

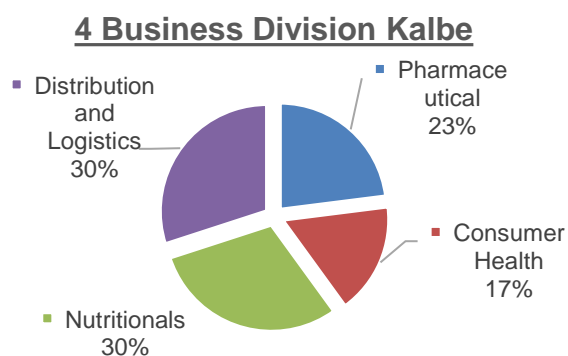
1. Company Profile

PT. KALBE MORINAGA INDONESIA is a joint venture company between PT. KALBE FARMA Tbk. (Indonesia) and Morinaga Milk Industry Co. Ltd. (Japan).



Established in 1966, Kalbe has gone a long way from a humble operation that started in a garage to become the leading pharmaceutical company in Indonesia.

Growing both organically and through mergers & acquisitions, Kalbe expands its business interests and transformed itself to become a provider of an integrated healthcare solution through its 4 business divisions:



These business divisions manage an extensive portfolio of prescription pharmaceuticals and OTC drugs, energy drink and nutrition products, as well as a robust distribution arm serving over one million outlets across Indonesia's vast archipelago.

In the international market, the Company has established its footprint in ASEAN countries, Nigeria, and South Africa, positioning Kalbe as a national pharmaceutical company with a competitive edge in the export market.

Since its founding, the Company has been aware of the importance of innovation to grow its business. Kalbe Farma has established a robust research and development activities in leading edge generic drug formulation and continuous development of innovative consumer and nutritional products. Through strategic alliances with international partners, Kalbe have also started to support several successful research and development venture working on cancer drugs, stem cells and biotechnology research.

With more than 17,000 employees, today Kalbe Farma is the largest healthcare provider in Indonesia, with unrivaled marketing, branding, distribution, financial strength and research and development expertise. Kalbe Farma is also the largest publicly-listed pharmaceutical company in Southeast Asia, commanding a market capitalization of Rp 71 trillion and sales turnover Rp 21 trillion. **PT KALBE MORINAGA INDONESIA** is one of the subsidiaries of KALBE NUTRITIONALS division under KALBE companies.



In 1978, PT. Kalbe Farma Tbk, start to sell and promote Morinaga product to Indonesian market. Regarding of good prospecting, sales value indicate positive growth year by year. Finally, Morinaga Milk Industry Co. Ltd. (Japan) appoint PT. Kalbe Farma Tbk as the only one representative company to sell Morinaga products and then officially licensed to PT. Sanghiang Perkasa (one of KALBE company)

February 7th 2005 defined as the anniversary of PT. KALBE MORINAGA INDONESIA, same day as the signing of an Article of Association between Kalbe and Morinaga-Japan. Starts with the Ground Breaking Ceremony on May 18th 2005, main building construction of the factory began.

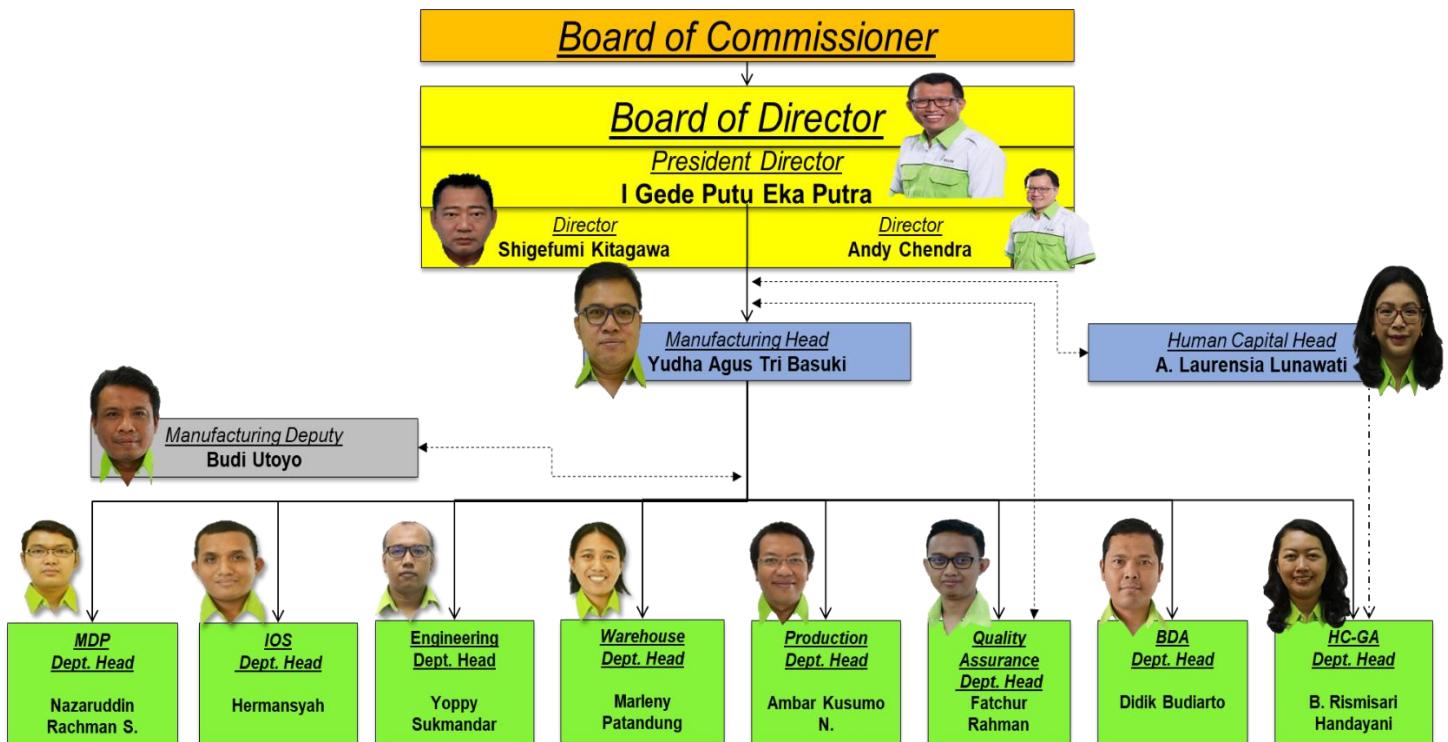


1. Company Profile (Continued)

Spray Drier technology are the core of the process at the production area. We are producing milk powder infant formula for feeding babies 0-6 months, follow on formula for babies 6-12 months, and growing up formula for children above 12 months of age.



This is our organizational structure :



- MDP : Manufacturing Development Project & Planning
- IOS : Integrated Operation System
- BDA : Business Development and Analysis
- HC & GA : Human Capital & General Affair



2. Milestone on the Journey of Manufacturing Excellence

Starts from KMI Condition Evaluation (Gap Analysis) to review overall performance, we have summarized our strong point, weakness, opportunities and threat from internal and external factors as follow :

KMI Condition Evaluation (Gap Analysis) → *Internal Factor*

(+) 1. Plant with relatively high technology machine
2. Young and enthusiastic team work

(-) 1. Technician and Operator basic knowledge about machine maintenance competency relatively low
2. Relatively high production loss
3. Traditional mindset about maintenance task

KMI Condition Evaluation (Gap Analysis) → *External Factor*

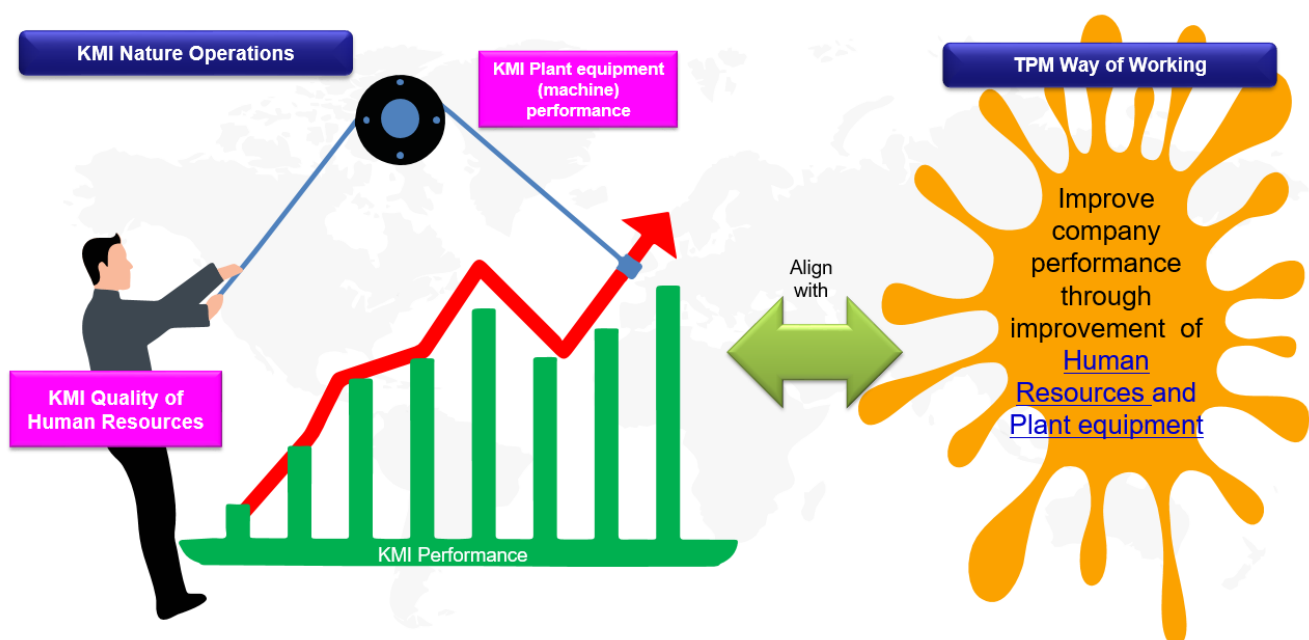
(+) 1. Opportunities to expand regional market
2. Government program to increase milk consumption

(-) 1. High market competition due to competitors market expansion from multinational company with longtime experiences
2. Demand of high quality product increased due to enhancement of customers knowledge

Based on that condition, we were realized that we have to adopt and implement a system that would eliminate our weak point and simultaneously strengthen the strong point so that we could achieve our goal **To Become World Class Toll Manufacturing**. There are so many systems to compared, but we think that TPM is the best system which could bring to our goal. From our view point, these several reasons strongly convince us to adopt and implement TPM :

- ❑ TPM base on philosophy “ Mono zukuri wa hito zukuri”, the making of a product is the making of people.
- ❑ TPM has a very detail and systematic step (for short , medium and long term planning)
- ❑ TPM has holistic and comprehension approach (consider all aspect of manufacturing operation)
- ❑ TPM focus on reduce all kind off loss on manufacturing operation (16 big losses), in order to achieve high quality product with low production cost)

TPM Way of working, Improve company performance through improvement of Human Resources and Plant equipment are align to our nature operation. KMI performance, depend on competency on manufacturing operation and it is depend on Quality of Human Resources and Plant equipment (machine) performance.



2. Milestone on the Journey of Manufacturing Excellence (Continued)

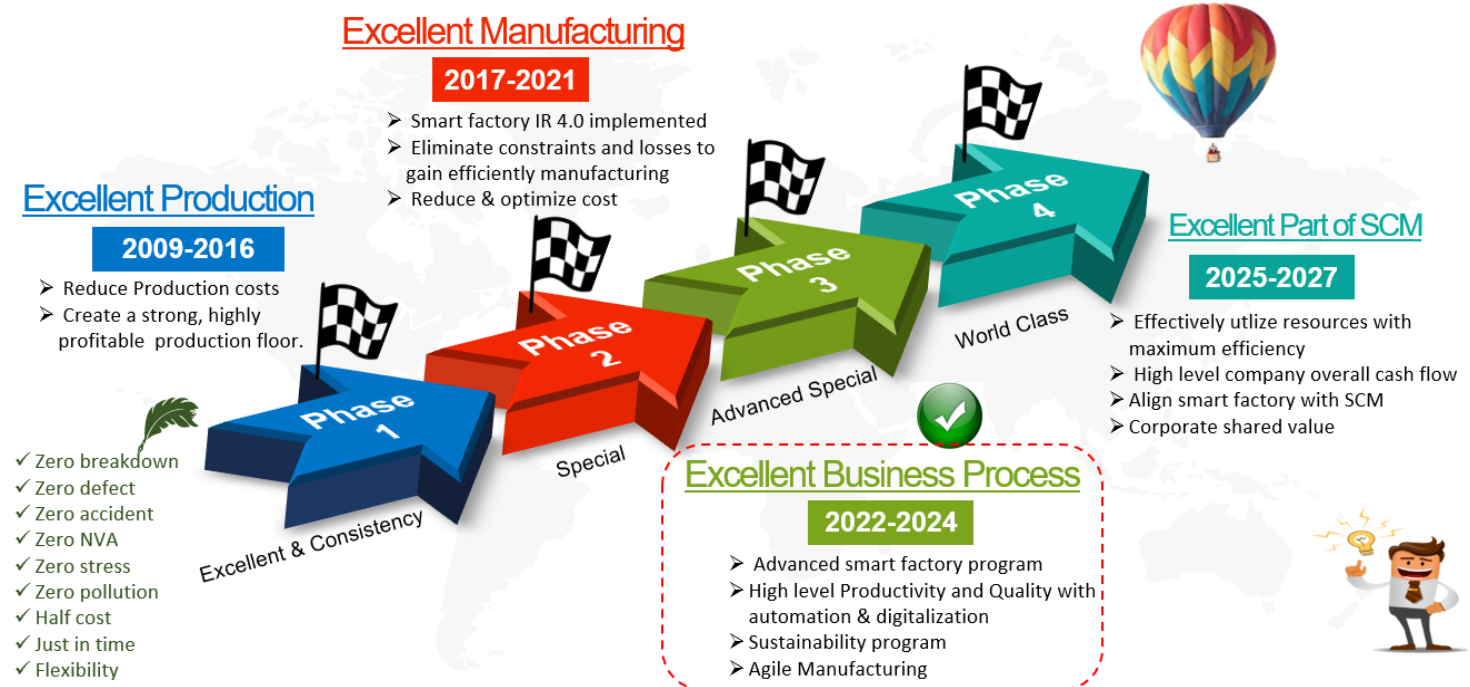
This is our TPM Milestone start from 5S and kickoff TPM implementation in 2009 until now (14 Years)

KMI WORLD CLASS COMPANY



Until now, with the spirit of improvement and TPM, we have done many things for the development and implementation of TPM in our factories

We set TPM Road Map Activity to Achieved World Class Manufacturing as follow:



3. Benefits Achieved

Overall performance indicator shows great achievement compared to the Benchmark value (2009). Below are several tangible benefits on key business results in terms of PQCDMS

Company & plant name	PT. KALBE MORINAGA INDONESIA
TPM Slogan/Objectives	“Way of Working To Be World Class”

Category	Index (Calculation Formula)	Unit	Kick Off TPM 2009	Target 2023	Actual 2023
P	Productivity	Kg/Man/hours	25,00	66,19	67,3
P	OPE Line Model	%	70,68%	≥ 93%	92,52% ¹
P	OPE All	%	70,68%	≥ 85%	85,5%
P	NOF	Number	2308	168	51
P	MTBF	Hours	14	215	305,48
P	MTTR	Hours	1,18	0,3	0,22
P	NMS	Number	8720	464	366
Q	Customer Complaints	ppm	14,40	0,90	1,27 ²
Q	Yield	%	97,6%	98%	98.22%
Q	Rework	%	2,8%	0,50%	0,41%
C	Ratio Improve COGM Act vs Kickoff	%	0%	24%	20% ³
D	Business Process Lead time	Days	84	45	45
D	Order Fulfillment	%	100%	100%	102%
S	Number of Fatal Accident	Cases/ annually	0	0	0
S	Number of Non Fatal Accident	Cases/ annually	9	0	0
M	Number of Employee Suggestions	Point/Man/Year	1,5	32	33,2
M	Employee Satisfaction Index	%	81%	80%	97%
E	Reduce Emission CO2	Ton CO2	NA	700	1652

Notes :

*¹ High of change over product in process Dryer and Canning cause increase of product specialities

*² Problem complaint leak in primary packaging in Sachet Jumbo

*³ Decreasing of volume output cause of decrease sales and shortage of material cause of geopolitics

TPM also gave us intangible result that improve our motivation such as :

- ✓ More comfort and bright workplace area
- ✓ Increased confidence to solve problem with many type of problem solving tools
- ✓ Strengthen Quality mindset
- ✓ Increased confidence to shared knowledge among employee
- ✓ Strengthen GENBA, GENBUTSU, GENJITSU culture in all process
- ✓ Deeper understanding for each production process
- ✓ Benchmarking from others company to learn TPM from our site



4. Key of our Manufacturing Excellence

TPM is a comprehensive systems which have 8 pillars activities as a building block. Linkages and alignment of this 8 pillars activity are the key for successful of TPM implementation. As a never ending journey, we need a lot of efforts for the TPM smooth implementation. We have tried so many ways and things to have appropriate best practice to implement at the shop floor. Unsuccessful and failure gave us deep insight to keep struggle and improve TPM implementation.

Since Kalbe was established in 1966, our founders have passed on a legacy of Corporate values that now serve as a code of conduct for all employees within the Kalbe Group.

By probing into these core values that have been consistently nurtured throughout Kalbe's journey, we have formulated five Corporate values known as "Panca Sradha Kalbe"

1. Trust is the glue of life
2. Mindfulness is the foundation of our action
3. Innovation is the key to our success
4. Strive to be the best
5. Interconnectedness is a universal way of life

TPM teach us an effective, efficient, and powerful monitoring schedule and method by Daily Management System (DMS). DMS rolled up from shift, daily, weekly, monthly and even yearly with overlapping structure stacked from operators to top management. Problems, countermeasures, and corrective actions quickly handled using DMS method. Information and direction are also flowing smoothly by DMS. DMS are the best practice to improve value of customer, excellence, and teamwork day by day.

For example at Daily Meeting (as a part of DMS), operator, leader, supervisor, technician, and QC team hand in hand to solve problems and sharing their knowledge to built good team work at shop floor. We learnt to maintain and practicing to increased our passion for excellence. Each person role and tried to give their best effort for internal customer and working together to produce high quality product for external or end customer. TPM shows us how to maintain routine activity as a daily work consistently implemented to be the way of working.

Future Plan

- ❖ Establish AM step 7
- ❖ Create super 5S level 5
- ❖ Spare part management (increase life time part)
- ❖ Super red zone plan collaboration with SCM
- ❖ E-Daily management system establish
- ❖ Digital quality management
- ❖ Smart factory establish (dashboard and digitalization)
- ❖ Smart predictive maintenance
- ❖ Renewable and efficiency energy
- ❖ Establish KMI Integrated System (KIS) System



5. Contact

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