PT Indomarco Prismatama

Table 1. A summary of twelve months consolidated results :

(Rp billion)	2011*	2012*	2013 (unaudited)
Sales	22,321	29,658	34,673
Gross Profit	3,610	5,007	6,386
Gross margin	*16.2%*	*16.9%*	*18.4%*
Operating profit	490	713	525
Operating margin	*2.2%*	*2.4%*	*1.5%*
Pretax Profit	366	591	415
Income tax expense, net	(33)	(14)	(43)
Net income	**333**	**577**	**372**
Other comprehensive income	0	0	0
Total comprehensive income	333	577	372

* 2011 and 2012 audited results include the results of a wholesaling business that was spun off in April 2012. Profit contributions from the wholesaling business were small.

Indomarco Prismatama reported a consolidated revenue of Rp 34.7 trillion for 2013, as compared to Rp 25.9 trillion for the full-year of 2012 (for Indomaret only). Revenue growth was mainly attributable to 22% store growth during the year.

Table 2. Indomaret's Average Store Sales-per-Day

(Rp million)	2011	2012	2013	Y-o-y
Greater Jakarta	9.78	11.14	11.55	3.63%
Rest of Java + Bali	9.62	10.87	11.49	5.35%
Rest of Indonesia	9.71	13.03	10.35	-20.71%
Nationwide	**9.69**	**11.67**	**11.26**	**-3.95%**

Indomaret's average daily store sales declined 4% to Rp 11.26 million from Rp11.7million in 2012 mainly due to weaknesses in outer islands stores. We also booked a total of Rp 2.5 trillion (in other income, mainly from joint promotions, display rentals and other services.

Table 3. Indomaret's Revenue Breakdown – parent only

(Rp billion)	2011	2012	2013 (Unaudited)
Merchandise sales	17,830.2	24,050.4	31,137
Other operating income			
joint promotion	195.5	390.6	492
Rebate income	156.8	176.3	256
Labor procurement service	150.4	195.8	298
Royalty income	107.6	155.9	221
Display rental income	514.2	458.3	559
Other income	293.4	500.6	655
Total net revenues	**19,248.1**	**25,927.8**	**33,619**

Consolidated gross margin for 2013 improved to 18.4% as compared to 16.9% in 2012, this was mainly due to improvement in product mix. Consolidated gross profit reached Rp 6.4 trillion as compared to Rp 5 trillion for the full-year 2012.

Sales margin improvements offset part of the adverse impact of rising staff expenses which accounted for 48% of Indomaret's operating expenses, resulting in a 26.2% decline in consolidated operating profit as operating margin during in 2013 fell to 1.5% from 2.4% for the full-year of 2012. Through various efficiency measures we manage to ensure our work force growth lagged behind our store growth, a trend that we estimate to last for a few more months. The table below shows our operating expenses as a percentage of sales.

Table 4. Indomaret's Operating Expenses as a Percentage of Sales

	2011	**2012**	**2013 (unaudited)**
Labor	6.0%	6.2%	8.4%
Rental/renovation	2.9%	2.9%	3.1%
Utilities	1.6%	1.5%	1.8%
Lost inventory	0.2%	0.3%	0.4%
Equipment/IT	1.4%	1.6%	1.7%
Advertising/promotion	0.0%	0.0%	0.0%
Others	1.9%	2.0%	2.3%
Total	14.0%	14.5%	17.7%

Financing charges for the year were only Rp 190 bn as compared to Rp 206 bn for the whole of 2012. The lower financing charges were mainly due to lower average outstanding debts post-new share issues totaling Rp 2.6 trillion on 11th June 2013.

Table 5. Indomaret's Regional Store Breakdown

(stores)	**2012**			**2013**		
	Regular	**Frc**	**Total**	**Regular**	**Frc**	**Total**
Greater Jakarta	1,692	1,154	2,846	1,986	1,227	3,213
Java - Bali	2,069	1,063	3,132	2,532	1,312	3,844
Other Islands	930	337	1,267	1,341	416	1,757
Grand total	**4,691**	**2,554**	**7,245**	**5,859**	**2,955**	**8,814**

In line with our efforts over the past few years to increase our presence outside of Java, approximately 31% of the new stores opened in 2013 were outside of Java. We have not, however, slowed down our expansion within the greater Jakarta area which still accounts for a significant portion of the Indonesian economy.

By the end of 2013, 33.5% of our stores were owned by our franchisee partners, while the remainder were owned by Indomaret. We added 401 franchised stores and 1,168 owned stores during 2013.

Indoritel

PT Fastfood Indonesia Tbk. (FAST.IJ)

Table 6. A summary of twelve months consolidated results :

(Rp bn)	4Q12	4Q13	%change	2012	2013	%change
Sales	930	1,064	14.4%	3,559	3,960	11.3%
Gross Profit	546	624	14.2%	2,083	2,350	12.8%
gross margin	*58.7%*	*58.6%*		*58.5%*	*59.3%*	
Total operating expense	(459)	(545)	18.8%	(1,812)	(2,132)	17.6%
Operating profit	87	79	-10.1%	271	218	-19.2%
operating margin	*9.4%*	*7.4%*		*7.60%*	*5.52%*	
Pretax Profit	88	64	-26.6%	269	203	-24.6%
Income tax expense, net	(21)	(17)	-20.8%	(63)	(48)	-24.1%
Net income	**66**	**47**	**-28.4%**	**206**	**155**	**-24.8%**
EPS	**144**	**103**	**-28.4%**	**448**	**337**	**-24.8%**

Estimated 2013 revenues grew 11.3% yoy to Rp 3.96 trillion, as we added a net of 30 restaurants (we did not extend the franchise of 8 restaurants during the year) and booked an annual SSSG growth of 2.4% for 2013 as compared to 2012 SSSG of 7.9%. Despite competitive QSR environment, we managed to pull ahead from many of our competitors in terms of transaction generation by introducing 'WOW' value meal packages at 50% price discount every Wednesday of the week and by capitalizing on the year-end holiday period during the last quarter of the year.

Based on our unaudited financial operating results at the end of 2013, we managed to improve our food and beverage costs by around 1.2% as percentage of sales compared to the same period of last year as a result of upgrading our chicken usage efficiency in the store, thus yielding a slight positive growth of 0.8% on gross operating margin as percentage to sales. However, net operating margin was greatly affected by operating cost pressures, particularly on labor and reduced subsidy on gasoline prices. Our 32% nationwide average increase in regional minimum wage this year has had a significant impact on our operating margin in 2013. The impact was quite substantial , and to alleviate the burden we increased our workers' efficiency through reduction in average number of employees/restaurants from the usual average of 34 crew members to 32. This initiative brought down our workforce to a total of 16,501 by the end of 2013 compared to 17,004 in 2012, despite the net addition of 30 restaurant units in 2013.

We introduced several new menu items in 2013 as part of our on-going innovation to attract more Indonesians to our restaurants. As of end 2013, our average ticket size increased 11% to Rp. 51,151 from Rp. 46,105 in 2012 and we served an average of 221,000 customers per day throughout Indonesia.

Table 7. KFC's Restaurants Breakdown by store classification (based on facilities & sales turnover)

(Stores)	2010	2011	2012	2013
Flagship	18	27	30	31
Superstore	107	120	118	164
Large store	142	162	190	84
Medium store	112	95	86	122
CX (express)	19	17	17	70
Total	**398**	**421**	**441**	**471**

PT Nippon Indosari Corpindo Tbk. (ROTI.IJ)

4Q13 estimated sales of Rp448 billion brought the full year estimated sales to Rp1,505 bn, up 25% from 2012. This increase was recorded on the back of about 95% increase in volume and 5% of cumulative price increases.

Gross Profit margin for the year was 46% as compared to 46.7% in 2012. COGS was stable throughout 2013 given that all purchases are denominated in IDR and a softening in most raw material prices.

During the year, we completed 3 new factories, namely Purwakarta, Cikande and Pasuruan with 5 production lines bringing the total to 29 production lines by December 2013. We spent a total of approximately Rp 710 bn paid for by our internally generated cash and part of the proceeds from the bond issue in June 2013. We plan to continue our foot print expansion to penetrate markets that have not enjoyed high-quality bread for the right value for money. Our customer acceptance in new markets such as Sumatra and Sulawesi have been encouraging and we plan to further penetrate these resource-rich islands while continuing penetration in the all-important Java-Bali markets.

Operating expenses during the year were estimated to rise by 1% owing to increases in S, G & A, such as Travel and Transportation, and Salaries & Benefits as the Company increased its headcount to support our expansion. Estimated EBIT margin was 15% reflecting the increase in Opex (+ 1.3%) from the previous year. Financing charges rose by 1% as a portion of outstanding debt had to be expensed (for the first time compare to previous years where the interest expense was capitalized under fixed assets).

Debt to equity ratio in 2013 was 0.97 x. The company expects debt equity ratio to improve in 2014 as the capital expansion for 2014 will be less as most of the capital expenditure in 2013 will begin commercial operations in early 2014.

The company announced a revision in its ASP policy in Q413. It now adopts a flexible price policy where product prices can be adjusted upward anytime to achieve product dominance and market share leadership in Indonesia. Previously the company's ASP policy was adjusted only every 2 years.

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