



**2021 Dairy Farm  
Interim Results  
Presentation**

**30 July 2021**

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# Agenda



- 1. Key Highlights**
2. Financial Results
3. Market Conditions
4. Business Updates
5. Branding Updates
6. Business Outlook

# Strong Challenging Headwinds

- Total sales down 4%
- Health and Beauty impacted by travel and lockdown restrictions
- Home Furnishings affected by COVID-19 disruptions
- Convenience performance recovering strongly
- Underlying Grocery Retail growth trends encouraging
- Associates' profitability adversely impacted by Yonghui
- Key transformation initiatives sustained

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# Sales and Underlying Profit

| US\$' m  | 2021 H1       | 2020 H1 | %Δ          |
|--|---------------|---------|-------------|
| Total Sales                                    |               |         |             |
| Including Associates & JVs                     | <b>13,950</b> | 14,547  | <b>-4</b>   |
| Subsidiaries                                   | <b>4,537</b>  | 5,240   | <b>-13</b>  |
| Subsidiaries Underlying Operating Profit       | <b>155</b>    | 211     | <b>-27</b>  |
| Share of Associates/JV Underlying Profit       | <b>(44)</b>   | 4       | <b>n.m.</b> |
| Underlying Profit Attributable to Shareholders | <b>32</b>     | 105     | <b>-69</b>  |
| Net Non-Trading Items                          | <b>(15)</b>   | 10      | <b>n.m.</b> |
| Reported Profit Attributable to Shareholders   | <b>17</b>     | 115     | <b>-85</b>  |
| Underlying EPS (US¢)                           | <b>2.38</b>   | 7.77    | <b>-69</b>  |
| Interim Dividend Per Share (US¢)               | <b>3.0</b>    | 5.0     | <b>-40</b>  |

# Sales Summary

| US\$' m                | 2021 H1 | 2020 H1 | %Δ  |
|------------------------|---------|---------|-----|
| Food                   | 3,265   | 3,812   | -14 |
| Grocery retail         | 2,191   | 2,809   | -22 |
| Convenience stores     | 1,074   | 1,003   | +7  |
| Health and Beauty      | 887     | 1,038   | -15 |
| IKEA                   | 385     | 389     | -1  |
| <u>Key Associates*</u> |         |         |     |
| Maxim's                | 1,005   | 873     | +15 |
| Yonghui                | 6,787   | 6,699   | +1  |
| RRHI                   | 1,596   | 1,716   | -7  |

\*Includes 100% of Maxim's, Yonghui (6 months ending 31 March) and RRHI's (6 months ending 31 March) half year sales revenue.

# Subsidiaries Underlying Operating Profit

## IFRS16 Separately Identified

| US\$' m   | 2021 H1 | 2020 H1 | \$Δ | %Δ   |
|---|---------|---------|-----|------|
| Food  | 101     | 149     | -47 | -32  |
| Grocery retail                                      | 83      | 148     | -65 | -44  |
| Convenience stores                                  | 19      | 1       | +18 | n.m. |
| Health and Beauty                                   | 21      | 42      | -22 | -51  |
| IKEA  | 12      | 25      | -14 | -54  |
| SG&A  | (29)    | (47)    | +18 | +39  |
| IFRS16 Adjustment – PBIT                            | 50      | 42      | +8  | +19  |
| Underlying Operating Profit ( <i>after IFRS16</i> ) | 155     | 211     | -56 | -27  |



# Strong Cash Flow Improvement

| US\$' m                                  | 2021 H1 | 2020 H1 |
|--|---------|---------|
| Underlying EBITDAR                       | 594     | 708     |
| Principal Elements of Lease Payments     | (331)   | (387)   |
| ΔWorking Capital                         | (19)    | (115)   |
| Net Financing Costs                      | (59)    | (74)    |
| Dividends Received                       | 24      | 15      |
| Other Operating Cash Flow                | (112)   | (71)    |
| Operating Cash Flow after Lease Payments | 97      | 76      |
| Normal Capex                             | (105)   | (134)   |
| Free Cash Flow                           | (8)     | (58)    |
| Investments                              | 36      | (18)    |
| Dividends Paid                           | (156)   | (196)   |
| FX and Others                            | 9       | 2       |
| Net Cash Flow                            | (119)   | (270)   |
| Net Cash / (Debt)                        | (935)   | (1,091) |

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# Challenging External Environment

COVID timeline: Average new cases per day (2021)

| Key markets | COVID timeline: Average new cases per day (2021) |       |       |       |       |        |        |
|-------------|--|-------|-------|-------|-------|--------|--------|
|             | Jan  | Feb   | Mar   | Apr   | May   | Jun    | Jul*   |
| Hong Kong   | 52   | 20    | 15    | 10    | 2     | 3      | 2      |
| Guangdong   | <1   | <1    | <1    | <1    | 1     | 4      | <1     |
| Taiwan      | 4  | 2     | 2     | 3     | 238   | 210    | 34     |
| Singapore   | 30   | 14    | 14    | 25    | 29    | 18     | 27     |
| Malaysia    | 3,300  | 3,100 | 1,400 | 2,100 | 5,300 | 6,000  | 9,000  |
| Indonesia   | 10,800   | 9,200 | 5,700 | 5,200 | 5,000 | 11,800 | 39,000 |

Movement restriction

\*As of 19th July 2021  
Source: Johns Hopkins University CSSE COVID-19 Data

# Border Closures and Travel Restrictions



Hong Kong Airport



Singapore Airport



Hong Kong MTR



Singapore MRT

# Border Closures and Travel Restrictions



Hong Kong Airport



Singapore Airport



Hong Kong MTR



Singapore MRT

# All These Malls Are Open!



**Oceanus Mall, East Malaysia**



**Bandar Kinrara, Kuala Lumpur**



**Icon Village, Singapore**



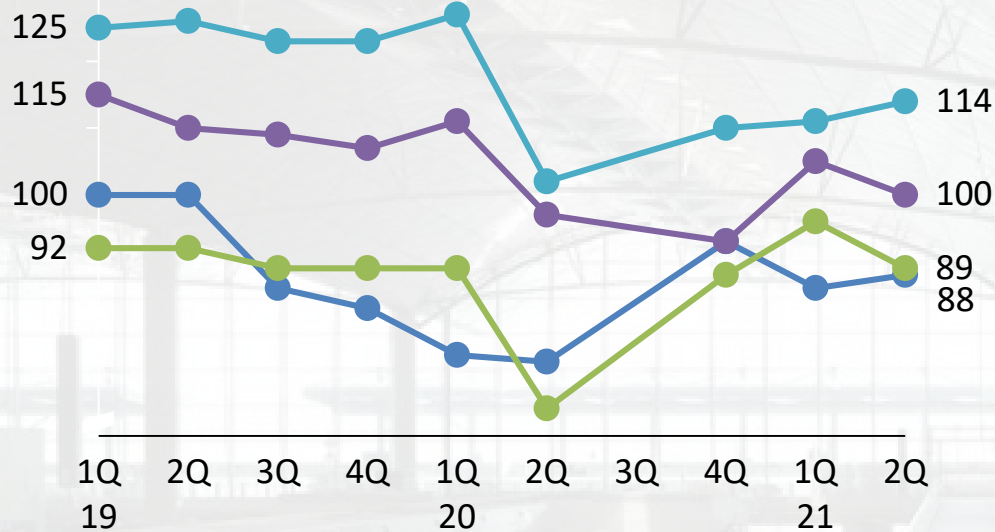
**Ciputra Citra Raya, Tangerang, Indonesia**



**Balikpapan, Indonesia**

# Challenging External Environment

## Consumer confidence index, 1Q19-2Q21



%Δ (1Q19- 2Q21)

|           |      |
|-----------|------|
| Indonesia | -9%  |
| Malaysia  | -13% |
| Singapore | -3%  |
| Hong Kong | -12% |

## Primary concerns among consumers (5 markets average)



*Up to 90% of consumers intend to save more and spend less*

*Flight to value is evident*

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# Transformation Plan Proving Critical

## Strategic Priorities



## Improvement Programmes

Fresh  
Supply Chain  
Efficiency

Labour  
Productivity

Assortment  
Optimisation

Procurement  
Centralisation

# Transformation Plan Proving Critical

- Collective cross-banner sourcing now 80% of group volume
- Built supply partnerships to improve quality
- 5,000+ team members trained in stock management and product care
- Over 50% reduction in food waste

- Category planning training for 200+ team members
- 6,000+ individual supplier discussions conducted
- Negotiated improved cost of goods
- Deferred cost price increases to save customers money

## Improvement Programmes

Fresh  
Supply Chain  
Efficiency

Labour  
Productivity

Assortment  
Optimisation

Procurement  
Centralisation

- Driving operational efficiency and productivity
- Enhanced manager wage control
- Rollout of new team member roster schedules
- 2021 rollout at scale will double savings vs. 2020

- Stronger team structure
- Enhanced control in place
- E-sourcing reverse auction capability introduced
- Key savings across marketing, supply chain and store costs
- Over 30m kWh saved

# Strategic Priorities Delivering Change

- Strong senior and middle management in place
- Enhanced expertise in digital & CRM
- In-store training enhanced

- Yuu Rewards exceeding expectations
- Significant year-on-year e-commerce growth
- Technology partnership now in place



- Now 1,450+ 7-Eleven stores
- Significant systems upgrade investment
- Mannings consolidation into Guangdong complete

- Portfolio and store optimisation
- Strong IKEA capital investment
- Major relaunch of Giant Singapore and Malaysia
- Guardian price investment

- Strong underlying grocery retail performance
- 7-Eleven now 1,000+ stores
- Mannings price investment driving volume growth



## Investing in Yuu



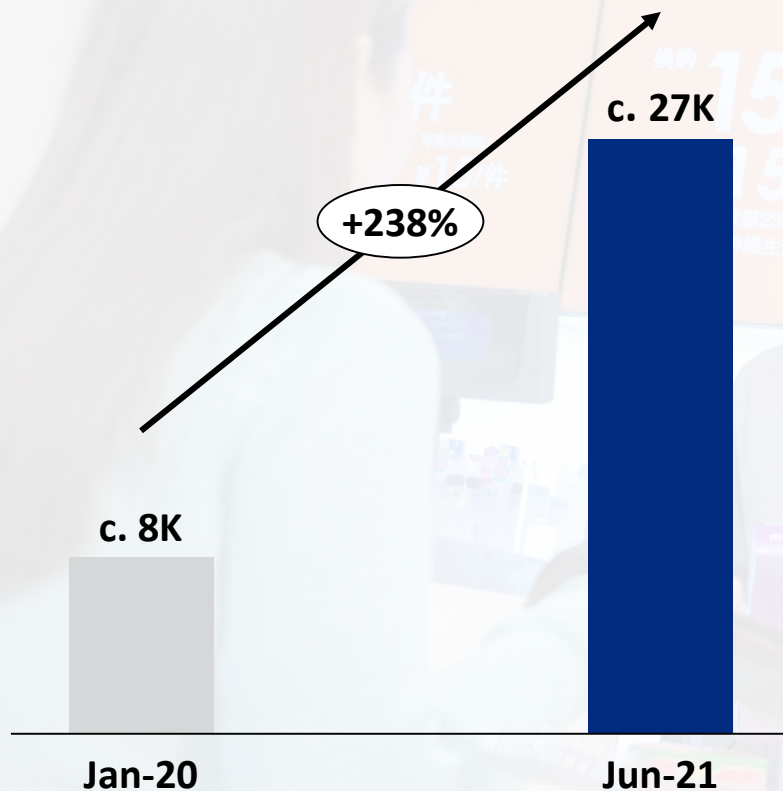
- Strongest rewards program in Hong Kong
- Yuu Rewards now over 3.5m members
- 99% customer awareness
- c.40% uplift in customer engagement against prior programmes
- c.80 billion points now earned
- Over 30 billion points redeemed
  - Personalised CRM driving increased visit frequency
- Market share gains evident in Food, Health and Beauty
- Expanding partner ecosystem



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# Strong E-Commerce Growth

## Group e-commerce # orders per day



- Strong focus on e-commerce across the group
- Double-digit e-commerce penetration in all IKEA markets
- E-commerce capability significantly enhanced for Grocery Retail
- Health & Beauty e-commerce capability now in place
- Mannings e-commerce now number 1 store
- E-commerce capability in place in each convenience market

## Wellcome Hong Kong



## Giant Singapore



## Mannings Hong Kong



## Guardian Singapore



- Consistently lower prices
- Driving double-digit increase in customer value perception

# Own Brand Contribution to Value



# Yu Pin King Relaunch





# Giant Own Brand Relaunch



Giant



# Strong Own Brand Growth



- Meadows now number one brand across Dairy Farm
- Over 1,200 SKUs launched
- Meadows now over 800 SKUs
- Yu Pin King relaunched c.200 SKUs
- Giant Own Brand relaunched over 200 SKUs
- Over 80 international food quality awards
- c.40% growth in Own Brand penetration
- Strong product pipeline planned



**惠康 wellcome**

**MARKET PLACE**



- Price investment campaign driving double-digit volume growth
- Over 40% increased customer engagement through Yuu Rewards
- Daily e-commerce volumes up 600%
- New Marketplace format delivering double-digit sales growth
- Strong improvement in customer brand perception
- Market share outperformance
- Over 40% increase in sales productivity vs. 2019
- Strong underlying profit growth



Giant



CS Fresh  
COLD STORAGE



MERCATÓ



HERO



Lucky  
Supermarket

- Strong volume uplift from price investment campaign
- 100+ Giant stores relaunched in Singapore and Malaysia
- New product ranges introduced
- 30 new format upscale stores in place by year end
- Multi-banner e-commerce pilot launching
- Disciplined store cost control
- c.70% increase in sales productivity vs. 2019
- Strong improvement in underlying profitability

- Significant business impact from border closure
- Strategic focus on local customers
- Price investment in over 1,200 SKUs
- Significant improvement on customer price perception
- Over 70% volume growth on featured items
- Strong market share gains achieved
- Macau border restriction easing significantly benefits performance
- Significant cash flow improvement through volume growth

- Customer behaviour impacted by lockdown constraints and personal finance concerns
- Customer purchasing swing to health and personal care
- Price investment campaign launched across each market
- Encouraging sales performance post launch
- Enhanced customer value perception
- Double-digit growth in basket size
- Improving LFL sales trends throughout 1H
- Strong store growth pipeline



# 7-Eleven Update



- Improving LFL sales trends
- Strong profit recovery
- c.500 Own Brand SKUs launched
- 1,000<sup>th</sup> store milestone achieved in Hong Kong
- Over 90 stores opened in Guangdong, 1,450+ in total
- Significant IT systems upgrade underway in China
- Tripling in daily O2O volumes in Guangdong
- Singapore price investment campaign launched



- Double-digit e-commerce growth
- E-commerce c.2x average store sales
- E-commerce now the “largest store”
- Third Indonesia store now open
- Larger replacement store opened in Taiwan
- Home planning service launched across all HK stores
- Five new locations planned in 2H



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# Refreshing Our Brands, Refreshing Our Image



**Dairy**  
**Farm**

# Refreshing Our Brands, Refreshing Our Image



Since 1982



**Cold Storage**

*The fresh food people*

Since 1998



Since 2007



Since 1983

# Refreshing Our Brands, Refreshing Our Image



# Refreshing Our Brands, Refreshing Our Image



# Refreshing Our Brands, Refreshing Our Image



# Refreshing Our Brands, Refreshing Our Image

**MARKET PLACE**  
by JASONS

**MARKET PLACE**



# Refreshing Our Brands, Refreshing Our Image





# Refreshing Our Brands, Refreshing Our Image



# Refreshing Our Retail Brands, Refreshing Our Corporate Brand



**Dairy**  
**Farm**

The image shows a grocery store aisle with various products on shelves. The text "Dairy Farm" is overlaid in the center. "Dairy" is in red and "Farm" is in blue. The background is a blurred view of a grocery store aisle with shelves of products. The text "& VEGETABLES" is visible on a sign in the background.

# Refreshing Our Retail Brands, Refreshing Our Corporate Brand

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- Strong headwinds will continue to prevail
- Competition intensifying online and offline
- Price investment supports customer flight to value
- Increasing digital emphasis across the company
- Strong progress on key improvement programmes
- Strategic priorities delivering material change
- Confidence in underlying business performance
- Business transformation building strong post-COVID foundation

# Q&A session

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