



PT. Matahari Putra Prima Tbk

PRESS RELEASE

For Immediate Release

MPPA Q1 2017 RESULTS: MPPA DELIVERS RP3.1 TRILLION OF SALES

**Lippo Village, Tangerang, Indonesia
May 2, 2017**

PT Matahari Putra Prima Tbk (MPPA) reports financial results for the three months ending in 31 March 2017. Net Sales were Rp3.1 trillion, a decline of 3.5% over last year, with a gross profit margin improvement of 120 bps from Rp428.2 billion to Rp433.4 billion in Q1 2017. MPPA's Same Store Sales Growth (SSSG) remained negative, due to the continued challenging retail environment faced by many similar modern retailers. Net loss for the quarter was at Rp176.7 billion, down from net loss of Rp102.8 billion registered in the first quarter last year, as a result of lower sales and higher G&A expenses due to allowances on receivables booked this quarter.

Noel Trinder, CEO of MPPA stated, "Immediately upon rejoining MPPA as Chief Executive in April 2014, we set our visions on reversing the trend of declining SSSG within Hypermart, which involves separating larger trader volume and moving towards everyday low prices instead of a rotating calendar of promotional deals. In 2016 we switched to an Everyday Low Price (EDLP) model in Fresh Food Division (Meat and Produce), resulting in a positive +3.6% SSSG despite an overall company SSSG decline. In Q3 2016, MPPA successfully shifted to the cost accounting method which enabled the Company to reset and drop the prices on 5,000 SKUs (include the key mini-market assortment). This EDLP policy was initiated after a comprehensive study of pricing across the nation and is aimed at changing customer perception, combating mini-markets and dominant local retailers and re-establishing Hypermart as a price leader at a time when the market is weak.

Mr Trinder added, "Since 2014 we have made extensive changes across our leadership, our structures, our financial controls inside the business, and are changing the way we conduct business. We are now in the process of rebuilding trust with our customers supported by our suppliers."

As of 31 March 2017, MPPA operates a total of 285 stores across Indonesia (114 Hypermart, 3 SmartClub, 26 Foodmart, 110 Boston Health and Beauty and 32 FMX). During the Quarter MPPA closed 1 Hypermart 1 Foodmart, 2 Boston Health and Beauty, and 14 FMX.



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	Q1 2017 Rp	Q1 2016 Rp	Growth
NET SALES	3,100,794	3,214,428	-3.5%
OPERATING LOSS	(217,506)	(89,676)	142.5%
LOSS BEFORE INCOME TAX	(237,841)	(106,093)	124.2%
LOSS OF THE YEAR	(176,720)	(102,863)	71.8%

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About PT Matahari Putra Prima Tbk (MPPA)

PT Matahari Putra Prima, one of Indonesia's largest retailers, employs more than 12,000 associates who serve customers in 115 Hypermarkets (Hypermart), 3 Wholesale outlets (SmartClub), 26 Supermarkets (Foodmart Primo/Fresh), 109 Health and Beauty format stores (Boston Health & Beauty), and 46 Minimarket/ Convenience stores (FMX). As of 31 December 2016, MPPA operates 299 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 statements involve a number



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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

March 31, 2017

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

	Mar 31, 2017	Dec 31, 2016	Dec 31, 2015 *)		Mar 31, 2017	Dec 31, 2016	Dec 31, 2015 *)
ASSETS				LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT ASSETS				LIABILITIES & EQUITY			
				LIABILITIES			
				CURRENT LIABILITIES			
Cash and cash equivalents	205,880	248,697	408,945	Short-term bank loans	355,000	140,000	250,000
Trade receivables - Third Parties	20,501	46,533	26,012	Trade payables	1,999,843	2,317,779	1,763,250
Other receivables	408,283	883,880	647,867	Accruals	436,847	400,131	360,274
Inventories	2,774,894	2,747,344	2,497,520	Taxes payable	14,558	54,105	82,271
Prepaid taxes	71,459	42,033	-	Short-term employee benefit liabilities	92,177	80,785	55,348
Prepaid expenses	111,008	108,682	104,345	Other current financial liabilities	220,378	249,538	210,233
Other current assets	22,995	25,289	25,050	Other current liabilities	91,637	91,542	93,333
Total Current Assets	3,615,020	4,102,458	3,709,739	Total current liabilities	3,210,440	3,333,880	2,814,709
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Other non-current financial assets	22,642	23,394	22,253	Long-term bank loans	395,000	610,000	400,000
Other long term investments	189,760	189,760	31,750	Long-term employee benefit liabilities	257,456	256,867	247,012
Fixed Assets	1,544,847	1,575,559	1,461,743	Other non-current liabilities	74,902	71,255	56,895
Rental advance and deposits	202,279	201,009	229,462	Total non-current liabilities	727,358	938,122	703,907
Long-term prepaid rents	365,432	381,686	330,220				
Intangible assets	1,815	1,739	3,984	Total Liabilities	3,937,798	4,272,002	3,518,616
Deferred tax assets	77,617	14,022	67,826				
Other non-current assets	171,398	212,107	175,783	EQUITY			
Total Non-Current Assets	2,575,790	2,599,276	2,323,021	Equity Attributable to Equity Holders of Parent Entity			
				Capital stock - Rp 50 par value per share as at March 31, 2017, December 31, 2016 and 2015			
				Authorized -10,800,000,000 shares			
				Issued and fully paid - 5,377,962,800 shares as at			
				March 31, 2017, December 31, 2016 and 2015			
				268,898	268,898	268,898	268,898
				774,578	774,578	774,578	774,578
				Retained earnings			
				Appropriated			
				34,000	34,000	32,000	32,000
				Unappropriated			
				1,175,506	1,352,226	1,438,638	1,438,638
				Total Equity Attributable to Owners of the Parent			
				2,252,982	2,429,702	2,514,114	2,514,114
				Non-controlling interests			
				30	30	30	30
				Total Equity			
				2,253,012	2,429,732	2,514,144	2,514,144
TOTAL ASSETS	6,190,810	6,701,734	6,032,760	TOTAL LIABILITIES AND EQUITY			
				6,190,810	6,701,734	6,032,760	6,032,760

PT. MATAHARI PUTRA PRIMA Tbk

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
For the Three Months Period Ended March 31, 2017 and 2016		
(Expressed in Millions of Indonesian Rupiah, except share data)		
	Mar 31, 2017	Mar 31, 2016 *)
NET SALES	3,100,794	3,214,428
COST OF SALES	<u>(2,667,353)</u>	<u>(2,786,178)</u>
GROSS PROFIT	<u>433,441</u>	<u>428,250</u>
Selling expenses	(65,130)	(39,166)
General and administrative expenses	(583,722)	(476,012)
Other expenses	<u>(2,095)</u>	<u>(2,748)</u>
OPERATING LOSS	<u>(217,506)</u>	<u>(89,676)</u>
Finance income	934	1,681
Finance costs	<u>(21,269)</u>	<u>(18,098)</u>
LOSS BEFORE INCOME TAX	<u>(237,841)</u>	<u>(106,093)</u>
Income tax benefit	63,595	5,296
Final tax expenses	<u>(2,474)</u>	<u>(2,065)</u>
LOSS FOR THE PERIOD	<u>(176,720)</u>	<u>(102,862)</u>
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(176,720)</u>	<u>(102,862)</u>
Loss for the Period Attributable to:		
Owner of the Parent	(176,720)	(102,862)
Non-Controlling Interests	<u>-</u>	<u>-</u>
	<u>(176,720)</u>	<u>(102,862)</u>
Total Comprehensive Loss Attributable to :		
Owner of the Parent	(176,720)	(102,862)
Non-Controlling Interests	<u>-</u>	<u>-</u>
	<u>(176,720)</u>	<u>(102,862)</u>
BASIC EARNINGS PER SHARE	<u>(33)</u>	<u>(19)</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Period Ended March 31, 2017 and 2016

(expresses in millions of Indonesian Rupiah)

	Mar 31, 2017	Mar 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,126,826	3,271,243
Cash paid to suppliers	(3,010,436)	(2,802,609)
Payments for operating expenses	(120,760)	(163,781)
Payments to employees	(232,272)	(207,529)
Cash receipt from rental income	32,974	42,196
Payments for rental expenses	(170,362)	(146,856)
Payments of income tax	(29,425)	(16,567)
Cash receipts from other income	620,903	425,275
Payments for other expenses	(169,518)	(220,732)
Net Cash Provided by Operating Activities	47,930	180,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of other long term investments	-	(58,136)
Fixed Assets		
Proceed from sales	647	798
Acquisitions	(22,807)	(30,557)
Addition of Intangible Assets	(570)	(4)
Decrease (Increase) in other financial assets	(37)	10
Increase in rental advances and deposits	(6,352)	(7,896)
Proceeds from refund of rental advances and deposits	4,085	1,000
Decrease (Increase) in other current assets	-	(328)
Increase in other non-current assets	(45,179)	(25,079)
Net Cash Flows Used in Investing Activities	(70,213)	(120,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase of bank loans	-	(140,000)
Finance income	934	1,681
Finance cost	(21,519)	(17,199)
Net Cash Flows Used in Financing Activities	(20,585)	(155,518)
NET DECREASE IN CASH ON HAND AND IN BANKS	(42,868)	(95,070)
CASH ON HAND AND IN BANKS AT THE BEGINNING PERIOD	248,697	408,945
Effect of rate change differences on cash and cash equivalents	51	34
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	205,880	313,909