

OVERVIEW FINANCIAL RESULT FOR Q3/2022

- Indocement recorded 9.9% net revenue growth for Q3/2022, from IDR 10,608.7bio of Q3/2021 to IDR 11,660.9bio.
- Thrice price increase this year in March, June, and September/October boosted net revenue.
- High energy cost remained due to high coal price. Portion of energy cost reached approximately 50% of total production. However, in Q3, Indocement has successfully decreased energy cost by 7.0% from previous quarter.
- EBITDA margin improved from 13.3% in H1/2022 to 17.5% for YTD Q3 2022, though lower from same period last year of 22.3%. On QoQ, EBITDA margin in Q2 was 12.7% and improved to 23.6% in Q3.
- Tarjun Factory has operated more efficient and greener. In August 2022, PLN has started to supply electricity (50Mw) to Tarjun Factory replacing the coal fired-power plant.
- Expanding market footprint in eastern Indonesia after Indocement entered lease agreement with Semen Bosowa to fully lease and takeover the operation of Semen Maros Factory and other several related cement terminals.
- Shares buyback program since December 2021 has collected IDR 2.72tr (6.7% of total shares) up to September 2022.

Description	Unit	YTD Sep 2022	YTD Sep 2021	Variance	
		Bio IDR	Bio IDR	Bio IDR	%
Total sales volume (thousand tons)	k tons	12,687	13,039	-352.3	-2.7%
Domestic Sales Volume (thousand tons)	k tons	12,411	12,705	-293.9	-2.3%
Export Sales Volume (thousand tons)	k tons	275	333	-58.4	-17.5%
Net Revenues	IDR bio	11,660.9	10,608.7	1,052.3	9.9%
Cost of Revenues	IDR bio	-8,218.5	-7,016.4	-1,202.1	-17.1%
Gross Profit	IDR bio	3,442.5	3,592.3	-149.8	-4.2%
	% of Net Revenues	IDR bio	IDR bio		
		29.5%	33.9%		
Operating Expenses	IDR bio	-2,389.1	-2,319.4	-69.7	-3.0%
Other Operating Income (Expense) - Net	IDR bio	111.4	137.8	-26.4	-19.2%
Operating Income	IDR bio	1,164.8	1,410.7	-245.9	-17.4%
	% of Net Revenues	IDR bio	IDR bio		
		10.0%	13.3%		
EBITDA	IDR bio	2,037.2	2,362.9	-325.7	-13.8%
	% of Net Revenues	IDR bio	IDR bio		
		17.5%	22.3%		
Finance Income - Net	IDR bio	27.7	112.8	-85.1	-75.4%
Share of Net Profit of Associates - net	IDR bio	14.5	16.9	-2.4	-14.0%
Final Tax	IDR bio	-0.9	-0.2	-0.7	-275.8%
Profit before Income Tax Expense	IDR bio	1,206.2	1,540.2	-334.0	-21.7%
Income Tax Expense - Net	IDR bio	-259.3	-331.9	72.6	21.9%
Profit for the Period	IDR bio	946.9	1,208.3	-261.4	-21.6%
Total Comprehensive Income for the Period	IDR bio	946.9	1,214.0	-267.2	-22.0%

PT Indocement Tunggal Prakarsa Tbk. ("Indocement" or "The Company") booked overall domestic (cement and clinker) sales volume of 12.4 million tons in Q3/2022, lower 294 thousand tons or -2.3% from Q3/2021 volume. Domestic cement sales volume (without clinker) was recorded at 11.5 million tons, lower 432 thousand tons or -3.6% than volume in Q3/2021 resulted in the Company's domestic market share of 24.8%. Export sales decreased -17.5% from 333 thousand tons in Q3/2021 to 275 thousand tons in Q3/2022.

The Company's Net Revenue increased +9.9% to IDR 11,660.9 billion from Q3/2021 of IDR 10,608.7 billion due to increase in selling price in March, June, and September/October 2022.

Cost of Revenues in Q3/2022 increased -17.1% from -IDR 7,016.4 billion to -IDR 8,218.5 billion due to increase in energy costs, mainly from coal price, reducing our Gross Profit Margin to 29.5% in Q3/2022 from 33.9% in Q3/2021.

The Company continuously increased consumption rate of alternative fuels from 12.2% at the end of 2021 to 18.4% by September 2022, including higher use of Low Calorific Value (LCV) coals from 88% to 91%.

Higher Operating Expenses of -3.0% from -IDR 2,319.4 billion to -IDR 2,389.1 billion was due to higher cost of transportation and depreciation of lease assets following addition in lease in 2022.

Lower Other Operating Income (Expense) – Net of -19.2% from IDR 137.8 billion to IDR 111.4 billion in Q3/2022 was due to lower scrap sales.

As a result, in Q3/2022, Operating Income Margin decreased from 13.3% to 10.0% and EBITDA Margin reduced from 22.3% to 17.5%.

The Company recorded a lower Finance Income - Net of -75.4% from IDR 112.8 billion in Q3/2021 to IDR 27.7 billion due to lower cash position from shares buyback program.

Income Tax Expense – Net decrease -21.9% from -IDR 331.9 billion to -IDR 259.3 billion was due to lower profit.

Finally, from the above figures, Profit for the Period decreased by -21.6% from IDR 1,208.3 billion to IDR 946.9 billion for Q3/2022

Resilient Balance Sheet

From the dividend payment last year including shares buyback program that has been carried out since December 2021 amounting to IDR 2.72 trillion up to September 2022, the Company booked a net cash position with Cash and Cash Equivalents to IDR 3.5 trillion. Strong cash flow generated from operations and persistent efforts from management to increase working capital is the key to maintain our resilient Balance Sheet.

Description	Sep 30, 2022	Dec 31, 2021	Variance		Sep30, 2021
	Bio IDR	Bio IDR	Bio IDR	%	Bio IDR
Current Assets	9,223.2	11,336.7	-2,113.6	-18.6%	11,834.8
Non-Current Assets	15,259.2	14,799.4	459.8	3.1%	14,421.7
Current Liabilities	4,275.7	4,646.5	-370.8	-8.0%	3,757.7
Non-Current Liabilities	1,511.5	868.6	642.9	74.0%	949.2
Equity	18,695.2	20,621.0	-1,925.8	-9.3%	21,549.7
Total Assets = Total Liabilities + Equity	24,482.4	26,136.1	-1,653.7	-6.3%	26,256.5

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 better synergy in the future.

Challenges to Persist Ahead and Expanded Market Footprint

Contrary to +1.2% growth in the HI, the YoY monthly contraction for the past 3 months has weakened the cement domestic market to -1.1% by YTD September 2022. The consecutive contraction was caused by increase of cement price led by high energy cost of coal price. The contraction in demand for cement, particularly for the bagged cement segment, was due to the number of renovation projects and residential construction being delayed, following the increase in fuel prices, inflation, and rising interest rates.

The increase in logistics costs for bagged cement due to the increase in the purchase price of subsidized fuel, again made the selling price of cement move up again in September and surely the market will need time for adjustment. However, with heavy rain forecast to come in the next few months to early 2023 including and external pressures stemming from the uncertain global economic situation, we remain optimistic that the cement market share will improve and expect domestic cement to grow flat for this year and grow around 1%–2% in 2023.

Continuing the cooperation with other lease agreements, Indocement leases the Semen Bosowa Factory in Maros and several other related cement terminals which will strengthen Indocement's market

penetration, particularly in the eastern Indonesia and also open up opportunities for better export market share considering the strategic position of the factory in Maros.

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 4,700 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. Heidelberg Materials has been Indocement's majority shareholder since 2001.

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For further information please contact:

Antonius Marcos – Direktur & Corporate Secretary

David Halim – Corporate Finance Manager

PT Indocement Tunggal Prakarsa Tbk.

Wisma Indocement Lantai 8

Jl. Jenderal Sudirman Kav. 70-71 Jakarta 12910



(021) 251 2121



(021) 251 0066



corpcom@indocement.co.id



[@harmoni3roda](https://twitter.com/harmoni3roda)



www.indocement.co.id



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