

Company Note

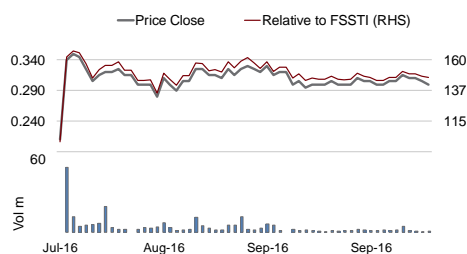
I Singapore

NON RATED

Current price:	S\$0.30
Target price:	N/A
Previous target:	N/A
Up/downside:	N/A
Reuters:	KATR.SI
Bloomberg:	KTG SP
Market cap:	US\$50.21m
	S\$69.46m
Average daily turnover:	US\$1.01m
	S\$1.37m
Current shares o/s:	231.5m
Free float:	15.5%

Key changes in this note

- Not applicable.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.3		
Relative (%)	-4.2		

Major shareholders	% held
Alan Goh	42.3
Tan Kim Wah	42.3

Analyst(s)



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Katrina Group

Specialising in multi-cuisine concepts

- Katrina operates chains of restaurants and cafes in Singapore and Beijing, China.
- Katrina reported 15% yoy growth in 1HFY16 revenue but a 34% yoy drop in net profit post-IPO in Jul 2016.
- Management expects to remain profitable in the next 12 months.
- According to its IPO prospectus, Katrina intends to pay out 60% of its net profit as dividends in FY16F.

Something for everyone

On 12 Oct 2016, we visited Katrina Group Ltd ("Katrina"), an operator of restaurants and cafes. Katrina owns and operates restaurants under nine different F&B brands. Each brand provides different dining options to cater to a wide spectrum of patrons and different market segments. Its restaurants are located in Singapore (32) and Beijing (2), China. Katrina has also launched its own customised online food ordering and delivery system.

15% sales growth in 1H16

Post-IPO, Katrina reported that 1HFY16 revenue rose 15% yoy but that net profit fell 34% yoy. Katrina attributed the growth in revenue to contributions from five new outlets opened in 2H15. Sales and distribution costs also rose due to marketing and promotional expenses to create awareness of the launch of its online ordering service. There was also a one-off IPO expense of US\$0.4m.

Outlook

Management highlighted that the F&B industry has always been highly competitive as entry barriers are comparatively low. The group's strategy is to continue opening and operating new restaurants under its various proprietary brands, including halal-certified brands. The group is also on target to expand its online food ordering and delivery services to more of its brands. Barring any unforeseen circumstances, management expects to remain profitable in the next 12 months.

Balance sheet and dividend policy

Katrina was in a net cash position in FY13-15, as well as in 1HFY16. According to its IPO prospectus, Katrina intends to recommend and distribute dividends comprising at least 60% of its annual net profit attributable to shareholders of the company in FY16F. Katrina highlighted that its intended dividend payout will be subject to its financial performance and growth opportunities.

Valuation

Based on Bloomberg consensus forecasts, Katrina is trading at CY16F P/E of 13.8x and P/BV of 4.5x. Katrina's CY16F dividend yield is 3.1%. Based on Bloomberg consensus, Jumbo Group which also operates restaurants in Singapore and China is trading at CY16F P/E of 21.7x and P/BV of 7.2x. Jumbo's CY16F dividend yield is 2.4%. Bloomberg consensus estimates put Katrina's CY16F ROE at 23.5% and Jumbo's at 28.3%.

Financial Summary	Dec-13	Dec-14	Dec-15	1HFY15	1HFY16
(S\$, m)					
Revenue	40.7	45.4	52.4	24.8	28.4
EBITDA	5.5	5.8	7.1	3.4	2.9
EBITDA margins	13.6%	12.8%	13.5%	13.6%	10.3%
Pretax profit	4.3	4.2	5.1	2.5	1.8
Net profit	3.7	3.3	4.5	2.1	1.4
EPS (S cts)*	1.60	1.42	1.93	0.90	0.60
EPS growth	na	-11.1%	35.5%	na	-33.6%
P/E (x)**	18.8	21.1	15.6	16.6	25.0
DPS (S cts)	nm	nm	nm	na	na
Dividend yield (%)	na	na	na	na	na
P/BV (x)*	6.74	6.04	4.40	na	10.52
ROE	35.9%	28.6%	28.2%	na	42.1%
Net cash per share (S cts)*	1.48	2.48	4.37	na	4.52

* based on post IPO IC of 235m shares and excludes IPO proceeds

** 1H P/E based on annualised EPS

*** 1H ROE annualised

SOURCE: COMPANY DATA, CIMB

Specialising in multi-cuisine concepts

BACKGROUND

Core business ►

According to its IPO prospectus, Katrina Group Ltd (“Katrina”) is an operator of chains of restaurants and cafes under different Food and Beverage (“F&B”) brands and concepts. The group owns and operates restaurants under nine different F&B brands that are developed and owned by Katrina. Each brand provides different dining options in order to cater to a wide spectrum of patrons and different market segments. Each of its brands serves authentic cuisines of different ethnicity, namely Indonesian, Thai, Hong Kong, Yunnan, northern Chinese cuisine, Mexican and Vietnamese. In addition, each brand is accompanied by tailored décor and designs in its restaurants and cafes in order to provide patrons with a comfortable ambience.

Amongst its nine proprietary brands, restaurants under four of them, namely Bali Thai, So Pho, Streets and Indobox, are certified halal in Singapore, save for the Bali Thai restaurant at IMM Building.

Its restaurants are located in Singapore (32 restaurants) and Beijing, China (2 restaurants). Within Singapore, its casual dining brands are generally located in the heartlands of Singapore, such as Jurong East and Tampines. Meanwhile, the contemporary upmarket brands are located within the central business district vicinity of Singapore. In China, the group owns and operates two Bali Thai restaurants in Beijing.

In addition, Katrina also provides catering service from one of its restaurants (Bali Thai at West Mall) in Singapore for various private and corporate events. In order to reach out to the increasing needs of consumers ordering food online and requiring food delivery services, Katrina has also launched its own customised online food ordering and delivery system which allows customers to place orders and make payments directly on its website without going through a third party application or system.

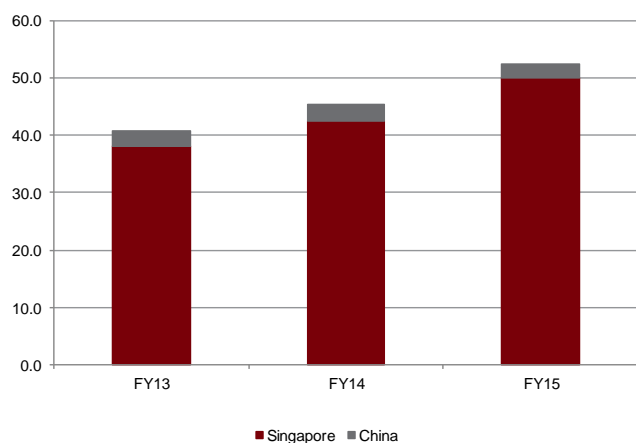
Figure 1: Katrina's brands

Major shareholders ►

Katrina was listed on the Catalist Board on 26 Jul 2016 at an IPO price of S\$0.21, with 35.8m new shares issued. According to Katrina's IPO prospectus, the major shareholders post IPO are its founders, Alan Goh, with a 42.3% stake and Catherine Tan, with a 42.3% stake.

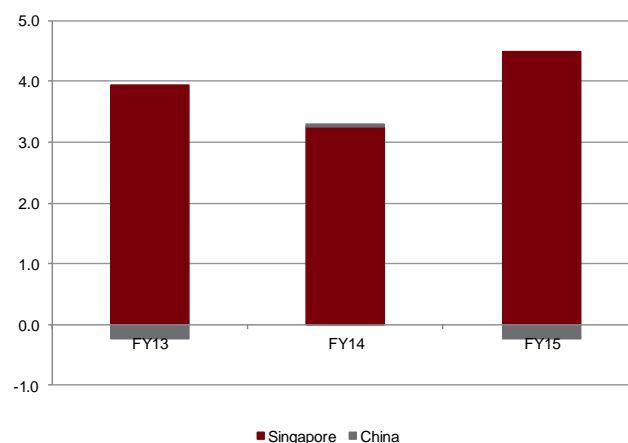
FINANCIALS

Figure 2: Revenue (\$\$ m)



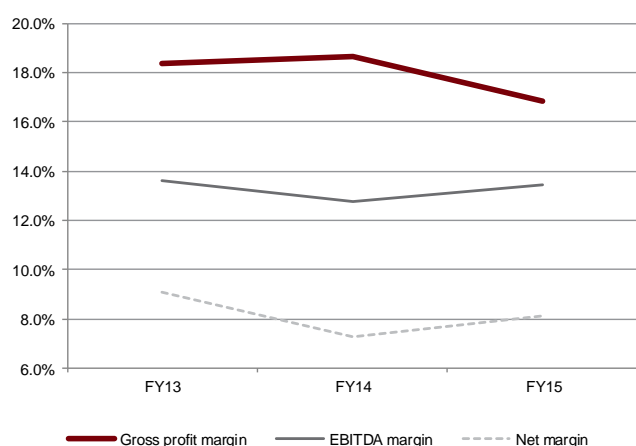
SOURCES: CIMB, COMPANY REPORTS

Figure 3: Net profit (\$\$ m)



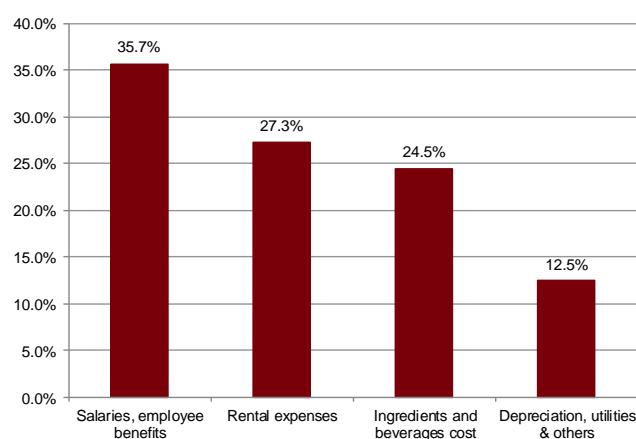
SOURCES: CIMB, COMPANY REPORTS

Figure 4: Group profit margins



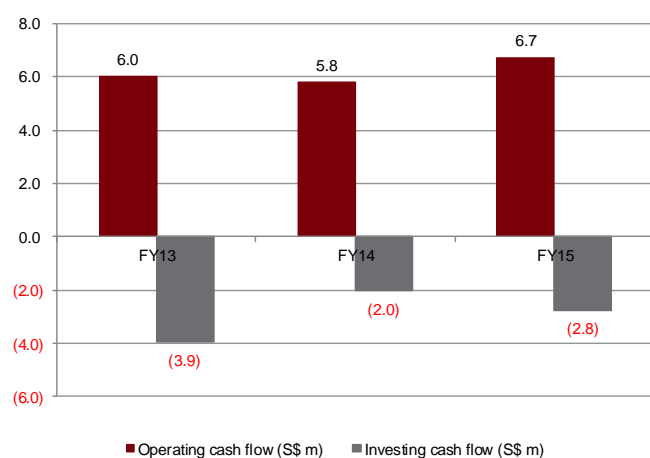
SOURCES: CIMB, COMPANY REPORTS

Figure 5: FY15 cost of sales breakdown



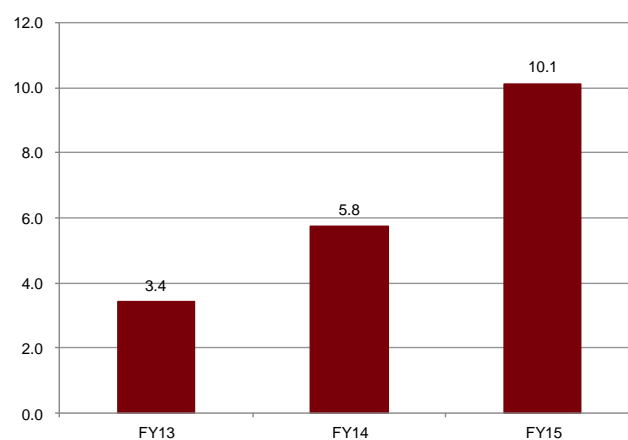
SOURCES: CIMB, COMPANY REPORTS

Figure 6: Operating cash flow and investing cash flow



SOURCES: CIMB, COMPANY REPORTS

Figure 7: Net cash (\$\$ m)



SOURCES: CIMB, COMPANY REPORTS

DIVIDEND POLICY

According to its IPO prospectus, Katrina intends to recommend and distribute dividends of at least than 60% of its annual net profit attributable to owners of the company in FY16F. The intended dividend payout will be subject to its financial performance and growth opportunities, according to management.

PROSPECTS

Increasing popularity of food delivery services ➤

Management noted that in recent years, Singapore has seen an increase in the demand for food delivery services due to changing lifestyle and increasing trend of busy consumers who are more willing to pay for convenience. Restaurants are taking this opportunity to introduce ways to boost their revenue by leveraging on such trends. At the same time, the company believes food delivery to the consumer could also reduce overheads and rental costs for physical dining spaces.

Management believes that the potential of food delivery services within Singapore is significant. The growth of online shopping in Singapore is characterised by strong consumer demand due to a growing generation of young, internet-savvy individuals coupled with greater high speed internet penetration across the island, and the development of advanced mobile applications. Katrina believes that its newly introduced online food ordering and delivery services will contribute positively to its business in the near future.

Regional growth opportunities ➤

Management also believes that there is potential for further growth in the ASEAN region due to large domestic markets and a growing middle income group within the ASEAN region. Management noted that the ASEAN countries, particularly the Philippines and Vietnam, are expected to grow at the fastest rate within the ASEAN region (source: Focus Economics). Katrina has plans to take advantage of such growth opportunities through its overseas expansion plans in Malaysia, Vietnam and Indonesia. In addition, the halal certification of its restaurants and cafes will enable the group to cater to its Muslim patrons in Muslim countries within the ASEAN region.

COMPETITORS

According to management, the F&B industry has always been highly competitive as its barriers of entry are comparatively low. Katrina's competitors include upmarket eateries and chain restaurants which offer a wide variety of cuisines. Some of the competitors mentioned by Katrina include:

- Bangkok Jam
- NamNam Noodle Bar
- Patara
- ThaiExpress
- Xin Wang Hong Kong Cafe
- Siam Kitchen

RISKS

Increase in rental rates/failure to renew existing leases ➤

All of Katrina's restaurants are housed in leased properties. For FY13, FY14 and FY15, rental expenses for the restaurants accounted for approximately 22.4%, 23.1%, and 22.7% of the group's total revenue respectively. The majority of its leases are entered for periods of three years. Upon the expiry of such leases, the landlords have the right to review and alter the terms and conditions of the leases. Katrina faces the risk of increases in rental charges or changes in terms and conditions that may be unfavourable to the group.

Risk of manpower shortage ➤

According to management, the F&B business requires a large amount of labour. Management also highlighted that there is a supply shortage of qualified individuals with requisite skills in the F&B industry in Singapore and thus, the competition for these personnel especially skilled master chefs is intense. Any material increase in employee turnover rates or failure to recruit suitable personnel and to retain its key employees may have an adverse impact on its operations and expansion plans.

In addition, management also noted that competition for qualified employees may require the group to pay higher wages to attract and retain sufficient and capable employees. This could result in higher labour and related expenses and affect the group's profitability. The group is also reliant on foreign workers to assist in the conduct of its business operations. As at 31 Dec 2015, Katrina employed a total of 250 foreign workers. Management noted that there is no guarantee that the group will be able to continue attracting foreign workers at the current level of wages or that its existing foreign workers will continue to be employed by the group.

Food contamination and tampering risks ➤

Management highlighted that food contamination and tampering is a risk inherent to F&B operations. Its business mainly uses fresh ingredients purchased from various suppliers and such fresh ingredients are perishable and susceptible to contamination and tampering if not properly stored or packed. They may also be contaminated during the food preparation process as a result of lapses in food handling hygiene or cleanliness of its restaurants. Poor food handling and storage can also cause pest infestation. Such incidents have caused Katrina to incur demerit points for some of its restaurants from time to time under the system administrated by National Environment Agency for regulating food establishments. Contaminated ingredients may also result in customers falling ill and may give rise to bad publicity, and Katrina may be ordered by the relevant authorities to suspend or cease all or part of its business operations.

1H16 RESULTS

On 12 Aug 2016, Katrina reported its 1H16 results. 1H16 revenue increased 14.8% yoy but net profit fell 33.6% yoy. According to management, the 14.8% yoy rise in revenue was due to contributions from five new outlets opened during 2H15. The profit decline was due to higher marketing and promotional costs and one-off expenses for its IPO.

Management commented that the group will continue to actively develop its business through opening and operating new restaurants under its various proprietary brands, including halal-certified brands, with different F&B concepts to cater to a wider market.

The group is also on target to expand its online food ordering and delivery services to more brands from the current brands of Bali Thai, So Pho and Streets. The group may also seek related opportunities to grow its business through acquisitions, joint ventures and strategic alliances with parties who can help the group strengthen its market position and expand into new complementary businesses both in Singapore and overseas.

Katrina will also continue to focus on the management of its cost and manpower amidst a tight labour market. Barring any unforeseen circumstances, the group expects to continue to grow its business and remain profitable in the next 12 months.

VALUATION

Based on Bloomberg consensus forecasts, Katrina is trading at CY16F P/E of 13.8x and P/BV of 4.5x. Katrina's CY16F dividend yield is 3.1%. Based on Bloomberg consensus, Jumbo Group which also operates restaurants in Singapore and China is trading at CY16F P/E of 21.7x and P/BV of 7.2x. Jumbo's CY16F dividend yield is 2.4%. Bloomberg consensus estimates put Katrina's CY16F ROE at 23.5% and Jumbo's at 28.3%.

Figure 8: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY2016	Core P/E (x) CY2017	3-year EPS CAGR (%)	P/BV (x) CY2016	Recurring ROE (%) CY2016	EV/EBITDA (x) CY2016	EV/EBITDA (x) CY2017	Dividend Yield (%) CY2016
Katrina Group Ltd	KTG SP	Not rated	0.29	na	48	13.8	12.1	na	4.53	23.5%	6.8	6.1	3.1%
Jumbo Group Ltd	JUMBO SP	Not rated	0.59	na	273	21.7	18.4	11.6%	7.22	28.3%	13.4	11.3	2.4%
Simple average						17.7	15.3	na	5.9	25.9%	10.1	8.7	2.7%

SOURCES: BLOOMBERG

APPENDIX

Store locations ►

Figure 9: Store locations

Singapore location	Tenure	Approximate area (sq ft)	Use of property	Lessor
112 East Coast Road, #02-11 112 Katong, Singapore 428802	3 years from 6 January 2016 to 5 January 2019	2,337	Bali Thai restaurant at 112 Katong	DBS Trustee Limited as trustee of Perennial Katong Retail Trust
1 Woodlands Square, #05-05 Causeway Point, Singapore 738099	3 years from 8 February 2016 to 7 February 2019	1,550	Bali Thai restaurant at Causeway Point	HSBC Institutional Trust Services (Singapore) Limited as trustee of Frasers Centrepoint Trust
2 Jurong East Street 21, #01-21 IMM Building, Singapore 609601	3 years from 21 November 2015 to 20 November 2018	2,395	Bali Thai restaurant at IMM Building	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
23 Serangoon Central, #02-13 NEX, Singapore 556083	3 years from 20 January 2014 to 19 January 2017	2,206	Bali Thai restaurant at Serangoon NEX	Gold Ridge Pte. Ltd.
26 Sentosa Gateway, #B1-221 The Forum, Singapore 098138	3 years from 3 August 2013 to 2 August 2016 ⁽²⁾	1,162	Bali Thai restaurant at Resort World Sentosa	Resorts World at Sentosa Pte. Ltd.
3 Temasek Boulevard #B1-121 Suntec City Mall, Singapore 038983	3 years from 1 February 2016 to 31 January 2019	2,006	Bali Thai restaurant at Suntec City Mall	HSBC Institutional Trust Services (Singapore) Limited as trustee of Suntec Real Estate Investment Trust
33 Sengkang West Avenue, #02-01/02 The Seletar Mall, Singapore 797653	3 years from 31 October 2014 to 30 October 2017	1,931	Bali Thai restaurant at The Seletar Mall	The Seletar Mall Pte. Ltd.
1 Bukit Batok Central Link, #03-03 West Mall, Singapore 658713	3 years from 22 August 2013 to 21 August 2016 ⁽¹⁾	1,841	Bali Thai restaurant at West Mall	Alprop Pte. Ltd.

SOURCES: CIMB, COMPANY REPORTS

Figure 10: Store locations

Singapore location	Tenure	Approximate area (sq ft)	Use of property	Lessor
83 Punggol Central, #B1-13, Waterway Point, Singapore 828761	4 years from 18 January 2016 to 17 January 2020	1,846	Bali Thai restaurant at Waterway Point	FC Retail Trustee Pte. Ltd. as trustee-manager of Sapphire Star Trust and Emerald Star Pte. Ltd.
Block 3A River Valley Road, #01-05 Merchants' Court, and Outdoor Refreshment Area, Singapore 179020	3 years from 19 July 2015 to 18 July 2018	1,733	Bayang restaurant at Clarke Quay	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
200 Victoria Street, #B1-06 Bugis Junction, Singapore 188021	3 years from 1 December 2013 to 30 November 2016 ⁽²⁾	1,206	Honguo restaurant at Bugis Junction	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
23 Serangoon Central, #B1-75 NEX, Singapore 556083	3 years from 2 December 2013 to 1 December 2016 ⁽¹⁾	1,274	Honguo restaurant at Serangoon NEX	Gold Ridge Pte. Ltd.
Block 3D River Valley Road, #01-07 Shophouse Row, and Outdoor Refreshment Area, Singapore 179023	3 years from 10 April 2014 to 9 April 2017	2,088	Hutong restaurant at Clarke Quay	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
2 Orchard Turn, #B3-24, ION Orchard, Singapore 238801	Area A: 4 years from 21 September 2013 to 20 September 2017 Area B: 3 years 11 months and 2 days from 19 October 2013 to 20 September 2017	Area A: 1,033 Area B: 388 Total: 1,421	Indobox cafe at ION Orchard	Orchard Turn Retail Investment Pte. Ltd.

SOURCES: CIMB, COMPANY REPORTS

Figure 11: Store locations

Singapore location	Tenure	Approximate area (sq ft)	Use of property	Lessor
50 Jurong Gateway Road, #03-22 Jem, Singapore 608549	3 years from 17 July 2016 to 16 July 2019	1,644	Indobox cafe at JEM	Lend Lease Retail Investments 3 Pte. Ltd.
Block 3D, River Valley Road, #01-04 Outdoor Refreshment Area and Shophouse Row, Singapore 179023	3 years from 10 February 2016 to 9 February 2019	3,132	Muchos restaurant at Clarke Quay	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
68 Orchard Road, #01-34C and #01-34C Outdoor Refreshment Area Plaza Singapura, Singapore 238839	3 years from 19 November 2015 to 18 November 2018	1,582	Muchos restaurant at Plaza Singapura	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
Block 3D, River Valley Road, #01-05 Shophouse Row and Outdoor Refreshment Area, Singapore 179023	3 years from 17 January 2014 to 16 January 2017	2,304	Rennthai restaurant at Clarke Quay	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
50 Jurong Gateway Road, #B1-08 Jem, Singapore 608549	3 years from 15 June 2016 to 14 June 2019	2,028	So Pho cafe at JEM	Lend Lease Retail Investments 3 Pte. Ltd.
238 Thomson Road, #02-43/45 Novena Square, Singapore 307683	3 years from 1 November 2015 to 31 October 2018	1,173	So Pho cafe at Novena Square	Novena Square Investments Ltd.
290 Orchard Road, #B1-20 Paragon, Singapore 238859	3 years from 22 October 2014 to 21 October 2017	1,367	So Pho cafe at Paragon	DBS Trustee Limited as trustee of SPH REIT
80 Marine Parade Road, #03-30D Parkway Parade, Singapore 449269	3 years from 20 November 2015 to 19 November 2018	1,238	So Pho cafe at Parkway Parade	Prime Asset Holdings Limited

SOURCES: CIMB, COMPANY REPORTS

Figure 12: Store locations

Singapore location	Tenure	Approximate area (sq ft)	Use of property	Lessor
4 Tampines Central 5, #04-30/31 Tampines Mall, Singapore 529510	3 years from 9 October 2014 to 8 October 2017	1,098	So Pho cafe at Tampines Mall	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
83 Punggol Central, #01-28 Waterway Point, Singapore 828761	3 years from 18 January 2016 to 17 January 2019	1,783	So Pho cafe at Waterway Point	FC Retail Trustee Pte. Ltd. as trustee-manager of Sapphire Star Trust and Emerald Star Pte. Ltd.
23 Serangoon Central, #B1-15 NEX, Singapore 556083	3 years from 20 January 2014 to 19 January 2017	2,539	So Pho cafe at Serangoon NEX	Gold Ridge Pte. Ltd.
2 Jurong East Street 21, #02-17/17A IMM Building, Singapore 609601	3 years from 19 September 2015 to 18 September 2018	2,239	Streets cafe at IMM Building	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
23 Serangoon Central, #03-08/09 NEX, Singapore 556083	3 years from 11 July 2015 to 10 July 2018	2,374	Streets cafe at Serangoon NEX	Gold Ridge Pte. Ltd.
1 Jelebu Road, #02-17 Bukit Panjang Plaza, Singapore 677743	3 years from 18 December 2014 to 17 December 2017	1,744	Streets cafe at Bukit Panjang Plaza	HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaMall Trust
180 Kitchener Road, #01-01/02/03 City Square Mall, Singapore 208539	3 years from 5 December 2015 to 4 December 2018	2,142	Streets cafe at City Square Mall	City Developments Limited
1 Pasir Ris Close #02-104/105 E!Hub@Downtown East, Singapore 519599	3 years from 1 May 2014 to 30 April 2017	2,416	Streets cafe at E!Hub Downtown East	Resorts Concepts Pte. Ltd.

SOURCES: CIMB, COMPANY REPORTS

Figure 13: Store locations

Singapore location	Tenure	Approximate area (sq ft)	Use of property	Lessor
11 Tanjong Katong Road, #02-19/20 One KM, Singapore 437157	3 years from 17 October 2014 to 16 October 2017	2,110	Streets cafe at One KM	UOL Property Investments Pte Ltd and UOL Residential Development Pte Ltd
26 Sentosa Gateway #01-205, Singapore 098138	3 years from 10 June 2015 to 9 June 2018	1,741	Streets cafe at Resort World Sentosa	Resorts World at Sentosa Pte. Ltd.

PRC location	Tenure	Approximate area (sq ft)	Use of property	Lessor
Beijing Raffles Shopping Mall, 05-02, No. 1 South Avenue, Dongzhimen, Dongcheng District, Beijing Unit 05-02, 北京来福士购物中心, 北京市东城区东直门南大街1号	4 years from 1 July 2014 to 30 June 2018	3,232	Bali Thai restaurant at Raffles City Beijing	Beijing Xinjie Real Estate Development Co., Ltd. 北京新捷房地产开发有限公司
Jindi Center, Building C, Unit L312 and L315, Floor 3, No. 7 Building, No. 91 Jianguo Road, Chaoyang District, Beijing Unit L312 and L315 at Level 3, 金地中心C座, 北京朝阳区建国路91号	4 years from 1 May 2013 to 30 April 2017	2,543	Bali Thai restaurant at Gemdale Plaza	Beijing Jindi Hongyu Real Estate Development Co., Ltd. 北京金地鸿运房地产开发有限公司

SOURCES: CIMB, COMPANY REPORTS

F&B concepts ➤

Figure 14: Casual dining concepts

Concept	Comments
Bali Thai	Bali Thai is a concept of housing two cuisines under one roof. Unlike fusion restaurants where different cuisines are merged into totally new dishes, Bali Thai offers perennial favourites of both Indonesian and Thai cuisines. Bali Thai serves popular delights from Thailand and Bali, Indonesia including the famous "Crispy Whole Fish with Thai Chilli Sauce", "Combi Bakar" and "Tauhu Telur". All Bali Thai restaurants are designed to be casual and modern with the intention to offer a cosy ambience to the patrons.
Streets	The concept of Streets is that of a "cha chan teng", also known as Hong Kong cafe in Chinese. Food in Streets cafe are served in relatively small portions to retain its Hong Kong origins. Streets cafe serves Hong Kong specialities including the "Hot Coke with Ginger" and other contemporary Hong Kong snacks, such as "Pumpkin Fries with Salted Egg Yolk Batter" and "Hong Kong Shrimp Dumpling Noodles (Soup)". The layout of its Streets cafe follows closely that of a "cha chan teng" which is casual and simple to create friendly and comfortable atmosphere for people of all ages. All its Streets cafes are certified "Halal" in order to stand out amongst the plentiful Hong Kong cafes in Singapore. With the addition of the "Halal" certification, Streets cafe is able to accommodate the Malay-Muslim community, which traditionally has limited options for Chinese cuisines.
Hongguo (紅鍋)	Hongguo means red pot in Chinese. Hongguo's signature dish is the "Cross Bridge Vermicelli" (過橋米線), which is one of the best-known dishes of Yunnan, a province in southwestern PRC. This famous dish is served in a large bowl containing piping hot soup boiled for hours with duck, chicken and pork. The large bowl is accompanied by a bowl of noodles and at least nine other ingredients including mushroom, prawns, quail eggs, ham, vegetables and others. All its Hongguo restaurants are decorated with paintings and posters of interesting places, people and things in Yunnan to complement the authentic Yunnan dish and to provide a taste of the Yunnan experience.
So Pho	"Pho", pronounced as "fur", means noodle soup in Vietnamese which is a famous street food in Vietnam. Beyond just noodle soup and other authentic Vietnamese cuisine, the concept offers popular Vietnamese street food in casual and contemporary settings at reasonable prices. So Pho cafes are decorated in simplicity with neutral colours of white and black furnishing. The white lanterns and the bursts of greenery spread across the restaurants provide a casual, bright and comfortable ambience. All its So Pho cafes are certified "Halal" by MUIS.
Indobox	Indobox serves a wide range of authentic Indonesian cuisines. The Indobox cafes are decorated with natural wood finishes with warm lighting giving the cafes a calm and classy layout. All its Indobox restaurants are certified "Halal".

SOURCES: CIMB, COMPANY REPORTS

Figure 15: Contemporary upmarket concepts

Concept	Comments
RENNThai	RENNThai serves traditional Thai cuisine. RENNThai has both indoor and outdoor seating which offers two separate dining experiences under one roof. Its warm interior is furnished with exotic embellishments, while the alfresco area offers the waterfront view.
Bayang	The term "Bayang" means shadow in Indonesian language. This is illustrated by the restaurant's warm-Balinese décor that features inlays inspired by traditional Balinese shadow puppets. Its Bayang restaurant serves authentic Balinese favourites like "Bebek Betutu" (baked duck in banana leaves). Bayang's chefs are hired from Indonesia to ensure the authenticity of its cuisine.
Muchos	Muchos Mexican Bar and Restaurant caters classic Mexican dishes. There are two Muchos restaurants, one in Clarke Quay that caters to expatriates and tourists, while the other in Plaza Singapura which has more street food selections to cater to different target segments of the market.
Hutong (胡同)	Hutong means back alley in Chinese. Hutong offers traditional northern Chinese cuisine, while its décor is based on element of the traditional Chinese culture. The restaurant is intended to exude the charm of old China, with antique dark-wooded screens and tables, billowing Chinese silk drapes and red lanterns creating a sentimental vibe of reminiscence of the beauty and ancient Beijing. Despite the traditional and ancient décor of Hutong, the restaurant offers a contemporary twist on traditional northern Chinese cuisines.

SOURCES: CIMB, COMPANY REPORTS

Store locations by F&B brand ➤

Figure 16: Store locations by F&B brand

F&B brand	Type of food	Location of restaurants and cafes
Bali Thai	Indonesian and Thai cuisine	<ol style="list-style-type: none"> 112 Katong, East Coast Road Causeway Point, Woodlands IMM Building, Jurong East NEX, Serangoon Resorts World Sentosa, Sentosa Gateway Suntec City Mall, Temasek Boulevard West Mall, Bukit Batok The Seletar Mall, Sengkang Waterway Point, Punggol Gemdale Plaza Chaoyang District, Beijing, PRC Raffles City, Dongcheng District, Beijing, PRC

SOURCES: CIMB, COMPANY REPORTS

Figure 17: Store locations by F&B brand

F&B brand	Type of food	Location of restaurants and cafes
Streets	Contemporary Hong Kong cuisine	<ol style="list-style-type: none"> IMM Building, Jurong East NEX, Serangoon Bukit Panjang Plaza, Bukit Panjang City Square Mall, Kitchener Road E!Hub Downtown East, Pasir Ris One KM, Tanjong Katong Road Resorts World Sentosa (Asian Cafe), Sentosa Gateway
Honguo (红锅)	Specialities from Yunnan	<ol style="list-style-type: none"> Bugis Junction, Victoria Street NEX, Serangoon
So Pho	Vietnamese cuisine	<ol style="list-style-type: none"> Novena Square, Thomson Road Parkway Parade, Marine Parade Road JEM, Jurong East NEX, Serangoon Paragon, Orchard Tampines Mall, Tampines Waterway Point, Punggol
Indobox	Indonesian cuisine	<ol style="list-style-type: none"> ION Orchard, Orchard JEM, Jurong East
Muchos	Mexican cuisine	<ol style="list-style-type: none"> Clarke Quay Plaza Singapura, Orchard
RENNthai	Thai cuisine	Clarke Quay
Bayang	Traditional Indonesian cuisine	Clarke Quay
Hutong (胡同)	Traditional northern Chinese cuisine	Clarke Quay

SOURCES: CIMB, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.