



FOR IMMEDIATE RELEASE

BreadTalk Group forges ahead to deliver breakthrough profits

Records 139.5% year-on-year increase in net profit

Key Highlights:

- Group PATMI improved 139.5% year-on-year from \$7.0 million to \$16.8 million
- PATMI margin improved 2.2 ppt year-on-year from 1.5% to 3.7%
- Group EBITDA increased 9.1% year-on-year from \$59.4 million to \$64.9 million
- EBITDA margin improved 1.5 ppt year-on-year from 12.9% to 14.4%
- Interim dividend of 1 cent per share

S\$ million	9M FY2017	9M FY2016	Y/Y
Revenue	449.5	461.7	-2.6%
EBITDA	64.9	59.4	9.1%
<i>EBITDA margin</i>	14.4	12.9	1.5ppt
Net Profit	16.8	7.0	139.5%
Net Margin	3.7	1.5	2.2ppt
EPS S\$ cents	5.96	2.49	139.4%

S\$ cents	9M FY2017	FY2016	Y/Y
NAV / share	56.7	54.0	5.0%

SINGAPORE – 6 November 2017 – Mainboard-listed BreadTalk Group (“the Group”), a leading lifestyle F&B group, today announced its financial results for the third financial quarter ended 30 September 2017.

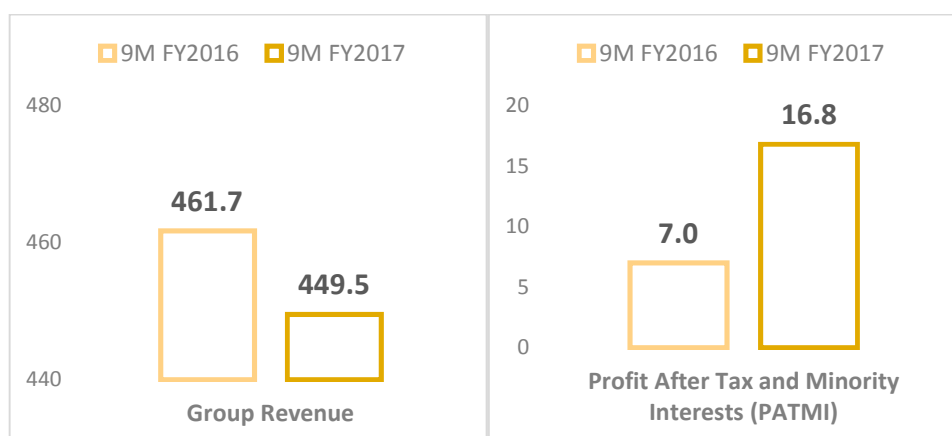
The Group continued to deliver higher profits in spite of a challenging retail environment. This is attained by the Group’s unwavering focus on assessing and re-organising existing business portfolios while identifying new growth opportunities in profitable segments of the Group.

“Our core F & B net profit increased fivefold to \$12.1 million for Q3, signifying the underlying strength of BreadTalk Group’s core businesses. This bears testament to our team’s unwavering dedication and effort on streamlining our existing business portfolio and identifying new commercial opportunities accurately. In October, we won the World Branding Awards for the third time. This reflects our customers’ ongoing support for BreadTalk. We are confident that we will end 2017 on a strong note.” – Dr George Quek, Chairman, BreadTalk Group Limited.

The Group will continue to focus steadfastly on delivering higher quality earnings through strategic growth engines. It will continue to be nimble in identifying new F & B trends, suitable joint-venture partnership opportunities to develop exciting products for a progressively competitive marketplace.

Group revenue for 9M FY2017 declined 2.6% Y/Y from \$461.7 million to \$449.5 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) for the Group rose 9.1% Y/Y to \$64.9 million with EBITDA margin improving to 14.4% (9M FY2016: 12.9%). Profit after Tax and Minority Interests (“PATMI”) for 9M FY2017 improved 139.5% from \$7.0 million to \$16.8 million. PATMI margin rose to 3.7% (9M FY2016: 1.5%).

1Q FY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group’s investment in TripleOne Somerset, while 1Q FY2016 saw the recognition of \$8.8 million in net capital gain from the divestment of 112 Katong Mall. Excluding one-off items, core Food & Beverage (F&B) business net profit for 9M FY2017 would have been \$12.1 million, a strong improvement from \$2.4 million in 9M FY2016.



Bakery Division

In the 9M of FY2017, revenue declined 2.7% Y/Y to \$223.1 million at the Bakery Division. The decline was primarily attributed to weaker direct operated stores performance in Singapore, Shanghai and Beijing. The Group is proactively managing the situation by reviewing our brand positioning and menu offerings to ensure that we continue to offer attractive products to our customers.

While direct operated stores remained relatively unchanged at 255, there was an increase of 15 franchise outlets year-on-year to 604. This is aligned with the Group direction to further streamline our Bakery Division franchise portfolio for higher business efficiencies. In the first nine months of 2017, the Group proactively concluded the agreements of several underperforming franchises in China.

In September 2017, the Group entered into a sale and purchase agreement for our Malaysia Bakery business with United Malayan Land Bhd (UMLand) – one of the top 10 developers in Malaysia. This deal enables the Group to leverage on UMLand's extensive experience in the Malaysian property market and places us on strong foundation to deliver attractive growth prospects for Malaysia.

EBITDA for the division declined 13.3% Y/Y from \$21.6 million to \$18.7 million, with EBITDA margin at 8.4% (9M FY2016: 9.4%) on higher raw materials, staff cost and weaker revenue at the direct operated stores in Singapore, Shanghai and Beijing.

Looking ahead, the team will continue to manage the sustainable procurement of our raw materials by diversifying our sources and improving our operating cost structure.

Food Atrium

In line with the overall Group strategy, the consolidated food atrium portfolio in China & Singapore continued to demonstrate robust recovery. The vacancy rate across Food Atrium outlets remained at a record low of under 2.5%. The teams continue their efforts to fine-tune the tenant mix in each outlet to maximise revenue generation. The division's stellar performance is testament to the effectiveness of the Group's strategy.

As a result, EBITDA for the division rallied strongly by 127.0% from \$7.8 million to \$17.7 million with EBITDA margin improving by 9.3ppt from 6.4% to 15.7%. However, due to the cessation of underperforming stores in China, total revenue declined 6.9% from \$120.8 million to \$112.4 million as number of outlets decreased by 3 (9M FY2016: 57) to 54.

Restaurant Division

Soaring above the challenging retail landscape, total revenue increased at a steady pace of 2.5% Y/Y from \$102.2 million to \$104.8 million at the Restaurant Division. This upward trend is driven primarily by the stellar performance and effective cost management of our Din Tai Fung restaurants in Singapore and Thailand. We continue to focus on delivering high quality, authentic Taiwanese cuisine with impeccable service standards.

These key strategic moves helped in the overall EBITDA improvement of 7.0% Y/Y from \$20.8 million to \$22.3 million, with EBITDA margin rising by 0.8ppt from 20.4 % to 21.2 %.

4orth Division

4orth Division is a new business division established in 2017. Its key objective is to identify new F & B concepts as well as collaborate with potential F & B partners to bring these businesses to the regional level.

Led by our Group CEO, Mr Henry Chu, the division successfully completed the conversion of five RamenPlay outlets to Sō Ramen by end September 2017. With a brand new identity, Sō Ramen outlets generated double digit percentages improvement in revenue as compared to its previous iteration; RamenPlay. Its revenue increased 8.5% from \$606,000 to \$658,000 from August to September 2017. This continues to augur well for Sō Ramen's performance for the remaining of year and into 2018.

In July 2017, the division entered into a 90-10 joint venture with Song Fa Holdings to bring the renowned Bak Kut Teh brand to China and Thailand. For 9M FY2017, the division registered a total revenue of \$5.7 million with EBITDA of \$0.3 million.

Interim Dividend

The Board is recommending a tax-exempt interim dividend of 1 cent per share for the quarter (3Q FY2016: nil). The interim dividend will be paid to shareholders on 21 December 2017.

Outlook

The Group's dual pronged strategy of consolidating underperforming operations and focusing on high performing markets has proven to be effective. We continue to develop new growth engines as represented by Din Tai Fung in the United Kingdom (UK) and Song Fa Joint Venture. They will generate new revenue streams for the Group. Our first Song Fa Bak Kut Teh outlet in Shanghai and our first Din Tai Fung outlet in the UK are expected to open in 2018.

The Group remains in a good position to improve overall profitability and quality of earnings for FY 2017.

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About BreadTalk Group Limited

Founded as a bakery brand in Singapore in 2000 and listed on the SGX in 2003, BreadTalk has rapidly expanded to become an award-winning F&B Group that has established its mark on the world stage with its bakery, restaurant and food atrium footprints. With close to 1,000 retail stores spread across 17 territories, its brand portfolio comprises BreadTalk, Toast Box, Food Republic, Din Tai Fung, Bread Society, Thye Moh Chan, The Icing Room, Carl's Jr. in China and Sō Ramen. The Group has a network of owned bakery outlets in Singapore, PRC, Malaysia, Hong Kong and Thailand as well as franchised bakery outlets across Asia and the Middle East. It also owns and operates the world-renowned Din Tai Fung restaurants in Singapore and Thailand, as well as the award-winning Food Republic food atria in Singapore, China, Taiwan, Hong Kong and Malaysia. In 2018, BreadTalk Group will open its first Din Tai Fung restaurant in London.

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