



Dairy Farm International Holdings Ltd

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To: Business Editor

10th March 2021
For immediate release

**PT HERO SUPERMARKET TBK
FULL YEAR 2020 RESULTS**

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

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Incorporated in Bermuda with limited liability

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PT HERO SUPERMARKET TBK

FULL YEAR 2020 RESULTS

Highlights

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

Results

	Audited Full Year		Change
	2020	2019	
	Rp billion	Rp billion	%
Net Revenue	8,894	12,181	-27.0
Gross Profit	2,400	3,448	-30.4
Loss for the year	(1,215)	(28)	n.m.
	Rp	Rp	%
Loss per share	(290)	(7)	n.m.

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PT Hero Supermarket Tbk

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Company faced significant challenges in 2020 due to the COVID-19 pandemic, the related imposition of PSBB (Large Scale Social Distancing) and changes in customer shopping habits.

The Group's Grocery Retail and Health and Beauty businesses were both adversely impacted by the pandemic. PSBB restrictions led to changes in customer shopping behaviours and product demand patterns and impacted traffic into stores within shopping malls.

IKEA Home Furnishings stores were impacted by restrictions on operating capacity as well as temporary store closures. However, this was partially offset by strong e-commerce growth.

Financial Performance

The company reported a loss of Rp 1,215 billion. The major factors affecting the reported performance can be attributed in broadly equal measure to the significant impact government PSBB measures had on free movement of the general public and non-cash charges associated with the business store optimisation programme.

IKEA sales were impacted by restrictions on operating capacity as well as disruptions to trading from COVID-19, partially offset by strong e-commerce growth. Total operating profit was impacted by reduced profitability from stores due to lower sales.

Guardian Health and Beauty delivered strong sales and underlying profit growth in the first quarter. However, its performance for the remainder of the year was impacted by pandemic-related restrictions in Indonesia, which led to significantly reduced foot traffic.

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The performance of the PT Hero Grocery Retail business was significantly impacted by the pandemic. Total retail sales reduced in part due to the Group operating fewer stores as a result of the Company's store optimisation plan, which was implemented in 2019. Underlying financial performance, however, was impacted most by changes in customer behaviours which have accelerated as a result of the pandemic, as well as a rise in the cost of goods. Strict social restrictions, local travel bans and, in particular, the closure or imposition of heavy trading constraints on shopping malls significantly limited foot traffic into, and materially impacted the performance of, large format destination hypermarkets, which are frequently the anchor tenants of malls. Hero Supermarket store performance was relatively stronger, with better like-for-like sales performance relative to Giant in the year.

Business Strategy

PSBB restrictions adversely impacted our ability to trade in each of PT Hero's retail divisions. The Company's Food retail business, with large stores located in restricted shopping malls, was adversely impacted the most, similar to other comparable Food retailers in Indonesia. In addition, the sector has seen increasing competition in recent years with the growth of different store formats, as well as changes in consumer behaviours, which have accelerated during the pandemic. In order to address these challenges, we continue to progress our space optimisation programme and we also evaluate on an ongoing basis the relevance of our offer to customers, so that we can adapt to the changing market in order to compete effectively.

In Home Furnishings, we continue to invest in the future growth of the business and remain committed to our strategic plan - to meet the demands of growing middle-income consumers - which involves opening both traditional and new IKEA formats. Following the opening of the IKEA Sentul hypermarket conversion in late 2019, two further new IKEA stores are expected to open in 2021 - one in Bandung and the other in Jakarta Garden City.

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The Guardian Health and Beauty business was also heavily impacted by the trading and consumer behavioural constraints outlined above, but also by the severe reduction in tourist traffic.

Despite these current challenges, the Company believes there is still significant potential for the Guardian business to grow the store network across Indonesia, better serve customers across multiple channels, both offline and online, as well as to improve the customer proposition through enhanced store design, range and value.

People

We would like to express our deep thanks and appreciation to all our team members who have worked tirelessly to service our customers during these challenging times.

Prospects

The duration and extent of the impact of the COVID-19 pandemic on PT Hero remains uncertain. However, the Company expects the pandemic to continue to affect its operations this year and for 2021 to remain challenging. The Company remains committed to its retail future in Indonesia and in its position as a strong competitive retailer in its chosen sectors, over the long term.

Patrik Lindvall

President Director

10th March 2021

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For further information contact:

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