mppa
RETAIL GROUP
PT Matahari Putra Prima Tbk.

Company Presentation

160801 • MPPA.JK

hypermart · SmartClub TRADER WHOLESALE · FOODMART PRIMO · foodmart fresh · boston health & beauty · fmx FOODMARTXPRESS

Contents

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PT Matahari Putra Prima Tbk.

Overview of MPPA Retail

1

hypermart | SmartClub TRADER WHOLESALE | FOODMART PRIMO | foodmart fresh | boston health & beauty | fmx FOODMARTXPRESS

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 8.3 tn (US$ 611 mn)
  as of 31 June 2016

- **Results in 2Q 2016 & 1H16 2016**
  2Q16 Sales +6.5%* and Net Income +9.0%
  SSSG +4.5%
  1H16 Sales +2.1%* and Net Income (111.8)%
  SSSG (0.3)%

- **Largest footprint of stores**
  versus our competitors as we are located in over 68 cities

- **Proven asset light business model**
  scalable for rapid growth

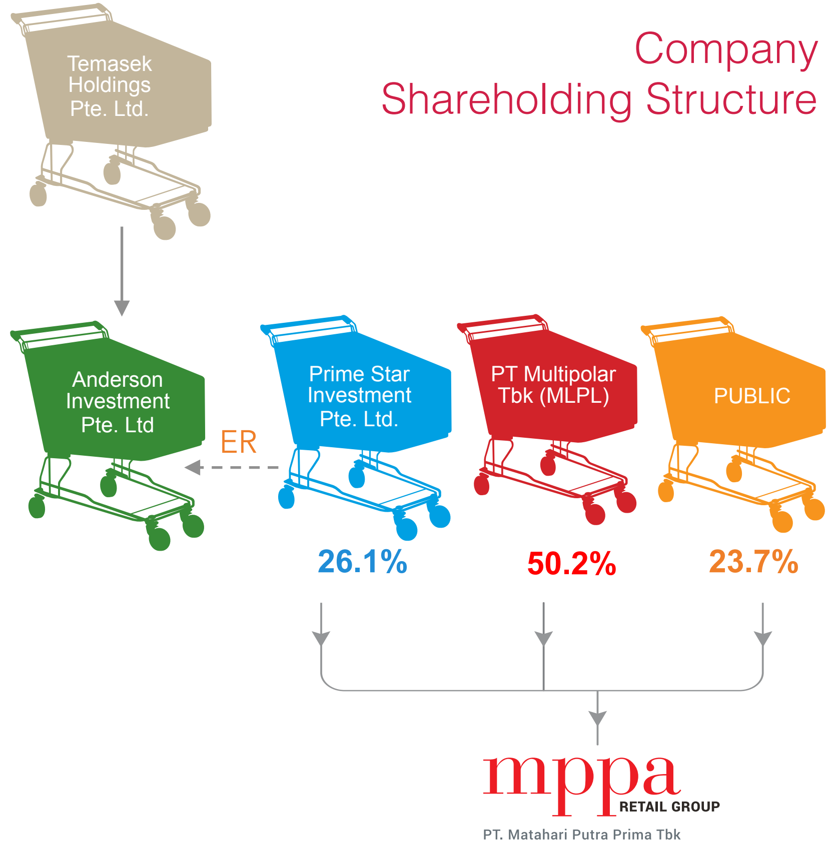
- **Operating 297 stores**

- **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

Matahari Food Business

- hypermart
- foodmart
  - foodmart gourmet
  - foodmart Quality you can trust
  - foodmart express
- boston health & beauty inside out

Growth Strategy 2015 Onwards

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- MATAHARI mall .COM
- retail
  - hypermart
  - foodmart
    - FOODMART PRIMO
    - foodmart fresh
  - boston health & beauty
- wholesale
  - fmx FOODMARTXPRESS
  - SmartClub TRADER WHOLESALE
  - B2B

FMX is classified as retail for operation segment information in financial statements

Format Information

hypermart

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 ± **78.1%** of total revenue

SmartClub Trader Wholesale

No of stores[a]	2 stores
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

Contributed ± **15.4%** of total revenue

Foodmart Primo / foodmart fresh

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 ± **5.5%** of total revenue

boston health & beauty

No of stores[a]	106 stores
Average store size (sqm)	± 59
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income

Contributed ± **0.5%** of total revenue

fmx FOODMARTXPRESS

No of stores[a]	52 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 June 2016 • Source: Company Data

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Key Investment Highlights

2

hypermart   Smart Club TRADER WHOLESALE   FOODMART PRIMO   foodmart fresh   boston health & beauty   fmx

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**

Property
+6%

Car
-16%

Motorcycle
-16%

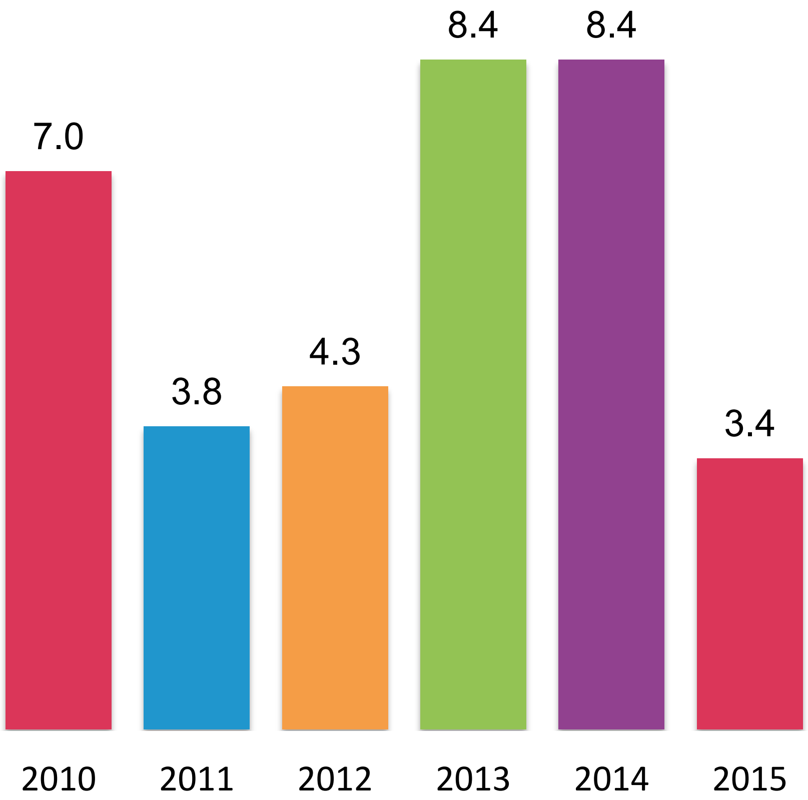
Electronics
-9%

Fashion
-11%

Paper
-3.5%

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

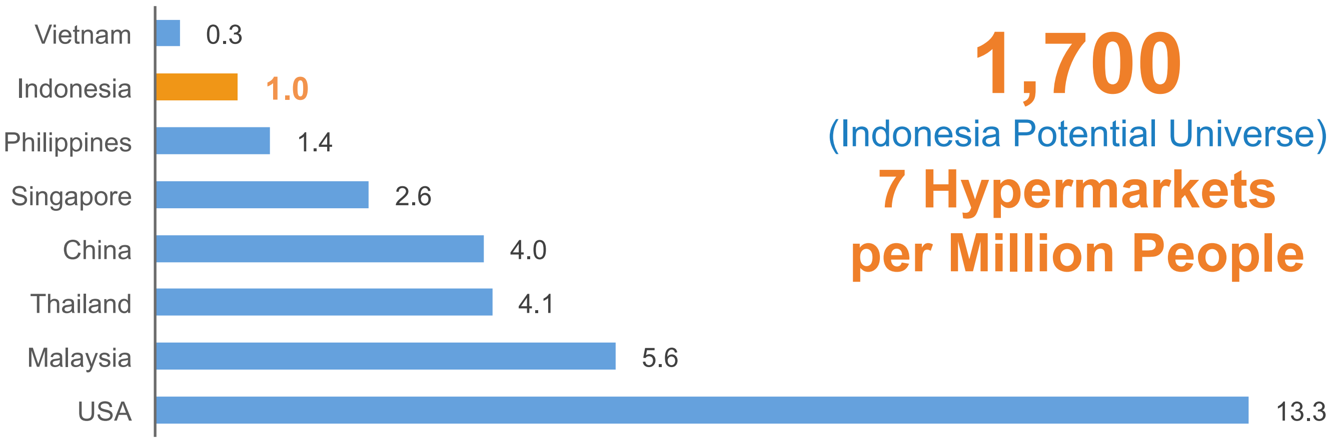
Under-penetrated markets: Modern Retail

1 Hypermarket per million people

Total of 300 hypermart

Vast Potential in Indonesia's Hypermarket Segment (2013)

Number of hypermarkets per million people of selected countries



1,700

(Indonesia Potential Universe)

7 Hypermarkets per Million People

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 Paramerters are:

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

Source : Nielsen

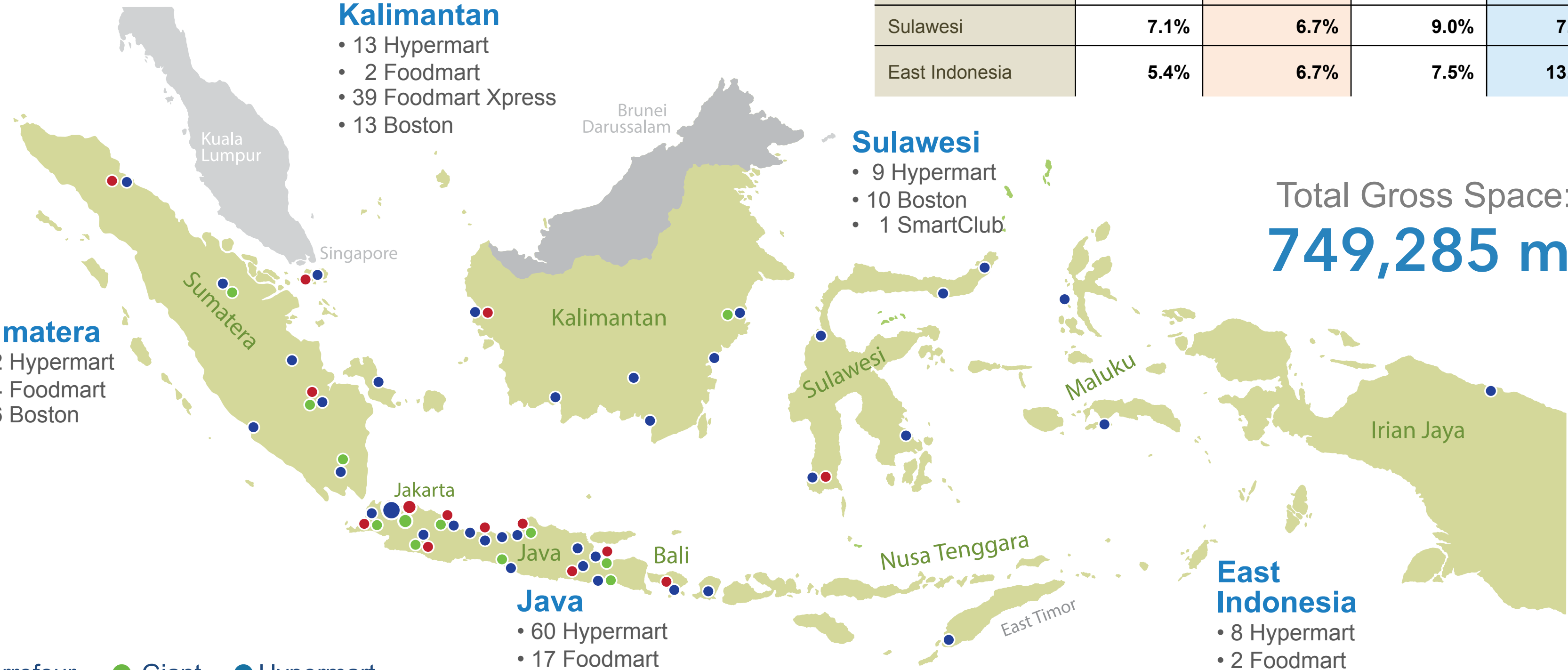
2. Extensive and Attractive Nationwide Store Footprint

- **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

	Sales contribution(a)		EBITDA contribution(a)	
Region	**2015**	**1H16**	**2015**	**1H16**
Greater Jakarta	**30.8%**	**31.6%**	**30.5%**	**31.9%**
Java	**27.4%**	**28.1%**	**21.9%**	**25.3%**
Sumatera	**17.7%**	**15.7%**	**15.9%**	**5.9%**
Kalimantan	**11.6%**	**11.2%**	**15.3%**	**16.1%**
Sulawesi	**7.1%**	**6.7%**	**9.0%**	**7.4%**
East Indonesia	**5.4%**	**6.7%**	**7.5%**	**13.3%**

Total Gross Space:

749,285 m²



Kalimantan
- 13 Hypermart
- 2 Foodmart
- 39 Foodmart Xpress
- 13 Boston

Sulawesi
- 9 Hypermart
- 10 Boston
- 1 SmartClub

Sumatera
- 22 Hypermart
- 4 Foodmart
- 16 Boston

Java
- 60 Hypermart
- 17 Foodmart
- 13 Foodmart Xpress
- 59 Boston
- 1 SmartClub

East Indonesia
- 8 Hypermart
- 2 Foodmart
- 8 Boston

● Carrefour ● Giant ● Hypermart

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

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3. Proven Asset Light Business Model Scalable for Rapid Growth

Asset Light Cash Generative

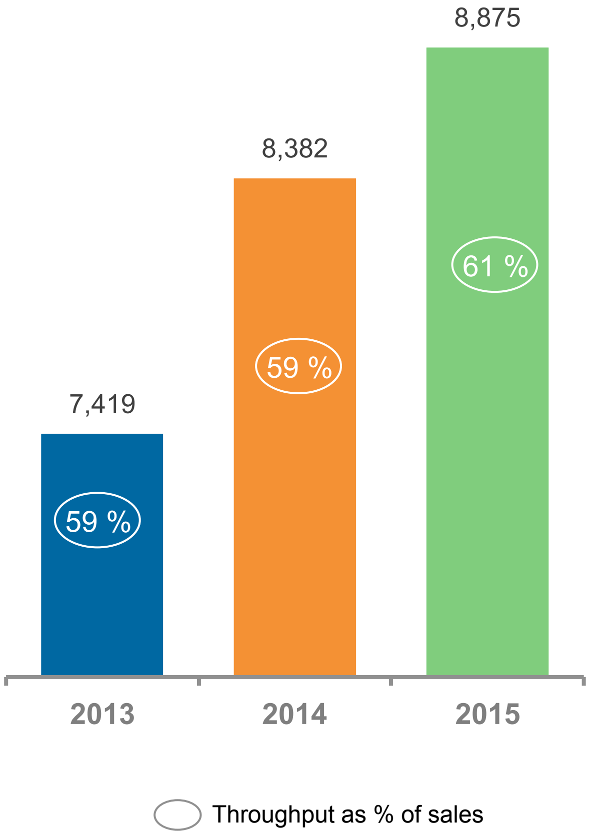
- Asset-light business model with 100% of stores leased
- Self-funding working capital
- **Limited capital expenditure requirements**
  Capital expenditure of ~4-5% of sales

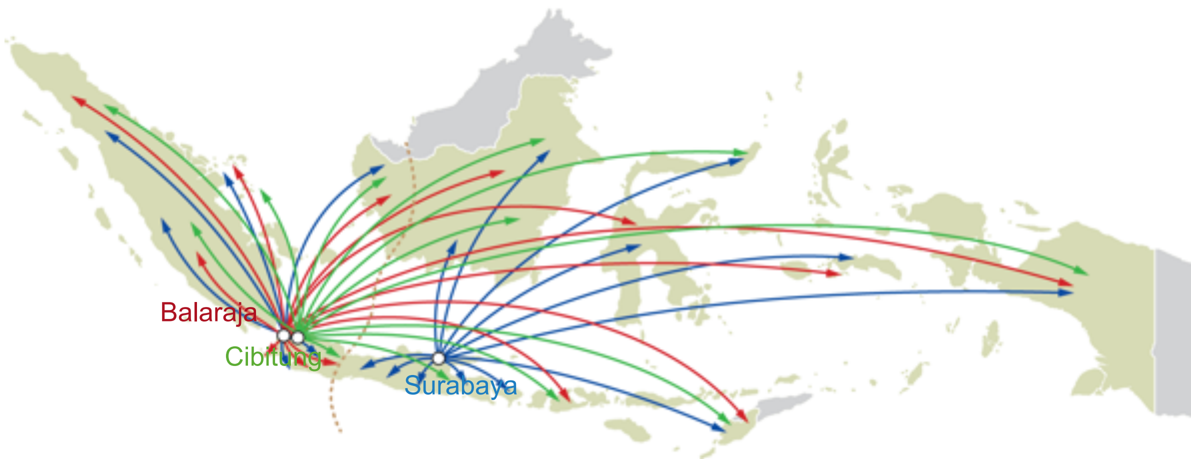
Scalable

- 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)





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

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

pps = palette positions

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

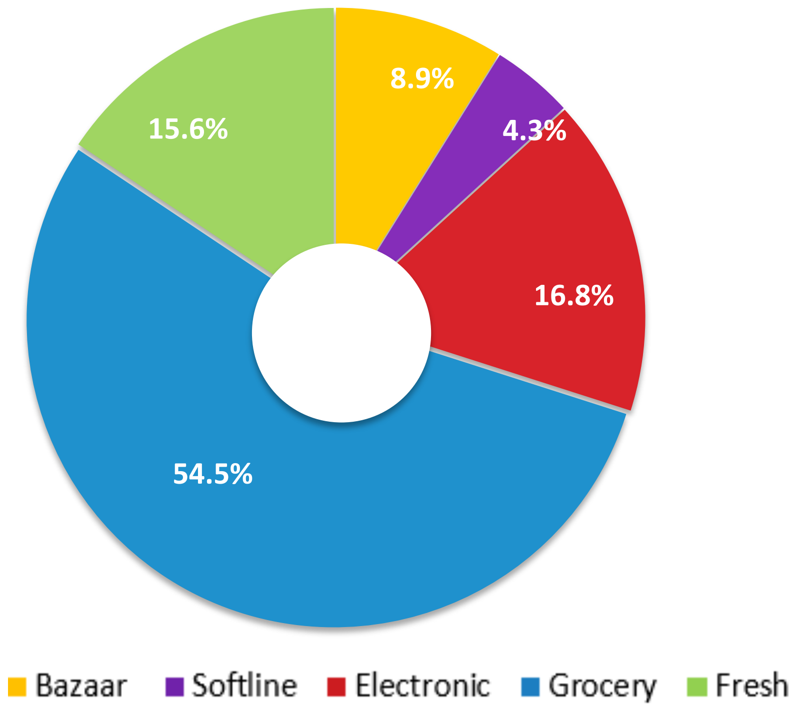
As of 31 December 2015 • Source: Company Data

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

2015



As of 31 December 2015 • Source: Company Data

Top 10 Suppliers

Grocery Products

Unilever, WINGS, FRISIAN FLAG, Nestlé, Indofood, DANONE, unicharm, P&G, KALBE, KHONG GUAN

All Products

Unilever, SAMSUNG, WINGS, Nestlé, NUTRICIA, KALBE, LG, SARIHUSADA, unicharm, SHARP

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Strategy for Growth

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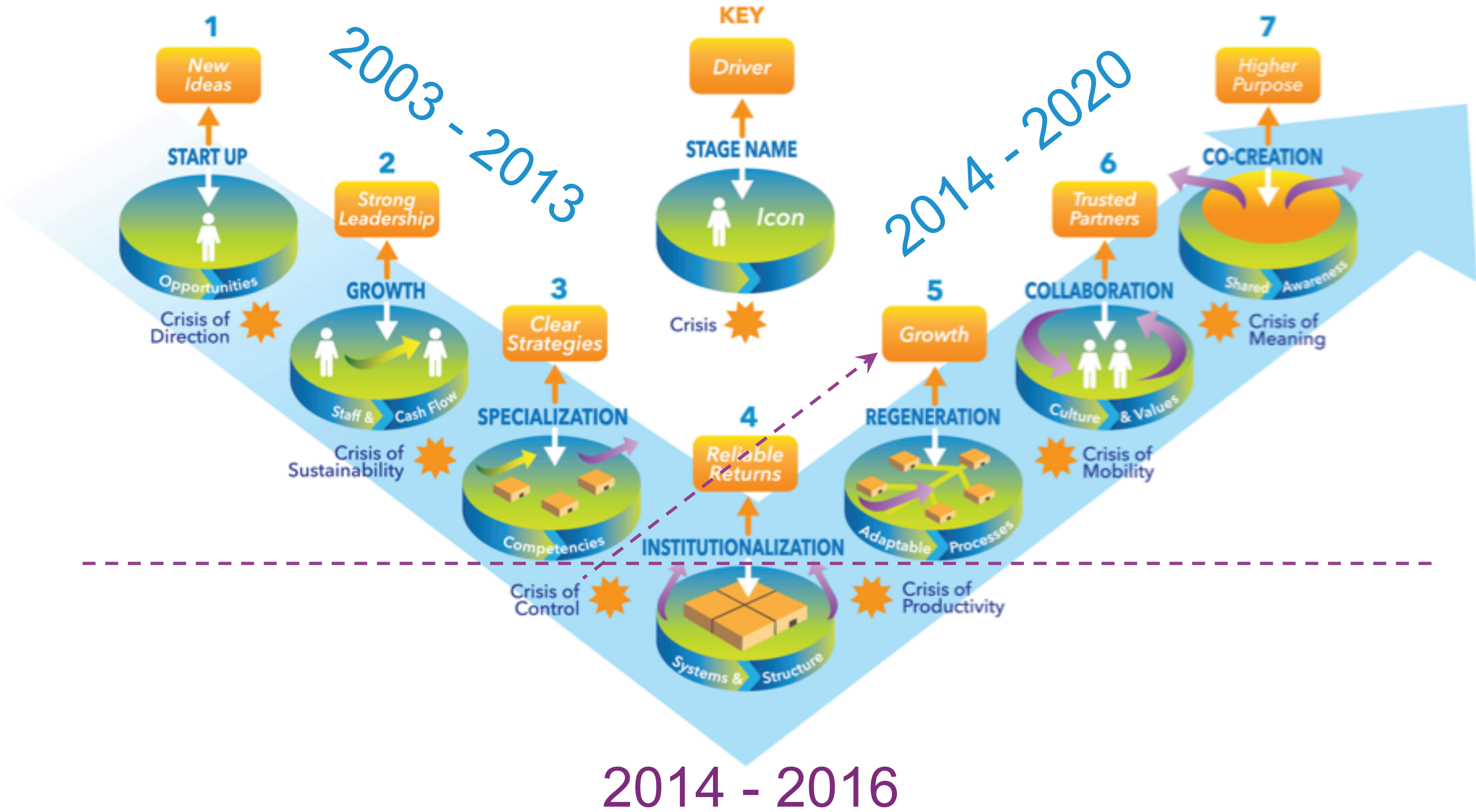
hypermart SmartClub TRADER WHOLESALE FOODMART PRIMO foodmart fresh boston health & beauty fmx FOODMARTXPRESS

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

SmartClub TRADER WHOLESALE

Supermarket Format

foodmart fresh

FOODMART PRIMO

Convenience Store Format

Health & Beauty Format

boston
health & beauty

5 Pillars of Growth # 2: Accelerate Network Expansion

Expansion Strategy

Penetration

Saturation

Leverage Competitive Advantage

Penetration

Hypermart to penetrate top 120 cities of Indonesia

Saturation

Open new stores in cities that are still under penetrated

After Hypermart, Foodmart, and FMX to be used to lock-out competitors

Foodmart to open only in cities where there is a Hypermart

5 Pillars of Growth # 3: Sustainable Retail Management

Business Development
New Format G7

- 2014 • Site selection process
- 2014 • Feasibility & post mortem study
- 2014 • Effective project management
- 2014 – 2015 - 2016 • New Formats
- 2014 • Hypermart G7

Financial & Capital Control

- 2015 – 2016 • Capital efficiency
- 2016 • Trading Terms control
- 2015 - 2016 • Budget & reporting
- 2015 • Bulk tender process
- 2015 - 2016 • Internal audit

Oracle Finance

Logistic

- 2015 – 2016 • Replenishment system
- 2014 • Dry goods DC expansion
- 2016 • New fresh DC
- 2014 • Warehouse management system
- 2015 - 2016 • Transportation management

Manhattan WMS
Routing System
Voice Pick

Operation Excellence

- 2014 – 2015 - 2016 • Store operation standard
- 2015 • Service quality excellence
- 2015 - 2016 • Inventory & shrinkage management
- 2015 • Peak hours management
- 2014 – 2015 - 2016 • Productivity & OPEX control

Oracle Retail
Applica & MS Dynamic
Business intelligence
Central Data Repository

Merchandising & Marketing

- 2015 – 2016 • Category management
- 2015 – 2016 • Promotion management
- 2015 – 2016 • Pricing & margin mix
- 2015 – 2016 • Inventory efficiency
- 2016 • CRM system

Oracle Retail
Oracle CRM

5 Pillars of Growth # 4: Renovation

Renovation cycle	Priority	Period in years	Reinvestment level %
hypermart	A	7	80 to 90%
	B	8	50 to 70%
FOODMART PRIMO	A	7	80 to 90%
foodmart fresh	B	8 to 10	50 to 70%
boston health & beauty	A	5	80 to 90%
	B	7	50 to 70%

5 Pillars of Growth # 5: New Channels: Online

www.shop.hypermart.co.id

MATAHARI Mall .COM #1 eCommerce. Try it!

www.mataharimall.com

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Financial Overview

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

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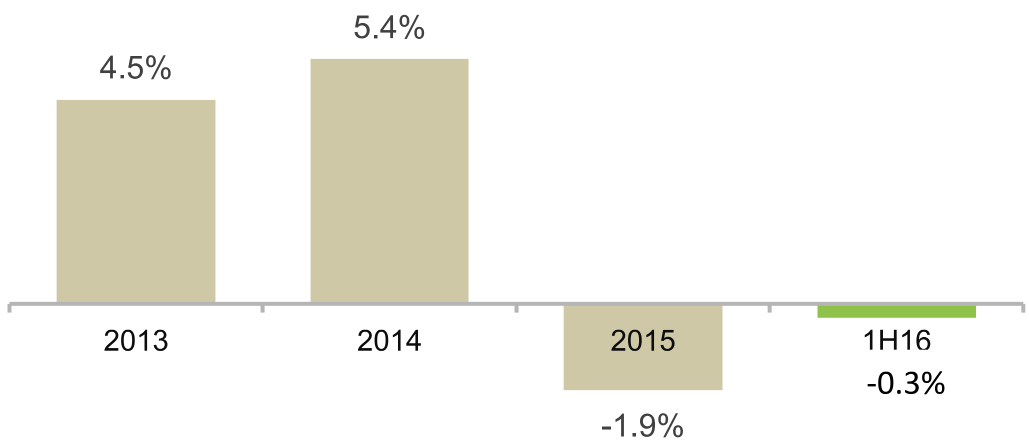
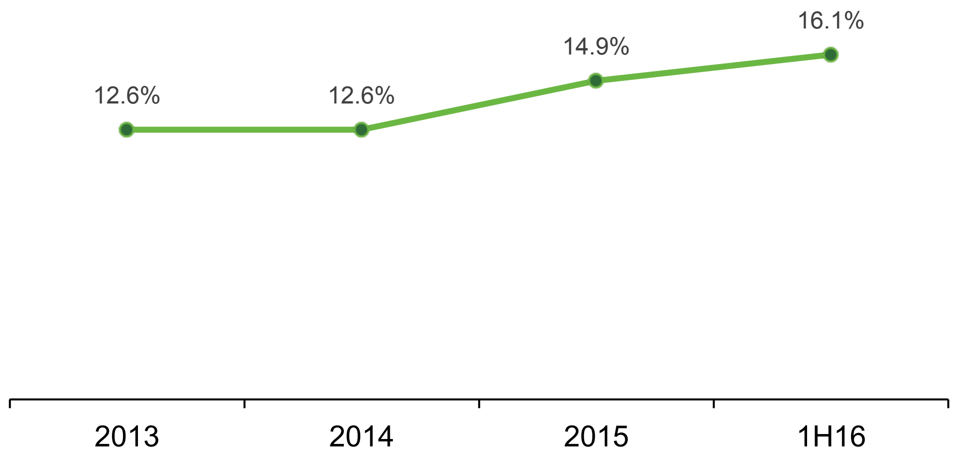
Comparable Store Growth



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



Expense Ratio as a % of Sales

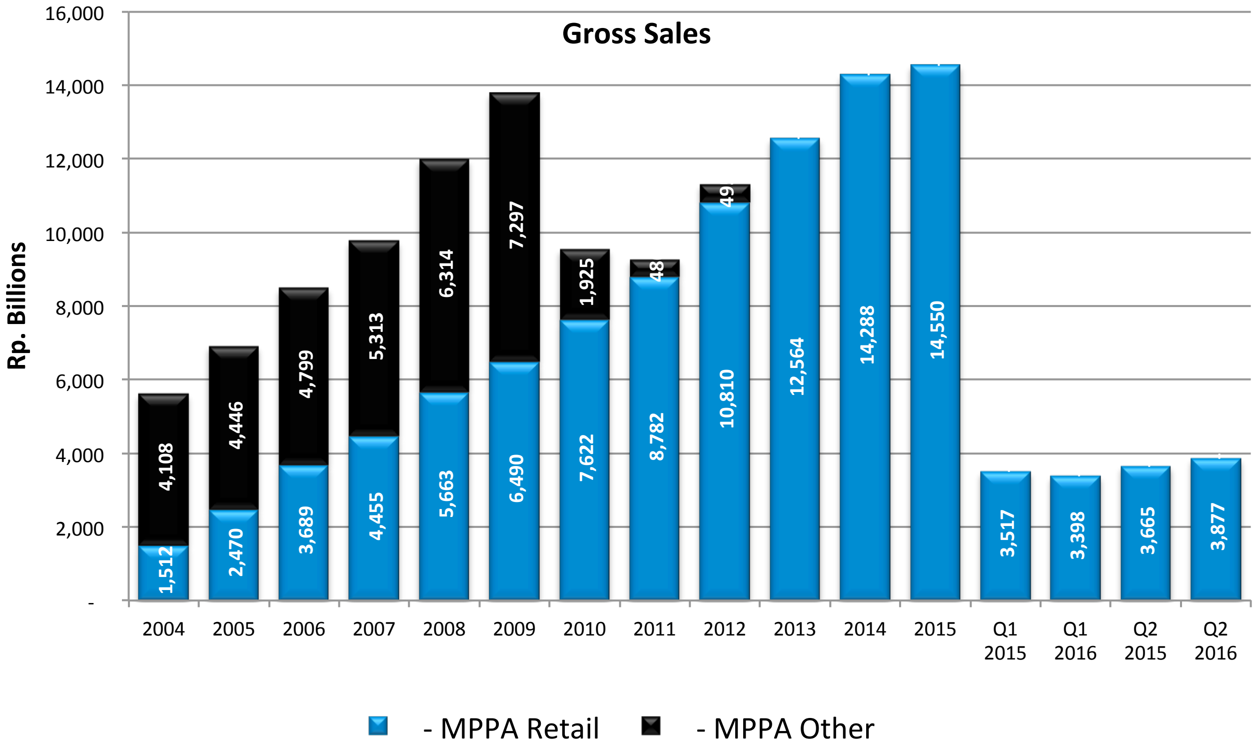
Operating expenses[a] as % of sales

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

	Jun 30,16 Rp	Jun 30,15 Rp	
NET SALES	7,001,072	6,854,742	**2.1%**
COST OF SALES	(5,869,475)	(5,651,000)	
GROSS PROFIT	1,131,597	1,203,742	
Selling expenses	(160,014)	(105,016)	
General and administrative expenses	(963,517)	(870,699)	
Other expenses	(5,574)	(7,867)	
Other income	-	162	
OPERATING PROFIT	**2,492**	**220,322**	**-98.9%**
Finance income	3,731	8,348	
Finance costs	(38,417)	(5,696)	
INCOME BEFORE INCOME TAX	**(32,194)**	**222,974**	**-114.4%**
Income tax expenses	15,440	(43,361)	
Final tax expenses	(3,987)	(4,116)	
INCOME FOR THE PERIOD	**(20,741)**	**175,497**	**-111.8%**

MPPA Historical Sales

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2015	Q1 2016	Q2 2015	Q2 2016
Net Revenue (Rp. Billion)						**10,281**	**8,545**	**8,909**	**10,868**	**11,913**	**13,590**	**13,928**	**3,347**	**3,265**	**3,507**	**3,736**
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**	**3,665**	**3,877**
- 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	3,665	3,877
- MPPA Other	4,108	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-	-	-	-	-	-



Q2 2016 NOTES

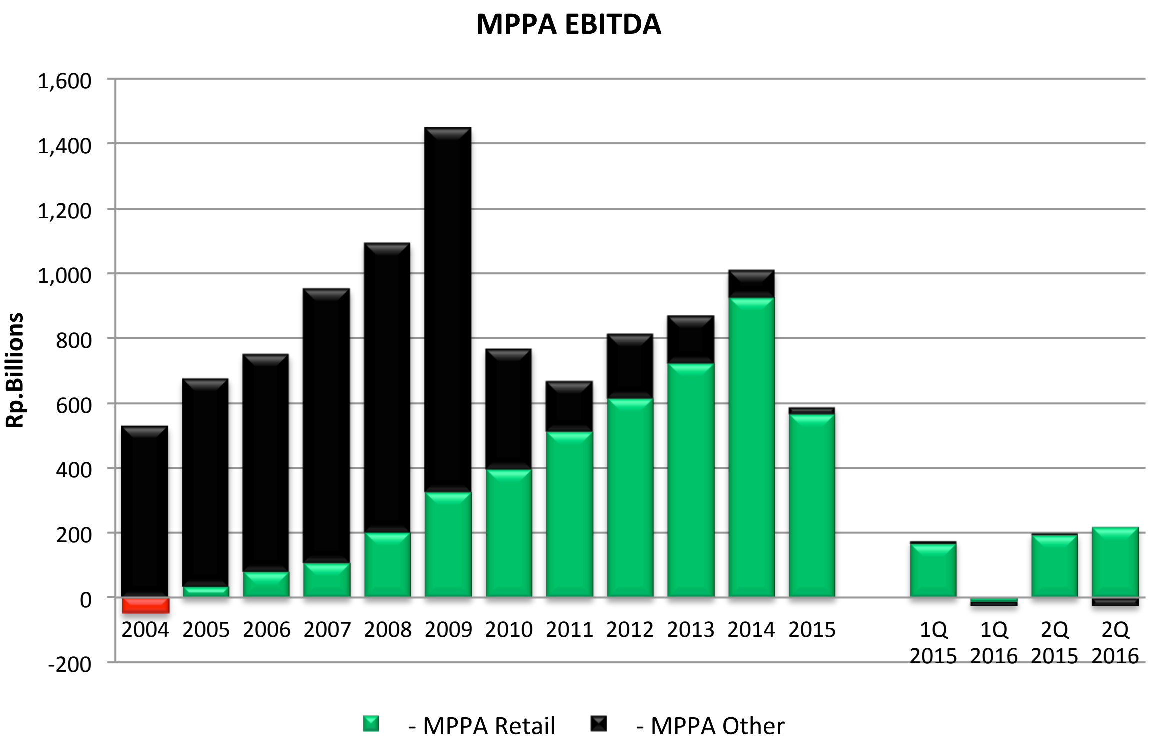
- MPPA-Retail grew 5.8% in Q2 2016
- MPPA SSSG grew 4.5% in Q2 2016
- All MPPA Sales generated by MFB Retail

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	Q2 2015	Q2 2016
EBITDA (Rp. Billion)	**482**	**677**	**751**	**953**	**1,094**	**1,451**	**769**	**669**	**815**	**871**	**1,010**	**589**	**177**	**(24)**	**199**	**195**
- MPPA Retail	(49)	36	83	108	202	327	396	513	616	723	924	567	169	(10)	195	219
- MPPA Other	531	641	668	845	892	1,124	373	156	199	148	86	22	8	(14)	4	(24)



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

● In 2016, MPPA-Retail is using Cost method, MPPA Other included the *differences* between Cost and Retail Method

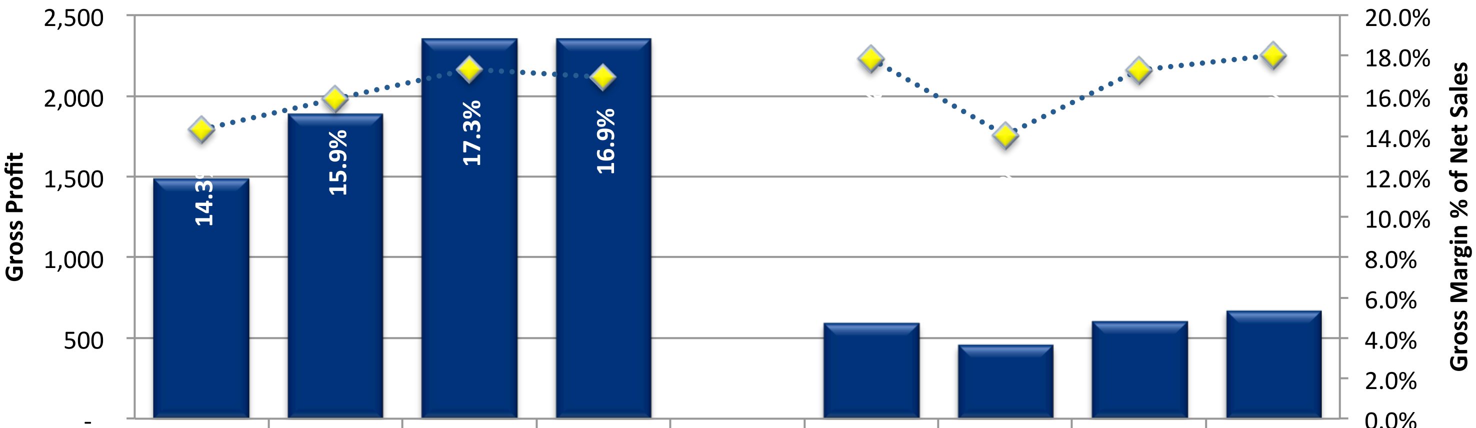
● On going corporate activities impacting MPPA-Retail EBITDA in 2014 is 0.20% of Sales

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 activiities which is a different income composition than generated in historical MPPA.

MPPA Gross Margin



	2012	2013	2014	2015		Q1 2015	Q1 2016	Q2 2015	Q2 2016
- MPPA Retail	1,489	1,889	2,354	2,356		597	459	606	673
% of Net Sales	14.3%	15.9%	17.3%	16.9%		17.8%	14.1%	17.3%	18.0%

Gross Profit	2012	2013	2014	2015	Q1 2015	Q1 2016	Q2 2015	Q2 2016
MPPA Total	1,898	1,889	2,354	2,356	597	459	606	673
- MPPA Retail	1,489	1,889	2,354	2,356	597	459	606	673
- MPPA Other	409	-	-	-	-	-	-	-

MPPA Retail EBITDA Guidance (Quarterly)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2013	132.0	148.0	226.8	216.3
2014	153.5	177.1	266.8	332.8
2015	168.9	195.1	179.1	24.0
ACTUAL 2016	(9.7)	218.5	-	-

Guidance	*+ 12% of 2015 levels*	*+ / - 10% of 2013 levels*	*+ / - 10% of 2014 levels*

Lebaran shift Q3 to Q2

Additional Information

Board of Management Profile

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

Board of Management Profile continued

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

Reynold P. Ong

Advisor Finance

- 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

Chief of Investor Relations

- 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

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Chief of Investor Relations

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mppa RETAIL GROUP

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Website	: www.ir.hypermart.co.id

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