



INDOCEMENT
HEIDELBERGCEMENT Group

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

12 May 2022

Q1 2022 Financial Results



KEY MESSAGE Q1 2022



- Domestic Cement Market grew +4.7% for Q1 2022 with contraction in Bag market of -0.6% & strong growth of Bulk market of +24.0%. For Indocement, our domestic cement volume contracted -0.8% with Bag of -5.7% & Bulk of +20.1% mainly due to our leadership in price increase of our bag cement starting in mid-March from cost-push of high coal price
- Key indicator on Q1 2022 results:
 - Total Domestic Sales Volume of 4,036k ton (-2.0% from Q1 2021) ton and Export of 33k (-65.2% from Q1 2021)
 - Cost of Revenues increase -11.1% from Q1 2021 due to hike in energy costs
 - EBITDA margin was at 13.8% vs. Q1 2021 of 21.3%
- Sustainability target is on track:
 - Alternative fuel usage increased from 12.2% (end of 2021) to **16.0% by March 2022**
 - Significant Scope 1 reduction of CO₂ from 606kg CO₂/t. cem (end of 2021) to **594kg CO₂/t. cem by March 2022**
 - Constant increasing volume of our environmentally friendly product: Hydraulic Cement
- Buyback shares amount as of 31 March 2022 was IDR 1.84tr. Maximum amount to be purchased is IDR 3tr by 6 June 2022
- Expanding our market & product distribution by leasing a grinding plant in East Java

AGENDA



Indonesia Cement Industry



Financial Update Q1 2022



Sustainability Strategy & Investment



Cement Market Outlook

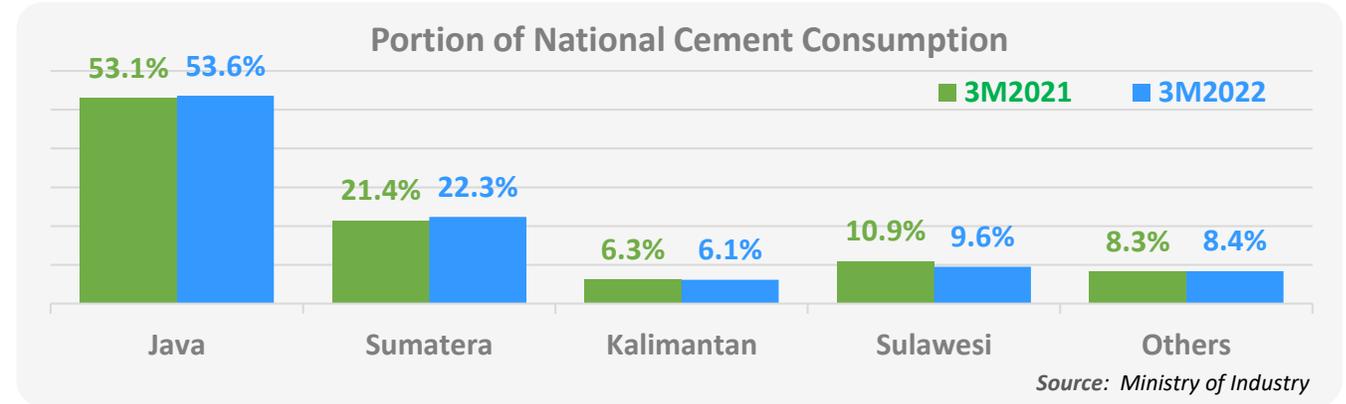


Q & A



CEMENT INDUSTRY & INDOCEMENT AT GLANCE

Strong footprint in West Java as key advantage for Indocement

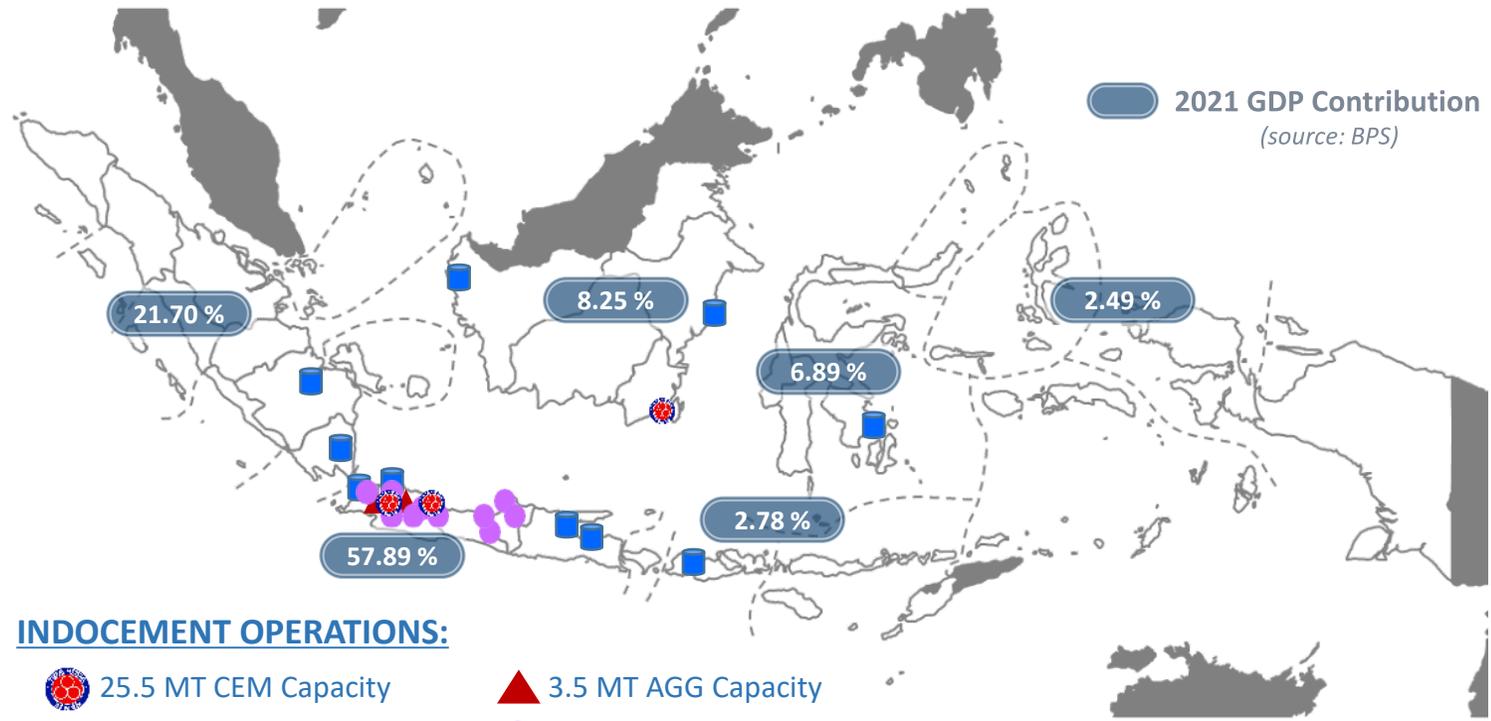


Indonesia Facts

Capital City : **Jakarta**
 Population : **~274 million**
 Density : 143/km²
 GDP Annual : 3.69% (2021)
 GDP Per Capita : **USD 4,349.5 (2021)**
 IDR/USD Rate : ~14,500

Cement Industry

No. of Cement Player : ~20
 Cement Capacity : **~120mio ton/year**
 Indocement Capacity : 25.5mio ton/year
 Domestic Consumption : **65.2mio ton (2021)**
 Bag - Bulk Ratio : **~75-25**
 Cement Consumption : ~230 kg/capita
 Main Players : **Semen Indonesia, Indocement, Conch, Bosowa, Cemindo**

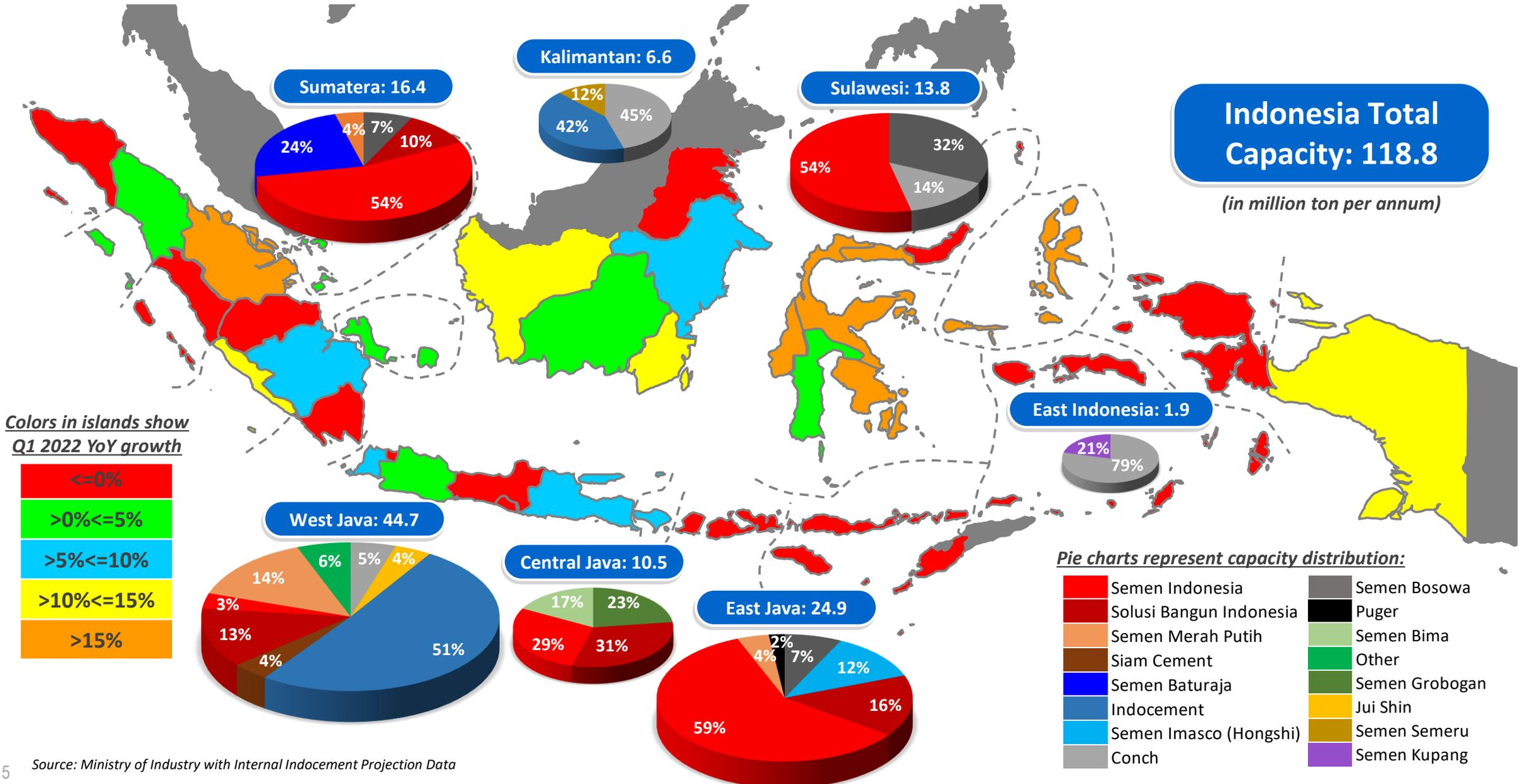


INDOCEMENT OPERATIONS:

-  25.5 MT CEM Capacity
-  3.5 MT AGG Capacity
-  8 terminals & 3 land silos
-  24 RMC locations w/ 30+ batching plants

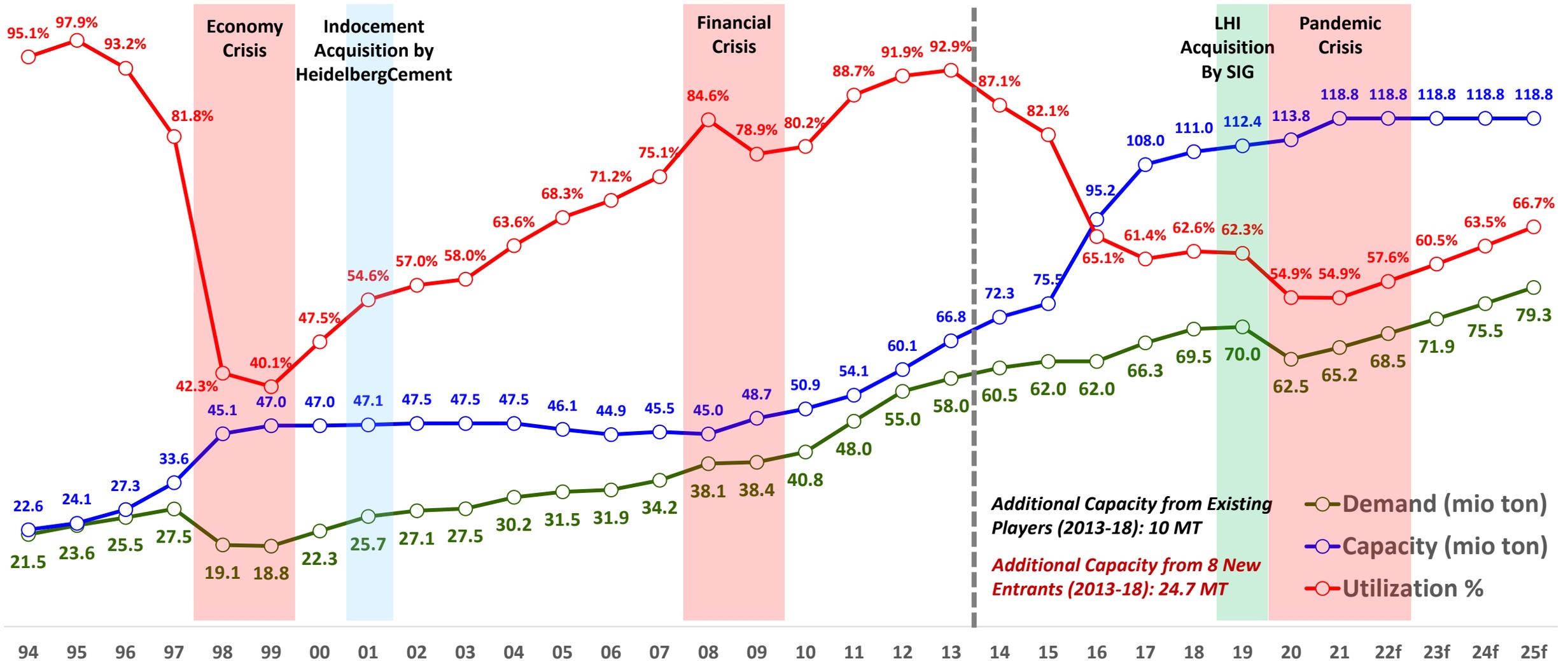
INDONESIA CEMENT LANDSCAPE 2022

Mixed growths & contractions across Indonesia for Q1 2022 YoY volume



CEMENT MARKET EVOLUTION

Optimistic demand growth with estimated no capacity addition for few years to come



Source: Ministry of Industry with Internal Indocement Projection

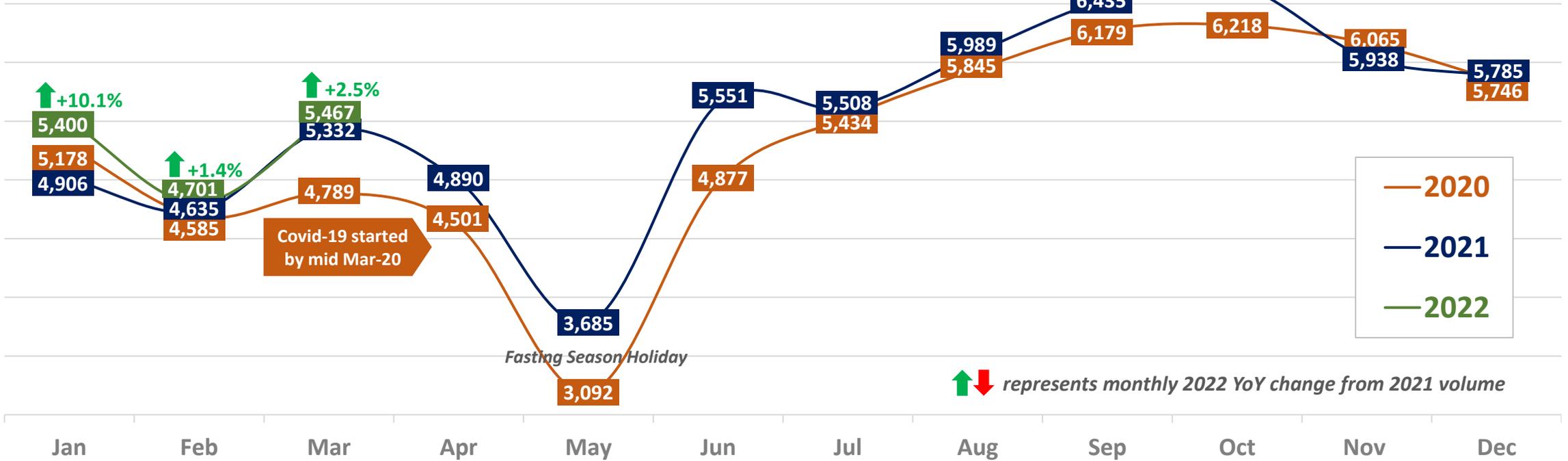
CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22F	'22F-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-0.8%	+5.0%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.9%	+0.0%

TOTAL MARKET VOLUME Q1 2022 GREW +4.7%

vs. Same Period Last Year of +2.2%

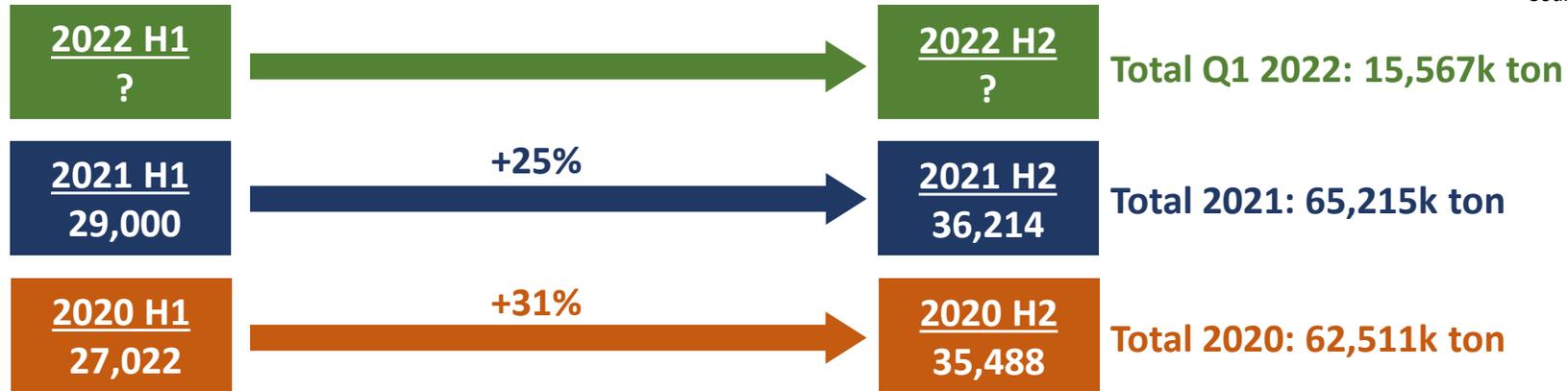


Volume in k ton



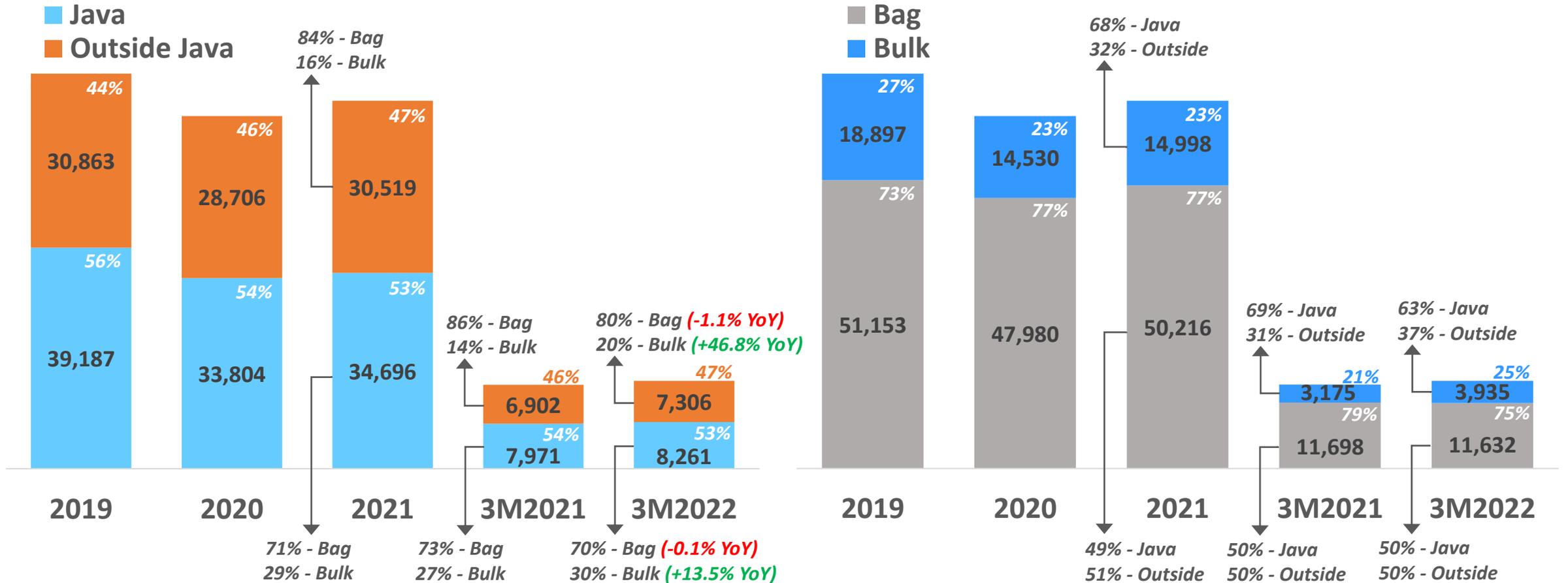
↑↓ represents monthly 2022 YoY change from 2021 volume

Source: Ministry of Industry



JAVA-OUTSIDE & BAG-BULK MARKET

Volume in k ton



- Slight improvement for Outside Java market but Java still dominates the overall cement market
- Increase in Bulk portion due improving demand in Q1 2022 from low-based volume in Q1 2021

AGENDA



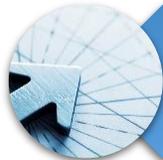
Indonesia Cement Industry



Financial Update Q1 2022



Sustainability Strategy & Investment



Cement Market Outlook



Q & A



FINANCIAL RESULTS HIGHLIGHT

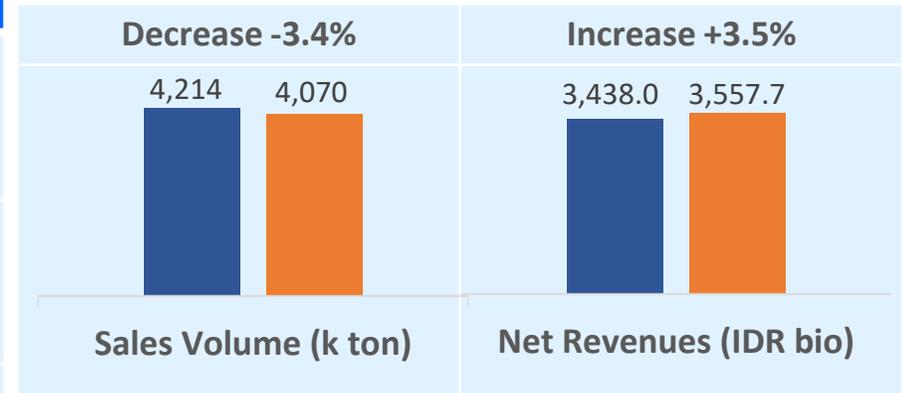


■ Q1 2021 ■ Q1 2022

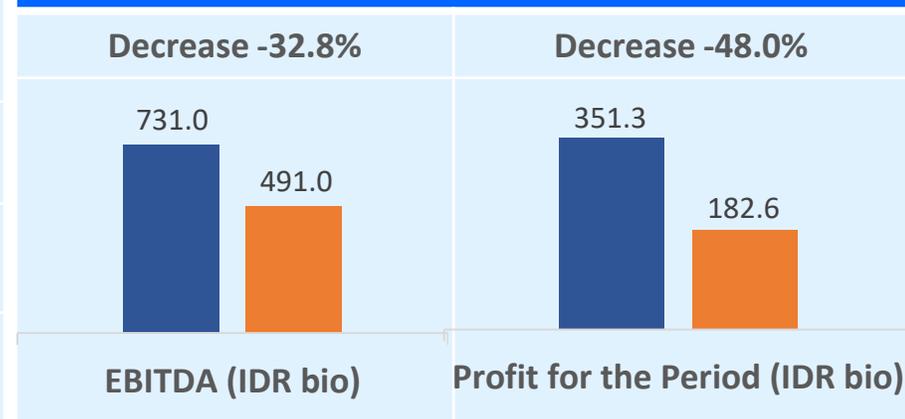
Energy costs had the most impact on Q1 results

- ✓ Net Revenues increases +3.5% despite of lower volume by -3.4% due to increase in selling price
- ✓ Cost of Revenues increased -11.1% due to high energy costs from coal
- ✓ Resulting in lower Gross Profit margin from 32.0% to 27.0%
- ✓ EBITDA margin decreased from 21.3% to 13.8%.
- ✓ Operating Income decreased from 11.5% to 5.8%
- ✓ Profit for the Period was at IDR 182.6bio lower by -48.0%
- ✓ **Cash position by end of Q1 2022 was at IDR 5.6tr with 0 debt**

Operational Result



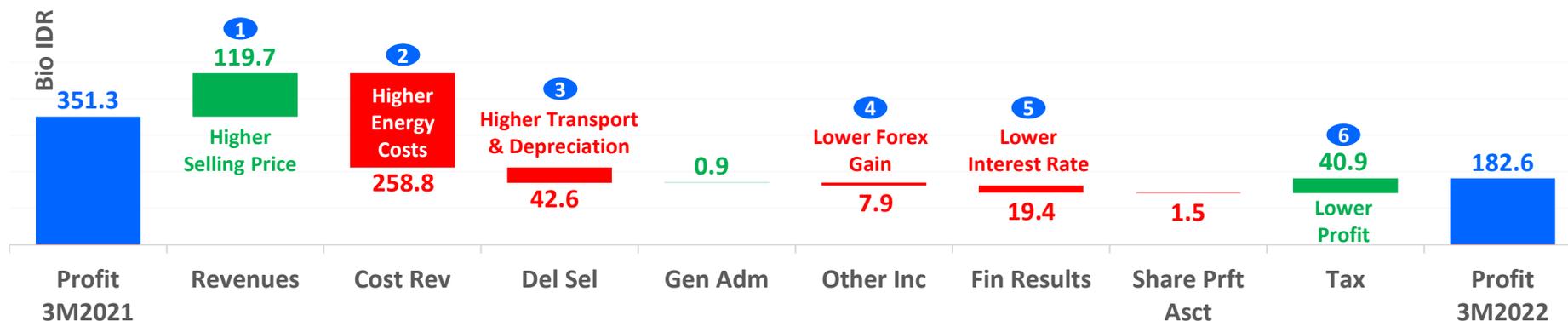
Financial (IDR bio)



CONSOLIDATED STATEMENT OF INCOME

Description	Unit	YTD Mar 2022 Amount	YTD Mar 2021 Amount	Variance	
				Amount	%
Total sales volume	k tons	4,070	4,214	-145	-3.4%
Domestic Sales Volume	k tons	4,036	4,119	-83	-2.0%
Export Sales Volume	k tons	33	95	-62	-65.2%
Net Revenues	IDR bio	3,557.7	3,438.0	119.7	3.5%
Cost of Revenues	IDR bio	-2,597.3	-2,338.5	-258.8	-11.1%
Gross Profit	IDR bio	960.4	1,099.6	-139.1	-12.7%
	% of Net Revenues	27.0%	32.0%		
Operating Expenses	IDR bio	-776.9	-735.3	-41.6	-5.7%
Other Operating Income (Expense) - Net	IDR bio	23.2	31.2	-7.9	-25.5%
Operating Income	IDR bio	206.8	395.5	-188.7	-47.7%
	% of Net Revenues	5.8%	11.5%		
EBITDA	IDR bio	491.0	731.0	-240.0	-32.8%
	% of Net Revenues	13.8%	21.3%		
Finance Income - Net	IDR bio	18.7	38.2	-19.4	-50.9%
Share of Net Profit of Associates - net	IDR bio	4.2	5.7	-1.5	-26.7%
Final Tax	IDR bio	-0.1	-0.1	0.0	-2.2%
Profit before Income Tax Expense	IDR bio	229.6	439.2	-209.6	-47.7%
Income Tax Expense - Net	IDR bio	-47.0	-87.9	40.9	46.5%
Profit for the Period	IDR bio	182.6	351.3	-168.8	-48.0%
Total Comprehensive Income for the Period	IDR bio	182.6	351.6	-169.0	-48.1%

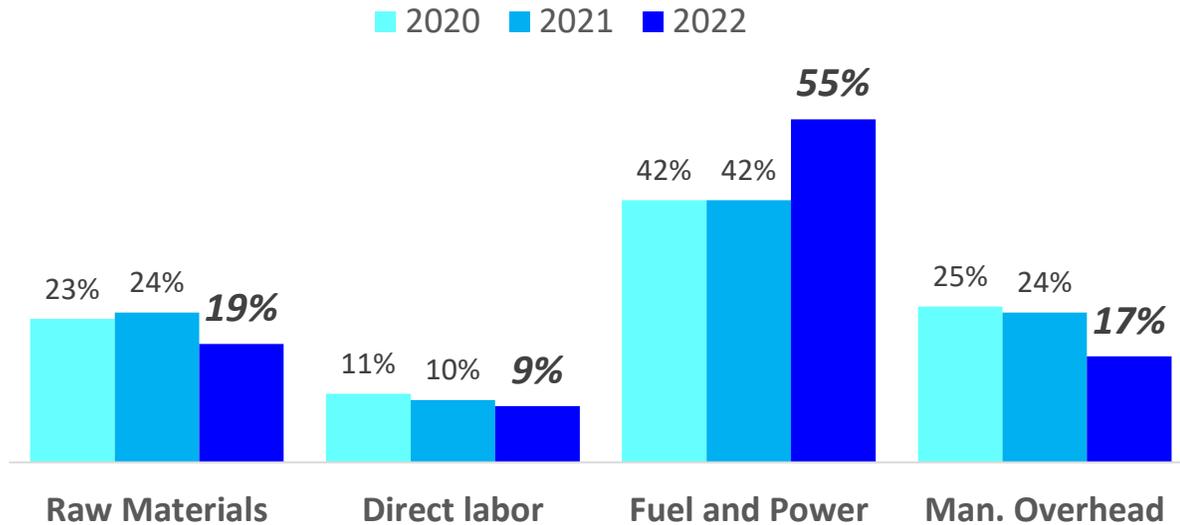
1. Total Sales volume decreased by -3.4% but with higher Net Revenues of +3.5% due to selling price increase in Q4 last year & recently in March
2. Increase in Cost of Revenues is from high energy cost mostly from another spike of coal price in Q1 2022
3. Higher Operating Expenses was due to higher cost of transportation and depreciation (lease of assets)
4. Lower Other Operating Income (Expense) – Net was due to lower forex gain
5. Lower Finance Income – Net is due to slightly lower interest rate in Q1 2022: BI started to reduce BI7DRR to 3.5% in February 2021
6. Increase in Income Tax Expense – Net is from lower profit



OPERATING EFFICIENCIES & COST DISCIPLINE

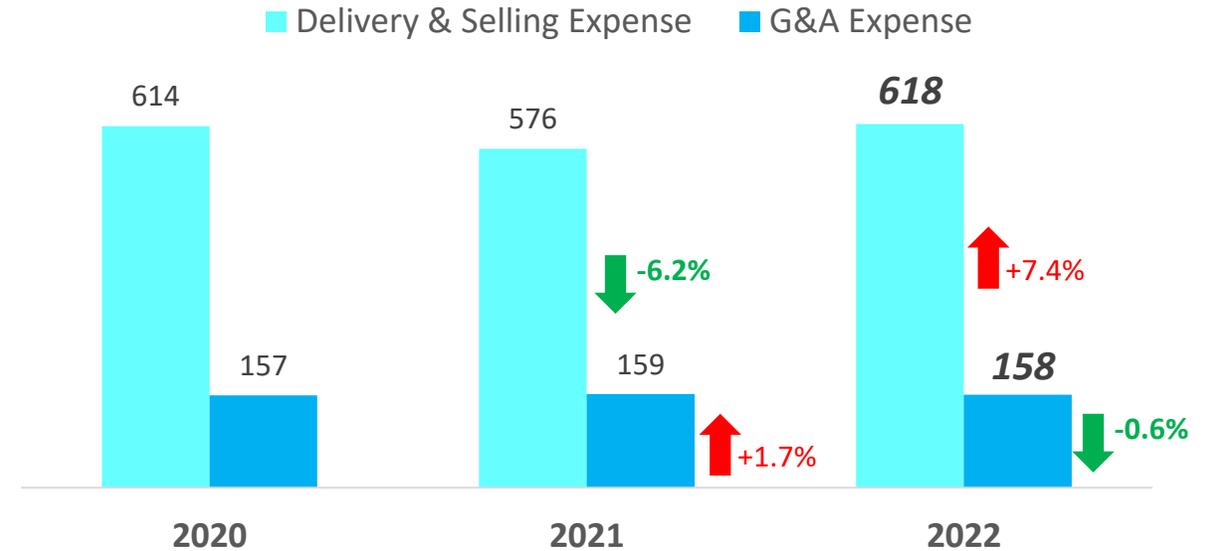


FY Composition of Manufacturing Cost



- Lower Raw Materials composition is due to lower clinker content & increase the use of alternative materials
- Higher Fuel & Power composition is due to spike in coal price
- Manufacturing Overhead composition improves due to continuous efficiency efforts of plant operation

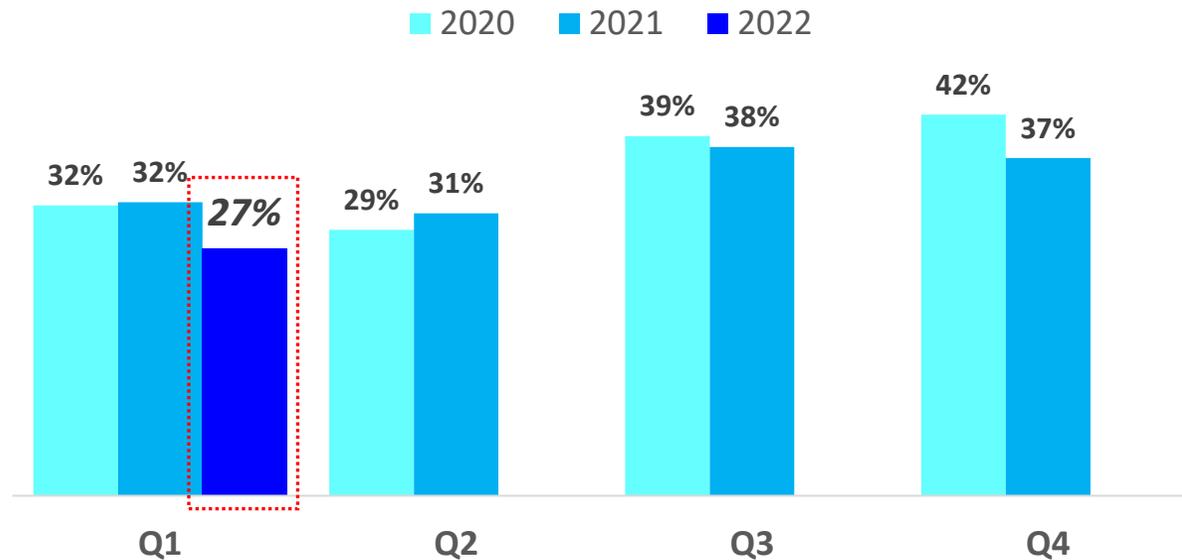
FY Operating Expenses (bio IDR)



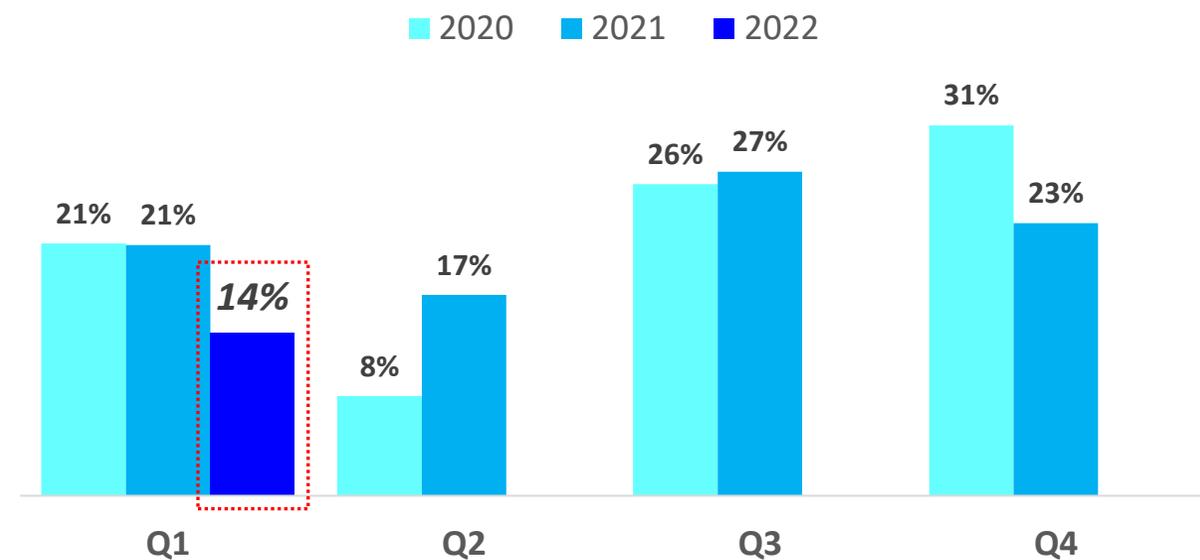
- Higher Delivery & Selling Expenses is due to increase in transportation cost & depreciation

CONTINUOUS FIXED COST MONITORING

Gross Margin Development



EBITDA Margin Development



During current challenging time, Indocement continues to focus on:

- **Operational Excellence Program**
- **Fixed Cost Reduction Program**
- **Managing Efficient Kiln Utilization**
- **Digital Transformations:** Sales Force Automation (SFA), Distribution Management System (DMS), Pallet Management & Monitoring Systems (PMMS), Expert System in Cement & Readymix operations, etc.

CONSOLIDATED BALANCE SHEET



Description	Mar 31, 2022	Dec 31, 2021	Variance	
	Bio IDR	Bio IDR	Bio IDR	%
Current Assets	10,858.6	11,336.7	-478.1	-4.2%
Non-Current Assets	15,044.2	14,799.4	244.8	1.7%
Current Liabilities	4,191.5	4,646.5	-455.0	-9.8%
Non-Current Liabilities	1,165.7	868.6	297.1	34.2%
Equity	20,545.6	20,621.0	-75.3	-0.4%
Total Assets = Total Liabilities + Equity	25,902.8	26,136.1	-233.3	-0.9%

- Cash and Cash Equivalents of IDR 5.6tr as of 31 March 2022
- Capex spending plan for 2022 is IDR 1.5tr. Total capex spending as of 31 March 2022 was IDR 505bio

<i>In Bio IDR</i>	2015	2016	2017	2018	2019	2020	2021
Net Income	4,357	3,870	1,860	1,146	1,835	1,806	1,788
Dividend*	1,528	3,420	2,577	2,025	1,841	2,669	TBD
% of Dividend Payout	35.1%	88.4%	138.6%	176.7%	100.3%	147.8%	TBD
% of Dividend Yield	1.9%	6.0%	3.2%	3.0%	2.6%	5.0%	TBD

* Distributed in the following year

AGENDA



Indonesia Cement Industry



Financial Update Q1 2022



Sustainability Strategy & Investment



Cement Market Outlook

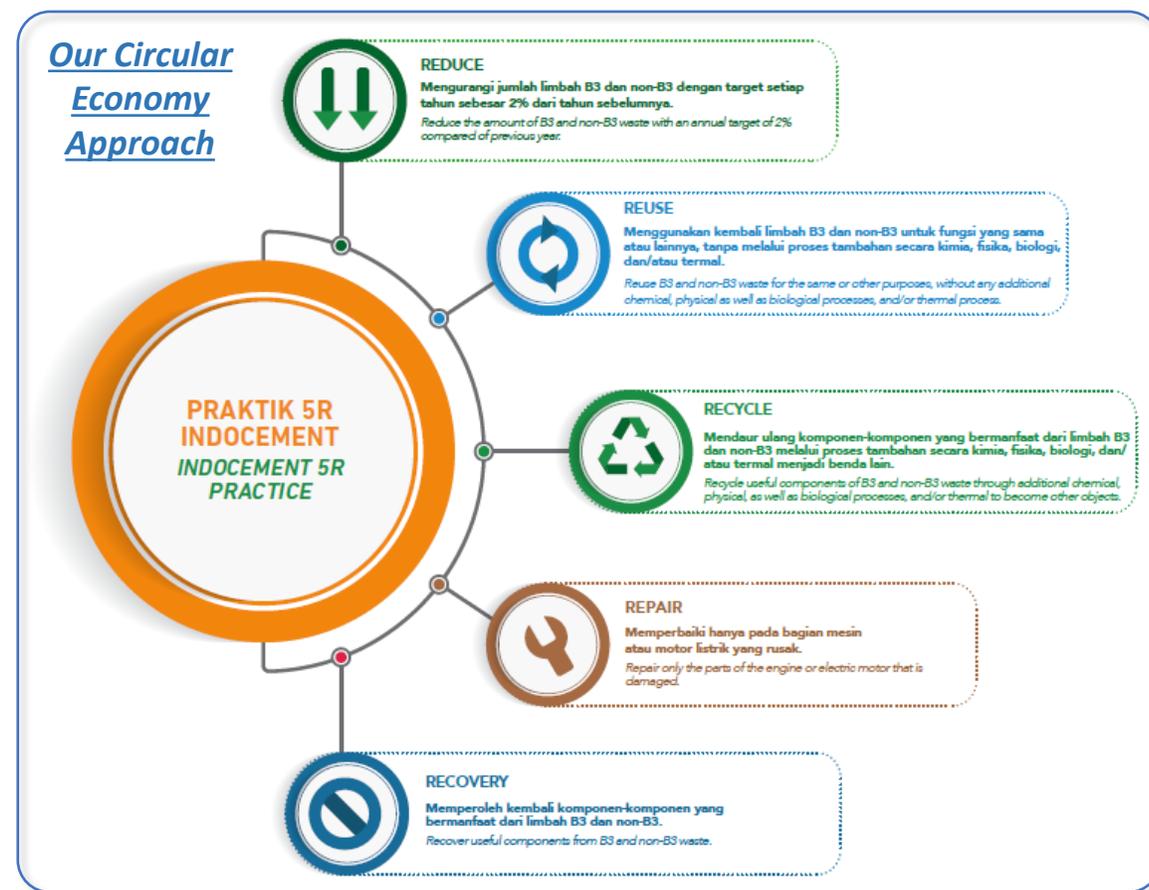


Q & A



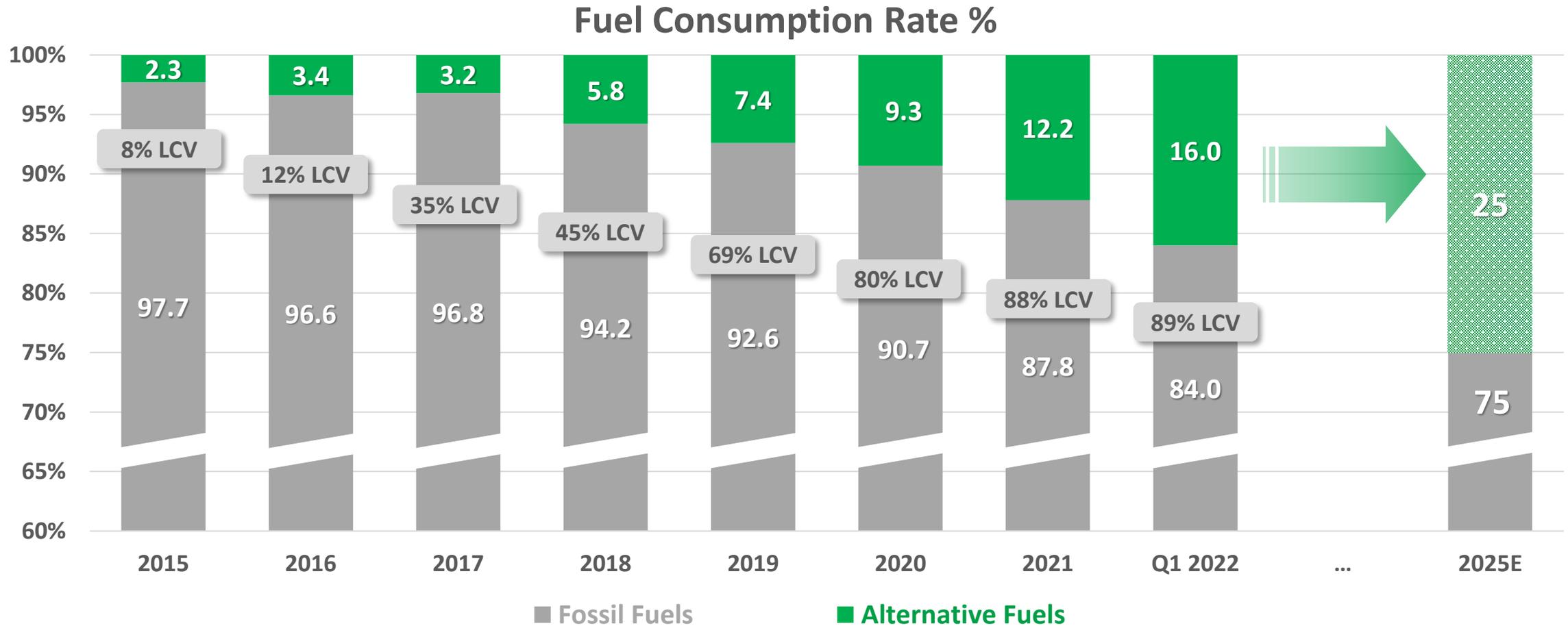
INDOCEMENT SUSTAINABILITY COMMITMENT 2030

- Based on Sustainability Commitment (SC) 2030, we mapped the material topics & prioritized the support for the achievement of Sustainable Development Goals (SDGs) that have been aligned with the needs of stakeholders (*more details are available in our Sustainability Report 2021*)
- **Environment, Social, and Governance (ESG) Committee was formed in 2021** to monitor the implementation of sustainability performance & ensure the balance of ESG aspects, assisting the Company to achieve the SC 2030 by implementing optimal business strategies based on ESG principles
- Since 2017, Indocement has been appointed to become a pilot for other cement & non-cement companies in implementing the Continuous Industrial Emission Monitoring Information System (SISPEK) from the Ministry of Environment and Forestry (KLHK) by using our Continuous Emission Monitoring System (CEMS). **By the end of 2021, direct online monitoring through our CEMS by KLHK has been performed in Plant 4, 8, 9, 10, & 14**



Increasing Alternative Fuel to Replace Fossil Fuels

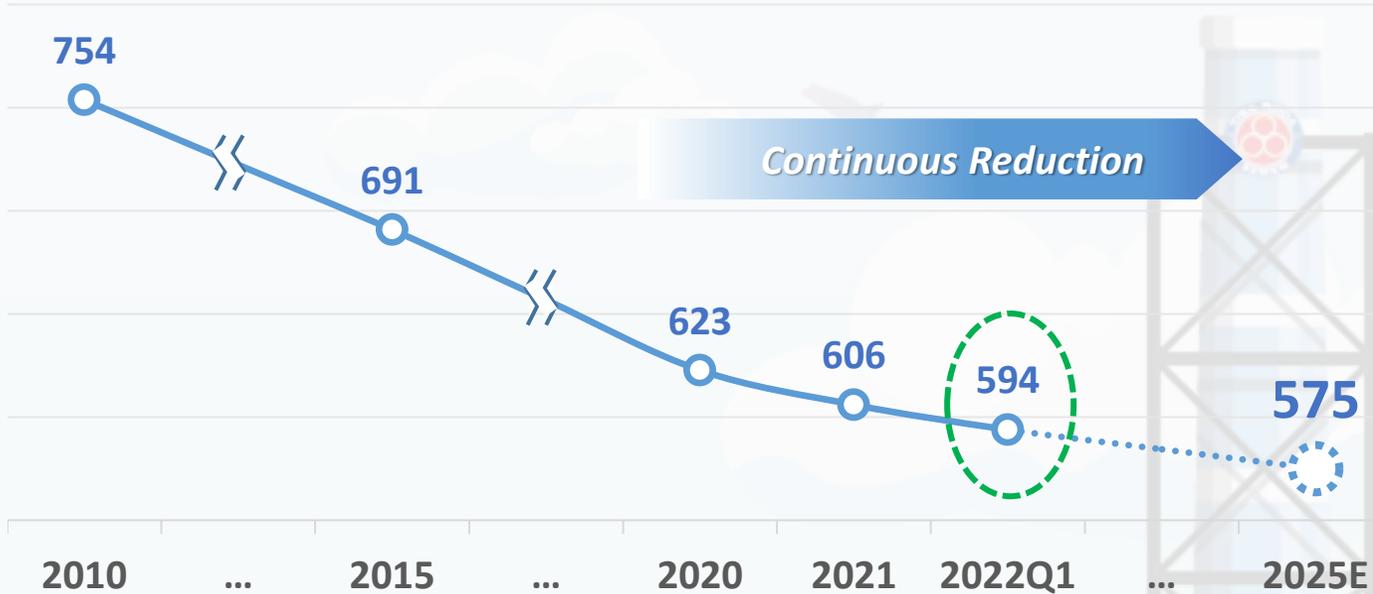
Continuous Cost Efficiency improvement in alternative fuels and higher LCV coal usage



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 Q1 2022
SOx	mg/Nm ³	650	311
NOx	mg/Nm ³	850	235

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 for Scope 1 Emissions is 575kg CO₂/t cement equivalent (revised from 580) :**
 - ✓ Increase alternative fuel by 25% in 2025
 - ✓ Use more alternative raw materials substituting clinker
 - ✓ Renewable energy for electricity source: solar panel to be installed in Citeureup plant in 2022
 - ✓ Accelerate Hydraulic Cement to the market replacing OPC Cement

Lowering Dust Emission in Our Production Facility

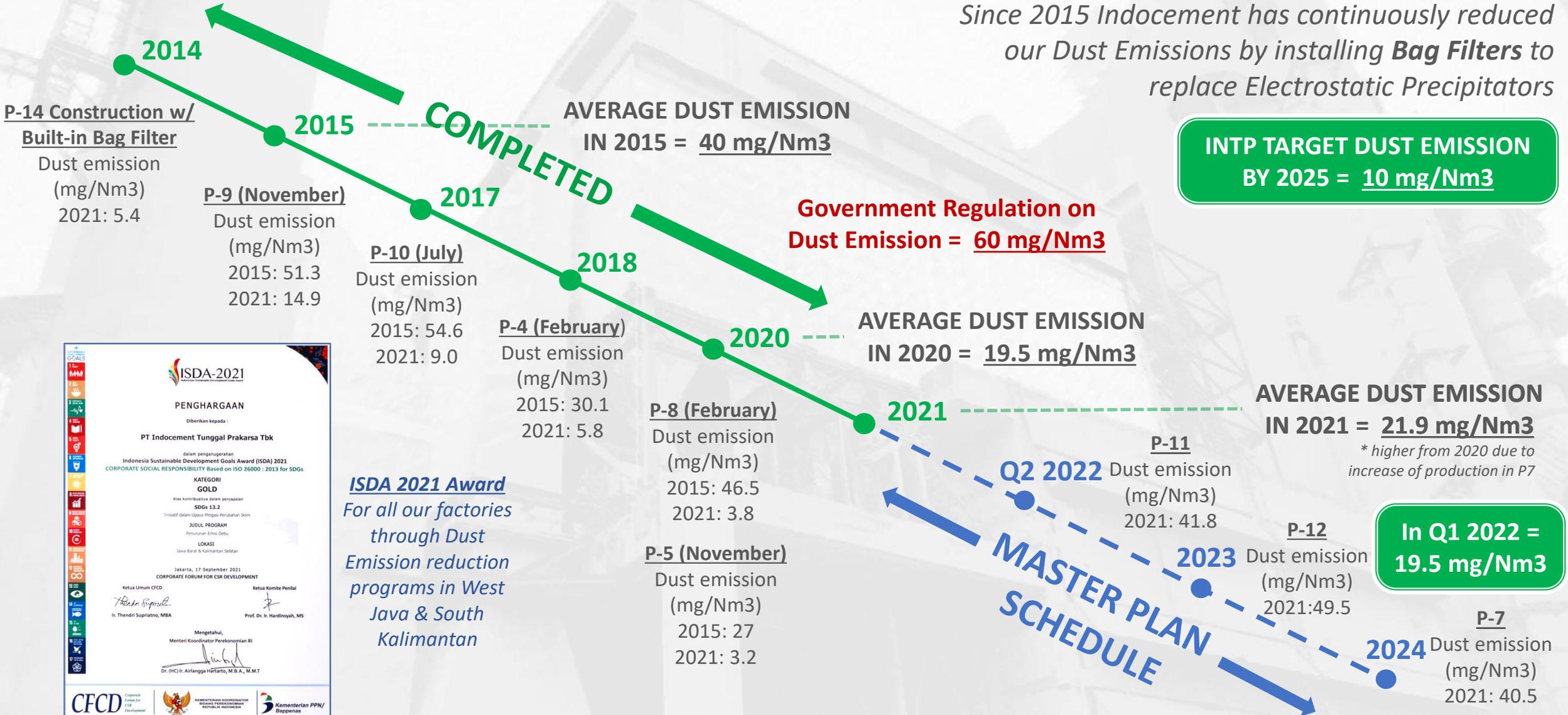


Since 2015 Indocement has continuously reduced our Dust Emissions by installing **Bag Filters** to replace **Electrostatic Precipitators**

INTP TARGET DUST EMISSION BY 2025 = 10 mg/Nm3

Government Regulation on Dust Emission = 60 mg/Nm3

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



Note: The measurement refers to local standard (PermenLHK No. 19 tahun 2017) Dust Emission (mg/m3) – (25°C, 1013 hPa) related to 10% OXYGEN

Completing 2021 Campaign #PejuangKokohSelamanya



We're handing over 10 houses to the selected ones from 2500 submissions, and shared the stories on Social Media and YouTube

- 10 renovated/rebuilt houses across Java:**
1. Malang, East Java: 4 Feb 2022
 2. Lebak, Banten: 9 Feb 2022
 3. Kebayoran Lama, Jakarta: 9 Feb 2022
 4. Subang, West Java: 11 Feb 2022
 5. Tasikmalaya, West Java: 16 Feb 2022
 6. Cilacap, Central Java: 17 Feb 2022
 7. Cakung, Jakarta: 25 Feb 2022
 8. Kulonprogo, Yogyakarta: 8 Mar 2022
 9. Gresik, East Java: 23 Mar 2022
 10. Bantul, Yogyakarta: 20 Apr 2022

Malang



[Serah Terima Renovasi Rumah Pejuang Kokoh Selamanya 2021, Malang, Jawa Timur. - YouTube](#)

140,202 Views
981 Likes
since Feb 16th

Subang



[Serah Terima Renovasi Rumah Pejuang Kokoh Selamanya 2021, Subang Jawa Barat - YouTube](#)

90,039 Views
506 Likes
since Feb 24th

Lebak



[Serah Terima Renovasi Rumah Pejuang Kokoh Selamanya 2021, Pandeglang, Banten. - YouTube](#)

95,210 Views
459 Likes
since Feb 25th

Cilacap



[Serah Terima Renovasi Rumah Pejuang Kokoh Selamanya 2021, Cilacap, Jawa Tengah. - YouTube](#)

116,046 Views
590 Likes
since Mar 6th

All handover videos can be seen on Instagram @sementigaroda

Improving Our Supply Fulfilment Capability

Packing Terminal in Samarinda

January 2022



Bulk Vessel

February 2022

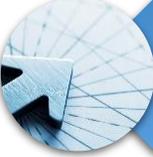


Grinding Plant in Banyuwangi

March 2022 (lease)



AGENDA

-  Indonesia Cement Industry
-  Financial Update Q1 2022
-  Sustainability Strategy & Investment
-  Cement Market Outlook
-  Q & A



OUTLOOK

- ✔ National Cement Domestic Volume to grow about 5% in year 2022
- ! Energy cost remains high especially coal with its high price volatility. We raised our selling price in Q4 last year and another round in mid-March. Passing the pressure from energy cost to the market was a necessary move and we will continue to monitor closely on market share development
- ! Aggressiveness of Major Competitor's **fighting brand** in our home market plus **anticipating increasing competition from a new player in Central Java** that started commercially at the end of 2021.
- ! First phase of Carbon Tax has been planned for the coal-fired power plant in 2022
- ! ODOL (Over Dimension & Over-loading) policy will still be the major risk for Cement Industry with the hope to be implemented in 2025 from the current Government plan of 2023, it is not expected to be a big impact for 2022 but we are moving ahead with changes to accommodate
- ! Keep observing Covid-19 as one of uncertainty factors to the economy
- ✔ Keep pushing our **Green Cement (Concrete) for Infrastructure & Commercial 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 attractive M&A for good synergy with Indocement

AGENDA



Indonesia Cement Industry



Financial Update Q1 2022



Sustainability Strategy & Investment



Cement Market Outlook



Q & A





**SELAMANYA
KOKOH
TERPERCAYA**



5 Jagoan Dengan MASTERTECH FORMULA



THANK YOU