PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

Half Year Results 2014

August 2014

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Domestic consumption growth per region – June 2014

Regions	Year-to-Date (in Tons)				2014-06			2013-06		
	2014	2013	Inc./Dec.		INTP	SMGR	SMCB	INTP	SMGR	SMCB
Jakarta	2,886,330	2,638,437	247,893	9.4%	40.1%	25.4%	27.3%	41.8%	23.7%	27.9%
Banten	1,576,404	1,684,013	-107,608	-6.4%	40.4%	40.6%	19.0%	49.0%	33.0%	16.7%
West Java	4,376,604	4,033,590	343,014	8.5%	57.4%	25.2%	17.4%	58.0%	23.0%	19.0%
Central Java	3,177,862	3,172,543	5,319	0.2%	41.9%	40.7%	17.4%	44.1%	37.8%	18.1%
Yogyakarta	480,666	452,995	27,670	6.1%	23.8%	41.8%	34.4%	25.9%	41.5%	32.6%
East Jawa	3,827,908	3,478,442	349,466	10.0%	13.3%	71.7%	9.5%	13.7%	72.6%	10.4%
Java	**16,325,774**	**15,460,021**	**865,753**	**5.6%**	**38.4%**	**41.1%**	**17.9%**	**40.5%**	**39.0%**	**18.5%**
Sumatera	6,062,866	5,978,116	84,750	1.4%	15.3%	42.8%	14.6%	13.1%	45.6%	13.6%
Kalimantan	2,208,167	2,147,972	60,195	2.8%	30.0%	50.0%	11.2%	28.1%	51.3%	11.5%
Sulawesi	2,099,773	1,986,582	113,191	5.7%	13.8%	62.9%	0.9%	14.2%	64.2%	0.9%
Nusa Tenggara	1,614,585	1,623,084	-8,500	-0.5%	33.8%	40.9%	4.4%	32.1%	41.8%	3.7%
East Indonesia	632,559	639,123	-6,564	-1.0%	20.7%	54.8%	0.8%	23.4%	53.6%	0.9%
Outside Java	**12,617,949**	**12,374,877**	**243,073**	**2.0%**	**20.2%**	**47.8%**	**9.7%**	**18.9%**	**49.5%**	**9.2%**
Indonesia	**28,943,723**	**27,834,897**	**1,108,826**	**4.0%**	**30.5%**	**44.0%**	**14.4%**	**30.9%**	**43.6%**	**14.4%**

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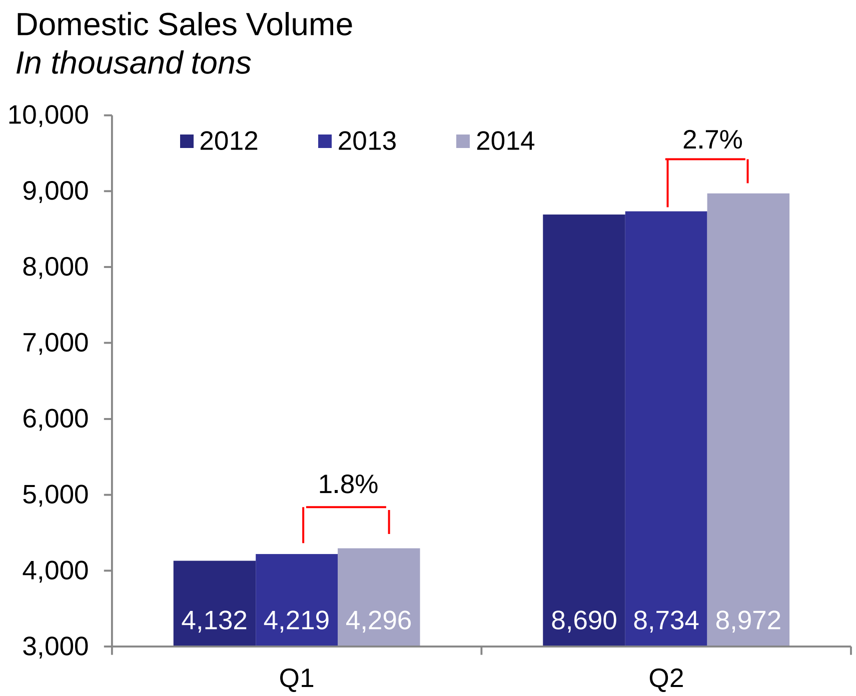
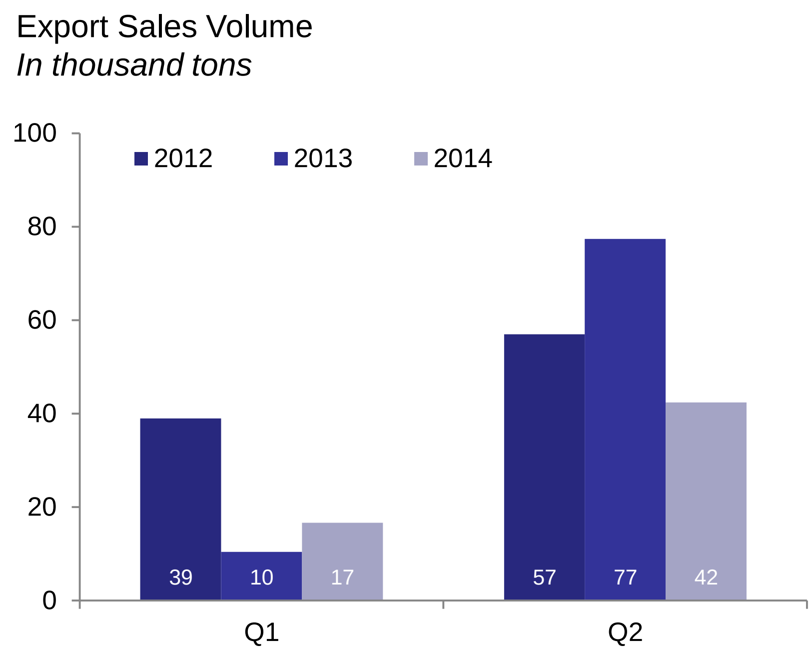
Sales Volumes





- Domestic sales volume up
- RMC sales slow down as many private sector projects were awaiting the election outcome before proceeding

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Consolidated Income Statement

	H1 2014	H1 2013	Change
Sales Volume (k Tons)	**9,014**	**8,811**	**2%**
In Billion IDR			
Net Revenues	**9,498.59**	**8,917.70**	**7%**
Cost of Revenues	-5,294.85	-4,693.70	13%
Gross Profit	**4,203.75**	**4,224.00**	**-0.5%**
as % of Net Revenues	***44.3%***	***47.4%***	
Operating Expenses	-1,503.21	-1,268.60	18%
Other Operating Income / (Expenses)	66.84	43.00	55%
Operating Income	**2,767.38**	**2,998.40**	**-8%**
as % of Net Revenues	***29.1%***	***33.6%***	
EBITDA	**3,202.19**	**3,399.10**	**-6%**
as % of Net Revenues	***33.7%***	***38.1%***	
Finance Income (Cost)	433.17	236.2	83%
Equity in Net Earnings of Associated Companies	10.1	7.3	39%
Income for the period	**2,513.07**	**2,421.94**	**4%**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,496.50**	**2,439.27**	**2%**

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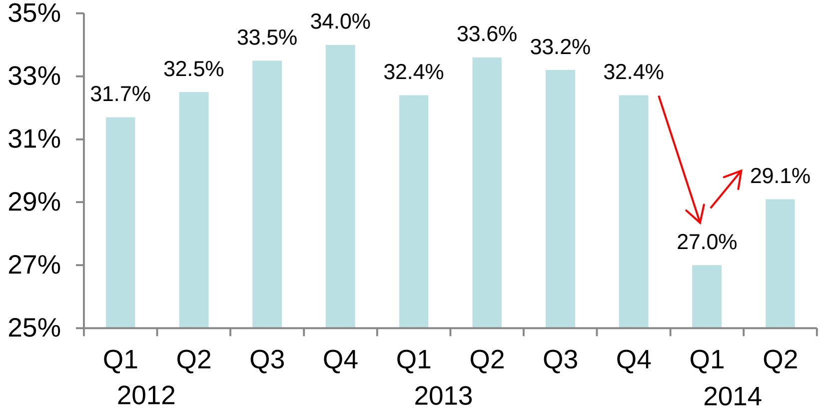
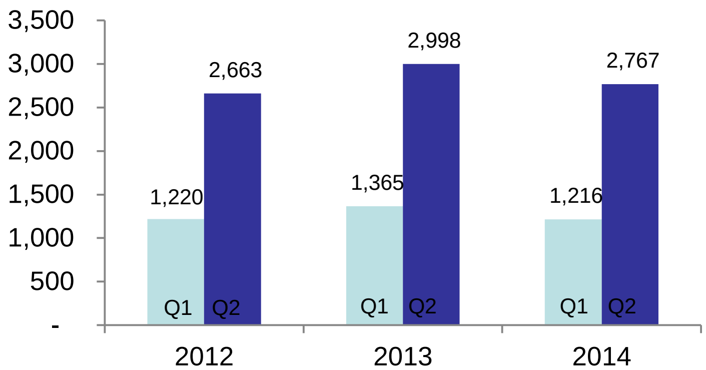
Operating Income / EBITDA

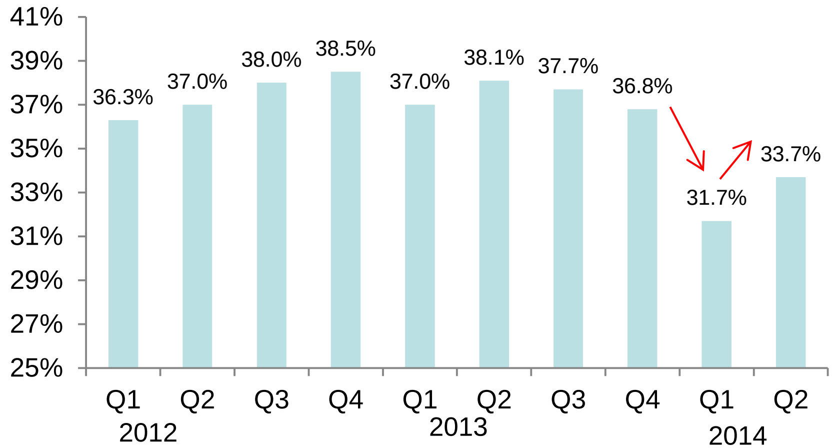
Operating Income Margin



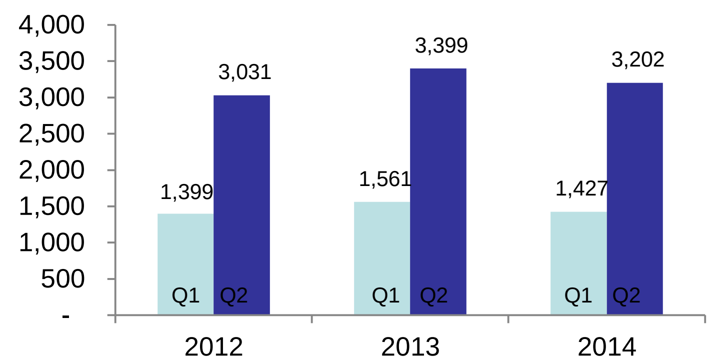
Operating Income
In IDR million



Normalized EBITDA Margin



Normalized EBITDA
In IDR million



- **Flooding in our major market in Q1/2014**
- **Major repairs needed for two of our major kilns: P10 & P11 (during Feb – April)**
- **Margin recovery, further focus on margin improvement**

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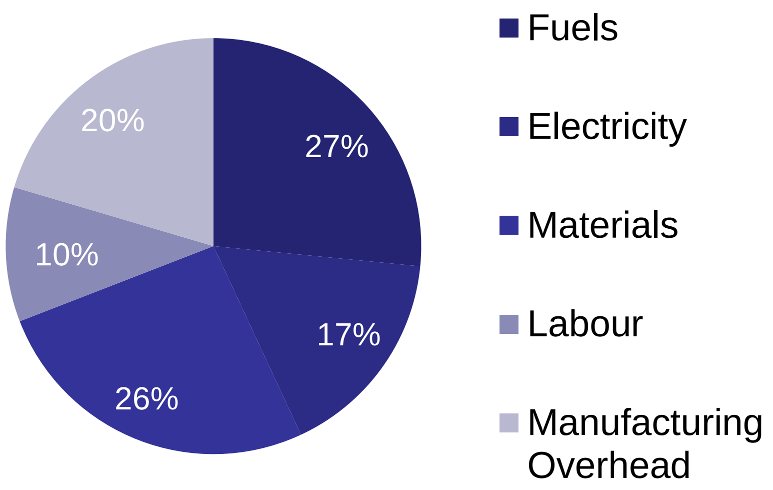
Manufacturing Costs

Dependent on following macroeconomic drivers:

1. Exchange rate Development of IDR vs. USD
   - Approximately 50-60% of costs related to foreign currency such as: Fuels, Materials and Manufacturing Overheads
2. Coal price
   - Indonesia's coal reference price (HBA) decreased by 12% since the beginning of 2014
3. Electricity
   - Electricity costs policy (PLN Pricing policy)
4. Inflation rate
   - Labor and raw material costs follow trend of Inflation rate

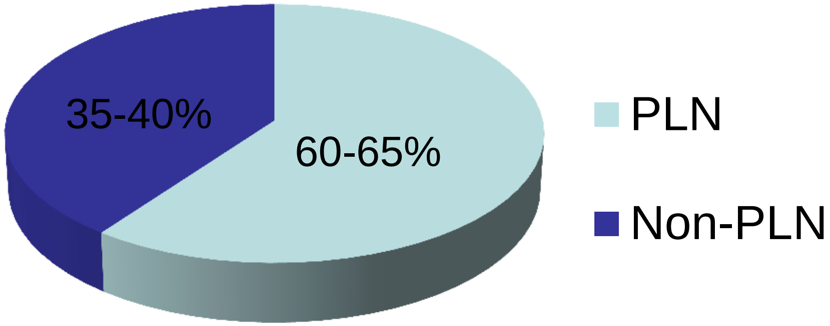
Manufacturing Cost at Indocement



➢ Weakening IDR and hike of electricity subsidies squeezed margins but a stabilizing macro environment as well as lower trend in coal prices support margins at current level

Electricity Consumption

Electricity Mix at Indocement



- Gas Turbine
- Coal fired power plant
- Dual Engine

> Announced electricity price increase results in additional cost of 5%-10% depending on electricity mix used

Operational efficiency improvements

1 **New vertical raw mill**

- Capacity: 1.9m tons
- In operation since May

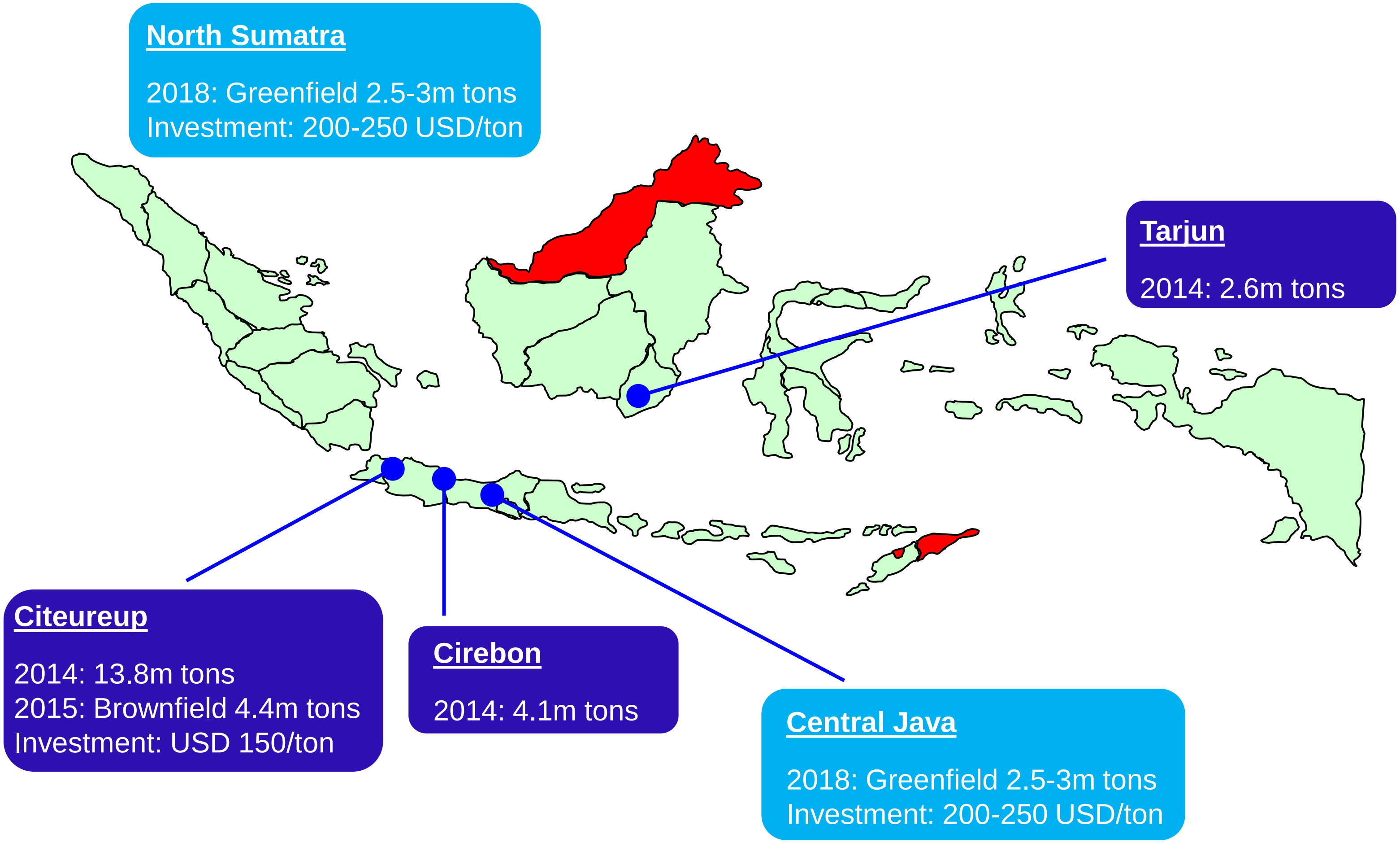
- Lower energy consumption compared to other mills
- Lower clinker ratio possible due to distinct technical specifications of the VRM
- Capable to grind the slag in significant amount

2 **Slag contract with Posco + Indoferro**

- Replacement for clinker in cement production, hence lower clinker ratio

This will help to further enhance margins

Potential Capacity Increase



Outlook for Year-end 2014

Market Environment

- National market 2014 still estimated to grow about 5%
- Infrastructure projects expected to pick-up with the election of the new government
- Changing market environment as new competitors are entering the market
- Hike in electricity costs will hamper the margin of each cement factory in Indonesia so there is a common need to pass through such costs in near future

Indocement Outlook

✓ Further focus on margin improvement

✓ Will run with the most efficient kilns in operation (P10 & P11 back to their normal operation from May 2014)

✓ Recapture market share while keeping the efforts to pass through the cost increase to the market if possible

✓ Proceeding with planned capacity expansion projects