



BreadTalk Group, Singapore's leading lifestyle group delivers higher revenue for 1H FY2019

Key Highlights:

- Group 1H FY2019 Revenue increased 7.9% from \$297.4 million to \$321.0 million
- Group 1H FY2019 Net Profit declined 35.3% from \$3.6 million to \$2.3 million

S\$ million	2Q FY2019	2Q FY2018	Y/Y	1H FY2019	1H FY2018	Y/Y
Revenue	163.3	148.8	9.8%	321.0	297.4	7.9%
EBITDA	49.7	18.1	174.8%	96.8	34.4	181.5%
<i>EBITDA margin</i>	30.4%	12.1%	+ 18.3 ppt	30.2%	11.6%	+ 18.6 ppt
Net Profit	1.0	2.4	- 57.9%	2.3	3.6	- 35.3%
<i>Net margin</i>	0.6%	1.6%	- 1.0 ppt	0.7%	1.2%	- 0.5 ppt
EPS S\$ cents	0.18	0.43	- 58.1%	0.41	0.64	- 35.9%

S\$ cents	2Q FY2019	FY2018	Y/Y
NAV / share	25.9	28.9	- 10.4%

SINGAPORE – 1 August 2019 – Mainboard-listed BreadTalk Group (“the Group”), a leading F&B group, today announced its financial results for 1H FY2019.

Total revenue for 1H FY2019 was \$321.0 million, an increase of 7.9% from \$297.4 million in 1H FY2018. In spite of the continual headwinds faced by the Group in overseas markets, the constant focus on diversifying its portfolio of brands while enhancing overall profitability of existing partnerships enabled the Group to deliver better results.

Group revenue for 1H FY2019 rose 7.9% Y/Y from \$297.4 million to \$321.0 million, led by growth across all business divisions. Following the adoption of SFRS(I) 16 this financial year, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) for the Group during 1H FY2019 stood at S\$96.8 million, 181.5% higher Y/Y, as a significant portion of lease-related expenses that were earlier classified as operating expenses are now recognised as depreciation and interest expense. EBITDA Margin for 1H FY2019 was 30.2% (1H FY2018: 11.6%). Profit After Tax and Minority Interests (“PATMI”) for 1H FY2019 declined 35.3% from \$3.6 million to \$2.3 million.

Overall interest expense for 1H FY2019 increased 131.6% Y/Y to \$11.4 million, as the adoption of SFRS(I) 16 resulted in the recognition of lease-related interest expense attributed to the amortisation of the lease liabilities on the balance sheet, and is unrelated to our bank borrowings or medium term note in issue. Of the 11.4 million of interest expense incurred during the period, just \$4.1 million was related to bank borrowings and the outstanding medium term note, which was 16.2% lower Y/Y.

Share of results of associates and joint ventures turned in a small loss of \$0.1 million in 1H FY2019, compared to a combined loss of \$0.5 million in 1H FY2018.

Earnings per share (EPS) on a fully diluted basis for 1H FY2019 was 0.41 cents compared to 0.64 cents for 1H FY2018.

Outlet numbers across Divisions

	2Q FY2019	FY2018	Net Increase / (Decrease)	2Q FY2018	Net Increase / (Decrease)
Bakery	875	863	12	842	33
Direct Operating	270	221	49	224	46
Franchise	605	642	(37)	618	(13)
Food Atrium	63	60	3	57	6
Food Courts	55	55	-	53	2
Direct Operated Restaurants	8	5	3	4	4
Restaurant	32	28	4	27	5
Din Tai Fung	32	28	4	27	5
4orth Food Concepts	21	12	9	7	14
Sō	5	5	-	5	-
Song Fa	10	4	6	2	8
TaiGai	1	1	-	-	1
Nayuki	2	1	1	-	2
Wu Pao Chun	3	1	2	-	3

Bakery Division revenue rose 2.8% Y/Y to \$142.8 million during 1H FY2019, with the consolidation of revenue from the Thailand Bakery business following the acquisition of the 50% interest in BTM (Thailand) Ltd from Minor Food Group. Excluding that, revenue would have been lower by 5.2% Y/Y, attributed to lower revenue from both the direct operated stores and the franchise business in China, partly offset by stronger revenue by the direct operated stores in Singapore and the international franchise business. The Division reported Profit Before Tax (“PBT”) loss of S\$1.4 million in 1H FY2019 compared to a profit of S\$2.5 million in 1H FY2018.

Food Atrium Division revenue grew 2.5% Y/Y to \$78.3 million. During 1H FY2019, the Division opened 3 direct operated restaurants (DOR) in Shanghai, Hong Kong and Bangkok respectively under the “Sergeant Kitchen” brand. Same store sales growth remained generally strong across the entire portfolio with North China, East China and Hong Kong providing the main thrust. Stall vacancy remains low. PBT for the period rose 23.8% to \$7.2 million.

Restaurant Division revenue rose 14.0% Y/Y to \$84.5 million for 1H FY2019, with the addition of 4 more outlets – 3 in Singapore (Great World City, Marina Bay Sands and Jewel Changi Airport) and 1 in Thailand (Terminal 21). Despite the higher revenue, PBT for the period came in at \$11.5 million, which was 12.6% lower Y/Y due to higher operating costs in Singapore and the United Kingdom operations not having turned profitable yet.

4orth Division delivered a revenue of \$13.2 million for 1H FY2019 compared to S\$5.7 million for 1H FY2018. The period saw the commencement of our Song Fa Bak Kut Teh operations in Beijing, Guangzhou and Bangkok, as well as the deepening of the brand's presence in Shanghai. Wu Pao Chun opened its first outlet while Nayuki opened its second outlet in Singapore during the second quarter. The Division reported a PBT loss of \$5.5 million primarily attributed to start-up costs related to new outlets. On a standalone basis, Sō Ramen has been contributing positive net profit to the Division.

Interim Dividend

The Board is recommending a tax exempt (one-tier) interim dividend of 0.5 cent per share for FY2019. The interim dividend will be paid to shareholders on 21 August 2019.

Outlook

The Group will continue to focus our resources in the expansion of key markets. We expect the Food Atrium business to deepen its penetration in Mainland China, Hong Kong, Taiwan and Cambodia. The Restaurant Division will also be cautiously adding to its presence in Singapore and Thailand while managing the challenges in the United Kingdom. We expect the Song Fa Bak Kut Teh business to open its first outlet in the Taiwan market in second half of the year, while we continue to fine-tune the businesses within 4orth Division to improve overall profitability. Efforts to turnaround the Bakery business, particularly in China and Thailand remain underway, while we continue to build on the strong performance of the business in Singapore.

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About BreadTalk Group

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, food atrium and 40th food concepts footprints.

With close to 1,000 retail stores spread across 16 countries, its brand portfolio comprises direct owned brands such as BreadTalk, Toast Box, Food Republic, Bread Society, Sō Ramen, Thye Moh Chan, The Icing Room and partner brands such as Din Tai Fung, Nayuki (奈雪), TaiGai (台盖), Song Fa Bak Kut Teh and Wu Pao Chun Bakery.

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