

NEWS RELEASE

Katrina Group reports FY2017 results

- Revenue increased by 2.0% to S\$58.0 million for FY2017 as the Group continued to expand its operations
- Net profit of S\$1.0 million for FY2017, in spite of weak consumer sentiments
- Proposed Final Dividend of 0.26 cents per share for FY2017, representing a dividend payout ratio of 60%
- The Group continues to explore viable opportunities in its efforts to raise its brand equity and market share in the region

Singapore, 28 February 2018 – Katrina Group Ltd. (“Katrina” or the “Group”), an established and recognised Food & Beverage (“F&B”) group specialising in multi-cuisine concepts and restaurant operations, today announced its financial results for the financial year ended 31 December 2017 (“FY2017”).

Financial Highlights	FY2017 ('000)	FY2016 ('000)	Change (%)
Revenue	57,966	56,823	2.0
Gross profit	5,712	8,411	(32.1)
Gross profit margin (%)	9.9	14.8	(4.9) ppt
Operating expenses ¹	4,970	4,865	2.2
Net profit	1,002	2,368	(57.7)
Net profit margin (%)	1.7	4.2	(2.5) ppt

¹ Operating expenses comprise Selling and distribution costs and Administrative expenses
ppt: percentage points

The Group posted revenue of S\$58.0 million for FY2017, an increase by 2.0% year-on-year (“yoy”). This was mainly attributed to higher online sales and overall increase in revenue from outlets branded under Bali Thai, Streets and So Pho. The Group mitigated the lacklustre industry conditions through more innovative online offerings and periodic reviews of outlet locations and concepts in relation to target customers.

The Group’s gross profit decreased by 32.1% yoy to S\$5.7 million for FY2017, with the Group’s gross profit margin at 9.9% for FY2017. The decrease was mainly due to increased cost of sales associated with setting up new outlets such as rental lease and staff costs, which take time to breakeven. Higher commission paid for online sales and food costs also contributed to the increase in cost of sales.

The Group’s operating expenses increased marginally by 2.2% or S\$0.1 million yoy to S\$5.0 million as a result of the increased number of outlets. The Group will continue to take a two-pronged approach to its expansion plans, utilising technology to optimise productivity and manage operating expenses.

Overall, the Group's net profit was S\$1.0 million for FY2017.

Commenting on the Group's results, **Mr. Alan Goh (“吴景轩”)**, **Founder, CEO and Executive Chairman of Katrina** said, “FY2017 was a tough year for the Group as overall consumer sentiment was muted. As such, we took the opportunity to advance our expansion plans, increasing the number of restaurants in strategic locations. Our new restaurants have shown encouraging results and furthered our plans of diversifying our revenue streams and extending our regional reach. While we continue on our path to raise our profile in the region, we also take into consideration the use of technology to manage operating costs effectively.”

The Board of Directors have proposed a Final Dividend of 0.26 cents per share for FY2017, representing a dividend payout ratio of 60%.

As at end-January 2018, the Group had a total of 40 restaurants in Singapore and 1 in the PRC.

Business Outlook

The F&B industry in Singapore continues to face headwinds despite a pick-up in global and local economic performance. With shortages in the labour market, tough competition due to low barriers to entry and more cautious consumer spending, the outlook of the F&B industry is likely to remain challenging.

In view of this, the Group will continue to maximise sales from its online food ordering and delivery services through new innovative offerings, and seek opportunities to collaborate with strategic partners to expand its operations overseas.

Taking a two-pronged approach, the Group will also focus on managing costs through automation and information technology, which encompasses utilising technology to improve work processes and optimise the usage of manpower resources through improved productivity. The Group expects more of its processes to be integrated into the Enterprise Resource Planning (ERP), Points-of-Sale (POS), Bill-of-Materials (BOM), and Offline-Procurement-System (OPS). This is to further automate its back-office functions, further reduce reliance on manpower in restaurants, maintain the consistency of food quality, and further lower its operating costs.

Barring any unforeseen circumstances, the Group expects to continue to grow its business and remain profitable in FY2018.

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ABOUT KATRINA GROUP LTD. (BLOOMBERG TICKER KTG:SP)

With an established history since 1995, Katrina Group Ltd. (“Katrina” or the “Group”) is a Food & Beverage group that specialises in multi-cuisine concepts and restaurant operations. The Group owns and operates 40 restaurants in Singapore under nine different proprietary F&B brands, namely, Bali Thai, Streets, Honguo, So Pho, Indobox, Muchos, RENNthai, Bayang and Hutong. These brands serve a



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multitude of cuisines, namely Indonesian, Thai, Hong Kong, Yunnan, northern Chinese, Mexican and Vietnamese.

Katrina prides itself on the identification of consumer trends and creating concepts that meet the demand of a wide spectrum of patrons from different market segments. Of the Group's nine brands, five are casual dining brands and four are mid-ranged dining brands, all strategically located in convenient and high foot traffic locations. In addition, four of the Katrina Group's brands – Bali Thai, Streets, So Pho and Indobox – are Halal-certified.

<http://katrinagroup.com/>

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Issued for and on behalf of Katrina Group Ltd.

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streets



SO PHO



RENNthai

Bayang



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