

**PT Indomarco Prismaatama**


Table 1. Summary of unaudited 2017 results with comparables :

	3Q17	4Q17	qoq	Dec-16	Dec-17	yoy
Sales	15,321.2	16,111.5	5.2%	59,174.4	63,125.5	6.7%
Cost of Goods Sold	(12,247.0)	(12,667.9)	3.4%	(47,909.5)	(50,698.0)	5.8%
Gross Profit	3,074.2	3,443.6	12.0%	11,264.8	12,427.5	10.3%
gross margin	20.1%	21.4%		19.0%	19.7%	
General and Administration	(613.5)	(7,905.1)	1188.6%	(2,256.6)	(2,395.1)	6.1%
Selling	(2,482.9)	4,884.9	-296.7%	(8,383.0)	(9,729.9)	16.1%
Others	181.7	157.6	-13.3%	731.4	720.3	-1.5%
Total operating expense	(2,914.6)	(2,862.5)	-1.8%	(9,908.2)	(11,404.7)	15.1%
Operating profit	159.6	581.1	264.1%	1,356.6	1,022.8	-24.6%
operating margin	1.0%	3.6%		2.3%	1.6%	
Total other income (exps.)	(161.9)	(51.5)	-68.2%	(468.9)	(477.6)	1.9%
Pretax Profit	(2.4)	529.6	n.m	887.7	545.2	-38.6%
Income tax expense, net	21.7	(150.7)	-794.4%	(130.5)	(99.0)	-24.2%
Net income	19.3	378.9	n.m	757.2	446.2	-41.1%
Total comprehensive income	19.3	827.6	n.m	1,264.9	895.0	-29.2%

Indomarco Prismaatama reported consolidated revenues of Rp 63.1 trillion for the year ending December 2017, up 6.7% yoy compared to the revenue gained in 2016. Our number of stores increases 9.0% from the end of 2016, so that we had 15,335 stores at the end of 2017. We have not changed our view of the sector, we continue to believe that the prospects for modern retailing are still good and we continue to look for increasing our penetration of the markets outside of the Greater Jakarta.

Gross margin increases from 19.0% to 19.7%, resulted from the improvement of our price policy and product mixed. In spite of that, net income in 2017 is lower as compared to 2016, in the value of Rp. 895 billion. The decrease in net income is mainly caused by the rise of 2017's minimum wage that could not be compensated by the increase of gross profit.

Borrowing grew to Rp. 6.1 trillion from Rp. 4.7 trillion in 2016, leaving debt to equity ratio at 43%, down from 48% as of end-2016. We continue to manage our borrowing level conservatively, as of end-2017, debt/EBITDA was still 1.23 and interest cover was 200%.

Table 2. Indomaret's Regional Store Breakdown

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

Approximately 42.13% of the stores we opened in 2017 were in Java-Bali, 26.42% outside of Java and the remaining 31.45% in the Greater Jakarta, 80 franchisee-owned stores were opened in 2017.

## PT Fastfood Indonesia Tbk (FAST.IJ)

Table 3. Summary of 2017 audited financial results with comparables :

(Figures in Rp billion)	3Q17	4Q17	qoq	Dec-16	Dec-17	yoy
Revenues	1,291.1	1,406.2	8.9%	4,883.3	5,302.7	8.6%
Gross Profit	804.3	891.5	10.8%	3,054.1	3,317.0	8.6%
<i>gross margin</i>	62.3%	63.4%		62.5%	62.6%	
Selling and distribution costs	(648.8)	(691.1)	6.5%	(2,373.9)	(2,670.2)	12.5%
General and admin. expenses	(152.7)	(147.1)	-3.7%	(497.1)	(539.9)	8.6%
Others, net	31.8	8.0	-74.7%	34.9	48.0	37.3%
Operating profit	34.6	61.4	77.6%	218.1	155.0	-28.9%
<i>operating margin</i>	2.7%	4.4%		4.5%	2.9%	
Pretax Profit	36.8	64.4	74.8%	226.4	164.7	-27.2%
Income tax expense, net	20.9	(53.0)	-353.2%	(53.8)	2.3	-104.2%
Net income	28.8	62.4	116.3%	172.6	167.0	-3.2%
Other Comp. Income (loss)	(1.7)	(3.4)	96.7%	(24.4)	(46.8)	91.6%
Total comprehensive income	27.1	59.0	117.6%	148.2	120.2	-18.9%
Basic EPS (Rp)	14.5	31.3	116.3%	86.5	83.7	-3.2%

For the period ending December 2017, revenues grew 8.6% yoy to Rp 5.3 trillion as we added 60 net outlets during the year (a 10.4% increase over the past year) and a higher store productivity as reflected by a 3.53% YoY SSSG growth and same-store transaction growth of 3.96%. The restaurant growth rate was higher than previous years' as we added more KFC Boxes (smaller outlets) to bring our products closer to customers who tend to avoid traffic. F&B sales grew 8.7% compared to the previous year whilst CD consignment sales grew by 14% to Rp 60.2 billion. We managed to maintain our gross margin as chicken prices were marginally lower than in 2016. Thanks to price adjustments on lower-priced category to higher-priced category, we managed to partly offset the impact of rising labor and repairs & maintenance costs in 2017.

Despite opening additional 60 net new outlets, our total employees only grew by 1.5% to 17,496 as of end 2017 from 17,230 as of end 2016. This was primarily due to the relatively smaller average sizes of restaurants that we opened and also the productivity & efficiency improvement program of our HR & Operation Teams. However, due to the significant increase in Indonesian Regional Minimum Wage, our average salaries increased by approximately 15.8% as compared to the previous year, our operating margin declined to 2.9% from 4.5% in 2016 primarily due to increases in labor and repairs & maintenance costs.

During the year, we introduced new KFC products consisting of Hotz chicken, Hot & Cheezy Chicken, Chochicks (chocolate chicken), and KFC Karee Chicken as part of our new Chicken on the Bone (COB) product line launched on a limited time offer as well as ZuperKrunch, a premium product of our Burger line, KFC Winger Norishi and KFC CocoaBlazt as part of drinks & sundae category. All these products were part of our promotional program during the year in addition to the Ramadhan Special offer during the Muslim holiday period.

Table 4. KFC's restaurants breakdown by asset type

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

The total number of outlets in the network by the end of 2017 was 628 units, with 60 net additional units were opened during the year (30 traditional restaurants and 30 box units) with 7 temporarily closed units and 6 new

units to replace relocated and permanently closed stores. By the end of 2017, the performance of the 30 net units of KFC Box opened was generally good, and for 2018, we are planning to continue expanding our network through a net addition of approximately 55 outlets (35 traditional restaurants and 20 box units).

## PT Nippon Indosari Corpindo Tbk (ROTI.IJ) SARU ROTI

Table 5. Summary of audited 2017 results with comparables :

(Figures in Rp billion)	3Q17	4Q17	QOQ	Dec-16	Dec-17	YOY
Sales	641.6	665.8	3.8%	2,521.9	2,491.1	-1.2%
Gross Profit	341.0	364.0	6.7%	1,301.1	1,307.9	0.5%
<i>gross margin</i>	<i>53.1%</i>	<i>54.7%</i>		<i>51.6%</i>	<i>52.5%</i>	
Selling and distribution costs	(194.7)	(214.2)	10.1%	(669.9)	(806.0)	20.3%
General and admin exp	(78.3)	(86.0)	9.7%	(248.2)	(300.9)	21.2%
Others, net	13.7	14.8	8.1%	60.1	56.2	-6.5%
Total operating expense	(259.3)	(285.4)	10.1%	(858.0)	(1,050.8)	22.5%
Operating profit	81.7	78.6	-3.8%	443.0	257.2	-42.0%
<i>operating margin</i>	<i>12.7%</i>	<i>11.8%</i>		<i>17.6%</i>	<i>10.3%</i>	
Total Other income (exps)	(19)	(17)	-12.0%	(73.6)	(71.0)	-3.5%
Pretax Profit	62.4	61.6	-1.3%	369.4	186.1	-49.6%
Income tax expense, net	(17.2)	(17.7)	2.8%	(89.6)	(50.8)	-43.3%
Net income	45.2	43.9	-2.8%	279.8	135.4	-51.6%
Total comprehensive income	45.7	46.5	1.7%	263.4	124.5	-52.7%
Basic EPS (Rp)	8.9	8.7	-2.8%	55.3	26.7	-51.6%

Full year results were affected by first half performance which witnessed three one-off temporary incidents : 1). The impact of “212” movements that encourage certain group of customers to make their purchases from retailers affiliated (religiously) with the 212 movement; 2). Price increases in April 2017, 3). Fasting month in June 2017 which tend to result in some people holding off consumption on snacks including bread. Whilst average quarterly sales in the 2H17 had already improved by 10% as compared to 1H17’s, the impact of 11% average quarterly decline in the 1H17 was not sufficiently offset resulting in a 1.2% decline in full year sales performance. Putting additional pressures on margins in 1H17 were higher returns. But, this too have reversed in 2H17 resulting in average EBITDA margin of 17.8% in 2H17 as compared to 13.8% in 1H17.

Combined with the above weaknesses in revenue were higher salaries as minimum wage went up by an average of 8% and as we continued to strengthen our management team by hiring key personnel in the middle and upper management level. As a result, operating margin came under pressure to close the year at 10.3% as compared to 17.6% in 2016.

As we progressed into 2018, we expect the improvement that we saw in 2H17 to continue. Our focus will continue to be on distribution network expansion as we grow with the expansion of modern retailers’ penetration into new areas. At the same time, we continue to focus on changes in consumers’ taste through our new product launches and to continue strengthening our brands in the middle and lower market segments.

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

Table 6. Summary of audited consolidated 2017 results with comparables :

	3Q17	4Q17	QOQ%	Dec-16	Dec-17	YOY%
Sales	17.0	16.8	-1.3%	22.7	56.4	148.8%
Share of profit of associates	28.5	187.6	559.0%	427.8	268.9	-37.1%
Selling expenses	(16.0)	(20.0)	25.3%	(18.3)	(53.9)	195.0%
General and administrative	(14.0)	(22.0)	56.9%	(42.8)	(68.2)	59.4%
Other expenses (income)	(2.7)	(0.9)	-68.3%	1.7	(3.3)	-299.3%
Total operating expense	(4.3)	144.7	n.m	368.4	143.5	-61.0%
Operating profit	12.7	161.5	1168.3%	391.1	199.9	-48.9%
Non-Operating Income (Exps.)	(2.8)	(28.6)	912.0%	9.8	(35.5)	n.m
Pretax Profit	9.9	132.8	1241.5%	400.9	164.5	-59.0%
Income tax expense, net	(0.1)	6.5	n.m	(2.8)	6.3	-327.1%
Net income	9.8	139.3	1321.6%	398.1	170.8	-57.1%
Total comprehensive income	9.3	212.4	2189.0%	373.8	224.4	-40.0%
EPS (Rp)	0.7	9.8	1321.6%	28.1	12.0	-57.1%

Revenues went up 148.8% YoY during the period ending December 2017 to Rp 56.7bn, mostly due to full year consolidation of our subsidiary - PT. Mega Akses Persada ("MAP"). MAP reported a consolidated revenue of Rp 56.3 bn for the period ending December 2017, up 168.7% QoQ and accounted for about 99.8% of FY17 Indoritel consolidated revenues.

As of end-2017, we have deployed our network of optical fiber cable in 11 Province, 78 cities and 1,643 villages. We have completed the North Link of Java Backbone, Java and Bali area, expanding our network with a total length of 5,100km. As of the end of 2017, we had 188.9 thousands home-passes in operations and 9,630 users (including 929 Indomaret stores and 144 banks) connected to our network with an average monthly ARPU of Rp 2.1 million.

Associate contributions went down -37.1% YoY to Rp 268.9 billion.

Ogahruqi.com registered a total of 4,210 active members as of the end of FY17. We added 6,019 new members since end-September 2017. Total number of merchants as of December 2017 was 1,892 we added 358 new merchants in FY17. Ogahruqi contributed Rp 85.2 million in revenue during the year.