

Project Izakaya

Discussion Memorandum

June, 2019

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Corporate Profile

Company A has been operating F&B market for over 10 years

Company Name

- ✓ Company A

Business Overview

- ✓ Management of Japanese, Korean, Chinese and Western Restaurant Chains (~24 locations)
- ✓ Central Kitchen Operations
- ✓ Franchising

Country

- ✓ Singapore, Vietnam

Employees

- ✓ Over 200

Net Assets (FY2018) ※

- ✓ 3,608 SGD

Sales (FY2018) ※

- ✓ 57,281 SGD

EBITDA (FY2018) ※

- ✓ 6,125 SGD

※ FY2018 financials unaudited as of now
※ Figures are in '000s
※ Financials are based on group figures

Transaction Details

- ▶ Project Background

- ▶ The owner is considering 100% sale of the business at 7.5x of EBITDA
- ▶ Owner can stay for up to 2 years after the sale, if necessary, for smooth management transition to the new buyer

Business Overview

Management of restaurant chains

Company A has over 10 years of experience operating different concept restaurants in the local F&B market

- ✓ Currently, it operates Japanese, Korean, Chinese and Western cuisine concepts at 24 different locations across Singapore
- ✓ Company also operates food courts where different cuisine concepts are consolidated in one place

Central Kitchen Operations

- ✓ Central kitchen processes and then packages the pre-made food in specific amounts to be delivered to the outlets.
- ✓ Pre-made food dramatically reduces cooking time and manpower required in the outlet kitchens

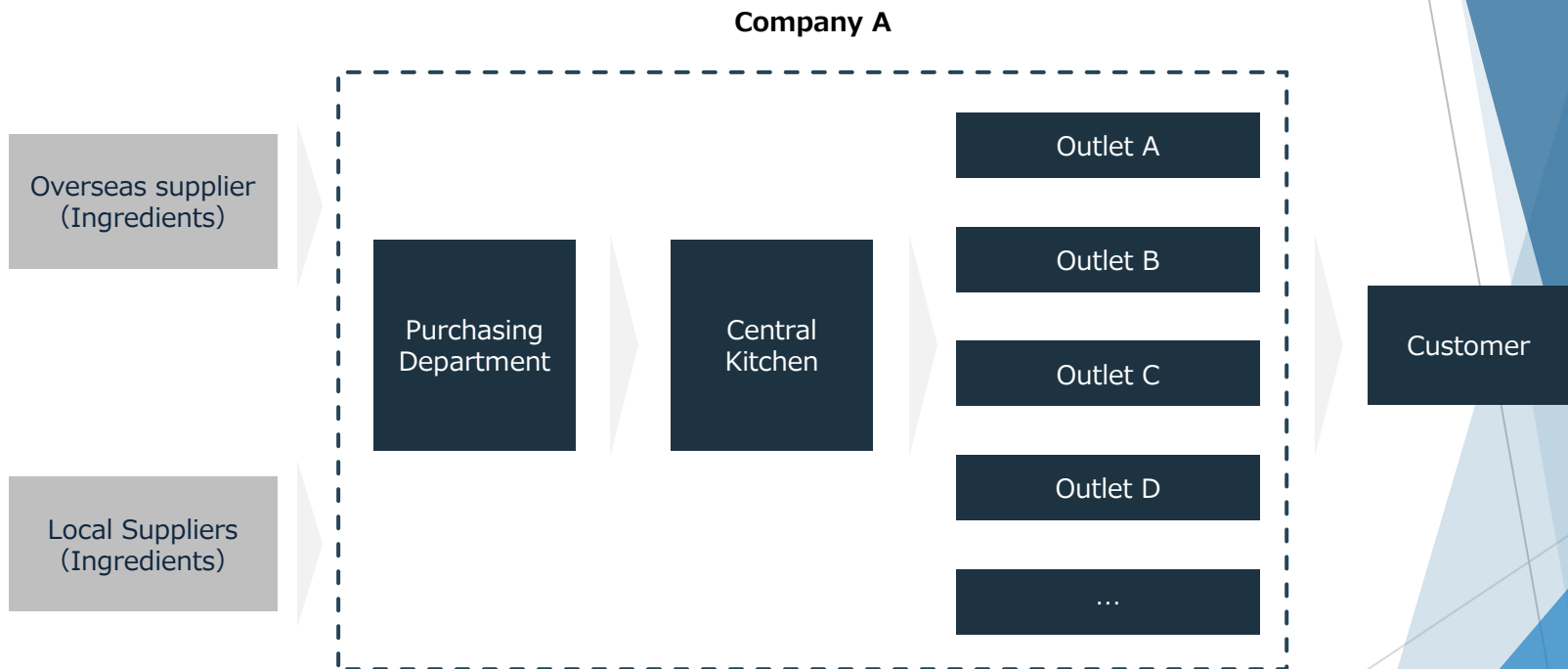
Franchising business

Company owns various restaurant concepts which can be licensed out to interested parties

- ✓ Currently, franchising fees account for less than 2% of total sales
- ✓ Franchisee stores are mainly in Singapore, but there are ongoing plans to expand the franchising business to other countries particularly in Southeast Asia such as Vietnam and Malaysia

Business Overview

✓ Below is the business flow overview of operations



Strengths

1

Efficient operations due to central kitchen and use of digital technology

- ✓ Central kitchen prepares and processes food to be delivered to outlets where minimal preparation time is required before serving to customers
- ✓ Outlet staff is minimal where 2 to 3 kitchen staff can serve an outlet with 80 to 100 seats
- ✓ To further reduce manpower in outlets, cashless terminals and self order tablets are installed in key locations (plans to eventually install at all outlets)

2

Variety of quality cuisines at affordable prices

- ✓ Outlets adopt cluster dining concept where multiple cuisines Japanese, Western, Korean and Chinese are offered in one location to capture larger range of customers with different preferences
- ✓ The Company aims to provide wide variety of cuisines at affordable prices. Prices for a meal range from 15 to 25 SGD (Refer to P8)
- ✓ Many of the outlets are halal-certified to cater to Muslim population

3

Extensive coverage of Singapore

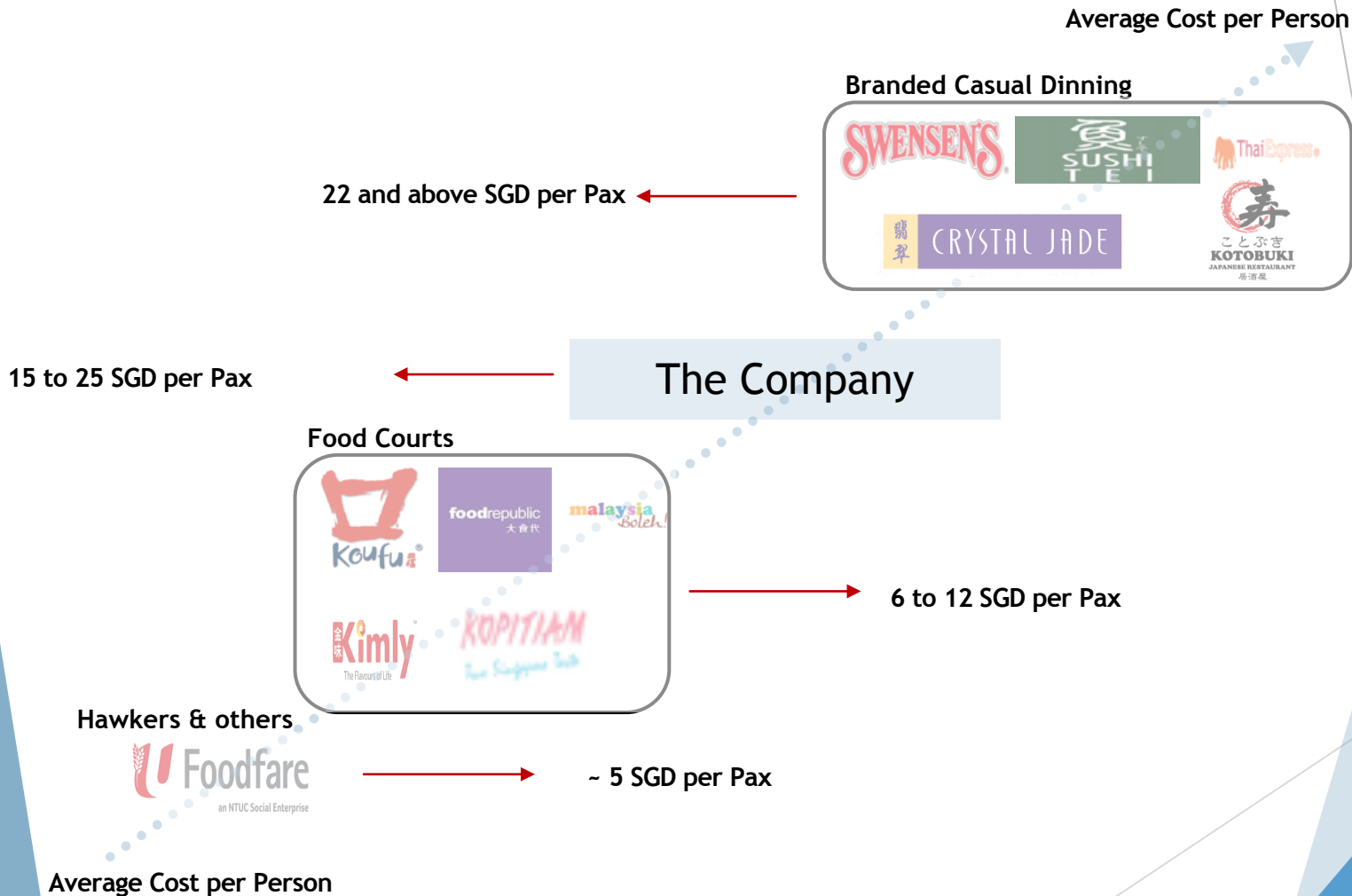
- ✓ The Company has outlets located in city areas and prime Singapore tourist destinations like Resort World Sentosa and Changi Airport which sees millions of tourists arrivals annually.
- ✓ The company has extensive coverage of suburban areas where outlets are located at Singapore's largest suburban malls such as Serangoon NEX, Clementi Mall, Paya Lebar Square and AMK Hub which are conveniently accessible

4

Online delivery & loyalty programmes

- ✓ The Company has an online delivery infrastructure in place to cater to customers who prefer to dine in the comfort of their homes.
- ✓ The company has an ongoing loyalty programme where customers who are members can receive privileged information and enjoy discounts and rebates.

Company A's Market Positioning



Financials

P&L Statement

Units : in '000 SGD

	FY 2018	FY 2017	FY 2016
Sales	57,281	55,569	41,644
PBT	888	1,065	3,024
Net Profit	1025	472	2,839

※ FY2018 Financials are unaudited as of yet

Financial expense	1,127	906	857
Depreciation Expense	4,110	3,086	2,260

EBITDA	6,125	6,127	6,160
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Financials

Balance Sheet

	FY 2018	FY 2017	FY 2016
<u>Assets</u>			
Current Assets	16,028	17,070	18,831
Fixed Assets	19,940	4,673	5,089
Total Assets	35,968	21,743	23,920

Units : '000 SGD

	FY 2018	FY 2017	FY 2016
<u>Liabilities</u>			
Current Liabilities	14,468	17,066	16,490
Fixed Liabilities	17,892	882	1,182
Total Liabilities	32,360	12,600	17,818
<u>Equity</u>			
Net Assets	3,608	3,794	6,248
Total	35,968	21,744	23,921

※ FY2018 Net Debt= 6,500
(Debt 11,394 – Cash 4,894)

※ FY2018 Financials are unaudited as of yet