



Matahari Food Business

Matahari Putra Prima Tbk



Agenda



Overview of Matahari Food Business



Key investment highlights



Vision and strategy



Financial overview



Section 1

Overview of Matahari Food Business

Matahari Putra Prima



Fastest-growing FMCG modern multi-format food retailer in Indonesia

Key highlights

- ✓ **Largest hypermarket in Indonesia** with market cap of IDR 12,907bn (US\$1,133m)^(a) as at 30 Sep 2013
- ✓ **Excellent sales and EBITDA growth** with 2010 – 2012 CAGR of 19.1% and 24.8% respectively
- ✓ **Rapidly gaining market share** each year with 32.3% market share in 2012^(b) and target of 35% market share in 2013
- ✓ **Largest footprint of stores** versus our competitors as we are located in over 60 cities
- ✓ **Rapid annual expansion** with 20+ store openings planned and over 100 new stores in the pipeline
- ✓ **Strong infrastructure** to support future growth
- ✓ **Award winning** retailer

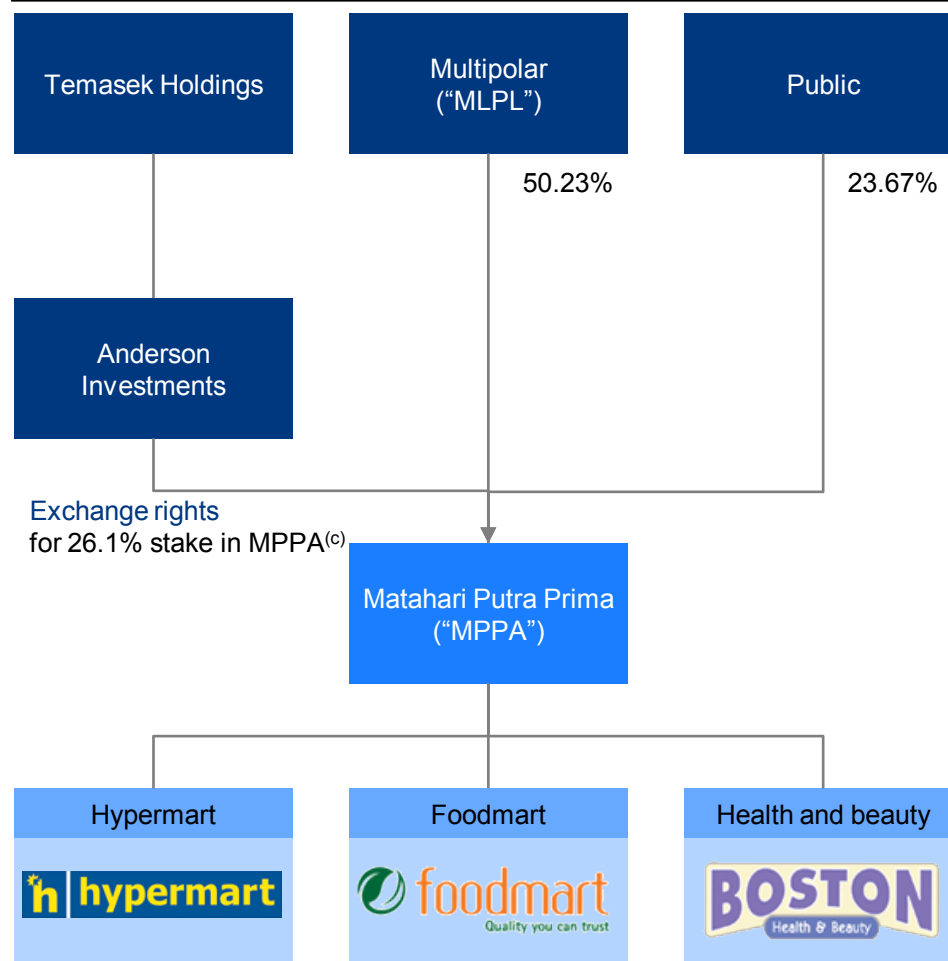
(a) As at 7 Nov 2013

(b) Market share as per Euromonitor

(c) Currently held by a subsidiary of Multipolar until exchange rights are exercised in the future

Source: Company data, FactSet

Company structure



Broad range of retail formats



No of stores ^(a)	91 stores
Store selling area (sqm)	2,400 – 6,287
Number of products	26,000 – 31,000
Product selection	Fresh food, grocery, non-food and electronics
Positioning	Middle to low income



No of stores ^(a)	29 stores
Store selling area (sqm)	54 – 2,237
Number of products	4,500 – 25,000
Product selection	Fresh food, grocery, and non-food
Positioning	Middle to high income



No of stores ^(a)	89 stores
Store selling area (sqm)	15 – 130
Number of products	1,300 – 3,000
Product selection	Health related products, vitamins, beauty products and services
Positioning	Middle income

(a) As of 31 Oct 2013
Source: Company data

Proven business model that reinforce market position and drive future growth

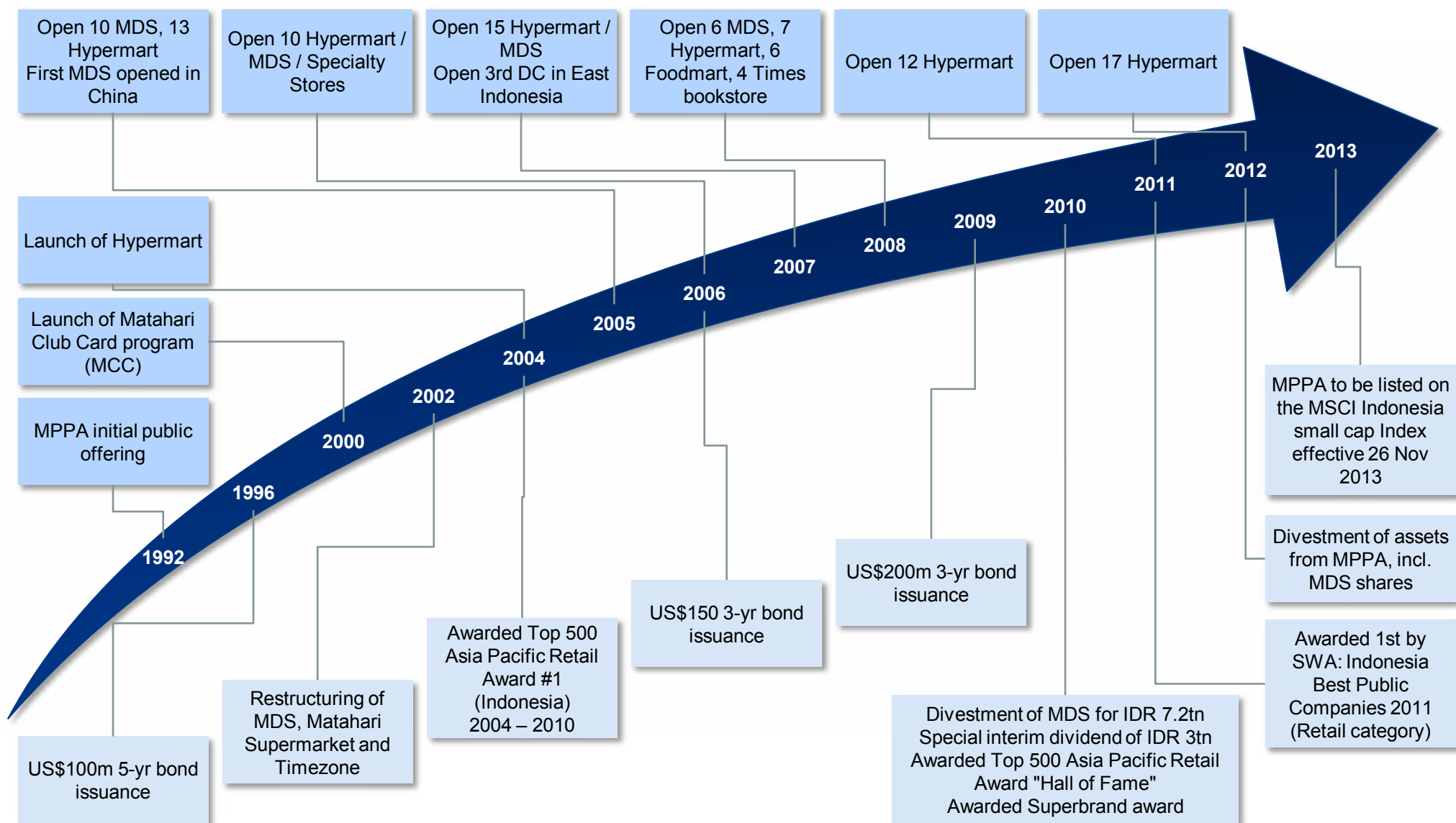
Asset-light business model	🔗 100% leased store base which is highly scalable
Self-funding working capital	🔗 Cash conversion cycle is 5 days ^(a)
Low capital expenditure requirement	🔗 Capital expenditure 4.3% of sales ^(b)
Fast payback and attractive returns	<ul style="list-style-type: none">🔗 New stores cash flow positive in first year🔗 Average repay of capital investments within 4 years

(a) As at 30 Sep 2013

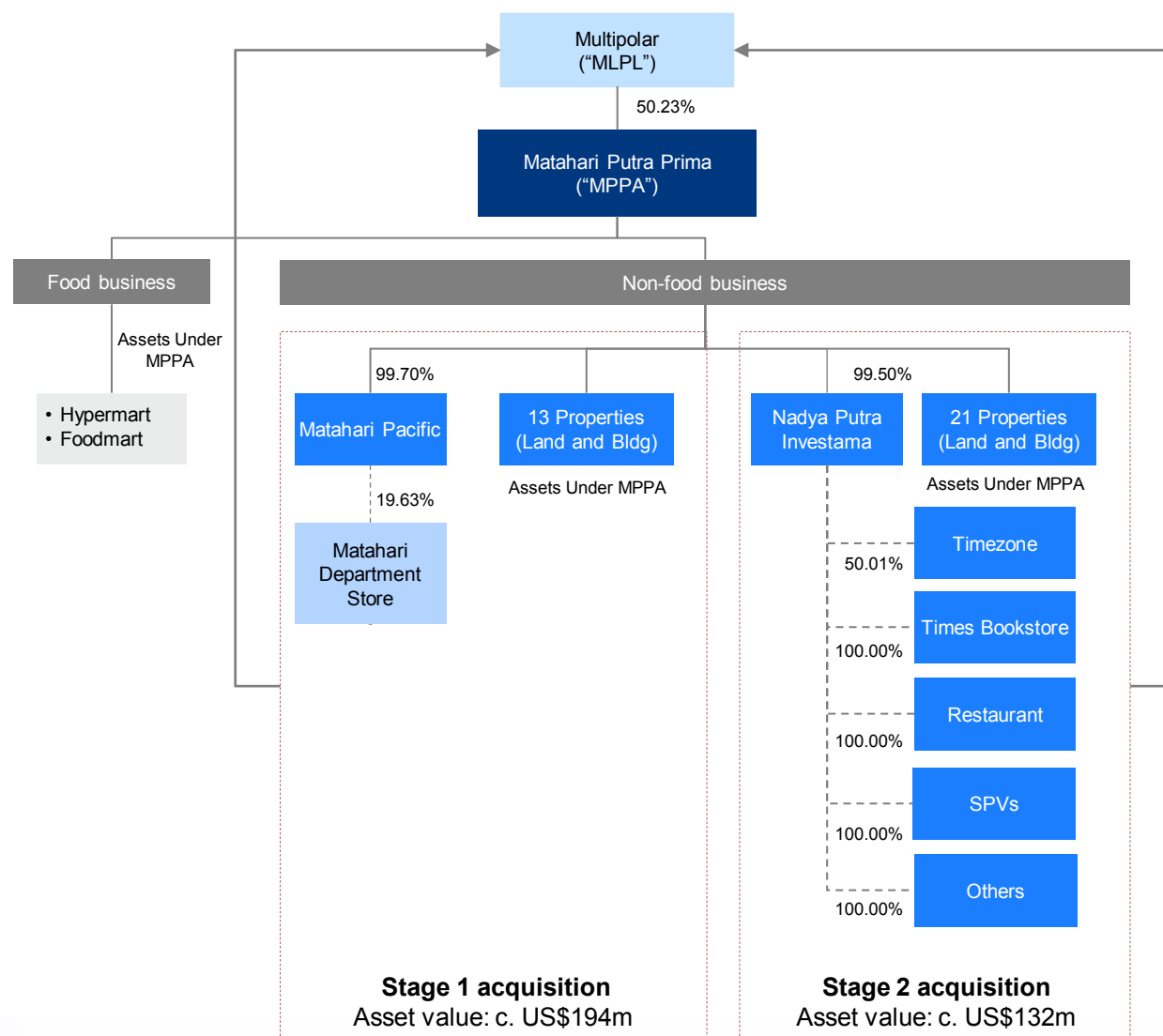
(b) As at 31 Dec 2012

Source: Company data

Key milestones



Recent developments – Divestment of non-core business to MLPL



Stage 1

- Multipolar acquired shares of PT Matahari Department Store Tbk through Matahari Pacific and other related components (receivables, properties) for c. US\$194m
- Completed on 30 November 2012

Stage 2

- Multipolar acquired shares of PT Nadya Putra Investama (holding company of family entertainment center, bookstores, restaurants, property businesses) and its related components (receivables, properties) for c. US\$132m
- Completed on 10 December 2012

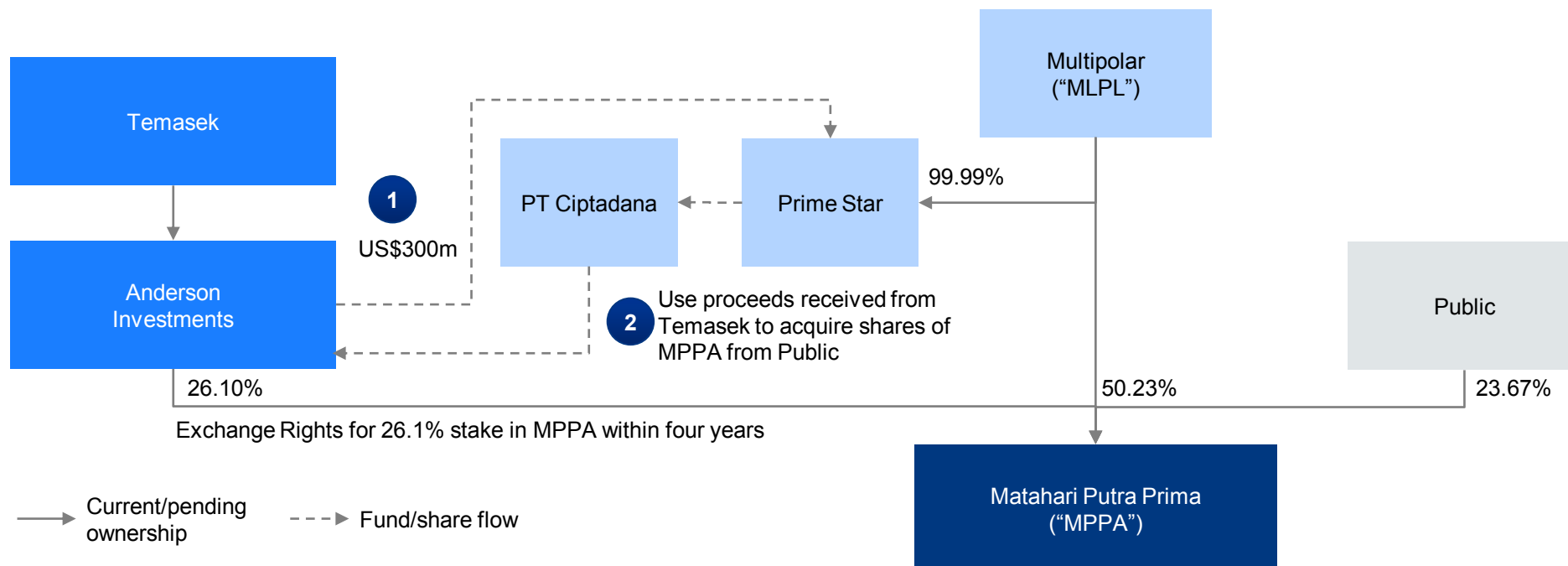
Final stage

- The final stage of the restructuring is expected to be completed in 2014

Objective of restructuring

- Acquisition allowed Multipolar to directly control the non-food retail assets of MPPA and streamlined MPPA's operation on its food retail business
- Proceeds received by MPPA was used to distribute dividends, do capital reduction and debt repayment

Recent developments – Temasek as a strategic investor



- ☞ In February 2013, Temasek agreed to indirectly purchase a 26.1% stake in Matahari Putra Prima ("MPPA") worth US\$300 million facilitated through Multipolar, offer implies IDR2,050 (US\$0.21) a share for MPPA
- ☞ Multipolar issued a US\$300 million equity-link instrument, whereby Temasek is the sole buyer
 - The exchange rights will have a zero coupon rates and a tenor of five years
 - Temasek will be able to exchange its rights into 26.1% stake of MPPA within a period of four years from the execution of the subscription agreement
- ☞ All of the proceeds from the instrument sale will be used by Multipolar to purchase MPPA shares
 - Multipolar intends to maintain its 50.2% stake in MPPA and an affiliate of Multipolar was appointed to pool shares from the public investors which was completed by June 2013



Section 2

Key investment highlights

Matahari Putra Prima

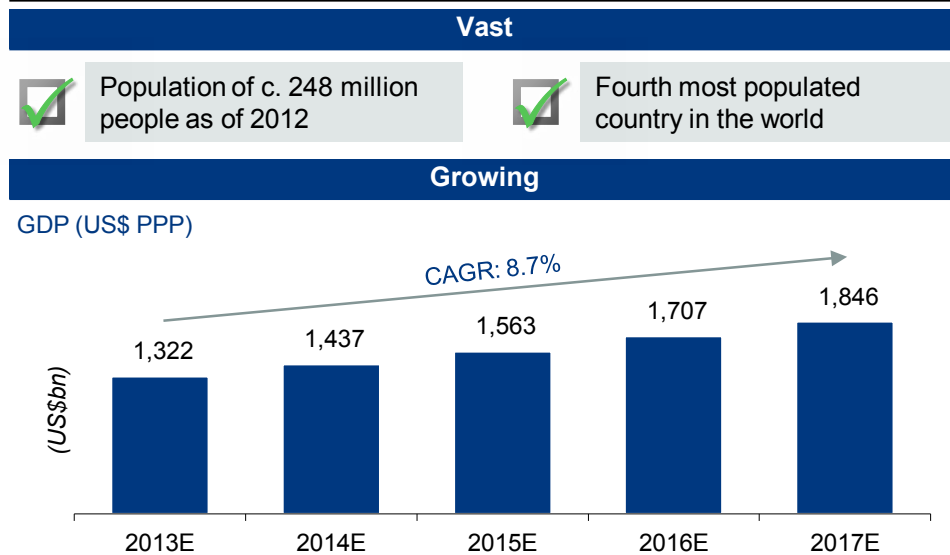


Key investment highlights



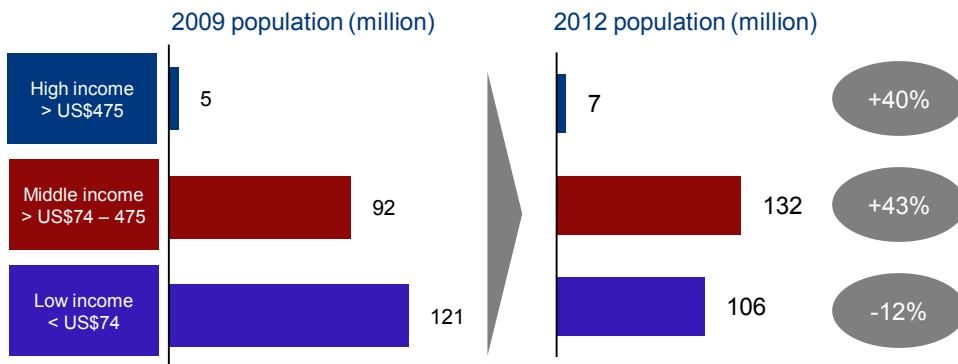
1 Attractive exposure to large and growing middle-income class and underpenetrated modern grocery retail sector

Attractive Indonesia macro story...



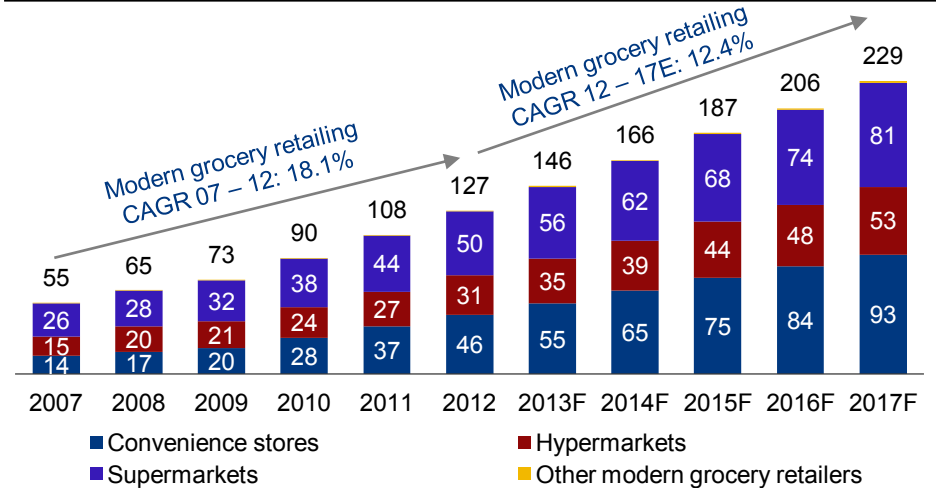
Rising middle class

Expenditure per person per month



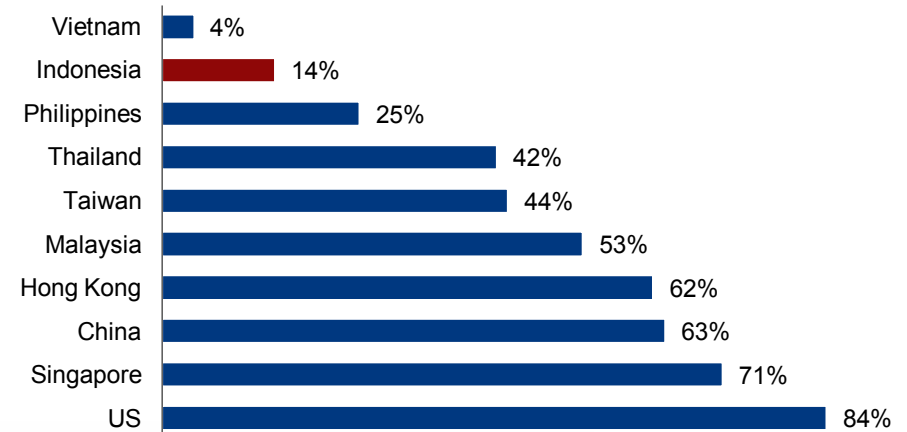
Source: Euromonitor, Central Bureau Statistics and Mark Plus

Modern grocery retailing grows even faster than overall retailing (IDR tn)



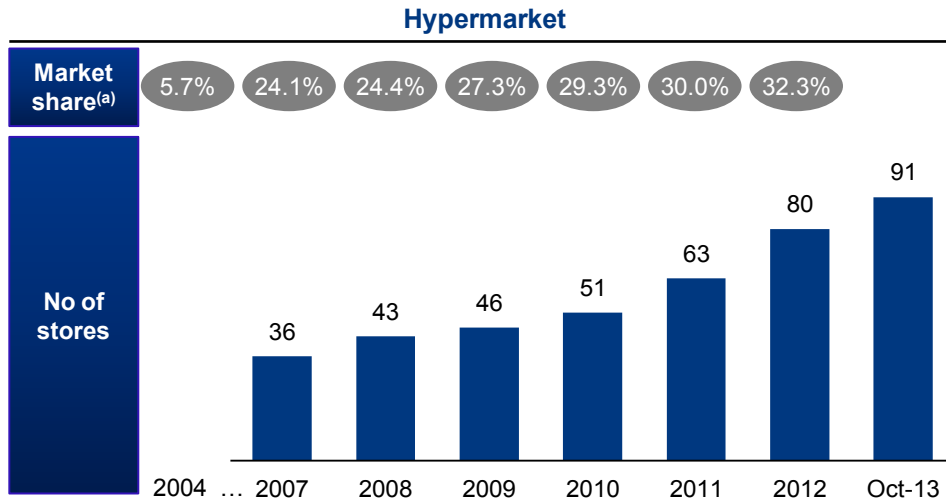
Modern grocery retail penetration still low

Modern grocery retail as % of total grocery retail



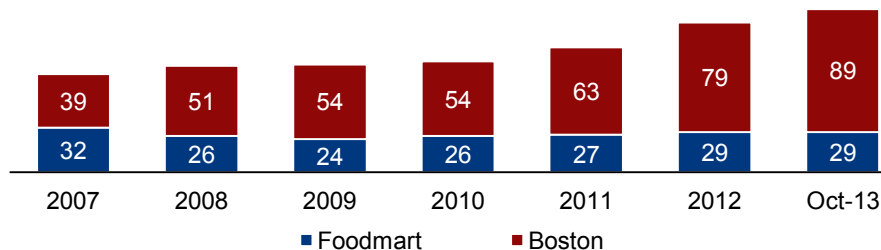
Fastest growing hypermarket with well-recognized and trusted retail brand in Indonesia

Track record of stable store expansion



Compact Hypermart format allows faster expansion and allows earlier market entry and first-mover advantage

Other stores



(a) Euromonitor, market share as % of retail value
Source: Company data, Euromonitor

Superior and trusted retail brand in Indonesia

Strong brand recognition nationwide

- Winner of Top 500 Asia Pacific Retail Award #1 (Indonesia) 9 years in a row
- Superbrand Award from Superbrand Indonesia









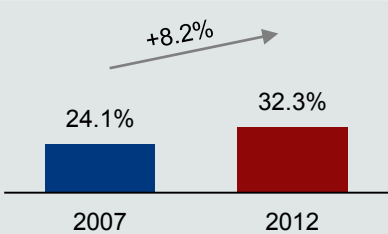
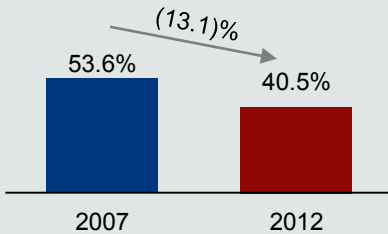
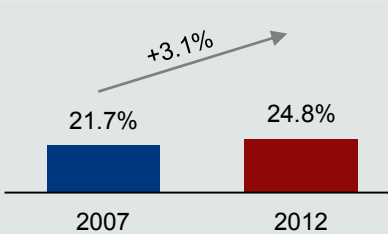
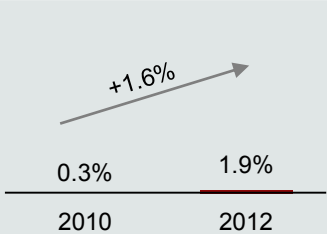


Established customer loyalty program

- More than 2 million members with average of Rp300k per transaction per day
- Hicard customers accounted for 53% of 9M 2013 gross sales
- Recently teamed up with Bank Mandiri to launch Hypermart Visa

2 Indonesia hypermarket competitive landscape

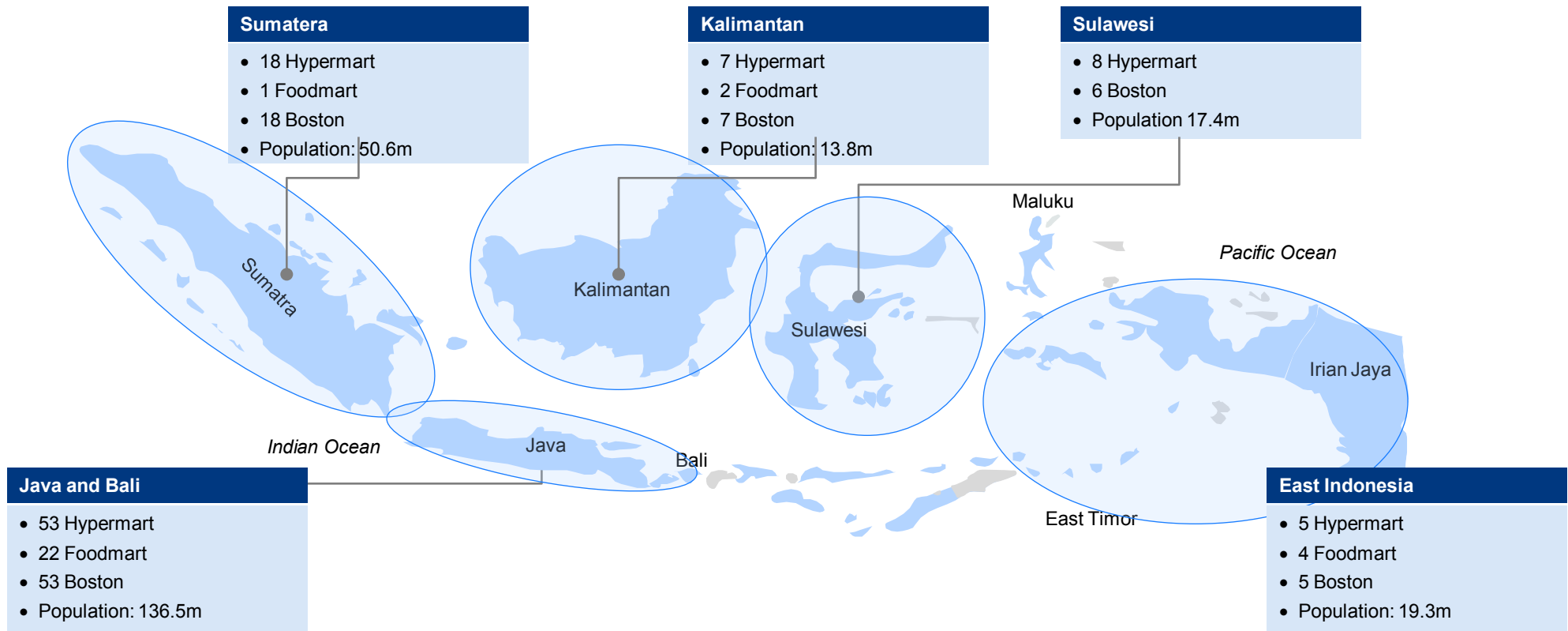
Competition's focus is within Java

	 PT MATAHARI PUTRA PRIMA TBK	 Carrefour	 Dairy Farm	 LOTTE
Description	<ul style="list-style-type: none"> Hypermart is MPPA's hypermarket brand Foodmart supermarket Largest footprint of coverage 	<ul style="list-style-type: none"> Recent conversion to local ownership Operates supermarket and minimarket Concentrates in Java region 	<ul style="list-style-type: none"> Diary Farm International through its subsidiaries operates as an Asian retailer of fresh foods, consumer and durable goods Operates hypermarket Giant brand 	<ul style="list-style-type: none"> LOTTE Co through its subsidiaries, engages in food, hotels, construction, and other businesses in Asia Lotte Mart is the hypermarkets chain of LOTTE Co and is prevalent in South Korean and Japan It entered Indonesia in 2010
Hypermarket brands	 Low prices and more ...	 Carrefour	 Giant	 LOTTE Mart
Target customer of hypermart	Middle to low income	Middle to upper income	Middle to low income	Middle to upper income
Hypermarket market share ^(a)				
No of stores (Sep-13)	Greater Jakarta	22	32	30
	Other Java	28	17	15
	Outer Java	39	7	4
	Total	89	56	49

(a) Euromonitor, market share as % of retail value
Source: Company data, Euromonitor

3 Extensive and attractive nationwide store footprint

The only hypermarket player with meaningful presence **outside Java area** which is **growing even faster**



- 1 Large retail network of 91 Hypermart, 29 Supermarket and 89 Health and Beauty outlets covering more than 60 cities and 23 provinces in Indonesia with focus on Java and expanding to new cities^(a)
- 2 Store locations are strategically located in the best areas in each city serving growing demand for modern retail
- 3 Combo formats (Hypermart + Matahari Department Store) also gaining popularity

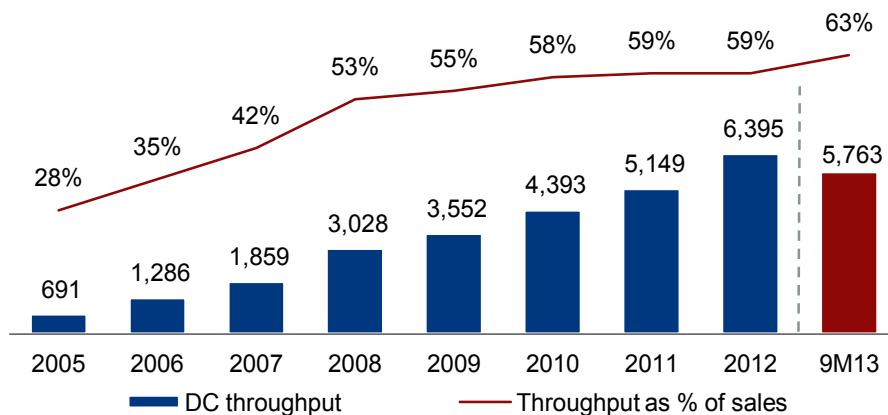
(a) As at 31 Oct 2013
Source: Company data

Efficient logistics platform driving productivity improvement

Current logistics arrangement

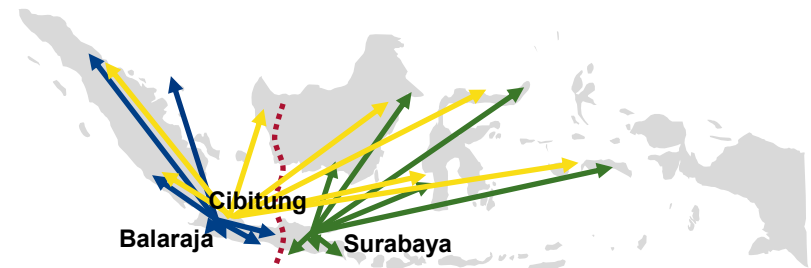
- ☞ Superior logistics infrastructure and distribution process allows MPPA to:
 - Establish the broadest geographic footprint
 - Carry higher in-stock levels
 - Improve overall service level and increase productivity of employees
 - Improve the distribution centers throughput:
 - IDR 691bn (28% of total sales) in 2005
 - IDR 6,394bn (59% of total sales) in 2012
- ☞ In 2012, the three distribution centers (“DC”) operated at between 70% (low season) and 90% (high season) of full capacity
 - New distribution center in East Java will be opened by 2014

DC throughput (IDR bn)



Distribution center

- ☞ 3 DCs: Two dry goods DCs located in Tangerang and Surabaya and a fresh food products DC located in Cibitung
- ☞ DCs allow MPPA to:
 - Maintain assortment availability
 - Inventory accuracy
 - Quality control
 - Reduced delivery time
 - Reduces out-of-stock items for all its stores nationwide



The only hypermarket chain with dedicated DC in Indonesia

Segmentation of distribution centers

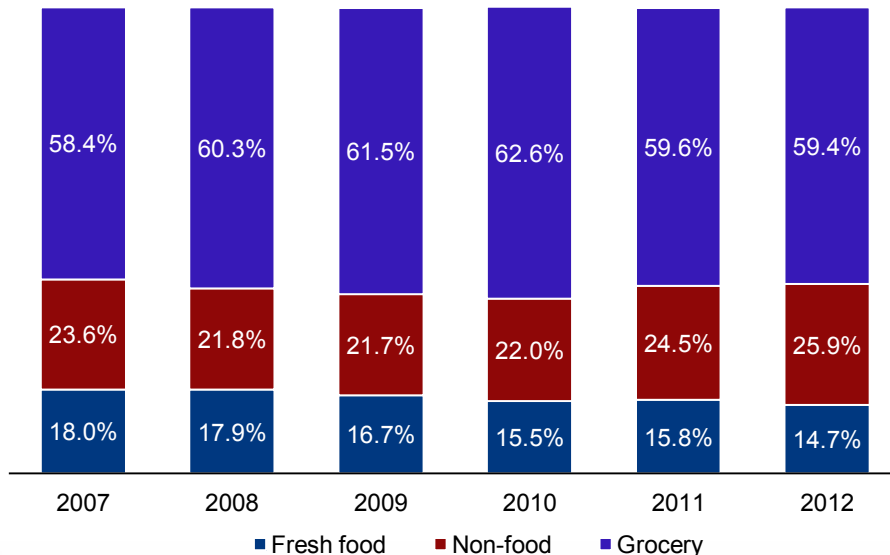
	Dry Goods		Fresh
Location	Balaraja	Surabaya	Cibitung
Space	30,000 m ²	10,000 m ²	4,000 m ²
Capacity	30,523 Plts	9,000 Plts	2,300 Plts
No of SKUs	12,500	3,000	950
WMS	Manhattan	Manhattan	Manhattan

5 Customer driven merchandise mix with consistent marketing strategy

Merchandise mix



Sales breakdown by merchandise



Strategic relationships with suppliers

- 🔗 Frequent top management meetings with suppliers
- 🔗 Open door policy with key suppliers (eg Coca-Cola and Unilever)
- 🔗 Fast growth recognized by suppliers, allowing for preferential treatment and increased promotional support
 - First to get access to new concepts in Indonesia (eg Coca-Cola refreshment zone)
 - Greater collaboration in promotional activities
 - Improved trading terms
 - Increased support of distribution centers
 - Matahari Supplier Club

Consistent marketing strategy

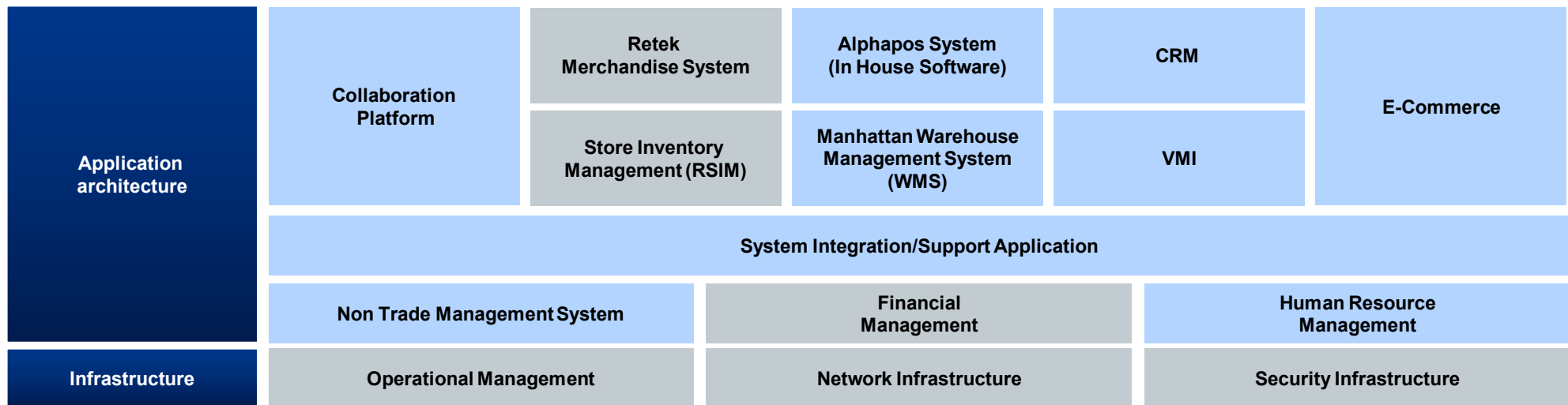
- 🔗 Targeted promotional offerings to capture market share from competitors
- 🔗 Competitive pricing on key housewife basket
- 🔗 Run significantly more advertising than peers
- 🔗 Brand Sales Events
 - Coupons, Double Discounts, PWP
 - Marketing through newspapers, catalogue, flyers
 - Credit Card Debit card promotion

Co-branded credit cards

- 🔗 Teaming up with Bank Mandiri, a leading consumer bank in Indonesia, MPPA launched its "Hypermart Visa" credit card in 2008

6 Strong infrastructure with advanced management information systems

Business process, policy and procedure



- Monitors wide portion of the core retail processes, covering ordering, purchasing, transfer, inventory management, price management, cost management, invoice matching for supplier payment, etc.
- Store inventory management (RSIM) coupled with the Retek Merchandising System processes day-to-day buying and selling activities

- In-house Point of Sales application
 - Pricing and Promotion
 - Sales Audit
 - Statistics and Reports
 - Online Top Up
 - Auto Upload POS SKU
 - PreScan
 - ComCheck – Instant Price Update

- Manhattan Warehouse Management System has efficient inventory management and system design, can process:
 - Receiving by RF & put away
 - Slotting optimization
 - Labor management
 - Using routing for transportation optimization
 - Roller & Cages & Totes
- The system can reduce stock losses and shrinkage and improved productivity

- Oracle Finance helps the Company perform:
 - Financial analysis
 - Financial control
 - Payment
 - Efficient internal accounting and reporting
- The system provides accounts payable/receivable modules, fixed assets module, general ledger module, etc.

Strategic relationship with Lippo Group



Hypermart is an anchor tenant in most Lippo Karawaci and LMIRT's malls



Combo formats with Matahari Department Stores



Presence in prime locations



Secure a strong pipeline for future locations



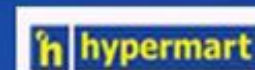
First opportunity to assess the commercial feasibility of a new site



Section 3

Vision and strategy

Matahari Putra Prima



Vision and strategy

Vision

To become the #1 multi-format food retailer in Indonesia

Strategy

1

Further enhance same store sales growth

2

Continuous and rapid store roll-out across Indonesia

3

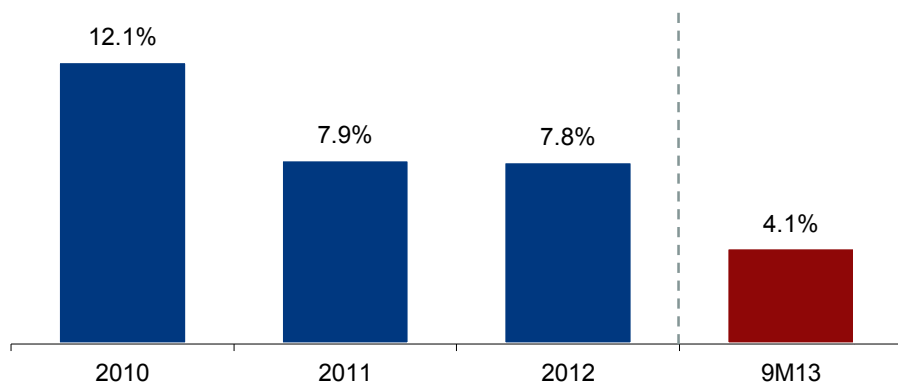
Drive operating efficiency and margins

Our growth and business strategies

1 Further enhance same store sales growth

- Ⓜ Provide products at competitive pricing
- Ⓜ Strong in-stock program
- Ⓜ Improve product space allocation and mix
- Ⓜ Aggressive and targeted promotions
- Ⓜ Focus on quality customer service
- Ⓜ Strong loyalty programs

Comparable store growth



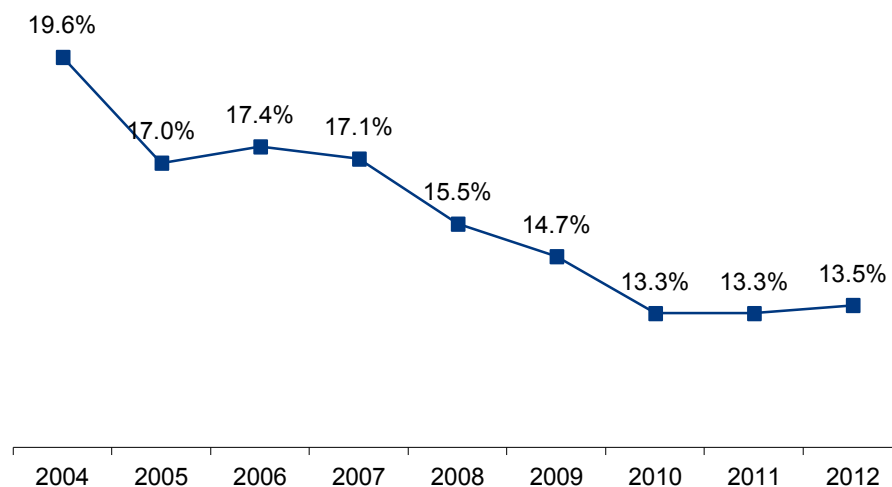
(a) Operating expenses excluding depreciation and amortization
Source: Company data

2 Drive operating efficiency and margins

- Ⓜ Realize economies of scale in sourcing and procurement
 - Ⓜ Negotiate additional discounts from suppliers
- Ⓜ Continue optimization of procurement and inventory management functions
- Ⓜ Further improve distribution logistics efficiencies

Growth has lowered the expense ratio

Operating expenses^(a) as % of sales



Our growth and business strategies (cont'd)

3

Continuous and rapid store roll-out

- 20+ store openings planned for 2013 and over 100 new stores in the pipeline
- Greater emphasis on stand-alone formats or combo formats with Matahari Department Stores
- Target to enter 10 new cities in 2013

2013YTD – 11 new Hypermart store openings



Focus on more profitable 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

Islands outside Java are more profitable

	Sales contribution ^(a)	EBITDA contribution ^(a)
Sulawesi	8.0%	10.0%
Kalimantan	11.3%	16.5%
East Indonesia	3.6%	7.8%
Sumatera	19.5%	21.5%
Java	26.1%	19.4%
Greater Jakarta	31.5%	24.8%

(a) As at 30 Sep 2013

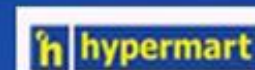
Source: Company data



Section 4

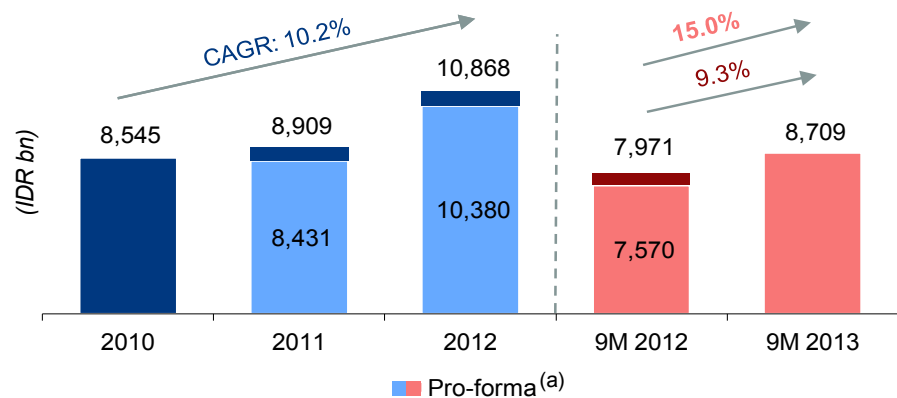
Financial overview

Matahari Putra Prima

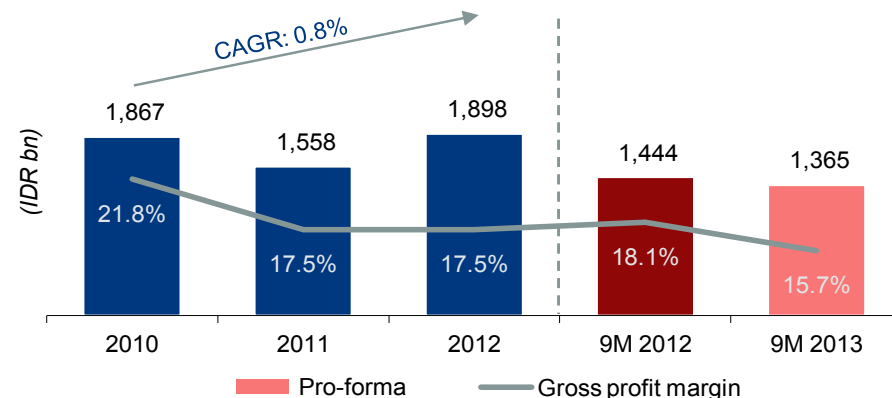


Attractive earnings growth driven by continued store rollout

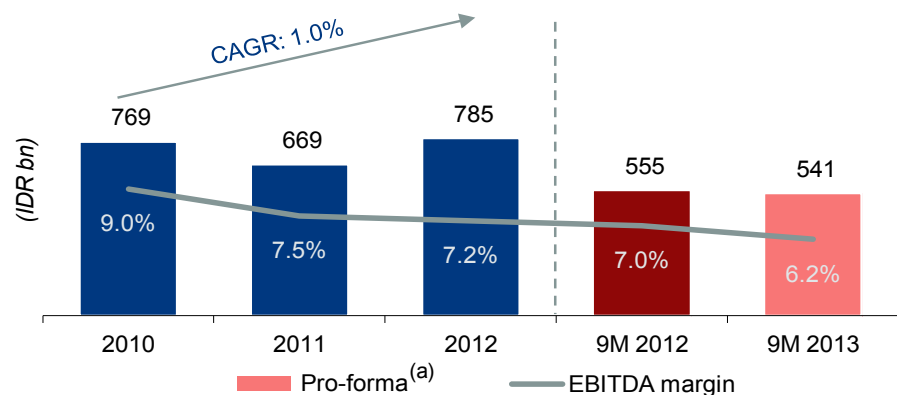
Sales



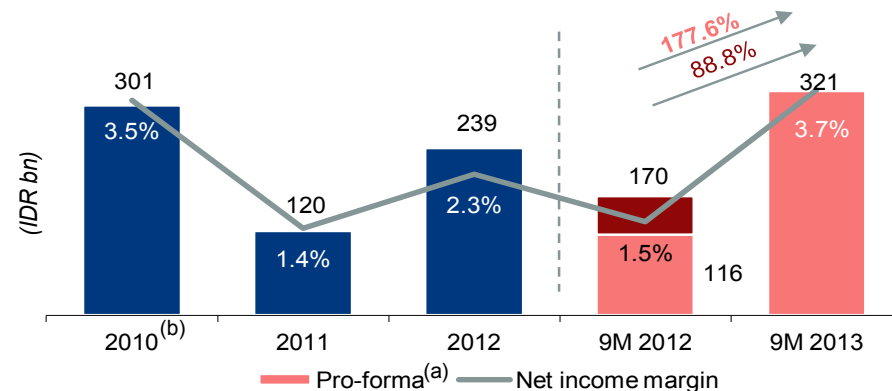
Gross profit



EBITDA



Net profit



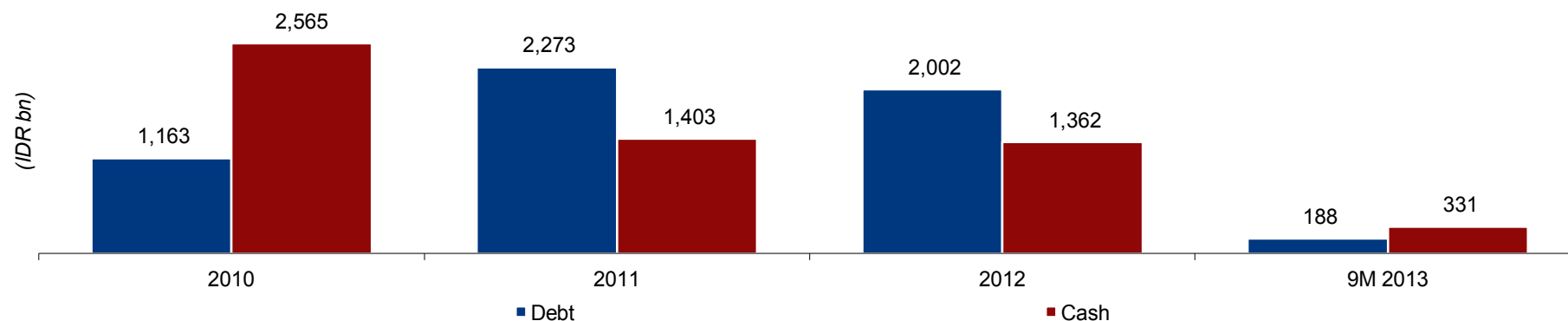
(a) Pro-forma numbers excludes non-core subsidiaries which are no longer consolidated as part of the 2012 restructuring activities. The historical numbers that include the non-core subsidiaries results are not directly comparable to the pro-forma financial results excluding non-core subsidiaries

(b) Exclude one time gain on disposal of subsidiary

Source: Company data

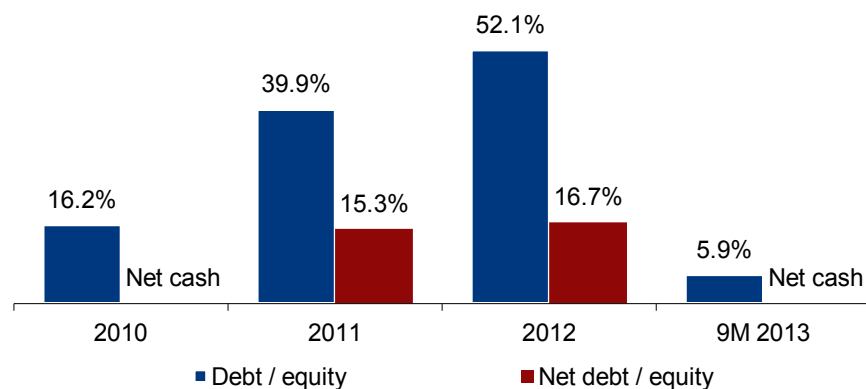
Significant debt headroom to support future expansion

Debt and cash

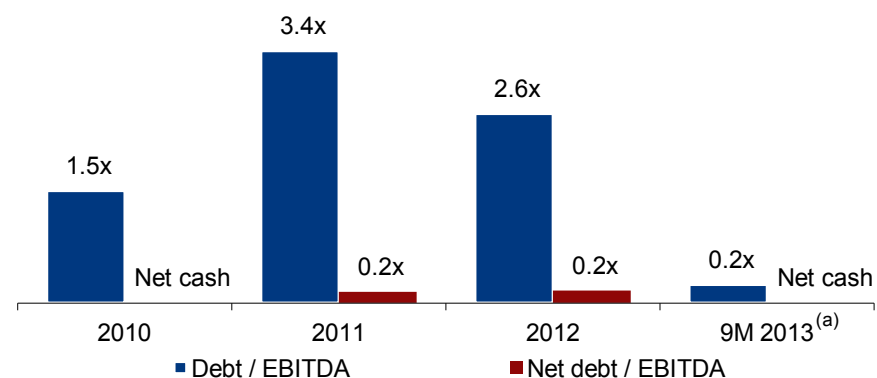


MPPA successfully repaid c. IDR 1,828bn of its bank loans. By 3Q 2013, the only long term debt outstanding is IDR 188bn bond due April 2014

Debt / equity



Debt / EBITDA



(a) Based on LTM 3Q 2013 EBITDA of IDR 771bn
Source: Company data



Matahari Food Business

Matahari Putra Prima Tbk



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Appendix I

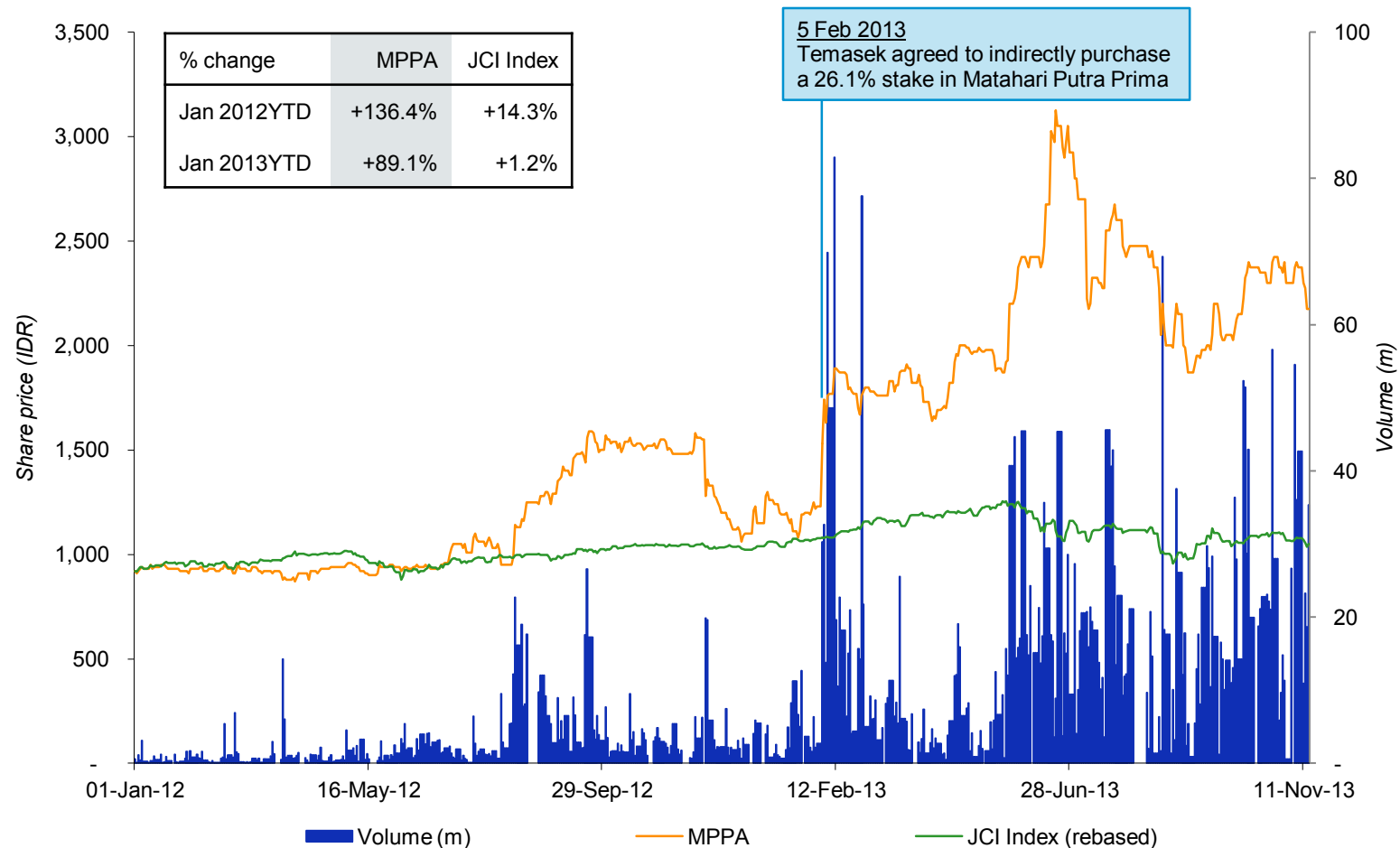
Additional information

MPPA share price performance

Average Daily Traded Value (ADTV)

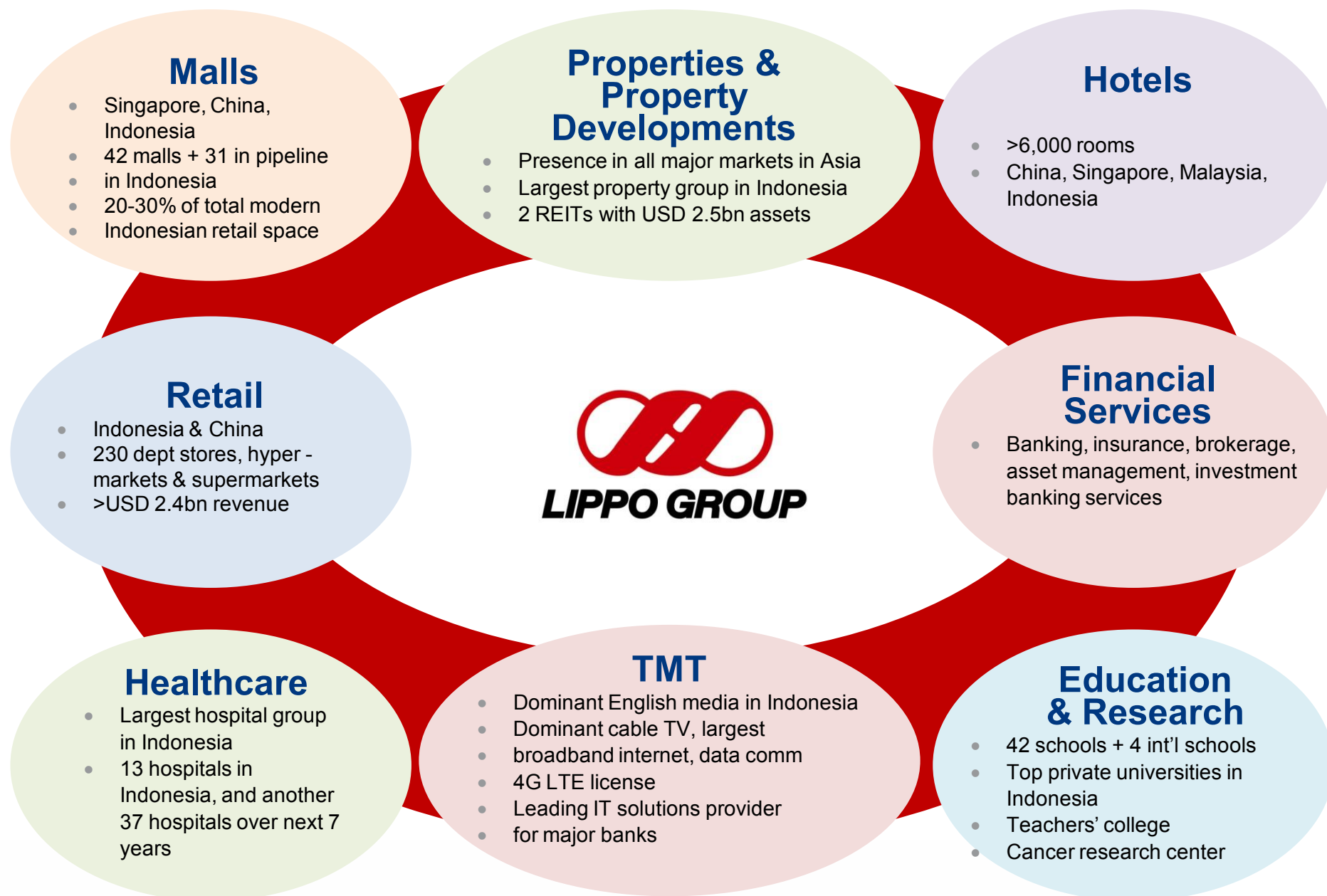
	US\$m	IDRbn
1M ADTV	5.5	61
3M ADTV	4.2	45
6M ADTV	3.5	36
1Y ADTV	2.2	22

MPPA share price performance 2012 – 2013YTD



Source: Newsrun, Bloomberg and FactSet as at 14 Nov 2013

Overview of Lippo Group



MPPA Board of Directors



Benjamin Jonathan Mailool
President Director

Prior to joining the Company in 2002, he assumed his position as CEO of PT Bukit Sentul Tbk, and Vice President in Citibank N.A, and has more than 20 years of experience in the industry



Carmelito Regalado
Non-affiliated Director

Joined the Company in March 2002, has over 35 years of experience and was elected as President of Matahari Food Business Division of MPPA in late 2009



Richard H. Setiadi
Director

Joined the Company in 2001, and he started his career as an auditor with Arthur Andersen 1994 where he conducted audits in several reputable companies



Lina H. Latif
Director

Joined the Company in 2001 and started her career as Senior Auditor at Prasetyo & Utomo Co since 1979 and joined Lippo Group since 1985



Ishak Kurniawan
Director

Joined the Company in April 2008. Prior to joining the Company, he serves as the Country Human Resources Officer in Citibank N.A with more than 24 years of experience



Johaness Jany
Director

Joined the Company in 1989, later assumed several key positions in different subsidiaries, including Timezone, Matahari Department Store

Key management of Matahari Food Business

Patrick Hopper <i>Chief Financial Officer</i>	<p>Joined the Company in April 2013, with more than 30 years of experience in retail industry and more than 10 years exposure in the emerging market. Prior to joining, he worked as a Partner of Retail Solutions, working with retailers, retail lenders and investors throughout Central and Eastern Europe. He also held various important operational and financial positions in Tesco and Kmart</p>	Ang Kasmin Rasilim <i>Risk Management Director</i>	<p>Joined the Company in 2003. His career path includes positions in Gramedia Group (1989-1995) as Marketing Manager, WalMart International Jakarta (1996-1998) as Loss Prevention Country Manager and PT Hero Supermarket Tbk as Procurement General Manager</p>
Danny Crayton <i>Investor Relations Director</i>	<p>Joined the Company in September 2013 with more than 42 years of experience. Prior to that, he assumed the role of a Director in Matahari Department Store (2003-2012). He also held important positions in Moore's, Belk and Ivey's Department Store prior to joining Matahari</p>	Meshvara Kanjaya <i>Merchandising and Marketing Director</i>	<p>Previously worked for the Company for the period of 2003-2007 as Format Director of Foodmart. In late 2009, she rejoined the Company as Director of Merchandising & Marketing. She started her career in PT Procter & Gamble Indonesia in Product Development Department as Industrial Chemist</p>
Danny Kojongian <i>Corporate Communication Director</i>	<p>Joined the Company in 1996. His career in the Company has grown from Senior Manager to the present Director position and has been assuming the investor relations & public relations roles since 1996. He started his professional career in PT Duta Pertiwi as Treasury Senior Staff (1994-1996)</p>	Deborah Rosanti <i>Associate Director Store Planning and Development</i>	<p>Joined the Company in 2002. Prior to joining, she assumed several important positions in the field of property such as Harapan Group (1989 - 1992) as Project Coordinator, Kanindo Group (1993 - 1994) as Project Manager, PT Lippo Development Group (1994 - 1999) as Project Manager</p>
Gilles Pivon <i>Hypermart Format Director</i>	<p>Joined the Company in 2009 as VP Sales Development FMCG's Non Food of Hypermart. He started his professional career in hypermarket business in 1986 by joining the Carrefour Group, France. During his career path, he has assumed several key positions, include the Regional Director of Carrefour Taiwan (2004-2006) and the Regional Director of Carrefour Belgium (2007-2009)</p>	Keith Dolling <i>DC and Logistics Advisor</i>	<p>Joined the Company in January 2004 as Logistics Advisor. His 36-years professional career has been intensively focused in distribution & logistic aspects with the experience in holding several director positions in TOPS Retail (Malaysia) Sdn Bhd, Daria-Varia Laboratoria Group, Kalbe Farma Group and TNT Logistics Indonesia</p>
Emi Nuel <i>Supermarket Format Director</i>	<p>Joined the Company in 2004 as VP Head of Operation Hypermart. Within 2008-2009, he assumed key position as President Director – COO of Mitra 10. In late 2009, he returned to the Company as Format Director of Foodmart. He started his professional career in Astra Group in 1990. He worked as Marketing Planning Manager of DHL (1996-1999) and Store GM of Carrefour (1999-2003)</p>	Laniawati S Matita <i>Human Resources Director</i>	<p>Joined the Company in 2013 with more than 20 years of experience in Human Resources. Prior to joining, she assumed several important positions in Human Resources department of PT Argo Pantes Tbk, PT Alam Sutera Realty Tbk, Astra Group, among others</p>
Iwan Goenadi <i>IT Director</i>	<p>Joined the Company as Head of Management System (MIS) in 1998. He was appointed as Head Store Operation Supermarket in 1999 and MIS Director since 2002</p>		

Showcase of private label brands

- ☞ Matahari offers private label brands across broad range of goods: electronics, diapers, skin care products, and food items, including dry goods, daily and frozen foods
- ☞ Matahari's private brands include **Value Plus** (general grocery and non-food products) and **Bakemart** (bakery)
- ☞ Quality benchmark to national brand
- ☞ Pricing at 10 – 15% cheaper than national brand
- ☞ Focus on products that's related to food, convenience and health and well being



Disclaimer

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