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LPPF.IJ / LPPF.JK

Company Update

November 2023

 **matahari**



Agenda

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Profile

Key Facts about Matahari

Indonesia's largest fashion retail platform

156 Stores

10 New in 2022 + 8 New in YTD'23
focusing on all key cities, in addition to leading coverage in multiple regional malls

81 Cities

focusing on the fast-growing mid-income segment

Extensive apparel, footwear, & beauty, offering leading global & popular regional brands, with our array of private labels

94%

Large domestic supplier base



Leading multi-category retailer

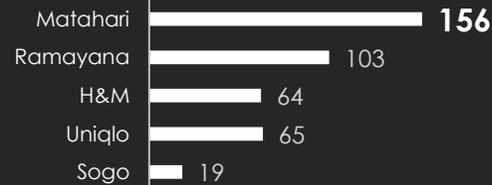
Relative Market Share (RMS)

2.7x

Vs. nearest competitor

Best Reach

Stores



Well-loved brand,
Ready for omnichannel

Active Loyalty Members

8.0Mn

Active Member Sales Contribution

77.8%

Net Promoter Score

77

Strong Financial health & shareholders' support

1.4 Trn

2023 EBITDA Guidance

2.26 Bn

Outstanding Shares

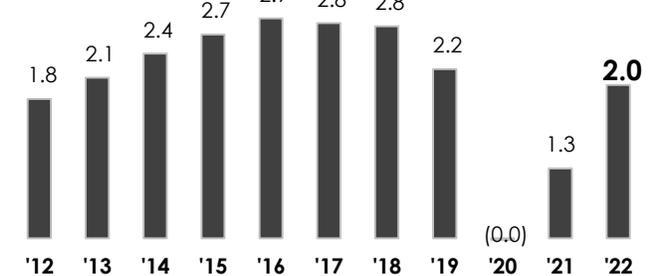
Auric Digital Retail

42.5%

Controlling Shareholders

EBITDA / EBITDA Margin

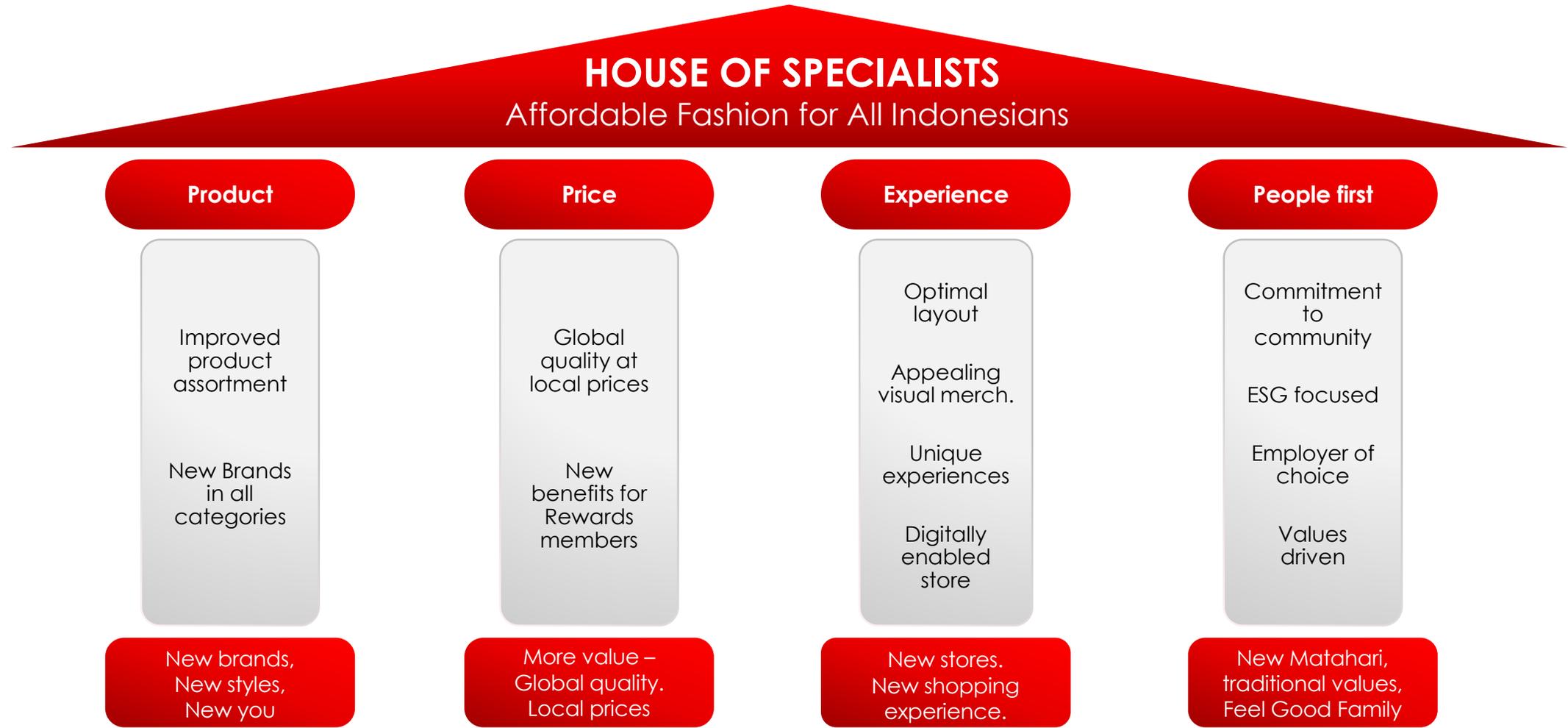
IDR Trillion / %



16.7% 16.5% 16.7% 16.7% 16.6% 16.0% 15.5% 12.2% -0.3% 12.7% **15.9%**

Matahari Rebranding

The rebranding signifying improvements in price value, products, customer experience, and people (internal and external)



Vision

Be a leading omni-channel lifestyle retailer as a customer-centric 'House of Specialists'

Mission: To delight customers with aspirational yet affordable fashion that looks good and feels good

Purpose: Instill pride into everyday Indonesians

1 Curated customer-led range to grow sales & improve margin productivity

2 Rejuvenated, evolved and expanded omni-channel presence (online & offline synergies)

3 Best-in-class all-round customer experiences & personalization, focusing on loyalty members

4 Cost optimization to achieve operating leverage as the business grows

Strategy Update Highlights

Key pillars to deliver multi-year target



Merchandise Full Potential

Curate customer-led range to grow sales & improve private label offering



Store Network Optimization

Rejuvenate, evolve and expand physical store network to full potential



Omnichannel Expansion

Excel & expand in online with leading omnichannel own site and strategic marketplace partnerships



Loyalty & Personalization

Increase customer retention & spend via loyalty and data-backed personalization



Operational Excellence

Harmonize across physical & digital for best-in-class all-round customer experience



OPEX Optimization

Optimize operating cost to achieve operating leverage as the business grows



Environmental, Social, & Corporate Governance

Focus on kids as part of our giving back initiatives

Key focus area to deliver earnings growth in next 12-24 months

Largely achieved

Strategy Focus (OGSM)

Focuses on private labels, growth of beauty, CV partnership, growth of Omnichannel, and loyalty

The leadership team had a comprehensive off site session in October 2022.
The strategic session was leading to the Project Sunrise being tightened further into 5 cores.

Strengthening our private labels

Growth of Shop-in-Shop concepts and expanding heroes with more store space and upweighting localities

Empowering the growth of beauty

Bringing new premium brands as well as expanding private label within online and improved offline space

Strengthening CV partnership

Improving brand expansion, participation, and productivity, as well as, onboarding all CV suppliers into single portal

Expansion of Omnichannel

Building range and enhancing customer experience, whilst establishing leadership in marketplace

Growing Loyalty & personalization

Growing active members and loyalty & driving omnichannel customers, with better member value proposition

Our Team

Winning formula and target defined; team assembled



ROY MANDEY
Independent
Commissioner



ADRIAN SUHERMAN
Commissioner



MONISH MANSUKHANI
President Commissioner



ANDY ADHIWANA
Commissioner



BIANCA CHEO HUI HSIN
Independent
Commissioner



DAVID AUDY
Independent
Commissioner



HERNI DIAN
Director
(Chief of People
& Culture Officer)



NIRAJ JAIN
Director
(CFO)



BUNJAMIN MAILOOL
President
Director



TERRY O'CONNOR
Vice President
Director (CEO)



IRWIN ABUTHAN
Director
(Store Development) (Chief Merchandising
Officer)



RACHEL STACK
Director
(Chief Merchandising
Officer)



Ian P.
DC
Director



Willy W.S.
IT
Director



Tjhai A Eng
Head of
Marketing



Brajesh S.R.
Digital
Director



Dan S.
Planning &
Allocation
Director

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9M 2023 Performance Updates

Executive Summary

Quiet 3Q23 performance prior to coming quarters stimulants

- Sales for 9M23 reached IDR 9.6Trn, or grew by 1.4 %. However SSSG was -2.3% driven by the lack of Lebaran stimulation and slowness in economy thereafter.
- The third quarter was particularly challenging given the absence of the pent-up demand from back-to-school last year, coupled with the higher cost of living crunch.
- As such, in an effort to stimulate sales, optimize market share, and ensure healthy inventories ahead of 2024, the company did pass on savings to customers, which had an impact on margin. Also, to this end, inventory intake was substantially reduced.
- Gross Margin in 9M23 was 34.9%, vs. 9M22 of 35.7%.
- EBITDA for 9M23 was IDR 1.1Trn vs IDR 1.5Trn LY. Net Profit was IDR 631Bn. Equity was positive at IDR 3.5Bn
- Intakes will start to flow again in more healthy levels in the fourth quarter. This will provide some positive momentum. But we should expect to continue to see some flushing out of slow-moving inventories in the fourth quarter. EBITDA for the year is likely to be at IDR 1.4Trn.

As such, the company has also doubled down on its strategic transformation initiatives.

- **Store expansion** to focus on quality store openings rather than quantity. Targeting 4 Matahari and 2 MU&KU stores for 2024.
- **Accelerate rebranding** and focus our capex investment in selected A+ and A stores.
- **MU&KU**, our new upper middle multifibrand concept, is being presented to target developers and is receiving positive feedback. Target Launch in H1 2024.
- **Suko** roll out to 14 additional stores (total 34) progressing well. Category Extension and further stores roll out to continue in 2024 and beyond.
- **Anyday**, new private label just launched in Oct as entry level fighter brand to offset inflationary pressures.
- **ETP**, POS solution rolled out across all 156 stores. More than 95% of the CV items are now sold using product bar code instead of Pink Slips. Next Phase (H1 2024) to provide visibility of CV Inventory inside Matahari stores enabling Fulfill from stores for CV business.
- **Inventory Innovation** increase focus on inventory full price sell through and accelerate reduction of aged inventory.
- **In the short-run**, Company is preparing an extensive Christmas marketing campaign, as well as putting in place plans to leverage the very favorable conditions in the 1Q24, boosted by the timing of Chinese New Year, the election season, and Lebaran.

Maximizing shareholder value

- Dividend policy maintained at a minimum 50% payout.
- Capex spend forecasted to be under IDR 300Bn vs budget of IDR 500Bn.

Commercial Updates

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BACK to SCHOOL

Back To **Playdate**
Koleksi T-shirt Anak
Harga Spesial
mulai dari
Rp 69.000

NEVADA
little m
Aero

Back to School

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88
MERDEKA
BERGAYA

4 - 8 Agustus 2023
seluruh store matahari

Harga Spesial
mulai
Rp 88.000

Independence Day
(Merdeka) Campaign

matahari
Jumbo Sale **SERBU!**

SERBU!
Koleksi Pakaian Pria
Diskon
hingga
70%

*Syarat & ketentuan berlaku. Produk dan toko tertentu

NEVADA details COLE

Jumbo Sale

YTD Sep 2023 Financial Highlights

Sales at IDR 9.6Trn, SSSG -2.3% and EBITDA at IDR 1.1Trn

(in IDR Bn)	YTD Sep				Comparable YTD Sep			Q3			
	2023	2022	Var	Var %	2022	Var	Var %	2023	2022	Var	Var %
Gross Sales	9,615	9,484	132	1.4%	9,484	132	1.4%	2,223	2,324	(101)	-4.3%
SSSG%	-2.3%							-8.0%			
Gross Profit	3,356	3,390	(34)	-1.0%	3,308	48	1.4%	750	815	(65)	-8.0%
GM%	34.9%	35.7%			34.9%			33.7%	35.1%		
OPEX	(2,220)	(1,846)	(374)	20.3%	(2,094)	(126)	6.0%	(688)	(574)	(114)	19.9%
EBITDA	1,136	1,544	(408)	-26.4%	1,214	(78)	-6.5%	61	241	(179)	-74.5%
EBITDA Margin%	11.8%	16.3%			12.8%			2.8%	10.4%		
Net (Loss) Income	631	1,054	(424)	-40.2%	713	(82)	-11.5%	(53)	136	(189)	-139.3%
Net Income Margin%	6.6%	11.1%			7.5%			-2.4%	5.8%		

Comparable : excluding Covid rental concessions and participations/discounts.

Balance Sheet

Equity at IDR 4Bn positive vs IDR 160Bn negative last quarter

ASSETS			LIABILITIES & EQUITY		
(in IDR Bn)	Sep 2023	Dec 2022	(in IDR Bn)	Sep 2023	Dec 2022
Cash and Bank Balance	194	354	Bank Loan	1,000	(0)
Trade Receivables	42	64	CV Trade Payables	420	664
Inventories	876	896	DP Trade Payables	315	546
Right-of-Use Assets	2,290	2,527	Lease Liabilities	2,755	2,933
Other Assets	1,355	1,223	Other Liabilities	1,026	1,026
Fixed Assets	762	686	Equity	4	580
TOTAL ASSETS	5,519	5,750	TOTAL LIAB. & EQUITY	5,519	5,750

Remarks:

- Bank loan utilization reduces from IDR 1,150Bn to IDR 1,000Bn

The Game Plan

Current State

- **Sales** for 9M23 reached IDR 9.6Trn; grew by 1.4%. SSSG was -2.3%, due to the high base and higher cost of living.
- **Gross Margin** in 9M23 was 34.9%, vs. 9M22 of 35.7% as Matahari passed on savings to customers.
- **EBITDA** for 9M23 was IDR 1.1Trn vs IDR 1.5Trn LY. Net Profit was IDR 631Bn.
- **ETP**, POS solution rolled out across all stores. 95%+ CV items are sold using product bar code instead of Pink Slip.

Immediate Actions

- **Campaign for exciting seasons** of Christmas, Chinese New Year, and Lebaran are in place to tap into expected higher purchasing power.
- **SUKO** rollout in next 14 stores is progressing well for upper-middle customers.
- **Anyday**, new entry label has been launched Oct'23 to help offset inflationary pressures.
- **Inventory innovation**, Increase focus on inventory full price sell-through and accelerate aged inventory rationalization.

Medium-term Actions (2024)

- **Store expansion** focuses on quality store openings, aiming 4 Matahari and 2 MU&KU stores in 2024.
- **MU&KU**, our new upper-middle multi-brand concept, is favored by target developers; expected to open in 1H24.
- **Grow** 6 power DP brands with SIS and bring 20 new brands and 19 Supercharge CV brands
- **ETP phase 2** to provide visibility of CV Inventory inside Matahari stores enabling Fulfill from stores for CV business.

Goals

- **EBITDA** Guidance of IDR 1.4Trn for FY23.
- **Dividend** policy remains the same at minimum 50%.
- **Capex spend** forecasted to be under IDR 300Bn for 2023.



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Thank you

 **matahari**

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Appendix

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Strategy Updates

Merchandising Full Potential

Improved range of Mens, Womens & Childrenswear, to refocus Private Label Brands' DNA

Nevada

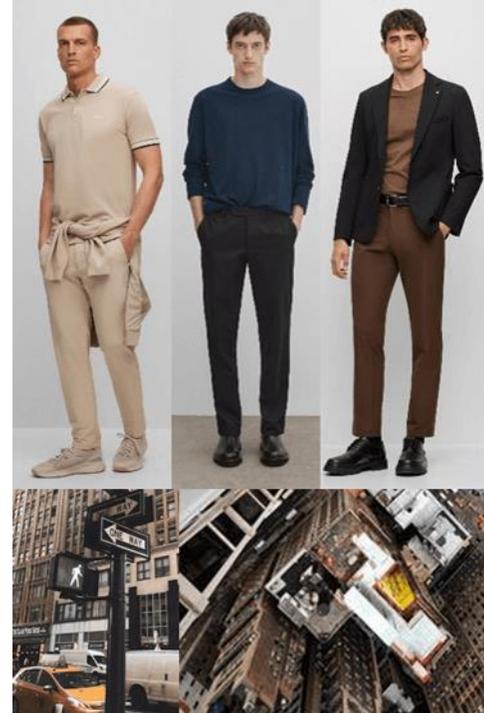


Global Streetstyle
(Varsity & Tokyo Inspo)

Nevada Kids

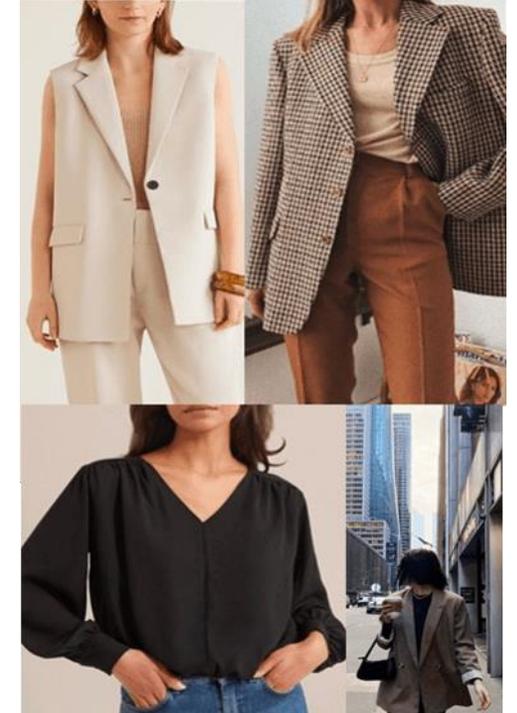


Cole



New! Modernwear
expansion

Connexion



New! Workwear

Merchandising Full Potential

New Private Label Brands to fill the merchandising architecture gap

SUKO



34 stores within 2023

Existing 20 stores to be complemented with expansion to additional 14, providing capacity for marketing and branding ramp-up

Anyday



Entry of Anyday to 50 stores

New entry label to tap into cost of living concerns and offer price sensitive customer segments simplicity and best prices

A new active brand



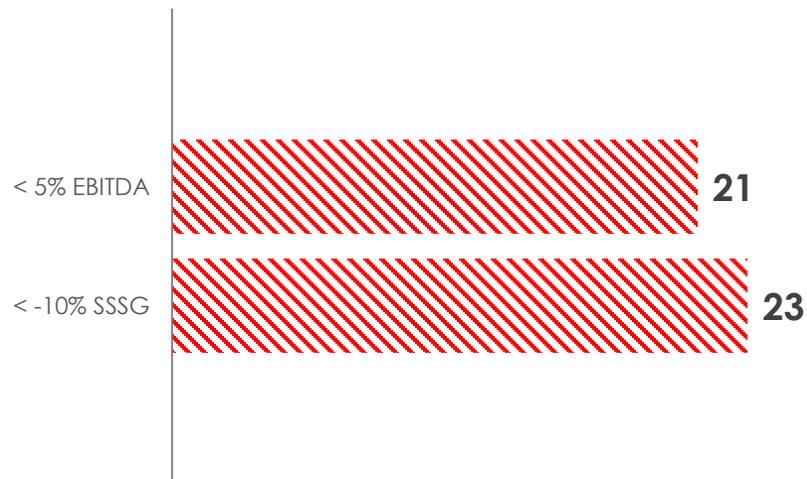
Exciting 2024 developments

An affordable, moderate and comfortable walking and sport-style range that fits contemporary needs

Store Network Optimization

Identified stores with room for improvement

29 Stores under watchlist and identification



Several stores faced challenges due to post-COVID scarring effect, pressured surrounding market purchasing power, and low mall occupancy

Room for improvement and actions in progress

- ▷ Working with landlords to come up with better lease terms, as well as other practical and optimal support solutions
- ▷ Exploring space rationalization for higher productivity
- ▷ Accelerating rebranding / rejuvenation options to boost the store appeal
- ▷ Re-aligning merchandising offering to meet current and future customer demands

Store Network Optimization

Rebranded stores in attractive catchments & opened new ones in high-potential catchment areas

Opened 8 new stores in high potential catchments, with latest store at Kediri Mall



6 new stores for 2024; Average size of 5,500 sqm

Rebranding and rejuvenation now focusing on higher impact stores based on new store grading criteria.



Focus on brand impact, customer experience and floor and linear productivity.

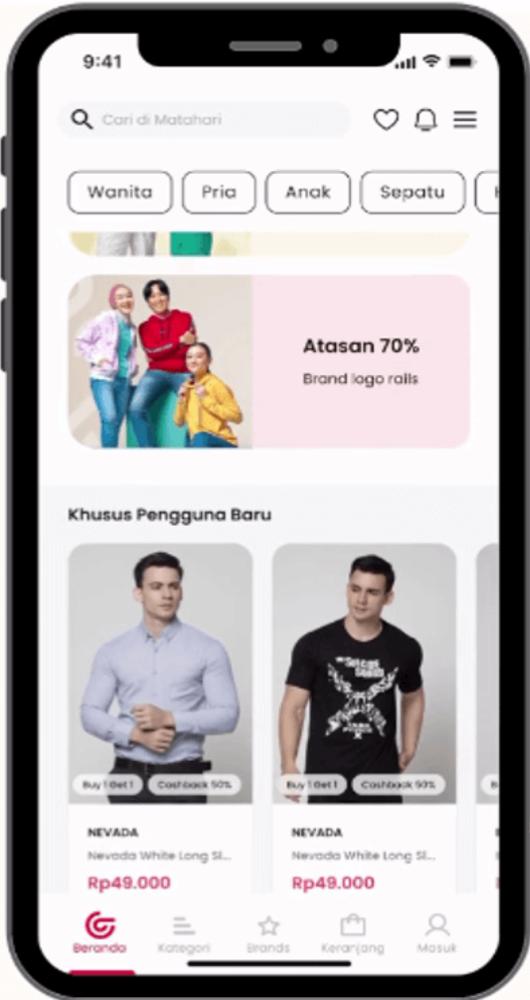
Store Network Optimization

New concept is being presented to target developers



Omnichannel Expansion

Focus on scaling business by delivering better customer experience



Tech Momentum

ETP Rollout completed;
New OMS implementation,
CV fulfil from stores
enablement H1 2024



DP Fulfil from Stores

Expanded fulfill from stores to
37 Stores, 30 cities, resulting in
more than 50% contribution



New & Upgraded App

Achieved 332,600 app
downloaded in 3Q, accounts
for 21% of total customer base



Marketplace Growth

After relaunching Tokopedia,
presence on 4 marketplaces
business has resulted 4x growth

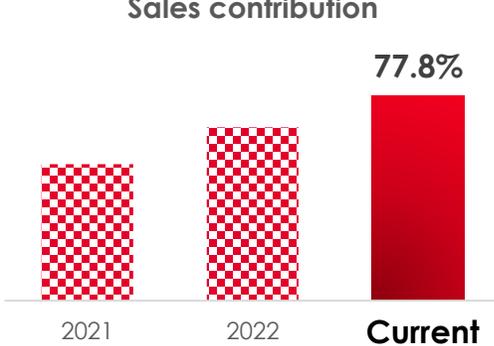
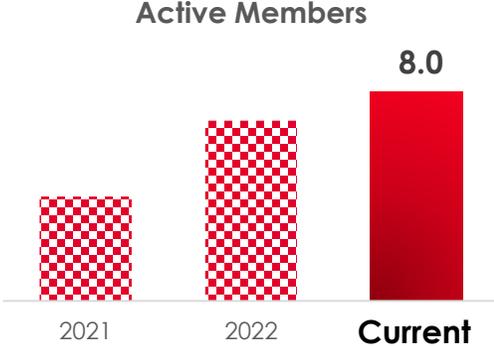
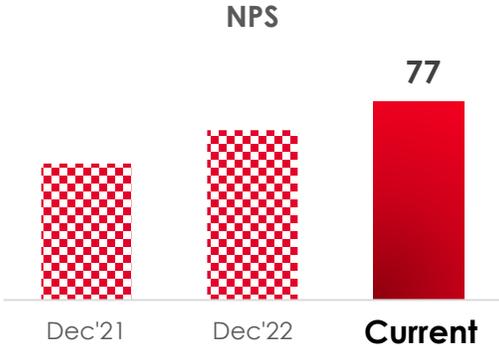


Better NPS

Record NPS score achieved in
Q3, up double digits from last
year, reflects an enhanced
customer experience

Loyalty & Personalization

Active members contribution bodes well for future revenue



Positive feedback generated through personalization and optimized benefits



Active members are actively rewarded through events



Revamped acquisition drive engaging stores and digital channels for accelerated sign up.

Operational Excellence

Improved layout, visual merchandising, & customer experience in stores, with out-of-store expansion



Improved layout and visual merchandising for better navigation and higher customer experience



Leveraging creative store installations for promotional cut-through



Out-of-store expansion extends Matahari customer touchpoints and brand awareness

ESG: MILKS*

More actions on environmental contribution and creating social impact



Further expansion of recycling initiatives with higher customer enthusiasm to participate



Providing clothing and footwear support for students in need



Commendation of Matahari efforts to uphold best governance practice for the best overall category, the best women empowerment company, as well as for the best employee commitment & satisfaction

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Capital Allocation Updates

Capital Allocation Updates

Financial prudence and optimism for 2024

Financial Prudence

Gaining maximum output out of less investment in technology

Rigorous cost management at all lines

Capex plan reduced by 40%, focusing in quality store opening vs. quantity

Dissolving stock for healthier inventory position

Optimism for 2024

Dividend policy remains the same at minimum 50% payout

Likely return to Share Buyback Activity

Capex Focus on A+ and A stores
Investment in new & exciting growth stores

Expecting higher ROI by focusing on dollars spent on highest impact stores or brands