



Public Expose

12 November 2013

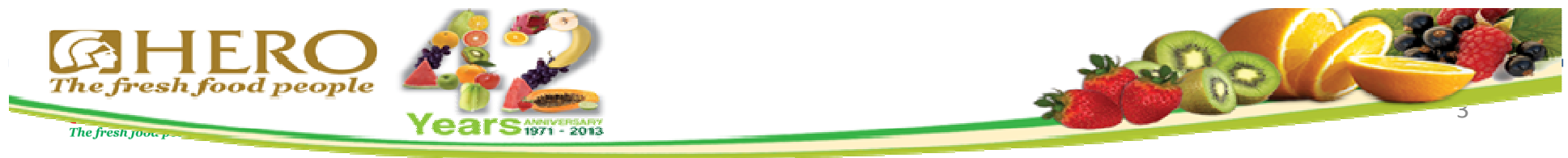
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Company Overview



What makes HERO Indonesia's leading retailer?

Established in 1971, HERO has grown to become Indonesia's leading modern retailer operating five brands with 638 stores across Indonesia as of 30 Sept 2013

Our Brands



- Hero Supermarket
- Guardian
- Starmart
- Giant Ekstra
- Giant Ekspres
- IKEA (2014)

Our People



HERO nurtures and motivates the best local talent within the Company

Management strives to be the best for customers, simpler for employees and cheaper for the Group

Our Commitment

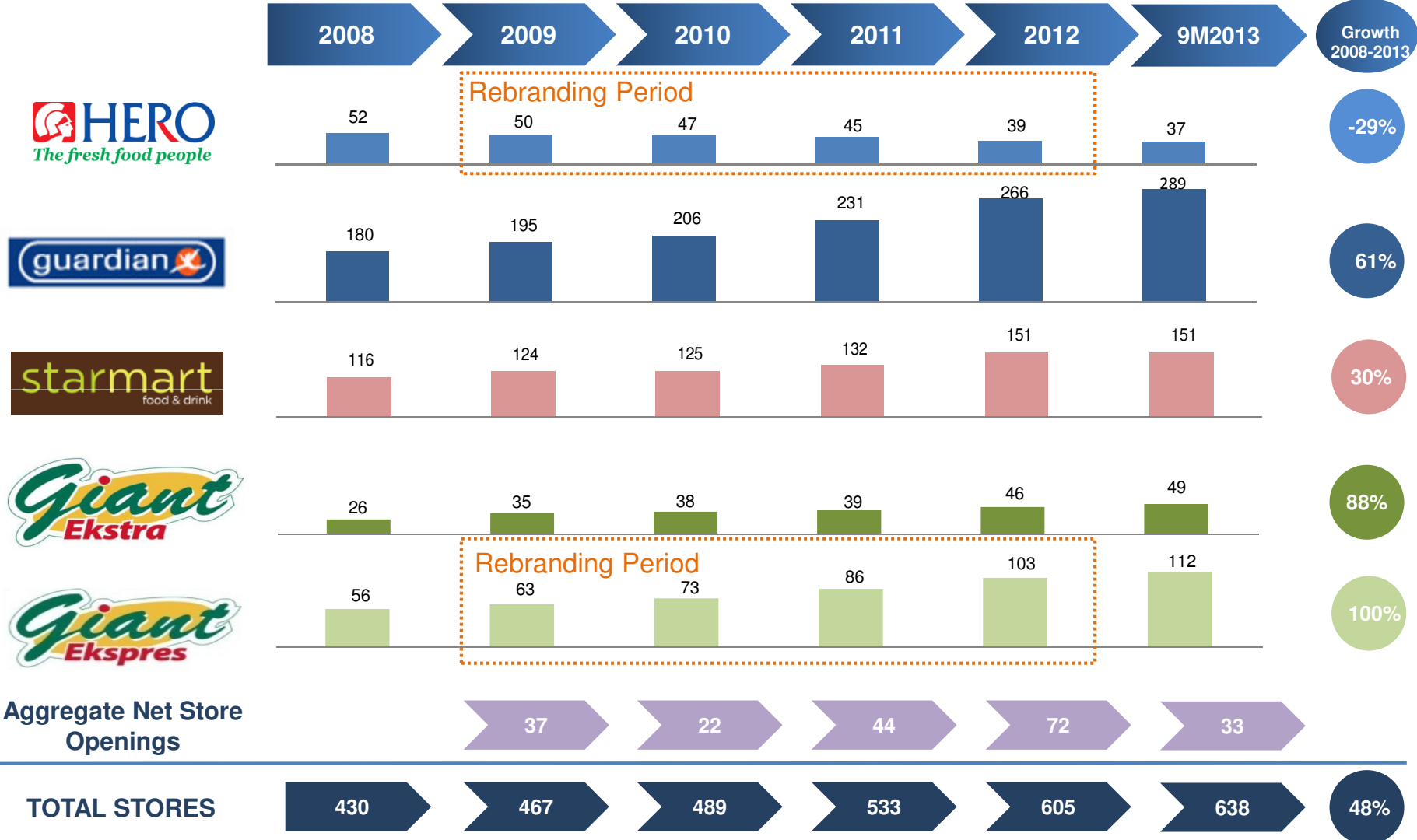


As the retail PIONEER in Indonesia, HERO will continue to work to grow alongside the development of Indonesia, to advance the Group and improve the welfare of its stakeholders

To be a leading retailer in Indonesia in terms of sales and long-term stakeholder value creation

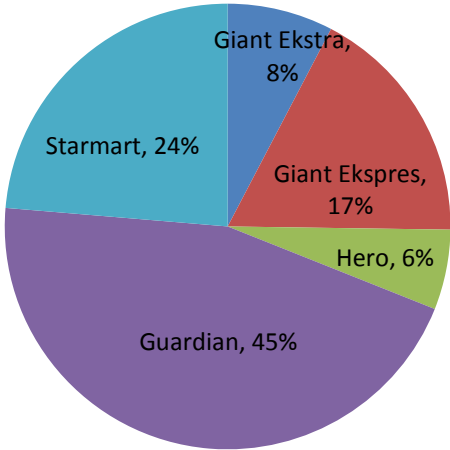


HERO's store footprint has expanded by 48% in the last five years

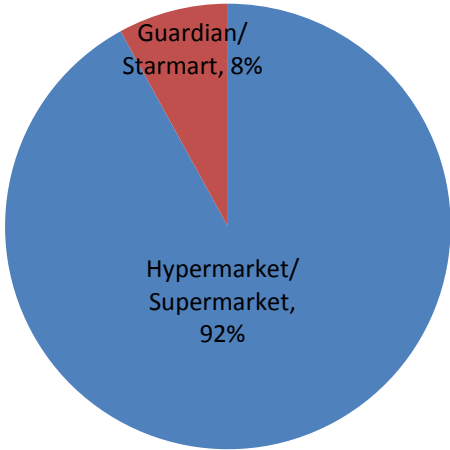


Segmental breakdown as at 9M2013

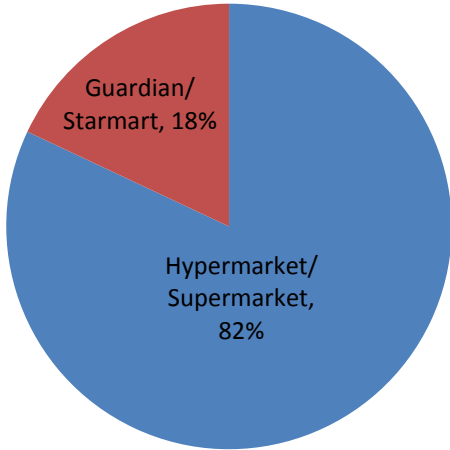
No. of stores breakdown



Segmental revenue breakdown



Segmental profit breakdown



Our Current Brand Portfolio



The Original Hero

- ❑ Emphasis on fresh, imported and premium brands
- ❑ Higher pricing point than Giant
- ❑ Aimed at A-B income class Indonesians
- ❑ Historically located in malls, now more often standalone

Stores: 37
Average size (sqm): 800-1,200
Format: Mid-high supermarket

The Community Hero

- ❑ Largest format
- ❑ Usually stand-alone stores
- ❑ Price leader
- ❑ Heavy use of promotions
- ❑ Use stores as focal points of the community

Stores: 49
Average size (sqm): 3,000-7,000
Format: Hypermarket

The Local Hero

- ❑ A 'Giant' offering in a smaller format
- ❑ Provides quick shopping for basic needs and fresh products
- ❑ Slightly higher average price than hypermarkets

Stores: 112
Average size (sqm): 800-1,200
Format: Supermarket

The Trusted Hero

- ❑ Pharmacy led Health and Beauty
- ❑ Aimed at serving growing health and beauty needs of all Indonesians
- ❑ Wide range of exclusive and international brands

Stores: 289
Average size (sqm): 100-300
Format: Health & Beauty Store

The Future Hero

- ❑ Offers a wide range of convenient products and services
- ❑ Typically located near to traffic hubs – apartments, offices, hospitals

Stores: 151
Average size (sqm): 30-200
Format: Minimarket

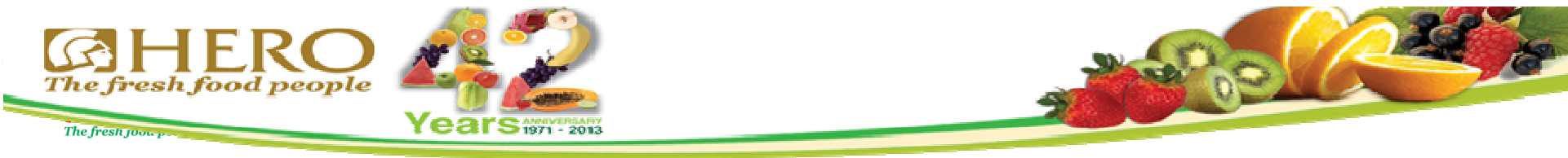
Home Furnishing Hero

- ❑ Creating a better everyday life for the many people
- ❑ To offer a wide range of well-designed, functional products at prices so low that as many people as possible will be able to afford them

1st store in 2014
Average size (sqm): 35,000
Format: Large purpose built, stand alone concept store, good accessibility



Overview of 9M 2013 Financial Performance

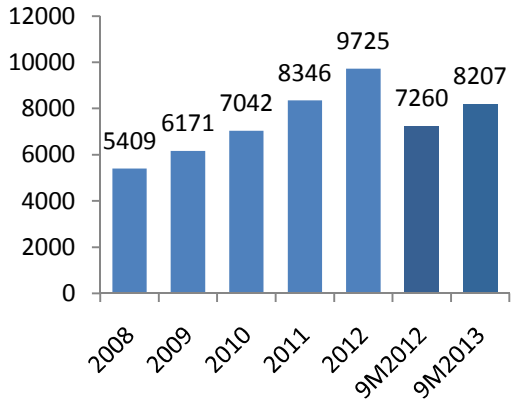


Sales remained strong in 9M 2013

Historical segmental revenue

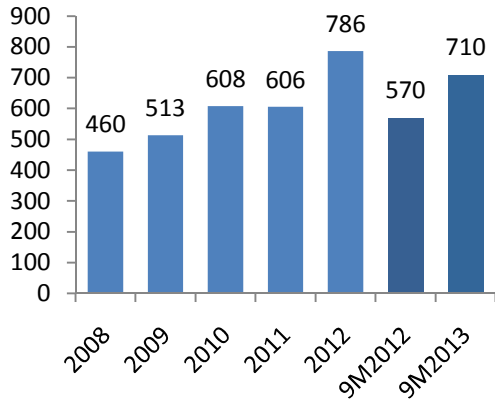
Supermarket / Hypermarket

CAGR 2008-2012 : 15.8%
9M2013 YoY: 13.0%



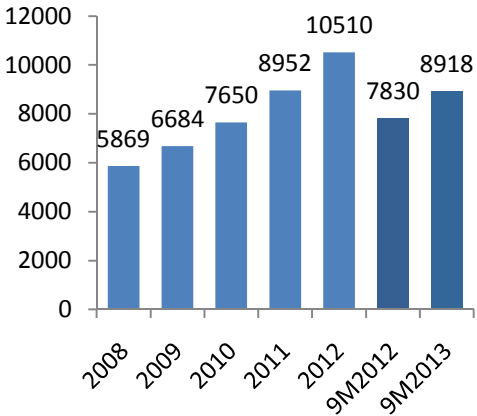
Guardian/Starmart

CAGR 2008-2012 : 14.3%
9M2013 YoY: 24.6%



Total

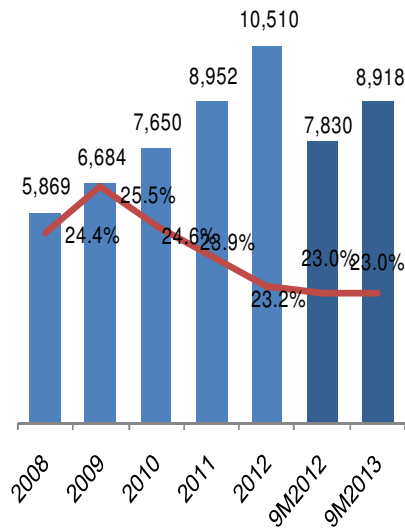
CAGR 2008-2012 : 15.7%
9M2013 YoY: 13.9%



Earnings impacted by increased costs in 9M 2013

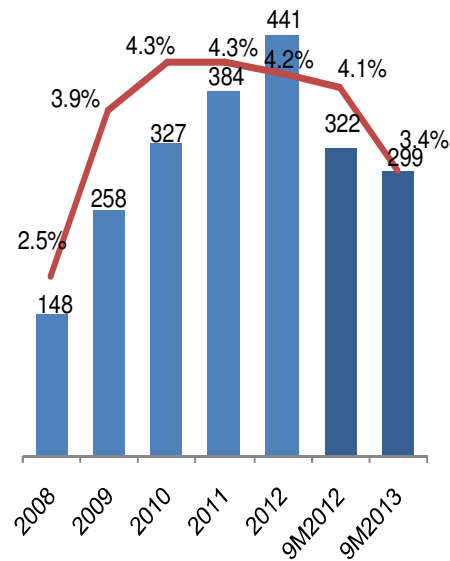
Net sales and gross profit margin

IDR billion



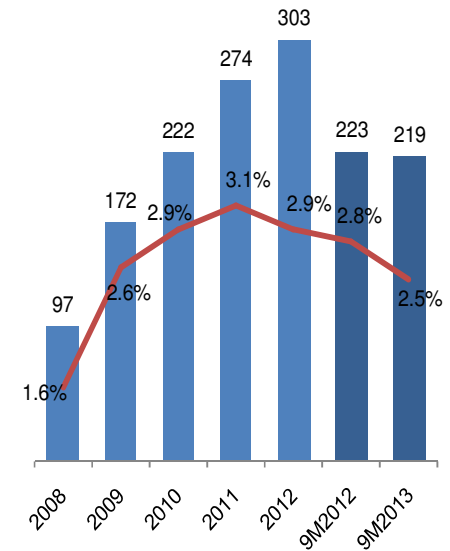
Operating profit and OP margin

IDR billion



Net profit and NP margin

IDR billion



Note: Operating and net profit in 9M2013 had been impacted by increased labour costs following a significant riser in minimum wage and IKEA's pre-opening costs.



Competitive Strengths



Competitive Strengths

1

Well-positioned to capture opportunities in high growth market

2

Wide range of distinct brands, each satisfying differing customer needs

3

Centralised functions allowing economies of scale

4

Expanding nationwide presence with convenient locations

5

Part of a leading Asian retail group

6

Strong human resource facilitating expansion strategy

Corporate Social Responsibility



Corporate Social Responsibility



Promote Indonesian Grown Products

We work closely with local farmers to encourage them as regular suppliers of fresh produce



Working with Customers to Help Indonesian

Small Money, Big Hopes – Collects donations from customers for charitable foundations, selected by our stakeholders (IDR 1.6bn was donated in 2012)



One Store One School

“Adopt a School” programme
Improve the welfare of school and its students in the vicinity of our stores



Getting Our Customers Safely Home for Festive

Muslim New Year – free trip home for 20,000 customers by bus, train and aeroplane



Encourage Healthy Lifestyle of Indonesian

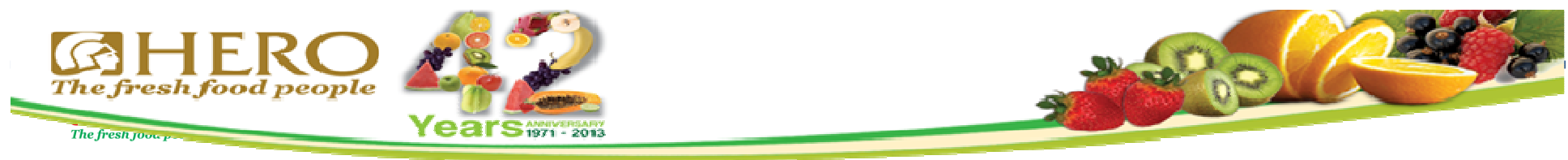
“Pasar pagi” - Early morning exercise programme instructed by professionals, free blood tests and health related activities for local mothers



Small Way towards More Environmental Friendly

Eco-friendly bags – Introduced new types of “green” bags which are biodegradable within 2 years

Challenges to HERO's business



Challenges to HERO's business

1 Inadequate Indonesian infrastructure presents supply chain challenges

2 Rising costs of operations

3 Regulation and licensing

4 Potential new entrants

5 Changing consumer habits as living standards improve