

Announcement

13th March 2024

PT HERO SUPERMARKET TBK FULL YEAR 2023 RESULTS

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

For further information, please contact:

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South Tangerang, 13th March 2024

PT HERO SUPERMARKET TBK
FULL YEAR 2023 RESULTS

Highlights

- Net Revenue up 15%
- Overall loss due to reduced IKEA profit and lower gains from property divestments
- Strong Health & Beauty performance
- IKEA adversely affected by reduced home furniture demand
- Positive operating cash flow from improved working capital management

Results

	Audited Full Year		
	2023 Rp billion	2022 Rp billion	Change %
Net Revenue	5,098	4,437	15
Gross Profit	2,018	1,855	9
Loss from continuing operations	(421)	(308)	n.m.
Reported (loss) / profit	(132)	59	n.m.
	Rp	Rp	%
Loss per share from continuing operations	(101)	(74)	n.m.
Reported (loss) / profit per share	(32)	14	n.m.

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PT Hero Supermarket Tbk

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Phone: +6221 8378 8388 | www.hero.co.id | Call Centre 0-800-1-998877

PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Company's sales and gross profit increased in 2023 compared to the prior year. Guardian Health and Beauty reported strong results for the full year, and Hero Supermarket saw improved like-for-like sales in the second half of the year. Nevertheless, IKEA's performance was adversely affected due to slow recovery in the home furnishing market and a downturn in the residential property sector.

Company Performance

The Company's net revenue for the full year was Rp 5,098 billion, 15% higher than the prior year. The reported loss for the year amounted to Rp 132 billion, compared to Rp 59 billion profit in the prior year. The change in profit was attributable to reduced IKEA profit and lower gains from property divestments, partly offset by improved Guardian Health and Beauty profit.

Guardian Health and Beauty reported double-digit like-for-like sale growth, underpinned by traffic recovery for stores in premium malls and tourist locations. Profit improved significantly compared to the prior year. Guardian continues to strengthen its value proposition by optimising its range and developing its omnichannel presence, to increase customer accessibility.

IKEA's net revenue increased due to the impact of the annualisation of new store openings in the prior year. Like-for-like sales, however, declined due to reduced home renovation and furniture demand caused by weak property market activity. Third-quarter like-for-like sales improved, but performance in the fourth quarter was impacted by reduced store visit numbers. Profit for the year reduced as a result of lower like-for-like sales and gross margins. Despite the challenging trading conditions, IKEA management is executing a number of initiatives to improve financial performance, including space optimisation for some larger stores, cost control and inventory management initiatives.

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PT Hero Supermarket Tbk

Hero Supermarket's sales and profit continued to be impacted by lower demand for key consumer staples. Nevertheless, like-for-like sales momentum improved in the second half of the year. Hero Supermarket continued to innovate by developing new store formats and implementing robust cost controls to improve store productivity.

Business Update

In 2023, the Company divested three non-core properties, which enhanced the Company's financial position. The Company subsequently sold two additional non-core properties in January 2024.

People

We extend our heartfelt gratitude and appreciation to our dedicated team members for their commitments and exceptional customer service.

Prospects

The Company expects ongoing variability in demand patterns across its business units. We anticipate the positive momentum in the Health and Beauty segment to persist. There remains uncertainty, however, in the recovery of Home Furnishing business and the Company is progressing initiatives to improve store sales productivity and cost efficiency in the Home Furnishing business. The Company remains well-positioned to achieve sustainable growth in the medium to long-term.

Hadrianus Wahyu Trikusumo

President Director

13th March 2024

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