PT Indomarco Prismatama

Table 1. Summary of unaudited 1Q15 results :

(Figures in Rp bn)	4Q14	1Q15	QoQ	Mar-14	Mar-15	YoY
Sales	10,711.5	10,383.7	-3.1%	8,907.1	10,383.7	16.6%
Cost of Goods Sold	(8,263.3)	(8,411.2)	1.8%	(7,292.2)	(8,411.2)	15.3%
Gross Profit	2,448.2	1,972.5	-19.4%	1,614.9	1,972.5	22.1%
gross margin	*22.9%*	*19.0%*		*18.1%*	*19.0%*	
General and Administration	(465.1)	(442.4)	-4.9%	(383.8)	(442.4)	15.3%
Selling	(1,515.7)	(1,511.8)	-0.3%	(1,261.9)	(1,511.8)	19.8%
Others	36.1	103.9	187.9%	129.1	103.9	-19.6%
Total operating expense	(1,944.8)	(1,850.3)	-4.9%	(1,516.5)	(1,850.3)	22.0%
Operating profit	503.4	122.2	-75.7%	98.4	122.2	24.2%
operating margin	*4.7%*	*1.2%*		*1.1%*	*1.2%*	
Total other income (expenses)	(122.7)	(96.0)	-21.8%	(34.2)	(96.0)	180.5%
Pretax Profit	381.0	26.2	-93.1%	64.2	26.2	-59.1%
Income tax expense, net	(59.7)	14.2	-123.8%	(4.0)	14.2	-454.7%
Net income	321.3	40.4	-87.4%	60.1	40.4	-32.7%

Indomarco Prismatama reported a consolidated revenue of Rp 10.4 trillion for 1Q15 16.6% higher than Rp 8.9 trillion booked in 1Q14. Revenue growth was mainly attributable to additional stores operated by the company. As of 31 March 2015, we operated 10,819 stores, of which 3,462 stores (32% of the total) were owned by our franchisee partners.

Indomaret's average daily store sales (SPD) as of end-1Q15 was Rp 10,9 m/day down 3.6% year-over-year and 5.8% quarter-over-quarter. Given that our merchandise consist mainly of household provisions and there has not been any significant change in industry dynamics, we do not believe the decline was due to our services or merchandise offerings.

Expenses were 18.7% higher than a year ago mainly due to higher minimum wages and the implementation of various social programs from the beginning of this year. Indeed, had it not been for the higher efficiency of our workforce, expense growth would have been higher as we operated 17% more stores than a year ago. The 1.3% decline in operating expenses in 1Q15 reaffirmed the efficiency program that we continue to pursue as we opened 246 new stores in 1Q15.

Due to our active liability management, financing charges for the quarter were only Rp 96.0 bn as compared to Rp 123 bn in 4Q14.

Table 2. Indomaret's Regional Store Breakdown

(Stores)	2012	2013	2014	1Q15
Greater Jakarta	2,846	3,213	3,447	3,496
Java – Bali	3,132	3,844	4,884	4,985
Other Islands	1,267	1,757	2,242	2,338
Grand total	**7,245**	**8,814**	**10,573**	**10,819**

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 Fastfood Indonesia Tbk (FAST.IJ)

Table 3. Summary of unaudited 1Q15 results :

(Figures in Rp bn)	4Q14	1Q15	QoQ	Mar-14	Mar-15	YoY
Revenues	1,087.7	1,002.9	-7.8%	969.1	1,002.9	3.5%
Gross Profit	669.0	612.8	-8.4%	584.0	612.8	4.9%
gross margin	*61.5%*	*61.1%*		*60.3%*	*61.1%*	
Selling and distribution costs	(506.9)	(500.1)	-1.3%	(469.2)	(500.1)	6.6%
General and admin exp.	(112.8)	(112.9)	0.1%	(105.1)	(112.9)	7.4%
Others, net	7.2	8.0	11.8%	5.6	8.0	42.4%
Operating profit	56.5	7.9	-86.1%	15.4	7.9	-48.8%
operating margin	*5.2%*	*0.8%*		*1.6%*	*0.8%*	
Pretax Profit	61.4	9.7	-84.1%	16.5	9.7	-41.1%
Income tax expense, net	(27.3)	(0.9)	-96.8%	(2.6)	(0.9)	-65.7%
Net income	34.1	8.9	-74.0%	14.0	8.9	-29.5%
EPS (Rp)	17.1	4.4	-74.0%	7.0	4.4	-36.6%

For the period ending 1Q15, total revenues grew 3.5% yoy to Rp1.0 trillion mainly due to 45 additional outlets opened after March 2014, with 10 new outlets opened in 1Q15. F&B sales grew 4.6% compared to the previous year whilst CD consignment sales is recovering compared to the last quarter of 2014, but still practically flat yoy basis with Rp. 49 billion sales. Store productivity was down as experienced by almost all players in the QSR sector. SSSG in 1Q15 was -1.2% YoY attributed to -5.3% growth in same store transactions.

We did increase the number of our employees during the 2014 to 16,902 as of year end from the previous year's total of 16,501 as a result of new store openings. This number has remained fairly stable during 1Q15 despite the additional 10 stores opened basically due to manning level program of getting the most out of the existing number of employees.

In 4Q14 we launched a new COB (Chicken on the bone) product – Red Hot and consumers' reception has been positive and this was still offered during the first quarter of 2015. 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 5 new outlets in year 2015.

While there was a slight improvement in gross margin of 0.8%, this was offset by the spiraling operating costs, both controllable and non-controllable due to inflationary factor. This was further aggravated by the fact that projected sales was not achieved, and since most of our operating costs are fixed, thus affecting our net income generation, which was around 29.5% short of what we had achieved last year. We have not yet adjusted our menu pricing for competitive reasons.

Table 4. KFC's restaurants breakdown by asset type

Store Types	2012	2013	2014	1Q15
Free Standing Stores	57	66	76	78
In-line Stores	137	152	163	166
Mall stores	212	209	213	214
Food-court Stores	35	39	38	39
Box	-	-	3	3
Total	**441**	**466**	**493**	**500**

The total number of outlets operating during the 1Q15 was 496 units out of 500 which is 17 units more than last year's. So far, no additional KFC Box units opened in 1Q15, but we plan to open 2 units in 2Q15.

PT Nippon Indosari Corpindo Tbk (ROTI.IJ)

Table 5. Summary of unaudited 1Q15 results :

(Rp billion)	4Q14	1Q15	QoQ	Mar-14	Mar-15	YoY
Sales	519.4	518.9	-0.1%	464.6	518.9	11.7%
Gross Profit	269.5	275.3	2.1%	220.3	275.3	25.0%
gross margin	*51.9%*	*53.0%*		*47.4%*	*53.0%*	
Selling and distribution exp.	(115.3)	(134.1)	16.3%	(110.2)	(134.1)	21.6%
General and admin exp	(38.5)	(43.3)	12.4%	(35.0)	(43.3)	23.6%
Others, net	7.7	10.1	31.2%	8.8	10.1	15.2%
Total operating expense	(172.7)	(167.2)	-3.1%	(136.5)	(167.2)	22.6%
Operating profit	96.9	108.0	11.5%	83.8	108.0	28.9%
operating margin	*18.6%*	*20.8%*		*18.0%*	*20.8%*	
Total Other income (exps)	(21)	(18)	-15.0%	(2)	(18)	792.4%
Pretax Profit	76.2	90.4	18.7%	81.8	90.4	10.5%
Income tax expense, net	(19.3)	(22.5)	16.8%	(20.6)	(22.5)	9.4%
Net income	56.9	67.9	19.3%	61.2	67.9	10.9%
EPS (Rp)	11.2	13.4	19.3%	12.1	13.4	10.9%

We achieved an increase of 11.7% in 1Q15 sales 1Q15 yoy and maintained flat qoq despite weakening consumer sentiment. Our gross profit margin improved over the past two quarters due to softer price of some raw materials and decreased utilities expense. As a result, we managed to book 25% growth in gross profit during the quarter. Last year we introduced mini bun and dorayaki with a positive market reception. This year we have added 2 new variants to our product portfolio, namely pandan dorayaki and vanilla minibun. We plan to introduce more new variants of breads during the year.

Expenses went up 21.6% yoy due to higher minimum wages, compulsory health care and transportation costs.~~,~~ We continue to improve transportation efficiency by increasing utilization of our Cikande and Purwakarta plants to better serve the West Java market. Our cluster of plants in West Java-Greater Jakarta area are now ramping up the production with more balanced utilization.

Some of the improvements in gross margin still translate to the Operating Margin improvements resulting in 2% increase in operating margin.

In March 2015, we issued another Rp 500 billion 5-year bonds at 10%. Approximately 68% of the bond issue was used to refinance bank loans priced at a higher interest rate. 2015 capex is budgeted at Rp345 billion and will be funded in part by the balance of the bond proceeds and by internally generated cash flow. We estimate debt-to-equity ratio to improve from 0.8 X to 0.3 X by 2018 when the first Rp 500 billion bond is repaid.

PT Indoritel Makmur Internasional Tbk. (DNET.IJ)

Table 6. Summary of unaudited 1Q15 results :

(Figures in Rp bn)	4Q14	1Q15	QoQ	Mar-14	Mar-15	YoY
Sales	0.7	1.0	34.3%	0.4	1.0	157.4%
Gross Profit	0.9	1.0	7.1%	0.0	1.0	n.m
gross margin	*125.5%*	*100.0%*		*6.2%*	*100.0%*	
Share of profit of associates	158.8	36.8	-76.8%	44.8	36.8	-17.9%
Selling expenses	(0.4)	(0.3)	-29.7%	(0.2)	(0.3)	34.1%
General and administrative	(3.3)	(3.7)	11.1%	(2.8)	(3.7)	31.5%
Other expenses (income)	(1.7)	0.0	-100.4%	0.0	0.0	-79.5%
Total operating expense	153.4	32.9	-78.6%	41.8	32.9	-21.5%
Operating profit	154.4	33.8	-78.1%	41.9	33.8	-19.2%
Non-operating Income (expenses)	6.3	7.1	12.8%	4.3	7.1	65.0%
Pretax Profit	160.7	41.0	-74.5%	46.2	41.0	-11.3%
Income tax expense, net	0.1	0.0	-99.7%	0.0	0.0	13.3%
Net income	160.8	41.0	-74.5%	46.2	41.0	-11.3%
EPS (Rp)	11.3	2.9	-74.5%	3.3	2.9	-11.3%

Sales went up by 157.4% yoy in 1Q15 from Rp 0.4 bn to Rp 1.0 bn due to sales generated from our POS software division which we consolidated from 1st May 2014. ND95 had 846 installs all throughout Indonesia as of end-March 2015, of which, 24 were new installs. ND95 accounted for about 96% of the 1Q15 sales booking.

The remaining 4% of sales was generated by our ecommerce division - Ogahrugi.com. This site saw registered membership went up 21.6% as compared to 1Q14, of which 10,146 members were active at the end 1Q15. We added 7,775 new members since end-Dec 2014. Total number of merchants as of March 2015 was 1,334. We added 28 new merchants in the 1Q15.

Associate contributions went down 17.9% YoY mainly due to PT Indomarco Prismatama and PT Fastfood Indonesia weaker performances. Non-operating income consisted mainly of interest income. As of March 2015, we had a total cash balance of Rp 310 billion, up from March 2014's balance of Rp 273 billion.