



NEWS RELEASE

NEO GROUP ACHIEVES OVER THREE-TIME LEAP IN NET QUARTERLY PROFIT TO S\$2.7 MILLION FOR 2Q2020

- *Food Catering business drives topline growth, boosted by significant recurring income streams*
- *Food Manufacturing to accelerate global reach through export sales*
- *1H2020 bottomline achieves a turnaround with revenue growth and cost efficiencies*

SINGAPORE – 7 November 2019 – Neo Group Limited ("**Neo Group**", 梁苑集团有限公司, or together with its subsidiaries, the "**Group**"), a homegrown integrated food solutions provider, today announced a 345.5% surge in net profit attributable to owners of the parent to S\$2.6 million for the financial quarter ended 30 September 2019 ("**2Q2020**"), from S\$0.6 million in the previous corresponding period ("**2Q2019**"). The stronger bottom-line performance was achieved on the back of a 16.0% increase in revenue to S\$48.7 million, driven by the Food Catering business, coupled with the further optimisation of the Group's overall cost structure.

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For the half year ended 30 September 2019 (“**1H2020**”), the Group achieved a turnaround in net profit attributable to owners of the parent to S\$2.3 million, from a loss of S\$0.2 million in the previous corresponding period (“**1H2019**”). This was on the back of strong revenue growth, which rose 13.0% to S\$91.1 million from S\$80.7 million over the same period.

(S\$'m)	2Q2020	2Q2019	Change (%)	1H2020	1H2019	Change (%)
Revenue	48.7	42.0	16.0	91.1	80.7	13.0
Profit/(Loss) before tax	3.3	0.5	527.6	2.6	(0.7)	N.M.
Profit/(Loss) after tax	2.7	0.4	583.0	2.3	(0.9)	N.M.
Profit/(Loss) attributable to Owners of the Parent	2.6	0.6	345.5	2.3	(0.2)	N.M.
Earnings per share Fully Diluted (Singapore cents)	-	-	-	1.58	(0.16)	N.M.

	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)	Change (%)
NAV per ordinary share (Singapore cents)	27.11	26.12	3.8



Neo Group's Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said, "We have seen a very robust growth momentum this quarter, with over three-time leap in bottom-line performance. Notably, our core Food Catering business has continued to drive significant growth, a clear signal of the success and market acceptance of our multi-brand portfolio. Our star performers, the childcare and eldercare market segments as well as our "tingkat" business, have continued to shine, providing a strong base of recurring income stream."

"We remain focused on smooth and continued progress, leveraging on our strong fundamentals, proven business model and solid portfolio of household brand names to accelerate the growth of our market share."

Financial Performance

The Group achieved a 16.0% growth in revenue to S\$48.7 million in 2Q2020 as compared to S\$42.0 million in 2Q2019. The Food Catering business continues to be the key growth driver supporting the Group's revenue growth, underscored by strong recurring income streams, which reduces the seasonality element of the business segment.

The Group's flagship Food Catering business, which made up 50.1% of topline this quarter, achieved a significant 34.4% increase in revenue to S\$24.4 million in 2Q2020, from S\$18.2 million in the previous corresponding quarter. The stronger revenue was driven by an expanding recurring income base from the childcare and eldercare market segments, the ramping up of the Group's "tingkat" business, and revenue contributed by newly acquired subsidiaries.

The Group's Food Manufacturing business, its second largest revenue contributor making up 25.7% of topline, recorded a 3.7% increase in revenue, from S\$12.1 million in 2Q2019 to S\$12.5 million in 2Q2020, as the Group experienced stronger export sales during the quarter.

Neo Group continues to make good progress in the optimisation of its other two business pillars – the Food Retail and Supplies and Trading businesses – through ongoing business reviews as part of the Group's sustainable growth roadmap.

The Group closely monitors the performance of its food retail outlets with the aim of streamlining the Food Retail business segment through the enhancement of high-performing outlets and closure of non-performing outlets. As a result of the closure of non-performing outlets, the Group's Food Retail business revenue decreased by 11.0% to S\$3.7 million in 2Q2020 from S\$4.2 million in 2Q2019.

The Supplies and Trading business, subsequent to the Group's earlier move to reduce low margin trading transactions, saw a 6.8% increase from S\$7.3 million in 2Q2019 to S\$7.8 million in 2Q2020 as other trading activity picked up.

Revenue contribution from the Group's Other businesses remained largely unchanged at S\$0.3 million in 2Q2020.

Neo Group expanded its corporate umbrella over the past years, allowing the Group to reach out to a larger customer base and increase its market share. In line with the increased business activity under the Food Catering business, purchases and consumables saw a 13.6% increase to S\$20.0 million. Delivery expenses increased by 34.5% as a result of higher outsourced delivery expenses, while employee benefits expense increased by 5.3% due to the consolidation of additional headcount from newly acquired subsidiaries.

Overall, the Group's net profit attributable to owners of the parent for 2Q2020 surged 345.5% to S\$2.6 million from S\$0.6 million recorded in 2Q2019.

Outlook & Future Strategies

Commenting on the Group's strategic direction ahead, Mr. Neo said, "We will continually look at value creation and broadening our footprint both locally and on a worldwide basis. We have always placed a strong emphasis on research and development ("R&D") and remain committed to developing new and improved products, with the aim of expanding our revenue streams and enticing new customer segments. We will also continue to cultivate our talent pool to harness automation and technology to raise productivity, improve cost efficiencies and stay ahead of the game."

Besides capturing a larger market share in Food Catering, through the pursuit of more institutional catering, corporate clients and venue partnerships, as well as diversifying the range of cuisines and catering options, the Group will continue to leverage on its extensive procurement and logistics network to drive economies of scale with its central kitchens strategically located across Singapore.

Meanwhile, the business review for the Food Retail business is an ongoing process and the Group will monitor the performance of its food retail outlets closely, with the objective of optimising profitability through proactive management, including cost rationalisation and process streamlining. The Supplies and Trading segment, which supplies food ingredients and products used across the Group's main business pillars, will continue to contribute to the Group through cost discipline.



The Group's surimi-based seafood products under the Food Manufacturing business continue to be well-received by consumers both locally and abroad. Moving forward, Neo Group will continue to pursue growth for the segment by ramping up export sales, tapping on its global distribution network, as well as perform R&D to develop new and improved products.

Barring unforeseen circumstances, the Group expects its operations to remain profitable for the financial year ending 31 March 2020.

Note: This press release is to be read in conjunction with the related financial results announcement released by Neo Group Limited via SGXNET on 7 November 2019.

About Neo Group Limited

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Neo Group Limited is a homegrown, integrated food solutions provider. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names in Singapore. The Group has been named the number one events caterer in Singapore and provides one-stop food and catering solutions.



The Group prides itself in providing convenience to customers through its vertically-integrated value chain via four main business segments, namely, Food Catering, Food Retail, Food Manufacturing, Supplies and Trading and other businesses, combining their synergistic qualities to bring customers top value in delivering fresh and tasty meals on time.

The Group supplies a large variety of quality food and buffets appealing to various market segments through its multi-brand strategy. Neo Group's strong portfolio of over 20 brands includes *Neo Garden Catering, Deli Hub Catering, Orange Clove Catering, Best Catering, Chilli Manis Catering, Lavish Dine Catering, How's Catering, Gourmetz, Kim Paradise, umisushi, DoDo fish ball, Joo Chiat Kim Choo traditional rice dumplings, amongst others.* Its food retail network spans over 20 outlets islandwide.

Through its subsidiaries, Neo Group has a trading network across over 30 countries worldwide. Its operations are supported by its central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

For more information, please visit www.neogroup.com.sg.

IMPORTANT NOTICE

This news release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), Listing Manual Section B: Rules of Catalist.

This news release has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.

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