

mppa
RETAIL GROUP
PT Matahari Putra Prima Tbk.

1704.17 • MPPA.JK

Company Presentation





Overview of
MPPA Retail

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Key Investment
Highlights

2

Strategy
for Growth

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Financial
Overview

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Overview of MPPA Retail

1





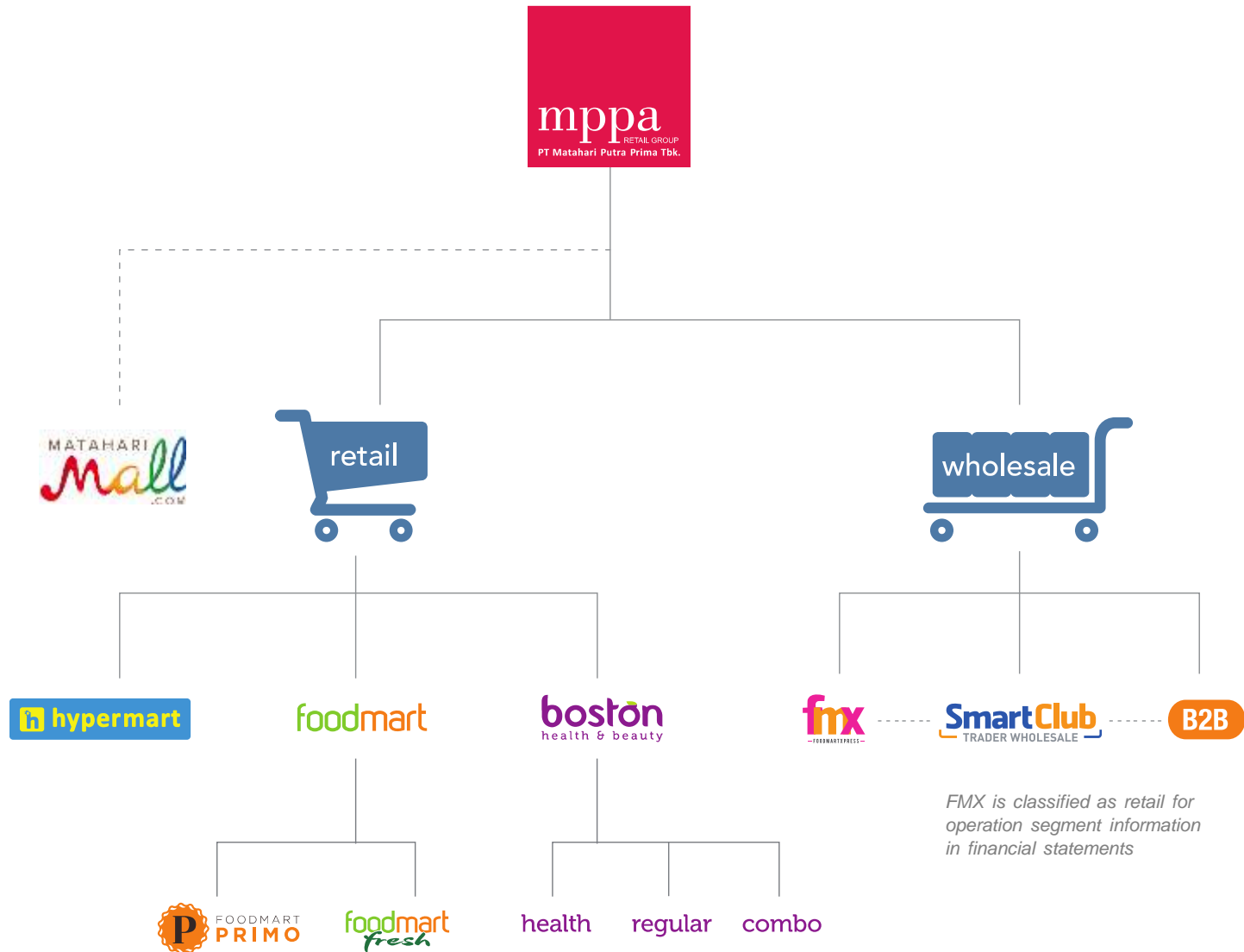
Vision

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



Clear Strategy: Multi-formats Definition



No of stores ^(a)	117 stores
Average store size (sqm)	± 5,905
Number of products	26,000 – 31,000
Product selection	Fresh food, grocery, non-food & electronics
Target customers	Middle income
Contributed ± 73.0% of total revenue	



B2B

No of stores ^(a)	4 stores
Average store size (sqm)	± 7,773
Number of products	11,000
Product selection	Fresh food, grocery, non-food & Horeca equipment
Target customers	Horeca, retailers, resellers, offices & institutions
Contributed ± 19.7% of total revenue	



No of stores ^(a)	26 stores
Average store size (sqm)	± 1,737
Number of products	10,000 – 15,000
Product selection	Fresh food, grocery & non-food
Target customers	Middle to high income
Contributed ± 6.3% of total revenue	



No of stores ^(a)	112 stores
Average store size (sqm)	± 86
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income
Contributed ± 0.6% of total revenue	



No of stores ^(a)	30 stores
Average store size (sqm)	± 126
Number of products	2,500 – 4,000
Product selection	Ready to Eat, Food and Drinks
Target customers	Middle to high income
Contributed ± 0.4% of total revenue	

Key Investment Highlights

2

Key Investment Highlights

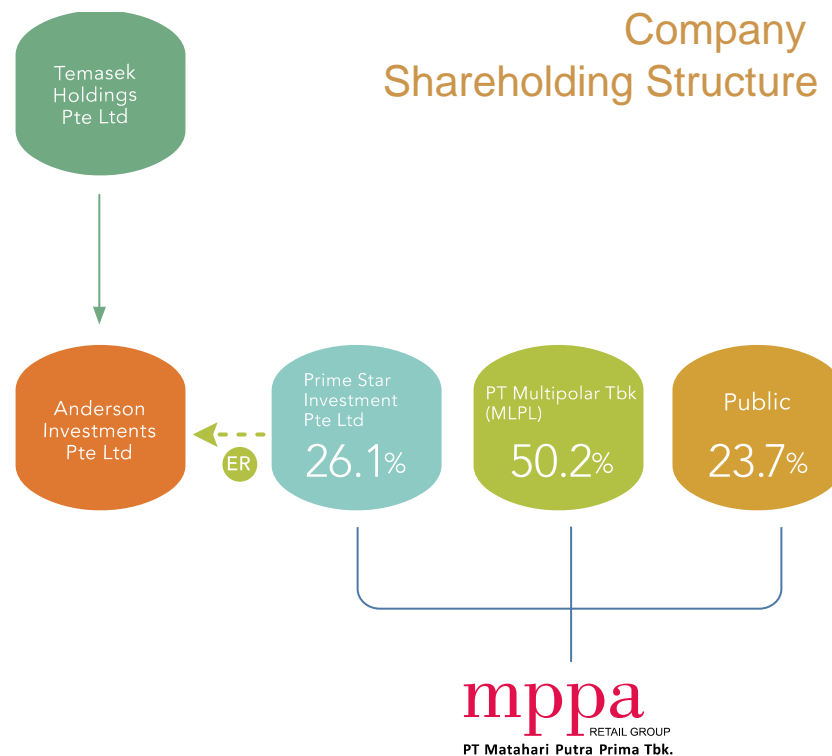


- MPPA is the fastest growing multi-format retailer in Indonesia
- Our targeted customer is the fast growing middle income class
- Extensive and attractive nationwide store footprint
- Efficient logistics platform driving productivity improvement
- Established customer loyalty program
- Localized assortment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

Key Investment Highlights (continued)

- **Market cap of IDR 3.7 tn**
(US\$ 282 mn) as of June 30, 2017
- **Results in 1H 2017**
Sales of Rp6.7 tn and Loss of the Year of (Rp170 bn)
- **Proven asset light business model**
Scalable for rapid growth
- **Operating 289 stores in 73 cities**
- **Entering into the traditional trade**
- **Strong and stable management team**

Company Shareholding Structure



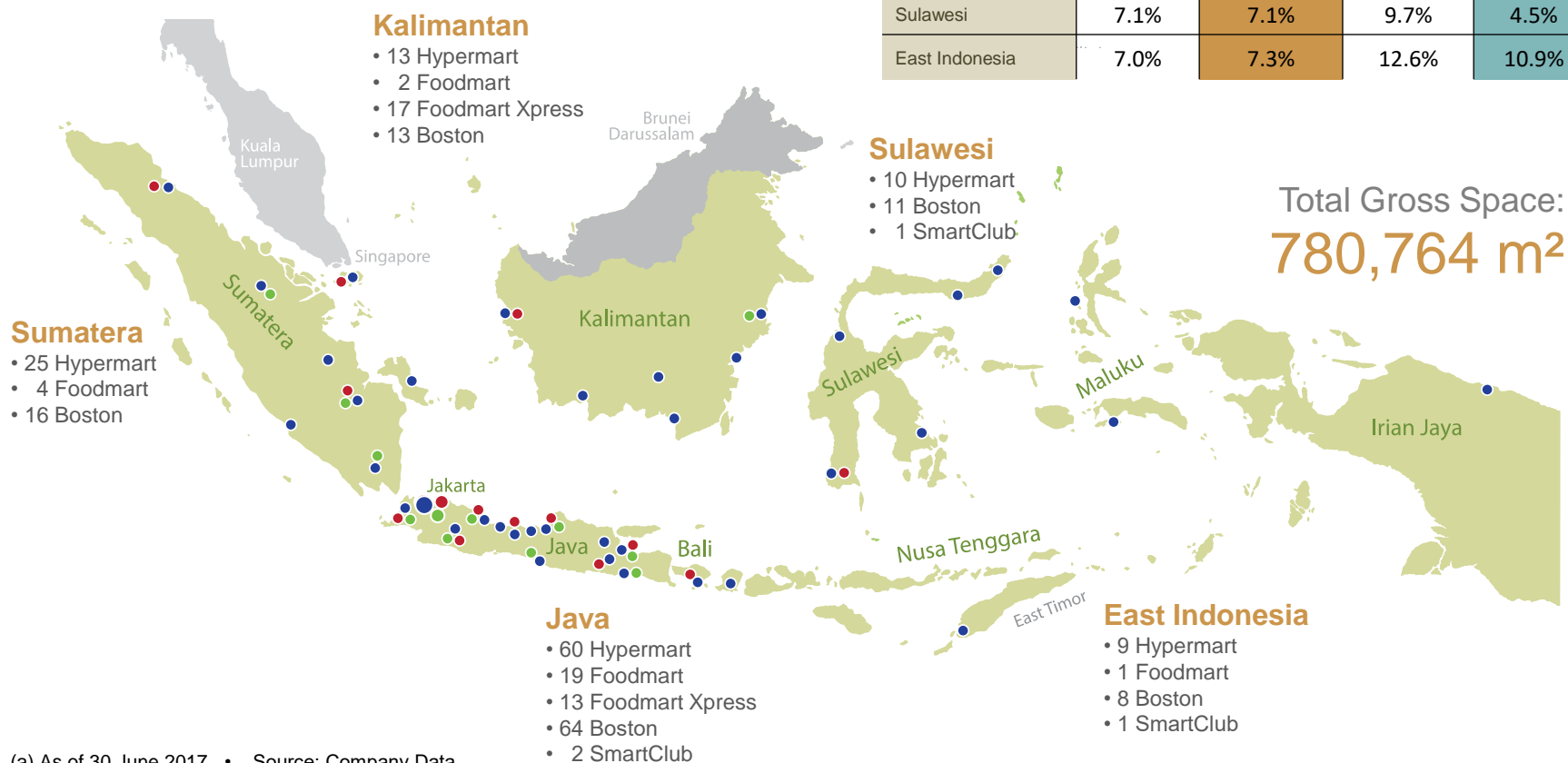
In January 2013, PT. Multipolar Tbk (MLPL), the Company's major shareholder, through its wholly-owned subsidiary, Prime Star Investment Pte. Ltd. issued Exchangeable Rights (ER) in principle value of USD 300 million that are fully subscribed by Anderson Investments Pte. Ltd., a subsidiary of Temasek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

* Net Sales • Source : Company Data, Fact Set
As of 30 June 2017

Extensive and Attractive Nationwide Store Footprint

- Over 60% of new stores in 2017 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

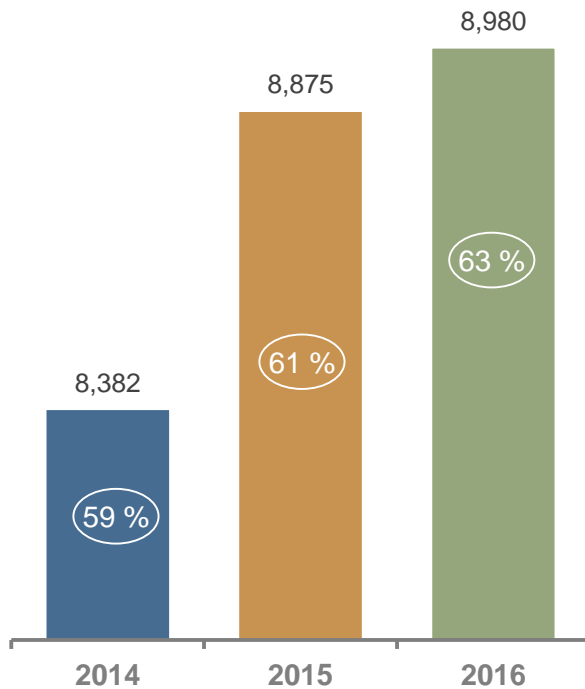
Region	Sales contribution ^(a)		EBITDA contribution ^(a)	
	2016	1H 2017	2016	1H 2017
Greater Jakarta	31.9%	31.4%	30.5%	38.6%
Java	27.7%	27.0%	23.8%	28.1%
Sumatera	15.5%	16.3%	11.7%	5.7%
Kalimantan	10.9%	10.9%	11.7%	12.2%
Sulawesi	7.1%	7.1%	9.7%	4.5%
East Indonesia	7.0%	7.3%	12.6%	10.9%



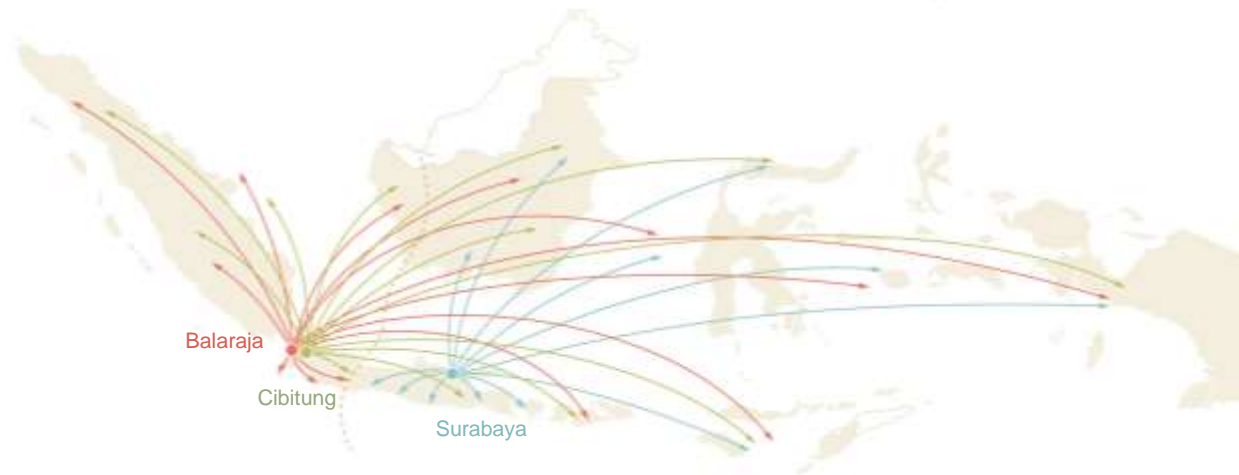
(a) As of 30 June 2017 • Source: Company Data

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	41,806 m ²	16,072 m ²	8,085 m ²
Capacity	43,000 pps	10,769 pps	8,251 pps
No of SKUs	13,000	5,700	1,400
WMS	Manhattan	Manhattan	Manhattan

pps = palette positions

Logistics net cost is **1.0%** of sales

As of 31 December 2016 • Source: Company Data

Established customer loyalty program



Established customer loyalty program

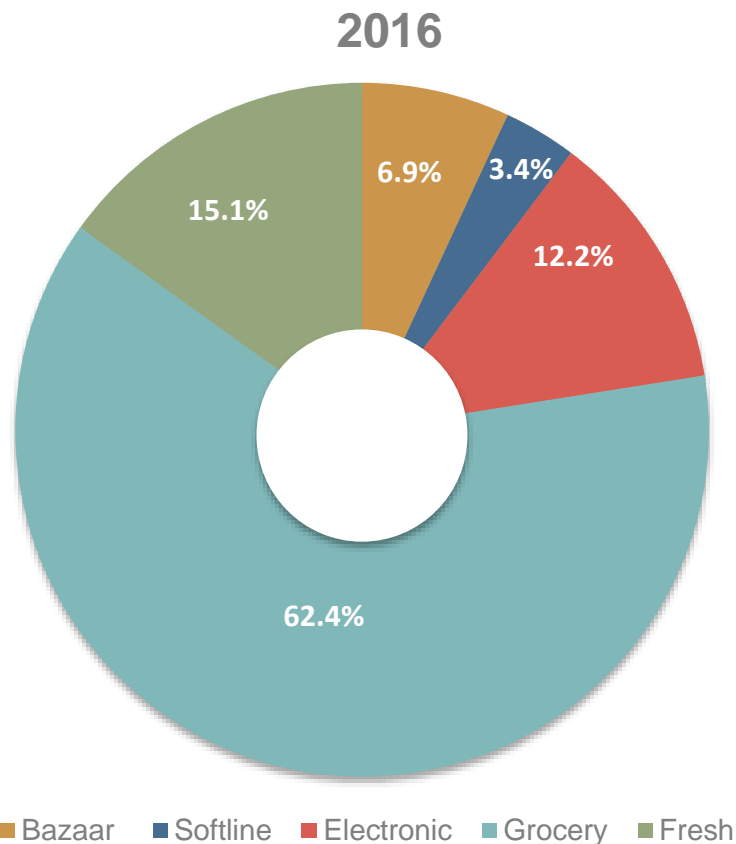
- More than 4.3 million members with average of Rp336k per transaction per day
 - Basket size is 60% more for Hicard holders
 - Discounts of 5 to 15%
 - Additional benefits with discounts for services and restaurants

As of 31 December 2016 • 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 2016 • 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

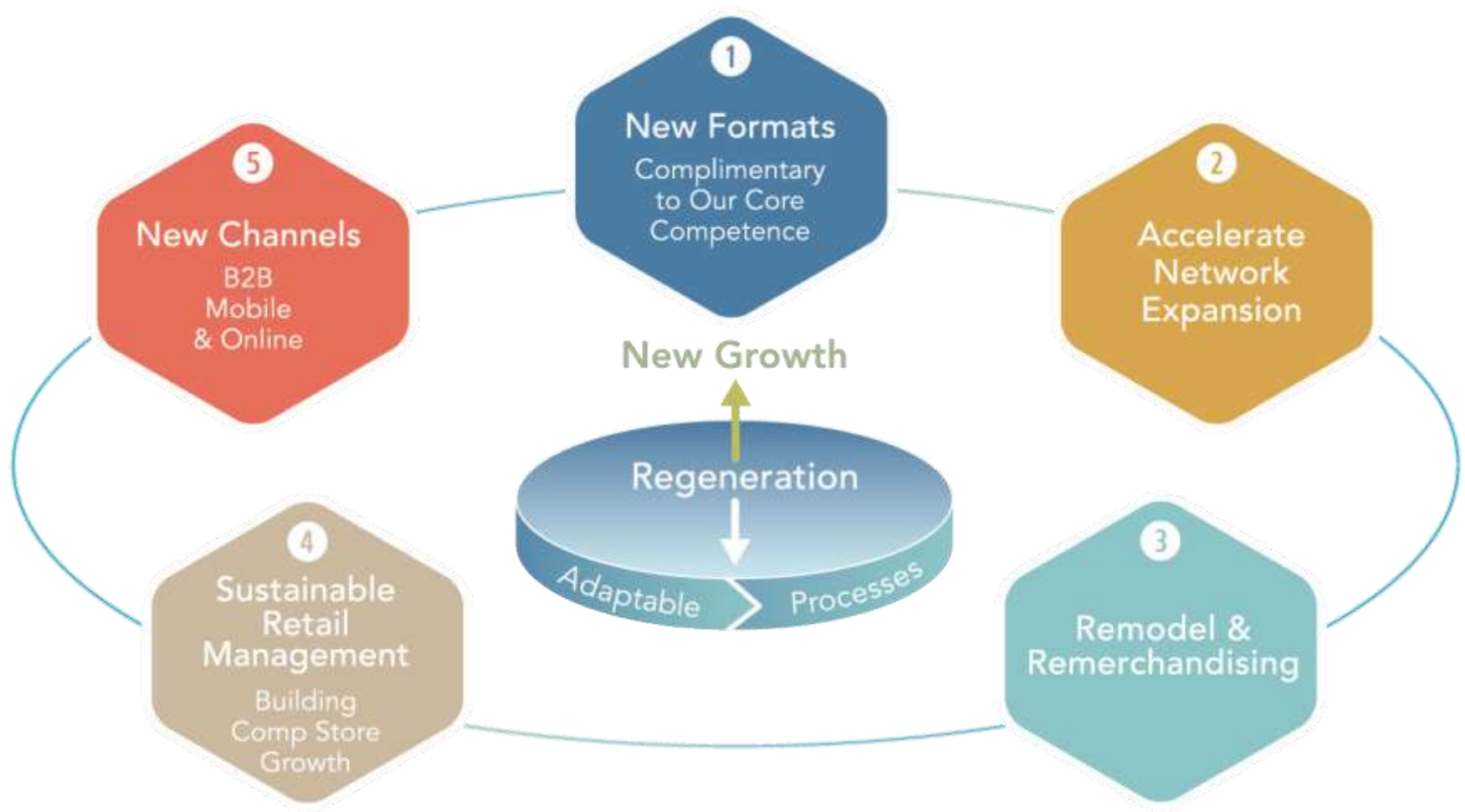


Scalable

Strategy for Growth

3

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



Key actions in Strategy for Growth

1 New Formats

- Introduction Hypermart G7 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

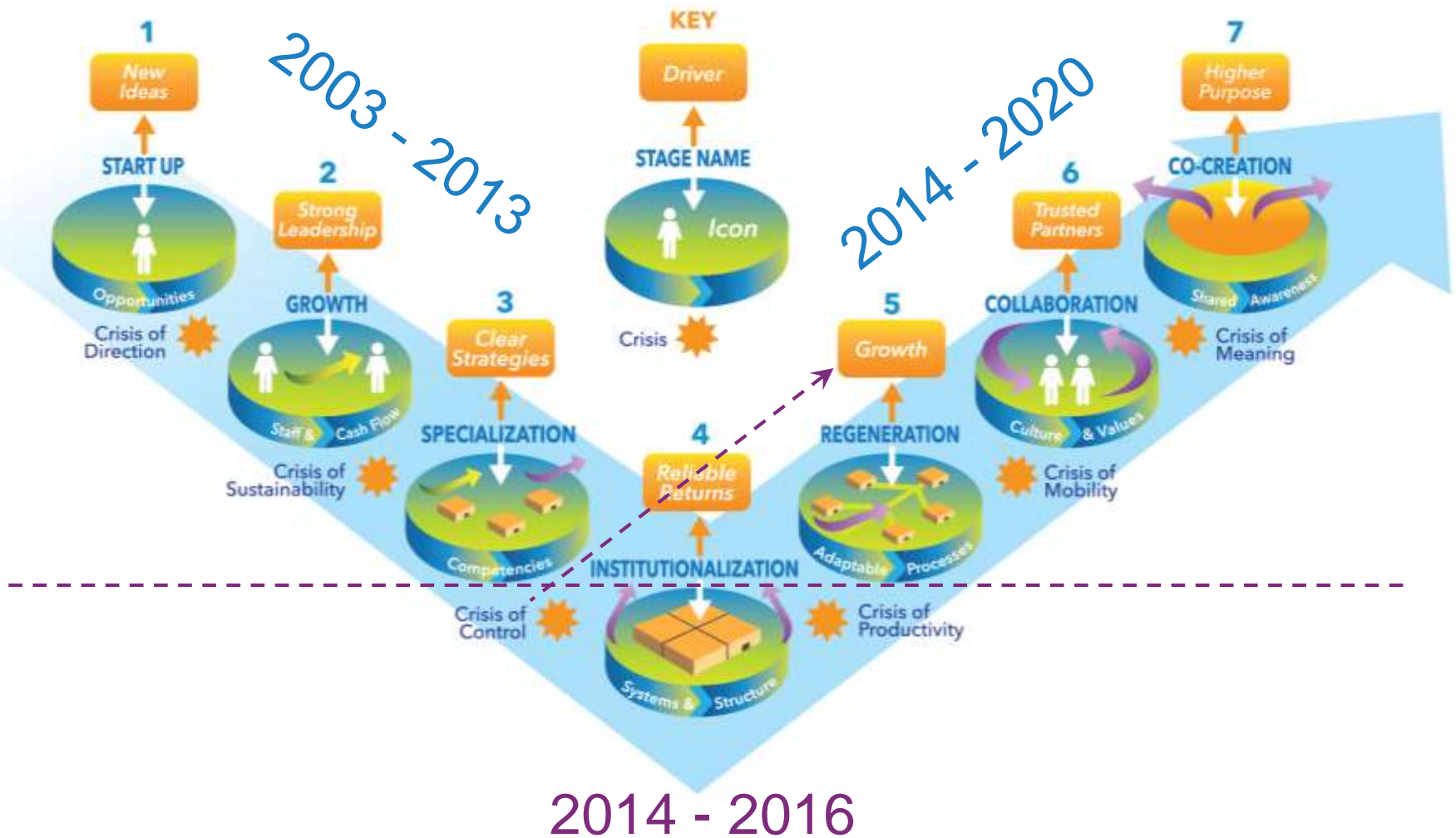
5 New Channels

- 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



Wholesale Format



Supermarket Format



foodmart
fresh

FOODMART
PRIMO

Convenience Store Format





Financial Overview

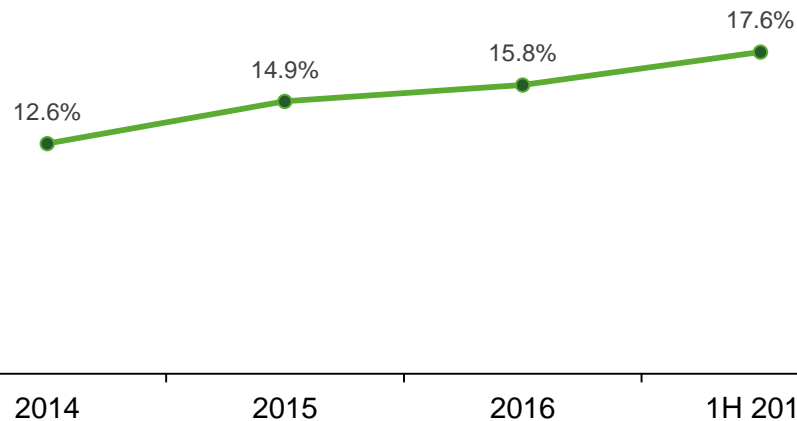
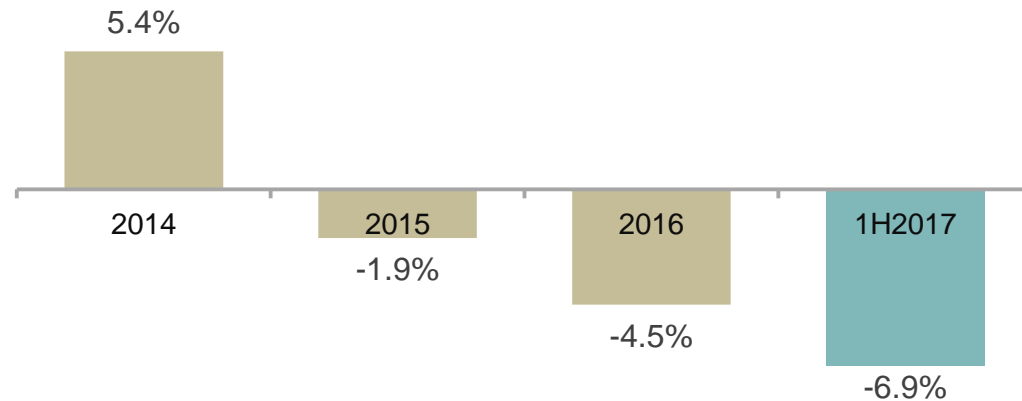
The section
should be reviewed
in conjunction with the
**1H 2017 Financial Report
& 2016 Annual Report**

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

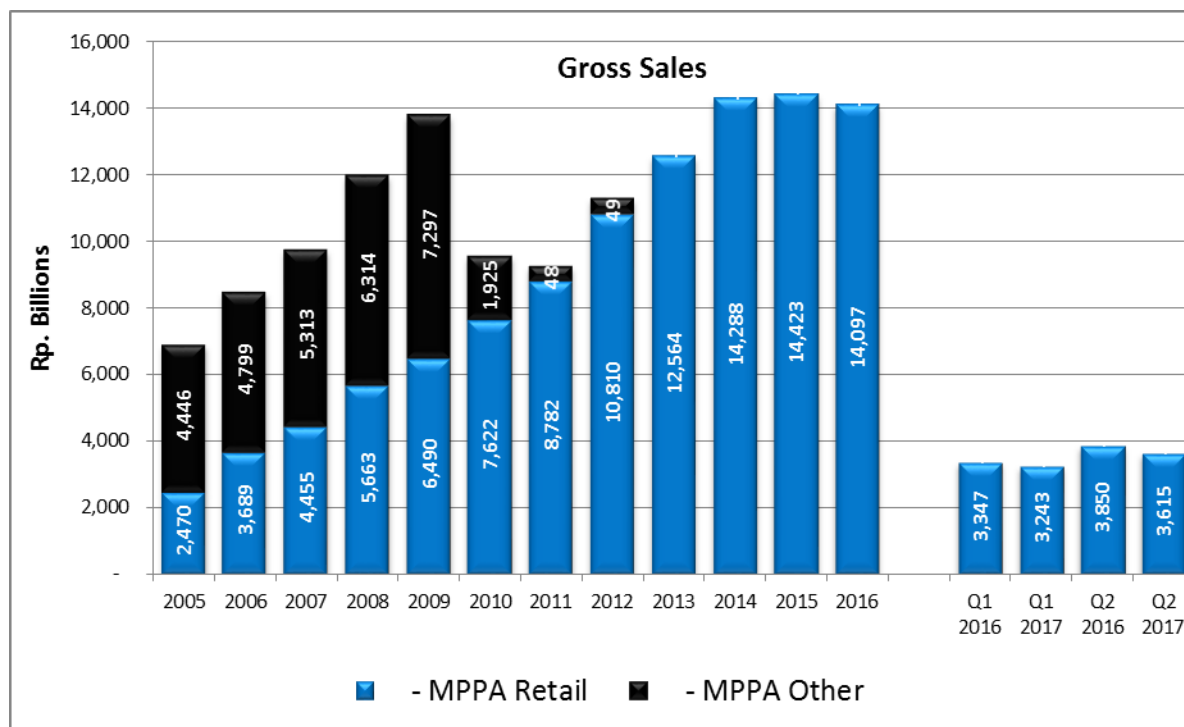
MPPA 1H 2017 Results

	1H 2017	1H 2016	
	Rp	Rp	
NET SALES	6,176,356	6,923,163	-10.8%
COST OF SALES	(5,715,147)	(5,823,841)	
GROSS PROFIT	1,001,209	1,099,322	
<i>Selling expenses</i>	(111,227)	(82,105)	
<i>General and administrative expenses</i>	(1,071,364)	(963,517)	
<i>Other expenses</i>	(4,942)	(5,574)	
OPERATING LOSS	(186,324)	48,126	-487.2%
<i>Finance income</i>	4,105	3,731	
<i>Finance costs</i>	(49,771)	(38,417)	
LOSS BEFORE INCOME TAX	(231,990)	13,440	-1826.1%
<i>Income tax benefit</i>	66,470	15,440	
<i>Income tax expenses</i>	(4,307)	(3,987)	
INCOME FOR THE PERIOD	(169,827)	24,893	-782.2%

MPPA Historical Sales

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Revenue (Rp. Billion)					10,281	8,545	8,909	10,868	11,913	13,590	13,802	13,527
Gross Revenue (Rp. Billion)	6,916	8,488	9,768	11,977	13,787	9,547	9,268	11,305	12,564	14,288	14,423	14,097
- MPPA Retail	2,470	3,689	4,455	5,663	6,490	7,622	8,782	10,810	12,564	14,288	14,423	14,097
- MPPA Other	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-	-	-

Q1 2016	Q1 2017	Q2 2016	Q2 2017
3,214	3,101	3,709	3,615
3,347	3,243	3,850	3,772
3,347	3,243	3,850	3,615
-	-	-	-

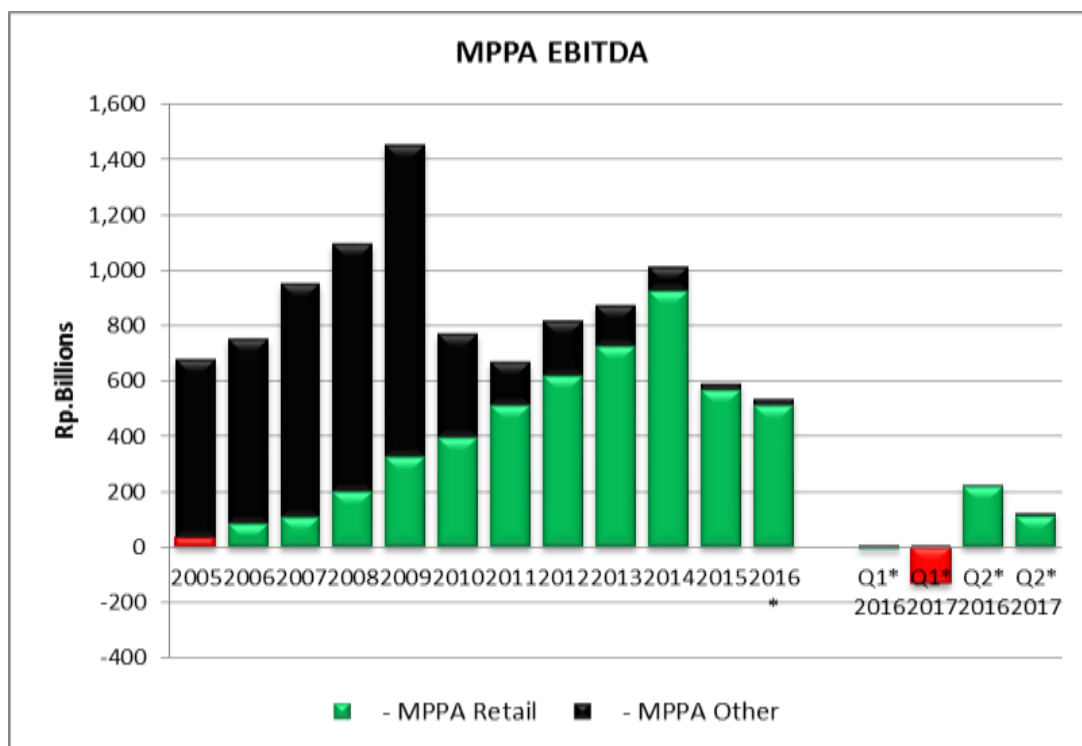


1H 2017 YEAR NOTES

- 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 *	Q1* 2016	Q1* 2017	Q2* 2016	Q2* 2017
EBITDA (Rp. Billion)	677	751	953	1,094	1,451	769	669	815	871	1,010	589	532	(4)	(127)	221	122
- MPPA Retail	36	83	108	202	327	396	513	616	723	924	567	513	(10)	(132)	219	114
- MPPA Other	641	668	845	892	1,124	373	156	199	148	86	22	19	6	5	2	8



NOTES

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

1 MPPA 2012 reported EBITDA was 785 prior to a re-class 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.

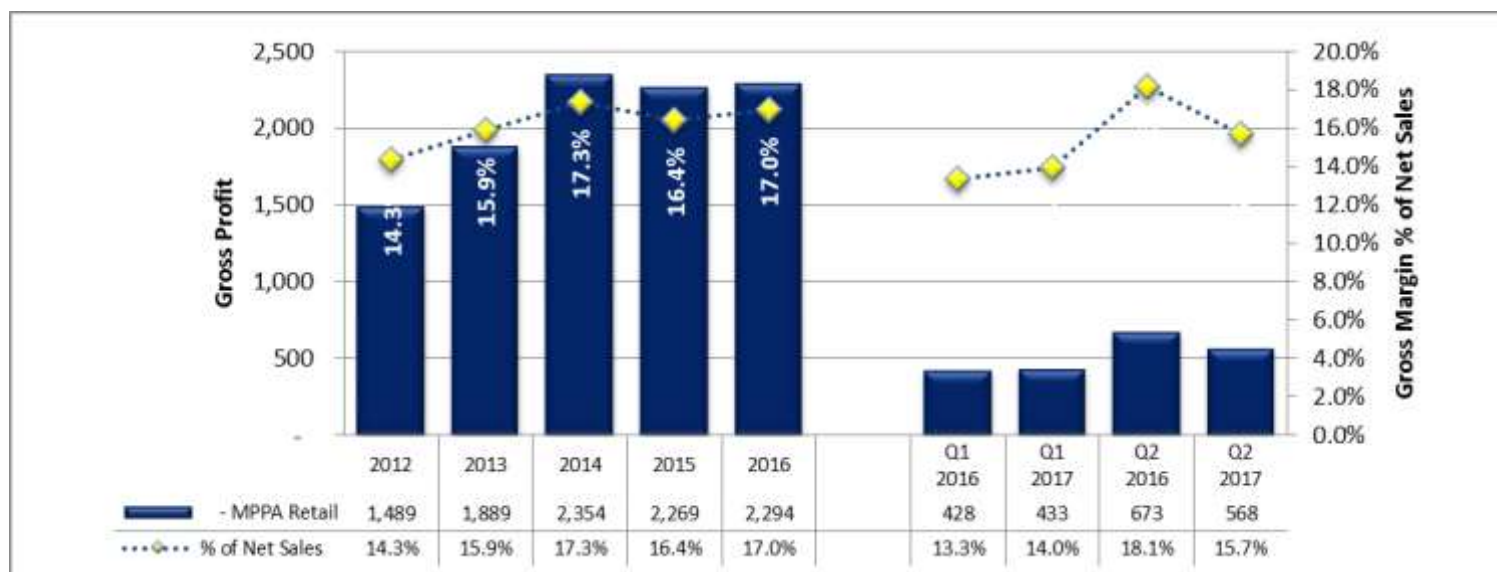
3 Future MPPA EBITDA will be comprised of MPPA-Retail less on-going corporate activities which is a different income composition than generated in historical MPPA.

*) The Company change its technique for measurement of inventory method from the conventional retail method to the average cost method since August 1st 2016

MPPA Gross Margin

Gross Profit	2012	2013	2014	2015	2016
MPPA Total	1,898	1,889	2,354	2,269	2,294
- MPPA Retail	1,489	1,889	2,354	2,269	2,294
- MPPA Other	409	-	-	-	-

Q1 2016	Q1 2017	Q2 2016	Q2 2017
428	433	673	568
428	433	673	568
-	-	-	-



% of Net Sales	2012	2013	2014	2015	2016
MPPA Total	17.5%	15.9%	17.3%	16.4%	17.0%
- MPPA Retail	14.3%	15.9%	17.3%	16.4%	17.0%
- MPPA Other	83.9%	0.0%	0.0%	0.0%	0.0%

Q1 2016	Q1 2017	Q2 2016	Q2 2017
13.3%	14.0%	18.1%	15.7%
13.3%	14.0%	18.1%	15.7%
0.0%	0.0%	0.0%	0.0%



Additional Information

Board of Management Profile



Noel Trinder
Chief Executive Officer
of MPPA Retail



Surya Tatanng, CFA
Chief Financial Officer



Ishak Kurniawan
Chief Human Capital



Patrick J. Hopper
Chief Strategic
Business Intelligence
& Planning Officer



**Ang Kasmin
Rasilim**
Chief
Of Property & Risk
Officer



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



Djamel Derguini
Chief Operations Officer



**Danny
Kojongian**
Corporate
Secretary
Director of
Public Relations
& Communications



Emi Nuel
Director of
Wholesale
Operations



Darpudu Rao
Director of
Foodmart
Operations



Kyutae Park
Director of
Boston
Health
& Beauty
Operations



Charles Kruse
Director of
Grocery
Merchandising



Keith Dolling
Senior Advisor
Distribution Centers
& Logistics



Iwan Goenadi
Director of
Information
Technology



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Investor Relations
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