

PT Indomarco Prismaatama


Table 1. Summary of unaudited 1H16 results :

(Rp bn)	1Q16	2Q16	qoq	Jun-15	Jun-16	yoy
Sales	13,470.5	15,650.0	16.2%	22,728.1	29,120.6	28.1%
Cost of Goods Sold	(10,923.8)	(12,876.6)	17.9%	(18,489.6)	(23,800.4)	28.7%
Gross Profit	2,546.7	2,773.4	8.9%	4,238.5	5,320.1	25.5%
<i>gross margin</i>	18.9%	17.7%		18.6%	18.3%	
General and Administration	(509.2)	(549.2)	7.9%	(930.1)	(1,058.5)	13.8%
Selling	(1,974.8)	(2,098.2)	6.2%	(3,251.2)	(4,073.0)	25.3%
Others	124.5	173.7	39.6%	241.8	298.2	23.3%
Total operating expense	(2,359.6)	(2,473.7)	4.8%	(3,939.5)	(4,833.3)	22.7%
Operating profit	187.2	299.7	60.1%	299.0	486.8	62.8%
<i>operating margin</i>	1.4%	1.9%		1.3%	1.7%	
Other income (expenses)	(123.9)	(131.1)	5.9%	(196.6)	(255.0)	29.7%
Pretax Profit	63.3	168.6	166.3%	102.4	231.8	126.4%
Income tax expense, net	14.8	(8.2)	-155.2%	10.0	6.6	-33.6%
Net income	78.1	160.4	105.4%	112.4	238.5	112.2%
Comprehensive income	78.1	160.4	105.4%	112.4	238.5	112.2%

Indomarco Prismaatama reported consolidated sales of Rp 15.7 trillion for 2Q16, 16.2% higher than 1Q16, and for the first half of 2016, revenue was 28.1% higher than last year's. The second quarter benefited from the increase in food products spending as the Indonesians observed the Ramadhan fasting month which ended with Idul Fitri celebration on 6th July 2016. Year-over-year performance also reflected the impact of the opening of 16.4% additional stores over the past year. As of 30th June 2016, we operated 13,099 stores, of which 4,132 stores (31.5% of the total) were owned by our franchisee partners.

Indomaret's average daily store sales (SPD) as of end-June 2016 was Rp 12.46 m/day, up 8.6% year-over-year. This positive SPD growth continued on a long streak of yearly growth (with one break in 1Q15) since June 2013 when we operated 5,200 stores and we remain optimistic with the market growth potential in the medium term.

2Q16 expenses were 4.8% higher than in the 1Q16 as we paid out the state-mandated 'Lebaran bonus' to all our employees. We continued to work on various programs to improve our operational efficiency, consequently, we only saw 13.8% growth in general and administrative expenses, 14 percentage points lower than our top line growth.

Total borrowing as of end-June was Rp 4.95 trillion, 17% higher than the total as of end 2015. This translated into slightly higher financing charges during the first half of this year and also reflected the highly cash generative nature of our operations. Debt-to-equity was still a healthy 51%.

Table 2. Indomaret's Regional Store Breakdown

(Stores)	2013	2014	2015	1H16
Greater Jakarta	3,213	3,447	3,823	4,123
Java – Bali	3,844	4,884	5,093	5,779
Other Islands	1,757	2,242	3,294	3,197
Grand total	8,814	10,573	12,210	13,099

Java-Bali continues to be our focus growth area as we continue to increase penetration of these areas, which have about 5 times the population of Greater Jakarta.

PT Nippon Indosari Corpindo Tbk (ROTI.IJ) 

Table 3. Summary of unaudited 1H16 results :

	1Q16	2Q16	QoQ	Jun-15	Jun-16	YoY
Sales	611.0	582.1	-4.7%	1,039.1	1,193.1	14.8%
Gross Profit	324.2	293.0	-9.6%	546.3	617.2	13.0%
<i>gross margin</i>	53.1%	50.3%		52.6%	51.7%	
Selling and distribution	(161.4)	(160.7)	-0.4%	(279.2)	(322.1)	15.4%
General and admin exp	(49.3)	(72.0)	46.0%	(94.0)	(121.4)	29.2%
Others, net	18.9	13.8	-26.9%	18.9	32.6	72.6%
Total operating expense	(191.9)	(219.0)	14.1%	(354.2)	(410.9)	16.0%
Operating profit	132.2	74.0	-44.0%	192.0	206.3	7.4%
<i>operating margin</i>	21.6%	12.7%		18.5%	17.3%	
Other income (exps)	(18)	(19)	4.6%	(34)	(37)	6.4%
Pretax Profit	114.4	55.4	-51.6%	157.7	169.8	7.6%
Income tax expense, net	(28.0)	(12.8)	-54.3%	(39.5)	(40.9)	3.5%
Total compr. income	86.3	42.6	-50.7%	114.8	128.9	12.3%
Basic EPS (Rp)	17.1	8.4	-50.7%	23.4	25.5	9.0%

Because of the fasting month, second quarter sales performance was a bit challenging as consumers focus more on full meals during fast breaking but the results were still in line with our target. First half 2016 sales were down 4.7% quarter-over-quarter, but was still 14.8% higher than a year ago. Gross margin continued to remain healthy at 52.6% and gross profit was a healthy 13% higher than last year's. We keep developing new products according to the consumers' taste and new product variants are expected to be introduced in the second half of the year.

Expenses went up 18% yoy mainly due to performance bonuses and the state-mandated one-month Idul Fitri bonus that we paid out towards the end of June. In 2015, this Idul Fitri bonus was paid out in July. We are optimistic that the next quarters' performance will be better as this is the annual trend.

Our capex this year is budgeted at Rp 330 billion and as per June 2016, we have spent about 35% of it. The remaining capex will be spent gradually in the next half year. We are currently planning and finalizing our Philippines expansion and commercial operation is slated to begin in the 2nd half of 2017.

PT Fastfood Indonesia Tbk (FAST.IJ) 

For the period ending 1H16, total revenues grew 10.9% yoy to Rp 2.3 trillion as we opened 51 additional outlets over the past year, of which 14 were opened in 1H16. F&B sales grew 10.74% totaling Rp 2.27 trillion compared to the previous year sales of Rp 2.05 trillion whilst CD consignment sales decreased by 11.51% to Rp 90.4 billion as compared to the previous year's Rp 102.2 billion. During the first half, store productivity was down as experienced by almost all players in the QSR sector. SSSG in 1H16 was 3.89% YoY due to 4.6% growth in same store average ticket size.

The 13.7% year-over-year increase in operating expenses were mainly due to increases in the regional minimum wages and the payment of the state-mandated one-month extra salary to celebrate Idul Fitri (Moslem's end-of-fasting-month celebration). We continued to improve the efficiency of our staff by transferring excess employees from existing outlets to new outlet openings, and as a result, despite a 10.26% yoy increase in the number of outlets, we decreased our number of staff by 1.3%.

Table 4. Summary of unaudited 1H16 results :

(Rp bn)	1Q16	2Q16	qoq	Jun-15	Jun-16	yoy
Revenues	1,102.4	1,209.4	9.7%	2,085.1	2,311.8	10.9%
Gross Profit	667.9	767.1	14.8%	1,279.0	1,435.1	12.2%
<i>gross margin</i>	<i>60.6%</i>	<i>63.4%</i>		<i>61.3%</i>	<i>62.1%</i>	
Selling and distribution costs	(535.8)	(642.1)	19.8%	(1,034.8)	(1,177.9)	13.8%
General and admin. exp	(124.1)	(86.1)	-30.6%	(235.2)	(210.1)	-10.6%
Others, net	1.7	5.0	192.1%	17.4	6.7	-61.7%
Operating profit	9.8	43.9	349.4%	26.4	53.7	103.5%
<i>operating margin</i>	<i>0.9%</i>	<i>3.6%</i>		<i>1.3%</i>	<i>2.3%</i>	
Pretax Profit	12.1	45.4	274.4%	31.5	57.5	82.2%
Income tax expense, net	(3.8)	(10.5)	173.9%	(3.8)	(14.3)	274.8%
Net income	8.3	34.9	320.7%	27.7	43.2	55.8%
Other Comp. Income (loss)	(1.2)	(59.8)	n.m.	9.3	(59.8)	n.m.
Total comprehensive income	7.1	(23.7)	-434.2%	37.1	(16.6)	-144.7%
Basic EPS (Rp)	4.2	17.5	320.7%	13.9	21.6	55.8%

The significant difference in total comprehensive income was due to the retrospective implementation of PSAK No. 24 (Revisi 2013). The revised PSAK 24 changes, amongst other things, call for the accounting for defined benefit plans, whereby amounts recorded in profit or loss are limited to current and past service costs, gain, or losses on settlements, and net interest incomes (expenses). All other changes in the net employee benefits liability, including actuarial gains and losses, are recognized in other comprehensive income (OCI) with no subsequent recycling to Profit and Loss statement. The company recorded re-measurement loss on defined benefit plans recognized under Other Comprehensive Income amounting to Rp59 billion for the six-month period ending June 30th, 2016.

We are still in discussion with our franchisor – Yum Inc. on the final details and financial arrangement of KFC Box which has proved quite popular among consumers. YUM, however, approved in principle the further opening of additional 10 new outlets, but due to some problems in sourcing the best locations, we have not opened any new KFC Box in the first half of 2016.

Table 5. KFC's restaurants breakdown by asset type

Store Type	2013	2014	2015	1H15
Free Standing Stores	66	76	91	93
In-line Stores	152	163	183	186
Mall stores	209	213	220	224
Food-court Stores	39	38	39	39
Box	-	3	7	7
Total	466	493	540	549

We continue to target the opening of 30-40 new outlets this year while continuing with our efficiency program.

PT Indoritel Makmur Internasional Tbk. (DNET.IJ) 

Table 6. Summary of unaudited consolidated 1H16 results :

(Figures in Rp bn)	1Q16	2Q16	QoQ	Jun-15	Jun-16	YoY
Sales	4.4	4.8	7.9%	1.9	9.2	388.7%
Share of profit of associates	57.5	65.5	14.0%	85.9	123.0	43.1%
Selling expenses	(0.5)	(0.7)	34.5%	(0.5)	(1.2)	136.0%
General and administrative	(11.1)	(14.1)	27.8%	(8.1)	(25.2)	210.1%
Other expenses (income)	(0.0)	0.1	n.m	(0.6)	0.1	-119.4%
Total operating expense	45.9	50.8	10.8%	76.7	96.6	26.1%
Operating profit	50.3	55.6	10.5%	78.5	105.8	34.7%
Non-operating Income (expenses)	(9.1)	3.0	-132.4%	15.6	(6.2)	-139.7%
Pretax Profit	41.1	58.5	42.3%	94.1	99.7	5.9%
Income tax expense, net	(0.9)	(1.3)	50.9%	(0.0)	(2.2)	n.m
Net income	40.3	57.2	42.1%	94.1	97.5	3.6%
Basic EPS (Rp)	40.3	57.2	42.1%	94.1	97.5	3.6%

Revenues went up 388.7% YoY during the period ending June 2016 from Rp 1.9 bn to Rp 9.2bn, mostly due to consolidation of our new subsidiary - PT. Mega Akses Persada (“MAP”) – from 1st August 2015. MAP reported a consolidated revenue of Rp 7.5 billion for the period ending June 2016, up 71.4% QoQ and accounted for about 79.1% of 1H16 Indoritel consolidated revenues. We commenced our operations in September 2014 making YOY comparison less meaningful.

At the corporate level, operating losses widened as MAP is still at its expansion stage and has yet to reach operating scale. MAP booked an operating loss of Rp 8.9 billion during the first half whereas at the corporate level, we book an operating loss of Rp 8.0 billion.

Despite a 34.7% growth in our operating income, Net Income and Basic EPS grew by 3.6% as we increased our investment in MAP and as MAP’s borrowing level increased. As of June, we had subscribed to a total of Rp 145 billion of MAP’s Mandatory Convertible Bonds.

As of end-1H16, we have deployed our network of optical fiber cable in 51 Indonesian cities, with a total length of about 3,200 km. Following Java and Sumatra, we continued with deployment in Kalimantan and Bali area during the first phase of our roll-out plan. As of the end of 1H16, we have about 2,129 users connected to our network with an ARPU of Rp 580.9 thousand.

Associate contributions went up 43.1% YOY to Rp 123.0 billion as all of our associated companies performed well in the first half of the year. These contributions were depressed by FAST’s one time re-measurement of loss on defined benefit plans recognized under Other Comprehensive Income (see FAST section).

Ogahruqi.com registered a total of 6,157 active members as of the end of 1H16. We added 3,643 new members since end-March 2016. Total number of merchants as of June 2016 was 1,426 we added 29 new merchants in 1H16.