



Dairy Farm International Holdings Ltd

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To: Business Editor

27th April 2016
For immediate release

**PT HERO SUPERMARKET TBK
FIRST QUARTER 2016 RESULTS**

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

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Incorporated in Bermuda with limited liability

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South Tangerang, 27th April 2016

**PT HERO SUPERMARKET TBK
FIRST QUARTER 2016 RESULTS**

Highlights

- Net revenue down 3%
- Gross profit up 2%
- Net loss of Rp 35 billion
- Stores rationalization programme continues
- Positive free cash flow

“While there are initial signs of margin improvement, the trading conditions for Food are expected to remain challenging. Various initiatives are underway to improve the profitability of the Food business, and continuing progress is expected in both Health and Beauty and IKEA.”

Stephane Deutsch

President Director

Results

	(Unaudited) First quarter		
	2016 Rp billion	2015 Rp billion	Change %
Net Revenue	3,409	3,504*	-3%
Gross Profit	820	801	+2%
Operating Loss	(37)	(38)	+3%
Loss for the period	(35)	(33)	-6%
	Rp	Rp	%
Loss per Share	(8)	(8)	-

** Reclassification due to elimination of consignment sales*

- more -

PT Hero Supermarket Tbk

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PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group's 2016 first quarter result was disappointing with the Food operations facing declining sales, which was only partially offset by both Health and Beauty and IKEA achieving double digit like-for-like sales growth.

Profitability in the Food operations was reduced due to the lower sales, higher stock provisions and increasing costs resulting from last year's wage increases. Significant attention continues to be given to driving sales growth, and several initiatives are underway to mitigate the effects of rising costs through energy savings and improved productivity. Health and Beauty and IKEA both enjoyed improving profitability.

Financial Performance

Total sales were Rp 3,409 billion in the first quarter of 2016, 3% down compared with prior year. A net loss of Rp 35 billion was recorded for the quarter, compared to a net loss of Rp 33 billion last year.

Despite reporting a loss for the period, operating cash flow was Rp 114 billion. The Company's financial position is stable with net cash of Rp 47 billion, consistent with the position at 31st December 2015.

Business Activities

In the Food operations, the strategic decision to increase the focus on fresh produce is showing promising results with strong like-for-like sales growth in this category. Disappointing grocery and general merchandise sales, however, impacted negatively the overall Food performance during the quarter, especially in Giant. Action is also being taken to improve the efficiency of the supply chain, with increased centralization through the Group's distribution centres.

Both Giant Ekstra and Ekspres are taking action to improve their trading and their profitability.

The Group's upscale format, Hero Supermarket, had stable like-for-like sales. It is continuing to focus on enhancing its offer across the fresh, imported and exclusive ranges to provide a more distinctive choice for customers.

In Health and Beauty, Guardian's store rationalization programme is progressing well which, together with the introduction of refreshed branding and increasing private label development, is leading to improvements in both sales and profitability.

In Home Furnishings, IKEA has produced a strong performance, exceeding sales and profitability expectations.

The Company is continuing to invest in the technology required to deliver a superior offer and provide a compelling shopping experience for customers.

A total 28 net stores were closed in the first quarter, including 1 Giant Ekspres, 24 Guardian and 5 Starmart. This was offset by the opening of 2 outlets (1 Guardian and 1 Giant Ekstra). As at 31st March 2016, the Company operated 582 stores, comprising 54 Giant Ekstra, 153 Giant Ekspres and Hero Supermarket, 295 Guardian Health and Beauty stores, 1 IKEA and 79 Starmart convenience stores.

Prospects

While there are initial signs of margin improvement, the trading conditions for Food are expected to remain challenging. Various initiatives are underway to improve the profitability of the Food business, and continuing progress is expected in both Health and Beauty and IKEA.

Stephane Deutsch

President Director

27th April 2016

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