

MATAHARI REPORTS H1 GROSS SALES OF RP 3,933 BILLION

Highlights 1st Half 2020:

- **Total gross sales of Rp 3,933 billion, 62.7% below 1st Half 2019 with an SSSG of -62.9%**
- **Q2 most impacted by pandemic, resulting in 1st Half net loss of Rp 358 billion**
- **Significant operating cost reduction & stringent cash flow management**
- **Borrowings increased to Rp 2,067 billion**
- **Six large format and all specialty stores were closed; one large-format store was open**

PT Matahari Department Store Tbk (“Matahari” or “the Company”; stock code: “LPPF”) reported 1st Half 2020 gross sales of Rp 3,933 billion, 62.7% below 1st Half 2019, whilst net revenue was down 62.1% to Rp 2,253 billion.

The COVID-19 pandemic significantly impacted Matahari’s operations in the second quarter. In response, the Company took extensive cost reductions, including rental waivers, which resulted in a 53.8% decrease in operating expenditure in the second quarter. Matahari’s sacrifice to sustain its customers’ and employees’ health is reflected in its 1st Half 2020 net loss of Rp 358 billion. At the same time, the Company increased borrowings to Rp 2,067 billion to provide support with supplier payments.

Despite the COVID-19 challenges, Matahari progressed with its store opening plans that had been in its deferred pipeline, and opened three new stores with around 6,000-7,000 sqm of retail space each. One opened in Q2 in Palembang, and another two opened in July in Depok and Tangerang city, making a total of 154 stores operating in 76 cities. These three new stores have shown promising sales during early trading.

Terry O’Connor, CEO and Vice President Director of Matahari said, “In the past, we closed underperforming stores opportunistically based on lease expiration or attractive real estate opportunities. But given the ongoing COVID-19 pandemic as well as our efforts to restructure the business, we decided to accelerate the closure of underperforming stores. Up to date, we have closed six large-format stores in 2020. At the same time, we opened one new store in Palembang in May 2020, and two new stores in Depok and Tangerang city in July 2020. These bring our total store count to 154 large-format locations today, and we intend to end the year with a portfolio of around 150 profitable large format MDS stores.”

Terry added, “During temporary closures caused by the pandemic, Matahari’s online channels became our operational focus. This month, our Support Center has resumed operations. Before returning to work, employees were asked to do a self-assessment check and rapid test. To limit physical interaction, split work team arrangements have been made, intra-floor movements are restricted, and guests have been limited at the Support Center. The health protocol campaigns are easily spotted across our office area.”

About Matahari

Matahari is the largest retail platform in Indonesia, with 154 stores in 76 cities across Indonesia as well as presence online on MATAHARI.COM. For over 60 years, Matahari has provided the growing Indonesian middle class with quality, fashionable and affordable apparel, beauty and footwear products. Matahari employs around 40,000 employees and partners with around 700 local as well as international suppliers.

The Company has received many industry recognitions – nationally and internationally – including Top 500 Retail Asia Pacific from Retail Asia, Euromonitor & KPMG; Brand Asia 2018 – Top 3 Most Powerful Retail Brands in Indonesia from Nikkei BP Consulting, Inc. and WoW Brand Award 2019 – Gold Champion from MarkPlus Inc. The Company also received the Netizen’s Brand Choice Award 2018 from Warta Ekonomi. All of these awards reaffirm the Company’s position as one of the leading, most dynamic, and trusted companies in Indonesia.

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Matahari Dept Store

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