

## INDOCEMENT KEY MARGINS CONTINUE TO IMPROVE IN Q3 2023

### Overview financial result for YTD Q3 2023:

- The domestic bulk cement market grew by +8.3%, but bagged cement market had a negative growth of -3.7%. Therefore, the overall growth of domestic cement consumption weakened by -0.6%.
- Indocement recorded domestic sales volume (cement and clinker) at 13,294k ton or +7.1%, the growth was mainly contributed from Maros operation. Export grew to 445k ton or +61.7% mostly from clinker shipments to Bangladesh and Brunei Darussalam with further expansion to Australia and Philippines
- Our overall domestic market share was at 27.6% with Java 34.1% and outside Java 20.8%
- Net Revenues grew +10.9% to IDR 12,927.7bio from higher volume +8.3% and consolidated price +2.4%
- Increase in Cost of Revenues +7.6% lined up with higher sales volume with some offset from lower energy cost (DMO coal)
- Margin recovery in Gross Profit from 29.5% to 31.6% and EBITDA from 17.5% to 19.6%
- Indocement signed a Conditional Purchase Agreement to acquire 100% shares of PT Semen Grobogan with closing expected by 30 November 2023 and effective takeover on 1 December 202

Description	YTD Sep 2023 '000 tons	YTD Sep 2022 '000 tons	Variance	
			'000 tons	%
Total Sales Volume	13,739	12,687	1,053	8.3%
Domestic	13,294	12,411	883	7.1%
Export	445	275	170	61.7%

Description	YTD Sep 2023 Bio IDR	YTD Sep 2022 Bio IDR	Variance	
			Bio IDR	%
Net Revenues	12,927.7	11,660.9	1,266.7	10.9%
Cost of Revenues	-8,839.1	-8,218.5	-620.7	-7.6%
Gross Profit	4,088.6	3,442.5	646.1	18.8%
<i>% of Net Revenues</i>	31.6%	29.5%		
Operating Expenses	-2,582.8	-2,389.1	-193.8	-8.1%
Other Operating Income (Expense) - Net	9.1	111.4	-102.3	-91.8%
Operating Income	1,514.8	1,164.8	350.0	30.0%
<i>% of Net Revenues</i>	11.7%	10.0%		
EBITDA	2,529.4	2,037.2	492.2	24.2%
<i>% of Net Revenues</i>	19.6%	17.5%		
Finance Income - Net	69.4	27.3	42.2	154.7%
Share of Net Profit of Associates - net	21.2	14.5	6.6	45.8%
Final Tax	-1.5	-0.5	-1.0	-229.3%
Profit before Income Tax Expense	1,603.9	1,206.2	397.7	33.0%
Income Tax Expense - Net	-336.6	-259.3	-77.3	-29.8%
Profit for the Period	1,267.3	946.9	320.4	33.8%

PT Indocement Tunggal Prakarsa Tbk. (Indocement or the Company) booked overall (cement and clinker) sales volume of 13,739 thousand tons up to Q3 2023, higher +1,053 thousand tons or +8.3%, domestic cement sales volume was recorded at 13,294 thousand tons, higher +883 thousand tons or +7.1%. The additional volume comes from the Maros Factory, which we began operating under a lease agreement since Q4 2022 contributes to substantial market share gain for the Company especially outside Java area from 15.6% Q3 last year to 20.8% now with overall domestic market share of 27.6%. Export sales increased +61.7% from 275 thousand tons to 445 thousand tons up to Q3 2023.

The Company's Net Revenue increased to IDR12,927.7 billion or higher +10.9% up to Q3 2023 from higher sales volume +8.3% and consolidated price +2.4%. Cost of Revenues increased to -IDR8,839.1 billion or higher +7.6% mainly due to increase of sales volume. However, there was benefit from lower coal price this year, improving Gross Profit margin from 29.5% to 31.6% for ending period of Q3 2023.

Likewise higher Operating Expenses of -8.1% to -IDR2,582.8 billion was effect from higher sales volume and efficiency in operations and transportation amidst rising fuel and bunker prices. Lower Other Operating Income (Expense) – Net of IDR9.1 billion or lower -91.8% was due to last year high forex gain from time deposit while in 2023 there is forex loss. These concluded Operating Income margin of 11.7% and EBITDA Margin of 19.6% for ending period of Q3 2023.

The Company recorded a higher Finance Income - Net of +154.7% to IDR69.4 billion due to higher interest rate as Bank Indonesia has been raising rates since last year. Income Tax Expense – Net increased -29.8% or -IDR77.3 billion due to higher result of taxable operating results.

Finally, from the above figures, Profit for the Period increased +33.8% from IDR 946.9 billion to IDR1,267.3 billion for ending period of Q3 2023.

### Resilient Balance Sheet

The Company booked a net cash position with Cash and Cash Equivalents to IDR4.8 trillion. Strong cash flow generated from operations and persistent efforts from management to increase working capital is key to maintain the resilient Balance Sheet.

Description	Sep 30, 2023 Bio IDR	Dec 31, 2022 Bio IDR	Variance		Sep 30, 2022 Bio IDR
			Bio IDR	%	
<b>Current Assets</b>	<b>10,877.1</b>	<b>10,312.1</b>	<b>565.0</b>	<b>5.5%</b>	<b>9,223.2</b>
<b>Non-Current Assets</b>	<b>14,906.2</b>	<b>15,394.1</b>	<b>-487.9</b>	<b>-3.2%</b>	<b>15,259.2</b>
<b>Current Liabilities</b>	<b>4,269.5</b>	<b>4,822.2</b>	<b>-552.6</b>	<b>-11.5%</b>	<b>4,275.7</b>
<b>Non-Current Liabilities</b>	<b>1,228.6</b>	<b>1,317.1</b>	<b>-88.5</b>	<b>-6.7%</b>	<b>1,511.5</b>
<b>Equity</b>	<b>20,285.2</b>	<b>19,566.9</b>	<b>718.3</b>	<b>3.7%</b>	<b>18,695.2</b>
<b>Total Assets = Total Liabilities + Equity</b>	<b>25,783.3</b>	<b>25,706.2</b>	<b>77.2</b>	<b>0.3%</b>	<b>24,482.4</b>

### Improvement for Overall 2023 Volume

With volume recovery in past the few months, we estimate that the domestic cement market will grow by approximately +1% by the end of 2023. The VAT discount the Government just announced last week, applicable to residential property below IDR2 billion is expected to have positive impact to the property sector. However, we might see slower construction activities starting November until few months ahead due to start of rainy season and completion of year-end budget spending. As for Indocement, we are focusing to complete full acquisition of PT Semen Grobogan located in Grobogan, Central Java by the end of November 2023. Semen Grobogan cement plant has a capacity of 1.8 million tons of clinker and more than 2.5 million tons of cement and has a limestone reserve of more than 50 years. This is a strategic move to strengthen our position in Central Java and some parts of East Java, and to improve cost efficiency of logistics from the strategic location of the factory.

### 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 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.

Jakarta, 1 November 2023

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