



# 2019 Full Year Results Presentation

5<sup>th</sup> March 2020

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- 1. 2019 Highlights**
2. Financial Results
3. Business Performance Review
4. Outlook

# Multi-year Transformation on Track

- Total sales (including associates and JVs) up 26%
- Sales growth from 4 out of 5 divisions
- Hong Kong environment impacted performance
- Benefits accruing from business efficiency and SEA performance
- Portfolio diversity partly insulates against environmental impact
- Unchanged final and total dividend of US\$14.50 and US\$21.00 per share

# Agenda



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# Sales and Underlying Profit

(US\$' m)	FY2019	FY2018	%Δ
Total Sales			
Including Associates & JVs	<b>27,665</b>	21,957	<b>+26</b>
Subsidiaries	<b>11,192</b>	11,749	<b>-5</b>
Subsidiaries Underlying Operating Profit	<b>437</b>	506	<b>-14</b>
Share of Underlying Results of Associates/JVs	<b>115</b>	113	<b>+2</b>
Underlying Profit Attributable to Shareholders	<b>321</b>	358	<b>-10</b>
Net Non-Trading Items	<b>3</b>	(273)	<b>n.m.</b>
Reported Profit Attributable to Shareholders	<b>324</b>	85	<b>+282</b>
Underlying EPS (US¢)	<b>23.72</b>	26.48	<b>-10</b>
Total Dividend Per Share (US¢)	<b>21.00</b>	21.00	n/a

# Sales Growth from 4 out of 5 Divisions

Sales (US\$' m)	FY2019	FY2018	%Δ
Food	7,376	7,992	-8
Grocery retail	5,190	5,888	-12
Convenience stores	2,185	2,104	+4
Health and Beauty	3,051	3,036	+1
IKEA	766	721	+6
<u>Key Associates*</u>			
Maxim's	2,701	2,586	+4
Yonghui	10,895	7,429	+47
RRHI	2,837	n/a	n.m.

\* Includes 100% of Maxim's, Yonghui (October 2018 to September 2019) and RRHI's (November 2018 to September 2019) sales revenue.

# Subsidiaries Underlying Operating Profit

IFRS16 [Separately Identified]

(US\$' m)	Underlying Op. Profit				Op. Margin	
	FY2019	FY2018	\$Δ	%Δ	%	Δpp
Food	145	110	+35	+32	2.0	+0.6
Grocery retail	63	22	+41	+183	1.2	+0.8
Convenience stores	82	88	-6	-7	3.8	-0.4
Health and Beauty	296	330	-34	-11	9.7	-1.2
IKEA	43	68	-25	-38	5.6	-3.9
SG&A	(143)	(103)	-40	-39		
IFRS16 Adjustment – PBIT	97	100				
<b>Subsidiaries Underlying Operating Profit</b>	<b>437</b>	<b>506</b>	<b>-69</b>	<b>-14</b>		



# Solid Cash Conversion

(US\$' m)	FY2019	FY2018
Underlying EBITDAR	1,439	1,607
Principal Elements of Lease Payments	(790)	(815)
ΔWorking Capital	(77)	(21)
Net Financing Costs	(160)	(164)
Dividends Received	89	94
Other Operating Cash Flow	(3)	(58)
Operating Cash Flow after Lease Payments	498	643
Normal Capex	(305)	(256)
Free Cash Flow	193	387
Investments	22	(245)
Dividends Paid	(284)	(284)
FX and Others	(8)	(3)
Net Cash Flow	(77)	(145)
Net Cash / (Debt)	(821)	(744)

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# Confidence in Strategy Remains

## Strategic Priorities



## Improvement Programmes

Fresh Supply Chain Efficiency	Labour Productivity
Assortment Optimisation	Procurement Centralisation

## 7-Eleven

- Over 270 stores opened with prudent capital investment
- Strong LFL growth
- Own Brand RTE and meal deals improving sales performance

## Mannings

- O2O supporting LFL growth
- Space optimisation now Greater Bay Area focused
- Shared services supporting overhead efficiency

## Yonghui

- Strong sales and profit growth
- 600+ store openings\*; mini format launched
- Cross company opportunities being developed

# Maintain Strength in Hong Kong

## NA Grocery Retail

- Encouraging LFL sales trends across each market
- Proactive supply chain management improving freshness
- Improvement programmes supporting profit growth

## Health & Beauty

- Second best year after exceptional 2018
- Ranges optimised by demographic
- Strong operational control in place

## IKEA

- Significant investment across online and offline
- Taipei new store growing sales and market share
- Further stores to open in Taiwan and Macau in 2020

## Maxim's

- Social unrest impacted performance
- Starbucks franchise in six markets, including Thailand
- Expansion in Macau and Southeast Asia in 2020

## SEA Grocery Retail

- Significant improvement in profitability
- Strong focus on fixing the basics
- New formats introduced into Upscale and Giant

## Health & Beauty

- Now 1,300 stores across Southeast Asia
- Further expansion planned in 2020
- Performance improvement achieved in each market

## IKEA Indonesia

- Another year of double-digit sales growth
- Sentul hypermarket conversion opened in November
- Two openings anticipated in 2020

## Robinsons Retail

- Investment in now Philippines' 2nd largest retailer
- Strong sales growth\*
- Strong underlying earnings growth\*

- Focused IT investment plan now in place
- IKEA website upgrades driving e-commerce growth
- E-commerce infrastructure investment in Health and Beauty
- SAP successfully integrated into Singapore
- Enhanced CRM capability in development

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- Significant change in senior leadership
  - Strength in depth now established
  - Central business hubs established in Hong Kong and Singapore
  - Enhanced collaboration driving Standardisation, Synergy and Scale
  - Significant culture change now evolving
  - Developing pipeline of future business leaders



# Strategic Priorities and Improvement Programmes

## Strategic Priorities



## Improvement Programmes

Fresh Supply Chain Efficiency	Labour Productivity
Assortment Optimisation	Procurement Centralisation

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# Reshaping Dairy Farm – 3 Phase Multi-Year Plan



	Building a Strong Base	Delivering Consistently Well	Making a Difference for Every Customer
Performance ↑	1. Build a strong leadership team	1. Establish leadership strength in depth	1. High performing teams with strong succession plans
	2. Define store brand customer proposition by sector and country	2. Store portfolio structured to customer needs (online and offline)	2. Strong and dynamic market proposition
	3. End-to-end supply chain review	3. Efficient, well-run stores supported by strong supply chain	3. Strong, efficient supply chain a core competence
	4. Implement scale leverage	4. Scale sourcing a standard practice	4. Optimised product sourcing strategy
	5. Improve IT infrastructure & digital capability	5. Strong digital capacity and IT backbone	5. Strong, omni-channel, personalisation capability
	6. Align resource to business challenges	6. Central support aligned to business need	6. High capability, streamlined support centres servicing customers and stores
	7. Establish cultural values	7. Motivated, well-trained teams	7. An engaged, motivated, customer-focused workforce, appreciative of each other
	1-2 years	3-4 years	5+ years

# Confidence in Transformation Remains Strong

- Portfolio diversity provides resilience to market changes
- Early stages of transformation strengthened business fundamentals
- Standardisation, Synergy and Scale remains a focus
- Strong financial control supporting decision making
- Significant transformation change continues at pace
- Macro and competitive challenges remain in every market

# Q&A Session



## 2019 Full Year Results Presentation

5<sup>th</sup> March 2020



**NEW  
UPSCALE  
CONCEPT  
STORES**

**Dairy  
Farm**

*Introducing*

**MERCATÓ**

**GURNEY PLAZA**  
MALAYSIA

# Penang Mercato Relaunch

**Dairy**  
**Farm**





# Penang Mercato Relaunch



# Penang Mercato Relaunch



# Penang Mercato Relaunch



SINGAPORE

CS *Fresh*  
COLD STORAGE





FRESH SUSHI

FRESH SEAFOOD

Handcrafted  
SUSHI

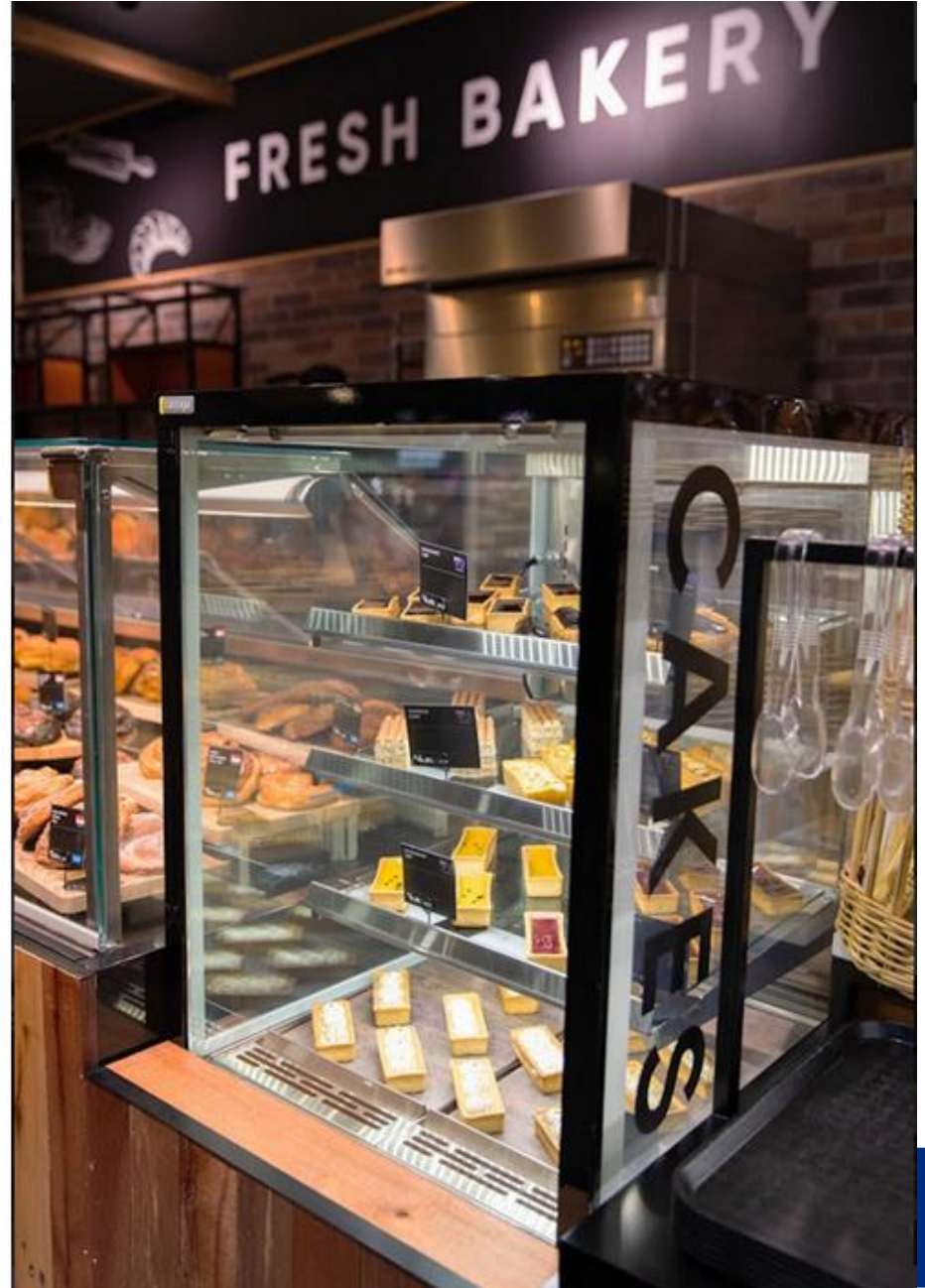
Our sushi uses the freshest seafood, flown in daily from Japan, and is meticulously made by hand on the premises.

PRIDE FISH  
at its peak  
of perfection

Please consume  
sushi and sashimi  
WITHIN 2 HOURS  
of purchase for  
freshness & flavor.  
Pick up complimentary box to  
keep your purchase intact.  
Available near our seafood counters.

# CS Fresh Singapore









Refreshing Our Stores

Over 70 Refreshed Giant Stores



SELAMAT DATANG



Over 70 Refreshed Giant Stores



# Over 70 Refreshed Giant Stores



# Over 70 Refreshed Giant Stores



# Sentul Hypermarket Conversion – 5 months later

Before



# Sentul Hypermarket Conversion – 5 months later



# Sentul Hypermarket Conversion – 5 months later





# Meadows Launch

