

ACHIEVING SUSTAINABLE SUCCESS THROUGH TALENT MANAGEMENT

The Role Of Talent Assessment

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PT Semen Indonesia (Persero) Tbk.



Together We Build A Better Future



MENJADI PERUSAHAAN PERSEMENAN INTERNASIONAL YANG TERKEMUKA DI ASIA TENGGARA

1. Mengembangkan usaha persemenan dan industri terkait yang berorientasikan kepuasan konsumen.
2. Mewujudkan perusahaan berstandar internasional dengan keunggulan daya saing dan sinergi untuk meningkatkan nilai tambah secara berkesinambungan.
3. Mewujudkan tanggung jawab sosial serta ramah lingkungan.
4. Memberikan nilai terbaik kepada para pemangku kepentingan (stakeholders).
5. Membangun kompetensi melalui pengembangan sumber daya manusia.



OUR HISTORY



International Company



Strategic Holding
PT Semen Indonesia (Persero) Tbk

Acquisition of Thang Long Cement Joint Stock Company in Vietnam.

Blue Valley Holdings PTE Ltd. sold all stake in SGG

Blue Valley Holdings PTE Ltd. bought Cemex's stake in SGG

Cemex became a strategic partner by buying a 14% stake

Acquisition of Semen Padang and Semen Tonasa

Initial Public Offering

Founded August
with Capacity: 250.000 tons per year

2013

2012

2010

2006

1998

1995

1991

1957



SEMEN INDONESIA TRANSFORMATION



Year

1991

Stand alone companies



GO PUBLIC

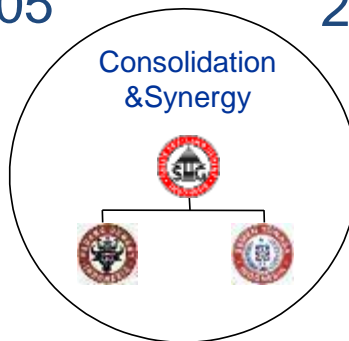
1995

Pasca acquisition



2005

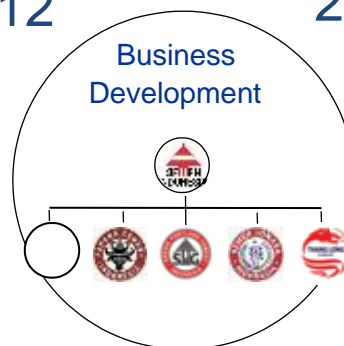
Consolidation & Synergy



FUNCTIONAL HOLDING

2012

Business Development



2015



IPO

CONSOLIDATION
SG-SP-ST

SYNERGY &
INNOVATION

STRATEGIC
HOLDING

INTERNATIONAL
COMPANY

As the First SOEs to GO PUBLIC

- ✓ As a Group has biggest capacity in Indonesia.
- ✓ Cemex as the shareholders.

- ✓ SINERGY between OpCo.
- ✓ Innovation in various fields.
- ✓ Semen Indonesia Award on Innovation, award to the Innovator.

- ✓ Blue Print stipulation.
- ✓ Changed of AD OpCo
- ✓ The Division of Strategy and Operations Functions.
- ✓ HolCo focuses on Strategic policy.
- ✓ OpCo focuses on Operational Excellence.
- ✓ As the first Multinational SOEs.

- ✓ International business Expansion.
- ✓ Business Clustering
 - Cement
 - Cement Related
 - Non Cement Related

Together We Build A Better Future

OWNERSHIP STRUCTURE¹



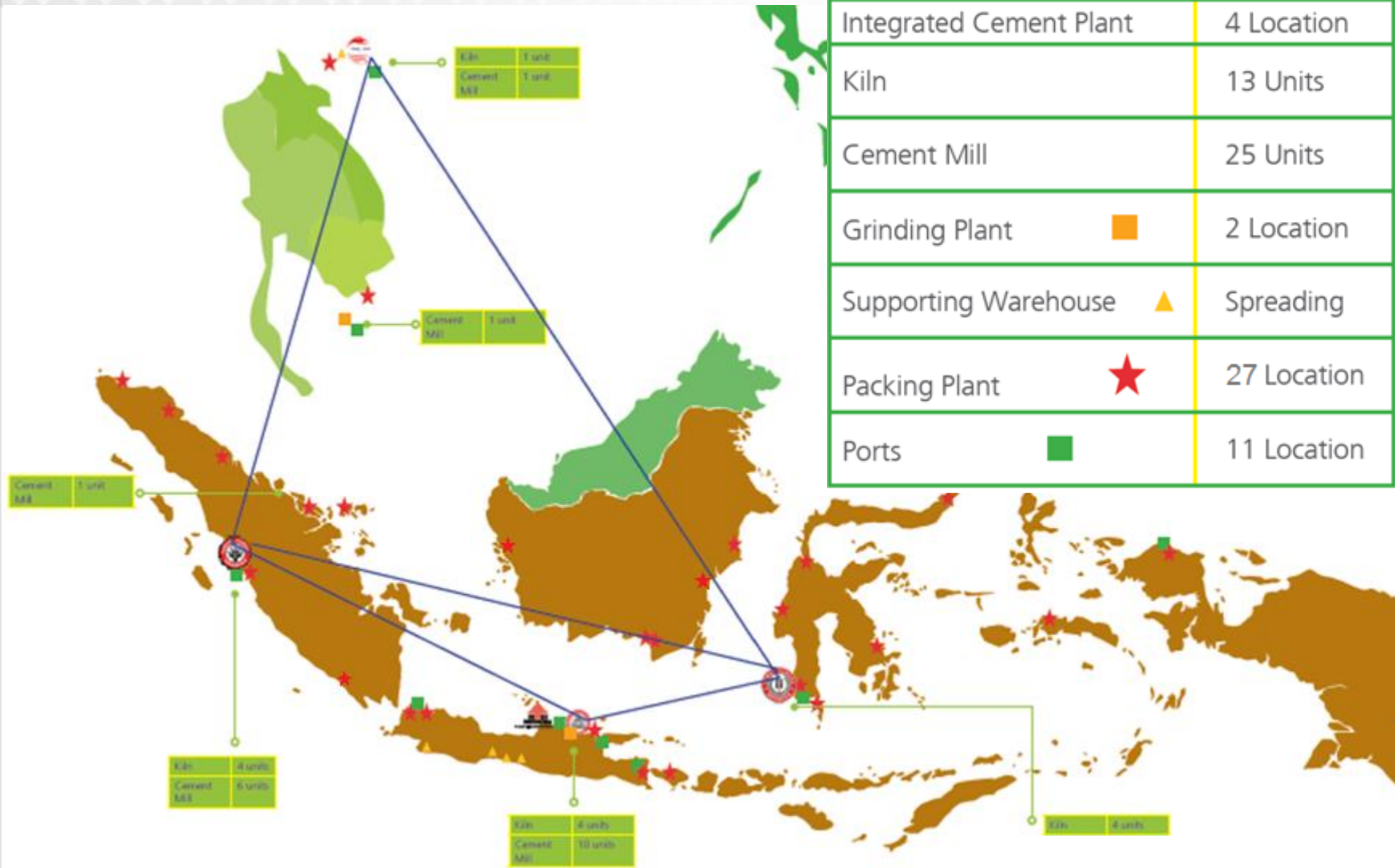
Name	Activities	% Ownership
1. Igaras	Cement distribution & Trading	12.00%
2. Sepatim B	General trading, cement packaging	85.00%
3. Bima SA	General trading, cement packaging	80.00%
4. SUPS	Cement Packaging	10.00%

Name	Activities	% Ownership
1. UTSG	Limestone & Clay Mining	55.00%
2. IKSG	Packaging Paper	60.00%
3. KIG	Industrial Estate	65.00%
4. Swadaya Graha	Contractor & Machine Fabricator	25.00%
5. Varia Usaha	Transport and general trading	24.90%
6. Eternit Gresik	Building materials	17.60%
7. SGG Energy Prima	Coal Mining and Trading	97.00%
8. SGG Prima Beton	Ready Mix Concrete	99.99%
9. SISI	IT	85.00%

OUR PRESENCE



Integrated Cement Plant		4 Location
Kiln		13 Units
Cement Mill		25 Units
Grinding Plant	■	2 Location
Supporting Warehouse	▲	Spreading
Packing Plant	★	27 Location
Ports	■	11 Location

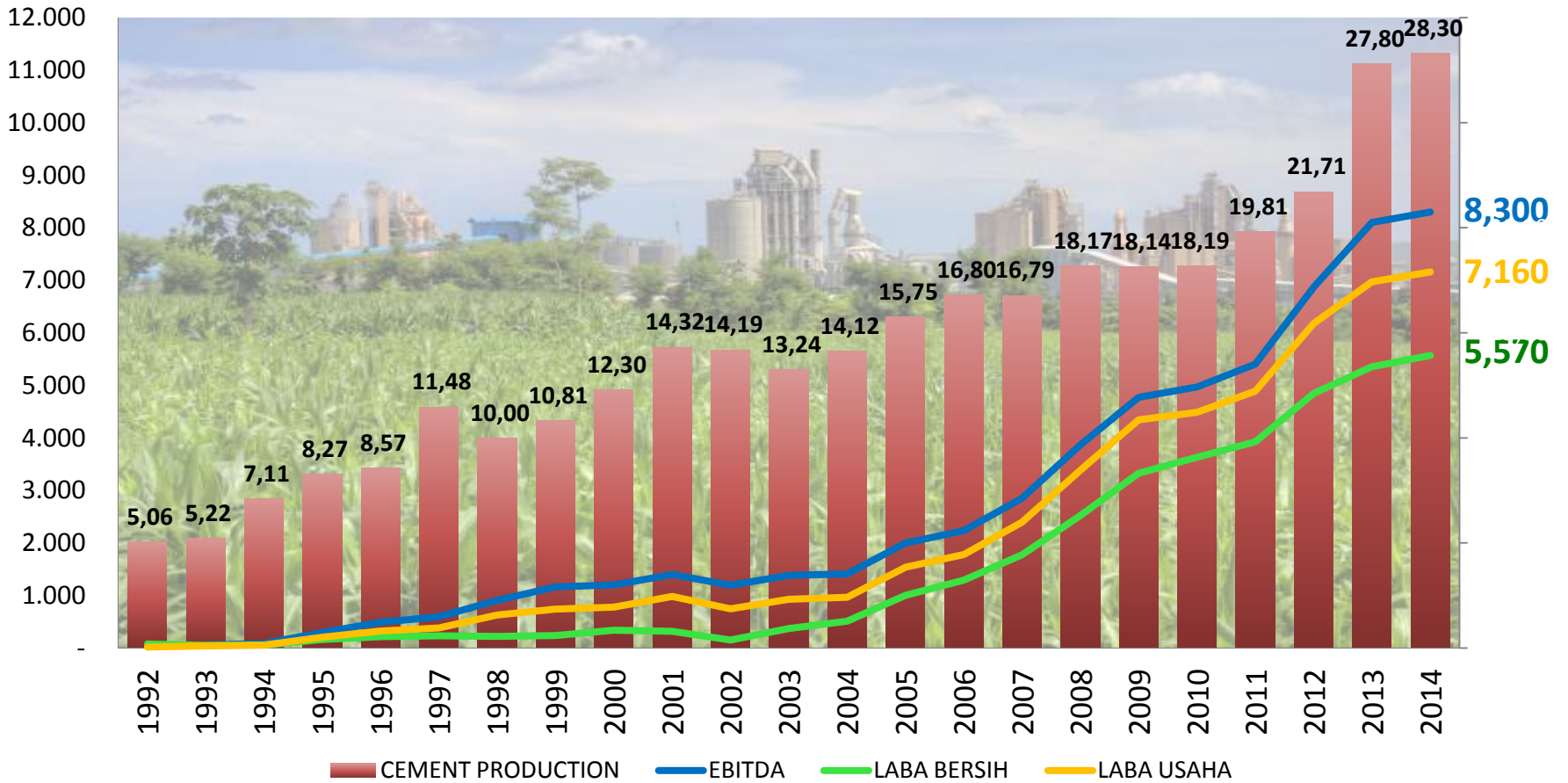


OUR GROWTH IN NUMBERS

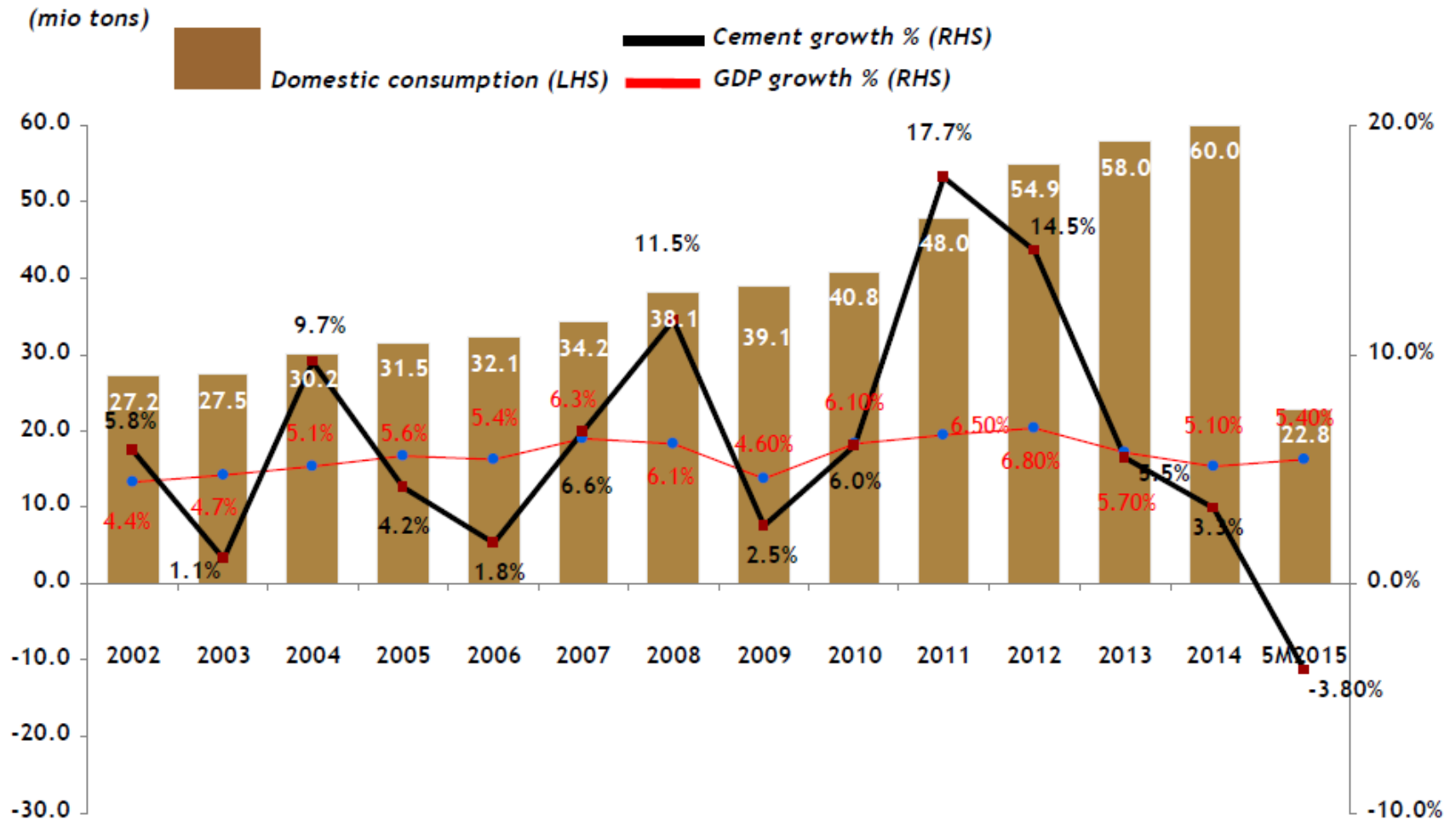


Rp Milyar

Juta ton



CEMENT CONSUMPTION GROWTH

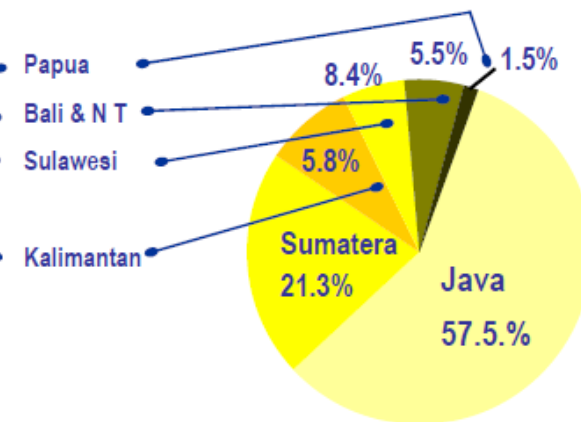
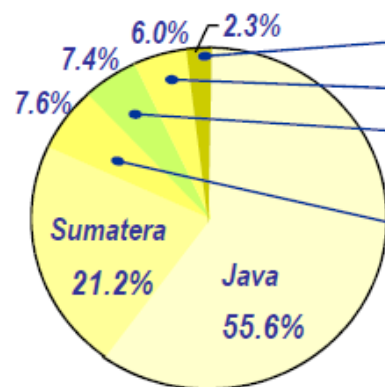


Source: Indonesian Cement Association & BPS Statistik

Together We Build A Better Future

Cement Distribution (5M2015)

Population Distribution (2014)



Domestic Market Share (5M2015)

REGION	MARKET SHARE (%)							
	SMGR	INTP	SMCB	BSWA	ANDLS	BTRJA	KPG	CG
1. JAVA	39.6	38.3	17.7	1.8	-	-	-	2.6
2. SUMATERA	42.9	12.3	13.8	3.3	14.5	11.0	-	2.3
3. KALIMANTAN	51.4	28.7	9.4	7.2	-	-	-	3.3
4. SULAWESI	64.5	11.8	1.4	22.3	-	-	-	-
5. NUSA TENGGR.	38.8	29.8	6.2	14.9	-	-	5.8	4.4
6. EASTERN IND.	55.8	20.3	0.7	23.0	-	-	-	-
TOTAL INDONESIA	43.3	29.1	13.7	5.3	3.1	2.3	0.3	2.5

Capacity
Domestic: 29.5 MT
Regional: 2.3 MT

2015

Revenue: USD 2.4 billion

EBITDA: USD 0.8 billion

Market Cap: > USD 7 billion



Capacity
Domestic: 42.1 MT
Regional: 13 MT

2020

Revenue: USD 4.7 billion

EBITDA: USD 1.5 billion

Market Cap: > USD 12.5 billion



Capacity
Domestic: 57.1 MT
Regional: 18 MT

2025

Revenue: USD 7.2 billion

EBITDA: USD 2.3 billion

Market Cap: > USD 18.1 billion Future

Capacity
Domestic: 75.1 MT
Regional: 27.4 MT

2030

Revenue: USD 11.6 billion

EBITDA: USD 3.6 billion

Market Cap: > USD 26 billion



Strategic Project	Capacity	Investment (US\$ Mio)	Construction	
			Start	Completion
Indarung VI - West Sumatera	3.0 mio tons	352	Q2-2013	Q3-2016
Rembang - Central Java	3.0 mio tons	403	Q2-2013	Q3-2016
Cement Grinding West Java	2.0 mio tons	61.1	Q2-2015	Q3-2016
Waste Heat Recovery Power Generator	30.6 MW	49.3	Q4-2014	Q4-2016
Packing Plant Pontianak	600,000 tons/year	10.0	Q1-2014	Q3-2015
Packing Plant Balikpapan	600,000 tons/year	11.0	Q1-2014	Q2-2015

These strategic projects will ensure sustainability of the Company's market leadership

Proyek Rembang

DEPT : RAW MILL FEED BIN



DEPT : PREHEATER



DEPT : CF - SILO



DEPT : CEMENT PACKING



Proyek Indarung

DEPT : CLINKER STORAGE



DEPT : PREHEATER



DEPT : CF - SILO



DEPT : CEMENT PACKING



6 STRATEGIC FOCUS



<p>① Undertake capacity growth</p>	<p><u>Continually expand plant capacity</u></p> <ul style="list-style-type: none"> To keep capacity ahead of market demand 	<p><u>Acquire new sources of raw materials</u></p> <ul style="list-style-type: none"> Limestone, clay, trass , gypsum, and alternative source of material 	<p><u>Extend operations into Regional and Global</u></p> <ul style="list-style-type: none"> Add value through market and international expansion
<p>② Manage energy security</p>	<p><u>Secure Electricity Supply</u></p> <ul style="list-style-type: none"> Build and maintain power plant 	<p><u>Strategic coal Security</u></p> <ul style="list-style-type: none"> Strategic investment and cooperation to secure coal supply 	<p><u>Optimize Alternative Fuel</u></p> <ul style="list-style-type: none"> Coal Mines Acquisition Use Lower Grade Coal Calorie
<p>③ Move closer to the customer</p>	<p><u>Customer Loyalty</u></p> <ul style="list-style-type: none"> Strengthening brand, quality & relationship 	<p><u>Optimized Supply Chain Management</u></p> <ul style="list-style-type: none"> Optimized best distribution channel, synergy and logistic 	<p><u>Enhance Competitive Advantage</u></p> <ul style="list-style-type: none"> Accelerate business in readymix, precast and building material
<p>④ Enhance company image</p>	<p><u>Improve environmental performance</u></p> <ul style="list-style-type: none"> Establish the environmental as a value generator (new revenues, cost savings, image enhancement) 		<p><u>Corporate Social Responsibilities</u></p> <ul style="list-style-type: none"> Develop New Paradigm of CSR
<p>⑤ Enable corporate growth</p>	<p><u>Develop Business Diversification</u></p> <ul style="list-style-type: none"> Vertical & Horizontal Diversification 	<p><u>Optimized Investment Management</u></p> <ul style="list-style-type: none"> Develop investment management and enhance un-productive asset 	<p><u>Develop human capital</u></p> <ul style="list-style-type: none"> Develop new competence , Center of Excellence, and Alignment organization and Mgt System for Strategic Holding
<p>⑥ Key risk management</p>	<p><u>Manage Key Risk</u></p> <ul style="list-style-type: none"> Manage all Key Risk and Mitigations 	<p><u>Internal Control</u></p> <ul style="list-style-type: none"> Optimized Internal Control 	<p><u>GCG</u></p> <ul style="list-style-type: none"> Strengthening Good Governance

SEMEN INDONESIA AS AN INTERNATIONAL LEADING COMPANY IN SOUTH EAST ASIA

Becoming a Strategic Business Partner by Increasing Human Capital Readiness

High Performing Human Capital


- ✓ Strong Common Organizational Commitment
- ✓ Multi talented & highly competent workforce



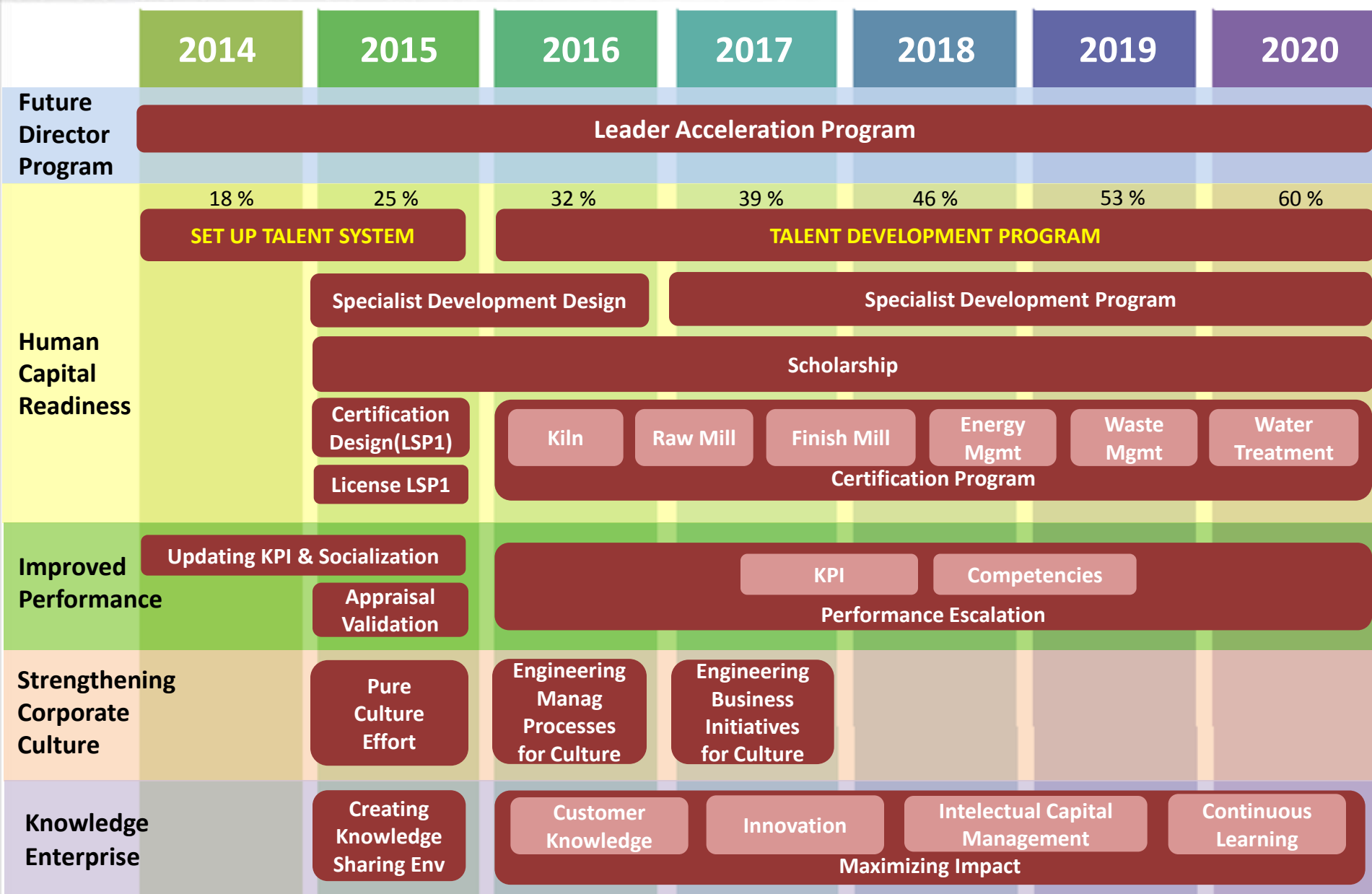
Led by highly capable leaders to deliver excellent business performance



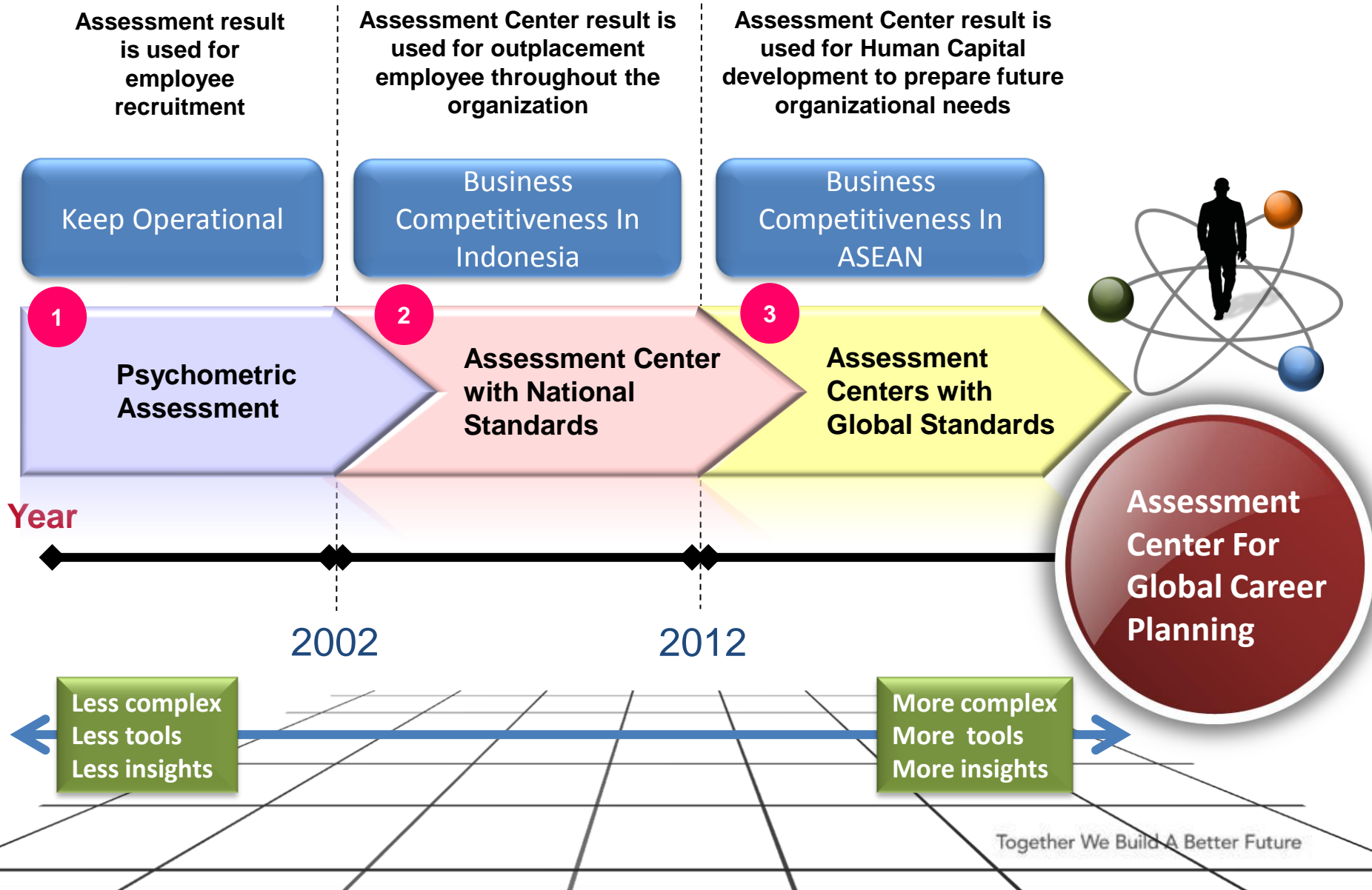
Compete with a clear and synergized vision
Having a high spirit of continuous learning
Act with high accountability
Meet customer expectation
Perform ethically with high integrity
Strengthening teamwork



HUMAN CAPITAL PLANNING



SEMEN INDONESIA ASSESSMENT CENTER ROADMAP



How Should We Focus Our Talent Management Strategy?

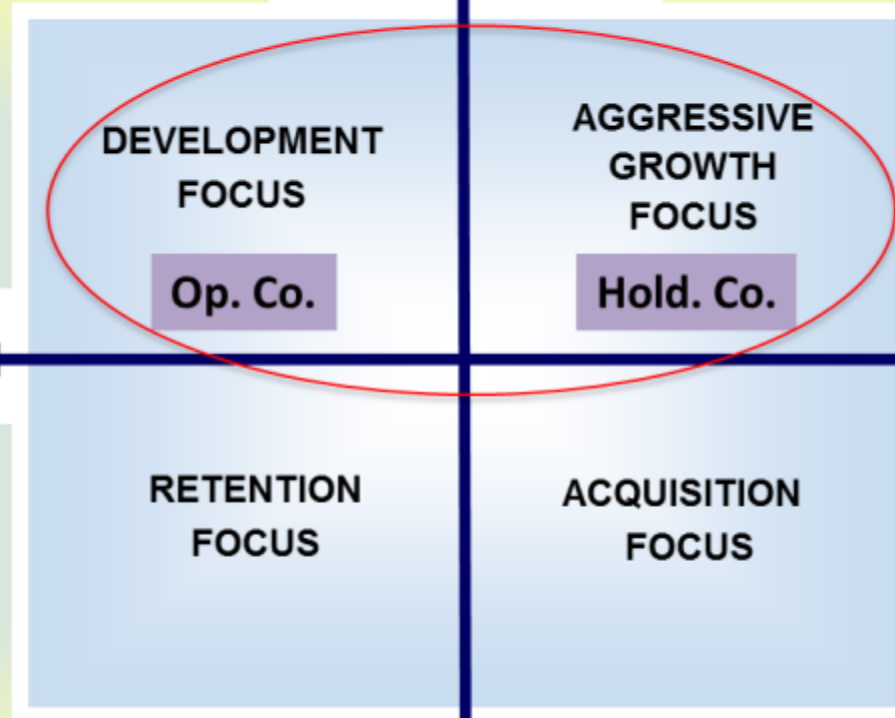


- Drive development for existing leaders
- Develop for emerging business needs
- Ensure rapid, varied experiences for key leaders
- Measure growth of business relevant skills

- Make continuous talent growth part of our DNA
- Constant, aggressive drive to grow new capability

- Measure talent growth against business demands
- Ownership of talent growth metrics at the top
- Deep HR/Business partnership to drive growth

Talent-Rich Organization



Talent-Deficient Organization

- Retain top talent
- Ensure continuous in-role development
- Select for highest-caliber leadership capability

- Aggressive recruitment of top leadership talent
- All leaders cultivated as Talent Scouts
- Screen heavily for business and culture fit
- Manage retirement proactively; leverage opportunities

Stable Business Demands

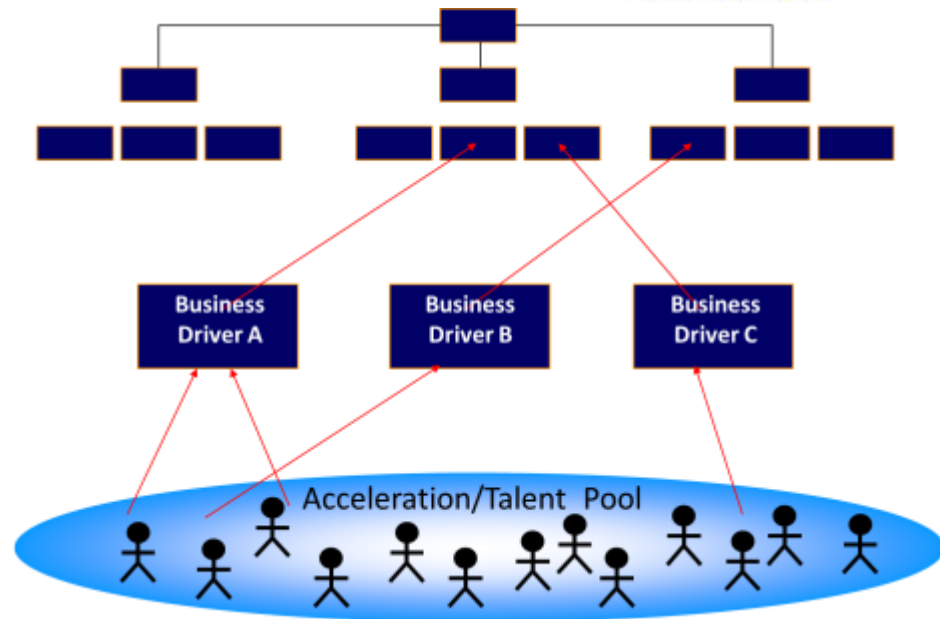


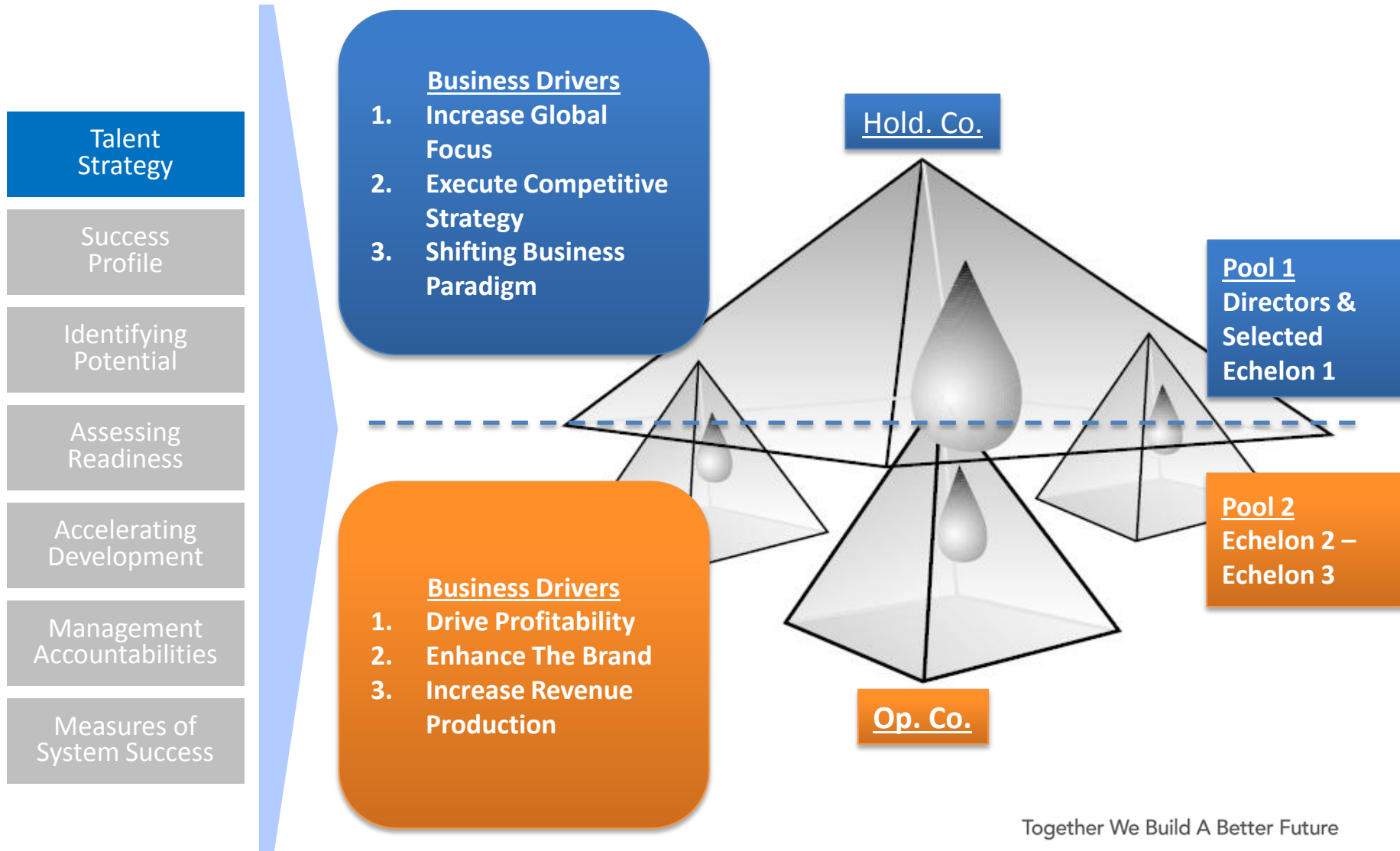
6 Grand Strategy

1. Undertake Capacity Growth
2. Manage Energy Security
3. Enhance Company Image
4. Move Closer To Customer
5. Enable Corporate Growth
6. Manage Key Risk



Sustainable Growth





COMPETENCIES LINK TO BUSINESS DRIVERS



No	Executive Competencies	Business Drivers									
		Allocate Resources To Support Strategy	Build High Performance Culture	Increase Global Focus	Cultivate Customer-Focused Culture	Execute Competitive Strategy	Shape Organizational Strategy	Enhance The Brand	Enhance Product/Service Quality	Drive Efficiency	Increase Revenue Production
1	Learning Orientation			Hold.Co							
2	Driving For Result		Hold.Co + Op.Co		Hold.Co						
3	Cultural Interpersonal Effectiveness			Hold.Co				Op.Co			
4	Change Leadership							Op.Co	Op.Co		
5	Coaching/Teaching		Hold.Co + Op.Co			Hold.Co					
6	Build Organizational Talent		Hold.Co + Op.Co								
7	Empowerment/Delegation	Hold.Co + Op.Co			Hold.Co						
8	Selling The Vision						Hold.Co				
9	Business Acumen						Hold.Co				Op.Co
10	Customer Orientation				Hold.Co			Op.Co			Op.Co
11	Driving Execution	Hold.Co + Op.Co								Op.Co	
12	Entrepreneurship					Hold.Co			Op.Co		Op.Co
13	Establishing Strategic Direction						Hold.Co	Op.Co			
14	Global Acumen			Hold.Co							
15	Mobilizing Resources	Hold.Co + Op.Co				Hold.Co		Op.Co			
16	Operational Decision Making									Op.Co	

SMI Global Competency 16 competencies

BUMN Competency 12 competencies

SMI Competency 10 competencies



SUSTAINED PERFORMANCE

Potential

Leadership Promise

- Propensity to Lead
- Brings Out the Best in People
- Authenticity

Personal Development Orientation

- Receptivity to Feedback
- Learning Agility

Balance of Values and Results

- Culture Fit
- Passion for Results

Mastery of Complexity

- Adaptability
- Conceptual Thinking
- Navigates Ambiguity

CONTINUED GROWTH



- **Knowledge & Experience**
 - Targeted Selection Interviewing
 - Pool member profiles (self report)
 - Technical Tests & Track Records
- **Competencies**
 - Simulations
 - Targeted Selection Interviews
 - Multi-rater feedback (development only)
 - Multi-rater interviews
 - Assessment Center
- **Personal Attributes & Derailers**
 - Personality Inventories
 - Cognitive Inventories



Talent Strategy

Success Profile

Identifying Potential

Assessing Readiness

Accelerating Development

Management Accountabilities

Measures of System Success

EXECUTIVES COMPETENCIES VS BUMN COMPETENCIES



HoldCo	
Coaching/ Teaching	1
Empowerment/Delegation	2
Selling The Vision	3
Business Acumen	4
Customer Orientation	5
Driving Execution	6
Establishing Strategic Direction	7
Change Leadership	
Mobilizing Resources	8
Driving For Result	9
Cultural Interpersonal Effectiveness	10
Build Organizational Talent	11
Entrepreneurship	12
Global Acumen	13
Learning Orientation	14
Operational Decision Making	

BUMN Competencies	
Aligning Performance for Success	1
Empowering	2
Visionary Leadership	3
Business Acumen	4
Customer Focus	5
Driving Execution	6
Strategic Orientation	7
Integrity	8
Innovation & Creativity	9
Building Business Partnership	10
Enthusiastic	11
Change Leadership	12

OpCo	
Coaching/ Teaching	1
Empowerment/Delegation	2
Selling The Vision	
Business Acumen	3
Customer Orientation	4
Driving Execution	5
Establishing Strategic Direction	6
Change Leadership	7
Mobilizing Resources	8
Driving For Result	9
Cultural Interpersonal Effectiveness	10
Build Organizational Talent	11
Entrepreneurship	12
Global Acumen	
Learning Orientation	
Operational Decision Making	13

Identifying
Potential

S U S T A I N E D P E R F O R M A N C E

+

P o t e n t i a l

Leadership Promise

- Propensity to Lead
- Brings Out the Best in People
- Authenticity

Personal Development Orientation

- Receptivity to Feedback
- Learning Agility

Balance of Values and Results

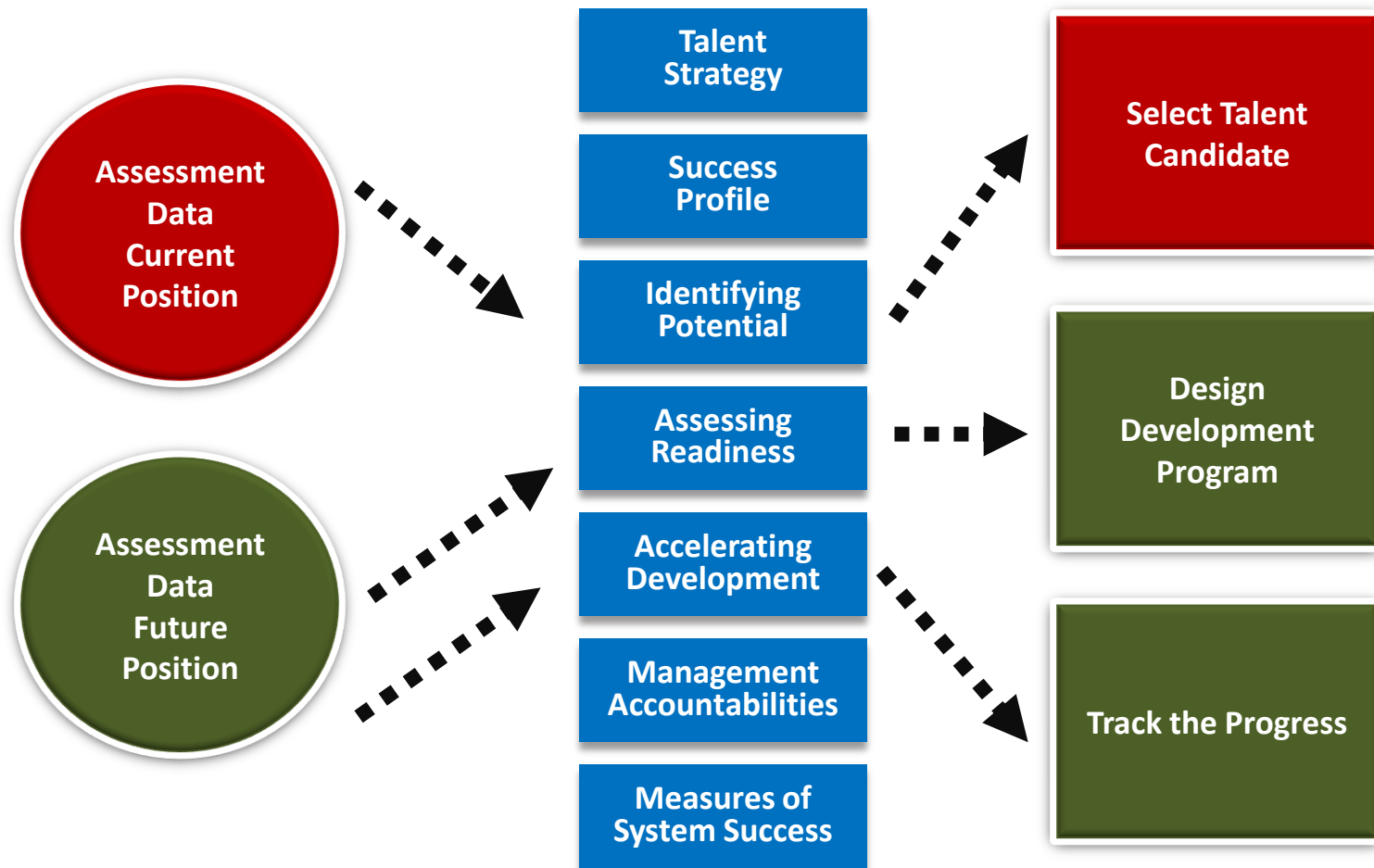
- Culture Fit
- Passion for Results

Mastery of Complexity

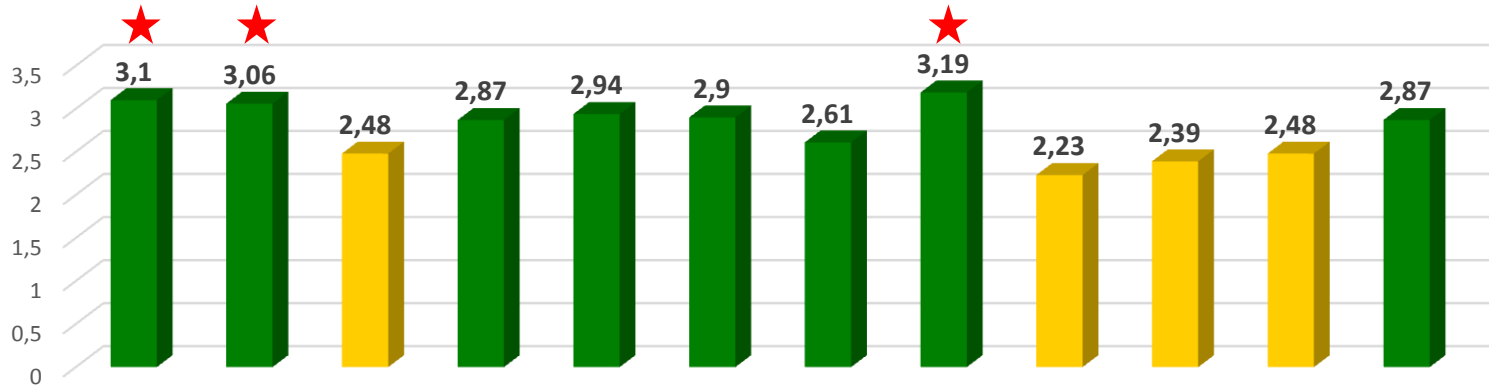
- Adaptability
- Conceptual Thinking
- Navigates Ambiguity

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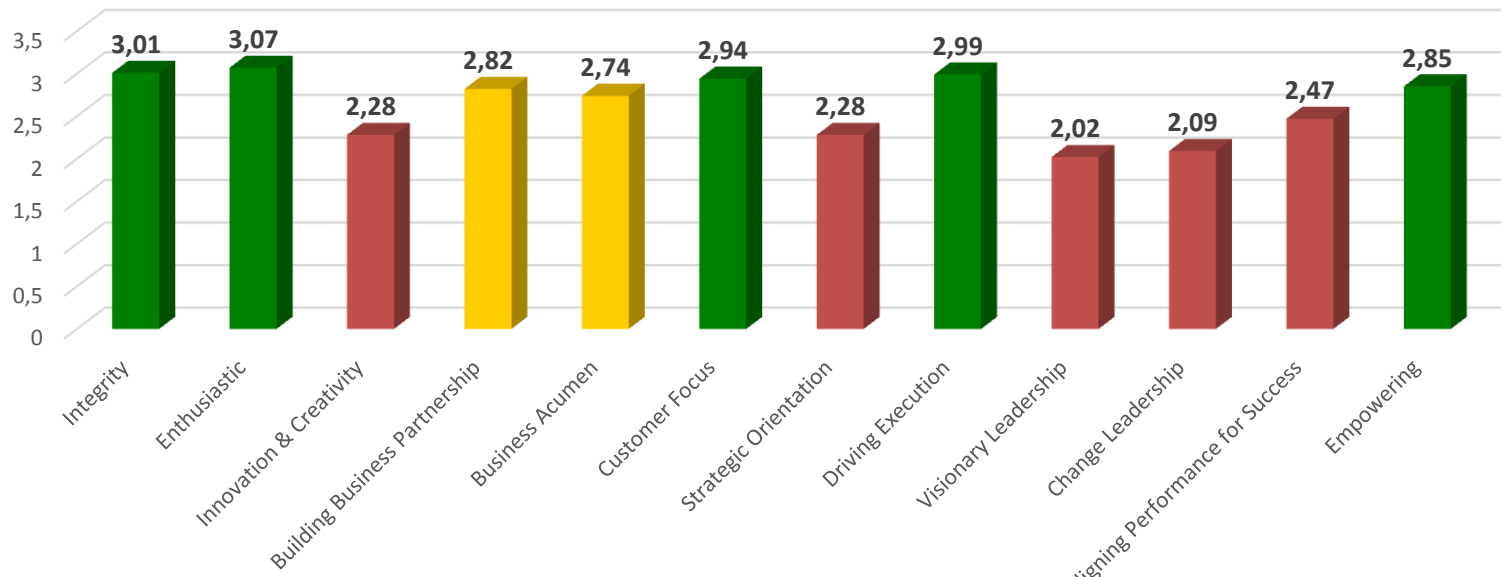
C O N T I N U E D G R O W T H



ASSESSMENT RESULT: ECHELON 1 SMI – BUMN (Average)



Semen Indonesia



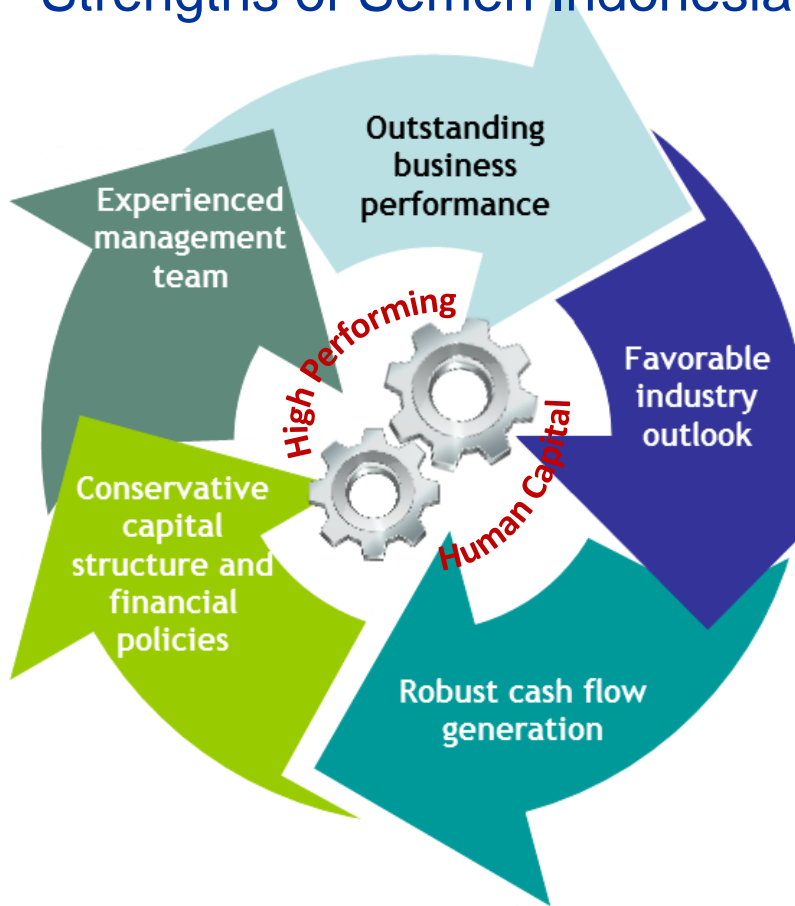
BUMN (Average)



SMGR's COMPARATIVE & COMPETITIVE ADVANTAGE DRIVES SMGR TO BE THE MARKET LEADER IN INDONESIA



Strengths of Semen Indonesia



■ Outstanding business performance

- Leading cement player in Indonesia with over 43.9% market share based on sales volume for FY2014 and approximately 43% share of total installed cement capacity (Source: Indonesia Cement Association (“ASI”))
- Strategically plants location is close to key markets throughout the country
- As of Dec 2012, acquired Thang Long Cement Company, Vietnam by 70% share with installed capacity 2.3 mio tons per annum
- Substantial growth opportunities through expansion and optimization
- Superior distribution network and strong brands recognition
- Long-term access to raw materials for cement production and coal for fuel consumption
- Concerns on environmental and Corporate Social Responsibility programs to ensure sustainable growth.

■ Favourable industry outlook

- Cement consumption pretty much in-line with Indonesian economic growth
- Real estate and infrastructure projects and favorable interest rates as key cement demand drivers
- High barriers to entry (plant, distribution and brand investment costs)
- Disciplined investment on supply side

■ Robust cash flow generation

- Historically strong revenue, margin and price trends
- High plant utilization and strong focus on cost and revenue management

■ Conservative capital structure and financial policies

- [Investment grade-like credit metrics]
- Conservative capital structure policy; low use of leverage
- Access to capital markets for expansion initiatives

■ Experienced management team

- Experienced and successful management team

THANK YOU

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- changes or volatility in inflation, interest rates and foreign exchange rates;
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