

Senheng strategically navigates 3Q23 challenges amid weak consumer sentiment

• Ongoing weakness in consumer sentiment impacted 3Q23 growth

Kuala Lumpur, Malaysia, 30 November 2023 - Senheng New Retail Berhad (Senheng or the Group; Bloomberg: SENHENG MK; 新兴集团) remained profitable with net profit of RM5.2 million in the third quarter ended 30 September 2023 (3Q23), a decline of 64.6% from RM14.5 million in the previous corresponding quarter, mainly due to lower revenue.

Owing to the weak consumer sentiment, Group revenue experienced a 11.7% decline in 3Q23 to RM312.8 million compared to RM354.1 million in the previous year's same quarter.

Amidst the challenging environment, the Group continues with its market share grabbing upgrades through its 'Territory Champion' strategy, entailing in-store enrichments and expansions. The ongoing growth strategy, spanning 2022-2024, aims to enhance in-store experiences nationwide to boost per-store sales.

"In these challenging times, we remain steadfast in executing our 'Territory Champion' strategy. We view these challenges as opportunities for strategic adaptation. We continue to enhance our operations and reinforce our brand as the leading player in the industry, as we continue fine-tuning our stores and operations in the new economic environment.

Our recent initiatives, including the acquisition of the Central Distribution Centre and continued expansion of our stores network, are steps towards fortifying our operations, diversifying our offerings, and enhancing the overall customer experience.

As we navigate these uncertainties, we remain optimistic about the long-term sustainability of our growth initiatives and our ability to serve our customers with excellence."

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

Meanwhile, to optimize cost and strengthen its operations, Senheng strategically acquired its Central Distribution Centre in Klang for RM75.8 million in September 2023, strengthening its supply chain and contributing to annual gross rental savings of RM4.2 million.

The Group also continued to launch more Senheng Mobile stores in 3Q23, its latest retail concept. The approach involves the establishment of smaller format stores focusing on mobile phones and gadgets. Leveraging the well-known Senheng brand, Senheng Mobile aims to expand the Group's brand presence nationwide.

Revenue declined 14.5% for the nine months ended 30 September 2023 (9M23) to RM956.5 million from RM1.1 billion previously, while net profit dropped 54.7% to RM17.9 million from RM39.5 million previously, mainly due to weak consumer sentiment throughout 2023.

Looking ahead, Senheng is leveraging its Online-Merge-Offline (OMO) approach to deliver a seamless shopping experience. The unique and service-oriented strategy provides personalized service to online shoppers by connecting them with 1,200 skilled salespersons across its nationwide stores.

Combined with the Group's Online-first Strategy, Senheng continues to strengthen its online channels with AI-enabled platforms for targeted online marketing campaigns, promotions, and attractive rewards, contributing to an enhanced first touchpoint for an engaging customer experience. The upcoming festive season will be a focal point for these initiatives as Senheng aims to further boost customer traffic and sales.

Acknowledging persistent challenges in consumer sentiment throughout 9M23 that weighed on performance, Mr. Lim noted, "We have also observed some positive signs of recovering customer footfall in recent months and look forward to seeing this uptrend maintain into the seasonally strong year-end festive season."

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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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