



Dairy Farm International Holdings Ltd

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

To: Business Editor

29th April 2019
For immediate release

**PT HERO SUPERMARKET TBK
FIRST QUARTER 2019 RESULTS**

The following announcement was issued today by the Company's 85.8%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

Dairy Farm Management Services Limited

Kirsten Molyneux

Sindy Wong

(852) 2299 1884

(852) 2299 3011

Brunswick Group Limited

Helen Smith

(852) 3512 5023

Issued by: **Dairy Farm Management Services Ltd**

Incorporated in Bermuda with limited liability

5/F Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

**PT HERO SUPERMARKET TBK
FIRST QUARTER 2019 RESULTS**

Highlights

- Net revenue slightly higher at Rp 3,060 billion
- Net loss of Rp 4 billion, broadly flat on prior year
- Strong sales growth continued in Health and Beauty and IKEA
- Food business continued to face challenges but showing improvement

Results

	(Unaudited) First Quarter		Change %
	2019 Rp billion	2018 Rp billion	
Net Revenue	3,060	3,045	0.5
Gross Profit	872	867	0.6
(Loss) for the year	(4)	(4)	14.8
	Rp	Rp	%
Loss per share	(1)	(1)	-

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

Sales for the period were marginally ahead of the comparable period last year, with Non-Food businesses continuing to perform well, partly offset by softness in the Food business.

Financial Performance

Total sales in the first quarter increased slightly by 0.5% to Rp 3,060 billion. The Company recorded a net loss of Rp 4 billion, broadly flat against the comparable period in 2018.

Food sales were 5% lower at Rp 2,345 billion, impacted by the launch of a store consolidation plan designed to improve space productivity and underlying profitability over time. The Food business recorded an operating loss of Rp 64 billion, before unallocated corporate expenses, compared with Rp 87 billion in the comparable period last year.

Sales in the Non-Food businesses increased substantially, up 21% to Rp 715 billion with both Guardian and IKEA showing strong growth. Guardian ran a series of successful beauty category promotions, but IKEA's profitability was lower primarily due to the increased cost of goods compared with last year and the pre-opening expenses incurred for new stores under development. Operating profit was Rp 79 billion, before unallocated corporate expenses, compared with Rp 87 billion last year.

Business Activities

PT Hero remains committed to its multi-year transformation plan, with particular focus placed on the Supermarkets and Hypermarkets business, as well as further investment in the expansion and format development of the Health and Beauty business in Indonesia.

IKEA will focus on its strategy of improving accessibility and convenience by growing its online business and expanding its store network. In addition to the ongoing projects at Jakarta Garden City and Kota Baru Parahyangan in Bandung, both of which are planned to open at the end of 2020, plans are underway to convert one Giant hypermarket to an IKEA store.

Prospects

PT Hero remains firmly focused on its multi-year strategic transformation and is confident that the actions currently underway will lead to longer-term sustainable improvements.

Patrik Lindvall

President Director

29th April 2019

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For further information contact:

Patrik Lindvall, President Director

PT Hero Supermarket Tbk

Tel: +62-21-8378 8388

E-mail: extcomm@hero.co.id