SIG 1H 2022 Earning Call
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Panelists:
Mr. Adriano Hosny Panangian – Director of Finance & Risk Management Director
Mr. Aulia Mulki Oemar – Director of Business & Marketing
Mr. Hasan Arifin – SVP of Finance
Ms. Johanna Daunan – SVP of Marketing
Mr. Nova Kurniawan – VP of Financial Plan & Analysis
Ms. Febriandita Kusuma – GM of Investor Relation

Radityo : Hello, good morning everyone. We would like to thank you for joining our 1H 2022 Earnings Call. Before we start kindly fill the attendance list using the link provided on the chatbox. Thank you.

We have released our 1H 2022 results on Monday, 5 September 2022. And the reports are available on our website at sig.id under the investor relations menu. My name is Radit and I will be the moderator for today. Let me begin with a rundown of today's agenda, as well as some functions of Microsoft Teams platform. Today's call will begin with an opening presentation delivered by our GM of Investor Relations Ibu Febriandita and followed by a Q&A session. If you would like to ask a question, please press the raise hand button on the top right of your screen. When your name is called upon, I will proceed by giving you access to unmute your mic. Please remember to click the unmute button after that before speaking.

On line with us today, we have

- Bapak Andriano Hosny Panangian, Director of Finance and Risk Management
- Bapak Hasan Arifin, SVP of Finance
- Ibu Johanna Daunan, SVP of Marketing
- Bapak Nova Kurniawan, VP of Financial Planning and Analysis
- Ibu Febriandita Kusuma, GM of Investor Relations

and my colleague Nurina and Anindita from IR team. So, let us begin the call, and I would like to give the floor to Ibu Febriandita for the presentation. Thank you.

Febriandita : Okay, thank you Radityo. So, as you know that, maybe we can show the slide please.

Yeah, as you know that there are three main challenges to be addressed in the cement industry, which are contraction in cement demand, which decreased by 1.2%, up to June 2022. And then the aggressive Tier 2 players that shown the market share is increase 3%

in the first half of this year, compared to last year. And the third is the coal price hike, which increase around 83% in first half year on year. And considering those challenges. During our first half period, we have conducted price adjustment twice in April and June, resulting blended domestic ASP to increase around 4% in first half year on year and 7.4%. year on year in second quarter only. And we also on the cost side we keep securing more coal at DMO price to manage the fuel cost increase, resulting only 50% increase in coal procurement price in first half of 2022, despite 84% increase in coal market price. While in second quarter, coal price only increased 32%. We are also continuing our efforts to reduce clinker factor and increase thermal substitution rate, which are also in line with our decarbonization commitment. So, with those efforts, we were able to record another strong performance with higher EBITDA margin and net profit in first half of 2022.

If we move to the next slide. If we go up our first half performance, more detail, even though our revenue contracted, but domestic revenues still recorded positive growth of 1.8% year on year, contributed by the ASP increase. While on regional sales volume is recorded lower as we are focusing on domestic sales and considering the coal availability. However, we recorded export ASP grew by 25%, which show that the export market is still promising. While on the cost side we book relatively flat COGS despite fuel price increase, as we were able to secure coal consumption partially in first quarter and fully in second quarter 2022. Lower operating expenses from lower transportation, promotion and labor costs and decrease in finance costs which in line with a lower interest-bearing debt balance. Thus, we recorded 0.4% increase in EBITDA margin and 4.4% increase in net profit attributable to owners of parent entities.

And to the next slide. Through our leadership in increasing selling prices, capability in managing fuel costs and overall cause of revenue, our first quarter performance was better than our peers. Here you can see that our absolute EBITDA only contracted by 0.3% compared to our peers, which saw a decline of 12.7%. On EBITDA margin growth, EBITDA margin of SIG improve 0.4% while peers recorded 4.1% decline. At the absolute net profit level, we posted 4.4% increase from the previous year while our peers recorded 52.4% decline. And our net profit margin also increased 0.3% while peers posted a lower 3.7% net profit margin.

Next, on the debt side, we still continue our deleveraging efforts where we have reduced the debt balance by around 1 trillion Rupiah resulting an improvement on net debt to equity ratio from 0.5 to 0.4 times. Debt to EBITDA improved from 2.5 times to 2.1 times and EBITDA to interest improved from 4.5 to 5.8 times. And in July, Indonesia rating agencies Pefindo publish their annual rating assessment on SIG and SIG bond which affirm our previous rating at idAA+ stable.

On sustainability performance, we also track our achievement on decarbonisation initiative as we have set sustainability roadmap and target up to 2030. In first half 2022 we recorded further decrease in CO_2 emission intensity per tonne cement equivalent from 607 kilogram in first half 2022, sorry 2021, to 592 kilogram in first half 2022, which was 2.5% lower compared to the first quarter 2022 level. Such achievement was supported by the initiative of reducing clinical factor which recorded 0.8% lower in first half 2022 and improving thermal substitution rate by 1.7%.

In July, we also have submitted disclosure to CDP or previously known as Carbon Disclosure Projects for climate and water aspects. And the result should be published by CDP in December 2022. So that was our brief update for SIG first half financial performance and we can now continue to Q&A session. So back to you Radityo.

Radityo : Thank you Bu Febri for the presentation. Ladies and gentlemen, if you have any questions, please press the raise hand button and then I will mention your name and give you access to unmute yourself.

You can find the raise hand button on the Reactions menu. Okay, we have our first question from Onkar. You can unmute yourself Onkar.

Onkar : Hi, can you hear me?

Radityo : Yes, we can hear you.

Onkar : Yeah, I understand that for the entirety of Q2 you had access to DMO coal. And that's why your performance was way better than the competition. Could you just comment on what the performance would have been had it not been for the DMO coal as in how much better or worse you would have been versus peers in terms of, let's say, EBITDA margin and growth please?

Hosny : Hi, Onkar. Can I answer this question first? So, the coal price composite average in first half, we recorded 900 thousand Rupiah/Ton. Yeah, this is actually in the condition whereby on second quarter, we can get around 80% already. Yeah. 80% already from the requirement of the call using DMO. It's increasing from Q1 because Q1 is only around like 60% increasing. But onwards until end of year we already secured the DMO price. So, if we assume that we didn't get the 80% that means this number will increase to around 1.3 million. So, it's an increase of around another 30% to 40% increase of the energy costs. And this will basically impact to the EBITDA margin dropped to around 19% to 20%.

Onkar : Okay, okay, okay. And also, have you had any indication that some of your competitors are also increasing their share of access to DMO coal? And also, what's the outlook for the access to DMO coal because there has been a lot of chatter in the market whether, you know, anyone other than PLN will get access to DMO call for 2023. So, do you have any indication of whether you will have access to it or not, in the next year? And also, your competitors' access to DMO?

Hosny : I think we don't know in in detail about the procurement activity, but I think our competitor will try hard to get the DMO price as much as they can. And I think we have to see. Based on the first half result, it seems like only a couple of our competitors get the DMO price assuming that their book is actually everything is correct. Because we are the only one was audited and they are not. So, I think as you can see, like the in the case of INTP I don't think they get DMO because you know their EBITDA margin drops significantly. And if you see the book of SMBR and Cemindo, seems like I think they can get the DMO price because they can maintain profitability, especially on Cemindo side. Which I saw from the books from their result, it seems like the one that affecting the drop in the earnings is more into the Forex impact right? Next year to impact USD exposure debt.

Onkar : Okay, okay, okay. Couple more questions sorry, short ones, please? What would be the volume outlook? How was August been for you guys? Because July was almost 10% down on YoY basis in July. What is your volume outlook for the year and also have you done any ASP hikes after the one on June and are you planning to take any more price hikes? Thank you.

Aulia : The outlook could be for bag is gonna be very soft. It is going lower than last year. Bulk is definitely going to be increased. in term of the ASP price hike we haven't done any price hikes yet since last time. But the thing the another price hike is quite inevitable, given the increase in the logistic costs.

Onkar : Okay, but can you put some numbers to it as an by the year end on a blended basis? What do you think the domestic volume growth would be or declined would be?

Aulia : The domestic I think, we for bag is going to be negative compared to last year. So probably the overall market probably is going to be flat or probably just at best plus point 5%.

Onkar : Okay, okay. So, on a blended basis, you're saying it could be at best flat?

Aulia : Yeah.

Onkar : Okay. Okay, and have you guys taken any price hikes after June? Or is there anything on the plans for the remainder of the year for price hikes?

Aulia : I haven't done another cycle of price hikes since June. But like I said, the another price hike is inevitable, given the increase in the cost of gasoline increase.

Onkar : Okay, perfect. Thank you. Thanks a lot. That's it from me.

Radityo : Thank you Onkar for the question, and moving on, next question comes from Robin. You can unmute yourself Robin, and go ahead. Thank you.

Robin : Thank you Radit and hi SIG team. It's a few quick ones from me. Basically, can you comment on BLU updates, any progress and any confirmation of extension to cement industry? And also, since we touched on the volume how about market share, how does the team view market share for this whole year 2022? And also, INTP announced consolidation of Bosowa Maros Sulawesi, two days ago. So, wondering if the team has any views on that since basically, Sulawesi is also an SMGR dominant region. Thank you.

Aulia : Regarding BLU, I think we are more optimistic than-- personally I'm more optimistic than a couple of weeks ago. Because I think it was like, still, there was still what I heard, there's still quite some intense debate between the ministries, whether to include the cement industries. But the latest information that I receive, it seems like tilted toward to include the cement and fertilizer industry into the BLU. We have gonna-- we have also discussed with the relevant industries with the relevant ministries, in this case, the Ministry of industrial industry. So, we are more optimistic it's going to be included.

The market share, last time, I think in July, our market share is up 46%. But you know, we've decided to go after the second tier. I would expect-- ASI number has not yet been released, but I would expect that there would be some increase in in our market shares.

So, the changes was not we're kind of like accept the reality that there was like somewhat kind of like two segments. You know, between main brand and fighting brand and it's going to be staged, it's not it's not going to be on a temporary basis. So, on that for that reason, we are now, you know, trying to gain market share on the fighting brand. Now, we are chasing the likes of you know, the second-tier team whether it's Merah Putih, Singa Merah or even Grobogan. So, we are fighting back starting early end July.

Oh, we see that as a positive. Given the attitude of INTP is not much different from us, we are we do not really compete on the pricing alone. And in the past, Bosowa has been kinda like, you know, interrupting the market, because they cannot like to put a huge discount compared to our main brand, then I did not expect that attitude could be, you know, applied to INTP. So, I would see the consolidation is positive, and we hope that is going to bring the price war somewhat less intense.

Robin : Thank you, Chief. If I could just locked in one more question. With regards to the recent subsidized diesel price hike of about 35%. Do we have an estimate how that impacts EBITDA margin this year or next year?

Hosny : Yeah, okay. So impact wise on the subsidized fuel whereby most of our transporter can no longer buy the subsidized fuel, so they have to buy the Dexlite, right? So impact wise to our transportation costs is around 8% to 10%. And to the total costs is around 3% to 4%. This one we anticipated twofold. Number one, basically we're trying to put this in also as a factor in another ASP increase that we're planning to do in Q3 and Q4. Number two, basically it is where our cargo consolidation will come into the play to anticipate this, because as we already mentioned several times in our other meetings yeah, previously, we have this cargo consolidation agenda. We started already and hopefully by this year, we can get that 50 billion efficiency from this. So, we are expecting basically, because even though we have this increase of transportation costs, but we projected, we targeted to be able to maintain our EBITDA margin. Whereby we give you a guidance around 22% to 23%.

Robin : Okay, thank you Chief.

Radityo : Thank you Robin for the question. Moving on the next question come from Akshay, you can go and unmute yourself. Thank you.

Akshay : Thanks very much. And thanks for the presentation. So I have just a few questions, quick ones. The industry year to date July, volume growth domestic up 2% and SMGR was down about 4%. So where do you see this for the full year given that you plan to do two more price increases? That's the first question thanks.

Aulia : I would say it would be lower than the market, because the expansion of the market is supported by bulk and bulk is very price sensitive. But we don't want to enter into a price war, because it's just going to destroy the industry as a whole. As a result, for us to a standstill, you know, the tier 2 players start to eat up our market shares. So, even if you were to say that 2% if you compare, I believe that from ASI data, you take out the

Singa Merah, because Singa Merah already, they listed in 2022, but they weren't they weren't there in 2021. Is even negative if you look at apple to apple.

So, I think we're going to what we are focused on right now is this, we're just going to, you know, rectify the margin for us, you know, the margin ability of our profitability, so we are targeting somewhere around 23, 25%. Before then, you know, we expect that second-tier player is going to follow suit, then we can start to discuss around expansion of the volume more aggressively.

Akshay : So, if without Singa Merah is negative, what is going to drive the full year volume, I believe, earlier you mentioned is going to be flat or at best plus half percent? What's going to drive the volume growth?

Aulia : The bag is going to be negative. We see some spikes in last couple of days. But I don't think we are going to achieve volumes like same month last year. So, bag is going to be negative, bulk is going to be positive. But you know, like bag is like 75% of the market

Akshay : Are you going to do any price increases for bulk?

Aulia : I guess in the plan. Given the increase in the fuel, we would adjust the price of our products.

Akshay : So my last question would be on the fuel side. You mentioned that transport costs is going to increase by 8 to 10% because of the fuel price?

Aulia : Yeah.

Akshay : Got it. Just wanted to double check that. Thank you very much

Radityo : Okay, thank you Akshay for your question. The next question come from Bob, you can go and unmute yourself. And also, I would like to have a reminder if you want to ask the question from the chatbox. You can also do that. Thank you.

Bob : Thank you. Hope you can hear me. Actually, I have two questions. Number one is, what do you think is the pricing competition is going to be when the coal price start to decline? Do you think that tier 2 players will follow the price that have been done until now between maintaining the price? What's your price is going to be? And the second, can we get the update on the ODOL regulation?

Aulia : We believe so, I mean, you know, if you look at the INTP, which are like probably our closest competitor, they are EBITDA margin is only was like 13% and a half, two, it would be suicidal for tier 2 players not to increase the cement price given, you know, the increase in fuel subsidy,

I don't believe they are more efficient than us, even the our, you know, humongous volume. Second one regarding ODOL, I don't think there is any update on it, I mean, we are still able to transport our goods as usual.

Bob : So basically, if the same BLU being implemented. So basically, your costs will be equal for all players going forward. And I believe that their fuel costs will also be lower than the current fuel costs. So there is no incentive for the tier 2 players to raise the price to obtain higher margin. So, if that scenario happen, what you're going to do, what are you going to do with the current pricing? Are you going to lower the price or are you going to do more promotions? So just wondering about that?

Aulia : Well, I think, again, I don't think the tier 2 player they will increase the price I really sincerely believe so. Given the cost pressures, knowing the logistics route and costs it will be suicidal for them not to increase cost just for getting market share. So, second one again, now we are kind of like seeing the market as a two tiers as two segments and we are now matching a price, no, we are matching our product or fighting eco product is matching their price that's the reason why I'm quite optimistic we should gain some market share. But if they chose to do so on the on their product to keep the price low, we are just going to be selectively attack their markets.

It's not going to be like carpet bombing. We are going to store to store to store to see whether try to acquire their main stores right to the last miles. And of course, you know, the marketing activities as usual, the promotion and stuff like that.

Bob : Okay pak, thank you.

Radityo : Okay Bob, thank you for that question. I will remind once again, if you want to ask the question through the chat box, you can do so. And the next question comes from Andre Wijaya. Please go ahead and unmute yourself.

Andre : Thank you so much Semen Indonesia for the update and presentation. I have two question, one question on the room for efficiency given right now, we know that SIG may be the most efficient cement company partly because SIG can buy the coal price at DMO price. But looking at the current inflation, rising fuel price, would you like give color on the room to improve the efficiency instead of the just only rising selling price to maintain the margin? And then the second question, on the update on the SMBR acquisition progress what would you give an update on that? Thank you.

Hosny : Okay, thank you, Andre. So, basically the driver for efficiency will come from our ESG initiatives and operational excellence in terms of optimizing our logistic ecosystem. And also optimizing our plant operation. Now number one on the ESG, increasing the TSR which until now we already managed to increase and we should be able to get the target in line to get the target of 20% in 2030. It also has impacted to the efficiency because every increase in 1%, we can generate around 40 billion of efficiency. Plus, on the clinker factor, so the clinker factor, if we can, you know reduce further, which basically up until now we are in line with the with the plan in progress, that's also impacting to the efficiency because 1% will benefit us around 4 billion IDR per ton of cement. And the next one basically on the optimizations of the logistics, right, this is where the cargo consolidations come into the play. And the last one is on operation excellence in managing our plan operations because we foresee still until now, we foresee some of our plan not running effectively just because of, you know, we haven't optimized for the cost to serve on certain areas. For example, utilizing more cement from our own Rembang plan to attack the but to attack Grobogan around Semarang area which we are now focusing and that's also utilizes our Rembang plant. So, therefore we can get more efficiency. So, those are the aspects that we are doing. In terms of the other parts like for example the operation expenses, I think there aren’t much further that we can do because we have squeezed every single accounts already up until now as you can see from our results. So, I think in terms of those aspects, operational expenses, don't expect much but I think those threes that I already explained those are the critical driver as the room for improvement. Thanks.

Aulia : Some other stuff that I can add to it would be on the our Aceh plant, with our Aceh plant is right-- it’s currently, you know, it's not a function properly. Once we get things done and running, we could be able to lower the costs of the products and significantly. Secondly, because our coal supply is much more secure than last-- than previous semesters. We would be able to increase the utilities by way of doing more export. Thank you.

The SMBR acquisition is it's still on track. That's what I'm gonna say, it probably the target would be by end of the year.

Andre : Okay, thank you. It's quite clear.

Radityo : The next question comes from Pak Arnanto. You can go ahead and unmute yourself. Thank you.

Arnanto : Hi, can you guys hear me?

Radityo : Yes, we can hear you.

Arnanto : Okay, just two questions for me. First one, just touching back on the volume discussion. Volume has been weak in the past couple of months, as you mentioned, especially on the bag side, what do you think is driving this? Is it just customers becoming more price sensitive, especially during this inflationary environment? And the second question is probably on next year's guidance. Do you have any sort of guidance for EBITDA margins or earnings growth or volume for next year? Thank you.

Aulia : I think the way the demand is soft, you know, because this event during the inflationary people kinda like more concerns or whether they can secure the food and all that. So, you know, one of the factors in the driver for the demand is renovations. So, and it's not because of cement. Cement is only consists of 10% to 12% when you do some renovation. It is the other price of steel, paint and what have you, you know, like basically kind of like, make people to have a second thought when they want to build or renovate their houses. So, the for that reason, when we you know, we still have a room for doing some price improvement there. Despite the softening, market demand. Johanna, you want to add something?

Johanna : No, I think that's good. Uh, yeah...

Hosny : Bu Johanna, would you want us to speak something?

Johanna : Oh, yeah. Yeah, just to add maybe on the retail side, because most of our retail is 50% renovation and 50% is building new. And we see the trend is prior to the fuel price increase, people tend to save their money. So, we see that the increase of deposit in the bank, maybe you can also see it. So, I think people are tend to wait and see until like, they purchase long, durable goods like building a house. Just to add on that retail side.

Hosny : Okay, so in regards to the guidance for the EBITDA margin to be this and next year. We still don't know the exact condition of the macro economy. It's going to be a political year, definitely, inflation will kick in, the interest rate, definitely, will increase further for next year. But we have prepared all the plan to anticipate, to mitigate. So, we are quite firm to say that basically we are targeting to maintain our EBITDA margin of around 22% to 23% for next year.

Radityo : Is that answer your question, Arnanto?

Arnanto : Yeah, that's all for me. Thank you.

Radityo : Hello, Felicia, you can unmute yourself now. Or if you have any trouble with the microphone…

Felicia : Hello. Yes. Hi. Sorry. But, yeah, I just want to clarify. So, you previously mentioned that the impact of the higher subsidized fuel price is an increase in the transport costs by 8% to 10%. Can you just clarify is this an 8% to 10% higher year on year or higher than the current state per first half? And is this estimate already includes the cargo consolidation efficiency that you mentioned previously? Which is about 50 billion you mentioned? Thank you.

Hosny : Particularly, it's actually increasing from the first half, from the first half. And the impact on the cargo consolidation this year, because we just started. So effectively it will impact to our performance in Q4. So, definitely the impact will be just as a mitigating factor to maintain as part of the our effort to maintain our margin, because what I said 50 billion, definitely it will not enough to cover all the impact of the increase of the transportation costs. But then because we also have a plan to increase further the ASP in Q3 and Q4, whereby we also managed to get the DMO price for the coal. So based on our prognosis that we will still on track to achieve our guidance for the EBITDA margin 22% to 23%.

Felicia : I see. And can I also confirm that when you said that you're planning to have an ASP increase in the third and fourth quarter, that means that we can expect two more price hikes?

Hosny : One or two more price hikes? Depending on the market condition, I guess?

Aulia : Well, definitely one. For the second one, we'll see how the competitor reacts on our next price increase.

Felicia : Okay, got it Pak. Thank you.

Radityo : Okay, thank you, Felicia. Next question, going back to Onkar. You can unmute yourself now.

Onkar : Yeah, hi. Just want to know what the mix of the fighting brand is now in 2Q has it increased to monthly levels? What's your strategy there? Because I think there was some strategy to limit it to like 10% 11% of total volume. How is that coming along? Thank you.

Aulia : Currently I think it stands at 12% and off to revisit my strategy when I try to limit the fighting brand since I have to. When I visit the, you know, the markets and the stores apparently there was a segment that use the cement as, you know, as cost of goods sold, you know, to build the light brick and all that. I'm usually, is there mostly are small and medium enterprises so those guys are actually quite huge and they're the main consumers of fighting brands. So, if I try to limit the fighting brand, I'm probably kind of like, you know, leaving the market to the secondary players. So, we're going to chase-- we're able to entry into the market so I'm not gonna like say what's going to be my fighting brand compared to the main brand, so long there is no switching between main brand to fighting brand. So, we will go to stores to market-- to source to stores will go directly to the customers who will the light brick and all that and offer our products. So, I'm not-- I wouldn't be able to switch those guys, those customers back to main brand. Because, you know, a couple of years ago the fighting-- eco brand doesn't exist. They all use only single brand. But that's the condition now I have to admit. So, while at the same time we are going to strengthen the brand equity of our main brand to make sure the switching would be to main brand to fighting brand would be very minimal.

Onkar : Okay, okay. So do you do you have any internal studies that that point to what amount of cannibalization your fighting brand has gone to the main brand? Is there any?

Aulia : I don't have study, but what we do now is the our salesman or salesperson is going to stores to the to the last miles, check their you know they're what they sell to. If they sell to the- these guys who produce, what's what's called, CPM concrete productions manufacturer. We go directly to those guys and then basically you will even transport the cement directly from our distributors to the end customers. If so if you see how big the market if you look at the tier two players already 20% -25%, right?

Onkar : Okay, one last question. Sorry. So last year with respect to ASP hikes, I think until September, you had not done any hikes and only from September, you started doing some hikes. So, you will be lapping against that from this month onwards. Can you comment a little bit about what the yoy blended ASP increase would be in 3Q, wouldn't it be slightly lower than what you saw in 2Q? Because I think in September is when you started hiking prices, if I remember correctly.

Hosny : Hi, okay, so our basically gross ASP for a full year expecting to be around 970, at 970,000. So, yeah, last year, to June last year up to June, the gross price, domestic Indonesia is 875,000. 875 last year until June, this year, full year, until December we targeted around 970,000.

Onkar : Okay, and this blended right?

Aulia : Yeah, that's blended domestic.

Onkar : Yeah. Perfect. Thank you. Thanks a lot.

Radityo : Okay, thank you Onkar. And next question comes from Kevin Halim. You can unmute yourself now.

Kevin : Oh, hi. Thank you for taking my question. I just have a several few quick question. The first one is do you think that the ODOL regulation will be effective in 1 January 2023 as planned? Or do you think that this will get delayed further? And also have you place this in, in your 20% or 23% EBITDA margin target for next year? Maybe I'll stop there. Thank you.

Febriandita : Can you repeat your second question, please?

Kevin : Oh, have you place the ODOL regulation implementation in your 20% to 23% EBITDA margin target for next year?

Aulia : No, I don't think we already incorporate the ODOL impact because we don't know yet. I mean, it seems like I thinks see that status quo while we are also trying to diversify our transportation mode by the railway, but to be honest we haven't really included the impact of if ODOL is fully implemented, because it's fully implemented is going to be quite a disaster. In terms of you know, like the logistic wise you will see like the whole road was going to be full of traffic there is a truck available if there's a truck driver available, if you have to come with so many trucks and you have to come with so many truck drivers I thought is gonna-- It's not going to be fun for the country.

Kevin : Okay, got it. Do you think that the regulation will get delayed further, considering the industry condition?

Aulia : I believe so, unless all the requirements already been fulfilled. That's including number of manpower's able to drive the trucks, that would be enough trucks, you know, there would be enough truck that they can bring to the countries; otherwise you will see huge backlog and it's not on about cement. Even with the with current condition during peak season, the loading queuing time at Tuban can be more than three to four hours. It will be hell if you have to add like double or triple the capacity of trucks coming into the plant just to serve the customers not mentioned whether the toll road is the road itself can acomodate number of trucks on the road. So yes, I think it's going to be a status quo.

Kevin : Okay, got it. Thank you very much.

Radityo : Okay, thank you for the question from Kevin. Is there any other question coming from the floor?

Radityo : So if there is no other question, the question from Kevin will be the last and maybe Pak Hosny or Pak Aulia, you have any closing remarks?

Hosny : Okay, thank you so much, Radit. So, basically, the result that we published for our first half shows that we have a plan to face this effect of macro economic condition, effects from the commodity price, effect from the hyper competition. But again, it's also very important if we can basically focus to do our four pillars of strategic actions that we are already planned. And so far, based on the realizations of the progress so far, basically still in line with the plan. So basically, we are hoping that we can achieve our target by this year and achieve the guidance for our EBITDA margin. I think in terms of the managing the cashflow, as you can see, despite the pressure from the suppliers, especially from the coal suppliers that asking for further shortened terms of payment. We are able still to manage the cash flow and manage the cash cycle, even less than 30 days. So, and also, as you can see from our balance sheet, our ability to manage the leverage so far, we are still basically in line with the plan and even getting better in terms of the ratios for our leverage and also the solvability of the company of the group. So, I think it will give a more impact to our strategy. And with all this cash flow management, working capital management, I think it's a good basis for us to manage the situations in the market.

So, thank you so much, we'll see you again in another sessions. We are always open for discussion, any further questions or something that's still unclear, please feel free to contact us. Thank you so much, and have a good day.

Radityo : Thank you Pak Hosny for closing remarks. And that concludes our call for today. Once again, thank you for all the panelists and participants for joining this call. It was pleasure to have you with us. If you still have any questions, feel free to email us at investor.relations@sig.id. Stay safe and healthy and have a nice day. Thank you.