

**FOR IMMEDIATE RELEASE**

## Sheng Siong Group delivers a 5.5% increase in revenue and an 8.9% increase in net profit for 1Q FY2024

- Revenue for 1Q FY2024 increased to S\$376.2 million driven by higher same store sales, also supported by a longer sales period before Lunar New Year compared to last year.
- Net Profit margin increased marginally by 0.3 percentage points despite rising operating cost, on the back of higher revenue and a better product mix.
- The Group's local store expansion strategy continues to be supported by a strong HDB housing supply pipeline.

**Singapore, 25 April 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\$36.3 million for the 3 months ended 31 March 2024 (“1Q FY2024”), an increase of 8.9% year-on-year (“yoy”).

**Financial Highlights**

Financial Highlights	1Q FY2024 (S\$ 'million)	1Q FY2023 (S\$ 'million)	Change (%)
<b>Revenue</b>	376.2	356.5	5.5
<b>Gross profit</b>	110.7	102.8	7.6
<b>Gross profit margin</b>	29.4%	28.8%	0.6 <i>ppts</i> *
<b>Other Income</b>	4.0	2.7	45.6
<b>Net profit</b>	36.3	33.4	8.9
<b>Net profit margin</b>	9.7%	9.4%	0.3 <i>ppts</i> *
<b>EPS (S\$ cents)</b>	2.42	2.21	9.5

*\*ppts denote percentage points*

Revenue for 1Q FY2024 increased by 5.5% yoy to S\$376.2 million, compared to S\$356.5 million in 1Q FY2023. It was mainly driven by an increase in sales of 8.0% yoy from comparable same stores. Another contributing factor was the longer sales period before Lunar New Year which fell in February this year compared to January last year. Gross profit increased by 7.6% yoy to S\$110.7 million in 1Q FY2024. Gross profit margin increased by 0.6 percentage points yoy to 29.4%, primarily due to continued efforts to optimise the sales mix and address the increased staff costs and utility expenses.

Other income increased to S\$4.0 million in 1Q FY2024 from S\$2.7 million in 1Q FY2023, mainly due to higher government grants and miscellaneous income.

In 1Q FY2024, the Group's operating expenses increased due to a 7.2% yoy increment in selling and distribution expenses to S\$58.1 million and a 15.6% yoy increase in administrative expenses to S\$14.5 million. These were primarily due to higher staff variable bonuses owing to better financial performance.

In 1Q FY2024, cash flow from operating activities increased by S\$22.0 million yoy to S\$37.9 million, partially due to more payments being made to the vendors in 1Q FY2023. The Group holds a healthy balance sheet with a robust cash and cash equivalents balance of S\$352.3 million as at 31 March 2024.

### **Looking Forward**

The global economy in 2024 continues to face uncertainty and risks amidst persistent inflation, supply chain disruptions, geopolitical conflicts and a tight labour market.

In February 2024, the core inflation in Singapore shot up to 3.6% yoy from January 2024's 3.1%, marking the highest reading since July 2023<sup>1</sup>. Despite the Government's anti-inflation measures, core inflation is anticipated to remain elevated until 2025<sup>1</sup>. Owing to this, escalating living costs are prompting consumers to turn to budget-friendly alternatives, like home-cooked meals, making our affordable house brand products an attractive option. Furthermore, the government's Cost-of-Living package and GST vouchers will provide additional support, boosting consumer spending in supermarkets.

Singapore, as an import-reliant nation, continues to be sensitive to global price fluctuation and supply chain disruptions. The evolving geopolitical conflicts pose a threat to the global shipping industry, potentially raising the cost of energy even further. The risk of the Persian Gulf shutdown may divert the usual route of ships, driving up the journey days and shipping costs<sup>2</sup>. Additionally, extreme weather continues to threaten agriculture yields and is driving up food prices, exacerbating the global food crisis<sup>3</sup>.

Meanwhile, the competition in the retail market remains intense since active promotions are being launched by competitors. Coupled with the escalating labour costs driven by manpower shortage and higher energy costs, the Group may face margin pressures. To navigate this, the Group is committed to seeking opportunities to enhance its core competencies through supply chain diversifications and technological advancements.

**Mr Lim Hock Chee, the Group's Chief Executive Officer, said, "Despite economic uncertainty, the Group has demonstrated resilience and maintains its commitment to providing customers with quality products at affordable prices. To manage risks effectively, we are diversifying our supply chain and refining our sales mix towards higher-margin products."**

**Regarding our store expansion in Singapore, the Group remains proactive in seeking retail space in new and existing housing estates. We opened two new stores in FY2023 and one store in 1Q**

<sup>1</sup> <https://www.straitstimes.com/business/last-mile-of-singapore-s-inflation-fight-may-become-trickier-to-negotiate>

<sup>2</sup> <https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/iran-israel-conflict-shipping-industry-set-for-tougher-times-ahead-due-to-west-asia-tensions-say-experts/articleshow/109307885.cms?from=mdr>

<sup>3</sup> <https://www.weforum.org/agenda/2024/02/climate-change-food-prices-drought/>

**FY2024, and are expecting announcement on the results of four outstanding tenders. Further, in early April, we expanded the retail floor space of our existing store at Blk 154 Bukit Batok by connecting it to the newly leased space at Blk 159 Bukit Batok. The supply pipeline of HDB houses is robust, with the expectation of another 6 stores to be put up for tender in the next six months. Meanwhile, our Group's operations in China are experiencing steady growth, with the 6th store scheduled to open in 2Q FY2024."**

– 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 70 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>

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

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