

# PUBLIC EXPOSE

Wednesday, May 13th 2015  
Hotel Aryaduta  
Ruang Monas 2, Jakarta



# Overview of MPPA



# VISSION & MISSION



To be the no. **1** multi-format retailer in Indonesia



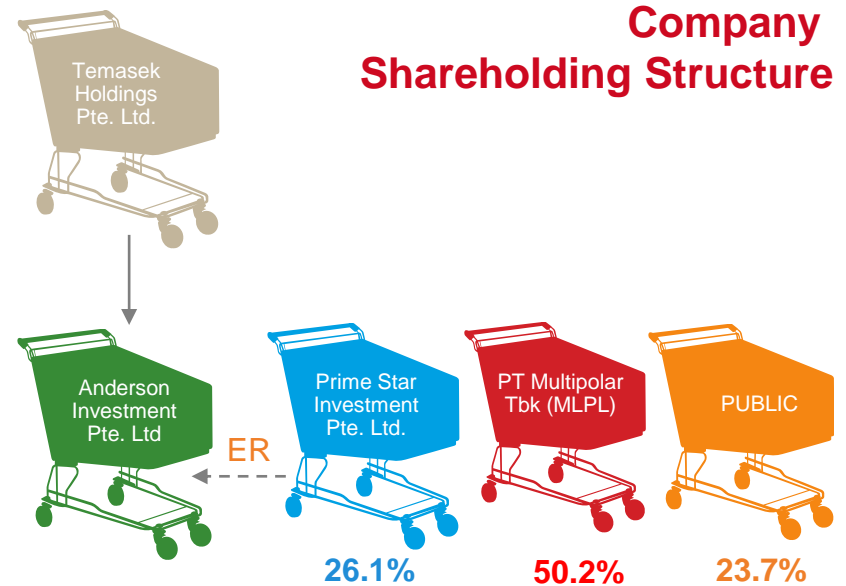
To transform MPPA into a world class multi-format retailer that generates sustainable organic sales and profit growth

# FASTEST GROWING FMCG MODERN MULTI-FORMAT FOOD RETAILER IN INDONESIA

## Key Highlights

- **Fastest growing hypermarket in Indonesia** with market cap of IDR 16.4 tn (US\$1,3 bn) as of 31 December 2014
- **Excellent results in 2014**  
Sales increased 14.1%\* and net income increased 24.5%  
SSSG FY14 5.4%
- **Largest footprint of stores** versus our competitors as we are located in over 67 cities
- **Proven asset light business model** scalable for rapid growth
- **Operating 267 stores**
- **No long term debt**

\* Net Sales • Source : Company Data, Fact Set



**mppa**  
RETAIL GROUP

In January 2013, PT. Multipolar Tbk (MLPL), the Company's major shareholder, through its wholly-owned subsidiary, Prime Star Investment Pte. Ltd. issued Exchangeable Rights (ER) in principle value of USD 300 million that are fully subscribed by Anderson Investments Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited. The ER are exchangeable in full and not in part for such number of shares representing 26.1% of the issued and outstanding shares of MPPA.

# SUCCESSFUL RETAIL FORMATS



 hypermart

 foodmart

 boston



## Positioning

**The destination for weekly, monthly and seasonal shopping, to fulfill the needs of the customers**

## Target Customers

**Primary** Middle income  
Young families with children  
Aged 25 - 40 years old

**Secondary** Middle income  
Established middle age customers

## Store Information

No of stores <sup>(a)</sup>	107 stores
Average store size	± 6,080
Number of products	26,000 – 31,000
Product selection	Fresh food, grocery, non-food & electronics
Target customers	Middle income

## Category Differentiation

### Destination

The categories/sub categories that the format is considered as the best in the class for complete assortment & attractive promotion

- Fresh
- Baby milk & diapers
- Regular & adult milk
- Health & beauty esp. skin care, hair care, oral care & men's care
- Imported & specialty food
- Electronics : brown & white + gadgets

### Routine

The categories/sub categories that the customers always buy routinely & low brand loyalty or low product uniqueness

- Cooking (incl. oil), rice & noodle
- Breakfast food & drink
- Cleaning (home & automotive)
- Insect killer
- Paper goods (incl. adult diapers)

### Occasional

The categories/sub categories that the customers buy on impulse/occasional/seasonal basis

- Toys & Sport
- Household needs & kitchen gadgets
- Towel & underwear
- Electronic gadgets
- Electrical accessories incl. batteries
- Air freshener
- Canned food
- Ready to drink
- Snack, biscuits & confectionery
- OTC

### Fill-in

The categories/sub categories that the customers buy as fill-in while they shop

- Other soft lines
- Stationery
- Travel & bag

**Hypermart contributed ± 91.2% of total revenue**

(a) As of 31 December 2014 • Source: Company Data

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### Fill-in

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Foodmart contributed  $\pm 8.3\%$  of total revenue



## Format Positioning

The customers can do their grocery shopping conveniently and receive exciting promotions

## Target Customers

**Primary** Middle income  
Young families with children  
Aged 25 - 40 years old

**Secondary** Middle income  
Established middle age customers

(a) As of 31 December 2014 • Source: Company Data

Foodmart Gourmet	
No of stores <sup>(a)</sup>	11 stores
Average store size	± 1,780 sqm
No. of products	± 10,000
Target Customers	Middle to high income



Foodmart Supermarket	
No of stores <sup>(a)</sup>	10 stores
Average store size	± 1,680 sqm
No. of products	± 10,000
Target Customers	Middle income



Foodmart Express	
No of stores <sup>(a)</sup>	37 stores
Average store size	± 150 sqm
No. of products	± 4,500
Target Customers	Middle income



(a) As of 31 December 2014 • Source: Company Data



## Positioning

Boston helps the customers by providing healthy living for their family at affordable price and friendly environment

## Target Customers

<b>Primary</b>	Middle Income Young Families with children Aged 25 - 40 years old
<b>Secondary</b>	Middle Income Established middle age customers

## Store Information

No of stores <sup>(a)</sup>	102 stores
Average Store Size SQM	± 53 sqm
Number of products	1,300 – 3,000
Product selection	Health, vitamins and beauty products
Target customers	Middle income

## Category Differentiation

<p><b>Destination</b></p> <p>The categories/sub categories that the format is considered as best in the class for complete assortment &amp; attractive promotion.</p>	<ul style="list-style-type: none"> <li>• Health food/supplement &amp; OTC</li> <li>• Baby milk</li> <li>• Regular &amp; adult milk</li> <li>• Health &amp; Beauty esp. skin care, hair care, oral care &amp; men's care</li> </ul>
<p><b>Routine</b></p> <p>The categories/sub categories that the customers always buy routinely &amp; low brand loyalty or low product uniqueness.</p>	<ul style="list-style-type: none"> <li>• Baby &amp; adult diapers</li> </ul>
<p><b>Occasional</b></p> <p>The categories/sub categories that the customers buy on impulse/ occasional/seasonal basis.</p>	<ul style="list-style-type: none"> <li>• Ready to drink</li> <li>• Healthy snack, biscuits, confectionery&amp; breakfast</li> </ul>
<p><b>Fill-in</b></p> <p>The categories/sub categories that the customers buy as fill-in while they shop.</p>	<ul style="list-style-type: none"> <li>• Soft lines</li> <li>• Stationery</li> <li>• Sports &amp; travel</li> </ul>

Boston contributed ± **0.6%** of total revenue

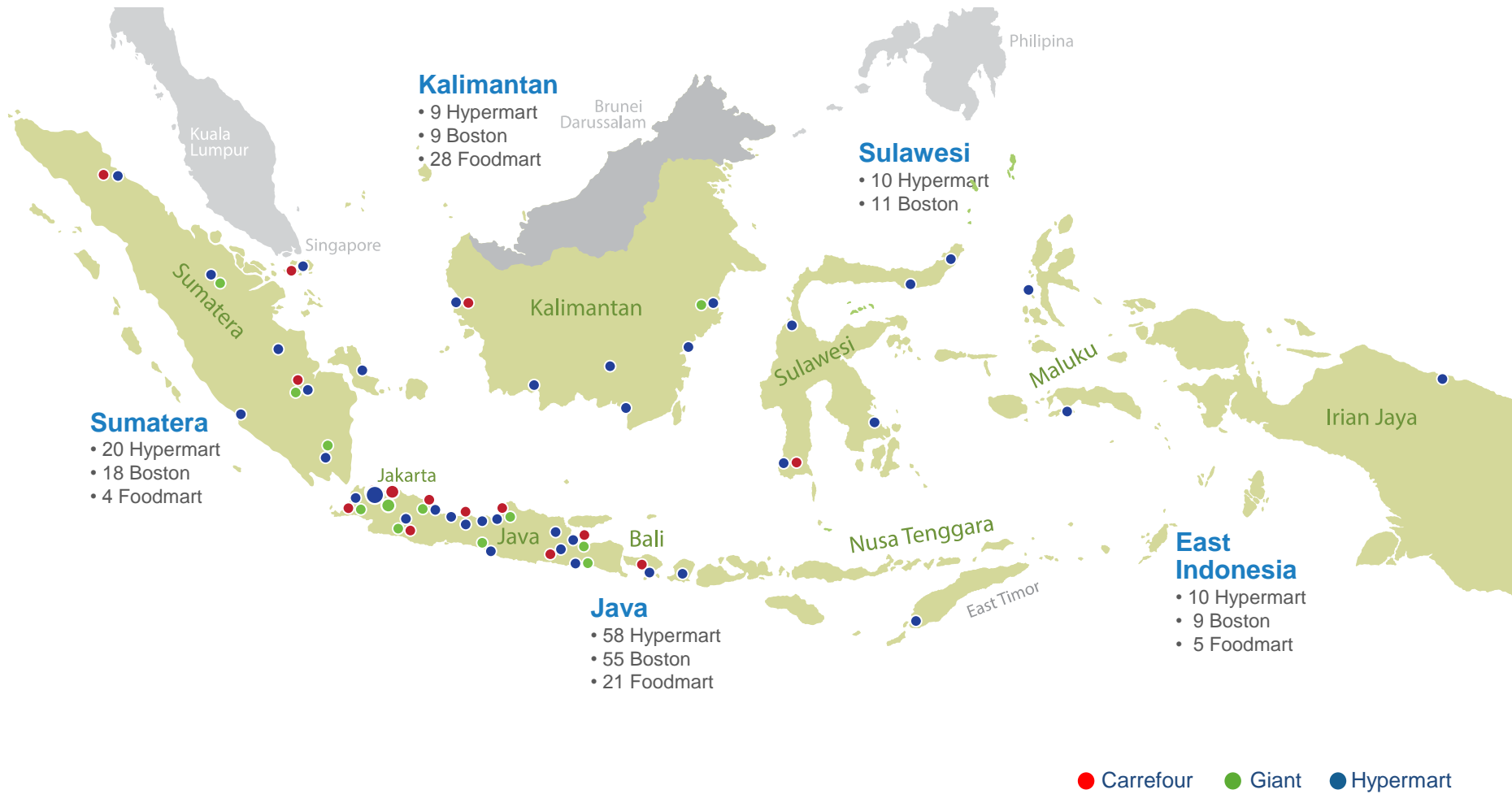
(a) As of 31 December 2014 • Source: Company Data

# NEW STORES IN 2014

In 2014, MPPA succeeded to open new stores in the location below:

- ✓ Manado – West Sulawesi
- ✓ West Jakarta – DKI Jakarta
- ✓ Samarinda – East Kalimantan
- ✓ Karawang – West Java
- ✓ Cikarang – West Java
- ✓ Bau- Bau – Southeast Sulawesi
- ✓ Kupang - NTT
- ✓ Bekasi – West Java
- ✓ Palangkaraya – Central of Kalimantan
- ✓ Medan – North Sumatera
- ✓ Banjarbaru – South Kalimantan
- ✓ Banjarmasin – South Kalimantan
- ✓ Bali

# EXTENSIVE AND ATTRACTIVE NATIONWIDE STORE FOOTPRINT



As of 31 December 2014 • Source: Company Data

# STORE RENOVATION IN 2015

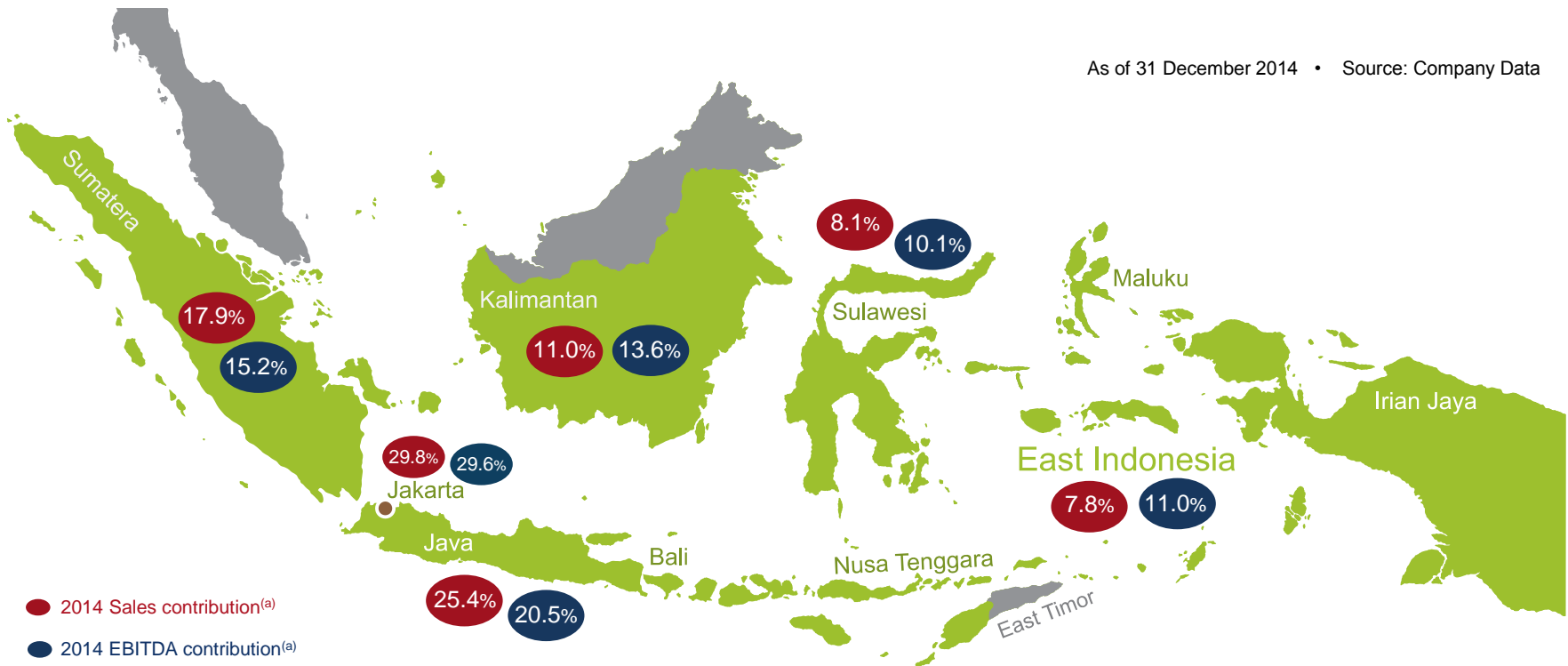
The Company store renovation plans in 2015:

- ✓ Cibubur Junction
- ✓ Pejanten Jakarta
- ✓ Pakuwon Surabaya
- ✓ Karawang – West Java
- ✓ Bali Galeria
- ✓ Manado Town Square
- ✓ Duta Mall Banjarmasin
- ✓ Balikpapan
- ✓ Sun Plaza Medan
- ✓ Nagoya Batam
- ✓ Panakukang Makassar
- ✓ Atrium Senen Jakarta
- ✓ Surabaya Town Square

# 2015 We Will Focus on More Profitable Outer Islands

- Over 60% of new stores in 2015 will be opened in outer islands
- Focus on penetration outside Java where there is less competition and typically higher profitability
- Maximize utilization of the superior logistics infrastructure and distribution process to cater to these markets ahead of our competitors

As of 31 December 2014 • Source: Company Data



# PROVEN ASSET LIGHT BUSINESS MODEL SCALABLE FOR RAPID GROWTH



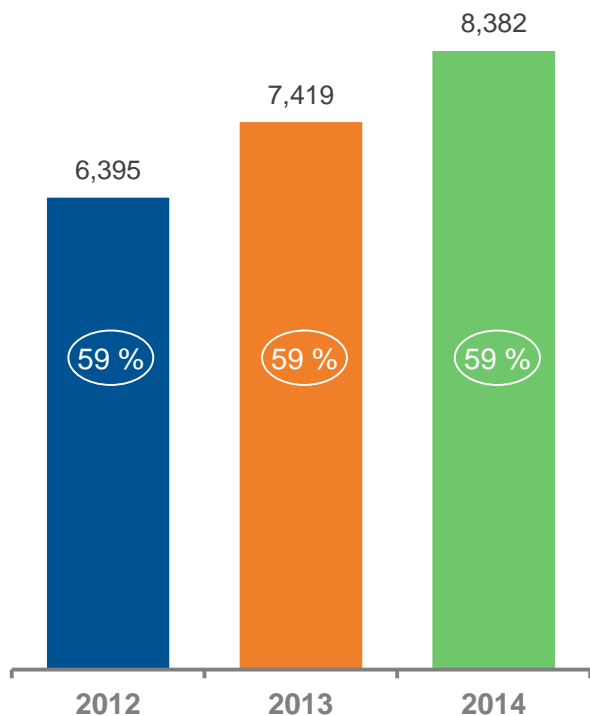
- Asset-light business model with 100% of stores leased
- Self-funding working capital
- **Limited capital expenditure requirements**  
**Capital expenditure of ~4-5% of sales**
- No long term debt

- Fully leased store base enables rapid opening of new stores
- Fast payback and attractive returns
- **New stores typically cash flow positive in first year**
- **Average repayment period of capital investments within 5 years**
- Operating leverage driving profitability

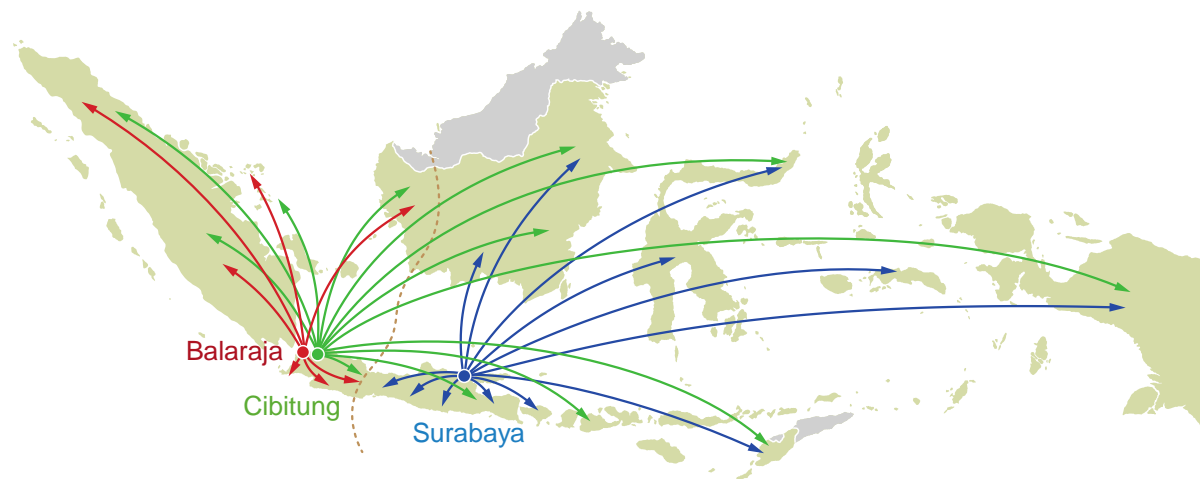


# EFFICIENT LOGISTICS PLATFORM IN PLACE FOR RAPID EXPANSION ACROSS INDONESIA

DC Throughput (IDR bn)



○ Throughput as % of sales



Segmentation of Distribution Centers

	Dry Goods		Fresh
Location	Balaraja	Surabaya	Cibitung
<b>Space</b>	<b>41,000 m<sup>2</sup></b>	<b>16,000 m<sup>2</sup></b>	<b>4,000 m<sup>2</sup></b>
Capacity	43,000 pps	11,000 pps	2,800 pps
<b>No of SKUs</b>	<b>13,000</b>	<b>5,500</b>	<b>665</b>
WMS	Manhattan	Manhattan	Manhattan

pps = palette positions

📦 Logistics net cost is **0.3%** of sales

Source: Company Data as of 31<sup>st</sup> December 2014

# ESTABLISHED CUSTOMER LOYALTY PROGRAM



## Established customer loyalty program

- More than 3.5 million members with average of Rp360k per transaction per day for 60% of 2014 gross sales
  - Basket size is 62% more for Hicard holders
  - Discounts of 5 to 15%
  - Additional benefits with discounts for services and restaurants



Source: Company Data as of 31<sup>st</sup> December 2014



# COMPANY'S CORPORATE SOCIAL RESPONSIBILITIES ACTIVITIES



**SEHATI program by Hypermart, Frisian Flag Indonesia, and PMI**



**MPPA's supports Indonesian Cancer Foundation**



**Hypermart and Tetrapak Protect Our Earth**



**Customer's Infaq Funds to Dompot Dhuafa**

# AWARDS



1



2



3



4



5



6



7



8

- 1 2014 Excellence Service Experience Award by Bisnis Indonesia & Carre CCSL
- 2 2014 Top 500 Bronze Award by Retail Asia
- 3 2014 Best Senior Management IR Support & Most Improved Investor Relations by Alpha Southeast Asia
- 4 2014 Most Admired Companies by Fortune Indonesia
- 5 2014 Superbrands Indonesia by Superbrands
- 6 2014 Most Admired Company by Warta Ekonomi
- 7 2014 Customer Satisfaction Award by Roy Morgan
- 8 2014 Charta Peduli Indonesia CSR Award by Dompot Dhuafa
- 9 2014 Best Company for Corporate Governance with Best Investor Relations by Asia Money



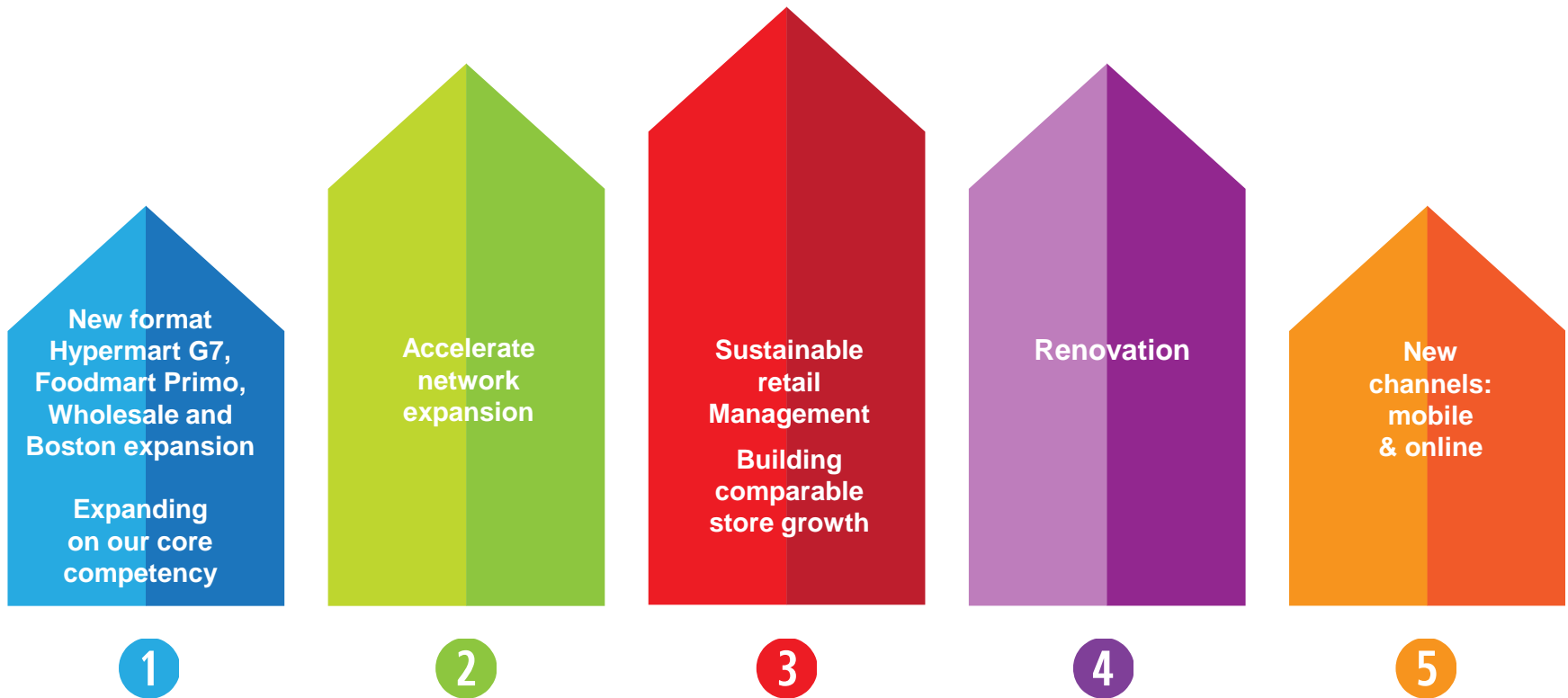
# Strategy for Growth



# MAKING MPPA NO. 1

- 1 Generation 7 Hypermart
- 2 Accelerate expansion
- 3 Renovation 60 stores over 5 years
- 4 New formats G7: wholesale and Boston expansion
- 5 Expand logistic network
- 6 Fresh food leadership
- 7 Leverage data, build business intelligence system and enabling technology
- 8 Direct sourcing capability for fresh & bazaar
- 9 Private label and direct import development: target to 5.0-10.0% of sales
- 10 Improving capability: investing in training & development

# STRATEGY FOR GROWTH

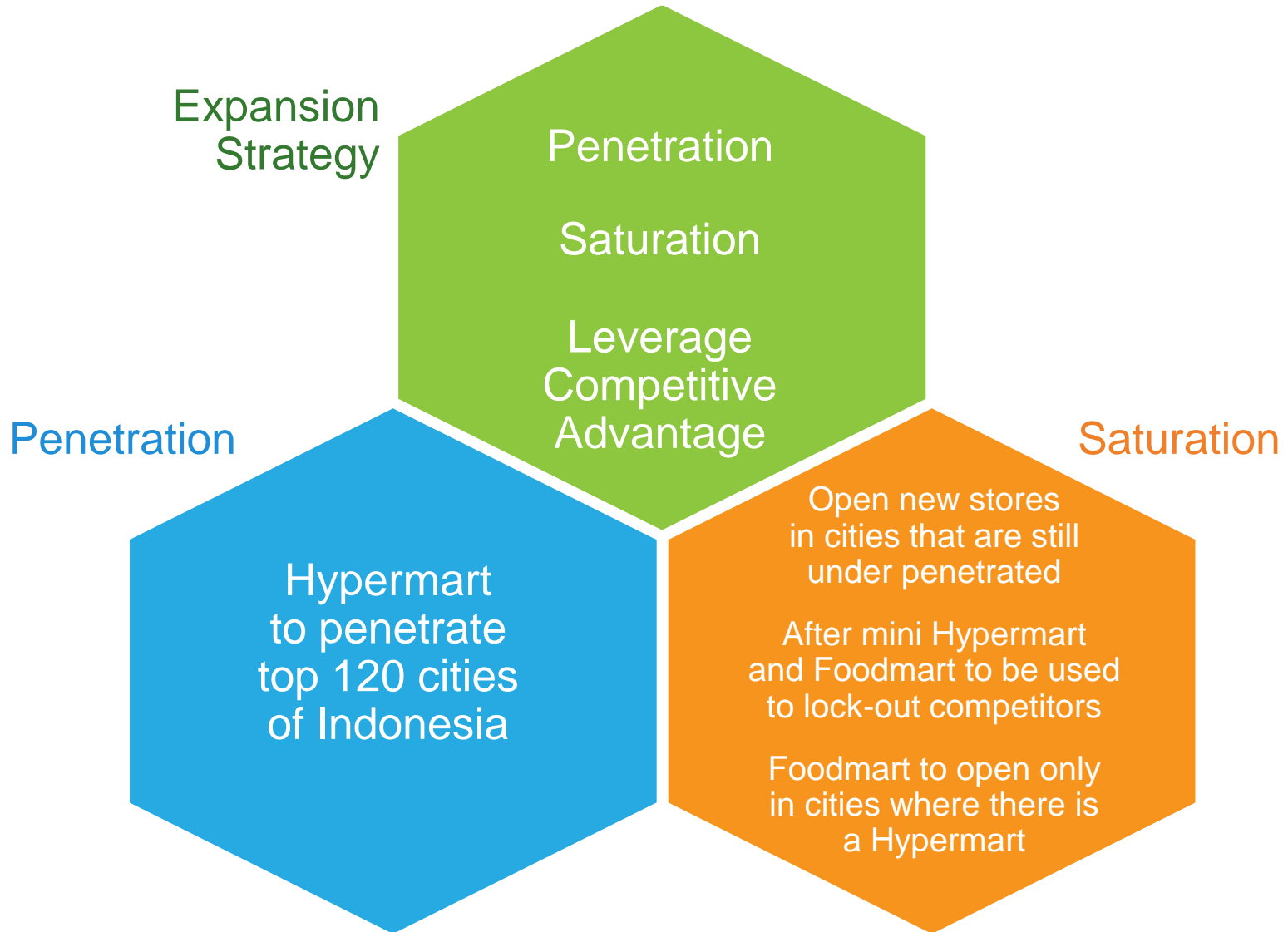


## The 5 Pillars of Growth of **mppa** RETAIL GROUP

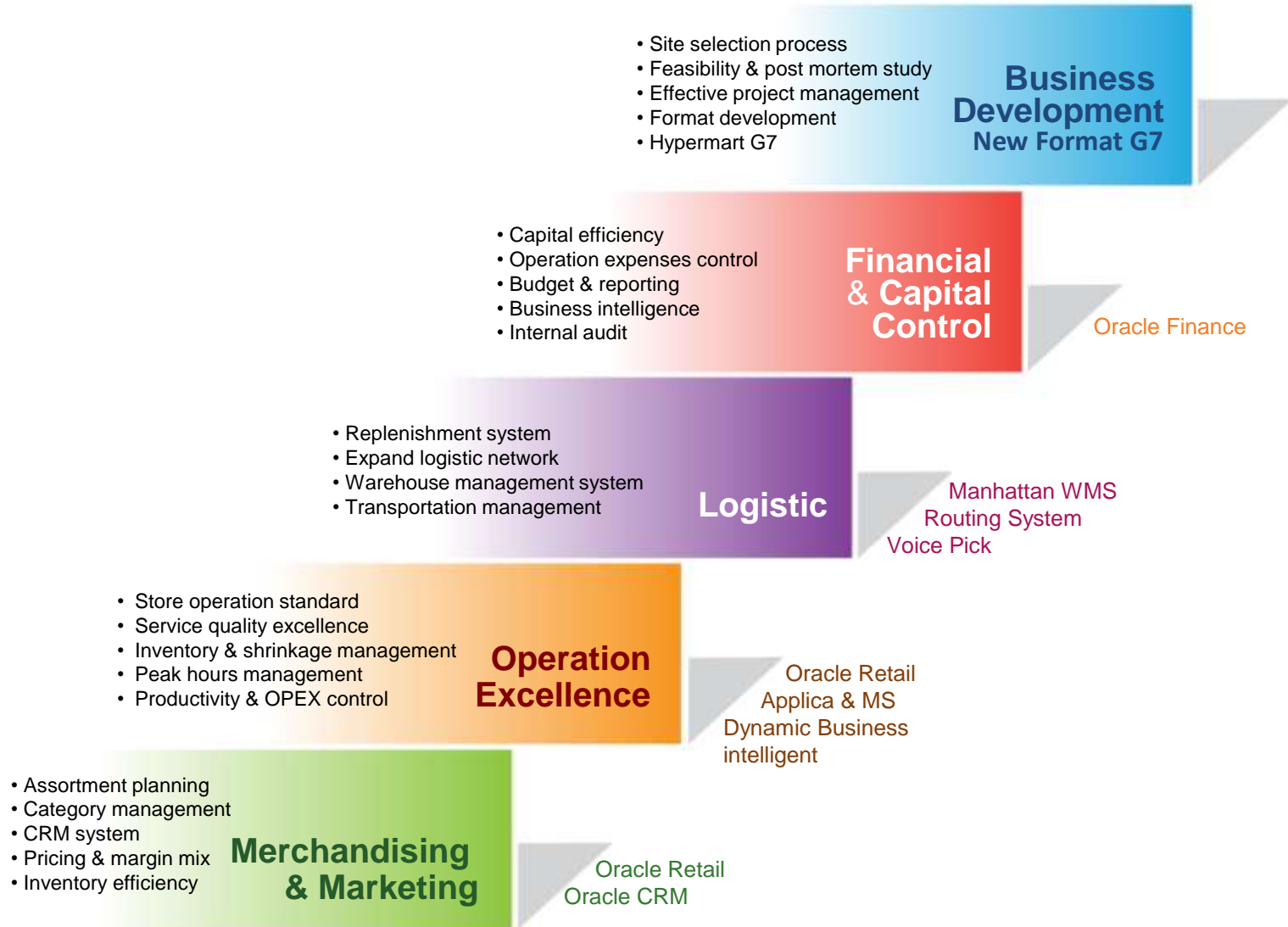
# HYPERMART G7 – NORTH LIPPO KARAWACI



# ACCELERATE NETWORK EXPANSION






# SUSTAINABLE RETAIL MANAGEMENT





# RENOVATION

Renovation cycle	Priority	Period in years	Reinvestment level %
	A	5	80 to 90%
	B	7	50 to 70%
	A	5 to 7	80 to 90%
	B	7	50 to 70%
	A	5 to 7	80 to 90%
	B	7	50 to 70%

# FOODMART PRIMO



# SMARTCLUB



# NEW CHANNELS: MOBILE & ONLINE

## Mobile apps



## Online



- Go on the Store website
  - Select a store
  - Select your product
  - Order items
  - Pay with card
- Store received the order
  - Picking the order within 2 hours
  - The order ready to deliver/pick up at store
- Pick Up/Delivered :**
  - Give the number of the order
  - Employees give your shopping goods



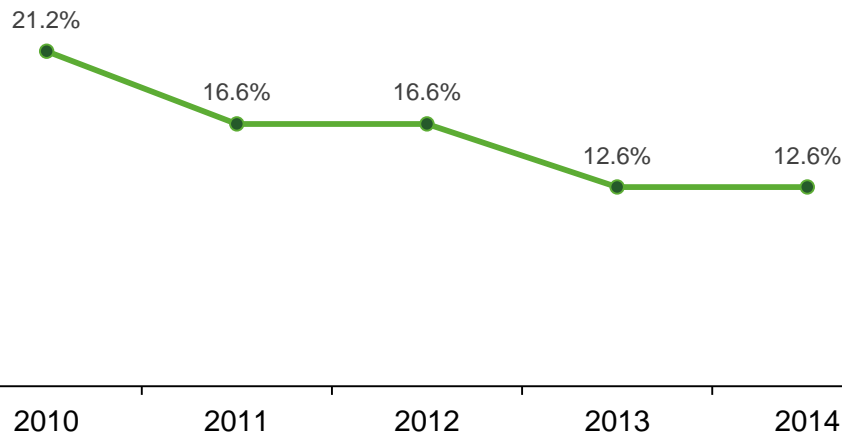
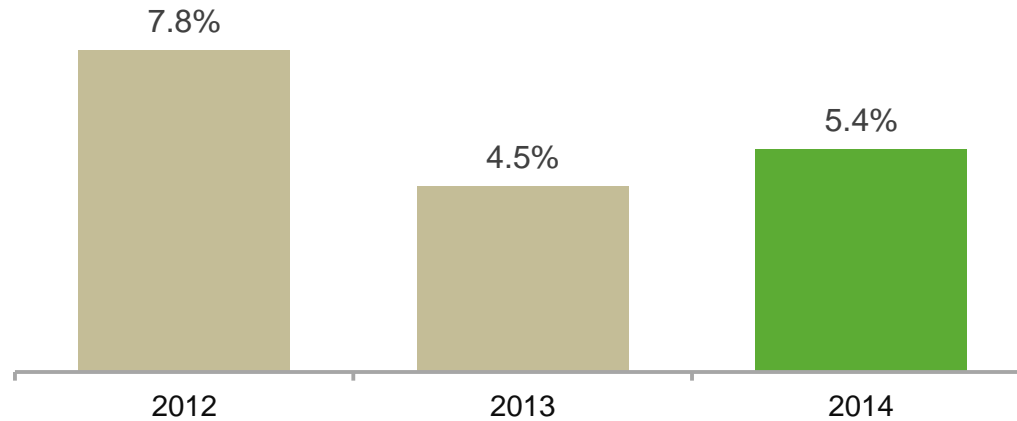
# Financial Overview

The section should be reviewed in conjunction with the 2013 MPPA Annual Report And 9M14 Financial Report



# OUR GROWTH AND BUSINESS STRATEGIES

## Comparable Store Growth



## Expense Ratio as a % of Sales

Operating expenses<sup>(a)</sup> as % of sales

(a) Operating expenses excluding depreciation and amortization • Source: Company Data

# MPPA FY14 RESTATED

	31 Des/ Dec 31, 2014 Rp	31 Des/ Dec 31, 2013 Rp		Dec 31, 2014 Rp	Dec 31, 2013 Rp	Growth
		<b>Restated <sup>(1)</sup></b>	<b>NET SALES</b>	13,590,405	11,912,763	14.1%
<b>NET SALES</b>	13,590,405	11,912,763	<b>OPERATING PROFIT</b>			
<b>COST OF SALES</b>	(11,235,948)	(10,023,943)	Reported	711,661	588,475	20.9%
<b>GROSS PROFIT</b>	2,354,457	1,888,820	Extra-Ordinary Gain <sup>(1)</sup>	(85,663)	(192,862)	
Selling expenses	(71,839)	(241,106)	Restated <sup>(2)</sup>	625,998	395,613	58.2%
General and administrative expenses	(1,635,673)	(1,259,055)	<b>INCOME BEFORE INCOME TAX</b>			
Other expenses	(22,049)	(47,201)	Reported	730,838	585,021	24.9%
Other income	86,765	247,017	Restated <sup>(2)</sup>	645,175	392,159	64.5%
<b>EBIT</b>	711,661	588,475	<b>INCOME FOR THE YEAR</b>			
Finance income	34,203	79,096	Reported	554,017	444,905	24.5%
Finance costs	(15,026)	(82,550)	Restated <sup>(2)</sup>	468,354	252,043	85.8%
<b>INCOME BEFORE INCOME TAX</b>	<b>730,838</b>	<b>585,021</b>				
Income tax expenses	(176,821)	(140,116)				
<b>INCOME FOR THE PERIOD</b>	<b>554,017</b>	<b>444,905</b>				

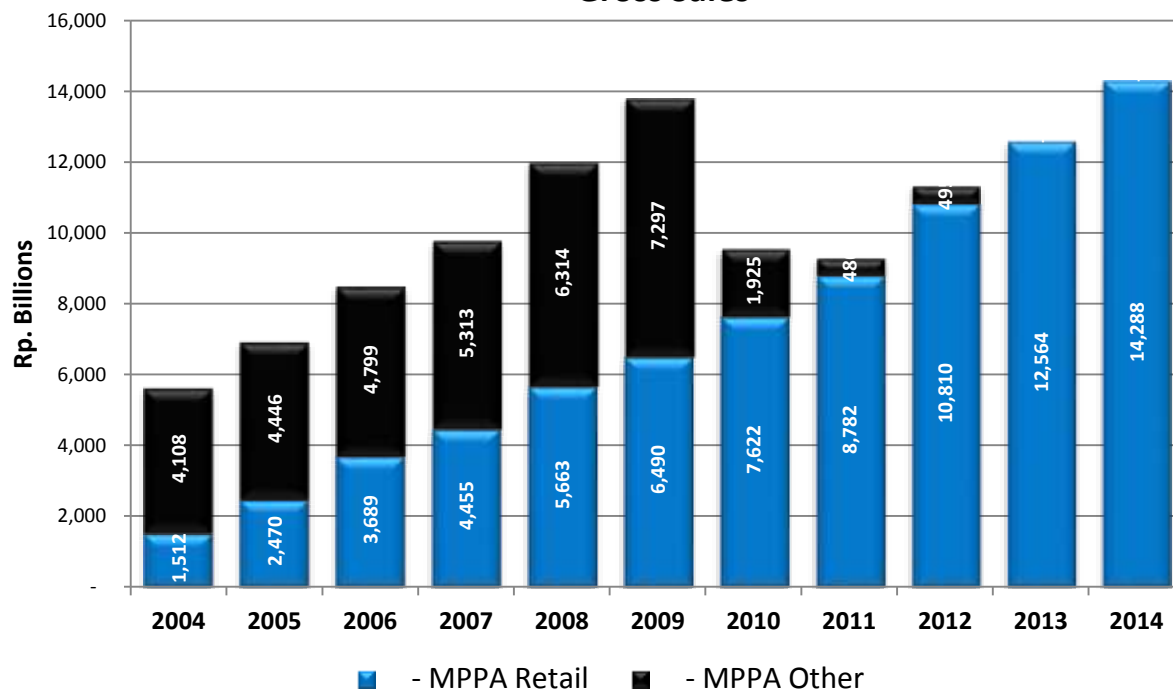
(1) for the years ended December 31, 2014 and 2013, the Company recorded a non-cash gain associated with the reversal of an impairment charge related to certain non-operating leases. The comparative results have been adjusted to exclude this non-recurring income. See Notes to the Consolidated Financial Statements (Note 13 - Rental Advances and Deposits, Note 14 - Prepaid Long Term Rents).

(2) Extra-Ordinary Gain - Impairment reversal for cancellation of non-operating lease agreements (See note 14)

# MPPA HISTORICAL SALES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net Revenue (Rp. Billion)</b>						10,281	8,545	8,909	10,868	11,913	13,590
<b>Gross Revenue (Rp. Billion)</b>	5,620	6,916	8,488	9,768	11,977	13,787	9,547	9,268	11,305	12,564	14,288
- MPPA Retail	1,512	2,470	3,689	4,455	5,663	6,490	7,622	8,782	10,810	12,564	14,288
- MPPA Other	4,108	4,446	4,799	5,313	6,314	7,297	1,925	486	495	-	-

## Gross Sales



### FULL YEAR NOTES

- MPPA-Retail grew 13.7% in 2014
- MPPA Comp Sales grew 5.4% in 2014
- All MPPA Sales generated by MPPA Retail

### FULL YEAR NOTES

- MPPA-Retail 13.4% CAGR 2010-2014
- MPPA-Retail has consistently grown top line sales
- After the divestiture of Matahari Department stores in 2010, MPPA-Retail contributed the majority of sales
- In 2009, MPPA was required to report Gross Sales following BAS7
- Reported Sales are Net Sales with variance attributable to consignment COGS.

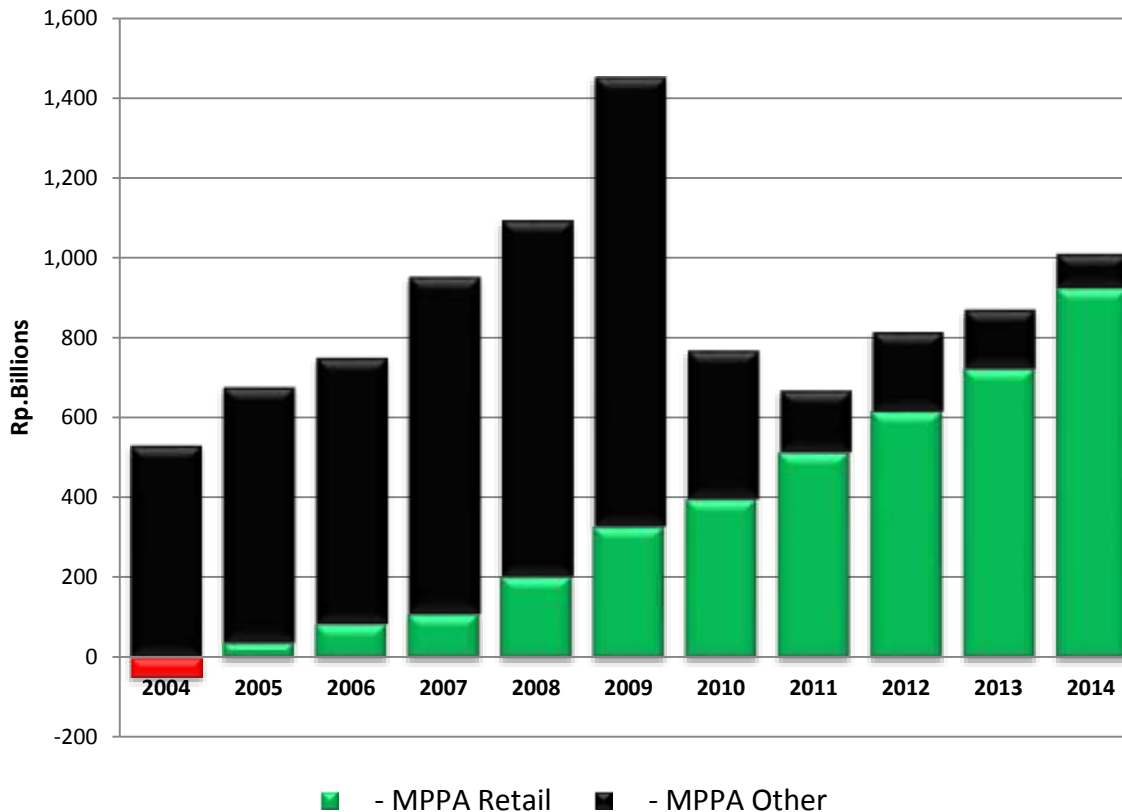
This should be reviewed in conjunction with the 2014 MPPA Annual Report



# MPPA HISTORICAL EBITDA

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EBITDA (Rp. Billion)</b>	<b>482</b>	<b>677</b>	<b>751</b>	<b>953</b>	<b>1,094</b>	<b>1,451</b>	<b>769</b>	<b>669</b>	<b>815</b>	<b>871</b>	<b>1,010</b>
- MPPA Retail	(49)	36	83	108	202	327	396	513	616	723	924
- MPPA Other	531	641	668	845	892	1,124	373	156	199	148	86

**MPPA EBITDA**



**FULL YEAR NOTES**

- MPPA results included a one time gain of reversal for impairment in the amount of 192.8 B in 2013 and 85.6 B in 2014.

**FULL YEAR NOTES**

- MPPA-Retail 18.5% CAGR 2010-2014
- MPPA-Retail EBITDA represents the Business Unit EBITDA and does not reflect MPPA other corporate activity and subsidiaries that are currently offsetting income reported in Other MPPA
- On going corporate activities impacting MPPA-Retail EBITDA in 2014 is 0.20% of Sales

1 MPPA 2012 reported EBITDA was 785 prior to a reclass for consistency with 2013 reporting.

2 MPPA Historical EBITDA was generated from revenue and expenses that will no longer be incurred as a result of the 2012 corporate restructuring.

3 Future MPPA EBITDA will be comprised of MPPA-Retail less on-going corporate activities which is a different income composition than generated in historical MPPA.

# PUBLIC EXPOSE

Wednesday, 13 May 2015  
Hotel Aryaduta  
Ruang Monas 2, Jakarta

