

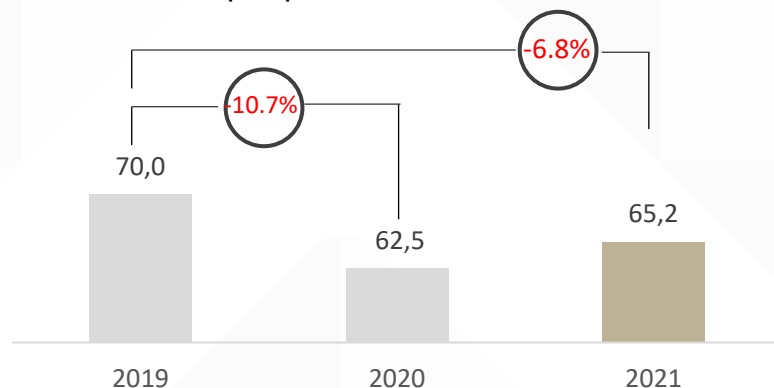
FY 2021

RESULTS

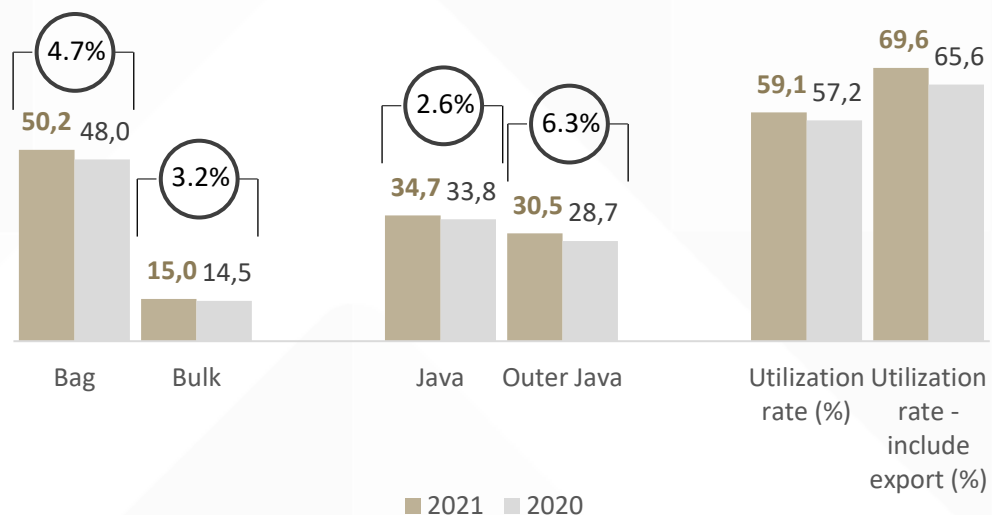
02 March 2022

Market Background

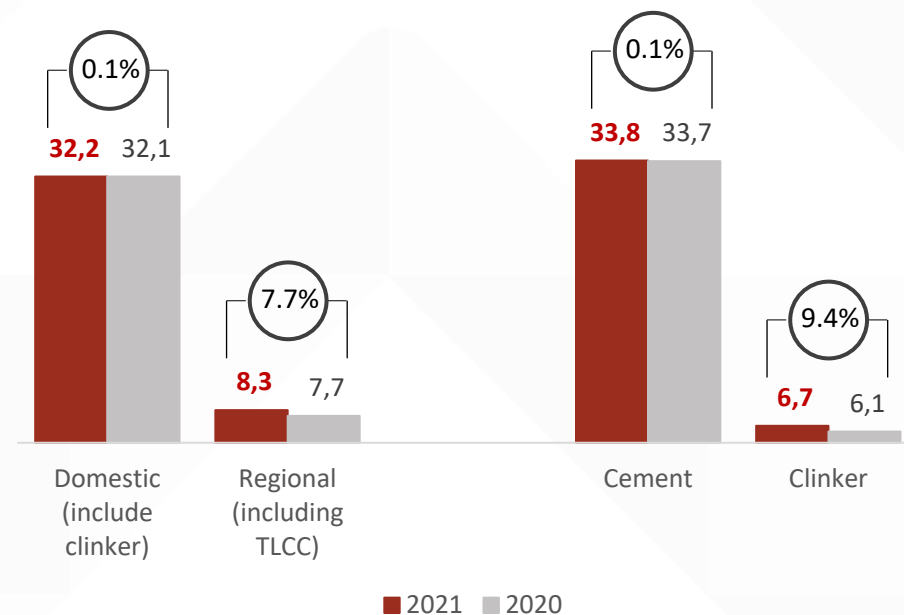
National demand 2021 grew 4.3%, however the size of demand is still -6.8% below the pre-pandemic demand



The growth was contributed more from bag demand. Outer Java recorded higher growth compared to Java region.



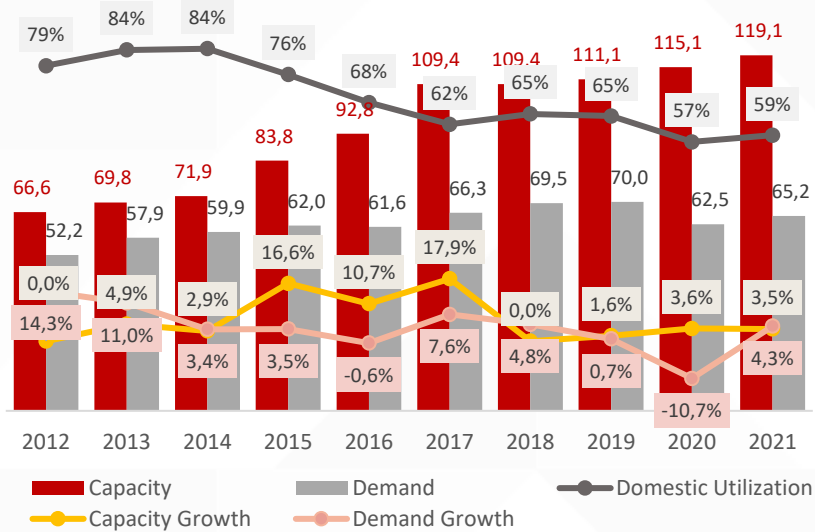
SIG total sales volume 2021 grew 1.6% YoY, contributed mostly from regional sales, thus increase the portion of regional and clinker sales.



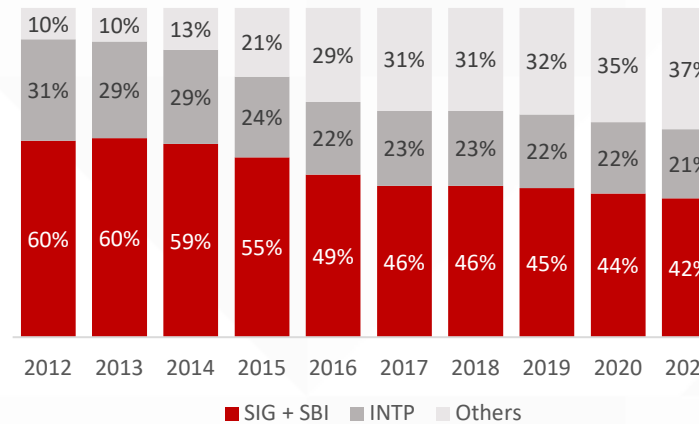
Our Challenges

Increasing competition due to oversupply and lower demand post pandemic, as well as the increasing coal price has given more pressure to the industry

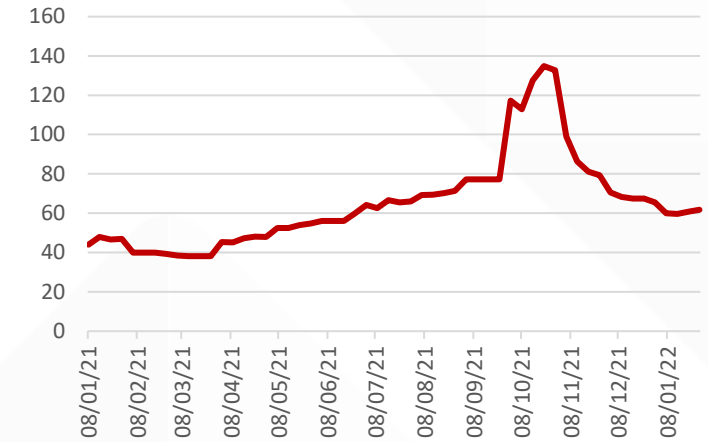
Cement Industry Capacity and Demand Growth



Capacity Share



ICI 4 (USD/ton)



Industry Utilization Rate

National cement production capacity increase more compared to the demand growth creating oversupply situation in the Indonesia cement industry. 2021 utilization was still low as national demand has not yet back to the pre pandemic level.

Cement Industry Hyper Competition

Volume share economic brands continue to grow with wider price disparity that create hyper competition and leads to more challenging market.

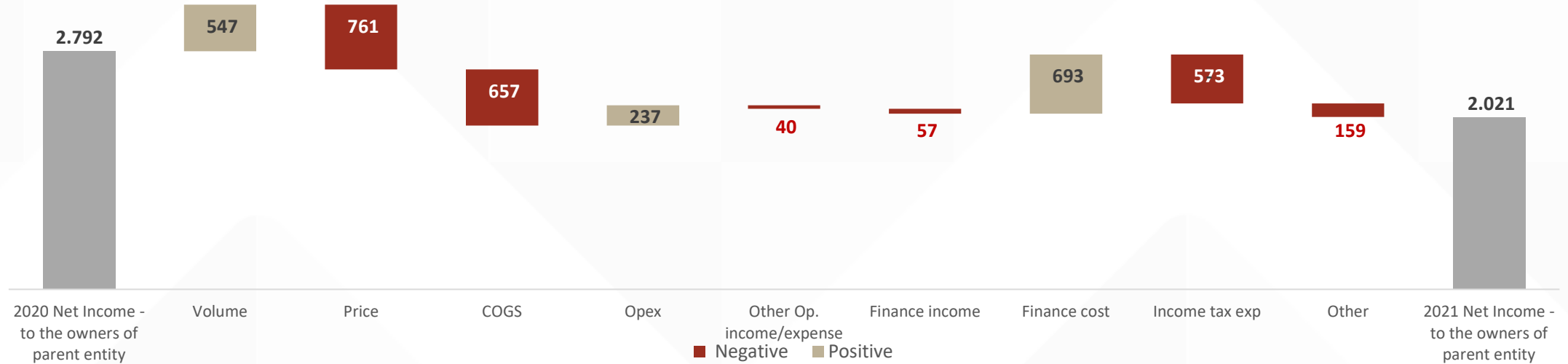
Rising Trends of Coal Price

Supply-Demand imbalance during recovery from COVID-19 pandemic derived in significant coal price increase which impacted the production cost, especially in the 4th quarter 2021. although the price trend in early 2022 has beginning to decline, the prediction for full year 2022 is still above the 2021 figure.

Source:
Indonesia Cement Association Data; Bloomberg

FY 2021 Net Profit Bridge (Rp billion)

Net income* recorded lower Rp771 billion YoY, impacted by the decrease in blended ASP, increase of fuel cost, and increase in deferred tax expenses during the year.

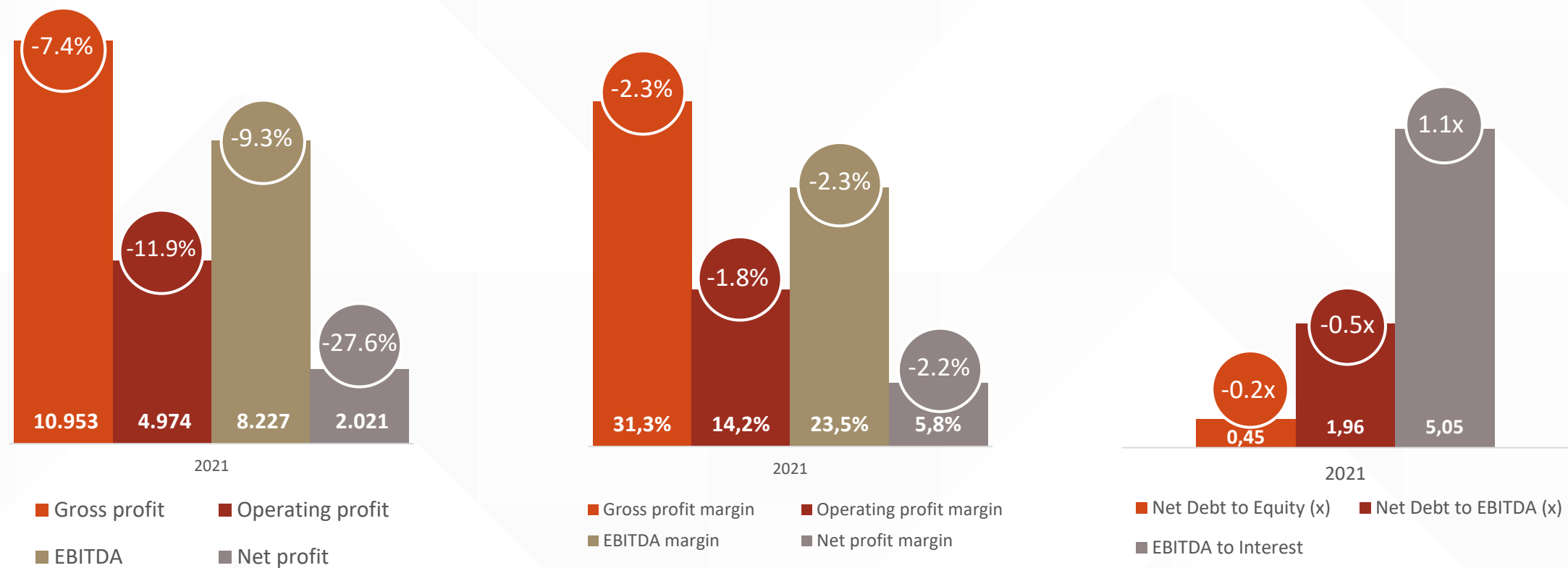


- The blended ASP decrease was related to the increasingly aggressive low-priced players which needs to be responded by implementing multi brand strategy selectively in 2021. SIG also recorded an increase in the share of regional sales, which mostly in the form of clinker products, to optimize production capacity utilization.
- Increased in fuel cost 15.5% YoY (Rp675 billion) in line with the significant increase in coal market price.
- Income tax expense was Rp573 billion higher YoY as the impact of the cancellation of the 2022 tax rate reduction and beyond
- However, SIG also recorded improvement on:
 - a. Sales volume which grew 1.6% YoY
 - b. Lower Operating Expenses, mainly from the decrease in transportation cost and lower accrual for 2021 bonus in line with company's performance
 - c. Lower finance cost due to decrease in the interest bearing debt as the Company has repaid the debt of Rp 7.3 trillion (net off withdrawal) during the year.

* Attributable to owners of the parent entity

Profitability and Leverage Ratios

Due to low demand growth post pandemic, the increasing market competition, and followed by the significant rise in coal price, we recorded positive profitability with lower margin YoY. While on leverage ratios, we recorded improvement in line with the lower debt balance and finance cost.



2021 Milestones



Build **Strategic Partnership** with Taiheiyo Cement through SBI Right Issue



Awarded **Green PROPER (beyond compliance)** from Ministry of Environment & Forestry for all SIG plants

MORTAR INDONESIA



Launched **Mortar Indonesia** as a form of our commitment to become a **leading building material solution provider**



In line with our commitment on Sustainability, we conducted **climate and water related disclosure** through the **CDP platform**



PwrPro, our bulk cement product with a lower clinker index, has received **green label certification** from the Green Product Council Indonesia



Registration of **self-declared ecolabel** for concrete products to the Ministry of Environment and Forestry, conducting ecolabel certification for our concrete products and process by the Ecolabel Verification Institute.

Our Strategy: Strengthening Core & Increasing Alignment

With our capabilities, in order to strengthen position as an industry leader and improve performance, we have set the following strategic initiatives:

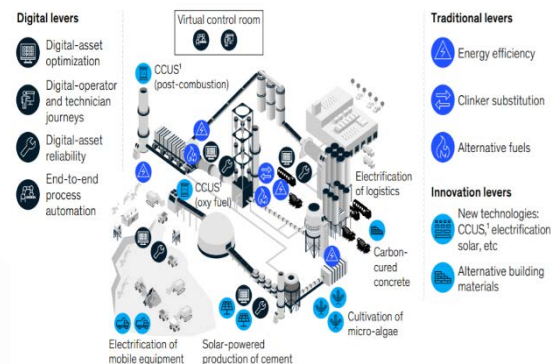
Strengthen Domestic Market Dominance

- Strengthening and increase numeric distribution channel (retail space & retail store)
- De-commoditized through multibrand strategy
- Drive retail modernization through new 'retailer ecosystem' business models digitalization (Akses Toko).



Operational Excellence to Deliver Efficiency

- Reduce clinker factor through various product development and increase the use of alt. raw materials;
- Improve coal procurement management;
- Increase the Thermal Substitution Rate using alt. fuel;
- Implement Plant Optimizer to achieve optimum production index and efficiency;



Accelerate Value Extraction from the Existing Value Chain

- Improve and widen distribution chain and channel model
- Optimize the channel network utilization to distribute building material product and solution
- Improve waste management and the use of renewable energy.



Agile & Lean Operating Model and Organizational Capabilities

- Accelerate operating model transformation via standardization, integration, and adoption of technology best practice in industry
- Develop organizational capability to support strategy implementation and Rigorous Talent development and group-wide talent mobility

Regionalization
vs
Centralization

Retail &
Customer
Centricity

Analytics &
Intelligence

Automation

World Class
Talent

Sustainability

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- the effects of competition;
- the effects of changes in laws, regulations, taxation or accounting standards or practices;
- acquisitions, divestitures and various business opportunities that we may pursue;
- changes or volatility in inflation, interest rates and foreign exchange rates;
- accidents, natural disasters or outbreaks of infectious diseases, such as avian influenza, in our markets;
- labor unrest or other similar situations; and
- the outcome of pending or threatened litigation.

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Terima Kasih



@semenindonesia



Semen Indonesia



Semen Indonesia



@semenku

PT Semen Indonesia (Persero) Tbk.

South Quarter Tower A Lt. 19-20

Jl. RA Kartini Kav. 8, Jakarta Selatan 12430, Indonesia