



SINGAPORE KITCHEN EQUIPMENT LIMITED

Blk 115A, Commonwealth Drive
#01-27/28
Tanglin Halt Industrial Estate
Singapore 149596

FOR IMMEDIATE RELEASE

Singapore Kitchen Equipment maintains revenue at S\$7.9m in 1H FY2014

- **Short-term profitability affected by investment in headcount and higher marketing expenses to drive mid-to-long term growth**
- **Automatic Intelligent Cooker, the new star product of the Group, received positive responses from customers for its ability to reduce cost in the tight labour market**
- **Dividend payment maintained similar to 1HFY2013.**

Singapore, 13 August 2014 – Singapore Kitchen Equipment Limited (“Singapore Kitchen Equipment” or the “Group”), one of the leading commercial and industrial kitchen solutions providers in Singapore, recorded a net loss of S\$0.1 million for the six months ended 30 June 2014 (“1H FY2014”), compared to a net profit of S\$0.4 million for the corresponding period last year, which was attributed to a 95.9% spike in distribution and marketing expenses to S\$1.0 million, from S\$0.5 million. Marketing team salaries increased by S\$0.3 million as the Group invested in new headcount to drive maintenance and servicing revenue and equipment sales. The Group also invested S\$0.1 million to participate in the Food & Hotel Asia 2014, a regional food and hotel exhibition event, to promote its products. Revenue remained stable at S\$7.9 million, with an increase in replacement part sales offset by a decline in equipment sales. Gross profit margin had come down marginally from 32.3% to 31.8%.

Outlook

According to MasterCard’s survey, Singaporeans are the second top dining spenders in Asia Pacific, with an average food expenditure of S\$247.34 a month on dining out in 2013. This validates Singaporeans’ passion for food, with dining out as an accepted way of life. As Singapore Kitchen Equipment’s businesses are intertwined with the Food and Beverage (F&B) industry, the Group expects to benefit from the positive F&B outlook in Singapore.

However, the operational environment remains challenging due to higher manpower costs, foreign worker levy, general operating expenses and higher transportation and carriage outwards expenses due to the increase in customs toll to-and-from Johor Bahru. The recent strengthening of US dollar is likely to increase the average purchasing costs in the coming year.

Nevertheless, the Group is committed to improving operational efficiencies to meet challenges such as escalating costs and manpower challenges.



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The Group has a robust and resilient business model which is able to cope with economic cycles due to its main business segments in Fabrication/Distribution and Maintenance/Service. We believe with the Maintenance and Service business, which are usually recurring in nature, we are better able to weather any economic downturns.

The Group remains focused in increasing its local market share and continue to suss out overseas businesses on an opportunistic basis. Locally, the Group's new star product range, the Automatic Intelligent Cooker ("AIC") which reduces reliance on manpower, lowers operating cost and improves kitchen productivity had received encouraging initial orders and is still registering strong demand from F&B players in Singapore.

Ms. Sally Chua, Co-founder and Managing Director of Singapore Kitchen Equipment commented, *"We have made essential investments to increase our headcount and marketing initiatives to drive mid-to-long term growth for the Group. Although this has created a temporary dent in our bottom line, we are cautiously optimistic of our growth for the long term as we continue to focus efforts to harness our capabilities and products in expanding our existing markets and penetrating into new ones. We are particularly encouraged by the positive responses for our star product, the AIC, for its ability to reduce costs in the current tight F&B labour market."*

Bearing in mind our challenging operating environment and the uncertain economic outlook, we are committed to generate improved operational efficiencies to narrow our operating costs. We remain cautiously optimistic for the full year."

- END -

ABOUT SINGAPORE KITCHEN EQUIPMENT LIMITED (Bloomberg Ticker: SKE:SP)

Singapore Kitchen Equipment is one of the leading Singapore-based commercial and industrial kitchen solutions providers for the F&B and hospitality services industries with an established reputation and track record for its service quality, efficiency, reliability and competitive pricing. The Group also provides customised industrial-style kitchen solutions for residential households.

As a one-stop kitchen solutions provider, Singapore Kitchen Equipment specialises in the provision of design and consultancy services for the setting up and maintenance of commercial and industrial kitchens, fabrication, installation and sale of a wide range of kitchen systems as well as kitchen equipment. The Group also specialises in the maintenance and servicing works of kitchen equipment to support the F&B and hospitality services industries in Singapore. Its major customers include central kitchens, integrated resorts, hotels, government agencies and restaurants.

Issued for and on behalf of Singapore Kitchen Equipment Limited:

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Singapore Kitchen Equipment Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 22 July 2013. The Initial Public Offering ("IPO") of the Company was sponsored by CIMB Bank Berhad, Singapore Branch (the "Sponsor").

This press release has been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release.

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