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FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 83.7% yoy to S$139.1 million for FY2020

- Revenue improved by 40.6% to S$1,394.0 million mainly driven by elevated demand arising from COVID-19
- Gross profit margin improved slightly to 27.4% in FY2020
- Declare final dividend of 3.0 cent per share
- Remain committed to store expansion plan in Singapore especially where the Group does not have a presence

Singapore, 24 February 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 83.7% year-on-year ("yoy") increase in net profit to S$139.1 million for the full year ended 31 December 2020 ("FY2020"), mainly due to an increase in gross profit arising from the strong growth in revenue, improved gross margin and higher other income but was partially offset by higher operating expenses.

Financial Highlights (S$ 'million)	3 months ended 31 Dec 2020 (4Q2020)	3 months ended 31 Dec 2019 (4Q2019)	Change	12 months ended 31 Dec 2020 (FY2020)	12 months ended 31 Dec 2019 (FY2019)	Change
Revenue	319.3	247.9	28.8%	1,394.0	991.3	40.6%
Gross profit	87.1	67.4	29.3%	381.9	266.9	43.1%
Gross profit margin	*27.3%*	*27.2%*	*0.1p.p*	*27.4%*	*26.9%*	*0.5p.p*
Other Income	10.9	1.7	nm	41.2	8.9	nm
Net profit	32.1	17.4	84.9%	139.1	75.8	83.7%
Net profit margin	*10.1%*	*7.0%*	*3.1p.p*	*10.0%*	*7.6%*	*2.4p.p*
EPS (cents)#	2.13	1.16	83.6%	9.22	5.04	82.9%

p.p denotes percentage points
nm denotes not meaningul
 # Based on weighted average number of 1,503,537,000 shares for 4Q2020, 4Q2019, FY2020 and FY2019

Revenue improved by 40.6% in FY2020 of which 29.1 percentage points was contributed by comparable same store sales and 10.5 percentage points by new stores in Singapore mainly because of elevated demand arising from COVID-19, and 1.0 percentage points by the stores in China. Demand became elevated in the first half of 2020 as consumers loaded up their pantries and dined at home when the DORSCON level changed to Orange and the Circuit Breaker, which restricted movements and forbade dining out was imposed. However, demand remained elevated even though the Circuit Breaker was lifted towards the end of 2Q2020 as caution prevailed and working from home was encouraged.

Gross margin improved slightly in FY2020 to 27.4% compared with 26.9% in FY2019 because of higher gross margin in the first half of FY2020 as selling prices were firmly underpinned by the strong demand. In addition, a higher sales mix of fresh to non-fresh and a higher volume of house brands sold in 1Q2020 contributed to the improvement in gross margin.

Administrative expenses increased by S$72.6 million in FY2020 compared with FY2019 mainly due to higher staff costs but was partially offset by lower rental and property tax. Staff cost increased as a result of higher headcount, longer working hours, an additional month of salary paid in 2Q2020 to reward staff for their diligence, and higher provision for staff bonuses. The additional headcount and longer working hours were required to cope with the increase in volume, implement the safe distancing and tracing measures relating to COVID-19 and to operate the new stores. Provision for bonuses was higher as a result of higher operating profit. Rental decreased because leases were capitalized as right-of-use assets. Property tax rebates from the Budget 2020 package were the reasons for the savings in property taxes.

There were no significant changes to the terms of trade. The increases in cash generated from operating activities in FY2020 of S$274.1 million was mainly due to the increased volume of business and better management of working capital.

Cash used for capital expenditures in FY2020 amounted to S$17.1 million consisting mainly of; fitting out new stores, renovating old stores, purchase of electronic equipment and upgrading supermarkets' equipment totalling S$9.6 million, construction and equipping of new warehouse for S$1.2 million, upgrading equipment at the central distribution center and purchase of commercial vehicles for S$6.0 million and S$0.3 million incurred by the supermarkets in China.

The Group's balance sheet remained healthy with cash of S$253.9 million as at 31 December 2020.

Looking Forward

Demand was elevated in FY2020 because of COVID-19, but has tapered in the second half of FY2020 as restrictions on movements were relaxed. Though tapered, demand was still much higher than pre-COVID-19 levels. The Group's revenue in 2021 will depend on how COVID-19 develops which will affect demand and the timing of the opening of new stores. Since the declaration of DORSCON ORANGE, there was only one tender in November 2020 for two new HDB shops for use as supermarkets. The two shops are at Block 115A Alkaff Crescent (6280 sq. ft) and Block 610

Tampines North Drive (4,130 sq. ft). The results of the tender have not been announced. The Group will continue to look for retail space in new and existing HDB housing estates, particularly in locations where the Group has no presence.

The level of COVID-19 support from the Government to the businesses and the people will be lower in 2021 with improvement in the COVID-19 situation.

Competition in the supermarket industry is expected to remain keen among the brick and mortar and on-line players.

Although there were no major disruptions to the food supply chain in FY2020 because of COVID-19, there are still risks of disruption either because of COVID-19, weather or geo-political events which will affect input prices.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"Despite facing some delays in opening new stores and challenges arising from the outbreak of COVID-19, our expansion plan is still on track. We opened five new stores and closed one in FY2020, bringing our total store count to 63 and expanding our total retail area to 571,150 sq ft.***

Moving ahead, we remain committed to further expand our footprints by searching for suitable retail outlets in Singapore, particularly in areas where our customers reside but we do not have a presence. We will continue to nurture the growth of the new stores. Our focus is to improve profitability by enhancing gross margin through better cost efficiency in the supply chain as well as changing the sales mix to more fresh produce.

To reward shareholders for their unwavering support, we are pleased to propose a final dividend of 3.0 cents per share subject to shareholders' approval at the forthcoming AGM, taking our total dividend for FY2020 to 6.5 cents per share, equivalent to about 70.5% payout of our net profit after tax."

- End –

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.

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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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