

Financial Results H1 2024

# PT Indocement Tunggal Prakarsa Tbk.

2 August 2024

# Key Message



## ■ Key indicator for H1 2024:

- From ASI data, **domestic cement market grew +2.2% in H1 2024** from contraction in bag market -1.9% and growth in bulk market +13.2%.
- **Bulk composition from overall domestic volume reaches 30.2%** vs. 27.3% H1 last year. The new capital city construction remains to be the main growth driver for bulk demand.
- Indocement recorded domestic sales volume (cement & clinker) at 8,869 ton or **higher by +10.0% than H1 last year**, mainly contributed from Semen Grobogan. Overall export was 163k ton or declined -45.6%.
- **Indocement domestic cement market share was at 29.4% with Java 37.7% and outside Java 20.5%.**
- Dividends of IDR 90/share distributed in June 2024, a payout ratio of 15.8%.
- Starting to increase bag price about 1-2% in June as a first step for now although it was just enough to cover higher input costs from rising USD exchange rate.
- Net Revenues was at IDR 8,124.7bio or 1.9% higher from increase of Semen Grobogan location sales.
- Cost of Revenues increased +5.2% to IDR 5,826.4.bio from higher raw material and energy costs.
- Margin for EBITDA was at 16.4% or IDR 1,332.5bio and Profit for the Period at 5.4% or IDR 434.7bio.
- Current share buyback program up to IDR 895 billion (including fees, etc.) will end on December 31, 2024.

## ■ Sustainability:

- **CO<sub>2</sub> emission Scope 1 Specific NET for Q2 2024 was at 535 kg CO<sub>2</sub>/t cement equivalent vs. FY2023: 546kg CO<sub>2</sub>/t cement equivalent**, still on track with our 2030 target of 490 kg CO<sub>2</sub>/t cement equivalent.
- NO<sub>x</sub>, SO<sub>2</sub>, and dust emissions are well below standard regulation.
- Construction of ground-mounted solar panel in Tarjun plant (20MWp) is completed and under commissioning. For Citeureup plant, roof-top solar panel (4.5MWp) is in-operation and ground-mounted Solar panel (32.5MWp) is under construction and scheduled to operate by end of 2024.



# AGENDA

## 1. Market Overview

- Cement Market Evolution
- Cement Volume Development
- Cement Market Portion & Growth
- Java-Outside Java & Bag-Bulk Markets

## 2. Financial Performance

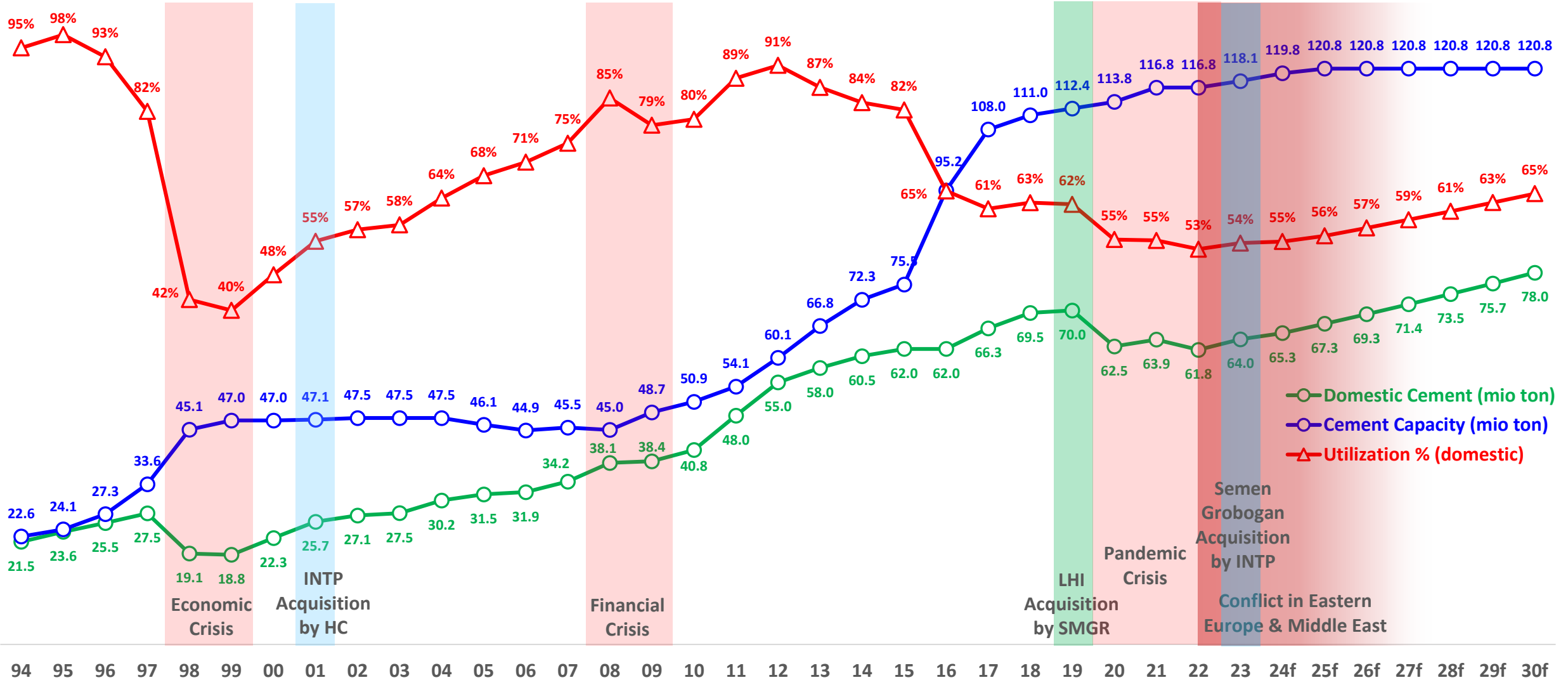
- Financial result
- Cost Control & Margin Development
- Balance Sheet

## 3. Operational Performance & Strategy

- Emission Reduction
- Outlook

## 4. Question & Answer

# Cement Market Evolution



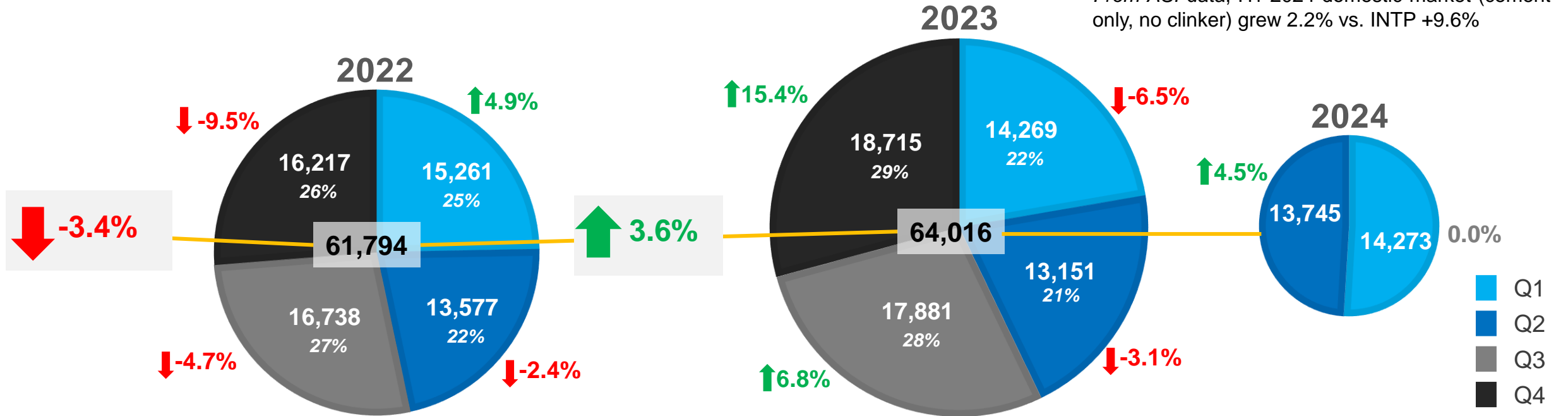
• Capacity include all cement players but some demand volume from smaller players are not reported to ASI

• Source: Ministry of Industry with Internal Indocement Projection  
 • The capacity data could be revised based on industry update

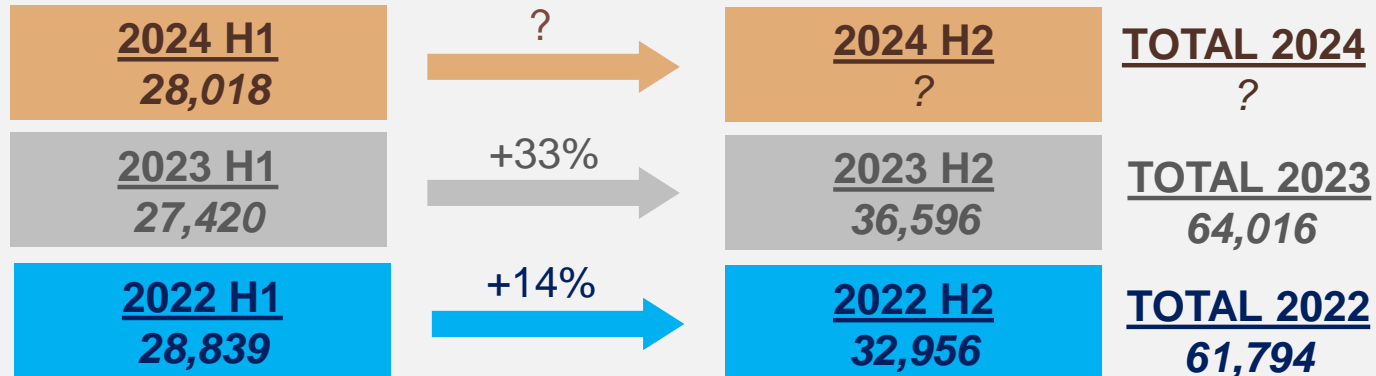
CAGR	07A-10A	10A-13A	13A-16A	16A-19A	19A-22A	22A-25F	25F-28F
Demand	+6.1%	+12.5%	+2.2%	+4.2%	-4.1%	+2.9%	+3.0%
Capacity	+3.8%	+9.5%	+12.5%	+5.7%	+1.3%	+1.1%	-

# Cement Volume Development

## Quarterly Market Volume (k ton)

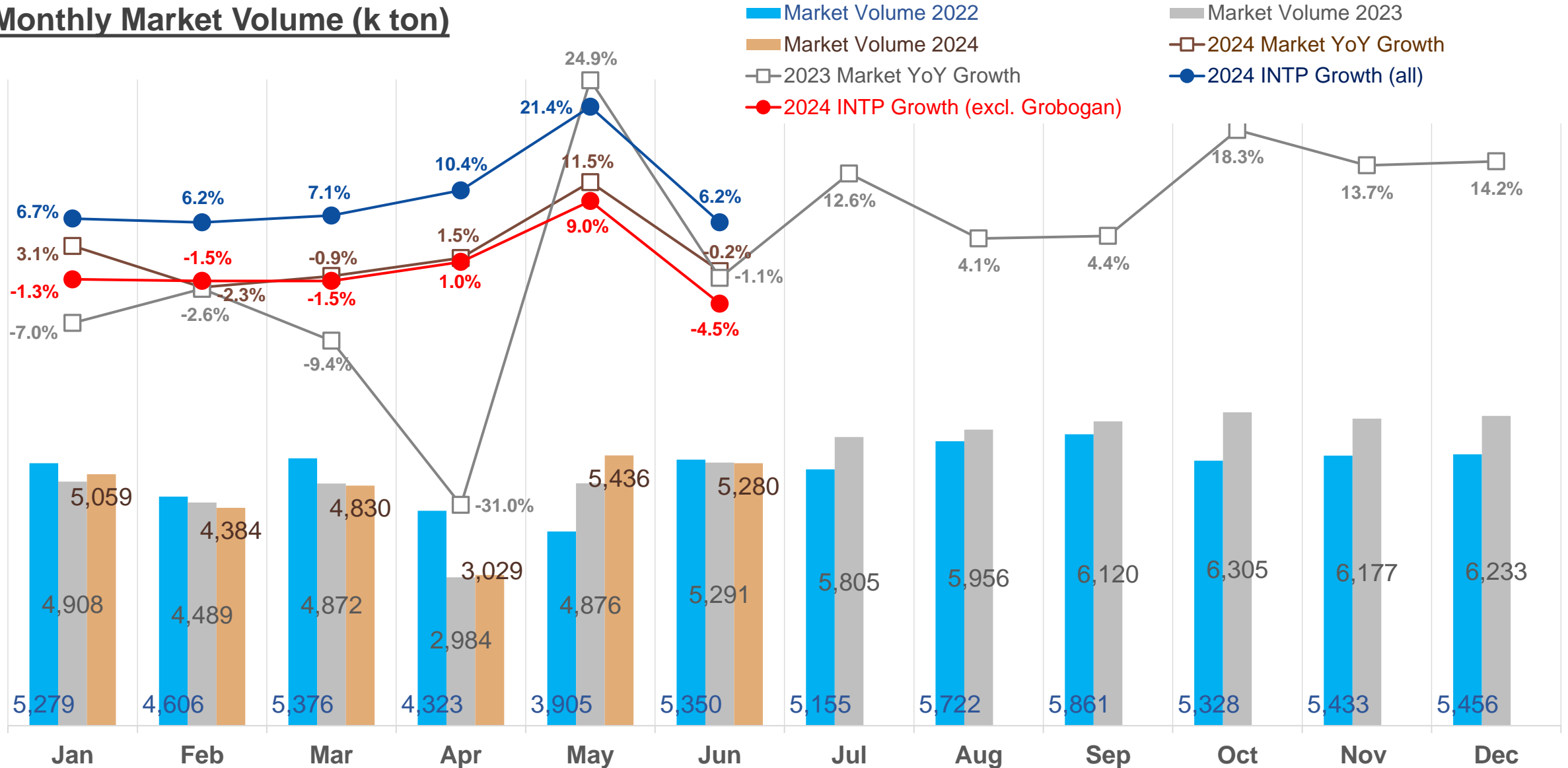


## Semester Market Summary (k ton)



# Cement Volume Development

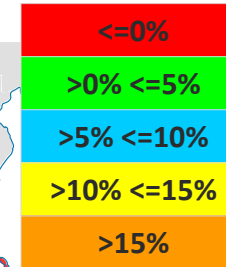
## Monthly Market Volume (k ton)



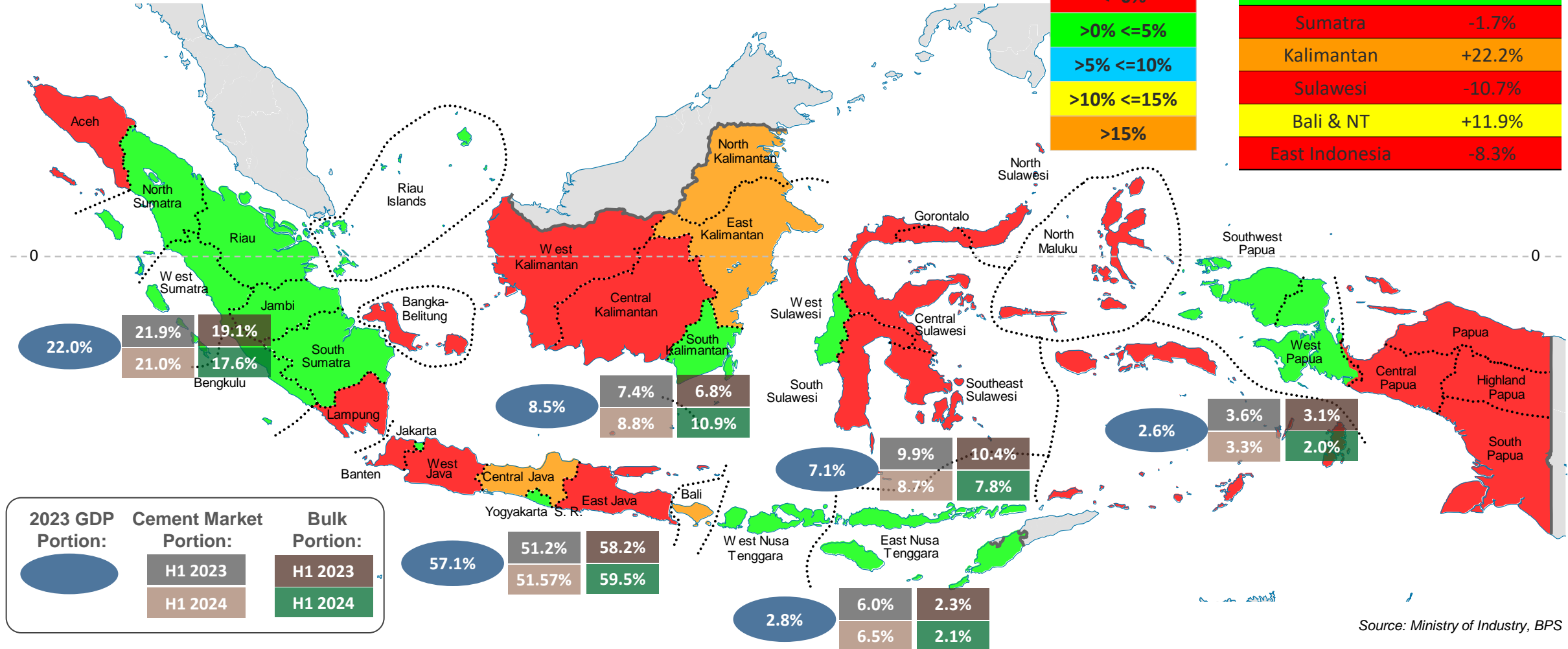
# Cement Market Portion & Growth

- Continuous strong bulk demand in North & East Kalimantan from construction of new capital city
- Growth in Central Java is from Semen Grobogan 2024 volume as its 2023 volume was not reported to ASI

YoY Area Growth:



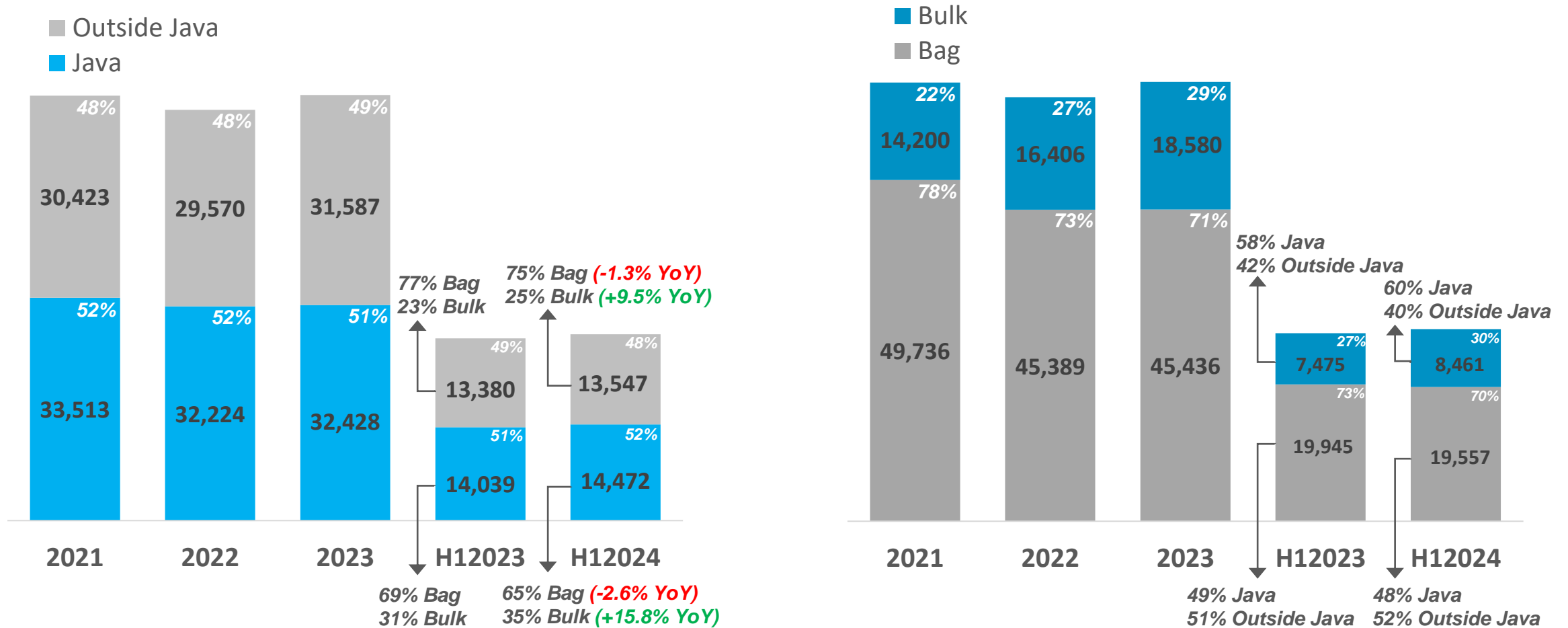
Area	H1 2024 Volume
Java	+3.1%
Sumatra	-1.7%
Kalimantan	+22.2%
Sulawesi	-10.7%
Bali & NT	+11.9%
East Indonesia	-8.3%



2023 GDP Portion:	Cement Market Portion:	Bulk Portion:
22.0%	H1 2023: 21.9%	H1 2023: 19.1%
	H1 2024: 21.0%	H1 2024: 17.6%

Source: Ministry of Industry, BPS

# Java-Outside Java and Bag-Bulk Markets



Source: Ministry of Industry

**Bulk composition reaches 30% in H1 2024**





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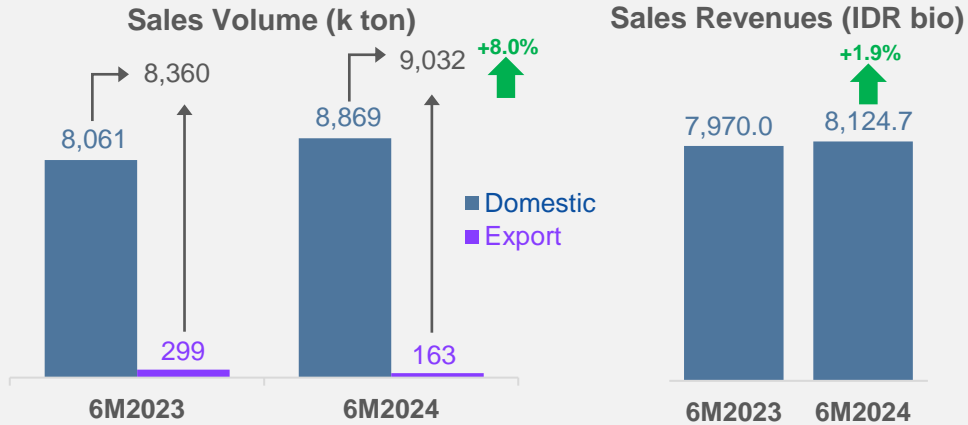
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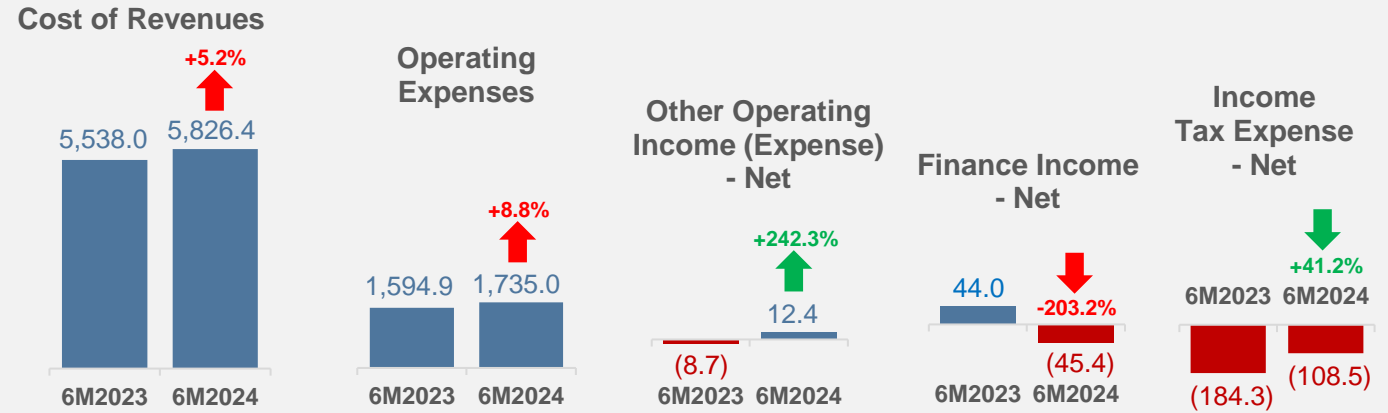
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# Financial Result

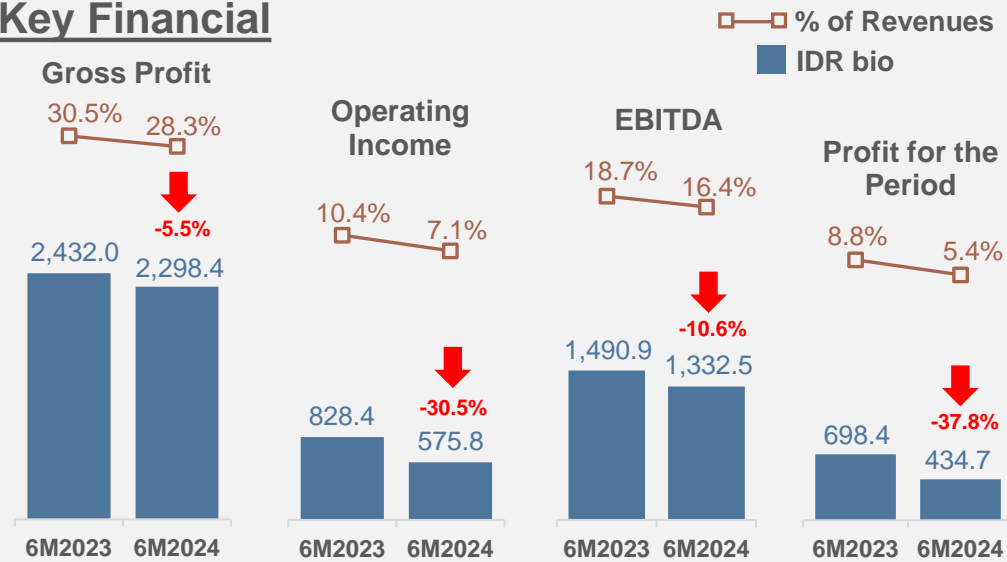
## Sales Result



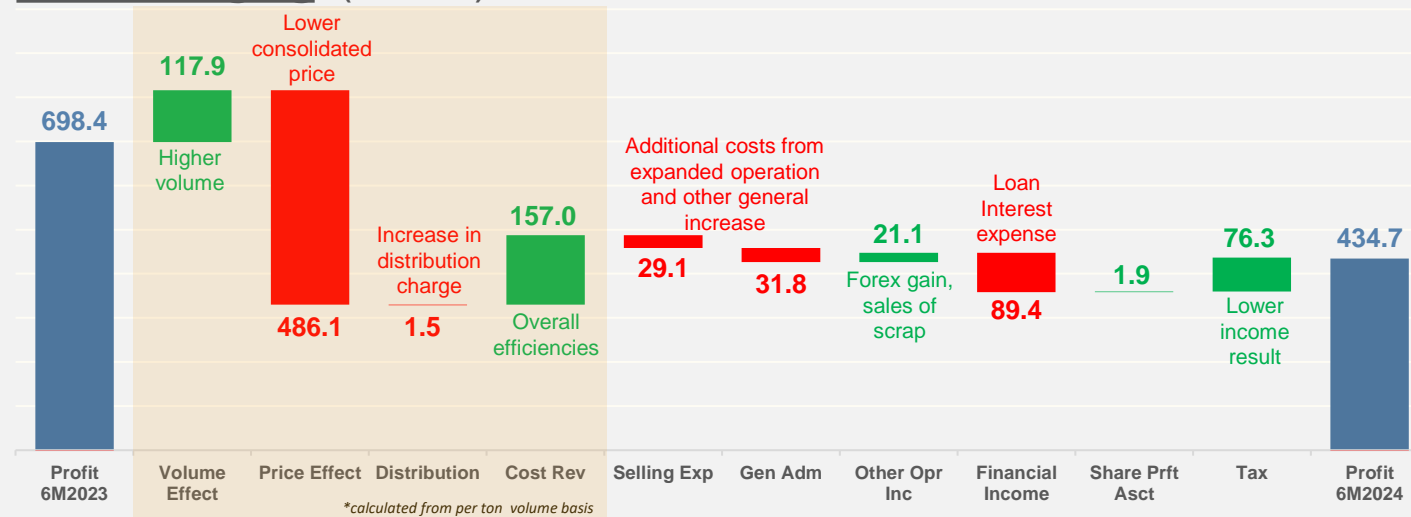
## Operating Driver (in IDR bio)



## Key Financial



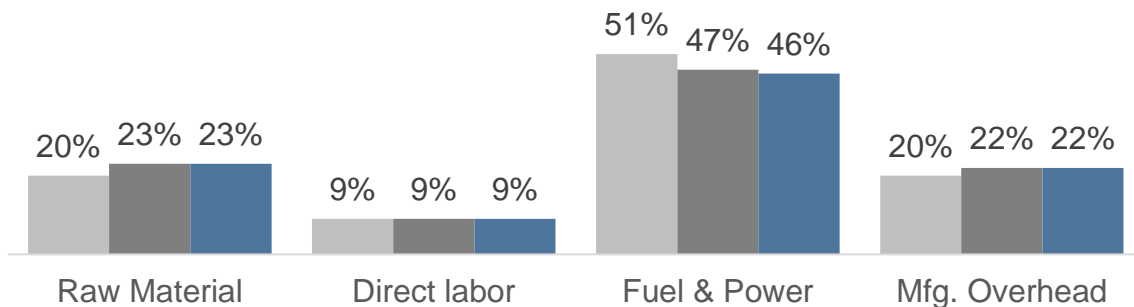
## Profit Bridging (in IDR bio)



# Cost Control and Margin Development

## H1 Manufacturing Cost

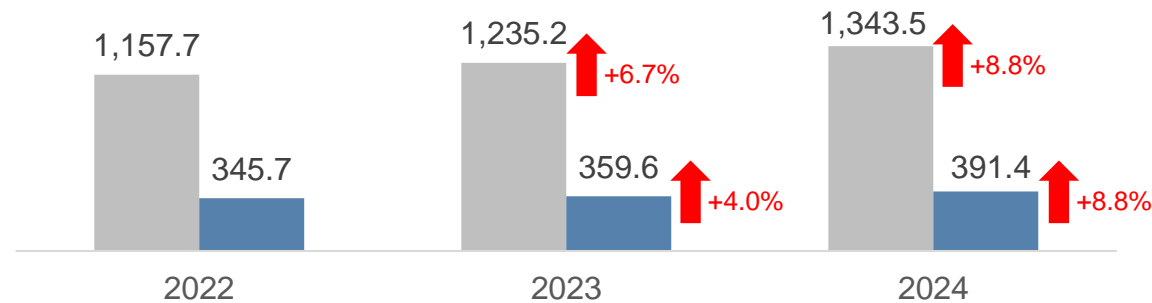
■ 2022 ■ 2023 ■ 2024



- Higher Raw Material composition is from general price increase of some raw materials from higher transportation rate including higher FX rate.
- Lower Fuel & Power due to more alternative fuels.

## H1 Operating Expenses (bio IDR)

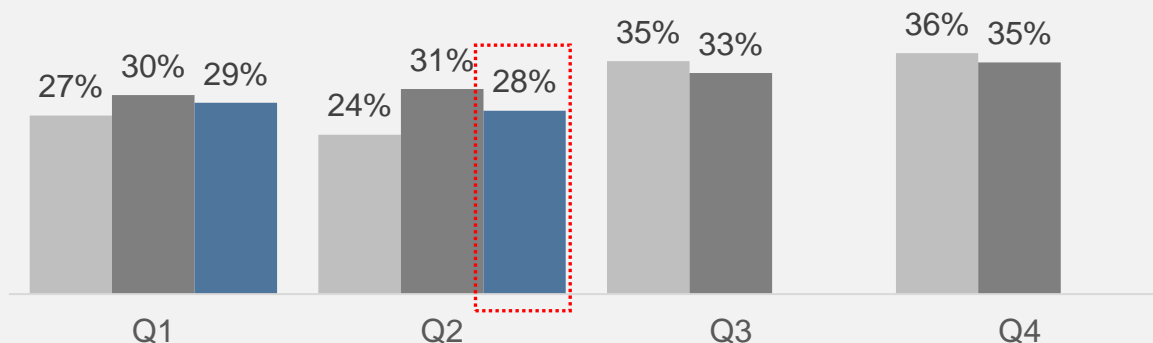
■ Delivery & Selling Expense ■ G&A Expense



- Higher Delivery & Selling Expense was from higher sales volume & other costs (delivery, advertising) from expanded operation.
- Higher G&A Expense was from expanded operation & overall general increase.

## Gross Profit Margin

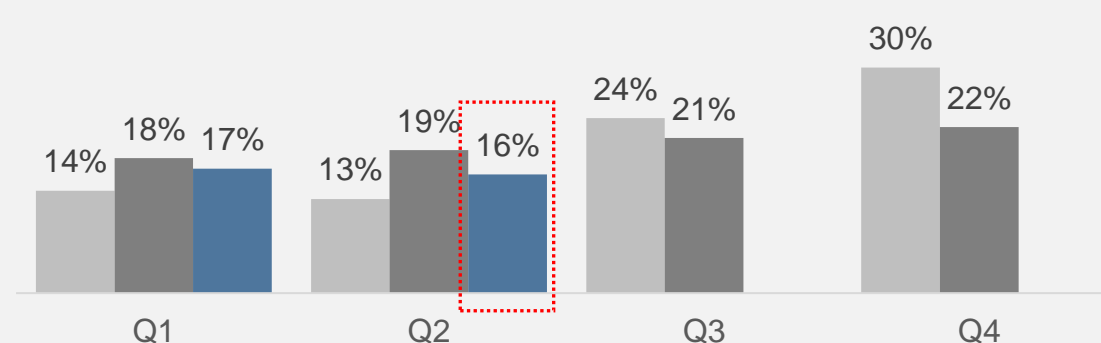
■ 2022 ■ 2023 ■ 2024



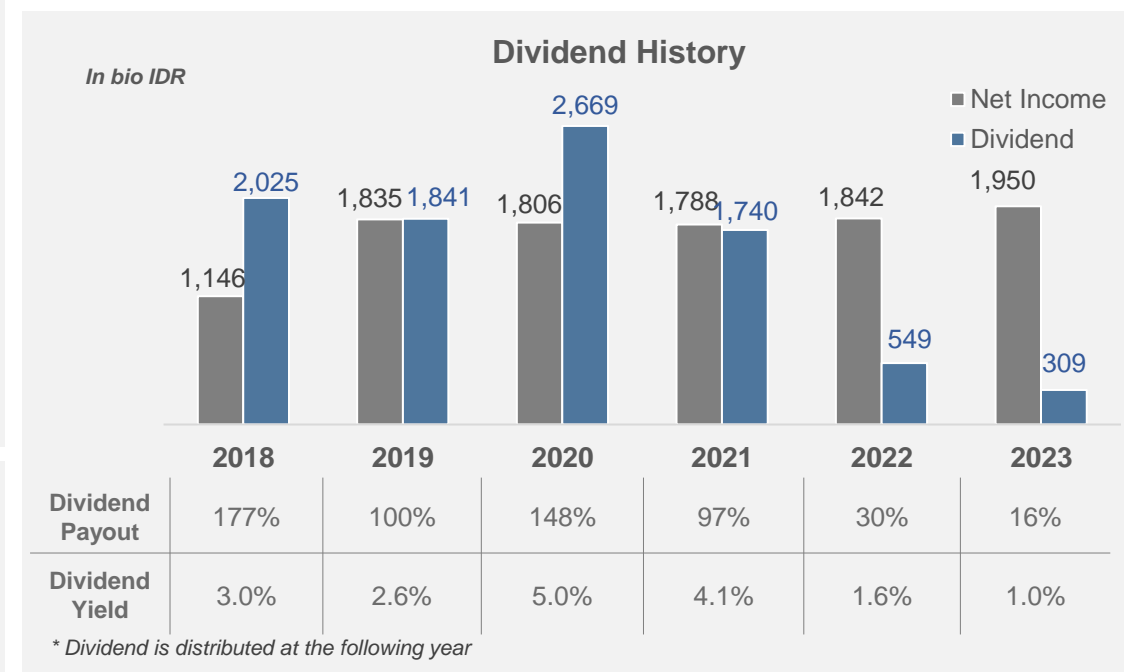
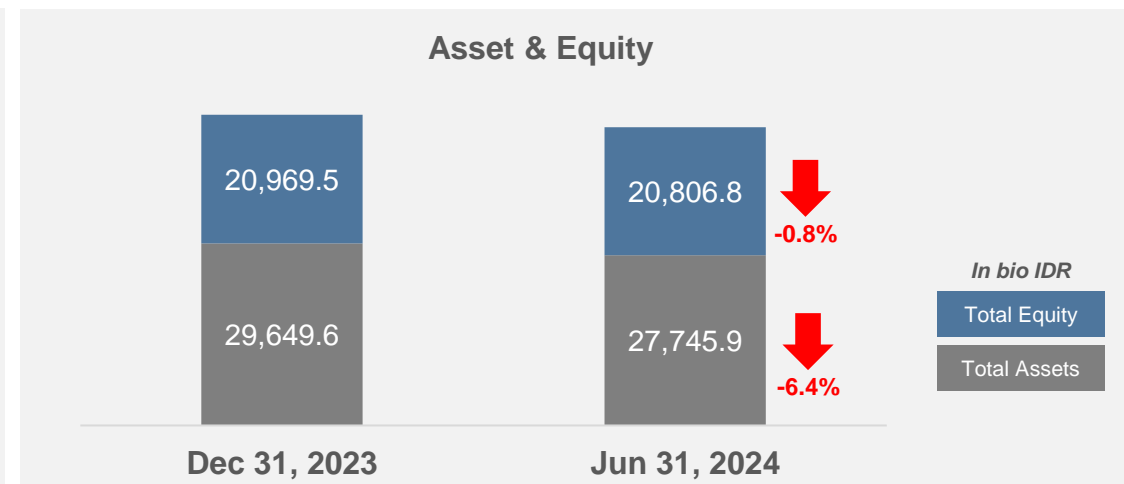
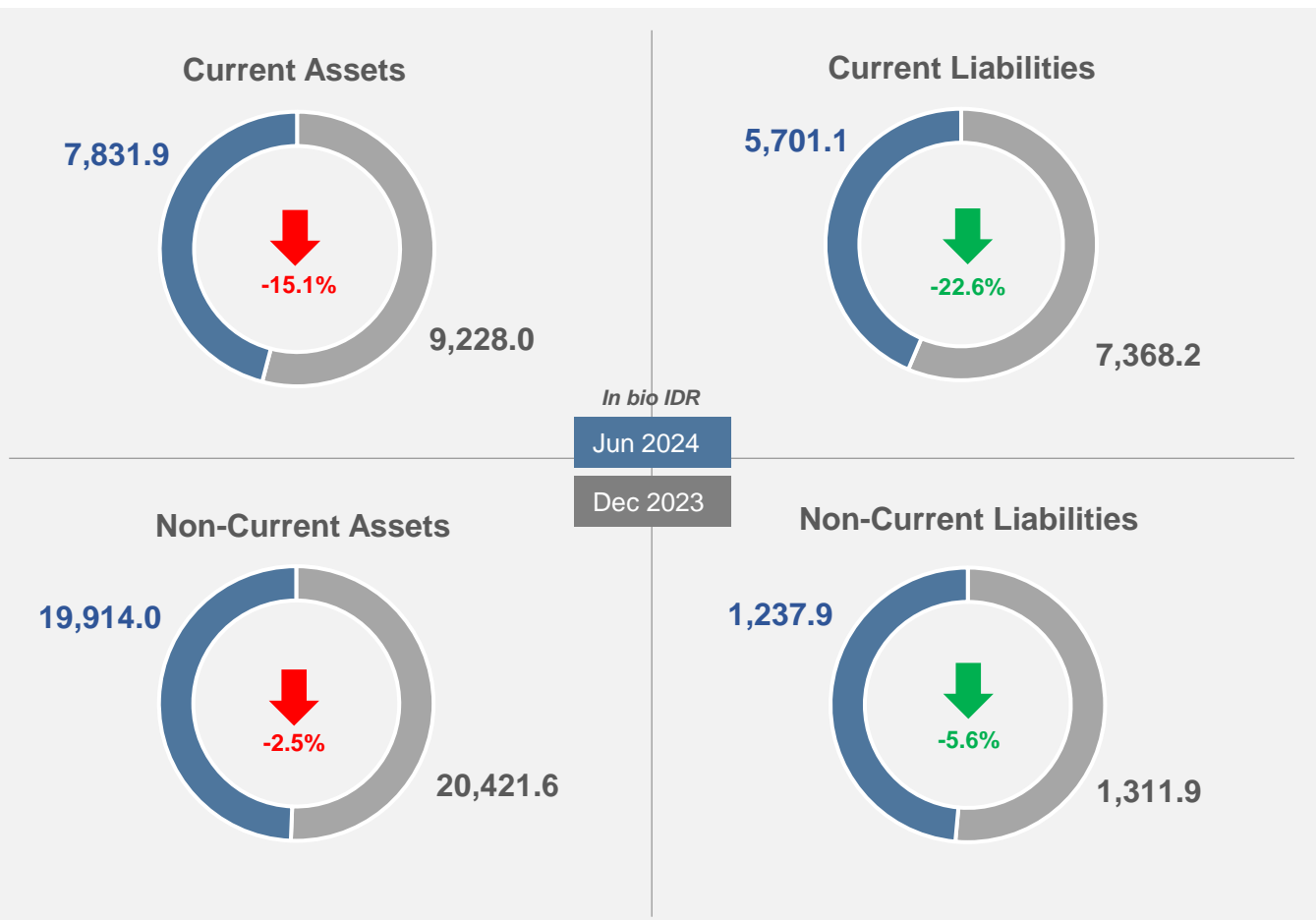
- Lower consolidated price from increase sales composition of bulk products & fighting brands contributed to lower margin, including increase in other costs from expanded operations.

## EBITDA Margin

■ 2022 ■ 2023 ■ 2024



# Balance Sheet



- Cash and Cash Equivalents of IDR 1.84tr as of 30 Jun 2024.
- Capex spending in H1 2024 was IDR 248bio.



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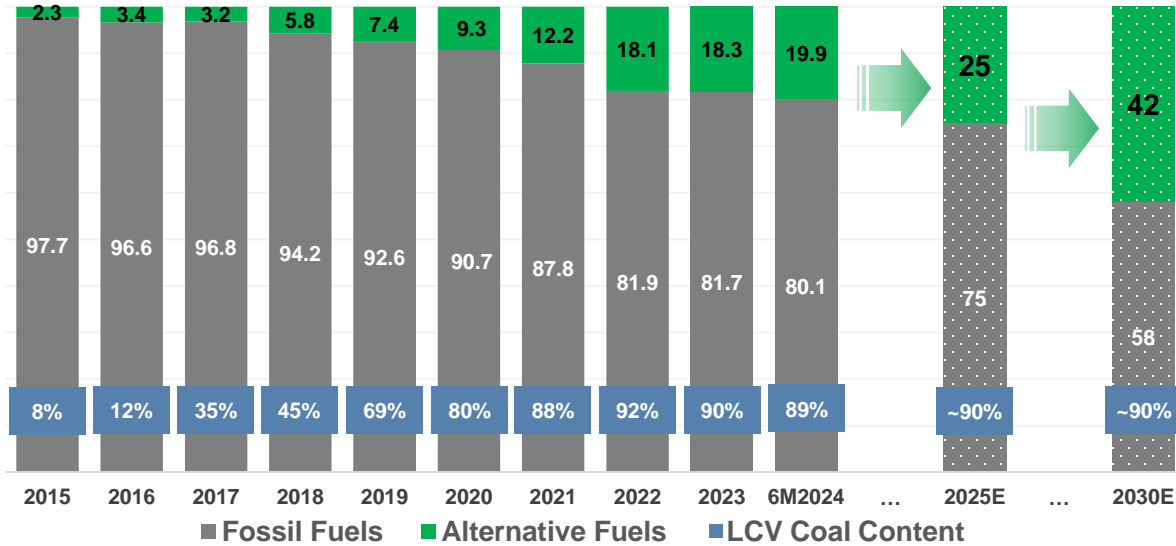
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- Outlook

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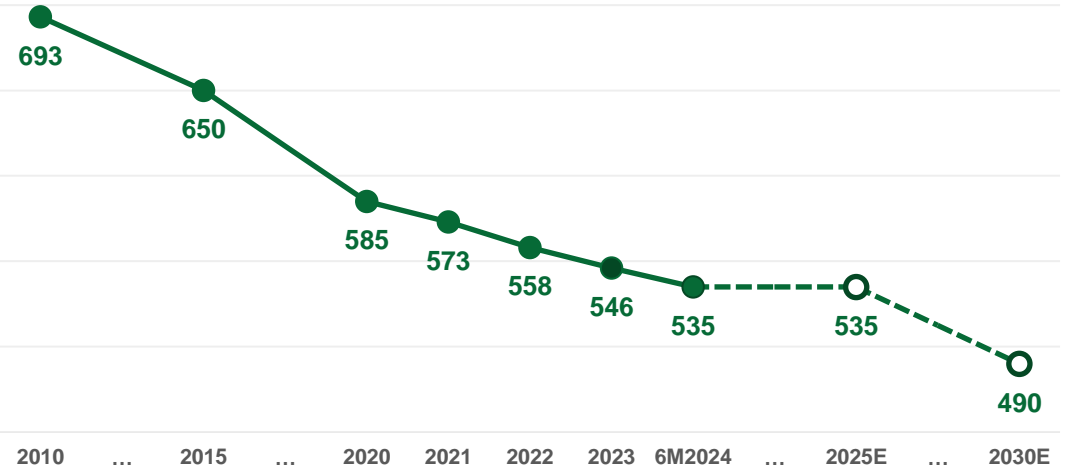
# Emission Reduction

Fuel Consumption Rate %



- INTP is bringing improvement to Grobogan and Maros locations, and overall target for 2025 & 2030 is on track

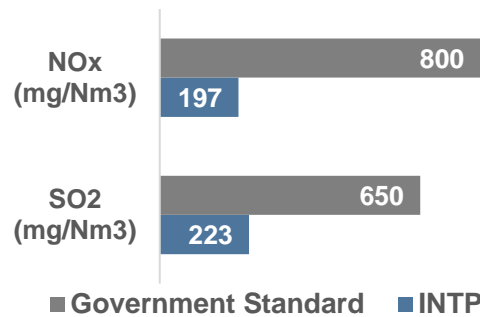
GHG Emissions Scope 1 Intensity - NET  
(kg CO<sub>2</sub>/t cement equivalent)



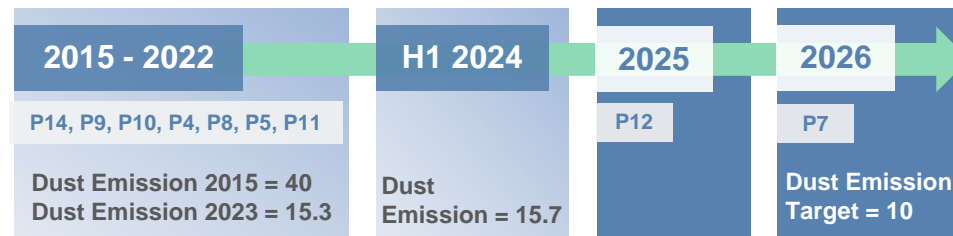
Green House Gas (GHG) emission is calculated based on the international reporting standards defined by World Business Council Sustainable Development (WBCSD) Cement Sustainability Initiative  
 > Scope 1: Emissions from operations that are owned or controlled by the reporting company

NO<sub>x</sub> & SO<sub>2</sub> Measurement

H1 2024



Electrostatic Precipitator to Bag Filter Replacement



- The dust emissions are stated in mg/Nm<sup>3</sup>
- The measurement refers to local standard (PermenLHK No. 19/2017)
- Dust Emission (mg/m<sup>3</sup>) – (25°C, 1013 hPa) related to 10% oxygen

**Government Regulation for Dust Emission = 60 mg/Nm<sup>3</sup>**

Solar Panel Installation (ground-mounted)

Location	Capacity (MWp DC)	Output (GWh/year)	Potential CO <sub>2</sub> Reduction (ton/year)
Tarjun (Q2 2024)	19.65	26.37	31k
Citeureup (Q4 2024)	32.5	45	40k

# Outlook

## RISK

<b>External</b>	<ul style="list-style-type: none"> <li>• Geopolitical risk: escalating conflict &amp; war</li> <li>• Volatility of foreign exchange rates</li> <li>• Increase in energy price: coal &amp; oil</li> <li>• Cement export competition</li> </ul>
<b>Domestic</b>	<ul style="list-style-type: none"> <li>• Change of Central Government in October and Regional election (Pilkada) in November</li> <li>• <b>Weak purchasing power</b></li> <li>• Higher export tax on few consumer goods could put more pressure to the purchasing power</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>• Oversupply capacity</li> <li>• <b>More fighting brands (bag product)</b></li> </ul>
<b>Regulation</b>	<ul style="list-style-type: none"> <li>• Future Government policy:             <ul style="list-style-type: none"> <li>- ODOL (Over Dimension Over Loading) for truck</li> <li>- Carbon tax</li> <li>- Electricity tariff</li> </ul> </li> </ul>

## OPPORTUNITY

<b>Volume</b>	<ul style="list-style-type: none"> <li>• Increasing cement supply to IKN</li> <li>• Infrastructure &amp; smelter projects</li> <li>• Increase of bulk composition</li> <li>• <b>2024 domestic cement expected to grow 2-3%</b></li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>• Government incentive : VAT discount for home purchases</li> <li>• Potential cut in US Fed &amp; BI rates in Q4/2024 &amp; potential strengthening of IDR against USD</li> </ul>
<b>Sustainability /Production</b>	<ul style="list-style-type: none"> <li>• Increase use of alternative fuels: RDF (from waste processing) &amp; variety of biomass product</li> <li>• <b>Clinker ratio reduction – more GREEN cement types</b> <ul style="list-style-type: none"> <li>- Bag: <b>new SNI standard</b></li> <li>- Bulk: hydraulic cement &amp; slag cement</li> </ul> </li> <li>• Operation of solar panels in Indocement factories</li> <li>• Continuous efforts on automation/digitalization</li> </ul>
<b>Logistics</b>	<ul style="list-style-type: none"> <li>• <b>Further synergy &amp; efficiency</b> from Grobogan &amp; Maros plants including cement milling unit in Banyuwangi</li> <li>• <b>Optimizing our terminals</b> in Sumatra, Kalimantan, Lombok, &amp; Sulawesi</li> </ul>



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# Thank You



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Heidelberg Materials