

## INDOCEMENT SUCCESSFULLY ACHIEVED PROFIT OF IDR 1,842.4 BILLION FOR 2022

### Overview financial result for 2022:

- Indocement recorded +10.5% Net Revenues growth for 2022 from IDR 14,771.9 bio in 2021 to IDR 16,328.3 bio. Thrice price increase throughout 2022 due to significant increase in energy costs and boosted Net Revenue despite lower overall total volume of -2.1% from 2021.
- High energy cost due to significant increase of coal price. In 2022 energy cost was 52% of total manufacturing costs vs. 2021 of 49% and 2020 of 42%.
- EBITDA margin was at 21.2% in 2022 vs. 22.5% in 2021. Profit for 2022 was at IDR 1,842.4 bio or higher +3.0%.
- In August 2022, PLN started to supply electricity of 50MW to Tarjun Factory replacing the coal fired-power plant. Thus, Tarjun Factory can operate cleaner and more efficient.
- Asset Lease Agreement with PT Semen Bosowa Maros dan PT Bosowa Corporindo for Banyuwangi grinding plant for 5 years in March 2022 then for Maros Plant and all other Bosowa terminals for 3 years in September 2022.
- Shares buyback program ended in December 2022, collected IDR 2.73 trillion or 6.8% of total shares.
- Sustainability target is on track:
  - Alternative fuel consumption rate for was 18.1 in 2022 % vs. 12.2% in 2021.
  - Average dust emission was at 13.8 mg/m<sup>3</sup> in 2022 vs. 21.9 mg/m<sup>3</sup> in 2021.
  - CO<sub>2</sub> emission (Scope 1-Gross) was at 587 kg CO<sub>2</sub>/t cement equivalent in line with our goal to reach 575 kg CO<sub>2</sub>/t cement equivalent in 2025.

Description	YTD Dec 2022 Bio IDR	YTD Dec 2021 Bio IDR	Variance	
			Bio IDR	%
Net Revenues	16,328.3	14,771.9	1,556.4	10.5%
Cost of Revenues	-11,185.1	-9,645.6	-1,539.5	-16.0%
Gross Profit	5,143.2	5,126.3	16.9	0.3%
<i>% of Net Revenues</i>	31.5%	34.7%		
Operating Expenses	-3,334.3	-3,218.7	-115.6	-3.6%
Other Operating Income (Expense) - Net	417.6	163.3	254.3	155.7%
Operating Income	2,226.5	2,070.9	155.6	7.5%
<i>% of Net Revenues</i>	13.6%	14.0%		
EBITDA	3,454.6	3,323.9	130.8	3.9%
<i>% of Net Revenues</i>	21.2%	22.5%		
Finance Income - Net	40.6	139.3	-98.7	-70.8%
Share of Net Profit of Associates - net	22.8	24.2	-1.3	-5.6%
Final Tax	-0.6	-0.3	-0.3	-86.7%
Profit before Income Tax Expense	2,289.3	2,234.0	55.3	2.5%
Income Tax Expense - Net	-446.9	-445.5	-1.4	-0.3%
Profit for the Year	1,842.4	1,788.5	53.9	3.0%
Total Comprehensive Income for the Year	1,841.9	1,873.0	-31.1	-1.7%

Description	YTD Dec 2022 '000 tons	YTD Dec 2021 '000 tons	Variance	
			'000 tons	%
Total Sales Volume	17,586	17,960	-374	-2.1%
Domestic	17,280	17,558	-279	-1.6%
Export	306	402	-96	-23.8%

**PT Indocement Tunggal Prakarsa Tbk. (Indocement or The Company)** booked overall (cement and clinker) sales volume of 17,586 thousand tons in 2022, lower 374 thousand tons or -2.1% from 2021 volume. Export sales decreased -23.8% from 402 thousand tons in 2021 to 306 thousand tons in 2022.

The Company's Net Revenue increased +10.5% to IDR 16,328.3 billion from 2021 of IDR 14,771.9 billion due to increase in selling price throughout 2022.

Cost of Revenues in 2022 increased -16.0% from -IDR 9,645.6 billion to -IDR 11,185.1 billion due to increase in energy costs, mainly from coal price, especially at our first half. Reducing our Gross Profit Margin to 31.5% in 2022 from 34.7% in 2021. Just in the 2<sup>nd</sup> semester of 2022, the Company has succeeded in obtaining DMO coal of 60% of its total coal demand.

In order to reduce coal usage and impact from high coal price, the Company continuously increased consumption rate of alternative fuels from 12.2% in 2021 to 18.1% in 2022, including higher use of low calorific value (LCV) coals from 88% to 92%.

Higher Operating Expenses of +3.6% from -IDR 3,218.7 billion to -IDR 3,334.3 billion was due to increase in logistics costs and corporate actions in 2022.

Higher Other Operating Income (Expense) – Net of +155.7% from IDR 163.3 billion to IDR 417.6 billion in 2022 was due to various income such as foreign exchange gains, insurance claim, scrap sales, and some project settlements.

As a result from all of the above, in 2022, Operating Income Margin decreased from 14.0% to 13.6% and EBITDA Margin reduced from 22.5% to 21.2%.

The Company recorded a lower Finance Income - Net of -70.8% from IDR 139.3 billion in 2021 to IDR 40.6 billion due to lower cash position from shares buyback program.

Income Tax Expense – Net increase +0.3% from -IDR 445.5 billion to -IDR 446.9 billion was due to higher Operating Income.

Based on the above figures, Profit for the Year increased by 3.0% from IDR 1,788.5 billion to IDR 1,842.4 billion for 2022.

### Resilient Balance Sheet

From shares buyback program amounting to IDR 2.73 trillion and last year dividend payment, the Company booked a net cash position with Cash and Cash Equivalents to IDR 4.5 trillion. Strong cash flow generated from operations and persistent management efforts to increase working capital is the key to maintain our resilient Balance Sheet.

Description	Dec 31, 2022	Dec 31, 2021	Variance		Dec 31, 2021
	Bio IDR	Bio IDR	Bio IDR	%	Bio IDR
Current Assets	10,312.1	11,336.7	-1,024.6	-9.0%	11,336.7
Non-Current Assets	15,394.1	14,799.4	594.7	4.0%	14,799.4
Current Liabilities	4,822.2	4,646.5	175.6	3.8%	4,646.5
Non-Current Liabilities	1,317.1	868.6	448.5	51.6%	868.6
Equity	19,566.9	20,621.0	-1,054.1	-5.1%	20,621.0
Total Assets = Total Liabilities + Equity	25,706.2	26,136.1	-429.9	-1.6%	26,136.1

With strong Balance Sheet Position and no bank debt, Indocement is ready to face the on-going economic challenge including the oversupply capacity of the cement industry and ready to participate in any opportunity that would bring good synergy in the future.

### Demand Recovery in 2023

Contrary to growth in year 2021 of +2.3% as the economic started to recover from the pandemic, year 2022 closed with lower cement demand volume by -3.4%. Ukraine-Russian war at the beginning of 2022 has caused another uncertainty to the world while many economies were still recovering

from the pandemic. The war has a big impact to the energy price and particularly to cement industry was price of coal.

The Government introduced DMO coal price scheme in late 2021 and most of new cement companies were able to get those price scheme in the 2<sup>nd</sup> semester of 2022. Likewise, the increase in subsidized fuel price in September resulted in significant increase of distribution cost, thus another round of selling price increase on bag cement, even though there were already few rounds of increase in previous months. As a result, cement consumption in Q4/2022 decreased by 9% compared to the same period on the previous year and caused consumption in 2022 to decrease by 3%. The composition of bag market in 2022 was 73%, still in majority position of total cement market.

Estimation for this 2023, with combination of higher pricing from last year and high rainfall since beginning of the year, current demand on bag products still seems relatively weak. However, with earlier date of this year Eid Al-Fitr celebration, we hope bag demand could start to recover in May and resume to 2<sup>nd</sup> semester where public spending might increase before the 2024 election year.








Meanwhile, we expect bulk demand to maintain its growth as the infrastructure budget summarized from APBN 2023 was set 5% higher than 2022. The development of new capital city (IKN) would support the bulk demand as well and therefore, we estimate cement domestic to grow about 2%–4% in 2023.

### **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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