



PT HM SAMPOERNA Tbk.

# Annual General Meeting of Shareholders Rapat Umum Pemegang Saham Tahunan

May 27, 2021

# Forward-Looking and Cautionary Statements

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- 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; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; 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. 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, individual risk and population harm; 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 and the development of strategic business relationships; or if it is unable to attract and retain the best global talent.
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# Forward-Looking and Cautionary Statements (COVID-19)

- The COVID-19 pandemic has created significant societal and economic disruption, and resulted in closures of stores, factories and offices, and restrictions on manufacturing, distribution and travel, all of which will adversely impact our business, results of operations, cash flows and financial position during the continuation of the pandemic. Although we have business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective. While much of the COVID-19 pandemic and its effect on our business is still unknown, currently, significant risks include our diminished ability to convert adult smokers to our RRP, significant volume declines in our duty-free business and certain other key markets, disruptions or delays in our manufacturing and supply chain, increased currency volatility, and delays in certain cost saving, transformation and restructuring initiatives. Our business could also be adversely impacted if key personnel or a significant number of employees or business partners become unavailable due to the COVID-19 outbreak. The significant adverse impact of COVID-19 on the economic or political conditions in markets in which we operate could result in changes to the preferences of our adult consumers, lower demand for our products, particularly for our mid-price or premium-price brands, and increased illicit trade. Continuation of the pandemic could disrupt our access to the credit markets or increase our borrowing costs. Governments may temporarily be unable to focus on the development of science based regulatory frameworks for the development and commercialization of RRP or on the enforcement or implementation of regulations that are significant to our business. In addition, messaging about the potential negative impacts of the use of our products on COVID-19 risks may lead to increasingly restrictive regulatory measures on the sale and use of our products, negatively impact demand for our products, the willingness of adult consumers to switch to our RRP and our efforts to advocate for the development of science-based regulatory frameworks for the development and commercialization of RRP
- Despite our efforts to manage these risks, their impact also depends on factors beyond our knowledge or control, including the duration and severity of the outbreak and actions taken to contain its spread and to mitigate its public health effects, and the ultimate economic consequences thereof

# “Reshaping the business for the new normal and supporting Indonesia’s road to recovery”

“Menyesuaikan bisnis kami dengan tatanan kehidupan baru dan mendukung pemulihan perekonomian Indonesia”

Recognizing the vast impact from COVID-19 on the economy, we stayed committed to continuously supporting our employees, business partners, and society at large

Menyadari dampak luas dari COVID-19 terhadap perekonomian, kami tetap berkomitmen untuk mendukung karyawan, mitra usaha, dan masyarakat

Employee Karyawan



Business partners Mitra usaha



Society Masyarakat



Total value contribution  
Total nilai kontribusi

>IDR 79  
billion miliar

# “Supporting the Government in reaching herd immunity through the Gotong Royong program”

“Mendukung Pemerintah Indonesia mencapai kekebalan kelompok melalui program vaksinasi Gotong Royong”

- Sampoerna registered approximately 65,000 direct and indirect employees to the Gotong Royong independent vaccination program provided by the Government of Indonesia and the Indonesian Chamber of Commerce and Industry (KADIN).  
Sampoerna telah mendaftarkan sekitar 65.000 karyawan langsung dan tidak langsung pada program vaksinasi mandiri Gotong Royong yang disediakan oleh Pemerintah Indonesia dan Kamar Dagang dan Industri Indonesia (KADIN).
- Sampoerna was among the first industry players to receive vaccination and had vaccinated 1,000 employees in our manufacturing facility in Karawang.  
Sampoerna merupakan salah satu pelaku industri yang menerima vaksinasi dan telah memvaksinasi 1.000 karyawan pada fasilitas produksi kami di Karawang.
- We will follow directions from the Government and KADIN in terms of the availability, distribution and allocation of vaccines of the next phases.  
Kami akan mengikuti arahan dari Pemerintah dan KADIN terkait ketersediaan, distribusi, dan alokasi vaksin untuk tahapan berikutnya.



## **Successfully navigated the pandemic-induced disruption to our product flow**

Berhasil menyikapi segala gangguan yang disebabkan oleh pandemi pada alur produk

- With the implementation of strict safety protocols at our workplaces we secured permits to continue our business operations and production activities throughout the lockdown periods

Dengan penerapan protokol kesehatan yang ketat pada area kerja, kami memperoleh izin untuk melanjutkan kegiatan operasional bisnis dan produksi selama pembatasan sosial berlangsung

- We have shifted the direct sales model from physical to virtual and implemented a Hybrid trade engagement model (physical, virtual, and digital). Coupled with ensuring employee safety, this has also helped us increase trade coverage by 50% as compared to 2019

Mengubah model penjualan langsung dari fisik menjadi virtual, serta mengimplementasikan model hibrida (gabungan antara fisik, virtual dan digital). Bersama dengan memastikan kesehatan dan keselamatan karyawan, hal ini meningkatkan jangkauan distribusi langsung kami sebesar 50% dibandingkan tahun 2019

- Leveraging our digital infrastructure and trade reach, we effectively supported our portfolio deployment

Dengan memanfaatkan infrastruktur digital dan jangkauan pasar, hal ini secara efektif mendukung eksekusi portofolio kami



# Key Highlights 2020

## Ikhtisar Utama 2020

Cigarette industry volume declined by 9.6% driven by significant excise tax increase and the pronounced impact from the COVID-19 pandemic

Penurunan 9,6% volume industri rokok disebabkan oleh kenaikan cukai yang signifikan serta dampak dari pandemi COVID-19

Sampoerna Performance 2020	
Change vs. Prior Year	
<b>Share of Market</b> <b>28.8%</b> ▼3.4 share points	<b>Volume</b> <b>79.5 billion units</b> ▼19.3%
<b>Net Revenue</b> <b>IDR 92.4 trillion</b> ▼12.9%	<b>Net Profit</b> <b>IDR 8.6 trillion</b> ▼37.5%

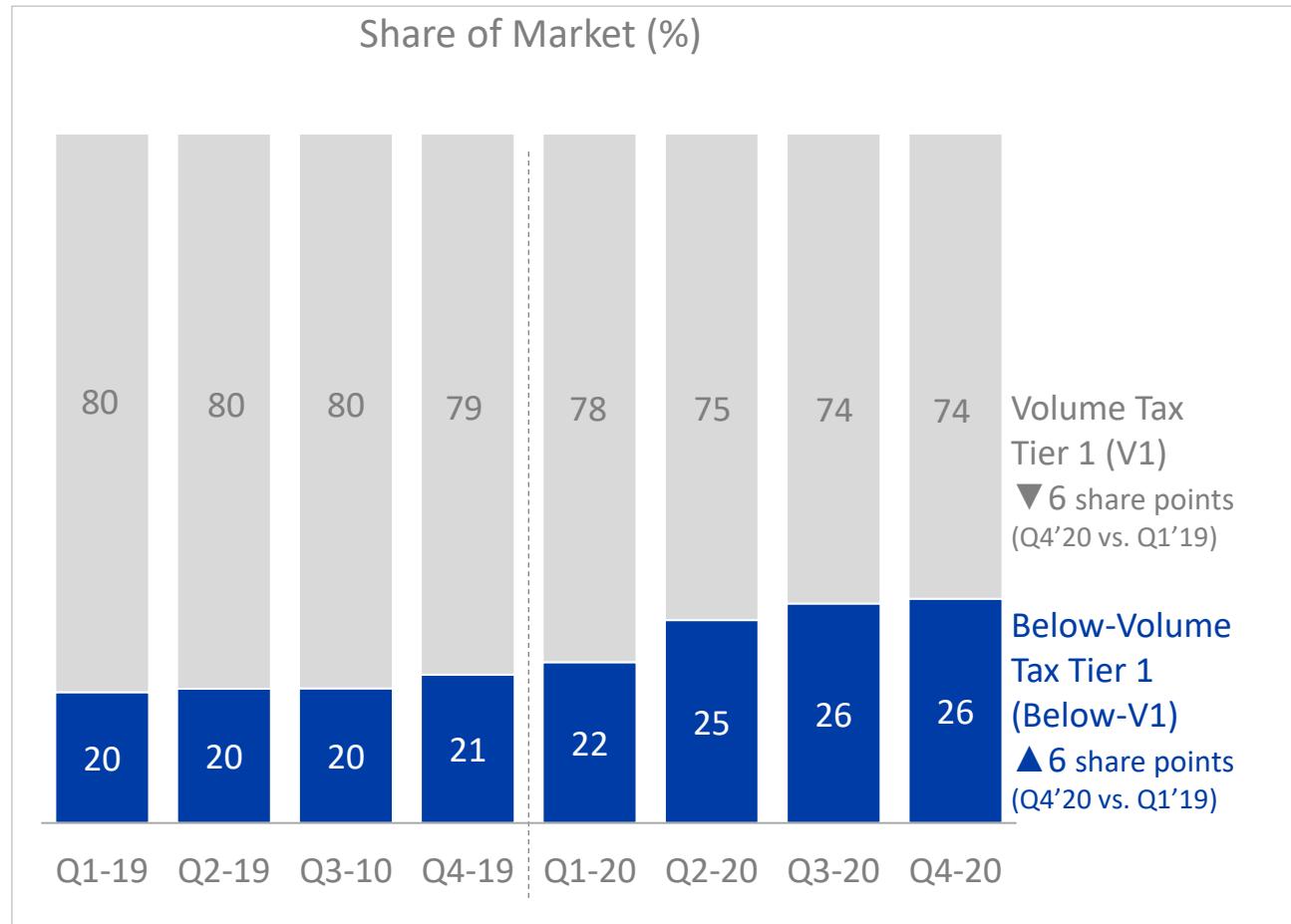
Sampoerna's performance was impacted by:

Kinerja Sampoerna dipengaruhi oleh:

- Downtrading to the Below-Volume Tax Tier 1 segment  
'Downtrading' ke segmen Dibawah-Golongan I
- Elevated price gap within Volume Tax Tier 1 due to the delay in minimum price enforcement  
Melebarnya kesenjangan harga di Golongan I karena lambatnya penerapan harga retail minimum
- Stricter public mobility restrictions in urban areas  
Pembatasan social ketat di perkotaan

# Accelerated growth of The Below-Volume Tax Tier 1 segment

## Akselerasi pertumbuhan segmen Dibawah-Golongan I

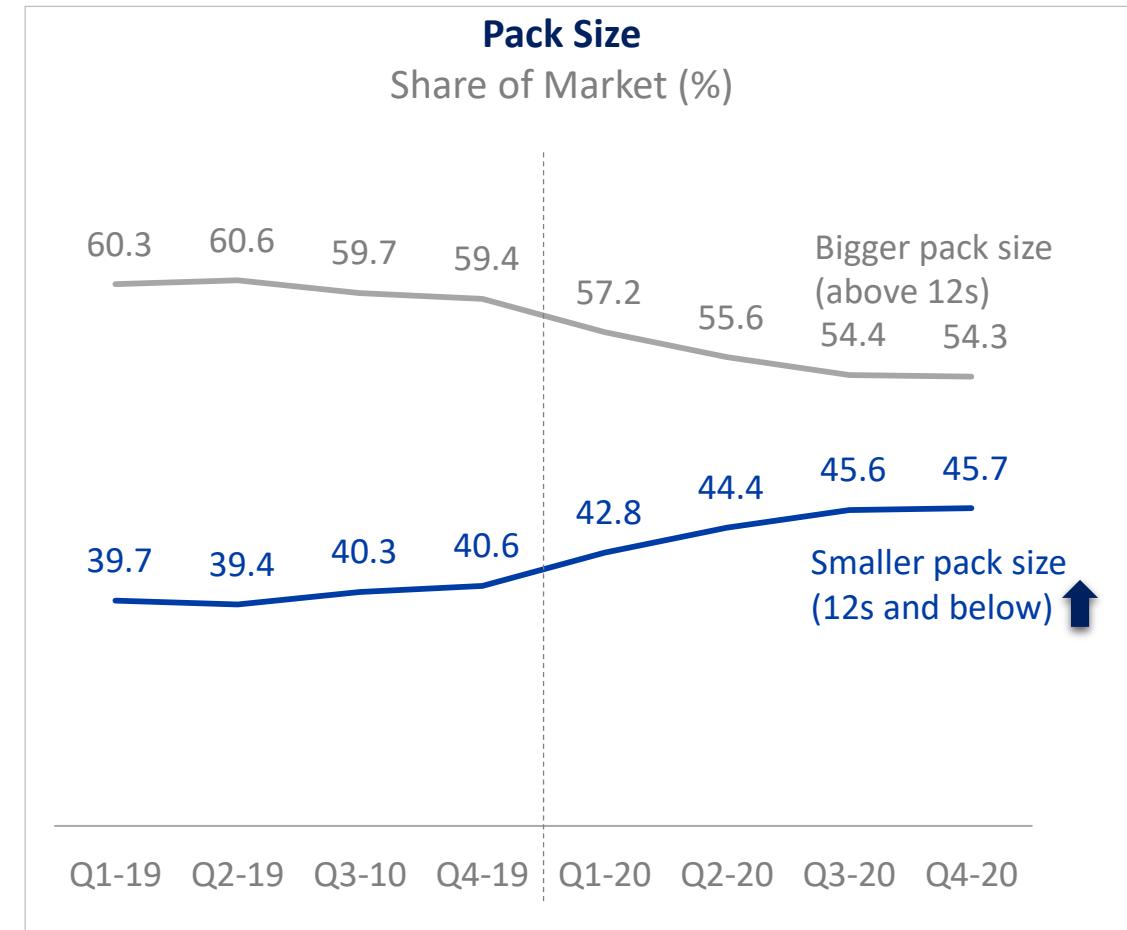
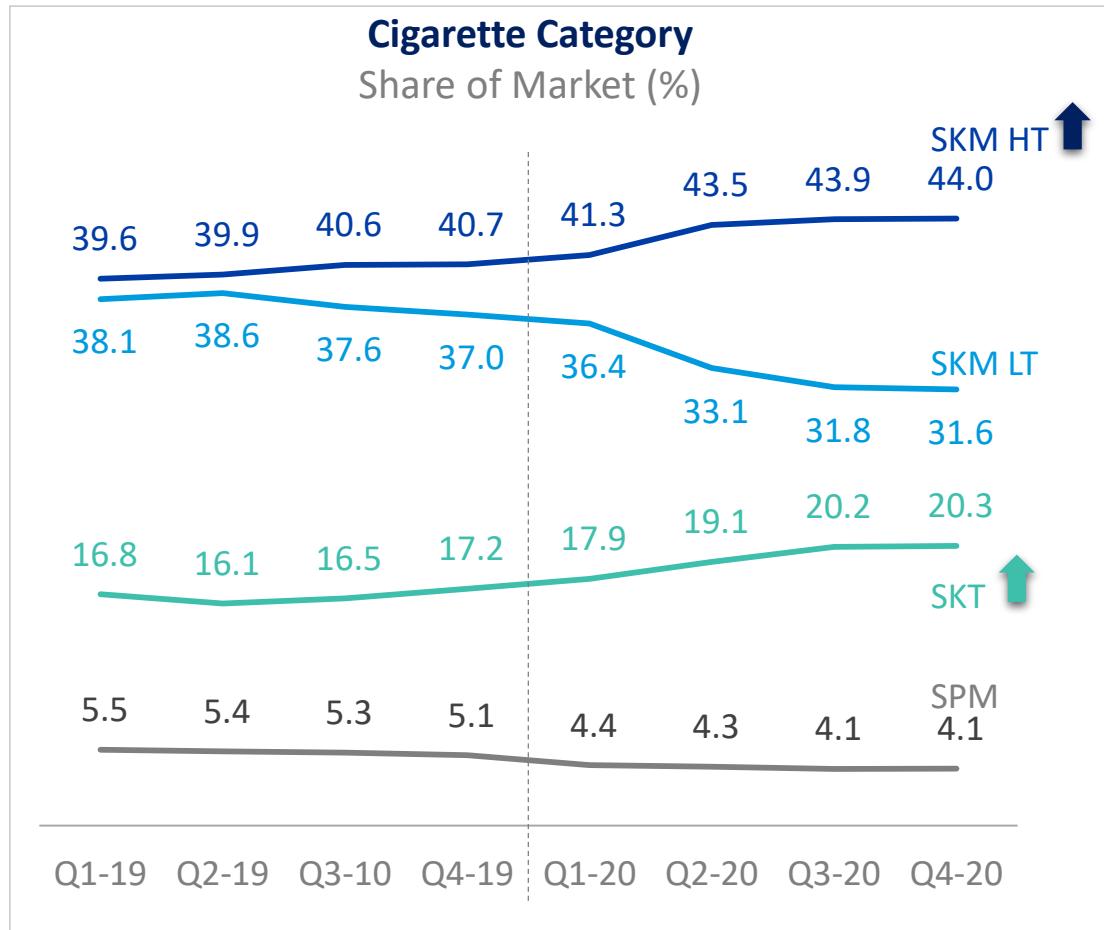


The economic impact of COVID-19 has exacerbated the affordability issues and resulted in an acceleration of the *downtrading* to the tax-advantaged Below-Volume Tax Tier 1 segment

Dampak pandemi yang mengakibatkan semakin turunnya daya beli masyarakat dan menyebabkan semakin cepatnya '*downtrading*' ke segmen Dibawah-Golongan I yang diuntungkan oleh cukai yang lebih rendah

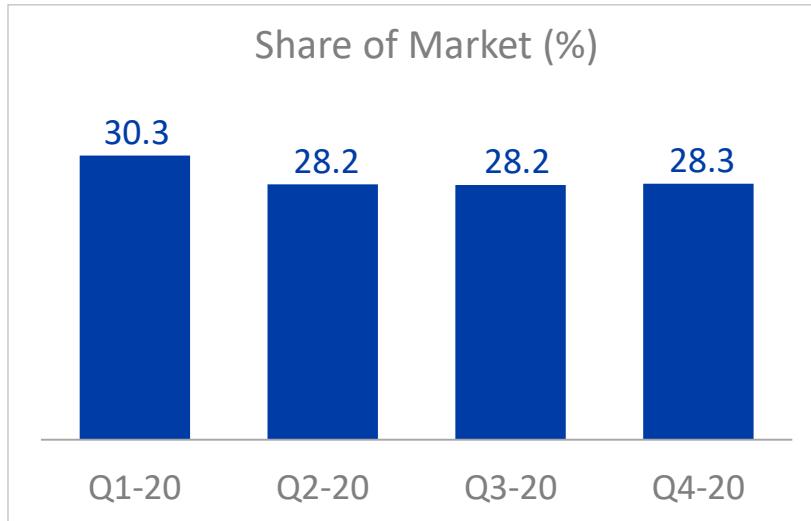
# Observed trends: shift to higher tar products, including SKT, and smaller packs

Tren yang terobservasi: peralihan ke produk rokok dengan kadar tar tinggi, termasuk SKT, dan produk kemasan dengan isi yang lebih sedikit

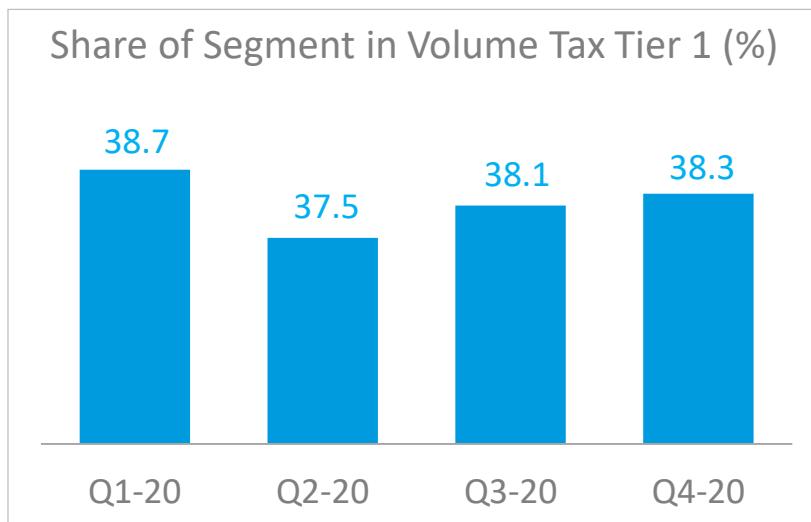


# Sampoerna's Stabilized Performance in 2H of 2020

Kinerja Sampoerna stabil pada semester 2 2020



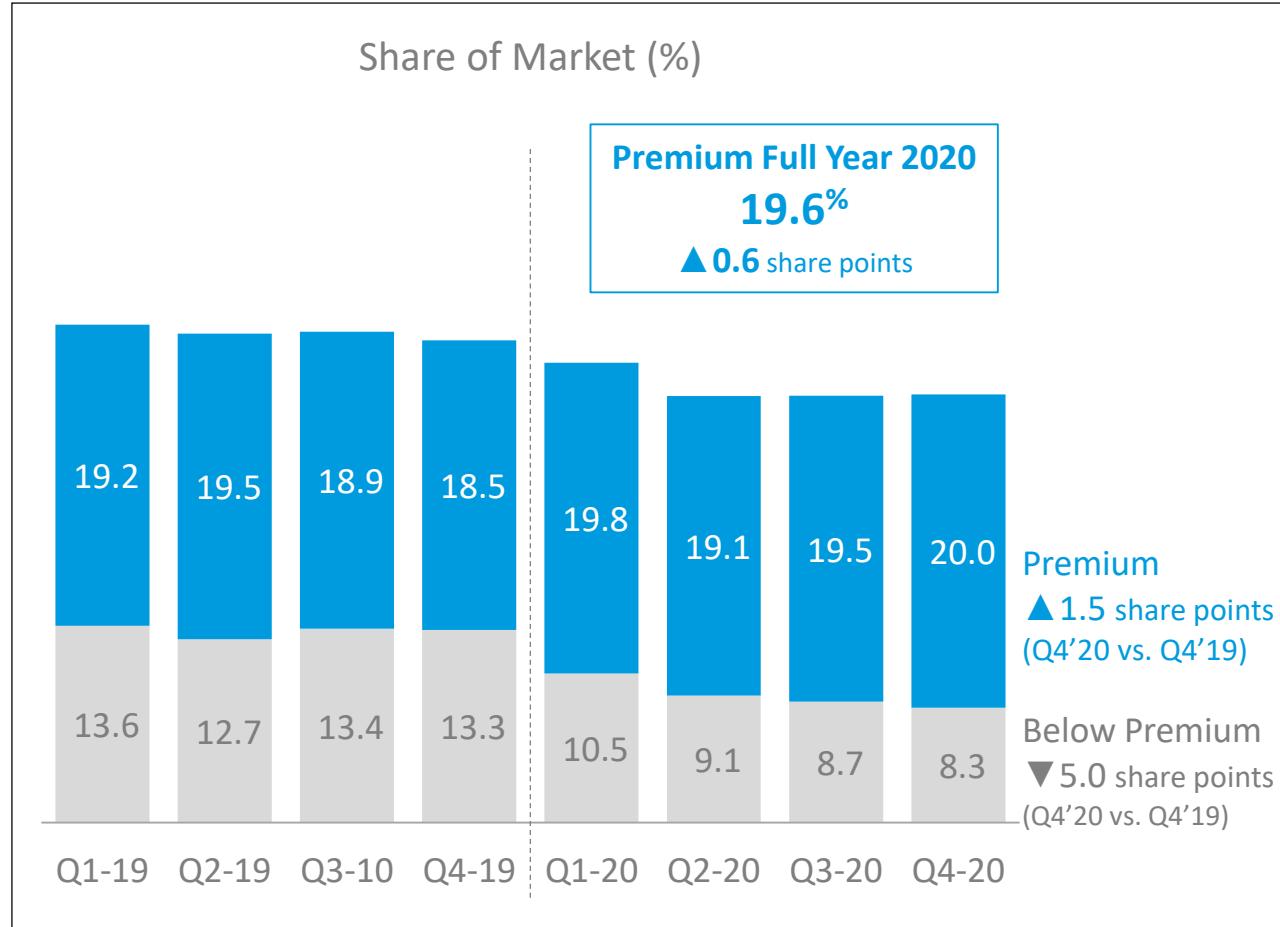
- Sampoerna's Share of Market performance after the hit in the Q2 has stabilized in the 2<sup>nd</sup> half of the year  
Kinerja pangsa pasar Sampoerna stabil pada semester kedua setelah mengalami penurunan di kuartal 2



- And we grew share of segment in the Volume Tax Tier 1 where we compete at the level playing field  
Dan kami berhasil meningkatkan pangsa pasar pada segmen Golongan 1 dimana kompetisi berlangsung pada *level playing field*

# Our premium portfolio performed strong and gained share of market

## Kinerja portfolio premium kami yang kokoh dan berhasil meningkatkan pangsa pasar



### Premium portfolio (2020)

Portofolio Premium (2020)



*Sampoerna A*  
▲ 0.4 share points



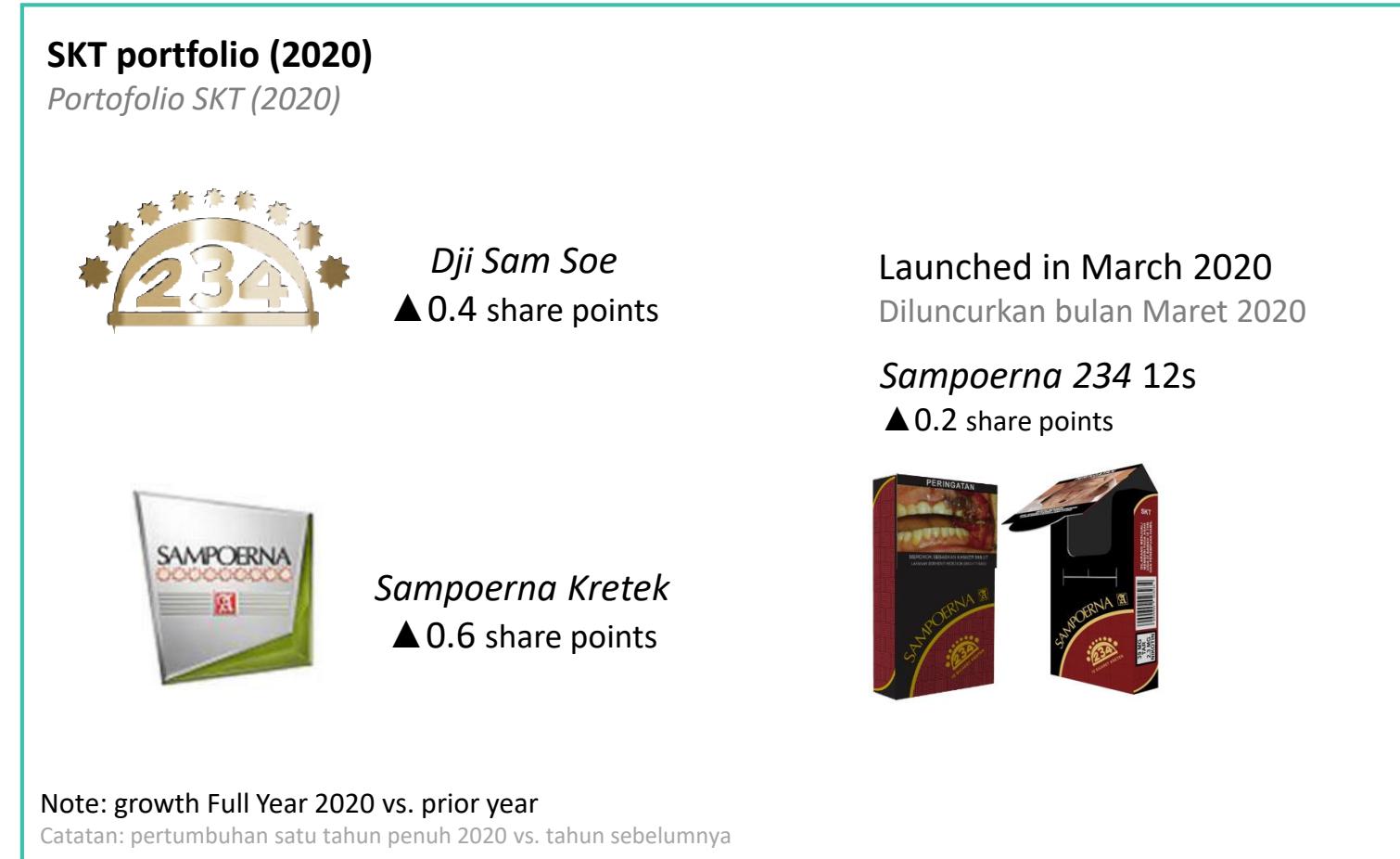
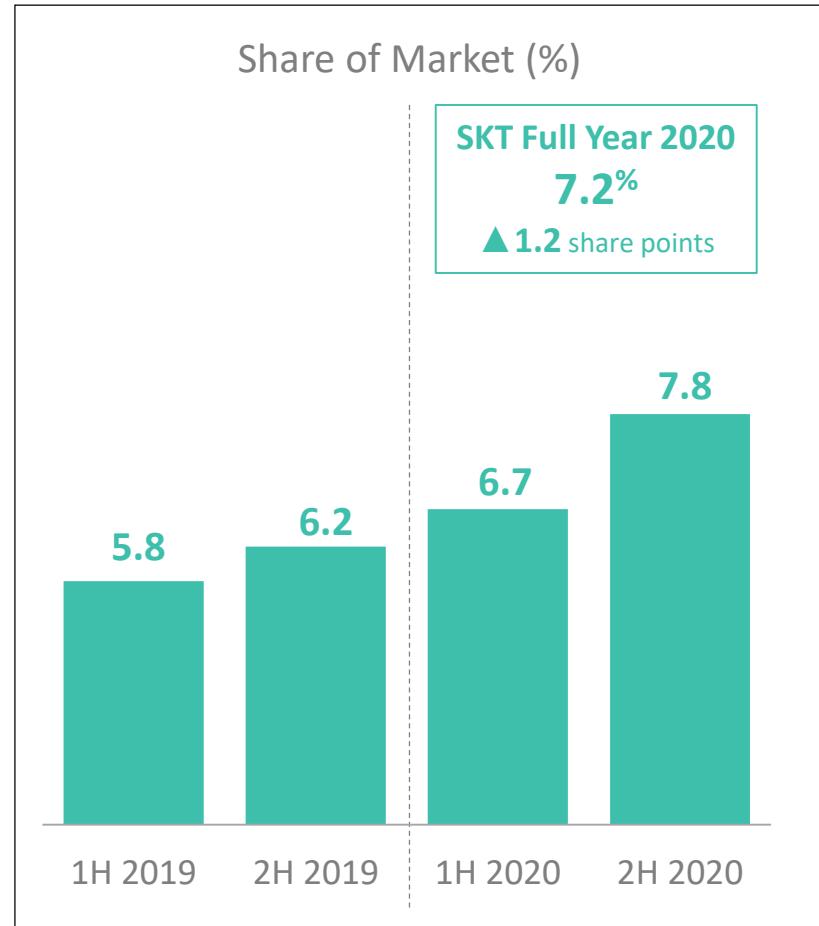
*Dji Sam Soe Magnum (SKM HT)*  
▲ 0.4 share points

*Sampoerna A* growth reflects the success of the new packaging introduced in Q4'2019 and the effectiveness of our brand initiatives

Pertumbuhan pada *Sampoerna A* mencerminkan keberhasilan kemasan baru yang diluncurkan pada kuartal 4'2019 dan efektivitas inisiatif kami

# Increased share of market and volume in the labor intensive SKT segment

## Pertumbuhan pangsa pasar dan volume pada segmen SKT yang padat karya



In 2020 Sampoerna further solidified leadership in SKT segment with 37.3% of segment share

Memperkuat posisi kepemimpinan di segmen SKT dengan pangsa pasar di segmen SKT sebesar 37,3% pada tahun 2020



# Expanding the *IQOS Club*

## Memperluas *IQOS Club*

### IQOS Club

Members Anggota  
nearly hampir **30,000 vs. 6,000 (2019)**

Device variants  
Varian perangkat

**3**

*HEETS* variants  
Varian *HEETS*

**6**

*IQOS* shops  
Gerai *IQOS*  
operating with strict health protocols  
beroperasi dengan protokol kesehatan ketat

**8**



Multiple channels and platforms, including virtual *IQOS* Experts, and an enhanced e-commerce platform ([iqos.com](https://iqos.com))

Berbagai kanal dan platform virtual termasuk *IQOS Expert* dan wadah e-commerce yang telah disempurnakan ([iqos.com](https://iqos.com))

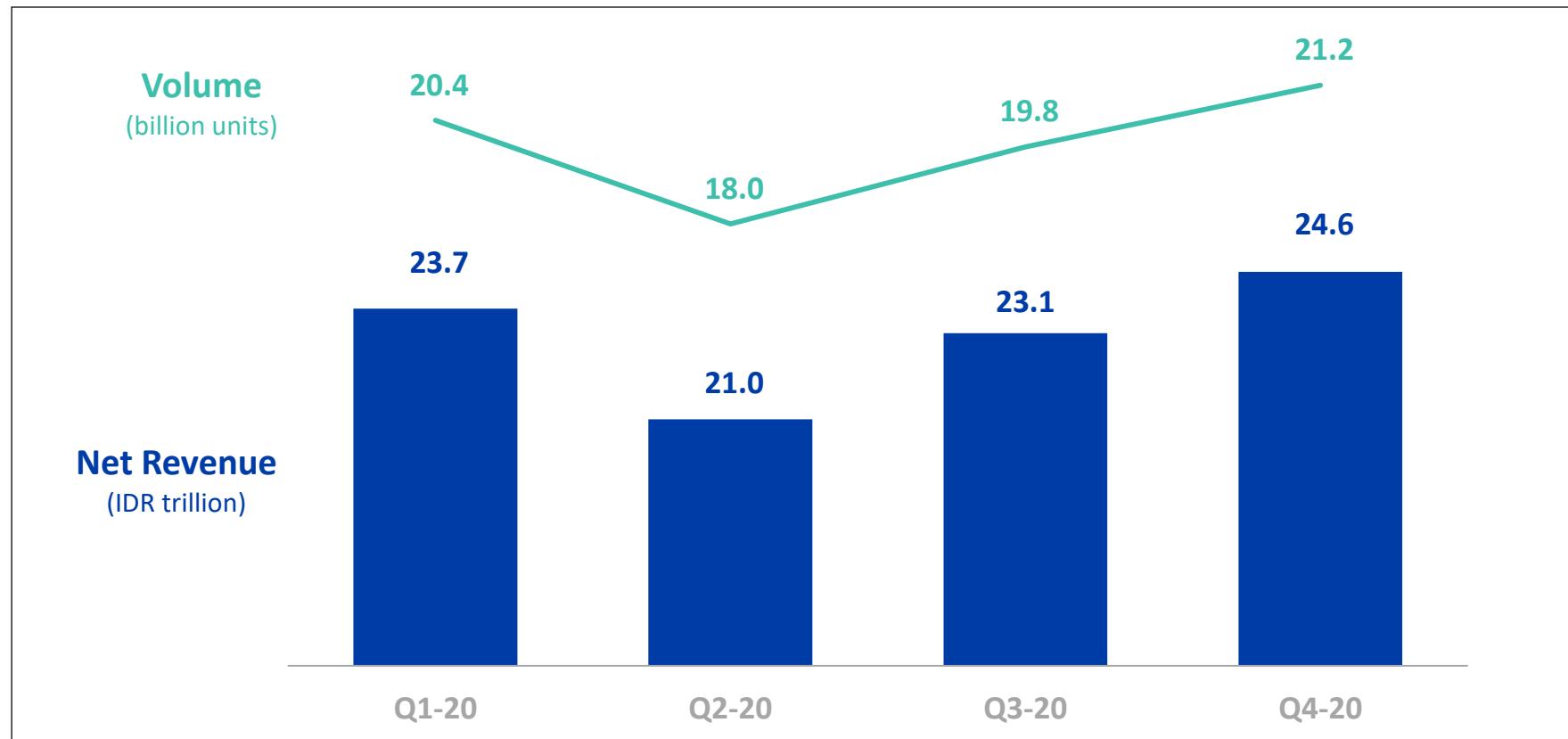
*IQOS Club* is a platform to conduct a limited market test to study the market potential and how to best bring *IQOS* to Indonesia, as an alternative to adult smokers who would otherwise continue to smoke or use other nicotine products. *IQOS Club* merupakan *platform* untuk melakukan uji pasar terbatas untuk mempelajari potensi pasar dan bagaimana cara terbaik untuk memperkenalkan *IQOS* ke Indonesia sebagai alternatif bagi perokok dewasa.

# Volume and gross profit sequentially grew after the drop in Q2'20

Volume dan pendapatan kotor meningkat secara bertahap setelah penurunan pada kuartal dua '20

...despite unfavorable full year performance from lower volume as a result of significant excise tax increase and COVID-19 impact

...terlepas dari kinerja selama satu tahun yang melemah akibat penurunan volume penjualan yang disebabkan oleh kenaikan cukai yang signifikan dan dampak pandemi COVID-19

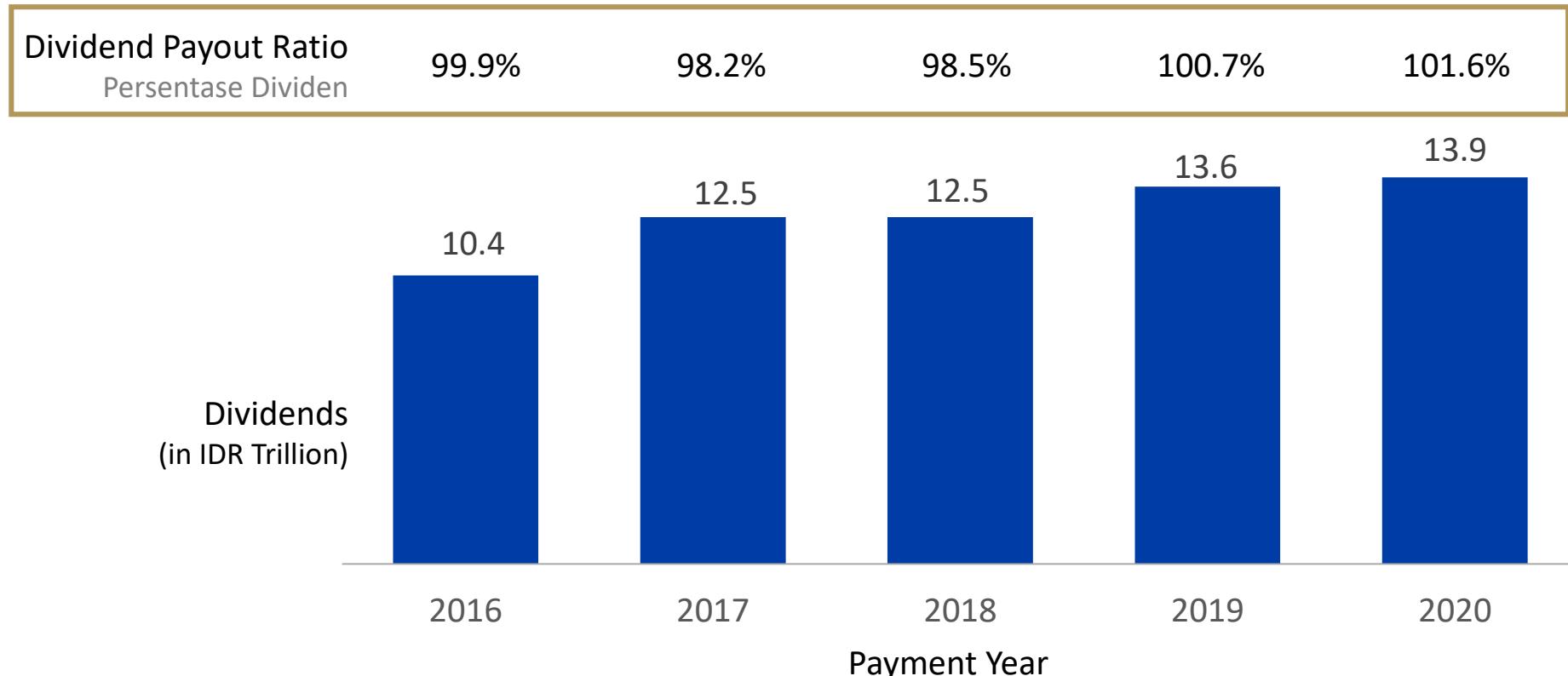


# Consistent dividend payment

Pembayaran dividen secara konsisten

We have continued to deliver shareholder returns through dividends

Kami terus memberikan pengembalian pada pemegang saham melalui dividen



## We continued to support SMEs and trade digitalization

Kami terus mendukung UMKM dan digitalisasi pasar



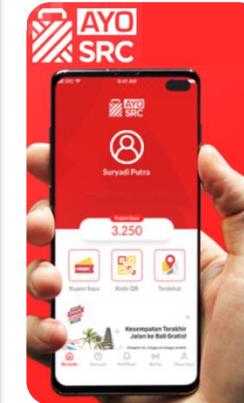
Sampoerna Retail Community

through >130,000 SRC members

melalui lebih dari 130.000 anggota SRC

**SRC Online / Virtual Activities** ~1 million total participants  
Kegiatan Online / Virtual SRC      **juta total peserta**

- Educating MSMEs to learn, adapt and innovate: health & safety protocols, adapting the business  
Mengedukasi pelaku UMKM mengenai protokol kesehatan dan beradaptasi bisnis dalam era pandemi
  - Keeping business partners engaged through SRC Awarding Night and SRC Festival  
Menjalin hubungan baik dengan mitra bisnis melalui Malam Penghargaan SRC dan Festival SRC



# Digital Transaction

## Transaksi Digital

## Online transaction from SRC Members to SRC Partners

## Traksaksi online dari Anggota SRC ke Mitra SRC

Transaction value around IDR 9.1 trillion



# Digital Product Transaction

## Transaksi Produk Digital

**Including mobile phone voucher, electricity voucher, internet payment**  
Termasuk voucher pulsa, token listrik, pembayaran internet

**>78,000** SRC Members has downloaded Pojok Bayar  
Anggota SRC telah mengunduh Pojok Bayar

Transaction value around **IDR 24**  
Nilai transaksi sekitar billion miliar



## We stayed committed to preserving our workforce and SKT

Kami terus berkomitmen mempertahankan sumber daya manusia kami dan SKT

- Around 70% of total tobacco industry workers are involved in the SKT segment  
Sekitar 70% dari pekerja industri tembakau berkarya pada sektor SKT ini
- We continued to invest commercially in our SKT segment that employs more than 50,000 direct and indirect workers  
Kami terus berinvestasi dalam berbagai investasi komersial pada segmen SKT dimana kami mempekerjakan lebih dari 50.000 karyawan langsung dan tidak langsung
- As the leader in SKT, we were well positioned for the shift in adult smokers towards SKT products  
Sebagai pemimpin pasar di SKT, kami siap untuk menghadapi tren peralihan perokok dewasa pada produk-produk SKT
- We appreciate the government's decision not to increase the excise tax tariff for SKT segment in 2021 to help maintain employment  
Kami mengapresiasi keputusan pemerintah untuk tidak menaikkan cukai rokok pada segment SKT pada 2021 untuk mempertahankan tenaga kerja





PT HM SAMPOERNA Tbk.

# Annual General Meeting of Shareholders Rapat Umum Pemegang Saham Tahunan

May 27, 2021



PT HM SAMPOERNA Tbk.

# Glossary Terms and Definitions

# Glossary of Key Terms and Definitions

## Daftar Terminologi dan Definisi

- Numerical notations in all tables, graphics, and infographics in this presentation are in English  
Angka-angka pada seluruh tabel, grafik, dan infografis pada paparan ini menggunakan notasi Bahasa Inggris
- Trademarks are italicized  
Merek dagang dalam ditulis dalam notasi miring
- Comparisons are made to the same prior-year period unless otherwise stated  
Komparasi dilakukan terhadap period yang sama tahun sebelumnya, kecuali dinyatakan lain
- “SKM HT” is Machine Made Kretek High Tar  
“SKM HT” adalah Sigaret Kretek Mesin Kadar Tar Tinggi
- “SKM LT” is Machine Made Kretek Low Tar  
“SKM LT” adalah Sigaret Kretek Mesin Kadar Tar Rendah
- “SKT” is Hand Rolled Kretek  
“SKT” adalah Sigaret Kretek Tangan
- “SPM” is White cigarette  
“SPM” adalah Sigaret Putih Mesin
- 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.

Produk lebih rendah risiko (reduced-risk products atau RRP) adalah istilah yang digunakan oleh Philip Morris International (PMI) untuk merujuk pada produk yang memiliki kemungkinan besar memiliki, atau memiliki potensi untuk menghasilkan risiko bahaya yang lebih rendah bagi perokok yang beralih ke produk tersebut daripada terus merokok. PMI memiliki berbagai jenis RRP dalam berbagai tahap pengembangan, penilaian ilmiah, dan pemasaran. RRP PMI adalah produk bebas asap yang menghasilkan aerosol yang mengandung jumlah konstituen berbahaya dan berpotensi berbahaya yang lebih rendah daripada asap rokok.

# Glossary of Key Terms and Definitions

## Daftar Terminologi dan Definisi

- "SoM" stands for share of market  
"SOM" adalah Pangsa Pasar
- "SRC" is Sampoerna Retail Community  
"SRC" adalah Sampoerna Retail Community
- "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  
"V1" adalah Golongan 1 berdasarkan peraturan 152/PMK.010/2019 berdasarkan masing-masing jenis dan jumlah produksi hasil tembakau dari total pabrikan dan afiliasinya, selama satu tahun fiskal, lebih dari 3 miliar batang (untuk SKM dan SPM) dan 2 miliar batang (untuk SKT)
- "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  
"Dibawah-V1" adalah Dibawah-Golongan 1 berdasarkan peraturan 152/PMK.010/2019 berdasarkan masing-masing jenis dan jumlah produksi hasil tembakau dari total pabrikan dan afiliasinya, selama satu tahun fiscal, tidak lebih dari 3 miliar batang (untuk SKM dan SPM) dan 2 miliar batang (untuk SKT)