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**Q1 2022
EARNINGS CALL**

27 April 2022

AGENDA

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EXECUTIVE SUMMARY

▶ Robust Q1 2022 performance despite peak of Omicron cases in February 2022

- March recovery rate was in line with January, a 21% improvement from February with overall recovery rate for the quarter at 79%.
- Sales for Q1 2022 were IDR 2.4 Tn, in line with plan, an SSSG of 18.6%
- Q1 2022 gross margin was at 35.5% vs. 33.3% in Q1 2021.
- Resulting in Q1 EBITDA of IDR 251 Bn vs 14 Bn in Q1 2021. Net Income was at IDR 145 Bn vs (95) Bn in Q1 2021.

▶ Business is well-positioned for further growth

- Project Sunrise 5-year strategy plan is now well established with dedicated transformation office. Tracking and measurement is now institutionalized and will form part of key stakeholders' updates.
- Opened 2 new stores – Plaza Ambarrukmo Yogyakarta (31st March) and Mall Taman Anggrek Jakarta (14th April). On target to open a minimum of 8 additional new stores by the end of 2022. New format store completed in Karawaci.
- Curated customer-led merchandising range is leading to ongoing overhaul of our key private labels at healthy margins as well as rationalization of brands and product groups, which is leading to higher space productivity.
- Infrastructure and investments in omni-offering in place to support growth.
- Current guidance to deliver FY EBITDA of IDR 2.0 Tn will be reviewed for upside during Q2 Earnings communication period.
- Five-year target KPIs have been set to more than triple EBITDA by 2026 from IDR 1.3 Tn in 2021.

▶ Corporate activities are enhancing shareholders' value

- Final dividend of IDR 250/share approved in AGMS. Continued with share buyback program utilizing IDR 646 Bn during Q1 2022 for buying 157 Mn shares at an average price of IDR 4,128. Ended Q1 with a strong net cash of IDR 507 Bn. New share buyback program from 9 May to 3 Jun
- EGMS to be held on 6 Jun 2022 to seek approval for treasury share cancellation and long-range share buyback program

MACROECONOMIC, INDUSTRY & TRADE UPDATES

MACROECONOMIC / INDUSTRY UPDATES

Omicron well navigated; strategic pricing in play

- ▶ **Omicron well navigated for swift rebound and strategic pricing in play for best combination of customer value and margin management.**

Improving market conditions

- Despite easing, consumers confidence index stayed above the optimism threshold of 100
- Economic recovery with less restricted pandemic-related rule has triggered domestic demand
- We are at 94% triple vaccinated

Inflationary dynamics

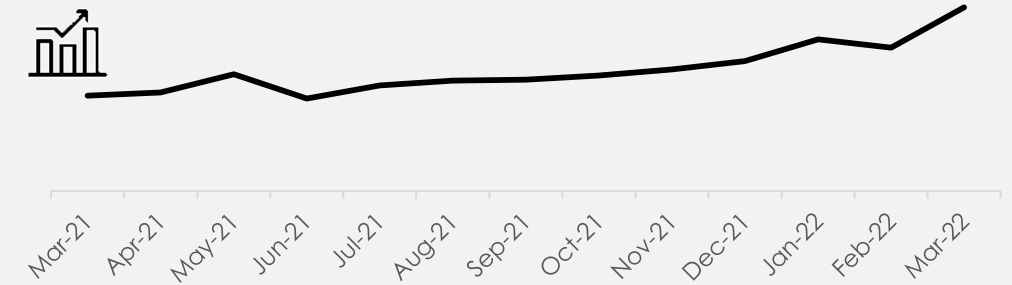
- Russo-Ukrainian geopolitical risk has driven inflation in several commodities
- Global supply chain disruption causing higher imported product cost (**Matahari is 94% local supply chain**)
- Cost-push inflation due to high commodity price, whilst driving the economy in commodity-producer region (**Matahari's best-performing regions are Kalimantan, Sumatera, Sulawesi**)

Consumer Confidence Index



Source: Bank Indonesia

Inflation (% YoY)



Source: Statistics Indonesia

COMMERCIAL UPDATES

Events ran well; new stores marked the growth phase



▷ Commercial events happenings

- Chinese New Year trading was stimulated early Jan'22 for full-month impact.
- Lebaran campaign started at the end of Mar'22 with Lucky draw campaign comprising cars, motorcycles, gold, and vouchers, supported by business partners.
- Marketing events ran well: Jumbo Sale, Single Days, Pay Day, Matahari Rewards Day, payment options promotion, and merchandising category promotions (Denim Fair, Men's Week, Baby Fair, Youth Fest, etc)
- Launched Atome & Kredivo as the new payment options of Buy Now Pay Later
- 2 new stores: Plaza Ambarrukmo Yogyakarta and Mall Taman Anggrek Jakarta

Q1 2022 FINANCIAL PERFORMANCE UPDATES

Q1 FINANCIAL HIGHLIGHTS

EBITDA IDR 251 Bn Vs IDR 14 Bn in 2021

(in IDR Bn)	Q1 2022		
	2022	2021	Var %
Gross Sales	2,403	2,076	15.8%
SSSG%	18.6%		
Gross Profit	853	692	23.2%
GM%	35.5%	33.3%	
OPEX exc. Rental	309	342	-9.6%
EBITDAR	544	351	55.1%
EBITDAR Margin%	22.6%	16.9%	
Rental incl. Amortization	293	336	-12.9%
EBITDA	251	14	1659.3%
EBITDA Margin%	10.4%	0.7%	
Net (Loss) Income	145	(95)	152.1%
Net Income Margin%	6.0%	-4.6%	

BALANCE SHEET

Strong Balance Sheet with Net Cash of IDR 507 Bn

ASSETS				LIABILITIES & EQUITY			
(in IDR Bn)	Mar 2022	Dec 2021	Mar 2021	(in IDR Bn)	Mar 2022	Dec 2021	Mar 2021
Net Cash (Debt)	507	661	(185)				
Trade Receivables	21	26	21	CV Trade Payables	423	243	120
Inventories	1,366	747	1,312	DP Trade Payables	1,095	487	930
Right-of-Use Assets	2,592	2,602	2,713	Lease Liabilities	2,809	2,800	2,926
Other Assets	1,173	1,168	1,290	Other Liabilities	1,468	1,315	1,463
Fixed Assets	634	647	775	Equity	498	1,006	486
TOTAL ASSETS	6,293	5,851	5,926	TOTAL LIAB. & EQUITY	6,293	5,851	5,926

Remarks:

- Strong net cash of IDR 507 Bn and **zero loan balance**, with **IDR 1.7 Tn loan facility**.
- Share buyback of IDR 646 Bn during the quarter
- Lebaran Inventory build
- We will end the year 2022 with a net cash position after investing 400 Bn in Capex and distributing shareholder dividend

STRATEGY UPDATE

MERCHANDISING FULL POTENTIAL

We have defined our approach backed by data



New inventory	positive impact on sales & margin
Nevada Sport	2 nd ranges of Nevada Sports
Baby Shop	10 full Shop-in-Shop format plus 50 locations overall
Disney	license character expansion
Sourcing	lead time management resulted in earlier Chinese New Year merchandise distribution
CV	data-led optimization of high-performing brands & rationalization of low-productivity brands
New brands	introduced especially in new stores Taman Anggrek & Ambarrukmo & refit stores



STORE NETWORK OPTIMIZATION

We clustered our stores with clear actions & investment priorities

Matahari @ Mall Taman Anggrek



Matahari @ Plaza Ambarrukmo



Matahari @ Supermal Karawaci



Opening of Matahari stores at Plaza Ambarrukmo in Q1,
and Mall Taman Anggrek in April
Completion of Matahari revamp at Supermal Karawaci
Mini refurbishments in priority stores
Lighting improvement in select stores

STORE PIPELINE

2 opened, 6 commercials agreed and 3 under negotiation



UNDER NEGOTIATION

3

locations

COMMERCIALS AGREED

6

locations

OPENED

1. Plaza Ambarrukmo
2. Mall Taman Anggrek



OMNICHANNEL EXPANSION

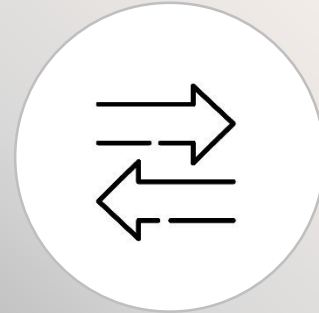
Omnichannel shoppers can shop where they like, when they like and how they like



Use stores as assets for omnichannel awareness



Improved DP Inventory visibility and aided by technology enhancement gives 70,000 new customer options



Aligned marketing and digital teams on CRM best practices and customer persona development



Complete review of internal process to allow commercial teams for more time for key initiatives



Organizational redesign



Launched official store at Tokopedia and placed new ranges in Shopee

Pay less. **Feel good.**

MATAHARI.com

30.000
PRODUK PILIHAN!

DOWNLOAD
MATAHARI APP
SEKARANG!

Available on Google Play and the App Store

LOYALTY, OPERATIONAL EXCELLENCE, & OPEX OPTIMIZATION

Measured loyalty and operational performance for optimized operating spend

LOYALTY & PERSONALIZATION

Removal of membership charge

Acquisition scaling after removal of membership charge

App download

Drive app download for newly acquired customers

Data analytics

Utilize data analytics for significant lapsed Lebaran customer drive



OPERATIONAL EXCELLENCE



Store upgrade

- Improved furniture density and aisle navigation
- Improved multi-category visual merchandising for enhanced basket sizes
- Promoted inline impulse buying product, adjacent with store layout

Employee rewards

Implemented NPS reward scheme for staff

OPEX OPTIMIZATION

Rental

- Continuing to earn discount for rental and service charge
- Contractually renewed stores managed to have better commercial terms

Human capital

- Optimizing headcount through multitasking project resulting in well managed payroll
- Using temporary resource to trade seasonal peak

Marketing

- Well managed marketing expense through justification of marketing spend with ROI
- Utilized partner network for co-funded campaign

ENVIRONMENTAL, SOCIAL, & CORPORATE GOVERNANCE

Focus on kids as part of our giving back initiatives

Exploring the usage of renewable energy

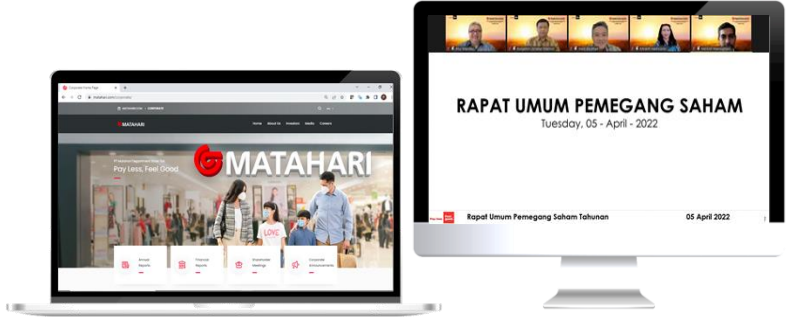
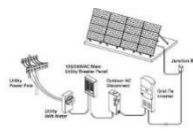
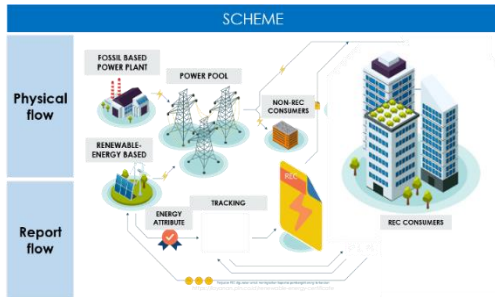
Improving the health of working environment by installing air purifier

Gender balance being driven across the Company; now focusing on other areas of D&I

Corporate and customer fundraising program for Papua regional kids development

New Matahari corporate website aiding investor knowledge and awareness

AGMS held, all resolutions passed

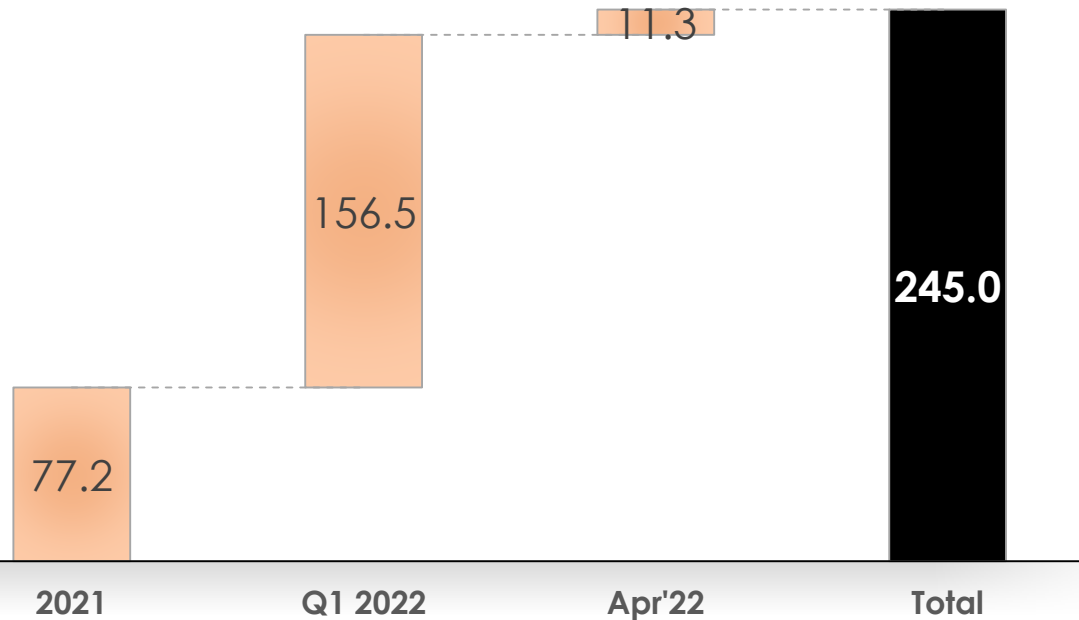


OTHER CORPORATE ITEMS

SHARE BUYBACK UPDATE

IDR 911 Bn utilized to buy back 245 Mn shares (9.3%)

Number of Shares Bought
(million shares)



■ No of Shares ■ Total Treasury Shares

Total Outstanding Shares
2,626 Mn

Treasury Shares
245 Mn

Outstanding Shares
(excl. Treasury Shares)
2,381 Mn

PROPOSE SHARE BUYBACK 2 2022 AND SHARE BUYBACK 2022 - 2023

A

SHARE BUYBACK 2 - 2022

- Approval : **BOC**
- Period : **9 May – 3 June 2022**
- #of Shares : max. **10%**
- Total Rp : max. **IDR 500 Billion**
- Price/share : max. **Rp 7,950**

B

SHARE BUYBACK 2022 - 2023

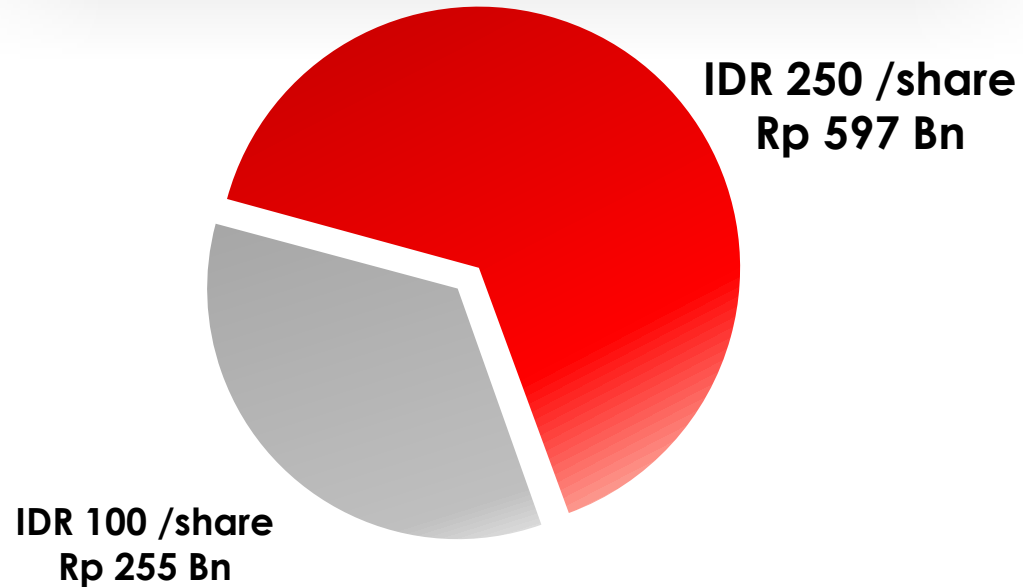
- Approval : **EGMS**
- Period : **6 Jun 22 – 5 Dec 23** (18 mo)
- # of shares : max. **10%**
- Total Rp : max. **IDR 1 Trillion**
- Price/share : refer to laws and regulations

DIVIDEND UPDATE

Dividend well received by investors

2021 Full-Year Dividend

IDR 350 /share ~ IDR 852 Bn



Next Dividend

Aug 2022*

Dec 2022

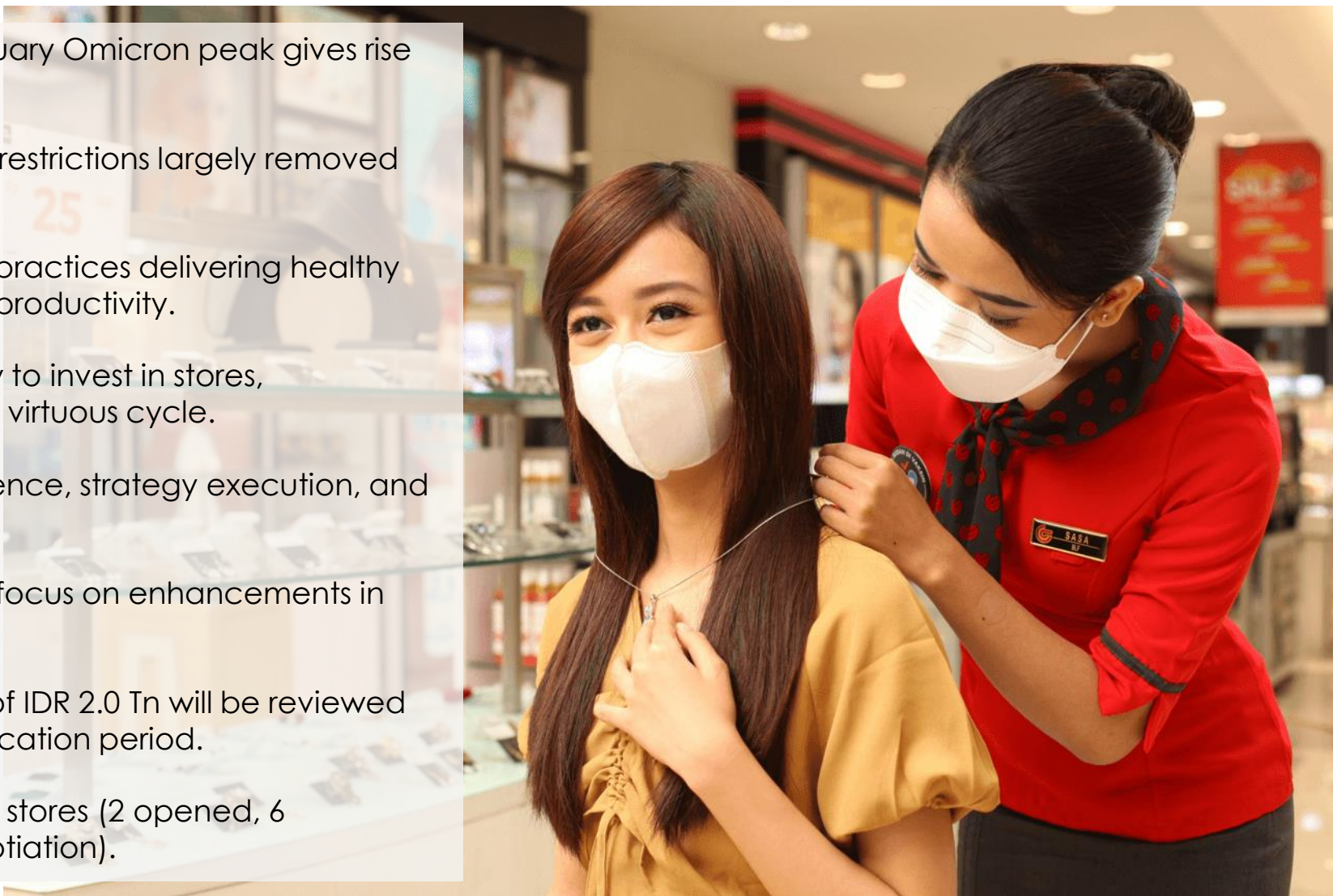
* previously presented paid in Sep 2022

CLOSING REMARKS

OUTLOOK IN 2022

Investing in future growth

- ▷ Strong Q1 performance in spite of February Omicron peak gives rise to seasonal and full-year optimism.
- ▷ Retail operating hours normalized, and restrictions largely removed aids trading conditions going forward.
- ▷ New merchandise and merchandising practices delivering healthy results and improved sales and margin productivity.
- ▷ Stronger recovery rate boosts our ability to invest in stores, technology, and marketing to create a virtuous cycle.
- ▷ Continued focus on operational excellence, strategy execution, and cost rigor to drive superior results.
- ▷ Balance of 2022 will see Project Sunrise focus on enhancements in 7 key areas.
- ▷ Current guidance to deliver FY EBITDA of IDR 2.0 Tn will be reviewed for upside during Q2 Earnings communication period.
- ▷ On track to open a minimum of 10 new stores (2 opened, 6 commercials agreed and 3 under negotiation).



CONTACT US

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