



Earnings Call Presentation

9M20



Company Name

PT. Semen Indonesia (Persero) Tbk



Nature of Business

Cement Industry



Factory Locations

Indonesia and Vietnam

Market Locations

Asia, Australia, and Pacific



Shareholders

51,01% Government of Indonesia

48,99% Public

Facts

52.6 Million tones p.a of designed cement production capacity

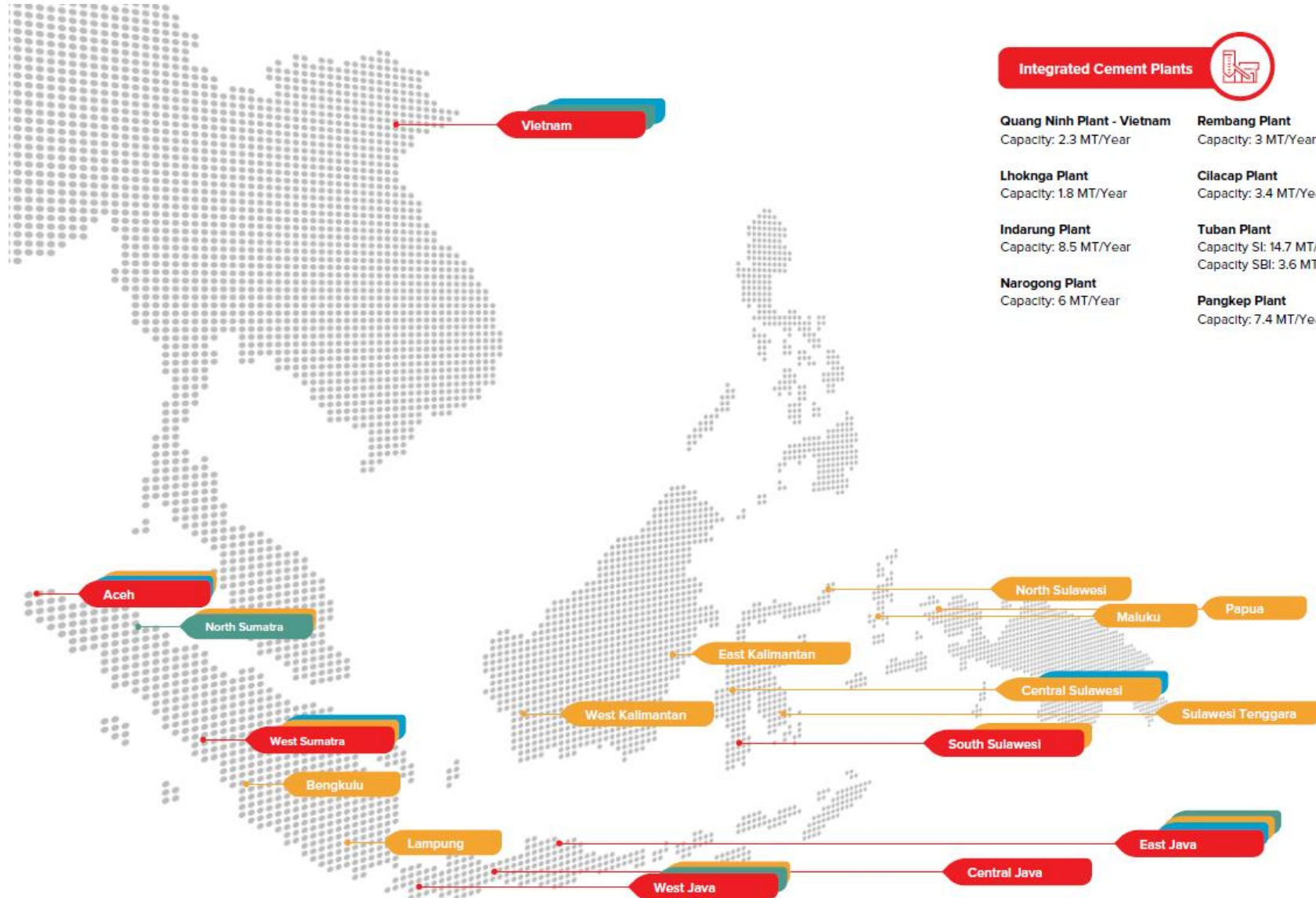
#1 largest cement producer in the ASEAN region

53% market share in Indonesia (FY19)

9 Integrated cement plants in **8 locations** in Indonesia and in Vietnam

Milestones

1. PT Semen Indonesia (Persero) Tbk., previously known as PT Semen Gresik (Persero) Tbk. WAS established on 7 August 1957.
2. Publicly listed in IDX since 1991.
3. Consolidated with PT Semen Padang (Persero) and PT Semen Tonasa (Persero) in 1995.
4. Acquired Thang Long Cement Company (TLCC) Vietnam in 2012.
5. Acquired PT Holcim Indonesia in 2019.



Integrated Cement Plants



Quang Ninh Plant - Vietnam
Capacity: 2.3 MT/Year

Lhoknga Plant
Capacity: 1.8 MT/Year

Inderung Plant
Capacity: 8.5 MT/Year

Narogong Plant
Capacity: 6 MT/Year

Rembang Plant
Capacity: 3 MT/Year

Cilacap Plant
Capacity: 3.4 MT/Year

Tuban Plant
Capacity SI: 14.7 MT/Year
Capacity SBI: 3.6 MT/Year

Pangkep Plant
Capacity: 7.4 MT/Year

Packing Plants



Lhokseumawe
Malahayati
Belawan
Dumai
Batam
Teluk Bayur
Bengkulu
Palembang
Lampung
Ciwandan
Tanjung Priok
Banyuwangi
Pontianak

Banjarmasin
Balikpapan
Samarinda
Makassar
Mamuju
Palu
Biringkassi
Kendari
Bitung
Celukan Bawang
Maluku Utara
Ambon
Sorong

Grinding Plants



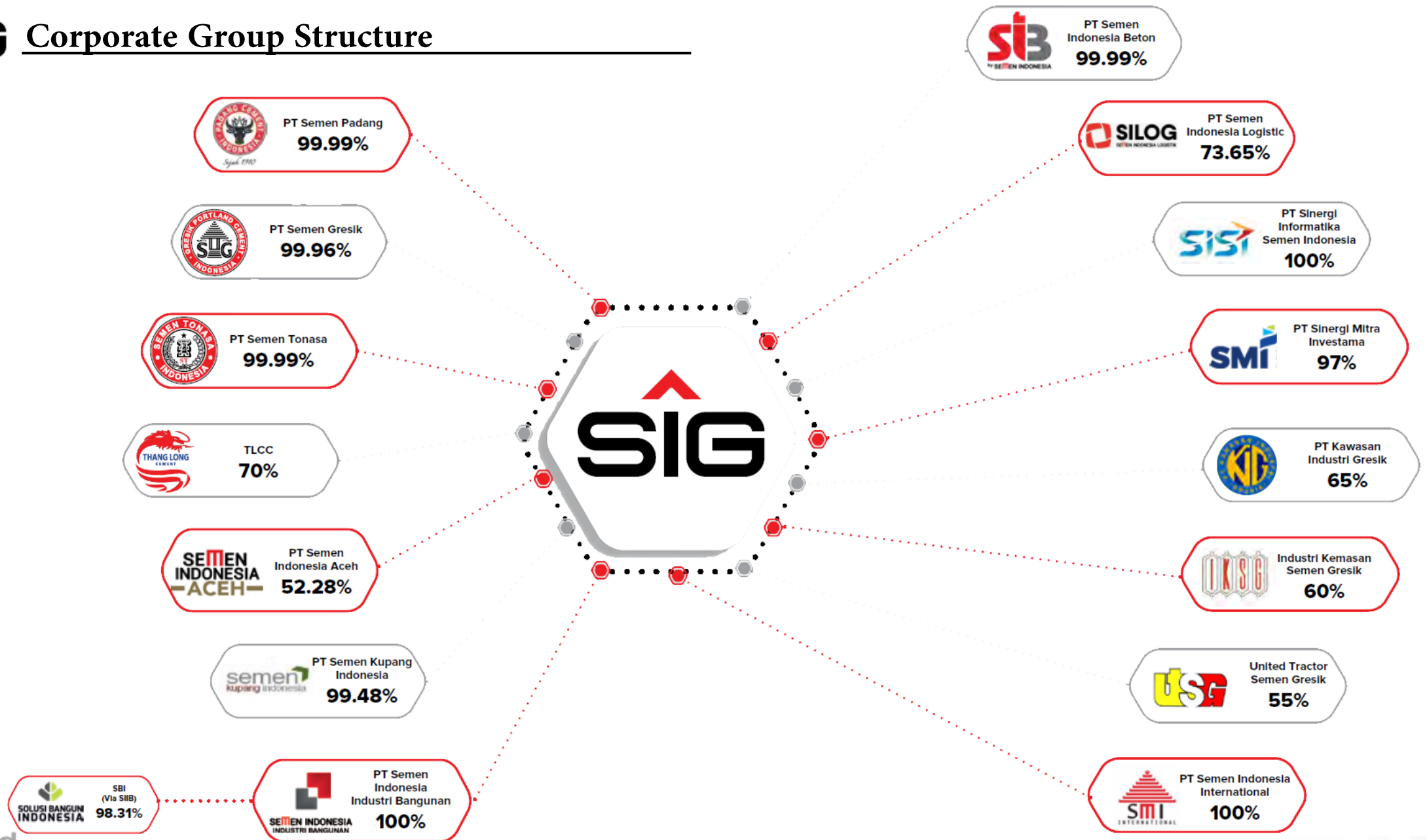
Ho Chi Minh
Kuala Indah
Dumai
Cigading
Ciwandan
Gresik

Ports

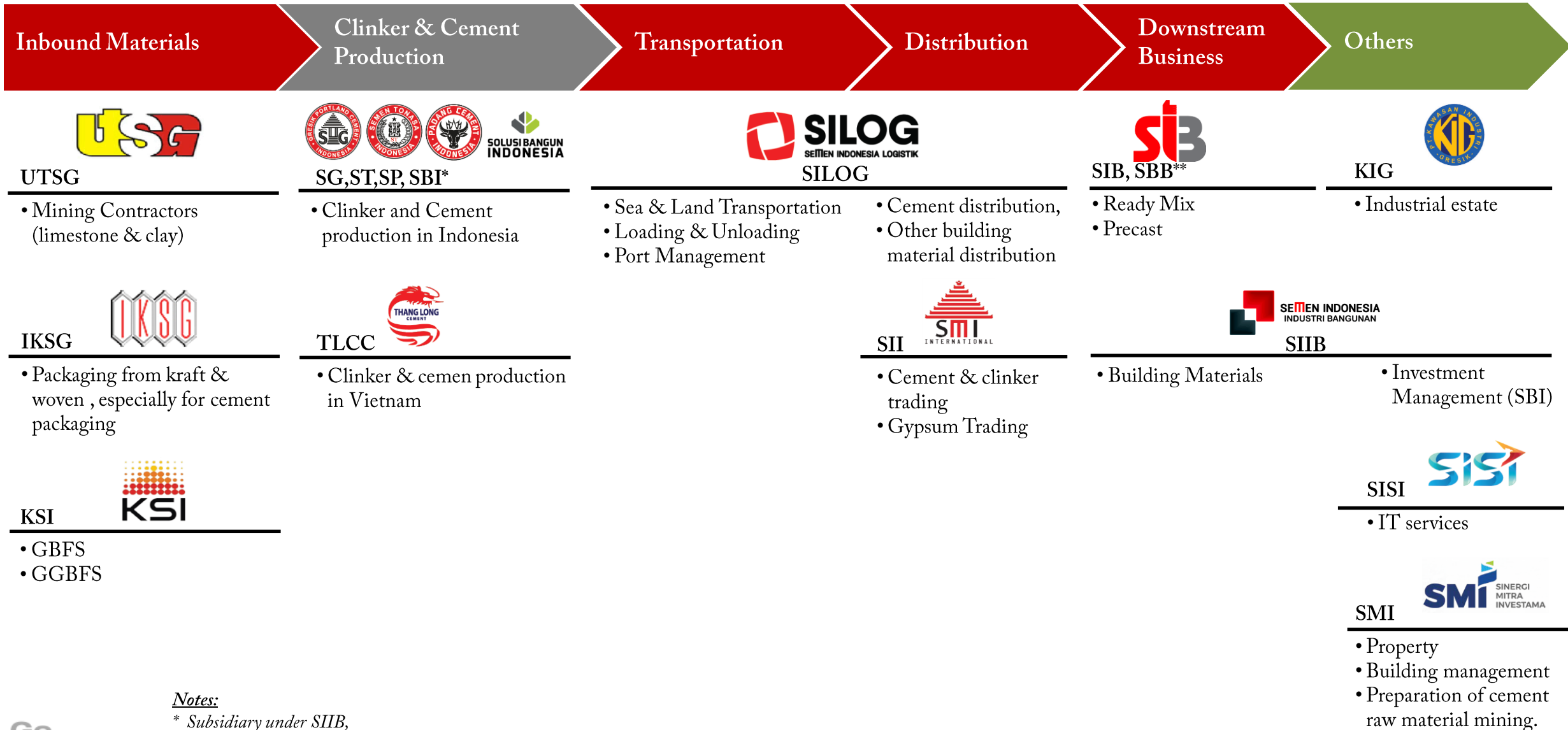


Thang Long Port
Lhoknga
Dumai
Teluk Bayur
Tuban
Gresik
Biringkassi

SIG Corporate Group Structure



SIG Business Portfolio



Notes:

* Subsidiary under SIIB,

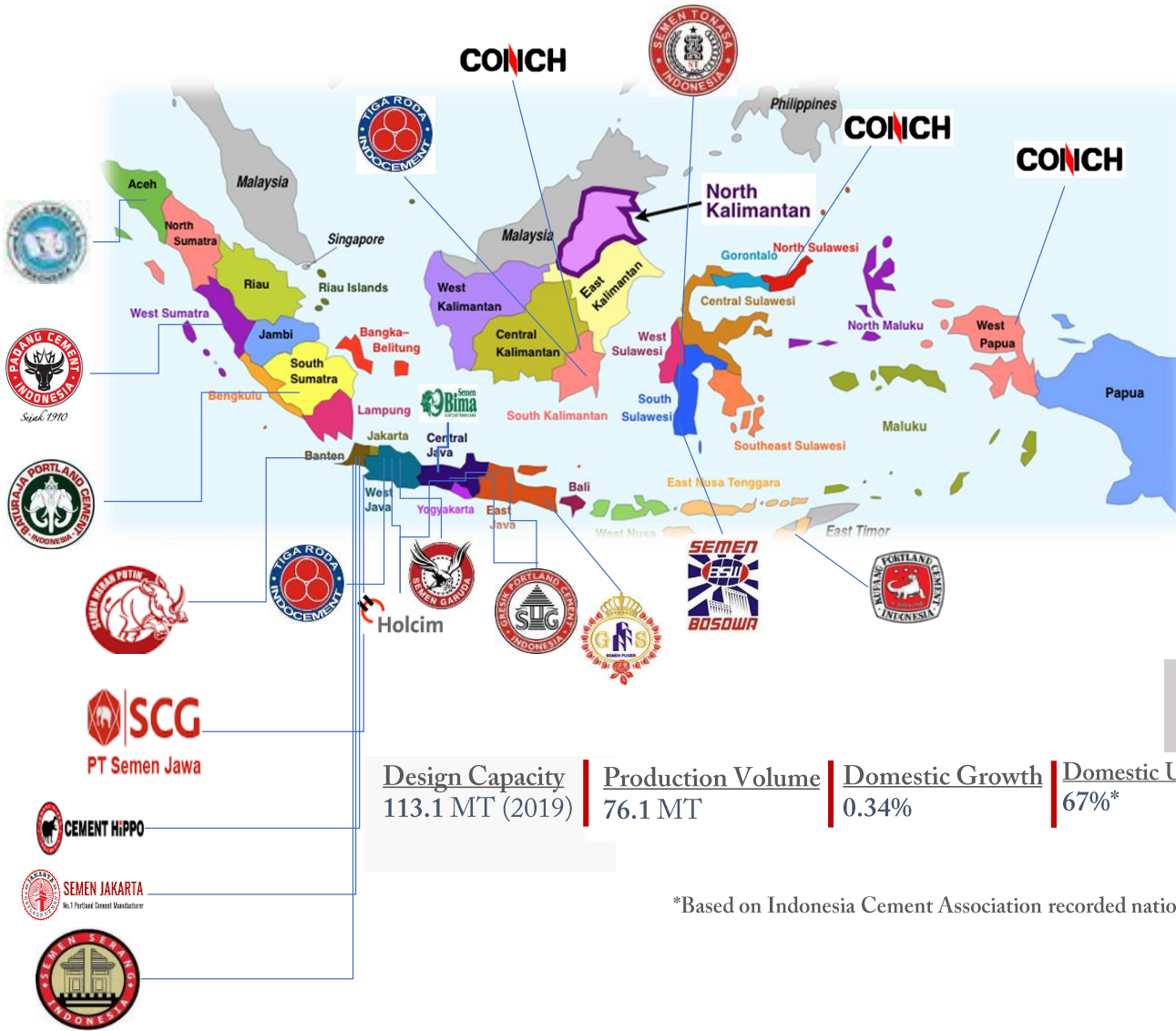
** Subsidiary under SBI

Board of Commissioners



Board of Directors





Installed Capacity

35.5 Semen Indonesia

25.5 Indocement

14.8 Solusi Bangun Indonesia (ex-Holcim)

8.7 Conch Cement Indonesia

7.7 Semen Merah Putih (Cemindo Gemilang)

7.4 Semen Bosowa

3.9 Semen Baturaja

1.8 Semen Garuda (Jui Shin Indonesia)

1.8 Semen Jawa (Siam Cement Group)

1.8 Semen Bima (PT STAR)

0.4 Semen Kumpang

3.1 Others (non ASI members)

Total 2019:
112.4 Mio Ton

2019

Design Capacity
113.1 MT (2019)

Production Volume
76.1 MT

Domestic Growth
0.34%

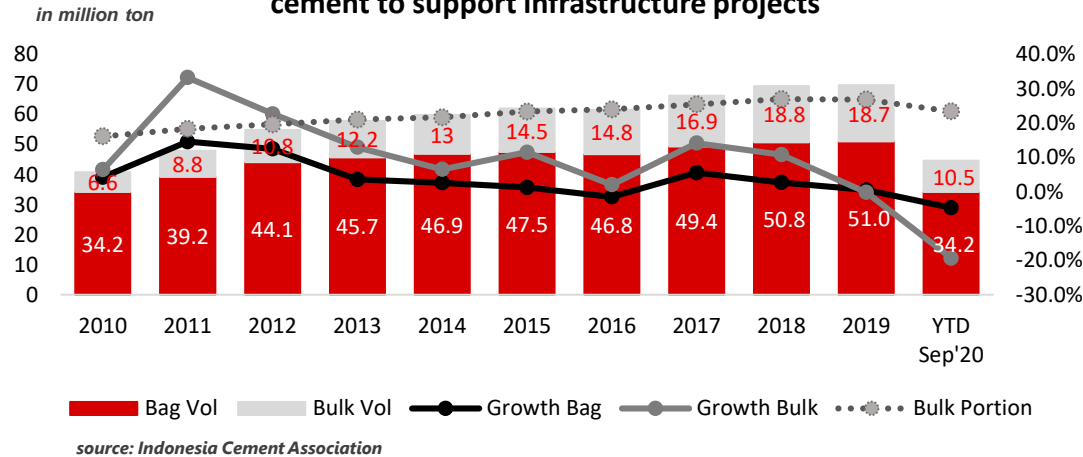
Domestic Utilization
67%*

Supply

Domestic: 69.8 MT | Export: 6.4 MT

*Based on Indonesia Cement Association recorded national capacity and production volume 2019 and the Company data

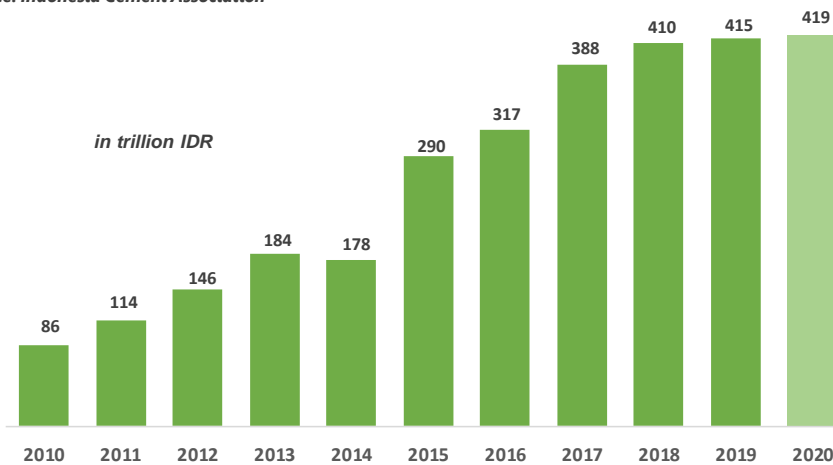
Cement demand growth was dominated by the growth of bulk cement to support infrastructure projects



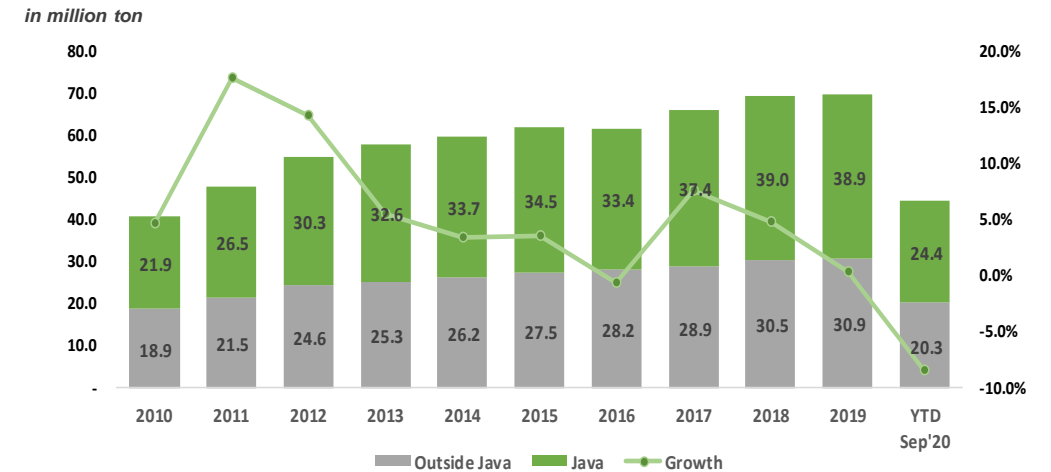
Bag cement still represent the largest portion of Indonesia cement consumption

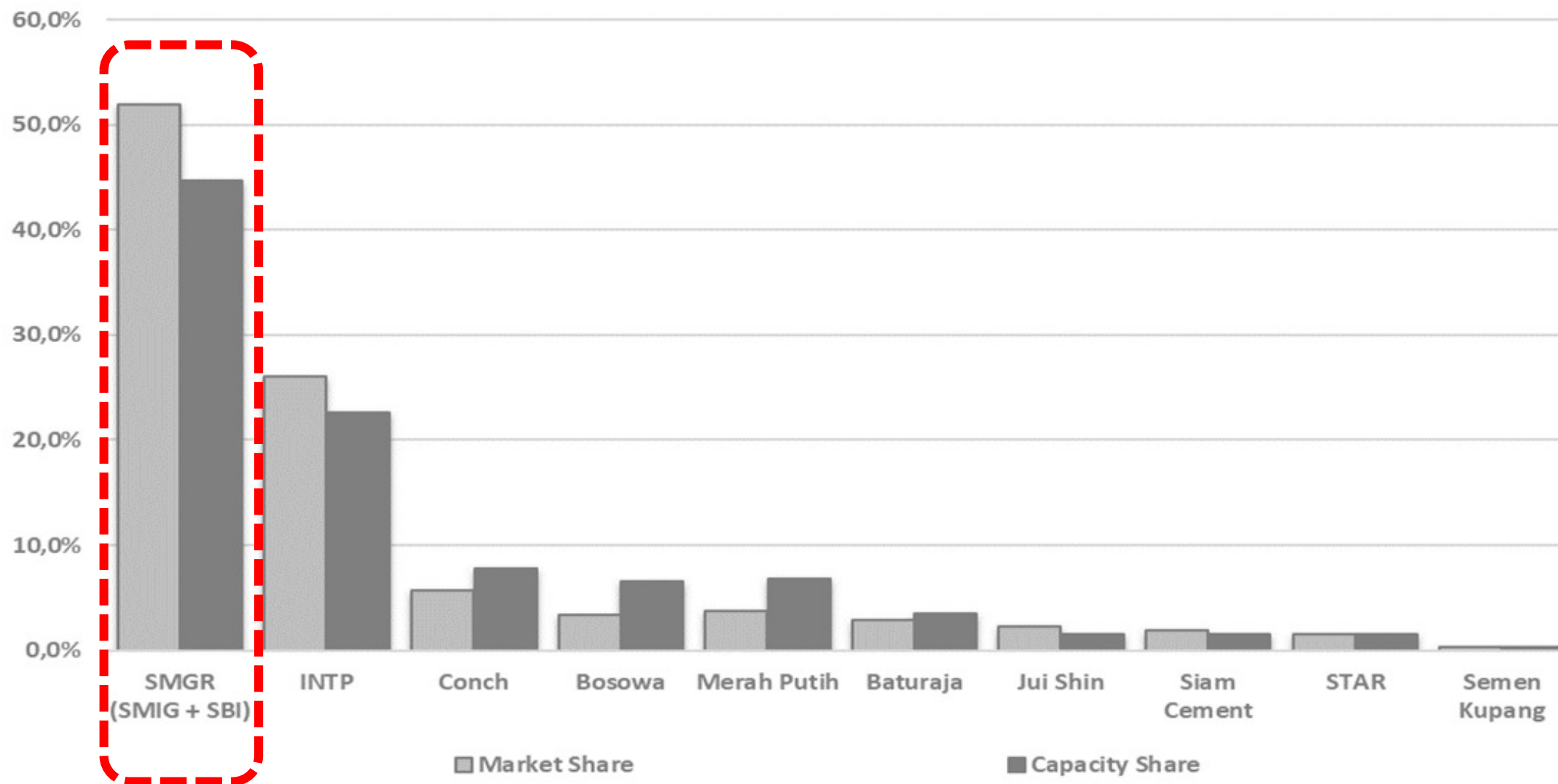


in trillion IDR



Domestic Sales in Java v.s. Outside of Java





AREA	1Q			2Q			3Q			YEAR TO DATE		
	2020	2019	YoY (%)	2020	2019	YoY (%)	2020	2019	YoY (%)	2020	2019	YoY (%)
Jakarta	853,628	754,808	13.09%	502,335	578,450	-13.16%	735,958	849,607	-13.38%	2,091,920	2,182,864	-4.17%
Banten	708,455	812,846	-12.84%	521,070	683,893	-23.81%	798,016	955,383	-16.47%	2,027,541	2,452,122	-17.31%
West Java	2,443,345	2,737,637	-10.75%	2,130,910	2,438,456	-12.61%	3,019,288	3,472,428	-13.05%	7,593,543	8,648,520	-12.20%
Central Java	1,714,406	1,863,367	-7.99%	1,732,883	1,842,137	-5.93%	2,397,484	2,693,396	-10.99%	5,844,773	6,398,900	-8.66%
Yogyakarta	227,106	386,017	-41.17%	202,542	317,319	-36.17%	310,175	353,685	-12.30%	739,823	1,057,020	-30.01%
East Java	2,019,370	2,120,293	-4.76%	1,641,285	1,871,877	-12.32%	2,427,383	2,645,573	-8.25%	6,088,038	6,637,743	-8.28%
Total Java	7,966,310	8,674,968	-8.17%	6,731,024	7,732,131	-12.95%	9,688,305	10,970,072	-11.68%	24,385,639	27,377,171	-10.93%
Sumatra	3,131,319	3,241,944	-3.41%	2,858,148	2,787,899	2.52%	3,708,150	4,031,029	-8.01%	9,697,617	10,060,871	-3.61%
Kalimantan	968,248	1,074,386	-9.88%	806,683	877,340	-8.05%	1,021,185	1,202,270	-15.06%	2,796,116	3,153,996	-11.35%
Sulawesi	1,240,284	1,335,830	-7.15%	1,009,181	1,125,172	-10.31%	1,459,318	1,690,798	-13.69%	3,708,784	4,151,800	-10.67%
Nusa Tenggara	833,293	917,291	-9.16%	738,960	879,875	-16.02%	1,093,853	1,024,310	6.79%	2,666,106	2,821,475	-5.51%
East Indonesia	482,316	429,059	12.41%	385,356	348,074	10.71%	528,996	465,847	13.56%	1,396,668	1,242,980	12.36%
Total Indonesia	14,621,770	15,673,477	-6.71%	12,529,351	13,750,490	-8.88%	17,499,807	19,384,326	-9.72%	44,650,929	48,808,292	-8.52%
Export Cement	195,075	316,155	-38.30%	119,193	232,350	-48.70%	403,492	406,433	-0.72%	717,760	954,938	-24.84%
Export Clinker	1,191,579	1,105,463	7.79%	2,223,741	1,154,481	92.62%	2,725,493	1,519,936	79.32%	6,140,814	3,779,880	62.46%
Total Export	1,386,654	1,421,618	-2.46%	2,342,935	1,386,830	68.94%	3,128,985	1,926,370	62.43%	6,858,574	4,734,818	44.85%
Grand Total	16,008,425	17,095,094	-6.36%	14,872,286	15,137,320	-1.75%	20,628,792	21,310,695	-3.20%	51,509,503	53,543,110	-3.80%

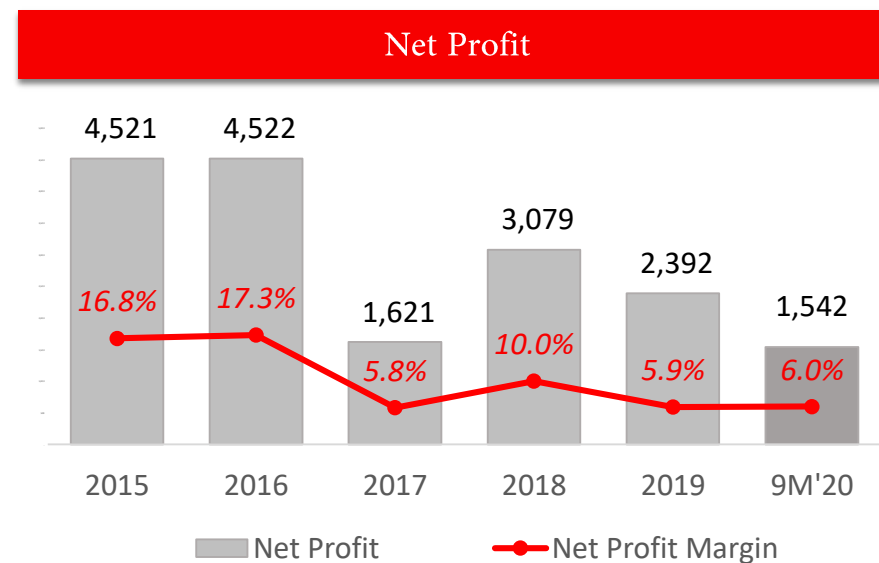
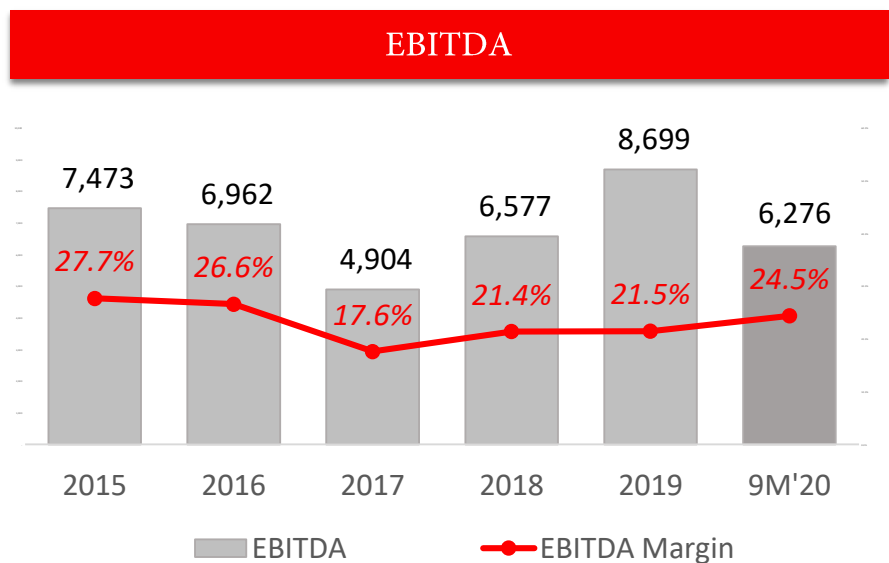
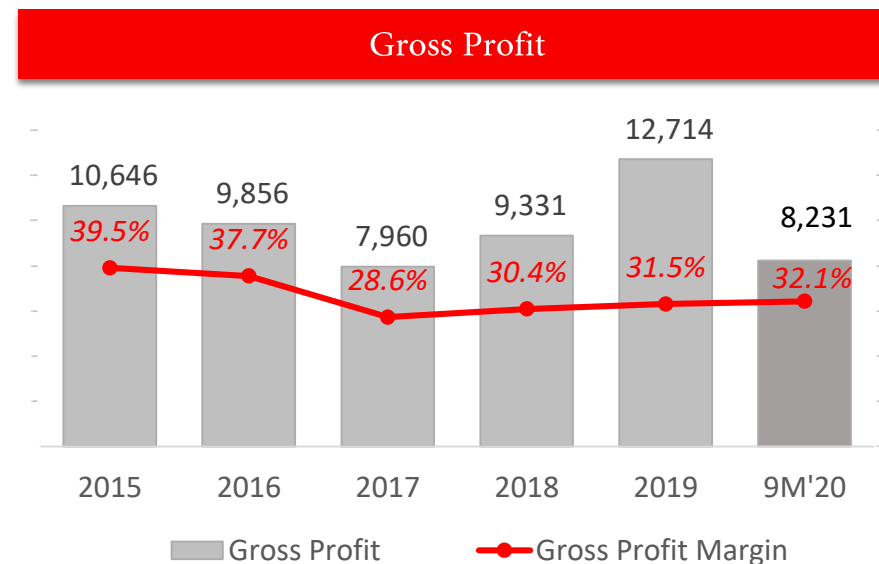
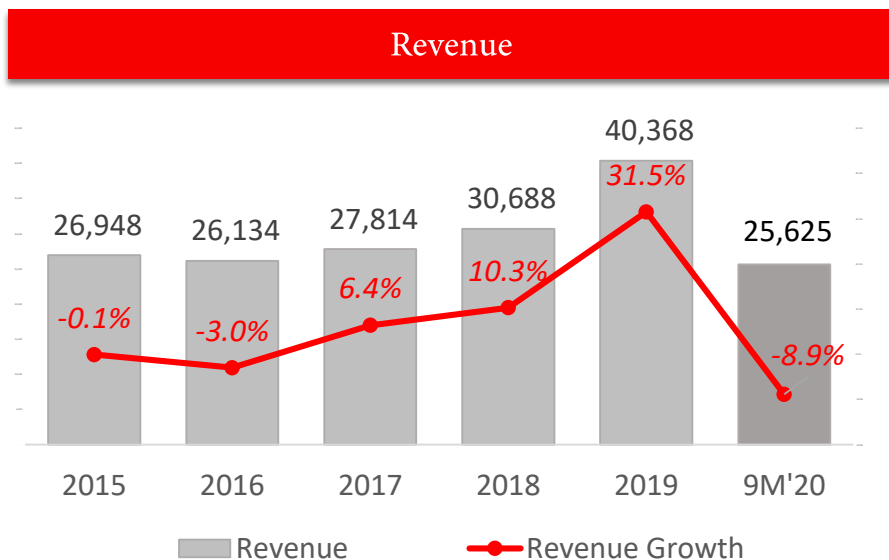
source: Indonesia Cement Association

in billion IDR	9M 2020	9M 2019	Chg YoY
Total Group SIG Sales Volume (ton)	29,132,323	30,010,986	-2.9%
Revenue	25,625	28,123	-8.9%
Cost of Revenue	17,394	19,647	-11.5%
Gross Profit	8,231	8,476	-2.9%
Operating Expense	4,279	4,465	-4.2%
Operating Income	3,952	4,011	-1.5%
EBITDA	6,276	5,910	6.2%
Finance Income (Cost)	(1,606)	(2,215)	-27.5%
Profit Before Tax	2,309	1,796	28.6%
Net Profit Attributable to Owners of Parent Entity	1,542	1,295	19.1%
Margin			
Gross Profit Margin	32.1%	30.1%	2.0%
Operating Profit Margin	15.4%	14.3%	1.2%
EBITDA Margin	24.5%	21.0%	3.5%
Net Profit Attributable to Owners of Parent Entity Margin	6.0%	4.6%	1.4%
Ratios			
ROE	7.8%	7.3%	0.5%
Net Debt to Equity	70.4%	94.7%	-24.3%
Debt to EBITDA (x)	3.1	4.2	-1.2
EBITDA/Interest (x)	3.5	3.0	0.6

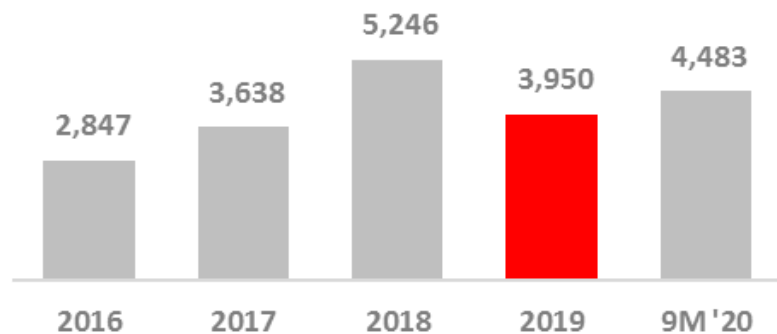
*Notes:

2019 sales volume excludes SBI

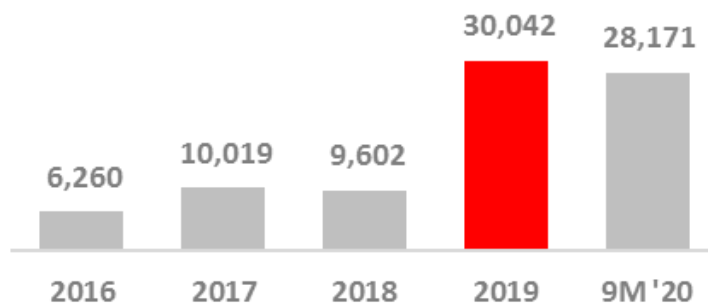
January 2019 sales volume



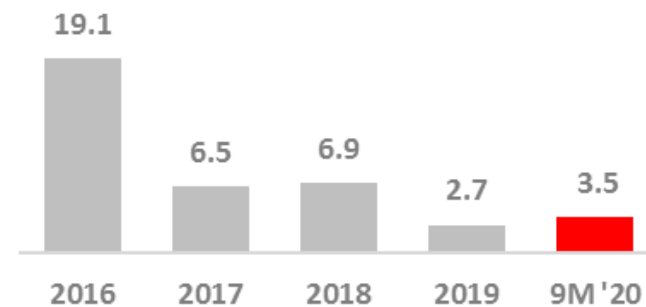
Cash Balance (IDRbn)



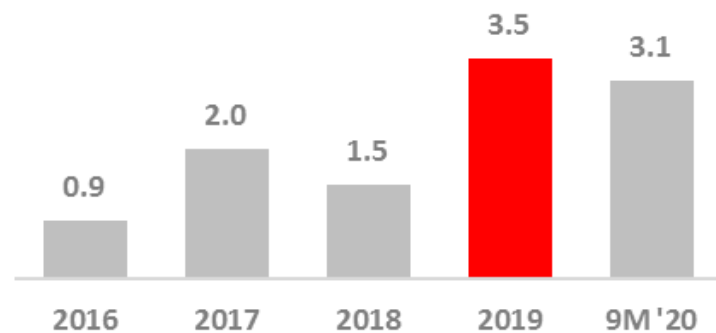
Total Interest Bearing Debt (IDRbn)



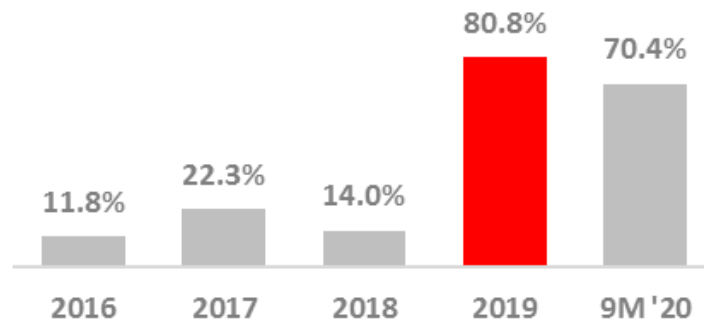
EBITDA/Interest



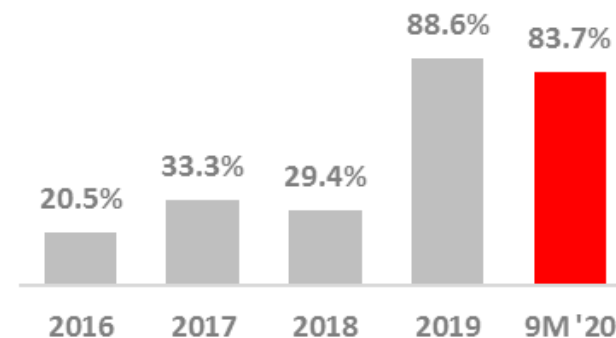
Debt/EBITDA



Net Debt/Equity



Gross Debt/Equity



Financial Position

in billion IDR	YoY		
	30-Sep-20	31-Dec-19	Growth
Assets	80,217	79,807	0.5%
Liabilities	42,946	43,915	-2.2%
Temporary Syirkah Fund	1,957	2,000	-2.1%
Equity	35,314	33,892	4.2%

Debt

in billion IDR	YoY		
	30-Sep-20	31-Dec-19	Growth
Short Term	505	1,212	-58.3%
Long Term	25,708	26,830	-4.2%
Temporary Syirkah Fund	1,957	2,000	-2.1%
Total	28,170	30,042	-6.2%

Gearing Ratio

Description	YoY		
	30-Sep-20	31-Dec-19	Growth
Net Debt to Equity (x)	0.7	0.8	-0.1
Net Debt to EBITDA	2.6	3.0	-0.4
EBITDA to Interest	3.5	2.7	0.8

SIG ESG: Sustainability Strategy



The Company's commitment is embodied in our **4 pillars** of sustainability:

1. Sustainable Economic Growth
2. Climate and Energy
3. Circular Economy
4. People and Community

Corporate Vision:

Leading Building Material Solutions Provider in the Region

Corporate Mission for Sustainability:

Focus on Environmental Protection and Sustainable Social Responsibility

Awards & Recognitions:

1. Best Practices in Sustainable Mineral Development (*ASEAN Mineral Award*)
2. Top 5 Social Business Innovation Company 2019 (*Warta Ekonomi*)
3. Green Proper awarded to PT Semen Tonasa and the Tuban Business Unit – (*Ministry of Environment and Forestry (KLHK)*)
4. Green Industry awarded to PT Solusi Bangun Indonesia
5. Unit Pengumpulan Zakat Optimal Company (*Pemkab Tuban*)
6. SOE/Private Company Permit Holder of Forest Area Utilization (*Ministry of Environment and Forestry*)


1. **Product Innovation & Sustainability**
 - a. **Flash Concrete/Speed Crete** - a quick solution to road construction projects, Flash Concrete can solidify in a short time, so that roads can be used immediately after being repaired
 - b. **Gress Board** - This fibered and flat cement board is an eco-friendly product made from 100% non asbestos material, and can be used as a substitute for flat wooden board or partition for ceilings and walls
 - c. **Porous Concrete/Thru Crete** - Porous Concrete is an eco-friendly product innovation from SIG that is designed as solution for flood prevention and additional water catchment areas.
 - d. **Ground Granulated Blas Furnace Slag (GGBFS)** - GGBFS is an eco-friendly product used to build a solid and durable concrete suitable for infrastructure projects such as ports, bridges, roads, and high-rise buildings.
2. **Energy**
 - a. **Biomass Energy** - The use of biomass energy in the Clean Development Mechanism (CDM) program for coal substitution
 - b. **Clean Energy** - The use of clean energy from the Waste Heat Recovery Power Generator (WHRPG) unit.
 - c. **Use of Alternative Fuels** - SIG uses alternative fuels from the utilization of Refused Derived Fuel (RDF) which is focused on managing municipal solid waste in Gresik Regency with a capacity of 240 tons per day. RDF is expected to reduce the use of coal to 2%.
3. **GHG Emission**
 - a. **Increase Energy Efficiency - Program** - False air reduction program, optimize raw mix design, installation of VSD to reduce electricity, increase cos phi to improve quality of electricity
 - b. **Switch to Low Carbon Fuels** - WHRPG Indarung plant reduced total emissions by 165 CO₂, solar power installations in Tonasa, Tuban, and Rembang plant, biomass & non-biomass fuel
 - c. **Reducing the Clinker-Cement Ratio** - Lower clinker-cement ratio for composite cement
 - d. **Improving Technology Processes and Innovations** - Vertical mill, high efficiency motor drive, LEDs for lighting isolated mining areas, smart plant
4. **Water Management** - We have implemented several water efficiency programs to reduce water usage by utilizing ground water, rain water and surface water.
5. **Biodiversity**
 1. **Post-Mining Reforestation & Reclamation Program** - The Tuban Business Unit is committed to develop an area that have been mined to be managed responsibly through reclamation, revegetation and post-mining activities.
 2. **Spotted Deer Breeding** - In order to preserve biodiversity, SIG, through PT Semen Padang, conducted a spotted deer breeding which was imported directly from Bogor Palace.
 3. **Bukit Daun Arboretum** - Much effort has been done in the Limestone Quarry/Mine to provide a conservation area for the Bukit Daun Arboretum - Bukit Herbal, which is a garden collection of trees intended as an area of biodiversity conservation that can improve and maintain the surrounding climate conditions.
6. **CSR**
 - a. **BUMN Hadir Untuk Negeri (BHUN)** - BHUN activities in Selayar Island: Total Funding IDR 6.60 Billion
 - b. **Community Development Program** - P4T Program in Rembang, Ecopark & Edupark in Tuban, The Green Belt Farmers Empowerment, Integrated Farming Program Development, Kehati Garden & Geopark Development Programs, Conservation of the Bilih Fish of West Sumatran Endemic for the Livelihood of the Local Community, Empowerment of Sikayan Balumuik Forest Community Group, Enterprise-Based Vocational Education
 - c. **CSR**
7. **OHS** - Our OHS management target is to create a Zero Accident working environment through various initiatives such as Safety Talk, Safety Induction, and OHS trainings. These programs include Ringkas, Rapi Resik, Rawat, dan Rajin (5R) Programs, Internal audit program by certified internal and external auditors annual, Weekly Safety Talk Program in each work unit, Increasing work unit's P2K3 activities by appointing OHS Ambassadors, Increasing employees' knowledge/competency through disseminations and trainings.

SIG ESG Performance: Commitment & Targets







Sustainable Economic Growth

Commitment	We strive toward on-going innovation for sustainable solutions and to strengthen our supply chain
Strategy	<p>Providing sustainable solutions with innovative products and services to mitigate the increasing demand for limited resources</p> <p>Enhancing the supply chain and developing sustainable-oriented partnership with strategic partners</p>
2024 Target	<ul style="list-style-type: none"> Increase the revenue proportion from sustainability solutions every year Enforce strategic partner screening using sustainability criteria established by the Company
SDGs	   



Climate and Energy

Commitment	We will continue to support Indonesia's commitment to COP21 (2015) to reduce GHG emissions in 2030 by 29% by independent efforts, or 41% with international assistance
Strategy	<p>Reduction of greenhouse gas emissions (CO₂)</p> <p>Significant reduction of air emissions (dust/particles, NOx, SOx)</p> <p>Reduction of energy consumption</p>
2024 Target	<ul style="list-style-type: none"> Reduce 16% of specific CO₂ emission scope 1 (per cement equivalent) from the 2010 level 67% of clinker factor 15% of Thermal Substitution Rate
SDGs	   



Circular Economy

Commitment	We are committed to use all materials in a responsible manner
Strategy	<p>Using raw materials efficiently through product development</p> <p>Utilizing renewable resources (waste-derived) as alternative fuels</p>
2024 Target	<ul style="list-style-type: none"> Utilizing 1.8 million tons of waste as alternative fuels Utilizing 1.9 million tons of waste as alternative raw materials
SDGs	   



People and Community

Commitment	As we value our people and community highly, we implement good corporate governance and ensure proactive stakeholder management
Strategy	<p>Promoting health and safety for employees and contractors</p> <p>Creating shared values for community</p>
2024 Target	<ul style="list-style-type: none"> Zero Fatality LTIFR ≤ 0.90 A total of 73,000 people benefited through partnership program (PK), cumulative since the program began
SDGs	   

SIG ESG Performance: Achievements & Targets

Pillars	Indicators	2010 Baseline	2019 Performance	2024 Target
Climate and Energy 	Reduction of specific CO ₂ emission scope 1	708 kg CO ₂ /ton cement equivalent	634 kg CO ₂ /tons of cement equivalent, of specific CO ₂ emission scope 1	595 kg CO ₂ /tons of cement equivalent or equal to 16% reduction of specific CO ₂ emission scope 1 from 2010 baseline
	Clinker factor	83%	72%	67%
	Thermal substitution rate	1%	3%	15%
Circular Economy 	Alternative fuel	44,693 tons	232,904 tons	1.8 million tons
	Alternative raw material	1,112,601 tons	1,659,627 tons	1.9 million tons
People and Community 	Fatality Rate	1 incident	0 incident	0 incident
	Lost Time Injury Frequency Rate (LTIFR)	1.44	1.16	≤ 0.90
	Creating added values for the for the community	Partnership Program started in 2009	A total of 72,620 people benefited through partnership program (PK), cumulative since the program began	A total of 73,000 people benefited through partnership program (PK), cumulative since the program began

Thank You

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- changes or volatility in inflation, interest rates and foreign exchange rates;
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Semen Indonesia



Semen Indonesia



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