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Sheng Siong Group's net profit grew 19.3% yoy to S$56.8 million for FY2015

- Revenue increased 5.3% yoy to S$764.4 million in FY2015 mainly contributed by sales from new stores
- Gross profit margin increased from 24.2% in FY2014 to 24.7% in FY2015
- Proposed final dividend of 1.75 cents per share, bringing the total dividend to 3.5 cents per share or equivalent to a payout ratio of around 92.6% for FY2015
- Committed to expanding stores footprint across Singapore and nurturing the growth of the new stores

Singapore, 23 February 2016 – 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 19.3% year-on-year ("yoy") increase in net profit to S$56.8 million for the full year ended 31 December 2015 ("FY2015"), mainly because of higher revenue, improved gross margin, higher other income and net tax refunds.

Financial Highlights (S$ 'million)	3 months ended 31 Dec 2015 (4Q2015)	3 months ended 31 Dec 2014 (4Q2014)	Change	Full year ended 31 Dec 2015 (FY2015)	Full year ended 31 Dec 2014 (FY2014)	Change
Revenue	187.1	178.4	4.9%	764.4	726.0.	5.3%
Gross profit	46.7	43.3	8.0%	188.9	175.7	7.5%
Gross profit margin	*25.0%*	*24.3%*	*0.7p.p*	*24.7%*	*24.2%*	*0.5p.p*
Other Income	2.0	0.9	122.9%	9.3	4.7	98.0%
Net profit	14.6	11.8	23.9%	56.8	47.6	19.3%
Net profit margin	*7.8%*	*6.6%*	*1.2p.p*	*7.4%*	*6.6%*	*0.8p.p*
EPS (cents)[#]	0.97	0.78	24.4%	3.78	3.34	13.2%

p.p denotes percentage points
[#] Based on weighted average number of 1,503,537,000 for 4Q2015 and FY2015 (1,503,537,000 shares and 1,423,537,000 shares for 4Q2014 and FY2014 respectively)

Revenue increased by 5.3% yoy in FY2015 which was mainly contributed by the new stores opened in 2014 and 2015. These new stores are located at Penjuru; Block 506, Tampines; Block 312A, Sumang, Punggol; Block 547, Segar, Bukit Panjang; Block 527D, Pasir Ris and Block 85 Dawson Road.

Gross margins increased to 24.7% in FY2015 compared with 24.2% in FY2014. Selling prices were mostly stable, albeit with some downward bias in FY2015. Opportunities to improve input costs continued to exist in FY2015, aided mostly by the global over-supply situation, weakening of emerging currencies

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leading to price discounts in cases where the suppliers invoice in Singapore Dollar and various margin enhancing initiatives taken by the Group.

Administrative expenses increased by S$7.8 million in FY2015 compared with FY2014, mainly because of the increase in staff costs as more headcounts were needed to operate the new stores as well as a higher bonus provision arising from the improved financial performance of the Group in FY2015. Rental expenses remained at about 2.7% of revenue, despite an overall increase of S$1.0 million in rent compared with FY2014 mainly because of the new stores. Costs were well controlled and administrative expenses as a percentage of revenue in FY2015 was a shade higher at 16.4% compared with 16.2% in FY2014 as revenue generated from the new stores would require time to reach its optimum level.

Cash generated from operating activities before working capital changes and payment of tax amounted to $79.9 million in FY2015, which was in line with the improved operating performance. Free cash flow generated in FY2015 was S$44.3 million, after paying for capital expenditures amounting to S$30.4 million which included the progress payment amounting to S$18.0 million for Yishun Junction 9, fitting out of the 5 new stores opened in FY2015 and renovation of existing stores of S$8.5 million, purchase of IT related equipments of S$2.0 million for supermarket operation and purchase of plant and machinery to improve the capability of the warehouse of S$1.9 million.

The Group's balance sheet remained strong with cash of S$125.9 million as at 31 December 2015.

Business Outlook

Singapore's economy is expected to grow sluggishly in 2016 and retail sales which have been generally weak in the last few months are not expected to improve spectacularly. Likewise, sales at supermarkets have not been exciting and the Group expects competition in the supermarket industry to remain keen. Consumers are expected to be more cost conscious which may affect the Group's ability to pass on increases in input cost in full to the customers.

The Group is still looking for suitable retail space particularly in areas where the Group does not have a presence. However, competition for retail space has not abated and looking for suitable retail stores may be challenging.

The Group was the successful bidder in a recent tender for a supermarket space in Block 188 Circuit Road, with an area of approximately 3,500 sq. ft, and is waiting for HDB to grant and execute the lease.

The rules governing the employment of foreign workers are unlikely to be relaxed and the Group's expansion plan may be affected if hiring is an issue.

Some of the old stores in matured housing estates have seen declining same store sales and the Group may be earmarking these stores for major re-fitting, which could mean a month or so of lost sales for each of the affected stores. The Group will nurture the growth of the new stores and continue to enhance gross margin by seeking for more efficiency gains in the supply chain and driving for a high mix of fresh produce.

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On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We are pleased to be back on track for our store expansion plans with the opening of 5 new stores in FY2015, bringing the total number of our stores to 39 with a total retail area of 431,000 sq. ft. After the renovation to Tampines Block 506 and the fitting out of our new store at Yishun Junction 9, we will add at least 25,000 sq. ft of retail space. In line with our commitment to reach out to our potential customers in areas where we do not have presence, we will continue to look for new retail space. At the same time, we will nurture the growth of the new stores and enhance comparable same store sales. We will also remain focused on driving cost efficiency amidst the challenging business environment by increasing direct and bulk purchasing, leveraging on our Mandai Distribution Centre.***

To reward shareholders for their continued support, we are pleased to declare a final cash dividend of 1.75 cents per share, taking our total dividend for FY2015 to 3.5 cents per share, equivalent to about 92.6% payout on 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 39 stores all across the island, the Group's stores are primarily located in retail locations in the heartlands of Singapore. The stores 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 housebrands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 400 products under its 10 housebrands, ranging from food products to paper goods.

For more information, please refer to: http://www.shengsiong.com.sg

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