



# 2016 Interim Results Presentation

29 July 2016





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# Agenda

- 2016 first half highlights
- Financial results
- Outlook



# Solid set of results in 1H

- Sales of subsidiaries up 2%\*; total sales up 31%\*
- Underlying net profit up 5%\*
- Higher contribution from Food, Home Furnishings, Restaurants and Yonghui; Health and Beauty lower
- Satisfactory performance in most major markets
- Financial position remains strong

*\*In constant currency*



# All formats achieved constant currency sales growth

## Supermarkets and Hypermarkets



**Sales\* +2%**

**Stores\* -11**

**Op Profit\* +6%**

\* Excludes Yonghui

## Convenience Stores



**Sales +4%**

**Stores -27**

**Op Profit +3%**

## Health & Beauty



**Sales +2%**

**Stores -53**

**Op Profit -10%**

## Home Furnishings



**Sales +7%**

**Stores: ±0**

**Op Profit +23%**

## Restaurants



**Sales +6%**

**Stores +57**

**Op Profit +2%**

## Yonghui\*

**Sales +18%**  
**PATAM +27%**

\* Flash announcement

# Continuing to deliver on long-term strategy

Strategy	Progress
Winning Brands	Positive LFL sales in most markets
Format Leadership	Driving differentiation everywhere Accelerating e-Commerce and CRM activities
Operational Excellence	Strengthening supply chain Investing in new systems
Profitable Growth	Corporate brands gaining strength Margin pressure easing
Passionate People	Investing to build capability

## Important milestones achieved in this Half

Growth in  
**Fresh**  
penetration

**New Fresh DC**  
opens in Singapore

**E-Commerce**  
launch for IKEA

Increased  
**Corporate  
Brand**  
penetration

Stronger  
**RTE**  
participation

Acquisition of **COVA**  
& opening of  
**The Cheesecake  
Factory**



## Fresh penetration continues to grow



Fresh  
participation  
up 0.7% vs LY



**Dairy  
Farm**



## Supply chain investment continues



New 75k sqft  
Fresh DC in  
Singapore  
May 2016



# E-Commerce launched for IKEA



Hong Kong & Macau  
launched in April 2016

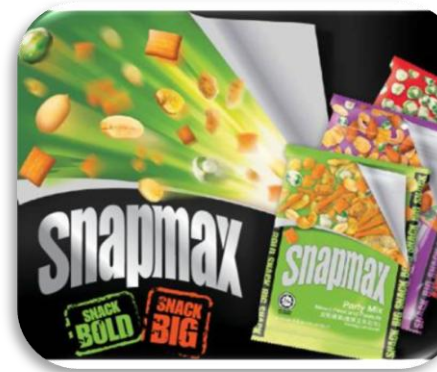
Indonesia just launched

Taiwan (Taichung)  
later this year



## New corporate brands hit the shelves in Grocery

7 Brands  
532 SKUs



## Corporate Brand portfolio also building in Health & Beauty

**guardian**  
DERMATOLOGICALLY TESTED & PROVEN  
**manning's**  
DERMATOLOGICALLY TESTED & PROVEN

*LipHop*



**CRYSTAL  
MOIST**





## RTE participation up 1.0% vs. 1H 2015

### International Fare



### Healthy Fare



### Daily Cafe Range



### Euro 2016 Promotion





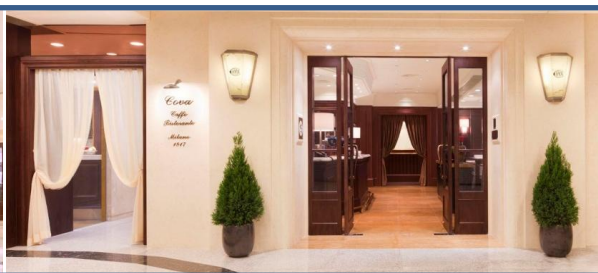
# Further growth in Restaurant formats



Acquisition of COVA's Hong Kong franchise in April 2016



Opening of the first store in Shanghai Disneytown in June 2016



**Dairy Farm**

# Profit & Loss (US\$ m)

	1H 2016	1H 2015	%△	CCY %△
Sales				
- Including Associates & JVs	10,110	8,011	↑ 26	↑ 31
- Reported	5,562	5,593	↓ 1	↑ 2
Reported Operating Profit	197	201	↓ 2	↔ 0
Share of Results of Associates and JVs	47	32	↑ 47	
Net Finance Charge	(9)	(6)		
Profit Before Tax	234	227	↑ 3	
Tax	(37)	(40)		
Profit After Tax	197	187	↑ 5	
Underlying Net Profit	199	193	↑ 3	↑ 5
Underlying EPS (US¢)	14.7	14.3	↑ 3	↑ 5
Interim Dividend per Share (US¢)	6.5	6.5		
Store Count	6,489	6,450	39	

## Broad based top line growth in the face of currency headwinds

(US\$ m)	Sales			CCY	
	1H 2016	1H 2015	%	%	
Food	4,086	4,131	↓ 1	↑	2
Supermarkets & Hypermarkets	3,146	3,212	↓ 2	↑	2
Convenience Stores	940	919	↑ 2	↑	4
Health and Beauty	1,194	1,191	↔ 0	↑	2
Home Furnishings	282	271	↑ 4	↑	7
<b>Reported Sales</b>	<b>5,562</b>	<b>5,593</b>	<b>↓ 1</b>	<b>↑</b>	<b>2</b>
Restaurants	904	853	↑ 6	↑	6
Yonghui	3,547	1,470	↑ 141	↑	154
Other	97	95	↑ 2	↑	3
<b>Total Sales</b>	<b>10,110</b>	<b>8,011</b>	<b>↑ 26</b>	<b>↑</b>	<b>31</b>
<hr/>					
<i>Yonghui Total Sales (RMB bn)</i>	<i>24.5</i>	<i>20.8</i>	<i>↑ 18</i>	<i>↑</i>	<i>18</i>

Note: Total Sales includes 100% of associates & joint ventures; sales of Yonghui and San Miu from completion date

# Margin pressure easing

(US\$ m)	1H 2016	1H 2015	2016 Margin <sup>1</sup>		
			%	1H15	pp
Food	<b>116</b>	112	2.8	↑	0.1
Supermarkets & Hypermarkets	<b>89</b>	85	2.8	↑	0.2
Convenience stores	<b>27</b>	26	2.9	↔	0.0
Health and Beauty	<b>80</b>	89	6.7	↓	0.8
Home Furnishings	<b>31</b>	26	11.1	↑	1.5
	<b>227</b>	<b>227</b>	4.1	↔	0.0
Support Office	<b>(30)</b>	(25)			
Underlying Operating Profit	<b>197</b>	<b>202</b>	3.5	↓	0.1
Non-trading Items	-	(1)			
Reported Operating Profit	<b>197</b>	<b>201</b>	3.5	↓	0.1

Note: 1 Margin represents operating profit to subsidiaries' sales

# Balance Sheet (US\$ m)

	Jun. 2016	Dec. 2015
Non-current assets	3,393	3,381
Stocks	982	937
Debtors	229	234
Other	14	11
Bank balances and other liquid funds	260	259
<b>Current assets</b>	<b>1,486</b>	<b>1,440</b>
Creditors	(2,251)	(2,355)
Short term borrowings	(345)	(730)
Others	(80)	(67)
<b>Current liabilities</b>	<b>(2,677)</b>	<b>(3,151)</b>
<b>Net current liabilities</b>	<b>(1,191)</b>	<b>(1,711)</b>
Long-term borrowings	(517)	(11)
Other non-current liabilities	(210)	(204)
<b>Total equity</b>	<b>1,474</b>	<b>1,455</b>
<b>Net Debt</b>	<b>602</b>	<b>482</b>

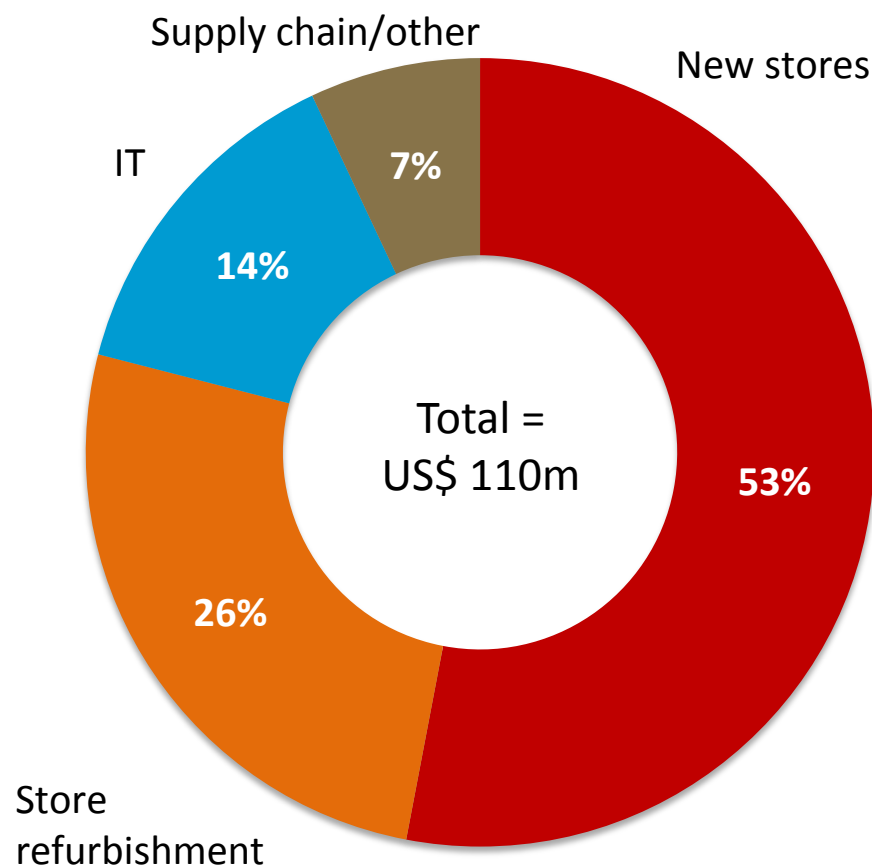
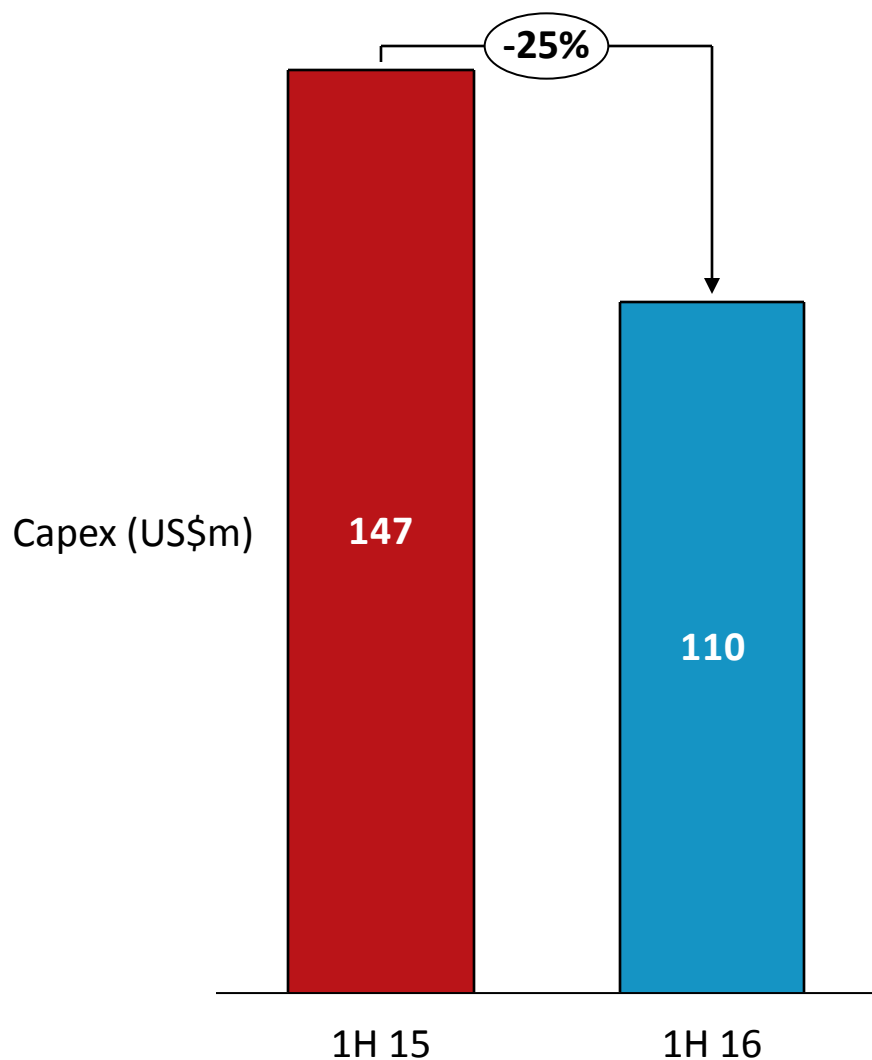




## Cash Flow (US\$ m)

	1H 2016	1H 2015
Trading Cash Flow	312	293
Working Capital Movement	(131)	22
Normal Capex	(110)	(147)
Free Cash Flow	71	168
Investments	(4)	(1,028)
Net Drawdown of Borrowings	92	775
Dividends Paid	(185)	(223)
Other	(3)	17
Net Decrease in Cash and Cash Equivalents	(28)	(291)
Opening Balance of Cash and Cash Equivalents	257	657
Effect of Exchange Rates Changes	4	(4)
Closing Balance of Cash and Cash Equivalents	232	362

## Capital expenditure 1H 2016



# Outlook

- Market conditions remain uncertain
- Investing to support customer centric strategy
- Building on the trading strategies which worked in 1H
- Margin pressure easing slightly
- Positive signs going into the second half