



# PT TRIMEGAH BANGUN PERSADA TBK

Dari Obi Untuk  
*Indonesia*  
From Obi to Indonesia



**Analyst/Investor Briefing**

**1H 2023**



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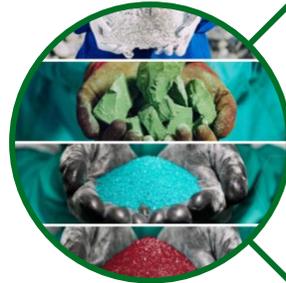
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## Company Overview



## Operation Overview



## Financial Overview

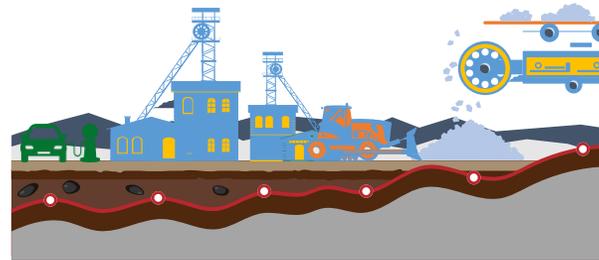
# 1

## Company Overview

## TBP is a pure-play integrated operator of nickel mining and smelters in Indonesia with growing exposure to battery segment

### Large Upstream Resource Base

Total reserves of **168.9mt<sup>1</sup>** across **2 operating mines** and **2 development projects**



### Vertically Integrated Nickel Operations

**Presence from upstream mining to downstream nickel processing** and investment in planned stainless steel / industrial park operation through subsidiaries and associated companies



### Strong Exposure to Battery Metals

HPAL Phase I Project, operated by 45.1% associated company, is **the first successful HPAL plant to commence operations** in Indonesia with ramp-up achieved **within 2 months** after commencement of operation<sup>2</sup>



### Technology Leverage To Increase Nickel Production Growth

Leverage technology to make use of the lower-grade nickel to **boost production of EV Battery materials**



### Low Operating Cost

2 active mining projects are sitting at the **low end of cost curve<sup>2</sup>**



### Unique Geographical Advantage with Operational Synergies

All projects are strategically planned on Obi Island, achieving further operational efficiency & thus **lower production cost**



### Strong Support

Harita Group can support in terms of **logistics, mining contracting, and raw material supply**

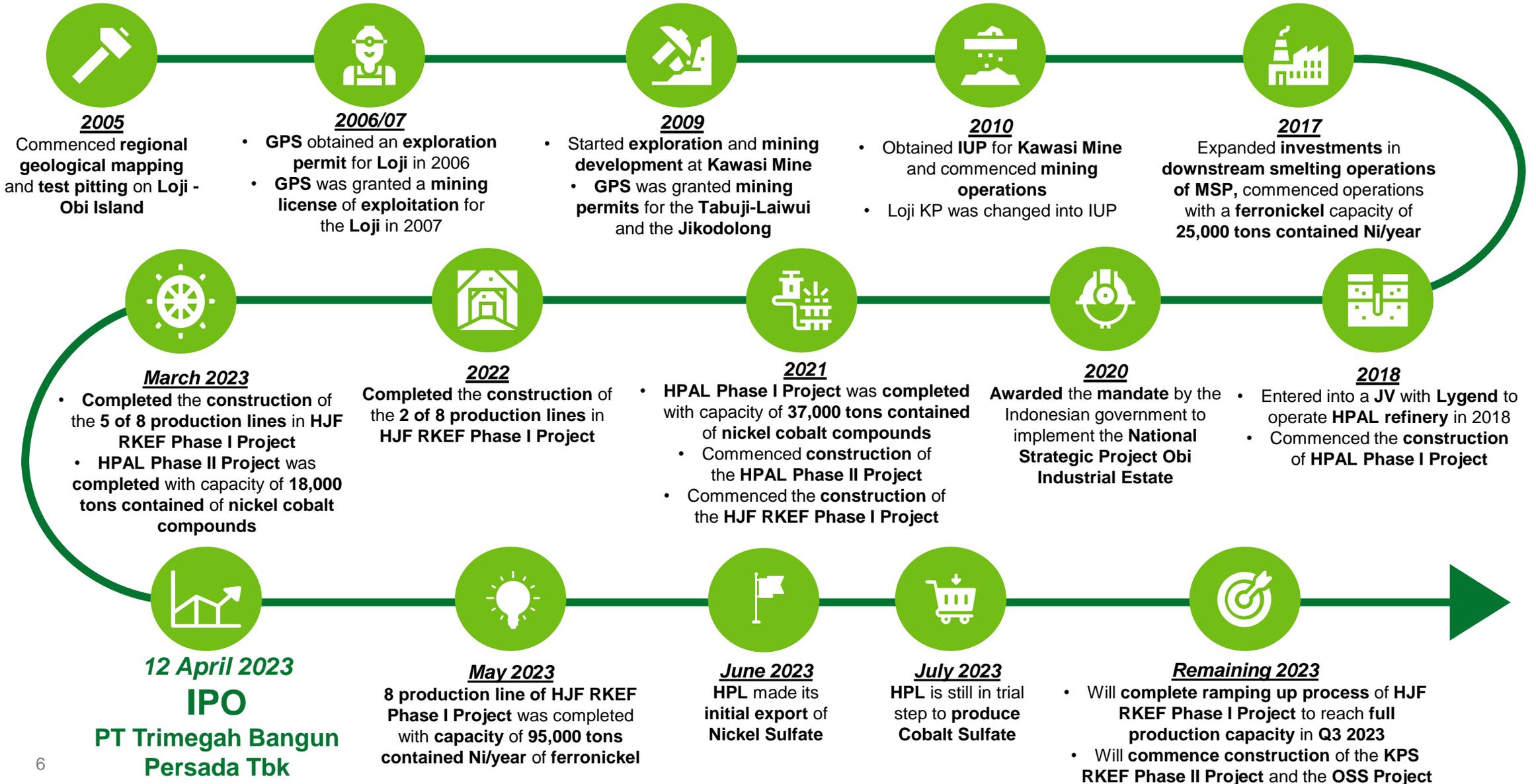


### Focused on and Committed to ESG

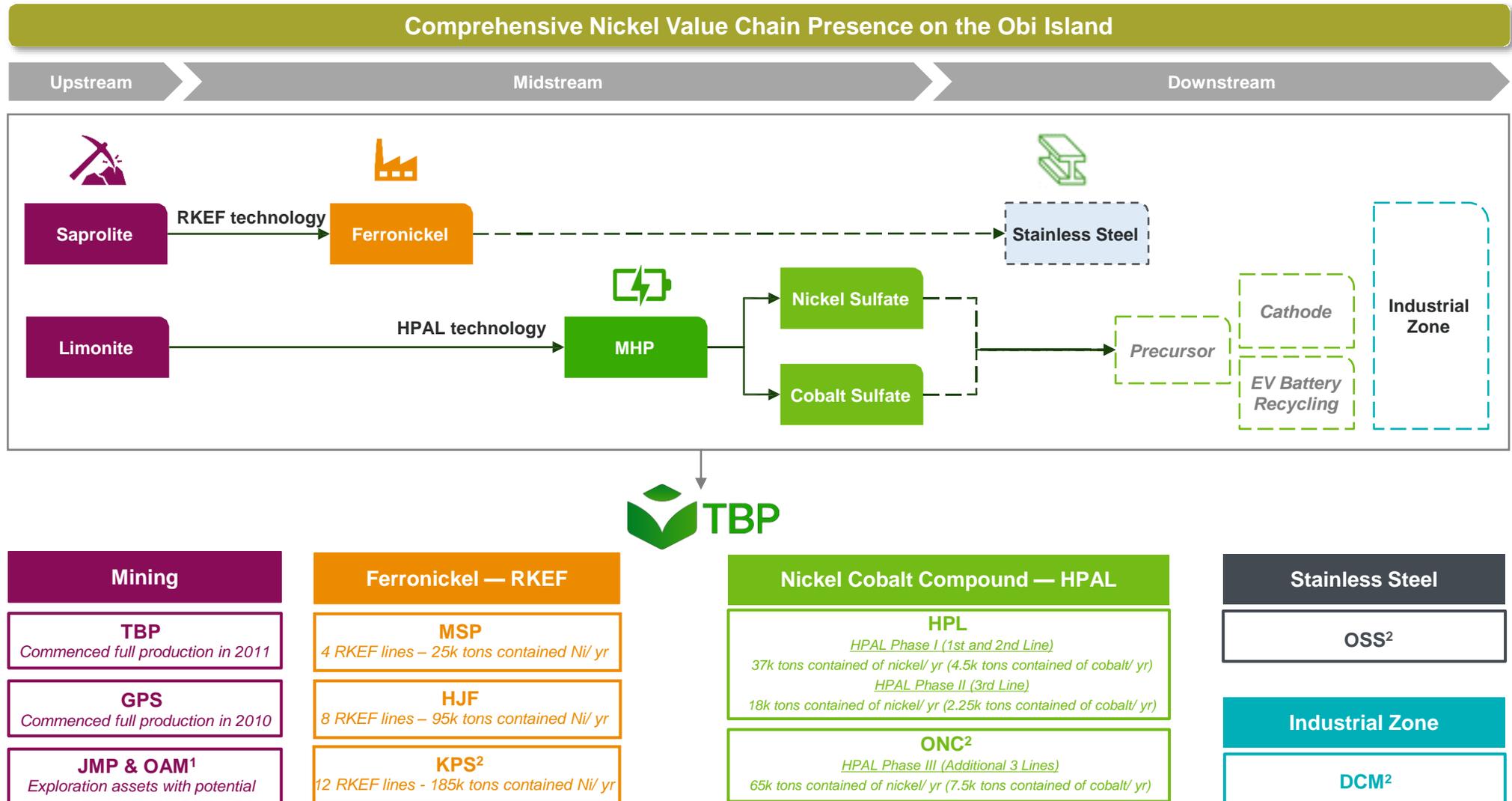
Focused on compliance with relevant **domestic ESG related laws and regulations**. Commitment to progressively align with **international standards**

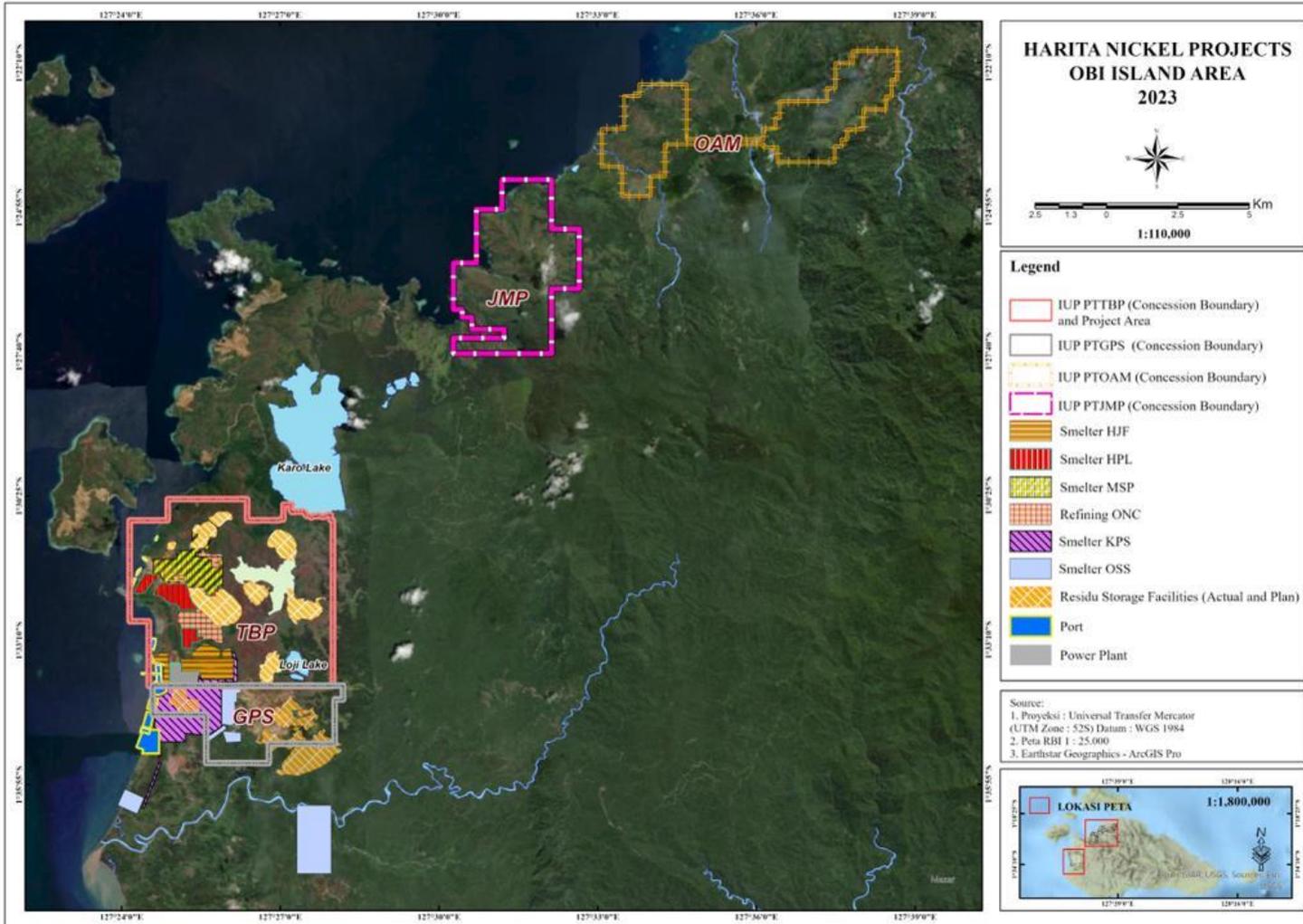


# History and Key Milestones



# TBP Group Structure and Portfolio Overview





### Short Transportation Distance Between Assets

All production facilities and supporting infrastructures are **strategically planned** and **built** in the **west part of Obi Island** with short transportation distance, resulting in **lower operating expense** and **additional time efficiency**.



### Feedstock Stability Underpinned by Supply Agreements

Supply agreements between **upstream** and **downstream** assets to **reduce uncertainty** against **supply disruption** of nickel ore materials.



### Proprietary Power Supply

**Captive power plants** across all ferronickel production operations to ensure **stable power supply** and **operational stability**.



### Unique Access to Port Infrastructures

Supported by **complete infrastructure facilities** to guarantee the **long-term operational needs** such as port facilities, wharves, living quarters, and others. Obi Island is **close geographical proximity** to key end markets with **competitive freight cost advantage**.

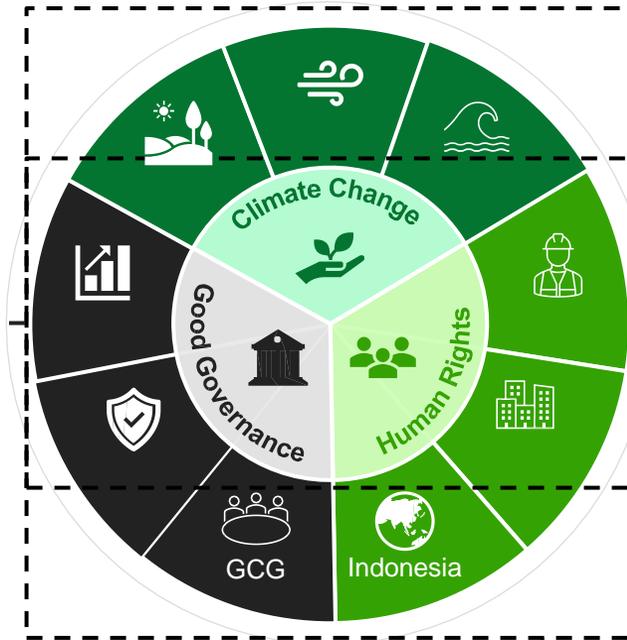
# Strong Commitment to Sustainability and Contributing to the UN SDGs

## Governance

**Corporate governance:** ensuring integrity and ethical behavior as core tenets of the company

**Occupational health and safety:** upholding workplace safety as a prime culture in the workplace

**Operational excellence:** improving business performance sustainably as guided by key management principles



## Environmental

**Land:** waste and wastewater management, optimal surface water management and quality monitoring, land rehabilitation

**Air:** use of emission control and continuous monitoring technologies

**Marine:** water quality monitoring, mangrove and coral reef rehabilitation with community engagement

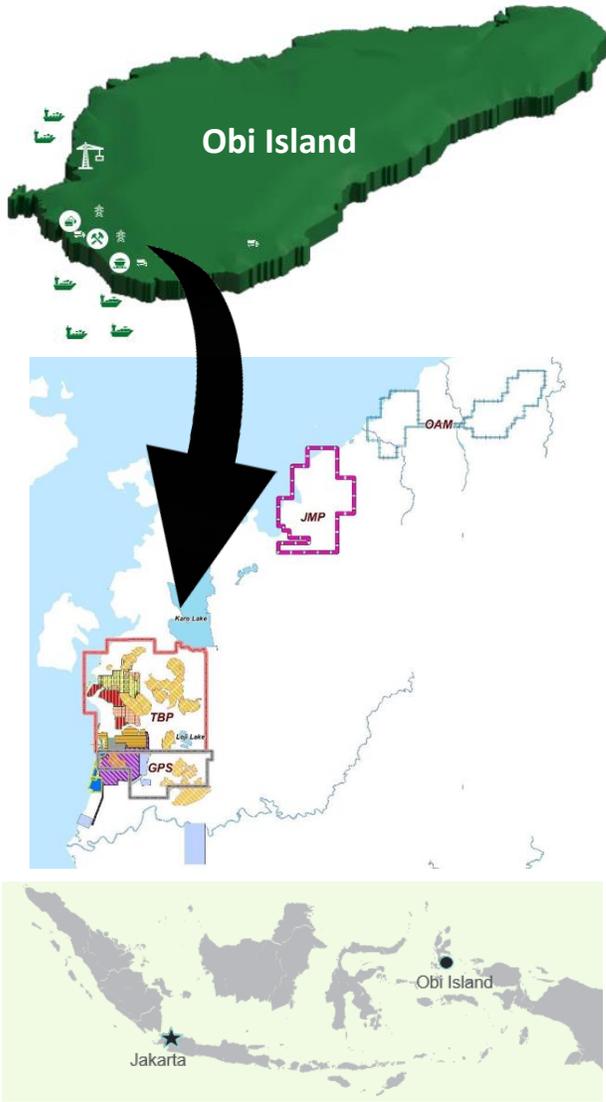


## Social



**People:** helping employees increase their skills and capabilities through various training and educational programs

**Community:** implementing enhancement programs for communities around our areas of operations, focusing on economic development, health, education, social culture, and infrastructure development



Existing And Growing Exposure To Key Battery Material Products

**Ni Nickel**  
58.693  
Integrated Pure-play Nickel Player With Low Operating Costs

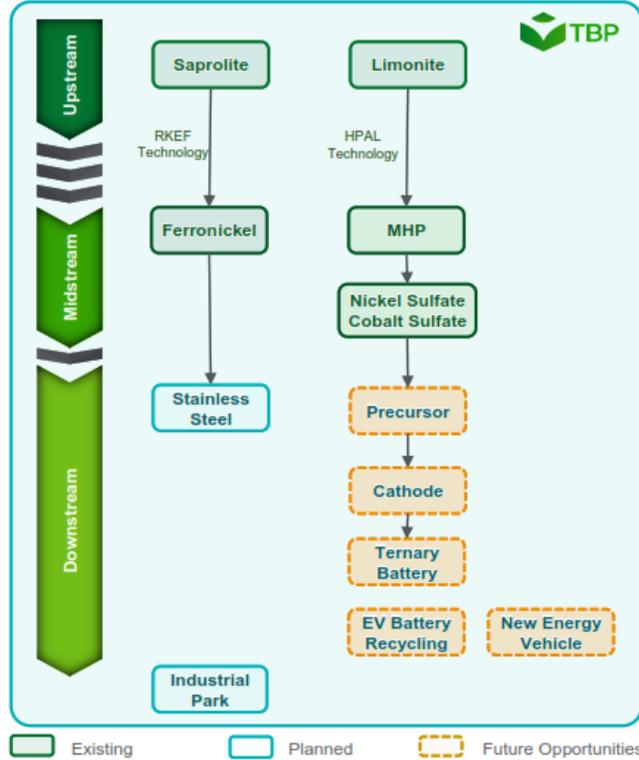
Vertically Integrated Operations Located on Obi Island With Operational Synergies

Strategic Partnerships With Companies In Nickel Value Chain

Long-term Commitment Towards Sustainability and ESG

Strong Group Support And Experienced Management Team

Strong Growth and Cash Flow Generation Supported by Conservative Capital Structure

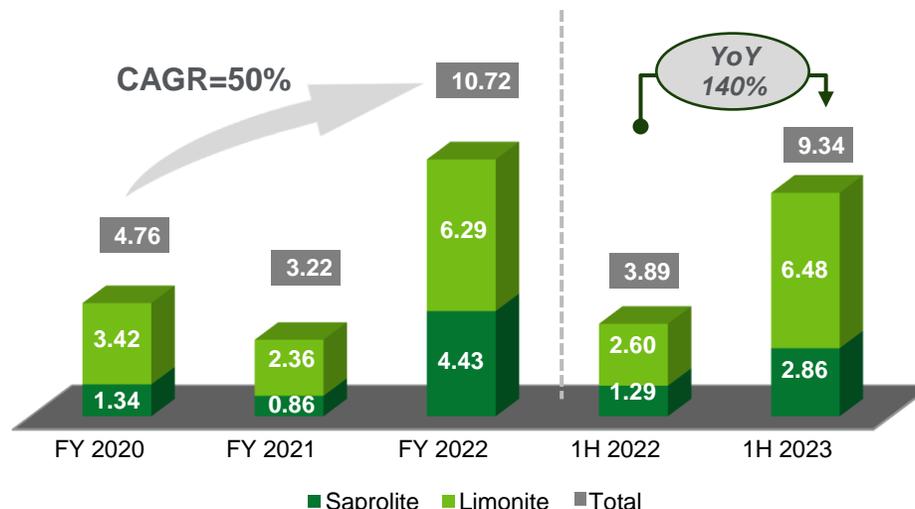


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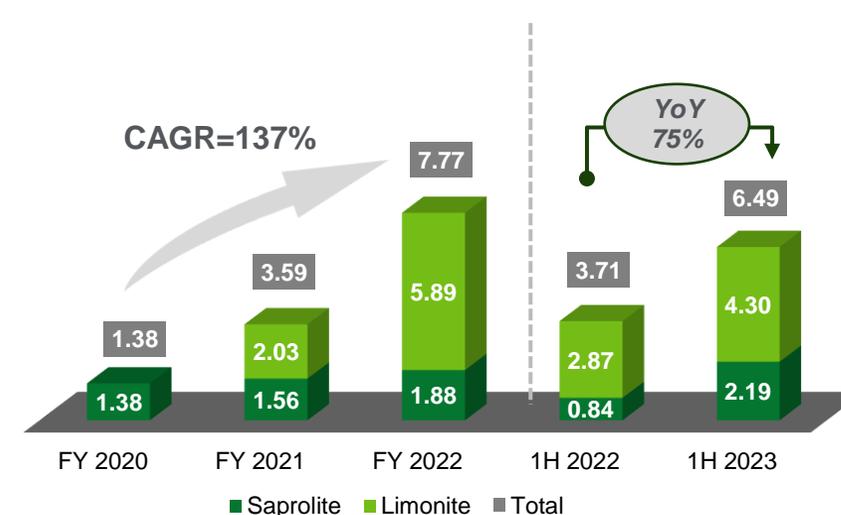
## Operations Overview



## Mining Production Output (million wmt)



## Nickel Ore Sales (million wmt)



## Commentary

- A strong growth in mining production was in line with the increase in smelter and refinery production capacity.
- In FY2020, TBP only had 1 operating smelter, MSP, with 4 production lines and production capacity of 25,000 tons contained Ni/year.
- In FY2021, two lines of HPAL in PT HPL was completed with capacity of 37,000 tons/year of nickel cobalt compounds.
- In FY2022 and 1H 2023, the demand increased substantially from the completed 8 production lines<sup>2</sup> in RKEF nickel processing facility of PT HJF with capacity of 95,000 tons contained Ni/year of ferronickel, as of June 2023, 2 production lines are still in ramping up process, and also increased from commissioning of the 3rd line<sup>3</sup> of HPAL in PT HPL.

## HPAL Operations Snapshot



*“HPAL plant producing MHP”*



*“HPAL plant producing Nickel Sulfate and Cobalt Sulfate”*

1

HPL started construction of HPAL Project since mid 2018; started production in June 2021 from 2 production lines with total designed capacity of 37,000 tons contained Ni/year MHP (Mixed Hydroxite Precipitate); and it is the first MHP producer in Indonesia

2

HPL started construction of its 3rd production line in 2021 with 18,000 tons contained Ni/year MHP, the ramp up only took 2 months and by end of March 2023, the total designed capacity increased to 55,000 tons contained Ni/year

3

In April 2023, HPL recorded another milestones as the first and the biggest producer of Nickel Sulfate in Indonesia with annual capacity of 240,000 tons contained Ni/year

4

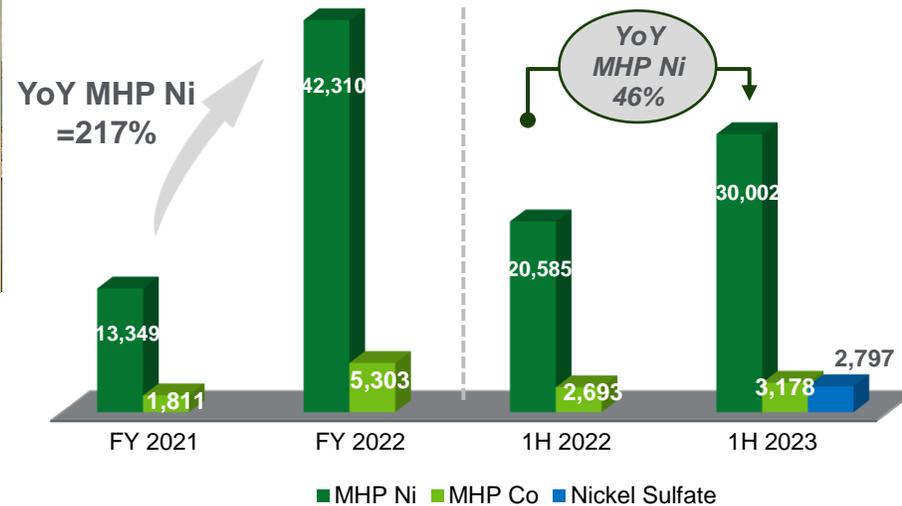
In July 2023, HPL is still in trial step to produce Cobalt Sulfate

5

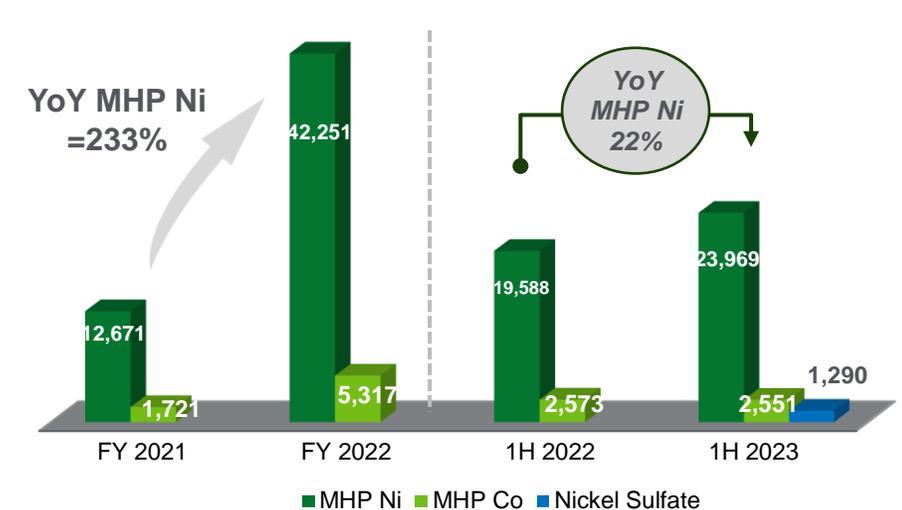
MHP and Nickel Sulfate are exported; buyers include GEM, CNGR, etc



## HPAL Production Output (In ton)



## HPAL Sales Volume (In ton)



### Commentary

- At the end of 2021, two MHP production lines of PT HPL have commenced its operation with designed capacity of 37,000 tons contained Ni/year. First line ramped up to full capacity within 4 months and the second line ramped up only in 2 months.
- The third line with designed capacity of 18,000 tons contained Ni/year commissioned in January 2023 and ramped up to full capacity also in 2 months. As per April 2023, the total production capacity MHP has reached 55,000 tons contained Ni/year.
- The realization of MHP production in 2022 was exceeded the installed capacity.
- PT HPL started to produce Nickel Sulfate in April 2023 and did the initial export in June 2023.

## Second HPAL Project – PT ONC



*“All Autoclaves already on site at Obi Island”*



*“Construction Progress of 2<sup>nd</sup> HPAL Project in Obi Island (as of May 2023)”*

- 1** TBP has started **further expansion** plan to **increase MHP production output** through **PT Obi Nickel Cobalt (ONC)**.
- 2** **PT ONC** has started construction of the **second HPAL project** in **mid 2022**; which will have **3 production lines** with **annual capacity** of **65,000 tons contained Ni/year MHP**.
- 3** **PT ONC** is expected to **start production** in **mid 2024**.
- 4** Once completed, **total production output** of **MHP** will increase to **120,000 tons contained Ni/year**.

## RKEF Smelter Snapshot



MSP Smelter



HJF Smelter



KPS: Construction Progress as of June 2023

### First RKEF Smelter – PT Megah Surya Pertiwi (“MSP”)

- Commenced full operation since early **2017**; MSP has 4 production lines with annual production output of **25,000 tons contained Ni/year** and currently run **full capacity**

### Second RKEF Smelter – PT Halmahera Jaya Feronikel (“HJF”)

- HJF has just completed construction of **8 production lines with annual production output of 95,000 metal tons/year** in end of **May 2023**, currently **2 lines** are still in process of ramping up to reach **full production capacity**; targeted in **Q3 2023**
- **Total production for 2023** is estimated to reach around **65,000 tons contained Ni/year**

### Third RKEF Smelter – PT Karunia Permai Sentosa (“KPS”)

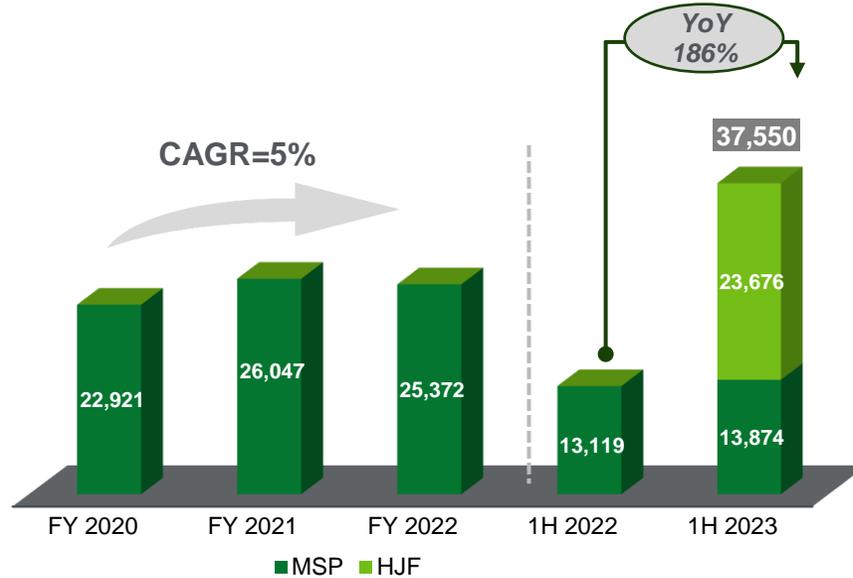
- Still in **development phase**; progress: cut & fill of land at the end of 1H 2023.
- KPS will have **12 production lines** with targeted annual production capacity of **185,000 tons contained Ni/year**
- Commissioning is expected to be in **mid 2025**

By **mid of 2025**, total production output of FeNi will reach **305,000 tons contained Ni/year**

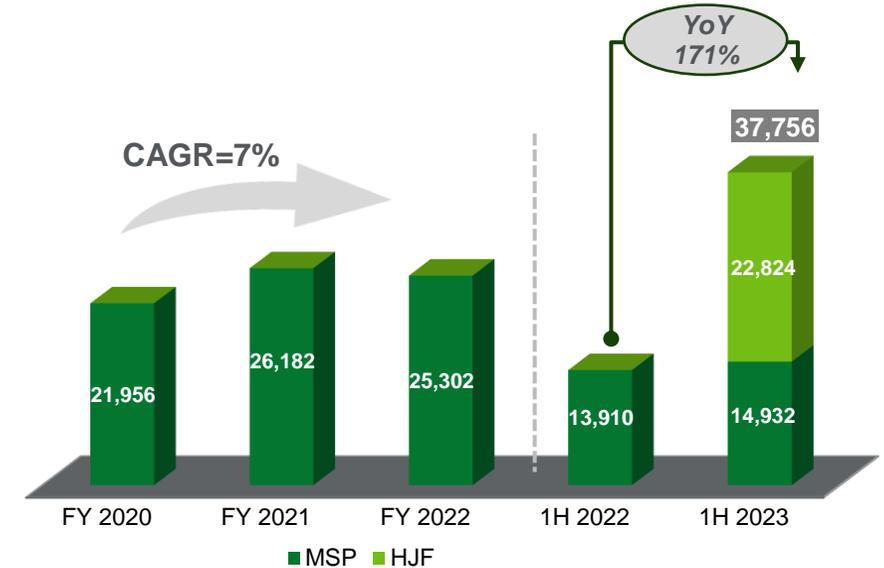
In addition, TBP is still **finalizing its plan to build Stainless Steel Project** located next to KPS plant



## Ferronickel Production Output (In metal ton)



## Ferronickel Sales Volume (In metal ton)



### Commentary

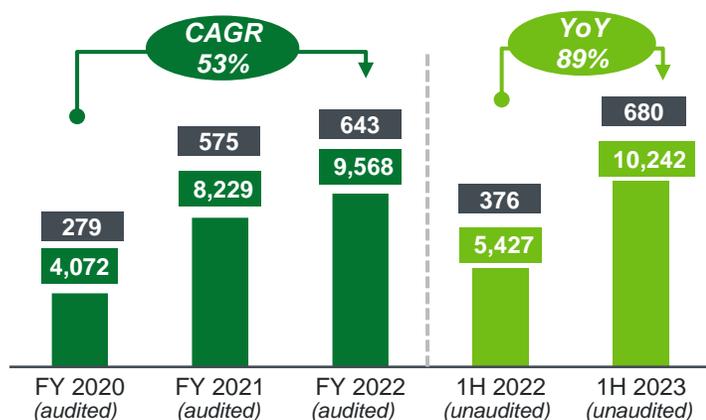
- From **FY2020 - FY2022**, FeNi production was **only coming** from **MSP** which has been operating since 2017.
- The **HJF RKEF** has **commenced its operation** at the end of **FY2022** with **2 production lines**. The next 3 production lines, **3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> lines** were **completed** in **January 2023, February 2023 and March 2023**, respectively. The **remaining 3 production lines** **completed** by end of **1H 2023**. HJF is expected to reach full production capacity in Q3 2023. Thus, it drives the **significant growth** of FeNi Sales in **1H 2023**.

# 3

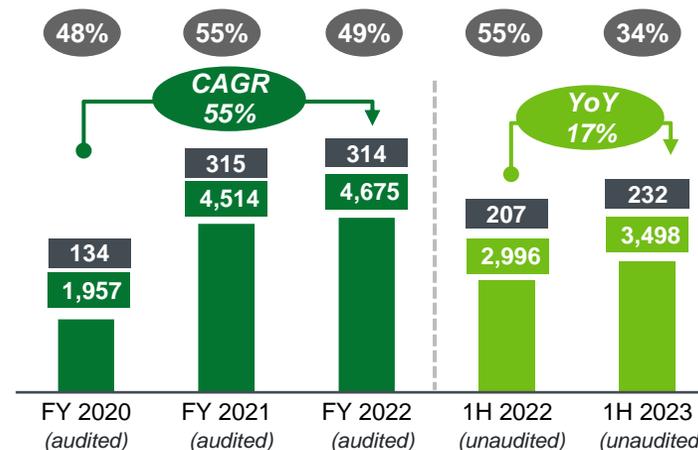
## Financial Overview

# Profit & Loss Statements Highlights – 1H22 vs 1H23

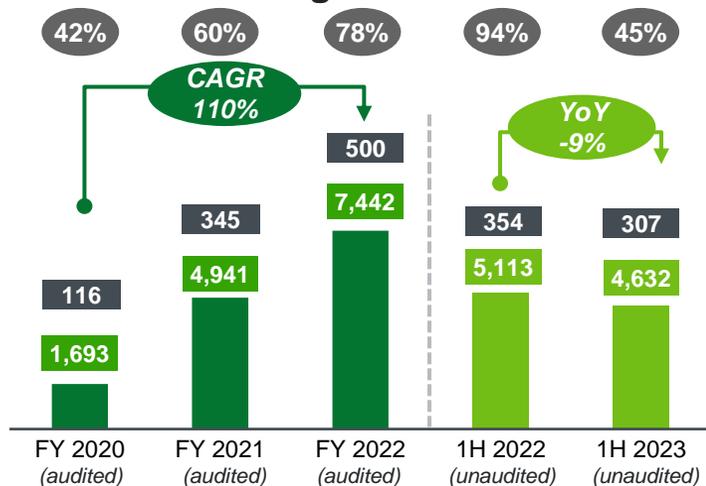
## Revenue



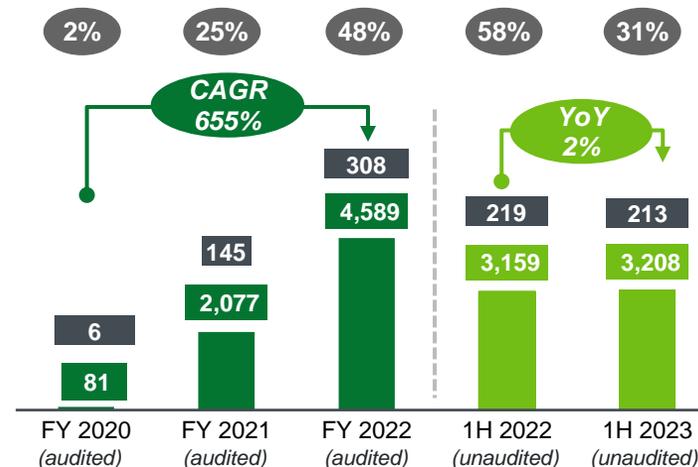
## Gross Profit and Margin



## EBITDA and Margin<sup>(1)</sup>



## Net Profit and Margin



## Commentary

- Strong track record of revenue growth driven by production ramp up of nickel processing facilities.
- Healthy profitability margin with double digit gross profit, EBITDA and net profit margin.
- Stagnant growth of performance's EBITDA and Net profit in 1H YoY was due to the lower of share in net profit associates coming from HPL.

	For the years ended, Dec 31			For the six-months period ended, June 30	
	FY020	FY21	FY22	1H 2022	1H 2023
Exchange rate USD/IDR	14,572	14,312	14,876	14,445	15,071
<i>In IDR billion</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	4,072	8,229	9,568	5,427	10,242
Cost of good sold	(2,114)	(3,715)	(4,893)	(2,431)	(6,744)
<b>Gross profit</b>	<b>1,957</b>	<b>4,514</b>	<b>4,675</b>	<b>2,996</b>	<b>3,498</b>
Selling, general and administrative expenses	(712)	(948)	(890)	(397)	(752)
Other income (expenses), net	(3)	2	198	107	324
<b>Profit from operations</b>	<b>1,242</b>	<b>3,567</b>	<b>3,984</b>	<b>2,706</b>	<b>3,070</b>
Financing charges, net	(188)	(306)	(275)	(92)	(217)
Changes in fair value of hedging instrument	-	-	26	-	-
Share in profit of associates*)	-	715	2,916	2,162	939
<b>Profit before income tax</b>	<b>1,054</b>	<b>3,975</b>	<b>6,650</b>	<b>4,776</b>	<b>3,792</b>
Income tax expense	(253)	(605)	(812)	(575)	(584)
Merging entities' adjustments	(721)	(1,294)	(1,248)	(1,042)	-
<b>Profit for the year</b>	<b>81</b>	<b>2,077</b>	<b>4,589</b>	<b>3,159</b>	<b>3,208</b>
Profit/(loss) for the period attributable to:					
Owners of the parent company	284	1,969	4,667	3,217	2,746
Non-controlling interests	(203)	108	(78)	(58)	462
Other comprehensive income (loss)	(16)	79	1,169	405	(858)
<b>Total comprehensive income</b>	<b>64</b>	<b>2,156</b>	<b>5,758</b>	<b>3,564</b>	<b>2,350</b>
Gross profit margin	48%	55%	49%	55%	34%
Operating profit margin	31%	43%	42%	50%	30%
Net profit margin	2%	25%	48%	58%	31%

Notes: \*) Share in profit associates represents HPL profit on TBP's ownership.

## Commentary

- Share in profit of associates' increased in FY22 was due to MHP production line has begun to produce in full capacity, while the revenue growth from 1H 2021 to 1H 2023 was owing to the completion of 8 production lines in RKEF of PT HJF. However, the RKEF product experienced a decreased in selling price, resulting lower margin.
- Merging entities' adjustments represents the impact of business combination of GPS and MSP which affect retrospectively to TBP consolidated financial information.

# Profit & Loss Statements of QoQ

	In IDR billion				In thousand USD	
	Unaudited	Unaudited			Unaudited	Unaudited
	Q1 2023	Q2 2023	Variance	Variance (%)	Q1 2023	Q2 2023
Exchange rate USD/IDR	15,243	14,866			15,243	14,866
Revenue	4,786	5,456	670	14%	314,005	367,019
Cost of good sold	(3,220)	(3,524)	(304)	9%	(211,223)	(237,049)
<b>Gross profit</b>	<b>1,567</b>	<b>1,932</b>	<b>366</b>	<b>23%</b>	<b>102,782</b>	<b>129,970</b>
Selling, general and administrative expenses	(394)	(358)	36	-9%	(25,873)	(24,071)
Other income (expenses), net	194	130	(64)	-33%	12,748	8,713
<b>Profit from operations</b>	<b>1,367</b>	<b>1,704</b>	<b>337</b>	<b>25%</b>	<b>89,657</b>	<b>114,612</b>
Financing charges, net	(84)	(133)	(49)	58%	(5,504)	(8,977)
Share in profit of associates *)	522	417	(105)	-20%	34,250	28,046
<b>Profit before income tax</b>	<b>1,805</b>	<b>1,988</b>	<b>183</b>	<b>10%</b>	<b>118,403</b>	<b>133,681</b>
Income tax expense	(306)	(279)	27	-9%	(20,078)	(18,735)
Merging entities' adjustments	-	-	-	-	-	-
<b>Profit for the year</b>	<b>1,499</b>	<b>1,709</b>	<b>210</b>	<b>14%</b>	<b>98,325</b>	<b>114,946</b>
Profit/(loss) for the period attributable to:						
Owners of the parent company	1,368	1,377	9	1%	89,772	92,614
Non-controlling interests	130	332	202	155%	8,553	22,332
Gross profit margin	33%	35%			33%	35%
Operating profit margin	29%	31%			29%	31%
Net profit margin	31%	31%			31%	31%

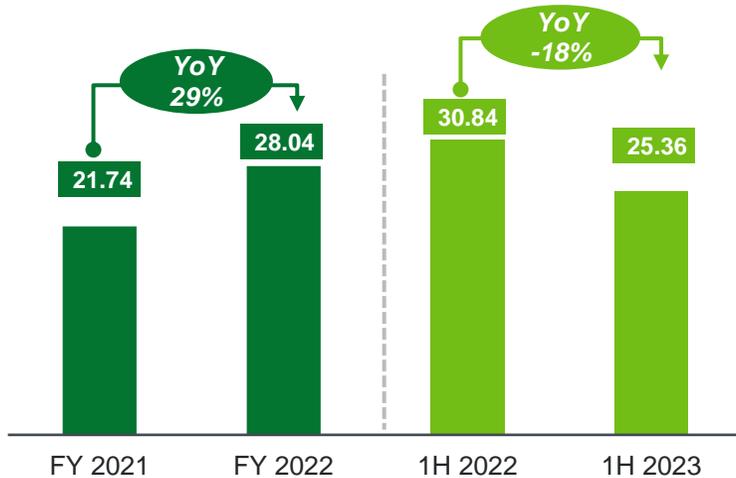
Notes: \*) Share in profit associates represents HPL profit on TBP's ownership.

## Commentary

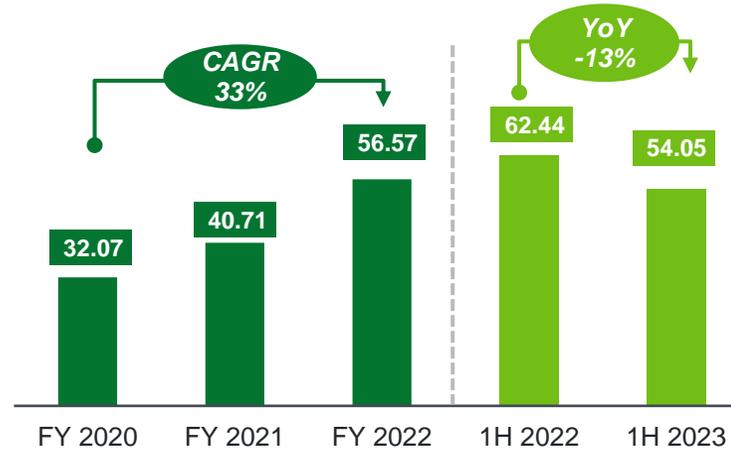
- **Growth in gross profit in Q2 2023** from **Q1 2023** was mainly due to the **higher efficiency of HJF production**. **HJF cash cost** was **reduced from USD 13,022/metal tons in Q1 2023 to USD 10,429 / metal tons in Q2 2023**.
- **Net profit attributable to owners of the parent company** experienced a **slight growth of 1%** in Q2 2023 compare to Q1 2023.

# Average Selling Price

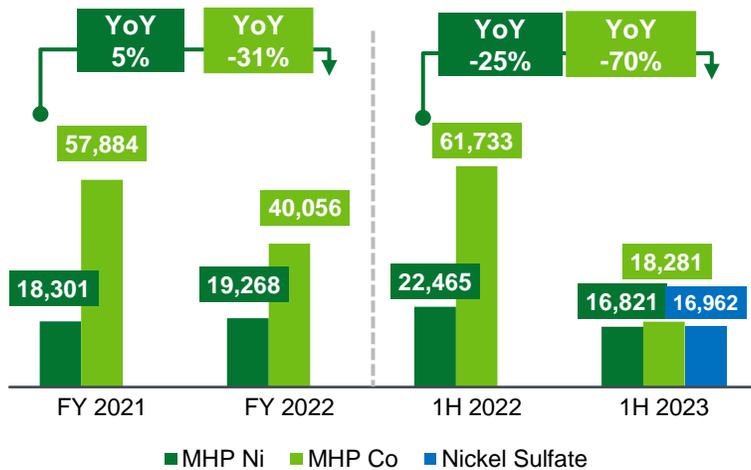
### Limonite Ore (USD/wmt)



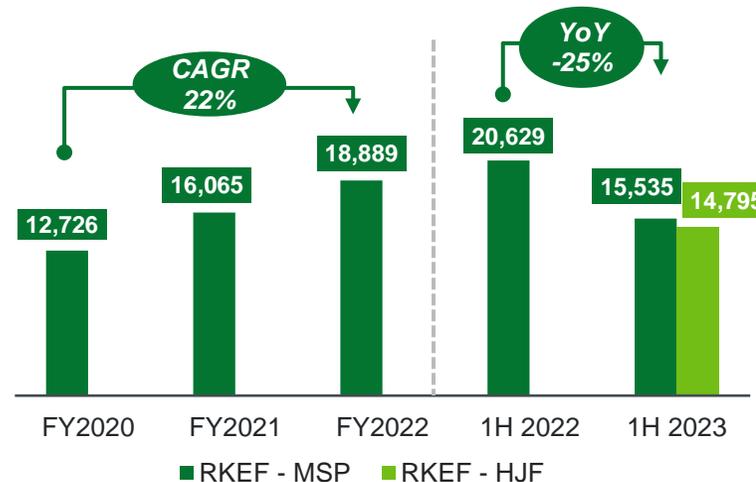
### Saprolite Ore (USD/wmt)



### HPAL Products (USD/t)



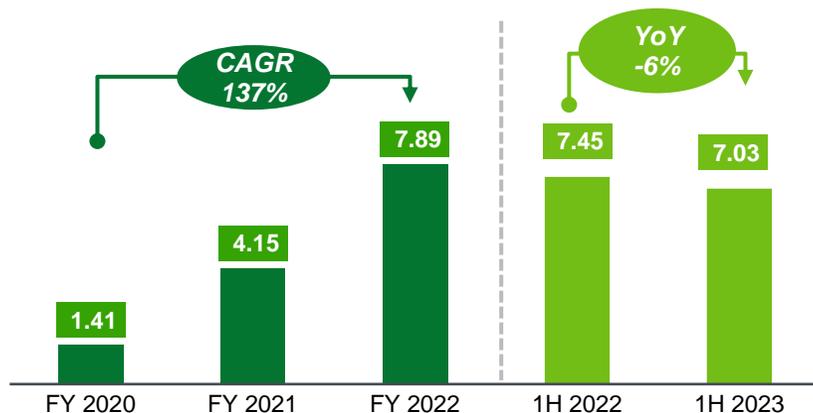
### RKEF Product (USD/t)



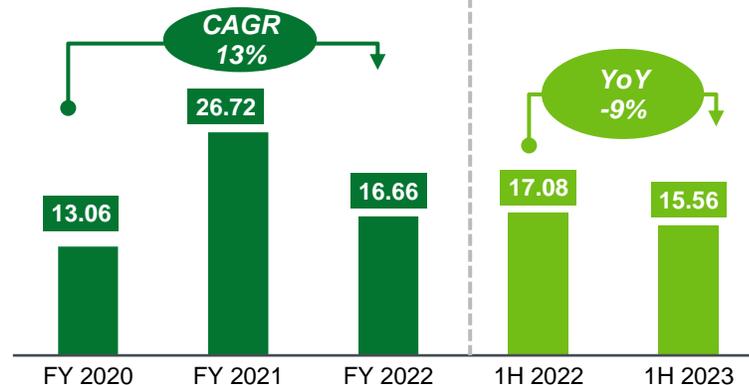
## Commentary

- ASP nickel ores decreased due to the decrease of MEMR's Reference Price which has a direct link to LME, although, there is a time-lag with the adoption.
- MHP and Cobalt price dropped due to lower electric vehicle demand in global. For Cobalt price, it was also due to increased in cobalt global production.
- ASP NPI dropped by 25% in 1H 2023 following the decrease in NPI FOB Indonesia Price and Shanghai NPI Index.
- The expected economy recovery pushed back to 2H 2023, thus, global NPI prices experienced a decline trend. Additionally, as per June 2023, there is a NPI inventory overhang in China.

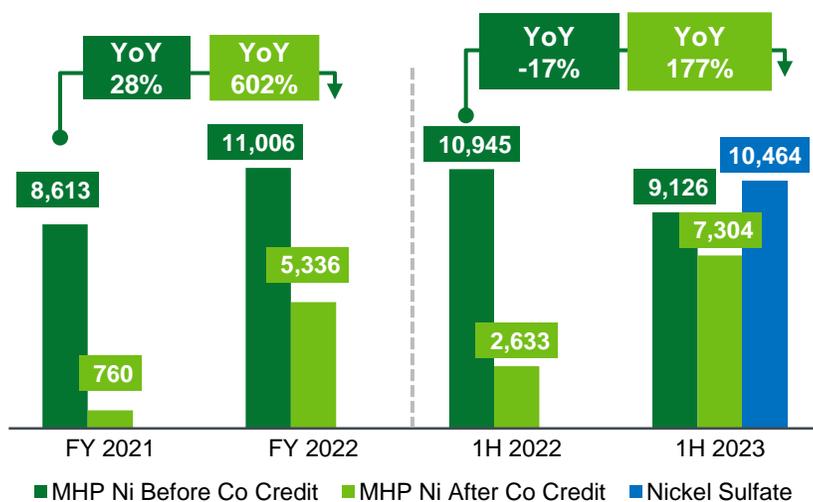
## Limonite Ore (USD/wmt)



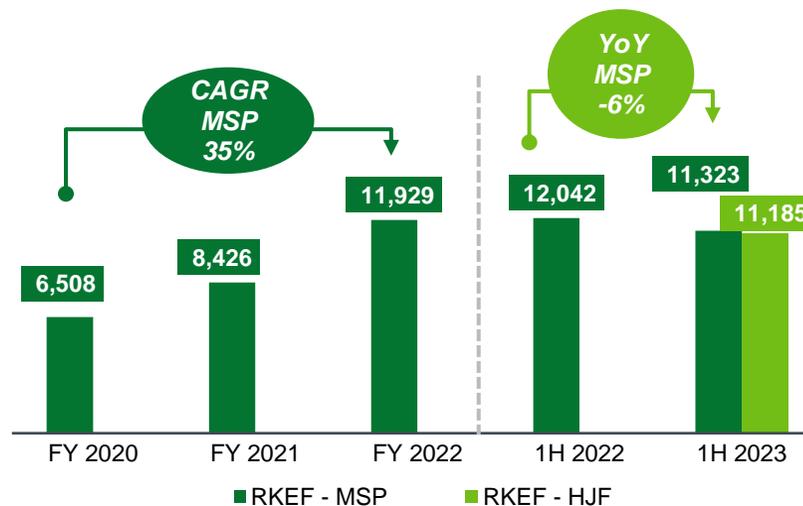
## Saprolite Ore (USD/wmt)



## HPAL Products (USD/t)



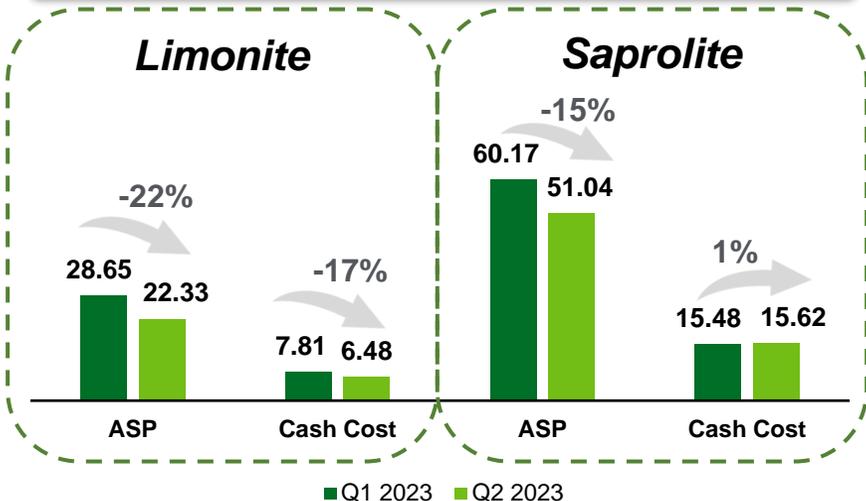
## RKEF Product (USD/t)



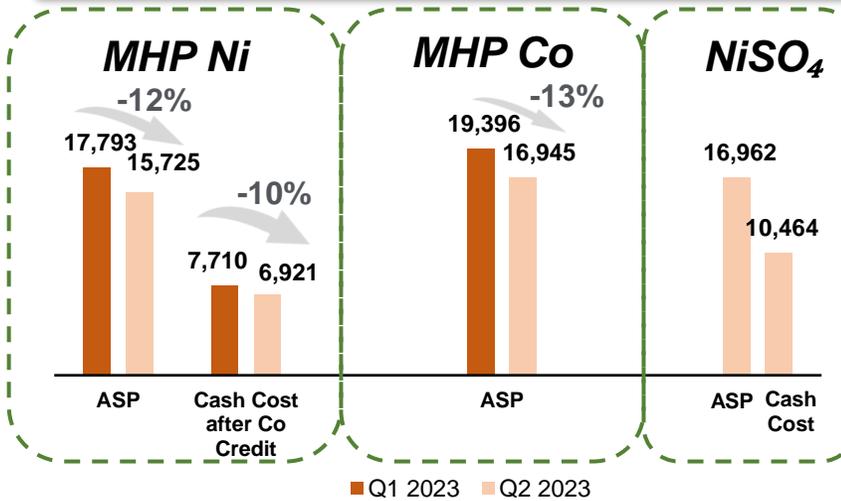
## Commentary

- Both cash cost Saprolite and Cash Cost Limonite slightly decreased in 1H 2023.
- HPAL Cash Cost before cobalt credit slightly up in FY22 but going down in 1H 2023 as a result of the economic of scale and lower limonite price.
- Cobalt Credit drop significantly; hence causing higher cash cost after cobalt credit of MHP.
- RKEF Cash Cost slightly down in 1H 2023 due to the decrease of saprolite price.
- HJF RKEF Cash Cost is lower than MSP RKEF following the increased of nameplate capacity.

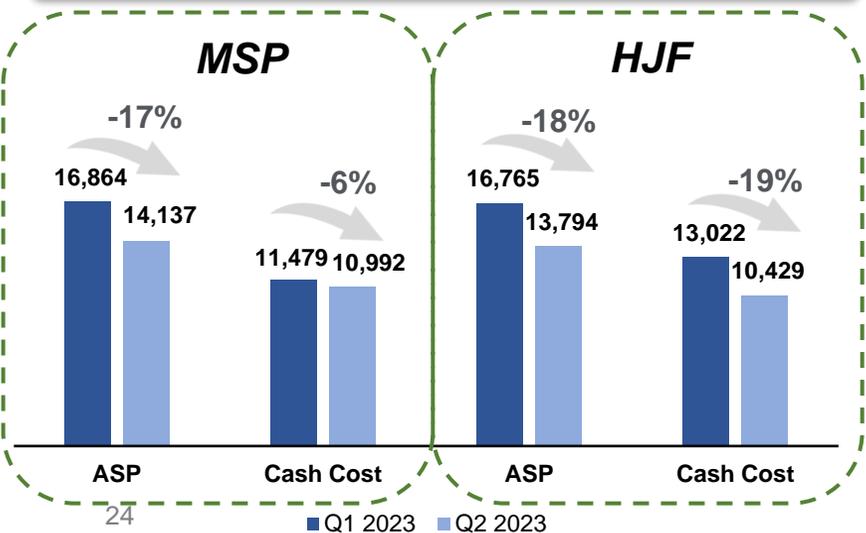
## Nickel Ore (USD/wmt)



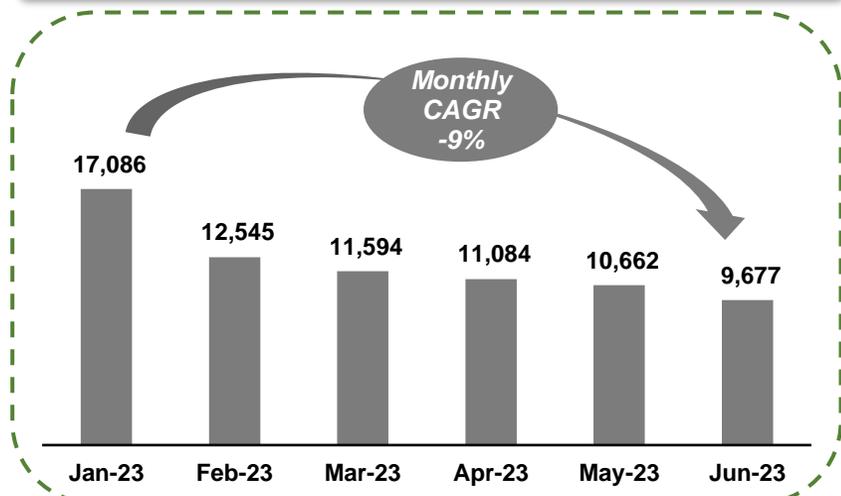
## HPAL Products (USD/t)



## RKEF Product (USD/t)



## HJF Cash Cost Efficiency (USD/t)

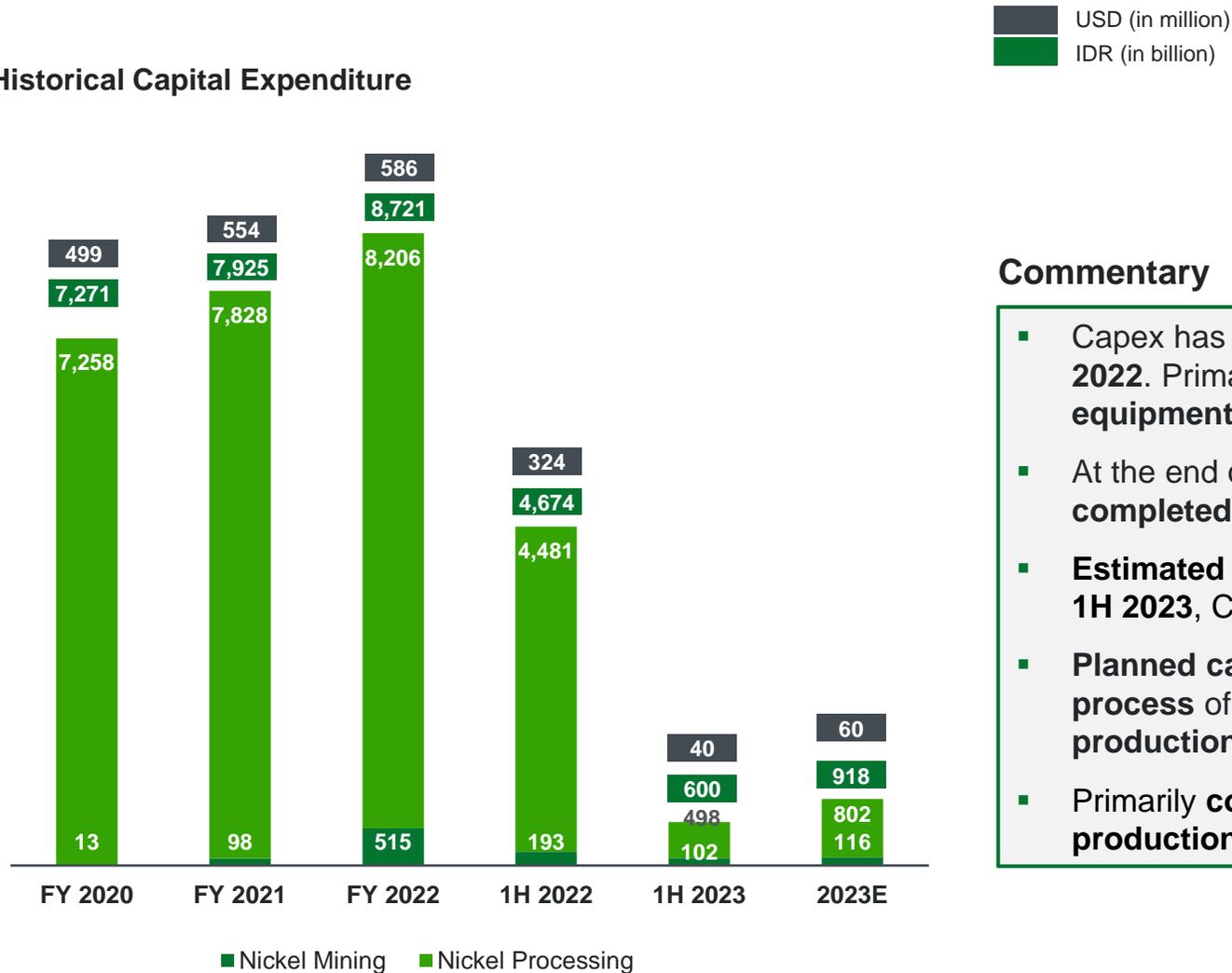


## Commentary

- Limonite and saprolite** encountered a **higher drop** in their **ASP** than in their **Cash Cost**, resulting in **lower margin**.
- Same as Nickel Ore, both **MSP** and **HPL** went through a **decline** in their **ASP** and **Cash Cost**. However, the decrease in ASP was higher than the decrease in Cash Cost, resulting in lower margin.
- HJF** experienced an **efficiency** in their **cash cost** following the **increased of nameplate capacity** with a **monthly CAGR decrease of 9%** from **Jan 2023 to Jun 2023**. However, their ASP also experienced a decreased.

# Capital Expenditures

## Historical Capital Expenditure



## Commentary

- Capex has grown from IDR 7.3T in FY 2020 to IDR 8.7T in FY 2022. Primarily consists of **smelter projects, heavy equipment and vehicles**.
- At the end of 1H 2023, **8 (eight) lines of HJF RKEF have been completed**.
- **Estimated Capex for FY2023 will be IDR 918 billion**. As per 1H 2023, CAPEX used was **IDR 600 billion**.
- **Planned capex going forward will focus on the ramping up process of HJF RKEF Phase I Project to reach full production capacity in Q3 2023**.
- Primarily **consists of the completion of remaining production lines of HJF RKEF and maintenance CAPEX**.



# THANK YOU



For further information, please contact:

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