

# PT Cisarua Mountain Dairy Tbk

2Q 2023 Results Presentation

31 July 2023



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## Our Presenters Today

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**Farell Sutantio**

*President Director*  
*Group Chief Executive Officer*



**Axel Sutantio**

*Director*  
*MP Chief Executive Officer*



**Bharat Joshi**

*Director*  
*Chief Financial Officer*  
*& Investor Relations*



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## Resilient Economic Outlook with Positive Growth Forecasts

# 4.5% - 5.3%

*2023 Projected GDP Growth for Indonesia*



### Robust GDP Growth

- Economic growth in Indonesia remains solid, being primarily driven by commodity-related exports and a recovery in private consumption



### Stable Exchange Rate

- Bank Indonesia has managed volatility levels of the Indonesian Rupiah over the past year
- The Rupiah appreciated by 4.6% YTD against the USD



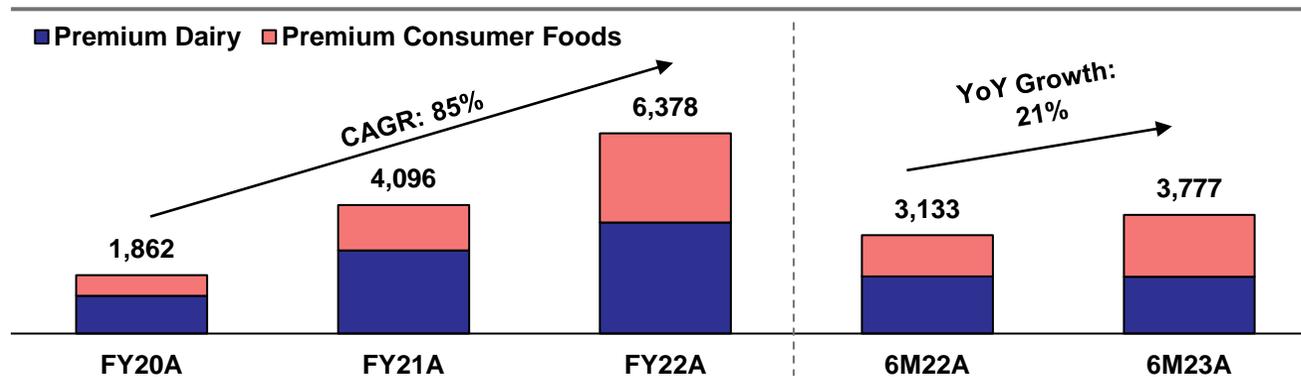
### Easing Inflationary Pressures

- Inflation continues to retreat towards the 3.0% ( $\pm 1.0\%$ ) target quicker than previously projected

# 1 | Financial Results



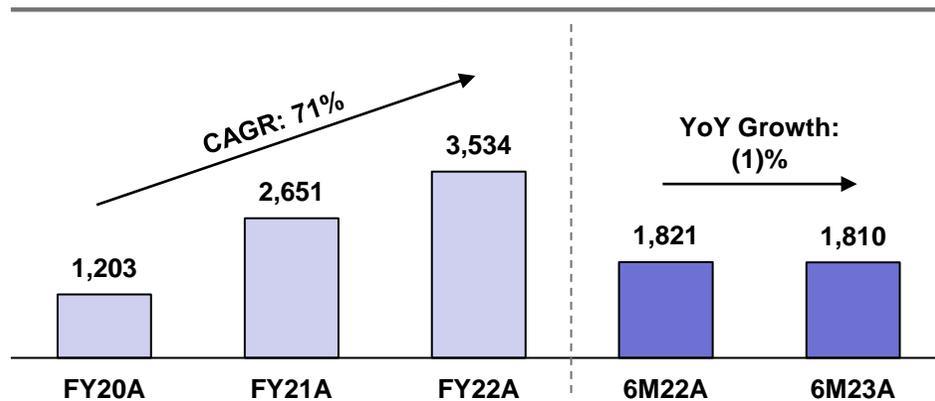
### Total Net Sales (Rp bn)



### Commentary

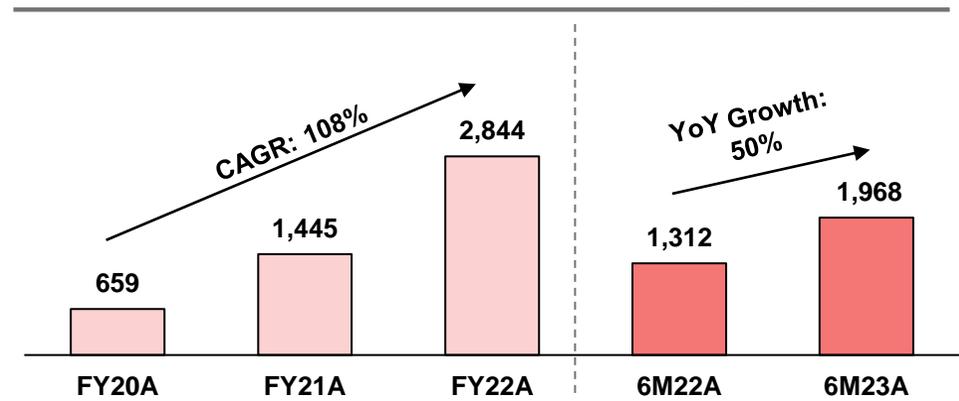
- Continued YoY expansion of Total Net Sales, primarily driven by **strong growth in Premium Consumer Foods**

### Premium Dairy Net Sales (Rp bn)



- Continued YoY growth of UHT Milk in 6M23**
- Yogurt sales were challenged in 6M23A, compared against a high base of sales in 6M22A, however **newly launched Yogurt Sticks have seen healthy customer adoption**

### Premium Consumer Foods Net Sales (Rp bn)

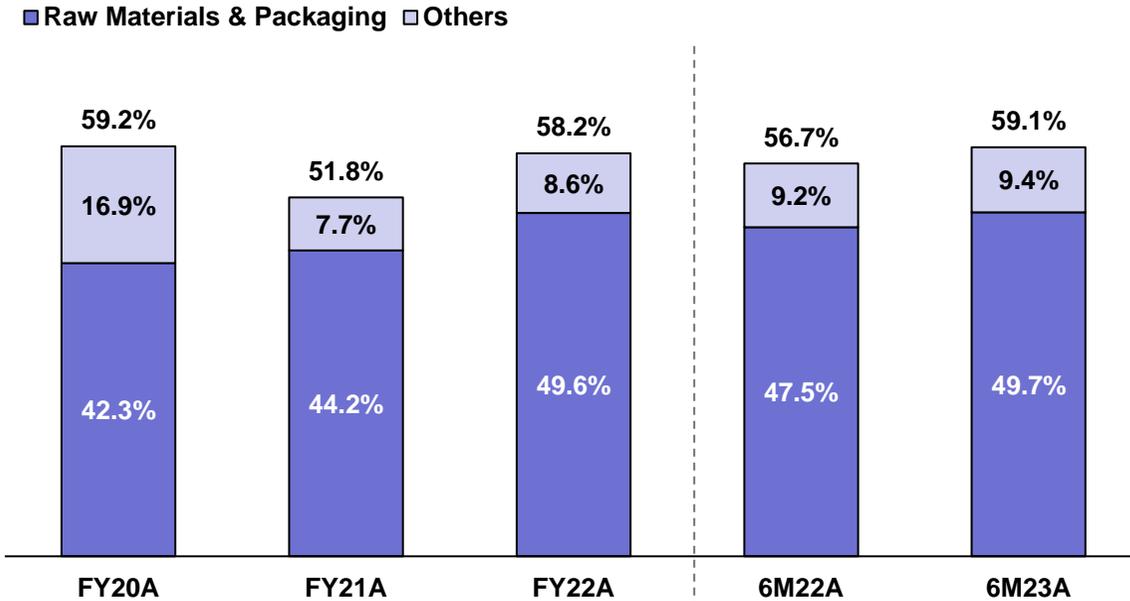


- Strong YoY growth of 50% in 6M23**, with **contributions across all product categories including recent launches**
- Sufficient production capacity to meet growing demands

# Gross profit



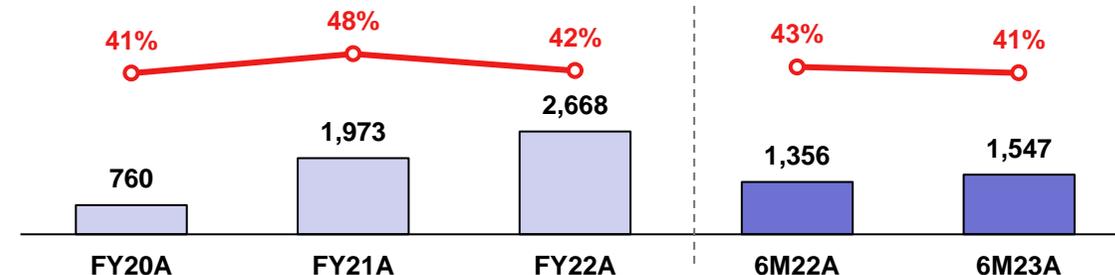
Cost of Sales % Net Sales (Rp bn)



Commentary

- Whilst Raw Material & Packaging prices have remained elevated, **costs have been easing and this trend is expected to continue** with a return to more normalized levels
- Growth of Others (including fixed overheads) reflects **frontloaded costs associated with capacity ramp-up** as the business continues to grow rapidly

Gross Profit & Margin (Rp bn)



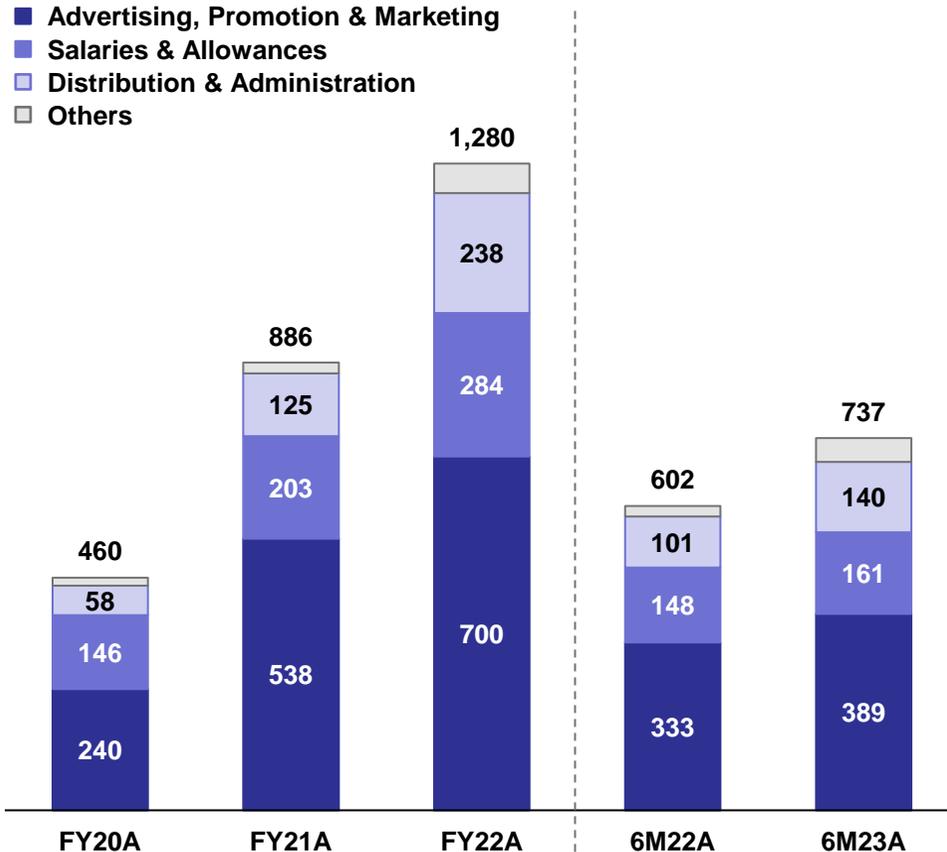
Commentary

- Strong growth in the top line has driven **Gross Profit growth of 14% YoY in 6M23**

# Selling & marketing expenses

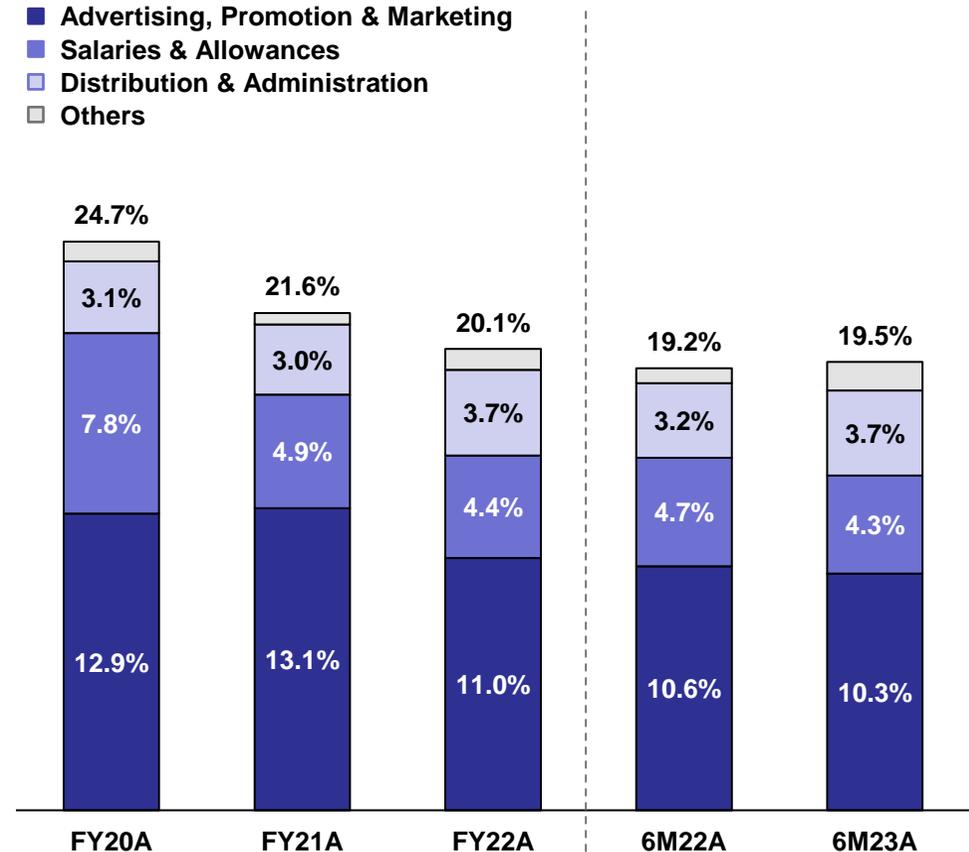


Selling & Marketing Expenses (Rp bn)



- 1Q23 marketing spend was low given the frontloading that took place in latter part of FY22
- **Increased QoQ marketing spend in 2Q23** to more normalised levels, **which will support future growth**

Selling & Marketing Expenses % Net Sales (Rp bn)



- Whilst our core marketing strategy remains digital & social media focused, we are **opportunistically taking advantage of cost-competitive outdoor advertisements**

# Opportunistic outdoor marketing



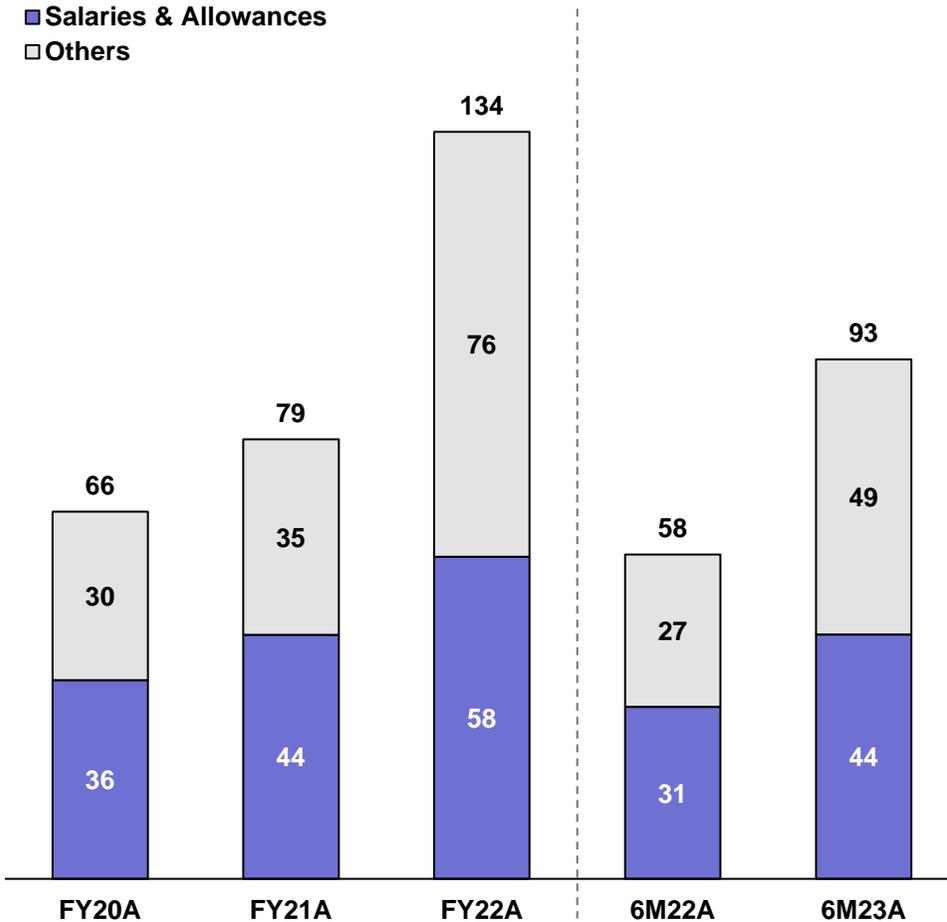
# Opportunistic outdoor marketing (Cont'd)



# General & administrative expenses

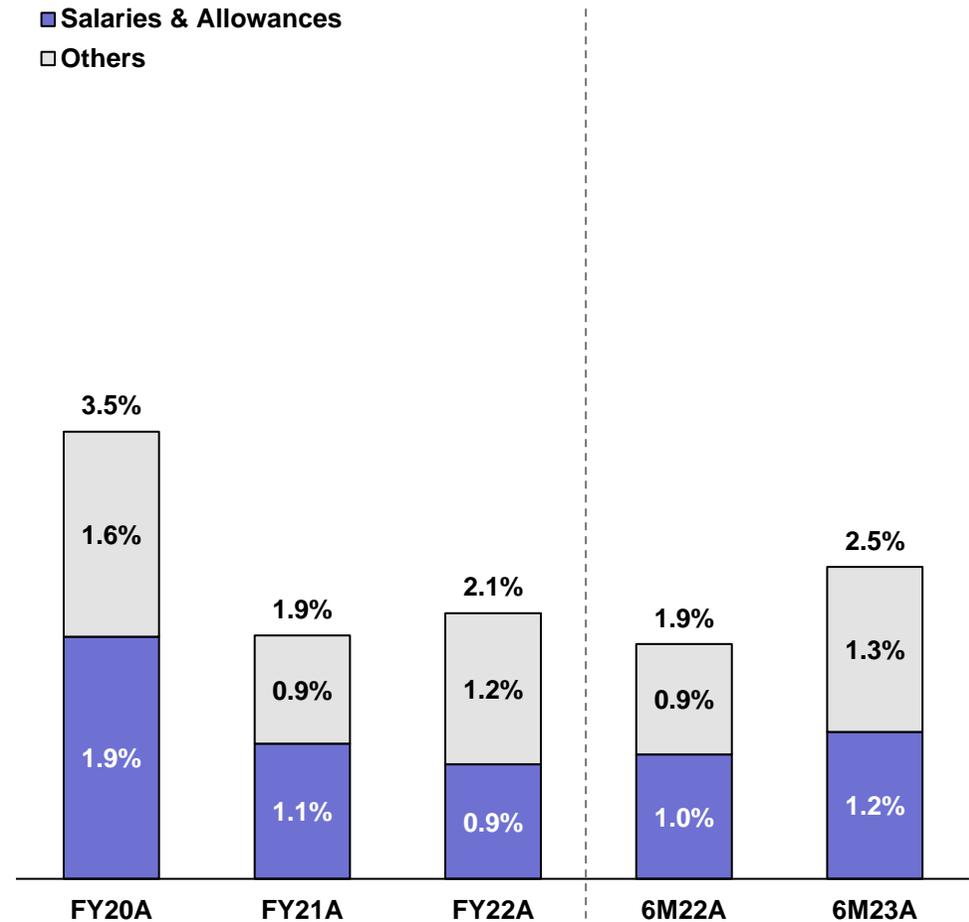


General & Administrative Expenses (Rp bn)



■ YoY growth in Salaries & Allowances due to **expanding operations to support top-line growth**

General & Administrative Expenses % Net Sales (Rp bn)

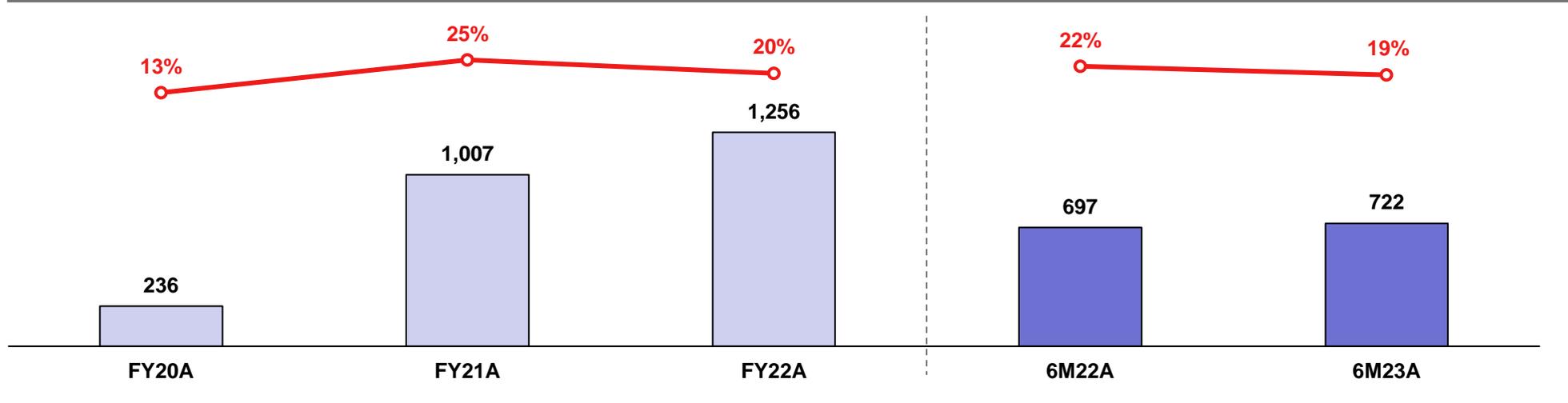


■ Over time, expected to **benefit from economies of scale**

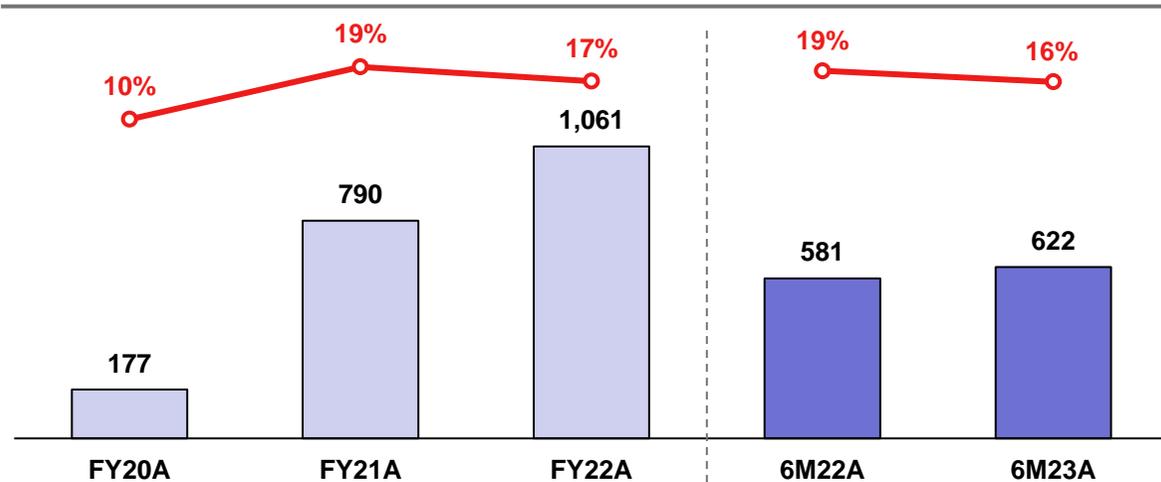
# Operating & net profit



Operating Profit & Margin (Rp bn)



Net Profit & Margin (Rp bn)



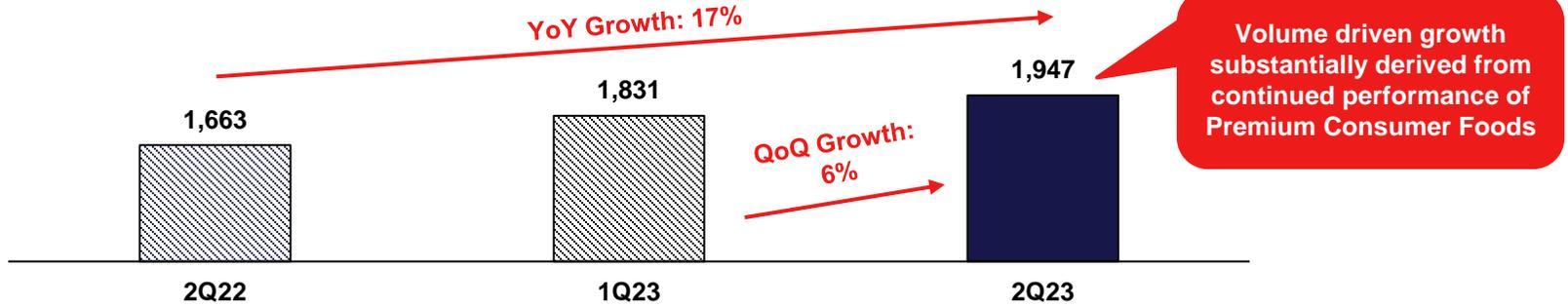
Commentary

- **Strong top-line growth led to improved absolute net profits**
- Benefits from scale expected as capacity ramp-ups come into effect and cost bases continue to normalize

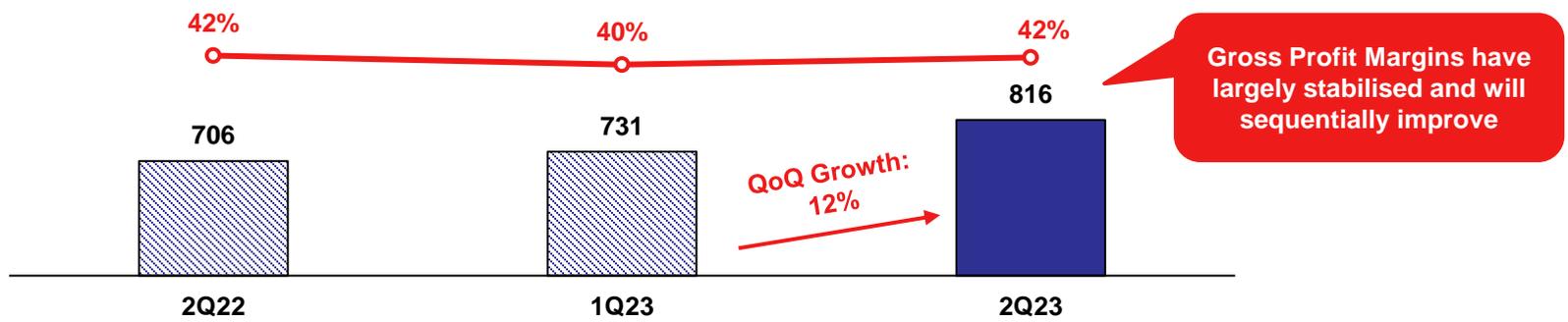
# Quarterly performance



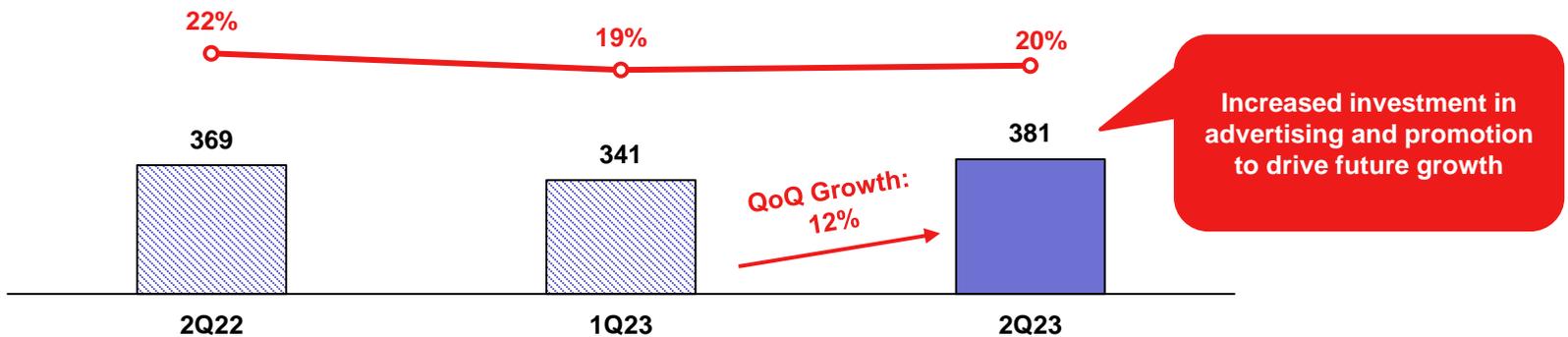
## Net Sales



## Gross Profit & Margin



## Operating Profit & Margin



Note: Figures shown in RP bn.

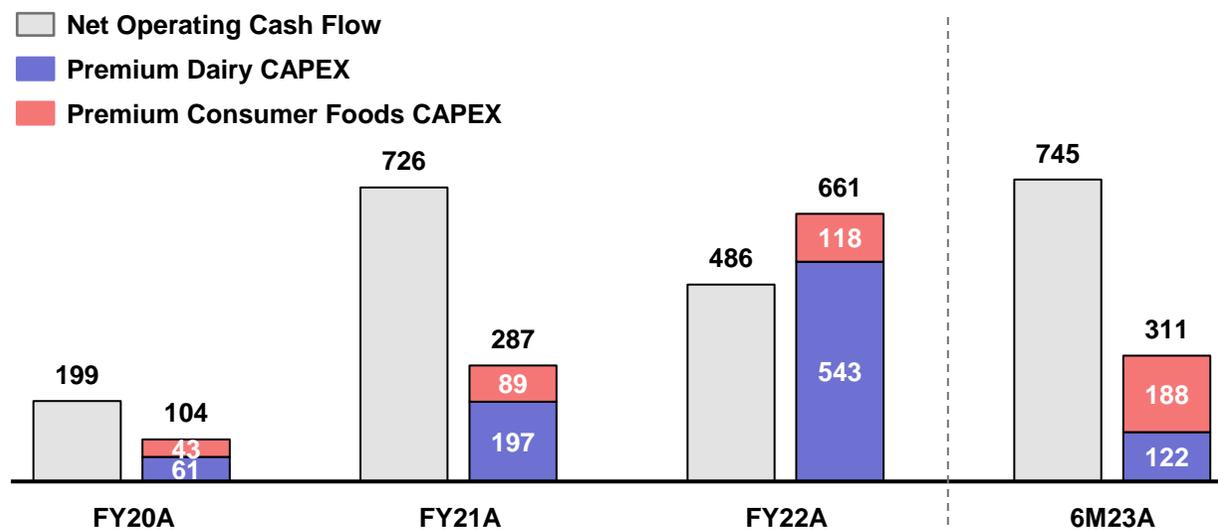
# Balance sheet & cash flows



Net Cash (Debt) Position (Rp bn)



Net Operating Cash Flows vs Capital Expenditure (Rp bn)



Commentary

- Strong Net Operating Cash Flows in 6M23 driven by **improved working capital positions**, including lower and more **normalised inventory levels** (strategically increased during COVID-19 period)
- Bulk of required CAPEX investments for capacity expansions were made in FY22, resulting in **minimal CAPEX spend in 2Q23**

Note: 1) Includes IDR809bn of current and non-current investment in Marketable Securities (i.e. government bonds).

## 2 | Operational Performance

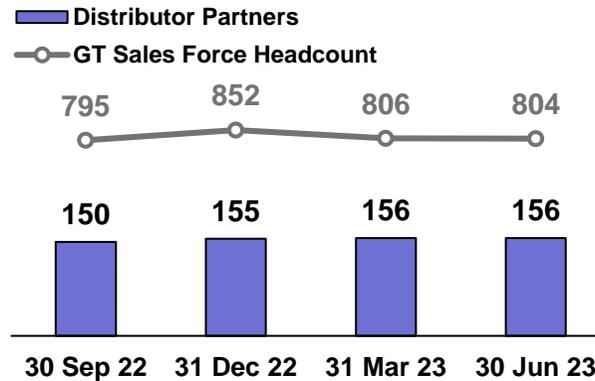


# Successful execution of our channel penetration strategies, with continued growth expected in the optimised MCM channel

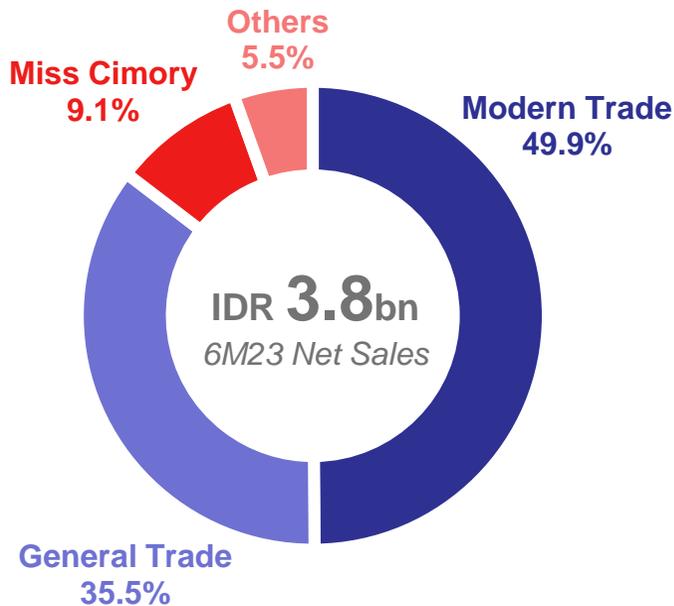
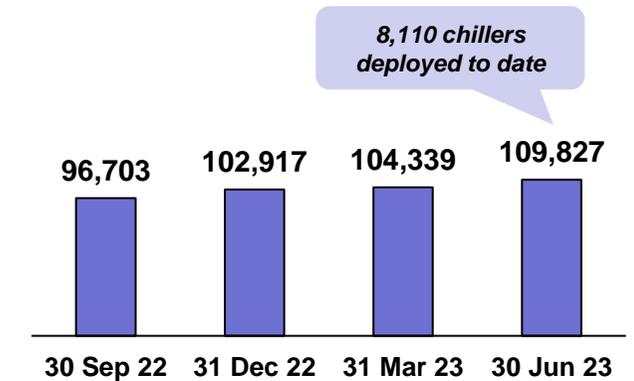


## General Trade (“GT”)

Sales Force & Distributor Network

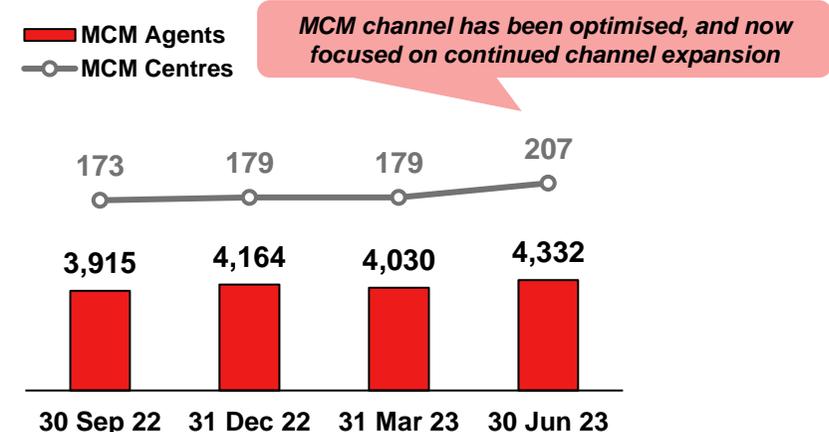


Outlet Footprint



## Miss Cimory (“MCM”)

MCM Agents & Centres

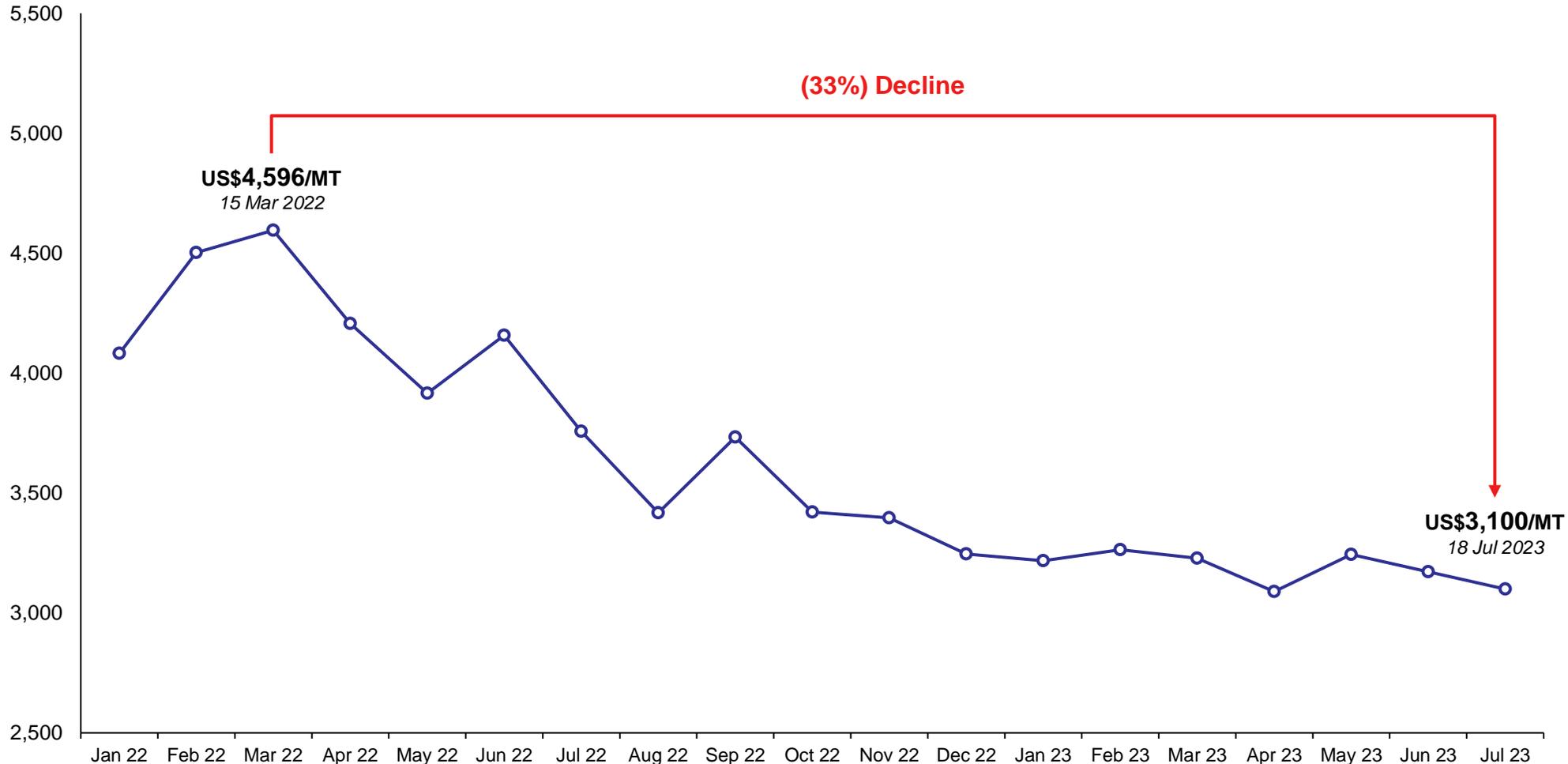


Note: 1) Others includes Food Service Industry, E-Commerce and Export segments; 2) Shown on an annualised basis.

# Price of raw materials continue to normalise, which if sustained will result in a positive impact on our Gross Margins



Whole Milk Powder Prices (US\$/MT)<sup>1</sup>



Note: 1) Per Global Dairy Trade as at 18 Jul 2023.

# We will maintain our focus on investing in channel growth and new product launches to capture rising consumer demand



**Channel Growth**

*Well positioned to increase our shelf space while continuing to invest heavily across our fast-growing MCM and GT channels*



*New Products*  
**Yogurt Stick**



*Flavour Extensions*  
**UHT Milk**



*Flavour Extensions*  
**Kanzler**



**Launch of New Products**

- *Launch of Yoghurt Stick and UHT Milk flavour extensions and Kanzler extensions in 6M23*



**Continued Top-Line Growth**

# We strive for a positive ESG impact at every step in our value chain, meeting UN Sustainable Development Goals



## Cimory's Sustainability Pillars



### Vision

To become the leading dairy and consumer foods company that can give **significant impact and positive contribution** to its stakeholders, community and environment

### Mission

- To implement intensive ESG initiatives
- To operate in an environmentally sound manner
- To foster local economic development



### Environmental Preservation

*Reducing plastic waste, water usage, energy usage and overall carbon footprint*



### Inclusive and Sustainable Business

*Local economic development, women empowerment, sustainable sourcing*



### Product Integrity

*Food safety, R&D, responsible marketing, customer protection*



### Employee Welfare

*Education and training, occupational health & safety, employee involvement and engagement activities*

## Received Positive ESG Risk Rating from Sustainalytics

### PT Cisarua Mountain Dairy

Industry Group: Food Retailers

Country/Region: Indonesia

Identifier: JKT:CMRY

PT Cisarua Mountain Dairy Tbk is a producer of premium dairy products and premium consumer foods in Indonesia. The company operates two segments; Dairy products segment and Consumer foods segment. The majority of revenue is generated from Dairy products segment.

Full time employees: 640

ESG Risk Rating **CORE** ⓘ

**18.8** Low Risk

Negligible 0-10 | **Low** 10-20 | Medium 20-30 | High 30-40 | Severe 40+

### Ranking

Industry Group (1st = lowest risk)

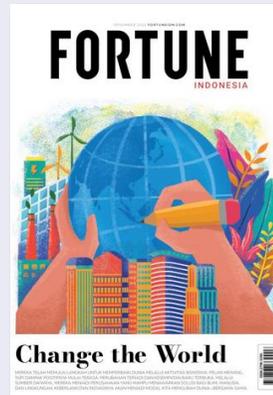
**Food Retailers** 47 out of 194

Universe

**Global Universe** 3487 out of 15613

Updated: April 2023

## Listed as Fortune Indonesia Change the World



**4,300+**  
Miss Cimory Agents

**10,000+**  
Dairy Farmer Partners

# 3 | Key Takeaways



# Key takeaways



- 1** Strong 6M23 top-line expansion of 21% YoY, driven primarily by volume-based growth
- 2** Consumer Foods exhibited exceptional performance of 50% YoY Net Sales growth in 6M23, with contributions from all categories
- 3** Despite a challenging environment, Dairy sales remained flat YoY against a high base of sales in 6M22A, with growth observed in UHT milk and the newly launched Yogurt Sticks
- 4** As cost bases normalize, improved margins will allow for re-investment in marketing and brand strengthening, which will support future growth
- 5** Improvements in Operating Cash Flows attributable to improved working capital requirements, coupled with a strong balance sheet to support growth initiatives
- 6** Continued focus on delivering a positive ESG impact, including through our MCM channel which benefits local communities and empowers women across Indonesia

