



**Dairy Farm International Holdings Ltd**

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To: Business Editor

29th July 2020  
For immediate release

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

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

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Issued by: **Dairy Farm Management Services Ltd**  
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South Tangerang, 29<sup>th</sup> July 2020

## PT HERO SUPERMARKET TBK FIRST HALF 2020 RESULTS

### Highlights

- Half year results impacted by store optimisation plan and COVID-19 in second quarter
- Net loss of Rp 202 billion
- Grocery Retail and Health and Beauty significantly affected by pandemic-related restrictions
- Triple-digit e-commerce growth for IKEA
- Multi-year transformation continues, despite market challenges

### Results

	(Unaudited) First Half		Change %
	2020 Rp billion	2019 Rp billion	
Net Revenue	4,956	6,673	-25.7
Gross Profit	1,278	1,835	-30.3
Loss for the period	(202)	8	n.m
	Rp	Rp	%
Loss per share	(48)	2	-

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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**

### **Overview**

The Group remains confident in its multi-year business turnaround strategy but faced significant challenges in the first half of 2020 as a result of COVID-19 restrictions and changing customer shopping habits.

Guardian Health and Beauty delivered strong sales and underlying profit growth in the first quarter, but its second quarter performance was impacted by pandemic-related restrictions in Indonesia, which limited customer access to stores. IKEA home furnishing revenues were supported by strong e-commerce performance, but were also adversely impacted by temporary store closures in the first half. The company's Grocery Retail business was significantly adversely impacted by the pandemic, with restrictions leading to material changes in customer shopping habits and product demand patterns.

### **Financial Performance**

Guardian reported strong growth in sales and underlying profit in the first quarter. However, its second quarter performance was significantly impacted by pandemic-related restrictions in Indonesia and the changes in customer behaviour they caused. Reduced operating hours, closure of some malls and lower mall traffic impacted sales and profitability in the first half. Despite challenging market conditions, Guardian remains committed to maintaining its competitive position and we remain very confident in the longer-term prospects for the business.

IKEA Home Furnishing sales was supported by triple-digit e-commerce growth in the first half. However, restrictions on store opening hours impacted total sales growth for the first half as well as profitability. The space expansion programme continues to progress and will support the brand's future growth in Indonesia, with construction continuing on two new IKEA sites. However, the impact of the pandemic has slowed construction and this may delay the store openings to 2021.

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Retail sales within the PT Hero Grocery Retail business were impacted by the annualisation effect of the Group's store optimisation plan implemented last year. However, the most significant impact on underlying financial performance came from changes in customer behaviours - which led to consumers focusing on necessity shopping, driven by lower disposable income - as well as a rise in cost of goods in the first half. In addition, due to strict social restrictions and local travel bans, customers increasingly switched to convenience and proximity shopping, which impacted the performance of large format destination hypermarkets the most.

## **People**

We would like to express our deep thanks and appreciation to all our team members who have gone above and beyond to service our customers in these challenging times.

## **Outlook**

Whilst PT Hero's overall performance during the first half was significantly affected by COVID-19, which impacted both customer shopping habits and store operations for Guardian, IKEA and the Grocery Retail businesses, we are confident that our business is well positioned to serve our customers and that we will emerge from the pandemic well placed for future growth. 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

29<sup>th</sup> July 2020

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