



Dairy Farm International Holdings Ltd

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To: Business Editor

30th October 2020
For immediate release

**PT HERO SUPERMARKET TBK
NINE MONTHS 2020 RESULTS**

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

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South Tangerang, 30th October 2020

PT HERO SUPERMARKET TBK

NINE MONTHS 2020 RESULTS

Highlights

- Nine months 2020 results significantly impacted by COVID-19
- Grocery Retail and Health and Beauty affected by pandemic-related restrictions
- IKEA performance continued to be supported by strong e-commerce growth
- Multi-year transformation continues, despite market challenges

Results

	(Unaudited) NINE MONTHS		
	2020	2019	Change
	Rp billion	Rp billion	%
Net Revenue	6,863	9,486	-27.7
Gross Profit	1,791	2,671	-32.9
Loss for the period	(339)	(7)	n.m
	Rp	Rp	%
Loss per share	(81)	(2)	-

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PT Hero Supermarket Tbk

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Company continued to face significant challenges throughout the third quarter due to the COVID-19 pandemic, the imposition of lockdown movement restrictions and the resultant change in customer shopping habits.

The Company's Grocery Retail and Health and Beauty businesses were significantly adversely impacted by the pandemic in the third quarter. PSBB (Large Scale Social Distancing) restrictions led to material changes in customer shopping behaviors and product demand patterns and also adversely impacted traffic into stores within malls.

The IKEA Home Furnishing business was also impacted by COVID-19, but revenue growth improved in the third quarter compared to the first half, supported by strong e-commerce growth as well as an increased contribution rate from the IKEA Sentul store which opened at the end of last year.

Financial Performance

The performance of IKEA Home Furnishing in the third quarter continued to be impacted by the pandemic and related trading constraints, including restrictions on opening hours and foot traffic into stores. Nonetheless, sales performance improved relative to the first half, with e-commerce growth remaining strong. The Company's IKEA store expansion plans remain in place, and these will support future growth.

Guardian delivered strong growth in sales and underlying profit in the first quarter. However, its performance since has been significantly impacted by pandemic-related restrictions in Indonesia and associated changes in customer behaviors. Reduced operating hours, the closure of a number of malls, severe trading restrictions on complimentary businesses and heavy reductions in foot traffic have all

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impacted Guardian sales and profitability for the first nine months of 2020. Guardian remains committed to strengthening its value proposition and relevance to customers, and continues to focus on prudent cost control to ensure it emerges strongly from the current exceptional trading conditions.

Total Retail sales within the PT Hero Grocery Retail business for the first nine months of 2020 were negatively impacted by the annualization of the Company's store optimization plan implemented last year. However, the most significant impact on underlying financial performance remains changes in customer behaviors caused by the pandemic as well as the rise in cost of goods. In addition strict social restrictions, local travel bans and the closure or imposition of heavy trading constraints on shopping malls have significantly compromised foot traffic into, and heavily impacted the performance of, large format destination hypermarkets, which are frequently the anchor tenants of malls. Hero Supermarket stores had a relatively stronger performance. The Company remains committed to maintaining its competitive market position, continuously evaluating, and enhancing the relevance of its offer to customers.

Prospects

The Company expects performance for the remainder of the year to continue to be significantly affected by the pandemic. However, the Company remains confident in its strategic plans for the business for the future.

Patrik Lindvall

President Director

30th October 2020

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