



## NEWS RELEASE

### NEO GROUP ACHIEVES OVER FIVE-TIME SURGE IN NET PROFIT TO S\$6.1 MILLION FOR 9M2020

- ***Food Catering business continues to drive significant topline growth***
- ***Diversified revenue streams from different segments support long-term profitability***
- ***Business optimisation and vertical integration with the acquisition of ER Group<sup>1</sup>***

**SINGAPORE – 12 February 2020** – Neo Group Limited ("Neo Group", 梁苑集团有限公司, or together with its subsidiaries, the "Group"), a homegrown integrated food solutions provider, today announced a 463.2% surge in net profit to S\$6.1 million for the nine months ended 31 December 2019 ("9M2020"), from S\$1.1 million in the previous corresponding period ("9M2019"). The strong bottom-line growth was backed by a 9.1% revenue increase to S\$141.9 million, boosted by substantial revenue growth from the Group's core Food Catering business.

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<sup>1</sup> ER Group refers to Ever Rich Pte. Ltd. and its wholly-owned subsidiary (ER Marketing (S) Pte. Ltd.). ER Group is principally engaged in the general wholesale trade (including importing and exporting) and the manufacturing of food products (including processing and packaging of food, warehousing, repacking and transporting).

(S\$'m)	3Q2020	3Q2019	Change (%)	9M2020	9M2019	Change (%)
<b>Revenue</b>	50.8	49.5	2.7	141.9	130.1	9.1
<b>Profit before tax</b>	4.3	2.5	71.2	6.9	1.8	280.1
<b>Profit after tax</b>	3.8	2.0	93.0	6.1	1.1	463.2
<b>Profit attributable to Owners of the Parent</b>	3.5	1.7	101.8	5.8	1.5	291.0
<b>Earnings per share Fully Diluted (Singapore cents)</b>	-	-	-	3.92	1.01	288.1

	As at 31 December 2019 (Unaudited)	As at 31 March 2019 (Audited)	Change (%)
<b>NAV per ordinary share (Singapore cents)</b>	29.40	26.12	12.6

Neo Group's Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said, "Our strong growth momentum has continued to drive profitability, with over five-time growth in bottom-line. We have seen sturdy demand from the growing childcare and eldercare market segments as well as our "tingkat" business, and will continue to look for untapped opportunities to build up this strong base of recurring income stream. Our efforts over the last two years to grow our other newly setup and acquired subsidiaries, such as Chilli Manis Catering and Kim's Paradise, have also continued to bear fruit. We will remain focused in pursuing various avenues to expand our market share, from venue partnerships to corporate and consumer segments."

"For resilient growth, we will continue to build up our diversified revenue streams across four key business segments. Food Manufacturing, our second largest revenue driver, has continued to make good headway in the strengthening of its brand name through the introduction of new products and the opening of new markets overseas."

"At the same time, we will stay focused on our Group's vertical integration strategy through an advancement of the upstream supply chain that would complement and support our existing catering and manufacturing businesses and operations, for sustainable long-term growth. We have recently acquired ER Group, a general wholesale trader and manufacturer of food products, as part of this commitment and to ensure continued consistency in the quality and timely delivery of raw material supplies to our catering business. We will cultivate and grow our third revenue driver, the Supplies and Trading business, as this segment matures and stabilises."

## Financial Performance

The Group maintained its strong business momentum with a 9.1% increase in revenue to S\$141.9 million in 9M2020 as compared to S\$130.1 million in 9M2019.

The Group's flagship Food Catering business achieved a significant 27.1% increase in revenue to S\$71.0 million in 9M2020, from S\$55.9 million in 9M2019, contributing half of the Group's topline. The higher revenue was driven by the Group's strengthened recurring income base from the childcare and eldercare market segments, the ramping up of the Group's "tingkat" business, and revenue contributed by newly acquired subsidiaries.

The Group's Food Manufacturing business, its second largest revenue contributor making up 25.4% of topline, recorded S\$36.1 million in 9M2020, a slight 1.8% decrease from the previous corresponding period. This was mainly due to lower trading activities during the reporting period.

Neo Group continues its optimisation of its other two business pillars – the Supplies and Trading and Food Retail businesses – through ongoing business reviews as part of the Group's sustainable growth roadmap.

The Supplies and Trading business, which made up 15.9% of revenue, recorded S\$22.6 million in 9M2020, a 6.2% decrease from 9M2019 due to a reduction in low margin trading transactions.

In its continuous effort to streamline the Food Retail business segment, the Group made the deliberate decision to close non-performing outlets while enhancing high-performing outlets as part of its strategic business review. As a result of the closure of non-performing outlets, the Group's Food Retail business revenue recorded S\$11.4 million in 9M2020, a 9.2% decrease from 9M2019.

Over the years, Neo Group has widened its corporate umbrella to grow its portfolio of brands. This has allowed the Group to further its market reach to a broader customer base, thereby increasing its market share. In line with its planned expansion, the Group saw a 4.0% increase in purchases and consumables, as well as a 19.2% increase in delivery expenses. At the same time, employee benefits expense increased by 3.6% due to the consolidation of additional headcount from newly acquired subsidiaries.

Overall, the Group's net profit for 9M2020 surged 463.2% to S\$6.1 million from S\$1.1 million recorded in 9M2019.

For the three months ended 31 December 2019, the Group achieved a 93.0% increase in net profit to S\$3.8 million, from S\$2.0 million in the previous corresponding quarter. Likewise, the rise in bottom-line performance was on the back of healthy revenue growth, which increased 2.7% to S\$50.8 million, driven by significant revenue rise from the Group's core Food Catering business.

### **Outlook & Future Strategies**

Commenting on the Group's strategic direction ahead, Mr Neo said, "We are focused on driving the Group's profitability, and additionally, on cross-selling opportunities and growing our recurring income streams, for greater earnings resilience. We will build upon our strong branding and market acceptance to achieve breakthrough in our business segments and increase our market share."

As part of the Group's multi-brand approach, the Group will continue its pursuit of more institutional catering, corporate clients and venue partnerships, as well as expanding the range of cuisines and catering options. This is to broaden its market share in its Food Catering business as part of its long-term strategy.

The Group's surimi-based seafood products under the Food Manufacturing business continue to be well-received by consumers both locally and abroad. Looking ahead, the Group will continue to tap on its extensive global distribution network to drive export sales, while performing R&D to develop new and improved products. At the same time, the Group will leverage on economies of scale with its central kitchens strategically located across Singapore.

The Supplies and Trading segment, which supplies food ingredients and products used across the Group's main business pillars, will continue to contribute to the Group through cost discipline and vertical integration.

In terms of its Food Retail business, the Group will continue to perform business review as part of an ongoing process to enhance performance. The Group will proactively manage its food retail outlets with the objective of optimising profitability through rationalising cost and streamlining its processes.

In view of the recent outbreak of the coronavirus which is expected to impact Singapore's food and beverage sectors, the Group anticipates headwinds to its strong growth momentum going forward. The Group has further stepped up precautionary measures and will closely monitor the situation while building upon its diversified revenue streams.

Barring unforeseen circumstances, the Group expects its operations to remain profitable for the financial year ending 31 March 2020.

*Note: This press release is to be read in conjunction with the related financial results announcement released by Neo Group Limited via SGXNET on 12 February 2020.*



### About Neo Group Limited

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Neo Group Limited is a homegrown, integrated food solutions provider. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names in Singapore. The Group has been named the number one events caterer in Singapore and provides one-stop food and catering solutions.

The Group prides itself in providing convenience to customers through its vertically-integrated value chain via four main business segments, namely, Food Catering, Food Retail, Food Manufacturing, Supplies and Trading and other businesses, combining their synergistic qualities to bring customers top value in delivering fresh and tasty meals on time.

The Group supplies a large variety of quality food and buffets appealing to various market segments through its multi-brand strategy. Neo Group's strong portfolio of over 20 brands includes *Neo Garden Catering, Deli Hub Catering, Orange Clove Catering, Best Catering, Chilli Manis Catering, Lavish Dine Catering, How's Catering, Gourmetz, Kim Paradise, umisushi, DoDo fish ball, Joo Chiat Kim Choo traditional rice dumplings, amongst others.* Its food retail network spans over 20 outlets islandwide.





Through its subsidiaries, Neo Group has a trading network across over 30 countries worldwide. Its operations are supported by its central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

For more information, please visit [www.neogroup.com.sg](http://www.neogroup.com.sg)

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*This news release has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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