



**Dairy Farm International Holdings Ltd**

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To: Business Editor

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For immediate release

**PT HERO SUPERMARKET TBK  
FULL YEAR 2019 RESULTS**

The following announcement was issued today by the Company's 88.5%-owned subsidiary, PT Hero Supermarket Tbk.

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**PT HERO SUPERMARKET TBK**  
**FULL YEAR 2019 RESULTS**

**Highlights**

- Net revenue 5.4% lower at Rp 12,268 billion as result of space optimisation plan
- Profit higher at Rp 71 billion as early stages of transformation delivers progress
- Double digit sales growth from Guardian and IKEA
- Multi-year performance transformation on track

**Results**

	<b>Audited Full Year</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>Rp billion</b>	<b>Rp billion</b>	<b>%</b>
Net Revenue	12,268	12,970	<b>-5.4</b>
Gross Profit	3,547	3,694	<b>-4.0</b>
Profit/(Loss) for the year	71	(1,250)	<b>n.m.</b>
	<b>Rp</b>	<b>Rp</b>	<b>%</b>
Earnings/(Loss) per share	17	(299)	<b>n.m.</b>

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## **PRESIDENT DIRECTOR'S STATEMENT**

### **Introduction**

While the Group's store optimisation plan negatively impacted sales of the Food business in 2019, this was partially offset by significant sales increases at both our Guardian and IKEA businesses. The Guardian Health and Beauty and IKEA Home Furnishing businesses delivered double-digit sales growth as customers continue to respond positively to the offering from both banners. Underlying profitability grew as the fundamentals underpinning the businesses improved as part of our multi-year transformation.

### **Financial Performance**

Profit of Rp 71 billion was a significant improvement from the prior year, which was impacted by one-off costs associated with the actions taken by management to reset the business. Excluding the impact of non-recurring items, underlying profits grew strongly in 2019, driven by improved performance from the Food business as we executed our store optimisation plan and as our multi-year transformation programme delivered enhancements in quality and operating standards. We have made progress on price competitiveness and enhancing shopping experiences to better serve our customers. Our pilot schemes and new format launches were also well received.

Guardian delivered double-digit growth in sales and underlying profit. The business maintained a strong market price position as well as completing a series of successful store remodels, with greater emphasis on Beauty categories and the addition of local Halal certified ranges, all of which were well received by customers and helped to lift sales.

IKEA also reported double-digit sales growth underpinned by investments in a new store in Sentul as well as e-commerce growth, although profits were affected by investments made as well as higher cost of goods sold.

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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

## **Business Activities**

PT Hero remains committed to its multi-year transformation plan to reshape and revitalise its business portfolio, to optimise its customer offer to ensure quality and value and to improve the productivity of its stores for the benefits of its customers and team members. We are putting greater emphasis on fresh food, range optimisation and the repurposing of space, which will lead to a stronger and more sustainable business going forward. Food retail in Indonesia has seen increasing competition in recent years with the growth of different store formats, as well as evolving consumer behaviors. We must consistently adapt to the changing market to compete effectively.

Our Health and Beauty business continues to demonstrate strong growth momentum, supported by strong revenue and like-for-like sales growth. There was also strong double-digit percentage growth in profits, which reflected our strong retail execution as better, more relevant range was introduced into stores and as investments were made in cost-effective store refits.

We continue to invest in the future growth of the Home Furnishing business and remain committed to our strategic plan - to meet the demands of growing middle-income consumers - which involves opening both traditional and new IKEA formats. The new Sentul store was an IKEA world first, as it came from the conversion of a Giant hypermarket under our space optimisation plan. Works were carried out in a record-breaking five months. The performance of the store since its November opening has been pleasing. During 2019, good progress has also been made with new store projects in Jakarta Garden City and Bandung, which are anticipated to open in the next 12 months.

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## **Prospects**

While performance in the current year will depend on macroeconomic conditions, PT Hero remains firmly focused on its multi-year transformation plan and is confident that the actions currently underway will lead to a better, more profitable and more sustainable business, with an optimized retail portfolio, improved product offerings, as well as a stronger response to customers' demands. We remain committed to being a strong competitive retailer in each of our retail sectors and to growing our business over the long term in Indonesia.

## **Patrik Lindvall**

President Director

5<sup>th</sup> March 2020

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