



SIG H1 2025 Earnings Call

Date: Wednesday, 6 August 2025

Time 10.00 – 11.00 AM JKT Time Zone

Panelists :

Mr. Andriano Hosny Panangian	: Vice President Director
Mr. Sigit Prastowo	: Director of Finance and Risk Management
Mr. Dicky Saelan	: Director of Sales and Marketing
Mr. Andi Krishna A	: Group Head of ESG & Business Development
Mr. Hasan Arifin	: Group Head of Corporate Finance
Mr. Gathut Wicaksono	: Group Head of Marketing
Ms. Maya Savitri	: GM of Investor Relations

Angga : Welcome to the SIG 1H25 Earnings Call. Thank you for joining today. My name is Angga and I will be the moderator for today.

I would like to start by warmly welcoming our directors who are joining us this morning. First, Bapak Andriano Hosny as our Vice President Director and then Bapak Sigit Prastowo, our Finance and Risk Management Director, Bapak Dicky Saelan, our Marketing and Sales Director and also all SVPs, VPs and the IR team who joined this meeting. Thank you all for being here.

We have released our 1H25 results on Thursday, 31st of July 2025. And the report is available on our website under the Investor Relations menu. So, today's agenda will be the first presentation of the 1H25 results by our GM of Investor Relations, Maya Savitri. Then is a remark on the past performance and upcoming strategy by our Vice President Director, Bapak Hosny. And the last one is the Q&A session with the management.

Please note that we will be taking one round consisting of three questions and should we still have time, we will open the second round for two other questions. For the Q&A session, we will prioritize questions from the chat box, but we are open for the live questions. And as usual, you can raise your hand.

Without further ado, I would like to hand over the presentation session to Maya. You may have the floor.

Thank you.

Maya : Okay, thank you Angga. Please let us know if there is any trouble in the sound or audio if you cannot hear us.

Umm, yeah. So, we will begin with the condition of the market. So, with the challenges in the domestic cement industry still persisting, there was still 2.5% YoY contraction during 1H25. This condition was in line with various macroeconomic indicators, such as the GDP which only reached a 4.87% growth YoY in the 1H25, and the decline in consumer confidence index, explaining the current weakness in the spending power.

However, the bag segment has begun to lightly recover, with a modest demand growth of 0.5% YoY. Nevertheless, mirroring the slowdown in infrastructure developments and central government projects, bulk segment continued its steep decline by 9.4% YoY. If we move on to SIG sales performance, the impact of the slowdown in SIG's home markets still weighed down on sales volume, with a total contraction of 7.7%. In line with the domestic demand, a larger drop also came from the bulk segment as SIG was the main beneficiary of many of the government projects. This segment dropped by 13.2%. The bag volume declined by 5.4%, putting more pressure on SIG's domestic market share as a whole and with the slowdown in domestic volume, utilization was able to be kept stable supported by the export segment, which grew strongly by 24.9% YoY.

On the other hand, in terms of ASP, we kept a steady discipline on pricing to support a healthy and conducive market environment, with the aim to cushion top line amid volume decline. Bag ASP saw an increase of 2.2% YoY and remained relatively flat compared to 2H24 when we began to increase the price at that umm...at that moment. On top of the bag cement, we also saw a stable ASP for export, growing around 3% from the 2H24.

Overall, however, as a result of increasing export portion from 16% in 1H24 to become 21% in the 1H25, the blended ASP for SIG was pressured by 1.8% YoY.

If we move on to the cost performance, we are continuing to push efficiency initiatives, that resulted in the decline in overall COGS and OPEX. Overall COGS was down by 0.6% YoY. However, we still saw a pressure in variable cost per ton, which was driven by the higher fuel cost due to the increase in coal price that began in 2H24 and still persisted during 1H25. Total fixed cost slightly improved by 0.3% YoY, from maintenance and labor COGS cost. Incremental COGS in non-cement related business increased moderately by 2.4%, supporting the growth in non-cement business which was around 14% YoY.

OPEX was controlled, declining by 3% YoY, due to lower transportation costs, lower promotion cost and lower labor cost also. And continuing the deleveraging efforts that led to a Rp 2.2 trillion decline in interest-bearing debt, our net finance cost was lower by 33.7% YoY.

So, despite earnings pressure in the 1H25, we successfully maintained the stability of our financial position, supported by robust cashflow generation and prudent balance sheet management. Starting with our balance sheet, total assets stood at Rp 76.5 trillion, reflecting a marginal decrease of 0.6% YoY, mainly due to depreciation and inventory movements while on the liabilities side, the total liabilities and equity decline was primarily driven by lower trade payments and temporary syirkah fund balances.

Moving to cashflow performance, we delivered a 20.4% YoY increase in operating cashflow, reaching Rp 1.23 trillion. This was supported by strong cash conversion from core operations, lower tax payments, and reduced financing costs. In addition, we improved our cash conversion cycle by 4 days, from 33 to 29 days, driven by more efficient inventory management and longer payment terms.

On liquidity, we maintained a prudent debt management approach. Although our current

ratio decreased slightly to 1.08x, this was due to an increase in short-term borrowings to support operational needs. Nonetheless, interest-bearing debt decreased modestly by 16.1% YoY to Rp 11.38 trillion, still within a manageable range.

Despite these movements, we sustained a stable leverage profile. Debt-to-equity improved to 0.26x, a reduction of 0.05x YoY, reflecting our ongoing deleveraging efforts. Meanwhile, Debt-to-EBITDA increased slightly to 2.4x, mainly due to EBITDA pressure that we had within the period.

So, on behalf of the management, I would like to relay some of the new changes to the company with some management remarks. So, with the challenges that still persist within the cement industry and notably in Semen Indonesia, at the Annual General Meeting of Shareholders on 23 May 2025 a new management team has been mandated with the responsibility to lead the Company through this critical period of performance turnaround.

The new executive Management team will be led by Bapak Indrieffouny Indra as the President Director, with the experience of leading one of the cement subsidiaries within the Group, Semen Padang, clearly having a vast knowledge of both industry dynamics and operations. Pak Andriano Hosny Panangian is now holding the responsibility as Vice President Director from previously Director of Finance and Portfolio Management. And we are confident that his knowledge of the Company will be instrumental in driving stronger execution in SIG's performance recovery journey. Bapak Sigit Prastowo is a key addition to the team with deep experience in banking, previously CFO at Bank Mandiri, and has a total of 10 years' experience as CFO. Bapak Dicky Saelan now joins us as Director of Sales and Marketing from previously President Director of PT Coca Cola Indonesia, with a vast experience in marketing and sales across the FMCG industry. We believe this is pivotal to our strategy to win back the retail market. Also, we have Pak Dennis Pratistha, appointed as the Director of Business Development and Strategy, he will be attending to overall strategy, portfolio and restructuring as well as strengthening the non-cement business. Pak Dennis previously served as CIO of Mandiri Capital and is experienced in leading various venture capitals. Another new addition to the team is Pak Hadi Setiadi, Human Capital Director. Bringing experience from within the Company, previously SVP of Procurement. We then have Ibu Reni Wulandari, continuing her term as Director of Operations and will continue to deliver operation and manufacturing excellence.

With the new team, there is a combination of skilled and experienced leaders from within the

SIG Group as well as fresh appointments to bring new perspectives and also expertise to restore performance and set a foundation for growth within the Company.

Amid the backdrop of the challenging market dynamics, SIG has also realigned its strategic focus to address the two core issues that we are facing which are declining market share and weakening profitability. These challenges demand a sharper, more disciplined approach in how we manage our operations and deploy resources. We will describe briefly some of our key initiatives.

So firstly, to tackle the declining market share, we are optimizing resources for a sharper

execution of our micro market strategy. This involves assigning sales and outbound logistics functions directly to our cement subsidiaries to increase agility and also responsiveness in the field, with overall control of the national logistics at the head office. We aim to enhance market visibility, ensure better product availability, and refine our Go-to-Market Excellence, relooking into our sales strategy to reclaim our lost market share. And with this strategy, by the end of this year we aim to be able to sustain our market share from the level of FY24 at least, and in the mid-term, recover our market share of over 50%. Secondly, we are placing a renewed focus on cement derivatives and non-cement business growth. So, by optimizing the current products such as mortar, precise interlocking bricks, and also ready-mix concrete, we plan to scale up our non-cement contribution. Within this stream we also plan to revitalize our portfolio to optimize our subsidiaries value to the group. So, this revitalization is implemented with the guidelines of supporting cement product availability, driving cost leadership, optimizing cement derivatives, and also resource optimization.

Our aim for this year is to gain an increase in absolute EBITDA from the non-cement business, and in the mid-term we have the aspiration to have a non-cement EBITDA contribution of 10% from the total group EBITDA.

Lastly, we are continuing to deepen our focus on cost leadership. As we all know, the current challenge in market demand is pressuring the topline. So, this needs to be partnered with the leanest and fittest cost structure. Some areas that we can identify will contribute to a better cost structure is the integration of interplant logistics with operations, which can drive better COGS. We also continue efforts to improve efficiencies mainly in energy costs and other fixed cost. Another area that we see could be improved is the effectiveness of promotion costs also.

Through these initiatives, the target for the year is we are able to pinpoint more of the inefficiencies within the cost structure to eliminate them. And then in the mid-term we would like to get back our EBITDA margin back towards 20%. So, that concludes the presentation of the results and some of the strategy.

I will hand over to Pak Hosny for some remarks regarding our past performance and also strategy going forward, Pak.

Hosny : Okay. Thank you so much. So I think in terms of the performance in the H1 is the same remarks based on the Q1 as you see basically we did the turn around program and prepare all the program in July and in, sorry, in June and start the kick off of the new strategy especially in the retail business segment in terms of restructuring the business model starting in the 1st of July.

So I think in terms of the performance, as you see number one, lack of the ability to push the volume while maintaining a good average selling price is still happening in the Q2 due to the lackness in terms of the managing well in terms of the channel distribution management and up to the managing the availability in stores which we see, if you compare with the main competitor, basically most of the loss in the market share was due to the being taken over by the competitor. And also some of the leakage in terms of the profitability was basically leaked through the value chain of our distribution

channels yeah, towards the marketplace in the stores. That's why our competitors can increase the revenue per ton, while we... we cannot manage to basically even maintain the revenue per ton basis in terms of the result in the H1. That's the fact. Right.

And then in terms of volume also, we lost in the bag 2.9% market share, while our, you know, competitor, main competitor can maintain and gain slightly about 0.1% market share. And in the bulk we also lost about 2% market share compared to main competitor lost only about -0.5% market share.

So, I think those are the remarks on the H1 and we already noticed what are the pain points. I think the number one pain points in the in the way that we are doing business in the retail because that's actually 70% of the contributions to the revenue and also the highest profitability. No wonder that we got pressured in terms of our profitability compared to our main competitors in the H1.

I think as much as we can do in the cost side, if we cannot manage the retail business very well, I don't think we can gain back the profitability to the stage whereby we should have done in a, in a, in a in the baseline. But I think starting in the 1st of July, we already optimizing all the resources that we have across of our group, dividing into 5 area of operations to focus on the strategic micromanagement, which the implementations and the actions in the field is basically will be fully also managed and controlled by the dedicated subsidiaries that has a pareto market in that particular area of operations. I think Pak Dicky can elaborate further later on in terms of the strategy going forward that we are already implementing starting in July.

But the most fundamental part is number 1 is how we making sure that we have the control of space in the retail stores in the marketplace so therefore the availability of our products will be steady. And then number 2, how we can optimize the resources that we have in the, our distribution channels, managing the distributors, not only as the third party who's basically doing the sales by their own, but as tools that is fully controlled under our... under our eyes directly, right. So in terms of providing logistic infrastructures, warehousing and transportation, plus helping us selling the products to, to the end customers. So we, we basically do those changes and number 3 is on enhancing the digitalization to make sure that we have clear data that we can, we can capture quickly in terms of monitoring how our inventory, how our sales going on every day. And then lastly, to manage or... or do differently in terms of doing the promotion which is now targeted more towards the end customers needs rather than only providing the promotions via our distributors.

So those are the things, the key items that we have changed, a lot of things that we want to, to do further optimizations in terms of the supply chain to make sure that we have a more efficient logistic supply chain capability. But I think in terms of doing that, we're going to do it parallelly with the restructuring of our retail business model.

I think that's all from me. I don't know, maybe Pak Dicky would like to add further.

Dicky : Yeah, thank you Pak Hosny. So I think, yeah, when, when we look at the result of the H1, I think from sales and marketing, there are a few fundamental things that needs



to be changed and improved, right.

So we have set the, the very simple strategy, what we call 4A which is the affordability, availability, attractiveness, and advocacy which will be able to answer some of the issues that Pak Hosny has mentioned and, and Bu Maya has mentioned earlier. In the end, we know that in our category, the commodity of cement, the price is still very important and therefore we are looking at that. In terms of affordability, doesn't mean that the product has to be the cheapest, but how to ensure that we give the right value for the right price.

And, and the other part is also on the availability as Pak Hosny has mentioned. We, we have seen that the... in a lot of areas our numeric distribution continue to decline and therefore this is the area that we need to regain by the discipline of the sales fundamentals that we are doing helped by the digitalization. You know of data that we are doing, we will be able to see the, the result and the performance up to the lowest level, which is up to the top or to the retailer outlets.

Attractiveness is also one of the things that we are looking at very carefully. We don't want to get trapped in this category into a price game, price war. And therefore, as Pak Hosny has mentioned, the way we do the promotion that in the past probably we are focusing too much on the pricing. Now we are shifting toward equity building, we are shifting toward how to gain, regain the trust and you know the leveraging the, the strength of the brand that we have in order for us to have clear differentiation and likeness by the consumers.

Last but not least, as I mentioned, the advocacy is also something that we are looking at, knowing that in, in this category, the role of builders in contractors, builders is equally important as the homeowners or consumers. And therefore we are also doing some of the efforts in, in order for us to gain the trust and the preference from... from the builders.

So, I think those are the things that we are starting to do in July. We have seen some of a good result, early result of course, I don't want to over promise things that... this... will, but I have, you know, we have seen a strong double digit growth MoM compared to last month or previous months. We are really seeing a good trajectory and traction in a lot of areas. There's some area that we need to continue to do close monitoring. We, we call it, you know, we, we put them into the ICU mode while we do the really hyper care on, on that particular area, especially on, on, in the area which is the, the competition is very, very tough.

So again, I think all in all, yes, we do have a lot of challenges and you know, result was not probably as we expected, but I'm quite confident and pretty sure that we can do a lot of things to improve the situation and therefore we'll be able to have a stronger, much, much stronger edge to going forward.

Thank you so much.

Maya : Okay. Thank you, Pak Dicky. I think for the first round of question, we'll only take Robin's question and this is already relating to what Pak Dicky has mentioned just now.

So he asked that, hi team, how has the strategy fared in the two months it's been implemented? How has July sales volume fared? And then how do you see bag, bulk ASP in the 2H25 as SIG tries to reclaim market share?

So yes, as we said that Pak Dicky has already touched on that. Maybe regarding ASP would just like to mentioned slightly that as Pak Dicky mentioned that pricing is still important so we are still opportunistically looking for areas to increase ASP in the 2H yeah. Maybe Pak Dicky or Pak Hosny would like to add to the, the question to, the answer to the question.

Dicky : Yeah, so thank you so much. As I mentioned, I think we have seen a very positive result in July. As I mentioned, it's double digit growth MoM, although it's still lower compared to last year because it's the comparator of the bulk last year was still quite big. So, this July we, we, we really improved a lot in the bags, which is in retail. However, in, in bulk, we still have a bigger challenge because of the infrastructure project that has reduced significantly compared to last year.

Now in the ASP, as I mentioned, we don't want to get trapped into the vicious cycle, you know, of a, in, in Bahasa Indonesia, we call it Tong Setan, you know, going around and, and going deeper into the the pit hole. And, and therefore we already started to increase the price in some of the areas in which we are strong in, in, in our market shares and in our position. And therefore, we will be able to see whether, you know, our price actions will be followed by competitors because I think we understand that other competitors are also probably having a same issue with us. And, and therefore ASP, we are managing it very well, very carefully, of course. While we know that we need to improve our ASP, but we also want to ensure that we remain competitive in, in a lot of areas.

And then therefore by doing the micro marketing, selecting which area that we need to be able, we can do the pricing actions earlier, we will do it and, and later on we will see how it progress along the way when, when this has been started.

So, we have started to increase the price in three areas now.

Sigit : Yeah, I think I will add some more color about the ASP potential increase there. As Pak Dicky mentioned that start from the end of July, we implement what we call a price list and we already have our metric combination around 2000 a price list covering area, district, and also product mix.

We changed the business model on the, on what the set of the price list of the previous the authority only the sales and director authority, but now not only sales and marketing director but also including CFO.

So, we believe that when we set the price list, we should make sure that our margin is enough to cover the cost and also consider competition also of course. But with this model, we expect our ASP slightly increase in the next quarter.

Pak Dicky starts with limited area, but we believe we will continue to another area, start



from the area 3 when we continue to all the area because we believe with this strategy, our ASP slightly increase in the future.

Thank you.

Maya : Thank you Pak Sigit. So I think as we have no more question from the audience, we think that all of the explanations is quite clear. And so we can end the Q&A session here and I will hand back to the moderator.

Angga : Okay. Thank you. Audience, should you have any questions, feel free to type the chat box and raise or maybe if you want to give some questions directly.

Okay, so we have Cheryl here. Cheryl, thank you for the presentations. I would like to ask about the 1H25 of other OPEX. Could you provide more details on the increase, particularly regarding to the Forex loss and other components?

Maya : So, umm..Hi Cheryl, so I think if we look at the, if we look at the OPEX, there was a few drivers for the increase such as the increasing in professional fees. As as you know that last year the timing of the payment of the professional fees was more towards the end of the year and we have started to spread out the payments this year. Umm, but we, you know, expect this to stabilize throughout 2025.

And also yeah and going forward there are some pockets of pockets of expenses that we are trying to make more efficient. And so hopefully going forward, we will improve on that.

Angga : Okay. So for the question, second question comes from Bob. Hi, SIG team, how do you see energy cost trend in 2H25 and 2026 given drop in coal price? Do you think strong export volume could be maintained in 2H25? Also, could you touch on based on recent market chatter on divestment of SMBR perhaps?

Maya : Yeah. So I think regarding the energy cost trend, we, we know we notice that there is decrease in terms of coal price. But again we will have to look at the trend going into the 2H. And this is also a function of not just the coal price that, that we book into the energy cost, but also the transportation cost that we have to see as well. So we do see that there is a room for improvement for the energy cost and also, yeah, we do still see some room for improvement, but this is again depending on our initiatives how to drive the efficiency in the freight cost for for the coal.

I think there was a question about strong export volume. Yeah, strong export volume. We, we are seeing good export momentum at the moment and going into 2025... 2H25, we are still trying to maintain a good export volume as we want to optimize our utilization.

The recent chatter on divestment of SMBR, maybe management, yeah, would like to touch on that?

Um okay. Firstly, maybe I would like to relay to Pak Dicky. Maybe you'd like to give some

color on export going forward.

Dicky : Yes, thank you. Thank you for the question. So yes, while we know that domestic market at this point of time is really in under pressure. So we are really looking for other opportunity outside and we already revise our targets for export for this year. We will be more aggressive in some of the markets that we are exploring including some of the markets that we are already in like Australia. So we, we are already exporting to Australia, but now we are working with one of our partners to even further increase the export to Australia. We are still continue to drive export to Bangladesh, but also looking at also the opportunity in Africa and Saudi Arabia, that we are also looking at.

The other one is actually the export to US that we already have partners with. However, we are still waiting for the infrastructures to ensure we will be able to send the, the cement Type 5 to, to America, which hopefully will be able to happen in around November.

So yes, definitely export is something that we want to push further. Thank you.

Maya : Thank you, Pak Dicky. Maybe the previously the question regarding the Forex loss as well is due to the movement of the US the of the USD. The recent charter on divestment of SMBR, there is currently no, no discussions yet on that.

If I could reconfirm with Pak Hosny ya Pak ya, on SMBR.

Hosny : There is no plan and also no... we still don't know where that coming from.

Maya : I see. Thank you, pak. And the last question from Robin is any updates on ODOL, will it start this year or 2027? Thank you.

So I, I think the discussion with the government is still back and forth, either 2026 or 2027. Umm yeah, so it's still in a discussion with the regulators, maybe management would add.

Dicky : Yeah, I'll add on that. So, yes, so we just heard that the ODOL implementation would start in 2027. Yesterday we had a meeting with the Ministry of the State Own Enterprise and with some of the key stakeholders as well in preparation to that. But however, as we know, it's still going back and forth. So while we are waiting for a concrete decision and, and you know a formal information in terms of the 2027 implementation, but we also already preparing for a push button strategy in in order for us to be ready whenever the zero ODOL is being implemented.

So we already look at all the cost components, we already look all the modes of transportation for us to mitigate this. But so far what we have heard and understood is it will be implemented in early 2027.

Maya : Yeah, okay. Thank you Pak Dicky, so we can close the Q&A session please.

Angga : Okay. Thank you, Maya. Finally, as we have come to the end of the sessions, I



would like to thank you for all the panelists and the participants for joining this call.

On behalf of the SMGR's management team, thank you once again for your presence and continue to trust and for your support.

So if you have any follow-up questions, feel free to reach out to our investor relations teams on our e-mail. We look forward to staying connected with you on the future updates.

Have a good day. Thank you.

[Call Ended]