

**FOR IMMEDIATE RELEASE**

## Sheng Siong Group delivers an increase in net profit of 6.8% to S\$70.0 million for 1H FY2024

- Revenue increased by 3.4% yoy to S\$714.2 million with more contributions from existing stores during the longer sales period before the Lunar New Year.
- The gross profit margin improved 0.4 percentage points to 30.1%, mainly due to a better sales mix.
- The Group has added four new stores in the year-to-date, and eyes another seven that HDB is expected to put up for tender in the coming months.
- Declares interim dividend of 3.20 Singapore cents per share.

**Singapore, 29 July 2024** – 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 net profit of S\$70.0 million for the 6 months ended 30 June 2024 (“1H FY2024”), an increase of 6.8% year-on-year (“yoy”).

**Financial Highlights**

Financial Highlights	1H FY2024 (S\$ 'million)	1H FY2023 (S\$ 'million)	Change (%)
Revenue	714.2	690.5	3.4%
Gross profit	215.0	205.1	4.8%
Gross profit margin	30.1%	29.7%	0.4 ppts*
Other Income	7.3	5.0	45.4%
Net profit	70.0	65.5	6.8%
Net profit margin	9.8%	9.5%	0.3 ppts*
EPS (S\$ cents)	4.65	4.35	6.9%

\*ppts denote percentage points

Revenue for 1H FY2024 increased by 3.4% yoy to S\$714.2 million, compared to S\$690.5 million in 1H FY2023. This was largely driven by a longer sales period prior to the Lunar New Year which fell in February 2024.

In line with the increment in revenue, gross profit increased by 4.8% to S\$215.0 million, compared to S\$205.1 million in 1H FY2023. The Group’s profit margins remained relatively stable in 1H FY2024 with a slight growth of 0.4 percentage points to 30.1%, mainly due to improvements in the sales mix but also to address rising staff costs.

Other income for 1H FY2024 increased by 45.4% yoy to S\$7.3 million, partially due to higher government grants and higher miscellaneous income.

In 1H FY2024, the Group's selling and distribution expenses increased by S\$3.8 million or 3.5% to S\$113.5 million, administrative expenses increased by S\$3.5 million or 14.1% to S\$27.9 million. These were largely attributed to higher staff variable bonuses because of stronger financial performance.

In 1H FY2024, cash flow from operating activities increased to S\$93.0 million compared to S\$77.8 million in the same period last year where more funds were utilised to pay suppliers. The Group's cash position continues to stand at a strong position of S\$349.6 million, which increased by S\$25.2 million from S\$324.4 million as of 31 December 2023.

Following the resilient financial performance, the Board of Directors has proposed an interim dividend of 3.20 cents per share.

### **Looking Forward**

The core inflation rate in Singapore remained at 3.1% in May, unchanged from April and March<sup>1</sup>. The increased costs of living are leading to increased consumer price sensitivity. We anticipate a continual shift towards value-driven grocery shopping, with a rise in demand for budget-friendly supermarkets and house brand products. In addition, the Assurance Package and the government's continued commitments to defray the GST hike for lower to middle-income groups, will bolster consumer spending momentum.

As a heavily import-dependent country, Singapore is particularly vulnerable to supply chain disruptions. Global transportation costs have surged due to prolonged attacks in the Red Sea, forcing ships to take longer, more expensive routes.<sup>2</sup> Food yield uncertainty, exacerbated by extreme weather patterns, further contributes to these pressures. To mitigate these risks, the Group will continue to diversify our sources of supply and collaborate with our suppliers.

Amidst intense competition in the supermarket industry, where ongoing promotions are employed by competitors, the Group also faces margin pressure from increasing labour and energy costs. To address these challenges, the Group will continue its effort to improve its sales mix and focus on strengthening its core competencies to improve operational efficiency and productivity.

**Mr Lim Hock Chee, the Group's Chief Executive Officer**, said, **"The Group has continued to perform well despite the external disruptions, showcasing our resilience and the ability to navigate the uncertainty. We are dedicated to offering quality products at affordable prices to our customers and ensuring a well-diversified supply chain to mitigate any potential risk.**

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<sup>1</sup> <https://www.businesstimes.com.sg/singapore/economy-policy/singapores-may-inflation-meets-economists-expectations-headline-and-core-figures-3-1>

<sup>2</sup> <https://english.elpais.com/economy-and-business/2024-07-15/a-new-storm-hits-the-shipping-sector-raising-fears-of-inflation.html>

As for our expansion strategy in Singapore, we opened two new stores and expanded the retail area of one store in 1H FY2024 and opened another two in July 2024. The Group has also tendered for three new stores and is awaiting the results. Meanwhile, the supply pipeline of new stores is promising, with an expected seven stores put up for tender by HDB in 2H FY2024. In China, as planned, we opened one store in June 2024, bringing the total number of stores to 6.”

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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 73 outlets all across the island, the Group’s outlets are primarily located 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 house brands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 1,650 products under its 24 house brands, ranging from food products to paper goods.

For more information, please refer to: <http://corporate.shengsiong.com.sg>

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**Issued for and on behalf of Sheng Siong Group Ltd.**

**by Financial PR**

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