



Dairy Farm International Holdings Ltd

Jardine House, 33-35 Reid Street
Hamilton HM EX, Bermuda

To: Business Editor

27th October 2016
For immediate release

**PT HERO SUPERMARKET TBK
NINE MONTHS 2016 RESULTS**

The following announcement was issued today by the Company's 83.9%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

Dairy Farm Management Services Limited
Neil Galloway

(852) 2299 1896

Brunswick Group Limited
Siobhan Xiaohui Zheng

(852) 3512 5044

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Incorporated in Bermuda with limited liability

5/F Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

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PT HERO SUPERMARKET TBK NINE MONTHS 2016 RESULTS

Highlights

- Net revenue down 4%
- Gross profit up 4%
- Net profit of Rp 45 billion
- Store rationalization programme largely completed

“The retail trading environment is expected to remain difficult for the remainder of the year, especially for the Food business where initiatives are being implemented to improve performance. The Health and Beauty and Home Furnishings businesses have been more resilient and the outlook for these formats remains positive.”

Stephane Deutsch
President Director

Results

		Unaudited Nine Months		
		2016	2015	Change
		Rp billion	Rp billion	%
Net Revenue	- Total	10,470	10,963 *	-4
Gross Profit	- Total	2,602	2,511 *	+4
Operating Profit / (Loss)	- Total	25	(3)	n.m.
Profit / (Loss) for the period	- Continuing	35	(2)	n.m.
	- Discontinued**	10	(29)	n.m.
	- Total	45	(31)	n.m.
		Rp	Rp	%
Profit / (Loss) per Share	- Continuing	9	(1)	n.m.
	- Discontinued**	2	(6)	n.m.
	- Total	11	(7)	n.m.

* Reclassification due to elimination of consignment sales and Starmart operations

**Starmart operations

n.m. = not meaningful

- more -

PT Hero Supermarket Tbk

Graha Hero | CBD Bintaro Jaya Sektor 7 Blok B7/A7 | Pondok Jaya, Pondok Aren | Tangerang Selatan 15224 - Indonesia

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

PRESIDENT DIRECTOR'S STATEMENT

Overview

For the third quarter, sales in the Food business were negatively impacted by store closures, the timing of Eid Mubarak trading, and continuing weakness in consumer confidence. While like-for-like sales were negative for Food, they were positive for both Health and Beauty and Home Furnishings.

Profitability in each of Food and non-Food improved despite the challenging trading environment, partly due to good progress in reducing store operating expenses. Fresh initiatives are being taken to enhance sales growth in Food while sustaining the progress on margins.

Health and Beauty remained focused on range improvements to drive top-line growth, and Home Furnishings saw further development in sales and profitability.

Financial Performance

Total sales in the nine months of 2016 were 4% lower at Rp 10,470 billion. Nevertheless, improved margins and tighter cost controls helped to produce a net profit of Rp 45 billion, a significant improvement over the prior year net loss of Rp 31 billion.

Business Activities

Improvements to the fresh produce offer have been a focus for the Food business and this category has generated positive sales. Other categories, however, declined and initiatives to restore sales growth in these areas are underway. Action is also being taken to improve supply chain efficiency and achieve better utilization of the Group's distribution centres.

In Health and Beauty, Guardian's store rationalization programme is progressing well. Strong like-for-like sales growth and well managed store operating expenses have improved profitability significantly.

In Home Furnishings, IKEA produced strong sales growth and improved margins, resulting in higher profits. The IKEA online sales channel went live in the third quarter.

Of the Group's continuing operations, store numbers for the nine months were reduced by 61 on a net basis, primarily due to the Guardian rationalization programme. As at 30th September 2016, the Group operated 465 stores, comprising 55 Giant Ekstra, 148 Giant Ekspres and Hero Supermarket, 261 Guardian Health and Beauty stores and 1 IKEA store.

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Prospects

The retail trading environment is expected to remain difficult for the remainder of the year, especially for the Food business where initiatives are being implemented to improve performance. The Health and Beauty and Home Furnishings businesses have been more resilient and the outlook for these formats remains positive.

Stephane Deutsch

President Director

27th October 2016

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For further information contact:

Stephane Deutsch, President Director

PT Hero Supermarket Tbk

Tel: +62-21-8378 8388, Fax: +62-21-831 7764