



SENHENG NEW RETAIL BERHAD 202101019079 (1419379-T)

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PRESS RELEASE

Senheng 9M21 net profit jumps 21.2% to RM34.1 million

- *9m21 revenue rises 12.3% to RM987.7 million on increasing number of and higher average monthly sales in “Grand Senheng” stores, supported by improved telemarketing automation application and digital marketing efforts*
- *Prospects buoyed by economic reopening, strategies to open and/or upgrade retail stores into larger and more appealing formats, and offering more services and convenience to PlusOne members through the “Senheng App”*

Kuala Lumpur, Malaysia, 3 January 2022 - Malaysia’s leading consumer electrical and electronics (E&E) retailer Senheng New Retail Berhad (Senheng; the Group; 新兴集团) reported a 21.2% jump in net profit to RM34.1 million for the nine months ended 30 September 2021 (9M21) compared to RM28.1 million previously (9M20), driven by higher sales generated from ongoing experiential retail store expansions and upgrades.

Although 58.2% and 21.9% of the Group’s stores were shutdown in July and August 2021 respectively to comply with the COVID-19 lockdown, group revenue rose 12.3% to RM987.7 million in 9M21 from RM879.6 million in 9M20, on the increased number of and higher average monthly sales in “Grand Senheng” stores.

In 9M21, the Group opened one new store and upgraded four existing retail stores to bigger and enhanced “Grand Senheng” stores, featuring an expanded product range and better consumer experience.

The revenue surge was also led by the Group’s telemarketing automation application that enabled continuous sales generation by staff even during the closure of physical stores during the lockdown, as well as targeted digital marketing efforts which succeeded in increasing the number of customer visits to the Group’s online stores.

“The double-digit topline growth even in the midst of temporary store closures proves the agility and effectiveness of Senheng’s seamless New Retail Model, where our nationwide network of retail stores is complemented by the convenience of e-commerce and mobile applications. Our aim is to keep the Senheng brand top-of-mind for customers and drive traffic to our online stores.

We intend to continue this dual-pronged strategy to enrich in-store customer experience and leverage on digital marketing to provide a wholesome retail encounter. To this end, we are opening and/or upgrading our chain of retail stores into larger and more appealing formats.

At the same time, we aim to provide high customer satisfaction to members of our PlusOne loyalty programme to draw both new and repeat customers. Hence, our new “Senheng App” launched in November 2021 is designed to offer a host of services and convenience to PlusOne members, towards reaching that objective.

Together with the systematic reopening of economic sectors, Senheng is optimistic of its prospects going forward.”

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

For the third quarter ended 30 September 2021 (3Q21), Senheng registered revenue of RM313.8 million, marginally lower from RM322.1 million in 3Q20, mainly due to store closures during the Movement Control Orders in July and August 2021. Despite the disruptions, the Group boosted its sales by leveraging on its online platforms, telemarketing automation application, and digital marketing strategies. In fact, online store contributions more than doubled to RM31.3 million in 3Q21 from RM13.6 million a year ago.

3Q21 net profit stood at RM10.7 million compared to RM13.7 million previously as the Group continued to incur operating and administrative expenses despite store disruptions during the MCO.

Senheng embarked on multiple transformations since inception, including its digital transformation in 2015 to improve operational efficiencies and customer experiences. The Group’s latest transition into the seamless New Retail Model in 2017 also integrated its physical stores and back-end functions to its online platforms and Senheng App.

Senheng’s IPO exercise entails the public issue of 250.0 million new shares and an offer-for-sale of 139.5 million existing shares at an issue price of RM1.07 per share.



Of the total of RM267.5 million proceeds to be raised from the public issue, RM160.5 million will go towards setting up new stores as well as upgrading existing stores into bigger, enhanced concept stores. The Group aims to upgrade or set up 61 new and existing stores from 2022 to 2024 to elevate the shopping experience of its customers.

Another RM51.7 million will be used to strengthen the Group's back-end capacities and capabilities. This includes developing new brand distribution business, expanding and upgrading the warehouse and logistics network, and boosting the Group's digital infrastructure. The remaining RM55.3 million will be utilised to repay bank borrowings and defray listing expenses.

The Group is targeting dividend payouts of at least 30% of net profit.

Applications for Senheng's IPO will close on 10 January 2022 at 5.00 p.m. Barring unforeseen circumstances, Senheng is expected to list on the Main Market of Bursa Malaysia Securities Berhad on 25 January 2022.

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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