

Analysts

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Basic Information

Last Closed Price S\$0.87
12M Target Price \$1.18
+/- Potential +31.0%
Bloomberg Ticker BREAD:SP
GICS Sector Consumer Staples
GICS Sub-Industry Consumer Products

1Y Price BreadTalk(Red) v SGX index (Black)



Company Description

BreadTalk Group Limited is an investment holding company that engages in the provision of management services in the bakery, food, and restaurant businesses. BreadTalk Group also offers franchising opportunities and operates internationally.

Key Financials

Market Cap 484.4M
Basic Shares O/S 179.93M
Free Float 179.93M
52-Wk High-Low 0.7950 - 1.2600

(SGD\$ M)	FY17 A	FY18 A	FY19E	FY20E
Revenue	599.8	609.8	630.7	656.7
Gr Rate (%)	1.2	1.7	3.4	4.1
EBITDA	77	81	88	91
Margin (%)	12.8	13.3	14.0	13.9
Net Income	21.9	15.2	20.1	18.7
Margin (%)	3.7	2.5	3.2	2.8
ROA	4.0	2.61	2.60	2.90
ROE	16.4	11.3	11.5	12.6
EV/EBITDA	6.3	5.7	6.0	5.4
P/E Ratio	22.2	31.9	33.9	26.7
D/E Ratio(%)	137.4	119.8	77.6	76.8

Key Executives

Dr. Meng Tong Chairman & Founder
Quek
Mr. Heng Hwee Chu Group CEO
Mr. Ying-Jian Chan Group CFO

We are initiating coverage of BreadTalk Group Limited with a Buy rating and a \$1.18 12M price target with 31% upside.

4Q18 Earnings Review

- Total revenues is \$609.8 Million, a 1.7% yoy increase; revenues after excise taxes is 15.2 Million, a 29.9% yoy fall.
- Interest income increased a 41.4% yoy to 3.2 Million while Interest expense increased a 69.9% yoy to 9.2 Million.
- The increase in revenue is fueled by growth in Food Atrium, Restaurant and 4orth, a yoy increase of 5.1%, 8.2% and 80.3% respectively.
- The main revenue source Bakery, however, faced a yoy decrease of 5.1%.

Investment Thesis

- Aggressive Expansion Of Restaurant Segment Expected To Deliver** BreadTalk seeks to expand their businesses both regionally and globally. Since acquiring the rights to operate Din Tai Fung in 2003, 99% of BreadTalk's restaurant business is located in Singapore and Thailand. Plans to expand into the lucrative European Market and opening 20 stores in the UK alone is projected to bring in huge revenue with improving margins.
- Bakery Segment Moving Toward Asset Light Business Model expected to translate to better efficiency and cash flow.** Breadtalk's management team has recognised the underperformance of the bakery segment and is currently focused on improving efficiency by rotating to a franchise model which is low in capital expenditure and easy to scale. This strategy is overall beneficial to Breadtalk's profitability, and is expected to deliver visible improvement on its profit margin soon.
- Venturing Into New Lucrative Segments** Forward-looking management has recently set up a new division '4ORTH' which specializes in joint-ventures. They specifically target current non-core segments of BreadTalk to allow for growth and diversification of revenue stream.

Catalysts

- BreadTalk furthers its expansionary plan by bringing Toast Box into Indonesia with a local partner.
- It also plans to build a new integrated central production facility in China in order to boost production capacity and efficiency to its bakery operations in China.

Investment Risks

- Potential cost pressures such as overhead expenses and higher startup costs in its aggressive expansionary joint-venture plans will limit the upside for earning growth as well as margins.
- Substantial increase in debt to finance expansion making it risky venture for investors on top of intrinsic execution risks.
- More intense competition in bakery industry and rising production cost will continue to affect the company's profitability if the company's transformation into asset light business model fails.

Figure 1. Revenue by Business, FY18

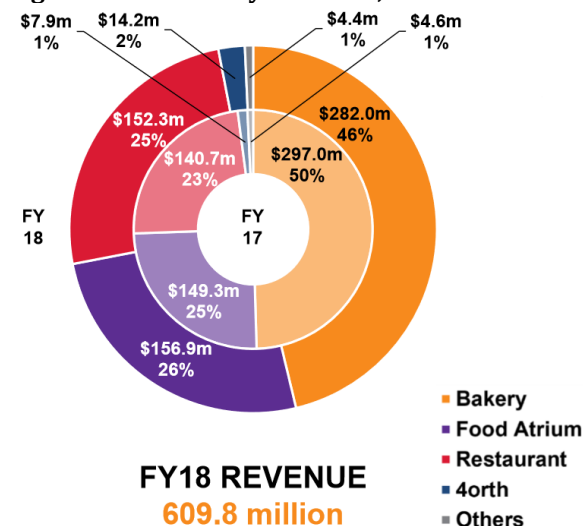


Figure 2. BreadTalk Franchise Outlet by Geography

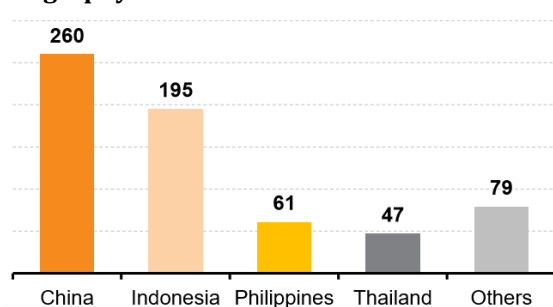
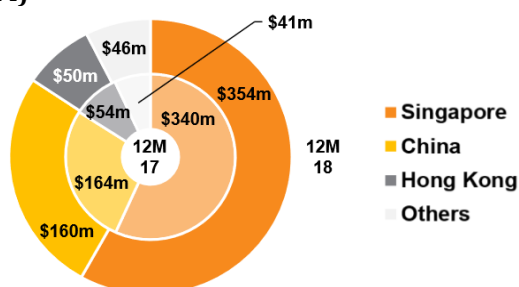
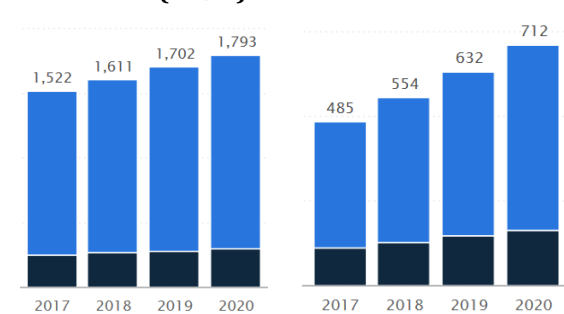


Figure 3. Revenue by Geography (2017 vs 2018, 12M)



Source: BreadTalk 4Q 2018 Financial Highlights

Figure 4. Bakery industry growth in Philippine and Vietnam (in \$M)



Philippine Bakery Market | Vietnam bakery market

Source: Statista

Company Overview

BreadTalk Group Limited is a Singapore-based, multinational food and beverage company that specializes in baked products. The Company's major business involves bakery, food atrium (food court), restaurant. Starting in 2017, BreadTalk has started a new segment called "4orth", which includes fashion tea, ramen and other new business the company ventures into for diversification and additional revenue stream. The bakery segment mainly engages in manufacturing and retailing packaged and unpackaged baked food, as well as some confectionary products. The food atrium segment includes the management of food courts in shopping centers and residential areas. The restaurant segment involves operating of food and drinks outlets, as well as restaurants like Din Tai Feng and ToastBox. The company also engages in franchising activities, both locally and internationally. Currently majority of the revenue is still from local and Asian countries. Mainland China specifically, constitutes about 25% of the company's total revenue.

4Q18 Earnings Review

Total revenue faced a yoy growth of 1.7% to 609.8 Million. The growth is from Food Atrium, Restaurant and 4orth, each has a yoy growth of 5.1%, 8.2% and 80.3% respectively. However, the main revenue source Bakery faced a decline of 5.1% yoy.

Geographically, the growth in revenue is mainly achieved in Singapore local market, as it rises from \$340M to \$354M y-o-y. While the bakery franchise outlet keeps increasing in Asian market, their impact on revenue growth is rather minimal. The decline in Bakery division due to lower revenue from directly operated stores in Shanghai, Beijing and Hong Kong, as well as lower franchise revenue by \$4M from China.

While the revenue from bakery segment falls by 5.1%, its EBITDA only decreased by 1.8% due to closing of several unprofitable outlets during the company's restructuring. The EBITDA margin also increases by 3% yoy in 4Q18.

There is an increase in interest expense due to issuing more notes to fund expansion plan. Just in Jan 2018, Breadtalk issued \$ 100m medium term note at 4.0%.

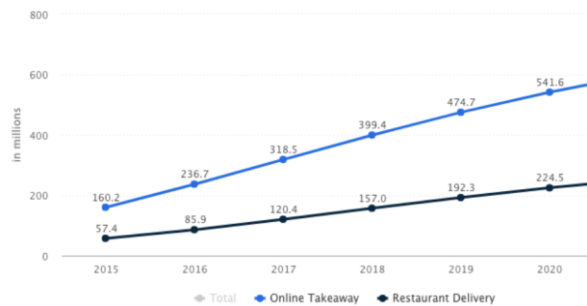
Industry Outlook

Increasing demand for artisanal products attracts local competition

Within the last five years, the number of consumers who consume food with more nutritional values like fortified and wholegrain products regularly has increased by over 10 percent. Baked goods companies are developing healthier variants of their bakery products to win over this growing portion of consumers. Moreover, study shows that Singapore consumers increasingly favor unpackaged over packaged baked goods. Unpackaged baked food are believed to be of high-quality, as they are generally sold fresh. Demand for artisanal baked food is likely to persist, and contribute to more than 50 percent of the sales of baked goods in 2019. Meanwhile, the rising popularity of artisanal bakery welcomes more chained and independent bakeries, including large chains like Paul and Maison Kayser to enter Singapore market and compete with existing companies.

Evolving bakery consumption in Asian countries

Figure 5. Food delivery service growth



Source: Statista

While in some countries, bread consumption was part of the tradition, countries like Vietnam, Myanmar, the Philippines and Indonesia are not so. Bakery only becomes popular in recent years among citizens of these countries. As Asian economy develops, ordinary people in these countries have more revenue to enjoy fresh baked food. Together with the continued introduction of new concepts (food chain and enfranchisement) and better distribution channels, the demand for baked food is constantly rising among these countries. With a bakery industry CAGR of 3.6% in Philippine, 6.8% in Indonesia, and 8.6% in Vietnam, together with an over 20% growth in Myanmar's F&B industry, we can expect rising demand for bakery products in Asia market to be further boosted.

Restaurants and Food Court revenue expected to increase

We are expecting a moderate growth for restaurants and food atrium in Singapore as customers' preference for convenience and food quality continues in this industry. According to the National Restaurant Association, 41 percent of restaurant operators anticipates an increase in same-store sales at the start of 2019. The increase in sales is also promoted by the cooperation with third-party delivery service, as well as the seasonal and discount menus these restaurants serve. Furthermore, the average monthly income of Singaporean continue to rise by \$200 per person. the increased affluence of consumers in singapore will induce more willingness to consume prepared food.

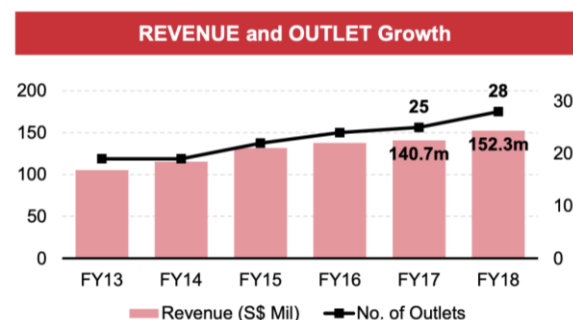
Investment Thesis

Figure 6. New Din Tai Fung Opened in London



Source: kaveyeats.com

Figure 7. Restaurant Revenue and Outlets



Source: BreadTalk Annual Report 2018

Figure 8. Restaurant EBITDA & EBITDA Margin

1. Aggressive Expansion Of Restaurant Segment Expected To Deliver

Store openings in FY19 expected to Drive Earnings and Improve Overall Margins.

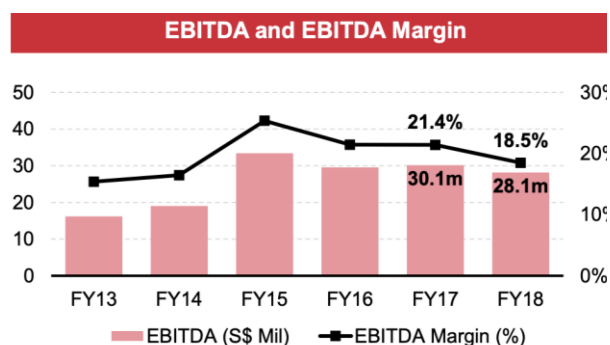
Restaurant store count increased 12% alone in FY18. Management has given guidance of increasing global store count by 32.1% in FY19, more specifically the opening of 9 new stores in 3 cities. This is in view of the strong Din Tai Fung Brand, translating to strong same store sales growth yoy and the healthy margins of the restaurant segment.

Hinging on the Din Tai Fung Brand

BreadTalk holds the international rights to operate the Din Tai Fung brand of restaurants. The Din Tai Fung group of restaurants has been named one of the the top 10 restaurants by The New York Times and has created a wave of anticipation and excitement when there were plans to open in Europe. The restaurant segment of BreadTalk which comprises exclusively of Din Tai Fung's restaurants has shown a 26.9% increment in revenue since FY15. Due to the Goodwill established by the excellent and food quality provided by Din Tai Fung Brand of restaurants worldwide, stores under BreadTalk have experienced same store sales growth rate of 8.2% in FY18. This gives BreadTalk the confidence of their future store openings both locally and globally.

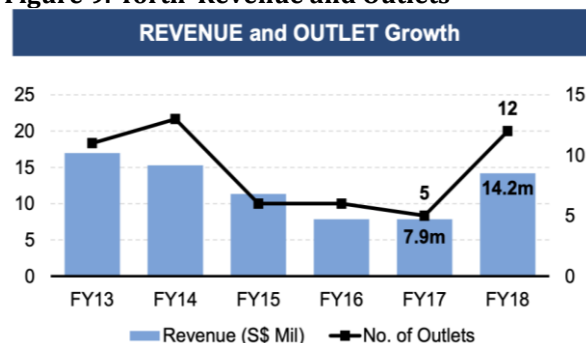
Increasing proportion of Restaurant Revenue Stream poised to improve Top Line Growth and overall Net Profit Margins

The restaurant segment's Net Profit Margins, despite taking into account the initial cost of store openings, is at a healthy 15.3% in FY18. We project that this one time cost of store



Source: BreadTalk Annual Report 2018

Figure 9. 4orth Revenue and Outlets



Source: BreadTalk Annual Report 2018

Figure 10. 4orth outlet store count

Segment	FY18	FY17	Net Δ
4orth	12	5	7
Sō#	5	5	0
TaiGai	1	0	1
Nayuki	1	0	1
Song Fa	4	0	4
Wu Pao Chun	1	0	1

Source: BreadTalk Annual Report 2018

Figure 11. Nayuki and Tai Gai



Source: BreadTalk Annual Report 2018

openings would not affect net profit margins in the long run and revert to normal levels. With the expected continuation of SSS growth and total corporate store count increment, this would lead to Top Line Growth which would bring about upsides in valuation in FY2019.

2. Venturing Into New Lucrative Segments

Newly launched Segment, '4ORTH', showing explosive growth potential

Due to the slight decline in their largest core segment, 'Bakery', BreadTalk has formed a new division '4ORTH', with a revamped business model. This division aims to adopt a lean structure, adapting and capitalising on changing consumer preferences. The Joint-Ventures launched under '4ORTH' has added Diversification and Breath to the current product mix of BreadTalk. There is also lesser risk involved due to the nature of partnership. There was a 140% increase in Joint-Venture store count from FY17 - FY18 while revenue jumped 79.7% in the same time frame. We do expect significant growth to follow in FY2019 as stores opened has shown significant impact on topline.

Notable JV under '4ORTH' Division

BreadTalk has been astute in their joint-ventures by investing in brands that are very much established overseas. Having the first mover advantage by bringing known brands into new geography, hype and anticipation over those store openings would generate significant traction and revenue upon opening.

Nayuki 奈雪の茶 and Tai Gai

BreadTalk group and Pindao has formed a partnership to introduce Nayuki Tea in Singapore. Nayuki has a commanding presence in China, with over 180 there. The newly opened store at Harbour Front, Vivo City is Nayuki's first overseas outlet and aims to satisfy the demand of 'Novel Tea' by young consumers. Opening only in Q4 2018, revenue from this venture would only be expected to be material in FY2019.

So Ramen

A rebranding of Ramen Play outlets in 2017, turning it into a profitable business. Changing of store concepts and pricing methods gave their ramen business a new life as we see revenue turnarounds following the launch of So Ramen.

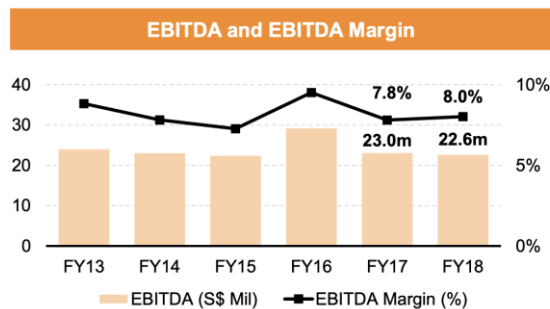
Breadtalk management aims to expand 4orth division to contribute up to 20% of total revenue. With Breadtalk's expertise in the food sector business and their ability to scale new businesses, we would expect massive upsides in valuation.

JV with Shinmei Co. Ltd

BreadTalk entered a 66% owned JV with Shinmei Co Ltd. Shinmei will oversee the sourcing, procurement and supply of key raw materials and ingredients to support the F&B operations of BreadTalk's group of companies globally. Tapping on Shinmei's expertise, management expects a 1 - 1.5% gross profit margin over 2-3 years.

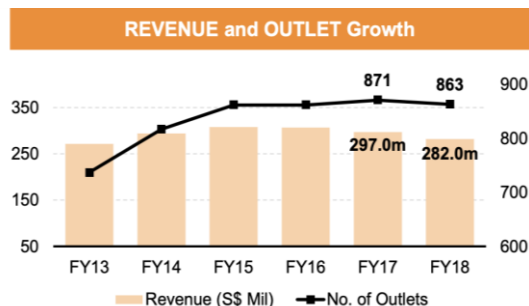
Shinmei's established operations in Japan also provides potential for BreadTalk to break into the Japanese market, which remains a possibility given chairman Mr Quek's

Figure 12. Bakery EBITDA & EBITDA Margin



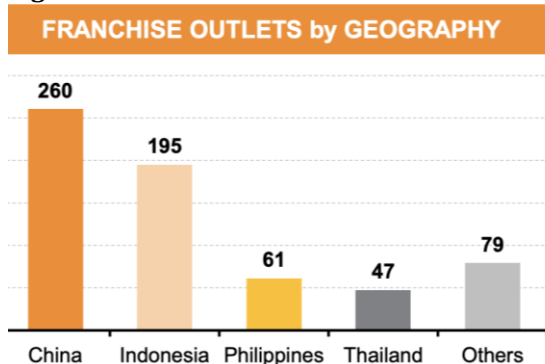
Source: BreadTalk Annual Report 2018

Figure 13. Bakery Revenue and Outlets



Source: BreadTalk 2018 Annual Report

Figure 14. Location of Franchises



Source: BreadTalk 2018 Annual Report

Figure 15. Bakery outlet Count

Segment	FY18	FY17	Net ▲/▼
Bakery	863	871	(8)
Direct Operated Stores	221	240	(19)
Franchise	642	631	11

Source: BreadTalk 2018 Annual Report

remarks on expansion into new territories, presenting potential for upside.

3. Bakery Segment Moving Toward Asset Light Business Model expected to translate to better efficiency and cash flow

Transformational plan to revitalise Bakery segment

The performance of the bakery business which contributes the largest revenue to Breadtalk has been a cause of concern for investors with revenue falling from \$309M in 2016 to \$297.2M and \$282M in 2018.

In addition, the high capital expenditure nature of the business has also caused both EBITDA and EBITDA margins to erode y/y.

We believe that this downward trend will reverse course in the coming years as Breadtalk's management team including the CEO places an increased emphasis in turning around this under-performing segment by taking the necessary practical and concrete steps

Measures to turnaround the Bakery segment

BreadTalk has been exiting locations where the bakery business is underperforming and is now prioritising that all directed operated bakery stores to only be in areas of high profitability. For example, it has closed down direct operated stores in China and Hong Kong and is focusing on new growth markets like India and Indonesia through direct-operated stores and franchise partnerships.

In addition, to cut down on expenses and become lean while operating, Breadtalk has been directing its efforts to grow the franchise business while cutting down the overall number of direct operated stores. This can be seen in the numbers, where the direct operated store count has fallen from 260 in 2016 to 221 in 2018 with an corresponding increase in the number of franchise stores from 602 to 631. We believe this measures will translate to improvements in both EBITDA and EBITDA margins and make the overall bakery segment more profitable in the long run

Catalysts

- Breadtalk recently announced that is has brought Toast Box into Indonesia with a local partner and has ambitious plans to grow the Toast Box brand and reach out to the rising middle class. This may give investor confidence that Breadtalk's expansionary plans in potential markets is taking root.
- BreadTalk has also announced plans for the construction of a new integrated central production facility in China for FY 2019 which will provide greater production capacity and efficiency to its China segment. We believe that as more details of this plan are revealed, Investors will price in the concrete efficiency measures Breadtalk has taken to increase bottom-line numbers, leading to an increase in share price.

Financial Analysis

In Millions of SGD except Per Share	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019E	FY 2020E
Profitability						
Profit Margin	1.22	1.86	3.64	2.49	2.38	2.55
Return on Assets	1.40	2.12	4.00	2.61	2.60	2.90
Return on Common Equity	5.98	8.76	16.37	11.31	11.47	12.63
Liquidity						
Current Ratio	0.68	0.98	0.90	0.88	0.95	1.00
Cash Ratio	0.39	0.64	0.60	0.62	0.60	0.66
Asset Turnover	1.15	1.14	1.10	1.05	1.09	1.11
Inventory Turnover	28.66	28.20	27.29	25.37	29.59	29.59
Accounts Receivable Turnover	53.89	48.08	48.08	17.52	22.43	22.43
Financial leverage						
LT Debt to Total Assets	21.95	28.17	22.62	21.15	21.70	21.13
LT Debt to Total Equity	81.74	98.99	78.54	79.06	76.83	76.72
Total Debt to Total Equity	137.74	119.82	114.25	93.20	77.61	76.83
Total Debt to Total Assets	37.00	34.10	32.90	24.93	22.16	21.70
Net Interest Coverage	11.03	5.05	10.39	4.97	3.29	2.75
Enterprise Value/EBITDA	5.16	4.46	6.32	5.67	6.00	5.43

Franchising model to improve margins and efficiency going forward

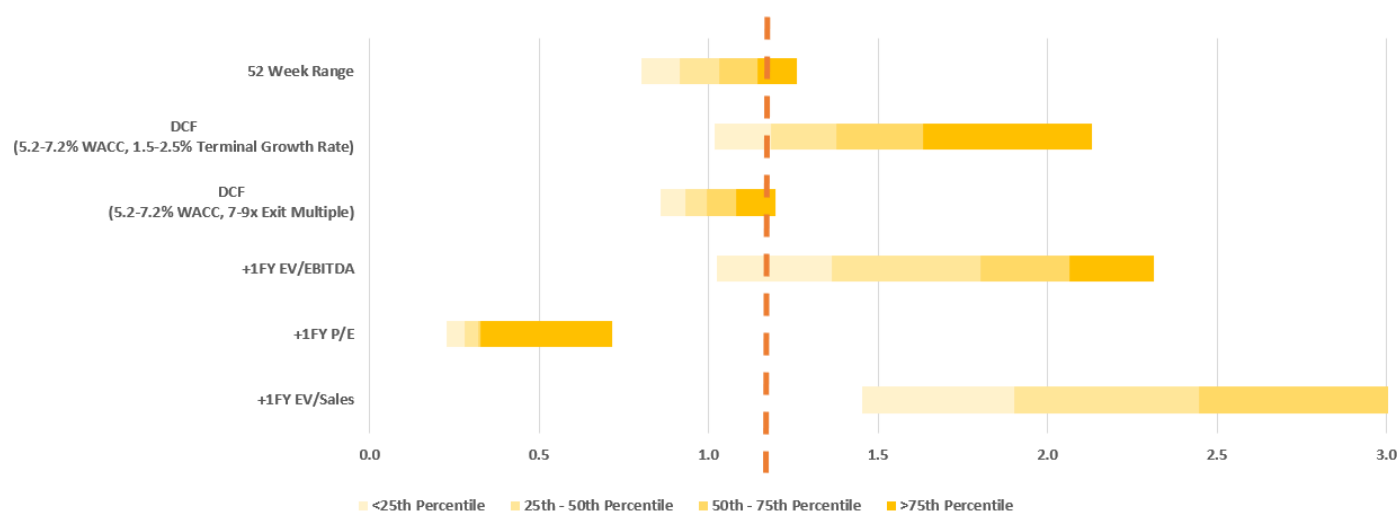
With the shift towards franchising that is lower on capital requirements, less costly to operate and easy to scale, we expect Breadtalk to have improving operational efficiency and profitability going forward. This will translate to better profit margins and return on assets.

Financial Leverage expected to moderate in the coming years

Breadtalk has taken on more debt from the past few years in part to fund its expansionary plans. With Breadtalk moving to a asset-light business model and focusing on profitable segments of the business, we believe that Breadtalk will be able to deleverage and D/E ratio will decrease in the subsequent years.

Valuation

Valuation Price Target: \$1.18 (Derived using a blended valuation approach)



DCF Model

A discounted cash flow analysis was used to estimate intrinsic value of BreadTalk's share price. The primary model is forecasted over 5 years taking into account BreadTalk's expansion plans in the various divisions and geographical location. The model is driven by revenue projections segmented by the 4 different divisions and the respective geographical locations they operate in. The growth is dependent on the number of store count in individual segment based mainly on BreadTalk's strategy and revenue/store to account for stores earning at individual geographical location based on industry outlook at the location. On the cost front, working capital, COGS, SG&A and CapEx serve as crucial perimeters for projections due to BreadTalk's aggressive expansion strategy.

WACC

Cost of Equity	8.2%
Risk-free rate	2.21%
Beta	1.085
Market risk premium	5.49%
Cost of Debt	2.3%
Pre-tax cost of debt	3.58%
Tax rate	37%
Market Cap (US\$ mil)	490.3
Total Debt (US\$ mil)	151.7
WACC	6.24%

Exit Multiple Method	
PV of FCFF	105
Exit Multiple	8.0
Final Year EBITDA	75
Terminal FCFF	603
PV of Terminal FCFF	451
Enterprise Value	556
Less: Debt	(152)
Add: Cash	185
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	560
NOSH	564
Implied Share Price	0.99

Perpetual Growth Method	
PV of FCFF	105
Terminal Growth Rate	2.0%
Final Year FCFF	37
Terminal Value	881
PV of Terminal FCFF	659
Enterprise Value	763
Less: Debt	(152)
Add: Cash	185.0
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	768
NOSH	564
Implied Share Price	1.36

Three cases were formulated, with the base case consisting of guidance from historical performance, annual report, industry outlook, along with investor day presentations. The 2 other cases, namely Bull Case and Bear Case, each gives a valuation share price of \$3.26 and \$0.43 respectively. The different cases present the optimistic outlook (Bull Case) and pessimistic outlook (Bear Case), varying a few projection assumptions. The main projection that varied would be the cost of goods sold depending on the effectiveness of BreadTalk's partnership with Shinmei. Also, the outlook of 4orth division growth, London's DTF growth and China's bakery franchise growth were also varied. The DCF is most sensitive to the following factors, derivation of which are explained below.

Weighted Average Cost of Capital (WACC)

To calculate Beta, linear regression of BreadTalk's stock price were run against the ST index for time frame of 3 years on a weekly basis and then averaged and adjusted. CAPM was used to estimate Cost of Equity, while a risk-free rate and the weighted average interest rate of BreadTalk was used during calculation of Cost of Debt in a weighted average manner. Tax shield was taken into account as BreadTalk pays income taxes for all operations.

Revenue Growth

Revenue growth for BreadTalk is based primarily on increasing revenue in the restaurant segment where we are expecting a large number of stores opening over the years, especially in London where the management announced the opening of up to 20 Ding Tai Fung stores in the subsequent years. We expect revenue/store for China Bakery to increase at a rate of 10% yoy since the China baked goods industry is expected to increase at a CAGR of 10.3%. Finally, we expect a rapid growth in revenue of 4orth division from the aggressive strategy BreadTalk has taken to push the 4orth Division revenue to contribute as much as 20% of total revenue.

Terminal Growth

The terminal growth of BreadTalk was taken to be 2% reflecting the potential in growth of certain segments. It is noted that Bakery, Food Atrium and Restaurant is hitting saturation point in Singapore, but the possibility of growing beyond the local market is very possible. Moreover, given the focus on 4orth division to target local market with new brands, will definitely bring BreadTalk the growth it needs.

Relative Valuation

Relative Valuation is done using P/E, EV/EBITDA and EV/Sales. A blended average of all 3 gives us a share price of \$1.51, a +64% upside. Both EV/EBITDA and EV/Sales showed that BreadTalk is significantly underpriced with a potential of over 93% upside (\$1.80 and \$2.44) if traded at competitors' ratio. While P/E gives a share price of only \$0.32. However, both P/E and EV/Sales reflected price valuation significantly different from target price, we left it out in the football field analysis. We chose to only take a blended of the DCF terminal growth and exit multiple since the exit multiple, EV/EBITDA, of 8 is already at the lower spectrum of peer's multiple.

Using the EV/EBITDA relative valuation will give us a value of \$1.80 for BreadTalk, a 93% upside. This is a very ambitious figure since BreadTalk is trading at the lower spectrum of the ratio. However, this gives us confidence to believe that the potential to be traded at higher multiple is much larger and validates our buy recommendation from the upcoming 12month period.

Risks

Potential cost pressures limiting upside for earning growth

BreadTalk group is focusing on new ventures that are believed to be lucrative. However, higher start-up cost and increased expenses will affect the earning growth and profit margin. Currently, BreadTalk group faces contraction in EBITDA margin due to higher-than-expected pre-opening expenses at the new outlets from the franchise business. While we are positive on the long-term prospects of the new ventures, the rising start-up cost will be dragging bottom line growth in the short term.

Rising leverage concerns to finance aggressive expansion

Aggressive expansion comes along with higher capital expenditure and higher overhead costs. BreadTalk financed the expansion through substantial increase in debt increasing total borrowing from 183.3 Million in FY17 to 257.6 Million, accompanied with debt interest obligation rising 95.3% to 4.9 Million. Its current debt to equity ratio is at a high level of 145.4% and current ratio at 0.9x. This raises potential liquidity concerns that makes it a risky venture for investors.

Negative publicity affecting confidence in the brand

BreadTalk was faced with negative publicity, especially in 2015 over food safety and preparation procedure scandal in Singapore and China. Such incidences can rally negative responses from the public hence potentially affect sales and marketability of its franchise.

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Appendix

Financial Statements

BreadTalk
3 Financial Statements

(SGD Millions unless otherwise stated)	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
Income Statement								
Revenue								
Sales	615.00	599.75	609.80	630.74	656.73	690.59	727.34	767.65
Total Revenue	615.00	599.75	609.80	630.74	656.73	690.59	727.34	767.65
Cost of Goods Sold								
Cost of Sales	(277.51)	(266.47)	(266.65)	(272.65)	(287.17)	(305.43)	(325.32)	(347.19)
Total Cost of Goods Sold	(277.51)	(266.47)	(266.65)	(272.65)	(287.17)	(305.43)	(325.32)	(347.19)
Gross Profit	337.49	333.28	343.15	358.08	369.56	385.16	402.02	420.46
Other Operating Income	20.66	21.96	32.85	25.16	25.16	25.16	25.16	25.16
Operating Expense								
SG&A	(330.24)	(322.30)	(337.01)	(342.08)	(356.17)	(374.54)	(394.47)	(416.33)
Provisions for Doubtful Accounts	(1.47)	(0.23)	-	-	-	-	-	-
Other Operating Expense	4.34	3.93	0.85	-	-	-	-	-
Total Operating Expense	(327.37)	(318.59)	(336.17)	(342.08)	(356.17)	(374.54)	(394.47)	(416.33)
Operating Income (EBIT)	30.78	36.65	39.84	16.01	13.38	10.62	7.55	4.13
Other Income / (Expense)								
Interest expense	(5.93)	(5.42)	(9.21)	(4.86)	(4.86)	(4.86)	(4.86)	(4.57)
Interest income	1.16	2.23	3.16	2.18	2.18	2.18	2.18	2.18
Other income (expense), net	(0.79)	0.27	(1.41)	-	-	-	-	-
Total Other Income	(5.56)	(2.92)	(7.46)	(2.67)	(2.67)	(2.67)	(2.67)	(2.39)
Adjustments	4.50	7.23	(1.23)	-	-	-	-	-
Pretax Income	29.72	40.96	31.14	13.33	10.71	7.95	4.87	1.74
Provision for income taxes	(12.12)	(11.05)	(11.43)	(4.64)	(3.73)	(2.77)	(1.70)	(0.61)
Net Income Including Minority Interest	17.60	29.92	19.72	8.69	6.98	5.18	3.18	1.13
Minority Interest	(6.16)	(8.07)	(4.53)	(1.74)	(1.40)	(1.04)	(0.64)	(0.23)
Net Income attributable to shareholders	11.44	21.85	15.19	6.95	5.58	4.14	2.54	0.91
Earnings per share (\$)								
Basic	0.02	0.04	0.03	0.01	0.01	0.01	0.00	0.00
Diluted	0.02	0.04	0.03	0.01	0.01	0.01	0.00	0.00
NOSH (in M)								
Basic	562.6	562.8	563.2	563	563	563	563	563
Diluted	562.8	563.7	563.5	564	564	564	564	564

(SGD Millions unless otherwise stated)	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
Balance Sheet								
Assets								
Cash and cash equivalents	120.6	141.2	185.0	157	177	204	238	276
Short-term investments	17.2	12.9	4.8	11.6	11.6	11.6	11.6	11.6
Accounts receivables, net	11.9	13.1	56.5	28	29	31	32	34
Inventory	9.8	9.7	11.3	11	11	12	12	13
Prepaid expenses and other current assets	52.0	53.2	9.9	40	41	44	46	48
Total Current Assets	211.5	230.1	267.5	247	270	301	340	383
Property and equipment, net	180.7	169.1	173.4	166	155	140	121	98
LT Investment & Receivables	95.9	111.5	122.9	123	123	123	123	123
Goodwill	4.8	4.8	-	-	-	-	-	-
Deferred tax assets, net	2.7	2.6	2.3	2	2	2	2	2
Other assets	38.3	39.1	42.2	42.2	42.2	42.2	42.2	42.2
Total Non-Current Assets	322.4	327.1	340.9	334	323	308	289	266
Total Assets	533.9	557.2	608.4	581	593	609	629	649
Liabilities								
Accounts payable	21.1	20.7	97.0	82	86	92	98	104
Accrued liabilities	75.2	80.3	87.2	82	86	92	98	104
Short-term debt	7.4	19.4	6.1	-	-	-	-	-
Long-term debt, current portion	24.2	37.9	16.9	-	-	-	-	-
Other Short-term Liabilities	87.9	98.4	97.1	97.1	97.1	97.1	97.1	97.1
Total Current Liabilities	215.8	256.7	304.3	261	269	280	292	305
Long-term debt	150.4	126.0	128.7	129	129	129	129	129
Other long-term liabilities	15.7	14.0	12.6	26.0	28.0	32.0	42.0	52.0
Total Non-Current Liabilities	166.1	140.0	141.3	155	157	161	171	181
Total Liabilities	382.0	396.7	445.6	415	426	441	463	486
Equity								
Share Capital	33.3	33.3	33.3	33	33	33	33	33
Other Equity	2.4	0.3	1.5	2	2	2	2	2
Retained earnings	96.9	101.9	99.1	102	104	104	103	100
Treasury stock	-0.6	-0.5	-0.2	(0)	(0)	(0)	(0)	(0)
Non-controlling interests	19.9	25.5	29.1	29	29	29	29	29
Total Shareholder's Equity	151.9	160.5	162.7	166	167	168	166	163
Total Liabilities and Equity	533.9	557.2	608.4	581	593	609	629	649
Balance check (A = L + E)	YES	YES	YES	YES	YES	YES	YES	YES
Cash Flow Statement								
Cash flow from operating activities:								
Net Income	11.4	21.8	15.2	7.0	5.6	4.1	2.5	0.9
Adjustments:								
Depreciation & Amortisation expense	52.202	40.482	41.27	47	52	58	65	71
Stock Based Compensation	0.164	0.375	0.238	-	-	-	-	-
Non-cash Adjustment	9.09	3.15	10.63	7.62	7.62	7.62	7.62	7.62
Changes in NOWC:								
Accounts receivable	(1)	(1)	(43)	28	(1)	(2)	(2)	(2)
Inventory	-0.03	0	(2)	0.65	(0)	(1)	(1)	(1)
Prepaid expenses and other current assets	(1)	(1)	43	(30)	(2)	(2)	(2)	(3)
Other assets	5	6	(88)	-	-	-	-	-
Accounts payable	(0)	(0)	76	(15)	4	5	6	7
Accrued liabilities	5	5	7	(5)	4	5	6	7
Net Cash from Operating Activities	80.12	74.69	60.467	40	71	77	82	88
Cash flow from investing activities:								
Disp in Fixed & Intang	0	3	0	-	-	-	-	-
Disp of Fixed Prod Assets	-	-	-	-	-	-	-	-
Disp of Intangible Assets	-	-	-	-	-	-	-	-
Acq of Fixed Prod Assets	(32)	(30)	(48)	(38)	(40)	(42)	(44)	(46)
Acq of Intangible Assets	(0)	(0)	(1)	-	-	-	-	-
Cash for JVs	(3)	(3)	(0)	-	-	-	-	-
Other Investing Activities	13	(3)	(7)	-	-	-	-	-
Net Cash from Investing Activities	(21.81)	(33.55)	(55.55)	(38)	(40)	(42)	(44)	(46)
Cash flow from financing activities:								
Dividends Paid	(8.0)	(16.9)	(11.3)	(7)	(11)	(8)	(4)	(4)
Cash From (Repay) ST Debt	(31.4)	12.0	(42.9)	(23)	-	-	-	-
Cash From LT Debt	78.6	13.5	142.9	-	-	-	-	100
Repayments of LT Debt	(67.8)	(24.1)	(56.2)	-	-	-	-	(100)
Cash (Repurchase) of Equity	(0.8)	-	-	-	-	-	-	-
Increase in Capital Stock	-	-	-	-	-	-	-	-
Decrease in Capital Stock	(0.8)	-	-	-	-	-	-	-
Other Financing Activities	(2.8)	(3.5)	6.7	-	-	-	-	-
Cash from Financing Activities	(33)	(19)	39	(30)	(11)	(8)	(4)	(4)
Effect of exchange rate changes on cash and equivalents	-0.37	-1.456	141.245	-	-	-	-	-
Cash and equivalents at beginning of year	96	121	141	185	157	177	204	238
Net increase (decrease) in cash and equivalents	25	22	44	(28)	20	27	34	38
Cash and equivalents at end of year	121	141	185	157	177	204	238	276

Financial Projections

	Units	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
Expenses									
Total Revenue	SGDS M	615	600	610	631	657	691	727	768
Cost of Sales	SGDS M	(278)	(266)	(267)	(273)	(287)	(305)	(325)	(347)
% of revenue	%	-45.1%	-44.4%	-43.7%	-43.2%	-43.7%	-44.2%	-44.7%	-45.2%
yoy % change	%		0.7%	0.7%	0.5%	1.5%	1.5%	1.5%	1.5%
					-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
					-4.2%	-4.2%	-4.2%	-4.2%	-4.2%
Selling, general and administrative	SGDS M	(330)	(322)	(337)	(342)	(356)	(374)	(394)	(416)
% of total revenue	%	-53.7%	-53.7%	-55.3%	-54.2%	-54.2%	-54.2%	-54.2%	-54.2%
					-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Income Tax									
Income Before Taxes	SGDS M	30	41	31	13	11	8	5	2
Income tax expense (expense)	SGDS M	(12)	(11)	(11)	(5)	(4)	(3)	(2)	(1)
Effective Tax rate	%	-40.8%	-27.0%	-36.7%	-35%	-35%	-35%	-35%	-35%
Working Capital									
Total Revenue	SGDS M	615	600	610	631	657	691	727	768
Cost of Sales	SGDS M	(278)	(266)	(267)	(273)	(287)	(305)	(325)	(347)
Accounts receivable, net	SGDS M	12	13	57	28	29	31	32	34
Inventory	SGDS M	10	10	11	11	11	12	12	13
Prepaid expense and other current assets	SGDS M	52	53	10	40	41	44	46	48
Accounts payable	SGDS M	21	21	97	82	86	92	98	104
Accrued liabilities	SGDS M	75	80	87	82	86	92	98	104
Assumptions									
Accounts receivable as % of total revenue	%	1.9%	2.2%	9.3%	4.5%	4.5%	4.5%	4.5%	4.5%
Inventory as % of total revenue	%	1.6%	1.6%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%
Prepaid expense and other current assets as % of total revenue	%	8.5%	8.9%	1.6%	6.3%	6.3%	6.3%	6.3%	6.3%
					-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Accounts payable as % of Cost of Sales	%	-7.6%	-7.8%	-36.4%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Accrued liabilities as % of total Cost of Sales	%	-27.1%	-30.1%	-32.7%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
					-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Fixed Assets									
Total Revenue	SGDS M	615	600	610	631	657	691	727	768
Plant, property and equipment									
Leasehold Property	SGDS M	55.6	54.4	55	60	66	71	77	84
Leasehold Land	SGDS M	21.5	21.4	21	24	26	28	30	33
Machinery and equipment	SGDS M	54.7	48.6	52	54	56	58	60	63
Electrical Works	SGDS M	60.3	54.2	57	62	67	73	78	84
Furniture and fittings	SGDS M	60.9	61.6	61	67	72	78	85	91
Office Equipment	SGDS M	13.6	13.9	14	20	26	32	39	46
Renovation	SGDS M	138.3	130.1	134	136	137	138	140	141
Motor vehicles	SGDS M	2.5	2.4	2	15	28	42	57	72
Construction in progress	SGDS M	3.8	5.0	4	5	5	5	5	6
Total Gross PP&E	SGDS M	411.40	391.71	401.55	441.19	482.47	525.87	571.58	619.82
Less: Accumulated depreciation	SGDS M	230.739	222.608	228	275	327	386	450	521
Total Net PP&E	SGDS M	180.66	169.10	173.41	166.34	155.23	140.29	121.39	98.39
Intangible Assets									
Goodwill	SGDS M	6.173	6.173	6	6	6	6	6	6
Brand Value	SGDS M	3.209	3.209	3	3	3	3	3	3
Trade Mark	SGDS M	1.855	1.872	2	2	2	2	2	2
Franchise Right	SGDS M	1.806	1.825	2	2	2	2	2	2
Location premium	SGDS M	0.474	0.474	0	0	0	0	0	0
Total Gross Intangible Assets	SGDS M	13.52	13.55	13.54	13.54	13.54	13.54	13.54	13.54
Less: Accumulated amortisation	SGDS M	8	7	1	5	5	5	5	5
Total Net Intangible Assets	SGDS M	6	6	6.071	19	19	19	19	19
					7				
EY18A Fixed Assets									
	Gross Value	Avg Useful life (yrs)	% of CAPEX						
Leasehold Property	55	20	13.7%						
Leasehold Land	21	50	5.3%						
Machinery and equipment	52	12.5	12.9%						
Electrical Works	57	5.5	14.3%						
Furniture and fittings	61	5.5	15.3%						
Office Equipment	14	4.5	3.4%						
Renovation	134	4	33.4%						
Motor vehicles	2	5.5	0.6%						
Construction in progress	4	-	1.1%						
Goodwill	6	-	0%						
Brand Value	3	15	0%						
Trade Mark	2	7.5	0%						
Franchise Right	2	12	0%						
Location premium	0	4	0%						
Total Gross Fixed Assets	415.09								
Capex									
Units		2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
Capex	SGDS M	32	30	48	38	40	42	44	46
% of revenue	%	5.19%	5.0%	7.9%	6.0%	6.0%	6.0%	6.0%	6.0%
Capex added to:									
Leasehold Property	SGDS M				5.2052	5.4197	5.6992	6.0025	6.3351
Leasehold Land	SGDS M				2.0334	2.1172	2.2264	2.3449	2.4748
Machinery and equipment	SGDS M				4.8921	5.0937	5.3564	5.6414	5.9541
Electrical Works	SGDS M				5.4234	5.6469	5.9380	6.2540	6.6006
Furniture and fittings	SGDS M				5.8021	6.0412	6.3527	6.6907	7.0615
Office Equipment	SGDS M				1.3050	1.3588	1.4289	1.5049	1.5883
Renovation	SGDS M				12.7117	13.2356	13.9180	14.6586	15.4710
Motor vehicles	SGDS M				0.2331	0.2427	0.2553	0.2688	0.2837
Construction in progress	SGDS M				0.4183	0.4355	0.4580	0.4823	0.5091
Total Capex	SGDS M				38.0	39.6	41.6	43.8	46.3
Depreciation									
Depreciation of existing PP&E	SGDS M			(41)	(41)	(41)	(41)	(41)	(41)
Depreciation of new PP&E	SGDS M				(5)	(11)	(17)	(23)	(30)
Total Depreciation	SGDS M				(47)	(52)	(58)	(65)	(71)

Depreciation of new leasehold Property:

Average useful life

20

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	5.21	0.3	0.3	0.3	0.3	0.3
2020E	5.42		0.3	0.3	0.3	0.3
2021E	5.70			0.3	0.3	0.3
2022E	6.00				0.3	0.3
2023E	6.34					0.3
2024E	28.66	0.3	0.5	0.8	1.1	1.4

Depreciation of new leasehold Land

Average useful life

50

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	2.03	0.1	0.1	0.1	0.1	0.1
2020E	2.12		0.1	0.1	0.1	0.1
2021E	2.23			0.1	0.1	0.1
2022E	2.34				0.1	0.1
2023E	2.47					0.1
2024E	11	0.1	0.2	0.3	0.4	0.6

Depreciation of new Machinery and Equipment

Average useful life

12.5

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	4.89	0.2	0.2	0.2	0.2	0.2
2020E	5.09		0.3	0.3	0.3	0.3
2021E	5.36			0.3	0.3	0.3
2022E	5.64				0.3	0.3
2023E	5.95					0.3
		0.2	0.5	0.8	1.0	1.3

Depreciation of new Electrical Works

Average useful life

5.5

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	5.42	0.3	0.3	0.3	0.3	0.3
2020E	5.65		0.3	0.3	0.3	0.3
2021E	5.94			0.3	0.3	0.3
2022E	6.25				0.3	0.3
2023E	6.60					0.3
	30	0.3	0.6	0.9	1.2	1.5

Depreciation of new Furniture and fittings:

Average useful life

5.5

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	5.80	1	1	1	1	1
2020E	6.04		1	1	1	1
2021E	6.35			1	1	1
2022E	6.69				1	1
2023E	7.06					1
	32	1	2	3	5	6

Depreciation of new Office Equipment:

Average useful life

4.5

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	1.3	0.3	0.3	0.3	0.3	0.3
2020E	1.4		0.3	0.3	0.3	0.3
2021E	1.4			0.3	0.3	0.3
2022E	1.5				0.3	0.3
2023E	1.6					0.4
	7.2	0.3	0.6	0.9	1.2	1.6

Depreciation of new Renovation:

Average useful life

4

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	12.7	3.2	3.2	3.2	3.2	3.2
2020E	13.2		3.3	3.3	3.3	3.3
2021E	13.9			3.5	3.5	3.5
2022E	14.7				3.7	3.7
2023E	15.5					3.9
	70.0	3.2	6.5	10.0	13.6	17.5

Depreciation of new Motor vehicles:

Average useful life

5.5

Fiscal year	Capex	2018E	2019E	2020E	2021E	2022E
2019E	0.23	0.04	0.04	0.04	0.04	0.04
2020E	0.24		0.04	0.04	0.04	0.04
2021E	0.26			0.05	0.05	0.05
2022E	0.27				0.05	0.05
2023E	0.28					0.05
	1.28	0.04	0.09	0.13	0.18	0.23

Debt									
Total Revenue	SGD\$ 'M	615	600	610	631	657	691	727	768
Cash	SGD\$ 'M	121	141	185	157	177	204	238	276
Cash as % of revenue	%	19.61%	23.55%	30.33%	24.83%	26.92%	29.47%	32.71%	35.90%
Total Interest Expense	SGD\$ 'M				4.86	4.86	4.86	4.86	4.57
Target Minimum Cash Balance	SGD\$ 'M				154.52	161	169	178	188
% of revenue	%				24%	24%	24%	24%	24%
Cashflow before short-term/revolver borrowings									
Cash from operations	SGD\$ 'M				40	71	77	82	88
Cash from investing	SGD\$ 'M				(38)	(40)	(42)	(44)	(46)
Cash from financing (excl'd debt)	SGD\$ 'M				(7)	(11)	(8)	(4)	(4)
(+) Beginning cash balance	SGD\$ 'M				185	157	177	204	238
(+) Cash from new long-term borrowings	SGD\$ 'M				-	-	-	-	100
(-) Repayment of long-term borrowings	SGD\$ 'M				-	-	-	-	(100)
(-) Target minimum cash balance	SGD\$ 'M				(155)	(161)	(169)	(178)	(188)
Available cash before short-term borrowings	SGD\$ 'M				25	16	34	60	88
Short-term debts									
Type:	Principal:	Interest Rate:							
Short-Term Debt	6.1	2.50%							
Long-Term Debt Current Portion	16.9	2.50%							
Total Short Term debt	23.0								
Average Interest Rate	2.50%								
Beginning Balance	SGD\$ 'M				23	-	-	-	-
(+) Additions	SGD\$ 'M				-	-	-	-	-
(-) Principal Repayments	SGD\$ 'M				(23)	-	-	-	-
Ending Balance	SGD\$ 'M				-	-	-	-	-
Interest Expense	SGD\$ 'M				0.29	-	-	-	-
Long-term debt									
Type:	Principal:	Interest Rate:		Maturity					
Long Term Debt	100.0	4.00%		2023					
Other Long Term Debt	28.7	3.00%		2020-2028					
Total Debt									
Weighted Average Interest Rate	3.78%								
Beginning balance	SGD\$ 'M				128.7	129	129	129	129
(+) Issuance of new debt	SGD\$ 'M				-	-	-	-	100
(-) Repayment	SGD\$ 'M				-	-	-	-	(100)
Ending balance	SGD\$ 'M				129	129	129	129	129
Interest expense	SGD\$ 'M				4.86	4.86	4.86	4.86	4.57
Retained Earnings & Dividends									
Retained Earnings									
Beginning balance	SGD\$ 'M	93	97	102	99	102	104	104	103
(+) Net income	SGD\$ 'M	11	22	15	7	6	4	3	1
(-) Dividends paid	SGD\$ 'M	7	11	8	4	4	4	4	4
Ending balance	SGD\$ 'M	97	102	99	102	104	104	103	100
Dividends paid									
Cash dividend per share	SGD\$ 'M	0.0125	0.02	0.015	0.01	0.01	0.01	0.01	0.01
Payout ratio (%)	%	62%	52%	56%	56%	56%	56%	56%	56%
Basic shares outstanding	# 'M	563	564	564	564	564	564	564	564
Cash dividends paid	SGD\$ 'M	7.04	11.27	8.45	3.91	3.91	3.91	3.91	3.91

Revenue Projections

Breadtalk	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
(SGD Millions unless otherwise stated)								
Total Revenue	615.0	599.7	609.8	630.7	656.7	690.6	727.3	767.7
Revenue Growth Rate		-2.5%	1.7%	3.4%	4.1%	5.2%	5.3%	5.5%
Revenue by Segements								
Bakery	306.9	297.2	282.0	287.5	293.8	306.0	319.2	333.4
Restaurant	137.3	140.7	152.3	160.4	170.0	180.5	191.1	202.8
Food Atrium	157.9	149.3	156.9	161.6	168.7	176.4	185.3	194.7
4orh Division	8.2	7.9	14.2	16.7	19.6	23.1	27.2	32.1
Others	4.7	4.6	4.4	4.6	4.6	4.6	4.6	4.6

Segment - Bakery

Total Revenue	306.9	297.2	282	287.5	293.8	306.0	319.2	333.4
Revenue Growth Rate (%)		-3%	-5%	2%	2%	4%	4%	4%
Revenue Breakdown								
Direct Operated Store	214.8	208.0	197.4	200.2	203.1	210.7	219.0	228.1
Franchise Operated	92.1	89.2	84.6	87.3	90.7	95.4	100.2	105.4
No. of Direct Operated stores	260	240	221	217	212	212	212	212
Volume growth (%)		-7.7%	-7.9%	-2.0%	-2.0%	0.0%	0.0%	0.0%
Singapore	123	120	118	118	118	118	118	118
Singapore DOS growth rate (%)		-2.4%	-1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
China	113	97	81	77	73	73	73	73
China DOS growth rate (%)		-14.2%	-16.5%	-5.0%	-5.0%	0.0%	0.0%	0.0%
HongKong	24	23	22	22	21	21	21	21
HongKong DOS growth rate (%)		-4.2%	-4.3%	-2.0%	-2.0%	0.0%	0.0%	0.0%
No. of Franchise Operated Stores	602	631	642	674	708	744	782	823
Volume Growth (%)		4.8%	1.7%	5.0%	5.0%	5.1%	5.1%	5.2%
China	282	267	260	265	271	276	281	287
China Franchise growth rate (%)		-5.3%	-2.6%	2.0%	2.0%	2.0%	2.0%	2.0%
				5.0%	5.0%	5.0%	5.0%	5.0%
				-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
SEA & International (SEA and International	320	364	382	409	437	468	501	536
SEA & International Franchise growth rate (%)		13.8%	4.9%	7.0%	7.0%	7.0%	7.0%	7.0%
Total No. of Stores	862	871	863	890	920	956	994	1035
Revenue Growth Assumptions								
DOS Revenue	214.8	208.0	197.4	200.2	203.1	210.7	219.0	228.1
DOS Singapore	116.0	112.3	106.6	106.6	106.6	106.6	106.6	106.6
Revenue / Store	0.94	0.94	0.90	0.90	0.90	0.90	0.90	0.90
y/y growth (%)		-0.7%	-3.5%	0.0%	0.0%	0.0%	0.0%	0.0%
DOS China	73.0	70.7	67.1	70.1	73.3	80.6	88.7	97.6
Revenue / Store	0.65	0.73	0.83	0.91	1.00	1.10	1.21	1.33
y/y growth (%)		12.8%	13.6%	10.0%	10.0%	10.0%	10.0%	10.0%
DOS HongKong	25.8	25.0	23.7	23.4	23.2	23.4	23.7	23.9
Revenue / Store	1.07	1.09	1.08	1.09	1.10	1.11	1.12	1.13
y/y growth (%)		1.0%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Franchised Revenue (30% of total, JPMorg	92.1	89.2	84.6	87.3	90.7	95.4	100.2	105.4
Franchised China	58.9	57.1	54.1	56.3	58.6	61.0	63.4	66.0
Revenue / Store	0.2090	0.2137	0.2082	0.2124	0.2167	0.2210	0.2254	0.2299
y/y growth (%)		2.3%	-2.6%	2.0%	2.0%	2.0%	2.0%	2.0%
SEA & International	33.1	32.1	30.5	31.0	32.1	34.4	36.8	39.4
Revenue / Store	0.1036	0.0882	0.0797	0.0757	0.0735	0.0735	0.0735	0.0735
y/y growth (%)		-14.9%	-9.6%	-5.0%	-3.0%	0.0%	0.0%	0.0%

Segment - Restaurant

Revenue	137.3	140.7	152.3	160.4	170.0	180.5	191.1	202.8
Revenue Growth Rate (%)		2.5%	8.2%	5.3%	6.0%	6.2%	5.9%	6.2%
No. of Outlet	24	25	28	29	30	32	33	35
Volume growth		4.2%	12.0%	3.6%	4.2%	5.0%	4.7%	5.9%
Singapore	29	21	21	21	21	21	21	21
Singapore growth rate (%)		-27.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Thailand	3	4	6	7	7	8	8	9
Thailand growth rate (%)		33.3%	50.0%	10.0%	10.0%	10.0%	5.0%	5.0%
London	0	0	1	1	2	3	4	5
London growth rate (%)				40.0%	40.0%	40.0%	40.0%	40.0%
Revenue Growth Assumptions								
Restaurant Revenue	137.3	140.7	152.3	160.4	170.0	180.5	191.1	202.8
Singapore	127.7	129.4	135.5	142.3	149.4	156.9	164.8	173.0
Revenue / Store	4.40	6.16	6.45	6.78	7.12	7.47	7.85	8.24
y/y growth (%)		40%	5%	5.0%	5.0%	5.0%	5.0%	5.0%
Thailand	9.6	11.3	15.2	15.9	17.5	19.3	20.2	21.2
Revenue / Store	3.20	2.81	2.54	2.41	2.41	2.41	2.41	2.41
y/y growth (%)		-12%	-10%	-5.0%	0.0%	0.0%	0.0%	0.0%
London	0.0	0.0	1.5	2.2	3.0	4.3	6.1	8.6
Revenue / Store	0.00	0.00	1.52	1.54	1.55	1.57	1.58	1.60
y/y growth (%)				1.0%	1.0%	1.0%	1.0%	1.0%
				5.0%	5.0%	5.0%	5.0%	5.0%
				2.0%	2.0%	2.0%	2.0%	2.0%

Bull Case
Bear Case

Segment - Food Atrium

Revenue	157.9	149.3	156.9	161.6	168.7	176.4	185.3	194.7
Revenue Growth Rate (%)		-5.4%	5.1%	3.0%	4.4%	4.6%	5.0%	5.1%
No. of Outlets	57	55	60	65	71	78	85	93
Volume Growth		-3.5%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
Singapore	15	14	14	14	14	14	14	14
Singapore growth rate (%)		-6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
China	29	27	29	30	32	34	35	37
China growth rate (%)		-6.9%	7.4%	3.0%	5.0%	5.0%	5.0%	5.0%
HongKong	5	5	6	6	7	7	7	8
HongKong growth rate (%)		0.0%	20.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Taiwan	3	3	3	3	3	3	3	3
Taiwan growth rate (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SEA (SEA: Malaysia & Thailand)	5	6	8	9	10	11	12	13
SEA growth rate (%)		20.0%	33.3%	10.0%	10.0%	10.0%	10.0%	10.0%
Revenue Growth Assumptions								
Food Atrium Revenue	157.9	149.3	156.9	161.6	168.7	176.4	185.3	194.7
Singapore	64.7	65.7	65.9	67.9	69.9	72.0	74.2	76.4
Revenue / Store	4.32	4.69	4.71	4.85	4.99	5.14	5.30	5.46
y/y growth (%)		8.7%	0.3%	3.0%	3.0%	3.0%	3.0%	3.0%
China	45.8	46.3	50.2	53.8	57.6	61.7	66.1	70.7
Revenue / Store	1.58	1.71	1.73	1.77	1.80	1.84	1.87	1.91
y/y growth (%)		8.6%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
HongKong	31.6	20.9	22.0	21.4	21.4	21.8	22.9	24.0
Revenue / Store	6.32	4.18	3.66	3.40	3.23	3.14	3.14	3.14
y/y growth (%)		-33.8%	-12.4%	-7.0%	-5.0%	-3.0%	0.0%	0.0%
Taiwan	7.9	9.0	7.8	8.2	8.4	8.4	8.4	8.4
Revenue / Store	2.63	2.99	2.62	2.72	2.80	2.80	2.80	2.80
y/y growth (%)		13.5%	-12.4%	4.0%	3.0%	0.0%	0.0%	0.0%
SEA	7.9	7.5	9.4	10.4	11.4	12.5	13.8	15.2
Revenue / Store	1.58	1.24	1.18	1.18	1.18	1.18	1.18	1.18
y/y growth (%)		-21.2%	-5.4%	0.0%	0.0%	0.0%	0.0%	0.0%

Segment - 4orth Division

Revenue	8.2	7.9	14.2	16.7	19.6	23.1	27.2	32.1
Revenue Growth Rate (%)		-3.7%	79.7%	17.6%	17.7%	17.7%	17.8%	17.8%
No of Outlets	8	5	12	13.4	13.5	13.5	13.5	13.5
Volume Growth (%)		-37.5%	140.0%	11.7%	0.9%	0.1%	0.0%	0.0%
Singapore	8	5	7	7	8	8	9	9
Singapore growth rate (%)		-37.5%	40.0%	5.0%	5.0%	5.0%	5.0%	5.0%
China	0	0	5	6	6	7	7	8
China growth rate (%)				10.0%	10.0%	10.0%	10.0%	10.0%
Revenue Growth Assumptions								
4orth Revenue	8.2	7.9	14.2	16.7	19.6	23.1	27.2	32.1
Singapore	8.2	7.9	8.8	10.2	11.7	13.6	15.7	18.1
Revenue / Store	1.03	1.58	1.26	1.38	1.52	1.67	1.84	2.03
y/y growth (%)		54.1%	-20.4%	10.0%	10.0%	10.0%	10.0%	10.0%
			Bull Case	15.0%	15.0%	15.0%	15.0%	15.0%
			Bear Case	0.0%	0.0%	0.0%	0.0%	0.0%
China	0.0	0.0	5.4	6.5	7.9	9.6	11.6	14.0
Revenue / Store			1.08	1.19	1.31	1.44	1.58	1.74
y/y growth (%)				10.0%	10.0%	10.0%	10.0%	10.0%
			Bull Case	15.0%	15.0%	15.0%	15.0%	15.0%
			Bear Case	0.0%	0.0%	0.0%	0.0%	0.0%

DCF

WACC

Cost of Equity	8.2%
Risk-free rate	2.21%
Beta	1.085
Market risk premium	5.49%
Cost of Debt	2.3%
Pre-tax cost of debt	3.58%
Tax rate	37%
Market Cap (US\$ mil)	490.3
Total Debt (US\$ mil)	151.7
WACC	6.24%

DCF Calculation

		Historicals			Forecasted				
		2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E
Total Revenue	USD\$ '000	615	600	610	631	657	691	727	768
% y-o-y	%	-	-2.48%	1.68%	3.43%	4.12%	5.16%	5.32%	5.54%
Gross Profit	USD\$ '000	337	333	343	358	370	385	402	420
Margin (%)	%	54.88%	55.57%	56.27%	56.77%	56.27%	55.77%	55.27%	54.77%
EBITDA	USD\$ '000	83	77	81	63	66	69	72	75
Margin (%)	%	13.49%	12.86%	13.30%	9.94%	10.01%	9.99%	9.92%	9.82%
EBIT	USD\$ '000	31	37	40	16	13	11	8	4
Margin (%)	%	5.00%	6.11%	6.53%	2.54%	2.04%	1.54%	1.04%	0.54%
Income Tax	USD\$ '000	(12)	(11)	(11)	(5)	(4)	(3)	(2)	(1)
Tax rate (%)	%	-41%	-27%	-37%	-35%	-35%	-35%	-35%	-35%
NOPAT	USD\$ '000	43	48	51	21	17	13	9	5
Margin (%)	%	6.98%	7.95%	8.41%	3.27%	2.61%	1.94%	1.27%	0.62%
Add: Depreciation	USD\$ '000	52	40	41	47	52	58	65	71
% of revenue	%	8.49%	6.75%	6.77%	7.41%	7.98%	8.45%	8.88%	9.28%
Less: Capex	USD\$ '000	(32)	(30)	(48)	(38)	(40)	(42)	(44)	(46)
% of revenue	%	5.2%	5.0%	7.9%	6.0%	6.0%	6.0%	6.0%	6.0%
Less: Increase in NWC	USD\$ '000	7	9	(7)	(22)	5	7	7	8
% of revenue	%	1.2%	1.5%	1.1%	3.4%	0.8%	1.0%	1.0%	1.1%
FCFF	USD\$ '000	70	67	38	8	35	37	37	38
Period proration	#				0.80	1.00	1.00	1.00	1.00
Prorated FCFF	USD\$ '000				6	35	37	37	38
Discount period	#				0.40	1.80	2.80	3.80	4.80
Discount factor	#				0.98	0.90	0.84	0.79	0.75
Discounted FCFF	USD\$ '000				6	32	31	30	28

DCF Valuation

Perpetual Growth Method	
PV of FCFF	127
Terminal Growth Rate	2.0%
Final Year FCFF	38
Terminal Value	910
PV of Terminal FCFF	681
Enterprise Value	807
Less: Debt	(152)
Add: Cash	185.0
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	812
NOSH	564
Implied Share Price	1.44

Exit Multiple Method	
PV of FCFF	127
Exit Multiple	8.0
Final Year EBITDA	75
Terminal FCFF	603
PV of Terminal FCFF	451
Enterprise Value	578
Less: Debt	(152)
Add: Cash	185
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	582
NOSH	564
Implied Share Price	1.03

Blended Target Price	
Blended Target Price, 50% perpetual growth & 50% Exit multipl	1.24

DCF Sensitivity Analysis

Sensitivity Analysis for Terminal Growth Method

Terminal Growth Rate		WACC				
		5.2%	5.7%	6.2%	6.7%	7.2%
	1.50%	1.68	1.48	1.32	1.19	1.08
	1.75%	1.79	1.56	1.38	1.24	1.12
	2.00%	1.92	1.65	1.45	1.30	1.17
	2.25%	2.06	1.76	1.53	1.36	1.22
	2.50%	2.24	1.88	1.62	1.43	1.27

Sensitivity Analysis for Exit Multiple Method

Exit Multiple		WACC				
		5.2%	5.7%	6.2%	6.7%	7.2%
	7.0	0.97	0.95	0.93	0.92	0.90
	7.5	1.03	1.00	0.98	0.96	0.94
	8.0	1.08	1.06	1.03	1.01	0.99
	8.5	1.13	1.11	1.08	1.06	1.04
	9.0	1.24	1.21	1.18	1.16	1.14

RV

Comps Table (After sorting out anomaly)

Name	Last Price	Market Cap	EV	GAAP P/E (x)		EV/EBITDA (x)		EV/Sales (x)	
	15-Mar-19	\$M	\$M	2019E	2020E	2019E	2020E	2019E	2020E
BreadTalk Group Limited	0.87	-	453	33.85x	26.67x	6.00x	5.43x	0.73x	0.68x
Asia competitors									
JOLIBEE FOODS EQUITY	7.99	8,715	8,810	38.05x	32.96x	20.89x	17.99x	1.87x	1.66x
YUM CHINA HOLDINGS INC	58.30	22,032	20,315	25.77x	23.23x	11.10x	10.00x	1.70x	1.60x
CAFÉ DE CORAL HOLDINGS LTD	3.45	2,013	1,909	22.33x	20.54x	11.30x	10.30x	1.30x	1.20x
GOURMET MASTER CO LTD	8.85	1,590	1,375	18.59x	14.89x	8.20x	6.40x	1.20x	1.10x
JUBILANT FOODWORKS LTD	27.48	3,632	3,553	58.03x	46.95x	30.00x	24.70x	5.00x	4.30x
COFFEE DAY ENTERPRISES LTD	5.73	1,213	1,789	56.54x	32.87x	14.30x	11.70x	2.30x	2.00x
Global Competitors									
STARBUCKS CORP	96.69	119,864	125,525	26.33x	23.58x	16.60x	15.30x	3.50x	3.30x
MCDONALD'S CORP	249.00	190,484	231,659	22.74x	21.04x	16.10x	15.60x	8.20x	8.10x
YUM! BRANDS INC	133.00	40,641	53,971	25.91x	23.30x	19.20x	18.30x	7.30x	7.00x
RESTAURANT BRANDS INTERNATIONAL INC	84.91	38,840	54,142	22.71x	20.68x	18.00x	16.70x	7.20x	6.80x
WENDY'S CO/THE	22.02	5,052	8,268	26.48x	21.43x	13.50x	12.60x	3.70x	3.50x
DUNKIN' BRANDS GROUP INC	96.42	7,942	11,393	24.07x	22.14x	17.40x	16.60x	6.20x	6.00x
DOMINO'S PIZZA INC	329.00	13,478	18,258	26.01x	22.23x	19.80x	17.80x	3.60x	3.30x
MTY FOOD GROUP INC	58.20	1,463	1,716	18.24x	17.69x	11.10x	10.40x	4.10x	4.00x
Average				29.4x	24.5x	14.7x	13.5x	2.4x	2.2x
Median				25.8x	22.2x	15.2x	14.0x	2.1x	1.8x

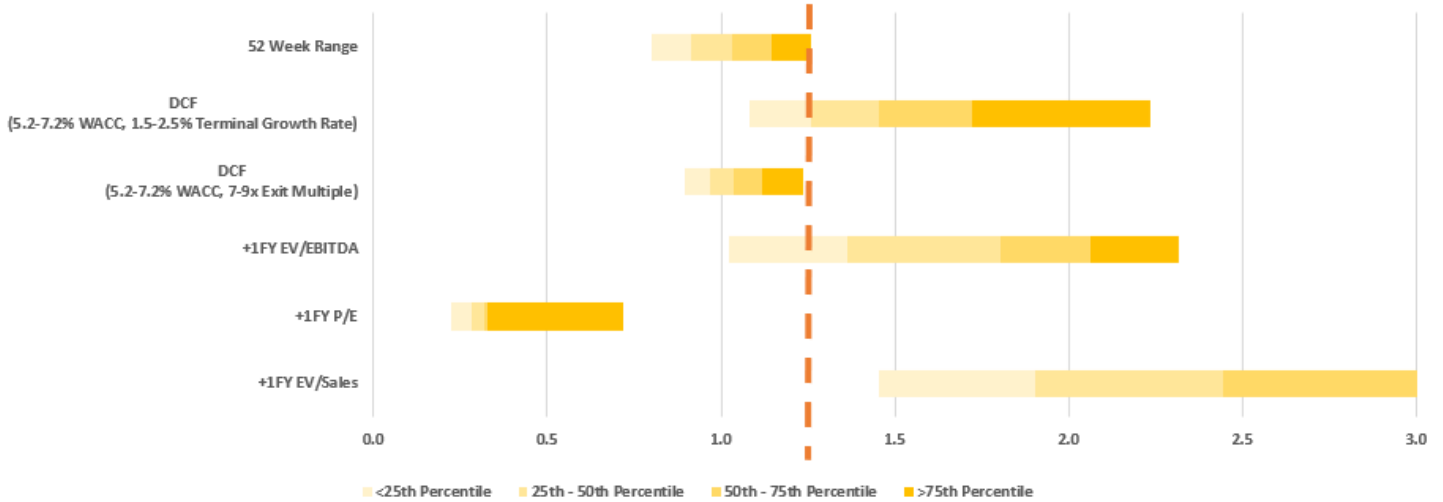
Football Field Inputs

Market Cap (\$M):	490
Enterprise Value (\$M):	428
Total Debt (\$M):	152
Total Cash (\$M):	185
Minority Interest (\$M):	-29
Investments in Assoc. (\$M):	0
NOSH (M):	564
+1FY EPS (\$):	0.01
+1FY EBITDA (\$M):	63
+1FY Sales (\$M):	631

Valuation Metric	Percentile					Average
	Min	25th	50th	75th	Max	
+1FY P/E	18.2x	22.7x	25.8x	26.4x	58.0x	29.4x
+1FY EV/EBITDA	8.2x	11.3x	15.2x	17.6x	19.8x	14.7x
+1FY EV/Sales	1.20x	1.60x	2.09x	3.53x	3.70x	2.40x
Implied Share Price	Percentile					Average
	Min	25th	50th	75th	Max	
52 Week Range	0.80	0.92	1.03	1.15	1.26	1.03
+1FY P/E	0.23	0.28	0.32	0.33	0.72	0.36
+1FY EV/EBITDA	1.02	1.36	1.80	2.06	2.31	1.75
+1FY EV/Sales	1.45	1.90	2.44	4.06	4.25	2.79
DCF	1.08	1.26	1.45	1.72	2.24	1.55
DCF	0.90	0.97	1.03	1.12	1.24	1.05

Football Field Chart Inputs

	5th Percen	50th Perc	75th Perc	5th Percentile	
52 Week Range	0.80	0.12	0.12	0.12	0.12
DCF	1.08	0.17	0.20	0.27	0.51
DCF	0.90	0.07	0.07	0.08	0.12
+1FY EV/EBITDA	1.02	0.34	0.44	0.26	0.25
+1FY P/E	0.23	0.06	0.04	0.01	0.39
+1FY EV/Sales	1.45	0.45	0.54	1.61	0.20



base	
Perpetual Growth Method	
PV of FCFF	127
Terminal Growth Rate	2.0%
Final Year FCFF	38
Terminal Value	910
PV of Terminal FCFF	681
Enterprise Value	807
Less: Debt	(152)
Add: Cash	185.0
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	812
NOSH	564
Implied Share Price	1.44

Exit Multiple Method	
PV of FCFF	127
Exit Multiple	8.0
Final Year EBITDA	75
Terminal FCFF	603
PV of Terminal FCFF	451
Enterprise Value	578
Less: Debt	(152)
Add: Cash	185
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	582
NOSH	564
Implied Share Price	1.03

Blended Target Price	
Blended Target Price, 50% perpetual growth & 50% Exit multi	1.24

Bull Case	
Perpetual Growth Method	
PV of FCFF	291
Terminal Growth Rate	2.0%
Final Year FCFF	122
Terminal Value	2,944
PV of Terminal FCFF	2,202
Enterprise Value	2,493
Less: Debt	(152)
Add: Cash	185.0
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	2,498
NOSH	564
Implied Share Price	4.43

Exit Multiple Method	
PV of FCFF	291
Exit Multiple	8.0
Final Year EBITDA	147
Terminal FCFF	1,175
PV of Terminal FCFF	879
Enterprise Value	1,170
Less: Debt	(152)
Add: Cash	185
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	1,174
NOSH	564
Implied Share Price	2.08

Blended Target Price	
Blended Target Price, 50% perpetual growth & 50% Exit multi	3.26

Bear Case	
Perpetual Growth Method	
PV of FCFF	44
Terminal Growth Rate	2.0%
Final Year FCFF	6
Terminal Value	135
PV of Terminal FCFF	101
Enterprise Value	145
Less: Debt	(152)
Add: Cash	185.0
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	149
NOSH	564
Implied Share Price	0.26

Exit Multiple Method	
PV of FCFF	44
Exit Multiple	8.0
Final Year EBITDA	49
Terminal FCFF	389
PV of Terminal FCFF	291
Enterprise Value	335
Less: Debt	(152)
Add: Cash	185
Less: Minority interests	(29)
Add: Investments in joint ventures	-
Implied Equity Value	340
NOSH	564
Implied Share Price	0.60

Blended Target Price	
Blended Target Price, 50% perpetual growth & 50% Exit multi	0.43