



合興集團控股有限公司

HOP HING GROUP HOLDINGS LIMITED

(於開曼群島註冊成立之有限公司) 股份代號:47

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 47

2021-Q1 Operation Updates
& 2020 Annual Results Announcement
Corporate Presentation

April 2021



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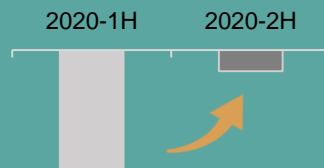
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FY2020 & 2021-Q1 Operational Update

FY2020

Improved profitability as China's economy picked up quickly

- Economic growth improved progressively every month from March 2020 onwards
- Our net loss has **significantly reduced** in 2020-2H



“New Retail Model” – our new growth driver

- Well-established delivery business and “Family Kitchen” brought decent income



Well-defined business strategies

- Resources have been focused on the two major brands



2021-Q1

Through a wide variety of proactive measures to control cost and expand new income streams, our **revenue and same-store sales** recorded notable **y-o-y growth** in 2021-Q1

 **+41.6%**
Revenue (y-o-y)

 **+38.9%**
SSSG (y-o-y)

Storms make us grow stronger!

Continue to Optimize Store Network

Total: 576 Stores (As of 31 Mar 2021)

Optimise our Store Network to fit long term strategic planning

No. of Store: **576**



	吉野家 YOSHINOYA		DQ		Others		Total	
	As of 31 Mar 2021	As of 31 Dec 2020	As of 31 Mar 2021	As of 31 Dec 2020	As of 31 Mar 2021	As of 31 Dec 2020	As of 31 Mar 2021	As of 31 Dec 2019
Beijing, Tianjin & Hebei	253	256	137	142	1	1	391	399
Northeast China & Inner Mongolia	130	127	48	47	0	0	178	174
Henan*	7	7	N/A				7	7
Total	390	390	185	189	1	1	576	580

* Operating by the JV

吉野家
YOSHINOYA

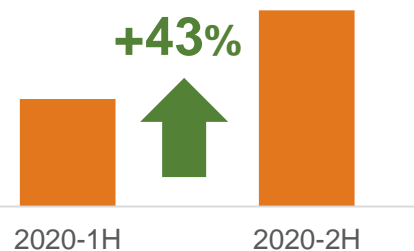


❖ Closing down minor brands' stores to direct more resources to **Yoshinoya** and **Dairy Queen** for better cost efficiency

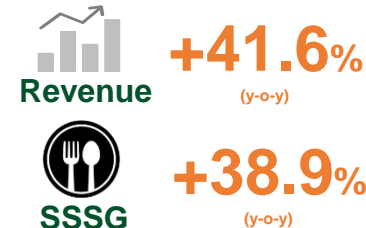
Recovery is on Track

- ❖ With the pandemic coming under control more quickly in China than other parts of the world, **consumer spending** in China in the last quarter of 2020 returned to levels similar to that in 2019 despite sporadic outbreaks in December 2020
- ❖ The Group's revenue **rebounded significantly** in 2020-2H and 2021-Q1

Revenue 2020-1H vs 2020-2H



2021-Q1 Update



“New Retail Model” Brought in Decent Income during FY2020

01



Delivery business accounted for **44.6%** of the total revenue



02



“**Family Kitchen**”, which was introduced in February 2020, contributed **RMB120 million** revenue, accounting for **8%** of the total sales



03



Capitalise on digitalization to drive sales. **No. of CRM members** close to **10 Million**



Stringent Cost Control with Uncompromising Quality

COVID-19 preventive measures implemented on both supply chain and store levels

Optimizing **manpower deployment** and distribution costs

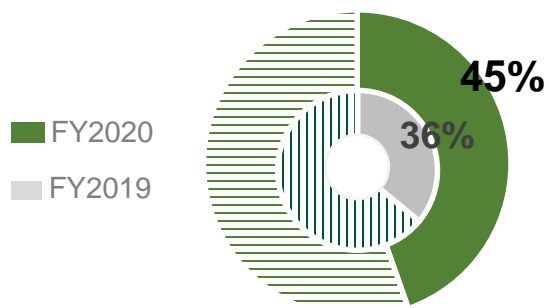
Negotiating with landlords for **rental concessions**

Implementing policy to facilitate **cash flow management**

Delivery Business Contributed Notably

Well-established Delivery Business Further Boosted Sales in FY2020

Delivery Business to Total Sales

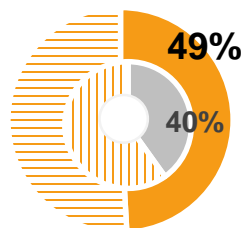


Delivery Business to Total Sales of Yoshinoya

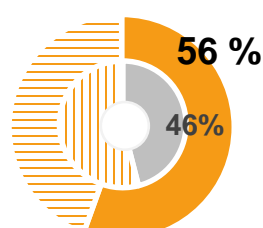


FY2020
FY2019

All Stores



Beijing Stores

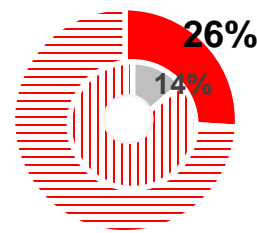


Delivery Business to Total Sales of DQ

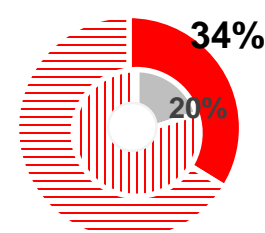


FY2020
FY2019

All Stores



Beijing Stores



合 Delivery Business has become a significant revenue contributor

“Value-for-money” Hot Pot to Enhance In-store Dining Experience

- ❖ Introduction of “value-for-money” hotpot menu to attract customers
- ❖ To expand product offering and **optimize customers’ in-store dining experience** during their store visits
- ❖ To **widen target customer group** by addressing more catering styles
- ❖ To **increase average customer spending** with better margin

店铺体验极致化



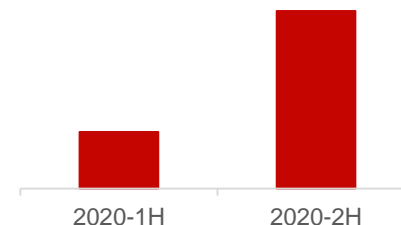
“Family Kitchen” has been Growing Rapidly

NEW

- ❖ Rolled out “**Family Kitchen**” product line in **early Feb** which has facilitated business diversification and accelerated the sales recovery
- ❖ The new high-quality packaged food brand sells convenient, frozen and cooked products, as well as semi-finished and seasoning products
- ❖ In 2020, “Family Kitchen”, with **less than a year’s operation**, already generated sales of **RMB120 million**, accounting for **8%** of the Group’s total sales

Revenue from
“Family Kitchen” in FY2020

RMB120 million



Diversified product mix to grasp opportunities arising from the “dine-at-home” new normal

Fresh Food



Staple



Dressing





Becoming an Innovative Catering Enterprise

- ❖ Enhance user experience - capitalize on various **smart tools** such as proprietary mini-program, self-service ordering machines and apps etc.
- ❖ Adopt New Retail Model to tap social marketing and launched **live streaming shows** for the “**Family Kitchen**” products
- ❖ Capitalise on new platforms such as Wechat, Weibo, jd.com, Taobao, Kuaishou, and douyin to attract new business traffic
- ❖ Continue to expand private domain traffic pool, attract **new customers** and increase the **retention rates** among existing buyers
- ❖ Through CRM membership system, customers can enjoy the promotion and share useful information with friends through social media platforms such as Wechat, Weibo to earn more discounts. As at 31 December 2020, **no. of CRM members** was close to **10 Million**



秒变会员



立享特权



朋友圈





“Catering Income + New Retail Income + Online and Offline Integration”

- ❖ In the post-pandemic era, consumers' **consumption habits** are changing rapidly - an increasing number of opportunities are emerging for **quality food delivery service**
- ❖ In the long term, these changes in consumer habits and demands will facilitate the further development of the Group's delivery business

Value-added Delivery Service

Enhance “Family Kitchen”



- ❖ Utilizing the Group's **extensive store network** as key marketing platforms and making **creative use of social media marketing**, including **live streams**, to promote and strengthen the “Family Kitchen” brand
- ❖ Expanding private domain traffic pool, attracting new customers and increasing the repeated purchase rate among existing buyers through various **digitalization strategies**



- ❖ Utilizing the **New Retail Model** to further deepen market penetration
- ❖ Continue to ensure timely delivery and top-notch service, thus maintaining **a high level of customer satisfaction**





“Catering Income + New Retail Income + Online and Offline Integration”

- ❖ The **retail landscape** is shifting rapidly by bringing in customers from online platforms to physical stores for dining experience, and the in-person and **in-store retail experience is as important as ever**
- ❖ Embrace sales-enabling technology to seize different opportunities **in omni-channel**



- ❖ **Continue to open stores** for Yoshinoya and DQ at selected locations and opportune time to **enhance brand presence**
- ❖ **Optimize hot pot product offering** to grasp the hot pot craze with an aim to provide the meal in most of the stores



店铺体验
极致化



Enhance in-store dining experience

Ongoing Product R&D & Effective Cost Control



- ❖ Develop more original and **value-for-money** new products
- ❖ **Further Streamline supply chain management** and **centralize procurement** to secure more quality raw materials at reasonable prices
- ❖ Continue to raise operational efficiency through **digitalization**
- ❖ Optimizing **manpower deployment, cost control** and **distribution costs**





“Integration of Digital, Social Media, Technology and Catering”





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Financial Highlights



Key Financial Figures

(RMB million)	For the year ended 31 December	
	2020	2019
Turnover	1,590.3	2,102.8
Gross Profit	945.2	1,320.4
Adjusted Store EBITDA [#]	211.0	412.7
Operating (Loss) / Profit ^{#, 1}	(49.3)	145.8
Net (Loss) / Profit for the Year	(81.9)	104.1
Basic (Loss) / Earnings per share (RMB cent)	(0.84)	1.07
Key Financial Ratios		
GP Margin (%)	59.4%	62.8%
Adjusted Store EBITDA Margin (%)	13.3%	19.6%
Operating (Loss) / Profit Margin (%)	(3.1%)	6.9%
Net (Loss) / Profit Margin (%)	(5.2%)	5.0%
Expenses		
Selling and distribution expenses ²	(734.2)	(907.7)
<i>Selling and distribution expenses (%)²</i>	46.2%	43.2%
General and administrative costs ²	(166.5)	(173.7)
<i>General and administrative costs (%)²</i>	10.5%	8.3%
Impairment of non-finance assets	(83.3)	(11.2)
<i>Impairment of non-finance assets (%)</i>	5.2%	0.5%
Depreciation [*]	(91.2)	(92.0)
<i>Depreciation (%)[*]</i>	5.7%	4.4%

* The lease related depreciation has been excluded

The lease related depreciation and finance costs have been grouped as rental expenses for better understanding

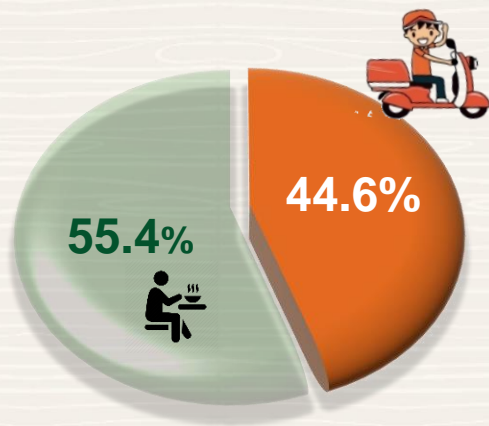
1. Before other income & gains and impairment of non-financial assets

2. Excluding non-lease related depreciation

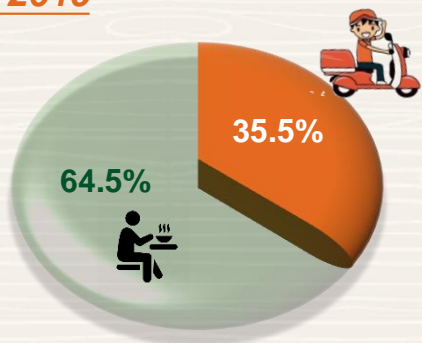
Revenue

Revenue from Delivery business

FY 2020

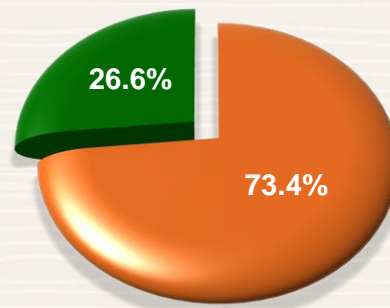


FY 2019

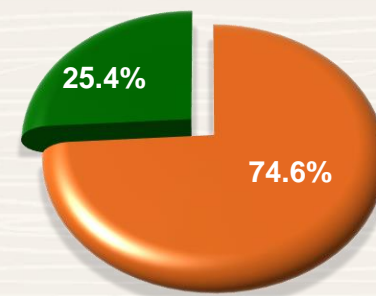


Revenue by Regions

FY 2020



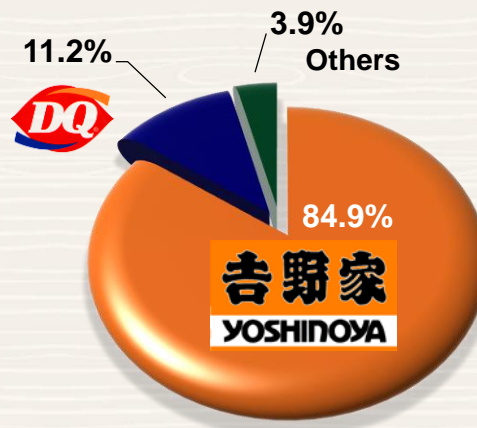
FY 2019



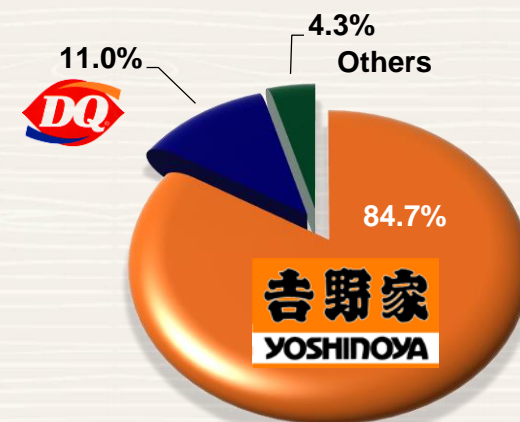
■ Beijing-Tianjin-Hebei metropolitan region ■ Northeast China

Revenue by Major Brands

FY 2020



FY 2019



Stable Cost & Expense Structure

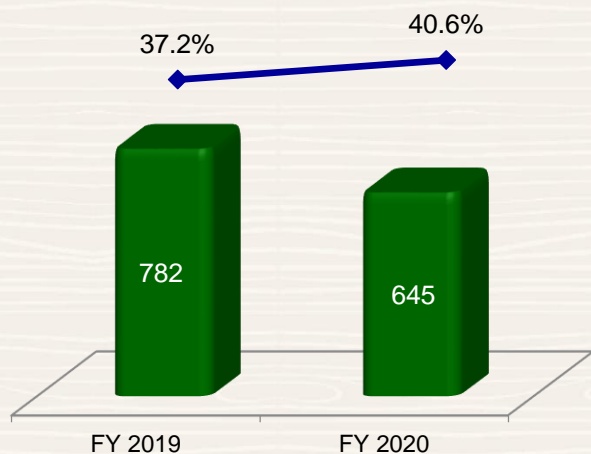
- ❖ Strive to maintain raw material costs at a stable level with centralised procurement management

- ❖ Optimize staff deployment to reduce labor cost
- ❖ Management voluntary pay cut

- ❖ Negotiated with landlords for rental concessions
- ❖ Closure of some low-efficiency stores

Cost of Sales

(RMB million)

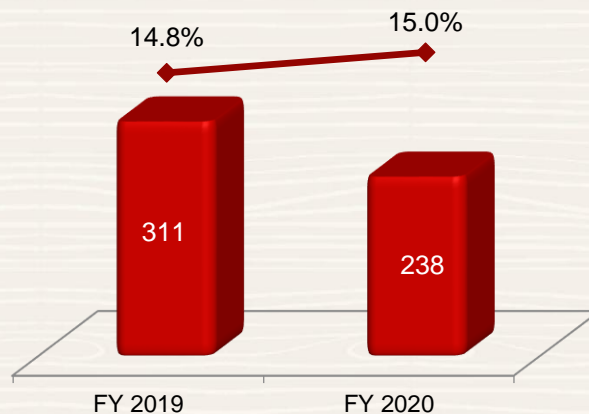


■ Cost of Sales

◆ Cost of Sales as % of Turnover

Labor Costs

(RMB million)

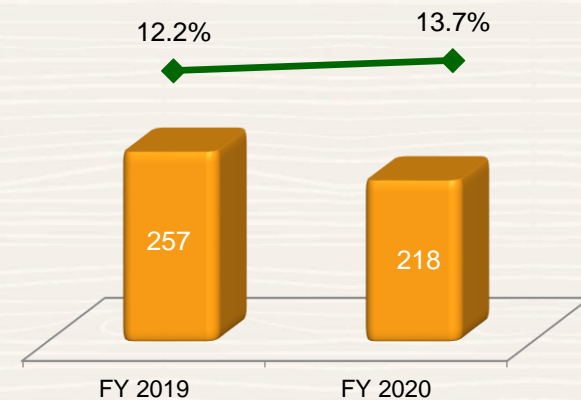


■ Labor Costs

◆ Labour Costs as % of Turnover

Rental Expenses *

(RMB million)



■ Rental Related Expenses

◆ Rental Related Expenses as % of Turnover

* The lease related depreciation and finance costs have been grouped as rental expenses for better understanding
Under selling and distribution expenses

Cash Position Remains Healthy

(RMB million)	2020 (As at 31 Dec)	2019 (As at 31 Dec)
Cash	403	253
Deposit certificates and other financial assets	106	303
Total Debt	-	-
Net Cash	509	556

Become a Leading Digitalised Multi-brand QSR Operator in the PRC





合興集團控股有限公司
HOP HING GROUP HOLDINGS LIMITED

Q&A





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