

Superdrug



Retail

▶ Superdrug marks 60 years in the health and beauty retail business.



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1. Kruidvat operates over 1,200 stores in the Netherlands and Belgium.
2. Watsons celebrates 30 years in Malaysia.
3. Watsons enters the Bahrain market in the Gulf Cooperation Council with three new stores.
4. Watsons operates over 700 stores in Thailand.

Operations Review – Retail

The Retail division consists of the AS Watson (“ASW”) group of companies, the world’s largest international Health and Beauty (“H&B”) retailer with a 170 million loyalty member base.

Group Performance

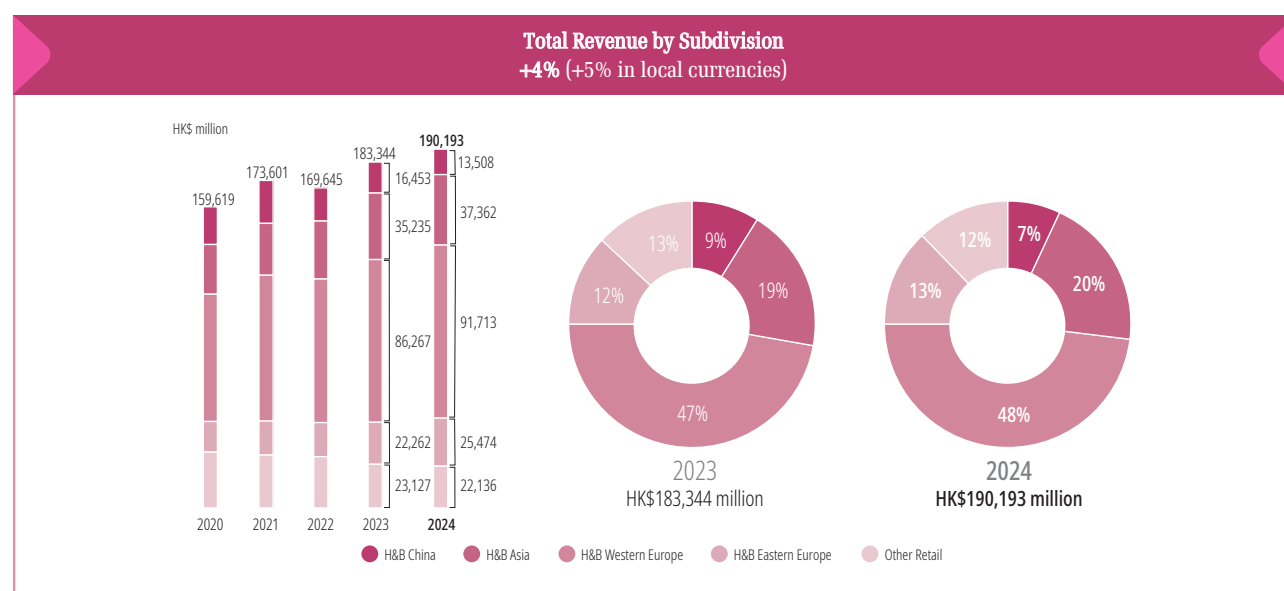
ASW operated 12 retail brands with 16,951 stores in 30 markets worldwide as of 31 December 2024, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	190,193	183,344	+4%	+5%
EBITDA ⁽¹⁾	16,395	16,226	+1%	+2%
EBIT ⁽¹⁾	13,018	12,888	+1%	+2%
Store Numbers	16,951	16,491	+3%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$25,594 million (2023: HK\$25,507 million); EBIT was HK\$14,099 million (2023: HK\$13,849 million).

Total reported revenue increased by 4% and 5% against last year in reported and local currencies respectively. The higher revenue was primarily due to better overall performance in H&B operations in ASEAN Asia regions and Europe from increase in store traffic, partly offset by adverse results from H&B operations in non-ASEAN Asia markets and Other Retail due to soft consumer sentiment and intense competition.

H&B loyalty members’ participation & exclusives sales contribution	2024	2023
Total loyalty members in H&B segment (million)	168	157
Loyalty members’ sales participation in H&B segment (%)	65%	63%
Exclusives sales contribution to total H&B sales (%)	36%	37%



Total Revenue	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
H&B China	13,508	16,453	-18%	-16%
H&B Asia	37,362	35,235	+6%	+11%
H&B China & Asia Subtotal	50,870	51,688	-2%	+3%
H&B Western Europe	91,713	86,267	+6%	+6%
H&B Eastern Europe	25,474	22,262	+14%	+12%
H&B Europe Subtotal	117,187	108,529	+8%	+8%
H&B Subtotal	168,057	160,217	+5%	+6%
Other Retail ⁽²⁾	22,136	23,127	-4%	-4%
Total Retail	190,193	183,344	+4%	+5%

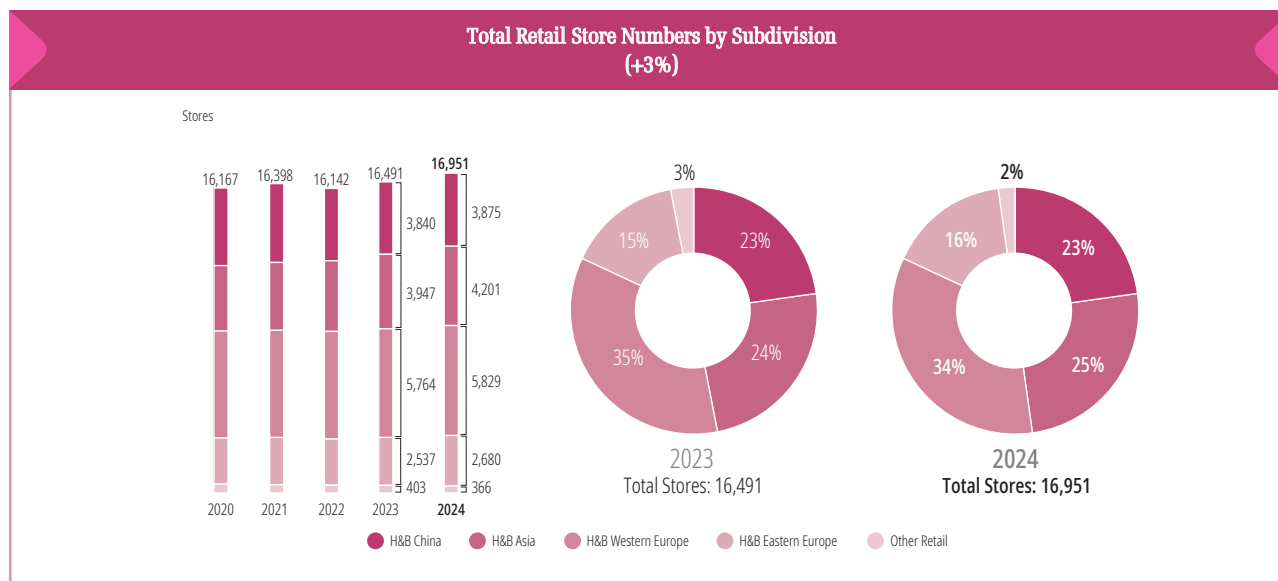
Comparable Stores Sales Growth (%) ⁽³⁾	2024	2023
H&B China	-15.3%	+1.8%
H&B Asia	+6.5%	+16.3%
H&B China & Asia Subtotal	-0.1%	+11.2%
H&B Western Europe	+5.7%	+9.2%
H&B Eastern Europe	+5.9%	+12.9%
H&B Europe Subtotal	+5.7%	+9.9%
H&B Subtotal	+3.9%	+10.3%
Other Retail ⁽²⁾	-3.6%	-13.8%
Total Retail	+3.1%	+6.9%

Note 2: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Operations Review – Retail

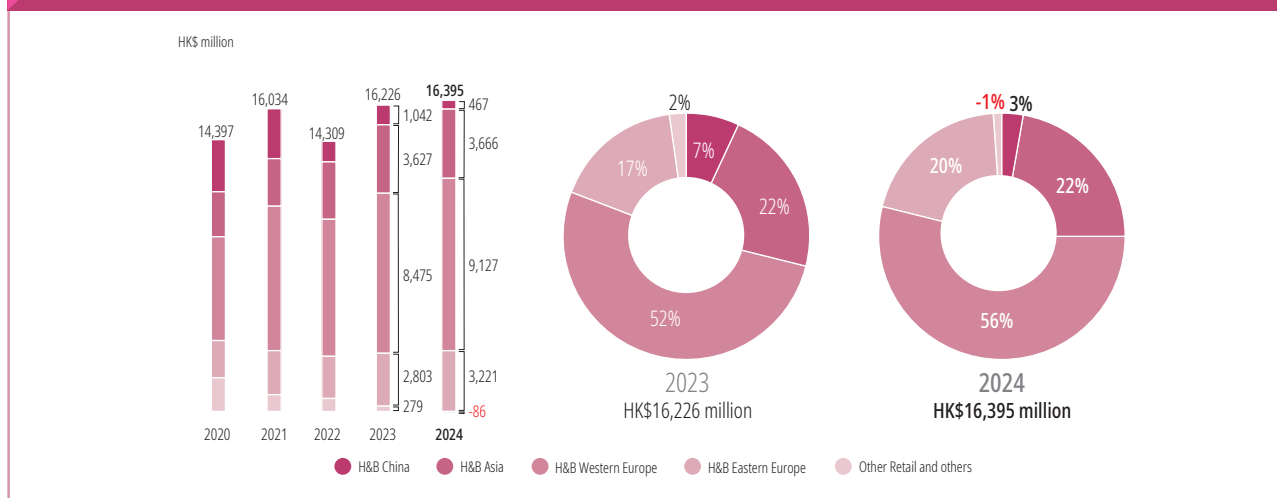
Group Performance (continued)



Store Numbers	2024	2023	Change
H&B China	3,875	3,840	+1%
H&B Asia	4,201	3,947	+6%
H&B China & Asia Subtotal	8,076	7,787	+4%
H&B Western Europe	5,829	5,764	+1%
H&B Eastern Europe	2,680	2,537	+6%
H&B Europe Subtotal	8,509	8,301	+3%
H&B Subtotal	16,585	16,088	+3%
Other Retail ⁽⁴⁾	366	403	-9%
Total Retail	16,951	16,491	+3%

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

EBITDA by Subdivision
+1% (+2% in local currencies)



EBITDA/(LBITDA)	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
H&B China	467	1,042	-55%	-54%
H&B Asia	3,666	3,627	+1%	+5%
H&B China & Asia Subtotal	4,133	4,669	-11%	-8%
H&B Western Europe	9,127	8,475	+8%	+8%
H&B Eastern Europe	3,221	2,803	+15%	+12%
H&B Europe Subtotal	12,348	11,278	+9%	+9%
H&B Subtotal	16,481	15,947	+3%	+4%
Other Retail ⁽⁵⁾	(86)	279	-131%	-131%
Total Retail	16,395	16,226	+1%	+2%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

The Retail division's EBITDA and EBIT both increased by 1% in reported currency and by 2% in local currencies respectively against 2023. Favourable results are recorded in Europe and ASEAN Asia regions but were largely offset by adverse performance in non-ASEAN Asia region and Other Retail with decreased comparable stores sales. The H&B segment reported EBITDA growth of 4% and EBIT growth of 3% in local currencies against 2023, which was attributable to strong trading performance across most businesses in ASEAN Asia region, the UK, the Benelux countries and the Rossmann joint venture in Poland. In local currencies, H&B Europe improved both its EBITDA and EBIT by 9% year-on-year, while EBITDA and EBIT of H&B Asia grew by 5% and 4% respectively against last year. Despite impact from weak consumer spending and subdued store traffic, H&B China continued to report positive EBITDA and was close to achieving breakeven at EBIT level in 2024. Excluding the weak performance from non-ASEAN Asia regions, the division's EBITDA and EBIT both improved by 10% in local currencies against 2023.

The Retail division continues to drive towards a decarbonised operation. Green initiatives, especially the continuous transition to low carbon vehicle fleet and the purchase of green energy, were implemented in the past year. Impactful results were achieved with over 70% of GHG emission reduction in scope 1 and 2 year-on-year, and over 75% from its baseline year of 2018. The division made significant progress in its Mainland operation, where electric vehicles now account for over 80% of warehouse-to-store deliveries in several cities. Furthermore, the division has purchased renewable energy through Energy Attributes Certificates ("EAC") in selected markets (the Mainland, Hong Kong, Philippines, Malaysia, Thailand, Türkiye, Indonesia) covering almost 100% of 2024 consumption with the purchase of over 580 GWh of renewable energy, bringing positive contribution to the Group's emission reduction targets. Despite the significant achievement, challenges remain for the division to maintain the same level of reductions until 2030, as EACs costs fluctuation, business expansion and the unavailability of electric vehicles in some markets may pose future uncertainties which may slow down the pace of reduction compared to 2024.

Operations Review – Retail

Segment Performance

Health and Beauty China

	2024 HK\$ million	2023 HK\$ million	Change	Local currency change
Total Revenue	13,508	16,453	-18%	-16%
EBITDA	467	1,042	-55%	-54%
<i>EBITDA Margin %</i>	<i>3%</i>	<i>6%</i>		
(LBIT)/EBIT	(104)	348	-130%	-130%
<i>EBIT Margin %</i>	<i>N/A</i>	<i>2%</i>		
Store Numbers	3,875	3,840	+1%	
Comparable Stores Sales Growth (%)	-15.3%	+1.8%		

Hampered by lacklustre consumer spending and challenging market environment in both the online and offline landscape, H&B China's EBITDA and EBIT decreased by 54% and 130% respectively in local currencies against last year driven by negative comparable stores sales growth of -15.3%.

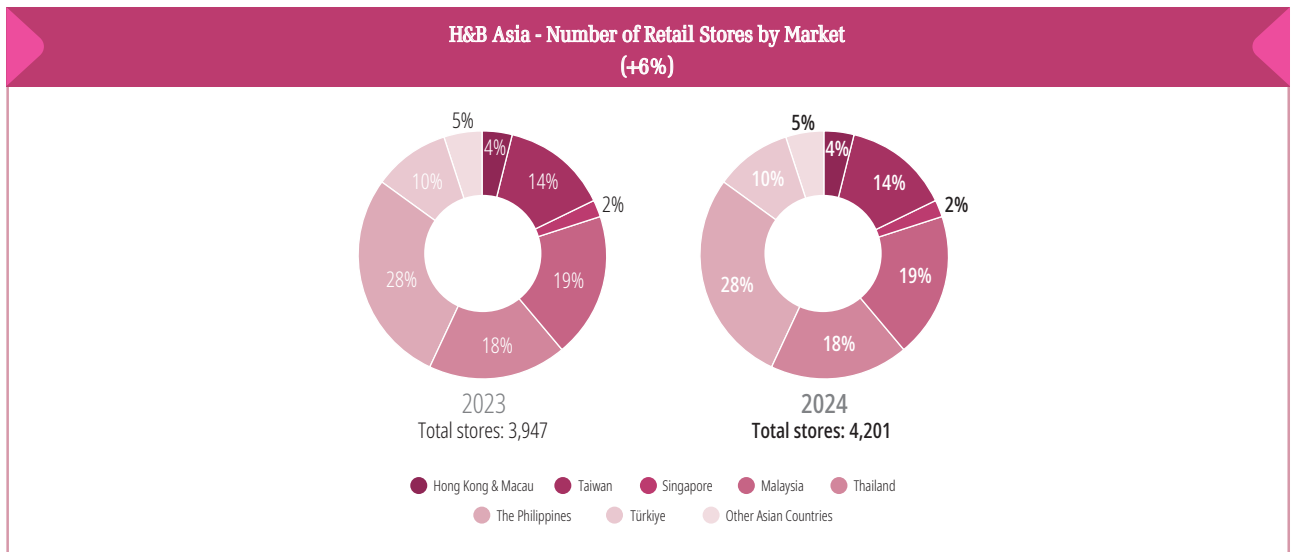
Aligned with the division's store opening strategies that focus on investment return, total store number only increased mildly to 3,875 stores in over 500 cities in the Mainland as of 31 December 2024.

Health and Beauty Asia

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	37,362	35,235	+6%	+11%
EBITDA	3,666	3,627	+1%	+5%
<i>EBITDA Margin %</i>	<i>10%</i>	<i>10%</i>		
EBIT	3,045	3,053	–	+4%
<i>EBIT Margin %</i>	<i>8%</i>	<i>9%</i>		
Store Numbers	4,201	3,947	+6%	
Comparable Stores Sales Growth (%)	+6.5%	+16.3%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. Benefitting from continued store network expansion and steady comparable stores sales growth of 6.5%, H&B Asia's EBITDA and EBIT increased by 5% and 4% respectively in local currencies against last year. The growth in EBITDA and EBIT were primarily attributable to operations in the Philippines, Malaysia and Thailand from higher store footfall as well as incremental margin from the expanding store portfolio. The H&B operation in Türkiye also achieved robust growth in EBITDA and EBIT from effective margin management under high inflation. The favourable results however were partly offset by adverse performance of H&B operations in non-ASEAN Asia regions from weak store traffic amid fierce market competition.

H&B Asia added net 254 stores during the year and had over 4,200 stores in 14 markets as of 31 December 2024, including the division's franchise business which expanded from three stores to 28 stores in UAE, Qatar, Saudi Arabia and Bahrain since market entry into the Middle East in 2020.

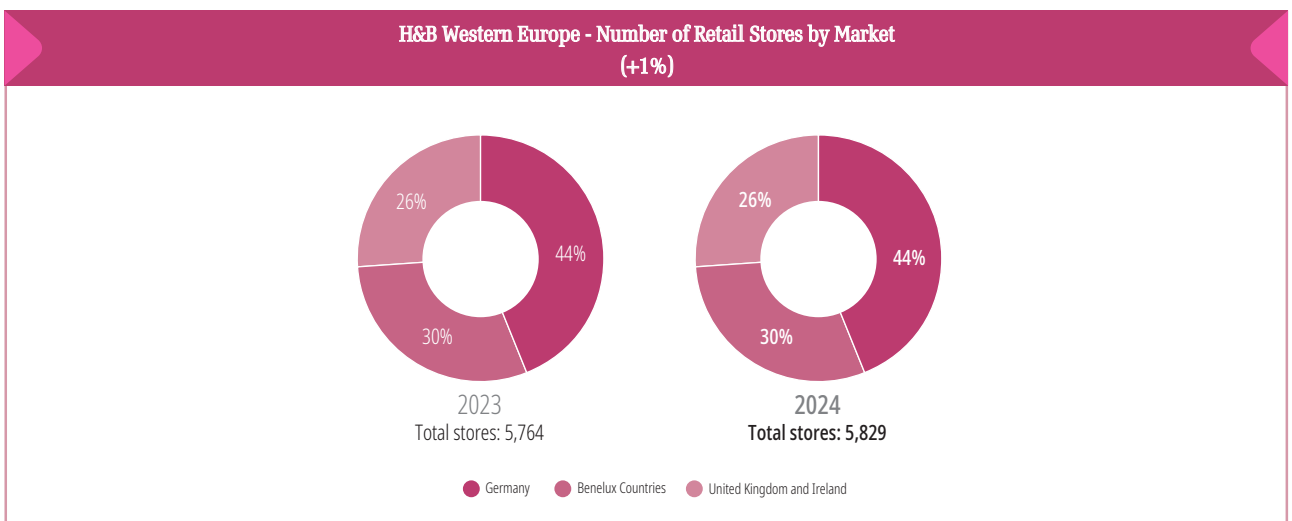


Health and Beauty Western Europe

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	91,713	86,267	+6%	+6%
EBITDA	9,127	8,475	+8%	+8%
<i>EBITDA Margin %</i>	10%	10%		
EBIT	7,701	7,151	+8%	+8%
<i>EBIT Margin %</i>	8%	8%		
Store Numbers	5,829	5,764	+1%	
Comparable Stores Sales Growth (%)	+5.7%	+9.2%		

H&B Western Europe reported EBITDA and EBIT growth of 8% in reported and local currencies against 2023, driven by growth primarily from H&B operations in the UK and the Benelux countries with solid comparable stores sales growth from increase in store traffic supplemented by good cost control management. The luxury retail businesses also reported improved performance with double digit increase in EBITDA and EBIT in local currencies against last year.

H&B Western Europe added net 65 stores during the year and had more than 5,800 stores as of 31 December 2024.



Operations Review – Retail

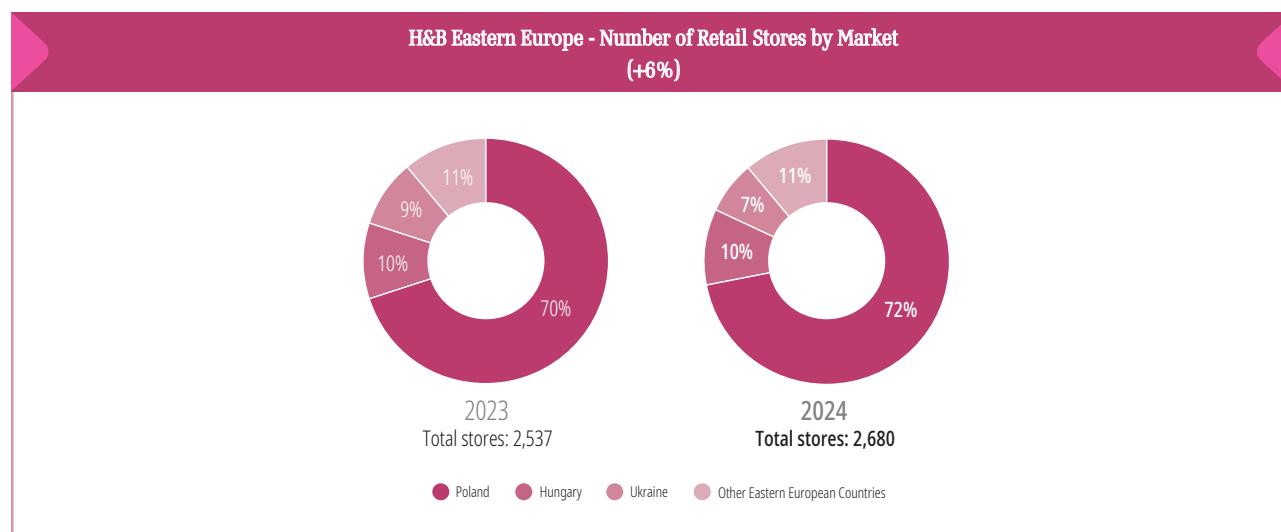
Segment Performance *(continued)*

Health and Beauty Eastern Europe

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	25,474	22,262	+14%	+12%
EBITDA	3,221	2,803	+15%	+12%
<i>EBITDA Margin %</i>	<i>13%</i>	<i>13%</i>		
EBIT	2,784	2,432	+14%	+12%
<i>EBIT Margin %</i>	<i>11%</i>	<i>11%</i>		
Store Numbers	2,680	2,537	+6%	
Comparable Stores Sales Growth (%)	+5.9%	+12.9%		

H&B Eastern Europe reported EBITDA and EBIT growth of 12% in local currencies against 2023 with solid comparable stores sales growth of 5.9%. The favourable performance was mainly attributable to the Rossmann joint venture in Poland as a result of improved sales and steady expansion of store network during the year.

H&B Eastern Europe had more than 2,600 stores as of 31 December 2024, an increase of 6% primarily due to new store additions in Poland, partly offset by fewer stores in Ukraine.



Other Retail

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	22,136	23,127	-4%	-4%
(LBITDA)/EBITDA	(86)	279	-131%	-131%
<i>EBITDA Margin %</i>	<i>N/A</i>	<i>1%</i>		
LBIT	(408)	(94)	-334%	-334%
<i>EBIT Margin %</i>	<i>N/A</i>	<i>N/A</i>		
Store Numbers	366	403	-9%	
Comparable Stores Sales Growth (%)	-3.6%	-13.8%		

The Other Retail segment reported LBITDA and LBIT in reported and local currencies in 2024. The adverse performance was mainly arising from sluggish sales performance in PARKnSHOP with declined comparable stores sales against last year. Other operations' performance in this segment remained stable.

Other Retail had 366 retail stores in three markets as of 31 December 2024, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and the Mainland.

