



# 2020 Dairy Farm Full Year Results Presentation

12 March 2021

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# Agenda



- 1. 2020 Highlights**
2. Financial Results
3. Business Performance Review
4. Outlook

# Business Change Supports Resilience

- Total sales up 2%
- Profit underpinned by portfolio diversity and business change
- All divisions' trading patterns affected by COVID-19
  - Greatest adverse impact within Health & Beauty
  - Significant sales and profit growth in Grocery Retail
  - Solid trading in Home Furnishings
- Transformation programme remains on track
- Final and total dividend of US¢11.50 and US¢16.50 per share

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# Sales and Underlying Profit

(US\$' m)	FY2020	FY2019	%Δ
Total Sales			
Including Associates & JVs	<b>28,159</b>	27,665	<b>+2</b>
Subsidiaries	<b>10,269</b>	11,192	<b>-8</b>
Subsidiaries Underlying Operating Profit	<b>412</b>	437	<b>-6</b>
Share of Associates/JV Underlying Profit	<b>76</b>	115	<b>-34</b>
Underlying Profit Attributable to Shareholders	<b>276</b>	321	<b>-14</b>
Net Non-Trading Items	<b>(5)</b>	3	<b>n.m.</b>
Reported Profit Attributable to Shareholders	<b>271</b>	324	<b>-16</b>
Underlying EPS (US¢)	<b>20.38</b>	23.72	<b>-14</b>
Total Dividend Per Share (US¢)	<b>16.50</b>	21.00	<b>-4.50c</b>

# Sales Summary

Sales (US\$' m)	FY2020	FY2019	%Δ
Food	7,447	7,376	+1
Grocery retail	5,348	5,190	+3
Convenience stores	2,100	2,185	-4
Health and Beauty	1,990	3,051	-35
IKEA	832	766	+9
<u>Key Associates*</u>			
Maxim's	2,064	2,701	-24
Yonghui	12,627	10,895	+16
RRHI	3,159	2,837	+11

\* 100% of Maxim's, Yonghui (12 months to September 2020) and RRHI (12 months to September 2020) sales revenue

# Subsidiaries Underlying Operating Profit

## IFRS16 Separately Identified

(US\$' m)	Underlying Op. Profit			
	FY2020	FY2019	\$Δ	%Δ
Food	324	145	+179	+123
Grocery retail	267	63	+204	+324
Convenience stores	57	82	-25	-31
Health and Beauty	66	296	-230	-78
IKEA	71	43	+28	+65
SG&A	(120)	(143)	+23	+16
Underlying Operating Profit ( <i>before IFRS16</i> )	341	340	+1	-
IFRS16 Adjustment – PBIT	71	97		
Underlying Operating Profit ( <i>after IFRS16</i> )	412	437	-25	-6



# Solid Cash Conversion

(US\$' m)	FY2020	FY2019
Underlying EBITDAR	1,395	1,439
Principal Elements of Lease Payments	(706)	(790)
ΔWorking Capital	(102)	(77)
Net Financing Costs	(143)	(160)
Dividends Received	68	89
Other Operating Cash Flow	(149)	(3)
Operating Cash Flow after Lease Payments	362	498
Normal Capex	(248)	(305)
Free Cash Flow	114	193
Investments	160	22
Dividends Paid	(264)	(284)
FX and Others	(6)	(8)
Net Cash Flow	4	(77)
Net Cash / (Debt)	(817)	(821)

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# Strategic Priorities and Improvement Programmes

## Strategic Priorities



## Improvement Programmes

Fresh Supply Chain Efficiency	Labour Productivity
Assortment Optimisation	Procurement Centralisation

## Building Capability

- Continued investment in developing talent
- Strong mix of internal promotions and external hires
- Additional investment in digital and CRM capability
- Graduate recruitment programme now in place
- In-store training enhanced through mobile technology
- Culture shift towards cross-functional support

## 7-Eleven

- Lockdowns constrained foot traffic and ready-to-eat category sales
- Over 200 new stores opened despite COVID-19
- New DC underpins future store growth
- IT systems transformation underway

## Mannings

- Store optimisation plan completed
- Greater Bay Area the focus for future growth
- Improving LFL sales trends
- Double-digit e-commerce penetration

## Yonghui

- Continued supermarket space expansion
- Strong sales growth offline and online
- E-commerce penetration now c. 10%
- New CTO recruited from JD.com

## Maxim's

- Significantly impacted by government COVID controls
- Strong balance sheet supports portfolio resilience
- International expansion strategy reducing HK dependency
- Mooncake sales remain solid

## Health & Beauty

- Sales and profit severely impacted by reduced tourist trade
- Demographic range optimisation plan in place
- Significant price investment in over 1,100 SKUs
- Enhanced Own Brand plan developed

## NA Food Retail

- Double-digit LFL sales growth in Hong Kong
- Fresh supply chain improvement drives strongest growth
- 7-Eleven impacted by foot traffic reduction
- Wellcome Taiwan transaction completed
- Meadows launch drives significant Own Brand growth

# Meadows – Driving Own Brand Success



## 30 BRANDS YOU CAN'T REMEMBER





**1 BRAND YOU CAN'T FORGET !**



# Meadows – Driving Own Brand Success



**Over 600 SKUs launched across 3 major markets**

**Brand represented in Grocery, Convenience and Health & Beauty**

**SKUs available in grocery, chilled, fresh and frozen**

**Already number 1 brand across Dairy Farm**



## North Asia

- Successful store opening in Macau and Taiwan
- North Asia sales grew despite COVID-19 disruption
- Strong e-commerce sales underpinning business growth
- Improving sales trend through the year

## Indonesia

- Adverse impact of COVID-19 trading restrictions offset by:
  - Annualisation of Sentul store opening
  - Strong online sales growth
- Double-digit e-commerce penetration
- Two new stores expected to open in 2021

## Robinsons Retail

- Discretionary retail impacted by COVID-19
- Rustan integration supporting margin accretion
- Acquired Rose Pharmacy
- DF own brand supply agreement in place

## Health & Beauty

- New format developed and landed in over 20 locations
- EDLP value position introduced in each market
- Volume-based own brand strategy in place
- Own brand supply agreement with CP ALL Thailand

## SEA Grocery Retail

- Significant profit turnaround achieved
- New upscale store format launched in 3 key markets
- Major refresh of Giant brand in Singapore including:
  - Supply chain
  - Fresh Food
  - Range
  - Price



Giant

Over 50 stores refreshed in Singapore



Giant

>>



Giant



**“Lower Prices that Last” price investment campaign across c.600 SKUs**



**Full category range & space optimisation plan implemented**



**Enhanced capital investment programme landed**



**Strongest LFL sales growth in 5 years**

# Giant Refresh



# New Upscale Formats Landed



**New consistent upscale format launched in 3 markets**

**Mercato, CS Fresh, Marketplace**

**Strong fresh food emphasis; Demographic ranging**

**50% improvement in sales productivity**

**60% improvement in fresh sales**

**Rollout across c.40 stores planned in 2021**









## yuu Rewards

- Over 3 million members joined in five months
- Over 50 billion points earned
- Most downloaded app in 2020
- 98% brand awareness
- Customer personalisation programmes in place

## Digital

- E-commerce capability introduced across multiple markets
- Double-digit e-commerce penetration for IKEA
- Investing in e-commerce capability
- Enhanced in-store IT capabilities being introduced



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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

# Transformation Progress

- Transformation plan on track, despite significant external impacts
- Confidence in underlying strength of business performance
- Strong progress on key improvement programmes
- Supply chain challenges well controlled
- COVID-19 impact remains uncertain across each market
- Customer focus on value will increase
- Competition online & offline will intensify
- 2021 likely to remain challenging

# Q&A Session



**2020 Full Year Results  
Presentation**