



# Earnings Call Q1 2023 PT Indocement Tunggal Prakarsa Tbk.

4 May 2023



Cirebon Plant



## ■ 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/m<sup>3</sup> in 2022 and improved to 10.5 mg/m<sup>3</sup>
- CO<sub>2</sub> emission Scope 1 - Gross was reduced to 585 kg CO<sub>2</sub>/t cement equivalent from FY2022 at 587 kg CO<sub>2</sub>/t cement equivalent, while CO<sub>2</sub> emission Scope 1 - Net maintained at 558 kg CO<sub>2</sub>/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  
Balance Sheet

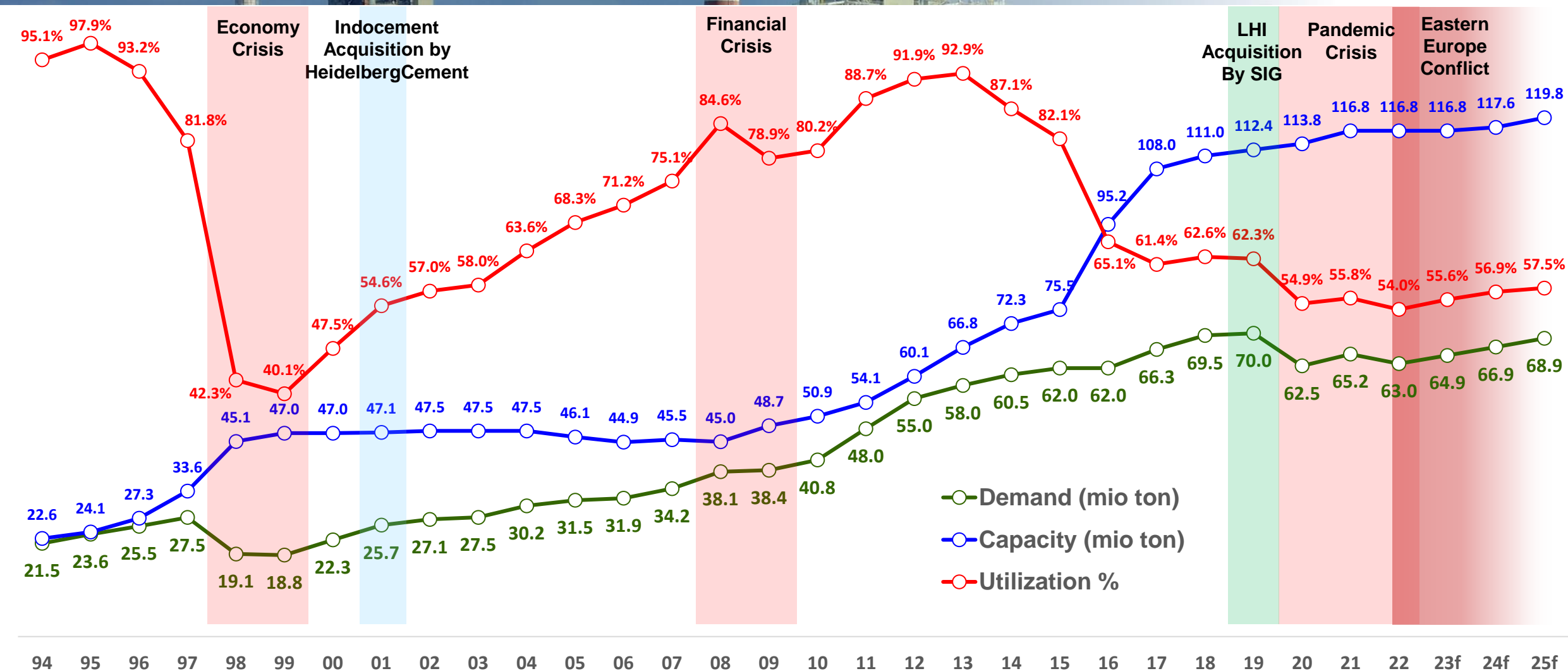
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Q & A

Q & A



# Cement Market Evolution



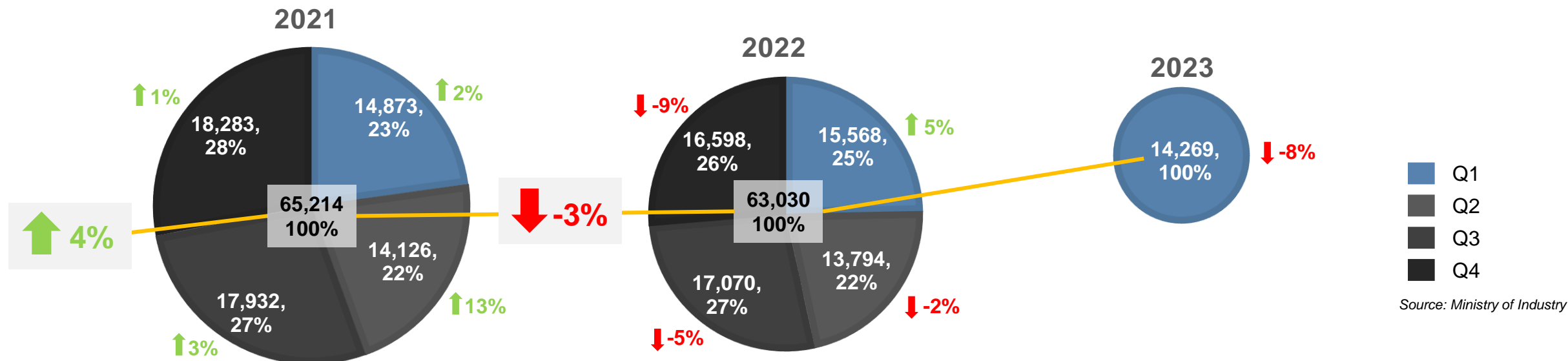
Source: Ministry of Industry with Internal Indocement Projection

The capacity data could be revised based on industry update

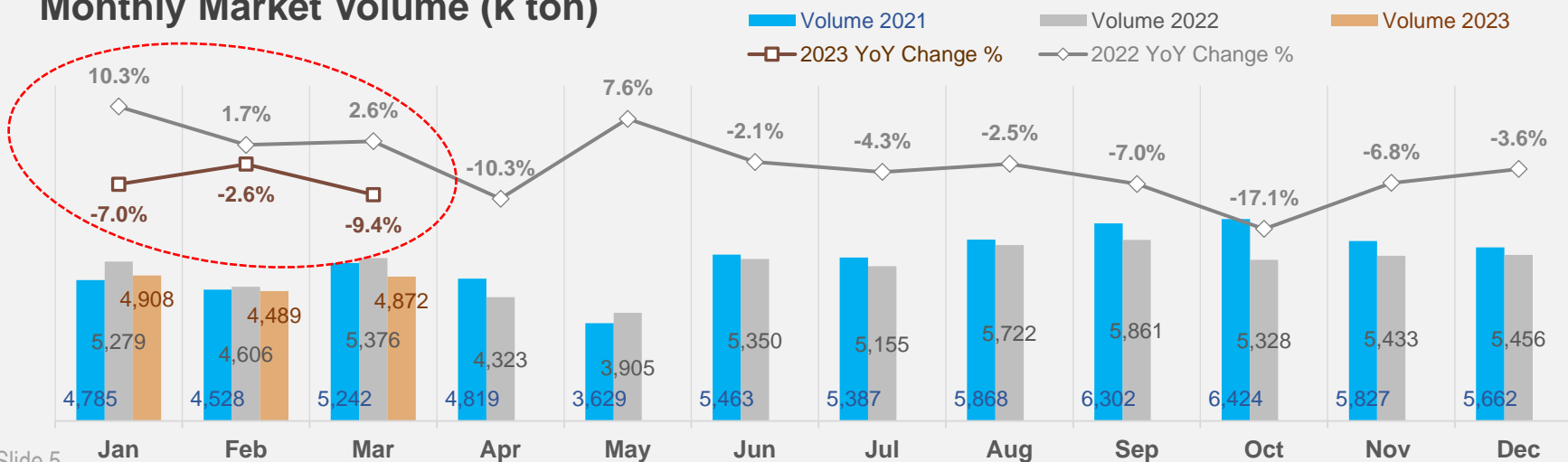
CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22A	'22A-25F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-3.5%	+3.0%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.3%	+0.8%

# Cement Volume Development

## Quarterly Market Volume (K ton)



## Monthly Market Volume (k ton)



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

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

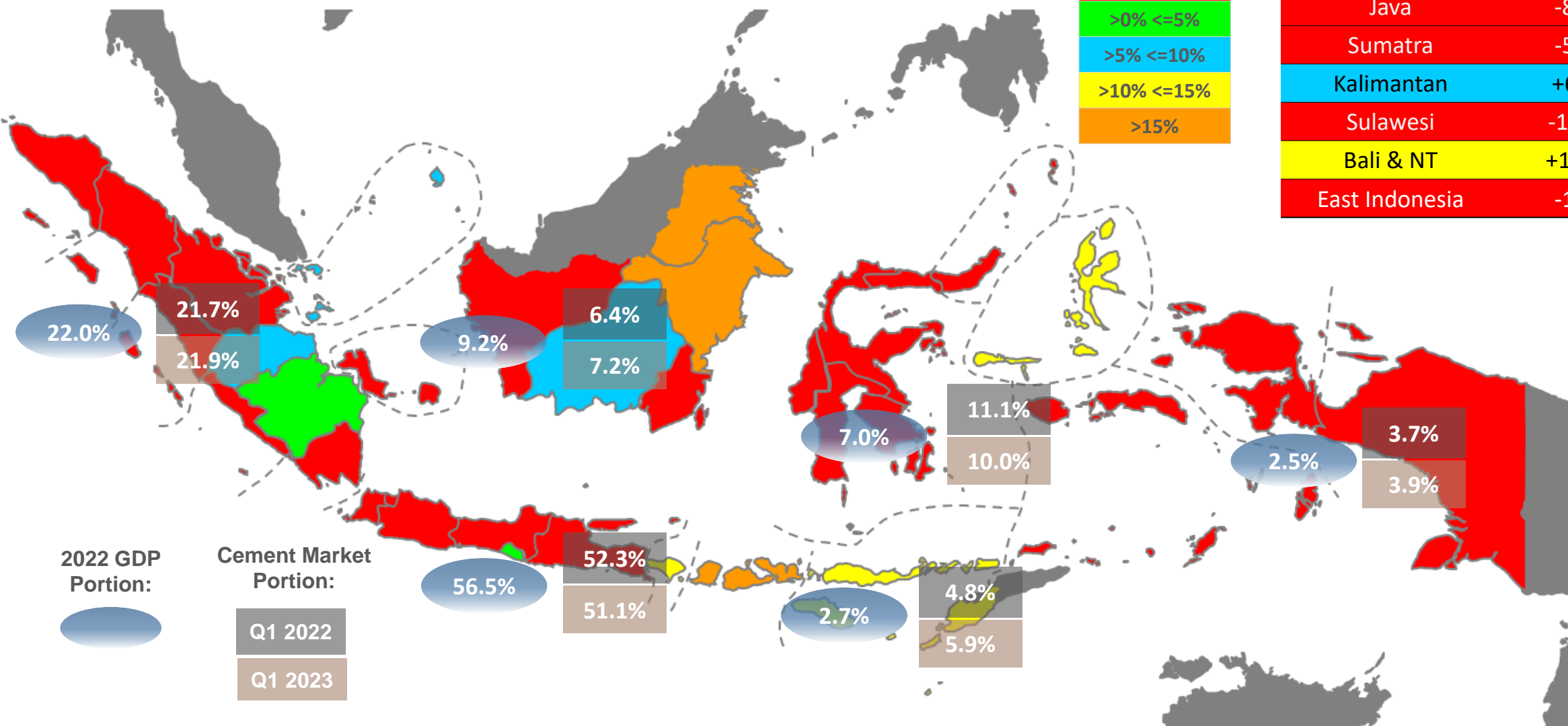
# Cement Market Portion & Growth

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

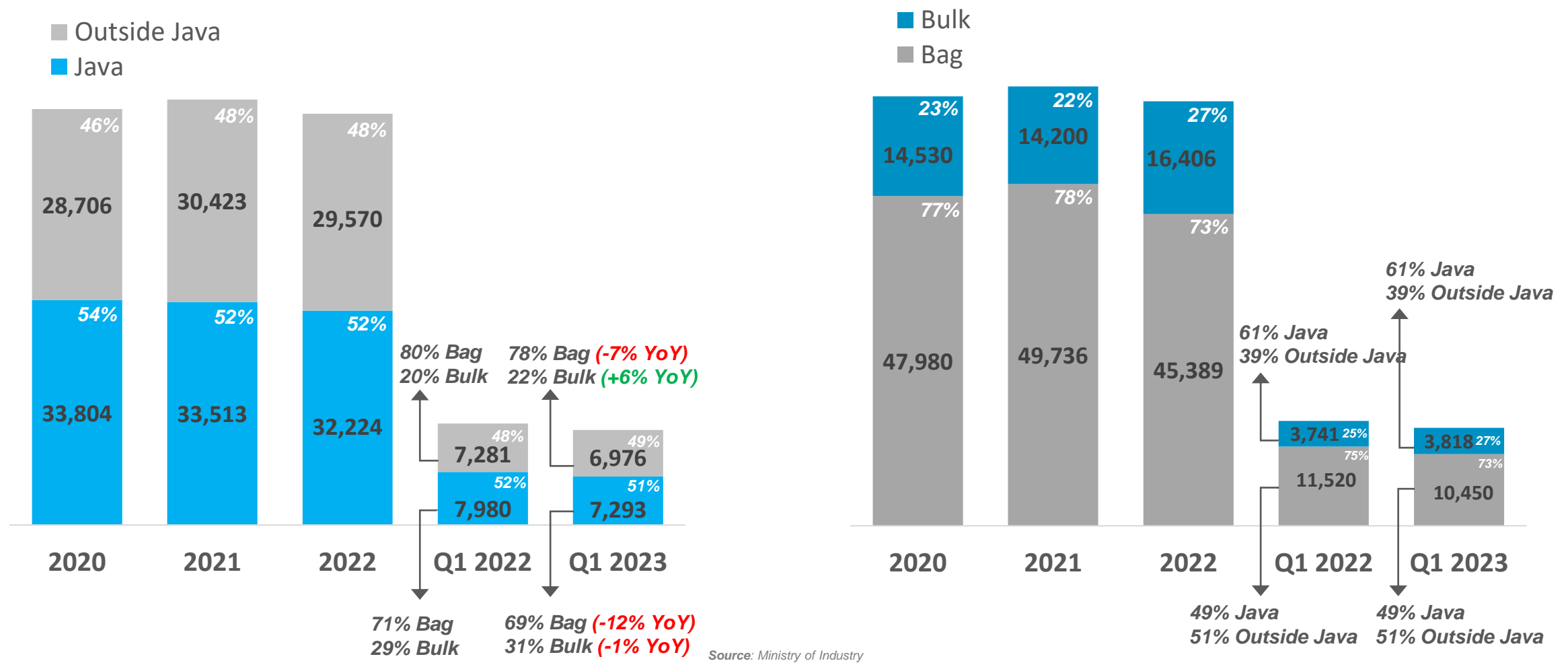
YoY Area Growth:



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



Slight increase for outside Java composition from strong bulk demand



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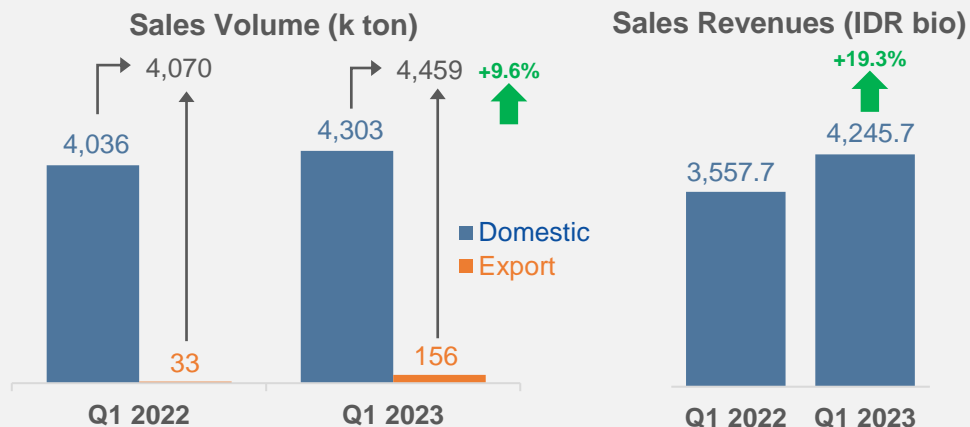
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Q & A



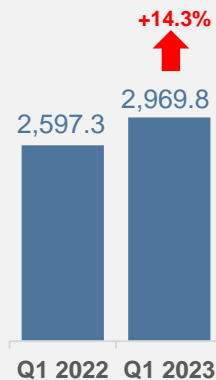
# Financial Result

## Sales Result

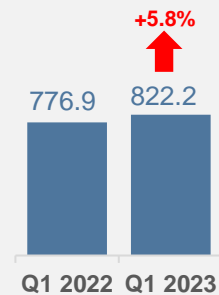


## Operating Driver

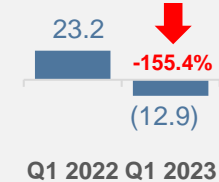
### Cost of Revenues



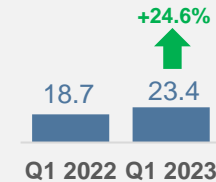
### Operating Expenses



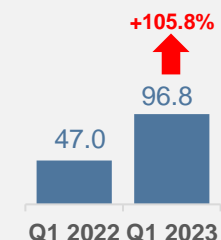
### Other Operating Income



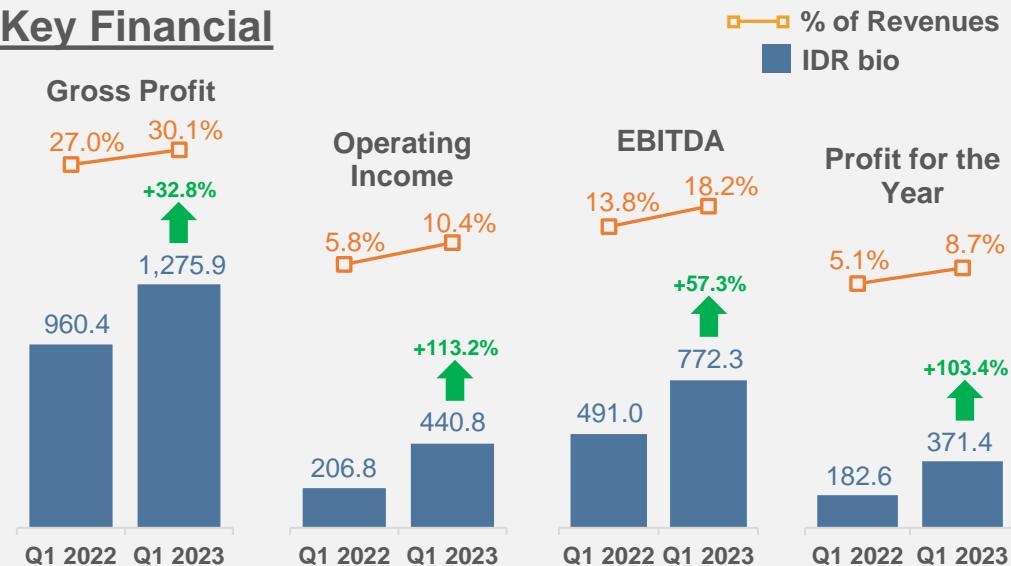
### Finance Income



### Income Tax Expense

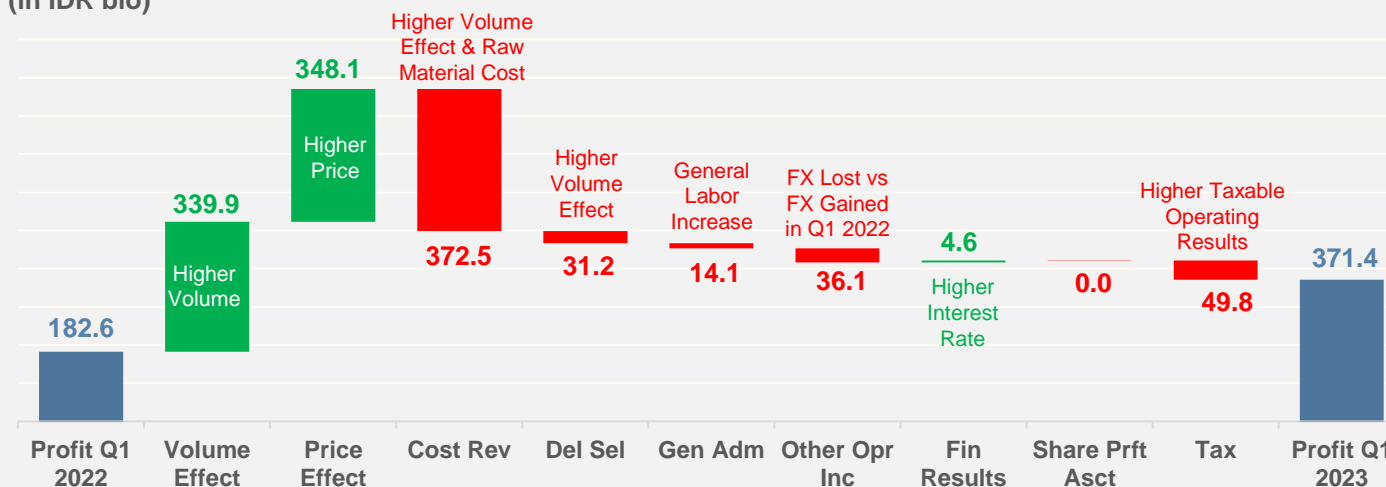


## Key Financial



## Profit Bridging

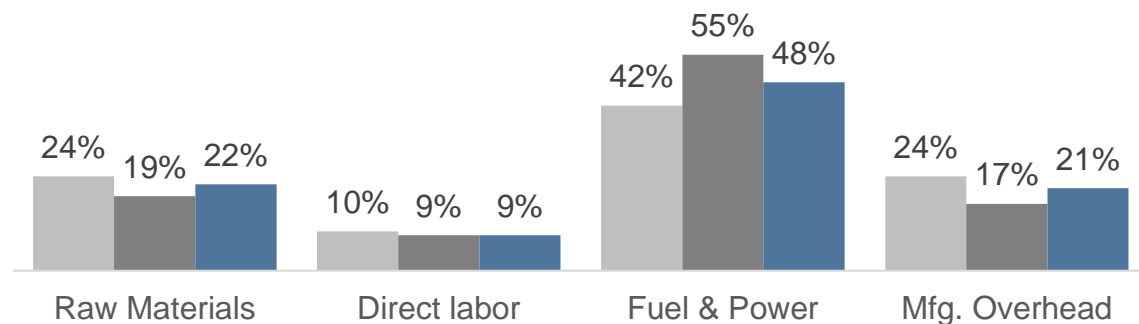
(in IDR bio)



# Cost Control and Margin Development

## Q1 Manufacturing Cost

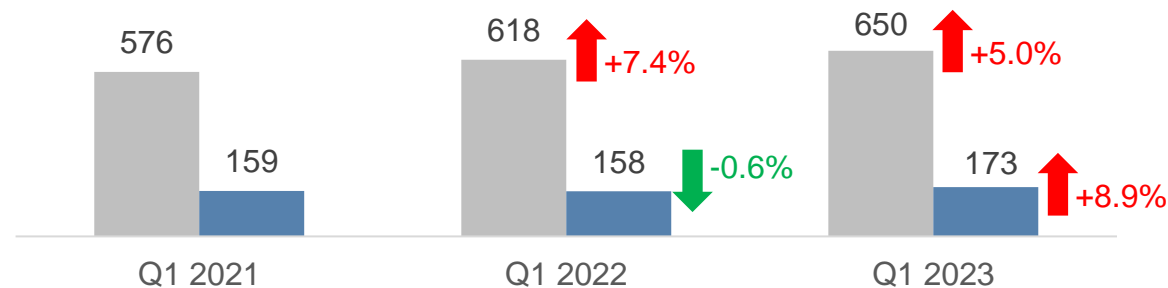
■ 2021 ■ 2022 ■ 2023



- 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)

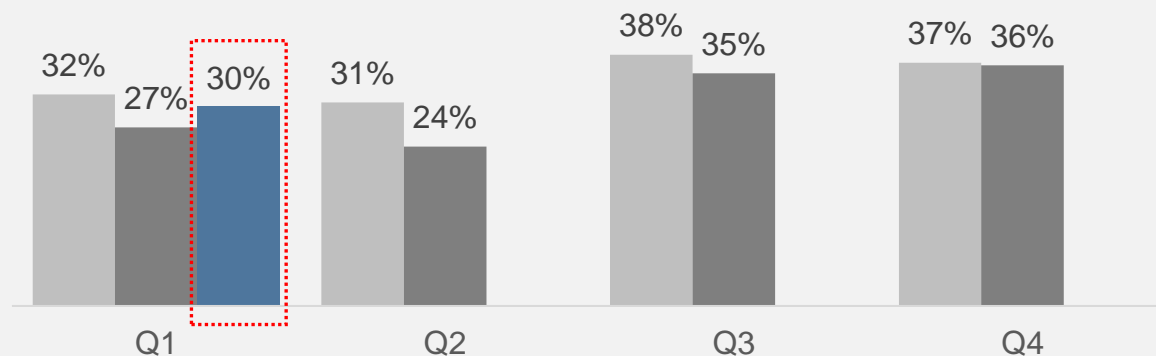
■ Delivery & Selling Expense ■ G&A Expense



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

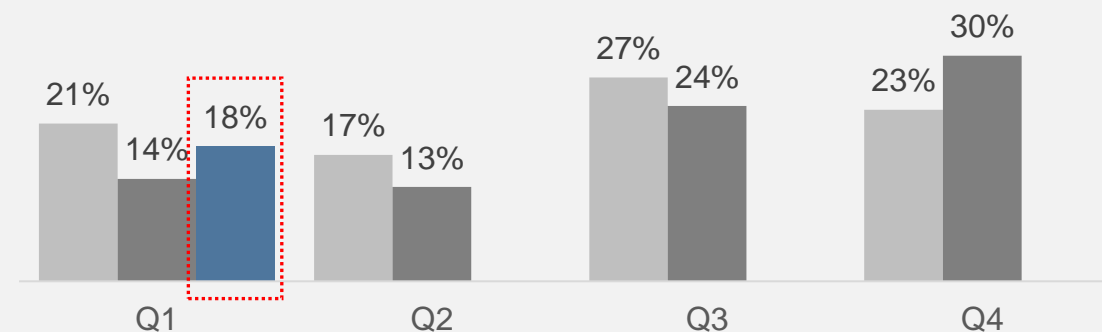
## Gross Profit Margin

■ 2021 ■ 2022 ■ 2023



## EBITDA Margin

■ 2021 ■ 2022 ■ 2023

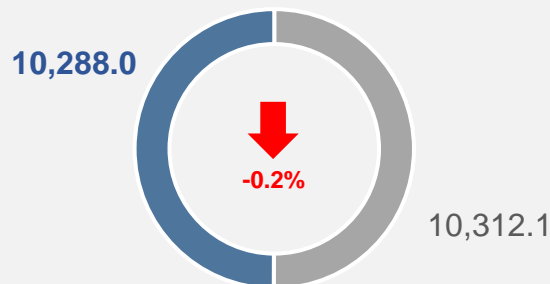


- Margin recovery from higher volume, price, and DMO coal

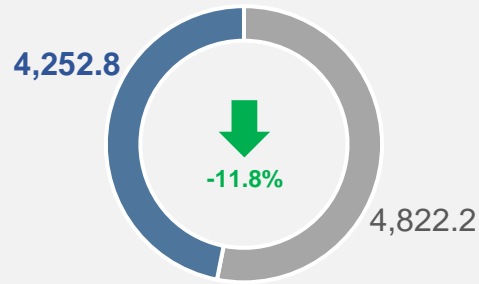


# Balance Sheet

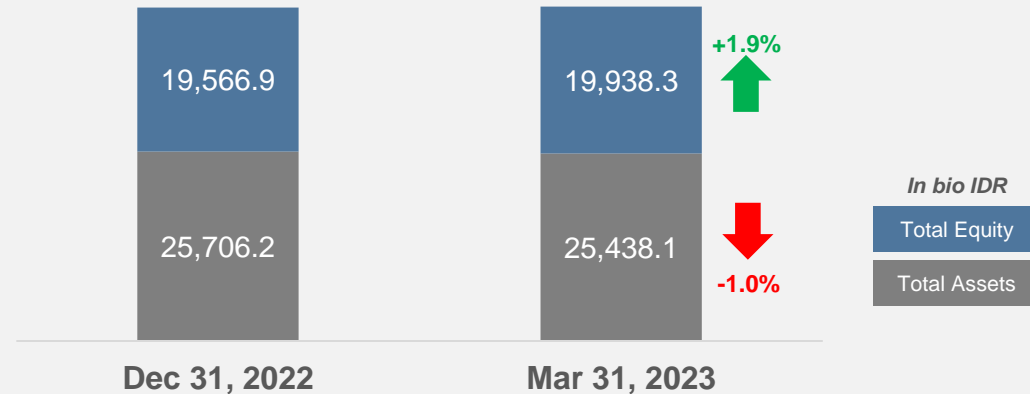
## Current Assets



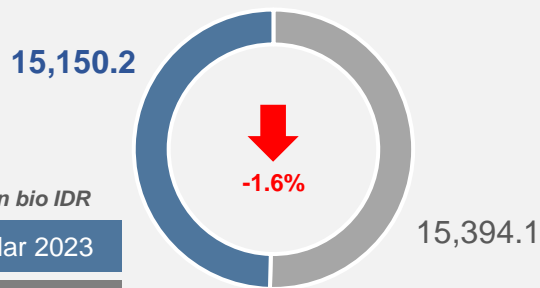
## Current Liabilities



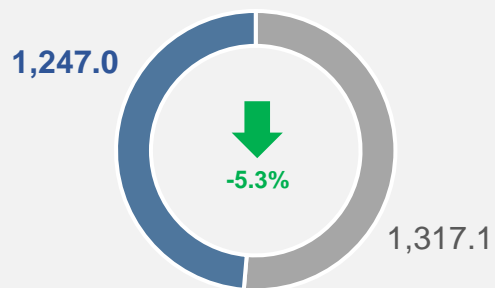
## Asset & Equity



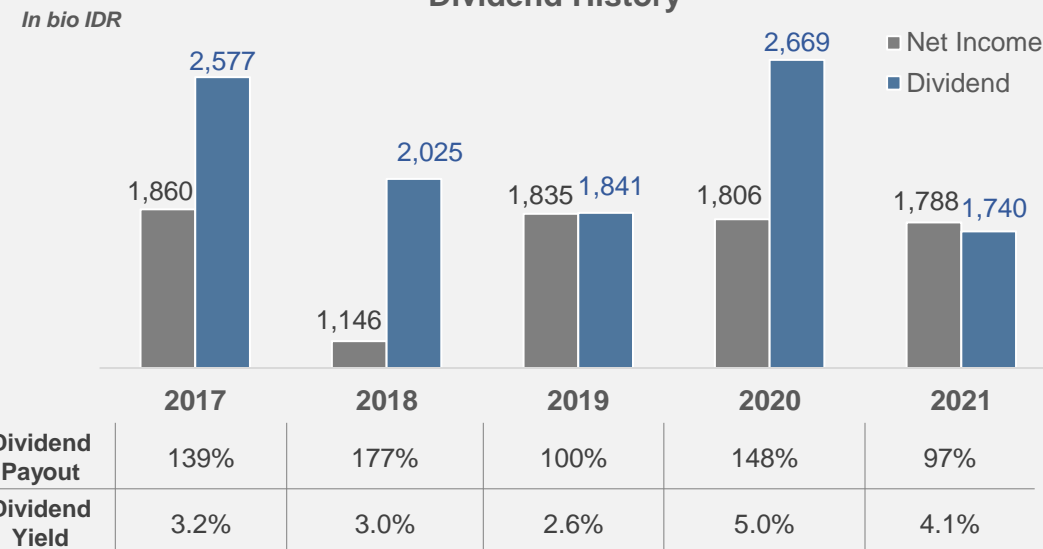
## Non-Current Assets



## 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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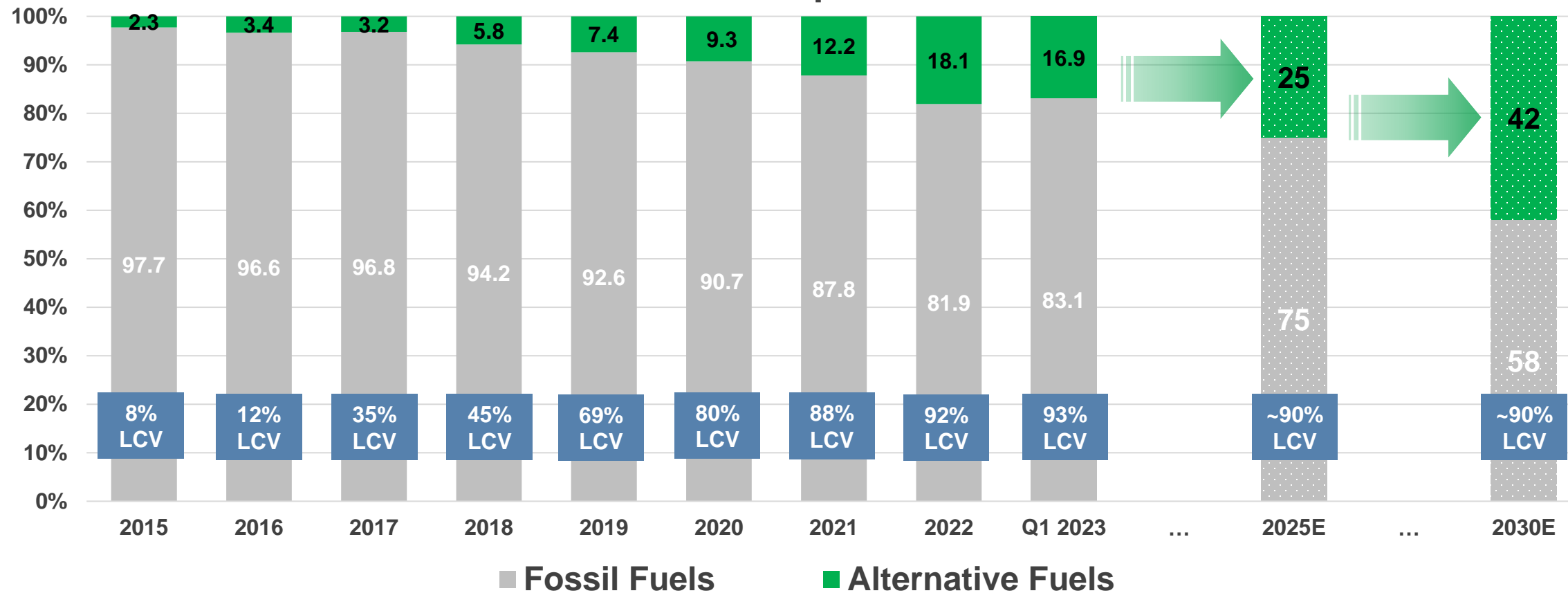
Q & A



# Increase Usage of Alternative Fuels

Continuous cost efficiency improvement from higher alternative fuels and LCV coal

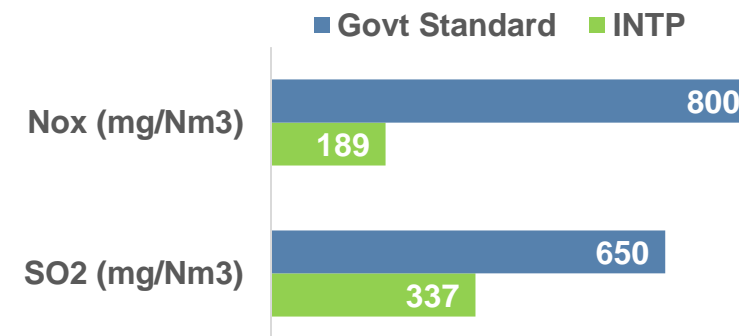
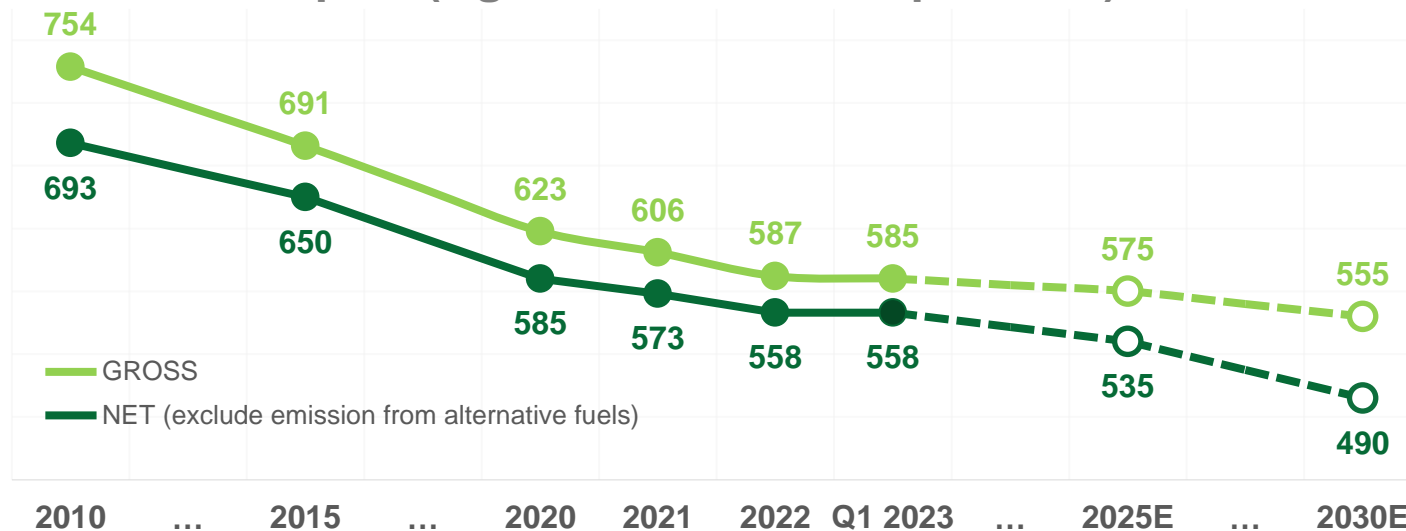
## Fuel Consumption Rate %



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

# Reduction of CO<sub>2</sub> & Dust Emissions

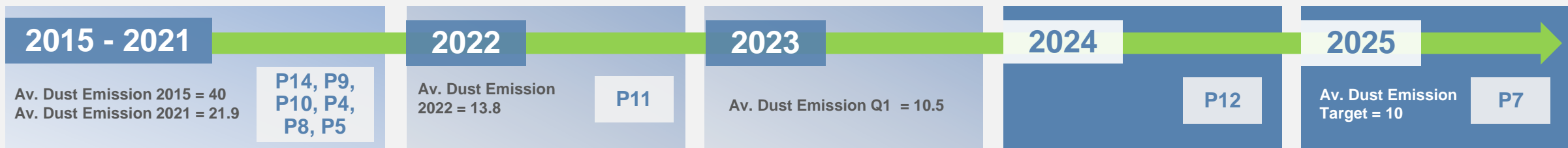
## Scope 1 (Kg CO<sub>2</sub>/T Cement Equivalent)



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

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



# RMC Business Line Update

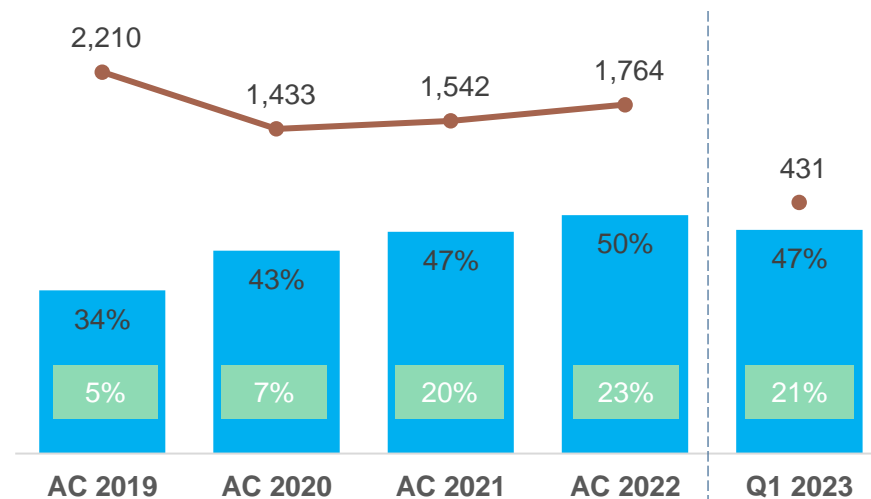
## PT Pionirbeton Industri (PBI)

- 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](http://www.tokotigaroda.com)). Recovering from the pandemic, it resulted in +167% growth in 2021, +15% growth in 2022, and stabilizing in Q1 2023



- 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 m<sup>3</sup>
- In the pipeline, PBI has several major projects which volume ranging from 100k to 800k m<sup>3</sup> (toll road, dam, factory/warehouse)

■ SMER % from Total Volume    —●— Total Volume (k m<sup>3</sup>)  
■ IS & E-Comm Portion from SMER



- ✔ 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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Q & A

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**INDOCEMENT**  
HEIDELBERGCEMENT Group

# Thank You

**PT Indocement Tunggal Prakarsa Tbk**

Wisma Indocement  
13th floor Jalan Jenderal Sudirman Kav. 70-71  
Jakarta 12910, Indonesia  
Telephone : +6221 8754343 ext. 3808  
Facsimile : +6221 87941166

[www.indocement.co.id](http://www.indocement.co.id)