



KOUFU GROUP LIMITED

3Q 2019 Corporate Presentation
4 November 2019



BETTER *food* BETTER *people* BETTER *life*

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Content



- Financial Highlights
- Operations Review and Strategies



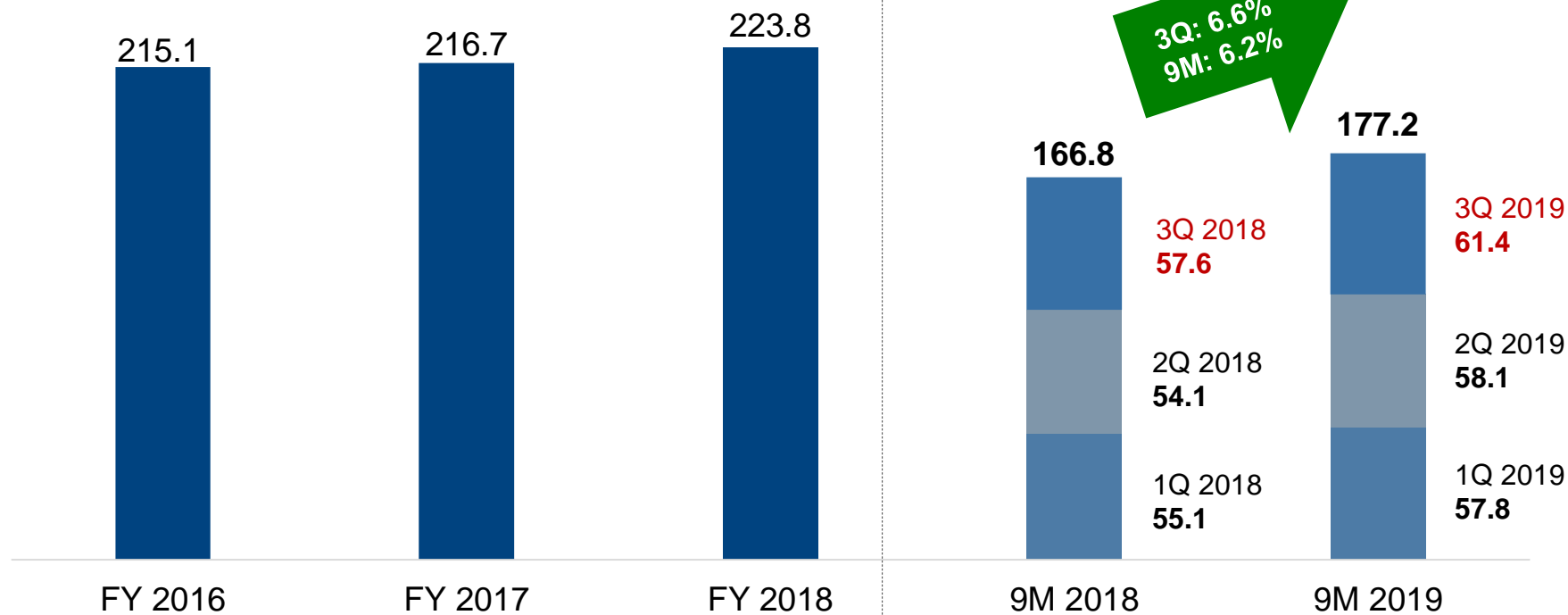
Financial Highlights



Total Revenue



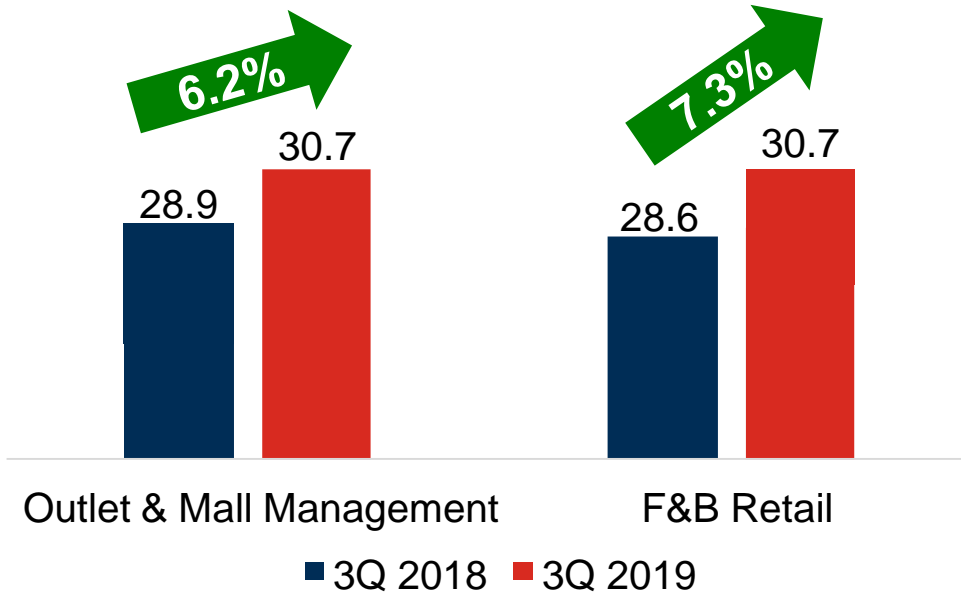
(S\$m)



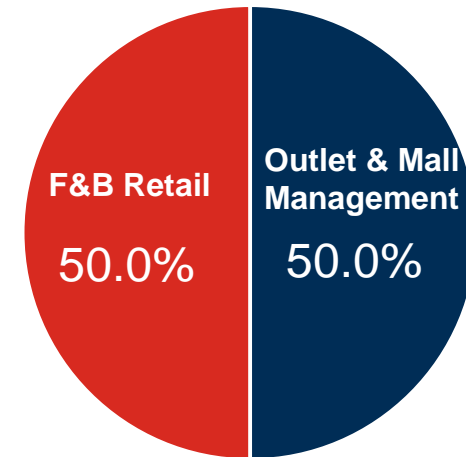
- 3Q 2019 revenue rose 6.6% mainly due to:
 - Opening of new outlets, including two new food courts, two new F&B stalls and five new F&B kiosks
 - Overall stronger contributions from both the outlet & mall management and F&B retail business segments

Revenue Breakdown – By Segment

(S\$m)



3Q 2019 Segment Breakdown



Outlet & Mall Management:

- Lifted by YoY increase in number of outlets, including revenue from the newly opened food courts at 164 Kallang Way and Millenia Walk
- Overall revenue growth from most outlets

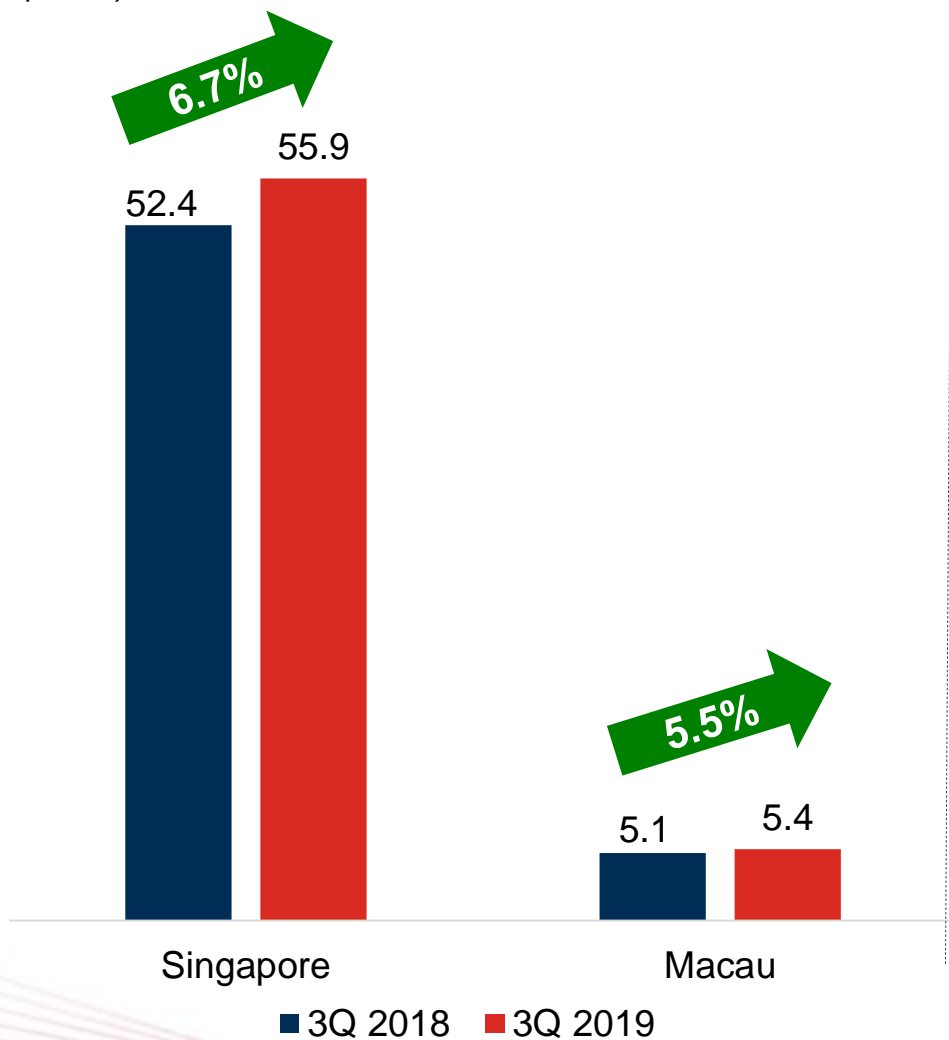
F&B Retail:

- Lifted by YoY increase in number of F&B stalls in the two newly opened food courts, and five F&B kiosks at JEMS, Far East Square, VivoCity, White Sands and SMU
- Overall revenue growth from most outlets

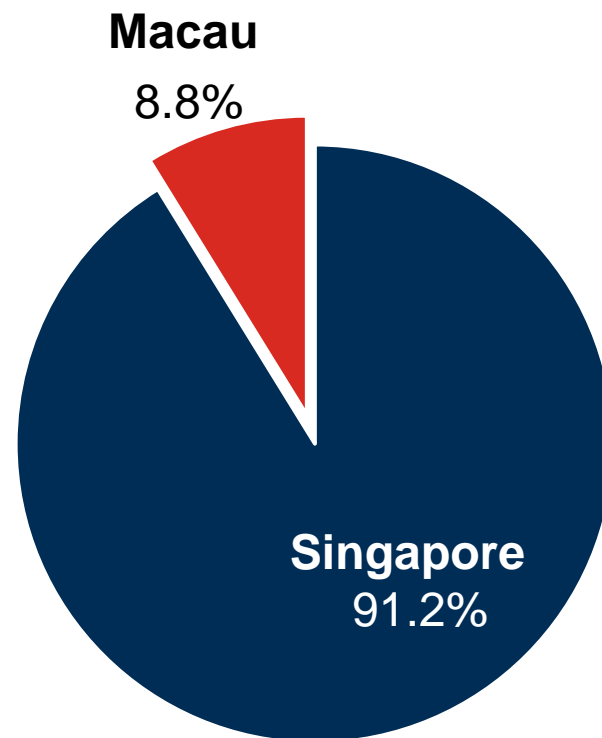
Revenue Breakdown – By Geography



(S\$m)



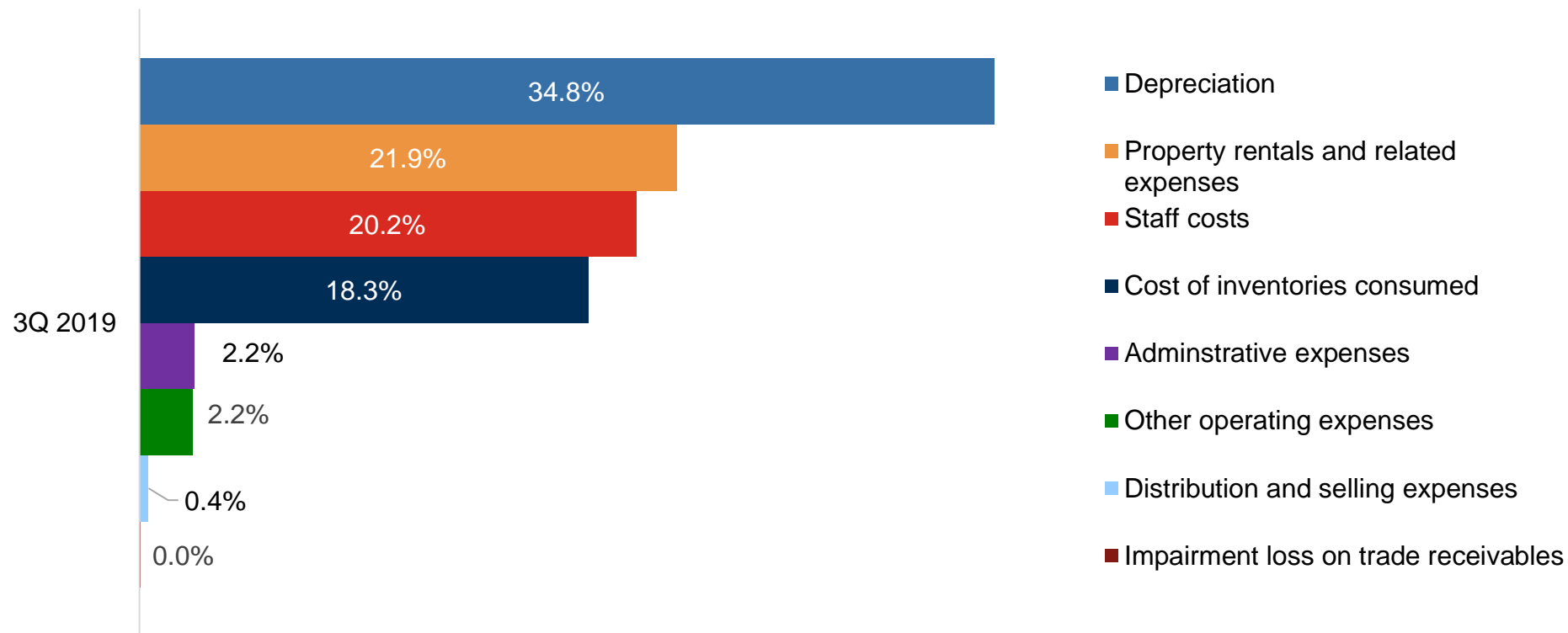
3Q 2019 Geographical Breakdown



Our Expenses Breakdown



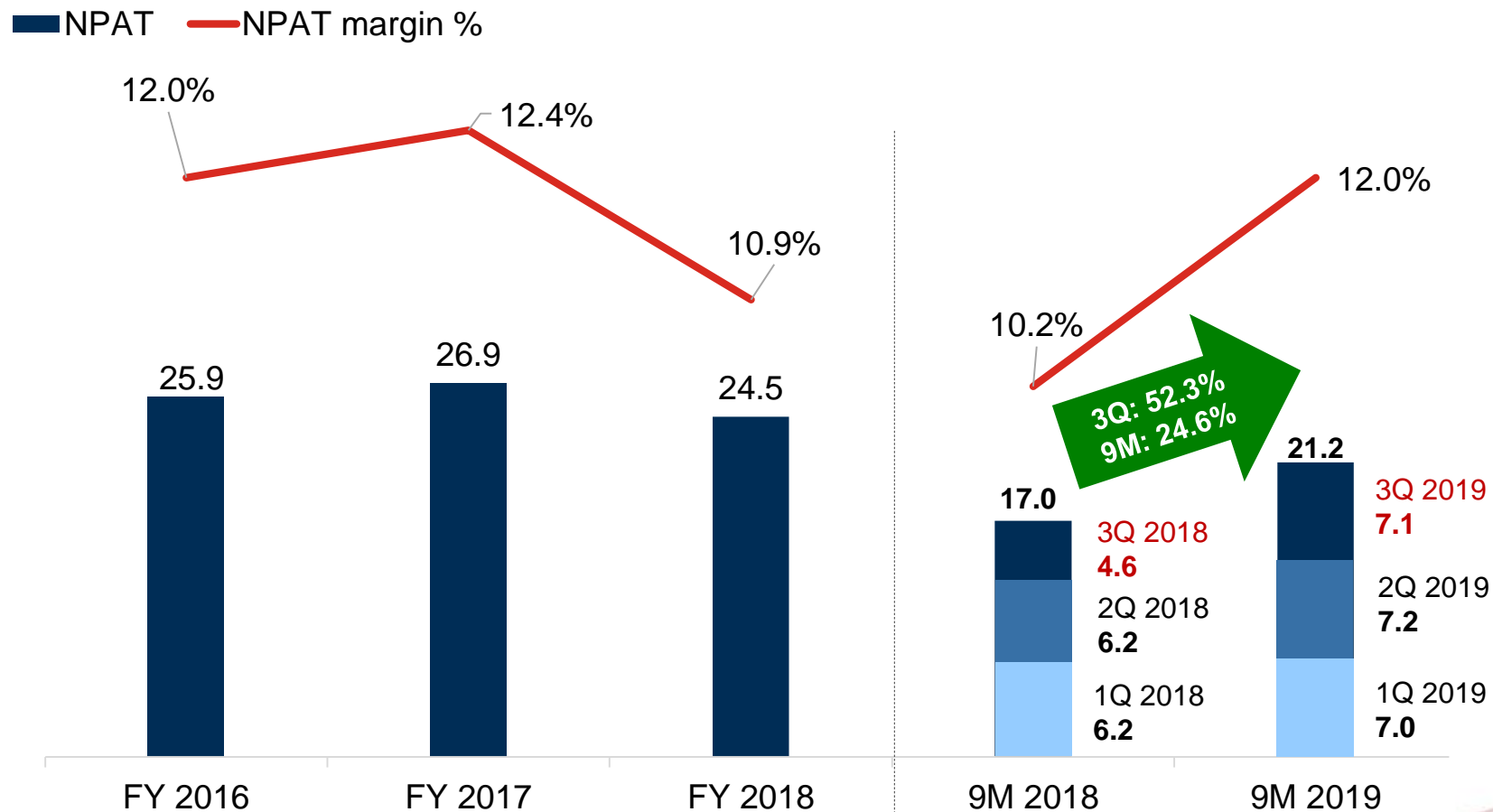
Breakdown of expenses (S\$'000 or %)



Net Profit After Tax



Net Profit After Tax (attributable to owners of the Company)
(S\$m)



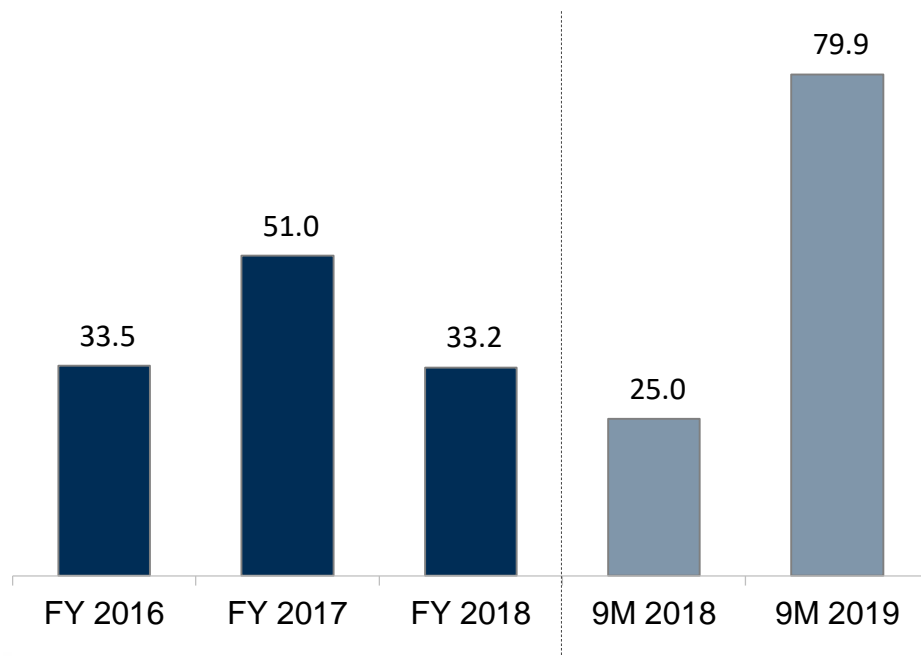
Healthy Cashflow & Balance Sheet



Business is Resilient Through Economic Cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

Net Cash Generated from Operating Activities (S\$m)



S\$93.5m

Cash and cash equivalent
as at 30 September 2019

S\$88.6m

Net Cash as at
30 September 2019

N.B. The Group adopted the SFRS (I)16 effective 1 January 2019

At a Glance – P&L



(S\$m)	3Q 2018	3Q 2019	Change (%)	9M 2018	9M 2019	Change (%)
Revenue	57.6	61.4	6.6	166.8	177.2	6.2
Profit after Tax <i>Attributable to Owners of the Company</i>	4.6	7.1	52.3	17.0	21.2	24.6
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	8.1	11.5	3.4 ppt	10.2	12.0	1.8 ppt
Earnings per Share (SGD Cents)	0.86 ⁽¹⁾	1.27 ⁽¹⁾	47.7	3.38 ⁽¹⁾	3.82 ⁽¹⁾	13.0

(1) Calculated based on 542,612,913 and 503,089,333 weighted average number of shares in 3Q 2018 and 9M 2018 compared to 554,813,700 and 555,022,806 weighted average number of shares in 3Q 2019 and 9M 2019 respectively.

Robust Balance Sheet and Healthy Cash Flows



(S\$m)	31 December			30 September
	2016	2017	2018	2019
Total Assets	186.8	107.2	159.7	345.6 ⁽¹⁾
Total Liabilities	84.0	64.1	68.2	248.9 ⁽¹⁾
Total Shareholders' Equity	102.9	43.1	91.5	96.8
Cash and Cash Equivalents	49.0	53.0	61.0	93.5
Time Deposits	-	-	35.0	3.0
Net Asset Value Per Share (S\$)	0.21	0.09	0.16	0.17
Net cash generated from operating activities	33.5	51.0	33.2	27.8

Note:

⁽¹⁾ The Group adopted the SFRS(i)16 (Leases) effective 1 January 2019

Operations Review and Strategies



Complementary Business Segments with Diversified Revenue Streams



As at 30 September 2019

Outlet & Mall Management

49 **2**

Food Courts

1

Hawker Centre

16

Coffee Shops

1

Commercial Mall

F&B Retail

74 **4**

F&B Stalls

23 **2**

F&B Kiosks

7

Quick-Service Restaurants ("QSR")

4

Full-Service Restaurants

Food Courts



Coffee Shops

F&B Stalls, Kiosks, QSRs and Full-Service Restaurants



Reinforcing our foothold in Singapore

- To expand in Singapore with a focus on in new housing estates, hospitals, commercial malls and tertiary educational institutions
- Successfully secured one more lease in Singapore, expected to open in FY 2020



Extending our network further abroad

- Expand overseas with an initial focus in Macau
 - Macau is part of the Greater Bay Area, which is accessible by the Hong Kong-Zhuhai-Macau Bridge, where travelling time between these countries have been significantly reduced
 - Rise in visitorship to drive the growth of Macau in gaming and tourism
- Finalised lease of third food court in Macau, targeted to open in FY 2020

Network Expansion in Singapore

- Opened two new *Elemen* outlets, achieving target of four outlets by end-3Q 2019; and five *R&B Tea* outlets
- Target: At least 29 *R&B Tea* and *Supertea* outlets by end-FY 2019, surpassing earlier target of 25 outlets



Widening footprint overseas

- **Macau:** Continue keeping a look out for suitable locations to expand footprint
- **Malaysia:** Secured lease in Malacca; first *R&B Tea* outlet to open in Mahkota Parade Melaka in November 2019
- **New markets:** Actively looking for JV partners to expand *R&B Tea* brand to the Philippines and Thailand
- Tap experience and network accumulated in various markets to progressively expand other F&B Retail brands, such as *Elemen*

Integrated Facility – to Drive and Support Growth



- Larger Central Kitchen and Corporate HQ
- Expand central procurement, preparation, processing and distribution functions
- Better support for all F&B Outlets and self-operated F&B stalls
- Improve productivity and operational efficiency

**GFA of
20,000 sqm**

More than 5 times larger than our current central kitchens and corporate headquarters

\$40.0 Million

Estimated total construction **including** renovation cost, capital expenditure for equipment and machinery (\$\$3.9m land premium paid upfront for 30 years lease)

Commenced construction in **4Q 2018**

Expected TOP in **1H 2020**

Catalyst for Growth and Top-line Contributor – Our Integrated Facility



Artist impression of proposed integrated facility located at Woodlands Avenue 12

<p>Larger Central Kitchen (Tim sum/ Bakery/ Hot Kitchen)</p>	<ul style="list-style-type: none"> ▪ Access to third-party markets, through our potential joint venture businesses, increasing production volume ▪ Reduce the food preparation and processes previously done on-site ▪ Enjoy greater economies of scale, improve production techniques, ensure better consistency ▪ Expand central procurement function; bulk purchase of ingredients and improve purchasing and negotiation power with suppliers
<p>Stallholders Central Kitchen</p>	<ul style="list-style-type: none"> ▪ To support the growth of our stallholders, 20 central kitchen spaces each ranging from 1,300 sq ft to 2,700 sq ft is allocated for them to build their Central Kitchens
<p>Training Centre</p>	<ul style="list-style-type: none"> ▪ Provide training for employees ▪ Establish and align quality standards
<p>Research & Development Centre</p>	<ul style="list-style-type: none"> ▪ Develop new F&B products and recipes. Research on food preparation process for increased productivity and cost efficiency ▪ Conduct market research and trend analysis ▪ Ensure greater consistency in our food quality with higher nutritional value

At least 70% of the GFA for our own business and operations and JV businesses

Improving Productivity – Using Technology As a Key Enabler



In line with the Singapore government's emphasis on improving productivity through innovation as well as consumer experience, we have implemented the following in FY 2018 and will continue across 2019:



Traditional coffee making machine

Started its first pilot outlet at Blk 289 Compassvale Crescent in June 2019, 2nd Generation machine to be tested



Mobile ordering application

implemented at 29 food courts and coffee shops. To encourage self ordering-payment-collection, customers get to enjoy 10% direct discount



NETS unified payment terminals implemented across all food courts



43 smart tray return robots deployed to 16 food courts and coffee shops

Investment Merits



1

Market Leadership: One of Singapore's most established and largest operators and managers of food courts and coffee shops with presence in Macau

2

Complementary Business Segments with Diversified Revenue Stream: outlet & mall management business and F&B retail business segments

3

Resilient Business and Steady Income Stream

4

Quality Stall Operators and Active Manager-Operator Partnership

5

Comprehensive Supply Chain Facilitates Costs Management and Operational Efficiency

6

Holistic Approach to Improving Productivity by Using Technology as a Key Enabler

7

Experienced Management Team with Proven Track Record

8

Dividend Recommendation: At least 50% of NPAT generated for the financial years ended 31 December 2018 and 2019





Thank You

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