



*PT Sri Rejeki Isman Tbk*

# **MANAGEMENT PRESENTATION**

**FINANCIAL STATEMENTS 31 MARCH 2017**

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PT Sri Rejeki Isman Tbk

# 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 50 countries.
- Strong reputation with numerous awards and accreditations; ISO 9001 & ISO



### SPINNING

Capacity 654,000 bales/year



### WEAVING

Capacity 180 million metre/year



### FINISHING

Capacity 240 million yards/year



### GARMENT

Capacity 27 million pieces/year

**UPSTREAM** **MIDSTREAM** **DOWNSTREAM**

RAW MATERIAL

YARN

GREIGE

DYED FABRIC

APPAREL

RETAIL

**60%** **RAYON**




**20%** **COTTON**




**20%** **POLYSTER**



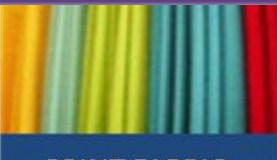
**SPINNING**




**WEAVING**



**FINISHING**



**GARMENT**





**PRINT FABRIC**








**CAPACITY**  
654.000 Bales/Year

**CAPACITY**  
180 Mn Meters/Year

**CAPACITY**  
240 Mn Yards/Year

**CAPACITY**  
27 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.

# STRATEGIC LOCATIONS

Tanjung Emas International Port, Semarang



SPD: Area~18ha



**Sritex 2:**  
 Area~19ha



**Central Java, Indonesia**

Total Population: 35 Million peoples

**Total Area ~ 79ha**

**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.

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



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

**1966**

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

**1968**

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

**1978**

Established weaving factory with 1,000 weaving machines

**1982**

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

**Spinning, Weaving, Finishing, Garment**

**1992**

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

**1994**



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

**1997**

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

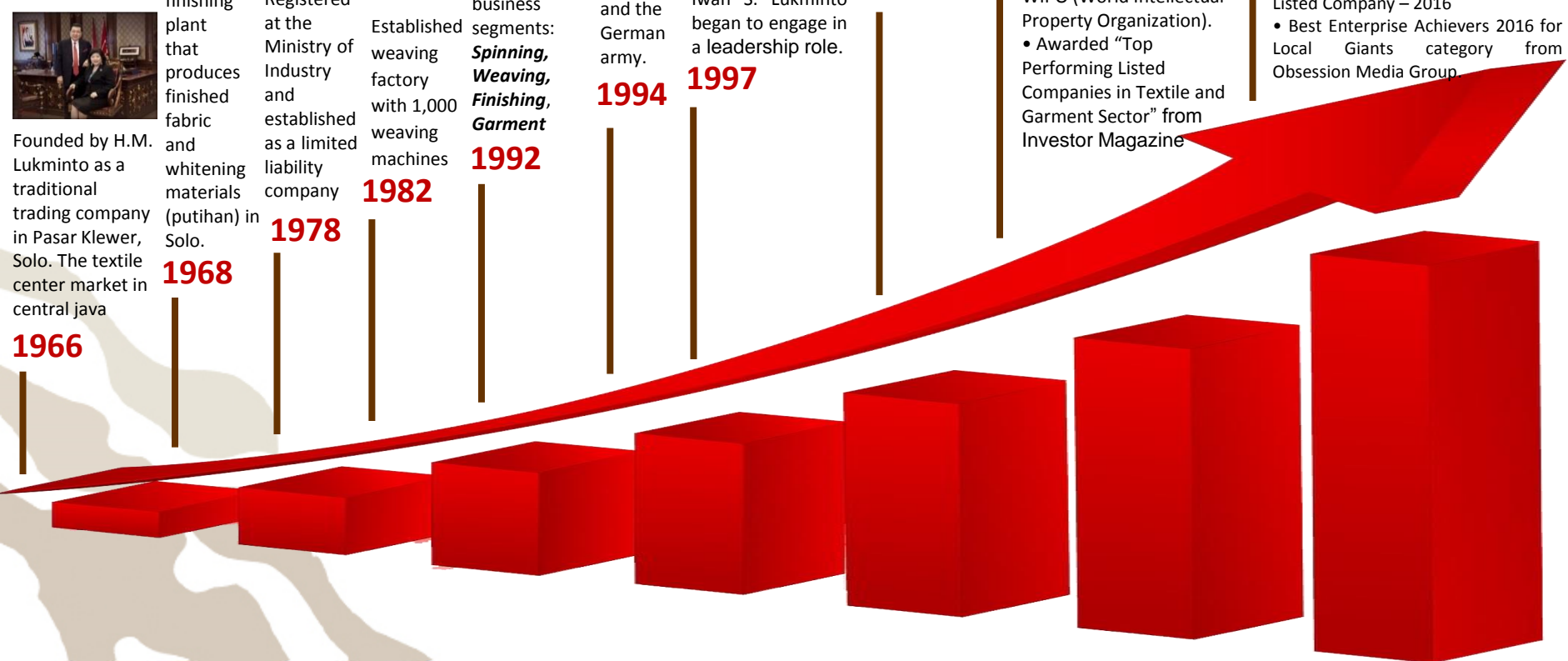
**2013**

**2015**

- Award from the Indonesian World Records Museum with the category of “Pioneer and Organizer of the Largest Share Investors within a Company”
- Intellectual Property Rights Award in the category of IP Enterprise Trophy by Sritex from WIPO (World Intellectual Property Organization).
- Awarded “Top Performing Listed Companies in Textile and Garment Sector” from Investor Magazine

**Present**

- President of the Republic Indonesia inaugurated the Expansion New Factory of PT. Sri Rejeki Isman Tbk on April 21, 2017.
- 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.





## BOARD OF COMMISSIONERS

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



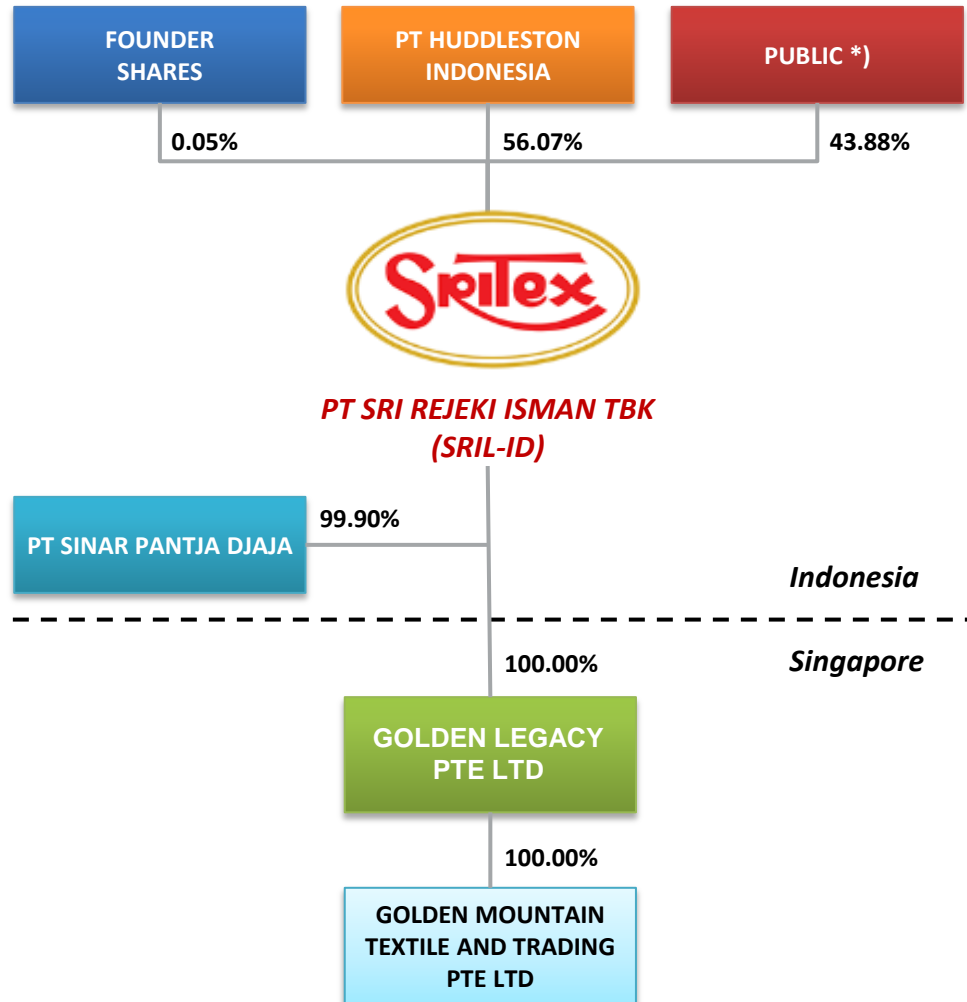
- 4 **Iwan Setiawan Lukminto**  
President Director
- 5 **Iwan Kurniawan Lukminto**  
Vice President Director

## BOARD OF DIRECTORS

- 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



# 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.







PT Sri Rejeki Isman Tbk

FINISHING

### FABRIC

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



APPAREL

### FASHION

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





PT Sri Rejeki Isman Tbk

GARMENT

UNIFORM - CORPORATE

### CORPORATE UNIFORM & WORKWEAR

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



UNIFORM - MILITARY

### MILITARY UNIFORMS

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



**“Relative to its domestic competitor. Sritex is the market leader with Q1 2017 US\$ 180.2 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<br>1Q 2017<br>Million USD | COMPETITOR   | PRODUCT  | COUNTRY | SALES<br>FY 2016<br>Million USD |
|--|-----------------------------|-----------|---------------------------------|--|----------|---------|---------------------------------|
| <br>PT. Ever Shine Tex Tbk<br>(ESTI) | Yarn, Greige,<br>and Fabric | Indonesia | 18,9                            | <br>Vardhman Textiles Ltd        | Fabric   | India   | 866                             |
| <br>PT. Pan Brothers Tbk<br>(PBRX)   | Garment                     | Indonesia | 100,2                           | <br>Shenzhou Int. Group          | Knitwear | China   | 2.189                           |
|  |                             |           |                                 | <br>TEXHONG Textile              | Yarn     | China   | 1.979                           |
|  |                             |           |                                 | <br>Makalot Industrial Co<br>Ltd | Garment  | Taiwan  | 734                             |
|  |                             |           |                                 | <br>Arvind Limited             | Garment  | India   | 841                             |
|  |                             |           |                                 | <br>Eclat Textile Co. Ltd      | Knitwear | Taiwan  | 740                             |

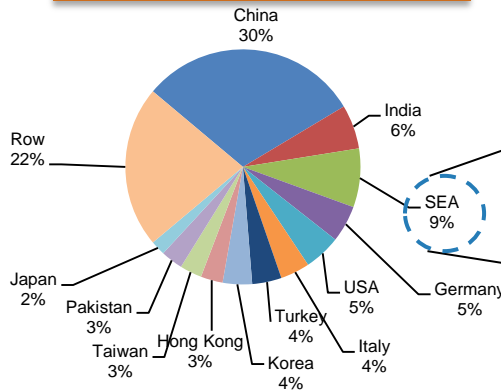
**Competitor Military Uniform (Domestic) :** PT. APAC Inti Corpora (Bawen-SMG), PT. Mulia Knitting (Kalideres-JKT), PT. Daya Mekar Teksindo (Batu Jajar-West Java), PT. Yuntex (Bandung-West Java), and PT. Bhinneka Karya Manunggal (Karawang).

**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).

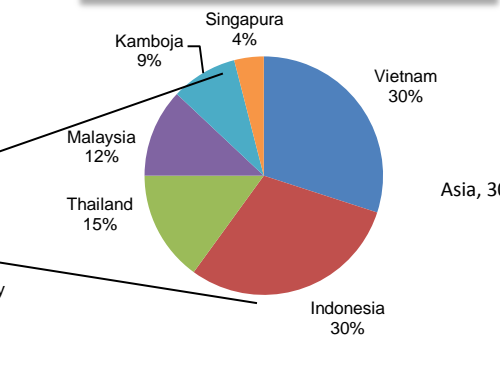
**“With the rising labor cost in China and labor issues in Bangladesh, Indonesia now becoming more favorable place for investment”**

## Textile Export Market Share in 2016

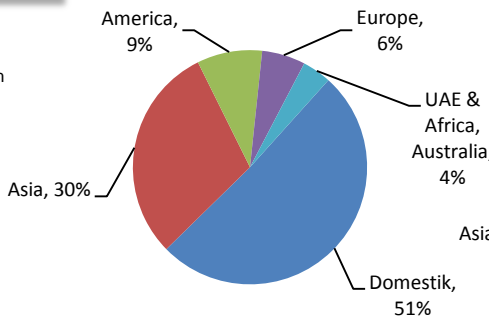
Global Market Share



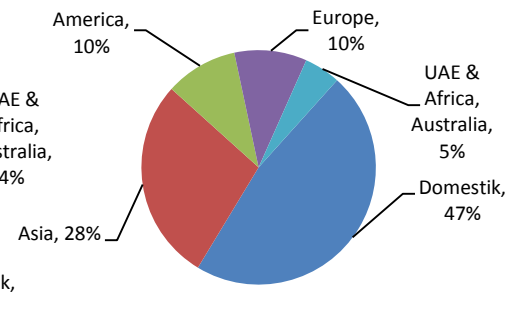
Market Share



## Sales By Geographical Area 1Q 2016



## Sales By Geographical Area 1Q 2017



## Regional Minimum Wage Comparisons Between Countries in 2017

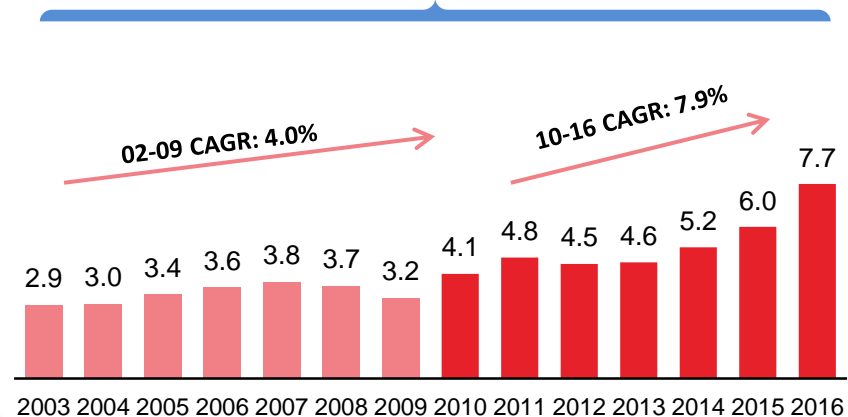
2017 minimum monthly wages of comparison countries

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 – 333,0             |
| 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



## STRATEGY IN 2017

1

- Normalization for the New Production Capacity

2

- Production and Operational Efficiency

3

- Inovation for Value Added Product Development

4

- Development and Enhancement for Human Resources

5

- Strengthening the Capital Structure and Liquidity

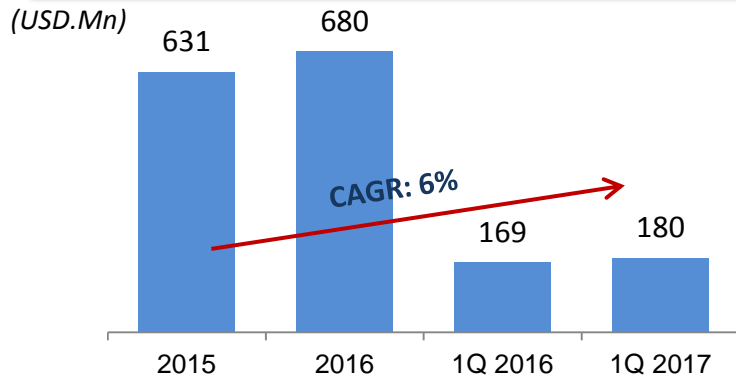


## PERFORMANCE 1Q 2017

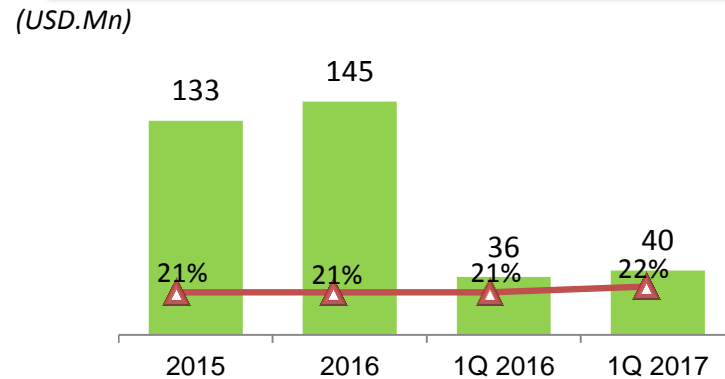
- 1 • Financial Summary
- 2 • Balance Sheet
- 3 • Capital Structure
- 4 • COGS Composition in 1Q 2017
- 5 • Sales Segmentation

The increase in domestic and international sales had a positive impact on the company's fast-growing profitability with a CAGR of 6%

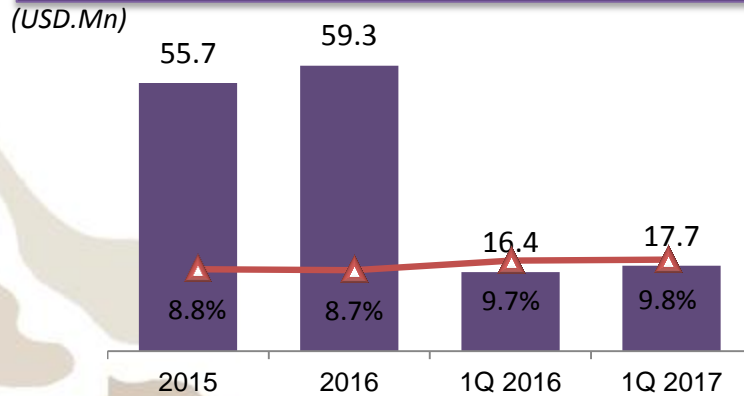
## SALES



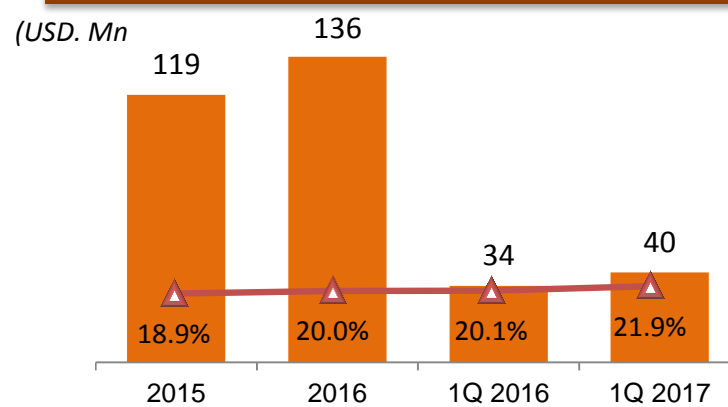
## GROSS PROFIT AND GROSS PROFIT MARGIN



## NET PROFIT AND NET PROFIT MARGIN



## EBITDA AND MARGIN EBITDA

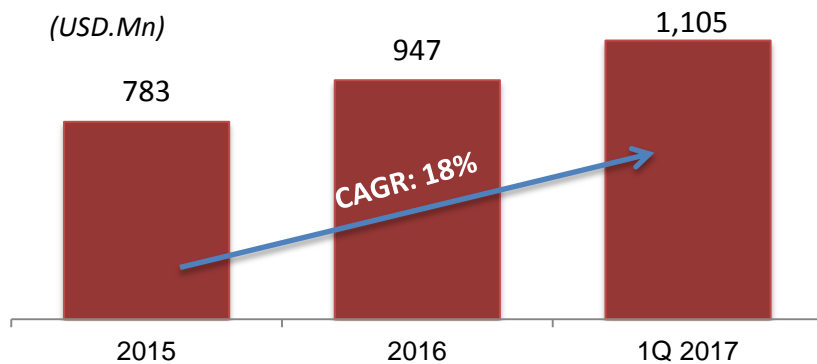


PT Sri Rejeki Isman Tbk

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

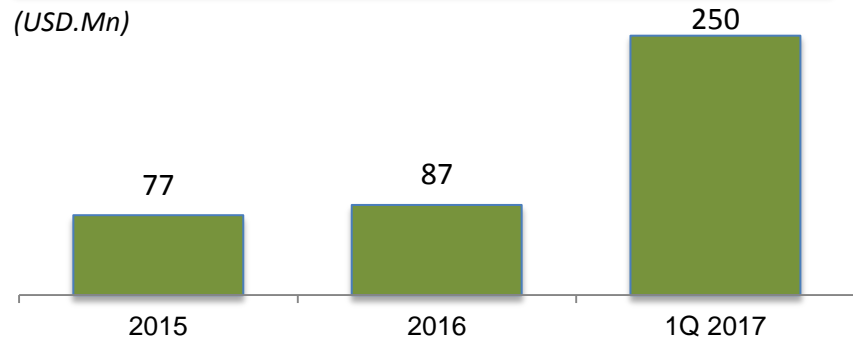
## TOTAL ASSETS

(USD.Mn)



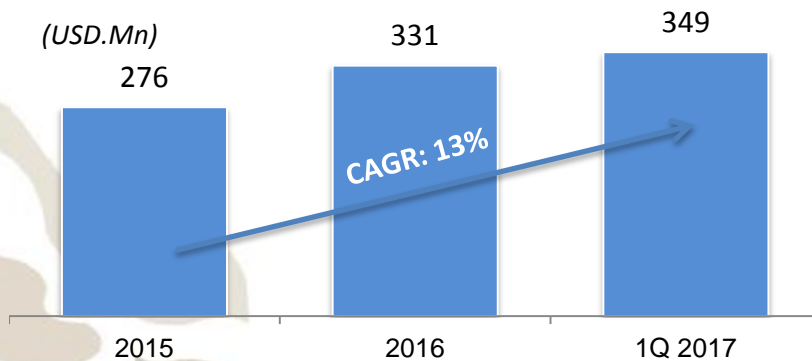
## CASH AND RESTRICTED CASH

(USD.Mn)



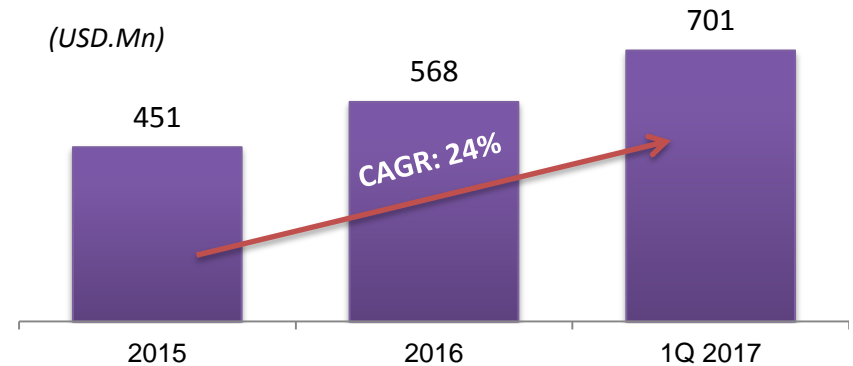
## TOTAL EQUITY

(USD.Mn)

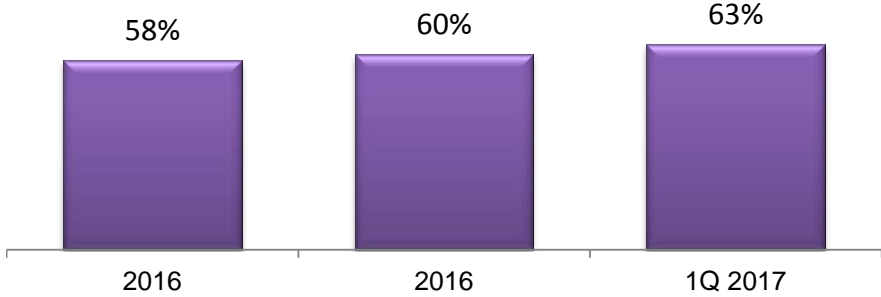


## TOTAL INTEREST BEARING DEBT

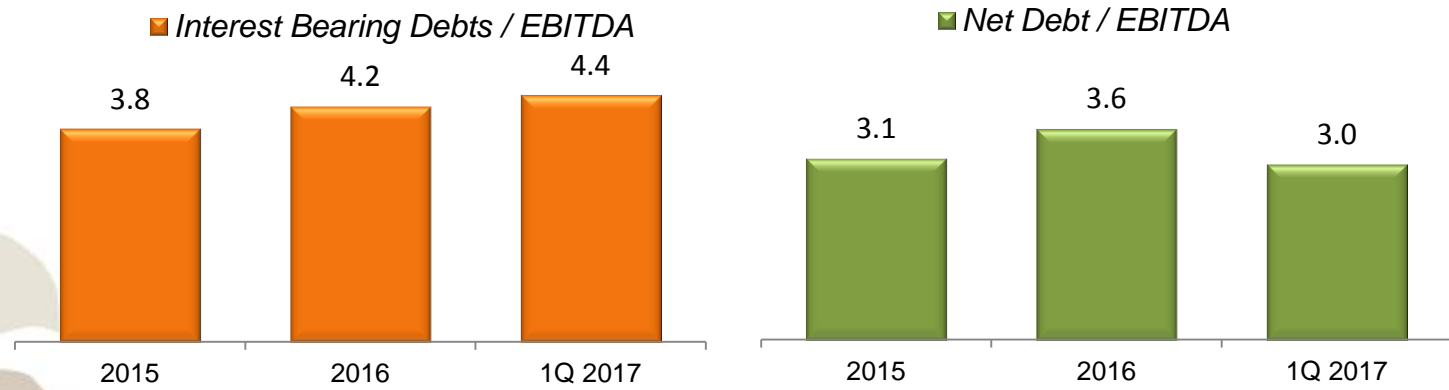
(USD.Mn)



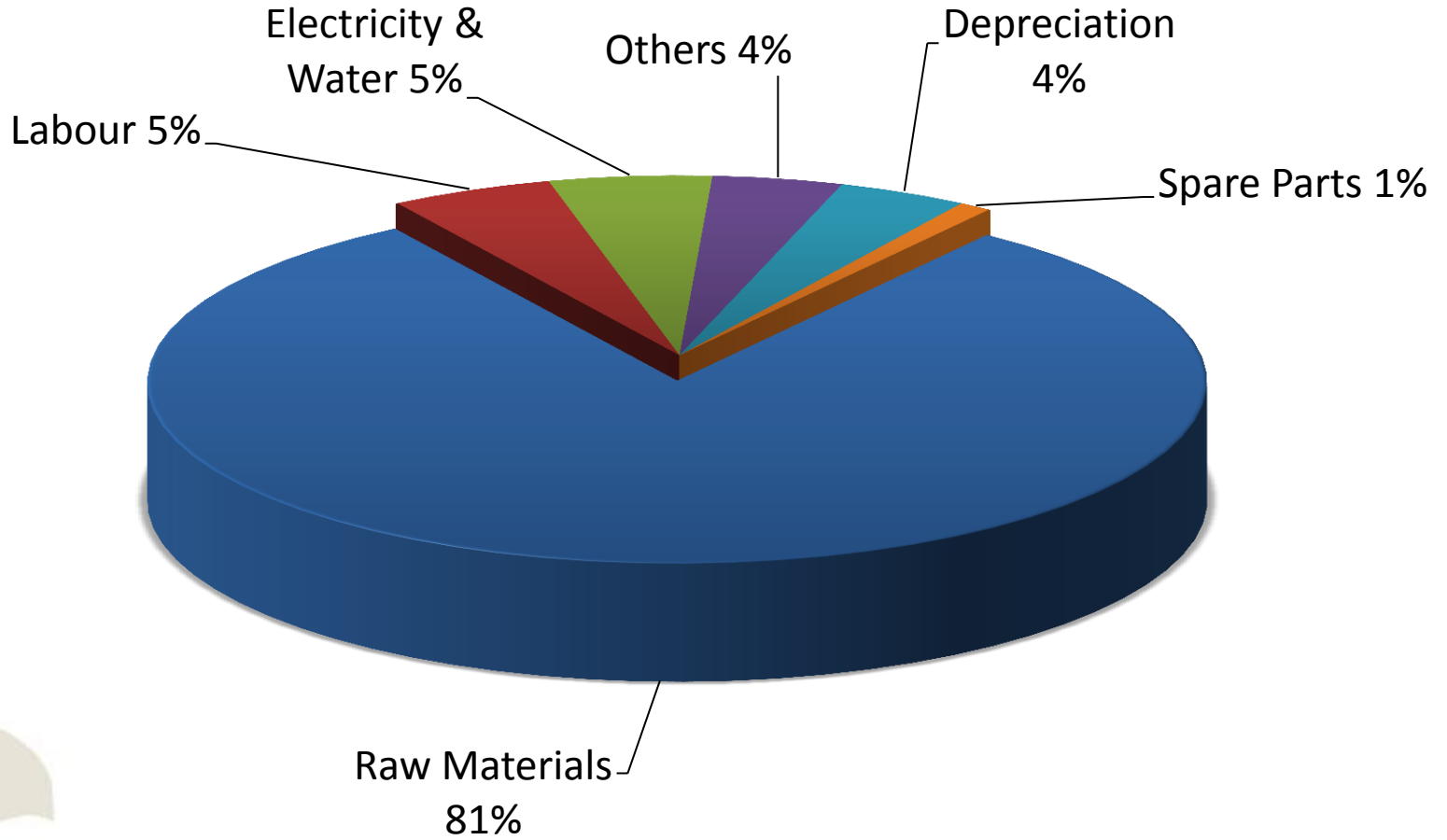
## TOTAL INTEREST BEARING DEBT / TOTAL ASSETS



## LEVERAGE MULTIPLES



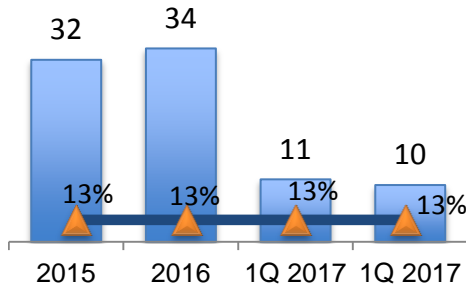
# COGS COMPOSITIONS IN 1Q 2017



# SALES SEGMENTATION

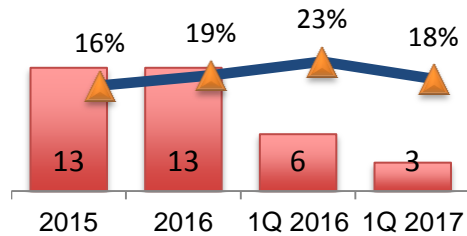
## Spinning GP and GPM

(USD. Mn)



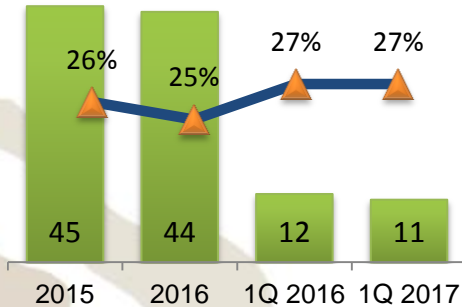
## Weaving GP and GPM

(USD. Mn)



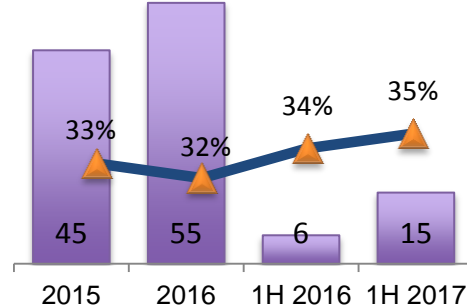
## Finishing GP and GPM

(USD. Mn)



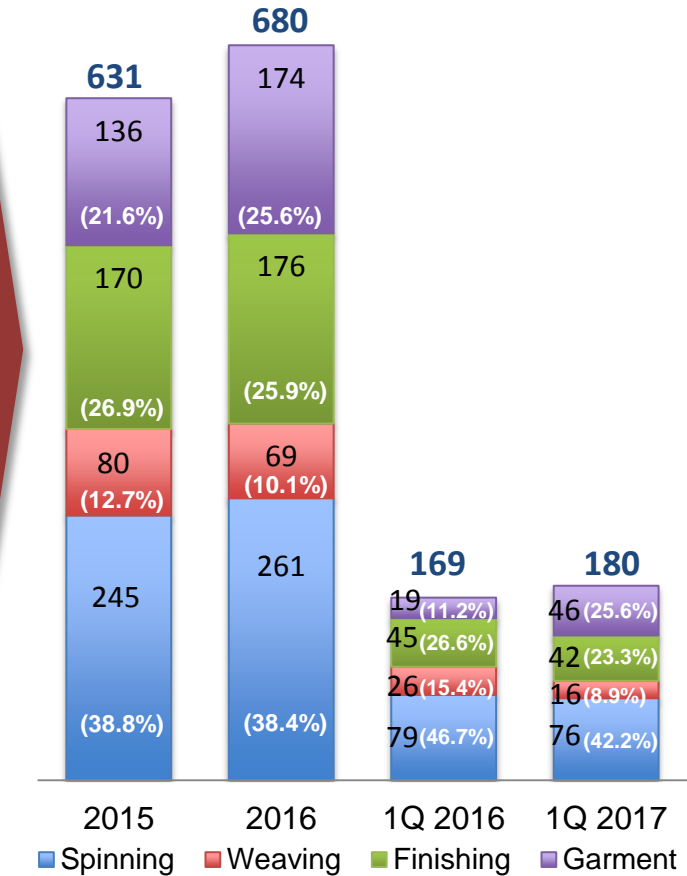
## Garment GP and GPM

(USD. Mn)



## Total Gross Sales and Contribution

(USD. Mn)



# COMPANY PROJECTION IN 2017

(Million USD)

| DESCRIPTION | FY 15 A | FY 16 A | FY17E     |
|-------------|---------|---------|-----------|
| GROSS SALES | 631,3   | 680     | 734 - 762 |
| EBITDA      | 119     | 136     | 150 - 156 |
| NET INCOME  | 55,7    | 59,3    | 65 - 68   |





# INAUGURATION OF FACTORY EXPANSION BY Ir. H. JOKO WIDODO PRESIDENT OF REPUBLIC INDONESIA

SUKOHARJO, 21 APRIL 2017



PT Sri Rejeki Isman Tbk



**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

JL. KH. Samanhudi 88 Jetis, Sukoharjo 57511, Solo,  
Central Java, Indonesia

(62-271) 593 188 | (62-271) 593 488 (fax)



*PT Sri Rejeki Isman Tbk*

## **PT SRI REJEKI ISMAN Tbk**

JL. KH. Samanhudi 88 Jetis  
Sukoharjo 57511, Solo  
Central Java – INDONESIA  
Tel : +62-271 593188  
Fax : +62-271 593488

THE ENERGY BUILDING LT. 20 SCBD Lot 11A  
Jl. Jenderal Sudirman Kav 52-53  
Jakarta Selatan 12190 – INDONESIA  
Tel : +62-21 2995 1619  
Fax : +62-21 2995 1621