



# Matahari Department Store

Q4 2015/ FY2015 Results Update

Earnings call: February 23<sup>rd</sup>, 2016

# Table of Content

❑	<b>Key Highlights of 4Q 2015 and FY 2015</b>	
❑	<b>Q4 2015 Financial Highlights</b>	<b>4</b>
❑	<b>FY 2015 Financial Highlights</b>	<b>5</b>
❑	<b>Key Macro-economic Data</b>	<b>6</b>
❑	<b>Regional GDP, Sales and SSSG</b>	<b>7</b>
❑	<b>Store network</b>	<b>8</b>
❑	<b>Merchandising Mix</b>	<b>9</b>
❑	<b>Financial Updates</b>	
	<b>Sales</b>	<b>11</b>
	<b>Same Store Sales Growth</b>	<b>12</b>
	<b>Gross Profit and Margin</b>	<b>13</b>
	<b>OPEX</b>	<b>14</b>
	<b>EBITDA and Margin</b>	<b>15</b>
	<b>Net Income and Margin</b>	<b>16</b>
	<b>Debt and Cash Position</b>	<b>17</b>
❑	<b>Summary</b>	<b>20-21</b>
❑	<b>Appendix</b>	
❑	<b>Shareholding Structure</b>	<b>23</b>



## Key Highlights Q4 2015 / FY 2015








# Q4 2015 Key Highlights

IDR Bn








Q4 2014

Q4 2015

△

<b>Gross Sales</b>	3,442	3,869		12.4%
<b>SSSG</b>	8.7%	7.6%		
<b>EBITDA</b>	557	636		14.1%
<b>Reported NI</b>	359	397		10.6%
<b>Comparable NI</b>	359	397		10.6%
<b>Gross Margin</b>	35.2%	35.3%		10 bps
<b>EBITDA Margin</b>	16.2%	16.4%		20 bps

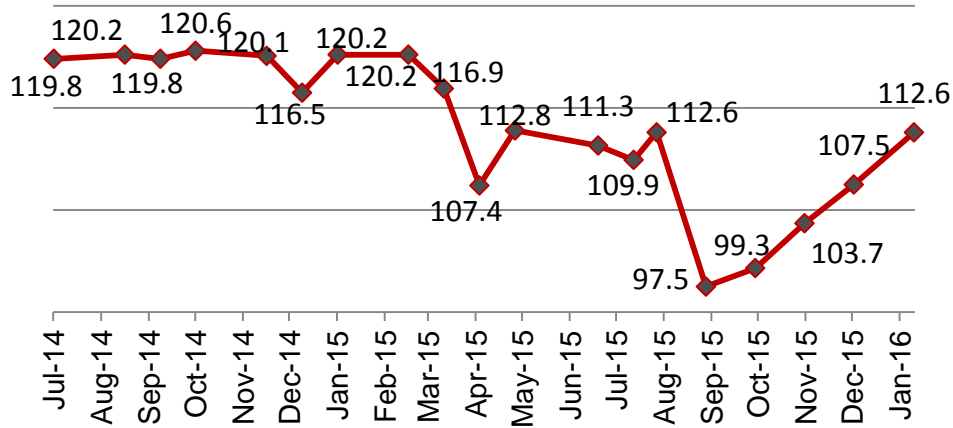
# FY 2015 Key Highlights

IDR Bn	FY 2014	FY 2015	△
<b>Gross Sales</b>	14,421	15,975	 10.8%
<b>SSSG</b>	10.7%	6.8%	
<b>EBITDA</b>	2,411	2,660	 10.3%
<b>Reported NI</b>	1,419	1,781	 25.5%
<b>Comparable NI*</b>	1,507	1,781	 18.2%
<b>Gross Margin</b>	34.9%	35.2%	 30 bps
<b>EBITDA Margin</b>	16.7%	16.7%	 0 bps

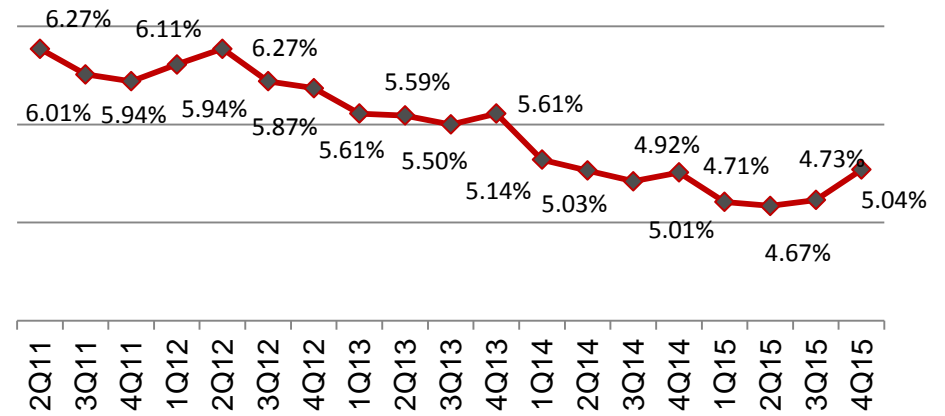
\*Net income before non-recurring expense related to prior years of Rp88bn

# Macro-Economic Data

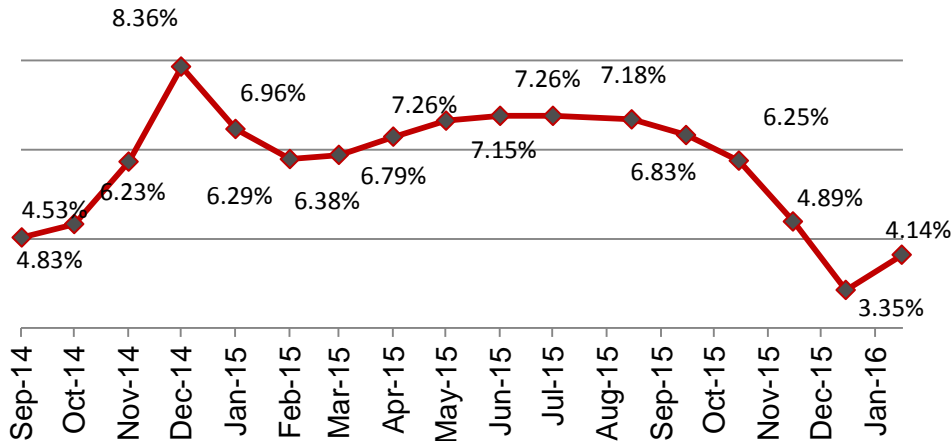
## Consumer Confidence Index



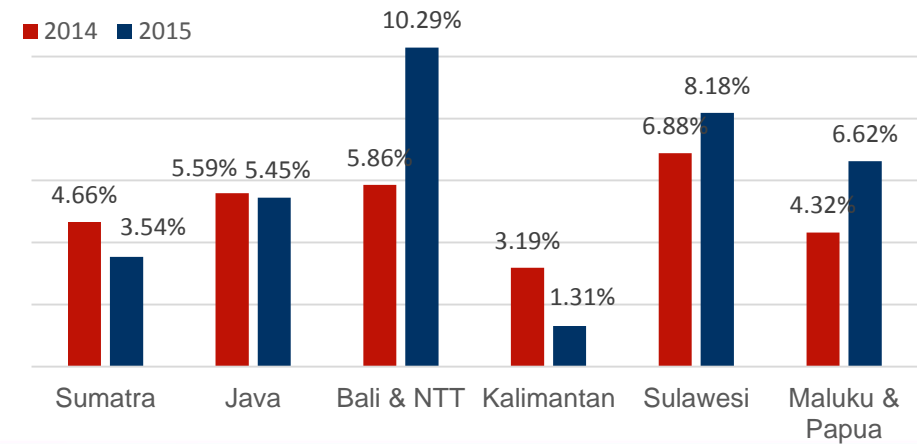
## GDP Growth



## Inflation

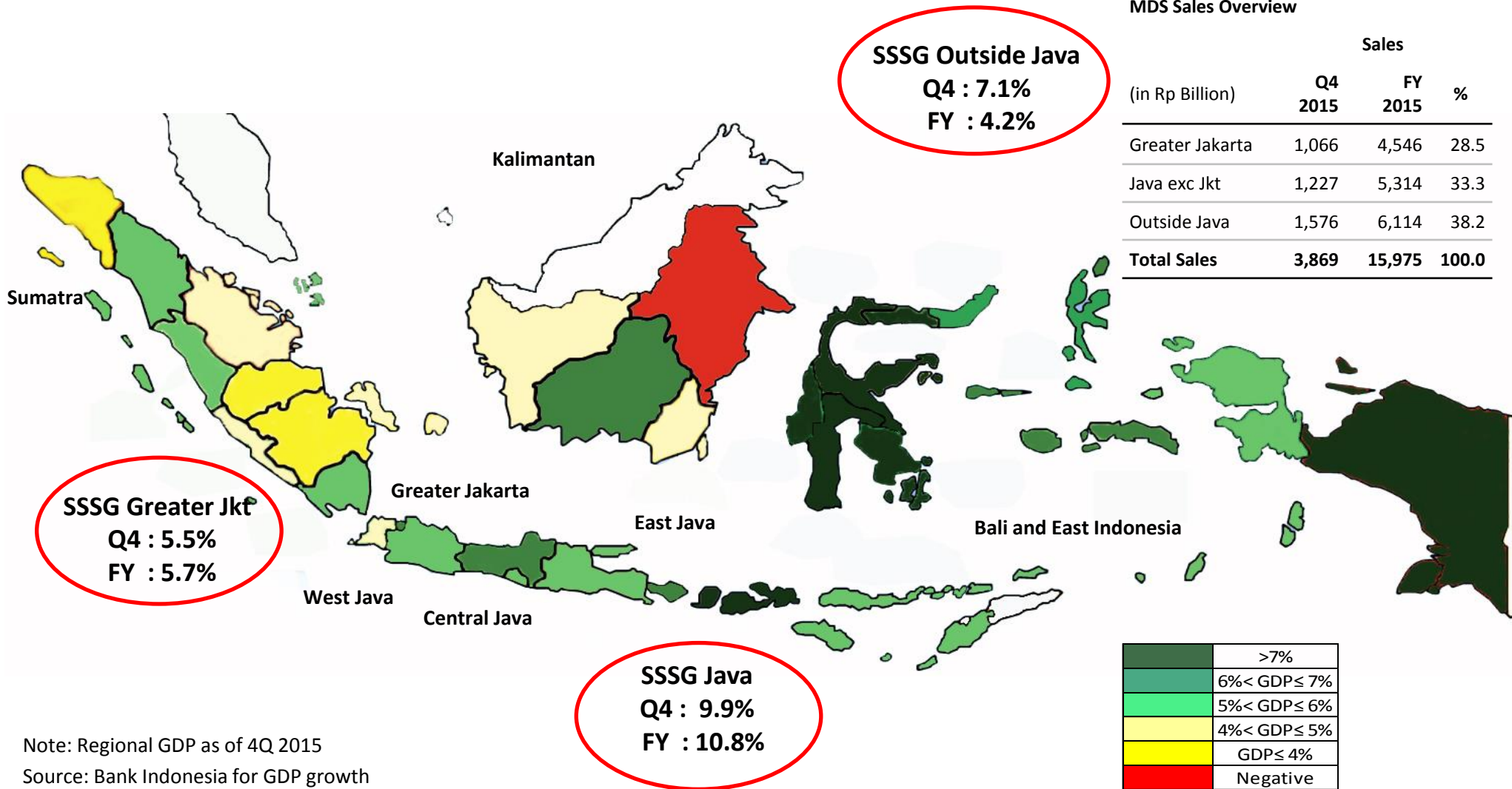


## GDP Regional



Source: Bank Indonesia and BPS

# GDP growth, SSSG and Sales per region



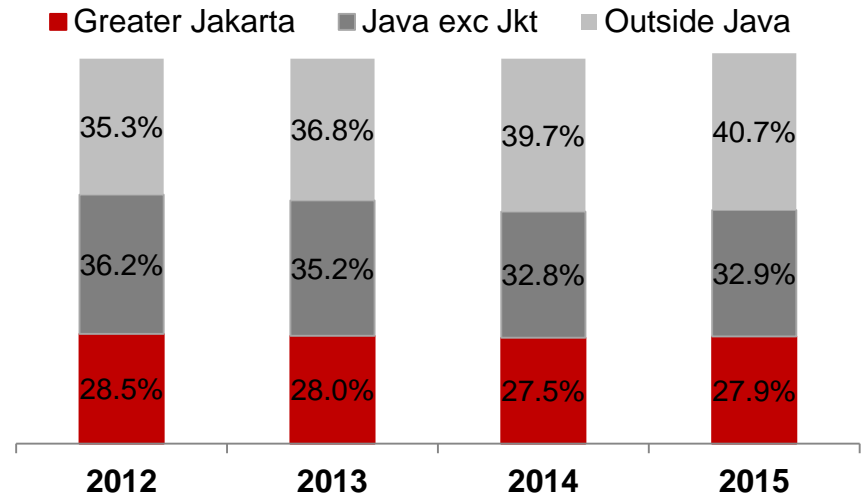
Note: Regional GDP as of 4Q 2015

Source: Bank Indonesia for GDP growth

# 11 new store openings in 2015, 6-8 forecast for 2016

- In 2015, we opened a total of 11 new stores
  - In Q4 2015, we opened 2 additional new stores (Lombok and Yogyakarta)
- In 2016, we are conservatively forecasting 6-8 new stores

## Store Count Split by Region



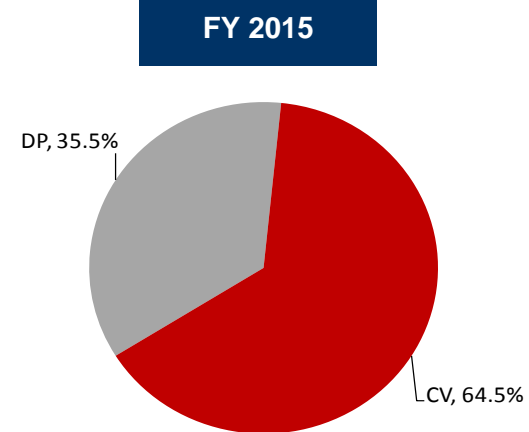
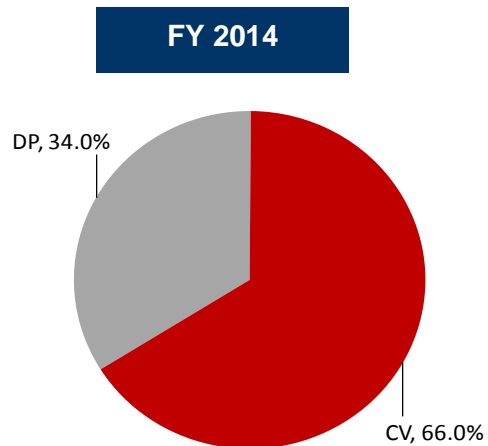
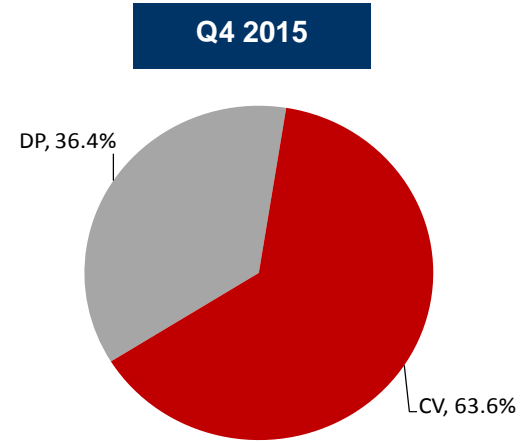
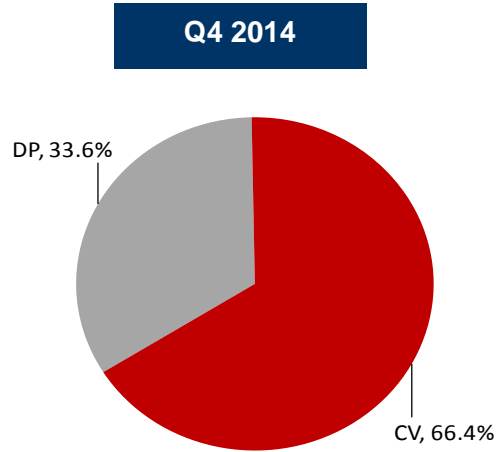
No	Geographic area	Actual		Forecast		
		FY2014	FY2015	FY2016	Future Pipeline 2017 and onwards	
		# of stores	# of stores	# of stores	# of stores	% mix
1	Jabodetabek (Greater Jakarta)	36	39	1-2	12	22.2%
2	Java (Exc Greater Jakarta)	43	46	1-2	13	24.1%
3	Outside Java	52	57	4	29	53.7%
	<b>Total</b>	<b>131</b>	<b>142</b>	<b>6-8</b>	<b>54</b>	<b>100.0%</b>



# MDS's exclusive brands continue to deliver strong performance

DP accounted for 35.5% of gross sales in FY 2015, as compared to 34.0% in FY 2014

% of Gross Sales



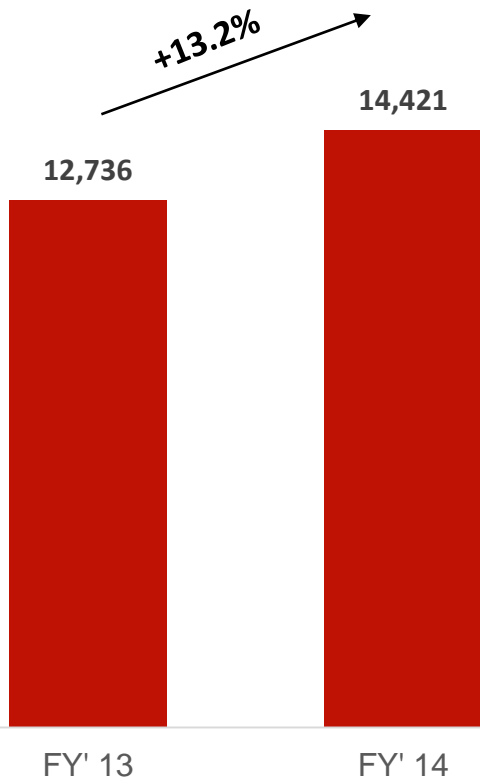


57<sup>th</sup>  
Bagi  
NusaBangsa

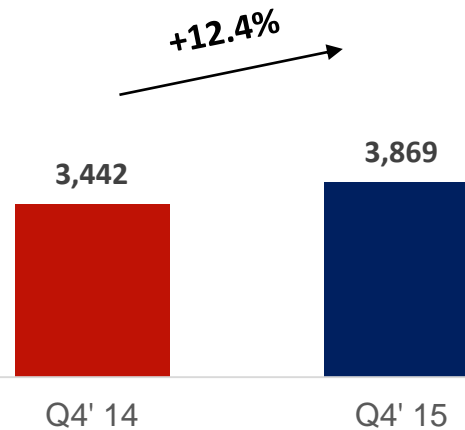
Financial Updates

# Overall sales increased by 10.8% in FY 2015

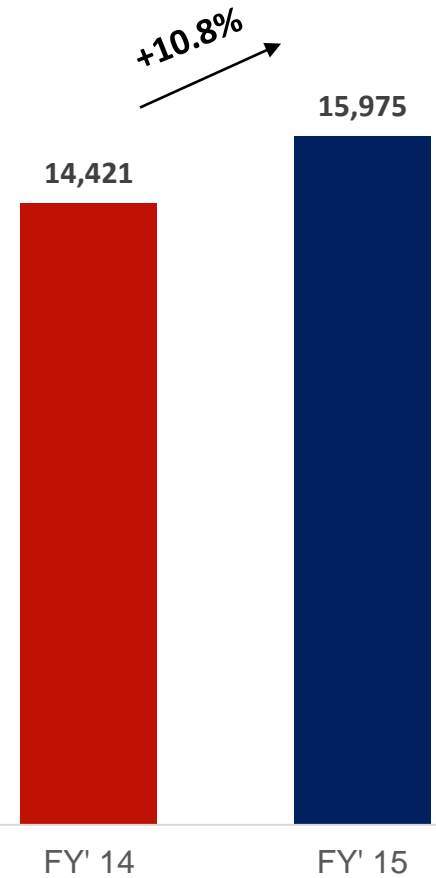
IDR Bn



Q4

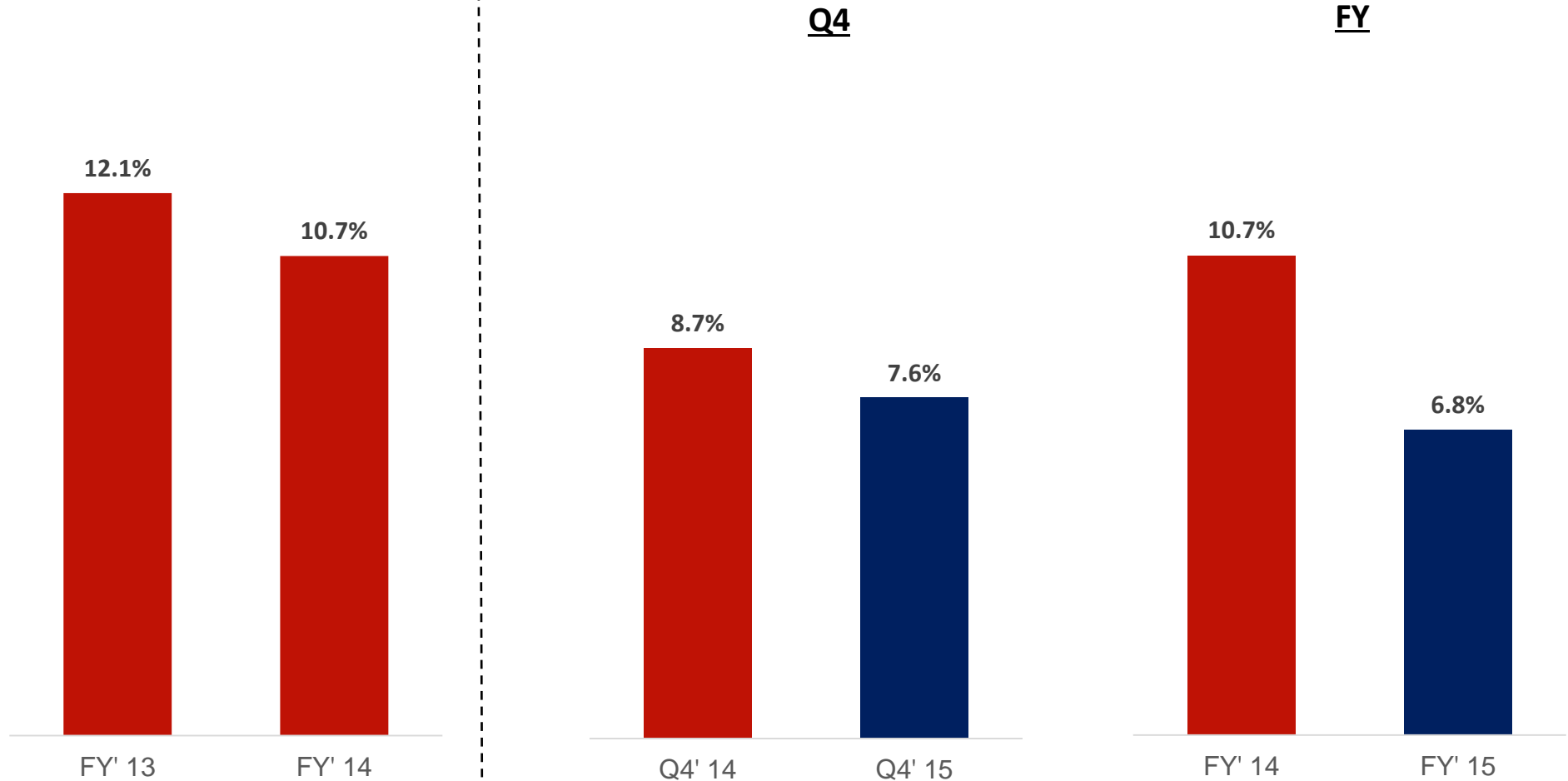


FY



# Weaker macro impacted SSSG in Q4 2015

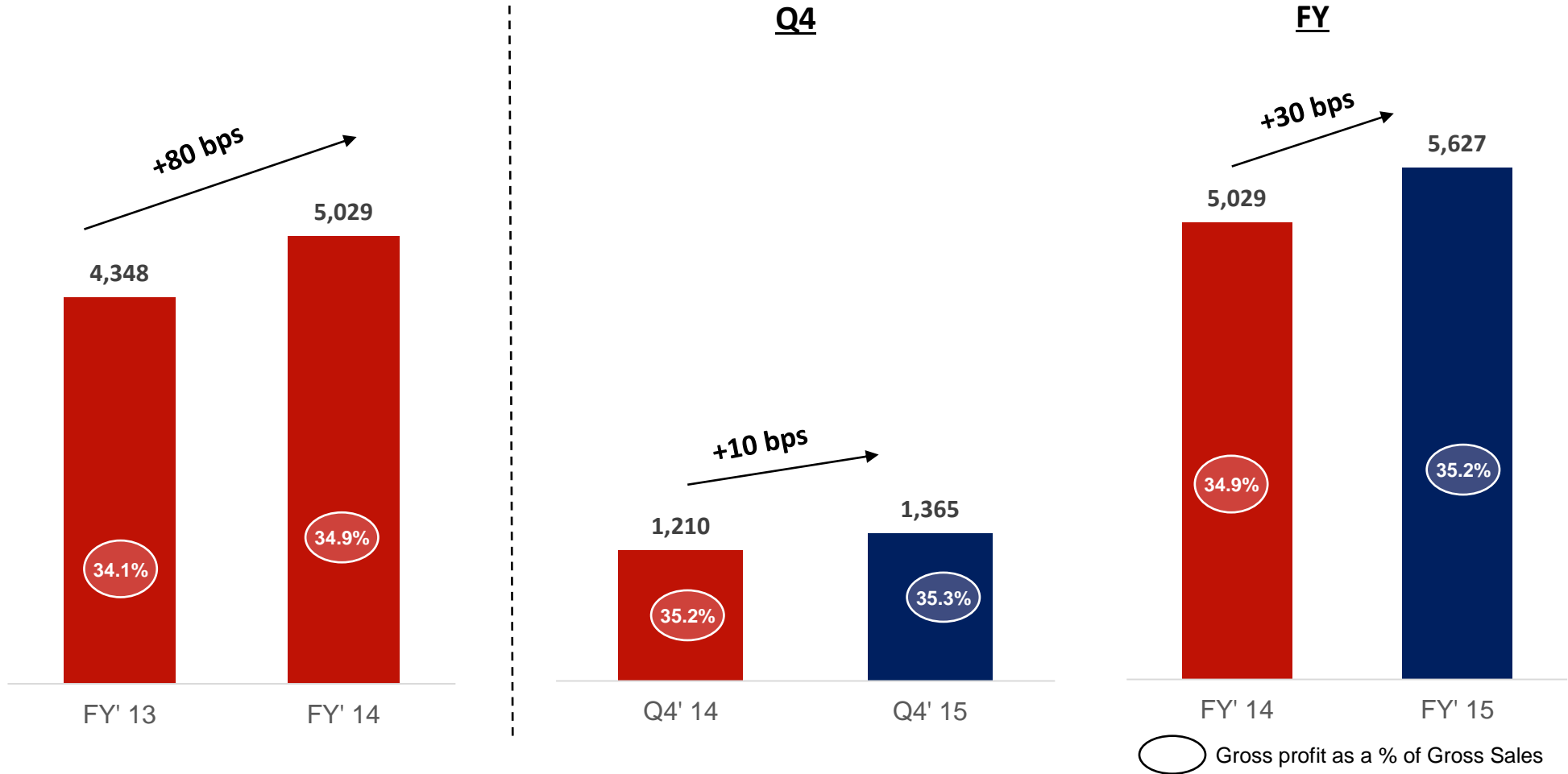
SSSG %



# Merchandise margins improved 30 bps over LY

## Gross profit and margins

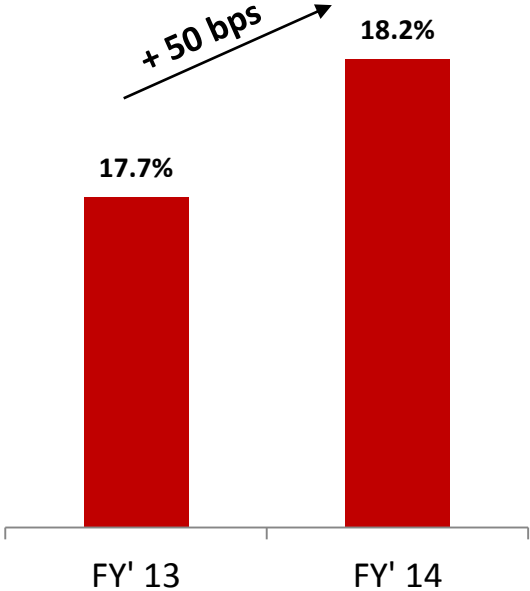
IDR Bn



# Productivity initiatives mitigated cost pressures

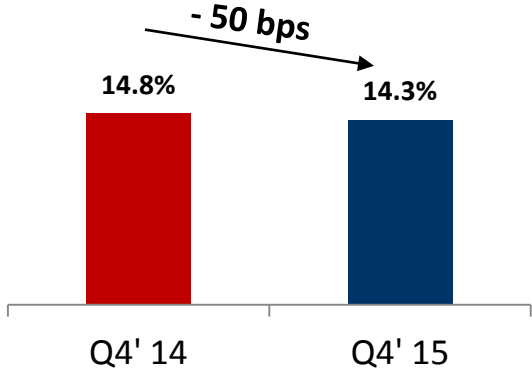
## Opex<sup>(1)</sup> as a % of Gross Sales

Total Company

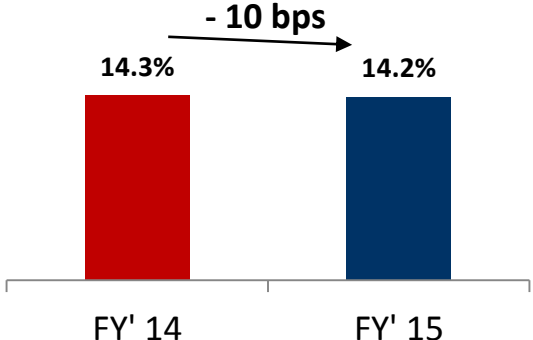


### Q4

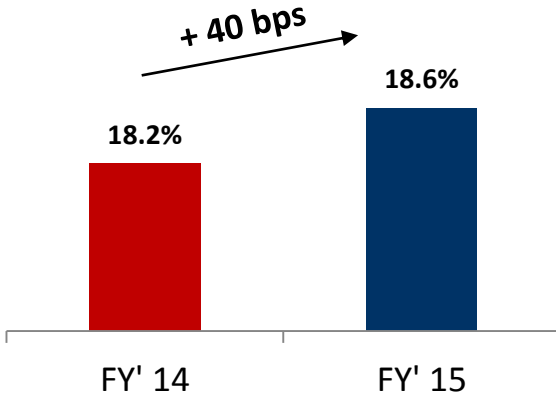
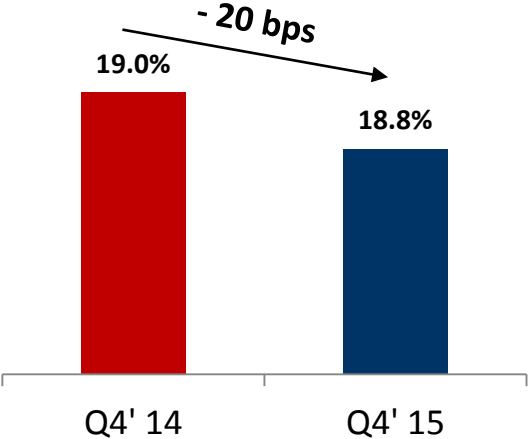
Comp store



### FY



Total Company

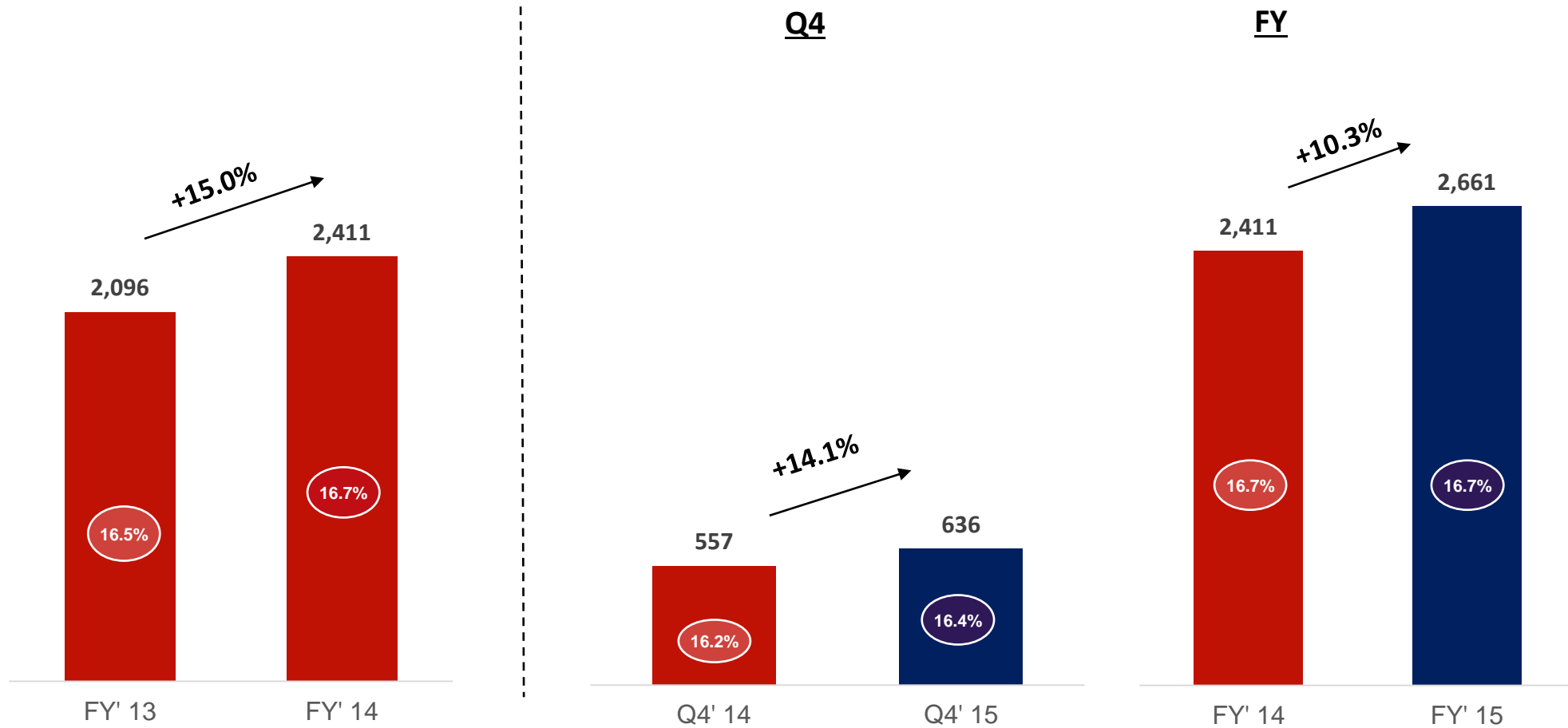


Note  
1. Opex calculated as Adjusted Gross Profit less Adjusted EBITDA

# Maintained EBITDA margins at 16.7%

## EBITDA and Margins

IDR Bn



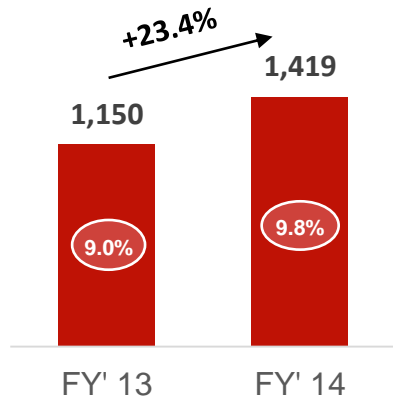
### Notes

EBITDA adjusted for severance pay

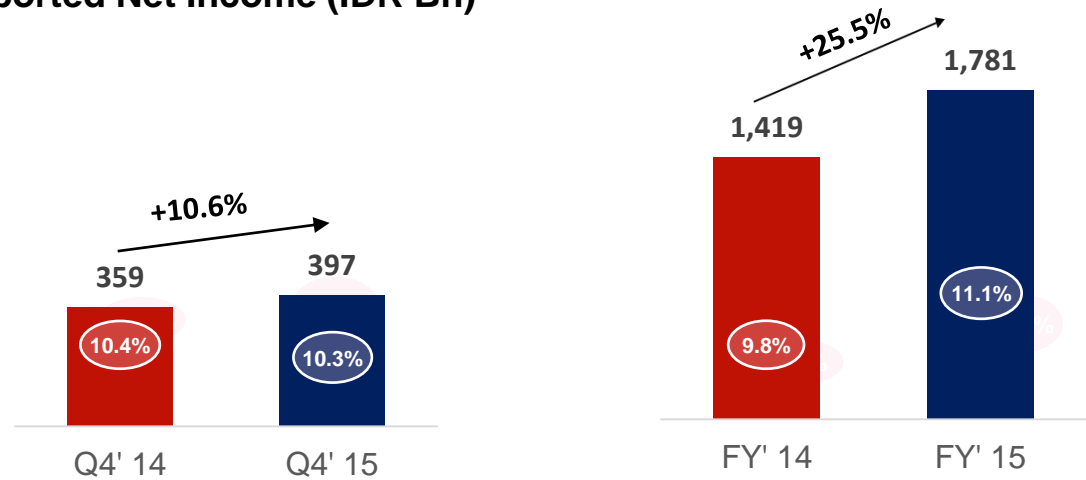
○ EBITDA as a % of Gross Sales

# Reported net income up by 25.5%

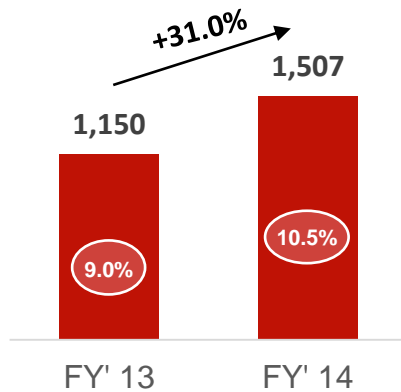
Reported Net Income (IDR Bn)



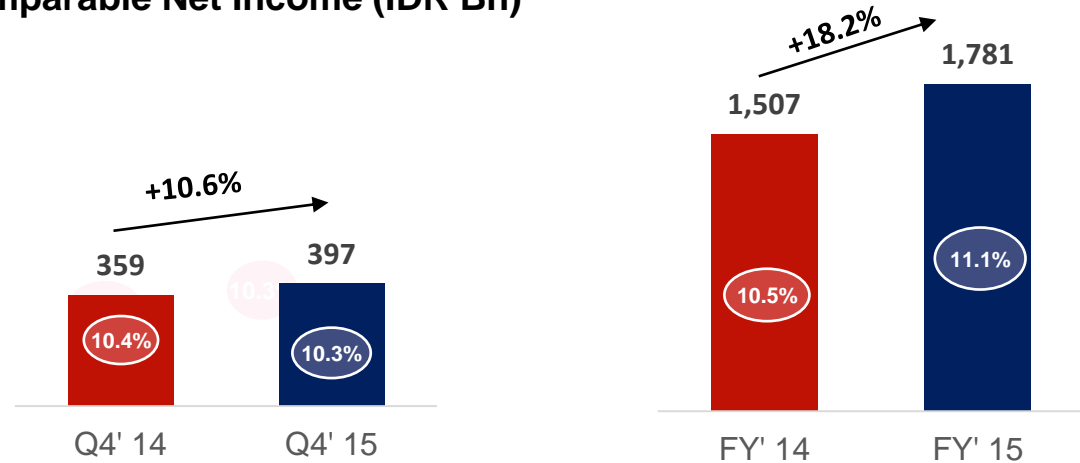
Reported Net Income (IDR Bn)



Comparable Net Income (IDR Bn)



Comparable Net Income (IDR Bn)



○ Net Income as a % of Gross Sales

\*Net income before non-recurring expense related to prior years of Rp59.9bn (Q2' 14) and Rp88 bn (1H' 14)

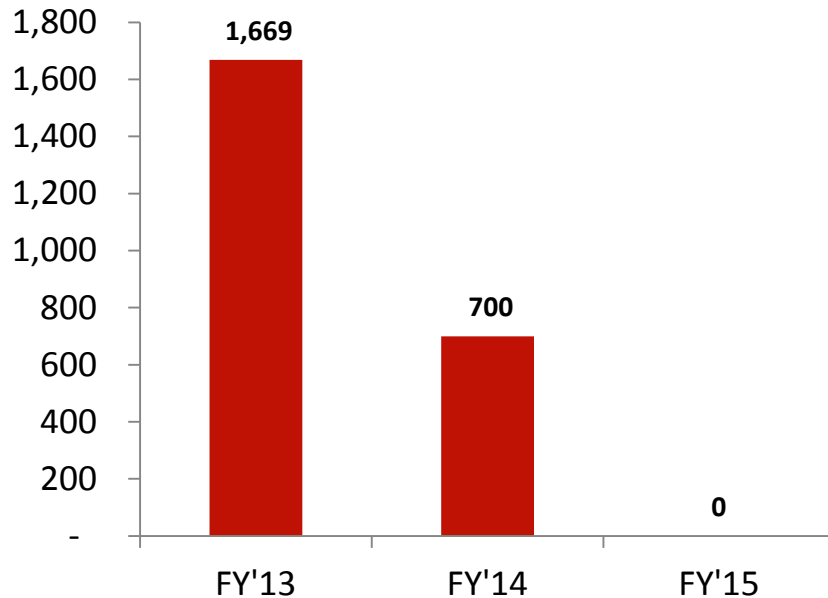


# Term loan fully repaid; Working capital facility put in place

## DEBT REPAYMENT

In December the Company fully repaid its bank term loan balance of Rp700 bn

### Total Gross Debt (in Rp Billion)



## WORKING CAPITAL FACILITY

- In December 2015, a revolver facility of Rp1trn was put in place
- As of 31 December 2015, no amount has been drawn down from the facility
- Any interest on the facility is tax deductible

## DIVIDEND PAYOUT

- We will be proposing an increase in the dividend payout from 60% to 70% of prior year's earnings

## INVENTORY DAYS

- LTM inventory reduced from 128 to 125 days at the end of Q4

# Update on Mataharimall.com and E-commerce strategy

## INVESTMENT IN



## E-COMMERCE STRATEGY

- ❑ to gain a valuable insight into on-line behaviors in Indonesia, particularly as it relates to our customers
- ❑ to allow us to immediately offer our brands to a large population of our target middle income segment that either do not have access to our stores currently, or who simply prefer to shop on-line
- ❑ to allow management to continue to focus on our existing bricks and mortar expansion, while preparing the Company's infrastructure to move towards our longer term strategic solution of a true omni-channel approach
- ❑ to protect the Company's earnings, eliminate the need for significant cash investments, and take advantage of the opportunity to invest at a low valuation in an ecommerce company that leverages on the full strength of the Lippo Group



## Summary

# Financial Summary

## Key Profit & Loss Items

IDR Bn

	Q4 2014	Q3 2015	Q4 2015	FY 2014	FY 2015
Gross Sales	3,441.5	5,230.6	3,869.4	14,421.4	15,974.5
SSSG	8.7%	-0.1%	7.6%	10.7%	6.8%
Growth	10.9%	4.4%	12.4%	13.2%	10.8%
Net Revenue	1,886.1	2,892.0	2,193.9	7,925.5	9,006.9
Growth	14.6%	6.7%	16.3%	17.3%	13.6%
Gross Profit	1,210.4	1,722.7	1,365.3	5,028.6	5,627.0
Margin	35.2%	34.6%	35.3%	34.9%	35.2%
EBITDAR	797.4	1,311.3	922.8	3,352.7	3,749.1
Margin	23.2%	25.1%	23.9%	23.2%	23.5%
EBITDA	557.3	1,015.2	636.0	2,411.1	2,660.1
Margin	16.2%	19.4%	16.4%	16.7%	16.7%
Income before tax	452.1	913.8	503.9	1,842.3	2,244.8
Margin	13.1%	17.5%	13.0%	12.8%	14.1%
Reported net Income	358.7	736.3	396.8	1,419.1	1,780.8
Margin	10.4%	14.1%	10.3%	9.8%	11.1%
growth	43.1%	5.4%	10.6%	23.4%	25.5%

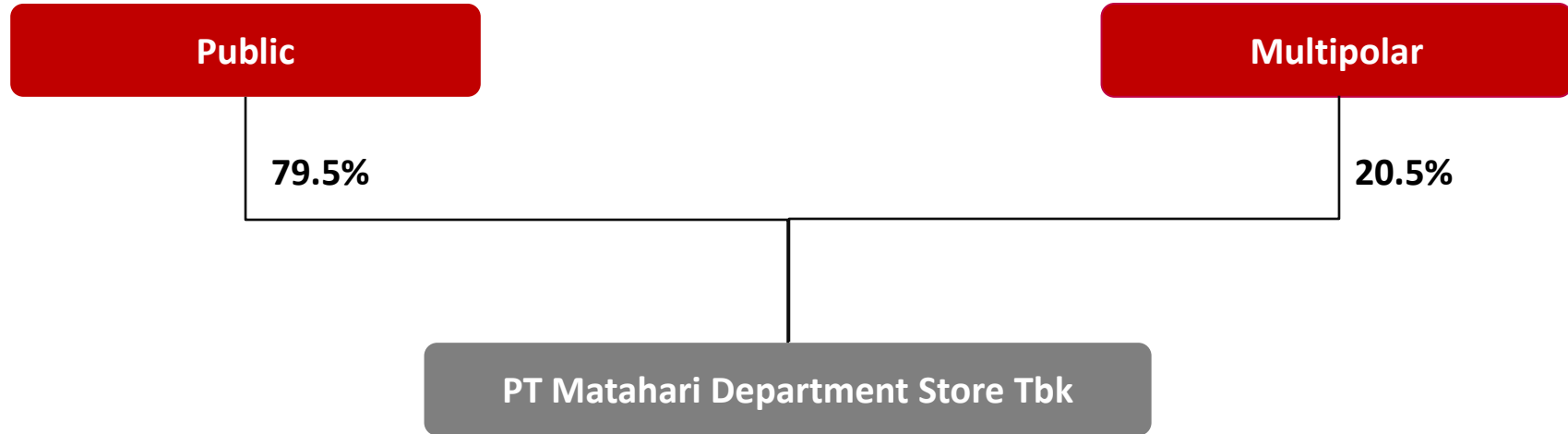
# Summary

- ❑ **Despite a challenging macro economic environment, we have continued to deliver strong sales and earnings growth**
- ❑ **The strength of our direct purchase resulted in further merchandise margin improvements**
- ❑ **Expense controls helped mitigate the cost pressures and enabled the Company to maintain EBITDA margin at 16.7%**
- ❑ **Expansion plans continue, with 11 openings in 2015 and a conservative 6-8 new stores forecast for 2016**

# Appendix



# Shareholding Structure



# Notes

-----

-----

-----

-----

-----

-----

-----

-----



# Notes

-----

-----

-----

-----

-----

-----

-----

-----