**Section 1: Company Overview**

**S1.1: Basic Information**

| **Field** | **Value** |
| --- | --- |
| Company Name | PT Garudafood Perindustrian, Perdagangan, Pertanian dan Jasa Putra Putri Jaya Tbk |
| Establishment Date | August 24, 1994 |
| Headquarters Location | Jakarta Selatan, Indonesia (South Jakarta, Indonesia) |

**S1.2 : Core Competencies**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Innovation Advantages | In 2024, Garudafood prioritized innovation as a key driver, integrating digital transformation (ERP, RPA, AI), open innovation with partners (including MSMEs), and a holistic marketing strategy (ATL & BTL). The company emphasized continuous product development, collaboration, and adaptation to market trends, ensuring sustainable growth and competitiveness. | In 2023, Garudafood focused on creative and innovative thinking, launching new products, leveraging digital marketing, and implementing the I2S (Insight to Shelf) process. The company’s culture promoted continuous improvement and creative problem-solving, making innovation central to its business cycle. |
| Product Advantages | In 2024, Garudafood maintained leadership in key categories with brands like Chocolatos, Garuda, Gery, and Prochiz. The company expanded health-conscious products, ensured safety, quality, and halal standards, and introduced innovative concepts like Garuda Rosta’s “Tasty Without Guilt.” Product development was aligned with consumer preferences and sustainability goals. Chocolatos Wafer Stick is the #1 Wafer Stick brand in Indonesia, and Mountea is the #1 market leader in the fruit-flavored tea beverage segment in cup. Major brands such as Garuda, Gery, Chocolatos, Prochiz, and Dilan maintained their market leadership | In 2023, Garudafood’s products dominated several market segments, with Chocolatos Wafer Stick, Garuda Pilus, and Garuda Rosta as market leaders. The company focused on rapid product innovation, quality, and adaptation to consumer trends, ensuring competitiveness and relevance. |
| Brand Recognition | In 2024, Garudafood’s brands, such as Chocolatos and Garuda, continued to lead their categories, supported by innovative marketing, influencer collaborations, and experience-based campaigns. The company ensured strong, consistent brand presence across multiple touchpoints, targeting diverse consumer segments, especially youth. This strong brand recognition in 2024 is supported by Garudafood’s Indonesia Brand Award (IBBA) 2024 - Platinum in multiple categories. | In 2023, Garudafood’s brands were recognized as market leaders with significant market shares. 2023 also lists multiple brand awards (Indonesia Best Brand, Branch Choice and Top Halal) and provides SKU counts for key brands which indicates active brand management and market presence. Active engagement through campaigns, digital platforms, and school programs strengthened brand equity and consumer loyalty. |
| Reputation Ratings | In 2024, Garudafood was ranked 30th globally in the food & beverage category by Newsweek’s “World’s Most Trustworthy Companies” and received multiple HR Excellence Awards. The company’s reputation is built on customer confidence, employee welfare, and stakeholder credibility. On top of that the company won Platinum-level IBBA and multiple other national awards, which supports a strong reputation inference. | In 2023, Garudafood emphasized integrity, sustainability, and stakeholder value creation, maintaining a strong reputation through ethical practices, compliance, and positive stakeholder relationships. This can be seen from multiple brand awards and SNI/BPOM quality recognitions (such as TrenAsia ESG Award 2023 for Sustainability credentials, Overall Winner Katadata Corporate Sustainability Awards (KCSA) 2023 for Food & Beverages sector, Top 50 Big Capitalization Public Listed Company, SNI Awards 2023 (Gold for Gresik, Silver for Sumedang), Anugerah BAPETEN 2023, Indonesia Halal Industry Award (IHYA) 2023 for Best Halal Supply Chain, and Indonesia Best Brand Award for Garuda, Chocolatos, and Gery Saluut), indicating a solid market reputation and regulatory trust. |

**S1.3 : Mission & Vision**

| **Field** | **Value** |
| --- | --- |
| Mission Statement | We are a transformation-making company that creates value to society based on interdependent co-arising. |
| Vision Statement | Leading F&B company with sustainable growth through innovation. |
| Core Values | The Founder’s Spirit, Corporate Philosophy and Mission’s Principles. |

**Section 2: Financial Performance**

**S2.1: Income Statement**

| **Field** | **2024** | **2023** | **2022** | **Multiplier** | **Currency** |
| --- | --- | --- | --- | --- | --- |
| Revenue | 12,235.37 | 10,543.57 | 10,510.94 | Billions | IDR |
| Cost of Goods Sold | (8,742.10) | (7,670.05) | (7,853.88) | Billions | IDR |
| Gross Profit | 3,493.27 | 2,873.52 | 2,657.06 | Billions | IDR |
| Operating Expense | (2,578.62) | (1,979.56) | (1,944.67) | Billions | IDR |
| Operating income | 914.65 | 893.96 | 712.39 | Billions | IDR |
| Net Profit | 624.47 | 580.41 | 425.21 | Billions | IDR |
| Income before income taxes | 858.88 | 783.02 | 674.25 | Billions | IDR |
| Income tax expense(benefit) | (171.68) | (181.55) | (152.53) | Billions | IDR |
| Interest Expense | (183.20) | (165.90) | (156.68) | Billions | IDR |

**S2.2: Balance Sheet**

| **Field** | **2024** | **2023** | **2022** | **Multiplier** | **Currency** |
| --- | --- | --- | --- | --- | --- |
| Total Assets | 8,431.73 | 7,427.71 | 7,327.37 | Billions | IDR |
| Current Assets | 3,629.90 | 3,325.31 | 3,194.33 | Billions | IDR |
| Non-Current Assets | 4,801.83 | 4,102.40 | 4,133.04 | Billions | IDR |
| Total Liabilities | 4,425.89 | 3,518.50 | 3,975.93 | Billions | IDR |
| Current Liabilities | 2,652.17 | 1,872.54 | 1,835.10 | Billions | IDR |
| Non-Current Liabilities | 1,773.72 | 1,645.96 | 2,140.83 | Billions | IDR |
| Shareholders' Equity | 3,633.37 | 3,433.76 | 2,848.76 | Billions | IDR |
| Retained Earnings | 2,279.17 | 1,986,61 | 1,628,26 | Billions | IDR |
| Total Equity and Liabilities | 8,431.73 | 7,427.71 | 7,327.37 | Billions | IDR |
| Inventories | 1,416.74 | 1,267.81 | 1,273.69 | Billions | IDR |
| Prepaid Expenses | 56.77 | 74.47 | 36.60 | Billions | IDR |

**S2.3: Cash Flow Statement**

| **Field** | **2024** | **2023** | **2022** | **Multiplier** | **Currency** |
| --- | --- | --- | --- | --- | --- |
| Net Cash Flow from Operations | 1,129.89 | 863.58 | 622.23 | Billions | IDR |
| Net Cash Flow from Investing | (530.18) | (325.57) | (276.94) | Billions | IDR |
| Net Cash Flow from Financing | (799.62) | (494.62) | (176.44) | Billions | IDR |
| Net Increase/Decrease in Cash | (199.90) | 43.39 | 168.85 | Billions | IDR |
| Dividends | 331.92 | 221.36 | 219.20 | Billions | IDR |

**S2.4: Key Financial Metrics**

|  | **2024** | **2023** | **2022** |
| --- | --- | --- | --- |
| Gross Margin | 28.56% | 27.26% | 25.29% |
| Operating Margin | 7.48% | 8.48% | 6.78% |
| Net Profit Margin | 5.10% | 5.50% | 4.05% |
| Current Ratio | 137.0% | 177.7% | 174.1% |
| Quick Ratio | 81.3% | 105.9% | 102.7% |
| Debt-to-Equity | 121.8% | 102.5% | 139.6% |
| Interest Coverage | 499.16% | 538.77% | 454.87% |
| Asset Turnover | 154% | 143% | N/A |
| Return on Equity | 17.67% | 18.48% | N/A |
| Return on Assets | 7.87% | 7.87% | N/A |
| Effective Tax Rate | 19.99% | 23.19% | 22.63% |
| Dividend Payout Ratio | 53.15% | 38.41% | 51.56% |

**S2.5: Operating Performance**

| **Field** | **2024** | **2023** | **2022** |
| --- | --- | --- | --- |
| Revenue by Product/Service | Packaged Food: Rp10.74 trillion (87.76% of total sales) Beverages: Rp1.50 trillion (12.24% of total sales) Other: N/A | Packaged Food: Rp9.40 trillion (89.19% of total sales) Beverages: Rp1.14 trillion (10.81% of total sales) Other: Rp0.23 billion | Packaged Food: N/A Beverages: Rp1.19 trillion Other: Rp0.28 billion |
| Revenue by Geographic Region | Domestic: Rp11,853,778,448,175 Export: Rp381,590,974,077 | Domestic: Rp10,186,034,713,360 Export: Rp357,537,846,289 | Domestic:  Rp10.098.795.533.274  Export: Rp412.147.280.431 |

**Section 3: Business Analysis**

**S3.1: Profitability Analysis**

| Perspective | Answer |
| --- | --- |
| Revenue & Direct-Cost Dynamics (Revenue Growth; Gross Margin; Revenue by Product/Service; Revenue by Geographic Region) | Revenue showed minimal growth from 2022 to 2023 (0.31% increase) but accelerated significantly in 2024 with 16.05% growth, reaching IDR 12.24 trillion. Gross margin consistently improved across all periods, rising from 25.29% in 2022 to 27.26% in 2023 and 28.56% in 2024, indicating better cost management and pricing power. Revenue composition remained stable with packaged food dominating at 87-89% of total sales, while beverages segment grew from 10.81% to 12.24% between 2023-2024. Geographic concentration remained heavily domestic-focused at approximately 97% of total revenue across all years, with export contributing only 3-4%. |
| Operating Efficiency (Operating Margin) | Operating efficiency showed mixed performance across the three-year period. Operating margin improved substantially from 6.78% in 2022 to 8.48% in 2023, reflecting better operational control and cost management. However, 2024 saw a decline to 7.48% despite strong revenue growth, suggesting that operating expenses grew faster than revenue. This indicates challenges in maintaining operational leverage during the rapid expansion phase, with operating expenses increasing significantly from IDR 1.98 trillion in 2023 to IDR 2.58 trillion in 2024. |
| External & One-Off Impact (Effective Tax Rate, Non-Recurring Items) | The effective tax rate showed a favorable trend for the company, increasing from 22.63% in 2022 to 23.19% in 2023, then significantly dropping to 19.99% in 2024. This 320 basis point reduction in 2024 contributed positively to net profitability, with income tax expense decreasing to IDR 171.68 billion despite higher pre-tax income. The lower tax rate in 2024 helped support net profit margin maintenance at 5.10% despite operational margin pressures. No specific information regarding non-recurring items was available in the provided financial data. |

**S3.2: Financial Performance Summary**

| Perspective | 2024 Report | 2023 Report |
| --- | --- | --- |
| Comprehensive financial health | Garudafood demonstrates strong financial health with total assets growing from IDR 7.43 trillion in 2023 to IDR 8.43 trillion in 2024, representing 13.5% growth. Shareholders' equity increased from IDR 3.43 trillion to IDR 3.63 trillion, while maintaining a healthy debt-to-equity ratio of 121.8%. Operating cash flow strengthened significantly from IDR 863.58 billion in 2023 to IDR 1.13 trillion in 2024, indicating robust cash generation capabilities. However, current ratio declined from 177.7% to 137.0% due to increased current liabilities, though still maintaining adequate liquidity. | Financial position showed improvement with total assets growing from IDR 7.33 trillion in 2022 to IDR 7.43 trillion in 2023, while shareholders' equity increased substantially from IDR 2.85 trillion to IDR 3.43 trillion. The debt-to-equity ratio improved significantly from 139.6% in 2022 to 102.5% in 2023, indicating better financial leverage management. Operating cash flow increased from IDR 622.23 billion in 2022 to IDR 863.58 billion in 2023, demonstrating strengthened cash generation. Current ratio remained stable at 177.7% compared to 174.1% in 2022, maintaining strong liquidity position. |
| Profitability and earnings quality | Profitability presented a mixed but generally positive performance with net profit increasing from IDR 580.41 billion in 2023 to IDR 624.47 billion in 2024, though net profit margin slightly decreased from 5.50% to 5.10%. Gross margin continued its positive trajectory, improving from 27.26% in 2023 to 28.56% in 2024, indicating strong pricing power and cost management. However, operating margin declined from 8.48% to 7.48% due to increased operating expenses rising to IDR 2.58 trillion. The effective tax rate decreased favorably from 23.19% to 19.99%, supporting overall profitability despite operational margin pressure. | Profitability demonstrated significant improvement with net profit growing from IDR 425.21 billion in 2022 to IDR 580.41 billion in 2023, a 36.5% increase. Net profit margin improved substantially from 4.05% to 5.50%, while gross margin increased from 25.29% to 27.26%, reflecting better cost management and pricing strategies. Operating margin improved dramatically from 6.78% in 2022 to 8.48% in 2023, indicating enhanced operational efficiency. The effective tax rate remained relatively stable, increasing slightly from 22.63% to 23.19%, while maintaining healthy profitability growth. |
| Operational efficiency | Operational efficiency faced challenges in 2024 despite strong revenue growth of 16.05% from IDR 10.54 trillion in 2023 to IDR 12.24 trillion in 2024. Operating expenses increased disproportionately from IDR 1.98 trillion to IDR 2.58 trillion, causing operating margin to decline from 8.48% to 7.48%. Asset turnover improved from 143% to 154%, indicating better asset utilization. Interest coverage remained strong at 499.16%, though slightly lower than 538.77% in 2023, demonstrating adequate debt servicing capability. | Operational efficiency improved significantly in 2023 with operating margin increasing from 6.78% in 2022 to 8.48% in 2023, despite minimal revenue growth from IDR 10.51 trillion to IDR 10.54 trillion. Operating expenses were well-controlled, increasing only marginally from IDR 1.94 trillion to IDR 1.98 trillion. Asset turnover improved from prior year to 143%, indicating better asset productivity. Interest coverage strengthened substantially from 454.87% in 2022 to 538.77% in 2023, reflecting improved earnings relative to interest obligations. |
| Financial risk identification and early warning | Several risk factors emerged in 2024 including deteriorating liquidity with current ratio declining from 177.7% in 2023 to 137.0% in 2024, and quick ratio dropping from 105.9% to 81.3%. Current liabilities increased significantly from IDR 1.87 trillion to IDR 2.65 trillion, indicating higher short-term obligations. Debt-to-equity increased from 102.5% to 121.8%, suggesting rising leverage. Net cash flow turned negative at IDR -199.9 billion compared to positive IDR 43.39 billion in 2023, primarily due to higher financing cash outflows of IDR 799.62 billion. | Risk profile improved in 2023 with debt-to-equity ratio decreasing from 139.6% in 2022 to 102.5%, indicating deleveraging efforts. Liquidity remained strong with current ratio improving from 174.1% to 177.7% and quick ratio increasing from 102.7% to 105.9%. However, interest expense increased from IDR 156.68 billion in 2022 to IDR 165.9 billion in 2023. Net cash flow remained positive at IDR 43.39 billion compared to IDR 168.85 billion in 2022, though showing a declining trend. |
| Future financial performance projection | Future performance outlook is mixed with positive revenue momentum from 16.05% growth in 2024 and improving gross margins reaching 28.56%, indicating strong market position and pricing power. The beverages segment showed growth from 10.81% to 12.24% of total revenue, suggesting diversification opportunities. However, operational efficiency challenges with declining operating margins and increased working capital requirements may pressure near-term profitability. The company's ability to maintain strong cash generation while managing higher current liabilities will be critical for sustained performance. | Future prospects appeared positive in 2023 with recovering profitability trends, net profit margin improvement from 4.05% to 5.50%, and strengthening operational efficiency with operating margins reaching 8.48%. The company demonstrated better cost control and deleveraging with improved debt-to-equity ratios. Strong cash flow generation of IDR 863.58 billion from operations provided a solid foundation for growth investments. However, modest revenue growth of 0.31% indicated market challenges that needed addressing for sustained performance improvement. |

**S3.3: Business Competitiveness**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Business Model | The company operates primarily as a manufacturer and distributor of packaged food and beverages, with a focus on both domestic and international markets. Its business model is based on large-scale production, brand portfolio management, and multi-channel distribution (offline and online), supported by product innovation and strategic marketing (ATL & BTL). The company has two main business segments: packaged foods and beverages, with packaged foods contributing the largest share of sales (87.76% in 2024). The company is expanding its international business, especially in ASEAN and China, and has integrated all subsidiaries under the #OneGarudafood banner to strengthen its foundation and achieve stable growth. | The company’s business model centers on manufacturing, trading, and distributing packaged food and beverage products, with a strong emphasis on brand management, product innovation, and multi-channel distribution (offline, online, and export). The company operates through two main segments: packaged foods and beverages, with packaged foods being the largest contributor (89.19% of total sales in 2023). The company leverages both traditional and digital marketing strategies (ATL & BTL) and is expanding its export markets, especially in ASEAN. |
| Market Position | In 2024 Garudafood demonstrated a strong market leadership in several key categories. It is the dominant packaged-foods name in Indonesia with expanded SKU scale (packaged foods Rp 10.7 Tn; beverages Rp 1.5 Tn) and multiple high-profile brand recognition (IBBA 2024 - Platinum in several categories, Top Halal, marketing/CEO awards) that signal strong brand equity and consumer recall. Chocolatos Wafer Stick is the #1 Wafer Stick brand in Indonesia, and Mountea is the #1 market leader in the fruit-flavored tea beverage segment in cup. The company maintains its position as a market leader across several product categories, supported by strong brand equity, extensive distribution, and effective marketing. The packaged food segment remains the largest revenue contributor, and the company continues to expand its market share through innovation and strategic partnerships. | In 2023 Garudafood held robust brand recognition (Indonesia Best Brand, Brand Choice, Top Halal, SNI/BPOM quality awards) and a broad product portfolio underpinning market share in packaged foods. The company holds market leadership positions in several product categories: Chocolatos drink leads the RTS Chocolate Drink category with a 35.2% market share, Chocolatos wafer stick leads the Wafer Roll category with a 40.8% market share, Garuda Pilus leads the Pilus crackers category with a 49.3% market share, Garuda Rosta leads the Baked Coated Peanut category with a 73.5% market share, and Gery Saluut Malkist has a 37% market share in the Sweet Enrobed Malkist category. The company is recognized as a market leader in Indonesia’s food and beverage industry, with a strong brand portfolio and consistent innovation. |

**Section 4: Risk Factors**

**S4.1: Risk Factors**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Market Risks | The company’s main market risks in 2024 are supply-side pressure (raw material and packaging availability and prices), competition and transition risks from evolving sustainability requirements. The company manages these risks by supplier diversification, alternative raw materials, procurement agreements, and product/process innovation to manage price and availability. | The company is exposed to market risks including competition, and supply chain instability. Mitigation includes supplier diversification, innovation, and hedging. |
| Operational Risks | Operational risks include quality control failures, supply chain disruptions, IT/data management issues, and business continuity threats. Mitigation measures include regular vendor audits, quality standards, disaster recovery planning, and alternative supply arrangements. | Operational risks include quality control, supply chain disruptions, IT/data management, and business continuity. The company mitigates these through regular audits, quality standards, disaster recovery, and alternative supply strategies. |
| Financial Risks | Financial risks include foreign exchange risk, interest rate risk, credit risk, and liquidity risk. The company manages these through hedging, using multiple banks, monitoring receivables, and maintaining sufficient cash reserves. | Financial risks include foreign exchange risk, interest rate risk, credit risk, and liquidity risk. Mitigation includes hedging, using several banks, receivables monitoring, and maintaining adequate cash. |
| Compliance Risks | Compliance risks involve adherence to regulations, anti-corruption, anti-bribery, and intellectual property. The company maintains updated regulation lists, conducts regular compliance monitoring, and provides mandatory ethics training. | Compliance risks include regulatory compliance, anti-corruption, anti-bribery, and intellectual property. The company updates regulation lists, monitors compliance, and provides ethics training. |

**Section 5: Corporate Governance**

**S5.1: Board Composition**

| **Name** | **Position** | **Total Income** |
| --- | --- | --- |
| Hardianto Atmadja | President Director | N.A |
| Paulus Tedjosutikno | Director | N.A |
| Robert Chandrakelana Adjie | Director | N.A |
| Fransiskus Johny Soegiarto | Director | N.A |
| Johannes Setiadharma | Director | N.A |
| Swadheen Sharma | Director | N.A |

**S5.2: Internal Controls**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Risk assessment procedures | The company conducts regular risk assessments, including quarterly reviews and monitoring of risk management implementation, preparation of risk analysis and compliance reports, and discussions at the Board of Commissioners and Board of Directors level. Risks are identified across various categories (e.g., quality control, regulatory compliance, financial, data management, business, competition, brand strength, management). | The company periodically evaluates the effectiveness of the Risk Management System through the Internal Audit Unit, including quarterly reviews and monitoring, risk and compliance analysis reports, and discussions at the Board of Commissioners and Board of Directors level. Risks are identified and managed across similar categories as in 2024. |
| Control activities | Control activities include the establishment and implementation of internal policies and procedures, regular audits (operational and financial), risk-based annual audit planning, periodic testing of internal controls, and the use of SOPs for key processes. The Internal Audit Unit conducts audits in various operational areas (marketing, sales, HR, finance, IT). There are also specific controls for quality, compliance, and business continuity. | Control activities include the development and execution of risk-based annual audit plans, regular audits and evaluations in finance, accounting, operations, HR, marketing, IT, and other activities. The Internal Audit Unit tests internal controls periodically and ensures the implementation of corrective and preventive actions. SOPs and other internal policies are in place. |
| Monitoring mechanisms | The Internal Audit Unit periodically tests the effectiveness of internal controls and risk management, reports findings to management and the Audit Committee, and follows up on corrective actions. There is routine evaluation of the risk management system, and continuous improvement is emphasized. The Board of Directors and Board of Commissioners oversee the process. | The Internal Audit Unit periodically tests the effectiveness of internal controls, submits findings to management and the Audit Committee, and monitors the implementation of corrective and preventive actions. There is regular evaluation of the risk management system, and oversight by the Board of Directors and Board of Commissioners. |
| Identified material weaknesses or deficiencies | No material weaknesses or deficiencies are reported. The Board of Directors and Board of Commissioners declare the internal control system to be adequately effective. | No material weaknesses or deficiencies are reported. The Board of Directors and/or Board of Commissioners deem the internal control system to be adequately effective. |
| Effectiveness | The internal control system is considered to be operating effectively as of December 31, 2024, based on management’s assessment and periodic internal audit reviews. The system is deemed to safeguard assets, ensure accurate financial reporting, and enhance compliance. | The internal control system is considered effective as of December 31, 2023, based on management’s assessment and periodic internal audit reviews. The system is deemed to safeguard assets, ensure accurate financial reporting, and enhance compliance. |

**Section 6: Future Outlook**

**S6.1: Strategic Direction**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Mergers and Acquisition | Executed and integrated the acquisition of PT Suntory Garuda Beverage (renamed PT Garuda Beverage Sukses/GBS), explicitly used to improve operational efficiency, expand market reach, and drive net sales and profitability; continued share purchases in GBS; positioned M&A as a strategic lever to strengthen domestic position and deliver sustainable, stable growth. | Signposted the early-2024 acquisition of SGB/GBS as a core growth move to strengthen the beverage portfolio and expected to potentially increase 2024 net sales; continued emphasis on improving performance of PT Mulia Boga Raya Tbk with its processed cheese business under the brands Prochiz and Top Chiz. |
| New technologies | Advanced digital transformation with ERP strengthening and cloud solutions for integrated core functions and data-driven decisions; rolled out RPA and initial AI to boost efficiency and productivity; embedded ESG tech initiatives including rooftop solar and EV adoption; upgraded food safety/quality systems (ISO 22000:2018 for transport and storage, ISO 17025 lab, CPPOB) and prepared for FSSC 22000; digitized distribution via data-driven sales apps to enhance efficiency and productivity. | Continued tech modernization: enhanced Sales Application Mobile with AI; expanded use of MMA, ERP, and RPA; adopted Industry 4.0 (IoT, connectivity, big data) to accelerate analysis and decision-making and integrate production, supply chain, and marketing; committed to ongoing technology updates to sustain performance and competitiveness. |
| Organisational Restructuring | Integrated business units and the GBS beverage business; integrated all international subsidiary businesses under the Company (#OneGarudafood) to harmonize processes and build a solid foundation; strengthened and reconfigured distribution through SNS with new capacity (warehouses, fleet), digitization, and expansion into food service; focused leadership oversight to synchronize operations and distribution in rebuilding the beverage business in Java. | Strengthened distribution structure via SNS and diversified its customer base; reinforced distribution channels and built talent readiness; committed to continuous end-to-end process strengthening to maintain competitiveness and efficiency. |

**S6.2: Challenges and Uncertainties**

| **Perspective Column** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| Economic challenges such as inflation, recession risks, and shifting consumer behavior that could impact revenue and profitability. | The company faces ongoing economic uncertainty, including global inflation (though easing to 3.5% in 2024 from 6.7% in 2023), high labor costs, and volatile commodity prices affecting raw material costs. Fluctuations in consumer purchasing power also pressure performance, requiring proportional pricing and targeted promotions. The company mitigates these risks through supply chain optimization, digital transformation, and product innovation. | The company faced persistent global economic challenges in 2023, such as high inflation (global inflation at 6.9%), energy and food crises, and geopolitical tensions (e.g., Russia-Ukraine, Israel-Palestine). These factors led to slower global and national economic growth, impacting consumer purchasing power and spending. Despite this, Indonesia’s economy remained robust (5.05% GDP growth), but the food and beverage sector saw a slowdown due to reduced consumer spending and inflationary pressures. The company responded with cost efficiency, product innovation, and market penetration strategies. |
| Competitive pressures from both established industry players and new, disruptive market entrants that the company faces. | The company faces stiff competition, especially in key categories like processed cheese (Prochiz), with rivals using aggressive promotions to capture market share. The company responds with stronger marketing, product innovation, and digital strategies to maintain competitiveness. The F&B industry is becoming more dynamic and competitive due to e-commerce expansion, digitalization, and changing consumer trends (e.g., health and sustainability). The company also anticipates challenges from new regulations (e.g., mandatory halal certification) and adapts through compliance and supply chain efficiency. | The company operates in a highly competitive industry, with both established and new players. In 2023, competition intensified in core categories, requiring continuous product innovation and strategic partnerships to maintain market leadership. The company also faced challenges from global players and disruptive entrants, especially in export markets. The company’s response included expanding online sales, developing new products, and leveraging partnerships (e.g., with Hormel Foods International Corporation) to access new markets and strengthen its position. |

**S6.3: Innovation and Development Plans**

| **Perspective** | **2024 Report** | **2023 Report** |
| --- | --- | --- |
| R&D investments, with a focus on advancing technology, improving products, and creating new solutions to cater to market trends | The company strengthened its commitment to product innovation through close collaboration between Brand Innovation and R&D divisions, using the Insight to Shelf (I2S) approach for comprehensive product development from ideation to launch. Strategic initiatives like Innovation Day and open innovation with business partners (e.g., Garuda Slondok with MSMEs) were implemented. The company also integrated sustainable practices into product development, considering environmental and social impacts, and invested in digital transformation (ERP, RPA, AI) to enhance efficiency and decision-making. | The company’s R&D initiatives involved market mapping for both existing products and consumer trends, serving as primary input for management decisions. In 2023, R&D led to the launch of two new products (Garuda Slondok and Dilan soft waffle), with collaboration with MSMEs for raw material supply. The joining of Hormel Foods International Corporation as a shareholder is expected to bolster R&D and export expansion. The company also adheres to scientific principles and business ethics in research. |
| New product launches, emphasizing the company’s commitment to continuously introducing differentiated products | In 2024, the company launched 23 new products across categories such as Traditional Snack, Wafer Stick, Wafer Cream, Cheese, Cookies, Pellet Snack, Soft Cake, Cracker, Crunch, Sandwich, Malkist, Pilus, and Extruded Snack. Notable launches include Garuda SKIPPY® (joint venture with Hormel Foods), and continued innovation in traditional snacks (e.g., Garuda Slondok). The company also focused on product innovation aligned with health trends and local flavors, and expanded its portfolio to meet evolving consumer preferences. | In 2023, the company launched 22 new products in categories including Garuda Crunchy, Garuda Puffy, Gery Biscuits, Chocolatos Wafer Stick, Clevo Milk, Gery Wafer, Gery Wafer Stick, Chocolatos Drink RTS, Prochiz Quick Melt, and Dilan crackers/bar/soft cake. The company also introduced Garuda Slondok (traditional snack with MSME collaboration) and Dilan soft waffle. The marketing strategy emphasized continuous product innovation in both modern and traditional markets, and the company repositioned the Garuda brand to a multi-category savory snack brand. |