



**Dairy Farm International Holdings Ltd**

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

## **Announcement**

*The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.*

### **DAIRY FARM INTERNATIONAL HOLDINGS LIMITED**

#### **Interim Management Statement**

5th November 2020 – Dairy Farm International Holdings Limited today issues its Interim Management Statement for the third quarter of 2020.

The Group's overall performance in the third quarter improved relative to the first half. While the Group's results continued to be affected by the COVID-19 pandemic, the impact was partially offset by the receipt of government support. Grocery Retail performance continued to be supported by operational improvements as part of the Group's multi-year transformation programme, as well as changing customer behaviours as a result of the pandemic. Reduced sales and profit in Health and Beauty and Maxim's, however, continued to impact the Group's overall performance.

The Group's Grocery Retail businesses reported strong like-for-like sales growth, which led to strong profit growth. In Southeast Asia, changing customer behaviours, as well as the ongoing execution of the Group's multi-year transformation plan, supported strong profit growth in Singapore and Malaysia. Performance in Indonesia, however, was impacted in the period by government restrictions on movement and significantly reduced traffic into hypermarkets and malls.

The Group's Convenience businesses reported improved like-for-like sales performance compared to the first half of the year. However, 7-Eleven Singapore continued to be impacted by reduced footfall. Better sales performance drove higher profitability compared to the first half.

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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

The performance of the Group's Health and Beauty businesses was significantly impacted by the effects of the measures taken by governments to counter the pandemic, as well as the continuing lack of custom from overseas tourists in Hong Kong. In North Asia, whilst like-for-like sales performance improved compared to the first half, the profitability of Mannings continued to be materially impacted by the lack of tourists. In Southeast Asia, like-for-like sales were affected by reduced footfall in malls which, in turn, impacted profitability.

Sales in the Home Furnishings business were higher than the equivalent period last year and like-for-like sales improved compared to the first half. Strong e-commerce growth and the annualisation impact of new stores opened in the prior year more than compensated for the impact of pandemic-related measures on customer visits. Profitability also improved compared to the equivalent period last year, as a result of lower pre-opening expenses and improved gross margins resulting from lower cost of goods sold.

The Group's 50%-owned associate, Maxim's, continued to be impacted by government restrictions on movement, as well as a reduction in the number of restaurant customers. However, mooncake sales performance during Mid-Autumn Festival was encouraging. Yonghui's underlying performance in the third quarter was impacted by reduced sales, while Robinsons Retail's underlying performance was affected by government lockdown restrictions on its discretionary retail formats.

The launch of *Yuu* Rewards, Hong Kong's largest loyalty programme, at the end of July was a significant milestone in driving the Group's digital transformation. The popularity of the programme has exceeded the Group's own expectations, with two million members joining in the first month. High membership engagement has supported the performance of the programme sponsors.

On 16th October 2020, the Group announced it had signed an agreement to deepen its partnership with Philippines-listed multi-format retail group Robinsons Retail Holdings Inc. ('RRHI') and to build a leading pharmacy business in the Philippines by combining the Group's interest in wholly-owned Rose Pharmacy Inc. with RRHI subsidiary South Star Drug Inc. This transaction, which included sale of Dairy Farm's direct interest in Rose Pharmacy Inc, completed on 30th October 2020.

The wellbeing of our employees and customers remains a top priority, and the Group continues to take a number of measures to mitigate the impact of the pandemic, including the adoption of a range of health and safety measures. Given the extraordinary circumstances, we would like to express our deep gratitude for the continuing dedication and resolve of team members in putting customers first during these difficult times.

Dairy Farm remains committed to its multi-year transformation which is delivering sustainable improvements to the business over time and continues to pursue the strategic initiatives which will drive medium- to long-term growth.

Dairy Farm is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates over 10,000 outlets – including grocery retail, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 240,000 people, and had total sales in 2019 exceeding US\$27 billion. Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. It is a member of the Jardine Matheson Group.

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For further information, please contact:

Dairy Farm Management Services Limited  
Kirsten Molyneux  
Marjorie Law

(852) 2299 1884  
(852) 2299 1788

Brunswick Group Limited  
Helen Smith

(852) 3512 5023

This and other Group announcements can be accessed through the Internet at 'www.dairyfarmgroup.com'.