

**PT Indomarco PrismaTama** 

Table 1. Summary of unaudited 1H18 results :

(Rp bn)	1Q18	2Q18	QoQ	Jun-17	Jun-18	YoY
Sales	15,655.8	18,667.6	19.2%	31,692.7	34,323.4	8.3%
Cost of Goods Sold	(12,458.5)	(14,946.7)	20.0%	(25,783.1)	(27,405.3)	6.3%
Gross Profit	3,197.2	3,720.9	16.4%	5,909.7	6,918.1	17.1%
<i>gross margin</i>	<i>20.4%</i>	<i>19.9%</i>		<i>18.6%</i>	<i>20.2%</i>	
General and Administration	(585.9)	(600.5)	2.5%	(1,211.3)	(1,186.3)	-2.1%
Selling	(2,668.1)	(2,875.7)	7.8%	(4,797.2)	(5,543.8)	15.6%
Others	137.3	171.3	24.8%	381.0	308.7	-19.0%
Total operating expense	(3,116.7)	(3,304.8)	6.0%	(5,627.5)	(6,421.5)	14.1%
Operating profit	80.5	416.1	416.7%	282.1	496.6	76.0%
<i>operating margin</i>	<i>0.5%</i>	<i>2.2%</i>		<i>0.9%</i>	<i>1.4%</i>	
Total other inc. (expenses)	(119.1)	(123.3)	3.5%	(264.1)	(242.4)	-8.2%
Pretax Profit	(38.6)	292.8	n.m.%	18.0	254.2	1,312%
Income tax expense, net	10.2	(7.7)	n.m.%	30.0	2.5	-91.7%
Net income	(28.3)	285.1	n.m.%	48.0	256.7	434.7%
Total comp. income	(28.3)	285.0	n.m.%	48.0	256.7	434.6%

As SPD grew by 0.5% YoY to Rp 12.26 million in 1H18, it was clear that we had seen the worst and we expect Indomaret's performance to stabilize and it to return to its medium term growth path. Consolidated sales grew 19.2% QoQ to Rp 18.7 trillion during 2Q18, as Indonesians observed the month of Ramadhan in May-June period, during which each dinner was celebrated as thanksgiving meals. Year-over-year sales performance grew by 8.3%, higher than the store growth rate of 7.6%. As of 30<sup>th</sup> June 2017, we operated 15,599 stores, of which, 4,444 stores (28.5% of the total) were owned by our franchisee partners.

We have been streamlining our operations and slowing our store growth rate resulting in our total number of employees staying at 144 thousands over the last year. In addition, we have seen increasing contribution from fee-based income (bill payment, vouchers etc.). As a result, margins have improved as gross margin expanded and combined with slower growth in general and administrative expenses (despite meeting the state-mandated '13<sup>th</sup> month bonus salaries to our employees), operating margin also improved. Contribution from other income weakened as brand owners consolidated their marketing efforts in the midst of stagnating purchasing power.

Debt to equity and debt to assets ratios remained relatively stable at 68% and 24% respectively as we did not add as many stores over the last year as compared to the same period last year.

Table 2. Indomaret's Regional Store Breakdown

(Stores)	2015	2016	2017	1H18
Greater Jakarta	3,823	4,341	4,823	4,915
Java - Bali	5,093	6,087	6,460	6,555
Other Islands	3,294	3,605	4,052	4,129
<b>Grand total</b>	<b>12,210</b>	<b>14,033</b>	<b>15,335</b>	<b>15,599</b>

We started venturing out into the Western part of Indonesia, but in terms of overall addition, Java and Bali continued to account for two thirds of our store growth over the last year.

**PT Fastfood Indonesia Tbk (FAST.IJ)**


Table 3. Summary of unaudited 1H18 results :

(Rp bn)	1Q18	2Q18	qoq	Jun-17	Jun-18	yoy
Revenues	1,333.7	1,633.3	22.5%	2,605.4	2,967.0	13.9%
Gross Profit	824.8	1,018.1	23.4%	1,621.2	1,842.9	13.7%
<i>gross margin</i>	61.8%	62.3%		62.2%	62.1%	
Selling and distribution costs	(658.2)	(812.0)	23.4%	(1,330.3)	(1,470.2)	10.5%
General and admin. expenses	(150.7)	(104.6)	-30.6%	(240.1)	(255.3)	6.3%
Others, net	3.5	8.7	148.0%	8.2	12.2	48.4%
Operating expenses	(805.5)	(907.9)	12.7%	(1,562.2)	(1,713.4)	9.7%
Operating profit	19.3	110.2	470.9%	59.0	129.5	119.4%
<i>operating margin</i>	1.4%	6.7%		2.3%	4.4%	
Pretax Profit	19.5	113.0	478.6%	63.6	132.5	108.5%
Income tax expense, net	(3.9)	(26.5)	584.4%	12.2	(30.3)	-348.8%
Net income	15.7	86.5	452.5%	75.8	102.2	34.9%
Other Comp. Income (loss)	(22.5)	57.0	-352.8%	(41.6)	34.4	-182.7%
Total comprehensive income	(6.9)	143.5	n.m	34.1	136.6	300.4%
Basic EPS (Rp)	7.8	43.4	452.5%	38.0	51.2	34.9%

For the period ending June 2018, total revenues grew 13.9% yoy to Rp 3.0 trillion. Part of the growth was due to 48 net additional outlets that we opened over the past year, of which 8 were opened in 1H18. F&B sales grew 14.2% totaling Rp 2.93 trillion compared to the previous year sales of Rp 2.56 trillion whilst CD consignment sales continued to improve and grew by 5.7% yoy to Rp 30.58 billion in the first half of 2018 as compared to the previous year's Rp 28.93 billion. Overall store performance continued to improve as SSSG in 1H18 rose 7.87% YoY mainly due to 7.35% growth in average ticket size because of price adjustment in the second quarter and 0.49% increase in same store transactions.

Operating expenses increased 9.7% yoy mainly due to increase in the minimum wage. We have been improving the efficiency and productivity of our staff by transferring excess employees from existing stores to new store openings. Indeed, during the first half of 2018, we managed to reduce our total employees from 17,496 as of end-2017, to 17,031 as of June 2018.

We continued to innovate and during the first half of 2018, we introduced new products, like Salted Egg Chicken in March, Kareem Chicken and Sate Padang Chicken for Lebaran, New Big Box offering which were quite successful and received wide acceptance among our customers, including various special menu packages providing affordable prices with good value to customers. Going into the second half of the year, we are planning to introduce other new products to cater to various customers all throughout Indonesia.

Table 4. KFC's restaurants breakdown by asset type

Store Type	2015	2016	2017	1H18
Free Standing Stores	91	98	116	119
In-line Stores	183	194	200	204
Mall stores	220	234	230	230
Food-court Stores	39	39	40	40
Box	7	10	42	43
<b>Total</b>	<b>540</b>	<b>575</b>	<b>628</b>	<b>636</b>

We continue to target the opening of 55 net new restaurants this year while continuing with our efficiency program.

**PT Nippon Indosari Corpindo Tbk (ROTI.IJ)** SAR ROTI

Table 5. Summary of unaudited 1H18 results :

(Rp bn)	1Q18	2Q18	QOQ	Jun-17	Jun-18	YOY
Sales	659.1	617.1	-6.4%	1,183.6	1,276.2	7.8%
Gross Profit	356.0	319.3	-10.3%	603.0	675.2	12.0%
<i>gross margin</i>	<i>54.0%</i>	<i>51.7%</i>		<i>50.9%</i>	<i>52.9%</i>	
Selling and dist. costs	(255.3)	(236.5)	-7.4%	(397.2)	(491.8)	23.8%
General and admin exp	(84.0)	(90.2)	7.3%	(136.6)	(174.2)	27.5%
Others, net	15.7	13.0	-16.7%	27.7	28.7	3.6%
Total operating expense	(323.7)	(313.6)	-3.1%	(506.1)	(637.3)	25.9%
Operating profit	32.2	5.7	-82.4%	96.9	37.9	-60.9%
<i>operating margin</i>	<i>4.9%</i>	<i>0.9%</i>		<i>8.2%</i>	<i>3.0%</i>	
Total Other income (exps)	(3)	(3)	-0.2%	(34.8)	(6.7)	-80.7%
Pretax Profit	28.9	2.3	-92.0%	62.1	31.2	-49.8%
Income tax expense, net	(7.8)	(3.2)	-59.2%	(15.9)	(10.9)	-31.3%
Net income	21.1	(0.8)	-104.0%	46.2	20.3	-56.2%
Total comp. income	17.6	1.8	-90.0%	32.3	19.3	-40.2%
Basic EPS (Rp)	3.4	(0.1)	-104.0%	9.1	3.3	-64.2%

Second quarter sales performance was somewhat hampered by the fasting month and school holiday period. A good proportion of our customers consume our products for breakfast because of its convenience. During school holidays, mothers seek to vary their breakfast servings with more traditional cereals or rice dishes as they do not have to rush in the morning. Our Philippines subsidiary launched its products in April, but top-line contribution from this subsidiary was still below 3%.

We registered significant improvements in the quantity of expired products as we improved our distribution network management. Approximately 85% of our sales are still generated in Java (including Greater Jakarta), but this is also where we saw most competition from many competitors who seek to gain operating scales over the last two years.

Expenses went up 23.8% yoy mainly due to increases in salaries (payments of bonus and Idul Fitri allowances were incurred in Q2) and rising advertising cost as we launched more new products as compared to the previous period. We have been consolidating our operations to partly offset the impact of rising competition. This was evident from the stability of general and administrative expenses all throughout the first half of 2018.

Construction of our new factories in South Sumatra and East Java proceeded as scheduled. Funding for these new plants come from the proceeds of the rights issue in October last year.

Following last year's rights issue, balance sheet is solid with total debt to equity standing at 36% a of end-June 2018 and interest cover at more than 4 times.

**PT Indoritel Makmur Internasional Tbk. (DNET.IJ)** 

Table 6. Summary of unaudited consolidated 1H18 results :

(Rp bn)	1Q18	2Q18	QOQ%	Jun-17	Jun-18	YOY%
Sales	24.7	36.2	46.6%	22.5	60.9	170.1%
Share of profit of associates	0.0	145.8	n.m	52.8	145.8	176.0%
Selling expenses	(25.4)	(29.8)	17.4%	(17.8)	(55.2)	209.7%
General and administrative	(23.4)	(25.4)	8.6%	(32.1)	(48.8)	52.0%
Other expenses (income)	(0.4)	0.3	-180.1%	0.3	(0.1)	-131.2%
Total operating expense	(49.2)	90.9	-284.7%	3.2	41.7	n.m
Operating profit	(24.5)	127.1	-618.1%	25.7	102.6	299.0%
Non-Operating Income (Exp.)	(12.5)	(7.0)	-44.4%	(4.0)	(19.4)	386.9%
Pretax Profit	(37.0)	120.2	-424.5%	21.7	83.2	282.8%
Income tax expense, net	(0.0)	(2.9)	n.m	(0.1)	(2.9)	n.m
Net income	(37.0)	117.3	-416.6%	21.7	80.2	270.2%
Total comprehensive income	(45.2)	139.4	-408.7%	2.7	94.3	n.m
EPS (Rp)	(2.6)	8.3	-416.6%	1.5	5.7	270.2%

Revenues went up 170.1% YoY during the period ending June 2018 from Rp 22.5bn to Rp 60.9bn as our fiber optics network operations continue to grow its network across Indonesia. As of June 2018, we have deployed our network of optical fiber cable in 11 Province, 86 cities, 1,993 Districts with a total length of about 9,414 km. As of the end of 1H18, we had 236.9 thousands home-passes in operations and 14,109 users (including 919 Indomaret stores and 151 banks) connected to our network with an average monthly ARPU of Rp 2.1 million.

As we continue to expand our fiber optics network, utilization has remained relatively low and losses widened during the 1H18, mainly due to rising depreciation charges. We expect this lack of contribution from our fiber optics operations to continue in the medium term.

Associate contributions recovered sharply as our retailing subsidiary – PT Indomarco Prismaatama - recorded significant performance improvement during 1H18. During the same period, improvement in operating contribution from PT Fastfood Indonesia was substantially offset by deterioration of the same from PT Nippon Indosari Corpindo.

Ogahruqi.com registered a total of 4,547 active members as of the end of 1H18. We added 4,592 new members since end-March 2018. Total number of merchants as of June 2018 was 2,052, we added 44 new merchants in 1H18.