



# PUBLIC EXPOSE

AUGUST 27<sup>TH</sup>, 2019

INDONESIA STOCK EXCHANGE  
JAKARTA



**GUDANG  
GARAM**  
PT. GUDANG GARAM Tbk.



## PUBLIC EXPOSE

- **GG Profile**
  - Management
  - Premium Quality Products
  - Corporate Sustainability
- **Cigarette Industry**
- **Company Financials**
- **Outlook**



GG PROFILE

# MANAGEMENT

There were changes to Board of Directors and no changes to Board of Commissioners since last year

## **President Commissioner:**

Juni Setiawati Wonowidjojo

## **Commissioners:**

- Frank Willem van Gelder  
(Independent Commissioner)
- Lucas Mulia Suhardja
- Gotama Hengdratsonata  
(Independent Commissioner)

## **President Director:**

Susilo Wonowidjojo

## **Directors:**

- Heru Budiman
- Herry Susianto
- Buana Susilo
- Istata Taswin Siddharta
- Susanto Widiatmoko
- Andik Wahyudi
- Hamdhany Halim
- Sony Sasono Rahmadi (Independent Director)

# CORPORATE SUSTAINABILITY

## Corporate Social Responsibility

- Healthy living: house rehabilitation programmes in Probolinggo
- 60<sup>th</sup> anniversary community activities including local tourism support
- Relief and emergency support and blood donations
- Continuing Education scholarships

## Environmental and Occupational Health & Safety Mgt.

- Health, Safety and Environment (HSE) standards
- Water conservation, air quality and waste management
- BLUE PROPER rating from Environment Ministry





# PREMIUM QUALITY PRODUCTS

- Comprehensive coverage
- SKT, SKM FF and SKM LTN well supported by our customers: overall volume growth of 14.8%

HAND MADE  
SIGARET KRETEK  
TANGAN (SKT)



Klobot



Sriwedari



Djaja



Merah Series

MACHINE MADE  
SIGARET KRETEK  
MESIN (SKM)



Gudang Garam Series



Surya Series



GG Move

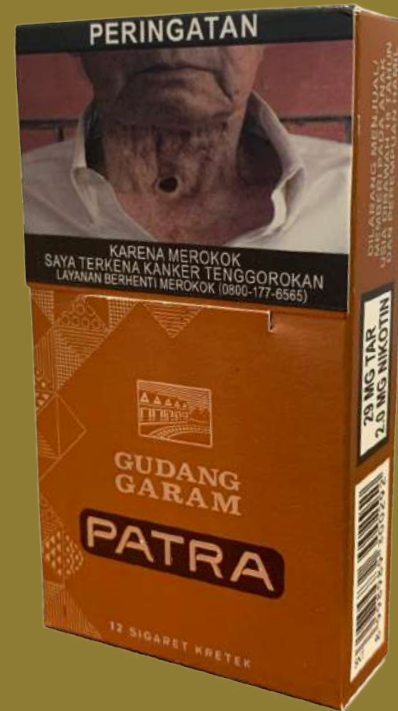
LOW TAR NICOTINE  
RENDAH TAR NIKOTIN  
(LTN)



# NEW PRODUCT

Gudang Garam Patra  
Hand made (SKT)

Launched August 5<sup>th</sup>, 2019









# CIGARETTE INDUSTRY



# CIGARETTE INDUSTRY VOLUMES BY SECTOR

(SOURCE: NIELSEN CURRENT MARKET DATA)

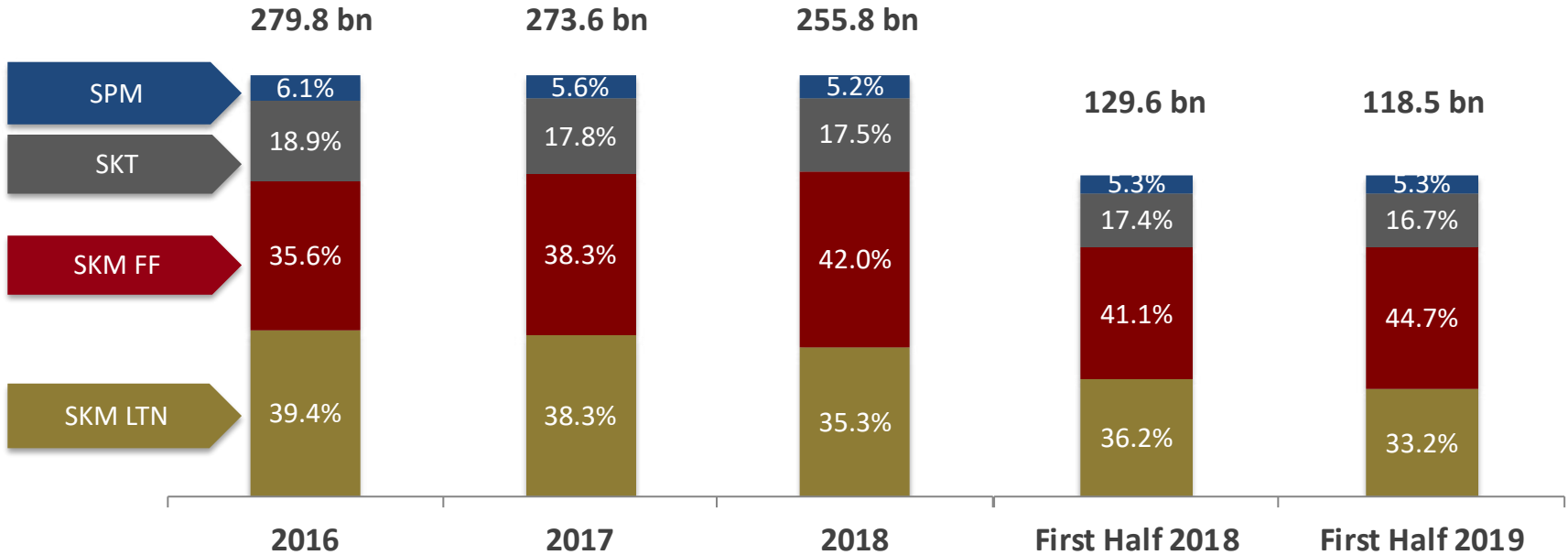
## Total Industry performance shows 8.6 % downtrend first 6 months 2019 vs 2018

SKT: down 11.8%		Changing preferences: SKT share down from 17.4% to 16.7%
SKM FF: down 0.5%		FF gains continue: from 35.6% 2016 to 44.7% market share today
SKM LTN: down 16.3%		Intense competition continues within this market segment
Non Kretek: down 8.0%		< 6% of national sales

# INDUSTRY VOLUME

(SOURCE: NIELSEN CURRENT MARKET DATA)

**Proportional mix analysis:**  
 Full year 2016 to 2018  
 First Half 2018/2019  
 Plus total sticks for each period



Notes: Figures may not foot due to rounding








# COMPANY FINANCIALS

# PERFORMANCE HIGHLIGHTS

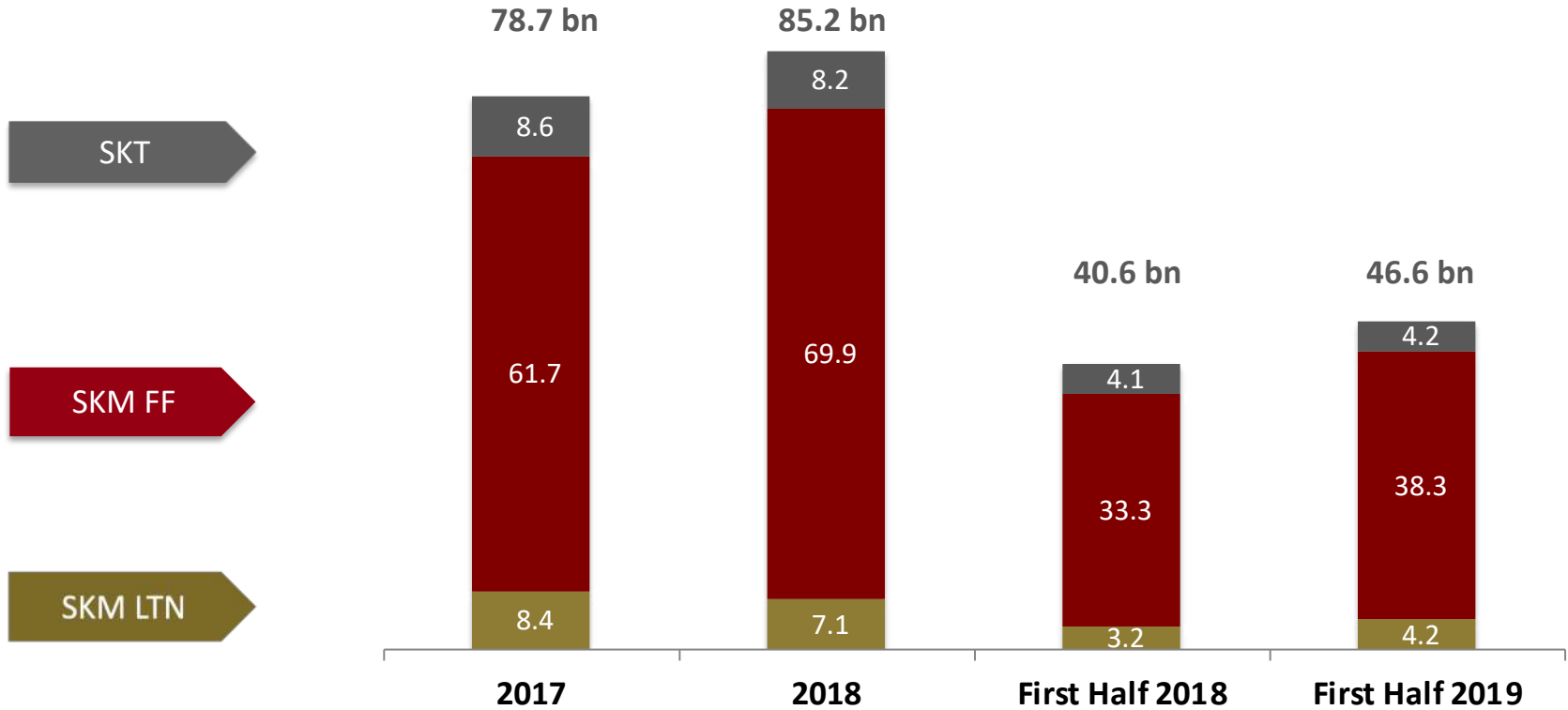
Solid sales growth and improved earnings as costs were well controlled

(UNAUDITED) 6 MONTHS DATA

	First Half		Comment	
Rp billion	2018	2019		
Sales revenue	45,305	52,745		16.4%
Volumes (billion sticks)	40,6	46,6		14.8%
Operating expenses	(4,038)	(4,051)		0.3%
PBIT	4,750	5,709		20.2%
Profit/Total Comprehensive Income	3,556	4,281		20.4%

# GG VOLUME DEVELOPMENT

BILLION STICKS



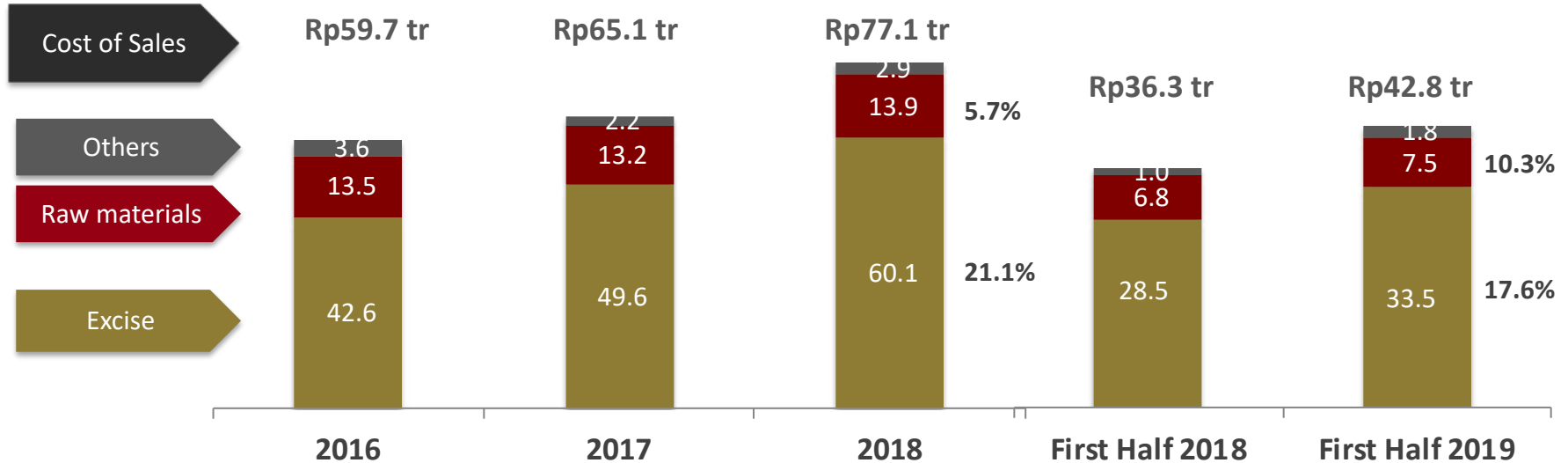
Notes: Figures may not foot due to rounding



# COST GROWTH

In Trillion Rupiah with most recent period to period growth shown as %

Raw materials and excise cost remain key factors



Notes: Figures may not foot due to rounding

# MARGINS FIRST HALF

	First Half		Comments
	2018	2019	
Gross Margin	19.8%	18.9%	
Operating Margin	11.1%	11.3%	Operating costs consistent
Net Margin	7.8%	8.1%	Reduced interest expense
Excise duty, VAT & Cig tax as % of COGS	78.5%	78.4%	Remains the largest cost in COGS
Excise duty, VAT & Cig tax (Rp bn)	28,518	33,527	17.6% increase

# FINANCIAL POSITION:

## ASSETS

Audited 12 months for 2018  
(Unaudited) 6 months 2018 and 2019

Rp billion	Full year 2018	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2019	YOY 1 <sup>st</sup> Half Δ%
Cash	2,034	3,233	2,626	(18.8)
Receivables	1,726	2,281	2,217	(2.8)
Inventories	38,560	36,449	36,746	0.8
Other Current Assets	2,965	744	817	9.8
Total Current Assets	45,285	42,707	42,406	(0.7)
Fixed & Other Assets	23,813	23,271	24,295	4.4
Total Assets	69,097	65,977	66,700	1.1

Notes: Figures may not foot due to rounding

# FINANCIAL POSITION: LIABILITIES & EQUITY

Audited 12 months for 2018  
(Unaudited) 6 months 2018 and 2019

Rp billion	Full year 2018	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2019	YOY 1 <sup>st</sup> Half Δ%
Short term loans	17,322	8,125	3,973	(51.1)
Payables (including taxes)	1,264	1,521	1,438	(5.5)
Excise duty, VAT & cigarette tax payable	2,699	8,145	9,184	12.8
Other Liabilities	2,679	7,446	7,694	3.3
Total Liabilities/Equity	53%	62%	50%	
Shareholders equity incl. retained earnings	45,133	40,740	44,412	9.0
Total Liabilities & Shareholders' equity	69,097	65,977	66,700	1.1

Notes: Figures may not foot due to rounding

Dividend Rp 5,002 billion (Rp 2,600 per share) paid in second half 2019



OUTLOOK



# OUTLOOK: improving with potential

## Economy

- GDP growth rate eases to 5.05% in Q2 from 5.07% in Q1
- Bank Indonesia interest rate cut designed to stimulate economy, boost consumption
- Inflation well controlled post elections & after Idul Fitri
- Global trade tensions may further impact export potential however...
- Government investment plans continue to help open up domestic economy

## Gudang Garam

- Steady prospects: wide choice in brands, consistent quality & customer loyalty
- Continuing to provide attractive returns to shareholders
- Maintaining strong financial position
- Investment sustained in community development, welfare and as an employer