



Dairy Farm International Holdings Ltd

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To: Business Editor

30th October 2014
For immediate release

**PT HERO SUPERMARKET TBK
2014 NINE MONTHS RESULTS**

The following announcement was issued today by the Company's 80.8%-owned subsidiary, PT Hero Supermarket Tbk.

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Incorporated in Bermuda with limited liability

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PT HERO SUPERMARKET TBK 2014 NINE MONTHS RESULTS

Highlights

- Net revenue up 13%
- Underlying profit negatively impacted by soft like-for-like sales and cost pressures
- First IKEA store opened
- Significant ongoing investments in store expansion

“Trading conditions for the food operations over the coming months are expected to remain challenging with cost pressures continuing notwithstanding sales growth. We are optimistic about the opportunity for IKEA in the home furnishing segment and the outlook for Guardian.”

Stephane Deutsch
President Director

Results

	Nine Months (Unaudited)		Change %
	2014 Rp billion	2013 Rp billion	
Net revenue	10,095	8,918	+13
Gross profit	2,319	2,048	+13
Operating income			
- Underlying	19 *	299	-94
- Reported	43	299	-86
Profit for the period			
- Underlying	30 *	219	-86
- Reported	53	219	-76
	Rp	Rp	%
Earnings per share			
- Underlying	7 *	59	-88
- Basic	13	59	-78

* Excluding the residual gain on sale of the Company's head property in 2014

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PT Hero Supermarket Tbk

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PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group's results were unsatisfying for the first nine months of 2014 despite all formats achieving growth in net revenue and the addition of 24 outlets. The results were negatively impacted by weak like-for-like sales growth, mixed performances of new stores and significant cost pressures, as well as the pre-opening costs for the first IKEA store.

Performance

Net revenue for the nine months of 2014 grew by 13% to Rp 10,095 billion, while gross profit also increased by 13% to Rp 2,319 billion. Underlying operating income, however, at Rp 19 billion was impacted by a significant year-on-year increase in the minimum wage, increases in electricity charges and costs associated with an expanded store base.

With low single digit like-for-like sales growth and stable gross margin, the food banners were not able to compensate for the inflation in their operating expenses and suffered an impact to their profitability.

With good double digit like-for-like sales growth, driven by increasing customer count and stable margin, Guardian profitability was less impacted than the food banners.

The underlying profit of Rp 30 billion benefited from Rp 41 billion reduced interest expenses following repayment of borrowings from the proceeds of the Company's rights issue in June 2013.

Business Activities

In Food operations, Giant continues to gain market share with expansion in cities outside of Java. The lack of electricity capacity in certain cities, however, has led to either slowed expansion plans in certain areas or increased costs. In a rising cost environment, the decision to maintain competitive pricing has enhanced Giant's low price image and protected customer traffic. Lebaran like-for-like sales were, however, disappointing across all Food banners. A continuing increase in the focus on the fresh offer is a key element of the Giant sales enhancement plan.

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Hero Supermarket is also concentrating on improving its fresh offer, as well as its imported and exclusive ranges.

Starmart's Ready-to-Eat offer has produced a positive impact on sales in the stores where this has been introduced. A store rationalization program is underway to reduce the number of loss making Starmart stores, and this will result in additional closures before the end of this year.

Further investment is being made in the supply chain and merchandising activities which, combined with the continued development of the fresh food offerings, are aimed at driving customer traffic and sales. Logistic platform systems have been migrated to a new Warehouse Management System to improve efficiencies, reduce handling costs and enable better monitoring of key processes.

In Health & Beauty, Guardian's store expansion programme is progressing well alongside the commencement of a rollout programme for a refreshed branding.

In Home Furnishings, the first IKEA store in Indonesia was opened on 15th October 2014 at Alam Sutera (Tangerang), and initial trading has been encouraging. The store is set in 4.5 hectare of land and has more than 35,000 sq.m. of trading space and capacity for more than 1,200 parking spaces.

A net 24 new stores were opened in the first nine months 2014, including four Giant Ekstra, eight Giant Ekspres and 25 Guardian, partly offset by a net reduction of 12 Starmart and one Hero Supermarket. As of 30th September 2014, the Company operated 706 stores, comprising 55 Giant Ekstra, 165 Hero Supermarket and Giant Ekspres, 341 Guardian and 145 Starmart.

Prospects

Trading conditions for the food operations over the coming months are expected to remain challenging with cost pressures continuing notwithstanding sales growth. We are optimistic about the opportunity for IKEA in the home furnishing segment and the outlook for Guardian.

Stephane Deutsch

President Director
30th October 2014

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