SHENGSIONG

... all for you!

3Q2014

Results Presentation

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Financial Highlights for 3Q2014

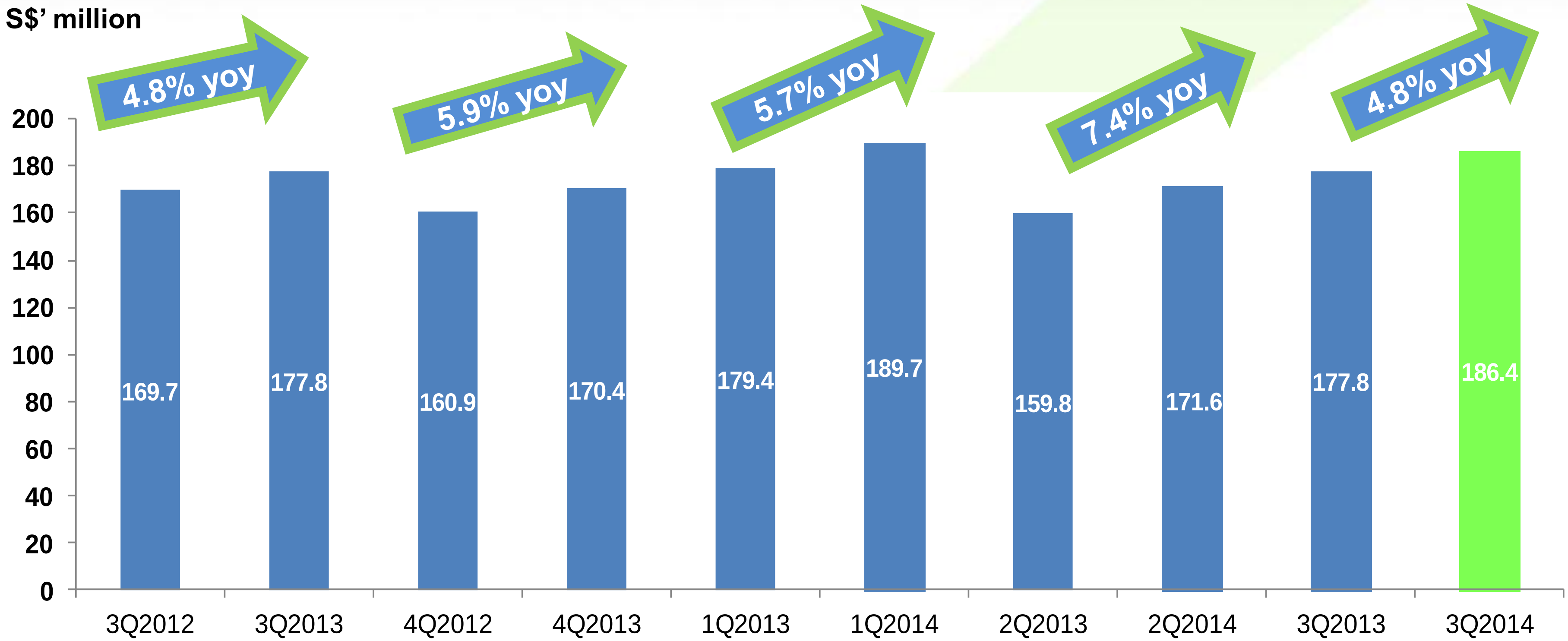
Revenue	4.8% yoy	S$186.4 million
Gross profit margin	1.0 pp*	24.2%
Operating profit margin	0.8 pp*	7.9%
Net profit	15.4% yoy	S$12.2 million
Retail area	Maintained	400,000 sqft

* *pp denotes percentage points*

Outlets Opening and Closing

- Total outlets maintained at 33 as at 30 September 2014, 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 where we do not have a presence

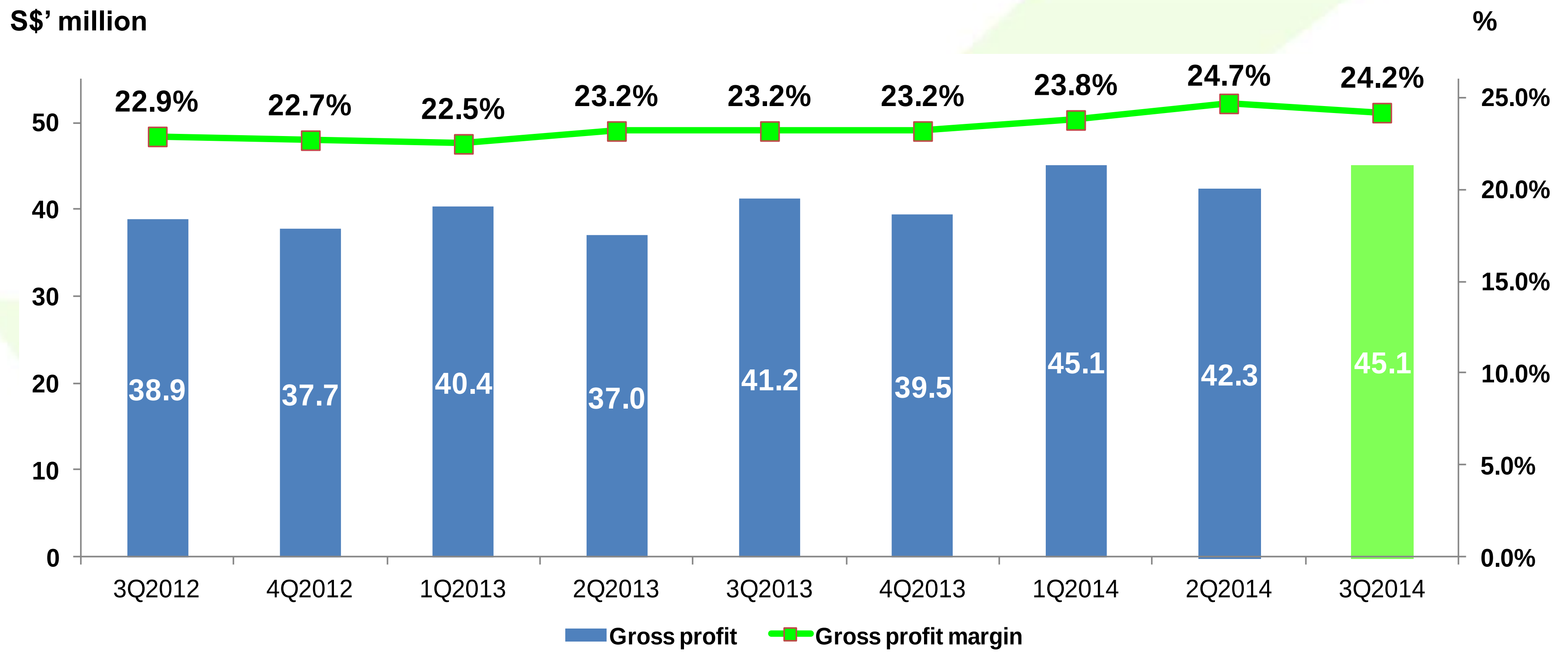
Revenue Trend



Revenue increased 4.8% yoy to S$186.4 million for 3Q2014, of which

- 1.4% was contributed by the eight new stores which were opened in 2012; and
- 3.4% from comparable same store sales.
- Despite tepid demand, comparable same store sales grew by 3.4%, driven mainly by marketing activities, a marked improvement over that of -2.6% in 3Q2013
- Tepid demand and new stores approaching normal rate of growth were the main reasons for lower new store sales growth of 1.4% in 3Q2014, compared with 2.7% for 2Q2014

Gross Profit Trend



- The Group's gross margins increased to 24.2% in 3Q2014 compared with 23.2% in 3Q2013, driven mainly by lower input costs derived from competitive buying and more direct and bulk purchasing
- This gross margin improvement was achieved, notwithstanding food inflation and pressure on labour costs

Net Profit

S$' 000	3Q2014	3Q2013	Change	9M2014	9M2013	Change	Reason(s) for change
Gross profit	**45,050**	**41,238**	**9.2%**	**132,424**	**118,682**	**11.6%**	Increase in gross profit as a result of higher revenue and lower input costs derived from competitive buying, and increased direct and bulk purchasing
Operating expenses#	(31,659)	(29,757)	6.4%	(93,053)	(87,002)	7.0%	Administrative expenses in 3Q2014 and 9M2014 increased by 6.0% and 7.1% yoy respectively, mainly because of higher manpower cost, arising from higher provision for bonus due to better financial performance. Operating costs were tightly controlled and administrative expenses as a percentage of revenue remained stable at 16.1% in 3Q2014 compared with 15.9% in 3Q2013.
Operating profit	**14,721**	**12,620**	**16.6%**	**43,173**	**35,246**	**22.5%**	
Finance income	252	193	30.6%	604	530	14.0%	
Profit before income tax	**14,973**	**12,813**	**16.9%**	**43,777**	**35,776**	**22.4%**	
Income tax expense	(2,769)	(2,235)	23.9%	(7,967)	(6,193)	28.6%	
Net profit	**12,204**	**10,578**	**15.4%**	**35,810**	**29,583**	**21.0%**	Higher revenue and better gross margin

 # Refers to distribution, administrative and other expenses

*

Balance Sheet Highlights

S$' 000	As at 30 Sep 2014	As at 31 Dec 2013
Inventories	38,577	45,566
Trade and other payables	90,406	88,243
Property, plant and equipment (PPE)	93,931	90,756
Cash and cash equivalents	178,699	99,678

- Inventories decreased by S$7.0 million because of the run-down of inventory carried as at 31 December 2013 to cater for Chinese New Year sales in 2014
- The decrease in trade and other payables by S$2.2 million was attributable to a reduction in trade payables of S$6.1 million, which was offset by an increase in other payables and accruals amounting to S$8.3 million arising mainly from a higher provision for staff bonus and a change in timing in paying staff bonuses
- Purchase of PPE in 9M2014 amounted to S$11.5 million
- The Group Issued 120 million new shares for cash in 3Q2014, bringing in a net cash flow of S$79.0 million. After paying off FY 2013's final dividend and the interim dividend for FY 2014, net cash generated was S$79.0 million for 9M2014

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
- Expect higher revenue from the existing stores (new and old) 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

Overseas expansion

- Signed Letter of Intent with a prospective partner to operate supermarkets in Kunming, China

Questions & Answers

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