

mppa RETAIL GROUP
PT Matahari Putra Prima Tbk.



160429 • MPPA.JK

Company Presentation





Overview of
MPPA Retail

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Key Investment
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for Growth

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Overview of MPPA Retail

1





Vision

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

Mission

To deliver Sustainable Sales/Profit Growth by creating a World Class Retailer with format and technological leadership through a focus on the development of Human Capital and Systematized, Relevant Business Practices

Investment Highlights

- **Fastest growing multi-format retailer in Indonesia**

with CAGR of 25.2% in the past 10 years and market cap of IDR 7.8 tn (US\$ 610 bn) as of 31 March 2016

- **Results in Q1 2016**

Sales -2.5%* and Net Income -250.9%
SSSG -5.2%

- **Largest footprint of stores**

versus our competitors as we are located in over 68 cities

- **Proven asset light business model**

scalable for rapid growth

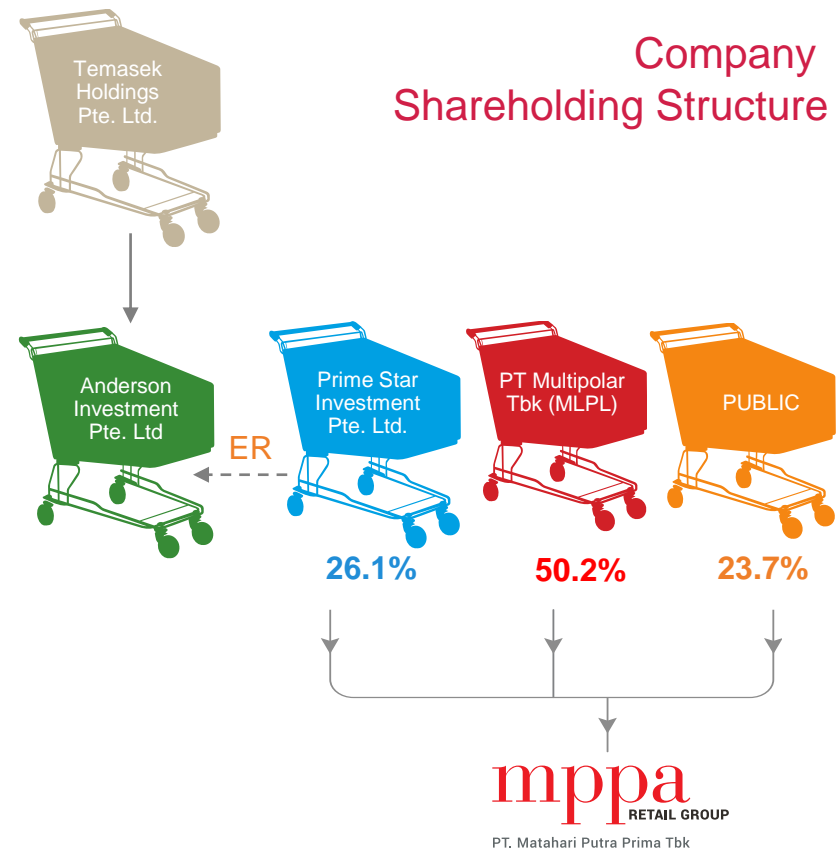
- **Operating 289 stores**

- **Strong management team**

- **Clear & consistent strategy**

* Net Sales • Source : Company Data, Fact Set

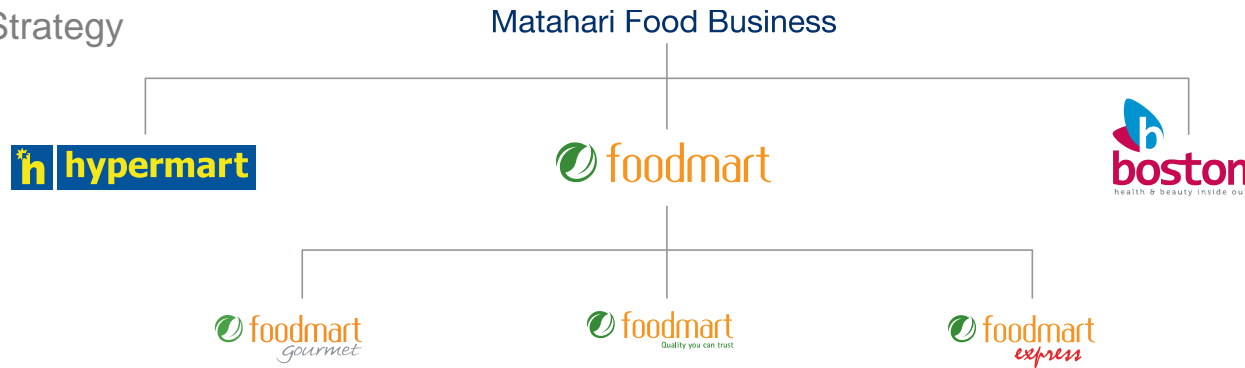
Company Shareholding Structure



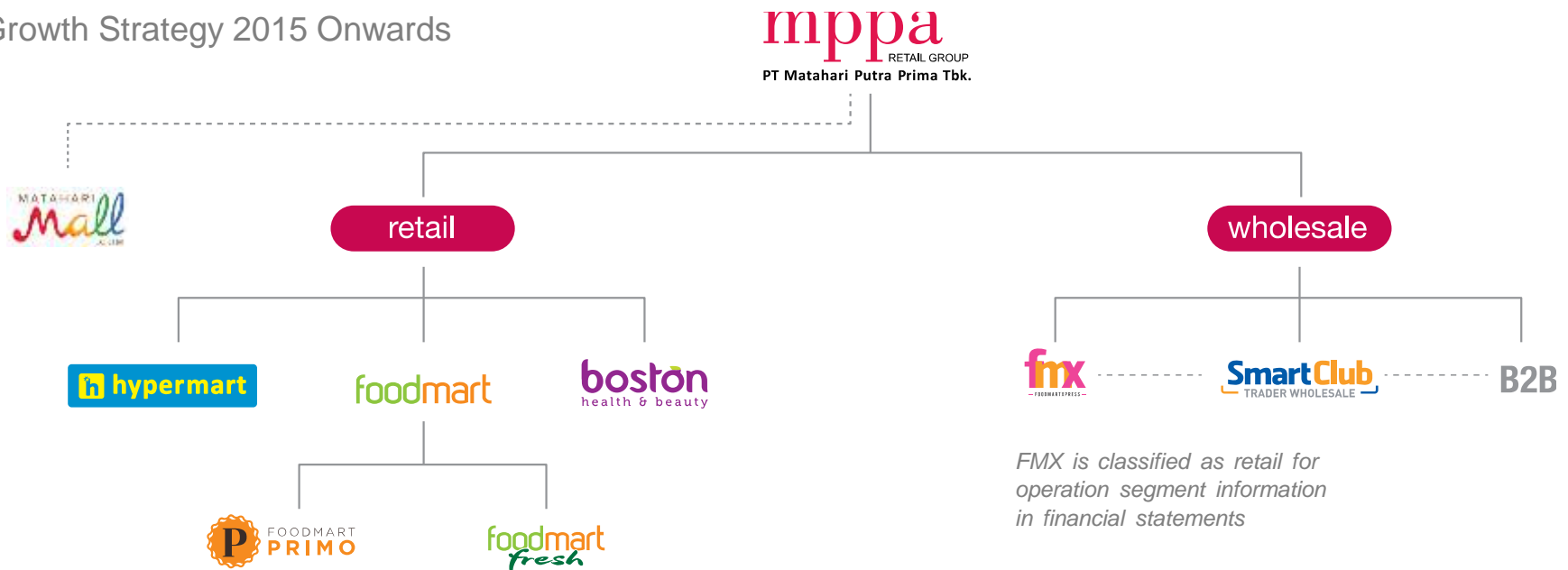
In January 2013, PT. Multipolar Tbk (MLPL), the Company's major shareholder, through its wholly-owned subsidiary, Prime Star Investment Pte. Ltd. issued Exchangeable Rights (ER) in principle value of USD 300 million that are fully subscribed by Anderson Investments Pte. Ltd., a subsidiary of Temasek 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 Strategy



Growth Strategy 2015 Onwards



Positioning

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

Target Customers

Primary Middle income
Young families with children
Aged 25 - 40 years old

Secondary Middle income
Established middle age customers

Store Information

No of stores ^(a)	110 stores
Average store size (sqm)	± 6,019
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 ± 78.4% of total revenue

(a) As of 31 March 2016 • Source: Company Data

Format Positioning

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

Target Customers

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

Store Information

No of stores ^(a)	23 stores
Average store size (sqm)	± 1,767
Number of products	10,000 – 15,000
Product selection	Fresh food, grocery & non-food
Target customers	Middle to high income

(a) As of 31 March 2016 • 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 ± 5.3% of total revenue

Positioning

Offers a one-stop shopping-solution that satisfies all core and complementary business owner needs

Target Customers

Primary Indonesian restaurants, canteens, catering, warteg, kiosks, stores & offices

Secondary Asian restaurant, food and non-food retailers, service providers, hospitals and institutions

Store Information

No of stores ^(a)	1 store
Average store size (sqm)	± 8,306
Number of products	11,000
Product selection	Fresh food, grocery, non-food & Horeca equipment
Target customers	Horeca, retailers, resellers, offices & institutions

Category Differentiation

Destination

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

- Fresh
- Dairy & deep frozen (bulk sizes and Horeca products)
- Cleaning (professional use)
- Office supplies & stationaries
- Household needs

Routine

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

- Cooking (incl. oil), rice & noodle
- Beverages & Coffee
- Snack, biscuits & confectionery
- Paper goods (incl. diapers)
- Health & beauty esp. skin care, hair care, oral care & men's care
- Cleaning
- Disposables (paper & plastic)

Occasional

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

- Ready to eat
- Canned food
- OTC
- Home appliances
- Electronic appliances

Fill-in

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

- Automotive accessories
- Softlines
- Electronics : brown & white + gadgets

SC contributed ± 15.2% of total revenue

(a) As of 31 March 2016 • Source: Company Data

Format Positioning

A convenience store for everyone located in a strategic location providing immediate needs of daily goods and services

Target Customers

Primary Middle income
Un planned with high mobility
Aged 20 - 40 years old

Secondary Middle income
Established middle age customers

Store Information

No of stores ^(a)	50 stores
Average store size (sqm)	± 146
Number of products	2,500 – 4,000
Product selection	Ready to Eat, Food and Drinks
Target customers	Middle to high income

(a) As of 31 March 2016 • 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

- Ready to Eat
- Ready to Drink
- Drinks
- Services (Top Up Voucher, Token PLN, E-Toll, Payment point, Etc.)
- OTC

Routine

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

- Snack, Biscuits & Confectionery
- Breakfast food & drink
- Cleaning (home & automotive)
- Paper goods (incl. adult diapers)

Occasional

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

- Toys
- Household needs & kitchen gadgets
- Electrical accessories incl. batteries
- Air freshener
- Canned food
- Insect killer

Fill-in

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

- Stationery
- Home Cleaning

FMX contributed ± 0.6% of total revenue

Positioning

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

Target Customers

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

Store Information

No of stores ^(a)	105 stores
Average store size (sqm)	± 59
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income

(a) As of 31 March 2016 • Source: Company Data

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 ± **0.5%** of total revenue



Key Investment Highlights

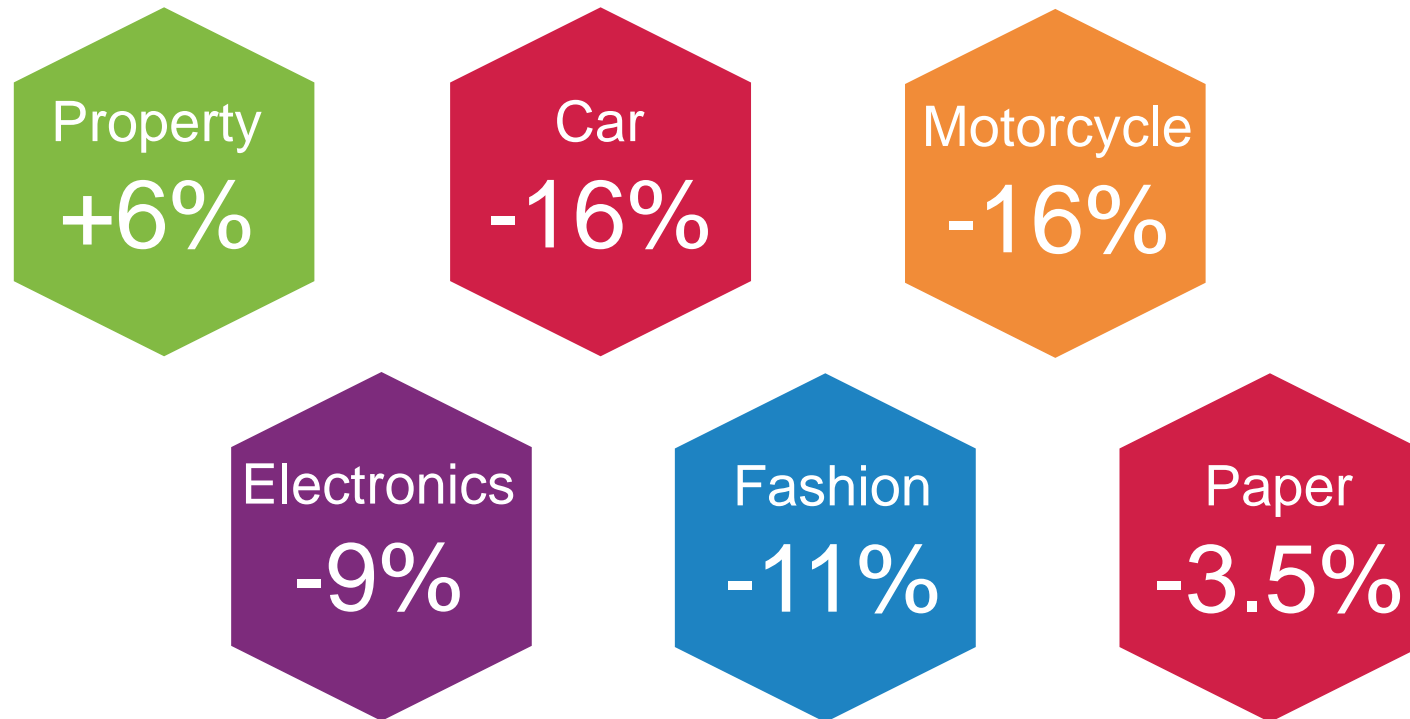
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Key Investment Highlights



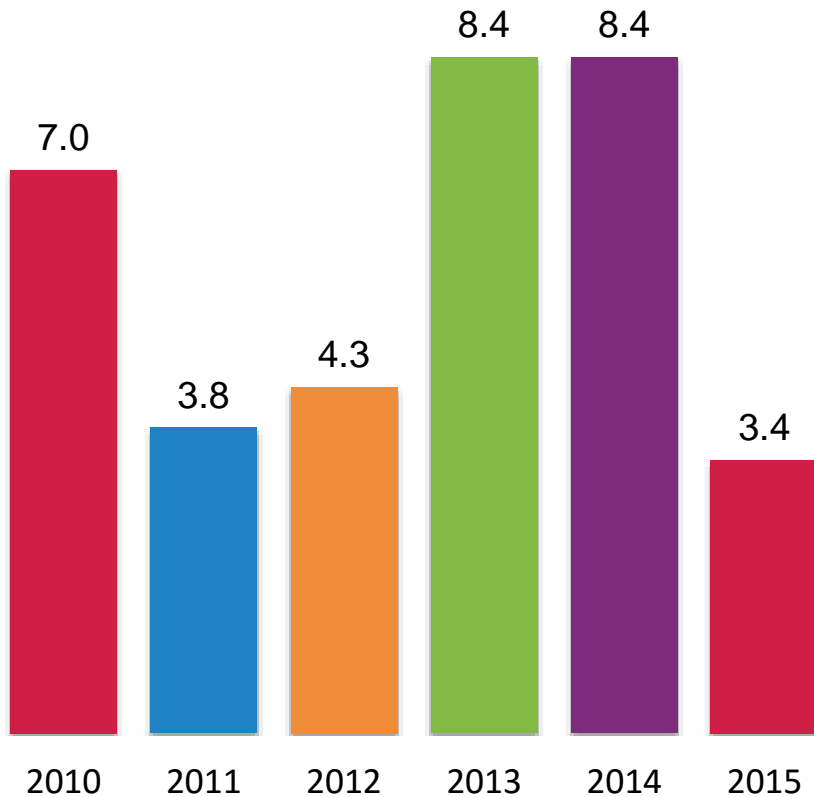
- ① Our targeted customer is the fast growing middle income class
- ② Extensive and attractive nationwide store footprint
- ③ Proven asset light business model scalable for rapid growth
- ④ Efficient logistics platform driving productivity improvement
- ⑤ Established customer loyalty program
- ⑥ Localized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

Business in 2015 was **SLOW**



Source : Nielsen

Inflation is the Lowest in Past 6 Years!



Source : Nielsen

Transportation, communications and financial service contribute to low inflation

	2014	2015
Total Inflation	8.36	3,35
Food Raw Material	10.57	4,93
Processed Food, Drink, Cigarette	8.11	6,42
Housing, Water, Electricity, Gas & Fuel	7.36	3,34
Clothing	3.08	3,43
Health	5.71	5,32
Education, Recreation, and Sport	4.44	3,97
Transportation, Communication & Financial Service	12.14	-1,53

Trade Channel Growth 2015

10.4%



9.1%



11.3%

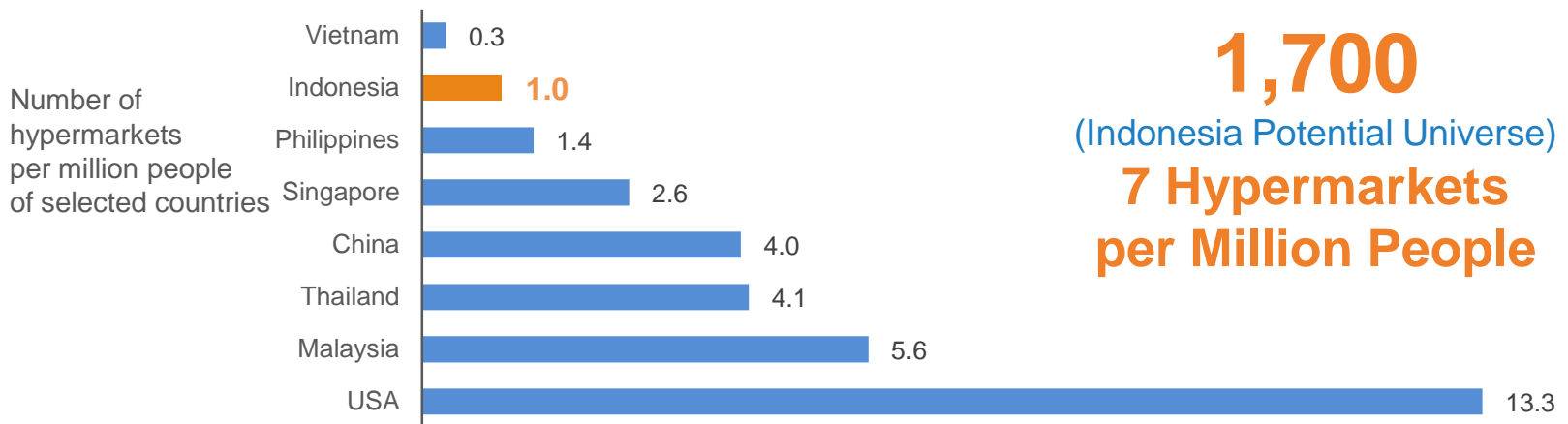


Source : Nielsen

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 25th, 2014

Customer Profile

Who are the Shoppers?



- >80% skewed towards females
- More than half of shoppers is housewife
- >50% of shoppers are younger age group (<35 YO)

Visit to Hypermart Store

(Planned/ Unplanned)



- More than 90% of visitors plan to visit a store
- Daily household need is the shopping mission
- Unplanned visitors mostly buy: RTD tea, ice cream, snack, etc.

Choice Driver for Hypermarket Store Selection



Key Parameters are:

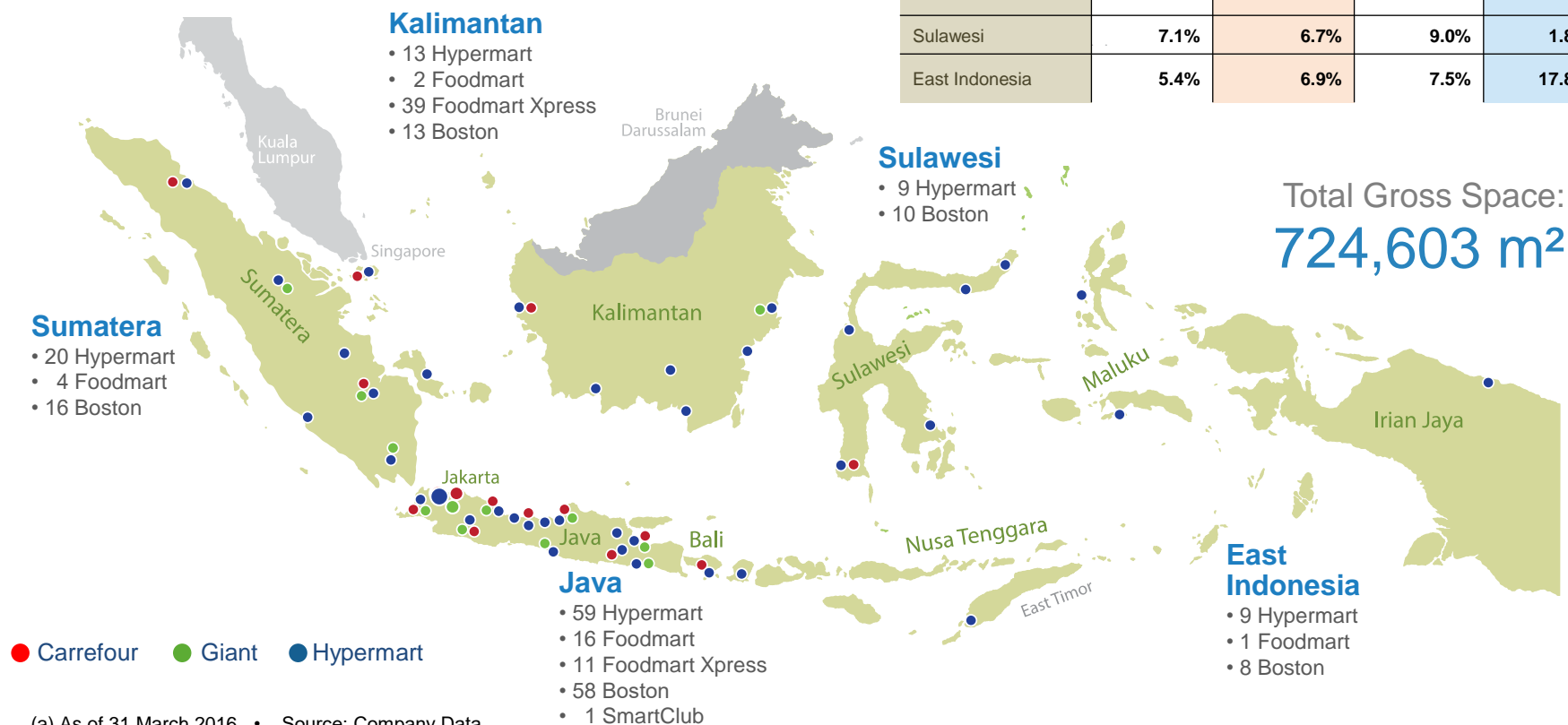
- Friendly staff
- Affordable price
- Range of product
- Promo/discount

Source : Nielsen

2. Extensive and Attractive Nationwide Store Footprint

- Over 60% of new stores in 2016 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 ^(a)		EBITDA contribution ^(a)	
	2015	Q1 2016	2015	Q1 2016
Greater Jakarta	30.8%	31.6%	30.5%	29.9%
Java	27.4%	27.6%	21.9%	23.0%
Sumatera	17.7%	15.9%	15.9%	8.0%
Kalimantan	11.6%	11.3%	15.3%	19.5%
Sulawesi	7.1%	6.7%	9.0%	1.8%
East Indonesia	5.4%	6.9%	7.5%	17.8%



(a) As of 31 March 2016 • Source: Company Data

3. Proven Asset Light Business Model Scalable for Rapid Growth

Asset Light Cash Generative

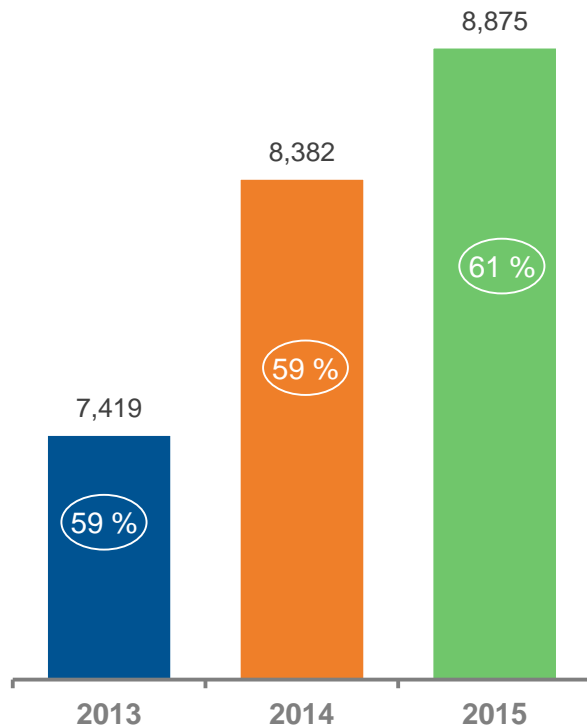
- Asset-light business model with 100% of stores leased
- Self-funding working capital
- **Limited capital expenditure requirements**
Capital expenditure of ~4-5% of sales

- 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

Scalable

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 m²	16,000 m²	4,000 m²
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 **0.6%** of sales

As of 31 December 2015 • Source: Company Data

5. Established customer loyalty program



Established customer loyalty program

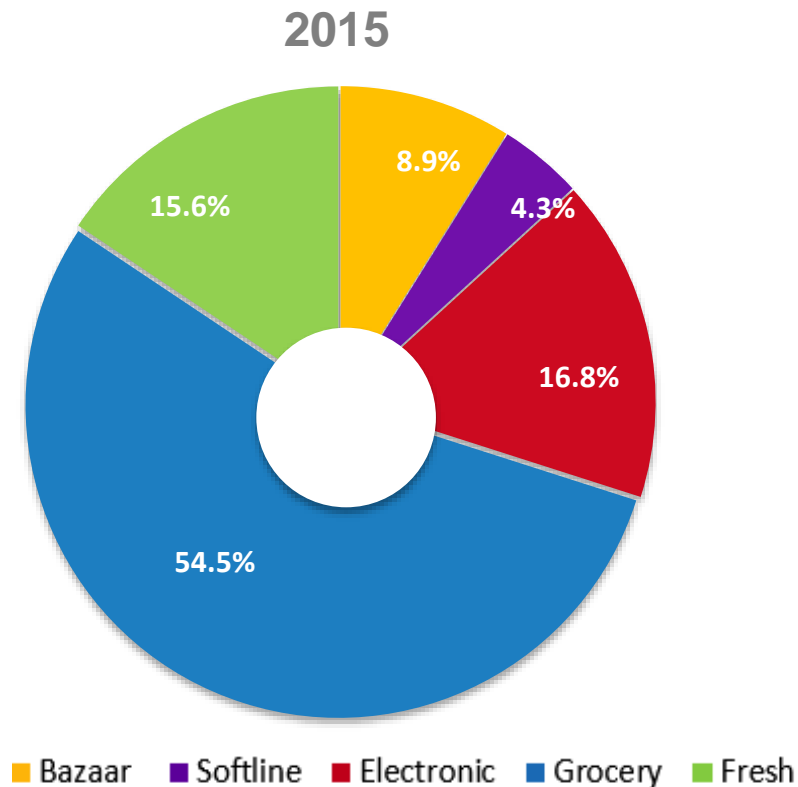
- More than 3.9 million members with average of Rp336k per transaction per day for 55% of 2015 gross sales
 - Basket size is 60% more for Hicard holders
 - Discounts of 5 to 15%
 - Additional benefits with discounts for services and restaurants

As of 31 December 2015 • Source: Company Data

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



As of 31 December 2015 • Source: Company Data

Top 10 Suppliers

Grocery Products



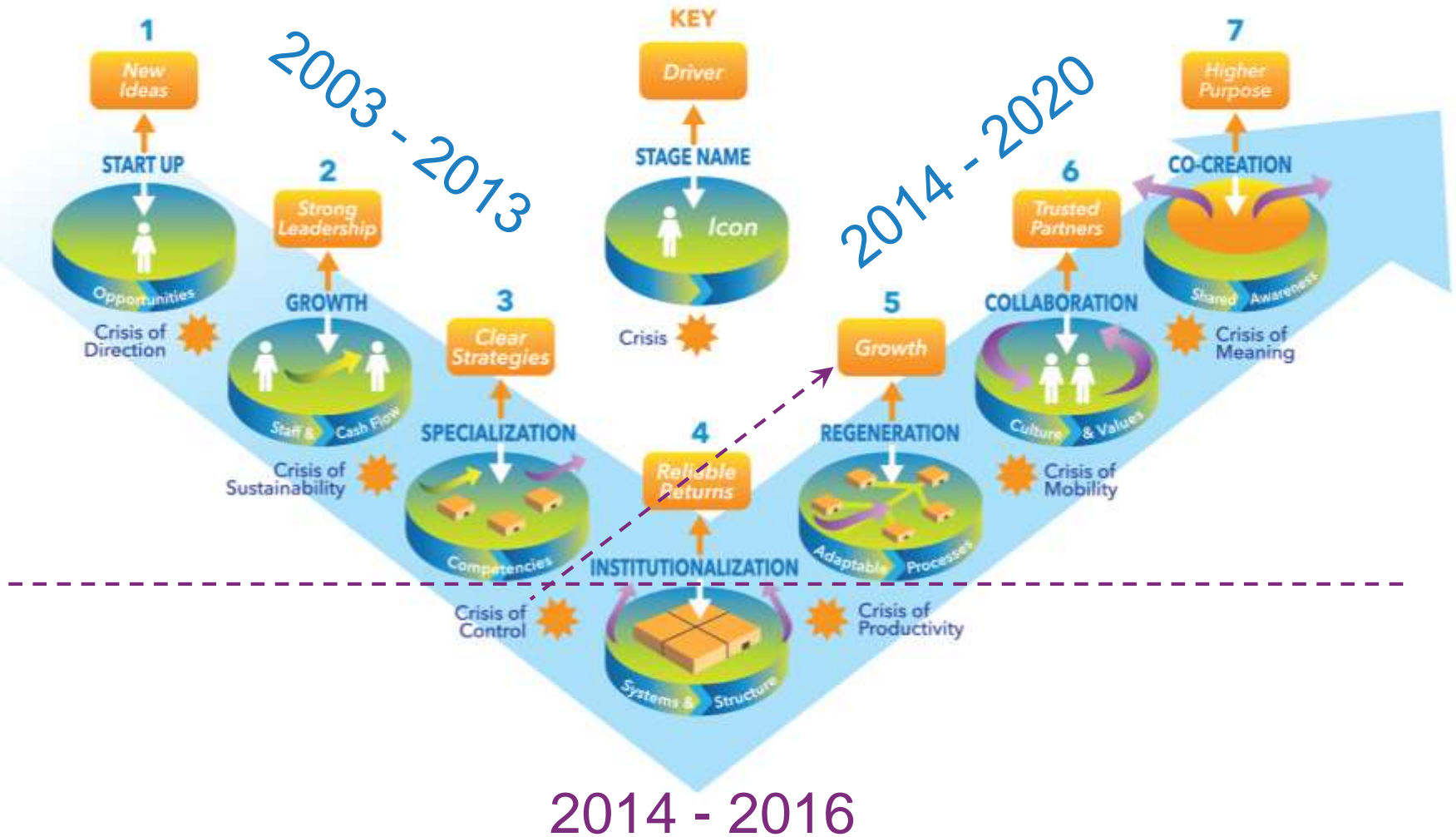
All Products



Strategy for Growth

3

Stages for Organization Model



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

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



5 Pillars of Growth # 1: New Formats



Hypermarket Format



Wholesale Format



Supermarket Format (Premium)



Supermarket Format

foodmart
fresh



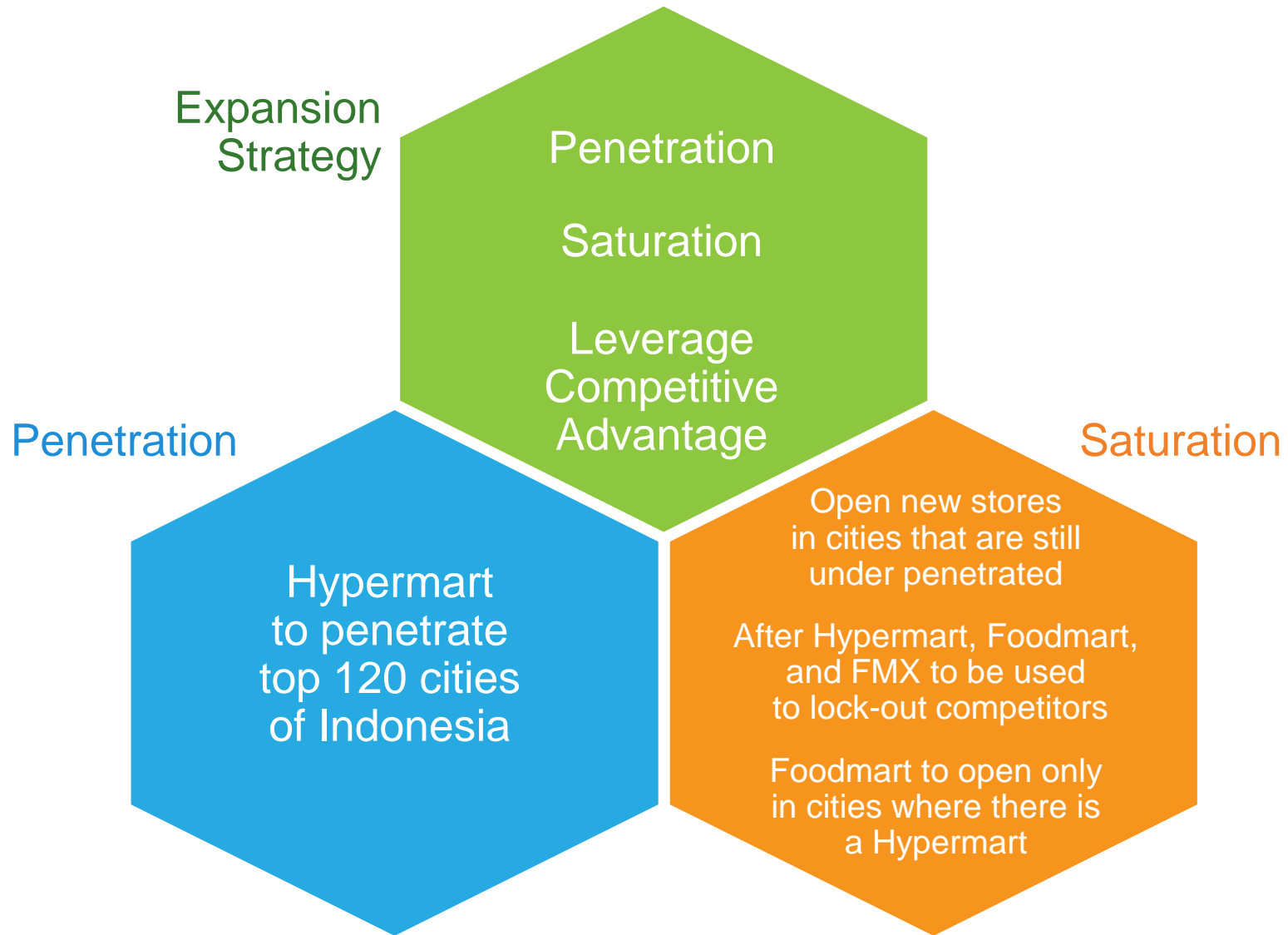
Convenience Store Format



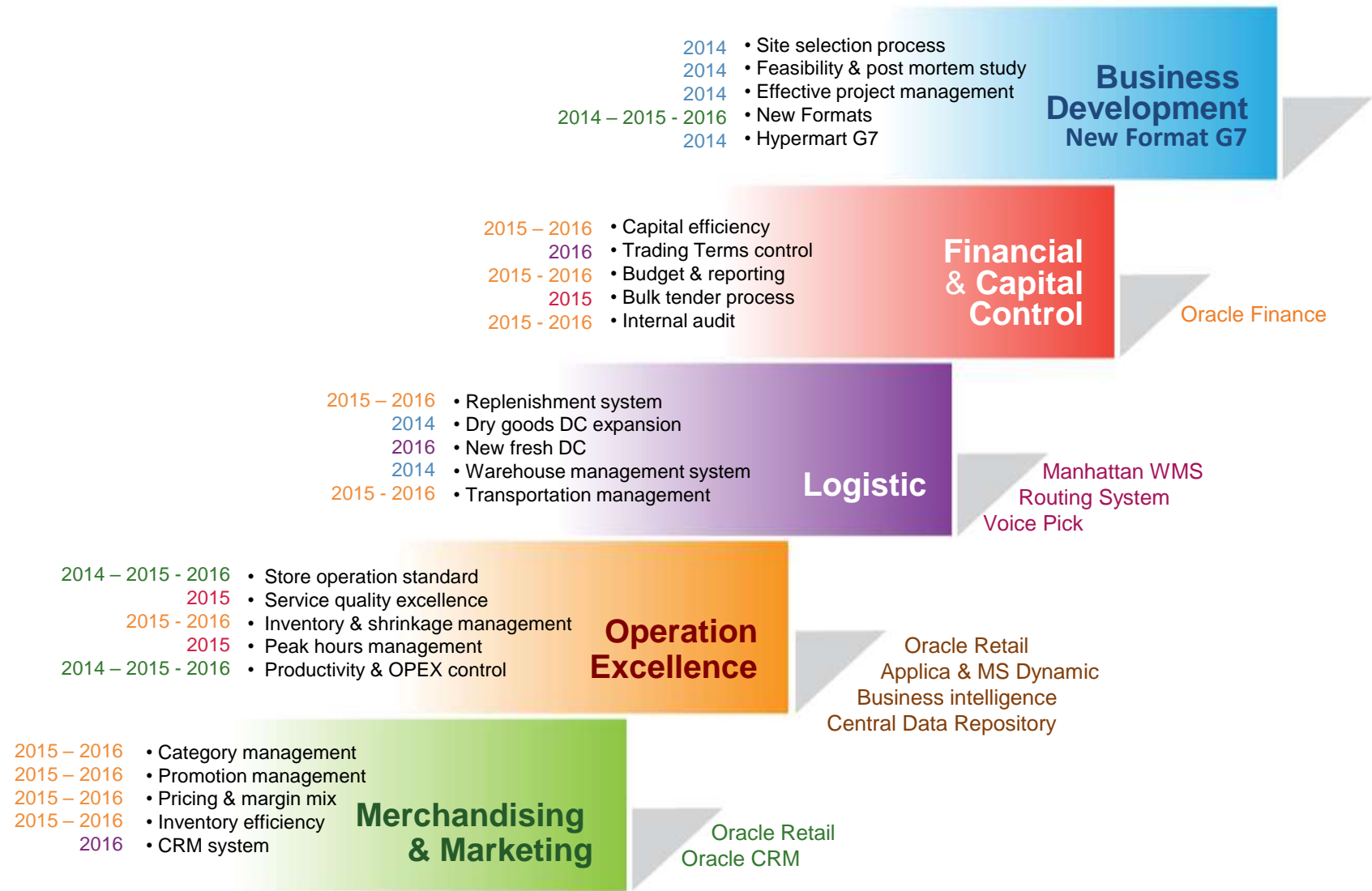
Health & Beauty Format







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%

5 Pillars of Growth # 5: New Channels: Online



www.shop.hypermart.co.id



www.mataharimall.com

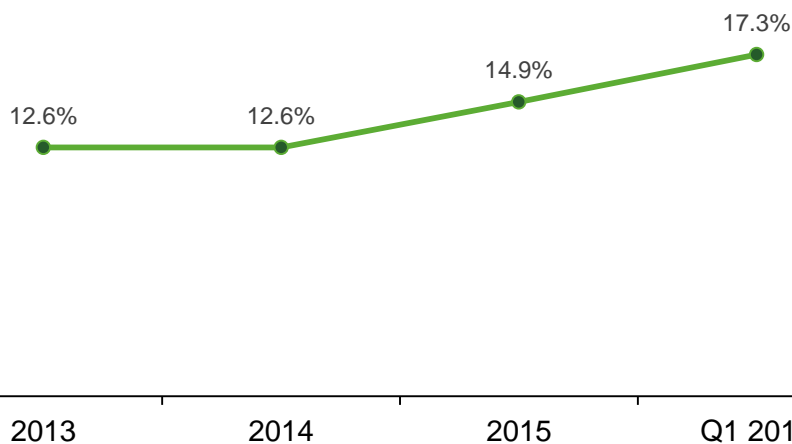
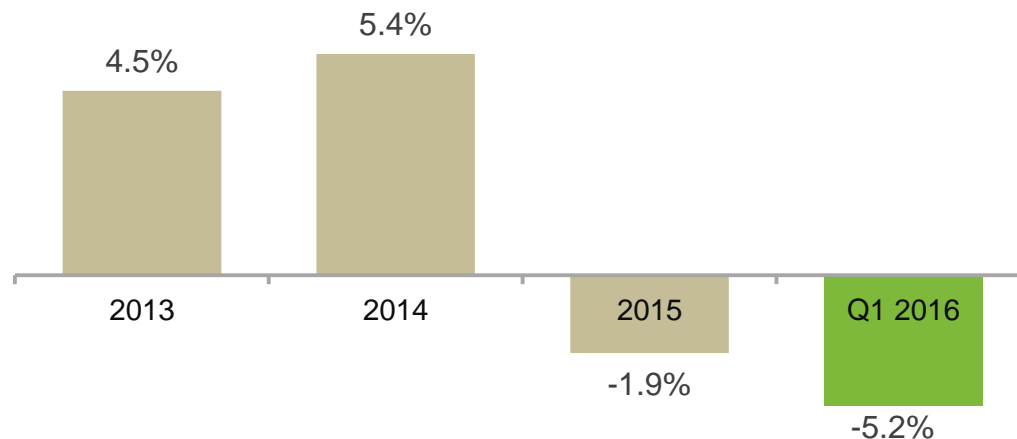
Financial Overview

The section
should be reviewed
in conjunction with the
**Q1 2016 Financial Report
& 2015 Annual Report**

4

Our Growth and Business Strategies

Comparable Store Growth



Expense Ratio as a % of Sales

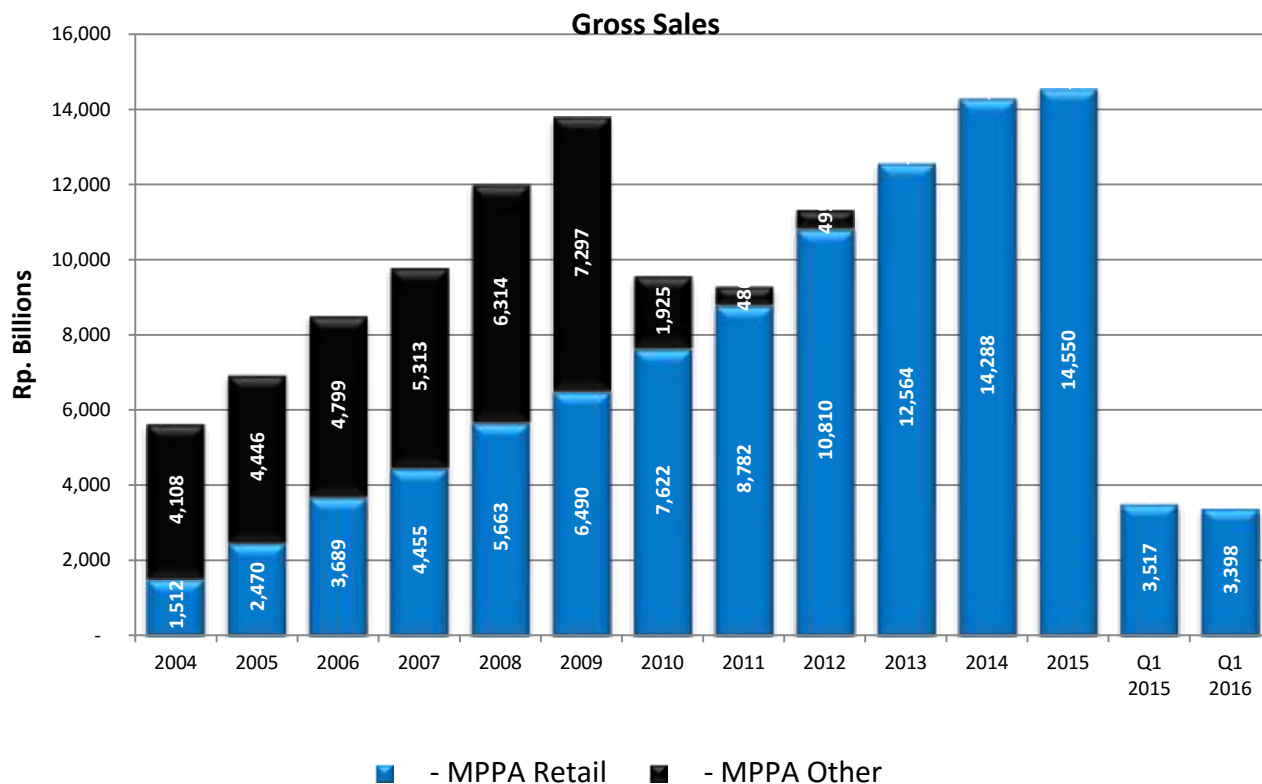
Operating expenses^(a) as % of sales

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

	Mar 31, 16	Mar 31, 15	
	Rp	Rp	
NET SALES	<u>3,265,283</u>	<u>3,347,477</u>	-2.5%
COST OF SALES	<u>(2,806,387)</u>	<u>(2,750,084)</u>	
GROSS PROFIT	<u>458,896</u>	<u>597,393</u>	
Selling expenses	(90,021)	(53,212)	
General and administrative expenses	(476,012)	(441,834)	
Other expenses	(2,748)	(5,015)	
Other income	-	138	
OPERATING PROFIT	<u>(109,885)</u>	<u>97,470</u>	-212.7%
Finance income	1,681	5,500	
Finance costs	(18,098)	(281)	
INCOME BEFORE INCOME TAX	<u>(126,302)</u>	<u>102,689</u>	-223.0%
Income tax expenses	5,296	(18,980)	
Final tax expenses	(2,065)	(2,126)	
INCOME FOR THE PERIOD	<u>(123,071)</u>	<u>81,583</u>	-250.9%

MPPA Historical Sales

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2015	Q1 2016
Net Revenue (Rp. Billion)						10,281	8,545	8,909	10,868	11,913	13,590	13,928	3,347	3,265
Gross Revenue (Rp. Billion)	5,620	6,916	8,488	9,768	11,977	13,787	9,547	9,268	11,305	12,564	14,288	14,550	3,517	3,398
- MPPA Retail	1,512	2,470	3,689	4,455	5,663	6,490	7,622	8,782	10,810	12,564	14,288	14,550	3,517	3,398
- MPPA Other	4,108	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-	-	-	-



Q1 2016 NOTES

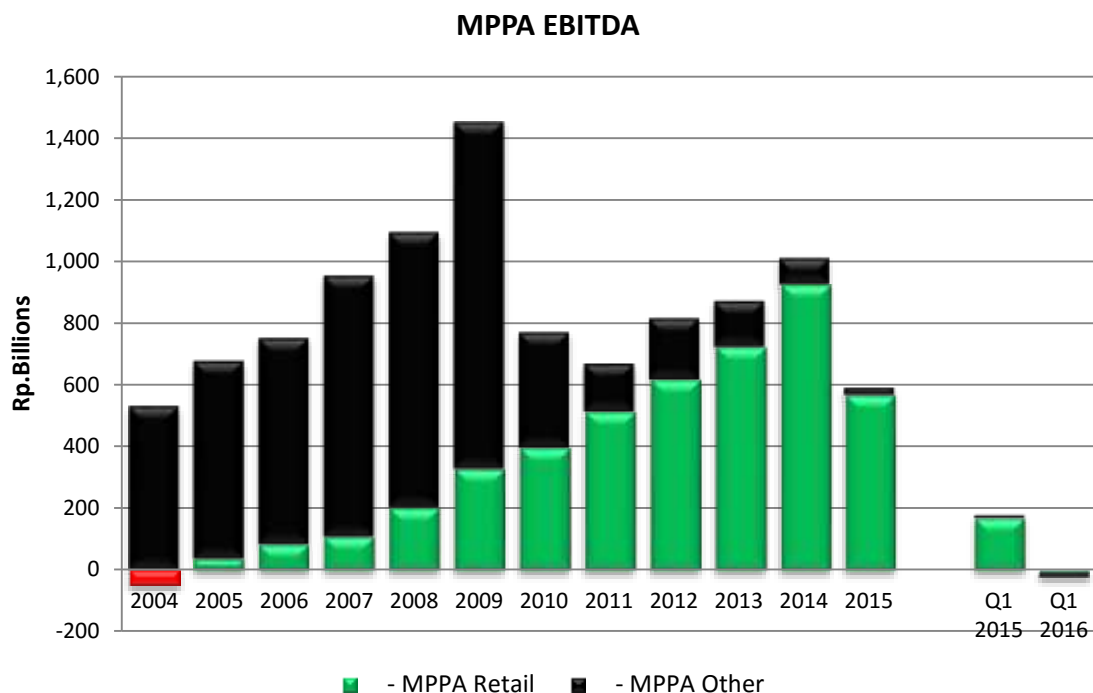
- MPPA Retail Sales -2.5% in Q1 2016
- MPPA SSSG -5.2% in Q1 2016
- All MPPA Sales generated by MPPA Retail

FULL YEAR NOTES

- 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.

MPPA Historical EBITDA

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2015	Q1 2016
EBITDA (Rp. Billion)	482	677	751	953	1,094	1,451	769	669	815	871	1,010	589	177	(24)
- MPPA Retail	(49)	36	83	108	202	327	396	513	616	723	924	567	169	(10)
- MPPA Other	531	641	668	845	892	1,124	373	156	199	148	86	22	8	(14)



Q1 2016 NOTES

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

FULL YEAR NOTES

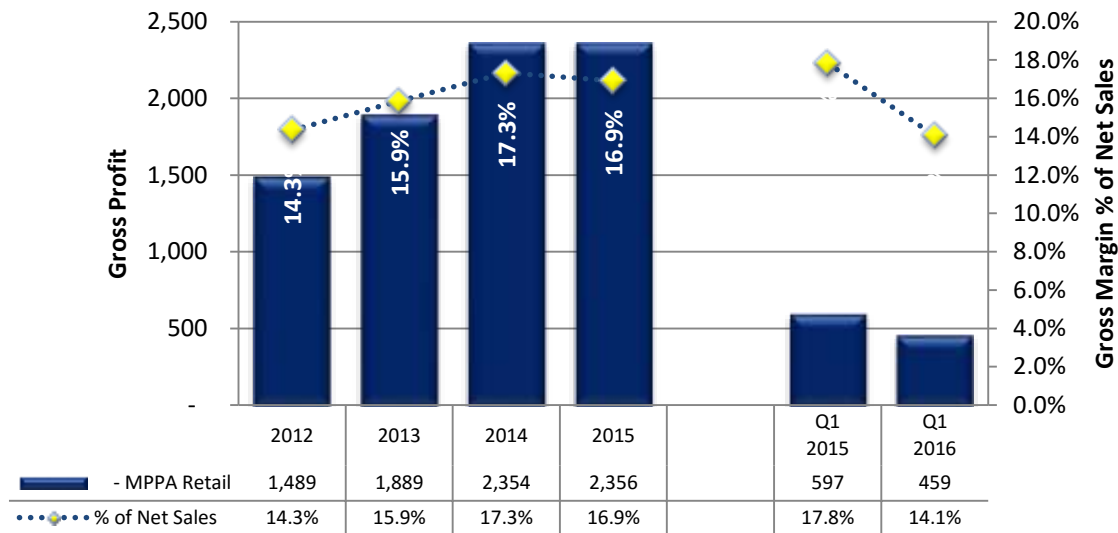
- MPPA Retail EBITDA represents the Business Unit EBITDA and does not reflect MPPA other corporate activity and subsidiaries that are currently offsetting income reported in Other MPPA
- On going corporate activities impacting MPPA Retail EBITDA in 2014 is 0.20% of Sales

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



% of Net Sales	2012	2013	2014	2015	Q1 2015	Q1 2016
MPPA Total	17.5%	15.9%	17.3%	16.9%	17.8%	14.1%
- MPPA Retail	14.3%	15.9%	17.3%	16.9%	17.8%	14.1%
- MPPA Other	83.9%	0.0%	0.0%	0.0%	0.0%	0.0%



Additional Information



Noel Trinder

Chief Executive Officer of MPPA Retail

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



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



Board of Management Profile



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



Ang Kasmin Rasilim

Chief Risk Management Officer

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



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



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



Ishak Kurniawan

Chief 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



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



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



Kyutae Park

Director of Boston Health & Beauty Operations

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



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



John Glover

Director of Merchandising & Marketing

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



Emi Nuel

Director of Wholesale Operations

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



Danny Crayton

Director of A Commerce

- 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



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



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 Tbk



Iwan Goenadi

Director

Information Technology

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



Charles Kruse

Advisor

Applica System & Business Intelligence

- Joined as Advisor in Applica System & Business Intelligence in 2015
- More than 40 years of experience in retail
- Worked with BIG C, Far Eastern Geant, and Telcos



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

Investor Relations Contacts

Charles Kruse

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Office : +62 21 547 5132

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and Communications Officer



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mppa

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Banten – Indonesia

Website : www.ir.hypermart.co.id

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