



**NEO GROUP LIMITED**

**梁苑集团**

FY2015 RESULTS PRESENTATION



# KEY GROUP HIGHLIGHTS



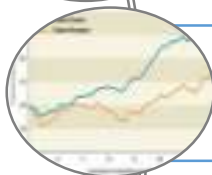
Revenue continues growth to S\$77.4 million in 14M 2015<sup>1</sup>, 47.8% higher than in FY2014



Achieved net profit of S\$7.4 million and healthy net margin of 9.6% in 14M 2015



Healthy financial position



Attractive dividends



Various brands to capture different market segment



Favourable industry outlook



Clear growth strategies

<sup>1</sup> 14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015 due to a change in the Group's financial year-end

# ENHANCED VALUE CHAIN



# 1<sup>ST</sup> MAJOR M&A SINCE LISTING – THONG SIEK GROUP

- Acquired 55%-stake in parent company of popular “DoDo” brand of fishballs for S\$7.35 million on May 14, 2015
- Growing beyond catering & retail into **Food and Catering Solutions Provider**
- Leverage on TS Group’s expertise in food manufacturing to **fully automate** new central kitchen’s operations
- Expand our customer base and broaden market reach, while giving Neo Group access to large global distribution network across **22 countries**
- Strong brand recognition for quality fishball and recognised as “Fishball King”
- Commence financial consolidation from the financial period ending June 30, 2015



# ABOUT THONG SIEK GROUP



*DoDo products in an NTUC Fairprice display*

- 40 years of experience in manufacturing of seafood- and surimi-based products
- 2 production facilities:
  - Senoko, Singapore
  - Johor Bahru, Malaysia
- Products sold in major supermarkets in Singapore
- Distributed in Malaysia and across 22 countries worldwide including Asia, Australia, Europe and U.S.A.

# TSH STRATEGIES POST-ACQUISITION

## Deeper market Penetration

- Intensify marketing efforts to capture market share in Singapore & Malaysia
- Expand ready-meal product line

## Enter New Markets

- Set up marketing office in the U.K. for expansion into new markets such as Europe, the Americas and Hong Kong
- Explore opportunities to create new B-to-C income streams through retail concepts, leveraging on Niwa Sushi's expertise

## Revitalise "DoDo"

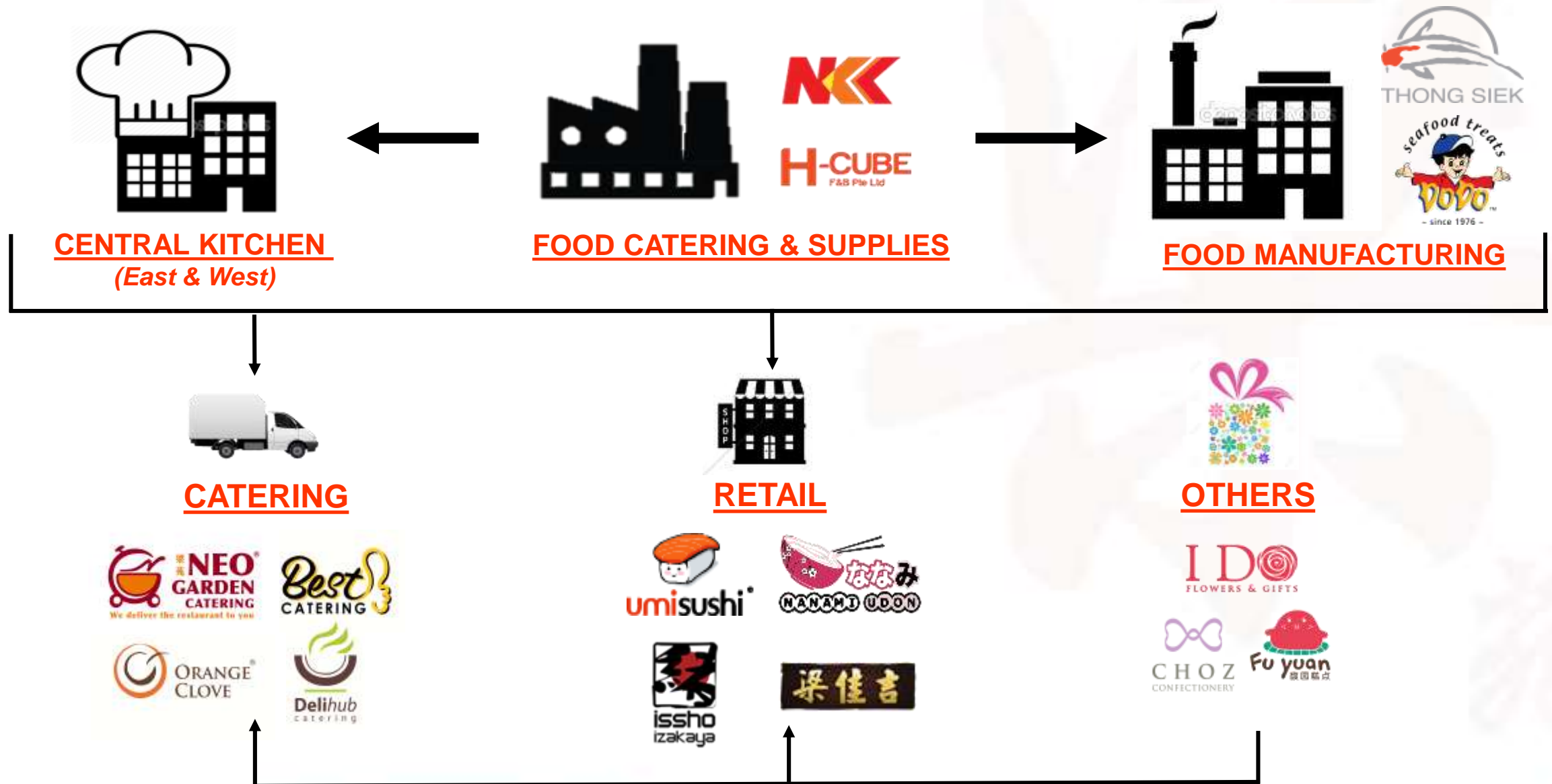
- Rebranding exercise to refresh the "DoDo" brand
- Develop new market segments – corporate customers, hotels, restaurants, cafes

## Drive internal efficiencies

- Consolidate/streamline operations
- Cross-sell internally between businesses
- Replace old machines to increase production capacity and efficiency
- Leverage on NKK's sourcing expertise for surimi products for greater cost savings

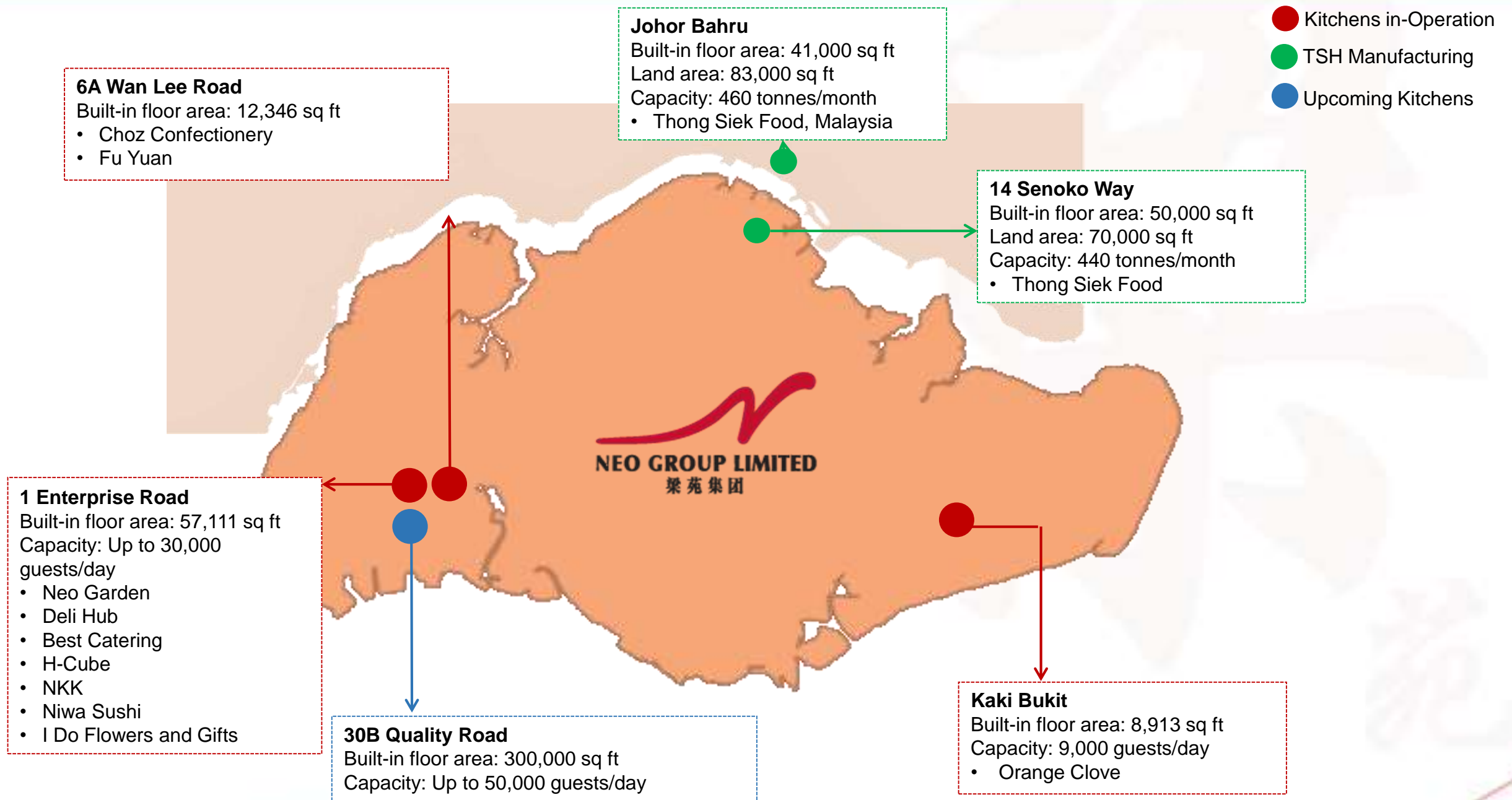
# INTEGRATED VALUE CHAIN

SINGAPORE'S LARGEST CATERING GROUP WITH LEADING MARKET SHARE\*



\* As defined in Euromonitor International Report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only

# KITCHENS & FOOD MANUFACTURING FACILITIES





# OVERVIEW: VARIOUS BRANDS TO CAPTURE DIFFERENT MARKET SEGMENTS

FOOD CATERING	FOOD RETAIL	FOOD MANUFACTURING	FOOD AND CATERING SUPPLIES
 <ul style="list-style-type: none"> <li>– Mid-tier</li> <li>– Households</li> <li>– Corporations</li> </ul>	 <ul style="list-style-type: none"> <li>– Mid tier</li> <li>– Families</li> <li>– Young Working Adults</li> <li>– PMEBs</li> </ul>	 <ul style="list-style-type: none"> <li>– Two manufacturing facilities in Senoko, Singapore, and Johor Bahru, Malaysia</li> </ul>	 <ul style="list-style-type: none"> <li>– Support the Group's Food Catering and Retail Businesses in sourcing and supplying ingredients and buffet equipment at bulk, thereby achieving economies of scale</li> <li>– Sales to third parties</li> </ul>  <ul style="list-style-type: none"> <li>– H-Cube is specialised in Japanese food ingredients</li> <li>– Sales to third parties</li> </ul>
 <ul style="list-style-type: none"> <li>– Mid to high-end</li> <li>– Corporate</li> <li>– Weddings</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> <li>– Young Working Adults</li> <li>– PMEBs</li> </ul>	 <ul style="list-style-type: none"> <li>– Strong branding</li> <li>– Distributed to most local major supermarkets</li> <li>– Strong footprint in Singapore and Malaysia</li> <li>– Distributed across 22 countries globally</li> </ul>	<b>OTHERS</b>
 <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Corporate</li> <li>– Public sector institutions</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> <li>– Corporate</li> <li>– Expatriates</li> </ul>		
 <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Households</li> <li>– Tingkat services</li> </ul>	 <ul style="list-style-type: none"> <li>– Families</li> </ul>		 <ul style="list-style-type: none"> <li>– Online Flowers and Gifts</li> </ul>  <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Households</li> </ul>  <ul style="list-style-type: none"> <li>– Mass market</li> <li>– Corporations</li> </ul>

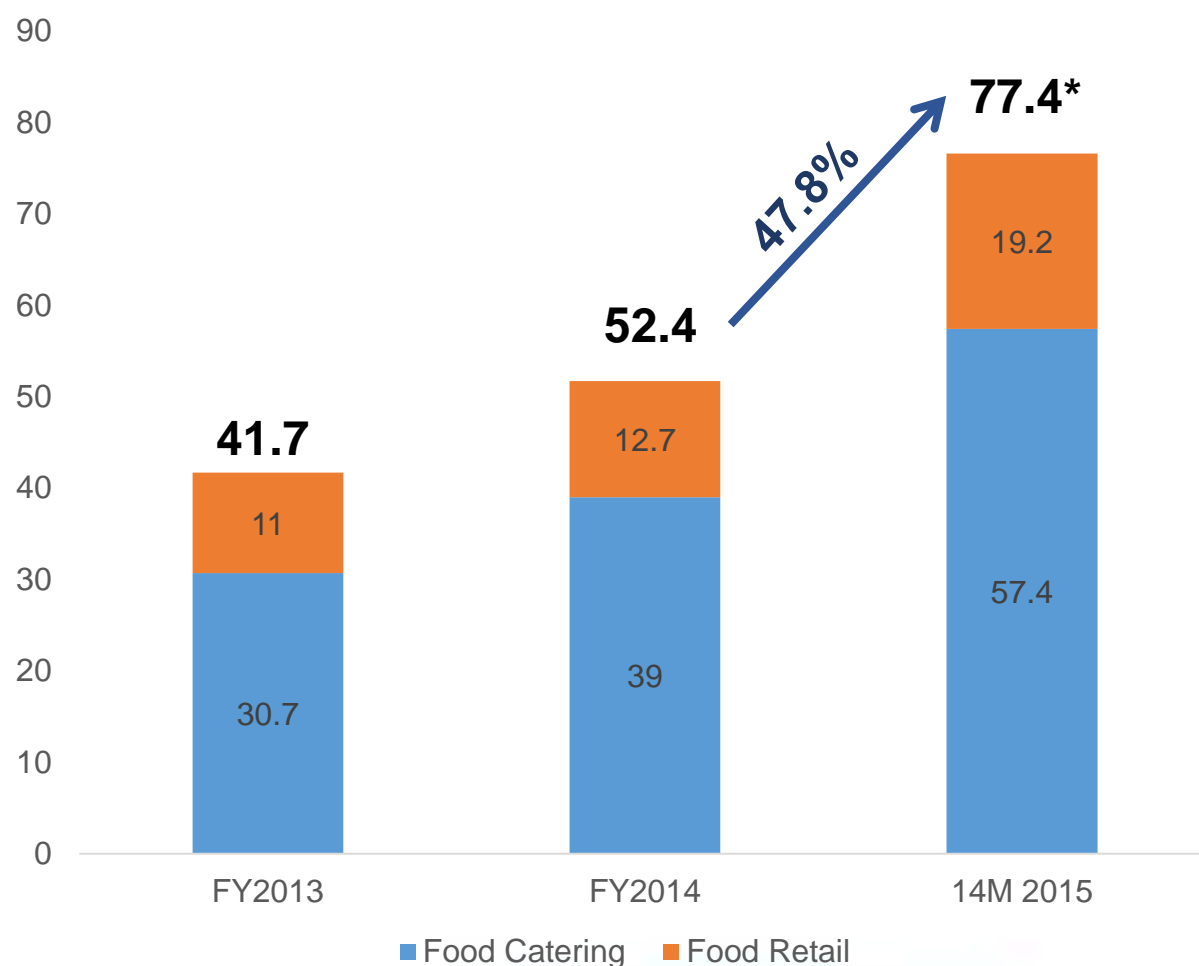
# FINANCIAL PERFORMANCE



# RECORD REVENUE

**REVENUE SURGES 47.8% TO S\$77.4M IN 14M 2015  
FROM S\$52.4M IN FY2014**

## Revenue (\$'m)



Improved performance across all business segments contributed to top-line surge

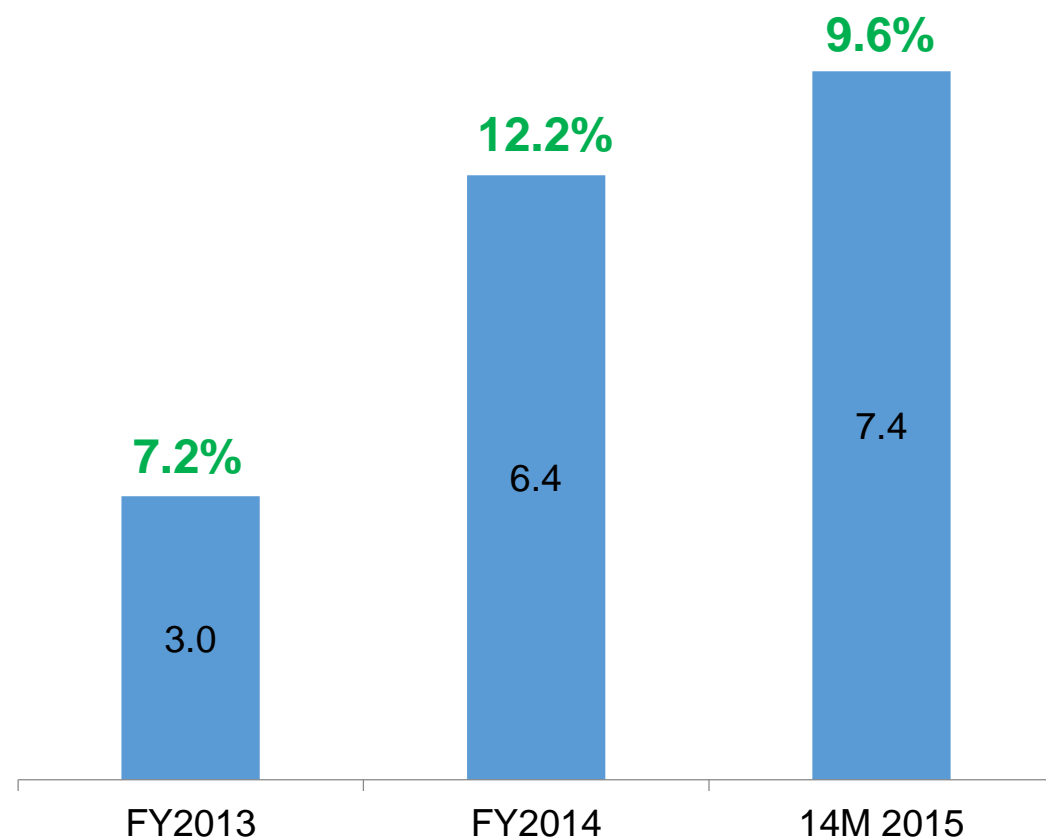
*\*Revenue from Food & Catering Supplies Business is not significant*

# RECORD NET PROFIT

**NET PROFIT ROSE 15.7% TO S\$7.4M IN 14M 2015  
FROM S\$6.4M IN FY2014**

Profit After Tax (\$'m)

Net Margin (%)



- Net profit rose in tandem with top-line growth
- 14M 2015 net profit margin of 9.6% due to increase in expenses resulting from business growth

# HEALTHY FINANCIAL POSITION

PROFITABILITY RATIOS	14M 2015 (Unaudited)	FY2014 (Audited)
Earnings Per Share (cents)	5.14	4.44
Return On Assets (%)	13.6	14.7
Return On Equity (%)	30.6	31.2

CASH FLOW	14M 2015	FY2014
Net cash from operating activities (S\$m)	10.5	7.9
Cash and cash equivalent at end of period (S\$m)	7.6	8.4

FINANCIAL POSITION	As at 31 Mar 2015 (Unaudited)	As at 31 Jan 2014 (Audited)
Shareholders' equity (S\$m)	24.2	20.5
Net Gearing (%) <sup>(1)</sup>	46.0	38.3
Net Asset Value Per Share (SGD cents) <sup>(2)</sup>	16.79	14.23

DIVIDEND	14M 2015	FY2014
Total Dividend/Ordinary Share (SGD cents)	2.10	2.67
Dividend Quantum (S\$m)	3.02	3.84

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

# BRAND DEVELOPMENTS



# FOOD RETAIL



@ Sports Hub, Kallang Wave

## FOOD RETAIL: PERFORMANCE REVIEW



REVENUE  
GROWTH  51.6%

NEW  
OUTLETS

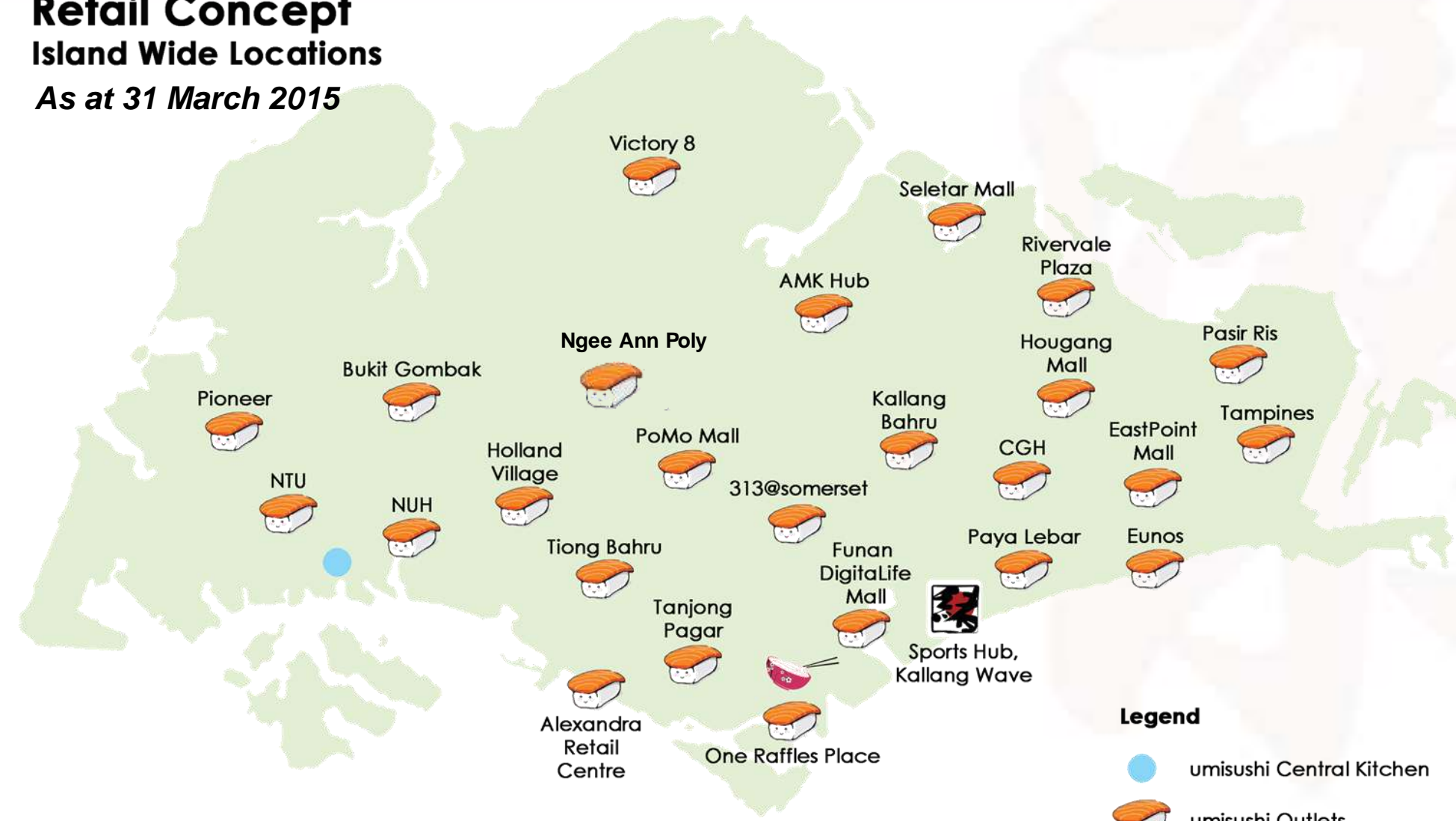
- 6 umisushi
- 1 isscho izakaya
- 1 NANAMI UDON

DELIVERY  
SALES  27.4%



# EXTENSIVE RETAIL NETWORK

**Retail Concept**  
Island Wide Locations  
As at 31 March 2015



- Legend**
-  umisushi Central Kitchen
  -  umisushi Outlets
  -  NANAMI UDON Outlet
  -  isscho izakaya Outlet



# – UMISUSHI & NANAMI UDON



## KEY BUSINESS DRIVERS:

1. Established network chain of 26 outlets island wide
2. Fresh, quality bento sets and sushi at affordable prices
3. Growing delivery sales segment
4. Strong central kitchen support delivering twice a day to outlets
5. Leverage on new equipment technology to improve food consistency and speed of service



## NEW DEVELOPMENTS:

- Increased fleet of motorbikes to meet demand for increased delivery service
- New menu offerings for retail and delivery
- Introduced retail merchandise for sale
- New tie-ups with banks, suppliers & corporate clients for loyalty programme



## KEY BUSINESS DRIVERS:

1. Authentic Japanese-French fusion helmed by Japanese Chef
2. Quality Japanese ingredients and menu
3. Customised and flexibility in *omakase* menu
4. Ideal venue for corporate events and functions

## NEW DEVELOPMENTS:

- New refreshed menu
- Special lunch sets for weekdays
- Dedicated sales person to market restaurant as ideal corporate venue



Retail Area: 2,127 sqf

Seat Capacity: 88

# FOOD CATERING



THANK YOU  
for making us  
\*Number

1

AGAIN!



## FOOD CATERING: PERFORMANCE REVIEW



**REVENUE GROWTH**  **47.1%**

**GUESTS SERVED**  **37%**

**NEW VENUE PARTNERSHIP**

- CHIJMES
- The Art House
- Singapore Expo
- Singapore Flyer
- UE Convention Centre
- iFly Sentosa
- Changi Cove
- Avalon
- Golden Village
- Clifton's

## KEY BUSINESS DRIVERS:

1. Strong brand recognition for consistent quality food and reliable services
2. The preferred choice among households for celebrations such as baby full month, birthdays and festive occasions
3. Implementation of technology in all business aspects to increase productivity and efficiency for both staff and customers



## NEW DEVELOPMENTS:

- Celebrating SG50, Celebrating You!  
4 new promotions launched to celebrate Singapore's Golden Jubilee with all household and corporations:
  - Successful implementation of the Neo 宝宝 campaign to capture the baby full month market; year-on-year increase in baby full month orders
  - Winner of Singapore Quality Class 2014, Influential Brand Award 2014 (Top 1 Brand), Excellent Service Award 2014
- Attained 'Highest Number of Events Catered by a Company in One Day' in Singapore Book of Records for the 2<sup>nd</sup> year running
- Attained Number 1 Events Catering Services in Singapore, according to Euromonitor International for the 3<sup>rd</sup> year



## KEY BUSINESS DRIVERS:

1. Pursuing more venue partnerships for appointment as official and/or preferred caterer
2. Increase in brand awareness through corporate nights, larger corporate sales force and digital marketing
3. Strong foothold in corporate catering events in particular, grand openings and graduation events, which saw a record 9,940 guests served for SIM-RMIT Graduation Ceremony



## NEW DEVELOPMENTS:

- Secured corporate clients – iFly, \*SCAPE and NSRCC
- Yacht offering gaining popularity with corporate organisations
- Develop new concepts and menus to target corporate customers and weddings
- Official partner of Health Promotion Board
- Winner of HRM Asia's Best Corporate Caterer, Singapore Prestige Brand Awards – Promising Brands Overall Winner, Restaurant Association Epicurean Award Best Caterer in 2014
- Outstanding Caterer of the Year 2015 by World Gourmet Summit



## KEY BUSINESS DRIVERS:

1. Establish strong brand loyalty through customer-centric business model
2. Delivering quality Halal-certified buffet fare and bento meals at budget-friendly prices
3. Offering a wide selection of menus catering to events of varying scale, from office gatherings, school graduations to large-scale corporate events



## NEW DEVELOPMENTS:

- Completed rebranding exercise to develop a fresh and trendy brand
- More targeted marketing efforts for corporate and government sectors
- Redesigned buffet menus to increase variety of dish offerings
- Revamped website to enhance customers' experience
- Partnership with Health Promotion Board in Healthier Dining Programme
- Introduced new range of Hawker Delights in conjunction with SG50 Celebrations such as DIY stations, Live Stations and Mini Party Sets





## KEY BUSINESS DRIVERS:

1. Offering a range of buffet menus and *tingkat* meals to households at competitive prices
2. Delivering healthier *tingkat* meals with less oil, less salt and option of brown rice
3. Daily delivery of fresh ingredients hand-picked by a dedicated team

## NEW DEVELOPMENTS:

- Increased brand awareness through mass media channels
- Launched new website to reach out to tech-savvy customers
- Introduced new dishes for a more well-balanced *Tingkat* meal
- Integrated ingredients for better heart health into *Tingkat* meals
- Produced corporate video to educate customers for better understanding of the brand and food production process
- Introduced value-for-money tea reception menus
- Introduced side orders to complement buffet offering
- Introduced mini contest and promotions in celebration of Singapore's Golden Jubilee



Call 6261 1011 to enjoy \$150 off\*  
3 months package!



# HIGHLIGHTS FOR 14M 2015



- Improved cost control & quality assurance through bulk purchases from Asian countries such as China, Vietnam, Indonesia, Thailand & Malaysia
- Allowing self-sufficiency in supplies within the Group
- Support TSH in direct import of surimi products
- Sales to external parties



## **KEY BUSINESS DRIVERS:**

1. Floral arrangements and hampers for all occasions
2. Floral arrangements to complement buffet thematic set up
3. Bespoke floral decorations for events and weddings (eg. 10-metre long floral arrangement)

## **NEW DEVELOPMENTS:**

- Tap on existing resources in terms of logistical & operational support
- Developed easy-to-use online order platform to facilitate order process
- Strategic partnerships with wedding vendors, hotels and other venue operators



## KEY BUSINESS DRIVERS:

1. One of the market leaders for Baby Full Month and Wedding Announcement Packages with track record of over 17 years
2. Highly acclaimed by celebrity parents
3. Partnership allows Fu Yuan to cater to greater demand as well as supply *kuehs* to our catering brands

## NEW DEVELOPMENTS:

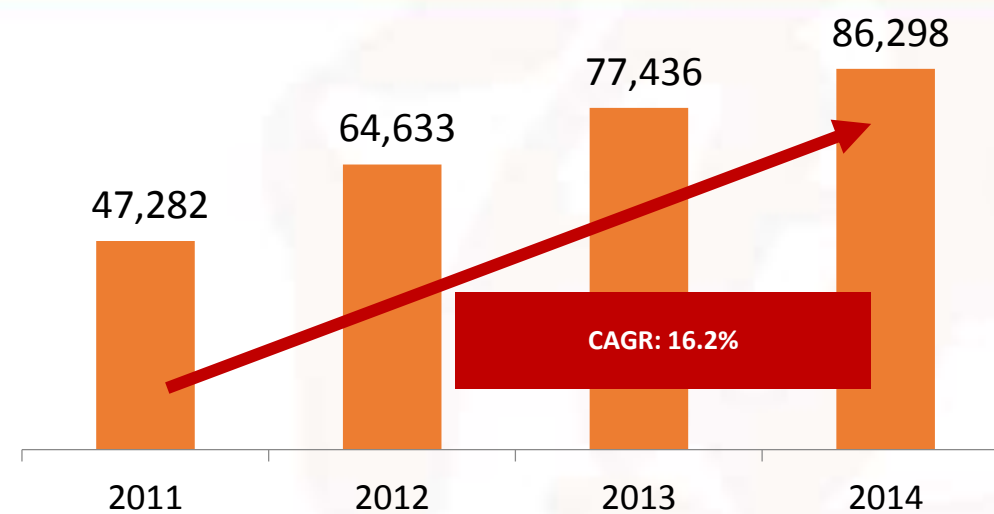
- Ongoing rebranding exercise to give the brand an updated and refreshed look
- Developed new website to enhance customers' experience
- Introduction of new products for a wider varieties such as macarons and swiss rolls

# OUTLOOK AND PLANS AHEAD



# FAVOURABLE EXTERNALITIES

Increasing number of HDB flats under construction



Source: HDB Annual Report 2012/2013 and 2013/2014

**MORE VISITORS & FOREIGN EXHIBITING COMPANIES**

TravelRave: **10,800+** attendees

ITB Asia: **9,000+** attendees **7%** increase in visitorship

Singapore International Transport Congress and Exhibition: **1,500+** delegates

**3,000** trade visitors

**STILL A CENTRE FOR THOUGHT LEADERSHIP EVENTS**

**204** association conventions, meetings and incentives secured in 2013

**12** world congresses held in 2013

## GROWING MICE INDUSTRY

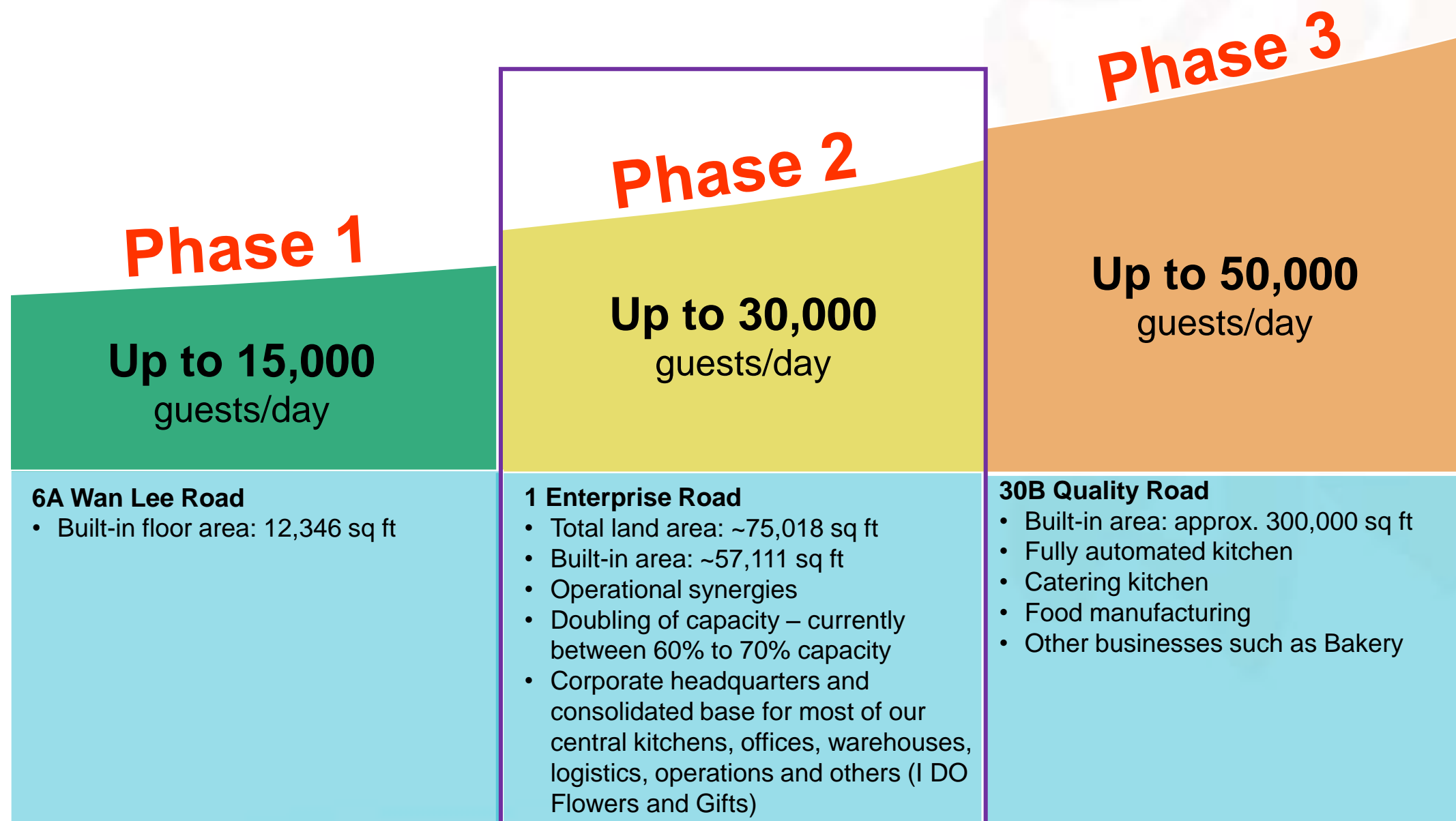
- Burgeoning demand for catering
- STB initiatives such as: INSPIRE <sup>1</sup>, SMAP <sup>2</sup> and MICE 2020 roadmap <sup>3</sup> to boost Singapore's value proposition as a top MICE destination
- STB to increase marketing investment by 35% to boost Singapore's MICE appeal <sup>4</sup>

<sup>1</sup> <https://www.stb.gov.sg/news-and-publications/newsletters/Pages/Issue%201/Issue-1-Singapore-Launches-INSPIRE-Programme-to-Lure-Indian-Incentive-Groups.aspx>  
<sup>2</sup> <https://www.stb.gov.sg/news-and-publications/newsletters/Pages/Issue%202/Issue-2-Singapore-MICE-Advantage-Programme.aspx>  
<sup>3</sup> Business Times, 31 Oct, 2014 – STB, MICE players chart course for the sector  
<sup>4</sup> TTG Asia, April 7, 2015 – Singapore beefs up marketing budget to strengthen MICE appeal

# FUTURE PLANS

## ONGOING EFFORTS TO STREAMLINE BUSINESS OPERATIONS

### OPERATIONAL SINCE EARLY-2015



## Food Catering

### Creating New Business Units

- New catering brands and concepts (Chinese sit-down banquet)
- Venue partnerships
- Reap economies of scale for margin efficiency

## Food Retail

### Expansion

- Open more retail outlets/concepts locally
- Explore joint venture opportunities
- Increase delivery fleet
- Quick-meals option under popular DoDo brand (e.g. curry/soup/porridge)

## Food & Catering Supplies

### Driving internal efficiencies

- Centralised procurement
- Explore B-to-B businesses externally



# CUSTOMISED TECHNOLOGY INFRASTRUCTURE

## MECHANISATION



Rotary Fryer



Vegetable Cut Machine

## AUTOMATION



Kitchen Automation  
and Enhanced IT System



Mobile Data Terminal

### EFFECTIVE COST MANAGEMENT

- Vegetable-Cutting 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 Consistency**
- ✓ **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

## TOTAL SHARE PRICE RETURN SINCE LISTING

205%

### Strong returns since listing on 11 July 2012



### Outpacing STI since IPO



Source: Bloomberg

## **1** Strong Brand Recognition

- Singapore's No. 1 event caterer for five consecutive years since 2011
- Largest catering group capturing 10% market share of \$360M catering industry

## **2** Strong Financial Performance

- Consistent revenue growth
- High margins: 9.6% NPM

## **3** Integrated value chain

- Central Kitchen + Manufacturing Facilities + Food & Catering Supplies to support Food Catering & Food Retail businesses
- Reap synergies and economies of scale

## **4** Clear Growth Strategies

- Diversification through M&A of companies with strong focus in food
- Leverage on TSH's international presence to expand into overseas markets and expertise in food manufacturing to fully automate kitchen
- Favourable market conditions

## **5** Multiple Product Lines to Capture Various Market Segments

- 4 catering brands to capture mass to high-end market segment
- 6 food retail brands to offer unique concepts

**THANK YOU**

