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Sheng Siong Group records net profit growth of 8.3% yoy to S$34.4 million for 3Q FY2021

- Revenue for 3Q FY2021 increased 6.4% yoy to S$348.1 million, contributed by new stores and comparable same store sales
- Gross profit increased by 14.2% to S$100.9 million, gross profit margin improved by 2.0 percentage points to 29.0%
- Continue to look for suitable retail spaces where the Group does not have a presence

Singapore, 28 October 2021 – Sheng Siong Group Ltd. ("Sheng Siong", together with its subsidiaries, the "Group" or "昇菘集团"), one of the largest supermarket chains in Singapore, reported a 8.3% year-on-year (yoy) increase in net profit to S$34.4 million for the 3 months ended 30 September 2021 ("3Q FY2021").

Financial Highlights

Financial Highlights	3Q FY2021 (S$ 'million)	3Q FY2020 (S$ 'million)	Change (%)	9M FY2021 (S$ 'million)	9M FY2020 (S$ 'million)	Change (%)
Revenue	348.1	327.3	6.4	1,029.8	1,074.7	(4.2)
Gross profit	100.9	88.4	14.2	293.5	294.7	(0.4)
Gross profit margin	*29.0%*	*27.0%*	*2.0ppts**	*28.5%*	*27.4%*	*1.1ppts**
Other Income	2.5	10.4	(75.9)	10.0	30.3	(66.9)
Net profit	34.4	31.8	8.3	100.5	107.0	(6.1)
Net profit margin	*9.9%*	*9.7%*	*0.2ppts**	*9.8%*	*10.0%*	*(0.2ppts*)*
EPS (S$ cents)	2.29	2.11	8.5	6.67	7.09	(5.9)

**ppts denotes percentage points*

Revenue for 3Q FY2021 increased by 6.4% to S$348.1 million. The tightening of Covid-19 restrictions which arose from rising community infection cases also resulted in higher revenue.

The increase in revenue were attributable to:

	3Q2021 vs 3Q2020
New stores[1]	3.2%
Comparable same store	2.8%
China	0.4%
Total	6.4%

[1] Three stores were opened in 3Q FY2020 which contributed to the Group's financial results in 3Q FY2021

In-line with an increase in revenue, gross profit increased by 14.2% yoy to S$100.9 million in 3Q FY2021. Gross margin improved by 2.0 percentage points to 29.0% in 3Q FY2021 mainly due to improved sales mix of products with higher margin.

Administrative expenses increased by 1.4% yoy to S$58.2 million in 3Q FY2021, largely due to an absence of property tax rebates that was received in 3Q FY2020. Premise expenses which include security and cleaning expenses, as well as utilities costs increased during the quarter.

Accordingly, the Group delivered a net profit of S$34.4 million for 3Q FY2021, a 8.3% yoy increase from S$31.8 million recorded for 3Q FY2020.

Cash generated from operating activities amounted to S$45.8 million in 3Q FY2021. Total cash and cash equivalent stood at S$235.5 million as at 30 September 2021.

Looking forward

Owing to recent spike in community Covid-19 infections exceeding 3000 cases daily, the Singapore government implemented tighter Covid-19 restrictions during September/October/November 2021 period, which may lead to increased demand for our products as compared to the same period last year. However, as the Government remains committed to transition towards a Covid-19 endemic living and with the opening of more ‘vaccinated travel lanes’[2], it is likely that demand will taper off.

The supply of new HDB shops has been greatly impacted due to a foreign construction manpower crunch. However, the situation is expected to improve as the Government has provided new measures to retain and hire work permit holders in the construction sector, and as border restrictions continue to relax. The Group will continue to look for retail space in new and existing HDB Housing Estates, particularly in areas where we do not have a presence.

Competition in the supermarket industry is expected to remain keen. Although there was no major disruption to the supply chain the past year because of Covid-19 pandemic, there are still risks of disruption possibly from the global impact of Covid-19, weather and/or geo-political events that may affect input prices. The Group will continue to monitor closely the performance of existing stores, focusing on our core competencies to improve our operational efficiency and increasing gross margin.

On the future plans of the Group, **Mr Lim Hock Chee, the Group’s Chief Executive Officer**, added, ***“With the Singapore government announcing plans to transition towards an endemic living, the relaxation of border controls is expected to ease the manpower crunch in the construction sector and help increase the supply of new HDBs. This will help us to continue expanding our presence***

[2] As per: CNBC, Singapore to open ‘vaccinated travel lanes’ with 8 more countries as it aims for ‘new normal’ (https://www.cnbc.com/2021/10/09/singapore-on-covid-restrictions-living-with-covid-and-travel-lanes.html)

within Singapore to drive further business growth. Within China, we have opened our third store in late August and a fourth store is expected to be operational by end 2021.

Moving forward, the Group will remain focused on improving same store sales in Singapore and China, drive cost efficiencies and enhance gross margins by working towards a favourable sales mix."

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About Sheng Siong Group Ltd.

Sheng Siong Group Ltd. is one of the largest supermarket chains in Singapore. Principally engaged in operating the Sheng Siong Groceries Chain, consisting of 63 outlets all across the island, the Group's outlets are primarily located in retail locations in the heartlands of Singapore. The outlets are designed to provide its customers with both "wet and dry" shopping options, including a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables, in addition to processed, packaged and/or preserved food products as well as general merchandise such as toiletries and essential household products.

Sheng Siong has developed a selection of housebrands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 1200 products under its 18 housebrands, ranging from food products to paper goods.

For more information, please refer to: http://www.shengsiong.com.sg

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