



# Earnings Call H1 2023 PT Indocement Tunggal Prakarsa Tbk.

2 August 2023



## ■ Key indicator for H1 2023:

- Domestic cement market in H1 2023 weakened -4.9% YoY from combination of pressure in bag market -7.9% and growth in bulk market +4.1%
- Indocement recorded domestic cement sales volume at 8,061k ton or +7.2% YoY, the growth was mainly contributed from Maros operation. Export was at 299k ton or +81.4% YoY mostly from clinker shipments to Bangladesh & Brunei
- Overall market share increased from 24.7% to 27.4%. Substantial gain of outside Java market share from 14.5% to 20.6% while relatively stable for overall Java at 33.9%
- Net Revenues grew +15.3% YoY to IDR 7,970.0bio from higher volume and price
- Increase in Cost of Revenues of +7.7% YoY was inline with higher sales volume, mainly contributed from increase in raw material and manufacturing overhead costs, with partial offset from lower energy cost (DMO coal)
- Margin recovery in Gross Profit from 25.6% to 30.5% and EBITDA from 13.3% to 18.7%

## ■ Sustainability:

- Average dust emission improved to 11.3 mg/m<sup>3</sup> vs. FY2022 at 13.8 mg/m<sup>3</sup>
- CO<sup>2</sup> emission Scope 1-Gross was reduced to 579 kg CO<sup>2</sup>/t cement equivalent from FY2022 at 587 kg CO<sup>2</sup>/t cement equivalent, and CO<sup>2</sup> emission Scope 1-Net to 556 kg CO<sup>2</sup>/t cement equivalent vs. FY2022 at 558 kg CO<sup>2</sup>/t cement equivalent



# Agenda

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## Market Overview

Cement Market Evolution  
Cement Market Volume and Growth Distribution  
Java-Outside Java and Bag-Bulk Markets

3

## Operational Performance

Increase Usage of Alternative Fuel  
Reduction of CO<sub>2</sub> and Dust Emissions  
Outlook

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## Financial Performance

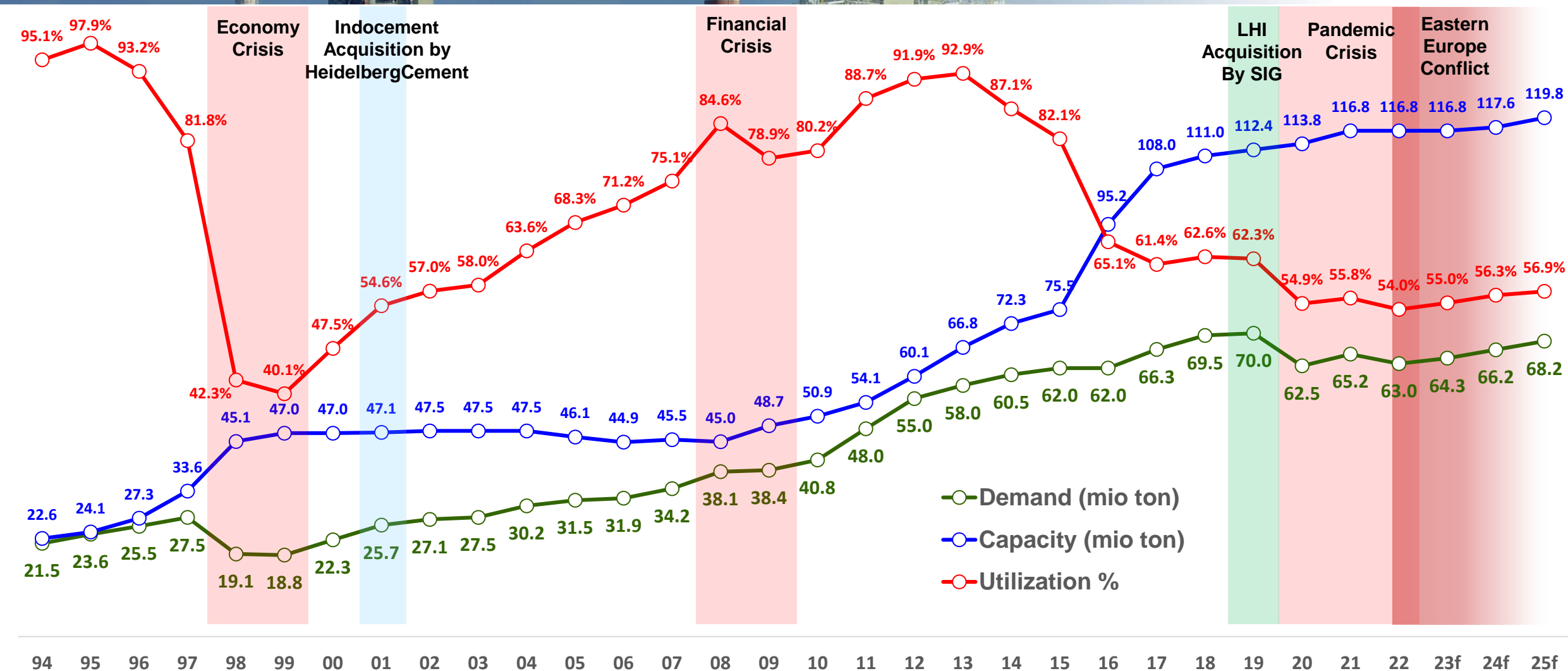
Financial result  
Cost Control and Margin Development  
Balance Sheet

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Q & A

Q & A

# Cement Market Evolution



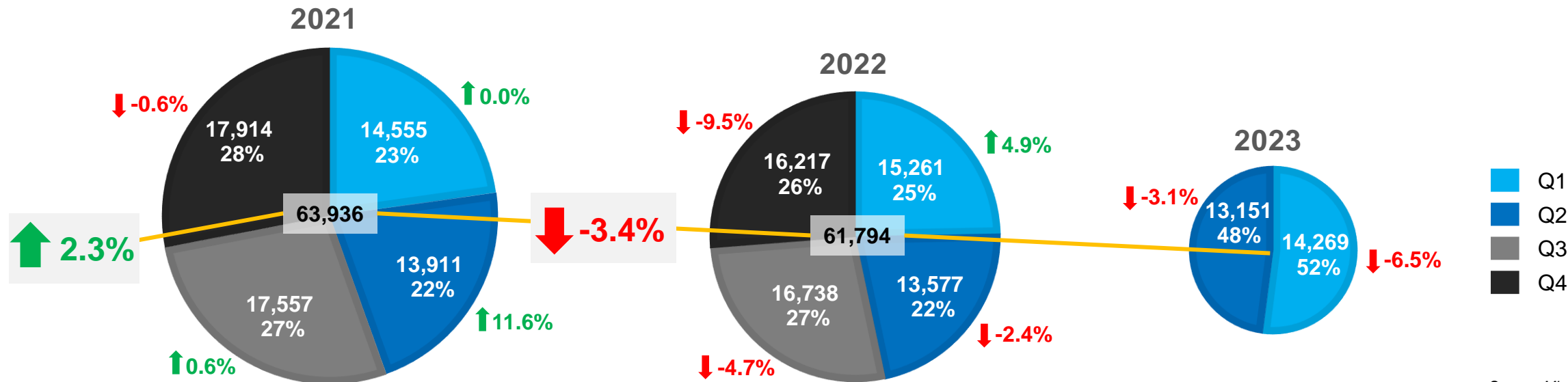
Source: Ministry of Industry with Internal Indocement Projection

The capacity data could be revised based on industry update

CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22A	'22A-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-3.5%	+2.7%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.3%	+0.8%

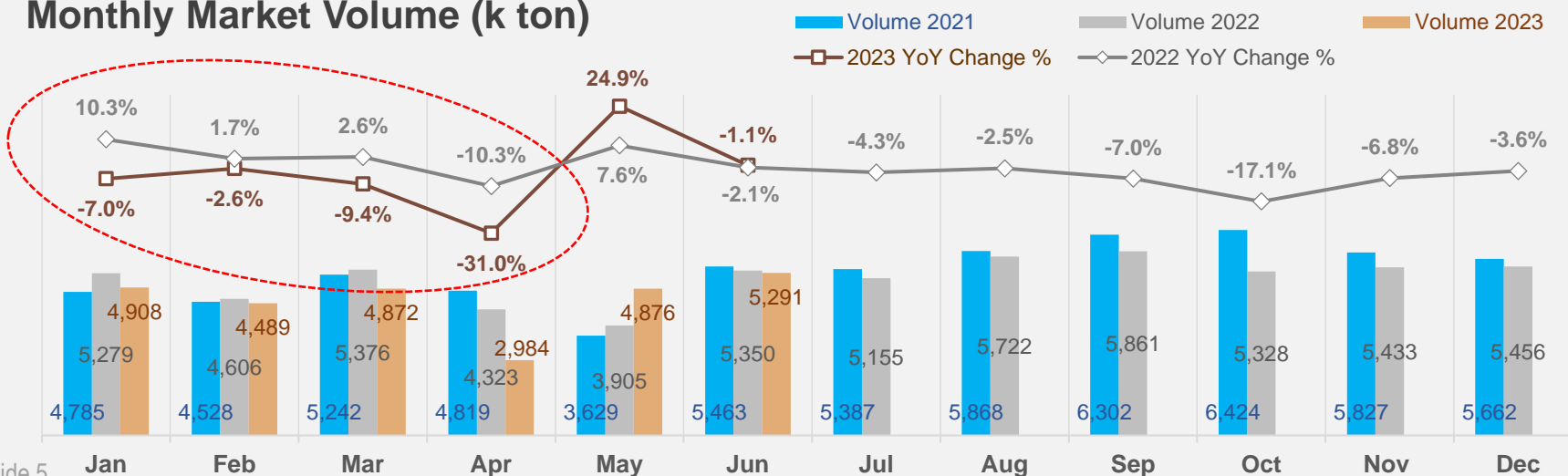
# Cement Volume Development

## Quarterly Market Volume (K ton)



Source: Ministry of Industry

## Monthly Market Volume (k ton)



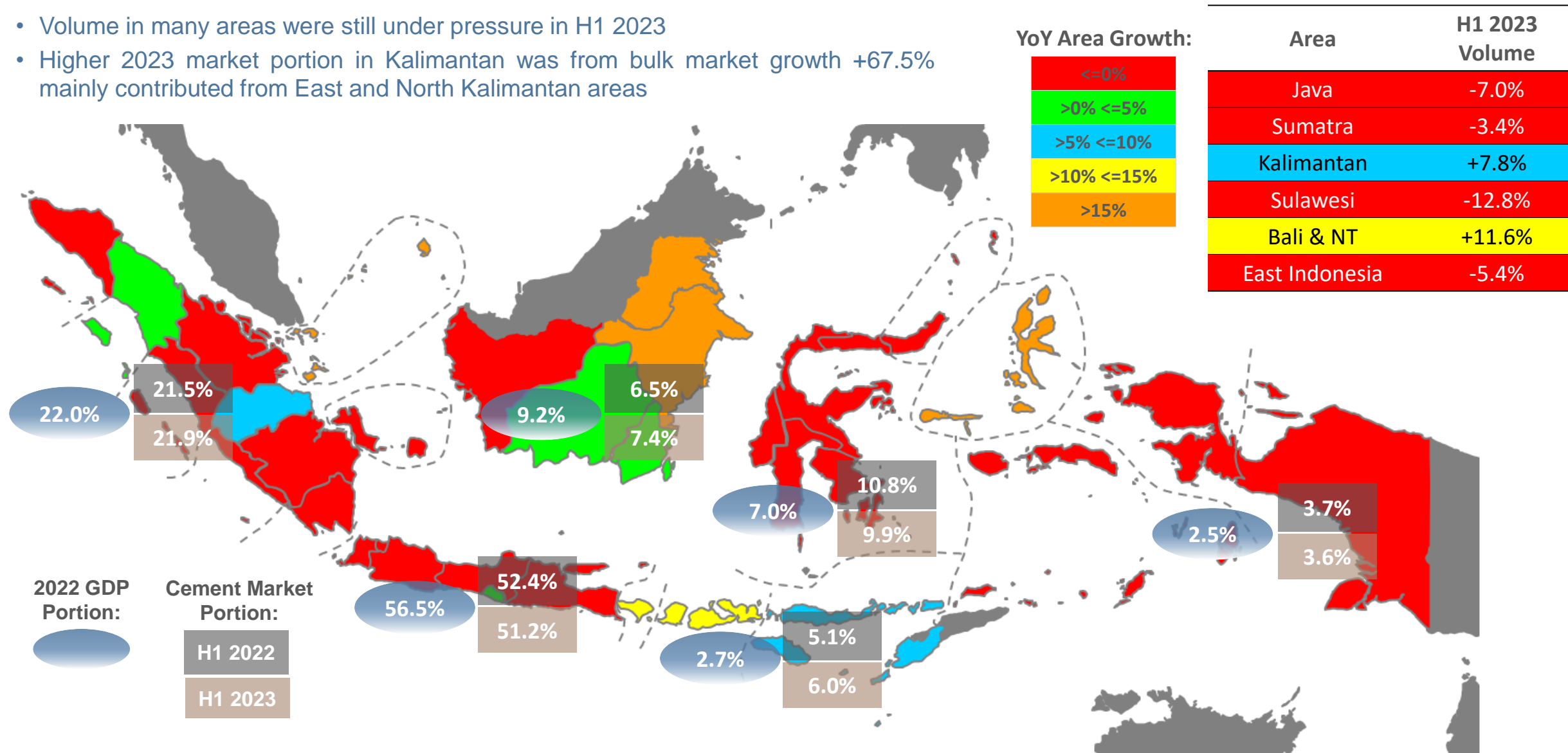
- YoY performance improved after the first 4 months of 2023

<b>2023 H1</b> 27,420	?	<b>2023 H2</b> ?	
<b>2022 H1</b> 28,839	+14%	<b>2022 H2</b> 32,956	<b>FY 2022</b> 61,794k ton
<b>2021 H1</b> 28,466	+25%	<b>2021 H2</b> 35,470	<b>FY 2021</b> 63,936k ton

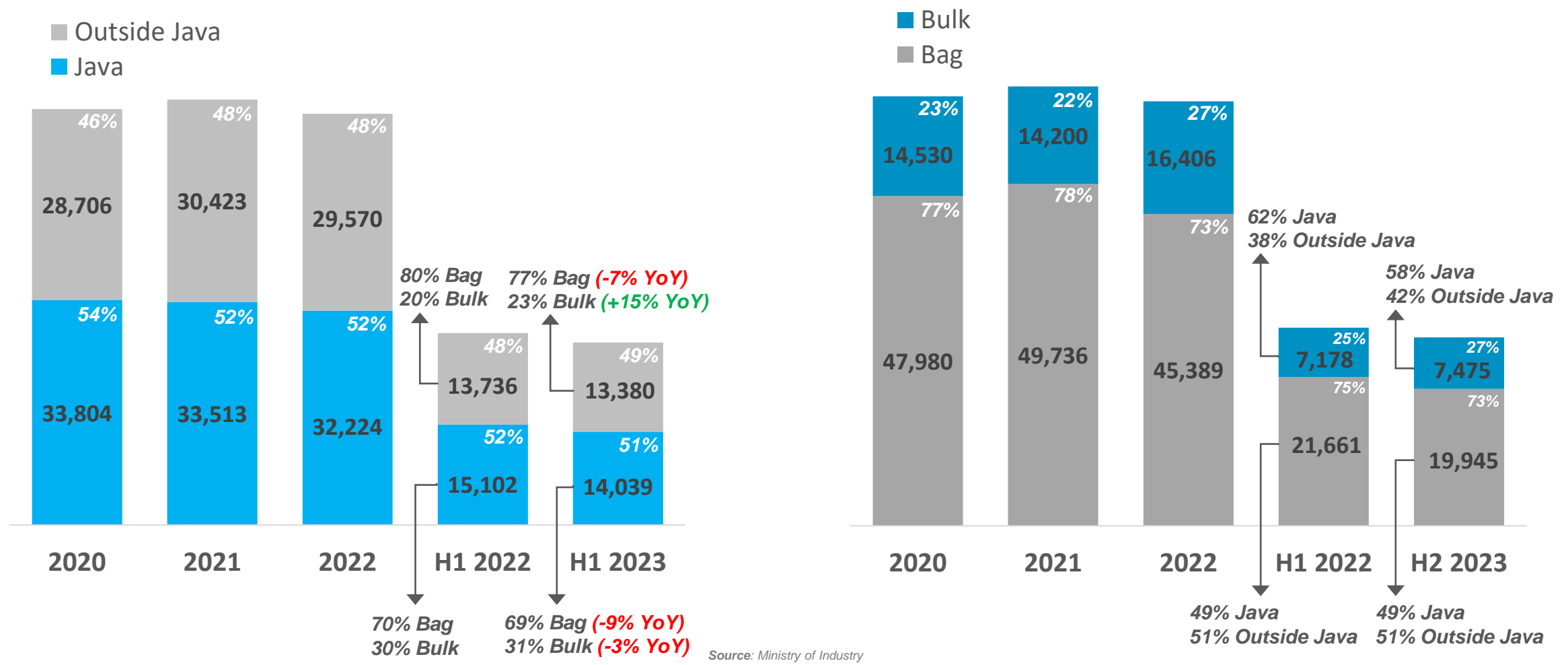


# Cement Market Portion & Growth

- Volume in many areas were still under pressure in H1 2023
- Higher 2023 market portion in Kalimantan was from bulk market growth +67.5% mainly contributed from East and North Kalimantan areas



# Java-Outside Java and Bag-Bulk Markets



Strong bulk demand pushes growth at outside Java

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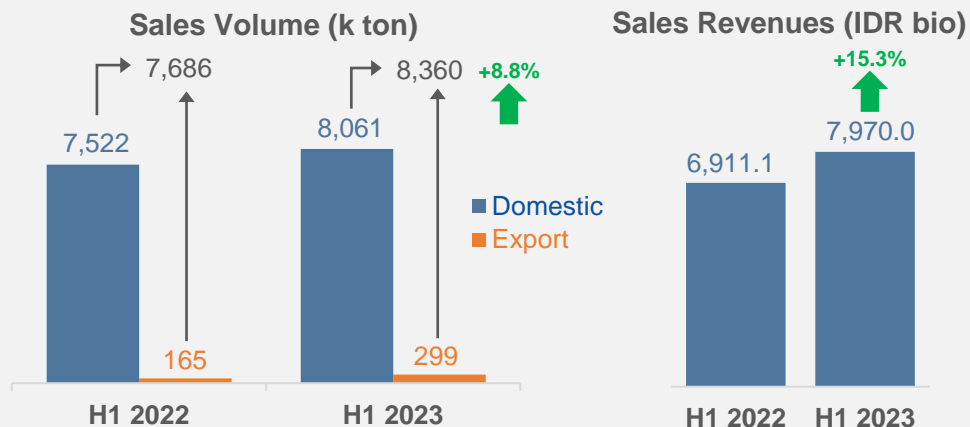
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Q & A



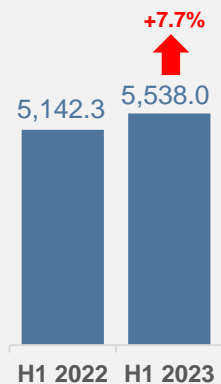
# Financial Result

## Sales Result

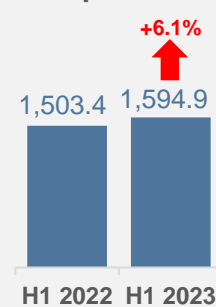


## Operating Driver

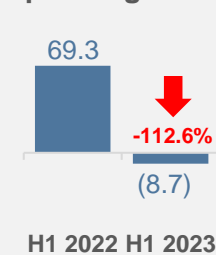
### Cost of Revenues



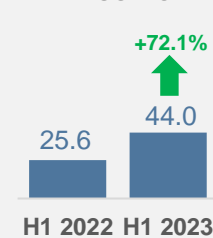
### Operating Expenses



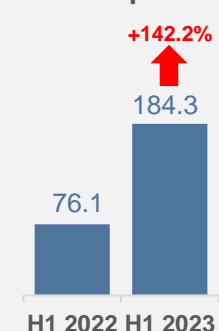
### Other Operating Income



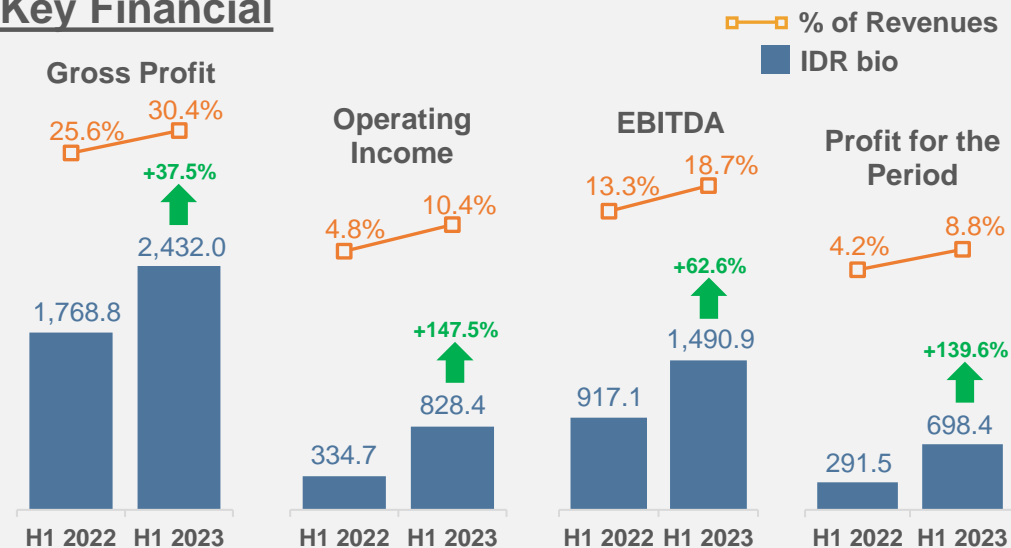
### Finance Income



### Income Tax Expense

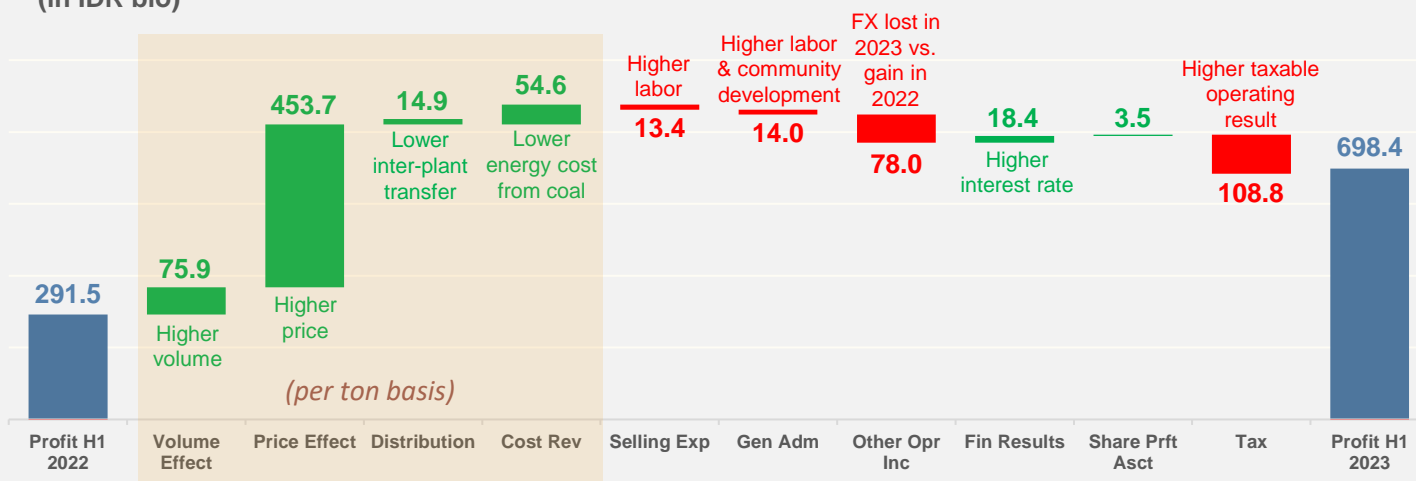


## Key Financial



## Profit Bridging

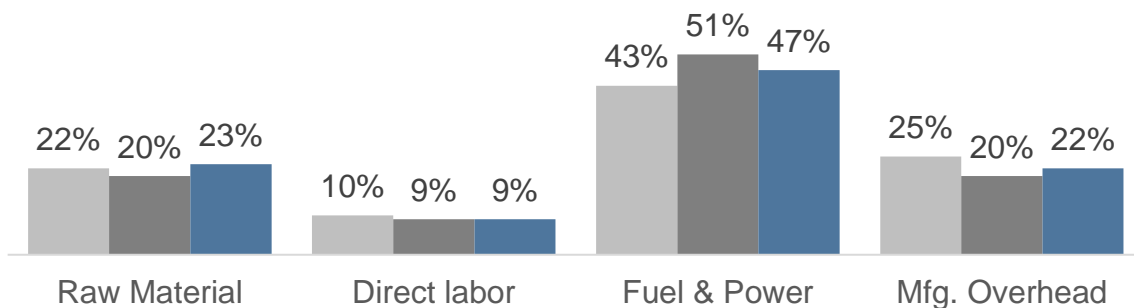
(in IDR bio)



# Cost Control and Margin Development

## H1 Manufacturing Cost

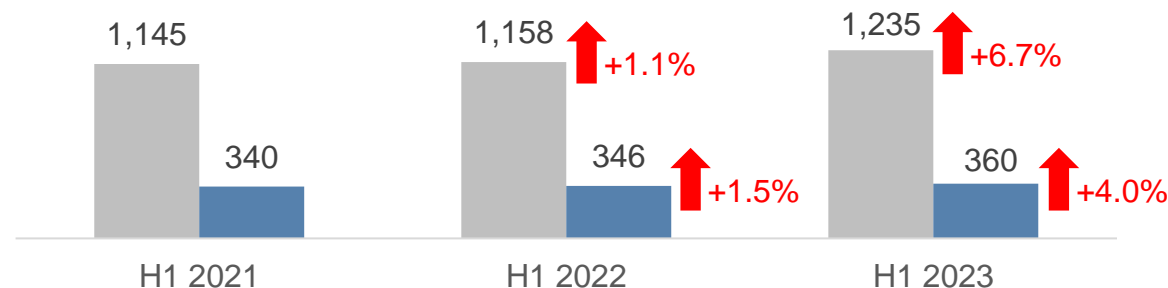
■ 2021 ■ 2022 ■ 2023



- Higher Raw Material was from higher price of limestone and gypsum
- Lower Fuel & Power from lower coal cost (DMO)
- Higher Mfg. Overhead was from additional scope of Maros operation

## Operating Expenses (bio IDR)

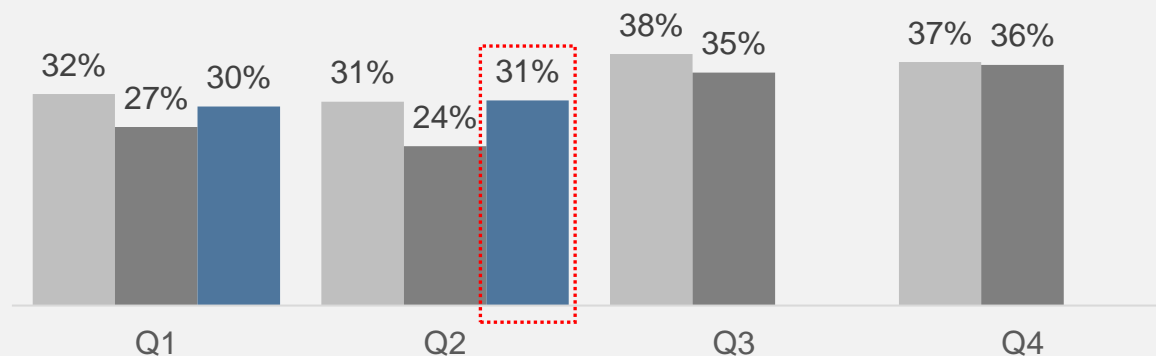
■ Delivery & Selling Expense ■ G&A Expense



- Higher Delivery & Selling Expense was from higher sales volume. However, on per ton basis, it was slightly lower in 2023 from savings on inter-plant transfer
- Higher G&A Expense was from higher labor & community development costs

## Gross Profit Margin

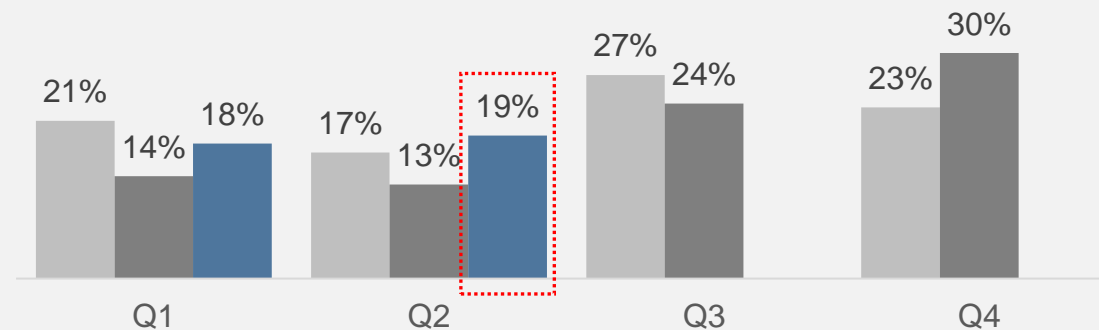
■ 2021 ■ 2022 ■ 2023



- Margin recovery from higher volume, price, and DMO coal

## EBITDA Margin

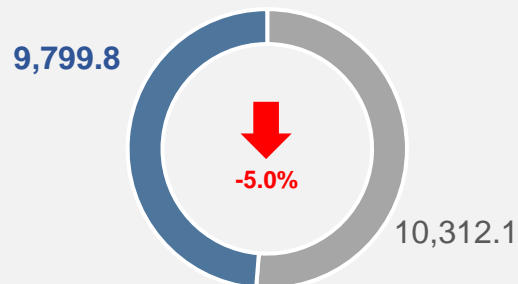
■ 2021 ■ 2022 ■ 2023



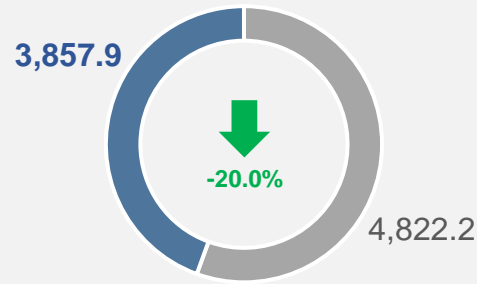


# Balance Sheet

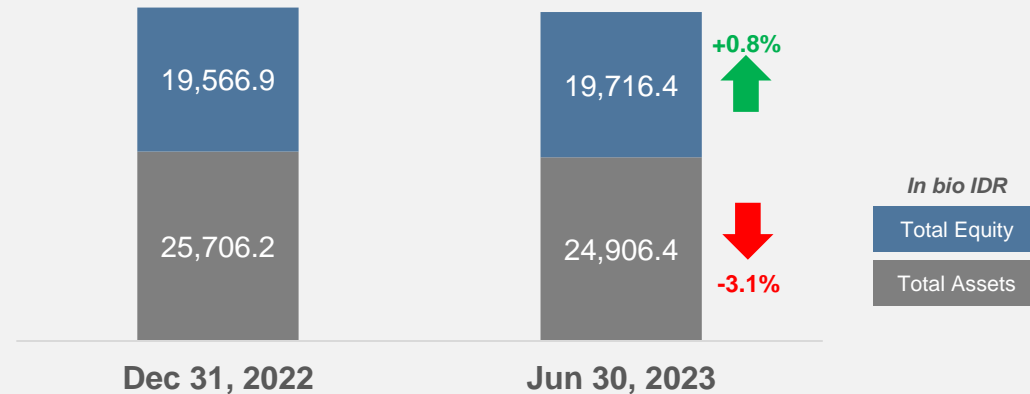
## Current Assets



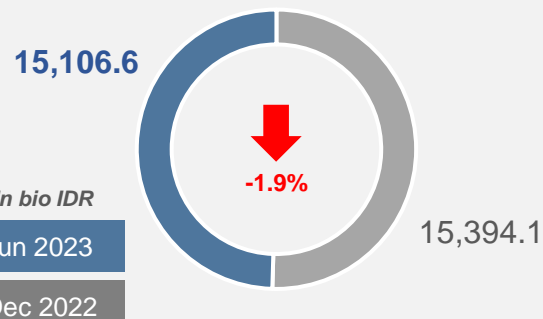
## Current Liabilities



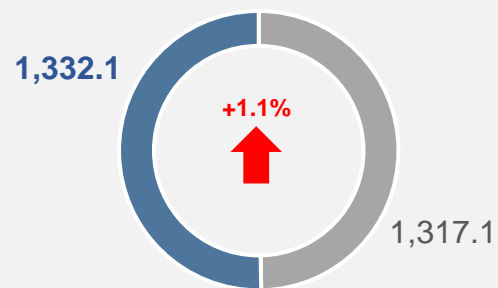
## Asset & Equity



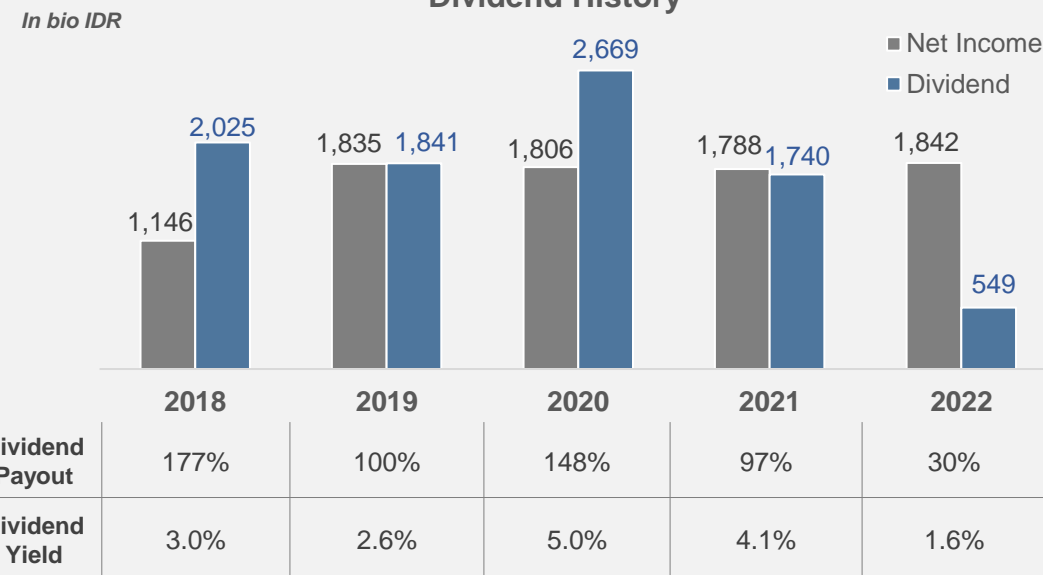
## Non-Current Assets



## Non-Current Liabilities



## Dividend History



\* Dividend is distributed at the following year

- Cash and Cash Equivalents of IDR 3.5tr as of 30 Jun 2023
- Capex spending plan for 2023 is IDR 1.2tr and H1 2023 spending was IDR 363bio

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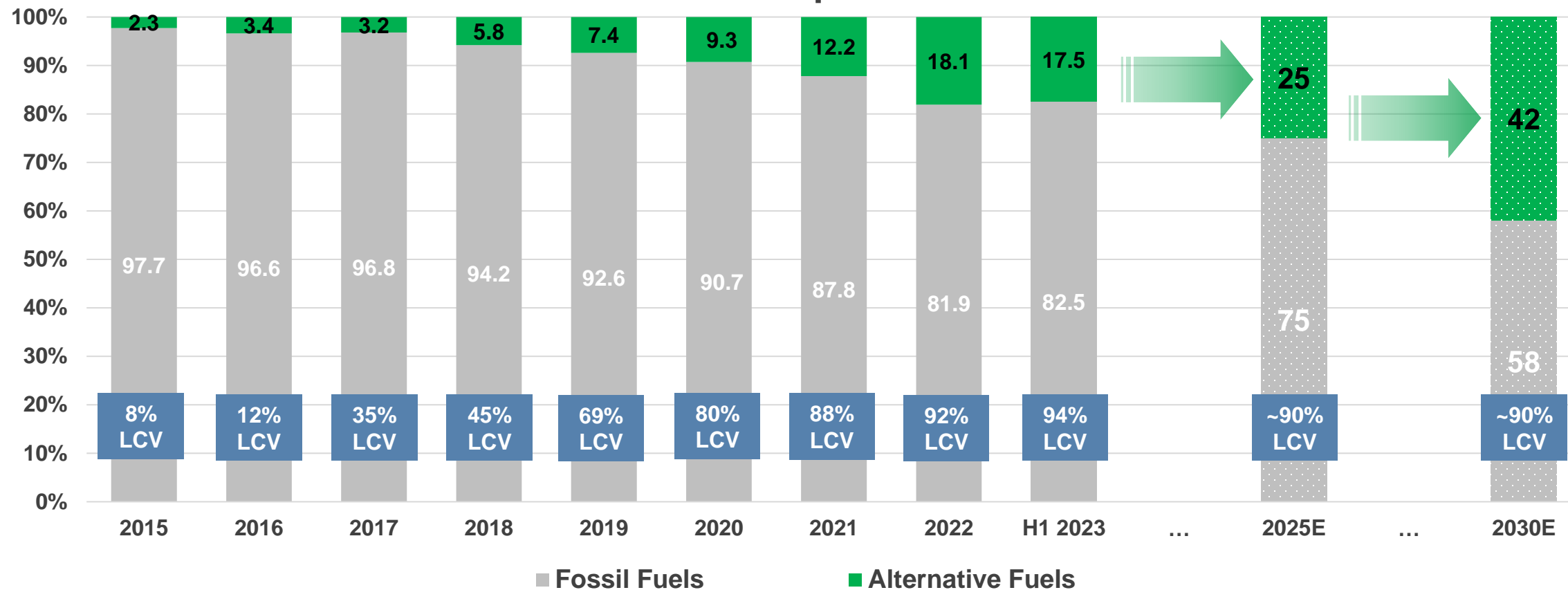
Q & A



# Increase Usage of Alternative Fuels

Continuous cost efficiency improvement from higher alternative fuels and LCV coal

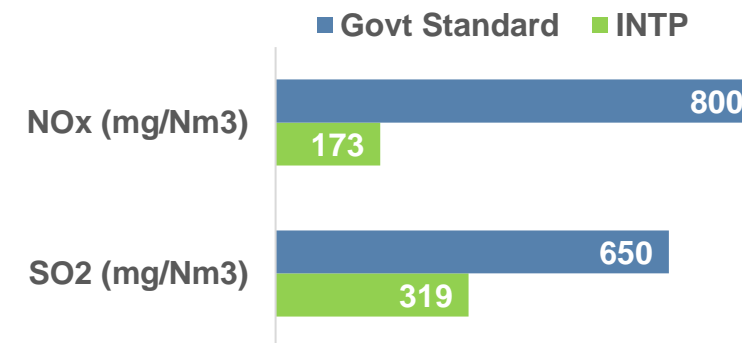
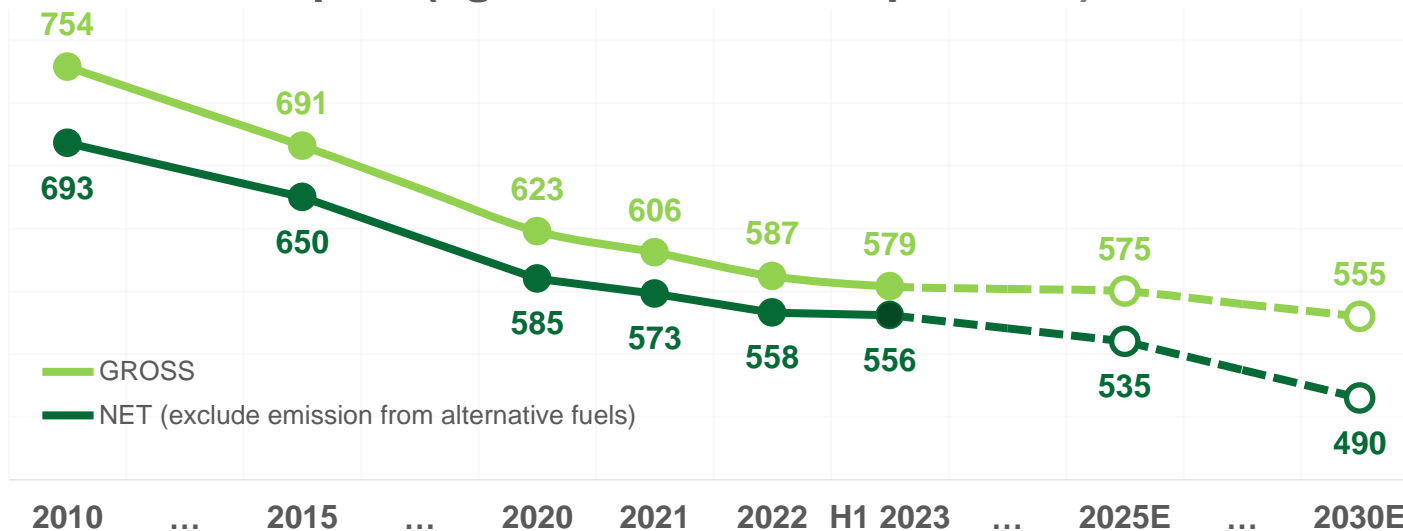
## Fuel Consumption Rate %



Decrease of alternative fuel in H1 2023 was due to rice husk supply disruption from higher than usual rainfalls in early 2023

# Reduction of CO<sub>2</sub> & Dust Emissions

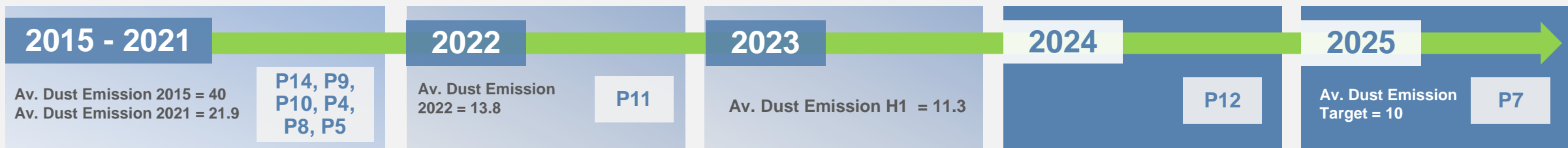
## Scope 1 (kg CO<sub>2</sub>/t Cement Equivalent)



Green House Gas (GHG) emission is calculated based on the international reporting standards defined by World Business Council Sustainable Development (WBCSD) Cement Sustainability Initiative

➤ Scope 1: Emissions from operations that are owned or controlled by the reporting company

Since 2015 Indocement has continuously reduced Dust Emissions by installing **Bag Filters** to replace **Electrostatic Precipitators**



Note:

- The dust emissions are stated in mg/Nm<sup>3</sup>
- The measurement refers to local standard (PermenLHK No. 19 tahun 2017)
- Dust Emission (mg/m<sup>3</sup>) – (25°C, 1013 hPa) related to 10% OXYGEN

**Government Regulation on  
Dust Emission = 60 mg/Nm<sup>3</sup>**



- ✔ Maintaining our view for **National Cement Domestic Volume to grow about 2% in 2023**
- ✔ Lower coal price and more accessible of DMO coal would continue to favor energy costs for cement players. **However, as winter season is coming, higher global consumption of coal might put constraint on supply and drive up coal price**
- ! **ODOL (Over Dimension & Over-loading) policy will be the major risk for Cement Industry.** It is estimated to be implemented after the election year. Nevertheless, we are moving ahead with preparation and changes in our logistics mode of transport to accommodate
- ! **The plan of Carbon Tax implementation for power plant might increase PLN electricity tariff**
- ✔ **Pushing our Green Cement/Concrete for Infrastructure & Commercial projects including IKN (new capital city).** Green Cement products (PCC, Duracem-Slag Cement, & Hydraulic Cement) is our materials ready to build the future
- ✔ **Maros operation to penetrate deeper for East Indonesia market and to increase export**
- ✔ **Future Investment:** focus in expanding our Sustainability Strategy, Distribution Channel, and Digitalization/Automation process, including to look for investment or synergy to further enhance our distribution and logistics network

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**INDOCEMENT**  
HEIDELBERGCEMENT Group

# Thank You

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