



Dairy Farm International Holdings Ltd

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To: Business Editor

10th June 2020
For immediate release

**PT HERO SUPERMARKET TBK
FIRST QUARTER 2020 RESULTS**

The following announcement was issued today by the Company's 88.6%-owned subsidiary, PT Hero Supermarket Tbk.

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**PT HERO SUPERMARKET TBK
FIRST QUARTER 2020 RESULTS**

Highlights

- Continuing confidence in multi-year transformation
- Net revenue affected by store optimisation plan in prior year and COVID-19
- Strong online growth by IKEA
- Net loss of Rp 44 billion due to COVID-19 impact

Results

	(Unaudited) First Quarter		Change %
	2020 Rp billion	2019 Rp billion	
Net Revenue	2,601	3,060	-15
Gross Profit	703	872	-19
Loss for the period	(44)	(4)	n.m
	Rp	Rp	%
Loss per share	(10)	(1)	-

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

PT Hero remains confident in its multi-year business turnaround strategy but faced significant challenges in the first quarter of 2020. Guardian Health and Beauty delivered a strong performance in the quarter, but began to be impacted towards the end of the period by COVID-19-related restrictions in Indonesia which limited customer access to stores. IKEA Home Furnishing saw increased sales supported by strong e-commerce growth as well as the annualisation impact of new store space growth which was added in the prior year. The Company's Food grocery business, however, was significantly adversely impacted by the pandemic, with restrictions leading to material changes in customer shopping habits and product demand patterns.

Financial Performance

Guardian delivered strong growth in the first quarter in both sales and underlying profit. The business maintained a competitive market price position and benefited from store remodels completed in 2019. Towards the end of the quarter, however, the business was significantly impacted by the closure of some malls and reduced operating hours.

IKEA saw significant sales growth in its e-commerce business, as consumers moved to online channels to make purchases due to COVID-19. Online growth and the annualisation impact from new stores opened in the prior year offset reduced foot traffic into existing stores. Further IKEA space expansion is underway, securing future growth for the brand in Indonesia, and pre-opening investments for new stores impacted profitability in the first quarter.

Retail sales within the PT Hero Food business were impacted as a result of the annualisation effect of the Company's store optimisation plan last year. The most significant impact on underlying financial performance came from changes to customer shopping habits as a result of pandemic-related restrictions, as well as a rise in the cost of goods in the quarter.

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PT Hero Supermarket Tbk

While the Hero brand and Giant Supermarkets saw some benefit as a result of their standalone locations and customer proximity, large format destination hypermarkets located in shopping malls were significantly impacted as result of severe trading restrictions imposed on malls which reduced customer traffic significantly.

Prospects

PT Hero's overall performance since the end of the first quarter has continued to be significantly affected by the COVID-19 pandemic. The pandemic has impacted both customer shopping habits and store operations for Guardian and IKEA. While the shorter term impact of COVID-19 on performance is a concern, the Company remains confident in its strategic turnaround plan and believes that the actions currently underway will lead to a better, more profitable and more sustainable business. The Company remains committed to providing a competitive offering in each of its retail sectors and to growing its business over the long term in Indonesia.

Patrik Lindvall

President Director

10th June 2020

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PT Hero Supermarket Tbk

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