HERO Group

Public Expose

14 December 2012

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 573 stores across Indonesia as of 30 Sept 2012

Our Brands

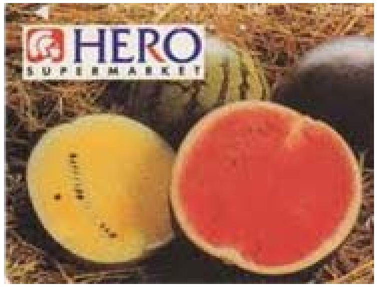
- Hero Supermarket
- Guardian
- Starmart
- Giant Hypermarket
- Giant Supermarket
- IKEA (2014)

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 53% in the last five years

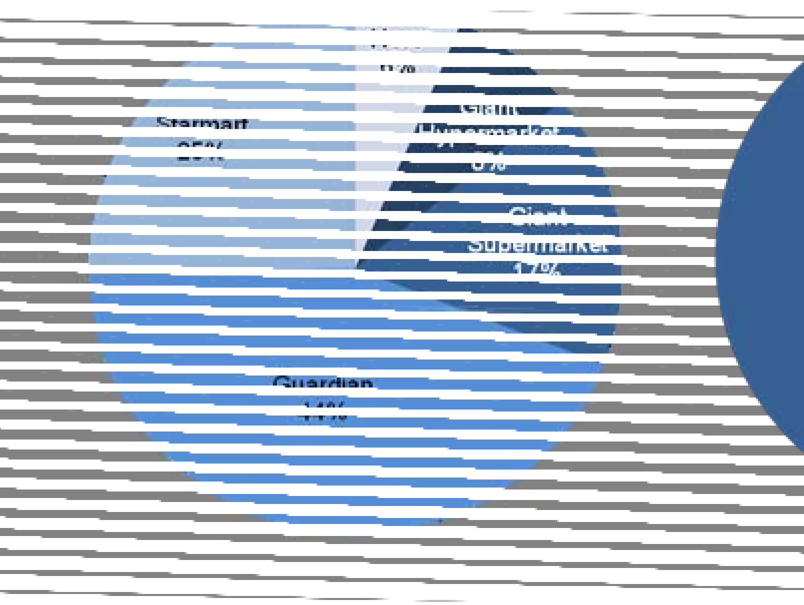
	2007	2008	2009	2010	2011	9M2012	Growth
HERO The fresh food people	80	52	50	47	45	37	-54%
guardian	155	180	195	206	231	251	62%
Starmart MINI MART	98	116	124	125	132	145	48%
Giant HYPERMARKET	17	26	35	38	39	44	159%
Giant SUPERMARKET	25	56	63	73	86	96	284%
Aggregate Net Store Openings		55	37	22	44	40	
TOTAL STORES	375	430	467	489	533	573	53%

Rebranding Period (HERO, 2008–9M2012)

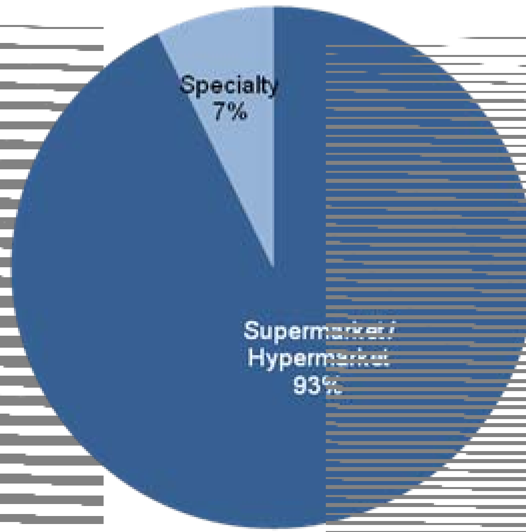
Rebranding Period (Giant SUPERMARKET, 2008–9M2012)

Segmental breakdown as at 9M2012

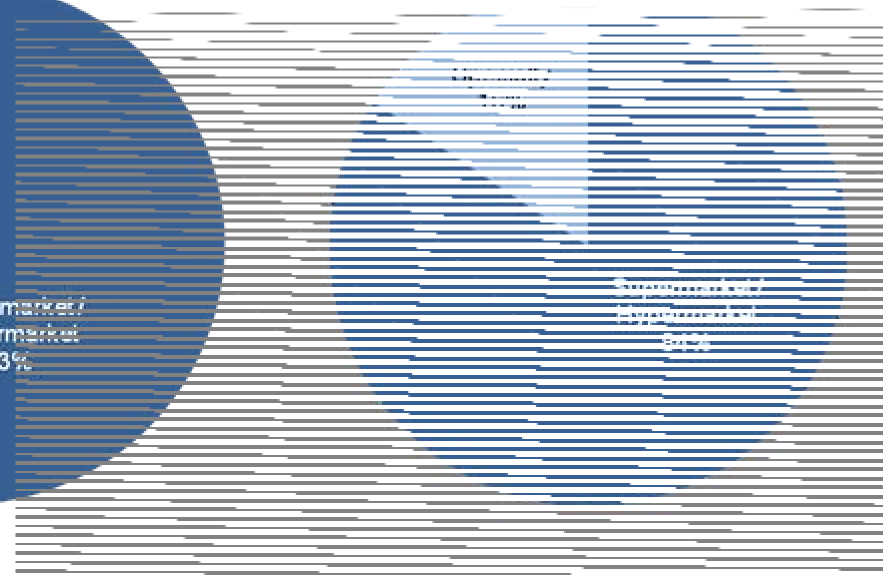
No. of stores breakdown



Segmental revenue breakdown



Segmental profit breakdown



Our Current Brand Portfolio

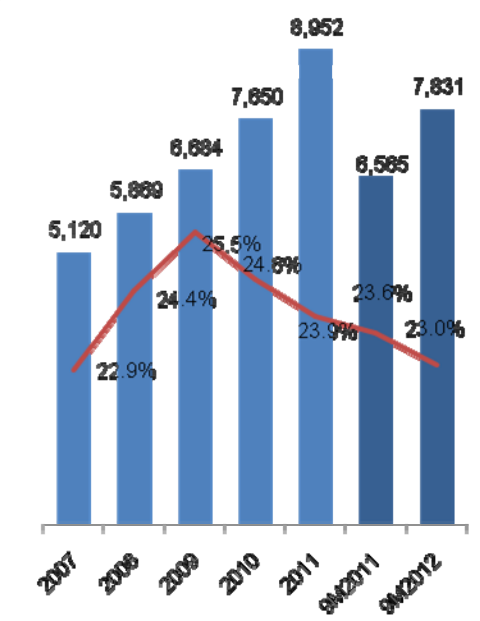
The Original Hero	The Trusted Hero	The Future Hero	The Community Hero	The Local Hero
❑ Greater emphasis on fresh, imported and premium brands ❑ Higher pricing point than Giant ❑ Aimed at A-B income class Indonesians ❑ Historically located in malls, now more often standalone	❑ Small format store ❑ Aimed at growing health and beauty demands from Indonesian women ❑ Wide range of exclusive and international brands	❑ Offers a wide range of convenient products and services ❑ Typically located near to traffic hubs – apartments, offices, hospitals	❑ Largest format ❑ Usually stand-alone stores ❑ Price leader ❑ Heavy use of promotions ❑ Use stores as focal points of the community	❑ A 'Giant' offering in a smaller format ❑ Provides quick shopping for basic needs and fresh products ❑ Slightly higher average price than hypermarkets
Stores: 37 **Average size (sqm):** 800-1,200 **Format:** Mid-high supermarket	**Stores:** 251 **Average size (sqm):** 50-300 **Format:** Health & Beauty Store	**Stores:** 145 **Average size (sqm):** 30-200 **Format:** Minimarket	**Stores:** 44 **Average size (sqm):** 3,000-7,000 **Format:** Hypermarket	**Stores:** 96 **Average size (sqm):** 800-1,200 **Format:** Supermarket

Overview of 3Q 2012 Financial Performance

Solid financial performance in 9M2012

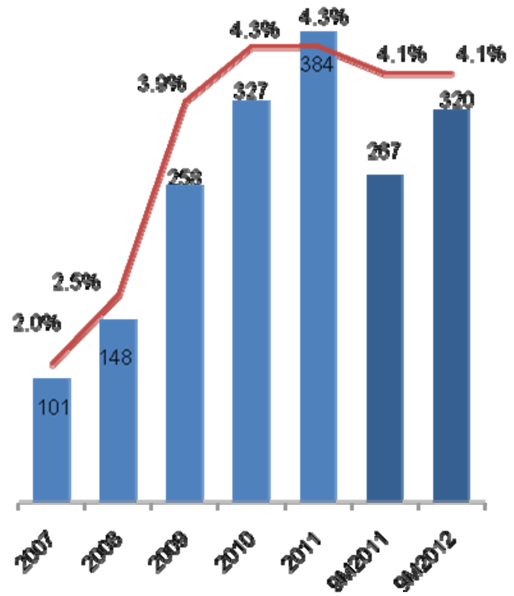
Net sales and gross profit margin

IDR billion



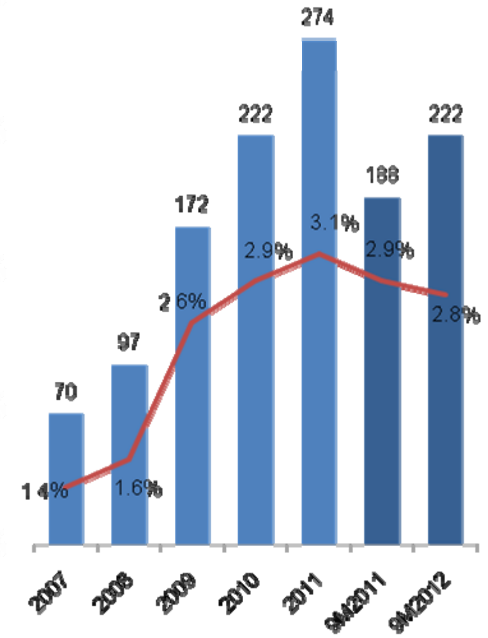
Operating profit and OP margin

IDR billion



Net profit and NP margin

IDR billion

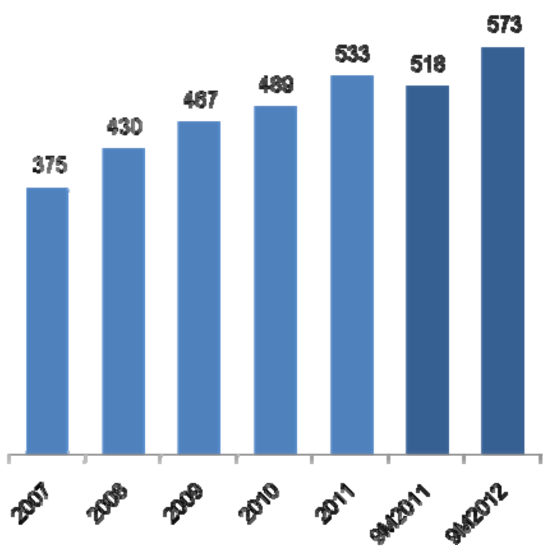


Note: Operating and net profit in 9M2012 had been impacted by exceptional costs relating to IKEA's pre-opening costs.

Steady growth and tight cost management

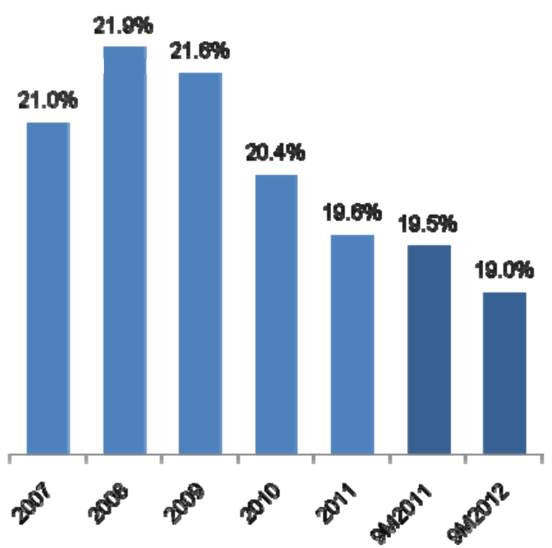
Strong store growth
Total number of stores 2007 – 9M2012

No. of stores



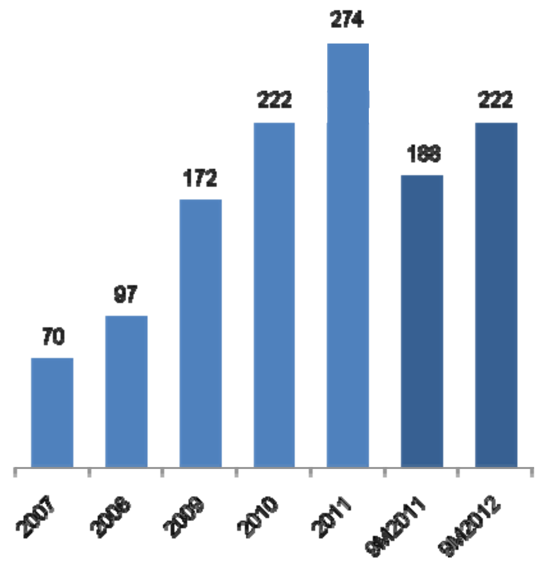
Tight management of costs
Op costs/net sales (%) 2007 – 9M2012

%



Improving net profit
2007 – 9M2012

IDR billion



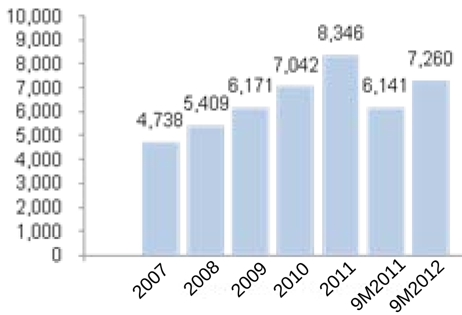
Strong segmental performance in 3Q 2012

Historical segmental performance

Segmental revenue
IDR billion

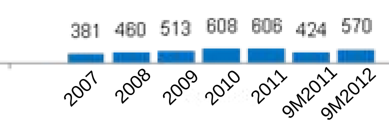
Supermarket / Hypermarket

2007-2011 CAGR: 15.2%
9M2012 YoY: 18.2%



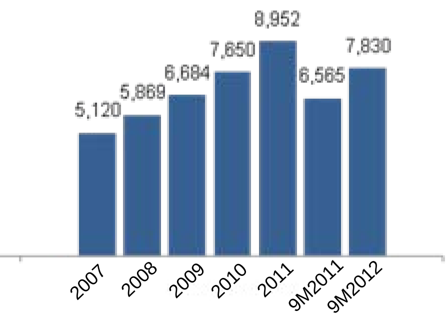
Specialty

2007-2011 CAGR: 12.3%
9M2012 YoY: 34.5%



Total

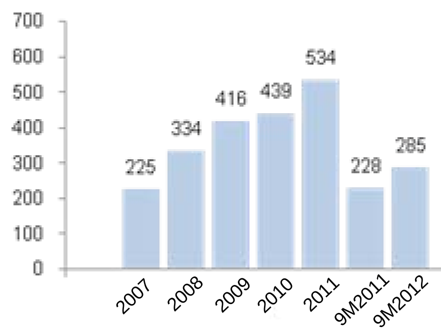
2007-2011 CAGR: 15.0%
9M2012 YoY: 19.3%



Segmental profit
IDR billion

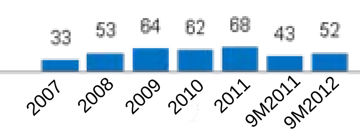
Supermarket / Hypermarket

2007-2011 CAGR: 24.1%
9M2012 YoY: 24.7%



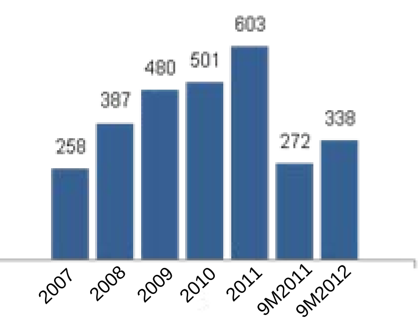
Specialty

2007-2011 CAGR: 19.8%
9M2012 YoY: 21.9%



Total

2007-2011 CAGR: 23.6%
9M2012 YoY: 24.3%



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. Nationwide presence with convenient locations
5. Part of a leading international group
6. Strong human resource facilitating expansion strategy

Corporate Social Responsibility

Giving Back The Hero Ways

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, select ed by our stakeholders (IDR 1.8bn was donated in 2011)

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

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

HERO The fresh food people | guardian | Starmart MINI MART | Giant HYPERMARKET | Giant SUPERMARKET | IKEA

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