

Senheng optimistic of better 2022 performance

- *Higher per-stores sales to drive profitability in 2022, despite moderated 1Q22 topline and higher operating expenditure due to expansions*
- *Full-digital marketing approach and omnichannel operations enable Group to capitalise on retail sector growth*

Kuala Lumpur, Malaysia, 27 May 2022 - Senheng New Retail Berhad (Senheng or the Group; Bloomberg: SENHENG MK; 新兴集团), is optimistic of better performance in the current financial year ending 31 December 2022 (FY2022), to be driven by new store launches and higher per-store sales.

The positive expectation comes despite flat revenue in the first quarter of 2022 (1Q22), as the Group noted a marginal revenue decline of 1.9% to RM367.3 million versus the previous quarter (1Q21). The Group registered exceptionally strong 1Q21 sales for selected digital goods such as laptops and mobile phones due to the work-from-home and stay-at-home trends in 2021.

Meanwhile, group net profit decreased 26.2% to RM8.9 million in 1Q22, as a result of higher operating and administrative expenses, which included listing expenses for the Group's flotation exercise on the Main Market of Bursa Malaysia. The increased costs also reflect the Group's ongoing expansion strategies both in its retail network and technology implementations.

“With Malaysia's consumer retail spending expected to improve as the country adapts to Covid-19 endemicity, we are poised to benefit significantly in the year ahead. Our latest expansions involving 21 new/upgraded stores in 2022 will bring enhanced shopping experience across our retail stores nationwide, and generate higher revenue for each store.

Additionally, our fully-digital marketing efforts allow us to achieve better engagement with customers. We employ latest technologies to obtain greater insights in consumer preferences and provide personalised experiences to a growing loyalty base of more than 3 million PlusOne members, which ultimately drives more sales to our online and physical stores.”

Mr Lim Kim Heng (“林金兴”)
Executive Chairman, Senheng New Retail Berhad

The Group's expectations of higher store revenue and stronger performance in 2022 will be supported by the increasing number of larger and upgraded stores nationwide. Its latest store formats such as Grand Senheng, Grand Senheng Elite, and Grand senQ, register on average 30%-50% higher per-store sales compared to typical Senheng stores.

The launches are part of the Group's upgrade and expansion program from 2022 to 2024 comprising a total of 61 new/upgraded stores nationwide. In the longer term, the Group aims to transform its existing stores into Territory Champions - leading stores by floor space and products range within a five-kilometre radius.



On prospects, Mr Lim commented: “We are encouraged by the expected growth of the retail industry in the subsequent quarters as economic activity picks up. Additionally, the Government’s announcement for Employee Provident Fund members below age 55 to withdraw up to RM10,000 in funds from April 2022 onwards, is expected to lend a hand to the health of the retail industry.”

“In addition to store upgrades, we have several other strategies lined up, including investing in our technology platforms and expanding the services on our Senheng App in 2022. These efforts will position us at the forefront of delivering excellent customer experience and contribute to sustainable growth.”

About Senheng New Retail Berhad

Senheng is Malaysia’s leading consumer electrical and electronics retailer. Founded in 1989, the Group has grown its retail network to over 100 physical stores across Peninsular and East Malaysia, and is supported by various online retail platforms.

The Group’s stores carry more than 280 renowned consumer E&E brands, featuring a comprehensive range of digital gadgets, audio visuals, home appliances and related products.

An early adopter of digitalisation and business transformation, Senheng continues to deliver excellent customer satisfaction via its seamless New Retail Model. The Group has a growing customer base, with over 3 million PlusOne loyalty members to-date.

Issued for and on behalf of SENHENG NEW RETAIL BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd

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