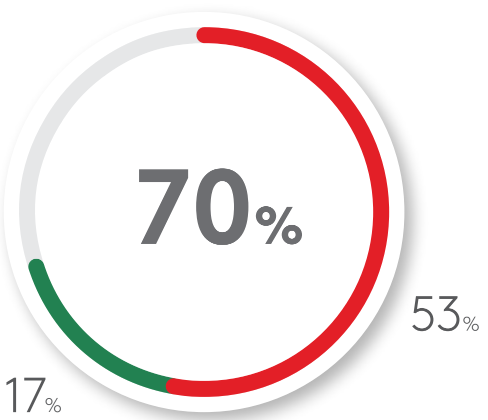
Business Review

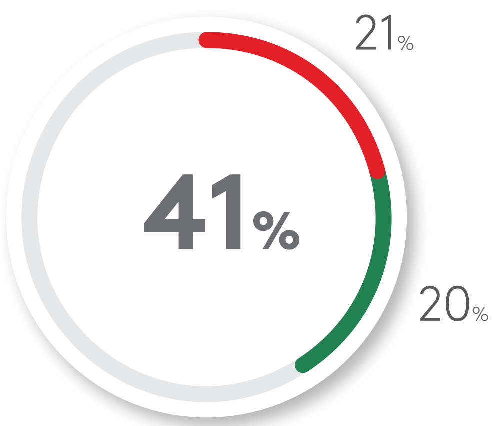
# Food

Underlying sales productivity for the Group's Grocery Retail business has improved over 20% in 2021 relative to 2019. Operating profit for the division relative to 2019 levels, a better indicator of underlying performance of the business, more than doubled. Total convenience sales increased 7% due to combination of like-for-like sales recovery and strong network expansion. Profitability in Hong Kong increased relative to the prior year as customer traffic normalised.

**Group Sales***




**Group Profit†**



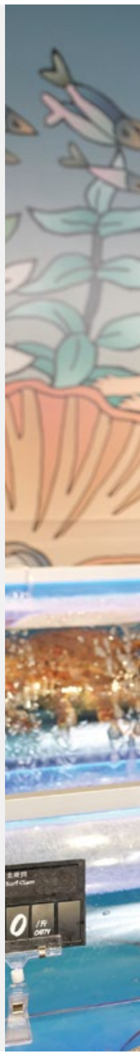

Grocery Retail    Convenience Stores

* Including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Operating profit for Grocery Retail division **more than doubled** relative to 2019 levels


Grocery Retail    Convenience Stores



## Total Sales‡
US$ **21.4** billion

## Operating Profit
US$ **197** million

## Store Network‡
**5,506** stores

‡ Including 100% of associates and joint ventures.

# Grocery Retail

## DFI Retail Group's Grocery Retail business has been serving our customers for over 70 years. Today we lead the industry in Asia, offering the freshest produce, excellent service and great value through a range of iconic brands.

Reported sales for the Grocery Retail division in 2021 were US$4.2 billion. Consistent with the Group's strategy of proactively managing our business portfolio, the Wellcome Taiwan business was successfully divested at the end of 2020. In addition, following a detailed strategic review, the Group exited its Giant Indonesia operations in July. These portfolio actions accounted for over half of the 22% reduction in reported sales for the Grocery Retail division in 2021. The remaining reduction in revenue was attributable to the normalisation of customer buying behaviours and government-imposed restrictions on movement and trading, particularly in parts of Southeast Asia.

Underlying sales productivity has improved **by over 20%** in 2021 relative to 2019 levels

Nevertheless, the headline reduction in revenues masks the underlying improvements in the performance of the business units. Underlying sales productivity has improved by over 20% in 2021 relative to 2019 levels. Own Brand participation continued to gain traction, reflecting our sustained efforts to expand offerings and build a strong brand that resonates with customers.

Reported operating profit for the Grocery Retail division was US$143 million. A headline reduction in profitability of 46% was primarily driven by normalisation of customer buying behaviours and a reduction in the level of government support received compared with the prior year. Operating profit for the division relative to 2019 levels, a better indicator of underlying performance of the business, more than doubled. This was driven by strong improvements in sales productivity and good progress with business improvement programmes that have been introduced to enhance product range, operating efficiency, customer service standards and the overall customer shopping experience.

All key banners continued to focus on delivering enhanced levels of value for customers in 2021, through a combination of ongoing price reinvestment campaigns, disciplined cost price reviews and the introduction of quality Own Brand products at affordable prices.


Own Brand participation continued to gain traction with **over 2,000 SKUs** launched

# Convenience

## With over 40 years of delivering the convenience shopping experience, DFI Retail Group operates the 7-Eleven franchise in Hong Kong, Macau, South China and Singapore and offers innovative products and services to customers.

Total convenience sales increased 7% to U$2.2 billion due to a combination of like-for-like sales recovery in Hong Kong and the Chinese mainland, and strong network expansion.  Operating profit was US$54 million. The slight reduction of US$3 million in operating profit relative to the prior year was primarily due to lower levels of profitability in the Chinese mainland and Singapore, as the ongoing continuation of the pandemic has impacted customer traffic over the course of the year.  Profitability in Hong Kong increased relative to the prior year, as the reduction in transmission of local COVID-19 cases in the year saw customer traffic normalise.



7-Eleven South China's daily O2O **transaction volume has quadrupled** during the year

Business Review

# Health & Beauty

Health and Beauty like-for-like sales momentum improved in the second half, with strong growth in the fourth quarter. Profitability increased over 50% in the second half relative to the same period last year.

**Group Sales***


**Group Profit†**


Health & Beauty

* Including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.


In Hong Kong, Mannings' price investment programmes drove **over 80%** uplift in volume of key SKUs


● Health & Beauty

**Total Sales‡**
US$ **2.4** billion

**Operating Profit**
US$ **56** million

**Store Network‡**
**2,380** stores

‡ Including 100% of associates and joint ventures.

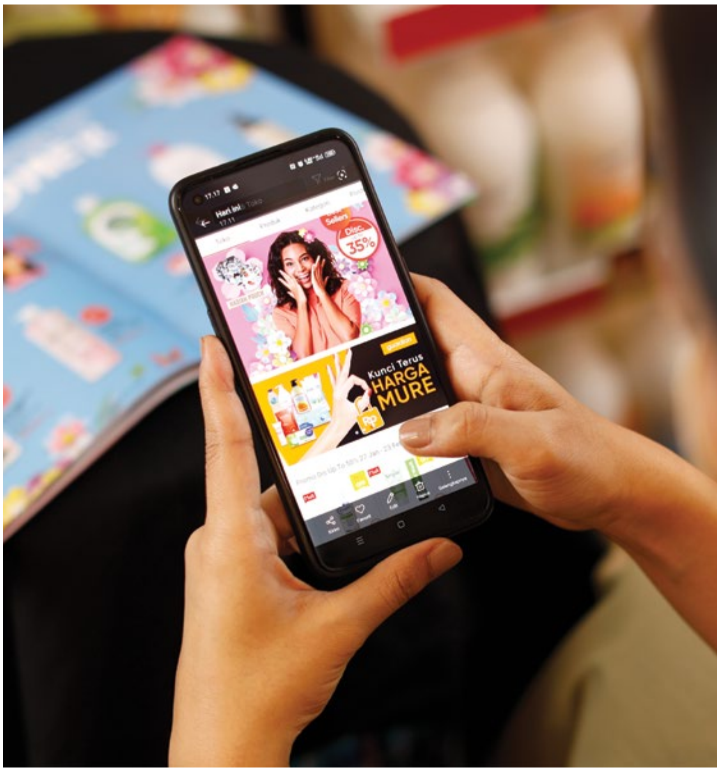
# Health & Beauty

DFI Retail Group's Health and Beauty business operates across Asia through well-established and trusted brands such as Mannings and GNC in North Asia, and Guardian in Southeast Asia, serving our customers with a wide range of health, beauty, personal care and baby care products.


**Over 1,000** re-developed or new Health and Beauty Own Brand products are planned for a launch in 2022


The reduction in reported sales revenue for the Health and Beauty division was driven predominantly by the successful integration of Rose Pharmacy into Robinsons Retail in the second half of 2020. Overall reported sales for the division were US$1.8 billion in 2021, a reduction of 9% relative to the prior year. However, sales reduced only 2% excluding the impact of the Rose Pharmacy divestment. Like-for-like sales momentum improved in the second half, as external conditions began to improve. However, relative to historical levels, divisional performance was affected by ongoing disruptions caused by the COVID-19 pandemic to movement and tourism.

Overall like-for-like sales for Mannings in North Asia were ahead of prior year despite an ongoing lack of custom from tourists. Like-for-like sales performance improved significantly in the second half, with strong growth in the fourth quarter. Both Mannings Macau and China also grew strongly in the first half. In Macau in particularly, the easing of border restrictions in the first half significantly benefitted performance. However, the rise in COVID cases impacted movement in the second half and impeded sales momentum. In Hong Kong, Mannings has focused on driving local customer sales with price investment programmes driving over 80% uplift in volume of key SKUs and significant market share gains.


Guardian like-for-like sales were impacted by the ongoing pandemic, government-imposed restrictions on movement and low levels of mall visitations. Like-for-like sales momentum, however, did improve in the second half as movement restrictions became less severe.

Operating profit was US$56 million in 2021, a reduction of US$9 million relative to the prior year. Encouragingly, profitability increased over 50% in the second half relative to same period last year, driven by improved sales performance and ongoing disciplined cost control, with particularly strong profit growth in Hong Kong. Whilst 2021 has remained a challenging year for the Health and Beauty division, the improved performance in the second half gives us reason to be optimistic when conditions normalise.

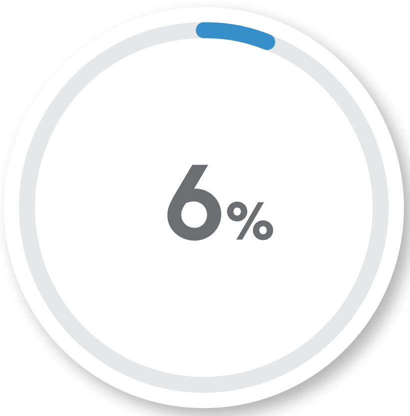

Guardian voted **No. 1** Favourite Store in Malaysia


Business Review

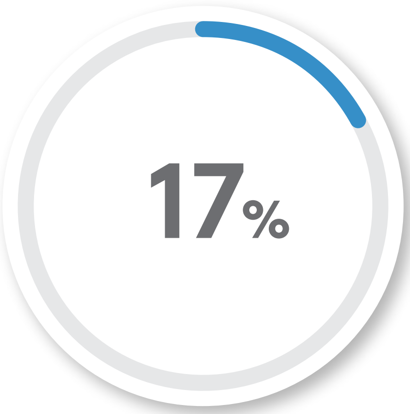
# Home Furnishings

Strong e-commerce sales growth and store network expansion supported total revenue for IKEA which mostly offset challenges posed by COVID-19 on like-for-like sales.

### Group Sales*




### Group Profit†




Home Furnishings

* Including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.


E-commerce sales growth continues to remain strong with **double-digit** percentage growth overall


● Home Furnishings

Total Sales‡

US$ 816 million

Operating Profit

US$ 45 million

Store Network‡

19 stores

‡ Including 100% of associates and joint ventures.

# Home Furnishings

The world's largest furniture retailer, IKEA, is operated by DFI Retail Group in Hong Kong, Macau, Taiwan and Indonesia. Renowned for design, functionality and quality at affordable prices, IKEA offers a comprehensive range of attractive home furnishing products, underpinned by a solid commitment to sustainability.


In Indonesia, IKEA **more than doubled** its store space following the openings of both the Bandung and Jakarta Garden City stores

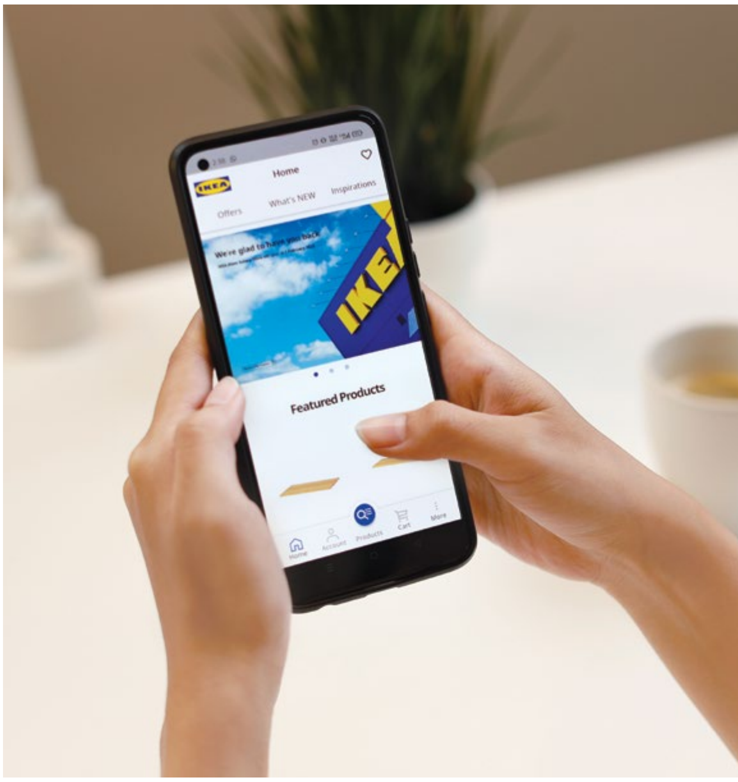
Challenges posed by COVID-19 severely impacted sales performance for IKEA with forced closures impacting stores in Taiwan and Indonesia, operating hour restrictions in Indonesia and limitations to dine-in services across all markets. In addition, global supply chain disruptions have led to continued challenges on stock availability, particularly top selling items. Despite these challenges, IKEA reports sales revenue of US$816 million, only 2% lower than the prior year.

E-commerce sales growth continues to remain strong, with double-digit percentage growth overall. In addition, IKEA continued to expand its store network in the year. In Indonesia, IKEA has more than doubled its store space following the openings of both the Bandung and Jakarta Garden City stores. In May, IKEA opened a larger replacement store in Neihu, Taipei City, which is almost double the size of the store that it replaced.




In May 2021, IKEA opened a larger replacement store in Neihu, Taipei City, which is almost **double the size** of the store it replaced


Operating profit was US$45 million for the year. The decline in profitability relative to the prior year was due to combination of lower like-for-like sales as a result of COVID-19 related disruptions, reduced availability due to supply chain constraints and higher pre-opening expenses for new stores.



Business Review

# Restaurants

The sales performance of Maxim's improved significantly during the year on higher levels of restaurant patronage and encouraging levels of mooncake sales during the Mid-Autumn Festival.

Group Sales*


Group Profit†


Restaurants

* Including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Maxim's expanded **digital solutions** for customers such as mobile ordering as well as enhanced CRM capabilities


Restaurants

Total Sales‡

US$ **2.5** billion

Share of Results

US$ **52** million

Store Network‡

**1,801** stores

‡ Including 100% of associates and joint ventures.

# Restaurants

Founded in 1956, Maxim's is a household name in Hong Kong, famous for its mooncakes and successful restaurants, bakeries, cafes and catering. The Maxim's network has expanded across Asia Pacific, with over 1,800 outlets in Hong Kong, Macau, Chinese mainland, Vietnam, Cambodia, Thailand, Singapore and Malaysia.

The sales performance of Maxim's improved in the year due to stronger levels of restaurant patronage, particularly in Hong Kong, and encouraging levels of mooncake sales during the Mid-Autumn Festival. Whilst recent government-imposed dining restrictions introduced in January 2022 will have some impact on Maxim's performance, we believe Maxim's is well placed to benefit when conditions normalise.

Maxim's remains committed to pursuing its **multi-brand strategy**

Maxim's announced **strengthened partnership** with Shake Shack


In Southeast Asia, sales were impacted by the rising number of COVID-19 cases, which curtailed patronage. However, a gradual easing of government-imposed restrictions did support improvement in the fourth quarter.

As a result of improving sales performance, particularly in North Asia as well as good growth in branded product sales such as mooncakes, Maxim's underlying profitability increased significantly relative to the prior year.

Business Review

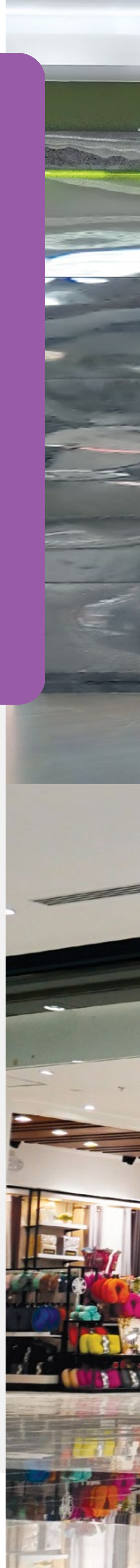
# Other Associates

The Group's investment in Yonghui and Robinsons Retail continued to demonstrate our diversified business portfolio strategy. The Group's reported financial results for the year were significantly impacted by Yonghui's performance.


Other Associates

The Group's reported financial results for the year were significantly impacted by its share of Yonghui's losses, representing a US$119 million swing in profit relative to the prior year. Yonghui's financial performance was impacted by a combination of normalisation of sales performance particularly in the first quarter, reduced margins resulting from rising competition, as well as investments in digital.

The Group's share of Robinsons Retail's profit increased by 4% relative to the prior year. Robinsons Retail financial performance has been impacted by the normalisation of sales revenues in its supermarket business segment in the first quarter. However, the company reported strong growth in net income in the third quarter, with continued improvement in quarterly performance indicative of the recovery of the Philippines economy. The integration of Rose Pharmacy is making good progress.





Yonghui continued to **invest in business enhancements, including digitisation**