



PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

H1 2021 Financial Results
August 3, 2021

SMARTER FASTER BETTER

Key Message Q2 2021

- Cement Market grew positively since February 2021 and for 1st half grew +7.3% (Bag: +10% and Bulk: -1.4%)
- Substantial increase for our results in H1 2021:
 - Cement Sales Volume: +11.3% (Domestic Sales Vol: +9% and Export: + 513%)
 - Revenues: +8%
 - Operating EBITDA: +34%
 - Operating Margin improves by 350bps
- Strong history of dividend payout with the current dividend yield of 5%
- Leadership position in environmental-friendly operation:
 - Continue to increase alternative fuel usage from 9.3% to 11.7% in H1 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 **609 kg CO₂/t.cem in Jun 21.**
Scope 1 target of CO₂ reduction: 580 kg CO₂/t.cem in Year 2025
- Digitalization is on-going for our Sales Force Automation and Automation – Expert system in our plant operation

AGENDA



Indonesia Cement Industry

Financial Update H1 2021

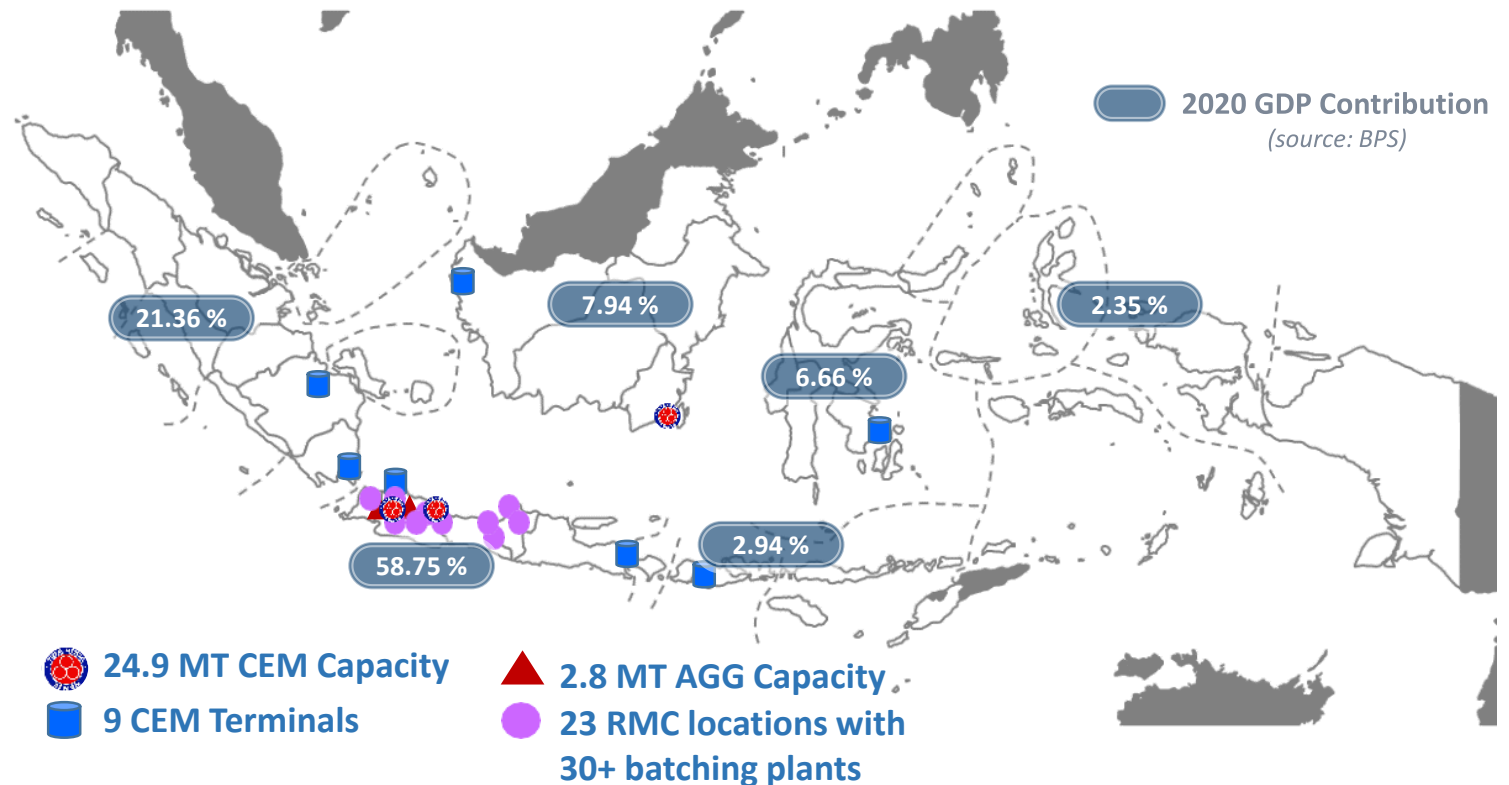
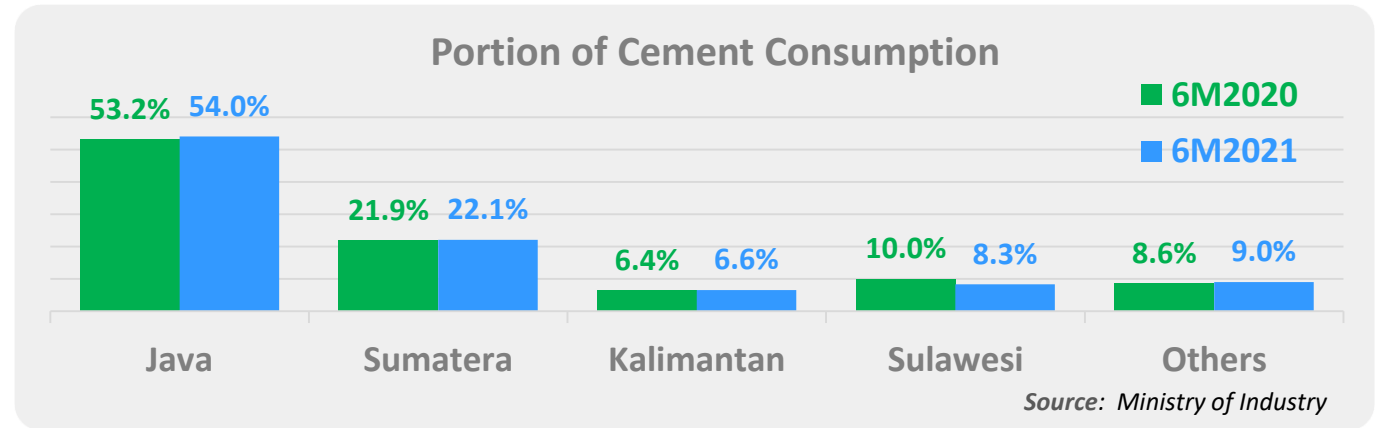
Investment Strategy

Cement Market Outlook

Q & A

INDONESIA CEMENT INDUSTRY AT GLANCE

Strong footprint in West Java as key advantage for Indocement



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

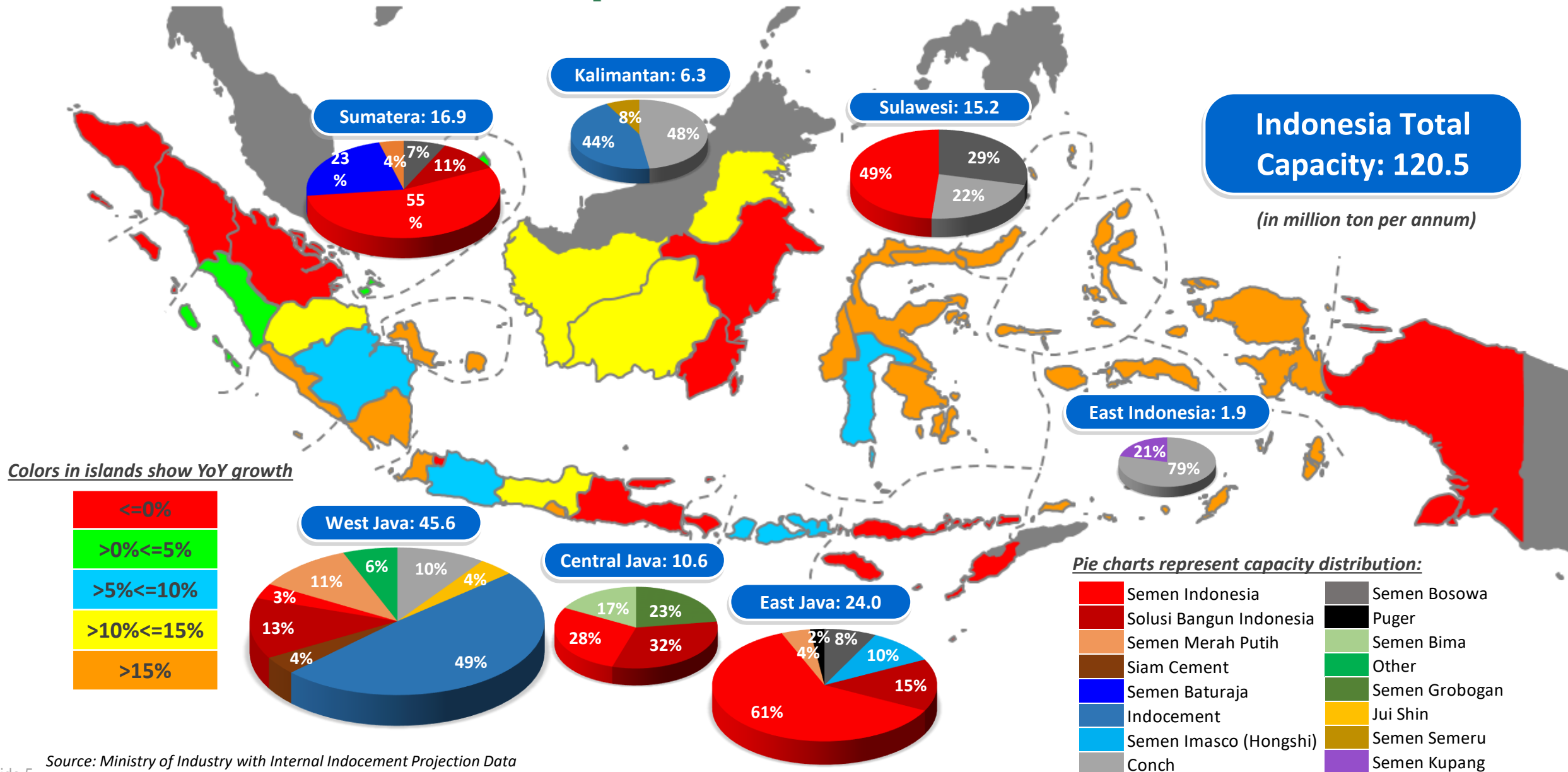
No. of Cement Player : ~20
Cement Capacity : ~120 MTY
ITP Cement Capacity : 24.9 MTY
Domestic Consumption : 62.5MT (2020)
Bag - Bulk Ratio : ~75-25
Cement Consumption : ~230 kg/capita
Main Players : Semen Indonesia, Indocement, Conch, Bosowa, Cemindo

Indonesia Facts

Cement Industry

INDONESIA CEMENT LANDSCAPE 2021

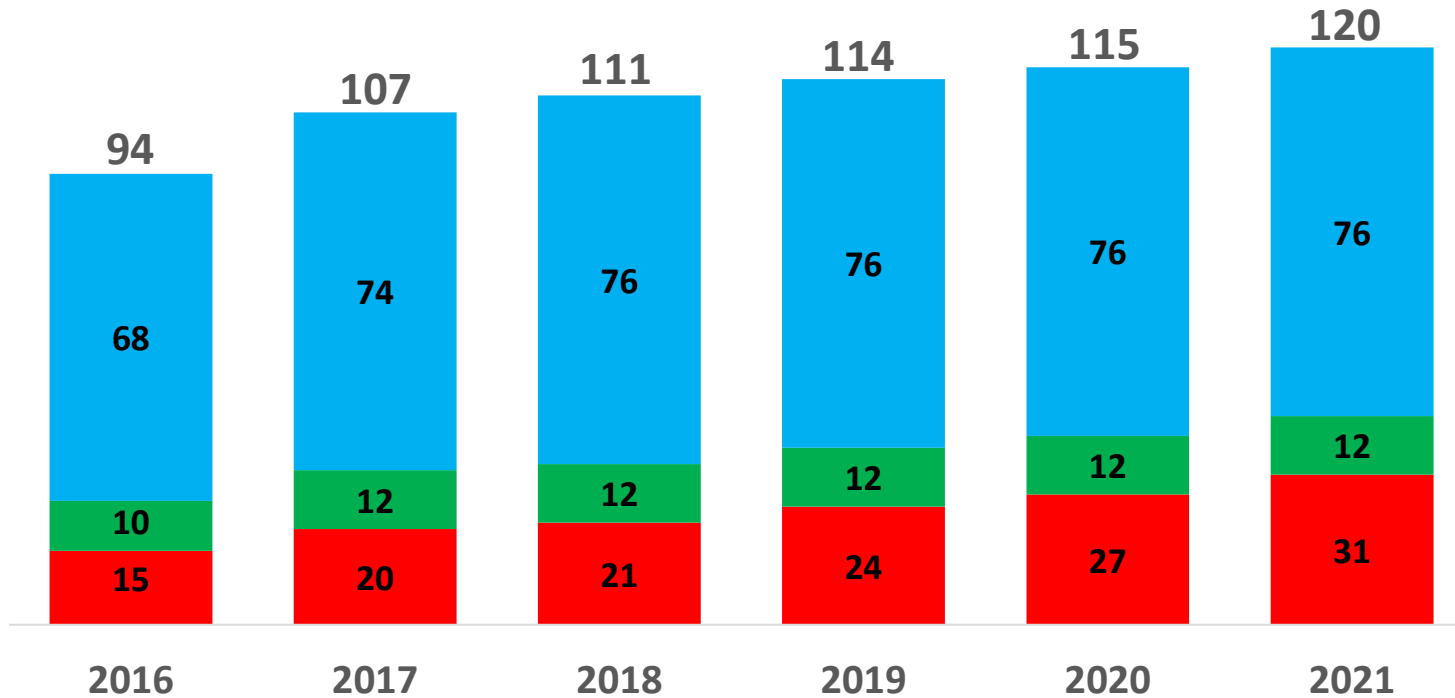
Recovery in H1 2021 with YoY Growth of +7.3%



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 Q3 2021)
9. Panasia: 1%
10. Siam Cement: 1%

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

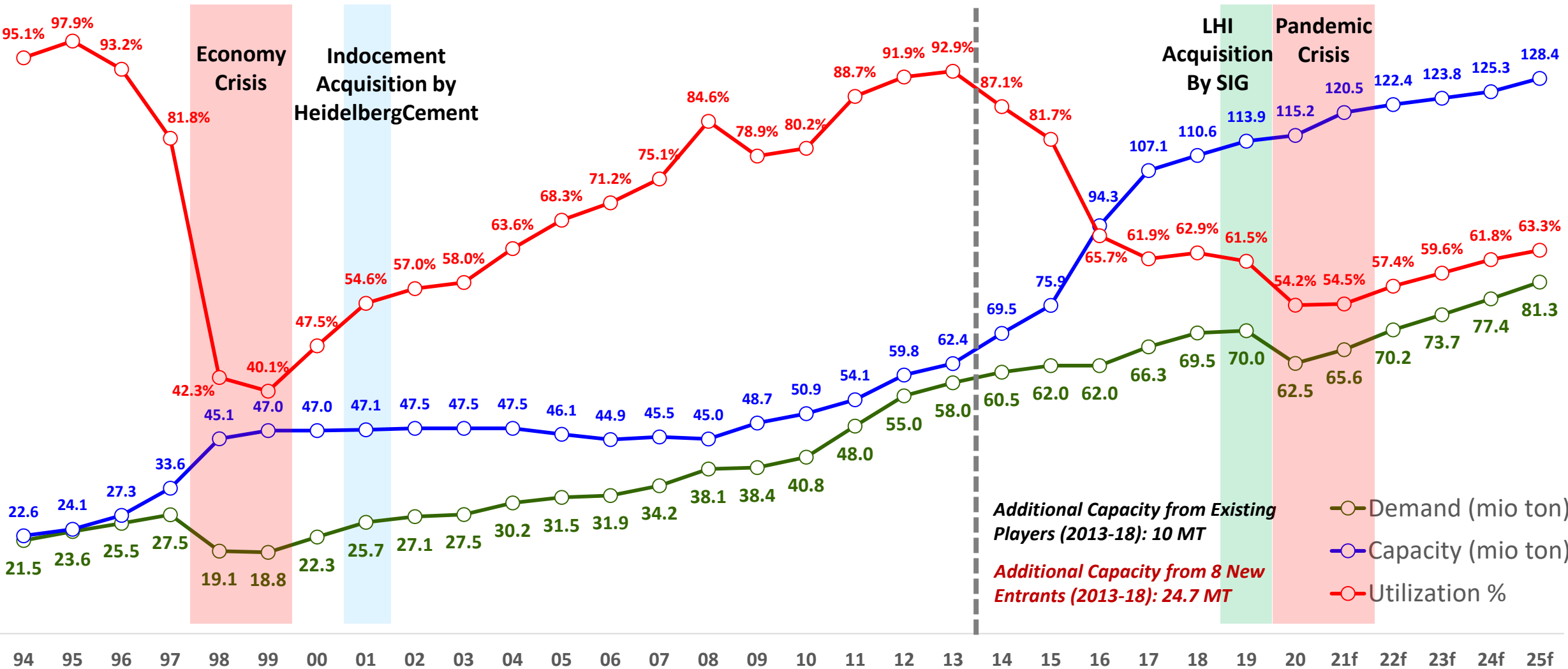
(few currently are halted but included for total capacity purpose)

Capacity to grow about 4.6% in 2021



CEMENT MARKET EVOLUTION

Optimistic Demand Growth in 2021 and Above

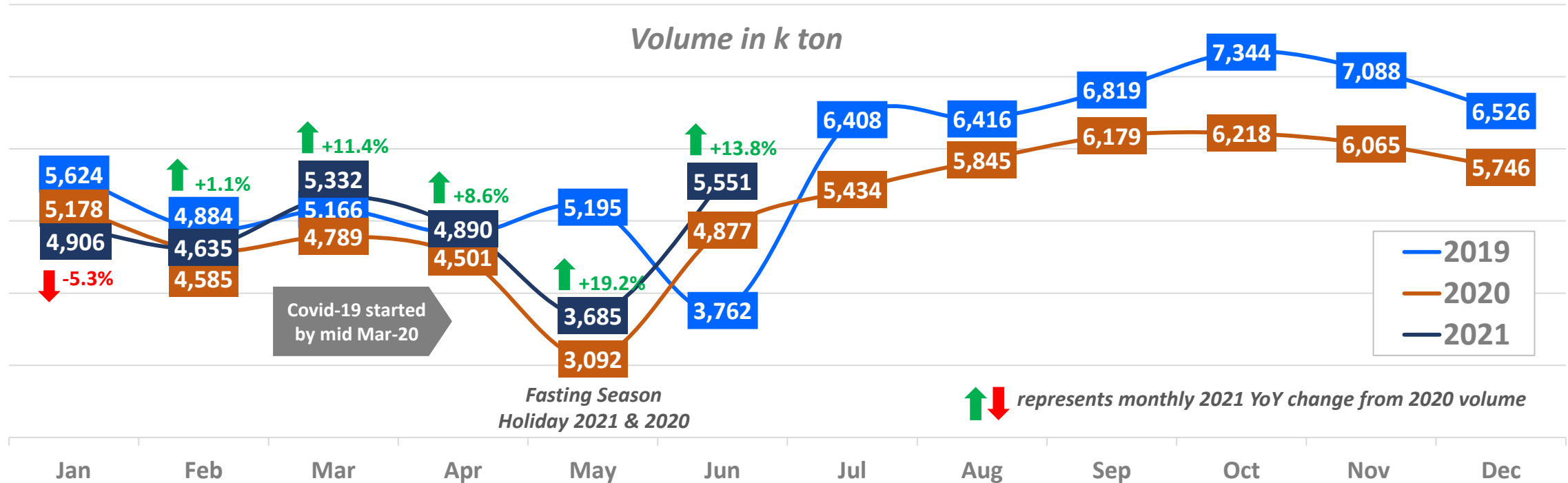


Source: Ministry of Industry with Internal Indocement Projection Data

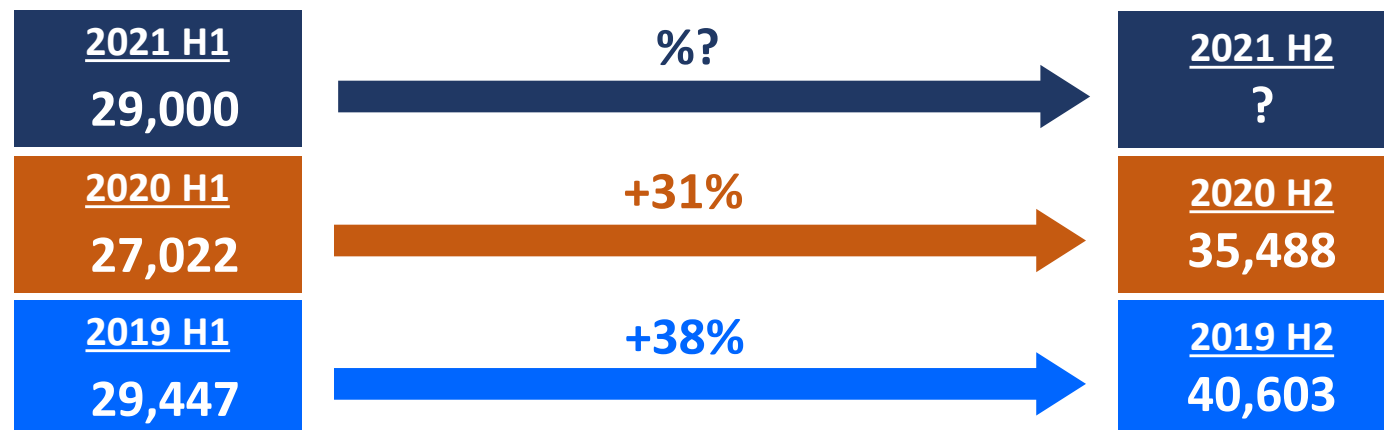
CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22F	'22F-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	+0.1%	+5.0%
Capacity	+3.8%	+7.1%	+14.7%	+6.5%	+2.4%	+1.6%

TOTAL MARKET VOLUME FOR 6M2021 GROWS +7.3%

vs. Same Period Last Year of -8.2%

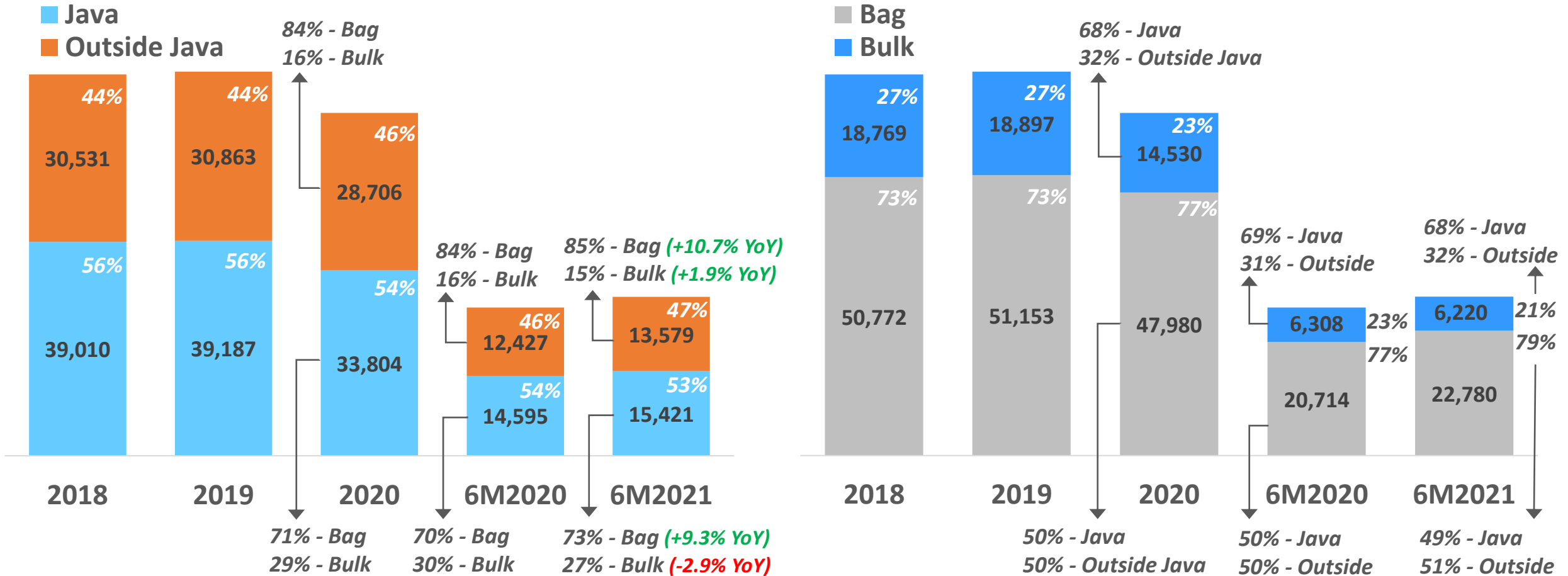


Source: Ministry of Industry



JAVA-OUTSIDE & BAG-BULK MARKET

Volume in k ton



Source: Ministry of Industry

- Bag market portion increases with total portion of 79% in 6M2021 vs. same period last year of 77%
- Bulk market still suffers contraction but it has been showing improvements from lesser YoY contractions from past few months



AGENDA



Indonesia Cement Industry

Financial Update H1 2021*

Investment Strategy

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* PSAK 73 started to apply in Q4 2020 onwards

FINANCIAL HIGHLIGHT

Recovery in Financial Results

- ✓ **Net Revenues increases by +8.0%** less than increase in sales volume due to blend-in effect of lower average price
- ✓ Cost of Revenues increases by -6.5% following **higher sales volume**
- ✓ Resulted in **Gross Profit margin improvement** from 30.4% to 31.4%
- ✓ **EBITDA margin improves from 15.5% to 19.2%** due to savings in Operating Expense and gain in Other Operating Income
- ✓ **Operating Income increases from 6.1% to 9.6%**
- ✓ **Profit for the Period is at IDR 586.6bio or higher by +24.8%**
- ✓ **Strong Cash Position at IDR 8.1 trn with 0 debt**

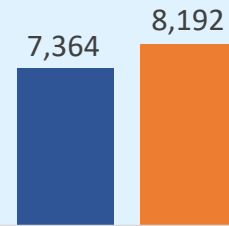
H1 2020

H1 2021

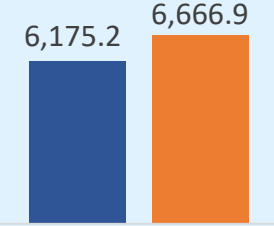
Operational Result

Increase +11.3%

Increase +8.0%



Sales Volume (k ton)

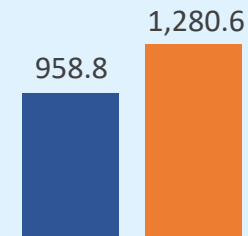


Net Revenues (IDR bio)

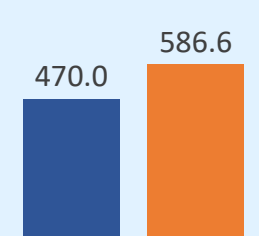
Financial (IDR bio)

Increase +33.6%

Increase +24.8%



EBITDA

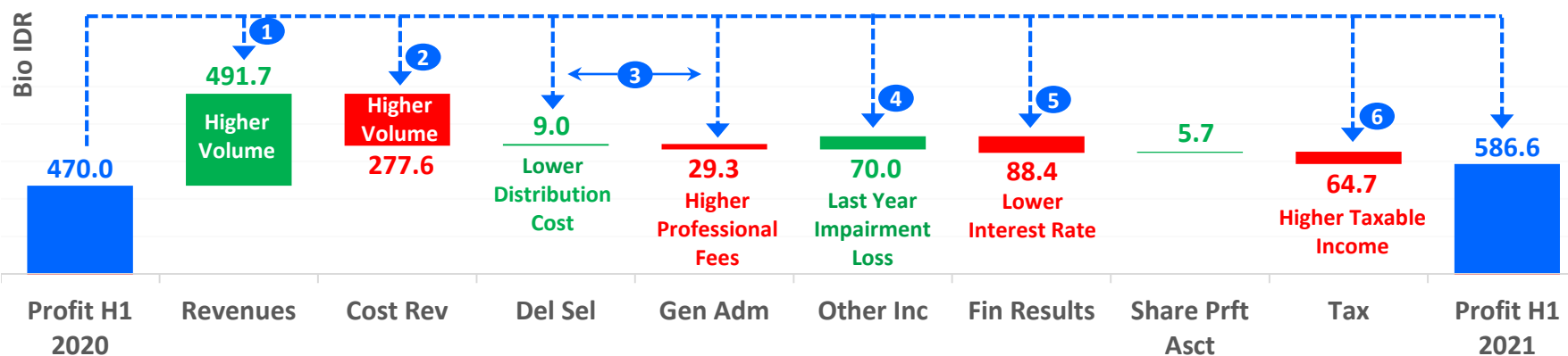


Profit for the Period

CONSOLIDATED STATEMENT OF INCOME

Description	YTD Jun 2021 Bio IDR	YTD Jun 2020 Bio IDR	Variance	
			Bio IDR	%
Total sales volume (thousand tons)	8,192	7,364	828.5	11.3%
Domestic Sales Volume (thousand tons)	7,970	7,328	642.5	8.8%
Export Sales Volume (thousand tons)	222	36	186.1	513.4%
Net Revenues	6,666.9	6,175.2	491.7	8.0%
Cost of Revenues	-4,572.9	-4,295.3	-277.6	-6.5%
Gross Profit	2,094.1	1,879.9	214.1	11.4%
% of Net Revenues	31.4%	30.4%		
Operating Expenses	-1,485.6	-1,465.3	-20.3	-1.4%
Other Operating Income (Expense) - Net	33.1	-36.8	70.0	190.0%
Operating Income	641.7	377.8	263.9	69.9%
% of Net Revenues	9.6%	6.1%		
EBITDA	1,280.6	958.8	321.8	33.6%
% of Net Revenues	19.2%	15.5%		
Finance Income - Net	76.8	165.2	-88.4	-53.5%
Share of Net Profit of Associates - net	12.5	6.8	5.7	83.6%
Final Tax	-0.2	-0.2	0.0	1.3%
Profit before Income Tax Expense	730.9	549.6	181.2	33.0%
Income Tax Expense - Net	-144.3	-79.6	-64.7	-81.2%
Profit for the Period	586.6	470.0	116.5	24.8%
Total Comprehensive Income for the Period	586.8	457.9	128.9	28.2%

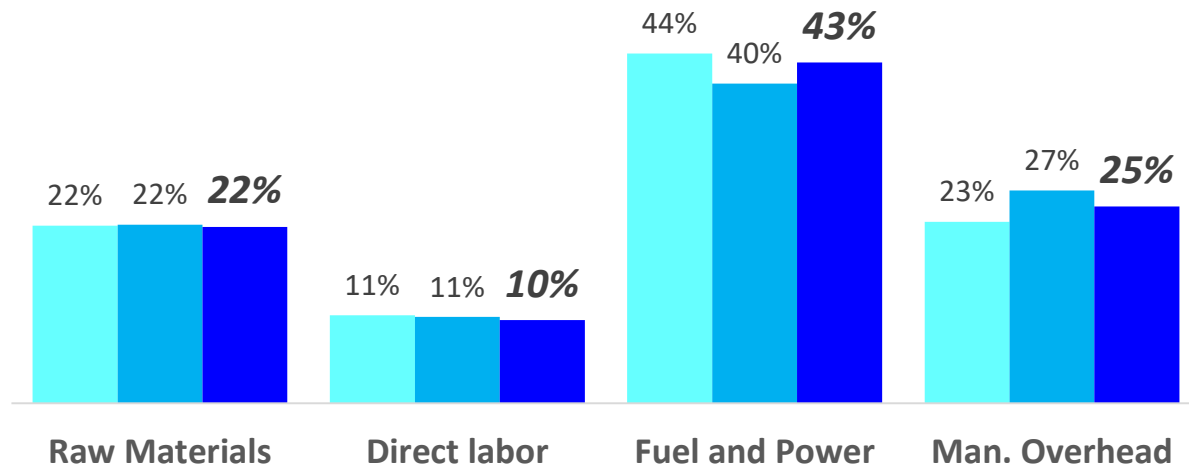
1. Sales volume increases by +11.3% followed by Net Revenues increases of +8.0% due to lower average selling price from higher sales of export (mostly clinker)
2. Increase in Cost of Revenues follows higher sales volume
3. Higher operational efficiency of plant transportation and delivery to customer keeps the Operating Expense intact
4. In last year Other Operating Income (Expense) – Net there was impairment loss of IDR 73.5bio on machinery & equipment. This year gains are from scrap sales & forex gain (time deposit)
5. Lower Interest Rate gain following progressive Interest Rate cut by BI
6. Increase in Income Tax Expense – Net following higher taxable income as impact of higher income from operation



OPERATING EFFICIENCIES & COST DISCIPLINE

H1 Composition of Manufacturing Cost

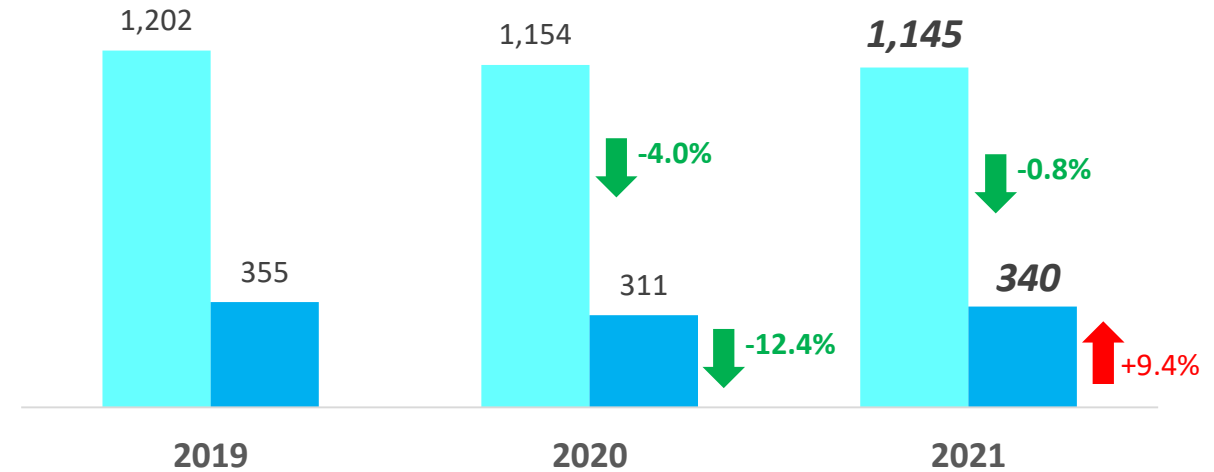
■ 2019 ■ 2020 ■ 2021



- Higher Fuel & Power composition is due to increasing coal price
- Manufacturing Overhead composition improves due to higher 2021 H1 volume vs. same period last

H1 Operating Expenses (bio IDR)

■ Selling Expense ■ G&A Expense

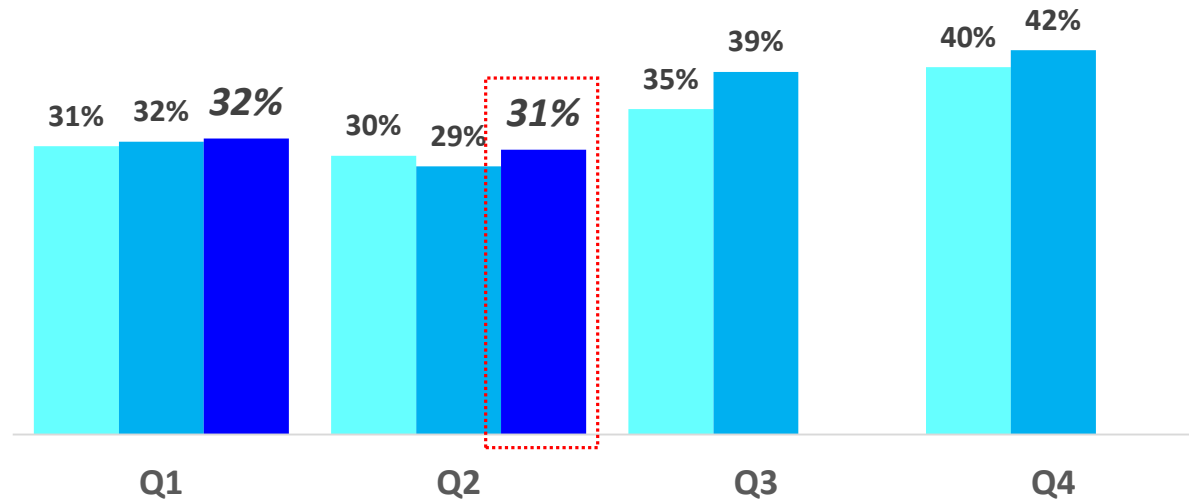


- Lower Selling Expense is from higher operational efficiency of plant transportation and delivery to customer
- General & Administration Expense is due to higher Professional Fees for different cost-savings projects and initiatives

CONTINUOUS FIXED COST MONITORING

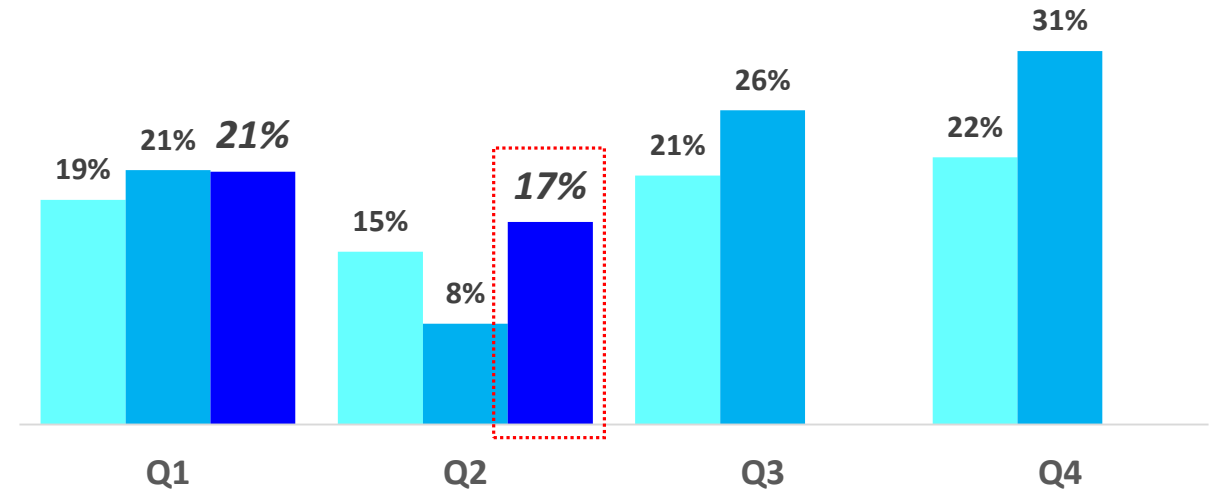
Gross Margin Development

2019 2020 2021



EBITDA Margin Development

2019 2020 2021



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	Jun 30, 2021 Bio IDR	Dec 31, 2020 Bio IDR	Variance	
			Bio IDR	%
Current Assets	12,799.6	12,299.3	500.3	4.1%
Non-Current Assets	14,557.6	15,045.4	-487.8	-3.2%
Current Liabilities	3,666.1	4,216.0	-549.9	-13.0%
Non-Current Liabilities	928.0	952.5	-24.4	-2.6%
Equity	22,763.1	22,176.2	586.8	2.6%
Total Assets = Total Liabilities + Equity	27,357.2	27,344.7	12.5	0.0%

- Cash and Cash Equivalents of IDR 8.1tr as of end of June 2021
- Capex spending plan for 2021 is IDR 1.2tr and realization as of June 2021 is IDR 150mio

In Bio IDR	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%

* IDR 225/share was distributed in December 2020 and remaining IDR 500/share is to be distributed in August 2021

** To be distributed in the following year

*** End of prior year stock price

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Investment Strategy

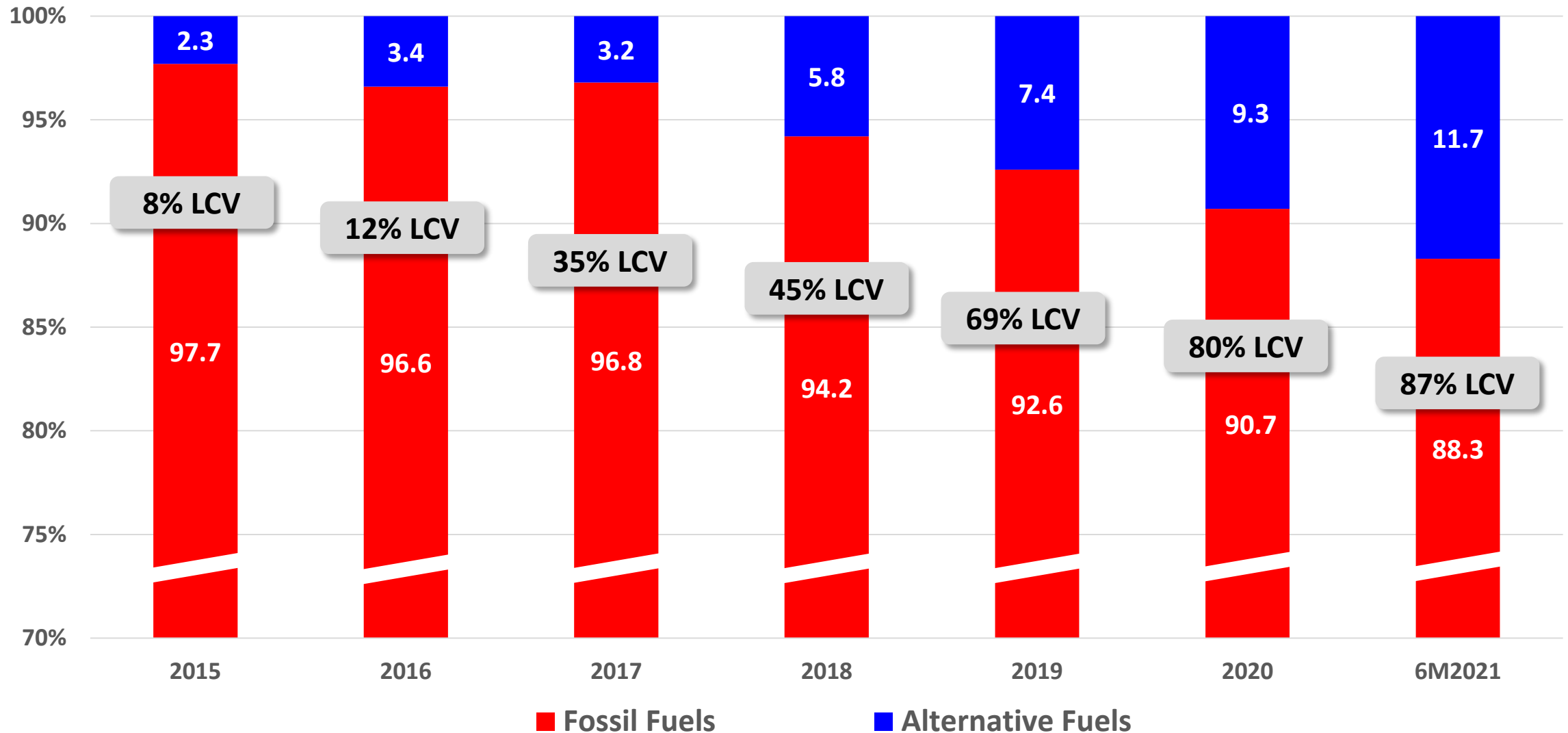
Cement Market Outlook

Q & A



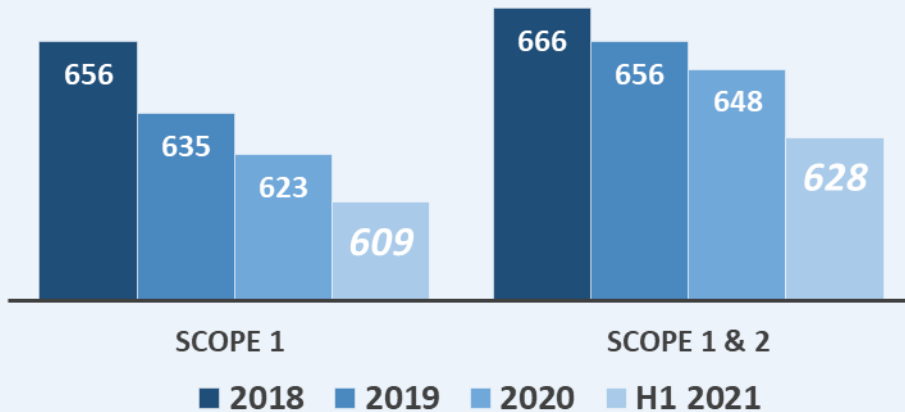
COST EFFICIENCY MEASURE

Continuous improvement in alternative fuels year-on-year

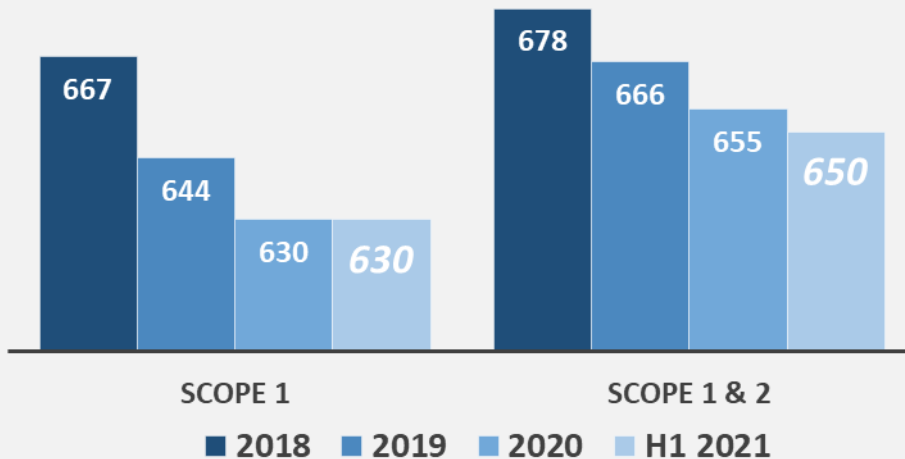


INDOCEMENT EMISSIONS MONITORING

kg CO₂/t cement equivalent



kg CO₂/t cementitious material



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

Parameter	Unit	Government Standard	Indocement 2020
SO ₂	mg/Nm ³	650	344
NO _x	mg/Nm ³	850	239

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

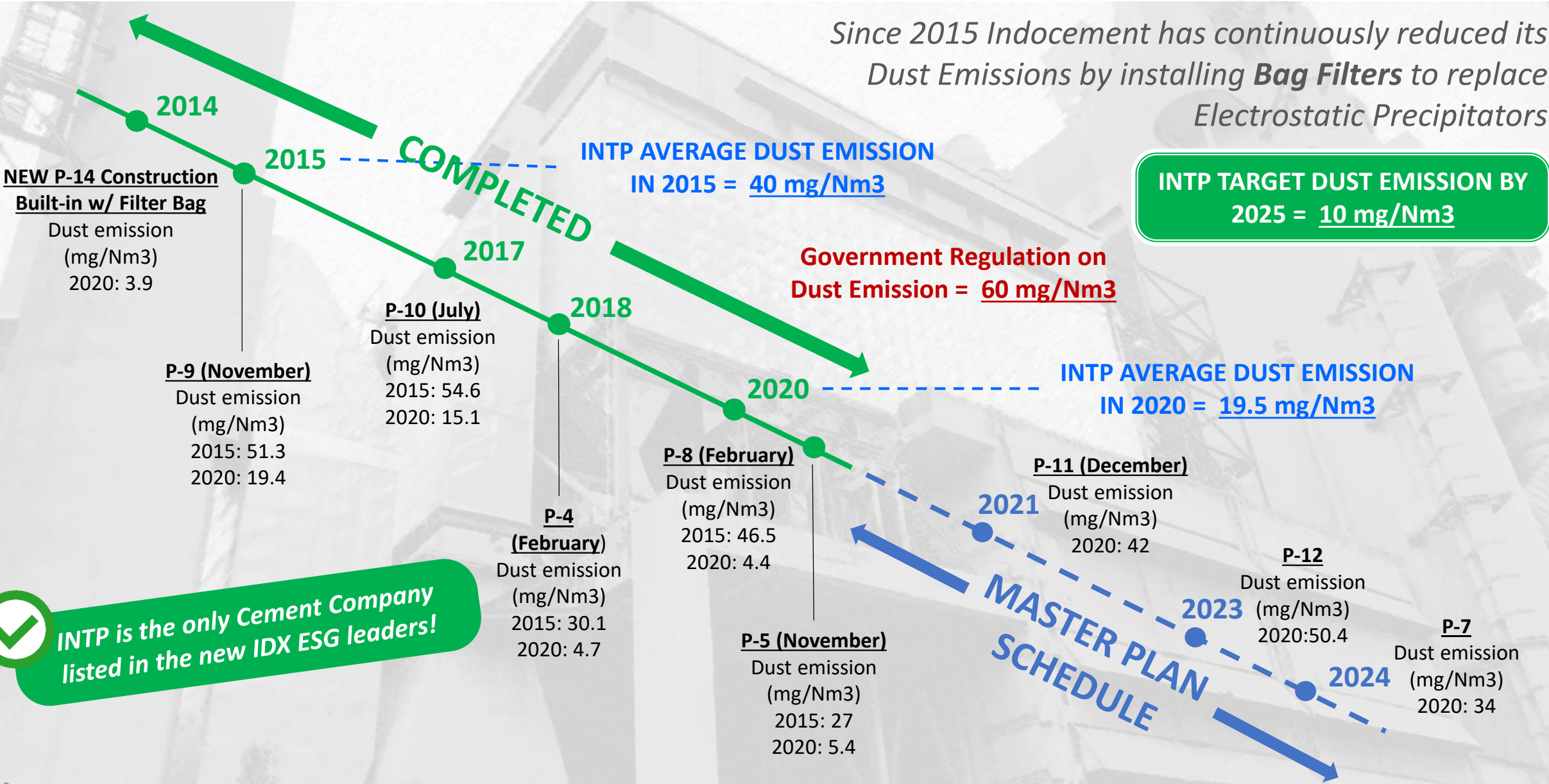
- Scope 1: Emissions from operations that are owned or controlled by the reporting company
- Scope 2: Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.



INDOCEMENT DUST CONTROL



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



✓ INTP is the only Cement Company listed in the new IDX ESG leaders!

INDOCEMENT SUSTAINABILITY TARGET



Driving the Economic Strength & Innovation:

- ✓ Improving the return on invested capital, developing innovative, generating revenue from sustainable products, creating development of HeidelbergCement Group patent portfolio, & using integrated sustainability management systems



Achieving Excellence in Occupational Health and Safety (OHS):

- ✓ Zero fatalities & zero lost time injury, including integration of OHS management in the sustainability management system



Ensuring Compliance & Creating Transparency:

- ✓ Implementation of the human rights, anti-corruption, & labor standards



Reducing Our Environmental Footprint:

- ✓ **Emission Footprint:** Reducing CO₂, NO_x, SO_x emissions, energy utilization from heat waste of plants, & energy utilization including from alternative fuels
- ✓ **Water Footprint:** Reduction of water consumption compared to that of previous year, percentage of sites in water scarcity areas using water management plans & efficiency-oriented water recording system, as well as global water reduction target from 2030 onwards
- ✓ **Land Use Footprint:** Rate of extraction sites with agreed after-use plans in place, biodiversity value, percentage of sites which are within legally protected nature conservation areas, percentage of after-use plans with biodiversity enhancement



Being a Good Neighbor to the Community:

- ✓ Percentage of plants holding at least one community dialogue per year, total value of annual donations, number & type of development programs, & voluntary hours per year



Enabling the Circular Economy:

- ✓ Percentage of materials employed in cement and concrete production that come from by-products or recycled materials

INDOCEMENT MARKETING CAMPAIGN



Our integrated marketing campaign “Indonesia KOKOH Selamanya” launched in March 2021 to inspire the people of Indonesia, revive their hopes, dreams, and ambitions, and to become stronger in overcoming challenges during the current 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 Inspirational figure who has a fighting spirit in the midst of adversity

Total Views : **6.1 Mio**

May - Jun



www.sementigaroda.com

Invite netizens to send their inspirational stories where the stories of the 3 winners are presented in the video

Total Participant : **282**

Total Video Views : **5.2 Mio**

Based on the consistency and relevant campaign since 2020, Indocement achieves **1st position of TOP Brand** and gets higher index from 44.1 % in 2020 to **48.1% in 2021**

Jul - October

COMING SOON

Inviting netizens to follow a Social Movement with Semen Tiga Roda

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

Java Area Covered

Java, the biggest market & distributorship in Indonesia completed in late 2019



2020

All Indonesia Covered



2021

2021 will be the optimization year after all information from market is fully captured using TIRO SFA & DMS.

1H

Aug

Dec

Dec

Start

TIRO was first implemented in BALI



Customers

39,000



All User

878



Frontline

541

±8,000

Retail Transaction

±1,000

Visit & Survey

Daily

SMARTER FASTER
BETTER



2019

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Outlook

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OUTLOOK

- ✔ **Maintain our view on National Cement Domestic growth to increase by +5.0% for full year 2021:**
 - Expected to have more infrastructure and private projects to commence in the 2nd half
 - Residential sector to benefit from VAT incentive on new homes, lower interest rate, and LTV/FTV relaxation
- ✔ **Overall price discipline is expected to remain intact, even with the possible selling price increase in few cities in West & Central Java as the consequences of the increasing energy related price.** However competition in East Java for the 2nd tier brand is to be monitored continuously, then expected delay from Grobogan to start the commercial production in Central Java by the end of 2021
- ! **The pandemic remains to be the major uncertainty factor** as we are experiencing 2nd wave of Covid-19 with strict mobility restrictions from the Government. **Headwinds on energy cost is to be observed as well**
- ! **Continuing discussion with Government to postpone on the proposed Carbon Tax & ODOL Implementation** with the current difficult economic situation
- ✔ **Green Cement (Concrete)** is instructed by Public Works Ministry (PUPR) to be used for Infrastructure and Government projects. ***Indocement, the only Cement company in the IDX ESG leader***, is ready to supply variety of Green Cement products (PCC, Duracem-Slag Cement & Hydraulic Cement)
- ✔ **Future Investment:** focus in expanding our distribution channel through possible new terminals and barge or vessels ownership as well as exploring for any possible M&A

AGENDA



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**SELAMANYA
KOKOH
TERPERCAYA**



JADILAH #PEJUANGKOKOHSELAMANYA

Langkah Kecil Untuk Membangun Harapan Besar Mereka.

Bersama Semen Tiga Roda, kita terus bangun kebaikan dengan merenovasi hunian yang butuh perbaikan untuk masa depan lebih kokoh.

Info selengkapnya di : sementigaroda.com

THANK YOU