



INVESTOR GATHERING

PT Erajaya Swasembada Tbk.

13 May 2019

Agenda



Erajaya Activities Update

Financial Performance 1Q 2019

Challenges and Action Plan

Market Highlights

GLOBAL

- Smartphone sales down 4.1% in 2018 and again slowed to 6% YoY in 2019
- China market decline than 20%.
(source: IDC report)
- Market should show signs of recovery by 2020 (Gartner)
- 5G technology and ultra-premium market will drive market recovery
- Replacement cycle of handsets

Market Highlights

INDONESIA

- Market grew by 8% in 2018 by volume, and 15% by value
- Market to be flat in 1st half of 2019 due to the political situation
- Expect recovery in 2nd half
- Erajaya IoT business grew by 80% in 2018 and is expected to grow faster in 2019
- Grey market has increased significantly in 2018 and continues on till present

Highlights of YTD April 2019

1. Flagship Product Launches:

- iPhone XR, XS and XS Max
- Samsung Galaxy S10 Series
- Xiaomi Redmi Note 7 & Redmi 7
- Huawei P30 Pro

2. Expansion of IOT Portfolio:

- Garmin: appointed as single distributor for Marine products
- Launched Xiaomi TV to retail and consumer electronic channels
- Phillips: appointed to distribute Phillips Hue (Smart Home)
- WPS Office: appointed as single distributor

3. Key Events:

- iBoxing week conducted twice (Central Park & Lippo Mall Puri)
- Opening of first Huawei flagship store at Mall Taman Anggrek
- Oppo appointed Erajaya to manage their retail stores

Nationwide Omnichannel Network

Map of operations (as of 31 March 2019)



★ 84 distribution centers

★ 987 retail outlets

★ +/- 52,000+ 3rd party billed outlets

Flagship Product Launches



iPhone XR, XS, XS Max



Flagship Product Launches



**Samsung
Galaxy S10**



Flagship Product Launches

Huawei P30 Pro



Flagship Product Launches

Huawei P30 Pro



Flagship Product Launches



Xiaomi Redmi Note 7



Next Generation Retail Store Concept

Erafone Megastore 3.0 Concept Store



MS 3.0 Bali



MS 3.0 Mall Kelapa Gading

Continuous Brand Awareness Campaigns

Brand development program through events



iBoxing Weeks
(Lippo Mall Puri & CP)



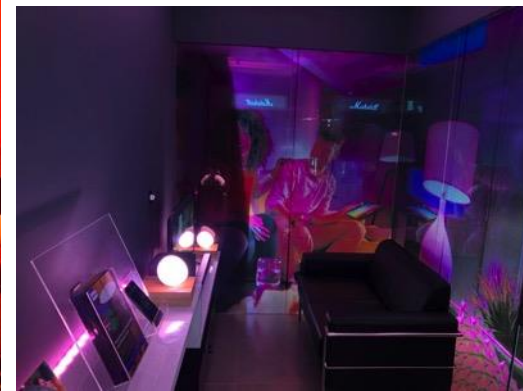
Continuous Brand Awareness Campaigns

1st Huawei Flagship Store @MTA



Continuous Brand Awareness Campaigns

Philips Appointed Erajaya to Distribute Philips Hue



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Highlights of FY 2018 Performance

Profit / (Loss) (in IDR billion)	2018	2017	Growth
Sales	34,744	24,230	43.4%
COGS	31,575	22,071	43.1%
Gross Profit	3,169	2,159	46.8%
Net Profit	850	339	150.7%
<i>Gross Margin</i>	<i>9,1%</i>	<i>8,9%</i>	
<i>Net Margin</i>	<i>2,4%</i>	<i>1,4%</i>	

1Q 2019 Financial Performance

Income Statement (in IDR billion)	1Q 19	1Q 18	Growth
Sales	7,123	8,280	-13.9%
Cost of Goods Sold	6,477	7,449	-13.1%
Gross Profit	647	831	-22.2%
Gross Margin	9.1%	10.0%	
Operating Expenses	473	504	-6.2%
Income From Operations	174	327	-46.9%
Finance Costs	100	51	98.8%
Net Income	47	205	184.1%
Net Margin	0.7%	2.5%	

1Q 2019 Financial Performance

in IDR billion	31-Mar-19	31-Dec-18	%
Current Assets			
Cash and Cash Equivalent	331	272	21.8%
Account Receivables	2,285	1,982	15.3%
Inventories	6,063	6,795	-10.8%
Other Current Asset	1,232	1,005	22.6%
Total Current Assets	9,911	10,054	-1.4%

Non-current Assets			
Fixed assets - net	563	554	1.7%
Estimated claim for tax refund	701	984	-28.8%
Intangible assets	713	714	-0.1%
Other Non-current Asset	401	378	6.2%
Total Non-current Assets	2,378	2,629	-9.5%

TOTAL ASSETS	12,289	12,683	-3.1%
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in IDR billion	31-Mar-19	31-Dec-18	%
Current liabilities			
Short-term Bank Loans	4,123	4,284	-3.8%
Account Payable	2,910	3,260	-10.7%
Taxes Payable	102	92	11.1%
Other Current Liabilities	142	105	34.8%
Total Current Liabilities	7,276	7,741	-6.0%

Non-current liabilities			
Lease Payables	1.0	1.7	-42.6%
Deferred Tax Liabilities	-	1.5	N/A
Long-term Employee Benefits	119	113	5.1%

Total Non-current Liabilities	120	117	3.0%
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TOTAL LIABILITIES	7,396	7,857	-5.9%
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Equity			
Share Capital	1,595	1,450	10.0%
Additional Paid-in Capital	594	434	37.0%
Retained Earnings	2,532	2,484	1.9%
Others	171.3	457.6	-62.6%
TOTAL EQUITY	4,892	4,826	1.4%

TOTAL LIABILITIES & EQUITY	12,289	12,683	-3.1%
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1Q 2019 Financial Performance

Description	1Q 19	1Q 18
Net Debt (IDR billion)	3,794	3,125
Net Working Capital (IDR billion)	2,634	1,704
Net Debt/Equity	0.8	0.8
Net Working Capital/Net Sales	37.0%	20.6%
ROCE*	1.9%	5.1%

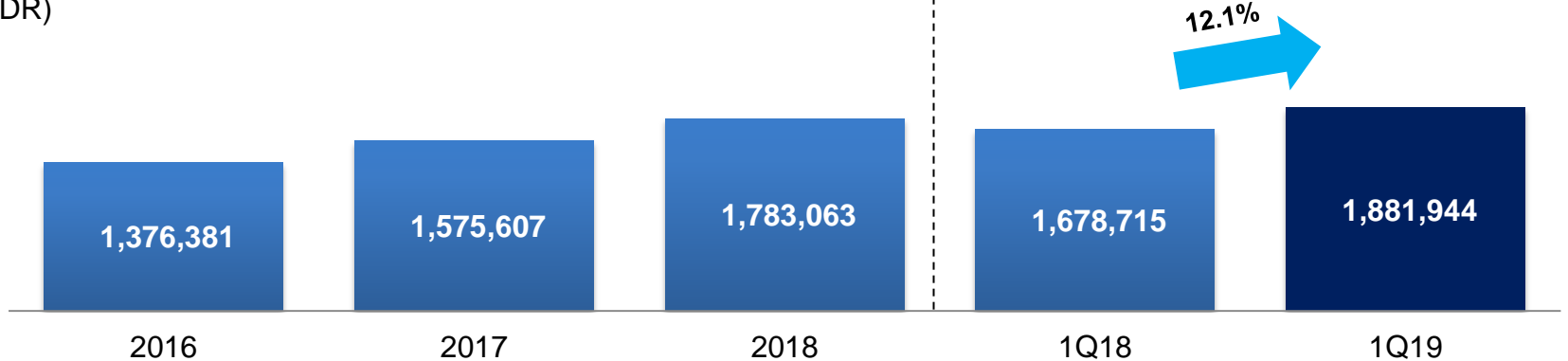
* 3 months period

Average Inventory days	89	52
Average Trade Receivable days	18	15
Average Trade Payable days	36	32
Cash Conversion Cycle (CCC)	71	36

1Q 2019 Financial Performance

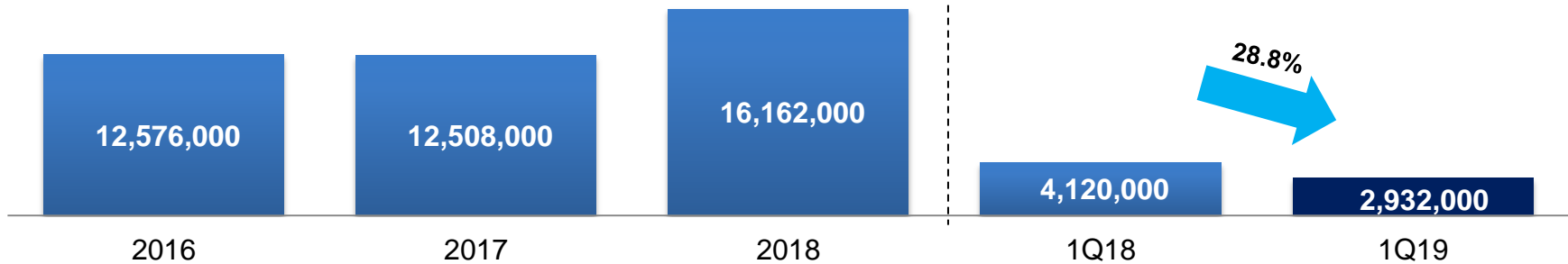
Average Selling Price (mobile handsets)

(IDR)



Sales Volume (mobile handsets)

(unit)



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Financial Performance 1Q 2019

Challenges and Action Plans

Challenges in 2019

Cause

High Inventory Level



- Tight Working Capital
- High Interest Expense

Longer Ramp-up Period of
New Stores



- Higher Opex Level

Grey Market



- Lower Sales
- Lower Margin

Liquidity Scarcity for Dealers



- Lower Sales for B2B /
Dealers

Action Plan in 2019

- **Improvement in Working Capital**

- 1) As planned, no component importation starting April 2019 for Xiaomi
- 2) Support from Principals to resolve inventory issue
- 3) Speed-up inventory clearance

- **Increase Market Share and Enhance Sales**

- 1) Continue to collaborate with Government to implement IMEI control
- 2) Focus on retail expansion in 2nd and 3rd tier cities to grab more market share

- **Enhance Portfolio and Margin**

- 1) Grow IoT, Value Added Services and Content
- 2) Enhance Trade-in and Trade-up programs

Thank you

Company's Growth

It is a pleasure to share an opportunity to focus resources on the greatest opportunities to increase sales and achieve the company's target. Business Company

Opportunities to increase sales and achieve the company's target

Category	2013	2014	2015	2016
Category A	101.2	103.5	105.8	108.1
Category B	102.5	104.8	107.1	109.4
Category C	103.8	106.1	108.4	110.7
Category D	105.1	107.4	109.7	112.0
Category E	106.4	108.7	111.0	113.3
Category F	107.7	110.0	112.3	114.6
Category G	109.0	111.3	113.6	115.9
Category H	110.3	112.6	114.9	117.2
Category I	111.6	113.9	116.2	118.5
Category J	112.9	115.2	117.5	119.8

Business Company

Invoice No. 123456789
Date: 2016-10-27
Customer ID: 123456789

Region	2015	2016	% Growth
Europe	12,357	20,175	+63.3%
Product A1	5,678	9,876	+72.9%
Product A2	3,456	5,432	+56.4%
Product A3	2,345	4,876	+108.3%
Product A4	1,234	3,210	+160.4%
Product A5	876	2,109	+140.1%
Product A6	543	1,321	+141.6%
Product A7	321	789	+145.8%
Product A8	198	456	+129.3%
Product A9	123	289	+136.6%
Product A10	78	178	+126.9%
Product A11	45	102	+126.7%
Product A12	23	52	+126.1%
Product A13	12	27	+125.0%
Product A14	6	14	+133.3%
Product A15	3	7	+133.3%
Product A16	1	2	+100.0%
Product A17	1	2	+100.0%
Product A18	1	2	+100.0%
Product A19	1	2	+100.0%
Product A20	1	2	+100.0%
Product A21	1	2	+100.0%
Product A22	1	2	+100.0%
Product A23	1	2	+100.0%
Product A24	1	2	+100.0%
Product A25	1	2	+100.0%
Product A26	1	2	+100.0%
Product A27	1	2	+100.0%
Product A28	1	2	+100.0%
Product A29	1	2	+100.0%
Product A30	1	2	+100.0%
Product A31	1	2	+100.0%
Product A32	1	2	+100.0%
Product A33	1	2	+100.0%
Product A34	1	2	+100.0%
Product A35	1	2	+100.0%
Product A36	1	2	+100.0%
Product A37	1	2	+100.0%
Product A38	1	2	+100.0%
Product A39	1	2	+100.0%
Product A40	1	2	+100.0%
Product A41	1	2	+100.0%
Product A42	1	2	+100.0%
Product A43	1	2	+100.0%
Product A44	1	2	+100.0%
Product A45	1	2	+100.0%
Product A46	1	2	+100.0%
Product A47	1	2	+100.0%
Product A48	1	2	+100.0%
Product A49	1	2	+100.0%
Product A50	1	2	+100.0%
Product A51	1	2	+100.0%
Product A52	1	2	+100.0%
Product A53	1	2	+100.0%
Product A54	1	2	+100.0%
Product A55	1	2	+100.0%
Product A56	1	2	+100.0%
Product A57	1	2	+100.0%
Product A58	1	2	+100.0%
Product A59	1	2	+100.0%
Product A60	1	2	+100.0%
Product A61	1	2	+100.0%
Product A62	1	2	+100.0%
Product A63	1	2	+100.0%
Product A64	1	2	+100.0%
Product A65	1	2	+100.0%
Product A66	1	2	+100.0%
Product A67	1	2	+100.0%
Product A68	1	2	+100.0%
Product A69	1	2	+100.0%
Product A70	1	2	+100.0%
Product A71	1	2	+100.0%
Product A72	1	2	+100.0%
Product A73	1	2	+100.0%
Product A74	1	2	+100.0%
Product A75	1	2	+100.0%
Product A76	1	2	+100.0%
Product A77	1	2	+100.0%
Product A78	1	2	+100.0%
Product A79	1	2	+100.0%
Product A80	1	2	+100.0%
Product A81	1	2	+100.0%
Product A82	1	2	+100.0%
Product A83	1	2	+100.0%
Product A84	1	2	+100.0%
Product A85	1	2	+100.0%
Product A86	1	2	+100.0%
Product A87	1	2	+100.0%
Product A88	1	2	+100.0%
Product A89	1	2	+100.0%
Product A90	1	2	+100.0%
Product A91	1	2	+100.0%
Product A92	1	2	+100.0%
Product A93	1	2	+100.0%
Product A94	1	2	+100.0%
Product A95	1	2	+100.0%
Product A96	1	2	+100.0%
Product A97	1	2	+100.0%
Product A98	1	2	+100.0%
Product A99	1	2	+100.0%
Product A100	1	2	+100.0%