

Tam Jai International Co. Limited

譚仔國際有限公司

(Stock Code: 2217.HK)

FY23/24 Annual Results

May 2024



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Presentation Content

1. Performance Highlights
2. Business Overview
3. Financial Highlights
4. Future Plans
5. Sustainable Development
6. IR Contacts
7. Appendix



01

Performance Highlights



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Highlights



Record-breaking Group Revenue Amid Stormy Environment

- Group's revenue +5.9% YoY to HK\$2,748M, driven by 14 net openings
- Exclude subsidies, Profit for the Year up 34.2% YoY to HK\$117M



Stable Growth in Hong Kong

- Revenue +4.8% YoY to HK\$2,571M amid challenging post-COVID era
- Operating profit remained stable at HK\$473M



Ex-HK Markets: Narrowed Operating Loss by 52.5% to HK\$14M

- Revenue +25.1% YoY
- Improvement in Japan and Mainland China



Incremental Growth from JV & Franchise will Start in FY2025

- Australia & Philippines: debut restaurant launch by next March
- Exploring actively franchise opportunities in Southeast Asia



High Annual Dividend Payout Ratio at 100%

- Total dividend of HK8.9 cents per share including HK3.0 cents interim dividend and HK5.9 cents final dividend
- Supported by strong cash on hand at HK\$1,352M

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Business Overview



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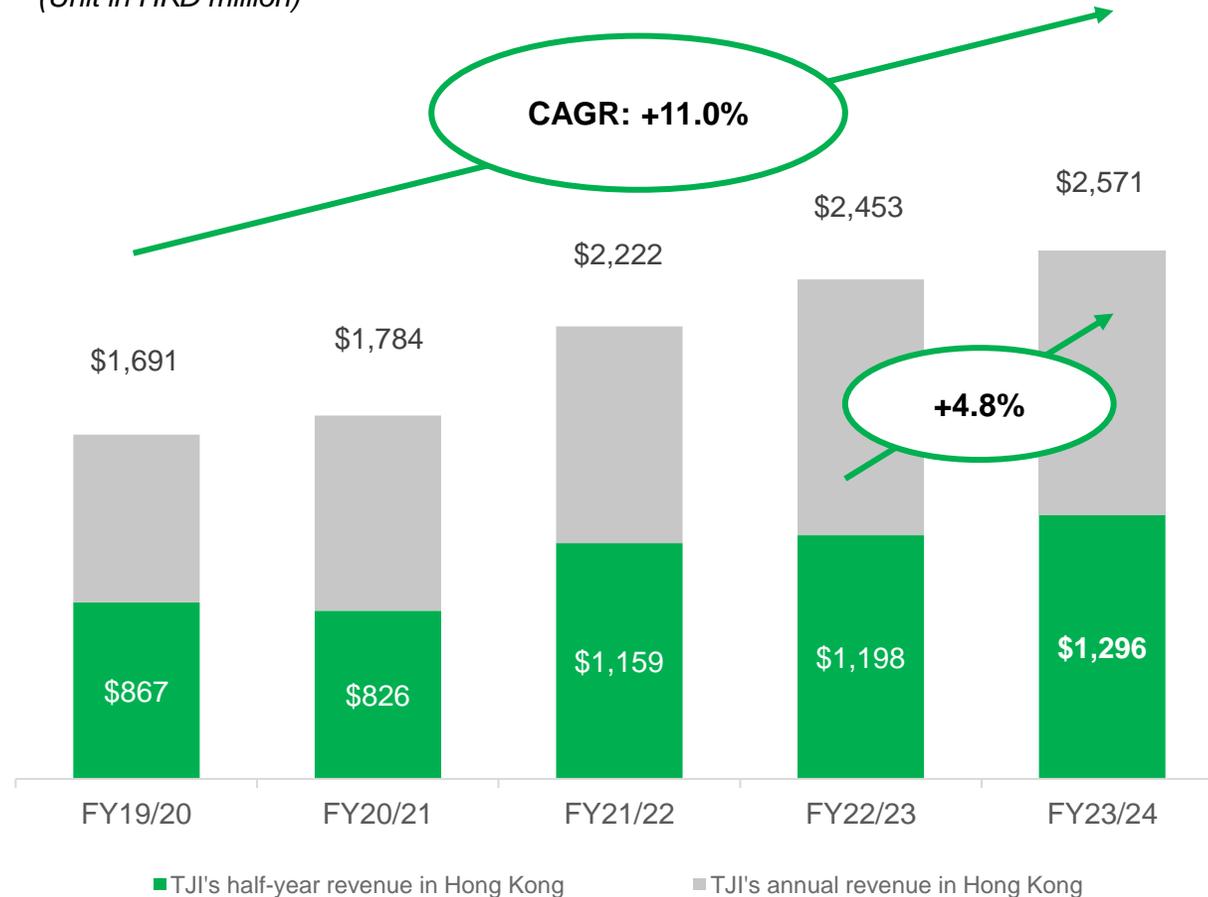


Hong Kong: Stable Growth Despite Challenges



Revenue

(Unit in HKD million)



Growth Drivers



- **Challenging operating environment** coupled with increased outbound travellers and day trippers to Mainland China
- **Comparable restaurant revenue +0.3% YoY** despite weaker sentiment
- Incremental gain from **aggregators**
- **New products, CRM** and more **value-for-money offers**

*Comparable restaurants are defined as restaurants in full operation throughout the years under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the years concerned. This definition applies to the whole presentation.



Continuous Product Innovation to Drive Traffic



- Afternoon tea sets and “Hot Dish” series: drove revenue during quieter periods
- Regular launch of seasonal limited-time offerings, new toppings, snacks and special drinks
- Enhanced customer engagement through creative marketing campaigns





Value-for-money Promotional Offers & CRM



- Cater to trade-down consumption trend amid weak economy
- CRM members reached 1.3 million (as of 31 March 2024)
 - Average monthly member revenue: +53% YoY

1.3M

CRM members
(as of 31 March 2024)

+64%

Active members YoY
(~40% of total members)

自選米線可以
優惠價\$20!
加配三式小食拼盤
+冷/熱飲品一杯

「\$20! 慶功! 食譚仔! 用APP叫! 我嘅!!」

三哥辛派 App 買滿\$50
減\$10

開APP即用
快閃優惠

3月快閃
积分兑换奖赏

大部份獎賞
低至平日一半積分兌換!

- 200分: \$5現金券(5時後) [300分]
- 400分: 免費凍飲 [800分]
- 500分: 新 免費特飲
- 600分: 免費皮蛋 [1200分]

手機APP外賣自取
新春限定優惠

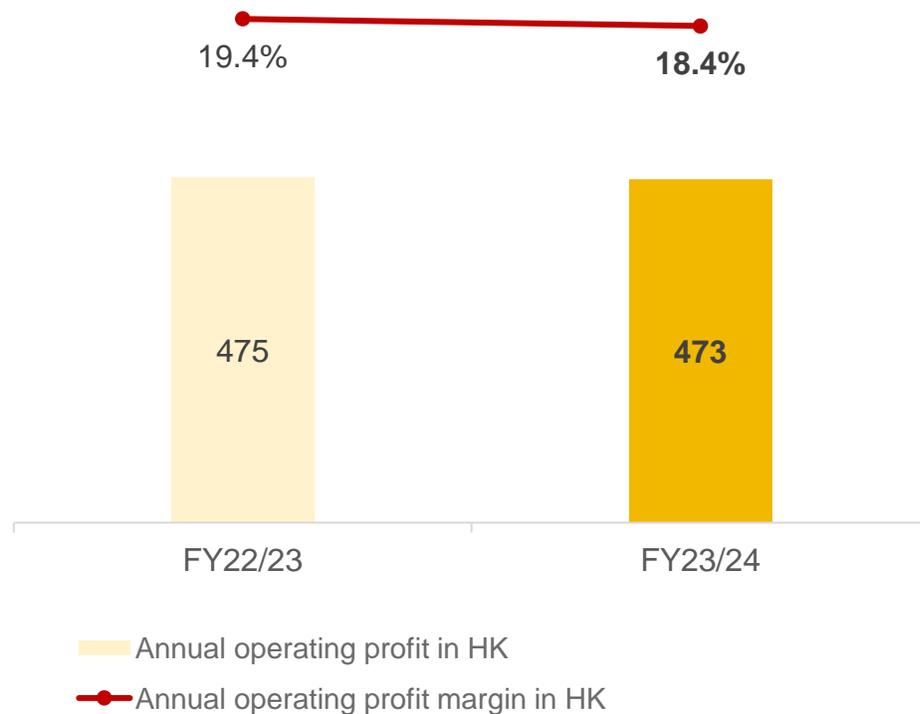
三餸或以上米線送 指定小食
四川青椒皮蛋(大) 或 麻辣豬耳(大) 2選1
[數量有限, 送完即止]



Operating Profit Remained Stable & Healthy



Operating profit and operating profit margin



Cost Saving Initiatives

- **Strategic price adjustment**
- **Procurement enhancement strategies** to curb food costs
 - Centralised bulk sourcing
 - Direct procurement from sources
 - Product substitution
- **New plastic cutlery policy** since October
- **Increasingly standardised workflows**
- **Smart rostering system** to boost staff productivity

Outside HK: Narrowed Operating Loss

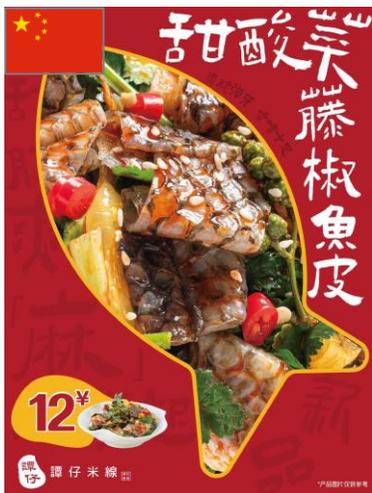


+25.1%
Revenue YoY

-52.5%
Narrowed operating loss outside Hong Kong

Improvement drivers

- **Localisation** for menu offerings and restaurant design to attract local customers
- **Nurture brand awareness:** “Hong Kong No.1 Mixian” positioning
- **Marketing initiatives:** strengthen competitiveness through improvement of branding elements, communications tactics and channels
- **Enhance operational efficiency in Japan:** improved restaurant workflow, reduced food wastage and centralised bulk sourcing





Mainland China: Narrowed Operating Loss



Redirected focus to ex-Shenzhen cities in GBA

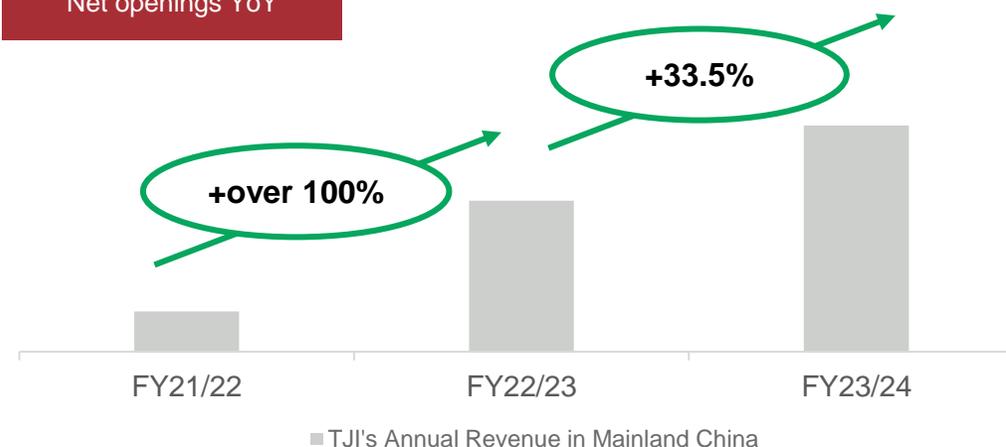
26 restaurants
(as of 31 Mar 2024)



- Opened **10 new restaurants in Guangzhou and tier-2 cities** in GBA, and **closed 4 under-performing restaurants in Shenzhen** in FY2024
- New restaurants showed **better profitability** compared to Shenzhen
- To explore **alternative restaurant formats** with lighter capital expenditures

Revenue

+6
Net openings YoY



- Received **promising customers feedback** on newly launched localised menu and new restaurant layout revamp
- **Reduced operating loss**, supported by continuous operational enhancement
- **Cautious expansion; review restaurants formats and sizes** in coming year

New Restaurant Design in Mainland China

- Various “Instagrammable spots” were designed to appeal to the young generation
- Adopt **open kitchen** design for attracting locals
- **Hong Kong-style milk tea**: highlight HK brand positioning

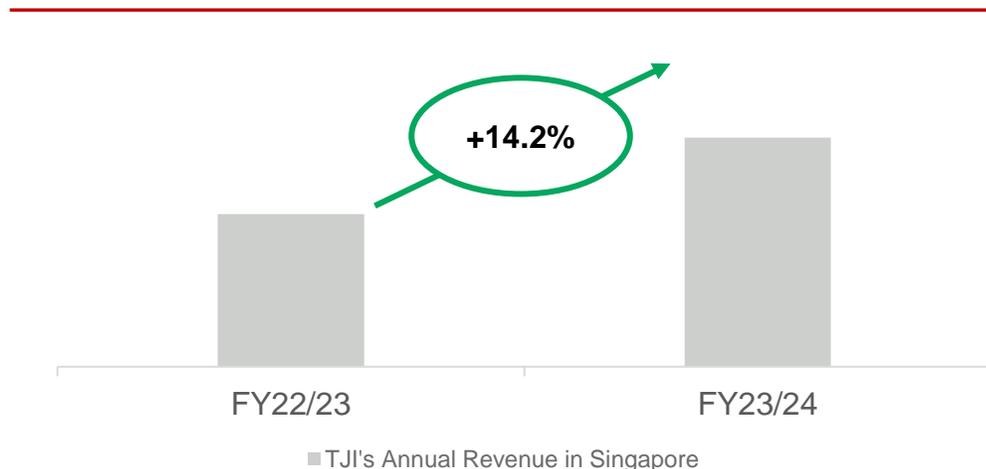




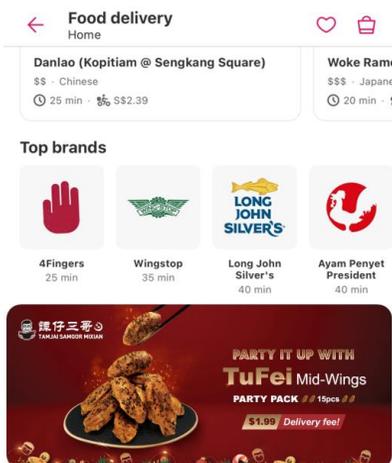
Singapore: Substantial Rooms for Improvement



Revenue



11 restaurants
(as of 31 March 2024)



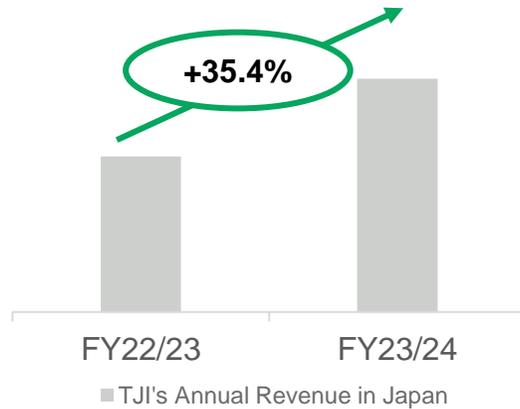
- Keen competition and internal issues resulted in **comparable restaurant revenue decline in FY2024**
- Major focus: **stabilising the local management team**, recruiting staff, enhancing operations
- Positive feedbacks on recent marketing efforts
 - Continue to strengthen marketing campaigns to **increase brand visibility**
 - Will launch more **strategic partnerships and joint promotions with banks and aggregators**
 - Will **debut CRM system to boost loyalty** by end of 2024



Japan: Notable Revenue and Profit Enhancement



Revenue



Over
+40.0%
Comparable restaurant*
revenue YoY



✓ Successful partnership with 2 new aggregators, Uber Eats and Demaegan



✓ New local management successfully grew positive brand perception

✓ Boosted average spending per customer through increasing menu prices, without compromising on restaurant traffic

Lowered Operating Loss



✓ Stringent cost control measures

✓ Enhanced cost efficiency through ingredient substitutions, workflow enhancement, wastage reduction



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Financial Highlights



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Results for the Year



Revenue year-on-year increased by 5.9%

(Unit in HKD million)



Driver: +14 net additions of restaurants

Consolidated statement of profit or loss

(Unit in HKD million)

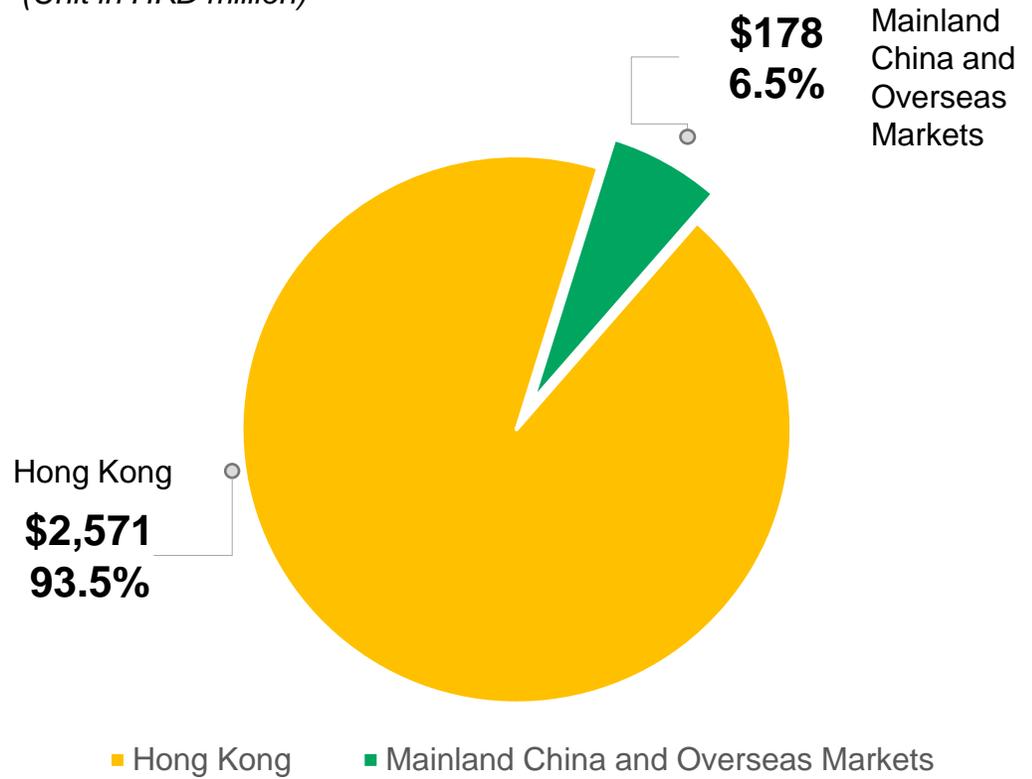
	Year ended 31 March	
	FY23/24	FY22/23
Revenue	\$2,748	\$2,595
Profit before taxation	\$152	\$176
Profit for the year	\$119	\$141
Profit for the year, excluding government subsidies#	\$117	\$87
Profit margin	4.3%	5.4%
Profit margin, excluding government subsidies#	4.3%	3.4%

#We exclude government subsidies because it is non-recurring income.

Revenue by Geographic Location & Order Type

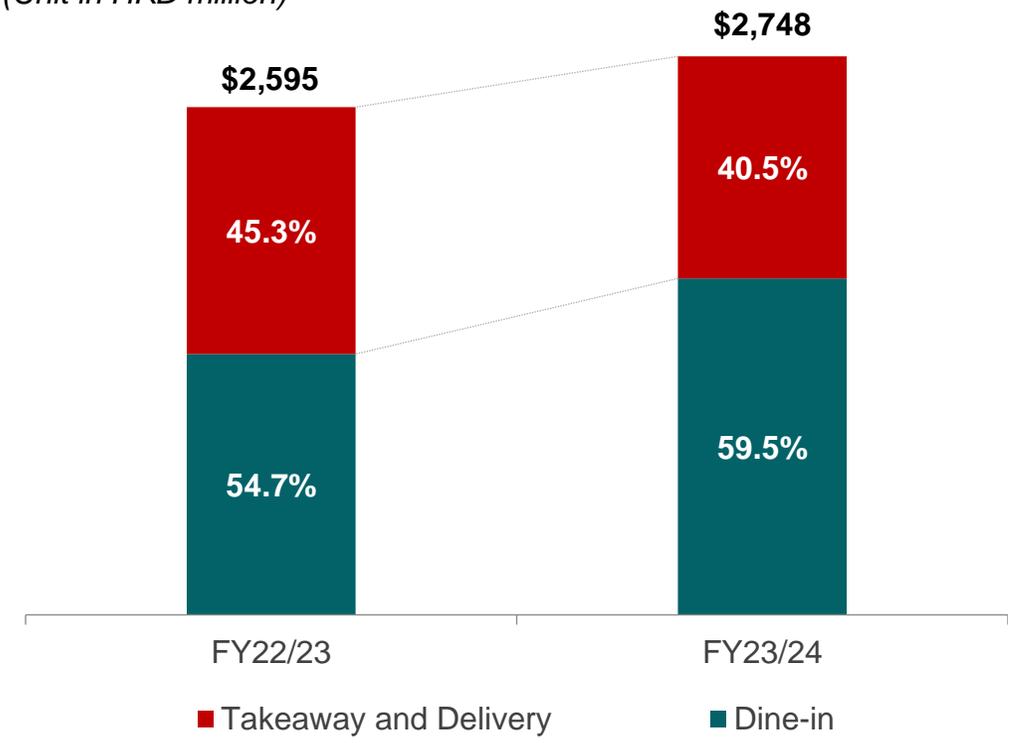
Majority contribution from Hong Kong

(Unit in HKD million)



Takeaway & delivery revenue remained significant

(Unit in HKD million)



Takeaway & delivery comprises takeaway orders made at the restaurants and delivery orders fulfilled through online delivery platforms.

Revenue by Key Performance Indicators



Geographic location	Average spending per customer (in HKD) ^[1]			Average daily # of bowls served per seat ^[2]			Average daily revenue per restaurant (in HKD) ^[3]		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
For the year ended 31 March									
Hong Kong	\$61.2	\$61.5	\$59.7	6.1	6.0	6.4	\$38,578	\$38,915	\$41,060
Mainland China	\$40.1	\$46.1	\$58.3	3.2	3.0	4.4	\$8,974	\$10,383	\$19,666
Singapore	\$86.7	\$82.4	\$83.0	2.9	3.7	2.8	\$18,539	\$22,207	\$23,089
Japan	\$68.1	\$62.6	\$96.0	5.8	5.0	7.7	\$24,023	\$19,316	\$51,370
Overall	\$60.8	\$61.4	\$59.8	5.8	5.8	6.3	\$34,196	\$35,767	\$40,175

[1] Calculated by dividing the revenue generated from our restaurants by the total number of customers served. We use the number of bowls of mixian sold as a proxy for the number of customers served.

[2] Calculated by dividing the total number of bowls served (including dine-in, takeaway and delivery orders) by the total seating capacity calculated with reference to the number of seats in the respective floor area of our restaurants by total operation days divided by the total number of restaurants.

[3] Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.

Operating Profit Analysis

(Unit in HKD million)

	Year ended 31 March	
	FY23/24	FY22/23
Revenue	\$2,748	\$2,595
Restaurant and central kitchen operating costs:		
- Cost of food and beverages consumed	\$648	\$620
- Staff costs ^[1]	\$727	\$671
- Depreciation of right-of-use assets, rental and related expenses ^[1]	\$516	\$484
- Consumables and packaging	\$61	\$76
- Utilities expenses	\$85	\$73
- Handling charges	\$103	\$81
- Advertising and promotion	\$61	\$61
- Cleaning expenses	\$25	\$23
- Repair and maintenance	\$21	\$18
- Other expenses ^[1]	\$42	\$43
Operating profit	\$459	\$445
Operating profit margin	16.7%	17.2%

[1] Represent relevant costs attributable to our restaurants and central kitchens and exclude any costs attributable to headquarters and office.

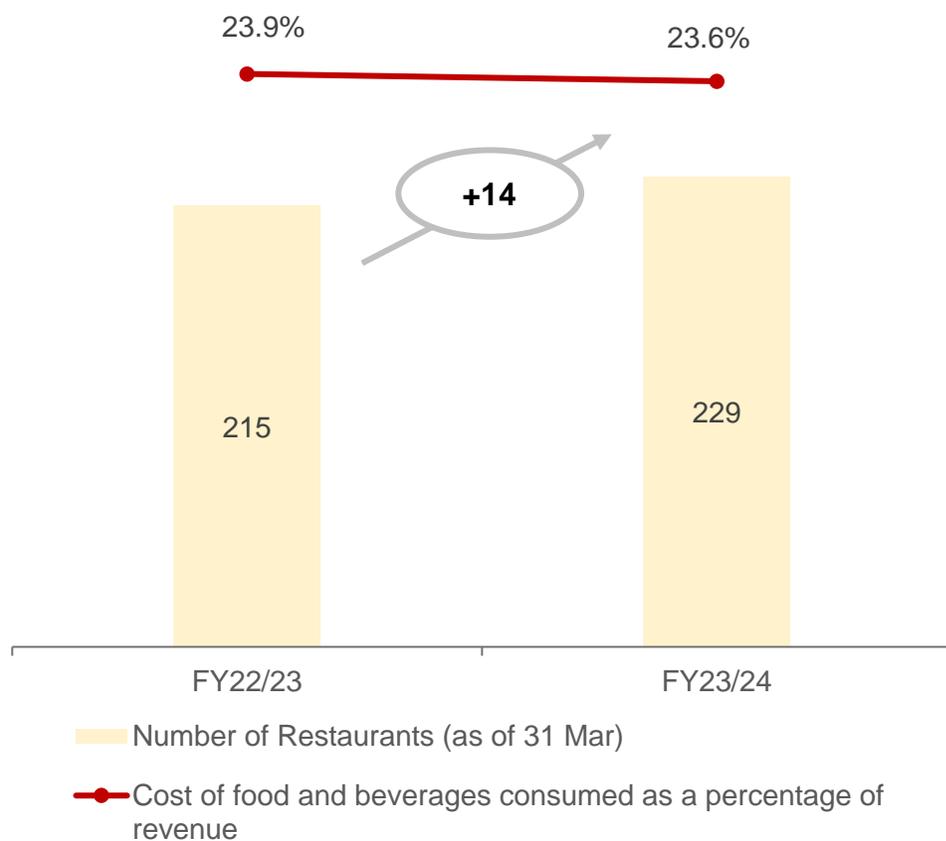
Breakdown by geographic location

Hong Kong	Year ended 31 March		
	FY23/24	FY22/23	Change in %
Revenue	\$2,571	\$2,453	+4.8%
Operating profit	\$473	\$475	-0.4%
Operating profit margin	18.4%	19.4%	-1 p.p.*
Mainland China and Overseas Markets	Year ended 31 March		
	FY23/24	FY22/23	Change in %
Revenue	\$178	\$142	+25.1%
Operating loss	-\$14	-\$30	-52.5%
Operating loss margin	-8.0%	-21.0%	-13 p.p.*

* - Percentage points ("pp") can be referred as the unit for the difference between two percentages.

Cost Analysis

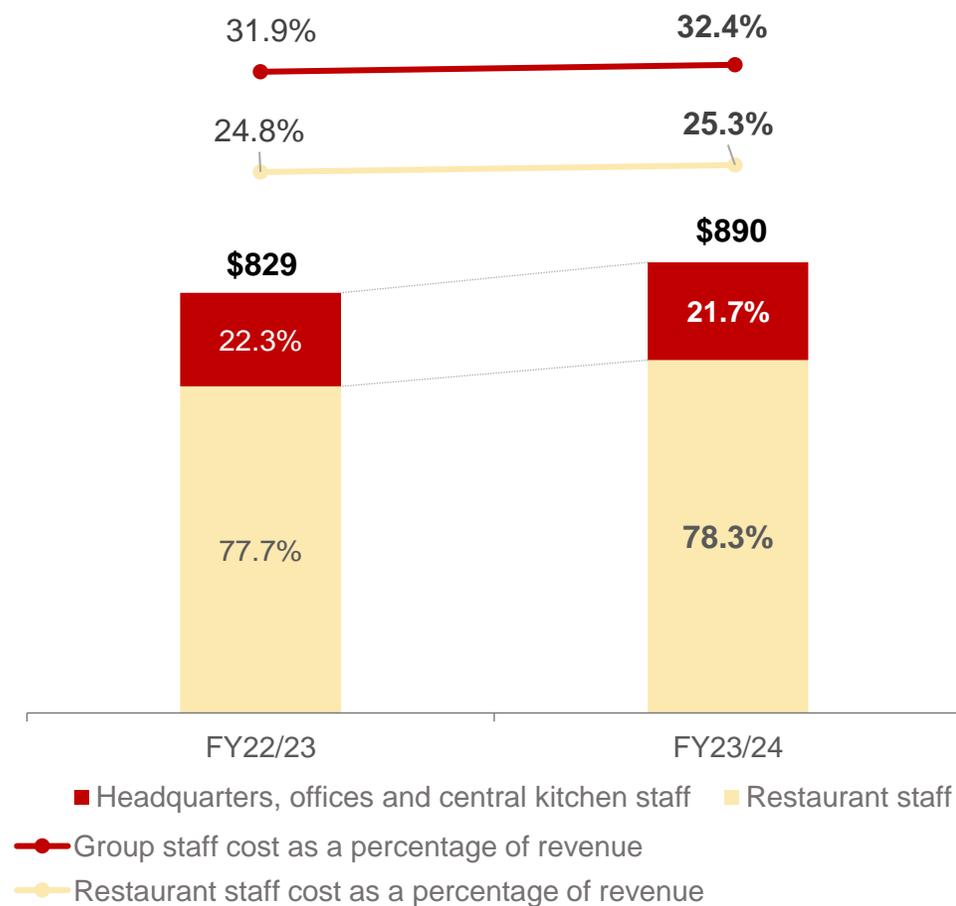
Food cost as a percentage of revenue decreased by 0.3p.p.**



** - Percentage points ("pp") can be referred as the unit for the difference between two percentages.

Group staff cost % to revenue remained stable at 32.4%

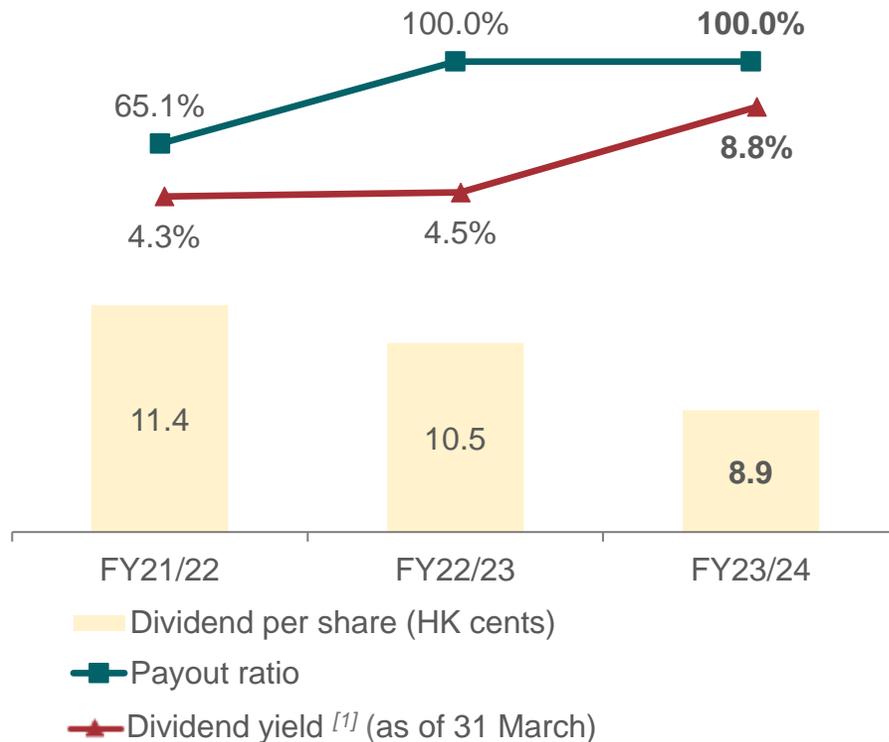
(Unit in HKD million)



Share Success with Shareholders

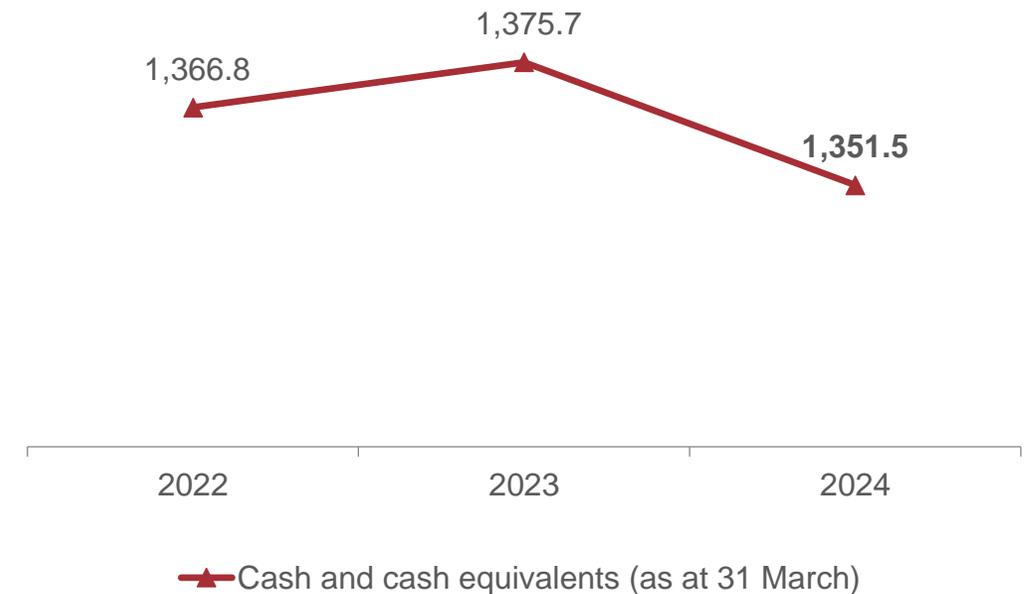
- Total dividend of HK8.9 cents per share, including HK3.0 cents interim dividend and HK5.9 cents final dividend

Dividend payout since IPO



[1] Calculated by dividing the proposed final dividend for the years by the company's share price on 31 March 2022, 2023 and 2024 for FY21/22, FY22/23 and FY23/24 respectively and multiplying by 100%.

Cash and cash equivalents



Other Key Financial Data



Key financial metrics		FY23/24	FY22/23
Earnings per share (HK cents)	<i>Basic</i>	8.9	10.5
	<i>Diluted</i>	8.8	10.5
Current ratio ^[1]		2.3	2.4
Quick ratio ^[2]		2.3	2.4
Return on assets ^[3]		4.5%	5.4%
Return on equity ^[3]		7.8%	9.1%

[1] Calculated based on our total current assets as at the end of the relevant year divided by our total current liabilities as at the end of the corresponding years.

[2] Calculated based on our total current assets less inventories as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.

[3] Calculated based on our annualised profit for the relevant years divided by our average total assets as at the beginning and the end of the corresponding years and multiplied by 100%.

[4] Calculated based on our annualised profit for the relevant years divided by our average total equity attributable to our equity shareholders as at the beginning and the end of the corresponding periods and multiplied by 100%.

04

Future Plans



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Hong Kong: Sustain Growth through Multi-branding

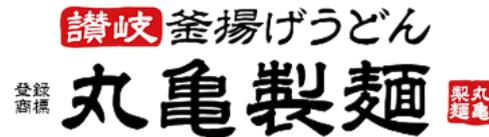


Synergies with Toridoll (Controlling Shareholder)



- ✓ Rich portfolio of F&B brands featuring **affordable dining concepts**, similar to the Group's positioning
- ✓ Cater to trade-down consumption trend amid weak economy
- ✓ Medium-term target: open **50 franchised brand restaurants** in HK within 5-7 years
- ✓ Actively exploring growth opportunities of another brand from Toridoll in Hong Kong

Marugame Seimen – 1st Franchised Brand



Plan of opening 4-6 restaurants in FY2025



Revitalise the Marugame brand, by providing a **fresh and authentic Japanese** dining experience to a wider audience

Overseas: New Franchise and JV Models



Guaranteed and Extra Income

Leverages local partners' expertise & connections

Higher success rate at lower cost

- 
Australia: 49% Joint Venture with ST Group
 - Identified locations for the JV's first restaurant in **Melbourne**
 - Network with sub-franchisees
 - Target to open within 2024
- 
Philippines: Potential Franchise with Suyen Corporation
 - Finalising the details of the Master Franchise Agreement
 - Target to open the first restaurant by March 2025
- 
Continue to explore opportunities in Southeast Asia

Prudent Restaurant Network Expansion



Self-operate Restaurants FY2025 Target: 25-30

JV / Franchised Restaurants



Hong Kong



Explore “empty zones” and different restaurant formats



Mainland China



Cautious expansion, review restaurant format and sizes



Singapore



Focus on adjusting the model and enhance operational efficiencies



Japan



Prioritise expanding into residential areas with lower rental costs



Hong Kong



Marugame Seimen: open 4-6 restaurants in FY2025



Australia



Debut within 2024



Philippines



Target to open before March 2025

Invest in Future Growth



People Investment

- Strengthen management team
- Cultivate talent for long-term success

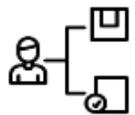


Digital Transformation

- Drive loyalty and revenue
- Improve operational efficiency
- Ensure scalability and maintaining consistency for global expansion



Priority projects



New POS System



CRM System Upgrade

Improve customer experience



Enhance personalisation features



Boost brand stickiness



05

Sustainable Development



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Reinforced Our ESG Core Pillars

Echoing our motto “Giving back to society” (取諸社會，用諸社會)

Nourishing Communities



Providing nutritionally balanced and quality food to nourish bodies and minds of our customers and communities



Uplifting People



Uplifting and creating shared values with our employees and partners



Preserving Nature



Managing and reducing our impact on the climate to preserve our natural environment



ESG Pillar: Nourishing Communities



“Go-Green” menu
Plant-based meat and
more veggie offerings

So Green
素 tasty
系!



“Tech for Good” Film Festival sponsorship
Nurture local youth &
promote women
empowerment



Mixian For the Good
(「線」有善報):
5,000+ bowls of noodles
donated last year



ESG Pillar: Uplifting People



Staff Training

~20,000 hours per year FY2023



Staff ESG Engagement Sessions

Promote recycling practice



TJI Education Support Scheme for Employees' Children

180+ employees benefited since 2015



ESG Pillar: Preserving Nature



Food Waste Disposal reduced by 23% in FY22/23



Founding member of **WWF “Sustainable Seafood Membership Programme”**



Plastics-free cutlery for takeaway in all restaurants in HK since Oct 2023



WWF-Hong Kong





Company Website:

<https://tamjai-intl.com/en/>



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06

Appendix



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Use of Proceeds

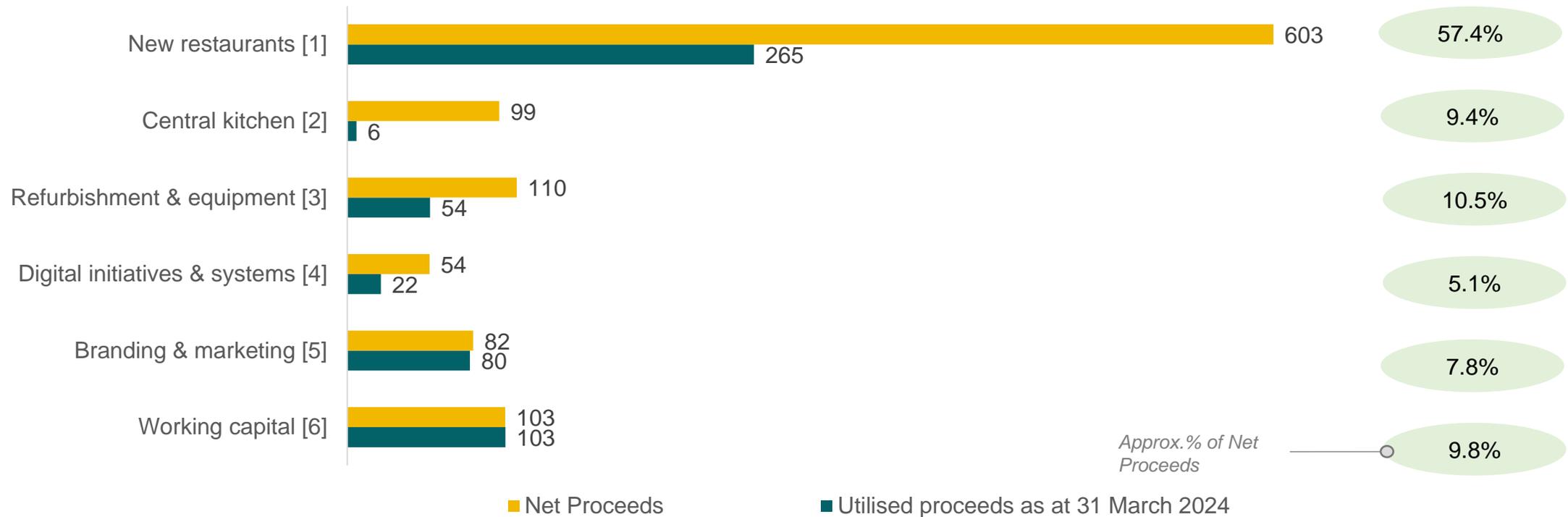


Net Proceeds for Expansion of the Restaurant Network comprising self-operated restaurants only will be expanded to include the opening of restaurants in selected overseas markets through joint venture and/or franchising arrangements.

HK\$529 million out of HK\$1,051 million net proceeds were utilised as at 31 March 2024

(Unit in HKD million)

Expected timeline of full utilisation: before 31 March 2026



[1] New restaurants - expansion of the restaurant network.

[2] Central kitchen - Expanding the central kitchen in Hong Kong and establishing new central kitchens in Mainland China, Singapore, and Australia.

[3] Refurbishment & equipment - Refurbishment of the restaurants and enhancing the operating equipment.

[4] Digital initiatives & systems - Implementing a CRM system, a voice ordering system, an ERP system, and upgrading the information and technology infrastructure.

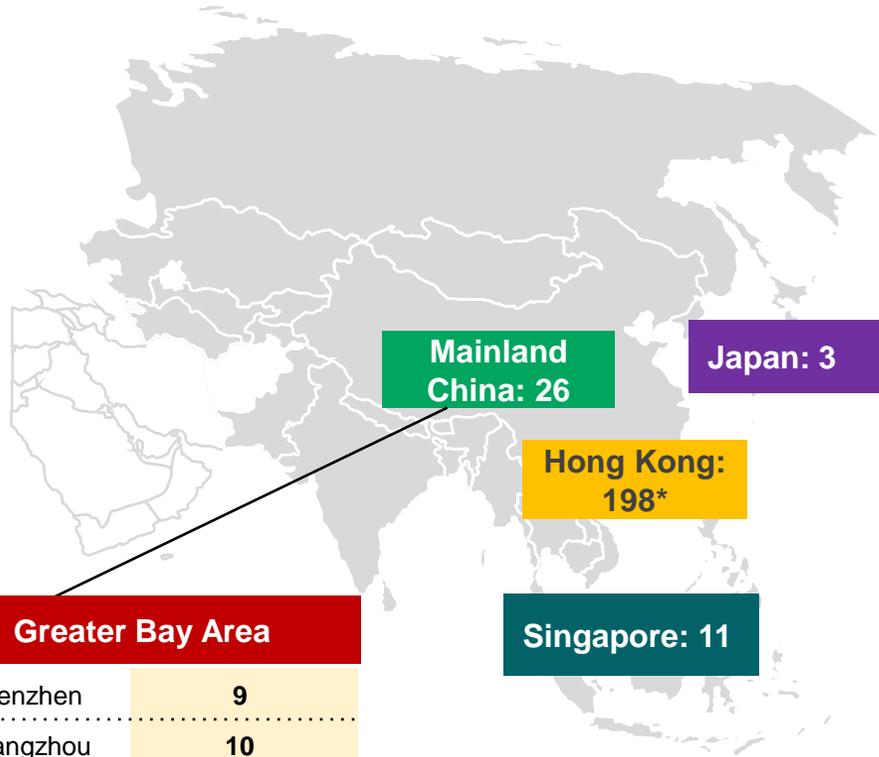
[5] Branding & marketing - International brand building and new market entry promotion.

[6] Working capital - General corporate purposes and working capital.

Our Restaurant Network



As at 31 March 2024

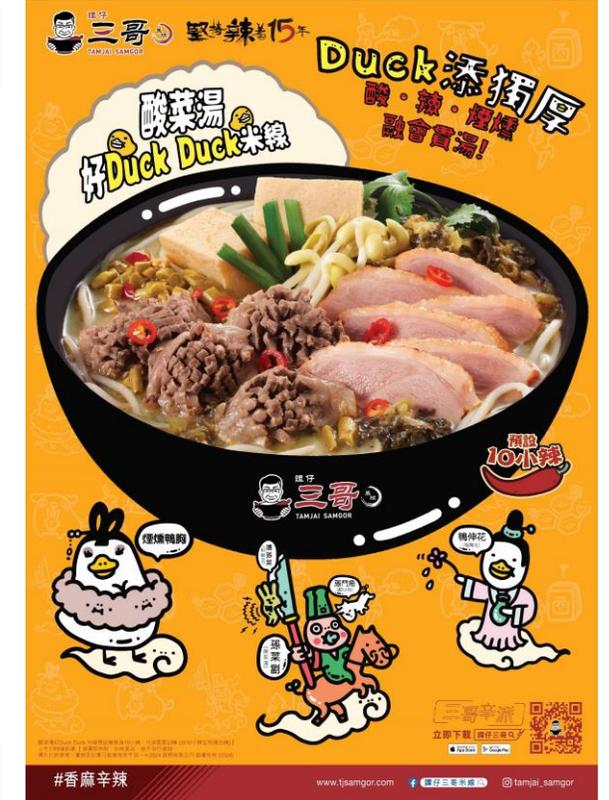


Greater Bay Area	
Shenzhen	9
Guangzhou	10
Dongguan	2
Zhongshan	2
Zhuhai	2
Foshan	1
Sub-total	26

Geographic Location	Mar-23	Mar-24	Net Change	Aggregators
Hong Kong	182	198*	+7	<ul style="list-style-type: none"> • Deliveroo • Foodpanda • KeeTa
Mainland China	20	26	+6	<ul style="list-style-type: none"> • Meituan • Ele.me
Singapore	10	11	+1	<ul style="list-style-type: none"> • Foodpanda • Grab
Japan	3	3	+0	<ul style="list-style-type: none"> • Uber Eats • Demaekan
Total:	215	238	+14	

*Including 9 Marugame Seimen restaurants which the Group continues to provide management services, with plans to set up and operate its own restaurants under a new and separate scheme.

Marketing Campaigns in Hong Kong



Marketing Campaigns in Ex-Hong Kong Markets



Restaurant Layout and Design



Moko Mall, HK



Lo Wu, Shenzhen



Clementi, Singapore



Shinjuku, Japan

Milestones

From street-side noodle stand to multi-nation restaurant chain



1996



First TamJai restaurant in HK

2011-2013



Recommended by Michelin

2018



Acquired by Toridoll and formed **Tam Jai International**

2019



Rebranding of SamGor
TamJai and SamGor restaurants reached all 18 districts of HK

Oct 2021



Listing on Hong Kong Stock Exchange

2023



Entering Australian and Philippines markets: JV and franchise models

Franchise: Marugame Seimen in HK

BRING TAMJAI TASTE ALL OVER THE WORLD

2008



First SamGor restaurant in HK

2017



Over 100 restaurants in HK

Engaging third-party service providers for food delivery services

2020



1st SamGor in Singapore

2021



1st TamJai in Mainland China



Launched Tam Jai Goodness Trust

2022



1st SamGor in Japan

#200 Restaurant Opening

Awards and Recognitions



3 ESG Awards



Directors of the Year Awards 2023



Enterprise Asia Awards 2023



20+ Awards at PR Award at Marketing Interactive



Standard Chartered Corporate Achievement Awards 2023



Kando Award



7 Awards at HKRMA Retail Awards

Since 2018, we have received numerous awards and acknowledgments from third party authorities to reflect our dedication to **corporate management, ESG, branding & marketing, food & service and work culture.**





Tam Jai International Co. Limited
譚仔國際有限公司

Thank You