

JAPAN FOODS HOLDING LTD.

Corporate Presentation

FY 2020

12 months ended

31 March 2020



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JAPAN FOODS HOLDING LTD.

**Overcoming the
unprecedented**

**Embracing a
new normal**



Impact of Covid-19 pandemic

Singapore operations (weakened fourth quarter Jan - Mar 2020)

- *Rising fears of a global outbreak of Covid-19 caused people to stay home during the period Jan 2020 to Mar 2020 and led to a significant fall in earnings for the group in the fourth quarter of FY2020*
- *Impairment loss of non-performing stores*
- *Weak fourth quarter weighed heavily on bottomline performance for 2H2020 and FY2020*

2H2020 / 2H2019

2H 2020:	Revenue S\$32.3 million	Gross Profit S\$27.2 million
2H 2019:	S\$34.8 million	S\$29.4 million
2H 2020:	Net (Loss) / Profit S\$(0.5) million	EBITDA S\$11.3 million
2H 2019:	S\$1.7 million	S\$4.4 million

FY2020 / FY2019

FY2020:	Revenue S\$68.4 million	Gross Profit S\$57.8 million
FY2019:	S\$68.1 million	S\$57.5 million
FY2020:	Net Profit S\$1.0 million	EBITDA S\$22.3 million
FY2019:	S\$3.3 million	S\$8.5 million

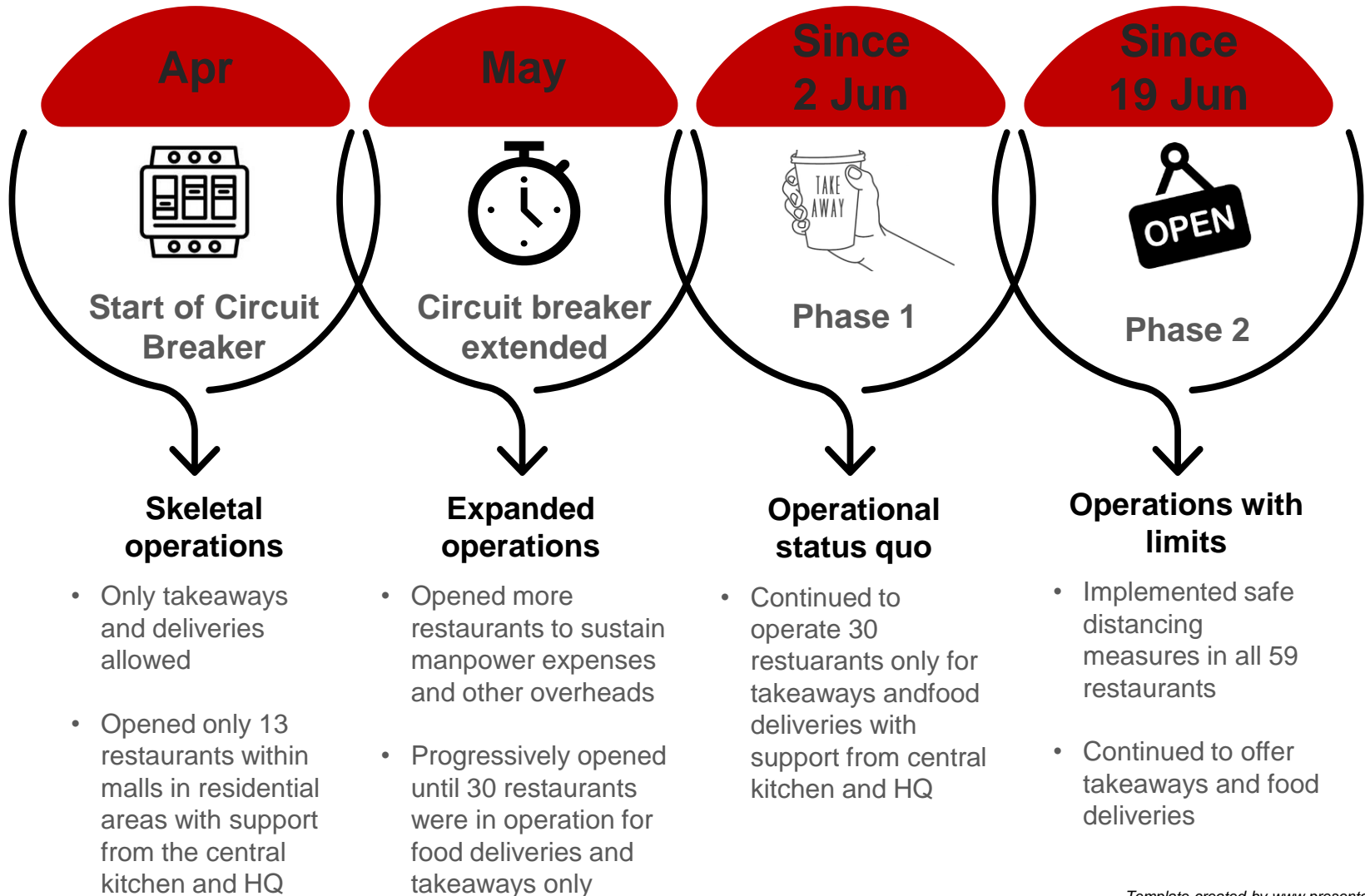
Note:

All financial figures have been rounded

* The Group adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are effective for annual periods beginning on or after 1 January 2019. SFRS (I) 16 introduced a single lessee accounting model, which requires a lessee to recognise all leases on its statements of financial position to reflect its rights to use the leased assets and a corresponding lease liability except for certain short-term leases (less than 12 months) and leases of low-value assets.

Impact of Covid-19 pandemic

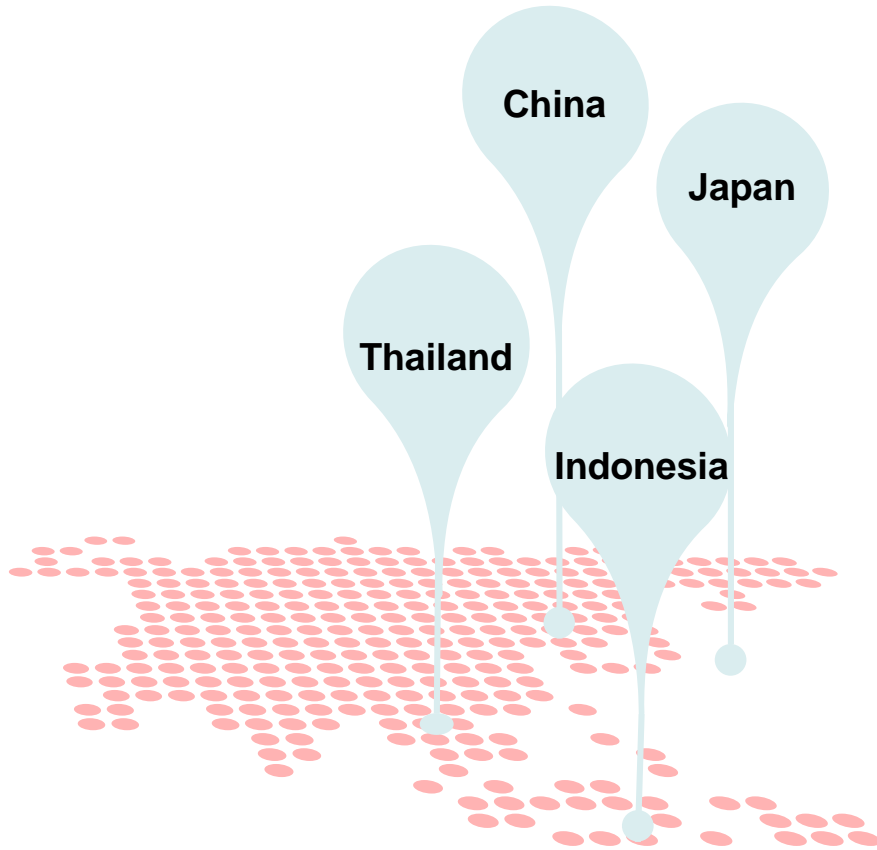
Singapore operations (Apr 2020 – Jun 2020)



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Impact of Covid-19 pandemic

Update on overseas plans and operations



Disrupted planned store openings in Japan

- Plans to open restaurants in two locations in Japan by August 2020 delayed ^a

Lower number of stores in Hong Kong and China

- Number of “Menya Musashi” brand restaurants ^b fell to 5 in Hong Kong and 9 in China compared to 7 and 12 respectively, before the outbreak
- Fall in number of “Menya Musashi” brand restaurants partially offset by launch of one “Konjiki Hototogisu” brand restaurant in Hong Kong in September 2019
- Share of loss of associated companies of S\$0.3 million in FY2020 as compared to share of profit of S\$0.1 million in FY2019

a. To be operated by Dining Collective, which is the Group’s joint venture company with Minor Food (Singapore) Pte. Ltd. to conduct the business of franchising and operating existing restaurant brands of both parties in Japan, Thailand and China

b. Operated by associated companies

Strategies

To embrace the new normal



Introduce delivery services to more restaurants



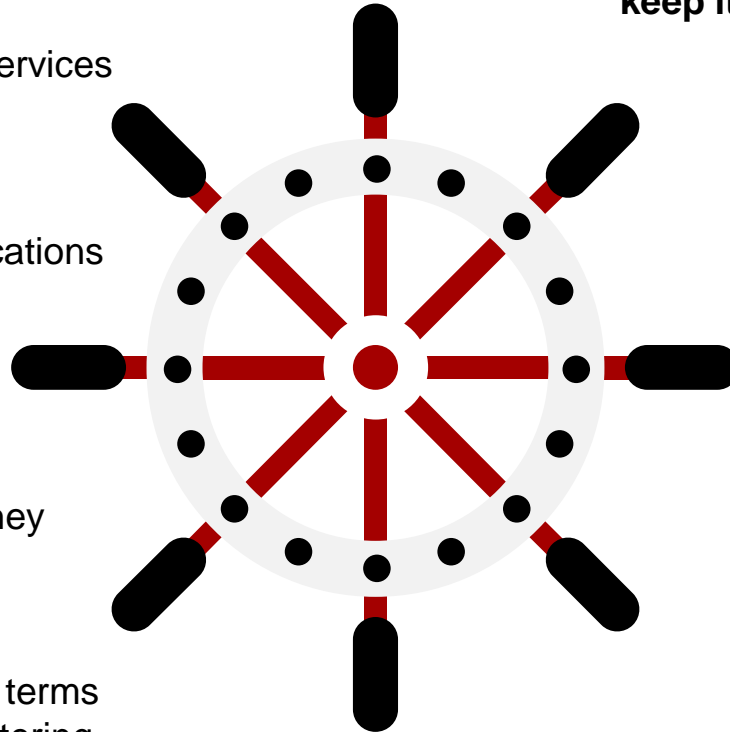
Expand delivery locations



Enhance online presence as people actively seek dining options online while they continue to remain at home



Negotiate best possible terms upon renewal and/or entering into new leases



The Group will continue to intensify its efforts to control costs and intends to keep its operations in Singapore lean:



Control raw material costs



Improve operational efficiency via streamlining of work processes and technology



Practice good and prudent management of our Singapore and overseas portfolio in the near term



Explore innovating and introducing new food concepts and brands

JAPAN FOODS HOLDING LTD.

Overview of FY 2020



Our expanded Singapore network

Restaurant Brands	As at 31 Mar 2020	As at 31 Mar 2019
Afuri Ramen	1	-
Ajisen Ramen ^(a)	16	18
Karamen	-	1
Curry Is Drink	1	1
Fruit Paradise	2	2
Japanese Gourmet Town	1	1
Kagurazaka Saryo	2	2
Kazokutei	1	1
Konjiki Hototogisu	8	3
Menya Musashi	9	11
Menzo Butao	2	2
New ManLee Bak Kut Teh	1	1
Osaka Ohsho ^(b)	5	5
Shitamachi Tendon Akitmitsu	6	7
Yonehachi	2	1
Sho Ryu Ramen	2	-
TOTAL RESTAURANTS	59	55

^a Includes 5 “Den by Ajisen Ramen” brand restaurants

^b Includes 1 “Kotsujiru Nabe” brand restaurant, which is an extension of the “Osaka Ohsho” brand



Brand highlights:

- ✓ No-frills Hakata-style ramen in rich pork-bone broth topped with tender char shu
- ✓ “Kaedama system” allows customers to order smaller noodle portions with option to top up
- ✓ 2 outlets:
 - 111 Somerset
 - Funan Mall

Growing network

(as at 31 Mar 2020)



The Group, together with its sub-franchisees, operates a total of 59 restaurants under various brands in Singapore and 1 “Ajisen Ramen” brand restaurant under a sub-franchisee in Malaysia. It also has interests in 16 restaurants in Indonesia, Hong Kong and China through associated companies.

59 Self-operated restaurants

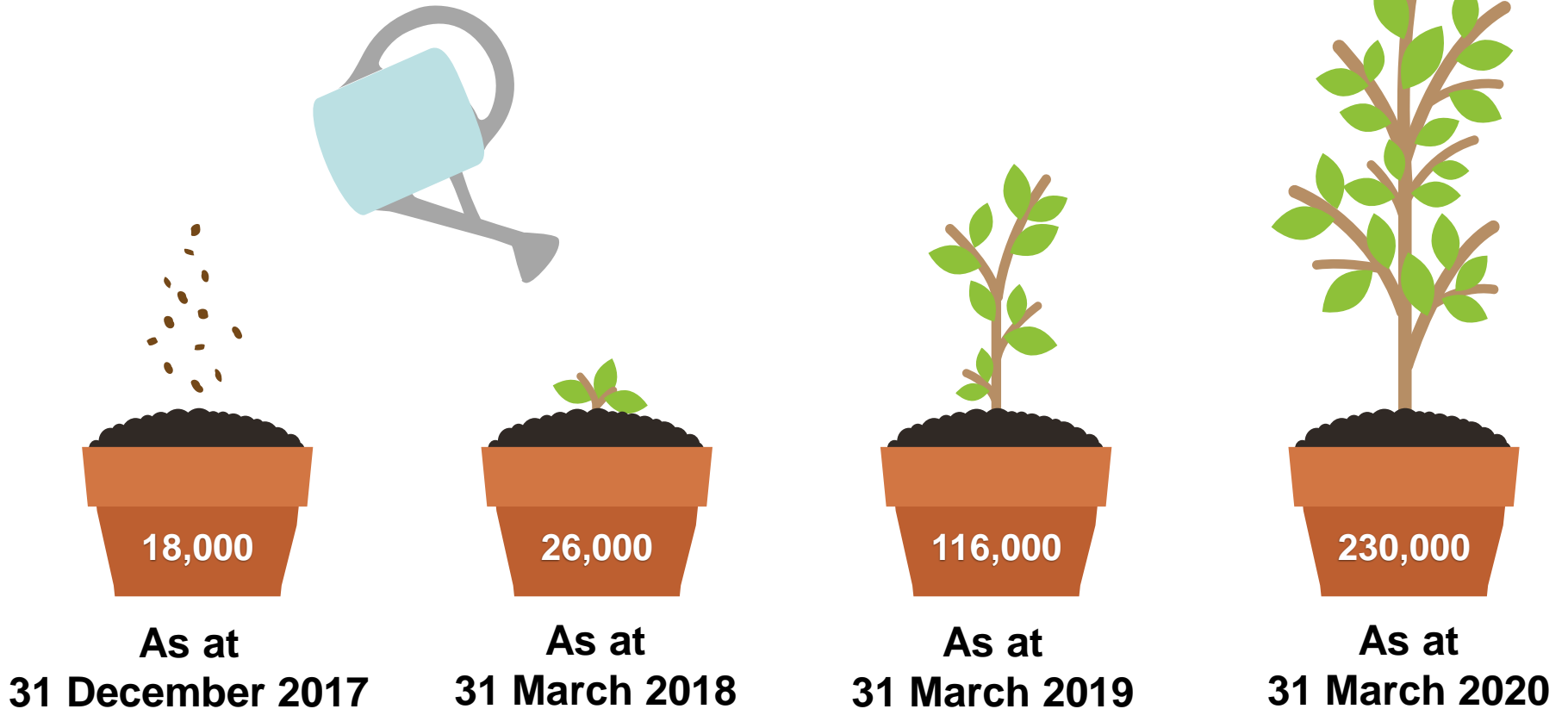
16 Restaurants through associated companies

1 Restaurant operated by sub-franchisee

JFH Rewards Programme:

Steady membership growth since launch

- A near double-digit growth in members from FY2019



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Financial highlights

S\$' m	Six months ended 31 Mar			12 months ended 31 Mar		
	HY2020	HY2019	Change (%)	FY2020	FY2019	Change (%)
Revenue	32.3	34.8	(7.2)	68.4	68.1	0.5
Gross Profit	27.2	29.4	(7.5)	57.8	57.5	0.4
Gross Profit Margin (%)	84.2	84.4	(0.2) pt	84.4	84.5	(0.1) pt
EBIT	(0.5)	2.2	N.M.	1.4	4.1	(66.9)
EBIT margin (%)	(1.6)	6.2	(7.8) pts	2.0	6.1	(4.1) pts
EBITDA	11.3	4.4	156.8	22.3	8.5	162.4
EBITDA margin (%)	33.2	12.5	20.7 pts	31.8	12.5	19.3 pts
Net Profit After Tax (NPAT) ^a	(0.5)	1.7	N.M.	1.0	3.3	(69.5)
NPAT Margin (%)	(1.6)	5.0	(6.6) pts	1.5	4.9	(3.4) pts
Earnings Per Share ^b (S'pore cents)	(0.29)	1.00	N.M.	0.59	1.92	(41.0)
Return on Equity (%)	(1.5)	5.1	(6.6) pts	3.2	9.9	(6.7) pts

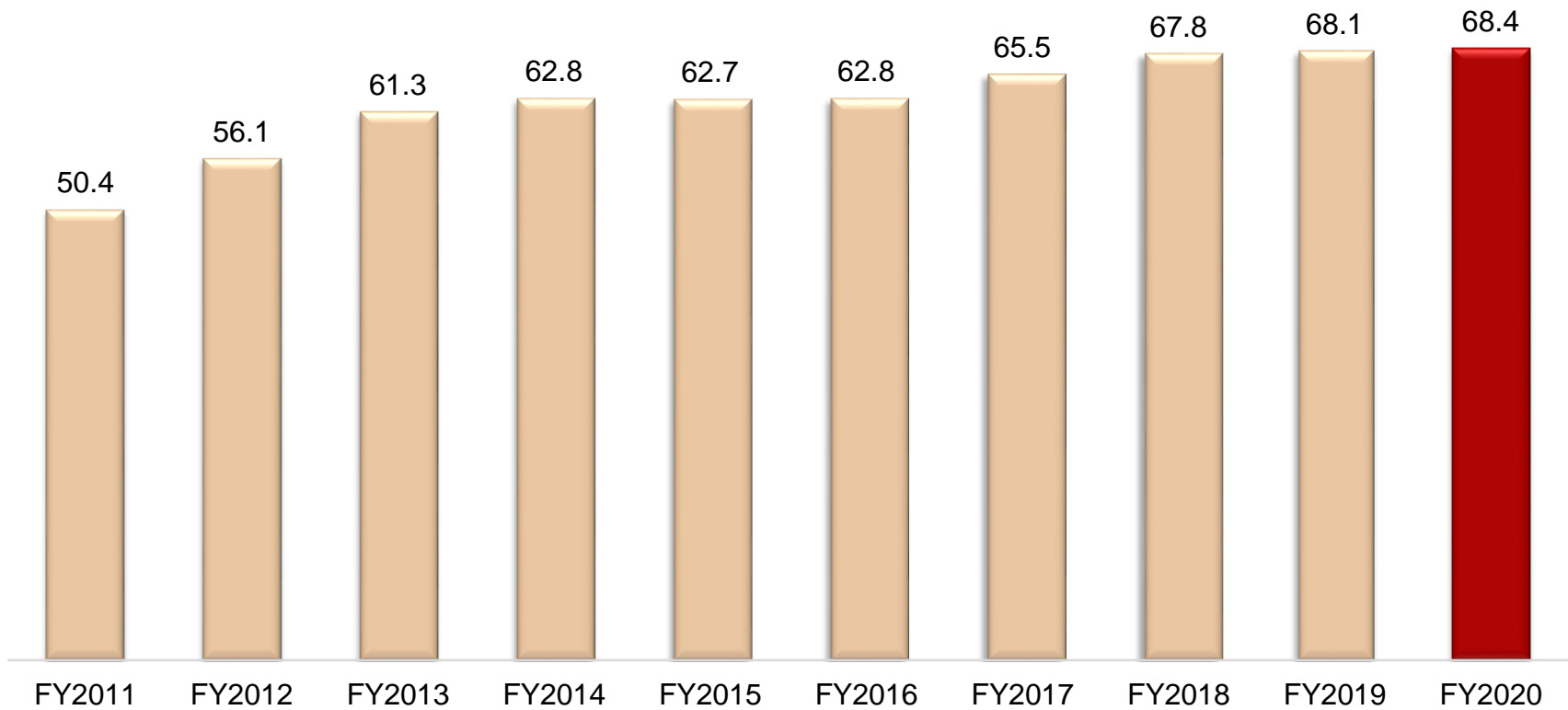
Note:

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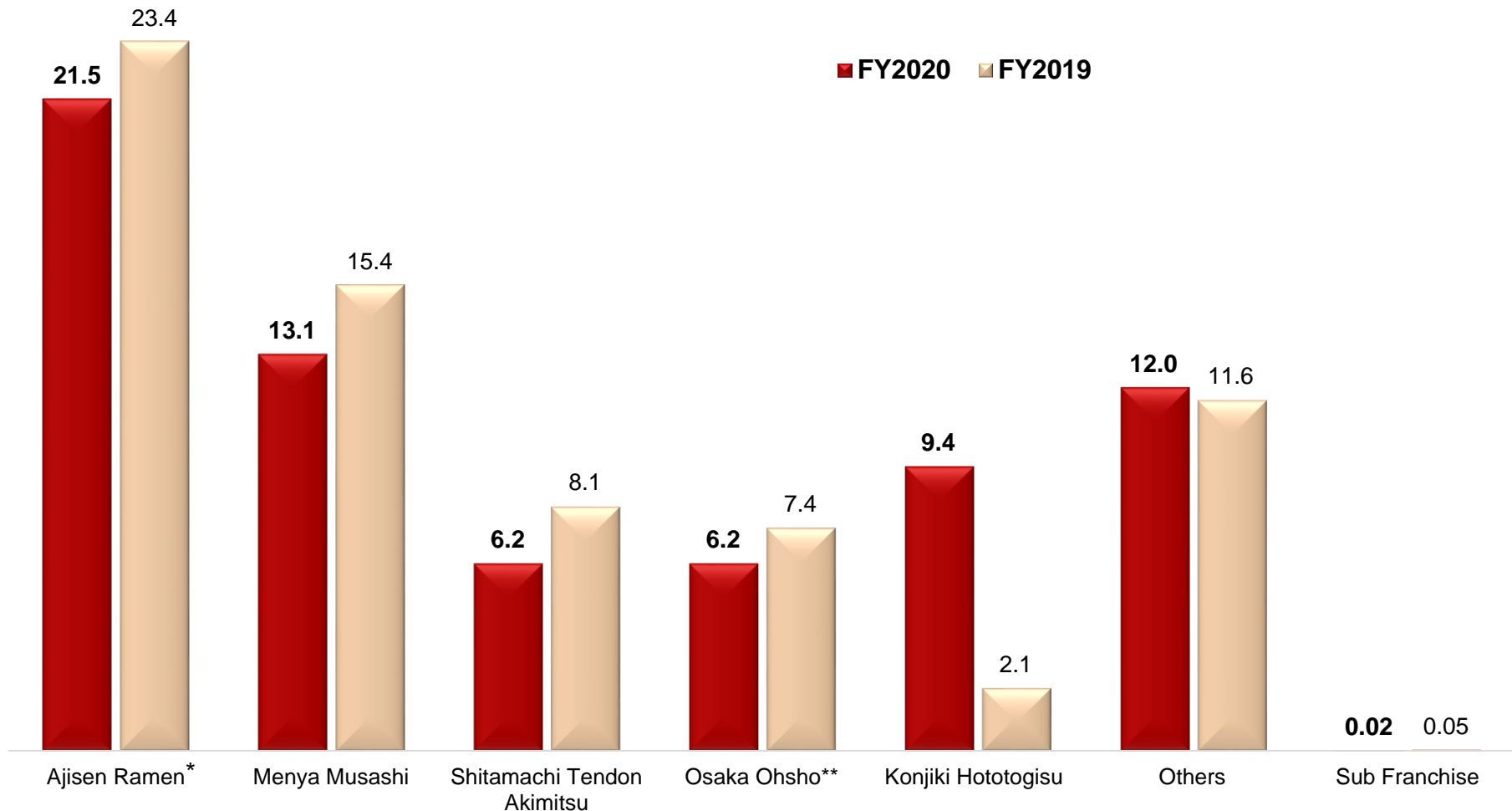
- a) The Group adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are effective for annual periods beginning on or after 1 January 2019. SFRS (I) 16 introduced a single lessee accounting model, which requires a lessee to recognise all leases on its statements of financial position to reflect its rights to use the leased assets and a corresponding lease liability except for certain short-term leases (less than 12 months) and leases of low-value assets. The adjustments led to a decrease of S\$333,000 in Japan Foods' net profit after tax for HY2020 and an increase of S\$7,277,000 in Japan Foods' EBITDA for HY2020.
- b) EPS was computed based on the weighted average number of shares of 173,724,440 and 173,604,150 in HY2020 and HY2019 respectively; and 173,908,165 and 173,750,246 in FY2020 and FY2019 respectively

Revenue (S\$' m)

CAGR : 3.5%



Revenue mix by brands (S\$' m)

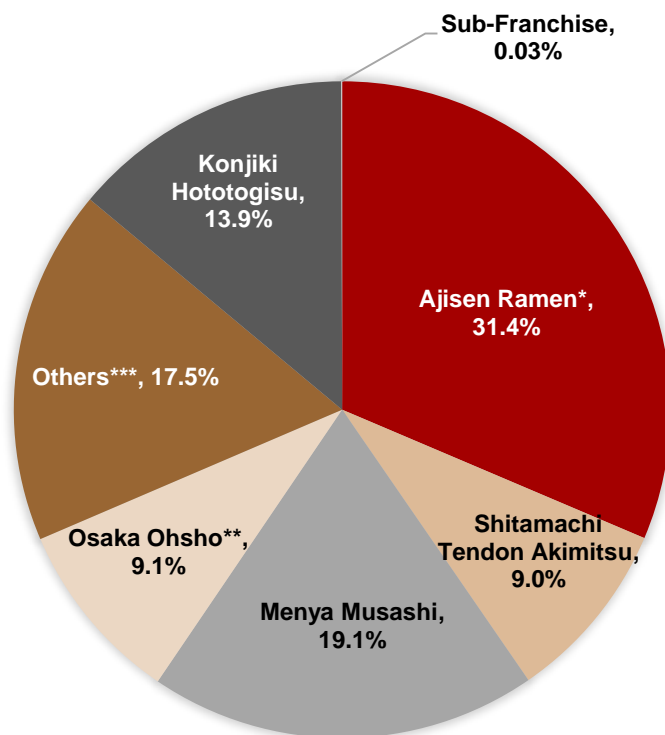


* Includes Kara-Men

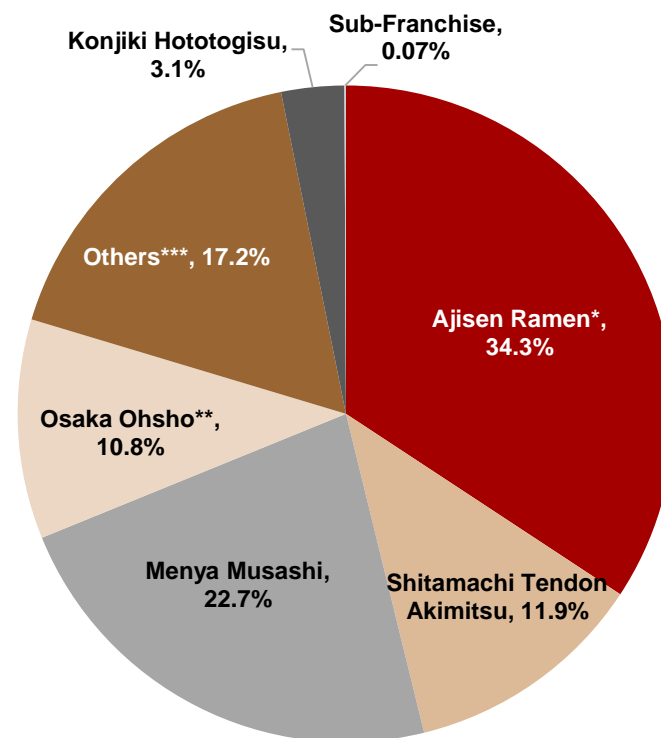
** Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

Revenue breakdown

FY2020



FY2019



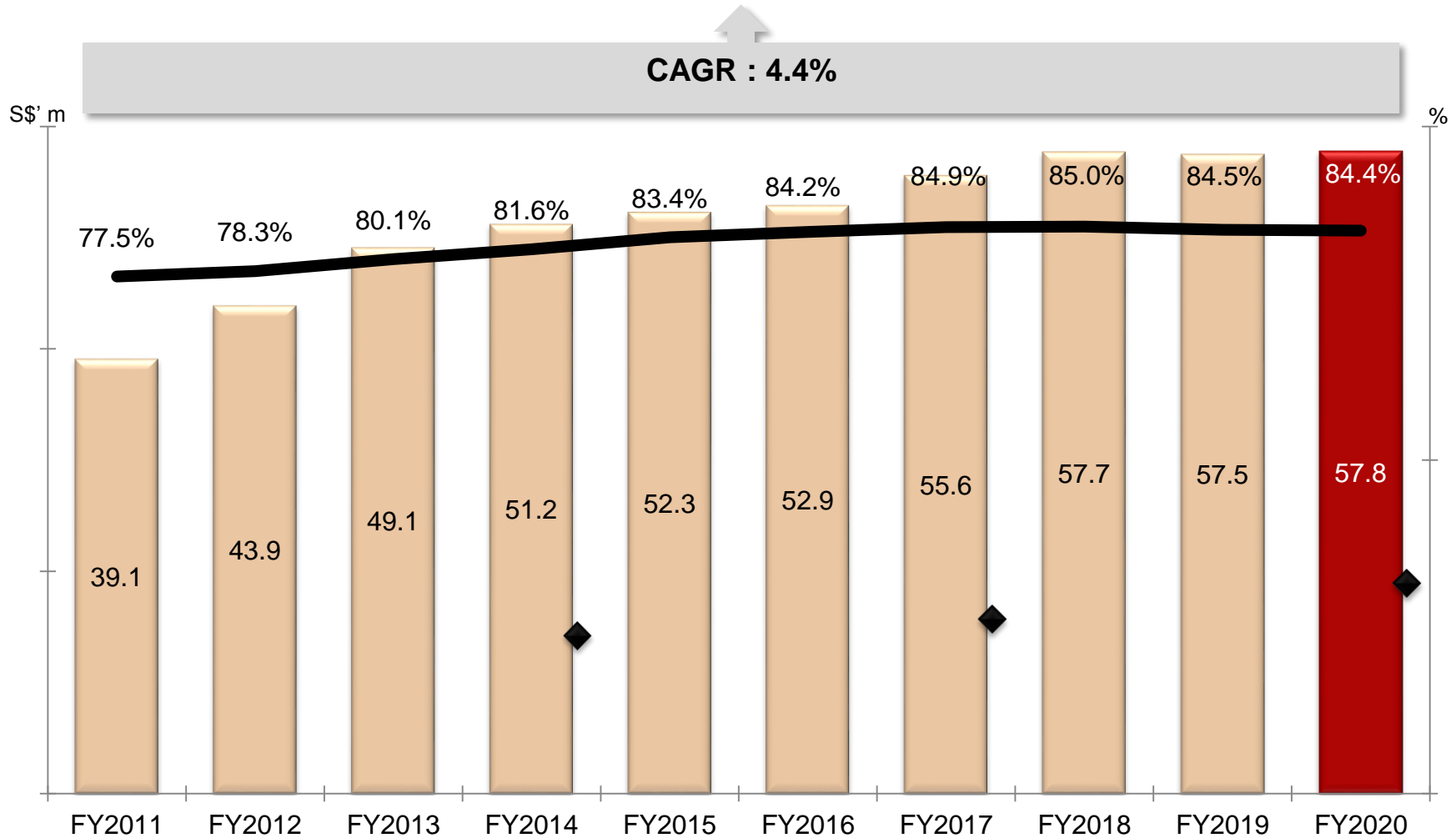
Notes:

* Includes Kara-men

** Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

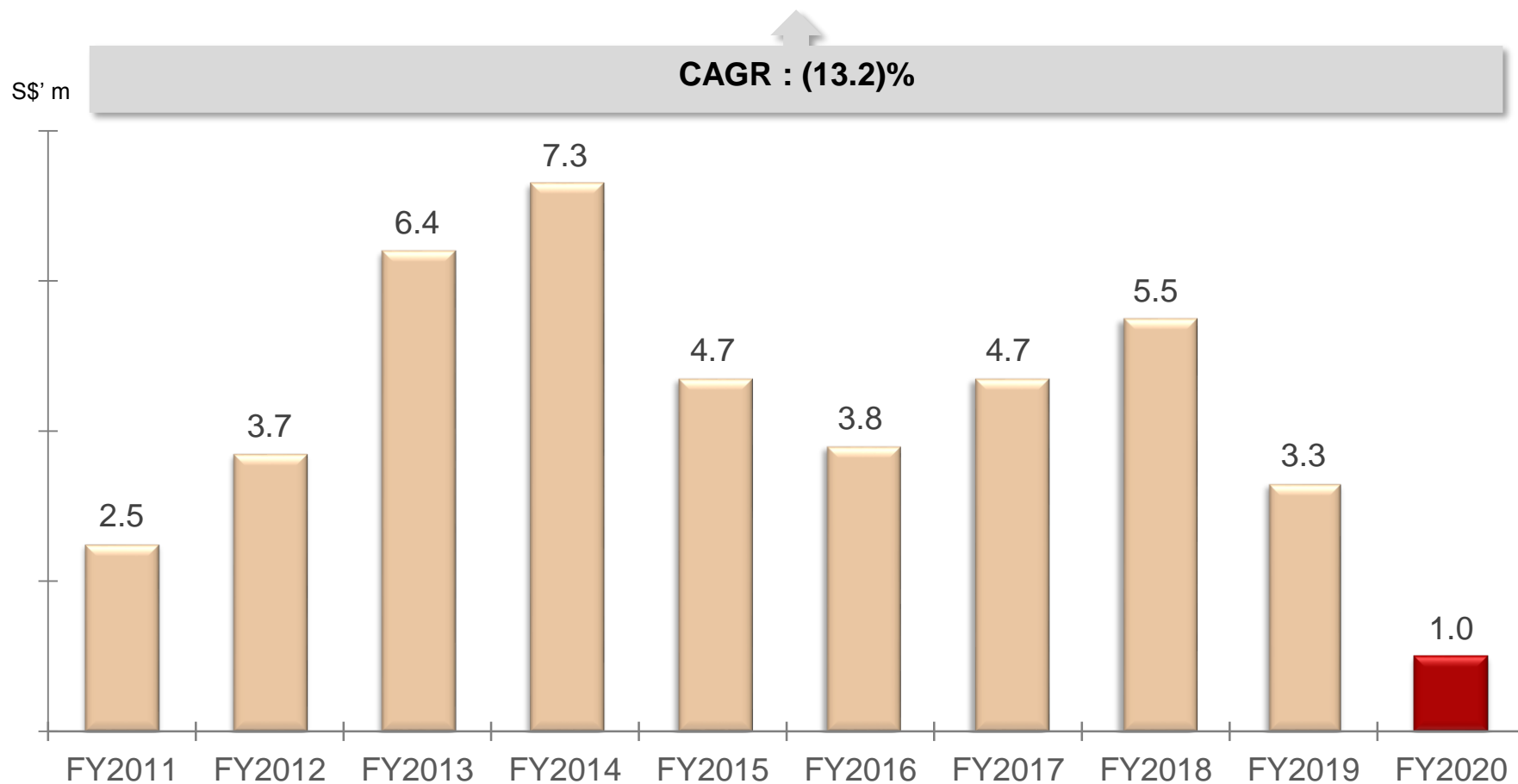
*** Includes revenue contribution from one new restaurant brand "AFURI Ramen"

Gross Profit and Gross Profit Margin



Note:
All financial figures have been rounded

Net Profit



Note:

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Cash Flow

S\$ 'm	FY2020	FY2019	Change (%)
Net cash generated from operating activities	23.9	9.8	▲ 143.9
Net cash used in investing activities	(4.6)	(4.5)	▼ 0.1
Net cash used in financing activities	(20.4)	(4.3)	▼ 374.4
Net increase / (decrease) in cash and cash equivalents	(1.9)	(0.3)	▼ 533.3
Cash and cash equivalents at beginning of financial year	19.5	19.8	▼ 1.5
Cash and cash equivalents at end of financial period	17.6	19.5	▼ 9.7

*Note:
All financial figures have been rounded*

Key Financial Ratios

	As at 31 Mar 2020	As at 31 Mar 2019	Change (%)
Cash and bank balances (S\$m)	20.4	22.1	▼ 7.7
Total assets (S\$m)	78.1	43.7	▲ 78.7
Total equity (S\$m)	31.3	33.8	▼ 7.4
Net cash ratio ⁽¹⁾	0.8	2.3	▼ 65.2
Net asset value per share (S'pore cents) ⁽²⁾	18.03	19.48	▼ 7.4
Net cash per share (S'pore cents) ⁽²⁾	11.7	12.7	▼ 7.9

Notes:

(1) Net cash ratio is calculated by taking the cash and bank balances and dividing that number by the total current liabilities.

(2) Computed based on 174,007,200 shares as at 31 March 2020 and 173,602,900 shares as at 31 March 2019.

Note: All financial figures have been rounded

Total Dividend in FY2020

Name of dividend	Interim	Final
Dividend type	Cash	
Dividend amount per share (Singapore cents)	1.0 cents per ordinary share	0.25 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)
Date payable	6 December 2019	1 October 2020

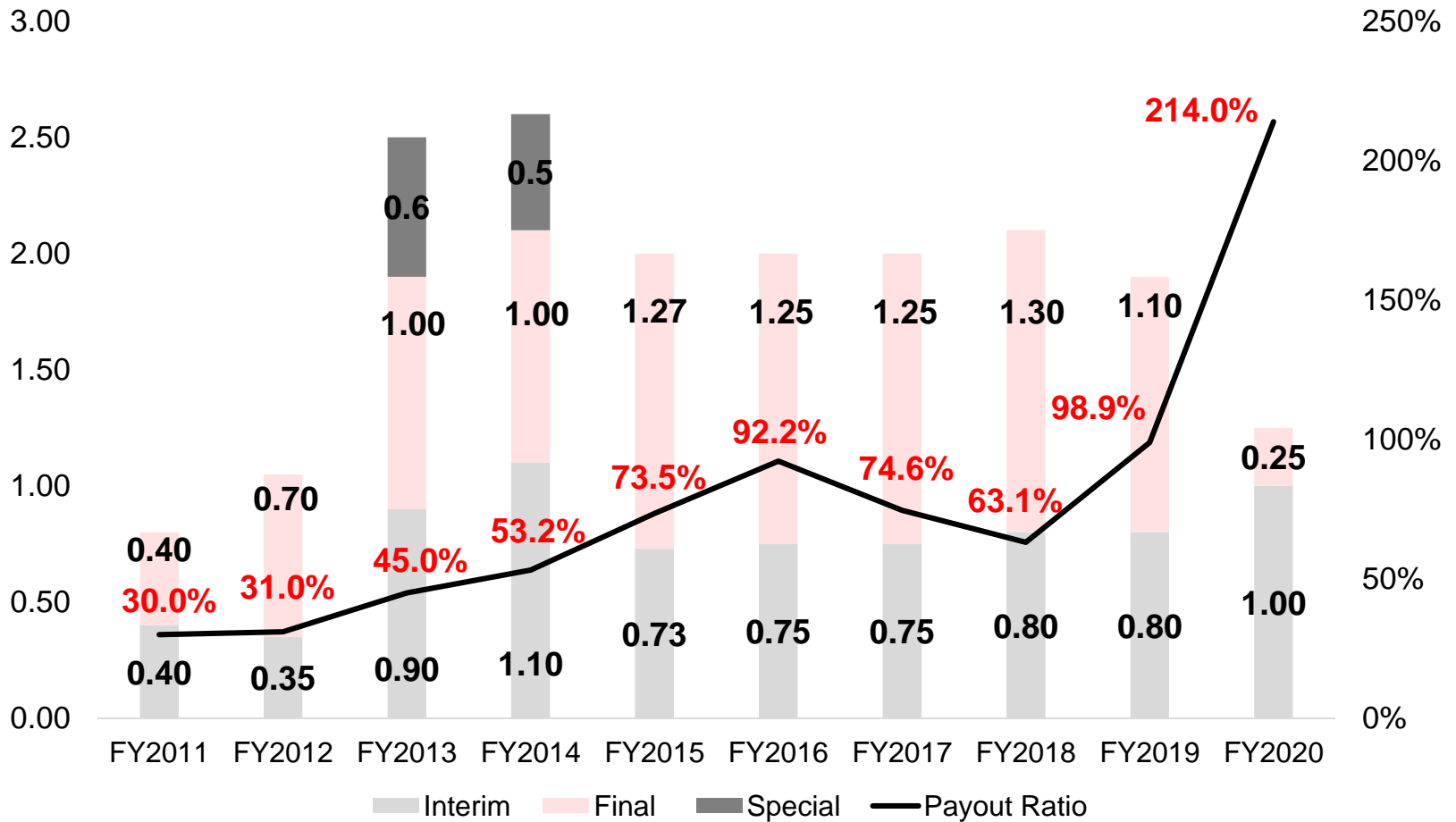


- Total dividend in FY2020: **1.25 Singapore cents a share**
- Dividend payout ratio: **Approximately 214% of earnings** for FY2020.

Dividend History

Dividend Per Share
(Singapore cents)

Dividend Payout
Ratio (%)



Peer Comparison

	Market Cap (S\$ 'm)	Price (S\$)	Net profit margin (%)	ROE (%)	Net Debt / Equity	P/E	Div yield (%)
Japan Foods	52.187	0.300	4.9	9.9	-	15.6	4.2
ABR Holdings	110.5	0.550	1.6	2.1	-	56.0	2.7
Sakae Holdings	7.0	0.050	-30.8	-	1.5	-	-
Soup Restaurant	26.0	0.093	1.8	7.7	0.5	34.2	2.2
Tung Lok Restaurant	33.0	0.120	-3.3	-	0.7	-	-
Katrina	23.4	0.101	-7.7	-	10.0	-	-
Jumbo	221.0	0.345	7.6	17.0	-	19.0	3.5
RE&S Holdings	29.0	0.082	2.9	10.6	-	7.2	5.5
Kimly Limited	263.4	0.225	9.6	22.8	-	13.1	6.1
No Signboard Holdings	15.7	0.034	-19.0	-	-	-	-

Source: ShareInvestor.com, data as at 13 July, 5.16pm

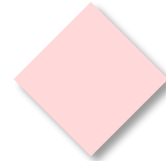
All figures have been rounded

Japan Foods, Tung Lok – FYE 31 Mar RE&S Holdings – FYE 30 Jun No Signboard, Kimly – FYE 30 Sep Rest of peers – FYE 31 Dec

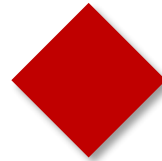
Investment Highlights



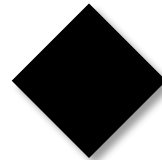
**Sustainable
Growth**



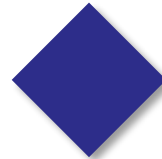
Development of new concepts



Overseas expansion



Cost & quality control



**Network expansion &
consolidation**

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Thank You

