



PT Sri Rejeki Isman Tbk

THE IDX
**BEST
BLUE**
2017

MANAGEMENT PRESENTATION

FINANCIAL STATEMENTS 31 March 2018



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A LEADER in SOUTHEAST ASIA's TEXTILE INDUSTRY

PT Sri Rejeki Isman Tbk (“Sritex”) is one of the largest vertically integrated textile companies in SE Asia, with operations across Spinning, Weaving, Finishing and Garment Manufacturing, located in Central Java, Indonesia.

COMPANY OVERVIEW

- One of the largest vertically-integrated textile garment companies in SE Asia.
- Established by the Lukminto family with history dating back to 1966; headquarter in Sukoharjo, Central Java, Indonesia.
- Product portfolio comprises yarn, greige, fabric, as well as military and corporate uniform and fashion clothing.
- Strong and diversified customer base with presence in over 100 countries.
- Strong reputation with numerous awards and accreditations; ISO 9001 & ISO 14001 Certified Company
- Listed on the Indonesia Stock Exchange since June 2013



SPINNING

Capacity 954,000 bales/year



WEAVING

Capacity 180 million metre/year



FINISHING

Capacity 240 million yards/year



GARMENT

Capacity 30 million pieces/year



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VERTICALLY TEXTILE & GARMENT COMPANY



| | | |
|-----|-----------|--|
| 60% | RAYON | |
| 20% | COTTON | |
| 20% | POLYESTER | |

| | | | | | | | |
|--------------------------------|--|--------------------------------|--|-------------------------------|--|-------------------------------|--|
| SPINNING | | WEAVING | | FINISHING | | GARMENT | |
| | | | | | | | |
| CAPACITY 954.000 Bales/Year | | CAPACITY 180 Mn Meters/Year | | CAPACITY 240 Mn Yards/Year | | CAPACITY 30 Mn Pieces/Year | |
| 65%-70% SOLD OUTSIDE | | 15%-20% SOLD OUTSIDE | | 60%-70% SOLD OUTSIDE | | 100% SOLD OUTSIDE | |



WORLDWIDE

Four main production processes of Sritex:
Spinning, Weaving, Fabric Finishing and Garment are vital to the integration of the Company's Business.



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STRATEGIC LOCATIONS

Tanjung Emas International Port, Semarang



SPD: Area~18ha



BltraTex



Primayudha Mandiri Jaya

Central Java, Indonesia
Total Population: 35 Million peoples

Total Area ~ 79ha

Sritex 2:
Area~19ha



Sritex 1: Area~42ha

Unique competitive advantage through offering its customers integrated solutions supported by economic of scale, consistent high quality, shorter lead times, enhanced operational and cost efficiency, leading to competitive pricing policies.

Production facilities situated in a region with heavy focus on textiles and close proximity to low-cost and skilled workforce. And 2 hours to international port.



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MILESTONES

“Our company is growing rapidly from year to year with a strong Fundamental and continuous expansion”

Present

- The Best Blue 2017 Award from IDX
- Most Powerfull Companies 2017 Category Textile & Garment from Warta Ekonomi
- Top Emiten 2017 Sector Garment & Textile from TOP Capital Market 2017
- Best :Listed Companies 2017 from Investor Magazine for Textile & Garment Sector
- Best Emiten by Analyst Selection in “Yuk Nabung Saham” programme 2017
- President of the Republic Indonesia inaugurated the Expansion New Factory of PT. Sri Rejeki Isman Tbk on April 21, 2017.

2016

- Best Liability Management – Asset Asian Award 2016 by Triple A.
- The Top 50 Company For 2016 – Best of the Best Awards, Forbes Indonesia.
- Rank-1 For Textile and Garment Group – Economic Review.
- Rank A For Best GCG 2016 – Economic Review
- Top Ten Blue as one of the best IDX Listed Company – 2016
- Best Enterprise Achievers 2016 for Local Giants category from Obsession Media Group.

PT Sri Rejeki Isman Tbk officially listed its initial shares (with ticker code SRIL) on the Indonesia Stock Exchange

2013

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Iwan S. Lukminto began to engage in a leadership role.

Became a military uniform supplier for NATO and the German army.

1994

Achieved vertical integration and expanded production capacity to 4 business segments:

Spinning, Weaving, Finishing, Garment

1992

Registered at the Ministry of Industry and established as a limited liability company

1978

Established the first finishing plant that produces finished fabric and whitening materials (putihan) in Solo.

1968

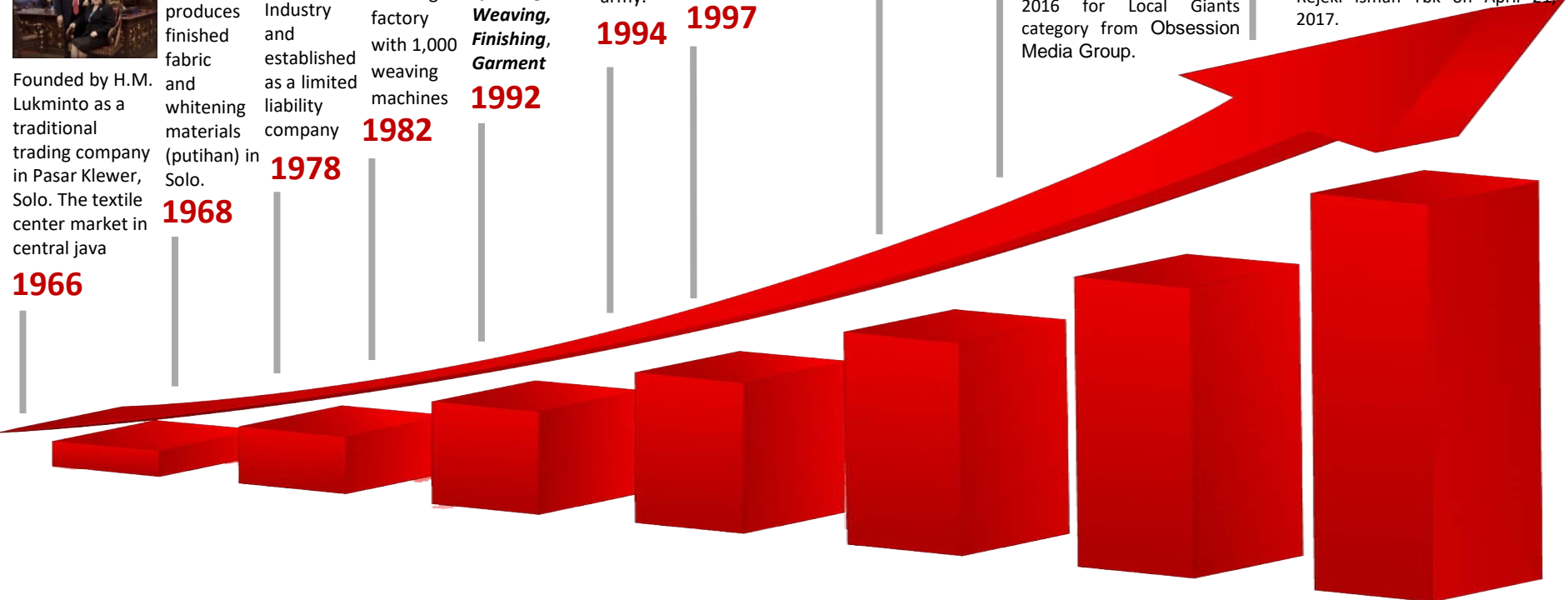
Founded by H.M. Lukminto as a traditional trading company in Pasar Klewer, Solo. The textile center market in central java

1966



Founded by H.M. Lukminto as a traditional trading company in Pasar Klewer, Solo. The textile center market in central java

1966





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BOARD OF COMMISSIONERS AND DIRECTORS



BOARD OF COMMISSIONERS

- 1 **Hj. Susyana**
President Commissioner
- 2 **Megawati**
Commissioner
- 3 **Prof. Dr. Ir. Sudjarwadi, M.Eng, Ph.D**
Independent Commissioner



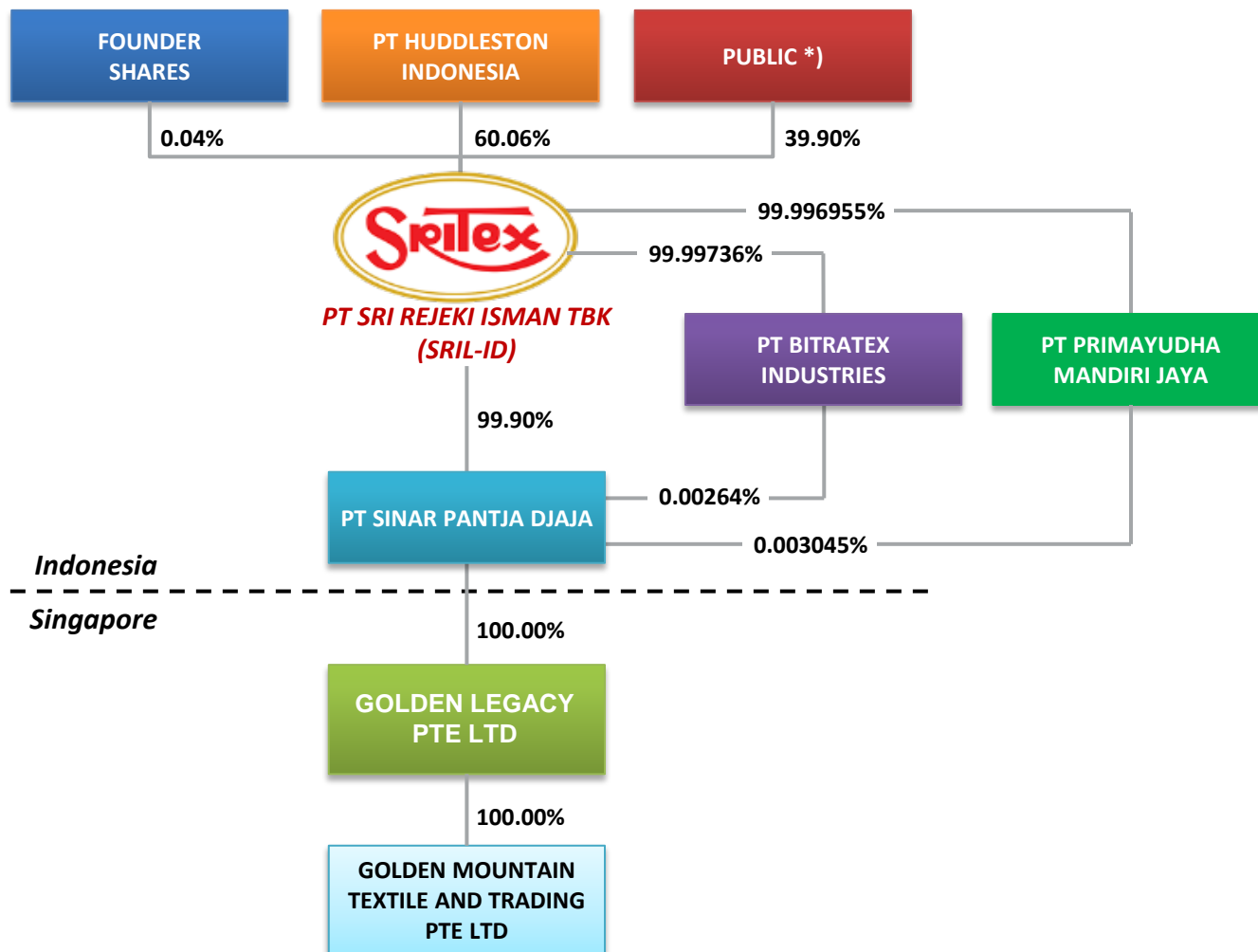
BOARD OF DIRECTORS

- 4 **Iwan Setiawan Lukminto**
President Director
- 5 **Iwan Kurniawan Lukminto**
Vice President Director
- 6 **Dr. M. Nasir Tamara Tamimi**
Independent Director
- 7 **Allan Moran Severino**
Director of Finance
- 8 **Eddy Prasetyo Salim**
Director of Operations
- 9 **Arief Halim**
Director of Marketing
- 10 **Karunakaran Ramamoorthy**
Director of Productions



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COMPANY STRUCTURE AFTER NON PRE-EMPTIVE RIGHT AND POST ACQUISITION





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BUSINESS OVERVIEW

- 1 • Customers
- 2 • Competitors
- 3 • Textile Industry Overview



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CUSTOMERS

“Sritex has a broad and diversified network of customers both domestic and international level”

SPINNING

YARN

Sritex is a major supplier of high quality yarn for major textile customers globally.

WEAVING

GREIGE

Sritex greige or raw fabric is renowned for its excellent standard and high quality.

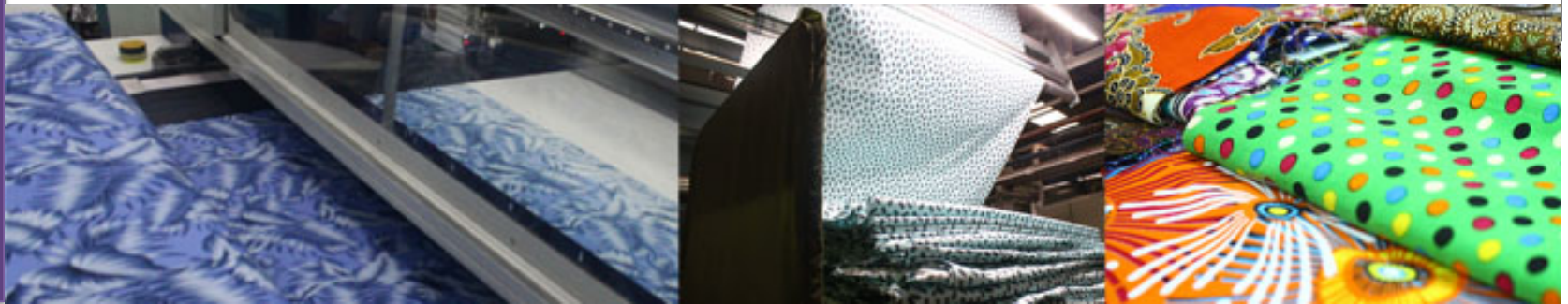


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FINISHING

FABRIC

Sritex high-quality fabric is both extremely comfortable and classy. It is a reputable brand within a competitive fashion industry.





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Garment

Fashion

Sritex's flexibility allows penetration into the international fashion market, with many leading international players as its clients



- TJ Max
- Buffalo
- LC Waikiki
- RnB
- Martha Stewart
- Vintage American
- Maxx
- Splash
- Hybrid
- Hanes
- Champion
- New Yorker
- Nodstorm
- Ross
- Kohl's
- Guess
- Target
- Forever 21
- Express
- El-Zatta
- Planet Suri
- Volcom
- Syaf Co
- Rip Curl

Uniform - Corporate

Sritex also manufactures uniforms for Indonesian companies, for work-wear international companies and also uniforms for government agencies



- MAYORA
- Le Paul
- Ambler
- IMIP
- Ready Care
- SAJ
- United Tractor
- PPUM
- IGM Hospital
- OZ Fashion
- Swarna
- Propan
- Pelindo

Uniform - Military

Sritex is a leading partner in supplying military uniforms to more than 30 countries since 1993 and has become supplier for German military uniform with high specification.







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COMPETITORS

“Relative to its domestic competitor. Sritex is the market leader with FY 2017 US\$ 759 Million”

Sritex is in a fairly competitive position within the textile industry in Indonesia. According to the Indonesian Textile Association ("API"), the textile industry in Indonesia is still fragmented with 2,930 textile companies in 2014. According to the Ministry of Industry Indonesia, about 2,600 textile companies are still using machines older than 20 years, companies using newer machines are considered to have a greater competitive advantage and Sritex is one of the few companies that does.

| COMPETITOR | PRODUCT | COUNTRY | SALES FY 2017 Million USD |
|---|--------------------------------|-----------|---------------------------------|
|  PT. Ever Shine Tex Tbk (ESTI) | Yarn, Greige, and Fabric | Indonesia | 35,12 |
|  PT. Pan Brothers Tbk (PBRX) | Garment | Indonesia | 549,35 |

| COMPETITOR | PRODUCT | COUNTRY | SALES 9M 2017 Million USD |
|---|----------|---------|---------------------------------|
|  Vardhman Textiles Ltd | Fabric | India | 705 |
|  Shenzhou Int. Group | Knitwear | China | 1,304 (1H 2017) |
|  TEXHONG Textile | Yarn | China | 1,176 (1H 2017) |
|  Makalot Industrial Co Ltd | Garment | Taiwan | 734 (1Q 2017) |
|  Arvind Limited | Garment | India | 895 |
|  Eclat Textile Co. Ltd | Knitwear | Taiwan | 922 |

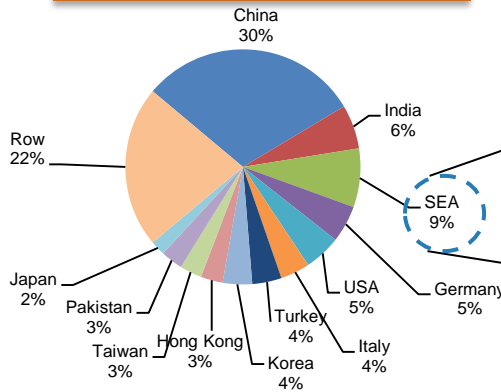
Competitor Military Uniform (Domestic) : PT. APAC Inti Corpora (Bawen-SMG), PT. Mulia Knitting (Kalideres-JKT), PT. Daya Mekar Teksindo (Batu Jajar-West Java), PT. Yuntex (Bandung-West Java), and PT. Bhinneka Karya Manunggal (Karawang).
Competitor Military Uniform (International) : Iturri (Spain), Fecca (Spain), Saintex (Belgium), Cooneen Watts & Stone (UK), Vaife (Holland), Kwintet Sverige (Holland), Oskar Pederson (Norway), and Sari Leo Mihob (France).

TEXTILE INDUSTRY OVERVIEW

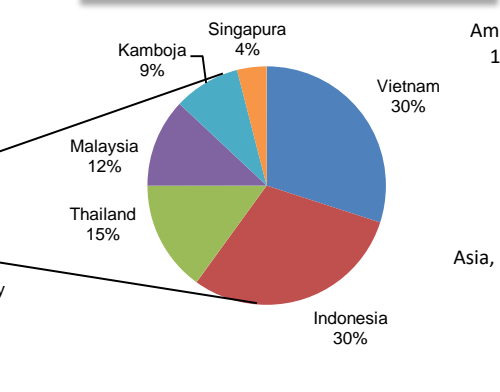
“With the rising labor cost in China and labor issues in Bangladesh, Indonesia now becoming more favorable place for investment”

Textile Export Market Share in 2017

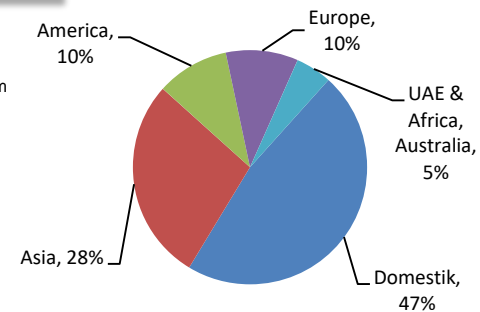
Global Market Share



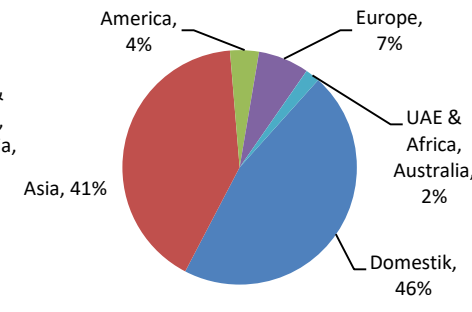
Market Share



Sales By Geographical Area 1Q 2017



Sales By Geographical Area 1Q 2018



Regional Minimum Wage Comparisons Between Countries in 2017

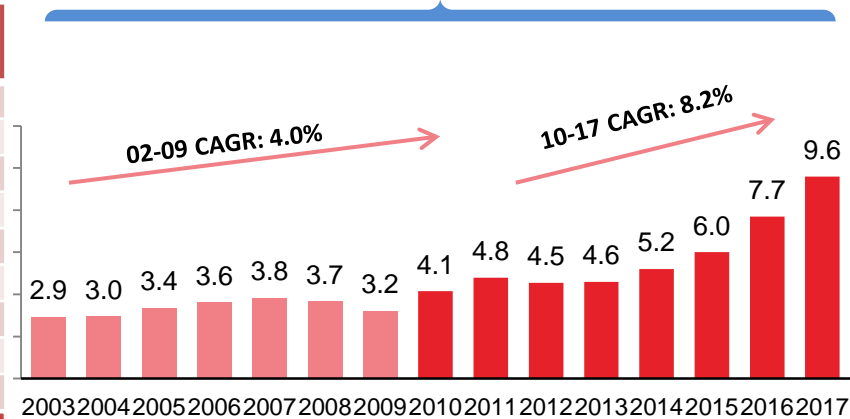
2017 minimum monthly wages of comparison countries

Source : Trading Economics

| COUNTRY | DAILY MIN WAGE (US\$) | MONTHLY MIN WAGE (US\$) |
|-------------|-----------------------|-------------------------|
| Malaysia | 6,92 – 7,52 | 207,49 – 230,33 |
| Thailand | 8,50 | 259,52 |
| China | 4.84 – 10,61 | 101 – 333,6 |
| Indonesia | 2.87 – 7,74 | 86.14 – 232,19 |
| – Sukoharjo | – | 113,33 |
| Vietnam | 4,52 – 5,10 | 136,51 – 153,11 |
| Pakistan | 3.15 – 3,79 | 94,64 – 113,56 |
| Bangladesh | 2.19 | 68 |
| Cambodia | 4.67 | 140,00 |

(a) 2017 minimum wage of Rp. 1,513,000 converted at IDR/USD = 13,351

Indonesian Textile Exports 2003-2017





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STRATEGY & PROJECTION IN 2018

Normalization of New Production

Production and Operational Efficiency

Inovation for value added product development

Development and enhancement for Human Resource

Increase market share and economic of scale through opportunity in acquisition

Strengthening the Capital Structure and Liquidity



- Sales: + 35-40%
- Net Income: 20-25%



PERFORMANCE 1Q 2018

- 1 • Financial Summary
- 2 • Balance Sheet
- 3 • Capital Structure
- 4 • COGS Composition in 1Q 2018
- 5 • Sales Segmentation

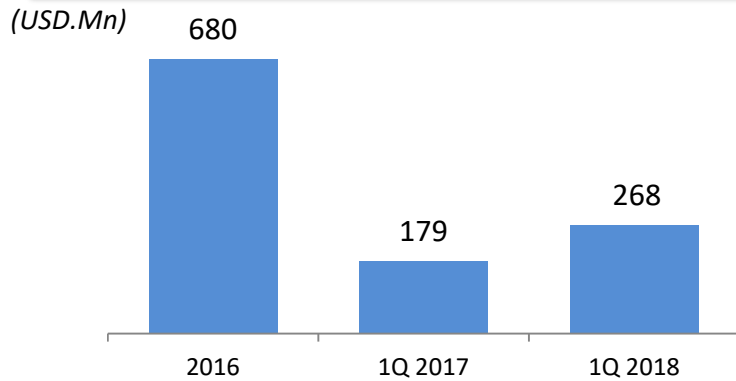


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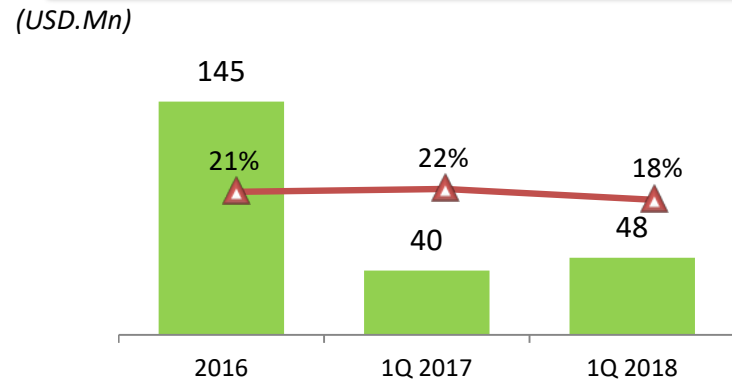
FINANCIAL SUMMARY

The increase in domestic and international sales had a positive impact on the company's fast-growing profitability with a CAGR of 8%

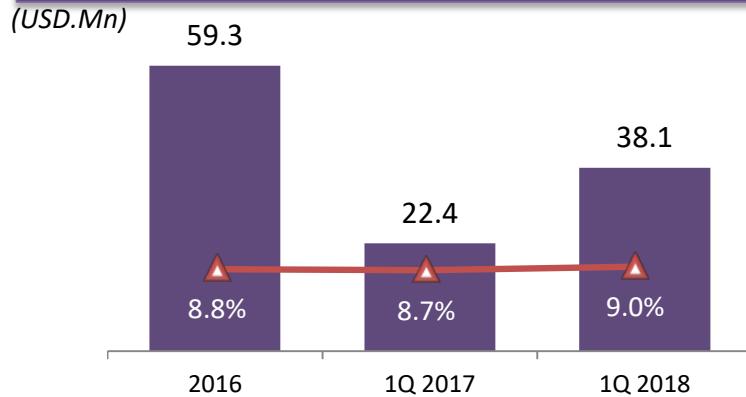
SALES



GROSS PROFIT AND GROSS PROFIT MARGIN



NET PROFIT AND NET PROFIT MARGIN



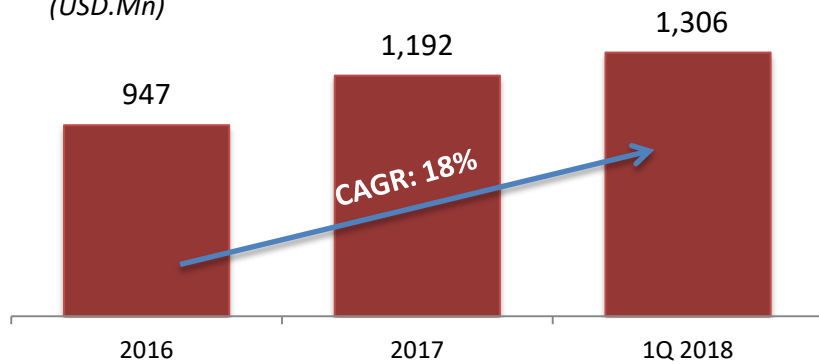


BALANCE SHEET

"The composition of the Company's balance sheet is getting stronger every year and this is expected to continue in the future".

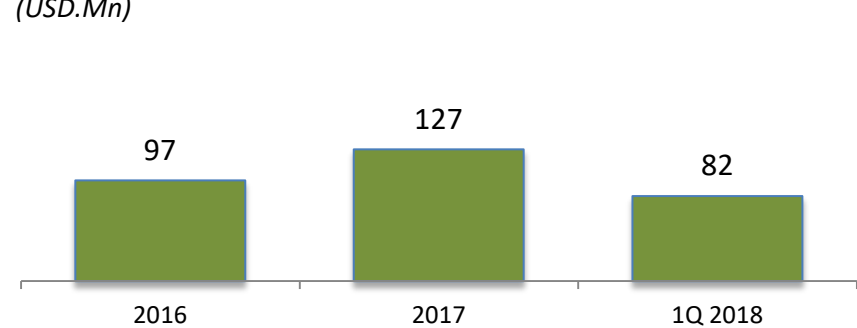
TOTAL ASSETS

(USD.Mn)



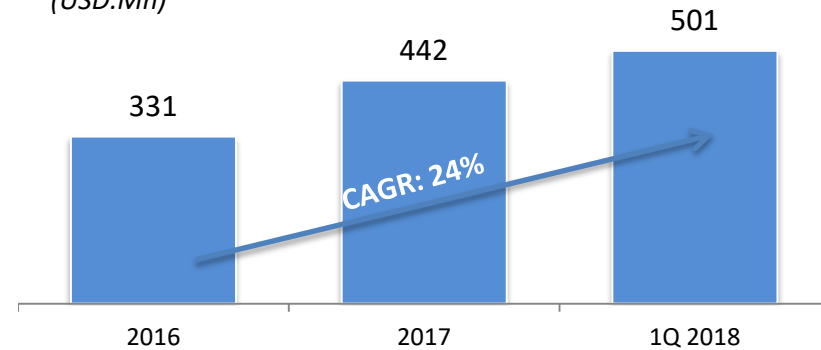
CASH AND EQUIVALENT CASH

(USD.Mn)



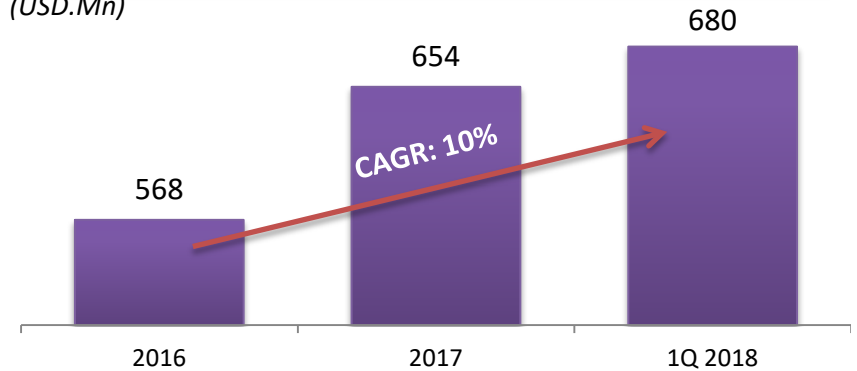
TOTAL EQUITY

(USD.Mn)



TOTAL INTEREST BEARING DEBT

(USD.Mn)

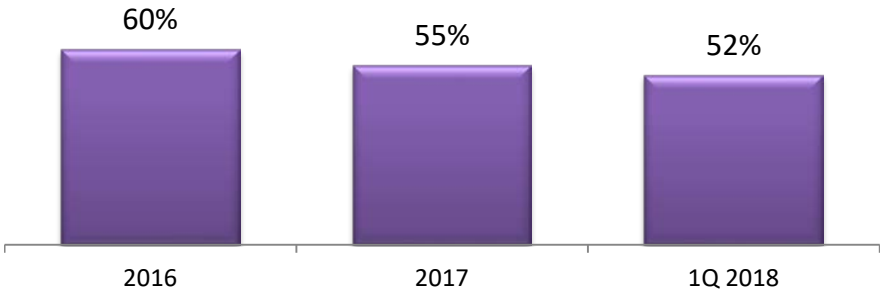




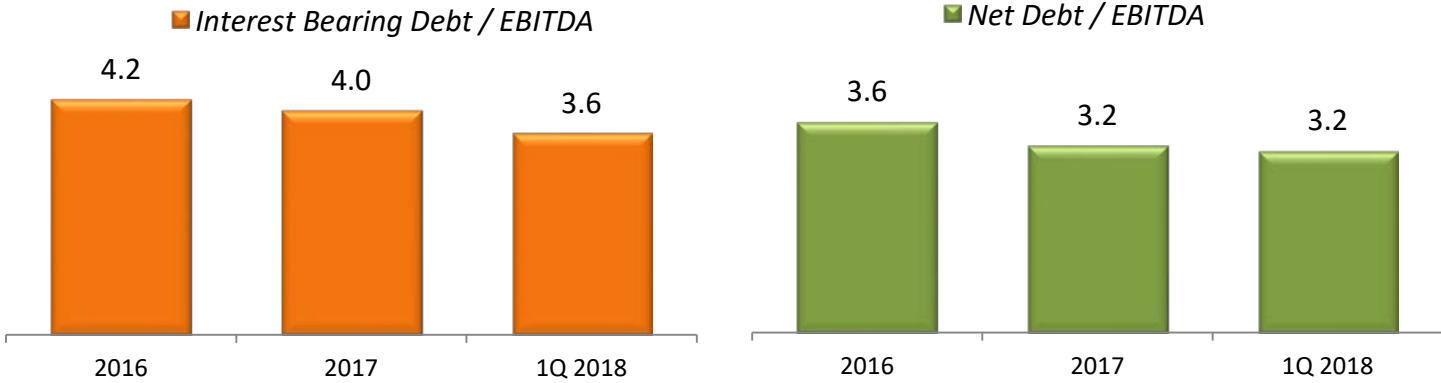
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CAPITAL STRUCTURE

TOTAL INTEREST BEARING DEBT / TOTAL ASSETS

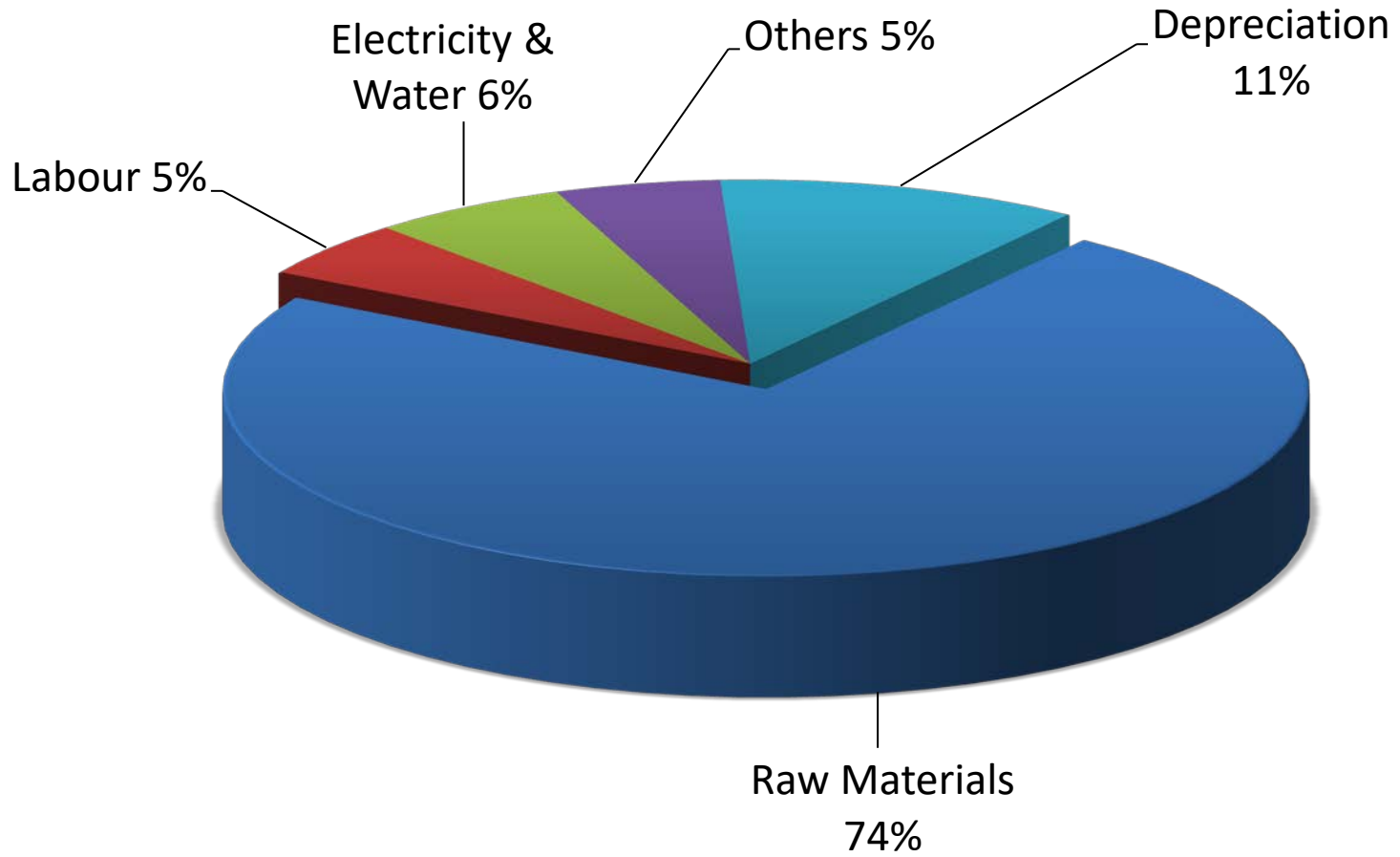


LEVERAGE MULTIPLES





COGS COMPOSITIONS IN 1Q 2018





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SALES SEGMENTATION

2014-17 SALES CAGR

Total Gross Sales contribution by Segment and EBITDA Margin

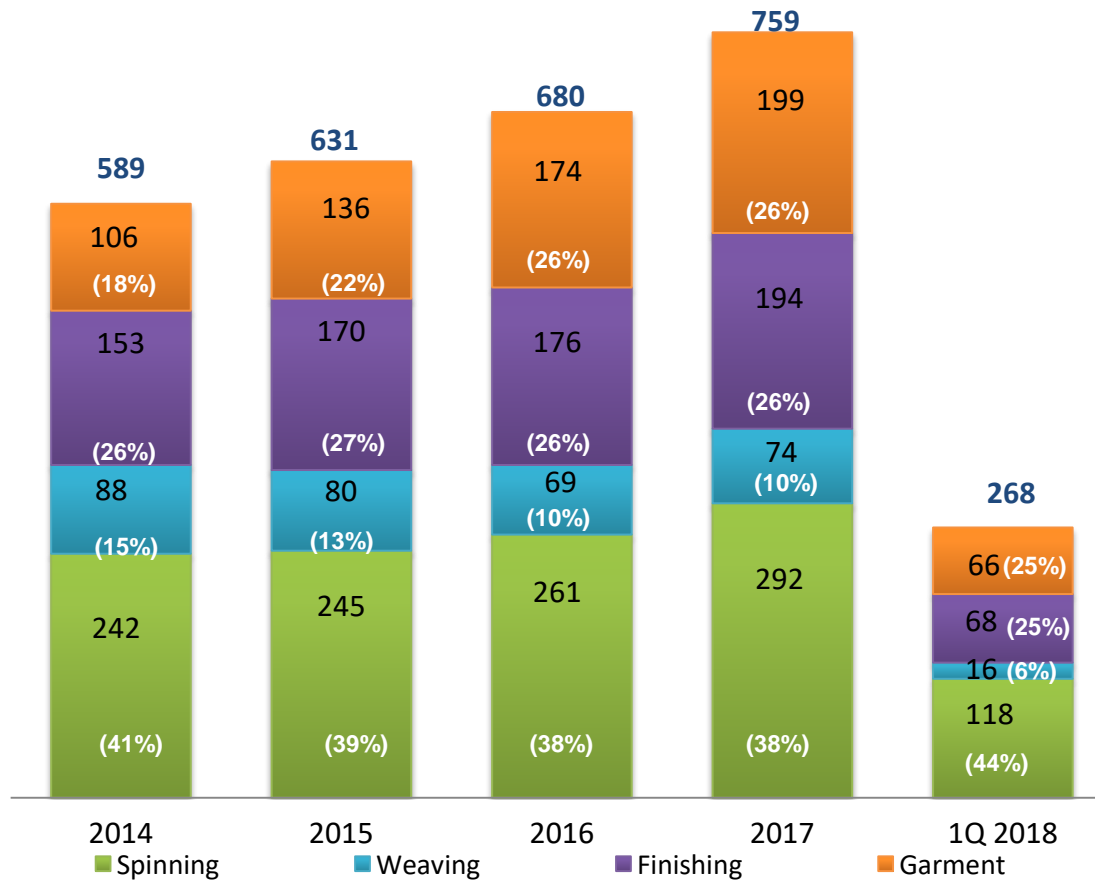
GPM by SEGMENT (2018)

Garment
+26,79%

Finishing
+5,98%

Weaving
-2,53(%)

Spinning
+5,67%



Garment
29%

Finishing
24%

Weaving
16%

Spinning
9%

— : EBITDA Margin



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INAUGURATION OF FACTORY EXPANSION SUKOHARJO, 21 APRIL 2017



Video : www.sritex.co.id/video-gallery

BY PRESIDENT REPUBLIC OF INDONESIA

Recently Acquired Companies

● BITRATEx

Started since 1979, one of the leading manufacture and exporters of finest quality spurn yarn in Indonesia. Manufacturing plant is located in Semarang, Central Java.

The Capacity is **165,000 spindle**.

3 different yarn spinning technologies:

- Ring Spinning
- Open end Spinning
- Vortex Spinning

Bitratex serves both international and domestic market, and export a major share of its production.



● PRIMAYUDHA MANDIRI JAYA

Established in 1997, started commercial production in 1998. One of ten leading manufactures and exporters of fine quality spurn yarn.

The Capacity is **122,000 spindle**.

Primayudha produce a wide variety of raw white spurn yarn. Located in Boyolali, Central Java, 60km from Semarang



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Most Powerful Company 2017
Category Textile and Garment
Warta Ekonomi



Top Emiten 2017
Sector Textile and Garment
Top Capital Market 2017



Best Liability Management
Asset Asian Award 2016 by Triple A.



The Top 50 Company 2016
Best of the Best Awards
Forbes Indonesia.



Rank A
Best GCG 2016
Economic Review



Rank-1
Textile and Garment Group
Economic Review.



40 Best Emiten Analyst Choice
AAEI – CSA Institute.



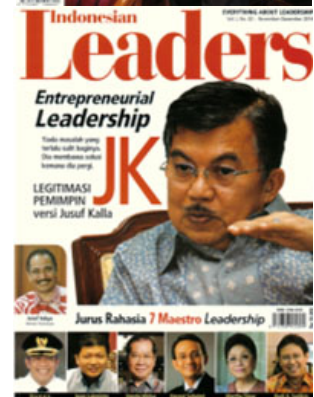
Best Enterprise Achievers 2016
Local Giants category
Obsession Media Group



Top Ten Blue
IDX Listed Company – 2016



The Best Issuer
Miscellaneous Industry
Bisnis Indonesia - 2016





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RECOGNITION & AWARDS





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THANK YOU



PT Sri Rejeki Isman Tbk

CLOTHING THE WORLD

Integrated Vertical Textiles – Garments Plant

an ISO 9001 & ISO 14001 Certified Company

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