



PT HM SAMPOERNA Tbk.

Public Expose

Jakarta

July 29, 2024

Forward-Looking and Cautionary Statements

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- HMS’ business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of COVID-19 on HMS’ business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. HMS’ future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize reduced-risk products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our reduced-risk product category's performance.
- HMS cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. HMS does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations.




Pesta Rakyat
UMKM
untuk
Indonesia

KOLABORASI

SAMPOERNA
untuk Indonesia

UMKM INDONESIA

22 July 2024

Konsisten Mendukung UMKM,
Memperkuat Pengembangan SDM
dan Ekonomi Kerakyatan,
bagi Indonesia Maju!

Senin, 22 Juli 2024 Assembly Hall, Jakarta Convention Center



#SelarasMenembusBatas

#BanggaSampoerna





Agenda

External Environment

Sampoerna Business Performance,
Strategy and Initiatives

Sampoerna Untuk Indonesia

Wrap up



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External Environment

Sampoerna Business Performance,
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Wrap up

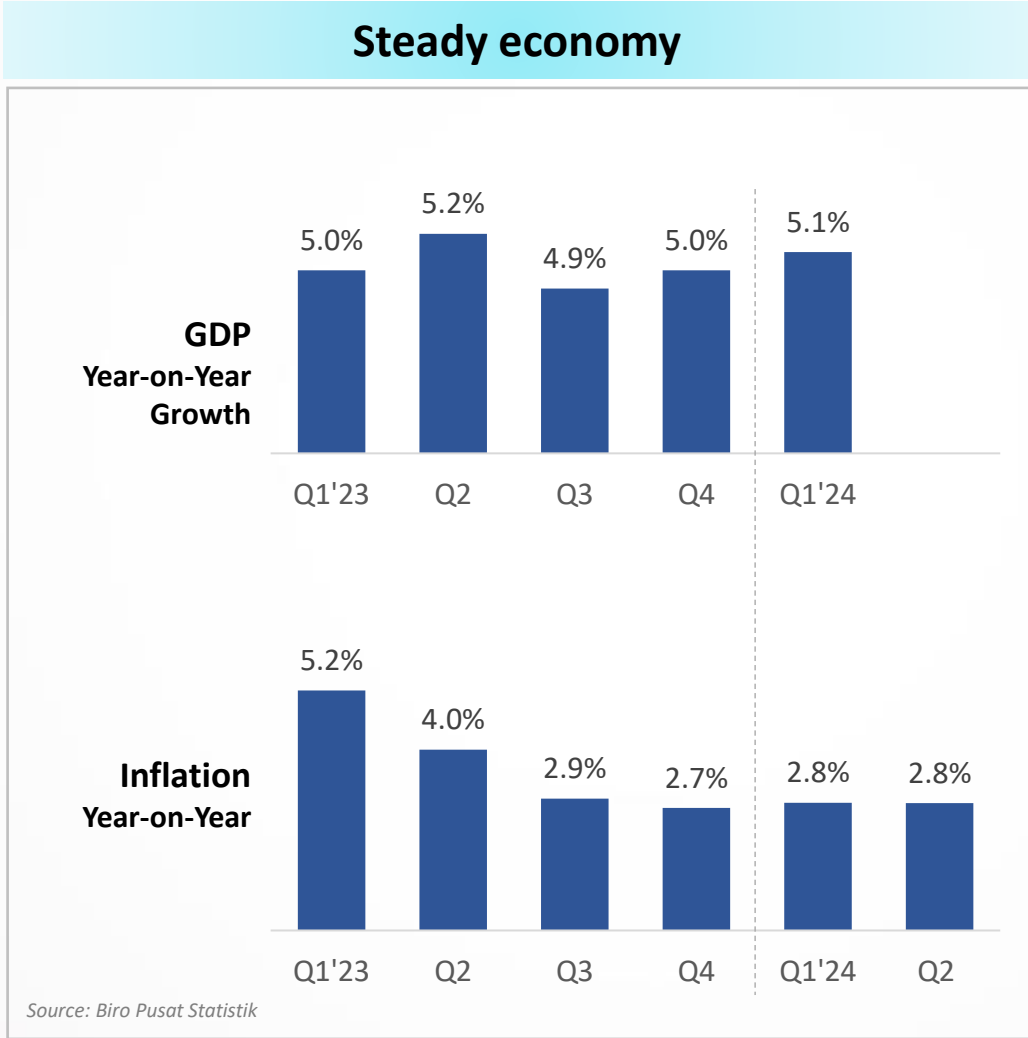
Steady economic growth in the shadow of **weakening purchasing power**



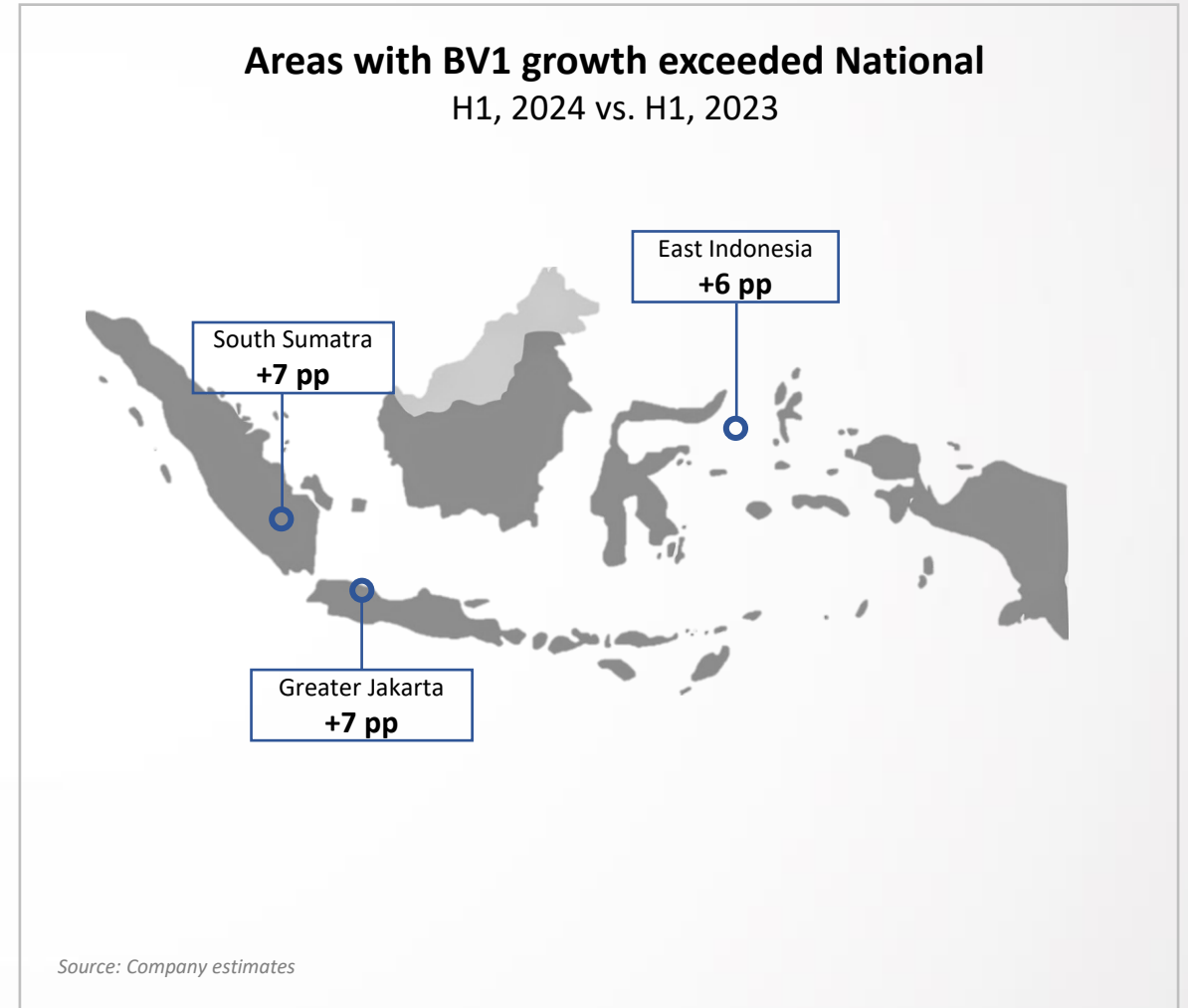
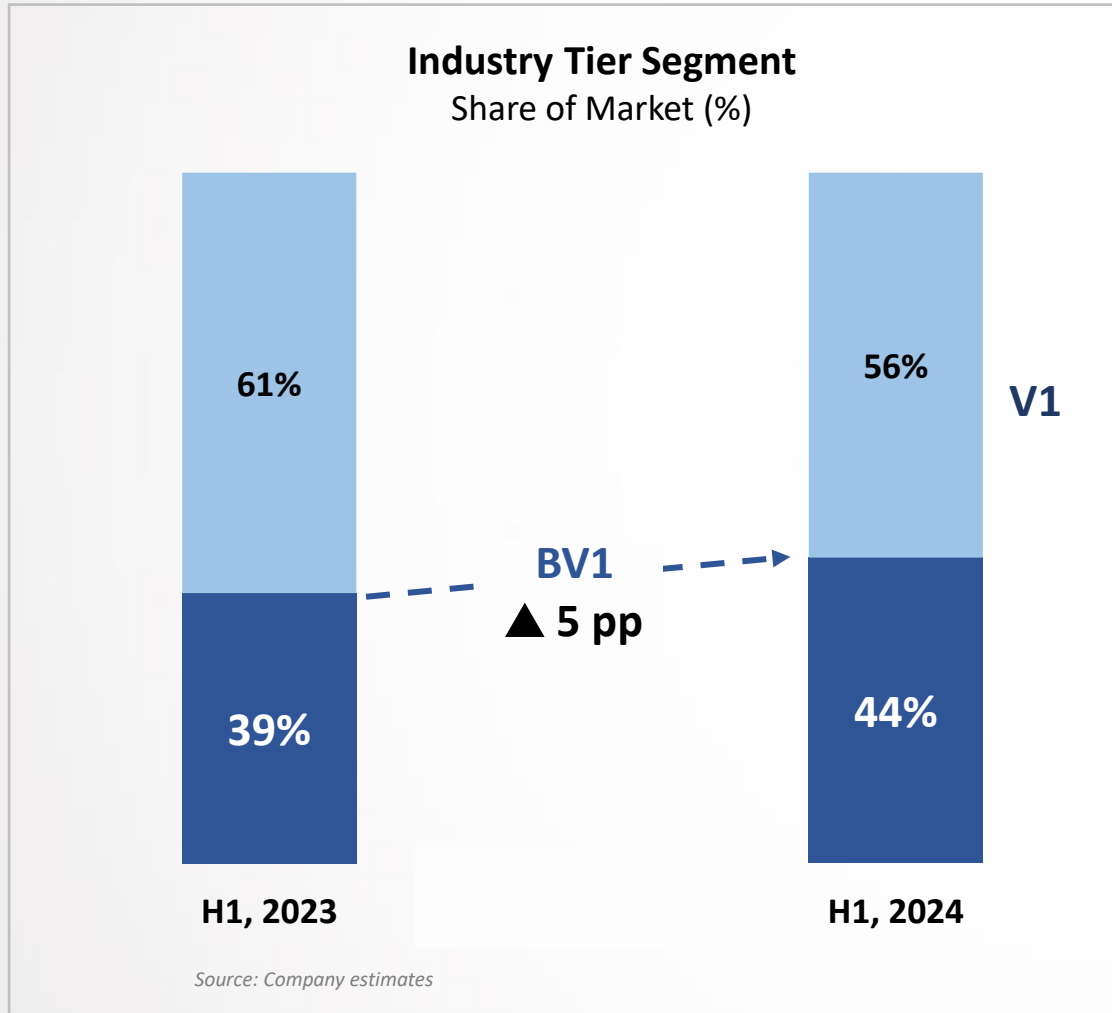
WORLD BANK GROUP

Steady growth with downside risks from global economy

Source: World Bank, Indonesia Economic Prospects, June 2024

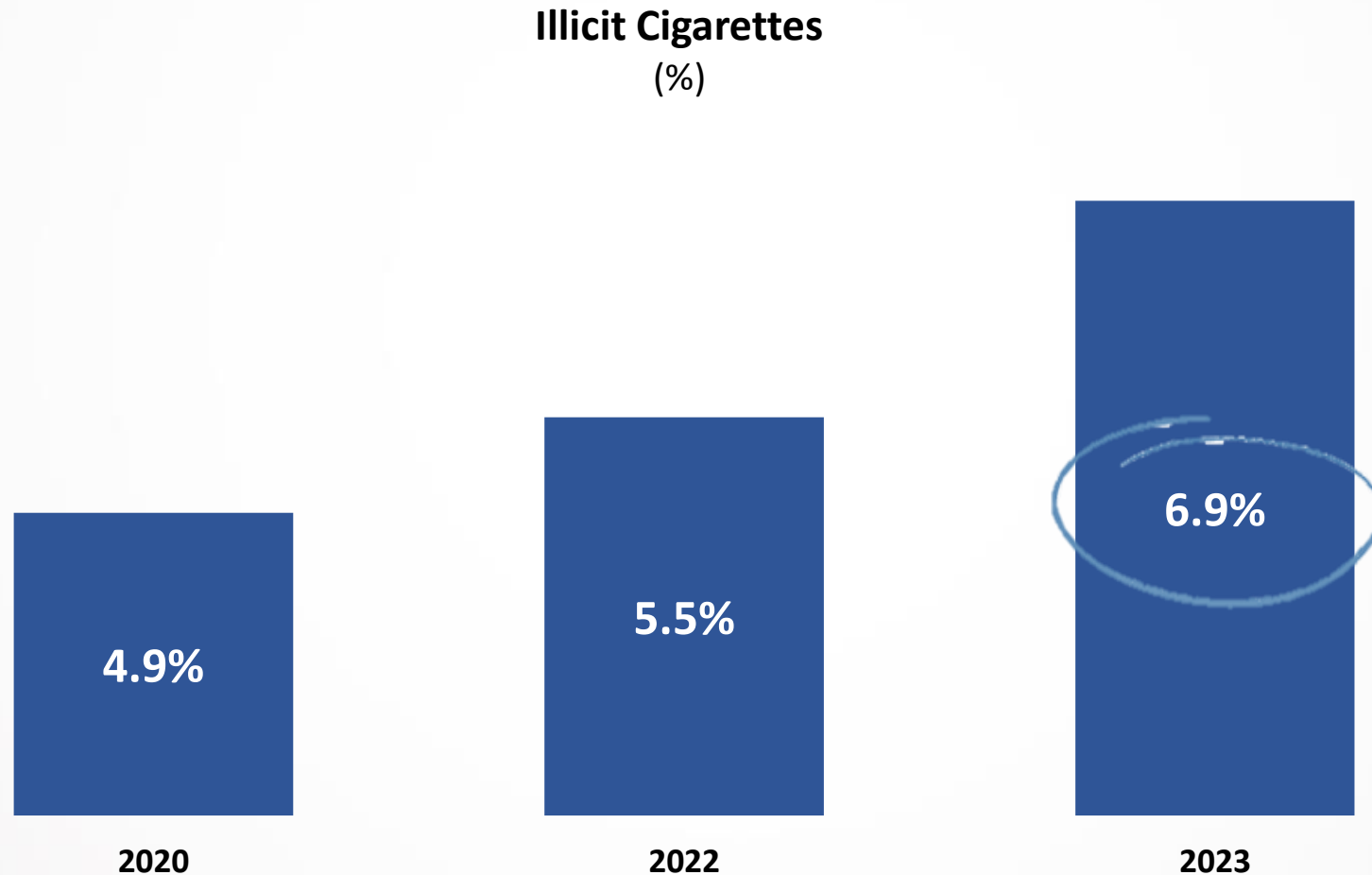


Tobacco industry is impacted by **downtrading**

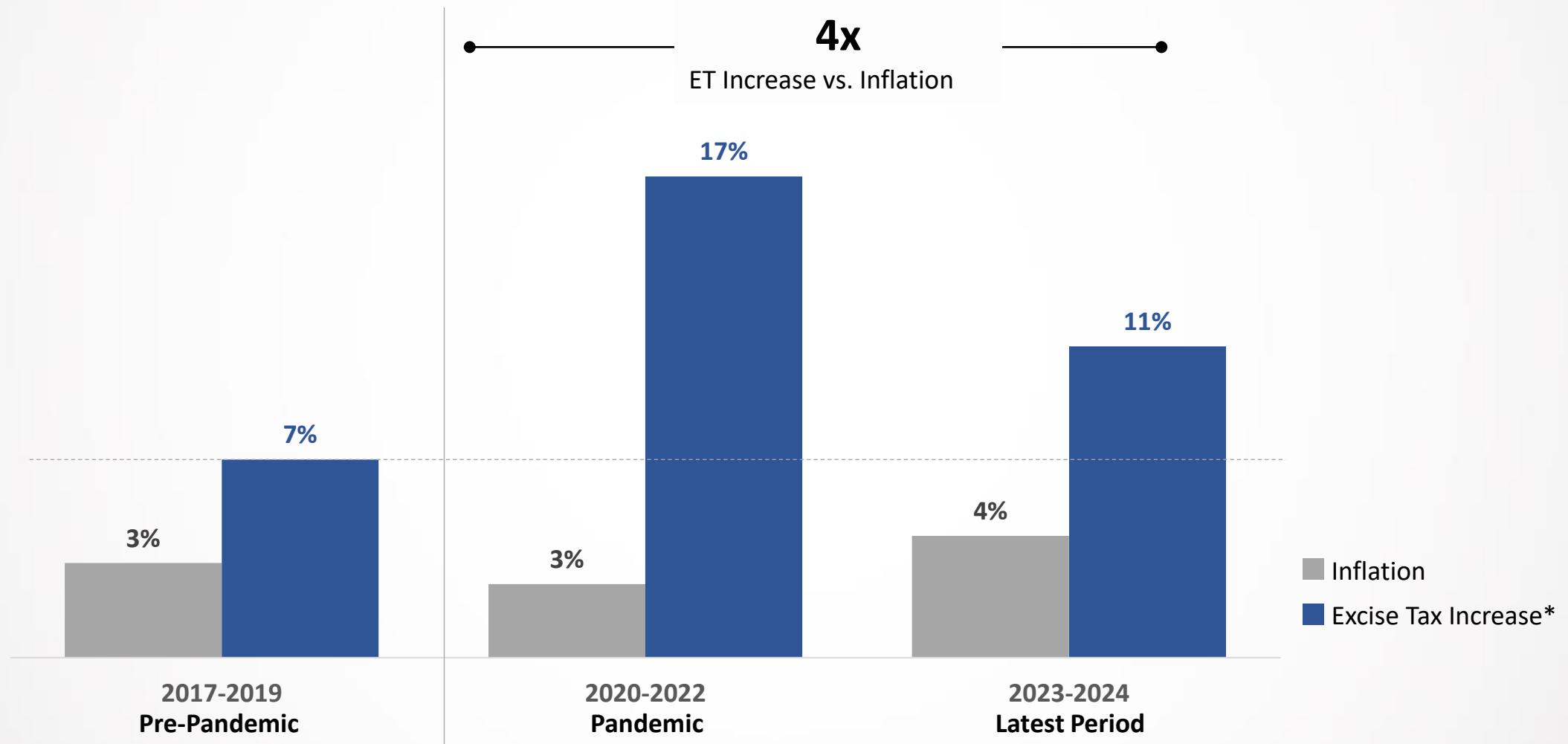


Note:
"V1" stands for Volume Tax Tier 1 defined as annual production volume per cigarette category of more than 3 billion units (for Machine-made kretek or SKM and Machine-made White or SPM) and 2 billion units (for Hand-rolled Kretek or SKT) for total company and affiliated companies
"BV1 or Below-V1" stands for Below-Volume Tier 1 defined as annual production volume per cigarette category of less than 3 billion units (for Machine-made kretek or SKM and Machine-made White or SPM) and 2 billion units (for Hand-rolled Kretek or SKT) for total company and affiliated companies

..and **illicit cigarettes** have increased almost 50% since 2020

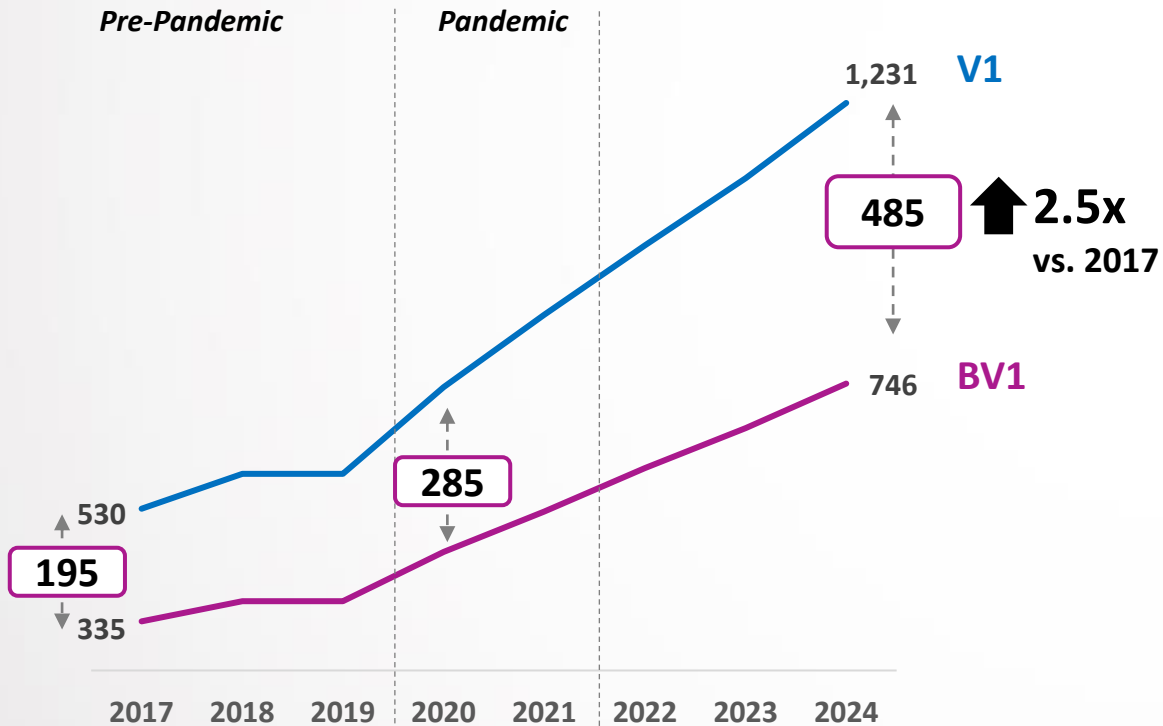


... impacted by **double-digit excise tax increases** beyond inflation



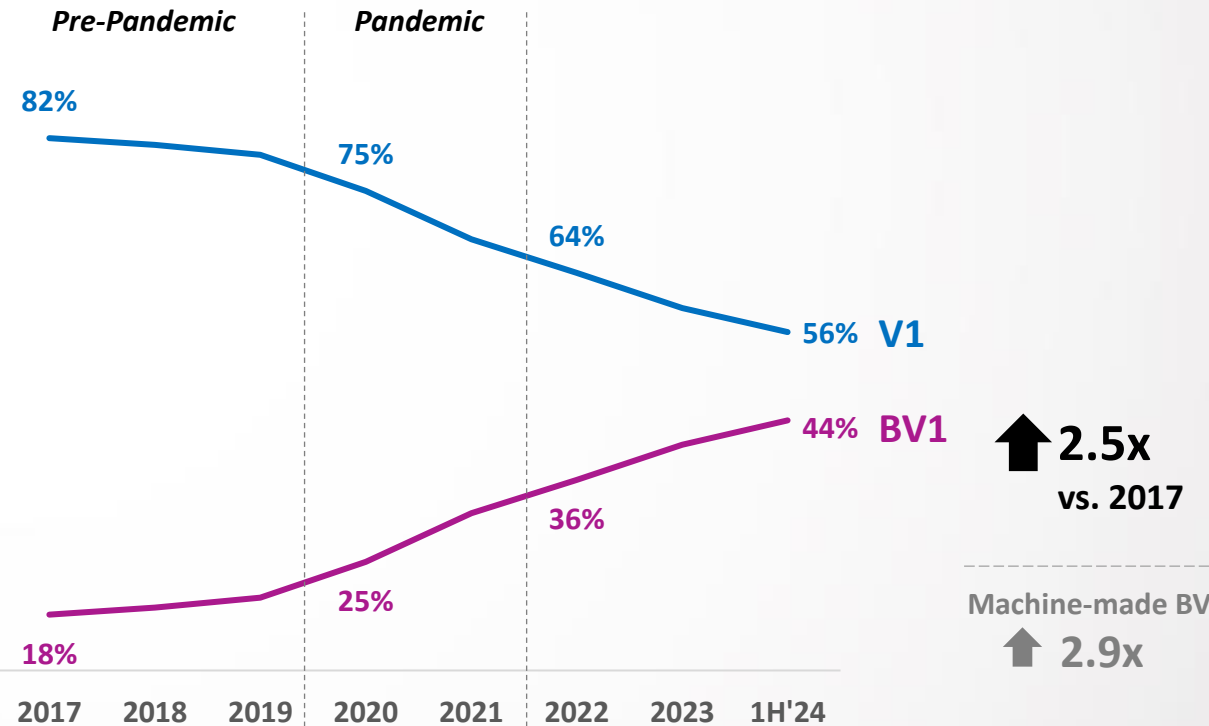
..and **widening excise tax gap** between Volume Tier 1 (V1) and Below Volume Tier 1 (BV1) segments

Excise Tax Rate SKM
(IDR/stick)



Source: Ministry of Finance Regulations on Tobacco Excise Tax Rate

Industry Tier Segment
Share of Market (%)



Source: Company estimates



Agenda

External Environment

**Sampoerna Business Performance,
Strategy and Initiatives**

Sampoerna Untuk Indonesia

Wrap up

Sampoerna #1 player in the Indonesian tobacco industry with 27% share of market in H1 2024; however performance was unfavorably impacted by industry dynamics

	<u>H1, 2024</u>	<u>Variance Year-on-Year</u>
Volume <i>(Billion units)</i>	39.9	-3%
Net Revenues <i>(IDR Trillion)</i>	57.8	+3.0%
Net Profit <i>(IDR Trillion)</i>	3.3	-11.6%
Taxes* <i>(IDR Trillion)</i>	40.0	-8.2%

Key strategy and initiatives to drive growth

Multi-category with solid portfolio across segment and continuous innovation

- Gaining share of segment in V1
 - Leading in machine-made kretek low tar (SKM LT) and machine-made white (SPM) cigarette segments
 - Expanding in machine-made kretek high tar (SKM HT) cigarette segment
 - Growing labor-intensive hand-rolled kretek (SKT) cigarette segment
- Accelerating our smoke-free product journey

Strong route to market powered by digital

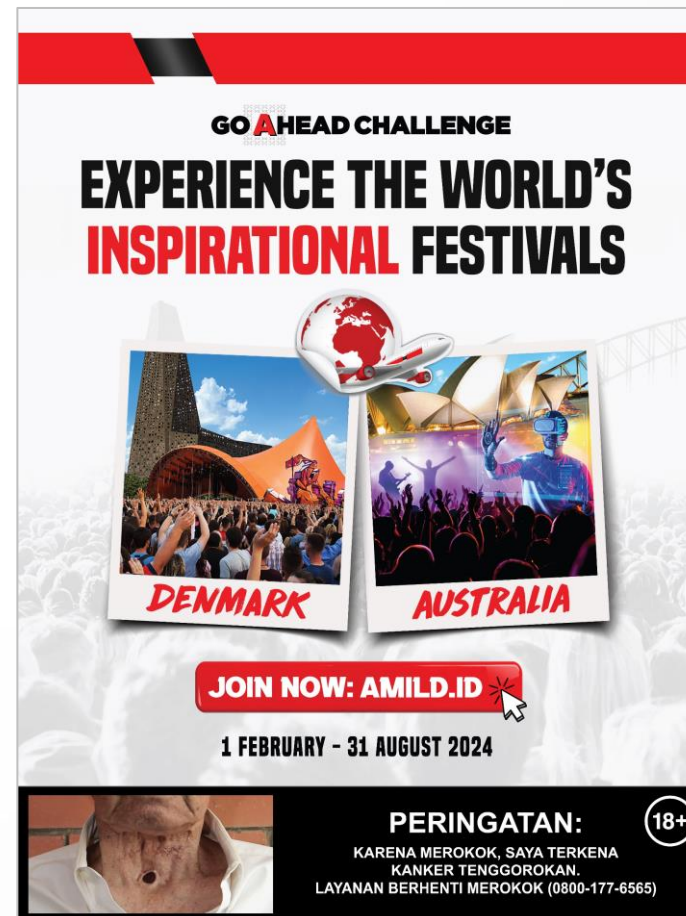
Leading in SKM LT and SPM segments

Driving equity in machine-made portfolio

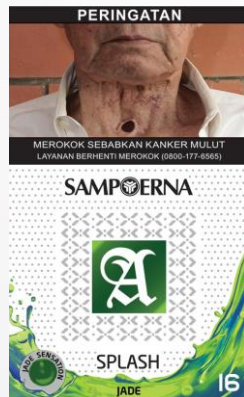
Campaign



Activation



Portfolio



New Product Launch

June 2024

Expanding in SKM HT segment

Campaign



Activation



Growing labor-intensive SKT segment
Leading in SKT with our heritage brand



PERINGATAN:

KARENA MEROKOK, SAYA TERKENA KANKER TENGGOROKAN. LAYANAN BERHENTI MEROKOK (0800-177-6565)



Growing labor-intensive SKT segment

Portfolio

New SKT products Q2'24



Campaign

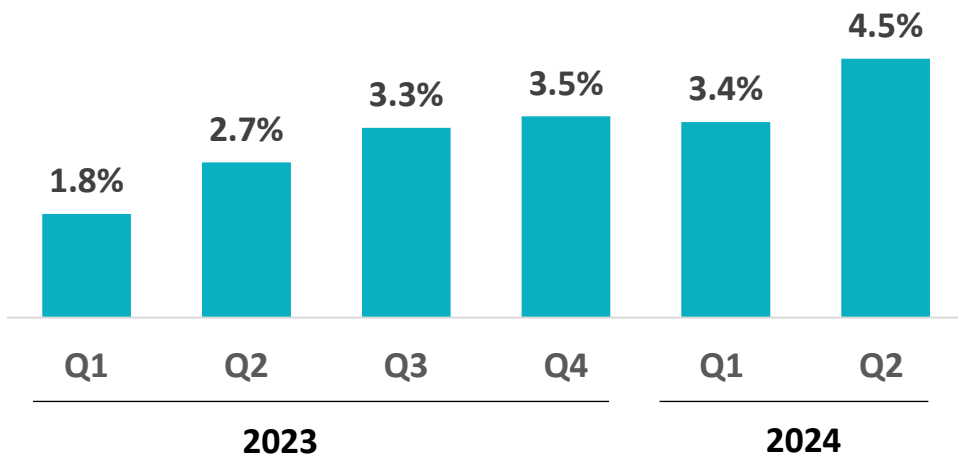


Delivering smoke-free products growth through innovation and expansion

- Expanded commercialization to targeted areas in new cities
- Over 150,000 estimated IQOS legal age users (18+)
- Strong underlying momentum in Urban Jakarta



Share of Market in Urban Jakarta



Source: Company estimates. Note: Urban Jakarta represents West, Central and South Jakarta which include an estimated 1.5 million Legal Age Nicotine Users

Note: IQOS legal age users (18+) as of Q1'2024

These material are not intended for marketing or commercial communication



Our Smoke-free Products journey : *Terea with Clove*

NEW

TEREA EDITION

Diproduksi oleh **SAMPORNA**

Kejutan penuh rasa dengan cengkeh Indonesia.

Curious? Discover more on [IQOS.COM](https://www.iqos.com)

IQOS
STAY CURIOUS

Jangan gunakan IQOS ILUMA™ dan stik Terea™ dengan perangkat IQOS generasi sebelumnya, hal ini dapat menyebabkan kerusakan pada perangkat Anda. Jangan merokok atau membongkar stik Terea™. Perapat logam tajam di dalam produk yang dapat menyebabkan cedera jika tertelan. Jauhkan dari jangkauan anak-anak. Informasi lebih lanjut kunjungi [iqos.com](https://www.iqos.com)

18+ Produk ini tidak bebas risiko dan mengandung nikotin yang menyebabkan ketergantungan. Hanya diperuntukkan bagi pengguna dewasa (18+).

New offerings (Feb'24)		NEW		
New offerings (Feb'24)		NEW		
<p>GOLDEN EDITION</p> <p>Mellow & Warm Sensasi tembakau halus dengan cengkeh Indonesia.</p> <p>Aroma note: Plum</p>	<p>EMERALD EDITION</p> <p>Fresh Sensasi tembakau fresh dengan cengkeh Indonesia.</p> <p>Aroma note: Green Apple</p>	<p>MULINT EDITION</p> <p>Cooling & Fruity Sensasi tembakau cooling & fruity dengan cengkeh Indonesia.</p> <p>Aroma note: Mulberry</p>	<p>AUBURN EDITION</p> <p>Balanced & Fruity Sensasi tembakau balanced & fruity dengan cengkeh Indonesia.</p> <p>Aroma note: Vanilla & Apricot</p>	<p>BERRINE EDITION</p> <p>Cooling & Floral Sensasi tembakau cooling & floral dengan cengkeh Indonesia.</p> <p>Aroma note: Floral with Pear</p>

18+ Produk ini tidak bebas risiko dan mengandung nikotin yang menyebabkan ketergantungan. Hanya diperuntukkan bagi pengguna dewasa (18+).

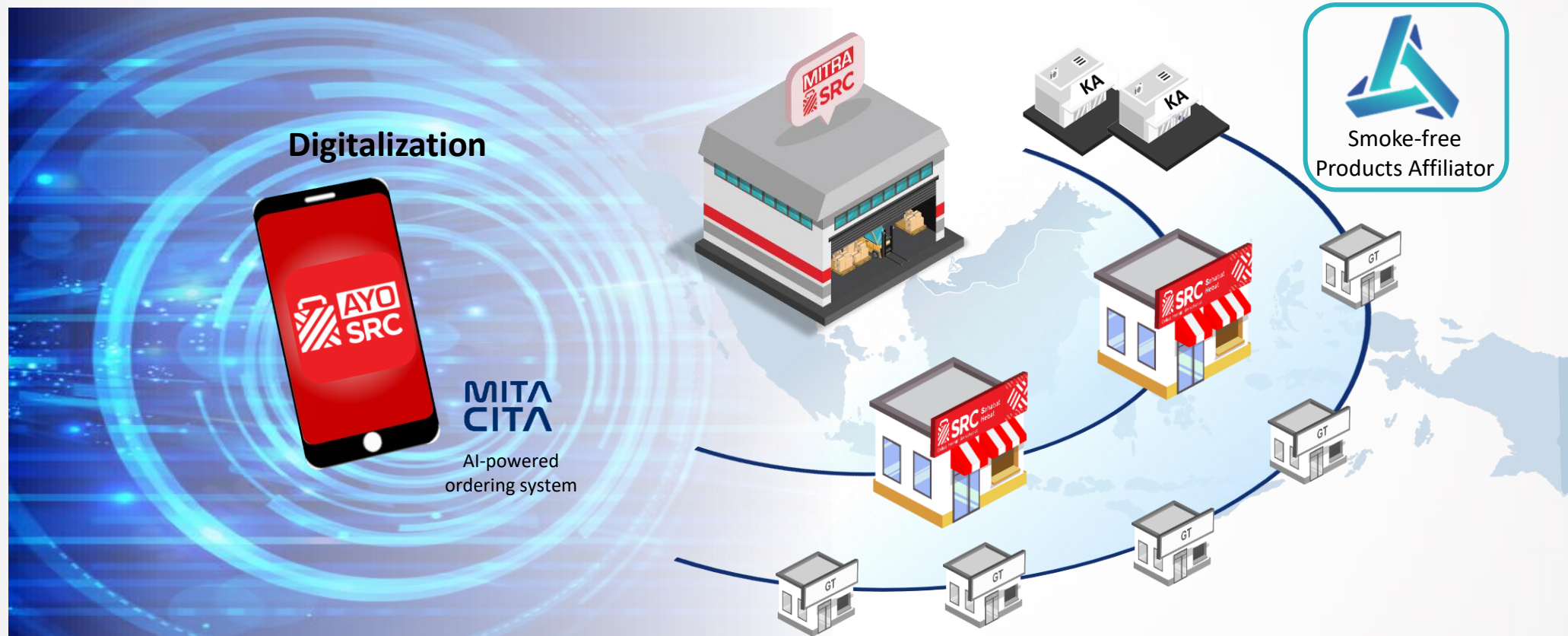


Partners with
hundreds of local
entrepreneurs



These material are not intended for marketing or commercial communication

Strong **route to market** engines for multcategory, powered by digital ecosystem, with capable and energized commercial forces



Capable and Energized Commercial Forces as the Foundation



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SAMPOERNA
untuk Indonesia

One of the public listed companies with **biggest employees** in Indonesia

Multiplier effect to hundreds of thousand employment through our indirect employment

Sustainability at the core of Sampoerna



Environmental

- Energy efficiency and emission reduction
- Water management
- Waste management



Inauguration 10,550 ground-mounted solar panels in Sukorejo Plant, 2023



Social

- Sales, marketing, and adult consumers communications
- Product innovation for better alternative
- Socioeconomic well-being in our supply chain and communities
- Healthy and fair working environment



Governance

- Business integrity
- Sustainable supply chain management
- Respect for human rights





Youth Smoking Prevention Program

Providing information and material on preventing access to tobacco and nicotine products to children

covering

1.5 million

retail partners and points of sales across Indonesia



Partnership with Tobacco and Clove Farmers with Good Agricultural Practice (GAP) Standards

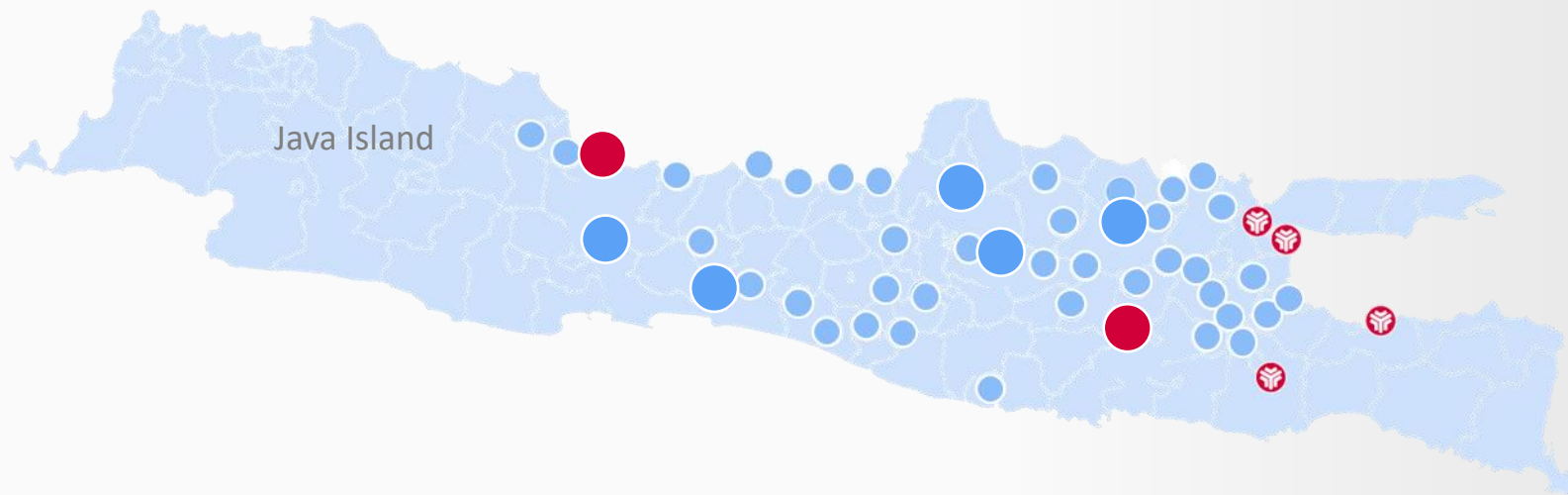
Child labor prevention, promoting safety in farm, waste bank, forest compensation

>22,000 farmers

New SKT facilities in 2024 adding thousands of employment

+5 Partnership with Local Entrepreneurs ●
(as of June 2024)

+2 Owned SKT Facilities ●
(+1 facility in H1, 2024, +1 facility in H2, 2024*)



Total Employees >90,000
~90% in SKT facilities
(direct and indirect)



*PT HM Sampoerna Tbk.'s announcement November 2023
Note: total employees as of June 2024; direct employees of 20,578 (PT HM Sampoerna Tbk. Financial Statements for the period ended June 2024)

Continuously supporting MSMEs for Indonesia



Sampoerna Retail Community

>250,000
SRC Stores

>6,300
Mitra SRC

Impact for Indonesia

IDR **236** Trillion/year
SRC Store Revenue

11.36%
of GDP Retail Sector¹⁾

Impact on Local business

+42% Stores revenue

77% Stores have additional businesses

90% Stores have implemented digitalization

Impact on Community

MSME product revenue at SRC
"PojoK Lokal"

IDR **5.65** Trillion/year
40% higher vs. non-SRC stores

51% Stores have absorbed employment

Source: SRC Impact for Indonesia (2023) from Kompas Gramedia (KG) Media's Research. Note: ¹⁾ GDP Retail Sector (Wholesale and Retail Trade, Non-Cars and Bicycles) in 2022: IDR2,077.43 Trillion



Sampoerna Entrepreneurship Training Center

>72,000
Training participants

>100 Cities/ regencies
Training coverage





Investment in Smoke-free Products Facilities

January 2023

Inaugurated the **smoke-free products production facility** in Karawang, West Java for **domestic** and **export market**

Q3 2023

R&D Laboratory facilities specifically for smoke-free products, creating highly specialized skilled employments

Total investment in smoke-free products
~**USD 300 million**
(up to 2023)

Substantial footprint across the value chain and continuous investments in Indonesia inline with country's priority to enhance downstreaming

Period as of June 2024

Owned Facilities

6 hand-rolled facilities (SKT)

2 machine-made facilities (SKM)

1 Smoke-free products facility and R&D laboratory

Partnership with Local Entrepreneurs

43

>90,000 Employees
(Direct* & Indirect)

~USD 6.4 billion
Total Investment
(2005 – 2023)

~30
Export Destination

We are recognized through awards and certifications



CORPORATE

LinkedIn Top Company

Fortune 100

Indonesia Corporate Reputation Awards 2023

Most Valuable Company 2023 (Times Indonesia)

Indonesia Living Legend Awards 2024

Perusahaan Rokok Terbaik (Bisnis Indonesia)

MSME

The Best Social Value Program in Traditional Retail Shop

Best Indonesia Company with MSMEs Development Program

Korporasi Peduli Kapasitas dan Mutu UMKM

Best Impact in Local Empowerment of the Year (Mata Lokal)

PEOPLE

Equal Salary Certified

Top Employer Award 2024

HR Excellence Award

INNOVATION

The Value Creation Awards

ASEAN Enterprise Innovation Award

Anugerah Bapeten

COMMERCIAL, BRAND & DIGITAL

Indonesia Top Digital PR Award 2024

Sales Team Team Champions 2023 (SWA)

Indonesia Customer Experience Champions 2023 (SWA)

Best Digital Campaign: Entrepreneurship (Mata Lokal)

ENVIRONMENT

Waste4Change Award

East Java Governor Award (Environment Report)



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Ensure sustainability of legal tobacco industry

Alignment with government's agenda to support optimalization of state revenue from excise while ensuring the protection of employment, the sustainability of legal tobacco industry players, and promote innovation in the industry

- **Multi-year** excise tax policy with **moderate excise tax increase** based on clear economic parameters (such as inflation rate) and considering adult consumers purchasing power
- Continue current policy direction to **safeguard the labor intensive SKT** segment
- **Address continuous downtrading trend** to ensure optimum excise revenue and sustainability across tobacco players
- **Excise policy based on risk-profile** to promote innovation in tobacco industry



Strong fundamentals for long term value in Indonesia

- Respected Company with 111 years of presence
- Retaining leadership in Indonesia tobacco industry
- Multi-category with solid portfolio across segment and continuous innovation
- Strong route to market and substantial footprint

Under ‘Sampoerna Untuk Indonesia’, we will continue to thrive with sustainability at the core of our business, creating value for the betterment of Indonesia



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