



**Matahari Department Store**  
Q2 2016/ 1H 2016 Results Update

Earnings call: July 27<sup>th</sup>, 2016

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Key Highlights Q2 2016/ 1H 2016







# Q2 2016 Key Highlights

IDR Bn

Q2 2015

Q2 2016

△

<b>Gross Sales</b>	3,994	5,774	 44.6%
<b>SSSG</b>	17.8%	40.0%	
<b>EBITDA</b>	683	1,239	 81.4%
<b>Net Income</b>	463	913	 97.4%
<b>Gross Margin</b>	36.2%	36.4%	 20 bps
<b>EBITDA Margin</b>	17.1%	21.5%	 440 bps







# 1H 2016 Key Highlights

IDR Bn

1H 2015

1H 2016

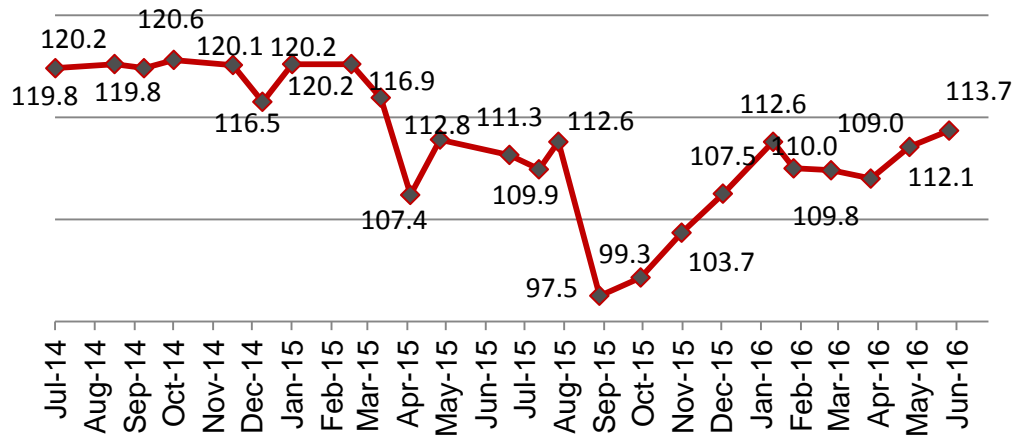
△

<b>Gross Sales</b>	6.875	9,034		31.4%
<b>SSSG</b>	12.2%	27.1%		
<b>EBITDA</b>	1,009	1,626		61.2%
<b>Net Income</b>	648	1,157		78.6%
<b>Gross Margin</b>	35.6%	36.0%		40 bps
<b>EBITDA Margin</b>	14.7%	18.0%		330 bps

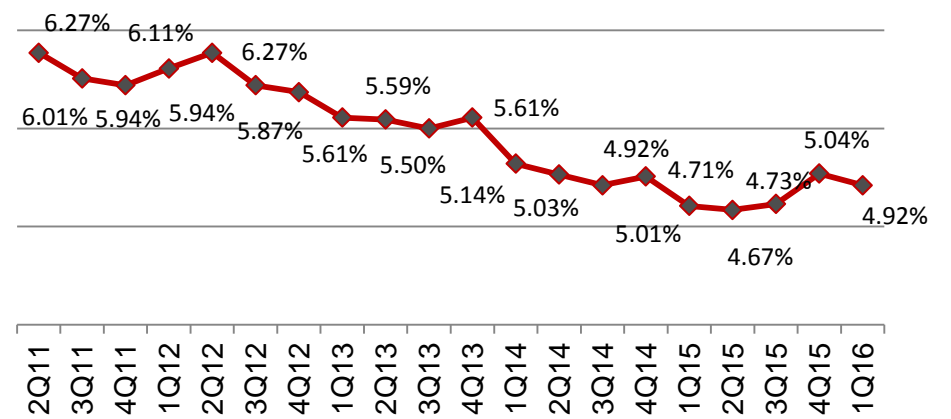


# Key Macro-Economic Data

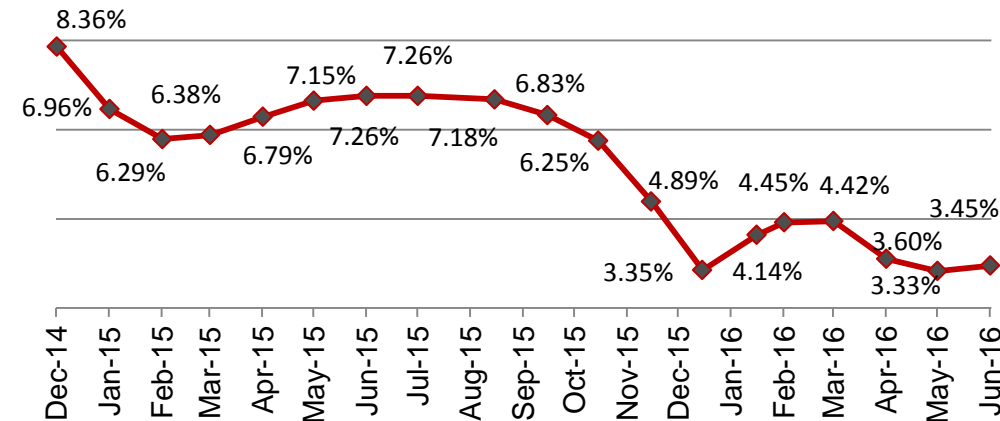
## Consumer Confidence Index



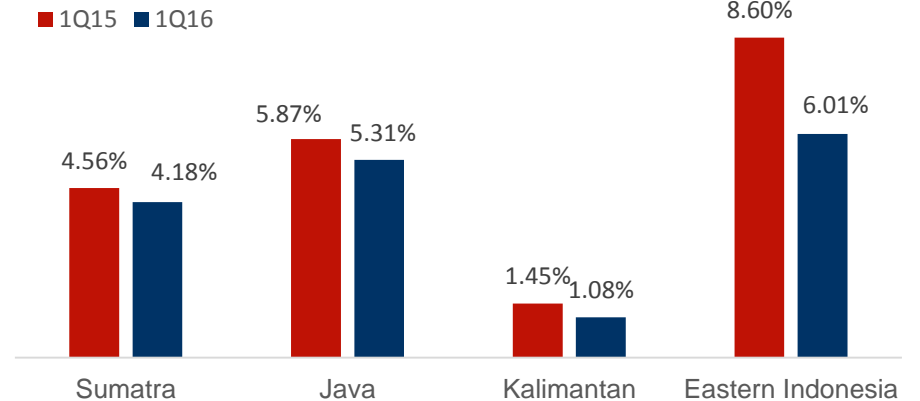
## GDP Growth



## Inflation

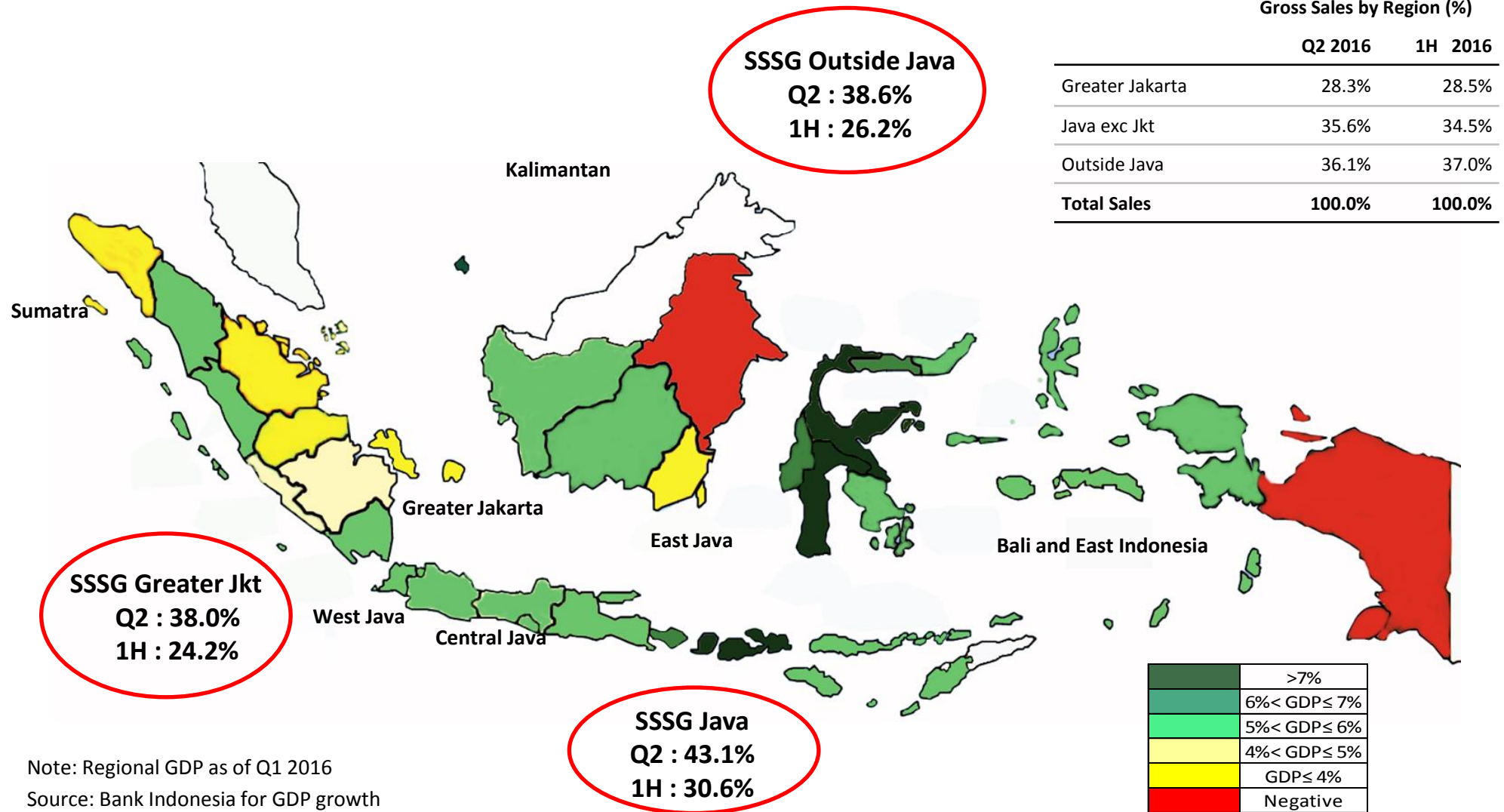


## GDP Regional



Source: Bank Indonesia and BPS

# GDP growth, SSSG and Sales per region



Note: Regional GDP as of Q1 2016

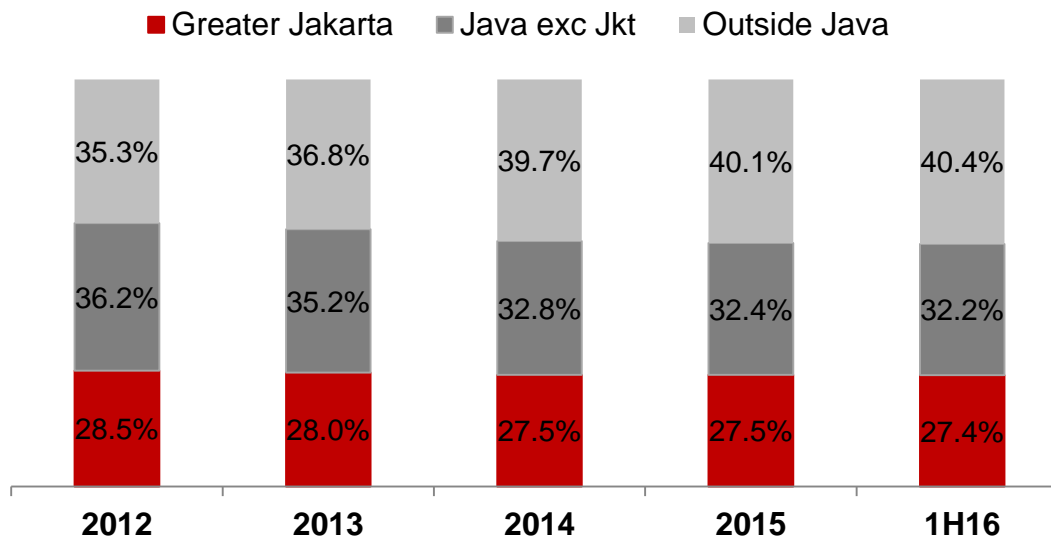
Source: Bank Indonesia for GDP growth



# 6-8 new store openings forecast in 2016; 4 opened in Q2 2016

- We opened 4 stores in Q2 2016
- We plan to open 2-4 more new stores for the remainder of the year

## Store Count Split by Region

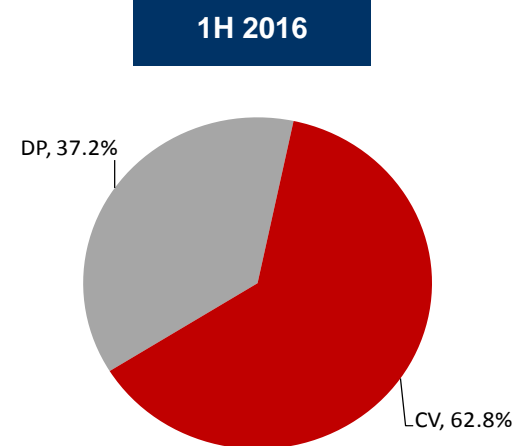
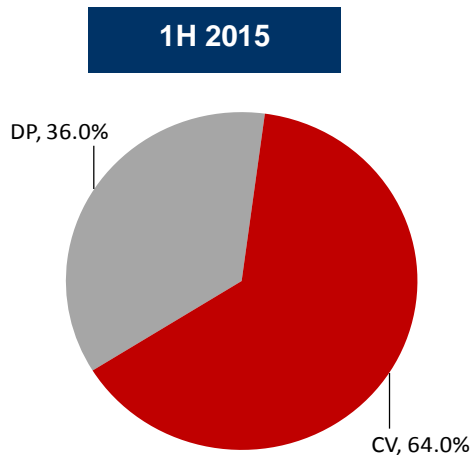
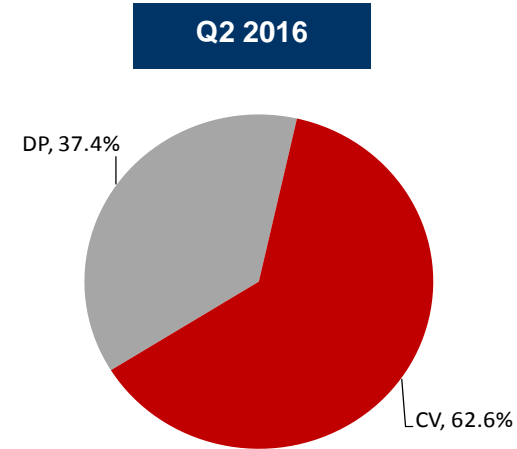
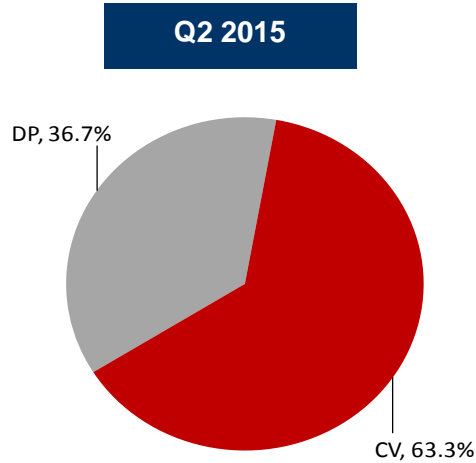


No	Geographic area	Actual		Forecast		
		FY2015	As of 30 June 2016	Balance in 2016	Future Pipeline 2017 and onwards	
		# of stores	# of stores	# of stores	# of stores	% mix
1	Jabodetabek (Greater Jakarta)	39	40	2	10	18.5%
2	Java (Exc Greater Jakarta)	46	47	0-1	15	27.8%
3	Outside Java	57	59	0-1	29	53.7%
<b>Total</b>		<b>142</b>	<b>146</b>	<b>2-4</b>	<b>54</b>	<b>100.0%</b>

# MDS's exclusive brands continue to deliver strong performance

DP accounted for 37.4% of gross sales in Q2 2016, as compared to 36.7% in Q2 2015

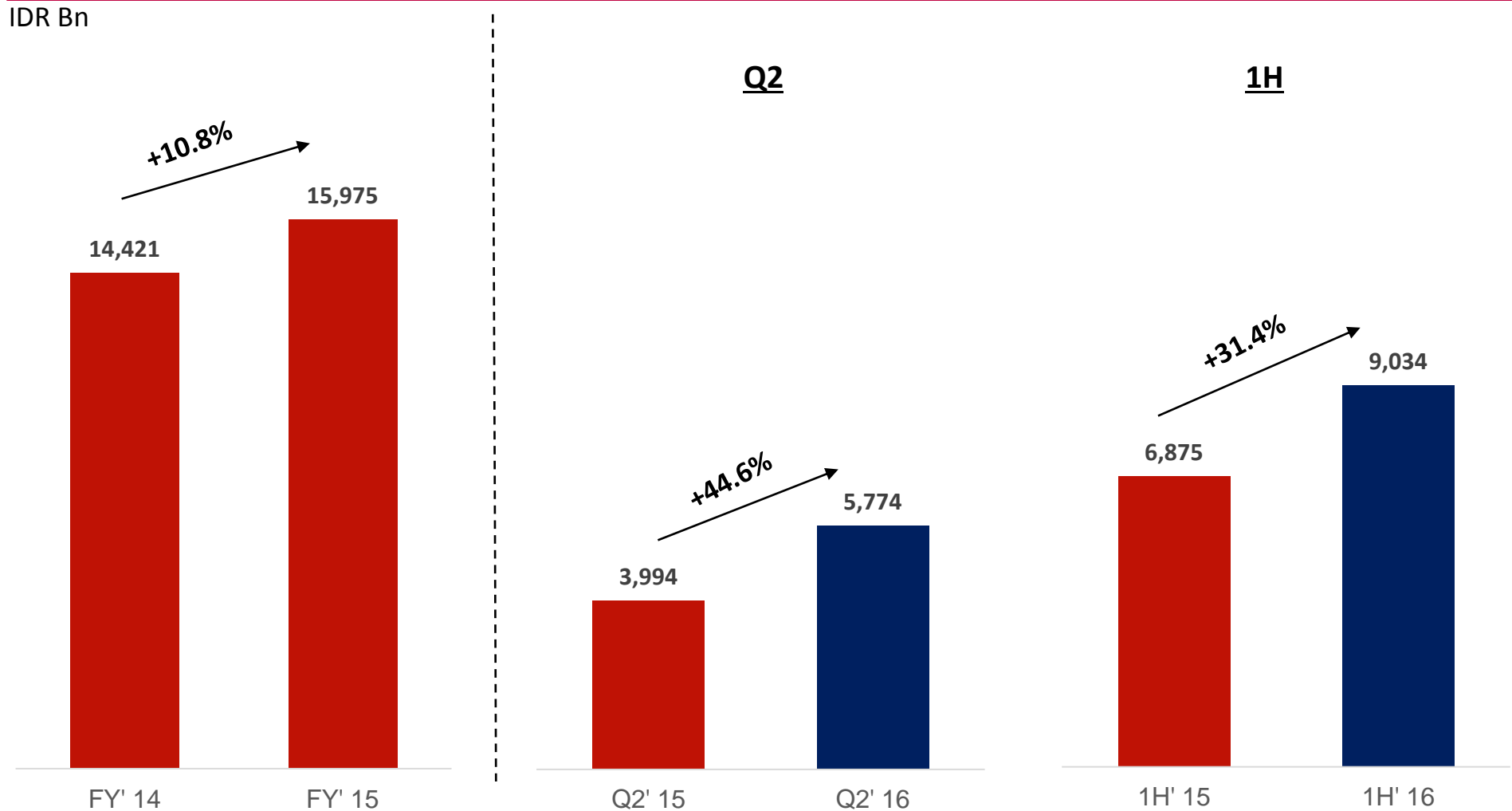
% of Gross Sales





## Financial Updates

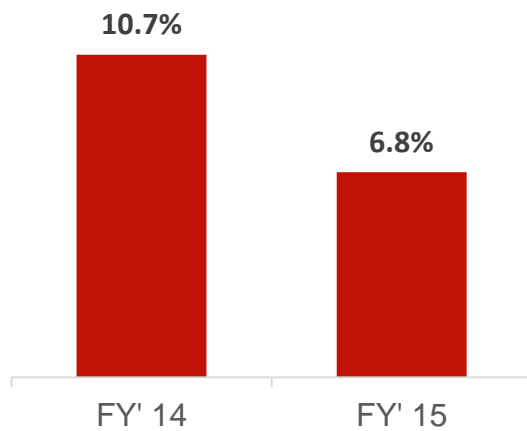
# Overall sales increased by 44.6% in Q2 2016



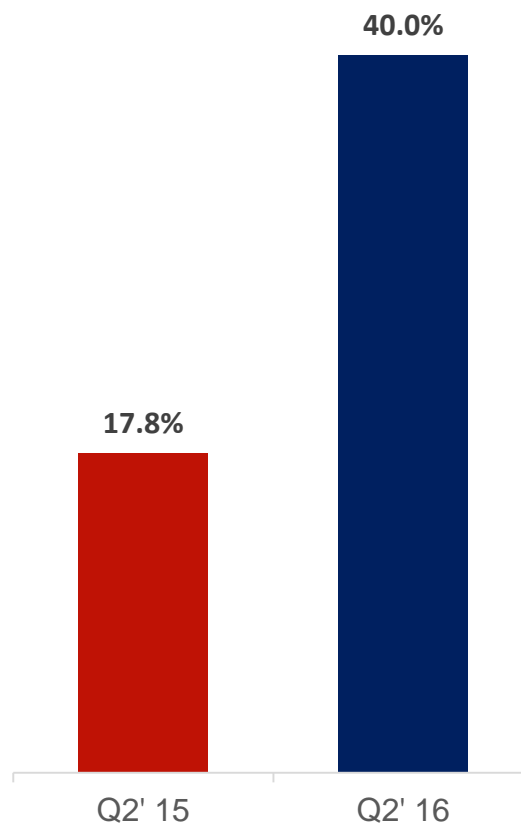
# SSSG pick up from Q1 continued into Q2 2016

SSSG %

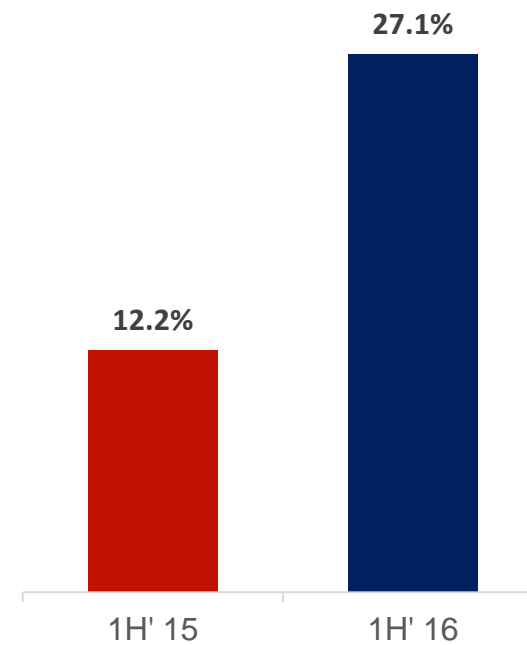
FY



Q2



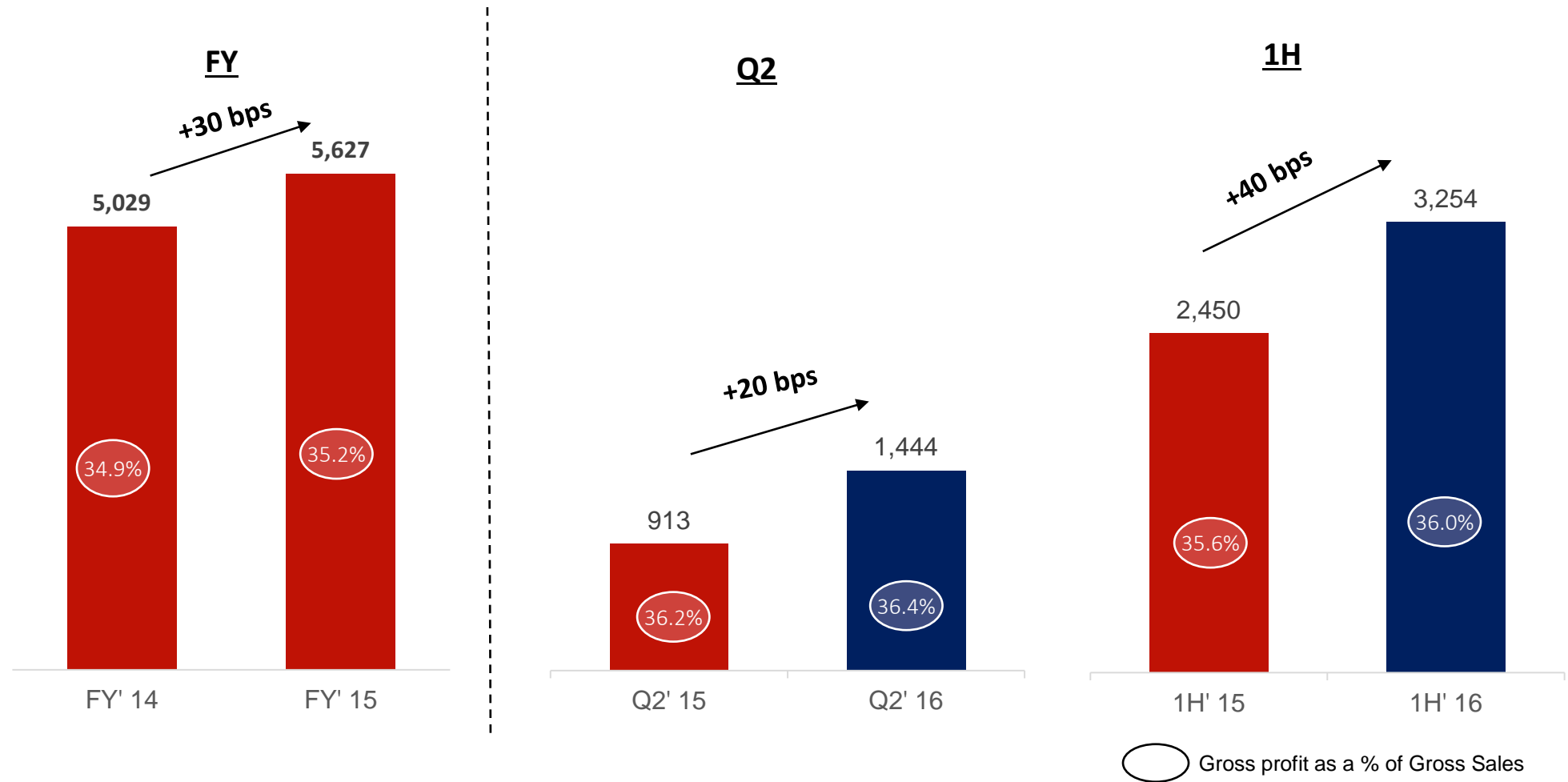
1H



# Merchandise margins continued to build, improving 20 bps over Q2 LY

## Gross profit and margins

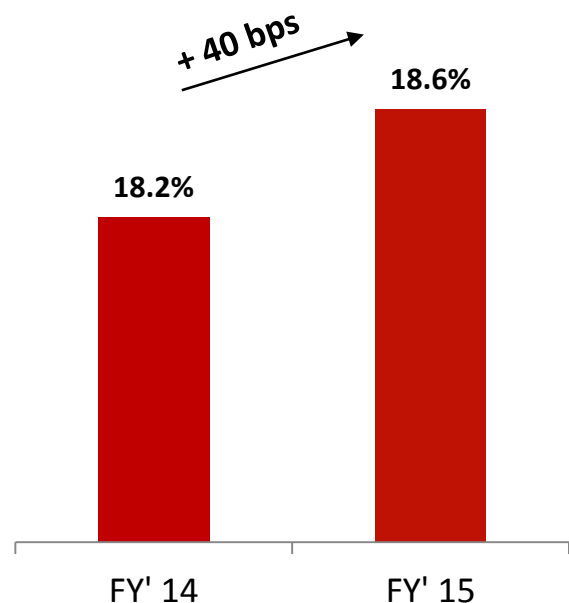
IDR Bn



# Cost pressures mitigated by productivity initiatives

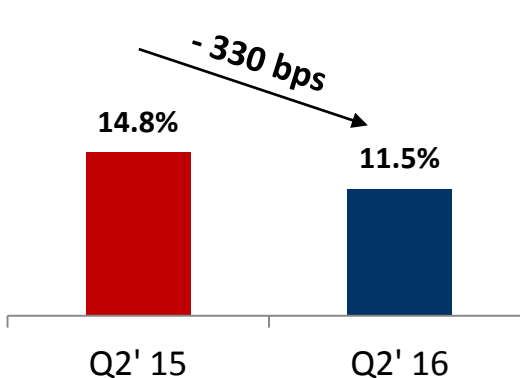
## Opex<sup>(1)</sup> as a % of Gross Sales

Total Company

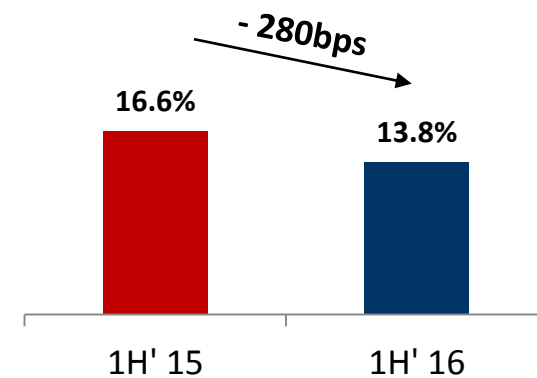


Q2

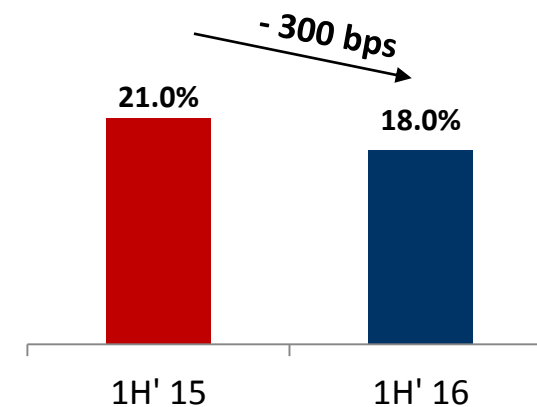
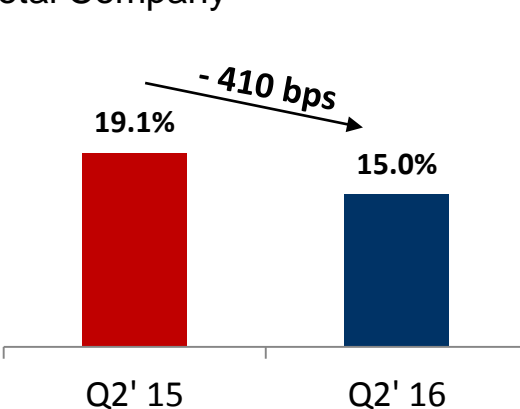
Comp store



1H



Total Company

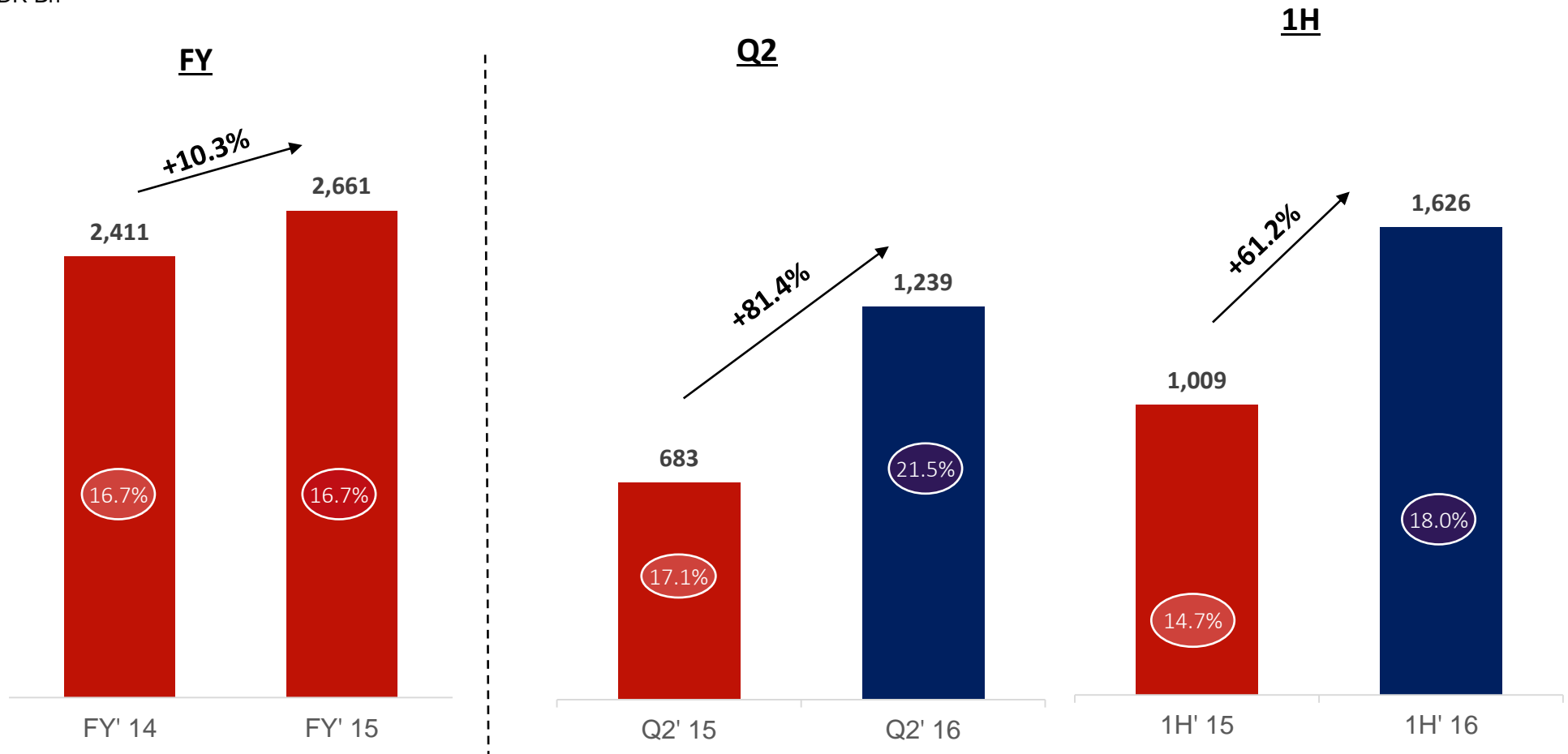


Note  
1. Opex calculated as Adjusted Gross Profit less Adjusted EBITDA

# Company EBITDA margins increase by 440 bps in Q2 and 330 bps in 1H

## EBITDA and Margins

IDR Bn



### Notes

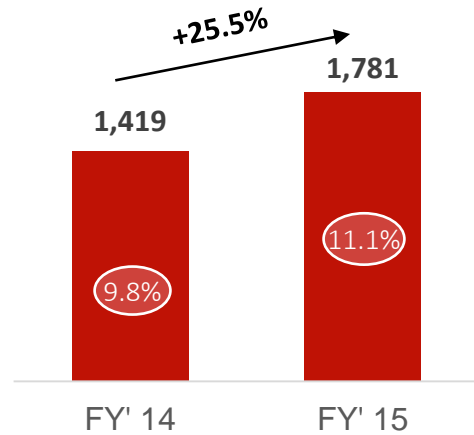
EBITDA adjusted for severance pay

○ EBITDA as a % of Gross Sales

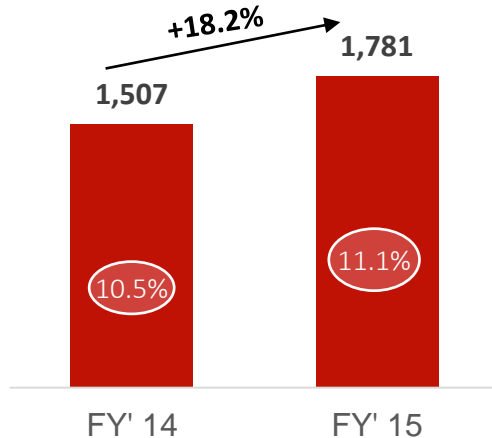


# Sales and margin improvements drive net income up by 97.4% in Q2

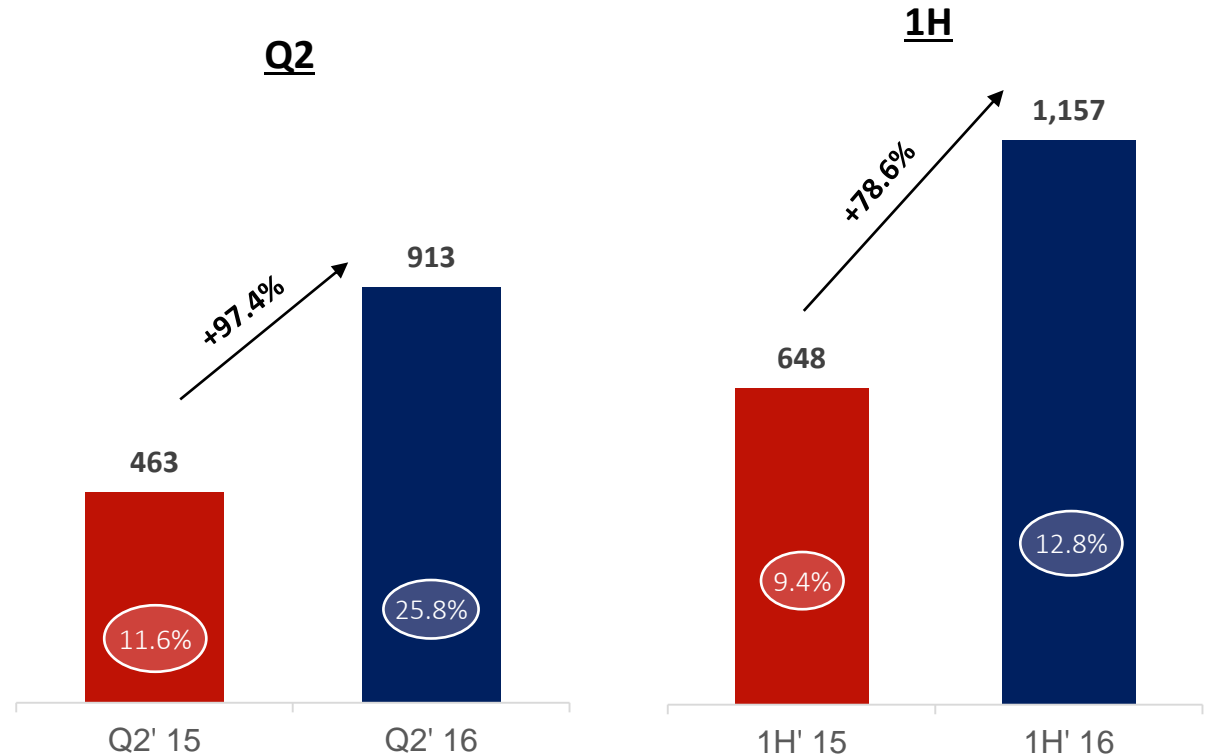
## Reported Net Income (IDR Bn)



## Comparable Net Income (IDR Bn)



## Net Income (IDR Bn)



○ Net Income as a % of Gross Sales

# Inventory days improved, capex on track, dividend increase approved

## INVENTORY DAYS

- LTM average inventory days declined from 118 (end Mar '16) to 109 days (end Jun '16), driven by tighter inventory controls and improved sales performance.

## CAPEX

- Allocating Rp 400-450 Bn for FY2016 (30-35% for new stores, 20% for refurbishments, 25% for IT and the balance for other maintenance capex)
- 15 store refurbishments scheduled in 2016, with 3 store refurbishments already completed as of 1H16

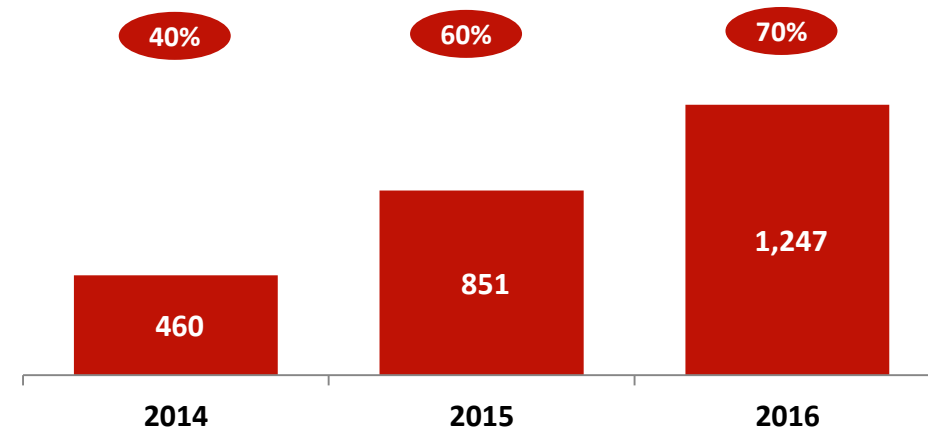
## WORKING CAPITAL FACILITY and CASH POSITION

- The Company's revolving facility balance was zero at the end of Q2
- Cash on hand at end June 2016 is Rp1,803 bn

## DIVIDEND PAYOUT

- A dividend payment of Rp1,246.6 bn, equivalent to a 70% payout ratio, was approved by the shareholders at the AGM held on 26 May 2016

### Dividend payment (Rp bn) and payout (%)





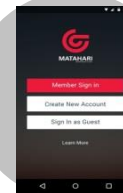
## Matahari's Omni-channel Strategy

# Developing our omni-channel platform

- Our goal is to be an omni-channel retailer within 2 years
- Developing internal merchandise systems to reserve inventory real-time and allow timely deliveries will be key to the customer experience



Making our products available through all channels



Launched our MCC mobile app platform



Commencement of additional merchandise system capabilities



Invested in Mataharimall.com, a leading marketplace player



## Summary

# Financial Summary

## Key Profit & Loss Items

IDR Bn

	Q2 2015	Q2 2016	1H 2015	1H 2016
Gross Sales	3,993.9	5,773.6	6,874.5	9,034.1
<i>SSSG</i>	17.8%	40.0%	12.2%	27.1%
<i>Growth</i>	21.2%	44.6%	15.1%	31.4%
Net Revenue	2,307.7	3,317.9	3,920.9	5,179.6
<i>Growth</i>	24.8%	44.1%	17.8%	32.1%
Gross Profit	1,444.4	2,104.0	2,449.9	3,253.6
<i>Margin</i>	36.2%	36.4%	35.6%	36.0%
EBITDAR	948.3	1,556.2	1,515.0	2,242.1
<i>Margin</i>	23.7%	27.1%	22.0%	24.8%
EBITDA	682.8	1,239.0	1,008.9	1,626.3
<i>Margin</i>	17.1%	21.5%	14.7%	61.2%
Income before tax	586.6	1,148.5	827.1	1,457.4
<i>Margin</i>	14.7%	19.9%	12.0%	16.1%
Reported net Income	462.8	913.4	647.8	1,157.1
<i>Margin</i>	11.6%	15.8%	9.4%	12.8%
<i>growth</i>	94.0%	97.4%	79.1%	78.6%

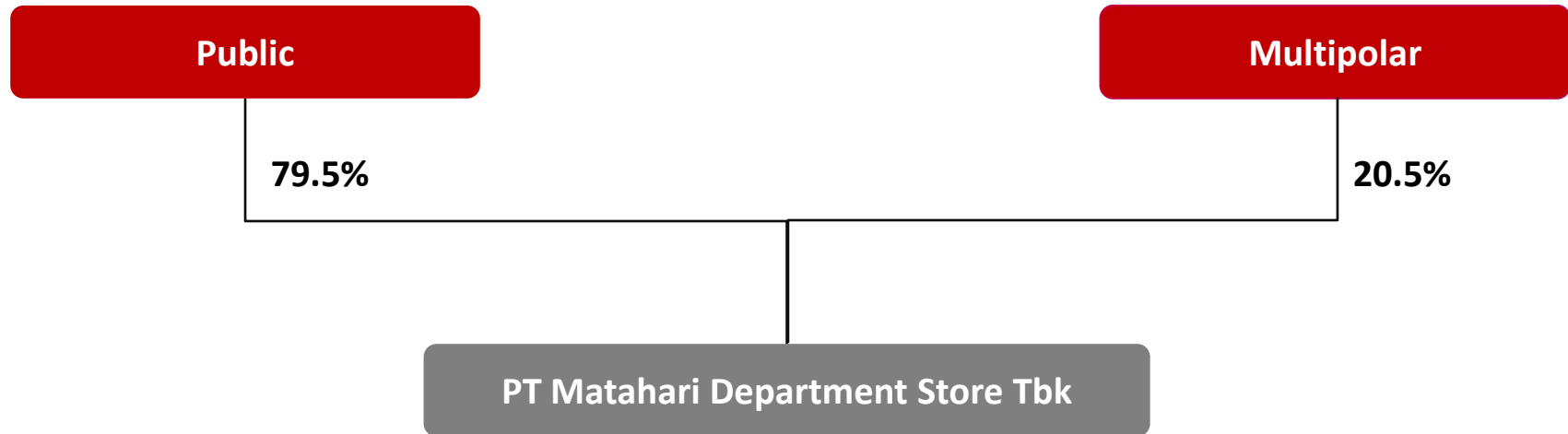
# Summary

- ❑ **The seasonal shift in Lebaran increased Q2 total sales by 44.6% and delivered a same store sales growth by 40%**
- ❑ **Our merchandise margins continue to improve, driven by the strength of our direct purchase offerings**
- ❑ **Expenses remain controlled**
- ❑ **Overall Q2 EBITDA rose by 81.4%, and net income by 97.4%**
- ❑ **2-4 additional stores are earmarked for completion in 2H 2016**
- ❑ **Recent strategic initiatives continue to pave the way towards achieving our goal of becoming a true omni-channel retailer**





# Shareholding Structure





END OF PRESENTATION

# Notes

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# Notes

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