SHENGSIONG

... all for you!







4Q2013 and FY2013
Results Presentation

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Financial Highlights for 4Q2013

Revenue	5.9% yoy	S$170.4 million
Gross profit margin	0.5pp*	23.2%
Operating profit margin	0.7pp*	6.6%
Net profit	16.7% yoy	S$9.3 million
Retail area	Maintained	400,000 sqft

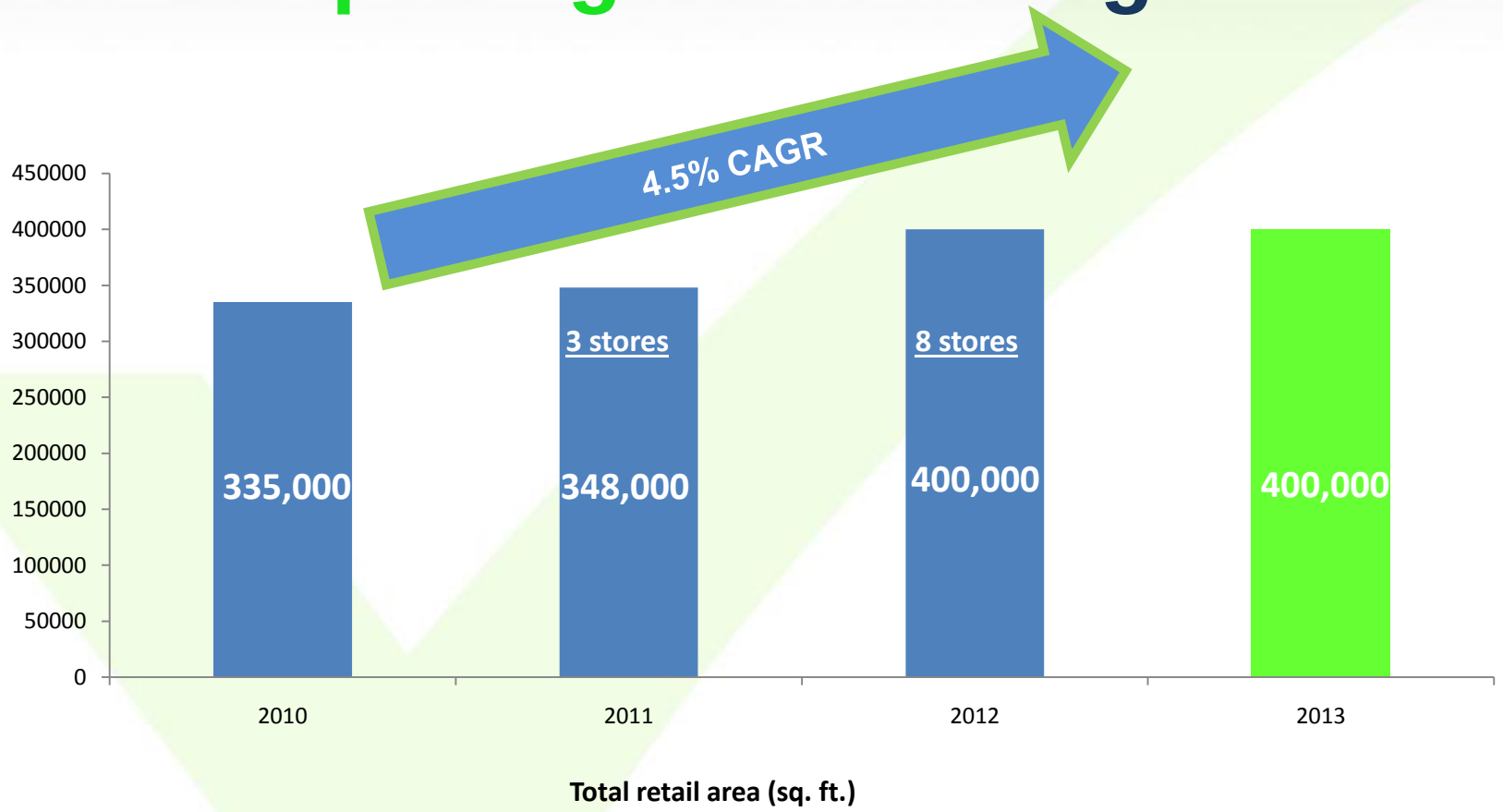
* *pp denotes percentage points*

Financial Highlights for FY2013

Revenue	7.9% yoy	S$687.4 million
Gross profit margin	0.9pp*	23.0%
Operating profit margin	(1.0pp)*	6.8%
Core net profit	18.6% yoy	S$38.9 million
Retail area	Maintained	400,000 sqft

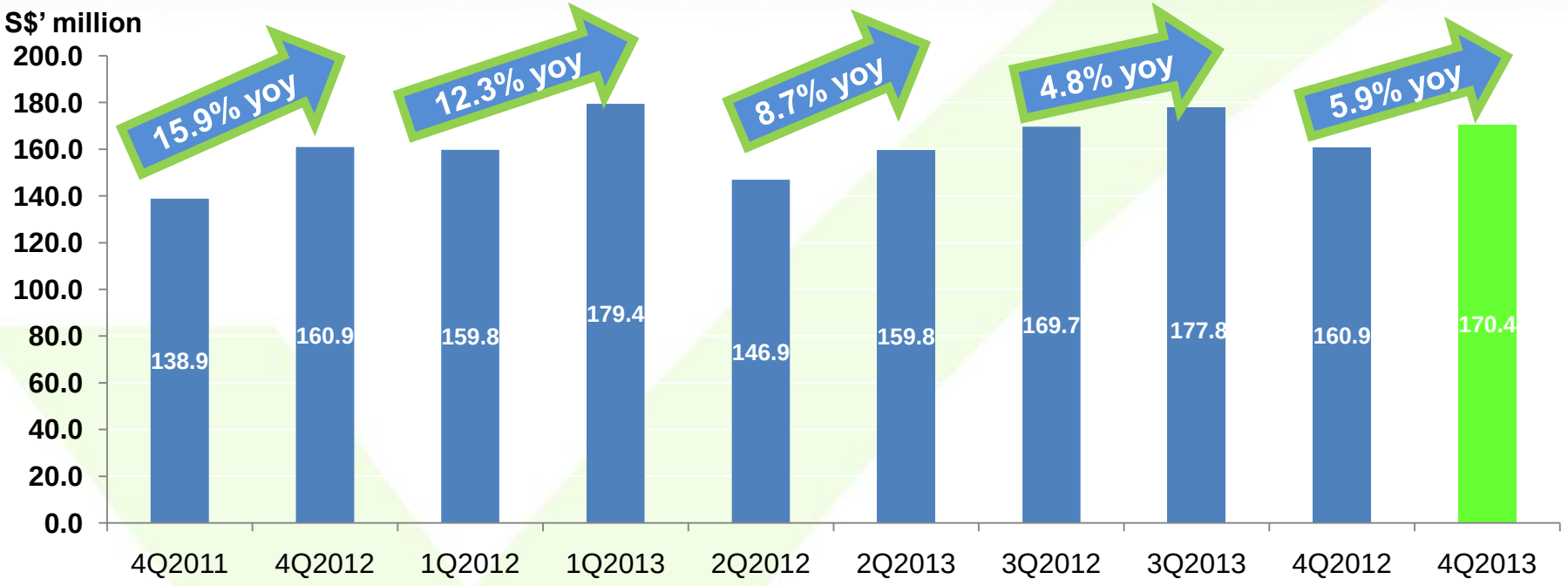
* *pp denotes percentage points*

Outlets Opening and Closing



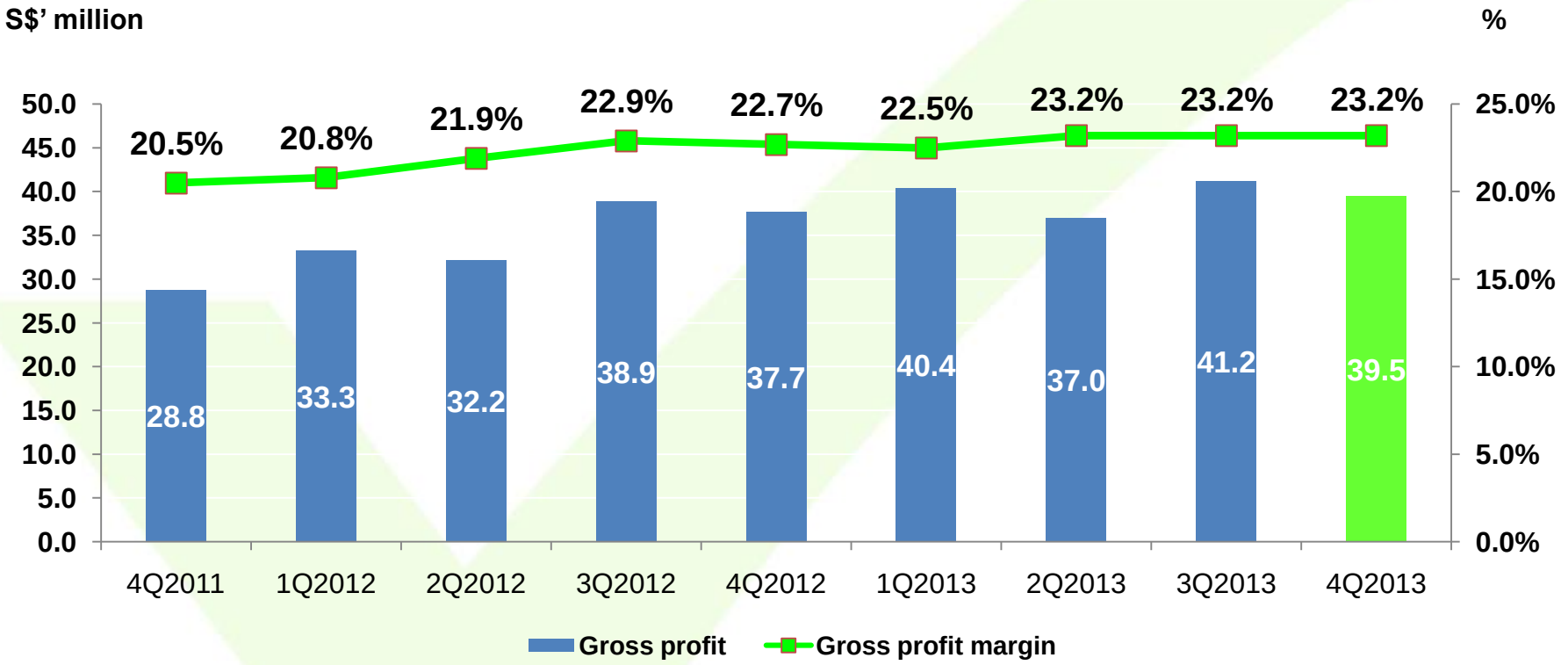
- Total outlets maintained at 33 as at 31 December 2013, total retail area at around 400,000 sq. ft.
- The key driver of our strategy will be to expand retail space in Singapore, particularly in areas that we do not have a presence. Despite unabated competition for retail space, we will remain diligent in assessing the suitability of potential stores before committing

Revenue Trend



- In 4Q2013, revenue grew by 5.9%, of which 4.6% came from new stores and 1.3% from comparable same store sales. If the Bedok Central and Verge stores were excluded, comparable same store sales grew by 2.0%.
- The recovery in comparable same store sales took place gradually throughout FY2013 as a result of new sales and marketing initiatives and renovations to two stores.

Gross Profit Trend



- The Group registered stable gross margins of 23.2% for the past three quarters, as a result of lower input costs derived from the distribution centre and better sales mix. This was partially offset by the slight easing of selling prices towards the later part of the year because of competitive pressures.
- On a full year basis, gross margin increased from 22.1% in FY2012 to 23.0% in FY2013.

Net Profit

S$' 000	4Q2013	4Q2012	Change	FY2013	FY2012	Change	Reason(s) for change
Gross profit	**39,531**	**36,526**	**8.2%**	**158,213**	**140,878**	**12.3%**	Increase in gross profit as a result of lower input costs derived from the distribution centre and better sales mix
Operating expenses#	(29,590)	(28,391)	4.2%	(116,592)	(106,079)	9.9%	Increased staff costs, rental expenses and foreign workers' levy. The increase in staff costs were attributed to salary adjustments as well as a higher provision for bonus arising from the better financial performance of the Group in FY2013 and the increase in foreign workers' levy because of an increase in levy rates. Rental expenses remained at about 2.8% of turnover, despite an increase in rent for leases renewed in FY2013.
Operating profit excluding one-off gains* in Other income	**11,260**	**9,553**	**17.9%**	**46,506**	**39,266**	**18.4%**	
One-off gains	-	-	n.m.	-	10,465	n.m.	Sale of old warehouse
Operating profit	**11,260**	**9,553**	**17.9%**	**46,506**	**49,731**	**(6.5%)**	
Finance income	522	90	n.m.	1,052	661	59.2%	
Profit before income tax	**11,782**	**9,643**	**22.2%**	**47,558**	**50,392**	**(5.6%)**	
Income tax expense	(2,458)	(1,654)	48.6%	(8,651)	(8,715)	(0.7%)**	
Core net profit	**9,324**	**7,989**	**16.7%**	**38,907**	**32,838**	**18.6%**	Higher revenue and better margins
Net profit	**9,324**	**7,989**	**16.7%**	**38,907**	**41,677**	**6.6%**	

 # Refers to distribution, administrative and other expenses
** One-off other income includes the gain on sale of old warehouse at Marsiling Road during the half-year under review*
** * Includes provision of $1.6 million for prior year's tax*

Balance Sheet Highlights

S$' 000	As at 31 Dec 2013	As at 31 Dec 2012
Inventories	45,566	39,987
Trade and other payables	88,243	79,707
Property, plant and equipment (PPE)	90,756	74,624
Cash and cash equivalents	99,678	120,399

- Inventories increased by S$5.6 million as the Group stocked up for the coming Chinese New Year sales in January 2014
- The increase in payables of S$8.5 million was due to a higher level of purchases with respect to stocking up for Chinese New Year
- FY2013 capital expenditure of S$26.3 million included:
  - Retail shops at Junction 9 - S$13.2 million;
  - Toa Payoh shop - S$3.5 million;
  - Plant and machinery - S$7.5 million; and
  - Solar panel - S$2.1 million.

Outlook

Business Outlook

- Competition in the supermarket industry is likely to remain keen.
- The Group expects to see pressure on food and manpower costs going forward.

Growth strategy

- Continue expanding network of outlets in Singapore especially in areas without presence in
- Expect revenue from the 11 new stores opened in FY2011 and FY2012 to contribute positively to the Group's financial performance in 2014

Continue margin enhancement initiatives

- Increase direct sourcing and bulk handling
- Improve sales mix of higher margin products
- Increase selection and types of housebrand products

E-commerce initiatives

- Commenced pilot project in 4Q2013

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Financial PR

Investor Relations Point-of-Contact:
Romil SINGH/ Mark LIN
Tel: (65) 6438 2990
Fax: (65) 6438 0064
Email: romil@financialpr.com.sg
marklin@financialpr.com.sg or
staff@financialpr.com.sg

Questions & Answers

