



NEWS RELEASE

ENVICTUS RECORDS 10.8% TOPLINE GROWTH TO RM362.7 MILLION¹ IN FY2016

- *Texas Chicken expansion and newly acquired San Francisco Coffee chain leads to 81.5% topline surge in Food Services Division*
- *Gross profit margin rises 3.4 percentage points to 30.4%, mainly due to product price increases, lower food costs and better stock management from Food Services Division*
- *Bottomline turnaround to register a profit after tax of RM1.5 million*
- *Total store count of 29 Texas Chicken outlets to date, with three new outlets to be launched by end 2016*
- *San Francisco Coffee chain rebranding exercise underway with new store design as well as menu offerings expected to be launched by 2QFY2017*

Singapore, November 28, 2016 – Envictus International Holdings Limited (“Envictus” “恒益德國際控股有限公司” or the “Group”), an established Food & Beverage (“F&B”) Group, today announced a revenue growth of 10.8% to RM362.7 million for the financial year ended 30 September 2016 (“FY2016”) as compared to RM327.4 million in the preceding year (“FY2015”). Envictus achieved a turnaround in bottomline, registering a profit after tax of RM1.5 million in FY2016 as compared to a loss after tax of RM3.6 million in FY2015, mainly due to higher sales, gross profit margin and other income.

¹ Approximately S\$116.2 million. Currency conversion based on S\$1.00 = RM3.1224

Envictus' Group Chairman, Dato' Jaya Tan said, "Food Services continues to be our fastest growing division, lifted by two main revenue drivers – Texas Chicken and San Francisco Coffee. Notably, Texas Chicken's robust revenue jump was buoyed by the opening of 10 additional new restaurant outlets, given good market acceptance of its brand, product quality and value.

"For San Francisco Coffee, we are undertaking a rebranding exercise for all 28 outlets, to take this gourmet coffee retail chain further and attract new customers. At the same time, we will look into ways to further extract value and improve margins from this acquisition by improving the efficiency of the supply chain, enhancing product offerings, sharing of resources and tapping on R&D assistance from other business divisions."

Financial Review

The Group's RM35.3 million topline growth during the financial year was mainly contributed by Food Services Division's exceptional revenue growth of RM36.2 million with the opening of 10 additional Texas Chicken outlets and the newly acquired San Francisco Coffee business. The Trading and Frozen Food, and Food Processing Divisions registered modest revenue growth of RM1.3 million and RM0.4 million respectively. However, the improved performance was offset by the Nutrition Division's revenue drop of RM2.4 million.

Gross profit margin improved 3.4 percentage points to 30.4% in FY2016 on the back of price increases in certain products, lower food costs due to higher rebates and better stock management from the Food Services Division.

Other income was lifted by 13.6% to RM24.9 million mainly from a gain on disposal of land and building in Indonesia, foreign exchange gain and income arising from held-for-trading investments.

Operating expenses rose RM22.7 million to RM127.4 million in FY2016 mainly due to the opening of new Texas Chicken outlets and the inclusion of operating costs of San Francisco Coffee. Finance costs rose RM2.4 million to RM4.2 million in line with the Group's expansion.

The Group registered a profit after tax of RM1.5 million in FY2016, a turnaround from a loss after tax of RM3.6 million in FY2015, mainly due to lower taxes from the absence of reversal of deferred tax assets by New Zealand subsidiaries in FY2015.

The Group's cash and cash equivalents stood at RM58.3 million while shareholders' equity was RM342.2 million as at September 30, 2016.

Outlook

The Trading and Frozen Food Division expects festivities in the coming quarter to improve revenue, despite the lacklustre consumer spending due to concerns over the Malaysian economy and the weakening Ringgit.

Commenting on the Group's Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "We've launched one more Texas Chicken outlet in Seremban Gateway on 15 November, with another three planned before end 2016, bringing a total of 32 outlets. Texas Chicken has received many offers from malls and shoplots in the Klang Valley and beyond and we will continue to prudently expand to broaden market reach."

"We are also making good progress on San Francisco Coffee's rebranding exercise. Part of the plan to 'refresh' this brand name would be the redesign of cafes and food menu offerings to stay relevant and compete effectively in the gourmet coffee market. We are working actively towards the launch of these initiatives by the second quarter of FY2017."

The Nutrition Division is in the midst of diversifying its product offering beyond sports nutrition and weight management products, which have become very competitive across channels in Australia and New Zealand. The Division has recently developed a new range of bars with a natural/protein claim profile and also launched a new range of UHT long life non-dairy beverages (PET bottles) throughout Australia and New Zealand in the emerging and growing chilled supermarket segment.

The Food Processing Division's businesses are pressured by increasing raw material import prices due to the current weak Ringgit, lacklustre consumer sentiment and intense competition within the processed food sector. Besides branding activities, cost controls and price increase for certain products, the businesses are executing strategies to diversify into other markets and segments to drive revenue potential.

ABOUT ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Listed on SGX Catalist in 2004, and upgraded to the Mainboard in 2009, Envictus International Holdings Limited, is an established Food & Beverage ("F&B") Group. The Group has an established portfolio of businesses and brands operating under its four business divisions – Trading and Frozen Food, Food Services, Nutrition and Food Processing.

For the Trading and Frozen Food Division, the Group's wholly-owned subsidiary, Pok Brothers Sdn Bhd, is one of Malaysia's leading frozen food and premium food wholesaler and is a supplier to several major American restaurant chains in Malaysia. In addition, the division also distributes the Gourmessa quality cold cuts across supermarkets and hypermart chains in Malaysia.

Under the Group's Food Services Division, Envictus holds exclusive rights for a 10-year period since July 2012 to develop and operate the fast growing American-styled Texas Chicken fast food restaurant chains in Malaysia and Brunei. Since its first flagship outlet opened in January 2013 at Aeon Bukit Tinggi Shopping Centre, Klang, Malaysia, the robust demand for the Texas Chicken restaurant concept has driven the Group to expand its store footprint at a healthy pace. Envictus also owns Malaysian

homegrown specialty coffee chain business – San Francisco Coffee – which serves house roasted coffee in Malaysia.

For Nutrition, under Naturalac Nutrition Limited (“NNL”), the Group markets its range of branded sports nutrition and weight management food products for mass consumer markets. This includes the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women) and Replace™ (an isotonic sports drink in both powder and carbonated format). More recently NNL also launched a range of nut milks under the Covet™ brand name. The Covet range is manufactured by Envictus Dairies NZ Ltd, a sister company to NNL. In New Zealand, NNL’s products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route.

The Group’s Food Processing Division comprises of the business segments – Bakery, Butchery, Beverages as well as Contract Packing for Dairy and Juice based Drinks. Envictus’ Bakery business includes its wholly-owned subsidiary, Family Bakery Group which produces fresh breads and buns under the Daily Fresh and Family brand while De-luxe Food Services Sdn Bhd, another wholly-owned subsidiary, produces frozen bakery items. The Group’s Butchery business manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. For the Beverages business, the Group’s canned beverages are produced by Polygold Beverages Sdn Bhd in Seremban, Negeri Sembilan. The business’ stable of products include the Polygold brand of carbonated and non-carbonated drinks, Air Champ energy drink and Power Champ isotonic sports drink. The Group also entered into the ready-to-drink segment via a joint venture in Envictus Dairies NZ Limited to establish New Zealand’s first state-of-art, UHT Aseptic PET bottling line for dairy, juice and water products at the Whakatu Industrial Park.

For more details, please visit the Group’s corporate website at www.envictus-intl.com.

ISSUED ON BEHALF OF : Envictus International Holdings Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Mr Dickson Chew
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9159-5658 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
dickson.chew@citigatedrimage.com

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