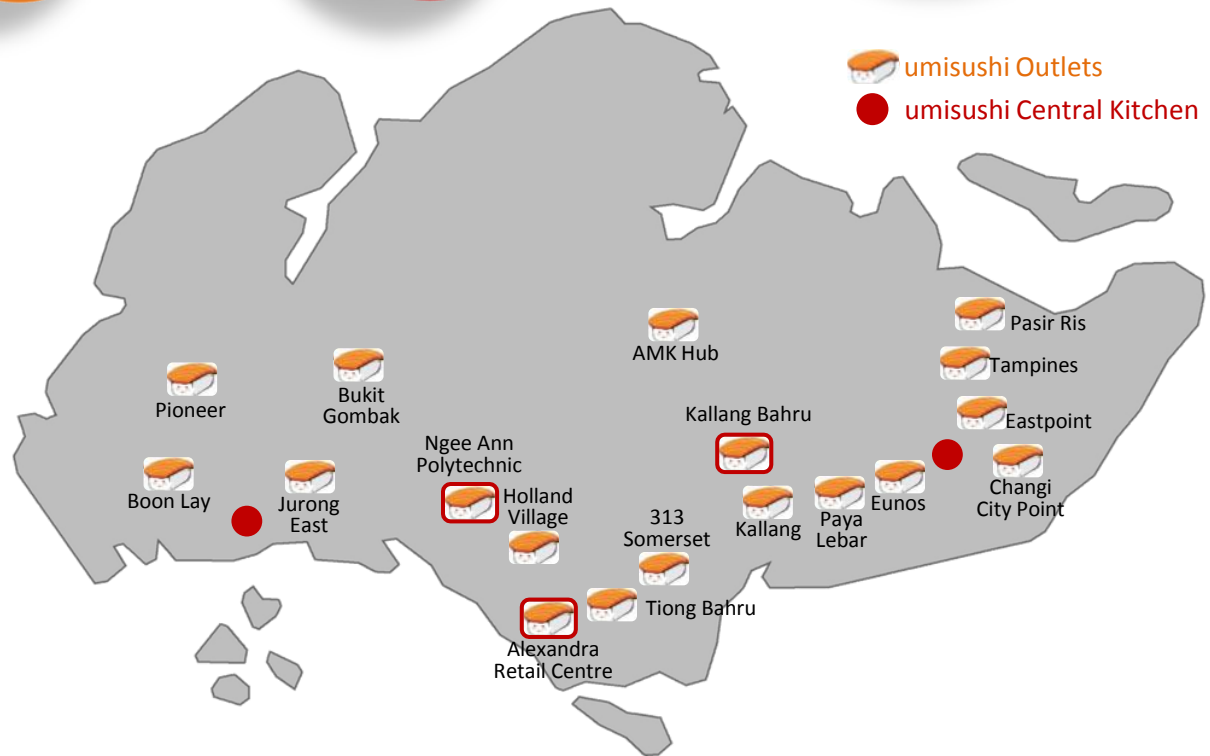
y-o-y sales

↑ 31.4%

17
outlets @
31 Jan 2012

18
outlets @
31 Jan 2013

30
outlets by 2016



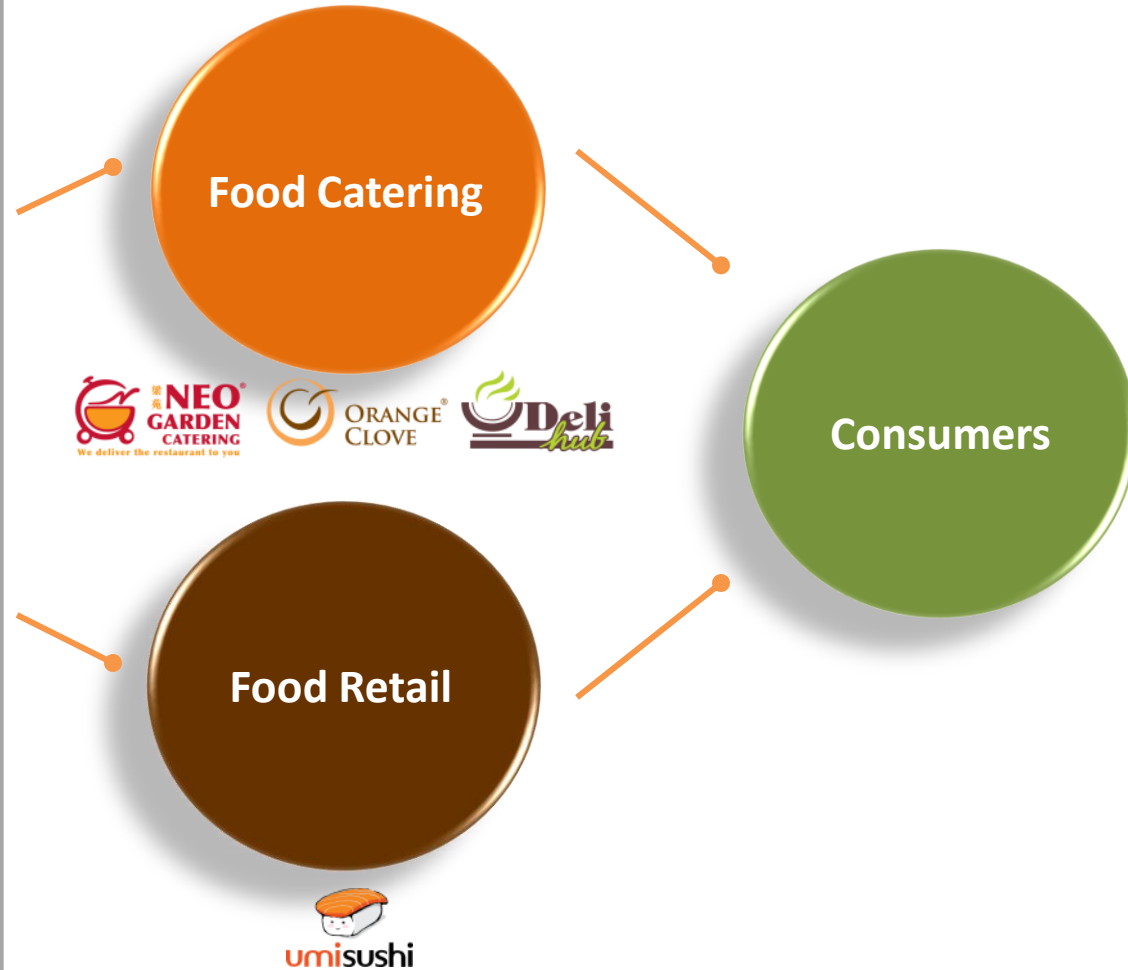
Food & Catering Supplies Business

Increase in direct procurement of raw materials from producers



Food and Catering Supplies

- Source some of the food ingredients and catering supplies used in our Food Catering and Food Retail businesses directly from manufacturers and/or distributors
 - Timely supply of quality food
 - Better control over costs
 - Better pricing through bulk purchases



Focus On Improving Operational Efficiencies

Improved driver planning system

Lower distribution costs due to improved driver planning system which resulted in greater efficiency and utilisation of our full-time drivers and lesser reliance on part-time and sub-contracted drivers



Fleet of 124 delivery vehicles and experienced delivery team ensure timely delivery to all locations in Singapore

Effective Use of Technology

Started a pilot study on GPS tracking on Android tablets to ensure timely delivery of our food and service quality



Proprietary software to check location of drivers; drivers can use Android tablets/phones to take photos of buffet set-up and transmit to headquarters

Industry Recognition



2013

- **Singapore Book of Records**
“Largest Events Caterer” (sales of S\$27.5m in 2011)
“Highest Number of Events Catered by a Company in One Day” (Catering 1,005 events in one day, serving more than 27,000 guests)

- **Promising SME 500 2013**

2012

- **Singapore Prestige Brand Award**
(Overall Winner, SPBA-Established Brands)

- **Singapore Prestige Brand Award**
(Most Popular Established Brand)

- **Singapore Prestige Brand Award**
(Established Brands)

- **Entrepreneur of The Year Award**
EYA 2012 Top Entrepreneurs

- **Entrepreneur of The Year Award**
EYA for Enterprise 2012

Firms urged to build up brand identity

Opportunities in region, especially for those with strong branding: DPM Teo

by JONATHAN WONG

SINGAPORE, in the heart of this region, is well positioned to tap into opportunities. Mr. Teo said branding could be a key to growth and expansion overseas for Singapore firms.

Mr. Teo said many Singapore firms such as BestFits, central bank and Prudential Singapore have successfully entered overseas. “They have shown how achievable brand recognition is for one-



Mr Neo Kah Kiat (left), chief executive of Neo Garden Catering, which was the overall winner in the established brands category, receiving the company's award from DPM Teo (right) after being voted the 2012 SME 500.

Medium Enterprises (MSE) and Large Firms, with MSE being the main group.

Chief executive Neo Kah Kiat of Neo Garden Catering was the overall winner in the established brands category. He said it was cited for its strong brand identity and for using IT systems to improve brand loyalty.

He noted, chairman and chief executive Neo Kah Kiat told The Straits Times that the firm has set brand premises it aims to keep, including having one chef for every 100 diners, accepting late-night orders for up to 500 guests.

He added, “I am a school that teaches rock and paper, but there is a growing brand category for brands in between three and eight years old.”

The winner of the Heritage Brands category for those established for more than 50 years was BestFits, cited for its “commitment as a rock-sure company.”

Other recipients from Singapore include Neo Garden Catering, for at least five foreign markets.

After president Chen Chong Neo said that firms need to have a strong Singapore brand to “stand out from the clutter of the marketplace.” He said it was “difficult” that makes success show that there will be a positive national brand.

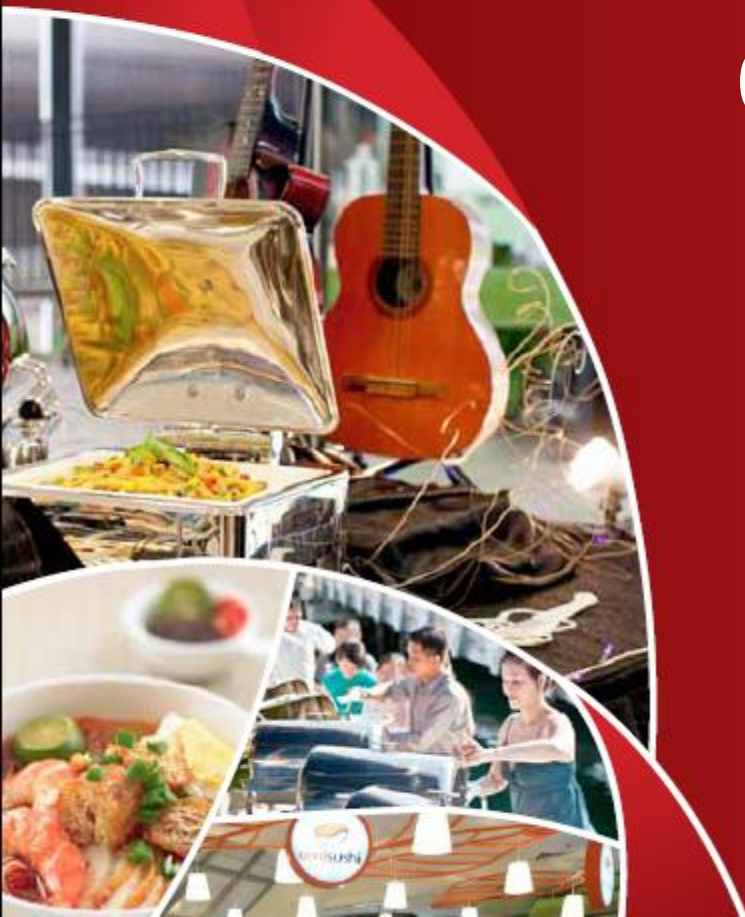
By Jonathan Wong



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Outlook and Plans



Positive Outlook

The outlook of the industry is expected to remain positive. Barring unforeseen circumstances, the Group expects to be profitable in the first half of the year.

Challenges

Food inflation

Rising costs

Strategies

Grow corporate and social catering segments of Food Catering Business

Grow Food Retail business in Singapore and overseas

Focus on cost control through Food and Catering Supplies Business

Adopt strategies to improve operational efficiencies



Plans Going Forward

- Double capacity from 15,000 guests/day to 30,000 guests/day

**Consolidate operations;
Expand capacity**

Expand & develop food retail business

- 30 Umisushi outlets by 2016

- Increase marketing and advertising efforts
- Increase brand awareness and customers' loyalty

Strengthen existing brands

Introduce new concepts

- Develop new menus, innovative catering concepts and F&B retail experience
- Institutional catering

Acquisitions, JVs &/or strategic alliances

- Explore joint ventures with overseas caterers
- Explore franchise opportunities for "umisushi" in Singapore and overseas
- Explore possibility to be a venue operator/caterer

Update On Use Of IPO Proceeds

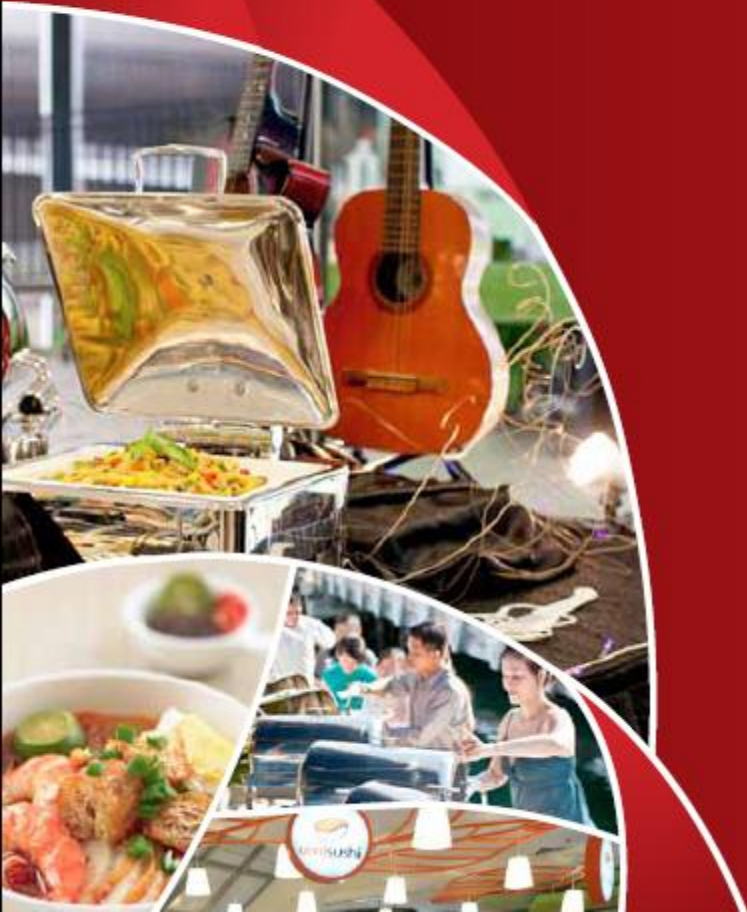
Intended Use	Amount Allocated (S\$'000)	Amount Utilised (S\$'000)	Amount Unutilised (S\$'000)
Expand and develop Food Catering and Food Retail Businesses (which may include acquisitions, JVs and/or strategic alliances)	5,000	-	5,000
IPO expenses	1,600	(1,598)	2
Total	6,600	(1,598)	5,002



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Summary



Why Invest in Neo Group?

Catering is a sunrise industry; we only occupy about 9% of the market share and see a huge room for growth

We have a proven profitability track record and strong business model

We intend to distribute dividends of not less than 60% of our net profits for the next two years

We have an experienced and committed management team who can take the Group to the next level of growth

We will continue to strengthen our product and menu development capabilities, as well as leverage technology to enhance productivity and excel further

Thank You Q&A

