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Sheng Siong Group's net profit increases 12.4% to S\$39.1 million for 3Q FY2024

- Revenue rose 5.0% to S\$363.2 million, driven by new store openings and an improvement in comparable same store sales
- Gross profit margin improved 1.0 percentage points to 31.3% due to a better product mix.
- The Group plans to operate the newly acquired Toa Payoh store by year-end and has another four tenders for new stores pending results.

Singapore, 29 October 2024 – 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 net profit of S\$39.1 million for the 3 months ended 30 Sep 2024 (“3Q FY2024”), an increase of 12.4% year-on-year (“yoy”).

Financial Highlights

Financial Highlights	3Q FY2024 (S\$ 'million)	3Q FY2023 (S\$ 'million)	Change (%)	9M FY2024 (S\$ 'million)	9M FY2023 (S\$ 'million)	Change (%)
Revenue	363.2	345.8	5.0	1,077.4	1,036.3	4.0
Gross profit	113.8	105.0	8.4	328.8	310.1	6.0
Gross profit margin	31.3%	30.3%	1.0ppts*	30.5%	29.9%	0.6ppts*
Other Income	6.3	3.2	96.5	13.5	8.2	65.3
Net profit	39.1	34.8	12.4	109.1	100.3	8.7
Net profit margin	10.8%	10.1%	0.7ppts*	10.1%	9.7%	0.4ppts*
EPS (S\$ cents)	2.6	2.3	13.0	7.3	6.7	9.0

*ppts denote percentage points

Revenue for 3Q FY2024 increased by 5.0% yoy to S\$363.2 million, compared to S\$345.8 million in 3Q FY2023. This growth was primarily driven by the net increase in total stores to 79, up from 74 in the same period last year. In addition, comparable same store sales improved by 1.5% on a yoy basis.

In line with the increase in revenue, the gross profit increased by 8.4% yoy to S\$113.8 million in 3Q FY2024. The Group's gross profit margin improved marginally by 1.0 percentage points to 31.3%, mainly attributed by an improvement in sales mix that helped offset elevated business costs.

Other income for 3Q FY2024 increased by 96.5%, due to the receipt of progressive wage credit scheme grant in 3Q FY2024.

Administrative expenses rose by 15.9% yoy to S\$15.3 million in 3Q FY2024, while selling and distribution expenses increased by 6.4% yoy to S\$59.1 million. These are primarily due to higher staff costs from

increased variable bonuses linked to the Group's stronger financial performance, wage growth and increased headcount due to more stores.

In 3Q FY2024, cash flow generated from operating activities for 3Q FY2024 increased by 7.6% yoy to S\$59.1 million, supported by higher profit reported in this period. The Group ended the quarter with a solid cash and cash equivalents balance of S\$350.1 million as of 30 September 2024.

Looking Forward

Singapore's overall retail sales saw modest growth in August, rising by 0.6% yoy, with supermarkets and hypermarkets growing 2.2%¹. Economists have expressed increased optimism about Singapore's economic outlook, especially with the potential impact of the U.S. Federal Reserve's interest rate cuts.

At the same time, Singapore's core inflation has eased and is expected to drop further to around 2% by the end of 2024². Despite this positive trend, the Group remains cautiously optimistic, as the global economic outlook is still filled with uncertainties. Geopolitical tensions continue to drive up energy prices and divert shipping routes, leading to disruptions in global supply chains. In addition, the ongoing trade conflicts and extreme weather events are putting more pressure on the fragile supply chain, increasing the overall unpredictability.

Competition in Singapore's supermarket industry is expected to remain intense. Rising labour and energy costs, along with the increasing focus on sustainability, may contribute to higher operational expenses and put pressures on margins consequently.

In response to these uncertainties, the Group will focus on strengthening its core competencies and diversifying its supply chain to build a more resilient network capable of withstanding external disruptions. At the same time, we will further optimise our sales mix and continue to work with good suppliers to provide customers with high-quality products at competitive prices.

Mr Lim Hock Chee, the Group's Chief Executive Officer, said, "The Group has successfully navigated past economic uncertainties and consistently delivered strong results over the recent quarters. Looking ahead, we will continue to focus on driving sustainable growth by enhancing our operational efficiency, expanding our product offerings, and strengthening strategic partnerships.

As part of our ongoing efforts to strengthen our presence, we continue to expand our store network into the heartlands of Singapore. To date, we have opened 5 new stores including a recent addition at Blk 512 Bishan Street 13. The acquisition of Jelita Property Pte Ltd is projected to be completed

1. <https://www.straitstimes.com/business/economy/singapore-retail-takings-up-06-in-august-thanks-again-to-car-sales>

2. <https://www.channelnewsasia.com/singapore/singapore-monetary-policy-unchanged-mas-inflation-singdollar-4672676>

by the end of October 2024, and we plan to open a new store at Toa Payoh before the end of this year. Meanwhile, four tendering results are still pending.”

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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 74 outlets all across the island, the Group's outlets are primarily located 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.

Sheng Siong has developed a selection of house brands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 1,650 products under its 24 house brands, ranging from food products to paper goods.

For more information, please refer to: <http://corporate.shengsiong.com.sg>

**Issued for and on behalf of Sheng Siong Group Ltd.
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