

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.



Jakarta, November 2014



AGENDA

General Information about Indocement

Current Domestic Market Condition

Financial Update Q3 2014

Investment Plan Strategy

Outlook 2014

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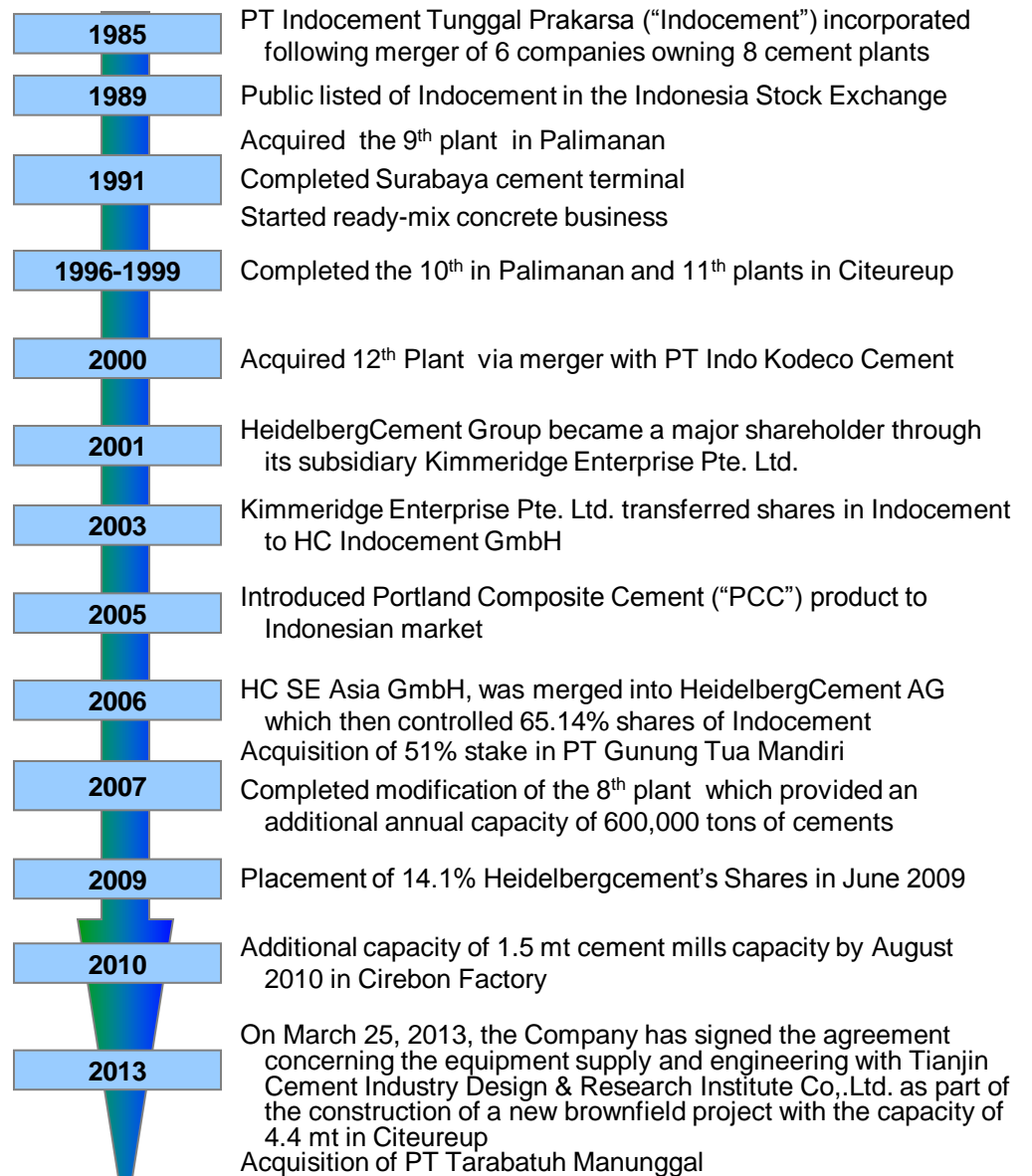
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INDOCEMENT HISTORY



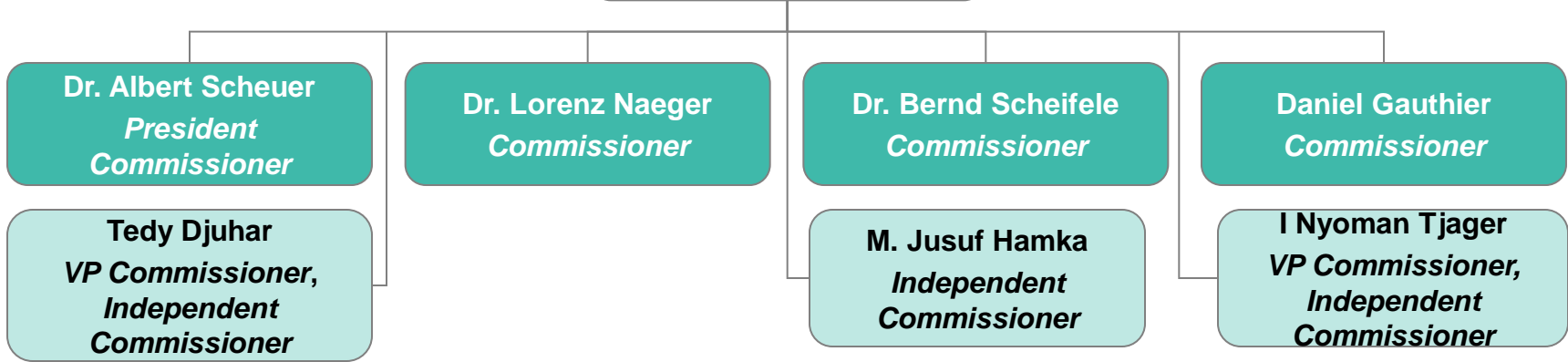
INDOCEMENT TODAY

Leading Indonesian producer of quality & specialty cement products

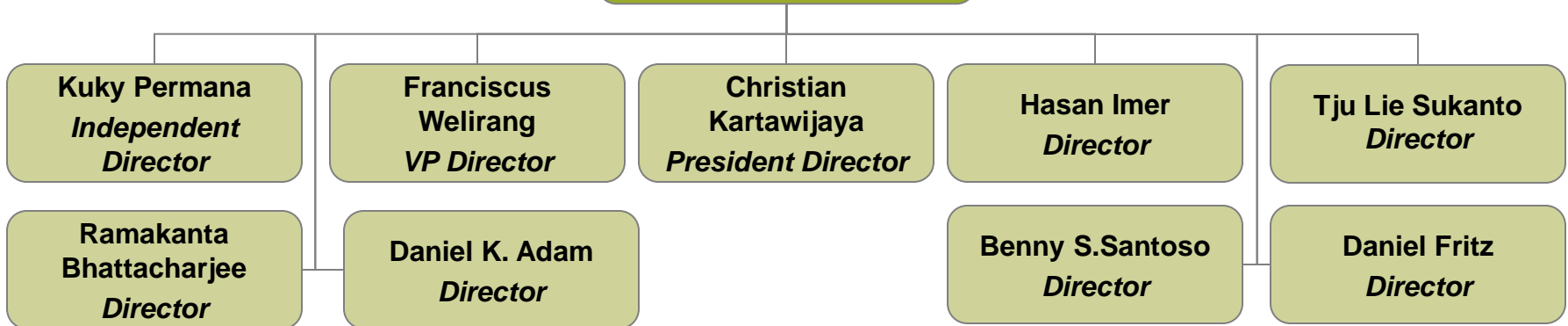
- 2nd largest cement manufacturer in Indonesia, listed on the Indonesia Stock Exchange
- Integrated cement operations with a total current production capacity of 20.5mn tons
- Diversified product range including
 - PCC, Portland Cement I, II and V, Oil Well Cement, and
 - The one and only White Cement producer in Indonesia to date
- One of the world largest cement producer HeidelbergCement Group is the majority & controlling shareholder – 51%, Salim – 13% and Public – 36%
- As of August 29, 2014 Indocement's Market capitalization approximately at IDR 89.2 T (IDR 24,250/share) - one of the largest in IDX
- As end of 2013, over 7,000 employees (Cement: 4,946 employees; Ready-Mix & Aggregates: 2,614 Employees)
- Well established "Tiga Roda" brand

BOARD OF COMMISSIONERS & BOARD OF DIRECTORS

Board of Commissioners

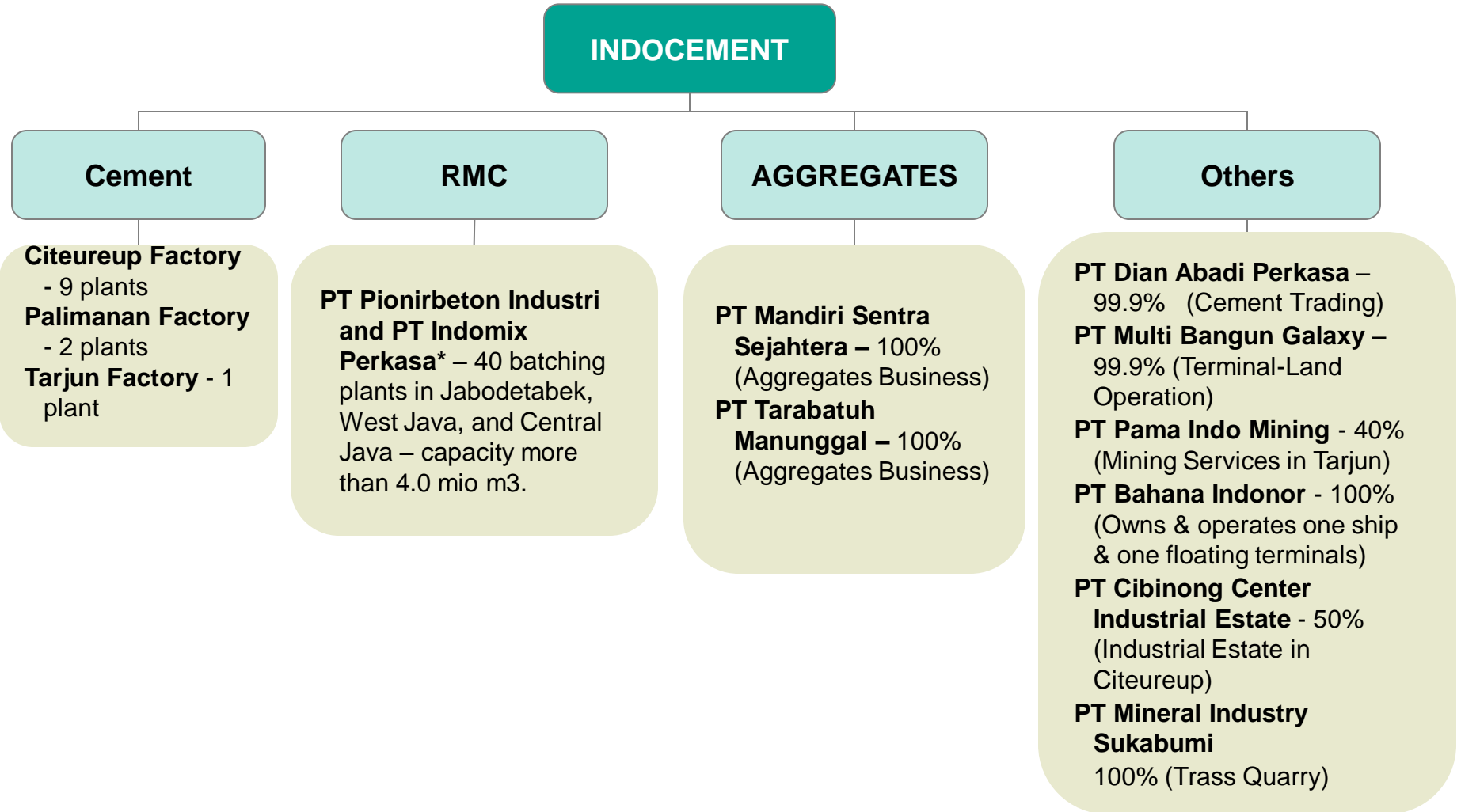


Board of Directors

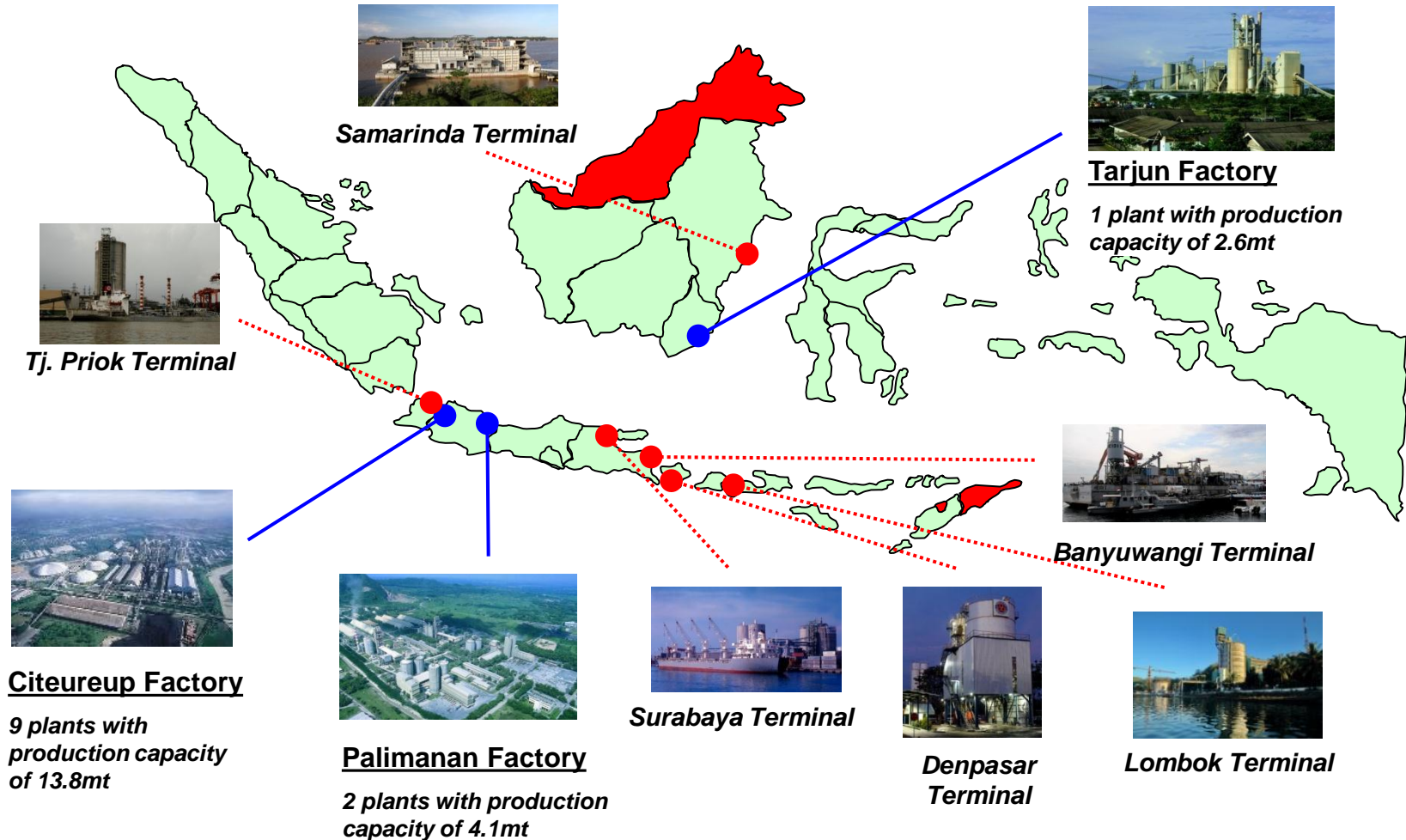


INDOCEMENT'S BUSINESS DIVISIONS

Cement is the core division comprising over 90% of sales



INDOCEMENT FACTORY AND TERMINAL LOCATIONS



- One of the largest integrated factory complex in the world at Citeureup
- State of the art technology with some of the most efficient kilns in operation today
- Total current capacity is 20.5 mt of cement
- Cement distribution using train for some locations

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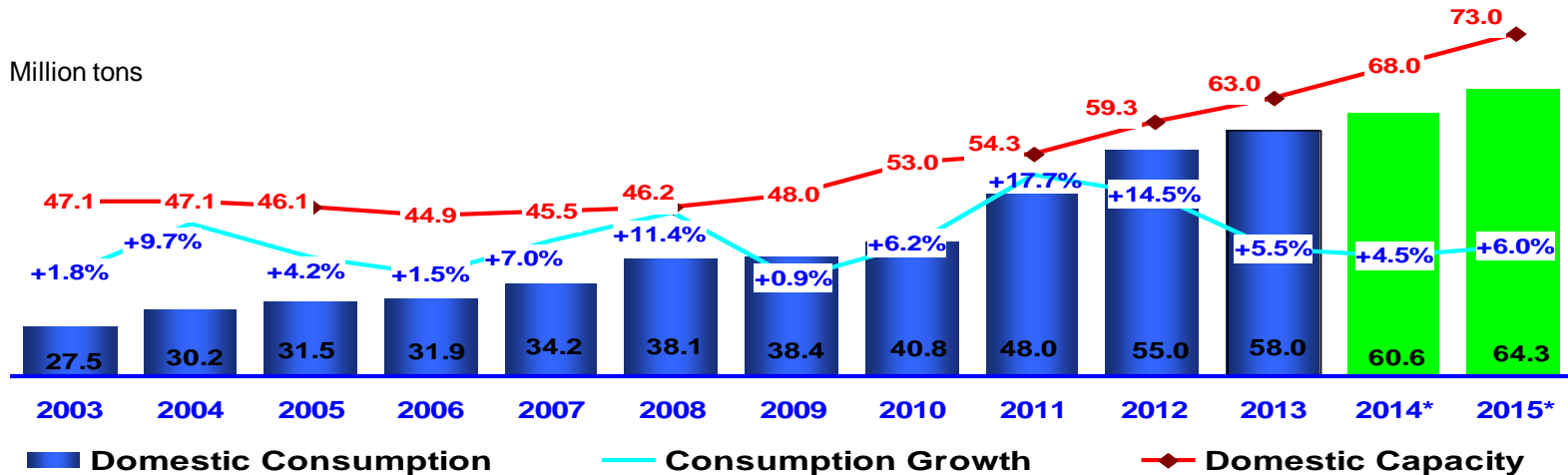
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INDONESIAN CEMENT MARKET GROWTH



Source: ASI Published data

* Own estimation

Effects on Demand

- Large infrastructure projects (MRT, road, rail, harbor, airport), more expected to come - MP3EI
- Growing middle class with growing income base
- Urbanization
- Additional spending expected due to elections as seen in past

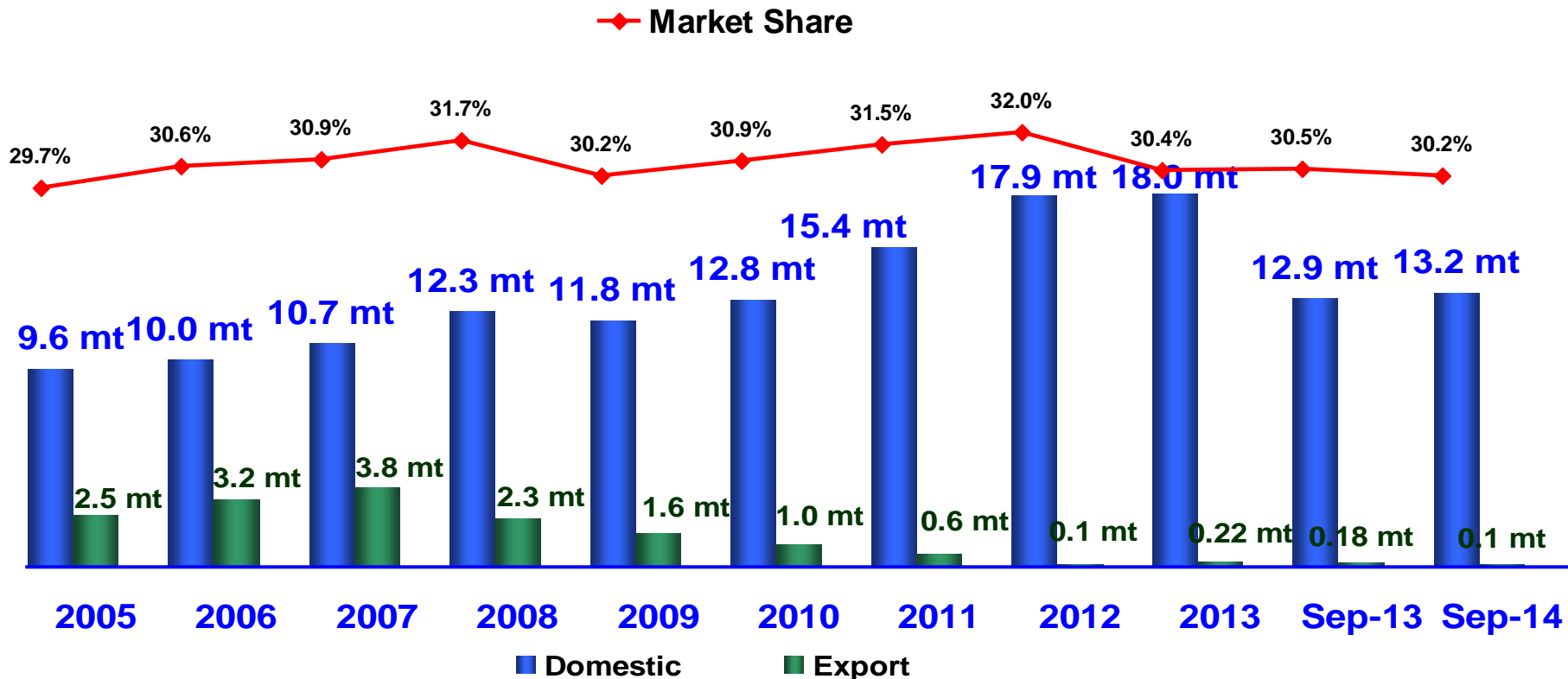
Limits to Supply

- Significant entry barriers for new player
 - Land ownership, permitting process
 - Resistance from local communities
 - Distribution, brand recognition
- Weak currency makes imports less attractive

➤ Demand and Supply in balance at least until 2015

CURRENT TRADING – September 2014

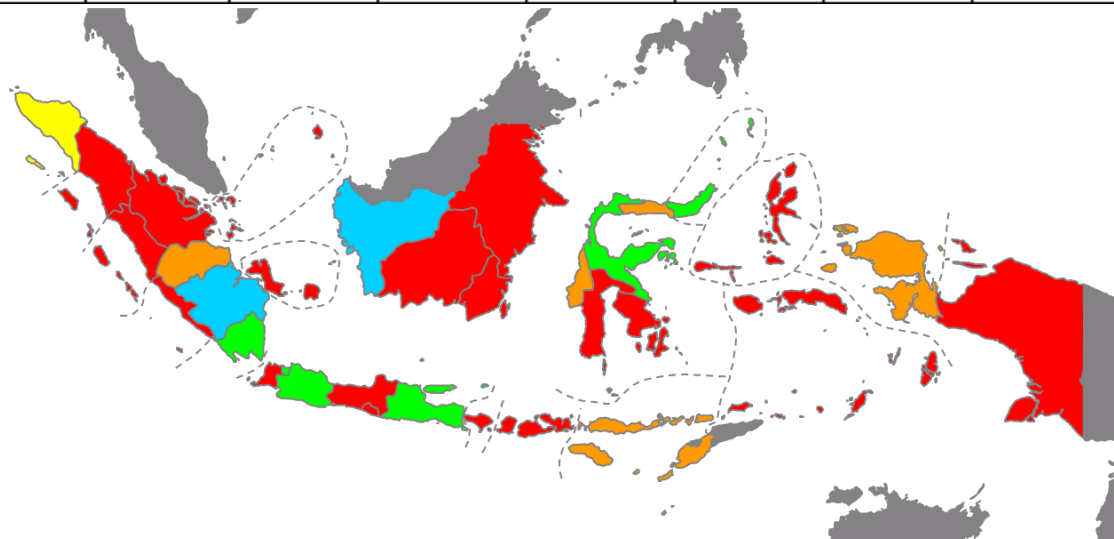
Indocement sales volumes comparison



- YTD September 2014, Indocement's domestic sales volume increase by 2.14% YoY
- Export sales volume was decreased by 34% to 120.8 k tons (previous year: 183.1 k tons).

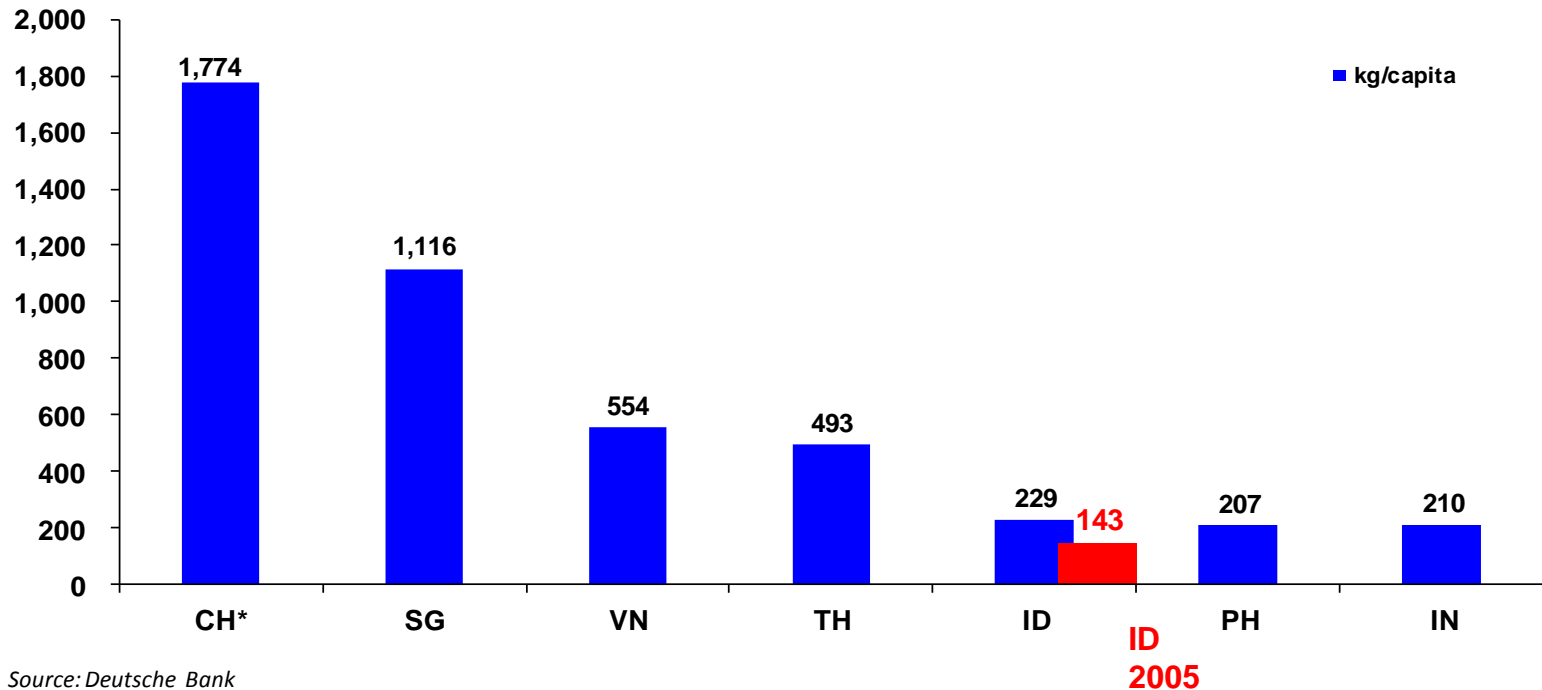
Market Share per Region YTD September 2014

Regions	Year-to-Date (in Tons)				2014-09			2013-09		
	2014	2013	Inc./Dec.		INTP	SMGR	SMCB	INTP	SMGR	SMCB
Jakarta	4,193,905	3,885,281	308,624	7.9%	40.1%	25.0%	27.6%	39.9%	24.2%	28.3%
Banten	2,296,412	2,499,336	-202,923	-8.1%	43.4%	37.8%	18.8%	48.0%	34.1%	17.0%
West Java	6,429,564	6,084,747	344,817	5.7%	58.1%	24.2%	17.7%	57.7%	23.1%	19.2%
Central Java	4,930,185	4,893,529	36,656	0.7%	40.6%	41.2%	18.2%	43.6%	37.8%	18.6%
Yogyakarta	728,852	700,955	27,896	4.0%	23.9%	41.7%	34.4%	25.3%	41.0%	33.7%
East Java	5,735,937	5,245,242	490,695	9.4%	13.1%	71.7%	9.8%	13.6%	72.8%	10.2%
Java	24,314,856	23,309,091	1,005,765	4.3%	38.4%	40.8%	18.2%	39.8%	39.3%	18.8%
Sumatera	8,945,966	8,765,522	180,444	2.1%	14.2%	43.2%	14.8%	12.6%	45.5%	13.6%
Kalimantan	3,191,303	3,144,812	46,491	1.5%	29.5%	50.8%	10.9%	27.9%	52.1%	10.5%
Sulawesi	3,204,622	2,989,298	215,324	7.2%	13.4%	63.2%	0.8%	13.0%	64.4%	0.9%
Nusa Tenggara	2,447,998	2,493,521	-45,523	-1.8%	32.9%	40.3%	5.2%	32.9%	41.8%	3.6%
East Indonesia	888,617	878,039	10,578	1.2%	20.4%	57.2%	0.7%	21.9%	54.8%	1.0%
Outside Java	18,678,506	18,271,191	407,315	2.2%	19.4%	48.2%	9.8%	18.5%	49.7%	9.0%
Indonesia	42,993,361	41,580,282	1,413,080	3.4%	30.2%	44.0%	14.6%	30.5%	43.8%	14.5%



AND THERE IS STILL MORE POTENTIAL

Cement consumption per capita in 2013

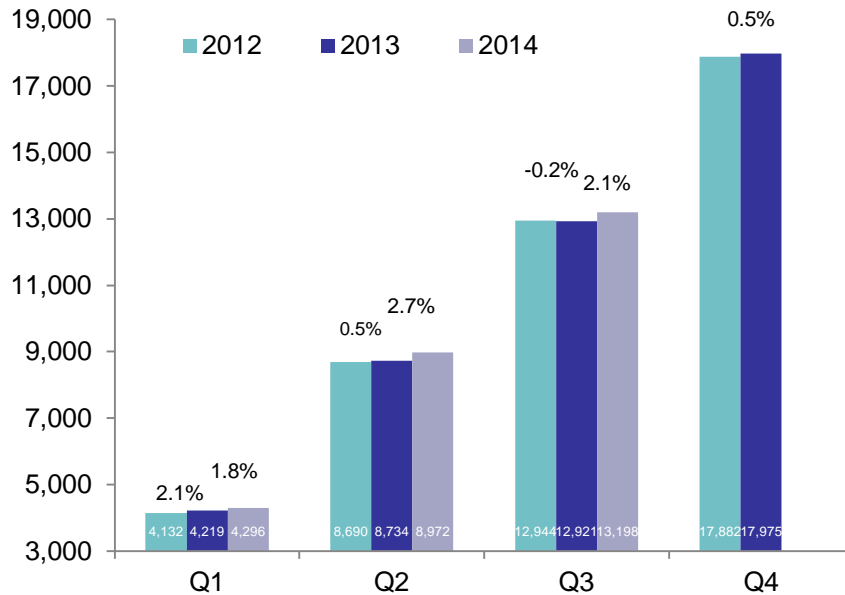


- Indonesia cement consumption per capita increased by 60% from 143 kg/capita in 2005 to 229 kg/capita in 2013
- Reached an all-time high but still one of the lowest cement consumption per capita compared to its peers

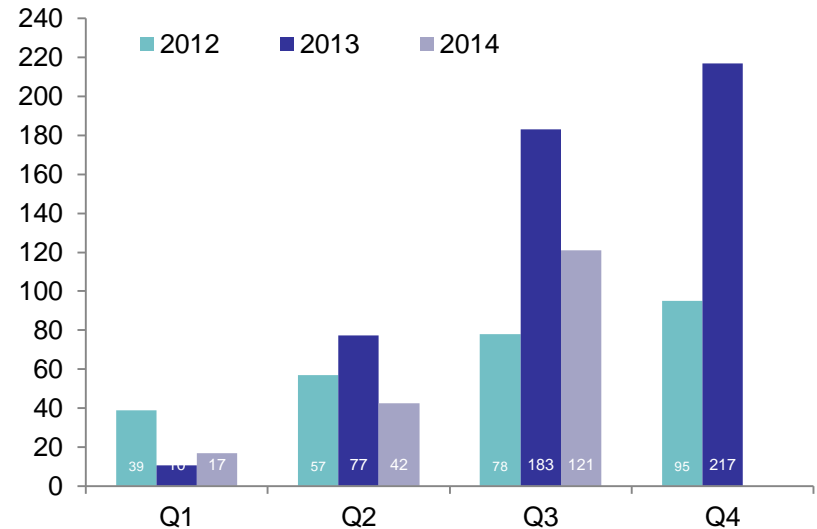
➤ **Indonesia likely to catch up with its peers in the near future**

Sales Volumes

Domestic Sales Volume
In thousand tons



Export Sales Volume
In thousand tons



- Domestic sales volume up

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Consolidated Income Statement

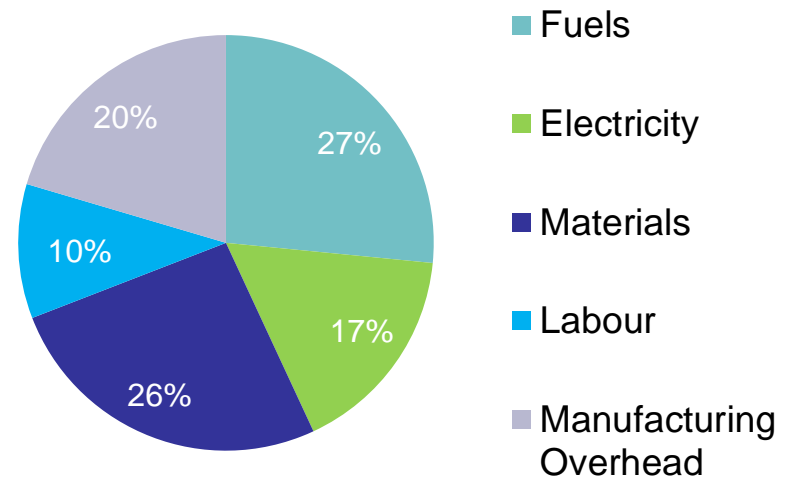
Description	Q3 2014	Q3 2013	Change
	IDR Bio	IDR Bio	%
<i>Total Sales Volume (thousand tons)</i> In Billion IDR	13,318	13,104	1.6%
Net Revenues	14,166.9	13,348.0	6.1%
Cost of Revenues	(7,819.2)	(7,098.6)	10.2%
GROSS PROFIT	6,347.6	6,249.5	1.6%
<i>% of Net Revenues</i>	44.8%	46.8%	
Operating Expenses	(2,288.9)	(1,902.7)	20.3%
Other Operating Income (Expenses)	75.7	82.6	-8.4%
OPERATING INCOME	4,134.5	4,429.4	-6.7%
<i>% of Net Revenues</i>	29.2%	33.2%	
EBITDA	4,781.8	5,031.0	-5.0%
<i>% of Net Revenues</i>	33.8%	37.7%	
Finance Income	613.2	341.4	79.6%
Equity in Net Earnings of Associated Companies - Net	17.2	12.3	39.6%
INCOME FOR THE PERIOD	3,719.4	3,609.1	3.1%
Other Comprehensive Income (Expenses)	(88.0)	201.6	-143.7%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,631.4	3,810.6	-4.7%

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

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

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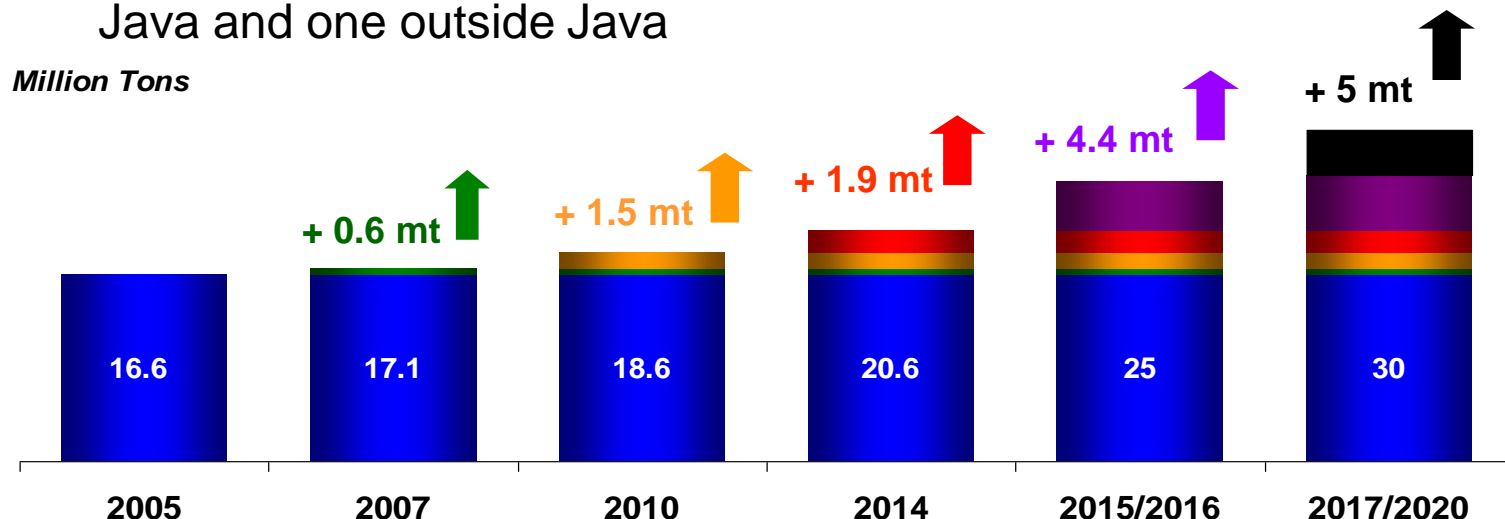
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CAPACITY EXPANSION TO PARTICIPATE IN INDUSTRY GROWTH

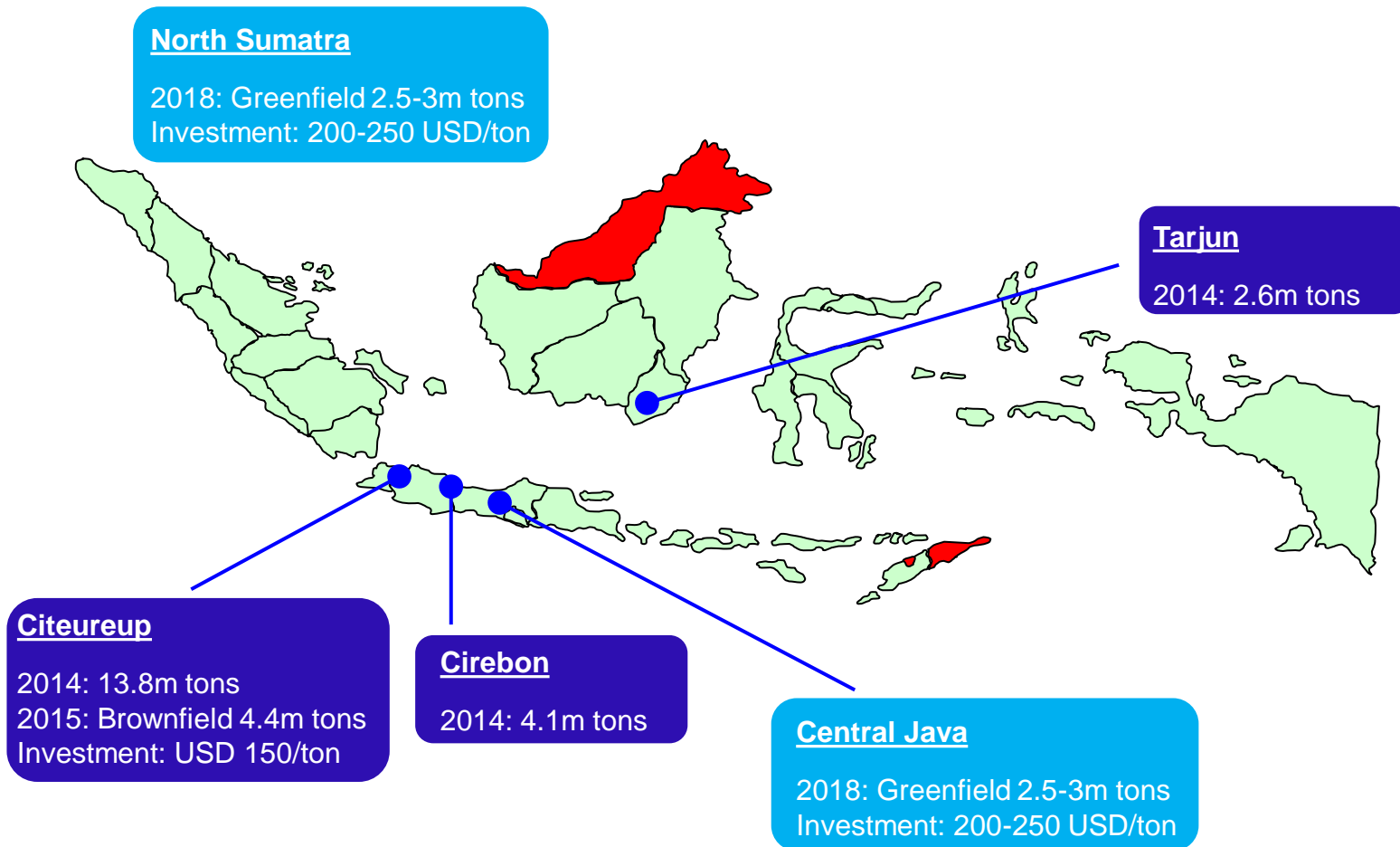
Projects

- New cement mill with capacity of 1.9 MT in Citeureup which is in operation in Q2 2014
- 1 brownfield project with capacity of 4.4 million tons with an overall investment value of IDR 5.5 to 6.5 trillion
- 2 greenfield projects with capacity of 2.5 million tons, one in Central Java and one outside Java



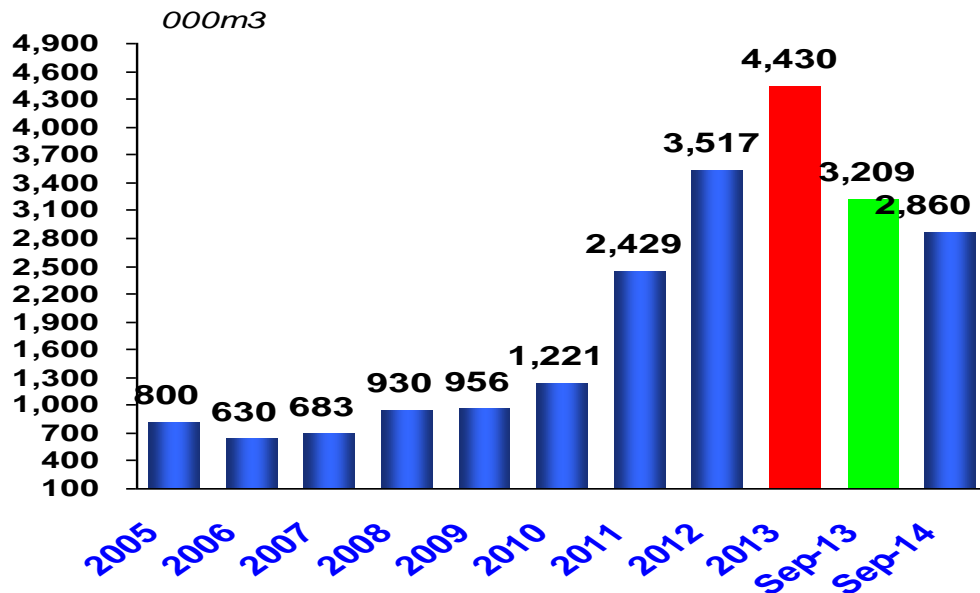
➤ Strategically well positioned to capitalize on further demand

Potential Capacity Increase



READY-MIX CONCRETE EXPANSION

- Indocement keeps strengthening its ready-mix concrete in order to meet the increase of demand in ready mix concrete for the construction of residential and high rise building in Jakarta and West Java area by heavily investing in new batching plants and mixer trucks. This has brought some contribution to gain more market share.
- Following the rising trend of cement demand and increased capacity, the sales volume of ready-mix business growth significantly in the last 2 years.
- The 2013 sales volume has increased around 26%
- Ytd September 2014 sales volume decreased by 11% YoY due to slowing down of construction activities across nation.
- One of the market leader in RMC business



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Outlook for Year-end 2014

Market Environment

- National market 2014 still estimated to grow about 4~5%
- 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, after had their major overhaul and stoppage)
- ✓ Recapture market share while keeping the efforts to pass through the cost increase to the market if possible
- ✓ Proceeding with planned capacity expansion projects

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Thank you