



KOUFU GROUP LIMITED

1H 2020 Corporate Presentation

11 August 2020

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Content



- **Financial Highlights**
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- **Operations Review**
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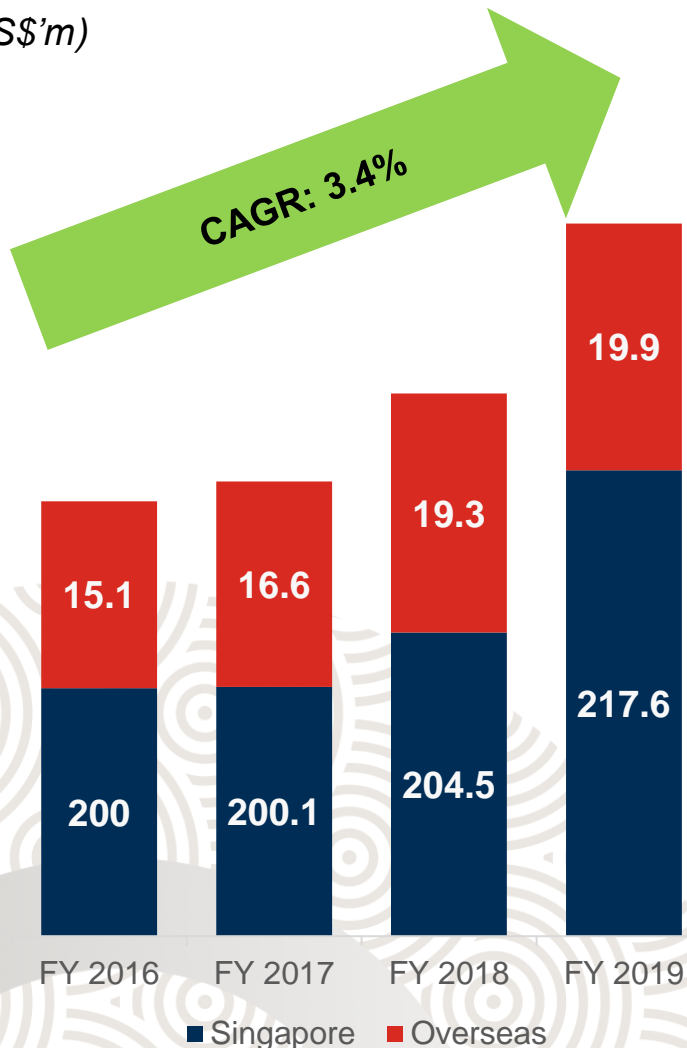
Financial Highlights



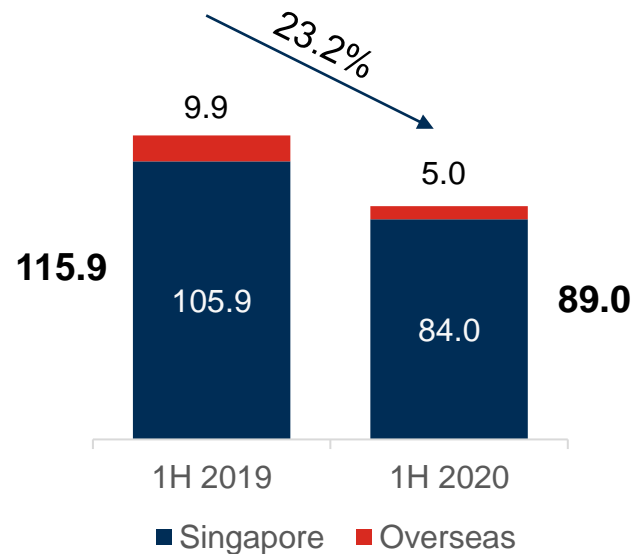
Total Revenue



(S\$m)

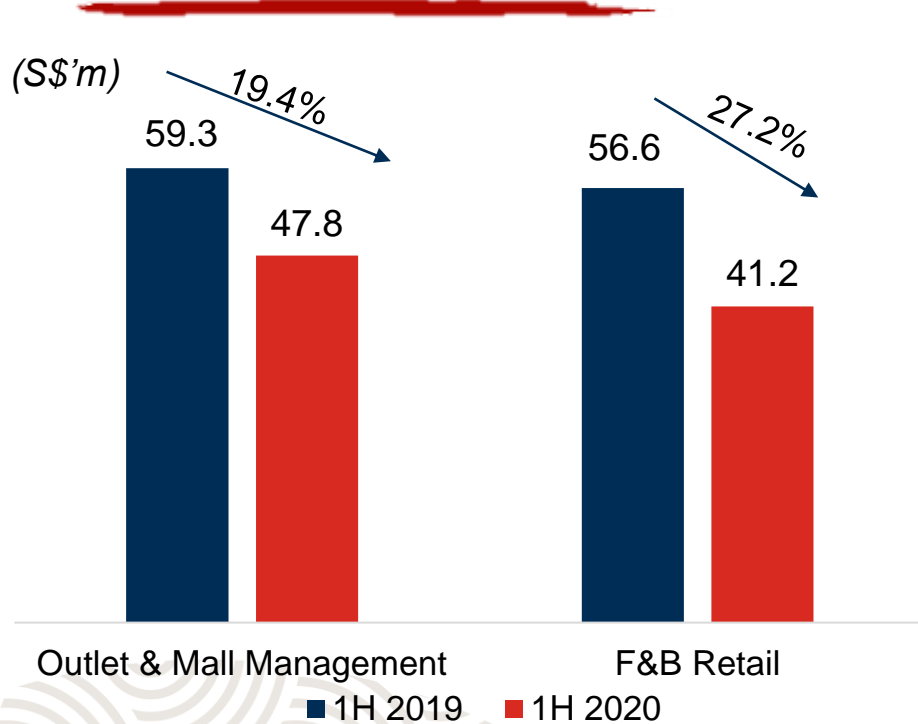


(S\$m)

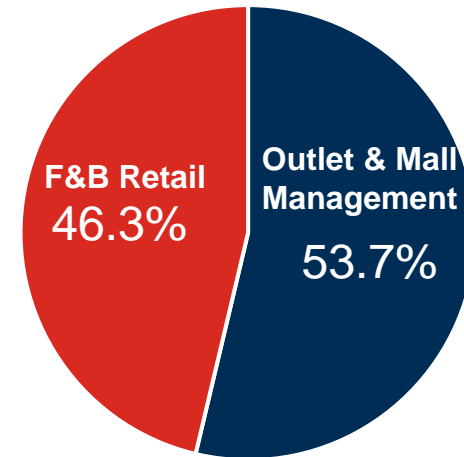


- 1H 2020 revenue declined by 23.2% mainly due to:
 - Lower contributions from both the outlet & mall management and F&B retail business segments due to impact from the circuit breaker and Phase 1 periods when dine-in services were disallowed.
 - Temporary suspension of operations of 10 food courts, 3 quick-service restaurants (“QSR”), 2 full-service restaurants and 26 R&B tea kiosks/QSR during the circuit breaker and Phase 1 periods.

Revenue Breakdown – By Segment



1H 2020 Segment Breakdown



Outlet & Mall Management:

- Decrease in fixed rental income as rental rebates granted by landlords were passed on to stall tenants
- Decline in variable rent income and recovery of cleaning expenses from stall tenants as lower cleaning expenses were incurred during the circuit breaker and Phase 1 of the re-opening of the economy as dine-in services were disallowed

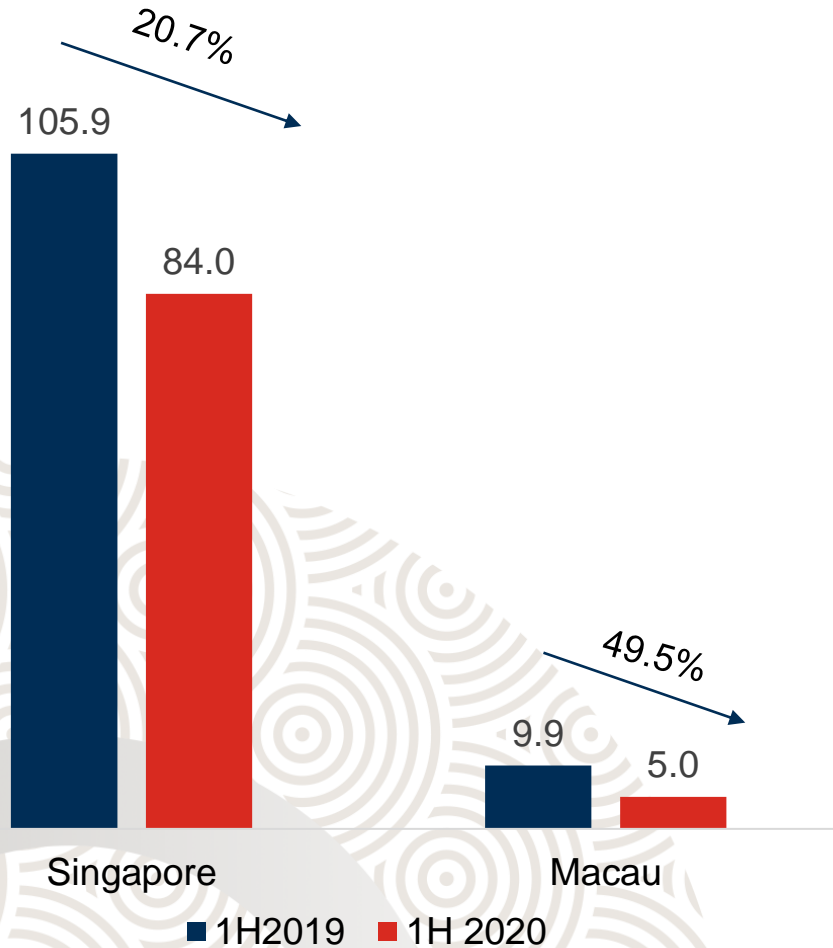
F&B Retail:

- Lower footfalls at most of the outlets especially during the circuit breaker and Phase 1 periods as dine-in services were disallowed
- Temporary suspension of operations of 10 food courts, 3 quick-service restaurants (“QSR”), 2 full-service restaurants and 26 R&B tea kiosks/QSR during the circuit breaker and Phase 1 periods.

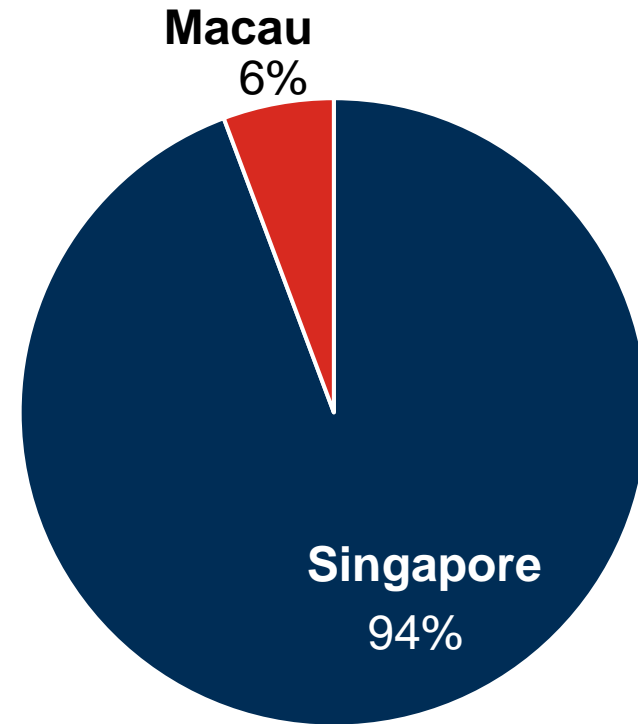
Revenue Breakdown – By Geography



(S\$m)



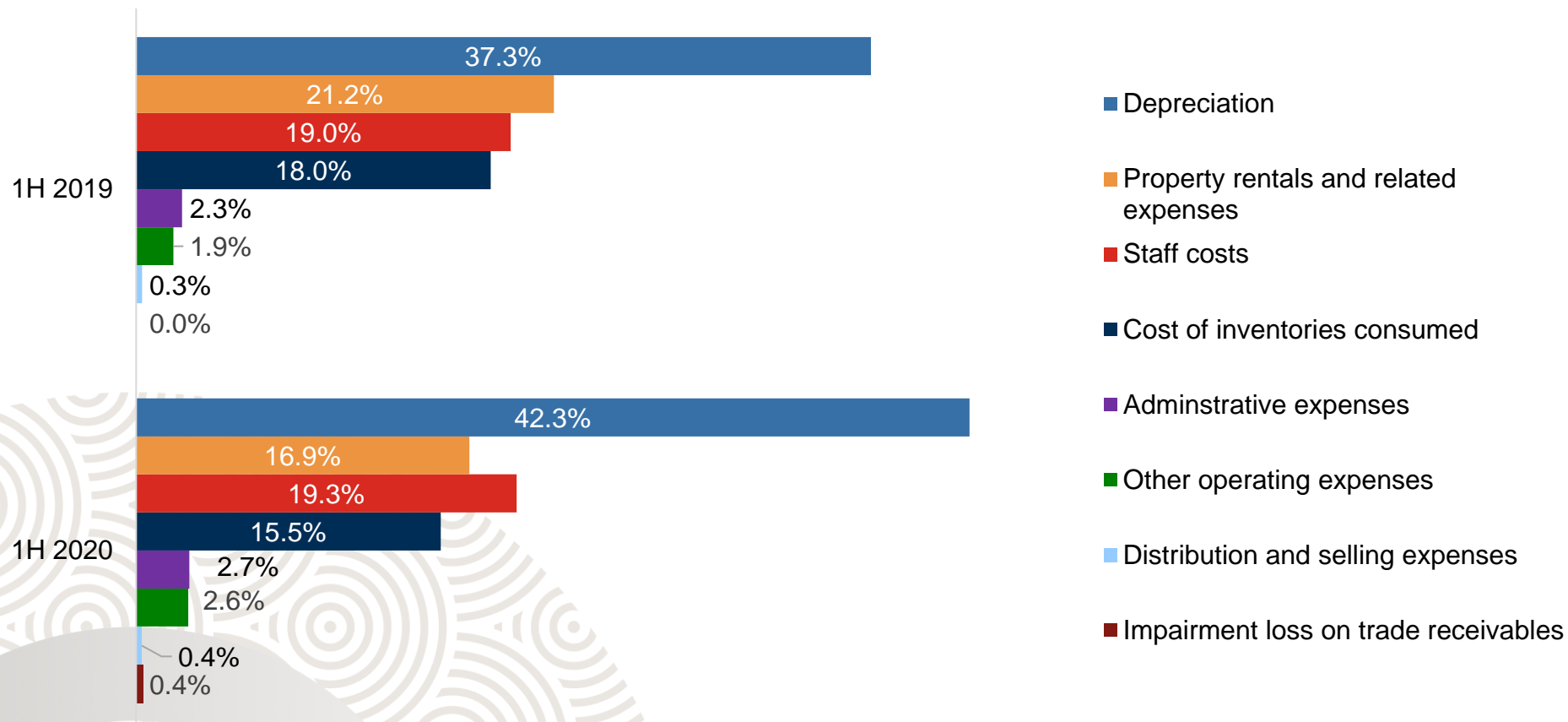
1H 2020 Geographical Breakdown



Our Expenses Breakdown



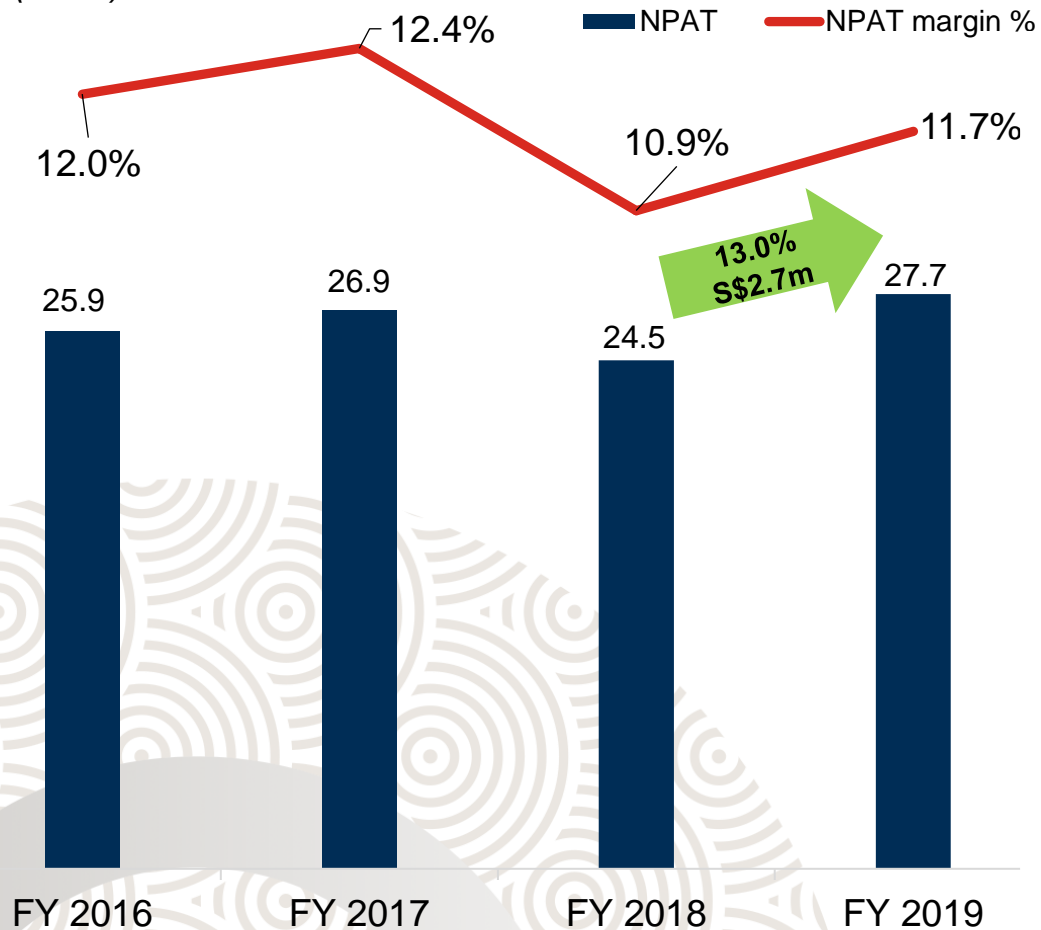
Breakdown of expenses



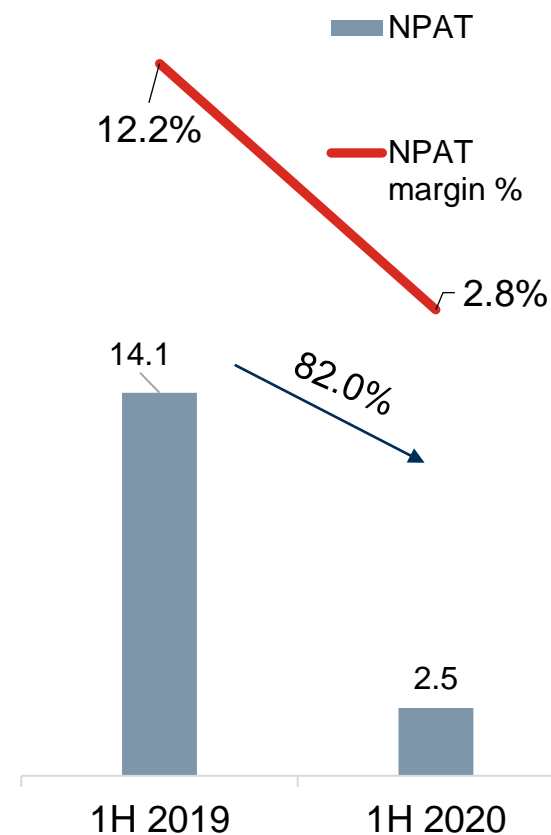
Net Profit After Tax



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



(S\$m)



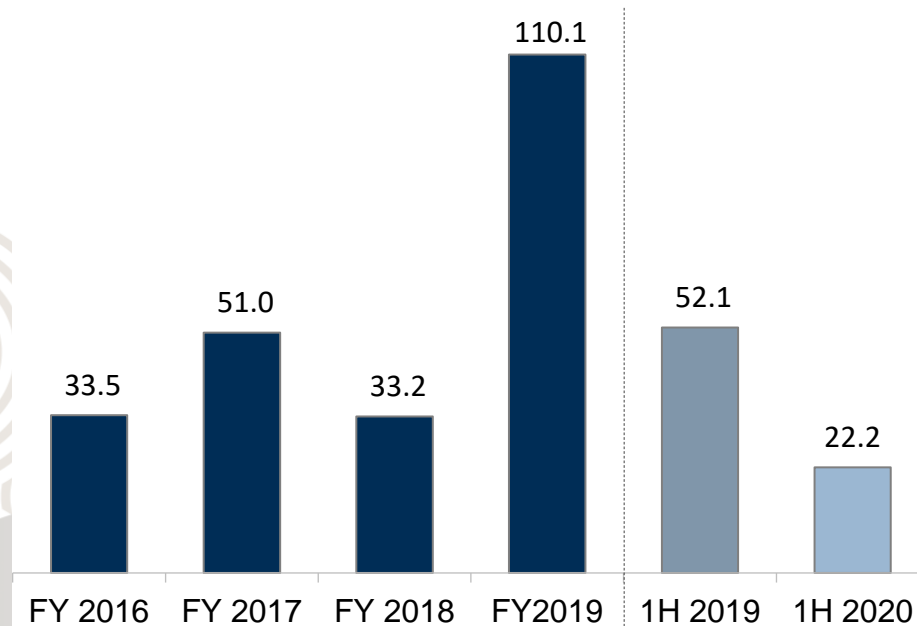
Healthy Cashflow & Balance Sheet



Business is Resilient Through Economic Cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

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



S\$76.4m

Cash and cash equivalent
as at 30 June 2020

S\$72.0m

Net Cash as at
30 June 2020

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

At a Glance – P&L



(S\$m)	1H 2019	1H 2020	Change (%)
Revenue	115.9	89.0	(23.2)
Profit after Tax <i>Attributable to Owners of the Company</i>	14.1	2.5	(82.0)
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	12.2	2.8	(9.4 ppt)
Earnings per Share <i>(SGD Cents)</i>	2.54 ⁽¹⁾	0.46 ⁽¹⁾	(81.9)

(1) Calculated based on 555,129,092 and 554,712,986 weighted average number of shares in 1H 2019 and 1H 2020 respectively.

Robust Balance Sheet and Healthy Cash Flows



(S\$m)	31 December			30 June 2020
	2017	2018	2019	
Total Assets	107.2	159.7	348.9 ⁽¹⁾	323.4 ⁽¹⁾
Total Liabilities	64.1	68.2	245.9 ⁽¹⁾	225.8 ⁽¹⁾
Total Shareholder's Equity	43.1	91.5	102.3	96.8
Cash and Cash Equivalents	53.0	61.0	90.4	76.4
Time Deposits	-	35.0	4.6	-
Net Asset Value Per Share (S\$)	0.09	0.16	0.18	0.17
Net cash generated from operating activities	51.0	33.2	110.1	22.2

Note:

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

Impact of COVID-19



Update on COVID-19 Impact



Business Operations

Singapore

- Resumed operations of most of the outlets including dine-in services since 19 June 2020 in Phase 2 of the reopening of the economy
- Significant improvements in footfall and revenue of heartland food courts and coffee shops
- Food courts located near offices, down-town areas, tertiary institutions and tourist hot-spots continue to see low footfall
- Significant improvements to both footfalls and revenue since re-opening of most of the R&B tea kiosks and dine-in services of 4 full-service restaurants

Macau

- Cotai Sands and University of Macau remains operational with 100% occupancy rate for food stalls; operations impacted with significantly lower footfall
- Mainland China and Macau have slowly reopened its borders, along with the recent lifting of the 14-day quarantine policy on the Macau-Guangdong borders in July 2020.

New Outlets/Integrated facility

- Singapore: opening of one new food court at Le Quest, Bukit Batok delayed to Q4 2020
- Macau: opening of one new food court at Nova City initially slated for Q2 2020 delayed to Q3 2020.
- TOP for new integrated facility delayed to Q4 2020, at the earliest

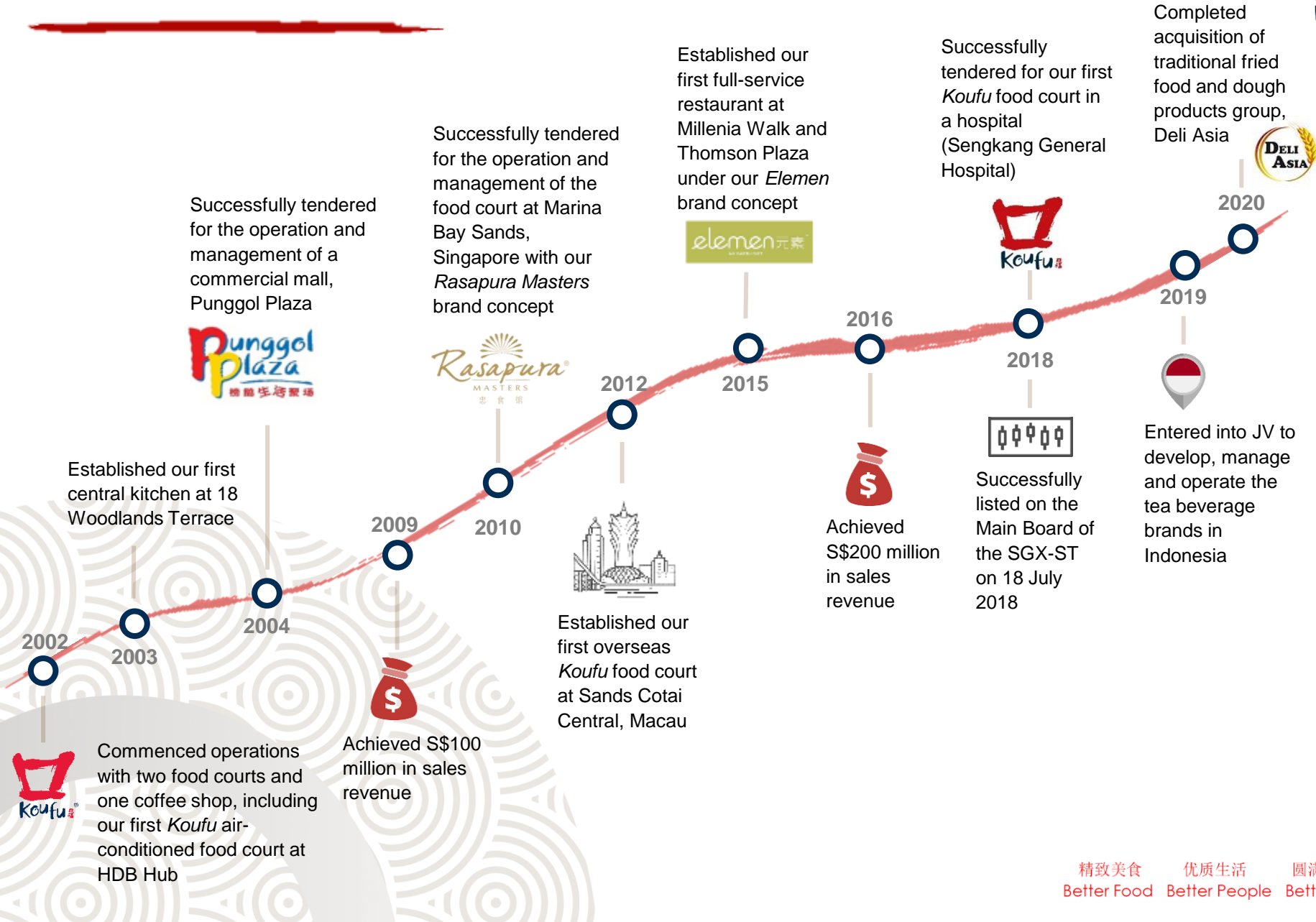


- Partnering with delivery platforms and launching delivery services within our own “Koufu Eat” App to boost online sales
- Negative impact mitigated to an extent by government grants and rental waivers or rebates, as well as property tax rebates passed down by landlords.
- Expects both revenue and operating profits to be affected
- Strong balance sheet and cash position in meeting operating requirements
- Remain competitive with cautious growth and expansion plans

Operations Review



Key Milestones



Revenue Diversification & Broadening of Supply Chain



* Acquisition of Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd. (collectively, the "Target Group")



- Completed acquisition of traditional fried food and dough products Group, Deli Asia* for an aggregate cash consideration of S\$22,040,000 on 30 July 2020
- Fast-tracks Koufu's revenue diversification and network expansion in complementary dim sum snacks, fried food and dough products
 - Gain access to new markets through the supply of frozen and partial fried food products to third party businesses, including supermarkets and exports to overseas markets
 - Plans to further expand current network of seven retail kiosks under *Dough Culture* brand
 - Approximately 60 franchised F&B stalls in coffee shop and hawker centres carrying products under the *Delisnacks* brand
- Strengthens Koufu's supply chain with the broadening and consolidation of production and manufacturing capabilities
 - Gain immediate access to the Target Group's production facilities of high quality, halal and vegetarian fried food and dough products.
 - Enhance supply chain security with the consolidation of Deli Asia's manufacturing capabilities at Koufu's new IF upon its completion



Retail brand logo



Licensed brand logo

At a Glance – No. of F&B Outlets



Outlet & Mall Management Segment	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	1H 2020
Food courts	47	49	47	47	50	50
Coffee shops	12	15	15	15	16	18
Hawker centre	-	-	1	1	1	1
Commercial mall	1	1	1	1	1	1
F&B Retail Segment	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	1H 2020
Self-operated F&B stalls	75	83	79	73	76	78
F&B kiosks	2	2	4	10	29	30
QSRs	5	7	9	8	7	7
Full-service restaurants	2	2	3	3	4	4

*As at 30 June 2020

At a Glance – Outlets by Country



As at 30 June 2020

Outlet & Mall Management

48 **2**

Food Courts

1

Hawker Centre

18

Coffee Shops

1

Commercial Mall

F&B Retail

74 **4**

F&B Stalls

28 **1** **1**

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



At a Glance – New Openings in 1H 2020



KOUFU @ COTA

Singapore

Month	Brand	Location	F&B Outlets	Business Segment
Jan 2020	Happy Hawkers	Blk 602 Tampines Avenue 9	Coffee shop	Outlet & Mall Management
Jan 2020	Happy Hawkers	Blk 215 Compassvale Crescent	Coffee shop	Outlet & Mall Management
Jan 2020	R&B Tea	Eastpoint Mall	F&B Kiosk	F&B Retail

Overseas

Month	Brand	Location	F&B Outlets	Business Segment
July 2020	R&B Tea	Emporium Pluit Mall (Indonesia)	F&B Kiosk	R&B Tea



Transformational Strategies



Reinforcing our foothold in Singapore

- Opened two coffee shops in 1H 2020 and further secured one more lease for food court (Le Quest, Bukit Batok), targeted to open in Q4 2020
- To expand in Singapore with a focus on new housing estates, hospitals, commercial malls and tertiary educational institutions
- Notwithstanding the challenges amidst the COVID-19 outbreak, the Group expects to remain competitive with its productivity efforts and expansion plans as it monitors the situation closely
- Adopts a tactical and calculated approach in expansion plans in targeted markets for sustainable growth

Extending our network further abroad

- Expand overseas with an initial focus in Macau
- Opened a new food court in Macau University in 2019
- Secured lease of third food court in Macau (Nova City), targeted to open in Q3 2020



F&B Retail – Increasing our Multi-Brand Recognition



Network Expansion in Singapore

- Opened 1 *R&B Tea* kiosks in 1H 2020, achieving a total of 28 outlets
- Further secured three leases for *R&B Tea* kiosks (Fusionopolis, Change Alley Mall and Le Quest) and one QSR at Canberra Plaza, slated to open in 2H 2020.
- Looking to expand the *Dough Culture* kiosks from the existing 7 to 20 within next 5 years



Widening footprint overseas

- **Macau:** Continue keeping a look out for suitable locations to expand footprint
- **Indonesia:** First *R&B Tea* kiosk opened in Indonesia, at Emporium Pluit Mall on 4 July 2020; established JV to develop, establish, manage and operate tea beverage business in Indonesia
- **Philippines:** Finalising a Master Franchise Agreement with a local franchisee for *R&B Tea*
- **Malaysia:** First *R&B Tea* outlet opened 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



Artist impression of proposed integrated facility located at Woodlands Avenue 12

Commenced construction in **Q4 2018**

Expected TOP in **Q4 2020**

**GFA of
20,000 sqm**

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

S\$40.0 Million

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

- To house a larger Central Kitchen and Corporate HQ, new Training Centre and R&D Centre
- Expand central procurement, preparation, processing and distribution functions
- Better support for all F&B Outlets and self-operated F&B stalls – Up to 30% of total GFA to be rented out to our stallholders to build their own central kitchen
- At least 70% of total GFA for our own business and operations and JV businesses including production of fried dough products and a cloud kitchen
- Improve productivity and operational efficiency

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 2018 and 2019 and will continue doing so in 2020:



Traditional coffee making machine

Started its first pilot outlet at Blk 289 Compassvale Crescent in June 2019,



Mobile ordering application

implemented at 42 food courts and coffee shops. To encourage self ordering-payment-collection, customers get to enjoy 10% direct discount. Delivery option recently rolled out.



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





THANK YOU

For enquiries, please contact:

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