



**Dairy Farm International Holdings Ltd**

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

## **Announcement**

30th April 2021

### **PT HERO SUPERMARKET TBK FIRST QUARTER 2021 RESULTS**

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

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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**  
**FIRST QUARTER 2021 RESULTS**

**Highlights**

- First quarter 2021 results significantly impacted by COVID-19
- Grocery Retail, Health and Beauty materially impacted by pandemic-related restrictions
- IKEA achieves significant milestone by opening third store in Indonesia
- PT Hero remains well positioned as a strong, competitive retailer in Indonesia

**Results**

	(Unaudited) First Quarter		Change %
	2021 Rp billion	2020 Rp billion	
Net Revenue	1,763	2,601	-32.2
Gross Profit	494	703	-29.7
Loss for the period	(2)	(44)	n.m.
	Rp	Rp	%
Loss per share	(0.4)	(10)	n.m.

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## **PRESIDENT DIRECTOR'S STATEMENT**

### **Introduction**

The Company continued to face significant challenges in the first quarter of 2021 due to the COVID-19 pandemic, the related imposition of PPKM (Enforcement of Limitation on Community Activities) and changes in customer shopping habits.

The Group's Grocery Retail and Health and Beauty businesses continued to be adversely impacted by the pandemic. PPKM restrictions led to changes in customer shopping behaviours and product demand patterns and impacted traffic into stores within malls.

IKEA Home Furnishing stores were also impacted by pandemic-related restrictions, with challenging trading within stores partially offset by strong e-commerce growth.

### **Financial Performance**

The Company reported a net loss of Rp 2 billion. Whilst the loss was disappointing, it would have been substantially greater in the quarter were it not for the reversal of lease liability provisions booked in prior periods.

IKEA sales were impacted by restrictions on operating capacity as well as disruptions to trading from COVID-19, partially offset by strong e-commerce growth. Total operating profit was impacted by reduced store profitability due to lower sales, as well as high pre-opening expenses incurred for new stores planned to open in 2021. During the quarter, IKEA Indonesia opened its third store in Bandung, marking another significant milestone in the development of the franchise in the country. Good progress continues to be made with respect to the opening of the fourth IKEA store in Jakarta Garden City, expected to be later this year.

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#### **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](http://www.hero.co.id) | Call Centre 0-800-1-998877

Guardian Health and Beauty performance continued to be significantly impacted by pandemic-related restrictions in Indonesia and associated changes in customer behaviours. Reduced operating hours, the closure of a number of malls, severe trading restrictions on complimentary businesses and heavy reductions in foot traffic all impacted Guardian sales and profitability. Guardian remains committed to strengthening its value proposition and relevance to customers, and continues to focus on prudent cost controls to ensure it emerges strongly from the current exceptional trading conditions.

The financial performance of PT Hero Grocery Retail business continues to be adversely impacted significantly by the pandemic. Strict social restrictions, local travel bans and, in particular, the closure or imposition of heavy trading constraints on shopping malls, have substantially changed consumer behaviours and limited foot traffic into these locations. Consequently, this has materially impacted the performance of large format destination hypermarkets, which are frequently the anchor tenants of shopping malls and are where the largest proportion of Giant's store space is located.

### **Business strategy**

The grocery retail sector in Indonesia has seen increasing competition in recent years with the growth of different store formats, as well as changes in consumer behaviours, which have accelerated during the pandemic. During the quarter, the Company increased the pace of its space optimisation programme to provide the Grocery Retail business with a more stable financial foundation. Concurrently, all aspects of the Company's businesses are being evaluated to ensure that the Group's portfolio is better placed to compete effectively and deliver improved financial performance in the future. In this context, the Dairy Farm Group, as the largest shareholder of the Company, announced, on 29<sup>th</sup> April 2021, the establishment of a loan facility to the Company. The provision of this loan facility highlights the Dairy Farm Group's commitment to PT Hero and provides the Company with additional financing flexibility to enable it to weather difficult trading conditions caused by the pandemic and progress ongoing optimisation programmes.

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## **Prospects**

The duration of the COVID-19 pandemic and the extent of its impact on PT Hero remain uncertain. However, the Company expects the pandemic to continue to affect its operations this year and for 2021 to remain challenging. The Company remains committed to its retail future in Indonesia and confident in its position as a strong competitive retailer over the long term.

### **Patrik Lindvall**

President Director

30<sup>th</sup> April 2021

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