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## Press Release

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*PT Holcim Indonesia Tbk Annual Results 2016 announcement*

# Holcim Indonesia Looks Ahead and Remains Vigilant Within The Continuing Uncertainty

- **2.37% increased sales contributed from additional capacity in Sumatera, despite oversupplied market and intense competition**
- **Stronger presence with the new terminal in Lampung & upcoming one in Palembang**
- **Enriched portfolio with more innovative solutions reaching wider markets**

Below are key highlights of the company's financial performance in 2016 (audited):

<i>In IDR million (except ratios)</i>	<b>Dec. 2016</b>	<b>Dec. 2015</b>
Net Sales	9,458	9,239
Gross Profit	1,930	2,139
Gross Margin %	20.41%	23.16%
Operating EBITDA	1,365	1,833
Income from operations	206	909
Net (loss) profit	(285)	175

*\*2016 performance has included PT Lafarge Cement Indonesia which has been acquired in Feb 2016.*

PT Holcim Indonesia Tbk published its 2016 financial statement today featuring 2.37% sales increase compared to the year before, as part of the integration results with PT Lafarge Cement Indonesia in early 2016. The crowded and tightening market competition coupled with weak demand have put strong pressure on prices resulting in a gross profit decrease by -9.77% to Rp 1,930 million. Additionally the Company bears the debt for the acquisition of PT Lafarge Cement Indonesia worth Rp 2 trillion.

Overall the market remained flat, far away from the initial growth of 5% projected by ASI. Slow implementation of infrastructure projects and a rather negative, reluctant view of the private sector coupled with the uncertainties around the Tax Amnesty have held back investments. This is well reflected in the low credit growth in both the consumer credits and investment credits. Holcim itself recorded a sales volume increase compared to 2015 of 10.53% for cement & clinker including exports, contributed by a strong presence in Northern Sumatera and from the Ready-Mixed Concrete and Aggregates business units which increased by 1.54% and 17% respectively.

The Company executed several initiatives to gain efficiencies and to reduce costs on manufacturing, distribution, and financial costs as well as to improve the use of alternative materials. Holcim launched a number of new concrete products and service improvements during 2016 ie ThruCrete, ApexCrete while improved the sales performance of SpeedCrete aligned with various Government road maintenance projects in DKI Jakarta, now also reaching East Java. But all these measures could not compensate for the drastic price reductions in the market.

Indonesia's annual cement production capacity of 102 million tons was paired with low demand that affected the company's overall performance in 2016. Government measures are still seen as important to balance the supply and demand situation, as well as to stimulate the building sector on housing and large infrastructure projects realization, to enable effective capacity absorption in a long run.

**2017 Business Outlook**

Demand growth in the short-term is predicted to remain minimal, below the again by ASI anticipated +5 percent. For the long-term, PT Holcim Indonesia Tbk is still convinced of Indonesia's strong fundamental growth potential above the short term level.

Aside from the additional capacity from the acquired cement plant in Lhoknga, Aceh, Holcim's stronger presence in Sumatera is also manifested with the operation of a cement terminal in Lampung and the upcoming Terminal in Palembang which is expected to be operational by 2018. The new terminal in Lampung secures supplies to serve the local market with a capacity of one million ton cement per year.

Commenting the tough condition that plunged most industries' performance in 2016 including cement business players, Gary Schutz, CEO said "The unpredictable dynamics will still be our main reason to stay vigilant and agile while providing value for our customers and stakeholders. The building materials and construction industry remains under pressure, due to the economic slowdown that has affected customers' purchasing power. Thus, the government's role to create a more conducive business environment would certainly be beneficial."

**About PT Holcim Indonesia Tbk**

*PT Holcim Indonesia Tbk (Holcim Indonesia) is a publicly listed company which its majority stake (80.65%), is owned and managed by Swiss-based LafargeHolcim Group, the world's largest cement companies with more than 115,000 employees and operates in more than 90 countries.*

*As one of the largest cement companies in Indonesia, PT Holcim Indonesia Tbk maintains integrated businesses of cement, ready-mix concrete, and aggregates production. The company operates three cement plants in Narogong-West Java, Cilacap-Central Java, Tuban-East Java, and Lhoknga-Aceh, making total capacity of 15 million tons of cement and employs more than 2,500 employees.*

*PT Holcim Indonesia Tbk operates a domestic building material supply network, which covers special distributors, retailers, masons, and value added solutions.*

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