

INVEST FOR OUR FUTURE

**PT Inocycle Technology group Tbk
("INOV")**

a Clean-Tech Company

**Investor Presentation
FY2020 Performance**

Discussion Points

- 1 Background
- 2 Inocycle – Hilon Group
- 3 Products
- 4 Production Process & Plants
- 5 ESG Aspect
- 6 Financial highlights FY2020
- 7 Market Opportunities
- 8 Invest in INOV



01

Background

Sustainable Lifestyle Initiative

Background

Indonesia is a second largest plastic polluter in the world

01

Lack of awareness of recycling lifestyle in Indonesia

02

INOV needs more PET Bottles

03

Objectives

Promotes Sustainable Lifestyle which in line with SDGs

01

Increase recycling rate in Indonesia

02

Secure plastic bottles directly from users

03

Why Indonesia Needs INOV?

According to **Indonesian Ministry of Environment and Forestry (KLHK)** in 2020, Indonesia produces :

186K tons of waste per day | **68 million tons** per year

Indonesia is the second largest producer of plastic waste in the world yet still imported plastic waste from outside.

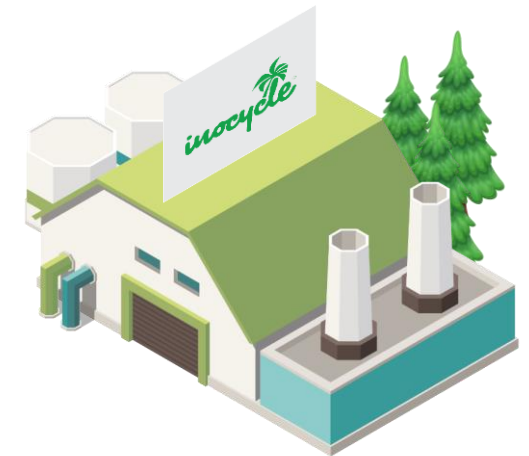
Unethical waste: the involvement of child labor.



10–15%
recycled



60–70%
accumulated in the landfill



15–30%
unmanaged & wasted
into the environment

INOV Production Process:

From Trash to Re-PSF



**PET bottles
waste**



**Clean bottles as
raw materials**



**Flaked
bottles**



**Recycled Polyester
Staple Fiber
(Re-PSF)**



02

Inocycle – Hilon Group

Hilon Indonesia Journey



the strength inside

In 1970, Mr. Jung Hyo Choi, the founder of HILON, successfully made Hilon as a well-known brand in the nonwoven industry in Korea and listed on the Korean stock exchange (KOSDAQ). Hilon Indonesia was established in 1989.

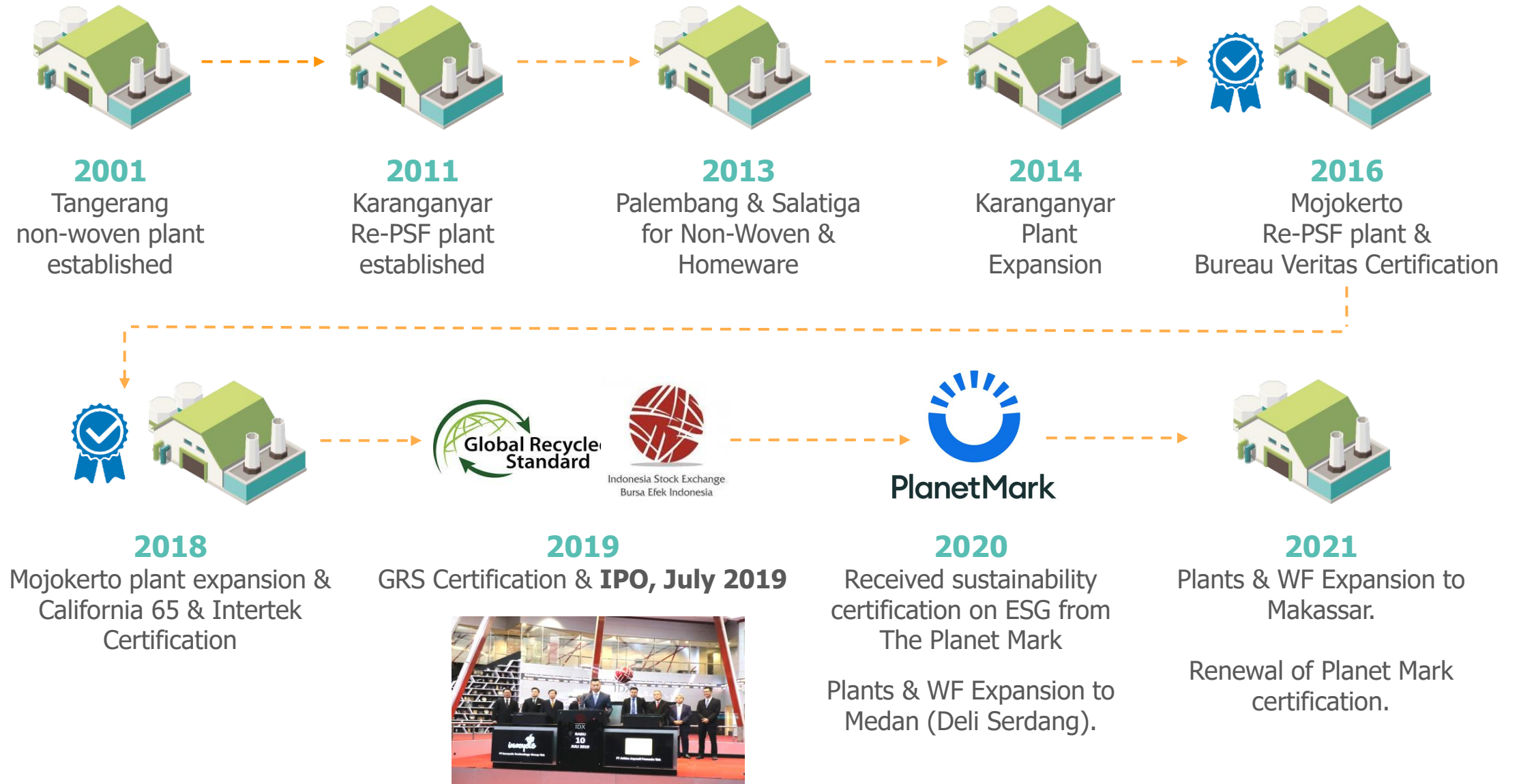
In 1997, HILON like many other companies, suffered during the Asian Financial Crisis. Despite this setbacks, Mr. Choi's unwavering commitment to produce quality materials in the emerging market of Indonesia continued. HILON has become the leader of **Polyester Nonwoven** industry in Indonesia. HILON products can be found at the core of many and varied industries from mining to construction, agriculture, manufacturing & infrastructure.



📍 Hilon Indonesia's Factory Network (10)

📍 Hilon Indonesia's Marketing Branch (6)

INOV's Journey



Who is INOV?

Inocycle is an Indonesian Clean-Tech company that focuses on processing & recycling PET bottles and other plastic waste into Recycled Polyester Staple Fiber.

Established in 2001, under the name of **PT Hilon Felt** (subsidiary of Hilon Indonesia)

Products : Recycled Polyester Staple Fiber (**Re-PSF**), **Non-Woven Polyester**, Homeware

A global to solution to a local problem. Turning waste into a resource. Invest in our future.



Recycle > 3 billion plastic bottles every year

Recycling the PET bottles waste from all over Indonesia



Global Recycle Standard (GRS)

The company in Indonesia that is globally certified in recycling PET bottles



Export to > 10 Countries

Exporting Re-PSF to more than 10 different countries in multiple industries



Certified on Environmental, Social & Governance (ESG)

Recently received Sustainability certification from "The Planet Mark"



VISION

“To become the Biggest Sustainable Eco-friendly Recycled Fiber Company that produces world-class quality product.”

MISSION

- To produce world class eco polyester fiber with industry professionals
- To expand business through ‘PlasticPay’ throughout Indonesia on an ongoing basis.
- To provide significant contribution in reducing national waste pollution and creating an ideal and sustainable living environment
- To establish a nationwide production and sales network covering all major cities in Indonesia for recycled fiber business

Management Team

COMMISSIONERS



Jung Hyo Choi

President Commissioner

- Also served as Commissioner of PT Hilon Indonesia
- Previously held several important positions in Korean manufacturing companies



Dr. Ir. Widhyawan Prawiraatmadja

Independent Commissioner

- Has held several senior positions in the Government, SOEs, or multi-national companies in his career
- Currently an independent consultant and a Senior Lecturer

DIRECTORS



JaeHyuk Choi

President Director

- Also served as President Director of PT Hilon Indonesia
- Previously held several important positions in Korean manufacturing companies



Yoon Chong Hyun

Finance Director

- Also served as Finance Director of PT Hilon Indonesia
- Has been a Partner at several Korean accounting and professional services companies



WonHyuk Choi

Director

- In his career, he has held important positions in Hilon Group



Victor Choi

Director

- Also served as President Director of PT Urecel Indonesia
- Previously worked as an auditor in a multinational professional services

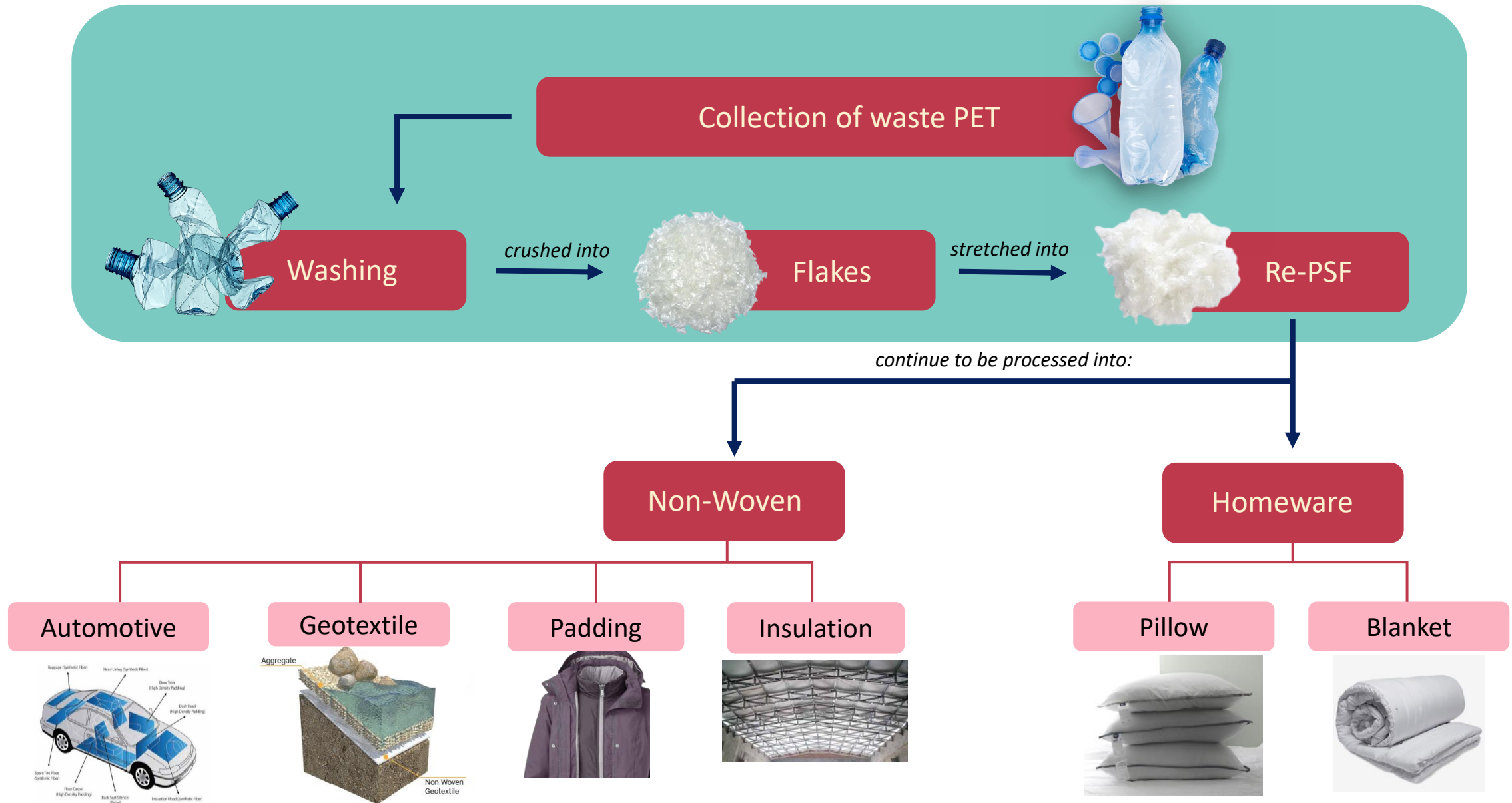


Suhendra Setiadi

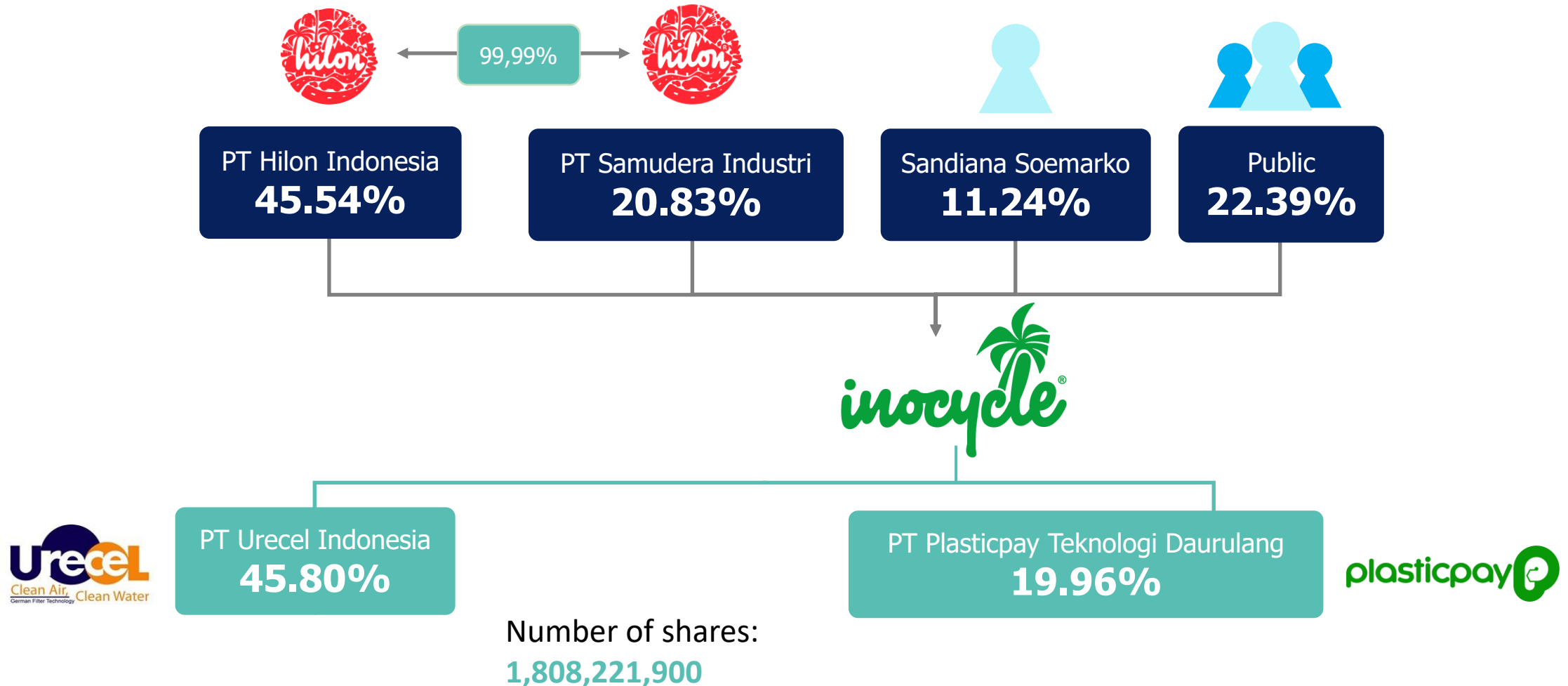
Director

- With previous experience in manufacturing company also in securities brokerage company

INOV BUSINESS MODEL



Shareholder's Composition

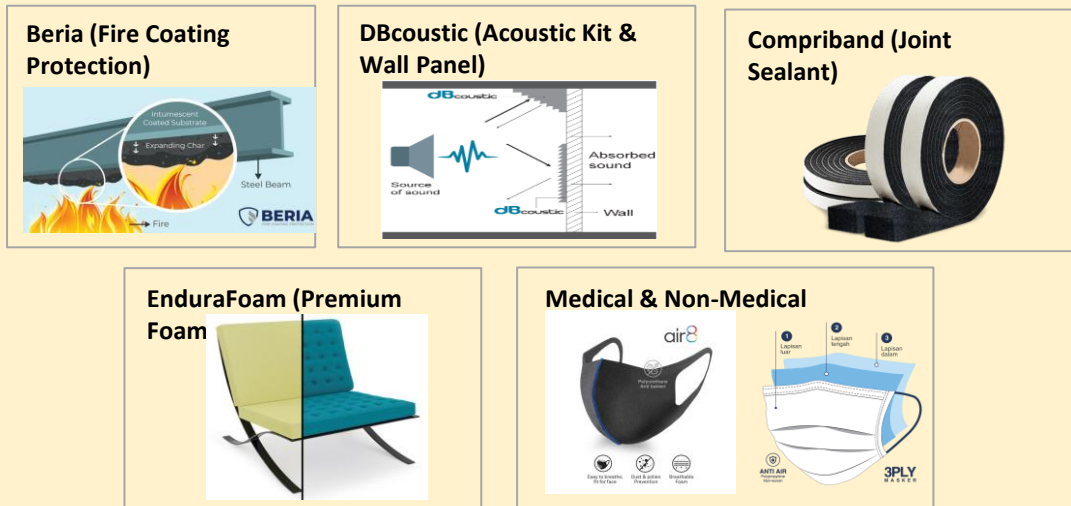


Company's Associates

PT Urecel Indonesia

PT Urecel Indonesia provides Urecel Quickdry, a remarkable substance with many superior qualities, technically and aesthetically. The unique 3D open-cell structure of Urecel Quickdry foam is exceptionally porous, draining water rapidly, and circulating air with optimal efficiency.

Urecel also produces:



PlasticPay: Digital-Based Social Platform

PlasticPay is a Digital Based Social Platform Company, invites Community and Corporation to transform their domestic plastic waste into multi dimensional useful and meaningful products.

- Ethically sourced used plastic bottles directly from the customers, by giving reward.
- To reduce the volume of plastic waste that potentially going to the landfill.
- To improve its supply chain process & reduce its raw material cost.





03

INOV's Products

Main Product: **Eco-friendly Fiber**

Recycled Polyester Staple Fiber (Re-PSF), a synthetic fiber from recycled PET bottles waste. It is an effective way to utilize the waste since PET bottle is not bio-degradable.

- ✓ Highest quality Re-PSF similar to virgin grade
- ✓ Anti-Static
- ✓ Anti-Bacterial
- ✓ Flame retardant

Hollow Conjugated Fiber



Solid Fiber



Special Function Fiber



The Derivative Products:



Product: **Non-Woven**

INOV produces various types of **Non-Woven** products such as Padding, Needle Punch, Geotextile, Thermal bonding, etc. Our products are used as an essential raw materials in various industries such as **garment, bedding goods, construction, and automobiles**, and can be expanded for many purposes.



The product has several types including AR, FA, Hal, HDP, Carded Fiber, Padding, and HP.

hiloni® GEOTEXTILE

INOV also manufactures and sells direct **Non-Woven Geotextile** products, that is used as a barrier to erosion, separator, stabilizer, filtration, and drainage system.

Product:

Homeware

INOV also produces several **Home Appliances (Homeware)** made from Re-PSF. This is the result of INOV's business vertical integration which has included downstream and upstream channels in integrated PSF production.

Pillows, Bolsters, Mattresses, Blankets, Bed Covers, Carpets, Quilt, Mattress Protector, Dolls, etc.



INOV's Products Application

Consumer products that can be produced

Re-PSF



As stuffing for your plushies, jackets, shoes, etc.

Re-PSF plant

- Tangerang, Banten
- Karanganyar, Central Java
- Mojokerto, East Java
- Deli Serdang, Medan (on progress)

Non-woven



As geotextile for constructions, car paddings, etc.

Non-Woven plant

- Salatiga, Central Java
- Palembang, South Sumatra
- Gowa and Takalar, Makassar

Homeware



As bedding products like pillows, blankets, etc.

Homeware plant

- Salatiga, Central Java
- Palembang, South Sumatra



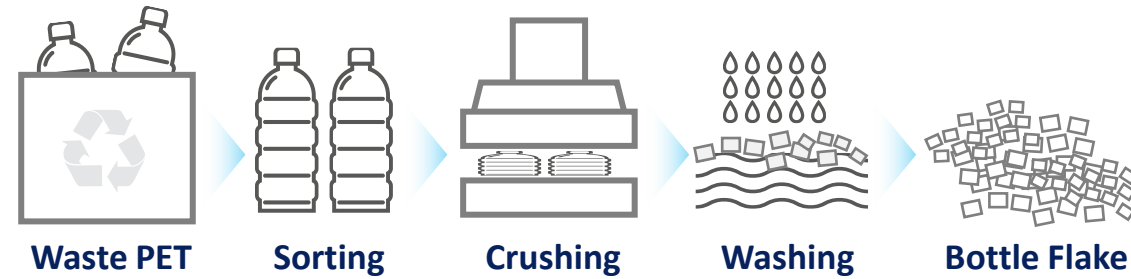
04

INOV's Production Process & Plants

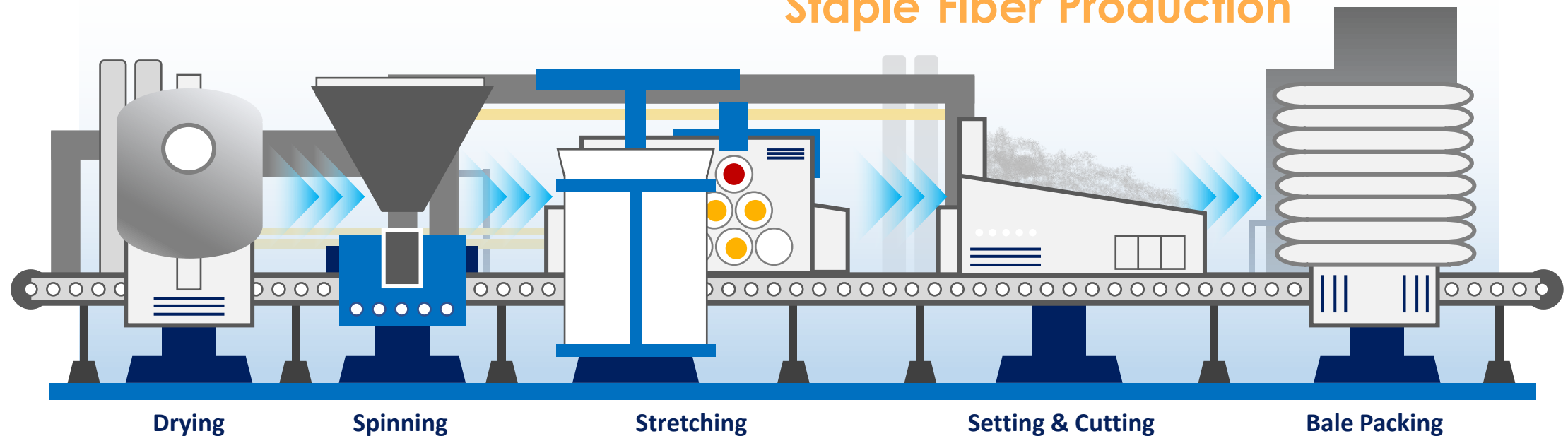
From PET Bottle to Re-PSF

PET (Polyethylene terephthalate) bottles, are plastic bottles that are commonly used to store beverages.









PET Bottle Recycle Operation



Staple Fiber Production



INOV's Washing Facilities & Plants

Raw Material	PLANT(S)	TANGERANG Banten	KARANGANYAR Solo, Central Java	MOJOKERTO East Java	SALATIGA Central Java	PALEMBANG South Sumatra
Plastic flakes						
 Washing facilities <ul style="list-style-type: none"> • Solo, Central Java • Mojokerto, East Java • Medan, South Sumatra • Makassar, South Sulawesi 	Re-PSF					
	Non-Woven					
	Homeware					
	Capacity (Tons)	10,200	10,200	13,200	2,000	2,000
	Machines Facility	Fiber Machine	Crusher Fiber Machine, Washer (WF)	Boiler, Fiber Machine, Washer (WF)	HDP Line, CF Line, Sewing Machine, Press Machine, Blower, Quilting Machine & Comforter Machine	HDP Line, CF Line, Sewing Machine, Press Machine, Blower, Quilting Machine, Comforter Machine
	Utilization	85%	95%	90%	82%	75%



05

**ESG (Environmental,
Social, Governance)**



INOV received The Sustainability Certification on ESG from The Planet Mark™

INOV just received the renewal of The Planet Mark Certification in 2021, valid until March 31, 2022.



PlanetMark

INOV's achievements in The Sustainability Certification during 2020:

1

Processing 3 billions of plastic bottles waste into resources annually.

2

Reducing carbon footprint to 576.09 tCO_{2e} or 2.8% emission per production unit in 2020 YoY (exceeded the target).

3

Engage in several projects to protect the rainforest and biodiversity.










Progress Made Towards UN SDGs

Sustainability certification which we attained by measuring and reducing our carbon footprint from The Planet Mark, can directly and measurably contribute to up to 7 SDGs addressing 25 SDG.



PlanetMark

INOV is currently contributing to **9 SDGs** and **18 SDG Targets**

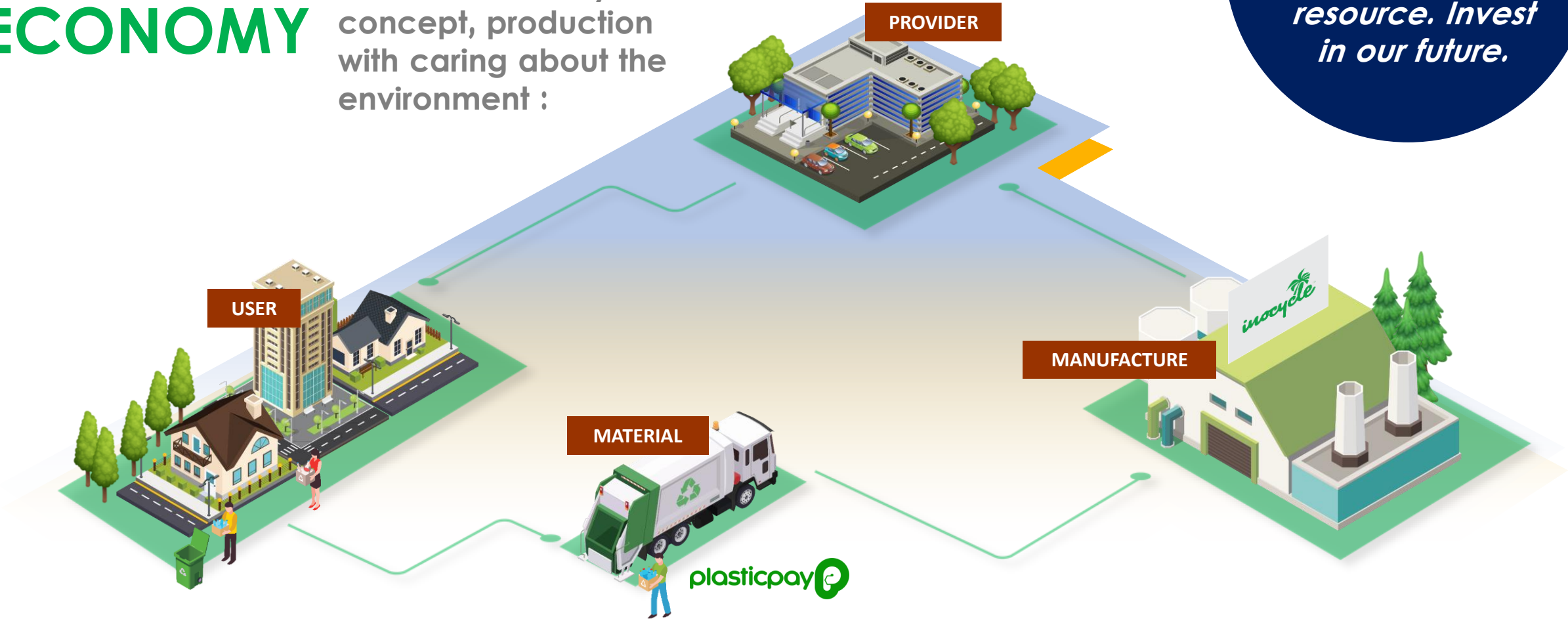
6 CLEAN WATER AND SANITATION 	6.3 - Reduction in water consumption 6.6 - Acre of rainforest protected 6.6 - Reduction in water consumption	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none">9.4 - Reduction in electricity use	13 CLIMATE ACTION 	<ul style="list-style-type: none">13.3 - Reduction in absolute carbon emissions13.3 - Acre of rainforest protected, storing 260 tCO₂13.3 - Donation to the Eden Project
7 AFFORDABLE AND CLEAN ENERGY 	<ul style="list-style-type: none">7.3 - Reduction in electricity use	11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none">11.6 - Measured carbon emissions11.6 - Reduction in absolute carbon emissions11.4 - Donation to the Eden Project11.4 - Acre of rainforest protected	14 LIFE BELOW WATER 	<ul style="list-style-type: none">14.3- Reduction in absolute carbon emissions
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none">8.4 - Reduction in absolute carbon emissions	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none">12.6 - Measured carbon emissions12.1 - Reduction in absolute carbon emissions	15 LIFE ON LAND 	<ul style="list-style-type: none">15.5 - Reduction in absolute carbon emissions15.2 - Acre of rainforest protected, storing 260 tCO₂

INOV Position

CIRCULAR ECONOMY

INOV applies the circular economy concept, production with caring about the environment :

A global solution to a local problem. Turning waste into a resource. Invest in our future.



PlasticPay

Moving The Circular Economy Together

PlasticPay creating more sustainable community with responsible consumption. **Moving the circular economy through multi-party collaborations and partnerships.**

PlasticPay is currently contributing to 3 SDGs:



Here are some of PlasticPay's efforts in moving the circular economy:

Involving the community to collect plastic waste.

Raising the awareness of environmental care in public.

Social impact & environmental impact.

Producing almost 100% plastic bottle-based products.

Activating creative industry to use recycled materials.

Sustainable CSR program.

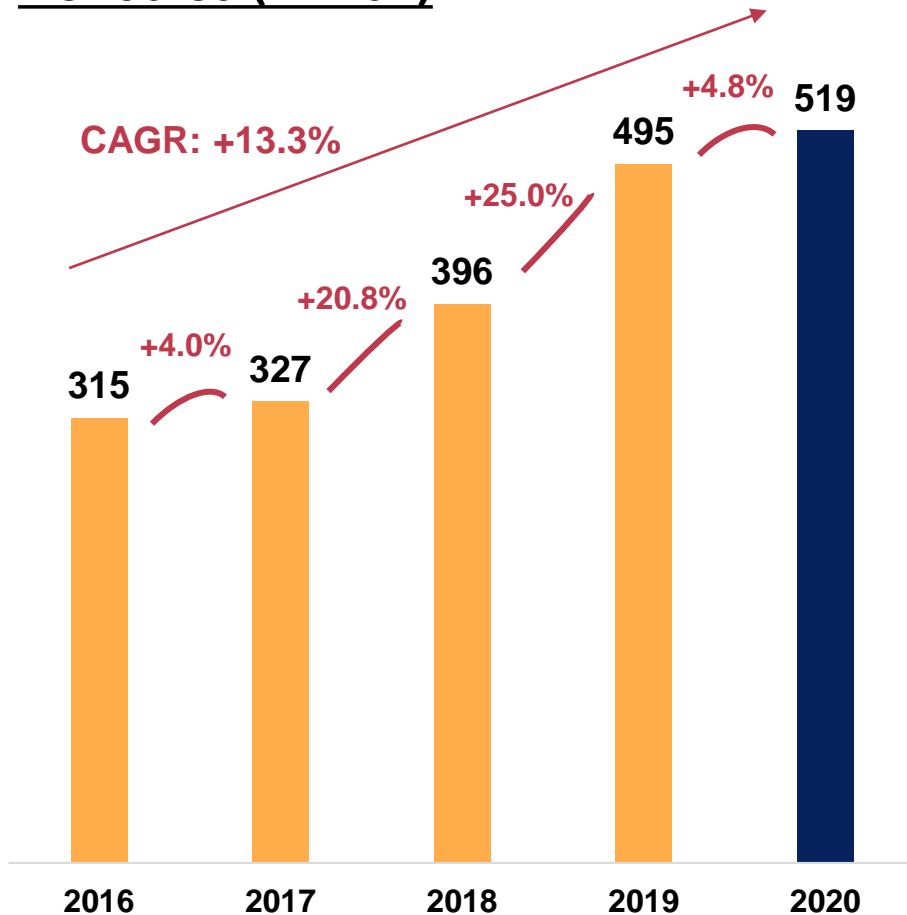


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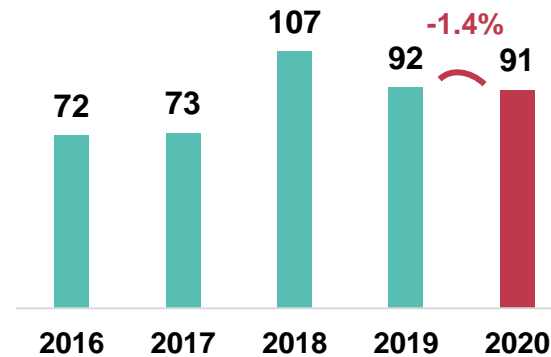
Financial Highlight FY2020

Summary of Profit & Loss 2020

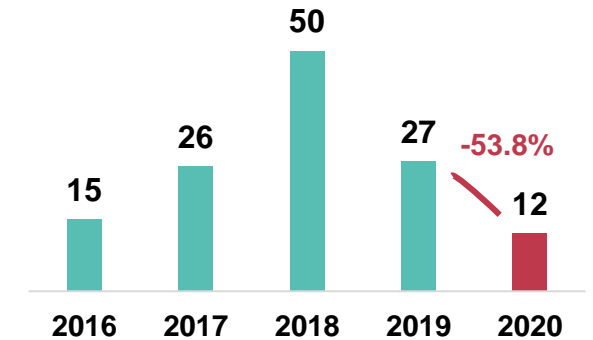
Net Sales (IDR bn)



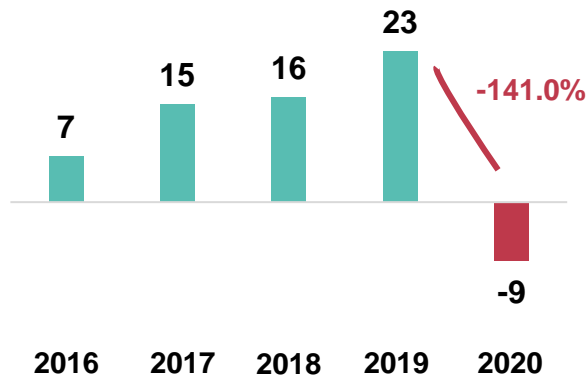
Gross Profit (IDR bn)



Operating Income (IDR bn)



Net Profit (IDR bn)

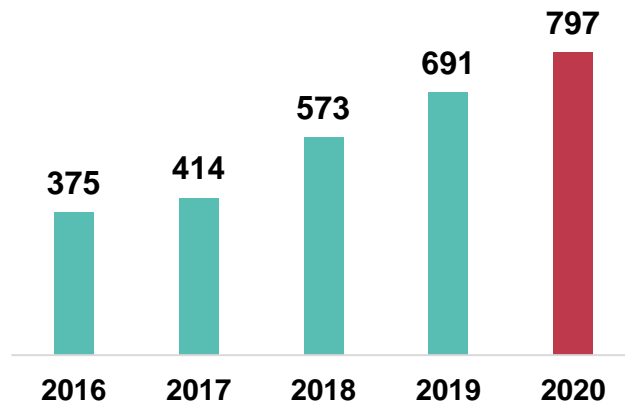


We attributed the declining performance in 2020 due to the global pandemic challenges and risks were totally inevitable.

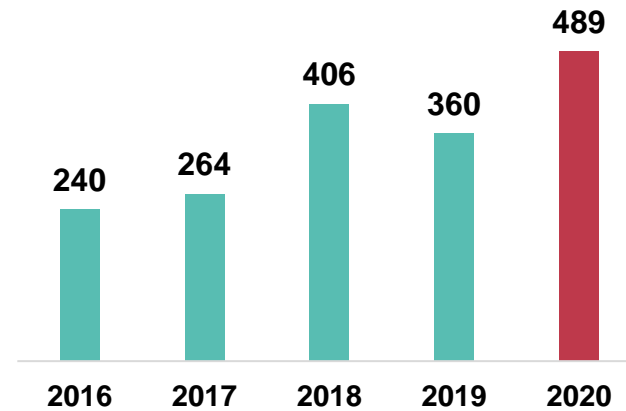
1. Crude oil prices were declining lead to reduction in Virgin PSF's price;
2. Ineffective cost structure and volatile currencies lead to high forex loss (INOV's loan mostly made in USD);
3. Lockdown in several countries suppressed INOV's export sales.

Balance Sheet & Key Financial Ratios 2020

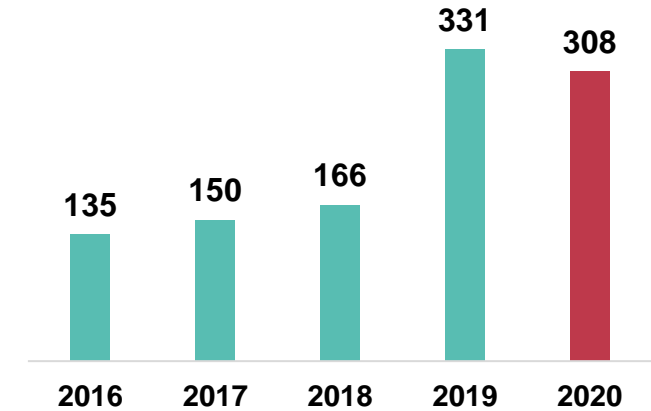
Asset (IDR bn)



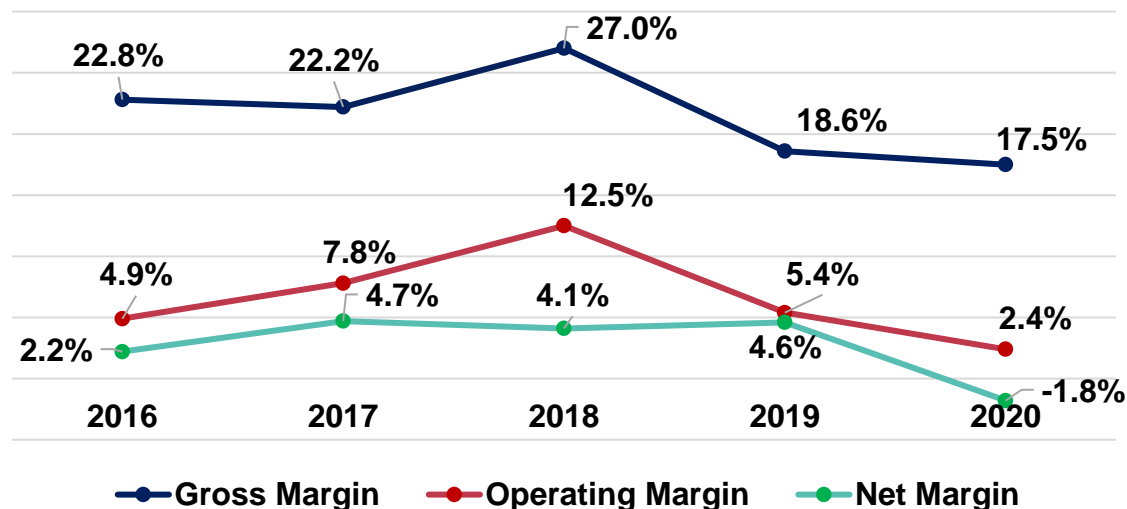
Liabilities (IDR bn)



Equity (IDR bn)



Margin Trend

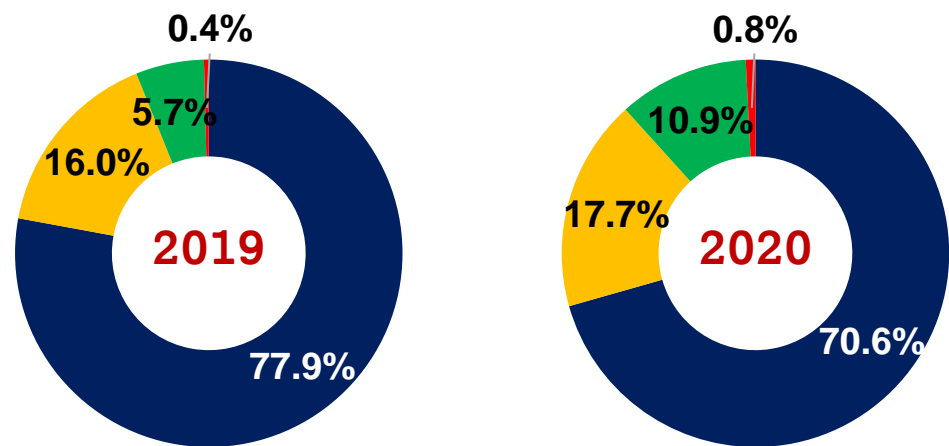


Financial Ratios

Ratio	2018	2019	2020
ROA	2.8%	3.3%	(1.2%)
ROE	9.6%	6.8%	(3.0%)
Current Ratio	1.0x	1.3x	1.0x
DER	1.9x	0.9x	1.3x

Revenue by Products & Market

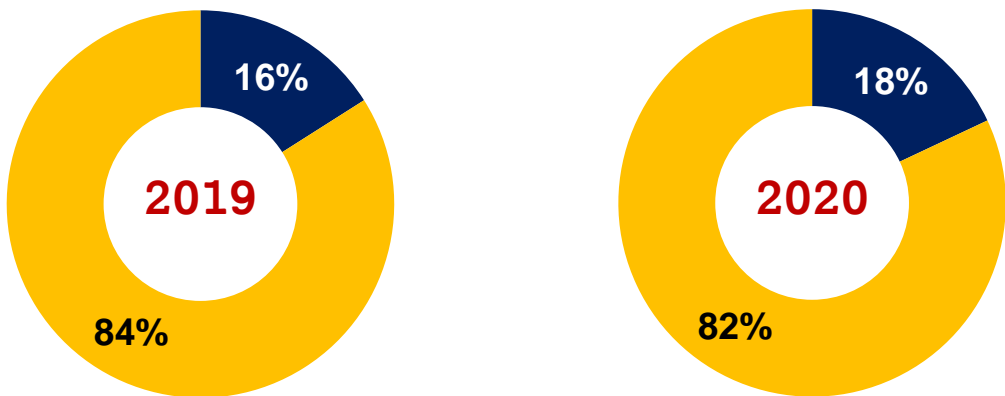
By Product



● Fiber ● Non-woven Products ● Homeware Products ● Others

- Fiber products slightly contracted by **4.9%** YoY, due to decrease in Virgin PSF's price and lockdowns enacted by several countries that suppressed the export sales.
- INOV noted some shifting of downstream products during the pandemic, which are homeware (up by **99.1%** YoY) and non-woven products (up by **16.2%** YoY). This is a good thing where INOV still has many rooms to grow for those growing products. Especially non-woven where it is a core product that used in various industries.

By Market Segment



● Export ● Local

- There was a shifting towards export sales, increased by 20.7% YoY. Majority countries for export sales are USA, Japan, Spain, etc.
- This export sales mostly contributed by export of fiber products.

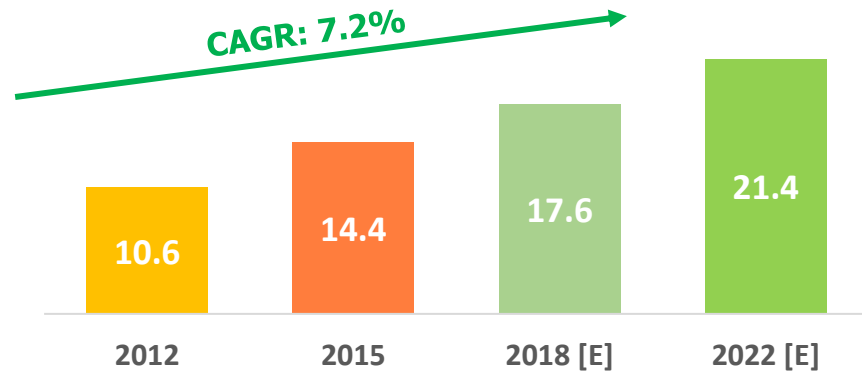


07

Market Opportunities

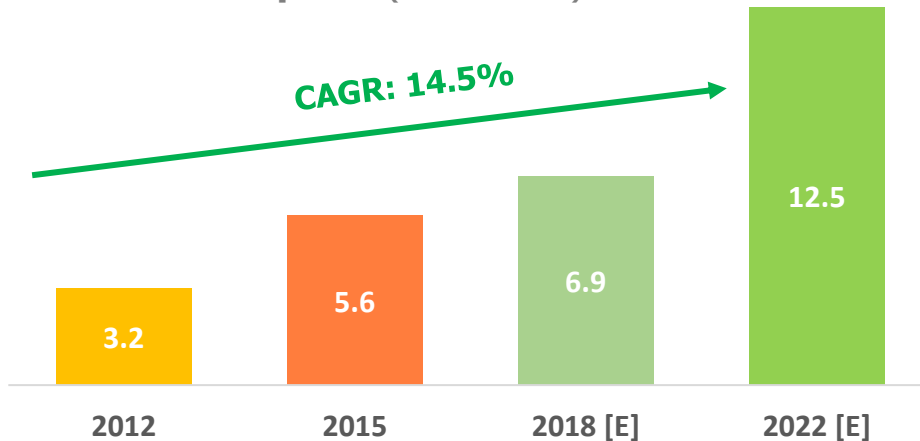
Market Opportunities*

Estimated Indonesia Non-Woven Automotive Consumption (in Kilotons)



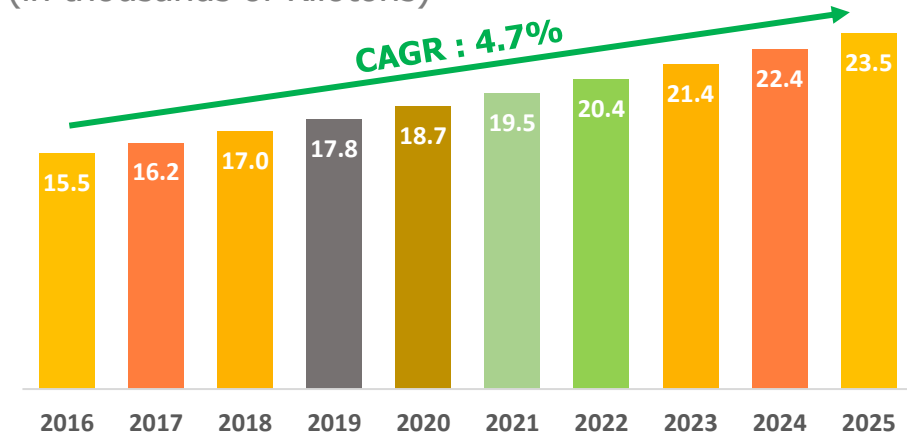
Source : Company, Smithers Apex, PwC Analys Shinhan Sekuritas Indonesia

Indonesia Non-Woven Building/ Roof Consumption (in Kilotons)



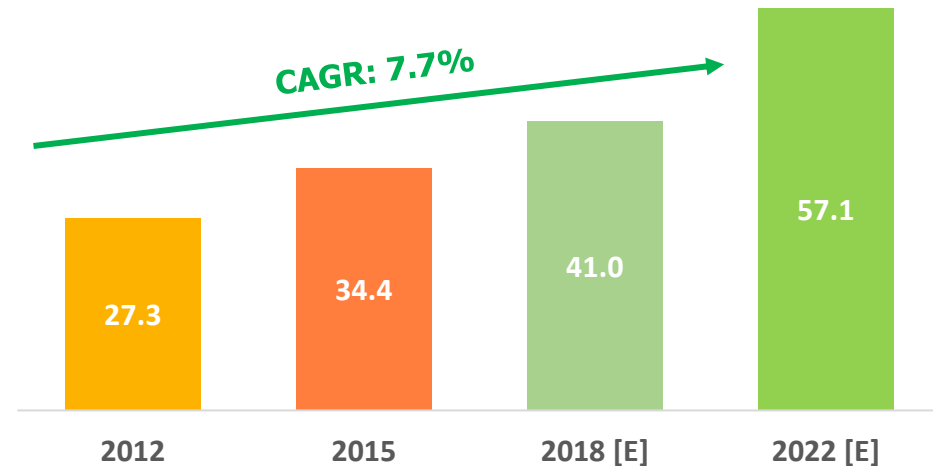
Source : Company, Smithers Apex, PwC Analys Shinhan Sekuritas Indonesia

Global Polyester Staple Fiber (PSF) Consumption Forecast (in thousands of Kilotons)



Source : Company, Smithers Apex, PwC Analys Shinhan Sekuritas Indonesia

Indonesia Non-Woven Hygiene (in Kilotons)

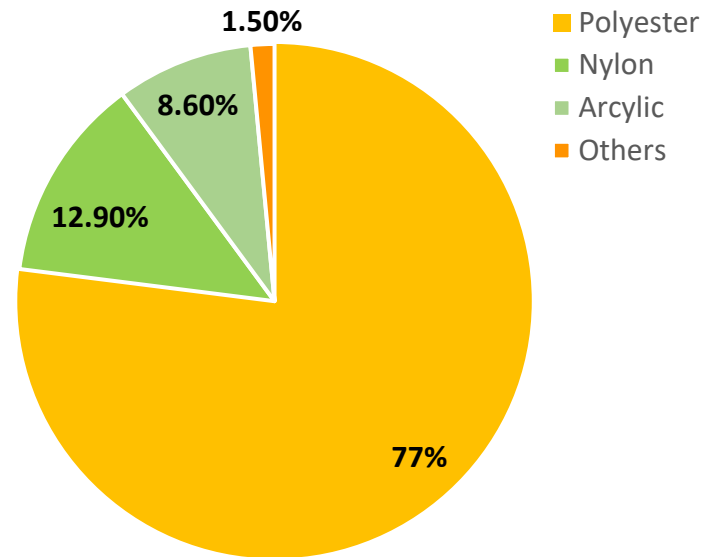


Source : Company, Smithers Apex, PwC Analys Shinhan Sekuritas Indonesia

*) All of the amounts were calculated before the pandemic

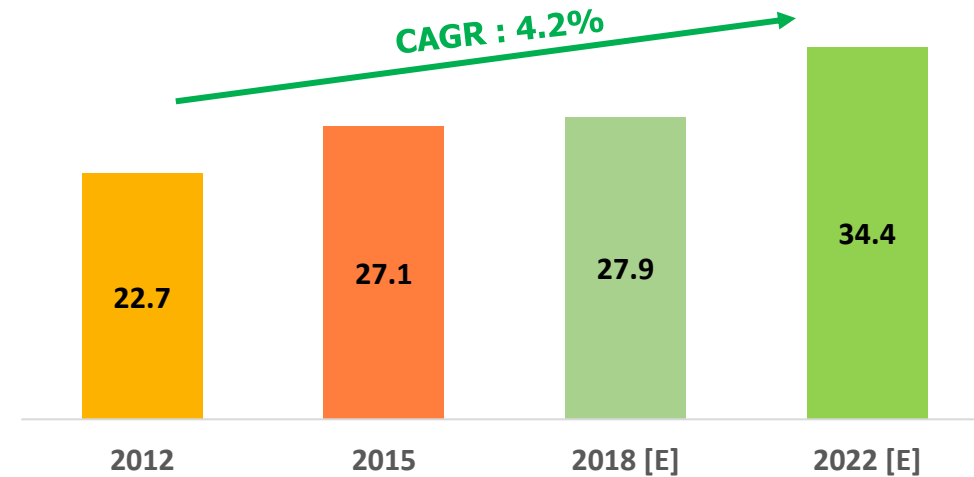
Market Opportunities*

Polyester Contributed 77% of the Total Apparel Material



Source : www.fibre2fashion.com, Shinhan Sekuritas Indonesia,

Non-Woven Upholstery/Beddings Consumption



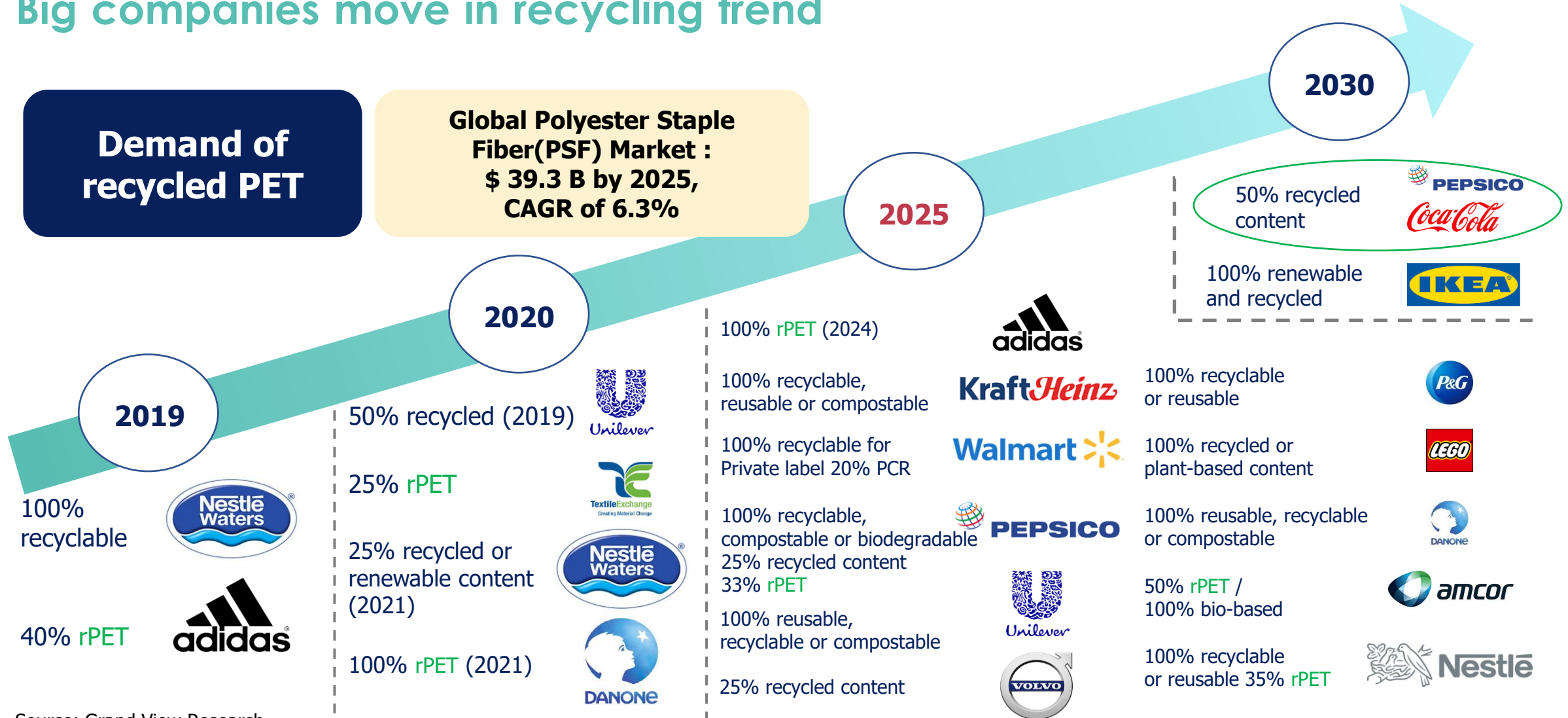
Source : Company, Smithers Apex, PwC Analys Shinhan Sekuritas Indonesia, Estimation

- The non-woven materials for apparel arranging from jackets, shoes, hats and bags
- The demand for the bedding goods products is triggered by the growth of hotel and tourism.

*) All of the amounts were calculated before the pandemic

Recycling Trend*

Big companies move in recycling trend



Source: Grand View Research

*) All of the researches were conducted before the pandemic



09

**How Do We Invest
for a Better Future?**

INVEST IN INOV

01

INOV is The Only Indonesian Plastic Bottles Recycling Companies in Indonesia Stock Market

The first waste plastic bottles recycling company listed in Indonesia Stock Exchange (IDX).



02

ESG & GRS Certified by Global Institutions

The only company in Indonesia certified by the Global Recycled Standard (GRS) for its recycled PET bottles.

Received sustainability certification from The Planet Mark from UK.

03

The Largest Re-PSF Producer in Indonesia

The largest recycle PSF Producer in Indonesia with total capacity of 37,600 Tonnes from 5 facilities throughout Indonesia.

04

Comprehensive Business Model & Value Chain

INOV has a unique value chain whereas its raw material (waste plastic bottle/PET) still has a lot of potential in Indonesia.

05

Environmental-Minded Company

INOV recycles over 3 billion of PET plastic bottles into Recycled Polyester Staple Fiber (Re-PSF) every year.

Reducing carbon footprint by 2.8% in 2020.

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