6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: www.shengsiong.com.sg

FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 1.4% yoy to S$70.5 million for FY2018

- Revenue increased by 7.4% to S$890.9 million in FY2018
- Gross profit margin increased to 26.8% in FY2018 from 26.2% in FY2017
- Proposed final dividend of 1.75 cents per share, bringing the total dividend to 3.4 cents per share or equivalent to a payout ratio of around 72.5% for FY2018

Singapore, 25 February 2019 – 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 1.4% year-on-year ("yoy") increase in net profit to S$70.5 million for the year ended 31 December 2018 ("FY2018"). Excluding the tax refund amounting to S$2.2 million in FY2017, net profit would have increased by 4.6%. Revenue, gross profit and gross margin improved in both 4Q2018 and FY2018 but were offset by lower other income and higher operating expenses.

Financial Highlights (S$ 'million)	3 months ended 31 Dec 2018 (4Q2018)	3 months ended 30 Dec 2017 (4Q2017)	Change	Full year ended 30 Dec 2018 (FY2018)	Full year ended 30 Dec 2017 (FY2017)	Change
Revenue	221.8	200.3	10.7%	890.9	829.9	7.4%
Gross profit	60.2	55.1	9.2%	238.4	217.4	9.6%
Gross profit margin	*27.1%*	*26.5%**	*0.6p.p*	*26.8%*	*26.2%*	*0.6p.p*
Other Income	1.8	4.0	(55.7%)	7.6	10.3	(26.5%)
Net profit	17.5	16.7	4.6%	70.5	69.5	1.4%
Net profit margin	*7.9%*	*8.3%*	*(0.4pp)*	*7.9%*	*8.1%***	*(0.2p.p)*
EPS (cents)[#]	1.17	1.12	4.5%	4.71	4.64	1.5%

p.p denotes percentage points
**After an adjustment re-classifying from cost of sales to administrative expenses*
*** Excluded tax refund of S$2.2 mil*
 # Based on weighted average number of 1,503,537,000 shares for 4Q2018, 4Q2017, FY2018 and FY2017

Sales at supermarkets shrank as reported in the retail sales numbers published by the Department of Statistics, Singapore. Despite softening consumer's sentiment, revenue increased by 7.4% in FY2018 of which 10.1 percentage points was contributed by new stores, 1.7 percentage points by comparable same store sales and 1.0 percentage points by the store in China but was offset by a reduction of 5.4 percentage point arising from the permanent closure of The Verge and Woodlands Block 6A stores.

New stores continued to be the major source of revenue growth. Excluding the growth in the Block 506 Tampines store where the retail area was expanded by 15,000 square feet to 25,000 square feet in 2Q2017, comparable same store sales would have decreased by 0.4 percentage points in FY2018.

Gross margin increased to 26.8% in FY2018 compared with 26.2% in FY2017, mainly because of better buying prices, higher rebates from suppliers for special promotions and volume discounts, improvement in efficiency in the central distribution centre and higher mix of fresh versus non-fresh offerings.

Administrative expenses increased by S$16.1 million in FY2018 compared with FY2017. The increase was mainly due to higher staff costs, rent, depreciation and utilities arising from the opening of new stores and higher provision for bonus because of better financial performance. Administrative expenses as a % of sales was higher at 17.3% in FY2018 compared with 16.6% in FY2017 as sales at the new stores require time to reach the normal level.

Cash generated from operating activities before working capital changes and payment of tax amounted to S$100.3 million in FY2018, mainly because of the higher volume of business. Cash used for capital expenditures amounted to S$28.2 million consisting mainly of payments for fitting out the new stores, renovating old stores and upgrading supermarkets' equipment of S$15.9 million, construction of new warehouse extension of S$10.2 million, upgrading equipment at the central distribution centre of S$0.9 million and the purchases by the subsidiary in China of S$1.2 million.

Free cash flow generated in FY2018 was S$65.2 million and after paying dividends of S$51.1 million, the Group's balance sheet remained healthy with cash of S$87.2 million as at 31 December 2018.

Business Outlook

Singapore

Singapore's economy is expected to grow at a lower rate in 2019 compared with 2018. Retail sales, in particular sales at supermarkets have deteriorated in the second half of FY2018. Competition in the supermarket industry is expected to remain keen among the traditional brick and mortar, exacerbated by the proliferation of new supermarkets in HDB residential areas, as well as the push by new and existing e-commerce players for market share. The Group will also continue to look for retail space in new and existing HDB housing estates, particularly in estates where there is no presence. Since the beginning of 2019, six HDB shops which were won by the competitors via online bidding in 2017 and 2018 are now vacant and have been released for re-tender.

Food inflation has been generally benign in FY2018 although there was occasional weather driven increases in prices. Disruptions to the supply chain, because of weather or other reasons will raise input prices and may affect the Group's gross margin if these cannot be passed on to the customers.

SHENGSIONG

6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: www.shengsiong.com.sg

The Group will continue to nurture the growth of the new stores and will continue to enhance gross margin by seeking for more efficiency gains in the supply chain and driving for a higher mix of fresh produce. In view of the unfavourable consumers' sentiments, the Group is also looking into improving comparable same store sales. Control of costs, which has always been prudent, will continue.

The expansion to the warehouse is delayed and is likely to be completed before the end of 2Q2019.

China

The new supermarket in Kunming opened in November 2017 and recorded a loss of S$0.7 million in FY2018. A new lease for a second supermarket, also in Kunming has been signed and should be operational in 3Q2019.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"Our store expansion plans have been well on track where we have opened 10 new stores during the year, bringing our total store count to 54 and expanding our total retail area to 496,200 sq ft.***

Going ahead, we remain on the lookout for new retail opportunities, especially in areas where we do not have a presence. Besides nurturing the growth of our new stores in Singapore and China, we will continue with our efforts in enhancing the gross margin via more efficiency gains in the supply chain and higher sales mix of fresh produce. We will remain vigilant on costs.

To reward shareholders for their unwavering support, we are pleased to propose a final dividend of 1.75 cents per share subject to shareholders' approval at the forthcoming AGM, taking our total dividend for FY2018 to 3.40 cents per share, equivalent to about 72.5% 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 54 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.

Sheng Siong has developed a selection of housebrands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 900 products under its 17 housebrands, ranging from food products to paper goods.

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

6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: www.shengsiong.com.sg

Issued for and on behalf of Sheng Siong Group Ltd.
by Financial PR Pte Ltd
Yit Sung NGO, yitsung@financialpr.com.sg
Jing Wen YONG, jingwen@financialpr.com.sg
Tel: (65) 6438 2990 Fax: (65) 6438 0064