

Business and Initiatives Update

1st Feb 2021

Agenda

No	Topic	Page
Q4 / FULL YEAR 2020 PERFORMANCE UPDATE		
1	Key Financial Highlights	4-5
2	Store Update	6
OPERATIONAL UPDATE		
3	Covid-19 Update	8
4	Nobu Update	9
5	Operational Update	10
SUMMARY		11

Q4 / FULL YEAR 2020 PERFORMANCE UPDATE

KEY FINANCIAL HIGHLIGHTS

Unaudited figures

(in IDR Bn)	FOURTH QUARTER		
	2020	2019	Variance %
Gross Sales	2,739	4,220	-35.1%
SSSG%	-34.6%	-1.5%	
Sales mix:			
DP	35.4%	36.2%	
CV	64.6%	63.8%	
Gross Profit	858	1,372	-37.5%
GM%	31.3%	32.5%	
OPEX	(781)	(999)	-21.8%
OPEX%	-28.5%	-23.7%	
EBITDA	77	373	-79.3%
EBITDA Margin%	2.8%	8.8%	
Net (Loss) Income	(206)	180	-214.3%
Net Income Margin%	-7.5%	4.3%	

FULL YEAR		
2020	2019	Variance %
8,599	18,035	-52.3%
-52.4%	0.0%	
36.2%	36.4%	
63.8%	63.6%	
2,816	6,116	-54.0%
32.7%	33.9%	
(2,838)	(3,910)	-27.4%
-33.0%	-21.7%	
(22)	2,207	-101.0%
-0.3%	12.2%	
(823)	1,367	-160.2%
-9.6%	7.6%	

BALANCE SHEET AS AT 31 December 2020

Unaudited figures

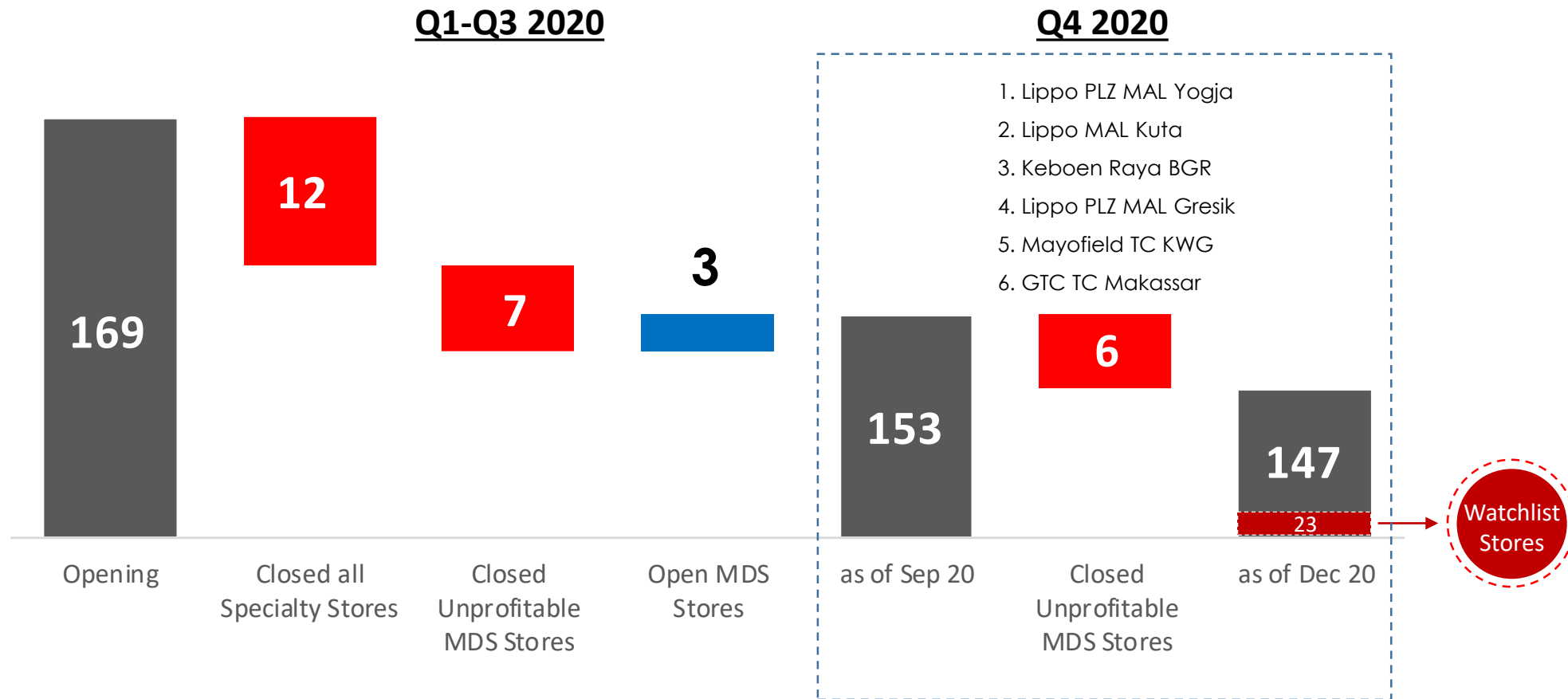
ASSETS				LIABILITIES AND EQUITY			
(in IDR Bn)	End Dec 2020	End Dec 2019	Variance	(in IDR Bn)	End Dec 2020	End Dec 2019	Variance
Cash & Bank	524	1,173	(649)	Bank Loans	1,011	0	1,011
Trade Receivables	61	86	(25)	Trade Payables	348	1,471	(1,123)
Inventories	889	1,099	(210)	Employee Benefit Oblig.	502	520	(18)
Other Assets	4,013	1,042	2,971	Other Liabilities	3,928	1,095	2,833
Fixed Assets	883	1,433	(550)	Equity	581	1,747	(1,166)
TOTAL ASSETS	6,370	4,833	1,537	TOTAL LIAB. & EQUITY	6,370	4,833	1,537

Remarks:

- Fixed assets reduction of 550 Bn consists of:
 - Cikarang land reclassified under other assets (investment property) 328 Bn
 - 2020 Depreciation 339Bn
 - 2020 Capex spent (172)Bn
 - Closed stores / DC 55Bn
- Lease assets are reflected under other assets and lease liabilities are reflected under other liabilities
- Inventory (before provision) was 1.1 Tn. 72 Bn provision created in 4Q20.

STORE UPDATE

Exited 2020 with 147 stores, Closed Unprofitable 6 Stores in Q4, 25 Stores in FY.

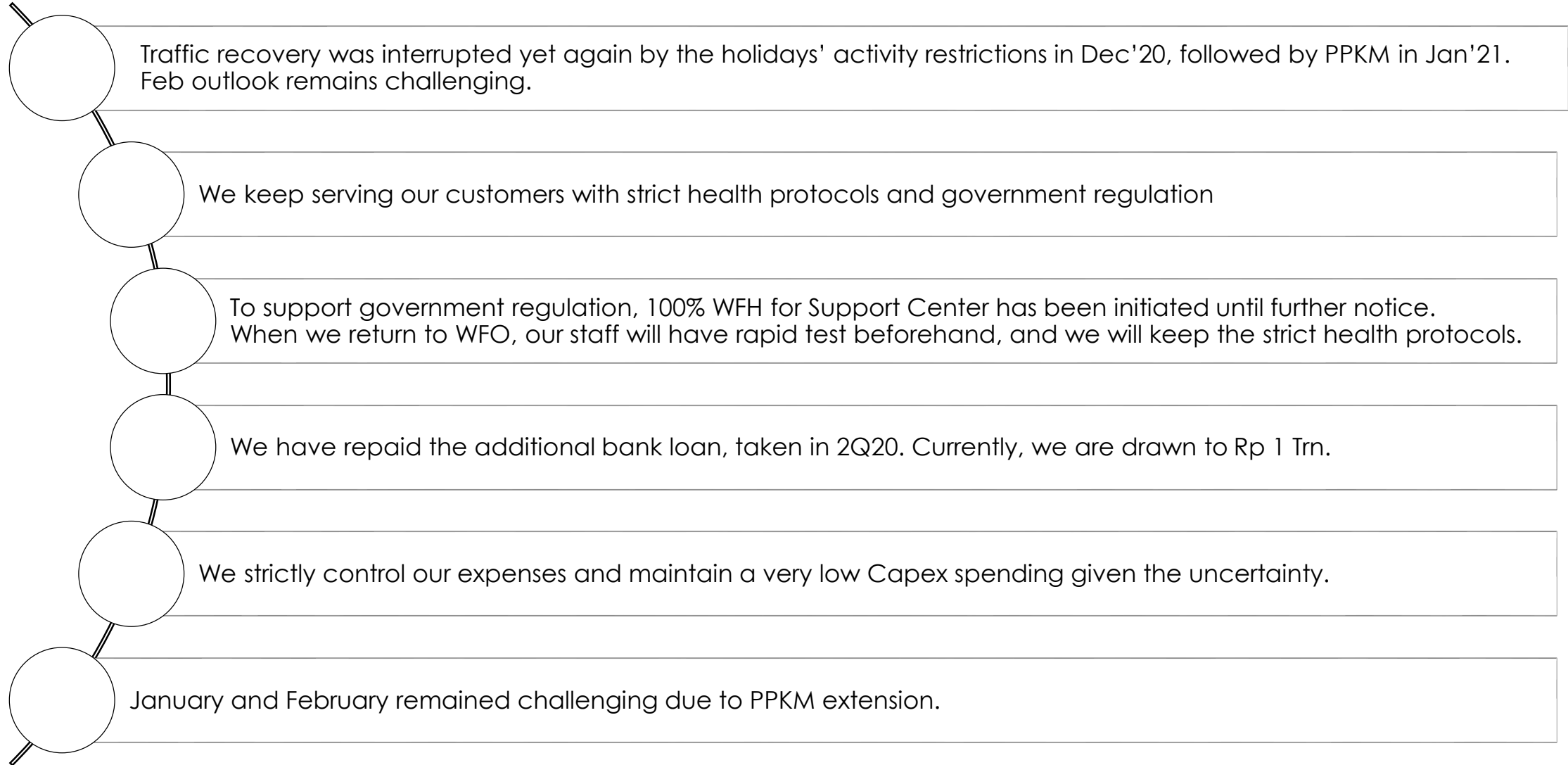


- 147 Stores include 23 watchlist stores.
- Expecting to close 6 out of 23 watchlist stores in 2021 and 17 to remain under watchlist .

OPERATIONAL UPDATE

COVID-19 UPDATE

Recovery continues, yet chance for sales pick-up obstructed yet again



NOBU UPDATE

Credit Financing, Branchless Banking, ATM and Joint Promo

Credit Financing for MDS Supply Chain

- Nobu continuously maintaining relationship with suppliers
- Nobu tapping on resellers under the suppliers.
- Weekly cadence with both management teams to review needs.

Branchless Banking

- 1 Pilot store in Atrium; 31 stores targeted to have branchless banking in 2021
- 11 branch offices to open inside MDS stores (size approx. 20 sqm)

ATM Machine

- 1 ATM machine in Atrium; 5 ATM targeted in Q1 2021.
- New generation of ATM machines to be installed in MDS stores.
- It accepts cardless withdrawal including e-wallet and other banks
- MDS can deposit their cash sales into the ATM.

Joint promo

- Cashback program

OPERATIONAL UPDATE



Customers

- Customer segmentation driven CRM best practices.
- Consignment vendor portal underway for future customer experience, insightful data and digital developments.
- Matahari Rewards relaunched in November. More Flexible points capability.
- New MVP Matahari.com platform launched in Nov. IOS launch in Dec.

Operations

- Assortment optimisation and Category strategies (House of Specialists).
- Exit negotiations concluded for Exit Brands and inventory flush out underway.
- Working thru watchlist stores and renegotiating or exiting.
- Maintaining static headcount with less seasonal workforce planned.

Talent

- New Chief People Officer, Herni Dian, onboarded.
- Planning and Allocation Director, Daniel Swinburne, driving Inventory turns and better allocation strategy.
- Support Center modernization complete and performance culture review underway.
- 12 strategy workstreams reduced to 8 , 2 likely to be completed by H1-2021.

Financial

- Continuously engaging with Landlords for support.
- CIMB 1 Tn Bank facility renewed.
- Conservative Capex stance to remain until post COVID.
- Multi-skilling project advanced for enhanced service/cost control.

In Summary

Cleaning Up of House :

- Exited Non Performing brands, Specialty Business.
- Closed 25 unprofitable stores, 6 DC/Hubs, and 3 offices and downsized 1 floor MM.
- Revaluation of Cikarang land to its Realizable Value / market price.
- Sold 175 Trucks.

Cost and Cash Discipline :

- Negotiated with landlords / vendors for discounts including contractual ones.
- Built provisions for NGF brands and aged inventories.
- Extended payment terms for all vendors.
- Freeze on all Capex and controllable Opex.
- Renegotiated agreements.
- Launched New Dashboards for Manpower, Store Performance and Inventory Health.

Continued Fiscal Discipline :

- Commence Intake Plan building freshness for CNY and Lebaran preparation.
- Targeted marketing rebuild with ROI approach.
- Continue to negotiate with landlords and vendors.
- Review L&D plan for 2021 to align to strategic priorities. Operate with safety first focus.
- ROI and feasibility study based capex spending.

Preparation for the Future :

- 1 new store (Balikpapan) to open before Lebaran.
- Working on Consignment vendor data and process innovation.
- PoS innovation: build visibility of loyalty members at PoS and remove pink slip for CV products.
- Pilot New Format – working group formed including design agency.
- Revamping our own private labels and adding new product offers.
- Hired New CPO and New Director Planning and Allocation.

CONTACT US

PT Matahari Department Store Tbk
8-12F Menara Matahari Jl. Bulevar Palem Raya No. 7
Lippo Karawaci 1200 Tangerang 15811, Indonesia

Phone: +6221 547 5333

Fax: +6221 547 5232

Email: ir@matahari.co.id

DISCLAIMER: This presentation has been prepared by PT Matahari Department Store Tbk (“LPPF” or “Company”) for informational purposes. Neither this presentation nor any of its content may be reproduced, disclosed or used without the prior written consent of the Company.

This presentation may contain forward looking statements which represent the Company’s present views on the probable future events and financial plans. These views are based on current assumptions, are exposed to various risks, and are subject to considerable changes at any time. The Company warrants no assurance that such outlook will, in part or as a whole, eventually be materialized. Actual results may differ materially from those projected.

The information is current only as of its date and shall not, under any circumstances, create any implication that the information contained therein is correct as of any time subsequent to the date thereof or that there has been no change in the financial condition or affairs of LPPF since such date. This presentation may be updated from time to time and there is no undertaking by LPPF to post any such amendments or supplements on this presentation.

The Company will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

THANK YOU