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Better Food, Better People, Better Life.

NEWS RELEASE

KOUFU REPORTS MAIDEN RESULTS SINCE IPO; ACHIEVES S\$12.4 MILLION NET PROFIT ON S\$109.2 MILLION REVENUE IN 1H 2018

- **Stronger revenue contributions from both Outlet & Mall Management and F&B Retail segments**
- **Integrated facility expected to commence construction in 4Q 2018 and complete by 2020**
- **To expand network of F&B outlets in Singapore and overseas, while exploring complementary joint ventures and M&As**

(S\$'m)	2Q 2018	2Q 2017	Change (%)	1H 2018	1H 2017	Change (%)
Revenue	54.1	53.5	1.2	109.2	106.9	2.1
EBITDA	10.3	9.6	7.3	20.7	19.2	8.0
Profit Before Tax	7.2	7.5	(3.4)	14.7	15.0	(2.2)
Net Profit After Tax Attributable to Owners of the Company	6.2	6.3	(2.6)	12.4	12.5	(1.4)
Basic and Fully Diluted EPS (SGD Cents)	1.27	1.31	(3.1)	2.56	2.59	(1.2)
(S\$'m)	30 June 2018			31 December 2017		
NAV/Share (SGD Cents)	8.71			8.93		
Net Cash	39.5			51.2		





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Singapore, 29 August 2018 – One of Singapore’s most established and largest operators and managers of food courts and coffee shops, Mainboard-listed Koufu Group Limited (“**Koufu**”, 口福集团有限公司, or together with its subsidiaries, the “**Group**”), today announced a 2.1% revenue growth to S\$109.2 million for the six-month financial period ended 30 June 2018 (“**1H 2018**”) in its maiden results announcement since it commenced trading on 18 July 2018.

Its synergistic business segments – Outlet and Mall Management as well as F&B Retail – both registered increased contributions during the period due to a year-on-year increase in number of outlets, despite the partial closure of the Marina Bay Sands food court between April and July 2018 for refurbishment and upgrading works that was carried out in two phases.

Mr Pang Lim (庞琳), Koufu’s Executive Chairman and Chief Executive Officer, said, “We are pleased to report our first results disclosure since our successful IPO. Our growing business and strong portfolio of multi brands continues to offer quality food and services to our customers in Singapore and Macau, exemplifying our guiding principles – *better food, better people, better life* 精致美食 优质生活 圆满人生.”

Financial Highlights

Koufu’s revenue in 1H 2018 of S\$109.2 million was a 2.1% increase from S\$106.9 million in the equivalent period a year ago (“**1H 2017**”), boosted by a 3.5% and 0.9% growth in revenue for the Outlet & Mall Management and F&B Retail segments, respectively, to S\$53.8 million and S\$55.4 million.





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During the period, the Group's EBITDA rose 7.8% to S\$20.7 million compared to S\$19.2 million in 1H 2017, representing a 1.1 percentage point improvement in EBITDA margin, from 17.9% to 19.0%, across the comparative periods.

Other income rose 20.9% to S\$2.5 million in 1H 2018 from S\$2.1 million in 1H 2017, in line with higher reimbursement of renovation fees charged to stall operators, partially offset by reductions in government grants under the Wage Credit Scheme. There was also a decrease in interest income from the Convertible Loan Notes that were disposed in FY2017 as part of the Group's restructuring exercise.

Correspondingly, net profit after tax attributable to owners of the company declined marginally by 1.4% to S\$12.4 million in 1H 2018 from S\$12.5 million in 1H 2017.

Koufu reported S\$11.0 million in net cash generated from operating activities while its balance sheet remained strong with cash and cash equivalents of S\$42.5 million and net cash of S\$39.5 million as at 30 June 2018.

Earnings per share on a fully-diluted basis slid to 2.56 Singapore cents in 1H 2018 compared to 2.59 Singapore cents in 1H 2017, while net asset value per share decreased to 8.71 Singapore cents as at 30 June 2018 from 8.93 Singapore cents as at 31 December 2017.

For the financial quarter ended 30 June 2018 ("2Q 2018"), the Group's revenue rose 1.2% to S\$54.1 million from S\$53.5 million a year ago, while net profit declined 2.6% to S\$6.2 million from S\$6.3 million across the same comparative periods.





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Future Strategies & Outlook

On Koufu's future direction, Mr Pang commented, "The IPO represented a new chapter of growth for us as we work aggressively to grow our network in markets where we already have a presence, while concurrently exploring opportunities to export our proven business model and strong homegrown brands into new markets overseas."

"We'll also continue to lead the industry in technology adoption and innovation, in line with the government's call for greater productivity and efficiency. With greater financial flexibility brought about by our IPO war chest, we expect to commence construction of our game-changing integrated facility that will not only bring about operational synergies but also open doors to the possibility of exciting collaboration with partners that will bring our business to the next level, enhancing long-term shareholder value."

Network Expansion in Singapore & Abroad

Koufu will continue to leverage on its track record and the experience of its management team to grow its business in Singapore, intending to establish new F&B outlets in suitable strategic locations, with a focus on hospitals, commercial malls, tertiary educational institutions and new housing estates.

As at 29 August 2018, Koufu's Outlet & Mall Management business segment, which constituted 49.3% of the Group's 1H 2018 revenue, boasts a sizeable network of 47 food courts, 14 coffee shops, a hawker centre (Jurong West Hawker Centre and Market) and a commercial mall (Punggol Plaza) in Singapore, as well as a food court at Sands Cotai Central in Macau.





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In July 2018, the Group launched its *Koufu* food court at the Sengkang General and Community Hospital, marking its first foray into hospitals. It had also opened two other food courts under the *Koufu* and *Gourmet Paradise* brands at Fusionopolis and Oasis Terrace, Punggol, in January and June 2018 respectively. *Rasapura Masters* foodcourt at Marina Bay Sands commenced full operations on 1 August 2018 after the completion of its upgrading and refurbishment works in July 2018. On the same day, *R&B Tea* F&B kiosk also commenced its operations at Marina Bay Sands (“**MBS**”) within its *Rasapura Masters* foodcourt, with well-received responses from customers.

The Group’s F&B Retail segment that had contributed 50.7% of the Group’s 1H 2018 revenue, comprised 81 self-operated F&B stalls, 5 F&B kiosks, 11 quick-service restaurants (“**QSR**”) and 3 full-service restaurants in Singapore as at 29 August 2018. It also operates 2 F&B stalls and a F&B kiosk in Macau.

Amongst the F&B Retail segment’s new openings this year are QSRs under the *Grove* and *Supertea* brands at Fusionopolis and Millenia Walk, respectively, as well as the expansion of the *R&B Tea* brand F&B kiosks at Oasis Terrace and MBS. Koufu had also opened its first *Supertea* F&B kiosk overseas in Cotai Sands, Macau, in May 2018.

Koufu expects to open an *Elemen* full-service restaurant at the new Paya Lebar Quarter and a *Koufu* food court at T-Space in Tampines in 4Q 2018. The Group remains focused in expanding its market share in food courts and coffee shops and expanding its F&B concept stores, bringing new food options and varieties to consumers, and will continue to look for and secure new premises to expand Koufu’s number of F&B outlets.





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The Group intends to use Singapore and Macau as springboards for expansion into overseas markets, which may potentially include the People's Republic of China, Malaysia, Indonesia and Australia¹. Koufu continues its negotiations with several commercial landlords and developers to establish new F&B outlets in Macau.

Continued Commitment to Raising Productivity while Exploring M&As and Strategic Partnerships

Koufu's vertically-integrated business model generates cost savings and allows for better control over the entire process – from production in its central kitchens and the retail sale at its F&B outlets and self-operated F&B stalls, to the operation and management of its food courts and coffee shops.

The Group's integrated facility in Woodlands Avenue 12 is expected to commence construction in 4Q 2018 and complete by 2Q 2020. The 20,000 square metres integrated facility is over five times larger than the aggregate gross floor area of its existing central kitchens and headquarters.

The proposed integrated facility will include a larger central kitchen with state-of-the-art kitchen equipment. Koufu also intends to establish a centralised dishwashing facility to service its F&B outlets located in northern and western areas of Singapore, as well as set up training and R&D centres.

¹ In respect of its Elemen full-service restaurants only.





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The added space is intended to better support all of Koufu's F&B Retail business and to cater for future business expansion while Koufu leverages its network to explore possible opportunities for synergistic joint ventures, M&As and investments in complementary business segments and markets, taking into consideration factors such as the acquisition of capabilities, skills, technology and operational processes.

Koufu also seeks to continuously improve its productivity by embracing technology and innovation, such as increased automation in its processes and the progressive roll-out of the mobile ordering applications to its food courts and coffee shops.

Recognising a growing demand for online food ordering and delivery services, Koufu also plans to roll out such services to most of its F&B outlets by 2019. This provides a channel for Koufu to reach out to a wider customer base and capture additional sales revenue.

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ABOUT KOUFU GROUP LIMITED

Established in 2002, Koufu is one of the most established and largest operators and managers of food courts and coffee shops in Singapore, with a presence in Macau. Since its inception, Koufu's philosophy has been to integrate modern management discipline into its business while retaining the traditional coffee shop culture, with particular emphasis on providing patrons with value for money dining options in a comfortable environment – congruent with its core values in its vision towards “Better Food”, “Better People” and “Better Life”.

Koufu's business comprises two business segments – Outlet & Mall Management and F&B Retail. Under the Outlet & Mall Management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B Retail Business segment, it operates self-operated F&B stalls located within its food courts and coffee shops or within third party food courts as well as F&B kiosks, quick-service restaurants and full-service restaurants, amongst others.

In less than two decades, Koufu's Outlet & Mall Management business segment has grown to a sizeable islandwide network. Koufu's multi-brand business model and network of F&B outlets currently comprises a portfolio of unique and distinct brands, each focusing on different types of cuisine and dining experiences at various price points to its consumers with varying tastes, preferences, budgets and occasions.

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





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