

PRESS RELEASE

## RE&S registers an increase in net profit to S\$1.2 million for 3Q FY2019

- Revenue remains stable with slight increase compared with 3Q FY2018 despite impact from renovation of two outlets in the same period and closure of outlets in 2Q FY2019
- Significant growth of 10.5% in revenue for *Quick-Service Restaurants, Convenience and Others* (“**QSR**”) segment
- Group to continue driving rejuvenation projects for existing brands while further exploring strategic partnerships or joint ventures to increase contribution from **QSR** segment

**Singapore, 6 May 2019** – RE&S Holdings Limited (“**RE&S**” or the “**Company**” and, together with its subsidiaries, the “**Group**”), a Japanese multi-brand food and beverage (“**F&B**”) operator, announced today its financial results for the three months (“**3Q FY2019**”) and nine months (“**9M FY2019**”) ended 31 March 2019 (“**3Q FY2019**”).

### Financial Highlights

S\$'000	3Q FY2019	3Q FY2018	Change (%)	9M FY2019	9M FY2018	Change (%)
Revenue	35,507	35,290	0.6	107,390	106,964	0.4
Other operating income	775	533	45.4	1,998	806	147.8
Operating expenses <sup>(1)</sup>	(34,245)	(34,062)	0.5	(102,431)	(101,223)	1.19
Other expenses (Non-operating)	(297)	(282)	5.3	(2,022)	(2,149)	(5.9)
Profit before tax	1,667	1,394	19.6	4,723	4,122	14.6
Profit, net of tax	1,244	859	44.8	3,395	2,632	29.0

(1) Operating expenses as the summation of the Group's raw materials and consumables used, changes in inventories, employee benefits expense, operating lease expenses, utilities expenses, depreciation expenses and other operating expenses.

Revenue for 3Q FY2019 was S\$35.5 million, a year-on-year (“**yoy**”) increase of 0.6% compared with the S\$35.3 million revenue recorded in 3Q FY2018. While revenue from the Full-Service Restaurants (“**FSR**”) segments declined by 3.2% or S\$0.8 million, this was fully offset by the growth of 10.5% or S\$1.0 million in the **QSR** segment.

### Revenue by Segment

S\$'000	3Q FY2019	3Q FY2018	Change (%)	9M FY2019	9M FY2018	Change (%)
Full-Service Restaurants	24,665	25,474	(3.2)	75,884	76,846	(1.3)
Quick-Service Restaurants, Convenience & Others	10,842	9,816	10.5	31,506	30,118	4.6
<b>Total Revenue</b>	<b>35,507</b>	<b>35,290</b>	<b>0.6</b>	<b>107,390</b>	<b>106,964</b>	<b>0.4</b>

The decline in revenue from the **FSR** segment was mainly attributable to renovation of Kuriya Dining and Shimbashi Soba in 3Q FY2019, and closure of two outlets at Great World City in 2Q FY2019 due to major enhancement works in the mall.

For the **QSR** segment, revenue increased by 10.5%, or approximately S\$1.0 million from S\$9.8 million in 3Q FY2018 to S\$10.8 million in 3Q FY2019. This was mainly due to contribution of Kuriya Japanese Market and Ichiban Bento concepts.

Other operating income increased by 45.4%, or approximately S\$0.2 million from S\$0.5 million in 3Q FY2018 to S\$0.8 million in 3Q FY2019 mainly due to the compensation received from landlord in relation to major enhancement works of the mall.

The Group managed to maintain operating expenses<sup>(1)</sup> for 3Q FY2019 as compared to 3Q FY2018, marking only a slight increase of 0.5%. The difference was mainly attributable to an increase in raw materials and consumables used due to rising average raw material prices; as well as increase in utilities expenses resulting from tariff hikes and opening of new outlets. This increase was partially offset by a decrease in depreciation and amortization expense.

As a result of the aforementioned factors, the Group reported a 19.6% yoy growth in pre-tax profit to S\$1.7 million. Accordingly, the net profit after tax in 3Q FY2019 was S\$1.2 million, an increase of 44.8% or approximately S\$0.4 million compared to S\$0.9 million in 3Q FY2018.

Commenting on the Group's results for the quarter, Mr. John Yek (“葉鴻烈”), Executive Director and Chief Executive Officer of RE&S, said, **“The Group's performance has been steady despite the continuously challenging environment in the industry. Moving forward, we shall continue our efforts in strengthening our existing portfolio while we seek new revenue channels through joint ventures and strategic partnerships. To achieve this balance, our team is working towards enhancing operational efficiencies and at the same time, initiating innovations to improve our overall performance.”**

## Outlook

The Group expects to see continuous challenges within the F&B industry driven by new and current competitors in the market, continued manpower shortage and rising rental costs. Nonetheless, the Group remains focused in growing its businesses through developing new concepts and conducting constant reinvigoration of existing brands within the Group's two core segments especially on increasing the contribution from Quick-Service Restaurants, Convenience and Others segment. Strategic partnerships and joint ventures will also be explored when opportunities arise.

In connection with major enhancement works of Great World City mall, two outlets have been closed in early 4Q FY2019. The Group expects a decline in revenue resulting from these interim closures but do not expect the impact to be material for FY2019. The Group has entered into a new lease agreement to open new outlets in early 2020.

## About RE&S Holdings Limited

Established in 1988, RE&S is a multi-concept owner and operator of F&B outlets in Singapore and Malaysia that provides customers with authentic Japanese cuisine and dining experience. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising its Corporate Headquarters which houses more than 1,600 employees across the corporate office, a central kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets. Staying true to the RE&S brand promise of “Food for Life”, its diverse portfolio comprising 20 distinct brands covers the full spectrum of varied market segments today; ranging from fine dining (Kuriya Dining) to family-style (Ichiban Boshi) and convenience (Kuriya Japanese Market). Supported by its ISO 22000:2005-certified Central Kitchen, RE&S is committed to maintaining a high standard of food consistency and quality for its customers alongside constant efforts in strategic innovation.

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

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