

MOM'S TOUCH&Co.

(220630.KQ)

MOM'S TOUCH



Boombata

화덕 샌드위치 & 피자

Cheese-Holic Burger

치즈로 가득 찬 치킨패티의 완성

○○○ 치즈홀릭버거(체다)



KRX
KOREA EXCHANGE

Path to Growth
KOSDAQ

Disclaimer

This document contains information that was made based on estimates of financial performance in accordance with K-IFRS.

This is provided for the convenience of investors only, and the external audit on our financial performance hasn't been completed yet; therefore, some part of this document is subject to change upon the auditor's review without notice.

The accuracy or completeness of financial and operational performance stated here is not warranted by MOM'S TOUCH&CO. and is only as reliable as the sources from which it was obtained. The company is under no obligation to update these statements.

Various indices contained herein are based on current market conditions and company management policies. They could differ materially from those presently anticipated due to rapidly changing market environment, investment environment and strategically revised objectives of the company. The company is not liable for any investment decisions by investors and obligated to disclose information aligned with future events or performance.

Since the company discloses part of the information stated in this document that is required by regulation FD, refer to the relevant information on DART. Otherwise, they are only based on expectations of company's management. Caution should be taken with respect to such information as you invest.

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1. About MOM'S TOUCH&Co.

HISTORY

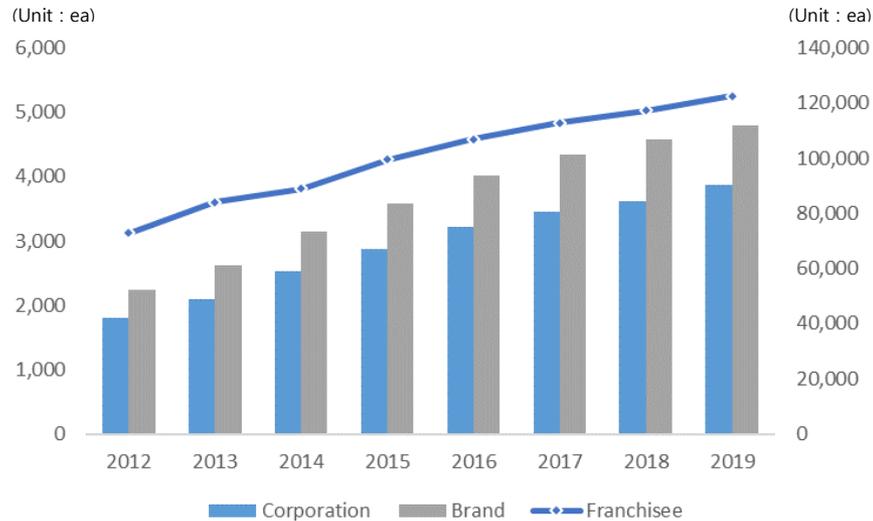
2004 ~
2021

Company Name	MOM'S TOUCH&Co.
CEO	Dong Jeon, Kim
Establishment	2004.02.04
Location	24F, 25F East Central Tower, 1077, Cheonho-daero, Gangdong-gu, Seoul, Republic of Korea
Sales	KRW 286.0 Bil (2020.12)
Capital	KRW 10.2 Bil (2021.03)
Homepage	www.momstouchandco.com / www.momstouch.co.kr
Business	Fast Casual Franchise Business Department Food Materials Distribution Business Department
Number of Employees	212 (2021.03)

- 2021** **03** Changed company's name (MOM'S TOUCH&Co.)
- 2020** **10** Renewal the BI of MOM'S TOUCH
- 2019** **02** Transferring the location of main office
- 2018** **10** Contracted MF in Singapore and Malaysia
- 2017** **03** Launched Boombata (Opened the first store)
- 2016** **12** Opened 1,000th MOM'S TOUCH stores
09 Listed on KOSDAQ stock market
04 Opened the first Taiwanese MOM'S TOUCH store in Tainan City
- 2015** **12** Established Taiwan office
- 2014** **12** Constructed the distribution center and manufacturing factory in Jincheon, geographical center of Korea
09 Opened the 500th MOM'S TOUCH stores
- 2004** **02** Established Haimarrow Food Service Co., Ltd.

2. F&B Sector in Korean Franchise Industry

❖ Domestic F&B Franchise Industry Trends



Source : FDD (Franchise Disclosure Document) from Fair Trade Commission, Statistics Korea

- The number of franchise headquarters, brands, and franchisees in Korea continues to grow every year
- The market in Korea reached 130 trillion won in 2018, grew by 10% compared to 2016
- Domestic Food service market size is about 24 trillion won with 20% of the total Food service market

Increase in single person households

- Changing of Population structural, rising of single person households
- Prefer dining out than home cooking
- Increasing Franchise brands for single person households

Expand Delivery Area

- Growth of Food delivery system and app market.
- Advancement of delivery containers, able to deliver various menu.
- Expansion of franchise business through delivery

Essential Consumer Goods

- Meals are essential for survival
- Restaurant business is essential consumer goods
- An industry that can never disappear from human culture

- The spread of dining out and eating alone culture and the expansion of the food delivery system are factors in the continued growth of the franchise restaurant and essential consumer goods industry

2. F&B Sector in Korean Franchise Industry

❖ Independent Restaurants / Franchise and Chain Market Size

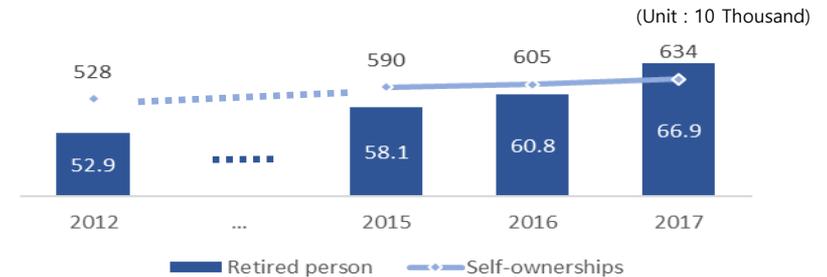


Source : Statistics Korea

- The food service market in Korea can be divided into Independent Restaurants and Franchise and chain restaurants
- As of 2018, Independent Restaurants market accounts for about 78% of the total food service market
- The growth of the food service market is driven by Franchise and chain restaurants due to the expansion of the franchise restaurants

❖ Reasons for Franchise and Chain Restaurants Growth

[Continued increase in retirees and self-ownerships]



- Since the 2010s, the retirement of baby boomers has been in full swing and unskilled self-ownerships flowed into the start-up market
- Unskilled self-ownerships choose franchise because of high stability

[Consumers prefer franchise]



- Consumers believe that franchise brands guarantee a certain level of taste and service
- As interest in food safety is on rise, preference for franchise is expected to continue in the future

2. F&B Sector in Korean Franchise Industry

(Unit : %)

Industry	Enterprise	Non-Enterprise
Korean	7.7	92.3
Chinese	1.3	98.7
Japanese	9.4	90.6
Western	18.7	81.3
Other foreign	26.6	73.4
Other Restaurant	19.6	80.4
Bakery	33.6	66.4
Burger, Pizza, Chicken	64.6	35.4
Snack	15.2	84.8
Pub	8.2	91.8
Non-alchole	24.5	75.5

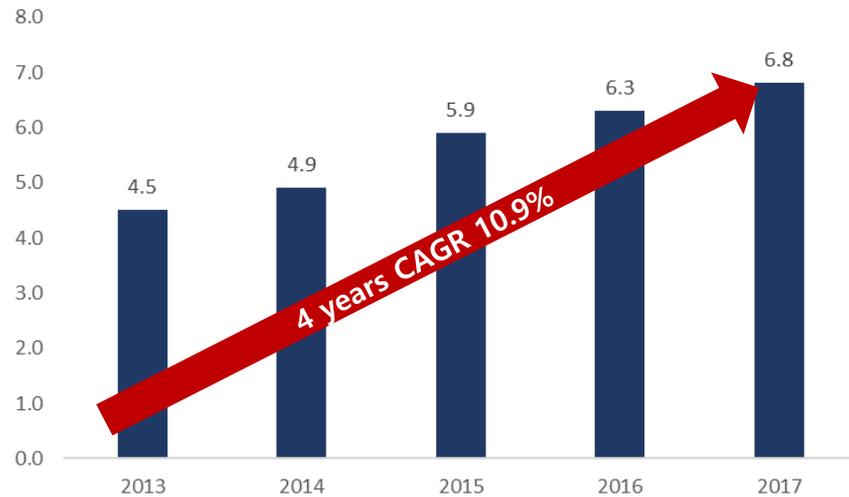
Source : Statistics Korea

- **Burgers and pizzas have the highest share of Franchise and chain restaurants market among all sectors**
- Market was formed around franchise from the beginning
- Franchise and direct chain restaurants are driving the growth of market
- Non-Franchise and chain restaurants are less likely to enter franchise and chain restaurants market as they have economic scale compared to other businesses

2. F&B Sector in Korean Franchise Industry

❖ Sales trends in burger, chicken and pizza franchises

(Unit : Tril. KRW)



Source : FDD (Franchise Disclosure Document) from Fair Trade Commission

- Total sales in the burger, chicken and pizza industries had grown 51% over the past four years from 4.5 trillion won in 2013 to 6.8 trillion won in 2017
- CAGR is 10.9% over the same period, continuing to grow rapidly

❖ Comparison of franchisee number in burger, chicken and pizza brand

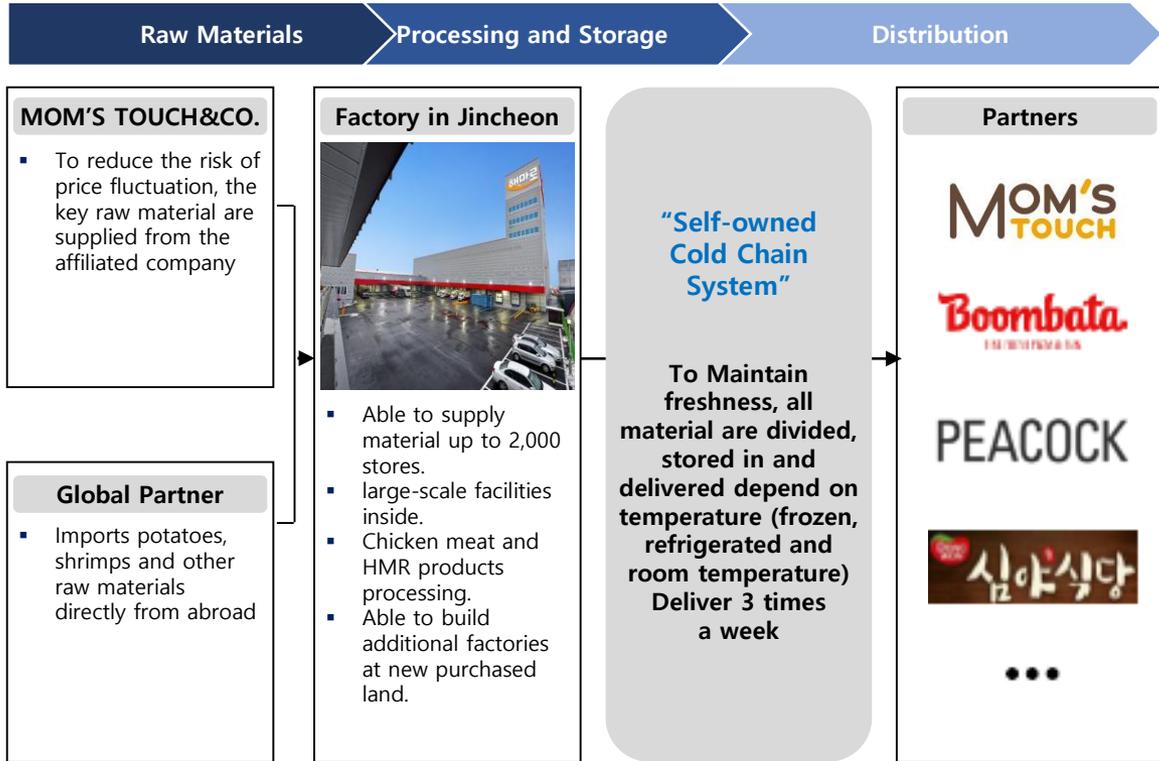
Rank	2014	2019
1	1,684	1,604
2	1,235	1,518
3	1,131	IN 1,243
4	1,128	1,211
5	965	1,157
6	888	1,134
7	877	1,126
8	873	1,114
9	808	1,026
10	OUT 802	IN 841

Source : FDD (Franchise Disclosure Document) from Fair Trade Commission

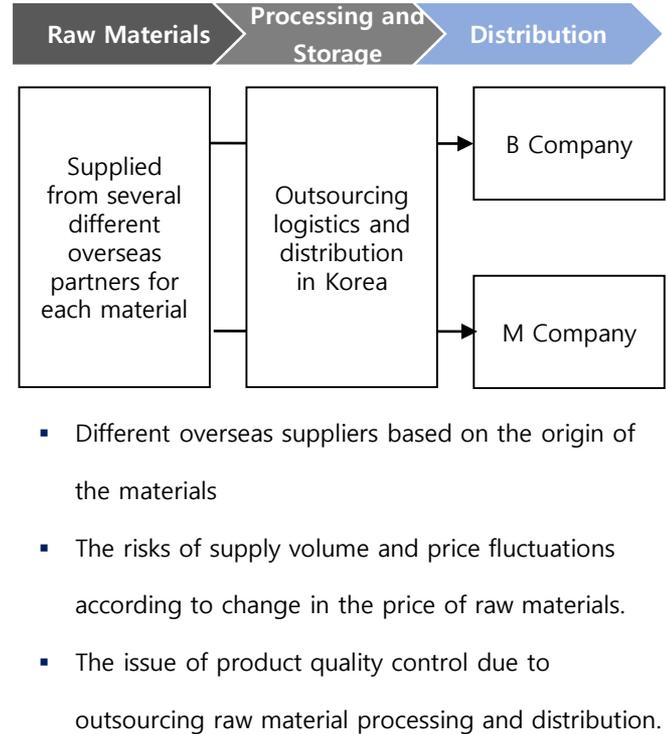
- On Top 10 brands, only two brands was replaced in 2019 compared to 2014
- The number of top 10 brand's stores has increased with steady demand in the market except for a few brands

3. Business

❖ Vertical Systemization of Supply Chain



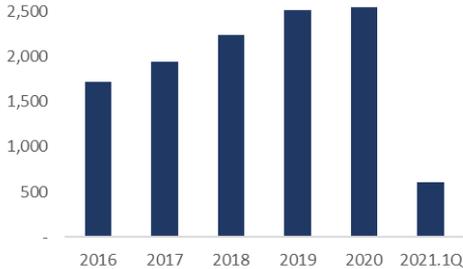
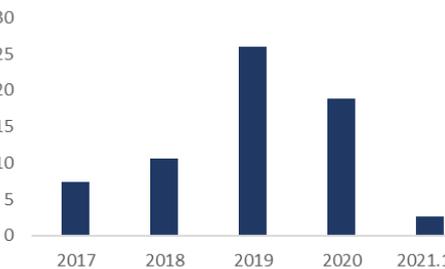
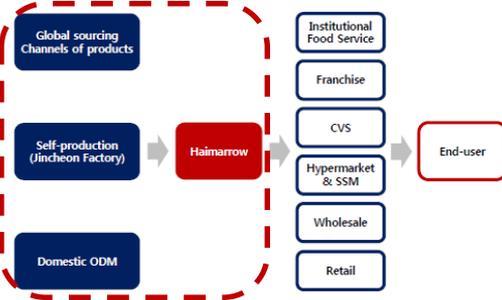
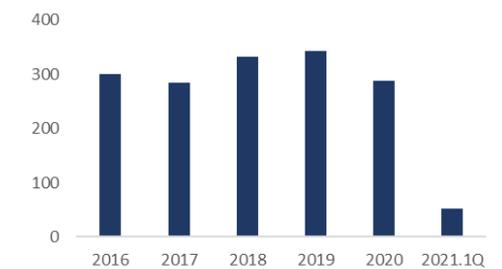
❖ Supply Chain of peer group



- Based on vertical systemization of supply chain, company have a stable supply and demand system for raw materials compared to competitors. Operation efficiency can be improved through proactive procurement management such as volume discount due to increase of purchase quantity

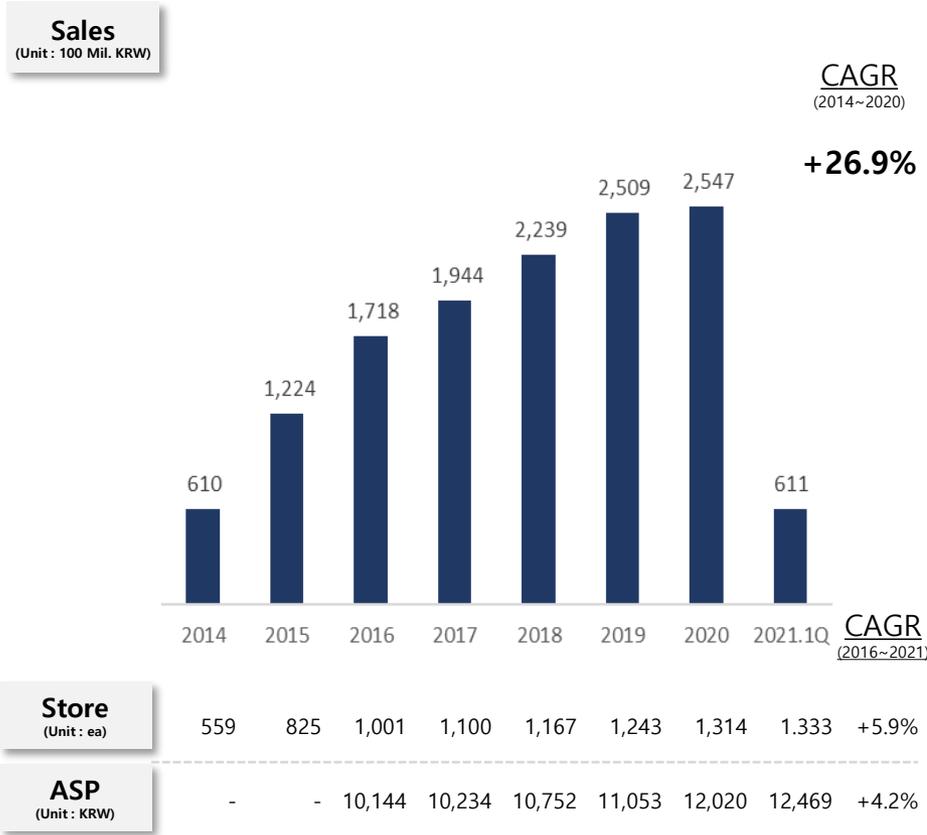
3. Business

(2021.03.31 Non-Consolidated Financial Statement)

	Franchise Business Division MOM'S TOUCH	Franchise Business Division Boombata	Food Materials Distribution Business Division
Sales	61.1 Bil KRW	0.3 Bil KRW	5.2 Bil KRW
Gross Profit	21.3 Bil KRW	0.1 Bil KRW	0.8 Bil KRW
Status	<p>▪ Products</p>  <p>Thigh Burger Unbelievable Burger Incredible Burger</p>  <p>Chipao Chicken Soy Garlic Chicken Nashville Hot Chicken</p> <p>▪ Sales</p> <p>(Unit : 100 Mil. KRW)</p> 	<p>▪ Products</p>  <p>Grilled Chicken Sandwich Cheesefull Sandwich</p>  <p>Bacon Potato Pizza Chicken&Ssam Plate Tomato Cheese Pasta</p> <p>▪ Sales</p> <p>(Unit : 100 Mil. KRW)</p> 	<p>▪ Products</p>  <p>▪ Sales</p> <p>(Unit : 100 Mil. KRW)</p> 

3. Business – MOM'S TOUCH

❖ Financial Performance of MOM'S TOUCH



Source : Graph is based on MOM'S TOUCH&Co. Net Sales, ASP is based on SWS

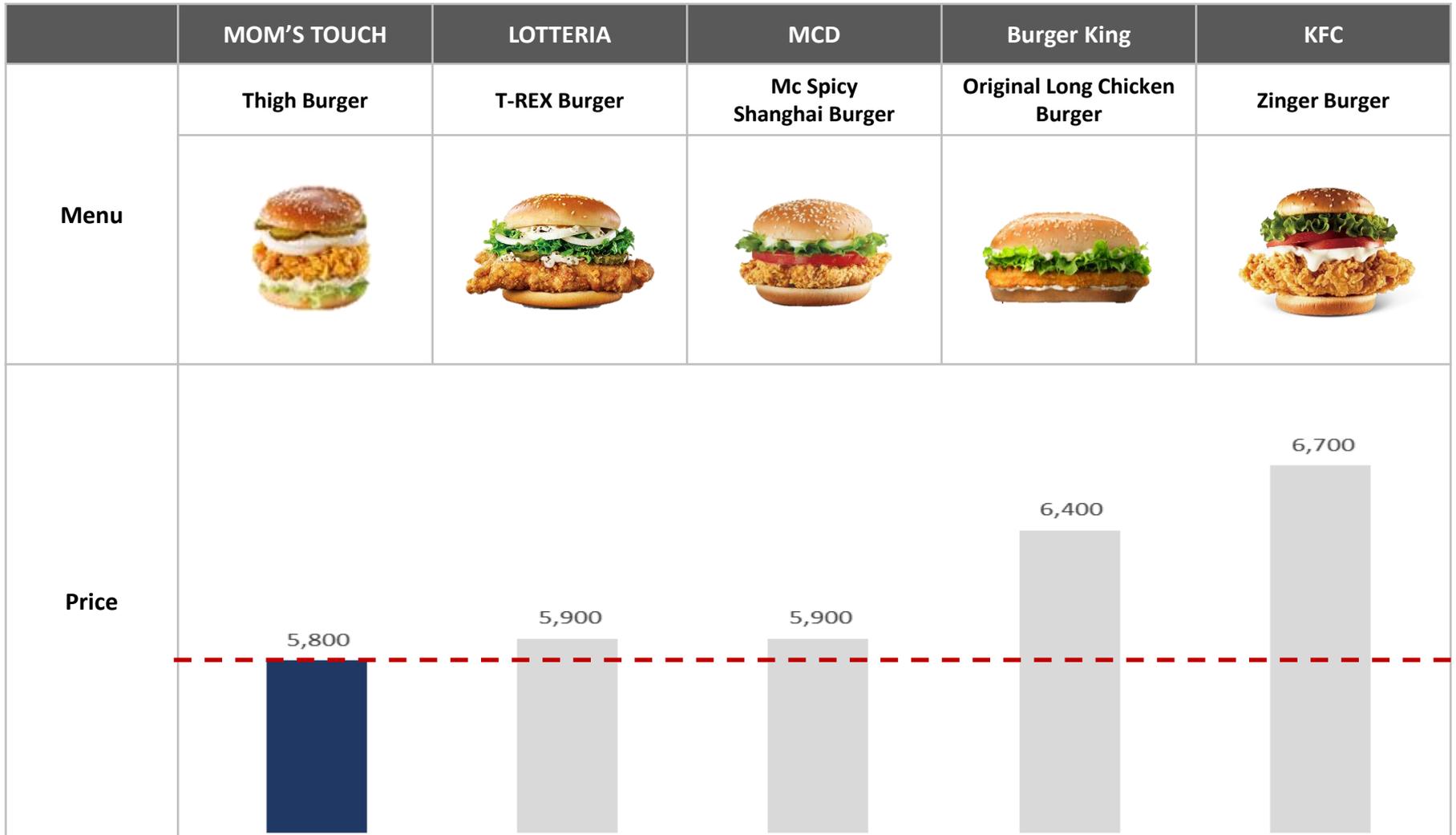
❖ Growth Factor

- In the early stages of business, started to open stores in the Gyeongsang and expanded to Jeolla and metropolitan
- With the improvement of accessibility by expanding the number of stores and the continuous launching of new menus, thus has result in increasing sales per store with ASP rising
- Achieved high profitability with continuous cost savings and cost-effective store and marketing operation
- Managing supply chain partners and conducting an efficient marketing on SNS

3. Business – MOM'S TOUCH

❖ Price comparison of similar products with competitors in Korea

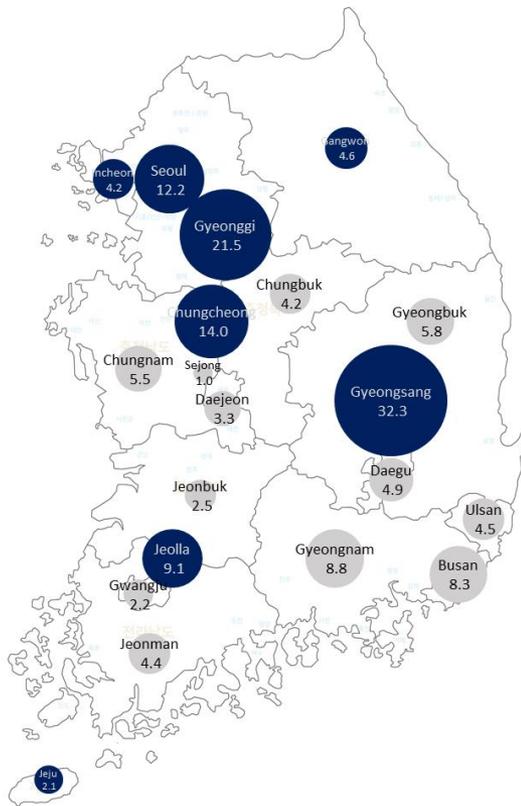
(Unit : KRW)



Source : Homepage

3. Business – MOM’S TOUCH

❖ The Number of Stores



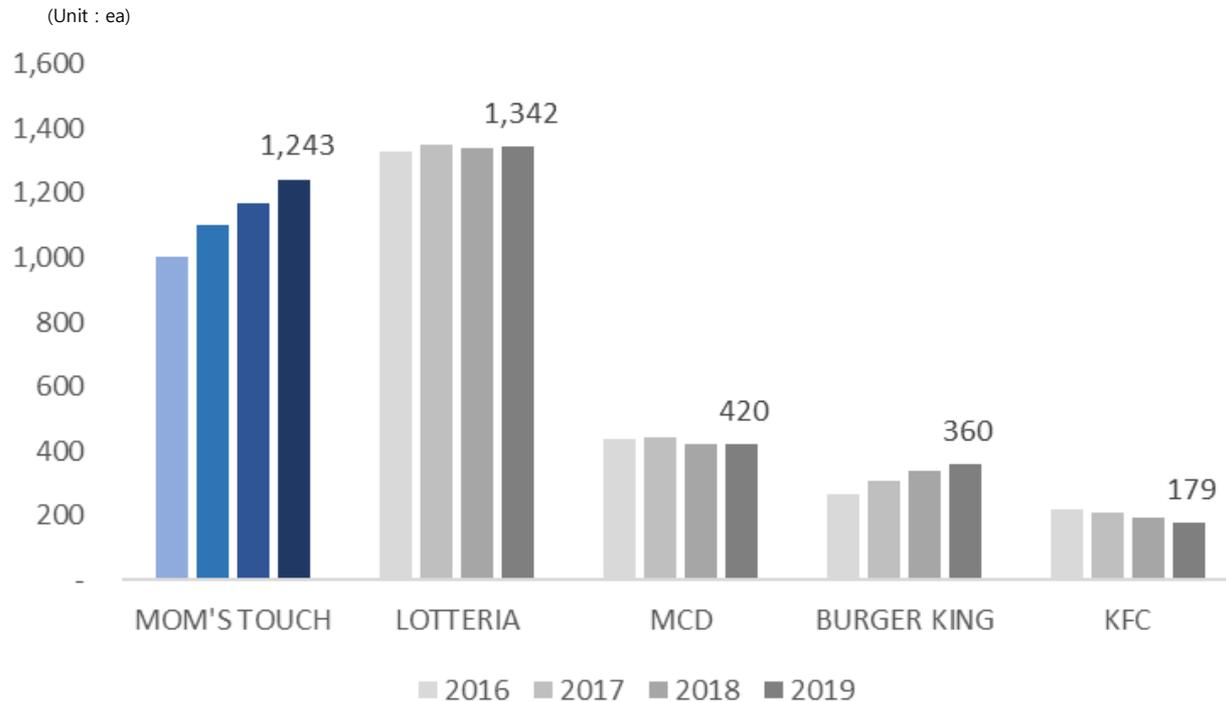
(Unit : ea)

	# of Stores				%, (2021 MAR)	L Brand (2019)
	(2018 DEC)	(2019 DEC)	(2020 DEC)	(2021 MAR)		
Seoul	99	125	153	162	12.2	191
Gyeonggi	240	260	281	286	21.5	320
Incheon	53	53	56	56	4.2	79
Chun- cheong	178	185	187	187	14.0	187
Jeolla	109	115	118	122	9.1	142
Gyeong- sang	407	420	430	431	32.3	355
Gangwon	55	57	61	61	4.6	54
Jeju	26	28	28	28	2.1	14
Total	1,167	1,243	1,314	1,333	100.0	1,342

- The number of MOM'S TOUCH stores in Seoul is about 0.13 per 10,000 people, lower than 0.2 of L brand (2019.12)
- Considering the number of residents is lower compared to floating population in the business districts and central commercial areas, Seoul still has high potential to open more stores

3. Business – MOM’S TOUCH

❖ Comparison of the Number of Stores

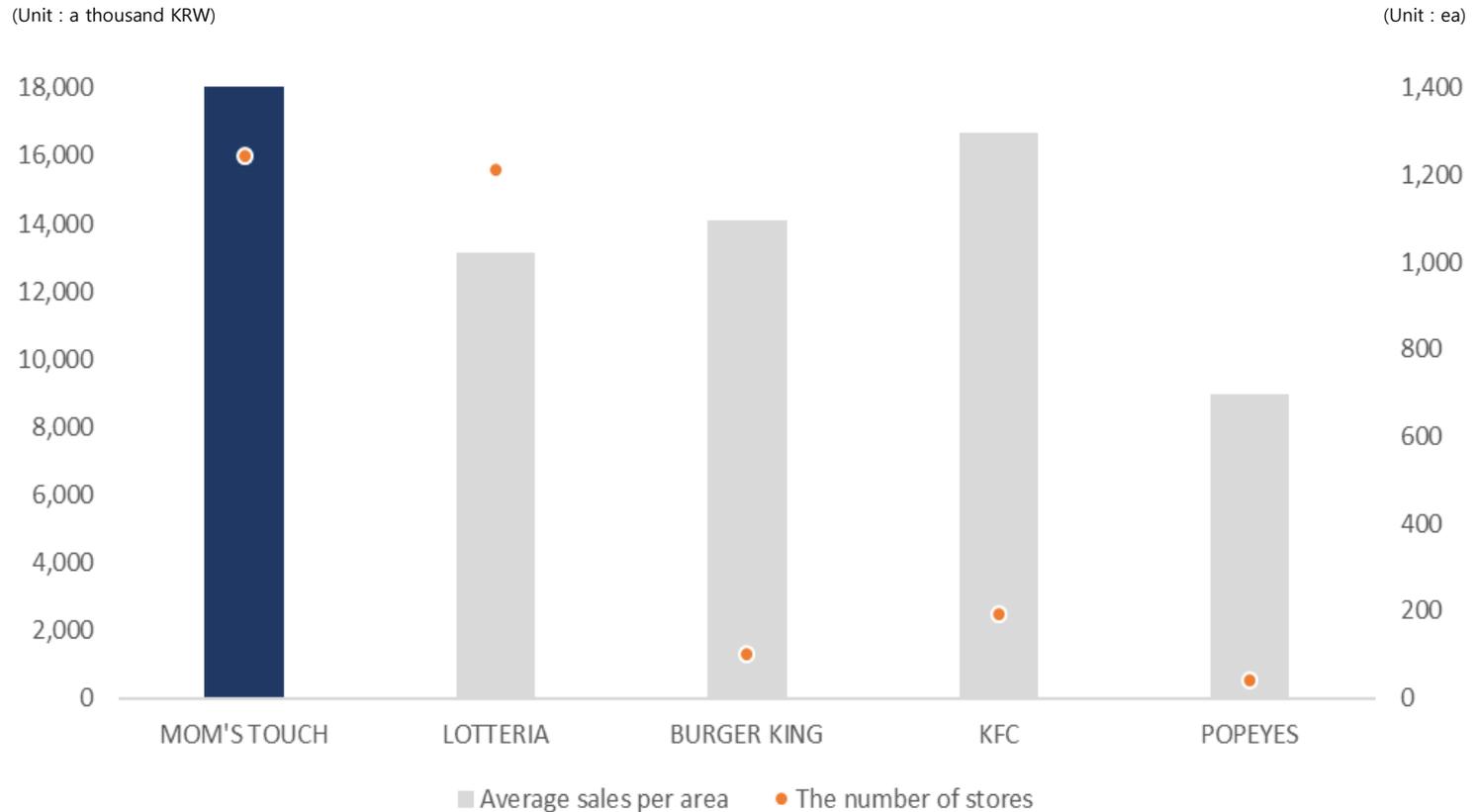


Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- Differentiated our product from the competitors by its competitive price, taste and service
- Build customer loyalty among 20s, the biggest demand for fast food
- The most preferred burger and chicken brand.

3. Business – MOM'S TOUCH

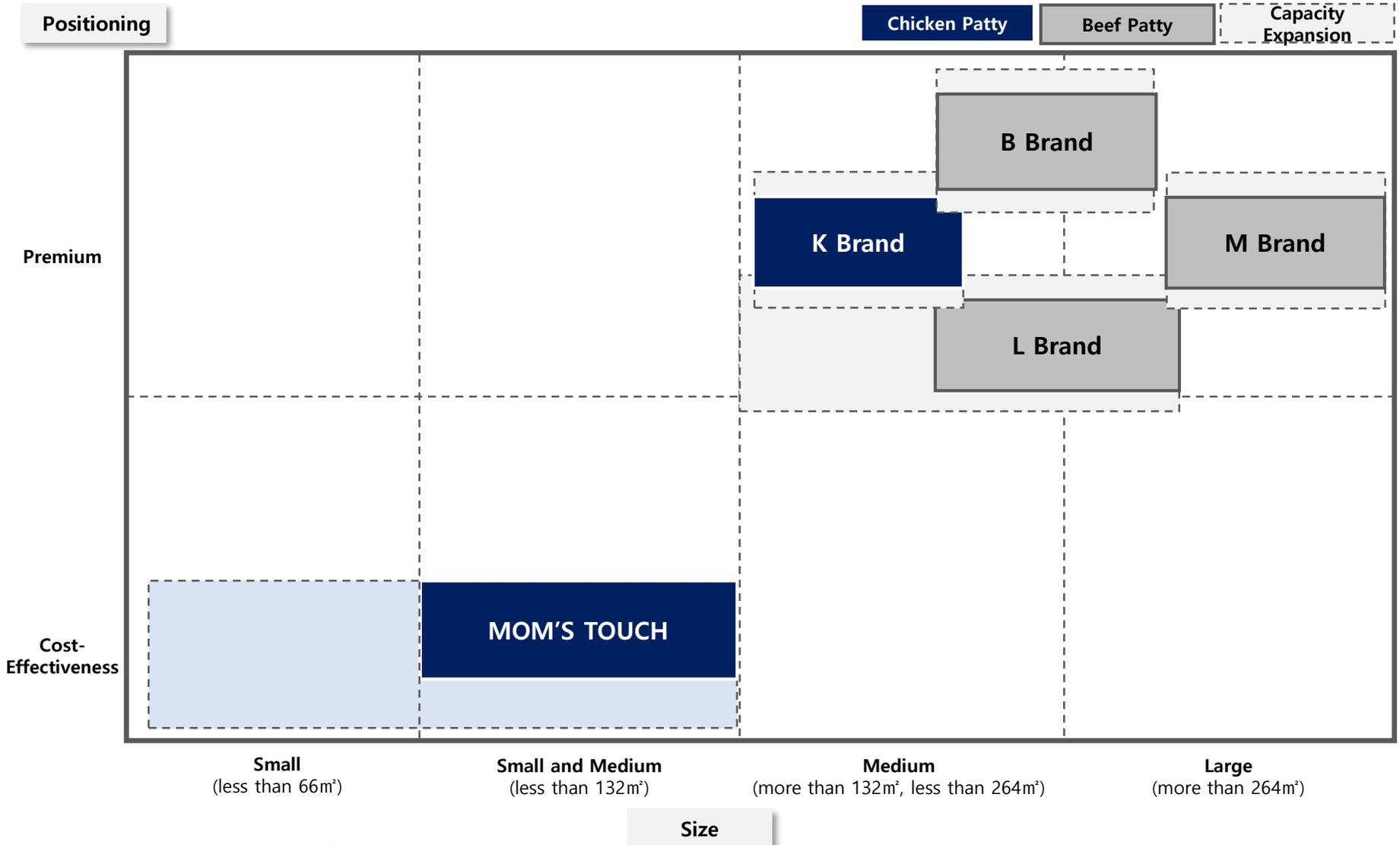
❖ Average Sales per Area and The number of Franchised stores



Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission
 KFC is based on directly managed store

3. Business – MOM'S TOUCH

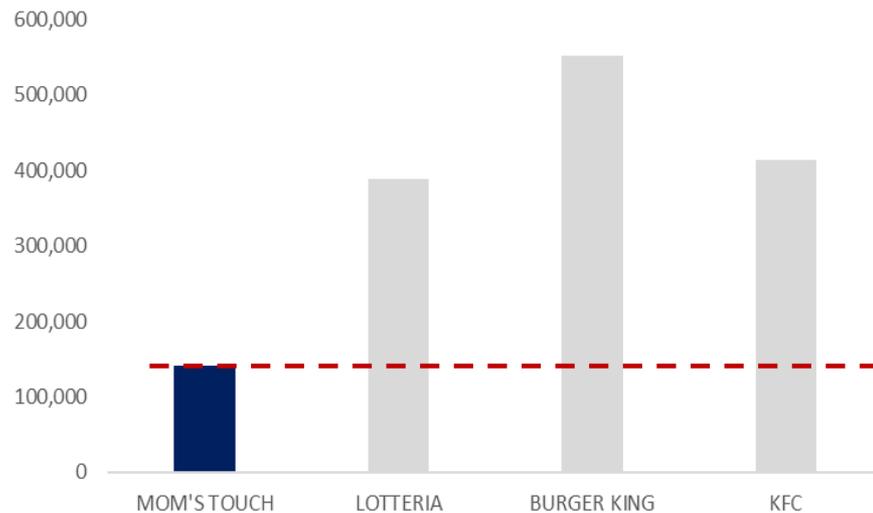
❖ Burger Market Competition Matrix



3. Business – MOM’S TOUCH

❖ Initial Investment

(Unit : a thousand KRW)



Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

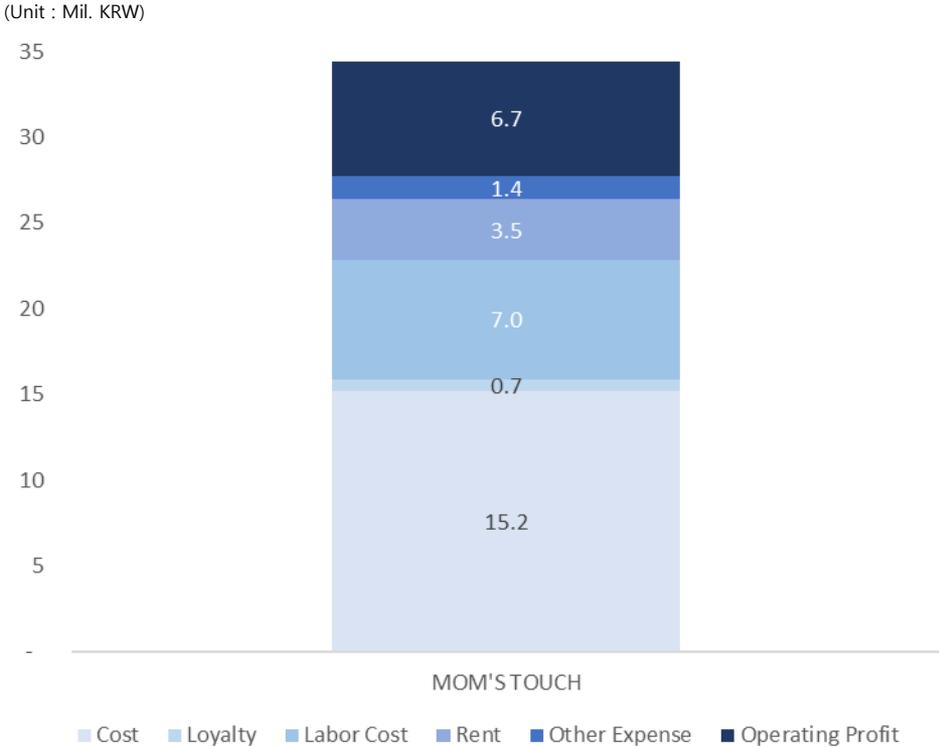
- Low initial investment, such as franchise fee, education fee, deposit, and other costs
- Low interior cost and smaller store size than other competitors
- Because of Low initial cost strategy, enable to open new stores quickly
- Low initial investment and high efficiency for managing franchisees

❖ Comparison of Requirements for opening a store

	MOM'S TOUCH	Peer Group
Store Size	Small, Medium (100m ² ↓)	Big, Wide (300m ² ↑)
Store Site	Side streets, around universities, etc.	Central commercial area
Menu	Diversified menu with simplified ingredients	Diversified Menu
Operation Way	After Order-Cooking, Slow Food	Pre-cooking, Fast Food
Customers' Awareness	Healthy replacement	Junk Food
Investment	140 Mil. KRW by 82m ²	300~500 Mil. KRW by 198m ² ~330m ²
ROI	4 months	15 months
Brand Royalty	1% per Sales	4~6% per Sales

3. Business – MOM’S TOUCH

❖ Profitability of MOM’S TOUCH

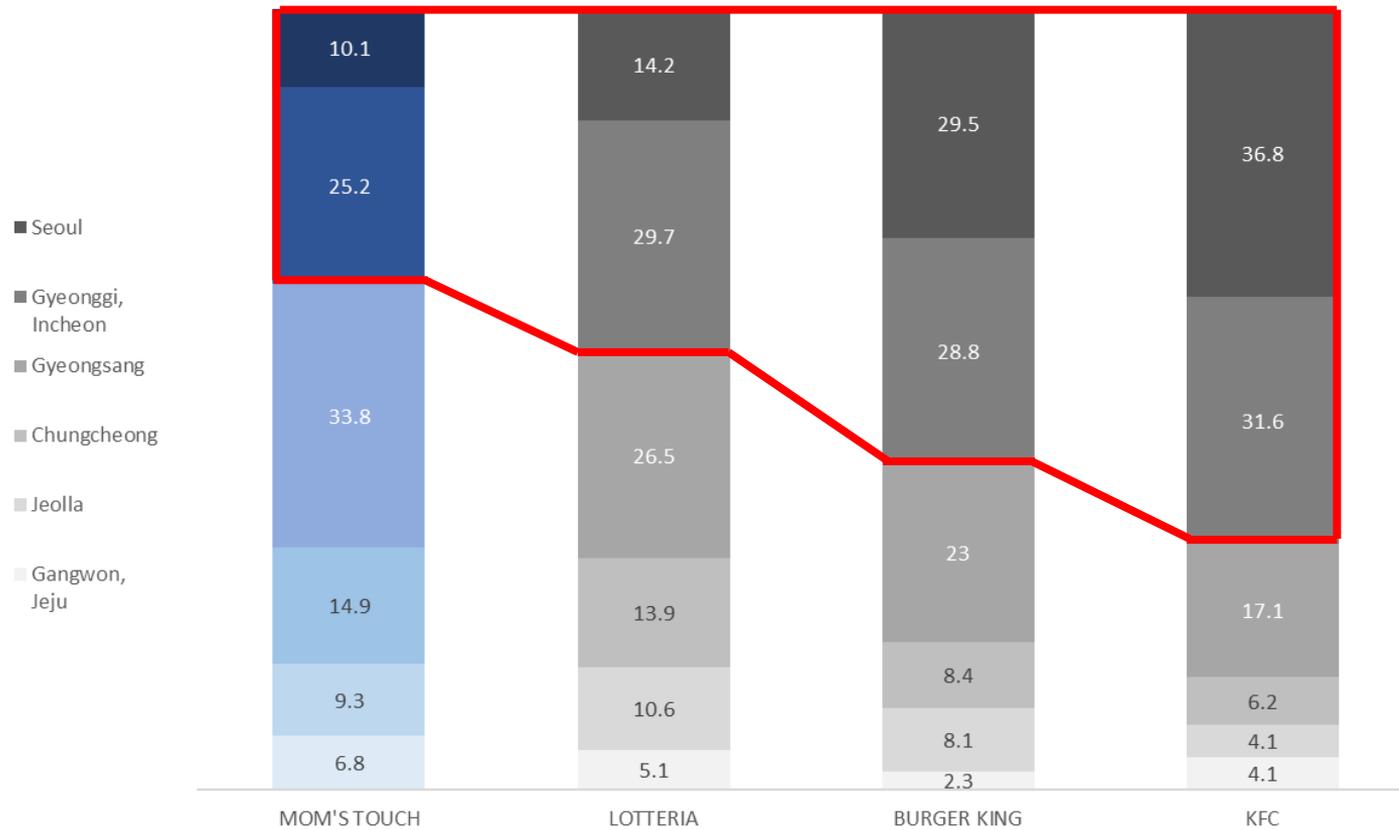


Source : SWS are prepared based on KRW 35 milion

3. Business – MOM'S TOUCH

❖ The Number of Burger Brand Stores by Region

(Unit : %)



The percentage of Metropolitan stores

35.3%

43.9%

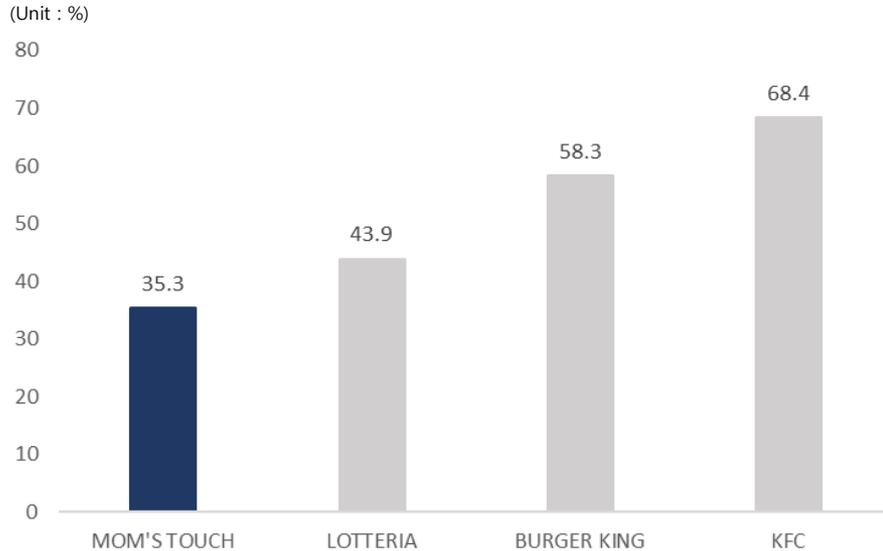
58.3%

68.4%

Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

3. Business – MOM'S TOUCH

❖ Percentage of metropolitan stores

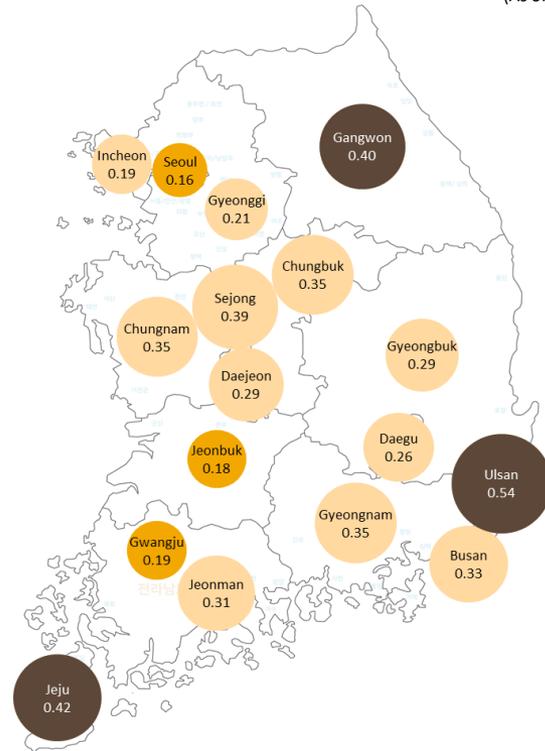


Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- In the early stages of business, started to open stores in the Gyeongsang (Southeastern Korea) has expanded into mainly Chungcheong and Gyeonggi (near Seoul)
- Since 2018, started actively to open stores in Seoul, rapidly grown by an average of 36% for two years, but the growth rate is significantly lower than other competitor

❖ The Number of Stores per 10,000 People

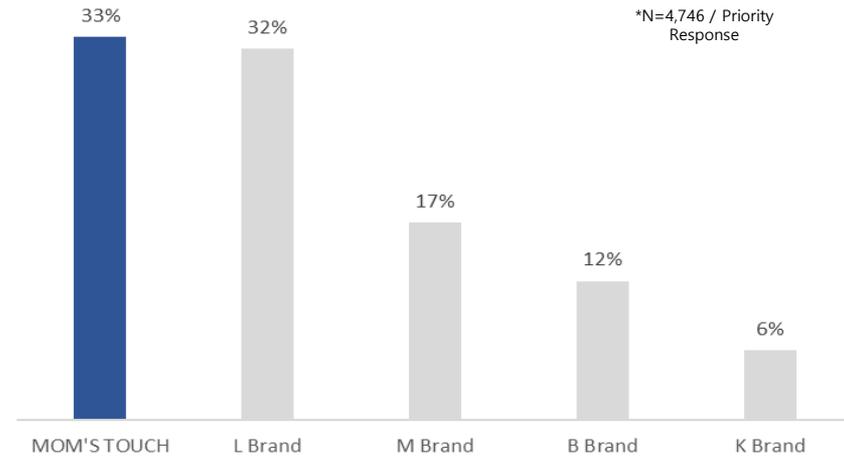
(As of Dec, 2020)



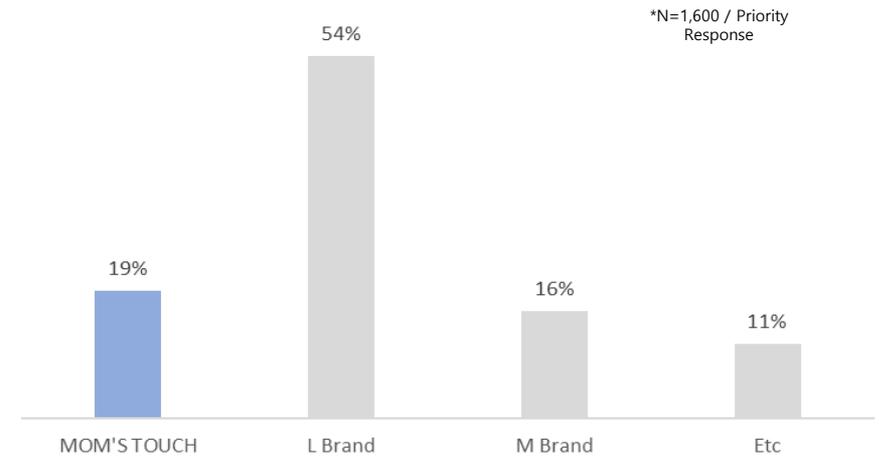
- If the number of stores in proportion to population, Seoul has 60% of capacity to expand than national average and 101% of capacity to open than rural average excluding the metropolitan
- Gyeonggi has the capacity to expand additional stores by about 21% over the national average and 52% over the local average

3. Business – MOM'S TOUCH

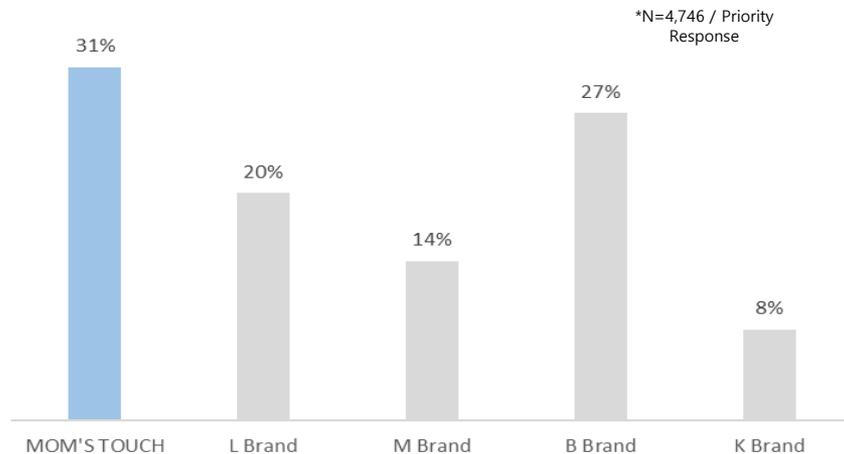
❖ The Most Reasonable Price Brand



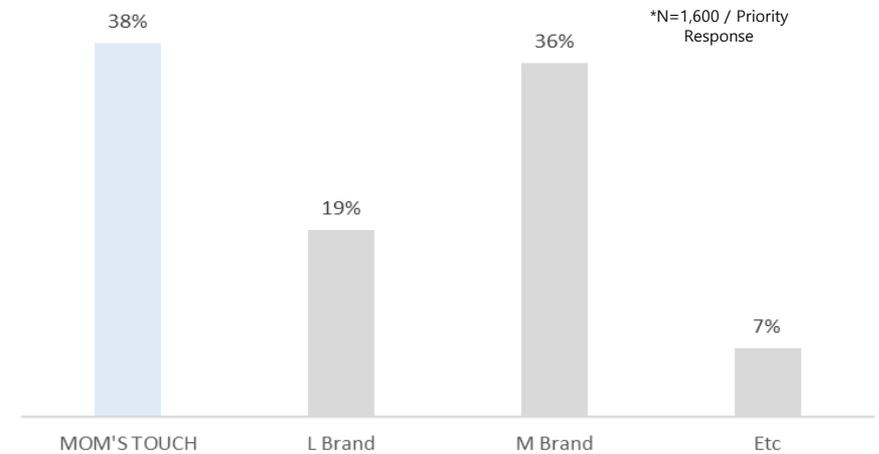
❖ The Best Accessible Brand



❖ The Best Burger Brand



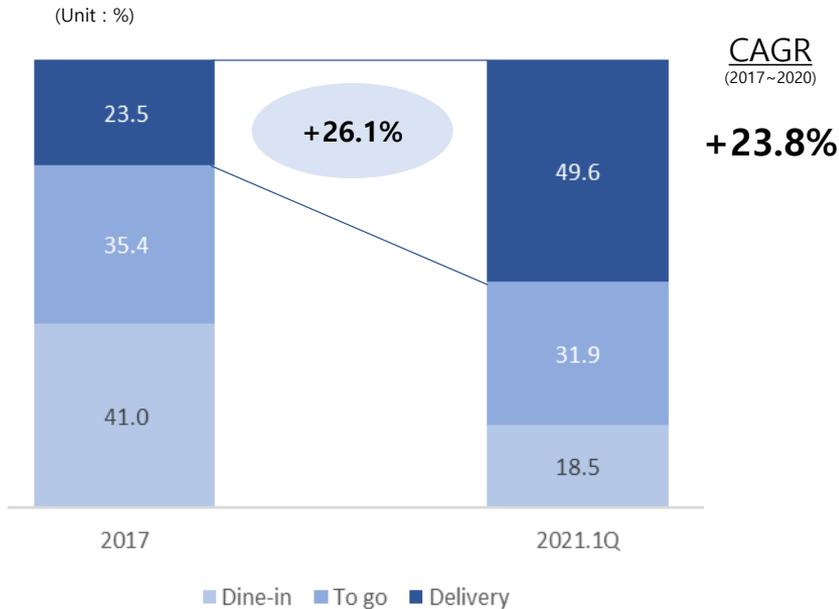
❖ The Highest Revisit Intention Brand



Source : Do It Survey, Hankyung Business/Global Research Survey

3. Business – MOM'S TOUCH

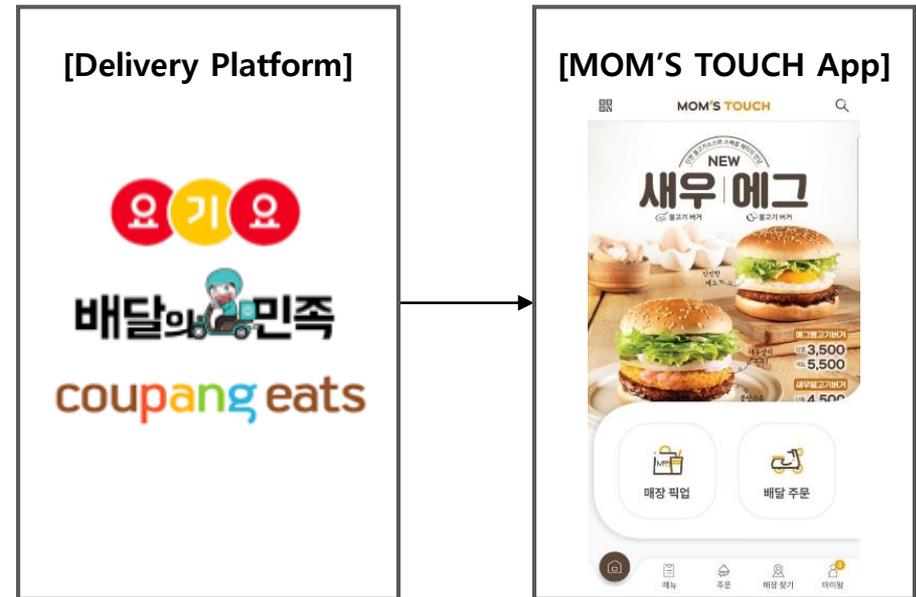
❖ Composition of Monthly Average Sales per Store



Source : MOM'S TOUCH&Co, estimated rate for 2021.1Q

- The increasing trend in delivery sales in the capital area and 5 metropolitan cities
- The delivery ASP is twice as high as the dine-in or to go ASP

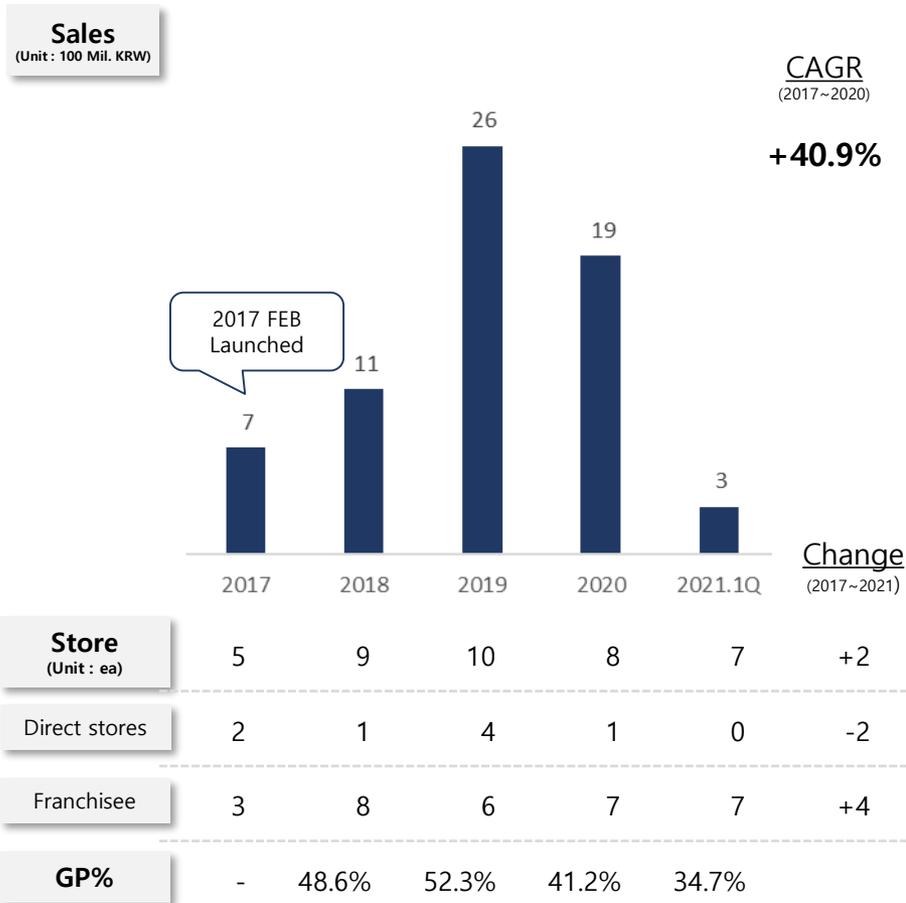
❖ MOM'S TOUCH Order App



- Lower the burden of franchisee owners by using MOM'S TOUCH ORDER App instead of the other delivery platform
- Able to provide customized benefits such as real-time promotions based on customer database

3. Business - Boombata

❖ Financial Performance of Boombata



❖ Growth Factor

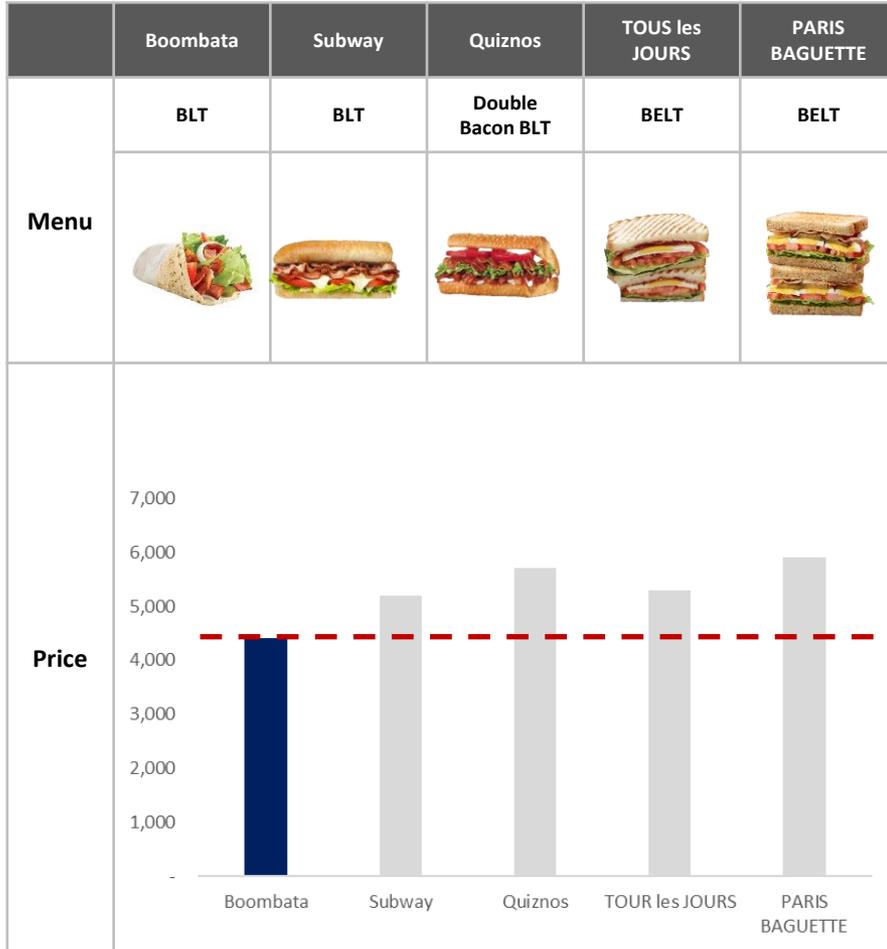
- **[Product]** Major products are sandwiches and Italian pizza with brick oven differentiating itself from other pizza brands
- **[Operation]** A store strategy that in the mix form of corporate owned stores and franchisees
- **[Store]** A strategy is to open bigger stores than current MOM'S TOUCH's stores in university districts and office areas specially having purchasing power in the Seoul and metropolitan areas

Source : MOM'S TOUCH&Co. Net Sales

3. Business - Boombata

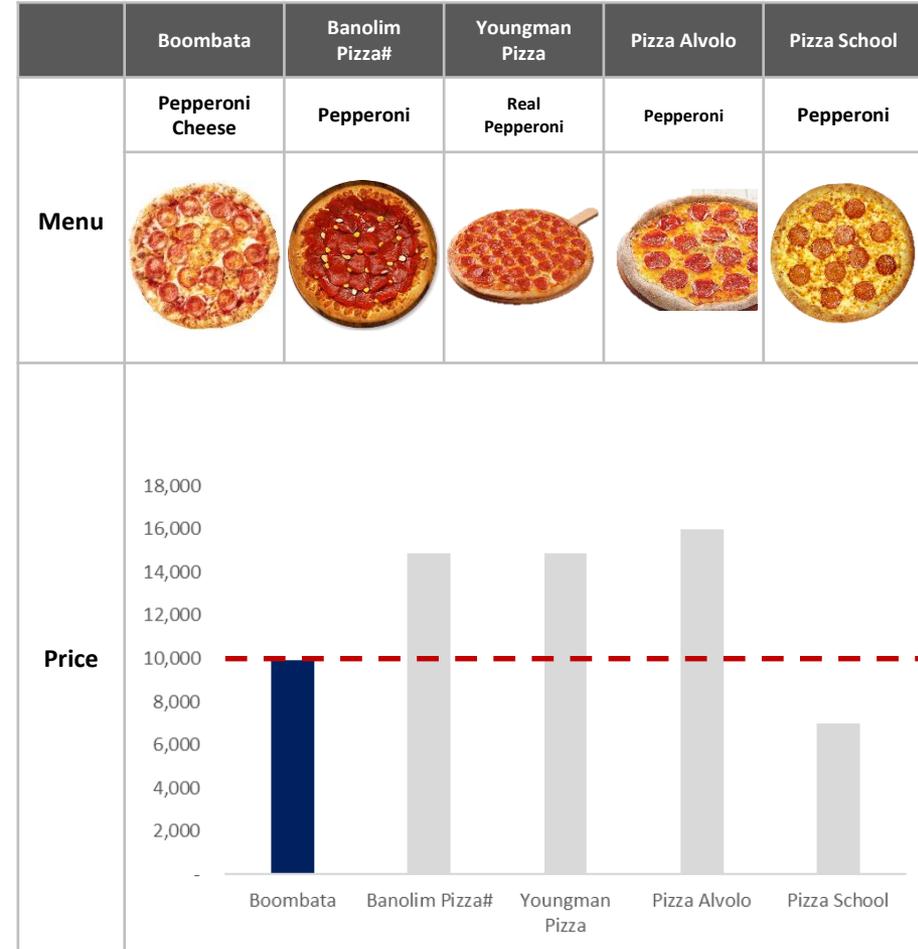
❖ Comparison with Competitors

(Unit : KRW)



Source : Homepage

(Unit : KRW)



3. Business

❖ Comparison of Financial Performance

(Unit: 1 billion won)	MOM'S TOUCH&Co.		Burger Franchise			
	1Q21	2020	Lotteria	KFC	Burgerking	MCD
Revenue	66	286	683	197	571	791
Operating Profit	8	26	(20)	1	8	(48)
Net Income	6	23	(34)	(3)	(4)	(66)
Asset	114	117	844	151	479	578
Liability	34	39	616	151	334	466
Equity	80	78	228	(1)	145	112
Number of Units	1,333	1,314	1,342	193	383	407
Number of Franchised Chains	1,332	1,313	1,211	0	101	106
Percentage of Franchised Chains (%)	99.9	99.9	90.2	0.0	26.4	26.0
Number of employees	212	185	1,952	2,659	890	1,470
Sales per person (Unit: 1mil won)	313	1,546	350	74	642	538

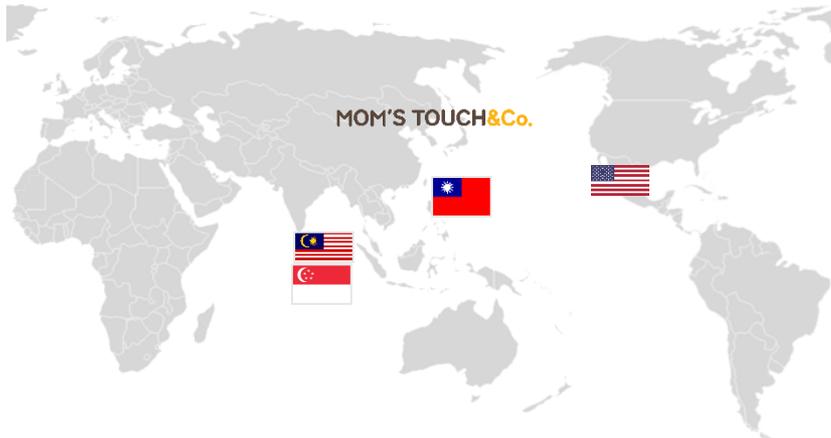
Source : DART,

'Number of units', 'Number of Franchised Chains' and Number of employees' of Lotteria, KFC and Burgerking are based on 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- Lotteria and KFC have been sales contraction

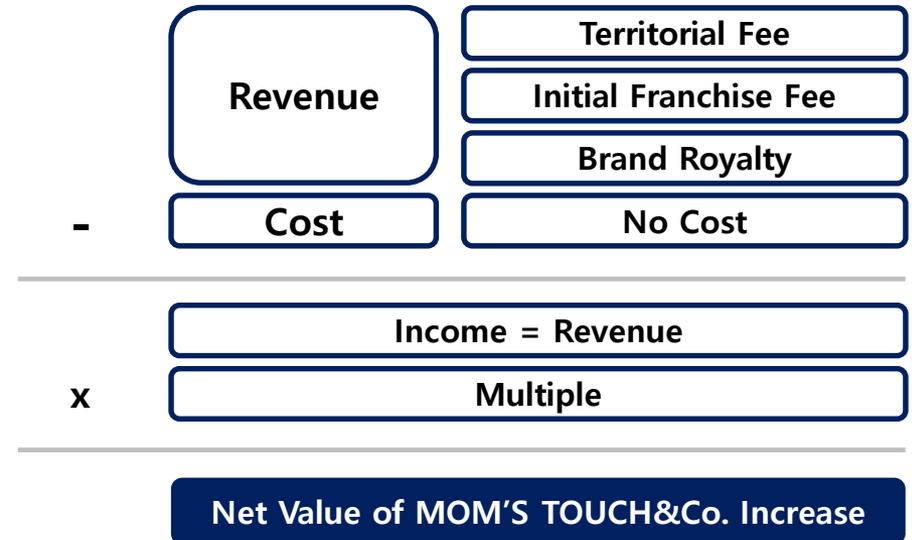
4. Global Business

❖ Global Business of MOM'S TOUCH



- As of 2021 Mar, venture into 2 countries and signed Master Franchise Agreement with 4 countries
- Taiwan : 4 Direct stores, 5 Franchisees
- Singapore : 2 Franchisees
- Malaysia : Made a master franchise agreement in Oct 2018
- USA : Made a master franchise agreement in Oct 2019

❖ Master Franchise



- Since 2018, Expanded into other country with master franchise model in order to reduce initial investment costs and minimize risks by cultural differences and a lack of information
- Since there are no additional costs, any sales generated by MF will be counted as the revenue
- It expect boosting the value of the company

5. Peer Valuation

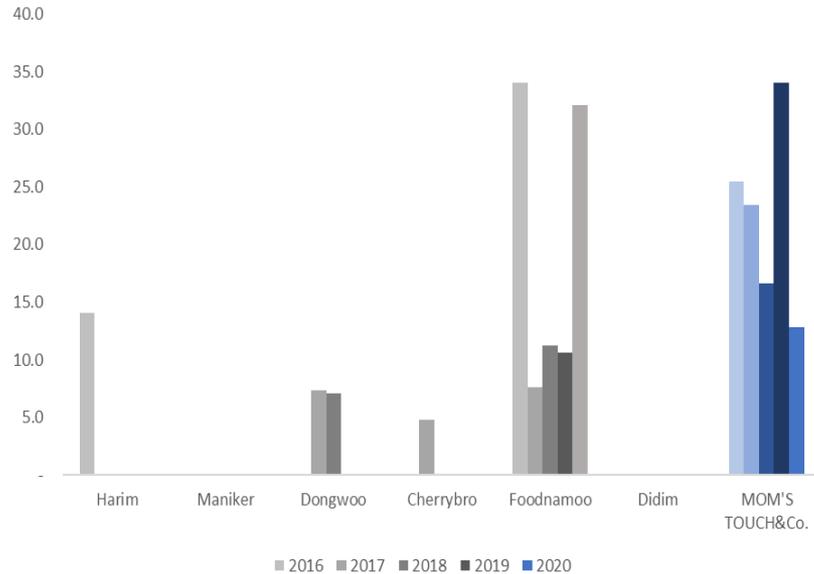
(Unit : M\$)

Ticker	Year	RRGB US Equity	DRI US Equity	Jack US Equity	MCD US Equity	WED US Equity	YUMC Equity	JFC PM Equity	220630 KS Equity
MKT Cap.	2020	299	10,017	1,802	159,948	4,913	23,940	4,435	333
Sales	2018	1,339	8,080	869	21,025	1,590	8,415	3,072	258
	2019	1,315	8,510	950	21,077	1,709	8,776	3,762	288
	2020	868	7,806	1,022	19,208	1,734	8,263	2,690	263
COGs	2018	884	6,335	330	10,239	896	6,434	2,551	182
	2019	872	6,661	248	9,961	979	6,659	3,147	205
	2020	631	6,398	263	9,456	987	6,298	2,409	183
GPM	2018	34.0%	21.6%	62.0%	51.3%	43.6%	23.5%	16.9%	29.5%
	2019	33.7%	21.7%	73.9%	52.7%	42.7%	24.1%	16.3%	28.8%
	2020	27.3%	18.0%	74.2%	50.8%	43.1%	23.8%	10.4%	30.3%
OP	2018	-10	767	232	8,823	250	941	149	23
	2019	-13	833	202	9,070	263	901	136	22
	2020	-275	48	231	7,324	269	961	-198	24
OPM	2018	-0.7%	9.5%	26.7%	42.0%	15.7%	11.2%	4.9%	8.9%
	2019	-1.0%	9.8%	21.3%	43.0%	15.4%	10.3%	3.6%	7.6%
	2020	-31.7%	0.6%	22.6%	38.1%	15.5%	11.6%	-7.4%	9.2%
PER	2018	N/A	18	20	24	8	19	38	12
	2019	N/A	20	34	25	38	26	34	19
	2020	N/A	N/A	21	34	42	29	N/A	16
PBR	2018	0.9	4.9	N/A	N/A	5.5	4.4	0.1	2.7
	2019	1.2	5.9	N/A	N/A	9.6	5.9	0.1	3.3
	2020	2.5	4.3	N/A	N/A	8.9	3.9	0.1	4.9
PSR	2018	0.3	1.3	2.5	6.5	2.3	1.5	2	0.7
	2019	0.3	1.7	2.2	7	2.9	2.1	1.3	0.9
	2020	0.3	1.3	1.8	8.3	2.8	2.9	1.6	1.3

Source : Nasdaq, Brand Official Homepage

6. Dividend Policy

❖ Dividend payout ratio(%)



Source : DART

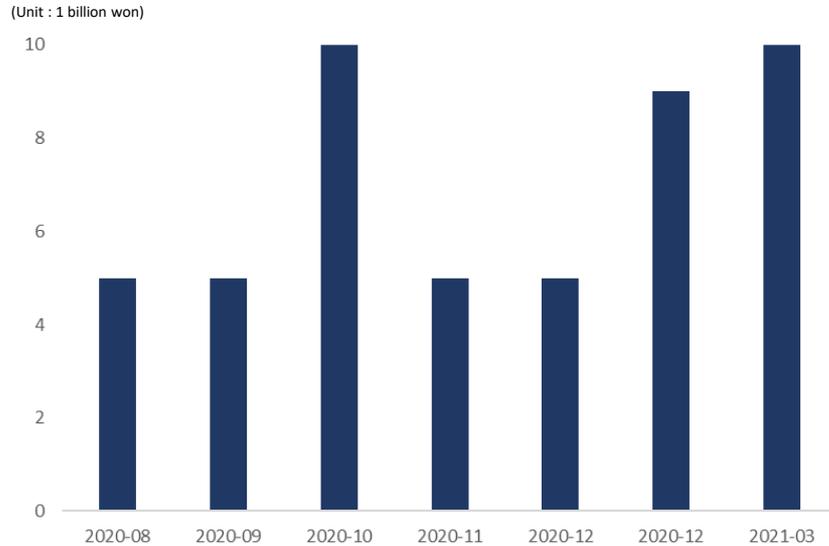
❖ Dividend of MOM'S TOUCH&Co.

	Share flag	2020	2019	2018	2017	2016
Par value(KRW)		100	100	100	100	100
(Consolidated)Net Income (Mil. KRW)		23,386	12,926	16,808	11,255	8,946
(Non-Consolidated)Net Income (Mil. KRW)		29,633	10,167	14,432	10,310	9,295
(Consolidated)Earnings per Share (KRW)		244	148	181	121	107
Total Cash Dividends (Mil. KRW)		3,055	4,734	2,817	2,629	2,281
Total Stock Dividends (Mil. KRW)		-	-	-	-	-
(Consolidated) Cash Dividend Rate(%)		12.8	34.0	16.6	23.4	25.5
Cash Dividend Yield Ratio(%)	Common Stock	1.1	1.7	1.4	1.4	1.4
	Preferred Stock	-	-	-	-	-
Stock Dividend Yield Ratio(%)	Common Stock	-	-	-	-	-
	Preferred Stock	-	-	-	-	-
Cash Dividend per Share(KRW)	Common Stock	30	50	30	28	25
	Preferred Stock	-	-	-	-	-
Stock Dividend per Share	Common Stock	-	-	-	-	-
	Preferred Stock	-	-	-	-	-

- In 2020, paid dividend of 30 KRW a share for the interim dividend
- Continue to focus on returning profits to the shareholders, expect increasing of stock dividend yield through final dividend other than interim dividend

6. 주주 환원

❖ Acquisition of treasury shares



Source : Trust contract amount for acquisition of treasury stock

(2021.03.31, Unit : KRW)

Contract date	Trust contract amount	Acquisition quantity	Equity ratio(%)
2020-08-10	5,000,000,000	1,880,996	1.85
2020-09-08	5,000,000,000	1,823,428	1.79
2020-10-07	10,000,000,000	3,327,973	3.27
2020-11-10	5,000,000,000	1,623,529	1.60
2020-12-01	5,000,000,000	1,643,659	1.61
2020-12-14	9,000,000,000	2,486,604	2.44
2021-03-30	10,000,000,000	-	-
합계	49,000,000,000	12,786,189	12.56

Source : Acquisition quantity is based on trading date.

Equity ratio is based on the total number of shares issued in March 2021(101,817,531)

- In Aug 2020, Decision on Entering into Trust Contract for Acquisition of Treasury Stocks
- As of March 2021, acquisition of treasury shares worth 49 billion won

7. Financial Statement

❖ Separate Balance Sheet

(Unit : 100 Mil KRW)	2017	2018	2019	2020	1Q21
Current assets	502	518	677	600	513
Cash and cash equivalents	324	303	313	473	388
Inventories	119	139	218	73	75
Other current assets	59	76	146	54	50
Non-current assets	517	651	582	557	625
Property, plant and equipment	309	375	423	388	388
Other non-current assets	208	276	159	169	237
Total assets	1,019	1,169	1,259	1,157	1,138
Current liabilities	191	421	466	337	291
Trade and other current payables	99	102	151	144	139
Short-term Borrowings	-	50	45	-	-
Convertible bonds	-	153	139	-	-
Other current liabilities	92	116	131	193	152
Non-current liabilities	264	57	45	38	38
Short-term Borrowings	95	45	-	-	-
Convertible bonds	143	-	-	-	-
Other non-current liabilities	26	12	45	38	38
Total liabilities	455	478	511	375	329
Total equity	564	691	748	782	809

Net Debt(Net Cash)	(229)	(208)	(268)	(473)	(388)
Current Ratio	263.7%	123.0%	145.2%	178.0%	175.9%
Debt Ratio	80.6%	69.2%	68.3%	48.0%	40.7%

❖ Separate Income Statement

(Unit : 100 Mil KRW)	2017	2018	2019	2020	1Q21
Sales	2,235	2,581	2,877	2,854	666
Cost of goods sold	1,613	1,824	2,051	1,993	444
Gross profit	622	758	826	861	222
Selling and administrative expenses	477	527	609	577	129
Operating income	145	231	217	284	93
Depreciation cost	22	25	44	44	10
EBITDA	167	256	261	327	103
Other gain(Loss)	(10)	(25)	(70)	114	3
Profit before tax	135	205	147	398	95
Income Tax Expenses	32	61	45	101	27
Profit	103	144	102	296	68

Gross profit ratio	27.8%	29.3%	28.7%	30.2%	33.3%
Operating income ratio	6.5%	8.9%	7.5%	9.9%	13.9%
EBITDA%	7.5%	9.9%	9.0%	12.7%	15.5%
Profit ratio	4.6%	5.6%	3.5%	10.4%	10.2%

Thank you



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