

# Management Presentation

*PT Sumber Alfaria Trijaya Tbk*

As of September 2011



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# Indonesia Macro Economics Highlights



# STRONG GROWTH OF INDONESIAN ECONOMY



- **Real GDP growth of 5.7% ( five years average), GDP/ Capita of around US\$ 3,000 /year (as of December 2010)**
- **Relatively Stable BI Rate at 6.75% since January 2010 ( down to 6.50% as of October 2011)**
- **Manageable inflation rate (tend to get lower)**
- **Rising middle class population**
- **Surging investment on a broad scale basis which creates employment**

## Company Overview



# VISION, MISSION & VALUES



## VISION

- “ To be Indonesia’s largest and globally competitive widely owned retail distribution network that empowers small entrepreneurs and fulfils customer needs and expectations”

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## MISSION

- To satisfy customer needs and expectations by focusing on high quality products and services
- To implement ethical business practices to be the best in all of our actions
- To develop entrepreneurial spirits and skills in the Company and the society
- To develop a reliable, healthy and growing organization which benefits all stakeholders

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## VALUES

- We set high standards for Integrity, Innovation, Quality and Productivity, Teamwork, and Customer Satisfaction

# COMPANY OVERVIEW



We are one of the leading minimarket chain operator in Indonesia

- As of September 2011, the Company operates 5,477 outlets (1,542 franchised )
  - 58,000+ employees
  - 17 Distribution Centres (DCs)
  - 400+ active Suppliers
- Striving to be a true community store
  - Well-developed CSR Program to connect with the community
  - Local residents can own Alfamart stores through franchise scheme



## Recognized by independent market consultants



“The Highest Store Equity Index” based on Nielsen Research for four years in a row



2007



2008



2009



2010

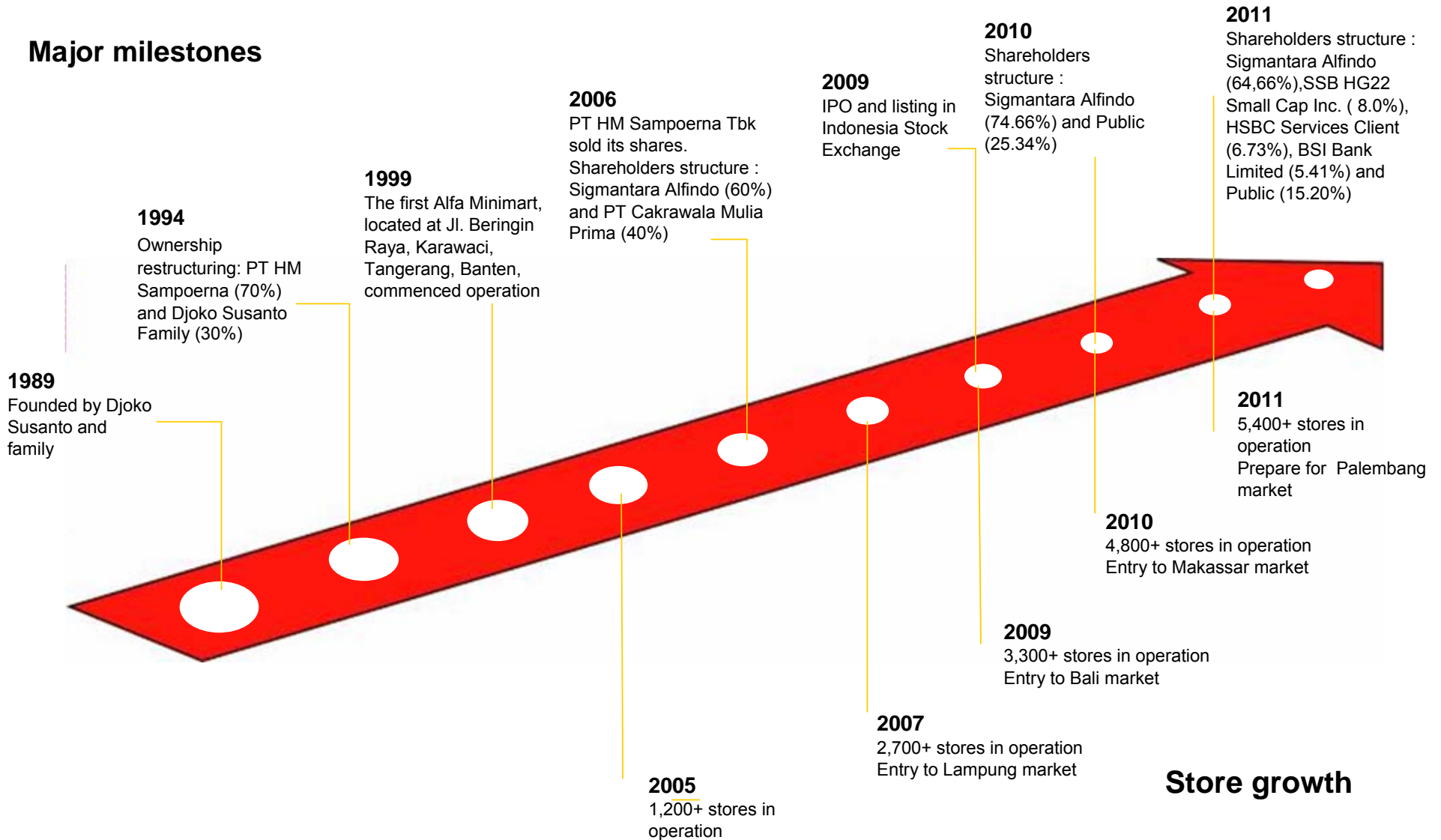
## Alfamart by numbers

- **1.0 million+** – basic training hours for employees per year
- **2.0 million+** – customers per day
- **45 million +** – km distance our trucks travel per year, distributing goods to stores

# COMPANY HISTORY

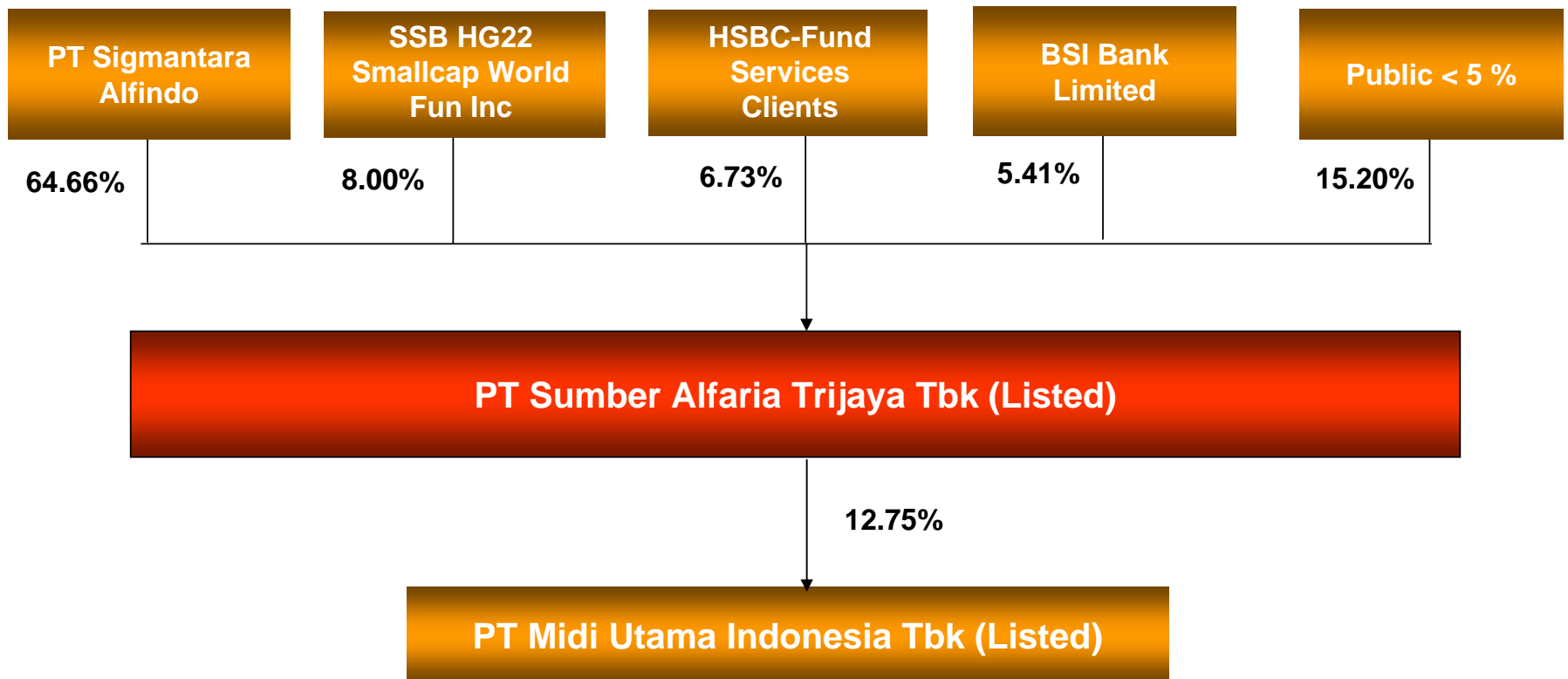


## Major milestones



## Store growth

# SHAREHOLDING STRUCTURE



# AWARDS



2008



- “The Integrated Market Development & Distribution System Champion” in “The Dream Team Championship 2008” from Markplus Inc., Indonesian Marketing Association and SWA Magazine
- The Best IT in Marketing, The Best in Experiential Marketing and The Best in Social Marketing from Frontier Consulting Group and Marketing Magazine
- Top Brand 2008 from Frontier Consulting Group and Marketing Magazine
- Indonesia Best Brand Award 2008 from MARS Research Specialist and SWA Magazine
- Superbrands Indonesia 2008
- “The Highest Store Equity Index” based on Nielsen Research

2009



- Word of Mouth Marketing Award (WOMMA) from SWA Magazine and Onbee Marketing Research
- Top Brand 2009 from Frontier Consulting Group and Marketing Magazine
- Indonesia Best Brand Award 2009 from MARS Research Specialist and SWA Magazine
- Superbrands Indonesia 2009
- Indonesia’s Most Admired Companies 2009 from Frontier Consulting Group and Business Week Indonesia
- “The Highest Store Equity Index” based on Nielsen Research

2010



- “Rekor Bisnis Indonesia” from Harian Seputar Indonesia for The Most Growing Minimarket in Indonesia
- Word of Mouth Marketing Award (WOMMA) from SWA Magazine and Onbee Marketing Research
- Indonesia’s Most Admired Companies 2010 from Frontier Consulting Group and Business Week Indonesia
- Indonesia Best Brand Gold Award 2010 from Mars Research Specialist and SWA Magazine
- Top Brand 2010 from Frontier Consulting Group and Marketing Magazine
- Net Promoter Customer Loyalty Awards from Octavate Consulting Group
- Digital Marketing Awards from Frontier Consulting Group and SWA Magazine

2011



- CSR Award from Harian Seputar Indonesia
- Choice Brand 2011 Awards from KARTINI Magazine
- Services Quality Award 2011 from Service Excellence Magazine and Care Centre for Customer Satisfaction & Loyalty
- Indonesia Best Brand Gold Award 2011 from Mars Research Specialist and SWA Magazine
- Indonesia’s Most Admired Company from Frontier Consulting Group and Business Week Indonesia
- Word of Mouth Marketing Award (WOMMA) from SWA Magazine on Onbee Marketing Research
- Indonesia Original Brands Award 2011
- CMO awards for The Best Employers Award and Brand Best Leadership Award

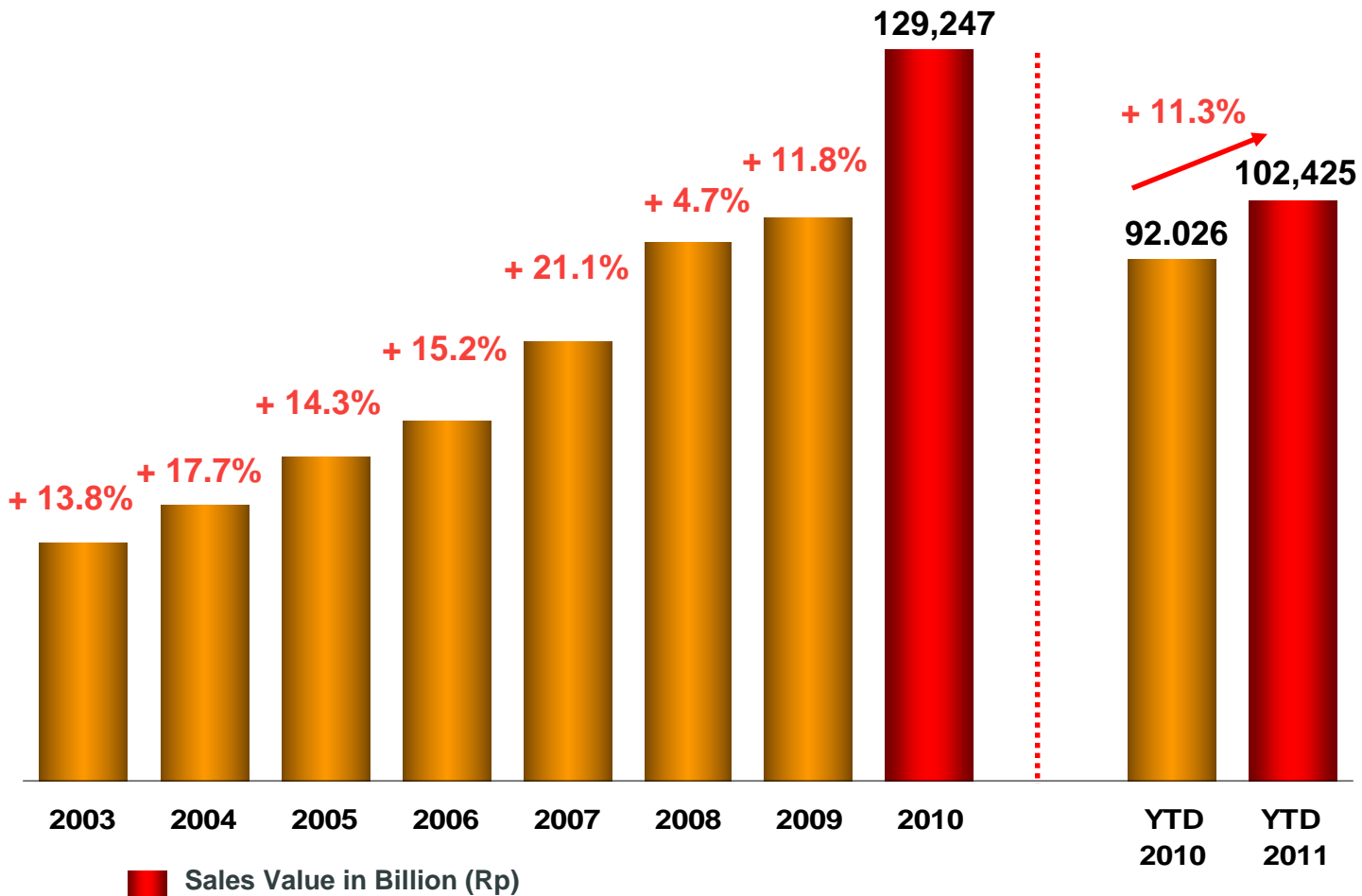
## INDUSTRY OVERVIEW



# RAPID DEVELOPMENT OF MODERN RETAIL TRADE IN INDONESIA



Up to September 2011, Indonesia Grocery managed to grow by 11.3%  
(excl. Cigarette)



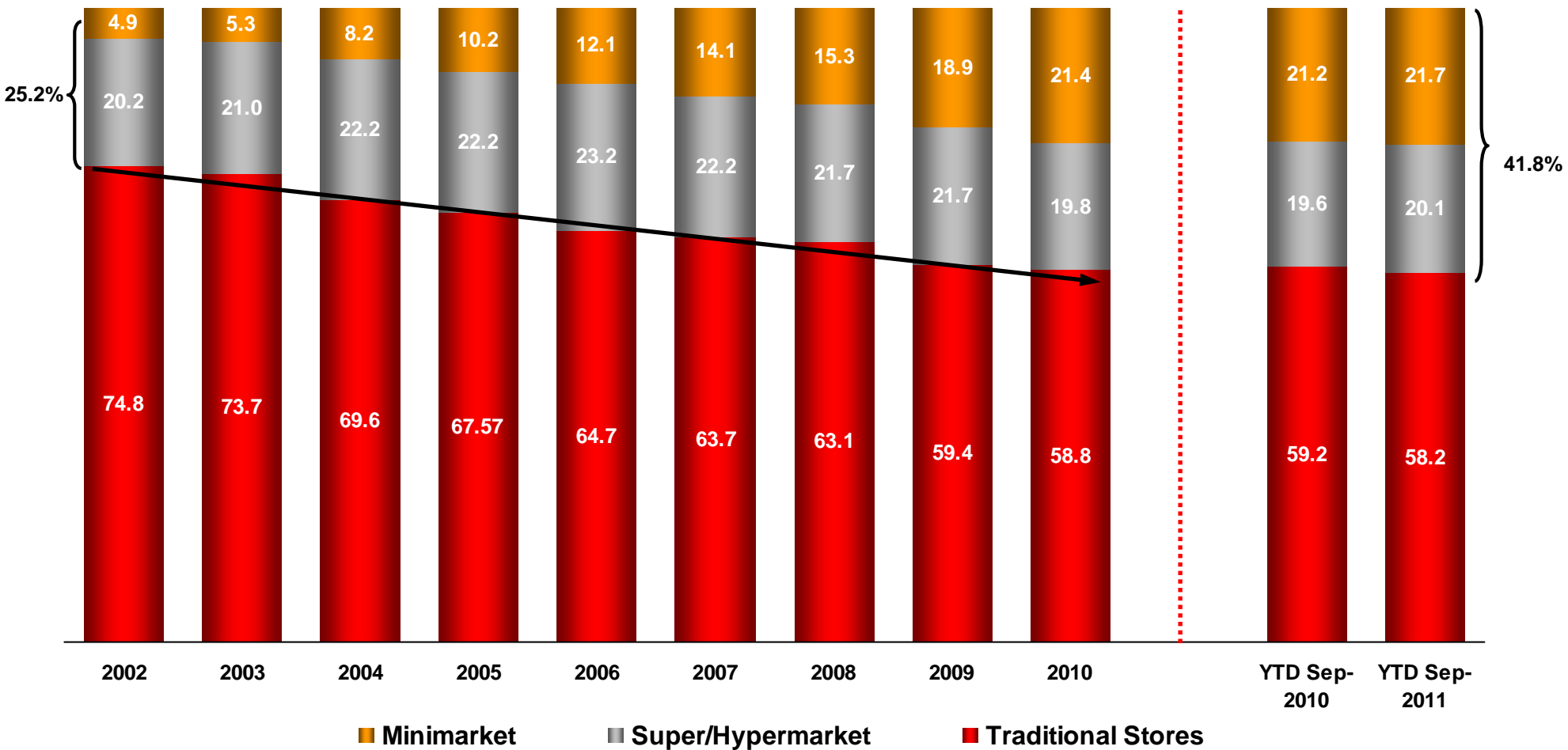
Source : Nielsen Retail Audit

# RAPID DEVELOPMENT OF MODERN RETAIL TRADE IN INDONESIA



Market share of minimarket grows from 21.2 % to 21.7 % YoY

Trade Channel Contribution | Total 55 Categories – **excluding cigarette**



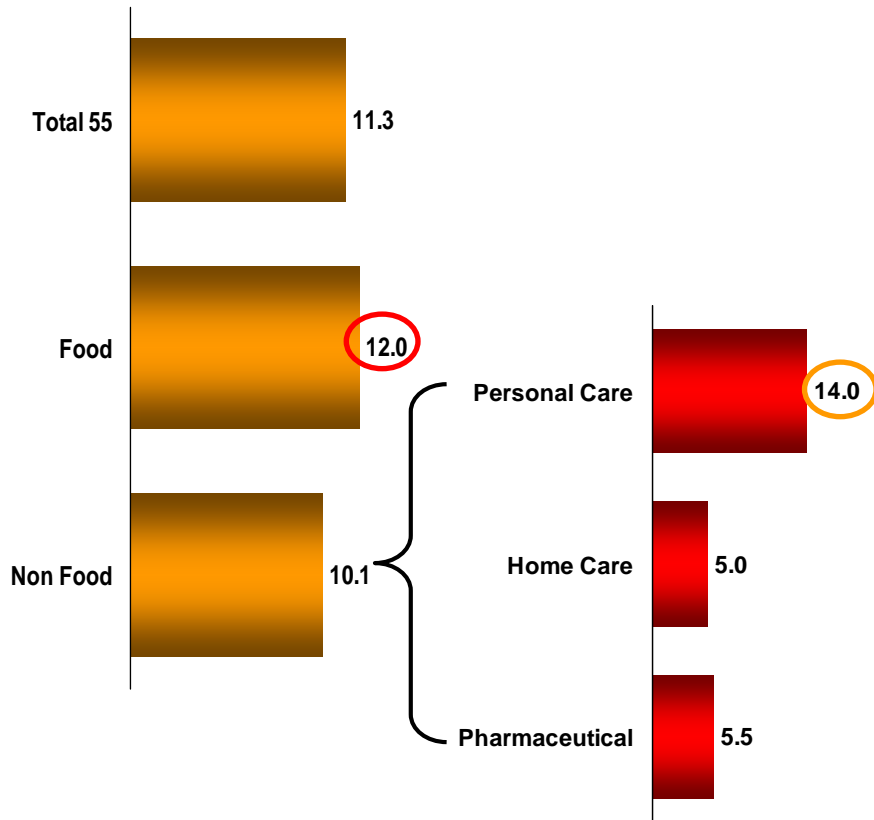
Source : Nielsen Retail Audit

# INDONESIA GROCERY GROWTH



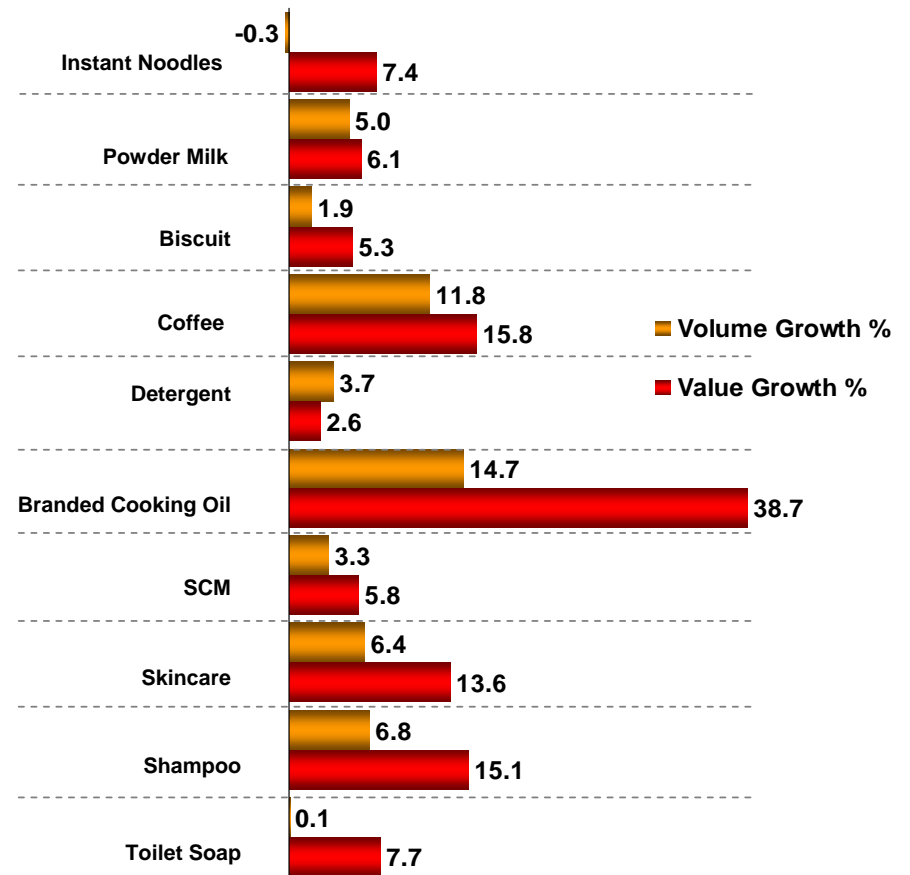
## Food and Personal Care are driving the growth of Indonesia Grocery

Indonesia Grocery | YTD Sep 2011 vs. YA | Sales Value Growth %



## TOP-10 Grocery Growth

Indonesia Grocery | Volume & Value Growth % | YTD Sep 2011 vs. YA



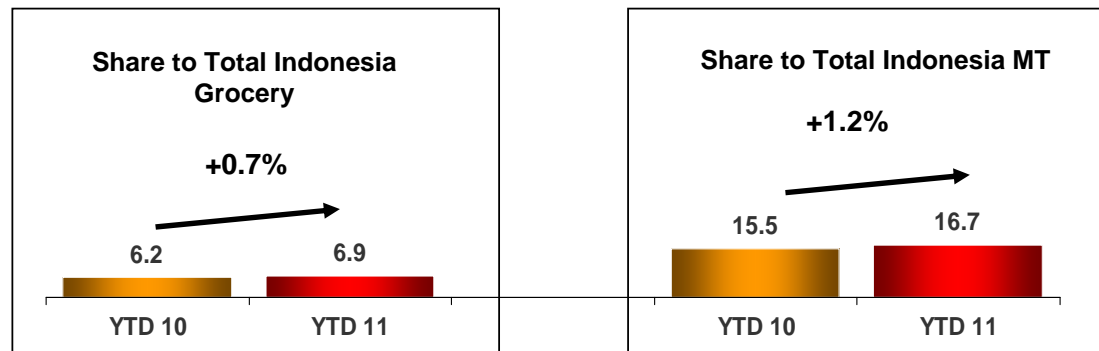
Source : Nielsen Retail Audit

# ALFAMART IS BEST PLACED TO EXPLOIT THIS OPPORTUNITY



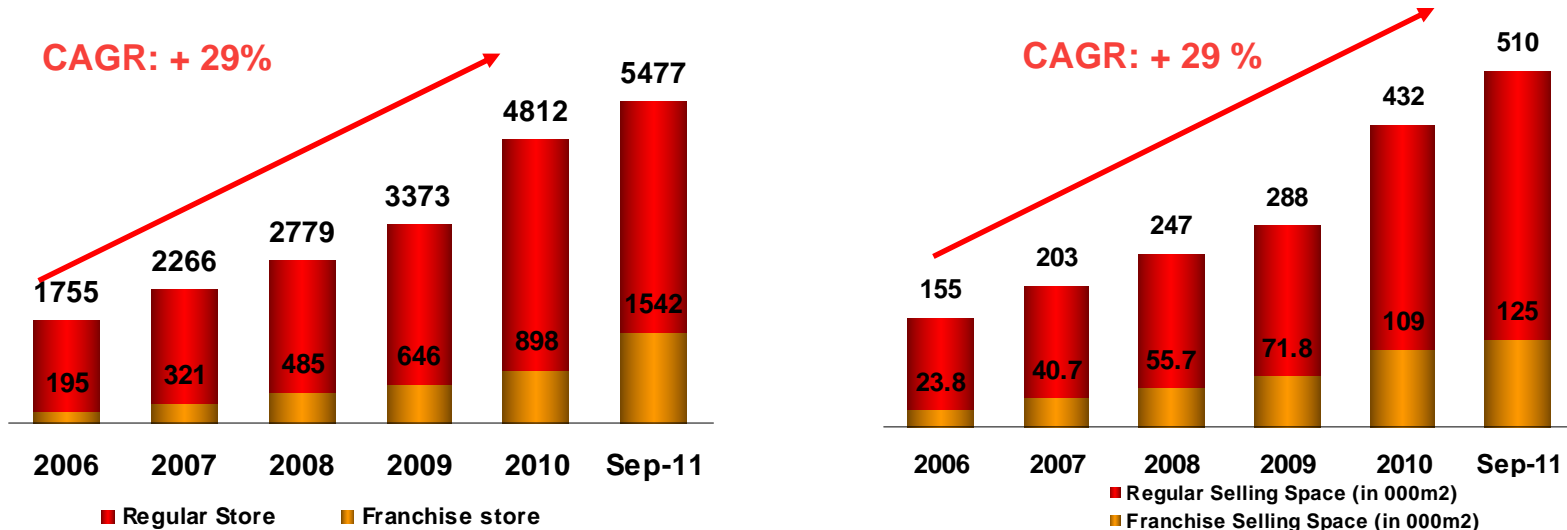
Alfamart market share increased by +0.7% ( of total Indonesia Grocery ) and +1.2% ( of total MT )

Alfamart Market Share | Total 55 Categories | YTD Sep 2011 vs. YA



Source : Nielsen Retail Audit

Alfamart is able to capture the market growth as it has a proven track record in managing growth



## Business Overview



# ALFAMART MINIMARKETS

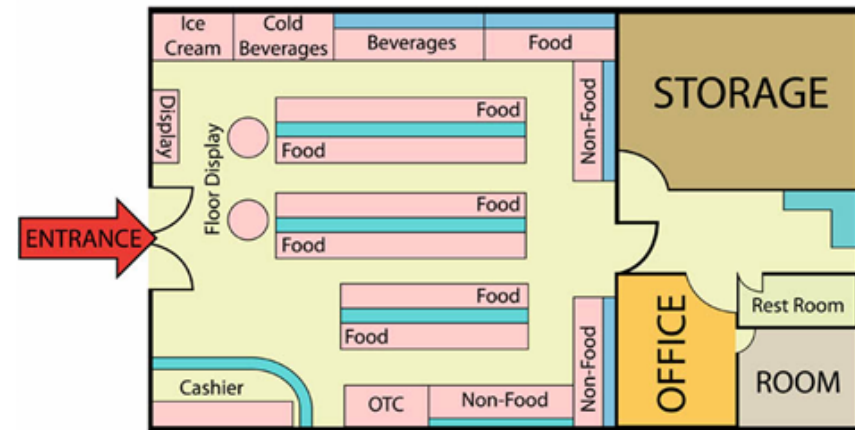


## Alfamart Minimarkets

### • PER STORE DATA

- Avg 90m<sup>2</sup> selling area, 7-10 employees
- Rp 9.4 million avg sales/day
- Spend per basket (Rp 25,483)
- Member's Spend per basket (Rp 46,000)
- Number of SKUs (4,500)
- Capex for new store : approx 700-800 million
- Sales Mix (70% food and 30% non-food)

### Store Floor Plan



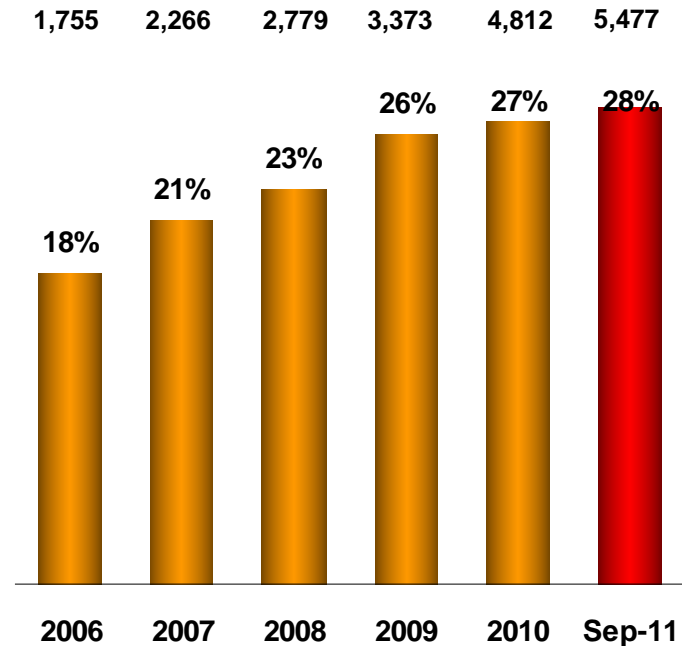
# FRANCHISE STORES



## Franchise Stores – Overview

- Important part of our growth
- Franchisees are mainly local residents
- Two ways to become franchisee:
  - Propose a new location
  - Takeover of an existing store (w/ goodwill)
- Franchise terms:
  - Duration : 5 years
  - Fees : Rp 45 million for 5 years
  - Royalty fee : 2 % on average
  - Distribution margin : 2%
- Company provides operational standards and controls :
  - Merchandise mix and pricing
  - Recruitment and training
  - Performance reporting

No. of franchise stores as % of total



# DISTRIBUTION CENTRES



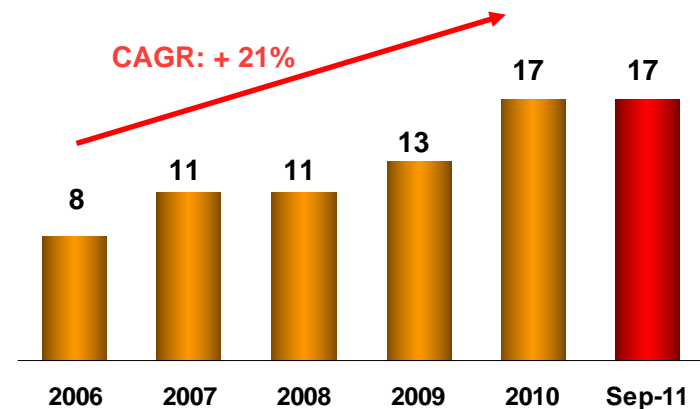
## Distribution Centres – Overview

- Hub and Spoke network with Strategically located DCs
- Comprehensive IT system determines the inventory needs of each store
- Each DC is uniquely designed to our specific needs
- Key information on DCs (small/medium/large)
  - #of DCs : 5/6/6
  - Store served : 150-250/250-350/350+
  - Land size : 1.5/2.5/3.5 hectares +
  - Storage area : 4,000/5,000/6,000+m2
  - Owned : 11 DCs/ Leased : 6 DCs
- Capex: approx Rp 55 billion - Rp 80 billion ( incl. land, building, and equipment )
- Current utilization of 94 %
- Adding 1 New DC (Palembang) which has been operating since 1<sup>st</sup> October 2011

Integrated system and IT driven (order, receiving, storage, picking and delivering), work 7 days a week, to ensure stock fulfilling in all of our stores



Number of Distribution Centres



# MARKETING



Our marketing strategy prioritizes on how to connect and win our customers' heart

Promotion program based on themes, target market, and products, collaborating with Suppliers



Joint Promotion



Alfamart Clean & Green



Social Marketing Activity



Exclusive Fair



Yearly major events

Sponsorship events



Semarak Ulang Tahun Alfamart (SUA)



Senyum Keluarga Indonesia (SKI)



Kejutan Awal Tahun (KAT)



Films Sponsorship



## OPERATIONAL HIGHLIGHTS



# STRONG SUPPLY-CHAIN MANAGEMENT



Our IT Platform serves as the backbone of the supply-chain

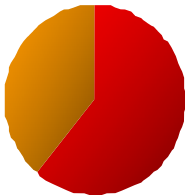
400+ Suppliers

17 Distribution Centres

5,477 Stores

- Well-known and diversified suppliers with long-term relationship

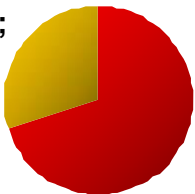
Top 10 Suppliers; 39%



Others; 61%

- Balanced mix of Food / Non-food products:

Non-food; 30%



Food; 70%

- Strategically located
- Well-managed Distribution Centres
- Sufficient and efficient level of inventory
- Operational Excellence

- Strong supply-chain management
- Consumer loyalty program generates data of consumer spending pattern
- Capability to open a few stores each day

# EXTENSIVE RETAIL STORE NETWORK

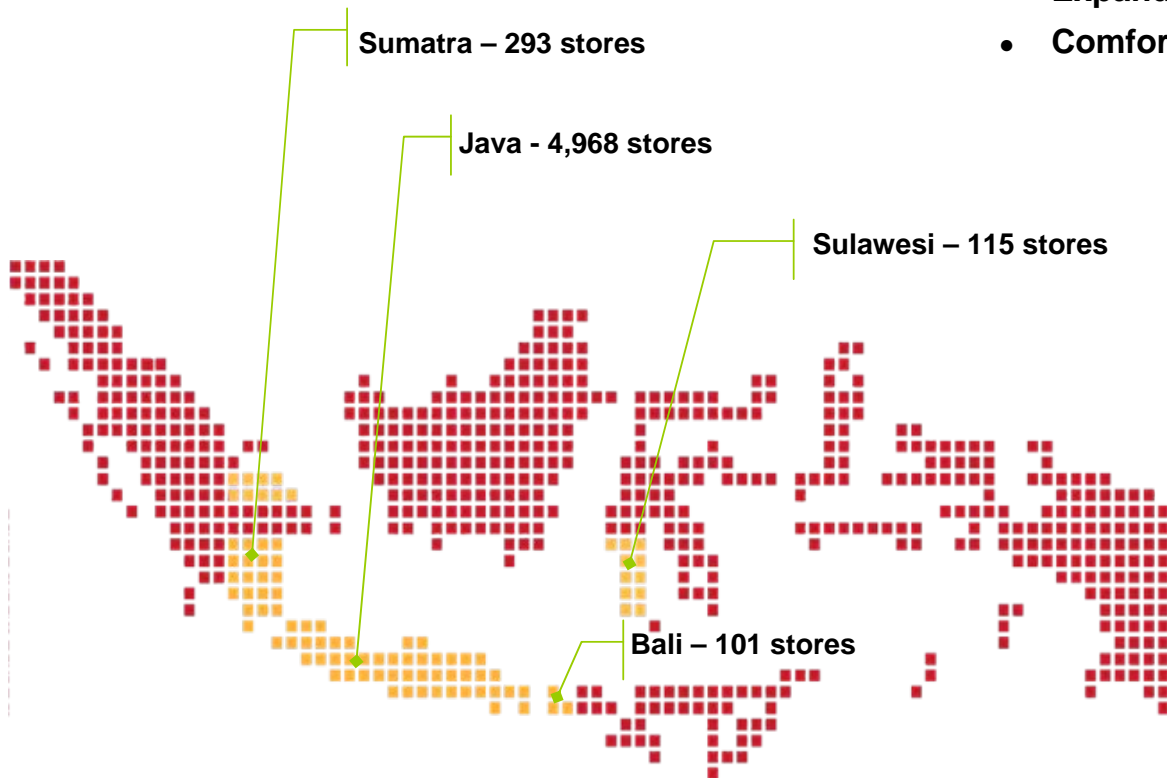


Our scale provides us with economies of scale, leverage over suppliers to optimize profitability and efficiency

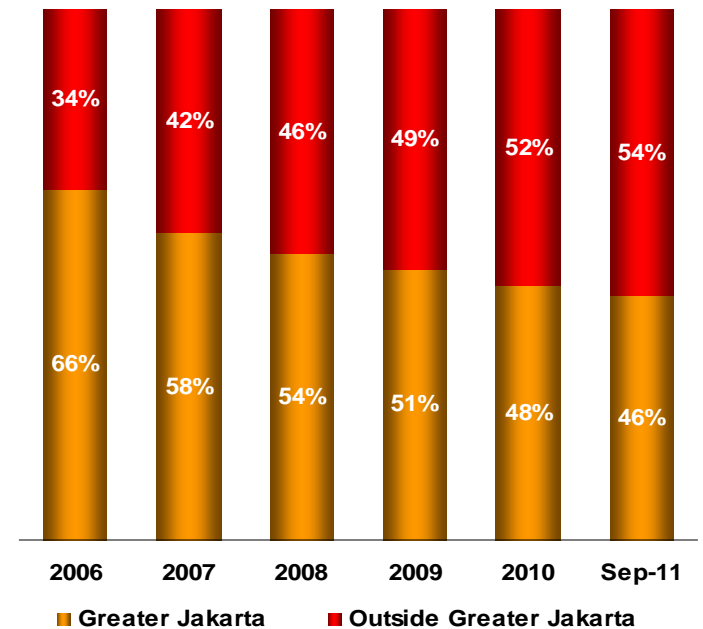
Alfamart stores are:

- Located near customer
- Spread in all sub – districts in Java and Lampung
- Expanding to Palembang
- Comfortable place to shop and offering friendly services

Store Network as of September 2011



Geographic breakdown of store locations



# HIGH QUALITY IN-STORE EXECUTION



We are focused on providing best-managed stores

## Best In-class In-store Execution



## Loyalty Program



We believe that Customer Relation Management is an effective way to gain customers' loyalty.



HematKu  
(MySaving)



SpesialKu  
(MySpecial)



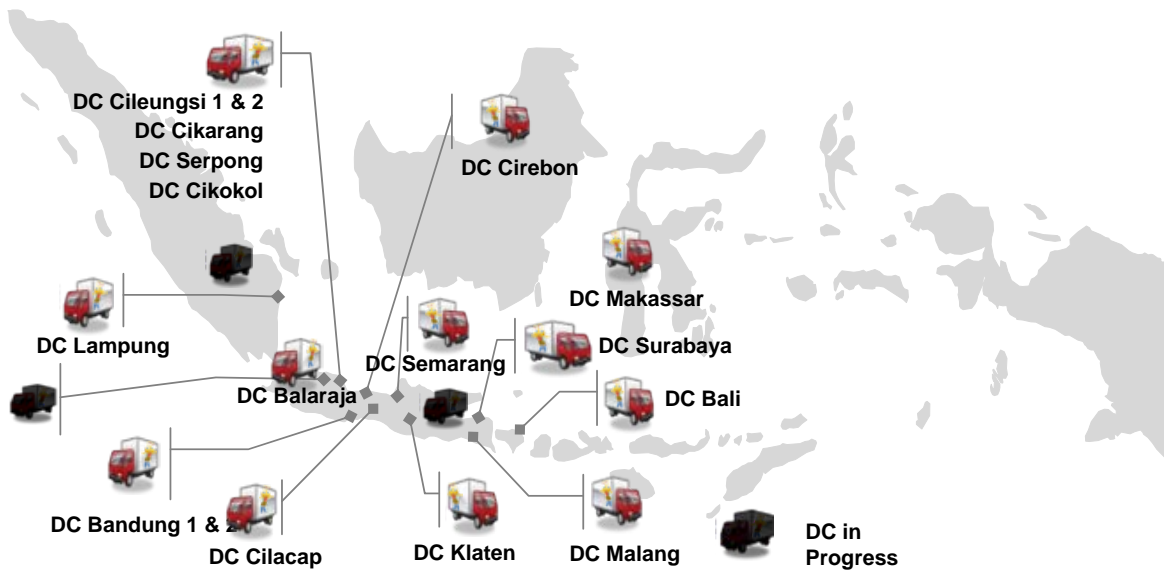
HadiahKu  
(MyPrize)

- Our loyalty program (Kartu AKU) has more than 3.4 million members of which 46% are active members. Members benefits include HematKu (MySaving), SpesialKu (MySpecial), and HadiahKu (MyPrize).
- Points are accumulated for every purchase and can be redeemed periodically

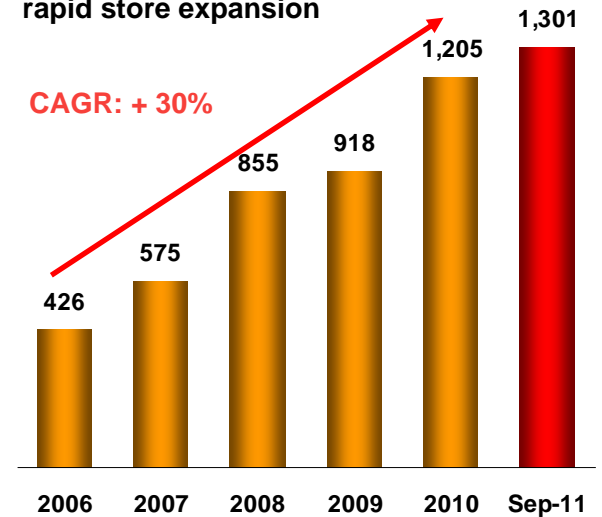
# WELL-DEVELOPED DISTRIBUTION INFRASTRUCTURE



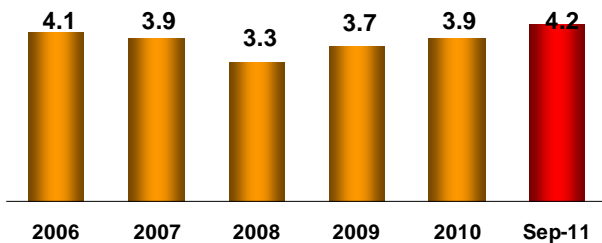
Our Distribution Centers have 1,300+ fleet of trucks providing the capability for daily stock delivery



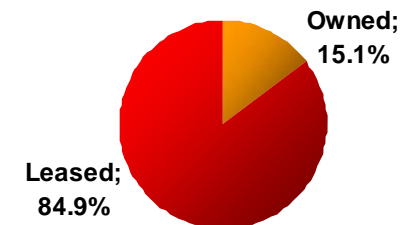
Truck fleet growth to support rapid store expansion



Trucks per Store ratio remain stable



Trucks mainly leased from third party



# GREAT FOCUS ON CSR



## ALFAMART SMART

We support children education



Education Development  
Granting Scholarships, and Developing  
Community Library

## ALFAMART CARE

We actively participate in helping  
communities



Social Response  
Free Healthcare Services, Donations, Orphanage  
care, and Seasonal Cheap Groceries

## ALFAMART CLEAN & GREEN

Our concern on environmental issue



Plastic Bag Reduction  
Developing Go-Green Bag

## ALFAMART SPORT

Promoting healthy living and spirit of  
fair competition and togetherness



Sport Development  
Sponsoring Clubs and Championships

## ALFAMART VAGANZA

An appreciation to the contribution and  
participation of our customers



Arts and Culture Appreciation  
Sponsoring Exhibitions, Films and  
Conducting Public Fest

## ALFAMART SMEs

We Actively build entrepreneurship in  
Indonesia through SMEs Development



SMEs Development  
Nurturing Traditional Retailers

**FINANCIAL HIGHLIGHTS**

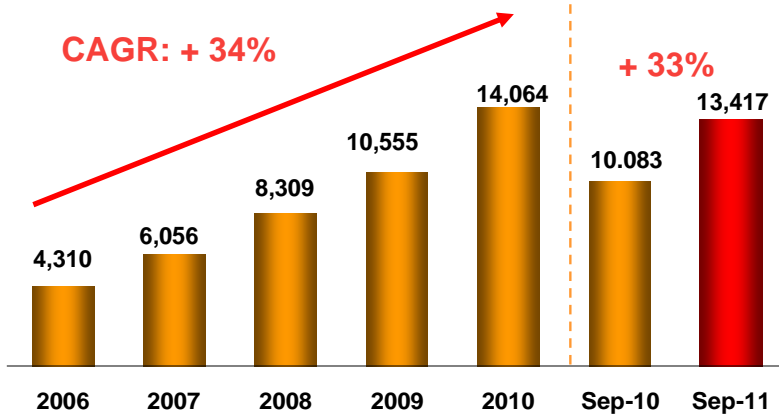


# HEALTHY FINANCIAL RATIOS

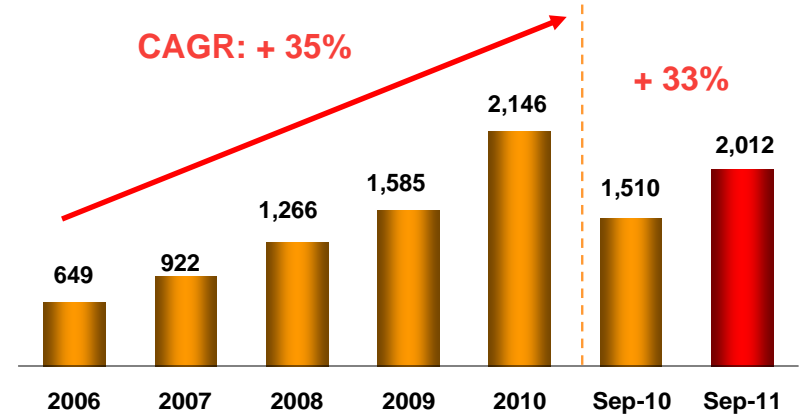


Alfamart has shown strong growth in sales and profitability

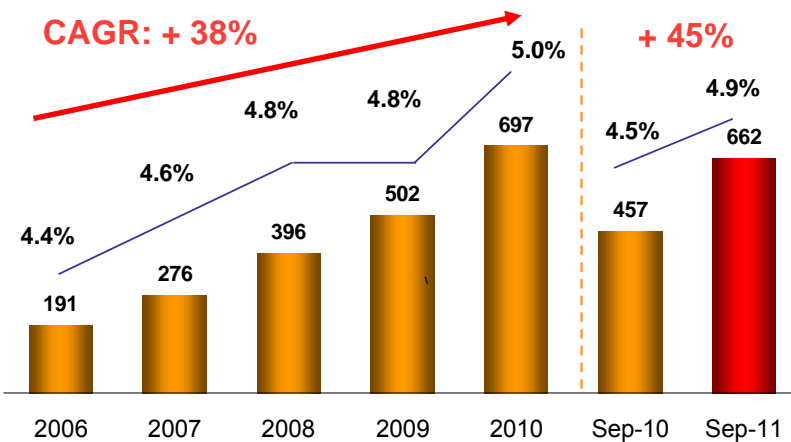
Revenue (Rp Billion)



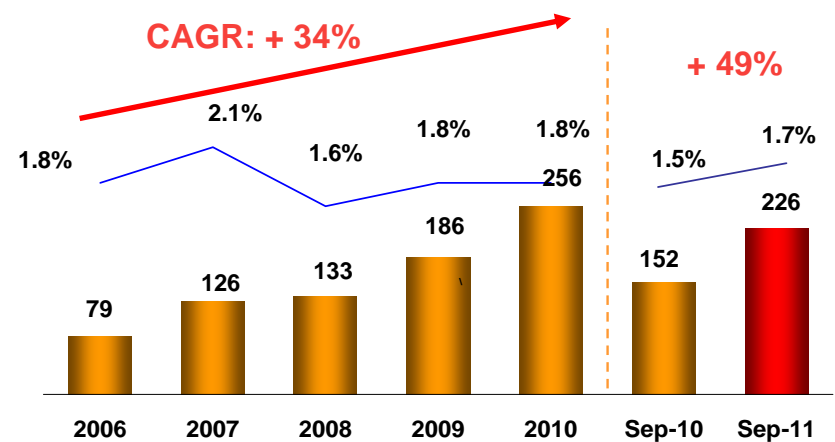
Gross Profit (Rp Billion)



EBITDA and margin (Rp Billion, %)



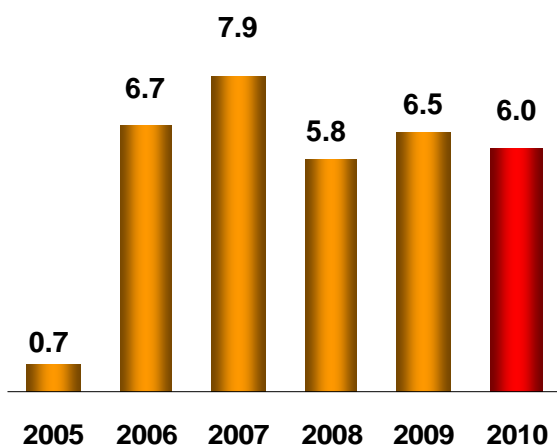
Net income and margin (Rp Billion, %)



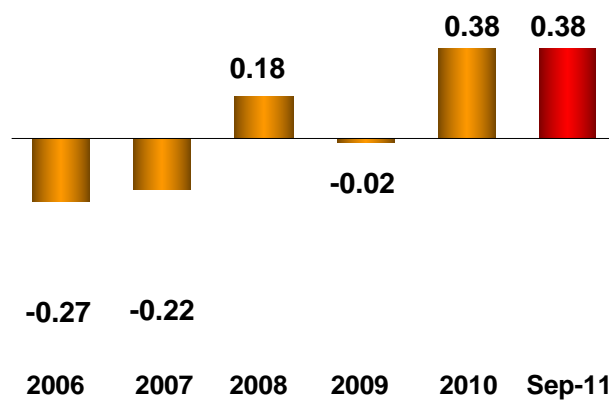
# HEALTHY FINANCIAL RATIOS



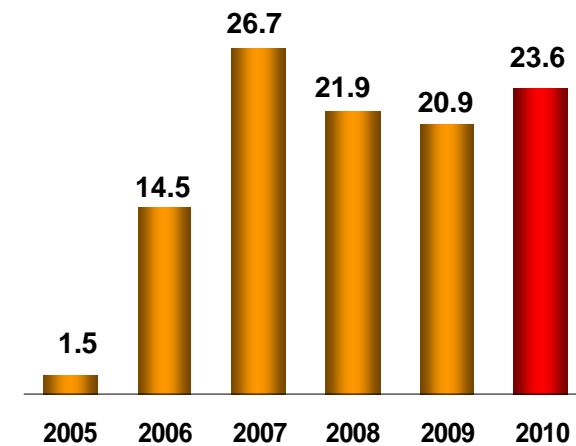
Return on Assets (%)



Net Debt to Equity (x)



Return on Equity (%)



- RoA more than 5% in the last five years
- RoE more than 20% in last four years

## FUTURE STRATEGIES



# FUTURE STRATEGIES



## Growth

- Driving store growth through decentralization
- Continue to grow via franchise stores
- Expanding to secondary cities (incl. outer island)

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## Improving Profitability

- Adopting new technology to improve efficiency
- Improving margin through value added services and private label

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## To be the 'Community Store' of Choice

- Hiring employees through alliances with local institutions
- Continue to develop and expand our CSR Program
- Encourage local Entrepreneur to own Alfamart store