



FOR IMMEDIATE RELEASE

BreadTalk Group rallies to deliver robust full year performance

Records 50.4% year-on-year increase in net profit

Key Highlights:

- Group FY2016 EBITDA margin improved to 13.6%
- Group FY2016 EBITDA increased 7.8% Y/Y to \$83.6 M
- Final dividend of 2.0 cents per share

| S\$ million | FY 2016 | FY 2015 | Y/Y |
|----------------------|---------|---------|----------|
| Revenue | 615.0 | 624.1 | -1.5% |
| EBITDA | 83.6 | 77.6 | 7.8% |
| <i>EBITDA margin</i> | 13.6% | 12.4% | +1.2 ppt |
| Net Profit | 11.4 | 7.6 | 50.4% |
| <i>Net margin</i> | 1.9% | 1.2% | +0.7 ppt |
| EPS S\$ cents | 4.06 | 2.69 | 51.0% |

| S\$ cents | FY 2016 | FY 2015 | Y/Y |
|-------------|---------|---------|------|
| NAV / share | 54.0 | 52.0 | 3.8% |

SINGAPORE – 22 February 2017 – Mainboard-listed BreadTalk Group (“the Group”), a leading lifestyle F&B group, today announced its financial results for FY2016.

The Group continued to deliver consistent and sustainable growth in spite of a difficult and volatile retail environment. This is achieved through the Group’s sharp focus on maximizing growth opportunities in more profitable segments of the Business and consolidating underperforming assets.

“We will continue to streamline our businesses. We will also invest in talent development. Our aim is to remain well positioned to navigate the challenging food and beverage retail landscape in FY2017.” Dr. George Quek, Chairman, BreadTalk Group Limited.

As the Group centered its focus on long term earning growth, it continued to be nimble in spotting new trends, developing interesting products and delivering them promptly to an increasingly competitive marketplace.

Group revenue for FY2016 declined marginally by 1.5% Y/Y from \$624.1 million to \$615.0 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) for the Group rose 7.8% Y/Y to \$83.6 million with EBITDA margin improving to 13.6% (FY2015: 12.4%). Profit after Tax and Minority Interests (“PATMI”) for FY2016 improved 50.4% from \$7.6 million to \$11.4 million. PATMI margin rose to 1.9% (FY2015: 1.2%).

Outlet numbers across Divisions

| | <u>FY 2016</u> | <u>FY 2015</u> | <u>Net Increase / (Decrease)</u> |
|-------------------------|----------------|----------------|----------------------------------|
| Bakery | 862 | 862 | 0 |
| <i>Direct Operating</i> | <i>260</i> | <i>266</i> | <i>(6)</i> |
| <i>Franchise</i> | <i>602</i> | <i>596</i> | <i>6</i> |
| Food Atrium | 57 | 65 | (8) |
| Restaurant | 32 | 30 | 2 |
| <i>Din Tai Fung</i> | <i>24</i> | <i>22</i> | <i>2</i> |
| <i>RamenPlay</i> | <i>6</i> | <i>6</i> | <i>0</i> |
| <i>Sanpou Tei</i> | <i>2</i> | <i>2</i> | <i>0</i> |

Bakery Division

In line with the consolidation strategy of the Bakery Division, revenue declined slightly by 0.7% Y/Y to \$305.9 million for FY2016, while EBITDA for the Division rose 35.5% Y/Y to \$30.3 million. EBITDA margin also improved to 9.9% (FY2015: 7.3%) on the back of better gross margin, tighter cost control and productivity gains. The drop in revenue was primarily attributed to weakness in the China franchise business, which is mitigated by strong performance of our direct operated stores in Singapore as well as our International franchise business. Outlet count stood at 862, unchanged Y/Y, but with greater proportion of franchise outlets.

Food Atrium

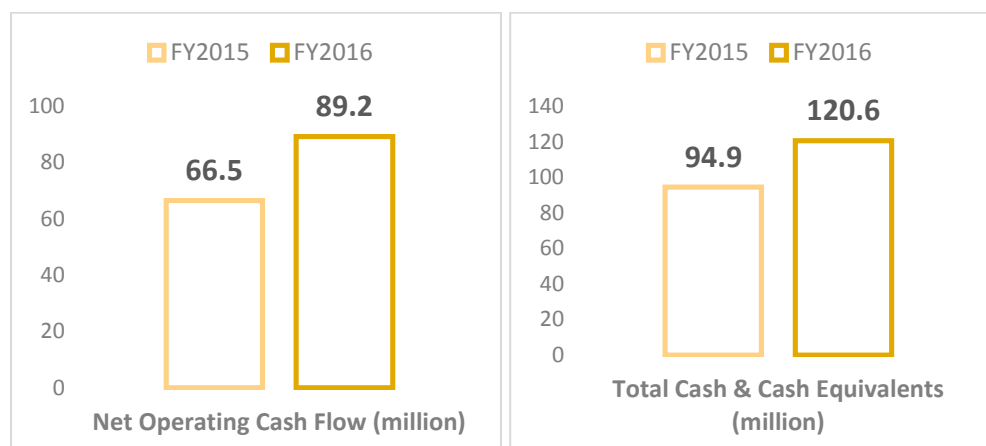
Food Atrium revenue declined 8.2% Y/Y to \$158.9 million. Same store sales growth remained healthy in Singapore with recovery in Thailand. While same store sales declined across our China outlets during the year, meaningful recovery was observed during 2H FY2016. At the end of FY2016, the Division operated 57 outlets, following the opening of 2 new outlets (both in Shanghai) and closure of 10 outlets (5 of which, were premature closures in Mainland China) during the year. As a result, FY2016 EBITDA declined 31.8% Y/Y to \$12.2 million with EBITDA margin lower at 7.7% (FY2015: 10.3%).

Restaurant Division

Restaurant Division delivered 4.9% revenue growth Y/Y to \$150.2 million, as same store sales growth momentum continues, recovery at Ramen Play and higher contribution from Din Tai Fung Thailand. Total outlets for FY2016 stands at 32, attributed to 3 new opening and 1 closure of Din Tai Fung outlets in Singapore during the year. FY2016 EBITDA was 9.9% lower Y/Y to \$30.5 million on mainly on higher staff cost with EBITDA margin at 20.3% (FY2015: 23.7%).

Interest income decreased by \$2.8 million primarily due to lower return on investment securities, while interest expense increased slightly by \$0.6 million, mainly due to higher average interest cost, partly mitigated by repayment of outstanding borrowings.

The Group generated a net operating cash flow of \$89.2 million in FY2016, an improvement of \$22.7 million from FY2015, a reflection of the strong cash generating ability of the underlying core business.



The Group continued its discipline in debt repayment, with \$95.6 million net repayment of short and long-term bank borrowings during the year. The Group net debt position improved to \$61.5 million from \$107.7 million. Net debt-to-equity reduced from 0.83x to 0.47x.

Overall, the Group generated a net increase in cash and cash equivalents of \$26.1 million in FY2016, ending the period with a cash and cash equivalents of \$120.6 million.

Final Dividend

The Board is recommending a tax exempt (one-tier) final dividend of 2.0 cents per share for FY2016. The final dividend will be paid to shareholders on 15 June 2017, subject to shareholders' approval at the upcoming Annual General Meeting on 20 April 2017.

