SHENGSIONG
... all for you!

2Q2019
Results Presentation

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Financial Highlights for 2Q2019

Revenue	↑ 11.8% yoy	S$238.2 million
Gross profit margin	↑ 0.1pp*	27.4%
Operating profit margin	↓ 0.3pp*	9.4%
Net profit	↑ 7.6%	S$18.4 million**
Retail area	↑ 17.4% yoy	512,000 sq ft***

** pp denotes percentage points*
*** S$19.2 million before adopting SFRS (I) 16: "Leases"*
**** Singapore only*

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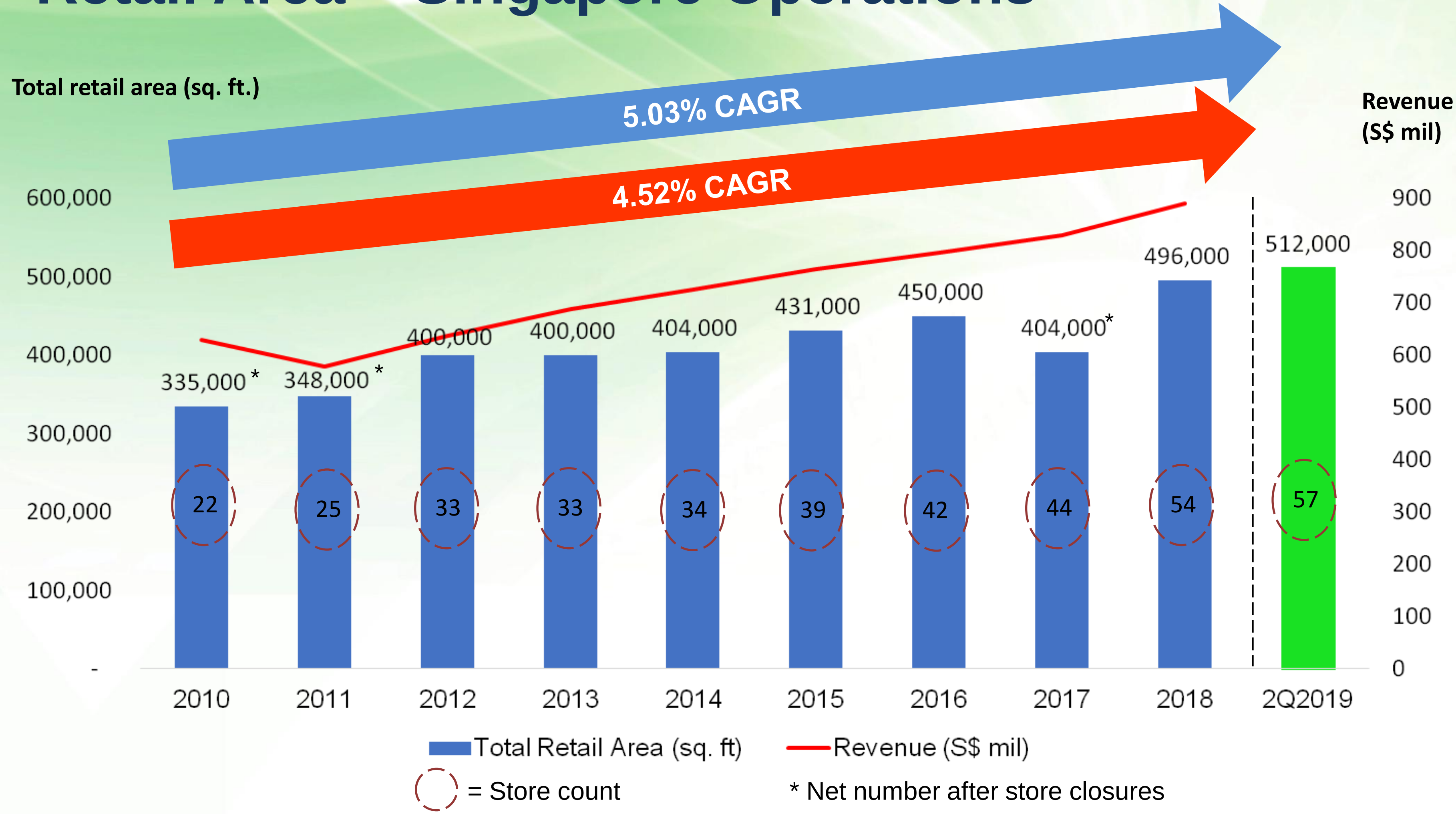
Retail Area – Singapore Operations



- 57 outlets as at 30 June 2019
- The key driver of our strategy will be to expand retail space in Singapore, particularly in areas where our potential customers are residing in.

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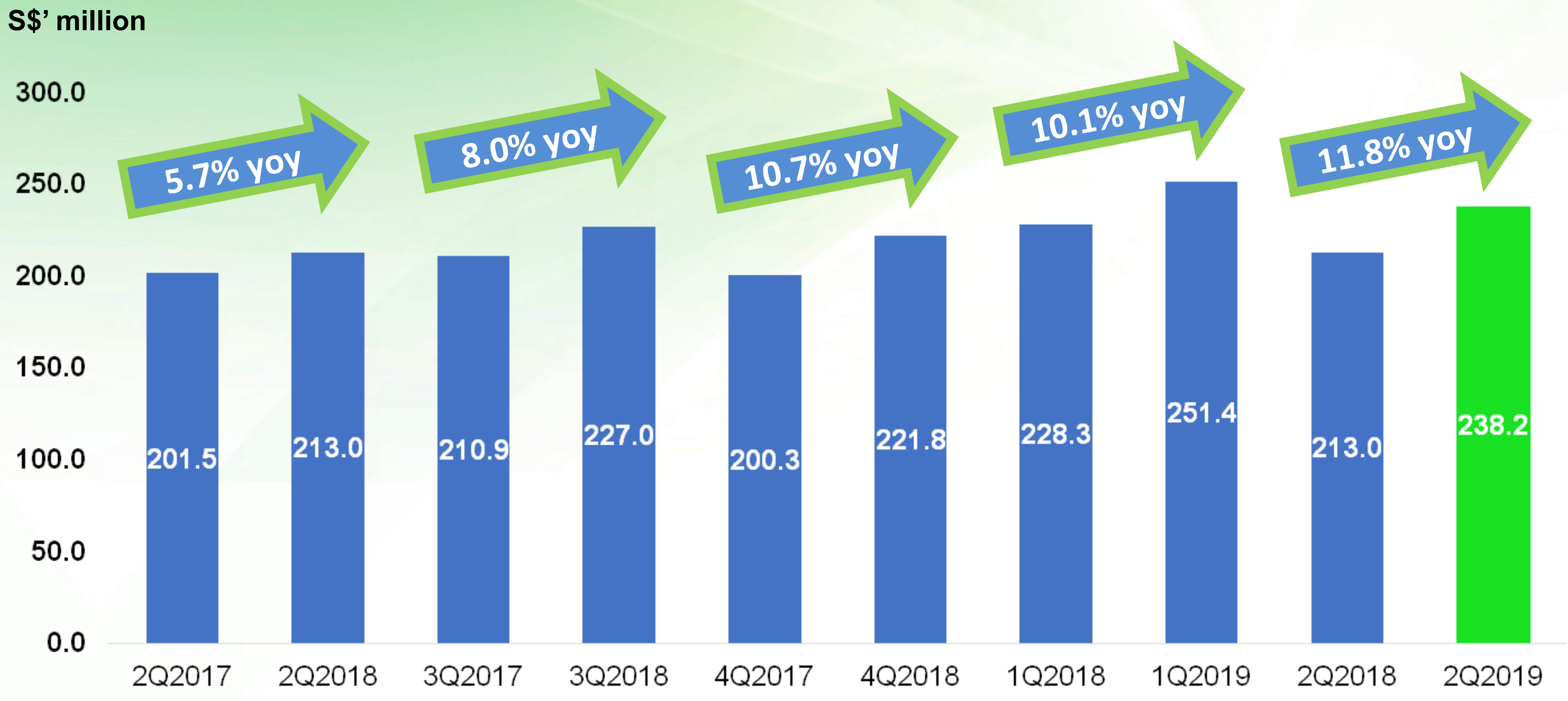
Revenue Trend



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Breakdown of Revenue Growth

	2Q2019	2Q2018
New stores	11.3%	7.8%
Comparable same store sales	(0.3%)	4.2%
Verge and Woodlands Block 6A *	-	(7.2%)
Supermarkets in China	0.8%	0.9%
Total revenue growth	11.8%	5.7%

*Verge and Woodlands Block 6A were closed in June 2017 and November 2017 respectively

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Revenue Per Sq Ft (Singapore Operation)

Year	Area (square feet)	Revenue (S$'000)	Revenue per square feet (S$)	Remarks
2012	369,000[1]	637,317	1,727	New store sales, positive same store sales offset by closure of Tanjong Katong
2013	400,000	687,390	1,718	New store sales offset by renovation works affecting Bedok Central and Verge stores
2014	400,000	725,987	1,815	Positive same store sales
2015	422,000[1]	764,433	1,810	Turnover at new stores require time to reach optimum
2016	436,000[1]	796,683	1,826	More smaller stores
2017	435,700[1]	829,827	1,905	Closure of the Verge and Woodlands Block 6A – partial effect
2018	447,600[1]	882,200	1,971	Closure of the Verge and Woodlands Block 6A – full effect and new stores
1H2018	428,000[1]	437,562	1,023	Closure of the Verge and Woodlands Block 6A – full effect and new stores
1H2019	498,461[1]	482,936	969	New stores

[1] *Weighted average area*

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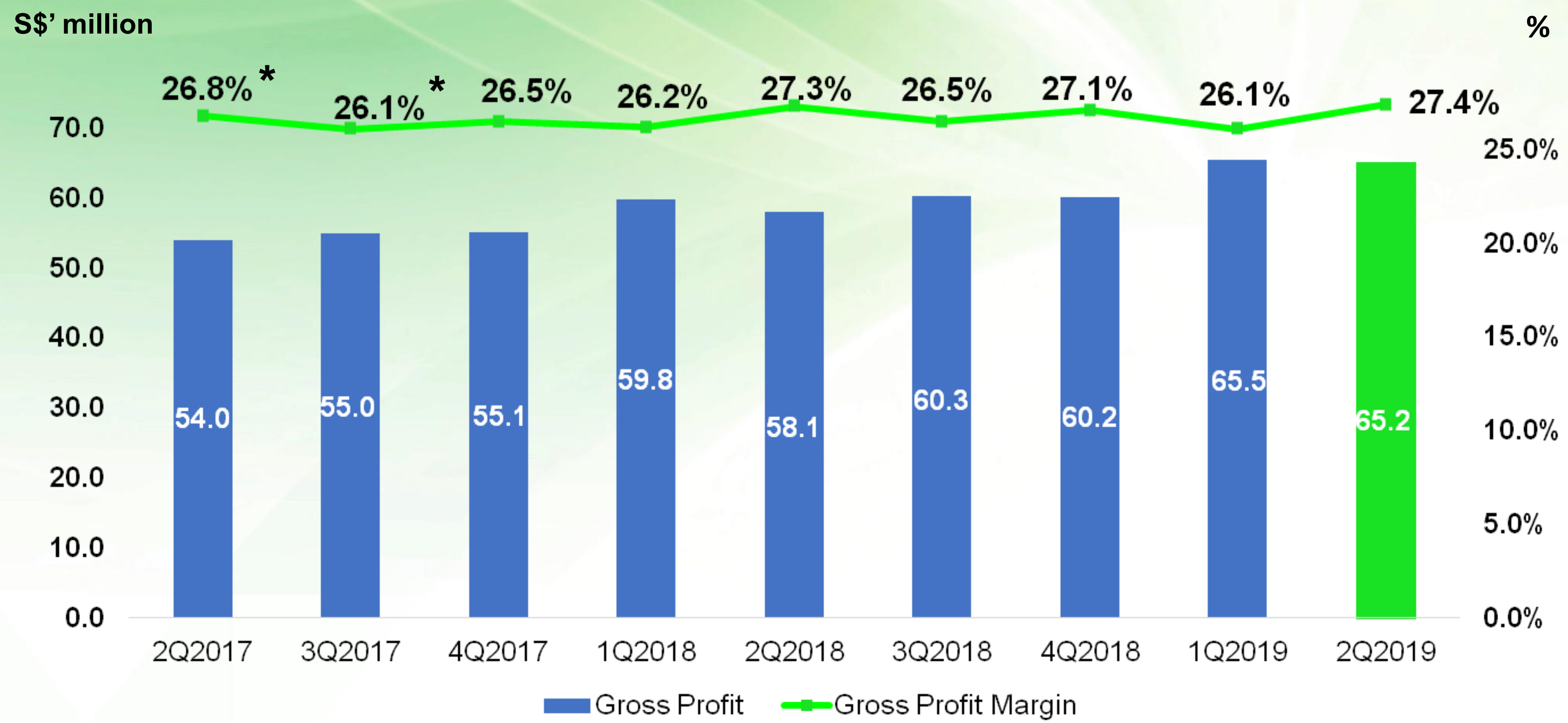
Gross Profit Trend



* After an adjustment re-classifying from cost of sales to administrative expenses

- Gross margin increased slightly to 27.4% in 2Q2019 compared with 27.3% in 2Q2018 mainly because of an improvement in the sales mix of fresh produce versus non-fresh produce. Selling prices were generally stable. The improvement derived from sales mix was however diluted by lower margin on pork and vegetables, which was probably caused by the disruption to the supply chain.

Balance Sheet Highlights

S$' Million	As at 30 Jun 2019	As at 31 Dec 2018	Remarks
Inventories	64.4	69.9	Goods purchased towards the end of FY2018 for Chinese New Year were sold in early 2019
Trade and other payables	115.8	125.7	An decrease in trade payables due to the reduction in non-trade payables as accruals for bonuses and other expenses were paid subsequent to year end
Property, plant and equipment (PPE)	263.1	266.2	Purchase of property, plant and equipment amounting to $12.2 million
Right-of-use assets (leases)	56.7	-	Adoption of SFRS (I) 16
Lease liabilities	51.7	-	Adoption of SFRS (I) 16
Cash and cash equivalents	82.9	87.2	

Outlook

Business Outlook

- Competition in the supermarket industry is likely to remain keen.

Retail Space:

- HDB released 7 shops for tendering
- Tendered for 6 out of the 7 shops
- Results expected in August 2019

Growth strategy

- Continue expanding network of outlets in Singapore, especially in areas with no presence
- Nurture growth of new stores
- Improve comparable same store sales
- Nurture growth of Kunming supermarket (China) and build Sheng Siong's brand in China

Continue margin enhancement initiatives

- Improve sales mix of higher margin products
- Increase selection and types of house brand products

Operational efficiencies

- Remain vigilant on operating costs
- Continue to automate work processes

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Questions & Answers

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