



KOUFU GROUP LIMITED

1Q 2019 Corporate Presentation
6 May 2019



BETTER *food* BETTER *people* BETTER *life*

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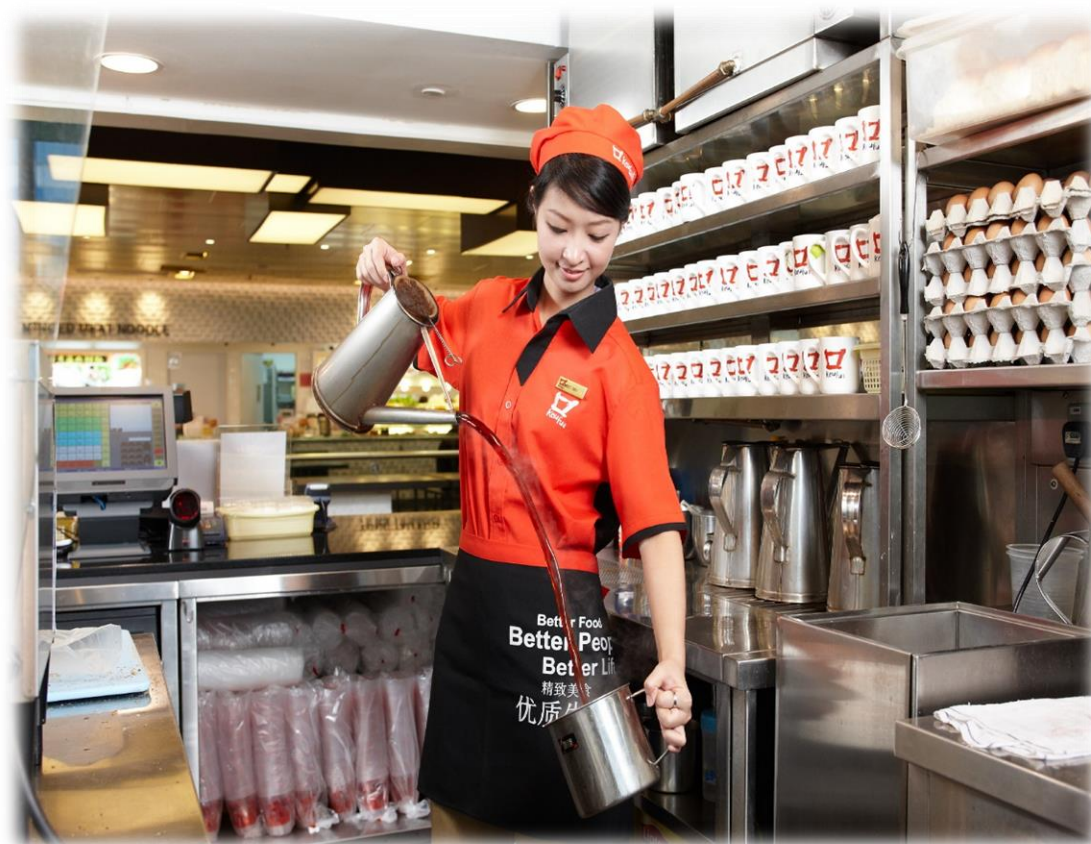
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Content



- 1Q 2019 Highlights
- Operations Review
- Transformational Strategies



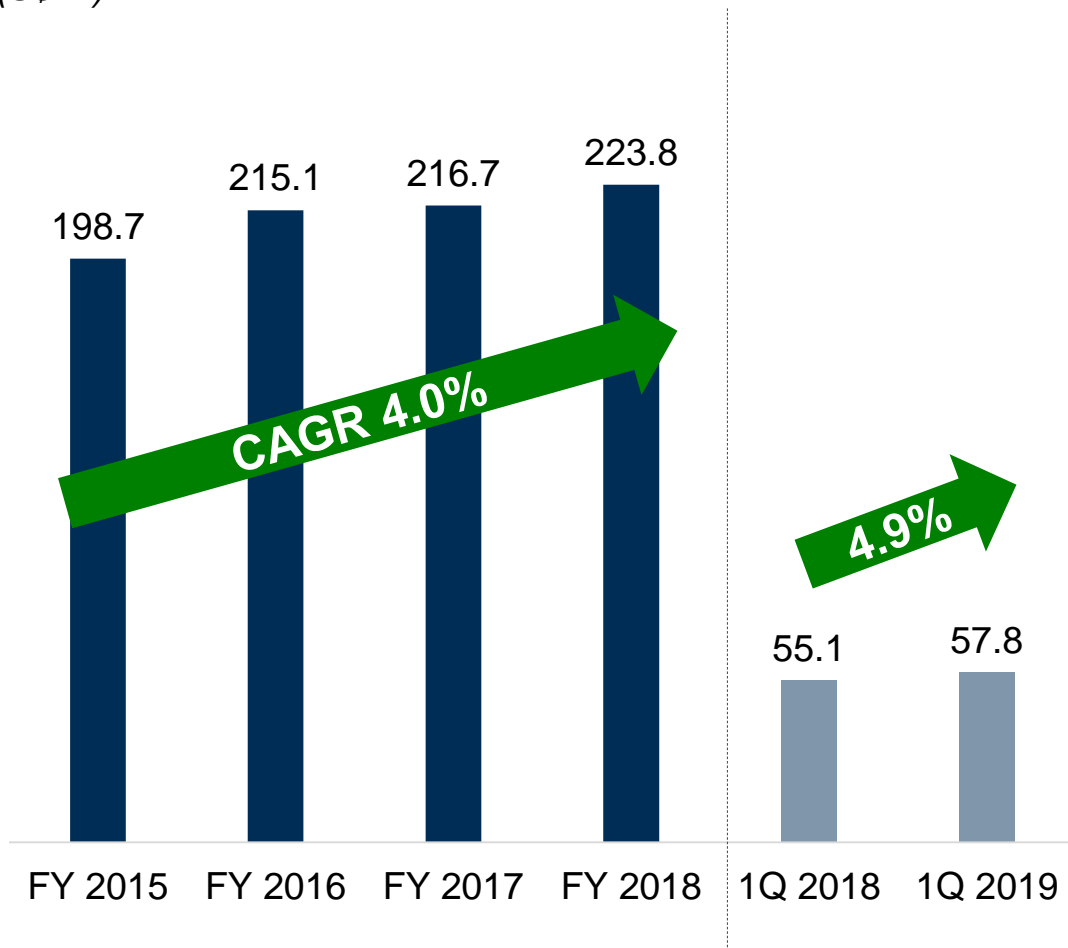
1Q 2019 Highlights



Total Revenue



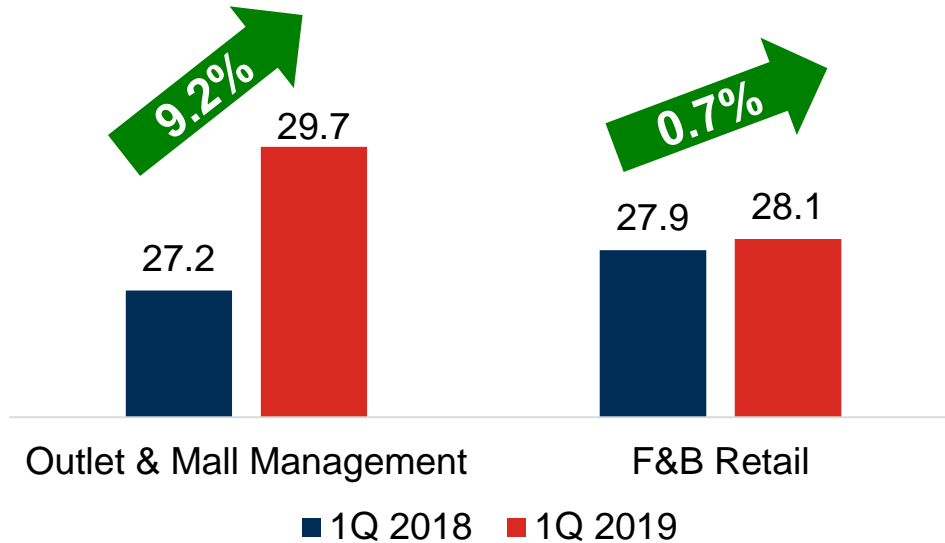
(S\$m)



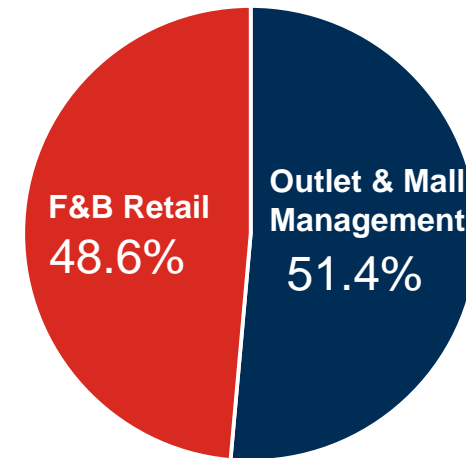
- Revenue rose 4.9% due mainly to improved contributions from both the outlet & mall management and F&B retail business segments

Revenue Breakdown – By Segment

(S\$m)



1Q 2019 Segment Breakdown



Outlet & Mall Management:

- 2 new food courts opened in 1Q 2019 (The Woodgrove and Buangkok Square)
- 3 new food courts and 1 coffee shop opened in FY 2018
- Overall revenue growth from most food courts and coffee shops
- Closure of 3 food courts and 1 coffee shop in FY 2018

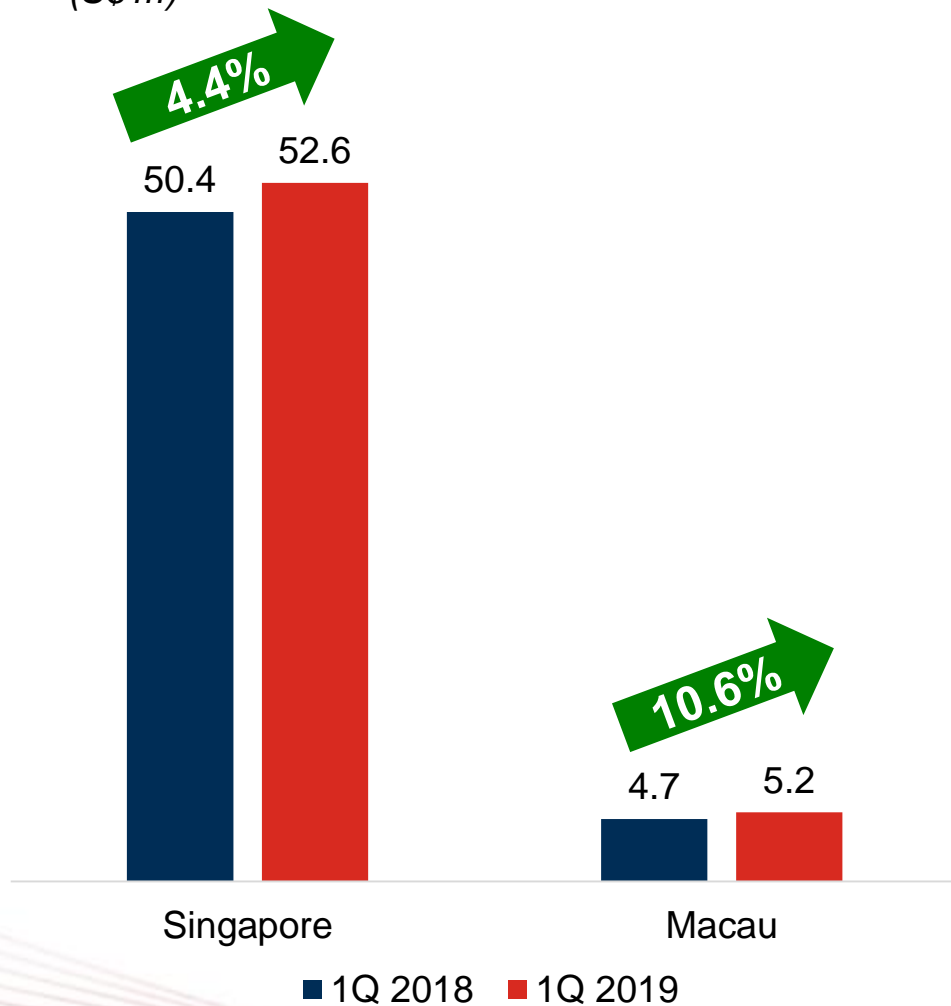
F&B Retail:

- 2 new F&B stalls in the food courts at The Woodgrove and Buangkok Square
- 6 new F&B kiosks including 1 in Macau University which commenced operations in 1Q 2019
- 4 F&B stalls, 6 F&B kiosks and 1 QSR that commenced operations in FY 2018
- Overall revenue growth from most food courts and coffee shops
- Closure of 3 QSRs and 12 F&B stalls in FY 2018

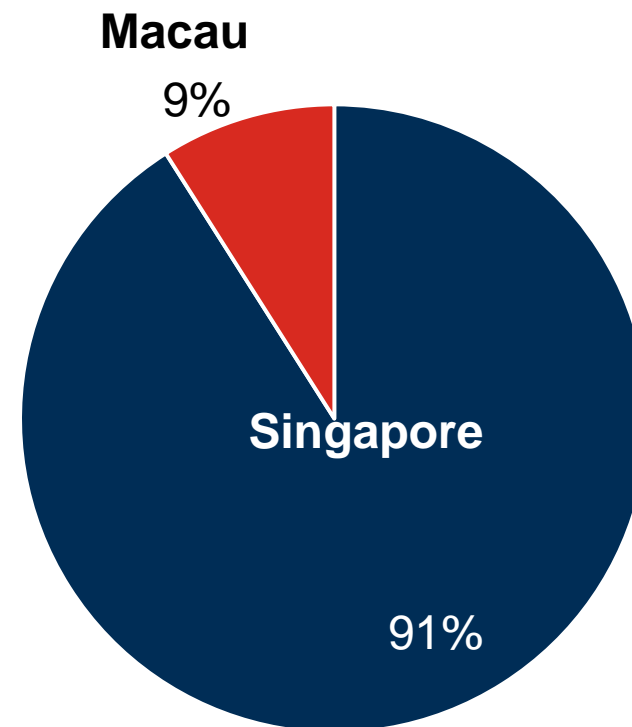
Revenue Breakdown – By Geography



(S\$m)



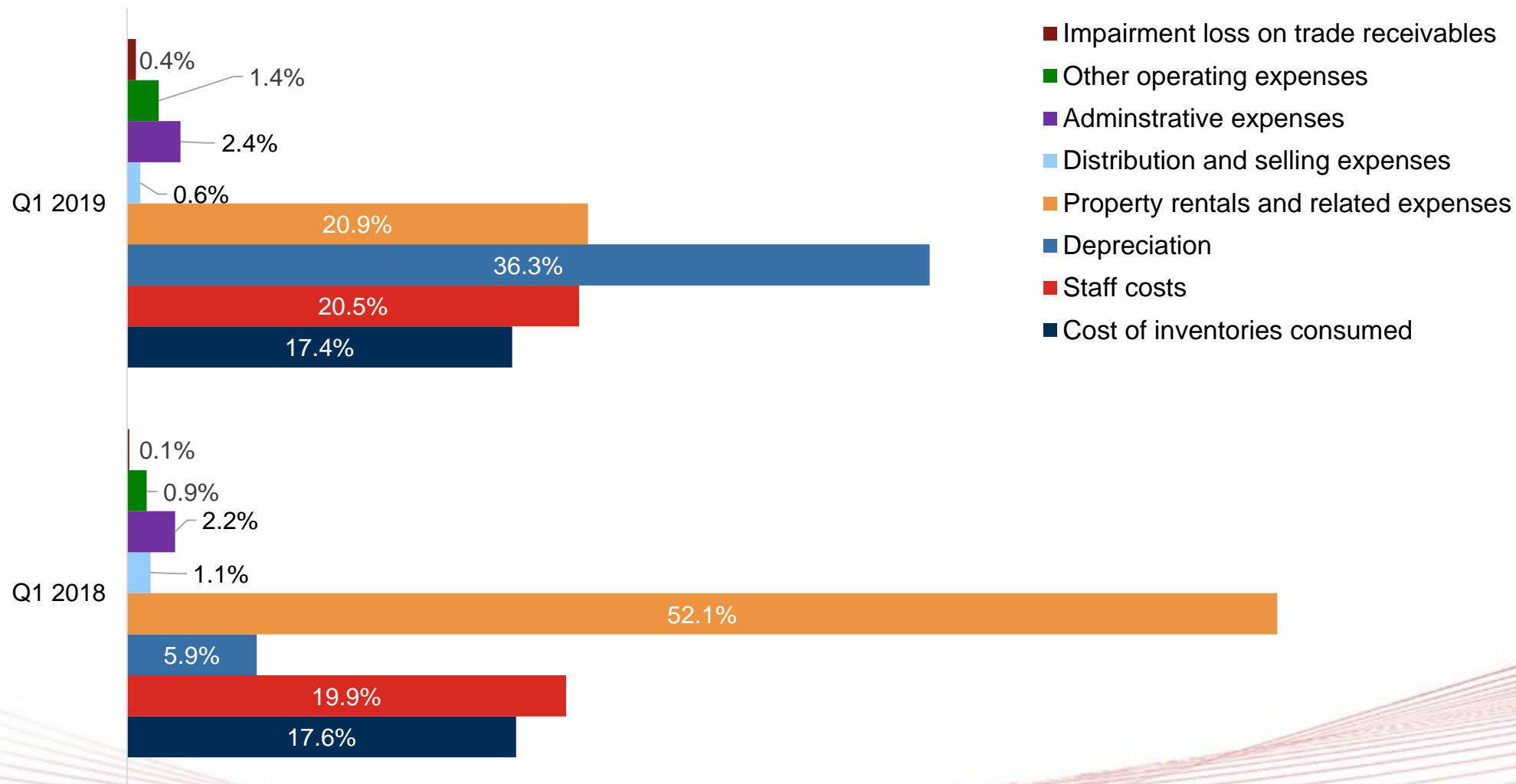
1Q 2019 Geographical Breakdown



Our Expenses Breakdown



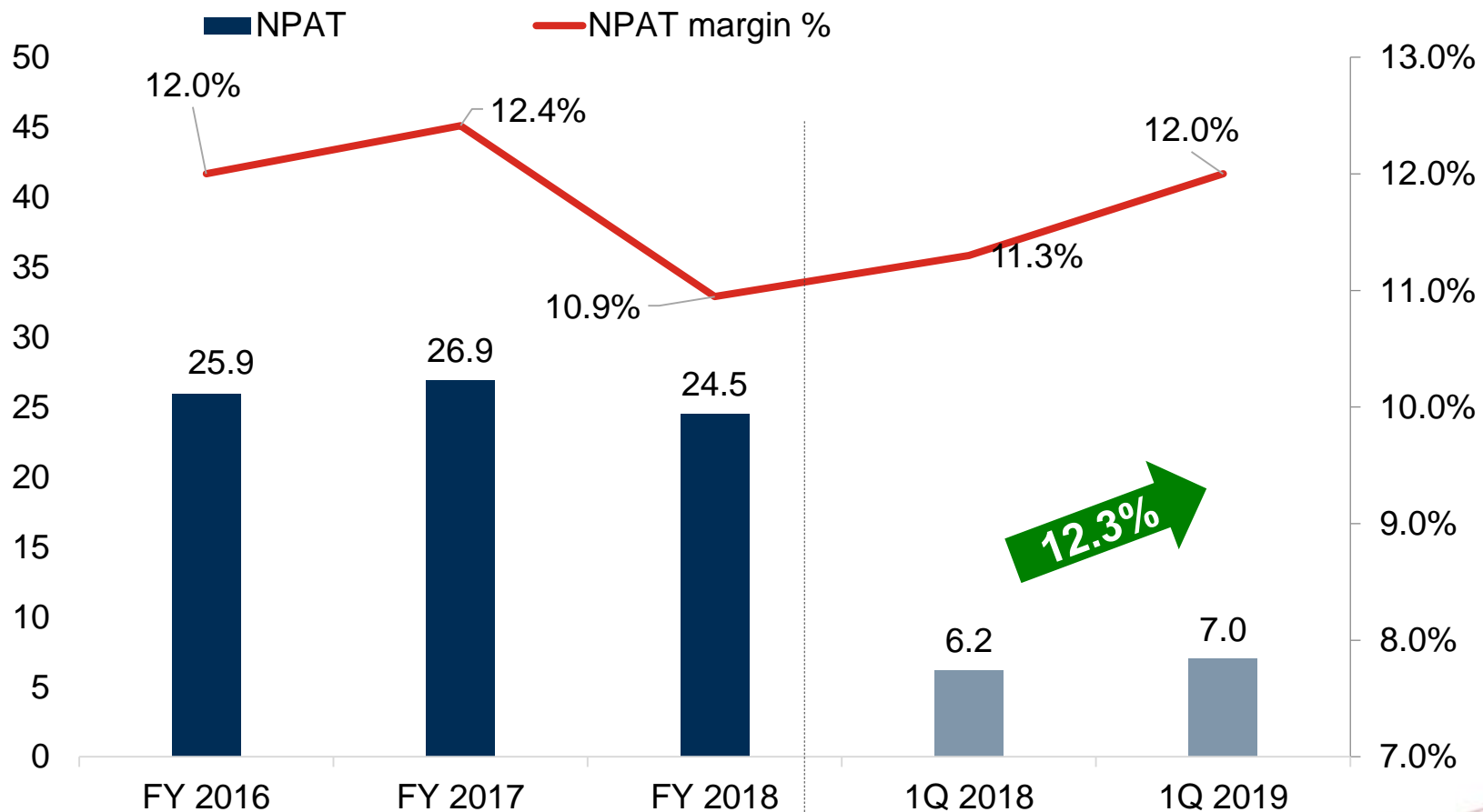
Breakdown of expenses (S\$'000 or %)



Net Profit After Tax



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



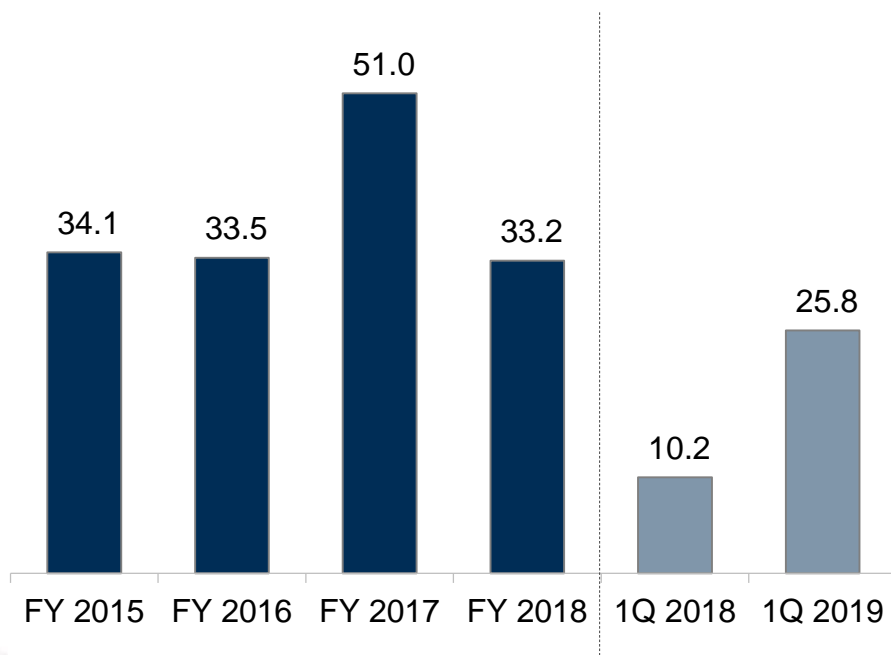
Healthy Cashflow & Balance Sheet



Business is Resilient Through Economic Cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

Net Cash Generated from Operating Activities (S\$'000)



S\$66.6m

Cash and cash equivalent
as at 31 March 2019

S\$61.9m

Net Cash as at
31 March 2019

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

At a Glance – P&L



(S\$m)	FY 2015	FY 2016	FY 2017	FY 2018	1Q 2018	1Q 2019	Change (%)
Revenue	198.7	215.1	216.7	223.8	55.1	57.8	4.9
Profit after Tax <i>Attributable to Owners of the Company</i>	20.6	25.9	26.9	24.5	6.2	7.0	12.3
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	10.4	12.0	12.4	10.9	11.3	12.0	0.7 ppt
Earnings per Share (SGD Cents)	4.27	5.36	5.56	4.75	1.28 ⁽¹⁾	1.25⁽¹⁾	(2.3)

(1) Calculated based on 483,000,000 weighted average number of shares in 1Q 2018 compared to 555,163,000 weighted average number of shares in 1Q 2019

Robust Balance Sheet and Healthy Cash Flows



(S\$m)	31 December				31 March 2019
	2015	2016	2017	2018	
Net Current Assets	1.9	75.1	11.5	53.8	1.6
Total Assets	161.5	186.8	107.2	159.7	332.6⁽¹⁾
Total Liabilities	78.4	84.0	64.1	68.2	238.5⁽¹⁾
Total Shareholder's Equity	83.0	102.9	43.1	91.5	94.1
Cash and Cash Equivalents	38.3	49.0	53.0	61.0	66.6
Time Deposits	-	-	-	35.0	32.2
Net Asset Value Per Share (S\$)	0.17	0.21	0.09	0.16	0.17

Note:

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

Operations Review



Complementary Business Segments with Diversified Revenue Streams



As at 31 March 2019

Outlet & Mall Management

48 **1**

Food Courts

1

Hawker Centre

15

Coffee Shops

1

Commercial Mall

F&B Retail

71 **2**

F&B Stalls

14 **2**

F&B Kiosks

8

Quick-Service Restaurants ("QSR")

3

Full-Service Restaurants

Food Courts



Coffee Shops

F&B Stalls, Kiosks, QSRs and Full Service Restaurants



Multi-Brand Strategy



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

New F&B Outlets opened in 1Q 2019



2 Koufu 口福

- The Woodgrove
- Buangkok Square



6 R&B 巡茶

- 100 AM
- Tampines MRT
- Parkway Parade
- Yew Tee Point
- Buangkok Square
- Macau University



At a Glance – New Openings in 1Q 2019



Month	Brand	Location	F&B Outlets
Singapore			
January 2019	<i>Koufu</i>	The Woodgrove	Food Court/ F&B stall
February 2019	<i>Koufu</i>	Buangkok Square	Food Court/ F&B stall
January 2019	R&B Tea	100 AM Mall	F&B Kiosk
January 2019	R&B Tea	Tampines MRT	F&B Kiosk
January 2019	R&B Tea	Parkway Parade	F&B Kiosk
January 2019	R&B Tea	Yew Tee Point	F&B Kiosk
March 2019	R&B Tea	Buangkok Square	F&B Kiosk
Macau			
March 2019	R&B Tea	Macau University	F&B Kiosk

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 FY 2018 and will continue across 2019:



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



Mobile ordering application implemented at 21 food courts and coffee shops. To encourage self ordering-payment-collection, customers get to enjoy 10% direct discount



NETS unified payment terminals implemented across 35 food courts; plan to roll out to all food courts



Traditional coffee making machine Will start its first pilot outlet at Blk 289 Compassvale Crescent in June 2019

Integrated Facility – to Drive and Support Growth



- Larger Central Kitchen and Corporate HQ
- Expand central procurement, preparation, processing and distribution functions
- Better support for all F&B Outlets and self-operated F&B stalls
- Improve productivity and operational efficiency

**GFA of
20,000 sqm**

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

\$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)

Commenced construction in **4Q 2018**

Expected completion in **1H 2020**

Transformational Strategies – Comprehensive Regional F&B Empire



Reinforcing our foothold in Singapore – Expansion of Food Courts and Coffee Shops



Bringing the total food courts to 49 and coffee shops to 16 in Singapore in FY 2019

- **Strategy:** To expand in Singapore with a focus on in new housing estates, hospitals, commercial malls and tertiary educational institutions
- **Recent openings:** Opened 2 food courts in 1Q 2019 at The Woodgrove and Buangkok Square
- **Pipeline openings:** New food courts at 164 Kallang Way (FY 2019) and LeQuest (FY 2020) and coffee shop at Blk 289C Compassvale Crescent (FY 2019)
- **Expected closure:** Food court at 100 AM will close in June 2019 due to significant rental increase for the new lease, its loss of revenue and profit contribution is not material to the Group's revenue and profits



Extending our network further abroad – Expansion of Food Courts Overseas



Bringing the total food courts to 3 in Macau in FY 2019

Strategy:

- Expand overseas with an initial focus in Macau
- Macau is part of the Greater Bay Area, which is accessible by the Hong Kong-Zhuhai-Macau Bridge, where travelling time between these countries have been significantly reduced
- Rise in visitorship to drive the growth of Macau in gaming and tourism

Pipeline openings:

- Second food court in Macau University already opened in April 2019
- In the midst of negotiating the lease of the third food court targeted to open in 2H 2019



Increasing our Multi-Brand Recognition – Expansion of Concept Stores Both Locally and Overseas



Expected total number of Singapore outlets in
FY 2019 (including pipeline openings)

20 R&B巡茶
Superte
Crazy Tea Lab 疯狂实验室

4 elemen元素
MY EARTH DIET



- **Pipeline openings**
- **R&B Tea:** Wisma Atria and Blk 118 Rivervale opened in April 2019, contributing to a total of 14 R&B Tea kiosks and a Supertea QSR to-date
- Further secured five more locations and will be opening progressively in FY 2019, bring it to a total of 19 R&B Tea and 1 Supertea
- **Elemen:** Expected to open a full-service restaurant at Paya Lebar Quarter and relocating the restaurant at Thomson Plaza to Great World City in Q2/Q3 2019, bringing total number of restaurants to four

Increasing our Multi-Brand Recognition – Expansion of Concept Stores Both Locally and Overseas



Expected total number of Macau outlets in FY 2019

2 R&B 巡茶
Superte
Crazy Tea Lab 疯狂实验室

- Opened a new *R&B Tea* outlet in Macau University in 1Q 2019, bringing the total outlets in Macau to two
- Overseas expansion of *Elemen* and *R&B Tea* brands to Indonesia, the Philippines, Malaysia, The People's Republic of China and Australia
- Finalising JV terms with partners:
 - Indonesia: Both *R&B Tea* and *Elemen*
 - The Philippines, Australia and Malaysia: *R&B Tea*



R&B Tea at Macau University opened in March 2019

Catalyst for Growth and Top-line Contributor – Our Integrated Facility



Artist impression of proposed integrated facility located at Woodlands Avenue 12

<p>Larger Central Kitchen (Tim sum/ Bakery/ Hot Kitchen)</p>	<ul style="list-style-type: none"> ▪ Access to third-party markets, through our potential joint venture businesses, increasing production volume ▪ Reduce the food preparation and processes previously done on-site ▪ Enjoy greater economies of scale, improve production techniques, ensure better consistency ▪ Expand central procurement function; bulk purchase of ingredients and improve purchasing and negotiation power with suppliers
<p>Stallholders Central Kitchen</p>	<ul style="list-style-type: none"> ▪ To support the growth of our stallholders, 20 central kitchen spaces each ranging from 1,300 sq ft to 2,700 sq ft is allocated for them to build their Central Kitchens
<p>Training Centre</p>	<ul style="list-style-type: none"> ▪ Provide training for employees ▪ Establish and align quality standards
<p>Research & Development Centre</p>	<ul style="list-style-type: none"> ▪ Develop new F&B products and recipes. Research on food preparation process for increased productivity and cost efficiency ▪ Conduct market research and trend analysis ▪ Ensure greater consistency in our food quality with higher nutritional value

At least 70% of the GFA for our own business and operations and JV businesses

Investment Merits



1

Market Leadership: One of Singapore's most established and largest operators and managers of food courts and coffee shops with presence in Macau

2

Complementary Business Segments with Diversified Revenue Stream: outlet & mall management business and F&B retail business segments

3

Resilient Business and Steady Income Stream

4

Quality Stall Operators and Active Manager-Operator Partnership

5

Comprehensive Supply Chain Facilitates Costs Management and Operational Efficiency

6

Holistic Approach to Improving Productivity by Using Technology as a Key Enabler

7

Experienced Management Team with Proven Track Record

8

Dividend Recommendation: At least 50% of NPAT generated for the financial years ended 31 December 2018 and 2019





Thank You

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BETTER *food* BETTER *people* BETTER *life*