

THE IDX  
**BEST  
BLUE**  
2017



*PT Sri Rejeki Isman Tbk*

**MANAGEMENT  
PRESENTATION  
FINANCIAL STATEMENTS  
31 March 2020**

May 2020



# 1. 2020 PRIORITIES



# 2020 PRIORITIES IN LIGHT OF COVID-19

## 5 Government Support

- Textile manufacturing as “essential” industry
- Letter from Ministry to maintain operation
- Government tax stimulus for income tax reduction

## 4 Production & Procurement

- Ongoing factory operations
- Zero layoffs to date
- 3 shifts rotation
- Adjust raw material mix
- Tap on diversified supply of raw materials



## Human Resources 1

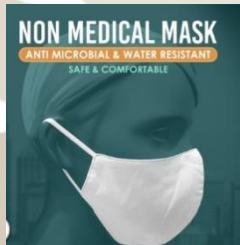
- Health & Safety is priority #1
- Regular temperature screening
- Physical distancing
- Personal hygiene

## Financials & Leverage 2

- No significant debt maturities in near term
- Significant support from relationship banks
- Maintain sufficient liquidity
- Efficiency in expenses

## Product Mix and Marketing 3

- No cancelled purchase orders thus far
- Product mix has evolved
- Commence production of protective face masks and coverall suits
- Use online store as an additional channel for selling product
- Develop online store to support both B2B and B2C





# 2020 PRIORITIES IN LIGHT OF COVID-19

The COVID-19 outbreak is causing widespread concern and economic hardship for consumers, businesses and communities across the globe. As the pandemic continues to evolve, we will continue to assess and monitor the situation and make adjustments to our operations accordingly with the health and safety of our employees and community as the top priority

## HUMAN RESOURCES

Focus: Safeguard health and safety of workers

- **Current situation:**
  - Health and safety are key considerations for human resource management in light of the COVID-19 outbreak
- **Strategies:**
  - To setup task force and protocol to protect against COVID-19 in Sritex's working environment
  - Precautionary measures to safeguard the health and safety of workers include:
    - Added two work shifts on rotation to a total of three per day
    - Practice physical distancing
    - Facilities are regularly disinfected
    - Regular temperature screening

## FINANCIALS AND LEVERAGE

Focus: Cost savings and liquidity buffers

- **Current situation:**
  - No significant debt maturities in the near term, with its next significant debt only coming due in 2022
  - Significant support from relationship banks – recently received majority consent for loan covenant relaxation
- **Strategies:**
  - Maintain sufficient liquidity through a robust cash balance (US\$160m as of Mar 2020) and undrawn committed credit facilities (c.US\$100m as of Mar 2020), which is more than enough to cover upcoming US\$116m of debt maturities in 2020 (of which US\$68m is short-term bank loans to be rolled over)
  - Relax account receivables terms for selected loyal customers through an extended average of 60 days credit term
  - Lenders' payment relaxation through lower interest rate request and deferral of loan's principal amount, including to rollover loans due within one year
  - Flexibility to delay discretionary capex depending on macro environment
  - To enhance operational cost efficiency and efficiency in expenses



# 2020 PRIORITIES IN LIGHT OF COVID-19

## PRODUCT MIX AND MARKETING

Focus: Optimize business segments and product mix

### ▪ Current situation:

- No cancelled purchase orders thus far but product mix has evolved in light of weakened demand from export-based retail customers
- Uniforms (corporate and military) segment remains ongoing as per norm
- Commenced production of protective face masks and coverall suits in light of the COVID-19 outbreak
  - Based on Indonesia's Ministry of Home Affairs, there is a total domestic demand of 1.5bn of protective face masks and 17mn pairs of coverall suits
  - Daily production capacity of 1.0 to 1.2million masks, and 8,000 protective coveralls representing c.15% of total production capacity
  - Customers include government bodies, hospitals, pharmacies, airlines, banks, and retail customers such as:



- Weaving, spinning and finishing segments expected to have reduced export demand of between 5-10% per segment

### ▪ Strategies:

- To increase sales on non-medical masks and coverall suit to cover 10-15% of total domestic demand
- To strengthen marketing of the relatively stable uniform product demand
- To increase marketing activity in non-lockdown countries
- To partner with online stores to market the non-medical masks and coverall suits
- To use online store as an additional channel for selling products
- To develop online store to support both B2B and B2C
- Pivot sales channel to domestic sales and internal use
- Focus on product innovation and R&D in light of demand for anti-microbial fabrics etc. in fabrics segment



# 2020 PRIORITIES IN LIGHT OF COVID-19

## PRODUCTION AND PROCUREMENT

Focus: Enhance production process efficiency and minimize supply chain disruptions

- **Current situation:**
  - Factory operations remain ongoing
  - No layoffs of staff to date
  - Spinning, weaving and finishing facilities are highly automated
  - Currently experiencing longer lead time for raw material imports
  - Supply of rayon affected due to limited production capacity in Indonesia
- **Strategies:**
  - Redirect extra capacity from decreased production to manufacturing protective face masks and coverall suits, limiting drop in production capacity to a maximum of 10%
  - To implement a new production process with high safety measures for employees and products
  - To monitor the order book twice a week to ensure ongoing production activity
  - Tap on diversified supply of raw materials with a shift to domestic suppliers where possible
  - Adjust raw material composition going forward if necessary (e.g. using synthetic materials instead of rayon)
  - To ensure sufficient supply of raw materials for production process 2-3 months ahead

## GOVERNMENT SUPPORT

Focus: Maximize support and maintain constant dialogue with relevant government bodies

- **Current situation:**
  - Textile manufacturing is deemed as an “essential” industry by the Indonesian government
  - The textile and garment industry employs approximately 2.7million labor<sup>(1)</sup> in Indonesia and plays a big role in Indonesia’s employment landscape
  - Government is relying on Indonesian textile and garment manufacturers to address shortage of PPE
- **Strategies:**
  - Obtained an official letter from Ministry of Industry to emphasize that Sritex is allowed to operate during this COVID-19 situation
  - Entitled to obtain government tax stimulus for tax period from April to September 2020, reducing Sritex’s income tax rate by 30%

(1) Source: CNN Indonesia.



**2.**  
**1Q2020**  
**PERFORMANCE**

**A** Financial summary

**B** Sales and COGS

**C** Balance sheet

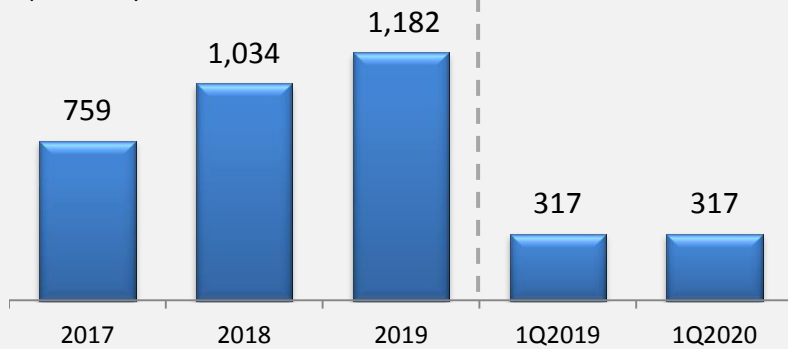
**D** Credit metrics and debt maturity



# A. FINANCIAL SUMMARY

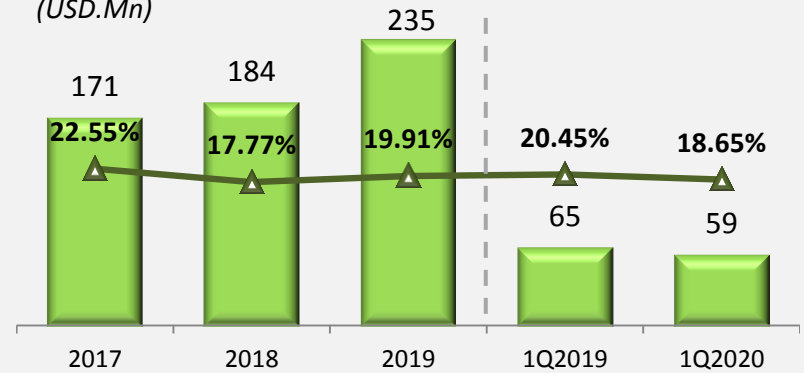
## SALES

(USD.Mn)



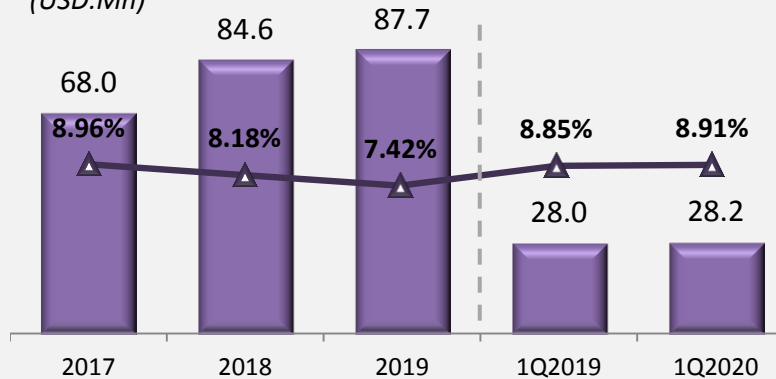
## GROSS PROFIT AND GROSS PROFIT MARGIN

(USD.Mn)



## NET PROFIT AND NET PROFIT MARGIN

(USD.Mn)







## B. SALES AND COGS

### SALES

(USD.Mn)	1Q2019	1Q2020
<u>Export</u>		
Yarn	78.0	77.7
Fabric	50.4	48.7
Garment	50.4	50.2
Greige	12.4	12.5
<b>1</b> Sub-total export	<b>191.1</b>	<b>189.1</b>
<u>Local</u>		
<b>2</b> Yarn	<b>64.3</b>	<b>62.0</b>
<b>3</b> Fabric	<b>26.3</b>	<b>28.0</b>
Garment	24.7	27.5
Greige	10.4	10.1
Sub-total local	125.7	127.5
<b>Total sales</b>	<b>316.8</b>	<b>316.6</b>

- 1** Some delays in export orders, but no cancellations
- 2** Reduced revenues due to drop in average selling prices, but increase in sales volumes
- 3** Increase in production volumes of medical products such as masks and protection clothing

### COST OF GOODS SOLD

(USD.Mn)	1Q2019	1Q2020
<b>4</b> Raw materials used	201.3	206.2
Direct labor	14.0	15.0
<b>5</b> Factory overhead	33.8	38.4
<i>Electricity and water</i>	15.5	16.9
<i>Depreciation</i>	10.1	11.5
<i>Rent</i>	2.6	2.7
<i>Spare part usage</i>	2.5	2.6
<i>Import cost</i>	0.8	0.8
<i>Fuel consumption</i>	0.7	0.5
<i>Insurance</i>	0.4	0.4
<i>Amortization</i>	0.0	0.0
<i>Others</i>	1.3	3.0
Total manufacturing cost	249.1	259.6
Change in work in process	1.8	(0.7)
Change in finished goods	1.1	(1.3)
<b>Cost of goods sold</b>	<b>252.0</b>	<b>257.6</b>

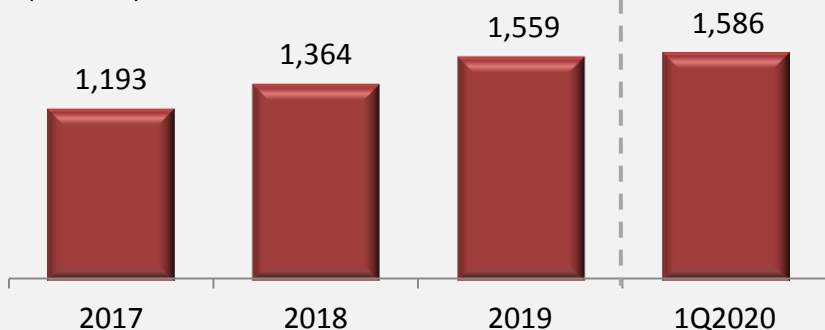
- 4** Increase in raw materials due to production of medical products in response to COVID-19 situation
- 5** Increase in expenses for staff and shop floor due to COVID-19 situation



# C. BALANCE SHEET

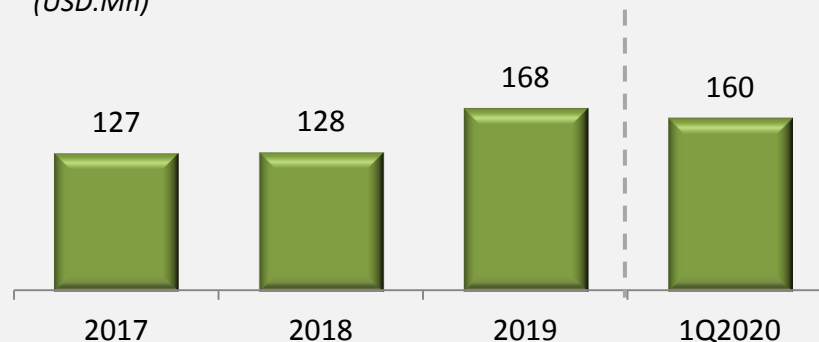
## TOTAL ASSETS

(USD.Mn)



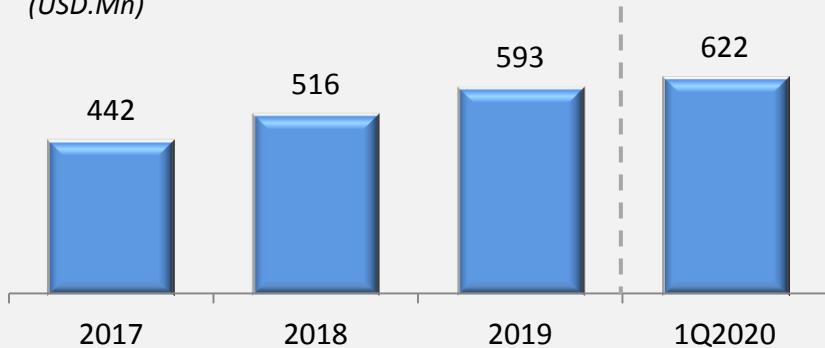
## CASH AND CASH EQUIVALENTS

(USD.Mn)



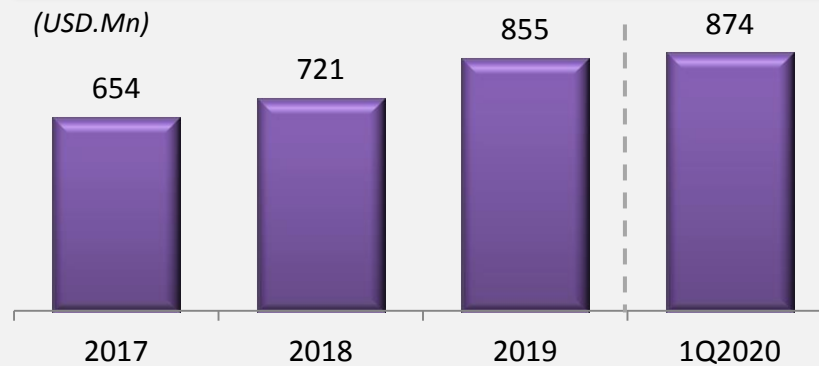
## TOTAL EQUITY

(USD.Mn)



## TOTAL INTEREST BEARING DEBT

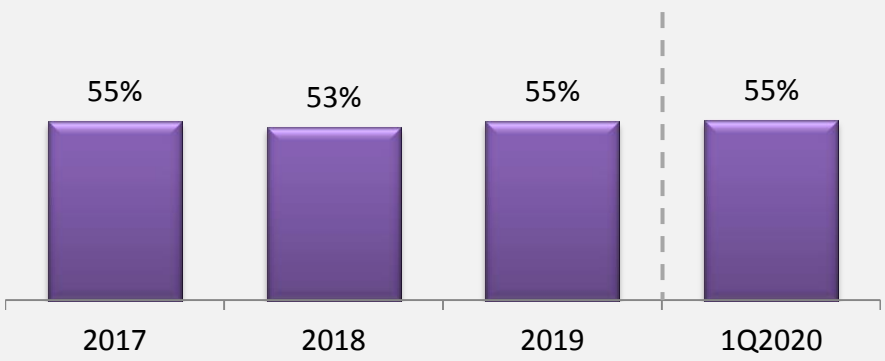
(USD.Mn)



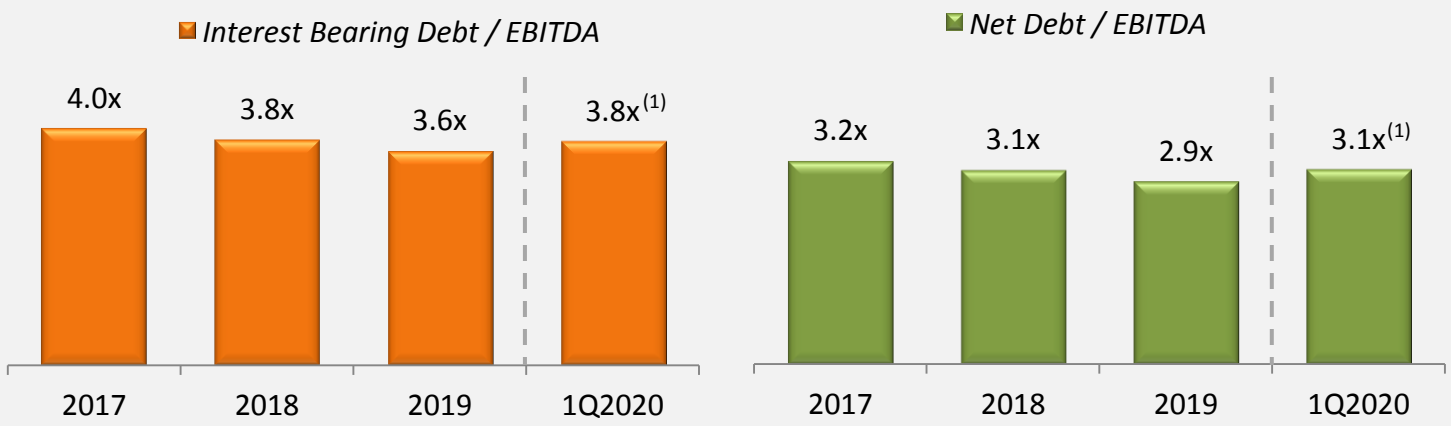


# D. CREDIT METRICS

## TOTAL INTEREST BEARING DEBT / TOTAL ASSETS



## LEVERAGE MULTIPLES

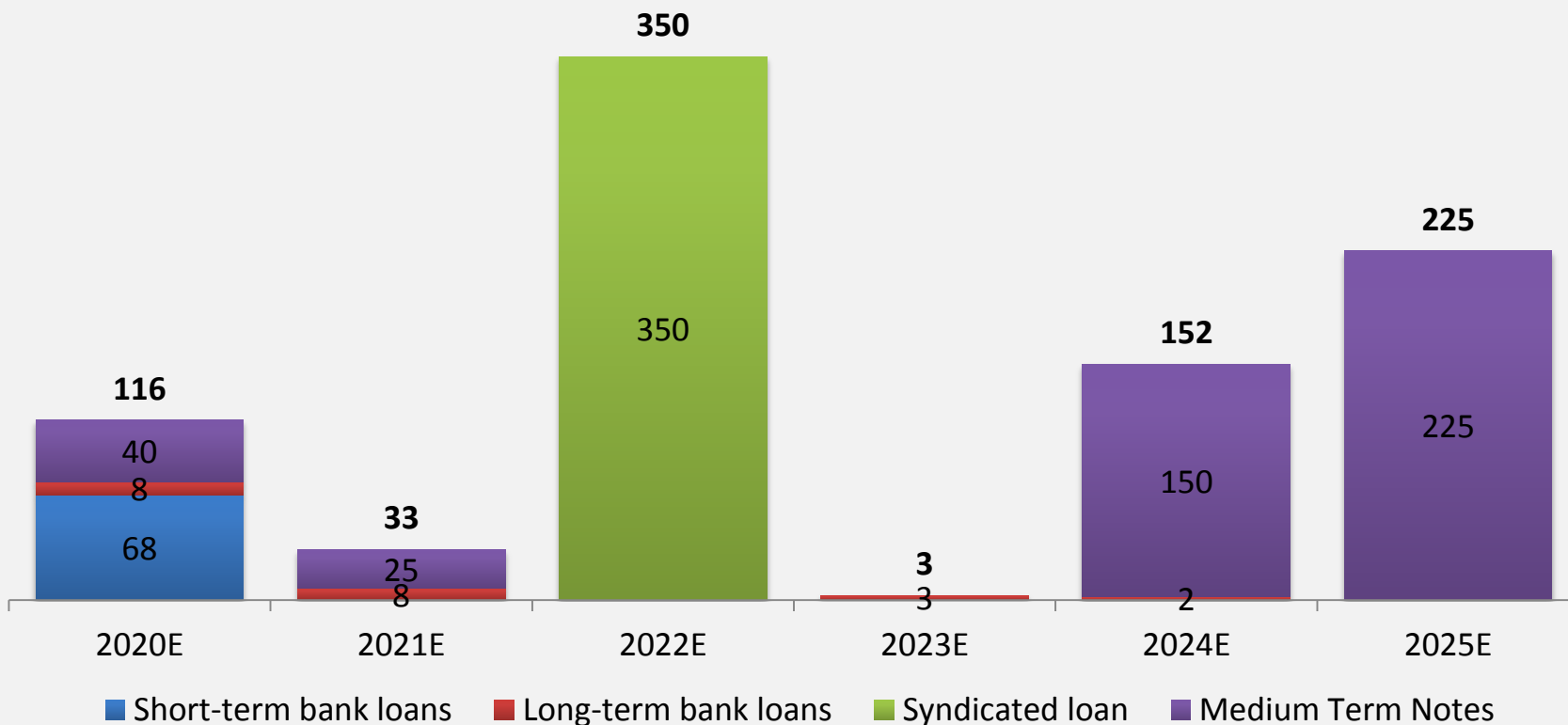


(1) Based on LTM EBITDA as of 31 Mar 2020.



## D. DEBT MATURITY PROFILE

(USD.Mn)



- No significant debt maturities in the near term, with the closest one being the syndicated loan facility which is due only in 2022
- Short-term bank loans due in 2020 amounting to US\$68m will be rolled over
- Sufficient cash balance (US\$160m as of Mar 2020), and available bank lines to weather potential downturn
- Support from relationship banks - recently received majority consent for loan covenant relaxation
- Flexibility to delay discretionary capex depending on macro environment

Note: Debt maturity profile as of 31 Mar 2020, based on principal amounts of debt.

A large, white circular graphic with a multi-colored border (yellow, orange, red, purple, blue) and a drop shadow, centered on the page. The word "Appendix" is written in the center of this circle.

# Appendix



# COVID-19 PRODUCTS

**Sritex**  
*PT Sri Rende Laksana Tbk*

## NON MEDICAL MASK

**ANTI MICROBIAL & WATER RESISTANT**  
SAFE & COMFORTABLE

**ANTI MICROBIAL**

**WATER RESISTANT**

**COTTON 2 PLY**  
ANTI MICROBIAL & WATER RESISTANT

**WASHABLE & REUSABLE**

**WASH WITH 40° C HEAT** **NO BLEACHING** **MEDIUM HEAT IRON**

**OFFICIAL PRICE**  
**RP 5.500**  
Inclusive of tax  
min 1.000 pcs

ORDER FORM :

LEARN MORE ABOUT US  
[www.sritex.co.id](http://www.sritex.co.id)




**BCI** **OEKO-TEX®**  
STANDARD 100



## Masker Hijab

NON  
MEDIS

Aman dan nyaman digunakan

**ANTI MICROBIAL**  
Menjadi penghalang benda-benda terinfeksi, bakteri, virus dan mikroorganisme.

**ANTI AIR**  
Memproteksi pemakai dari percikan cairan dengan partikel kecil dan tekanan tinggi.

**2 LAPISAN KAIN**  
ANTI MICROBIAL & ANTI AIR

**DAPAT DICUCI & DIGUNAKAN KEMBALI**

**HARGA RESMI**  
Termasuk PPN **RP. 6.500**

[www.tokosritex.com](http://www.tokosritex.com)

Harga spesial untuk pembelian diatas 10,000 pcs dalam 1 order silahkan hubungi marketing team kami.



**PAKET A** HIJAB WARNA MIX

- Min. 1.000 pcs
- 1 paket isi 1.000 pcs terdiri dari

**PAKET B** HIJAB WARNA PILIHAN

- Min. 3.000 pcs
- Per warna min. 1.000 pcs












Putih 100 pcs

Cokelat Muda 100 pcs

Cokelat Tua 100 pcs

Orange 100 pcs

Merah Marun 100 pcs

Abu-abu 100 pcs

Biru Navy 100 pcs

Hitam 100 pcs

Biru Benhur 100 pcs

Hijau 100 pcs

[www.sritex.co.id](http://www.sritex.co.id)



## MASKER PREMIUM

NON  
MEDIS

AMAN DAN NYAMAN DIGUNAKAN

**ANTI MICROBIAL**  
Menjadi penghalang benda-benda terinfeksi, bakteri, virus dan mikroorganisme.

**ANTI AIR**  
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Biru Navy 100 pcs

Hitam 100 pcs

Biru Benhur 100 pcs

Hijau 100 pcs

[www.sritex.co.id](http://www.sritex.co.id)

## SUMMARY OF PROTECTION / PERFORMANCE

TYPE OF HAZARD	APPLICATION/PERFORMANCE	COMMENT
Non Hazardous Particles	No	
Hazardous Liquid Splash	Yes	
Non Hazardous Liquid Splash	Yes	
Hazardous Dust/Fibers	Limited Protection	
Liquid Continuous Contact	Yes	
Liquid Continuous Immersion	No	
Acid/Alkali	Yes	Non immersion
Gases and Vapours	No	
Anti Microbial Activity	Yes	ISO 20743



PT Sri Rajeki Luman Tbk

# ANTI MICROBIAL PROTECTION CLOTHING

- DESIGNED FOR USE BY FRONT-LINE MEDICAL PROFESSIONALS
- COVERALLS ACT AS AN IMPENETRABLE BARRIER AGAINST INFECTIOUS MATERIALS, BACTERIA, VIRUSES AND OTHER MICROORGANISM
- THE FABRIC BLOCKS WATER & CHEMICALS



PT Sri Rajeki Luman Tbk

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Fax : (+62-271) 593488, 591788

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[www.sritex.co.id](http://www.sritex.co.id) | [cmo@sritex.co.id](mailto:cmo@sritex.co.id)





01

Personal protection coveralls are designed for use by front-line medical professionals and people responding to infectious disease outbreak that require protection for the user.

02

Coveralls act as an impenetrable barrier against infectious materials, bacteria, viruses and other microorganism.

03

The material used for the coveralls protects the user from exposure by way of splash and spray, droplets from cough or sneeze, and other water medium. Photocatalytic and mineral base treatment has been applied during the manufacturing process ensuring the fabrics inhibits microorganism growth.

04

Fabric is made of cotton - polyester blend to provide comfort to user. The material blocks water and chemicals such as strong acids as HYDROCHLORIC ACID 36-37%, SULPHURIC ACID 70%, N-HEPTANE, SODIUM HYPOCHLORITE 10% and ISOPROPANAOL.



## ANTI MICROBIAL PROTECTION CLOTHING

### TYPICAL FABRIC CHARACTERISTICS : PHYSICAL

S.N.	TEST PARAMETER	TEST METHOD	RESULTS
1	Fabric Weight	ISO 3801	210 gm/m <sup>2</sup>
2	Fabric Composition	ISO 811	Polyester 65%, Viscose 35%
3	Colour		Natural White
4	Tensile Strength	ISO 13934-1	
	Warp		1000 N
	Weft		600 N
5	Tearing Strength	ISO 13937-1	
	Warp		50 N
	Weft		40 N
6	Pilling (2000 rubs)	ISO 12945-2	4-5
	Air Permeability Original	ISO 9237	20 mm/s
	Air Permeability 10 x wash		20 mm/s

### TYPICAL FABRIC CHARACTERISTICS : CHEMICAL AGENT

S.N.	TEST PARAMETER	TEST METHOD	RESULTS
1	N-Heptane	ISO 6530	Class 3#
2	Ethyl Alcohol ( Isopropanaol)	ISO 6530	Class 3#
3	Sodium Hydroxide 50%	ISO 6530	Class 3*
4	Hydrochloric Acid 36-37%	ISO 6530	Class 3#
5	Sulphuric Acid 70%	ISO 6530	Class 3*
6	Sodium Hypochlorite 10%	ISO 6530	Class 3*

#Chemical not prescribed in ISO 6530

\*Concentration higher than prescribed in ISO 6530

Test carried out by simulating ISO 6530 test method in our in-house laboratory

#### TYPICAL FABRIC CHARACTERISTICS: ANTI MICROBIAL FUNCTION

\* Fabric is treated with mineral base chemicals to provide anti-bacterial function

\* Test done according to ISO 20743 show very good anti bacterial activity on Klebsiella pneumonia (AATCC 4352) with Log reduction 5.7 after 25 x wash



# COVID-19 PRODUCTS



PT Sri Rapi Luman Tbk

## NKRI PPE

**DISPOSABLE PROTECTIVE COVERALL**

**SRITEX INNOVATION**



PROTECTION CLOTHING FOR FRONTLINE MEDICAL /HEALTH /EMERGENCY RESPONSE PROFESSIONALS



BARRIER AGAINST INFECTIOUS MATERIALS, BACTERIA, VIRUSES & OTHER MICROORGANISM.



WATERPROOF FEATURES PROTECT THE USERS FROM SPLASHES OF LIQUID WITH SMALL PARTICLES AND HIGH PRESSURE



MADE OF 100% POLYESTER BLOCKS WATER AND STRONG CHEMICALS



THE BLUE SEALANT TAPE ELIMINATES POSSIBILITY OF LEAKAGE IN THE STITCHES AGAINST ANY LIQUID PENETRATION BY 100%



ANTI MICROBIAL



WATERPROOF

OFFICIAL PRICE  
**RP. 380.000**  
INCLUDE PPN  
MIN. 10 PCS

ORDER FORM



Made in  
INDONESIA

**IN COMPLIANCE WITH THE  
AMERICAN NATIONAL STANDARD ANSI / AAMI PB70 : 2012 LEVEL 3**

[www.sritex.co.id](http://www.sritex.co.id)





PT Sri Rejeki Luman Tbk

## UNISEX BIG POCKET JACKET

**ANTI-MICROBIAL & WATER REPELLENT**



**ANTI MICROBIAL**

Menjadi penghalang benda-benda terinfeksi, bakteri, virus dan mikroorganisme.



**WATER REPELLENT**

Memproteksi pemakai dari percikan cairan dengan partikel kecil dan tekanan tinggi.

HARGA RESMI

**RP. 260.000** /pc

Termasuk PPN

Min. 20 pieces

[www.tokosritex.com](http://www.tokosritex.com)

Warna pilihan

Ukuran | Lebar dada | Panjang

S | 55.5 | 71

M | 58.5 | 73

L | 61.5 | 75

XL | 64.5 | 77

LEARN MORE ABOUT US  
[www.sritex.co.id](http://www.sritex.co.id)





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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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