

PRESS RELEASE

For Immediate Release

MPPA DELIVERS RP6.7 TRILLION SALES IN 1H 2017

***MANAGEMENT FOCUSED ON PERFORMANCE, PRODUCTIVITY & EFFICIENCY (PPE) TO LOWER
OPERATING COSTS IN 2ND SEMESTER 2017 ONWARD***

**Lippo Village, Tangerang
Monday, July 31, 2017**

Despite continuing market headwinds in 1H17, MPPA's performance reflected improvements in 2Q17 in both sales and profit in contrast to 1Q17. This was primarily driven by several factors such as: a 2-week shift in seasonal sales; improving trend of gross profit margin by 173 basis point vis-à-vis 1Q17; and cost efficiency measures put in place earlier, which resulted in reduction of G&A expenses by 16.5% from Rp584 billion in 1Q17 to Rp488 billion in 2Q17.

Sales for the first half 2017 came in lower by 3.0% y-o-y at Rp6.7 trillion while SSSG was still negative. The business restructuring over the last 18 months is starting to pay off as MPPA sales have been consistently tracking better than its major competitors within the hypermarket/supermarket segment in modern retail. Fresh Foods & Grocery Division has posted positive growth of +2.5% & +0.7% respectively for 1H 2017. The overall sales growth has been largely impacted by weaker sales growth of electronics & household categories due to major restructuring & correction of assortment imbalances. Despite the relatively flat sales environment, gross profit margin & operating costs are expected to improve as a direct result of these restructuring efforts.

MPPA's 1H 2017 gross profit margin contracted by 100bps y-o-y to 14.9%, primarily due to investment in the Company's recent pricing strategy in lowering over 5,000 items to regain a competitive position with particular emphasis on a selected basket of fast moving consumer items of significance to the minimarkets. Early indications of the pricing strategy are encouraging. One of the major strategic changes in the restructuring process was the "shift to cost" allowing MPPA to better align its business model by leveraging its data at a SKU level.

MPPA's strategy for Growth focuses on Five Pillars of which the fifth pillar, the omni-channel business, has started to gain traction as modern Indonesian consumers continue to embrace the digital lifestyle and smartphone technology for their daily shopping and social activities. The Company is leveraging its growing network of over 300 distribution points across 73 cities consisting of 117 hypermarkets, 26 supermarkets, 30 convenience stores, 112 health & beauty centers and its total wholesale network to support our omni-channel business to grow top line sales. We believe our online business will strategically complement our existing traditional brick & mortar business becoming a positive contributor to positive SSSG in future.

Net loss for the period was at Rp170 billion, down from net income of Rp25 billion registered last year, which was predominantly driven by lower sales, lower gross profit margin and allowances on receivables booked in the first quarter this year.

Given the continuing soft retail sales environment, the MPPA CEO recently announced several major changes, one of which senior executives number will be rationalized in support of the productivity drive communicated in the 2016 Annual Report (page 85). This will result in an improvement in head office cost efficiency up to 20% by December 2017 on a normalized basis. Having already established significant productivity measures at store level, the management is focused on reducing head office costs to below its 2015 level in 2018.

	1H 2017	1H 2016	
	Rp mn	Rp mn	Growth
NET SALES	6,716,356	6,923,163	-3.0%
OPERATING PROFIT (LOSS)	(186,324)	48,126	n.m
INCOME (LOSS) FOR THE PERIOD	(169,827)	24,893	n.m

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About PT Matahari Putra Prima Tbk (MPPA)

PT Matahari Putra Prima, one of Indonesia's largest retailers, employs more than 10,000 associates who serve customers in 117 Hypermarkets (Hypermart), 4 Wholesale outlets (SmartClub), 26 Supermarkets (Foodmart Primo/Fresh), 112 Health and Beauty format stores (Boston Health & Beauty), and 30 Minimarket/ Convenience stores (FMX). As of 30 June 2017, MPPA operates 289 stores in 73 cities throughout Indonesia. MPPA continues to receive both domestic and international acknowledgement with several awards such as: 2016 SWA:100 Indonesia's Best Wealth Creator, 2016 Brandz™ Top 50 Most Valuable Indonesia Brands by Millward Brown & WPP, 2016 Anugerah Indonesia TBK Company -III- 2016 (APTI-III-2016), 2016 Top 10 Retailers Certificate of Distinction by Retail Asia, 2016 Indonesia GCG Award II – for Retail Category by Economic Review and IPMI (International Business School), 2016 Indonesia's Most Admired CEO from Warta Ekonomi.

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Forward-Looking Statements

Certain statements in this release are or may be forward-looking statements. These statements typically contain words such as "will", "expects" and "anticipates" and words of similar import. By their nature, forward looking



PT. Matahari Putra Prima Tbk

statements involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this release. Factors that could cause actual results to differ include, but are not limited to, economic, social and political conditions in Indonesia; the state of the property industry in Indonesia; prevailing market conditions; increases in regulatory burdens in Indonesia, including environmental regulations and compliance costs; fluctuations in foreign currency exchange rates; interest rate trends, cost of capital and capital availability; the anticipated demand and selling prices for our developments and related capital expenditures and investments; the cost of construction; availability of real estate property; competition from other companies and venues; shifts in customer demands; changes in operation expenses, including employee wages, benefits and training, governmental and public policy changes; our ability to be and remain competitive; our financial condition, business strategy as well as the plans and objectives of our management for future operations; generation of future receivables; and environmental compliance and remediation. Should one or more of these uncertainties or risks, among others, materialize; actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in production, capacity or performance might not be fully realized. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to have been correct. You should not unduly rely on such statements. In any event, these statements speak only as of the date hereof, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

PT. MATAHARI PUTRA PRIMA Tbk.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2017

(Expressed in millions of Indonesian rupiah, except share data)

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015 *)		June 30, 2017	Dec 31, 2016	Dec 31, 2015 *)
ASSETS				LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT ASSETS				LIABILITIES & EQUITY			
				LIABILITIES			
				CURRENT LIABILITIES			
Cash and IN BANKS	551,818	248,697	408,945	Short-term bank loans	100,000	140,000	250,000
Trade receivables - third parties	28,498	46,533	26,012	Trade payables	2,372,900	2,317,779	1,763,250
Other receivables	601,685	883,880	647,867	Accruals	475,181	400,131	360,274
Inventories	2,679,460	2,747,344	2,497,520	Taxes payable	54,458	54,105	82,271
Prepaid taxes	62,860	42,033	-	Short-term employee benefit liabilities	52,808	80,785	55,348
Prepaid expenses	103,844	108,682	104,345	Other current financial liabilities	275,002	249,538	210,233
Other current assets	23,277	25,289	25,050	Other current liabilities	91,704	91,542	93,333
Total Current Assets	4,051,442	4,102,458	3,709,739	Total current liabilities	3,422,053	3,333,880	2,814,709
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Other non-current financial assets	27,828	23,394	22,253	Long-term bank loans	770,000	610,000	400,000
Other long term investments	310,939	189,760	31,750	Long-term employee benefit liabilities	256,379	256,867	247,012
Fixed assets	1,552,584	1,575,559	1,461,743	Other non-current liabilities	77,135	71,255	56,895
Rental advances and deposits	186,088	201,009	229,462	Total non-current liabilities	1,103,514	938,122	703,907
Long-term prepaid rents	389,342	381,686	330,220				
Intangible assets	3,215	1,739	3,984	Total Liabilities	4,525,567	4,272,002	3,518,616
Deferred tax assets	80,492	14,022	67,826				
Other non-current assets	183,542	212,107	175,783	EQUITY			
Total Non-Current Assets	2,734,030	2,599,276	2,323,021	Equity Attributable to Equity Holders of Parent Entity			
TOTAL ASSETS	6,785,472	6,701,734	6,032,760	Capital stock - Rp 50 par value per share as at June 30, 2017, December 31, 2016 and December 31, 2016 and January 1, 2016/December 31, 2015			
				Authorized- 10,800,000,000 shares issued and fully paid- 5,377,962,800 shares as at June 30, 2017 and December 31, 2016 and January 1, 2016/ December 31, 2015			
					268,898	268,898	268,898
				Additional paid-in capital - net	774,578	774,578	774,578
				Retained earnings			
				Appropriated	36,000	34,000	32,000
				Unappropriated	1,180,399	1,352,226	1,438,638
				Total Equity Attributable to Owners of the Parent	2,259,875	2,429,702	2,514,114
				Non-controlling interests	30	30	30
				Total Equity	2,259,905	2,429,732	2,514,144
				TOTAL LIABILITIES AND EQUITY	6,785,472	6,701,734	6,032,760

PT. MATAHARI PUTRA PRIMA Tbk

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the Six Months Period Ended June 30, 2017 and 2016
(Expressed in Millions of Indonesian Rupiah, except share data)

	June 30, 2017	June 30, 2016 *)
NET SALES	6,716,356	6,923,163
COST OF SALES	(5,715,147)	(5,823,841)
GROSS PROFIT	1,001,209	1,099,322
Selling expenses	(111,227)	(82,105)
General and administrative expenses	(1,071,364)	(963,517)
Other expenses	(4,942)	(5,574)
OPERATING PROFIT (LOSS)	(186,324)	48,126
Finance income	4,105	3,731
Finance costs	(49,771)	(38,417)
INCOME (LOSS) BEFORE INCOME TAX	(231,990)	13,440
Deferred Income tax benefit	66,470	15,440
Final tax expenses	(4,307)	(3,987)
INCOME (LOSS) FOR THE PERIOD	(169,827)	24,893
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(169,827)	24,893
Income (Loss) for the Period Attributable to:		
Owner of the Parent	(169,827)	24,893
Non-Controlling Interests	-	-
	(169,827)	24,893
Total Comprehensive Income (Loss) Attributable to :		
Owner of the Parent	(169,827)	24,893
Non-Controlling Interests	-	-
	(169,827)	24,893
BASIC EARNINGS PER SHARE	(32)	5



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INVESTOR UPDATE

For Further Information
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PT MATAHARI PUTRA PRIMA Tbk.

CONSOLIDATED STATEMENTS OF CASH FLOWS		
For the Six Months Period Ended June 30, 2017 and 2016		
(expresses in millions of Indonesian Rupiah)		
	Jun 30, 2017	Jun 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,734,391	6,910,087
Cash paid to suppliers	(5,589,840)	(5,361,796)
Payments for operating expenses	(262,492)	(240,002)
Payments to employees	(526,737)	(484,983)
Cash receipt from rental income	71,877	95,532
Payments for rental expenses	(371,410)	(395,689)
Payments of income tax	(20,827)	(26,337)
Other income	712,454	414,478
Other expenses	(256,785)	(351,692)
Net Cash Flows Used by Operating Activities	490,631	559,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of other long term investments	(121,178)	(158,010)
Fixed Assets		
Proceed from sales	1,177	1,087
Acquisitions	(37,241)	(46,851)
Addition of Intangible Assets	(2,507)	(4)
Increase (decrease) in other financial assets	(214)	(81)
Increase in rental advances and deposits	(7,709)	(43,845)
Proceeds from refund of rental advances and deposits	4,098	3,500
Increase (decrease) in other current assets	28	(328)
Increase in other non-current assets	(99,405)	(132,723)
Net Cash Flows Used in Investing Activities	(262,951)	(377,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	-	(139,827)
Increase of bank loans	120,000	--
Finance income	4,105	3,731
Finance cost	(48,715)	(36,995)
Net Cash Flows Provided by (Used in) in Financing Activities	75,390	(173,091)
NET INCREASE IN CASH ON HAND AND IN BANKS	303,070	9,252
CASH ON HAND AND IN BANKS AT THE BEGINNING OF PERIOD	248,697	408,945
Effect in Foreign Exchange Changes in		
Cash on Hand and in Banks	51	118
CASH ON HAND AND IN BANKS AT THE END OF PERIOD	551,818	418,315