

Chairman's Statement

The Group has been encouraged by the significant improvement in performance in 2023. The recovery in economic activity following the pandemic has, however, brought about changes in customer behaviours to which the Group is still adapting. In addition, higher interest rates, inflationary pressures and a broader economic slowdown on the Chinese mainland are likely to lead to slower growth in 2024. Nonetheless, with the appointment of Scott Price as Group Chief Executive, we are confident in the Group's long-term strategy to deliver the medium- and long-term growth prospects of the Group.

Overview

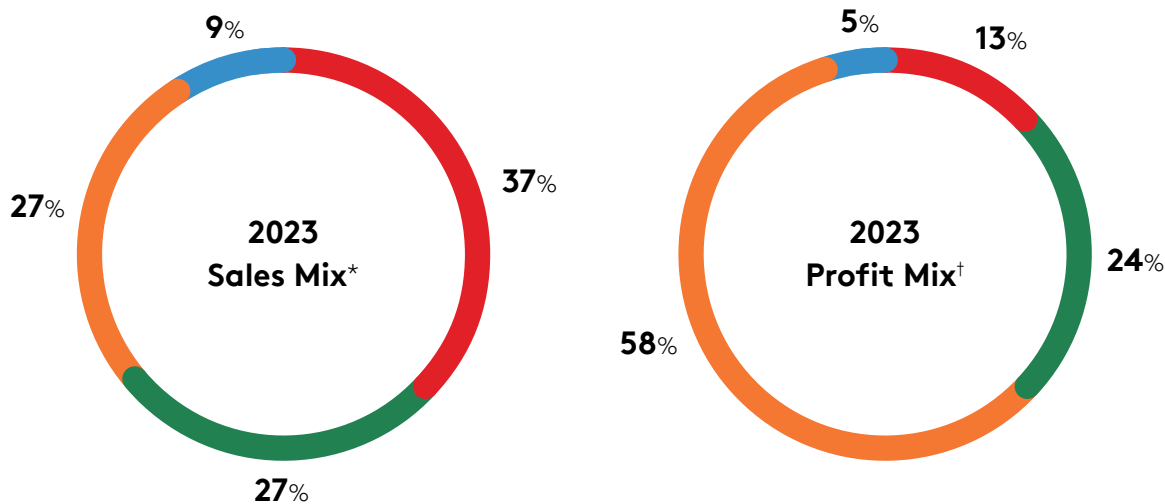
Following a number of challenging years for the business in a disrupted environment, DFI Retail Group (the 'Group') reported substantially improved performance in 2023. The Group reported total underlying profit attributable to shareholders of US\$155 million for the year, an increase of US\$126 million compared to the prior year. This profit improvement was driven both by subsidiaries and associates.

Operating performance

Total 2023 revenue for the Group, including 100% of associates and joint ventures, was US\$26.5 billion, slightly behind 2022 levels. Strong revenue growth in Health and Beauty and Convenience was offset by lower sales within Food and Home Furnishings. Total subsidiary revenue was US\$9.2 billion, broadly in line with the prior year, or 5% higher for ongoing businesses (excluding the impact of the Malaysia Grocery Retail divestment).

The Group's underlying profit attributable to shareholders was US\$155 million, a substantial improvement from the US\$29 million reported in the prior year. Within subsidiaries, profitability was supported by strong recovery in the Health and Beauty and Convenience divisions. The increased contribution by associates was driven by improvement at Maxim's and reduced losses from Yonghui. There was a non-trading loss attributable to shareholders of US\$123 million, predominantly due to a goodwill impairment in respect of the Macau business and Giant Singapore, and foreign exchange losses associated with the divestment of the Malaysia Grocery Retail business. These losses were partially offset by gains from property divestments, resulting in total reported profits attributable to shareholders of US\$32 million.

Operating cash flow for the period, after lease payments, was a net inflow of US\$419 million, compared with US\$279 million in 2022. As at 31st December 2023, the Group's net debt was US\$618 million, compared with US\$866 million at 31st December 2022.



- Food
- Convenience
- Health and Beauty
- Home Furnishings

* Sales of goods.

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

The Board recommends a final dividend for 2023 of US\$5.00 per share (2022 final dividend: US\$2.00).

People

Scott Price succeeded Ian McLeod as Group Chief Executive with effect from 1st August 2023. We wish to thank Ian for his contribution during his six years as Group Chief Executive, when he led a comprehensive business transformation of DFI Retail Group to strengthen its customer propositions. Anthony Nightingale retired from the Board and Audit Committee on 31st January 2024 and we would like to thank him for his contribution to the Company over many years. We are pleased to welcome Weiwei Chen, an Independent Non-Executive Director of the Company, as Chair of the Audit Committee in place of Anthony Nightingale with effect from 31st January 2024. As a result of this appointment, the Audit Committee now has a majority of independent Non-Executive Directors as members.

Prospects

The Group has been encouraged by the significant improvement in performance in 2023. The recovery in economic activity following the pandemic has, however, brought about changes in customer behaviours to which the Group is still adapting. In addition, high interest rates, inflationary pressures and a broader economic slowdown on the Chinese mainland are likely to lead to the rate of growth in the Group's performance reducing substantially in 2024 compared to that of 2023. Nonetheless, we remain confident in the medium- and long-term growth prospects of the Group.

Ben Keswick

Chairman
7th March 2024