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PRESS RELEASE

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BreadTalk posts 15.1% rise in sales to \$40.3M

- *Franchise business a vital growth driver for the Group, with 3 to 4 more master franchise agreements in the pipeline*
- *Local bakery sales maintained despite SARS*
- *Roaring business at Din Tai Fung restaurant*

SINGAPORE – 25 February 2004 – SESDAQ-listed food & beverage chain **BreadTalk Group Limited** (“BreadTalk” or the “Group”) today reported a 15.1% rise in turnover to \$40.3 million for the year ended 31 December 2003.

In FY2003, the Group’s turnover grew by \$5.3 million, boosted by revenue from its newly-set up Din Tai Fung restaurant in Paragon which opened its doors in September 2003, as well as franchise revenue from four master franchise agreements that were signed during the year for Indonesia, the Gulf Cooperation Council (GCC) in the Middle East, Malaysia and the Philippines.

In just three-and-a-half months of operations, Din Tai Fung contributed 8.5% of the Group’s total revenue, while the franchise revenue contributed 6.4%.

The Group’s bakery operations in Singapore was largely maintained with a slight decline of 2.6% in sales to \$34.1 million, despite the impact of SARS during the second quarter and slower-than-expected recovery in sales from some of its outlets in the second half.

In tandem with the Group's expansion in Singapore and overseas, distribution & selling expenses and administrative costs rose 23.8% and 75.9% respectively. As a result, the Group's full-year net profit dropped 71.3% to \$976,000.

Based on the latest full-year results, earnings per share on a weighted basis was 0.7 cents compared to 2.6 cents previously, while net asset value per share increased to 7.8 cents from 4.1 cents.

"In FY2003, we increased the number of outlets in Singapore from 19 to 23, as well as opened Din Tai Fung and two outlets in Shanghai. As a result, we incurred higher expenses due to set-up, pre-operating and personnel costs. These expenses were necessary for our growth and we expect to benefit from our expansion plans this year," said Dr George Quek, BreadTalk's Group Managing Director.

Sales in the second half of the year improved 10.2% to \$23.0 million compared to the same period last year, while operating profit after tax declined 67.5% to \$723,000. Despite the higher expenses, both sales and operating profit after tax in the second half of FY2003 improved by 33.2% and 137.8% respectively when compared to the first half.

On the Group's growth prospects for the rest of the current year, Dr Quek said, "While the size of the local market may be limited, we will leverage on our strengths and brand name, improve our operational efficiency and introduce innovative creations, to grow our bakery operations in Singapore."

He added, "The bulk of our growth will come from our Din Tai Fung restaurant, China retail outlets and franchise businesses. The sales from these areas have been promising and we are optimistic about their growth. Din Tai Fung, for example, is already profitable after a few months. We expect the contributions from Din Tai Fung to have greater impact in FY2004."

China

The Group currently owns and operates two BreadTalk outlets in Shanghai. As our products and concept have been well-received by consumers, the Group is targeting to open six more outlets in Shanghai in FY2004, and its first outlet in Beijing in the third quarter of 2004.

Indonesia

Sales from the three outlets opened in 2003 in Jakarta have been strong. One more new outlet opened recently in January 2004. The franchisee plans to open 10 more outlets in FY2004, including one outlet in a new city, Surabaya.

Gulf Cooperation Council

BreadTalk's franchisee in the GCC, Al-Mejhem Global Group, W.L.L., plans to open its first outlet in Kuwait in the first half of this year. The target is to eventually open up to 30 outlets in the GCC.

Philippines

The Group's Philippines franchisee plans to open the first BreadTalk outlet in Manila by April 2004, with 9 more outlets in the country within the first three years.

Malaysia

BreadTalk's new franchisee in Malaysia - ML Breadworks Sdn Bhd - is also targeting to open 10 outlets in three years, starting in the Klang Valley area, mainly Kuala Lumpur and Selangor areas, followed by the rest of West Malaysia. The first outlet will open in the first half of 2004.

For FY2004, the Group aims to open 10 to 15 outlets in the Philippines, Malaysia, and the GCC. BreadTalk is also targeting to seal new franchise agreements for three to four more countries, such as Hong Kong SAR, Taiwan, Thailand and Australia.

Said Dr Quek, "Now that the global economy is improving, we expect sales at our Singapore and franchise outlets to be better in this current financial year. We are also working very hard to further propel the BreadTalk brand name overseas, which is where our growth will come from."

About BreadTalk

Founded in 2000, BreadTalk has grown to become a recognizable brand in the food and beverage industry with 23 retail outlets in Singapore. The brand is known for the way it has revolutionized the culture of bread consumption with its visually appealing, aromatic and unique-tasting products. The brand has also gone regional with four franchise outlets in Jakarta, three new master franchise agreements for the Middle East, Malaysia and the Philippines, as well as two own outlets in Shanghai.

The Group recently opened the world-renowned Din Tai Fung restaurant which was rated by The New York Times as one of the world's top 10 restaurants in 1993. Started in Taiwan more than 30 years ago, Din Tai Fung built its reputation on its famous xiao long bao – flavourful meat stuffing and stock wrapped with delicate yet firm dumpling skin.

BreadTalk's sales have risen by a compounded annual growth rate (CAGR) of more than 326%, from \$1.2 million in FY2000 to \$40.3 million in FY2003. As a result of its performance, it was ranked first in the Enterprise 50 Start Up Awards 2002 organised by The Business Times and Accenture.

Its efforts at building strong brand equity have also earned it numerous awards, including the "Singapore Most Distinctive Brand Award 2003" and "Singapore Most Popular Brand Award 2002" awarded by the Association of Small and Medium Enterprises (ASME) and Singapore Press Holdings. In 2002, Group Managing Director Dr George Quek also clinched the "Entrepreneur of the Year" award given by ASME and the Rotary Club of Singapore.

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