



KOUFU GROUP LIMITED

Q4/FY 2019 Corporate Presentation
28 February 2020



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

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Content



- Financial Highlights
- Operations Review and Strategies



Financial Highlights

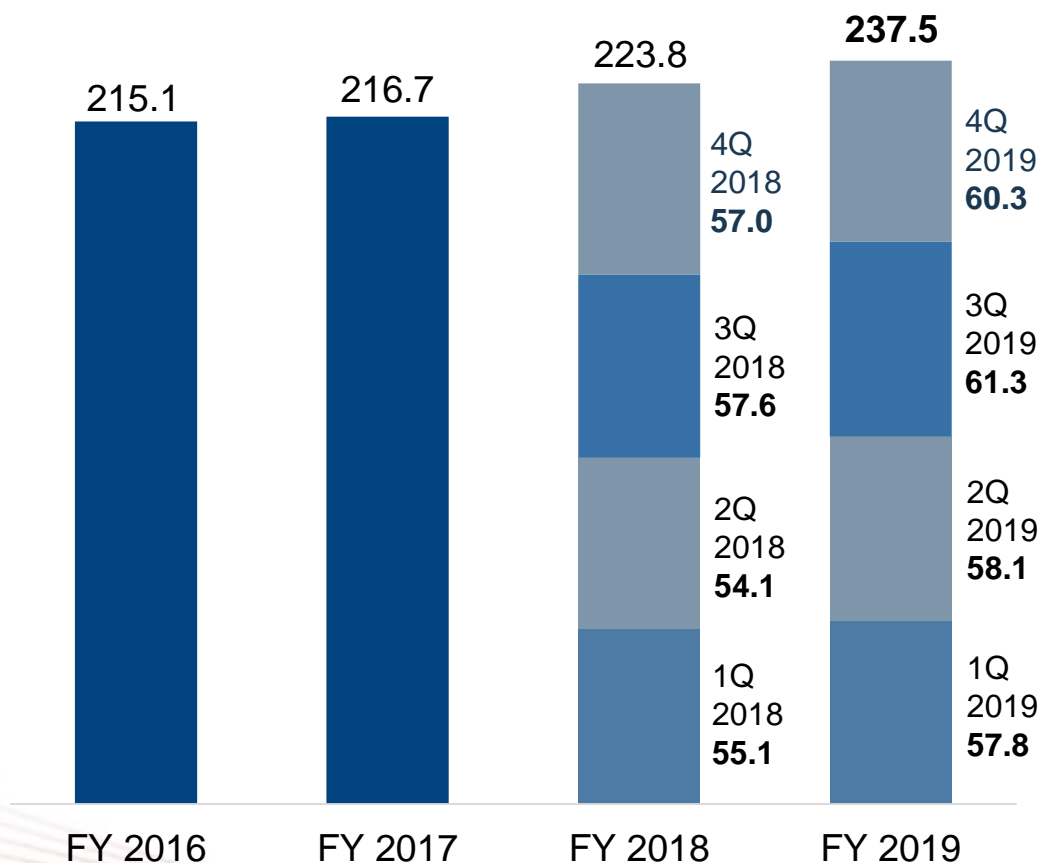


Total Revenue



(S\$m)

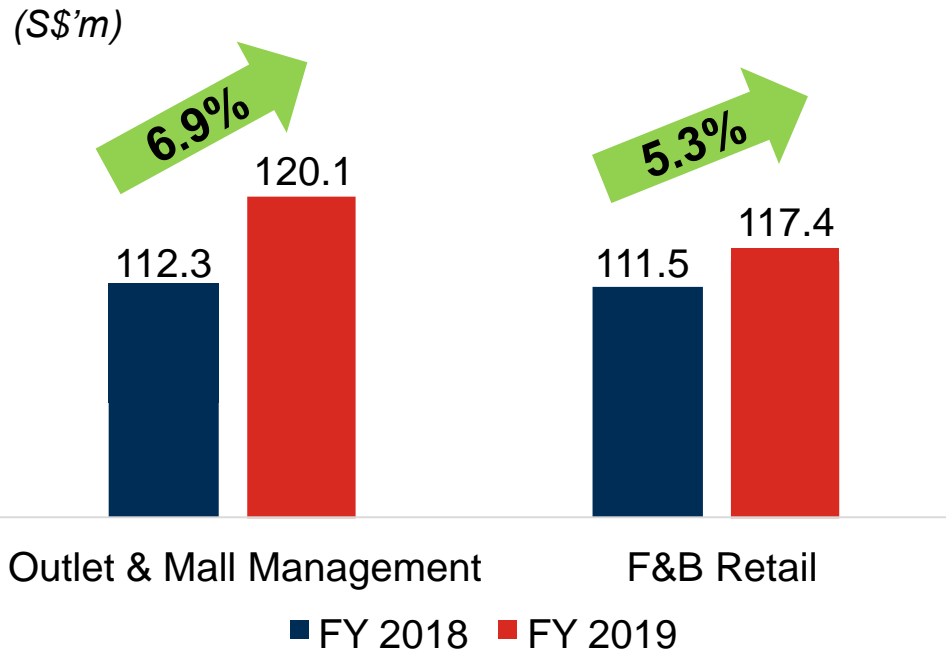
FY: 6.1%
4Q: 5.7%



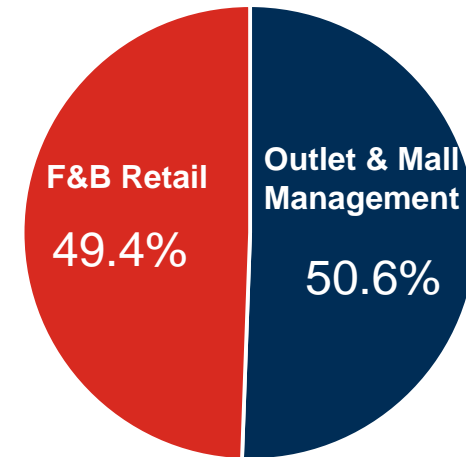
FY 2019 revenue rose 6.1% mainly due to:

- Opening of new outlets, including five new food courts (inclusive of Macau University), one new coffee shop, seven new F&B stalls, 20 new F&B kiosks and two new full service restaurants
- Increased YoY contributions from the food court at Marina Bay Sands that was closed for renovation from April to July 2018
- Overall stronger contributions from both the outlet & mall management and F&B retail business segments

Revenue Breakdown – By Segment



FY 2019 Segment Breakdown



Outlet & Mall Management:

- Lifted by YoY increase in number of outlets, including five newly opened food courts in 2019 (inclusive of Macau University) and one coffee shop, and reopening of food court at Marina Bay Sands that was closed from April to July 2018
- Overall revenue growth from most outlets

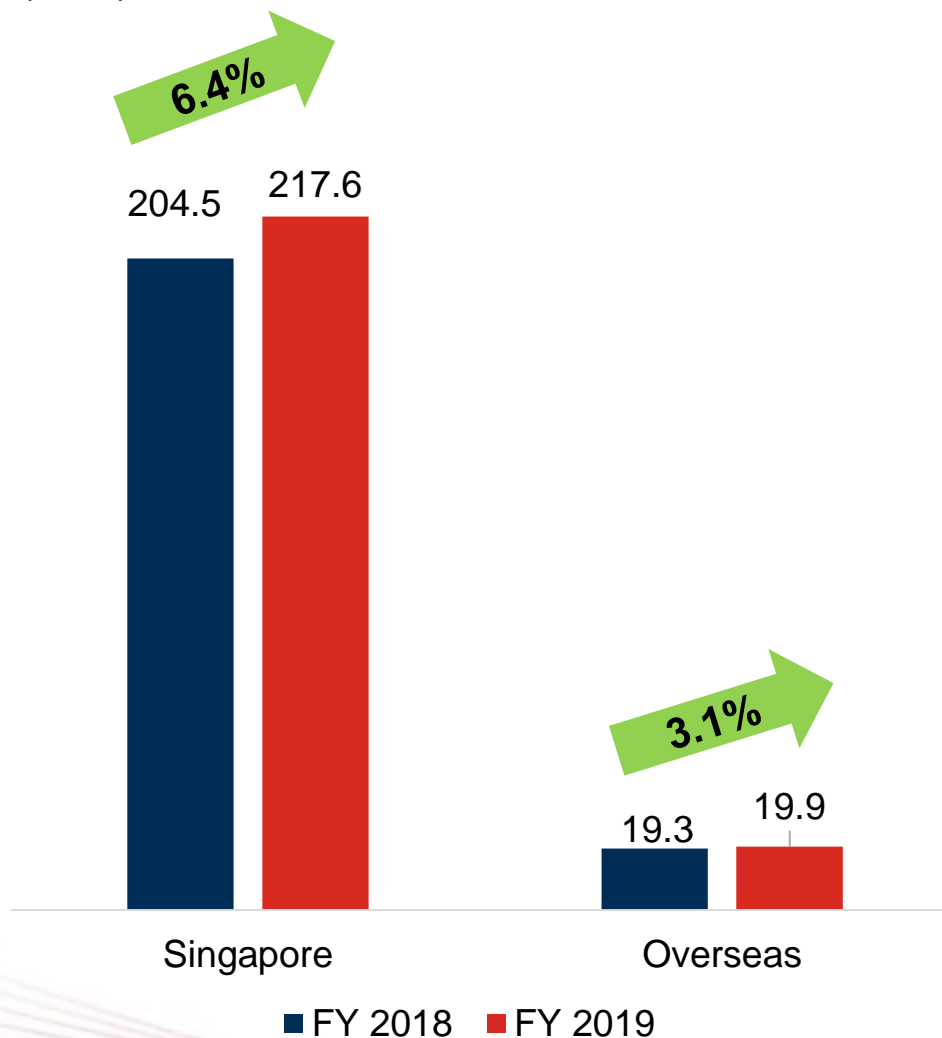
F&B Retail:

- Lifted by opening of seven new F&B stalls in the six newly opened food courts and coffee shop; 20 new F&B kiosks; and two full-service restaurants at Great World City and Paya Lebar Quarter
- Overall revenue growth from most outlets

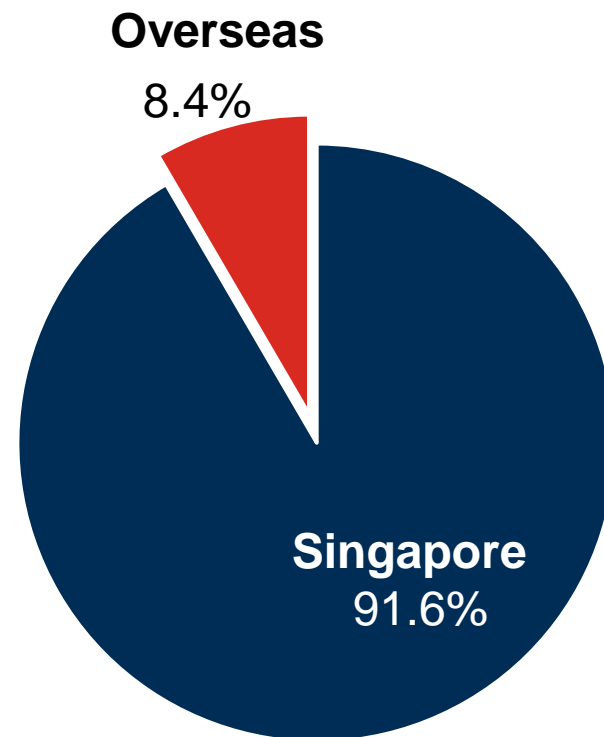
Revenue Breakdown – By Geography



(S\$m)



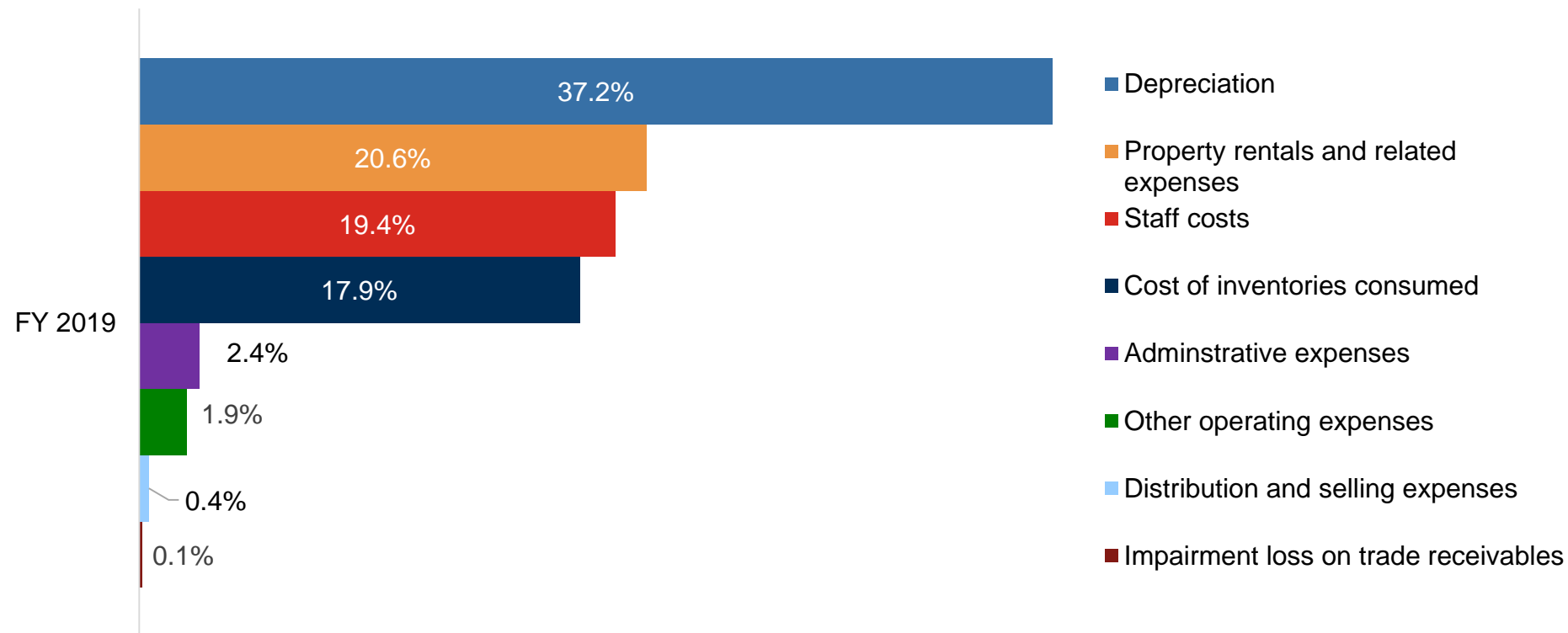
FY 2019 Geographical Breakdown



Our Expenses Breakdown



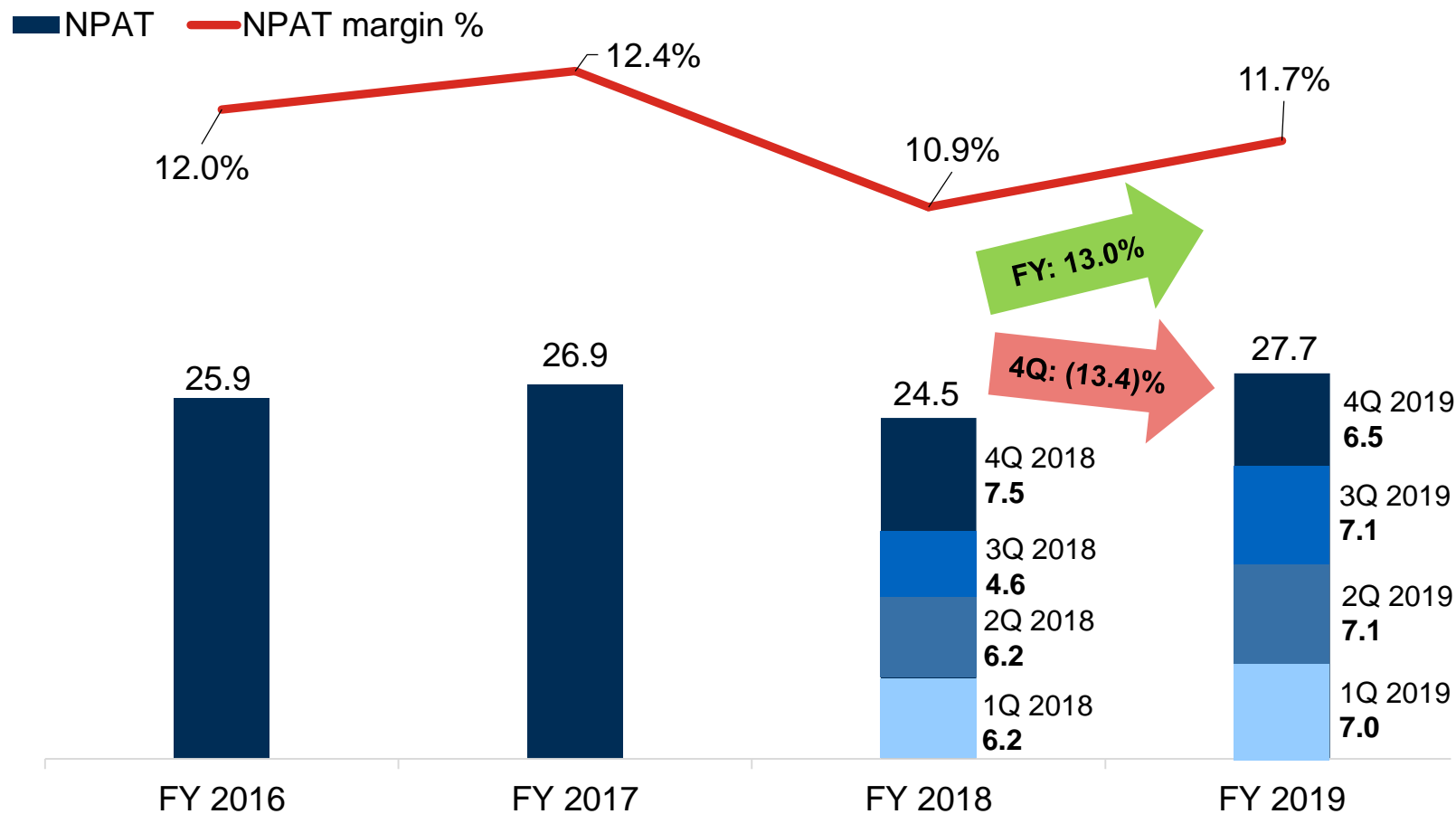
Breakdown of expenses (S\$'000 or %)



Net Profit After Tax



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



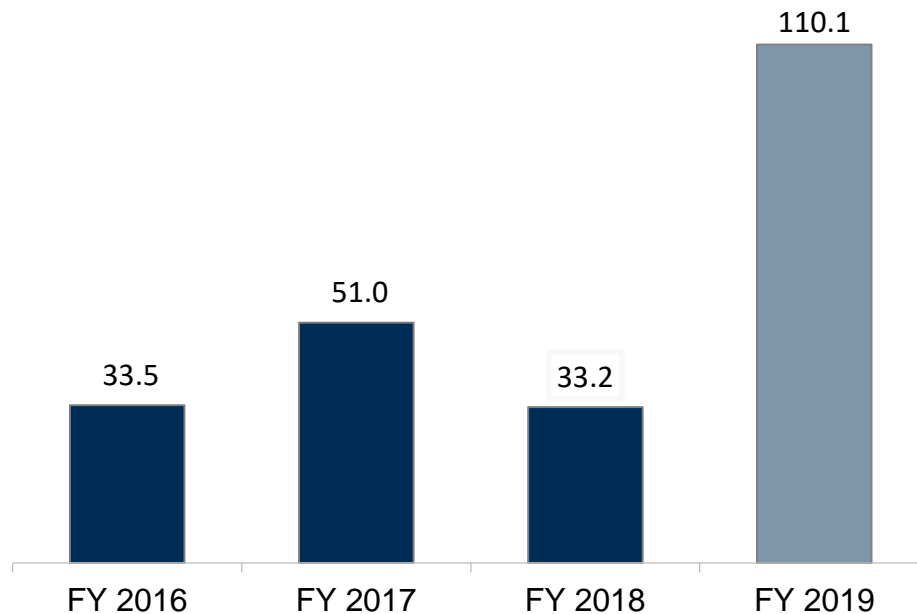
Healthy Cashflow & Balance Sheet



Business is Resilient Through Economic Cycles

Cash-generative
Strong operating cash flow
Healthy balance sheet

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



S\$90.4m

Cash and cash equivalent
as at 31 December 2019

S\$85.7m

Net Cash as at
31 December 2019

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

At a Glance – P&L



(S\$m)	4Q 2018	4Q 2019	Change (%)	FY 2018	FY 2019	Change (%)
Revenue	57.0	60.3	5.7	223.8	237.5	6.1
Profit after Tax <i>Attributable to Owners of the Company</i>	7.5	6.5	(13.4)	24.5	27.7	13.0
Profit After Tax Margin (%) <i>Attributable to Owners of the Company</i>	13.2	10.8	(2.4) ppt	10.9	11.7	0.8 ppt
Earnings per Share (SGD Cents)	1.35 ⁽¹⁾	1.17 ⁽¹⁾	(13.3)	4.75 ⁽¹⁾	4.99 ⁽¹⁾	5.1

(1) Calculated based on 554,813,700 and 554,970,100 weighted average number of shares in 4Q 2019 and FY 2019 compared to 555,163,000 and 516,215,000 weighted average number of shares in 4Q 2018 and FY 2018 respectively.

Robust Balance Sheet and Healthy Cash Flows



(S\$m)	31 December			
	2016	2017	2018	2019
Total Assets	186.8	107.2	159.7	348.9 ⁽¹⁾
Total Liabilities	84.0	64.1	68.2	245.9 ⁽¹⁾
Total Shareholders' Equity	102.9	43.1	91.5	102.3
Cash and Cash Equivalents	49.0	53.0	61.0	90.4
Time Deposits	-	-	35.0	4.6
Net Asset Value Per Share (S\$)	0.21	0.09	0.16	0.18
Net cash generated from operating activities	33.5	51.0	33.2	110.1

Note:

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

Operations Review and Strategies



Operations Developments



At a Glance – No. of F&B Outlets



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

At a Glance – Outlets by Country



As at 31 December 2019

Outlet & Mall Management

48 **2**

Food Courts

1

Hawker Centre

16

Coffee Shops

1

Commercial Mall

F&B Retail

72 **4**

F&B Stalls

27 **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 2019 (Singapore)



Month	Brand	Location	F&B Outlets	Business Segment
Jan	Koufu	The Woodgrove	Food Court/ F&B stall	Outlet & Mall Management
Jan	R&B Tea	100 AM Mall	F&B Kiosk	F&B Retail
Jan	R&B Tea	Tampines MRT	F&B Kiosk	F&B Retail
Jan	R&B Tea	Parkway Parade	F&B Kiosk	F&B Retail
Jan	R&B Tea	Yew Tee Point	F&B Kiosk	F&B Retail
Feb	Koufu	Buangkok Square	Food Court/ F&B stall	Outlet & Mall Management
Mar	R&B Tea	Buangkok Square	F&B Kiosk	F&B Retail
Apr	Happy Hawkers	289C Compassvale Crescent	Coffee Shop/ F&B Stall	Outlet & Mall Management
Apr	R&B Tea	Wisma Atria	F&B Kiosk	F&B Retail
Apr	R&B Tea	Rivervale Plaza	F&B Kiosk	F&B Retail
May	R&B Tea	Harbourfront Centre	F&B Kiosk	F&B Retail
Jun	R&B Tea	Singapore Polytechnic	F&B Kiosk	F&B Retail

At a Glance – New Openings in 2019 (Singapore)



Month	Brand	Location	F&B Outlets	Business Segment
Jul	Elemen	Great World City	Full Service Restaurant	F&B Retail
Jul	Elemen	Paya Lebar Quarter	Full Service Restaurant	F&B Retail
Jul	R&B Tea	JEMS	F&B Kiosk	F&B Retail
Jul	Koufu	164 Kallang Way	Food Court/ F&B stall	Outlet & Mall Management
Aug	Koufu	Millenia Walk	Food Court/ F&B stall	Outlet & Mall Management
Aug	R&B Tea	Far East Square	F&B Kiosk	F&B Retail
Aug	R&B Tea	Vivocity	F&B Kiosk	F&B Retail
Sep	R&B Tea	White Sands	F&B Kiosk	F&B Retail
Sep	R&B Tea	SMU	F&B Kiosk	F&B Retail
Oct	R&B Tea	Seletar Mall	R&B Kiosk	F&B Retail
Nov	R&B Tea	Clementi Mall	F&B Kiosk	F&B Retail
Dec	R&B Tea	Thomson Plaza	F&B Kiosk	F&B Retail
Dec	R&B Tea	Great World City	F&B Kiosk	F&B Retail

At a Glance – New Openings in 2019 (Overseas)



Month	Brand	Location	F&B Outlets	Business Segment
Mar	R&B Tea	Macau (Macau University)	F&B Kiosk	F&B Retail
Apr	Koufu	Macau (Macau University)	Food Court/ F&B stall	Outlet & Mall Management
Nov	R&B Tea	Malaysia (Mahkota Parade Melaka)	F&B Kiosk	F&B Retail

Reinforcing our foothold in Singapore

- Opened five food courts and one coffee shop in 2019
- Subsequent to FY 2019, opened two coffee shops in Q1 2020 and further secured one more lease for food court, targeted to open in FY 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, targeted to open in FY 2020



Network Expansion in Singapore

- Opened two new *Elemen* outlets, achieving target of four outlets by FY 2019
- Opened 18 R&B Tea kiosks, achieving 26 outlets by FY 2019
- Further secured 2 leases for R&B Tea, slated to open in 2Q 2020



Widening footprint overseas

- **Macau:** Continue keeping a look out for suitable locations to expand footprint
- **Indonesia:** Established JV to develop, establish, manage and operate tea beverage business in Indonesia
- **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 **4Q 2018**

Expected TOP in **1H 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
- 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, 2nd Generation machine to be tested



Mobile ordering application

implemented at 41 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

For enquiries, please contact:

Citigate Dewe Rogerson Singapore Pte Ltd
Ms Dolores Phua / Ms Samantha Koh / Ms Valencia Wong

Email:
dolores.phua@citigatedewerogerson.com
samantha.koh@citigatedewerogerson.com
valencia.wong@citigatedewerogerson.com



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