



# Matahari Department Store

Q1 2015 Results Update

Earnings call: April 29<sup>th</sup>, 2015

**□ Key Highlights Q1 2015**

**□ Financial Update**

**□ Summary**



## Key Highlights Q1 2015

# Key Highlights Q1 2015

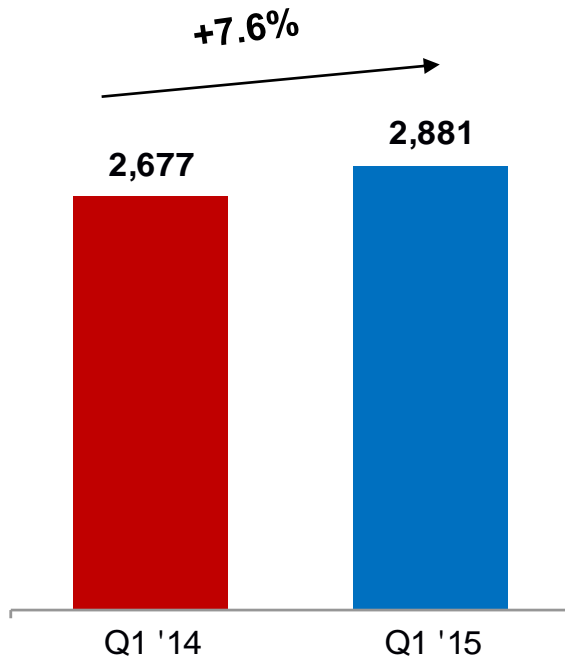
- **Total gross sales increased by 7.6% over LY to Rp2,880.6 bn**
- **Delivered a 5.4% comp store sales growth**
- **Merchandise gross margin increased to 34.9% of gross sales, up 60 bps over LY**
- **EBITDA declined 2.6% over LY to Rp326.1 bn, at 11.3% of gross sales**
- **Reported net income increased by 50.3% from Rp123.1 bn in Q1 2014, compared to Rp185 bn in Q1 2015**
- **Comparable net income increased by 22.3% from Rp151.3 bn in Q1 2014, compared to Rp185 bn in Q1 2015\***

\*Net income before non-recurring expense related to prior years of Rp28.1bn

# Financial Snapshot Q1 2015

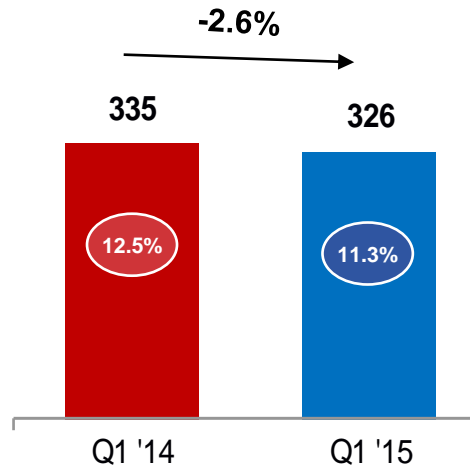
## Gross Sales

IDR Bn



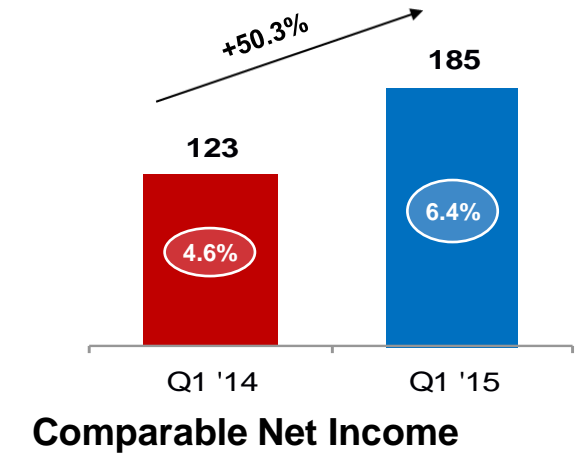
## EBITDA

IDR Bn

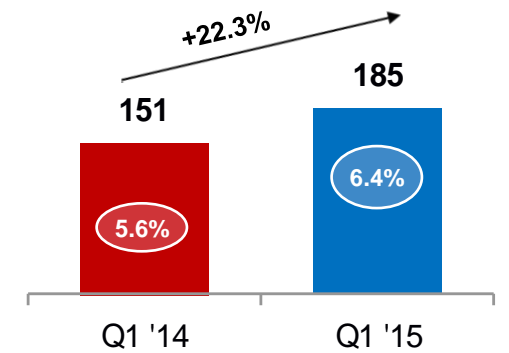


## Reported Net Income

IDR Bn



## Comparable Net Income

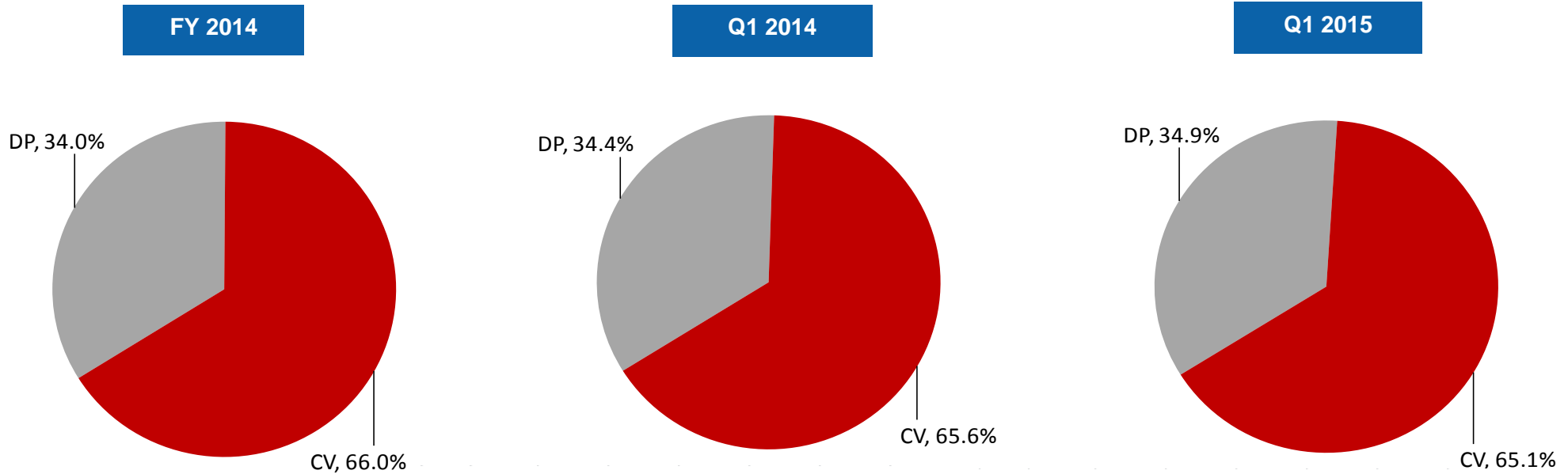


○ Net Income Margin

# MDS's exclusive brands continue to deliver strong performance

DP accounted for 34.9% of gross sales in Q1 2015, as compared to 34.4% in Q1 2014

% of Gross Sales



# Retail store network as of March 2015



## MDS Store Overview

	No. of Stores
As of 31 Dec 2014	131
Additions	1
Closures	0
<b>Total as of 31 Mar 2015</b>	<b>132</b>

# Opened 1 new store in Q1 2015; Forecasting 12-14 new stores in 2015

- In 2015, we are forecasting 12-14 new store openings
  - 1 new store opened in Q1 2015
    - MDS Singkawang – Kalimantan
  - 2 new stores opened in April 2015
    - MDS Plaza Buton – Bau Bau, South East Sulawesi
    - MDS Plaza Kupang – East Nusa Tenggara
  - Forecasting 9 new stores opening prior to Lebaran, additional 2 stores will be in Jakarta

No	Geographic area	As at 31 Dec 2014		As at 31 Mar 2015		Balance in 2015	Future Pipeline 2016 onwards	
		# of stores	% mix	# of stores	% mix	# of stores	# of stores	% mix
1	Jabodetabek (Greater Jakarta)	36	27.5%	36	27.3%	3	14	21.2%
2	Java (Exc Greater Jakarta)	43	32.8%	43	32.6%	3-4	18	27.3%
3	Outside Java	52	39.7%	53	40.1%	5-6	34	51.5%
	<b>Total</b>	<b>131</b>	<b>100.0%</b>	<b>132</b>	<b>100.0%</b>	<b>11-13</b>	<b>66</b>	<b>100.0%</b>

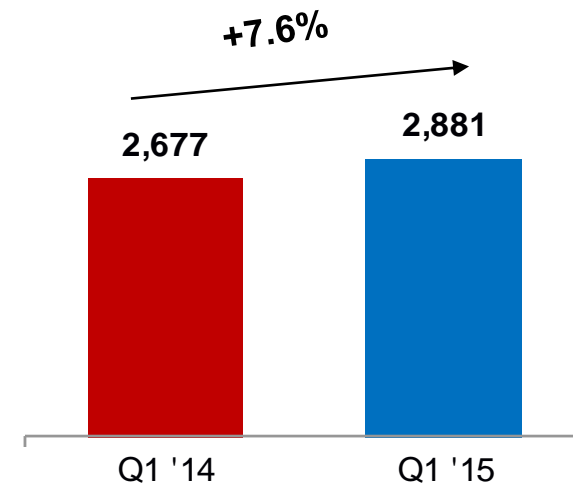
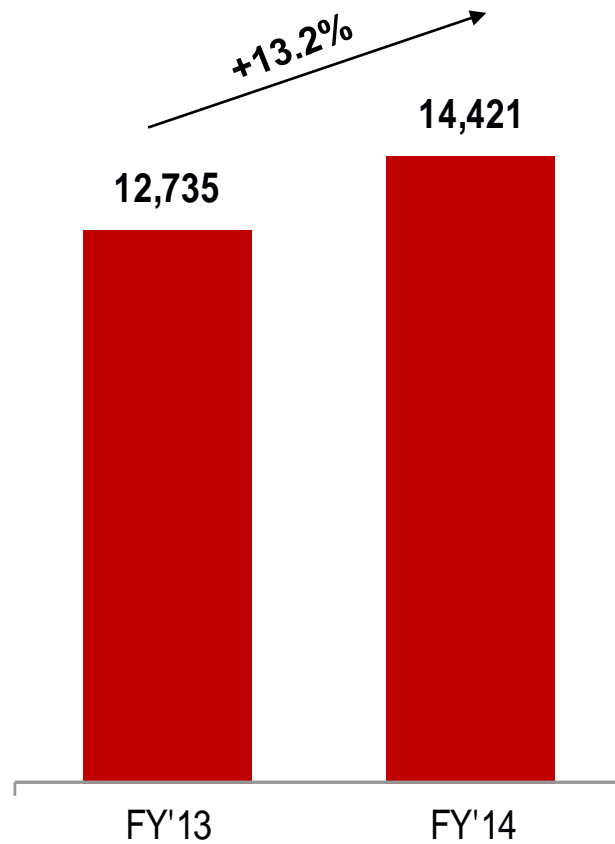




## Financial Update

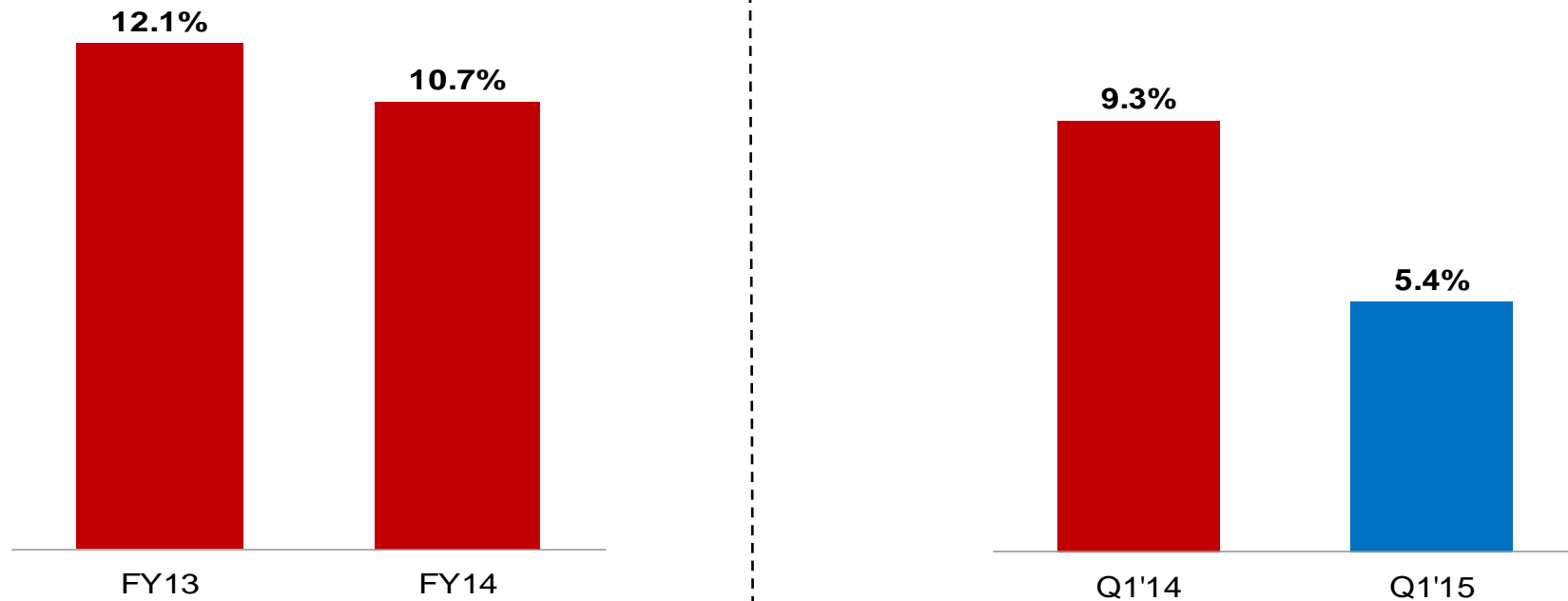
# Overall Sales growth slowed in the quarter

IDR Bn



# Productivity improved, but lower traffic led to single digit SSSG

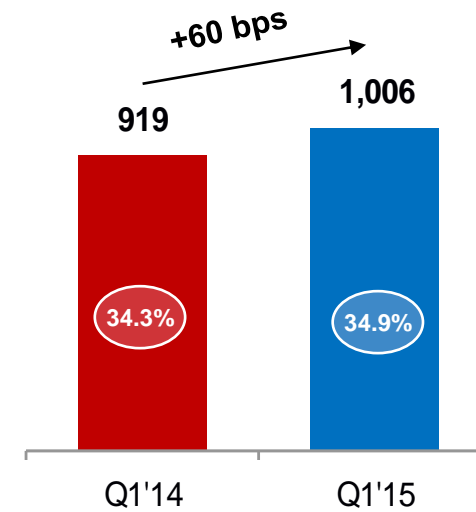
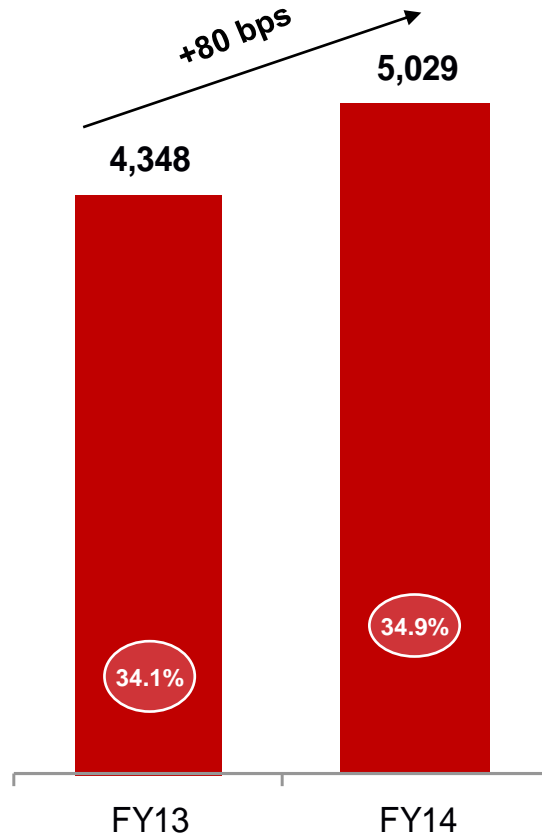
SSSG %



# Merchandise margins improved 60 bps over LY

## Gross profit and margins

IDR Bn

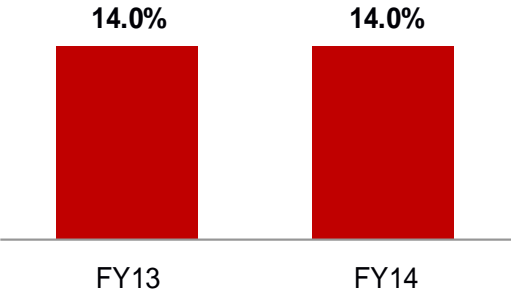


○ Gross profit as a % of Gross Sales

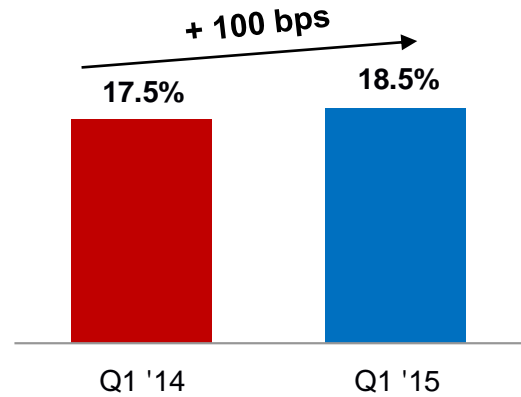
# Operating leverage was lower on weaker sales

## Opex<sup>(1)</sup> as a % of Gross Sales

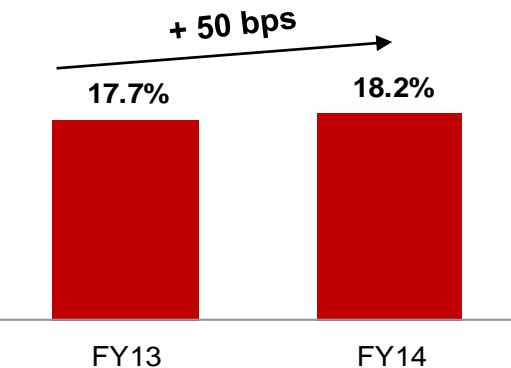
Comp store



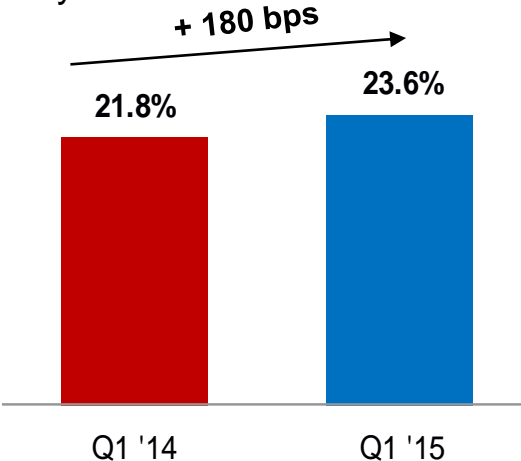
Comp store



Total Company



Total Company

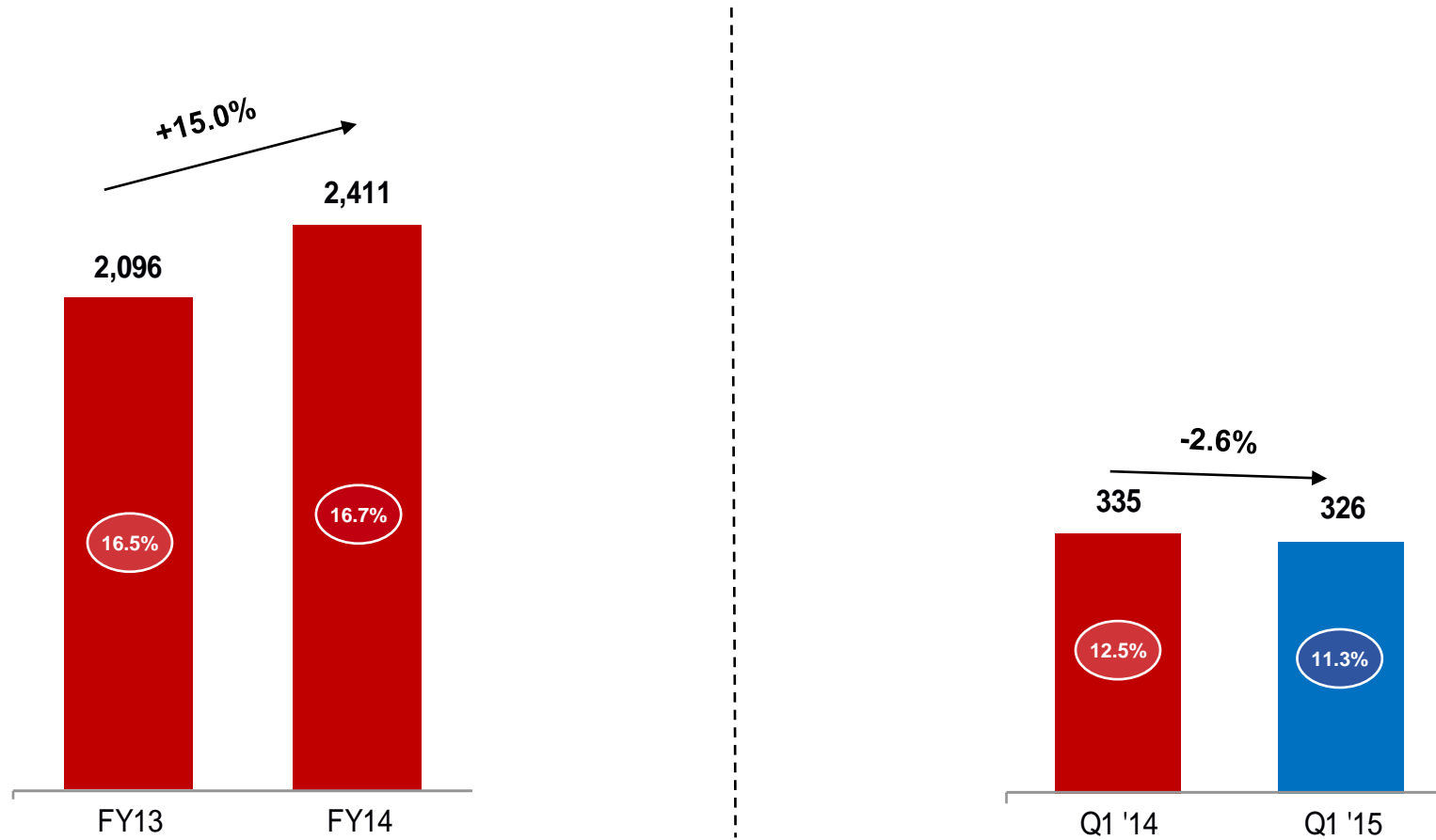


Note  
1. Opex calculated as Adjusted Gross Profit less Adjusted EBITDA

# EBITDA decreased by 2.6% in Q1 2015

## EBITDA and Margins

IDR Bn



**Notes**

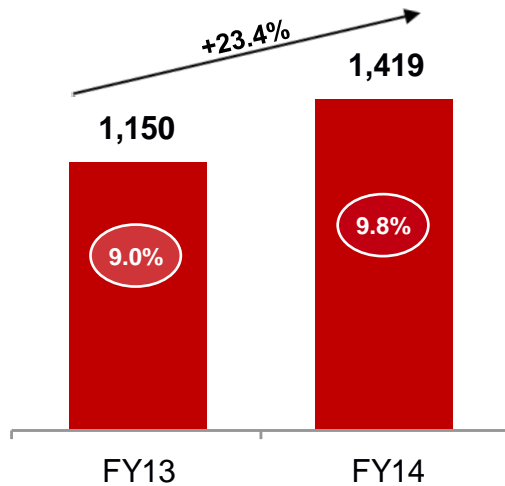
EBITDA adjusted for severance pay

○ EBITDA as a % of Gross Sales

# Q1 2015 comparable net income increased by 22.3% over 2014

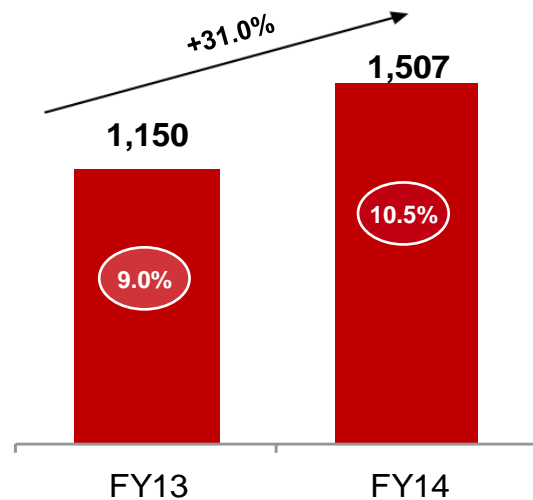
## Reported Net Income

IDR Bn



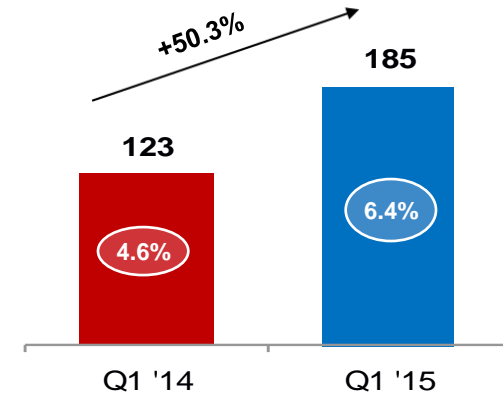
## Comparable Net Income

IDR Bn



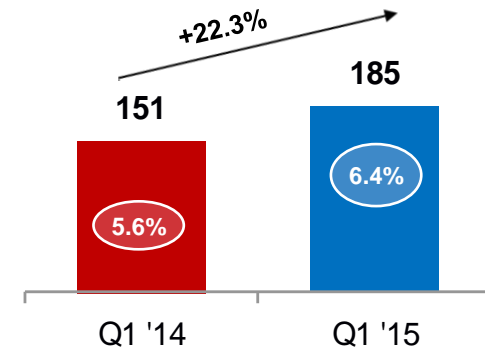
## Reported Net Income

IDR Bn



## Comparable Net Income

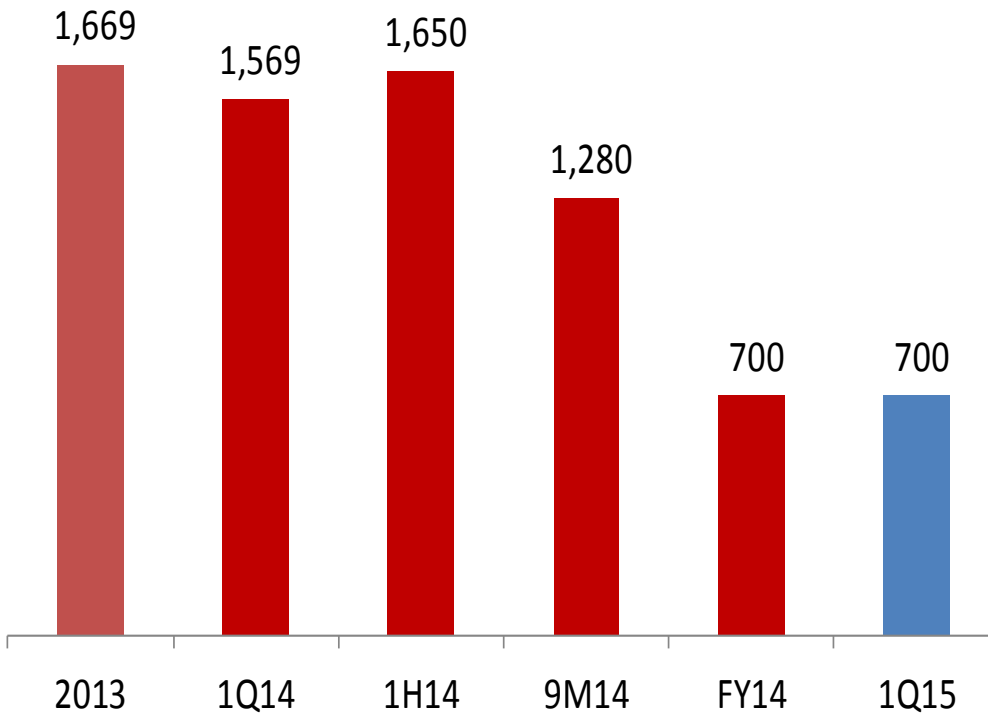
IDR Bn



Net Income as a % of Gross Sales

# Lower debt in Q1 drove interest expense savings against LY

## Total Gross Debt (in Rp Billion)



## Commentary

- Lower interest costs in Q1 generated Rp33.4 Bn of savings compared to Q1 2014
- Bank debt is forecast to be paid off by the end of 2015

### Notes

1. Effective interest rate is computed by dividing interest expense (excluding amortization of upfront fees) during the relevant period by beginning gross debt of the relevant period
2. Total debt comprises of the bank loan



# Sales growth and SSSG performance across geographic regions

Geographic Area	Stores as at March 2015	Store Mix % to Total	Sales (IDR Bn)	Sales % Growth	SSSG% Q1 '2015
Greater Jakarta	36	27.3%	856	7.2%	5.2%
Java exclude Greater Jakarta	43	32.6%	924	10.5%	10.5%
Outside Java	53	40.1%	1,101	7.1%	1.3%
<b>Total</b>	<b>132</b>	<b>100.0%</b>	<b>2,881</b>	<b>7.6%</b>	<b>5.4%</b>

# Financial Summary

## Key Profit & Loss Items

IDR Bn

	FY2013	FY 2014	Q1 2014	Q1 2015
Gross Sales	12,735.0	14,421.4	2,677.4	2,880.6
SSSG	12.1%	10.7%	9.3%	5.4%
<i>Growth</i>	17.2%	13.2%	12.9%	7.6%
Net Revenue	6,754.3	7,925.5	1,479.7	1,613.2
<i>Growth</i>	20.2%	17.3%	17.7%	9.0%
Gross Profit	4,347.8	5,028.6	919.4	1,005.6
<i>Margin</i>	34.1%	34.9%	34.3%	34.9%
EBITDAR	2,912.4	3,352.7	550.5	566.7
<i>Margin</i>	22.9%	23.2%	20.6%	19.7%
EBITDA	2,095.8	2,411.1	334.8	326.1
<i>Margin</i>	16.5%	16.7%	12.5%	11.3%
Income before tax	1,523.6	1,850.5	181.5	240.6
<i>Margin</i>	12.0%	12.8%	6.8%	8.4%
Reported net Income	1,150.2	1,419.1	123.1	185.0
<i>Margin</i>	9.0%	9.8%	4.6%	6.4%
<i>growth</i>	49.2%	23.4%	49.7%	50.3%



## Summary

# Summary

- ❑ **Despite the macro-economic challenges in Q1, the company was able to drive positive SSSG and deliver a 22.3% increase in comparable net income**
- ❑ **Despite the weaker sales environment, the Company delivered significant improvements in both Direct Purchase and Consignment margins**
- ❑ **Although Q1 saw a reduction in expense leverage due to lower sales, actual expenses came in lower than planned**
- ❑ **A robust store pipeline for 2016, and beyond, indicates an opportunity for an acceleration in store openings going forward**

# End of Presentation

