



Dairy Farm International Holdings Ltd

Jardine House, 33-35 Reid Street
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To: Business Editor

24th February 2014
For immediate release

**PT HERO SUPERMARKET TBK
2013 RESULTS**

The following announcement was issued today by the Company's 80.8%-owned subsidiary, PT Hero Supermarket Tbk.

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Issued by: **Dairy Farm Management Services Ltd**

Incorporated in Bermuda with limited liability

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PT HERO SUPERMARKET TBK 2013 RESULTS

Highlights

- Net revenue up 13% to Rp 11,900 billion
- Underlying operating income down 5% to Rp 420 billion, negatively impacted by cost pressures including minimum wage increases
- Underlying profit up 9% to Rp 330 billion, assisted by lower interest expenses
- 77 net new stores opened across all formats to reach 682 stores
- Successful completion of Rp 2,980 billion rights issue
- Significant ongoing investment in store expansion

“Following improved sales in all formats in 2013, we remain optimistic about our growth momentum continuing in 2014, despite inflationary pressures and the effects of a weakening of the rupiah in recent months.”

Philippe Broianigo,
President Director

Results

		2013 Rp billion	2012 Rp billion	Change %
Net revenue		11,900	10,510	+13
Gross profit		2,847	2,437	+17
Operating income	- Underlying *	420	441	-5
	- Reported	782	441	+77
Profit for the year	- Underlying *	330	303	+9
	- Reported	671	303	+122
		Rp	Rp	%
Earnings per share	- Underlying *	86	89 **	-3
	- Basic	176	89 **	+98

* Excluding a one-off gain on sale of the Company's head office property in 2013.
** Underlying and basic earnings per share for 2012 have been restated due to the issuance of new shares through Pre-emption Rights.

PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group traded well in 2013 with all formats achieving growth in net revenue. A net 77 new stores were opened. The results were impacted by competitive and inflationary cost pressures, including a significant increase in the minimum wage, coupled with the pre-opening costs of IKEA. Although the effect was offset by reduced interest expenses following the repayment of borrowings from the proceeds of the Company's Rp 2,980 billion rights issue in June.

Performance

Net revenue for the year ended 31st December 2013 grew by 13% to Rp 11,900 billion from Rp 10,510 billion in 2012. Gross profit increased at a faster rate of 17% to Rp 2,847 billion reflecting improved trading, while underlying operating income of Rp 420 billion was down 5% due to significant competitive and inflationary cost pressures, including substantial labour cost increases as a consequence of a rise in the minimum wage.

The Company ended the year with net cash of Rp 1,327 billion, compared with net borrowings of Rp 856 billion at the end of 2012. In large part this reflected the proceeds of the Company's rights issue, while Rp 1,322 billion was also invested in capital expenditure during the year.

Business Activities

In Food, there is an increased focus on the fresh offering for customers. Giant continues to gain market share as it expands in cities outside of Java. In a rising cost environment, the ability of Giant to maintain competitive pricing has enhanced its low price image and impacted positively its sales. Hero continues to focus on improving its offerings in fresh, imported and exclusive ranges.

Starmart's new convenience concept, with increasing focus on Ready to Eat, is gradually being rolled out both in new stores and refurbishment of existing stores.

In Health & Beauty, Guardian's new store program is progressing well alongside the commencement of a rollout programme for a fresh brand look.

In Home Furnishings, the construction of the first IKEA store in Indonesia at Tangerang is progressing well, and it is expected to open in the fourth quarter of 2014.

In June 2013, the Company completed Rp 2,980 billion rights issue, the proceeds of which were used to repay borrowings and provide funds for continuing store expansion. In December 2013, the Company completed the sale of its head office property and has now relocated to a new purpose built head office building in Bintaro (Tangerang) adjacent to our Giant Ekstra.

Total 77 net new stores opened in the year ended 31st December 2013 including 5 Giant Ekstra, 16 Hero Supermarket and Giant Ekspres, 50 Guardian and 6 Starmart. As at 31st December 2013, the Company operated 682 stores, comprising 51 Giant Ekstra, 158 Hero Supermarket and Giant Ekspres, 316 Guardian health and beauty stores and 157 Starmart convenience stores.

People

The Company now has more than 16,500 employees, and I would like to thank them for their excellent contribution in growing our business and in serving our customer's needs.

Our director and CFO, Lai Saye Chuan, resigned at the end of the year to move to another senior role within the Jardine Matheson Group and has been replaced by Xavier Thiry. We would like to thank Saye Chuan for his efforts and welcome Xavier, who has joined from Metro AG, and brings a wealth of commercial and financial experience in the retail industry. Xavier joined the Company on 9th January 2014.

Prospects

Following improved sales in all formats in 2013, we remain optimistic about our growth momentum continuing in 2014, despite inflationary pressures and a weakening of the rupiah in recent months.

Philippe Broianigo

President Director

24th February 2014

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