

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

YTD Q3 2021 Financial Results
November 12, 2021



SMARTER FASTER BETTER

KEY MESSAGE Q3 2021



- Cement Market grew by +5.5% for YTD Q3 2021 with both Bag and Bulk markets in positive territory of +6.9% and +0.9% respectively
- Key indicator for our results by YTD Q3 2021:
 - Cement Sales Volume: +6.9% (Domestic Sales Vol: +4.9% and Export: + 288.0%)
 - Revenues: +4.5%
 - Operating Income: +26.7%
 - EBITDA: +17.6%
- Maintaining strong cash position at IDR 6.8tr after last dividend payout in August
- On-Track on our Sustainability Strategy in more environmental-friendly operation:
 - Continue to increase alternative fuel usage from 9.3% (FY2020) to 11.8% by September 2021
 - Significant Scope 1 reduction of CO₂: from 635 kg CO₂/t.cem in 2019 to 623 kg CO₂/t.cem in 2020 and further reduction to **606 kg CO₂/t.cem by September 21 with final target of 580 kg CO₂/t.cem** in 2025
 - The market acceptance of our more environmentally friendly cement Hydraulic Cement is increasing
- Digitalization & Automation is on-going project for our Sales & Supply Chain transformation and for installing Expert system in our plant operation

AGENDA



Indonesia Cement Industry

Financial Update YTD Q3 2021

Sustainability Strategy & Investment

Cement Market Outlook

Q & A

INDONESIA CEMENT INDUSTRY AT GLANCE

Strong footprint in West Java as key advantage for Indocement

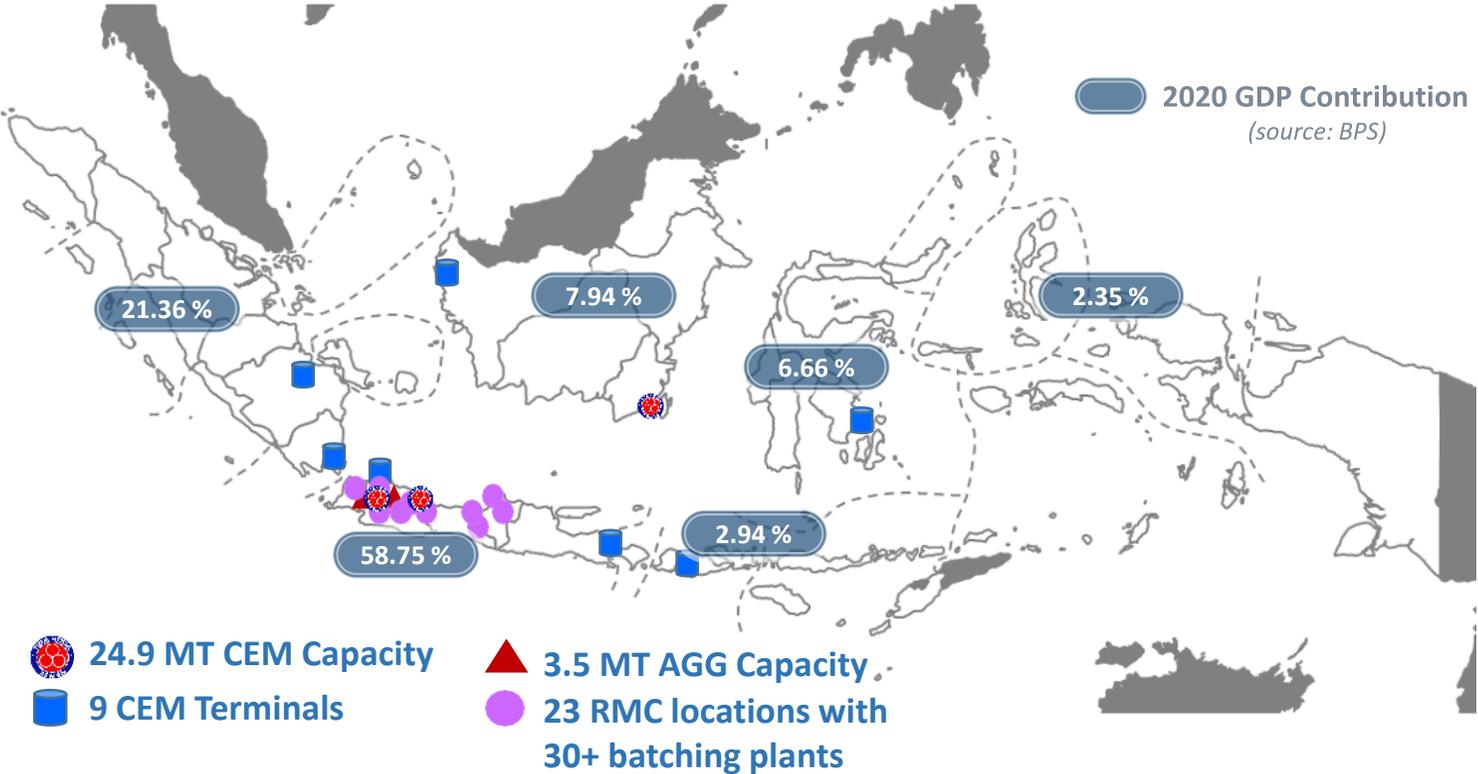
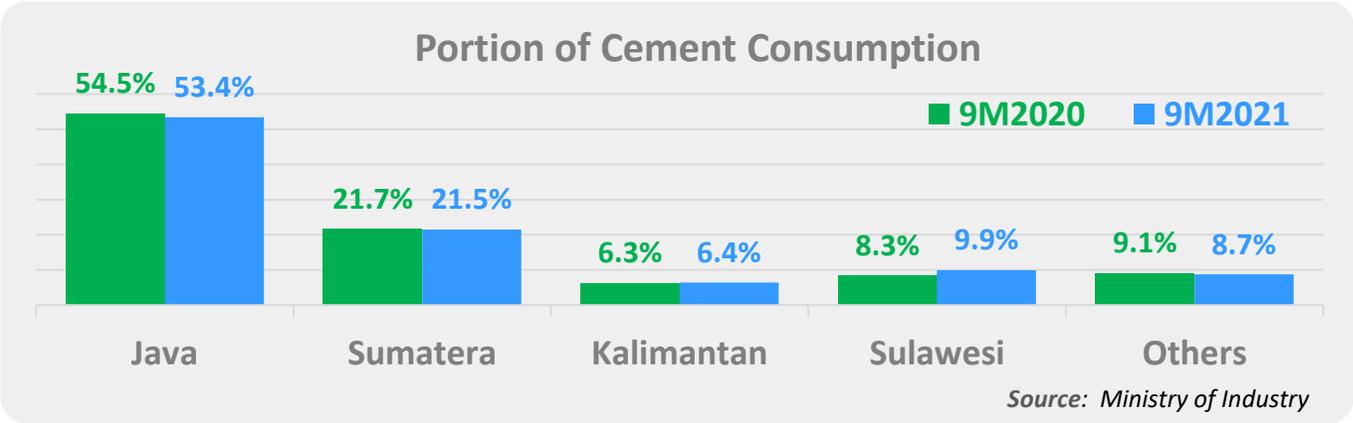


Indonesia Facts

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 Cement Player : ~20
 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**



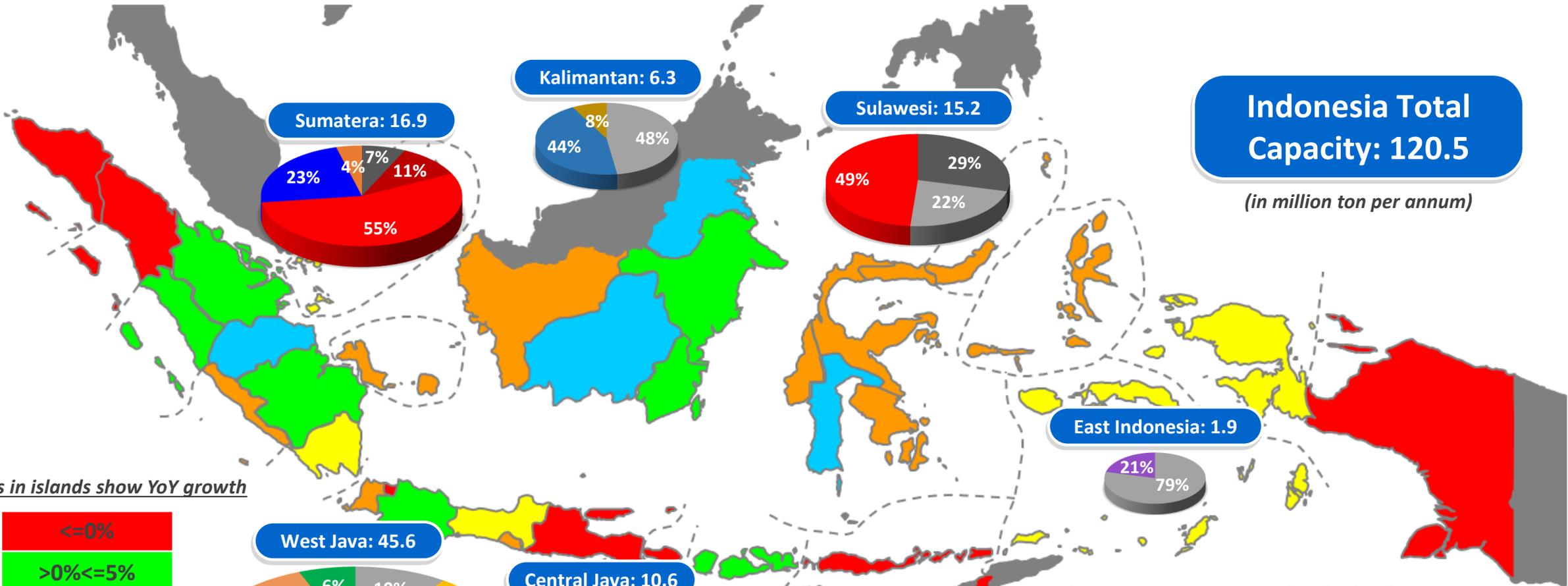
INDONESIA CEMENT LANDSCAPE 2021

Recovery in YTD Q3 2021 with YoY Growth of +5.5%



Indonesia Total Capacity: 120.5

(in million ton per annum)



Colors in islands show YoY growth



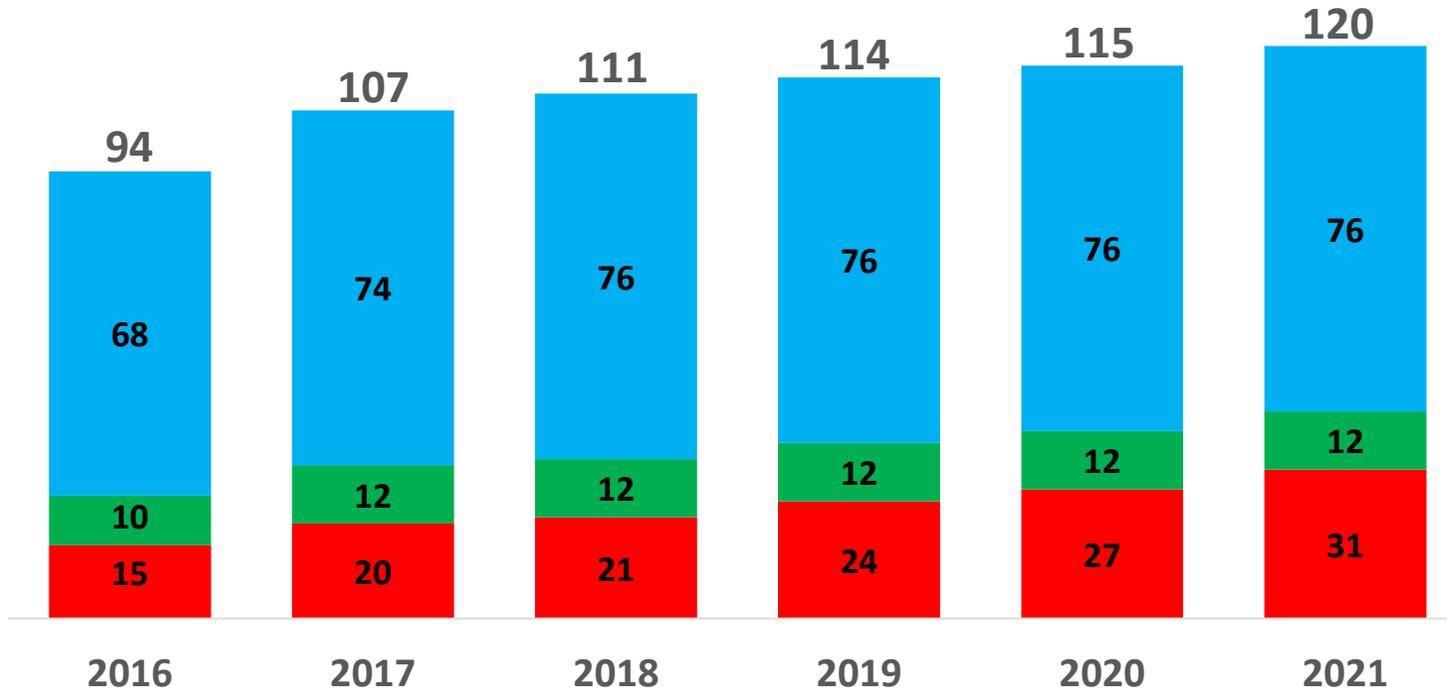
Pie charts represent capacity distribution:



Source: Ministry of Industry with Internal Indocement Projection Data

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 Q4 2021)**
-  **9. Panasia: 1%**
-  **10. Siam Cement: 1%**

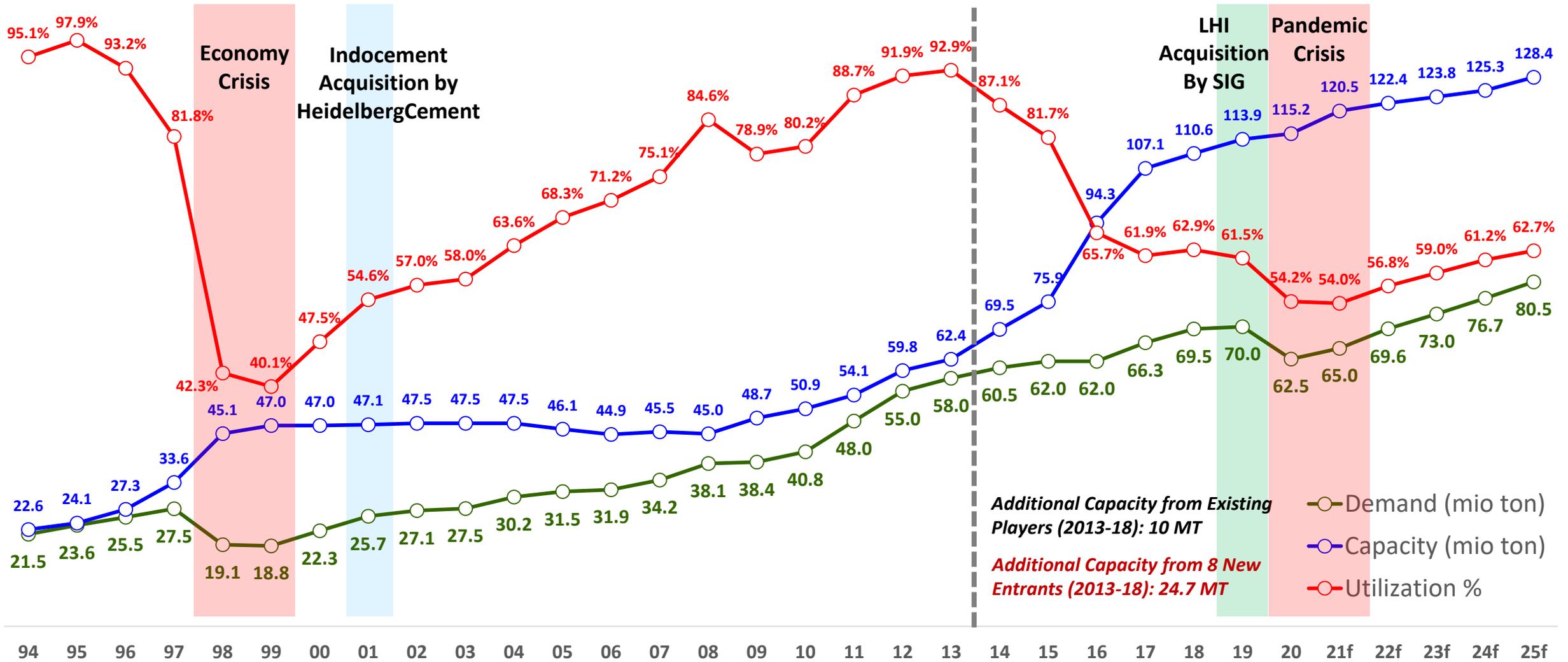
Juishin, Semen Kupang, Puger, Hao Han, Sun Fook, and Semen Jakarta: 3%

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

Capacity to grow about 4.6% in 2021

CEMENT MARKET EVOLUTION

Optimistic Demand Growth in 2021 and Above



Source: Ministry of Industry with Internal Indocement Projection Data

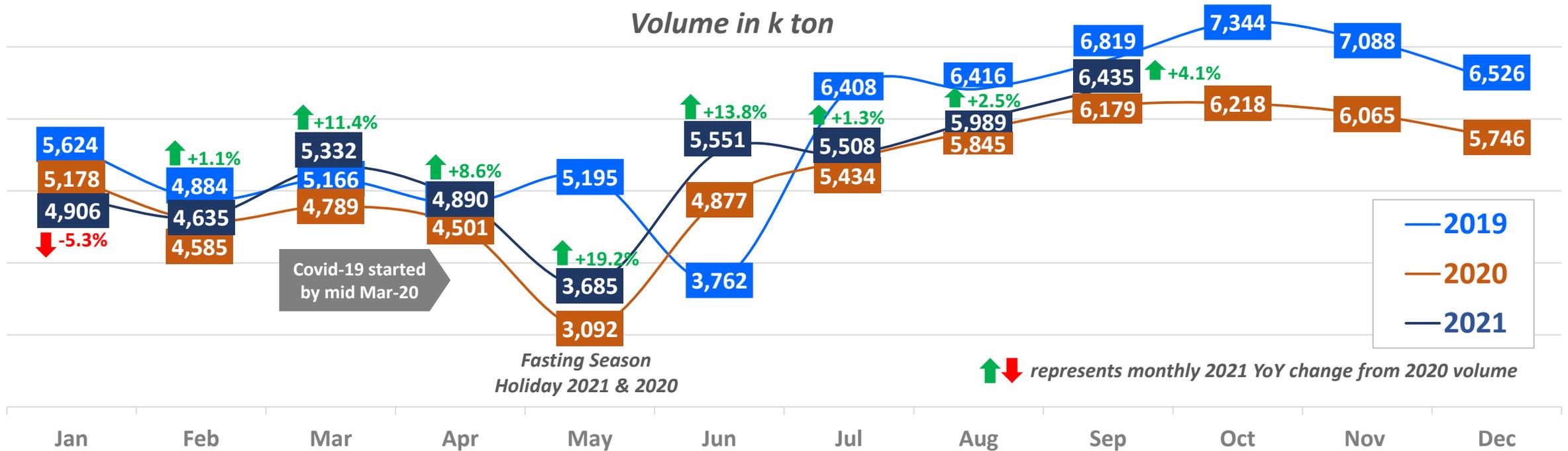
CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22F	'22F-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-0.2%	+5.0%
Capacity	+3.8%	+7.1%	+14.7%	+6.5%	+2.4%	+1.6%

TOTAL MARKET VOLUME FOR 9M2021 GROWS +5.5%

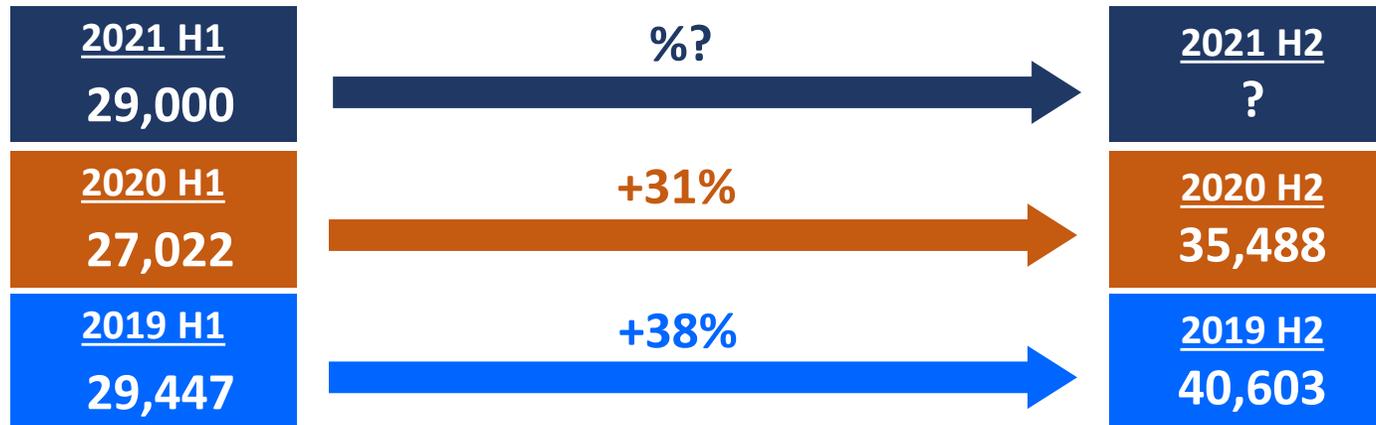
vs. Same Period Last Year of **-9.4%**



Volume in k ton

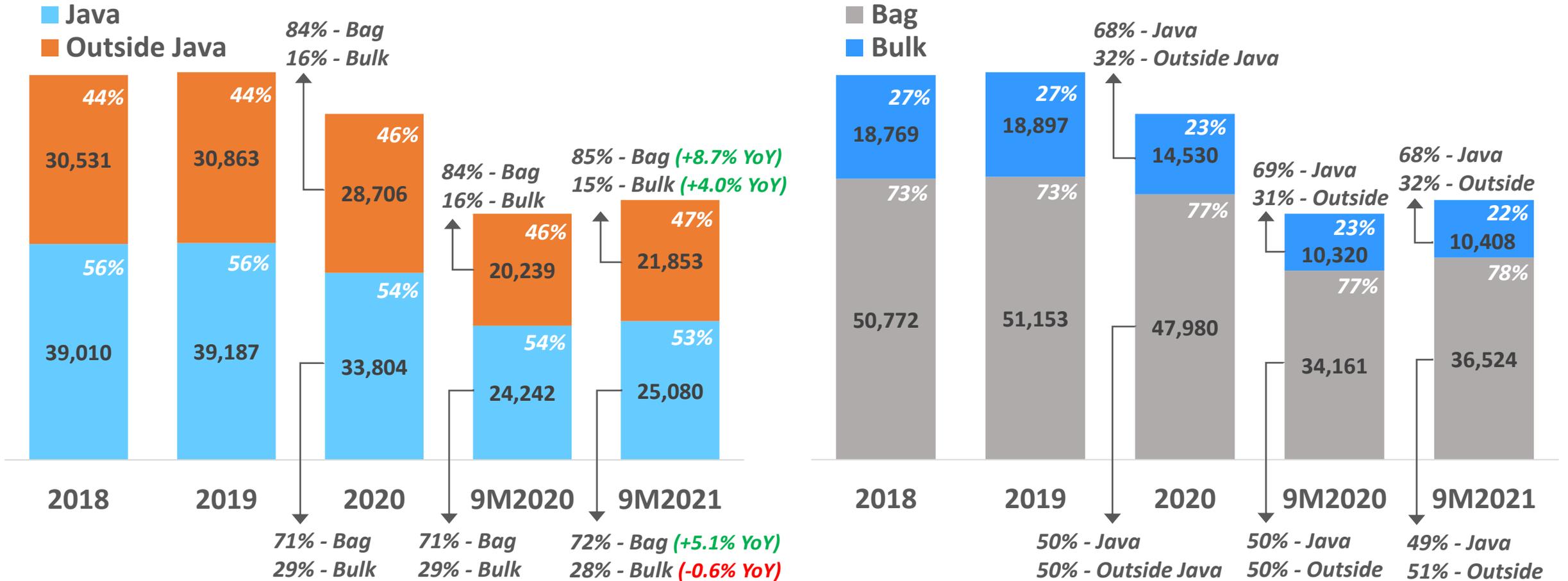


Source: Ministry of Industry



JAVA-OUTSIDE & BAG-BULK MARKET

Volume in k ton



Source: Ministry of Industry

- 9M2021 recovery for Outside Java is at +8.0% vs. Java of +3.5%, increasing Outside Java market portion slightly from 46% to 47%
- Overall Bag market portion also increases compared to last year



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* PSAK 73 started to apply in Q4 2020 onwards

FINANCIAL HIGHLIGHT

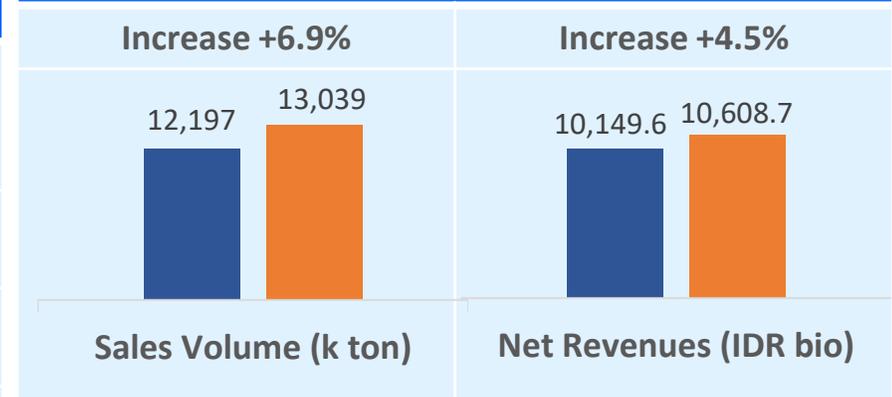


Recovery in Financial Results

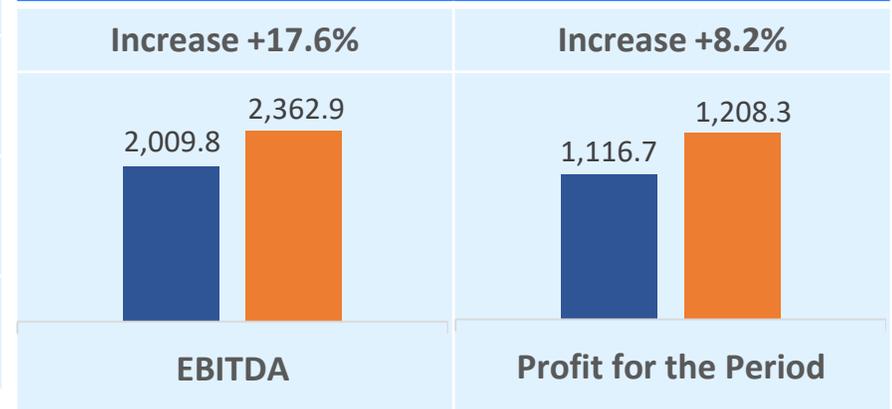
- ✓ **Net Revenues increases by +4.5%** less than increase in sales volume due to blend-in effect of lower average price
- ✓ Cost of Revenues increases by -4.5% following **higher sales volume**
- ✓ **Gross Profit margin maintains at 33.9%**
- ✓ **EBITDA margin improves from 19.8% to 22.3%** mostly from gain in Other Operating Income
- ✓ **Operating Income increases from 11.0% to 13.3%**
- ✓ **Profit for the Period is at IDR 1,208.3, higher by +8.2%**
- ✓ **Strong Cash Position at IDR 6.8 trn with 0 debt**

■ YTD Q3 2020 ■ YTD Q3 2021

Operational Result



Financial (IDR bio)

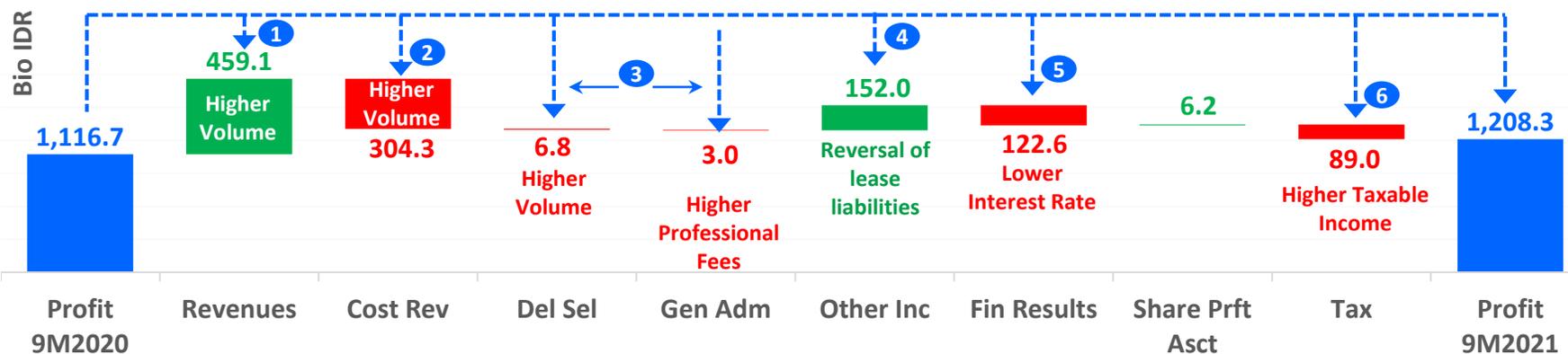


CONSOLIDATED STATEMENT OF INCOME



Description	YTD Sep 2021	YTD Sep 2020	Variance	
	Bio IDR	Bio IDR	Bio IDR	%
Total sales volume (thousand tons)	13,039	12,197	842.3	6.9%
Domestic Sales Volume (thousand tons)	12,705	12,111	594.8	4.9%
Export Sales Volume (thousand tons)	333	86	247.5	288.0%
Net Revenues	10,608.7	10,149.6	459.1	4.5%
Cost of Revenues	-7,016.4	-6,712.1	-304.3	-4.5%
Gross Profit	3,592.3	3,437.5	154.8	4.5%
<i>% of Net Revenues</i>	<i>33.9%</i>	<i>33.9%</i>		
Operating Expenses	-2,319.4	-2,309.6	-9.8	-0.4%
Other Operating Expense - Net	137.8	-14.1	152.0	1075.5%
Operating Income	1,410.7	1,113.8	296.9	26.7%
<i>% of Net Revenues</i>	<i>13.3%</i>	<i>11.0%</i>		
EBITDA	2,362.9	2,009.8	353.1	17.6%
<i>% of Net Revenues</i>	<i>22.3%</i>	<i>19.8%</i>		
Finance Income - Net	112.8	235.2	-122.3	-52.0%
Share of Net Profit of Associates - net	16.9	10.7	6.2	57.8%
Final Tax	-0.2	-0.2	0.0	0.8%
Profit before Income Tax Expense	1,540.2	1,359.4	180.8	13.3%
Income Tax Expense - Net	-331.9	-242.7	-89.3	-36.8%
Profit for the Period	1,208.3	1,116.7	91.5	8.2%
Total Comprehensive Income for the Period	1,214.0	1,105.2	108.8	9.8%

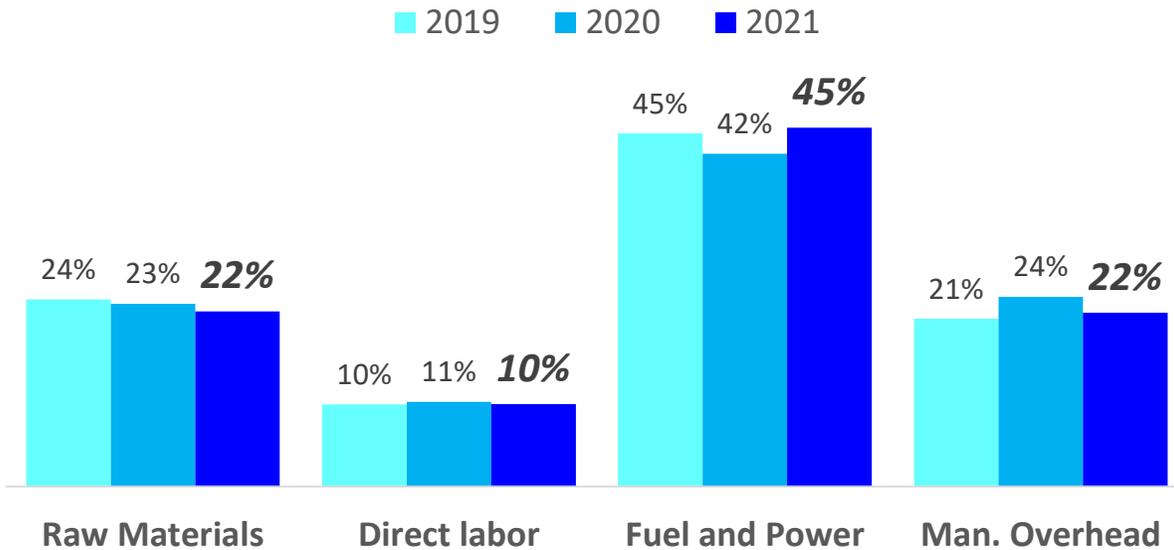
1. Sales volume increases by +6.9% followed by Net Revenues increases of +4.5% due to lower average selling price from higher sales of export (mostly clinker)
2. Increase in Cost of Revenues follows higher sales volume
3. Operating Expenses is slightly higher and under control due to higher operational efficiency of plant transportation and delivery to customer
4. Last year Other Operating Income (Expense) – Net there was impairment loss of IDR 73.5bio on machinery & equipment. This year gains are from reversal of lease liabilities, forex gain (time deposit), & scrap sales
5. Lower Interest Rate gain due to this year lower Interest Rate
6. Increase in Income Tax Expense – Net following higher taxable income as impact of higher income from operation



OPERATING EFFICIENCIES & COST DISCIPLINE

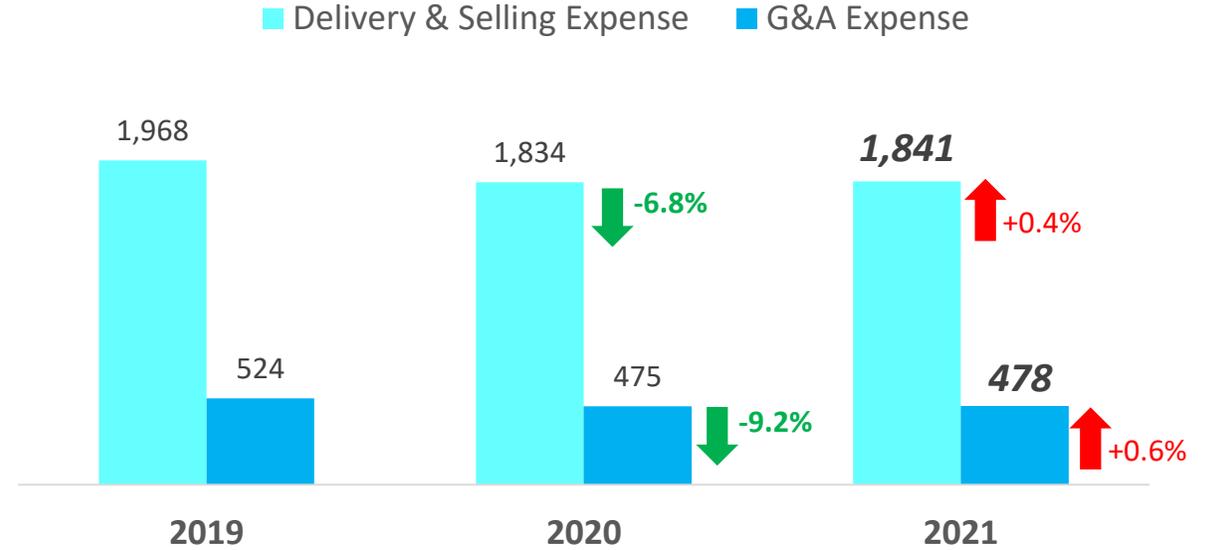


YTD Q3 Composition of Manufacturing Cost



- Higher Fuel & Power composition is due to spike in coal price
- Manufacturing Overhead composition improves due to higher YTD Q3 volume vs. same period last

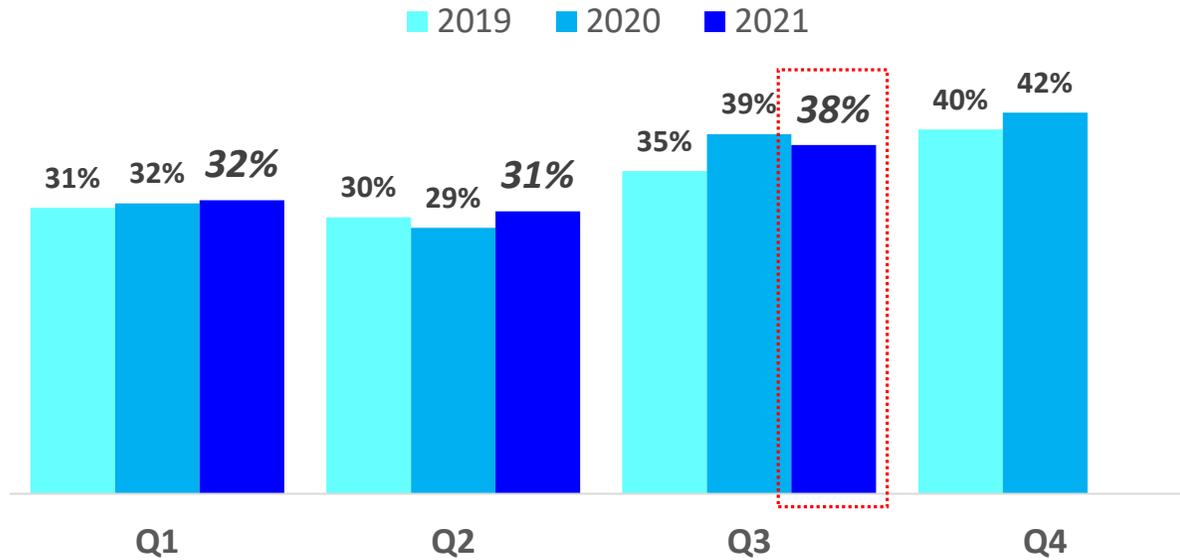
YTD Q3 Operating Expenses (bio IDR)



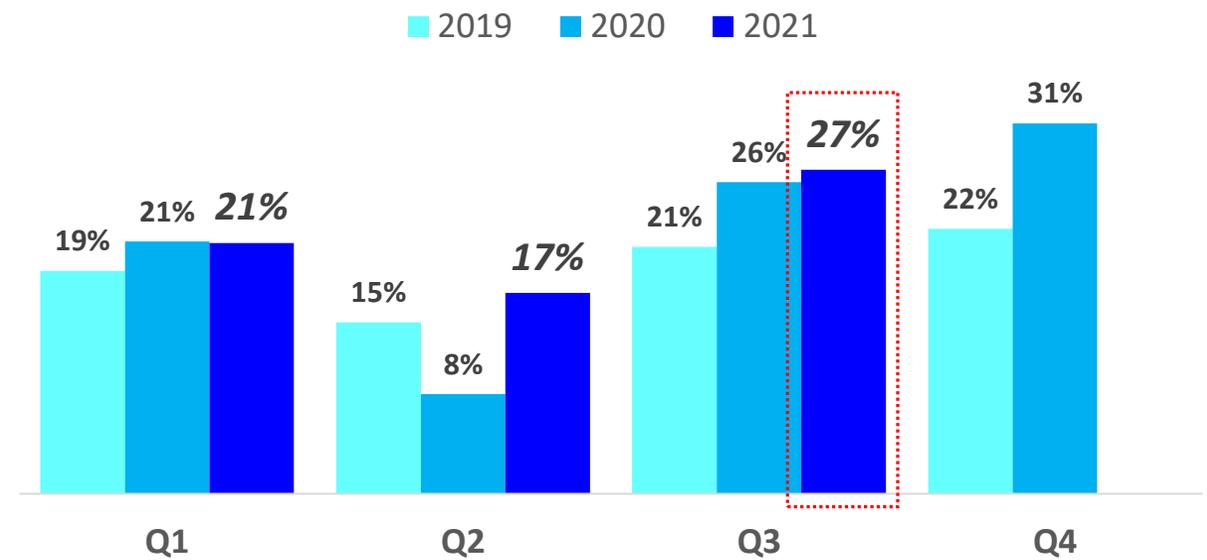
- Delivery & Selling including G&A Expenses are slightly higher following higher sales volume

CONTINUOUS FIXED COST MONITORING

Gross Margin Development



EBITDA Margin Development



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	Sep 30, 2021	Dec 31, 2020	Variance	
	Bio IDR	Bio IDR	Bio IDR	%
Current Assets	11,834.8	12,299.3	-464.5	-3.8%
Non-Current Assets	14,421.7	15,045.4	-623.7	-4.1%
Current Liabilities	3,757.7	4,216.0	-458.3	-10.9%
Non-Current Liabilities	949.2	952.5	-3.3	-0.3%
Equity	21,549.7	22,176.2	-626.6	-2.8%
Total Assets = Total Liabilities + Equity	26,256.5	27,344.7	-1,088.2	-4.0%

- Cash and Cash Equivalents of IDR 6.8tr as of end of September 2021
- Capex spending plan for 2021 is IDR 1.1tr and realization as of September 2021 is IDR 317bio

<i>In Bio IDR</i>	2015	2016	2017	2018	2019	2020
Net Income	4,357	3,870	1,860	1,146	1,835	1,806
Dividend**	1,528	3,420	2,577	2,025	1,841	2,669
% of Dividend Payout	35.1%	88.4%	138.6%	176.7%	100.3%	148%
% of Dividend Yield**	1.9%	6.0%	3.2%	3.0%	2.6%	5.0%

* Distributed in the following year

** End of prior year stock price

AGENDA



Indonesia Cement Industry

Financial Update YTD Q3 2021

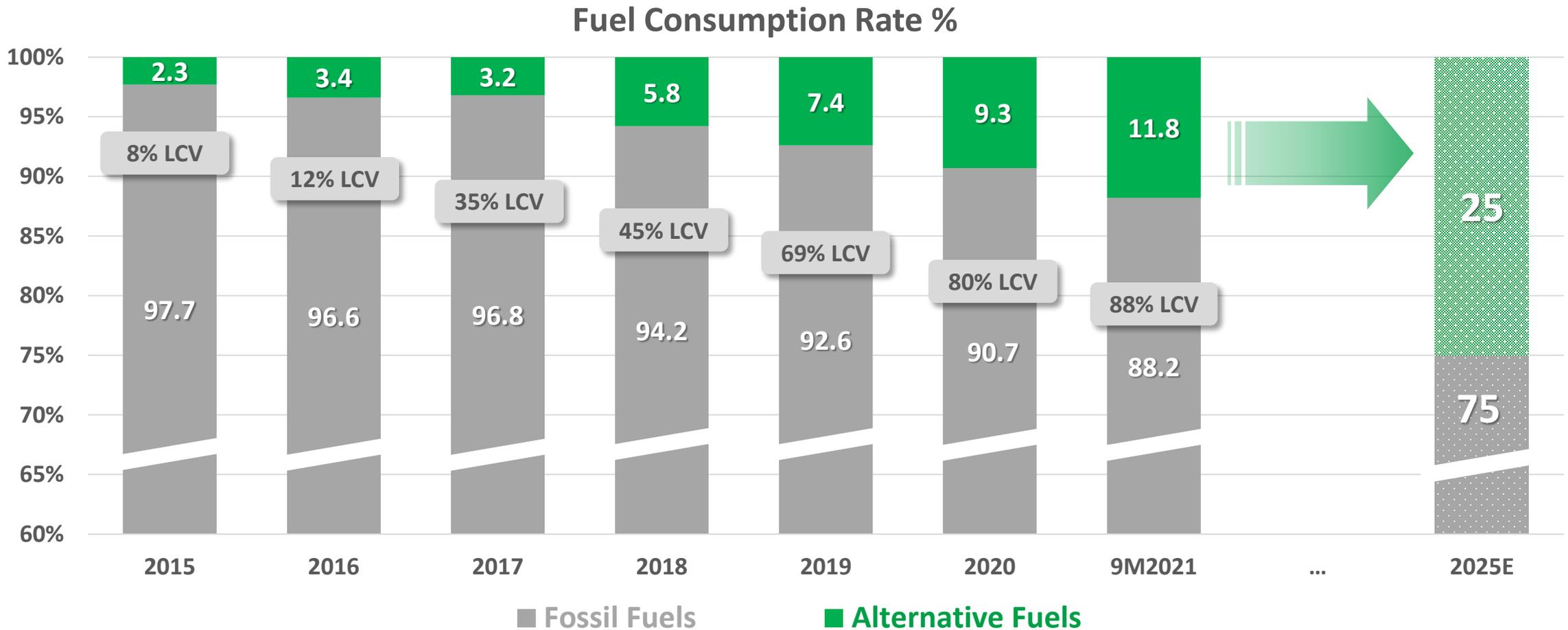
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Increasing Alternative Fuel to Replace Fossil Fuels

Continuous Cost Efficiency improvement in alternative fuels and higher LCV coal usage

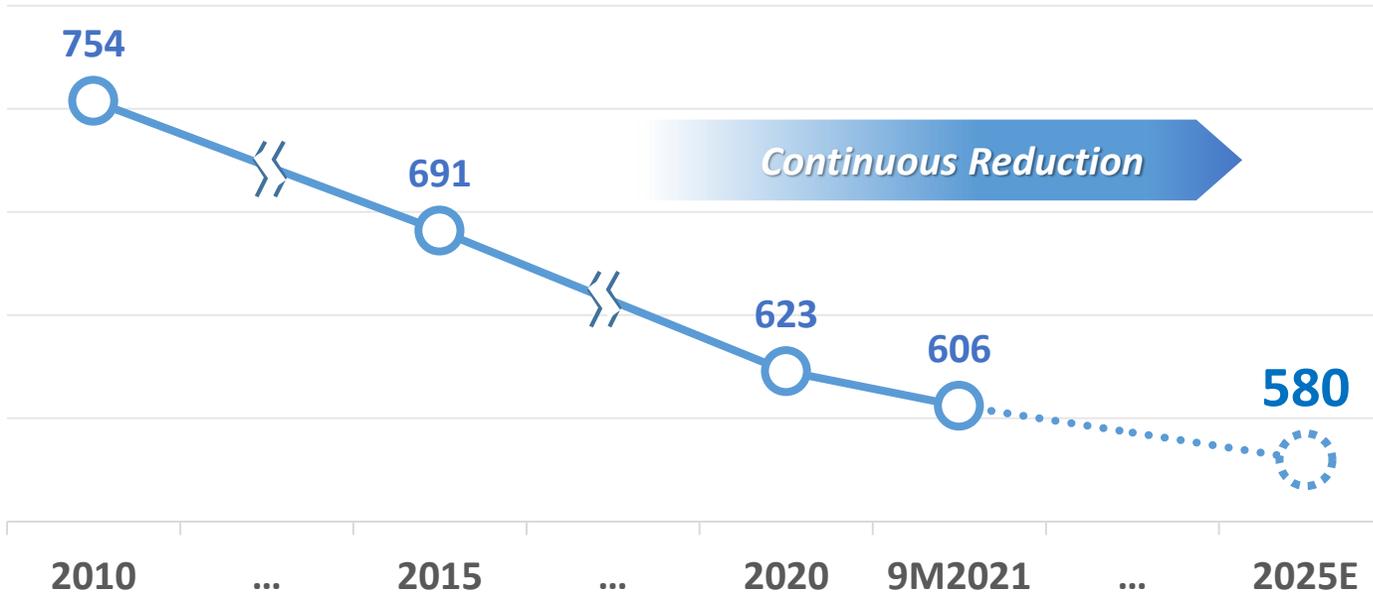


Indocement has invested >IDR 1trillion for Sustainability (environmental related) Capex in the past 5 years

Lowering CO₂ Emissions in our Production Facility



Scope 1 (kg CO₂/t cement equivalent)



Parameter	Unit	Government Standard	INTP 9M21
SOx	mg/Nm ³	650	328
NOx	mg/Nm ³	850	224

Indocement's 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

- Indocement Energy Management Team supported by HeidelbergCement Technology Centre (HTC) has developed energy conservation program and a ROAD-MAP plan for energy efficiency and CO₂ reduction
- **Our goal by 2025 is to reduce Scope 1 Emissions to 580kg CO₂/t cement equivalent:**
 - ✓ Increase alternative fuel by 25 % in 2025
 - ✓ Use more alternative raw materials, substituting clinker
 - ✓ Introduce Hydraulic Cement, Slag Cement & PCC for OPC replacement in stages (Bulk Cement)
 - ✓ Renewable energy for electricity source

“ENVIRONMENTALLY FRIENDLY” PRODUCTS of TIGA RODA



- With the concept of a strong, durable and environmentally friendly construction, we produce several types of **GREEN CEMENT** products:

- ✓ *Semen Portland Komposit (PCC)*
- ✓ *Portland Slag Cement (Duracem)*
- ✓ *Semen Hidraulis (Hydraulic Cement)*

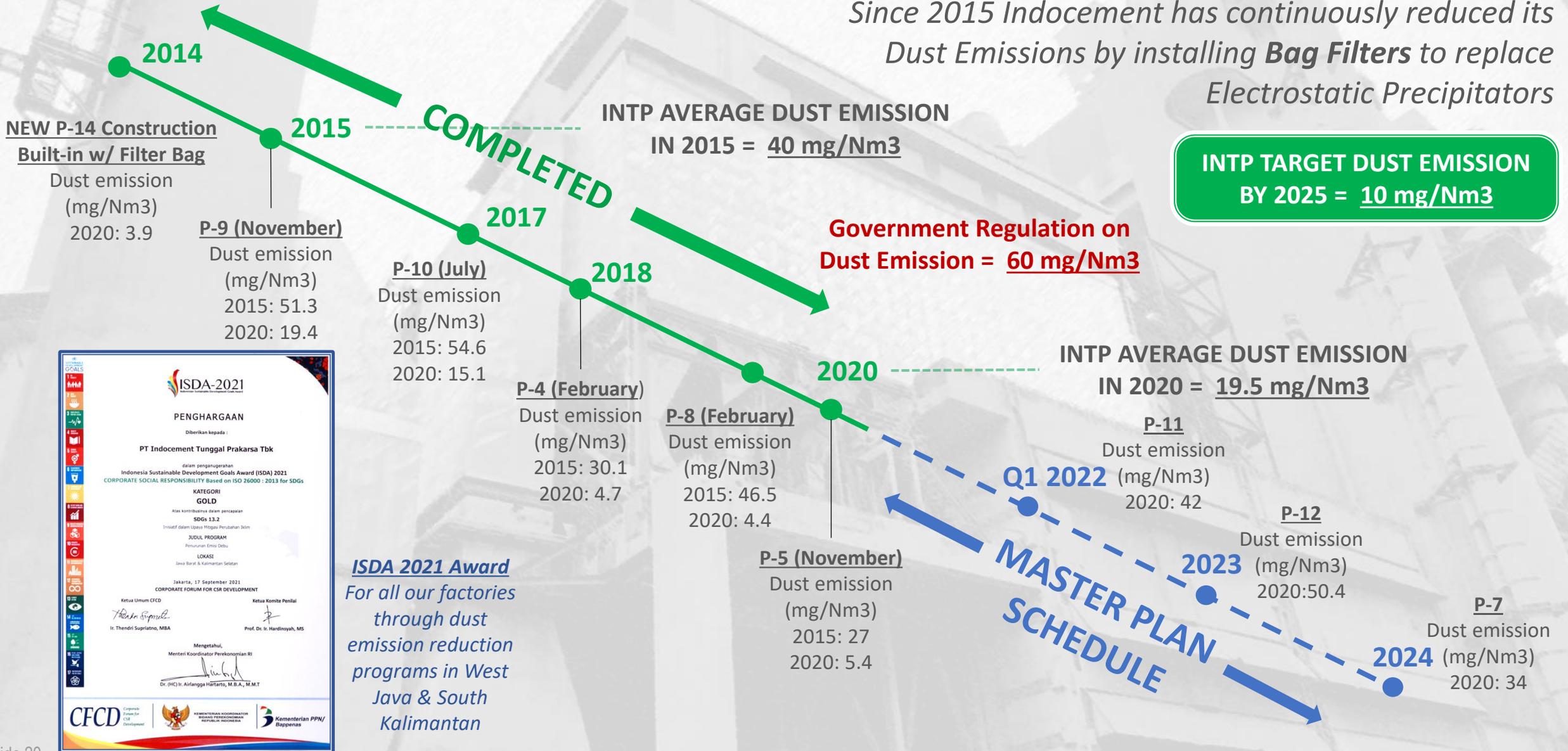


- A more environmentally friendly production process which reduces CO₂ emissions and with better product durability are the advantages of these products
- These products are in line with the **“Instruction of the Minister of Public Works and Public Housing (PUPR)” No: 04/IN/M/2020** regarding ***“The Use of Non-Ordinary Portland Cement that is more ENVIRONMENTALLY FRIENDLY”*** to the construction works at the Ministry of Public Works and Public Housing, with following considerations:
 - Ability provide to lower Greenhouse Gas Emissions
 - Optimizing the Use of Environmentally Friendly Construction Materials
 - Non-OPC cement has environmental aspect benefits and suitable specification to the construction work requirements

Lowering Dust Emission in our Production Facility



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



ISDA 2021 Award
For all our factories through dust emission reduction programs in West Java & South Kalimantan

INDOCEMENT SUSTAINABILITY TARGET & AWARDS



Indocement's Support for the Sustainable Development Goals (SGDs) in line with HeidelbergCement Group

Prioritas Topik Material Material Topics Priority	
<p>KINERJA EKONOMI Economic Performance</p>	
<p>EMISI KEANEKARAGAMAN HAYATI Emission Biodiversity</p>	
<p>EFFLUEN DAN LIMBAH ENERGI Waste and Effluent Energy</p>	
<p>KESELAMATAN DAN KESEHATAN KERJA Occupational Health and Safety</p>	
<p>KOMUNITAS LOKAL Local Community</p>	
<p>TATA KELOLA BERKELANJUTAN Sustainable Governance</p>	

Award on Sustainability	Description
ASIA'S BEST EMPLOYER BRAND AWARDS 2021 7 October 2021	<ul style="list-style-type: none"> This prestigious award is given annually to various institutions in Asia that have successfully implemented the best practices of globally qualified Human Resources
Energy Efficiency Subroto Award 2021 28 September 2021	<ul style="list-style-type: none"> A national energy efficiency award from the Ministry of Energy & Mineral Resources since 2012 Received award In "Energy Management in Buildings & Industry - Special Innovation" category
Indonesian Sustainable Development Goals Award (ISDA) 17 September 2021	<ul style="list-style-type: none"> ISDA is a collaboration program between the Corporate Forum for CSR Development (CFCD) & the National Development Planning Agency (BAPPENAS) 3 Gold awards in each of our plant locations
2021 ASEAN Coal Awards 16 September 2021	<ul style="list-style-type: none"> Carried out by the ASEAN Center for Energy (ACE) as an ASEAN Regional commitment in promoting the use of environmentally friendly coal technology Received an award in "Clean Coal Use & Technology Utilization" for SOx reduction in Tarjun Power Plant
Bisnis Indonesia CSR Awards (BISRA) 2021 22 April 2021	<ul style="list-style-type: none"> Held by Bisnis Indonesia together with Habitat for Humanity Indonesia Gold Champion for Public Company category
TOP CSR Awards 2021 22 April 2021	<ul style="list-style-type: none"> Organized by Top Business Magazine in collaboration with the National Committee on Governance Received 3 awards for category: 5 Stars, Top Leader on CSR Commitment, & Responsive CSR Award Program for Handling the COVID-19 Pandemic
Public Relations Indonesia Awards (PRIA) 2021 31 March 2021	<ul style="list-style-type: none"> Held by PR Indonesia Magazine Bronze winner for "Community Based Development" category - PROGRAM KAMPUNG BERWAWASAN LINGKUNGAN

Different Approach in Our Marketing Campaign in Year 2021



Brand Campaign “Indonesia KOKOH Selamanya” with a revived TV commercials followed by series of activities with relevant topics hosted by Master Ali, inspiring the people of Indonesia to stay resilient during the on-going pandemic

Feb – Mar



[Selamanya Kokoh Terpercaya - Master Ali \(Versi 15s\) - YouTube](#)

Remind our 2020 TVC and Mastertech Formula & Master Ali

Gross Rating Point: 810

Mar



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

TVC Master Ali with call to action to STR Website for Digital Activation

Gross Rating Point: 785

Mar - Apr



www.sementigaroda.com

Release 3 YouTube Videos about local *Inspirational figures* who have strong fighting spirit in the midst of adversity

Total views: 6.2Mio

May - Jun



www.sementigaroda.com

Invite netizens to submit their inspirational stories and the story of 3 winners will be presented in the video

Total video views: 5.3Mio

#Pejuangkokohselamanya



KOL

Cut Mini & Arief Muhammad



PR

Digital Media



Activation

Social Media

Oct - Dec



Showing renovation process of 10 selected buildings on Semen Tiga Roda's social media channels

Status: in-progress

Aug - Oct



Invite netizens to recommend dilapidated buildings to be renovated by Semen Tiga Roda

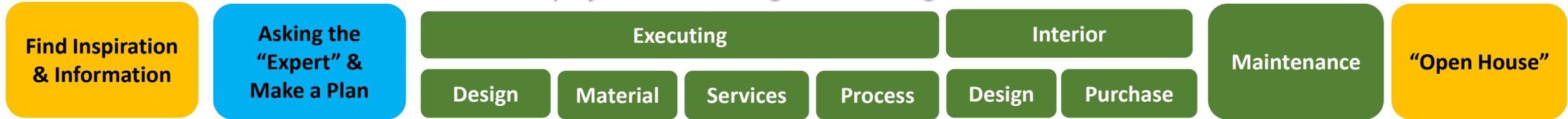
Total submissions: 2,376

Different Approach in Our Marketing Campaign in Year 2021



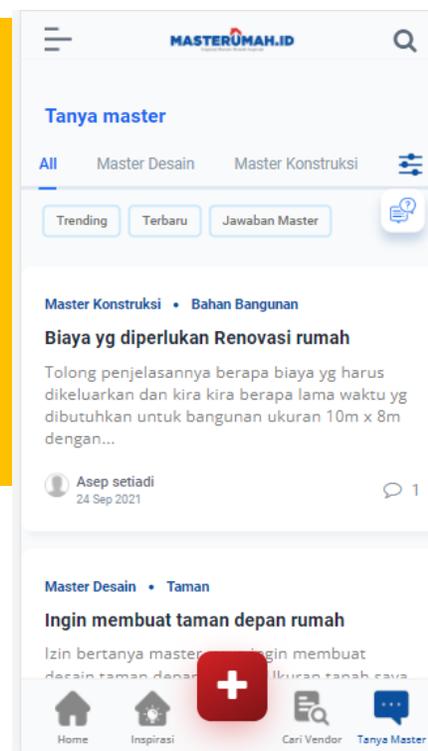
On September 18th, we launched a new look of *Masterumah.id* website that provides useful information, insights, interaction and search platform on anything related to house-building, renovation, and decoration

Steps for renovating or building a house



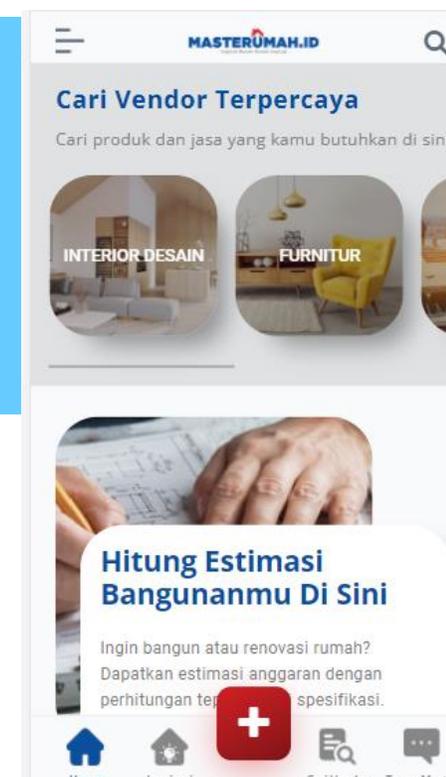
A Home Social Media and Forum Platform (Inspiration)

Netizen can have a conversation, discussion, share information and getting inspiration, all about home, with soc-med Experience with like, comment and share



A Platform to ask the Building Master & make a Building Plan (Tanya Master & RAB)

Netizen can Ask the question all about home and thousand of "Master" will answer it



A Home Product & Service Market Place (Cari Vendor)

Netizen can find the home-services vendors (Contractor, Architect, Interior designer, mason, home repair etc.), and also home products

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 1st 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

INDOCEMENT NEW PRODUCTS to fulfill Customers' Need



- *Rationale: Due to limited Good Sand Quality in the market, some Customers (Contractors) prefer to use Mortar for Plastering & Brick Thinbed*
- *We introduce 3 New Variant of Indocement Mortars:*



NEW!
TR-10 Serbaguna

NEW!
TR-15 Thinbed

NEW!
TR-20 Plester Plus

Solusi Dinding Berkualitas **BARU!**
Praktis Berkualitas Terpercaya

AGENDA



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OUTLOOK



National Cement Domestic to grow between 4.0 to 4.5% for full year 2021:

- Increase in mobility as Covid-19 daily new case has dropped since its peak in July
- Government & Private Sectors start to spend their Budget on infrastructure and commercial projects
- Residential sector benefits from VAT incentive on new homes, lower interest rate, and LTV/FTV relaxation



Energy cost remains high especially on coal with its high price volatility. We have raised selling price recently but will monitor closely with our Market Share development as in some areas has not been fully followed by competitors. Nevertheless, coal price will certainly continue to impact Q4 and for full year 2022.



Aggressiveness of Major Competitor's **fighting brand in our home market plus **anticipating increasing Competition from new player in Central Java** as planned to start by the end of 2021**



First phase of Carbon Tax has been planned for the coal-fired power plant in 2022. ODOL is not expected to be a big impact for 2022 but we are moving ahead with changes to accommodate



Keep observing the pandemic as the major uncertainty factor as overall mobility & public activity are expected to increase towards end of year holiday. Higher rainfall from La Nina is to be anticipated as well



Green Cement (Concrete) is instructed by Public Works Ministry to be used for Infrastructure & Government projects. Green Cement products (PCC, Duracem-Slag Cement, & Hydraulic Cement) is our materials ready to build the future



Future Investment: focus in expanding our Sustainability Strategy, Distribution Channel and Digitalization/Automation process as well as exploring any possible M&A

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1 Akses untuk Semua Informasi Rumah di Masterumah.id

Kunjungi Masterumah untuk dapatkan inspirasi rumah sampai rancangan anggaran bangunan



Dibangun oleh :



Dengan MASTERTECH FORMULA



THANK YOU