



NEWS RELEASE

ENVICTUS RECORDS 9.8% TOPLINE GROWTH TO RM103.4 MILLION¹ IN Q3FY2017

- ***Food Services Division achieves robust 47.0% topline growth:***
 - ***Boosted by strong revenue from Texas Chicken***
 - ***Revenue contributions from newly acquired Delicious restaurant business and San Francisco Coffee chain***
- ***Gross profit margin up 3.2 percentage points to 34.2% from increased sales of higher margin products in Food Services Division***
- ***Total store count of 35 Texas Chicken outlets to date, with four outlets scheduled to open in the next quarter***
- ***Opened latest outlet in July, bringing the total store count under San Francisco Coffee to 37, including five new stores opened in third quarter***

Singapore, 11 August 2017 – 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 9.8% to RM103.4 million for the three months ended 30 June 2017 (“Q3FY2017”) as compared to RM94.1 million in the previous corresponding quarter (“Q3FY2016”).

Envictus’ Group Chairman, Dato’ Jaya Tan said, “During the quarter, Texas Chicken continued to achieve a strong revenue growth from the opening of seven additional new restaurant outlets since Q3FY2016, coupled with the improved sales performance, which is attributable to the good market acceptance of its product quality, value, and brand recognition. ”

¹ Approximately S\$32.8 million. Currency conversion based on S\$1.00 = RM3.15

“In conjunction with San Francisco Coffee’s 20th anniversary, we launched the new logo on 8 August with a refreshed menu and store concepts. Each store will have its unique feature coupled with a new concept, which will enable San Francisco Coffee brand make a presence in malls and lifestyle markets, diversifying from the current niche market which focuses mainly on office buildings.”

Financial Review

In Q3FY2017, the Food Services Division recorded revenue growth of RM10.8 million or 47.0% during the quarter. The robust growth was driven by the Texas Chicken outlets which achieved a strong surge in revenue of RM8.6 million or 48.0% as a result of the opening of seven additional new restaurant outlets since Q3FY2016 and improved sales performance attributed to market acceptance of its product quality, value and brand recognition. The newly acquired Delicious restaurant business contributed a maiden revenue of RM1.8 million in Q3FY2017. San Francisco Coffee chain, on the other hand, posted an increase in revenue of RM0.4 million from topline recorded in Q3FY2016. Despite the weak market sentiment, the Trading and Frozen Food Division registered a marginal growth in revenue of RM0.1 million or 0.2%. The improved performance of these two divisions more than offset the dips in revenue of RM1.1 million and RM0.7 million from the Food Processing and Nutrition Divisions respectively.

Gross profit margin improved 3.2 percentage points to 34.2% in Q3FY2017 on the back of increased sales of higher margin products from the Food Services Division.

Other operating income which rose 8.4% to RM6.4 million mainly comprised of the reversal of over-provision of incidental costs on disposal of subsidiaries of RM2.8 million, income from held-for-trading investments of RM1.7 million, foreign currency fluctuation gain of RM0.5 million, rental income from corporate building of RM0.4 million and interest income from short term deposits of RM0.2 million.

Operating expenses rose by RM6.3 million to RM42.7 million in Q3FY2017 mainly due to higher selling, marketing and administrative expenses, arising from the opening of new Texas Chicken and San Francisco Coffee outlets as well as the inclusion of operating costs of the newly acquired Delicious restaurant business.

Finance costs rose by RM0.2 million to RM1.3 million mainly due to higher borrowings, coupled with additional hire purchase facilities for the new restaurant outlets.

Consequently, the Group reported a loss after tax of RM3.0 million in Q3FY2017, against the loss of RM2.7 million incurred in Q3FY2016.

For Q3FY2017, the Group's cash and cash equivalents stood at RM45.5 million while shareholders' equity was RM344.7 million as at 30 June 2017.

Outlook

Going forward, the Trading and Frozen Food Division expects food prices to continue increasing in the next quarter. However on a positive note, the division will commence exporting to Singapore after the appointment of a distributor.

Commenting on the Group's Food Services Division, Group Chief Executive Officer, Dato' Kamal Tan said, "We are encouraged that the Texas Chicken branding has continued to grow in strength. With the opening of a new outlet in Alor Setar, we now have a total of 35 outlets to date. We will continue to leverage on Texas Chicken's brand and its ability to improve site selections and rental terms by opening another four stores in the next quarter."

"Following the opening of our latest outlet in July, San Francisco Coffee has 37 outlets to date, including five new store openings in the third quarter. While our outlets now feature a fresh look and cozy ambience to meet the changing needs of our customers, we will continue to ensure we provide the freshest coffee with the best service to deliver a consistent and an enjoyable SF Coffee experience."

In the Nutrition Division, the marketing team of the Horleys brand of sports nutrition and weight management products is reviewing and progressively re-launching each product sub range to better address consumer needs as well as strengthen and simplify the 'call outs' on the product labels. While the team has re-launched the 'Training Series' product range and 'Sculpt' women's shaping protein range, the current focus is on the redevelopment of products within the 'Elite' range which targets at heavy users. The planned relaunch of this range is scheduled for the second quarter of FY2018. The marketing team is also developing new E-commerce strategy which will ensure the Horleys brand capture a significant share of the rapidly growing opportunities.

The Food Processing Division's businesses are pressured by factors such as increasing raw material import prices due to the weak Ringgit, lacklustre consumer sentiment and intense competition. Besides promotional activities, cost control and price increase for certain products, the businesses are executing strategies to diversify into other markets or focus on new product offerings 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. As at 21 December 2016, the Group also acquired the Delicious Group business, which will make yet another cafe and restaurant option available for our customers' enjoyment.

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™ (only available in powdered 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.

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