



## NEWS RELEASE

### ENVICTUS RECORDS 18.1% TOPLINE GROWTH TO RM100.3 MILLION<sup>1</sup> IN Q2FY2017

- ***Texas Chicken brand boosts topline growth by 51.2% for Food Services Division***
- ***Newly acquired San Francisco coffee chain and Delicious restaurants business make revenue contributions to the Food Services Division***
- ***Gross profit margin up 4.5 percentage points to 34.4% from higher margin products in Food Services Division***

**Singapore, 9 May, 2017** – 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, today announced a revenue growth of 18.1% to RM100.3 million for the quarter ended 31 March 2017 (“Q2FY2017”) as compared to RM85.0 million in the corresponding quarter (“Q2FY2016”).

Envictus’ Group Chairman, Dato’ Jaya Tan said, “Overall, we are pleased with the strong performance achieved by the Food Services Division, driven by Texas Chicken and supported by an additional revenue stream from San Francisco Coffee and Delicious restaurants business. During the quarter, Texas Chicken continued to achieve a strong revenue growth from the opening of 10 additional new restaurant outlets, a clear signal of good market acceptance of this quality brand, known for its value and services.

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<sup>1</sup> Approximately S\$32.5 million. Currency conversion based on S\$1.00 = RM3.09

“For San Francisco Coffee, our rebranding exercise, which is well underway, will clearly define this brand through a new logo, refreshed menu and store concepts. Each store will have its unique feature and coupled with a new concept, will better enable the San Francisco Coffee branding to make a presence in malls and lifestyle markets and support its shift from the current niche market which focuses mainly on office buildings.”

## **Financial Review**

In Q2FY2017, the Food Services Division registered a topline growth of RM15.7 million or 93.5% during the quarter. From this robust growth, the Texas Chicken outlets contributed exceptional revenue surge of RM8.5 million or 51.2%, whilst the newly acquired San Francisco Coffee chain and Delicious restaurants business added RM5.4 million and RM1.9 million revenue respectively to the Division. Despite the difficult trading environment, the Trading and Frozen Food Division registered a marginal growth in revenue of RM0.7 million or 1.7%.

Gross profit margin improved 4.5 percentage points to 34.4% in Q2FY2017 on the back of increased sales from higher margin products for the Food Services Division.

Other income declined by 60.8% to RM5.1 million mainly due to a one-time gain on disposal of land and building in Indonesia of RM10.0 million in the previous corresponding quarter.

Operating expenses rose RM4.8 million to RM41.7 million in Q2FY2017 mainly due to higher selling, marketing and administrative expenses. This was largely due to the opening of new Texas Chicken outlets as well as an inclusion of operating costs of San Francisco Coffee and Delicious restaurants business. Finance costs rose RM0.3 million to RM1.3 million mainly due to higher borrowings, coupled with additional hire purchase facilities for the new restaurant outlets.

Consequently, the Group registered a loss after tax of RM3.7 million in Q2FY2017, from a profit after tax of RM1.1 million in Q2FY2016.

For Q2FY2017, the Group's cash and cash equivalents stood at RM40.9 million while shareholders' equity was RM350.4 million as at 31 March, 2017.

## **Outlook**

The Trading and Frozen Food Division is pleased that it has secured an approval for export to the Singapore market, and also an approval from a major customer to increase prices from the third quarter. The Group will focus on the launch of more roadshows and promotions, in order to mitigate concerns over the weakening of the Ringgit and the resulting rise in food costs.

Commenting on the Group's Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "We are encouraged that the Texas Chicken branding has grown from strength to strength. Our first outlet in Penang, which opened in January this year, has become our top-performing store to date in just three months, a clear reflection of the overwhelming support of this brand. With the opening of a new outlet in Alor Star, we now have a total of 35 outlets to date. We will continue to look at opportunities to expand beyond the Klang Valley, and will leverage on Texas Chicken's ability to improve site selections and rental terms."

"San Francisco Coffee has opened another three stores in April 2017, bringing store count to 34 to date. We've extended this brand's footprint to Genting Highlands and on the ground floor of our corporate building, with plans to open another two stores by June 2017. We are pleased with the store expansion progress and post-rebranding, we look forward to capturing more market share."

In the Nutrition Division, the new range of bars with a natural/protein claim profile and a new range of UHT long life non-dairy beverages (PET bottles) continues to receive encouraging responses. The Horleys marketing team is focused on the execution of an exciting new e-commerce strategy, which will ensure Horleys enjoys a significant share of the rapidly growing e-commerce market. The Group will focus efforts on developing new products within the sports and nutrition sector and will also review its

Elite range. Concurrently, the Sculpt women's shaping protein product offering will be re-launched in Australia and New Zealand with impressive new visuals and a strong social media support campaign.

Under the Food Processing Division, the Bakery business is making some inroads into the hotel, restaurant and café industries by securing several new customers across these areas. This move into hotel, restaurant and café channels is a new focus to expand the Group's revenue streams. The Bakery segment also plans to penetrate the overseas market to improve revenue.

Overall, some short-term headwinds for the Group include the impact from the current weak Ringgit that could lead to potential higher raw material import prices, lacklustre consumer sentiment and intense competition. To control costs, measures have been undertaken to improve process efficiencies, control wastages and returns, as well as implement relevant price increases for certain of the Group's existing products to mitigate the escalating costs of raw materials and labour.

## **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 four business divisions – Trading and Frozen Food, Food Services, Nutrition and Food Processing.

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 American restaurant chains in Malaysia. In addition, the division also distributes the Gourmessa quality cold cuts across supermarkets and hypermart chains in Malaysia.

Under the Group's Food Services Division, Envictus holds exclusive rights for a 10-year period since July 2012 to develop and operate the fast growing American-styled

Texas Chicken fast food restaurant chains in Malaysia and Brunei. Since its first flagship outlet opened in January 2013 at Aeon Bukit Tinggi Shopping Centre, Klang, Malaysia, the robust demand for the Texas Chicken restaurant concept has driven the Group to expand its store footprint at a healthy pace. Envictus also owns Malaysian homegrown specialty coffee chain business – San Francisco Coffee – which serves house roasted coffee in Malaysia. As at 21 December 2016, the Group also acquired the Delicious Group business, which will make yet another cafe and restaurant option available for our customers' enjoyment.

For Nutrition, under Naturalac Nutrition Limited (“NNL”), the Group markets its range of branded sports nutrition and weight management food products for mass consumer markets. This includes the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women) and Replace™ (only available in powdered format). More recently NNL also launched a range of nut milks under the Covet™ brand name. The Covet range is manufactured by Envictus Dairies NZ Ltd, a sister company to NNL. In New Zealand, NNL's products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route.

The Group's Food Processing Division comprises of the business segments – Bakery, Butchery, Beverages as well as Contract Packing for Dairy and Juice based Drinks. Envictus' Bakery business includes its wholly-owned subsidiary, Family Bakery Group which produces fresh breads and buns under the Daily Fresh and Family brand while De-luxe Food Services Sdn Bhd, another wholly-owned subsidiary, produces frozen bakery items. The Group's Butchery business manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. For the Beverages business, the Group's canned beverages are produced by Polygold Beverages Sdn Bhd in Seremban, Negeri Sembilan. The business' stable of products include the Polygold brand of carbonated and non-carbonated drinks, Air Champ energy drink and Power Champ isotonic sports drink.

The Group also entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited to establish New Zealand's first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park.

For more details, please visit the Group's corporate website at [www.envictus-intl.com](http://www.envictus-intl.com).

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