



## NEWS RELEASE

### KOUFU POSTS REVENUE OF S\$89.0 MILLION FOR 1H 2020, DEMONSTRATING RESILIENCE AMIDST COVID-19 OUTBREAK

- ***Revenue and NPAT attributable to Owners of the Company declined on back of circuit breaker measures and more conscious spending habits of consumers***
- ***Defensive nature of business offers resilience through challenging operating conditions***
- ***Balance sheet remains robust with strong cash flow generation capability***
- ***Proposes interim dividend of 0.5 Singapore cent***
- ***Opens first tea beverage kiosk in Indonesia and completes accretive acquisition of Deli Asia Group, accelerating Group's income diversification, subsequent to financial period end***

**Singapore, 11 August 2020** – 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 announced a revenue of S\$89.0 million and net profit after tax (“**NPAT**”) attributable to Owners of the Company of S\$2.5 million for the six months ended 30 June 2020 (“**1H 2020**”).

Mr Pang Lim (庞琳), Koufu's Executive Chairman and Chief Executive Officer, said: “2020 got off to a rocky start for the global economy, with the widespread outbreak of COVID-19 in January. The F&B industry has been impacted due to the circuit breaker measures as well as more conscious spending habits due to a general downtrend in the economy. These measures significantly affected our revenue as we saw lower footfalls at our food courts, especially those located in commercial malls, educational institutions and near offices. Our standalone F&B kiosks were also not allowed to operate.”



“Since 2 June 2020, activities were allowed to gradually resume over three phases of reopening. Similarly, we have resumed operations for most outlets since 19 June 2020 in Phase 2 of the reopening, which has seen our food courts and coffee shops located in the heartlands, tea beverage kiosks and full-service restaurants making significant improvements. Despite the challenging operating environment this trying period, Koufu has remained profitable with an NPAT attributable to Owners of the Company of S\$2.5 million for the first half of the year.”

“We have built up a defensive and resilient business model that has been tried-and-tested through time, including previous economic recessions of SARS in 2002 and the global financial crisis of 2007-2008. Our business model has enabled us to remain cash-generative and robust through economic cycles.”

### Financial Highlights

(S\$m)	1H 2020	1H 2019	Change (%)
Revenue	89.0	115.9	(23.2)
NPAT attributable to Owners of the Company	2.5	14.1	(82.0)
NPAT Margin (%)	2.8	12.2	(9.4 ppt)
Basic and Fully Diluted EPS <sup>1</sup> (SGD Cents)	0.46	2.54	(81.9)

(S\$m)	30 June 2020	31 December 2019
NAV/Share (SGD Cents)	17.45	18.44
Net Cash	72.0	85.7

<sup>1</sup> Calculated based on 554,712,986 weighted average number of shares in 1H 2020 compared to 555,129,092 weighted average number of shares in 1H 2019.



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Revenue for 1H 2020 decreased 23.2% to S\$89.0 million from S\$115.9 million in the same comparative period a year ago (“**1H 2019**”), largely due to the impact of the COVID-19 outbreak. The lower topline was due to lower contributions from both the outlet and mall management segment and food and beverage (“**F&B**”) retail segment.

Contributions from the outlet and mall management segment, which makes up 53.7% of the Group’s revenue, fell 19.4% year-on-year to S\$47.8 million in 1H 2020, due to decrease in fixed rental income as the Group had passed on rental rebates to stall tenants and decrease in variable rent due to lower footfall at most outlets.

The F&B retail segment, which contributed the other 46.3% of the Group’s revenue, recorded a 27.2% decrease from S\$56.6 million in 1H 2019 to S\$41.2 million in 1H 2020. This was largely attributable to the lower footfalls at most of the outlets especially during the circuit breaker period and Phase 1 of reopening, when dine-in was not allowed, and 10 food courts, three quick-service restaurants (“**QSR**”), two full-service restaurants and 26 R&B tea kiosks managed by the Group that had its operations temporarily suspended.

Total expenses fell 9.3% year-on-year. As a result of the above, Koufu’s 1H 2020 NPAT attributable to Owners of the Company fell 82.0% to S\$2.5 million, as compared to S\$14.1 million in the year ago period, while corresponding margin fell from 12.2% to 2.8% over the same comparative period.

Despite the tough operating conditions, Koufu generated healthy cash flow of S\$22.2 million in net cash generated from operating activities. Similarly, its balance sheet remained robust with cash and cash equivalents of S\$76.4 million and net cash of S\$72.0 million as at 30 June 2020, indicating a deep war chest to offer financial flexibility to the Group. The Group’s shareholders’ equity stood at S\$96.8 million as at 30 June 2020.





Earnings per share on a fully-diluted basis stood at 0.46 Singapore cent for 1H 2020, as compared to 2.54 Singapore cents in 1H 2019. Net asset value per share narrowed to 17.45 Singapore cents as at 30 June 2020 compared to 18.44 Singapore cents as at 31 December 2019.

### **Proposed Interim Dividend**

To thank Koufu's shareholders for their loyal support, the Board has proposed an interim, one-tier tax-exempt dividend of 0.5 Singapore cent per ordinary share, to be paid on 3 September 2020.

### **Investing in New Areas of Growth**

The Group's extensive network in Singapore expanded this quarter, with a total count of 48 food courts, 18 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, 28 F&B kiosks, seven QSRs and four full-service restaurants. Overseas in Macau, Koufu currently has two food courts under the outlet & mall management segment, and four F&B stalls and one F&B kiosk under the F&B retail segment. Koufu also operates one F&B kiosk under the F&B retail segment in Malaysia.

For the outlet & mall management segment, Koufu expects to open one new food court in the second half of 2020 in Singapore, after opening two new coffee shops in 1H 2020 locally. Overseas, Koufu has secured the lease for a third food court in Macau, targeted to open in the second half of 2020.



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On the F&B retail front, Koufu will focus on growing its *R&B Tea* and *Supertea* brands in its current markets of Singapore, Macau and Malaysia, while breaking new ground in Indonesia. Meanwhile, Koufu has secured three leases for *R&B Tea* kiosks in Singapore, which are slated to open in the second half of 2020. It also plans to tap on the experience and network accumulated in the various markets to expand its other retail brands overseas.

Separately, Koufu has been investing in developing its *Koufu Eat* app during this period to expand its capabilities to expand its reach to more customers and provide increased convenience for customers. Since the launch of the *Koufu Eat* app in August 2018, most food courts and coffee shops have started tapping on the app. The Group has also recently launched a delivery services option on the *Koufu Eat* app to certain areas of Singapore by partnering with delivery vendors, and is looking to gradually increase the delivery coverage to include more parts of the island.

Subsequent to the period end, the Group had opened its first *R&B Tea* outlet in Indonesia, at Emporium Pluit Mall on 4 July 2020. This follows from the Group having established a joint venture with a business partner to develop, establish, manage and operate the tea beverage business in Indonesia in the year prior.

Additionally, the Group had, on 30 July 2020, completed the acquisition of the fried food and dough products business, Deli Asia Group. This accretive acquisition is in line with the Group's business strategy to leverage on its partners' specialist expertise to fast-track Koufu's diversification of business network and brands in complementary products both locally and abroad, thereby strengthening its income stream. With the well-acceptance of the *Dough Culture* brand, which Deli Asia retails fried food and dough products directly to consumers under, and its products in the domestic and export markets, there are plans to expand the current network of retail kiosks under the brand from the current seven to around 20 and possibly more within the next five years.





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“We are constantly assessing Koufu’s business strategy and growth trajectory to tide over any crises and economic downtrends, as well as to clinch opportunities when it arises. We have been focused on investing in new areas, leveraging on our strong fundamentals and proven business model, to ensure Koufu’s long-term sustainable growth. We are pleased to report that our efforts have come to fruition and that subsequent to the financial period end, we successfully expanded our portfolio of household brand names to include Deli Asia’s *Dough Culture* and *Delisnacks*, which will strengthen our distribution network and provide us access to new markets. Additionally, the long-awaited opening of the first *R&B Tea* outlet in Indonesia will pave the way for further expansion into the market,” 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 the second half of 2020. A growth catalyst for Koufu, the integrated facility will not only support the Group’s growing business needs, it also presents an opportunity for Koufu to create and diversify income streams.

Barring any 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, Malaysia and Indonesia. 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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