

Acquisition of PT Semen Grobogan PT Indocement Tunggal Prakarsa Tbk.

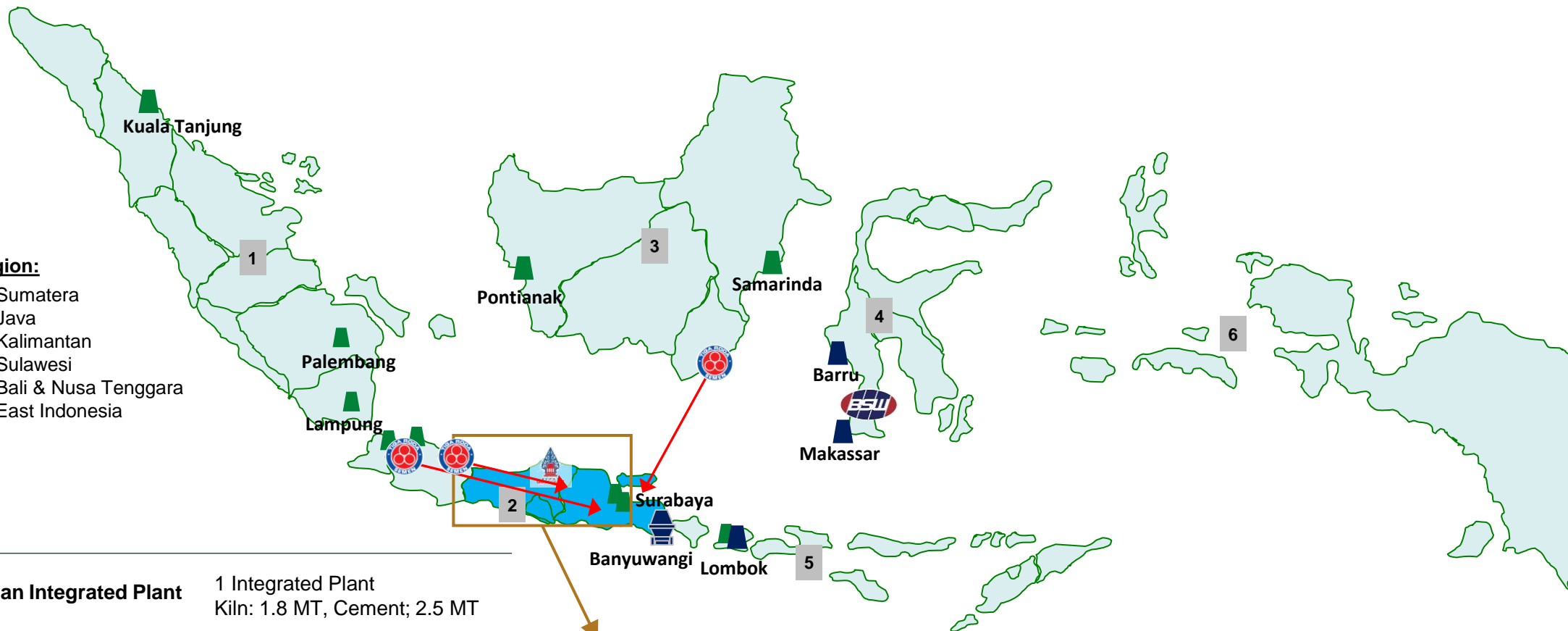
5 December 2023



INDOCEMENT PLANTS & TERMINALS

Region:

1. Sumatera
2. Java
3. Kalimantan
4. Sulawesi
5. Bali & Nusa Tenggara
6. East Indonesia



Grobogan Integrated Plant

1 Integrated Plant
Kiln: 1.8 MT, Cement; 2.5 MT



SBM Integrated Plant



SBM Terminal



SBM Grinding Mill

1 Integrated Plant, 1 Grinding Unit, 3 Terminals
Kiln: 3.5 MT, Cement: 5.3 MT

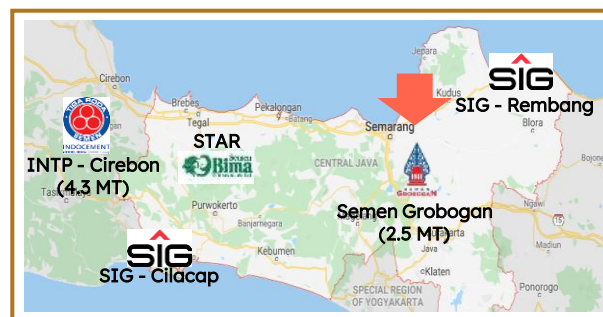


ITP Integrated plant



ITP Terminal

3 Integrated Plants, 9 Terminals
Kiln: 18.0 MT. Cement: 25.5 MT



PT SEMEN GROBOGAN:

- A private company with one integrated CEM plant – existing of 2.5 mt cement capacity & holds limestone reserve & resources for >50 years
- Started its commercial production in January 2022
- More than 90% of target sales are in Central Java region
- The plant is strategically located close to key markets in Central Java with the lowest weighted average logistics cost to the other players
- Active limestone quarry is located next and very close to the plant

Acquisition of 100% shares followed by repayment of outstanding loans with own cash and loan restructuring

- **Refinancing existing debts** with own cash and IDR 2tr loan in IDR term
- **Increasing cement production capacity p.a. to 2.9 mt** after the take over from existing capacity of 2.5mt
- **Additional sales volume:** take over existing sales volume about 1.5mt p.a. under existing Semen Grobogan brand and network

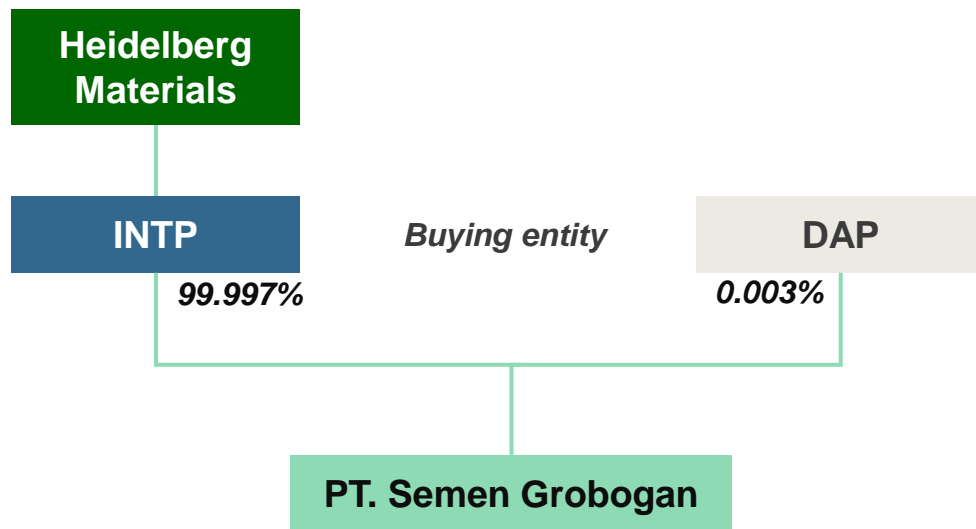
Implied Equity Value of USD 97mio

Enterprise Value of USD 357mio

Implied EV/EBITDA multiple 6-8x

Valuation of Cement Capacity ~USD 123/t
(capacity of 2.9mio ton p.a.)

Entity Structure & Timeline



To distribute:

- Tiga Roda (TR) brands bag & bulk
- Non-TR brands owned by INTP
- Grobogan brand bag & bulk

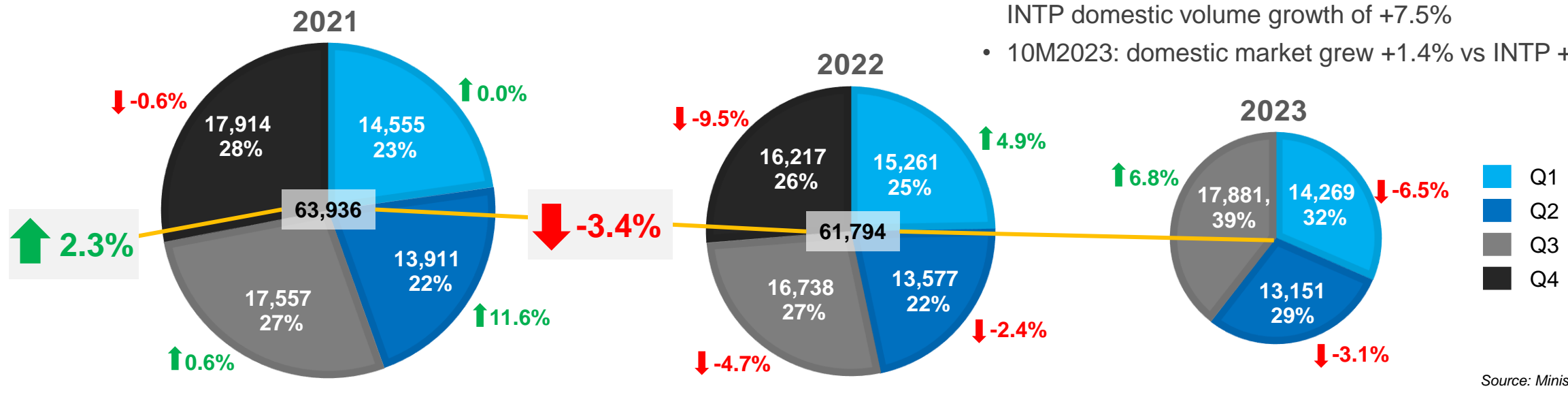
100% shares of SGB are fully owned by Indocement starting 30 November 2023:

- Indocement holds 99.997% of PT Semen Grobogan (SGB)
- Indocement fully-owned subsidiary, PT. Dian Abadi Perkasa (DAP) holds 0.003% shares at SGB, to fulfill the regulation



Cement Volume Development

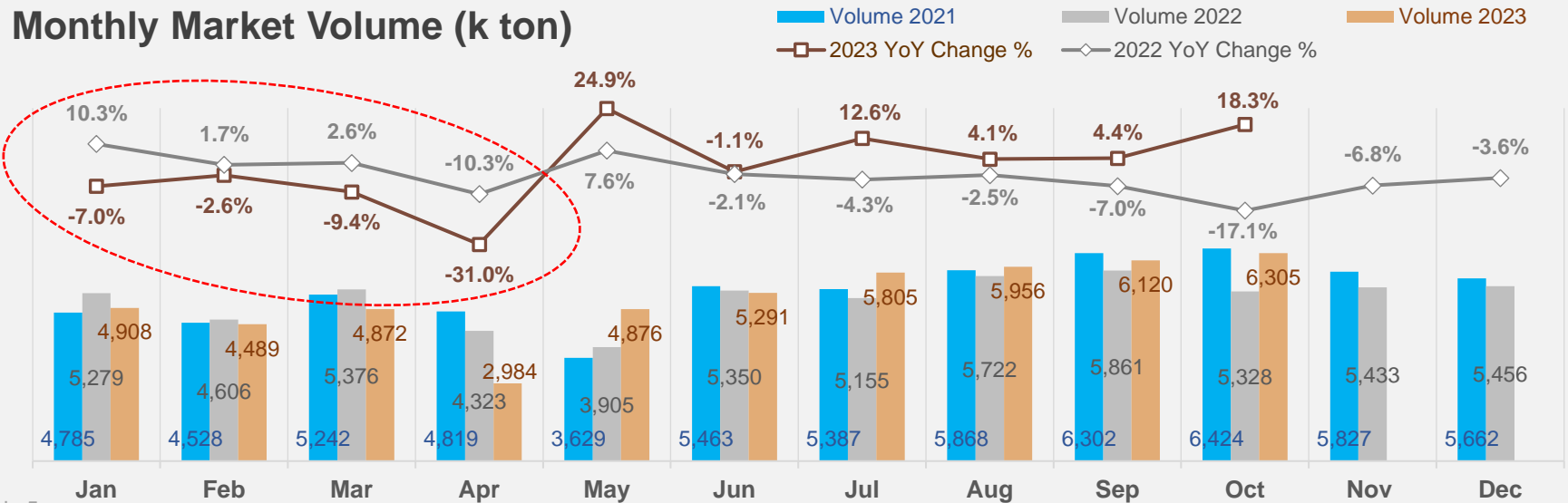
Quarterly Market Volume (K ton)



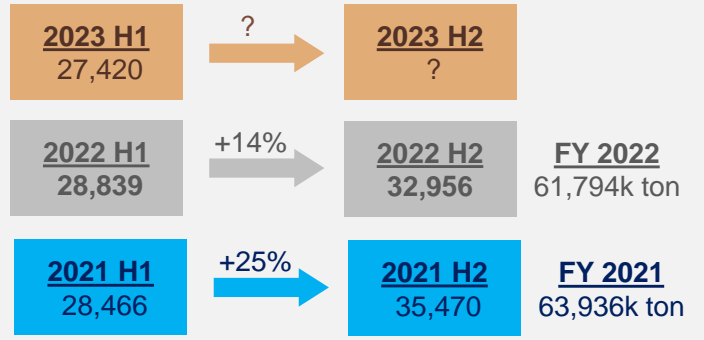
- 9M2023: total domestic market contracted -0.6% vs. INTP domestic volume growth of +7.5%
- 10M2023: domestic market grew +1.4% vs INTP +8.4%

Source: Ministry of Industry

Monthly Market Volume (k ton)



- YoY monthly performance improves after the first 4 months of 2023



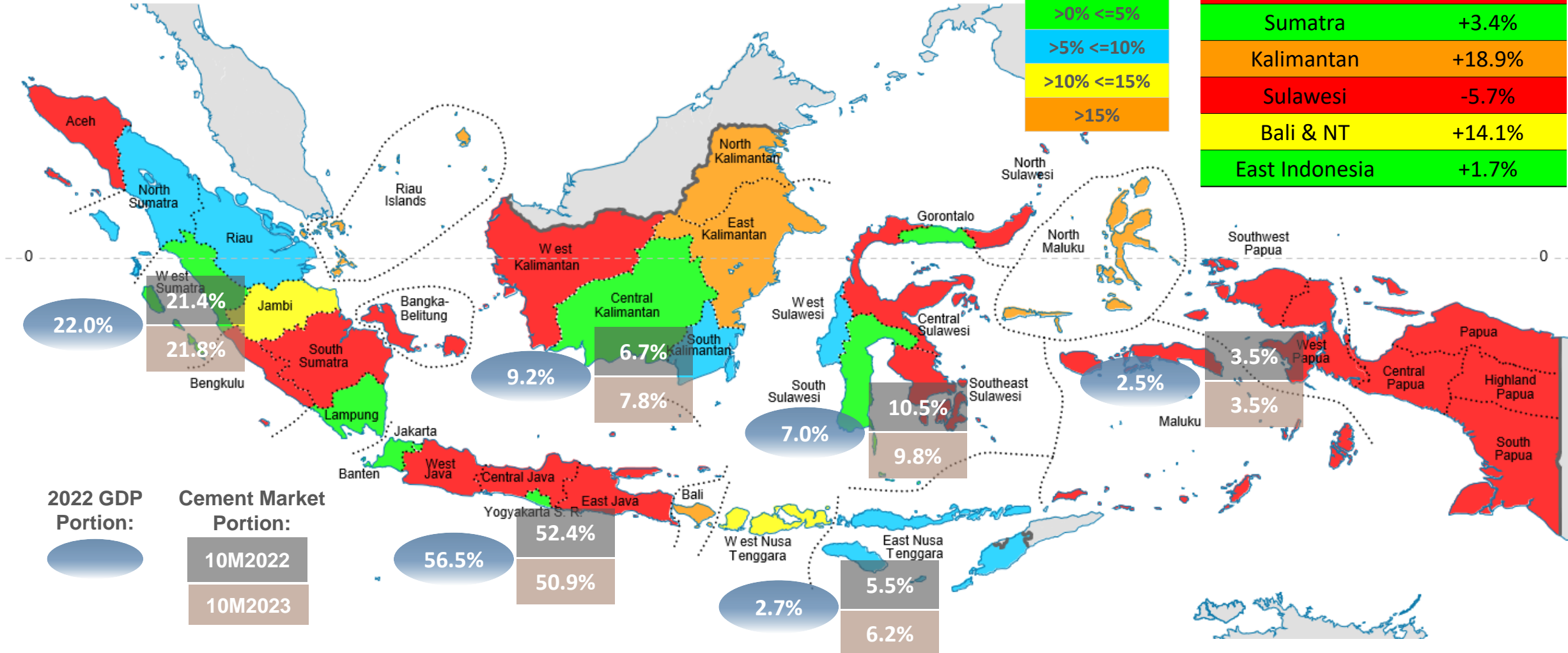
Cement Market Portion & Growth

- Kalimantan experienced significant growth in bulk demand +90.9% (10M2023) from new capital city (IKN) development especially around East and North Kalimantan areas

YoY Area Growth:

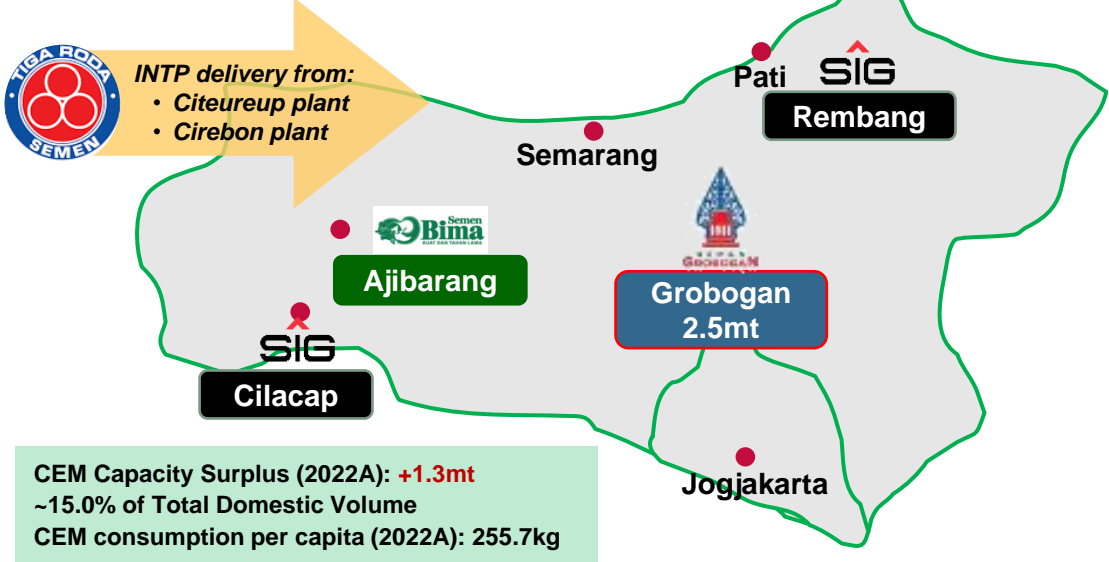


Area	10M2023 Volume
Java	-1.6%
Sumatra	+3.4%
Kalimantan	+18.9%
Sulawesi	-5.7%
Bali & NT	+14.1%
East Indonesia	+1.7%



Central & East Java Market

CENTRAL JAVA



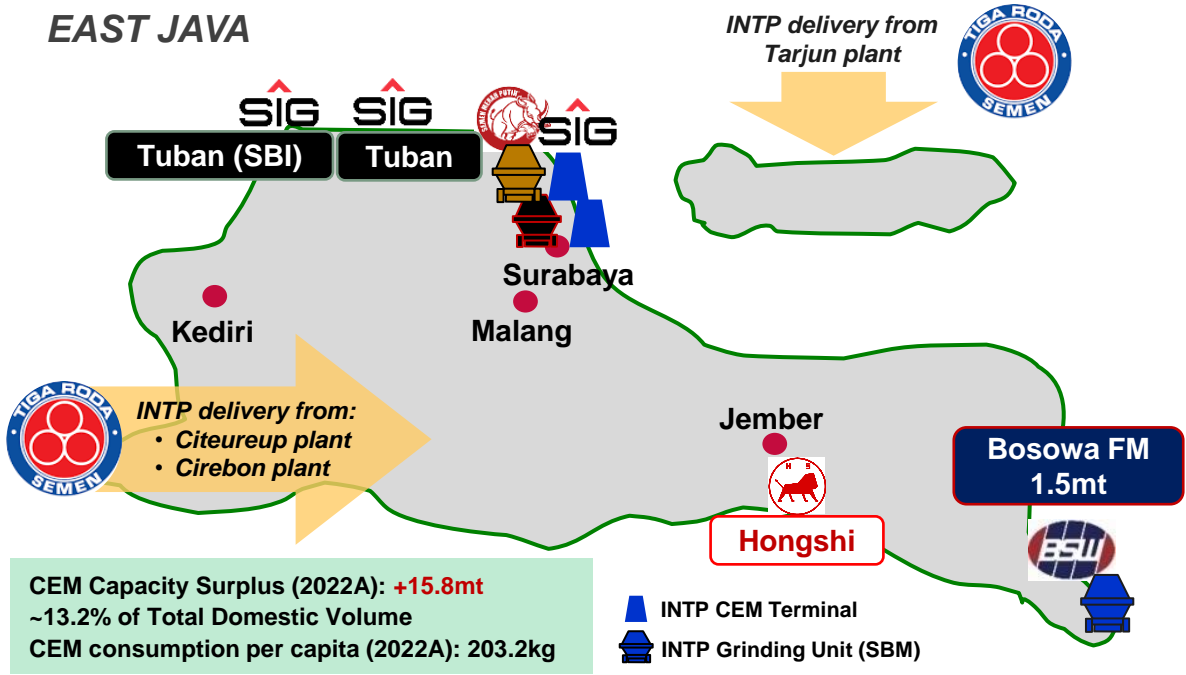
	Central Java	2019	2020	2021	2022	9M2023
Market Condition* (mt)	Total Market Demand	10.5	9.3	10.0	9.4	7.0
	Total Capacity	8.2	8.2	8.2	10.7	8.0**
	Surplus/Deficit	-2.3	-1.1	-1.8	+1.3	+1.0**
Market Share in Central Java	INTP (0mt p.a.)	32.9%	35.2%	34.1%	27.4%	24.3%
	Semen Grobogan (2.5mt p.a.)	-	-	-	11.9%	17.1%

* Cement association (ASI) data + Semen Grobogan (since 2022)

** Prorated to 9-month

- Central Java has been a surplus Capacity over Demand, since Semen Grobogan entered the market in 2022,
- Moratorium of new cement plant until 2028 and the higher project cost of greenfield project resulting INTP’s planned greenfield project in Pati for Central Java market is economically less attractive

EAST JAVA



	East Java	2019	2020	2021	2022	9M2023
Market Condition (mt)*	Total Market Demand	9.4	8.3	7.8	8.3	6.0
	Total Capacity	21.9	22.7	24.1	24.1	18.1**
	Surplus/Deficit	+12.5	+14.4	+16.3	+15.8	+12.1**
Market Share in East Java	INTP (1.5mt p.a.)	11.4%	11.8%	11.0%	10.2%	10.3%

* Cement association (ASI) data

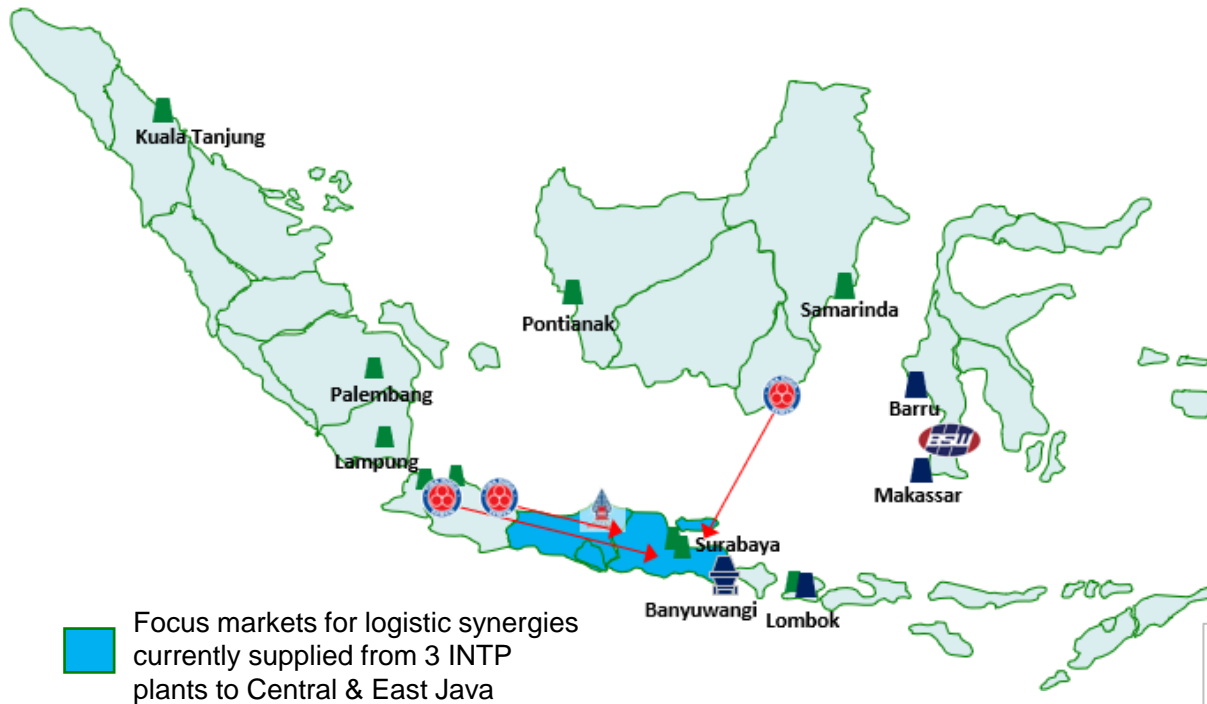
** Prorated to 9-month

- East Java has been surplus market and a home market to SIG
- Additional pressure in the market came from Hongshi with in 2021 and introduction of fighting brand from SIG
- Historical East Java market CAGR 2012-22 is 1.85% and it is also expected East Java market CAGR keep growing higher than national growth
- INTP signed a 5-year lease in 2022 for use of Bosowa grinding unit in Banyuwangi

- **Central Java has strong retail market**, it is the 3rd most populated region (~41 mio) after Western and East Java
- **Synergy and Network Optimization:** It is a key strategic step for INTP to secure future Central Java and East Java supply which will not be economically feasible to supply from distant West Java plants with the **anticipation for Zero ODOL policy** implementation in-stages in near future
- **High quality assets with excellent geographical fit:** Good combination of European & Chinese-made equipment with operation efficiency and limestone deposit is very close to the plant
- **Technical and Operational Advantage:** new built plant with the potential value creation through synergies with possibility to reduce further clinker ratio and energy cost with high availability sources of alternative materials and alternative fuels from surrounding location; CO2 reduction is expected to bring to Indocement plant standard!
- **Major infrastructure projects categorized as the National Strategic Projects are located in Central Java** i.e. Solo -Yogyakarta Toll Road, Batang Industrial Estate, and Kendal Special Economic Zone
- **Many Industries relocated their factories from Western Java to Central Java** after significant infrastructure improvement in the last few years, as well as attracted by lower level of minimum Labor wages and living expenses

SUMMARY: perfect strategic fit with logistics synergy and Cirebon reserves limited lifetime, INTP would be the most proficient 'know-how' entity from technical and sustainability point of view

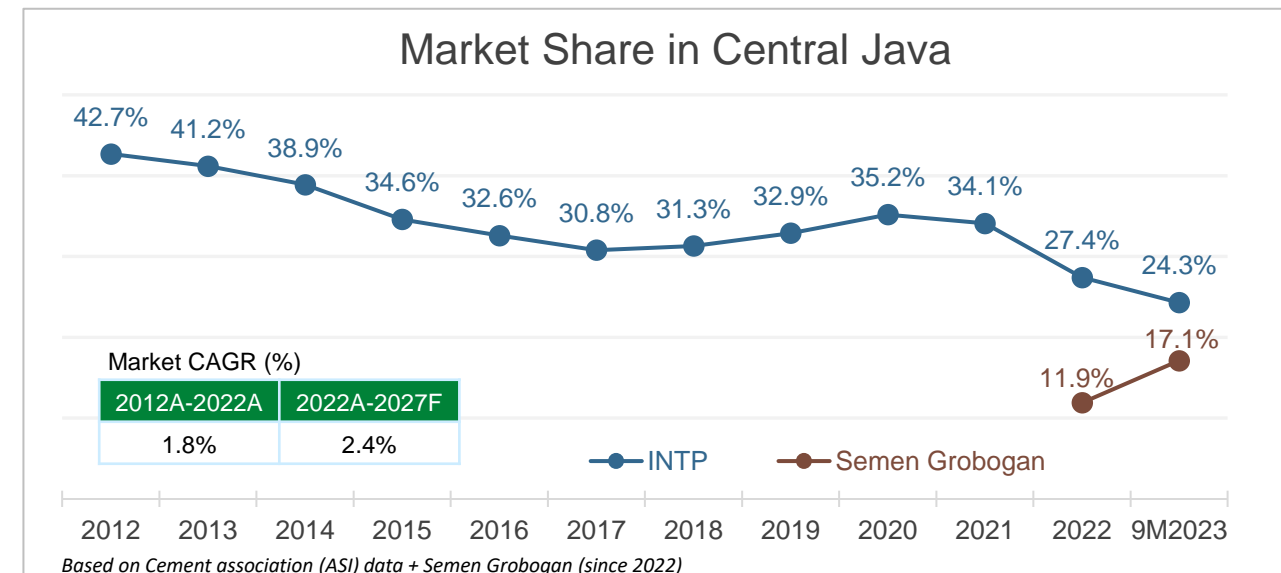
Logistics & Market Share Benefits



CEMENT Market in Central Java:

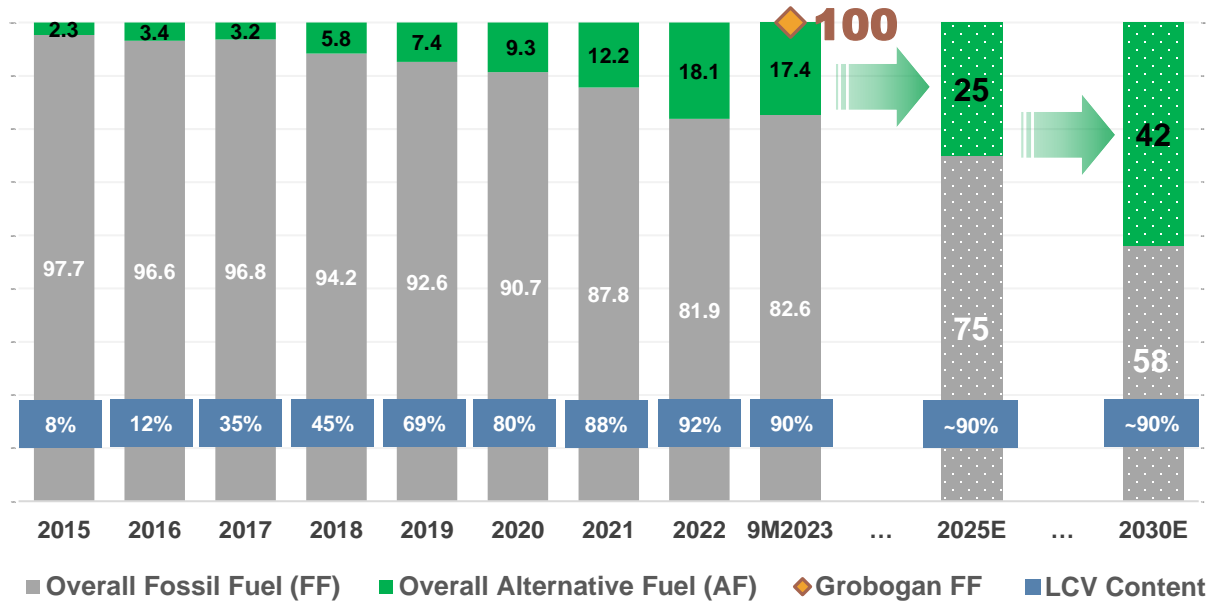
- ✓ By acquiring Semen Grobogan, Indocement could regain market share in Central Java by getting benefit of Grobogan existing shares in the market between 12-17% in Central Java
- ✓ In the future, it is expected that Central Java Market CAGR keep growing higher than national growth

- **Logistics Synergy.** Strategic advantageous location of Semen Grobogan allows significant logistics synergies in existing markets due to network optimization for **Central & East Java markets**
- Semen Grobogan plant is strategically located close to key markets in Central Java, with the lowest weighted average logistics cost compared to all players
- **Logistic cost benefit Palimanan vs. Grobogan to bring to Central Java market:**
 - 1) IDR 70k/ton (bag cement)
 - 2) IDR 120k/ton (bulk cement)

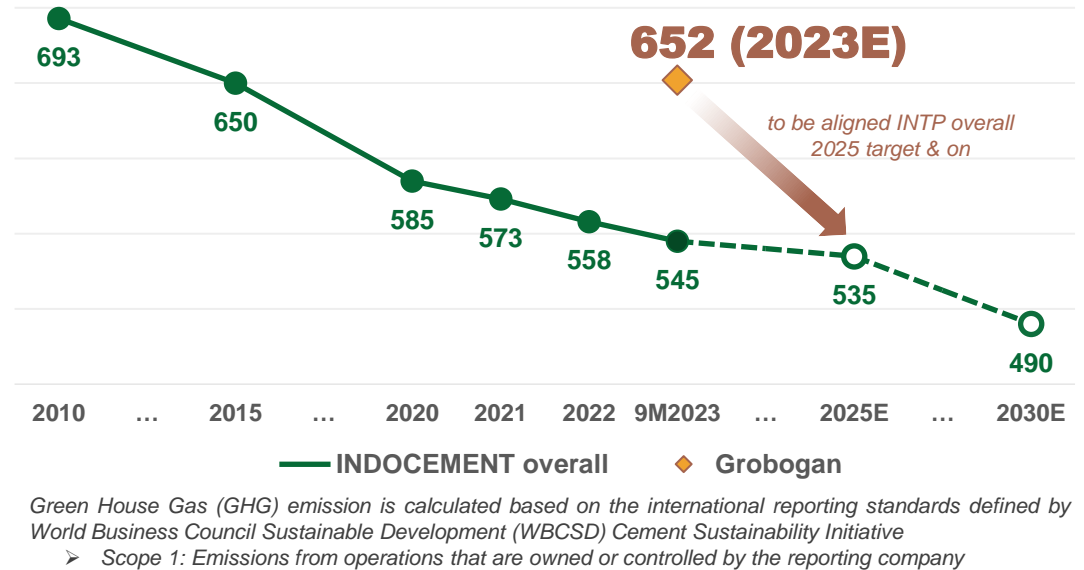


Improvement to AF Rate & Clinker Ratio

INDOCEMENT Fuel Consumption Rate %



INDOCEMENT Scope 1
(Specific NET - kg CO₂/t cement equivalent)



- **Incorporate alternative fuel (AF) for kiln energy source** which currently the source is still 100% coal. Type of biomass AF from surrounding areas includes corncob and rice husk
- **Incorporate more alternative materials (AM) for cement mix** with potential fly ash supply from Batang and Tanjung Jati power plants. Other AM that can be obtained from surrounding area is slag and trass
- Currently the clinker ratio is ~75% as ~55% of the sales is bulk cement. **Hydraulic cement is to be introduced** gradually replacing OPC and **by 2030, clinker ratio is targeted at ~65%**
- **CO₂ emission to be reduced following Indocement standard and aligned with our overall 2025/30 target**
- Further integration with Indocement digitalization and automation programs

Synergies and Value Creation Summation

Production Capacity

- Additional cement production capacity and release some capacity from Cirebon plant running at full capacity
- Limestone deposits that is proven for >50 years

Sales & Marketing

- More effective volume allocation to Central Java and East Java market
- Gain new brand 'Semen Grobogan' that is already well accepted in Central Java market
- Improved average selling price by bringing premium Tiga Roda brand produced at Grobogan plant
- More effective promotional activities

Technical & Sustainability

- Opportunity for product recipe optimization from reducing the clinker content and introducing hydraulic cement
- Specific heat and power consumption improvement
- Increase usage of Alternative Fuels and Alternative Materials (fly ash, slag, and trass)
- Bringing INTP expertise in technical (production, repairs, and maintenance), sustainability and R&D aspects

Supply Chain

- Logistics saving by producing cement from Grobogan plant and delivering closer to the market
- Improvement of logistics tariff from INTP logistics expertise
- Supply Chain optimization with existing INTP distribution network

Procurement

- Streamlining the procurement process with the existing INTP procurement
- Bundling strategy and economies of scale

IT

- Centralized and streamlined IT process and procurement

HR & GA

- Best practices and human capital management know-how sharing from INTP human capital & GA



INDOCEMENT
HEIDELBERGCEMENT Group

Thank You

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