

# Company Presentation





# Agenda

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Overview of  
MPPA Retail

**2**

Key Investment  
Highlights

**3**

Strategy  
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**4**

Financial  
Overview

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# Overview of MPPA



## Vision

To be the no.1  
multi-format retailer in Indonesia

## Mission

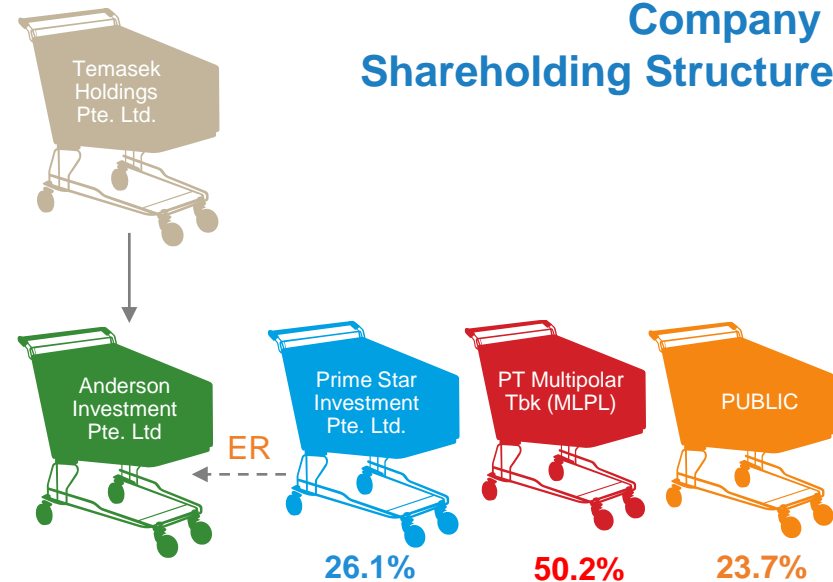
To Build a World Class Retail System,  
Focusing on Human Capital development,  
institutionalizing relevant Business Processes  
and building Technological & Format Leadership  
to deliver Sustainable Sales and Profit Growth

# Investment Highlights

- **Fastest growing Multi-format retailer in Indonesia**  
with CAGR of 25.2% in the past 10 years and market cap of IDR 10.3 tn (US\$ 705 bn) as of 30 September 2015
- **Results in 9M15**  
Sales +3.8%\* and Net Income -15.2% (pro-forma) SSSG 9M15 -0.3%
- **Largest footprint of stores**  
versus our competitors as we are located in over 67 cities
- **Proven asset light business model**  
scalable for rapid growth
- **Operating 285 stores**
- **Strong management team**
- **Clear strategy**
- **No long term debt**

\* Net Sales • Source : Company Data, Fact Set

## Company Shareholding Structure



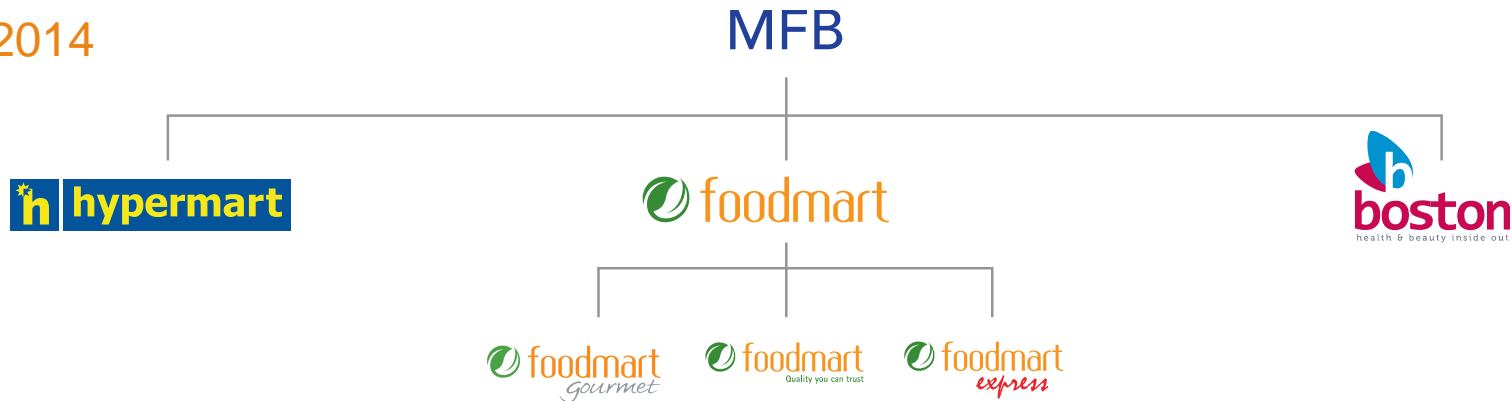
**mppa**  
RETAIL GROUP

PT. Matahari Putra Prima Tbk

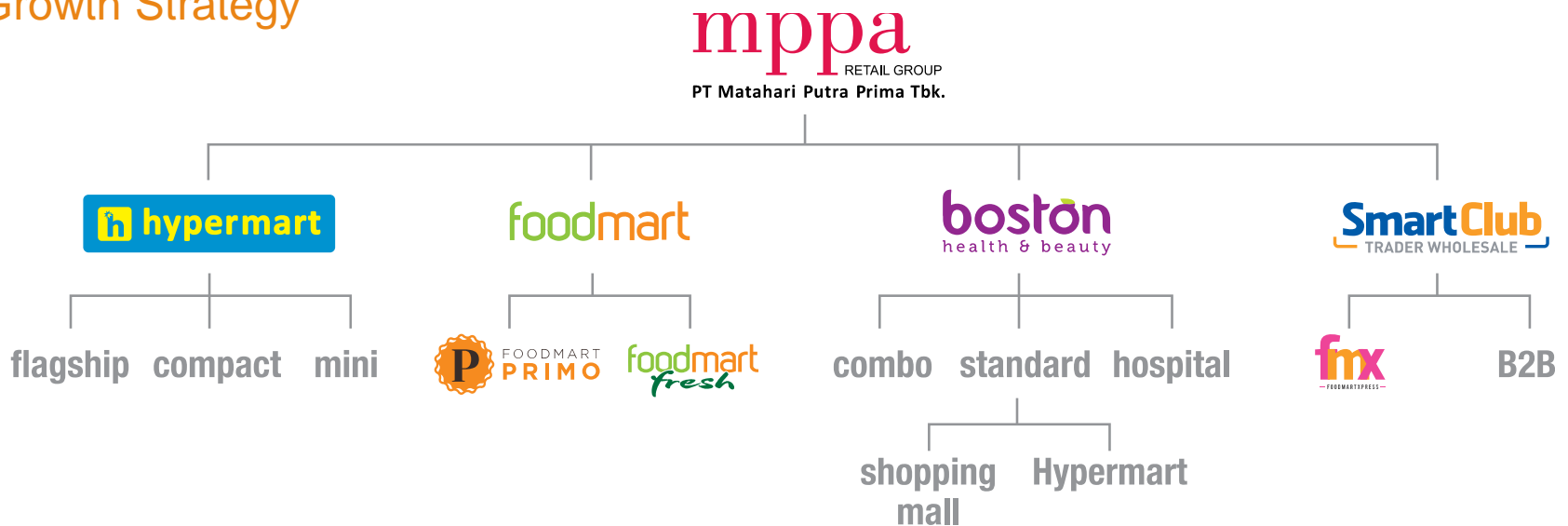
In January 2013, PT. Multipolar Tbk (MLPL), the Company's major shareholder, through its wholly-owned subsidiary, Prime Star Investment Pte. Ltd. issued Exchangeable Rights (ER) in principle value of USD 300 million that are fully subscribed by Anderson Investments Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited. The ER are exchangeable in full and not in part for such number of shares representing 26.1% of the issued and outstanding shares of MPPA.

# MPPA Clear Strategy to Leverage Multi-format Market Condition

Pre-2014



Growth Strategy



## Positioning

**The destination for weekly, monthly and seasonal shopping, to fulfill the needs of the customers**

## Target Customers

<b>Primary</b>	Middle income Young families with children Aged 25 - 40 years old
<b>Secondary</b>	Middle income Established middle age customers

## Store Information

No of stores <sup>(a)</sup>	109 stores
Average store size	± 6,015
Number of products	26,000 – 31,000
Product selection	Fresh food, grocery, non-food & electronics
Target customers	Middle income

## Category Differentiation

### Destination

The categories/sub categories that the format is considered as the best in the class for complete assortment & attractive promotion

- Fresh
- Baby milk & diapers
- Regular & adult milk
- Health & beauty esp. skin care, hair care, oral care & men's care
- Imported & specialty food
- Electronics : brown & white + gadgets

### Routine

The categories/sub categories that the customers always buy routinely & low brand loyalty or low product uniqueness

- Cooking (incl. oil), rice & noodle
- Breakfast food & drink
- Cleaning (home & automotive)
- Insect killer
- Paper goods (incl. adult diapers)

### Occasional

The categories/sub categories that the customers buy on impulse/occasional/seasonal basis

- Toys & Sport
- Household needs & kitchen gadgets
- Towel & underwear
- Electronic gadgets
- Electrical accessories incl. batteries
- Air freshener
- Canned food
- Ready to drink
- Snack, biscuits & confectionery
- OTC

### Fill-in

The categories/sub categories that the customers buy as fill-in while they shop

- Other soft lines
- Stationery
- Travel & bag

**Hypermart contributed ± 93.5% of total revenue**

(a) As of 30 September 2015 • Source: Company Data



## Format Positioning

**The customers can do their grocery shopping conveniently and receive exciting promotions**

## Target Customers

<b>Primary</b>	Middle income Young families with children Aged 25 - 40 years old
<b>Secondary</b>	Middle income Established middle age customers

## Store Information

No of stores <sup>(a)</sup>	71 stores
Average Store Size SQM	± 670 sqm
Number of products	10,000 – 15,000
Product selection	Health, vitamins and beauty products
Target customers	Middle to high income

(a) As of 30 September 2015 • Source: Company Data

## Category Differentiation

### Destination

The categories/sub categories that the format is considered as the best in the class for complete assortment & attractive promotion

- Fresh
- Baby milk & diapers
- Regular & adult Milk
- Health & beauty esp. skin care, hair care, oral care & men's care

### Routine

The categories/sub categories that the customers always buy routinely & low brand loyalty or low product uniqueness

- Cooking (incl. oil), rice & noodle
- Breakfast food & drink
- Cleaning (home & automotive)
- Insect killer
- Paper goods (incl. adult diapers)

### Occasional

The categories/sub categories that the customers buy on impulse/occasional/seasonal basis

- Toys & Sport
- Household needs & kitchen gadgets
- Towel & underwear
- Electrical accessories incl. batteries
- Air freshener
- Canned food
- Ready to drink
- Snack, biscuits & confectionery
- OTC

### Fill-in

The categories/sub categories that the customers buy as fill-in while they shop

- Other soft lines
- Stationery
- Travel & bag

**Foodmart contributed ± 6.1% of total revenue**



## Positioning

Boston helps the customers by providing healthy living for their family at affordable price and friendly environment

## Target Customers

<b>Primary</b>	Middle Income Young Families with children Aged 25 - 40 years old
<b>Secondary</b>	Middle Income Established middle age customers

## Store Information

No of stores <sup>(a)</sup>	105 stores
Average Store Size SQM	± 54 sqm
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income

## Category Differentiation

### Destination

The categories/sub categories that the format is considered as best in the class for complete assortment & attractive promotion.

- Health food/supplement & OTC
- Baby milk
- Regular & adult milk
- Health & Beauty esp. skin care, hair care, oral care & men's care

### Routine

The categories/sub categories that the customers always buy routinely & low brand loyalty or low product uniqueness.

- Baby & adult diapers

### Occasional

The categories/sub categories that the customers buy on impulse/ occasional/seasonal basis.

- Ready to drink
- Healthy snack, biscuits, confectionery& breakfast

### Fill-in

The categories/sub categories that the customers buy as fill-in while they shop.

- Soft lines
- Stationery
- Sports & travel

**Boston contributed ± 0.4% of total revenue**

(a) As of 30 September 2015 • Source: Company Data

section

# MPPA Key Success Factor



# Key Investment Highlights



- ① Our targeted customer is the fast growing middle income class
- ② Extensive and attractive nationwide store footprint
- ③ Proven asset light business model scalable for rapid growth
- ④ Efficient logistics platform driving productivity improvement
- ⑤ Established customer loyalty program
- ⑥ Localized assortment supporting flavors and ethnicity of region

# 1. Attractive exposure to large and growing middle income class and underpenetrated modern grocery retail sector



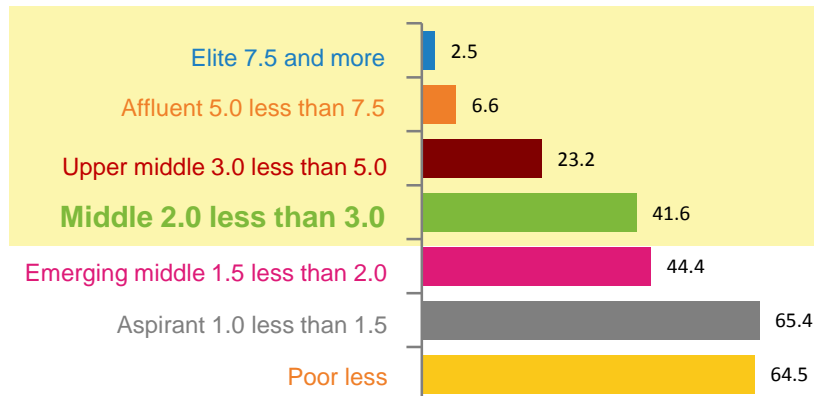
GDP per capita (USD)	
2012	2020F
3,500	7,000

**CAGR 9.0%**

MAC: Middle-Class and Affluent Consumers

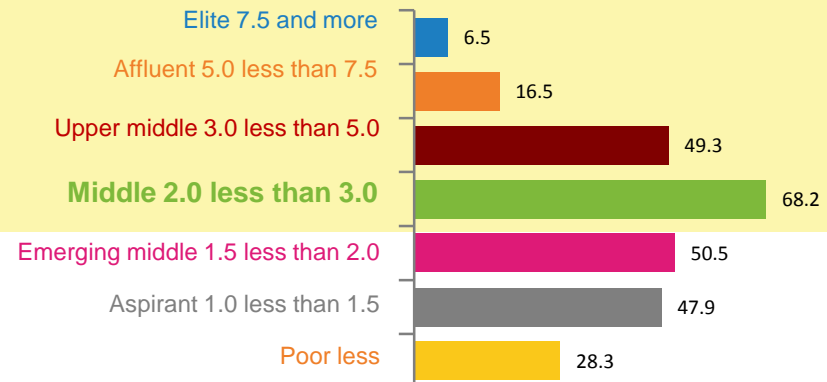
## Indonesia's Population Growing and Becoming More Affluent

Indonesia monthly household expenditure Population 2012 (millions)



📷 74 million MACs in 2012

Indonesia monthly household expenditure Population 2020 (millions)



📷 141 million MACs in 2020

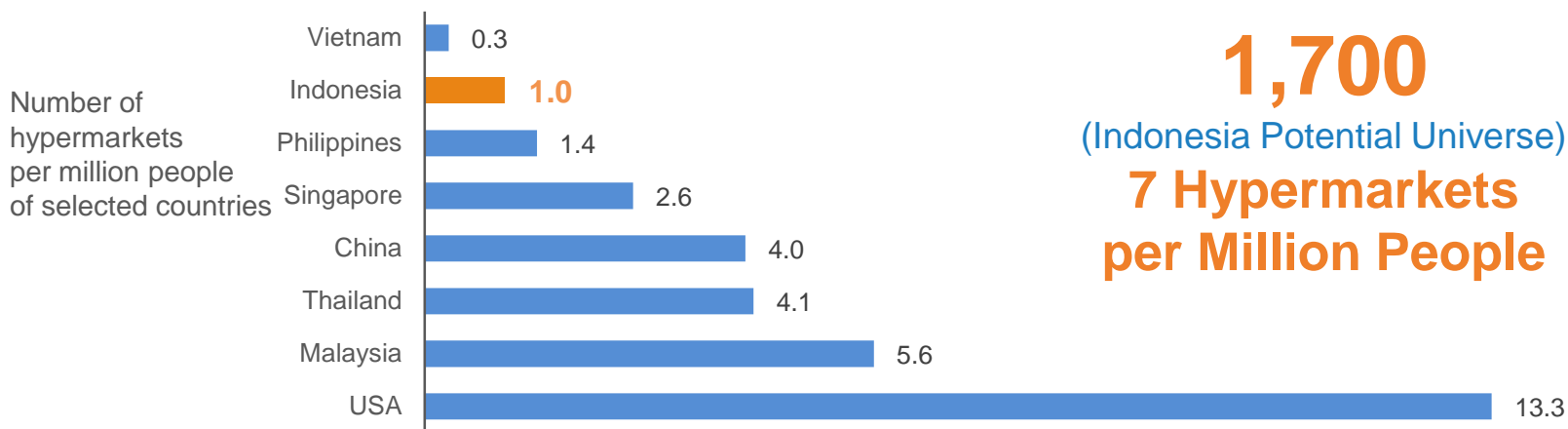
Source: Indonesian Government Statistics Office (BPS)

## Under-penetrated markets: Modern Retail

# 1 Hypermarket per million people

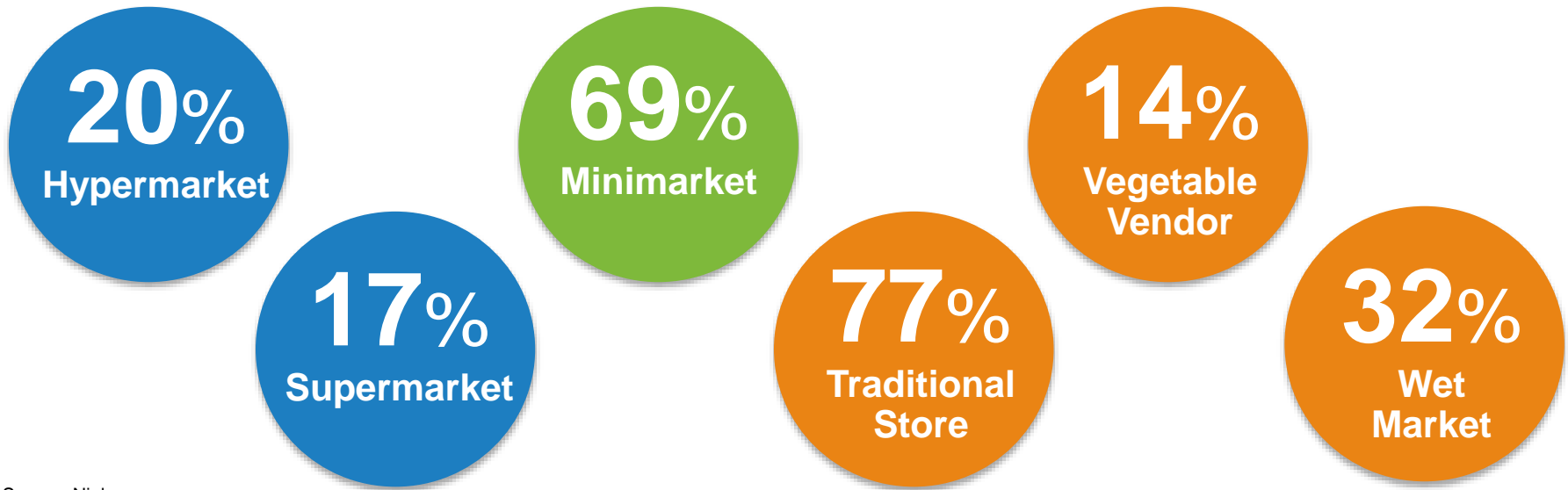
## Total of 300 hypermart

### Vast Potential in Indonesia's Hypermarket Segment (2013)



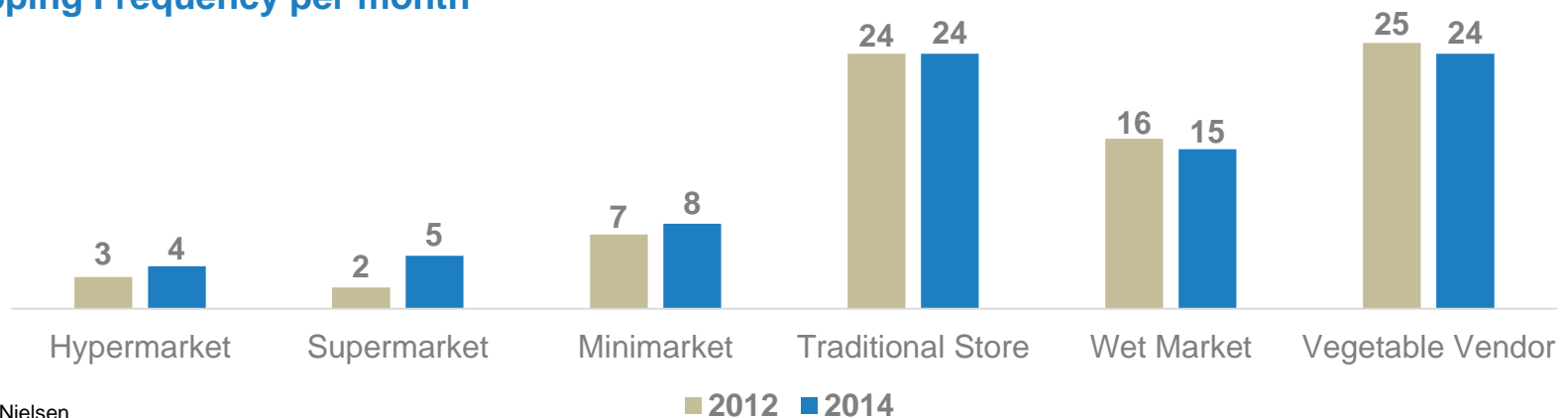
Source: OC dated January 25<sup>th</sup>, 2014

# Where do Indonesian Shoppers shop?



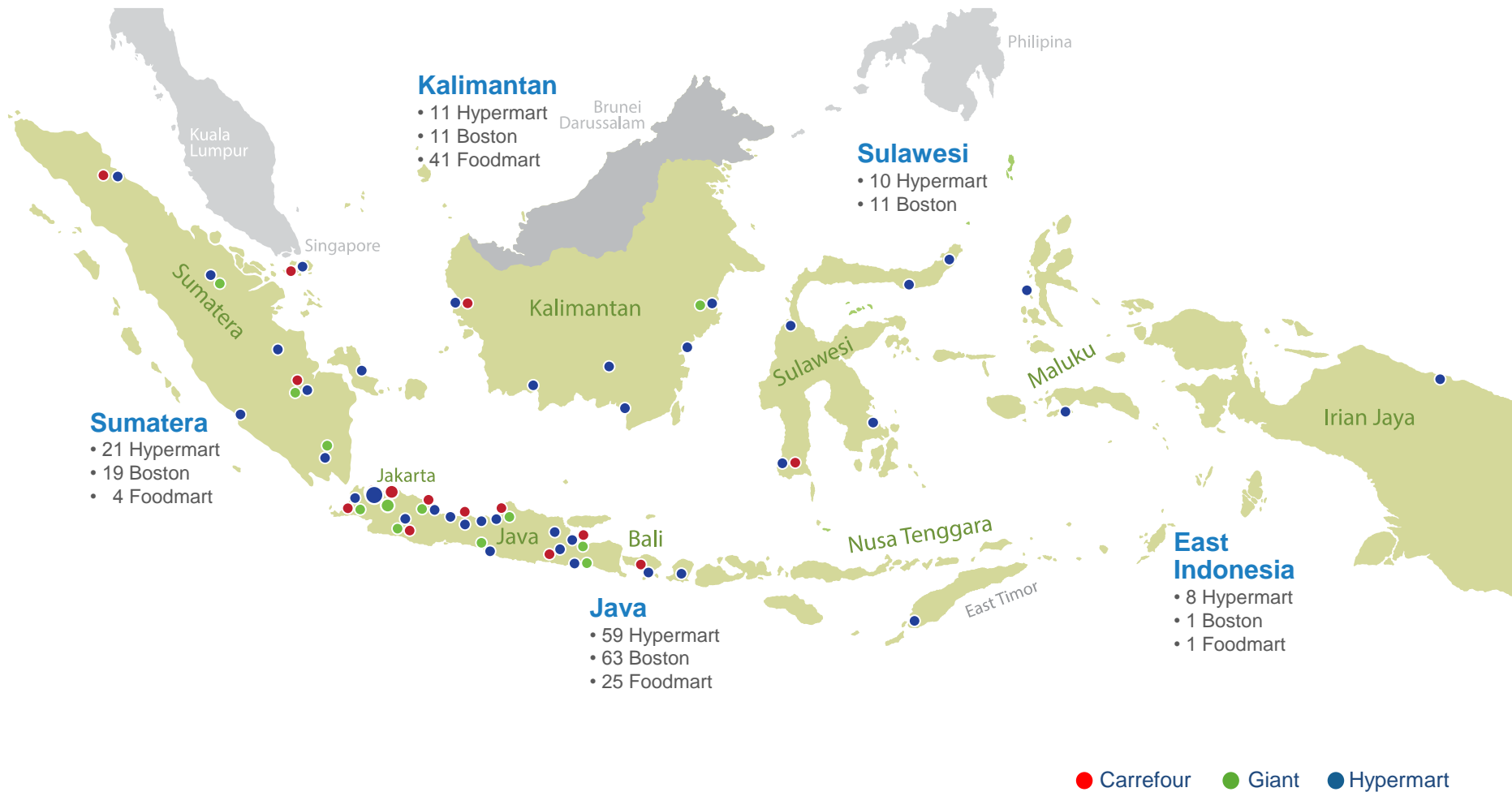
Source: Nielsen

## Shopping Frequency per month



Source: Nielsen

## 2. Extensive and Attractive Nationwide Store Footprint



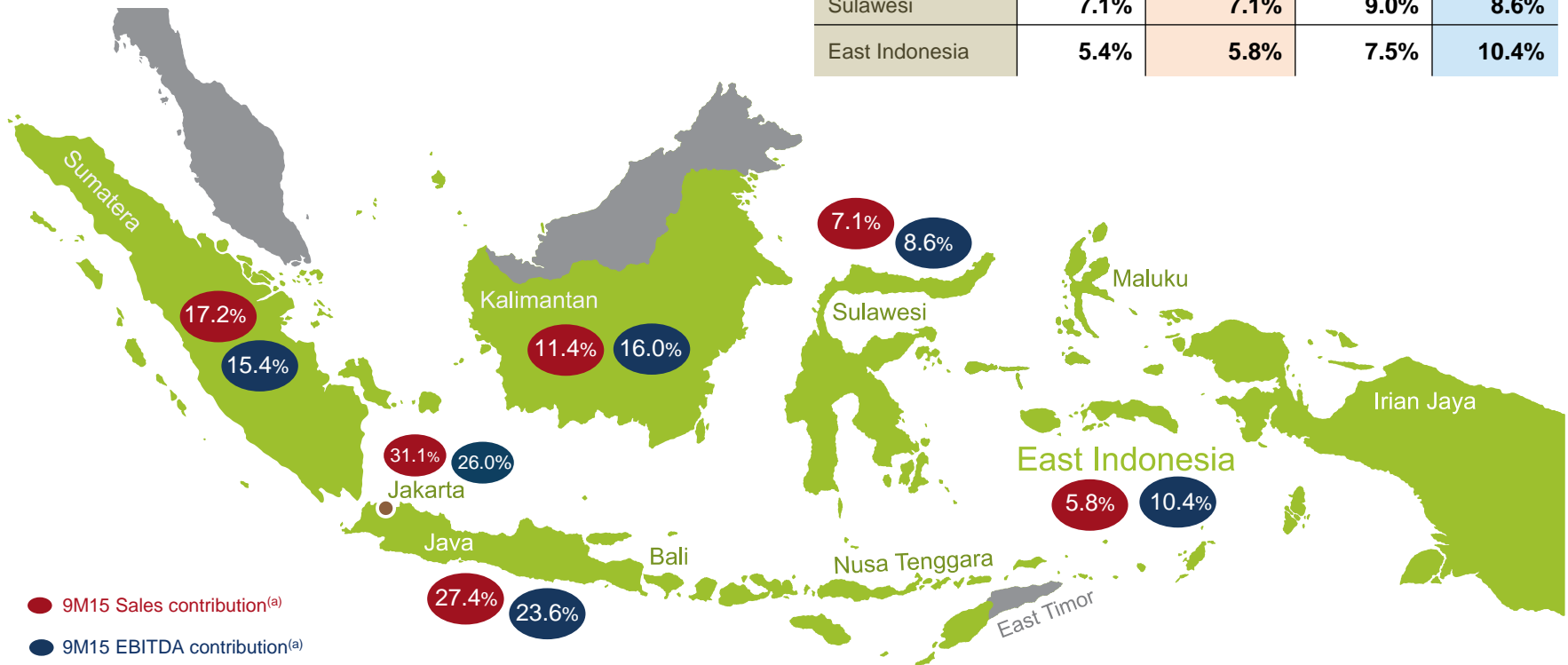
As of 30 September 2015 • Source: Company Data



## 2015 We Will Focus on More Profitable Outer Islands

- Over 60% of new stores in 2015 will be opened in outer islands
- Focus on penetration outside Java where there is less competition and typically higher profitability
- Maximize utilization of the superior logistics infrastructure and distribution process to cater to these markets ahead of our competitors

Region	Sales contribution <sup>(a)</sup>		EBITDA contribution <sup>(a)</sup>	
	2014	9M15	2014	9M15
Greater Jakarta	30.8%	31.1%	30.5%	26.0%
Java	27.4%	27.4%	21.9%	23.6%
Sumatera	17.7%	17.2%	15.9%	15.4%
Kalimantan	11.6%	11.4%	15.3%	16.0%
Sulawesi	7.1%	7.1%	9.0%	8.6%
East Indonesia	5.4%	5.8%	7.5%	10.4%



As of 30 September 2015 • Source: Company Data

### 3. Proven Asset Light Business Model Scalable for Rapid Growth



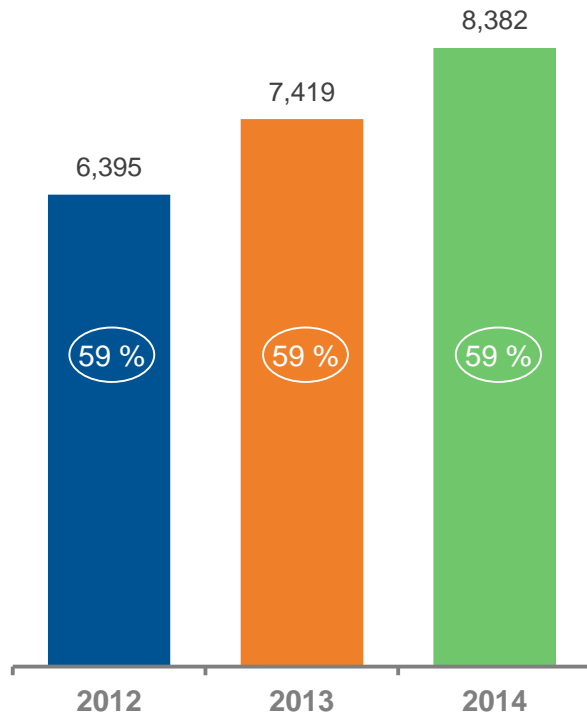
- Asset-light business model with 100% of stores leased
- Self-funding working capital
- **Limited capital expenditure requirements**  
**Capital expenditure of ~4-5% of sales**
- No long term debt

- Fully leased store base enables rapid opening of new stores
- Fast payback and attractive returns
- **New stores typically cash flow positive in first year**
- **Average repayment period of capital investments within 5 years**
- Operating leverage driving profitability

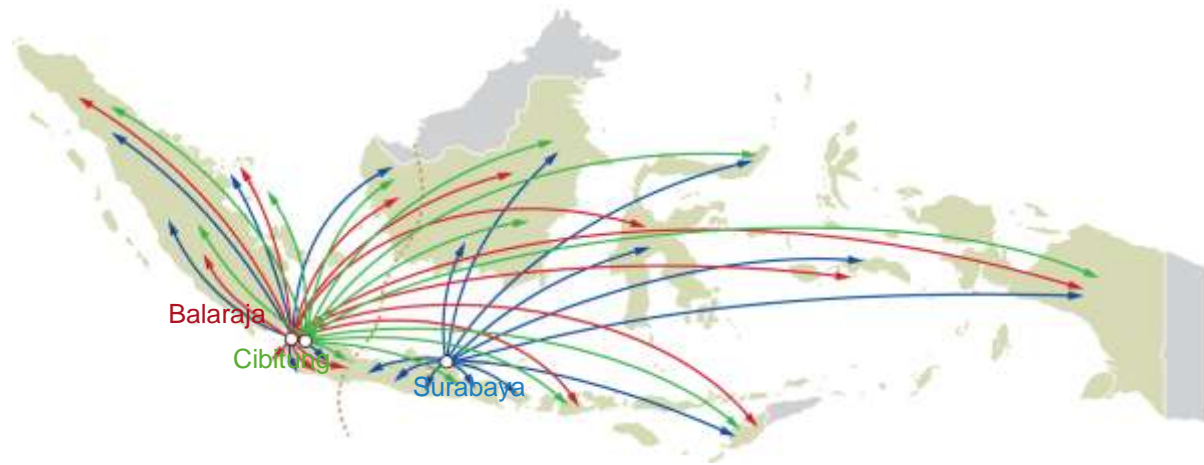


## 4. Efficient Logistics Platform in Place for Rapid Expansion Across Indonesia

DC Throughput (IDR bn)



○ Throughput as % of sales



Segmentation of Distribution Centers

	Dry Goods		Fresh
Location	Balaraja	Surabaya	Cibitung
Space	41,000 m <sup>2</sup>	16,000 m <sup>2</sup>	4,000 m <sup>2</sup>
Capacity	43,000 pps	11,000 pps	2,800 pps
No of SKUs	13,000	5,500	665
WMS	Manhattan	Manhattan	Manhattan

pps = palette positions

📦 Logistics net cost is **0.3%** of sales

Source: Company Data as of 31<sup>st</sup> December 2014

## 5. Established customer loyalty program



### Established customer loyalty program

- More than 3.5 million members with average of Rp360k per transaction per day for 60% of 2014 gross sales
  - Basket size is 62% more for Hicard holders
  - Discounts of 5 to 15%
  - Additional benefits with discounts for services and restaurants

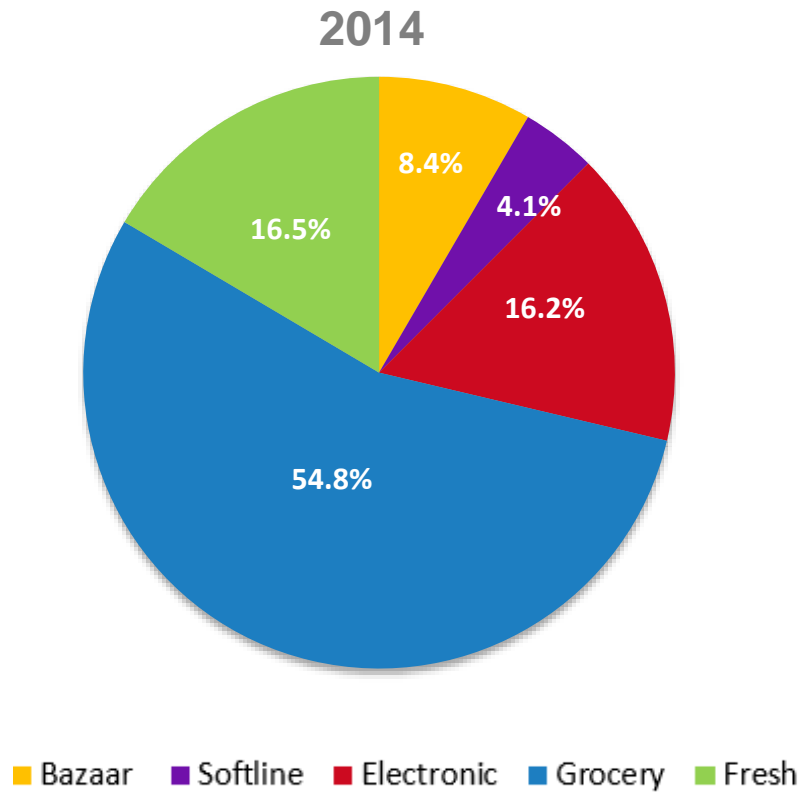


Source: Company Data as of 31<sup>st</sup> December 2014

## 6. Strength in Assortment and Category Dominance

### Contribution to Sales – Retail (without Wholesale)

Flexibility to customize product offering on a store by store basis, which is important for Indonesia given its regional variations in consumption patterns across the archipelago



### Top 10 Suppliers

Grocery	All
Unilever	Unilever
Nestle	Nestle
Danone	<b>Samsung</b>
Indofood	Nutricia
Wings	Unicharm
Unicharm	Sari Husada
P&G	<b>LG</b>
FFI	Sayap Mas Utama
Kalbe	<b>Sharp</b>
Khong Guan	<b>Sanghiang</b>

Source: Company Data as of 31<sup>st</sup> December 2014

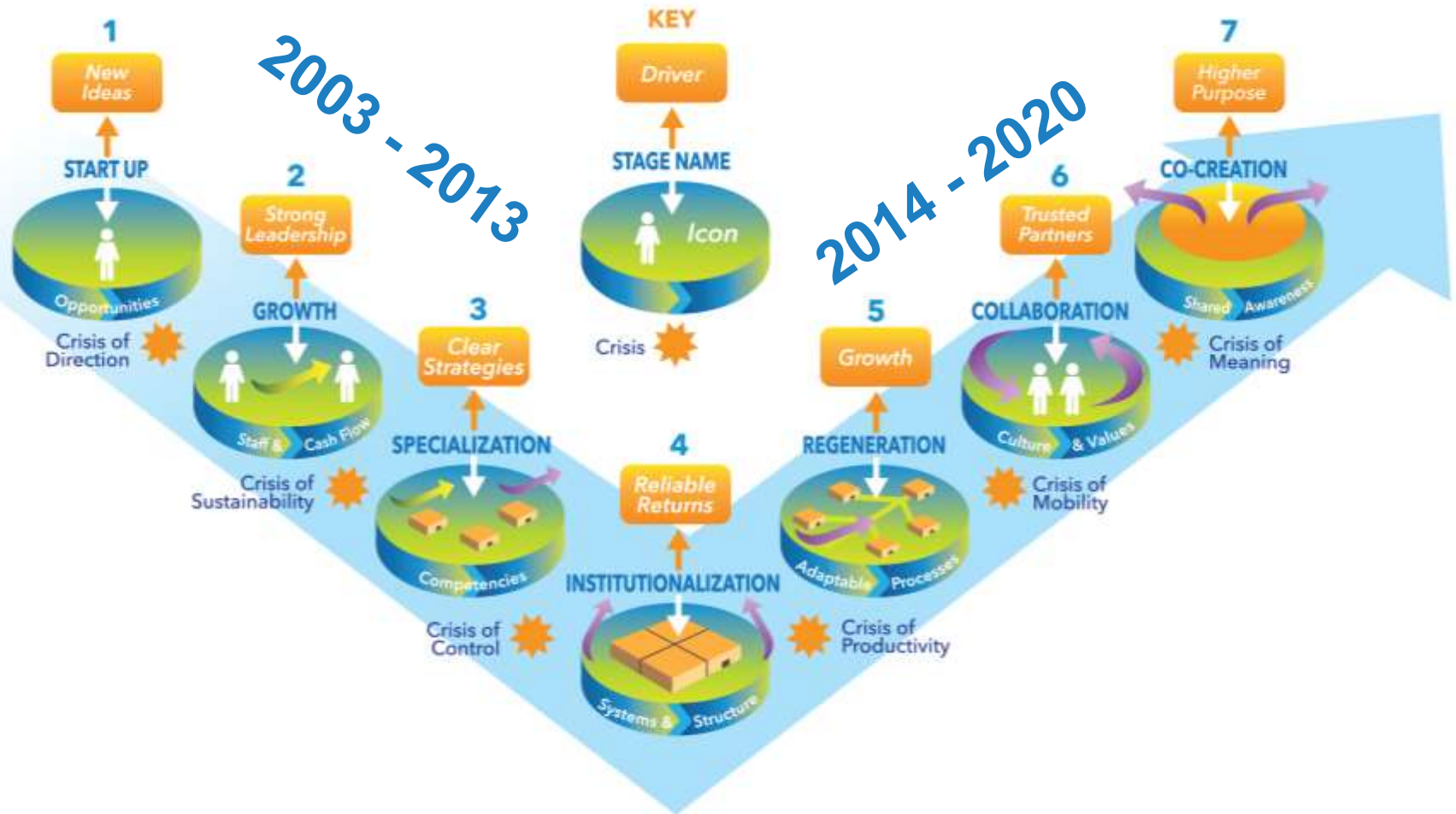
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# Strategy for Growth





# Stages for Organization Model



Source: The Sibbet/Le Saget – Stages of Organization Model



# Strategy for Growth : The 5 Pillars of Growth of MPPA Retail











FOODMART **PRIMO**

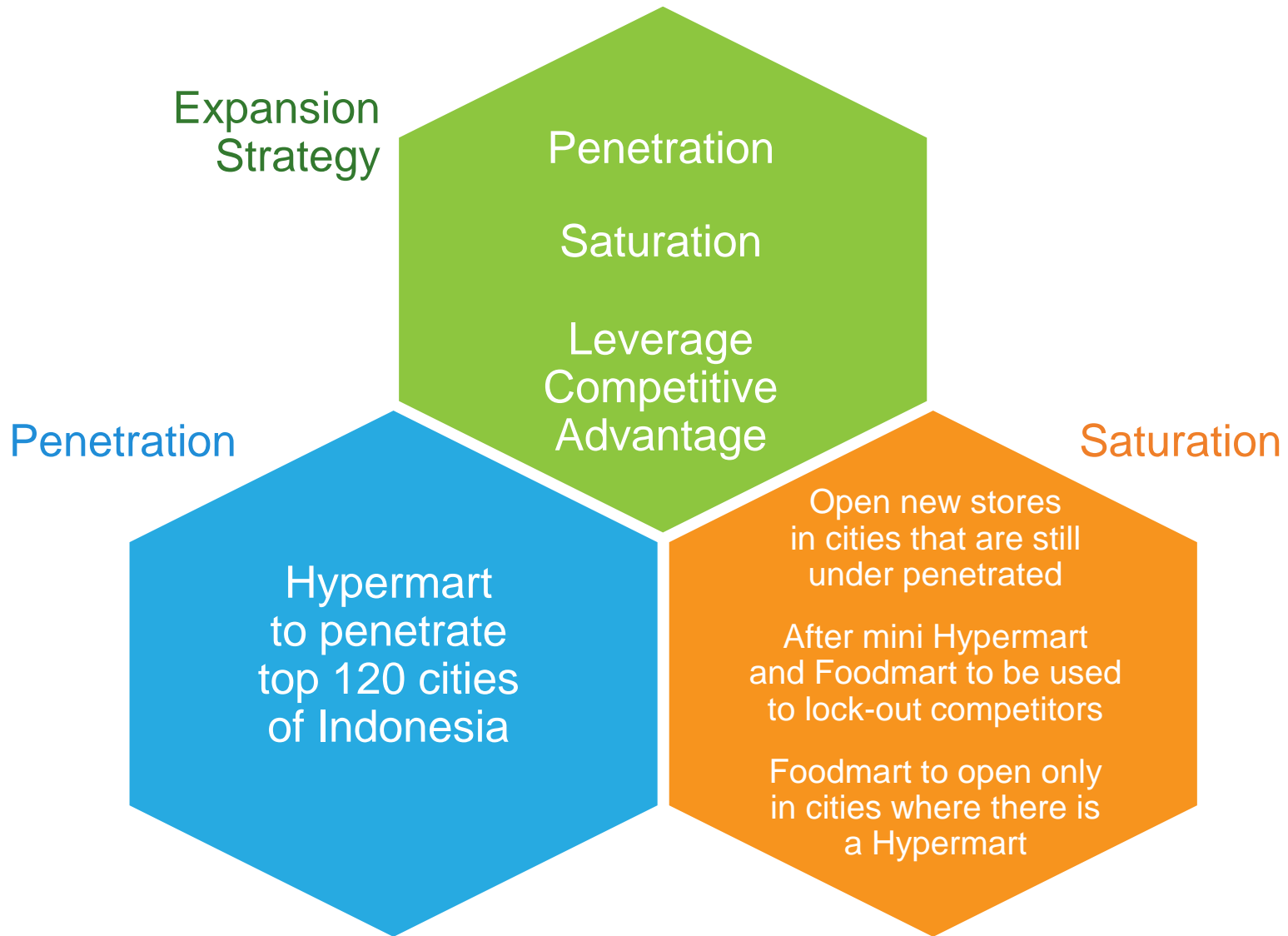






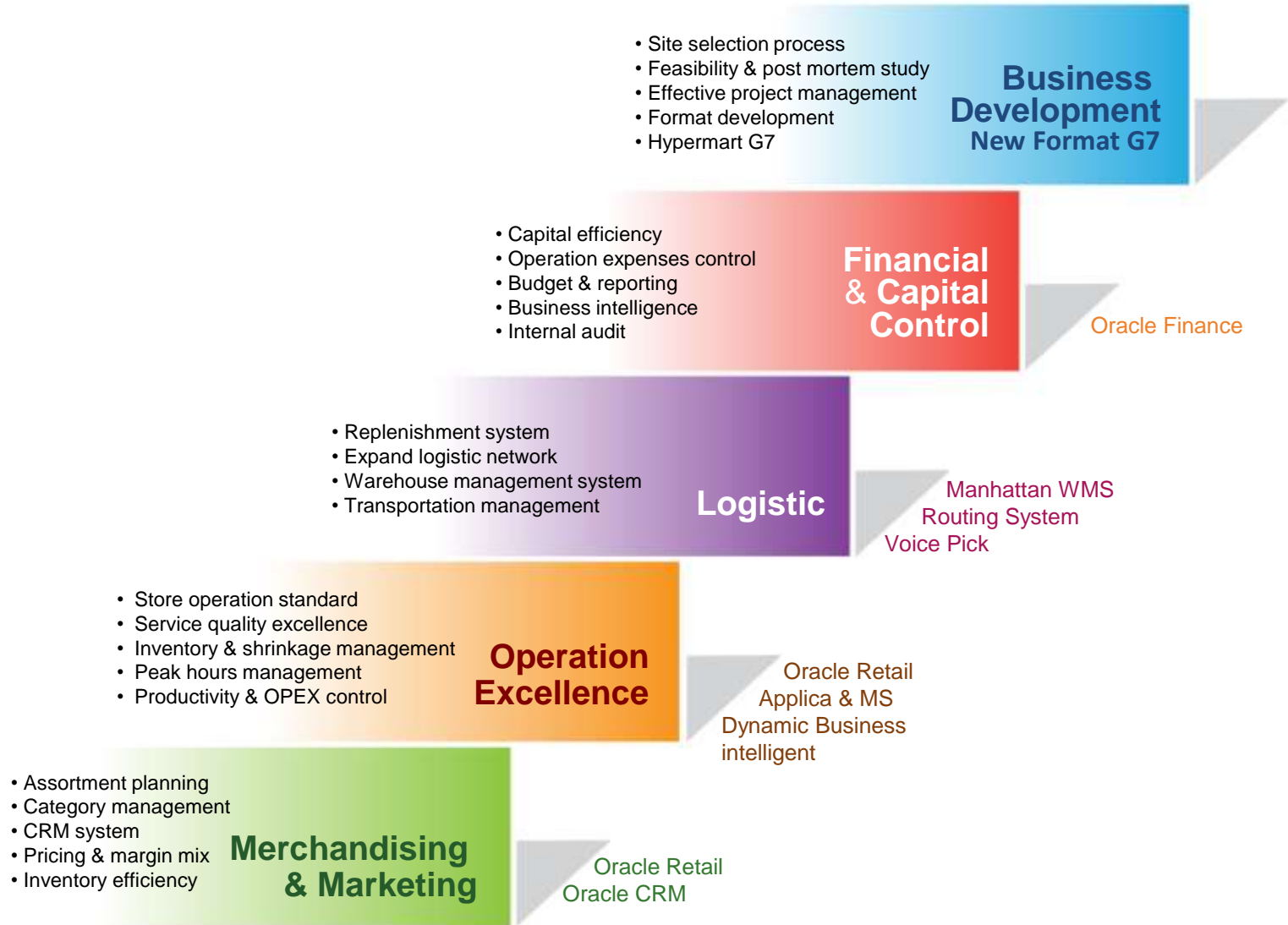


## 5 Pillars of Growth # 2: Accelerate Network Expansion








## 5 Pillars of Growth # 3: Sustainable Retail Management



## 5 Pillars of Growth # 4: Renovation

Renovation cycle	Priority	Period in years	Reinvestment level %
	A	7	80 to 90%
	B	8	50 to 70%
	A	7	80 to 90%
	B	8 to 10	50 to 70%
	A	5	80 to 90%
	B	7	50 to 70%

### Mobile apps



### Online



[www.shop.hypermart.co.id](http://www.shop.hypermart.co.id)



[www.mataharimall.com](http://www.mataharimall.com)

# Financial Overview

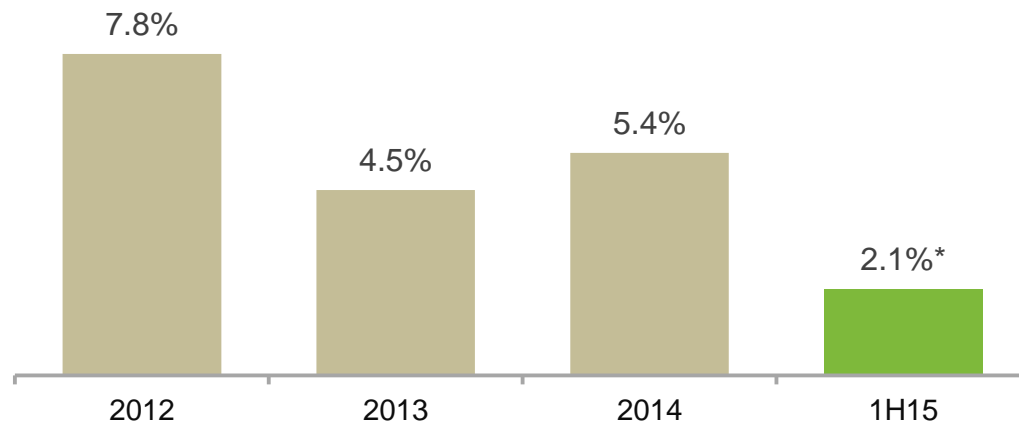
## section

The section  
should be reviewed  
in conjunction with the  
2013 & 2014  
Annual Report

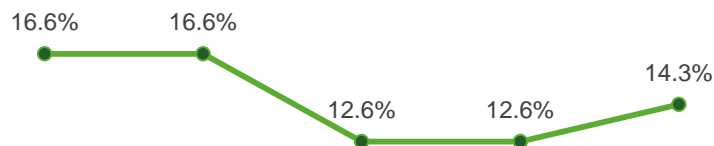


# Our Growth and Business Strategies

## Comparable Store Growth



\* Excluding temporarily closed stores



## Expense Ratio as a % of Sales

Operating expenses<sup>(a)</sup> as % of sales

(a) Operating expenses excluding depreciation and amortization • Source: Company Data

# MPPA 9M15 Restated

	30 Sep 15 Rp	30 Sep 14 Rp Restated <sup>(1)</sup>	
<b>NET SALES</b>	10,447,959	10,061,869	<b>3.8%</b>
<b>COST OF SALES</b>	(8,647,133)	(8,339,017)	
<b>GROSS PROFIT</b>	1,800,826	1,722,852	
Selling expenses	(141,206)	(161,529)	
General and administrative expenses	(1,323,793)	(1,174,002)	
Other expenses	(10,690)	(23,233)	
Other income	394	86,392	
<b>EBIT</b>	325,531	450,480	<b>-27.7%</b>
Finance income	10,166	31,828	
Finance costs	(23,277)	(14,424)	
<b>INCOME BEFORE INCOME TAX</b>	<b>312,420</b>	<b>467,884</b>	<b>-33.2%</b>
Income tax expenses	(66,751)	(113,927)	
<b>INCOME FOR THE PERIOD</b>	<b>245,669</b>	<b>353,957</b>	<b>-30.6%</b>

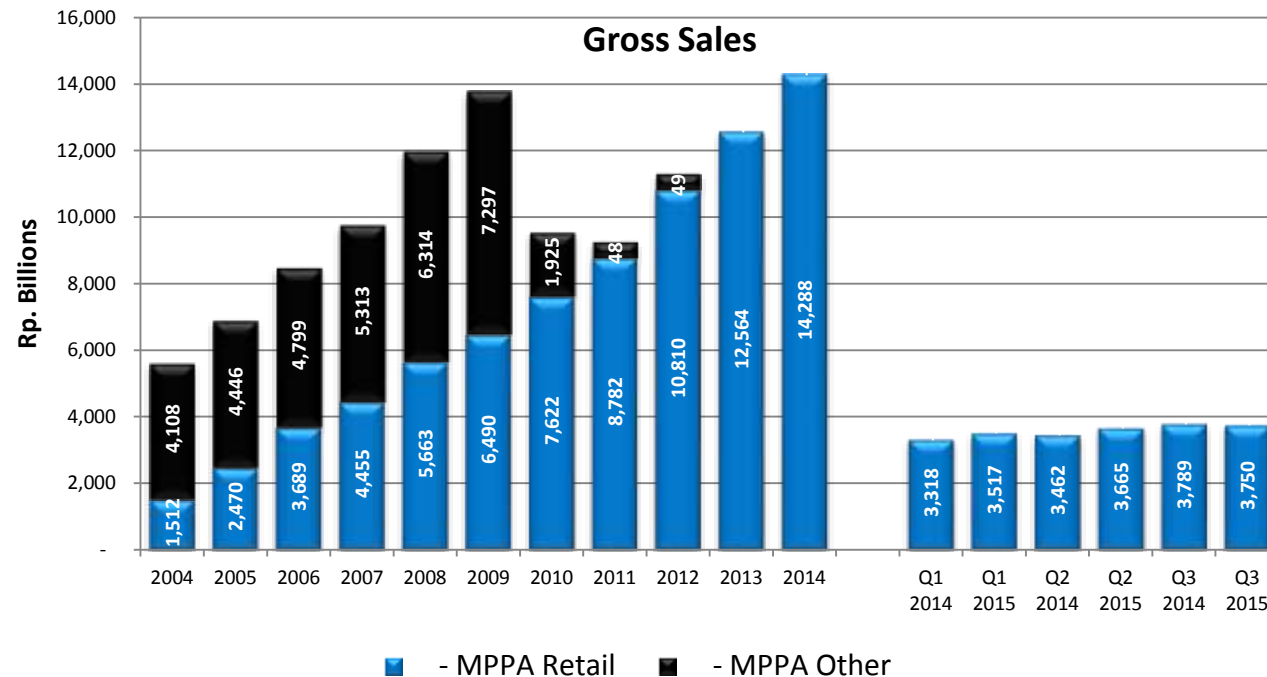
	Sept 30, 2015 Rp	Sept 30, 2014 Rp	Growth
<b>NET SALES</b>	10,447,959	10,061,869	3.8%
<b>OPERATING PROFIT</b>			
Reported	325,531	450,480	-27.7%
Other Income <sup>(1)</sup>	-	(85,663)	
Restated <sup>(2)</sup>	325,531	364,817	-10.8%
<b>INCOME BEFORE INCOME TAX</b>			
Reported	312,420	467,884	-33.2%
Restated <sup>(2)</sup>	312,420	382,221	-18.3%
<b>INCOME FOR THE PERIOD</b>			
Reported	245,669	353,957	-30.6%
Restated <sup>(2)</sup>	245,669	289,710	-15.2%

(1) In the 9 months period ended Sept 30, 2014, the Company recorded a non-cash gain associated with the reversal of an impairment charge related to certain non operating leases. The comparative results have been adjusted to exclude this non-recurring income. See Notes to the Consolidated Financial Statements (Note 12 - Rental Advances and Deposits, Note 13 - Prepaid Long Term Rents).

(2) Extra-Ordinary Gain - Impairment reversal for cancellation of non-operating lease agreements (See note 12)

# MPPA Historical Sales

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q3 2015
<b>Net Revenue (Rp. Billion)</b>						10,281	8,545	8,909	10,868	11,913	13,590	3,126	3,347	3,301	3,507	3,634	3,593
<b>Gross Revenue (Rp. Billion)</b>	5,620	6,916	8,488	9,768	11,977	13,787	9,547	9,268	11,305	12,564	14,288	3,318	3,517	3,462	3,665	3,789	3,750
- MPPA Retail	1,512	2,470	3,689	4,455	5,663	6,490	7,622	8,782	10,810	12,564	14,288	3,318	3,517	3,462	3,665	3,789	3,750
- MPPA Other	4,108	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-	-	-	-	-	-	-



## Q3 NOTES

- MPPA Retail Sales -1.0% in Q3 2015
- MPPA SSSG -4.8% in Q3 2015
- All MPPA Sales generated by MPPA Retail

## FULL YEAR NOTES

- MPPA-Retail 13.4% CAGR 2010-2014
- After the divestiture of Matahari Department stores in 2010, MPPA-Retail contributed the majority of sales
- In 2009, MPPA was required to report Gross Sales following BAS7
- Reported Sales are Net Sales with variance attributable to consignment COGS.

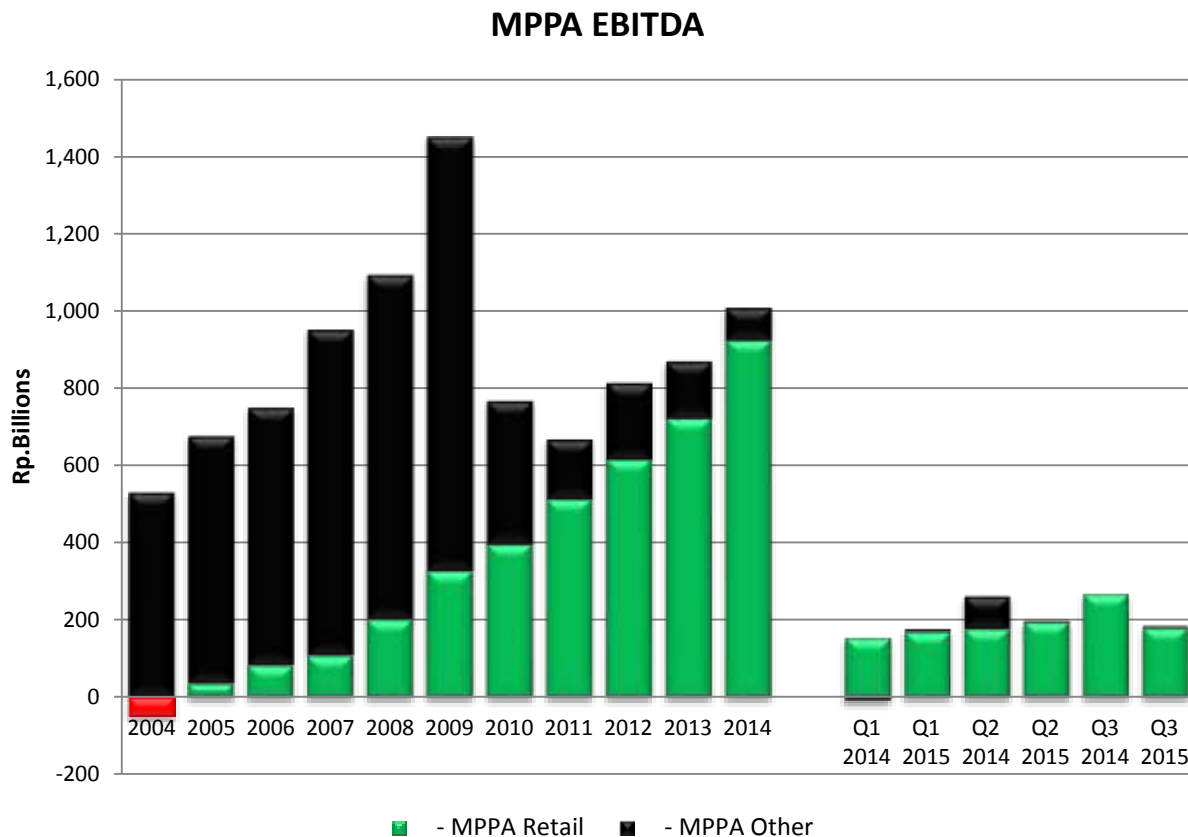
This should be reviewed in conjunction with the 2014 MPPA Annual Report



# MPPA Historical EBITDA

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EBITDA (Rp. Billion)	482	677	751	953	1,094	1,451	769	669	815	871	1,010
- MPPA Retail	(49)	36	83	108	202	327	396	513	616	723	924
- MPPA Other	531	641	668	845	892	1,124	373	156	199	148	86

Q1	Q1	Q2	Q2	Q3	Q3
2014	2015	2014	2015	2014	2015
146	177	261	199	267	185
154	169	177	195	267	179
(8)	8	84	4	-	6



## Q3 NOTES

- EBITDA of MPPA Other represents ongoing corporate activities impacting MPPA EBITDA.

## FULL YEAR NOTES

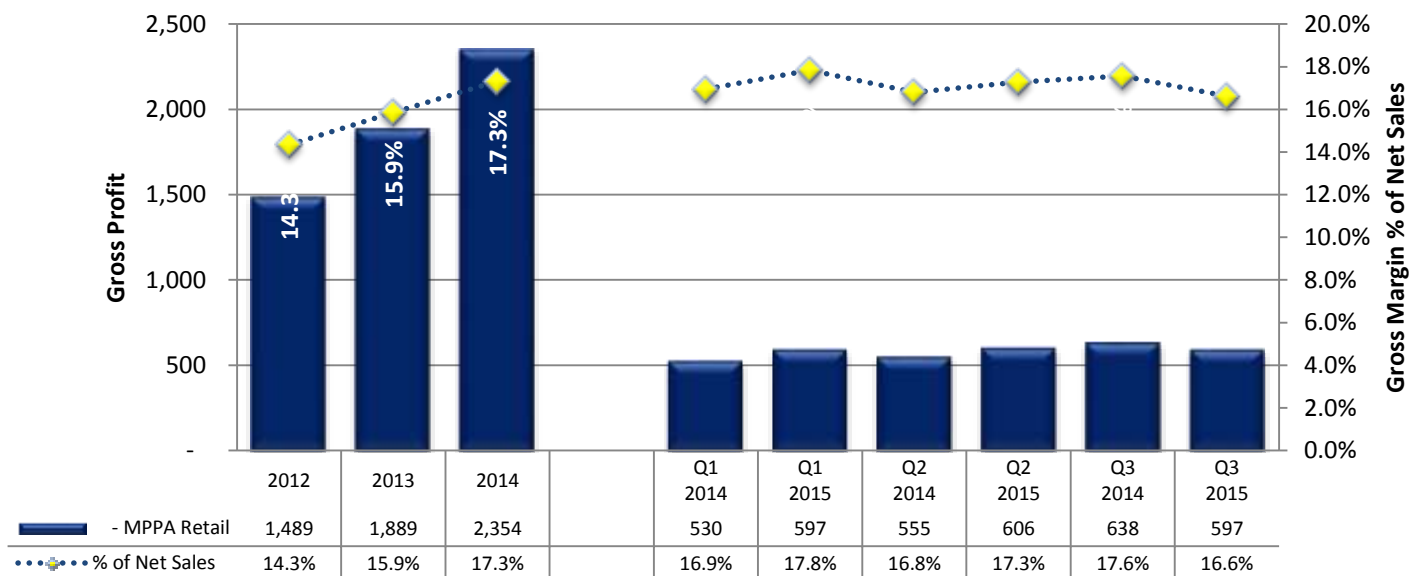
- MPPA-Retail 18.5% CAGR 2010-2014
- Mppa-Retail EBITDA represents the Business Unit EBITDA and does not reflect MPPA other corporate activity and subsidiaries that are currently offsetting income reported in Other MPPA
- On going corporate activities impacting MPPA Retail EBITDA in 2014 is 0.20% of Sales

1 MPPA 2012 reported EBITDA was 785 prior to a reclass for consistency with 2013 reporting.

2 MPPA Historical EBITDA was generated from revenue and expenses that will no longer be incurred as a result of the 2012 corporate restructuring.

3 Future MPPA EBITDA will be comprised of MPPA-Retail less on-going corporate activities which is a different income composition than generated in historical MPPA.

# MPPA Gross Margin



Gross Profit	2012	2013	2014
MPPA Total	1,898	1,889	2,354
- MPPA Retail	1,489	1,889	2,354
- MPPA Other	409	-	-

% of Net Sales	2012	2013	2014
MPPA Total	17.5%	15.9%	17.3%
- MPPA Retail	14.3%	15.9%	17.3%
- MPPA Other	83.9%	0.0%	0.0%

Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q3 2015
530	597	555	606	638	597
530	597	555	606	638	597
-	-	-	-	-	-

Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q3 2015
16.9%	17.8%	16.8%	17.3%	17.6%	16.6%
16.9%	17.8%	16.8%	17.3%	17.6%	16.6%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



# Additional Information



# Key Management of MPPA Retail



## Noel Trinder

### Chief Executive Officer of MPPA Retail

- Joined the Company in late 2003 and rejoined in 2014 as CEO
- Started his career at Boons Department Store (1970)
- Worked with Coles Supermarket, BBG Food China, Hero and Tops Retail



## Djamel Derguini

### Chief Operations Officer

- Joined the Company in 2014
- More than 20 years of experience in supermarket businesses
- Started his career with Carrefour Group in 1986



## Carmelito J. Regalado

### Deputy CEO

### Property & New Business Development

- Joined the Company in March 2002
- Becoming President of MPPA Retail in 2009
- Professional career at SGV & Co Public Accountant Office in Philippines



## Ang Kasmin Rasilim

### Chief Risk Management Officer

- Joined the Company in 2003
- Joined Gramedia Group International Jakarta and PT Hero Supermarket Tbk.



## Patrick J. Hopper

### Chief Financial & Information Officer

- Joined the Company in 2013
- More than 30 years of experience in the retail industry and 10 years exposure in EM
- Operational and financial positions in Tesco and Kmart



## Benjamin M. Lamberte, Jr.

### Chief Store Planning & Development

- Rejoined the Company in 2014
- Detailed knowledge of store planning, operations and setting up of supermarkets outlets
- Worked for Dairy Farm International

# Key Management of MPPA Retail continued



## Danny Crayton

### Director of General Merchandise

- Joined the Company in 2013
- More than 44 years of experience in retail
- Worked for Matahari Department Store, Moore's, Belk and Ivey's Department Stores in the USA



## Emi Nuel

### Director of Wholesale

- Joined the Company in 2004
- President Director – COO of Mitra10 (2008-2009)
- Started his professional career in Astra Group, DHL and Carrefour



## Ishak Kurniawan

### Senior Director of Human Capital

- Joined the Company in April 2008, becoming a Director in 2013
- Served as the Country Human Resources Officer for Citibank N.A.
- More than 24 years of experience



## Danny Kojongian

### Corporate Secretary

### Director of Public Relations & Communications

- Joined the Company in 1996
- Assuming the Public Relations & Communications roles since 1996
- Started his professional career in PT Duta Pertiwi as Treasury Senior Staff



## Gilles Pivon

### Director of Hypermart Operations

- Joined the Company in 2009
- Started his professional career in 1986 by joining the Carrefour Group, France
- Worked with Carrefour Taiwan and Carrefour Belgium



## Iwan Goenadi

### Director of Information Technology

- Rejoined the Company in 1998
- Head of Store Operations Supermarket in 1999
- MIS Director since 2002



# Key Management of MPPA Retail continued



## Laniawati S. Matita

### Director of Human Capital

- Joined the Company in 2013
- More than 20 years of experience in Human Resources
- Several important positions in Human Resources Department of PT Argo Pantes Tbk., PT Alam Sutera Realty Tbk., and Astra Group



## Reynold P. Ong

### Advisor

### Finance & Investor Relations

- Joined as Finance & Investor Relations Advisor in 2014
- More than 25 years of experience
- Worked Jardine Davies, PT Bank Lippo Tbk. and PT Multipolar



## Keith Dolling

### Senior Advisor

### Distribution Centers & Logistics

- Joined the Company in 2004
- More than 36 years of experience in supply chain system
- Worked with TOPS Retail, Daria-varia Laboratoria Group, Kalbe Farma Group and TNT Logistics Indonesia



## Kyutae Park

### Director of Boston Health & Beauty Operations

- Joined the Company in 2015
- 20 years of experience in the industry
- Worked as Director of Carrefour and Country Head of Watson Indonesia



## John Glover

### Senior Advisor

### Merchandising & Marketing

- Joined the Company in 2014
- More than 42 years of experience
- Worked with Metro Group (HK) and Metro Cash & Carry



## Darpudu Rao

### Director of Foodmart Operations

- Rejoined the Company in 2008
- More than 30 years of experience in the industry
- Held several key positions in Cold Storage Supermarkets, Hero, J Sainsbury Plc Supermarkets, Foodworld Supermarkets, and NTUC Fairprice Singapore

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