



**sinarmas land**

*“Building for a better  
future”*

**3Q & 9M 2015**

**Financial Results Presentation**

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# **01. KEY HIGHLIGHTS**

**02. FINANCIAL PERFORMANCE**

**03. BUSINESS UPDATES**

**04. APPENDIX**

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# Key Highlights for 3Q & 9M 2015

- Despite 3Q 2015 revenue decreasing 8.4% to S\$191.1 million, the Group's 9M 2015 revenue grew 10.5% to S\$709.5 million on the back of higher sales of land for commercial and industrial purposes in Indonesia, as well as an increased recognition of completed residential units
- The Group preserved a healthy financial position with cash and cash equivalent of S\$1,262.2 million. With total debt of S\$1,071.4 million, the Group is in a net cash position of S\$190.8 million as of 30 September 2015
- Total assets grew from S\$4,744.7 million as at end 31 December 2014 to S\$5,238.0 million as at 30 September 2015 mainly attributable to deposit advance payment made for purchase of land and properties in Indonesia and higher cash and cash equivalents
- As at 30 September 2015, the Group has bought back 151,886,900 shares from the open market under its Share Buy-Back Mandate to be held as treasury shares
- On 8 October 2015, the Group successfully completed the acquisition of Alphabeta Building ("AB"), a freehold prime commercial building in London, for a total consideration of £259.3 million or S\$558.5 million\*

Notes:

\* : Based on exchange rate of £1.00 = S\$2.154

01. KEY HIGHLIGHTS

**02. FINANCIAL PERFORMANCE**

03. BUSINESS UPDATES

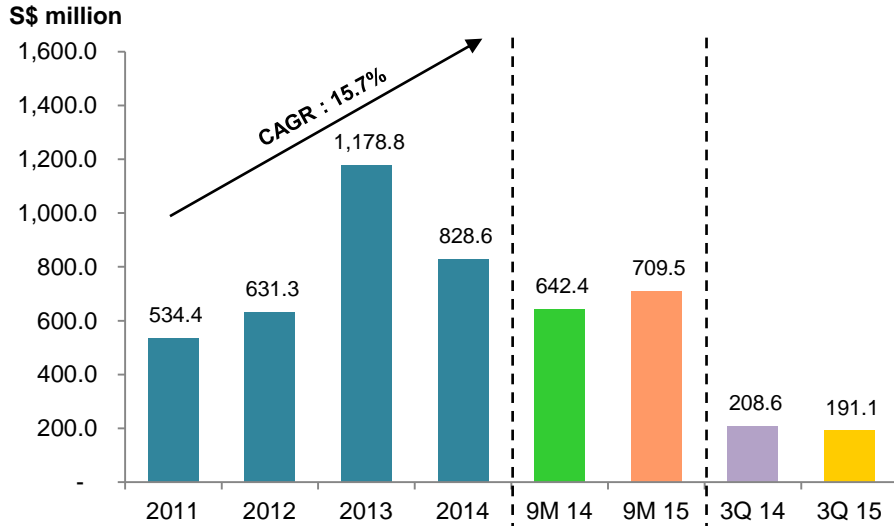
04. APPENDIX

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# 3Q & 9M 2015 Financial Highlights

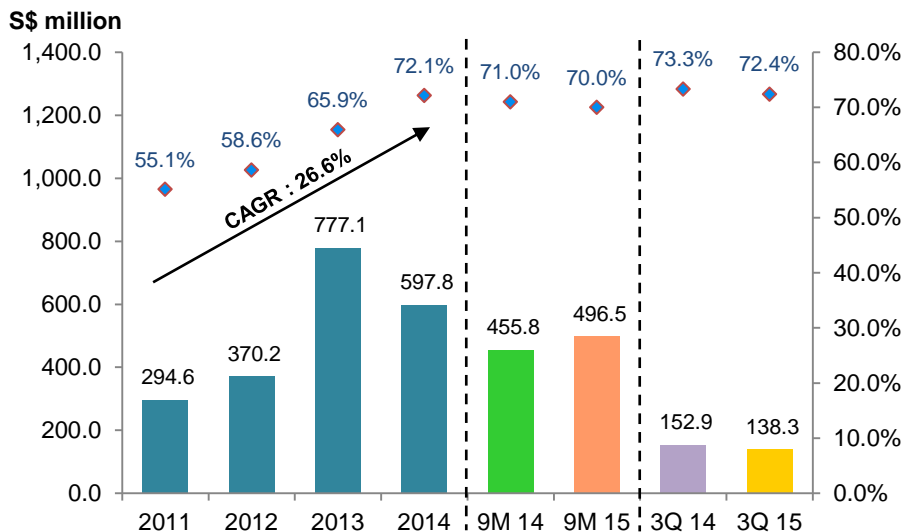


## Revenue



- Total revenue in 9M 2015 grew 10.5% to S\$709.5 million on the back of higher sales of land for commercial and industrial purposes in Indonesia, as well as an increased recognition of completed residential units
- 3Q 2015 revenue decreased 8.4% to S\$191.1 million due to lower sales of land in Indonesia
- Revenue growth was partially offset by the decreased contribution from China division as Shenyang project reaches its tail-end development and decreased in recurring income from UK division following the disposal of New Brook Buildings

## Gross Profit and Gross Profit margin

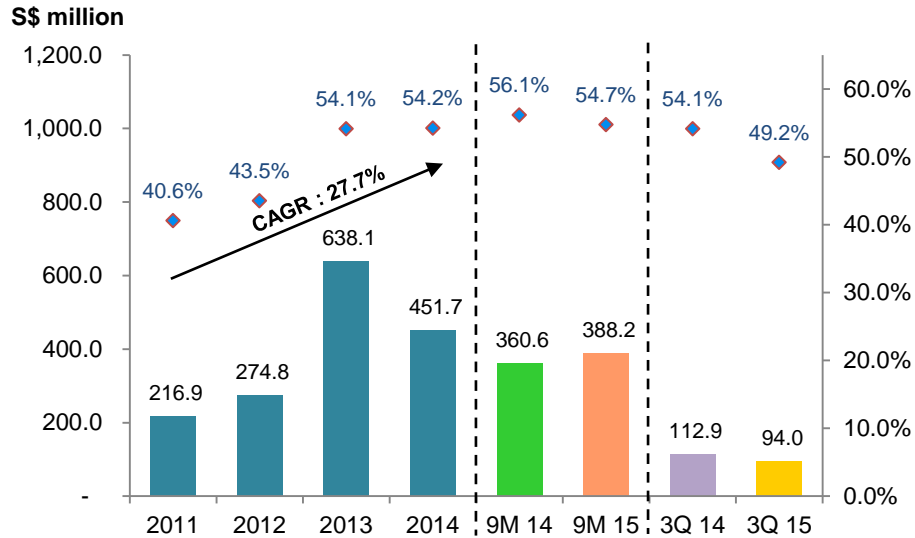


- With an increased number of completed residential units being recognized by the Indonesia division, 9M 2015 gross profit increased 8.9% to S\$496.5 million
- 3Q 2015 gross profit reflects the dipped in revenue, decreasing 9.6% to S\$138.3 million
- Gross profit margin decreased 1.0 percentage points in 9M 2015 to 70.0% and slipped marginally in 3Q 2015 by 0.9 percentage points to 72.4% due to a higher cost incurred for its development

# 3Q & 9M 2015 Financial Highlights

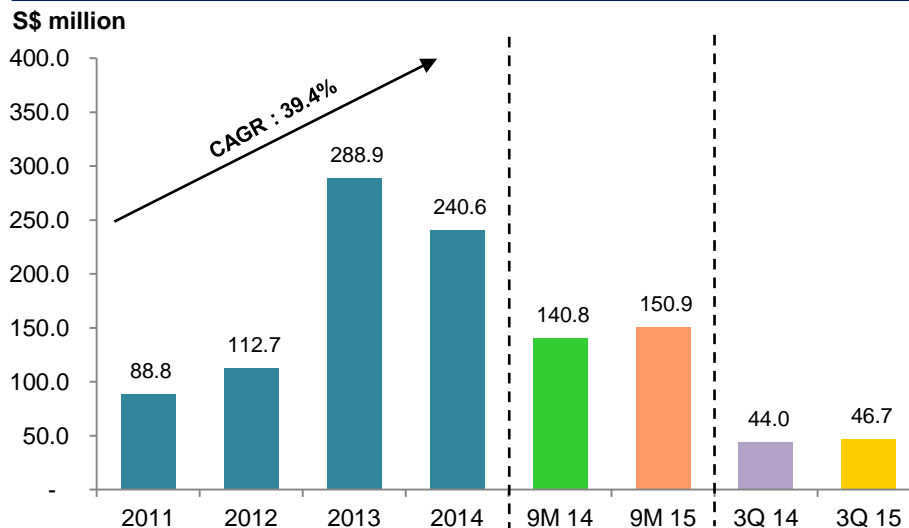


## EBITDA and EBITDA margin



- EBITDA rose 7.6% to S\$388.2 million in 9M 2015 due to an increased revenue contribution from Indonesia division which was offset by lower contribution from China and UK division
- In tandem with lower revenue recognized in 3Q 2015, EBITDA decreased 16.8% to S\$94.0 million
- EBITDA margin dipped 1.4 percentage points to 54.7% in 9M 2015 while further slipping 4.9 percentage points to 49.2% in 3Q 2015 due to higher selling expenses as well as general and administrative expenses

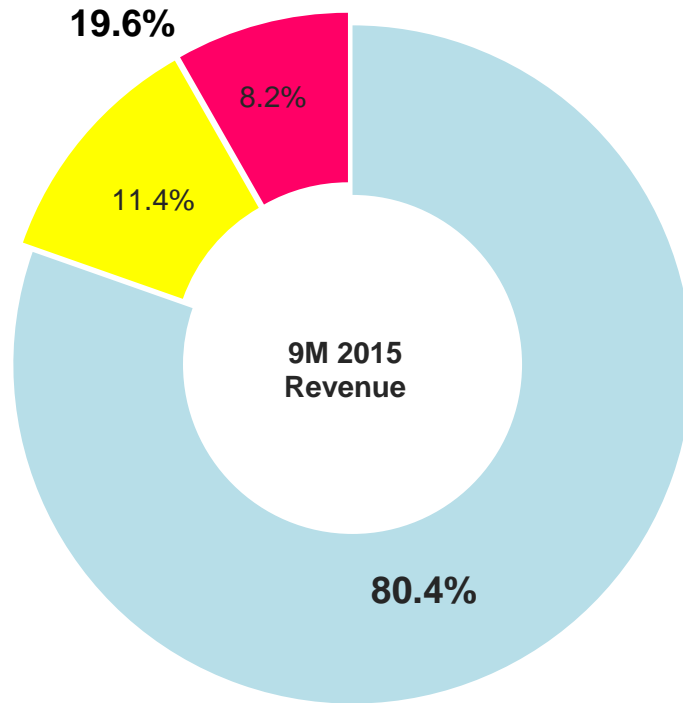
## Profit attributable to Owners of the Company



- Profit attributable to owners of the Company increased 7.2% and 6.2% to S\$150.9 million and S\$46.7 million in 9M 2015 and 3Q 2015 respectively due to foreign exchange gain and exceptional gain related to negative goodwill arising from acquisition of a subsidiary

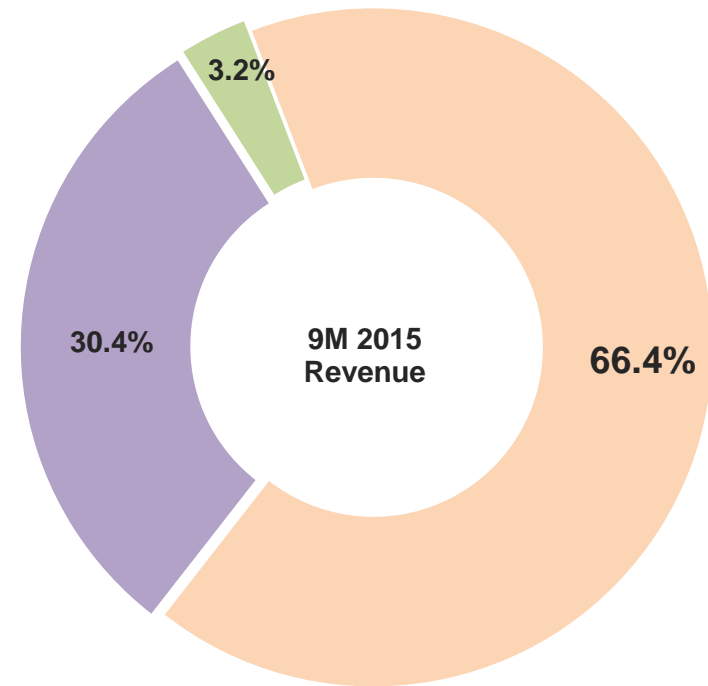
# 9M 2015 Revenue Breakdown

Revenue – Product Breakdown (%)



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

Revenue – Geographical Breakdown (%)



- BSDE
- Non-BSDE
- International\*

\* : Other countries include China, Singapore, Malaysia and United Kingdom

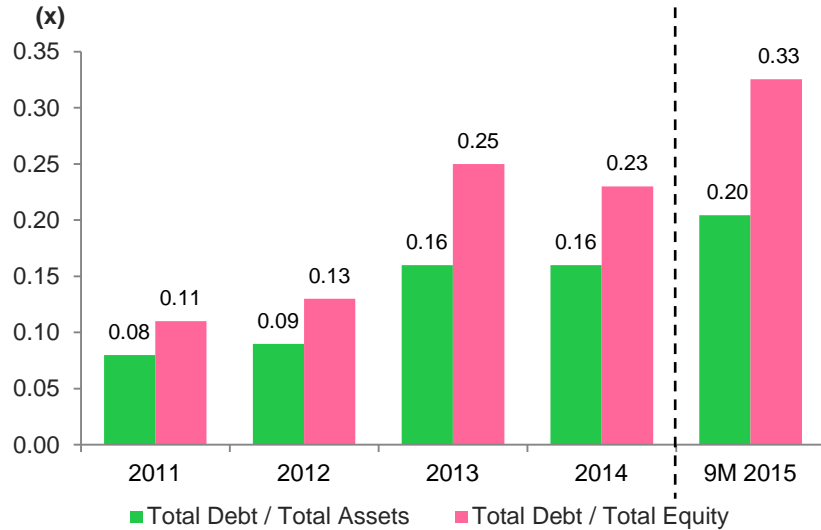


# 9M 2015 – Financial Snapshot

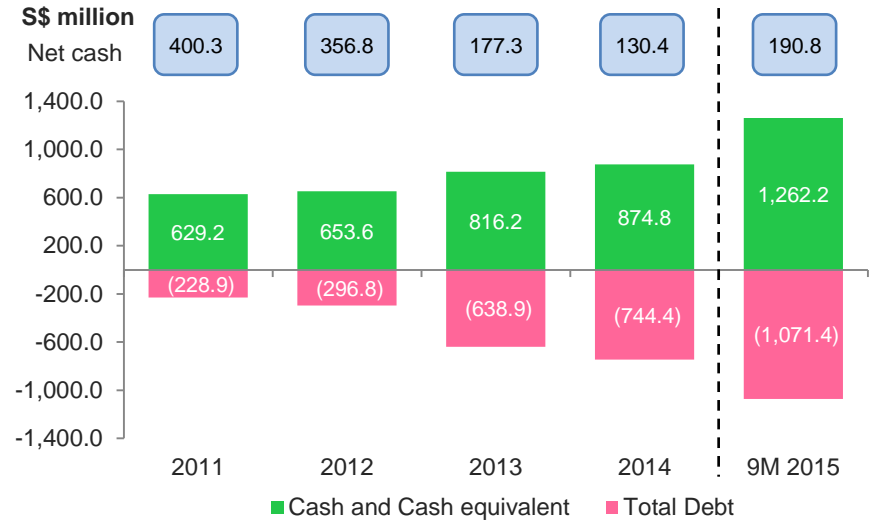
(S\$ '000)	As at 30 Sep 2015	As at 31 Dec 2014
<b>Assets</b>		
Cash and cash equivalents	1,262,152	874,787
Investment properties	505,321	496,508
Properties held for sale	918,656	841,986
Properties under development for sale	1,582,187	1,738,500
Other assets	969,656	792,948
<b>Total Assets</b>	<b>5,237,972</b>	<b>4,744,729</b>
<b>Liabilities</b>		
Borrowings	425,666	396,350
Bond Payables	625,632	342,540
Other liabilities	894,646	812,611
<b>Total Liabilities</b>	<b>1,945,944</b>	<b>1,551,501</b>
<b>Equity</b>		
Total Capital and reserves	1,689,660	1,714,701
Non-controlling Interest	1,602,368	1,478,527
<b>Total Equity</b>	<b>3,292,028</b>	<b>3,193,228</b>

# Key Financial Ratios

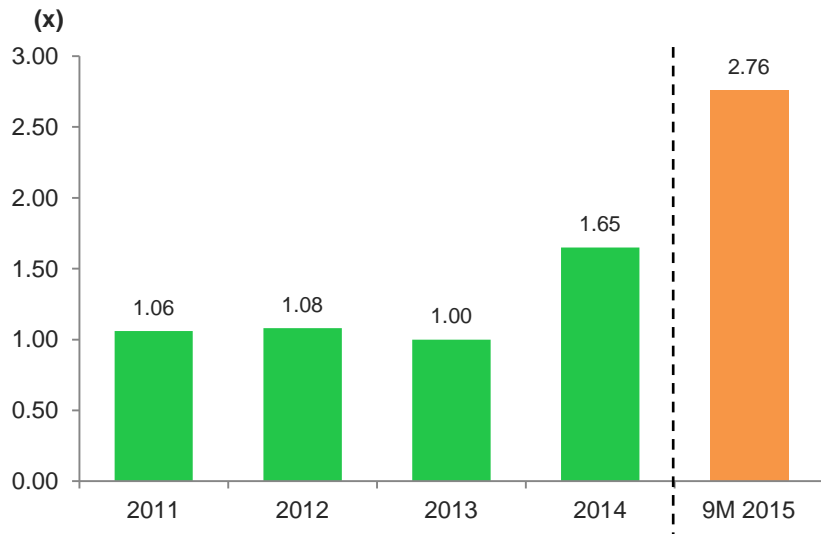
## Debt / Assets and Debt / Equity



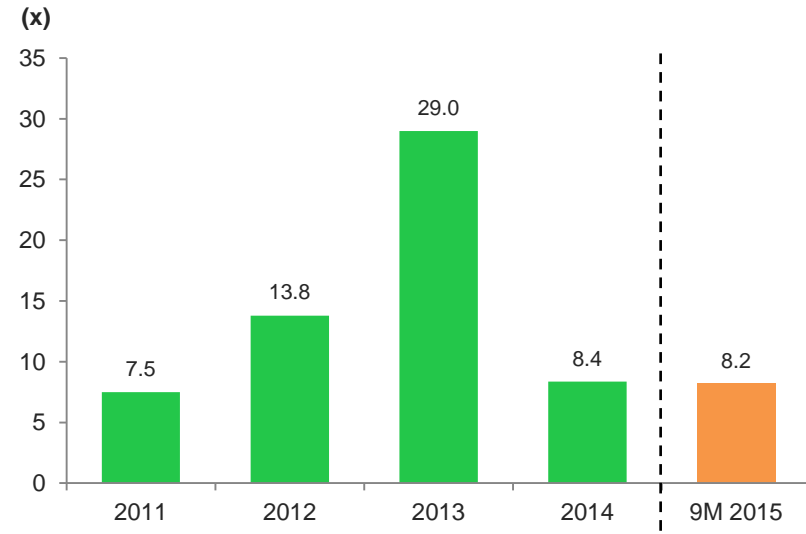
## Net Debt / Equity



## Total Debt / EBITDA



## EBITDA / Interest Expense



- 01. KEY HIGHLIGHTS
  - 02. FINANCIAL PERFORMANCE
  - 03. BUSINESS UPDATES**
  - 04. APPENDIX
-

# UK Property Division – Successful Acquisition of Alphabeta Building



Artist impression of bicycle ramp

## Notes:

\* : Based on exchange rate of £1.00 = S\$2.154

- On 8 October 2015, SML successfully completed the acquisition of **Alphabeta Building (“AB”)** for a total consideration of **£259.3 million or S\$558.5 million\***
- **Capital value of £1,054 or S\$2,270\* per sq ft**
- **Situated at the intersection of Silicon Roundabout, Shoreditch and the City of London**, AB is at the heart of Shoreditch Area that is fast becoming an internationally recognised centre for creative and commercial innovation in London
- Crossrail services from Moorgate Station is likely to promote **rental and capital growth in the area from 2018 onwards**
- AB design offers a variety of spaces and features, from the **atrium cafe overlooking the ride-in bicycle ramp**, to the eighth floor terrace, providing **panoramic views across the capital**
- Recently refurbished, AB has a **net leasable area of 247,670 sq ft** spread over nine levels
- Potentially **increasing current net leasable area through further asset enhancement**

# UK Property Division – Successful Acquisition of Alphabet Building



Lobby

- Fully leased to tenants which includes asset manager SEI, Silicon Valley Bank, media agency Maxus, modern publisher Elsevier, social media agency We are Social, restaurant reservation service Open Table and Barry's Bootcamp, based on a **“Triple Net Lease”** agreement<sup>^</sup>
- Weighted average lease expiry (WALE) of 12 years
- Average passing rent of £47 per sq ft with good reversionary potential
- Net yield of 4.5% and all in funding cost of approximately 2%



Lobby

## Notes:

<sup>^</sup>: In a “Triple Net Lease” agreement, the lessee is responsible for all the costs relating to the asset being leased and the lessor receives a net rent

# Indonesia Property Division – GAIKINDO

## Indonesia International Auto Show 2015



- GAIKINDO Indonesia International Auto Show (GIIAS) 2015, **one of Southeast Asia largest auto shows**, was held in **Indonesia Convention Exhibition (ICE), BSD City**
- **Spanning over 100,000 sqm** of floor area, **34 automotive brands** such as BMW, Audi, Mitsubishi and Suzuki unveiled new models and concept cars together with more than **320 exhibitors**
- Held from 20 to 30 August 2015, GIIAS 2015 has attracted **more than 450,000 visitors**, **sold approximately 19,380 units** and generated in excess of **Rp5.7 trillion sales** during the 11 days auto show
- Located in a heart of BSD City Phase 2, **ICE has one of the best infrastructure facilities in Indonesia** to accommodate hundreds of thousands of people with easy access to transportation and ample parking spaces

# Indonesia Property Division – Major Launch Updates

## Grand City Balikpapan – Palladium Business District (“PBD”)



- PBD is located in Grand City Balikpapan, a 220 hectares residential area with the best modern facilities in eastern Borneo
- Following the earlier successful launch of Forestville and Pineville residential clusters, PBD is a dedicated commercial area for business and office activities
- PBD is developed on a land area of 4.3 hectares and consists of 11 blocks of shophouses, conveniently located just 300 meters away from Grand City Balikpapan’s main gate
- In Phase 1, a total of 69 units with six different size specification will be marketed starting from Rp1.0 billion per unit

## BSD City – New Vivacia



- New Vivacia, a new sub-cluster of Eminent BSD City that focus on the concept of classic contemporary living
- Close proximity to a variety of business spaces, superior education institutions and daily amenities such as Foresta Business Loft, Nanyang Jakarta School, AEON Mall, ICE, The Breeze and Courts Megastore
- A total of 132 units will be built, with a choice of four different type of houses based on the size specification

# Indonesia Property Division – Kota Deltamas Serviced Apartment



- The serviced apartment consists of **five floors with 126 rooms**, situated in the heart of Kota Deltamas over a land area of approximately 1.25 hectares
- **An extensive variety of facilities** such as swimming pool, restaurants, meeting rooms, massage rooms, jacuzzi, inner garden, convenient and laundry store
- Kota Deltamas has engaged renowned Japanese contractor, **PT Tokyu Construction Indonesia**, to undertake the development and poised to be **operational in mid 2016**
- The serviced apartment will **cater to the housing needs of apartments around Cikarang area for expatriates** working in Kota Deltamas's Greenland International Industrial Center (GIIC) and surrounding industrial estates



# Indonesia Property Division – Indonesia Economic Policy Package

In response to the ailing global economy, Indonesian President Joko “Jokowi” Widodo, together with the central bank (Bank Indonesia) and the Financial Services Authority (OJK), have unveiled a series of new economic policy package that aims to boost economic growth of Indonesia amid a highly uncertain global context.

Indonesia Economic Policy Package unveiled to date are:

- **#1 – Boost Indonesia’s mid to long term economy**
- **#2 – Establishment of bonded logistics zone and import tax cut, significantly reduce processing time for investment permits in industrial estates**
- **#3 – Micro-financing and cheaper diesel & electricity**
- **#4 – Boosting labour and employment in Indonesia**
- **#5 – Tax incentive for revaluation of fixed assets and removal of double taxation on REITs**
- **#6 – Tax incentives for investment in Indonesia’s special economic zone**



- 01. KEY HIGHLIGHTS
  - 02. FINANCIAL PERFORMANCE
  - 03. BUSINESS UPDATES
  - 04. APPENDIX**
-

# 3Q 2015 vs 3Q 2014

## Consolidated Income Statement

### 3Q 2015 versus 3Q 2014 Consolidated Income Statement

(S\$ '000)	3Q 2015	3Q 2014	Change %
Revenue	191,123	208,582	(8.4)
Cost of Sales	(52,848)	(55,705)	(5.1)
<b>Gross Profit</b>	<b>138,275</b>	<b>152,877</b>	<b>(9.6)</b>
<i>Operating Expenses</i>			
Selling Expenses	(14,010)	(14,953)	(6.3)
General and administrative expenses	(44,015)	(39,476)	11.5
<b>Operating profit</b>	<b>80,250</b>	<b>98,448</b>	<b>(18.5)</b>
Finance income	9,139	9,890	(7.6)
Others	17,733	(3,664)	n.m.
<b>Profit before income tax</b>	<b>107,122</b>	<b>104,674</b>	<b>2.3</b>
Income tax	(11,349)	(13,368)	(15.1)
<b>Profit for the period</b>	<b>95,773</b>	<b>91,306</b>	<b>4.9</b>
<b>Attributable to:</b>			
Owners of the Company	46,709	43,998	6.2
Non-controlling interests	49,064	47,308	3.7

# 9M 2015 vs 9M 2014

## Consolidated Income Statement

### 9M 2015 versus 9M 2014 Consolidated Income Statement

(S\$ '000)	9M 2015	9M 2014	Change %
Revenue	709,502	642,353	10.5
Cost of Sales	(212,967)	(186,546)	14.2
<b>Gross Profit</b>	<b>496,535</b>	<b>455,807</b>	<b>8.9</b>
<i>Operating Expenses</i>			
Selling Expenses	(44,714)	(39,471)	13.3
General and administrative expenses	(114,389)	(102,753)	11.3
<b>Operating profit</b>	<b>337,432</b>	<b>313,583</b>	<b>7.6</b>
Finance income	25,593	29,891	(14.4)
Others	10,268	(20,923)	n.m.
<b>Profit before income tax</b>	<b>373,293</b>	<b>322,551</b>	<b>15.7</b>
Income tax	(46,568)	(36,788)	26.6
<b>Profit for the period</b>	<b>326,725</b>	<b>285,763</b>	<b>14.3</b>
<b>Attributable to:</b>			
Owners of the Company	150,909	140,808	7.2
Non-controlling interests	175,816	144,955	21.3

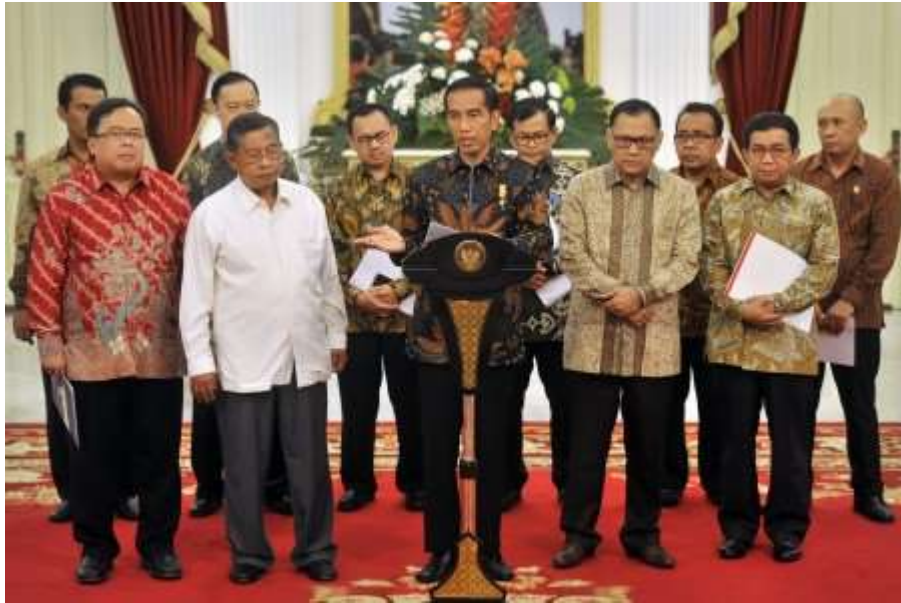
# Statement of Financial Position



## Statement of Financial Position

(S\$ '000)	As at 30 Sep 2015	As at 31 Dec 2014
<b>Current Assets</b>		
Cash and cash equivalents	1,262,152	874,787
Properties held for sale	918,656	841,986
Other current assets	452,558	266,391
<b>Total Current Assets</b>	<b>2,633,366</b>	<b>1,983,164</b>
<b>Non-Current Assets</b>		
Associated companies	214,906	223,276
Joint ventures	97,445	103,888
Properties under development for sale	1,582,187	1,738,500
Investment properties	505,321	496,508
Property, plant and equipment	159,018	157,930
Other non-current assets	45,729	41,463
<b>Total Non-Current Assets</b>	<b>2,604,606</b>	<b>2,761,565</b>
<b>Total Assets</b>	<b>5,237,972</b>	<b>4,744,729</b>
Short-term borrowings	182,363	157,325
Short-term payables and liabilities	697,645	639,520
Bonds payables	625,632	342,540
Long-term borrowings	243,303	239,025
Long-term liabilities	197,001	173,091
<b>Total Liabilities</b>	<b>1,768,520</b>	<b>1,551,501</b>
<b>Total Capital and reserves</b>	<b>1,689,660</b>	<b>1,714,701</b>
Non-controlling Interest	1,602,368	1,478,527
<b>Total Equity</b>	<b>3,292,028</b>	<b>3,193,228</b>
<b>Total Liabilities and Equity</b>	<b>5,237,972</b>	<b>4,744,729</b>

# Indonesia Property Division – Indonesia Economic Stimulus Policy Package #1



- 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).

# Thank You

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