

Indonesia Economy & Market

OUTLOOK

Yongky Susilo *Executive Director* - The Nielsen Indonesia

Where are we now ?

map of new world order 2020 & 2030

	1990	USD trn	2000	USD trn	2010	USD trn	2020	USD trn	2030	USD trn
1	US	5.8	US	10.0	US	14.6	China	24.6	China	73.5
2	Japan	3.0	Japan	4.7	China	5.7	US	23.3	US	38.2
3	Germany	1.5	Germany	1.9	Japan	5.4	India	9.6	India	30.3
4	France	1.2	UK	1.5	Germany	3.3	Japan	6.0	Brazil	11.9
5	Italy	1.1	France	1.3	France	2.6	Brazil	5.1	Japan	9.2
6	UK	1.0	China	1.2	UK	2.3	Germany	5.0	Indonesia	9.0
7	Canada	0.6	Italy	1.1	Italy	2.0	France	3.9	Germany	8.2
8	Spain	0.5	Canada	0.7	Brazil	2.0	Russia	3.5	Mexico	6.6
9	Brazil	0.5	Brazil	0.6	Canada	1.6	UK	3.4	France	6.4
10	China	0.4	Mexico	0.6	Russia	1.5	Indonesia	3.2	UK	5.6

Source: Standard Chartered

Out of critical period ?



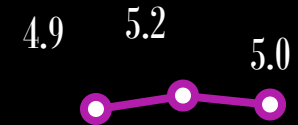
2010 2011 2012 2013



Q1'14 Q2'14 Q3'14 Q4'14



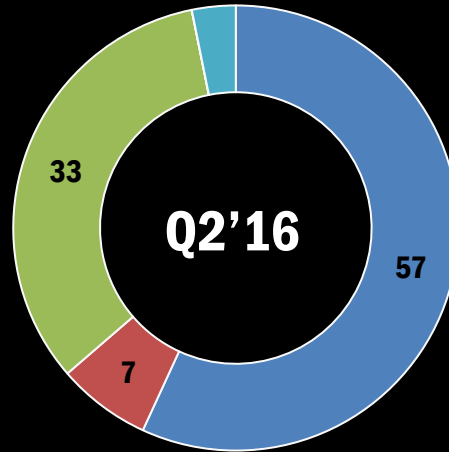
Q1'15 Q2'15 Q3'15 Q4'15



Q1'16 Q2'16 Q3'16

Domestic consumption is the largest contribution

GDP CONTRIBUTION BY SECTOR



Export/GDP	: 19%
Import/GDP	: 19%
Net Export	: 0%

■ HH Consumption	■ Gov. Spending
■ Investment	■ Net Export/Import
■ Others	

Growth rate is struggling in 2016

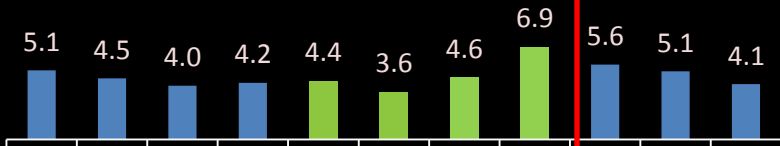
PRIVATE CONSUMPTION GROWTH



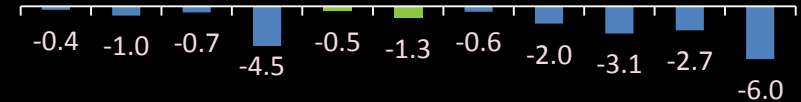
GOVERNMENT EXPENDITURE GROWTH



INVESTMENT GROWTH



EXPORT GROWTH

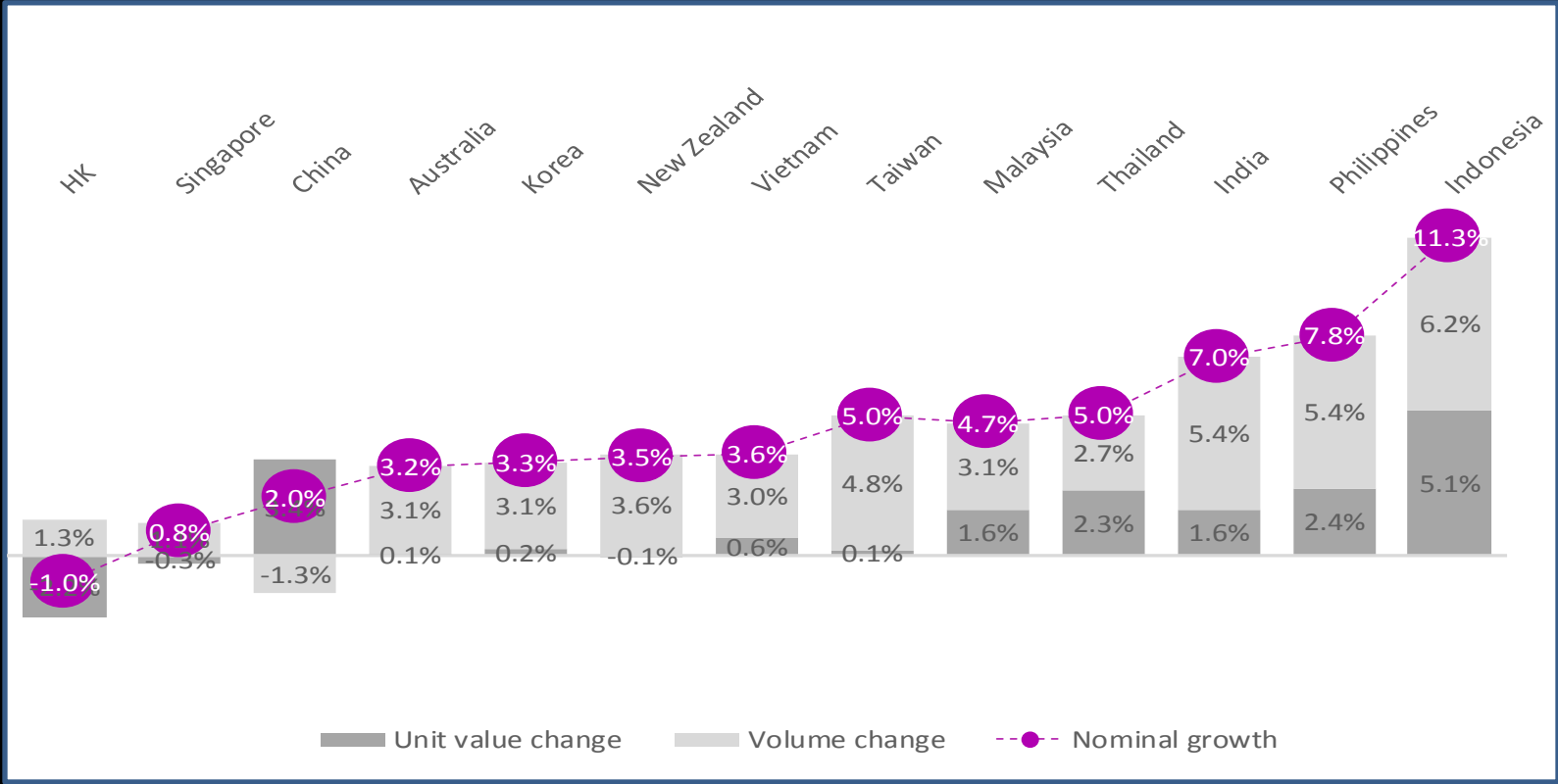


IMPORT GROWTH

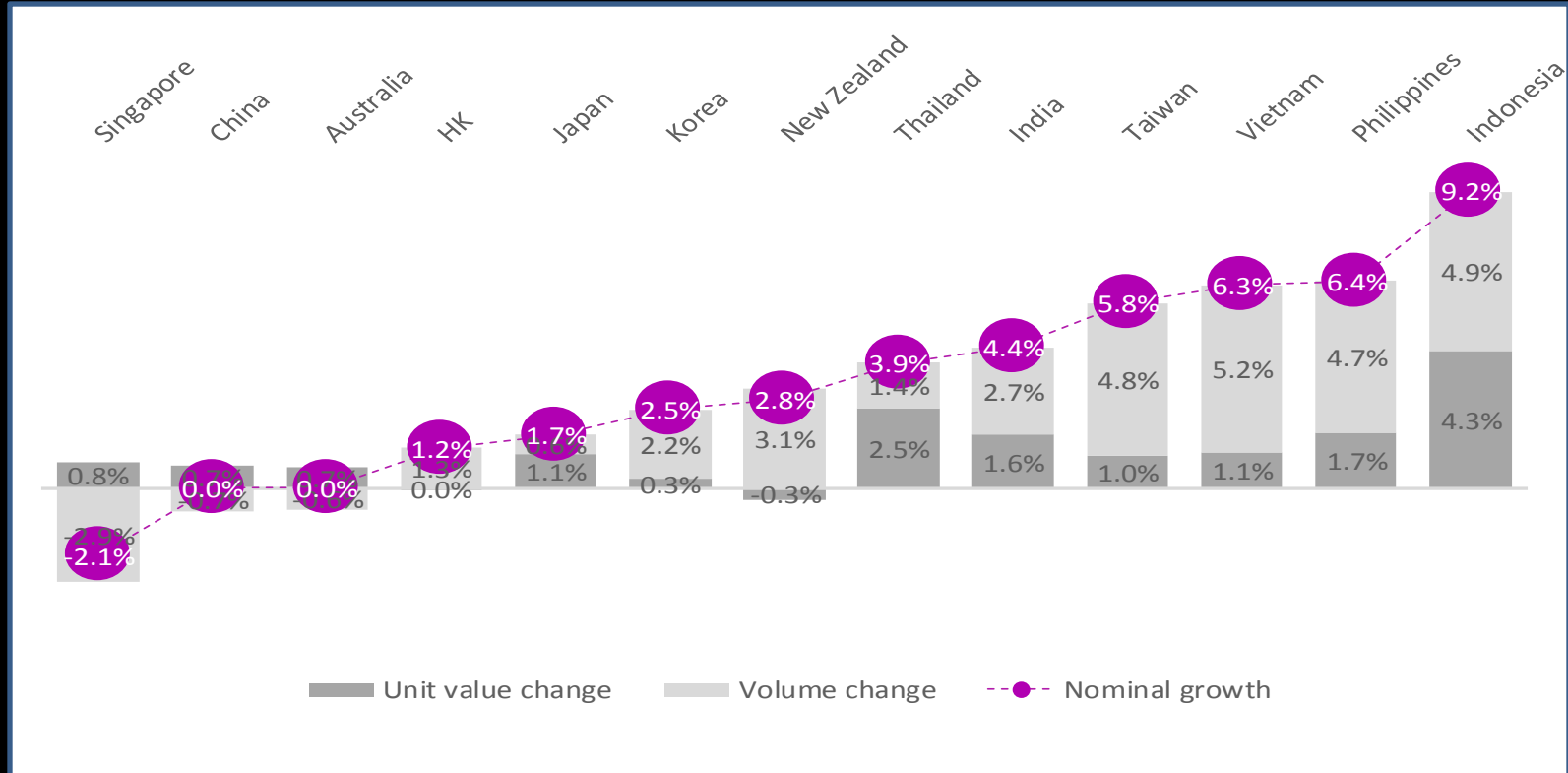


Despite another tough FMCG growth rate in Q1 16, Indonesia was still the highest in APAC

Fast Moving Consumer Goods market dynamics



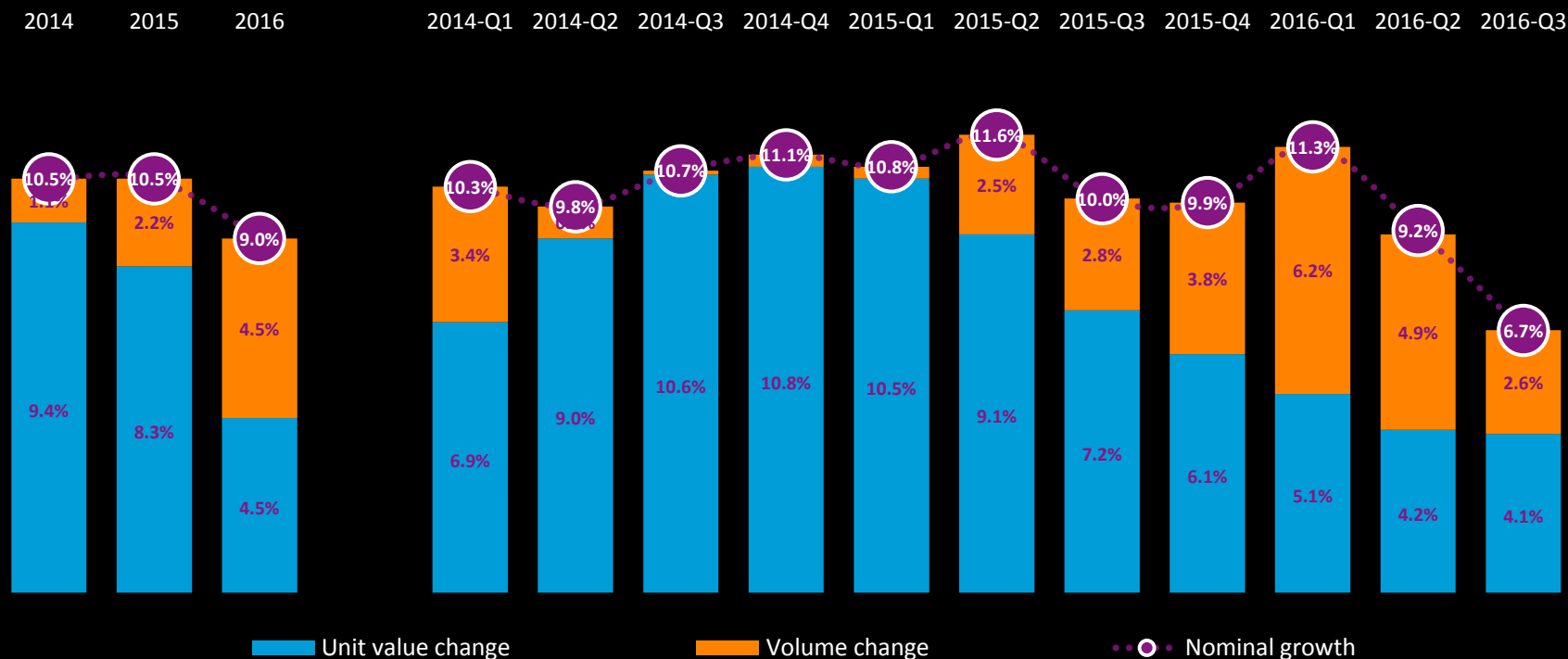
Q2 16 growth was lower but was still highest



Note: This report currently excludes Malaysia due to data issues from retailers. Will be updated in mid September

However Q3 shown a dreadful growth in FMCG

INDONESIA / Packaged FMCG Growth Rates



Cautious spending consumers ...

Restraining Mode

Less Channel

Less Frequency

Less Basket

Less Impulse

Down Trade

So it's not a **V trend**, it's a ...



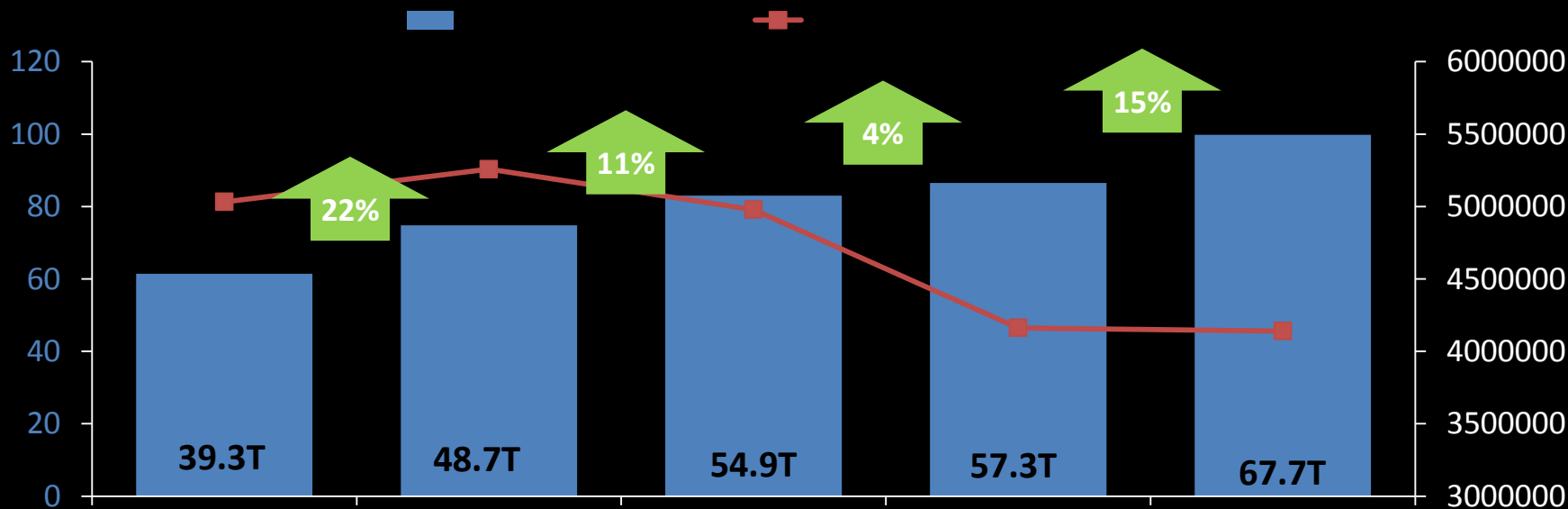
2015 : High inflation &
Tax SCARE

2016 : Tax SCARE

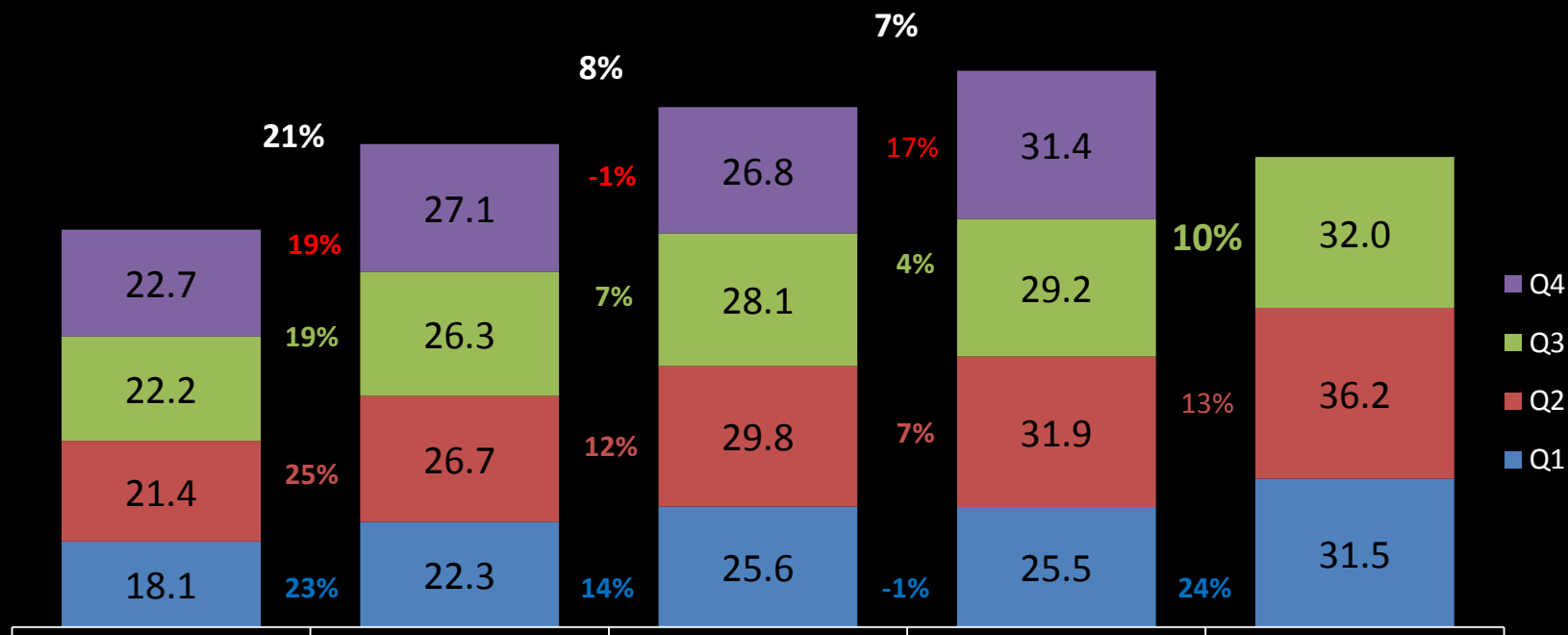
Market has slow down twice

1st semester adex show strong growth

TOTAL ADSPEND TV & PRINT JANUARY – JUNE 2016



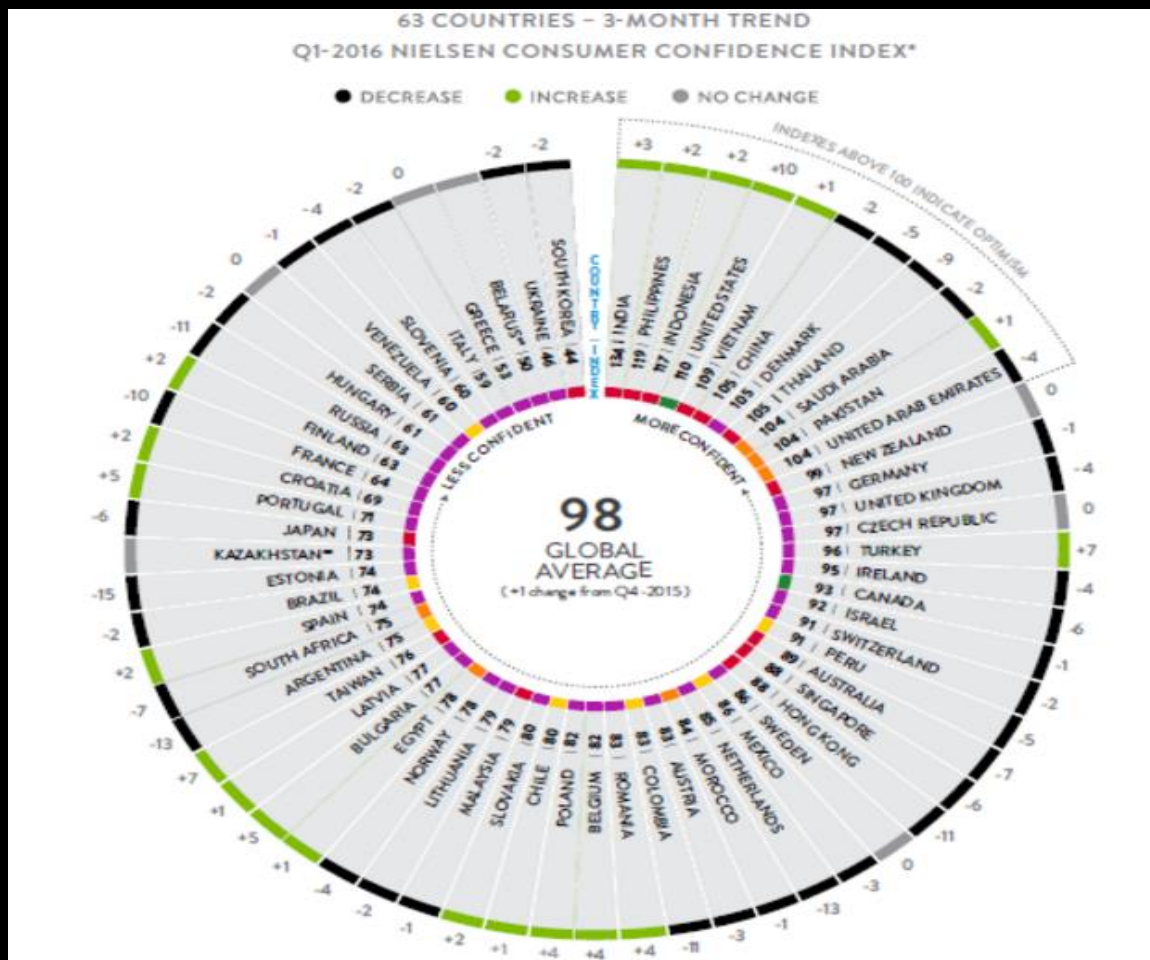
Quarterly Adex growth lowering in Q3 but still double digits



6 out of 10 in top categories are FMCG

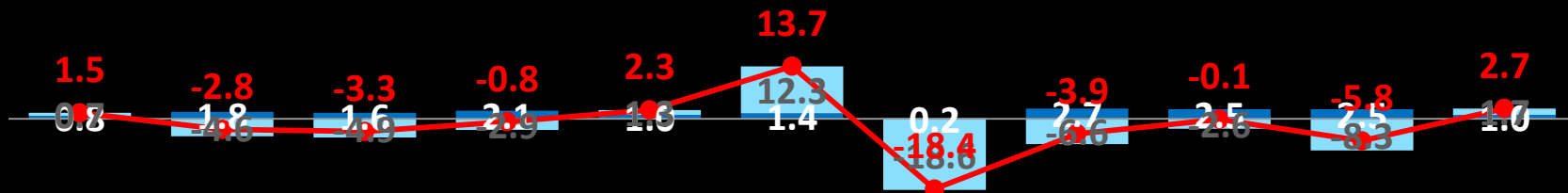
	TOP 10 CATEGORY TV & PRINT	ADEX Jan-Sep 2016	vs Jan-Sep 2015
	GOVERNMENT, POLITIC ORGANIZATION	6.0	30%
→	CLOVE CIGARETTES	4.9	48%
→	HAIR CARE PRODUCTS	4.3	28%
	COMMUNICATION EQUIPMENT, SERVICES	3.5	14%
→	COFFEE, TEA	3.4	26%
→	FACIAL CARE PRODUCTS	3.3	23%
→	SOFTWARE, ONLINE SERVICES (WEB, APP, E-COMMERCE)	3.0	34%
	INSTANT FOOD, INSTANT NOODLES	3.0	22%
→	CORPORATE ADS, SOCIAL SERVICES	3.0	13%
	SNACKS, BISCUITS, COOKIES, CAKES	2.6	40%

Q3 : Consumer confidence is still Top 3 Globally

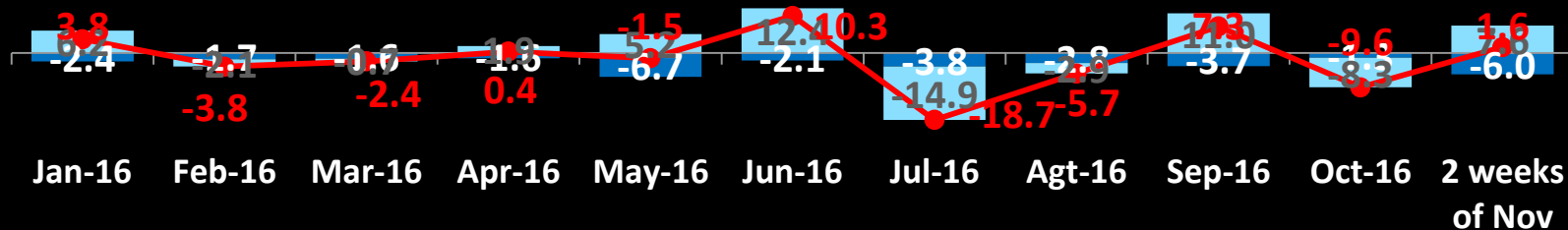


Sales growth rate in Supermarket and hypermarket has been pretty bad since last year

Supermarket KA | 113 Categories



Hyper KA | 113 Categories



Unit Value Change

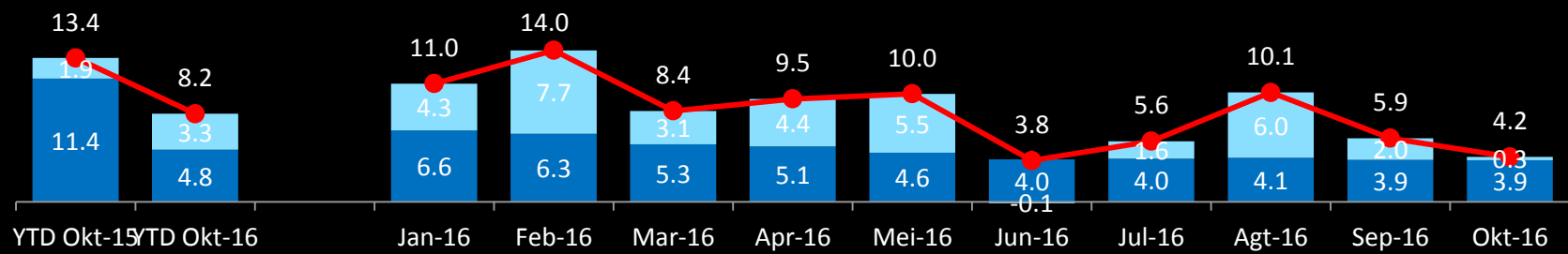
Volume Change

Nominal Growth

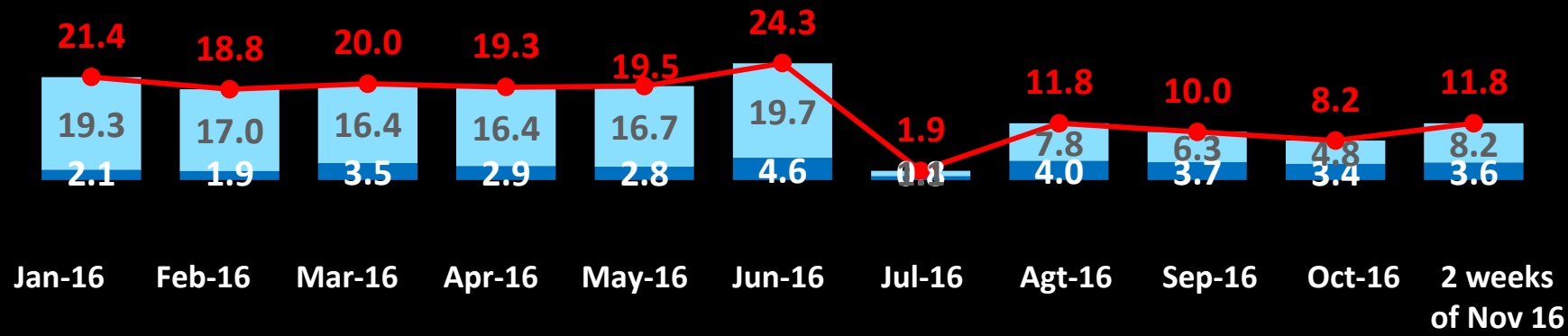
16

GT and minimarket growth rate starts slowing down since after Festive 2016

Total Indonesia General Trade | 55 Categories



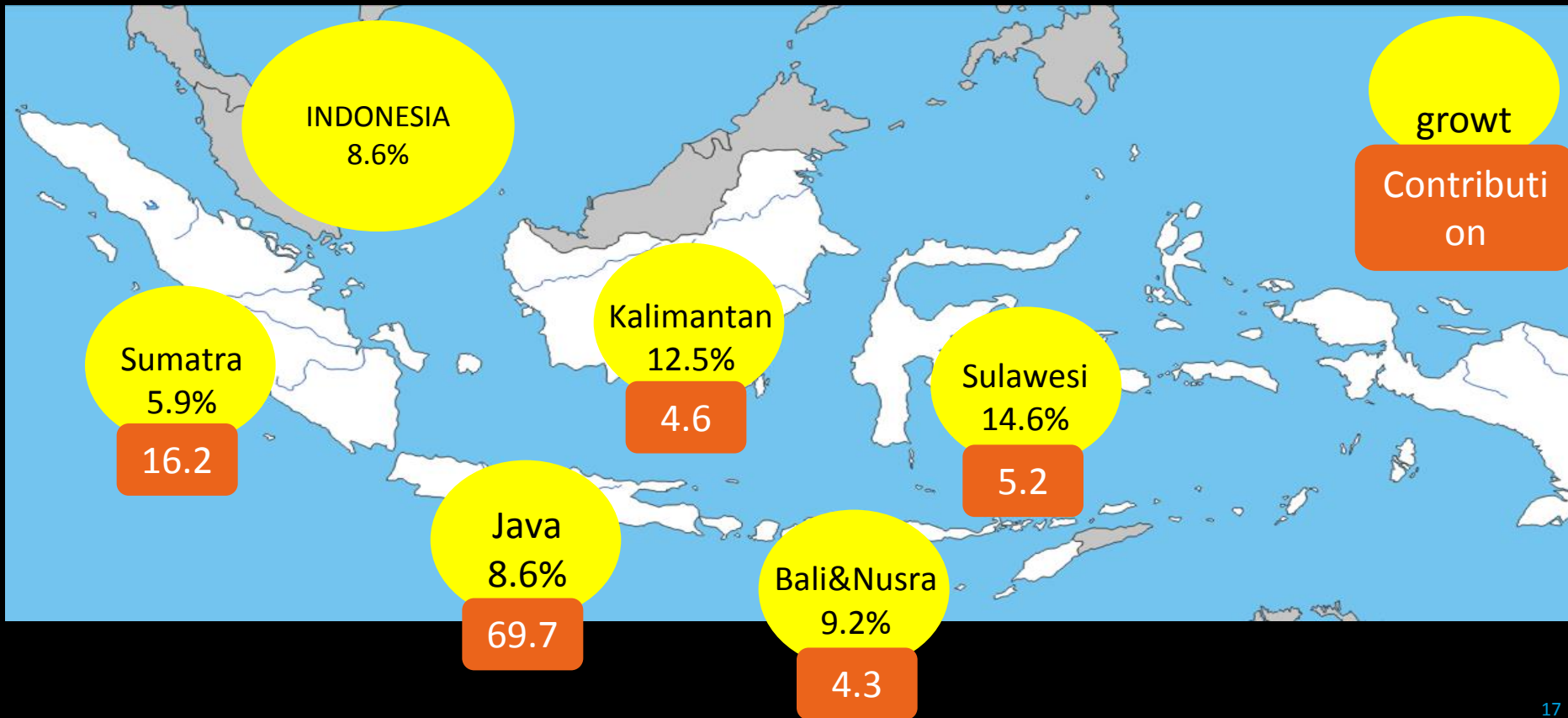
Indonesia Super KA | 113 Categories



Unit Value Change Volume Change Nominal Growth

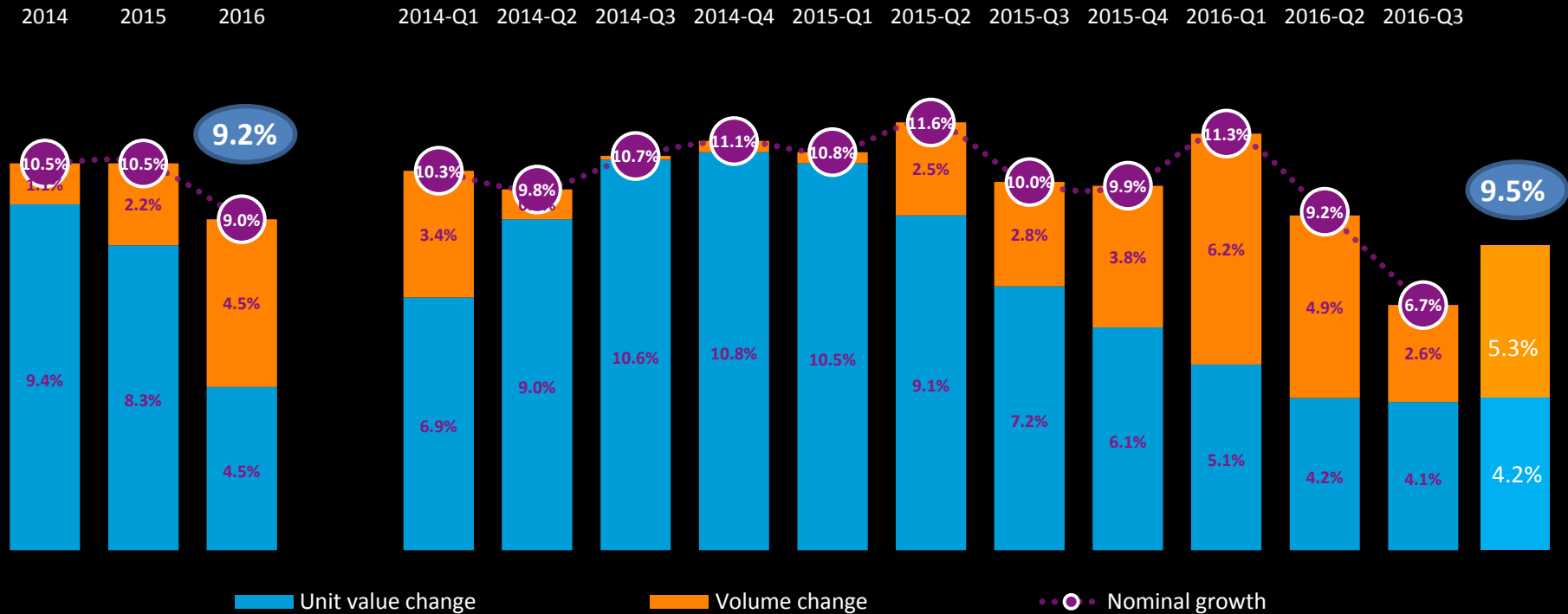
However, region wise, East Indonesia are still having a double digit growth

Indonesia Total Grocery | Total 55 FMCG Categories | YTD Oct 2016 vs YTD Oct 2015



Forecast Q4 and 2016

INDONESIA / Packaged FMCG Growth Rates



Summary

- Sales growth of FMCG in Indonesia has been slowing down, got worse especially after the festive 2016
- High inflation impacted purchase power of lower class since last year; mid upper class are more likely to be impacted by tax scare approach despite having good purchase power, they delay purchases
- 2016 volume growth is much better than 2015 due to lower inflation in 2015
- October and November 2016 growth rate not seem to be strong enough to boost Q4 performance; means Q4 GDP growth will be also flat
- East Indonesia has attractive high growth rate of FMCG
- Lifestyle retail growth which suffer more these two years will recover until FMCG growth comes back (likely in Q2)