

**FOR IMMEDIATE RELEASE**

## Neo Group 1H2018 revenue up 27.4% to S\$85.9 million bolstered by higher contributions across most business segments

- Successful revenue diversification across the Food and Beverage (“F&B”) value chain accelerates Group’s transformation into a fully integrated food solutions provider
- Group’s revenue continues to be fuelled by steady growth from its core Food Catering business as well as positive contributions from its profitable Food Manufacturing business
- Efforts to improve its Food Retail business is showing results

**SINGAPORE, 10 November 2017** – Neo Group Limited (“Neo Group”, 梁苑集团有限公司, or together with its subsidiaries, the “Group”) posted a 27.4% year-on-year (“yoy”) growth in revenue to S\$85.9 million for the six months ended 30 September 2017 (“1H2018”). This difference in contrast to the six months ended 30 September 2016 (“1H2017”) was mainly driven by higher contributions across most business segments.

(S\$'000)	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Revenue	45,285	35,507	27.5	85,928	67,433	27.4
Other items of income	528	2,393	(77.9)	1,049	2,969	(64.7)
Items of expense	(46,651)	(35,011)	33.2	(88,482)	(70,035)	26.3
(Loss)/Profit before income tax	(838)	2,889	N.M.	(1,505)	367 <sup>#</sup>	N.M.
(Loss)/Profit attributable to Owners of the Parent	(546)	2,951	N.M.	(1,198)	439 <sup>#</sup>	N.M.
Earnings per share Basic and diluted based on actual number of ordinary shares (Sing Cents)	-	-	-	(0.82)	0.30	N.M.

<sup>#</sup> Inclusive of a one-off gain on disposal of assets classified as held for sale of S\$1.82 million during 1H2017

	As at 30 September 2017 (Unaudited)	As at 31 March 2017 (Audited)	Change (%)
NAV per ordinary share (Sing cents)	20.93	22.73	(7.9)

In terms of segment breakdown, the integrated food solutions provider reported stable revenue levels of S\$27.5 million in 1H2018 for its flagship Food Catering segment due to continued growth from its new catering brand *Gourmetz* which targets the elder-care and childcare segments. While earnings for the Food Catering segment are historically affected by seasonality trends, *Gourmetz* offers a recurring income stream that would help normalise contributions from the segment.

Earmarked as the Group’s other key growth driver and having returned to the black since the first quarter, the Food Manufacturing segment continued on its turnaround path. Growth momentum continued into the second quarter with revenue improving 3.9% yoy to S\$22.8 million for 1H2018. Having achieved positive results on its financial revenue

from previous efforts made to streamline the Group's operations, resources are now committed to grow efforts for our product offerings during the period.

While revenue for the Group's Food Retail segment decreased 14.2% yoy to S\$8.4 million for 1H2018, this was a result of an ongoing strategic business review to consolidate nonperforming leases upon expiry. Other initiatives included tighter cost controls and enhancements to the segment's business processes. Building on management's turnaround track record evident from results achieved in the Food Manufacturing segment, the Group is positive and on track to turnaround this segment with its conscientious and systematic approach.

Notably, the Group's Supplies and Trading segment posted a 231.5% yoy surge in revenue to S\$26.8 million for 1H2018, bolstered by revenue contributions from its recently acquired subsidiaries, U-Market Place Enterprise Pte Ltd ("U-Market Place Enterprise"), and Hi-Q Plastic Industries Sdn Bhd ("Hi-Q Plastic"). In tandem with higher contributions from its Supplies and Trading segment, the Group saw a corresponding increase of 53.5% yoy in purchases and consumables to S\$42.4 million.

Additionally, higher trading transactions and usage for third party cold-rooms due to the expansion of its Supplies and Trading segment also led to higher operating lease expenses of 31.5% yoy to S\$4.9 million. The Group is cognizant that these near-term added operating costs would weigh on its overall profitability but would contribute holistically in the mid-long term to the Group's positioning as an integrated food solutions provider.

As the Group continues to expand across the F&B value chain, coupled with the consolidation of its new businesses, it also incurred higher employee benefits expense of 10.4% to S\$23.5 million due to higher headcount. This was offset by lower advertising expenses of S\$1.8 million in 1H2018, representing a 35.6% yoy decrease.

As a result of the above, the Group's net loss attributable to owners of the parent was S\$1.2 million in 1H2018 as compared to a loss of S\$1.4 million in 1H2017 (excluding the one-off gain on disposal of assets classified as held for sale of S\$1.8 million during 1H2017).

In line with the operational expansion of the Group's Supplies and Trading business, total borrowings increased from S\$74.0 million as at 31 March 2017 to S\$79.6 million as at 30 September 2017.

Commenting on the Group's results and strategic direction, **Mr. Neo Kah Kiat, Founder, Chairman and CEO of Neo Group Limited**, said:

*"We are starting to see the fruits of our labour, a result of our hard work and efforts culminated since we started expanding vertically and horizontally across the value-chain two years ago. As we transform ourselves into an integrated food solutions provider, the revenue diversification will also ensure earnings resilience. Furthermore, we believe that we are in a good position to capitalise on synergies across the value chain to drive revenue growth. This includes initiatives which would leverage on our trading and distribution networks to increase global sales and marketing network."*

*To-date, besides contributions from our stable Food Catering business, our Food Manufacturing business has begun contributing positively to our bottom-line. Our Food Retail business also remains on track in its turnaround. However, work still remains to be done for our Supplies and Trading business and we have ramped up efforts to drive cost efficiencies following a strategic business review to enhance its performance. We have since introduced tighter procurement practices and inventory control in U-Market Enterprise and expect performance to improve in the near term. Overall, in light of these developments and with our performance typically stronger in the second half of the year compared to the first half of the year, we are confident that the Group will continue to remain profitable as we approach the end of the year.”*

Going forward, the Group remains focused to deliver organic growth through a two-pronged approach – driving revenue growth and cost efficiencies.

On the revenue front for its Food Catering business segment, the Group remains focused on strengthening its recurring income streams and capturing a larger market share through expansion of its pool of institutional catering, venue partners and corporate clients.

The Group’s Food Manufacturing business continues to reap significant cost-savings, operational synergies and economies of scale through its new in-house cold room amenities and greater back-end integration. To drive further cost efficiencies, the Group will continue to keep up integration efforts of its various business operations while placing greater emphasis on automation.

In addition, the Group continues to remain on the lookout for inorganic growth opportunities through merger and acquisitions which will allow them to either strengthen their market leadership in the food catering market or propel up the value chain to better differentiate itself as a fully integrated food solutions provider.

# # #

Note: This press release is to be read in conjunction with the related financial announcement filed by Neo Group Limited on SGXNET on 10 November 2017.

### **About Neo Group Limited.**

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Neo Group Limited is an integrated food solutions provider in Singapore. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names locally, most famous for its flagship *Neo Garden Catering* brand. The Group has been named the number one events caterer in Singapore and provides one-stop food and catering solutions.

The Group prides itself in providing convenience to customers through its vertically-integrated value chain via five business segments in Food Catering, Food Retail, Food Manufacturing, Supplies and Trading and Other Businesses. Through these synergistic opportunities, Neo Group is well placed to bring customers top value in delivering fresh and tasty meals conveniently.



## NEO GROUP LIMITED

1 Enterprise Road  
Singapore 629813  
(+65) 6897 7757

The Group supplies a large variety of quality food and buffets appealing to various market segments through its strong portfolio of brands, including Neo Garden Catering, Orange Clove Catering, Umisushi, DoDo fish ball, Joo Chiat Kim Choo traditional rice dumplings, amongst others. Its food retail network spans 25 outlets islandwide.

Through its subsidiaries, Neo Group has a trading network of 35 countries worldwide. Its operations are supported by the East and West central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

### IMPORTANT NOTICE

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this press release. This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

The details of the contact person for the Sponsor are:

Name: Mr. Yee Chia Hsing

Address: 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623

Tel: (+65) 6337 5115

---

*Issued on behalf of Neo Group Limited by: Financial PR*

Mr. Tok Chong Yap/ Ms. Sheryl Sim/ Mr. Jonathan Wee

Investor Relations

Tel: (65) 6438 2990 | Fax: (65) 6438 0064

Email: [neogroup@financialpr.com.sg](mailto:neogroup@financialpr.com.sg)

NEO GROUP LIMITED Registration No.: 201207080G

1 Enterprise Road, Singapore 629813 | Tel: 6896 7757 | Fax: 6515 0421 | [www.neogroup.com.sg](http://www.neogroup.com.sg)

