SIG Q1 2025 Earnings Call
Date: Tuesday, 6 May 2025
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Panelists :

Mr. Andriano Hosny Panangian	: Director of Finance & Portofolio Management
Mr. Deddy Irfandy	: SVP of Strategic Finance & Investor Relations
Mr. Andi Krishna A	: SVP of Business Innovation
Mr. Joni Gunawan	: SVP of Sales & Mega Distributor
Mr. Gathut Wicaksono	: SVP of Marketing
Mr. Hasan Arifin	: SVP of Corporate Finance
Ms. Maya Savitri	: GM of Investor Relations

Angga : Good morning ladies and gentlemen. Welcome to the SIG Q1 2025 Earnings Call. My name is Angga and I will be the moderator for today. On the line with us today we have Mr. Andriano Hosny, our Director of Finance and Portfolio Management, Mr. Hasan Arifin, our SVP of Corporate Finance, Mr. Gathut Wicaksono, SVP of Marketing, Mr. Joni Gunawan, SVP of Sales & Mega Distributor, Mr. Andi Krishna, our SVP of Business Innovation and I would like to introduce you to Mr. Deddy Irfandy our new SVP of Strategic Finance & Investor Relations, and as well as Maya Savitri as our GM of Investor Relations.

We have released our Q1 2025 results on Wednesday, 30th of April 2025 and the report is available on our website at sig.id under the Investor Relations menu. Let me begin with the opening presentations delivered by our GM Investor Relations, Maya Savitri and followed by Q&A session. For the participants, as usual 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 also remember to click the unmute button after that before speaking, or alternatively, you can also type your question in the chat box.

Without further ado, I would like to give the floor to Maya for the presentation. Please go ahead.

Maya : Okay, thank you Angga. And everybody please let us know if there are any problems with the sound or if our voices are not audible.

Okay, so we'd like to begin first to just go through over the cement industry on the first slide, please.

Yes, so the Indonesian cement industry entered 2025 with still persisting challenges in the midst of continuing macroeconomic headwinds on top of seasonality factors, with both the Ramadan and Lebaran festive falling almost fully in Q1 2025. So, this impacted the domestic cement growth in the Q1, where we saw continuing contraction in the industry which is shown by the national cement demand declining by 7.4% YoY. The bulk segment continued to face deeper pressure, recording a 15.0% drop YoY, while bag demand still declined by 4.1%.

If we move on to SIG's performance in Q1, total sales volume contracted by 12.6% YoY where bag volume declined by 10.2%. And we also saw decline in…decline in…as we saw the decline in our home markets which was deeper than the markets of competitors. Bulk volume fell more steeply by 17.9%, due to SIG's major involvement in government projects in the beginning of 2024, which has significantly slowed down due to the infrastructure budget adjustment for 2025.

Despite the pressures from the domestic market, SIG's regional sales volume was able to grow at around 13.8% YoY, bringing the total group's volume to 8.6 million tons, or contracting by 12.6%.

Looking into ASP trends, we saw an increase in bag ASP by 2.5% YoY, as we carried the strong base from the 2H of 2024, where we increased ASP several times as an effort to offset the weak volume at the end of the year. So, this shows our commitment to pricing discipline, which we will continue throughout 2025.

For bulk segment ASP, we saw a decline of around 4% YoY in Q1 2025, reflecting the weaker demand that resulted in lower selling price.

Looking into the export segment, amid the weak domestic environment, we tried to optimize the opportunity from the overseas markets, thus able to grow export by around 20% YoY, which partially cushioning the weakness in domestic sales. This created an uptick in the portion of the cement sales…cement export sales to the total SIG volume by 5% YoY.

Our strategic focus remains on gathering volume, while also conducting price discipline and implementing effective product mix that suits the different markets.

Moving on to the next page, despite facing headwinds in our top line, we were able to maintain cost discipline that was driven by efficiencies from operational and financing. As we can see, total COGS could be reduced by 1.2% YoY, despite the increase in variable cost per ton by 4% YoY largely contributed by the coal price increase that we saw last year starting from around the 2H.

From the fixed COGS excluding the incremental of COGS from non-cement related business, we saw a decline of 0.8% YoY driven by the lower maintenance cost. We also saw an increase in the incremental COGS of the non-cement related business, that was on the other hand supporting the increase in revenue from this segment by 28% YoY.

Operating expenses also declined by 2.6% YoY, largely due to the lower transportation costs along with operating maintenance cost. And lastly as we continue to focus on deleveraging, our net financing cost recorded lower by 30.7% due to the lower balance on interest bearing debt by 5.1 trillion.

If we turn to the next slide, our to…our financial position in Q1 2025, we maintain a solid capital structure supported by prudent balance sheet and cash flow management. If we start with the balance sheet, we saw a slight decrease of 0.5% in total assets compared to the FY 2024. This was primarily due to an increase in accumulated depreciation and depletion, which outpacing the additional of new fixed assets. Similarly, total liabilities and equity declined by 0.5% compared to FY 2024, mainly driven by lower trade payables.

In terms of cashflow, SIG generated Rp355 billion in cash flow from operations, still showing a solid amount despite a decline from the same period last year due to the softer market conditions. We also experience a moderate extension in our cash conversion cycle from 22 to 28 days YoY.

On liquidity and debt management, we saw current ratio improved slightly from 1.25 to 1.30 times, indicating strengthened short-term liquidity. Interest bearing debt was also lower by 0.7%, supported by repayments of short-term borrowings and temporary syirkah funding.

Lastly, regarding leverage, debt to equity ratio improved to 0.25% from 0.36, sorry 0.25x from 0.36x, as we continued to reduce interest bearing liabilities. However, the debt to EBITDA ratio rose slightly to 2.22% from, 2.22x from 2.03x, reflecting the EBITDA pressure that we experienced in the quarter.

So, lastly as we navigate a challenging environment, SIG continues to move forward with steady and structured initiatives. Our focus remains on executing strategies that drive topline growth while maintaining cost discipline to protect our margins and profitability. Starting with our efforts to reinforce the topline, we are actively strengthening our red ocean strategy. This includes getting closer to the market across the value chain to strengthen channel dominance and customer loyalty. Besides, we are also improving our control over distribution, enabling better visibility and agility at the micro-market level. We are also optimizing the mix of our main brand to deliver greater value to customers and also maintain the brand relevance.

At the same time, for the bulk segment, we are reinforcing our presence in new government infrastructure projects and expanding our reach in private sector accounts. We are also strengthening efforts to enhance distribution efficiency such as better alignment between demand and supply and improved fleet management also.

Beyond the core, we are actively capturing new opportunities to open up new revenue streams, firstly by exploring the opportunity to become an aggregator for the upcoming government housing program. We are also developing the downstream cement-related businesses and enhancing our non-cement products within the SIG ecosystem, all of which are expected to deliver higher non-cement revenue and also higher EBITDA contributions.

On the cost side, we are advancing our efficiency driven operations including the initiatives to optimize energy costs, improve labour efficiency, enhance promotional effectiveness, and maintain a lean level of G&A to in the end support profitability expansion.

We’re also accelerating the use of alternative fuels and raw materials to reduce production costs as well as support our sustainability agenda, which will lead to expected thermal substitution rate improvement and then push EBITDA expansion through every percentage of the TSR decline.

These actions will support SIG’s positioning for a stronger performance through the rest of 2025.

Okay, so that concludes the presentation, I will now pass back to Angga to lead the Q&A session should you have anything to discuss.

Thank you.

Angga : Thank you, Maya for the presentations. Now ladies and gentlemen, if you have any questions, please feel free to press the raise hand button and then I will mention your name and give you access to unmute yourself.

Okay. So, we have Arnanto, please unmute yourself, Arnanto.

Arnanto: Thank you. Couple of questions from my side. First one, I think Maya mentioned you guys saw higher cash conversion cycle in the 1st quarter of this year. Maybe can you explain and give us more color on… on what drove that. Second question on the fixed cost for the non-cement business, how much is that in absolute terms? Can you give us some breakdowns for that?

And I think there was a bit of discussion of.. of potentially becoming the distributor for building materials especially for the new capital city. We have seen in the news that the new capital city budget is massively cut. Can you guys talk about how much cost has been incurred for that business and how much is the fixed cost that is running currently?

And lastly, on market share, I think your market share went down quite significantly in the Q1 to 46-47%. Can you talk about the competitive landscape in the marketplace and what drove this market share decline?

Thank you.

Deddy : Okay. Good morning, Arnanto. Thank you very much for your question. First, I want to introduce myself. My name is Deddy Irfandy. I'm currently replacing Bu Febriandita as the SVP of Strategic Finance and Investor Relations.

I note there are several questions from your side. I will address one by one. The first one is the higher cash conversion cycle.

We note that there are increase in cash conversion cycle by 6 days mostly come from our account receivable and we see that from our distributor. The account receivable is currently, we are trying to increase the payment from our distributor. And for the absolute fixed cost non-cement, let me check on the number, but I will get back to you on the numbers. Okay, I will get back to you on the number for the absolute fixed cost.

For the third question, becoming distributor for IKN, maybe later from the Pak Hosny or from the sales marketing will add. Currently if we are talking about the vehicle in IKN, the cost that incurred from our side is the cash given for equity for that vehicle, for that entity. And the other fixed cost from SIG side, we do not have any other cost given to those entity. So, it's a one-time cost given to the entities which becoming the vehicle in the capital city.

And for the market share, we see that there is declining market share in the 1st quarter of 2025 declining by around 2% in SIG. But we see that based on our initiative in sales and marketing, we, we will be able to turn around the market share into as comparable as last year. So, I think that's the first one for me. Maybe Pak Hosny will add.

Hosny : Okay. Arnanto, thank you so much. So, adding what.. err.. Deddy's explanation. So basically, on the cash cycle basically this is just a one off because Lebaran is actually on the Q1. So, during Lebaran, usually as you know, March, we have like 3 weeks, most of our distributors basically cannot do the transactions because you know the banks are actually closed, so basically that's actually spiked a bit on the Q1. So, it's nothing happening. It's pretty much the same. It's just because seasonality of the Lebaran and going to the…to the Q1.

And then on the fixed cost of non-cement, so basically if you see from the six trillion of the COGS, yeah, basically around 3…3 to 4%, 3 to 4% of the COGS is actually coming from the non-cement business. And we have an increase of the non-cement contributions to our revenue around 28% in the Q1 and the increase of the COGS fixed cost on the non-cement contributions is around 14% increase since last year. Because this is the thing that we are, we are going to increase on the contribution especially on the non-cement business on the building material, on the ready mix, logistics, and other supports.

On the IKN, I think we are we are talking about our investments on KLN right? On the KLN. So, on the KLN basically we invest, put money around 42 billion here last year, yeah, 42 billion. The company is actually doing pretty well and basically, they are basically trading company on the building material to support IKN. The project is still ongoing in a couple of projects in IKN especially on building the residential area for the ASN and I think a couple of finishing on the infrastructures also in IKN. So, despite the budget cut from KLN, I think we still see some projects going on for the next three years, yeah, which is on the pipeline of the…of…of the business from our KLN investments. So, nothing's pretty much wrong on that side.

But besides from there, KLN is also doing, start to doing other business to support the projects outside of the IKN in the eastern part of Indonesia, especially on like for example, like the projects in East Kalimantan, North Kalimantan, on the industrial estate, on the Morowali projects, so not only depending on IKN. So that's what our…our strategy in terms of the KLN and to support also the building material distributions for specifically eastern Indonesia.

Now in terms of the market share, I think pretty much what we see in the 1st quarter, we see that we got a big hit, we have to admit that. We have changed the strategy in terms of our business model on selling. Now we are trying to focus and segregate the area of operations towards more detailed in terms of how we penetrate the district's stores.

But to be honest with you, because of the scope of operations that we are doing, we need time to basically back to be aligned in terms of turning this around in terms of getting the tractions to boost the volume growth and also revenues in total. As you see, you know, the driver of the industry, basically only us and Indocement, because to be honest, the capacity of the resources in the cement industry, both of us drive around 80% the capacity. I'm not talking about the market share, but the capacity to drive the industry. So basically, you know, a lot of people asking what's happened to SMGR. You know, we, we, we have to be the, the, the main driver of the industry because we are the industry. We and Indocement are the industry, you know, 80%.

But we have to admit a lot of things that needs to be fixed in terms of how we sell in the market, especially in the retail side. We see that issue and our team is actually now working in terms of how we basically detailing all these aspects in terms of turning around this and to boost the…to getting back on track of..of..of..of of our volume growth and also our revenue growths. Of course, the main is basically to get the quality of earnings also in terms of getting the revenue.

So perhaps our sales sales team would like to add more on that please, if you have something to add to the comments.

Gathut : Yes. Yes Pak Arnanto, adding to Pak Hosny that we see that the demand profile right now is not really good for our home market basis. As we see that the demand decreased 7% contribute by -4% YoY for bag, -15% YoY for bulk.

As we see that our home market, for example South Sulawesi, decrease more than 13%. Aceh decrease the demand more than 25% and also East Java more than 4% to 5%, umm 4.5% yeah, 4.5%. So, it's been contributed our total volume that we get in the market. So, so it's becoming the result and impact to our decrease of market share.

In addition, also regarding the fighting brand, I see that penetration of eco brand getting harder while we are trying to push the portion of our main brand. So, I think they will become our baseline for strategy for the Q2 to improving our competitiveness in fighting brand while push in main brand.

Thank you.

Arnanto : Can I ask a follow up question if I may?

Angga : Yeah, sure, Arnanto, you can.

Arnanto: Yeah, so follow up question on a high-level basis, Pak, I mean we've seen your quarterly earnings strength come down quite significantly starting Q2 of last year. So, I think from a high-level point of view, what do you think drove this weakness in margins and earnings, especially when we compare to your closest peer, it seems like the divergence is getting wider on the margin trend. So, from a high-level point of view, what do you think went wrong? You know, what are some of the key issues areas that you identified and..and drove..drove this divergent and and margins and earnings? Thank you.

Hosny : Okay. Thank you so much and very, very good questions. Now okay, let's see first on how we manage the operation, right. We divide the cost management into two. Number one, the driver of cost from the cement business which basically contributes around 85%, 85% to 87% and then the rest is basically the non-cement. So basically, the Pareto still in our business is the cement business.

Now if you see from the Pareto operation side, right, driving the cost. We go first to the variable costs, raw material, fuel, electricity, packaging, distributions, transportation and handling, right. If you see, we are basically still relatively more efficient compared to our competitors in terms of the.. the way that we manage the operation total in, in terms of the total variable cost, definitely we see a bit of more efficiency every single year.

Indocement did quite significant last year because of the synergy with Grobogan to basically add up more efficiency in terms of the transportation logistic. But the rest pretty much is aligned.

Now coming down on the fixed COGS absolute, yeah, excluding labor. Yeah, we're talking about excluding labor and we're talking we still talk about the cement business, right. This quarter we managed to reduce 2.9% of our fixed cost COGS absolute exclude labor costs, right? On the cement business, while our competitor increase around 3%. Now going down again in terms of the OPEX, exclude labor and transport and handling costs, yeah. So, we're talking about only OPEX with driven mainly from the GA, from the selling costs, right? Those kind of thing.

We see a slight increase 2.6%, but still within the planning because we also see a cost push in terms of the inflationary, while our competitor increases also around 3%, right? Pretty much still in line.

Now going to the labor cost, labor cost, we have an increase around 3%. Competitor also increased around 2.8%, right. So, in terms of the cost, I think relatively in terms of the way that we are doing operation, I'm not talking that we are the best, but we are going into the right direction and still aligned.

But if you see now on the top line, right, this is the main problem. The industry in terms of the bag retail went down 3.7%, we went down 10.8%, the INTP down 3.2%. In terms of the bulk, industry went down 16%, we went down 17.5%, while INTP went down 12.1%.

Now in terms of the ASP, in terms of the domestic, we increased one 2.2%, INTP increased 2.7%. So, the numbers look something wrong, fundamentally. And we see this is a fundamental issue that we see that the area of operations that we operate is just too big if we only focus everything from the holding company and from the wider side, from the high level side. So, we need to fix this. We need to fix this into going into more detail in terms of how we do a business, selling business model, especifically for certain region and region, you know. Because we see how we strategize for the marketing and promotion. If we only see it across Indonesia and set the same tone and standard, it didn't work out. So, we have to.. smaller the area in terms of how we penetrate the market and strategize. So, this is the one thing that we see.

Second, streamlining in terms of how we operate. So basically, we need to streamline the way that we operate so less people to basically decides in terms of distribution selling, you know, so, so so making the decision-making process more faster. So this is also a point that we see things that we would like to fix and of course system.. digitalization will come into the play to make this operation are getting smoother and faster.

The third one is how we handle the end, back, the end of the fighting area, which is what, which is the stores. Because we sell to the distributor but it's the first stage. The second stage the distributor has to sell to the stores and then the stores has to sell to our end customers, which are you know the mason and all this, you know, people that would like to buy the bags, right.

So, these are the things that we have to detailing even further on how what's going on in each stores in each location in terms of the the demand situation, in terms of our position, our brand positioning in the market, our pricing in the market. But into more into a detail stores by stores level. We cannot see it from the high level using just RET lah, whatever it is, survey doesn't work out in the retail. So, the way that we are doing business in the retail, this is the thing that we are going to do a major transformation this year. Things are still, things are moving now, but it's still in the 1st quarter. We see a lot of things that we have to do, the impact of the Lebaran is also come to the play, to the play and and kind of like you know, we we haven't shown it, we haven't been able to show it immediately in the 1st quarter. But this is the thing that we are doing and planning to do this year to turn this around.

So those the thing that basically that I can highlight on a high-level basis. In terms of the non-cement basis pretty much still okay. We have an increase on revenue around 14% compared to last year. I think contribution wise from the non-cement is pretty good because the industry also now already shifted not only focusing on buying cement to create application products on the site, but also buying application products directly like ready mix, mortar application for flooring, walling. So those these are the opportunities that we would like to have to tap in further. But contribution wise is still small and even though we have an increase, it will not add up that significantly to our profitability.

The thing is that, the.. the one that is drive the profitability is the retail business which is around 68%-70% of the total of our business. So even export increase double digit, slightly impacting the, what do you call, the profitability.

So again, the final answer, the top line issue.

Arnanto : Thank you, Pak Hosny. I think that's all for me. Thank you.

Angga : Okay, I remind you audience, if you have any questions, you can just raise your hands or maybe type your questions in the chat box.

Audience, if you have any questions or further questions or maybe follow-up questions, you can just raise your hands or maybe type your questions in the chat box please.

Okay, so we will wait.

Okay, so we have Andreas here. So okay, Andreas.

Hi. Thank you for the presentations. It seems that the second-tier players reported flat volume in 1st quarter 2025 compared to INTP and SMGR. Any comment maybe? Please.

Hosny : Flat flow?

Angga : Flat volume.

Hosny : Yeah. So basically, as you see like my explanation, right. To be honest, observing the industry, the, the, the industry is only us and Indocement. And after they acquired Grobogan, pretty much the driver of the industry is just two of us. But we lost to them, on the, for the last 1.5 years.

So basically, the rest I think are flat because they're just riding the wave, and pretty much looking into if there is a chance to grab market shares or volumes from our, our main markets and Indocement's market.

So that's basically what's happened, OK.

Angga : Andreas, does that answer your questions? Okay, I guess there's no more comment from Andreas.

So we're moving to Arnanto. Do you have any other questions?

Arnanto : Yeah, just a a follow up question. I mean Pak Hosny I, I understand that you explained a lot about the weakness in top line, right. But if we look at your COGS per ton, let's say in 2024, it was actually up by 5% on YoY basis. So, it's an event where top line is weak, I understand, but cost was also rising. And I think a big chunk of this cost increase was driven by your other cost, which on a per ton basis is roughly 40%-45% of the total cost. It was up by 16% on a YoY basis.

So again, perhaps you've probably explained this in the previous quarterly earnings call, but one, can you remind us what is under other costs and what drove that 16% increase because again it's 45% of the total cost.

Hosny : Yeah, so this is the fourth time I…we explained to you.

So basically, we have the non-cement business, right, which increased because we try to increase also the shares in the market in terms of the ready mix, mortar, logistics supports, trading of other non-cement building materials. So those drive the others, right. So basically, it increased the revenue, it increased the cost, but the contribution to the profitability is not as much as the retail because the profitability margin is also not pretty big because we are some of them are basically on a trading basis, right, yeah.

Arnanto : So we can expect this business to continue for the rest of 2025?

Hosny : That's right, because again, like you said, right, the, the Pareto 70% is retail, right, retail.

So even the if, if it increase, decrease even 1%, it will impact hundreds of billions because the, the, the margin is huge like, you know, gross profit margin is almost like 30%-ish right from the retail. So slight 1%, it's already like billions because it's the majority of the business, right? While, while the rest are pretty much just tagging along to, you know, optimize the utilization and also increase the contribution margins to get there.

So that's why the, the, the main issue in this industry is retail. Now if we want to win, we have to win the retail market and how to win the retail market, then we have to go into details in terms of what's going on in the stores. That's it. We cannot just play on the distribution levels. We have to go to the stores because that's where the, the, the play, the, the, the battle is. You know, that's the thing that we are, look, we are, you know, already put in our program to, to basically focus on, on, on, on focusing on the battleground in the stores area.

Arnanto : Okay, understood. Thanks.

Angga : Okay, thank you, Arnanto for the follow up questions. Does anyone here have the other questions? Feel free to unmute yourself.

So follow up questions from Andreas. Okay, could you please remind us on sales volume and EBITDA guidance?

Maya : Yeah, so thank you, Andreas.

So we do expect that the market will grow by around 2% this year and for SIG along the lines of in line with the market if possible slightly better. So we are still looking at the possibilities of you know as Pak Hosny mentioned our efforts to improve the top line.

On EBITDA, yeah, as you know we are continuing the cost excellent efforts. We expect margin to slightly improve. Targeting at maybe around 1% improvement in EBITDA margin in 2025 compared to 2024.

Angga : Okay. Thank you, Maya, for the answer. Is that answering your questions, Andreas? Okay, we're moving on to the next questions.

Caesar, I saw you raise your hand, so please unmute yourself.

Caesar : Yeah. Thank you back for the opportunity. Am I audible?

Angga : Yes, loud and clear.

Caesar : Okay, okay, thank you.

Maybe the question is, Pak Hosny mentioned that like the SMGR needs to change like the selling business models and like and just curious, Pak, I mean like you mentioned about like going to be very detailed and to be into the retail market. I mean like if you compare yourself, Pak, for example right now, compare yourself with the competitors with INTP or even with other cement players, how are you different Pak in the way you are selling right now?

And then with the with the strategy that you are going to do going forward, how you are going to be different as well. Are… are you actually like trying to copy some of the strategy of the INTP or even from the other cement players or the one or the one that you are will do going forward is like something like it's like a novel like this, like a new to the industry.

So I just want to know that, that kind of a part of the strategy, Pak. Thank you.

Hosny : Yeah. Thank you so much.

So, if you see the INTP and also our other competitors, the scope of the area that they are selling is not as big as us. But what I see is that the way that they're selling, they're selling very micro. They're selling very clustering into the micro levels of segregations. So, they focus on that, on certain area, doing a certain promotional events or marketing strategy, doing a certain brand management strategy and then do the different strategy on the other area. So not, you know, put one template of, for all, yeah.

Now this is the thing that is basically lacking on us so far what we see and this is the thing that we would like to we are we are fixing right now. It's basically simple because to be honest, selling retail conceptually is not a rocket science, you know. It's not a rocket science. Selling retail is just simple because it's retail that means you have to go down there in the retail market, which is like, you know, person to person, you know, because that's why they call it retail, you know. But if you sell it like you're selling to corporate or business to business, you will not make it, selling retail, because it's not corporate sales, you know, right.

The problem is that because along this time we are only focusing on distributors managing distributors managing channel, that's it. We don't see that the battleground is actually on the stores. So that's that's my, my, my answers on that.

Angga : Okay. Caesar, does that answer your questions?

Caesar : Yeah, I have a follow up question, Pak. I mean, Pak Hosny also mentioned that the cement the the SIG with with, with its size is, is the cement market itself.

I mean, like we we currently suddenly see like, like slowing down in cement sales. And and I and I heard from Pak Hosny, they're just, he's just mentioning Pak Hosny mentioned about like one of the problems maybe the way that the the SIG selling the cements to the customers. I mean, if, if, if I mean it's like putting more on the way on SIG selling the cement rather than to to put all the blame on the macro economy level, Pak.

I mean, if, if, if this those strategy successfully done in, in the in the next couple of quarters or even or even some years going forward, Pak. Do, do you see like, like actually we could see like like, like people or customer it's more acceptable to the, to the cement sales or, or maybe my, my question is like whether this kind of like a drop in cement sales is because of the SMGR also doing somewhat like a wrong strategy so the customers like are pulling back their, their, their purchase for the cements.

Yeah, that's my questions, Pak.

Hosny : Okay, so the the concept is not like that, right? Demand is demand, right. Demand is driven by requirements, requirements from the market, right. So, if the, whatever condition of the economy, despite whatever condition of the economy, whether it's in good, in bad, you know demand, it's a demand, you know, the impact demand will increase, the impact demand will decrease. But the problem is when the demand increase, we should increase at least the same as the industry as the demand. And when the demand decrease, yeah, at least we have to fight, to lower the decrease of our sales, right? That's the concept.

But the impact on the demand is based on the situations on the macro level, whatever is going on, the projects, the government initiatives, the incentives that will drive the demand. But when the demand's already created, we are there in the market positioning ourselves as the largest capacity and you know capability, which basically you know, it's not a, a fragmented industry anyway. So, we should basically in line with the industry or much bet.. it's all bet.. or better than the industry, right. So it's not because of us there is making the demand increase or decrease. You know, we are in the industry to basically support the demand. That's the concept.

Caesar : Okay, that's all from me. Thank you. Thank you Pak for the answers.

Andi : Well, maybe I would like to add a little bit explanation regarding our strategy as mentioned by Pak Hosny in terms of improving our performance in retail. Currently, actually for the couple of last years, we are developing our data management. I mean our coverage in market, which relatively wider compared to other competitors is give opportunity and also challenge in terms of managing different prices and different volume to be absorbed in the market.

So, in order to gain more detail and as a micro market strategy approach, we are developing our data acquisitions through CRM and, and also developing proper dashboard and data reporting system in order to take decisions based on micro market strategy and also responding to what other competitors do in different area.

So we have a lot of different approach with different competitors in each area and and those situations create the needs of data acquisitions seamlessly and also real times, and that on the last year, we are already developing our data management systems.

Thank you.

Angga : Okay. I think that's the additional explanations from Pak Andi Krishna.

So, we see another question from Danif.

What is the non-cement business percentage contributions to EBITDA in Q1 2025?

Deddy : Hi, Danif, thank you for your question. I see that you asking regarding the non-cement business percentage contribution to EBITDA in Q1 2025. We see that the contribution is around 6%, yeah, 5% to 7% compared to consolidated EBITDA. Thank you.

Angga : Thank you Pak Deddy for the answers. Danif, would you have any follow up questions?

Okay, yeah, thank you.

So, audience, if I remind you once again, if you have any other questions, feel free to raise your hands and unmute yourself or type the answers, so the questions in the chat box.

So, if there is no more, we will wait for another one minute so before we close the sessions so, please people, if you have still had any follow up questions or maybe any other questions, feel free to ask or maybe raise your hands.

Okay, so we have another question from Leslie Chow. Hi. What is the expected expenditure on the data management system? So maybe I'll give the floor to Pak Andi.

Andi : Well, the data management we are using CRM with supporting by the sales force, but along the way we also developing our own CRM management systems and you know it's already done and spent in 2024. So hopefully through 2025 onwards we, we don't any, we don't have any CAPEX development again in the system. So, we can starting to roll out all over the market coverage and utilizing the data from the market.

I think that will be the, the answer about the CAPEX.

Angga : Okay. Thank you, Pak Andi. Leslie, does that answer your questions?

Okay. As a sum up, I think that was the last questions that can be included in these sessions. So, thank you everyone for coming and joining these calls.

Have a good day everyone.

Thank you.

[Call Ended]