



**Dairy Farm International Holdings Ltd**

Jardine House, 33-35 Reid Street  
Hamilton HM EX, Bermuda

## **Announcement**

29th July 2021

### **PT HERO SUPERMARKET TBK FIRST HALF 2021 RESULTS**

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

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Issued by: **Dairy Farm Management Services Ltd**  
*Incorporated in Bermuda with limited liability*  
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## PT HERO SUPERMARKET TBK FIRST HALF 2021 RESULTS

### Highlights

- Strategic pivot announced following detailed business review
- Net loss of Rp 551 billion, with Rp 537 billion non-recurring restructuring costs
- Health and Beauty, IKEA significantly affected by pandemic-related restrictions
- PT Hero remains well-positioned as a strong, competitive retailer in Indonesia

### Results

	(Unaudited)		
	First Half		
	2021	2020	Change
	Rp billion	Rp billion	%
Net Revenue	3,668	4,956	-26
Gross Profit	1,025	1,278	-20
Loss for the period	(551)	(202)	n.m.
Loss per share	(132)	(48)	n.m.

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## **PRESIDENT DIRECTOR'S STATEMENT**

### **Introduction**

The Company continued to face significant challenges in the first half of 2021 due to the pandemic, the related imposition of PPKM (Enforcement of Limitation on Community Activities) and changes in customer shopping habits. Following a detailed strategic business review, the Company announced in May that it will be changing its trading approach by increasing its investment in the IKEA, Guardian and Hero Supermarket banners and pivoting away from the Giant brand. This change in strategy is a decisive and necessary response to changing market dynamics, particularly given the move by Indonesian consumers' away from the hypermarket format in recent years, which has been accelerated by the COVID-19 pandemic.

### **Financial Performance**

The Company reported a net loss of Rp 551 billion in the first half, with Rp 537 billion non-recurring charges incurred due to the Giant restructure.

The underlying financial performance of the PT Hero Grocery Retail business in the first half has been adversely impacted by both the pandemic and the announced restructure. Strict social distancing restrictions, local travel bans and the closure or imposition of heavy trading constraints on shopping malls have substantially changed consumer behaviours and limited foot traffic into these locations. Consequently, this has materially impacted the performance of large format destination hypermarkets. Ongoing space optimisation has also affected sales growth performance.

Guardian Health and Beauty like-for-like sales improved significantly in the second quarter relative to the first quarter as customer behaviour gradually normalised. Underlying profitability also improved in the first half relative to the prior year. However, additional movement restrictions implemented in July have subsequently impacted sales. Guardian remains committed to strengthening

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#### **PT Hero Supermarket Tbk**

Graha Hero | CBD Bintaro Jaya Sektor 7 Blok B7/A7 | Pondok Jaya, Pondok Aren | Tangerang Selatan 15224 - Indonesia  
Phone: +6221 8378 8388 | [www.hero.co.id](http://www.hero.co.id) | Call Centre 0-800-1-998877

its value proposition and relevance to customers, and continues to focus on prudent cost controls to ensure it emerges strongly from the current exceptional trading conditions.

IKEA total sales grew primarily due to the opening of the third IKEA Indonesia store in Bandung in the first quarter. Restrictions on operating capacity, disruptions to trading from COVID-19, and supply chain disruption impacted the availability of products and like-for-like sales. IKEA's profitability was affected by higher pre-opening expenses associated with new store openings and reduced like-for-like sales. Good progress continues to be made towards the opening of the fourth IKEA store in Jakarta Garden City, expected to be later this year.

### **Business update**

Following the announcement of the change in PT Hero's strategic approach, the Company intends to convert a number of stores into both the IKEA and Hero supermarket brands. The Company remains in active discussions with third parties with respect to the divestment of a number of other stores and owned properties, with the completion of the transaction expected in the third quarter. Cash generated from proceeds from asset sales will provide PT Hero with funding to support its future growth initiatives.

### **Prospects**

The duration of the pandemic and the extent of its impact on PT Hero remain uncertain. However, the Company expects 2021 to remain challenging. The Company remains committed to its retail business in Indonesia and confident in its position as a strong competitive retailer over the long term.

### **Patrik Lindvall**

President Director

29<sup>th</sup> July 2021

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