



*PT Sri Rejeki Isman Tbk*

# **MANAGEMENT PRESENTATION**

**FINANCIAL STATEMENTS FY 2017**



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## COMPANY OVERVIEW

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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



# VERTICALLY TEXTILE & GARMENT COMPANY



**60%** RAYON



**20%** COTTON



**20%** POLYESTER



**SPINNING**





**CAPACITY**  
654.000 Bales/Year

65%-70%  
SOLD OUTSIDE

**WEAVING**

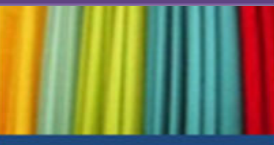




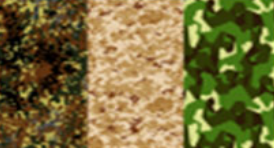

**CAPACITY**  
180 Mn Meters/Year

15%-20%  
SOLD OUTSIDE

**FINISHING**



**PRINT FABRIC**

**CAPACITY**  
240 Mn Yards/Year

60%-70%  
SOLD OUTSIDE

**GARMENT**





**CAPACITY**  
27 Mn Pieces/Year

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.



# 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.



# MILESTONES

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

## Present

- 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

- Best Enterprise Achievers 2016 for Local Giants category from Obsession Media Group.



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

## 1997

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

Established weaving factory with 1,000 weaving machines

## 1982

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.

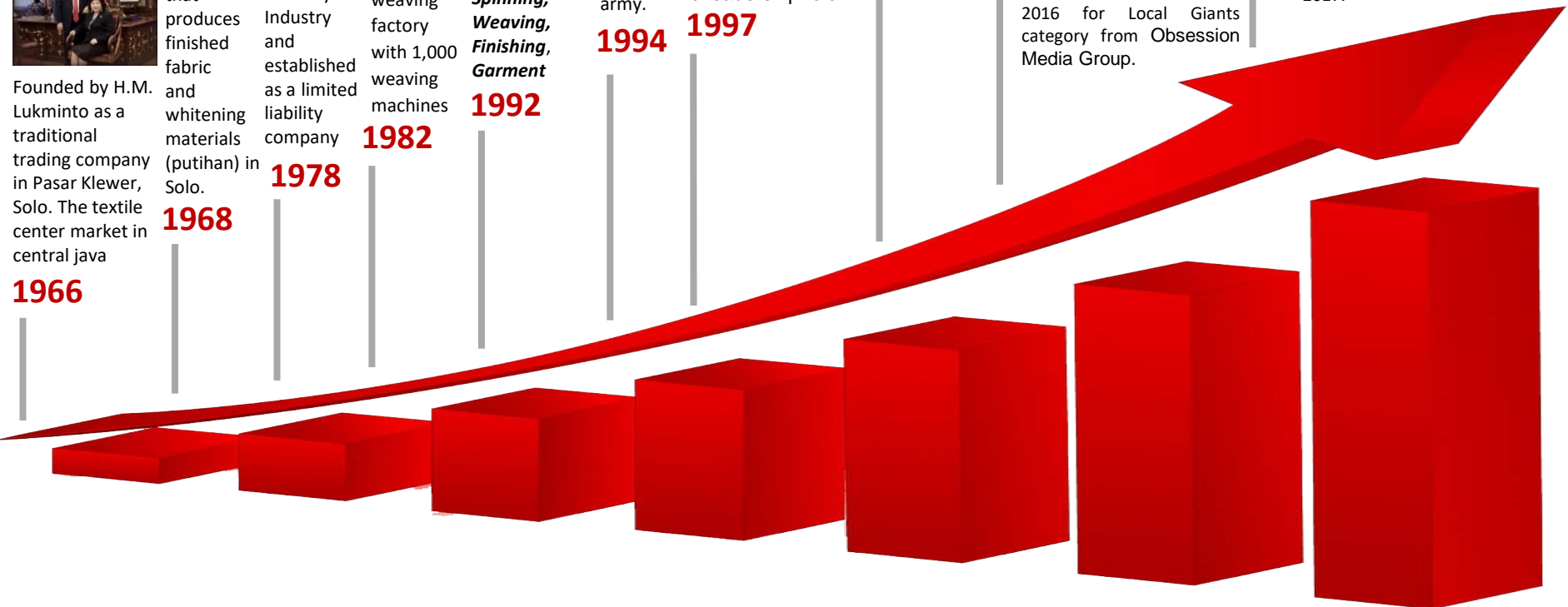
## 1968

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





# 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



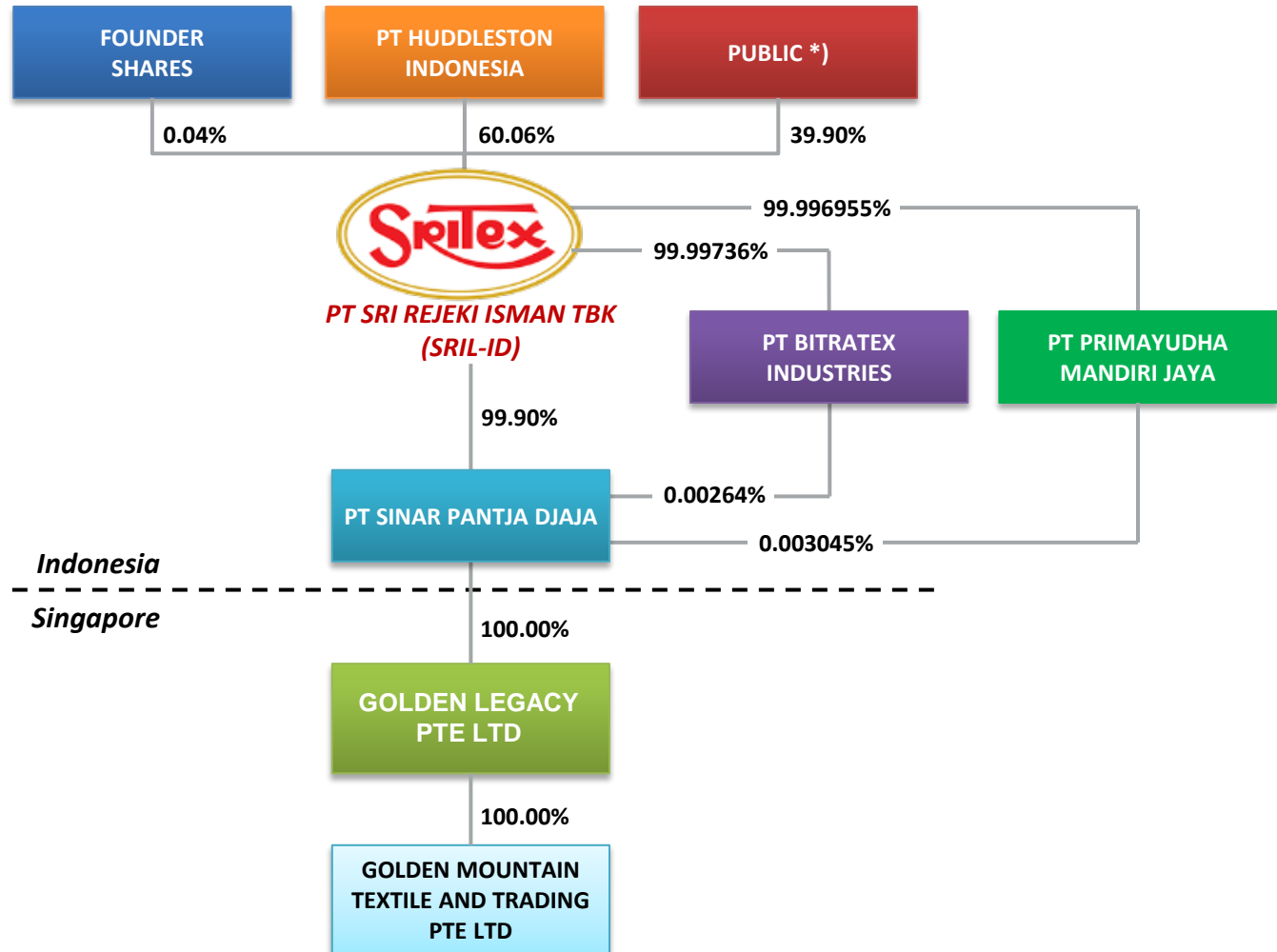
## BOARD OF DIRECTORS

- 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





# COMPANY STRUCTURE AFTER NON PRE-EMPTIVE RIGHT AND POST ACQUISITION





# BUSINESS OVERVIEW



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

“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**

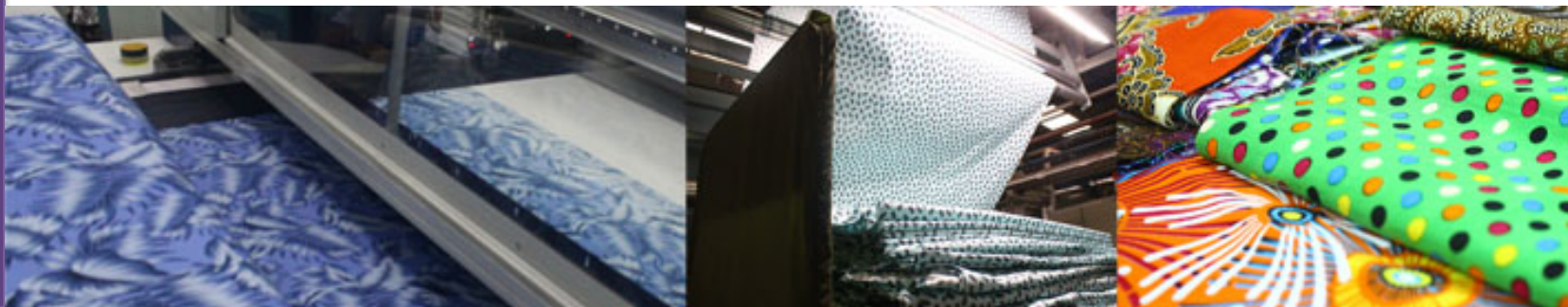
**GREIGE**

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




### FABRIC

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





# 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

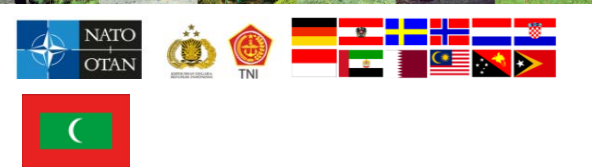
Sritex also manufactures uniforms for Indonesian companies, for work-wear international companies and also uniforms for government agencies



- BLUE BIRD GROUP
- INDONESIA AIR
- sodexo
- Maybank
- Deutsche Post
- POS INDONESIA
- DIARUM
- DHL
- tps food
- BCA SYARIAH
- BANKA INTELIJEN NEGARA REPUBLIK INDONESIA
- BANKA PENGAMAN NEGARA REPUBLIK INDONESIA
- BNN
- Pegadaian
- 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.






# 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
 <b>PT. Ever Shine Tex Tbk (ESTI)</b>	Yarn, Greige, and Fabric	Indonesia	35,12
 <b>PT. Pan Brothers Tbk (PBRX)</b>	Garment	Indonesia	549,35

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

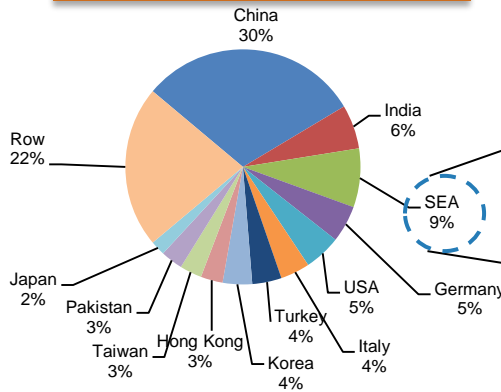


# TEXTILE INDUSTRY OVERVIEW

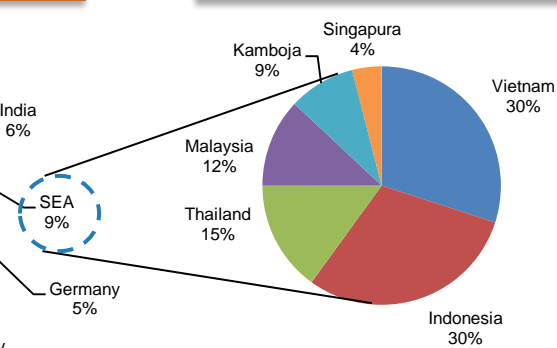
“With the rising labor cost in China and labor issues in Bangladesh, Indonesia now becoming more favorable place for investment”

## Textile Export Market Share in 2016

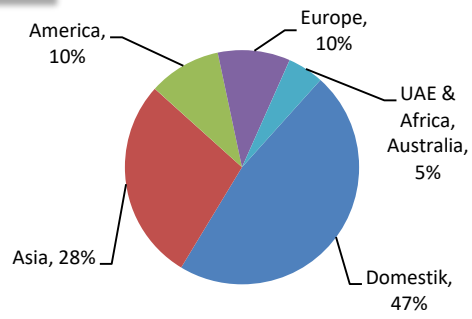
### Global Market Share



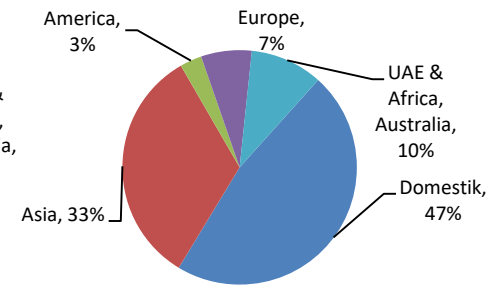
### Market Share



## Sales By Geographical Area FY 2016



## Sales By Geographical Area FY 2017



## Regional Minimum Wage Comparisons Between Countries in 2017

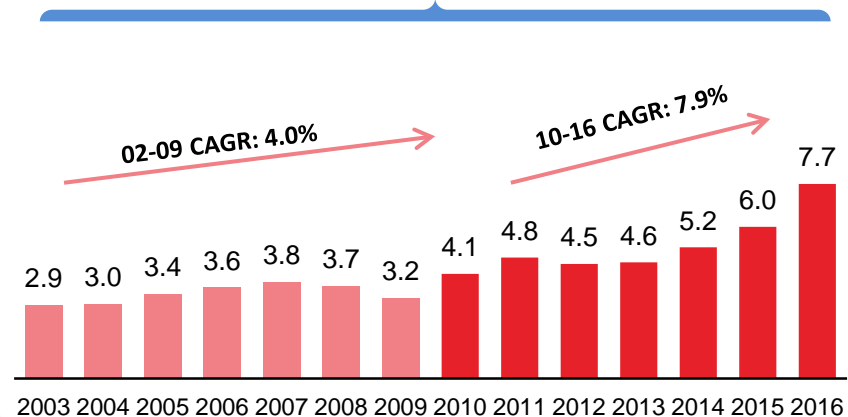
2017 minimum monthly wages of comparison countries

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 2003-2016





## 2017 Strategic Focus

Normalization of New Production

Production and Operational Efficiency

Innovation for value added product development

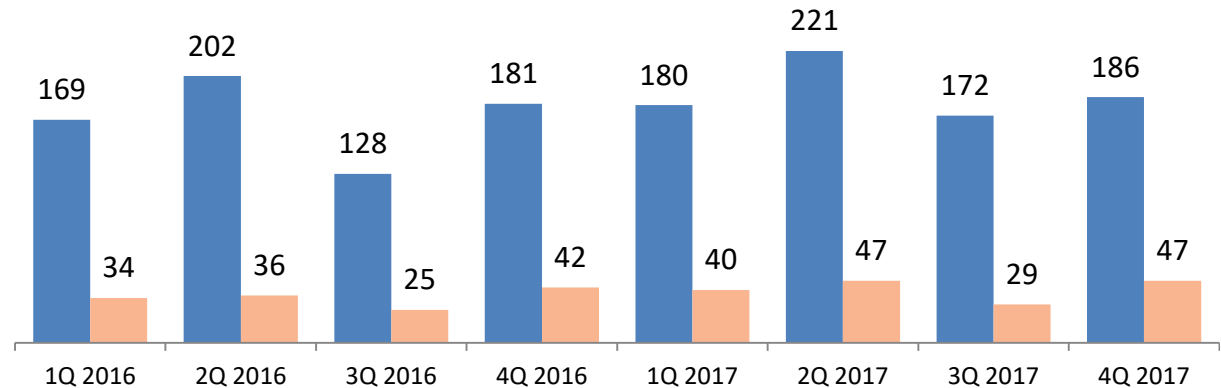
Development and enhancement for Human Resource

Strengthening the Capital Structure and Liquidity

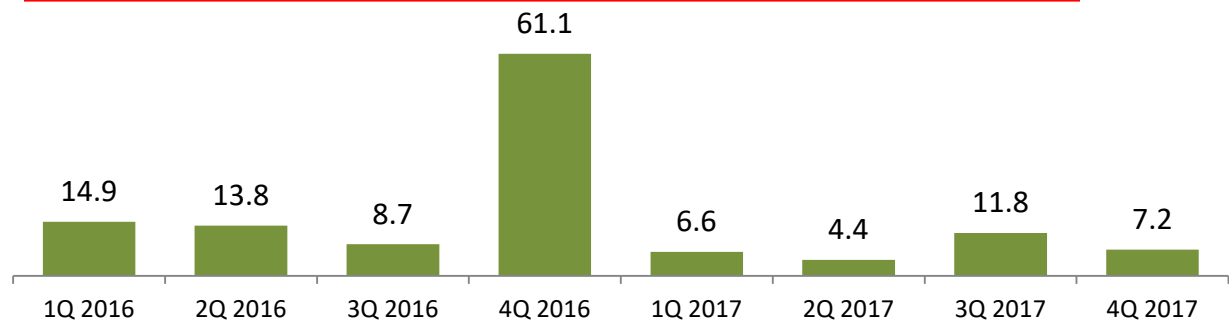


- Sales: + 8-12%
- Net Income: 8-12%

## Quarterly Revenue and EBITDA YoY Growth



## Quarterly CAPEX



Significant EBITDA and Revenue Growth over the past quarters as expansion capacity came on stream.

CAPEX has normalized in 2017, CAPEX of USD 7.2 Mn for 4Q 2017.





**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 FY 2017

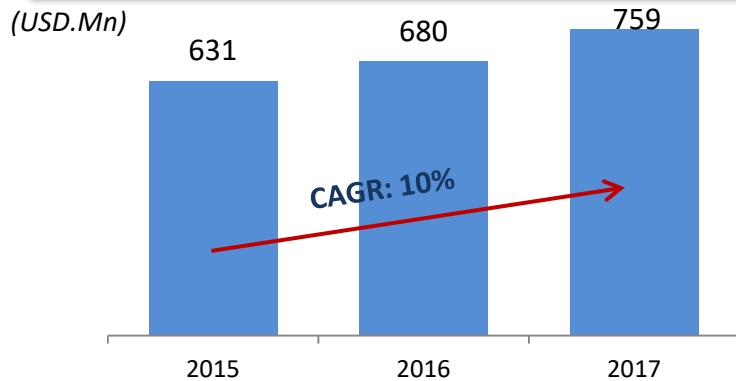
- 1 • Financial Summary
- 2 • Balance Sheet
- 3 • Capital Structure
- 4 • COGS Composition in FY 2017
- 5 • Sales Segmentation



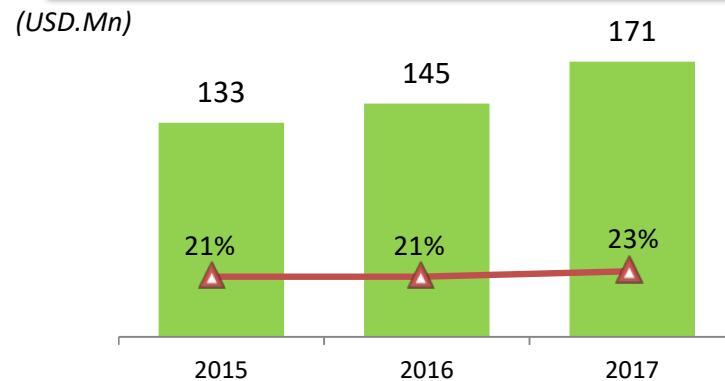
# FINANCIAL SUMMARY

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

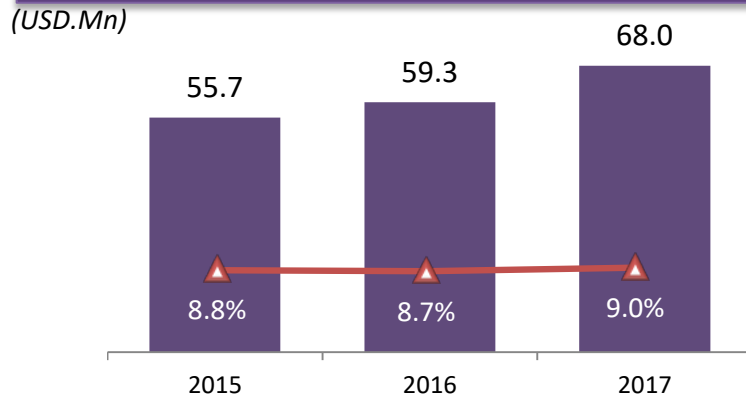
## SALES



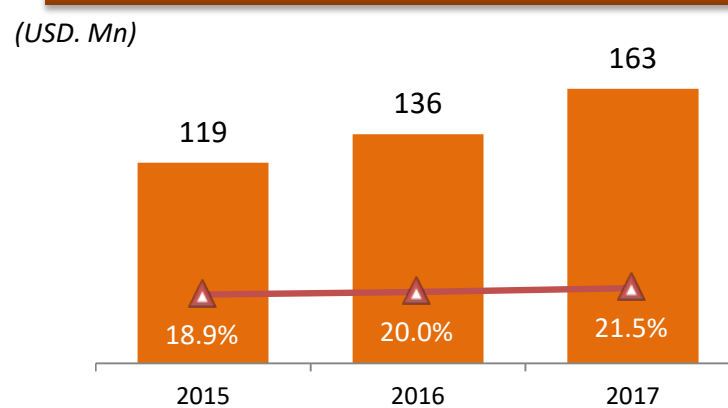
## GROSS PROFIT AND GROSS PROFIT MARGIN



## NET PROFIT AND NET PROFIT MARGIN



## EBITDA AND MARGIN EBITDA



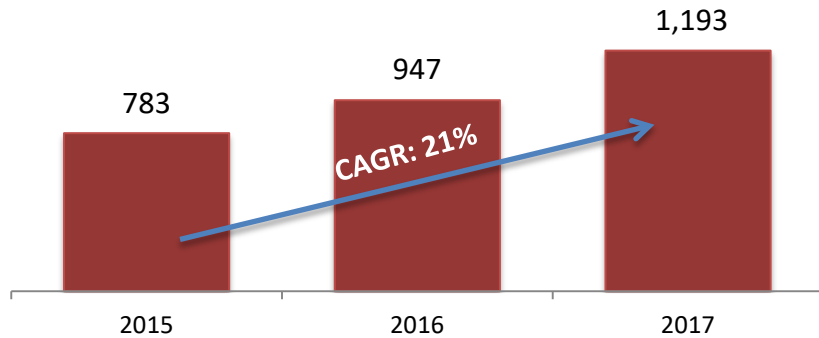


# BALANCE SHEET

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

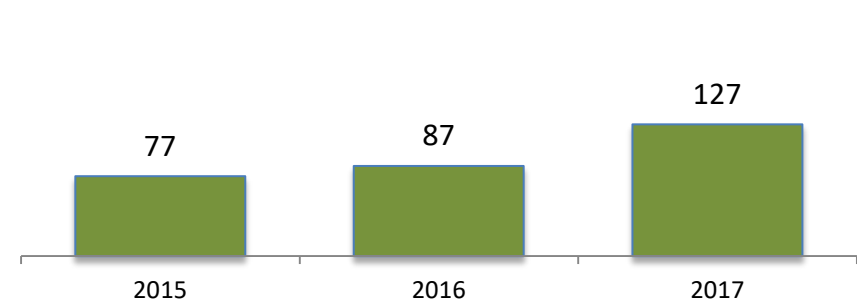
## TOTAL ASSETS

(USD.Mn)



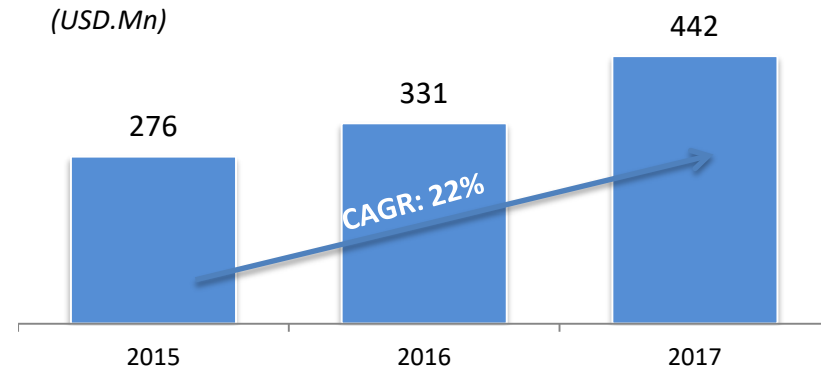
## CASH AND EQUIVALENT CASH

(USD.Mn)



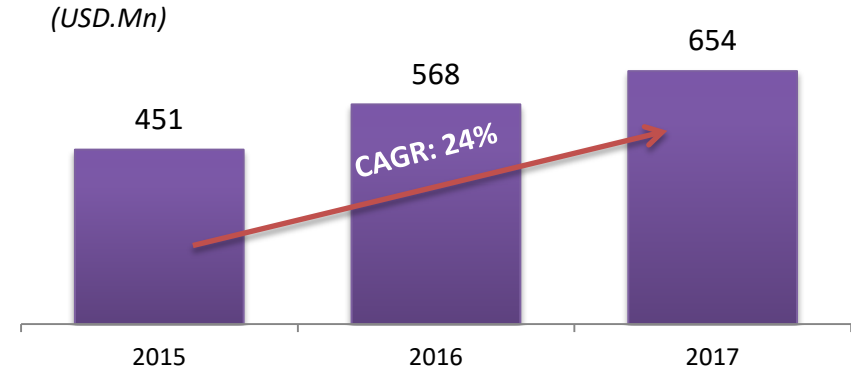
## TOTAL EQUITY

(USD.Mn)



## TOTAL INTEREST BEARING DEBT

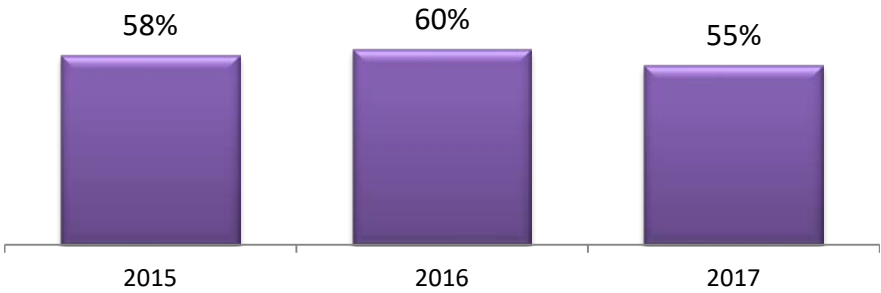
(USD.Mn)



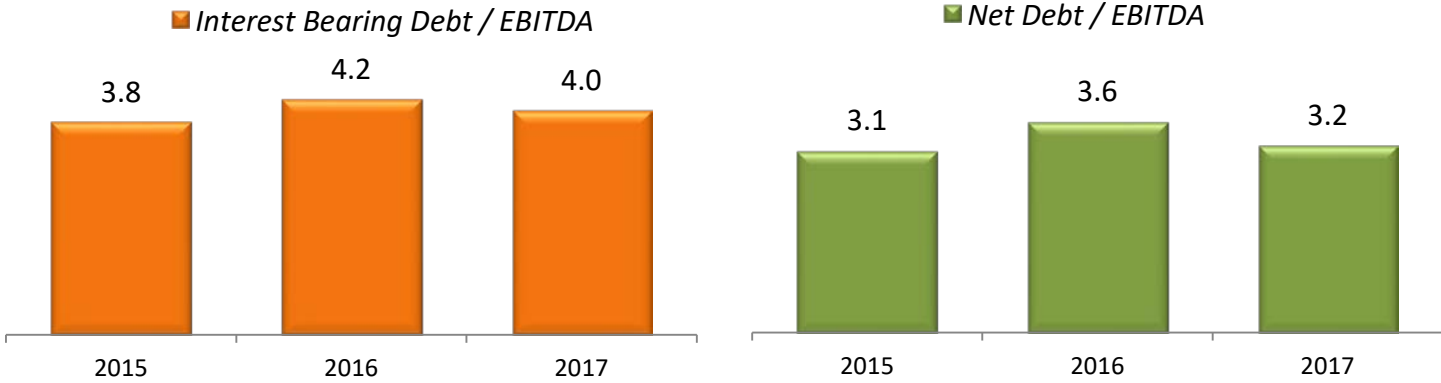


# CAPITAL STRUCTURE

## TOTAL INTEREST BEARING DEBT / TOTAL ASSETS

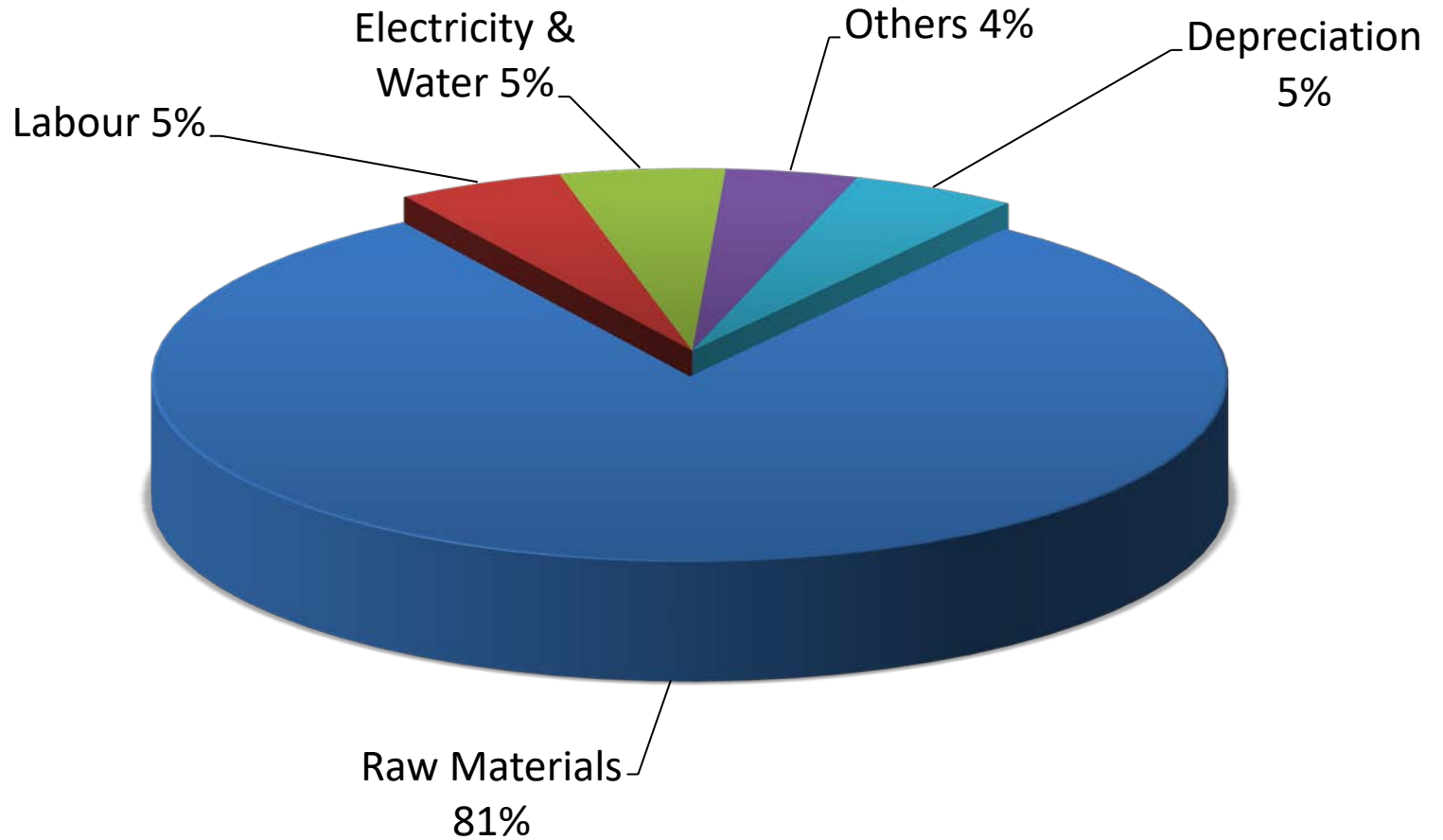


## LEVERAGE MULTIPLES





## COGS COMPOSITIONS IN FY 2017



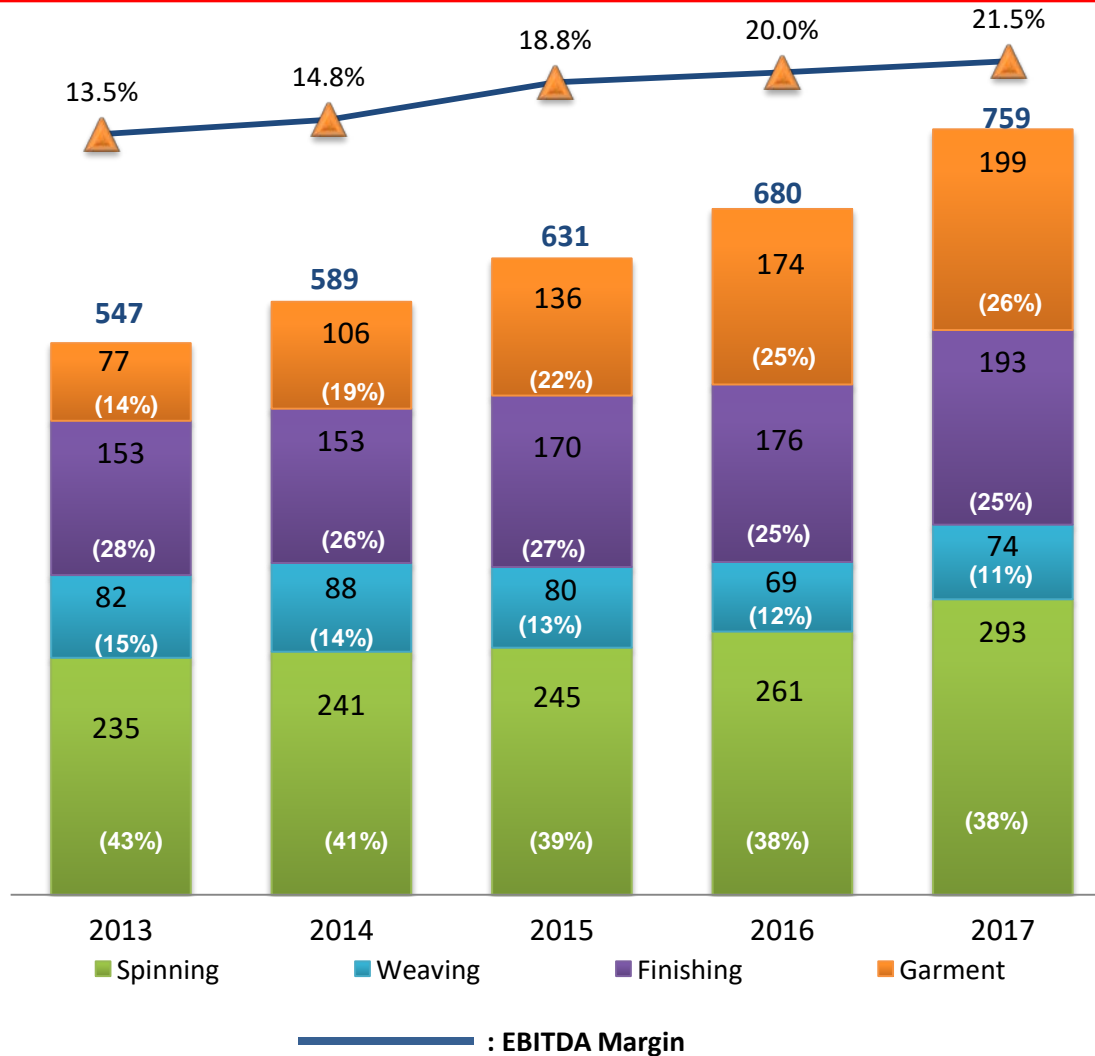


# SALES SEGMENTATION

2013-17 SALES CAGR

Total Gross Sales contribution by Segment and EBITDA Margin

GPM by SEGMENT (2017)



**Garment**  
+26,79%

**Finishing**  
+5,98%

**Weaving**  
-2,53(%)

**Spinning**  
+5,67%

**Garment**  
33%

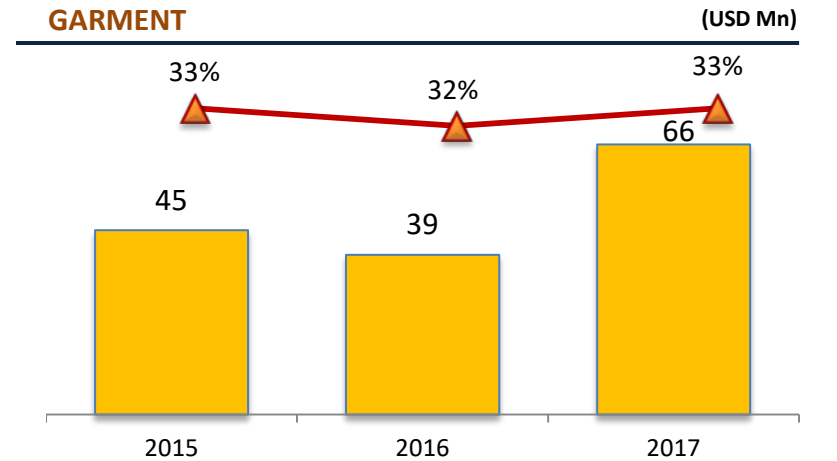
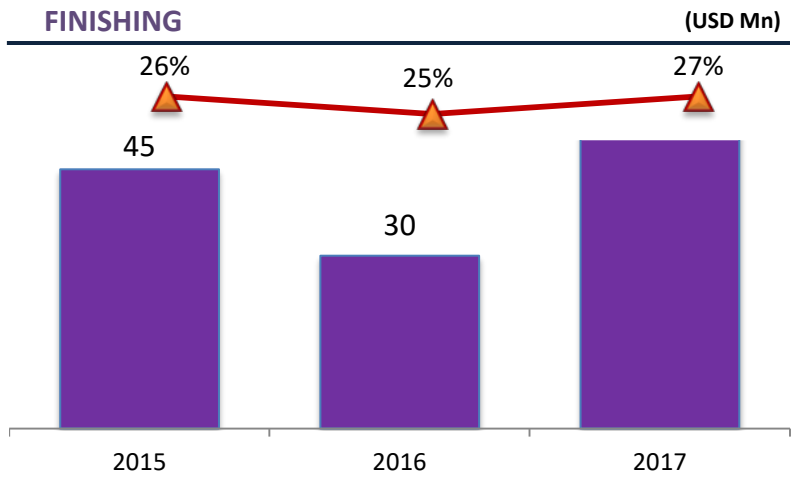
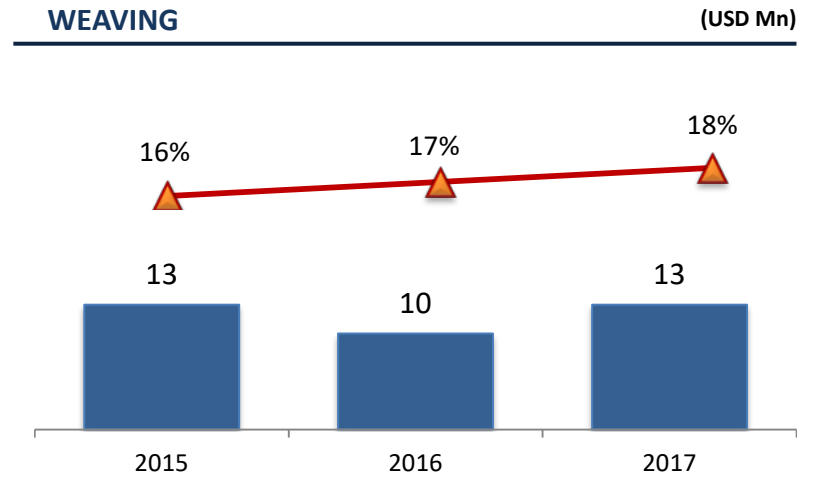
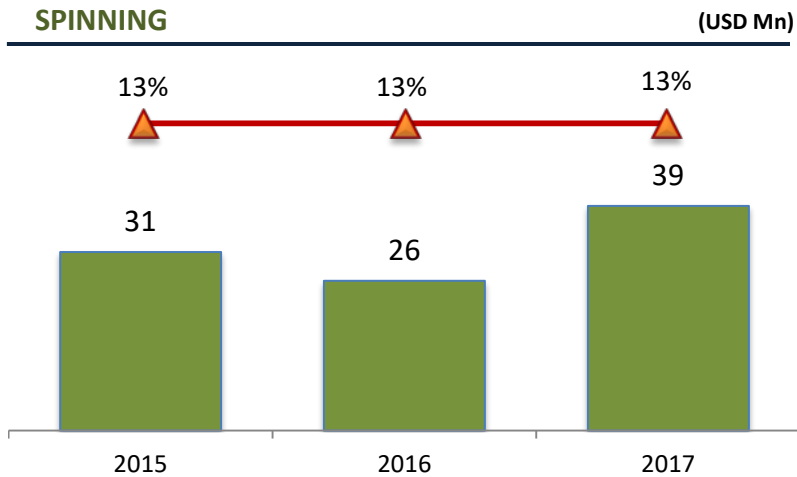
**Finishing**  
27%

**Weaving**  
18%

**Spinning**  
13%



# GP & GPM SEGMENTATION









# INAUGURATION OF FACTORY EXPANSION SUKOHARJO, 21 APRIL 2017



Video : [www.sritex.co.id/video-gallery](http://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



**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.



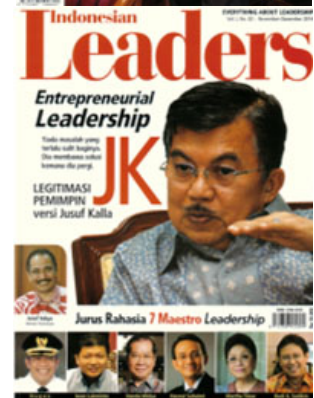
**Best Enterprise Achievers 2016**  
Local Giants category  
Obsession Media Group



**Top Ten Blue**  
IDX Listed Company – 2016



**The Best Issuer**  
**Miscellaneous Industry**  
Bisnis Indonesia - 2016





# 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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Central Java, Indonesia

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