

FOR IMMEDIATE RELEASE

## BreadTalk achieved 1H 2016 Net Profit of S\$3.8M

### Key highlights:

- Group Revenue decreased 1% year-on-year to \$304 million.
- 1H 2016 EBITDA increased 5.8% year-on-year to \$38 million.
- 1H 2016 EBITDA margin improved to 12.6%.
- Bakery Division EBITDA rose 20% year-on-year on good cost control
- Interim dividend of 0.5 cent per share.

S\$ million	1H 2016	1H 2015	Y/Y
Revenue	304	307	(1.0%)
EBITDA	38	36	5.8%
<i>EBITDA margin</i>	<b>12.6%</b>	<b>11.8%</b>	<b>0.8 ppt</b>
Net profit	3.8	4.9	(23.3%)
<i>Net margin</i>	<b>1.2%</b>	<b>1.6%</b>	<b>(0.4 ppt)</b>
EPS S\$ cents	1.33	1.73	(23.0%)

S\$ cents	1H 2016	FY 2015	Y/Y
NAV/share	52.4	52.0	0.8%

**SINGAPORE – 3 August 2016** – Mainboard-listed BreadTalk Group Limited (“BreadTalk” or “the Group”), a leading lifestyle F&B group, today announced its financial results for the second financial quarter ended 30 June 2016.

Group revenue for 1H FY2016 declined marginally by 1.0% Y/Y from \$307.3 million to \$304.3 million. For the same period, Earnings Before Interest, Tax, Depreciation and

Amortisation (“EBITDA”) for the Group rose 5.8% Y/Y with EBITDA margin improving to 12.6% (1H FY2015: 11.8%). Profit After Tax and Minority Interests (“PATMI”) for 1H FY2016 declined 23.3% from \$4.9 million to \$3.8 million. PATMI margin declined to 1.2% (1H FY2015: 1.6%).

Bakery Division revenue decreased 2.0% Y/Y to \$150.7 million, primarily attributed to weaker franchise revenue from our China franchise business, mitigated by stronger performance of our direct operated stores and International franchise business. Outlets increased to 842 (1H FY2015: 837). EBITDA for the Division rose 20.0% Y/Y to \$13.9 million, on the back of tighter cost control and productivity gains, with EBITDA margin also improving to 9.2% (1H FY2015: 7.5%).

Food Atrium revenue declined 5.0% Y/Y to \$80.2 million. At the end of 1H FY2016, the Division operated 1 less outlets Y/Y to 61. The change was a result of 5 new openings (2 in Singapore, 3 in Mainland China) and 6 closures (5 in Mainland China and 1 in Hong Kong) over the 12 months period. During the quarter, 1 new outlet was opened at Shanghai Disneyland, contributing to the Q/Q increase of 1 outlet. Same store sales growth remained healthy in Singapore, with recovery observed in Hong Kong and Guangzhou. The Mainland China operation continued to face operational headwinds from weaker traffic in certain shopping malls. Combining the impact from start-up expenses of new outlets, write-offs attributed to outlet closures as well as higher operating expenses, 1H FY2016 EBITDA declined 76.6% Y/Y to \$2.3 million with EBITDA margin lower at 2.9% (1H FY2015: 11.7%).

Restaurant Division delivered 6.3% revenue growth Y/Y to \$73.5 million, riding on strong same store sales growth, recovery at Ramen Play and higher contribution from Din Tai Fung Thailand. Total outlets decreased by 2 Y/Y to 31, attributed to the 3 new Din Tai Fung outlet (2 in Singapore and 1 in Thailand), offset by the closure of 1 Din Tai Fung outlet and 4 Ramen Play outlets (1 in Singapore and 3 in Shanghai). During the quarter, 1 new Din Tai Fung unit was opened in Singapore at City Square Mall, contributing to the Q/Q increase of 1 outlet. 1H FY2016 EBITDA rose 15.0% Y/Y to \$13.9 million with EBITDA margin improving to 18.9% (1H FY2015: 17.5%).

Interest income decreased by \$1.3 million primarily due to lower return on investment securities, while interest expense increased slightly by \$0.6 million, mainly due to higher

interest cost associated with the medium term notes, partly mitigated by repayment of outstanding borrowings.

Earnings per share (EPS) on a fully diluted basis was 1.33 cents for 1H FY2016 compared to 1.73 cents for 1H FY2015.

Net asset value (NAV) per share was 52.4 cents as at 30 June 2016 compared to 52.0 cents as at 31 December 2015.

Number of outlets including franchise under the Group:

Segment	1H 2016	FY 2015	Net increase/ (decrease)	1H 2015	Net increase/ (decrease)
<b>Bakery</b>	<b>842</b>	<b>862</b>	<b>(2.3%)</b>	<b>837</b>	<b>0.6%</b>
<b>Food Atrium</b>	<b>61</b>	<b>65</b>	<b>(6.2%)</b>	<b>62</b>	<b>(1.6%)</b>
<b>Restaurant</b>	<b>31</b>	<b>30</b>	<b>3.3%</b>	<b>33</b>	<b>(6.1%)</b>
<b>Total</b>	<b>934</b>	<b>957</b>	<b>(2.4%)</b>	<b>932</b>	<b>0.2%</b>

Net cash flow from operating activities improved significantly by \$9.8 million to \$27.5 million in 1H FY2016, a strong testimony to the underlying strength of the core business.

Following the successful issuance of \$75 million, 3-year 4.6% medium term notes on 1 April 2016, the Group commenced its loan restructuring effort. Total repayment of both short-term and long-term borrowings during 1H FY2016 amounted to \$79.7 million. During the period, the Group also paid out \$2.8 million in dividends, related to the 1.0 cents per share final dividend for FY2015. As a result, net cash flow used in financing activities in 1H FY2016 was \$5.7 million.

### **Interim Dividend**

The Board is recommending a tax exempt (one-tier) interim dividend of 0.5 cent per share for 1H FY2016 (1H FY2015: 0.5 cent). The interim dividend will be paid to shareholders on 2 September 2016.

## **Outlook**

Bakery Division remains on its recovery path as the execution of our strategy to moderate the pace of outlet expansion and focusing on cost control and quality of earnings continues.

While the Food Atrium Division still faces certain headwinds in China, the situation has largely come under control following the completion of our evaluation process of the respective outlets within our portfolio.

Restaurant Division continues its steady improvement supported by both same store sales growth and good cost control.

-end-

## **About BreadTalk Group Limited**

*Founded as a bakery brand in Singapore in 2000 and listed on the SGX in 2003, BreadTalk has rapidly expanded to become an award-winning F&B Group that has established its mark on the world stage with its bakery, restaurant and food atrium footprints. With 1,000 retail stores spread across 17 territories, its brand portfolio comprises BreadTalk, Toast Box, Food Republic, Din Tai Fung, Carl's Jr., Thye Moh Chan, The Icing Room and RamenPlay. The Group has a network of owned bakery outlets in Singapore, PRC, Malaysia, Hong Kong and Thailand as well as franchised bakery outlets across Asia and the Middle East. It also owns and operates the world-renowned Din Tai Fung restaurants in Singapore and Thailand, as well as the award-winning Food Republic food atria in Singapore, China, Taiwan, Hong Kong and Malaysia.*

For more information, please contact:

### **Investor Relations / Analyst Contact**

Mr. Chan Ying Jian  
Group Chief Financial Officer

Ms. Agnes Kang  
Investor Relations

Tel - (65) 6285 6116  
Email - [ir@breadtalk.com](mailto:ir@breadtalk.com)

### **Media Relations / Media Contact**

Ms. Joyce Koh  
Group Senior Vice-President  
Brand Development  
Tel - (65) 6285 6116  
Email - [ir@breadtalk.com](mailto:ir@breadtalk.com)