PUBLIC EXPOSE MARATHON 2017

Seminar Room 3
Indonesia Tower II Stock Exchange Building
Jakarta
August 8, 2017
PT Semen Baturaja (Persero) Tbk

**Milestone SMBR**

- **1974**: Semen Baturaja established on 14 November 1974 with the composition of ownership is PTSG (55%) and PTSP (45%).
- **1979**: The Government of the Republic of Indonesia to give a statement of capital which ultimately change the status of the Company to the “Perseroan”.
- **1991**: In 1991 Government of Indonesia took all ownership of Semen Baturaja from PTSG and PTSP and Semen Baturaja was wholly owned by Government of Indonesia.
- **2004**: In 2004, Semen Baturaja issued bond.
- **2010**: Plant Recovery. Rejuvenated of equipment plant to reach installed capacity to 1.25 million ton per year.
- **2013**: IPO Listed at Bursa Efek Indonesia (BEI) on 28 Juni 2013. Semen Baturaja issued 23.76% stock to public.
- **2013**: Cement Mill Project. Commercialized in July 2013 with the production capacity of 750,000 ton cement per year.
- **On progress**: The construction of new integrated cement plant with the capacity of 1.85 million ton cement per year.
Location and Capacity of the Plant

Business activities
Engaged in the business of cement raw material extraction, cement manufacture, packaging and distribution to the consumers

Type of cement produced
Portland Cement Type I (OPC) and Portland Composite Cement (PCC)

Facilities
Having four cement mill & packing plants facilities located in three cities as follows:

- **PALEMBANG PLANT & HEADQUARTER**
  - Milling and packaging plant with the capacity of
  - **350,000 tons/year**

- **BATURAJA PLANT**
  - Clinker plant with the capacity of
  - **1,200,000 tons/year**
  - Milling and packaging plant with the capacity of
  - (1). **550,000 tons/year**
  - (2). **750,000 tons/year**

- **PANJANG PLANT**
  - Milling and packaging plant with the capacity of
  - **350,000 tons/year**
Marketing Area of SMBR

Province
- Sumatera Selatan
- Lampung
- Bengkulu
- Jambi

Source: Company
I H 2017 PERFORMANCE
The growth of national cement consumption is predicted to improve from July to the end of the year with the rapid development of infrastructure ahead of the 2018 Asian Games. In 2017, Jambi and Bengkulu recorded quite good growth in cement consumption, namely 11.9% and 13.2% as of June 2017 (ytd).

Cement consumption growth in South Sumatra is expected to improve from July to the end of the year with the rapid development of infrastructure ahead of the 2018 Asian Games.

<table>
<thead>
<tr>
<th>Sumsel</th>
<th>Lampung</th>
<th>Jambi</th>
<th>Bengkulu</th>
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</thead>
<tbody>
<tr>
<td>yoy</td>
<td>ytd</td>
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<td>ytd</td>
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<tr>
<td>Jan</td>
<td>2.6</td>
<td>2.6</td>
<td>5.3</td>
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<tr>
<td>Feb</td>
<td>(0.4)</td>
<td>1.2</td>
<td>(3.5)</td>
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<tr>
<td>Mar</td>
<td>6.6</td>
<td>3.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Apr</td>
<td>18.1</td>
<td>6.8</td>
<td>24.1</td>
</tr>
<tr>
<td>Mei</td>
<td>(1.1)</td>
<td>4.9</td>
<td>35.9</td>
</tr>
<tr>
<td>Jun</td>
<td>(28.8)</td>
<td>(1.8)</td>
<td>(19.0)</td>
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</tbody>
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<thead>
<tr>
<th>Sumbagsel</th>
<th>Sumatera</th>
<th>Indonesia</th>
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<tr>
<td>yoy</td>
<td>ytd</td>
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<td>Jan</td>
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<td>Feb</td>
<td>3.6</td>
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<tr>
<td>Mar</td>
<td>7.7</td>
<td>3.9</td>
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<td>Apr</td>
<td>26.5</td>
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<td>Mei</td>
<td>14.1</td>
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<tr>
<td>Jun</td>
<td>(19.5)</td>
<td>4.7</td>
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Source: Indonesian cement association
## Sales Performance

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>1H17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumatera Selatan (tons)</td>
<td>478.015</td>
<td>446.918</td>
<td>93</td>
</tr>
<tr>
<td>Lampung (tons)</td>
<td>190.114</td>
<td>192.605</td>
<td>101</td>
</tr>
<tr>
<td>Jambi (tons)</td>
<td>13.215</td>
<td>20.338</td>
<td>154</td>
</tr>
<tr>
<td>Bengkulu (tons)</td>
<td>11.849</td>
<td>15.338</td>
<td>129</td>
</tr>
</tbody>
</table>

Growth of cement consumption in Jambi and Bengkulu was utilized by the Company to lead the growth of cement sales in the area by recording cement sales growth of 54% and 29%.
Sales Performance

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>1H17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement Bag (ton)</td>
<td>475,699</td>
<td>528,682</td>
<td>111</td>
</tr>
<tr>
<td>Cement Bulk (ton)</td>
<td>217,495</td>
<td>146,516</td>
<td>67</td>
</tr>
</tbody>
</table>

The Company's cement sales performance is quite good by posting a growth of 11%, which indicates Semen Baturaja is able to compete in the retail market.
Market Share 1H 2017

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Mei</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share Sumsel</td>
<td>52.94%</td>
<td>50.70%</td>
<td>50.15%</td>
<td>41.28%</td>
<td>46.61%</td>
<td>53.46%</td>
</tr>
<tr>
<td>Market Share Lampung</td>
<td>26.82%</td>
<td>22.53%</td>
<td>21.75%</td>
<td>20.64%</td>
<td>18.97%</td>
<td>18.02%</td>
</tr>
<tr>
<td>Market Share Jambi</td>
<td>6.18%</td>
<td>5.89%</td>
<td>6.13%</td>
<td>5.17%</td>
<td>6.41%</td>
<td>8.79%</td>
</tr>
<tr>
<td>Market Share Bengkulu</td>
<td>4.70%</td>
<td>2.88%</td>
<td>3.74%</td>
<td>2.66%</td>
<td>5.37%</td>
<td>6.39%</td>
</tr>
</tbody>
</table>
Top 5 Project Contributions

1. LRT (Light Rail Transit) - Palembang, 43,310 tons
2. OPI Hotel Project, 12,591 tons
3. OPI Mall Jakabaring Project - Palembang, 12,233 tons
4. PLTA Way Semangka, Tanggamus - Lampung, 8,562 tons
5. Coal Special Road Project, 5,288 tons
1. Bakauheni – Terbanggi Besar Tol Project
   - Section 1 Bakauheni – Sidomulyo. Finish Desember 2019
   - Section 2 Sidomulyo – Kotabaru. Finish Desember 2019
   - Section 3 Kotabumi – Gunung Sugih. Finish Desember 2019
   - Section 4 Gunung Sugih – Terbanggi Besar. Finish Desember 2019

2. Light Rail Transit (LRT) Palembang
   - Corridor I Sultan Mahmud Badaruddin II – Masjid Agung. Finish Des 2017
   - Corridor II Masjid Agung – Jakabaring Sport City. Finish Des 2018

3. Rajawali Royal Apartment
   - Tower A. Finish Agustus 2019
   - Tower B. Finish i Juli 2020
   - Tower C. Finish i Juni 2021
Until the end of 2016, sales volume increased by 6% from 1,538,048 tons in 2015 to 1,631,864 tons with an average selling price of Rp.932,729 per tons.

* National average cement / ton sales price based on the financial statements of three cement companies listed on the Indonesia Stock Exchange (SMGR, INTP, SMCB)
2016 sales results amounted to Rp.1,522 trillion, an increase of 4% from 2015 and generated EBITDA of Rp.420 billion.
## SMT I 2017 Operational and Financial Performance

<table>
<thead>
<tr>
<th></th>
<th><strong>I H 16</strong></th>
<th><strong>I H 17</strong></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume</td>
<td>693.193</td>
<td>675.198</td>
<td>97</td>
</tr>
<tr>
<td>ASP</td>
<td>926.302</td>
<td>926.116</td>
<td>100</td>
</tr>
<tr>
<td>Revenue</td>
<td>651.926</td>
<td>627.350</td>
<td>96</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>194.279</td>
<td>189.688</td>
<td>98</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>130.802</td>
<td>81.160</td>
<td>62</td>
</tr>
<tr>
<td>EBT</td>
<td>138.966</td>
<td>86.463</td>
<td>62</td>
</tr>
<tr>
<td>Net Profit</td>
<td>102.504</td>
<td>60.523</td>
<td>59</td>
</tr>
<tr>
<td>EBITDA</td>
<td>176.816</td>
<td>125.709</td>
<td>71</td>
</tr>
</tbody>
</table>

### Sales Volume

<table>
<thead>
<tr>
<th></th>
<th>Juli 16</th>
<th>Juli 17</th>
<th>7M16</th>
<th>7M17</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume</td>
<td>99.200</td>
<td>137.088</td>
<td>792.394</td>
<td>812.286</td>
<td>138</td>
<td>103</td>
</tr>
</tbody>
</table>

*Source: Company*
### SMT I 2017 Operational and Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>DES 31, 16</th>
<th>JUNE 30, 17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Equivalent Cash</strong></td>
<td>Rp. Million</td>
<td>336.979</td>
<td>392.295</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>Rp. Million</td>
<td>1.248.119</td>
<td>1.494.501</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>Rp. Million</td>
<td>3.120.758</td>
<td>3.277.153</td>
</tr>
<tr>
<td><strong>Cash Ratio</strong></td>
<td>%</td>
<td>115</td>
<td>74</td>
</tr>
<tr>
<td><strong>Current Ratio</strong></td>
<td>%</td>
<td>287</td>
<td>156</td>
</tr>
<tr>
<td><strong>DER</strong></td>
<td></td>
<td>29 : 71</td>
<td>31 : 69</td>
</tr>
</tbody>
</table>

Source: Company
Semen Baturaja led the first half of sales growth in the last five years with a CAGR of 5.6%.

Gross Baturaja Semester I Profit in the last five years is relatively stable with a CAGR (2.0)%.

Information:
Y1 axis (left): SMBR
Y2 axis (right): SMCB, SMGR, INTP
operating profit and net income of SMCB have a negative value.
Comparison of Performance of Cement Industry

The correction of operating profit SMBR with a CAGR of (14.1)%

The correction of Net Profit SMBR with a CAGR of (16.1)%

Information:
Y1 axis (left): SMBR
Y2 axis (right): SMCB, SMGR, INTP
operating profit and net income of SMCB have a negative value
Tiga Gajah Initiative

QUICK WIN INITIATIVES

**Cost Leadership Initiatives**
Efficiency of Rp. 70-Rp. 100 billion until the end of the year

**Market Expansion Initiatives**
Sales increase to 325,000 MT per month

**Business Process Streamlining Initiatives**
Acceleration of decision making

Targets will be completed in 6 months, or until the end of 2017
Target 2017

Sales Volume: 2,011,198 Tons (+23%)
Revenue: Rp. 1,83 Triliun (+20%)
EBITDA: Rp. 580,72 Billion (+38%)

Source: Company
EXPANSION PLAN
Train as the main transportation of Cement Transportation

Information:

- Baturaja - Palembang (South Sumatra) as far as 170 km
  Operating target: August 2017

- Baturaja - Lubuk Linggau (South Sumatra) as far as 322 km
  Operating target: August - September 2017

- Baturaja - Tegineneng (Lampung) as far as 191 km
  Operating target: August 2017,
  As a distribution hub for November 2017

- Baturaja - Panjang (Lampung) as far as 227 km
  Operating target: August 2017
Mining Expansion (Bukit Pelawi)

- **April 2017**: Feasibility Study and Exploration Report
- **December 2017**: Amdal Addendum, Development of Pelawi Transportation, Limestone Production IUP, Bridge Engineering Design, Pelawi Clearing Area Preparation
- **September 2018**: Procurement and construction of bridges and foundations
- **March 2019**: Detailed Engineering & Bridge Supply and soil investigation details for the foundation
- **September 2019**: Finish Erection and installation supervision, finish foundation/subsurface, civil/concrete work
- **December 2019**: Performance test, Preparation of work area and mining plan, Finish hauling road and bridge

Limestone reserves up to 23 years, can produce as much as 43 million tons of cement

January 2019: The first mining is from Bukit Pelawi and is supplied to the Baturaja II Factory
WHRPG (Waste Heat Recovery Power Generation)

- Utilization of hot gas from factory kilns into electrical energy with the potential electricity generated by 10 MW
- Provides electricity cost efficiency up to 30%
- Capex estimate: US $ 25-30 million
- Construction: 2018

*Illustration WHRPG in cement factory*
Baturaja Factory Progress II
Progress Baturaja Plant II - I H2017

- Kiln Ignition: 25/04
- EP Contract (Engineering & Procurement): 26/03
- Clinker Production: 10/05
- Cement Production: 01/06
- Commercial Product: 30/10

- Fastest Integrated Cement Factory Construction in Indonesia

- 2015
  - 26 month trial

- 2017
Baturaja II Plant Progress

- Production Capacity: 1.85 million tons/year
- Total Investasi: Rp.3.39 triliun
Thank You