



FOR IMMEDIATE RELEASE

BreadTalk Group Limited Announces 1Q FY2018 Financial Results with Improved Core F&B Net Profit

Key Highlights:

- Group 1Q FY2018 Revenue increased 0.5% to \$148.5 million
- Group's direction to stay focused on deepening presence in existing markets and expanding portfolio with new brands
- Group's growth pipeline includes high quality partnerships with new brands in 2018

S\$ million	1Q FY2018	1Q FY2017	Y/Y
Revenue	148.5	147.7	0.5%
EBITDA	16.3	26.3	-38.0%
<i>EBITDA margin</i>	11.0%	17.8%	-6.8ppt
Net Profit	1.2	10.8	-89.1%
<i>Net margin</i>	0.8%	7.3%	-6.5ppt
EPS S\$ cents	0.42	3.84	-89.1%

S\$ cents	1Q FY2018	FY2017	Y/Y
NAV / share	74.4	57.0	30.5%

SINGAPORE – 3 May 2018 – Mainboard-listed BreadTalk Group (“the Group”), a leading F&B group, today announced its financial results for 1Q FY2018.

Revenue for 1Q FY2018 was \$148.5 million, an increase of 0.5% from \$147.7 million in 1Q FY2017. This is attained through the Group’s continual focus on pursuing sustainable growth and eliminating underperforming assets which improved earning quality.

“We will continue to identify new growth opportunities through joint-venture partnerships and invest in talent development. Through higher operational efficiencies, we remain well positioned to pilot through a challenging food and beverage retail landscape in FY2018.” Dr George Quek, Chairman, BreadTalk Group Limited

In FY2018, the Group will continue its focus to diversify its business mix and portfolio, while remaining agile in managing underachieving stores, introducing new Direct-Owned Restaurant (DOR) concepts for its Food Atrium division, and bringing renowned brands such as Song Fa Bak Kut Teh into China.

Group revenue for 1Q FY2018 rose 0.5% Y/Y from \$147.7 million to \$148.5 million, in line with our plan to cautiously restart our outlet expansion following two years of business consolidation. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) for the Group declined 38% Y/Y to \$16.3 million with EBITDA margin at 11.0% (1Q FY2017: 17.8%).

Profit After Tax and Minority Interests (“PATMI”) for 1Q FY2018 declined 89.1% from \$10.8 million to \$1.2 million, as 1Q FY2017 saw the recognition of \$9.3 million in capital gain from the divestment of the Group’s investment in TripleOne Somerset. During the quarter, the Group brought forward the early closure of eight Bakery outlets in China and one Food Atrium outlet in Hangzhou.

Excluding effects of the capital gain and the assets write off, core Food & Beverage (F&B) business net profit for 1Q FY2018 saw an increase of 89.4% from \$1.6 million to \$2.9 million, despite weaker profitability at the Bakery Division and initial start-up losses at the 4orh Division.

Overall interest expense for the Group increased 81.6% Y/Y to \$2.5 million, with interest income rising 99.3% to 0.8 million. We have commenced the accrual of interest expense related to the \$100 million of 5-year, 4.00% Medium Term Note issued in January 2018, which will be primarily deployed to the capital expenditure that we have planned for the financial year.

Earnings per share (EPS) on a fully diluted basis for 1Q FY2018 was 0.42 cent compared to 3.84 cents for 1Q FY2017.

Net asset value (NAV) per share was 74.4 cents as at 31 March 2018 compared to 57.0 cents as at 31 December 2017.

Outlet numbers across Divisions

	1Q FY2018	1Q FY2017	Net Increase / (Decrease)
Bakery	857	855	2
Direct Operating	231	261	(30)
Franchise	626	594	32
Food Atrium	53	57	(4)
Restaurant	27	24	3
Din Tai Fung	27	24	3
4orh Food Concepts	6	6	-
Sō Ramen	5	6	(1)
Song Fa	1	-	1

Bakery Division

Bakery Division revenue declined 4.5% Y/Y to \$70.4 million during 1Q FY2018, attributed to lower revenue from direct operated stores at Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China. As at the end of 1Q FY2018, there were 254 China franchise outlets across 28 cities compared with 278 outlets across 36 cities as at the end of 1Q FY2017. EBITDA for the Division declined 31.0% Y/Y to \$3.8 million, with EBITDA margin at 5.4% (1Q FY2017: 7.4%).

Food Atrium

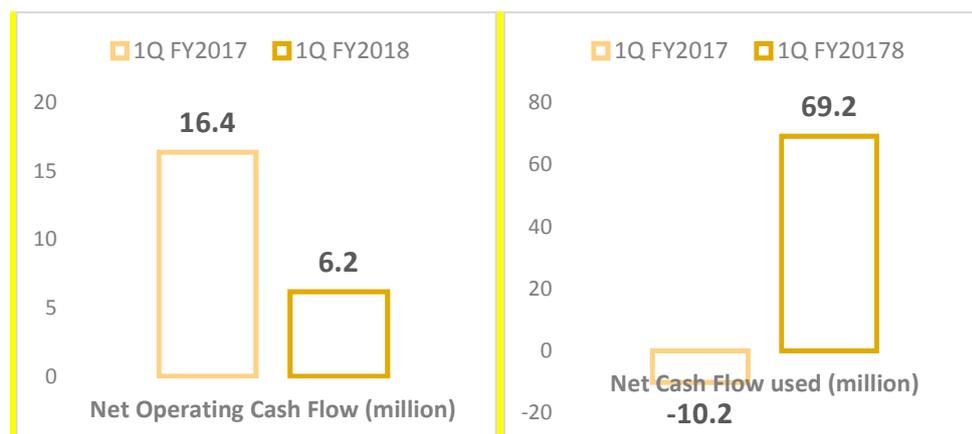
Food Atrium Division revenue grew 3.3% Y/Y to \$37.5 million, despite having four less outlets than a year ago, driven by strong same store sales growth momentum across the entire portfolio. EBITDA declined 3.7% to \$5.3 million with EBITDA margin slightly lower at 14.1% (1Q FY2017: 15.1%), dragged down by the Hangzhou outlet closure but mitigated by higher revenue.

Restaurant Division

Restaurant Division revenue rose 6.2% Y/Y to \$36.9 million with the addition of three more outlets – one in Singapore and two in Thailand, compared to 1Q FY2017. EBITDA improved 24.4% to \$8.7 million despite higher staff cost as well as administrative expenses in the lead up to the opening of our first Din Tai Fung outlet in the United Kingdom in the fourth quarter of this year. EBITDA margin improved from 20.1% to 23.5%.

4orth Food Concepts

4orth Food Concepts turned in a revenue of \$2.7 million for 1Q FY2018. The business division currently comprises five outlets of Sō Ramen in Singapore and one outlet of Song Fa Bak Kut Teh (“Song Fa”) in Shanghai, China. The Y/Y comparison is therefore not meaningful as the results for 1Q FY2017 were related to the now defunct RamenPlay brand. The Division reports an EBITDA loss of \$0.1 million primarily attributed to pre-opening expenses at Song Fa.



Outlook

The Group had a busy 1Q FY2018. In January 2018, we announced the award of our BreadTalk franchise right in Delhi and National Capital Region, India, to Bakekneads LLP, a member of the Som Datt Group. The same month also saw the official opening of our first Song Fa Bak Ku Teh outlet in Shanghai Jing An Kerry Centre, following 6 full months of intensive preparations since the signing of the joint venture (JV) agreement with Song Fa Holdings Pte Ltd in July 2017.

In March 2018, we entered into a JV agreement with renowned Taiwanese bakery brand, Wu Pao Chun Bakery to bring their products into four major China cities – Beijing, Shanghai, Shenzhen and Guangzhou, with future plans to extend the JV into Singapore and Hong Kong. During the same month, we also marked the entry of our Toast Box brand into Indonesia following our JV agreement with PT. Pura Indah Berkat.

The Group will stay focused on deepening the penetration of our existing markets and leverage our regional platform to bring more new food concepts and brands into our portfolio to drive our growth. We also expect to see better procurement cost outcomes as our BTG-Shinmei Venture commences its procurement operations soon.

The Management Team continues to reiterate our commitment to build a strong foundation for the next leg of growth for the Group so that it will be sustainable in the long term. We expect short term earnings volatility as certain capital and operating expenditures will need to be incurred and invested to realise our medium to long term goals.

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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 close to 1,000 retail stores spread across 17 territories, its brand portfolio comprises BreadTalk, Toast Box, Food Republic, Din Tai Fung, Bread Society, Thye Moh Chan, The Icing Room and Sō. 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. In 2018, BreadTalk Group will open its first Din Tai Fung restaurant in London.

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