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NEWS RELEASE

KOUFU ACHIEVES 52.3% GROWTH IN 3Q 2019 NET PROFIT TO S\$7.1 MILLION; OUTPACING 6.6% REVENUE GROWTH TO S\$61.4 MILLION

- Overall stronger revenue contributions from both business segments
- Maiden contributions from total of nine newly-opened food courts, F&B stalls and kiosks
- Secures another 10 new locations for R&B Tea outlets in Singapore, slated to open progressively from 4Q 2019 to FY 2020
- Cash generative abilities remain strong with S\$27.8 million in net cash generated from operating activities and net cash of S\$88.6 million

(S\$m)	3Q 2019	3Q 2018	Change (%)	9M 2019	9M 2018	Change (%)
Revenue	61.4	57.6	6.6	177.2	166.8	6.2
Net Profit After Tax (“NPAT”) attributable to Owners of the Company	7.1	4.6	52.3	21.2	17.0	24.6
NPAT Margin (%)	11.5	8.1	3.4 ppt	12.0	10.2	1.8 ppt
Basic and Fully Diluted EPS (SGD Cents)	1.27	0.86	47.7	3.82	3.38	13.0

(S\$m)	30 September 2019	31 December 2018
NAV/Share (SGD Cents)	17.31	16.47
Net Cash	88.6	56.2





Singapore, 4 November 2019 – One of Singapore’s most established and largest operators and managers of food courts and coffee shops, Mainboard-listed Koufu Group Limited (“**Koufu**”, 口福集团有限公司, or together with its subsidiaries, the “**Group**”), today posted a 52.3% increase in net profit for the three months ended 30 September 2019 (“**3Q 2019**”) to S\$7.1 million from S\$4.6 million in the previous corresponding period (“**3Q 2018**”), on the back of stronger contributions from both its business segments.

Mr Pang Lim (庞琳), Koufu’s Executive Chairman and Chief Executive Officer, said, “Locally, we’ve continued to step up the expansion of our F&B network across our chain of food courts, coffee shops, F&B concept stores and restaurant business segments. This is with a view to expand our market share and bring new food varieties to consumers. We’ve made good strides in our organic expansion, increasing our network of food courts and coffee shops to 65 outlets across both segments. This is expected to increase further as we continue to prudently seek and secure new strategic locations, with a focus on hospitals, commercial malls, educational institutions and new housing estates. We are pleased to note that our high-growth tea beverage brands, *R&B Tea* and *Supertea*, have surpassed the expected 25 outlets to hit a new target of 29 by end-2019, driven by wide market acceptance. After opening five new *R&B Tea* outlets this quarter, we have secured another 10 new locations which are slated to open progressively from 4Q 2019 to FY 2020.

“Overseas, we are also bringing these highly popular *R&B Tea* and *Supertea* beverage concepts to both Malaysia and Indonesia respectively. We will be opening our first *R&B Tea* in Mahkota Parade Melaka, a premier shopping mall in Malacca, in November 2019 and will continue to secure new locations in Kuala Lumpur and Johor Bahru. In Macau, we are deepening our presence in this country with another food court opening targeted for FY 2020. We will stay focused in delivering growth and enhancing our revenue streams by tapping on new growth opportunities to export our brands, both locally and abroad.”



Financial Highlights

Revenue for the quarter rose 6.6% to S\$61.4 million from S\$57.6 million in 3Q 2018, mainly due to an overall improvement in contributions from both the outlet and mall management and F&B retail segments. This was lifted by a year-on-year increase in number of outlets, with a total of nine newly-opened food courts, F&B stalls and kiosks; and an overall revenue growth from most of the food courts and coffee shops.

The outlet and mall management segment, which makes up 50.0% of the Group's revenue, expanded 6.2% year-on-year to S\$30.7 million in 3Q 2019 from S\$28.9 million in the same period a year ago. The F&B retail segment, which makes up the remaining half of the Group's total revenue, recorded a 7.3% growth to S\$30.7 million from S\$28.6 million across the same comparative periods.

Koufu generated healthy cash flow of S\$27.8 million in net cash from operating activities. Similarly, its robust balance sheet reported cash and cash equivalents of S\$93.5 million and net cash of S\$88.6 million as at 30 September 2019, indicating sufficient headroom to offer financial flexibility to fund growth initiatives. The Group's shareholders' equity stood at S\$96.0 million as at 30 September 2019.

Earnings per share on a fully-diluted basis rose to 1.27 Singapore cents in 3Q 2019 compared to 0.86 Singapore cents in 3Q 2018. Net asset value per share rose to 17.31 Singapore cents as at 30 September 2019 compared to 16.47 Singapore cents as at 31 December 2018.



For the nine months ended 30 September 2019 (“**9M 2019**”), the Group recorded a 6.2% growth in revenue to S\$177.2 million, compared to S\$166.8 million posted in the equivalent period a year ago. NPAT rose 24.6% to S\$21.2 million from S\$17.0 million in the previous corresponding period (“**9M 2018**”). NPAT margin improved 1.8 percentage points to 12.0% in 9M 2019 from 10.2% in the previous corresponding period.

Expansion On Track to Grow Market Share

The Group’s extensive nationwide network expanded this quarter, with a total count of 49 food courts, 16 coffee shops, a hawker centre and a commercial mall under the outlet & mall management segment, while the F&B retail segment constitutes 74 self-operated F&B stalls, 23 F&B kiosks, 7 Quick-Service Restaurants (“**QSR**”) and four full-service restaurants in Singapore. In Macau, Koufu currently has two food courts under the outlet & mall management segment, while the F&B retail segment has grown to four F&B stalls and two F&B kiosks.

For the outlet & mall management segment, Koufu has secured two additional food court leases, one in Singapore and the other in Macau, following the opening of two new food courts at Kallang Way and Millenia Walk during the quarter. The Group has also opened two new restaurants in 3Q 2019, bringing the total number of *Elemen* restaurants to four.

On the F&B retail front, Koufu has continued to make good progress with its *R&B Tea* and *Supertea* brands. The Group opened five new *R&B Tea* outlets this quarter and secured another 10 new locations which are slated to open progressively from 4Q 2019 to FY 2020. Regionally, Koufu has further secured a lease in Malacca, Malaysia, to operate its first tea beverage kiosk, which is targeted to open in November 2019. The Group will continue to keep a look out for suitable locations to expand its presence both locally and regionally.



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“To broaden our horizon beyond Singapore and Macau, we have prudently expanded our presence, starting with the vast markets of Indonesia and Malaysia for our tea beverage brands, and will continue to look out for opportunities to expand the brands to the Philippines and Thailand, at an opportune time.

“Our guiding principle remains the same – we will strengthen our brand name and build up our network and market share in Singapore before expanding overseas. Another brand name that we will strengthen is our *Elemen* full-service restaurant. Our four restaurants serving natural meatless cuisine, namely at Millenia Walk, Harbourfront Centre and two newly-opened restaurants at Paya Lebar Quarter and Great World City, have been well-received. We will gradually explore further overseas expansion into China, Malaysia, Indonesia and Australia,” added Mr Pang.

The construction of the Group’s integrated facility has commenced in 4Q 2018 and is expected to obtain its temporary occupation permit by 1H 2020. A growth catalyst for Koufu, the integrated facility will support the Group’s growing business needs, create and diversify income streams and drive economies of scale.

Barring unforeseen circumstances, Koufu expects to remain profitable in the next 12 months.

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ABOUT KOUFU GROUP LIMITED

Established in 2002, Koufu is one of the most established and largest operators and managers of food courts and coffee shops in Singapore, with a presence in Macau. Since its inception, Koufu's philosophy has been to integrate modern management discipline into its business while retaining the traditional coffee shop culture, with particular emphasis on providing patrons with value for money dining options in a comfortable environment – congruent with its core values in its vision towards “Better Food”, “Better People” and “Better Life”.

Koufu's business comprises two business segments – outlet & mall management and F&B retail. Under the outlet & mall management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B retail business segment, it operates self-operated F&B stalls located within its food courts and coffee shops or within third party food courts as well as F&B kiosks, quick-service restaurants and full-service restaurants, amongst others.

In less than two decades, Koufu's outlet & mall management business segment has grown to a sizeable islandwide network. Koufu's multi-brand business model and network of F&B outlets currently comprises a portfolio of unique and distinct brands, each focusing on different types of cuisine and dining experiences at various price points to its consumers with varying tastes, preferences, budgets and occasions.

For more information, please visit <http://www.koufu.com.sg/>.





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