



Earnings Call Q1 2023 PT Indocement Tunggal Prakarsa Tbk.

4 May 2023



■ Key indicator for Q1 2023:

- Overall cement market in Q1 2023 weakened -6.5% YoY driven by continuing pressure of bag market -9.3% while bulk market grew +2.1%. Pressure in bag market was from combination of last year Q1 high-based volume and this year higher price
- Indocement recorded domestic cement sales volume at 4,303k ton or +6.6% YoY due to additional volume from Maros operation, and export at 156k ton or +368.6% YoY mostly from clinker shipments to Bangladesh & Brunei
- Substantial gain of outside Java market share from 14.8% to 21.2%
- Net Revenues grew +19.3% YoY to IDR 4,245.7bio from both higher volume and price
- Increase in Cost of Revenues of +14.3% YoY was due to increase in raw material and manufacturing overhead costs, partially offset with lower energy cost following from DMO coal
- Margin recovery in Gross Profit from 27.0% to 30.1% and EBITDA from 13.8% to 18.2%

■ Sustainability:

- Average dust emission was at 13.8 mg/m³ in 2022 and improved to 10.5 mg/m³
- CO₂ emission Scope 1 - Gross was reduced to 585 kg CO₂/t cement equivalent from FY2022 at 587 kg CO₂/t cement equivalent, while CO₂ emission Scope 1 - Net maintained at 558 kg CO₂/t cement equivalent

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Market Overview

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

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Operational Performance

Increase Usage of Alternative Fuel
Reduction of CO2 and Dust Emissions
RMC Business Line Update
Outlook

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Financial Performance

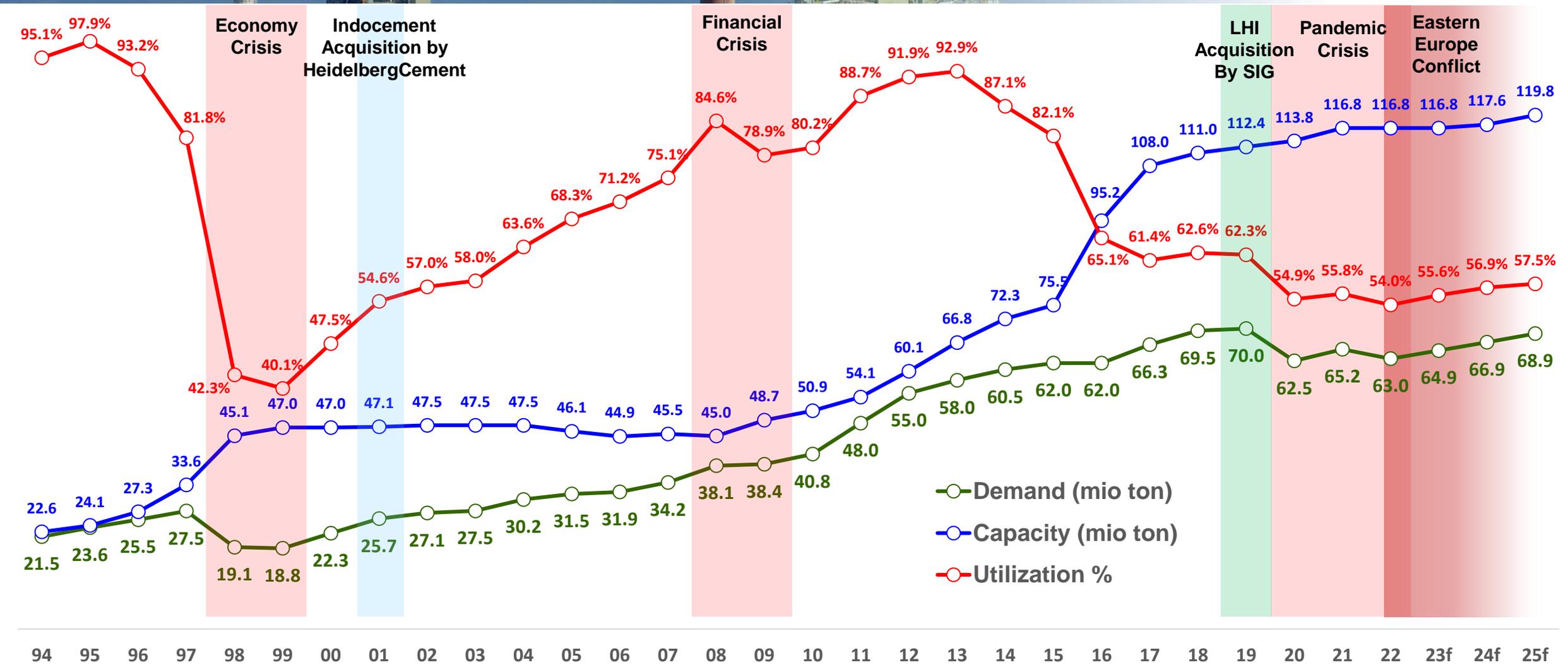
Financial result
Cost Control and Margin Development
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Q & A

Cement Market Evolution



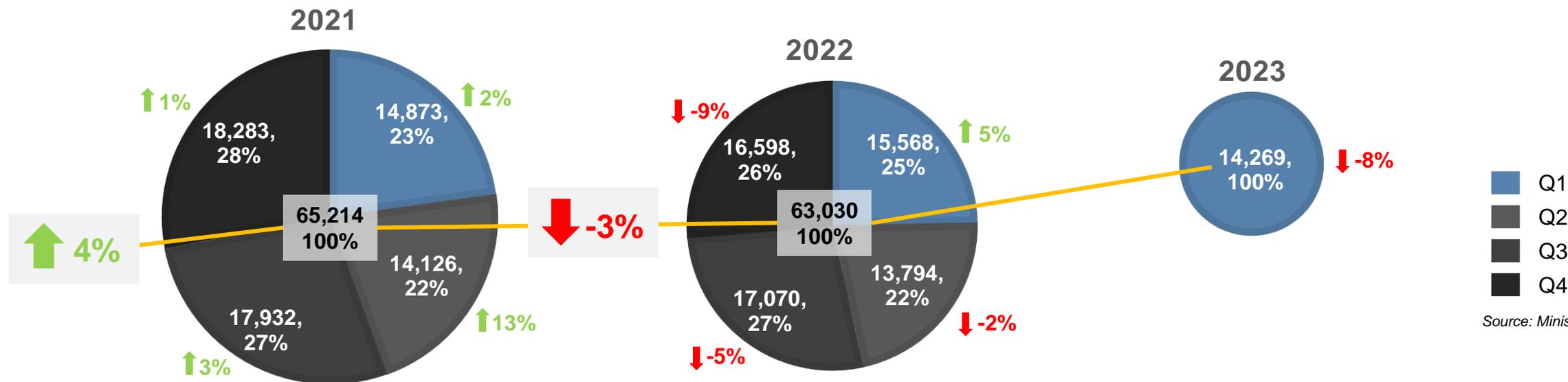
Source: Ministry of Industry with Internal Indocement Projection
 The capacity data could be revised based on industry update

CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22A	'22A-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-3.5%	+3.0%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.3%	+0.8%

Cement Volume Development

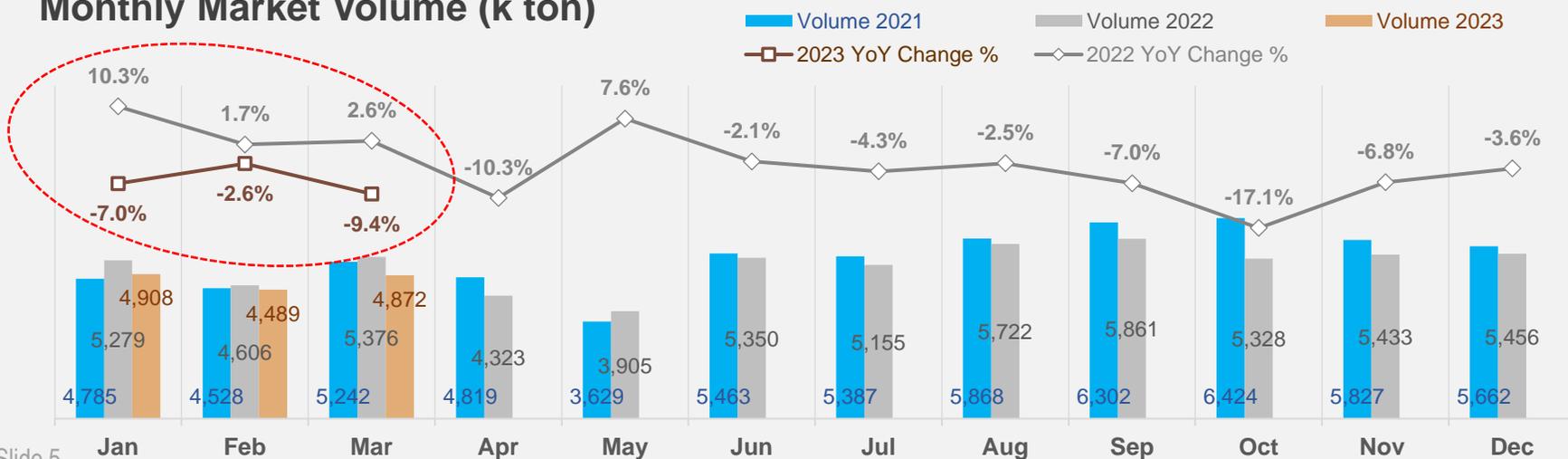


Quarterly Market Volume (K ton)



Source: Ministry of Industry

Monthly Market Volume (k ton)



- Contrary development of volume in Q1 2023 vs. last year Q1

2022 H1 28,839	+14%	2022 H2 32,956	FY 2022 61,794k ton
2021 H1 28,466	+25%	2021 H2 35,740	FY 2021 63,936k ton

Cement Market Portion & Growth

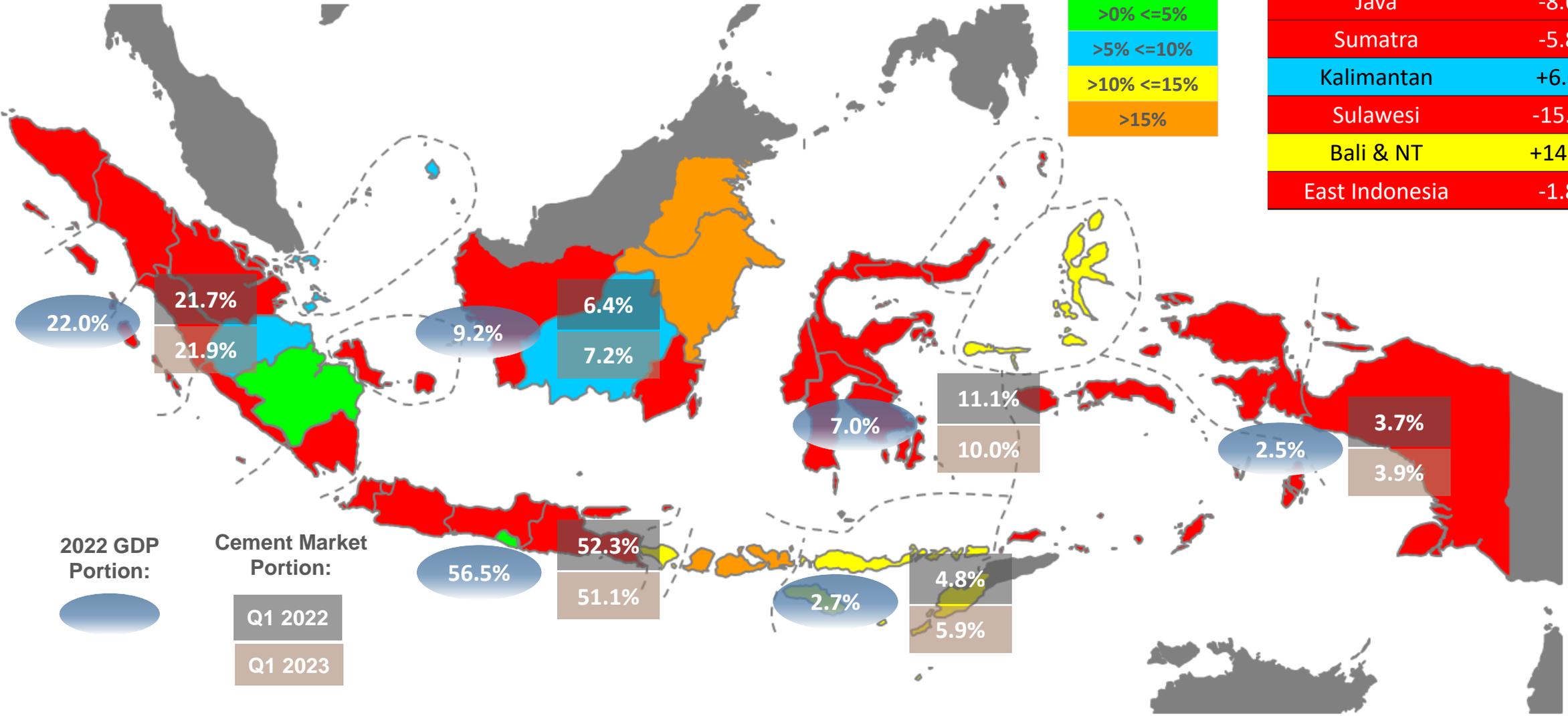


- To begin 2023, Bali and Nusa Tenggara have shown significant growth for +14.3% and Kalimantan for +6.0%

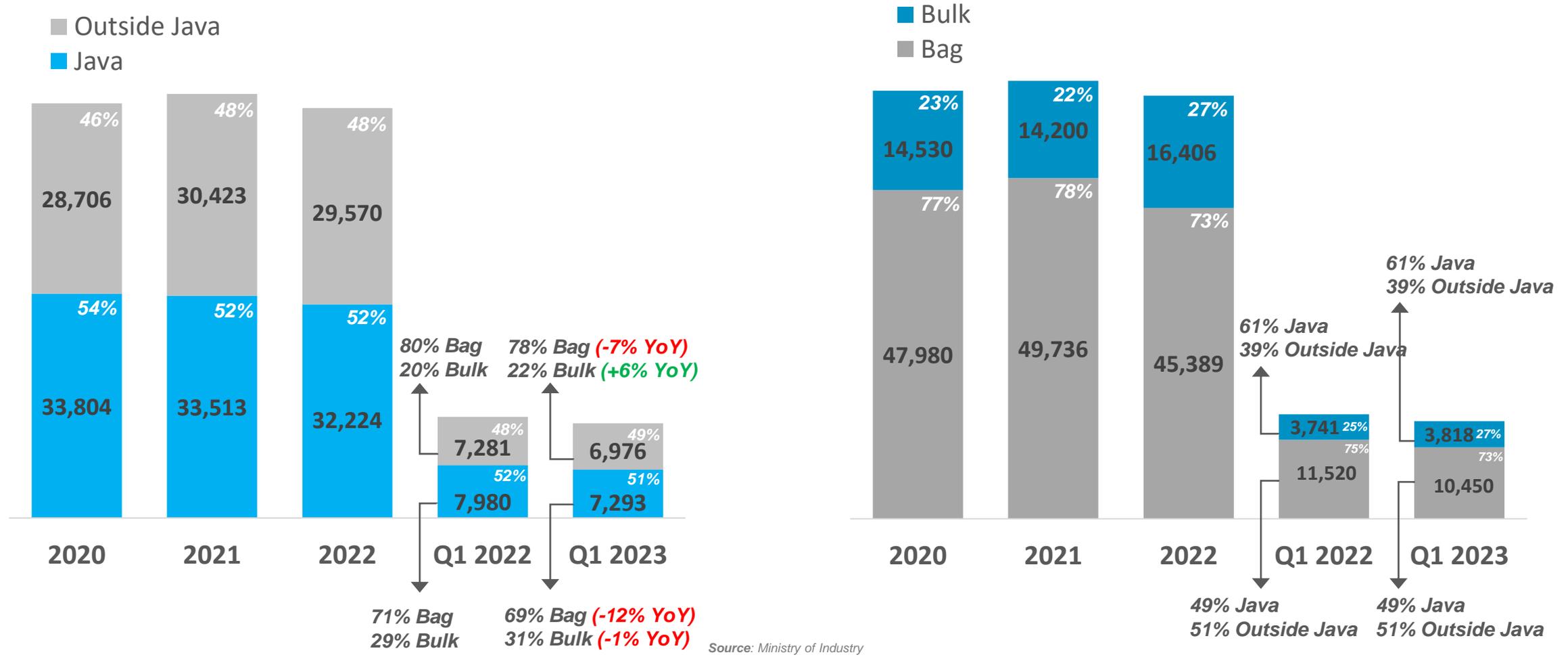
YoY Area Growth:



Area	Q1 2023 Volume
Java	-8.6%
Sumatra	-5.8%
Kalimantan	+6.0%
Sulawesi	-15.7%
Bali & NT	+14.3%
East Indonesia	-1.8%



Java-Outside Java and Bag-Bulk Markets



Source: Ministry of Industry

Slight increase for outside Java composition from strong bulk demand

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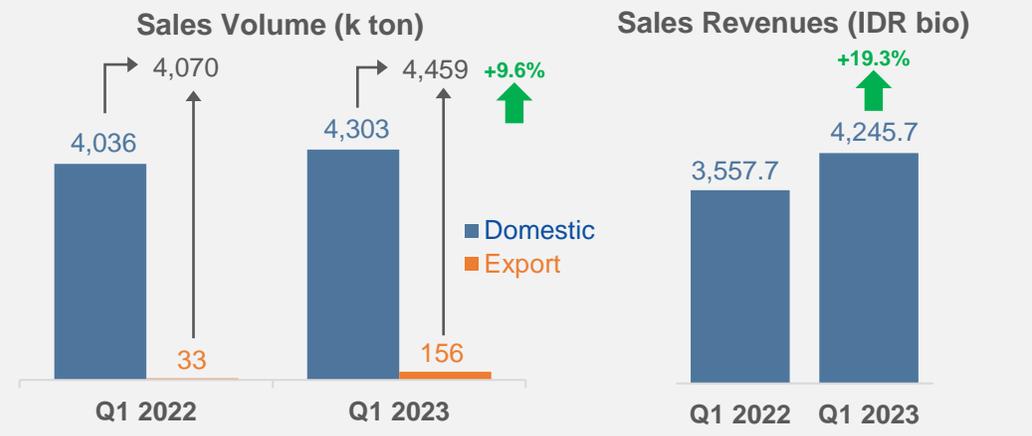
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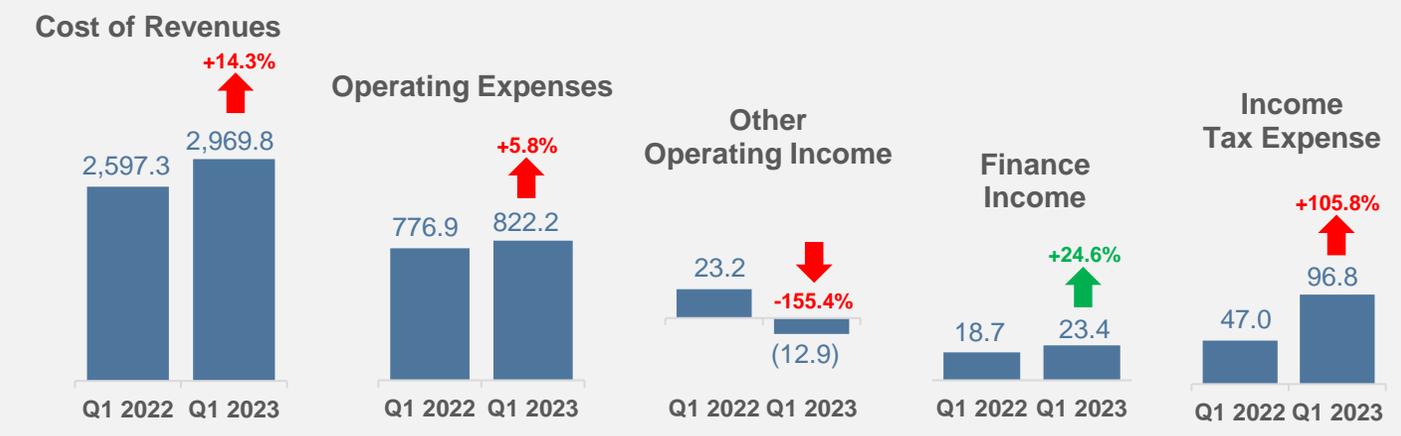
Financial Result



Sales Result



Operating Driver



Key Financial



Profit Bridging

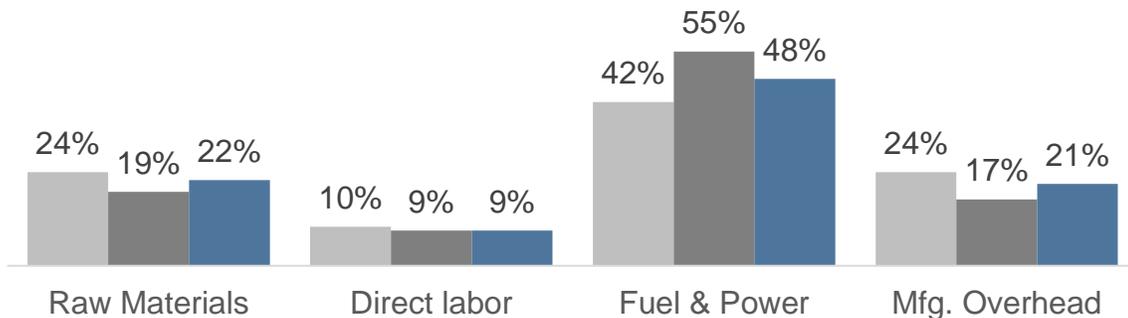


Cost Control and Margin Development



Q1 Manufacturing Cost

■ 2021 ■ 2022 ■ 2023



- Higher Raw Materials & Mfg. Overhead are from higher volume and general increase in labor
- Lower Fuel & Power from lower coal cost (DMO)

Operating Expenses (bio IDR)

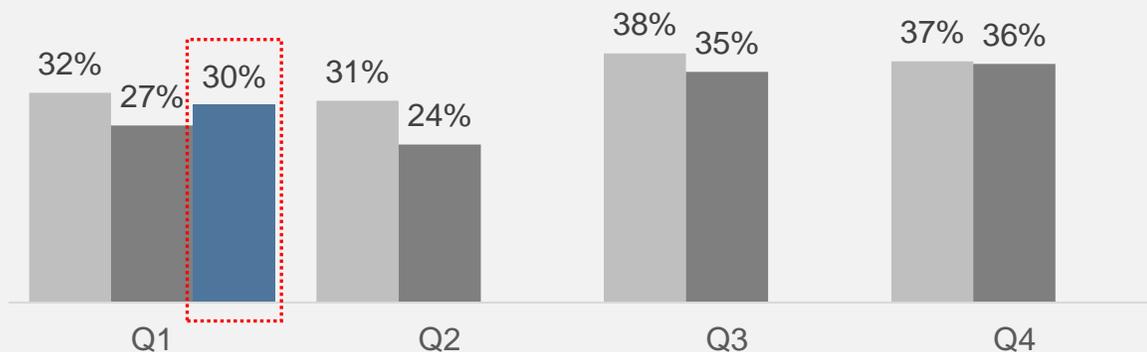
■ Delivery & Selling Expense ■ G&A Expense



- Higher Delivery & Selling Expense was from higher volume
- Higher G&A Expense from general increase in labor and project consultation fees

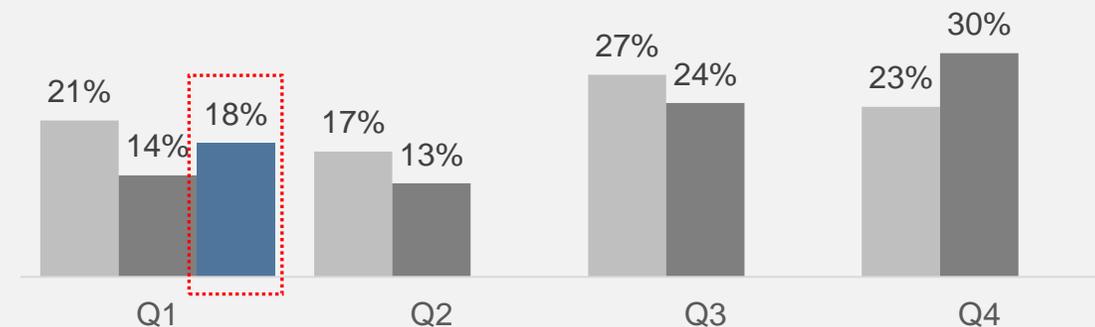
Gross Profit Margin

■ 2021 ■ 2022 ■ 2023



EBITDA Margin

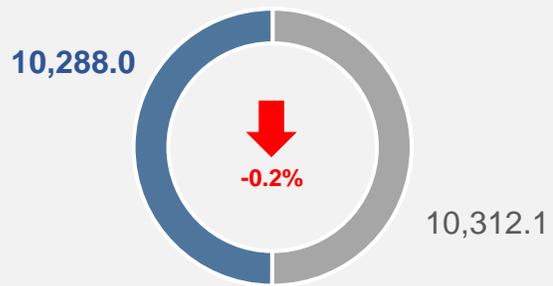
■ 2021 ■ 2022 ■ 2023



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

Balance Sheet

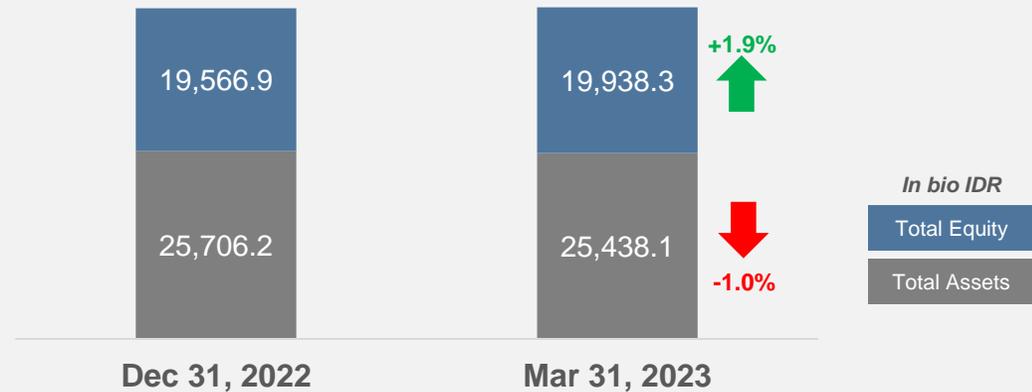
Current Assets



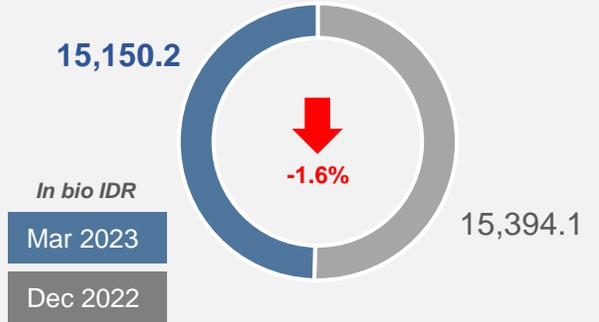
Current Liabilities



Asset & Equity



Non-Current Assets



Non-Current Liabilities



Dividend History



- Cash and Cash Equivalents of IDR 4.3tr as of 31 Mar 2023
- Capex spending plan for 2023 is IDR 1.2tr and as of Q1 2023 spending was IDR 76bio

* Dividend is distributed at the following year

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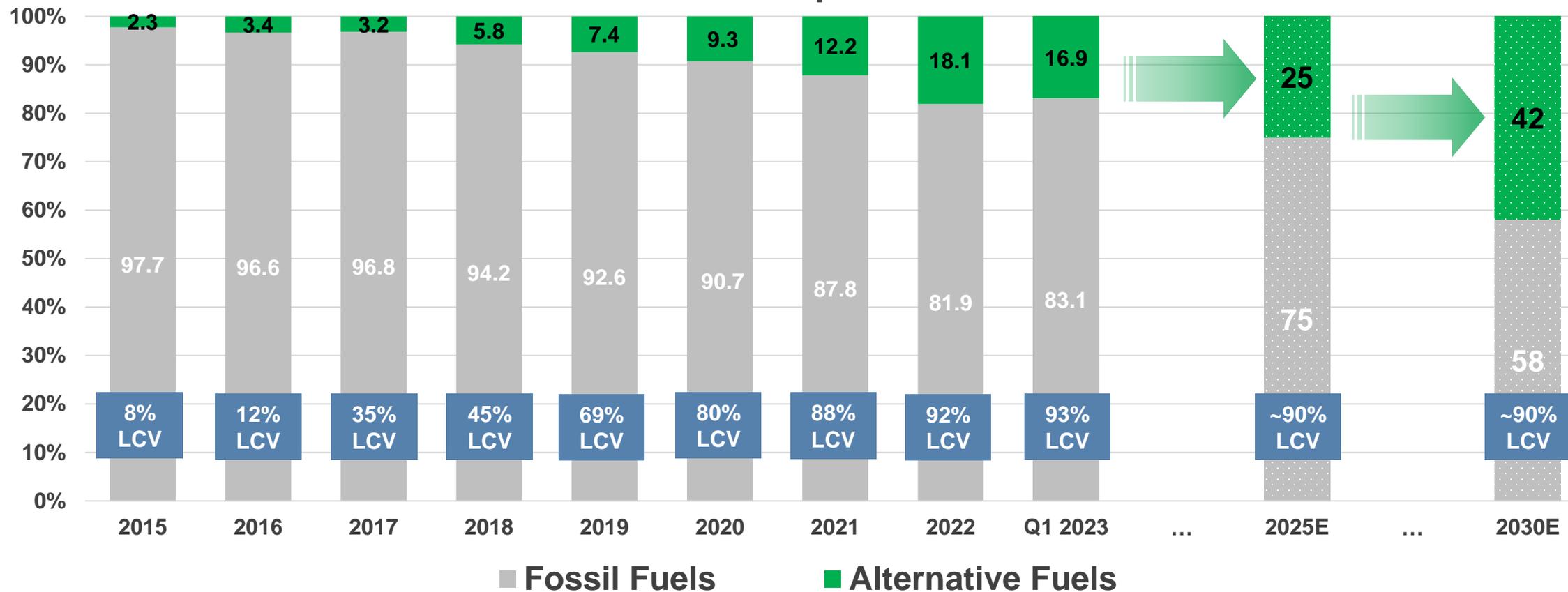
Q & A

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Increase Usage of Alternative Fuels

Continuous cost efficiency improvement from higher alternative fuels and LCV coal

Fuel Consumption Rate %

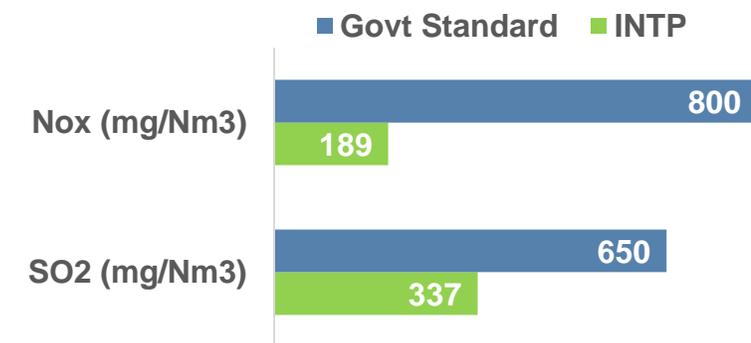
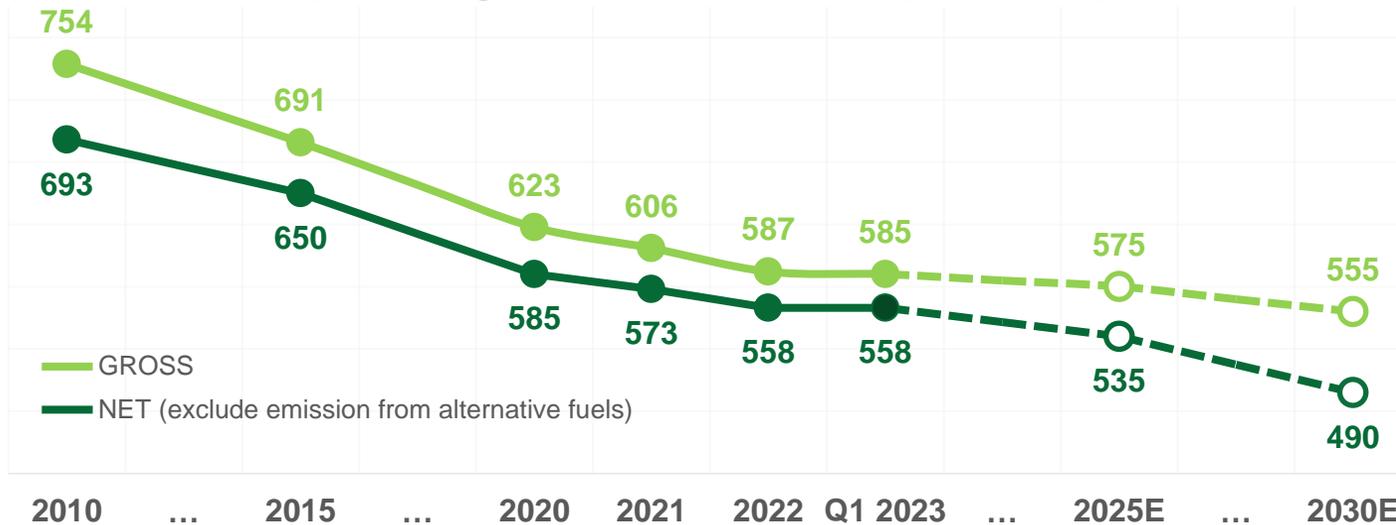


Increase of alternative fuel in Q1 2023 was due to disruption of rice husk supplies from higher than usual rainfalls

Reduction of CO2 & Dust Emissions



Scope 1 (Kg CO2/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/Nm³
- The measurement refers to local standard (PermenLHK No. 19 tahun 2017)
- Dust Emission (mg/m³) – (25°C, 1013 hPa) related to 10% OXYGEN

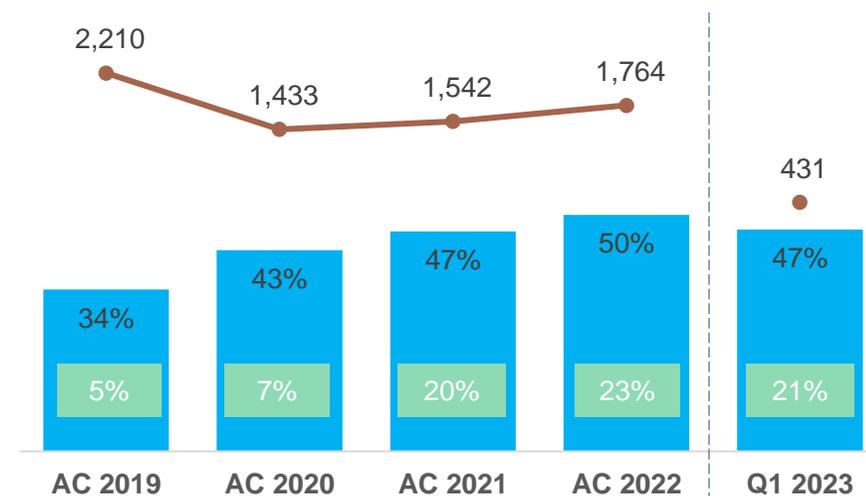
Government Regulation on Dust Emission = 60 mg/Nm³

RMC Business Line Update

PT Pionirbeton Industri (PBI)

- Implementation of digital transformation from operation to sales such as remote batching, maintenance, e-commerce/Internal sales, central warehouse are keys for result improvement
- After experiencing challenges from the pandemic, **PBI managed to grow volume by 8% in 2021 then 14% in 2022**
- Since 2018, PBI started to focus on the SME+R market by developing Internal Sales (telemarketing) and emphasizing on E-Commerce strategy (www.tokotigaroda.com). Recovering from the pandemic, it resulted in +167% growth in 2021, +15% growth in 2022, and stabilizing in Q1 2023

■ SMER % from Total Volume —●— Total Volume (k m³)
■ IS & E-Comm Portion from SMER



- In total, PBI operates 24 batching plant locations: 13 in greater Jakarta, 6 in West Java, 4 in Central Java, and 1 in East Java, with total number of 400+ mixer trucks
- Currently, PBI is handling 15 big infrastructure and commercial projects which volume ranging from 50k to 250k m³
- In the pipeline, PBI has several major projects which volume ranging from 100k to 800k m³ (toll road, dam, factory/warehouse)



- ✔ Looking forward to volume recovery after the holiday season. **National Cement Domestic Volume is expected to grow about 2% for 2023**
- ✔ **Relatively stable and lower coal price from last year including more accessible of DMO coal should favor cement manufacturers on energy cost**
- ! **ODOL (Over Dimension & Over-loading) policy will be the major risk for Cement Industry now with the hope to be implemented after the election year. Nevertheless, we are moving ahead with preparation and changes in our Logistics mode of transport to accommodate**
- ! **PLN tariff might increase this year and with the plan of Carbon Tax to be implemented in 2023, it would further burden the cost on electricity**
- ✔ **Keep 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 aims to gain further traction in East Indonesia including higher volume on export**
- ✔ **Future Investment:** focus in expanding our Sustainability Strategy, Distribution Channel, and Digitalization/Automation process, including to look for other possible investment forming synergy to enhance our distribution and logistics capability

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Thank You

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