

LPPF.IJ / LPPF.JK

1Q 2024 Earnings Call

30 April 2024



Agenda

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Executive Summary

Sales: IDR 3.7Tn (+35.9% vs. 1Q23, +34.3% SSSG due to early Lebaran). Jan-Feb SSSG was 0.7%, Lebaran SSSG was -2.4%.

Gross Margin: 34.9% (vs. 1Q23: 35.4%) as stock clearance activity in early quarter lowered margin. Lebaran gross margin performance was healthier at 35.9%, 0.2% better than comparable period.

EBITDA: IDR 519Bn (vs. 1Q23: IDR 234Bn) or 13.9% margin.

Net Income: IDR 326Bn (vs. 1Q23: IDR 101Bn), almost half of FY23 Net Income.

Inventories: IDR 1.1Tn (vs. 1Q23: IDR 1.5Tn) driven by conservative buying and timing of Lebaran, which ended with 27% less stock than LY.

Progress on Transformation initiatives

- **Strategy:** Revisiting strategic direction and organizational structure.
- **Store network:** New concept store Aeon Deltamas opened on schedule and was well received. New store openings scaled back to 3-4 stores in 2024. Refurbishment on plan. Timeline of 8 out of 10 stores for 2024 closure has been finalized with landlords.
- **Merchandising:** Renewed focus on private label brands with rebranding, including SUKO store expansion and range development. Actively refreshing and upgrading third-party brand offering with introduction of over 30 new brands.
- **Digital:** Accelerating expansion across various digital channels: Matahari.com, Shop&Talk, and third-party marketplaces. Continuing to improve customer experience and technology by enabling wider product offering, personalized marketing and rewards, and enhancing UI/UX features.
- **Marketing:** Engaging younger customers through social media engagement, community building, private-label-focused marketing, partnering with third-party brand, and personalization.
- **Cost:** Optimization initiatives, such as manpower planning and rental negotiations, mitigated business cost pressures.



155 Stores
82 Cities



600+ suppliers
94% local



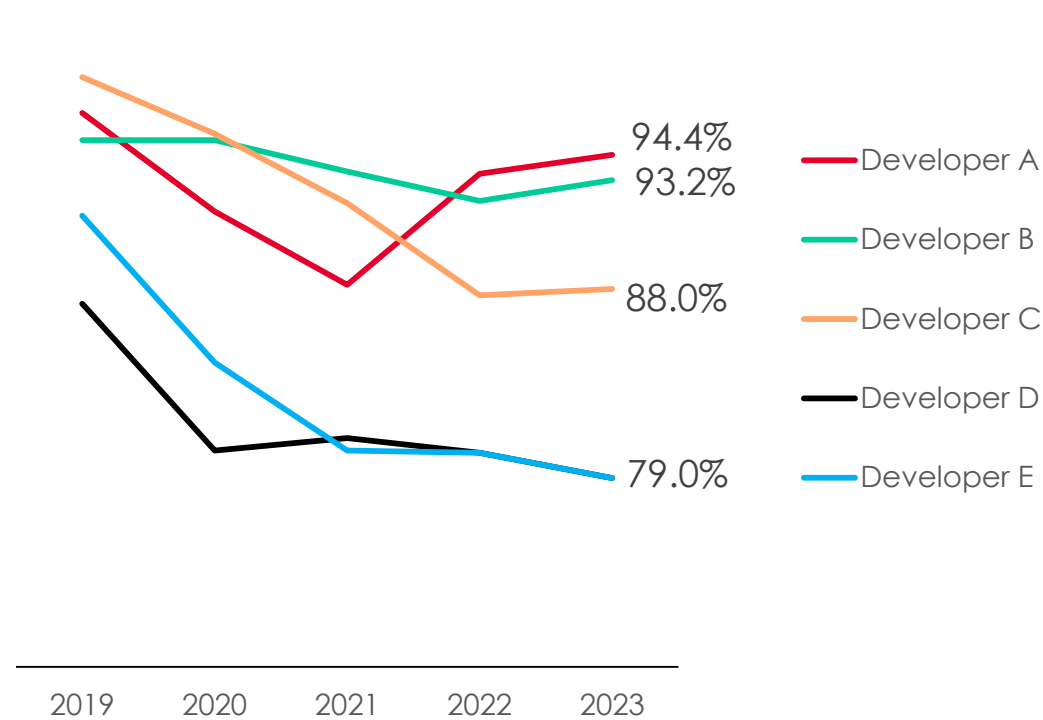
9,092
employees

Industry, Macroeconomic, and Commercial Updates

Industry Updates

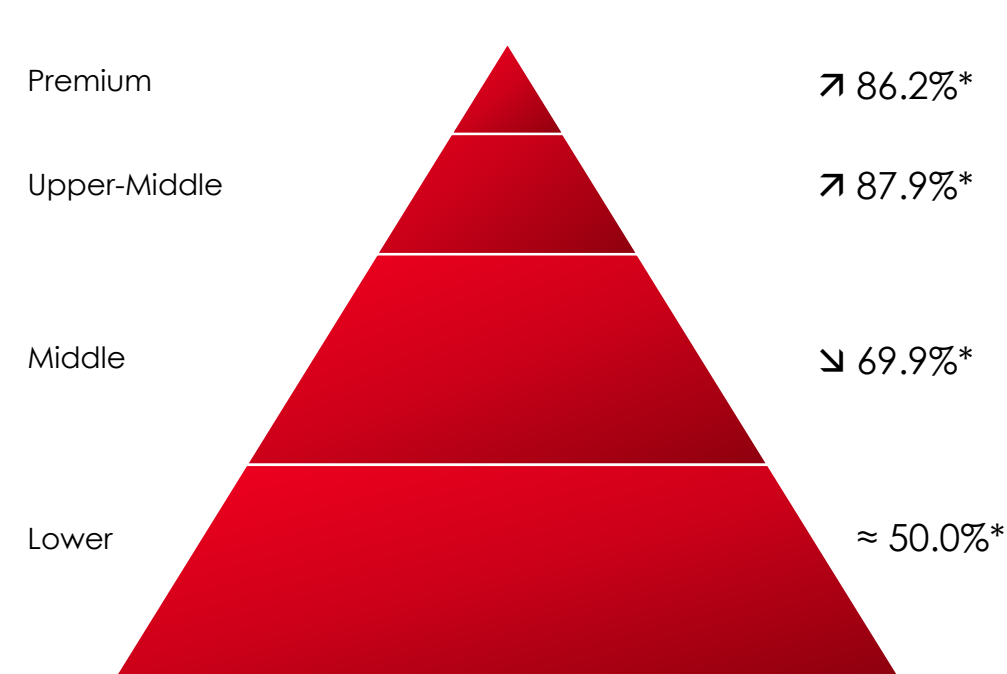
Mall occupancy yet to recover to 2019 levels; middle and lower-end malls most impacted

Historical Mall Occupancy per Developers



Source: company presentations

Mall Occupancy in Jakarta In 1Q24



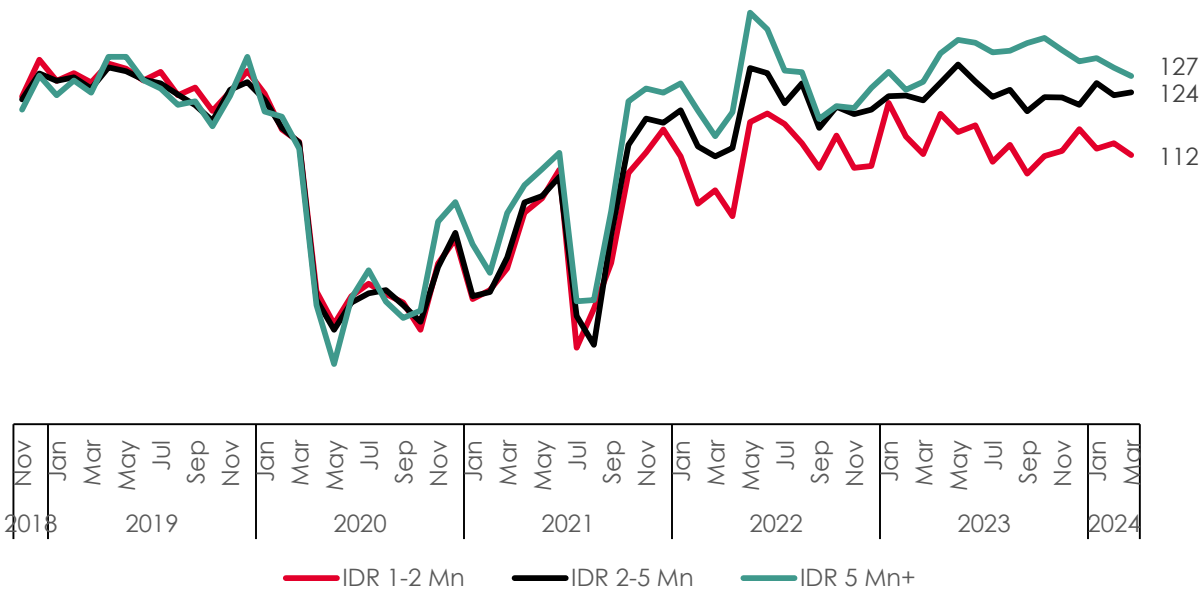
Source: Colliers

*arrows indicate changes of occupancy levels from 4Q23 to 1Q24;
% figures reflect the occupancy levels as of 1Q24

Macroeconomic Situation

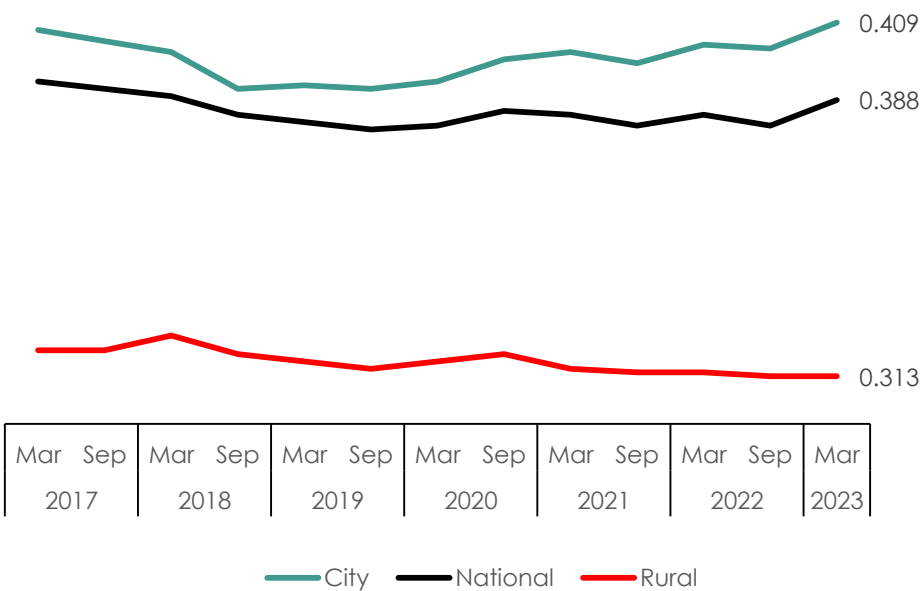
Different economic conditions across various groups

Consumer Confidence Index
by Spending Group



Source: Bank Indonesia

Gini Ratio
by Geographic Class/Level



Source: Statistics Indonesia, BNI

2024 Lebaran Update

Muted Lebaran sales; stock started fresher, ended leaner

- We began the **trading season with fresher stock vs. Q4**.
- We ended the period with **-2.4% SSSG and stock was 23% less** vs last year. We will continue to clear our aging inventory.
- DP SSSG was -3.2%, while CV was -2.1%.
- Weak 2024 Lebaran performance was notably apparent in **Footwear** categories. Footwear performance was partially impacted by import quota restrictions and higher prices.
- AUR decreased by 1.0% & Unit decreased by 1.3%.
- Lebaran sales were **most challenged in Jakarta** due to tougher competition and mall occupancy issues in middle and lower tier malls.





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Financial Performance

Financial Highlights

Early Lebaran (10 Apr'24 vs 21 Apr'23) results in timing gain

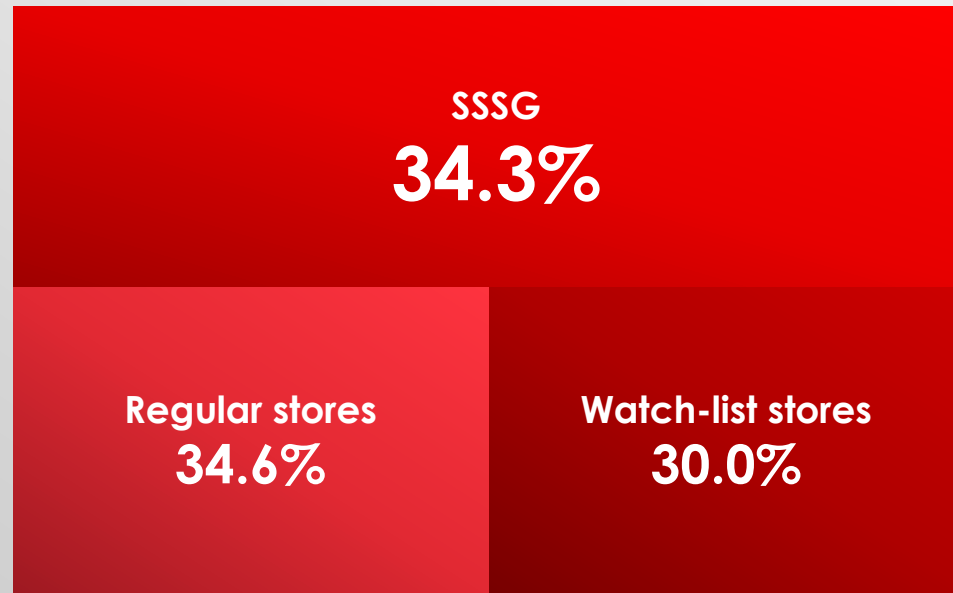
In IDR Bn	Q1		
	2024	2023	% Growth
Gross Sales	3,731	2,746	35.9%
SSSG %	34.3%	10.4%	
Gross Profit	1,302	972	33.9%
Gross Margin %	34.9%	35.4%	
OPEX	(783)	(738)	6.1%
EBITDA	519	234	121.9%
EBITDA Margin %	13.9%	8.5%	
Net Income (Loss)	326	101	221.9%
Net Income Margin %	8.7%	3.7%	

- While sales grew by 36%, OPEX grew by 6%

Sales Performance

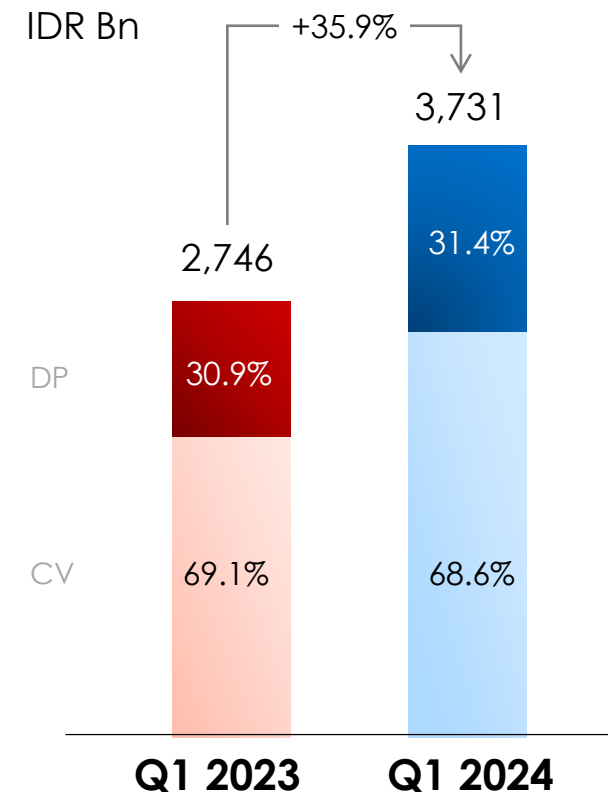
Regular stores performed better than watch-list ones

Store Performance



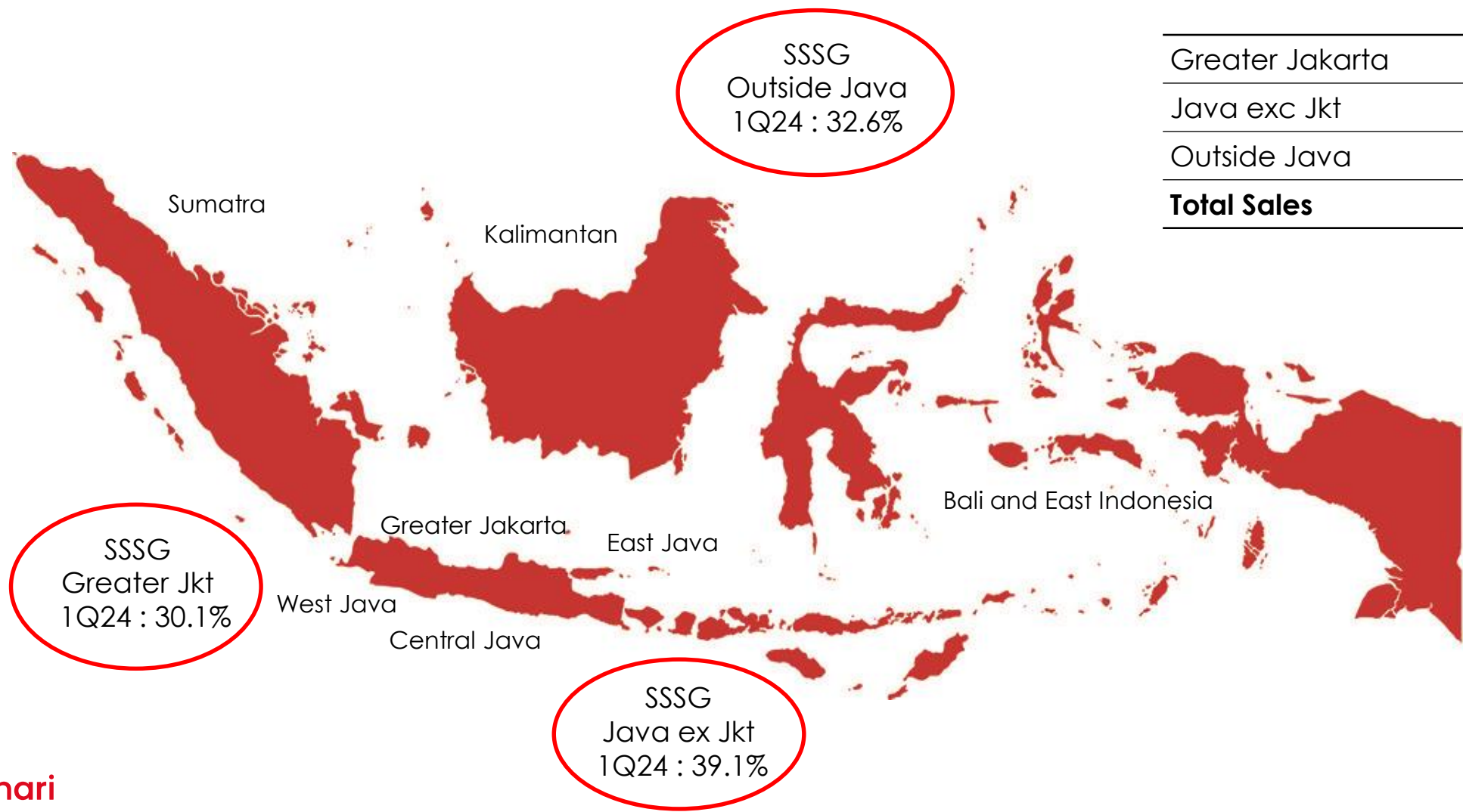
The performance under watch list brought down the total performance

Merchandise Performance



Sales Performance

Relatively strong performance outside Java

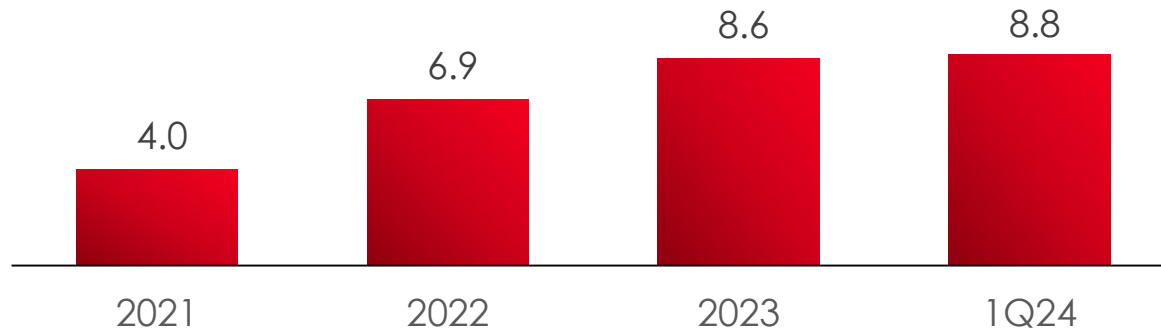


Gross Sales by Region (%)	
1Q 2024	
Greater Jakarta	22.7%
Java exc Jkt	36.5%
Outside Java	40.8%
Total Sales	100.0%

Sales Performance

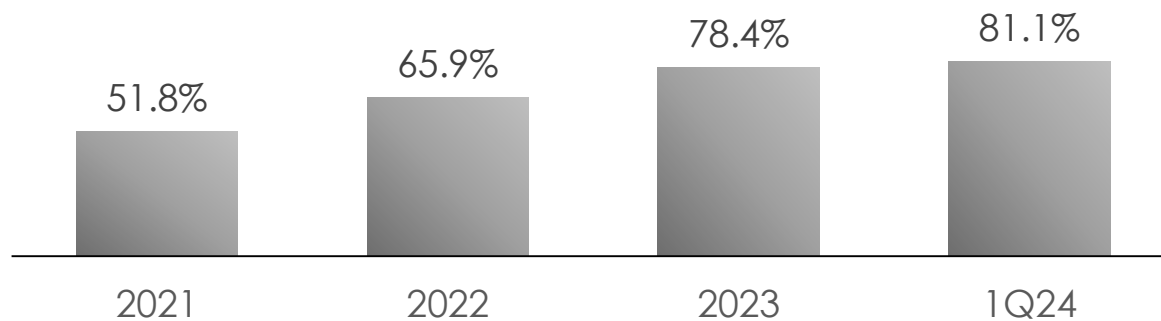
Sales continued being contributed by growing of active loyalty members

Active loyalty members



Active loyalty members continued growing in line with activations during seasonal events

Active member sales contribution



Active member sales contribution continued growing in on the back of increasing active loyalty members.

NPS as of the end of Mar'24 was 71, showing maintained customers feedback on operational excellence.

Financial Highlights

Net cash at 853bn with unused Loan Facility at 1.7Tn

ASSET			LIABILITIES & EQUITY		
In IDR Bn	Mar-24	Dec-23	In IDR Bn	Mar-24	Dec-23
Cash and Bank Balance	853	508	Bank Loan	-	550
Trade Receivables	267	60	CV Trade Payables	1,105	770
Inventories	1,063	793	DP Trade Payables	985	457
Right-of-Use Assets	2,388	2,509	Lease Liabilities	2,948	3,051
Other Assets	1,312	1,306	Other Liabilities	1,163	1,022
Fixed Assets	682	705	Equity	364	31
Total Asset	6,565	5,880	Total Liabilities & Equity	6,565	5,880

Remarks:

Lebaran timing impacts inventory and CV payables.

KEY FOCUS



Merchandise
Full Potential



Store Network
Optimization



Omnichannel
Expansion



Loyalty &
Personalization



Operational
Excellence



OPEX
Optimization



Environmental,
Social, &
Corporate
Governance

Strategy Updates

Nevada

Youthful,
casual,
affordable,
relaxed,
fun



exclusively at
 matahari



Nevada





Merchandising Transformation
Refreshing Private label brands

COLE

*Modern, Stylish, Quality, Masculine
Work & Weekend*

exclusively at
matahari



COLE





Merchandising Transformation
Refreshing Private label brands

connexion

*Stylish, Modern, Versatile
Work & Casual*

exclusively at
 **matahari**

CONNEXION



connexion

CX





everyday essentials
with stylish & elegant touch
to core pieces

exclusively at
matahari



Merchandising Transformation
Refreshing Private label brands



Merchandising Transformation

Refreshing range & third-party brands portfolio

New third-party brands were introduced in 1Q24, with more to come in 2H24. The rollout is structured in stages, tailored to meet the evolving customer demand

Local:



Cotton Tree

arthēfact® SEUTAIL



KENT&CREW



International:



Samsonite CASIO

DELSEY PARIS COLE HAAN



Store Network Optimization

Store portfolio continues to be enhanced

Store Expansion

- **New concept store opening at Aeon Deltamas**, with modern interior and improved navigation, featuring shop-in-shop concepts (specialty design). Aeon Deltamas provides a template for new store formal rollout.
- Selectively opening a total of **3-4 new stores**.



Store Refurbishment

- **Store refurbishment** to be conducted **in six stores**, mostly in 2H24.
- Refurbishment to include **rebranding and refreshing** shopfront, lighting, wall display, general fixtures, and shop-in-shop.



Progress on Watchlist Stores

- Planned **closure of 10 stores** in 2024, with confirmed timeline for 8 stores.
- **Rental renegotiation in progress** and managed to receive support from developers for some watch-list stores.



Omnichannel Expansion

Continuing to enhance technology, improve experience to scale the digital penetration



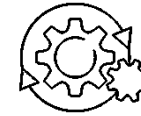
Customer Experience

- **Enhancing product offerings through CV onboarding** ensures consistent merchandise offerings across all channels.
- **Improving user experience** by introducing features like click-and-collect, AI-driven conversational commerce, and live commerce.
- **Integrating offline features**, such as Matahari Rewards with digital channels, such as Shop & Talk, to standardize and uplift shopping experience.



Marketing

- Implementing **data-driven targeting and personalized marketing** campaigns to enhance ROI.
- Introducing **KOL affiliate program** to drive social engagement for both offline and digital business.
- Introducing **online exclusive incentives and promotions** to expedite digital penetration.
- Increasing **Shop & Talk** exposure among existing customers.
- Launching **dedicated stores** for flagship brands on third-party marketplaces.



Technology and business integration

- **Elevating Customer Experience** by improving Search, SEO, and App Speed for Matahari.com.
- Single view of inventory through **new order management and warehouse management systems**, across CV and DP and across all channels, and enabling fulfillment from stores.

Loyalty & Personalization

Embracing new generation customers



New Generation Customers

- Building scale and relevance through popular **Key Opinion Leaders**.
- Teaming up with relevant **lifestyle and fashion communities** (i.e. Sneakers, Street Fashion, Denim communities).
- Conducting **proprietary marketing campaigns** beyond Lebaran and festive seasons.



Brand Building Focus

- Intensifying **private label brands** focused campaign (i.e. Suko, Nevada, Cole) as main offers in Matahari.
- Improve **Matahari brand promise** beyond price and promotions.

Pay less.



Loyalty & Personalization

- **Boost personalization capability** to be able to reach loyal customers with more relevant offers.
- **Expand benefits variety** for members through partnership with top banks, fintech and brand partners.





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Closing Remarks

Closing Remarks

Financial results muted; key initiatives continue

Lebaran & Financial Performance

Lebaran sales performance of SSSG -2.4% highlights ongoing macro challenges; the team remains committed to advancing strategic initiatives, and identifying areas of improvement. 1Q24 delivered almost half of FY23 full year Net income.

Initiatives

Selective store opening with total 3-4 stores. Aeon Deltamas with new concept was well received. The store closure plan is on track with 8 of 10 stores confirmed.

Merchandising initiatives continue with refreshing and upgrading our brand portfolio, rebranding private labels.

Accelerating expansion on Matahari.com, Shop&Talk, and third-party marketplaces. Continuing to improve customer experience and technology by enabling wider product offering, personalized marketing and rewards.

The marketing strategy aims to increase traffic by leveraging influencers in social media, community building, private-label marketing, as well as personalization through collaboration with partners.

Capital Allocation

Dividend policy remains at a minimum of 50% of Net Profit.

Contact us

PT Matahari Department Store Tbk

Menara Matahari 12th Floor,
Jl Boulevard Palem Raya No.7
Karawaci, Tangerang 15811, Indonesia

Phone: +6221 547 5228 | +62811 9610 1111

Email: ir@matahari.com

www.matahari.com

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Feel
good.

Thank you

 matahari