



NEO GROUP

NEO GROUP LIMITED

6M2015
Results Briefing

10 September 2014



NEO GROUP 梁苑集团

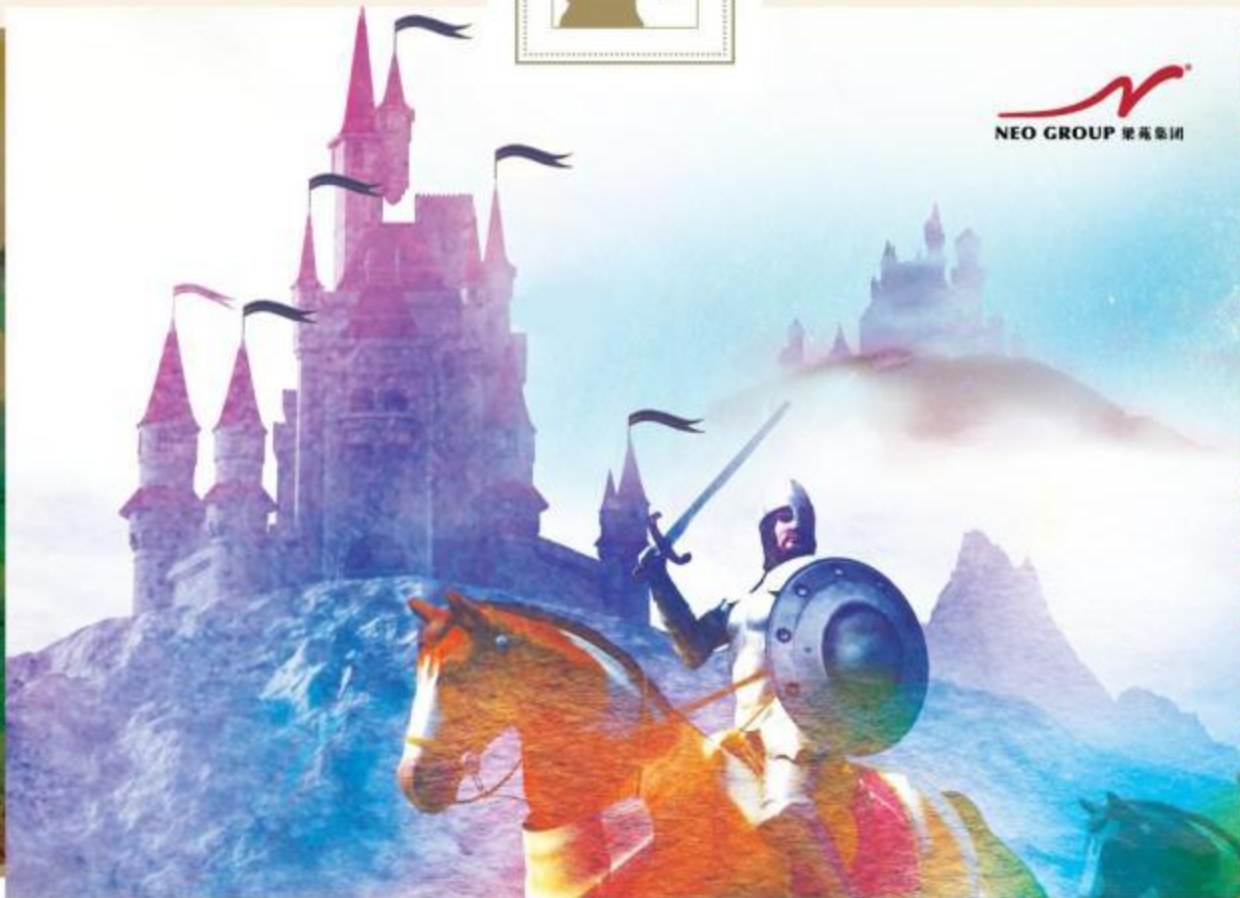
KEY GROUP HIGHLIGHTS



-  Revenue continues growth to S\$28.0 million in 6M2015, 21.2% higher than in 6M2014
-  Achieved net profit of S\$2.5 million and net margin of 9.0% in 6M2015
-  Healthy Financial Position
-  Strong dividend payout of 60.0%
-  Various brands to capture different market segment
-  Favourable Industry Outlook
-  Clear Growth Strategies




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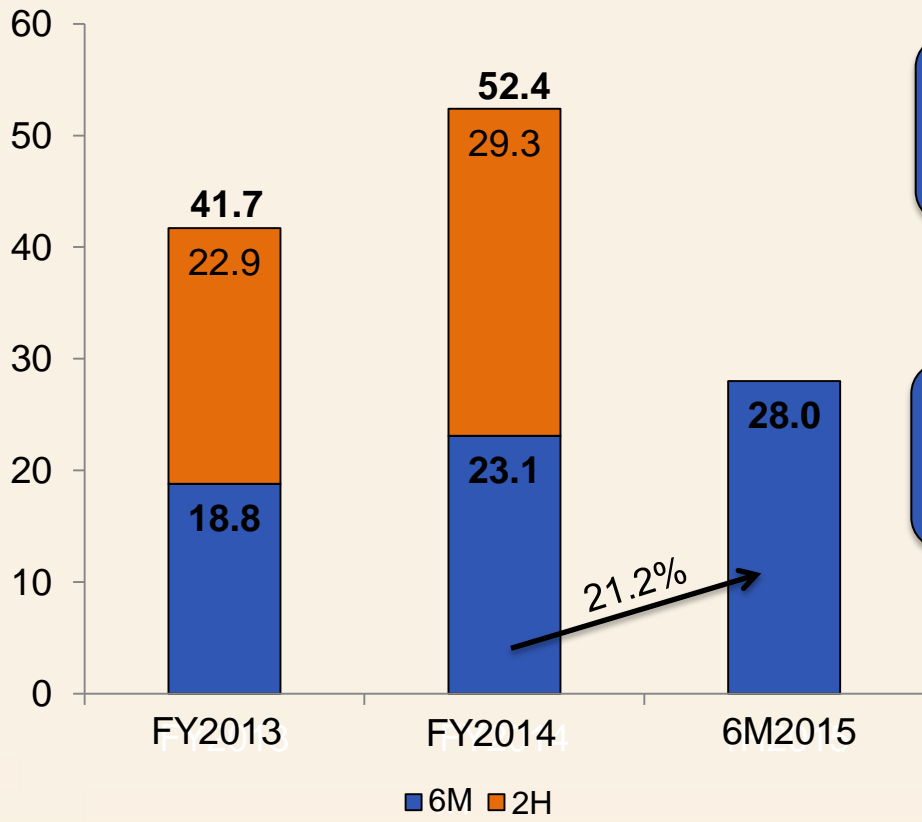


FINANCIAL PERFORMANCE

HIGHER REVENUE IN 6M2015

**REVENUE CONTINUES GROWTH TO S\$28.0 MILLION IN 6M2015
21.2% HIGHER THAN IN 6M2014**

Revenue (\$'m)



This was mainly due to:

Food Catering Business



- Increase in social catering events
- Growth in market share for corporate and government sectors

Food Retail Business



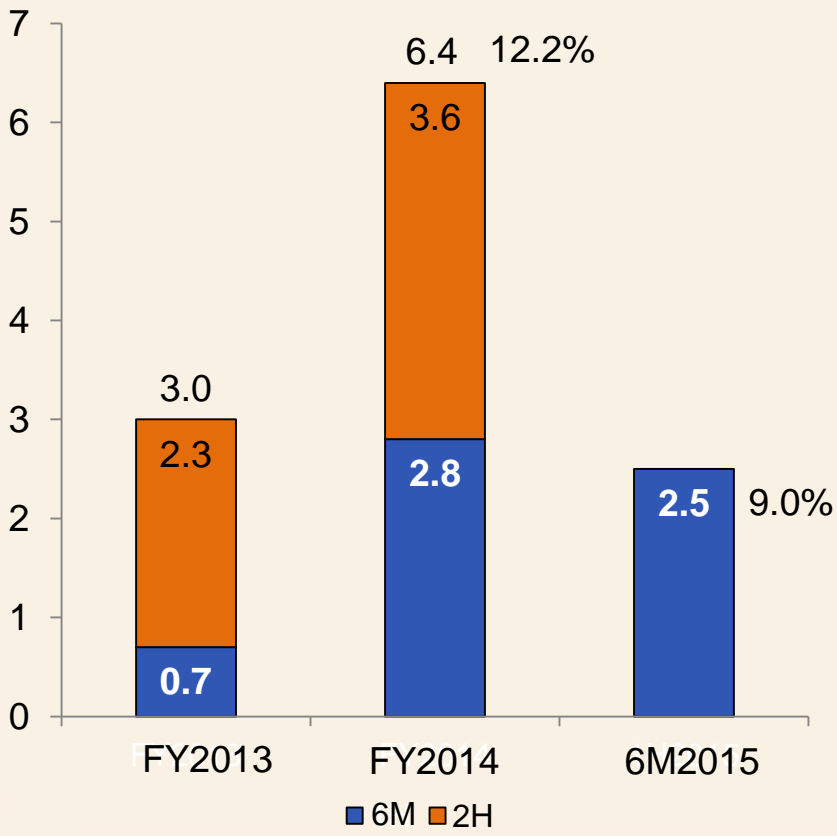
- Growth in delivery sales
- Commencement of new outlets

NET PROFIT



ACHIEVED NET PROFIT OF S\$2.5 MILLION AND NET MARGIN OF 9.0% IN 6M2015

Net Profit (S\$m) and Net Margin (%)



- **Net profit was affected mainly by:**
 - CNY Season in 6M2015 vs 6M2014
 - Increase in Sales Team and in Advertising to drive business growth
- **Hence, Net Margin in 6M2015 was 9.0%**

HEALTHY FINANCIAL POSITION



Profitability Ratios	6M2015 (Unaudited)	6M2014 (Unaudited)
Earnings Per Share (cents)	1.75	1.92
Return On Assets (%)	5.2	8.7
Return On Equity (%)	12.1	14.8

Cash Flow	6M2015	6M2014
Net cash from operating activities (S\$m)	3.2	1.4
Cash and cash equivalent at end of period (S\$m)	9.2	9.6

Financial Position	As at 31 July 2014 (Unaudited)	As at 31 Jan 2014 (Audited)
Shareholders' equity (S\$m)	20.8	20.5
Net Gearing (%) ⁽¹⁾	45.7	37.8
Net Asset Value Per Share (cents) ⁽²⁾	14.2	14.1

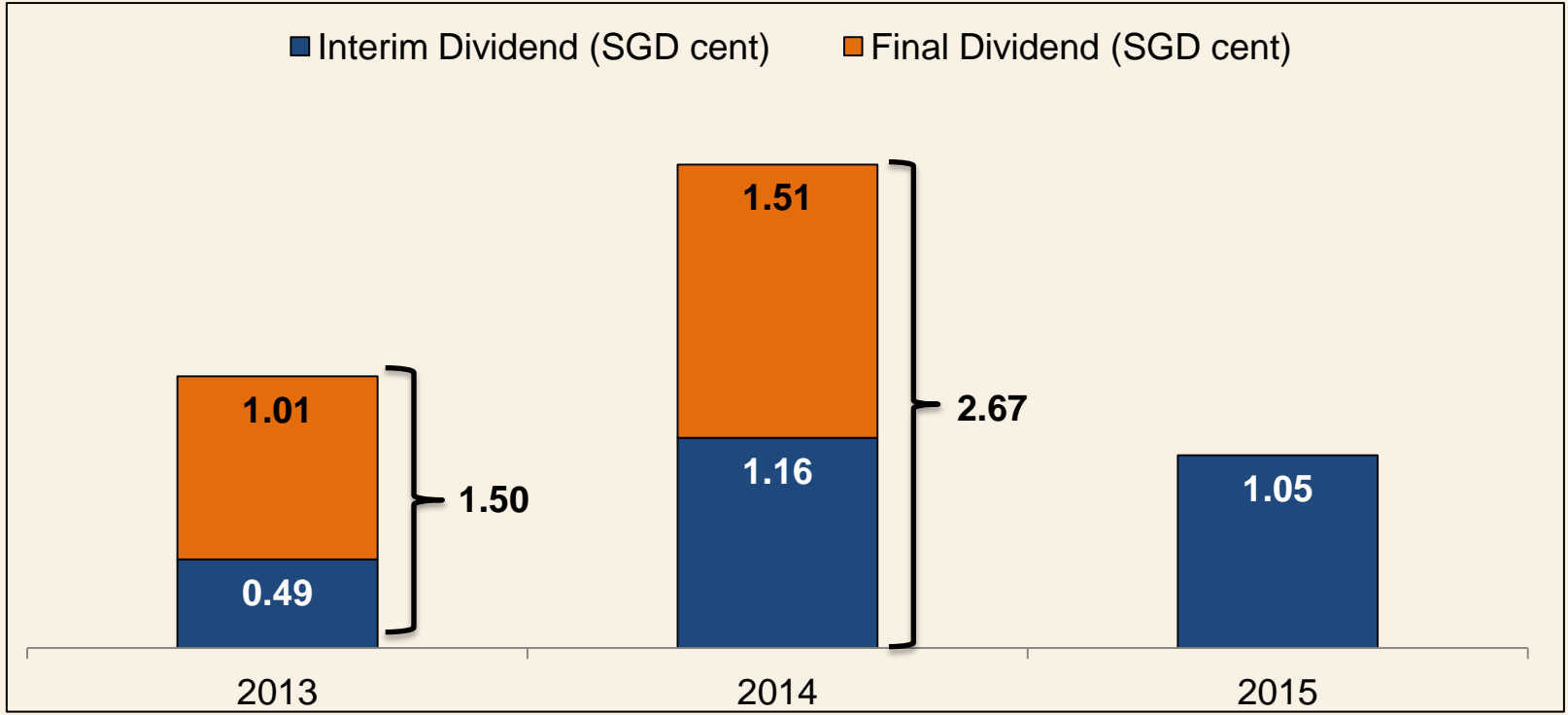
1) Net Gearing is computed by net debt divided by shareholder's equity plus net debt

2) Net Asset Value Per Share is computed by dividing the total Net Asset Value excluding the intangible assets of the company by the number of outstanding shares

STRONG DIVIDEND PAYOUT



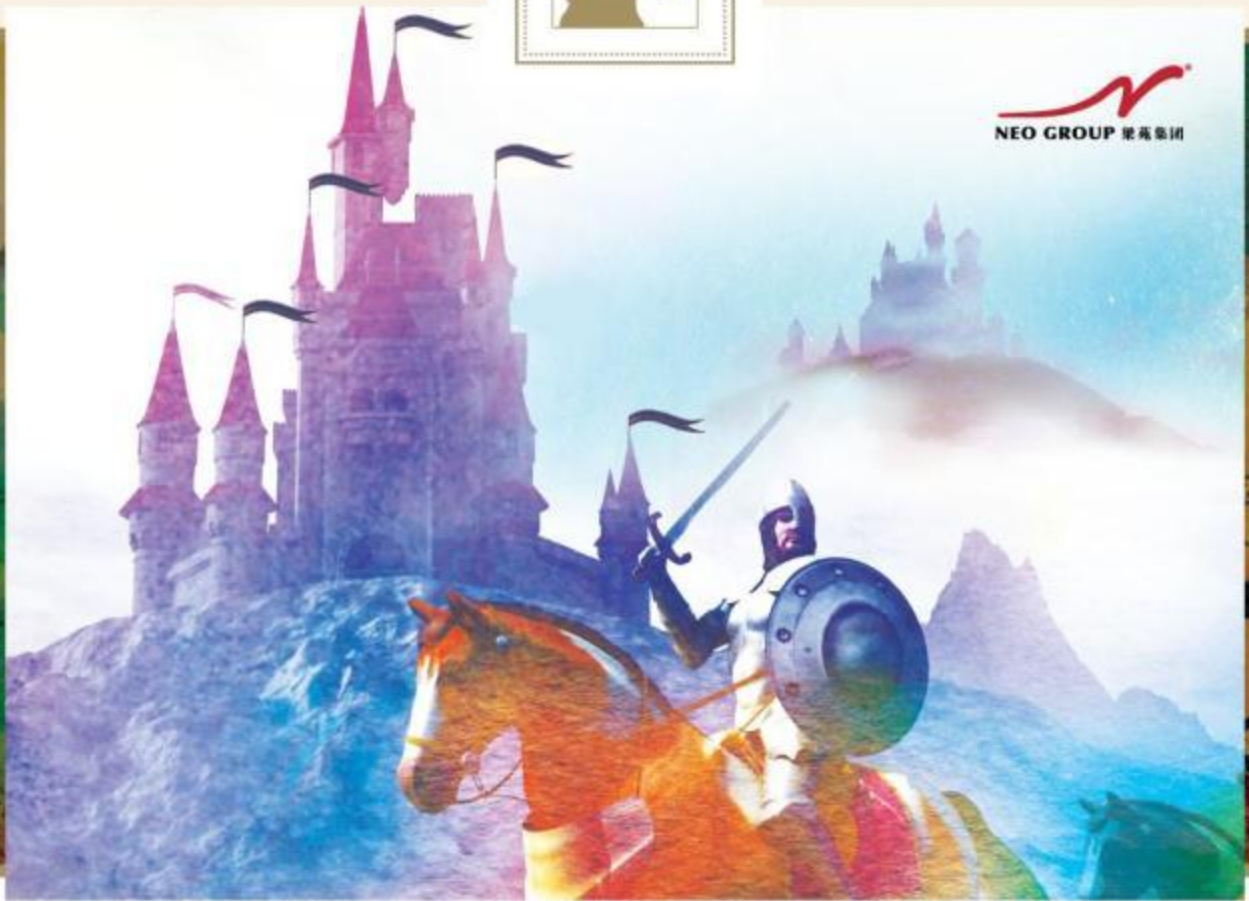
DIVIDEND PAYOUT OF 60% IN 6M2015



	6M2013	6M2014	6M2015
Dividend Payout Ratio	100.3%	60.4%	60.0%
Dividend Quantum	S\$0.7 million	S\$1.7 million	S\$1.5 million

UPDATE ON USE OF IPO PROCEEDS

Intended Use	Amount Allocated (S\$m)	Amount Utilised (S\$m)	Amount un-utilised (S\$m)
Expand and develop our Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/or strategic alliances)	5	(3.7)	1.3
IPO expenses	1.6	(1.6)	-
Total	6.6	(5.3)	1.3



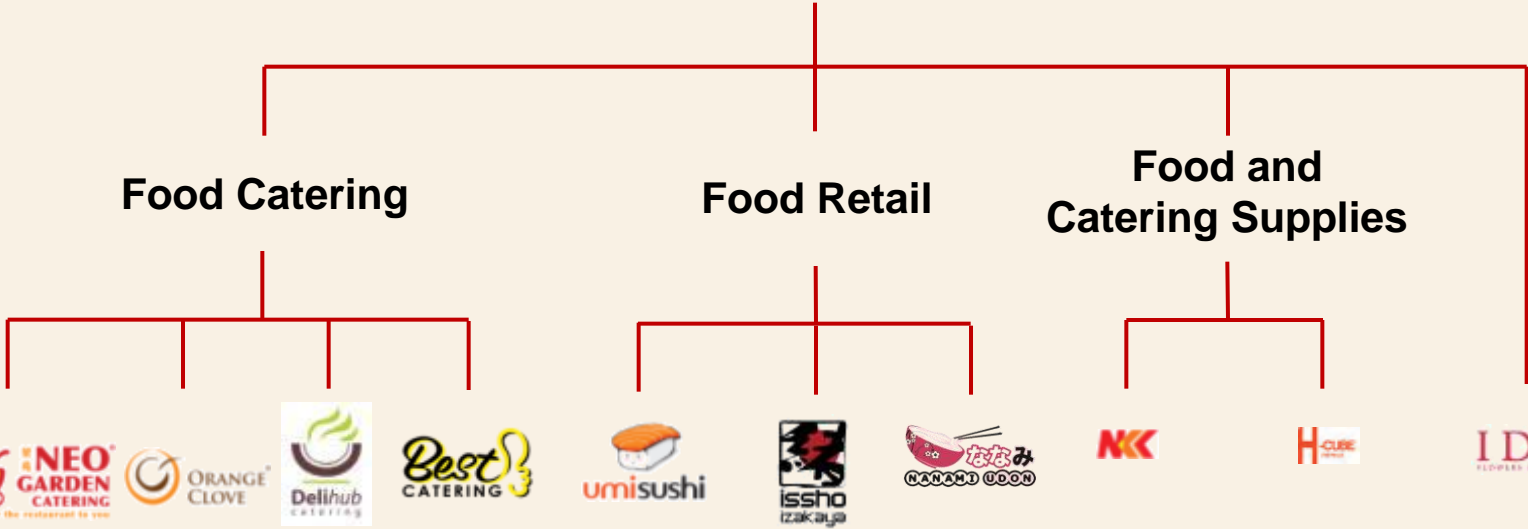
KEY CORPORATE DEVELOPMENTS

DIVERSIFIED BUSINESS SEGMENTS



SINGAPORE'S LARGEST CATERING GROUP WITH LEADING MARKET SHARE*










No. 1 Events Caterer in Singapore




*Source: Events Catering Services Singapore – Euromonitor International, April 2012.
“Events catering” means food catering services provided for social or corporate events only.

OVERVIEW: VARIOUS BRANDS TO CAPTURE DIFFERENT MARKET SEGMENTS

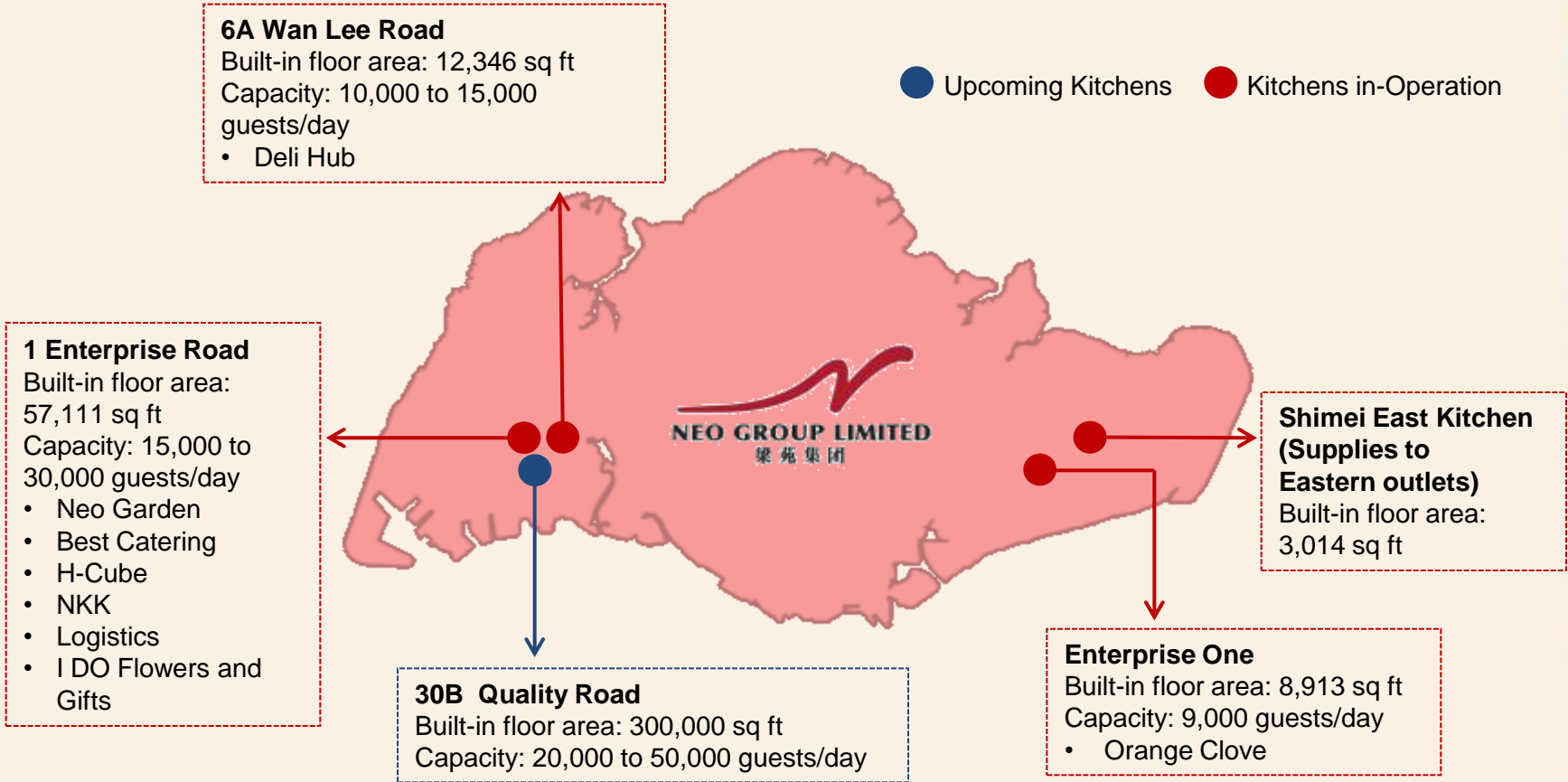


FOOD CATERING	FOOD RETAIL	FOOD AND CATERING SUPPLIES
 <ul style="list-style-type: none"> - Households - Mid market - Corporations 	 <ul style="list-style-type: none"> - Mid market - 25 outlets across Singapore and 1 licensed outlet in Jakarta, Indonesia as of August 31, 2014 - Provides fresh sushi at affordable prices 	 <ul style="list-style-type: none"> - Support the Group's Food Catering and Retail Businesses in sourcing and supplying ingredients and buffet equipment at bulk, thereby achieving economies of scale - Sales to third parties
 <ul style="list-style-type: none"> - Mid to upper market - Corporations - Weddings 		
 <ul style="list-style-type: none"> - Mass market - Corporations - Public sector institutions 	 <ul style="list-style-type: none"> - Families, young working adults, PMEBS, and expatriates 	 <ul style="list-style-type: none"> - H-Cube is specialised in Japanese food ingredients - Sales to third parties
 <ul style="list-style-type: none"> - Tingkat services - Mass market - Households 	 <ul style="list-style-type: none"> - Families, young working adults, PMEBS, and expatriates 	



- Online Flowers and Gifts

KITCHEN OPERATIONS & CAPACITY



FOOD CATERING



FOOD CATERING: AN OVERVIEW



**REVENUE
GROWTH**



17.3%

**NEW
CLIENTS**

- Singapore Expo
- The Star Performing Arts Centre

**CNY
ORDERS**



1,118

Previously: 1,005

**NEW
BRAND**

- Fourth Brand, Best Catering



KEY DRIVERS

- Strong brand recognition through wide media coverage
- Successive year-on-year gains in Lunar New Year sales

↑ 1,118 orders
 @ 1st day of CNY
 (2013:1,005; 2012:818)



- Increase in kitchen capacity with relocation of kitchen
- Rolled out campaigns successfully:
 1. **We choose Neo Garden** campaign to strengthen the brand position;
 2. **Neo Bao Bao** campaign to capture the baby full month market in conjunction with SG50;
 3. **I love my mom** campaign with Singapore Kindness Movement to promote Mothers' Day package

NEW DEVELOPMENTS

- Relocated Centralised Kitchen to Enterprise Road
- Brand awareness with \$300,000 sponsorship to Singapore Table Tennis Association over 3 years
- Winner of **Singapore Quality Brand Award 2014**
- Winner of **Influential Brand Award 2014** (Top 1 Brand)
- Entered into Singapore Book of Records as the **Highest Number of Events Catered by a Company in One Day**





KEY DRIVERS

- Increase in corporate customers and repeated customer base
- Increase in brand awareness through corporate nights and above-the-line marketing
- Recorded the largest event served for 9,900 guests for SIM-RMIT Graduation Ceremony
- Cater to more premium/corporate events
- Larger experience sales force
- To secure more venue partnerships as their official and/or preferred caterer

NEW DEVELOPMENTS

- Secured corporate clients Singapore Expo and The Star Performing Arts Centre
- Yacht offering gaining popularity
- Developing new concepts and menus to target high-end corporate customers and weddings
- Enlarged culinary team led by an executive chef
- Winner of HRM Asia's Best Corporate Caterer 2014, SPBA Promising Award





KEY DRIVERS

- Strong customer loyalty through consistent food quality
- Increased demand for packet meals and bento sets
- Increased brand awareness with greater marketing effort
- More targeted marketing efforts to Government bodies, Churches, Community Centres and Schools

NEW DEVELOPMENTS

- Rebranding exercise to improve brand image
- Revamp of all menus and promotions
- Introduced new dishes & product offerings
- Introduced Local Delights Mini Party Sets to target smaller corporate functions



| Schools



| Churches



| Community Centres



| Government bodies

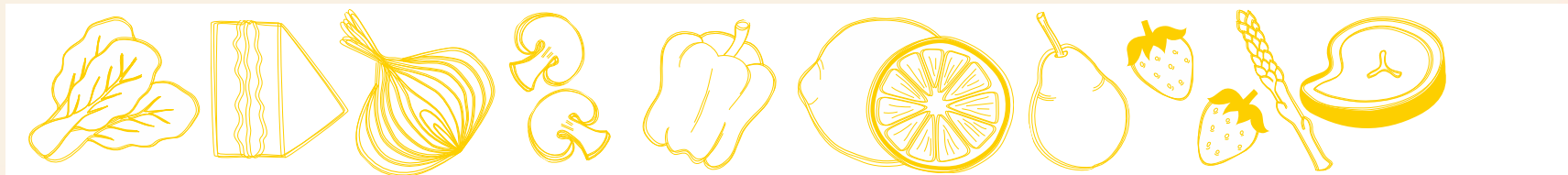


KEY DRIVERS

- Budget buffet menus offering wide variety of dishes
- Increased brand awareness through quality food
- Revamped home meal delivery menus

NEW DEVELOPMENTS

- Launched new website
- Introduced value-for-money Tea Reception menus
- Introduced best side orders to compliment buffet





**SERVING MORE
OCEAN
FRESHNESS**

FOOD RETAIL: AN OVERVIEW



REVENUE GROWTH ↑ **29.9%**

ORDERS IN 6M2015 ↑ **12.9%**
to 14,281 orders in 6M2015

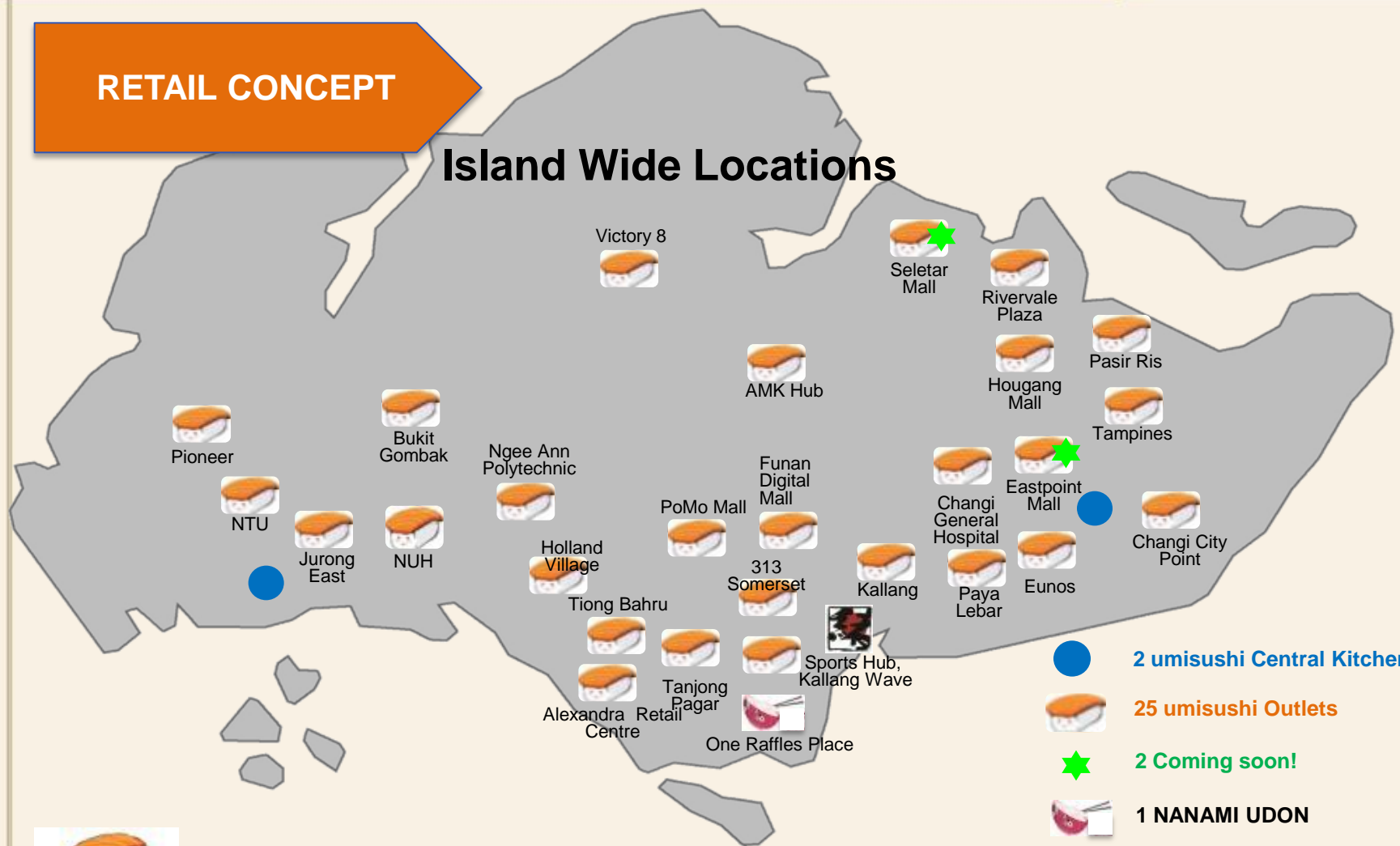
DELIVERY SALES ↑ **9.6%**

NEW OUTLETS IN 6M2015

- 4 umisushi
- 1 issho izakaya
- 1 NANAMI UDON

RETAIL CONCEPT

Island Wide Locations



-  2 umisushi Central Kitchens
-  25 umisushi Outlets
-  2 Coming soon!
-  1 NANAMI UDON
-  1 isscho izakaya

RETAIL CONCEPT

- **25 outlets in Singapore**
 - New outlets at **Changi General Hospital, Tanjong Pagar, One Raffles Place, V8** (opp. Sembawang S.C) *as at 31 Aug' 14*
 - 2 more new outlets opening at **Eastpoint Mall & The Seletar Mall** by Nov '14
- **Introduced new set meals**





@ Eastpoint Mall



RENEWAL & NEW LOOK

- Refreshing look for new outlets
- Renewal of existing outlets



@ Funan Digital Mall

LAUNCHED NEW CONCEPT

- Area: 2,127 sqf
- Seat Capacity: 88 seaters



@ Sports Hub, Kallang Wave



- Food & drinking establishment
- Friendly & relaxing Japanese ambience for cozy chill-out gatherings
- Extensive offerings of Japanese beer, sake & shochu
- Specialises in traditional Japanese dishes infused with French influence



LAUNCHED NEW CONCEPT



@ One Raffles Place

- **Area: 365 sqf**
- **Seat Capacity: 24 seaters**
 - Opened in Jun '14 @ One Raffles Place
 - Quick service concept: udon served with tempura; popular light meal for the health conscious
 - Target market: young working adults, families
 - Refreshing cold udon; very affordable sets at \$12 or less



FOOD AND CATERING SUPPLIES



- **Improved cost control through bulk purchases from:**
 - China
 - Vietnam
 - Indonesia
 - Thailand
 - Malaysia
- **Effective pricing strategy**
- **Better manage cost fluctuations**
- **Quality assurance**
- **Self-supporting efficiency**
- **Sales to third parties**
 - For continued growth

ESTABLISHED A WHOLLY-OWNED SUBSIDIARY I DO FLOWERS & GIFTS PTE. LTD. (MAY 2014)



- Veteran florists with over 20 years of experience
- Leverage on 30,000 members
- Huge corporate database
- Tap on existing resources (Economies of scale)
 - Logistics drivers
 - Sales team
 - Office space
- Online Platform
- Supports buffet settings
- Variety of Occasions
- Wide range in Budget



NEW BORN HAMPER



CORPORATE GIFT



GET WELL SOON HAMPER



OPENING CEREMONY



HAND BOUQUET

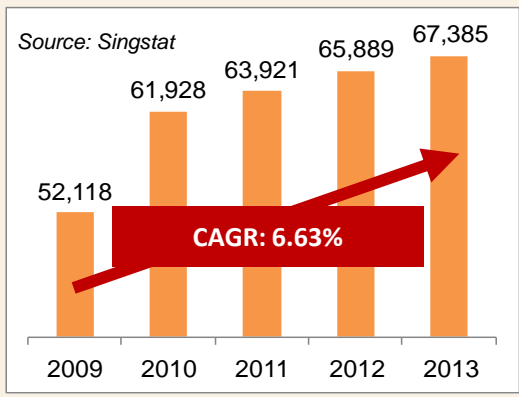


CONDOLENCES

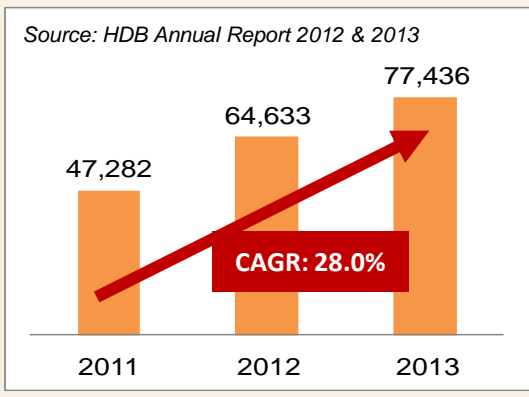


OUTLOOK AND PLANS AHEAD

FAVOURABLE EXTERNALITIES



- Increasing propensity to spend on occasions and events



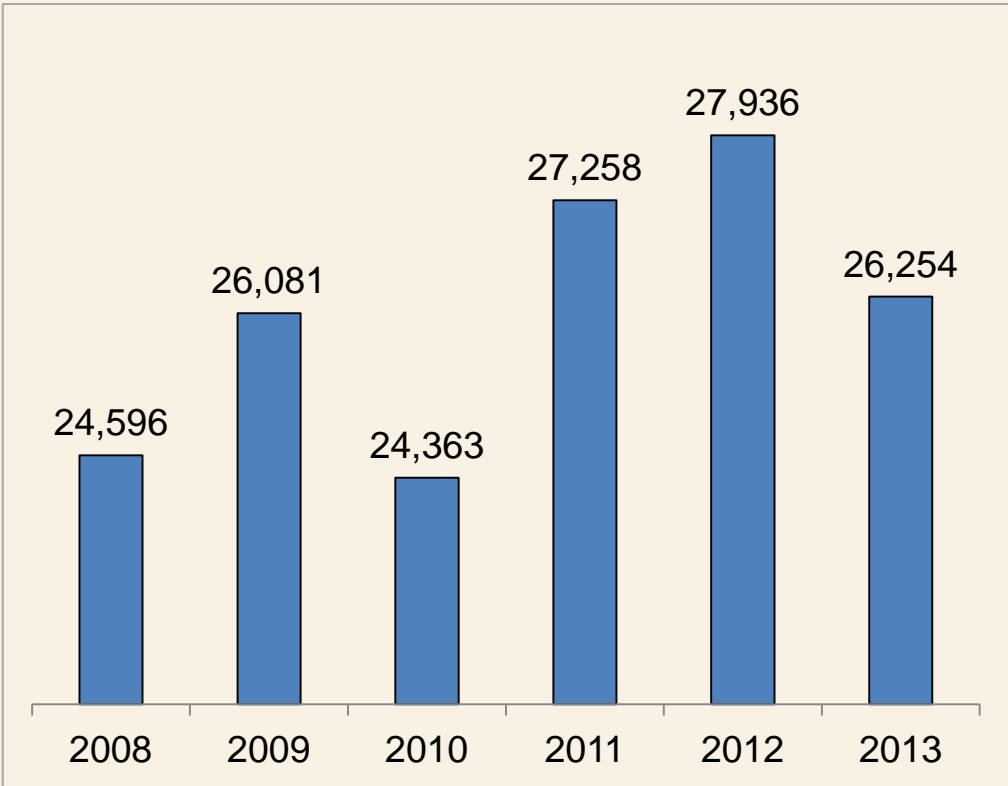
- More flats expected to be completed in 2014 and beyond



- Demand for event catering services expected to increase

¹ International Congress and Conventions Association

Number of Marriages in Singapore



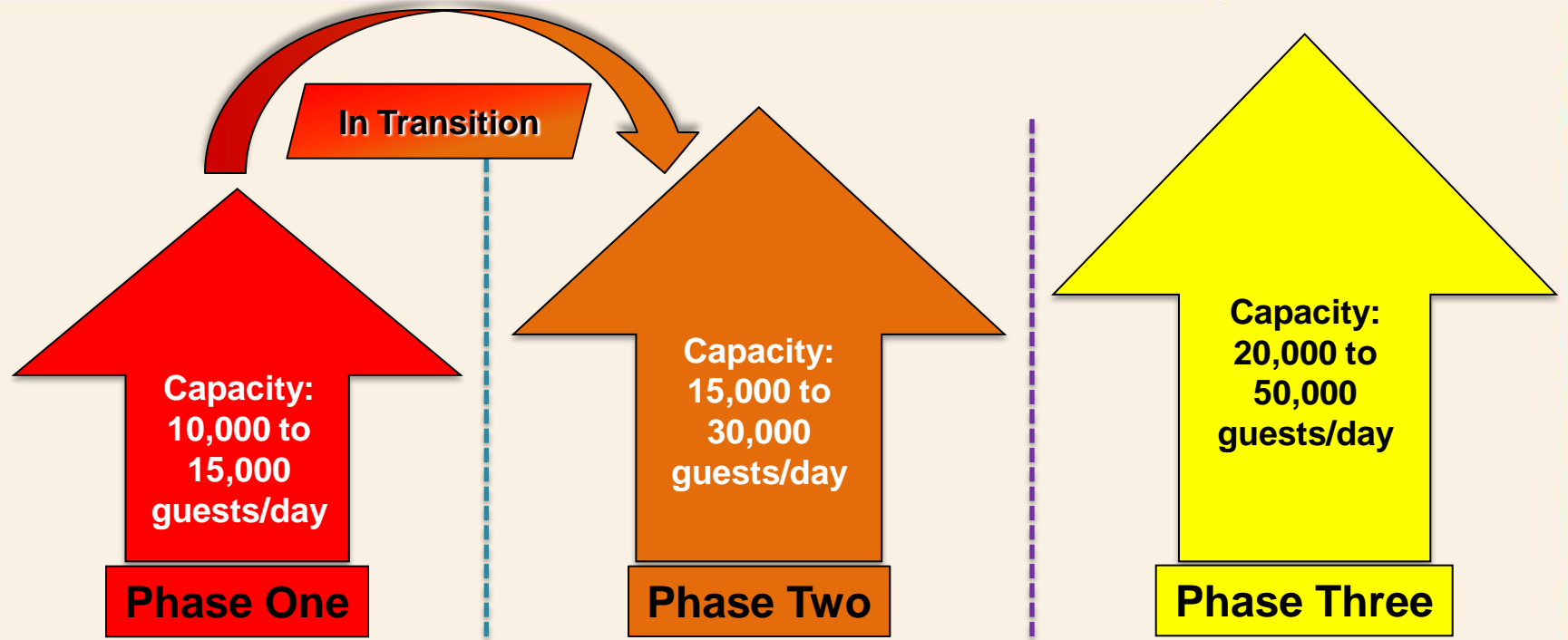
- Number of marriages are growing steadily, which augurs well for the wedding industry



Source: Singstat

FUTURE PLANS

ONGOING EFFORTS TO CONSOLIDATE BUSINESS OPERATIONS



- 6A Wan Lee Road
- Built-in floor area: 12,346 sq ft

- 1 Enterprise Road
- Total land area: Approx 75,018 sq ft
- Built-in area: Approx 57,111 sq ft
- Operational synergies
- Doubling of capacity – currently at 60 %– 70% capacity
- Corporate headquarters and consolidated base for most of our central kitchens, offices, warehouses, logistics, operations and others (I DO Flowers and Gifts)

- 30B Quality Road
- Built-in area: approx. 300,000 sq ft
- Catering
- Other businesses

POSITIVE AND CONFIDENT ABOUT INDUSTRY OUTLOOK

FOOD AND CATERING SUPPLIES

- **Centralised procurement**
- **Better management of quality and cost**

FOOD RETAIL

- **Expansion**
 - Open more retail outlets/concepts locally
 - Explore joint venture opportunities
 - Increase delivery fleet

FOOD CATERING

- **Creating new business units**
 - New catering brands and concepts
 - New chinese sit-down banquet
 - Institutional catering
 - Venue partnerships

CUSTOMISED TECHNOLOGY INFRASTRUCTURE

Mechanisation



Rotary Fryer



Vegetable Cut Machine

Automation



Kitchen Automation
and Enhanced IT
System



Mobile Data Terminal

EFFECTIVE COST MANAGEMENT

- Vegetable Cut Machine
 - **Reduces manpower requirement by 8 times** for vegetable cutting and **increases production output by 50%**
- Rotary Fryer
 - **Shortens cooking time by 30% and 50% production increase** due to bigger capacity
 - Consistency in food quality

- ✓ **Quality**
- ✓ **Hygiene**

EFFECTIVE COST MANAGEMENT

- IT System
 - An SMS system was put in place to allow **order confirmation** by customers
 - Improves efficiency and reduces error
- **Schedules chefs' work** based on orders and manages packers' tasks
- Mobile Data Terminal – Allows us to send **orders ahead of time**, provides **GPS** to help drivers with directions, immediate picture-taking post setup

- ✓ **Productivity**
- ✓ **Automation**

WHY INVEST IN NEO GROUP?



STRONG SHARE PRICE PERFORMANCE



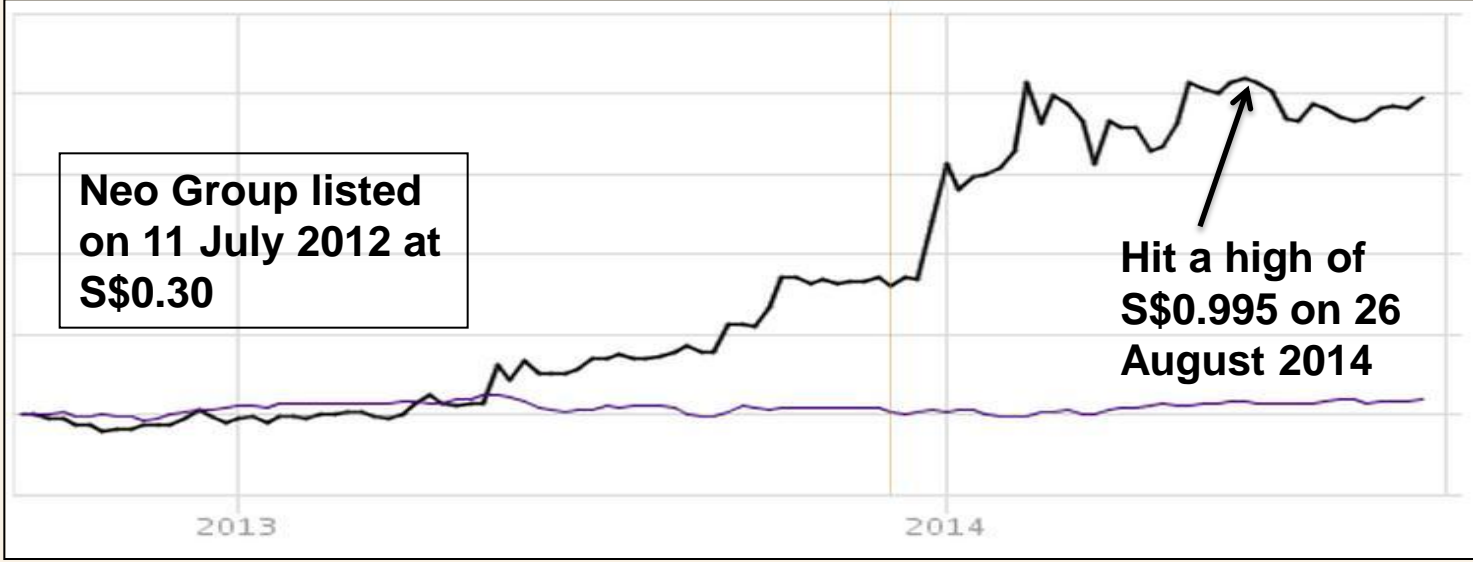
NEO GROUP

68.9%

**Total Return
Since Listing**
Including dividends

**Straits Times
Index**
+ 11.36%

Strong share price gains made since listing on 11 July 2012 at S\$0.30



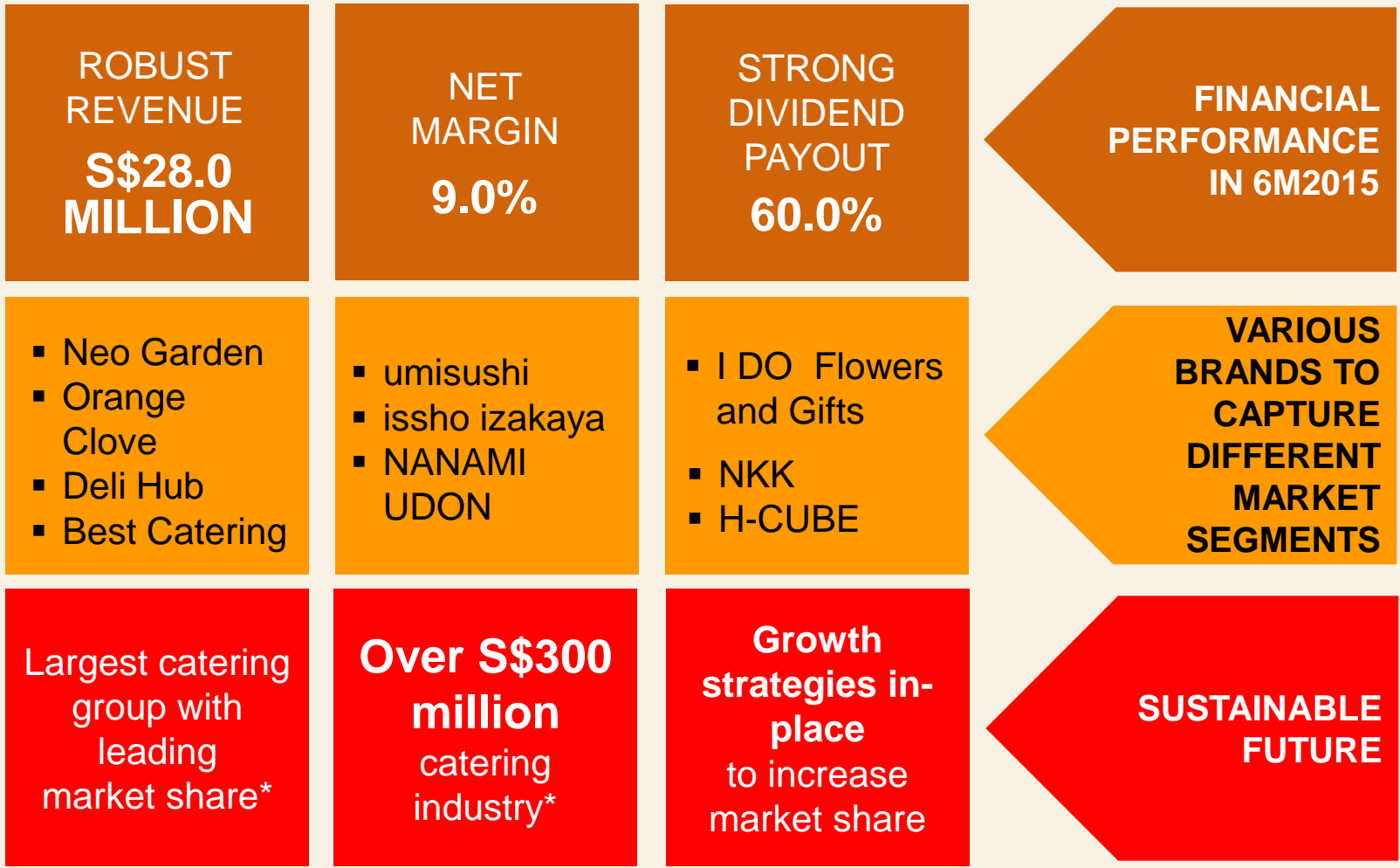
Source: SGX Net

■ Neo Group Ltd ■ STI Index

IN SUMMARY...



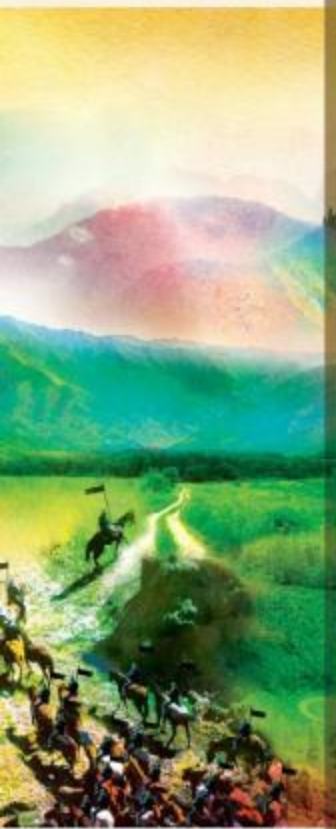
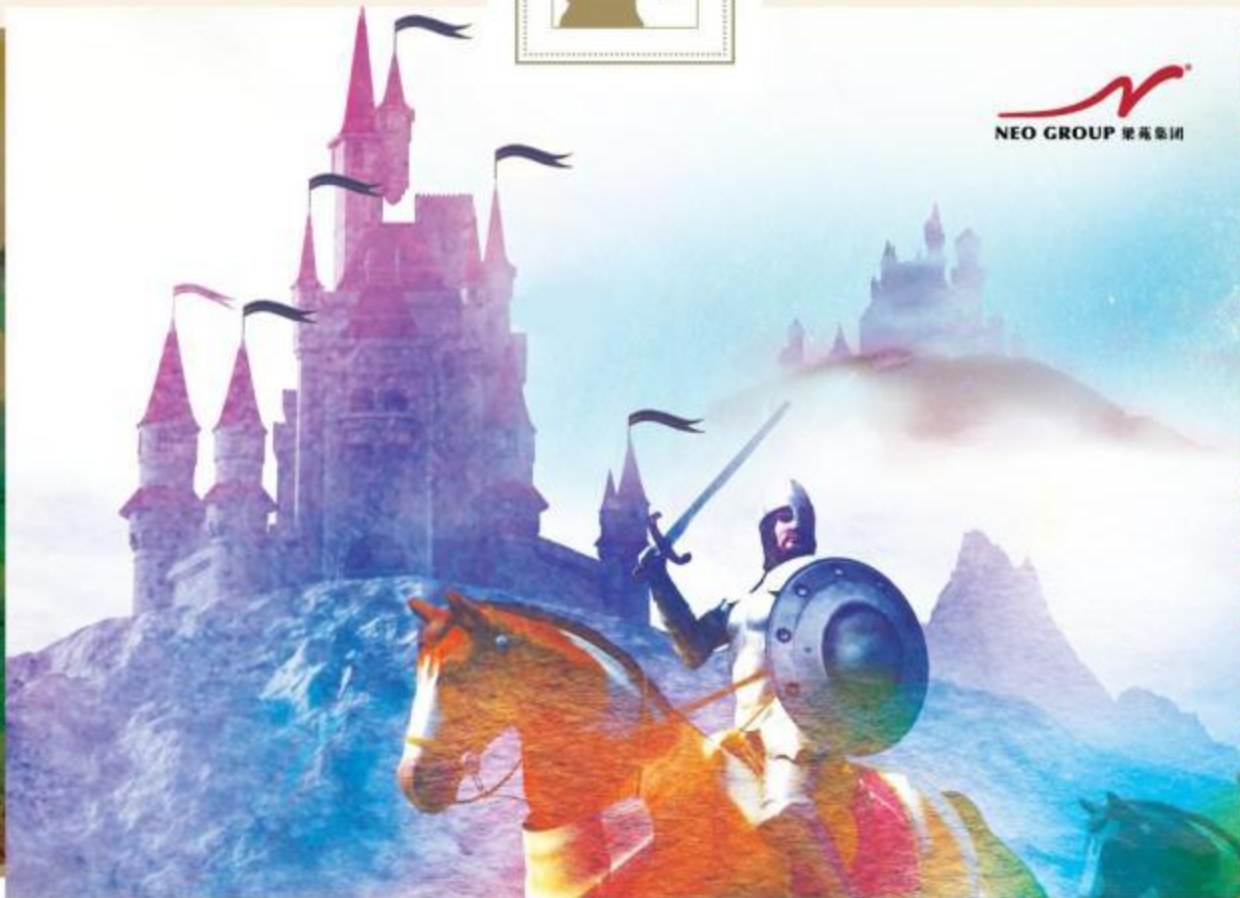
Factors Driving Strong Share Performance



Source: Events Catering Services Singapore – Euromonitor International, April 2012




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THANK YOU