

Dairy Farm International Holdings Limited

2014 Interim Presentation



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- **RESULTS OVERVIEW**
- **BUSINESS HIGHLIGHTS**
- **FINANCIAL RESULTS**
- **OUTLOOK**

Solid Results in Most Areas but Further Disappointment in Food



- Sales up 5% with growth in all divisions
- Underlying profit marginally behind last year
- The Food business, especially Singapore and Indonesia is below par
- Good performances in Health & Beauty, Home Furnishings (IKEA) and Restaurants
- Divestment of India (Foodworld and Health & Glow)
- Acquisition of additional 16% interest in Rustan Supercenters, Inc. in the Philippines

Growth in Sales but Reported Profits Slightly Down

(US\$ m)	1H2013	1H2014	Change %
Sales (Incl. Associates & JVs) ¹	6,033	6,312	↑ 5%
Underlying Net Profit ¹	228	224	↓ 2%
Underlying EPS (US¢)	16.89	16.56	↓ 2%
Capex	162	184	↑ 14%
Net Cash	421	568	↑ 35%

Note: Sales include 100% associates & joint ventures

¹ Forex adjustment would mean yoy sales growth of 8% and underlying net profit flat to prior year

Strong Sales Growth in All Formats, except Food

(US\$ m)	SALES		Change %
	1H2013	1H2014	
Food ¹	4,082	4,132	↑ 1%
Health and Beauty ¹	1,084	1,185	↑ 9%
Home Furnishings	186	226	↑ 22%
Restaurants	681	769	↑ 13%
	<u>6,033</u>	<u>6,312</u>	↑ 5%

Note: Sales include 100% associates & joint ventures

¹ Forex adjusted sales growth would be 5% for Food and 11% for Health and Beauty

Continuing Margin Pressures across All Businesses

(US\$ m)	OPERATING PROFIT			Margin Change
	1H2013	1H2014	Margin	
Subsidiaries				
Food	162	149	3.8%	↓ 0.4 pts
Health and Beauty	96	97	8.4%	↓ 0.6 pts
Home Furnishings	17	20	8.7%	↓ 0.8 pts
	<u>275</u>	<u>266</u>	5.0%	↓ 0.4 pts
Restaurants (Maxim's –100%)	64	66	8.6%	↓ 0.8 pts
	<u>339</u>	<u>332</u>		

Note: Operating Profit include subsidiaries; and 100% of Maxim's (after interest); exclude support office cost and non-trading items

Vision

Pioneers in **ASIAN RETAIL**

Mission

Bringing to **ASIAN CONSUMERS**
the Benefits of Modern Retail

Strategies

Brands

Retail brands
that win
consumer
loyalty

**Format
Leadership**

For each of our
businesses

Operations

Excellence in
retail operations
and supply
chain

**Profitable
Growth**

Based on
attractive format
economics

**Passionate
People**

Who love retail

Multiple Formats with Clear Strategies



**Supermarkets
&
Hypermarkets**

Shape growth in Greater China and Southeast Asia



**Convenience
Stores**

Selective growth in Greater China and Southeast Asia



Health & Beauty

Build truly pan-Asian Health and Beauty business



**Home
Furnishings**

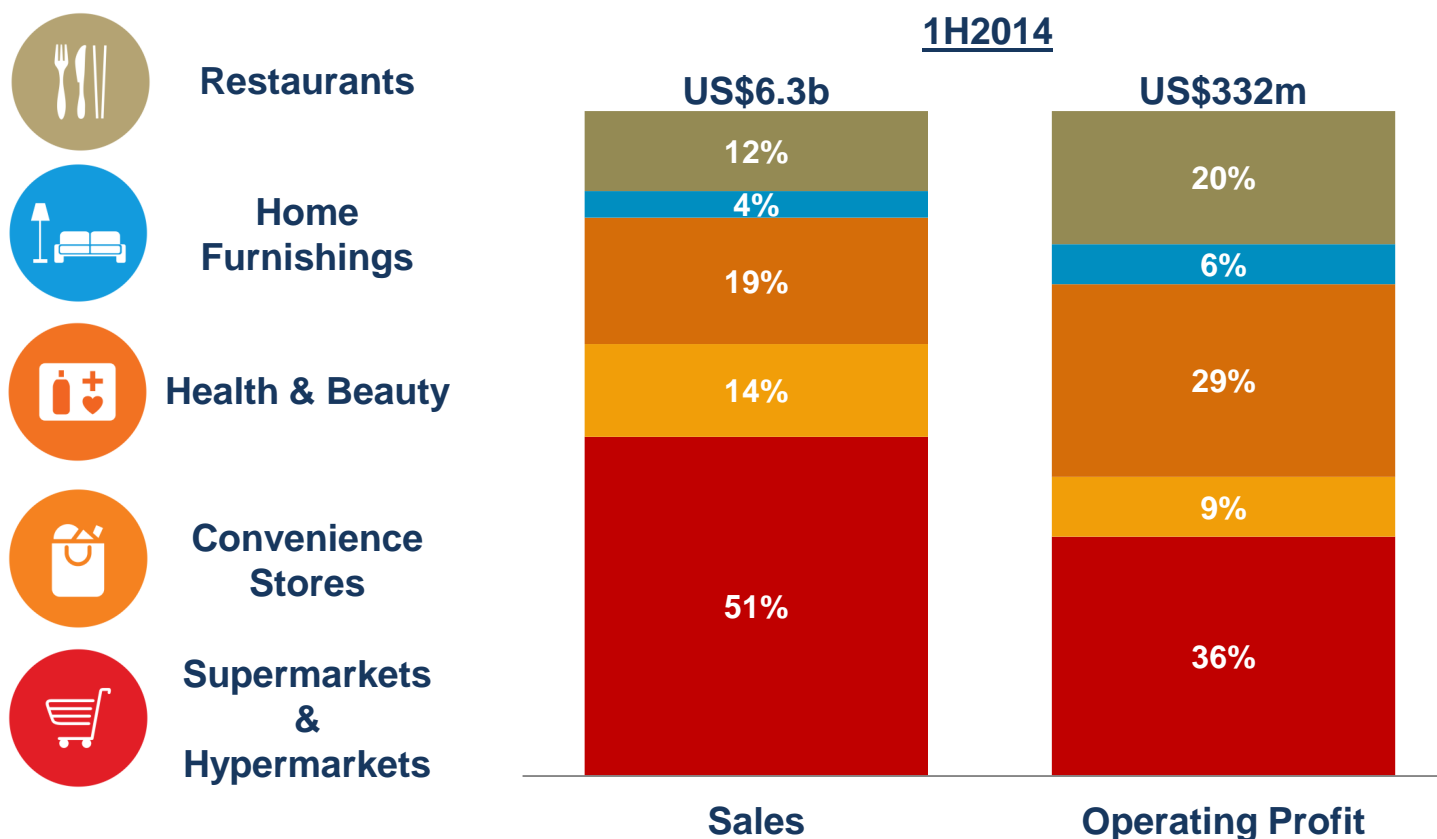
Partner with IKEA in Asia



Restaurants

Focused mainly on Greater China

Portfolio Balance is a Key Strength of Dairy Farm



Note: Sales include 100% associates & joint ventures

Operating Profit include subsidiaries; and 100% of Maxim's (after interest); exclude support office cost and non-trading items

Clear Challenges for Supermarkets & Hypermarkets

- Overall priorities
 - Fresh
 - Corporate brand
 - Mass market and upscale formats
- Strong performance in Hong Kong
- Weakness in Singapore and Indonesia
- Continuing turnaround in Malaysia



Convenience Stores Transformation Taking Shape

- Overall priorities
 - Fresh / Ready to Eat
 - Services
 - Tighter execution (esp. supply chain)
- Hong Kong and Macau solid
- Continued store growth in China
- Cost pressures and store rationalisation in Singapore
- Indonesia working on business model



Health and Beauty Format Making Good Progress

- Overall priorities
 - Health-led health and beauty
 - Consistency in execution
 - Corporate brand
 - Category alignment
- LFL growth solid in most markets
- Continued strong performance in Hong Kong and Macau
- Cost pressures impacting margins in Singapore and Indonesia
- Malaysia stable; Vietnam expanding



Strong Performance for Home Furnishings

- Overall priorities
 - Continue to enhance price and quality perception
 - Focus on new markets
 - Explore opportunities for multi-channeling
- Taiwan and Hong Kong both strong
- First IKEA in Indonesia on schedule for October opening



Maxim's Stays Healthy

- Growth in both sales and profits in Hong Kong and China
- Opening of new food factory in Hong Kong
- New franchise relationship with The Cheesecake Factory
- Starbucks expansion in Vietnam



Profit & Loss Account

(US\$ m)	1H2013	1H2014	Change %	
Sales				
- Including Associates & JVs	6,033	6,312	↑	5%
- Subsidiaries	5,102	5,299	↑	4%
Operating Profit ¹	258	256	↓	1%
Share of Results of Associates	22	22	↓	2%
Net Finance Income / (Charges)	(5)	1		
Profit Before Tax	275	279	↑	2%
Tax	(44)	(44)	↓	1%
Profit After Tax	231	235	↑	2%
Underlying Net Profit	228	224	↓	2%
Dividend Per Share (US¢)	6.5	6.5		

¹ Include support office cost and non-trading items

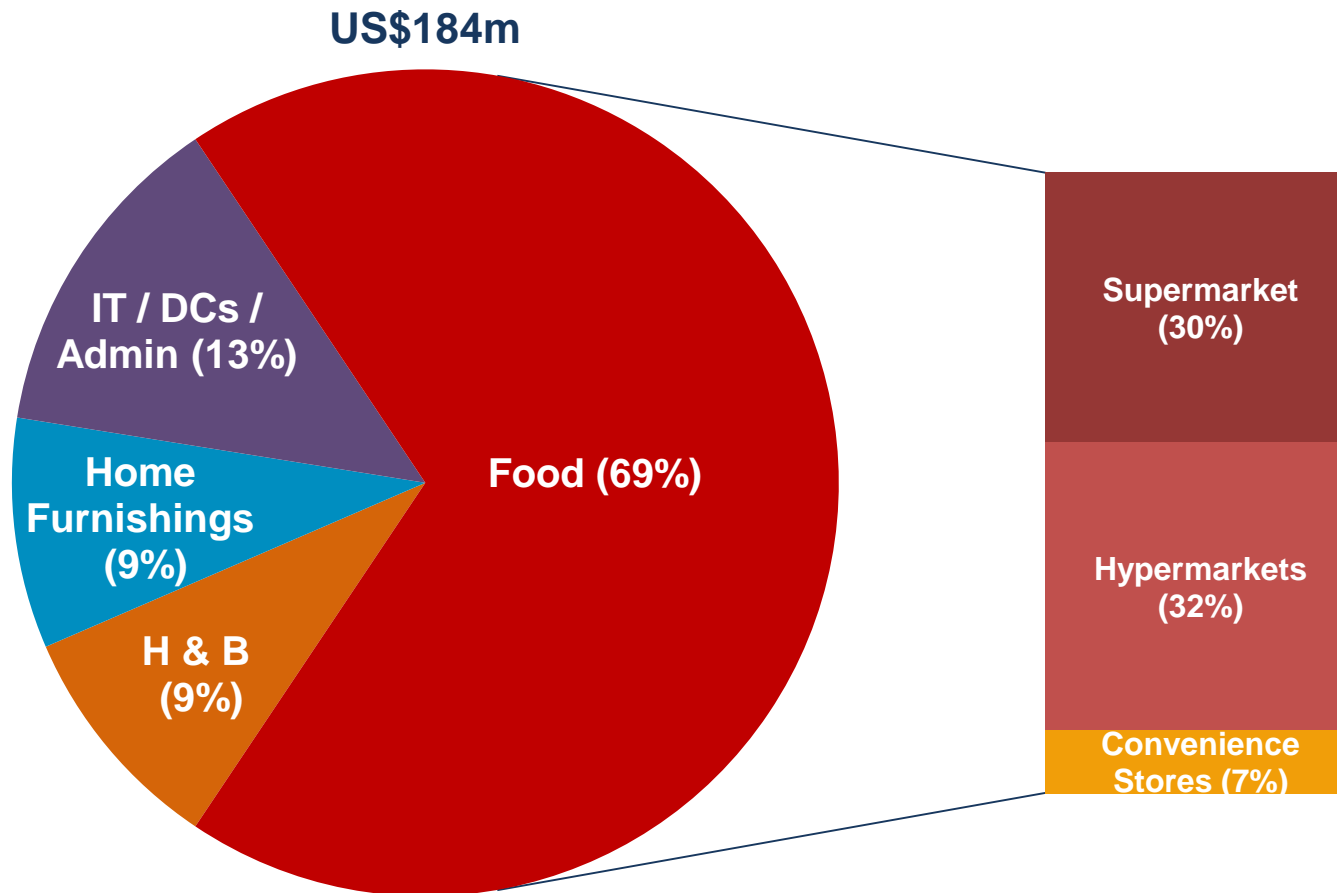
Balance Sheet

(US\$ m)	31/12/2013	30/06/2014
Intangible Assets	408	430
Property	453	492
Other Fixed Assets	636	652
Associates and Joint Ventures	370	371
Net Working Capital	(1,041)	(1,005)
Net Cash	638	568
Others	(87)	(107)
Total Equity	1,377	1,401
Trade Creditors to Stock Ratio	1.6x	1.6x

Cash Flow

(US\$ m)	1H2013	1H2014	Change %	
Operating Cash Flow	239	313	↑	31%
Normal Capex	(162)	(184)	↓	14%
Free Cash Flow	77	129	↑	68%
Asset Sales	5	22	↑	327%
Investment Capex	(18)	(1)	↑	98%
Capital Contribution from Non-controlling interest	57	-		
Dividends Paid	(223)	(223)		—
Net Cash Flow	(102)	(73)	↑	29%

Capex



Note: Exclude investments

Outlook

- All formats focused on consumer centric business models
- Trading conditions unlikely to change in balance of the year
- Continuing efforts to strengthen supply chain capability
- Significant IT transformation in progress
- Consolidation of investment in the Philippines