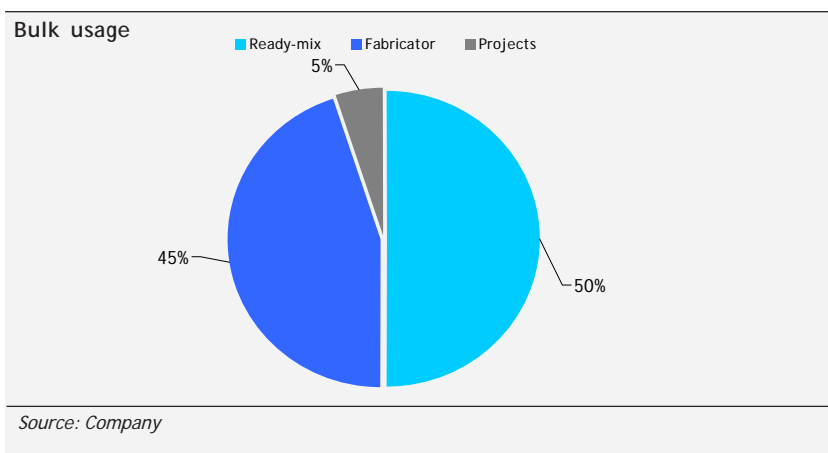


Indonesian Cement Association (ASI) release the data of May' 11 cement sales which reach 4.1mn tons in May, post 25% YoY growth and 9.3% MoM. The sales has reach 18mn tons YTD, represent 13% YoY growth as rainy season end and boost construction projects. Strong domestic demand lead to -5.6% MoM and -68% YoY growth in export. ASI expect sales will reach 44mn tons on 2011, represent 8% YoY growth vs. 6% on 2010.

A Rise Signal in Industrial Growth

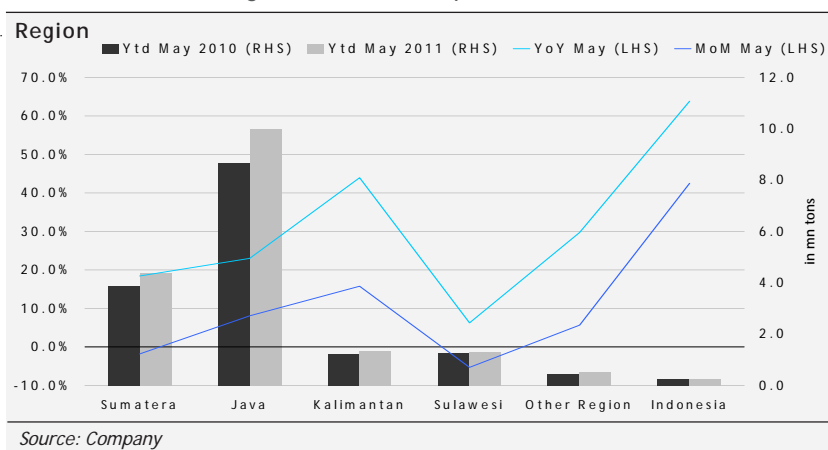
Bagged cement increase 10% MoM and 40% YoY, while the bulk increases 6.1% MoM and 22% YoY. Bulk cement is a proxy to ready-mix, fabricator, and projects usually used in industrial projects and a sign of robust growth in the sector. As a comparison, 1H10 average bulk growth only 0.8% while 2011 bulk has average grow 2% until May.



Regional Sales Contribution

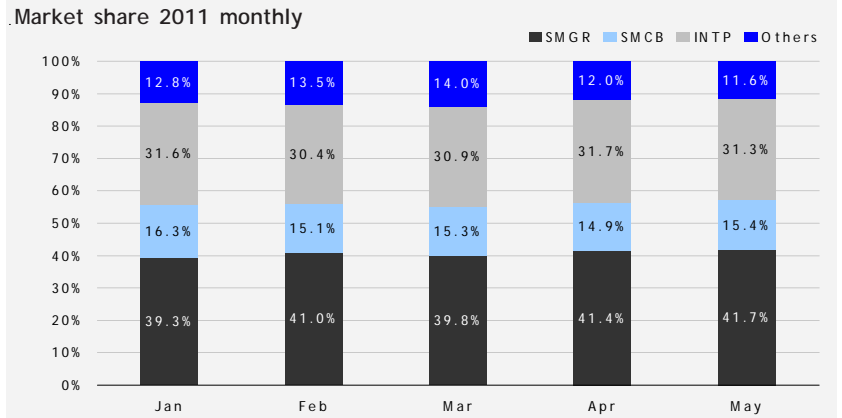
On regional basis, the cement sales details are as follow:

- ❑ The highest growth is in Kalimantan in which increase 44% YoY and 16% on MoM basis. This is supported by 26% MoM growth from East Kalimantan and 103% increase YoY (8.5% MoM) of West Kalimantan.
- ❑ The second highest growth is from Nusa Tenggara and Eastern Indonesia for 30% YoY and increase 6% MoM.
- ❑ The third largest growth is from Java, 23% YoY and 8% MoM. The Central Java and Jogjakarta both grow 11% MoM. In addition, Jogja has growth 44% on YoY basis. As in YoY growth, Banten held the highest growth for 33%.
- ❑ Sumatra has drop slightly 1.8% MoM in May but increase 19% on YoY basis. This drop is mostly contributed by -23% MoM in Bangka Belitung and -17% MoM for Lampung.
- ❑ Sulawesi book slowest growth, accounted 6.3% growth YoY and -5.3% MoM, as North Sulawesi sales decrease by 31% MoM. The strongest growth in the region is Gorontalo with 92% MoM growth in consumption.



Market Share: A Pinch

SMGR increase its market share to 42%, +0.3% MoM and +0.4% YoY contributed by strong demand in Kalimantan. SMCB booked highest growth in market share, increases 0.5% MoM and 1.1% YoY to 15%. Holcim is the proxy to high consumption growth in Central Java and Yogyakarta. Meanwhile, INTP lose 0.4% MoM to 31% its market share along with Bangka and Lampung decrease in sales and SMCB fiercely penetrate its market in Central Java and Yogyakarta.



Source: Company

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