

PT Cisarua Mountain Dairy Tbk

2022 Full Year Results Presentation

February 2023



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1 | Company Profile





“I only want to produce products that I believe is good to be consumed by my family”

Bambang Sutantio

Group Founder & President Commissioner

Mission

Always innovating in product design and ways of working



Contribute to the nation's health through products high in nutritional value

Vision



Growth that is **Repeatable**, **Ethical**, and **Responsible**, in becoming Indonesia's leading premium food and beverage manufacturer



Values



Results Oriented



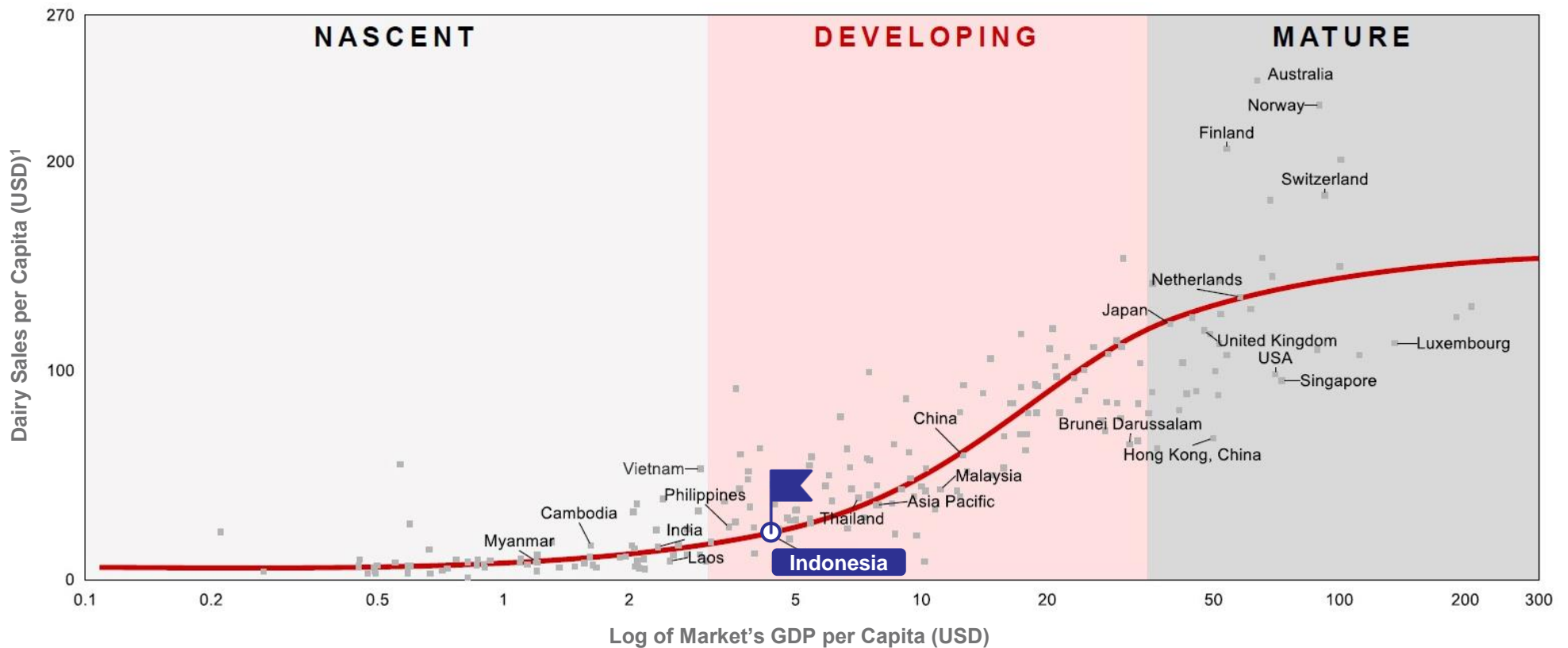
Collaborative

Indonesia Dairy Market Trajectory



Dairy market in Indonesia is in the early stages of development with significant headroom to grow, supported by strong Indonesian macroeconomic tailwinds

Dairy Sales per Capita by Market (2021)

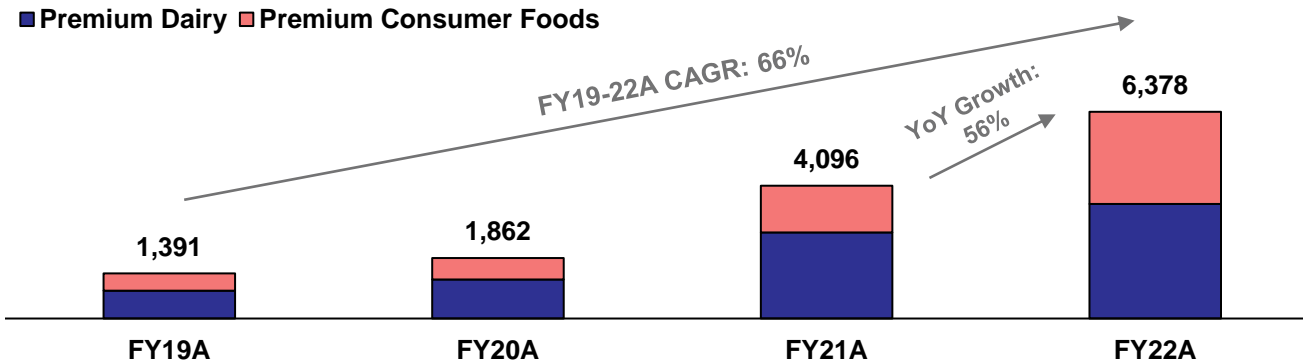


Note: 1) Encompasses Milk Formula, Drinking Milk Products, Yoghurt and Sour Milk, and Condensed and Evaporated Milk.
Source: EIU, BPS, World Bank, Euromonitor.

2 | Financial Results



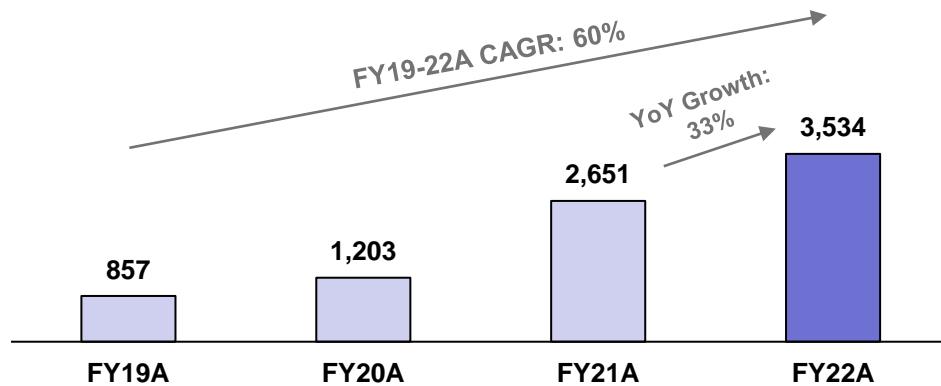
Total Net Sales (Rp bn)



Commentary

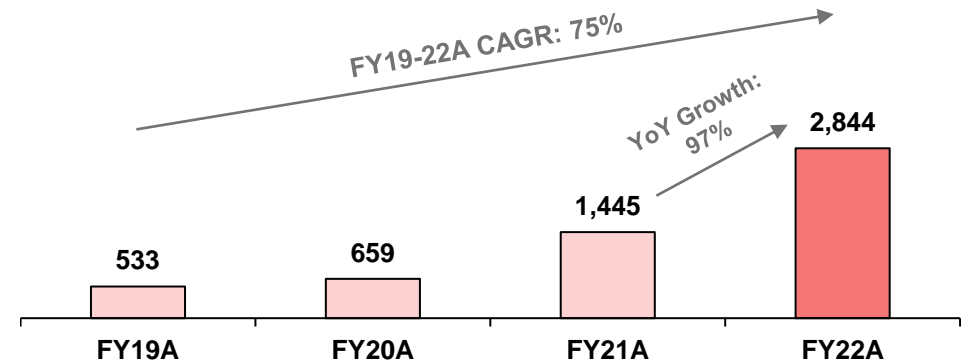
- Strong YoY Total Net Sales growth of 56%, supported by **higher than expected growth in premium consumer foods**

Premium Dairy Net Sales (Rp bn)



- Growth primarily attributable to **continued success of UHT Milk**, with **improved production capacity** in the latter half of the year to serve ever increasing demand

Premium Consumer Foods Net Sales (Rp bn)

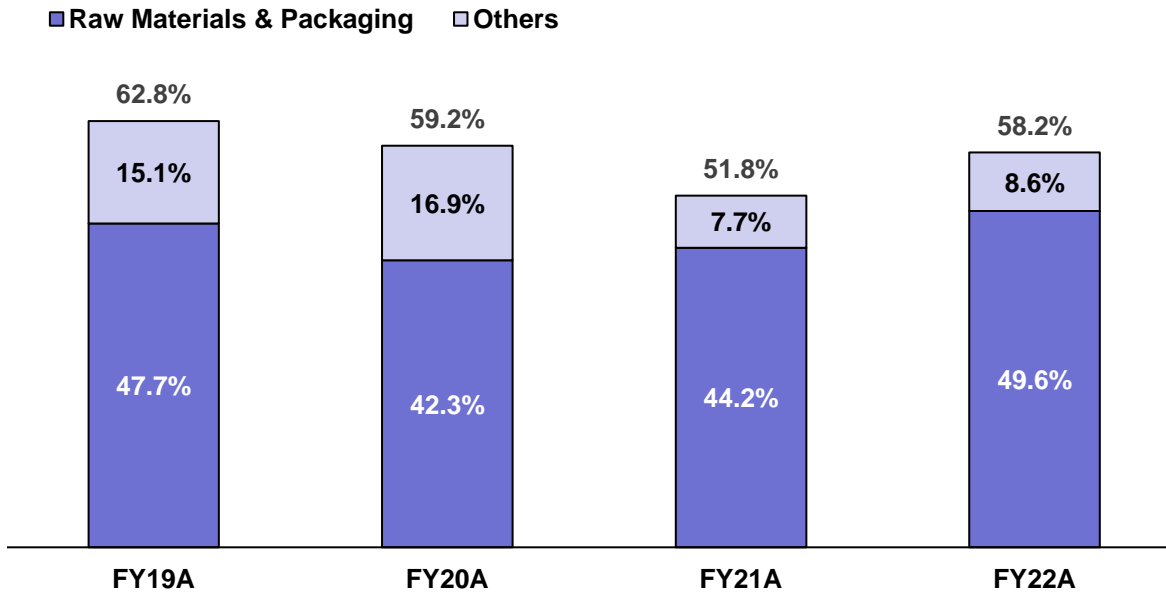


- Growth primarily driven by **strong performance of Kanzler Singles, Meatballs and Kanzler Nuggets**, as well as subsequent flavour extensions launched

Gross profit



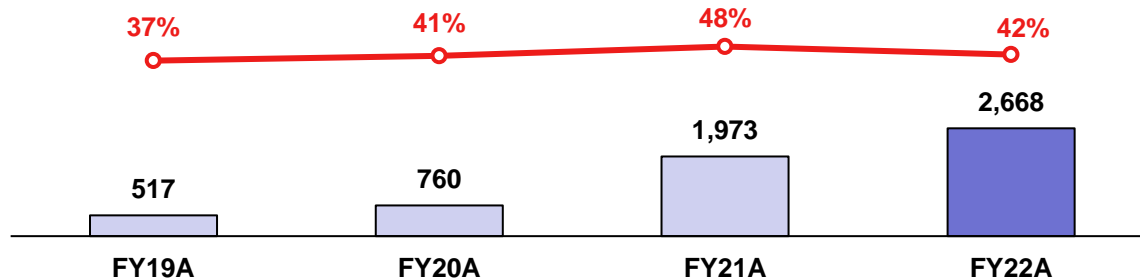
Cost of Sales % Net Sales (Rp bn)



Commentary

- **Raw material prices in 2022 were at decade high**, with whole milk powder prices being particularly affected
- **Inflationary pressures** from post-COVID re-opening and the Russia-Ukraine war caused increases in the cost of imported raw material and packaging
- The **benefits of scale on fixed costs**, derived from our continued top-line growth, is helping to offset short term inflationary pressures

Gross Profit & Margin (Rp bn)



Commentary

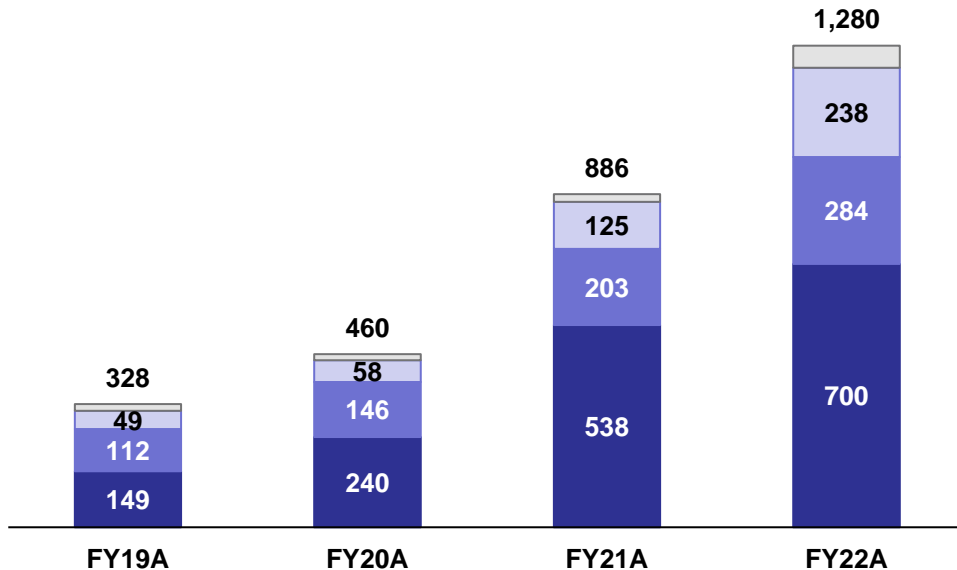
- In 2022, gross margins declined primarily due to **higher raw material and packaging costs**
- However, the negative impact was partially offset by **improved scale from operations**

Selling & marketing expenses



Selling & Marketing Expenses (Rp bn)

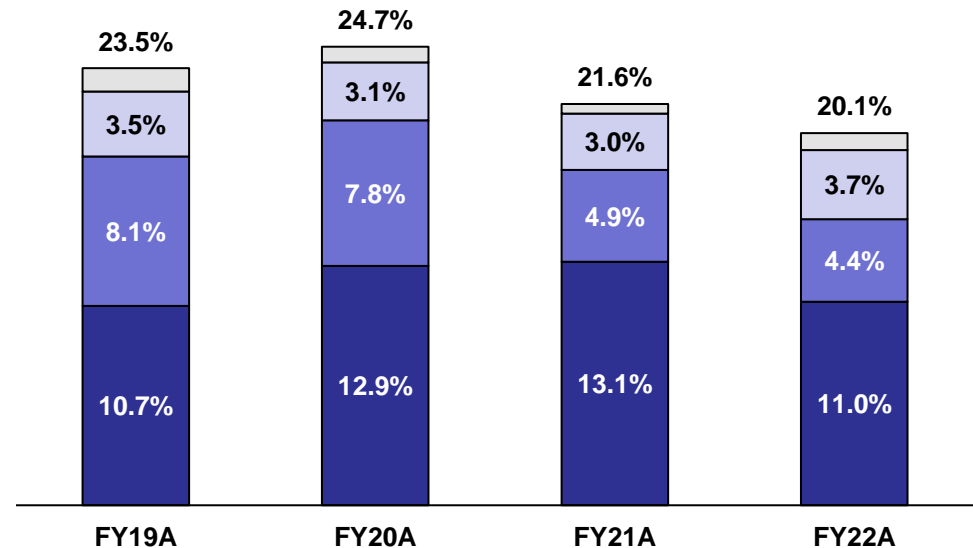
- Advertising, Promotion & Marketing
- Salaries & Allowances
- Distribution & Administration
- Others



- **Diversification of Advertising, Promotion & Marketing strategies** to reflect evolving sales channel mix and growth of General Trade

Selling & Marketing Expenses % Net Sales (Rp bn)

- Advertising, Promotion & Marketing
- Salaries & Allowances
- Distribution & Administration
- Others



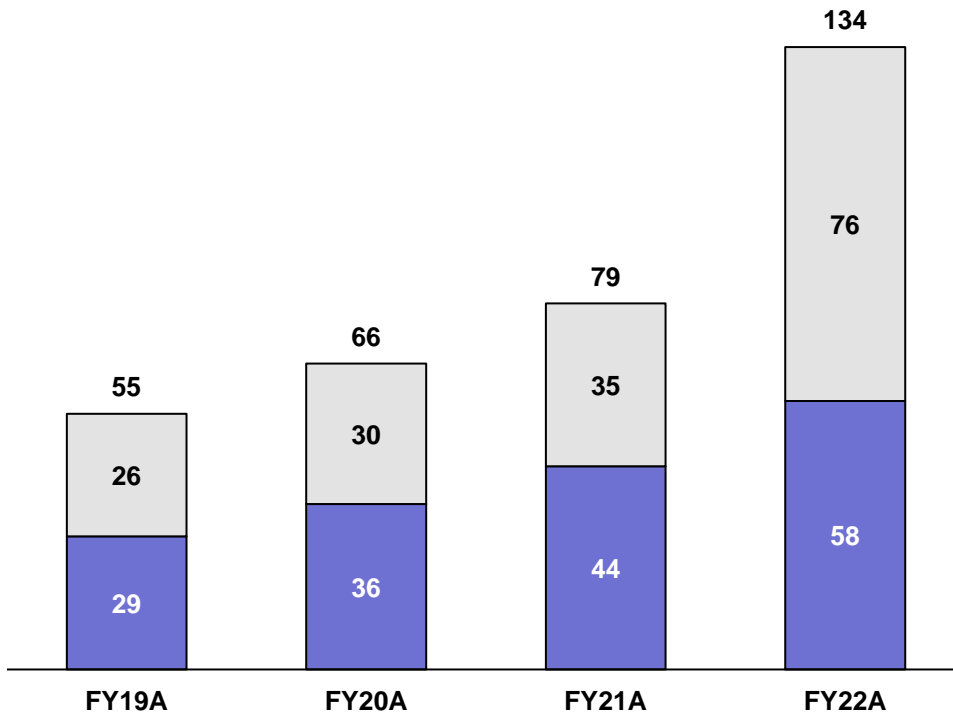
- **No new product lines launched in 2022**, resulting in reduced Advertising, Promotion & Marketing spend
- Distribution cost increased due to **higher fuel prices**
- **Continue to invest in Selling & Marketing** over the medium term, which is likely to remain stable as a percentage of revenue thanks to scale benefits

General & administrative expenses



General & Administrative Expenses (Rp bn)

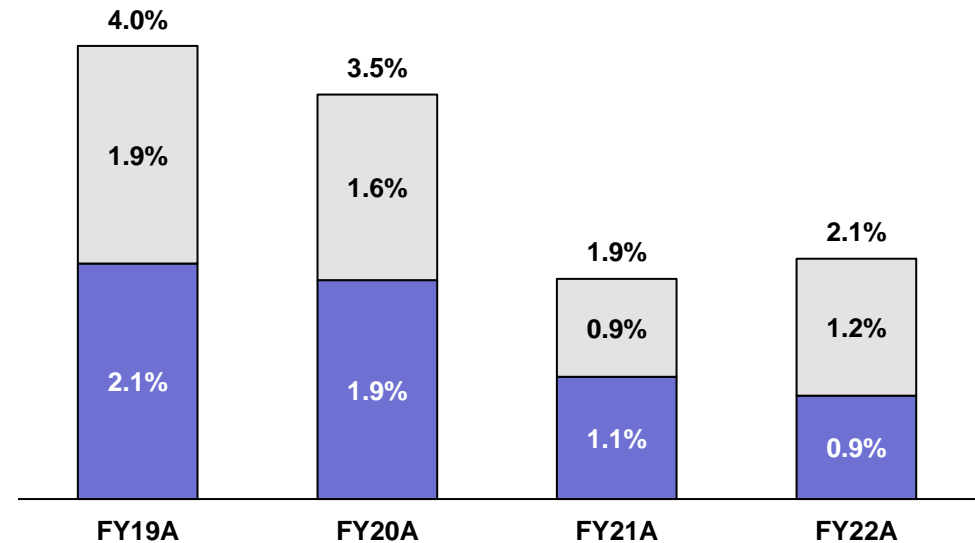
- Salaries & Allowances
- Others



- Year on year growth in Salaries & Allowances expenses due to **expanding operations to support top-line growth**

General & Administrative Expenses % Net Sales (Rp bn)

- Salaries & Allowances
- Others

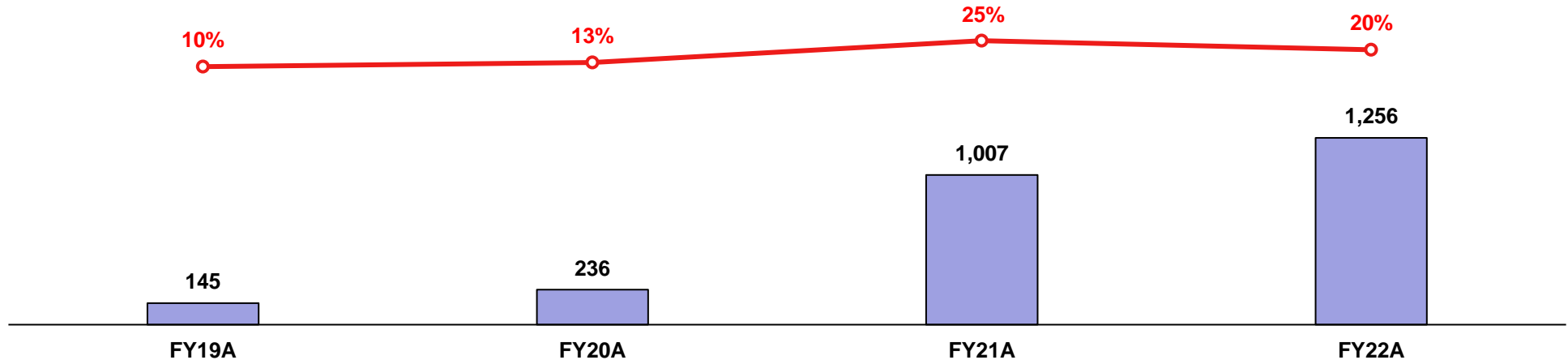


- Increased investments in manpower to **facilitate the expansion of the business**
- Over time, expected to benefit from economies of scale

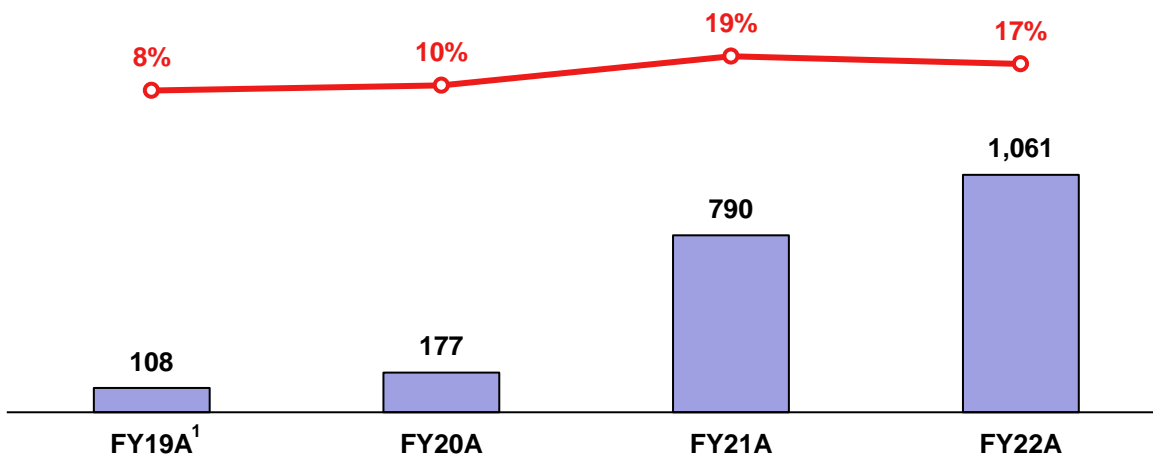
Operating & net profit



Operating Profit & Margin (Rp bn)



Net Profit & Margin¹ (Rp bn)



Commentary

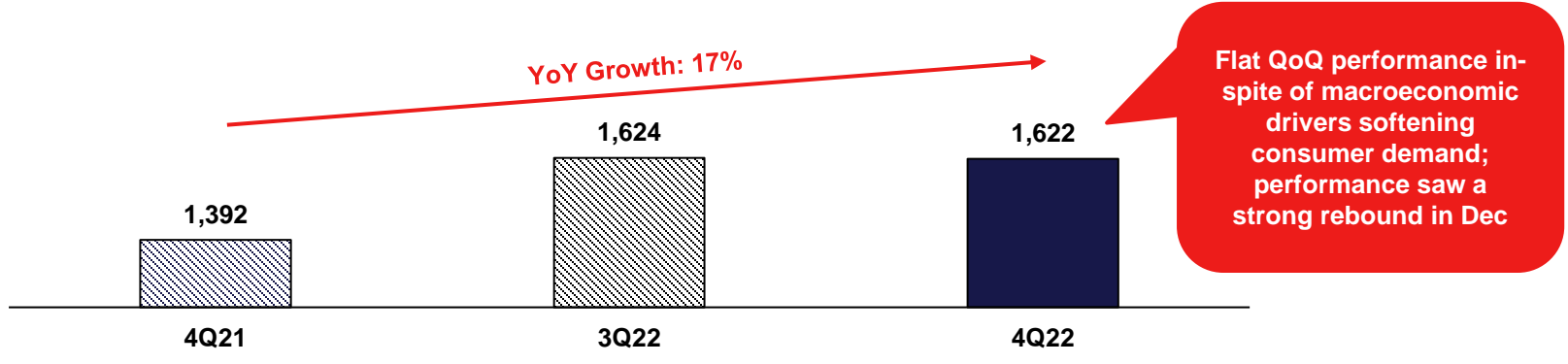
- **Strong top-line growth** led to improved absolute net profits, **driven by operating leverage and scale benefits**
- In 2022, **higher raw material prices** posed a challenge to the company's earnings despite better than expected revenue growth

Note: 1) Net Profit excluding profit from discontinued operations.

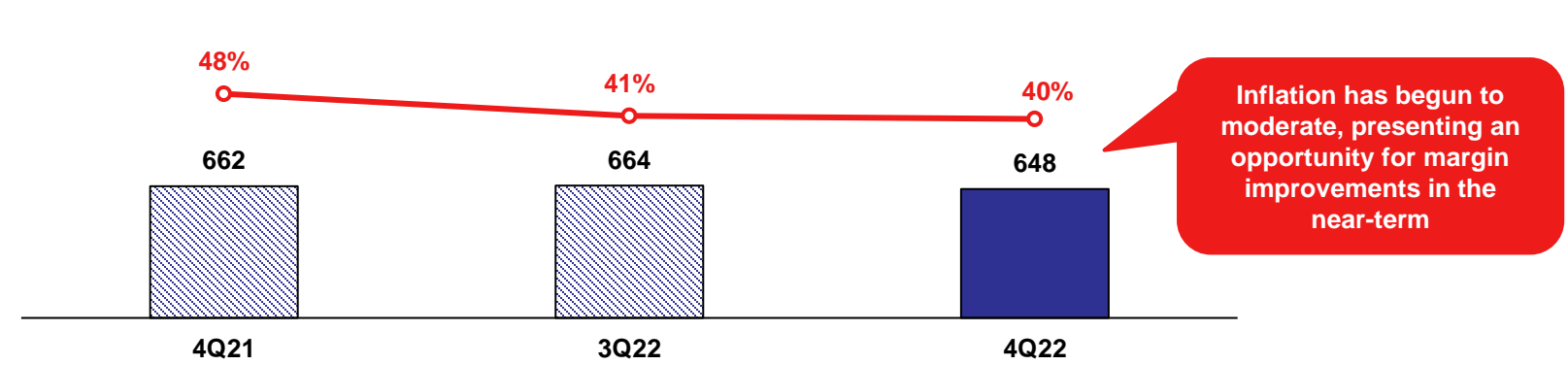
Quarterly performance



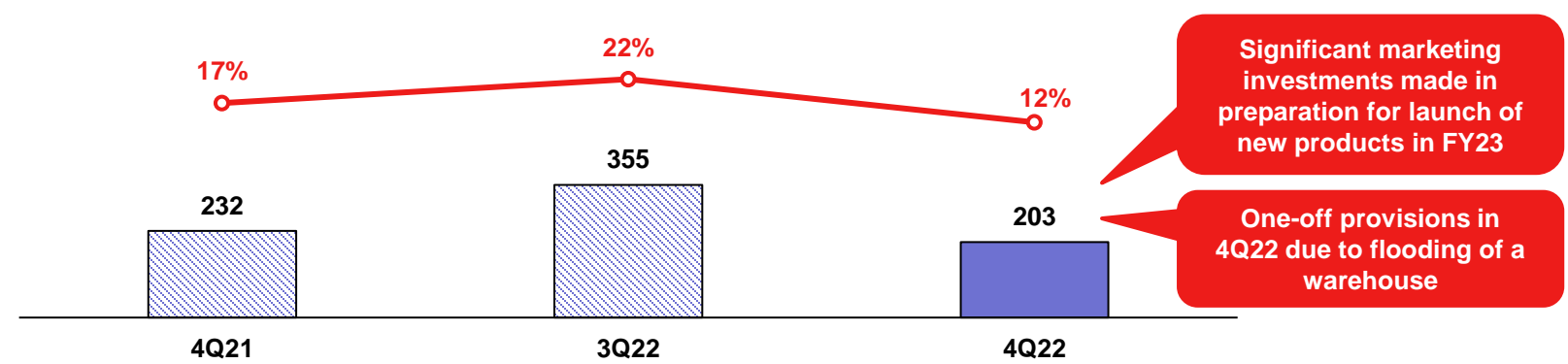
Net Sales



Gross Profit & Margin



Operating Profit & Margin

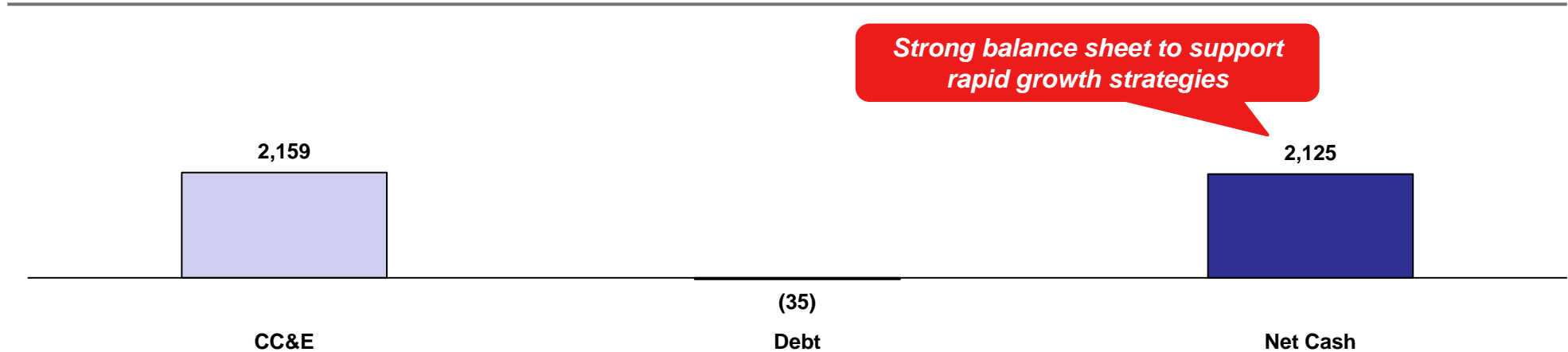


Note: Figures shown in RP bn.

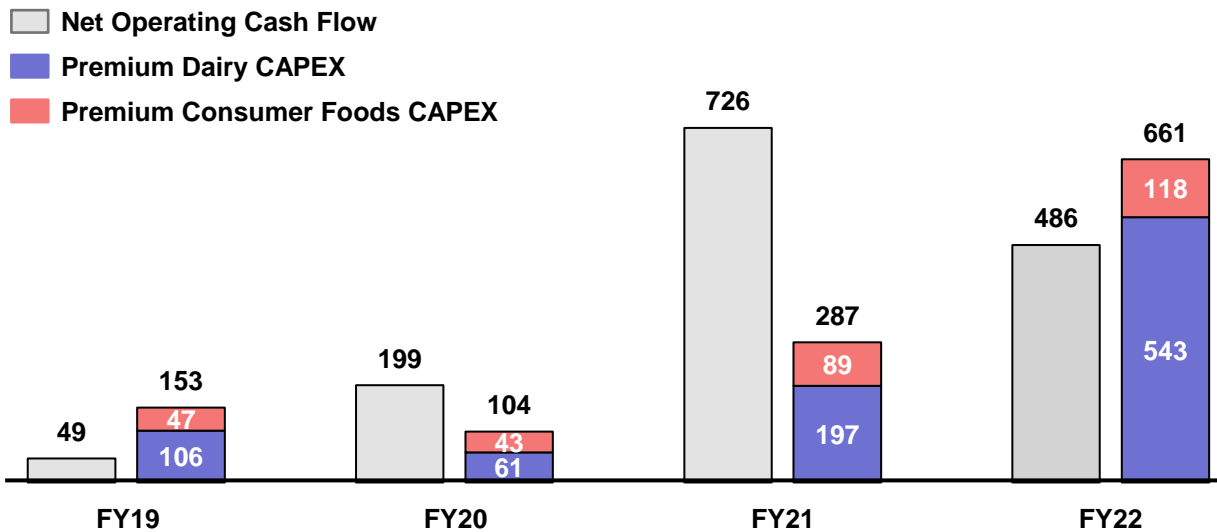
Balance sheet & cash flows



Net Cash (Debt) Position (Rp bn)



Net Operating Cash Flows vs Capital Expenditure (Rp bn)



Commentary

- **Record CAPEX investments** in FY22 made to support growth in existing categories as well as product extension launches
- Operating cash flows in FY22 were **impacted by income taxes paid on net profit FY2021**
- Inventory grew in FY22 to support business growth, and allow a **buffer to protect against supply chain uncertainties**, reducing operating cash flow

3 | Operational Performance

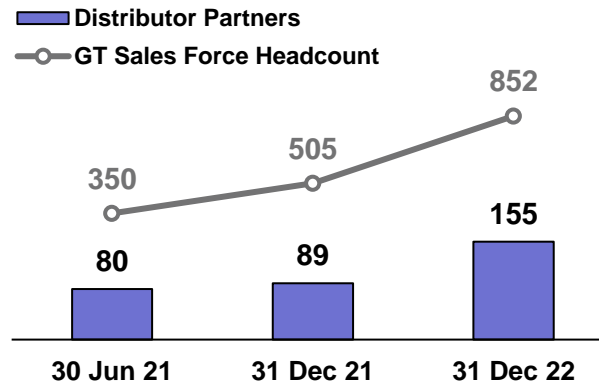


Successful execution of our channel penetration strategies, with an emphasis on improving productivity per MCM agent

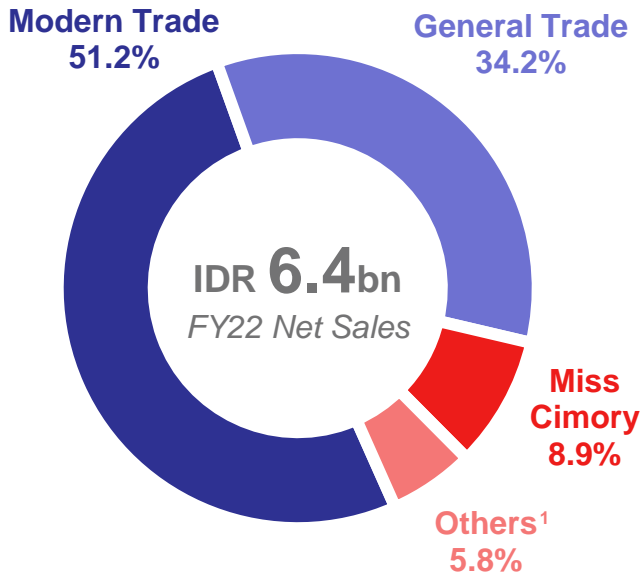
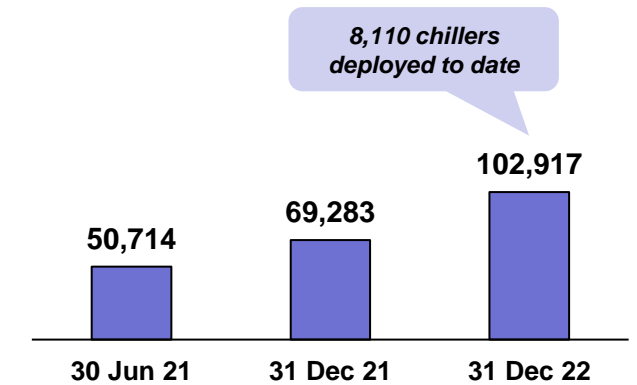


General Trade (“GT”)

Sales Force & Distributor Network

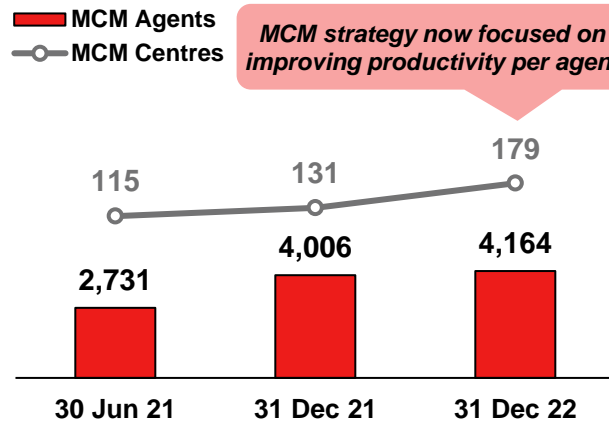


Outlet Footprint

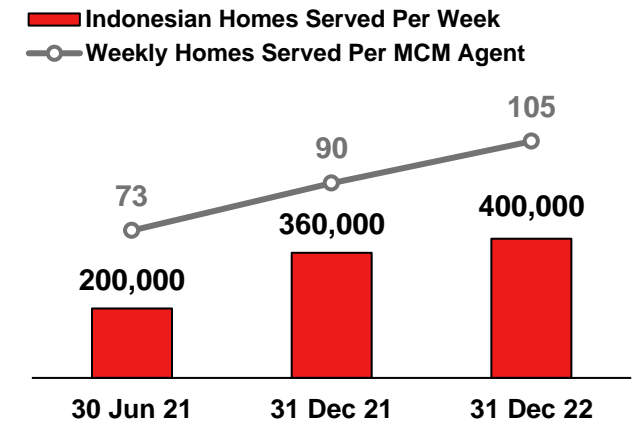


Miss Cimory (“MCM”)

MCM Agents & Centres



MCM Reach²



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

Our production capacity for core products continues to grow, with focus now shifting towards increasing channel penetration



UHT Milk



- Further extension of new flavours
- To focus on increasing channel penetration

Cimory Pouch



- Production capacity constraints have been alleviated
- To focus on launches of affordable packaging formats

Kanzler Singles Sausages Gochujang



- New launches following capacity alleviation in 2022

Kanzler Singles Bakso Hot (RTE Meatballs)



- Launched in Jan 2023
- Encouraging performance to date, with sufficient capacity to meet demand

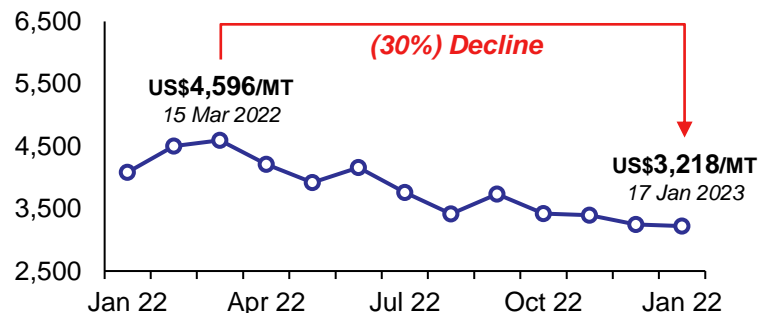
Margin pressure expected to ease in 2023 as raw material prices have been decreasing



Inflation Impact

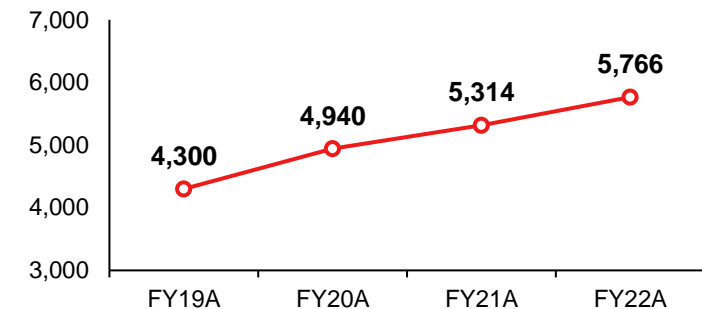
Premium Dairy

Whole Milk Powder Prices (US\$/MT)¹



Premium Consumer Foods

Annual Average Beef Purchase Price (US\$/MT)²



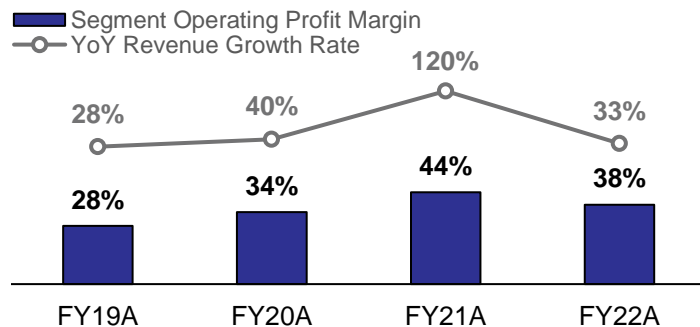
Short-Term Mitigates

6 months supply of milk powder
purchased in advance, up from
3 months pre-COVID-19

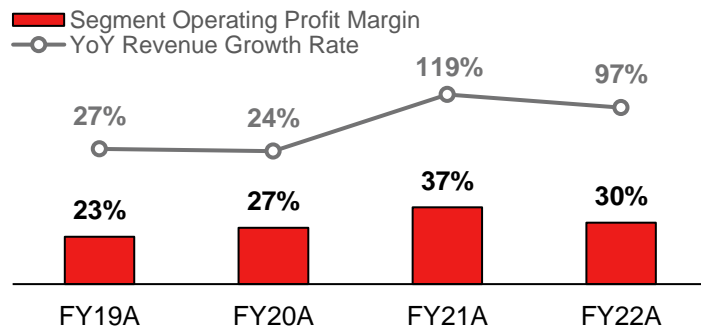
6 months supply of raw beef
purchased in advance, up from
3 months pre-COVID-19

Margin Buffer

Premium Dairy Growth & Margins



Premium Consumer Foods Growth & Margins



Note: 1) Per Global Dairy Trade annual weighted average prices; 2) Company data.

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



Channel Growth

We'll be positioned to increase our shelf space while continuing to invest heavily across our fast-growing MCM and GT channels



Launch of New Products

We will continue to expand our product portfolio in response to increasing consumer demand, taking advantage of improved capacity and service levels.



Continued Top-Line Growth



4 | Key Takeaways



Key takeaways



1

Rapid FY22 top-line growth of 56% YoY driven primarily by volume-based growth

2

Consumer Foods exhibited exceptional performance of 97% YoY Net Sales growth in FY22, driven by Kanzler Singles and Kanzler Nuggets

3

Expanded production capabilities for both Dairy and Consumer Foods segments have positioned Cimory for future growth without capacity constraints

4

Potential for margin improvements in the near-term as inflationary pressures moderate and cost base normalizes

5

Substantial pipeline of new products to be launched over the next financial year, supported by increased investments across our diversified marketing strategies



5 | Appendix



Consolidated statement of profit or loss



	Year Ended 31 December			
	2019	2020	2021	2022
	(Rp Billions)	(Rp Billions)	(Rp Billions)	(Rp Billions)
Net Sales	1,390.8	1,861.9	4,095.7	6,378.3
Cost of Sales	(873.4)	(1,101.8)	(2,122.6)	(3,709.9)
Gross Profit	517.3	760.1	1,973.0	2,668.5
Selling & Marketing Expenses	(327.5)	(460.3)	(885.7)	(1,279.7)
General & Administrative Expenses	(55.2)	(65.9)	(78.9)	(134.2)
Other Income / (Expenses), Net	10.2	2.0	(1.8)	1.0
Operating Profit	144.8	236.0	1,006.7	1,255.6
Share in Net Profit (Loss) of Associates	2.8	(1.8)	5.1	5.5
Gain (Loss) on Foreign Exchange	1.8	(4.0)	0.1	9.6
Finance Income	0.1	0.4	7.4	75.9
Finance Cost	(4.7)	(4.9)	(3.1)	(3.7)
Loss on Divestment of Subsidiary	(1.3)	-	-	-
Profit Before Income Tax	143.5	225.7	1,016.1	1,342.7
Income Tax Expense	(35.6)	(48.7)	(225.9)	(282.1)
Profit For From Continuing Operations	107.9	177.0	790.2	1,060.6
Profit For From Discontinued Operations	0.2	-	-	-
Profit For The Year	108.1	177.0	790.2	1,060.6

Consolidated statement of financial position



	Year Ended 31 December			
	2019	2020	2021	2022
	(Rp Billions)	(Rp Billions)	(Rp Billions)	(Rp Billions)
Cash and cash equivalents	20.4	67.0	3,661.8	2,159.3
Total Current Assets	341.2	556.9	4,832.3	4,025.2
Total Non-Current Assets	474.1	529.9	771.5	2,198.0
Total Assets	815.3	1,086.8	5,603.8	6,223.3
Total Current Liabilities	181.2	275.5	844.9	915.9
Total Non-Current Liabilities	75.3	76.9	62.0	49.1
Total Liabilities	256.5	352.4	906.8	964.9
Total Equity	558.7	734.4	4,696.9	5,258.3
Total Liabilities and Equity	815.3	1,086.8	5,603.8	6,223.3

Consolidated statement of cash flows



	Year Ended 31 December			
	2019	2020	2021	2022
	(Rp Billions)	(Rp Billions)	(Rp Billions)	(Rp Billions)
Net cash provided by operating activities	48.9	198.9	725.6	486.0
Net cash used in investing activities	(47.5)	(105.3)	(288.5)	(1,475.1)
Net cash provided by/(used in) financing activities	5.7	(31.9)	3,157.7	(513.4)
Net Increase/(Decrease) In Cash And Cash Equivalents From Continued Operation	7.1	61.6	3,594.8	(1,502.6)
Net Increase/(Decrease) In Cash And Cash Equivalents From Discontinued Operation	(0.5)	-	-	-
Cash And Cash Equivalents At Beginning Of Year	(1.2)	5.4	67.0	3,661.8
Cash And Cash Equivalents At End Of Year	5.4	67.0	3,661.8	2,159.3

