



2020 Dairy Farm Half-yearly Results Presentation

29 July 2020

Presentation Disclaimer



This Document (the “Document”) is for information purposes only. This Document is not intended to form the basis of any investment decision nor does it constitute a recommendation or advice as to how the reader should act on any matter.

The information in this Document is an overview only and does not contain or purport to contain information necessary for investment decisions. In making any investment decision, investors should rely on their own examination of Dairy Farm and consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

The information contained in this Document has been prepared in good faith by Dairy Farm and it may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Dairy Farm’s businesses and operations, market conditions, results of operational and financial conditions, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to rely on these forward looking statements. Dairy Farm does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Dairy Farm’s control. Past performance is not a reliable indication of future performance.

This Document does not constitute or contain an offer for purchase or invitation to purchase any securities and neither this Document nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

- 1. 2020 HY Results Highlights**
2. Financial Results
3. Business Update
4. Outlook

Transformation Strengthening Business Fundamentals



- Total sales (including associates and JVs) up 6%
- Subsidiaries deliver resilient profit despite COVID-19
- Business change and portfolio diversity underpin performance
 - Strong sales and profit growth in Grocery Retail including Southeast Asia
 - Strong performance in Home Furnishings
 - Lockdown restrictions impacted H&B, 7-Eleven and Maxim's
 - Strong profit growth for Yonghui and Robinson Retail*
 - Interim dividend US\$5.0 per share

* For three months ended 31 March 2020

Agenda



1. 2020 HY Results Highlights
- 2. Financial Results**
3. Business Update
4. Outlook

Sales and Underlying Profit

| (US\$' m) | 1H20 | 1H19 | %Δ |
|--|---------------|--------|-------------|
| Total Sales | | | |
| Including Associates & JVs | 14,547 | 13,781 | +6 |
| Subsidiaries | 5,240 | 5,761 | -9 |
| Subsidiaries Underlying Profit to Shareholders | 101 | 105 | -4 |
| Share of Underlying Results of Associates/JVs | 4 | 72 | -94 |
| Underlying Profit Attributable to Shareholders | 105 | 177 | -40 |
| Net Non-Trading Items | 10 | 1 | +629 |
| Reported Profit Attributable to Shareholders | 115 | 178 | -35 |
| Underlying EPS (US¢) | 7.77 | 13.05 | -40 |
| Interim Dividend Per Share (US¢) | 5.0 | 6.5 | -23 |

Sales Growth in Grocery and IKEA

| Sales (US\$' m) | 1H20 | 1H19 | %Δ |
|------------------------|-------|-------|-----|
| Food | 3,812 | 3,758 | +1 |
| Grocery Retail | 2,809 | 2,677 | +5 |
| Convenience Stores | 1,003 | 1,081 | -7 |
| Health and Beauty | 1,038 | 1,632 | -36 |
| IKEA | 389 | 371 | +5 |
| <u>Key Associates*</u> | | | |
| Maxim's | 873 | 1,230 | -29 |
| Yonghui | 6,699 | 5,472 | +22 |
| RRHI | 1,716 | 1,299 | +32 |

Subsidiaries Underlying Operating Profit

IFRS16 [Separately Identified]



| (US\$' m) | Underlying Op. Profit | | | |
|--|-----------------------|------|------|------|
| | 1H20 | 1H19 | \$Δ | %Δ |
| Food | 149 | 59 | +90 | +151 |
| Grocery Retail | 148 | 26 | +122 | +471 |
| Convenience Stores | 1 | 33 | -33 | -98 |
| Health and Beauty | 42 | 171 | -128 | -75 |
| IKEA | 25 | 19 | +6 | +31 |
| SG&A | (47) | (68) | +20 | +30 |
| Subsidiaries Underlying Operating Profit pre-IFRS16 | 169 | 182 | -13 | -7 |
| IFRS16 Adjustment – PBIT | 42 | 53 | | |
| Subsidiaries Underlying Operating Profit post-IFRS16 | 211 | 234 | -23 | -10 |

Cash Flow Impacted by COVID-19

(US\$' m)

| | 1H20 | 1H19 |
|--|---------|-------|
| Underlying EBITDAR | 708 | 757 |
| Principal Elements of Lease Payments | (387) | (399) |
| ΔWorking Capital | (115) | (27) |
| Net Financing Costs | (74) | (84) |
| Dividends Received | 15 | 24 |
| Other Operating Cash Flow (Inc. Tax) | (71) | 2 |
| Operating Cash Flow after Lease Payments | 76 | 273 |
| Normal Capex | (134) | (156) |
| Free Cash Flow | (58) | 117 |
| Investments | (18) | 1 |
| Dividends Paid | (196) | (196) |
| FX and Others | 2 | 2 |
| Net Cash Flow | (270) | (76) |
| Net Cash / (Debt) | (1,091) | (820) |

Agenda



1. 2020 HY Results Highlights
2. Financial Results
- 3. Business Update**
4. Outlook

Strategic Priorities



Improvement Programmes

Fresh
Supply Chain
Efficiency

Labour
Productivity

Assortment
Optimisation

Procurement
Centralisation

Strategic Priorities

- Talent pipeline strengthened
- Strong cross-company focus during COVID

Build capability

- 7-Eleven expansion continues
- Mannings South China focus

Drive digital innovation

Grow in China

- Strong Grocery performance
- Space optimisation close to completion

- Mixed results across banners
- Taiwan business divestment

Revitalise SE Asia

Maintain HK strength

Customer Facing Transformation Plans Now Landing

Lebih tertata,
lebih leluasa

More organised, more space

- Yuu: launching largest reward programme in Hong Kong
- Meadows: launch of Own Brand into key markets
- Upscale: new premium formats launched in key markets
- E-commerce : growth initiatives evolving
- Mannings: price investment programme launched
- IKEA: expansion online and offline

Most compelling affiliate programme across Hong Kong

The Biggest Rewards Club Ever

More than 10 household brand names across 2,000+ locations

Enjoy Card points multiplier benefit

Points based “earn and burn” common currency

Unlocks powerful CRM personalisation capability



MARKET PLACE

惠康 wellcome

萬寧 manning's

Yuu - Driving Digital Transformation



Revised Own Brand strategy

Multi banner, multi country, multi category

First 300 SKUs, globally sourced

Branded quality, 20% lower prices

Strong immediate positive customer response

ALWAYS MEADOWS, ALWAYS CHOSEN WITH CARE

A background image showing several bags of Meadows Original Saltines. The bags are blue and white, with the brand name "Meadows" and "ORIGINAL SALTINES" visible. The image is slightly blurred and serves as a backdrop for the text.

No.1 Brand in Saltine

No.1 Brand in Butter & Margarine

No.1 Brand in Frozen Vegetables

No.1 Brand in Nuts across 3 banners

700% increase in Potato Chips sales



Nearly 100 Giant remodels since 2019

APPLES
BRANNINGSMITH
99¢ / PCS

MANDARIN
RM 8.99 / KG
GRED
SAL
NEBAYA
ASAL

RED APPLES
RM 1.49 / PCS
GRED
SAL
NEBAYA
ASAL

LEMONS
RM 89¢ / PCS
GRED
SAL
NEBAYA
ASAL

AVOCADO
RM 2.99 / PCS
GRED
SAL
NEBAYA
ASAL

NEVA
VALENCIA
ORANGES
RM 1.49 / PCS
GRED
SAL
NEBAYA
ASAL

New Upscale Formats Landed with Encouraging Results



New consistent upscale format launched

Mercato, CS Fresh, Marketplace

Encouraging customer response, average +30% in customer count

Triple digit growth in Fresh Meat and Produce

Broader international sourcing to match changing customer dynamics

Local suppliers more broadly supported

Mercato

Dairy
Farm



CS Fresh

Dairy
Farm



Market Place Hong Kong Relaunch



Mannings Price Reinvestment



Focused on local customer needs

Sending clear value message

Encouraging early results

Strong growth in customer count

Strong growth in volume

here

Strong growth in basket size

Sales and profit accretive



Customers Driving E-Commerce Sales Growth



Over 10% e-commerce penetration in Mannings China

Mannings cross-border e-commerce site relaunched

Mannings transactional website launched

Strong growth in Guardian e-commerce sales and service capability

Service capability developing in Food

All-new mobile app

Sales and profit growth achieved despite COVID-19

E-commerce acceleration in each market given lockdown restrictions

New store opened in Macau

Larger replacement store opened in Taiwan

Further new stores planned

IKEA Macau opening – April 2020

Dairy
Farm



IKEA Macau opening – April 2020

Dairy
Farm



IKEA Macau opening – April 2020

**Dairy
Farm**



IKEA Taoyuan opened in July

Dairy
Farm



Agenda



1. 2020 HY Results Highlights
2. Financial Results
3. Business Update
4. **Outlook**

Confidence in Transformation Remains Strong

- Duration and extent of COVID impact remains uncertain
- Transformation progress now provides solid business foundation
- Improvement initiatives continue
- Macro and micro business change taking place
- Disciplined online and offline investment will continue
- Mannings improving but tourist dynamics key

Q&A Session



2020 Half-yearly Results Presentation

29 July 2020