



**sinarmas land**

*“Building for a better  
future”*

**1Q 2018**

**Financial Results Presentation**

CORONER COURT

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# **01. KEY HIGHLIGHTS**

02. FINANCIAL PERFORMANCE

03. BUSINESS UPDATES

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# Key Highlights for 1Q 2018

- The Group's 1Q 2018 revenue declined 23.8% to S\$187.0 million due to both lower number of residential units handed over to buyers in BSD City and lower industrial land sales in Bekasi, partially offset by increased leasing income
- Rental income\* increased 12.0% to S\$41.2 million in 1Q 2018 following the acquisition of 33 Horseferry Road Building in Central London in June 2017 and new acquired investment properties in Central Jakarta in Indonesia
- On the back of lower revenue from its Indonesia division and the weakening of the Indonesian Rupiah, PATMI decreased 26.3% to S\$28.0 million in 1Q 2018
- 1Q 2018 financial position remained healthy with total assets of S\$6,856.8 million, bolstered with cash and cash equivalents of S\$807.5 million and a net debt to equity ratio of 15.0%#
- BSDE achieved IDR 2.5 trillion of marketing sales for 3M 2018 or 35% of 2018 full year target
- Apple opens the first Asia developer academy in BSD City Green Office Park 9
- DMAS achieved IDR 332 billion for 3M 2018 marketing sales or 27% of 2018 full year target
- DMAS has obtained the integrated management system certification that consist of ISO 9001: 2015, ISO 14001: 2015 and OHSAS 18001: 2007

\* : Rental income includes rental income, hotel revenue and revenue from golf and resort operations

# : Include S\$330.2 million of short-term investments

01. KEY HIGHLIGHTS

**02. FINANCIAL PERFORMANCE**

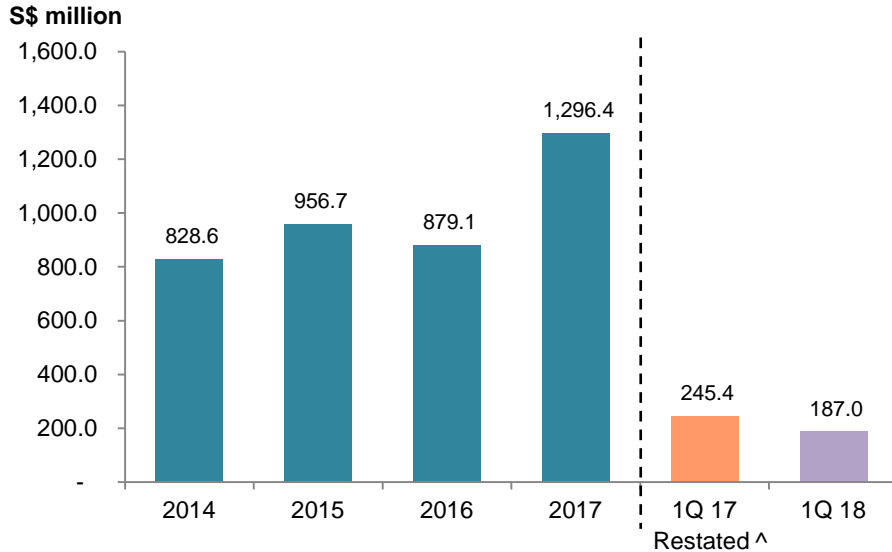
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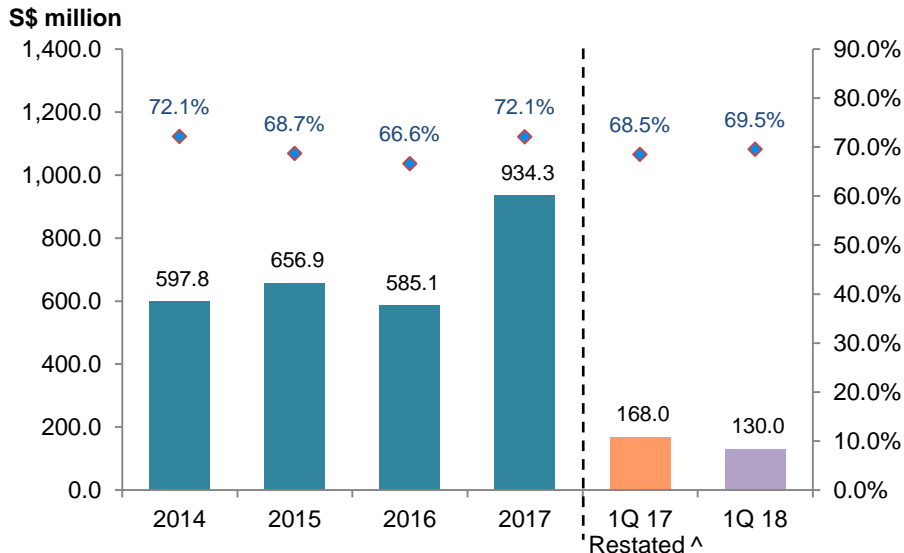
# 1Q 2018 Financial Highlights

## Revenue



- Total revenue for 1Q 2018 decreased by 23.8% to S\$187.0 million due to both lower number of residential units handed over to buyers in BSD City and lower industrial land sales in Bekasi
- The decrease was partially offset by increased leasing income following the acquisition of 33 Horseferry Road Building in Central London in June 2017 and new acquired investment properties in Central Jakarta in Indonesia

## Gross Profit and Gross Profit margin



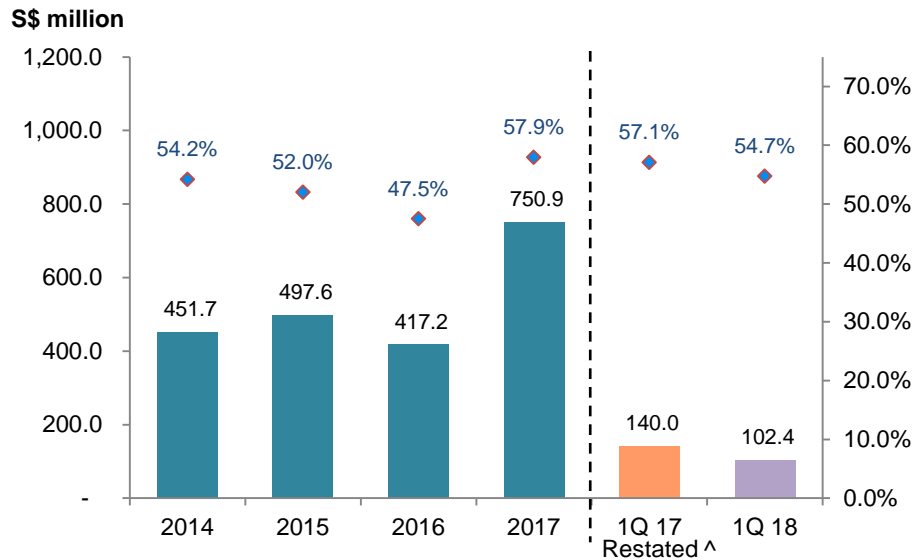
- In tandem with the lower revenue, 1Q 2018 gross profit decreased 22.6% or S\$38.0 million to S\$130.0 million.
- Gross profit margin increased 1.0 percentage points from 68.5% to 69.5% due to higher profit margin contributed from leasing income

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

# 1Q 2018 Financial Highlights

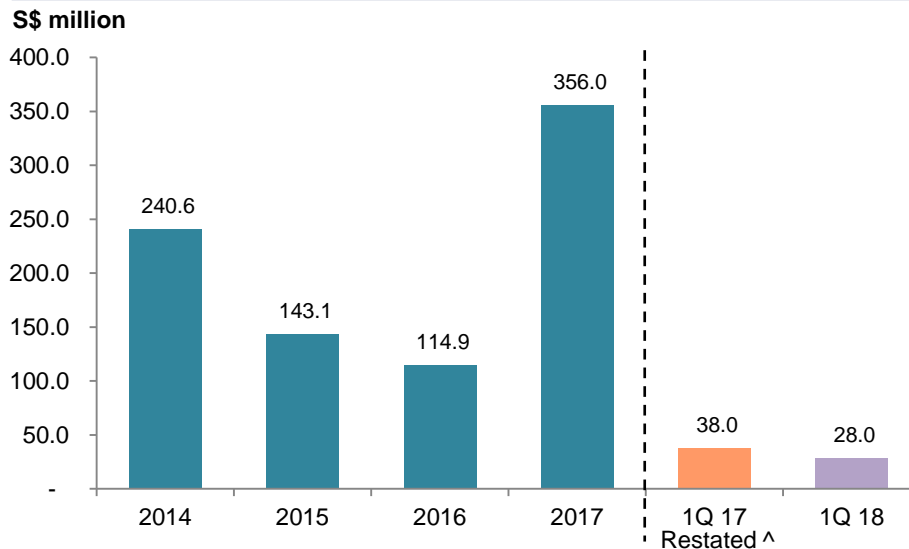


## EBITDA and EBITDA margin



- EBITDA declined 26.9% to S\$102.4 million for 1Q 2018 mainly due to lower revenue from Indonesia division and marginally higher operating expenses. The decrease was offset by higher EBITDA from UK following leasing income contribution from 33 Horseferry Road
- EBITDA margin slipped 2.4 percentage points from 57.1% to 54.7% in 1Q 2018 on the back of higher expenses and lower revenue

## Profit attributable to Owners of the Company

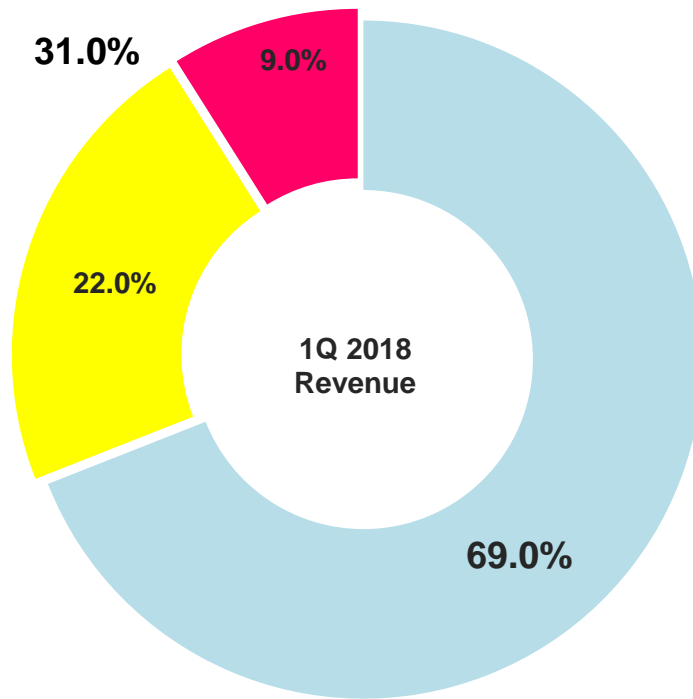


- Profit attributable to owners of the Company decreased 26.3% to S\$28.0 million in 1Q 2018 largely due to lower revenue from its Indonesia division and the weakening of the Indonesian Rupiah

^ : Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

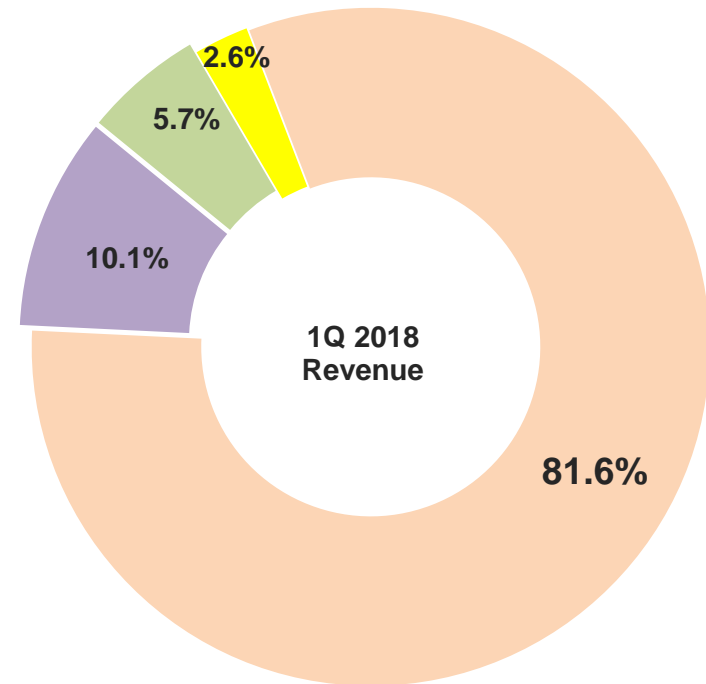
# 1Q 2018 Revenue Breakdown

Revenue – Product Breakdown (%)



- Sales of Development Properties and Land
- Rental Income
- Others

Revenue – Geographical Breakdown (%)



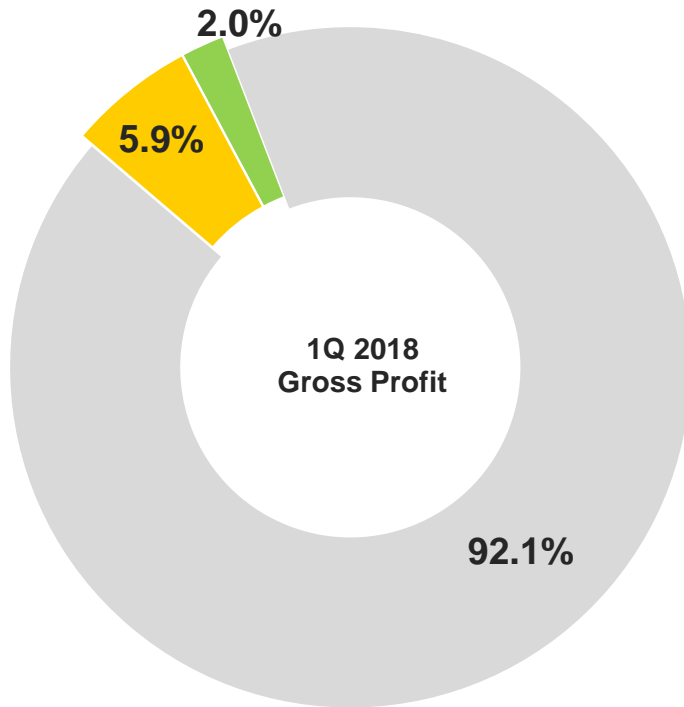
- BSDE
- Non-BSDE
- UK
- Others\*

\* : Other countries include China, Singapore, Malaysia and Batam

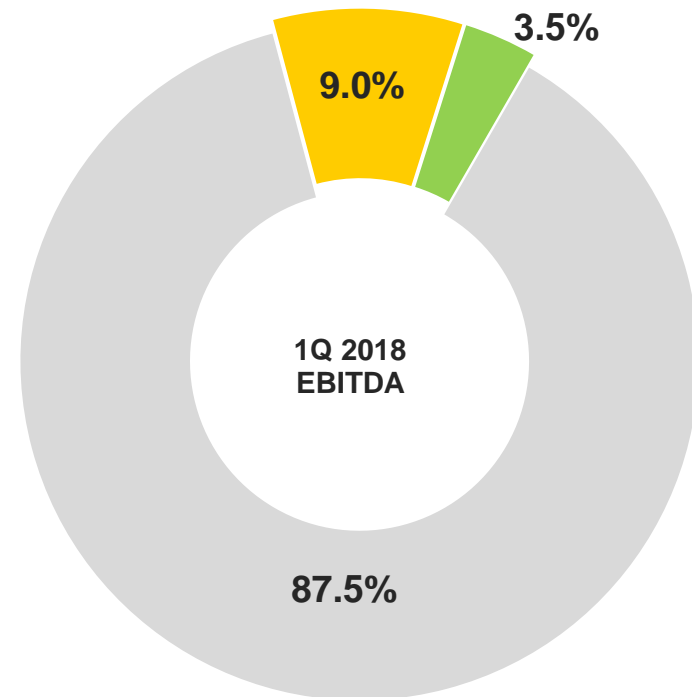


# 1Q 2018 Gross Profit and PATMI Breakdown

Gross Profit – Geographical Breakdown (%)



EBITDA – Geographical Breakdown (%)

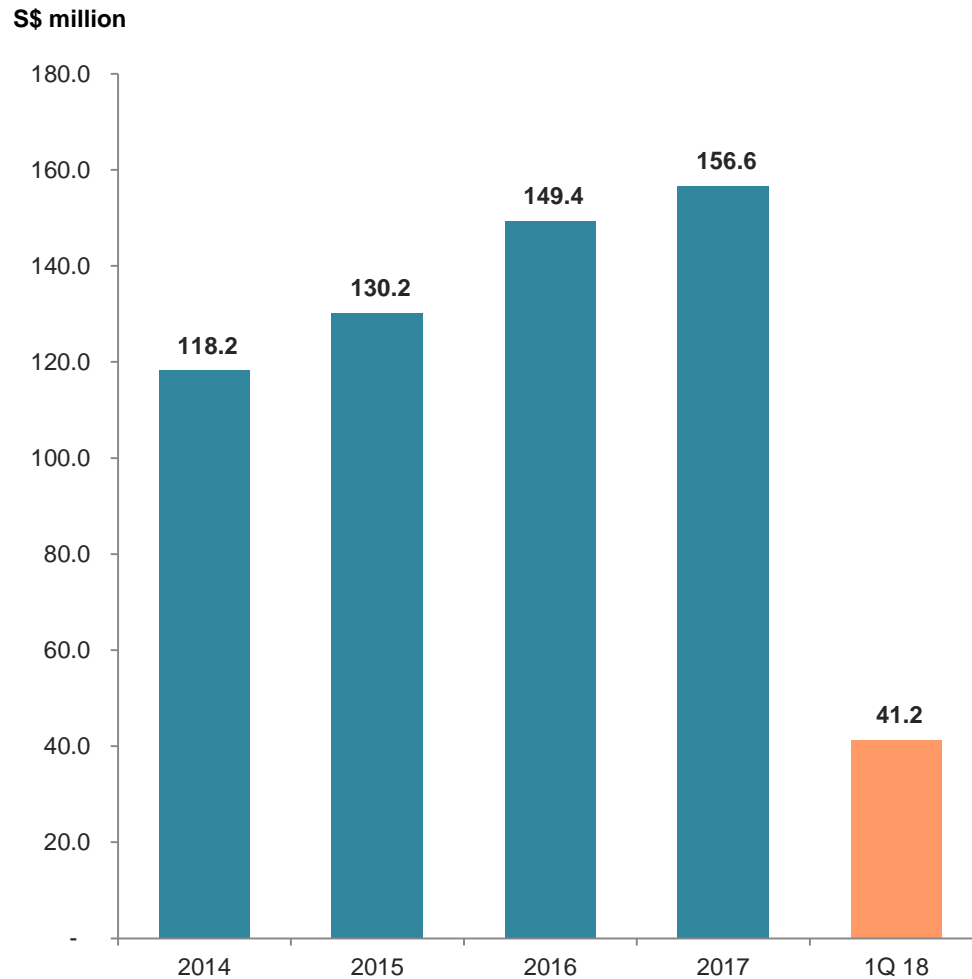


■ Indonesia    ■ UK    ■ Others\*

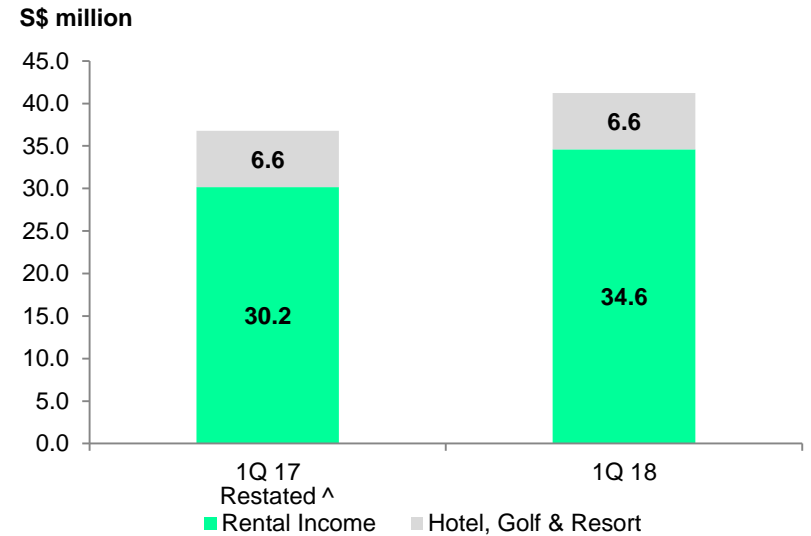
\* : Other countries include China, Singapore, Malaysia and Batam

# 1Q 2018 Recurring Income (Revenue) Breakdown

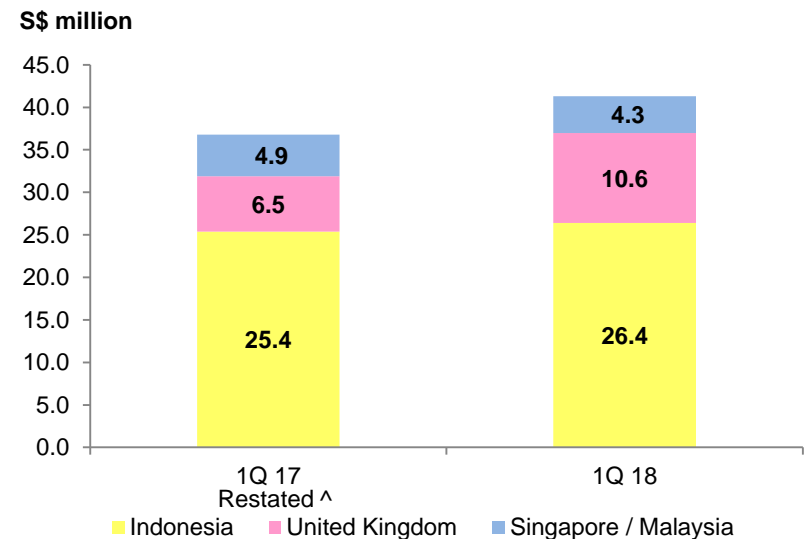
## Increasing Recurring Income (Revenue)\* base (S\$ million)



## Recurring Income (Revenue) – Product Breakdown



## Recurring Income (Revenue) – Geographical Breakdown



\* : Recurring income (Revenue) includes rental income, hotel revenue and revenue from golf and resort operations

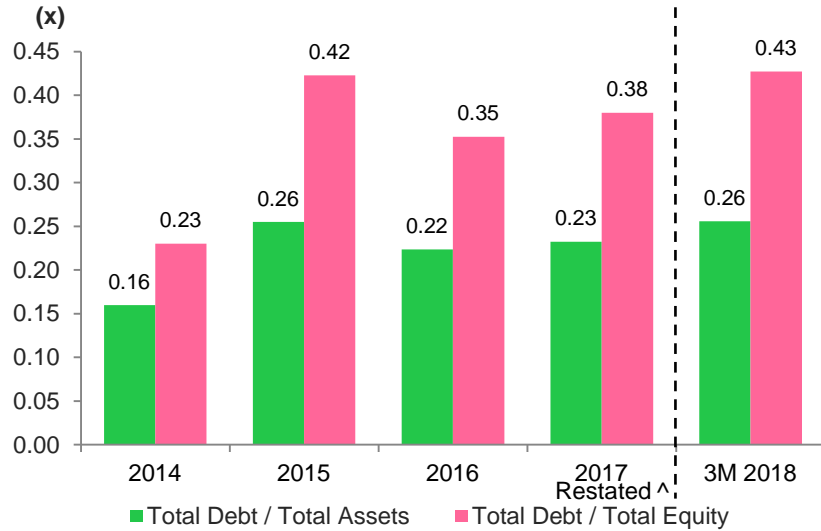
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# 1Q 2018 – Financial Snapshot

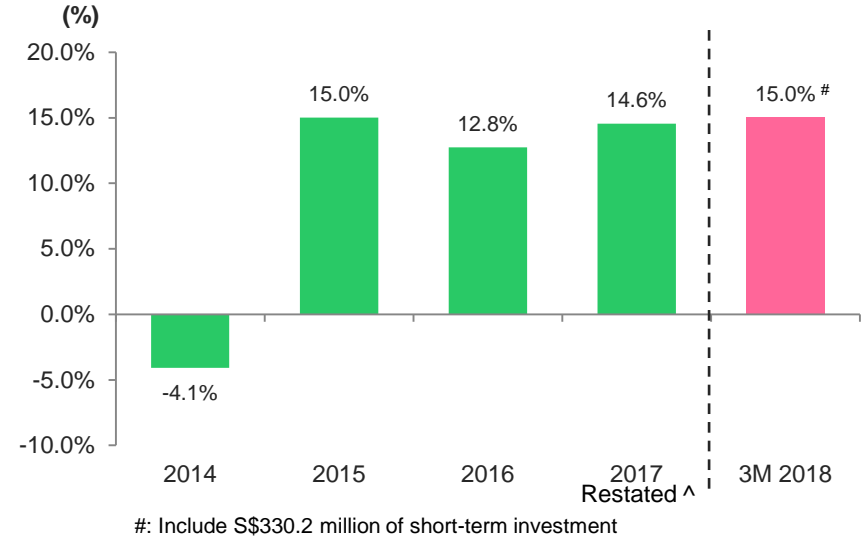
(S\$ '000)	As at 31 Mar 2018	As at 31 Dec 2017
<b>Assets</b>		
Cash and cash equivalents	807,532	930,287
Investment properties	1,679,236	1,656,565
Properties held for sale	1,277,392	1,230,153
Properties under development for sale	1,789,037	1,755,445
Other assets	1,303,591	988,700
<b>Total Assets</b>	<b>6,856,788</b>	<b>6,561,150</b>
<b>Liabilities</b>		
Borrowings	1,023,415	801,031
Bond Payables	726,521	719,078
Other liabilities	1,004,192	997,887
<b>Total Liabilities</b>	<b>2,754,128</b>	<b>2,517,996</b>
<b>Equity</b>		
Total Capital and reserves	2,190,450	2,153,337
Non-controlling Interest	1,912,210	1,889,817
<b>Total Equity</b>	<b>4,102,660</b>	<b>4,043,154</b>

# Key Financial Ratios

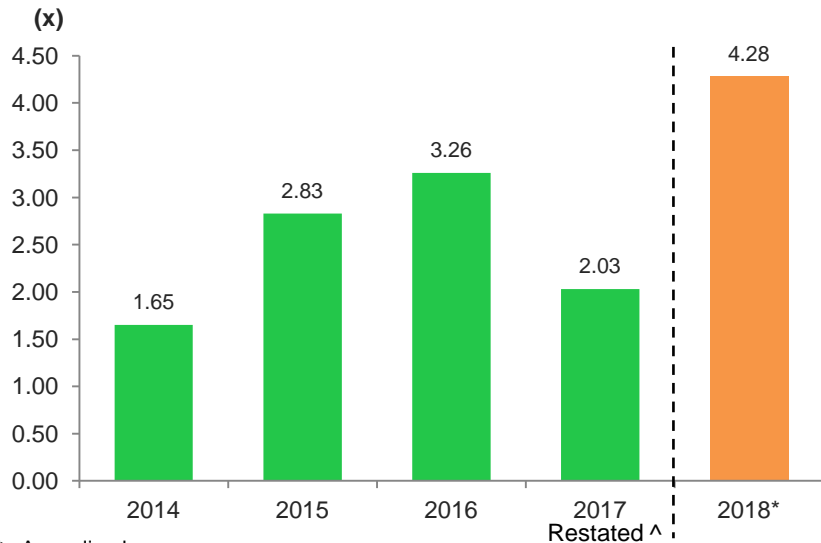
## Debt / Assets and Debt / Equity



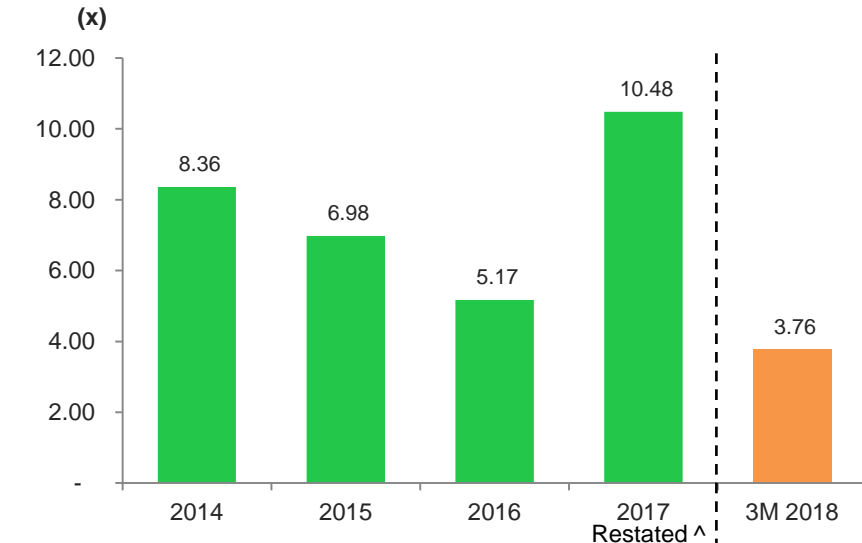
## Net Debt / Equity



## Total Debt / EBITDA



## EBITDA / Interest Expense

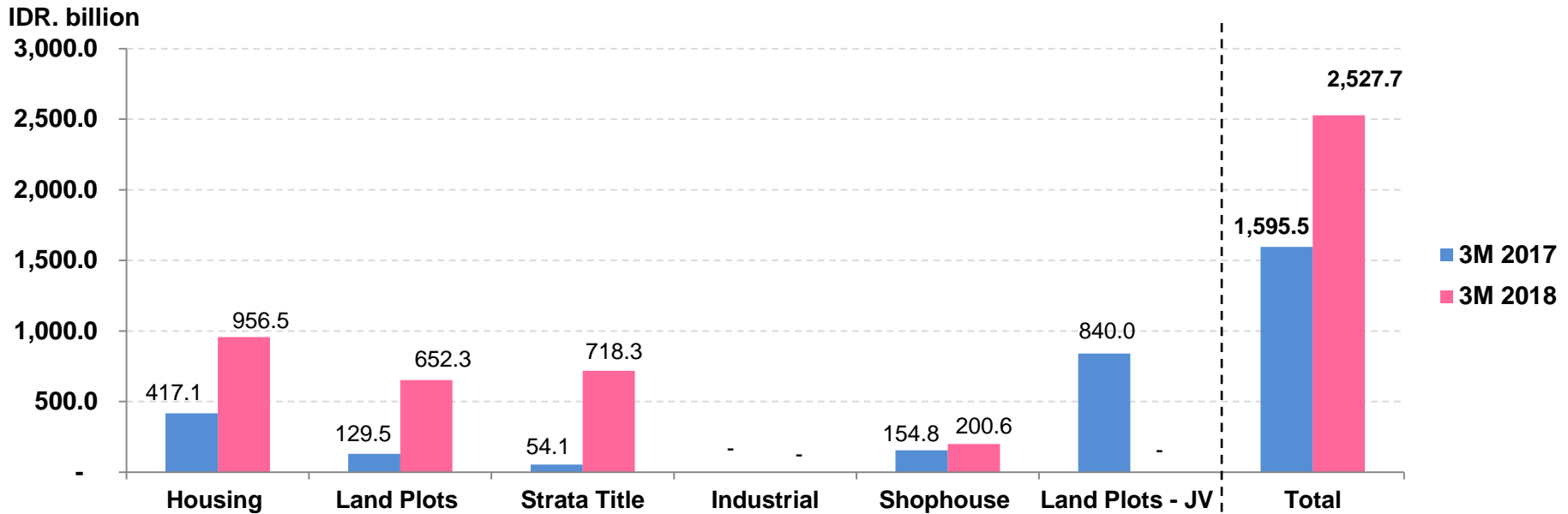


\*: Annualized

^: Certain comparative figures have been restated to account for the retrospective adjustments arising from the adoption of SFRS(I) 15

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# Indonesia Property Division – BSDE achieved Marketing Sales target of IDR 2.5 trillion for 3M 2018



- BSDE achieved **IDR 2.5 trillion of marketing sales for 3M 2018** or 35% of 2018 full year IDR 7.2 trillion marketing sales target
- 3M 2018 marketing sales increased 58% compared to 3M 2017 due to higher contribution from strata title (apartments), commercial land plot and residential housing
- Residential pre-sales generated IDR 956 billion in 3M 2018 or 26% contribution to its full year achievement, mainly from recent launches in The Zora, Jadeite and Tevana in BSD City. Commercial business units including land plots, strata title (apartments), industrial, and shop houses reaches IDR 1.6 trillion, contributing 44% of full year achievement.
- In terms of product composition, marketing sales breakdown are: sales of land houses (38%), strata title (28%), land plots (26%).and shop houses (8%)

# Indonesia Property Division – BSDE – Major Launch Updates



- **BSD City launched the second cluster of The Savia by the name of “Tevana” on 11 Mar 2018**
- **The Savia is located at in BSD City Phase 1 with access to Jakarta-Serpong toll gate, nearby to Rawa Buntu train station, Modern Market I, and surrounded by various reputable schools.**
- **A total of 176 units of landed houses was offered with specifications vary from 72 to 133 sqm of built-up area. Price starts from IDR 1.1 billion to IDR 2.3 billion per unit**
- **On launched date, 83 units were sold, contributing IDR 118 billion of marketing sales.**

# Indonesia Property Division – BSDE – Major Launch Updates



## SITEPLAN WATER TERRACE



- **Grand Wisata Bekasi launched a new cluster by the name of “Water Terrace” on 24 Mar 2018**
- Spread over 1.6 hectares of prime land, Water Terrace has strategic access via Jakarta – Cikampek Toll Road, surrounded by various reputable schools such as IPEKA, Notredama Catholic School, and Al-Azhar Muslim School, hospital: Hermina and Eka Hospital, Modern Market and Go! Wet Waterpark
- Developed with smart home concept, Water Terrace offered 42 units of landed houses with specifications of 138 to 158 sqm of built-up area. Price starts from IDR 2.4 to 2.7 billion per unit
- On launched date, 16 units were sold, contributing IDR 40 billion of marketing sales.



# Indonesia Property Division – BSDE – Upcoming Launches



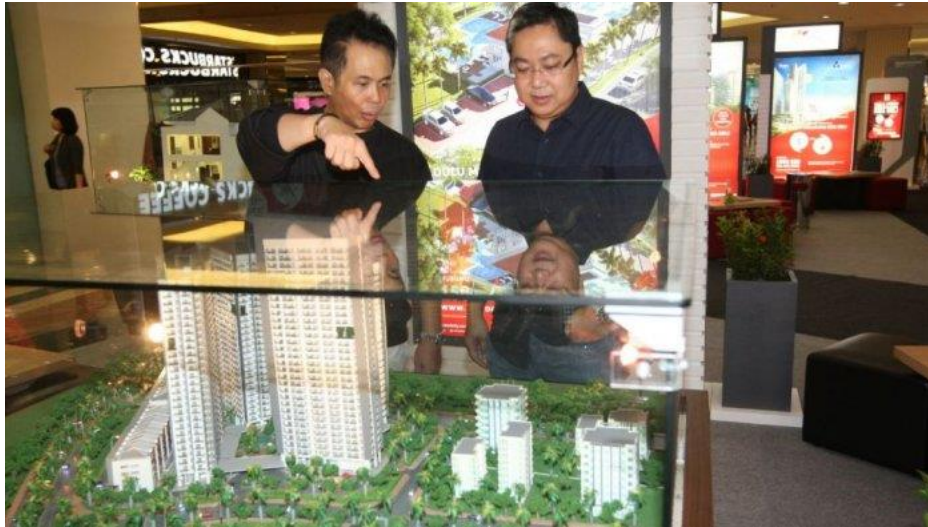
- **Grand Wisata Bekasi plan to launch a new sub cluster by the name of “Vermella” within the Cherryville cluster**
- Following the theme of Cherryvilla cluster, Vermella will offer homebuyers premium design houses with elements of innovative concepts and embracing bold vision in the art of living
- Vermella has strategic access via Jakarta – Cikampek Toll Road and surrounded by various mature amenities such as IPEKA, Notredama Catholic School, Al-Azhar Muslim School, Eka Hospital, Modern Market and Go! Wet Waterpark
- There will be a total of 57 units with specifications from 88 to 118 sqm of built-up area. Price starts from IDR 1.4 to 2.0 billion per unit

# Indonesia Property Division – BSDE – Topping Off BSD Green Office Park (“GOP”) 1



- On 11 April 2018, SML held a ‘topping off’ ceremony for the new BSD GOP 1 office building
- Built on a land area of 1.9 hectares, **GOP 1 is a six-storey building with a total building area of 59,089 sqm**
- GOP 1 is part of BSD Green Office Park, the first district in Indonesia-certified "Gold" Green district by BCA (Building construction Authority) Singapore
- GOP 1 offers the **best facilities with eco-friendly features supported by sustainable design, construction, management and maintenance** .
- Some features include **energy conservation through natural lighting** , the use of **double glazed low E-glass**, smart water conservation , as well as **environmentally friendly waste and waste recycling practices**.
- Started construction back in 1Q 2017, GOP 1 is expected to be fully completed and **operational by 1Q 2019**

# Launch of Easy Deal Program



- Continuing 2017's "Price Lock" program, Sinarmas Land has launched a new **mid-year program "Easy Deal"** with the **collaboration of 12 leading Indonesia's banks**
- The Easy Deal program will be held from **April to July 2018** with the intention to help homebuyers in obtaining their dream home
- Like previous programs, **Easy Deal is divided into 2 categories:**
- In the **first category**, homebuyers will only need to pay a downpayment ("DP") of 15% and depending on the month of purchase, homebuyers will be offered DP subsidies from 5% to 10%
- In the **second category**, homebuyers that choose to make cash payment over 12 instalments will get direct discount ranging from 10% - 20%, depending on the month of purchase

# Apple opens the first Asia developer academy in BSD City



- On 7 May 2018, **Apple** opens the **first Asia developer academy in BSD City Green Office Park 9**
- Apple, in collaboration with BINUS University, will train an initial class of 75 students on a one-year program
- During the program, students will be taught programming languages, Objective-C and Swift, that are used to develop applications for Apple's iOS operating system
- This is part of Sinarmas Land's plan to **develop a Digital Ecosystem** in its development
- Though such initiatives, SML seek to act as an intermediary to **groom future talents** and **facilitate the growth of organisations in the technology industry**

# Indonesia Property Division – BSDE issued US\$300 million bonds

- Bumi Serpong Damai (BSDE) has issued a total of **US\$300 million 7.25% senior notes due 2021, 3 years non-callable 2 years** (“new notes”)
- The new notes formed a single series issued via 2 tranches:
  - 1<sup>st</sup> tranche – US\$250 million on 26 April 2018
  - 2<sup>nd</sup> tranche – US\$50 million on 7 May 2018
- BSDE was assigned ‘**BB-**’ rating by Fitch Rating with stable outlook. Moody’s assigned ‘**Ba3**’ ratings a positive outlook
- The proceeds will be used to fund **capital expenditures**, including in connection with the **development of investment properties**, and for **working capital and other general corporate purposes**.



# Indonesia Property Division – DMAS Achieved IDR 332 billion Marketing Sales for 3M 2018



- **DMAS** (also known as Kota Deltamas) achieved **IDR 332 billion for 3M 2018 marketing sales** or 27% of full year 2018 (“FY 2018”) target of IDR 1,250 billion
- 3M 2018 marketing sales were mostly contributed from sales of industrial land
- **GIIC**, the industrial estate within DMAS, continue to be **preferred choice** for both international and domestic companies looking for industrial space in Bekasi region with **more than 100 hectares of sales inquiries**

# Indonesia Property Division – DMAS obtained ISO 9001 certification



- On 17 April 2018, PT Puradelta Lestari Tbk and PT Pembangunan Deltamas has obtained the integrated management system certification that consist of **ISO 9001: 2015** certification on quality management system, **ISO 14001: 2015** on environmental management system and **OHSAS 18001: 2007** certificate on health and safety management system.
- These certifications are critical to the Company's sustainability effort to maintain customer satisfaction, environmental protection, safety, and overall organizational systems
- It is expected to increase the credibility for tenants and investors, particular those in the industrial sector, to commit in Kota Deltamas

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# 1Q 2018 vs 1Q 2017

## Consolidated Income Statement

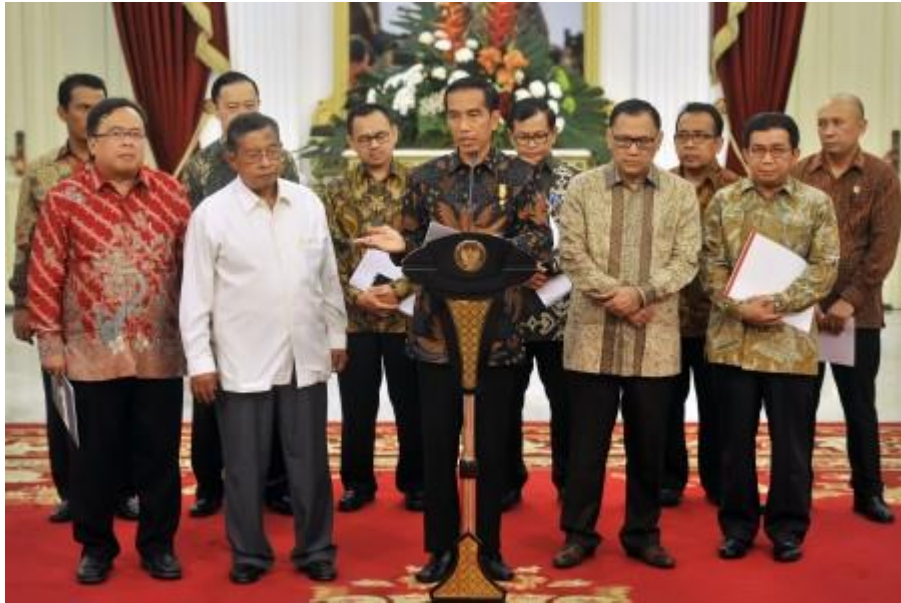
### 1Q 2018 versus 1Q 2017 Consolidated Income Statement

(S\$ '000)	1Q 2018	1Q 2017	Change %
Revenue	187,014	245,359	(23.8)
Cost of Sales	(57,031)	(77,364)	(26.3)
<b>Gross Profit</b>	<b>129,983</b>	<b>167,995</b>	<b>(22.6)</b>
<i>Operating Expenses</i>			
Selling Expenses	(22,687)	(22,459)	1.0
General and administrative expenses	(37,281)	(35,999)	3.6
<b>Operating profit</b>	<b>70,015</b>	<b>109,537</b>	<b>(36.1)</b>
Finance income	11,270	7,667	47.0
Others	(22,034)	(19,141)	15.1
<b>Profit before income tax</b>	<b>59,251</b>	<b>98,063</b>	<b>(39.6)</b>
Income tax	(7,919)	(10,735)	(26.2)
<b>Profit for the period</b>	<b>51,332</b>	<b>87,328</b>	<b>(41.2)</b>
<b>Attributable to:</b>			
Owners of the Company	28,014	38,036	(26.3)
Non-controlling interests	23,318	49,292	(52.7)

# Statement of Financial Position

## Statement of Financial Position

(S\$ '000)	As at 31 Mar 2018	As at 31 Dec 2017
<b>Current Assets</b>		
Cash and cash equivalents	807,532	930,287
Properties held for sale	1,277,392	1,230,153
Other current assets	684,714	368,517
<b>Total Current Assets</b>	<b>2,769,638</b>	<b>2,528,957</b>
<b>Non-Current Assets</b>		
Associated companies	269,702	266,378
Joint ventures	143,073	146,089
Properties under development for sale	1,789,037	1,755,445
Investment properties	1,679,236	1,656,565
Property, plant and equipment	176,621	178,097
Other non-current assets	29,481	29,619
<b>Total Non-Current Assets</b>	<b>4,087,150</b>	<b>4,032,193</b>
<b>Total Assets</b>	<b>6,856,788</b>	<b>6,561,150</b>
Short-term borrowings	89,580	26,837
Short-term payables and liabilities	777,407	761,895
Bonds payables	726,521	719,078
Long-term borrowings	933,835	774,194
Long-term liabilities	226,785	235,992
<b>Total Liabilities</b>	<b>2,754,128</b>	<b>2,517,996</b>
<b>Total Capital and reserves</b>	<b>2,190,450</b>	<b>2,153,337</b>
Non-controlling Interest	1,912,210	1,889,817
<b>Total Equity</b>	<b>4,102,660</b>	<b>4,043,154</b>
<b>Total Liabilities and Equity</b>	<b>6,856,788</b>	<b>6,561,150</b>



- Indonesia president Joko “Jokowi” Widodo unveiled **Indonesia’s 1<sup>st</sup> economic policy package** on 9 September 2015 that **aims to boost Indonesia’s mid to long term economy**
- **89 regulations are to be revised** as they are considered to burden the country’s business environment
- Simplify the process for companies to obtain business permits, **cut red tape, curtail overlapping regulations**, enhance the **use of electronic-based services**
- Government will empower the micro, small and mid-sized businesses through **subsidized loans with low interest rates of 12 percent only** (from 22-23 percent currently)
- **Accelerate and increase the flow of central government funds to the local governments.** These funds are specifically for infrastructure development in the regions.
- Local government will become important powers to **speed up realization of strategic projects** of national interest
- **Investment in the property sector needs to be encouraged**, including friendly policies for low-income communities



- **2<sup>nd</sup> economic policy package** unveiled on 29 September 2015 focuses on **establishment of bonded logistics zone and import tax cut**
- Time required to process **investment permits** for investments in Indonesia's industrial estates will be **curtailed from eight days to only three hours**
- Preparing **two bonded logistic zones**, one in **Cikarang (West Java)** and the other in **Merak (Banten)** as it aims to offer more efficient industrial facilities
- The zone in **Cikarang** is designed to serve the **logistics-related manufacturing industry**, while the zone in **Merak** is to function as a **storage facility for fuel logistics**.
- These zones should serve as a **hub for capital goods, intermediary goods, and raw materials**
- Bonded zones are attractive as the government provides several taxation facilities, such as the **exemption of value-added tax (VAT) and sales tax on imported intermediary goods**, as well as the possibility to postpone import duty payments
- Indonesian government **scrapped VAT** for imports of aircraft components and aviation safety equipment
- This exemption applies to both airlines and those third-party companies that import such aircraft components. The move will support companies engaged in the aviation sector.



- **3<sup>rd</sup> economic policy package** unveiled on 7 October 2015 focuses on **micro-financing and cheaper diesel & electricity**
- **Indonesian street vendors and small businesses** (that operate in designated areas) can obtain a leasehold certificate through which they can **secure cheap government-backed micro loan** to expand their business since many lack assets to secure a loan
- Boost the industrial sector by **cutting the diesel price by IDR 200 to IDR 6,700 (USD \$0.48) per liter**
- **Electricity tariffs** (for industries) are to be **cut by 30 percent** between 11 pm and 8 am
- Companies that are in **financial trouble** will be **allowed to delay the payment of up to 40 percent** of its electricity bills until the next year with condition that the company **agrees not to layoff employees.**



- **4<sup>th</sup> economic policy package** unveiled on 15 October 2015 focuses on **boosting labour and employment in Indonesia**
- **Implementation of a new fixed formula** that will be applied by the government to determine increases in labour wages across the 34 provinces of the Archipelago
- **Currently, minimum wage growth is not fixed** but depends on negotiations between local governments and labour unions and is also based on the basic costs of living index in each 34 provinces
- Every year the basic costs of living index (which involves 60 essential monthly expenditures) is surveyed. The result of this index is highly influential in determining the new minimum wage as it forms a recommendation to the local Governor.
- As a result, sudden big jumps in minimum wages occurs. This is not good news for the business climate as it increases uncertainty for business owners and investors.
- The **new formula** is designed to provide **more certainty to business owners** regarding minimum wage growth
- Every year, wages will be allowed to increase **based on the provincial inflation rate and economic growth pace**



- **5<sup>th</sup> economic policy package** unveiled on 22 October 2015 focuses on **tax incentive for revaluation of fixed assets and removal of double taxation**
- New tax incentive **encourage companies to revalue assets**, hence increasing their leverage. With higher-valued assets and larger capital, these **companies can borrow more from banks**, hence having **more room to invest**
- Previously, companies had to pay a 10% tax on the company's fixed asset growth. From **now till 31 Dec 2015, the tax rate is 3%**; increasing to 4% from 1 Jan 2016 to 30 Jun 2016; and 6% from 1 Jul 2016 to 31 Dec 2016
- **Scrap double taxation on real estate investment trusts** that are being established in Indonesia in an effort to boost the domestic capital market
- The government is going to **encourage the growth of the Islamic finance industry** by simplifying the regulatory and licensing for products of Islamic banking.
- There will be codification of Islamic products, in which **some certain code licences will be exempted.**



- **6<sup>th</sup> economic policy package** unveiled on 5 November 2015 **focuses tax incentives for investment in Indonesia's special economic zone**
  - **Special economic zones** are defined as designated areas **where natural resources** (mined in or around the zone) **are processed**
  - Investors can get income **tax discounts of between 20 and 100 percent** for a duration **up to 25 years** with a minimum investment value
  - These generous tax holidays are designed to attract investment in the country's manufacturing industry
- 
- **Foreign investors are allowed to own property** in these special economic zones and investors will be able to **import raw materials without being charged value-added tax (VAT)**
  - **Goods manufactured** in these special economic zones are to be **exempted from VAT when sold domestically**, but remain subject to customs and excise fees.
  - The Indonesian government assigned the special economic zone status to eight areas: Tanjung Lesung (Banten), Sei Mangkei (North Sumatra), Palu (Central Sulawesi), Bitung (North Sulawesi), Mandalika (West Nusa Tenggara), Morotai (North Moluccas), Tanjung Api-Api (South Sumatra), and Maloi Batuta Trans Kalimantan (East Kalimantan).



# Indonesia Property Division – Indonesia Economic Stimulus Policy Package #7

- **7<sup>th</sup> economic policy package** unveiled on 4 December 2015 **focuses on waiving income tax for workers in the nation's labor-intensive industries**
- **Those who work in labor-intensive industries**, such as footwear, textiles or tobacco, and earn less than IDR 50 million (approx. USD \$3,700) per year **are eligible for exemption from paying income tax.**
- **This policy** will be maintained **for at least two years.**
- Also, the government will **grant leasehold certificates (for free)** to street vendors operating in 34 state-owned designated areas.
- The program, which will be launched in Banten (West Java), **aims to increase vendors' capital**
- Through this new policy, however, these **vendors will have access to government-backed micro-loans** unlike previously where they have difficulty obtaining loans as most vendors are working illegally and lack capital to secure a loan





- **8<sup>th</sup> economic policy package** unveiled on 21 December 2015 **focuses on Import Tax, Oil Refineries and One-Map Policy**
  - To improve the rapid expanding aviation industry, the government announced **scrapping import taxes on 21 categories of airplane spare parts**
  - The Indonesian government also announced the **opening up of oil refinery sector** that was previously only available to state-owned energy firm Pertamina or through a partnership between a private investor and Pertamina
- 
- **Private investors are now allowed to establish oil refineries independently** but are required to sell the end-products to Pertamina.
  - The central government will **streamline and harmonize land-acquisition for infrastructure development** across the country through the new "one-map policy"
  - **The one-map policy will imply four advantages: (1)** integration of the planning of land utilization with the government's Spatial Planning Document (Dokumen Rencana Tata Ruang), **(2)** easing and speeding up the completion of conflicts of land use, **(3)** one reference map will improve the information provision related to localization of economic activities, and **(4)** speed up the issuance of permits related to land usage.

- **9<sup>th</sup> economic policy package** unveiled on 27 January 2016 **aims to combat Indonesia's high logistics cost**
- Indonesia's 9th economic stimulus package **consists of four parts:**
- **(1) to integrate billing and payments for port services** conducted by state-owned enterprises into one electronic system (single billing system)
- **(2) to integrate the Indonesia National Single Window system** (which handles export and import documents) with the 'inaportnet' system (which monitors the flow of goods in harbors)
- **(3) to revise Transportation Ministry Regulation No.3/2014 on the Use of Foreign Currencies for Transportation Payments.** By revising this regulation the Indonesian government aims to make the use of the **Indonesian rupiah mandatory for payments related to transportation activities**
- **(4) to remove Communications and Information Ministry Regulation No.9/2015.** This move should **neutralize the price difference between private commercial postal services and state postal services in Indonesia.** The aforementioned regulation states that commercial postal services in Indonesia are required to be more expensive than universal (private) postal services. This regulation was a major advantage to state-owned Pos Indonesia but limited competitiveness and efficiency in the country's postal services sector.



- **10<sup>th</sup> economic policy package** was unveiled on 11 February 2016 focuses on **deregulation measures and significant revisions to the negative investment list**
- Simplified the negative investment list to only 84 from 119 and opened **29 new sectors to foreign investors**
- **Allow 100 percent foreign ownership** in cold storage business, crumb rubber industry, sport-centers, film production industry, restaurants, raw materials for medicines, toll roads, and telecommunication equipment
- Revisions are designed to optimize the nation's economic growth while not causing a reduction in local competitiveness

## New versus Old Maximum Allowed Foreign Ownership:

Industry	New % Share	Old % Share
Warehouse Distributor	67%	33%
Cold Storage	100%	33%
Business Training	67%	49%
Travel Agency	67%	49%
Golf Course	67%	49%
Transport Supporting Services	67%	49%
Sport Center	100%	49%
Film Production Houses	100%	49%
Crumb Rubber	100%	49%
Museums	67%	51%
Catering	67%	51%
Convention Services	67%	51%
Exhibitions & Travel Incentives	67%	51%
Restaurant	100%	51%
Construction Consultancy	67%	55%
Telecommunication Services	67%	65%
Raw Materials for Medicines	100%	85%
Toll Road	100%	95%
Telecommunication Testing Agency	100%	95%

- **11<sup>th</sup> economic policy package** was unveiled on 29 March 2016 includes a **lower tax rate on property purchased by local real estate investment trusts**, the **harmonization of customs checks** across the nation's ports (curtailing dwell time), **government subsidies for loans taken up Indonesia's export-oriented small and medium enterprises**, and the **drawing of a roadmap for the nation's pharmaceutical industry**
- The Indonesian government will cut the final income tax rate on sales of property to real estate investment trusts (REITs) from **5 percent to 0.5 percent**
- Dwell time at Indonesian ports are targeted to be **reduced from 4.7 days to 3.7 days** through reforming of various procedures particularly the harmonization of customs checks among the port authorities
- Indonesian government will provide subsidized loans for those Indonesian small and mid-sized companies that are primarily export-oriented. This policy encourages the development of export-oriented industries in Indonesia and will also have a positive impact on the country's trade and current account balances
- The government aims to **boost the domestic production of medicines' raw materials**, particularly for five product categories (namely biotechnology, vaccines, herbal extracts, active pharmaceutical ingredients and medical devices)
- Indonesia government had removed the pharmaceutical industry from its negative investment list (which lists the sectors that are closed, or partially closed, for foreign ownership), implying 100 percent foreign ownership is now allowed
- Step up effort to develop the local manufacturing of medicines (including raw materials) such as offering tax holiday, development of a special economic zone as well as an integrated logistics center

- **12<sup>th</sup> economic policy package** was unveiled on 28 April 2016 focuses on **enhancing the ease of doing business for the small and mid-sized companies**
- Also, the government announced the **cut in a number of procedures and permits, as well as costs** required for development of a business
- **The number of procedures required to establish a business has been cut from 94 procedures to 49, while the number of permits has been curbed from nine permits to six.** This should manage to drastically cut the time that is required to open a business in Indonesia.

Indicator	Prior to 12th Package	After 12th Package
<b>Starting a Business</b>	<ul style="list-style-type: none"> <li>• 12 procedures</li> <li>• 47 days</li> <li>• Costs at IDR 6.8 - 7.8 million</li> </ul>	<ul style="list-style-type: none"> <li>• 7 procedures</li> <li>• 10 days</li> <li>• Costs at IDR 2.7 million</li> </ul>
<b>Construction of Building</b>	<ul style="list-style-type: none"> <li>• 17 procedures</li> <li>• 210 days</li> <li>• IDR 86 million for 4 permits</li> </ul>	<ul style="list-style-type: none"> <li>• 14 procedures</li> <li>• 52 days</li> <li>• IDR 70 million for 3 permits</li> </ul>
<b>Tax Payments</b>	<ul style="list-style-type: none"> <li>• 54 payments</li> </ul>	<ul style="list-style-type: none"> <li>• 10 online payments</li> </ul>



- **13<sup>th</sup> economic policy package** was unveiled on 24 August 2016 focuses on the reduction of bureaucracy (red tape) in a bid to boost the construction of low-cost housing for the poorer segments of Indonesian society
- The number of necessary permits will be cut down from **33 to 11**, as well as reducing the number of days needed to obtain all permits **from up to 981 days to 44 working days**
- By making it easier, faster and less expensive to invest in the construction of low-cost housing in Indonesia, the government's "1 million houses program" (a five-year program) should get a real boost.
- Tough red tape managed to curtail the success of the 1 million houses program. So far this year only 400,000 low-cost houses have been built.



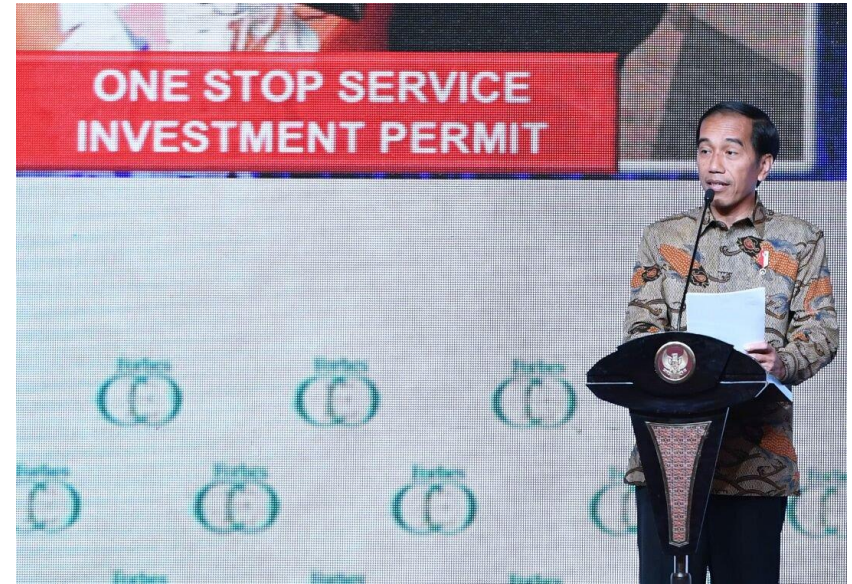
- **14<sup>th</sup> economic policy package** was unveiled on 10 November 2016 focuses on tackling eight issues that could turn Indonesia into the biggest digital economy in ASEAN by 2020 with a targeted value of US\$130 billion
- The 8 issues are funding, taxation, consumer protection, human resources, logistics, communication infrastructure, cyber security and the establishment of a project management office
- The government expects the new policy package, dubbed the e-commerce road map, to **create 1,000 “techno-preneurs” with businesses that have a total value of \$10 billion by 2020**
- The road map to expected to better protect national interests and give priority to small and medium-sized enterprises and start-ups
- Government also aims to **reduce taxes** for locals investing in start-ups and simplify taxation procedures for **e-commerce start-ups with a turnover of less than IDR 4.8 billion a year**, so that the **final income tax will only come to 1 percent.**



- **15<sup>th</sup> economic policy package** was unveiled on 15 June 2017 to **develop the business and competitiveness of national logistics service providers**
- This package will address **4 main aspects**:
  1. Enhancing the role of transportation insurance
  2. Reducing costs for logistic service providers,
  3. Strengthening the Indonesia National Single Window (INSW) authority
  4. Reducing the number of prohibited and restricted goods
- In trying to **reduce costs incurred by logistic service providers**, the **government aims to eliminate costs** of sea transportation, shipping agencies, freight forwarding, loading and unloading services as well as port management
- Currently, **those business activities incur certain costs, ranging between Rp 2 billion (US\$150,568) and Rp 500 billion**. Under the new policy package, **these costs will be eliminated**
- In addition, three presidential regulations will be revised and integrated into one presidential regulation concerning INSW to **expedite the development and application of automated licensing services in the export and import, customs, and port fields**



- **16<sup>th</sup> economic policy package** was unveiled on 31 August 2017 to **speed up the issuance of business permits** while providing **greater certainty on the cost and time involved** and to **improve coordination between ministries and provincial administrations**
- New package creates a single submission system for investors, implying **they only have to go one place to obtain all required licenses**. This is much-needed because in some sectors it can take up to five years to arrange all permits
- The acceleration of business processes would be implemented in **two stages**
- The first stage includes the formation of task forces to **implement business licensing processes and to oversee the application of licensing checklists at special economic zones (KEK), free-trade zones (FTZ) industrial and tourism areas** using data sharing
- The second stage includes **regulatory reforms and the single-submission system**
- Also, this package seem to **address that weak coordination and cooperation between the central government and regional government** that has been a major bottleneck that undermines the attractiveness of Indonesia's investment climate



# Thank You

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