



# **PT INDOCEMENT TUNGGAL PRAKARSA Tbk.**

## **Q1 2021 Financial Results May 5, 2021**

**SMARTER FASTER BETTER**

# AGENDA



Indonesia Cement Industry

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# INDONESIA CEMENT INDUSTRY AT GLANCE

Strong footprint in West Java as key advantage for Indocement

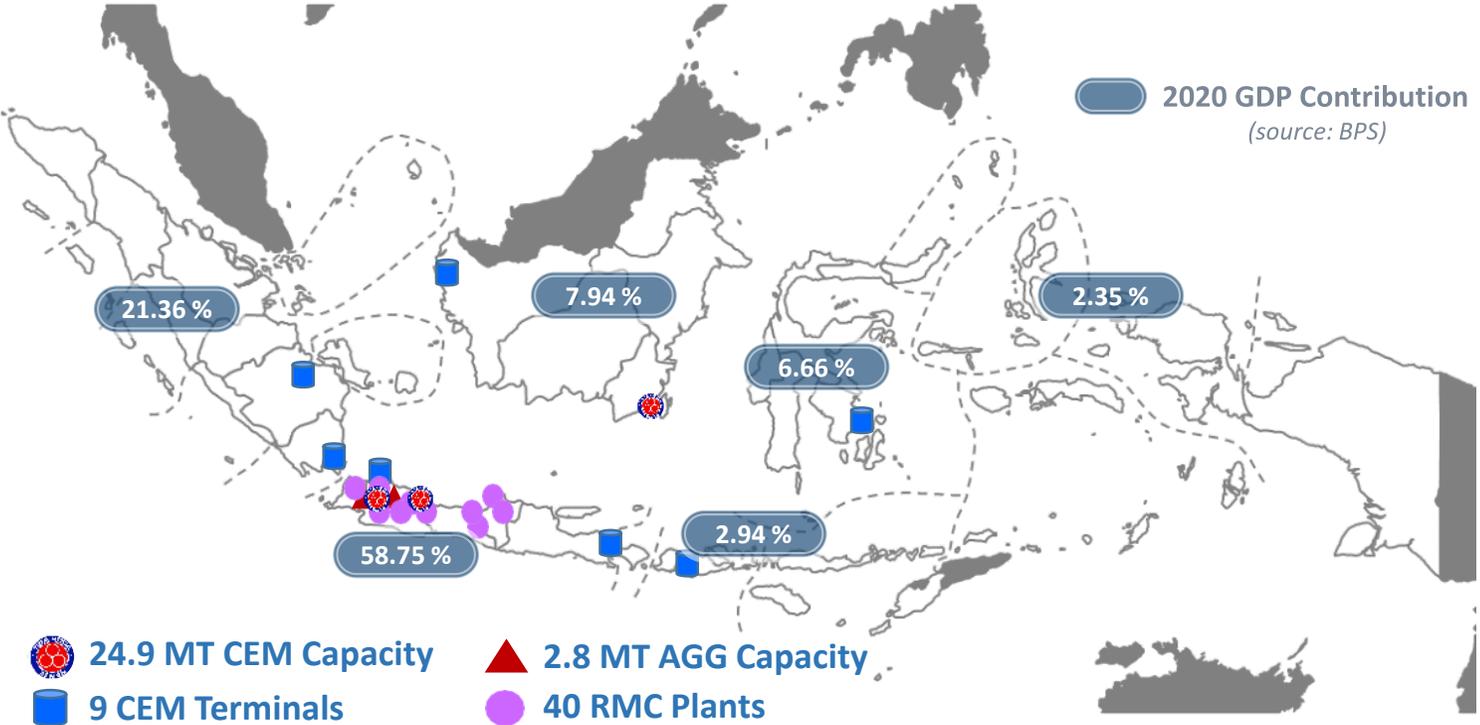
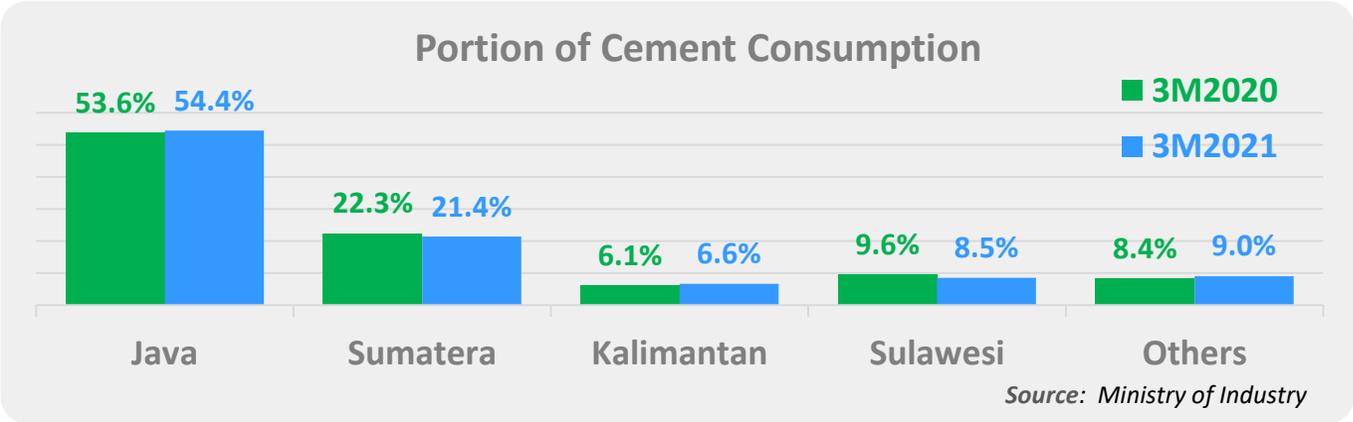


## Indonesia Facts

Capital City : **Jakarta**  
 Population : **~274 Million**  
 Density : 151/km2  
 GDP Annual : **-2.07%% (2020)**  
 GDP Per Capita : **USD 3,912 (2020)**  
 IDR/USD Rate : **~14,500**

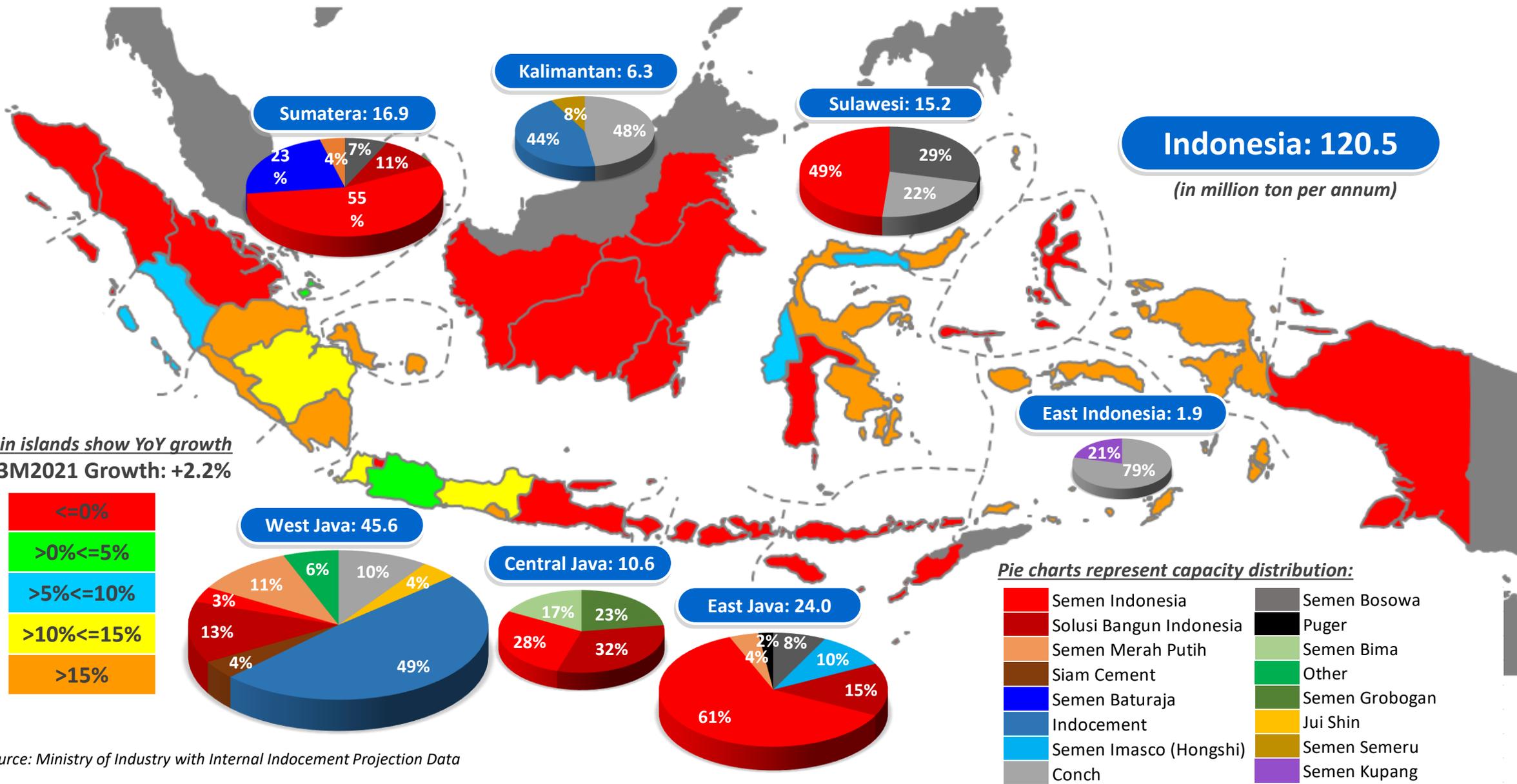
## Cement Industry

No. of Companies : 17  
 Cement Capacity : **~120 MTY**  
 ITP Cement Capacity : 24.9 MTY  
 Domestic Consumption : **62.5MT (2020)**  
 Bag - Bulk Ratio : **~75-25**  
 Cement Consumption : **~230 kg/capita**  
 Main Players : **Semen Indonesia, Indocement, Conch, Bosowa, Cemindo**



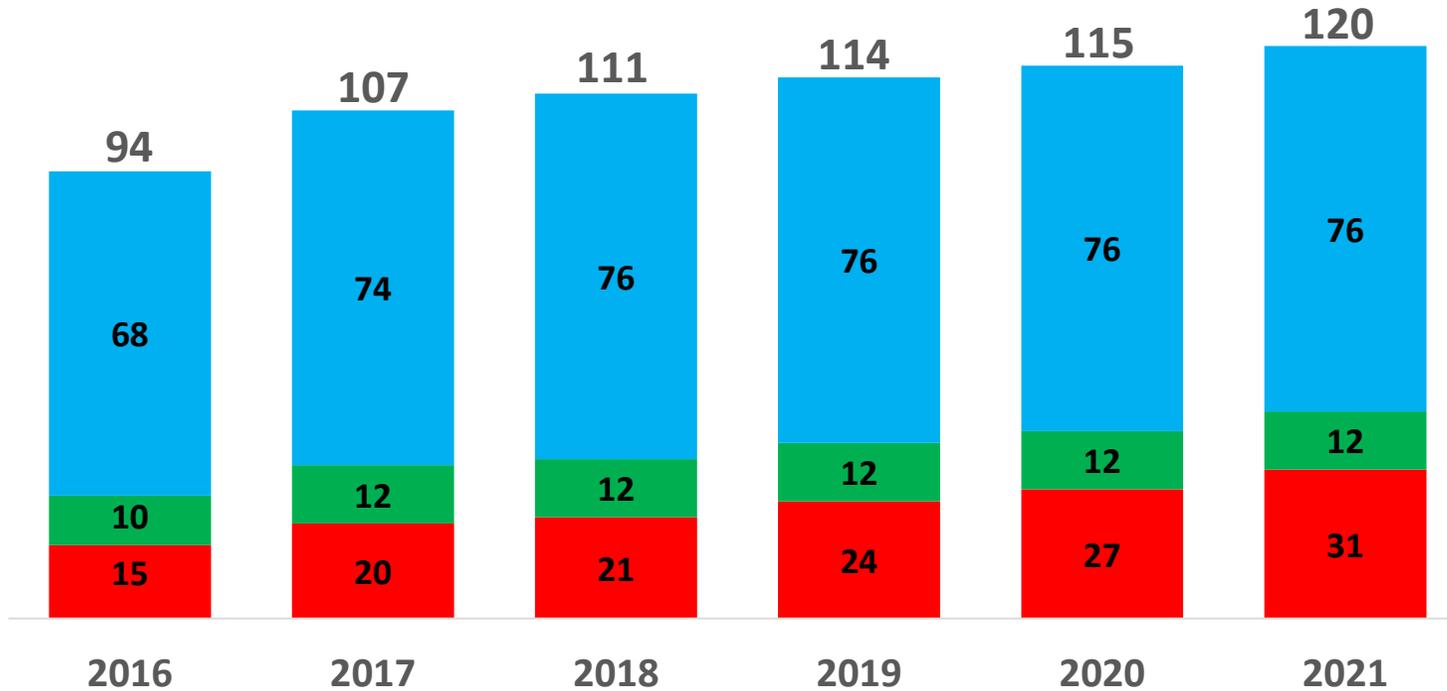
# INDONESIA CEMENT LANDSCAPE 2021

Recovery in Q1 2021 with YoY Growth of +2.2%



# INDONESIA CEMENT CAPACITY SHARE

Capacity in million tons per annum



- Top 2 Incumbents (ITP, SI)
- 2nd Tier Incumbents (SBM, SB, SK, Puger)
- Recent Entrants (MP, JSI, SJW, STA, CCI, HS, GRB)

Data above shows Estimated Capacity in Mio Ton & % Capacity Share

Source: Ministry of Industry with Internal Indocement Projection Data

## Top 10 Capacity:

-  **1. Semen Indonesia + SBI (Ex Holcim): 42%**
-  **2. Indocement: 21%**
-  **3. Conch: 10%**
-  **4. Bosowa: 6%**
-  **5. Cemindo Gemilang (MP): 5%**
-  **6. Semen Baturaja: 3%**
-  **7. Semen Imasco (HS): 1%**
- 8. Grobogan: 1% (est. in H2 2021)**
-  **9. Panasia: 1%**
-  **10. Siam Cement: 1%**

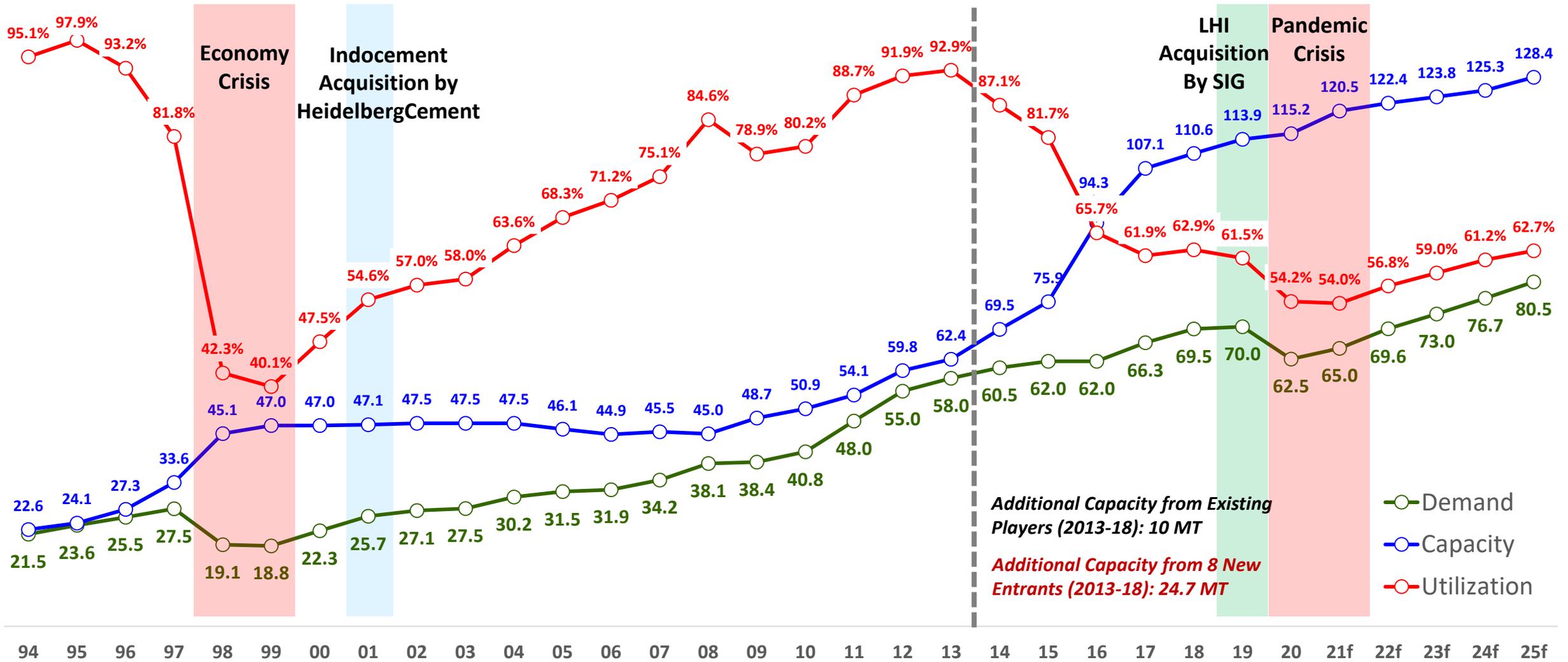
**Juishin, Semen Kupang, Puger, Hao Han, Sun Fook, and Semen Jakarta: 3%**

*(few currently are halted but included for total capacity purpose)*

**Capacity to grow about 4.6% in 2021**

# CEMENT MARKET EVOLUTION

Optimistic for Demand to Grow in 2021 and Further On

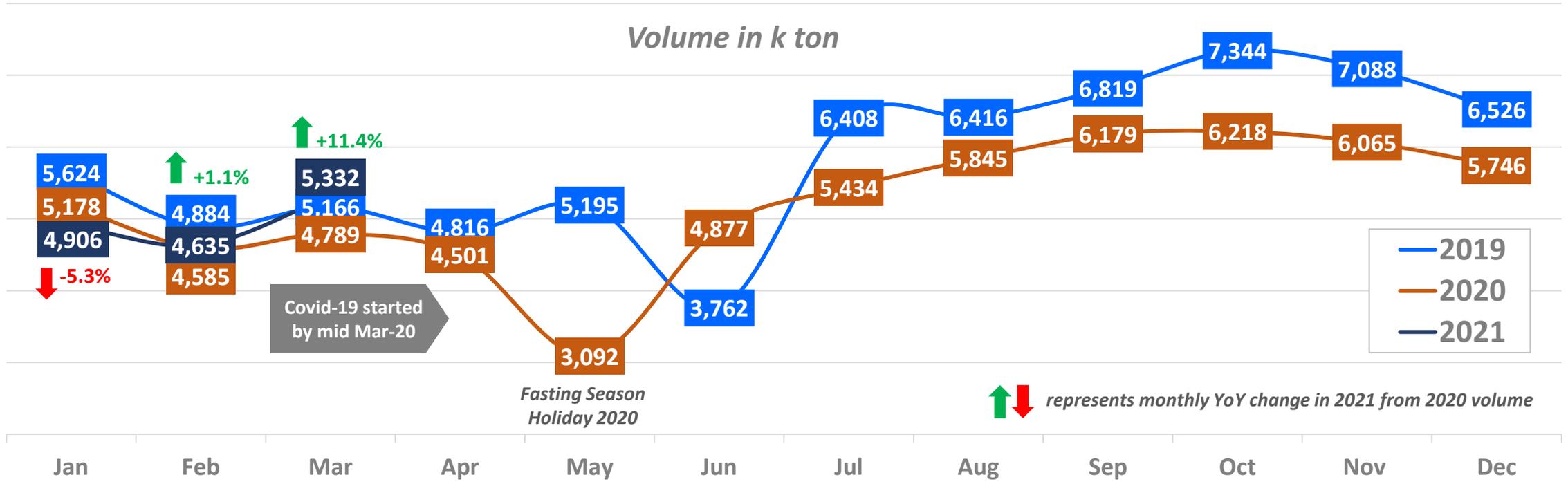


Source: Ministry of Industry with Internal Indocement Projection Data

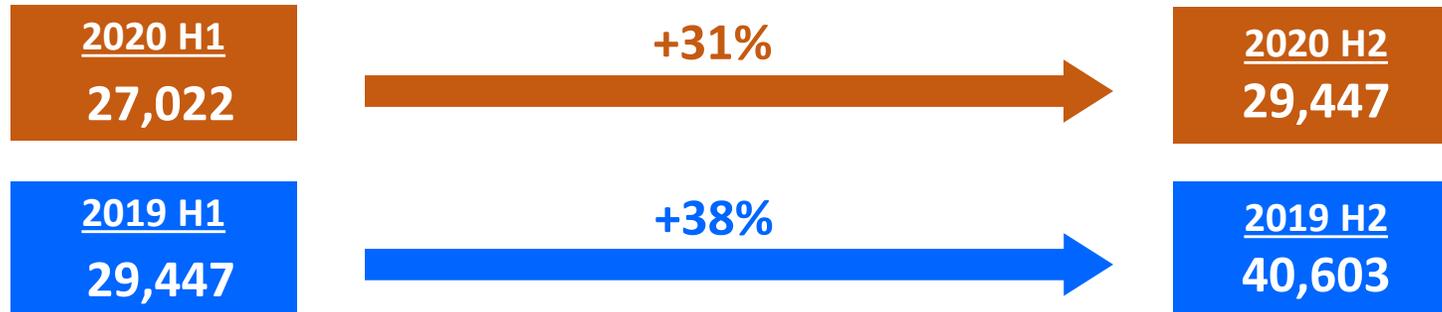
CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22F	'22F-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-0.2%	+5.0%
Capacity	3.8%	7.1%	14.7%	6.5%	2.4%	1.6%

# TOTAL MARKET VOLUME FOR 3M2021 GROWS +2.2%

vs. Same Period Last Year of -7.4%

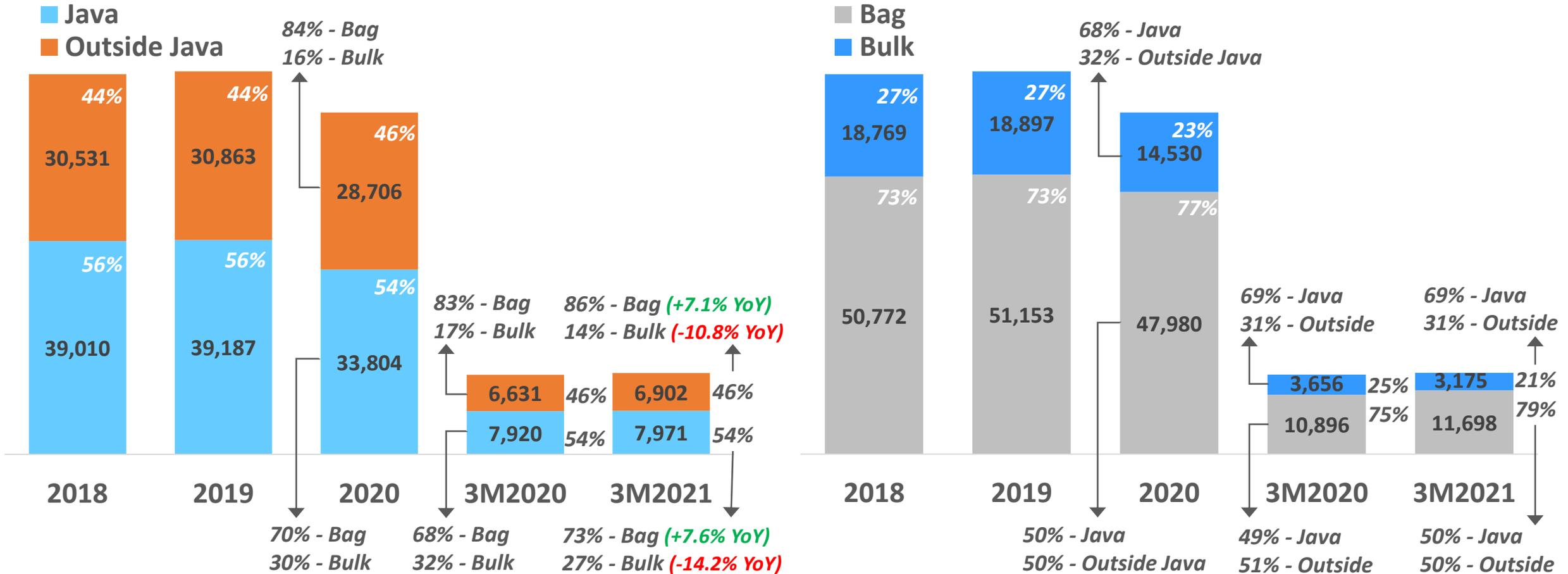


Source: Ministry of Industry



# JAVA-OUTSIDE & BAG-BULK MARKET

Volume in k ton



Source: Ministry of Industry

- Bag market portion continues to increase in both Java & outside Java with market portion of 79% in 3M2021 vs. 75% in 3M2020
- Bulk market still suffers contraction but it has been showing improvements from lesser YoY contractions from past few months

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\* PSAK 73 started to apply in Q4 2020 onwards

# FINANCIAL HIGHLIGHT



## Recovery in Revenues with Strong Cash Position

- ✓ Net Revenues % increase by +2.2% less than sales volume due to blend-in effect of **consolidation lower average price**
- ✓ Cost of Revenues increase by 1.7% due to **higher volume +5.5%**
- ✓ Resulted in **Gross Profit Improvement by 30bps** from 31.7% to 32.0%
- ✓ **EBITDA % decreases slightly** from 21.4% to 21.3% resulted from prior year's higher disposal of asset and higher forex gain
- ✓ **Operating Income maintains at 11.5%**
- ✓ **Profit for the Period is at IDR 351.3bio** or lower by -12.3% due to other attribute such as lower interest rate
- ✓ Maintain strong **Cash Position at IDR 7.9trn with 0 debt**

■ YTD Q1 2020    ■ YTD Q1 2021

## Operational Result



## Financial (IDR bio)

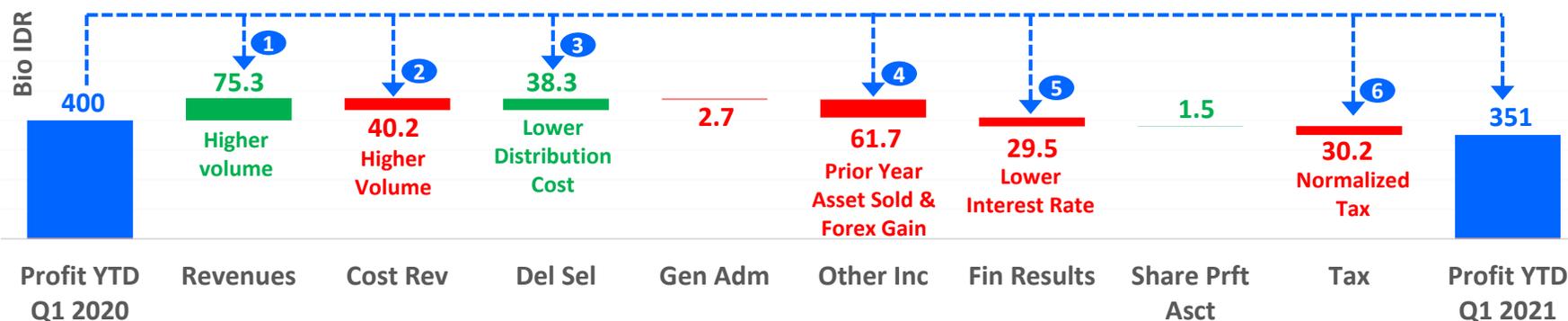


# CONSOLIDATED STATEMENT OF INCOME



Description	YTD Mar 2021	YTD Mar 2020	Variance	
	Bio IDR	Bio IDR	Bio IDR	%
Total sales volume (thousand tons)	4,214	3,994	220.7	5.5%
Domestic Sales Volume (thousand tons)	4,119	3,972	146.7	3.7%
Export Sales Volume (thousand tons)	95	21	74.0	344.7%
<b>Net Revenues</b>	<b>3,438.0</b>	<b>3,362.8</b>	<b>75.3</b>	<b>2.2%</b>
<b>Cost of Revenues</b>	<b>-2,338.5</b>	<b>-2,298.3</b>	<b>-40.2</b>	<b>-1.7%</b>
<b>Gross Profit</b>	<b>1,099.6</b>	<b>1,064.5</b>	<b>35.1</b>	<b>3.3%</b>
<i>% of Net Revenues</i>	<b>32.0%</b>	<b>31.7%</b>		
<b>Operating Expenses</b>	<b>-735.3</b>	<b>-770.9</b>	<b>35.7</b>	<b>-4.6%</b>
<b>Other Operating Expense - Net</b>	<b>31.2</b>	<b>92.9</b>	<b>-61.7</b>	<b>-66.4%</b>
<b>Operating Income</b>	<b>395.5</b>	<b>386.4</b>	<b>9.1</b>	<b>2.4%</b>
<i>% of Net Revenues</i>	<b>11.5%</b>	<b>11.5%</b>		
<b>EBITDA</b>	<b>731.0</b>	<b>721.1</b>	<b>9.9</b>	<b>1.4%</b>
<i>% of Net Revenues</i>	<b>21.3%</b>	<b>21.4%</b>		
<b>Finance Income - Net</b>	<b>38.2</b>	<b>67.7</b>	<b>-29.5</b>	<b>-43.6%</b>
<b>Share of Net Profit of Associates - Net</b>	<b>5.7</b>	<b>4.2</b>	<b>1.5</b>	<b>36.1%</b>
<b>Final Tax</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.0</b>	<b>-39.1%</b>
<b>Profit before Income Tax Expense</b>	<b>439.2</b>	<b>458.2</b>	<b>-18.9</b>	<b>-4.1%</b>
<b>Income Tax Expense - Net</b>	<b>-87.9</b>	<b>-57.7</b>	<b>-30.2</b>	<b>52.3%</b>
<b>Profit for the Period</b>	<b>351.3</b>	<b>400.4</b>	<b>-49.1</b>	<b>-12.3%</b>
<b>Other Comprehensive Loss for the Period, Net of Tax</b>	<b>0.3</b>	<b>2.0</b>	<b>-1.7</b>	<b>86.5%</b>
<b>Total Comprehensive Income for the Period</b>	<b>351.6</b>	<b>402.4</b>	<b>-50.8</b>	<b>-12.6%</b>

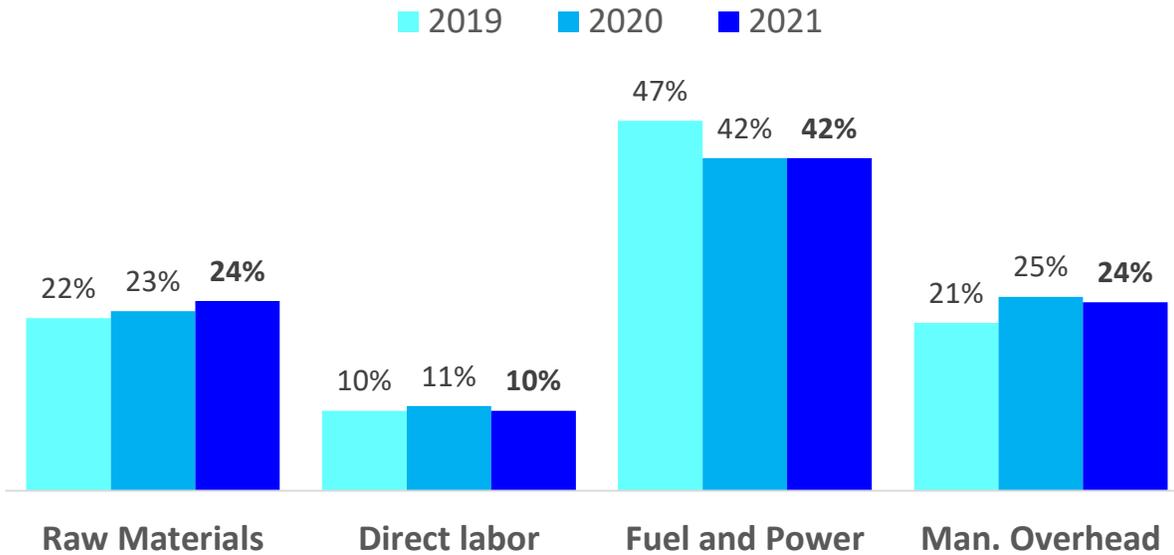
1. Revenues increase by +2.2% less than sales volume increase due to blend-in effect of lower overall average selling price
2. Volume increase, nevertheless offset by lower cost per ton due to additional efficiency despite increase in coal market price
3. Higher operational efficiency of plant transportations and delivery to customer along with tight monitoring kept the fixed cost checked
4. Prior year includes higher disposal of asset and higher forex gain
5. BI policy to counter pandemic with lower rate policy trigger to trend down of deposit rate
6. Income Tax Expense – Net last year was affected from tax assets adjustment for new tax rate policy (25% to 22%)
7. Underlying operational performance better than prior year excluding impact on lower finance income and normalized income tax expenses



# OPERATING EFFICIENCIES & COST DISCIPLINE

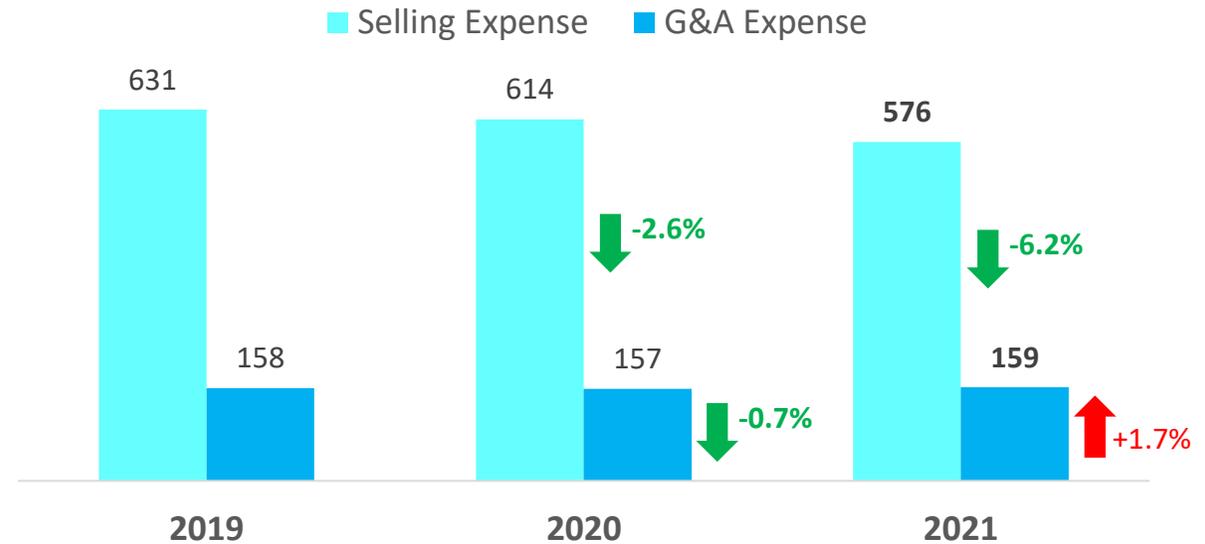


## YTD Q1 Composition of Manufacturing Cost



- Raw Materials increase is due to higher consumption as volume increases
- Continuous increase in consumption of low-CV coals & alternative fuels allow us to maintain the Fuel & Power cost ratio despite of the recent coal price hike
- Manufacturing Overhead ratio improves due to higher volume in Q1 2021 vs. same period last

## YTD Q1 Operating Expenses (bio IDR)

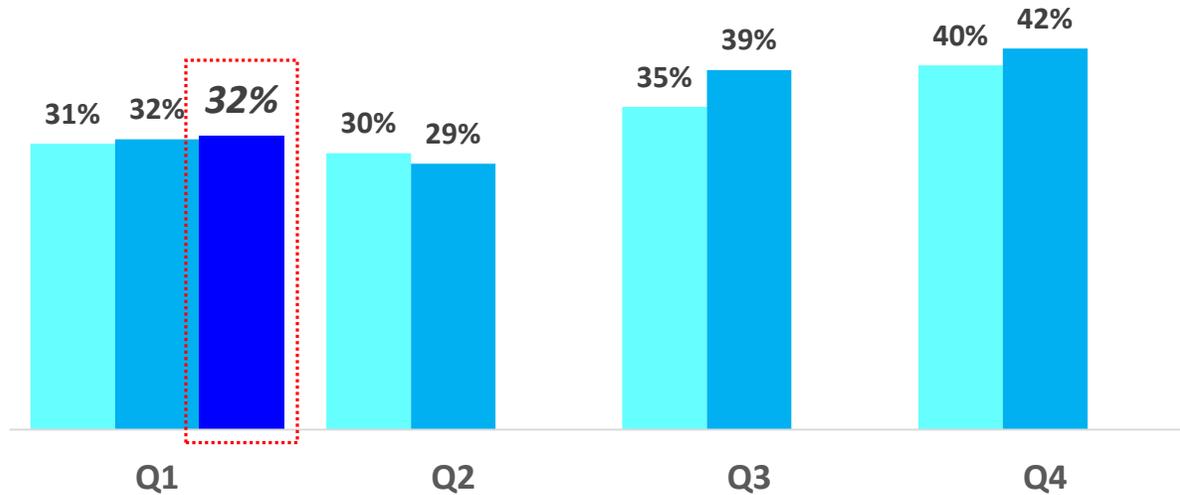


- Lower Selling Expense is mainly from higher operational efficiency of plant transportation and delivery to customer
- General & Administration Expense is due to timing of some expenses

# CONTINUOUS FIXED COST MONITORING

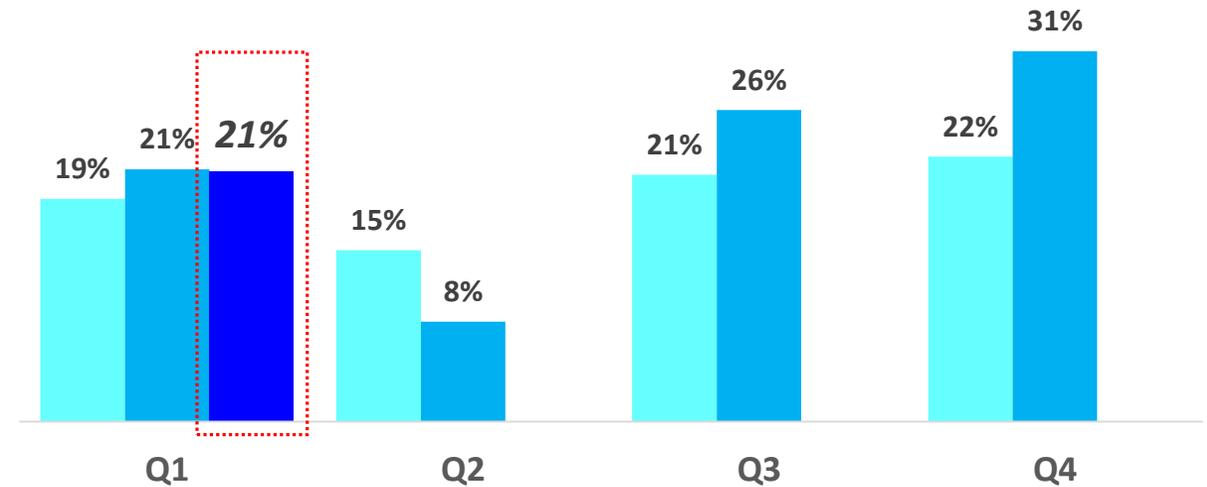
## Gross Margin Development

2019 2020 2021



## EBITDA Margin Development

2019 2020 2021



Maintaining Healthy Margin, the Company continues to focus on:

- **Operational Excellence Program**
- **Fixed Cost Reduction Program**
- **Managing Efficient Kiln Utilization**
- **Digital Transformation**

# CONSOLIDATED BALANCE SHEET



Description	Mar 31, 2021 Bio IDR	Dec 31, 2020 Bio IDR	Variance	
			Bio IDR	%
<b>Current Assets</b>	12,569.8	12,299.3	270.5	2.2%
<b>Non-Current Assets</b>	14,762.2	15,045.4	-283.1	-1.9%
<b>Current Liabilities</b>	3,892.0	4,216.0	-323.9	-7.7%
<b>Non-Current Liabilities</b>	912.2	952.5	-40.3	-4.2%
<b>Equity</b>	22,527.8	22,176.2	351.6	1.6%
<b>Total Assets = Total Liabilities + Equity</b>	27,332.1	27,344.7	-12.6	0.0%

- Cash and Cash Equivalents of IDR 7.9tr as of end of March 2021
- Capex spending plan for 2021 is IDR 1.2tr and realization as of March 2021 is < IDR 0.1tr
- Indocement distributed dividend two times in 2020:
  - From the Annual General Meeting of Shareholders on July 28<sup>th</sup>, 2020 (FY 2019), total dividend to be distributed was IDR 1,841bio or IDR500/share
  - Additional Interim Dividend (FY2020) decided on November 30<sup>th</sup>, 2020 with total dividend of IDR 828bio or IDR 225/share

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# Indonesia KOKOH Selamanya Marketing Campaign



An integrated marketing campaign titled “Indonesia KOKOH Selamanya” launched since March 2021 to inspire the people of Indonesia and revive their hopes, dreams, and ambitions to keep on solid and stronger overcoming challenges during the current pandemic.

## DIGITAL: 3 Inspirational Videos on YouTube



**1,242K Views**

[Kepercayaan yang Kokoh Selamanya - Aries Susanti Rahayu - YouTube](#)

**Aries Susanti Rahayu,**  
Women Speed Climbing World Champion



**973K Views**

[Kepercayaan yang Kokoh Selamanya - Artrien Adhiputri - YouTube](#)

**Dr. Artrien,**  
A mother, whose profession is a doctor,  
and a Covid 19 survivor



**553K Views**

<https://www.youtube.com/watch?v=0eEmv8CdMOK>

**Risqi,** a once successful events business owner who was forced to **close down** his **business** during the **pandemic**

## ABOVE THE LINE: New TVC



New TVC with a call to action to invite audience to watch the inspirational videos by visiting [sementigaroda.com](http://sementigaroda.com)

[Kepercayaan yang Kokoh Selamanya - Aries Susanti Rahayu \(Versi 15s\) - YouTube](#)

## DIGITAL: Social Media engagement Share Your KOKOH Story



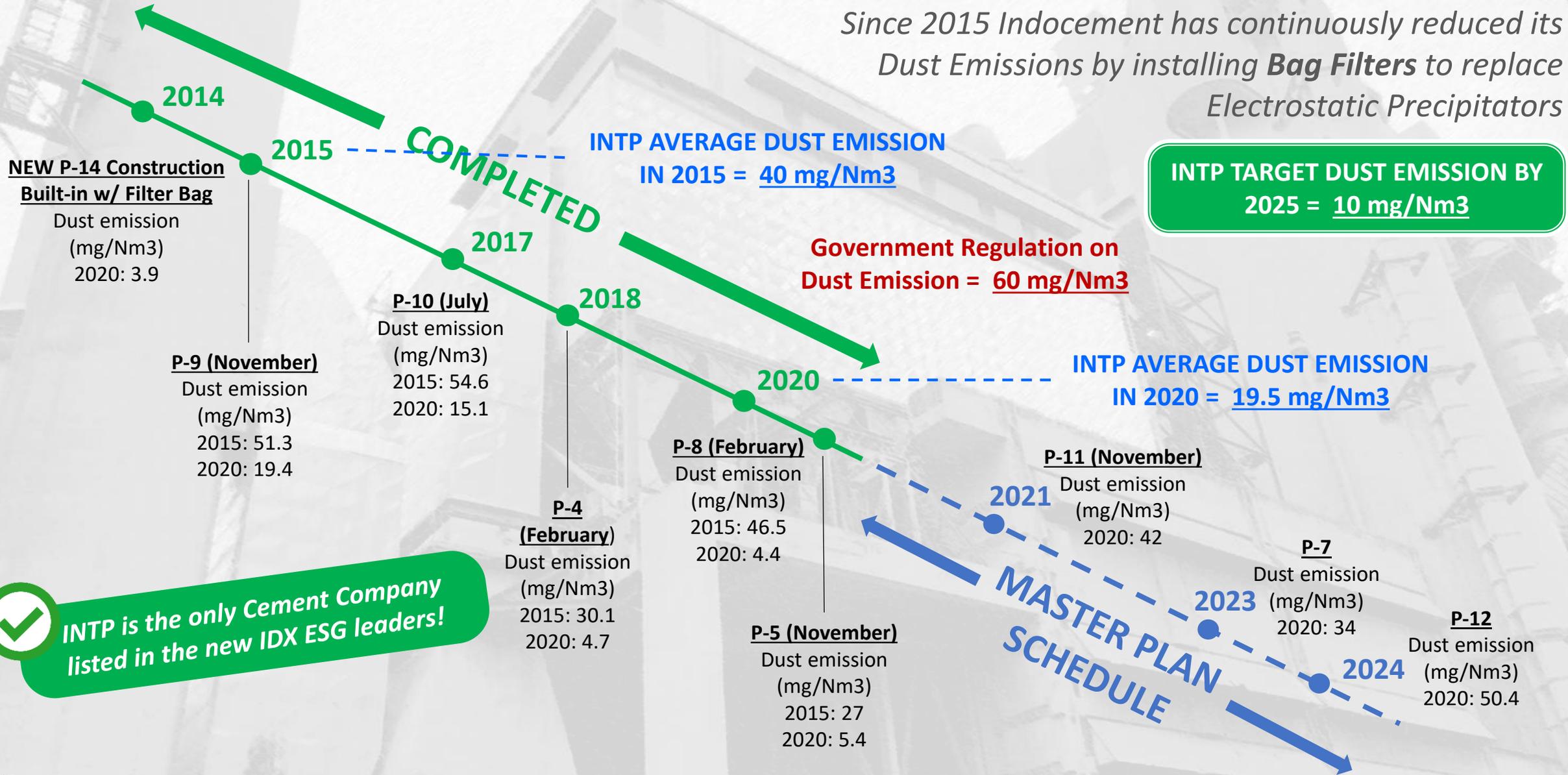
We invite netizens to share their inspirational stories to share the spirit to others and the story of the winner will be uploaded onto YouTube



# INDOCEMENT DUST EMISSION CONTROL



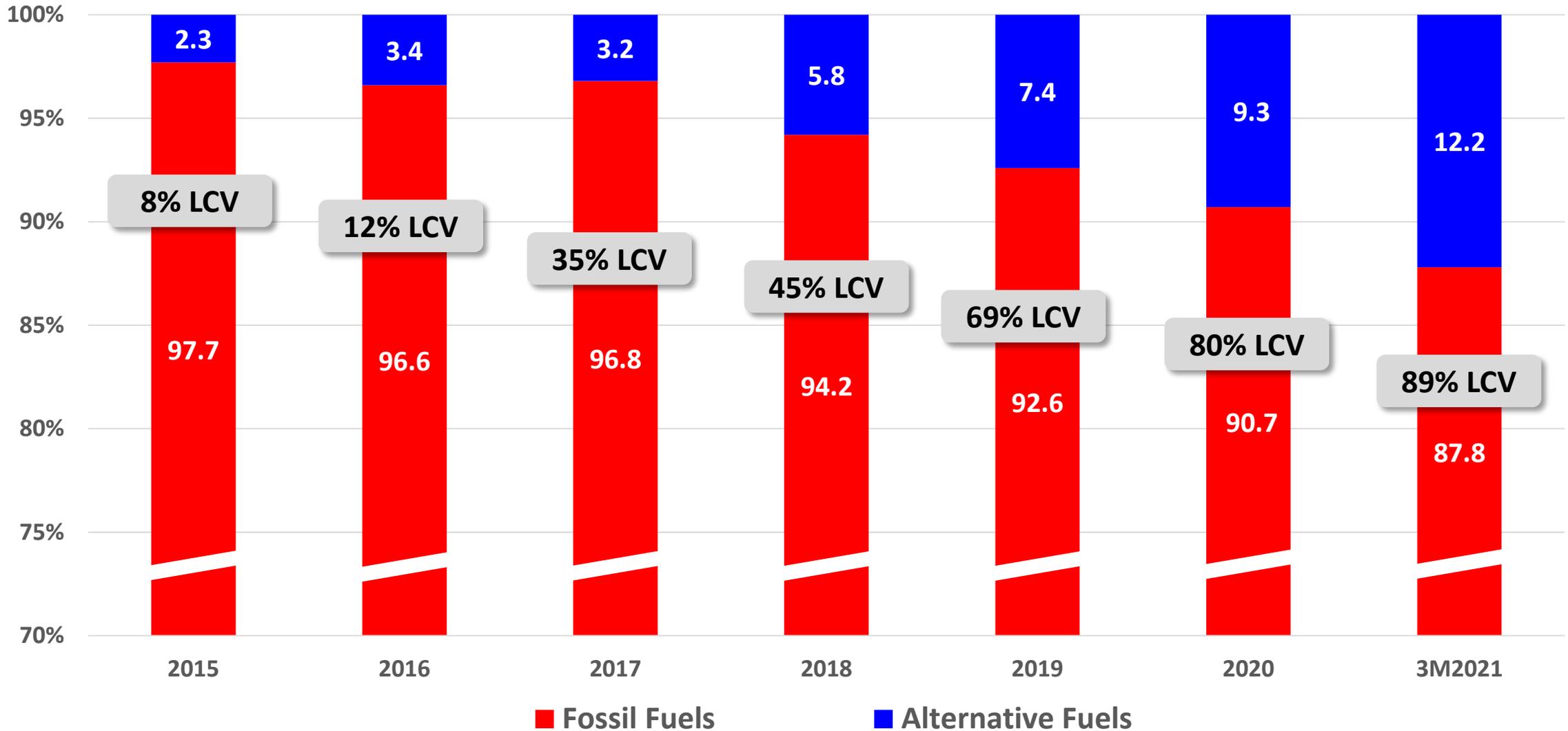
Since 2015 Indocement has continuously reduced its Dust Emissions by installing **Bag Filters** to replace Electrostatic Precipitators



**INTP is the only Cement Company listed in the new IDX ESG leaders!**

# Cost Efficiency Measure

Continuous improvement in alternative fuels year-on-year



# SALES DIGITAL TRANSFORMATION PROGRAM

Implementation of TIRO Sales Force Automation (SFA) & Distribution Management System (DMS) across Indonesia



## 2019 Development

TIRO System started its development as of 1<sup>st</sup> half of 2019

1H

Aug

### Start

TIRO was first implemented in BALI



## Java Area Covered

Java, the biggest market & distributorship in Indonesia completed in late 2019



Dec

## 2020

## All Indonesia Covered



Dec

## 2021

2021 will be the optimization year after all information from market is fully captured using TIRO SFA & DMS.

SMARTER FASTER BETTER



**39,000**  
Customers

**878** All User      **541** Frontline

**±8,000** Retail Transaction      **±1,000** Visit & Survey

**Daily**

## 2019

# INTRODUCING HYDRAULIC CEMENT



- ✓ Hydraulic Cement is a “**Hybrid Cement**” that combines superior performance on **workability, durability, and high compressive strength**
- ✓ Hydraulic Cement formulation can be **customized** based on **application needs**
- ✓ Hydraulic Cement formulation is **focused on Performance Requirement**, not composition of materials
- ✓ We can **design material composition** to achieve **performance requirement** from customers

## KEY BENEFITS OF HYDRAULIC CEMENT

- Compressive Strength similar as OPC at early days, but higher strength at long term
- Better workability and lower trend to bleeding
- Low heat of hydration
- Lower permeability
- Prevention of Alkali-aggregate reaction
- Higher elastic modulus due to the lower hydration rate compared to OPC, reducing the risk of cracking due to shrinkage or expansion
- Resistance to sulphate & chloride attacks
- CO2 reduction
- Conserves the resources of mineral, fuel and energy

**SELAMANYA KOKOH TERPERCAYA**

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# Outlook of Indonesian Cement Market



- ✔ **2021 demand growth is estimated at +5% from last year** as we foresee higher volume of bulk sales for the 2<sup>nd</sup> half of the year:
  - Infrastructure budget back to pre-Covid level; Private Commercial projects and Residential housings look to start their construction after Idul Fitri (project tender and awarding are on-going)
  - Creation of Sovereign Wealth Fund to attract more investment for infrastructure projects
  - Multiplier effect from Infrastructure projects to boost industrial zone & factories development
  
- ✔ **Overall price discipline is expected to remain intact** despite of recent hike of coal & fuel price as well as kraft paper price. However competition in East Java for 2<sup>nd</sup> tier brand needs to be monitored continuously and in Central Java, as new player is expected to come into the market possibly by Q3 2021
  
- ! Despite of the gradual economy recovery including expected positive outcome from the vaccination process, **the pandemic situation remains to be the uncertainty factor** as it will determine the Government's action for the economy recovery
  
- ! **ODOL Policy (Over Dimension & Over Loading) which will increase all cement players trucking cost significantly.** Sporadic enforcement applied by Transportation Ministry & Police on toll-road. The full enforcement is planned to be applied by 2023
  
- ✔ **Green Cement (Concrete)** is instructed by Public Works Ministry to be used for Infrastructure and Government projects. ***Indocement as the only Cement company in the ESG Index member*** will be ready to produce and supply Green Cement (PCC, Duracem-Slag Cement & Hydraulic Cement)

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SELAMANYA  
**KOKOH**  
TERPERCAYA



## KETAHUI PRINSIP ARSITEKTUR AGAR BANGUNAN TETAP **KOKOH**



Master  
*Inovasi*

**THANK YOU**