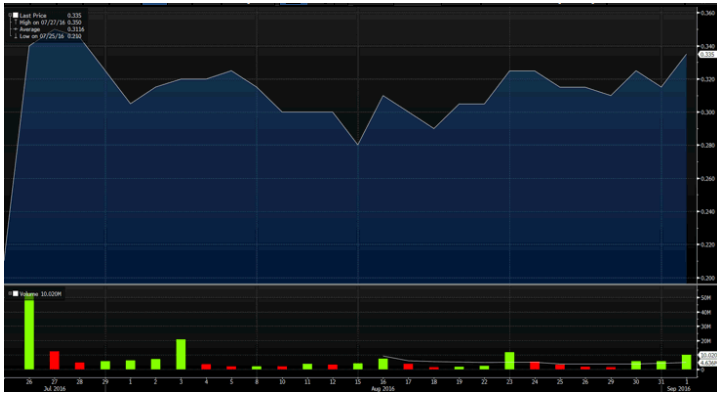


Katrina Group (KTG SP)

# Growth and dividend treats

SHARE PRICE: S\$ 0.33  
 MARKET CAP (M): S\$ 76.4



Source: Bloomberg, 1 September 2016

(SGD millions)	FY14	FY15	FY16F	FY17F
Revenue ('m)	45.4	52.4	60.9	70.8
EBITDA ('m)	5.8	7.1	8.3	9.9
Net Profit ('m)	3.3	4.3	4.8	5.8
EPS (cents)	NM	NM	1.9	2.2
Net Cash ('m)	7.1	10.3	9.8	9.7
P/E (x)	NM	NM	17.0	14.2
Div Yield (%)	-	3.3	4.0	4.5
ROE (%)	28.6	27.0	28.1	33.8
Net Cash to Equity (%)	61.0	64.2	63.0	63.0
D/E (X)	1.1	1.1	1.1	0.9

Source: UOB Kay Hian, Bloomberg

## Operator of multiple restaurant chains

Katrina owns and operates 32 restaurants in Singapore and two in China under 9 in-house brands, including Bali Thai, So Pho and Steats. The restaurants serve a variety of cuisines such as Thai, Vietnamese, Indonesian, Chinese and Mexican. From 2013 to 2015, the group recorded a CAGR of 13.5% for revenue and 8.6% for pre-tax profit.

## Regional ambition backed by IPO proceeds

Katrina intends to accelerate its growth momentum by venturing into regional markets such as Malaysia, Vietnam and Indonesia. It aims to open at least two restaurants in Kuala Lumpur over the next 12 months. It also plans to expand its online food business. Overall, the expansion will be funded by S\$7.5 million of proceeds raised from its IPO in July.

## Trading at discount to peers

Katrina is trading at a forward PE of 17.4 times, compared to an average of 35.1 times for other food and beverage chains (see table below). The group has also committed to pay out at least 60% of its net profit for FY16, implying a dividend yield of 4.0% for FY16 based on earnings estimates from UOB Kay Hian.

Peers	Mkt Cap	Price	P/E	P/B
Katrina Group	76.4	0.33	17.4	5.1
Jumbo Group	410.5	0.64	38.7	7.2
Breadtalk	45.9	1.06	45.9	2.3
Soup Restaurant	57.6	0.21	56.9	5.3
Japan Food	64.5	0.37	17.1	2.1
Average	NM	NM	35.1	4.3

Source: Bloomberg, 24 August 2016

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