

Strategic Business Case:

SMG's Opportunity in Indonesia's Dairy Industry

BOOST Business Day 2025 | Mutia Hendriani Putri

Should **SMG Expand its Business
in **Dairy Industry**?**

Indonesian Economy 2014–2018

POPULATION

235 → 263 mio

Population Growth → Increased Consumers

GDP (Gross Domestic Product)

USD 890 B → 1,042 B

Economic Growth → Increased Spending

CPI (Consumer Price Index)

226 → 267

General Inflation → Reasonable Increase in Prices

Indonesian Dairy Market Size 2014 – 2018

	CAGR by Volume	CAGR by Value	
Milk	7.08%	12.28%	→ Big Market
Ice Cream	11.14%	13.63%	} Fast Growth & Medium Market
Yogurt	12.19%	16.13%	

Volume < Value = Positive Indication of Profitability

Indonesian Dairy Market Size Prediction

Source: the-shiv.com/indonesia-dairy-market/

Predicted
US\$27.6B in 2025

Predicted Growing
6.56% CAGR 2025 – 2023

**Dairy demand is increasing and consumers are spending more
— making the category **attractive** to enter !**

Indonesian Beverages Market Competition Landscape 2017 – 2018

CR3 by Value (Top 3 Market Holders)	Value vs Volume Share Comparison	Key Points
Milk Medium Intensity 55% PT Ultrajaya Milk Industry Tbk Royal Frieslandcampina PT Indofood Sukses Makmur	% Volume > % Value (most of them)	<ul style="list-style-type: none"> Market relatively dispersed Strong value segment (low price per liter)
Yoghurt High Intensity 81% Yakult Honsha Co., Ltd (<i>Dominant</i>) Macro Group PT Nutrifood Indonesia	Volume 75% > Value 58% Volume 9% < Value 14% Volume 8% = Value 8%	<ul style="list-style-type: none"> Largely dominated by major players with low price-per-liter offerings
Ice Cream High Intensity 87% Unilever PLC (<i>Dominant</i>) PT. Campina Ice Cream Industry Ezaki Glico Co., Ltd.	Volume 63% < Value 70% Volume 12 % < Value 13 % Volume 4% = Value 4%	<ul style="list-style-type: none"> Large value segment, high unit price

Milk remains relatively open and dispersed, while **Yoghurt** is highly concentrated around a dominant player and **Ice Cream** is concentrated with large value segment

Expansion

Step by Step

1

Milk

Largest and still-open market
Stable growth (CAGR)
CR3 = 55%
Fast to scale

2

Yoghurt

Fast Growth (CAGR)
CR3 = 81%

3

Ice Cream

High Value
CR3 = 87%
Intense Competition

Why is **Milk**, with its large, open market and rapid scale, a top priority ?

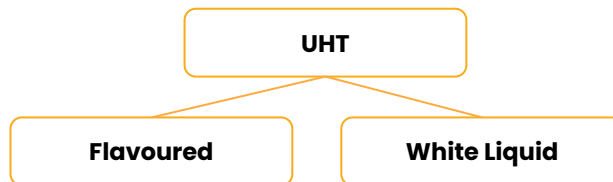
Build distribution scale faster

Strengthen the brand through high-rotation products

Establish a foundation before entering more competitive dairy categories

	By Volume (mio liters)		Growth (%)	By Value (bio IDR)		Growth (%)
	2017	2018		2017	2018	
Flavoured	706	752	6.52%	17700	19203	8.49%
White Liquid	300	315	5.00%	6672	7188	7.73%
White - Powdered	41	41	0.00%	665	699	5.11%
Total	1047	1108	11.52%	25037	27090	21.34%
UHT	234	247	5.56%	4902	5338	8.89%
Fresh	66	68	3.03%	1770	1851	4.58%
Total	300	315	8.59%	6672	7189	13.47%

Indonesian Milk Market Segmentation: 2017 - 2018



- + Long shelf life → safer for distributors
- + Flexible product variations and easy to develop

Competitor's Focus

Top 3 UHT Company in Indonesia

Source: UL TJ Annual Report 2024

Ultrasjaya – Strongest in white & flavoured UHT for the mass segment

FrieslandCampina – **Family Segment**, Primarily white liquid milk.

Indofood CBP (Indomilk) – **Kids Segment**, Especially flavoured UHT

SMG's Branding

Source: sarimurni.co.id

High Quality & Varied Flavours

Extensive Distribution Network

Lower Middle Market

Market Support

Target Market

- Demography: **Children, Younger, Family**
- Geography: **Urban–Semi urban (GT focus)**
- Behaviour: **Affordable Buyers, High–frequency Buyers**

Product Concept

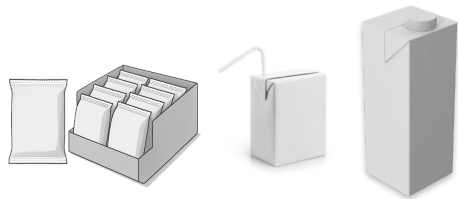
Start simple → high rotation & easy scale

UHT - White Liquid

UHT - Flavoured → Chocolate, Strawberry, Vanilla, Banana

Mini Pack: 150 mL & 200 mL → children & younger

Big Pack: 750 mL → family & older



Retail & wholesale

Pricing

Brand DNA: **Value for Money**

Competitor

Segmentation

3–10% Lower

- Promoting GT penetration
- Still providing margins for GT distributors
- Competing with the market

	Competitor (ULTJ)	SMG
200 mL	5.000 - 6.000	4.500

- 150 mL → Rp 3.500
- 200 mL → Rp 4.500
- 750 mL → Rp 10.000

Channel

Utilising SMG Existing Networks

Focus : **General Trade** → rapid scaling through high volume

Modern Trade → brand visibility and credibility

HORECA

OEM Channel

150 sub Distributor

34 Provinces

30k+ Outlets

Start from Jakarta & Surabaya, then expand nationwide.

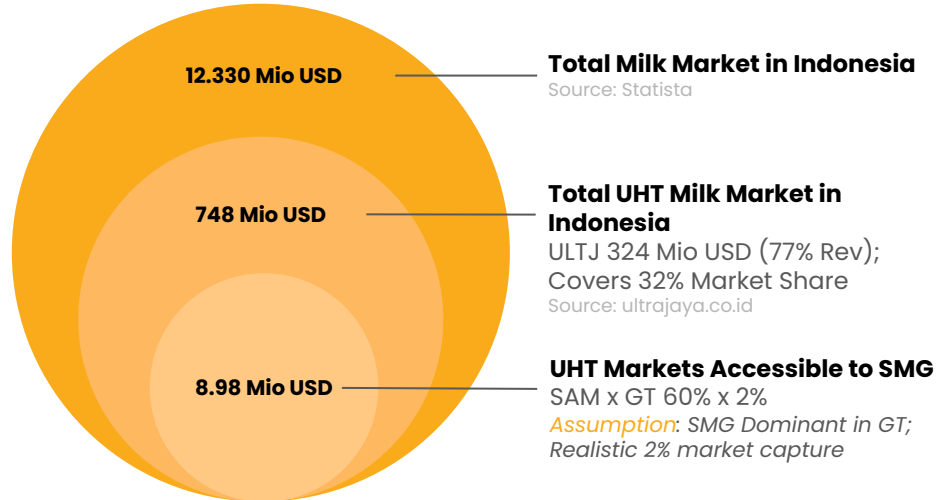
Expansion: Export

Value Positioning

Healthy Treats That Are Affordable & Easy to Find

- Safe production process and reliable ingredients
- Designed for the middle-low market segment
- Widely available across Indonesia through GT and MT channels

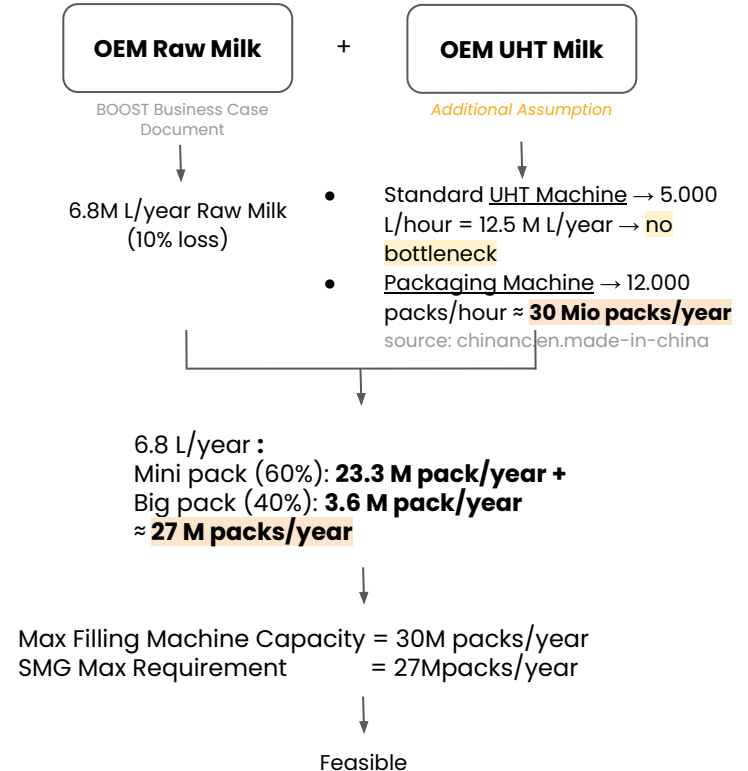
Market Feasibility



SMG could potentially capture up to 1.2% of the Indonesian UHT market in the first year

Operational Feasibility

Assumption: Using Max Capacity of OEM



Financial Feasibility

Assumption: Using Max Capacity of OEM

Raw Milk Cost $\approx 40\% - 60\% \times \text{Price to Channel}$ *Assumption*
 $40\% \times 20.000 \text{ (Fresh Milk GT)}$
8.000/L

3 Size : 150 mL, 200 mL, 750 mL

Revenue

$= (23.3\text{M pack/year} \times \text{avg mini IDR } 4,000) + (3.6\text{M pack/year} \times \text{big IDR } 10,000)$
= IDR 129.5 Bio / Year

COGS → Raw Milk, Packaging, Others

Assumption: Mini Pack → 80% selling price → 3.200;

Big Pack → 70% selling price → 7.000

$= (23.3\text{M pack/year} \times \text{IDR } 3.200) + (3.6\text{M pack/year} \times \text{IDR } 7.000)$
= IDR 100 B/year

GP

$= \text{IDR } 29.5 \text{ B/year} = \mathbf{23\%}$

Expansion

1

OEM (Year 0-1)

Brand Awareness & Validate Demand

2

Scale Up (Year 1-3)

Expand Flavour Varieties & Distribution
Start Investing in Technology

3

New Category (Year 3-5)

Yoghurt Expansion

4

Dairy (Year 5-8)

Ice Cream Expansion
Dominate the Dairy Market
Market Support

Thank You

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