Dairy Farm International Holdings Ltd
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To: Business Editor

25th July 2018
For immediate release

PT HERO SUPERMARKET TBK
FIRST HALF OF 2018 RESULTS

The following announcement was issued today by the Company’s 84.5%-owned subsidiary, PT Hero Supermarket Tbk.

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South Tangerang, 25th July 2018

PT HERO SUPERMARKET TBK
FIRST HALF OF 2018 RESULTS

Highlights

- Net revenue down 1%, held back by the Food business
- Continued strong performance in Health and Beauty and IKEA
- Net profit down 52% at Rp 34 billion

"Performance of the Food business remains weak with lower sales driving higher losses, notwithstanding some improvement in the second quarter, which benefitted from the festive period. In contrast, the performance of the Non-Food businesses continues to improve. A new management team has been appointed and plans are underway to improve overall performance."

Patrik Lindvall
President Director

Results

	(Unaudited) First Half		
	2018	**2017**	**Change**
	Rp billion	**Rp billion**	**%**
Net Revenue	6,846	6,923	-1
Gross Profit	1,825	1,793	+2
Operating profit	29	86	-67
Profit for the period	34	71	-52
	Rp	**Rp**	**%**
Profit per share	8	17	-53

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PRESIDENT DIRECTOR'S STATEMENT

Overview

For the first half of 2018, the Food business continued to face challenges and drove an overall decline in the Company's sales and profits. Trading in the second quarter was better than the first quarter as the Company benefitted from the impact of the Hari Raya festival, with improved product availability and more effective promotions.

While Giant experienced weaker sales, the performance of our upscale Hero supermarket has been more encouraging, with good sales growth.

At the same time, our Guardian and IKEA businesses continued to deliver strong growth in sales and profit.

Financial Performance

Total sales in the first half were 1% lower at Rp 6,846 billion, due to lower sales in Food, while Non-Food delivered strong top line growth. The Company recorded a net profit of Rp 34 billion, compared with Rp 71 billion in the same period last year. Higher losses in the Food division were partly offset by increasing profits from Guardian and IKEA, as well as successful cost efficiency improvements.

Food sales were 7% lower at Rp 5,431 billion, due to store closures and negative like-for-like sales, leading to an operating loss of Rp 133 billion, before unallocated corporate expenses, compared with a loss of Rp 16 billion in the same period last year.

Sales in Guardian and IKEA grew strongly by 27% to Rp 1,415 billion. Operating profit was Rp 189 billion, before unallocated corporate expenses, compared with Rp 131 billion in the prior year.

Free cash flow in the first half of 2018 was Rp 227 billion, resulting from reduced capital expenditure as well as more efficient stock management.

As at 30th June 2018, the Company had net cash of Rp 454 billion, compared to Rp 226 billion at the prior year end.

Business Activities

We have appointed a number of new senior executives and embarked on a comprehensive Change Program to transform and turn the Food business around, while also continuing to grow the Non-Food businesses.

Guardian maintained its sales momentum throughout the first half. The Beauty categories continued to perform well, helped by new range introductions and space realignment. A new Distribution Centre will become operational in July, improving service to the east of the country.

For IKEA, sales performance continued to show positive momentum and growth was supported by an increase in the number of visits to the Alam Sutera store, as well as growing IKEA e-commerce sales. Continued investments in improved services and staff development, as well as innovative displays of home furnishing solutions, have strengthened IKEA's unique proposition with Indonesian consumers.

As at 30th June 2018, the Company operated 450 stores, comprising 59 Giant Ekstra, 99 Giant Ekspres, 31 Hero Supermarkets, 3 Giant Mart, 257 Guardian Health and Beauty stores and one IKEA store.

Prospects

Performance of the Food business remains weak with lower sales driving higher losses, notwithstanding some improvement in the second quarter, which benefitted from the festive period. In contrast, the performance of the Non-Food businesses continues to improve. A new management team has been appointed and plans are underway to improve overall performance.

Patrik Lindvall
President Director
25th July 2018

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