

Financial Results Q3 2024

# **PT Indocement Tunggal Prakarsa Tbk.**

4 November 2024

# Key Message

## ■ Key indicator for Q3 2024:

- From ASI data, domestic cement market grows +1.6% from combination of contraction in bag market of -2.0% and growth in bulk market of +10.9%.
- **Bulk cement composition reaches 30.7%** vs. 28.1% last year, the construction of new capital city remains to be the main driver.
- Indocement recorded domestic cement volume of 14,550k tons up to September 2024, +9.4% higher from the same period last year, mainly contributed from Semen Grobogan plant. Total exports were 189k tons or down -57.6%.
- **Our domestic cement market share for YTD September 2024 is 29.7% with Java 37.8% and outside Java 21.1%.**
- Raised price of bag products around June and August/September with total YTD increase about 3-4%.
- Net Revenues is at IDR 13,320.7bio, +3.0% higher mainly due to addition of Semen Grobogan sales.
- Cost of Revenues increase +4.5% to IDR 9,237.7bio from higher volume and additional overhead costs in Maros & Grobogan locations.
- Margin for EBITDA is at 19.0% or IDR 2,531.6bio and Profit for the Period at 7.9% or IDR 1,055.9 bio.
- Current share buyback program up to IDR 895bio (including fees, etc.) will end on December 31, 2024, so far the spending is about 50%.

## ■ Sustainability:

- **CO<sub>2</sub> emission Scope 1 Specific NET for 9M2024 was at 534 kg CO<sub>2</sub>/t cement equivalent vs. FY2023: 546kg CO<sub>2</sub>/t cement equivalent**, still on track with our 2030 target of 490 kg CO<sub>2</sub>/t cement equivalent.
- NO<sub>x</sub>, SO<sub>2</sub>, and dust emissions are well below standard regulation.
- Ground-mounted solar panel in Tarjun plant (20MWp) is under approval & licensing process. For Citeureup plant, roof-top solar panel (4.5MWp) is in-operation and ground-mounted Solar panel (32.5MWp) is under construction & scheduled to operate by end of 2024.





# AGENDA

## 1. Market Overview

- Cement Market Evolution
- Cement Volume Development
- Cement Market Portion & Growth
- Java-Outside Java & Bag-Bulk Markets

## 2. Financial Performance

- Financial result
- Cost Control & Margin Development
- Balance Sheet

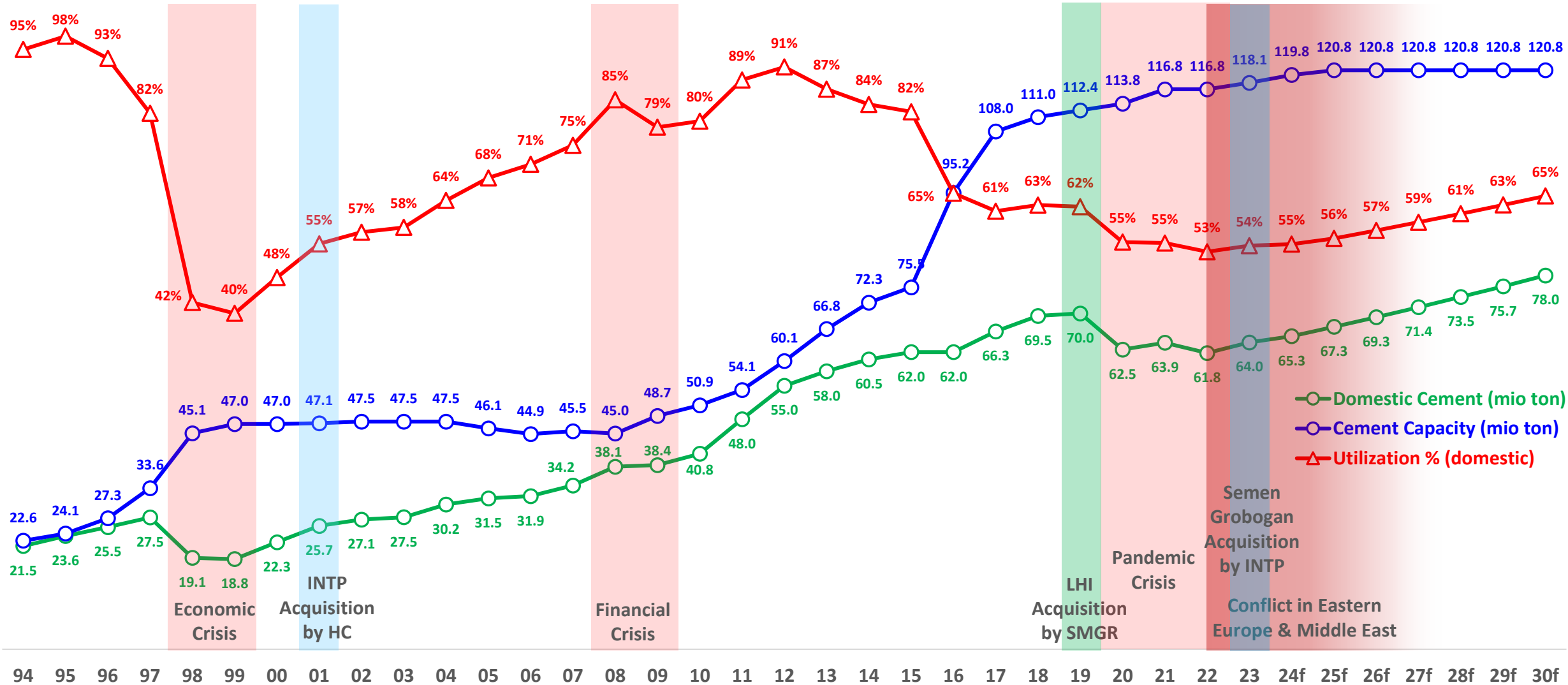
## 3. Operational Performance & Strategy

- Emission & Environmental Footprint Reduction
- Outlook

## 4. Question & Answer



# Cement Market Evolution



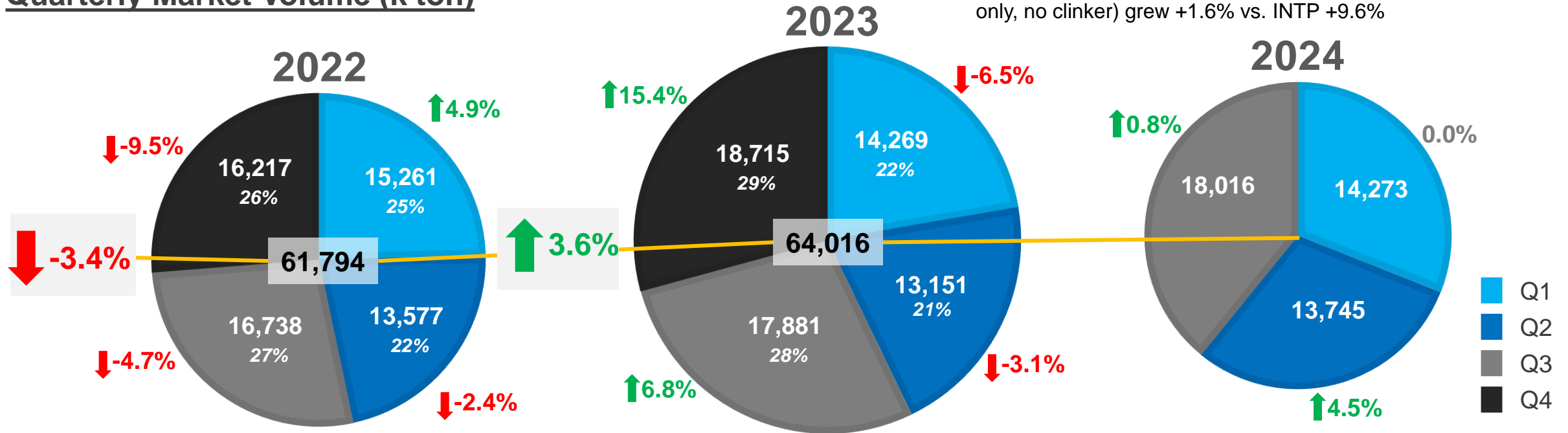
• Capacity include all cement players but some demand volume from smaller players are not reported to ASI

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

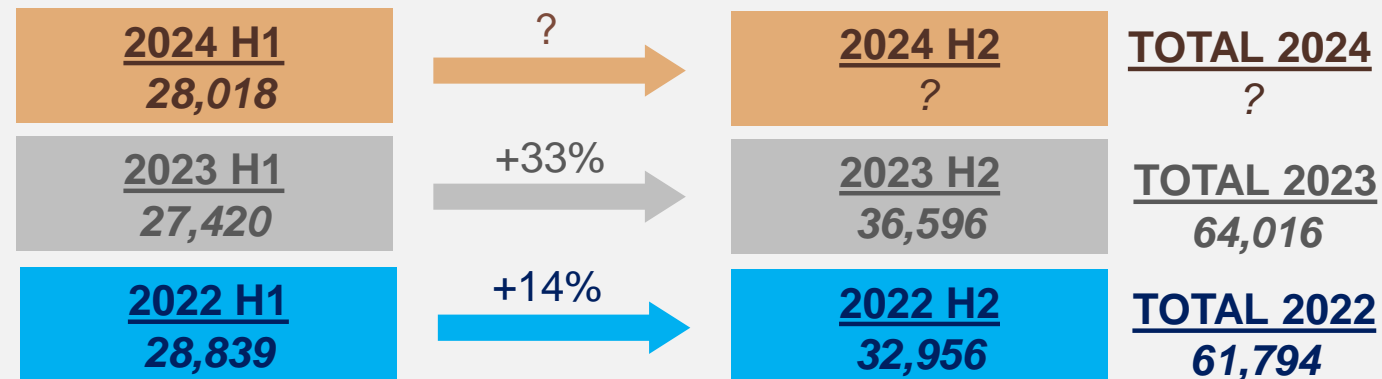
| CAGR     | 07A-10A | 10A-13A | 13A-16A | 16A-19A | 19A-22A | 22A-25F | 25F-28F |
|----------|---------|---------|---------|---------|---------|---------|---------|
| Demand   | +6.1%   | +12.5%  | +2.2%   | +4.2%   | -4.1%   | +2.9%   | +3.0%   |
| Capacity | +3.8%   | +9.5%   | +12.5%  | +5.7%   | +1.3%   | +1.1%   | -       |

# Cement Volume Development

## Quarterly Market Volume (k ton)



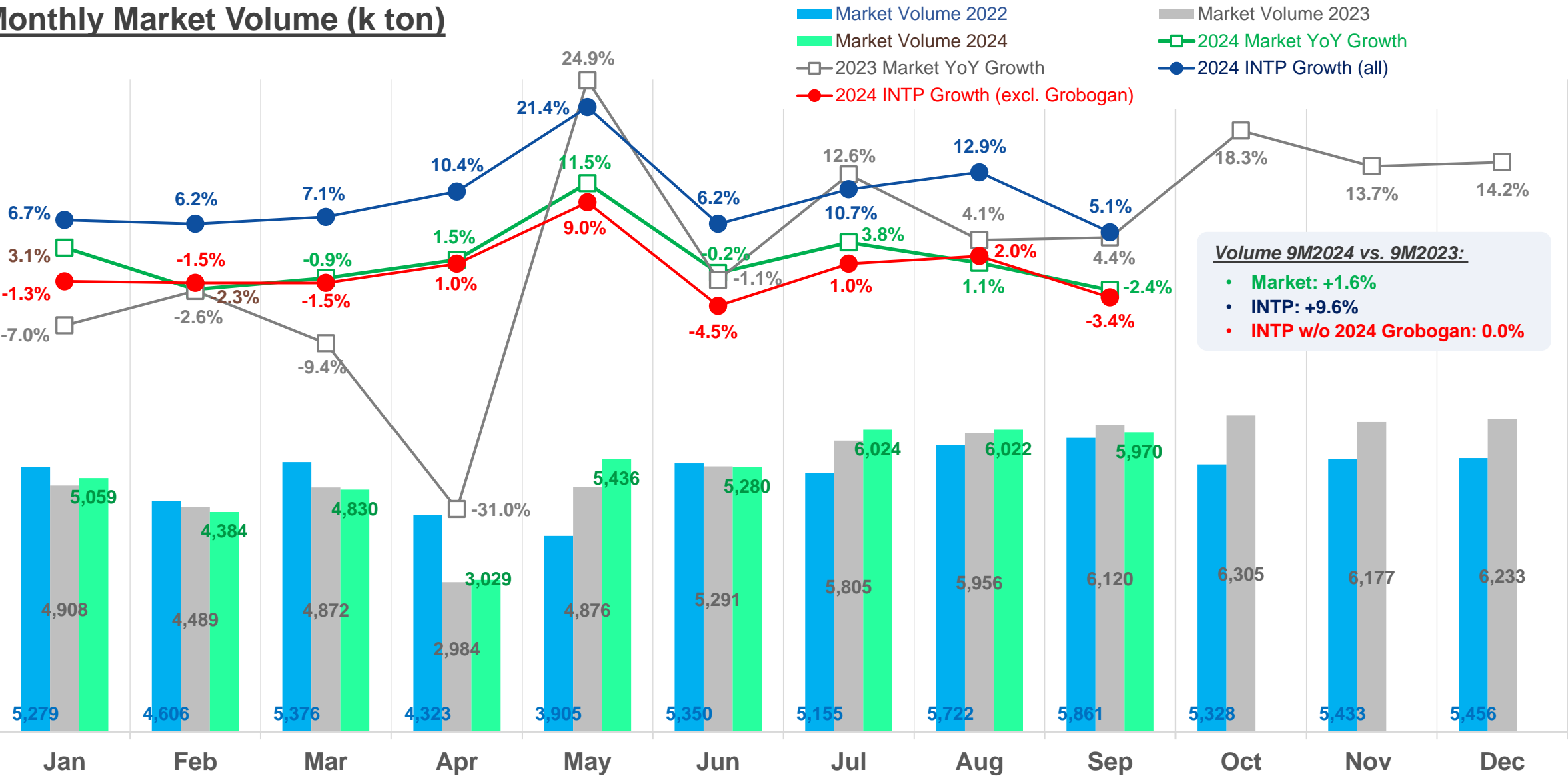
## Semester Market Summary (k ton)





# Cement Volume Development

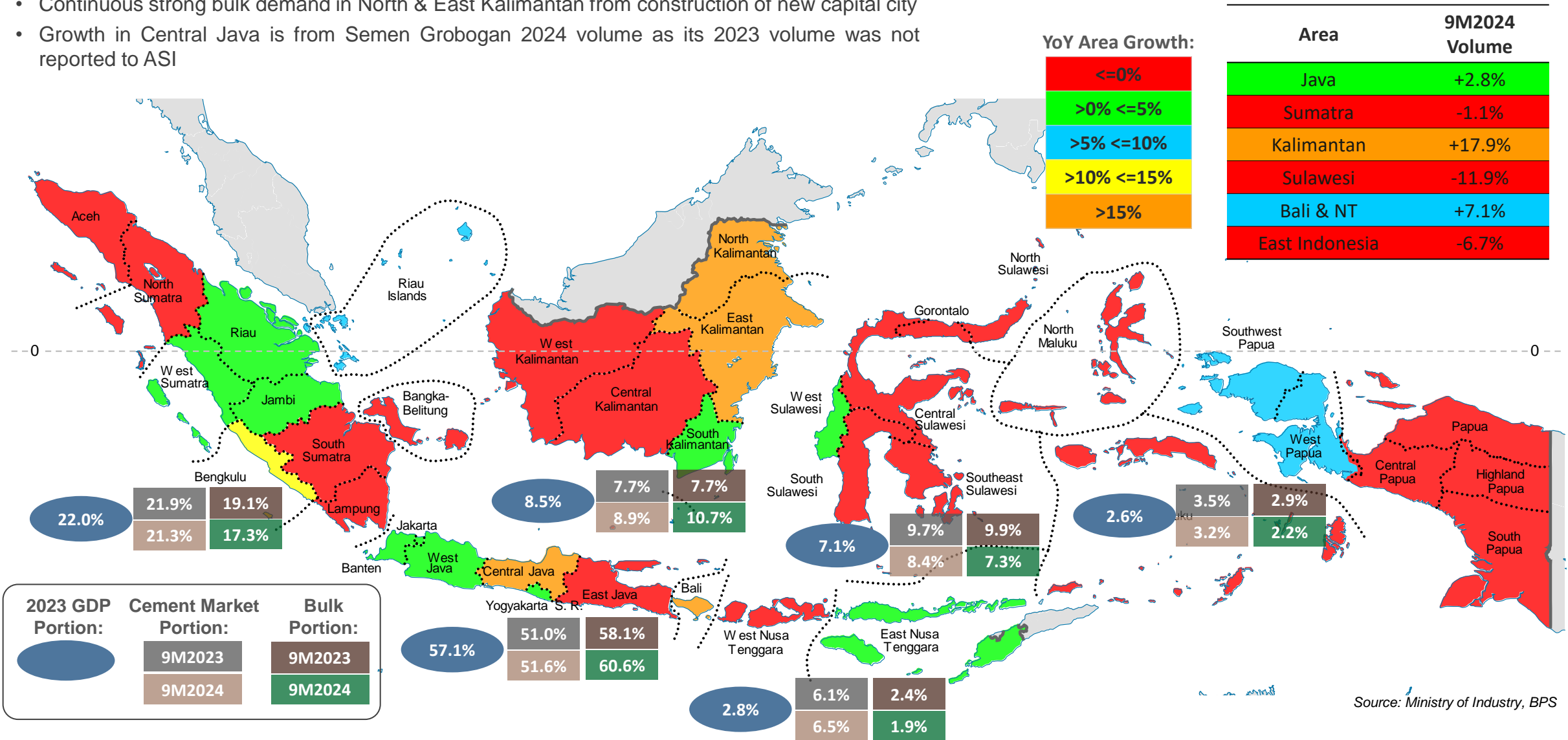
Monthly Market Volume (k ton)



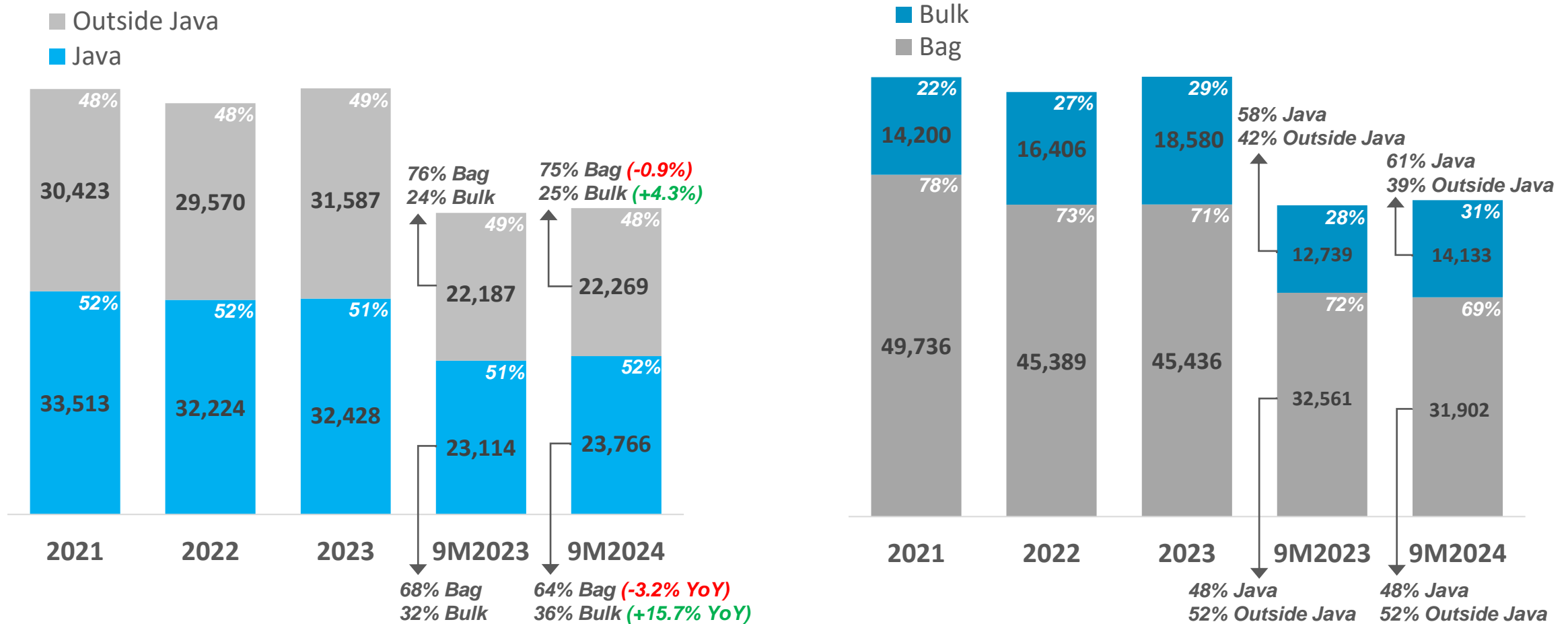


# Cement Market Portion & Growth

- Continuous strong bulk demand in North & East Kalimantan from construction of new capital city
- Growth in Central Java is from Semen Grobogan 2024 volume as its 2023 volume was not reported to ASI



# Java-Outside Java and Bag-Bulk Markets



Source: Ministry of Industry

## Bulk composition continues to increase





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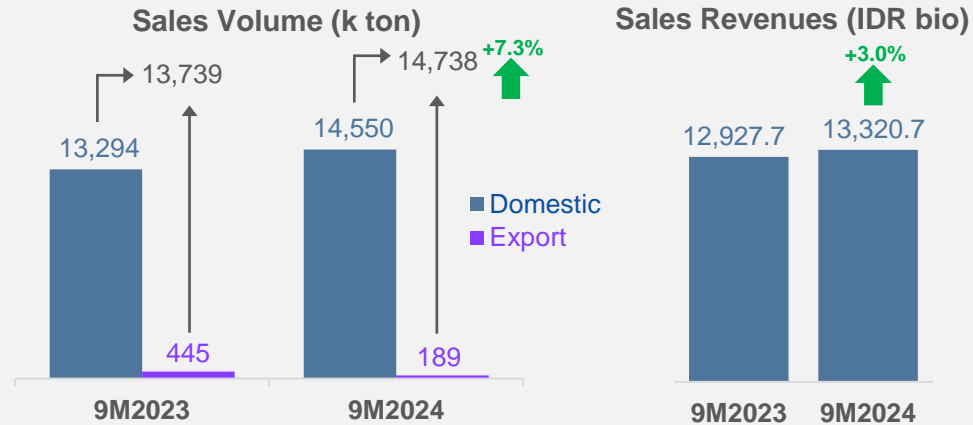
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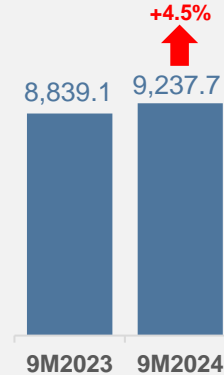
# Financial Result

## Sales Result

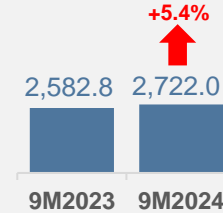


## Operating Driver (in IDR bio)

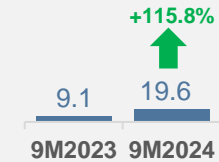
### Cost of Revenues



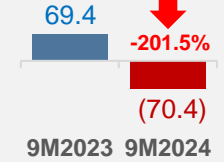
### Operating Expenses



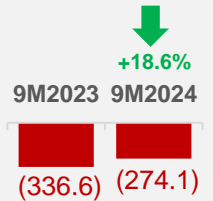
### Other Operating Income (Expense) - Net



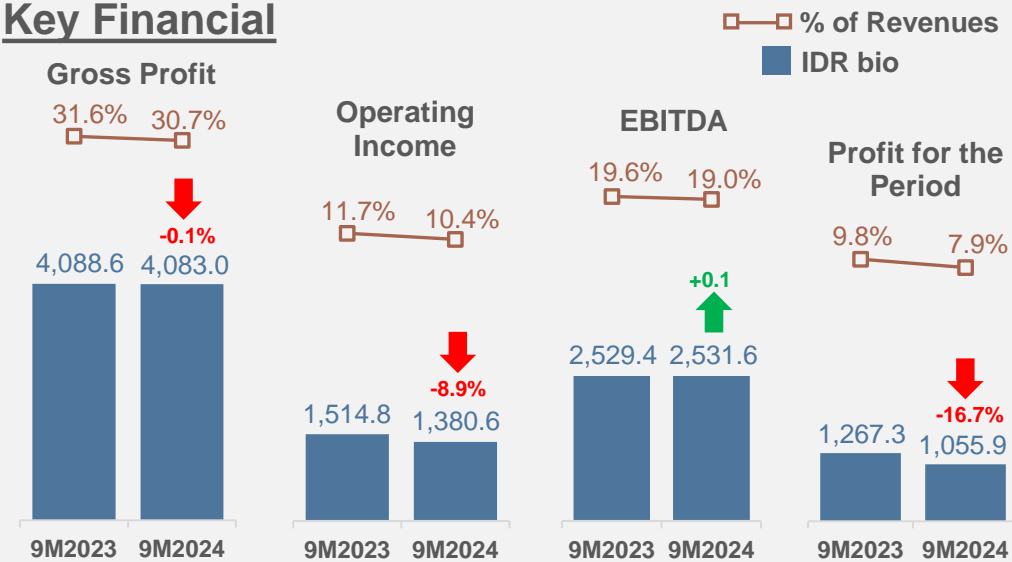
### Finance Income - Net



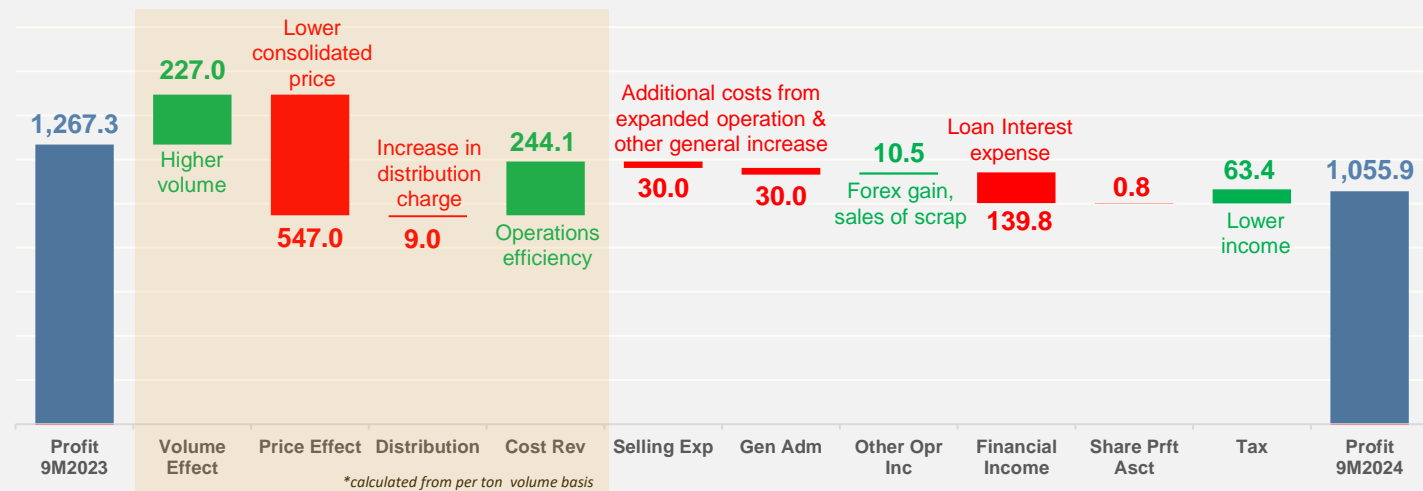
### Income Tax Expense - Net



## Key Financial



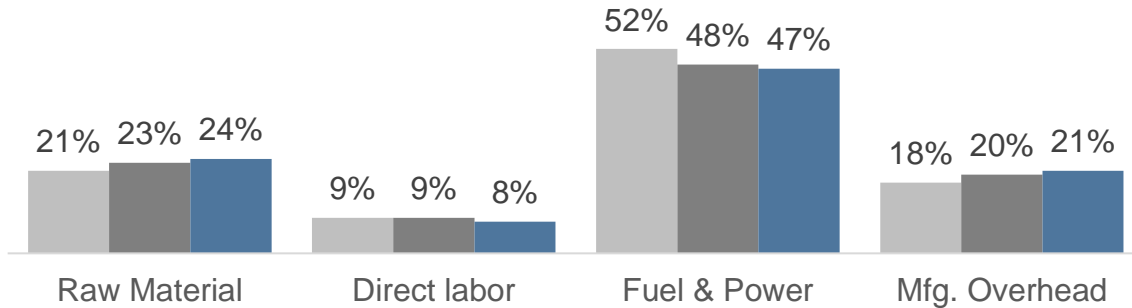
## Profit Bridging (in IDR bio)



# Cost Control and Margin Development

## 9M Manufacturing Cost

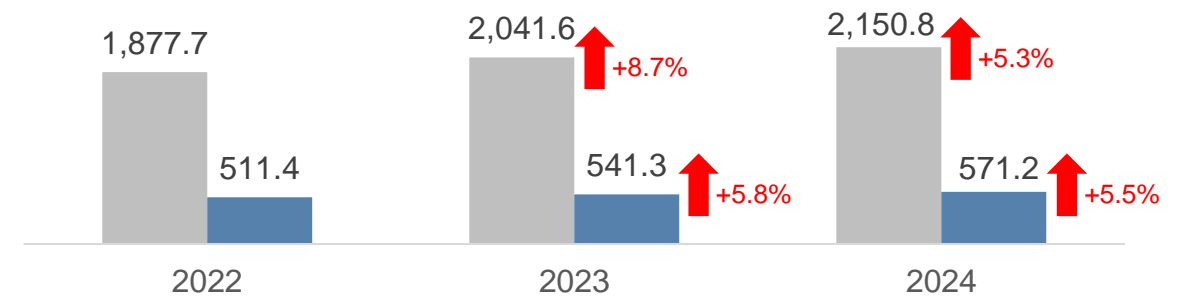
■ 2022 ■ 2023 ■ 2024



- Higher Raw Material composition is from increase of some raw material costs from higher transportation rate including higher FX rate.
- Lower Fuel & Power due to more alternative fuels.
- Higher Manufacturing Overhead is from additional operation of Maros & Grobogan.

## 9M Operating Expenses (bio IDR)

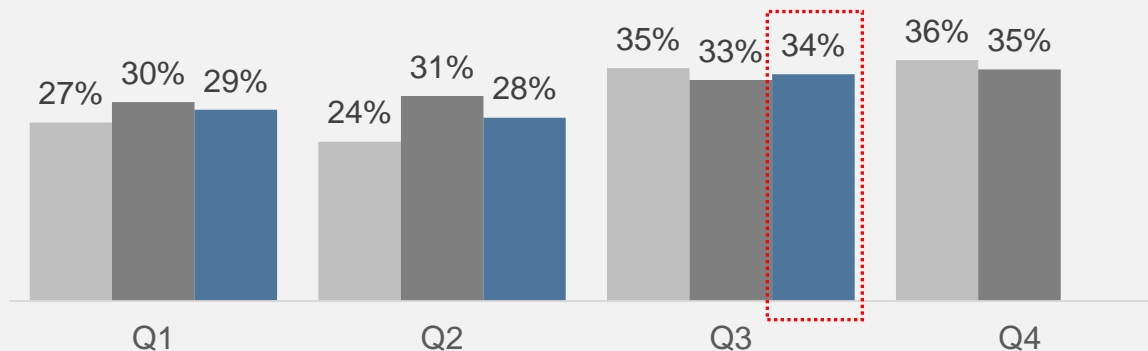
■ Delivery & Selling Expense ■ G&A Expense



- Higher Delivery & Selling Expense was from higher sales volume & other costs (delivery, advertising) from expanded operation.
- Higher G&A Expense was from expanded operation & overall general increase.

## Gross Profit Margin

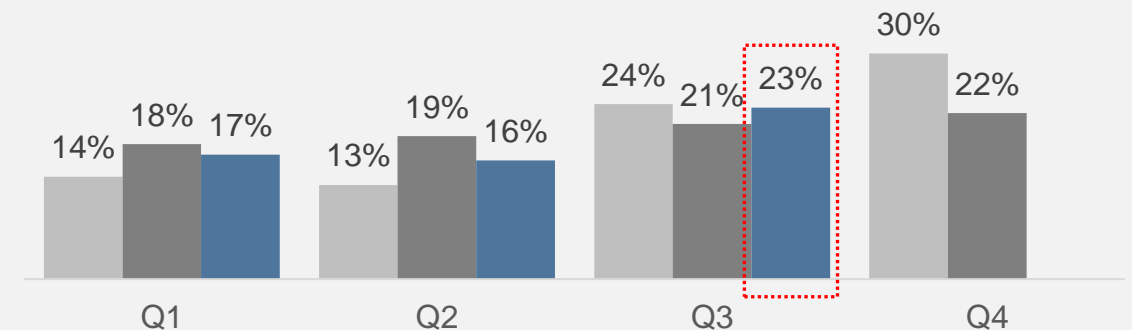
■ 2022 ■ 2023 ■ 2024



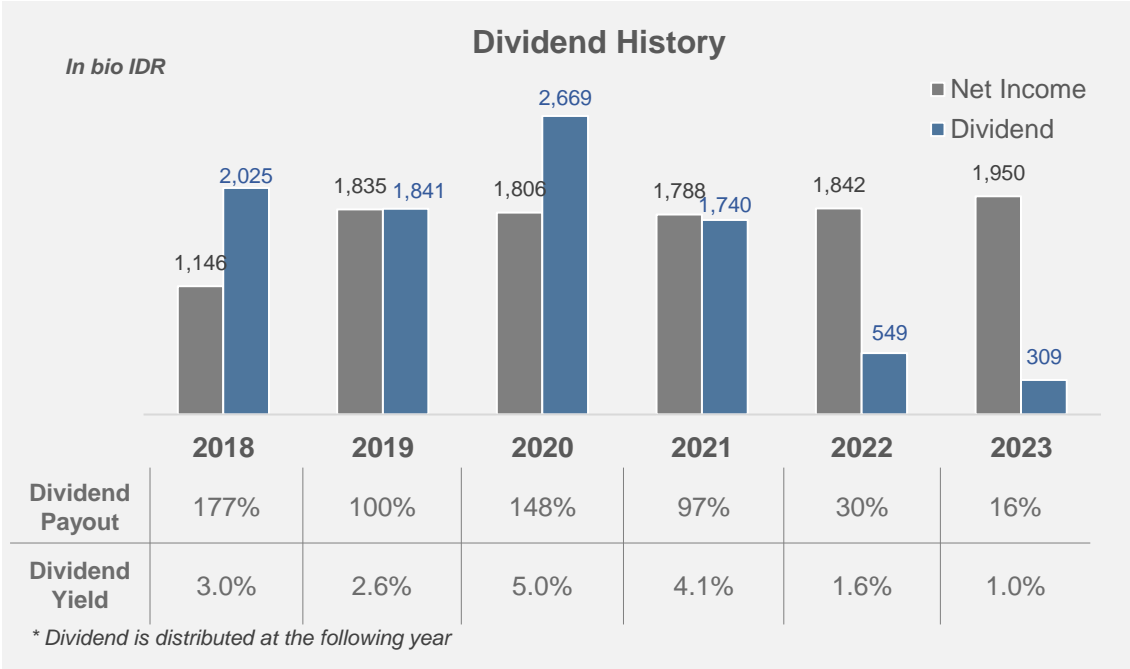
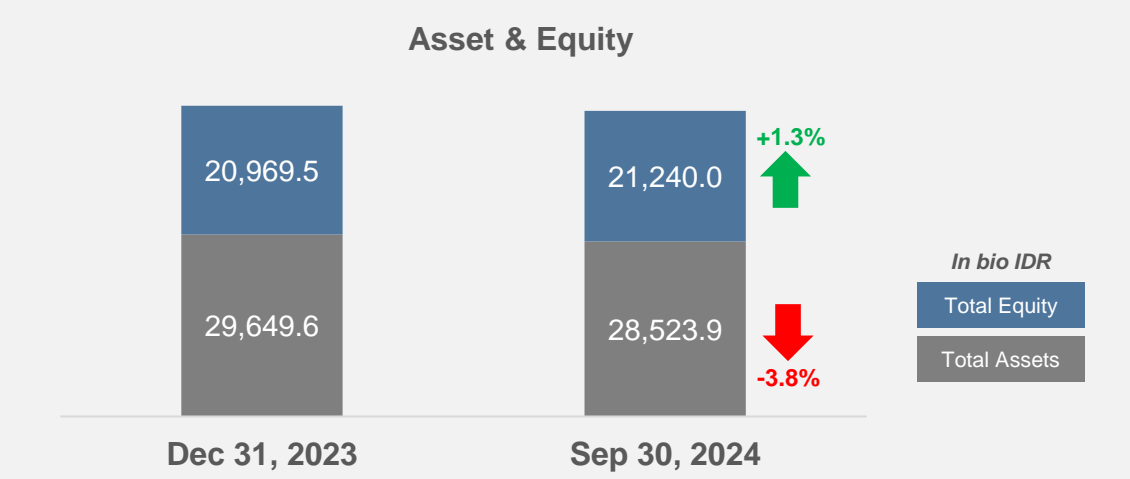
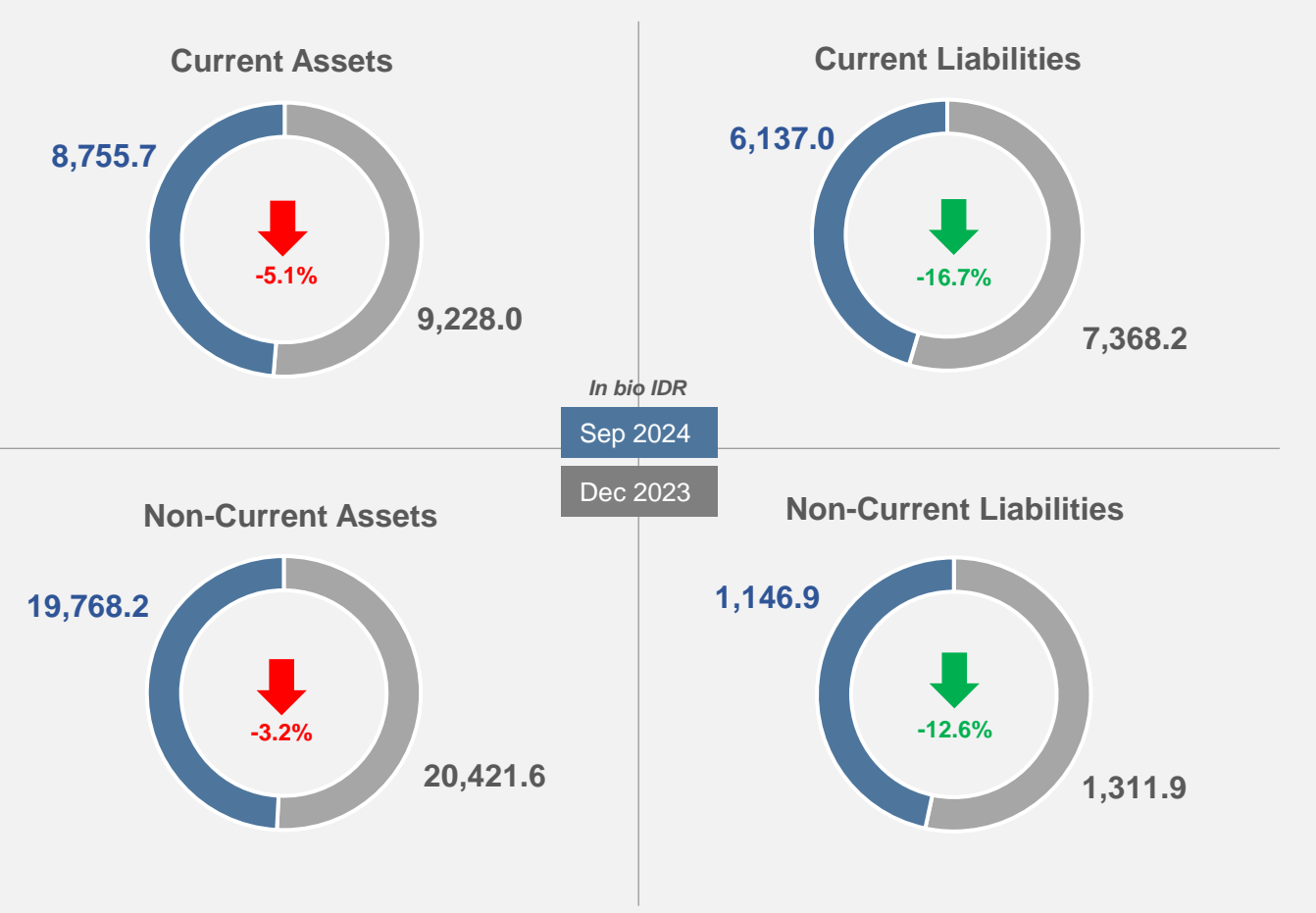
- Margin recovery in Q3 2024 was from running our most efficient kilns and numerous cost savings efforts at operational side, combined with increase in selling price

## EBITDA Margin

■ 2022 ■ 2023 ■ 2024



# Balance Sheet



- Cash and Cash Equivalents of IDR 2.70tr as of 30 Sep 2024.
- Capex spending by YTD Sep 2024 was IDR 541bio.





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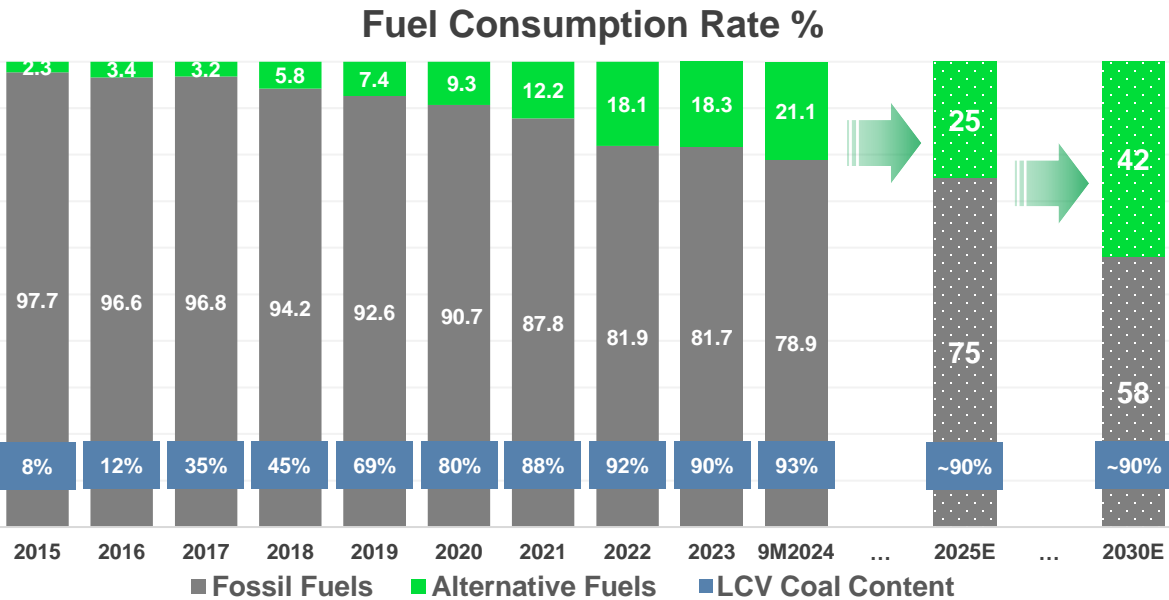
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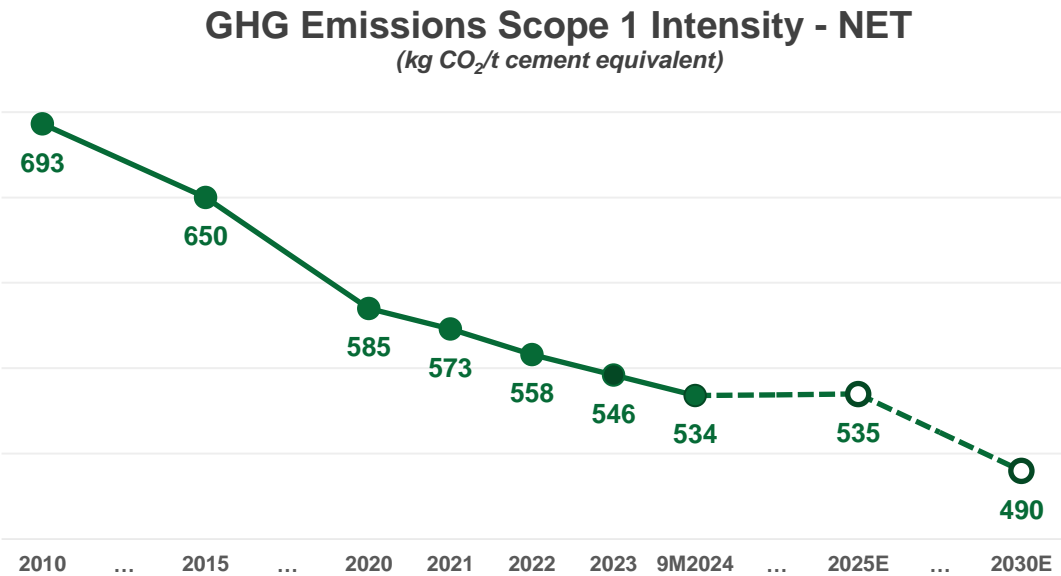
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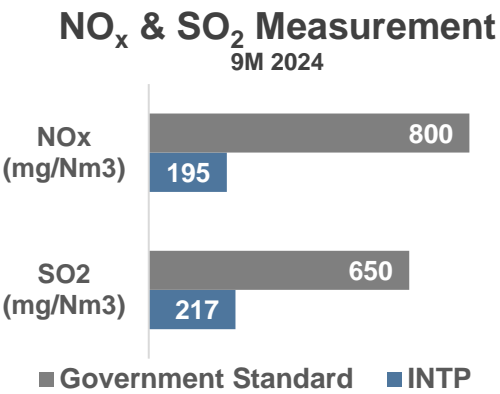
# Emission Reduction



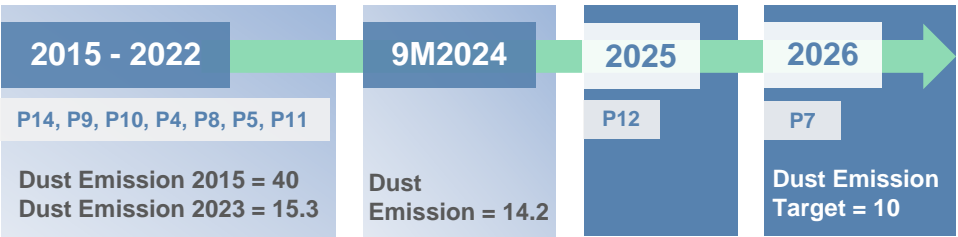
- INTP is bringing improvement to Grobogan and Maros locations, and overall target for 2025 & 2030 is on track



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



### Electrostatic Precipitator to Bag Filter Replacement



- The dust emissions are stated in mg/Nm<sup>3</sup>
- The measurement refers to local standard (PermenLHK No. 19/2017)
- Dust Emission (mg/m<sup>3</sup>) – (25°C, 1013 hPa) related to 10% oxygen

**Government Regulation  
for Dust Emission =  
60 mg/Nm<sup>3</sup>**

### Solar Panel Installation (ground-mounted)

| Location            | Capacity (MWp DC) | Output (GWh/year) | Potential CO <sub>2</sub> Reduction (ton/year) |
|---------------------|-------------------|-------------------|--|
| Tarjun (Q4 2024)    | 19.65             | 26.37             | 31k  |
| Citeureup (Q4 2024) | 32.5              | 45                | 40k  |

# Environmental Footprint Reduction

|   | Portland Composite Cement (PCC)   | Portland Slag Cement  | Hydraulic Cement  |
|---|---|---|---|
| Clinker Ratio                               | 61-62%, with recent new SNI standard of 55%   | 45-50%  | 75-78%  |
| CO <sub>2</sub> Reduction (compared to OPC) | 30-35%  | 50-55%  | 10-15%  |
| Characteristic                              | <ul style="list-style-type: none"> <li>Distributed in Bag.</li> </ul>  | <ul style="list-style-type: none"> <li>Distributed in Bulk.</li> <li>Low hydration heat, sulfate resistant, high durability, &amp; longer compressive growth period.</li> <li>Suitable for mass concrete projects, dams, &amp; jetties. Currently used in development of Patimban Port.</li> </ul>  | <ul style="list-style-type: none"> <li>Distributed in Bulk.</li> <li>Better strength than OPC with extraordinary durability than OPC.</li> <li>For infrastructure, high-rise building, &amp; precast industry.</li> </ul>  |



# Outlook

## RISK

|                   |   |
|-------------------|---|
| <b>External</b>   | <ul style="list-style-type: none"> <li>• Geopolitical risk: escalating conflict &amp; war</li> <li>• Volatility of foreign exchange rates</li> <li>• Increase in energy price: coal &amp; oil</li> <li>• Cement export competition</li> </ul>   |
| <b>Domestic</b>   | <ul style="list-style-type: none"> <li>• Regional election (Pilkada) in November</li> <li>• <b>Weak purchasing power</b></li> <li>• Higher export tax on few consumer goods could put more pressure to the purchasing power</li> <li>• VAT increase in 2025</li> </ul>  |
| <b>Industry</b>   | <ul style="list-style-type: none"> <li>• Oversupply capacity</li> <li>• <b>More fighting brands (bag product)</b></li> </ul>  |
| <b>Regulation</b> | <ul style="list-style-type: none"> <li>• Future policy:               <ul style="list-style-type: none"> <li>- <b>VAT increase to 12%</b></li> <li>- <b>Fuel subsidy reallocation</b></li> <li>- <b>ODOL (Over Dimension Over Loading) for truck</b></li> <li>- Carbon tax</li> <li>- Electricity tariff</li> </ul> </li> </ul> |

## OPPORTUNITY

|                                   |  |
|-----------------------------------|--|
| <b>Volume</b>                     | <ul style="list-style-type: none"> <li>• Continuous cement supply to IKN &amp; surroundings</li> <li>• Infrastructure &amp; smelter projects</li> <li>• Higher bulk composition</li> <li>• <b>2024 domestic cement is expected to grow 2-3%</b></li> </ul>   |
| <b>Policy</b>                     | <ul style="list-style-type: none"> <li>• Government incentive: VAT discount for home purchases, future housing program, possible more property stimulus</li> <li>• Further cuts in US Fed &amp; BI rates</li> </ul>  |
| <b>Sustainability /Production</b> | <ul style="list-style-type: none"> <li>• Increase use of alternative fuels: RDF (from waste processing) &amp; variety of biomass products</li> <li>• <b>Clinker ratio reduction – more GREEN cement types</b> <ul style="list-style-type: none"> <li>- Bag: <b>new SNI standard</b></li> <li>- Bulk: hydraulic cement &amp; slag cement</li> </ul> </li> <li>• Operation of solar panels in Indocement factories</li> <li>• Continuous efforts on automation/digitalization</li> </ul> |
| <b>Logistics</b>                  | <ul style="list-style-type: none"> <li>• More connectivity through toll roads &amp; container ports should improve distribution of goods</li> </ul>  |





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# Thank You



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