



Dairy Farm International Holdings Ltd

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

For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

DAIRY FARM INTERNATIONAL HOLDINGS LIMITED

Interim Management Statement

7th November 2019 – Dairy Farm International Holdings Limited has today issued its Interim Management Statement for the third quarter of 2019.

Combined sales including 100% of associates and joint ventures for the period were ahead of the comparable period in 2018, primarily due to the investment in Robinsons Retail in late 2018. Sales by the Group's subsidiaries in the quarter declined, as reported revenue for Hypermarkets and Supermarkets was impacted by the Southeast Asia store optimisation plan and the divestment of the Rustan Supercenters business. Convenience stores and Home Furnishings continued to perform well, with sales ahead of the same period last year. While Southeast Asia Health and Beauty sales improved, overall Health and Beauty revenue weakened as performance was impacted by difficult market conditions in Hong Kong.

Profits from Supermarkets and Hypermarkets increased in the quarter, driven by an improvement in Southeast Asia as the store optimisation plan delivered enhanced quality and operating standards. While the turnaround of the Southeast Asian businesses remains at an early stage, there are encouraging signs of improvement. The Group continues to invest in and grow its capabilities in Southeast Asia in line with the multi-year transformation plan. While sales in North Asia were ahead of last year, profits were impacted by rental and labour cost pressures.

The Group's Convenience store sales in the quarter were ahead of last year, with profitability modestly lower due to ongoing investment in new stores as well as rental and labour cost pressures.

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Issued by: **Dairy Farm Management Services Ltd**
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In Health and Beauty, Mannings' sales and profits have been significantly impacted by the ongoing social unrest in Hong Kong. Guardian in Southeast Asia, however, delivered an encouraging performance, with solid sales growth, particularly in Indonesia. The Group continues to invest in and grow its Health and Beauty network across Southeast Asia.

The Home Furnishings business reported solid sales growth for the quarter, as strong growth in Taiwan and Indonesia offset a lower performance in Hong Kong due to weak consumer sentiment. Profitability continued to be impacted by the increased cost of goods compared with last year and pre-opening expenses for stores under development. IKEA's e-commerce operations continue to grow, with positive results in all markets as improvements are made to website functionality.

In respect of the Group's associates, Maxim's performance during the third quarter has also been impacted by the ongoing social unrest in Hong Kong, while Yonghui reported strong underlying growth in profitability. The Group's results also continued to benefit from its share of results from the 20% interest in Robinsons Retail acquired in November last year.

For the full year, while the Group is seeing benefits from its transformation programme, these are expected to continue to be more than offset by weak trading conditions in several of its Hong Kong businesses. The Group's full year results will also be affected by the adoption of the new lease accounting standard, IFRS 16. Nonetheless, Dairy Farm remains firmly focused on its multi-year strategic transformation to deliver long-term improvements to the business.

Dairy Farm is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates over 10,000 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing over 230,000 people, and had total sales in 2018 exceeding US\$21 billion. Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. It is a member of the Jardine Matheson Group.

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This and other Group announcements can be accessed through the Internet at
'www.dairyfarmgroup.com'.