



1H2017 RESULTS BRIEFING

11 November 2016





CORPORATE OVERVIEW

MILESTONES



1992

Neo Garden Restaurant was set up in a humble 2,000 sq ft shared kitchen in Joo Chiat.



1994

Neo Garden shifted its operations to a coffee shop in Jurong West Blk 406, spanning 4,000 sq ft.



2004

The company shifted to its expanded new premises of 7,600 sq ft.

Deli Hub Catering, a Halal-certified caterer, was set up.



2010

NKK Import & Export Trading was set up to source for ingredients of premium quality and value, direct from distributors.



2008

Orange Clove, an East-West fusion catering brand, was added to cater to the mid-tier and premium markets.



2007

umisushi, a Japanese quick and convenient dining concept opened its doors at Eunos MRT station. Today, we have 25 outlets island-wide.



2011

Neo Group acquired a plot of land at 30B Quality Road for further development, expanding its premises to 122,000 sq ft.



2012

Neo Group Limited was listed on SGX Catalyst in July 2012.



2013

The Group consolidated its operations at its corporate headquarters and central kitchen at 1 Enterprise Road, spanning 75,000 sq ft. The new premises feature a semi-automated kitchen.



2015

Owner of popular "DoDo" fishballs, Thong Siek Group, and leading trader of fruits and vegetable, CT Vegetables & Fruits Pte Ltd, became part of the Group. Food Retail outlets LJJ Café and Kang Kar No.1 Noodles outlets were also opened.



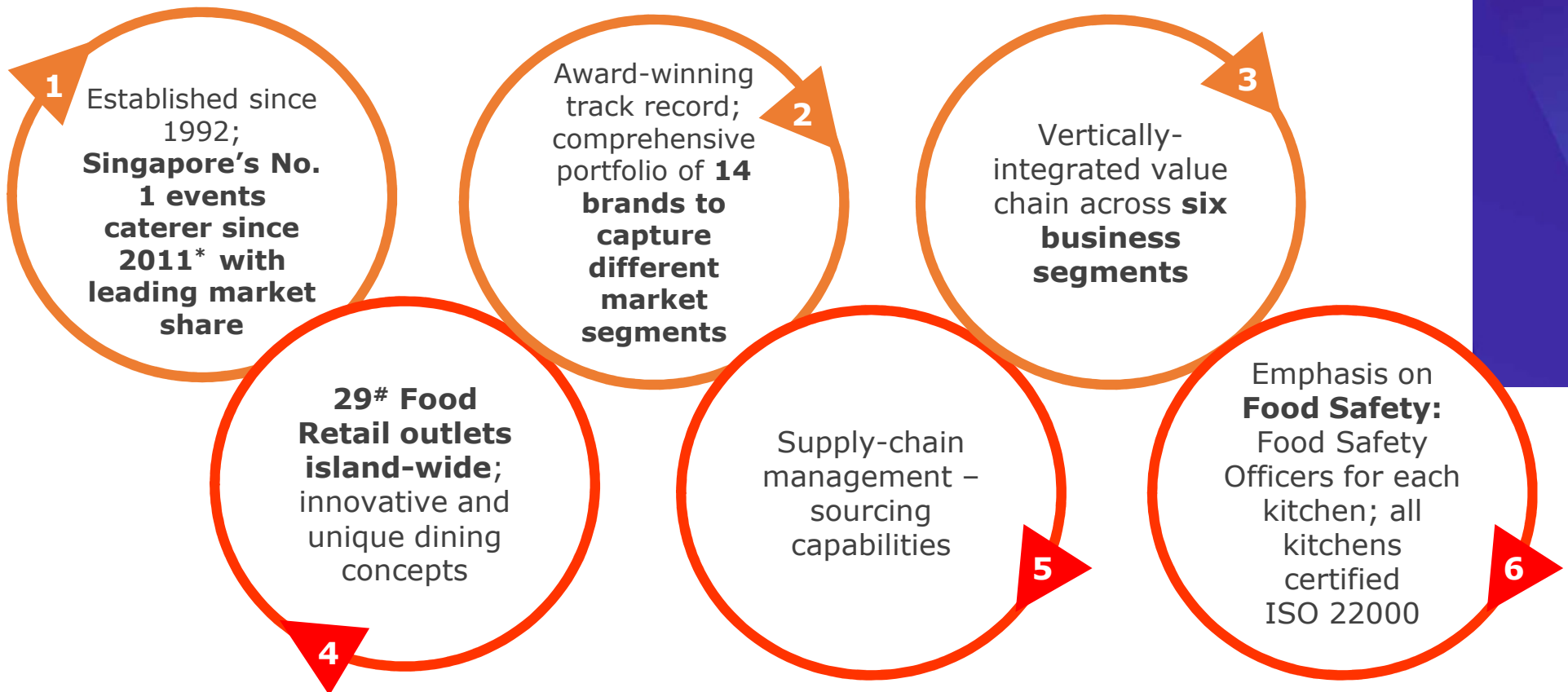
2014

Best Catering, Nanami Udon, Issho Izakaya, Choz Confectionery and I Do Flowers & Gifts were added into the Group's list of businesses.

* As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.

OVERVIEW

















**NEO GROUP REMAINS SINGAPORE'S #1 EVENTS CATERER*;
MARKET SHARE INCREASES TO 14.7% (2014: 10%)
IN S\$409M CATERING INDUSTRY**



* As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.

As at 1 November 2016

VERTICAL INTEGRATION – ONE-STOP FOOD & CATERING SOLUTION

FOOD CATERING	FOOD RETAIL	FOOD MANUFACTURING	FOOD AND CATERING SUPPLIES
 <p>NEO GARDEN CATERING NO. 1* CATERER IN SINGAPORE</p>  <p>ORANGE CLOVE</p>	 <p>umisushi</p>  <p>issho izakaya</p>	 <p>THONG SIEK</p>  <p>seafood treats DOYO - since 1976 -</p>	 <p>NKK Import & Export Trading</p>  <p>H-CUBE Food & Beverage</p>
 <p>Delihub catering</p>  <p>Best CATERING</p>	 <p>NANAMI UDON</p>  <p>LJ Cafe - western and local delights -</p>  <p>魚勝面 FISHMAN RANG BAR HO L HOODLES</p>	<p data-bbox="1213 1036 1472 1068">FOOD TRADING</p>  <p>CT vegetables & fruits</p>	<p data-bbox="1745 1036 1885 1068">OTHERS</p>  <p>CHOZ CONFECTIONERY</p>  <p>I DO FLOWERS & GIFTS</p>

VERTICAL INTEGRATION – UPSTREAM ACQUISITIONS

TS GROUP



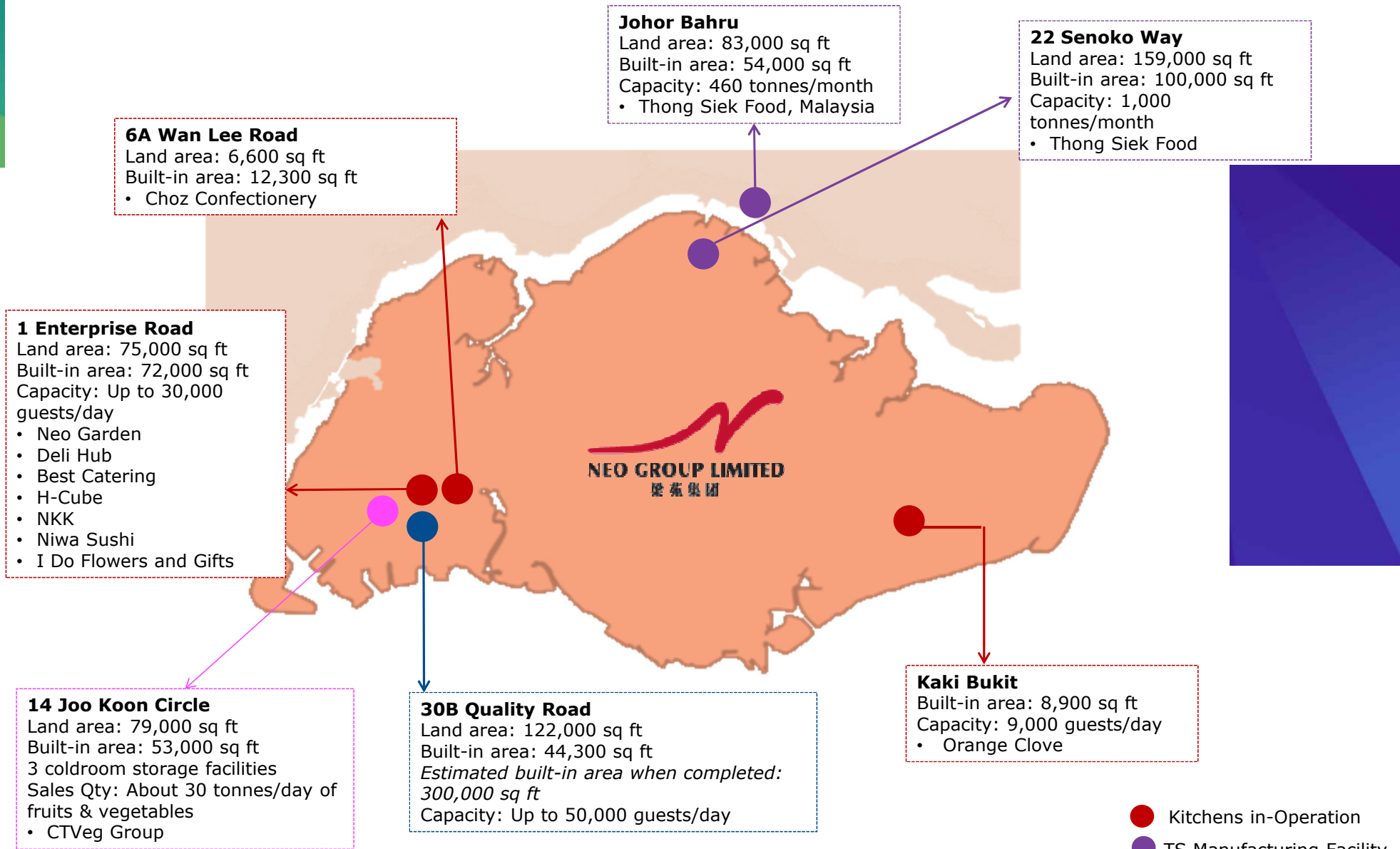
- Largest fishball manufacturer in Singapore
- Wide global distribution network across 26 countries
- Strong brand recognition of “DoDo Fishballs”
- Leverage on TS Group’s expertise in food manufacturing to gradually fully automate kitchen processes
- Create new B-to-C income streams for TS Group
- 22 Senoko Way: New and larger facility with cold room amenities to reap operational synergies and control costs

CTVEG GROUP



- One of Singapore’s largest fruits and vegetables supplier to ship chandlers
- Wide customer base including cruises and ships
- Direct sourcing through global distribution network of 13 countries
- Meets 100% of Neo Group’s fruits and vegetables needs, Group-wide cost savings of at least 20%

KITCHENS & FACILITIES



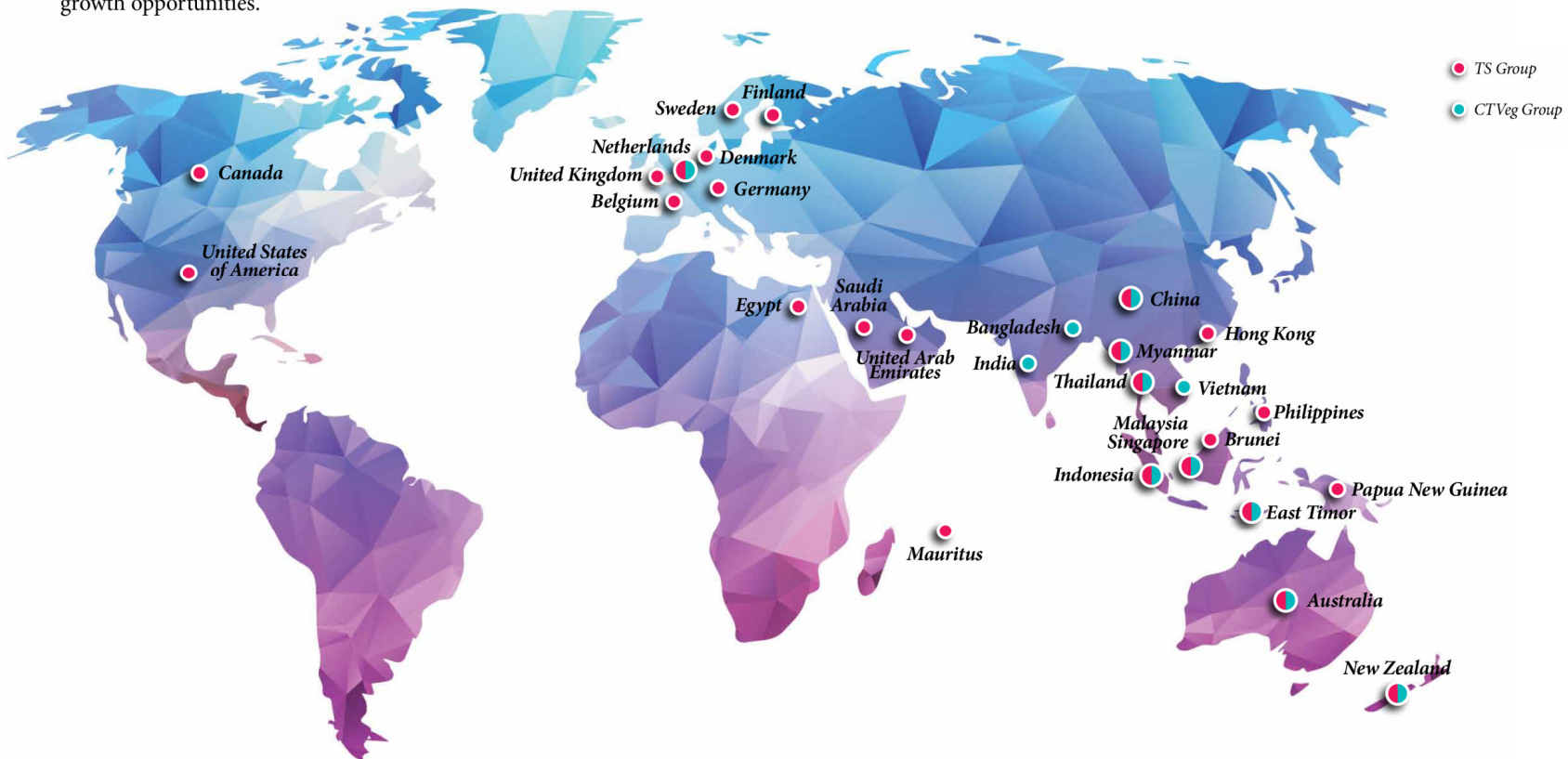
**OUR KITCHENS ACHIEVED ISO22000
IN MARCH 2016**

- Kitchens in-Operation
- TS Manufacturing Facility
- CTVeg Group Warehouse
- Upcoming Kitchens

NEO GROUP'S GLOBAL FOOTPRINT

29 countries

Neo Group leverages on its global reach to enter new markets and capitalise on new growth opportunities.



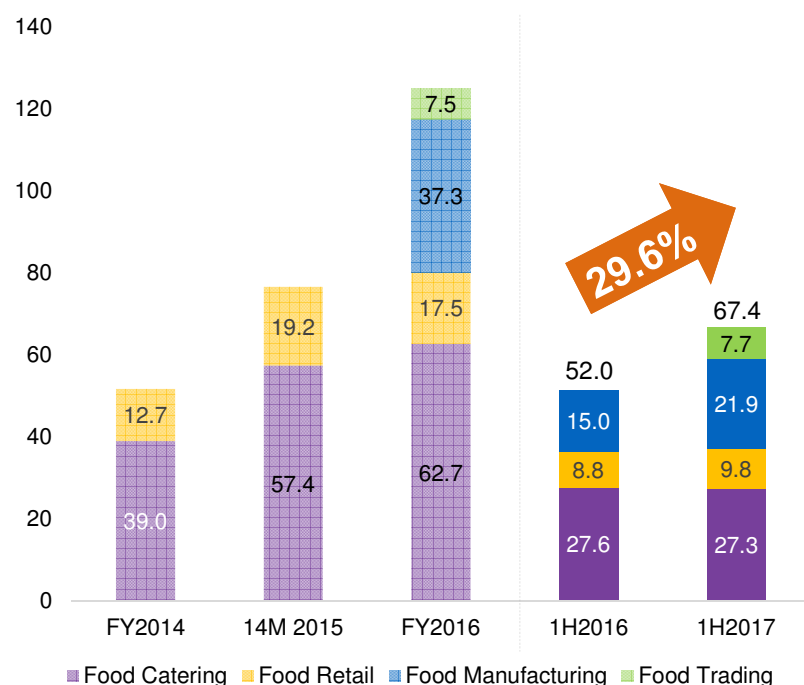


1H2017 FINANCIAL HIGHLIGHTS

1H2017 REVENUE HIGHLIGHTS

REVENUE GROWS 29.6% TO S\$67.4M FROM \$52M

Revenue (\$'m)



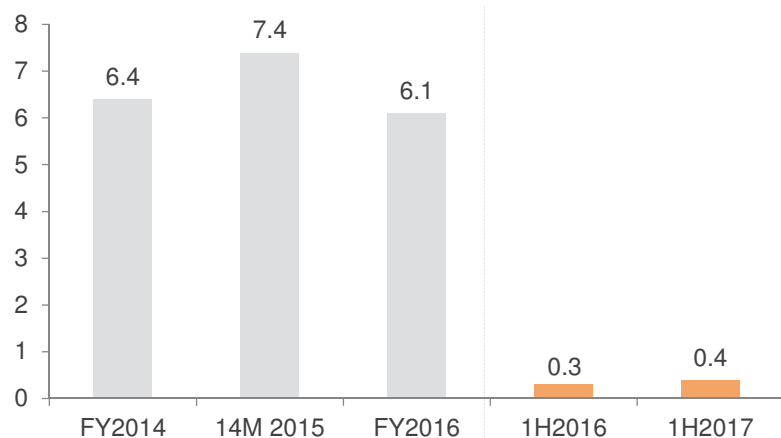
- 11.7% improvement in Food Retail segment revenue
 - Rise in number of outlets
 - Effective sales initiatives and promotions
- Food Catering revenue impacted by seasonality in 1Q2017 and an absence of SG50 celebrations leading to slight dip in 1H2017 revenue
- Expected pick up in 2H2017 in view of upcoming festivities (e.g. Christmas, New Year, Lunar New Year)
- \$6.9 million revenue contribution from Food Manufacturing*
- \$7.7 million revenue contribution from Food Trading

* Absence of revenue contribution in April and May 2015; the acquisition was only completed in June 2015

PROFIT HIGHLIGHTS

1H2017 NET PROFIT

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

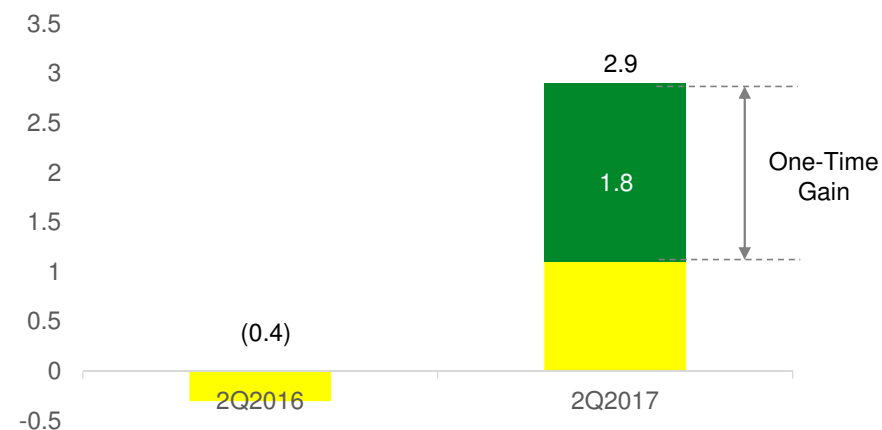


1H2017 profit attributable to owners of the parent increased 65.7% to S\$0.4 million from S\$0.3 million in 1H2016, mainly due to:

- S\$1.8 million one-time gain on disposal of assets classified as held for sale
- In tandem with higher revenue achieved

2Q2017 NET PROFIT

Profit/(Loss) for the financial quarter (\$'m)



- 2Q2017 operational profit of S\$1.1 million after excluding one-time gain of S\$1.8 million
- Turnaround from operational loss in 1Q2017 that was impacted mainly by seasonality

FINANCIAL HIGHLIGHTS

S\$'m	1H2017	1H2016
Earnings Per Share (SGD cents)	0.30	0.18
Net cash from operating activities	3.7	3.2
Cash and cash equivalents at end of period	10.5	12.2
S\$'m	As at 30 Sep 2016 (Unaudited)	As at 31 Mar 2016 (Audited)
Equity attributable to owners of the parent	29.4	30.6
Net Asset Value Per Share (SGD cents)	20.18	20.97
Net Gearing (times) ⁽¹⁾⁽²⁾	2.26	1.77

(1) Gearing as at 30 September 2016 was due to associated borrowings relating to both 14 Senoko Way (disposed on 1 November 2016) and 22 Senoko Way. Expected to improve next quarter upon recognition of disposal; S\$10 million cash generated from disposal will be used to pare down borrowings.

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

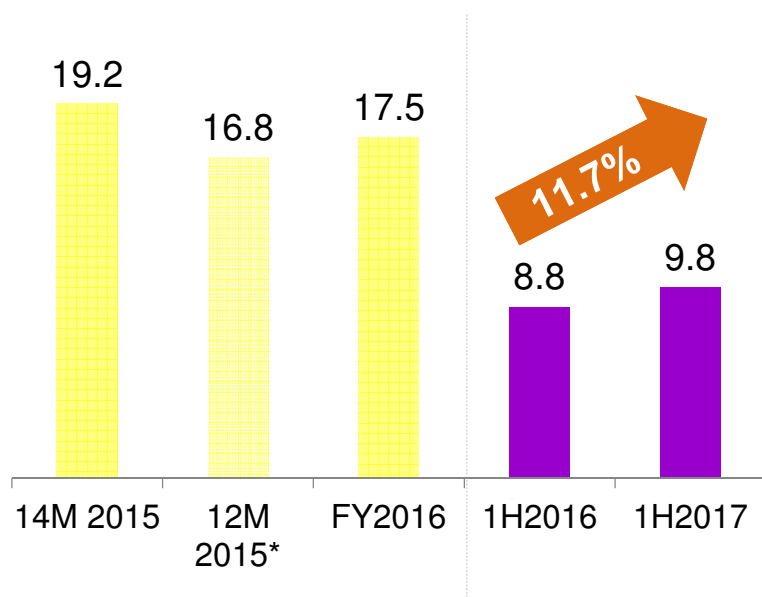


BUSINESS HIGHLIGHTS
FOOD RETAIL

FOOD RETAIL – HIGHLIGHTS FOR 1H2017

PERFORMANCE REVIEW

Food Retail Revenue (S\$'m)



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

Delivery Sales

- Improved 1H2017 Food Retail performance despite a 11.8% dip in delivery sales compared to 1H2016 due to rising competition from delivery apps
- Strategies to boost delivery sales:
 - Revised delivery promotions
 - Refreshed delivery menu
 - Built in-house delivery capabilities to reduce reliance and costs relating to outsourced riders

EXTENSIVE RETAIL NETWORK*

umisushi – Largest kiosk sushi retail in Singapore

Retail Concept

Islandwide Locations



Total no. of outlets:

29

* As of 1 November 2016

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:**
New menu items/ innovative retail concepts
- **Effective Marketing:**
Strengthen brand & drive business growth

Optimising Operations; Driving Efficiency

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

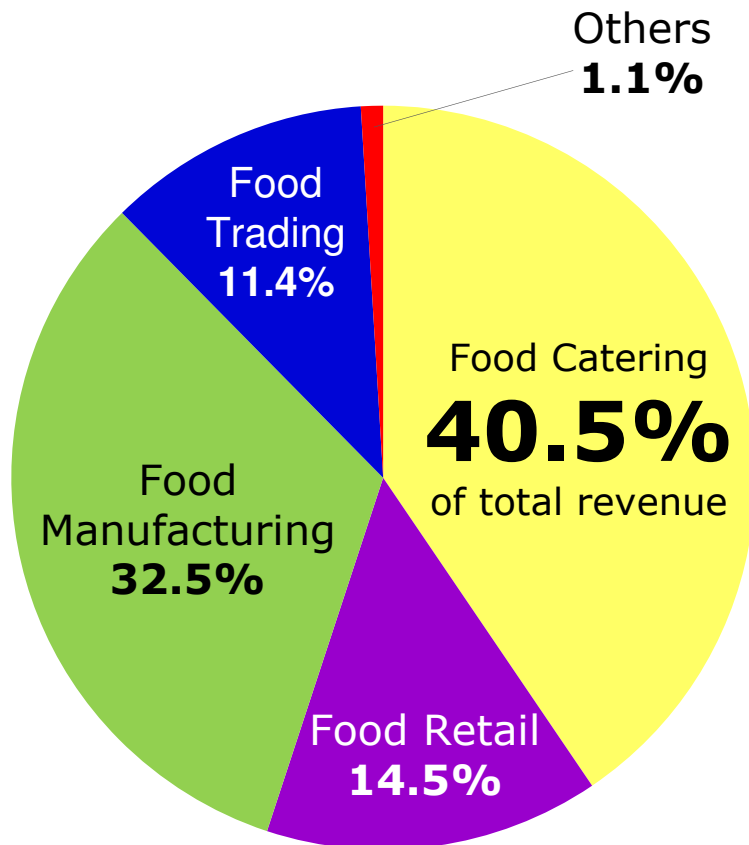


**BUSINESS HIGHLIGHTS
FOOD CATERING &
OTHER BUSINESSES**

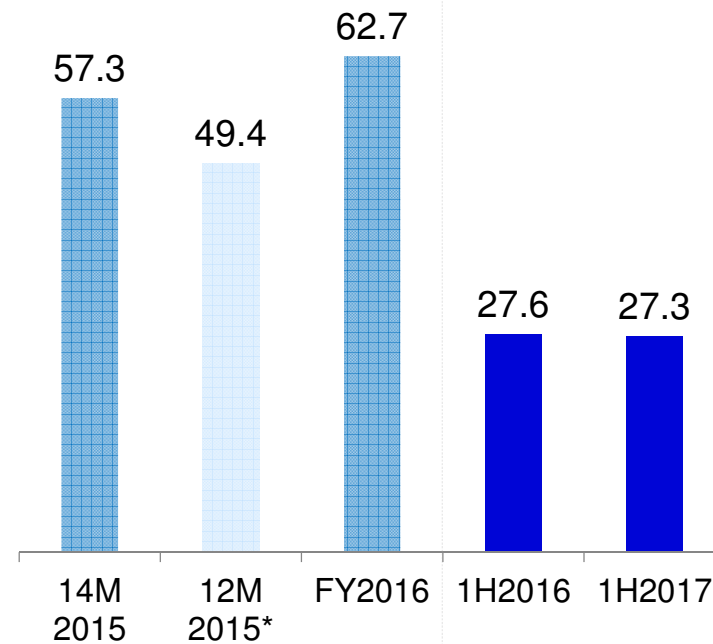
FOOD CATERING – HIGHLIGHTS FOR 1H2017

PERFORMANCE REVIEW

Largest Revenue Contributor (1H2017)



Food Catering Revenue (S\$m)



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

FOOD CATERING HIGHLIGHTS

DEVELOPMENTS & STRATEGIES



Building Sustainable Income Streams

- **Venue Partnerships:**
Official/preferred caterer for 17 venues
- **Corporate Clients:**
Official/preferred caterer for 7 organisations
- **Institutional Catering:**
Higher margin, recurring income

Keeping Customers Engaged

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

Driving Productivity & Efficiency

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

FOOD MANUFACTURING HIGHLIGHTS

TURNAROUND STRATEGIES



TOPLINE

New B-to-C income streams

Strengthen branding/marketing

Develop new market segments
(e.g. Hotel/corporates/
restaurants, etc)

Explore opportunities overseas –
less competition, higher margin

BOTTOMLINE

Refine pricing strategies to
optimize margins

NKK to source for surimi –
substantial cost savings;
economies of scale

New 22 Senoko Way facility:

- Significant cost savings (e.g. cold room/rental, utilities)
- Greater capacity & automation
- Reap operational synergies



GROWTH STRATEGIES

GROWTH STRATEGIES



ORGANIC

- Leverage on strong brands to drive topline growth
- Continuously refine business concepts to enhance profitability
- Continued capacity expansion to support business growth
- Build sustainable recurring income

INORGANIC

- Upstream acquisitions of synergistic targets to accelerate growth
- Bite-sized, value-accretive and profitable companies
- Vertically-integrated value chain to offer differentiated and comprehensive food & catering solutions

WHY INVEST IN NEO GROUP?

1 Strong Brand Recognition

- Singapore's No. 1 event caterer since 2011
- Largest catering group capturing 14.7% market share of \$409M catering industry*
- Commitment to food quality, consistency and safety

2 Strong Revenue Growth

- Pursuit of both organic and inorganic growth (through strategic revenue-accretive M&A opportunities)

3 Integrated Value Chain

- Central Kitchen + Manufacturing Facilities + Food Trading and Food & Catering Supplies to support our Group
- Reap synergies and economies of scale
- Greater control of costs & quality

4 Clear Growth Strategies

- Vertical integration through upstream M&A with food-related businesses
- Leverage on TS Group and CTVeg Group's international presence to expand into overseas markets
- Leverage on TS Group's expertise in food manufacturing to fully-automate kitchens
- Capitalise opportunities in new market segments
- Explore opportunities to create new recurring income streams

5 Multiple Product Lines to Capture Various Market Segments

- Food Catering brands to capture mass to high-end market segment
- Food Retail brands to offer unique concepts
- TS Group to have multiple product line to meet the needs of varying market segments

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THANK YOU

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