Agenda

1. Indocement Fact Sheet & Indocement Today
2. Current Domestic Market Condition
3. Financial Update Q1 2019
4. Investment Strategy
5. Outlook 2019
Indocement: A Well Positioned Player

**Favorable regional exposure**
- Presence in strongly growing markets West and Central Java
- Strong RMC position in Jakarta with pull-through on CEM

**Innovative ways to maintain cost efficiency**
- Innovative ways to maintain competitive cash cost, while still maintaining high product quality, environmental, social, and governance
- Absence of interest costs further enhances our competitiveness

**Best access to market**
- Strong distributors’ network and strategic terminals location, in addition to our Plant proximity to home market area
- Tiga Roda awarded Best Brand for 11th consecutive year

**Further potential from market upswing**
- Supply-demand gap set to reduce
- Multiplier effect to private sectors after massive infrastructure built
- Favorable macroeconomic drivers population: growth & urbanization
- Consolidation imminent: smaller players operating at cash losses

**Strong position with further upside potential**
Strong Footprint in West Java as a Key Advantage

Asset base
- 25.5 mt CEM capacity
- 2.8 mt AGG capacity
- 44 RMC plants

<table>
<thead>
<tr>
<th>13 CEM plants</th>
<th>8 CEM terminals</th>
<th>2 AGG plants</th>
<th>44 RMC plants</th>
<th>18 distributors</th>
<th>172 warehouses</th>
</tr>
</thead>
</table>
Brand is a very Important Marketing Tool in Indonesia

Our premium brand | Perception | Award
---|---|---

- “Tiga Roda” brand is perceived to have best quality & service in the country.
- “Top Brand” for eleven years.
- In 2018, we won in three categories: cement, white cement and mortar.

Results of the Top Brand survey 2018

<table>
<thead>
<tr>
<th>Cement</th>
<th>White cement</th>
<th>Mortar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand</td>
<td>Votes</td>
<td>Brand</td>
</tr>
<tr>
<td>Tiga Roda</td>
<td>56%</td>
<td>Tiga Roda</td>
</tr>
<tr>
<td>Semen Gresik</td>
<td>21%</td>
<td>Mortar Utama</td>
</tr>
<tr>
<td>Holcim</td>
<td>10%</td>
<td>Semen Gresik</td>
</tr>
</tbody>
</table>

“Tiga Roda” is the strongest brand in Indonesia
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Indonesia – Favorable Macroeconomic Environment

**Strong population growth**

- **2017**: 264
- **2030**: 296
- **+32 million**

**Key: growing middle class**

- **2017**: 115
- **2030**: 222
- **+107 million**

**Upward trend in urbanization**

- **2015**: 53.3%
- **2030**: 62.8%
- **+9.5%**

---

One of the fastest growing countries globally

Middle class will have doubled by 2030

By 2050 almost 75% of the population will live in urban centers

Source: BCG

Significant long-term growth potential
Long-term Potential of Indonesia is Clearly Visible

Cement consumption per capita in kg

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumption per Capita (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,648</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,000</td>
</tr>
<tr>
<td>Malaysia</td>
<td>763</td>
</tr>
<tr>
<td>Vietnam</td>
<td>617</td>
</tr>
<tr>
<td>Thailand</td>
<td>458</td>
</tr>
<tr>
<td>Australia</td>
<td>399</td>
</tr>
<tr>
<td>Indonesia</td>
<td>262</td>
</tr>
<tr>
<td>Philippines</td>
<td>248</td>
</tr>
<tr>
<td>India</td>
<td>244</td>
</tr>
<tr>
<td>Pakistan</td>
<td>163</td>
</tr>
</tbody>
</table>

Average excluding China: 462 kg

Source: government publications, June 2018

Significant headroom for growth
Continuous Contribution to Strategic Infrastructure Projects

- Jepara Tanjung Jati (PP)
- Batang (PP)
- Patimban (PO)
- Jakarta – Cikampek Elevated (TR)
- Serang – Panimbang (TR)
- Depok – Antasari (TR)
- Cimanggis – Cibitung (TR)
- Cibitung – Cilincing (TR)
- Jakarta MPP (OT)
- Indonesia One (OT)
- Sedayu City (AP)
- Kingland Avenue (AP)
- Gold Coast (AP)
- Prosperity (AP)
- Branz Mega Kuningan (AP)

Legend:
- PP: Power Plant
- PO: Port
- TR: Toll Road
- OT: Office Tower
- AP: Apartment

Infra. & Commercial

Trans Sumatera Toll Road

Becakayu Toll Road

Trans Java Toll Road

Kertajati International Airport

Balikpapan Samarinda Toll Road
Indonesia Cement Industry 2019 Landscape

**Sumatera: 17.7**
- **SI:** 10.4 (I)
- **SBI:** 1.8 (I)
- **SMBR:** 3.9 (I)
- **BSM:** 1.2 (GM)
- **MP:** 0.4 (I)

**Kalimantan: 5.8**
- **INTP:** 2.8 (I)
- **CCI:** 3.0 (I)

**Sulawesi: 14.1**
- **SI:** 7.4 (I)
- **BSM:** 4.4 (I)
- **CCI:** 2.3 (I)

**West Java: 45.6**
- **SI:** 1.5 (GM)
- **INTP:** 22.7 (I)
- **SBI:** 6.0 (I)
- **CCI:** 4.4 (GM)
- **MP:** 4.7 (I)
- **SCG:** 1.8 (I)
- **JSI:** 1.8 (I)
- **Other:** 2.7 (GM)

**Central Java: 8.2**
- **SI:** 3.0 (I)
- **SBI:** 3.4 (I)
- **STAR:** 1.8 (I)

**East Java: 21.6**
- **SI:** 14.7 (I)
- **BGI:** 3.5 (I)
- **BSM:** 1.8 (GM)
- **MP:** 1.0 (GM)
- **Puger:** 0.5 (I)

**East Indonesia: 1.9**
- **SK:** 0.4 (I)
- **CCI:** 1.5 (I)

**Indonesia: 114.8**
- **Integrated:** 102.2
- **Grinding Mill:** 12.6

*In million ton per annum; including grinding mill capacity*
Indonesia Cement Industry 2019 Capacity Share

Capacity in million Tons per Annum

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>75.9</td>
</tr>
<tr>
<td>2016</td>
<td>94.3</td>
</tr>
<tr>
<td>2017</td>
<td>108.0</td>
</tr>
<tr>
<td>2018</td>
<td>111.5</td>
</tr>
<tr>
<td>2019e</td>
<td>114.8</td>
</tr>
</tbody>
</table>

- **New Entrants (CG, JSI, SJW, STA, CCI)**
- **2nd Tier Incumbents (SBM, SB, SK, Puger)**
- **Top 2 Incumbents (ITP, SI)**

Capacity Grew by 3.0% YoY in 2019e

Source: Asosiasi Semen Indonesia
Indonesia – Volume Growth Amidst Oversupply Market

Oversupply of 43 mtpa in 2019

Additional Capacity in 2019 – 3.3 mt:
Anhui Conch: 3.3 mt (Bolmong, Merak GM)
Regional Shift of Demand:
Better Growth Outlook in Central Java and Sumatera

Market shares based on cement domestic sales (Q1 2018, Q1 2019)
Data in Box: Utilization Rate and Growth Rates YoY per area for FY 2018

Source: Asosiasi Semen Indonesia
Solid footing to capitalize on demand recovery in key markets

- Near bottom: <10% vol. growth rate from lowest point in ’14 – ‘3M19
- Recovery: 10% - 30% vol. growth rate from lowest point in ’14 – ‘3M19
- Strong Recovery: >30% vol. growth rate from lowest point in ’14 – ‘3M19

Significant future potential as key markets are nearing bottom and enter recovery phase

### Regions Year-to-Date (in Tons)

<table>
<thead>
<tr>
<th>Regions</th>
<th>Year-to-Date (in Tons)</th>
<th>2019</th>
<th>2018</th>
<th>Inc./Dec.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td></td>
<td>15,654,778</td>
<td>15,721,861</td>
<td>-67,083</td>
</tr>
<tr>
<td>Jakarta</td>
<td></td>
<td>1,058,253</td>
<td>1,213,489</td>
<td>-155,235</td>
</tr>
<tr>
<td>Banten</td>
<td></td>
<td>798,243</td>
<td>763,087</td>
<td>35,157</td>
</tr>
<tr>
<td>West Java</td>
<td></td>
<td>2,427,283</td>
<td>2,282,815</td>
<td>144,468</td>
</tr>
<tr>
<td>Central Java</td>
<td></td>
<td>1,864,193</td>
<td>2,099,477</td>
<td>-235,284</td>
</tr>
<tr>
<td>Yogyakarta</td>
<td></td>
<td>385,896</td>
<td>246,133</td>
<td>139,763</td>
</tr>
<tr>
<td>East Java</td>
<td></td>
<td>2,104,044</td>
<td>2,182,135</td>
<td>-78,091</td>
</tr>
<tr>
<td>Java</td>
<td></td>
<td>8,637,912</td>
<td>8,787,135</td>
<td>-149,223</td>
</tr>
<tr>
<td>Western Java</td>
<td></td>
<td>4,283,780</td>
<td>4,259,390</td>
<td>24,390</td>
</tr>
<tr>
<td>Mid Java</td>
<td></td>
<td>2,250,089</td>
<td>2,345,610</td>
<td>-95,521</td>
</tr>
<tr>
<td>Sumatera</td>
<td></td>
<td>3,265,089</td>
<td>3,433,522</td>
<td>-168,433</td>
</tr>
<tr>
<td>Kalimantan</td>
<td></td>
<td>1,069,654</td>
<td>1,028,905</td>
<td>40,750</td>
</tr>
<tr>
<td>Sulawesi</td>
<td></td>
<td>1,335,830</td>
<td>1,271,445</td>
<td>64,385</td>
</tr>
<tr>
<td>Nusa Tenggara</td>
<td></td>
<td>917,235</td>
<td>793,073</td>
<td>124,162</td>
</tr>
<tr>
<td>East Indonesia</td>
<td></td>
<td>429,059</td>
<td>407,782</td>
<td>21,277</td>
</tr>
<tr>
<td>Outside Java</td>
<td></td>
<td>7,016,866</td>
<td>6,934,726</td>
<td>82,140</td>
</tr>
</tbody>
</table>

Source: Indonesia Cement Association
Rainy season, combined with General Election dampened demand in cement domestic market for Q1

Demand should improve in H2
Total sales volume in H2 2018 was +31% higher than H1 2018
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More bulk sales focus of Indocement - as Jakarta & West Java Projects started

- Composition of bag vs bulk sales for Q1 2019 is 75% vs. 25%
- Indocement positions itself as a reliable partner for infrastructure projects providing quality bulk cement and concrete at timely delivery
Challenging Years, but The Worst is Left Behind

Stable pricing and not declining in Q1 unlike previous quarters

Our dual-brand strategy has successfully stopped a falling trend in pricing!

Source: average of Tiga Roda selling price surveyed across retailers in Java

Jun ‘18 – Mar ’19 increase of +12.9%
Consolidated Statement of Comprehensive Income

EBITDA margin expansion from 16.3% to 18.9% attributed to:
1. higher ASP by +8%
2. higher volume by +2%
3. fuel and power cost per ton decrease by -5.6%
4. distribution cost per ton was flat as more sales to ex-Java (+3.5%) and declining sales in Java (-2.9%), offset by lower fuel price related to lower oil price and small savings from early logistics efficiency
Strategic cost allocation to capitalize on growth market

Composition of Manufacturing Cost

- Low coal price especially low CV coal reduced Fuel and Power cost
- Natural attrition continue to reduce Direct Labor cost
- Direct ownership of raw materials ensure consistent supply at a competitive cost
- Manufacturing Overhead increased due to higher consumables related to planned repair and maintenance done in low season

Operating Expenses

- Higher Selling Expenses can be attributed to higher sales volume outside Java offset by lower fuel price
- Lower General & Administrative Expenses following further cost savings
Continue in Cost Leadership to Maintain a Decent Margin

Pricing discipline and stronger demand point to sustained recovery period
Strategic effort to capitalize on future growth while still managing fixed cost

Continuing competitive environment, Management focus in taking respective initiatives early on during the year:
- Operational Excellence program
- Fixed cost reduction program
- Managing efficient kiln utilization

INTP Gross Margin Development

INTP EBITDA Margin Development

Slide 21 - May 15, 2019
PT Indocement Tunggal Prakarsa Tbk – Q1 2019 Financial Results
# Quarterly Result

<table>
<thead>
<tr>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
</tr>
</thead>
</table>
| Terminal in Palembang was commissioned | Higher volume by +9%  
Higher blended ASP achieved due to second tier players having negative cash flow and no longer able to fight for market share | IDR appreciation  
Declining coal price  
Terminal in Lampung was commissioned  
Declining oil price | Higher blended ASP as a continuation from Q3 2018, as second tier players have negative cash flow and no longer able to fight for market share  
Lower coal price and higher consumption of low CV coal reduces Fuel and Power cost |
| Lower sales volume during EID holiday due to truck ban that causes effective day to be 1 week lower than last year  
Higher cost of production amidst rising coal prices  
High delivery expenses related to Tarjum plant overhaul prompting delivery to Eastern Indonesia from Citeureup | IDR depreciation increased packaging cost  
Higher delivery expense to serve growing demand outside of home market | Slower growth of bulk cement from completed infrastructure projects | Lower sales volume related to wait-and-see mode during General Election and rainy season |

| EBITDA of IDR 316.0 bio (-52.4% YoY) | EBITDA of IDR 618.8 bio (-29.6% YoY) | EBITDA of IDR 870.8 bio (+16.6% YoY) | EBITDA of IDR 705.2 bio (+25.9% YoY) |
**Indocement’s Strategies under Current Tight Competition:**
Vertical Integration in Ready-Mix Concrete & Aggregates

**Focused Ready-Mix Concrete business** particularly high-grade quality in order to meet the increase demand of infrastructure development in Indonesia.
Balance Sheet

- Cash and cash equivalents at IDR 7.0 trn.
- Capital expenditures for Q1 2019 was IDR 71.9 bio, out of total capex planned in 2019 of IDR 891 bio
- Dividend Payment history:

<table>
<thead>
<tr>
<th>In Bio IDR</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>6,650</td>
<td>6,874</td>
<td>6,879</td>
<td>6,011</td>
<td>4,649</td>
<td>3,065</td>
<td>2,366</td>
</tr>
<tr>
<td>Net Income</td>
<td>4,763</td>
<td>5,012</td>
<td>5,293</td>
<td>4,357</td>
<td>3,870</td>
<td>1,860</td>
<td>1,146</td>
</tr>
<tr>
<td>Capex</td>
<td>1,063</td>
<td>2,200</td>
<td>3,865</td>
<td>2,644</td>
<td>1,839</td>
<td>1,547</td>
<td>953</td>
</tr>
<tr>
<td>Dividend*</td>
<td>1,657</td>
<td>3,313</td>
<td>4,970</td>
<td>1,528</td>
<td>3,420</td>
<td>2,577</td>
<td>TBD</td>
</tr>
<tr>
<td>% of Div. Payout</td>
<td>34.8%</td>
<td>66.1%</td>
<td>93.9%</td>
<td>35.1%</td>
<td>88.4%</td>
<td>138.6%</td>
<td>TBD</td>
</tr>
<tr>
<td>% Div. Yield**</td>
<td>2.7%</td>
<td>4.1%</td>
<td>6.0%</td>
<td>1.8%</td>
<td>4.7%</td>
<td>4.7%</td>
<td>TBD</td>
</tr>
</tbody>
</table>

* To be distributed in the following fiscal year
** End of prior year stock price
Vision 2020 – To be the prominent cement producer in Indonesia

- **Highest operating margin in the industry**
  - Turn around in selling price
  - Cost leadership

- **Highest customer satisfaction & increase market share**
  - “Sales is a Science” program to increase our sales and create customer value
  - “Customers’ Choice” due to quality and on-time delivery services
  - “Dual-brand strategy” to keep high market share in home market in Java

- **Stronger vertical integration**
  - Expanded aggregates position
  - Strong RMC business in Java with a significant pull-through in cement

- **Digitalized supply chain**
  - Enhance end-to-end supply chain to optimize logistic & distribution cost

- **Generate higher cash flow**
  - Shared service center covers all business lines to enhance working capital management

Keep position as “Strong & Trusted” products with the prominent quality and services
Clear drivers of future growth

- Strong volume momentum and outlook
- Unique market position of Indocement
- Pricing stabilized and improving
- Improving supply – demand dynamics
Newcomers under cash pressure as market turned down since they commissioned new capacities

Potential market consolidation as an additional upside

**Newcomers operate at cash losses**

- Unfavorable cost structure due lower capacity and inferior equipment
- Interest to be paid on debt-financed investment
- Weak pricing & energy cost inflation

**Top tier consolidation in Q1; others still possible**

- Newcomers actively look for buyers for their assets
- Consolidation will clearly improve the pricing in the market
- We cautiously check the possible options in the market

**No sustainable business model**

We will participate the consolidation only if there is a clear value creation, limited operational risks and a reasonable price
Controlling Dust Emission

- Replace Kiln Electrostatic Precipitators (EP) to Bag House to reduce dust emission
- Target of dust emission by installing bag house <10 mg/Nm³ (Government regulation <65-75 mg/Nm³)
- Total capex spending 2017 – 2019 for Bag House: IDR 280.2 bio
- Filter Bag Installation Project:

<table>
<thead>
<tr>
<th>Location</th>
<th>Plant</th>
<th>Year</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cirebon</td>
<td>P9</td>
<td>2015</td>
<td>Completed</td>
</tr>
<tr>
<td>Cirebon</td>
<td>P10</td>
<td>2017</td>
<td>Completed</td>
</tr>
<tr>
<td>Citeureup</td>
<td>P4</td>
<td>2017-2018</td>
<td>Completed</td>
</tr>
<tr>
<td>Citeureup</td>
<td>P8</td>
<td>2019</td>
<td>Scheduled</td>
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<tr>
<td>Citeureup</td>
<td>P11</td>
<td>2020</td>
<td>Scheduled</td>
</tr>
<tr>
<td>Tarjun</td>
<td>P12</td>
<td>2020</td>
<td>Scheduled</td>
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<tr>
<td>Citeureup</td>
<td>P7</td>
<td>2021</td>
<td>Scheduled</td>
</tr>
<tr>
<td>Citeureup</td>
<td>P3</td>
<td>2022</td>
<td>Scheduled</td>
</tr>
</tbody>
</table>
Cost Efficiency Measure
Increasing Usage of Alternative Fuel

- Signed agreement with Governor of West Java on Sept. 4, 2018 to purchase 500 ton of *Refuse Derived* Fuel, converted from 1,500 ton of municipal waste. The usage of RDF will reduce reliance to coal as a source of fuel

- Close distance between RDF collection to Citeureup plant of only 6.6 km

<table>
<thead>
<tr>
<th>Sources</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>96.3%</td>
<td>95.5%</td>
<td>95.8%</td>
<td>93.5%</td>
<td>94.8%</td>
<td>92.5%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>0.5%</td>
<td>0.2%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.5%</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Fuel Oil</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Tire</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.7%</td>
<td>0.5%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>Rice Husk</td>
<td>0.6%</td>
<td>1.9%</td>
<td>1.5%</td>
<td>2.3%</td>
<td>1.3%</td>
<td>2.6%</td>
<td></td>
</tr>
<tr>
<td>Sawdust</td>
<td>1.0%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>Sludge &amp; Waste Fuel</td>
<td>0.3%</td>
<td>0.1%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Other AF</td>
<td>0.3%</td>
<td>1.0%</td>
<td>0.7%</td>
<td>1.9%</td>
<td>1.8%</td>
<td>2.1%</td>
<td></td>
</tr>
</tbody>
</table>

| Total                          | 100.0%| 100.0%| 100.0%| 100.0%| 100.0%  | 100.0%  |      |
| Raw Coal Mixed                 |       |       |       |       |         |         |      |
| - LCV                          | 7.8%  | 12.4% | 35.2% | 45.0% | 36.2%   | 65.2%   |      |
| - MCV                          | 58.7% | 54.2% | 44.7% | 37.5% | 47.4%   | 15.8%   |      |
| - HCV                          | 33.5% | 33.4% | 20.1% | 17.5% | 16.5%   | 19.0%   |      |

| Total                          | 100.0%| 100.0%| 100.0%| 100.0%| 100.0%  | 100.0%  |      |
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Outlook of Indonesian Cement Market

- National cement consumption growth started to turn positive and grew by 5% in 2018 (versus 7.6% in 2017) and expected to grow by 6-8% in 2nd half and 3-4% in Full Year of 2019.

- Consumption in 2019 will be driven by infrastructure projects plus commercial and residential projects started in H2/2019 (after Election & Idul Fitri) as multiplier effects factor after infrastructure projects completed. Reduction of tax on high end housing and LTV relaxation will eventually improve residential property demand market.

- Serve domestic clinker demand to some Grinding Mills in West Java at “good price” and also export market out of Tarjun to Asian Market such as China & Philippines.

- Our costs expected to be helped by stronger Rupiah and relatively lower level of Coal & Fuel in H1/2019 and expected to remain relatively the same in H2/2019.

- ODOL Policy (Oversize & Overdimension): If ODOL Policy is applied, it will increase all cement players trucking cost significantly.

- Over supply will continue in next few years, but pricing tend to stabilize in 2019 and expected to increase in 2nd Half as newcomers have difficulty in their cash flow to serve their debt.
THANK YOU

Better shelter for better life...