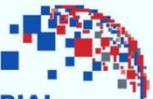




INDOCEMENT
HEIDELBERGCEMENT Group


MATERIAL
TO BUILD OUR FUTURE

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

H1 2022 Performance Results
22 August 2022



Key Message H1 2022

Key indicator:

- Total Domestic Sales Volume of 7,522k ton (-5.6% from H1-21) ton & Export of 165k (-25.9% from H1-21).
- Net revenue grew 3.7% (YoY), from IDR 6,666.9bio in H1 2021 to IDR 6,911.1bio. The price increased in March and June 2022 boosted the net revenue for H1 2022 despite lower volume
- High Energy cost (51% of total manufacturing costs)
- EBITDA margin was at 13.3% vs 19.2% in H1-2021
- Total capex spending as of 30 June 2022 was IDR 658bio out of IDR 1.5tr plan for 2022.
- Shares buyback program that has been carried out since December 2021 has collected IDR 2.44tr up to June 2022
- In early August 2022, PLN's supply of 50,000 kVA has been energized to supply electricity to our Tarjun plant to replace our coal fired-power plant

Sustainability target is on track:

- Alternative fuel consumption rate for H1 2022 was 17.6% vs 12.2% in 2021
- Average dust emission was at 16.6 mg/m³ vs. 21.9 mg/m³ in 2021
- CO² emission was at 589 kg CO²/t in in line with our goal to reach 575 kg CO²/t in 2025

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Cement Industry & Indocement at glance

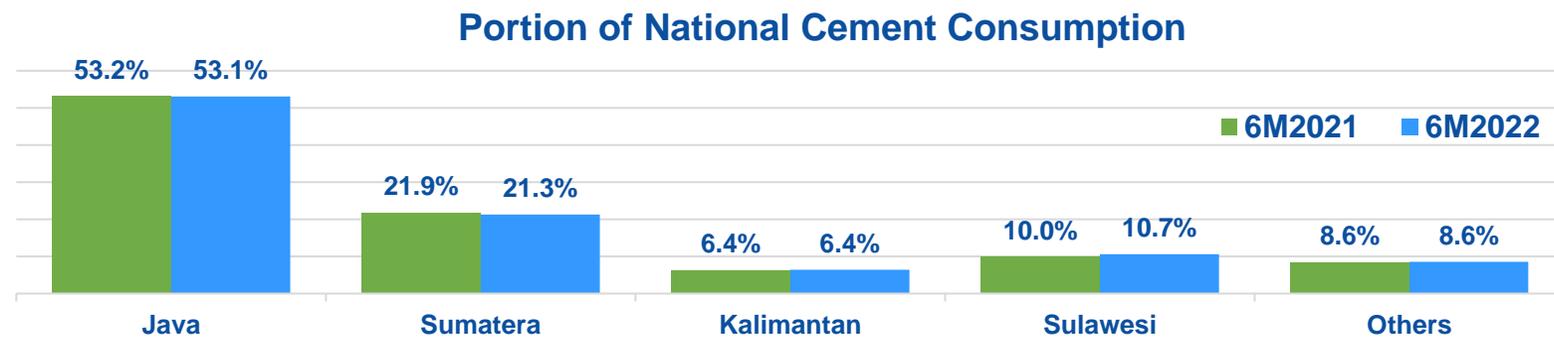
Strong footprint in West Java as key advantage for Indocement

Indonesia Facts

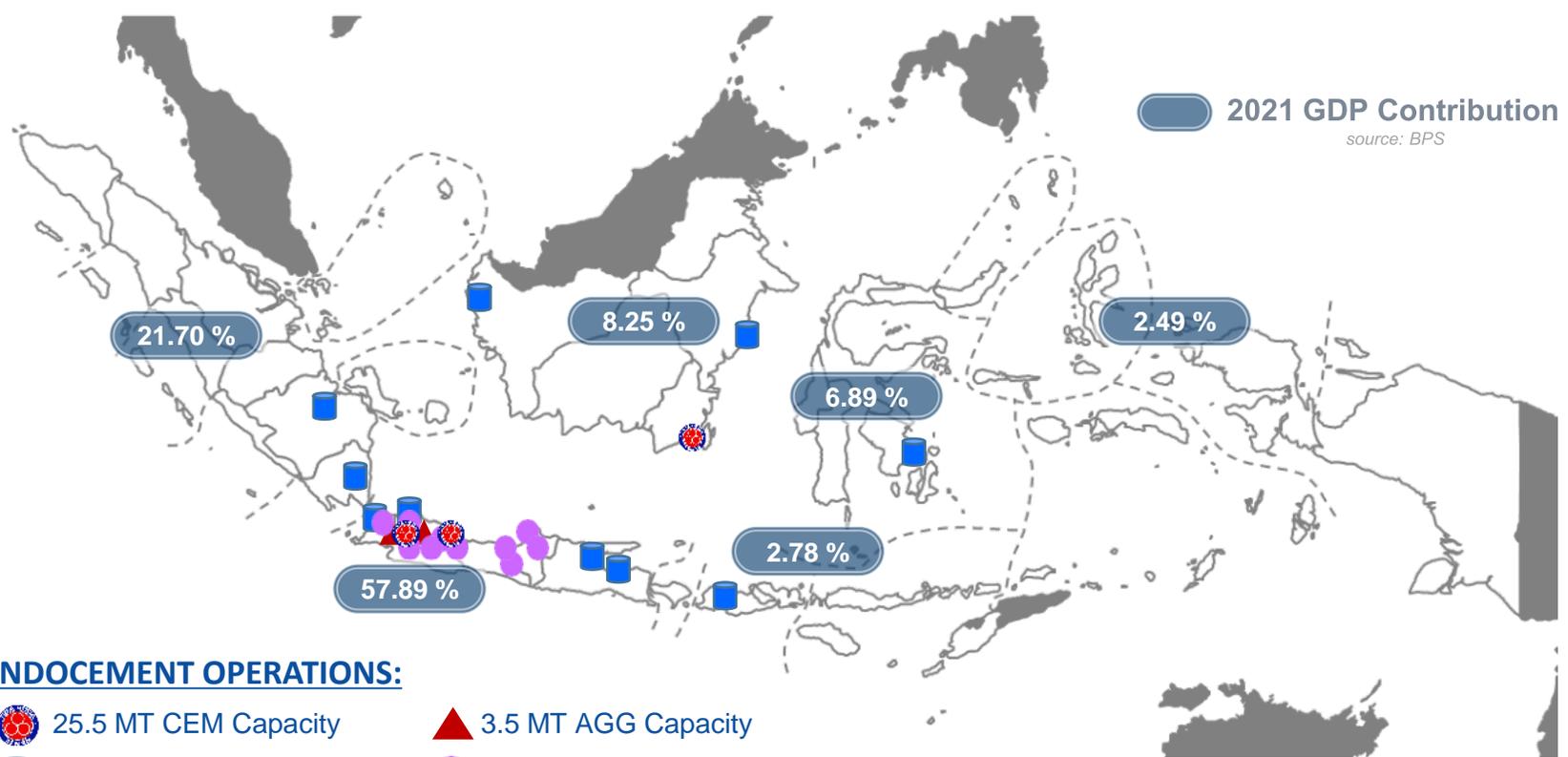
Capital City	: Jakarta
Population	: ~ 275 million
Density	: 143 / km ²
GDP Annual	: 3.69% (2021)
GDP Per Capita	: USD 4,349.5 (2021)
IDR/USD Rate	: ~ 14,500

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

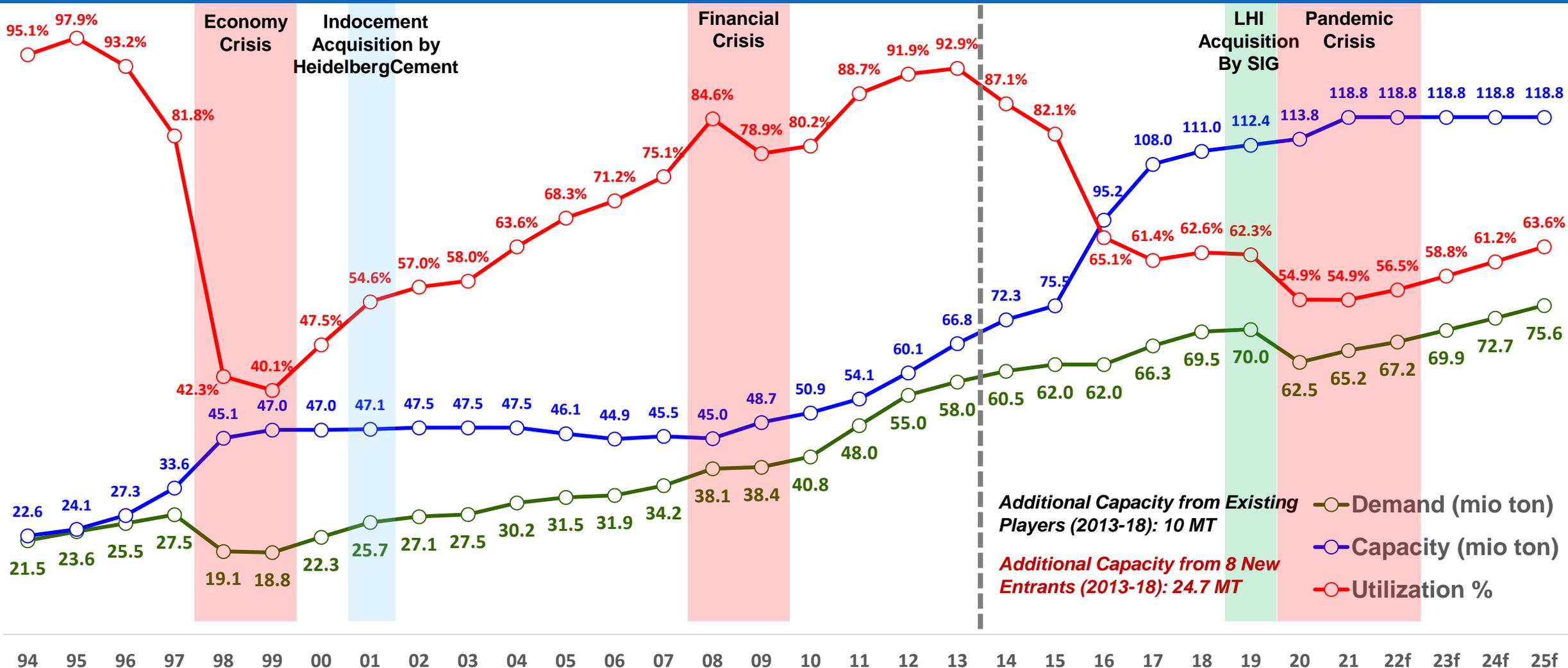


Source: Ministry of Industry



Cement Market Evolution

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



Additional Capacity from Existing Players (2013-18): 10 MT
 Additional Capacity from 8 New Entrants (2013-18): 24.7 MT

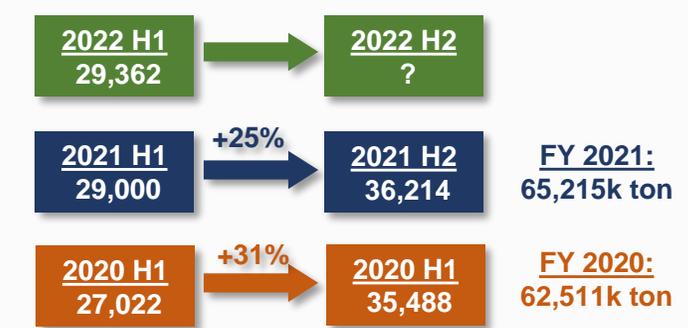
Legend:
 - Demand (mio ton)
 - Capacity (mio ton)
 - Utilization %

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%	-1.4%	+4.0%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.9%	+0.0%

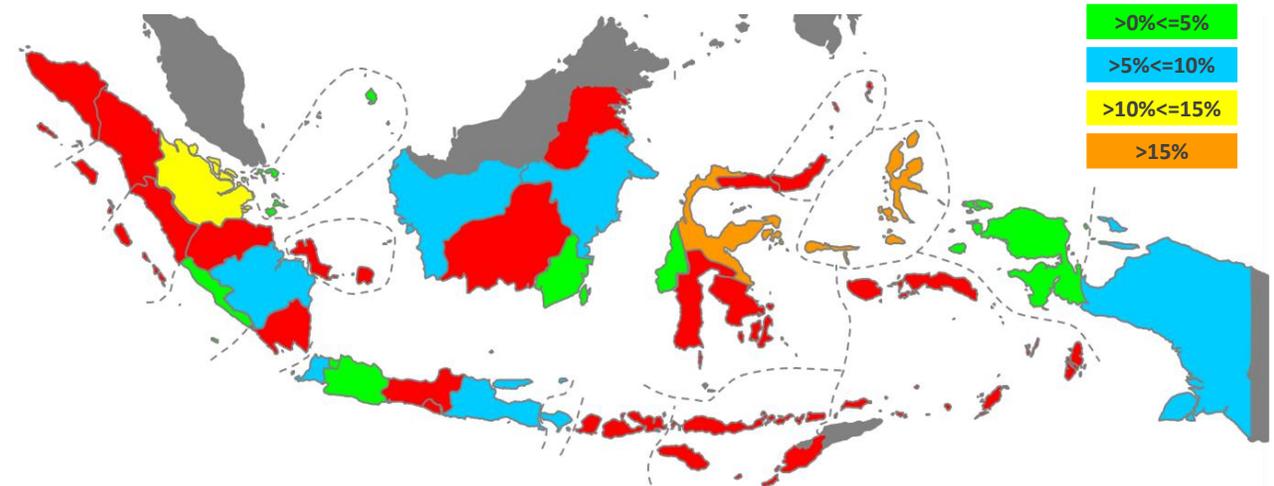
Cement Market Development

Market Volume in k ton



Source: Ministry of Industry

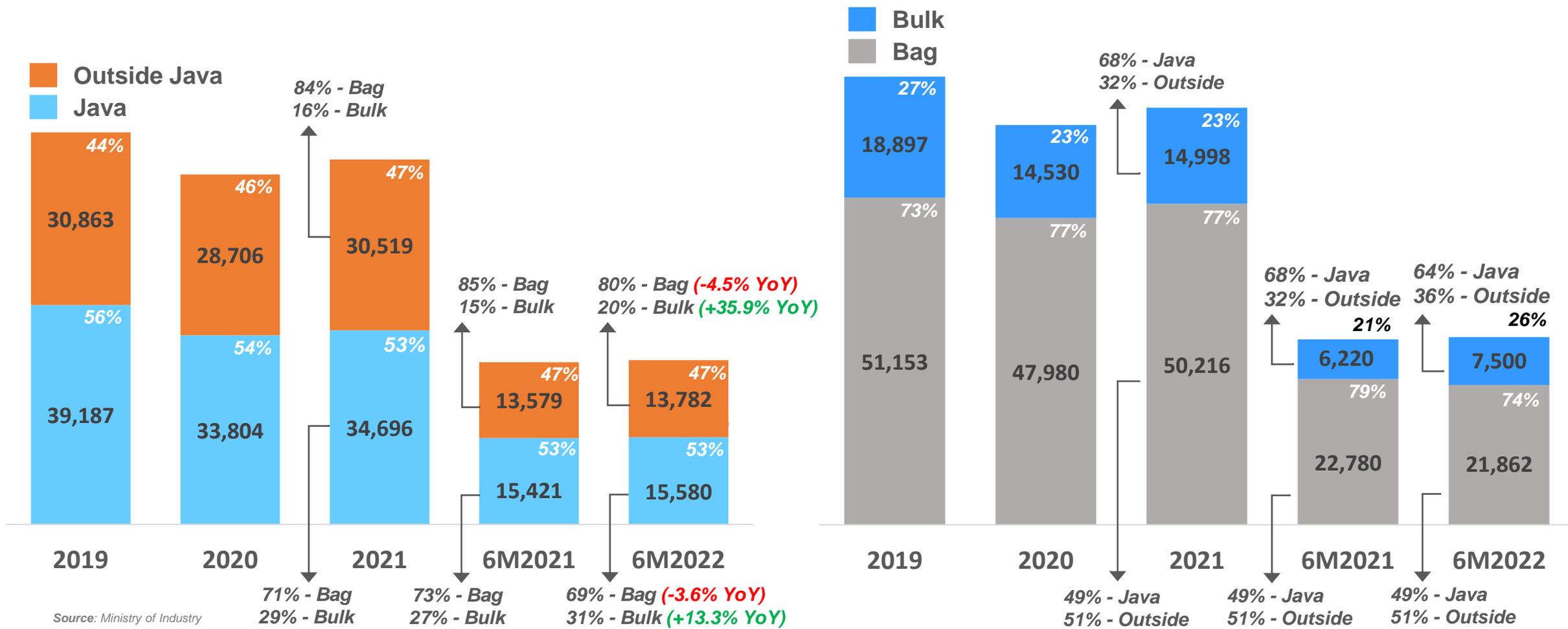
H1 2022 YoY Area Growth



- Overall cement market grew +1.2% for H1 2022
- Growth varied across Indonesia:

Area	H1 2021 YoY Volume
Java	+1.0%
Sumatra	-1.6%
Kalimantan	+2.1%
Sulawesi	+8.1%
Bali & NT	-3.1%
East Indonesia	+7.7%

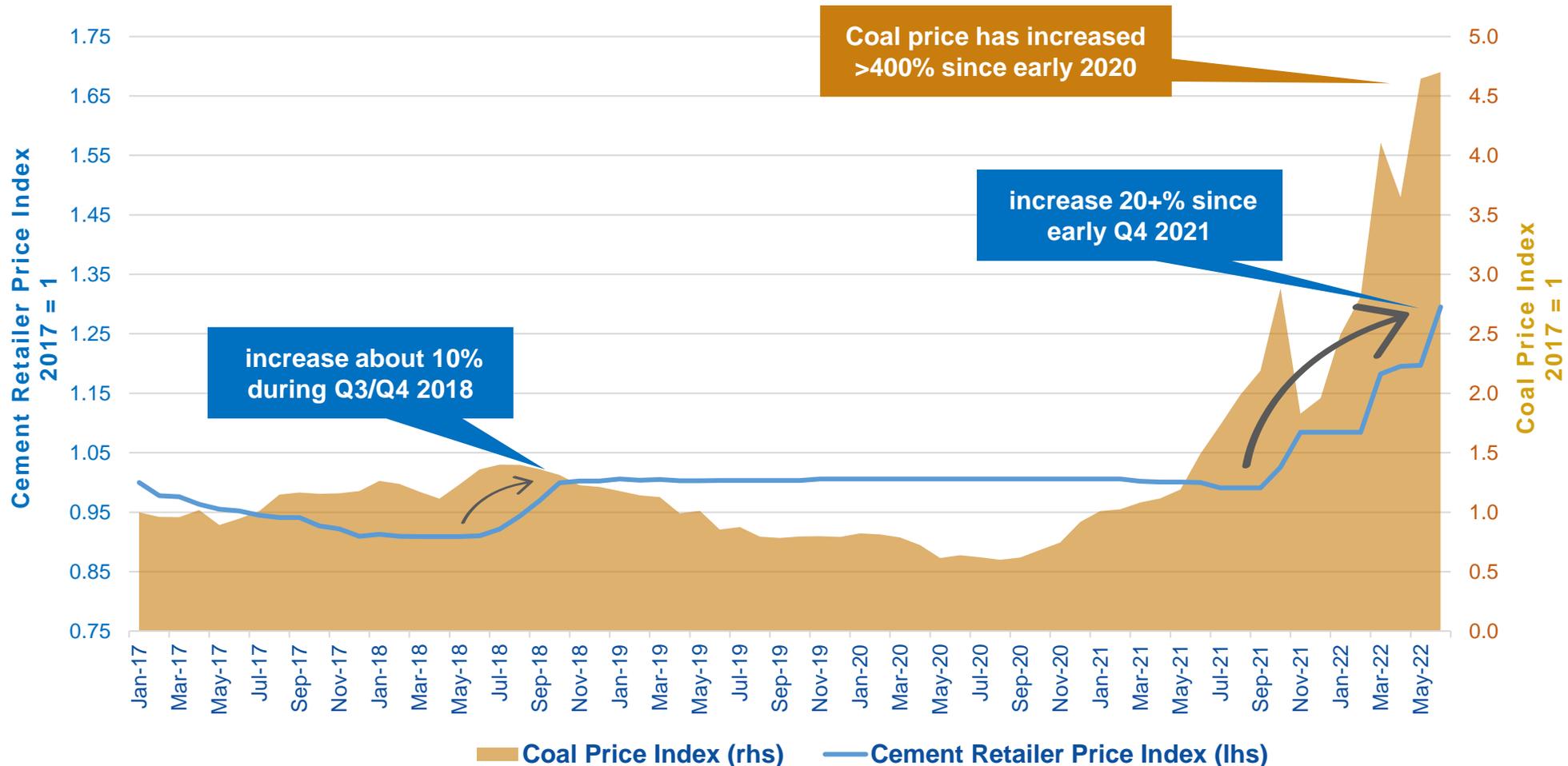
Bag & Bulk Market Figure in Java & Outside Java



Quite improvement for bulk market both in Java and Outside Java in Q2 2022.
Weakening of bag market portion while overall market volume rises.

Retail Price Increase

Trends of Retail Cement Price in Jakarta, Banten and West Java and Coal Price



Source:
ICE Newcastle Coal Price
Indocement Internal Retail Price Data

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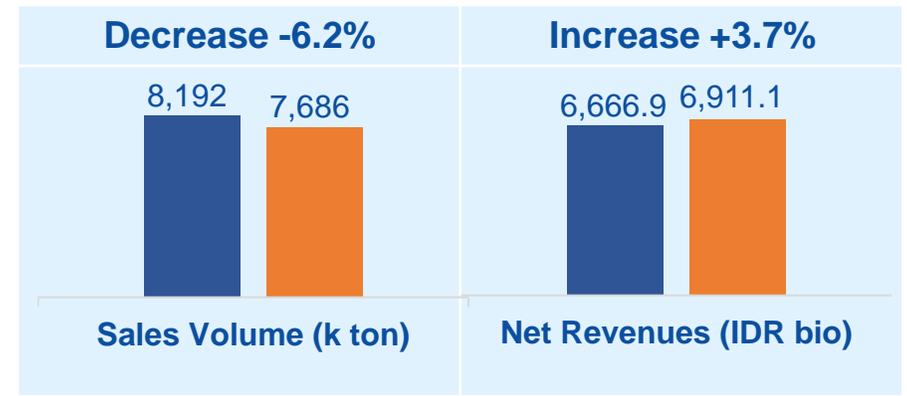
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Financial Results Highlight

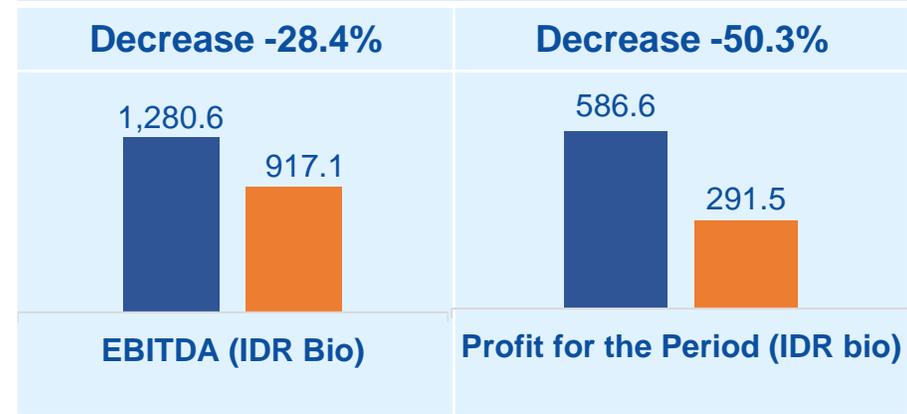
Energy costs had the most impact on Q2 results

- ✓ Net Revenues increases +3.7% despite of lower volume by -6.2% due to increase in selling price
- ✓ Cost of Revenues increased 12.1% due to high energy costs from coal
- ✓ Resulting in lower Gross Profit margin from 31.4% to 25.6%
- ✓ EBITDA margin decreased from 19.2% to 13.3%.
- ✓ Operating Income decreased from 9.6% to 4.8%
- ✓ Profit for the Period was at IDR 291.5bio lower by -50.3%
- ✓ **Cash position by end of June 2022 was at IDR 3.1tr with 0 debt**

Operational Result



Financial

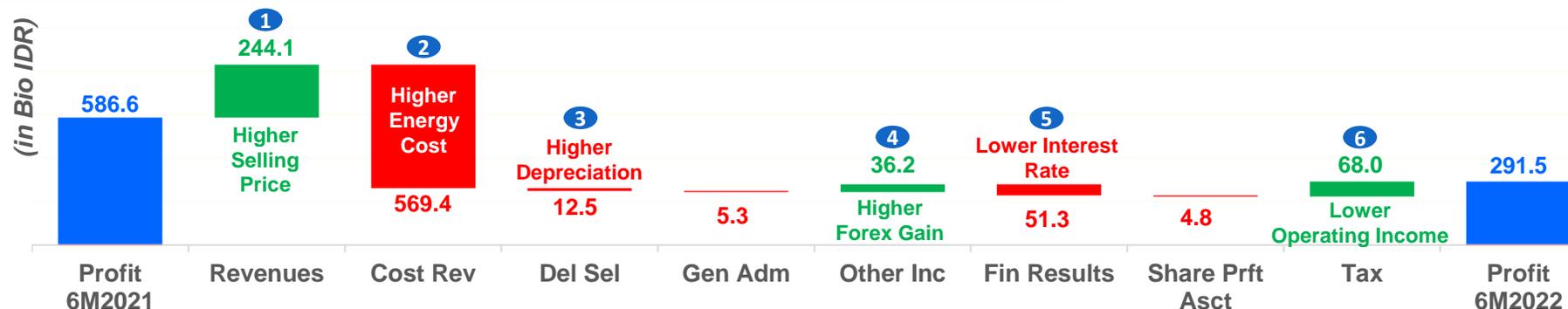


■ H1 2021 ■ H1 2022

Consolidated Statement of Income

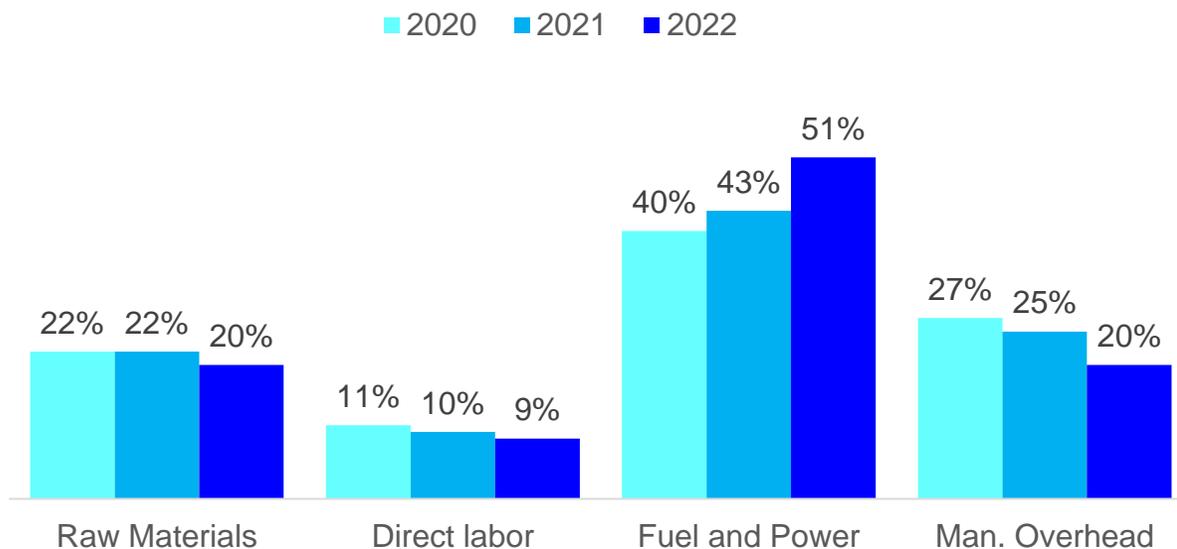
Description	Unit	YTD Jun 2022 Amount	YTD Jun 2021 Amount	Variance	
				Amount	%
Total sales volume	k tons	7,686	8,192	-506.1	-6.2%
Domestic Sales Volume	k tons	7,522	7,970	-448.4	-5.6%
Export Sales Volume	k tons	165	222	-57.7	-25.9%
Net Revenues	IDR bio	6,911.1	6,666.9	244.1	3.7%
Cost of Revenues	IDR bio	-5,142.3	-4,572.9	-569.4	-12.5%
Gross Profit	IDR bio	1,768.8	2,094.1	-325.3	-15.5%
	% of Net Revenues	25.6%	31.4%		
Operating Expenses	IDR bio	-1,503.4	-1,485.6	-17.8	-1.2%
Other Operating Income (Expense) - Net	IDR bio	69.3	33.1	36.2	109.1%
Operating Income	IDR bio	334.7	641.7	-307.0	-47.8%
	% of Net Revenues	4.8%	9.6%		
EBITDA	IDR bio	917.1	1,280.6	-363.5	-28.4%
	% of Net Revenues	13.3%	19.2%		
Finance Income - Net	IDR bio	25.6	76.8	-51.3	-66.7%
Share of Net Profit of Associates - net	IDR bio	7.7	12.5	-4.8	-38.5%
Final Tax	IDR bio	-0.3	-0.2	-0.1	-88.0%
Profit before Income Tax Expense	IDR bio	367.7	730.9	-363.2	-49.7%
Income Tax Expense - Net	IDR bio	-76.1	-144.3	68.2	47.2%
Profit for the Period	IDR bio	291.5	586.6	-295.0	-50.3%
Total Comprehensive Income for the Period	IDR bio	291.5	586.8	-295.3	-50.3%

1. Total Sales volume decreased by -6.2% but Net Revenues grew +3.7% due to increase in selling price
2. Increase in Cost of Revenues was from high energy cost due to high coal price
3. Higher Operating Expenses was mainly due to higher depreciation of lease assets following addition in lease in 2022
4. Higher Other Operating Income (Expense) – Net was due to higher forex gain during Q2
5. Lower Finance Income – Net is due to lower interest rate in 2022
6. Decrease in Income Tax Expense – Net is from lower Operating Income



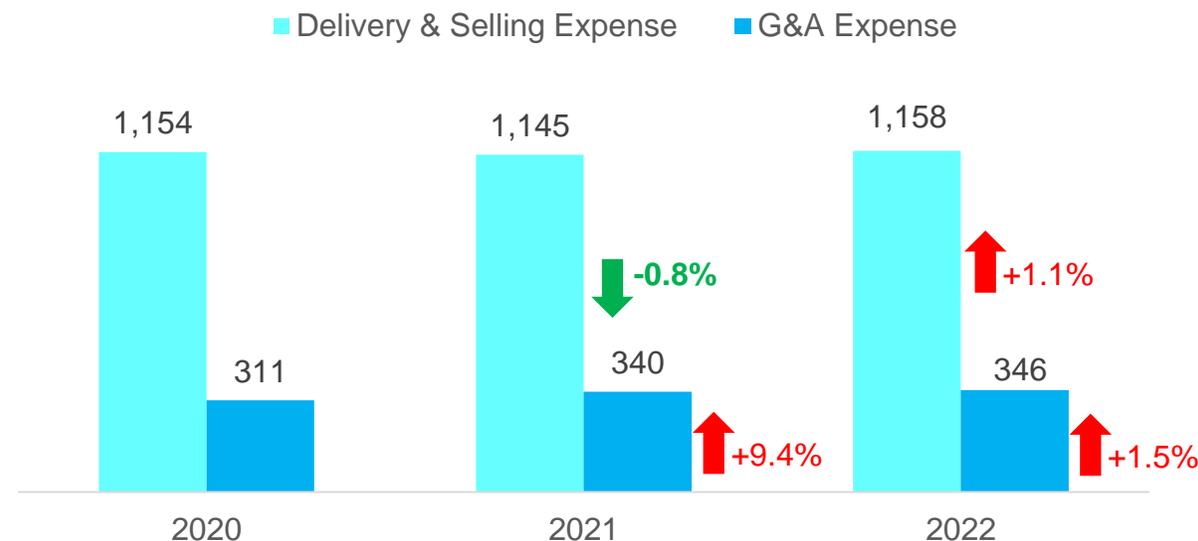
Operating Efficiencies & Cost Discipline

H1 Composition of Manufacturing Cost



- Lower Raw Materials composition is due to lower clinker content & higher use of alternative materials. Volume on our hydraulic cement has made good progress in the bulk market
- Higher Fuel & Power composition is due to high coal price
- Manufacturing Overhead composition improves due to continuous efficiency of plant operations

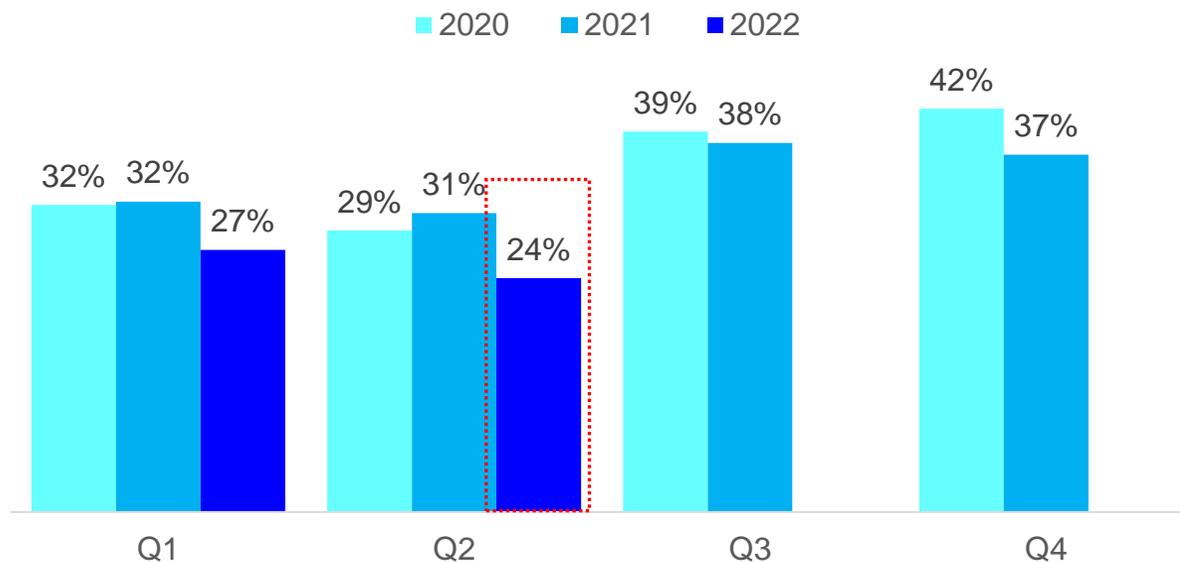
H1 Operating Expenses (bio IDR)



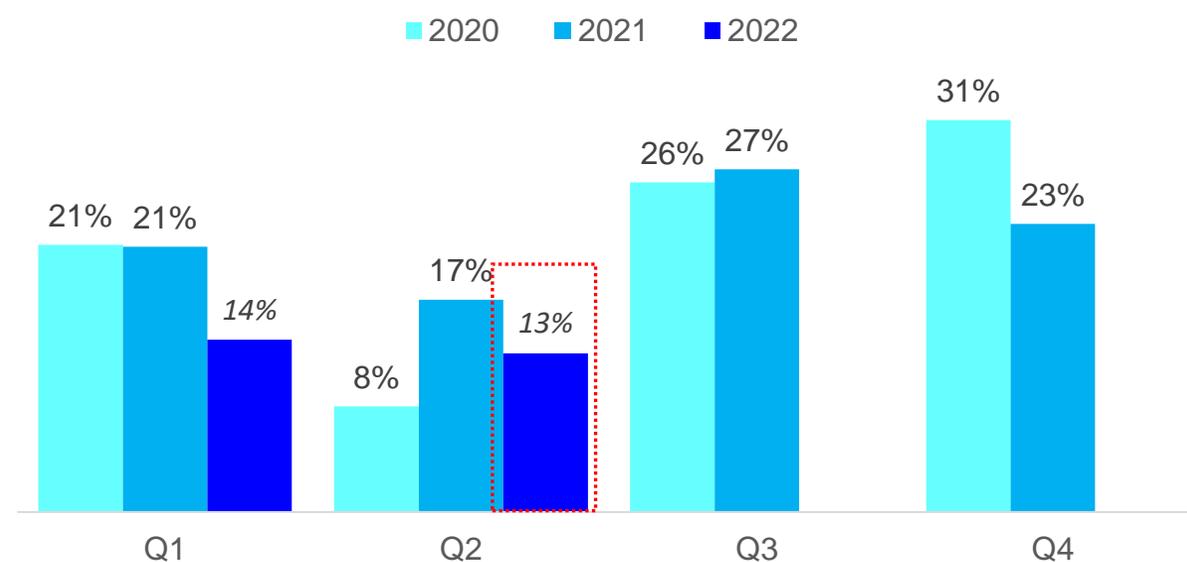
- Higher Delivery & Selling Expenses is due to increase of fuel (especially for bulk cement transportation) and higher depreciation due higher rental expense (new lease of Banyuwangi Grinding Plant in East Java)

Continuous Fixed Cost Monitoring

Gross Margin Development



EBITDA Margin Development



During current challenging time, Indocement continues to focus on:

- **Alternative Fuels & Alternative Materials (AFAM)**, as way to mitigate high energy costs
- **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

Uraian	June 30, 2022 Bio IDR	Dec 31, 2021 Bio IDR	Variance	
			Bio IDR	%
Current Assets	8,515.2	11,336.7	-2,821.5	-24.9%
Non-Current Assets	14,939.6	14,799.4	140.2	0.9%
Current Liabilities	3,912.6	4,646.5	-733.9	-15.8%
Non-Current Liabilities	1,219.5	868.6	350.9	40.4%
Equity	18,322.6	20,621.0	-2,298.3	-11.1%
Total Assets = Total Liabilities + Equity	23,454.8	26,136.1	-2,681.3	-10.3%

- Cash and Cash Equivalents of IDR 3.1tr as of 30 June 2022
- Capex spending plan for 2022 is IDR 1.5tr. Total capex spending as of 30 June 2022 was IDR 658bio

<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	1,740
% of Dividend Payout	35%	88%	139%	177%	100%	148%	97%
% of Dividend Yield	1.9%	6.0%	3.2%	3.0%	2.6%	5.0%	4.1%

* Distributed in the following year

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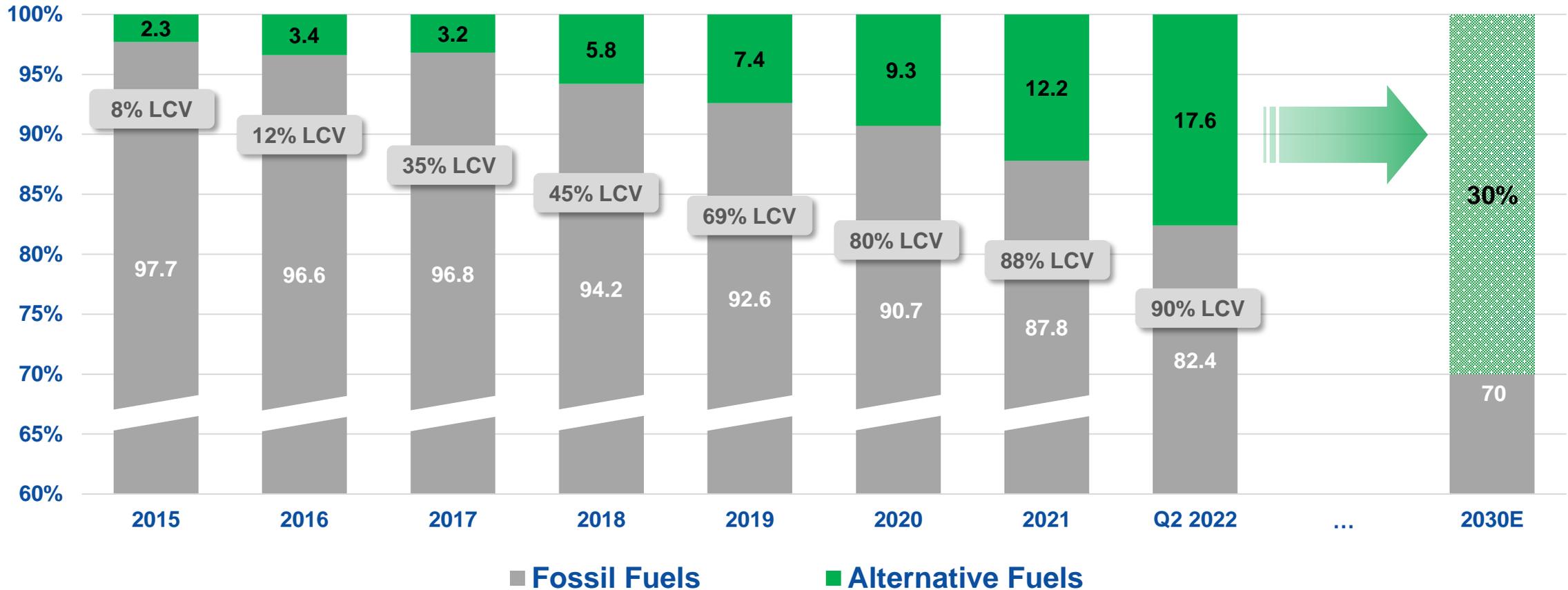
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Increase Usage of Alternative Fuel

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

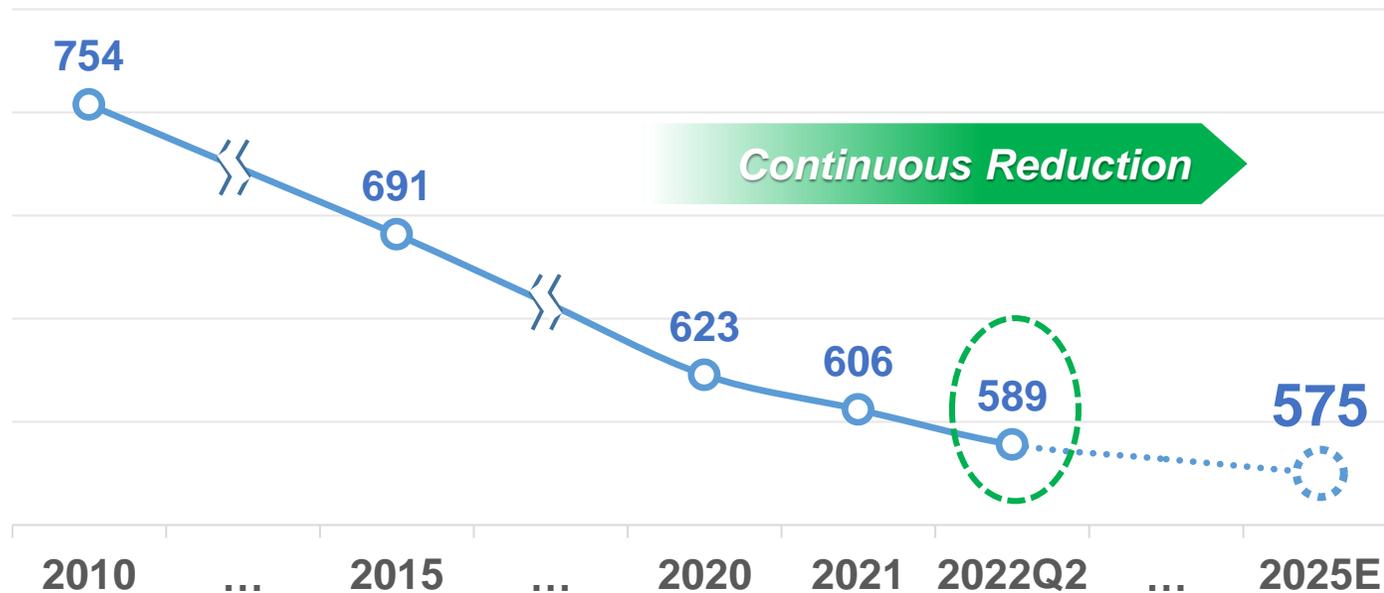
Fuel Consumption Rate %



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

Reduction of CO₂ Emissions

Scope 1 (kg CO₂/t cement equivalent)



Parameter	Unit	Government Standard	INTP H1 2022
SOx	mg/Nm ³	650	323
NOx	mg/Nm ³	850	329

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

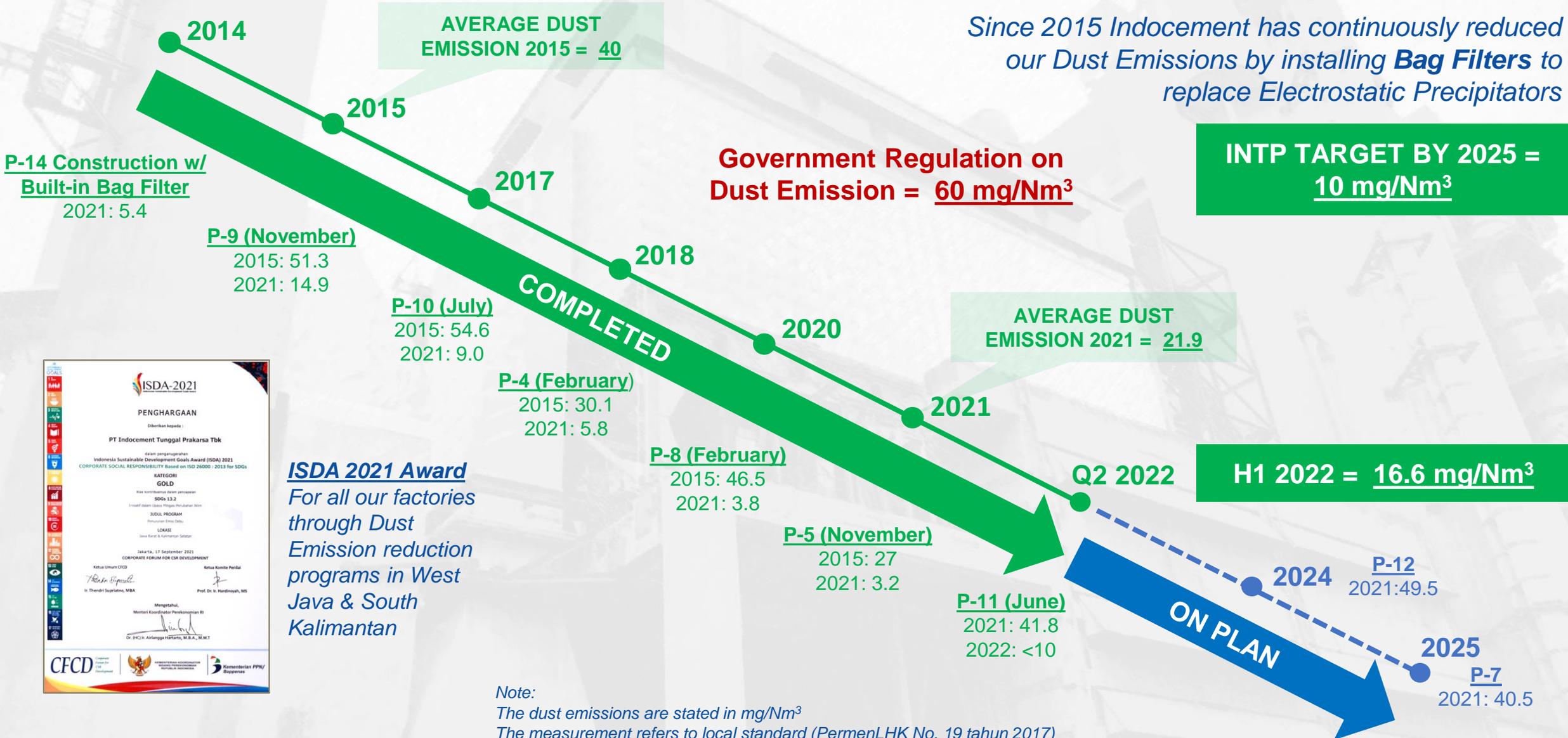
- Indocement Energy Management Team supported by HeidelbergCement Technology Centre (HTC) has developed energy conservation program and a ROAD-MAP plan for energy efficiency and CO₂ reduction
- **Our goal by 2025 for Scope 1 Emissions is 575kg CO₂/t cement equivalent (revised from 580) :**
 - ✓ Increase 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

Reduction of Dust Emissions

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

INTP TARGET BY 2025 = 10 mg/Nm³

Government Regulation on Dust Emission = 60 mg/Nm³



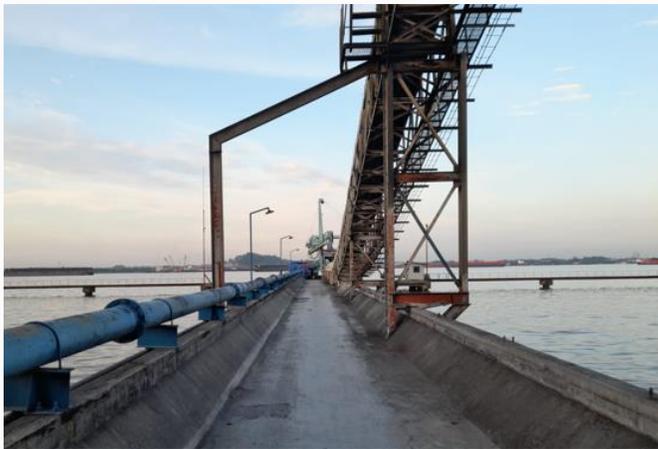
ISDA 2021 Award
For all our factories through Dust Emission reduction programs in West Java & South Kalimantan

Note:
The dust emissions are stated in mg/Nm³
The measurement refers to local standard (PermenLHK No. 19 tahun 2017)
Dust Emission (mg/m³) – (25°C, 1013 hPa) related to 10% OXYGEN

Improving Our Supply Fulfilment Capability

Packing Terminal in Samarinda

January 2022



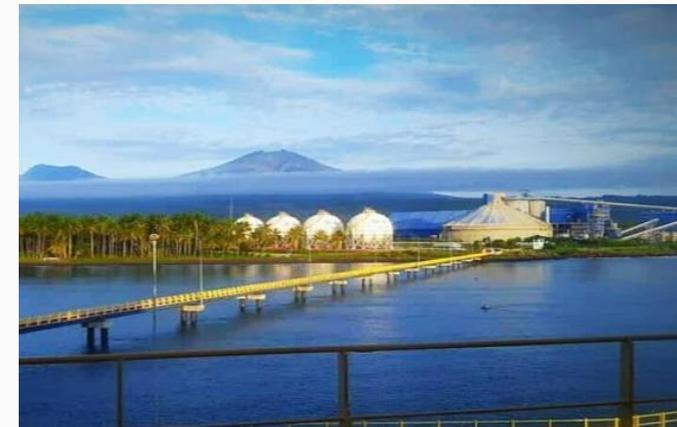
Bulk Vessel

February 2022



Grinding Plant in Banyuwangi

March 2022 (lease)



Outlook

- ✔ **National Cement Domestic Volume** expected to grow in range of 3~4%
- ! **Energy cost is expected to remain high from coal price.** After 2x of price increase in H1 2022, price developments continue to be observed anticipating higher demands in H2. Efforts to get DMO Coal looks promising but still not cover the whole coal requirement until Year-end
- ! **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
- ! **Look out for Carbon Tax which has been delayed further**
- ✔ **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
- ✔ **Our Banyuwangi Grinding is in operation to penetrate further into East Java and Bali**
- ✔ **Future Investment:** focus in expanding our Sustainability Strategy, Distribution Channel, and Digitalization/Automation process as well as exploring any opportunities for good synergy to sell and distribute cement competitively in outside Java region

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Thank You

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