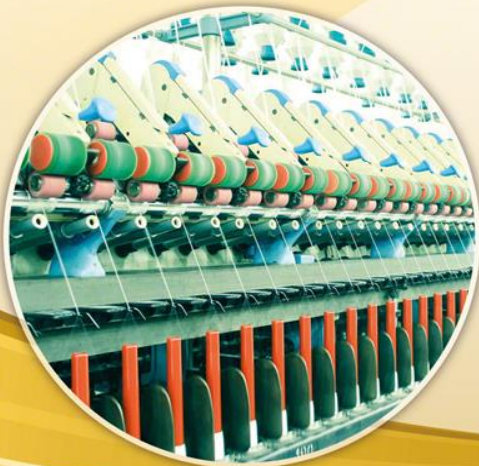


PT Sri Rejeki Isman Tbk

Company Presentation

October 2019



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 - A. **Company Strategy**





1. Company Overview



Sritex — A Leader in Southeast Asia's Textile Industry

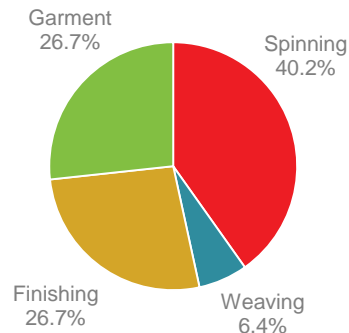
Sritex is one of the largest vertically integrated textile companies in Southeast Asia, with operations across Spinning, Weaving, Finishing and Garment manufacturing, located in Central Java, Indonesia.

Company Overview

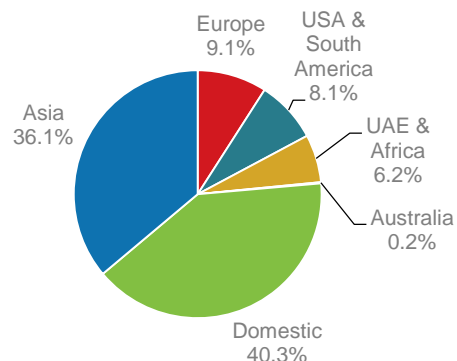
- One of the largest vertically-integrated textile garment companies in Southeast Asia
- Product portfolio comprises yarn, greige, fabric, military and corporate uniforms and fashion clothing
- Strong and diversified customer base with presence in over 50 countries
- Established by the Lukminto family with history dating back to 1966; headquartered in Sukoharjo, Central Java, Indonesia and listed on the Indonesia Stock Exchange since June 2013
- Strong reputation with numerous awards and accreditations: ISO 9001:2008 & ISO 14001:2015 Certified Company

1H2019 Sales Breakdown

By Segments



By Geography²



Note:
 1. Varies depending on the thickness of the greige product.
 2. Based on Interim Financial Statements.

Business Segments (1H 2019)



Spinning

- **Capacity:** 1,100,000 bales per year
- **Sales:** US\$254m
- **Gross Profit Margin:** 11.5%



Weaving

- **Capacity:** 170 - 200 million meters¹ per year
- **Sales:** US\$41m
- **Gross Profit Margin:** 16.0%



Finishing

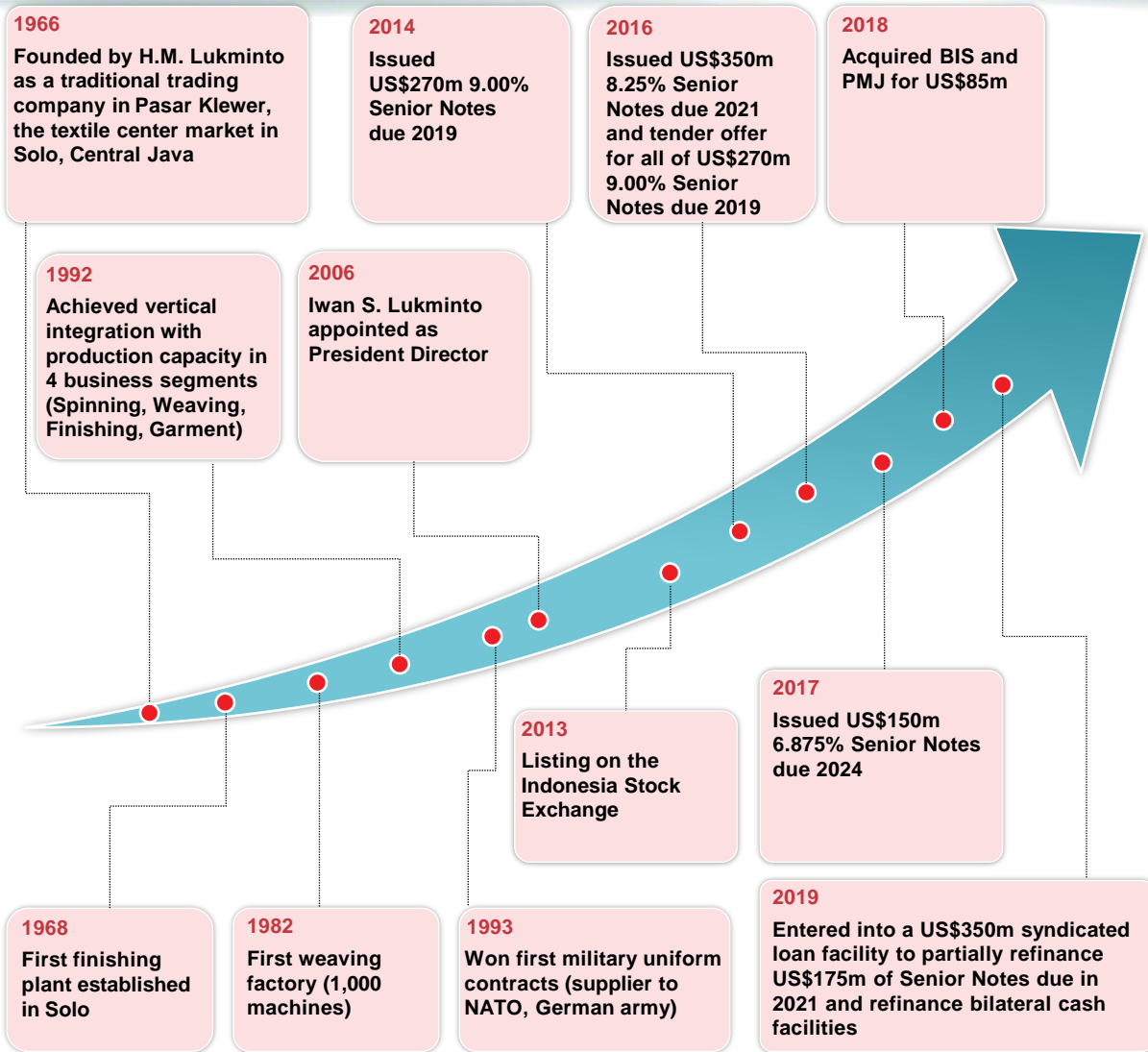
- **Capacity:** 240 million yards per year
- **Sales:** US\$169m
- **Gross Profit Margin:** 25.4%



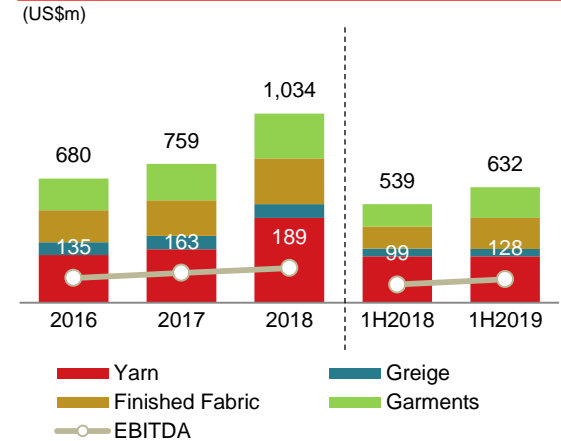
Garment

- **Capacity:** 30 million pieces per year
- **Sales:** US\$169m
- **Gross Profit Margin:** 29.3%

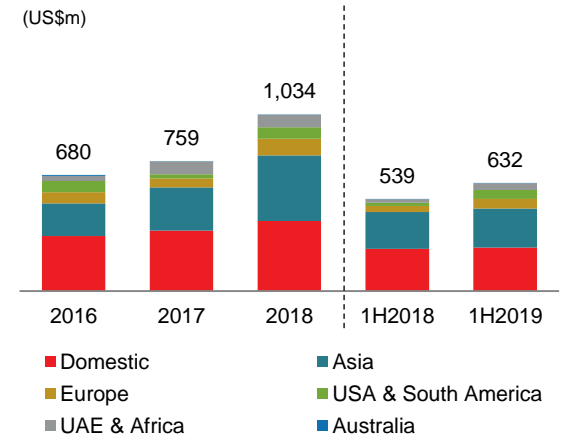
Key milestones – A Long History of Growth and Successes



Sales by segment and total EBITDA¹



Sales by geographic area



Note:

1. EBITDA defined as profit for the period, before finance charges, finance income, income tax expense, depreciation expense and negative goodwill.



Shareholding Structure

Sritex Shareholding Structure¹



Note:
 1. As of 30 June 2019.
 2. Beneficially owned by Lukminto family.
 3. Issuer of 8.25% Senior Notes due 2021 and 6.875% Senior Notes due 2024.





2. Key Company Highlights



Key Company Highlights



1 One of the Largest Vertically Integrated Textile Manufacturers in Southeast Asia

Sritex's vertically integrated business model allows it to offer full solutions to clients supported by economies of scale, consistent high quality, shorter lead times, enhanced operational and cost efficiency.

Textile Value Chain



Key Advantages of Integrated Business Model

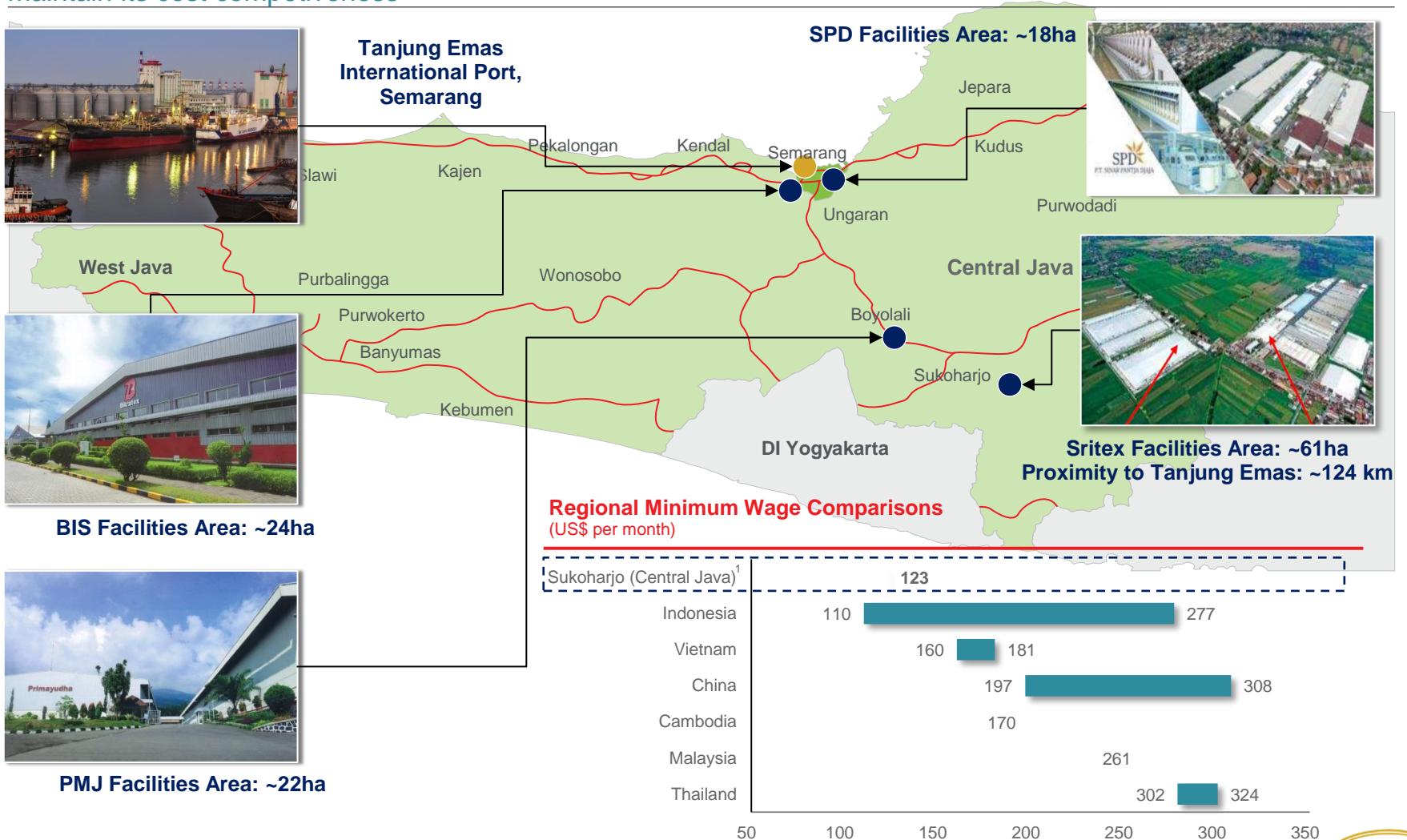
- Allows Price Volatility to be Passed through to Customers
- Achieves Competitive Pricing by Spreading Profits and Costs Across Value Chain
- Allows Sritex to Monitor Each Step of Production Process, Ensuring Consistency of Product Quality

Note:
 1. Refers to PT Rayon Utama Makmur.
 2. Refers to capacity as of December 2018 and 30 June 2019.
 3. Varies depending on the thickness of the greige product.



2 Strategically Located Production Facilities

Close proximity and excellent infrastructure connectivity between Sritex's production facilities and the port which supports supply chain efficiencies, while availability of a large pool of low cost and skilled labour allows Sritex to maintain its cost competitiveness



Note:

1. According to a decision letter of the Governor of Central Java, the monthly minimum wage in Sukoharjo, Central Java was Rp.1,783,500 effective January 1, 2019.

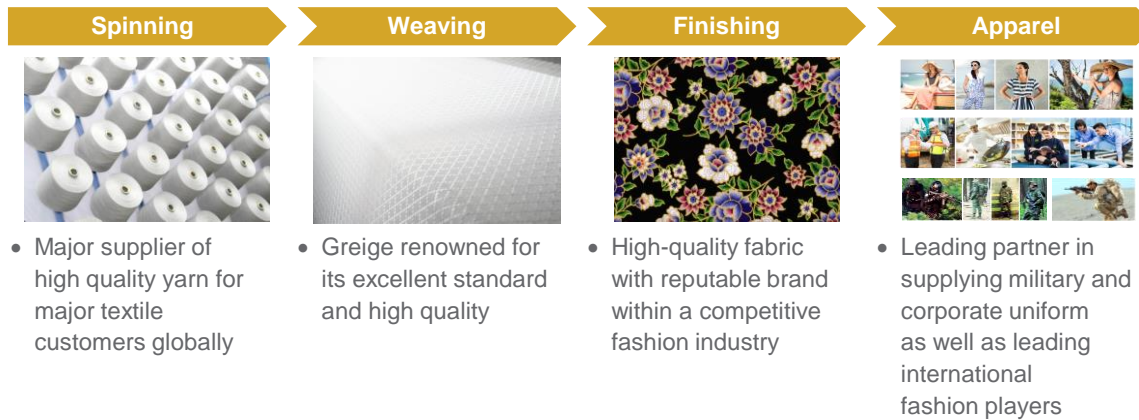
Source: Philippines Department of Labor and Employment as of August 30, 2019.



3 Superior Product Quality and Broad Product Portfolio

Sritex offers a broad product portfolio and is able to cater to customers' individual design interests and preferences.

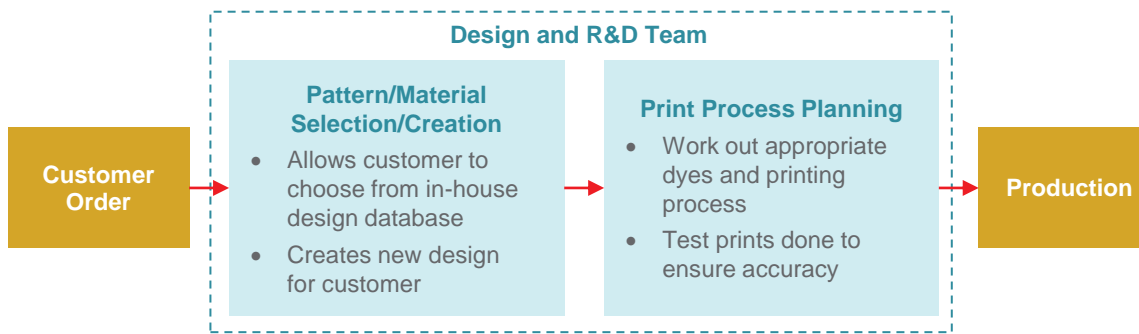
Comprehensive Product Portfolio



Operating Performance

- **< 1%** of sales subject to claims of defects or returned¹
- **< 1%** goods were delivered late¹
- **0** unplanned production stoppage
- Production runs **24/7, 365 days**²
- **ISO 9001:2015** for quality management
- **ISO 14001:2015** for environmental control

Specialized and Tailored R&D Design Process



Note:

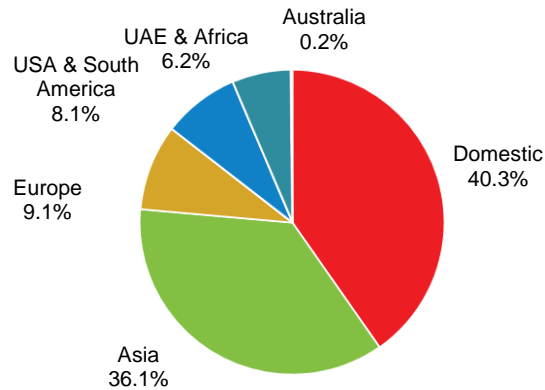
1. For the period ended 30 June 2019.
2. Except during the Eid Mubarak holiday and when production facilities are under overhaul maintenance.



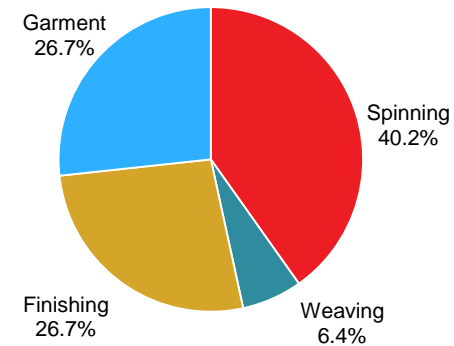
4 Large and Diversified Customer Base with High Customer Loyalty

The company has a large and diverse customer base which minimizes reliance on any single customer or geographic market.

Diversified Geographic Presence (1H2019 Sales Split)



Diversified Product Offering (1H2019 Sales Split)



Comprehensive Global Customer Network

- Products sold domestically in Indonesia and internationally in over 50 countries
- Military uniforms sold to more than 30 countries since inception

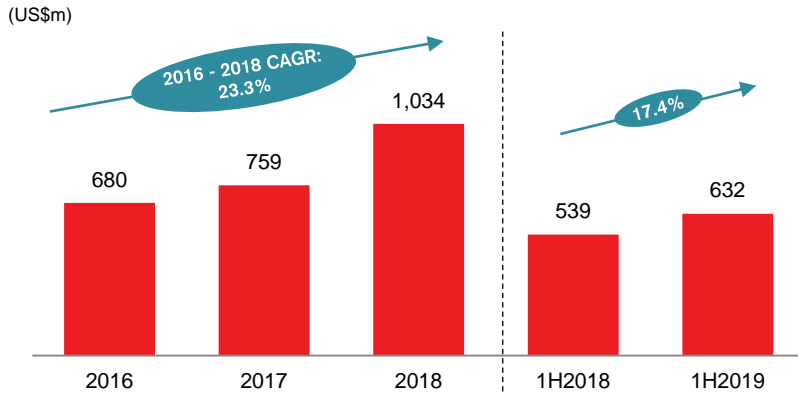


Long Track Record of Customer Relationships

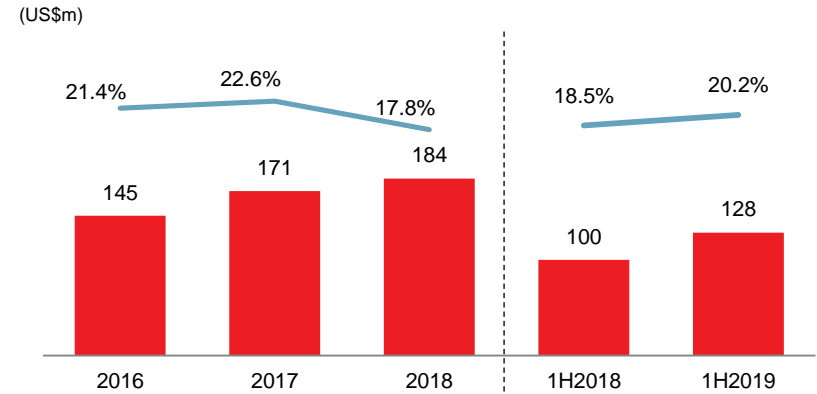
- Sritex has a long history with many of its key customers, including the Indonesian military (since 1990) and Indonesian National Police (since 1990)
- Obtained certification to supply military uniforms to the armed forces of Germany and certain other NATO countries

5 Strong Financial Profile with Proven Track Record of Consistent and Profitable Growth

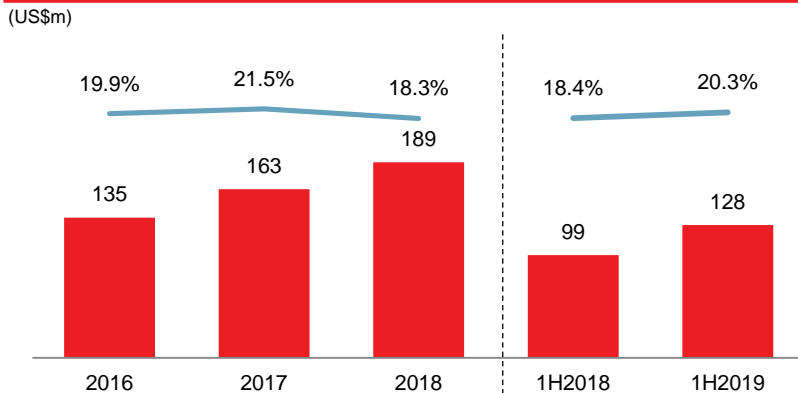
Sales



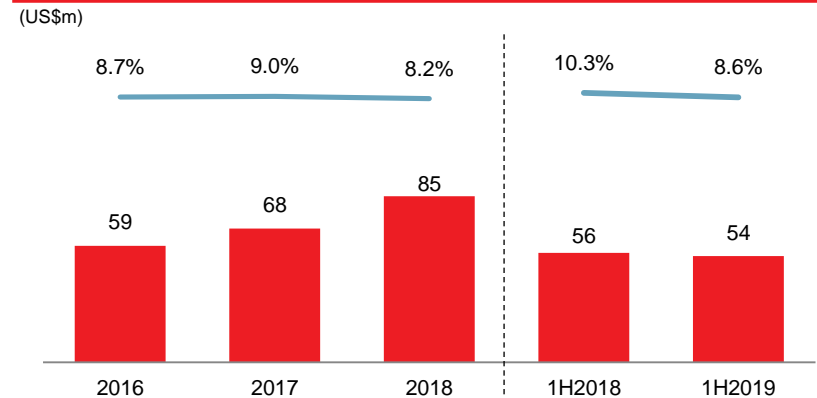
Gross Profit and Gross Profit Margin



EBITDA and EBITDA Margin



Net Profit and Net Profit Margin



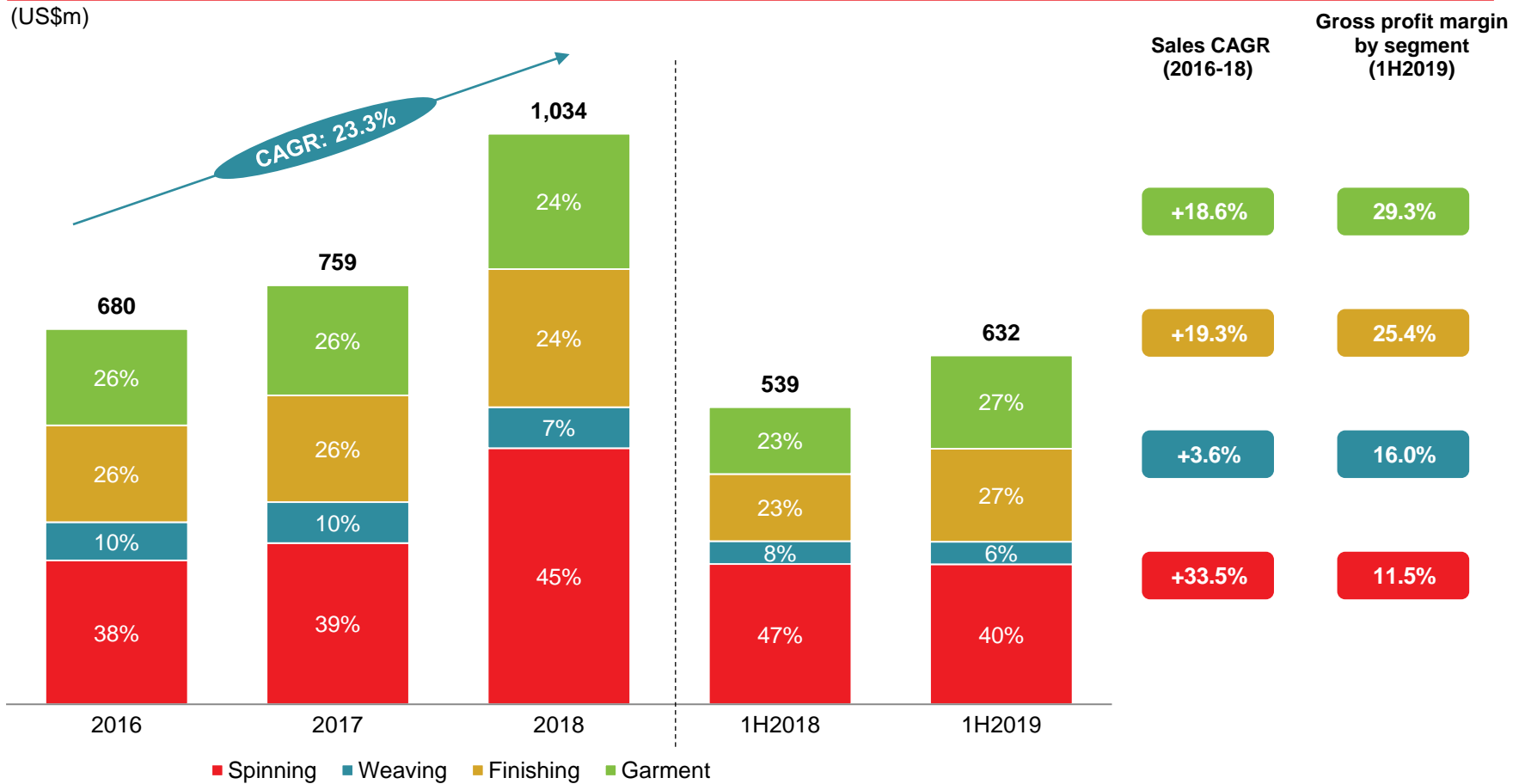
Note:
Margins are based on Sales. EBITDA defined as profit for the period, before finance charges, finance income, income tax expense, depreciation expense and negative goodwill.



5 Strong Financial Profile with Proven Track Record of Consistent and Profitable Growth (cont'd)

Total Sales Contribution by Segment

(US\$m)



6 Experienced Management Team with Proven Track Record

Senior management team with an average of over 20 years of experience led by President Director, Iwan Setiawan

Board of Commissioners



Hj. Susyana Lukminto
President Commissioner



Megawati B. Lukminto
Commissioner



Prof Ir Sudjarwadi
M.Eng, Ph.D
Independent
Commissioner



Alpino Kianjaya
Independent
Commissioner

Board of Directors



Iwan Setiawan Lukminto
President Director



Iwan Kurniawan Lukminto
Vice President Director



Arief Halim
Marketing Director



Eddy Prasetyo Salim
Operation Director



Karunakaran Ramamoorthy
Production Director



Allan M. Severino
Finance Director



Mira Christina Setiady
General Affair and
Administrative Director



Dr M Nasir Tamara Tamimi
Independent Director



A Professional and Dedicated Workforce

- Large base of 19,458 employees as of June 30, 2019
- International team of experienced designers, sales managers and productions managers from Indonesia, South Korea, India and Philippines
- Adherence to stringent labour practices and factory condition requirements of sophisticated international customers
- Close working relationship with the workforce and investing in employees through training, a culture of excellence and involvement in Corporate Social Responsibility (“CSR”) activities





3. Key Financial Highlights

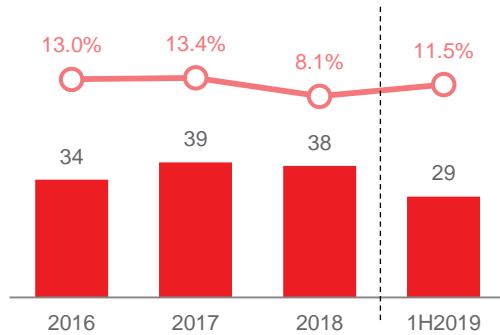


Gross Profit ("GP") by Segment

Gross Profit Margins ("GPM") across the Spinning, Weaving, Finishing, and Garment businesses have been relatively stable over the years.

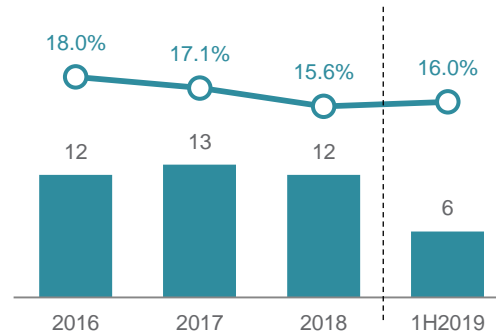
Spinning GP and GPM

(US\$m)



Weaving GP and GPM

(US\$m)



Sales and GPM

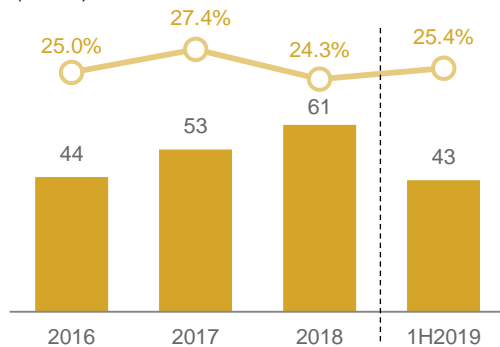
(US\$m)

Decline in GPM in 2018 driven by higher sales contribution from spinning division post-acquisition of BIS and PMJ in April 2018



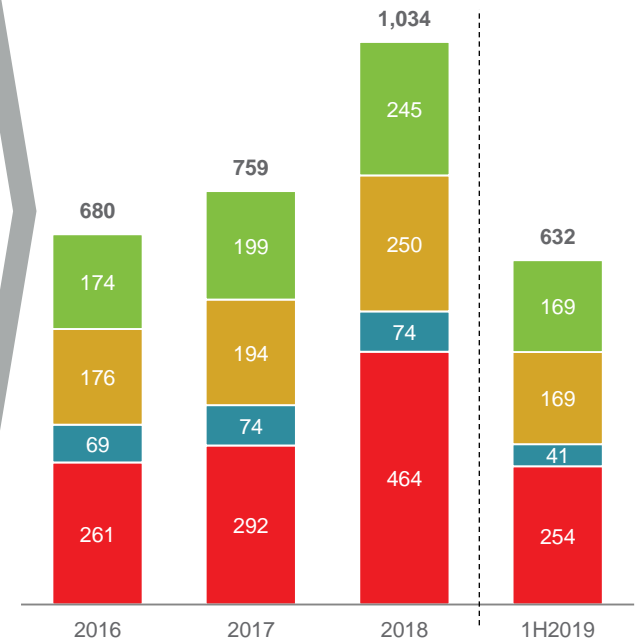
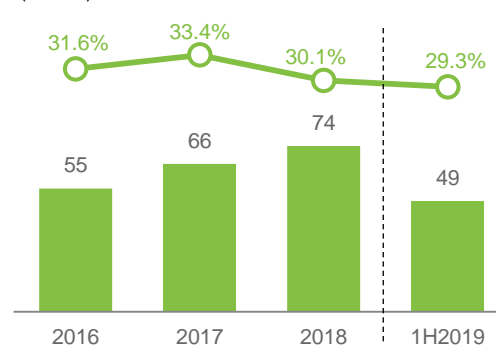
Finishing GP and GPM

(US\$m)



Garment GP and GPM

(US\$m)

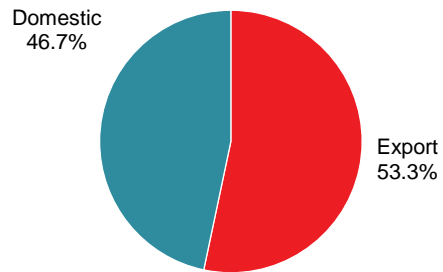


Note:
Segment information based on Audited Annual Report and Interim Financial Statements; Margins are based on Sales.

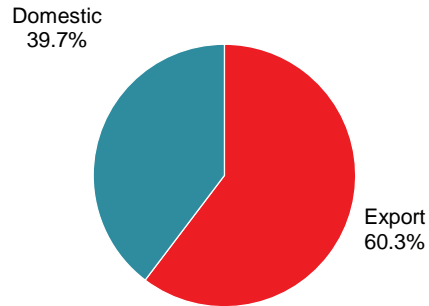


Sales and Cost Breakdown

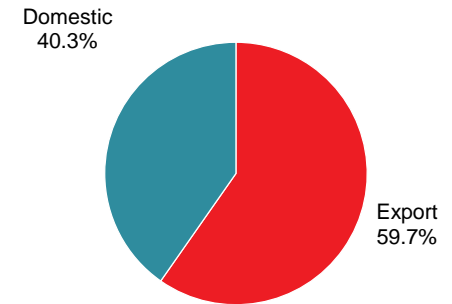
Sales Breakdown (2017)



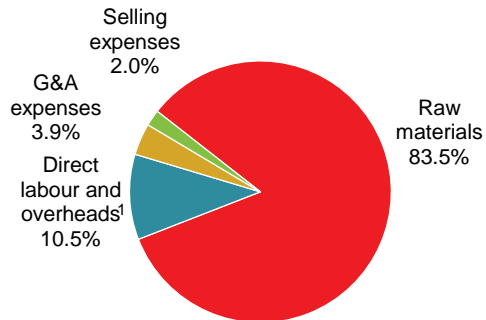
Sales Breakdown (2018)



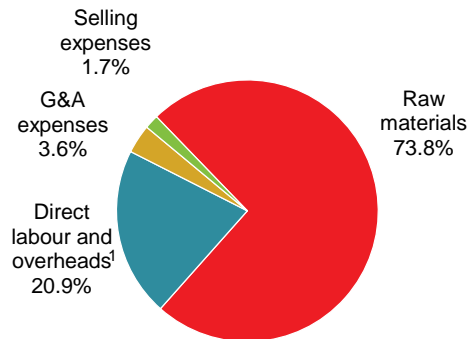
Sales Breakdown (1H2019)



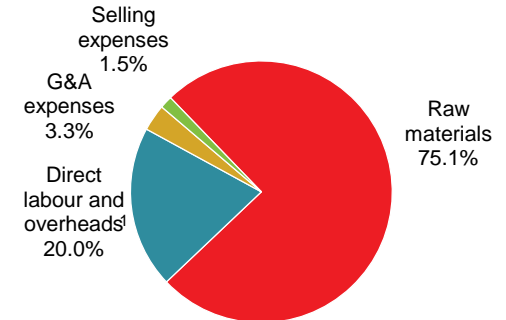
Cost Breakdown (2017)



Cost Breakdown (2018)



Cost Breakdown (1H2019)



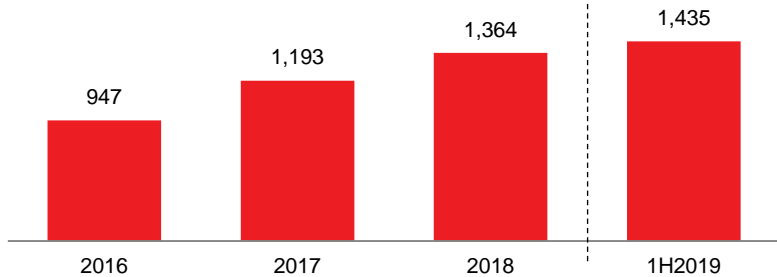
Note:
1. Represents other COGS (excluding raw materials used).



Robust Balance Sheet

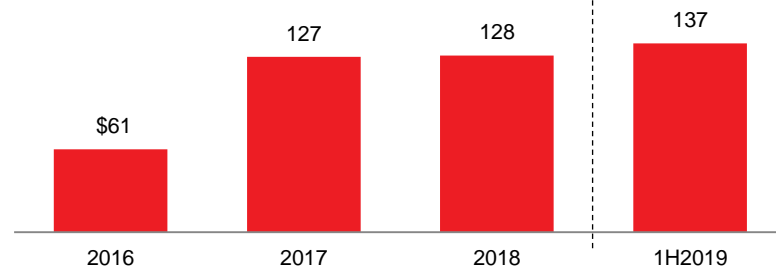
Total Assets

(US\$m)



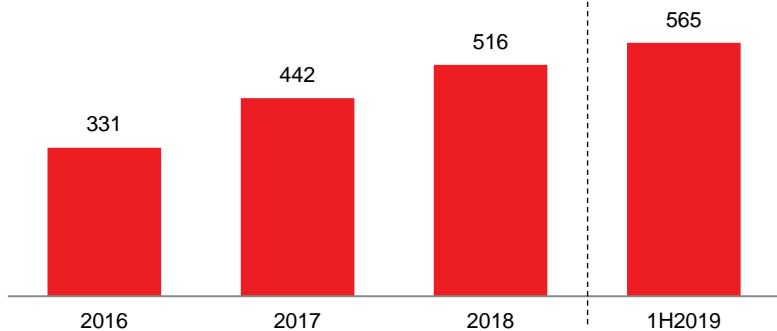
Cash and Cash Equivalents

(US\$m)



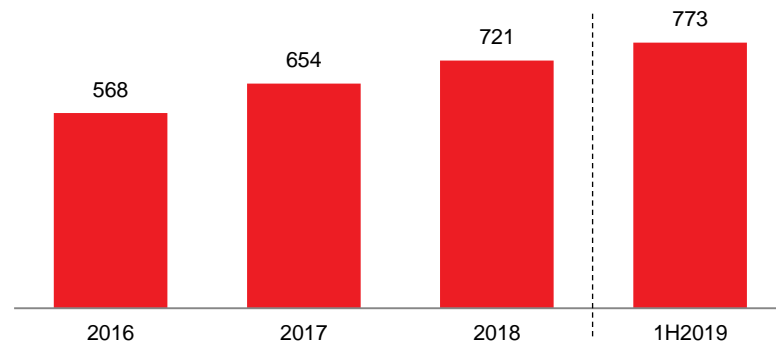
Total Equity

(US\$m)



Total Interest Bearing Debt¹

(US\$m)



Note:

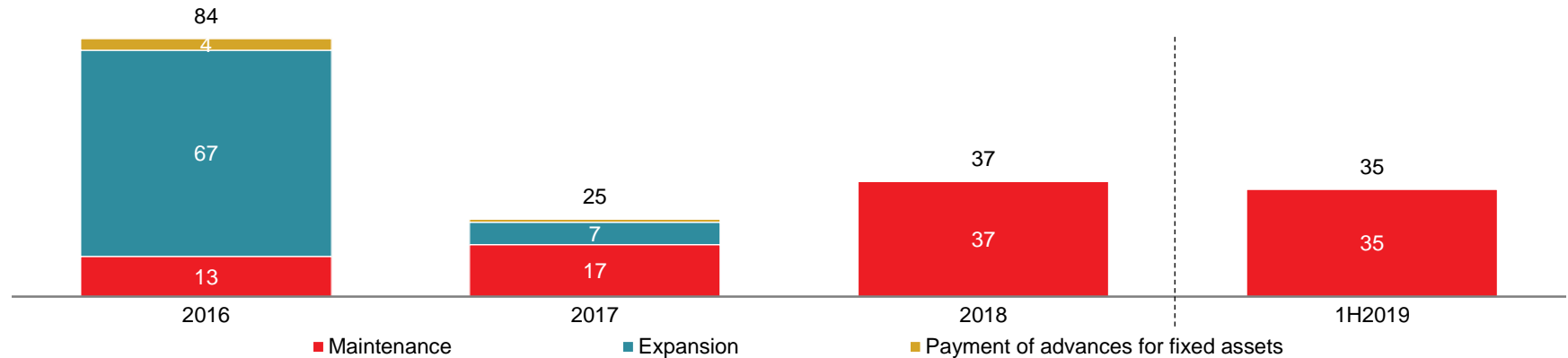
1. Total Interest Bearing Debt refers to Short-term bank loans, Current maturities of long-term debts, Long-term bank loans, Medium-term notes and Notes payable-net.



Significant Investment Over the Years While Maintaining a Robust Capital Structure

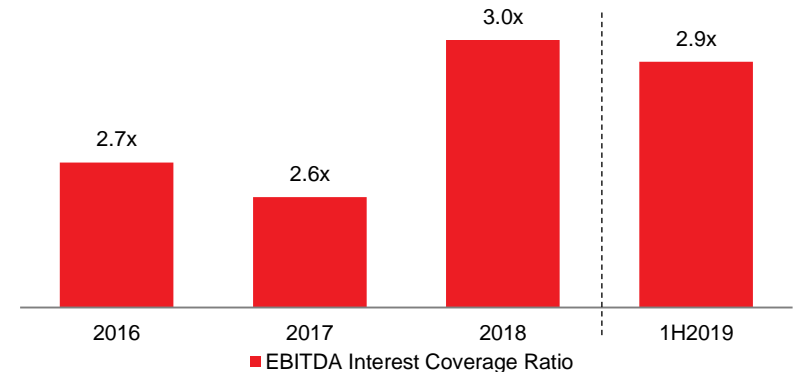
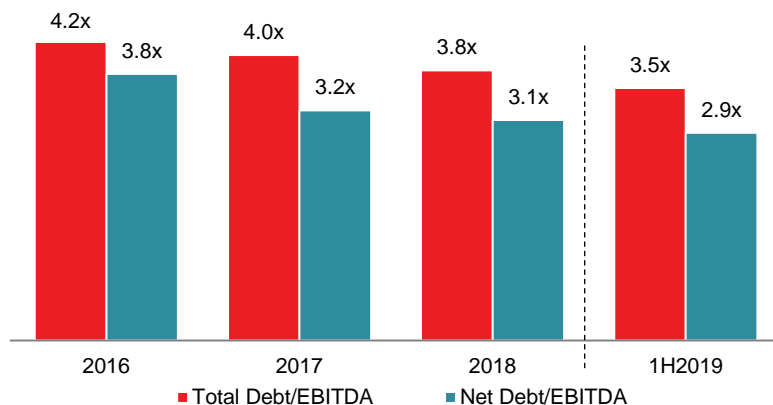
CAPEX Spent

(US\$m)



Debt/EBITDA Ratios¹

Interest Coverage Ratios²



Note:

1. Total Debt / EBITDA = Total interest bearing debt / EBITDA.

2. EBITDA Interest Coverage Ratio = EBITDA / Interest expense.

EBITDA defined as profit for the period, before finance charges, finance income, income tax expense, depreciation expense and negative goodwill.





4. Indonesia Textile Industry



Indonesia's Textile Industry – Key Updates

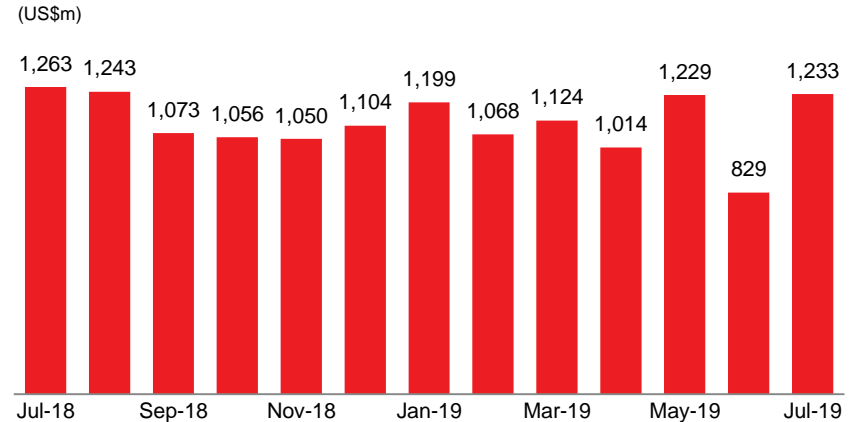
Industry Outlook Update

- Indonesia's textile industry remains in a healthy condition, with exports value targeted to grow to up to US\$14.6bn by end of 2019
- The industry's prospects remain strong, with the IA-CEPA¹ and EU-CEPA² bilateral trade agreements currently in their respective finalization phases
- As part of his recent "Vision for Indonesia" speech in July 2019, Indonesia's President Joko Widodo specifically highlighted the country's manufacturing and labor-intensive industries as an area of focus, and laid out plans to develop the nation's human resources to support sustainable growth

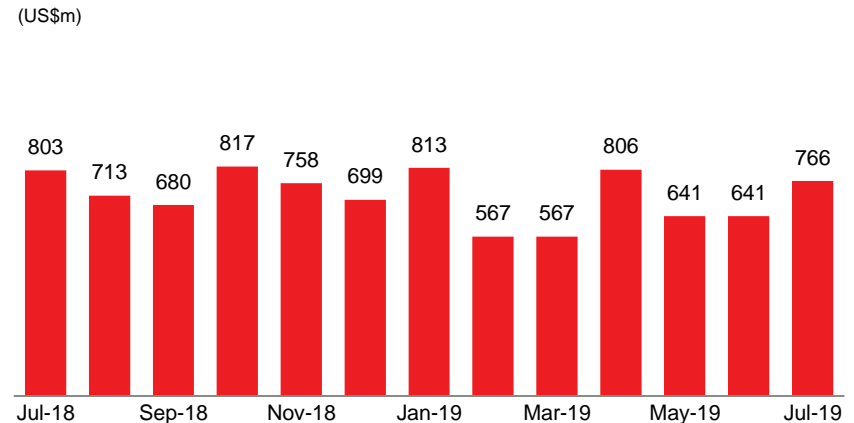
Industry Regulations Update

- On August 6, 2019, Indonesia's Minister of Finance Sri Mulyani Indrawati imposed anti-dumping duty on the import of spin drawn yarn (SDY) from China
- The amount of anti-dumping import duty varies from 5.4% to 15%, depending on the company that exports its products to Indonesia
- The imposition of this import duty was partly fueled by the results of an investigation by the Indonesian Anti-Dumping Committee which concluded that dumping was carried out by producers and / or exporters of producers originating from China

Indonesia Textile Exports (July 2018 – July 2019)



Indonesia Textile Imports (July 2018 – July 2019)



Source: Bank Indonesia, API Outlook 2019, CNN.

Note:

1. Refers to the Indonesia-Australia Comprehensive Economic Partnership Agreement.

2. Refers to the Indonesia-European Union Comprehensive Economic Partnership Agreement.





5. Appendix





A. Company Strategy



Strategy Overview

1

Improve Production Efficiency and Reduce Costs



2

Expand Product Offering to Focus on Higher Value Added Products

3

Expand Customer Base Network



1 Improve Production Efficiency and Reduce Costs

Supported by modern production facilities and an integrated quality control system, Sritex has maintained the quality of its production to the point where claims or sales returns amount to less than 1% of total sales.

Modern and Superior Production Equipment

- Production machines used are machines made by leading global manufacturers in Europe and Japan
- Sritex will continue to invest in production machines in order to keep itself current with latest technology

Maintenance of Machines

- Machines maintained regularly on a daily, weekly, or monthly schedule as advised by the manufacturer
- Maintenance based on condition, and repaired if damaged
- Overhaul maintenance of entire production facilities performed annually on all facilities during Eid Mubarak holiday

Integrated Quality Control Process

- Quality control begins from the receipt of raw materials
- Each production process has the system of quality control to reduce the risk of production errors
- Production Planning and Inventory Control ("PPIC") performs a check on quality control process

Comprehensive Quality Control at Every Stage of Production

Step 1: Yarn
Blowing, carding, drawing, roving, ring spinning, autowinding and inspection

Step 2: Greige
Warping, sizing, leaching, looming and inspecting

Step 3: Treated Greige
Singeing, de-sizing, slow-motion, scouring, mercerizing, setting and inspecting

Step 4: Dye Fabric
Dyeing, fixing, steaming, washing, finishing and inspecting

Step 5: Print/Dye Fabric
Coating, printing, steaming, washing, finishing and inspecting

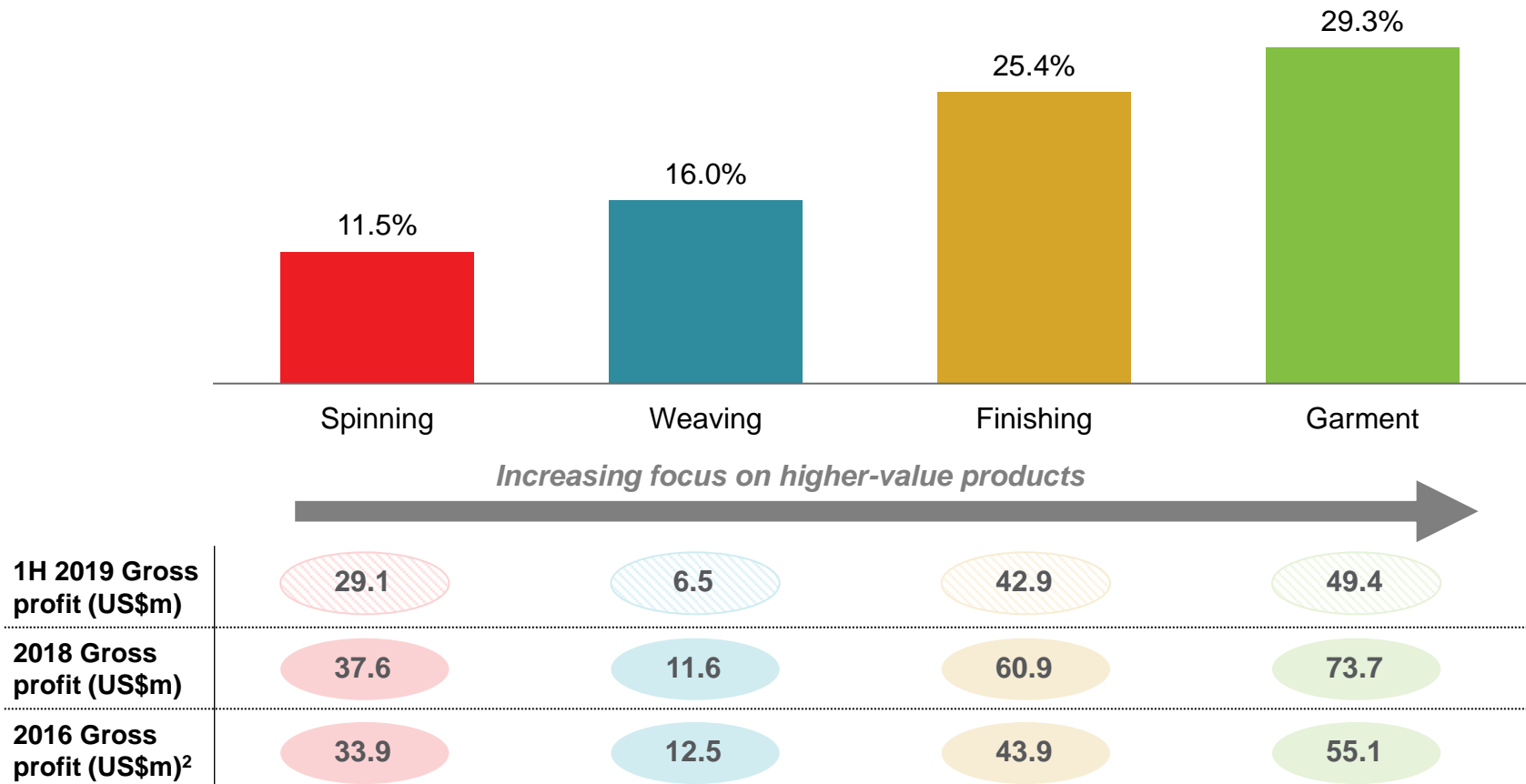
Step 6: Garment
Cutting, sewing, ironing and inspecting

Note:
1. As of June 30, 2019.

2 Expand Product Offering to Focus on Higher Value Added Products

The Company will increase its focus and production in higher value added products to generate higher margins.

1H2019 Segment Gross Profit Margins¹



Note:
 1. Gross profit margins are based on Sales.
 2. Based on Audited Annual Report.



3 Expand Customer Base Network

The Company will continue expanding its customer networks through the implementation of its marketing strategies.

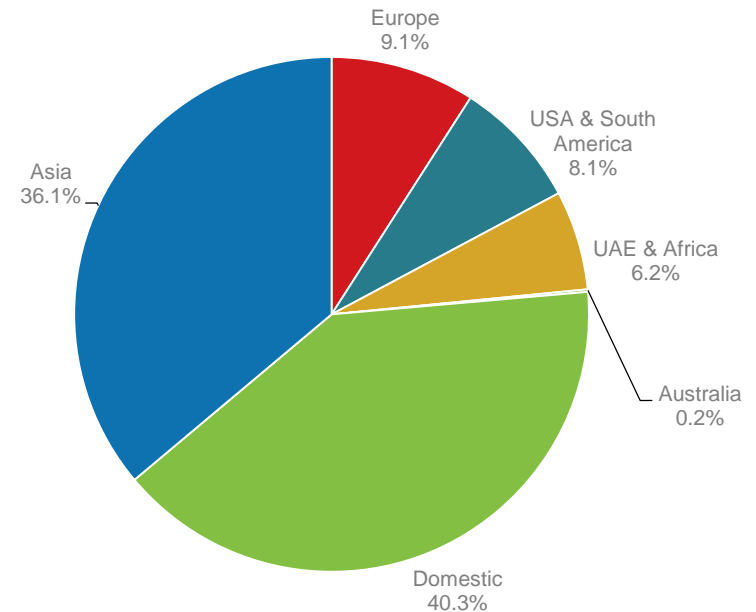
Marketing Strategy

- 1 Participate in events and exhibitions relating to the textile and clothing industry
- 2 Advertise in media publications and on Internet sites relating to the textile industry
- 3 Separate central marketing offices based on different product groups
- 4 Use unique marketing strategies such as multi-products, multi-customers and multi-countries



Geographical Mix¹

1H2019 Sales



Note:
1. Based on Interim Financial Statements.



Thank You



CLOTHING THE WORLD

Integrated Vertical Textiles – Garments Plant
an ISO 9001 & ISO 14001 Certified Company

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