

mppa
RETAIL GROUP
PT Matahari Putra Prima Tbk.



160926 • MPPA.JK

Company Presentation





Overview of
MPPA Retail

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Overview of MPPA Retail

1



Vision

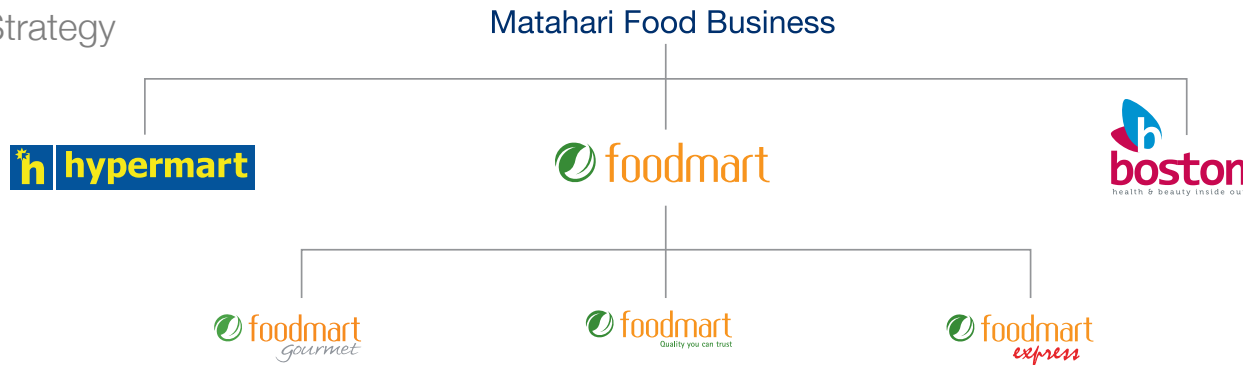
To be the no.1 multi-format retailer in Indonesia

Mission

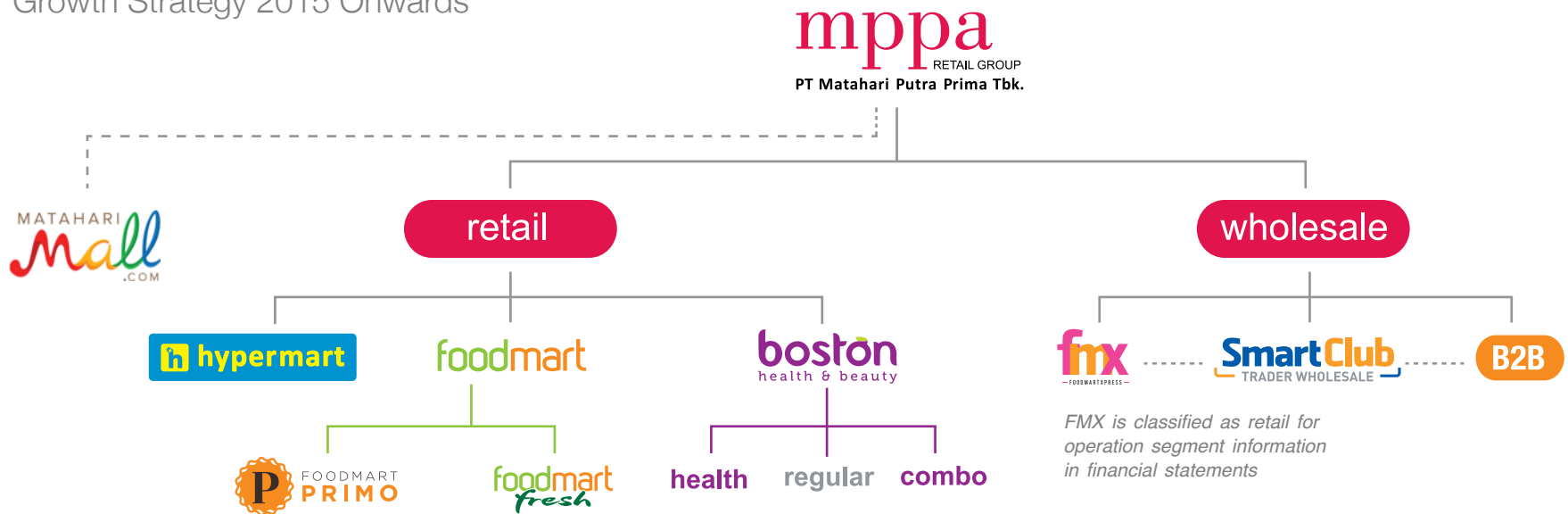
To deliver Sustainable Sales/Profit Growth by creating a World Class Retailer with format and technological leadership through a focus on the development of Human Capital and Systematized, Relevant Business Practices

MPPA Clear Strategy to Leverage Multi-format Market Condition

Pre-2014 Strategy



Growth Strategy 2015 Onwards



Clear Strategy: Multi-formats Definition



No of stores ^(a)	112 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

Contributed ± **76.9%** of total revenue



No of stores ^(a)	2 stores
Average store size (sqm)	± 8,219
Number of products	11,000
Product selection	Fresh food, grocery, non-food & Horeca equipment
Target customers	Horeca, retailers, resellers, offices & institutions

Contributed ± **16.4%** of total revenue

B2B



No of stores ^(a)	25 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

Contributed ± **5.7%** of total revenue



No of stores ^(a)	106 stores
Average store size (sqm)	± 150
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income

Contributed ± **0.5%** of total revenue

No of stores ^(a)	49 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

Contributed ± **0.5%** of total revenue



(a) As of 30 September 2016 • Source: Company Data



Key Investment Highlights

2

Key Investment Highlights



- MPPA is the fastest growing multi-format retailer in Indonesia
- Our targeted customer is the fast growing middle income class
- Extensive and attractive nationwide store footprint
- Efficient logistics platform driving productivity improvement
- Established customer loyalty program
- Localized assortment supporting flavors and ethnicity of region

Key Investment Highlights (continued)

- **Consistent growth results in Indonesia**

with CAGR of 25.2% in the past 10 years and market cap of IDR 9.5 tn (US\$ 728 mn) as of September 30, 2016

- **Results in 9M 2016**

9M16 Sales (0.5)%* and Net Income (87.5)% SSSG (2.9)%

- **Proven asset light business model**

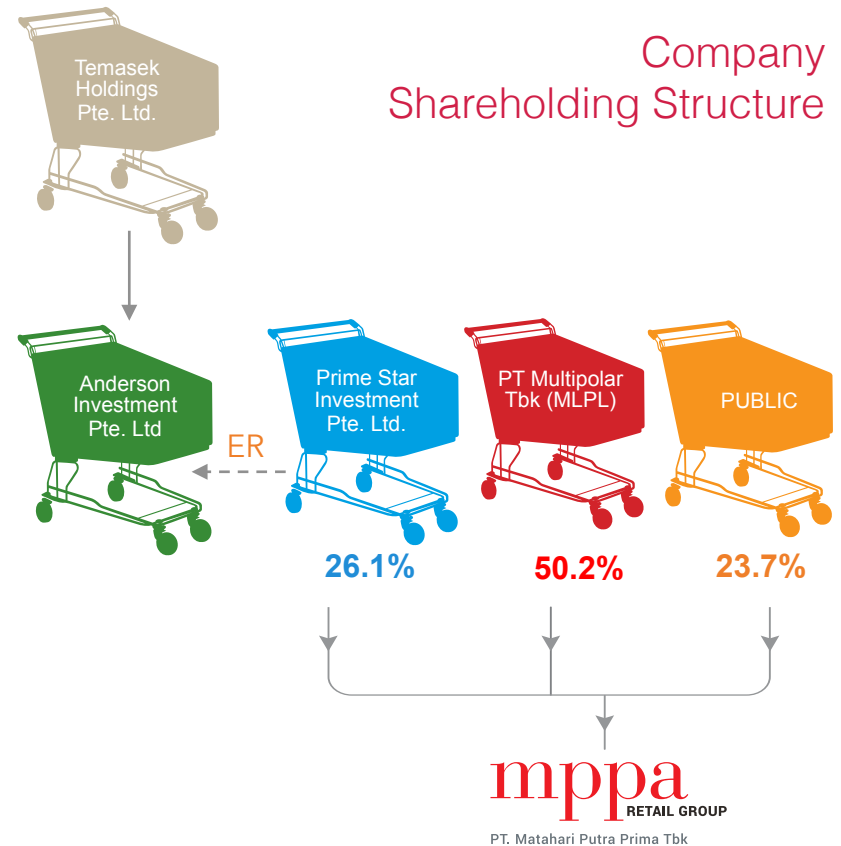
scalable for rapid growth

- **Operating 294 stores in 68 cities**

- **Entering into the traditional trade**

- **Strong and stable management team**

* Net Sales • Source : Company Data, Fact Set

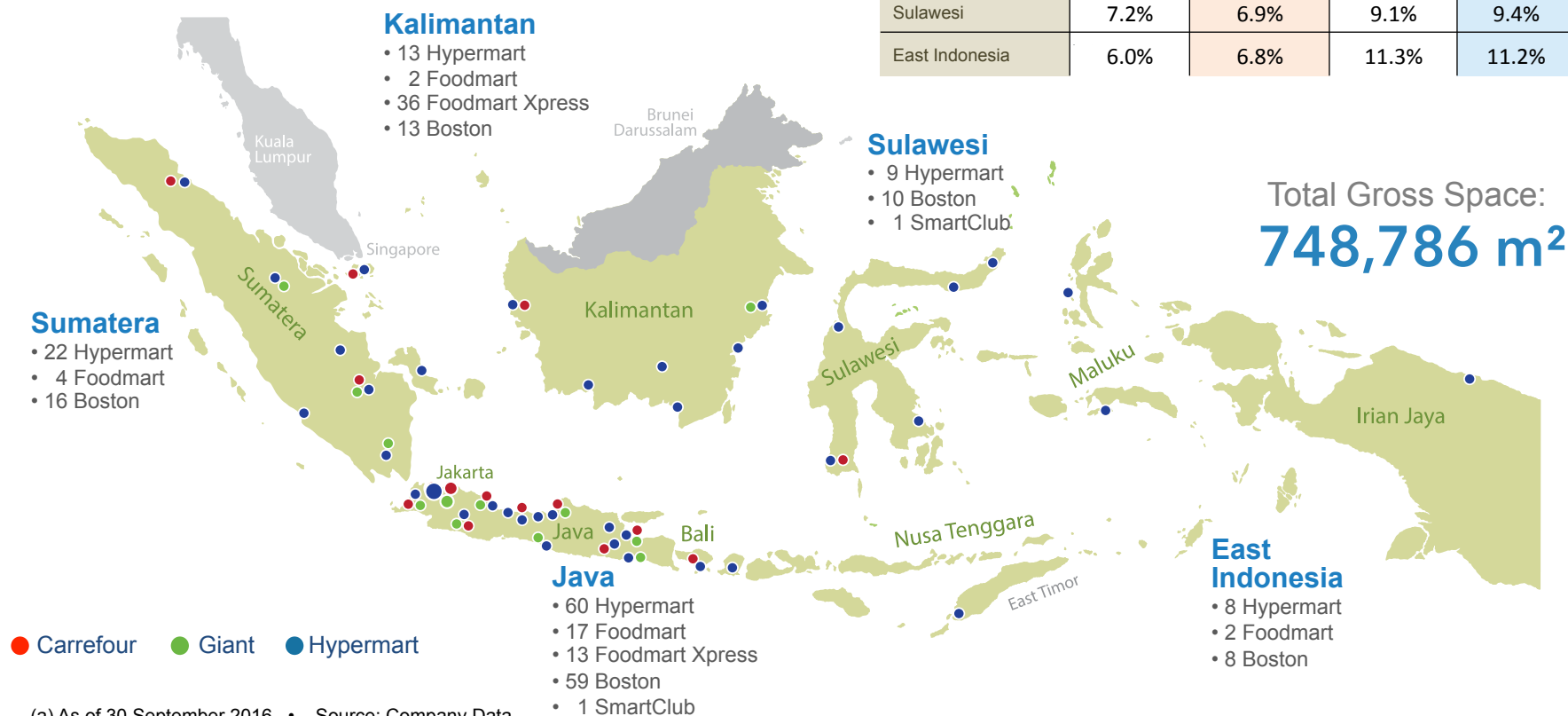


In January 2013, PT. Multipolar Tbk (MLPL), the Company's major shareholder, through its wholly-owned subsidiary, Prime Star Investment Pte. Ltd. issued Exchangeable Rights (ER) in principle value of USD 300 million that are fully subscribed by Anderson Investments Pte. Ltd., a subsidiary of Temasek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

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

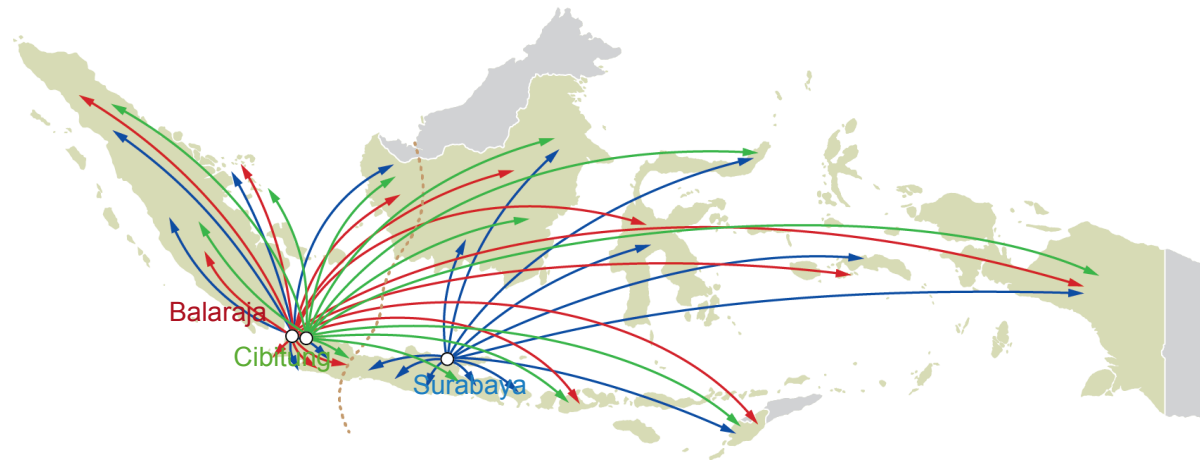
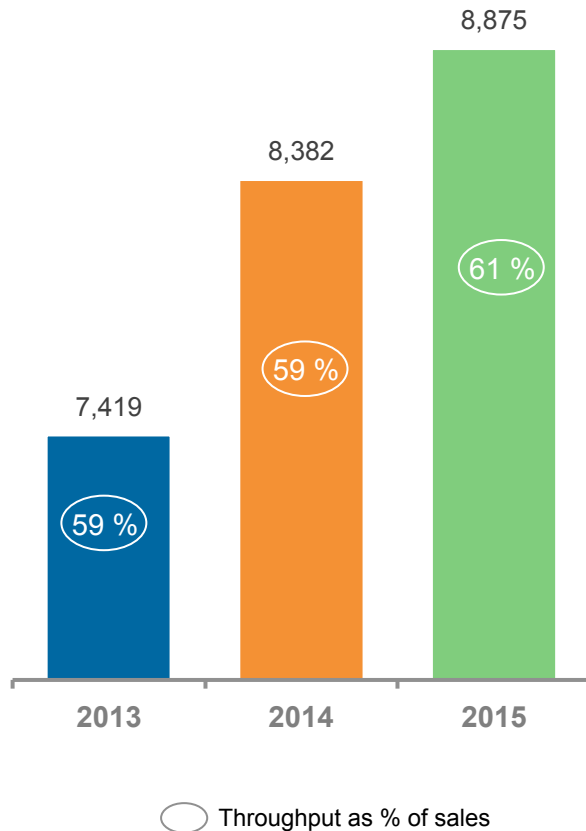
Region	Sales contribution ^(a)		EBITDA contribution ^(a)	
	2015	9M16	2015	9M16
Greater Jakarta	31.0%	32.1%	26.5%	29.9%
Java	27.5%	28.0%	24.3%	25.7%
Sumatera	17.0%	15.4%	13.8%	11.7%
Kalimantan	11.3%	10.9%	15.0%	12.0%
Sulawesi	7.2%	6.9%	9.1%	9.4%
East Indonesia	6.0%	6.8%	11.3%	11.2%



(a) As of 30 September 2016 • Source: Company Data

Efficient Logistics Platform in Place for Rapid Expansion Across Indonesia

DC Throughput (IDR bn)



Segmentation of Distribution Centers

	Dry Goods		Fresh
Location	Balaraja	Surabaya	Cibitung
Space	41,000 m²	16,000 m²	8,085 m²
Capacity	43,000 pps	11,000 pps	8,211 pps
No of SKUs	13,000	5,500	1,395
WMS	Manhattan	Manhattan	Manhattan

 Logistics net cost is **0.6%** of sales

As of 30 September 2016 • Source: Company Data

pps = palette positions

Established customer loyalty program



Established customer loyalty program

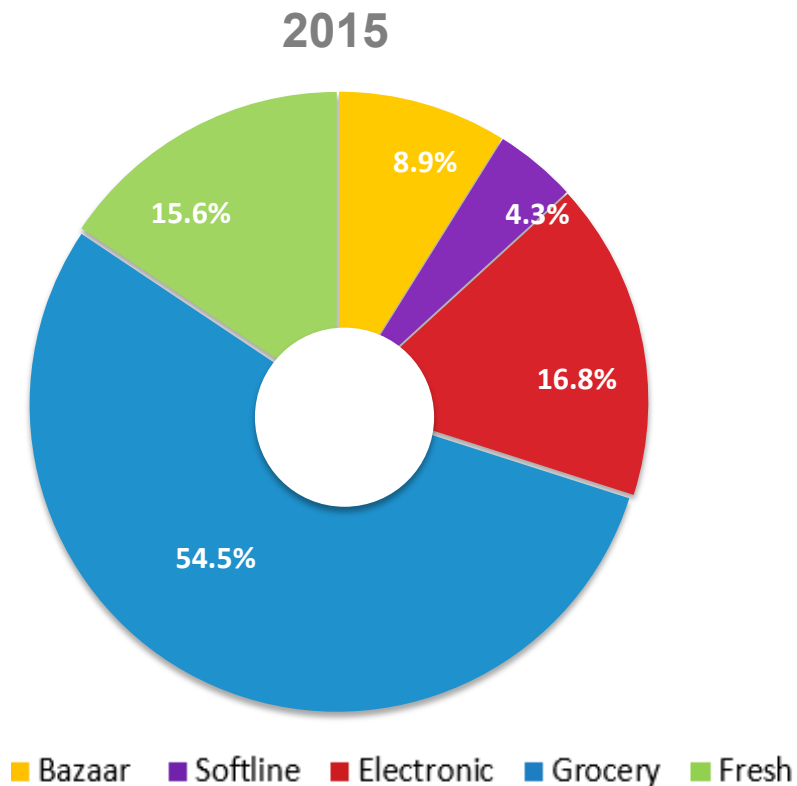
- More than 3.9 million members with average of Rp336k per transaction per day for 55% of 2015 gross sales
 - Basket size is 60% more for Hicard holders
 - Discounts of 5 to 15%
 - Additional benefits with discounts for services and restaurants

As of 31 December 2015 • Source: Company Data

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



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

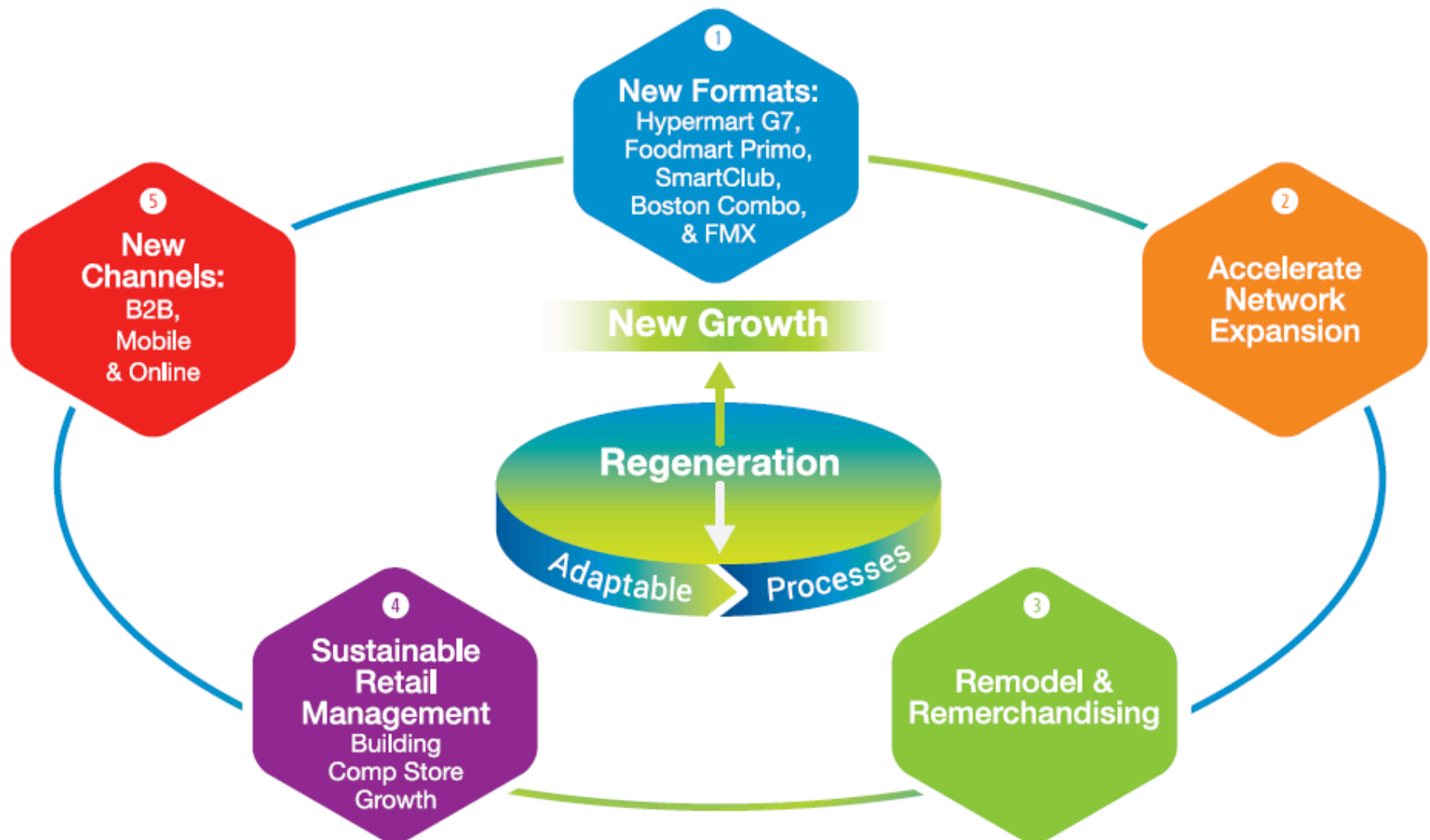


Scalable

Strategy for Growth

3

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



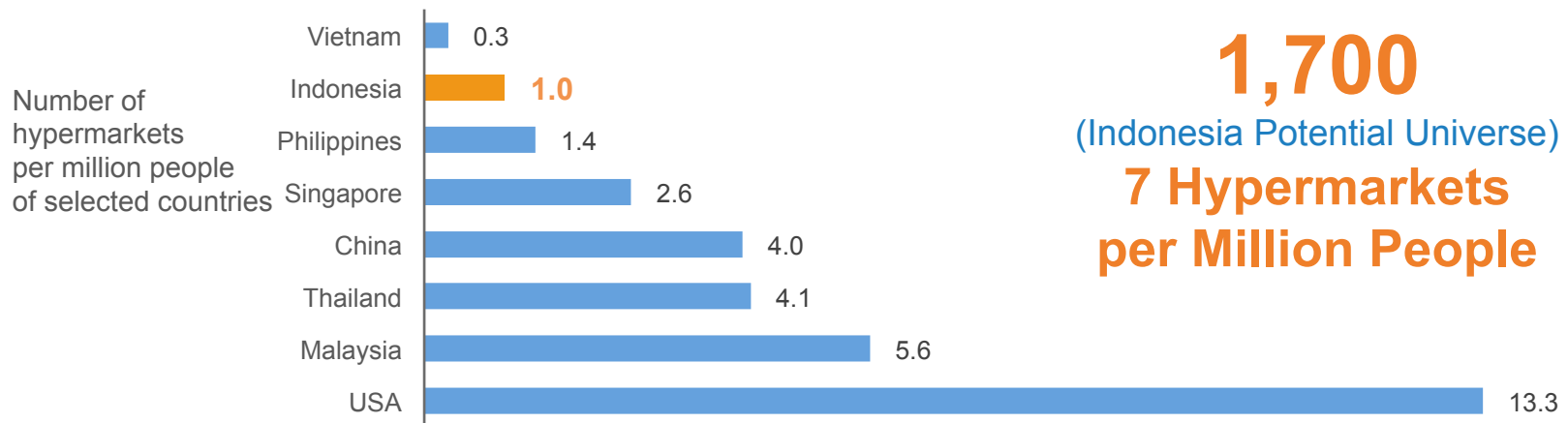
Compact hypermart is the core business
and will continue to grow

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

Rebuilding the Hypermart business: Actions to drive Hypermart growth



Re-instate productivity	Jun' 14
Launch first G7 at LKU	Dec' 14
New Hypermart store standards	Jan' 15
New training & development	Jan' 15
G7 remodels to drive comp growth	2015
New Hypermart marketing process	Aug' 15
Fix hypermart assortment imbalance	May' 15
Inventory Actions begin	July' 15
Fresh Food Pricing strategy	Q4' 15
Updated Competitive Pricing Focus	Q4' 16
Focus on building fresh food system	Q4' 15
Training school for meat, seafood & bakery	May' 16
New fresh DC	May' 16
G7 remodels plan: 40 stores	2016-2020
Minor remodel & remerchandise: 50 stores	2016-2020

Key actions in Strategy for Growth

1 New Formats

- Generation 7 Hypermart introduction and Foodmart Fresh
- New formats Foodmart Primo, SmartClub, Foodmart Express, Boston Combo

2 Accelerate Network Expansion

- Expansion strategy
- Penetration
- Saturation

3 Remodel & Remerchandising

Renovation
60 stores
over 5 years

4 Sustainable Retail Management

- Expand logistic network
- Fresh food leadership
- Leverage data, build business intelligence system & enabling technology
- Store Wage Productivity and Opex focused
- Direct sourcing capability for fresh & bazaar
- Private label and direct import development: target to 5.0-10.0% of sales
- Improving capability: investing in training & development

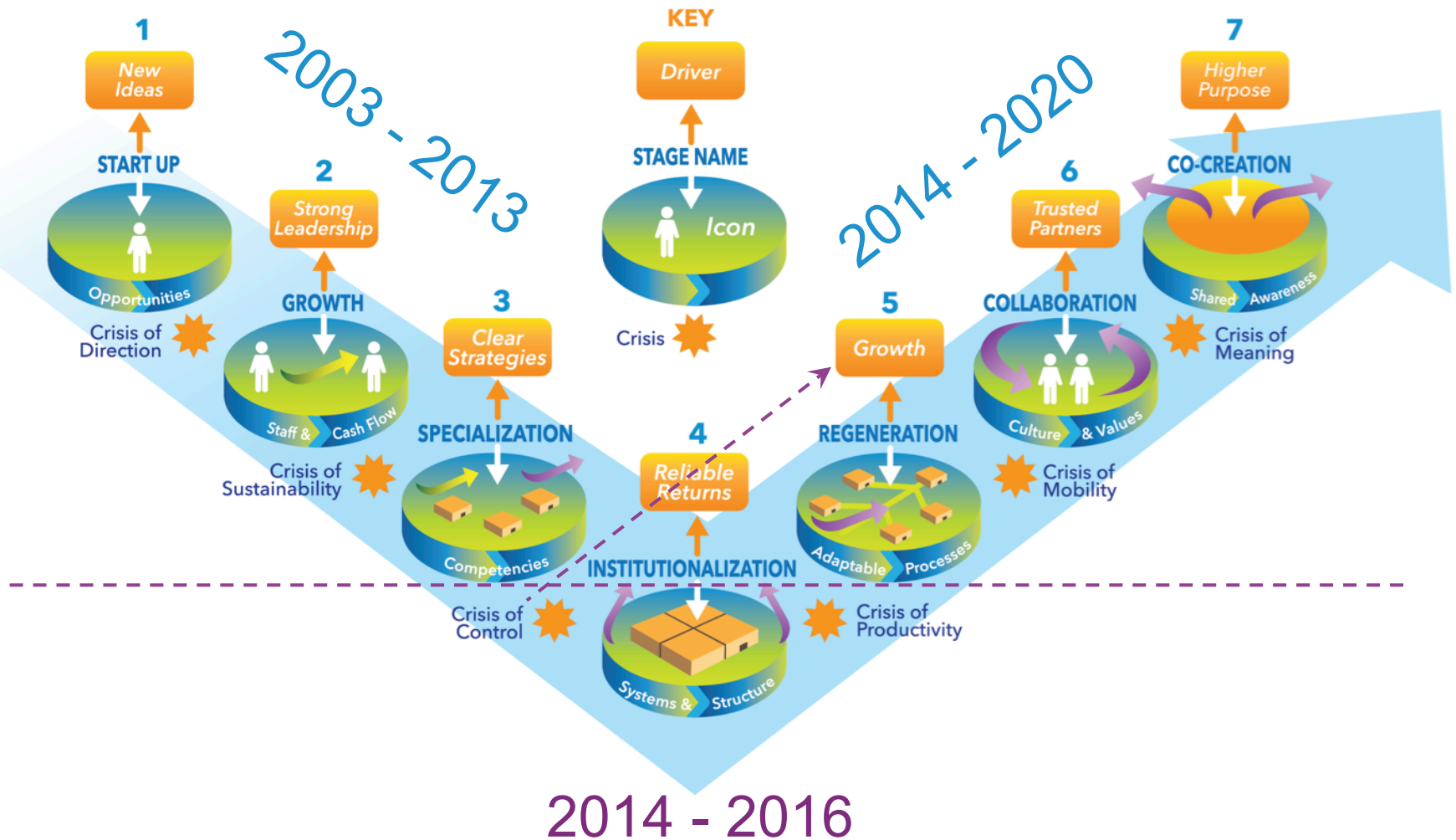
5 New Channels

- Establish wholesale division
- eCommerce & omni channels

shop.hypermart.co.id



Stages for Organization Model



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

New Formats



Hypermarket Format





Supermarket Format



foodmart
fresh

P FOODMART
PRIMO

Convenience Store Format





Financial Overview

The section
should be reviewed
in conjunction with the
**1H16 Financial Report
& 2015 Annual Report**

4

Business in 2H 2015 and Q1 2016 was slow

Property
+6%

Electronics
-9%

Car
-16%

Fashion
-11%

Motorcycle
-16%

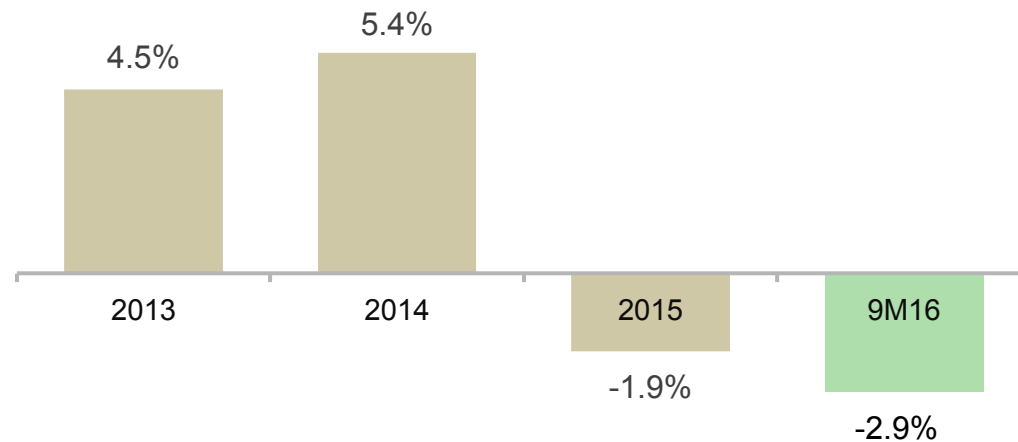
Paper
-3.5%



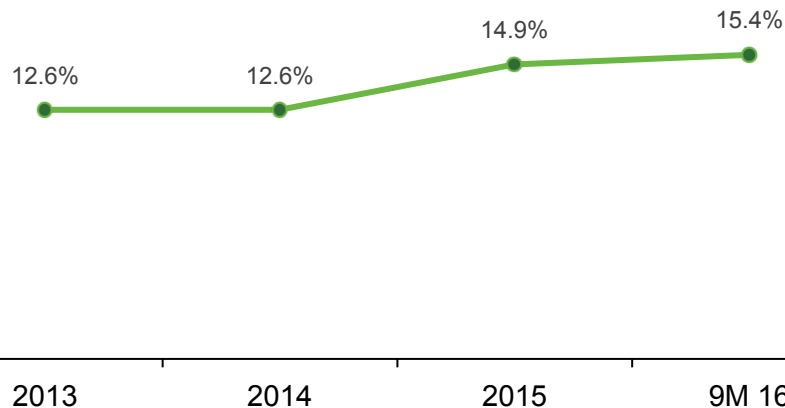
- ① Macro-economic conditions in Indonesia worsened:
 - The consumer confidence indicator dipped below 100
 - GDP growth was at its lowest level in 6 years
 - Discretionary spending on non-food items slowed
- ② Kalimantan and Sumatra economies turned down more sharply. MPPA receives almost 30% of revenue from these regions
- ③ MPPA initiated aggressive actions to reduce an inventory buildup:
 - Reduced purchases
 - Write-off of obsolete inventory/
 - Price reductions on slow sellers

Our Growth and Business Strategies

Comparable Store Growth



Sales recovery in Q3 and Q4. Q2 benefits from Lebaran uplift.
SSSG Guidance FY2016: low single digit



Expense Ratio as a % of Sales

Operating expenses^(a) as % of sales

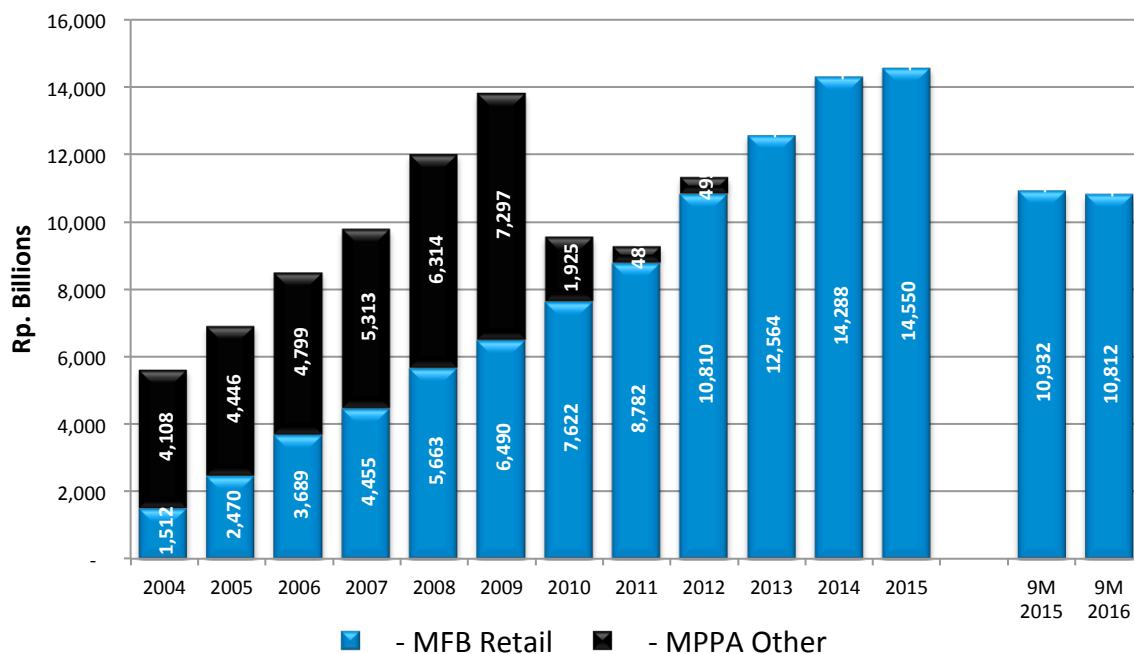
(a) Operating expenses excluding depreciation and amortization • Source: Company Data

	Sep 30,16	Sep 30,15	
	Rp	Rp	
NET SALES	10,393,906	10,447,959	-0.5%
COST OF SALES	(8,703,899)	(8,626,568)	
GROSS PROFIT	1,690,007	1,821,391	
Selling expenses	(133,375)	(141,206)	
General and administrative expenses	(1,458,237)	(1,323,793)	
Other expenses	(7,699)	(10,690)	
Other income	597	394	
OPERATING PROFIT	91,293	346,096	-73.6%
Finance income	5,601	10,166	
Finance costs	(61,159)	(23,277)	
INCOME BEFORE INCOME TAX	35,735	332,985	-89.3%
Income tax expenses	(3,167)	(71,892)	
INCOME FOR THE PERIOD	32,568	261,093	-87.5%

MPPA Historical Sales

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	9M 2015	9M 2016
Net Revenue (Rp. Billion)						10,281	8,545	8,909	10,868	11,913	13,590	13,928	10,447	10,394
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	10,932	10,812
- MFB 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	10,932	10,812
- MPPA Other	4,108	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-	-	-	-

Gross Sales

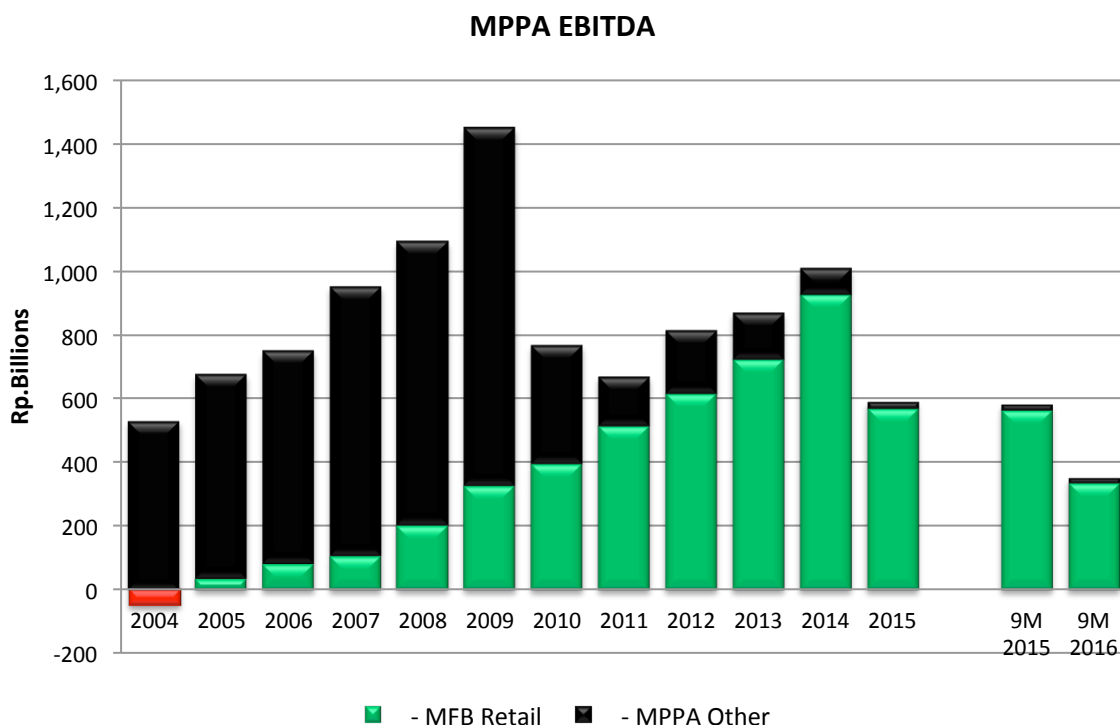


FULL YEAR NOTES

- MFB-Retail 13.4% CAGR 2010-2014
- MFB-Retail has consistently grown top line sales
- After the divestiture of Matahari Department stores in 2010, MFB-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	9M 2015	9M 2016
EBITDA (Rp. Billion)	482	677	751	953	1,094	1,451	769	669	815	871	1,010	589	581	350
- MFB Retail	(49)	36	83	108	202	327	396	513	616	723	924	567	564	335
- MPPA Other	531	641	668	845	892	1,124	373	156	199	148	86	22	17	15



NOTES

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

FULL YEAR NOTES

- MFB-Retail 18.5% CAGR 2010-2014
- MFB-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 MFB-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.

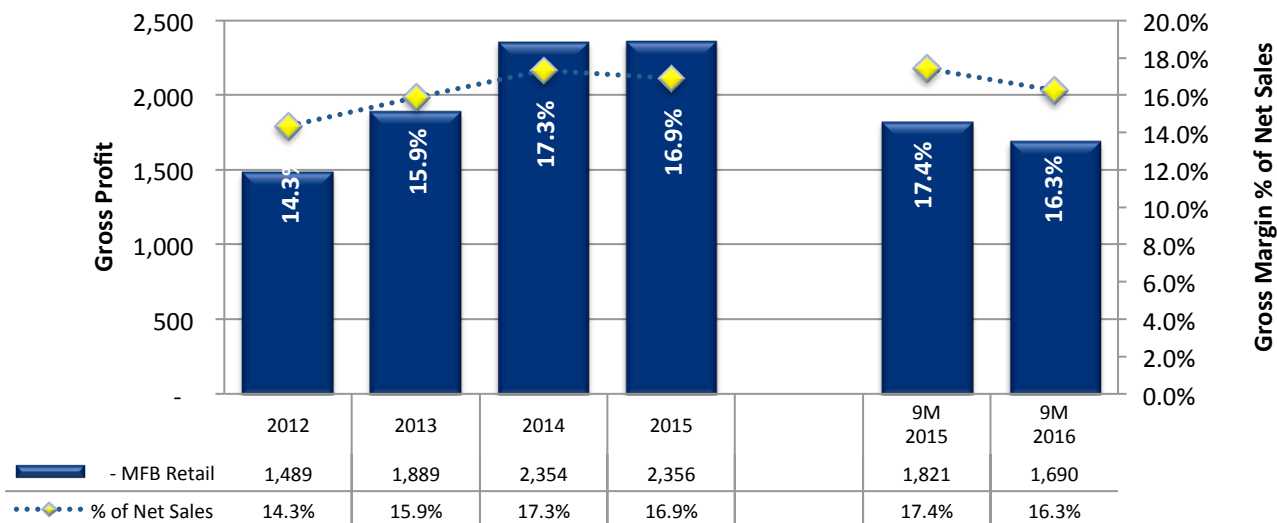
2 MPPA Historical EBITDA was generated from revenue and expenses that will no longer be incurred as a result of the 2012 corporate restructuring.

3 Future MPPA EBITDA will be comprised of MFB-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	2015	9M 2015	9M 2016
MPPA Total	1,898	1,889	2,354	2,356	1,821	1,690
- MFB Retail	1,489	1,889	2,354	2,356	1,821	1,690
- MPPA Other	409	-	-	-	-	-

% of Net Sales	2012	2013	2014	2015	9M 2015	9M 2016
MPPA Total	17.5%	15.9%	17.3%	16.9%	17.4%	16.3%
- MFB Retail	14.3%	15.9%	17.3%	16.9%	17.4%	16.3%
- MPPA Other	83.9%	0.0%	0.0%	0.0%	0.0%	0.0%



Net Sales	2012	2013	2014	2015	9M 2015	9M 2016
MPPA Total	10,868	11,913	13,590	13,928	10,447	10,394
- MFB Retail	10,380	11,913	13,590	13,928	10,447	10,394
- MPPA Other	488	-	-	-	-	-



Additional Information

Board of Management Profile



Noel Trinder
Chief Executive Officer
of MPPA Retail



Surya Tatannng, CFA
Chief Financial Officer



Ishak Kurniawan
Chief Human Capital



Patrick J. Hopper
Chief Strategic
Business Intelligence
& Planning Officer



**Ang Kasmin
Rasilim**
Chief
Risk Management
Officer



**Carmelito
J. Regalado**
Deputy CEO
Property &
New Business
Development



Djamel Derguini
Chief Operations Officer



**Benjamin M.
Lamberte, Jr.**
Chief Store Planning
& Development



Laniawati S. Matita

Director of
Human Capital



Gilles Pivon

Director of
Hypermart
Operations



Danny Kojongian

Corporate
Secretary
Director of
Public Relations
& Communications



Kyutae Park

Director of
Boston
Health & Beauty
Operations



Darpudu Rao

Director of
Foodmart
Operations



John Glover

Director of
Merchandising
& Marketing



Iwan Goenadi

Director
Information
Technology



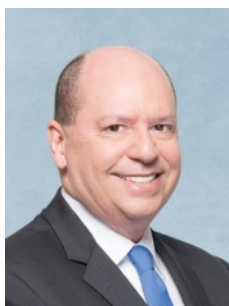
Reynold P. Ong

Advisor
Finance



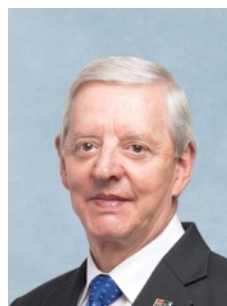
Emi Nuel

Director of
Wholesale
Operations



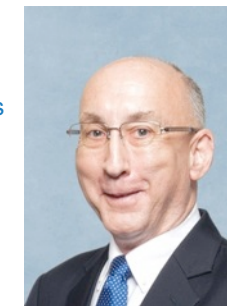
Danny Crayton

Director of
e-Commerce



Keith Dolling

Senior Advisor
Distribution Centers
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