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NEWS RELEASE

KOUFU 2Q 2019 NET PROFIT GROWS 16.2% TO S\$7.2 MILLION; OUTPACES 7.3% REVENUE GROWTH TO S\$58.1 MILLION

- **Overall stronger revenue contributions from both business segments**
- **Maiden contribution from the newly-opened Macau University food court**
- **Cash generative abilities remain strong with S\$26.4 million in net cash generated from operating activities and net cash of S\$88.6 million**
- **Secured lease to operate first tea beverage kiosk in Malacca, Malaysia, targeted to open in 4Q 2019**
- **Proposes interim dividend of 1.0 Singapore cent**

(S\$m)	2Q 2019	2Q 2018	Change (%)	1H 2019	1H 2018	Change (%)
Revenue	58.1	54.1	7.3	115.9	109.2	6.1
Net Profit After Tax (“NPAT”) attributable to Owners of the Company	7.2	6.2	16.2	14.1	12.4	14.2
NPAT Margin (%)	12.3	11.4	0.9 ppt	12.2	11.3	0.9 ppt
Basic and Fully Diluted EPS ¹ (SGD Cents)	1.29	1.27	1.6	2.54	2.56	(0.8)

(S\$m)	30 June 2019	31 December 2018
NAV/Share (SGD Cents)	16.99	16.47
Net Cash	88.6	56.2

¹ Calculated based on 483,000,000 weighted average number of shares in 2Q 2018 and 1H 2018 compared to 555,095,556 and 555,129,092 weighted average number of shares in 2Q 2019 and 1H 2019, respectively.





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Singapore, 7 August 2019 – One of Singapore’s most established and largest operators and managers of food courts and coffee shops, Mainboard-listed Koufu Group Limited (“**Koufu**”, 口福集团有限公司, or together with its subsidiaries, the “**Group**”), today posted a 16.2% increase in net profit for the three months ended 30 June 2019 (“**2Q 2019**”) to S\$7.2 million from S\$6.2 million in the previous corresponding period (“**2Q 2018**”), on the back of stronger contributions from both its business segments.

Mr Pang Lim (庞琳), Koufu’s Executive Chairman and Chief Executive Officer, said, “It has been a year since our listing, and we are pleased that we have sustained our strong growth momentum despite the highly competitive and challenging F&B industry. We remain focused on progress, and will continue to leverage on our strong fundamentals, proven business model and portfolio of household brand names to expand our businesses both locally and overseas, setting our sights on Koufu’s long-term sustainable growth.”

“We’ve also made much progress since our IPO last July, notably in overseas markets. Apart from deepening our presence in Macau, we recently announced our maiden entry into the Indonesian market, in line with our plans to capitalise on new growth opportunities by exporting our brands overseas. Meanwhile, our local businesses continue to thrive – we’ve organically expanded our network of food courts and coffee shops to 65 outlets across both segments, and this is expected to increase further as we continue to prudently seek and secure new strategic locations. Our high-growth tea beverage brands, *R&B Tea* and *Supertea*, are on track to reach at least 25 outlets by end-2019.”





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Financial Highlights

Revenue for the quarter rose 7.3% to S\$58.1 million from S\$54.1 million in 2Q 2018, mainly due to contributions from the Marina Bay Sands food court this quarter after its re-opening in August 2018 following the completion of a renovation exercise. The higher topline was also due to an overall improvement in contributions from both the outlet and mall management and F&B retail segments that were lifted by a year-on-year increase in number of outlets, including a maiden revenue contribution from the new University of Macau food court.

The outlet and mall management segment, which makes up 50.8% of the Group's revenue, expanded 11.3% year-on-year to S\$29.5 million in 2Q 2019 from S\$26.5 million in the same period a year ago. The F&B retail segment, which contributes the remaining 49.2% of the Group's total revenue, recorded a 3.6% growth to S\$28.6 million from S\$27.6 million across the same comparative periods.

While total expenses rose 5.2% year-on-year, total expenses as a proportion of revenue declined to 86.9% this quarter from 88.6% in 2Q 2018. Overall, Koufu's 2Q 2019 NPAT rose 17.4% to S\$7.2 million from S\$6.2 million in 2Q 2018, while the corresponding NPAT margin improved to 12.4% in 2Q 2019 from 11.3% in the previous corresponding period.

Koufu generated healthy cash flow of S\$26.4 million in net cash from operating activities. Similarly, its robust balance sheet reported cash and cash equivalents of S\$93.1 million and net cash of S\$88.6 million as at 30 June 2019, indicating sufficient headroom to offer financial flexibility to fund growth initiatives. The Group's shareholders' equity stood at S\$94.3 million as at 30 June 2019.





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Earnings per share on a fully-diluted basis rose to 1.29 Singapore cents in 2Q 2019 compared to 1.27 Singapore cents in 2Q 2018. Net asset value per share rose to 16.99 Singapore cents as at 30 June 2019 compared to 16.47 Singapore cents as at 31 December 2018.

For the six months period ended 30 June 2019, the Group recorded a 6.1% growth in revenue to S\$115.9 million, compared to the S\$109.2 million recorded in the equivalent period a year ago. NPAT rose 14.2% to S\$14.1 million from S\$12.4 million across the same comparative periods.

Proposed Interim Dividend

In appreciation of the support from Koufu's shareholders, the Board has proposed an interim, one-tier tax-exempt dividend of 1.0 Singapore cent per ordinary share, which will be paid on 30 August 2019.

Growth Strategies In Motion

The Group's extensive nationwide network expanded this quarter, with a total count of 47 food courts, 16 coffee shops, a hawker centre and a commercial mall under the outlet & mall management segment, while the F&B retail segment constitutes 73 self-operated F&B stalls, 20 F&B kiosks, seven Quick-Service Restaurants ("QSR") and two full-service restaurants. In Macau, Koufu currently has two food courts under the outlet & mall management segment, while the F&B retail segment has grown to four F&B stalls and two F&B kiosks.





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For the outlet & mall management segment, Koufu has secured three more leases in Singapore, as the Group plans to further expand its network of food courts and coffee shops in Singapore. Overseas, Koufu has gained momentum in Macau – apart from the opening of its second food court in Macau University in April 2019, the Group has also finalised the lease of its third food court that is targeted to open 1H 2020.

On the F&B retail front, Koufu expects to grow its *R&B Tea* and *Supertea* brands to at least 25 outlets in Singapore by end-FY2019. It will also keep a look out for suitable locations to expand its footprint in Macau, while it works closely with its joint venture partners to establish a foothold in Jakarta's grade A malls. Meanwhile, Koufu has also secured a lease in Malacca, Malaysia, to operate its first tea beverage kiosk, which is targeted to open in 4Q 2019. It also plans to bring the total number of *Elemen* restaurants to four by 3Q 2019.

“We're now laying the groundwork for our geographical expansion, carefully identifying the right partners with strong requisite experience and networks who also share our vision. To start off, we're bringing the tea beverage brands overseas, with the intention to tap the experience and network accumulated to expand our other brands progressively after we've gained a firm grasp on these new markets,” added Mr Pang. Koufu will continue to explore working with partners to operate its brands regionally.

The construction of the Group's integrated facility has commenced in 4Q 2018 and is expected to obtain its temporary occupation permit by 1H 2020. A growth catalyst for Koufu, the integrated facility will not only support the Group's growing business needs, it also presents an opportunity for Koufu to create and diversify income streams.

Barring unforeseen circumstances, Koufu expects to remain profitable in the next 12 months.

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ABOUT KOUFU GROUP LIMITED

Established in 2002, Koufu is one of the most established and largest operators and managers of food courts and coffee shops in Singapore, with a presence in Macau. Since its inception, Koufu's philosophy has been to integrate modern management discipline into its business while retaining the traditional coffee shop culture, with particular emphasis on providing patrons with value for money dining options in a comfortable environment – congruent with its core values in its vision towards “Better Food”, “Better People” and “Better Life”.

Koufu's business comprises two business segments – outlet & mall management and F&B retail. Under the outlet & mall management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B retail business segment, it operates self-operated F&B stalls located within its food courts and coffee shops or within third party food courts as well as F&B kiosks, quick-service restaurants and full-service restaurants, amongst others.

In less than two decades, Koufu's outlet & mall management business segment has grown to a sizeable islandwide network. Koufu's multi-brand business model and network of F&B outlets currently comprises a portfolio of unique and distinct brands, each focusing on different types of cuisine and dining experiences at various price points to its consumers with varying tastes, preferences, budgets and occasions.

For more information, please visit <http://www.koufu.com.sg/>.





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