

# PT SARATOGA INVESTAMA SEDAYA TBK

9M 2016 Results

November 2016

# Disclaimer

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# CORPORATE INFORMATION

# Saratoga, a Leading Active Investment Company



- Leading active investment company in Indonesia with NAV of over USD 1 billion
- Listed on the IDX in 2013, provides access for investor to Early Stage Opportunities in Indonesia
- Focus on early-stage, growth-stage, and special situation opportunities
- Actively engaged with investee companies' management teams in unlocking value of investments
- Invest in key sectors of the Indonesian economy: Consumer, Infrastructure and Natural Resources






# Diversified Investment Portfolio



We invest across the three key sectors in early and growth stages and grow them into listed blue chip companies



		Early Stage Companies	Growth Companies	Listed Blue Chip Companies	% Sum of the Parts (SOTP)
		<ul style="list-style-type: none"> <li>✓ Early-stage companies provide large upside potential</li> <li>✓ Ability to acquire larger stakes allows SIS to exert significant influence, develop company strategy and products and generate strong return</li> </ul>	<ul style="list-style-type: none"> <li>✓ Growth companies generate sustainable and healthy cash flows for SIS' portfolio</li> <li>✓ Provides great upside potential when growth companies enter into mature phases</li> </ul>	<ul style="list-style-type: none"> <li>✓ Blue-chip Investee Companies are established industry leaders with growth and capital appreciation opportunities</li> <li>✓ SIS to remain a long-term shareholder in these businesses</li> </ul>	
	Natural Resources	<b>Sihayo Copper Gold</b> <i>gold</i> <b>Sumatra Copper &amp; Gold</b> <i>gold</i> <b>Finders Resources</b> <i>copper</i> <b>Agro Maju Raya</b> <i>palm</i> <b>Agra Energi Indonesia</b> <i>oil &amp; gas</i>	<b>Merdeka Copper Gold</b> <i>gold &amp; copper</i> <b>Provident Agro</b> <i>palm</i> <b>Interra Resources</b> <i>oil &amp; gas</i>	<b>Adaro Energy</b> <i>coal &amp; power</i>	38%
	Infrastructure	<b>Tenaga Listrik Gorontalo</b> <i>power</i>	<b>Medco Power Indonesia</b> <i>power</i> <b>Paiton Energy</b> <i>power</i> <b>Tri Wahana Universal</b> <i>refinery</i> <b>Lintas Marga Sedaya</b> <i>toll-road</i> <b>Nusa Raya Cipta</b> <i>construction</i> <b>Seroja Investment</b> <i>shipping</i>	<b>Tower Bersama Infrastructure</b> <i>telco tower</i>	54%
	Consumer		<b>Mitra Pinasthika Mustika</b> <i>auto</i> <b>Gilang Agung Persada</b> <i>lifestyle</i> <b>Etika Karya Usaha</b> <i>property</i> <b>Mulia Bosco Logistik</b> <i>logistics</i> <b>Awal Bros Hospital*</b> <i>healthcare</i>		8%
SOTP		3%	29%	69%	

Data presented are as of 30 Sep 2016  
IDR/USD as of 30 Sep 2016 = 12,998  
Source: Company information

Note:  
\* New investment in healthcare started October 2016

# Net Asset Value Growth

Market conditions in 2015 proved a test for our philosophy to be an active investor. Sentiment across the world and regional equity markets impacted asset values. However, looking back we believe the results for 2015 demonstrate we have stood up well to this test.

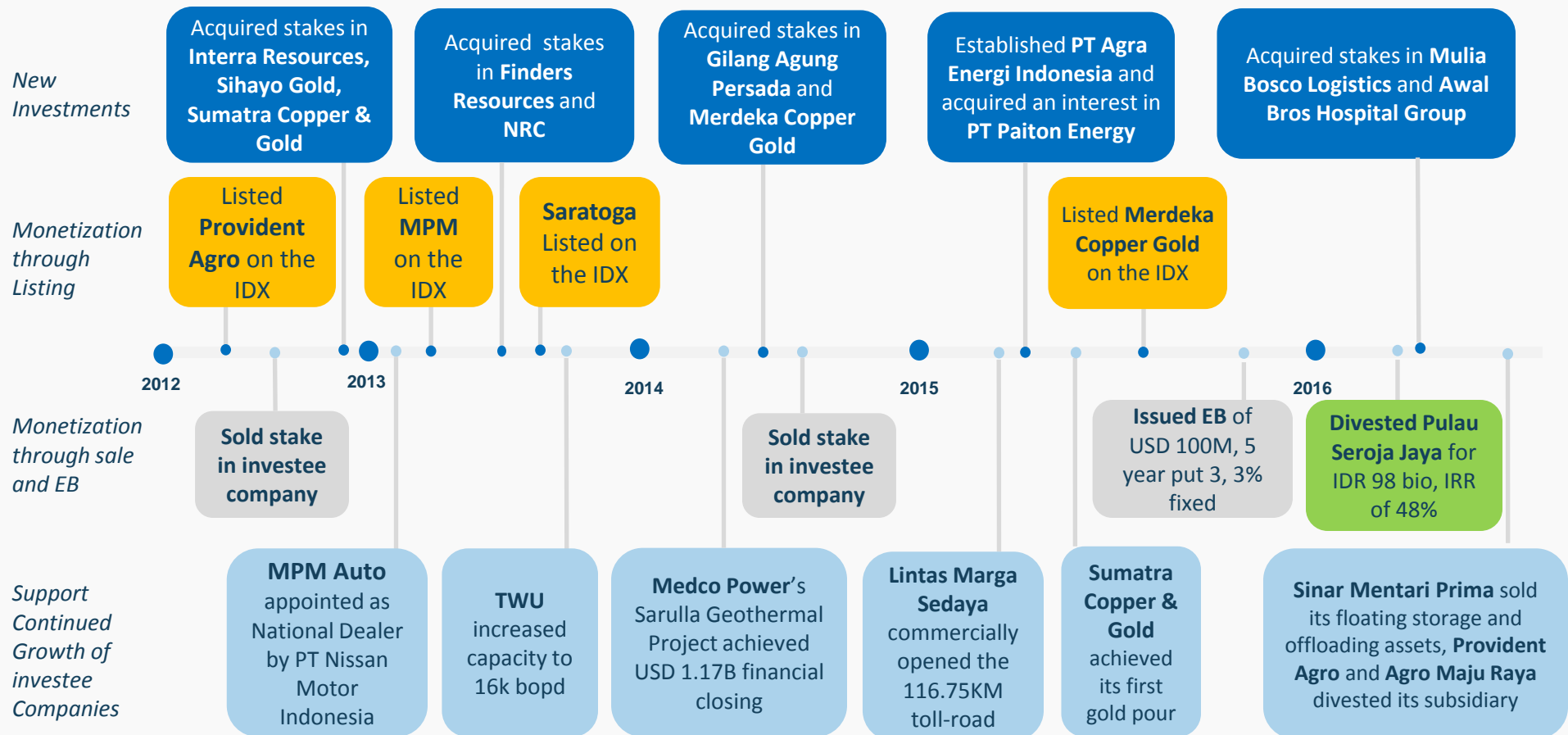


NAV per Share\*  
CAGR-8 years = 37.33%

JCI  
CAGR-8 years = 18.76%

\* 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.

# We Invest and Grow through the Cycle





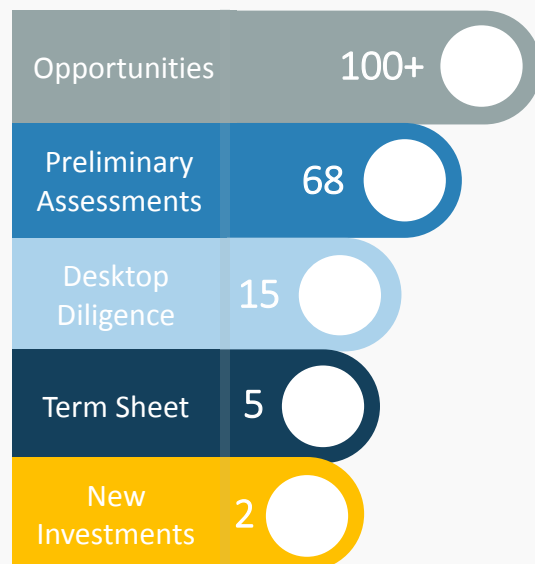
# INVESTMENT ACTIVITIES



# Disciplined Execution in Investment Selection

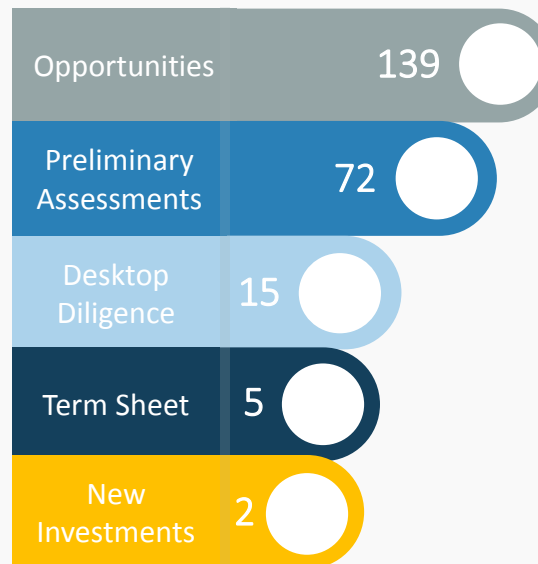
Despite market conditions, we select new investments in a disciplined and prudent approach. We consistently managed to gather 100+ opportunities and executed 2-3 new investments annually.

## 2013



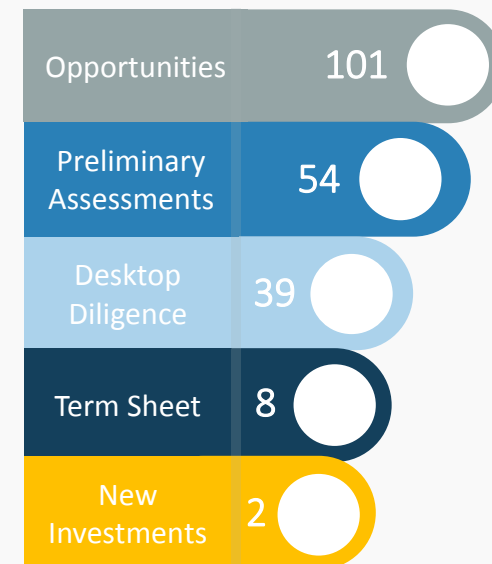
1. PT Finders Resources
2. PT Nusa Raya Cipta

## 2014



1. PT Gilang Agung Persada
2. PT Trimitra Karya Jaya (Merdeka Copper Gold)

## 2015



1. PT Agra Energi Indonesia
2. PT Batu Hitam Perkasa (Paiton Energy)

**As of Q3 2016**, we have made 2 new investments in PT Mulia Bosco Logistik, a cold-chain logistics company and PT Famon Awal Bros Sedaya, a hospital group with the brand of Awal Bros Hospital.

## New Investments in 2016

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### **Mulia Bosco Logistik**

- 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.

Date of Investment : January 2016

Invested Capital : IDR 32 billion

#### **Investment Thesis:**

- **High Demand on Vital Logistics Infrastructure**
- **Scalable Business**
- **Reputable Brand**
- **Limited Players**

### **Awal Bros Hospital**

- Saratoga invests in PT Famon Awal Bros Sedaya, a hospital group that operates 4 hospitals in Jakarta, Tangerang, Bekasi, and Makassar under the brand Awal Bros Hospital.
- The investment represents an excellent opportunity to participate in Indonesia's burgeoning healthcare industry.

Date of Investment : October 2016

Invested Capital : IDR 75 billion

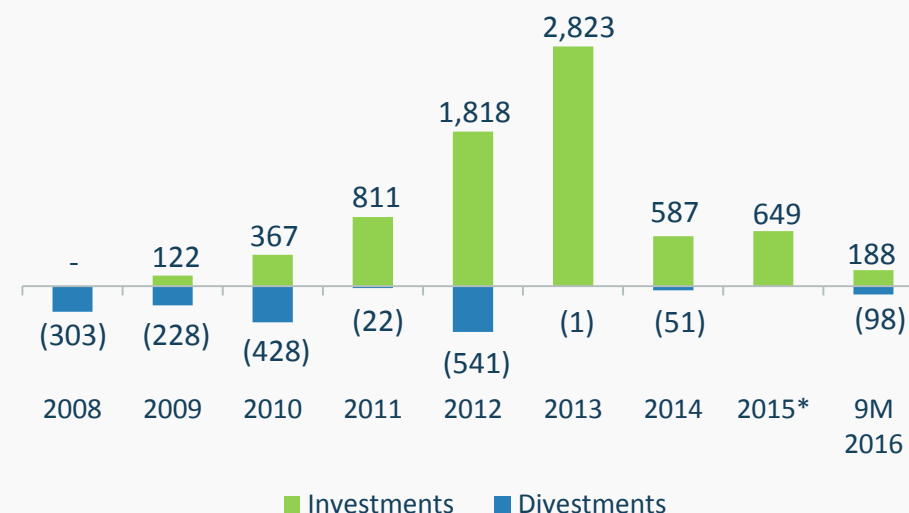
#### **Investment Thesis:**

- **High Growth Prospect**
- **Relatively Defensive Nature of Business**
- **Scalability**
- **Leading Quality Healthcare Provider**

# Investments & Divestments

<i>In IDR (billions)</i>		2015	9M 2016
<b>New Investments</b>		304	107
<b>Follow-On Investments</b>	<b>Natural Resources</b> (Merdeka, Amara, Sumatra)	232	<b>Natural Resources</b> (Sihayo, Sumatra, Agra) 80
	<b>Infrastructure</b> (LMS, TBIG)	107	<b>Infrastructure</b> 0
	<b>Consumer</b>	0	<b>Consumer</b> 0
<b>Share Buy Back</b>		6	1
<b>Total Investments<sup>(1)</sup></b>		649	188
<b>Divestments</b>		0	PSJ 98

[1] Only include investments in shares



**IDR 649 billion** was invested in 2015, including IDR 304 billion in new investments.

We invested a total of IDR 7,195 billion in the last 8 years.

\*In 2015, we issued an Exchangeable Bond worth USD 100 million maturing in 5 years with a put option on year 3. The bond is exchangeable to TBIG shares.



# INVESTEE COMPANIES HIGHLIGHTS

# Natural Resources



- **PT Adaro Energy Tbk.** through PT Bhimasena Power Indonesia (BPI) **achieved financial closing** in June 2016 **for its 2x1,000 MW power project** in Batang Regency, Central Java.
- Adaro through its subsidiary signed a Share Sale Agreement with BHP Minerals Holdings Pty. Ltd. and BHP Minerals Asia Pacific Pty. Ltd. for the **purchase and takeover of all shares in the Indomet Coal project**, consisting of seven Coal Mining Business Work Agreements (PKP2B) in Central Kalimantan, for an overall transaction value of USD 120 million.
- These achievements bring Adaro closer to its vision to be a leading Indonesian mining and energy group.



- Listed Merdeka Copper Gold on the IDX in June 2015 with market capitalization of IDR 7T.
- Its Tujuh Bukit Project is considered one of the largest untapped mineral resources in Indonesia, with geological conditions allowing for low cost processing.
- Merdeka **achieved USD 130 million financial closing** with 3 major banks to support its production activities. The project is expected to start its commercial production end of 2016.
- We invested a total of IDR 580B, with an effective interest of 18.7% (post IPO).

# Infrastructure

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- **PT Lintas Marga Sedaya (LMS)**, the concession holder of 116.75-km Cikopo-Palimanan (Cipali) toll road **saw an increase in traffic**. During the 2016 Eid al-Fitr homecoming season, the total number of vehicles traveling through the Cipali Toll was recorded at more than a million vehicles.
- Saratoga invested in PT Lintas Marga Sedaya, since 2006 and started construction in 2013 after successfully completed 100% land acquisition.
- Construction completed in 1.5 years and the toll road commercially opened since June 2015.



- **PT Triwahana Universal**, an investee company operating a mini refinery in Bojonegoro, had stopped its production since January 2016.
- The crude oil supply was stopped to wait further clarification on the well-mouth price formula for mini refinery.
- On 23 June 2016, Ministry of Energy and Mineral Resources issued a decree no. 168.K/12/DJM.B/2016 regarding temporary crude oil pricing that is applicable to TWU.
- As of the mid August 2016, TWU's production has restarted.

# Consumer Products & Services

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- **PT Mitra Pinasthika Mustika Tbk.**, a leading consumer automotive company in Indonesia, continues to strengthen its business fundamentals, improve operational efficiency and employ strategic initiatives to increase competitiveness.
- MPMX booked 9% revenue growth to IDR 8.9 trillion in 1H 2016 compared to the same period last year.
- The Company also managed to book Net Profits Attributable to the Parent (NPATMI) of IDR 180 billion in the same period of 2016. NPATMI increased 52% q-o-q.
- As part of its commitment to shareholders, MPMX paid out IDR 75.9 billion cash dividends, or 2.5 times greater than previous year. The dividends made up 26.6% of the profits attributable to owners of the parent companies.





# FINANCIAL HIGHLIGHTS



# Change to Financial Reporting Presentation



Starting from the first half of 2016, PT Saratoga Investama Sedaya Tbk. applies “PSAK 65: Exemption on the Consolidation” in reporting its financial performance, which is aligned with the Company’s business model as an active investment company. As the change is applied prospectively, the company’s financial reports of 2016 cannot be compared with the financial reports of 2015.

## New Financials Reporting

1. Does not consolidate subsidiaries except for subsidiaries that are considered an extension of the Company’s investing activities (subsidiaries that are non-investment entities which provide investment management services to the Company).
2. Account for investments in controlled entities, associates, and joint ventures at fair value through profit or loss.

## Old Financials Reporting

1. Consolidates investment subsidiaries.
2. Account for investments in controlled entities, associates, and joint ventures at equity values.

# Profit & Loss Statement – 9M 2016



	<i>IDR billions</i>	
	<i>1H 2016</i>	<i>9M 2016</i>
Unrealized net gain on investment in equity securities*	4,573	5,672
Dividend Income	229	462
Net gain on FX differences	148	191
Other income	146	357
<b>Total Income</b>	<b>5,097</b>	<b>6,682</b>
Interest Cost	(141)	(202)
Salary & Operational Costs	(67)	(102)
Other Costs	(19)	(258)
<b>Total Expenses</b>	<b>(227)</b>	<b>(562)</b>
<b>Profit for the period attributable to shareholders</b>	<b>4,718</b>	<b>5,933</b>

\* Include one-off gain of IDR 2.2T due to the change in financial reporting.

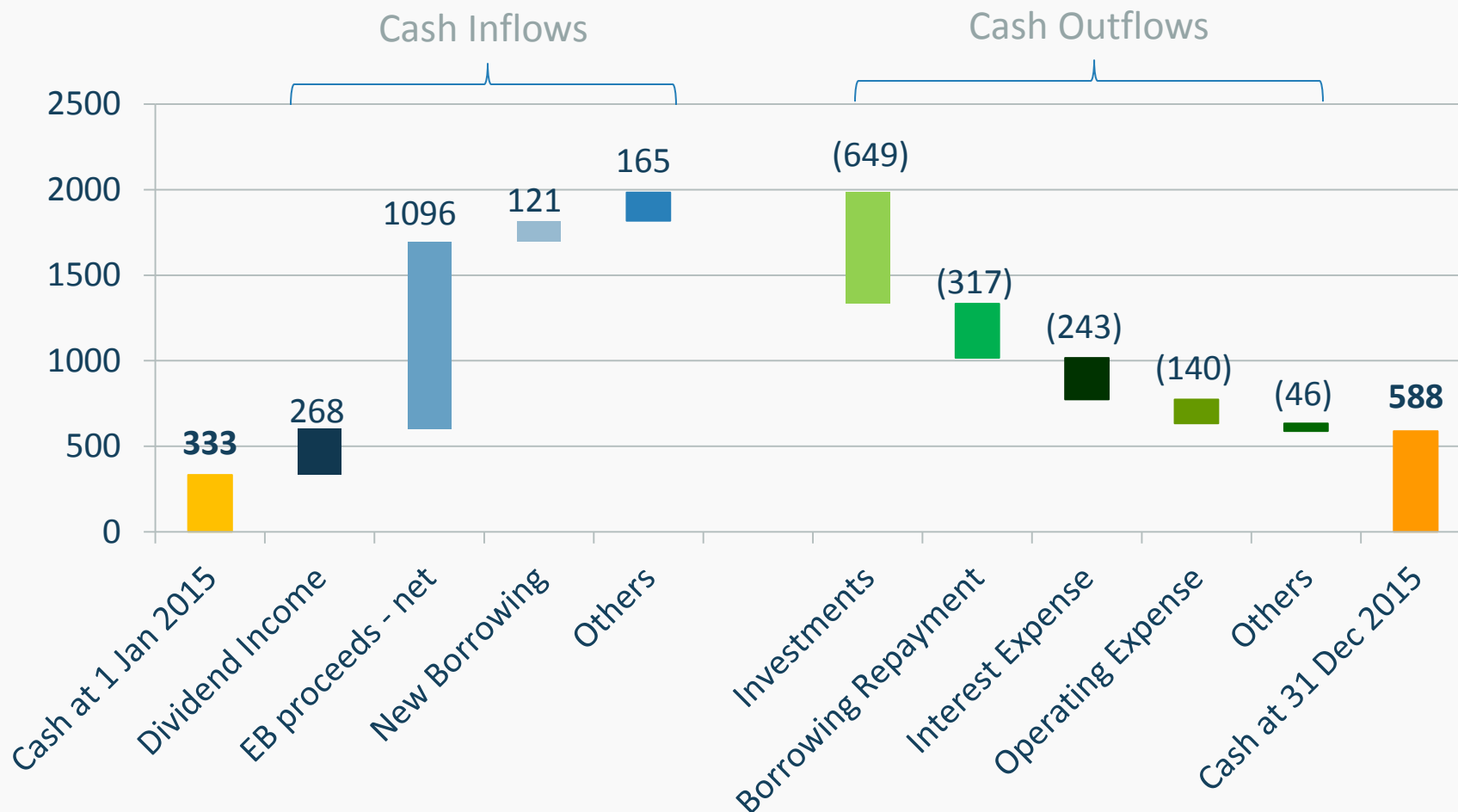
# Financial Positions – 9M 2016



	<i>IDR billions</i>	
	<i>1H 2016</i>	<i>9M 2016</i>
Cash and cash equivalents	574	741
Restricted cash	43	110
Investment in equity securities	20,691	22,236
Advances for investment in equity securities	188	142
<b>TOTAL ASSETS</b>	<b>21,890</b>	<b>23,551</b>
Borrowings	2,893	2,857
Medium Term Notes	719	720
Exchangeable Bond	869	878
<b>TOTAL LIABILITIES</b>	<b>4,608</b>	<b>4,528</b>
<b>Net Equity attributable to shareholders</b>	<b>16,787</b>	<b>18,516</b>
<b>Net Asset Value of investment portfolio*</b>	<b>16,602</b>	<b>18,196</b>

\* NAV accounted exchangeable bond on cash basis instead of fair value

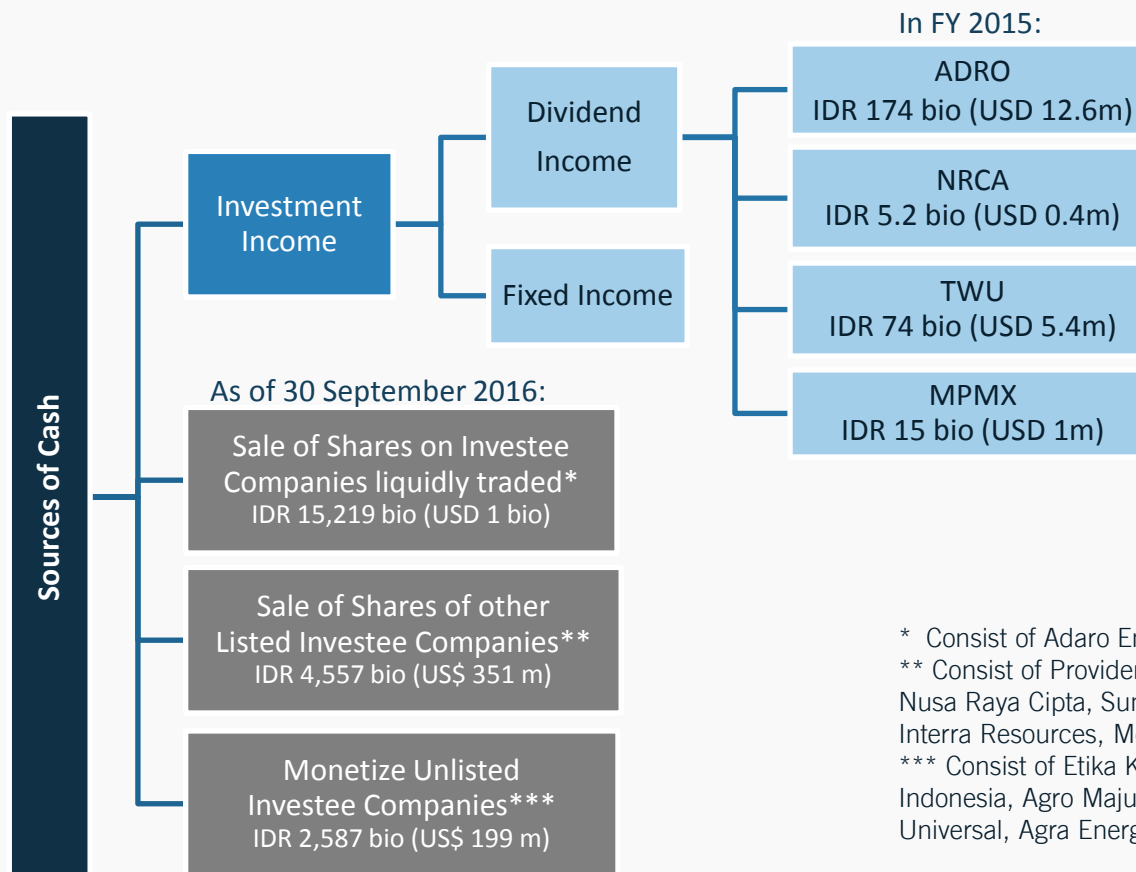
## Cash Flow – FY 2015



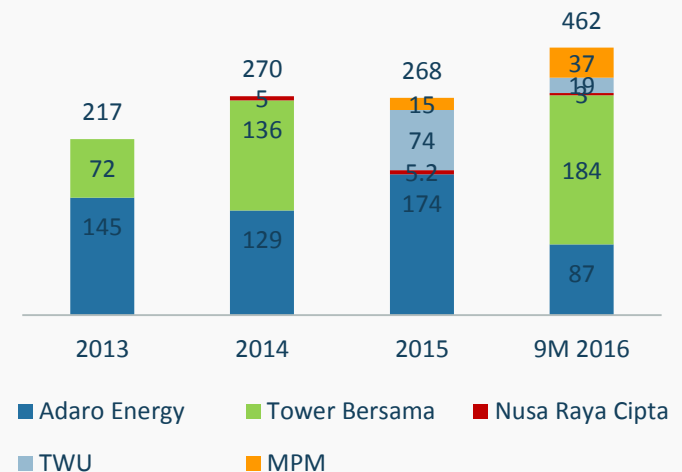
Data presented are as of 31 Dec 2015  
 IDR/USD as of 31 Dec 2015 = 13,795  
 Source: Company information

# Diversified Sources of Cash

Saratoga has multiple internal sources of cash and liquidity



Dividend Income



\* Consist of Adaro Energy and Tower Bersama

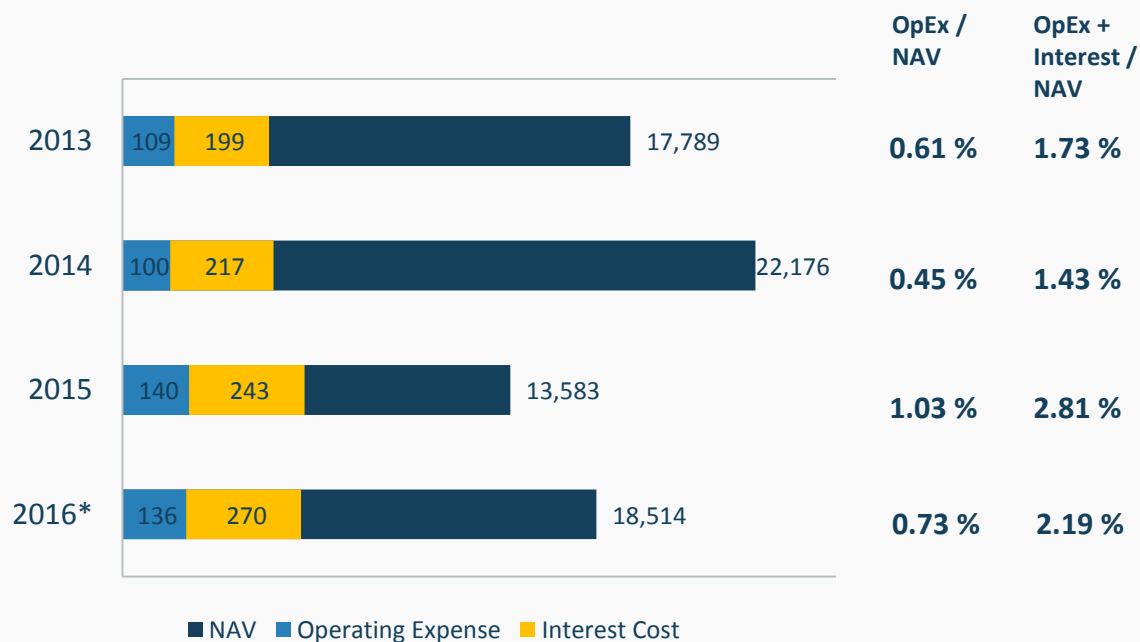
\*\* Consist of Provident Agro, Mitra Pinasthika Mustika, Seroja Investment Limited, Nusa Raya Cipta, Sumatra Copper and Gold, Sihayo Gold, Finders Resources and Interra Resources, Merdeka Copper Gold

\*\*\* Consist of Etika Karya Usaha, Tenaga Listrik Gorontalo, Medco Power Indonesia, Agro Maju Raya, Lintas Marga Sedaya, Sinar Mentari Prima, Tri Wahana Universal, Agra Energi Indonesia, Batu Hitam Perkasa and Pulau Seroja Jaya

# Operating Expense vs. NAV

(In IDR billion)

## Operating Expense - Parent Level vs. NAV



### Operating Expense – Parent Level

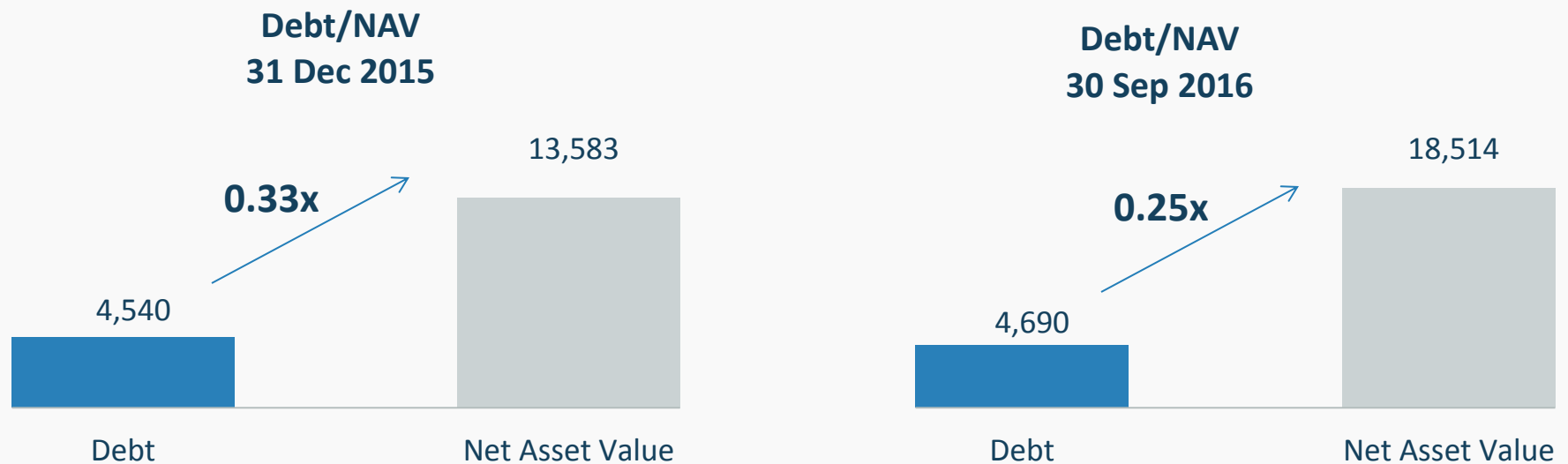
- We maintain low operating expense at parent level .
- Operating Expense includes salary, rental, professional fees, and other operating expenses at Saratoga parent level.
- The increase in OpEx/NAV ratio in 2015 was driven by both the decline in NAV and increase OpEx related to investment due diligence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

\* We used annualized 9M 2016 Operating Expense and Interest cost to calculate the ratio for 2016.

# Strong Capital Structure



We maintained strong capital structure as can be shown in Debt to Net Asset Value Ratio

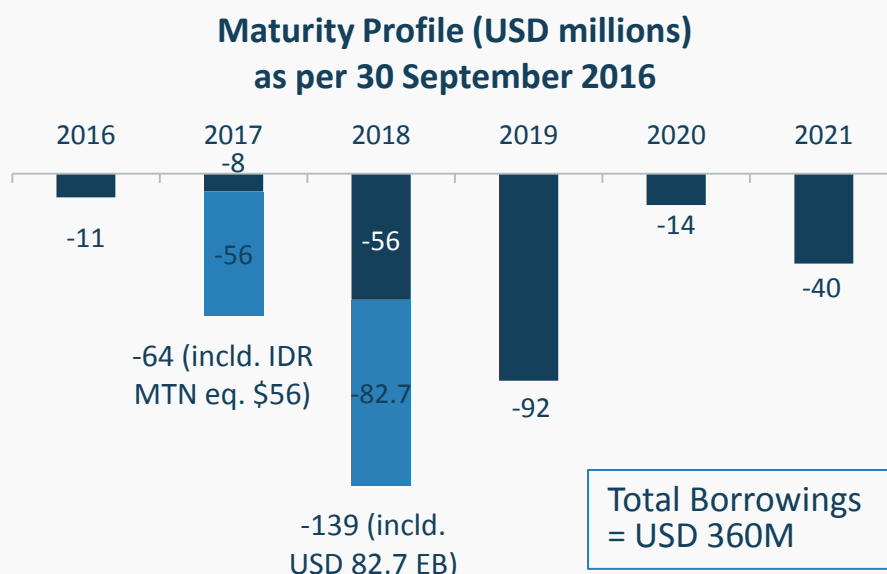


The IDR 4.9T increase in Net Asset Value was mainly driven by the increase in market values of ADRO, MPMX, and TBIG of IDR 2.9T.

As of 31 Dec 2015, we calculated Net Asset Value for listed companies using market values based on 2 weeks VWAP and non-listed companies using book values. In order to align with the implementation of financial reporting change, as of 2016, we calculated Net Asset Value for listed companies using last price and non-listed companies using fair values as stated in the financial reports.

# Strong Funding Capability

## Aligning Loan Maturity Profile with Investment Duration



### Cash Availability:

- Preserve Cash at Saratoga's parent level sufficient to cover our borrowing principal.
- Keep Bank facility available for immediate needs.

## Diversifying 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

- Bank Loans**
  - Types: Revolving Credit Facility, Bilateral Loan, Syndicated Loan
  - Banks: SCB, ING, Natixis, HSBC, and others
- 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
- Exchangeable Bond**
  - Issued a 5-year, put option at year 3, USD 100 million EB in May 2015 with a coupon of 3%, YTM 3.75%
  - Exchangeable to TBIG common shares at IDR 10,707



# Net Asset Value



## Valuation as per 30 Sep 2016

Valuation as per 30 Sep 2016				Current		Previous Year End			
				31-Dec-15	30-Sep-16	30-Sep-16		31-Dec-15	
Investments	Effective Ownership	Effective Ownership	CCY	Last Market Price (ccy)	Valuation (IDR bio)	Last Market Price (ccy)	Valuation (IDR bio)	Change (IDR amount)	% Change (IDR)
Natural Resources									
1 PT Adaro Energy Tbk	16,38%	16,38%	IDR	1205	6.315	491	2.572	3.742	145%
2 Provident Agro	44,16%	44,16%	IDR	460	1.446	505	1.588	(142)	-9%
3 Sumatra Copper and Gold plc	28,16%	28,02%	AUD	0	49	0	86	(37)	-43%
4 Sihayo Gold Limited	18,14%	18,14%	AUD	0	26	0	28	(2)	-7%
5 Finders Resources	7,11%	7,11%	AUD	0	84	0	60	24	41%
6 Interra Resources Limited	15,67%	15,67%	SGD	0	43	0	68	(25)	-37%
7 Merdeka Copper Gold	18,89%	18,89%	IDR	2000	1.348	2.005	1.352	(3)	0%
8 Agro Maju Raya	25,00%	25,00%		Fair Value		Book Value			
9 Agra Energi Indonesia	35,53%	35,53%		Fair Value		Book Value			
Non Listed Companies Subtotal					237		226	(96)	5%
Advance for investment - Natural Resources					27		14	13	98%
Infrastructure									
10 Tower Bersama Infrastructure	30,22%	30,43%	IDR	6100	8.904	5.911	8.581	323	4%
11 Nusa Raya Cipta	6,97%	6,97%	IDR	478	83	604	105	(22)	-21%
12 Seroja Investment Limited	23,26%	23,26%	SGD	0,04	34	0,056	49	(16)	-32%
13 Tri Wahana Universal	35,00%	35,00%		Fair Value		Book Value			
14 Medco Power Indonesia	12,30%	12,30%		Fair Value		Book Value			
15 Tenaga Listrik Gorontalo	46,25%	46,25%		Fair Value		Book Value			
16 Lintas Marga Sedaya	18,00%	18,00%		Fair Value		Book Value			
17 Sinar Mentari Prima	50,00%	50,00%		Fair Value		Book Value			
18 PT Batu Hitam Perkasa	16,67%	16,67%		Fair Value		Book Value			
PT Pulau Seroja Jaya	9,61%	0,00%		Fair Value		Book Value			
Non Listed Companies Subtotal					1.215		1.392	(176)	-13%
Advance for investment - Infrastructure					38		22	16	71%
Consumer									
19 Mitra Pinasthika Mustika	47,62%	48,62%	IDR	665	1.443	468	994	449	45%
20 Etika Karya Usaha	29,40%	29,40%		Fair Value		Book Value			
21 Gilang Agung Persada	4,17%	4,17%		Fair Value		Book Value			
22 Mulia Bosco Logistik	0,00%	5,63%		Fair Value		Book Value			
23 Satria Sukses Makmur	99.85%	99.85%		Fair Value		Book Value			
Non Listed Companies Subtotal					815		143	672	470%
Advance for investment - Consumer					77		62	14	23%
Others**				Book Value	177	Book Value	192	(15)	-8%
Sum of investee companies					22.362		17.535	4.827	28%
- Debt per 30 Sept / 31 Dec					4.690		4.540	150	
+ Cash per 30 Sept / 31 Dec					842		588	254	
Net Asset Value for SIS					18.514		13.582	4.932	36%

## FX Rates per 30 Sep 2016 per BI mid rate

USDIDR	12.998
AUDIDR	9.912
SGDIDR	9.522

## FX Rates per 31 Dec 2015 per BI mid rate

USDIDR	13.795
AUDIDR	10.064
SGDIDR	9.751

## DISCLAIMER:

The information contained in this document is intended solely for the use of our internal reference. We used conservative method to do the above calculation. There might be some difference of calculation against the market value. We make no representations or warranties, express or implied, with respect to the information herein.



## PT Saratoga Investama Sedaya Tbk.

Correspondence Address:

Menara Karya 15<sup>th</sup> Floor

Jl. H.R. Rasuna Said Kav. 1-2

Jakarta 12950

For further information, please contact:

Leona Karnali: [leona.karnali@saratoga-investama.com](mailto:leona.karnali@saratoga-investama.com)