

Analyst Meeting - Q1 2022 Result (Audited)

30 May 2022



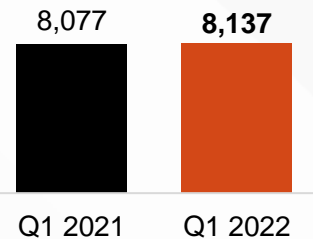
Resilience throughout hypercompetition and fuel cost volatility resulting in a better performance

Revenue growth from higher domestic sales volume and price despite hypercompetition

▲0.7%

Revenue growth YoY

Revenue
(billion IDR)



▲1.6%

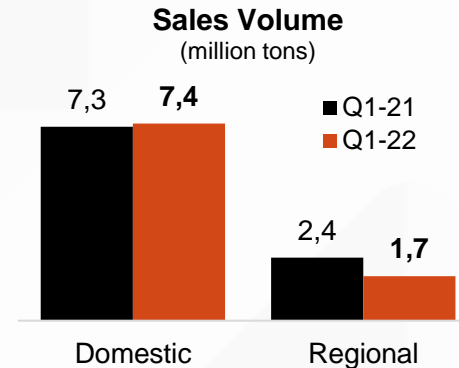
Domestic sales volume YoY

▼29.0%

Regional sales volume YoY

▼5.8%

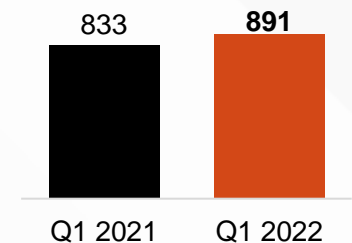
Total sales volume YoY



▲7.0%

Revenue/ton growth YoY

Revenue/ton
(thousand IDR)

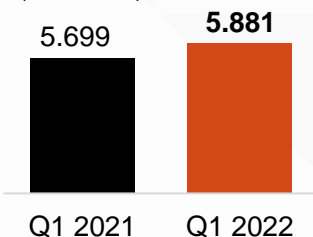


Improved profitability in the midst of cost pressure

3.2%

Increase in Cost of Goods Sold (COGS)

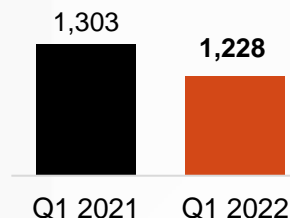
COGS
(billion IDR)



5.7%

Decrease in Operating Expense

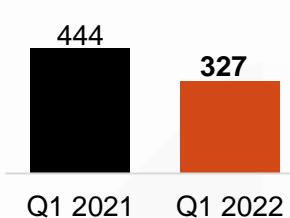
Operating Expense
(billion IDR)



26.2%

Decrease in Finance Cost

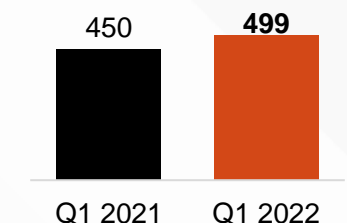
Finance Cost
(billion IDR)



10.7%

Increase in Net Profit

Net Profit
(billion IDR)

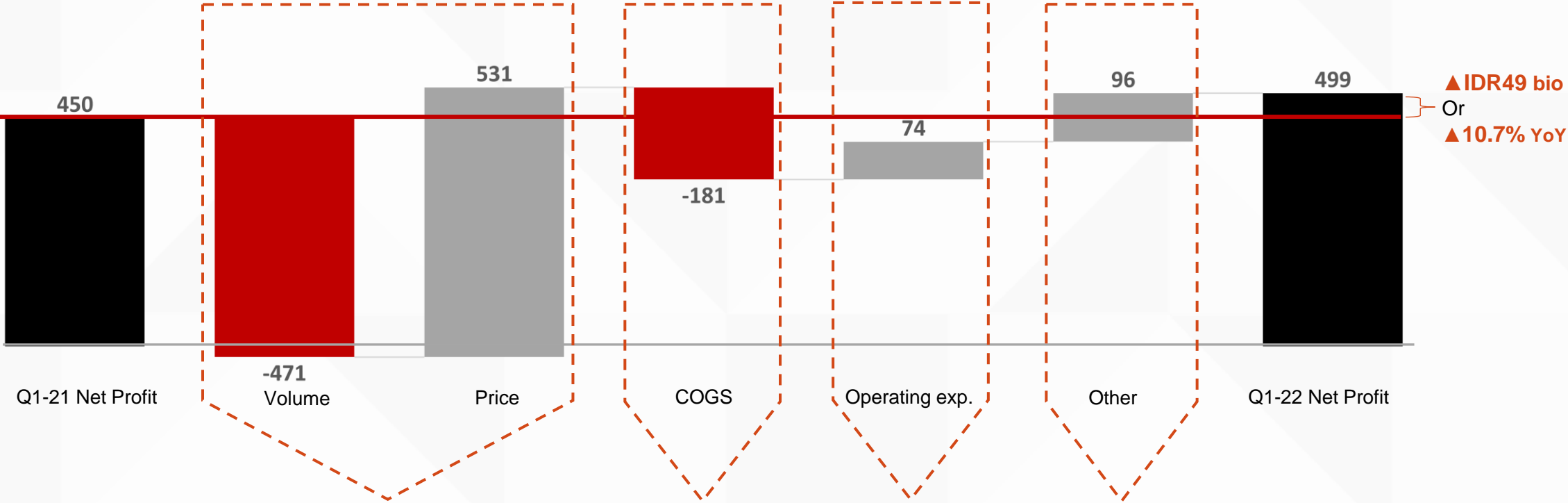


Q1 2022 PERFORMANCE

Improved profitability from better pricing and manageable cost

■ Increase
■ Decrease
■ Total

Net Profit Bridge*
(IDR billion)



IDR60 bio
Revenue growth
in line with the ASP growth
despite the decreasing sales
volume from regional sales

IDR181 bio
Manageable
COGS increase
despite
significant coal
price increase

IDR74 bio
Lower operating
expense
from decrease in
promotion and
labor cost

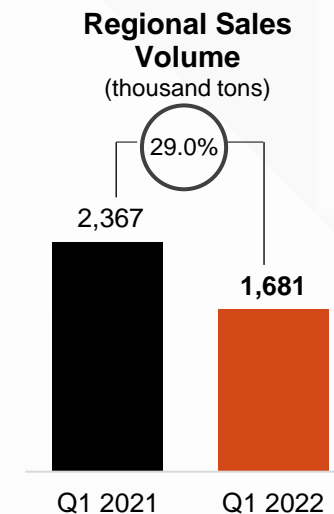
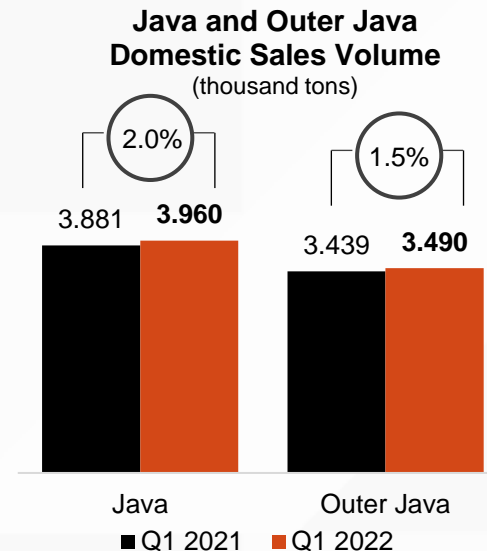
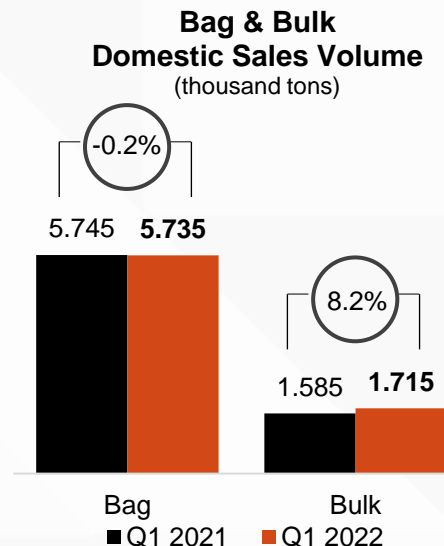
IDR96 bio
Improved profit
from lower
finance cost

* Attributable to owners of the parent entity

0.7% revenue growth from higher domestic sales volume and ASP

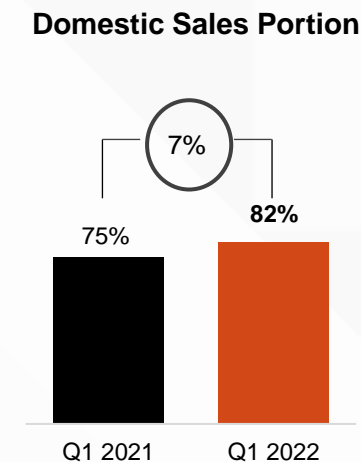
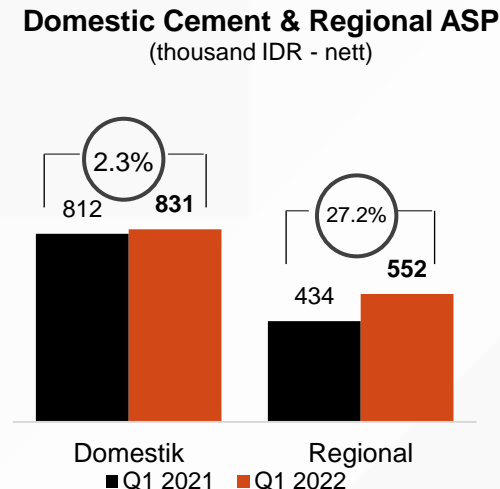
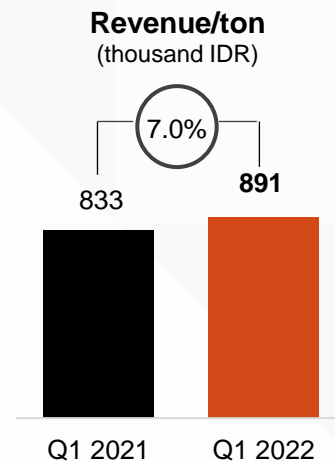
▲ **1.6%**

Domestic sales volume growth contributed by bulk and Java sales volume growth despite lower sales volume from regional sales



▲ **7.0%**

Revenue/ton increase YoY from higher ASP and domestic sales portion



Strong cost management resulting improved profitability

▲ **3.2%**

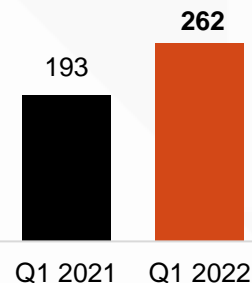
cost of revenue increase mainly from fuel & energy cost

Cost of Revenue
(billion IDR)



Lower cost
to offset the increase in fuel and energy cost

Fuel & Energy Cost
(thousand IDR/Ton)

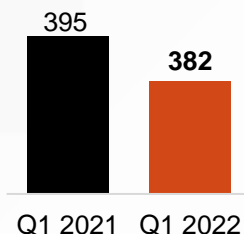


▲ **35.9%**

Manageable fuel cost increase **with coal** procured at DMO price

Improved profitability
in absolute and margin

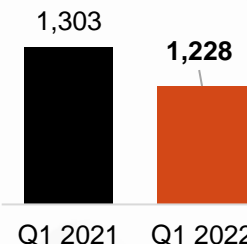
Non fuel & energy COGS
(thousand IDR/Ton)



▼ **3.2%**

Cost efficiency from raw material due to clinker factor reduction

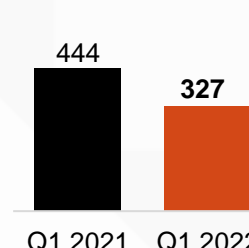
Operating Expense
(billion IDR)



▼ **5.7%**

Due to lower promotion and labor cost

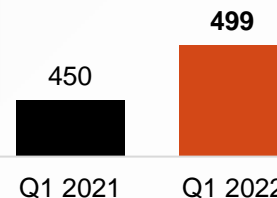
Finance Cost
(billion IDR)



▼ **26.2%**

Lower interest bearing debt balance

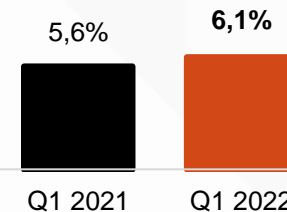
Net Profit
(billion IDR)



▲ **10.7%**

Increase in Net Profit

Net Profit Margin



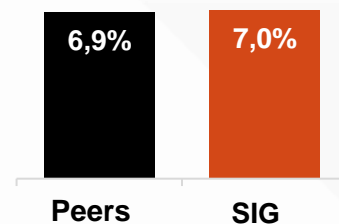
▲ **0.5%**

Increase in Net Profit margin

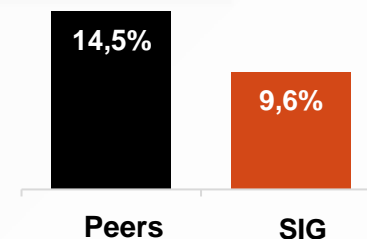
Outperforming industry peers

Through the **higher revenue per ton growth** and lower COGS per ton hike due to **lower fuel & energy cost increase**

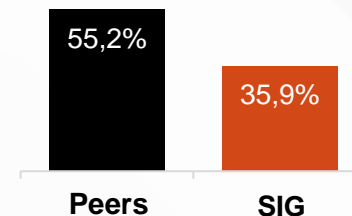
Revenue/ton Growth



COGS/ton Growth

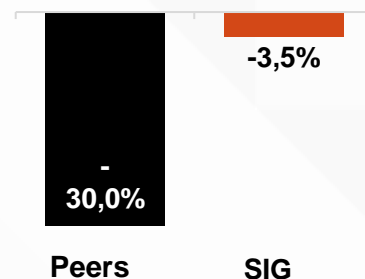


Fuel & energy cost/ton Growth

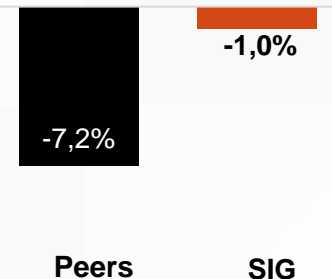


Outperform peers in absolute and margin profitability

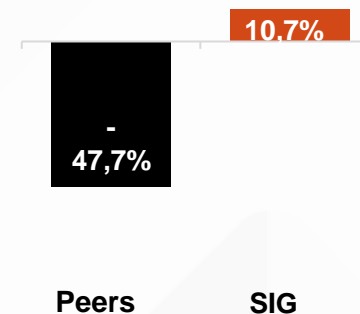
EBITDA Growth



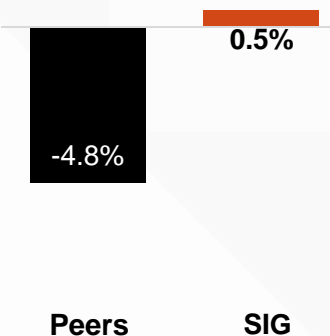
EBITDA Margin Expansion



Net Profit Growth



Net Profit Margin Expansion



STRATEGY & ACTION PLAN

SIG Strategy Themes

1



Domestic Market Leadership

- ▶ Dynamic pricing with multi brand dancing on retail market
- ▶ Domination in government-backed infrastructure initiatives

2



Moving closer to customers with solutions & products

- ▶ Added value product with higher margin
- ▶ Pioneer new product & solution in building material market

3



Operational Excellence & Value Chain Digitalization

- ▶ Plant optimizer rollout for production cost & yield
- ▶ End-to-end Supply Chain Management (SCM) optimization, e.g. with backhauling cargo consolidation

4



Driving Sustainable Growth

- Commitment to promote decarbonization & circular economy via:
- ▶ Use of alternative fuel & raw materials
 - ▶ Scale up renewable energy from solar panel

Strengthen market leadership with multi-brand dancing

Retail Market: Dynamic Pricing & Brand Mix for Region Competition Landscape

Key enablers

✓ 5 Strong Brands

A leader for every region

✓ Big Data

Advanced pricing & fulfillment strategy enabled by **AksesToko** (point of sales for retail store owners) & **Customer Relationship Management** system

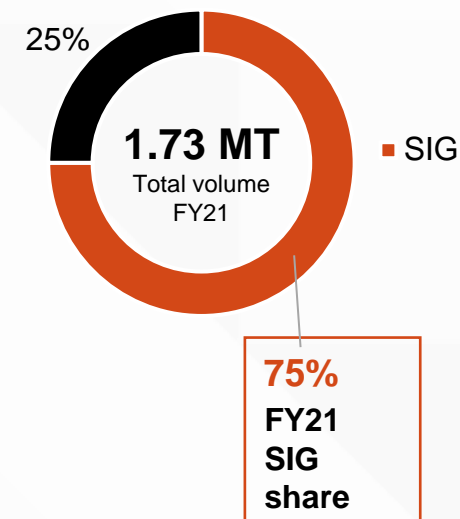


Bulk Market: Domination of National Strategic Projects (NSP)

Key enablers

- ✓ Tailormade solutions for specific project requirements
- ✓ Nationwide production and supply chain facilities

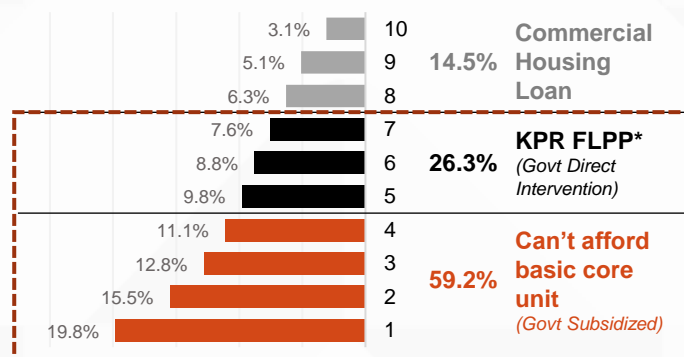
NSP market share (million Ton)



Create more value through new products and/or new market through product & solution development and diversification

12.75 million units
National housing backlog per 2022

(% per decile of household income)



2022 Prospect

240,000 units
Target 2022
FLPP + BP2BT*
(Government Support)

1.2 MT
Est. cement usage
(assumed 5T/unit)

Dynahome

Economic quality housing at speed

~2-3%
Additional profit margin

Value proposition

Quality

- ✓ Single contractor
- ✓ Earthquake-proof certified
- ✓ Sound-proof certified
- ✓ Low thermal conductivity

Time

- ✓ Unit handover in just **15 days**
4x faster than conventional housing

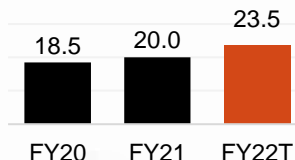
Cost

- ✓ Fast cashflow turnover

Value Added Products

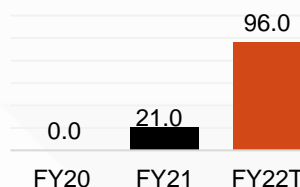
- SpeedCrete
- ThruCrete
- Minimix
- Mortar
- Masonry

Volume Trend SpeedCrete | ThruCrete | Minimix (KM³)



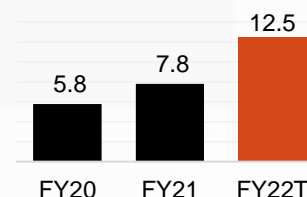
4-12%
Higher margin than conventional concrete products

Volume Trend Mortar (KT)



4%
Market share increase in 6 months since launched

Volume Trend Masonry (KT/month)

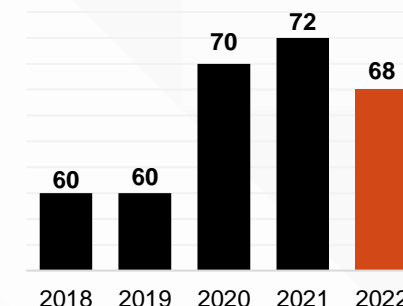


Non structural application based cement with lower clinker factor & lower CO₂ emission

Village-owned enterprise (BUMDes)

Partnership for small-scale infrastructure

Village Fund Budget (Trillion IDR)



Improve operational excellence with digitalization & industry best practices to achieve end to end value chain optimization

Action Plans

Plant Optimizer rollout to support production cost & yield optimization

~2%

Est. Specific Electrical Energy Consumption (SEEC) Reduction
Target to reduce up to 1.3 kWh/Ton cement by 2025
(~IDR 50 bio)

~2%

Est. Specific Thermal Energy Consumption (STEC) Reduction
Target to reduce up to 11.7 kCal/Kg clinker by 2025
(~IDR 70 -100 bio)

Overall Equipment Effectiveness (OEE) improvement via smart maintenance planning

82.9% ► 85%

OEE achievement in FY21 vs leading practice standards

Solar Panel scale up to improve electricity cost efficiency & reduce Scope 2 CO₂ emissions

25%

Electricity source replacement with Solar Panel

Up to 15%

Electricity tariff reduction from Solar Panel usage

End-to-End SCM Optimization via backhauling cargo consolidation

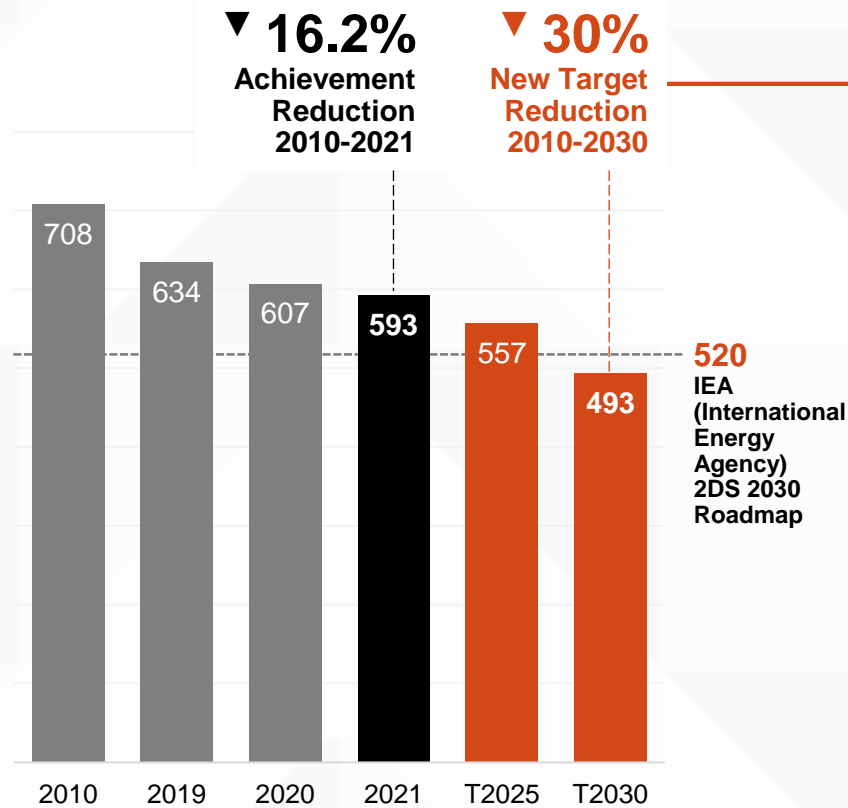
~10%

Estimated annual freight cost saving

Business Process Transformation as foundation for operating model as well as standardized & integrated process enabled by industry leading practices and relevant technology & digital solutions

Commitment towards decarbonization - Scope 1

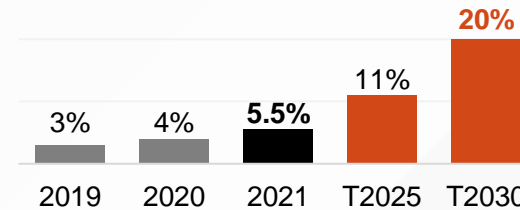
CO₂ Emission Intensity Scope 1 – From Internal Process (KgCO₂/Ton cement eq.)



▲ **17%**

Absolute increase in TSR
2019-2030 Target

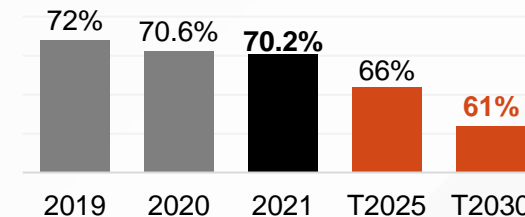
**Thermal Substitution Rate (TSR)
from Alternative Fuel**



▼ **11%**

Absolute reduction in average
CF 2019-2030 Target

Average Clinker Factor



Increase Alternative Fuel & Raw Material (AFR) Use

- ▶ AFR pre-processing & feeding facility improvement
- ▶ Anticipation in process/emission improvement
- ▶ Refused Derived Fuel (RDF) initiatives around plant operations
- ▶ Multi-stakeholder cooperation

Reduce Clinker Factor (CF) in Cement Production

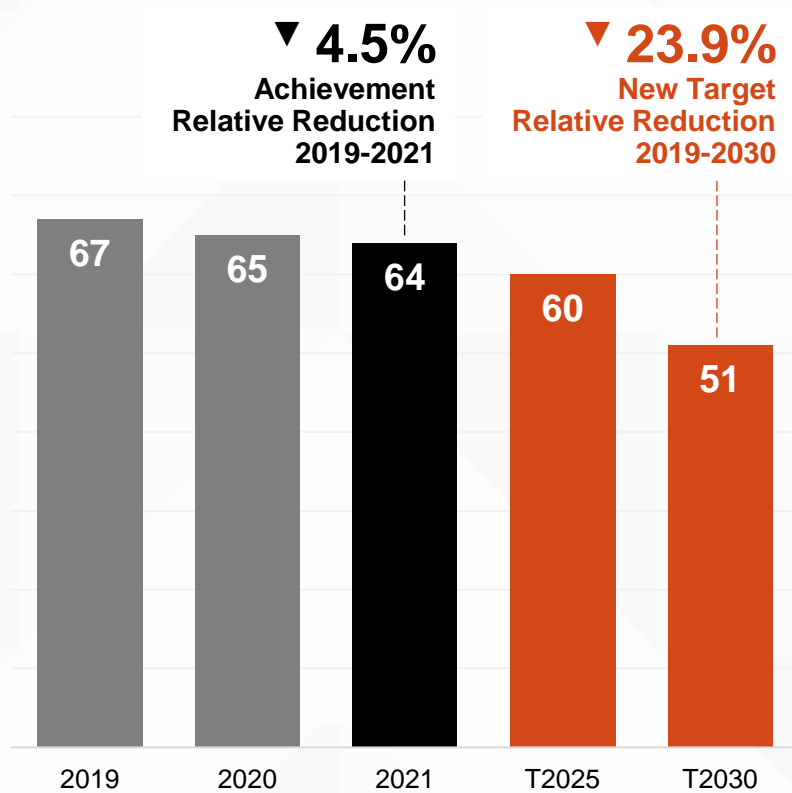
- ▶ Substitution of CO₂ intensive clinker in cement with fly ash & bottom ash
- ▶ Promotion/advocacy for performance-based cement standard with lower clinker factor

Optimize Specific Thermal Energy Consumption (STEC)

- ▶ Efficient plant thermal energy consumption
- ▶ Advanced process control rollout
- ▶ Innovation technology such as Hydrogen injection

Commitment towards decarbonization – Scope 2

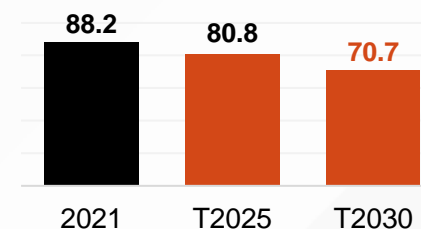
CO₂ Emission Intensity Scope 2 – From Indirect Use of Electricity (KgCO₂/Ton cement eq.)



▼ **19.8%**

Relative reduction in SEEC
2021-2030 Target

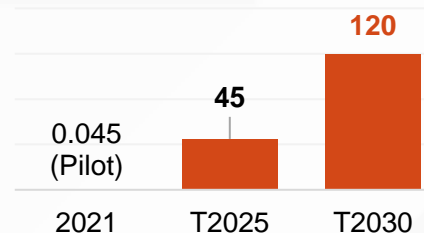
Specific Electrical Energy Consumption (SEEC) (kWh/T cement)



▲ **120 MW***

Solar Panel Rollout
2021-2030 Target

Total Solar Panel Capacity (MW)



*potentially upgraded up to 580 MW,
subject to land availability

SEEC Optimization

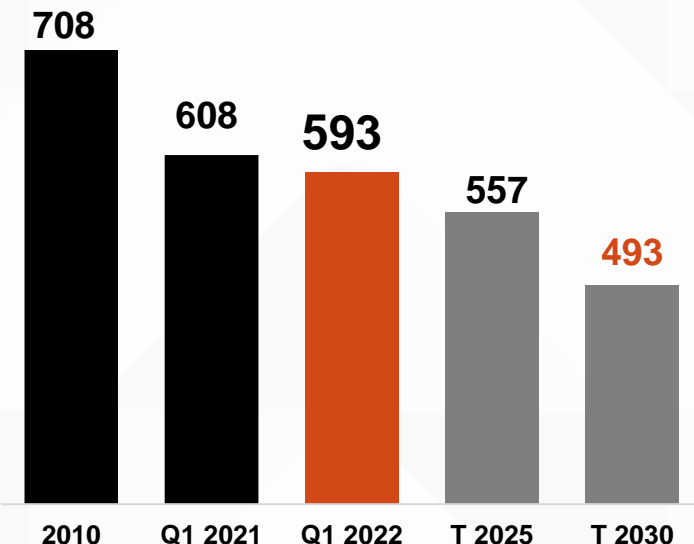
- Digitalization & automation of production facility
- Equipment improvement/replacement
- Clinker factor reduction

Renewable Energy Supply

- Solar Panel installation via Power Purchase Agreement with local electricity provider—Scheduled to scale up by 7.5 MW in 2022
- Other renewable initiatives such as optimize use of existing waste heat recovery power generator (WHRPG) with 29.5 MW installed capacity

1st Quarter 2022 Decarbonization Achievement

Emission Intensity scope 1
(Specific Net - kg CO₂/ton cement eq)



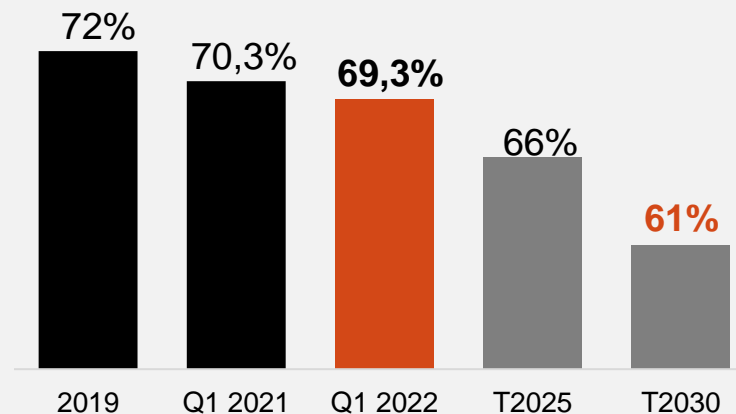
▼ **2.5%**

Decrease Yoy or equal to 15 kg CO₂/ton cement equivalent contributed by clinker factor reduction and increase in TSR

▼ **16.2 %**

Decrease from 2010 baseline

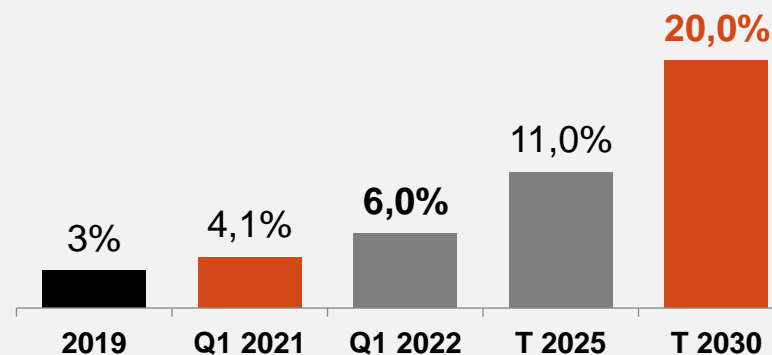
Average Clinker Factor



▼ **1.0%**

Decrease in Q122 YoY contributed by more substitution of CO₂ intensive clinker in cement with secondary material

Thermal Substitution Rate (TSR)



▲ **1.9%**

Increase in Q122 YoY contributed by improved Alternative Fuel utilization rate

2022 PERFORMANCE GUIDANCE

Focus on improving profitability

Domestic cement sales volume

Align with national demand growth



Revenue

Increase compared to 2021



Interest bearing debt repayment

IDR3,406 billion based on the repayment schedule



Indicators & Guidances



EBITDA

Increase from 2021



EBITDA margin

22%-23%



Capital expenditure

Up to Rp1.5 trillion to maintain & improve operations, increase AFR, digitalization and develop cement derivative business.

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