

MINUTES OF THE PUBLIC EXPOSE 2019
PT Industri Jamu Dan Farmasi Sido Muncul Tbk.

Day/Date	: Wednesday, 21 August 2019
Time	: 13:15 to 14:15 Western Indonesia Time (WIB)
Attendance List	: See attached

PT Industri Jamu Dan Farmasi Sido Muncul Tbk. (the "Company") Public Expose was held at Ruang Seminar I 1st Floor, Gedung Bursa Efek Indonesia, Jakarta and was attended by:

- Mr Irwan Hidayat (Director)
- Mr Leonard (Director)
- Mr Gerry Mustika (Director)
- Mdm. Tiur Simamora (Corporate Secretary)

The presentation was opened at 13:15 WIB by the moderator, Mdm. Ives Wuri Hapsari of the Indonesia Stock Exchange (*Bursa Efek Indonesia*, BEI). The Company's Director delivered a presentation on the company overview, its business, and its financial performance in the first half of 2019. Materials of the presentation have been submitted beforehand to the BEI.

DIRECTOR'S PRESENTATION

The presentation was delivered by Mr Leonard, the Company's Independent Director.

Items presented in the Public Expose are: Company Overview, Company's Business, and Company's Financial Performance in the first half of 2019.

The presentation mentioned the following:

The Company's sales in the first 6 months of 2019 increased by 11% to Rp1.41 trillion from Rp1.27 trillion in the same period in 2018.

The largest sales contributor was the Herbal and Supplement segment, which recorded a 11% growth. The Healthy Food and Beverage segment recorded an 8% growth. The Pharmaceutical segment grew by 22%.

The Company's operating profit increased by 30% following an improvement of 34% in operating margin from 29% in the same period last year. The Company's net profit increased by 28% to Rp374 billion from Rp292 billion in 2018.

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The Company's capital expenditure in the first 6 months of 2019 was Rp77 billion. The Company has allocated Rp150 billion for capital expenditure in 2019.

Contribution from export sales increased by 2% to 6% at the end of the first half of 2019 compared with the previous year.

As part of its corporate social responsibility, the Company in cooperation with the Indonesian Ophthalmologists Association (*Persatuan Dokter Spesialis Mata Indonesia, Perdami*) organised a series of free cataract surgeries. First organised in 2011, the campaign has helped more than 53,000 people in 27 provinces through 242 hospitals.

The Company has also organised cleft lip surgeries in cooperation with hospitals in several areas. The campaign will be expanded in the future.

In the run up to the last Eid al-Fitr, the Company gave donations to the impoverished in Kabupaten Semarang and Yogyakarta.

Question and Answer:

1. Adrian (Trimegah Sekuritas)

- a. What are the products that SIDO have exported?
- b. Please describe the Company's export growth.
- c. What is SIDO's target for the future?

Answers:

- a. Currently SIDO has exported its products to more than 16 countries. For 2019, the focus countries are the Philippines, Nigeria, and Malaysia.
 - The Philippines: Tolak Angin products;
 - Nigeria: Kuku Bima Ener-G! Drink;
 - Malaysia: Kuku Bima Ener-G! Drink and, as soon as possible, Tolak Angin products.
- b. SIDO's exports is only 2% compared with the previous years. Our forecast as at the Q1-2019 is 2-5% growth in the next 3 to 5 years. However, in Q1-2019, SIDO recorded strong results, especially in the Philippines, that led to an increase of 6% in sales.
- c. SIDO will maintain export contribution in 2019 at 6% of sales.

2. Robert (Ciptadana Sekuritas)

Are there any further efficiency measures from SIDO to increase profit for the following year?

Answer:

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In 2019, SIDO has begun operating the Liquid Medicine Plant II (*Pabrik Cairan Obat Dalam II*, COD II) to improve the efficiency of our plants. Another efficiency measure is signing new, quality vendors that offer lower prices. SIDO will pursue the latter measure in the coming years.

3. El (Universitas Pancasila)

The Company's capital expenditure for 2019 is only Rp150 billion compared with 2018. Please describe its purposes.

Answer :

The 2019 target of Rp. 150 billion is for capex maintenance and completion of projects in 2018, especially for capex maintenance

4. Agustono (Indonesian Pension Fund Association)

- a. Are there possibilities of further expansion to other countries, given that the Company's profit is driven by export sales?
- b. SIDO's net profit shows a 28% increase to Rp374,000,000,000 (three hundred and seventy-four billion Rupiah). Is this figure the net profit for the first half of 2019?

Answers:

- a. Further overseas expansion will be focused on Southeast Asian countries, such as Vietnam, Myanmar, and Cambodia.
- b. The figure is the net profit after tax for the first half of 2019.

5. Yosua (Samuel Sekuritas)

- a. SIDO's utilisation factor seems to be low. What is the target utilisation factor at the end of 2019?
- b. Are products exported to other countries consumed by Indonesians abroad or by locals?

Answers:

- a. There are 2 utilisation factors:
 - 40 to 50% for the Semarang Herbal Indo Plant.
 - 50 to 60% for both the COD I and COD II.

The main purpose of the Semarang Herbal Indo Plant is to support production activities at the COD I and COD II plants. Thus, when the utilisation factor of the COD I and COD II increases, the utilisation factor of the Semarang Herbal Indo Plant will also increase. We are aiming to reach the new facility's rated capacity in the next 3 to 5 years.

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- b. SIDO's export products are consumed by both locals and Indonesians abroad. In the Philippines, for example, SIDO's products are mainly consumed by locals. In Malaysia, both locals and Indonesians working in Malaysia consume SIDO's products.

6. Randy (Panin Sekuritas)

Which segment whose margin contributed the largest to SIDO's sales?

Answers:

The herbal and supplement segment remain the largest contributor at 67% to SIDO's sales with a gross profit margin at about 65%.

Webinar

1. Billy – Surabaya

- a. What is being proposed to penetrate products across different generations and geographies, given that *jamu* is a foreign concept in other countries?
- b. Are there plans to re-register/re-apply its products as phytopharmaceuticals?

Answers:

- a. SIDO is preparing to enter the food supplement business, which we have been preparing over the past several months. We plan to launch the segment in the near future.
- b. SIDO has manufactured a number of phytopharmaceutical products, such as Sari Kunyit (Turmeric Extract), Sari Temulawak (Javanese Ginger Extract), and Sari Kulit Manggis (Mangosteen Extract).

2. Indri Fitria

SIDO is now diversifying to the property business as well. Is SIDO going to focus on the property business?

Answers:

The property business is not related to SIDO because it is privately-owned and separate from the Sido Muncul Group.

3. Roni Harianto

- a. Does SIDO have plans to manufacture herbal remedies from other regions, such as from Sulawesi and Kalimantan, since communities across Indonesia uses traditional remedies that are not scientifically understood yet?
- b. What does COD I and COD II mean?

Answers:

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- a. SIDO's goal is to help the sick. Of course, SIDO wanted to develop something positive such as traditional remedies. Among the measures we have taken is cooperating with Indonesian universities to carry out studies on traditional remedies.
- b. CODs are liquid medicine plants that manufacture *jamu* in liquid dosage forms. The difference between COD I and COD II is that the latter is a newer facility while the former is older.

4. Peter

Does SIDO have any strategies for a more environmentally friendly plastic packaging for sachets?

Answers:

One of SIDO's strategies and solutions is converting plastic packaging for sachets into energy. As for a more environmentally friendly plants, SIDO has won the "Proper Hijau" award three times and aims to win the "Proper Emas" this year.

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