



PT HM SAMPOERNA Tbk.

PUBLIC EXPOSE | PAPARAN PUBLIK

PT HM SAMPOERNA Tbk

Jakarta, 1 November 2022

Forward-Looking and Cautionary Statements

- This presentation has been prepared by the management of PT Hanjaya Mandala Sampoerna Tbk. (“HMS”) solely for use in connection with the presentation to public during the Public Expose and does not constitute or form part of an offer, solicitation, recommendation or invitation of any offer, to buy or subscribe for any securities, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. Further, nothing in this document should be construed as constituting legal, business, tax or financial advice.
- The information and opinions in this document are provided as at the date of this document (unless stated otherwise) and are subject to change without notice, its accuracy is not guaranteed and it may not contain all material or relevant information concerning HMS or its subsidiaries. Neither HMS nor any of its affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of these materials.
- This presentation and related discussion may contain projection of future results and other forward-looking statements. These statements can be recognized by the use of words such as "expects", "plans", "will", "estimates", "projects", "intends" or words of similar meaning. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and HMS is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by HMS.
- HMS’ business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; 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 our business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems effectiveness of its data privacy policy. HMS’ future profitability may also be adversely affected should it be unsuccessful in its attempts to produce products with the potential to reduce exposure to harmful constituents in smoke (reduced risk products), individual risk and population harm; 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 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; or if it is unable to attract and retain the best global talent; including women or diverse candidates.
- 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.



PT HM SAMPOERNA Tbk.

RAPAT UMUM PEMEGANG SAHAM TAHUNAN RAPAT UMUM PEMEGANG SAHAM LUAR BIASA

JAKARTA, 9 JUNI 2022

Board of Commissioners

President Commissioner John Gledhill
Commissioner Paul Norman Janelle
Justin Mayall
Luthfi Mardiansyah

Board of Directors

President Director Vassilis Gkatzelis
Appointed during AGMS Meeting on June 9, 2022
Directors Sharmen Karthigasu
Francisca Rahardja
Elvira Lianita
Dina Lombardi
Ivan Cahyadi

Key Highlights

Investment and Sustainability

- **109 years of presence in Indonesia, with a sizeable footprint across the value chain and continuous investments both for domestic and export purposes**
- **Sustainability at the core of our business, creating long-term value for the broader ecosystem**

Company Performance

- **Robust topline performance, including volume year-on-year growth**
- **Sequential, quarter-on-quarter improvement in profitability ratios, yet still significantly below pre-pandemic levels**

Business Fundamentals

- **Solid business fundamentals thanks to strong brand portfolio, route to market and organization**
- **Fiscal policy is one the key elements to secure sustainable excise tax gaps and address objectives of economic recovery, public health, employment and state revenue**

Sampoerna: Sizeable footprint across the value chain and continuous investments in Indonesia for creation of long-term value in the broader ecosystem



Years of Presence in Indonesia

Operations Footprint

6 Owned Factories **38** Third Party Operators (TPOs)

Employees (Direct and Indirect) **~65,800** TOTAL
of whom **~56,200** SKT Employees

Export (2021)

Volume 11 billion sticks	Value USD 122 million	Destination ~40 countries
--	---	---

MSME communities

~200,000 Sampoerna Retail Community (SRC)

~64,000 People
under Sampoerna Entrepreneurship Training Center (SETC)

>22,000 Farmers
on Agricultural Labor Practices (ALP) and Good Agricultural Practices (GAP) standards

Total investment since 2005
nearly USD 6.1 billion
or equivalent to IDR 91.4 trillion¹⁾

One of the largest tax-payers
IDR 78.7 trillion²⁾
(2021)



Note: ¹⁾ exchange rate IDR/USD 14,991; ²⁾ total taxes: excise tax, regional tax, VAT, and corporate income tax of Sampoerna and Philip Morris Indonesia; SRC members and SETC as per Oct 27 (src.id and setc.id)

Health and Safety of our Employees and Communities is Always Our Top Priority

- Acceleration of vaccine booster access to all employees*
- Fully operational business activities at all fronts: production, supply chain and commercial
- We highly appreciate the Government's extraordinary efforts to address the pandemic and support economic recovery





SAMPOERNA
untuk Indonesia

Sustainability Framework



Driving Operational Excellence

Upholding business excellence and integrity across our entire value chain

- Responsible Sourcing Principles for business partners
- Good Agricultural Practice (GAP) standards for farmers
- Responsible Sales and Marketing practices
 - Youth Smoking Prevention



Managing Social Impact

Committed to socio economic wellbeing of our employees, business partners and community

- Equal Salary certified, Top Employer
- MSMEs programs
 - Sampoerna Retail Community (SRC): ~200k members; ~60% are women
 - Sampoerna Entrepreneurship Training Center (SETC): trained ~64k people
- HOPE program for hand-rollers



Reducing Environmental Footprint

Zero waste to landfill (2024) and carbon neutral in all production facilities (2025)

- Renewable energy: 100% of our electricity sourced from renewable energy (Solar Power Plant and Renewable Energy Certificate)
- Machine-made facilities certified for Alliance for Water Stewardship certifications and received PROPER awards



Business Transformation

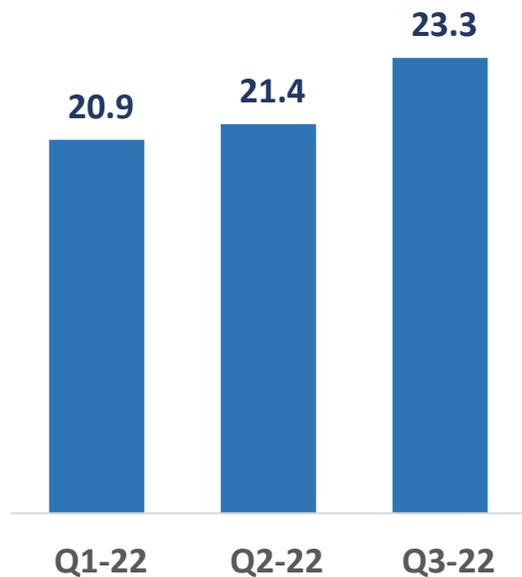
Offering scientifically substantiated, better alternatives for adult smokers who decide to continue smoking

- IQOS Club – market test for innovative smoke-free heated tobacco product
- USD 166.1 million investment for IQOS facilities in Karawang; scheduled to operate in Q4 2022



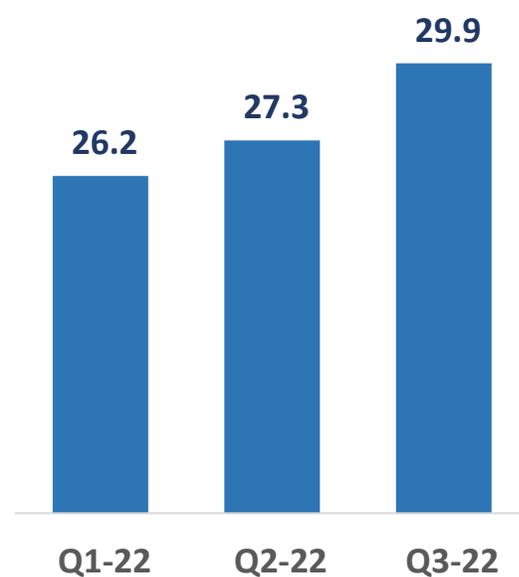
Sampoerna: Robust Topline Performance with Sequential Improvement

Volume (billion sticks)



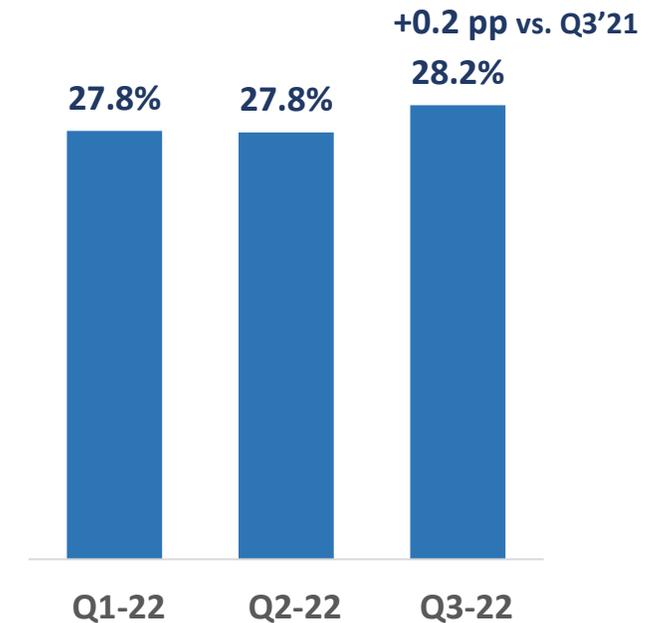
YTD Q3'22
65.6 billion sticks
▲ 4.8 bio. | ▲ 7.9%

Net Revenues (IDR trillion)



YTD Q3'22
IDR 83.4 trillion
▲ IDR 10.9 trillion | ▲ 15.0%

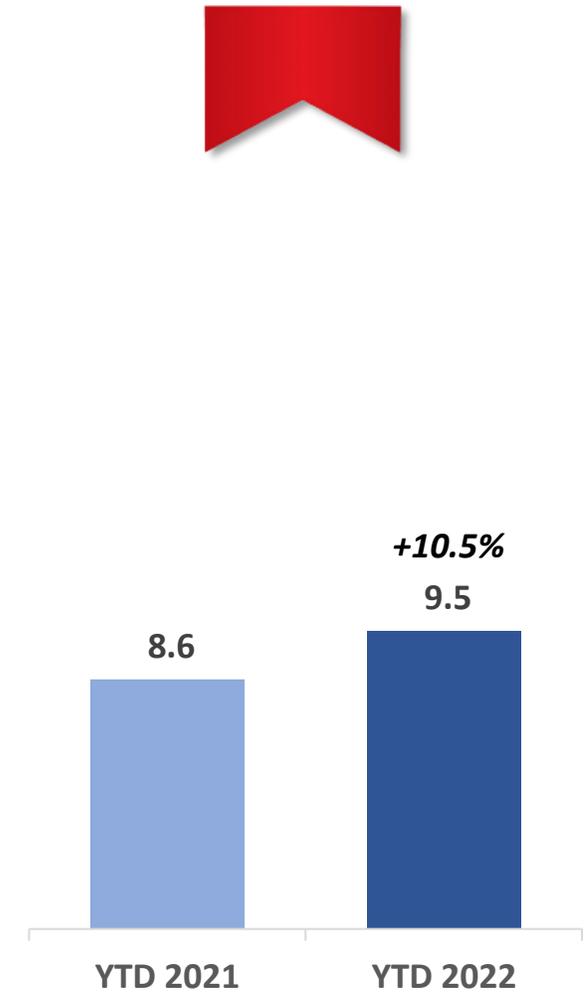
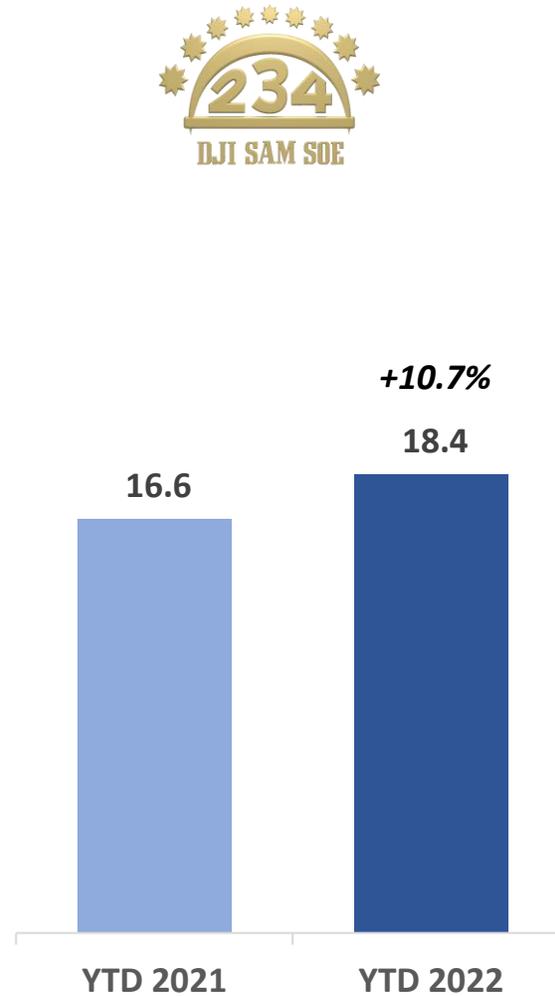
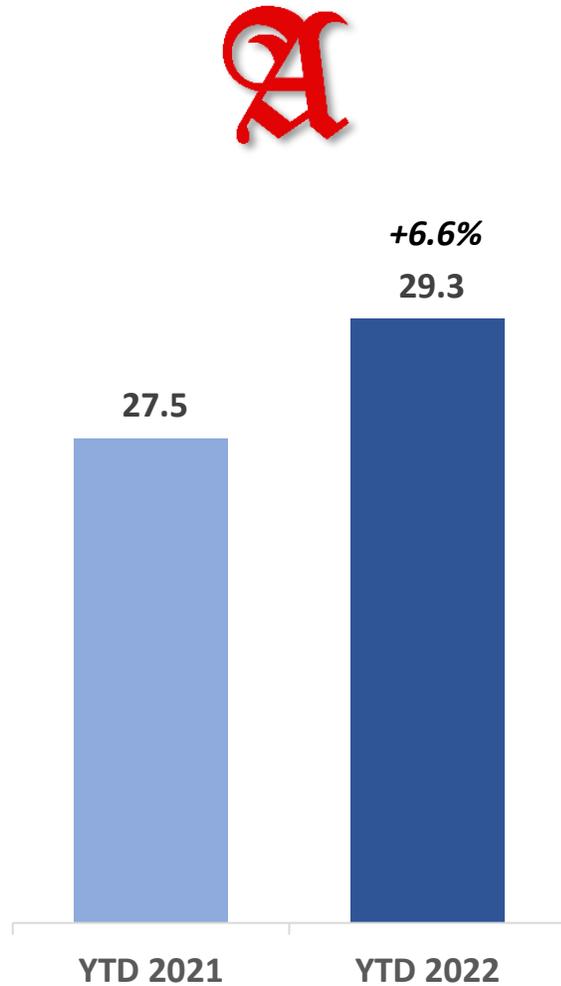
Share of Market (%)



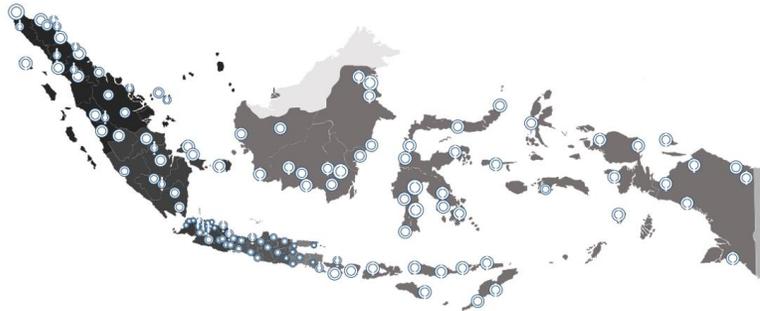
YTD Q3'22
28.0%
◀▶

Driven by the Strength of our Brands

Volume
Year-to-date Sep'22
(billion units)



Enabled by a Physical & Digital Route to Market Ecosystem and MSME Empowerment



110 locations
of zone branch offices, sales offices, and
distribution centers



- **Partnership with ~200,000 Sampoerna Retail Community (SRC) outlets**
- **Powered by a Digital Ecosystem**

Improved Q3 Profitability, yet still significantly below Pre-pandemic levels

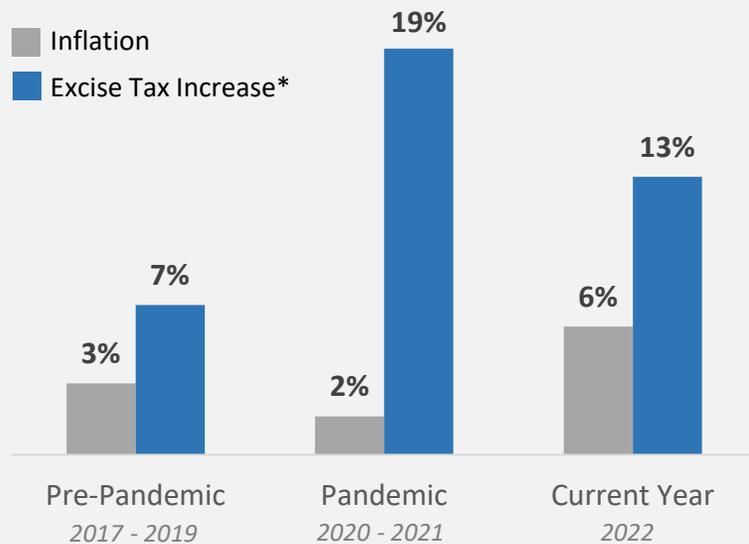
Sampoerna Key Financials

In IDR trillion, unless otherwise stated

<u>2022</u>	1H	Q3	YTD Q3	vs PY
Net Revenues	53.5	29.9	83.4	15.0%
Gross Profit	8.0	4.5	12.5	(1.8%)
<i>Gross Profit Margin</i>	<i>14.9%</i>	<i>15.1%</i>		
EBIT	3.8	2.3	6.1	(8.3%)
<i>EBIT Margin</i>	<i>7.1%</i>	<i>7.6%</i>		
Net Profit	3.0	1.9	4.9	(11.7%)
<i>Net Margin</i>	<i>5.7%</i>	<i>6.2%</i>		

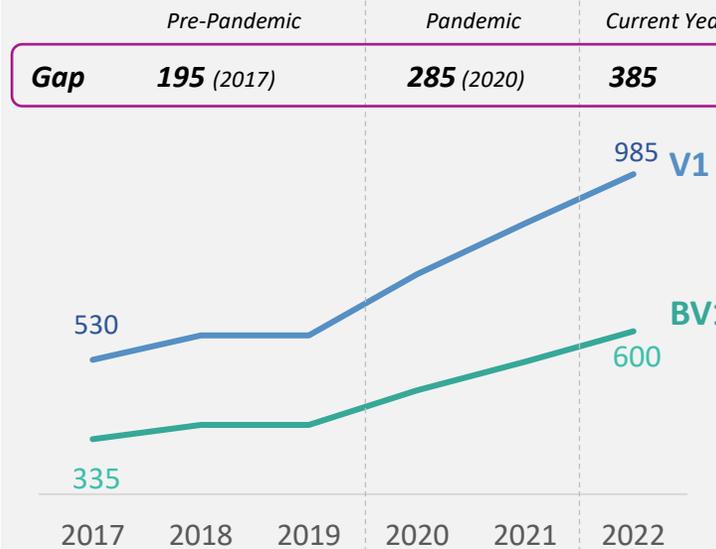
High Excise Taxes beyond Inflation and Widening Excise Tax Gap between V1 and BV1 have Accelerated Down-trading

High excise tax increase beyond inflation creating a challenge to pass-on

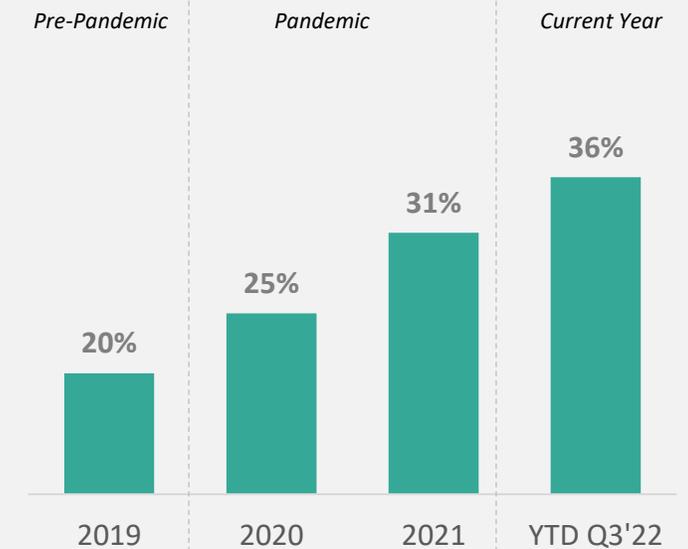


Widening excise tax gap between V1 and BV1

Excise Tax Rate – SKM (IDR/stick)



Total BV1 SOM (%)



Note: Total BV1 includes machine-made and hand-rolled

Fiscal Policy

Fiscal policy is one the key elements to secure sustainable excise tax gaps and address objectives of economic recovery, public health, employment and state revenue

Respected Company with 109 Years of Presence in Indonesia



Equal-Salary Global Certification

This validates that the company pays men and women equally for equal work everywhere the company operates



Top Employer Indonesia & Asia Pacific 2022

Awarded by Top Employers Institute

Best Public Company Award 2022

Awarded by Warta Ekonomi



Indonesia Sales Team Champion 2022

Indonesia Customer Experience Champion 2022

Awarded by SWA

Innovation Award 2022

Awarded for the achievement of Sampoerna Retail Community (SRC) AYO Application



East-Java Sustainable Development Goals (ESDG) Award 2022

Awarded to companies in East Java for successful CSR programs

TOP CSR Awards 2022 & Top Leader On CSR Commitment 2022

Awarded for the strong commitment as a responsible company with a sustainable growth strategy



Indonesia Most Powerful Women Awards 2022

Awarded as influential women leaders in responsiveness and transparency in company communication (Consumer Goods category)





PT HM SAMPOERNA Tbk.

Glossary Terms and Definitions

Glossary of Key Terms and Definitions

- Numerical notations in all tables, graphics, and infographics in this presentation are in English
- Trademarks are italicized
- Comparisons are made to the same prior-year period unless otherwise stated
- “SKM HT” is Machine Made Kretek High Tar
- “SKM LT” is Machine Made Kretek Low Tar
- “SKT” is Hand Rolled Kretek
- “SPM” is White cigarette
- "SoM" stands for share of market
- “V1” stands for Volume Tax Tier 1 as per regulation 152/PMK.010/2019 defined as annual production volume per cigarette category of more than 3 billion units (for SKM and SPM) and 2 billion units (for SKT) for total company and affiliated companies
- “Below-V1” stands for Below-Volume Tier 1 as per regulation 152/PMK.010/2019 defined as annual production volume per cigarette category of less than 3 billion units (for SKM and SPM) and 2 billion units (for SKT) for total company and affiliated companies
- Reduced-risk products or RRP is the term Philip Morris International (PMI) uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continuing smoking. PMI has a range of RRP in various stages of development, scientific assessment and commercialization. PMI RRP are smoke-free products that produce an aerosol that contains far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke.