PT. Matahari Department Store Tbk.

3Q16/9M16 Earnings Call

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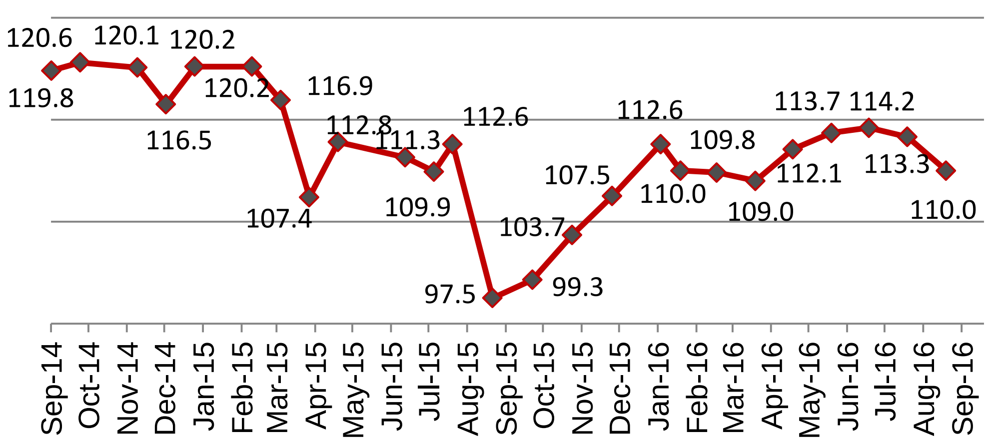
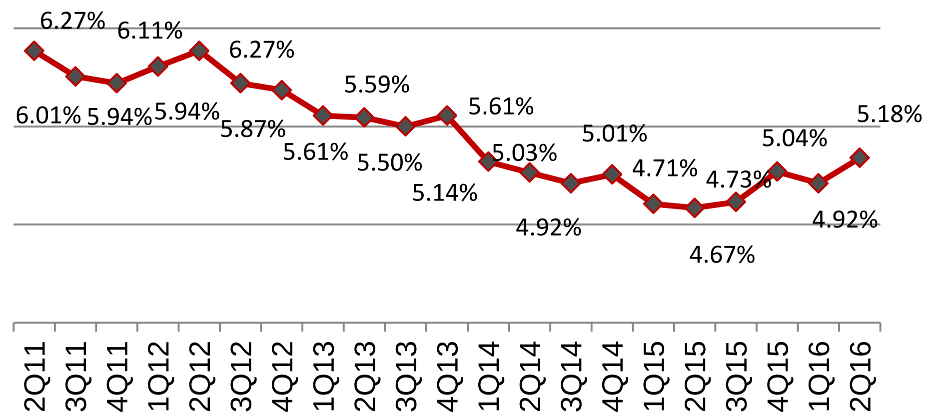
Indonesia Macro Overview

Key Macro-Economic Data through September 2016

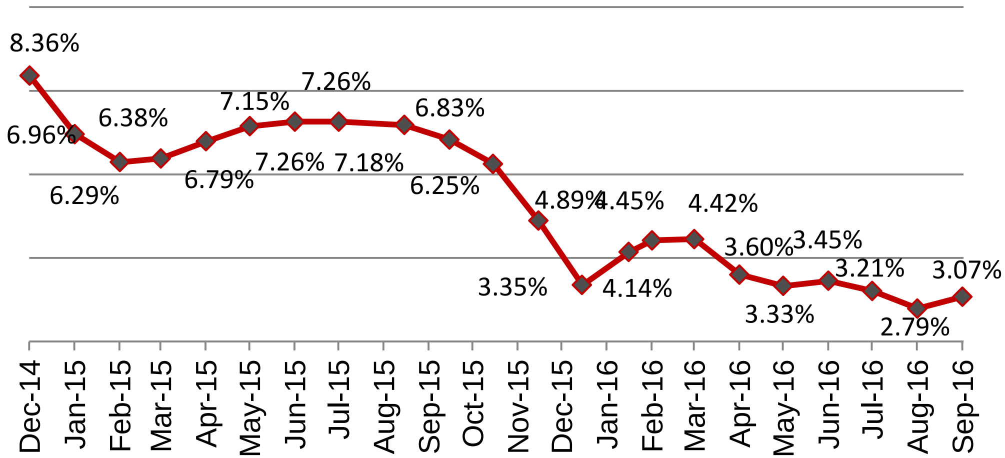
Consumer Confidence Index



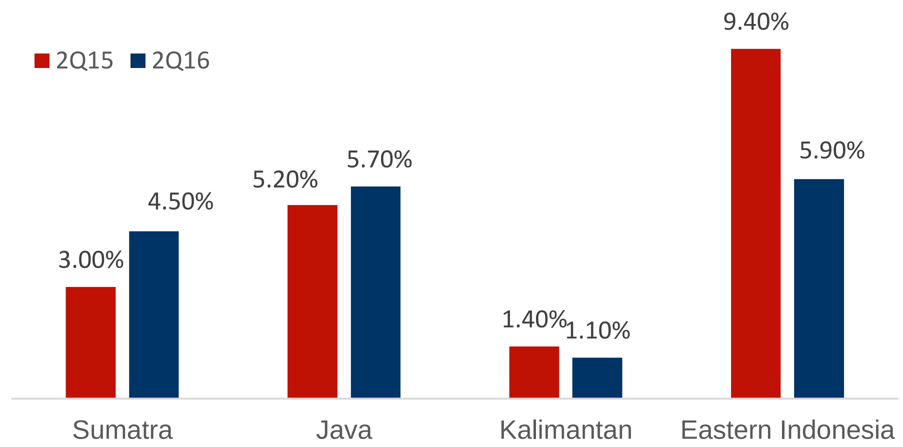
GDP Growth



Inflation



GDP Regional



Source: Bank Indonesia and BPS

Key Financial Highlights Q3 2016/ 9M 2016

Q3 2016 Key Highlights

IDR Bn	Q3 2015	Q3 2016	△
Gross Sales	5,231	4,181	20.1%
SSSG	-0.1%	-22.2%	
EBITDA	1,015	648	36.2%
Net Income	736	453	38.5%

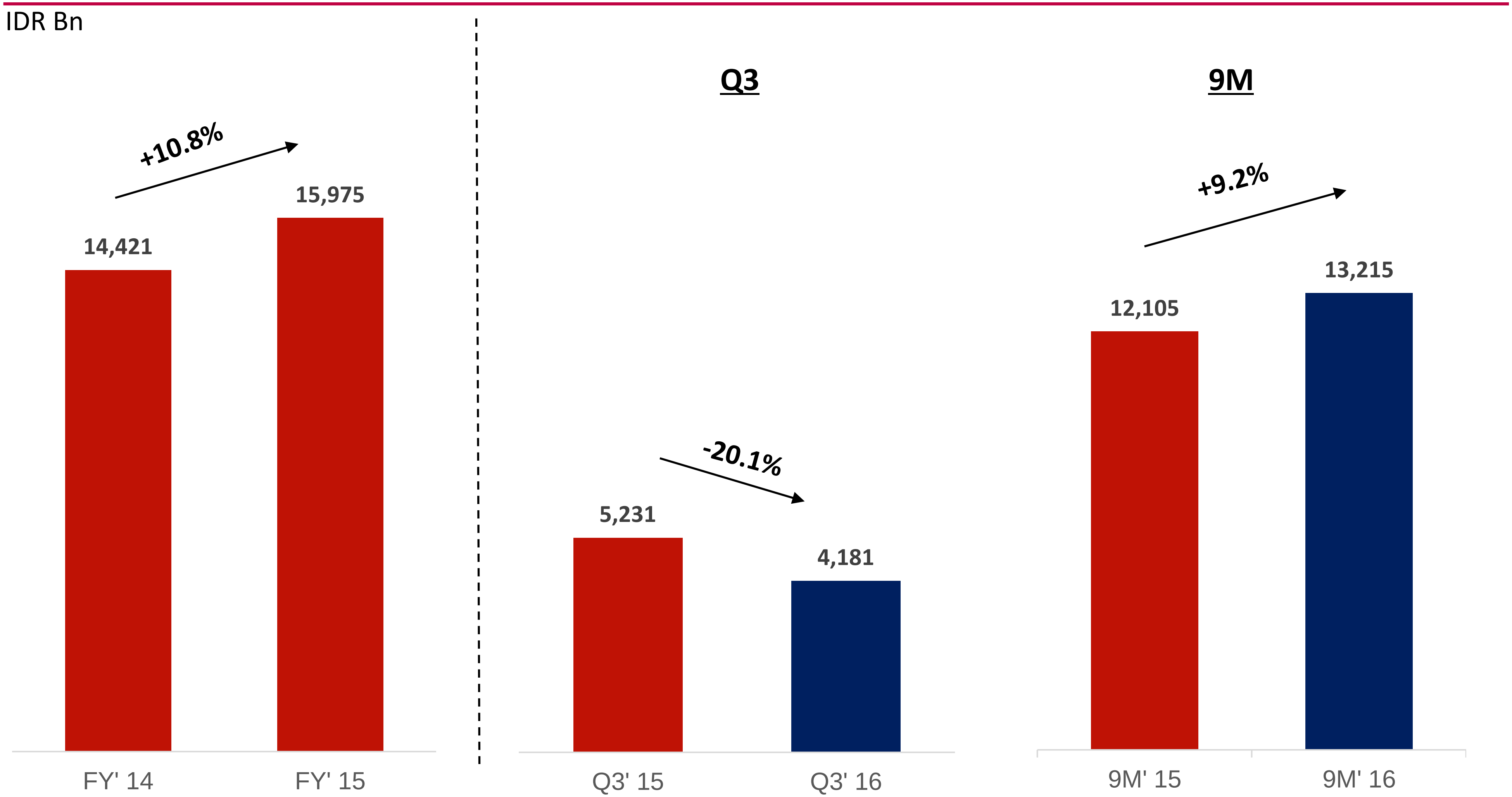
Gross Margin	34.6%	34.8%	20 bps
EBITDA Margin	19.4%	15.5%	390 bps

9M 2016 Key Highlights

IDR Bn	9M 2015	9M 2016	△
Gross Sales	12,105	13,215	9.2%
SSSG	6.6%	6.0%	
EBITDA	2,024	2,274	12.4%
Net Income	1,384	1,610	16.3%

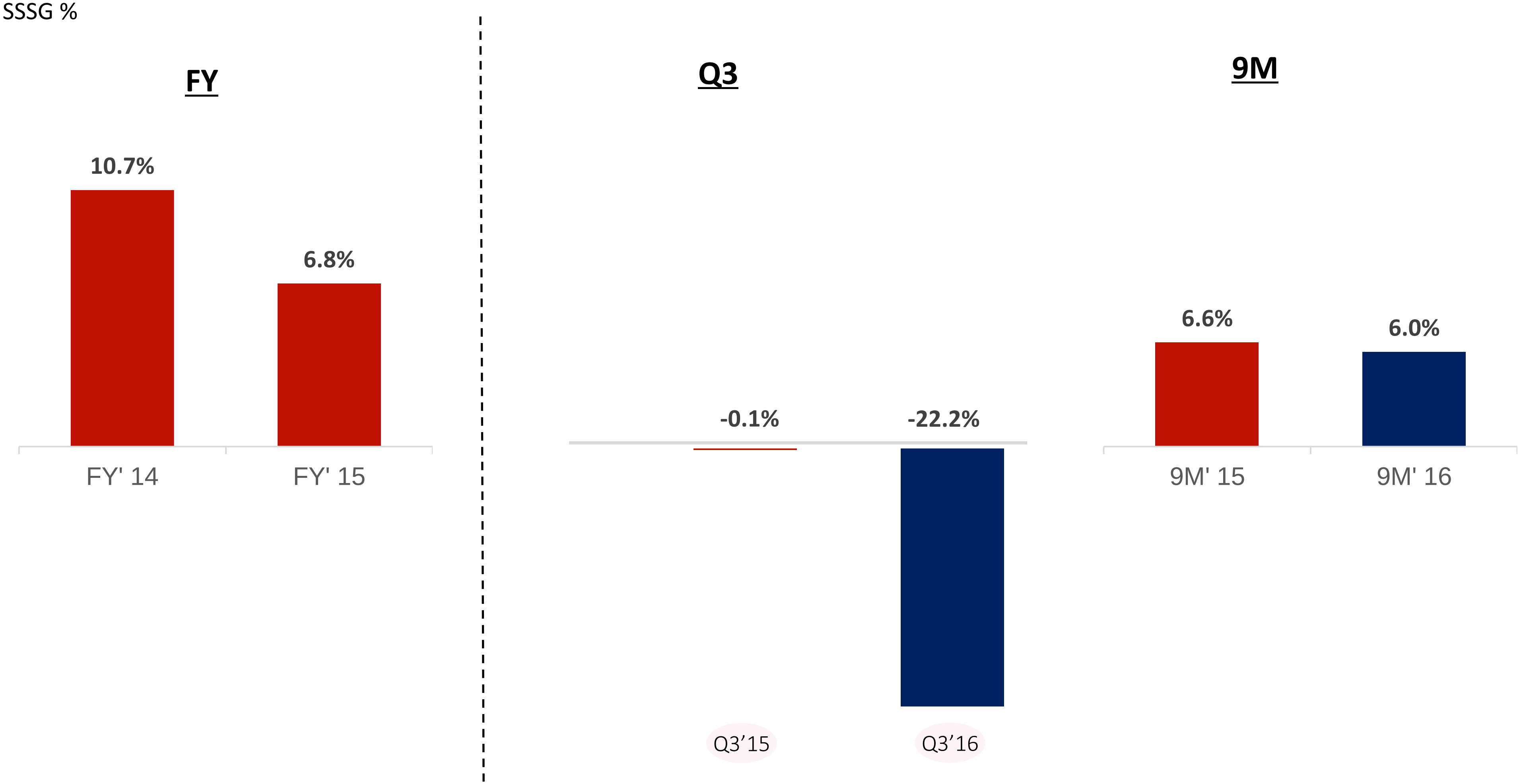
Gross Margin	35.2%	35.6%	40 bps
EBITDA Margin	16.7%	17.2%	50 bps

Overall sales increased by 9.2% in 9M 2016



SSSG was 6.0% for the 9M 2016

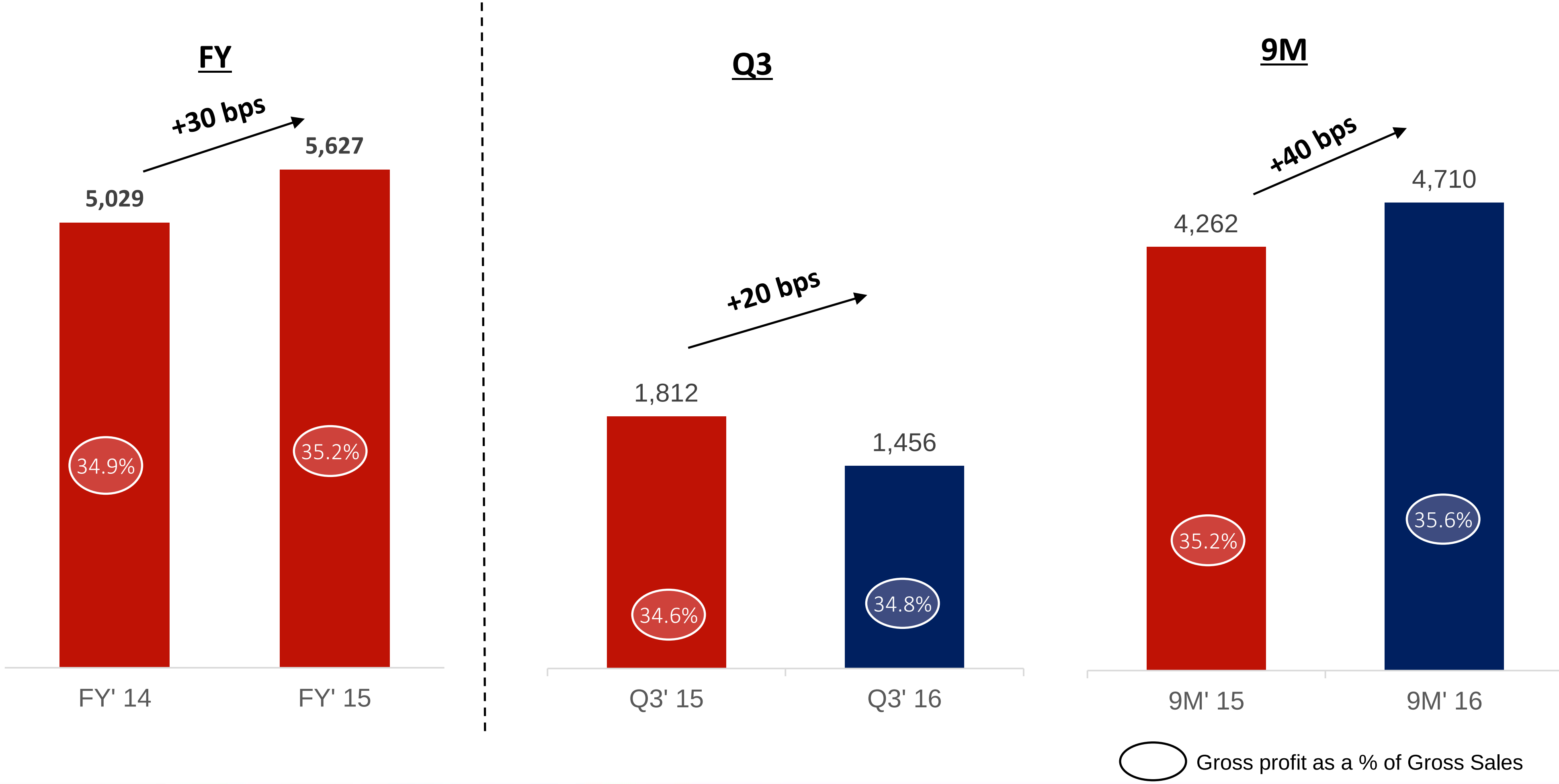
SSSG %



Merchandise margins continued to build, improving 40 bps in 9M 2016

Gross profit and margins

IDR Bn

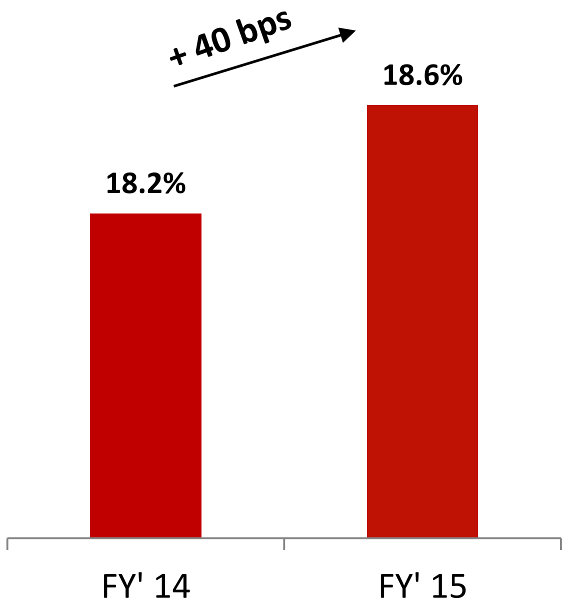


Leverage remains strong in the 9M 2016, despite weaker sales

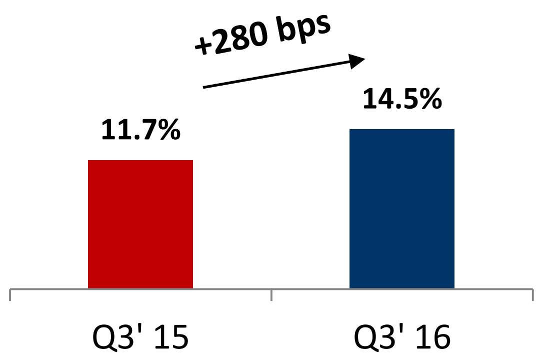
Opex[1] as a % of Gross Sales

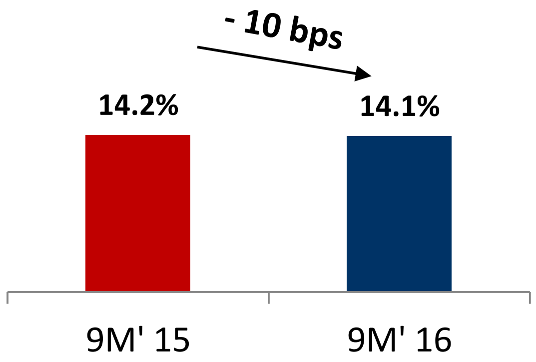
Q3 | **9M**

Total Company

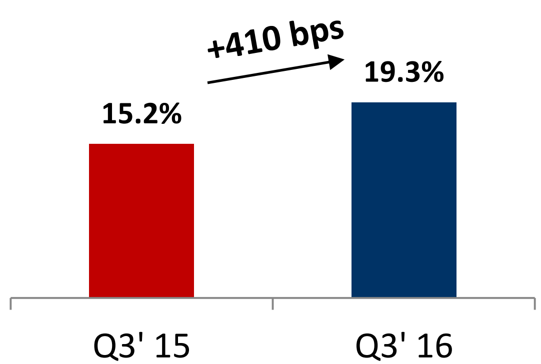


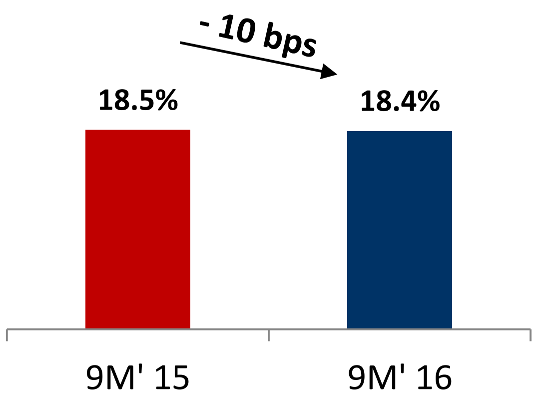
Comp store





Total Company



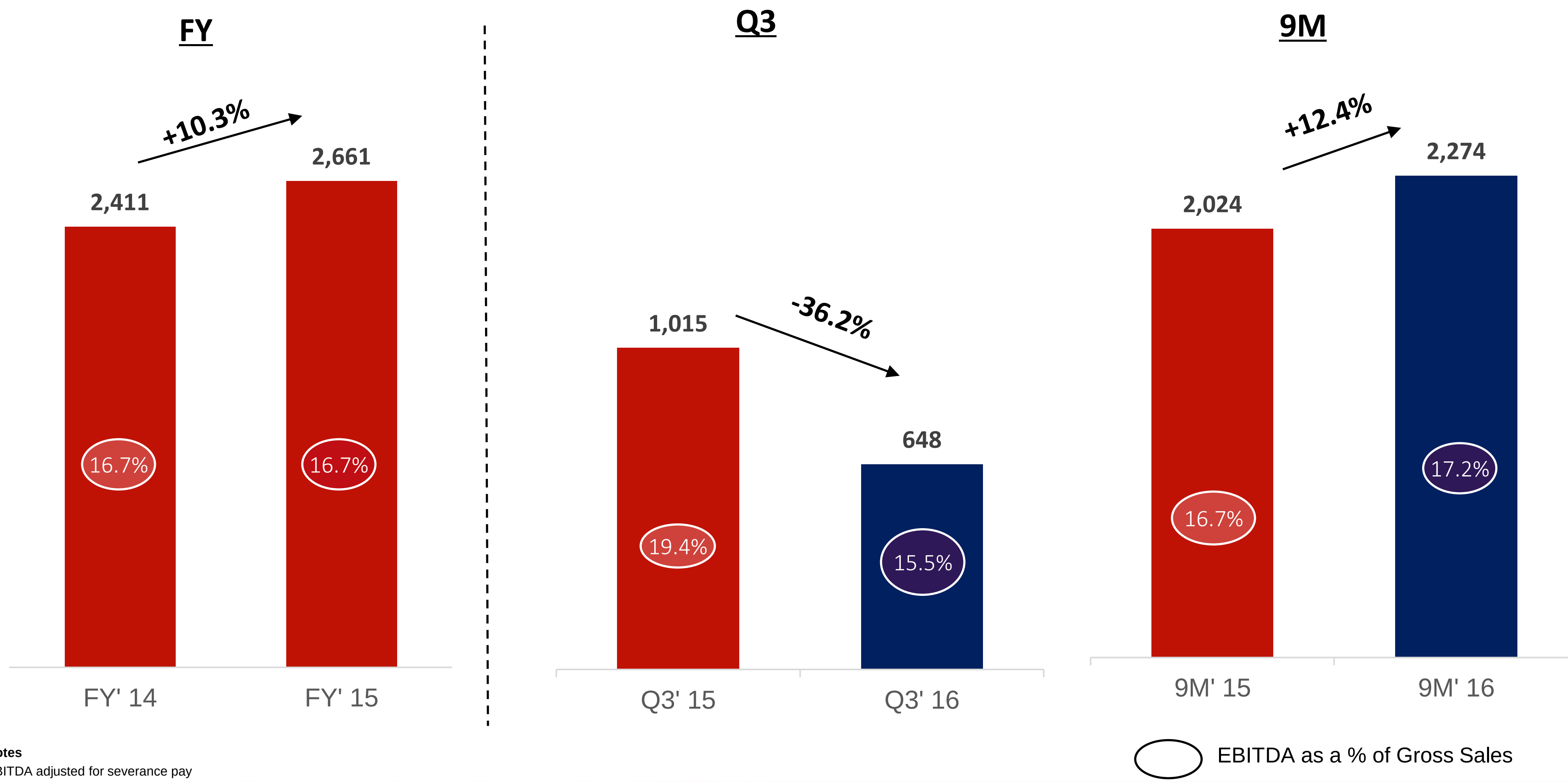


Note
1. Opex calculated as Adjusted Gross Profit less Adjusted EBITDA

Company EBITDA margins increased by 50 bps in 9M 2016

EBITDA and Margins

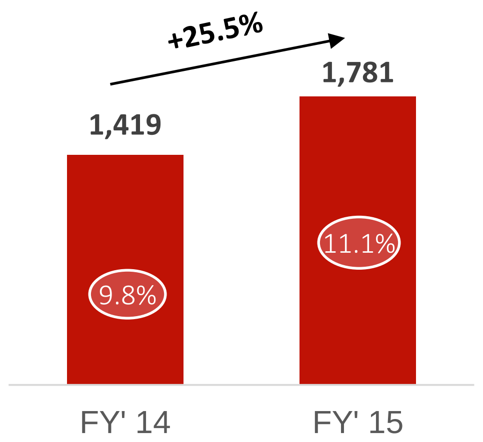
IDR Bn



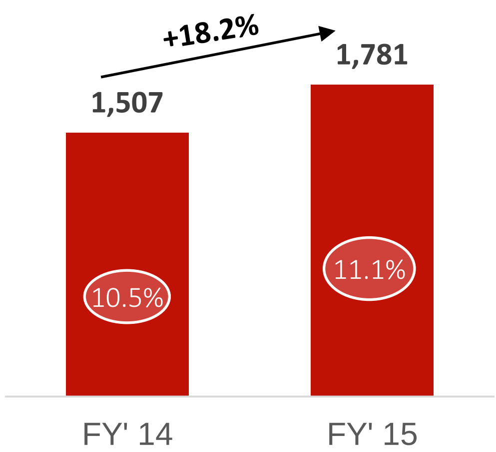
Notes
EBITDA adjusted for severance pay

Sales and margin improvements drove net income up by 16.3% in 9M 2016

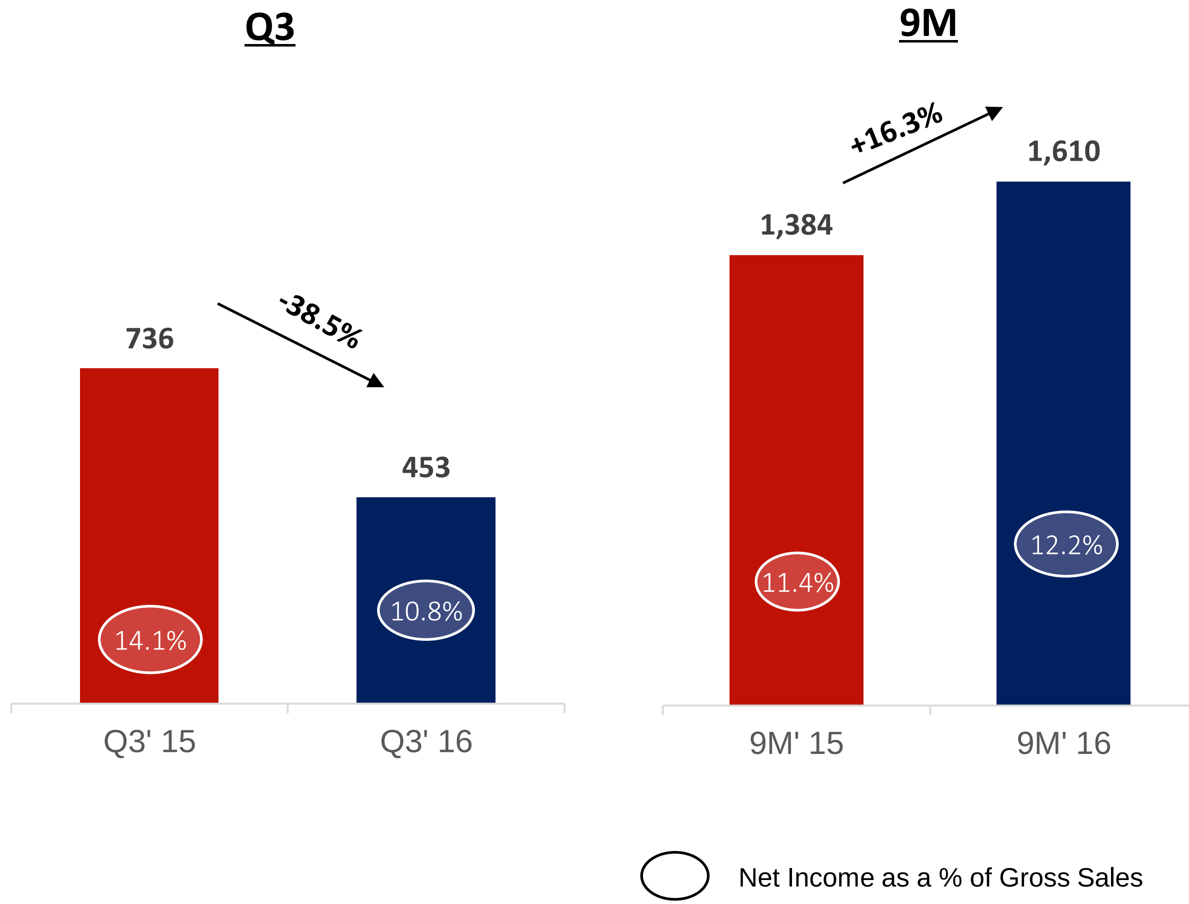
Reported Net Income (IDR Bn)



Comparable Net Income (IDR Bn)



Net Income (IDR Bn)



Inventory days remain in-line, freshness increases

INVENTORY DAYS

- LTM average inventory days slightly increased from 109 days (end Jun '16) to 112 days (end Sep'16)

CAPEX and REFURBISHMENT

- 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)
- On track to refurbish 15 stores for the year

WORKING CAPITAL FACILITY

- The Company's revolving facility balance was zero at the end of Q3
- We did not have any draw down

CASH POSITION

- Cash on hand at end September 2016 is Rp671.2 bn

Financial Summary

Key Profit & Loss Items

IDR Bn

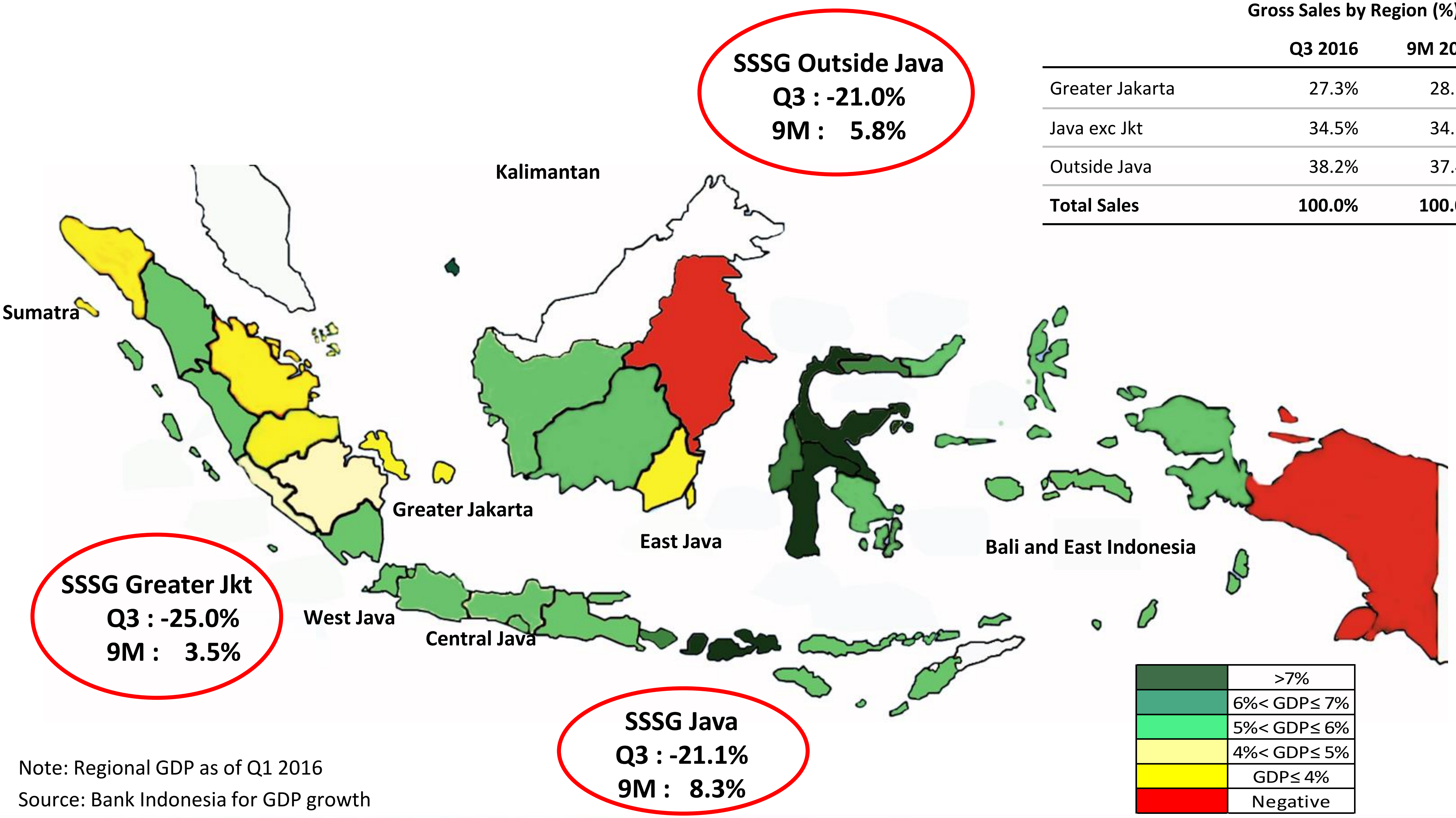
	Q3 2015	Q3 2016	9M 2015	9M 2016
Gross Sales	5,230.6	4,181.4	12,105.1	13,215.4
SSSG	-0.1%	-22.2%	6.6%	6.0%
Growth	4.4%	-20.1%	10.2%	9.2%
Net Revenue	2,892.0	2,342.6	6,813.0	7,522.2
Growth	6.7%	-19.0%	12.8%	10.4%
Gross Profit	1,811.8	1,456.3	4,261.7	4,709.9
Margin	34.6%	34.8%	35.2%	35.6%
EBITDAR	1,311.3	962.8	2,826.3	3,204.9
Margin	25.1%	23.0%	23.3%	24.3%
EBITDA	1,015.2	647.8	2,024.1	2,274.2
Margin	19.4%	15.5%	16.7%	17.2%
Income before tax	913.8	564.6	1,740.9	2,022.0
Margin	17.5%	13.5%	14.4%	15.3%
Reported net Income	736.3	453.1	1,384.0	1,610.2
Margin	14.1%	10.8%	11.4%	12.2%
growth	5.4%	-38.5%	30.5%	16.3%

Strategic updates

GDP growth, SSSG and Sales per region

Gross Sales by Region (%)

	Q3 2016	9M 2016
Greater Jakarta	27.3%	28.1%
Java exc Jkt	34.5%	34.5%
Outside Java	38.2%	37.4%
Total Sales	**100.0%**	**100.0%**



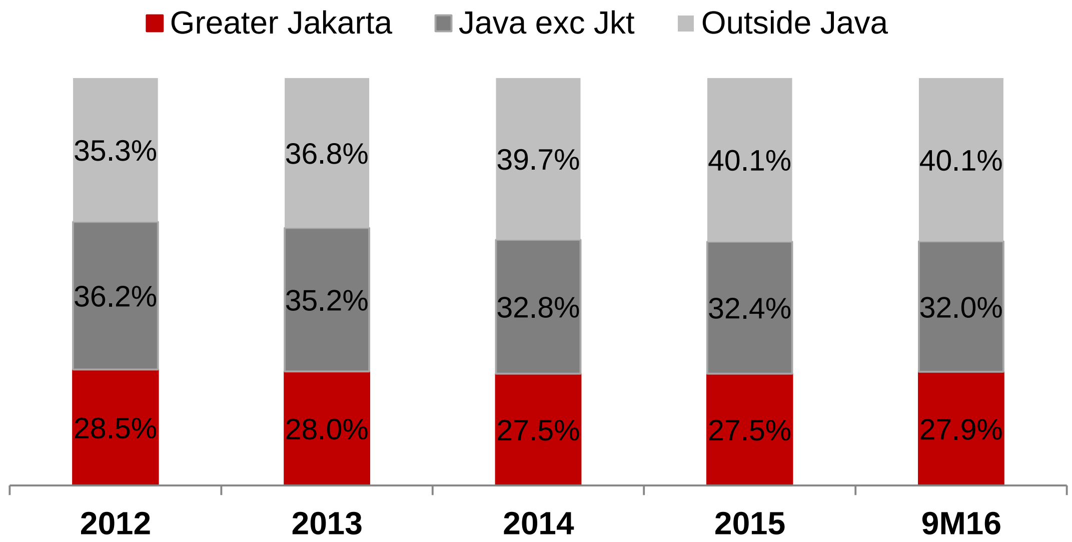
Note: Regional GDP as of Q1 2016

Source: Bank Indonesia for GDP growth

Expansion plans remain on track

- Forecasting 8 new store openings for 2016
- 5 new store openings as of the end of September 2016 (6 at end October 2016)
- Forecasting an additional 6-8 stores in 2017

Store Count Split by Region



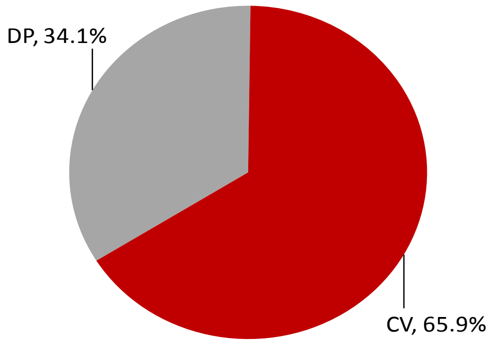
No	Geographic area	Actual		Forecast		
		FY2015	As of 30 Sep 2016	Balance in 2016	Future Pipeline 2017 and onwards	
		# of stores	# of stores	# of stores	# of stores	% mix
1	Jabodetabek (Greater Jakarta)	39	41	2	9	15.8%
2	Java (Exc Greater Jakarta)	46	47	0	20	35.1%
3	Outside Java	57	59	1	28	49.1%
	Total	**142**	**147**	**3**	**57**	**100.0%**

MDS's exclusive brands continue to deliver strong performance

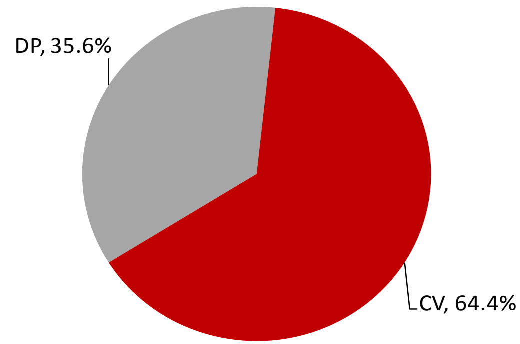
DP accounted for 35.6% of gross sales in Q3 2016, as compared to 34.1% in Q3 2015

% of Gross Sales

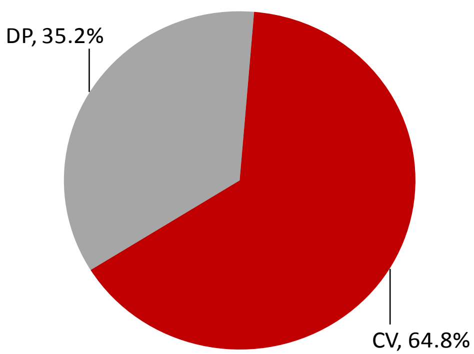
Q3 2015



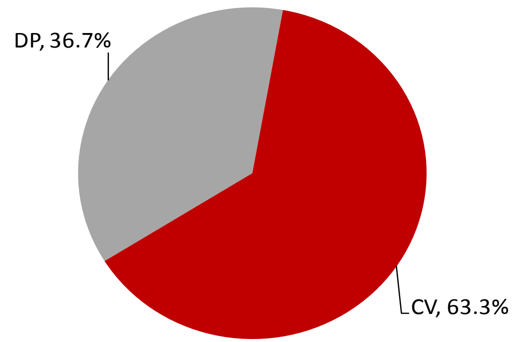
Q3 2016



9M 2015



9M 2016



E-commerce and Omni-channel Strategy Update

E-commerce and Omni-Channel developments

MATAHARI mall .COM

MatahariMall raises US$100M in financing, led by Mitsui and Co.

Mitsui's expertise in technology and logistics to boost growth potential

MDS to make an additional investment in mataharimall.com

MATAHARI DEPARTMENT STORE

Enhancement of internal merchandising system

Expansion of product range available on- line

Will establish own landing page in 4Q16: mataharistore.com

Summary

- Overall sales YTD up 9.2% yoy with SSSG of 6%
- Continued strength in our direct purchase offerings resulted in further merchandise margin improvements. The overall merchandise margin was up 40 bps over last year
- Efficiencies in expense management led to the 50bps uplift in EBITDA margin, and a net income growth of 16.3%
- Expansion plans remain on track
- Steady progress in developing our omni-channel platform

APPENDIX

Shareholding Structure

Public

82.5%

Multipolar

17.5%

PT Matahari Department Store Tbk

Notes

Notes