



# FY2017 AGM

27 July 2017



# CORPORATE OVERVIEW

# MILESTONES



1992

Neo Group's Founder, Chairman & CEO Mr Neo Kah Kiat started Neo Garden in a humble shared kitchen in Joo Chiat (2,000 sq ft) with just 8 employees.



1994

The Group shifted from the East to a coffee shop in Jurong West (4,000 sq ft).



2004

To cope with the growing business, the Group shifted to 6A Wan Lee Road (7,600 sq ft), an expanded premise, and set up the Group's first halal-certified catering brand, Deli Hub.



2007

The Group started its first Japanese quick and convenient dining concept, umisushi at Eunos MRT station. Today, it has grown to over 20 outlets islandwide.



The Group achieved another milestone with its listing on SGX Catalist in July.



2011

The Group marked another milestone, acquiring 30B Quality Road (122,000 sq ft) for further development.



2010

NKK Import & Export Trading was set up to source ingredients directly from distributors for better quality & cost control.



2008

Orange Clove, an East-West fusion catering brand, was set up to cater to the mid-tier market segment.



2013

The Group's operations, corporate headquarters and central kitchen were consolidated at 1 Enterprise Road (75,000 sq ft).

2014

Best Catering, NANAMI UDON, issho, Choz Confectionery and I DO Flowers & Gifts were added to the Group's portfolio of brands.



2015

TS Group and CTveg Group joined Neo Group. A new retail concept, LJJ Café, was launched.



2017

Hi-Q & U-Market (including Joo Chiat Kim Choo as its brand), joined the Group.



2016

Gourmetz was established to capture the childcare & elderly care market.



# VERTICAL INTEGRATION – ONE-STOP FOOD & CATERING SOLUTION

FOOD CATERING	FOOD RETAIL	FOOD MANUFACTURING	SUPPLIES & TRADING	OTHER BUSINESSES
    	    	 	    	 

# VERTICAL INTEGRATION – UPSTREAM ACQUISITIONS

## TS GROUP



- Singapore’s **largest** fishball manufacturer
- Strong brand: “**DoDo Fishballs**”
- Wide global trading network – **24 countries**
- Produces 100% Neo Group’s deep-fried items
- Manufacturing expertise to **fully automate** Group-wide processes
- 55% equity interest

## CT GROUP



- **Wide customer base** including cruises and ships
- **Direct sourcing** through global trading network of **over 10 countries**
- Fulfills 100% of Neo Group’s fruits and vegetables needs: Group-wide cost savings
- 100% equity interest

## U-Market / Joo Chiat Kim Choo



- **Trades, processes and retails** meat-related items
- Manufactures and retails **famous premium Joo Chiat Kim Choo Dumplings**
- Global trading network – **over 20 countries**
- Fulfills 100% of Neo Group’s meat-related needs: Group-wide cost savings
- 75% equity interest

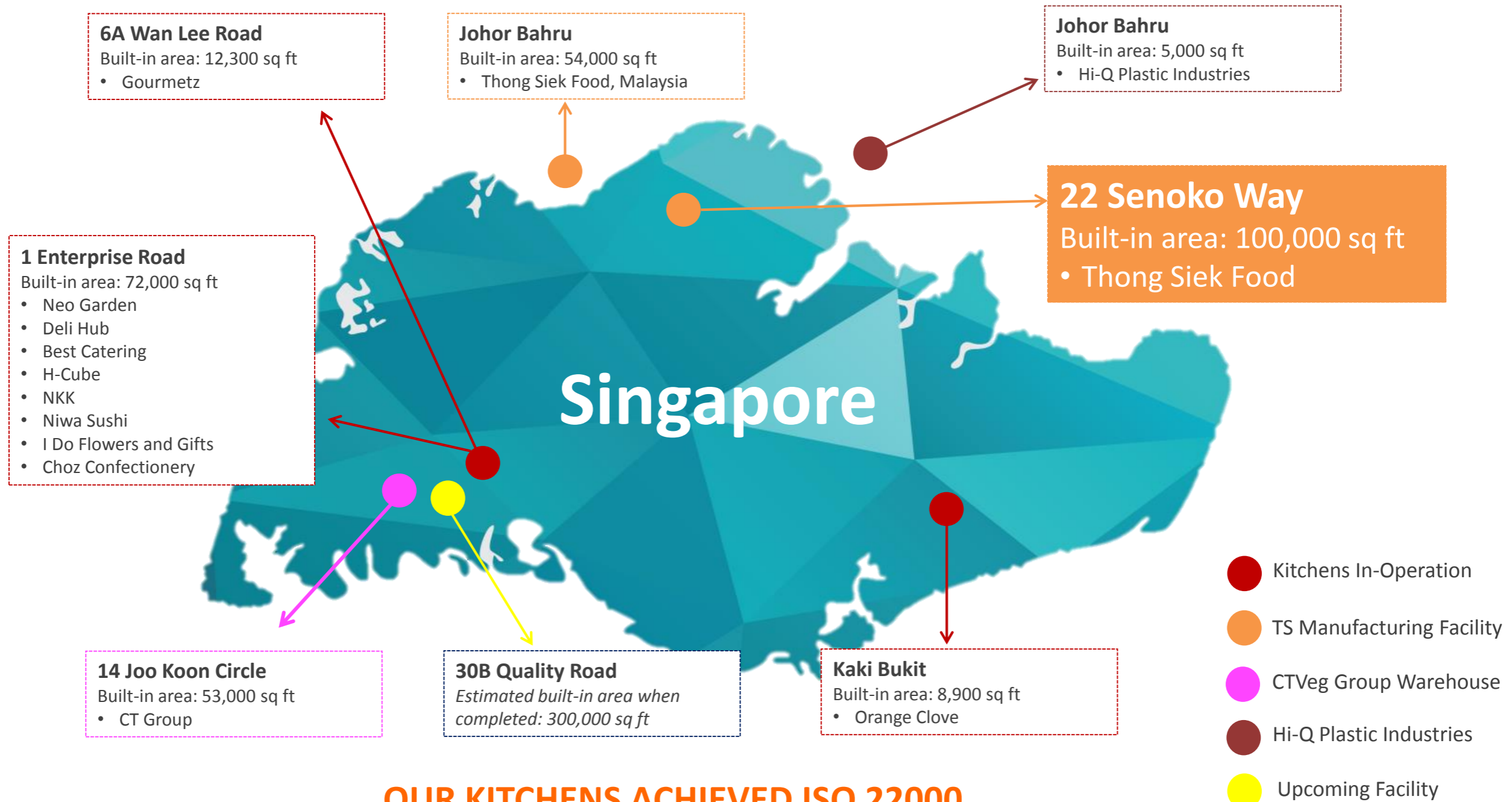
## Hi-Q Plastic Industries



- Manufacture and supply **F&B-related plastics**, resins, moulds and plastic packaging
- To meet Neo Group’s plastics / packaging needs: Group-wide cost savings
- 51% equity interest



# KITCHENS & FACILITIES



**OUR KITCHENS ACHIEVED ISO 22000  
IN MARCH 2016**

# GLOBAL TRADING NETWORK



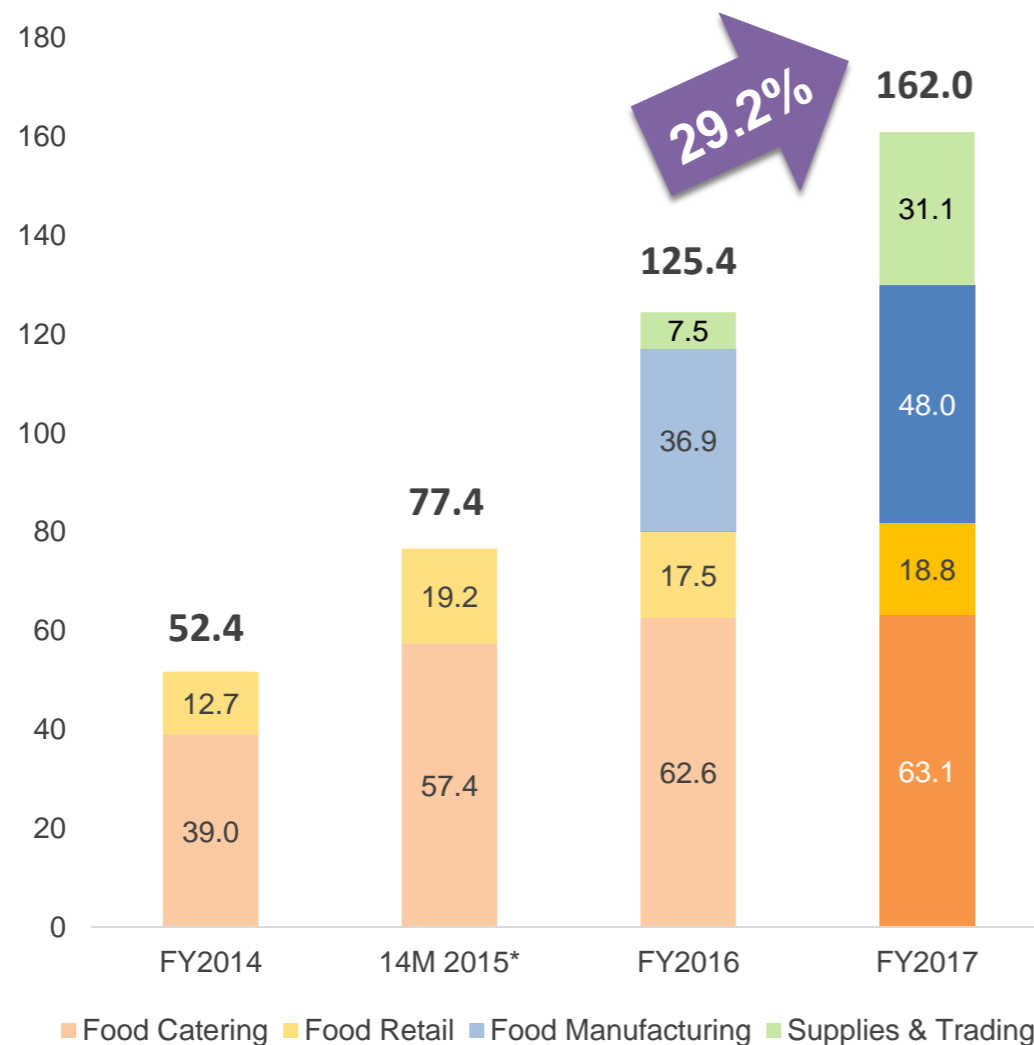
FY2017  
FINANCIAL HIGHLIGHTS



# FY2017 REVENUE HIGHLIGHTS

## REVENUE GROWS 29.2%

### Revenue (\$'m)



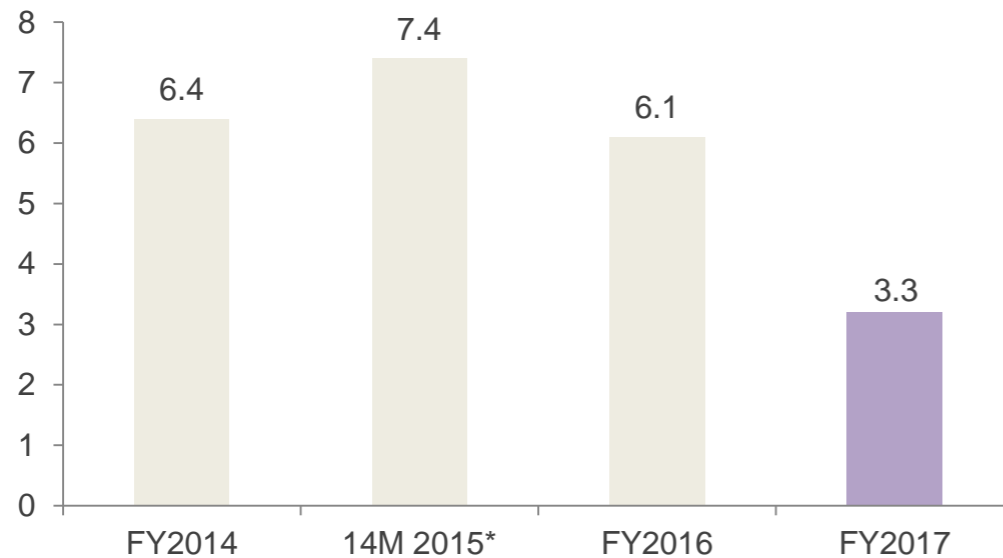
- 29.2% increase in topline to S\$162.0m from S\$125.4m in FY2016
- Stronger performance across all four business segments:
  - Food Catering: 0.8% rise in revenue to S\$63.1m
  - Food Retail: 7.5% growth in revenue to S\$18.8m
  - Food Manufacturing: 29.9% rise in revenue to S\$48.0m
  - Supplies & Trading: 317.6% surge in revenue to S\$31.1m

\* 14M 2015 refers to the 14-month financial period ended 31 March 2015

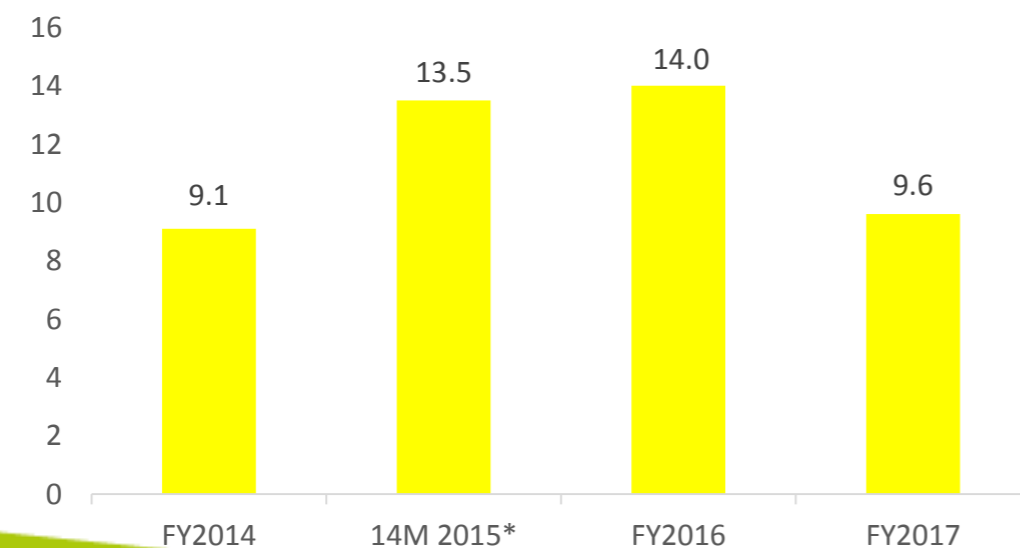
# PROFIT HIGHLIGHTS

## FY2017 NET PROFIT

### Profit attributable to owners of the parent (\$'m)



### EBITDA for the financial year (\$'m)



- FY2017 profit attributable to owners of the parent (“PATMI”) decreased 46.2% to S\$3.3m from S\$6.1m in FY2016
- Bottomline impacted by one-off items:
  - Absence of a one-off S\$3.5 million gain from bargain purchase on acquisition in FY2016
  - S\$5.1 million loss on disposal of property (14 Senoko Way)
- Strong operating cash flows generated from EBITDA

\* 14M 2015 refers to the 14-month financial period ended 31 March 2015

# FINANCIAL HIGHLIGHTS

S\$'m	FY2017 (Audited)	FY2016 (Audited)
Earnings Per Share (SGD cents)	2.24	4.18
Net cash from operating activities	6.7	2.9
Cash and cash equivalents at end of period	10.5	12.2
S\$'m	As at 31 Mar 2017 (Audited)	As at 31 Mar 2016 (Audited)
Equity attributable to owners of the parent	33.2	30.6
Net Asset Value Per Share (SGD cents)	22.73	20.97
Net Gearing (times) <sup>(1)</sup>	1.91	1.77

*(1) Net Gearing is computed by dividing the net debts by equity attributable to owners of the parent*

# BUSINESS HIGHLIGHTS

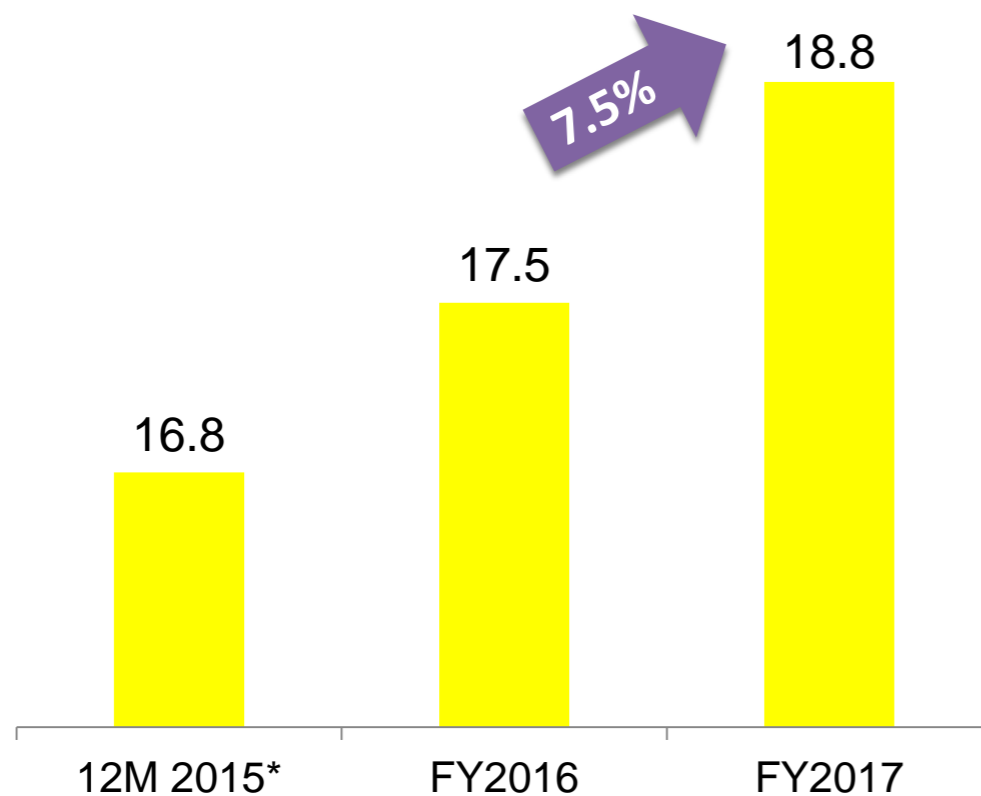
FOOD RETAIL

# FOOD RETAIL – HIGHLIGHTS FOR FY2017

## PERFORMANCE REVIEW

### Food Retail Revenue

(S\$'m)



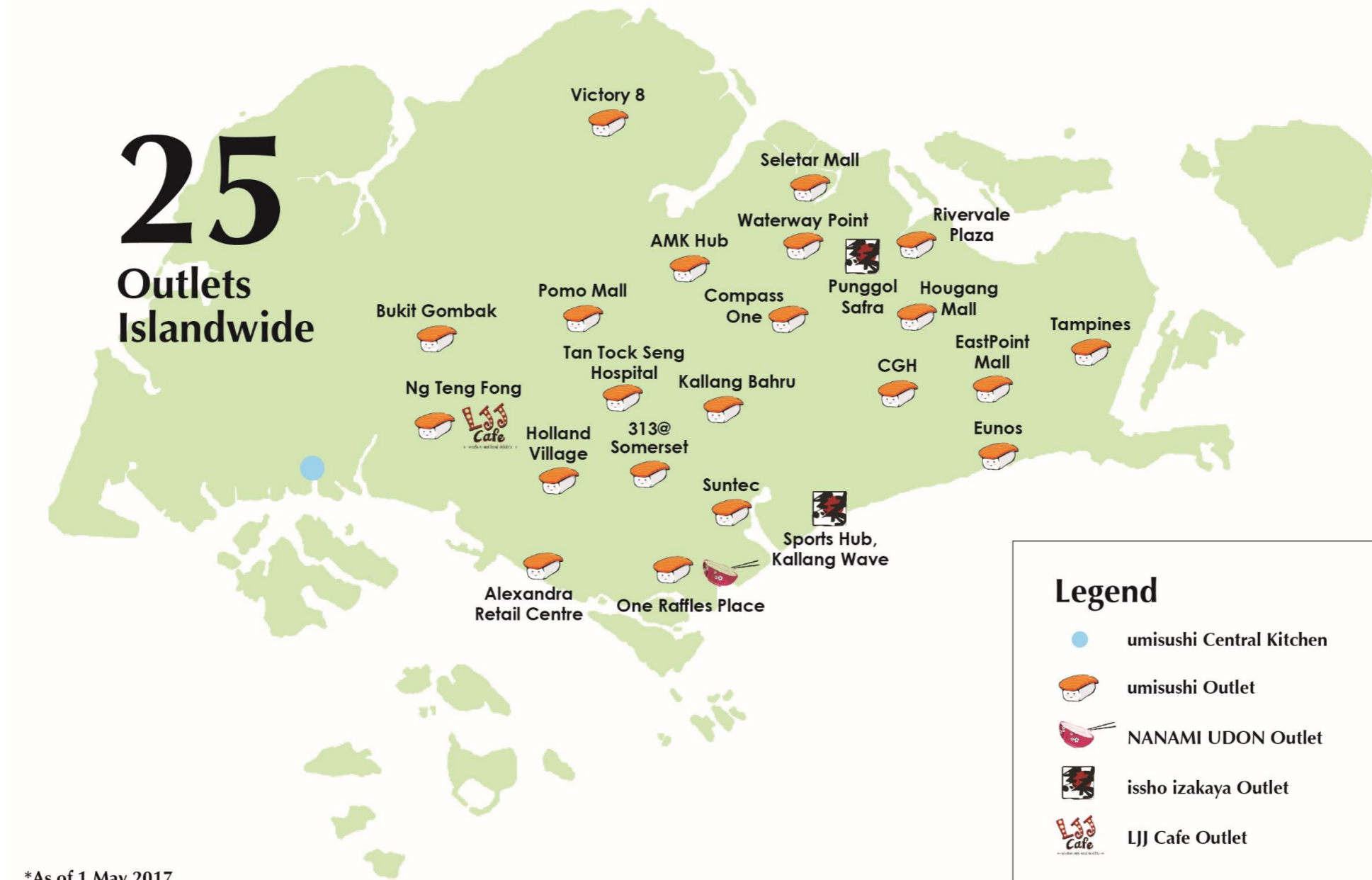
- Improved FY2017 Food Retail performance due mainly to consolidation of non-performing leases upon expiry and market initiatives and promotions launched during the year
- On track for turnaround: narrowed segment losses of S\$0.8m in FY2017 compared to a loss of S\$1.4m in FY2016
  - Testament of strategic review of Food Retail business model
- Strengthen in-house delivery capabilities to capitalise on growing delivery demand and reduce reliance on third-party delivery service providers

*\*12-month annualised basis, from April 2014 to March 2015*



# EXTENSIVE RETAIL NETWORK\*

## Retail Concept



\*As of 1 May 2017

# FOOD RETAIL HIGHLIGHTS

## DEVELOPMENTS & STRATEGIES



### Review Of Business Model

- **Store Locations/Concepts:**  
Review merits of each store location, tailor concepts for unique demographics
- **Review Strategies:**  
Pricing, product mix, retail concepts – optimise margins
- **Delivery:**  
Boost topline growth

### Keeping Customers Engaged

- **Pursue Corporate Clients:**  
Build sustainable income stream  
*(e.g. partnership with SAFRA, banks, suppliers, etc)*
- **Refresh offerings:**  
Innovative new retail concepts in the pipeline & refresh menu items
- **Collaboration with strategic partners:**  
Cross sell and branding for higher visibility

### Optimising Operations; Driving Efficiency

- **Improved systems:**  
Proprietary technology  
*(e.g. cash recycling machine /display top up/inventory management/delivery tracking systems)*
- **Streamlined menus:**  
Reduced menu items for greater efficiency
- **Greater Automation:**  
Reduce manpower reliance

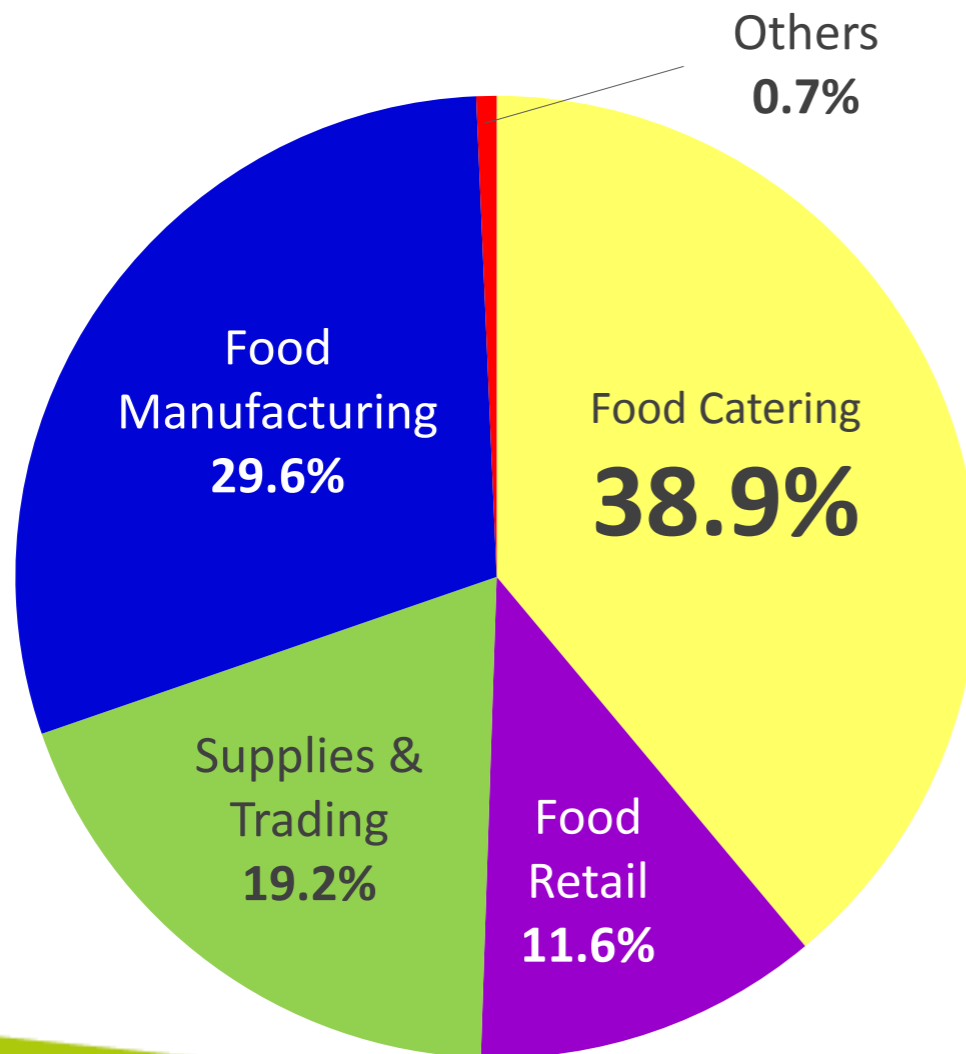
# BUSINESS HIGHLIGHTS

FOOD CATERING

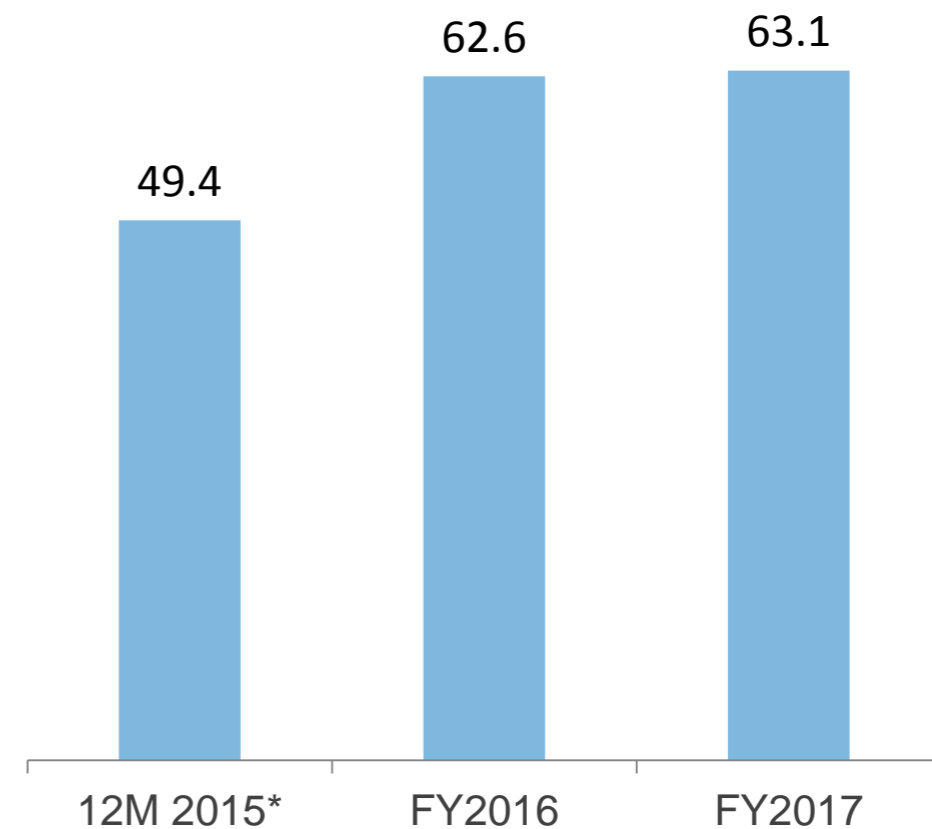
# FOOD CATERING – HIGHLIGHTS FOR FY2017

## GROWING BEYOND CATERING

FY2017 Revenue  
**S\$162.0 Million**



Food Catering  
 Revenue (S\$'m)



*\*12-month annualised basis, from April 2014 to March 2015*

# FOOD CATERING HIGHLIGHTS DEVELOPMENTS & STRATEGIES



## Building Sustainable Income Streams

- **New Market Segment:**  
Gourmetz – **elderly & childcare segments**
- **Corporate Clients/Venue Partnerships:**  
Official/preferred caterer for 19 venues and organisations
- **Institutional Catering:**  
Recurring income

## Keeping Customers Engaged

- **New Menus & Products:**  
Healthier offerings, innovative products/services
- **Strong Brand Portfolio:**  
Different brands catering to various market segments
- **Effective Marketing:**  
Strengthen brand & drive business growth

## Driving Productivity & Efficiency

- **Increased Automation:**  
New customised machineries to gradually fully-automate processes
- **Embracing Technology:**  
Proprietary systems for smarter business decisions
- **Streamlined Operations:**  
Driving efficiency and accuracy



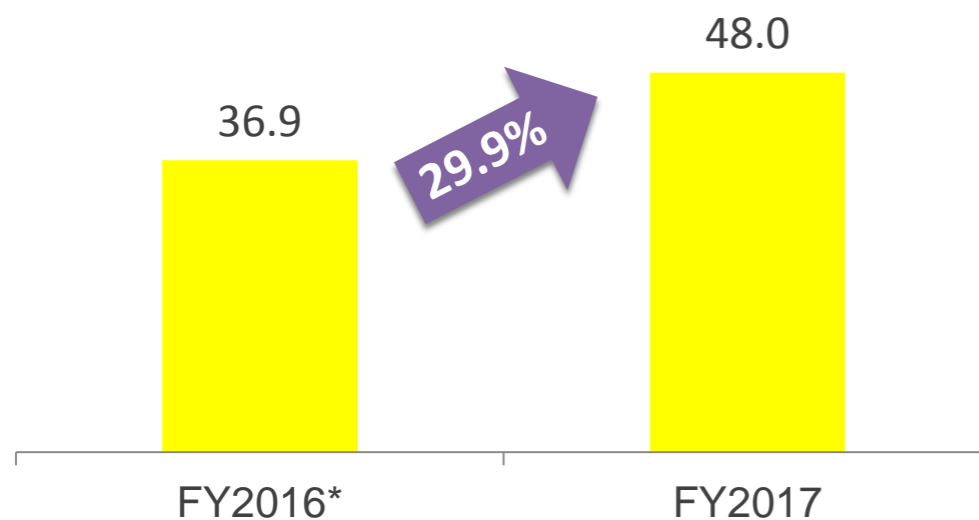
# BUSINESS HIGHLIGHTS

FOOD MANUFACTURING

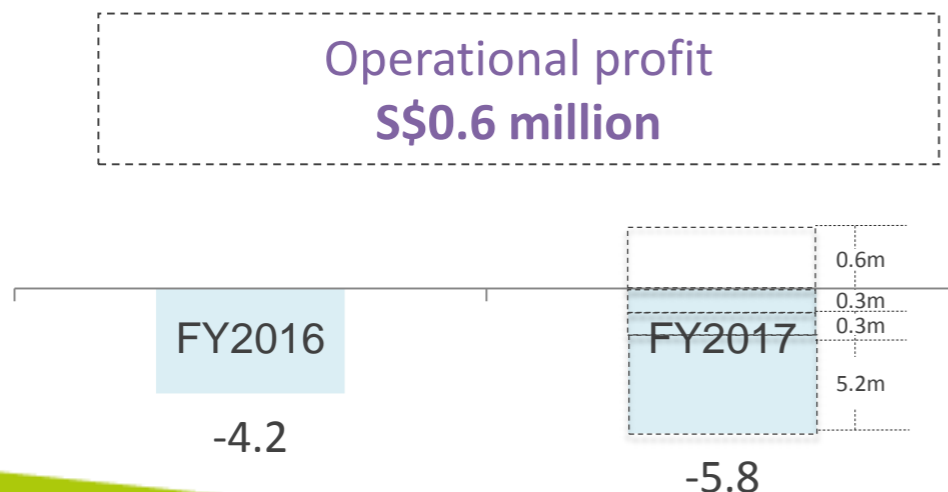
# FOOD MANUFACTURING HIGHLIGHTS

## ON TRACK TO TURNAROUND

### Food Manufacturing Revenue\* (S\$'m)



### Food Manufacturing Profit Before Tax (S\$'m)

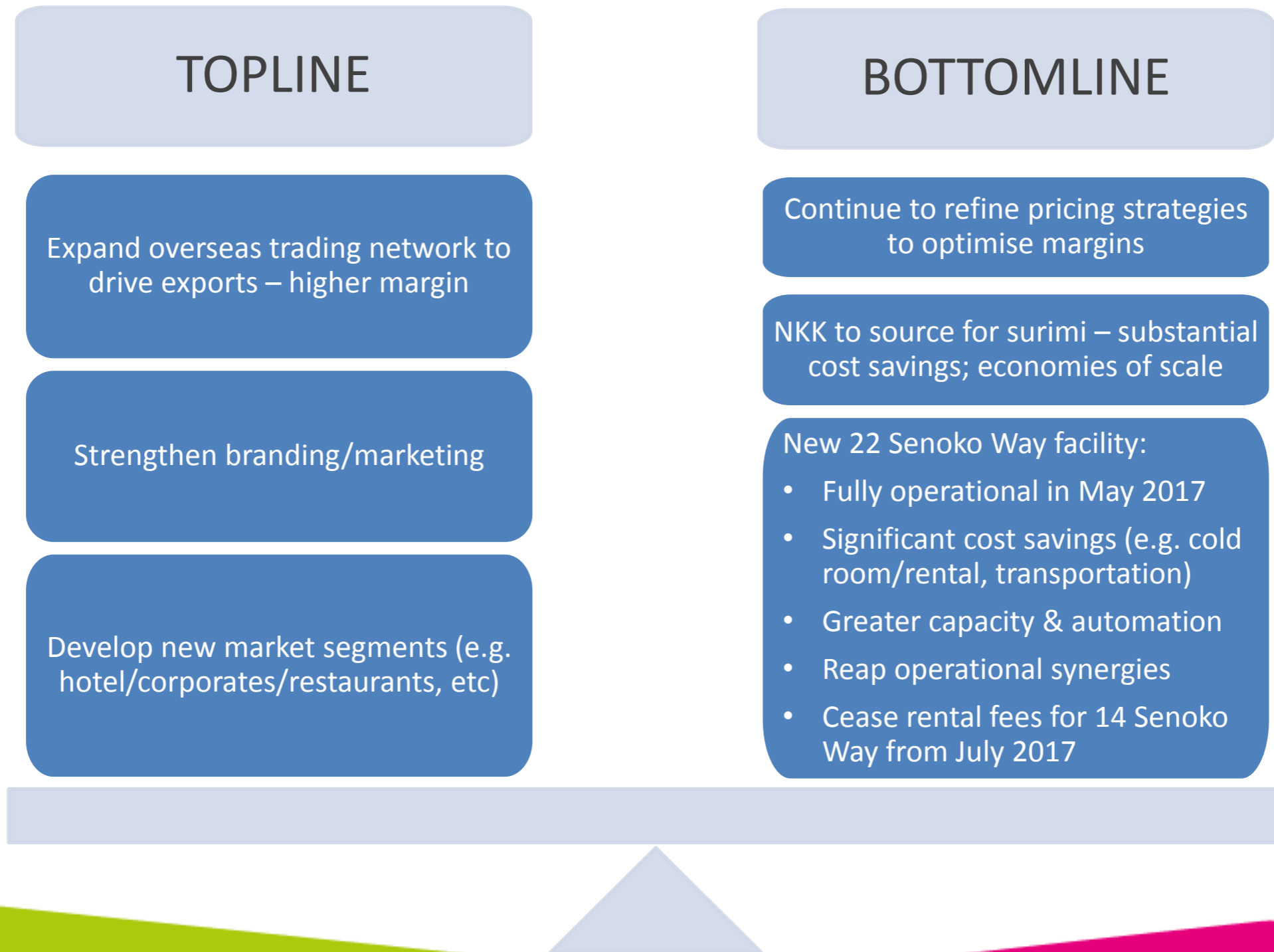


- 29.9% increase in FY2017 segment revenue
  - S\$48.0 million in FY2017 compared to S\$36.9 million in FY2016\*
- On track for turnaround – S\$600,000 operational profit excluding:
  - S\$5.2m one-off loss on disposal of property
  - Other one-off loss and extraordinary items of S\$1.2m comprised of plant and equipment write-off, reinstatement costs and unrealised Forex losses arising from intercompany balances

\* FY2016 consists 10 months revenue while FY2017 consists 12 months revenue

# FOOD MANUFACTURING HIGHLIGHTS

## ON TRACK TO TURNAROUND

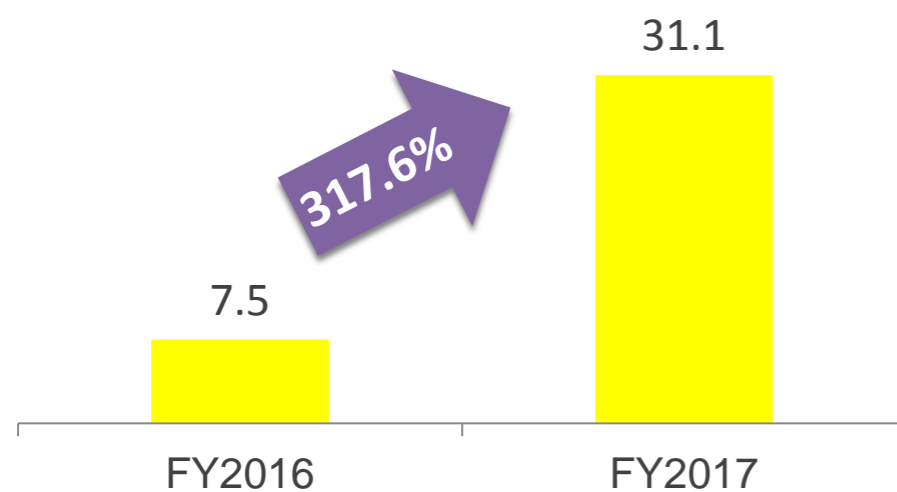


# BUSINESS HIGHLIGHTS

SUPPLIES & TRADING

# SUPPLIES & TRADING HIGHLIGHTS

## Supplies & Trading Revenue (S\$'m)



- Strong segment revenue growth due to:
  - U-Market's maiden revenue contribution
  - 5-month maiden revenue from CT Group in FY2016 (acquisition completed Nov 2015)
- CT Group continues to contribute positive top and bottomline
- Tap on TS Group's wide customer base to cross-sell U-Market products
- NKK as in house sourcing arm – self-reliance and cost savings through bulk purchase



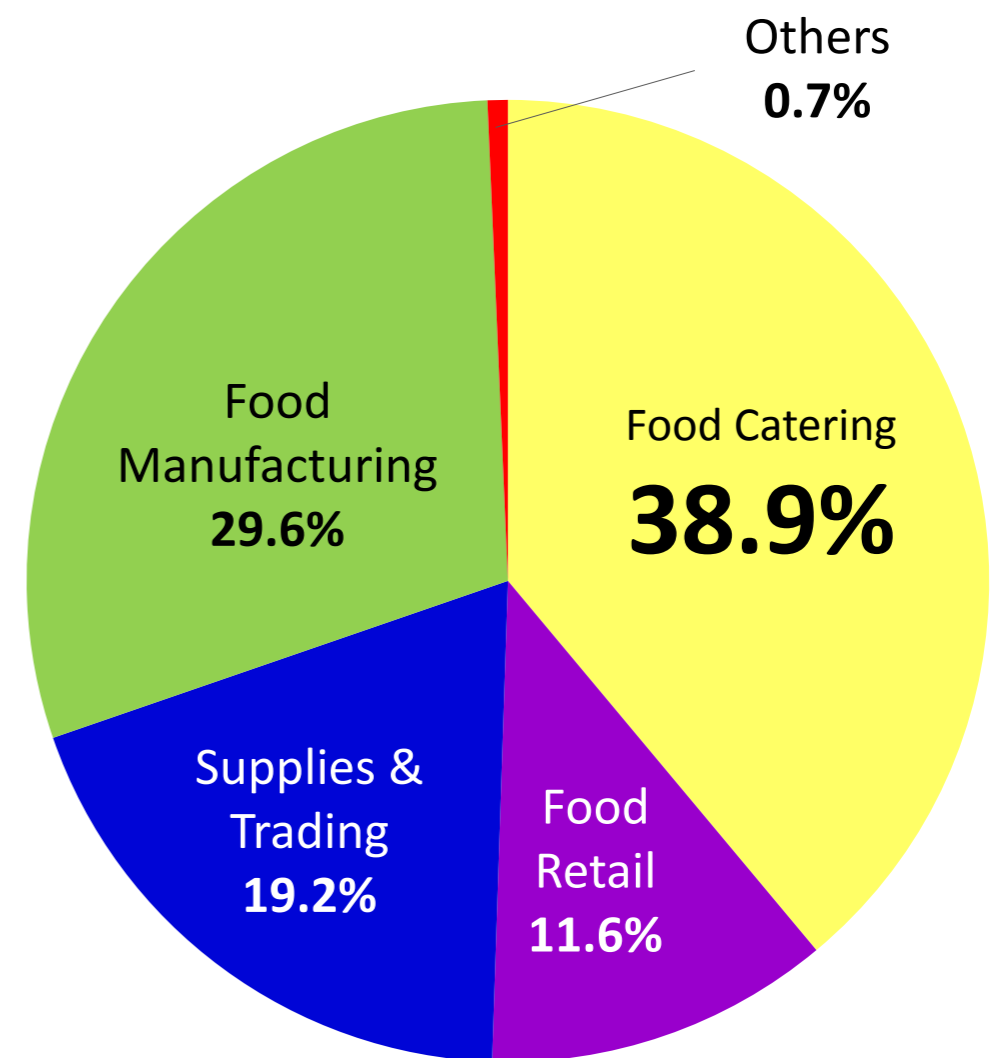
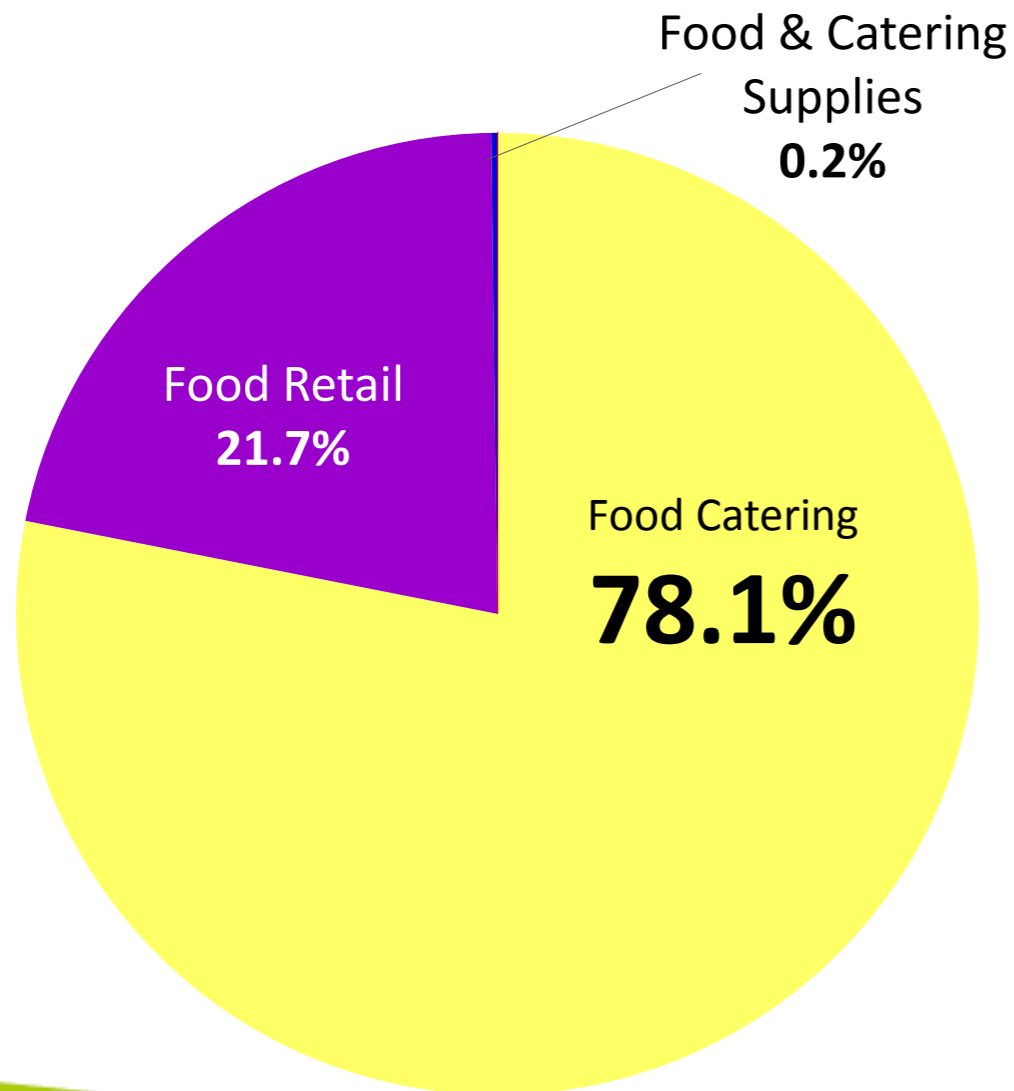
# GROWTH STRATEGIES

# GROWTH STRATEGIES BEYOND CATERING

FY2012 Revenue  
S\$38.4 Million

CAGR 33.4%

FY2017 Revenue  
S\$162.0 Million





# THANK YOU

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