

Indocement's Profit for the Period increased 103.4% to IDR 371.4 billion for Q1 2023

Summary of Indocement's Financial Performance 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%.
- Indocement recorded domestic cement sales volume at 4,303 thousand ton or +6.6% YoY after consolidating sales volume from Maros Plant, South Sulawesi, which was leased from PT Semen Bosowa Maros for three years starting September 2022.
- Substantial gain of outside Java market share from 14.8% to 21.2%.
- Net Revenues grew +19.3% YoY to IDR 4,245.7 billion from both higher volume and price.
- Margin recovery in Gross Profit from 27.0% to 30.1% and EBITDA from 13.8% to 18.2%.

Description	YTD Mar 2023 '000 tons	YTD Mar 2022 '000 tons	Variance	
			'000 tons	%
Total Sales Volume	4,459	4,070	389	9.6%
Domestic	4,303	4,036	266	6.6%
Export	156	33	123	368.6%

Description	YTD Mar 2023 Bio IDR	YTD Mar 2022 Bio IDR	Variance	
			Bio IDR	%
Net Revenues	4,245.7	3,557.7	688.0	19.3%
Cost of Revenues	-2,969.8	-2,597.3	-372.5	-14.3%
Gross Profit	1,275.9	960.4	315.5	32.8%
<i>% of Net Revenues</i>	30.1%	27.0%		
Operating Expenses	-822.2	-776.9	-45.3	-5.8%
Other Operating Income (Expense) - Net	-12.9	23.2	-36.1	-155.4%
Operating Income	440.8	206.8	234.1	113.2%
<i>% of Net Revenues</i>	10.4%	5.8%		
EBITDA	772.3	491.0	281.3	57.3%
<i>% of Net Revenues</i>	18.2%	13.8%		
Finance Income - Net	23.4	18.7	4.6	24.6%
Share of Net Profit of Associates - net	4.1	4.2	0.0	-0.3%
Final Tax	-0.2	-0.1	-0.1	-93.2%
Profit before Income Tax Expense	468.2	229.6	238.6	103.9%
Income Tax Expense - Net	-96.8	-47.0	-49.8	-105.8%
Profit for the Period	371.4	182.6	188.8	103.4%
Total Comprehensive Income for the Period	371.4	182.6	188.8	103.4%

PT Indocement Tunggal Prakarsa Tbk. (Indocement or the Company) booked overall (cement and clinker) sales volume of 4,459 thousand tons in Q1 2023, higher +389 thousand tons or +9.6% from Q1 2022 volume, including additional sales volume from Maros Plant, South Sulawesi, which was leased from PT Semen Bosowa Maros. Domestic cement sales volume was recorded at 4,303 thousand tons, higher +266 thousand tons or +6.6% from Q1 2022. Export sales increased +368.6% from 33 thousand tons to 156 thousand tons in Q1 2023.

The Company's Net Revenue in Q1 2023 increased +19.3% to IDR 4,245.7 from IDR 3,557.7 billion in Q1 2022 due increase in volume and higher price from last year gradual selling price increase. Cost of Revenues in Q1 2023 increased +14.3% from -IDR 2,597.3 billion to -IDR 2,969.8 billion along with the increase in sales volume. Combination of those two components resulted to Gross Profit margin improvement from 27.0% in Q1 2022 to 30.1% in Q1 2023.

Higher Operating Expenses of +5.8% from -IDR 776.9 billion to -IDR 822.2 billion in Q1 2023 was from higher sales volume effect, general increase in labor, and travel expenses in line with post-pandemic COVID-19 normal activities. Lower Other Operating Income (Expense) – Net from IDR +23.2 billion to IDR -12.9 billion or -155.4% in Q1 2023 was due to forex loss as IDR strengthening recently from end last year, vice versa in last year Q1 situation. These concluded to Operating Income margin of 10.4% and EBITDA Margin of 18.2%.

The Company recorded a higher Finance Income - Net of +24.6% from IDR 18.7 billion to IDR 23.4 billion in Q1 2023 due to better interest deposit rate. Income Tax Expense – Net increase in Q1 2023 from -IDR 47.0 billion to -IDR 96.8 billion or -105.8% was due to higher taxable operating results.

Conclusion from the above figures, Profit for the Period increased +103.4% from IDR 182.6 billion to IDR 371.4 billion for Q1 2023.

Resilient Balance Sheet

The Company booked a net cash position with Cash and Cash Equivalents to IDR 4.3 trillion. Strong cash flow generated from operations and persistent efforts from management to increase working capital is the key to maintain the resilient Balance Sheet.

Description	Mar 31, 2023	Dec 31, 2022	Variance	
	Bio IDR	Bio IDR	Bio IDR	%
Current Assets	10,288.0	10,312.1	-24.1	-0.2%
Non-Current Assets	15,150.2	15,394.1	-243.9	-1.6%
Current Liabilities	4,252.8	4,822.2	-569.4	-11.8%
Non-Current Liabilities	1,247.0	1,317.1	-70.1	-5.3%
Equity	19,938.3	19,566.9	371.4	1.9%
Total Assets = Total Liabilities + Equity	25,438.1	25,706.2	-268.0	-1.0%

With strong Balance Sheet Position and no bank debt, Indocement is ready to face challenges ahead amidst the oversupply capacity of cement industry and ready to partake in opportunities that would bring good synergy in the future.

Anticipated Demand to Improve Post Holiday Season

The decrease in the use of bagged cement by -9.3%, with a composition of 73% portion of total domestic cement consumption in Q1 2023, has dragged the overall cement market drop of -6.5%, a contrary result from Q1 2022 recovery of +4.9%.

We anticipate the trend would have another turnaround this year post the holiday season, onward volume to recover as public spending might increase before the 2024 election and faster pace of infrastructure and commercial constructions including some impacts from development of the new capital city in Kalimantan. We estimate that cement consumption growth this year will reach within the range of +1 to +2%.

About Indocement

Indocement is one of the largest cement producers in Indonesia, which produce Semen Tiga Roda and Semen Rajawali brands. To date, Indocement and its subsidiaries are engaged in several business fields which include the manufacturing and sale of cement (as a core business) and ready-mix concrete, as well as aggregate and trass mining, with approximately 3,400 employees. Indocement has 13 plants with a total annual production capacity of 25.5 million tons of cement. Ten plants are located in the Citeureup Factory, Bogor, West Java; two plants in the Cirebon Factory, Cirebon, West Java; and one plant in Tarjun Factory, Kotabaru, South Kalimantan. In 2022, Indocement has signed an Asset Lease Agreement with PT Semen Bosowa Maros and PT Bosowa Corporindo. Heidelberg Materials has been Indocement's majority shareholder since 2001.

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