

**ONE OF THE
MOST ESTABLISHED
AND LARGEST**
OPERATORS AND MANAGERS
OF FOOD COURTS AND
COFFEE SHOPS IN SINGAPORE



Q4/FY 2018
Corporate Presentation
26 February 2019



精致美食
BETTER FOOD

优质生活
BETTER PEOPLE

圆满人生
BETTER LIFE

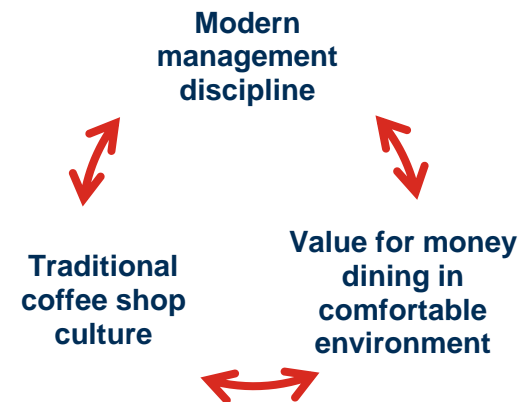
Company Overview



One of Singapore's Most Established and Largest Operators and Managers of Food Courts and Coffee Shops



- **16 years of F&B experience:** With a history dating back to 2002, Koufu has established a reputation for serving quality food at affordable prices:
 - Connecting with our customers through efficient and friendly services
 - Brand equity amongst the younger population
- Our philosophy:



- Our Group's mission is to provide quality food and services to our customers, while staying true to our deep roots in the Singaporean food culture

Our Key Milestones



Complementary Business Segments with Diversified Revenue Streams



As at 31 December 2018

Outlet & Mall Management

46 **1**

Food Courts

1

Hawker Centre

15

Coffee Shops

1

Commercial Mall

F&B Retail

69 **2**

F&B Stalls

9 **1**

F&B Kiosks

8

Quick-Service Restaurants ("QSR")

3

Full-Service Restaurants

Food Courts



Coffee Shops



F&B 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

Holistic Approach to 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:



More than 40 **smart tray return robots** deployed to more than 16 of our food courts and coffee shops



Self-ordering and payment kiosks at Koufu food court at Fusionopolis and Happy Hawkers coffee shop at Block 872C Tampines Street 86



RFID tray return system, integrated with the centralised dishwashing area and self-payment kiosks at our Jurong West Hawker Centre



Mobile ordering applications at selected Koufu, Cookhouse, Happy Hawkers and F&B Outlets. Intend to implement at most of our F&B outlets in the future

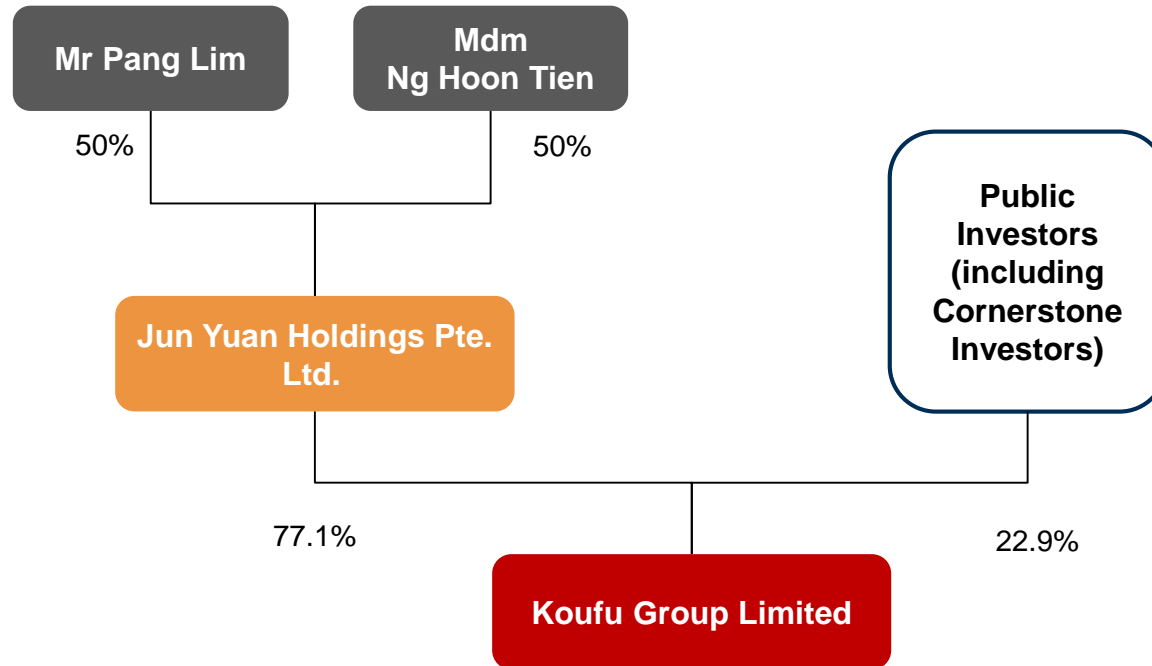


NETS unified payment terminals implemented across 18 food courts and plan to roll out to all food courts by Q1 2019



Singapore Productivity Awards – Excellence in F&B Sector 2016

Shareholding Structure



Q4/FY 2018

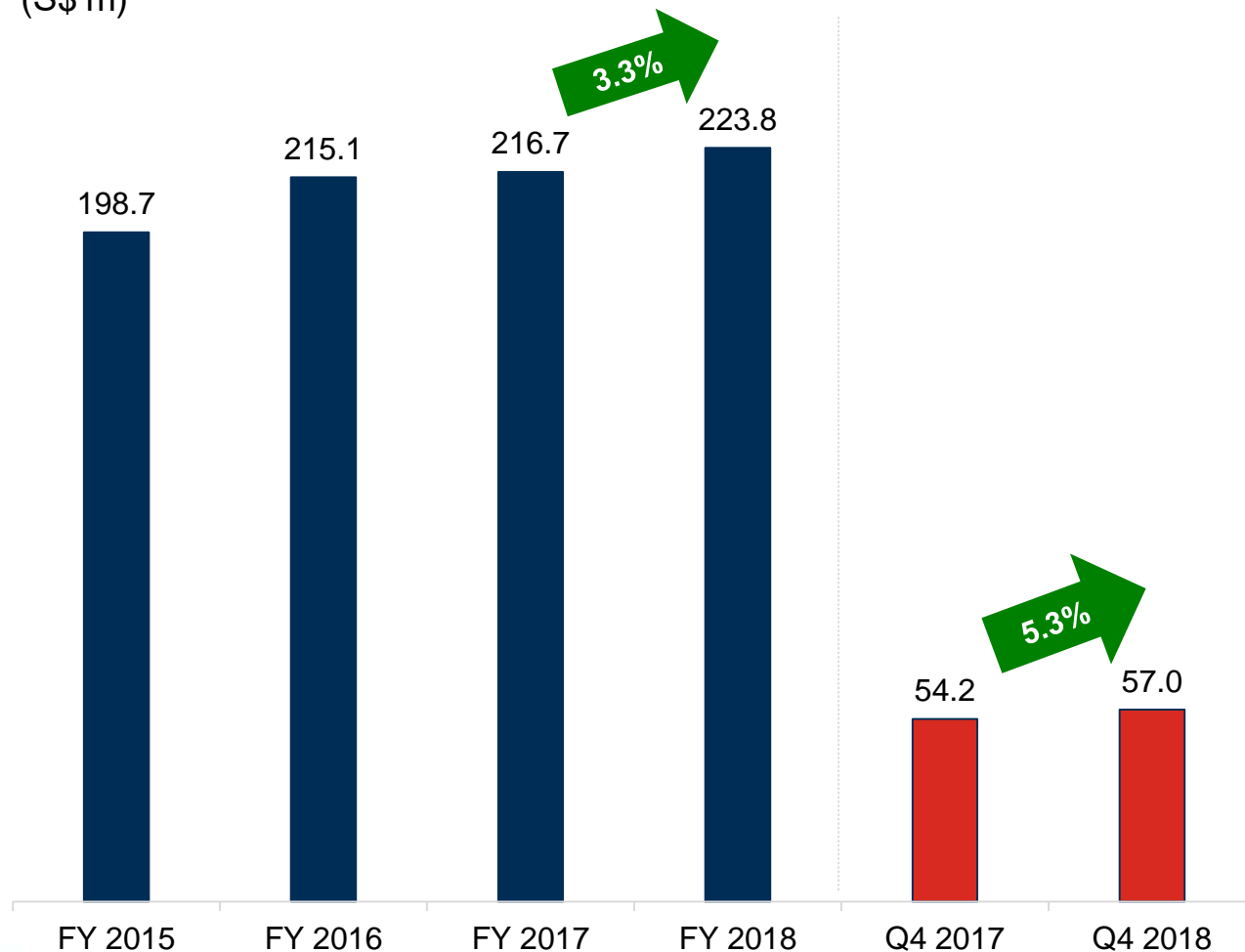
Financial Highlights



Revenue



Revenue
(S\$m)



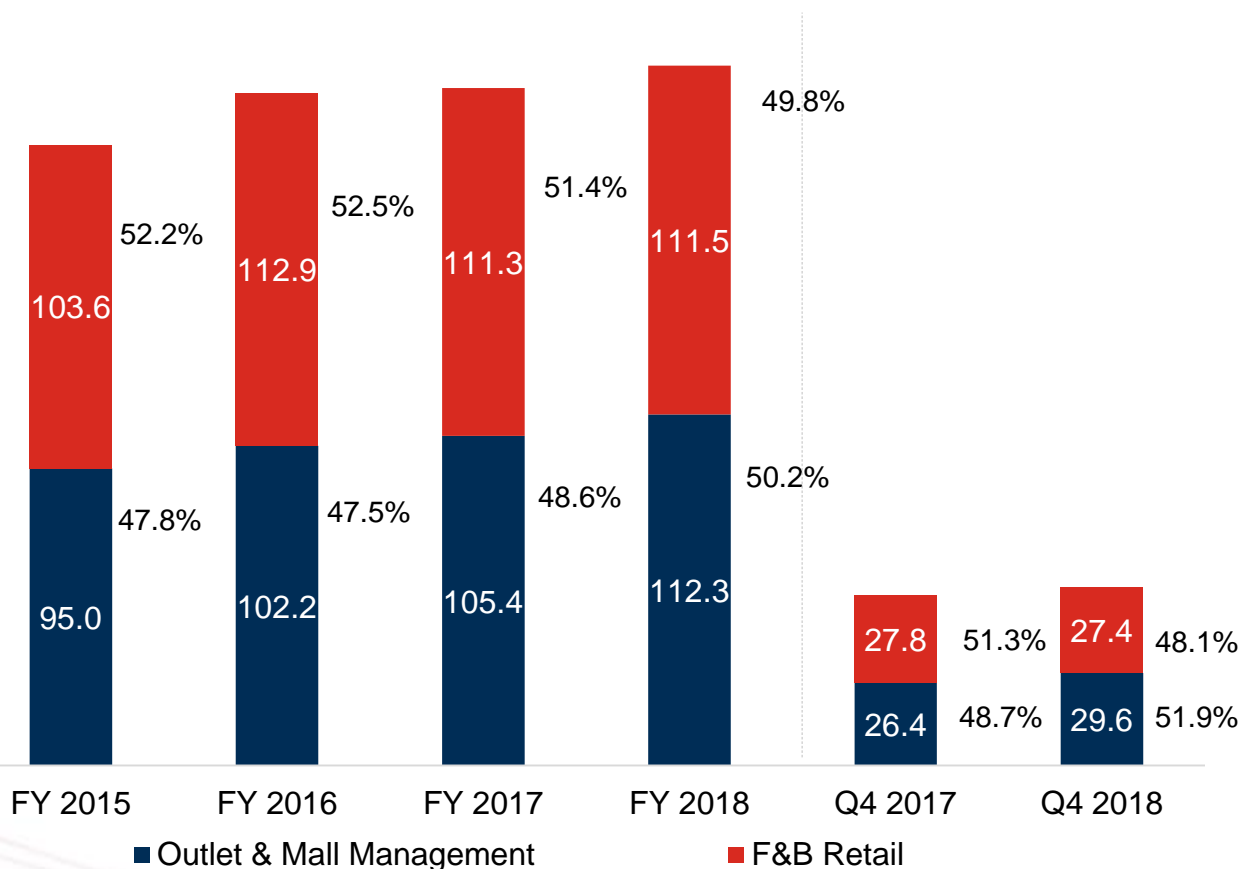
- FY 2018 revenue growth was boosted by a S\$6.9m growth for the outlet & mall management segment revenue and a S\$0.2m increase in revenue for F&B retail segment

Revenue Breakdown



By Business Segments

(S\$m)



Outlet & Mall Management:

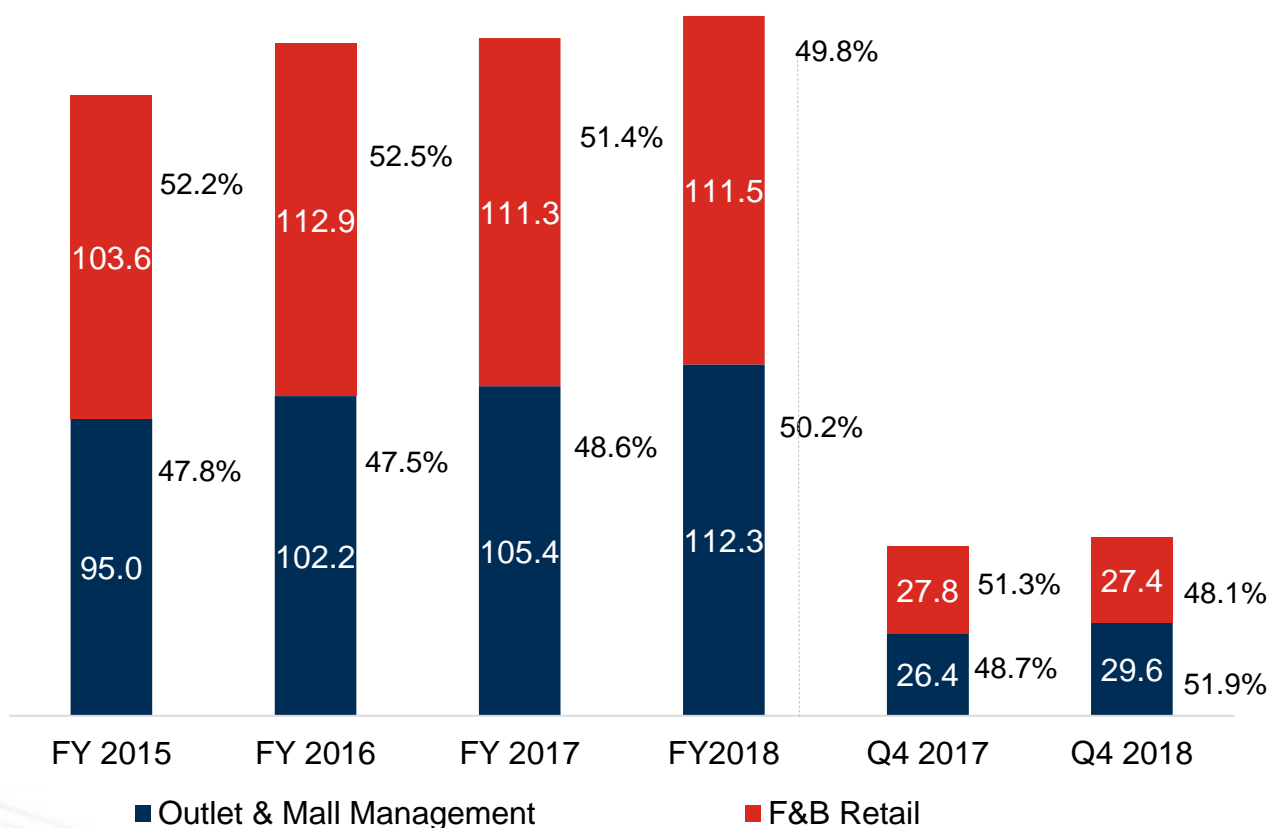
- Revenue growth lifted by 3 new food courts and 1 coffee shop that opened in FY 2018 (Fusionopolis, Oasis Terrace, Sengkang General Hospital and Tampines T-Space) and contribution from 1 new food court, 1 coffee shop and 1 hawker centre which commenced operations in FY 2017
- Offset partially by closure of 3 unprofitable food courts and coffee shop and temporary closure of MBS food court for progressive refurbishment works that took four months to complete

Revenue Breakdown



By Business Segments

(S\$m)



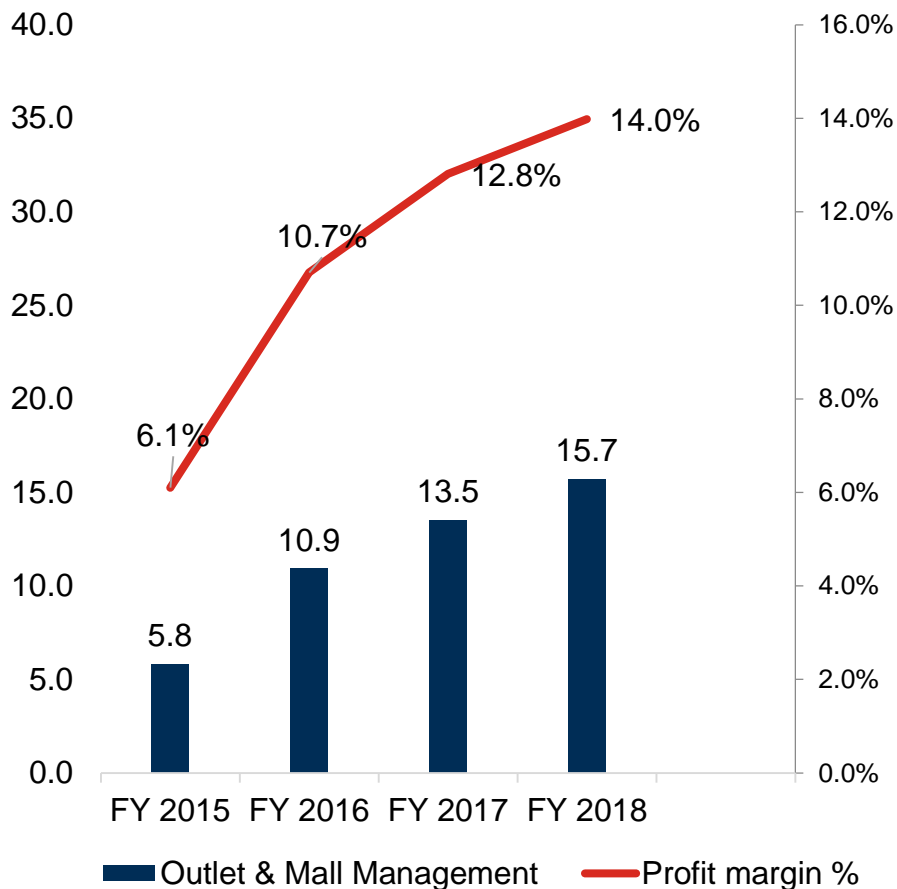
F&B Retail:

- Revenue growth lifted by 4 new F&B stalls (Fusionopolis, Oasis Terrace, Sengkang General Hospital and Tampines T-space), six F&B kiosks (Marina Bay Sands, Oasis Terrace, Cotai Sands, Macau, SingPost Centre, Kinex, United Square) and 2 QSRs (Millenia Walk, Fusionopolis) which commenced operations in FY 2018
- Offset partially by closure of 3 QSRs and twelve F&B stalls in FY2018 and temporary closure of MBS food court for progressive refurbishment works that took four months to complete

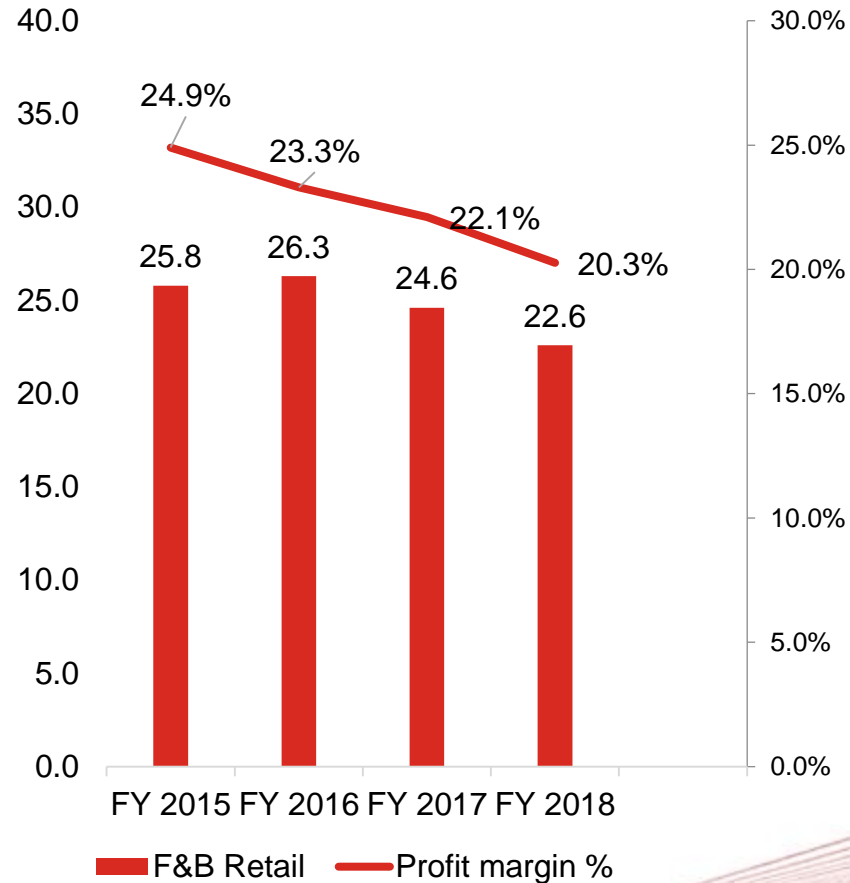
Segment Profit and Segment Profit Margin



Reportable Segment Profit Before Tax
(S\$m)



Reportable Segment Profit Before Tax
(S\$m)

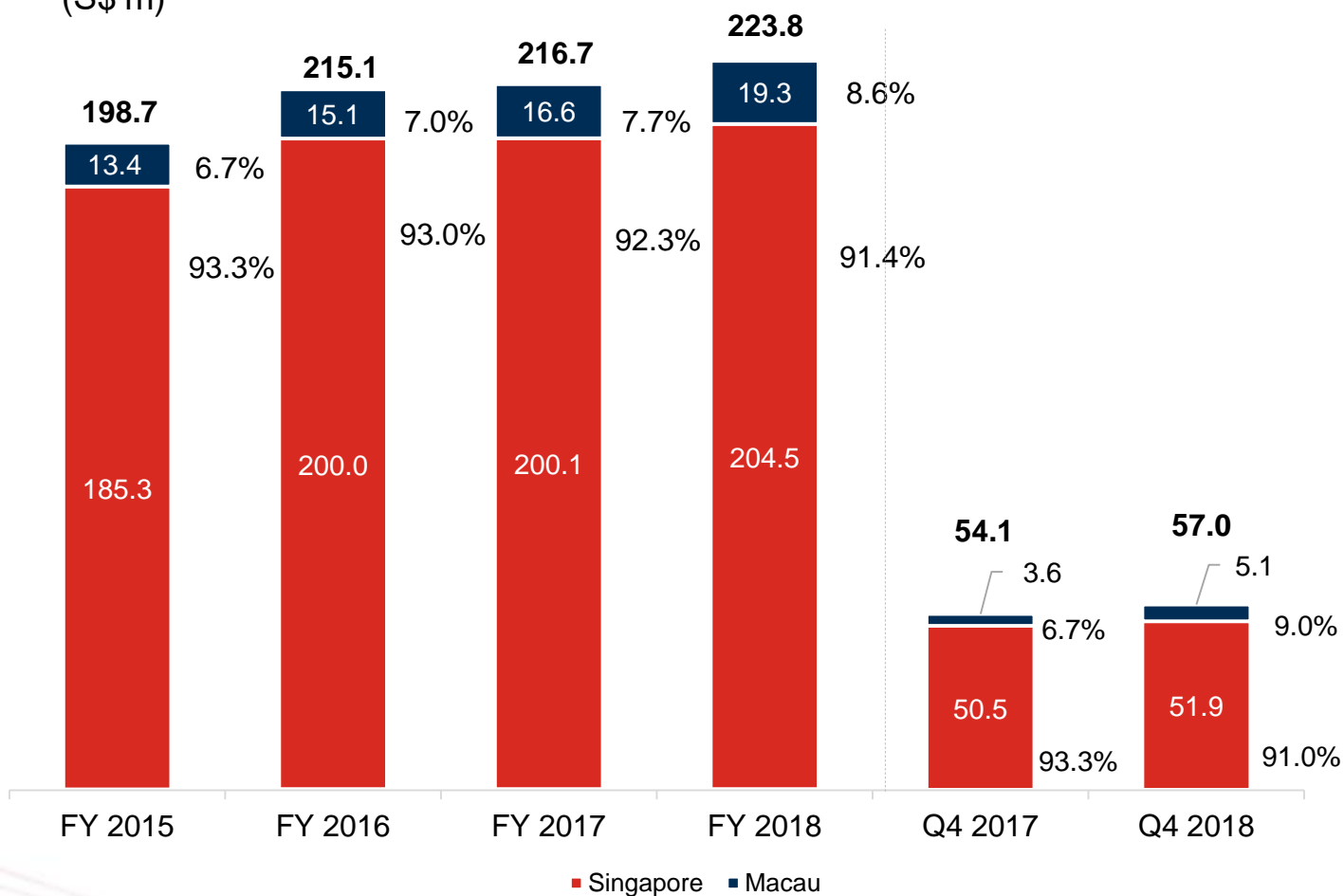


Revenue Breakdown



By Geography

(S\$m)



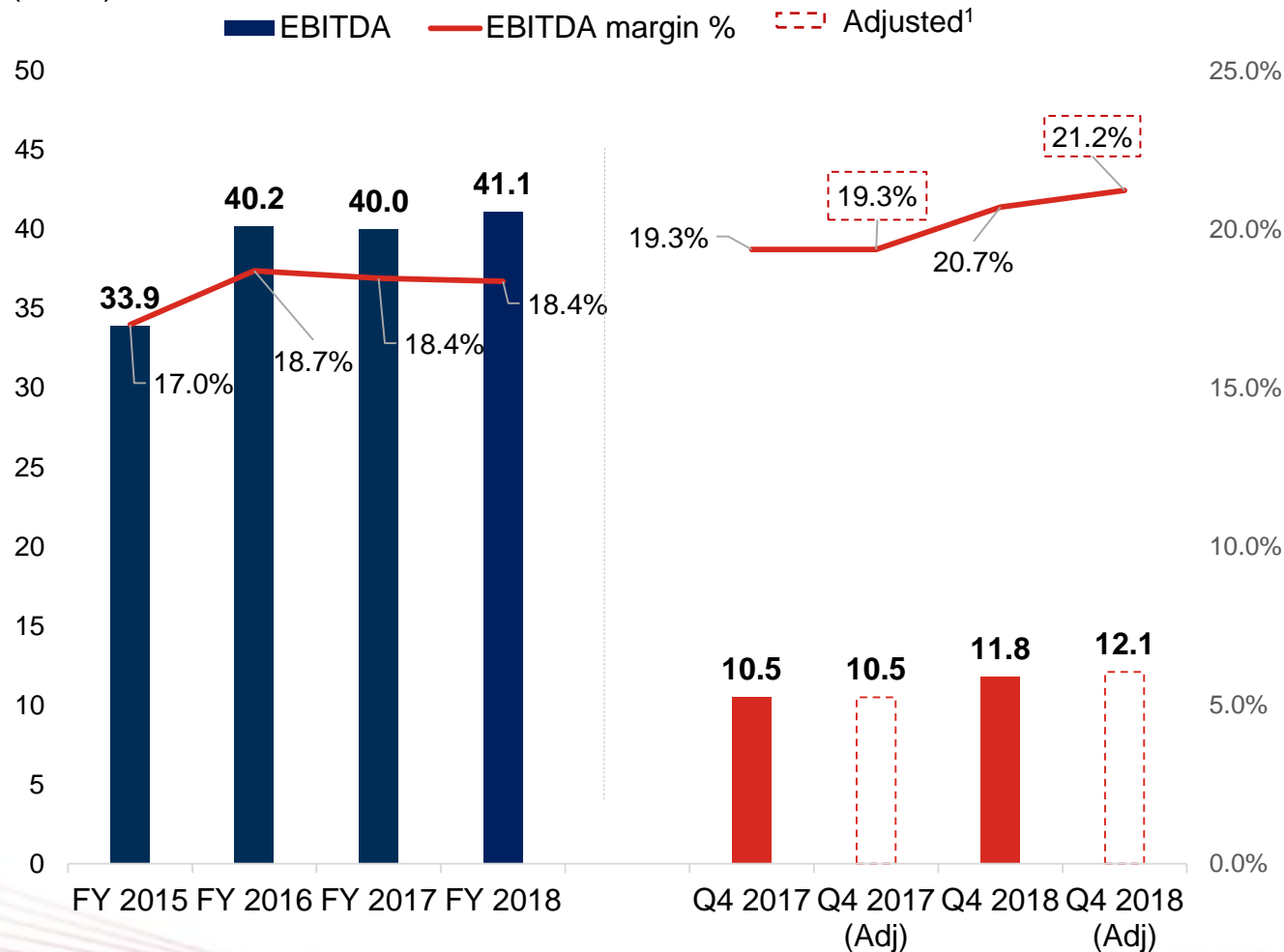
- Revenue contribution from Macau increased by S\$2.7m while revenue contribution from Singapore increased by S\$4.4m in FY 2018
- Revenue contribution from Macau increased from 7.7% in FY 2017 to 8.6% in FY 2018

EBIDA and EBITDA margin



EBITDA and EBITDA margin

(S\$m)



- Excluding one-off IPO expenses and finance income from convertible loan notes amounting to a total of S\$1.5m, the adjusted EBITDA increased 3.8% to S\$42.7m from S\$41.1 m

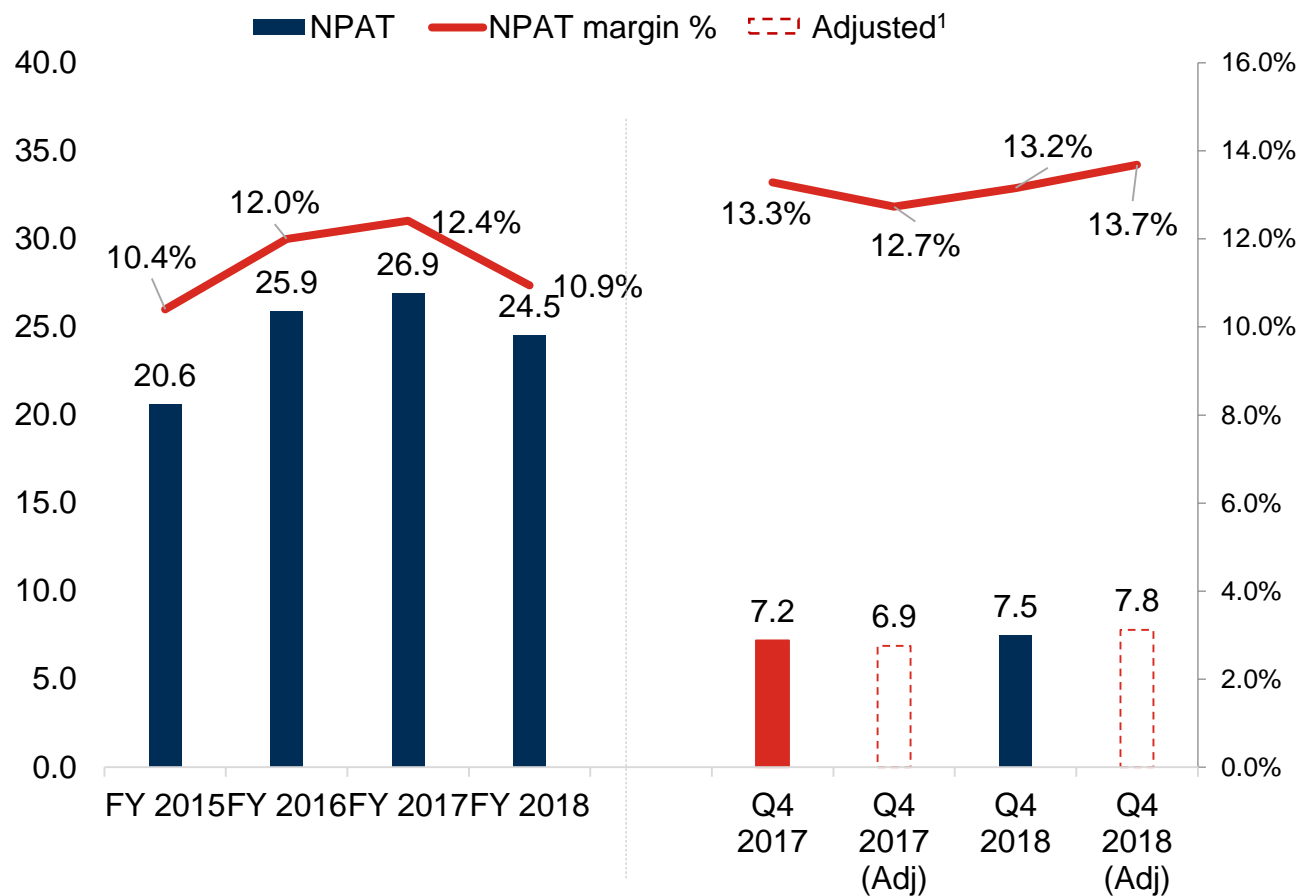
¹ Adjusted EBITDA is derived from the Group's Profit before income tax, after adding back depreciation expenses, finance costs and finance income and one-off IPO expenses

Net Profit After Tax



Net Profit After Tax (attributable to owners of the Company)

(S\$'m)



- NPAT for FY 2018 decreased by S\$2.0 million over FY 2017 was mainly due to (i) \$1.5 million IPO costs expensed off in FY 2018, (ii) closure of the food court at MBS for 4 months for refurbishment works resulting in loss in profits and (iii) loss in finance income from convertible notes of \$1.3 million after restructuring.
- Excluding one-off IPO expenses and finance income from convertible notes amounting to a total of S\$1.5m, the Group's adjusted NPAT increased 3.6% to S\$26.2 million in FY 2018 from S\$25.3 million in FY 2017.
- Additional IPO costs of S\$0.3 million was expensed off in Q4 2018 in addition to S\$1.3 million that was expensed off in Q3 2018.

¹ Adjusted NPAT is derived from the Group's Profit after income tax, after excluding the one-off IPO expenses of \$0.3 m (Q4 2018) and \$1.5 million FY 2018) and finance income from convertible loan notes of \$0.3 m (Q4 2017) and \$1.3m (FY 2017), reflecting the true operating performance of the Group

Healthy Cashflows and Balance Sheet

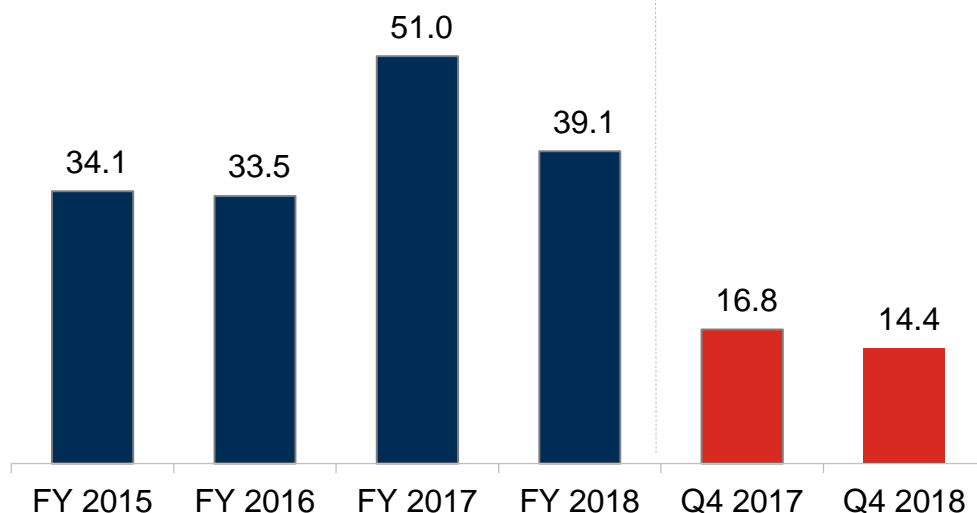


Business is resilient through economic cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

Net Cash Generated from Operating Activities

(S\$'000)



S\$61.0m

Cash and cash equivalent
as at 31 December 2018

S\$56.2m

Net Cash as at
31 December 2018

S\$0.012

per ordinary share

Proposed Final Dividend for financial year ended 31 Dec 2018, which will be paid on 17 May 2019.

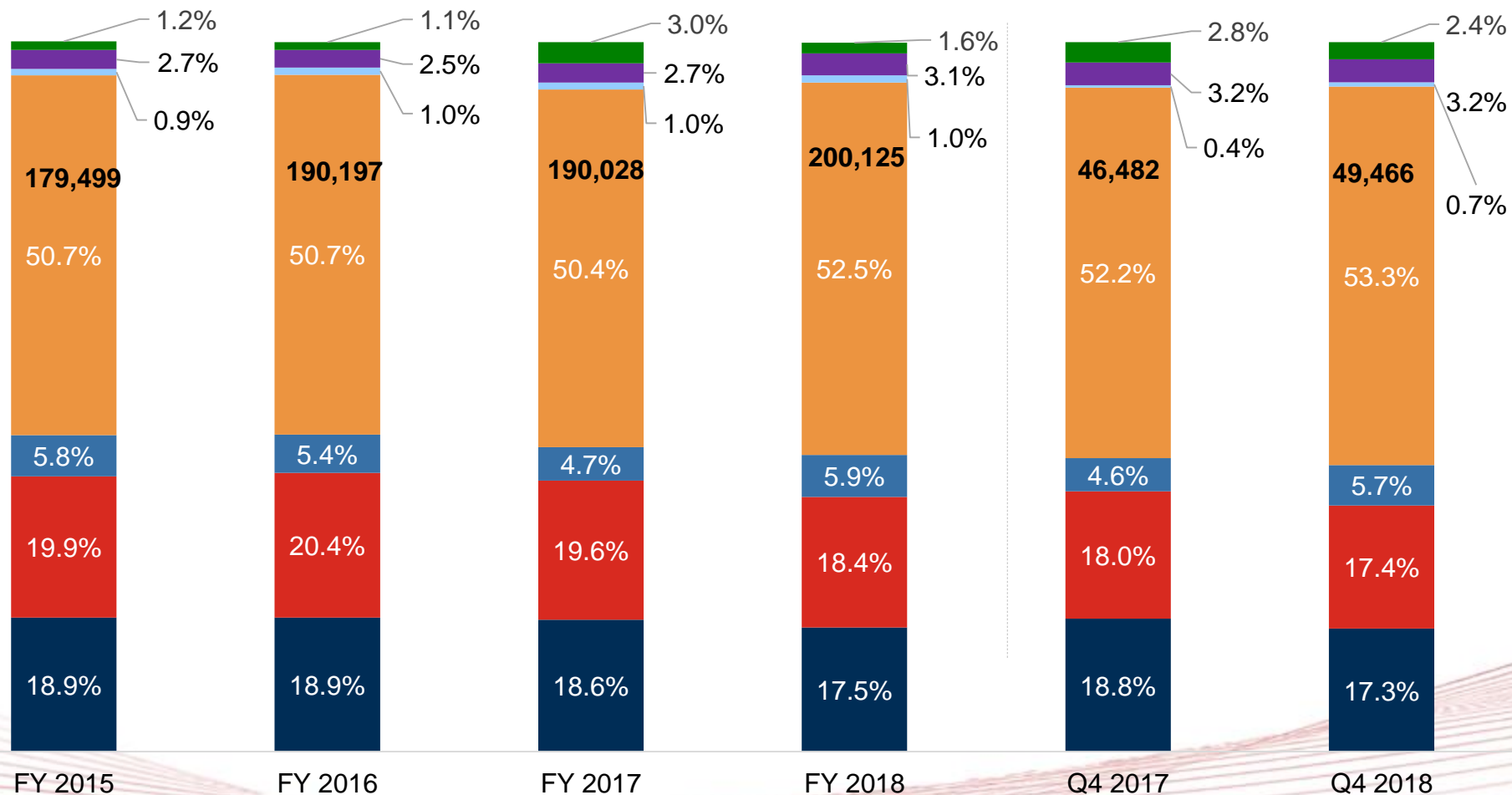
Including interim dividend paid of S\$0.01, total full year dividends is S\$0.022 which is paid out of 50% of profits generated in FY 2018

Our Expenses Breakdown



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

- Cost of inventories consumed
- Depreciation
- Distribution and selling expenses
- Other operating expenses
- Staff costs
- Property rentals and related expenses
- Administrative expenses



At a Glance – P&L



(S\$'m)	4Q 2018	4Q 2017	Change (%)	FY 2018	FY 2017	Change (%)
Revenue	57.0	54.2	5.3	223.8	216.7	3.3
EBITDA	11.8	10.5	12.9	41.1	40.0	2.9
Adjusted EBITDA¹	12.1	10.5	15.4	42.7	40.0	6.8
Profit Before Tax	9.1	8.6	5.8	29.4	32.1	(8.3)
Net Profit After Tax (NPAT) <i>Attributable to Owners of the Company</i>	7.5	7.2	3.7	24.5	26.9	(8.8)
Adjusted NPAT² <i>Attributable to Owners of the Company</i>	7.8	6.9	12.1	26.1	25.6	1.9
Basic and Fully Diluted EPS (SGD Cents)	1.35	1.50	(10.0)	4.75	5.56	(14.6)

¹ Adjusted EBITDA is derived from the Group's Profit before income tax, after adding back depreciation expenses, finance costs and finance income and one-off IPO expenses

² Adjusted NPAT is derived from the Group's Profit after income tax, after excluding the one-off IPO expenses of \$0.3m (Q4 2018) and \$1.5 million FY 2018) and finance income from convertible loan notes of \$0.3 m (Q4 2017) and \$1.3m (FY 2017), reflecting the true operating performance of the Group

At a Glance – Balance Sheet



(S\$m)	31 December 2018	31 December 2017	Change (%)
Current Assets	107.6	65.0	65.5
Current Liabilities	53.8	53.5	0.6
Net Current Assets	53.8	11.5	367.8
NAV/Share <i>(SGD Cents)</i>	16.47	8.90	85.1
Cash and Cash Equivalents	61.0	53.0	15.1
Time Deposits	35.0	-	NA
Total Borrowings	4.8	1.8	166.7
Net Cash	56.2	51.3	9.6

At a Glance – No. of F&B Outlets



Outlet & Mall Management Segment	FY 2015	FY 2016	FY 2017	FY 2018
Food courts	47	49	47	47
Coffee shops	12	15	15	15
Hawker centre	-	-	1	1
Commercial mall	1	1	1	1
F&B Retail Segment	FY 2015	FY 2016	FY 2017	FY 2018
Self-operated F&B stalls	75	83	79	71
F&B kiosks	2	2	4	10
QSRs	5	7	9	8
Full-service restaurants	2	2	3	3

At a Glance – New Openings in 2018



Month	Brand	Location	F&B Outlets
Singapore			
January	<i>Koufu</i>	Fusionopolis	Food court
January	<i>Grove</i>	Fusionopolis	F&B QSR
April	<i>Supertea</i>	Millenia Walk	F&B QSR
June	<i>Gourmet Paradise</i>	Punggol, Oasis Terrace	Food court
June	<i>R&B Tea</i>	Punggol, Oasis Terrace	F&B kiosk
July	<i>Koufu</i>	Sengkang General & Community Hospital	Food court
August	<i>R&B Tea</i>	Rasapura Masters at Marina Bay Sands	F&B kiosk
October	<i>R&B Tea</i>	SingPost Centre	F&B kiosk
November	<i>Happy Hawkers</i>	Tampines T-Space	Coffeeshop
November	<i>R&B Tea</i>	United Square	F&B Kiosk
November	<i>R&B Tea</i>	Kinex	F&B Kiosk
Macau			
May	<i>Supertea</i>	Cotai Sands, Macau	F&B kiosk

At a Glance – Pipeline Openings



Outlet & Mall Management



- *Koufu* at The Woodgrove has opened in January 2019 and slated to open Buangkok Green in 2Q 2019, 164 Kallang Way in 2Q 2019 and Le Quest at Bukit Batok in 4Q 2019
- *Koufu* food court to open at Macau University 2Q 2019
- Bringing the total number of food courts to 53

Food Retail



- Secured 7 new locations in Singapore, including 100 AM, Tampines MRT, Parkway Parade, Yew Tee Point already opened in January 2019 and 3 more locations at Buangkok Green, Harbour Front and Far East Square to open in 1Q and 2Q 2019.
- Bringing the total outlets to 15



- Expected to open a full service restaurant at Paya Lebar Quarter in 2Q 2019 (TOP of mall delayed)
- Bringing the total number of restaurants to 4

Business Strategies and Future Plans



Our Business Strategies and Future Plans



Expand Our Presence with New F&B Outlets in Singapore and Overseas



- Expand in Singapore with a focus on hospitals, commercial malls, tertiary educational institutions and new housing estates. Secured 4 new locations for food courts
- Expand overseas with an initial focus in Macau, 1 food court secured and opening in 2Q 2019 at Macau University. In the midst of finalizing 1 more food court in Macau
- Fourth *Elemen* outlet opening in second quarter of 2019 at Paya Lebar Quarters as TOP for the mall has been delayed. Bring *Elemen* to the PRC, Malaysia, Indonesia and Australia
- Secured 7 new locations for *R&B Tea* in Singapore, bringing total outlets to 15. Bring *R&B Tea* to Indonesia, Malaysia and Australia.

Establish an Integrated Facility to Drive and Support Our Growth, Including Larger Central Kitchen and Corporate HQ



- Expand our central procurement, preparation, processing and distribution functions
- Better support all our F&B Outlets and self-operated F&B stalls and cater for future business expansion
- Improve productivity and operational efficiency

**GFA of
20,000 sqm**

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

S\$40.0 Million

Estimated total construction **including** renovation cost, capital expenditure for equipment and machinery (S\$3.9m land premium paid)

Commenced construction in **4Q 2018**

Expected completion in **1H 2020**

Proposed Integrated Facility



Artist impression of proposed integrated facility located at Woodlands Avenue 12

Larger Central Kitchen	<ul style="list-style-type: none">▪ Reduce the food preparation and processes previously done on-site▪ Enjoy greater economics of scale, improve production techniques, ensure better consistency▪ Increase production, including through our potential joint venture businesses▪ Expand central procurement function; bulk purchase of ingredients and improve purchasing and negotiation power with suppliers
Stallholders Central Kitchen	<ul style="list-style-type: none">• To support the growth of our stallholders, space is allocated for them to build their Central Kitchen
Training Centre	<ul style="list-style-type: none">▪ Provide training for employees▪ Establish and align quality standards
Research & Development Centre	<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

Our Business Strategies and Future Plans



Improve Our Productivity by Continuing to Innovate and Automate



- Improve design and features of the smart tray return robots and increase deployment
- Automate the traditional coffee brewing process to ensure consistency in taste and quality and potentially deploy overseas
- Progressively roll out the mobile ordering application to further improve service delivery and operational efficiency, 15 outlets implemented

Expand the Provision of Online Food Ordering and Delivery Services



- Growing demand for online food ordering and delivery services due to the changing lifestyles and convenience
- A channel for F&B Outlets and stall operators to reach out to a wider customer base and generate additional sales revenue
- Collaborated with third party online food ordering and delivery service providers to make available a selection of F&B products from certain F&B Outlets
- To roll out this service to most of our F&B Outlets by 2019, now 10 food courts are implemented.

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 2019¹



¹ After deducting profit attributable to non-controlling interests and excluding interim dividend of S\$12.5 million declared and paid by Koufu Pte Ltd pre-listing in FY 2018. This is a statement of the Board's present intention and shall not constitute legally binding obligations on Koufu and investors should not treat this as an indication of Koufu's future dividend policy



THANK YOU

For enquiries, please contact:

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