



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 May 2021 – Dairy Farm International Holdings Limited today issues its Interim Management Statement for the first quarter of 2021.

The Group's overall performance in the first quarter continued to be significantly affected by the COVID-19 pandemic.

Like-for-like sales for the Group's Grocery Retail businesses were lower in the first quarter than in the same period last year, as customer buying behaviours normalised relative to the high sales base in 2020. Profitability for the division also reduced as a result of lower sales. Nevertheless, the Group remains encouraged by the progress made in the transformation of the business, with underlying profitability for the division in the first quarter of 2021 significantly above profits achieved in the more comparable first quarter of 2019. Within Southeast Asia, performance in Indonesia continued to be the most severely impacted by the pandemic, given the country's ongoing imposition of restrictions on movement and the consequent reduced traffic into supermarkets and malls.

The Group's Convenience business reported improved like-for-like sales performance, driven primarily by strong growth in Southern China in the quarter, compared with the severe lockdown restrictions experienced in the first quarter of last year. Profitability also improved as a result of stronger sales performance.

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Both the sales and profit performance of the Group's Health and Beauty businesses in the first quarter continued to be impacted by the ongoing effect of the pandemic. The lack of custom from tourists in Hong Kong as border closures remained in place had the greatest adverse effect in North Asia. In Southeast Asia, the primary impact on sales and profitability resulted from the ongoing reduction in footfall in the malls where many of the Guardian outlets are located.

Sales in the Home Furnishings business were higher than the equivalent period last year. Like-for-like sales growth was in line with last year, despite global shipping container shortages impacting stock availability. The full year impact of new stores opened in the prior year, as well as continued strong e-commerce growth, supported total sales growth. Overall profitability for the Home Furnishings business reduced due to a combination of higher pre-opening expenses for new store openings and reduced profitability in Indonesia where like-for-like sales were affected by the ongoing impact of the pandemic.

The profitability of Maxim's, the Group's 50%-owned associate, improved in the first quarter relative to the same period last year. Nevertheless, revenues continued to be affected by government restrictions on opening hours and restaurant capacity. Yonghui's operating performance in the first quarter was impacted by a high sales base from the prior year, as well as reduced gross profit margins due to rising competition. Robinsons Retail's performance in the first quarter was affected by ongoing government-imposed restrictions on movement, which particularly impacted discretionary retail banners. Sales for Robinsons Retail's supermarket segment were also impacted by a high base in 2020.

Despite the challenges posed by COVID-19, the Group made good progress in executing its key transformation initiatives. The relaunch of the Giant brand in Malaysia was executed in over 50 stores in the quarter, and included the addition of over 2,000 new items throughout the store. During the quarter, the third IKEA store was opened in Indonesia, marking another milestone for the growth of IKEA in the country. In addition, Yuu Rewards in Hong Kong continues to grow and now has around 3.3 million members, with over 60 billion points issued. 32 Maxim's brands have now been added to the programme.

While we expect continued pressure on year-over-year comparatives in sales and profitability, reflecting normalisation of buying patterns in grocery retail and reduced levels of government

support, together with uncertainty surrounding the relaxation of travel restrictions in a number of markets, we remain confident that the transformation is delivering sustainable improvements to the business over time, which is assisting in offsetting some of the adverse effects on the business of external factors and 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 around 10,000 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 220,000 people, and had total sales in 2020 exceeding US\$28 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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This and other Group announcements can be accessed through the Internet at 'www.dairyfarmgroup.com'.