

## PRESS RELEASE

### RE&S registers revenue of S\$142.3 million for FY2018

- Top-line increased by 1.0% due to growth in *Quick-Service Restaurants, Convenience and Others* segment, being offset by a decline in the Group's *Full-Service Restaurants* segment
- Adjusted EBITDA<sup>(3)</sup> was relatively flat at S\$14.6 million, mainly attributable to initial gestation period and higher operating costs associated with new concepts and outlets opened
- Group to continue its focus on selective opening of new outlets going forward; proposes first and final dividend of 0.4 Singapore cent, representing a payout ratio of 39.6%

**Singapore, 20 August 2018 – RE&S Holdings Limited** (“RE&S” or the “Company” and, together with its subsidiaries, the “Group”), a Japanese multi-brand food and beverage (“F&B”) operator, announced today its financial results for the twelve months ended 30 June 2018 (“FY2018”).

#### Financial Highlights

S\$'000	FY2018	FY2017	Change (%)
Revenue	142,294	140,892	1.0
Operating expenses <sup>(1)</sup>	(124,439)	(122,825)	1.3
Other expenses <sup>(2)</sup>	(13,468)	(12,152)	10.8
Adjusted EBITDA <sup>(3)</sup>	14,550	14,385	1.1
Profit before tax	5,291	7,322	(27.7)
Net profit after tax	3,568	5,692	(37.3)

(1) Operating expenses as the summation of the Group's raw materials and consumables used, changes in inventories, employee benefits expense, operating lease expenses, utilities expenses and depreciation expenses. Figure excludes a portion of operating expenses subsumed in the Group's Other expenses

(2) Other expenses for FY2018 included one-off IPO expenses of approximately S\$1.1 million which are non-tax deductible

(3) Adjusted EBITDA as derived from the Group's Profit before income tax, after adding back depreciation expense, finance costs, one-off IPO expenses and stripping out government grants

Revenue for FY2018 was S\$142.3 million, a year-on-year (“yoy”) increase of 1.0% compared with the S\$140.9 million revenue recorded in FY2017. This was attributable to growth in the *Quick-Service Restaurants, Convenience & Others* (“QSR”) segment, which was offset by a decline in the Group's *Full-Service Restaurants* (“FSR”) segment. Specifically for the QSR segment, revenue grew by 10.8% yoy to S\$39.9 million, driven by contributions from the Group's key concepts of Kuriya Japanese Market, Japanese food alley and Men-ichi Ramen. For the FSR segment, a change in concept for one of the FSR into QSR, coupled with the closure of two FSR outlets led to a 2.4% decline in revenue yoy.

#### Revenue by Segment

S\$'000	FY2018	FY2017	Change (%)
Full-Service Restaurants	102,360	104,843	(2.4)
Quick-Service Restaurants, Convenience & Others	39,934	36,049	10.8
<b>Total Revenue</b>	<b>142,294</b>	<b>140,892</b>	<b>1.0</b>

In-line with the business expansion efforts conducted by the Group, operating expenses<sup>(1)</sup> increased by 1.3% from S\$122.8 million in FY2017 to S\$124.4 million in FY2018. These were mainly due to an increase in employment related costs; rental and utilities payments for new outlets opened; as well as renovation and refurbishments works carried out for existing and new F&B outlets.

Other expenses<sup>(2)</sup> for FY2018 was S\$13.5 million, a result of one-off IPO expenses, higher quantum of plant and equipment expenses and post-listing costs incurred.

Accordingly, the Group reported net profit after tax of S\$3.6 million for FY2018, after taking into account one-off IPO expenses of S\$1.1 million. Adjusted EBITDA<sup>(3)</sup> for FY2018 remained relatively flat, posing an increment of S\$0.2 million or 1.1% on a yoy basis.

On the Group's performance for the fiscal year, Mr. John Yek (“葉鴻烈”), Executive Director and Chief Executive Officer of RE&S, commented, **“As the Group seeks to grow its core operations and strengthen its operational capabilities amidst a challenging retail environment, near term profitability has been affected due to initial gestation period and higher operating costs incurred for new concepts and new outlets. That said, the underlying fundamentals of the business remains strong with positive cashflow generation. Going forward, we aim to continue growing our network of outlets while optimising business processes for FY2019.”**

### Dividend

For FY2018, in line with the Board of Directors' (the “Board”) intention to recommend and distribute dividends of at least 35.0% of the Group's net profits attributable to shareholders in each of FY2018 and FY2019, the Board has proposed a final one-tier tax-exempt dividend of 0.4 Singapore cent per share. This represents a dividend payout of 39.6% of the Group's FY2018 net profit.

### Outlook

The F&B industry is expected to continue being challenging, driven by intensifying competition and higher cost pressures posed by a tighter labour and rental market. Nonetheless, the Group remains committed in growing its top-line via expansion of its businesses while improving its bottom-line via further streamlining of its operations and prudent cost-cutting measures.

Specifically, the Group seeks to increase its current network of Food Retail Outlets within the local scene. As for expansion plans outside its existing geographical scope of operations, the Group will be exploring joint ventures and strategic alliances opportunities to diversify and grow its business offerings. Cost-wise, the management will be tapping on support from the Group's central kitchen to achieve greater operational efficiencies at its F&B outlets.

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## About RE&S Holdings Limited

Established in 1988, RE&S is a concept owner and operator of F&B outlets in Singapore and Malaysia that provides customers with authentic Japanese cuisine and dining experience. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising its Corporate Headquarters which houses a Central Kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets. Its portfolio comprises 20 distinct brands which cover the full spectrum of the Japanese dining segment, ranging from fine dining (Kuriya Dining) to family-style (Ichiban Boshi) and convenience (Kuriya Japanese Market). Supported by its ISO 22000:2005-certified Central Kitchen, RE&S is committed to maintaining a high standard of food consistency and quality for its customers.

For more information, please visit <http://www.res.com.sg>

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