



NEWS RELEASE

NEO GROUP 1Q2018 REVENUE GROWS 27.3% TO S\$40.6 MILLION

- **Food Manufacturing turns profitable**
- **Stronger Food Catering performance**
- **195% surge in Supplies & Trading revenue**

SINGAPORE – 8 August 2017 – Singapore’s leading food catering group, Neo Group Limited (“**Neo Group**”, 梁苑集团有限公司, or together with its subsidiaries, the “**Group**”) recorded a 27.3% growth in its revenue to S\$40.6 million for the first financial quarter ended 30 June 2017 (“**1Q2018**”) and announced the successful turnaround of its Food Manufacturing segment.

Neo Group’s Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said, “We are pleased to reap the fruits of our labour with our Food Manufacturing segment turning profitable following the various cost-cutting measures and initiatives put in place to grow its revenue.”

“Notably, despite the first financial quarter typically being our slowest due to seasonality, we have continued to sustain our growth through our diversified revenue streams, bearing testament to the merits of our vertical integration strategy.”

Financial Performance

The S\$40.6 million revenue achieved in 1Q2018 was a 27.3% increase from S\$31.9 million recorded in the equivalent period a year ago (“**1Q2017**”). The improved performance was lifted by stronger performance across most business segments.

Page 1 of 5

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The Group's flagship Food Catering segment recorded a 5.1% increase in revenue to S\$12.4 million in 1Q2018 compared to S\$11.8 million a year ago, boosted by traction gained from Gourmetz – a new 51%-owned catering brand established in November 2016 – which targets the elder-care and childcare niche segments, earnings from which are recurrent in nature.

Due to a deliberate decision from an ongoing strategic business review to consolidate non-performing leases upon expiry, the Food Retail segment reported 14.0% lower revenue this quarter to S\$4.2 million from S\$4.8 million in 1Q2017. Despite the lower revenue, the segment achieved significantly narrowed losses due to tight cost controls and enhancements of the segment's business model and processes.

The Food Manufacturing business posted 5.1% stronger revenue of S\$11.4 million from S\$10.9 million a year ago, boosted by the successful launch of new product offerings during the period. As part of its turnaround exercise, the segment was recently relocated to the larger 22 Senoko Way facility that resulted in significant cost savings, especially pertaining to rental, increased capacity to support business growth and greater automation.

Coupled with a review of the segment's pricing strategies, strengthening of its branding and launch of new product offerings, the Food Manufacturing segment has successfully returned to profitability this quarter.

Maiden contribution from new subsidiary, Hi-Q Plastic Industries Sdn Bhd, that was acquired in April 2017, as well as revenue contributed by U-Market Place Enterprise led to a 195.0% surge in 1Q2018 revenue for the Supplies and Trading segment to S\$12.4 million compared to S\$4.2 million in 1Q2017.



As a result of the above, the Group's loss attributable to owners of the parent for 1Q2018 narrowed 74.0% to S\$0.7 million, a significant improvement from a loss of S\$2.5 million recorded in 1Q2017.

Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") for 1Q2018 rose 10.1 times to S\$2.0 million from S\$0.2 million recorded in 1Q2017.

Outlook & Future Strategies

"Over the last two years, we made the tough but necessary decision to review our business and transform ourselves into a vertically-integrated food and catering group to ensure our sustainable long-term growth. With the Food Manufacturing segment back in the black, and the Food Retail segment well on track in its turnaround, we are focused on driving the Group's profitability this financial year. Additionally, we are focused on cross-selling opportunities and growing our recurring income streams for greater earnings resilience," commented Mr Neo.

On the core Food Catering business segment, Neo Group will explore opportunities to enter untapped market segments, such as Gourmetz's niche in the elder-care and childcare segments, where there is larger growth potential and relatively higher margins. Concurrently, the segment continues to expand its pool of venue partners and corporate clients.

While the Food Retail business continues to fine tune its business model to enhance its performance, the Food Manufacturing business continues to keep close tabs on profitability while driving business growth by introducing new product offerings.

Concurrently, the Supplies and Trading business continues to drive growth and contribute positively to Neo Group.



Barring unforeseen circumstances, the Group expects its operations to remain profitable for FY2018.

Note: This press release is to be read in conjunction with the related mandatory announcement filed by Neo Group Limited on SGXNET on 8 August 2017.

About Neo Group Limited

Neo Group Limited is a leading food catering group in Singapore. 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 Singapore¹ and provides one-stop food and catering solutions with its strong and effective vertically-integrated value chain.

The Group is involved in the Food Catering, Food Retail, Supplies and Trading, Food Manufacturing 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 strong portfolio of brands, including *Neo Garden Catering, Orange Clove Catering, Deli Hub Catering, Best Catering, umisushi, Choz Confectionery, DoDo fish ball, Joo Chiat Kim Choo traditional rice dumplings*, amongst others. Its food retail network spans 25 outlets² islandwide.

¹ As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2017 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales

² As at 1 May 2017



Through its subsidiaries, Neo Group's business presence is in 35 countries worldwide. Its operations are supported by the East and West central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

IMPORTANT NOTICE

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This news release has not been examined or approved by the SGX-ST. The Sponsor and 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. The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalyst. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.

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