PT SARATOGA INVESTAMA SEDAYA TBK

Update on FY16 and 1Q17 results

April 2017

Disclaimer

SARATOGA

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CORPORATE INFORMATION

Saratoga – A Leading Active Investment Company

- Leading active investment company in Indonesia with NAV of c.US$1.5 billion
- Listed in 2013 and is among the top 100 largest market capitalization stocks on the IDX
- Focused on early-stage, growth-stage, and special situation opportunities
- Actively engaged with investee companies' management teams in unlocking value of investments
- Invested in key sectors of the Indonesian economy: Consumer, Infrastructure and Natural Resources

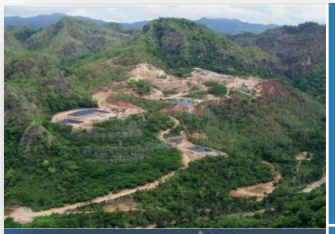
Consumer			Infrastructure			Natural Resources		
Automotive	Lifestyle	Property	Power	Roads	Telecomm-unications	Agriculture	Oil & Gas	Metals & Mining

23 Operating Companies
(11 Publicly Listed & 12 Non-Listed)
>40,000 Employees

Data presented are as of 31 Dec 2016
IDR/USD as of 31 Dec 2016 = 13,436
Source: Company information

Diversified Investment Portfolio

We invest across the three key sectors in early and growth stages with the goal of creating listed blue chip companies

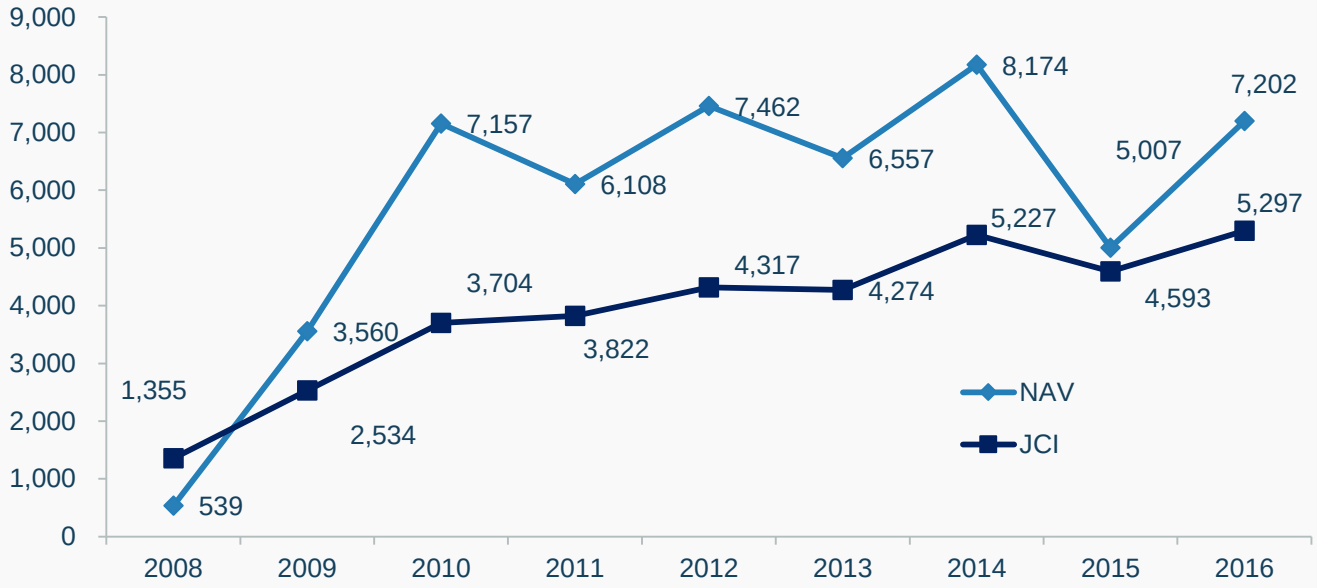
	Early Stage Companies	Growth Companies	Listed Blue Chip Companies	% Sum of the Parts (SOTP)
	✓ Early-stage companies provide large upside potential ✓ Ability to acquire larger stakes allows SIS to exert significant influence, develop company strategy and products and generate strong return	✓ Growth companies generate sustainable and healthy cash flows for SIS' portfolio ✓ Provides great upside potential when growth companies enter into mature phases	✓ Blue-chip Investee Companies are established industry leaders with growth and capital appreciation opportunities ✓ SIS to remain a long-term shareholder in these businesses	
 **Natural Resources**	**Sihayo Copper Gold** *Gold* **Sumatra Copper & Gold** *Gold* **Finders Resources** *Copper* Agro Maju Raya *Palm* Agra Energi Indonesia *Oil & Gas*	**Merdeka Copper Gold** *Gold & Copper* **Provident Agro** *Palm* **Interra Resources** *Oil & Gas*	**Adaro Energy** *Coal & Power*	**50%**
Infrastructure	Tenaga Listrik Gorontalo *Power*	Medco Power Indonesia *Power* Paiton Energy *Power* Tri Wahana Universal *Refinery* Lintas Marga Sedaya *Toll Road* **Nusa Raya Cipta** *Construction* **Seroja Investment** *Shipping* Sinar Mentari Prima *Shipping*	**Tower Bersama Infrastructure** *Telco Tower*	**39%**
Consumer		**Mitra Pinasthika Mustika** *Auto* Gilang Agung Persada *Lifestyle* Etika Karya Usaha *Property* Mulia Bosco Logistik *Logistics* Awal Bros Hospital *Healthcare*		**11%**
SOTP	**2%**	**31%**	**67%**	

Listed investment companies in bold
Data presented are as of 31 Dec 2016
IDR/USD as of 31 Dec 2016 = 13,436
Source: Company information

Net Asset Value per Share Growth

Saratoga has maintained a consistent track record of increasing net asset value and outperforming the Jakarta Composite Index

Figures in IDR



NAV per Share[(1)(2)]
CAGR-8 years = 38.27%

Jakarta Composite Index (JCI)
CAGR-8 years = 18.58%

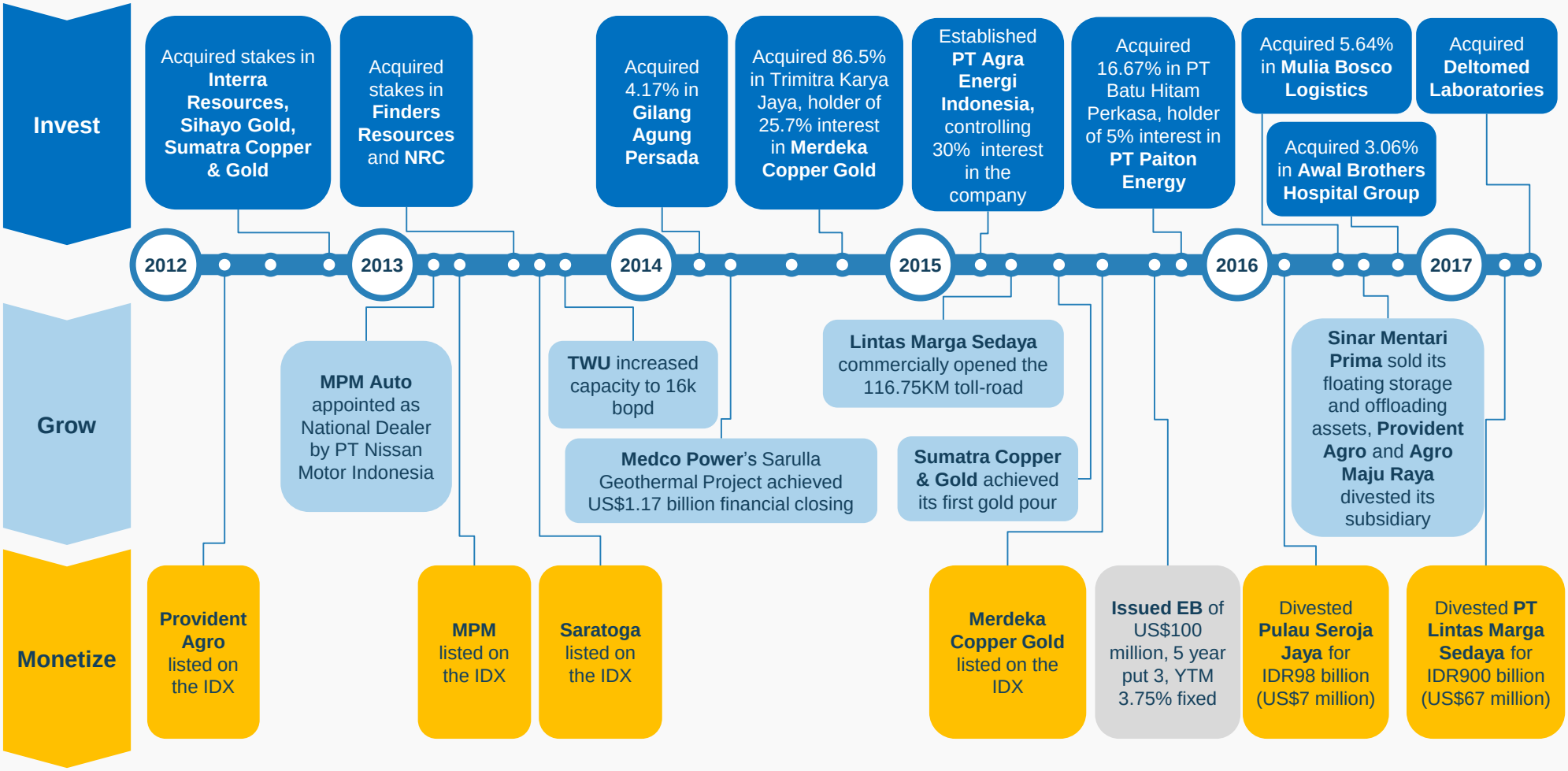
Company Listing	**ADRO**	**TBIG**	**PALM**	**MPMX SRTG**	**MDKA**

(1) NAV per Share is adjusted on capital raising. The information contained in this document is intended solely for the use of our internal reference. We make no representations or warranties, express or implied, with respect to the information herein.
(2) For NAV per Share between 2008 and 2014, valuation of listed investee companies are calculated based on 2W VWAP as of year end close. Due to the implementation of new accounting standards in 2016, the 2015 and 2016 calculations for listed investee companies are based on their respective closing share price as of 31 December 2016

Data presented are as of 31 Dec 2016
Source: Company information

Invest → Grow → Monetize Investment Approach

Recent Milestones



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INVESTMENT ACTIVITIES

Investments and Divestments in 2016

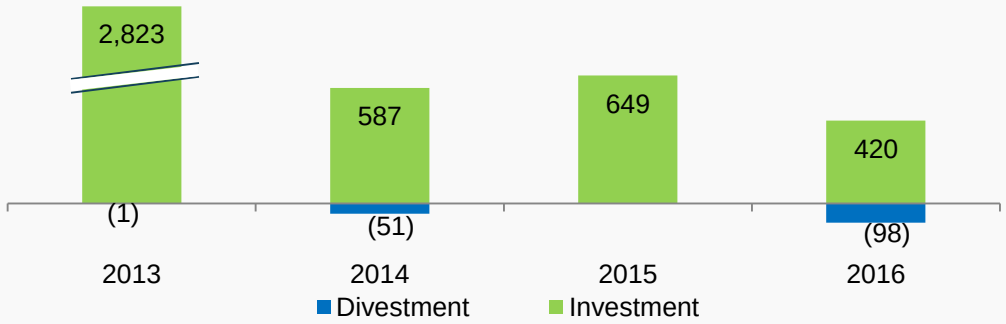
We increased our overall exposure to the consumer sector and plan to continue growing our exposure in this space

	New investments		Divestments	
	MGM BOSCO LOGISTICS	RS AWAL BROS Hospital Group	Pulau Seroja Jaya	**Other notable divestments**
Investment details	Date of Investment: January 2016 Invested capital: IDR32 billion Effective ownership: 7.5%	Date of Investment: October 2016 Invested capital: IDR75 billion Effective ownership: 3.06%	Date of Investment: 2008 Sale proceeds: IDR98 billion Stake sold: 9.61%	Palm plantation assets owned by Provident Agro at a market premium price per hectare
Investment / divestment thesis	• High demand on vital logistics infrastructure • Scalable business • Reputable brand • Limited players in the segment	• High growth prospects • Relatively defensive nature of business • Scalability • Leading quality healthcare provider	• Unwinding exposure in the shipping industry due to the slowdown of the underlying sector and global economy	In 2017, we also divested our holdings in PT Lintas Marga Sedaya, a long term roll road construction investment projection for IDR900 billion
Company description	• Provides refrigerated trucking service serving FMCG blue-chip clients, connecting over 20 cities and operates cold storage facilities in North Jakarta • MBL aims to scale up its business to deliver end-to-end cold chain logistics benefits for its clients	• Hospital group that operates 9 hospitals in Jakarta, Bekasi, Tangerang, Pekanbaru, Batam and Makasar under the Awal Bros brand • Largest hospital operator for BPJS, Indonesia's Social Security Organising Body	• Provides services include freight charters for shipments of dry bulk goods, thermal coal, sand and other mineral resources.	

Investments and Divestments

2016 has proven to be a successful year based on the invest-grow-monetize business model we have set out to achieve

Figures in IDR billion



	2013	2014	2015	2016
Investment	• Finders Resources • Nusa Raya Cipta • Mitra Pinasthika Mulia (MPMX)	• Gilang Agung Persada • Merdeka Copper & Gold (MDKA)	• Agra Energi • Paiton Energy	• Mulia Bosco Logistik • Famon Awal Bros Sedaya
Divestment		• Partial sale of investee company		• Pulau Seroja Jasa • Palm plantation assets
Listing	• MPMX • SRTG		• MDKA	

IDR billion		2015	2016
New investments		304	131
Follow-on investments	Natural Resources	232	121
	Infrastructure	107	138
	Consumer	-	26
Share buy back		6	3
Total investments		649	420
Divestments		**-**	**98**

Data presented are as of 31 Dec 2016
Source: Company information

FINANCIAL HIGHLIGHTS

Key Financial Statement – FY2016

Figures in IDR billion

Profit & Loss Statement	
Unrealized net gain on investment in equity securities[1]	6,344
Dividend Income	622
Net gain on FX differences	91
Other income	422
Total Income	7,478
Interest Cost	(283)
Operating Expenses (incl. Salary)	(144)
Other Costs	(467)
Total Expenses	(893)
Profit for the period attributable to shareholders	**5,670**

Statement of Financial Position	
Cash and cash equivalents	488
Restricted cash	270
Investment in equity securities	23,802
Advances for investment in equity securities	69
Others	515
Total Assets	25,144
Borrowings	2,792
Medium Term Notes	721
Exchangeable Bond	1,062
Deferred Tax	847
Others	356
Total Liabilities	5,778
Net Equity attributable to shareholders	**18,985**
Net Asset Value of investment portfolio[2]	**19,540**

(1) Includes one-off gain of IDR3,395 billion due to the change in financial reporting
(2) NAV accounted exchangeable bond on a cash basis instead of fair value

Data presented are as of 31 Dec 2016
Source: Company information

Diversified Sources of Cash and Liquidity

Record amount of dividends in 2016 and highest since Saratoga became a listed company in 2013

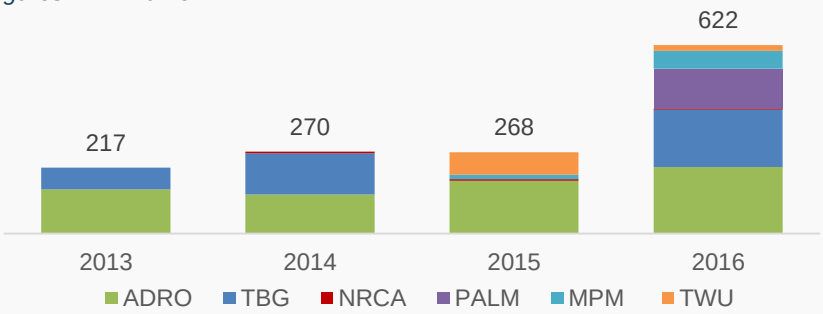
Mutliple sources of cash and liquidity

- **Divestment**
  - Liquidly trade shares in investee companies*
    - IDR15,219 billion (US$1 billion)
    - *2016 ADTV of US$5.7 million (Adaro and TBIG)*
  - Other listed investee companies**
    - IDR4,557 billion (US$351 million)
  - Unlisted investee companies***
    - IDR2,587 billion (US$199 million)
- **Investment income**
  - **Fixed income**
  - **Dividend income**

Potential sources of liquidity as at 31 December 2016

Dividend income breakdown

Figures in IDR billion



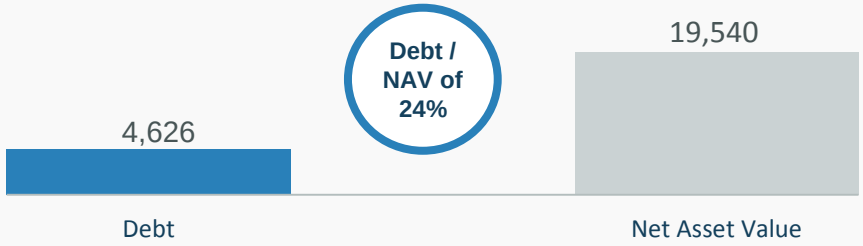
IDR billion	2013	2014	2015	2016
ADRO	145	129	174	219
TBIG	72	136	-	190
NRCA	-	5	5	3
PALM	-	-	-	132
MPM	-	-	15	59
TWU	-	-	74	19
Total dividends	217	270	268	622
# of investees	2	3	4	6

Data presented are as of Dec 2016, unless specified otherwise
IDR/USD as of 31 Dec 2016 = 13,436
Source: Company information

Strong Capital Structure Backed by Diverse Funding Sources

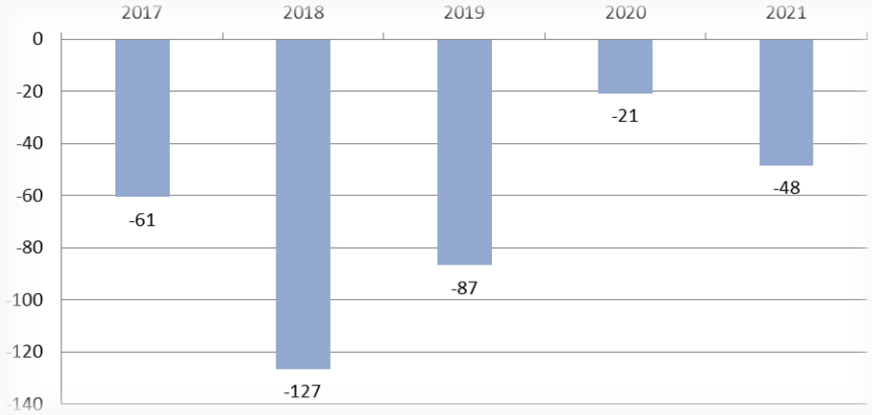
Capital structure

Figures in IDR billion, as at 31 December 2016



Loan maturity profile

Figures in US$ million



Total borrowings as of 31 December 2016 stands at US$344 million

Data presented are as of Dec 2016, unless specified otherwise
IDR/USD as of 31 Dec 2016 = 13,436
Source: Company information

Funding sources

Continue to tap diverse funding sources whilst managing cost effective and conservative leverage is a key part of our active investment operating model

1 **Bank Loans**
- Types: Revolving Credit Facility, Bilateral Loan, Syndicated Loan
- Banks: SCB, ING, Natixis, HSBC, and others

2 **Medium Term Notes**
- Issued a 3-year IDR 725 billion MTN in October 2014 with a fixed rate of 11.75%
- Offered under private placement
- Arranger: DBS Vickers

3 **Exchangeable Bond**
- Issued a 5-year, put option at year 3, US$100 million EB in May 2015 with a coupon of 3%, YTM 3.75%
- Exchangeable to TBIG common shares at IDR 10,707

Cash Availability:
- Preserve Cash at Saratoga's parent level sufficient to cover our borrowing principal
- Keep Bank facility available for immediate needs
- Additional cash flows from investee company dividends and divestments are expected in 2016

Operating Expense vs. NAV

(In IDR billion)

Cost ratio & Coverage ratio	Opex/NAV	Opex + Interest/NAV	Dividend/ Interest	Dividend/ Interest + Opex.
2013	0.61%	1.73%	1.1x	0.7x
2014	0.45%	1.43%	1.2x	0.8x
2015	1.03%	2.81%	1.1x	0.6x
2016	0.74%	2.18%	2.19x	1.4x

Operating Expense

- We maintain low operating expense at parent level below 1%.
- Operating Expense includes salary, rental, professional fees, and other operating expenses at Saratoga parent level.
- The increase in OpEx/NAV ratio in 2015 was driven by both the decline in NAV and increase OpEx related to investment due diligence activities and EB issuance.

APPENDIX

Highlights of Q1' 2017

Consolidated Statement of Profit and Loss (*IDR millions*)	Q1 2017	Q1 2016	% variance
Income	858,477	3,254,756	(73.6%)
Expenses	(115,550)	(121,614)	(5.0%)
Profit before tax	742,927	3,133,142	(76.3%)
Income tax	28,038	224	nm
Profit for the period	**770,965**	**3,133,366**	**(75.4%)**
Attributable to owners of the company	*873,859*	*2,935,673*	*(70.2%)*
Attributable to non-controlling interests	*(102,894)*	*197,693*	*nm*
Other comprehensive income	499,589	(1,247,369)	nm
Total comprehensive income for the period	1,270,554	1,885,997	(32.6%)
Attributable to owners of the company	1,333,693	1,716,658	(22.3%)
Attributable to non-controlling interests	(63,139)	169,339	(137.3%)

Key Balance Sheet Items (*IDR millions*)	Mar 2017	Dec 2016	% variance
Investment in equity securities	24,181,966	23,801,617	1.6%
Cash and cash balances	1,167,532	488,439	139.0%
Borrowings	4,523,743	4,574,832	(1.1%)
Total liabilities	5,418,105	5,777,735	(6.2%)
Equity attributable to shareholders	20,462,877	18,984,334	7.8%

Key highlights:

Q1'17 performance mainly driven by the share price movement of listed investee companies:

Increase in share price and contribution to
- TBIG (IDR4,980 to IDR5,450): IDR760 billion
- ADRO (IDR1,695 to IDR1,750): IDR284 billion
- MDKA (IDR2,000 to IDR 2,500): IDR340 billion

Decrease in share price
- PALM (IDR 456 to IDR 400) which has adversely impacted our value by IDR176 billion

Divestment
- Completed the sale of PT Lintas Marga Sedaya – operator of Cipali toll-road on 17 January 2017

Key variances:

Decrease in income
- The decrease in income was due to first implementation implication on SFAS 65 (IFRS 10) – on investment entity.

Increase in income tax
- Reversal on deferred tax, as a result on sale of investment asset

Increase in other comprehensive income
- Due to mark to market from AFS portfolio, majorly coming from Adaro shares.

Restricted

Change to Financial Reporting Presentation

Starting from the first half of 2016, we began to apply "PSAK 65: Exemption on the Consolidation" in reporting our financial performance, which is aligned with the Company's business model as an active investment company, provides more transparency to daily business activities and reflects the true value growth of the Company

As the change is applied prospectively, the Company's 2016 financial reports is not comparable with its 2015 financial reports

Key accounting changes	**Financial reports prior to 2016**	**Financial reports from 2016 onwards**
Operating subsidiaries	• Consolidated into accounts	• Not consolidated except for subsidiaries that are considered an extension of the Company's investing activities i.e. provide investment management services
Investments in controlled entities, associates and joint ventures (with ownership of ≥20%)	• Accounted at equity value	• Accounted as fair value to profit and loss • New account of "Unrealized Net Gain on Investment in Equity Securities" to reflect unrealized potential gain
Investments classified as Available for Sale (with ownership of <20%)	• Accounted as mark-to-market to Other Comprehensive Income account	• Accounted as mark-to-market to Other Comprehensive Income account

Equity Risks and Mitigation Strategy

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Potential risks

Movement in the share prices of the three major investee companies (ADRO, TBIG and MPMX) could impact Saratoga in the following manner

1 **Value of Saratoga's investment portfolio**

- ADRO, TBIG and MPMX accounts for 78% of total portfolio value
- 10% decline in ADRO (IDR175), TBIG (IDR545) and MPMX (IDR86) share price equates to a decline of 7.8% of portfolio value (IDR1.9 trillion)(*)

2 **Cash top-up on borrowings**

- Cash top-up as collateral may be required if share prices decline
- Cash top-up is triggered if ADRO's share price declines below IDR700 per share and TBIG's share price declines below IDR5,300 per share (assuming IDR/USD = 14,500)

3 **Saratoga's capability to source for funding**

- When ADRO's and TBIG's share prices decline, Saratoga may face challenges in sourcing liquidity using shares as collateral for bank loans, exchangeable bonds, or for placement / divestment

Mitigation strategy

To mitigate and minimize equity risk, Saratoga continues to diversify its investment portfolio, while maintaining a minimum cash balance

Combination of ADRO, TBIG and MPMX as collaterals

- Provides diversification given the following correlations for the past 500 days
- TBIG vs ADRO (-0.41), TBIG vs MPMX (-0.05) and ADRO vs MPMX (+0.84)

Short term liquidity as buffer

- Minimum cash balance and short term facility to cover cash top-up in the event that share prices decline

Unpledged equity shares in investee companies

- Majority of Saratoga's equity shares in the three major investee companies remain unpledged as of 31 December 2016
- ADRO (59% of Saratoga's equity shares unpledged), TBIG (51%), MPM (71%)

(*) Based on share prices as of 31 March 2017

USD Interest Rate Risk

Exposure: US$188.25 million of USD Loan, US$81.7 million of exchangeable bonds

Borrowings are floating, while the exchangeable bond is fixed.

Float loan:
- If interest goes up (risk)
- Affect cash flow

USD Loans	Outstanding	Interest
ING Bank Ltd	120,000,000	LIBOR 3M + 3.85% (90m) & +4.85% (30m)
Natixis	68,250,000	LIBOR 3M + 3.5%
Total USD	**188,250,000**	

Libor ↑ 1 bps, float interest loss = USD 18,825

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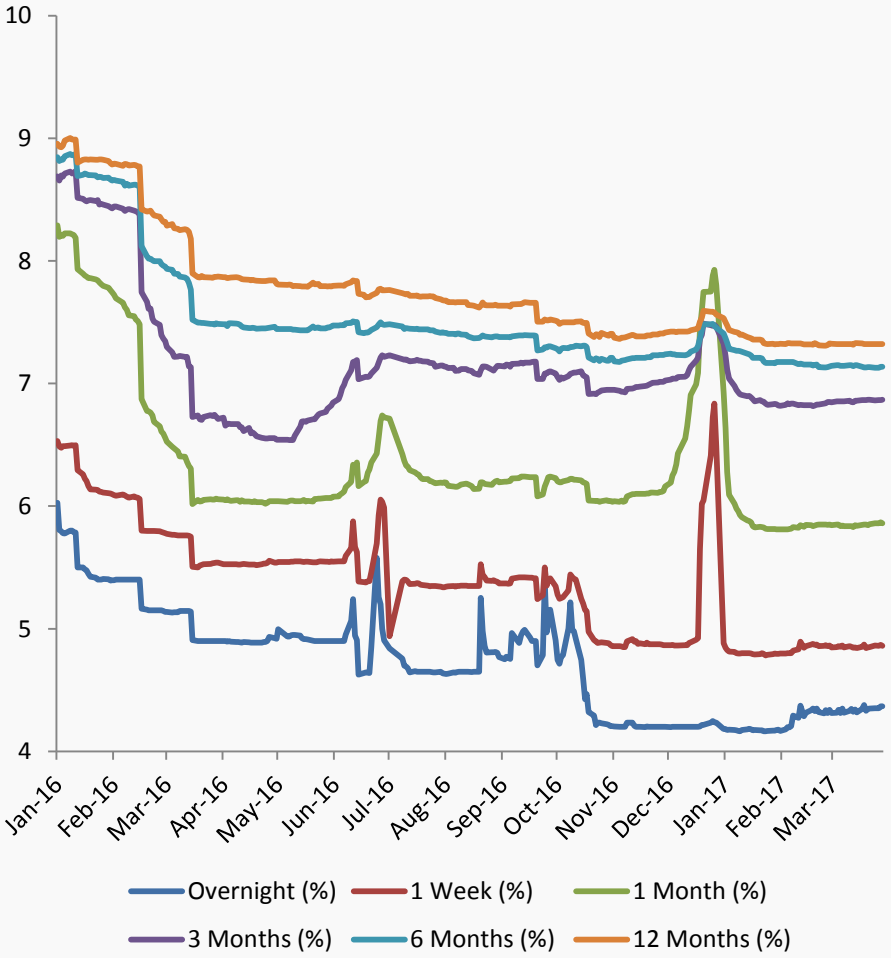
IDR Interest Rate Risk



JIBOR trend has stabilized for the last 12 months

Exposure:
74% of SIS IDR loan is fixed
26% is floating - JIBOR

IDR Loans	Outstanding	Interest
DBS MTN	725 b	11.75%
MUFG borrowing	250 b	3.75% + JIBOR 9.6% - Mar. 17
Total	**975 bio**	

JIBOR ↑ increases by 1%, our funding cost will increase by IDR 2.5b per annum.

Restricted

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