



INDOCEMENT
HEIDELBERGCEMENT Group



PUBLIC EXPOSE

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

Jakarta, March 19, 2021



SMARTER FASTER BETTER

AGENDA



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Indonesia Cement Industry



Financial Update Full Year 2020



Investment Strategy



Cement Market Outlook



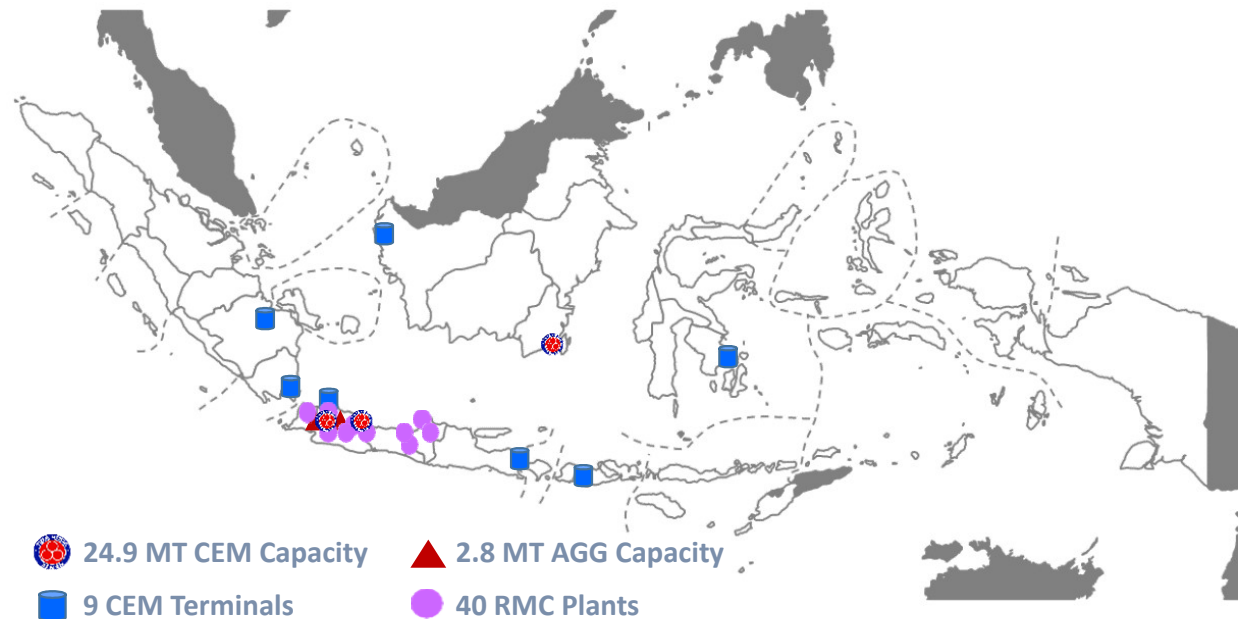
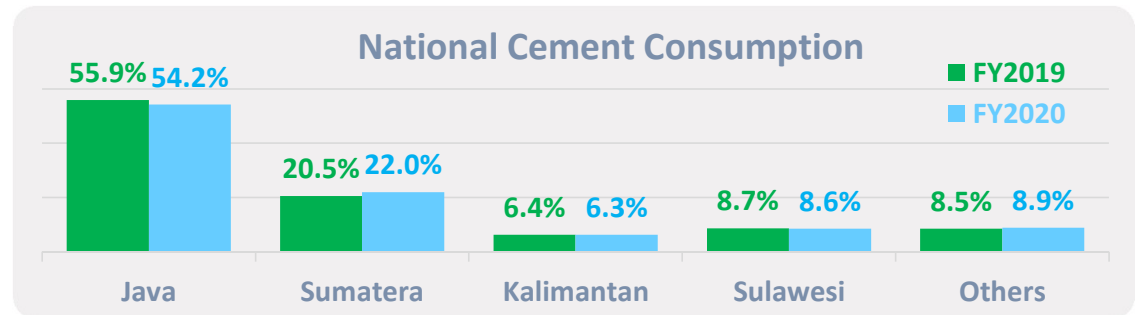
HR, Good Works & Awards



Q & A

INDONESIA CEMENT INDUSTRY AT GLANCE

Strong footprint in West Java as key advantage for Indocement



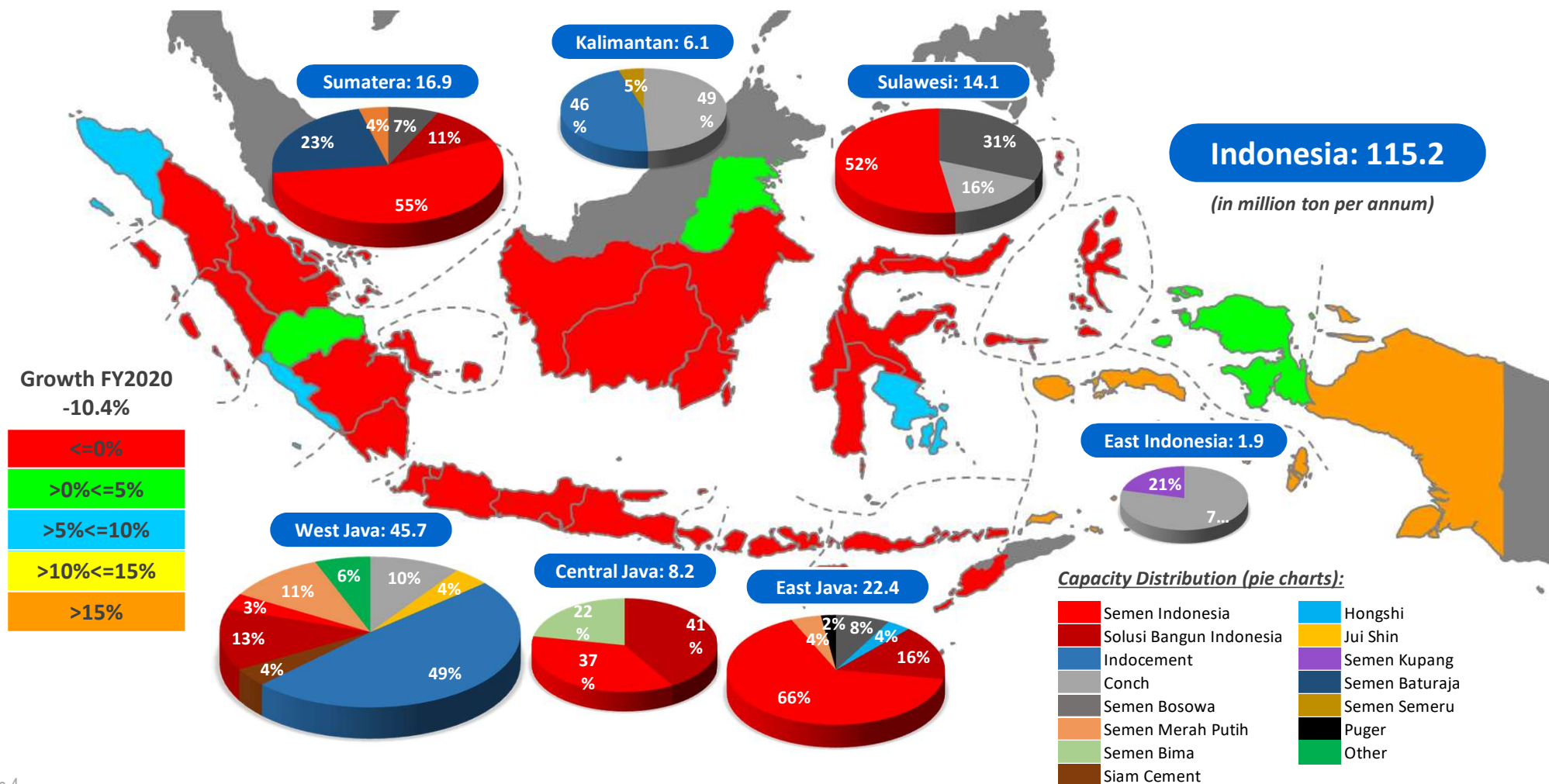
Indonesia Facts

Capital City : **Jakarta**
 Population : **~271 Million**
 Density : 149/km²
 GDP Annual : -2.07% (2020)
 GDP Per Capita : **USD 3,912 (2020)**
 IDR/USD Rate : ~14,000

Cement Industry

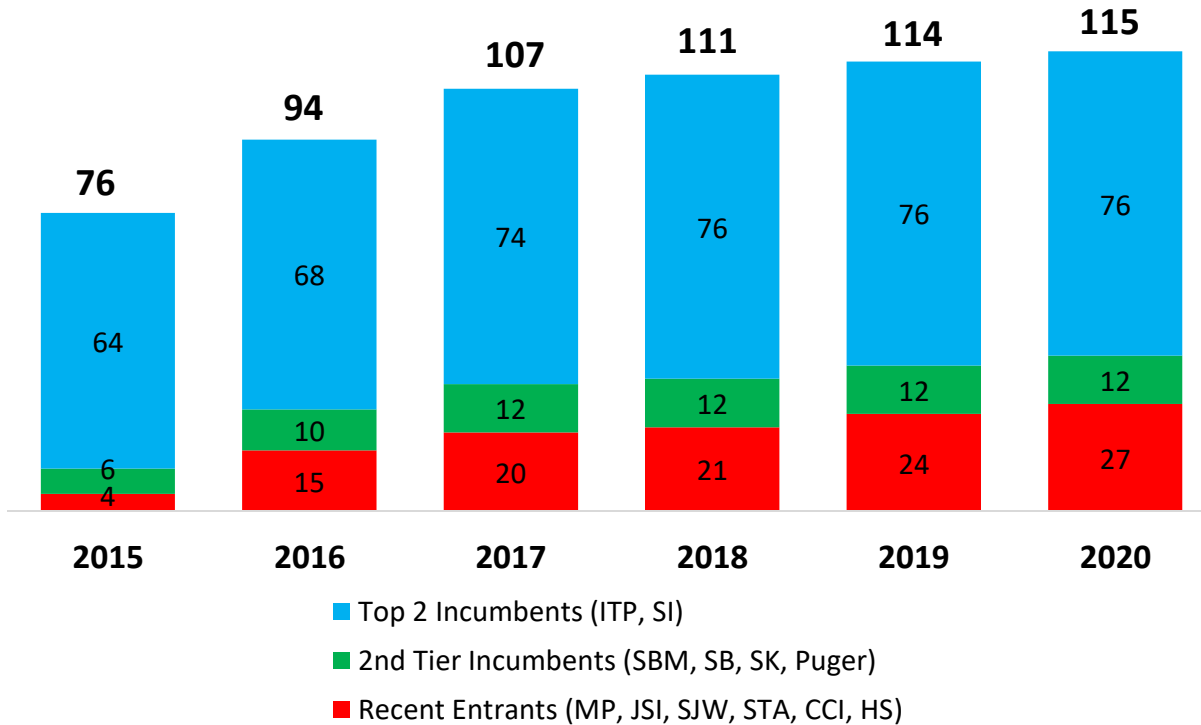
No. of Companies : 16
 Cement Capacity : **~120 MTY**
 ITP Cement Capacity : 24.9 MTY
 Domestic Consumption : **62.7MT (2020)**
 Bag - Bulk Ratio : **~75-25**
 Cement Consumption : ~238 kg/capita
 Main Players : **Semen Indonesia, Indocement, Conch, Bosowa, Cemindo**

INDONESIA CEMENT LANDSCAPE 2020



INDONESIA CEMENT CAPACITY SHARE

Capacity in million tons per annum



1. Semen Indonesia + SBI (Ex Holcim): 44%
2. Indocement: 21%
3. Conch: 10%
4. Bosowa: 6%
5. Cemindo Gemilang (MP): 5%
6. Semen Baturaja: 3%
7. Pansia: 2%
8. Siam Cement: 2%
9. Juishin: 2%
10. Semen Kupang: <1%

Puger, Hao Han, Sun Fook and Semen Jakarta: 2%
(few currently are halted but included for total capacity purpose)

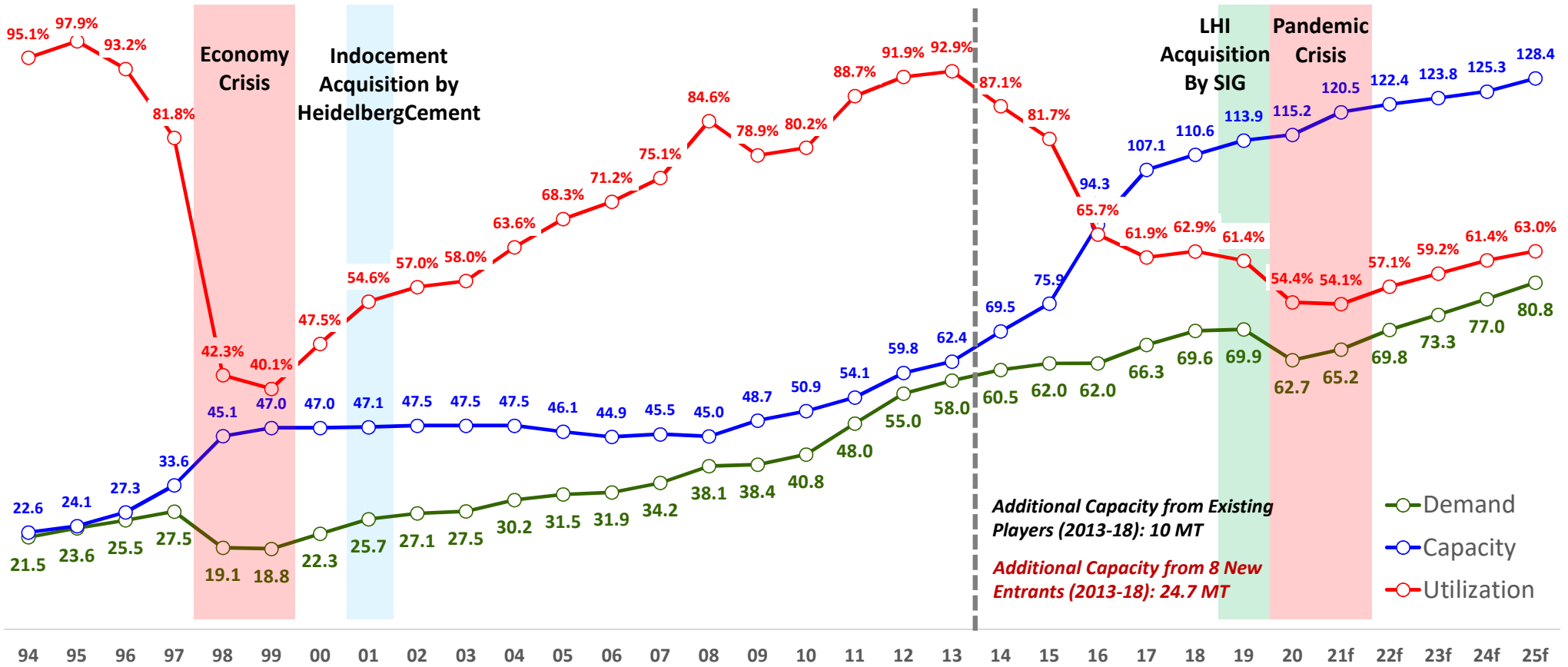
*Data above shows Estimated Capacity in mio ton & % Capacity Share

Source: Asosiasi Semen Indonesia

Capacity grew about 1% in 2020

CEMENT MARKET EVOLUTION

The pandemic slams the market back to a contraction point in 2020

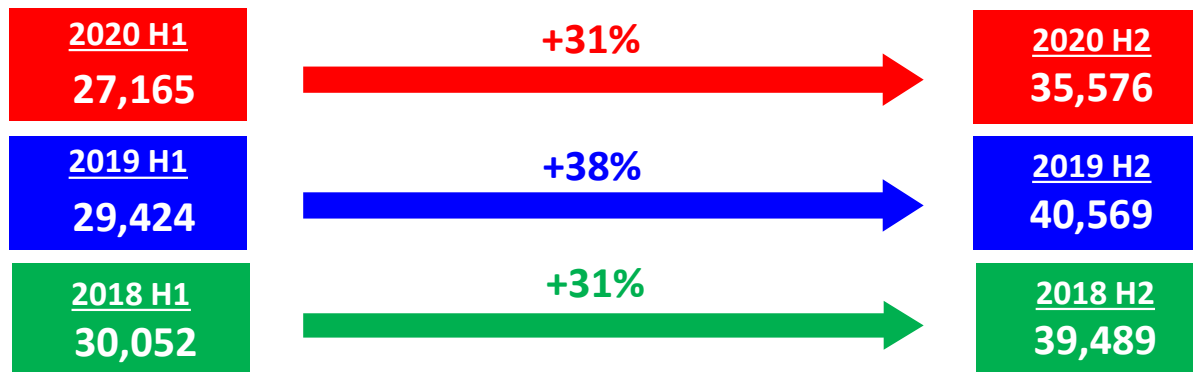
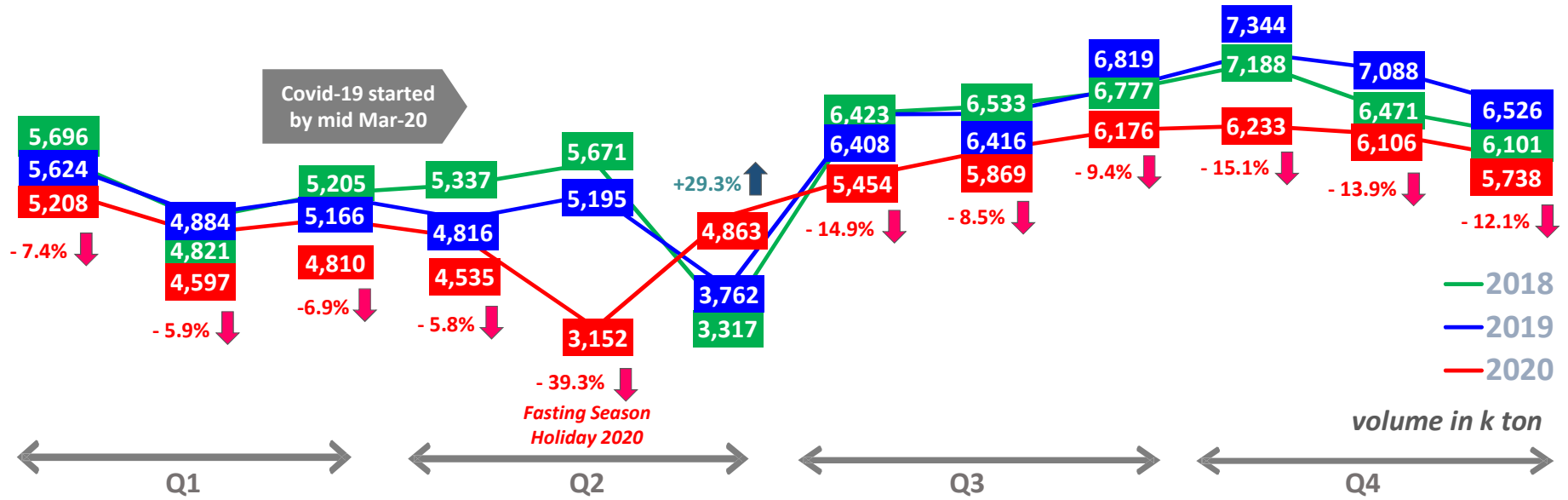


Source: Industrial Ministry & INDONESIA Cement Association and Internal Indocement Projection data

CAGR	'07A-10A	'10A-13A	'13A-16A	'16A-19A	'19A-22F	'22F-25F
Demand	6.1%	12.5%	2.2%	4.1%	0.0%	5.0%
Capacity	3.8%	7.1%	14.7%	6.5%	2.4%	0.8%

TOTAL VOLUME FOR 2020 DECLINES -10.4%

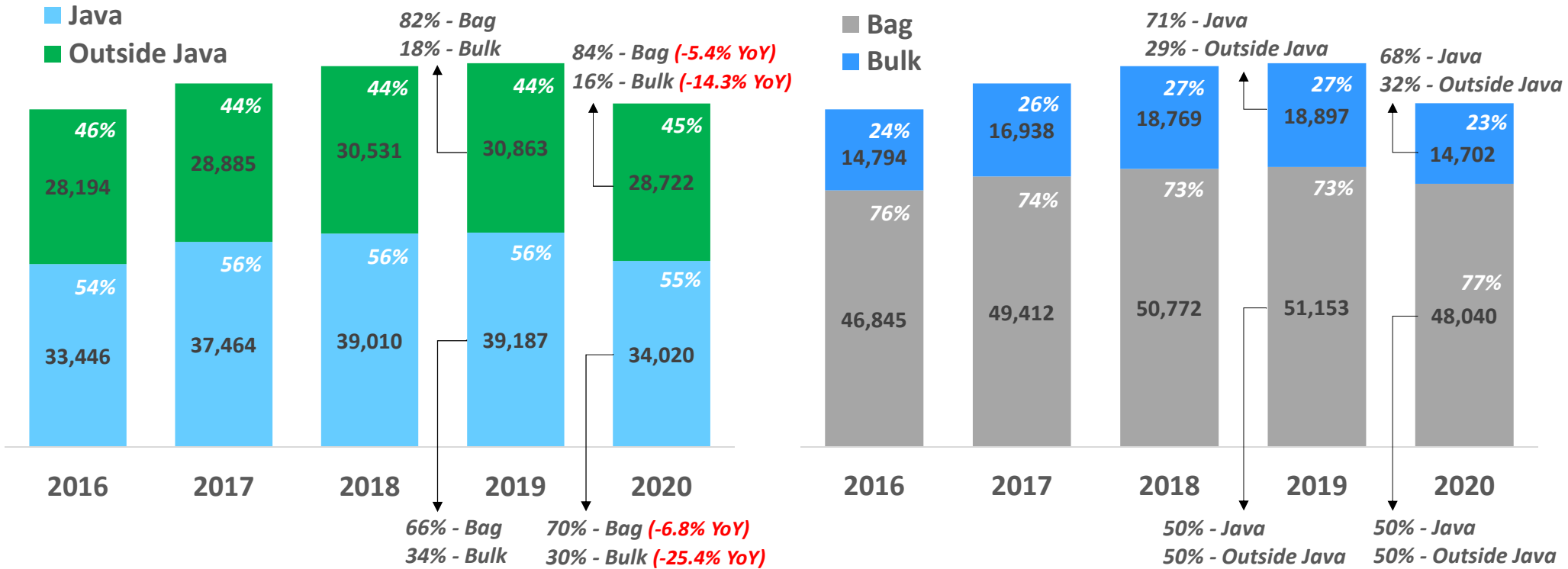
Despite 2019 growth of +0.7%



Source: Asosiasi Semen Indonesia

JAVA-OUTSIDE & BAG-BULK MARKET

Volume in 000 ton



- **Bag market proves to be more resilient in 2020** with current market portion of 77% vs. YTD 2019 of 73%
- Bulk market suffers all year from heavy rainfalls during the first 2 months of 2020 then followed by impact of covid-19

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FINANCIAL HIGHLIGHT



2019

2020

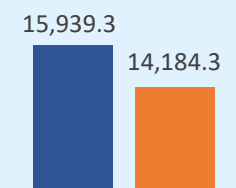
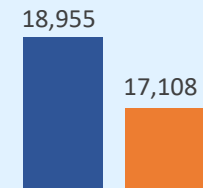
Resilient Financial Position!

- ✓ Net Revenues % decreased more than sales volume due to blend-in effect of **consolidation lower average selling price**
- ✓ Cost of Revenues decreased by 13.1% due to lower volume and **continuous savings in Fuel & Power**
- ✓ Resulted in improvement of **Gross Profit by 160bps** from 34.5% to 36.1%
- ✓ **Operating Income improved by 120bps** from 12.0% to 13.2%
- ✓ **EBITDA improved by 350bps** from 19.6% to 23.1%
- ✓ **Profit for the Year is IDR 1,806.3 bio**, -1.6% lower from 2019 but smaller % reduction compared to Revenues due to continuous cost saving efforts
- ✓ Maintain strong **Cash Position at IDR 7.7 trn with 0 debt**

Operational Result

Decrease -9.7%

Decrease -11.0%



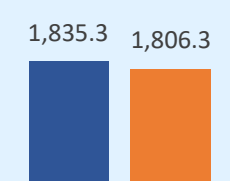
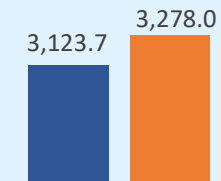
Sales Volume (k ton)

Net Revenues (IDR bio)

Financial (IDR bio)

Increase +4.9%

Decrease -1.6%



EBITDA

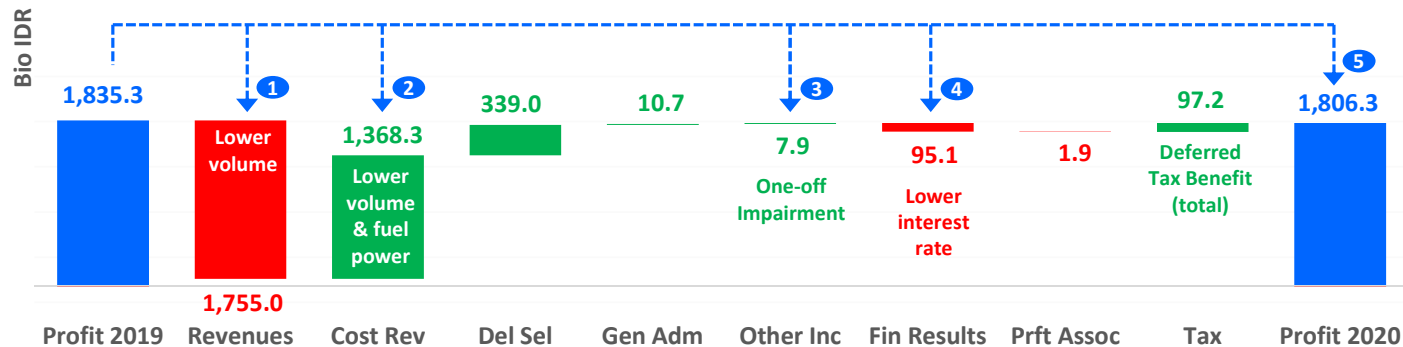
Profit for the Year

CONSOLIDATED STATEMENT OF INCOME



Description	FY 2020 Bio IDR	FY 2019 Bio IDR	Variance	
			Bio IDR	%
Total sales volume (thousand tons)	17,108	18,955	-1,847.0	-9.7%
Domestic Sales Volume (thousand tons)	16,926	18,831	-1,904.5	-10.1%
Export Sales Volume (thousand tons)	181	124	57.5	46.5%
Net Revenues	14,184.3	15,939.3	-1,755.0	-11.0%
Cost of Revenues	-9,070.8	-10,439.0	1,368.3	13.1%
Gross Profit	5,113.6	5,500.3	-386.8	-7.0%
<i>% of Net Revenues</i>	<i>36.1%</i>	<i>34.5%</i>		
Operating Expenses	-3,153.5	-3,503.2	349.7	-10.0%
Other Operating Expense - Net	-84.1	-92.0	7.9	-8.6%
Operating Income	1,875.9	1,905.1	-29.1	-1.5%
<i>% of Net Revenues</i>	<i>13.2%</i>	<i>12.0%</i>		
EBITDA	3,278.0	3,123.7	154.3	4.9%
<i>% of Net Revenues</i>	<i>23.1%</i>	<i>19.6%</i>		
Finance Income - Net	257.4	352.5	-95.1	-27.0%
Share of Net Profit of Associates - Net	15.3	17.2	-1.9	-11.1%
Final Tax	-0.3	-0.4	0.1	16.0%
Profit before Income Tax Expense	2,148.3	2,274.4	-126.1	-5.5%
Income Tax Expense - Net	-342.0	-439.1	97.1	-22.1%
Profit for the Year	1,806.3	1,835.3	-29.0	-1.6%
Total Comprehensive Income for the Year	1,764.9	1,883.3	-118.5	-6.3%

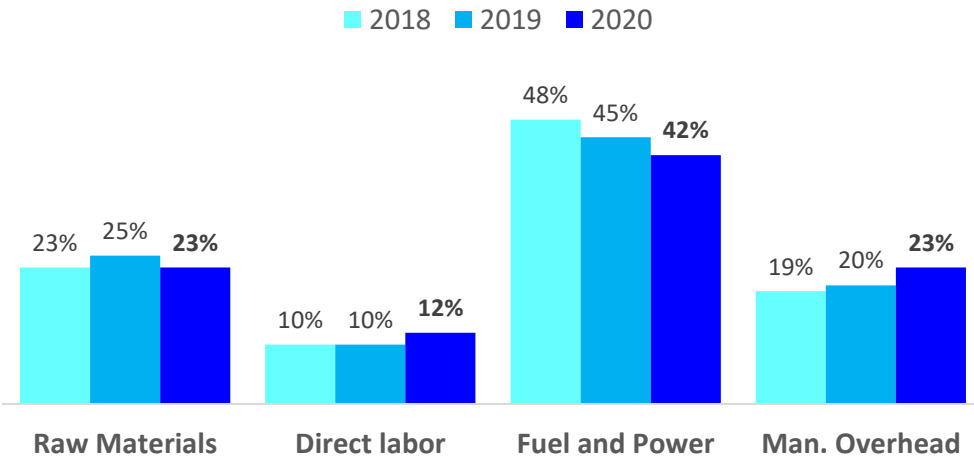
- Revenues decreased by -11.0% higher than sales volume decreased of -9.7% due to blend-in effect of lower overall average selling price by -1.4%
- Cost of Revenues decreased by 13.1% driven mainly by lower volume and:
 - Lower overall fuel & power cost/ton of -10.9%:
 - ✓ Overall lower unit price of coal vs. 2019
 - ✓ Higher usage of LCV coal
 - ✓ Higher usage of alternative fuels
- Lower Other Operating Expense – Net was mainly due to one-off impairment cost in 2020
- Lower Finance Income – Net was due to overall lower interest rate vs. 2019



OPERATING EFFICIENCIES & COST DISCIPLINE

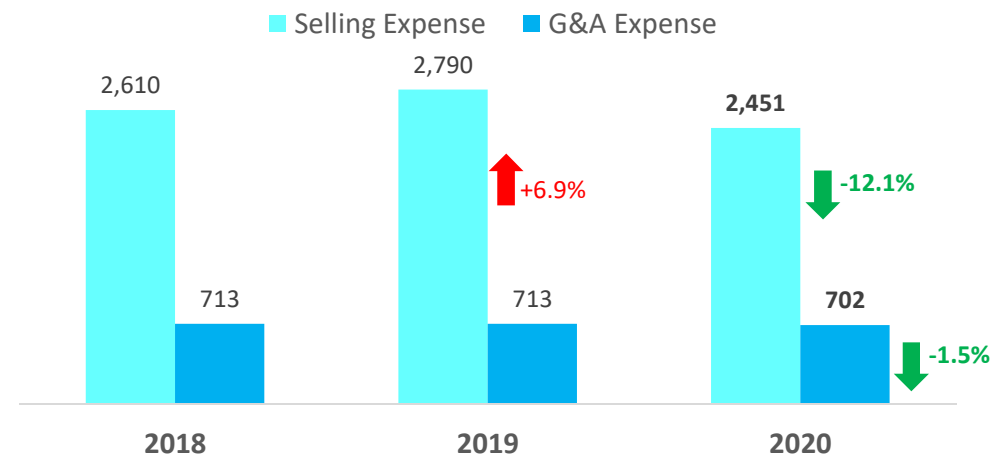


FY Composition of Manufacturing Cost



- Raw Materials & Direct Labor relatively maintain over the years
- Overall Lower coal price with higher usage of low CV coal & alternative fuel continuously reduces overall Fuel and Power costs
- Increase in Manufacturing Overhead is due to fixed cost components with lower volume of 2020. However the amount value for 2020 is actually decreased by 1.4% from 1,901 bio in 2019 to 1,875 bio

FY Operating Expenses (bio IDR)

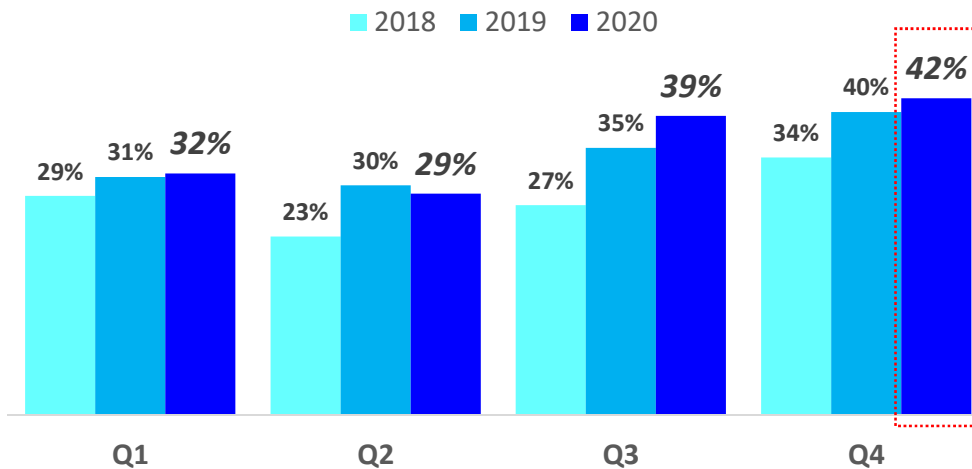


- Both expenses are in line with lower sales volume of 2020 including cost savings from more use of online meetings and digital platform for sales activities which reduce business travel costs

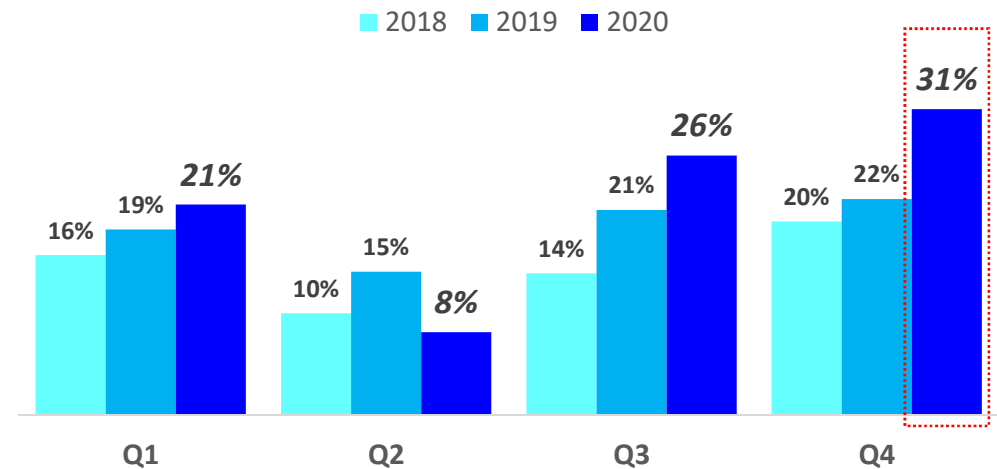
MARGIN REBOUNDS IN Q4 2020 & CONTINUOUS FIXED COST MONITORING



Gross Margin Development



EBITDA Margin Development



During challenging & uncertain time, the Company continues to focus on:

- **Operational Excellence Program**
- **Fixed Cost Reduction Program**
- **Managing Efficient Kiln Utilization**
- **Digital Transformation**

CONSOLIDATED BALANCE SHEET



Description	Dec 31, 2020 Bio IDR	Dec 31, 2019 Bio IDR	Variance	
			Bio IDR	%
Current Assets	12,299.3	12,829.5	-530.2	-4.1%
Non-Current Assets	15,045.4	14,878.3	167.1	1.1%
Current Liabilities	4,216.0	3,907.5	308.5	7.9%
Non-Current Liabilities	952.5	720.0	232.5	32.3%
Equity	22,176.2	23,080.3	-904.0	-3.9%
Total Assets = Total Liabilities + Equity	27,344.7	27,707.7	-363.1	-1.3%

- Cash and Cash Equivalents of IDR 7.7 trn as of December 2020
- Total Capex spending in 2020 is IDR 1.2 trn
- Indocement distributed dividend two times in 2020:
 - ✓ From the Annual General Meeting of Shareholders on July 28th, 2020 (FY 2019), total dividend to be distributed was IDR 1,841 bio or IDR500/share
 - ✓ Interim Dividend (FY 2020) decided on November 30th, 2020 with total dividend of IDR 828 bio or IDR 225/share

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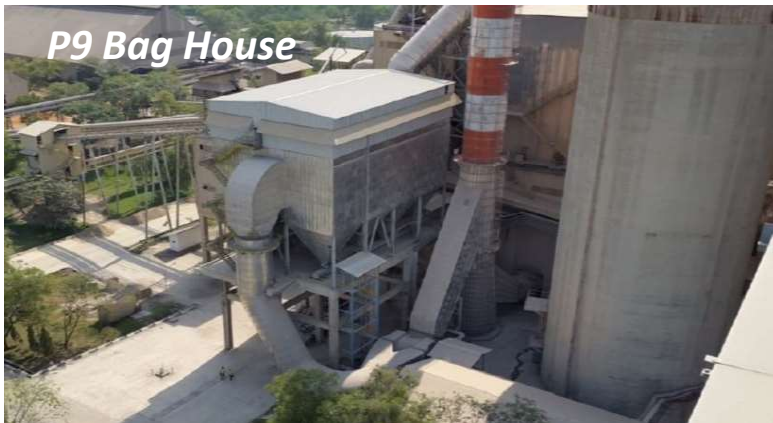
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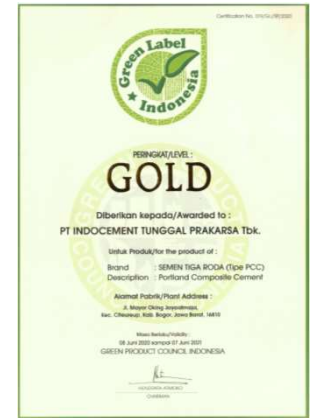
Q & A

INDOCEMENT SUSTAINABILITY PROJECT

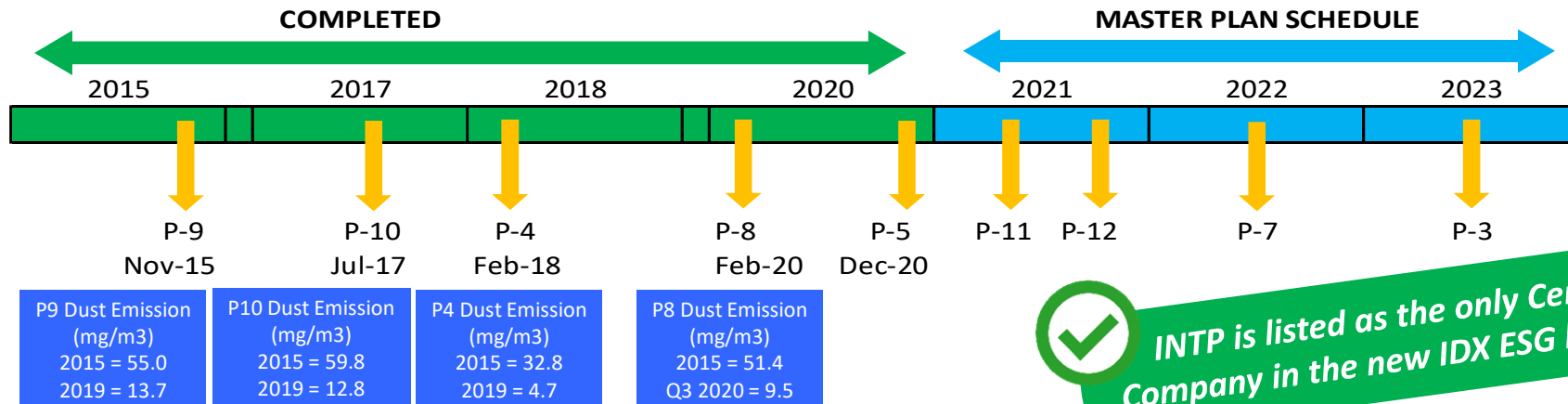
for Reducing Dust Emission



- New regulation require continues emission monitoring and **mandatory online reporting by end 2020**
- Indocement received Green Label Indonesia GOLD Certification for PCC Cement Type at Citeureup & Cirebon plants
- Green Label is a certification for environmental friendly and sustainable product that will eventually get priority to supply Government Projects and other Environmentally concern Projects



Master plan reducing dust emission by converting ESP (Electrostatic Precipitator) to Fabric Bag House Filters



INTP is listed as the only Cement Company in the new IDX ESG leaders!

NEW AGGREGATES QUARRY - PAMOYANAN PROJECT

close to Jakarta – Bogor – Cikampek area



- Commercial production started on October 2020
- Production target is 100k ton/month of Aggregates product for the first year
- Annual production capacity of 2.5mio ton/year
- Ready to supply strategic projects in Jabodetabek area such as High Speed Railway, Jakarta-Cikampek Southern Part, Harbour Toll Road, LRT etc.



**Crusher & Washing
Plant Area**

SALES DIGITALIZATION PROGRAM

Implementation of TIRO Sales Force Automation (SFA) & Distribution Management System (DMS) across Indonesia



2019 Development

TIRO System started its development as of 1st half of 2019

1H

Aug

Dec

Start

TIRO was first implemented in BALI



Java Area Covered

Java, the biggest market & distributorship in Indonesia completed in late 2019



2020

All Indonesia Covered



2021

2021 will be the optimization year after all information from market is fully captured using TIRO SFA & DMS.

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38,564
Customer

878
All User

541
Frontline

±8,000 Retail Transaction

±1,000 Visit & Survey

Daily

2019

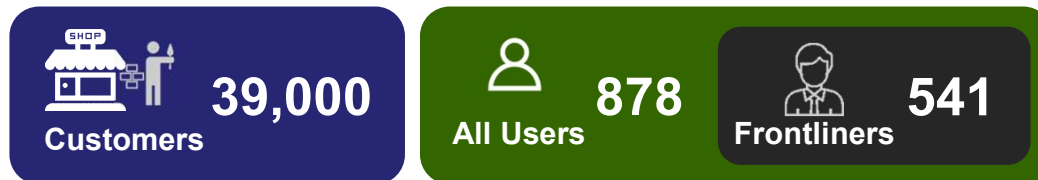
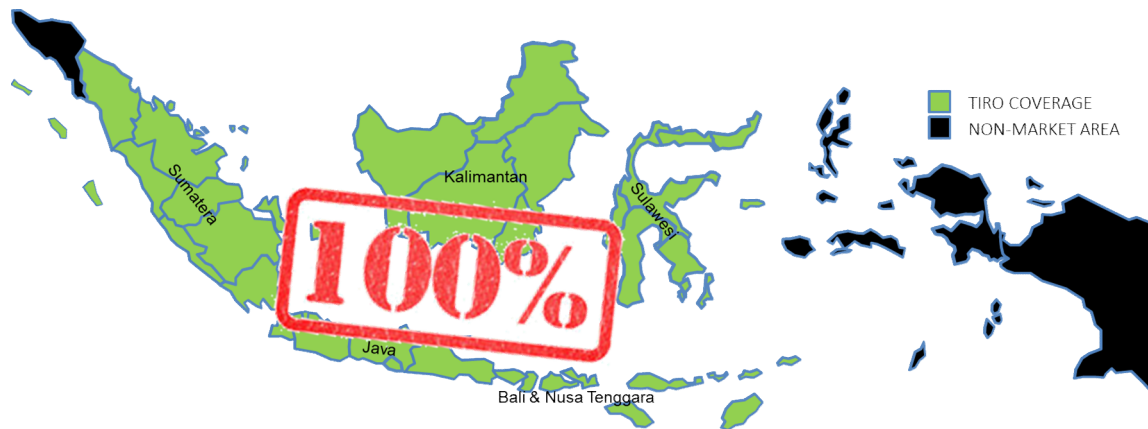
Dec

SALES DIGITALIZATION PROGRAM

TIRO Salesforce Automation (SFA) & Distributor Management System (DMS) now covers 100% Indonesia market



By end of 2020, TIRO has covered all regions in Indonesia. This is not the end of the journey, in fact TIRO system implementation is the catalyst of our digitalization journey and as a main gate of many potentials that will follow



(data as of Nov 30th, 2020)

- Uniformity**
TIRO System merge key sales activities of all distributor across Indonesia in one integrated platform. This include ordering process, order tracking, retailer visitation, customer management and customer service
- Transparency**
Data gathered from TIRO used by respective entity to utilize it in shaping their strategies
- Fast**
TIRO provide real-time processes. No delay and always connected
- Operation support**
TIRO platform accommodate ITP commercial operation by applying rules, flow and mechanism inside
- Personal**
TIRO also provide mobile apps for user managing their daily activities

INTRODUCING HYDRAULIC CEMENT (GREEN CEMENT WITH LESS CLINKER RATIO) AS ALTERNATIVE BULK CEMENT SUPPLY IN FUTURE



- ✓ Hydraulic Cement is a “**Hybrid Cement**” that combines superior performance on **workability, durability, and high compressive strength**
- ✓ Hydraulic Cement formulation can be **customized** based on **application needs**
- ✓ Hydraulic Cement formulation is **focused on Performance Requirement**, not composition of materials
- ✓ We can **design material composition** to achieve **performance requirement** from customers

KEY BENEFITS OF HYDRAULIC CEMENT

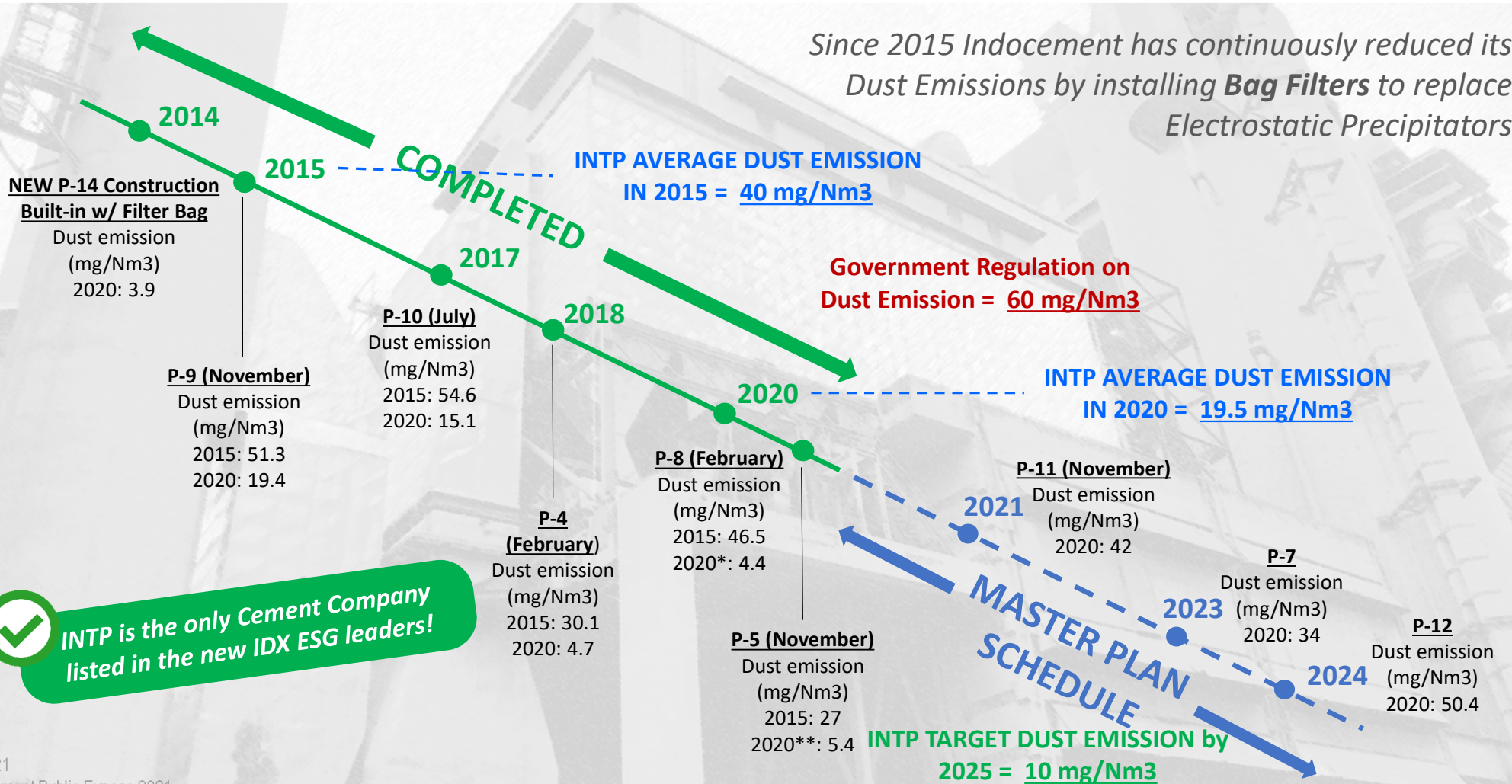
- Compressive Strength similar as OPC at early days, but higher strength at long term
- Better workability and lower trend to bleeding
- Low heat of hydration
- Lower permeability
- Prevention of Alkali-aggregate reaction
- Higher elastic modulus due to the lower hydration rate compared to OPC, reducing the risk of cracking due to shrinkage or expansion
- Resistance to sulphate & chloride attacks
- CO2 reduction
- Conserves the resources of mineral, fuel and energy

SELAMANYA KOKOH TERPERCAYA

INDOCEMENT DUST EMISSION REDUCTION ROAD-MAP



Since 2015 Indocement has continuously reduced its Dust Emissions by installing **Bag Filters** to replace Electrostatic Precipitators



INTP is the only Cement Company listed in the new IDX ESG leaders!

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Outlook of Indonesian Cement Market



- ✔ 2021 demand growth is estimated at +4% to +5% from last year as we foresee higher bulk sales volume especially at the 2nd half of the year:
 - The Infrastructure Budget for 2021 has been increased by 38% from 2020
 - Public Works (PUPR) Ministry has the largest portion of 2021 State Budget of IDR 149.8tr & claim of early absorption of up to about 7% by beginning of February
 - Creation of Sovereign Wealth Fund to attract more investment for infrastructure projects
 - Multiplier effect from Infrastructure projects will boost industrial zone & factories development
 - OMNIBUSLAW or UU Cipta-Kerja is expected to attract more investments in H2/2021

- ✔ Overall price discipline is expected to remain intact despite of recent hike of coal price including latest ruling from Indonesia Competitive Commission (KPPU) to one of cement player. However competition in East Java for 2nd tier brand needs to be observed continuously and later at the middle of the year as a new player in Central Java is expected to come into the market

- ! Despite of the gradual economy recovery including expected positive outcome of the vaccination, **the pandemic remains as the uncertainty factor** which to be monitored closely as it will determine the Government's action on the mobility restriction and the implementation of vaccination to create herd immunity

- ! **ODOL Policy (Over Dimension & Over Loading)** which will increase all cement players trucking cost significantly. Uncertainty on how the Government's plan to prepare in stages for the readiness of the Industry and Transporters to fully comply with non ODOL Policy . The full enforcement is planned to be applied by 2023

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CONTINUOUS INDOCEMENT AOC PROGRAM FOR YOUNG TALENT



INDOCEMENT

**A.G.E.N.T.
OF CHANGE**
Actively Generating Exceptional New Thinking

**Development
Program**

RECONNECT!



- Develop virtual e-learning executive program for Indocement AOC.
- This is the 9 months period program up to Sep 2021
- Modules: Business Canvas Model; Design Thinking; Financial Strategy; Leadership; Project Execution
- At the end of the program, AOC should present their business innovation project that will bring benefit to the Company.

Equipping Indocement's talents with knowledge and managerial abilities and leadership in time of crisis to prepare them become the future leaders

INDOCEMENT GOOD WORKS

to support sustainable growth by living harmonize with the community



Indocement Peduli merupakan tim tanggap darurat, kerja sama antara Ikatan staf Manajemen dan Serikat Pekerja Indocement

Dana Indocement Peduli berasal dari sumbangan sukarela Manajemen dan Karyawan Indocement (IMI dan SP)

Bantuan ditunjukkan kepada bencana alam tingkat nasional, tingkat provinsi, maupun tingkat kabupaten

Tim Indocement Peduli bertugas untuk terjun langsung ke lapangan dan menyalurkan bantuan kepada korban bencana alam di Indonesia



Hundred of millions Rupiah can be collected voluntarily to help our brothers and sisters in South Kalimantan flooding disaster and in Sulawesi earthquake disaster early in this year.

INDOCEMENT GOOD WORKS

to support sustainable growth by living harmonize with the community



Ridwan Kamil Serahkan Penghargaan Raksa Prasada 2020

© 2020-12-08 21:21:00 | BERITA | 559 VIEWS | 0 KOMENTAR | SUMBER : REP PUN



KOTA BANDUNG - Gubernur Jabar Ridwan Kamil (Kang Emil) memberikan penghargaan bidang lingkungan hidup Raksa Prasada 2020 kepada kabupaten/kota di Jabar yang peduli lingkungan hidup sekolah, sekolah berbudaya lingkungan atau Adiwiyata, dan Program Kampung Iklim (ProKlim) Utama Kabupaten/Kota.

Penghargaan diserahkan langsung Kang Emil kepada perwakilan penerima penghargaan dengan menerapkan protokol kesehatan di

Gedung Sate, Kota Bandung, Selasa (8/12/2020).

- 4 schools under Indocement “Desa Binaan” (SDN Muhara 01-Citeureup, SDN Gunung Putri 05 & 01-Desa Gunung Sari, SDN Puspanegara 01) obtained “Raksa Prasada” awarding from West Java Governor with category Environmental Eco-friendly School concept.



Providing education about the awareness to protect the environment since the elementary school age

INDOCEMENT GOOD WORKS

to support sustainable growth by living harmonize with the community



TIGA RODA EDU GREEN PARK
WISATA EDUKASI ALAM
 Industri ini memiliki Pusat Penelitian, Pelatihan dan Pemberdayaan Masyarakat (P4M) seluas 10 hektar di Tajur, Kec. Cikembar, Kab. Bogor. Di P4M menjadi wahana untuk edukasi alam yang disebut "Tiga Roda Edu-Green park", yakni ini menjadi konservasi habitat burung (Artocarpus Elastica) punan langka keanekaragaman hayati.

KAMPUNG TANI
 Kegiatan meliputi: penanaman padi, panen padi, pengolahan energi, sanitasi, dan air, serta panen hasil.

KAMPUNG TERNAK
 Kegiatan meliputi: ternak sapi dan kambing.

KAMPUNG IKAN
 Kegiatan meliputi: ikan konsumsi dan ikan hias.

KAMPUNG BUDIDAYA
 Kegiatan: wisata edukasi.

KAMPUNG Riset dan PELATIHAN
 Kegiatan: pelatihan dan penelitian.

BERAGAMA MELAYATI MELAYANAKAN & MELIBAT

- Beribadah secara: Menanam padi, Merawat sapi
- Energi alternatif: Panel surya, Sepeda Listrik, Kincir, Biogas & Membran: panen sapi
- Pengerahan Perikanan: Menangkap ikan, Membran: panen ikan
- Melukis Gerabah
- Pembuatan pupuk dari pengomposan limbah rumah tangga
- Pembuatan kerajinan: anyam
- Pembuatan makanan: di P4M
- Pembuatan pupuk kompos
- Cuci-gelas (Pusat), Jajanan, Bioskop, dll.

Tempat Wisata: VOLCANO BUNYUN, BUNYUN HET, BUNYUN UBARA, HAZEL, PUSAT PENELITIAN (P4M), PUSAT RISA.

0821-7239-7155
 BOOKING/RESERVASI

@3rodaedugreenpark

- Located at Hambalang, Desa Tajur.
- This area before was a clay quarry.
- Now become Center for Research, Training and Community Empowerment (P4M-Pusat Penelitian, Pelatihan, dan Pemberdayaan Masyarakat).



Indocement tribute 3Roda Edu Green park to the community in celebrating 45th years anniversary as an educational tour place regarding agriculture, fisheries, livestock and limited land use

INDOCEMENT GOES TO CAMPUS

Engagement program with construction practitioners (customers), university students, and end-users



Session	Time	Theme	Participant	Partner	Registered Participants	Participant Feedback
1	4 Nov 2020	Durable, Green & Sustainable Construction Technology	Customers, university students, construction practitioners	Kementerian PUPR, Green Building Council Indonesia	961	96% feedback scored good and very good for the quality of webinar & content.
2	11 Nov 2020	Agility in Construction Sector Facing New Normal in Business, Manufacture and Technology Perspectives	Univ. students, academics & general public	PT Trinita Group, Institut Teknologi Bandung	1246	99% feedback scored good & very good for the quality of webinar & content.
3	7 Des 2020	Build Imagination More than Ever	University students, academics & general public	Prasetya Mulia Executive Learning Institute, Bukalapak	1152	98% feedback scored good & very good for the quality of webinar & content.

AWARDING

As a public recognition for what we have done



6 November 2020
Indonesia CSR Awards
 Category: Platinum
 Organizer: Corporate Forum for
 Community Development (CFCD)



17 November 2020
**Environmental Social
 Governance Awards**
 Category: Best ESG and Best Issuer
 Organizer: Berita Satu Group



25 February 2021
“Best CEO 2020” - Christian Kartawijaya
 Organizer: SWA Magazine and Dunamis



23 October 2020
Awarding of National “Proklim”
 From the Ministry of Environment &
 Forestry



18 December 2020
“A Rank” in Sustainability Report
 Organizer: Foundation for International Human
 Rights Reporting Standards (FIHRRST)



5 February 2021
**Semen Tiga Roda “Indonesia Best
 Marketing Brand 2020” – Millennials
 Choice**
 Organizer: The Economics

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