



BreadTalk Group, Singapore's leading lifestyle group delivers higher revenue for 9M FY2019

Key Highlights:

- Group 9M FY2019 Revenue increased 8.7% from \$455.0 million to \$494.6 million
- Group 9M FY2019 Net Profit declined 54.8% from \$6.3 million to \$2.9 million

S\$ million	3Q FY2019	3Q FY2018	Y/Y	9M FY2019	9M FY2018	Y/Y
Revenue	173.6	157.7	10.1%	494.6	455.0	8.7%
EBITDA	59.3	20.2	192.7%	156.1	54.6	185.7%
<i>EBITDA margin</i>	34.1%	12.8%	+ 21.3 ppt	31.6%	12.0%	+ 19.6 ppt
Net Profit	0.5	2.7	- 81.0%	2.9	6.3	- 54.8%
<i>Net margin</i>	0.03%	1.7%	- 1.67 ppt	0.05%	1.2%	- 0.5 ppt
EPS S\$ cents	0.09	0.48	- 81.3%	0.51	1.12	- 54.5%

S\$ cents	9M FY2019	FY2018	Y/Y
NAV / share	26.1	28.9	- 9.7%

SINGAPORE – 12 November 2019 – Mainboard-listed BreadTalk Group (“the Group”), a leading F&B group, today announced its financial results for 9M FY2019.

Group revenue for 9M FY2019 rose 8.7% Y/Y from \$455.0 million to \$494.6 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 9M FY2019 stood at S\$156.1 million, 185.7% 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. Profit After Tax and Minority Interests (“PATMI”) for 9M FY2019 declined 54.8% from \$6.3 million to \$2.9 million.

Overall interest expense for 9M FY2019 increased 161.0% Y/Y to S\$18.0 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 \$18.0 million of interest expense incurred during the period, \$6.4 million was related to bank borrowings and the outstanding medium term note, which was 7.4% 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 9M FY2019 was 0.51 cents compared to 1.12 cents for 9M FY2018.

Outlet numbers across Divisions

	3Q FY2019	FY2018	Net Increase / (Decrease)	3Q FY2018	Net Increase / (Decrease)
Bakery	887	863	24	839	48
Direct Operating	276	221	55	223	53
Franchise	611	642	(31)	616	(5)
Food Atrium	66	60	6	58	8
Food Courts	58	55	3	54	4
Direct Operated Restaurants	8	5	3	4	4
Restaurant	33	28	5	27	6
Din Tai Fung	33	28	5	27	6
4orth Food Concepts	25	12	13	9	16
Sō	5	5	-	5	-
Song Fa	13	4	9	3	10
TaiGai	1	1	-	1	-
Nayuki	3	1	2	-	3
Wu Pao Chun	3	1	2	-	3

Bakery Division revenue rose 3.3% Y/Y to \$218.9 million during 9M 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 4.9% 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\$3.4 million in 9M FY2019 as compared to a profit of S\$4.8 million in 9M FY2018.

Food Atrium Division revenue grew 2.0% Y/Y to \$119.6 million. During 9M FY2019, the Division opened 3 food courts in Chongqing, Hong Kong and Bangkok respectively. Same store sales growth remained generally strong across the entire portfolio with North China, East China and Thailand providing the main thrust. Hong Kong same store sales declined due to the ongoing social unrest. Stall vacancy remains low despite the challenges in Hong Kong. PBT for the period rose 5.9% Y/Y from \$10.4 million to \$11.1 million.

Restaurant Division revenue rose 14.8% Y/Y to \$129.6 million for 9M FY2019, with the addition of 5 more outlets – 4 in Singapore (Republic Plaza, Great World City, Marina Bay Sands and Jewel Changi Airport) and 1 in Thailand (Terminal 21). Despite United Kingdom operations not having turned profitable yet, PBT for the period came in at \$19.5 million, which was 6.1% higher Y/Y due to strong performance in the Singapore and Thailand businesses.

4orth Division delivered a revenue of \$23.3 million for 9M FY2019 compared to S\$9.7 million for 9M 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 our brands’ presence in Shanghai. The Division reported a PBT loss of \$8.1 million primarily attributed to start-up costs for new outlets and below expectation performance in certain 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 20 December 2019.

Outlook

The Group will continue to focus our resources in our key markets and ensure that our cost structure remains competitive.

Upon the completion of the Food Junction acquisition on 31 October 2019, we expect additional revenue contribution to the Food Atrium business from 4Q FY2019. We will also work on driving greater synergy between Food Republic and Food Junction in their common markets of Singapore and Malaysia.

The Restaurant Division will continue its momentum in the Singapore and Thailand market while managing the challenges in the United Kingdom.

Song Fa Bak Kut Teh business opened its first outlet in the Taiwan market during the quarter and is expected to continue contributing revenue growth for the 4orth Division.

Efforts to turn around the Bakery business, particularly in China and Thailand remain underway, while we continue to build on the strong performance of the business in Singapore. The Bakery Division is expected to place additional emphasis on turning around loss making stores and at the same time seek more ways to create value for our franchisees.

The ongoing social unrest in Hong Kong is expected to have a negative impact to our Food Atrium and Bakery businesses in the territory. The Group will be monitoring the situation closely and will mitigate its impact as much as possible.

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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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