

# PT SARATOGA INVESTAMA SEDAYA TBK

Q1 2016 Results

May 2016

# Disclaimer

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# CORPORATE INFORMATION

# Saratoga, a Leading Active Investment Company



- Leading active investment company in Indonesia with an estimated NAV of USD 1 billion
- Listed on the IDX in 2013 among the top 100 largest market capitalization stocks in IDX
- 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



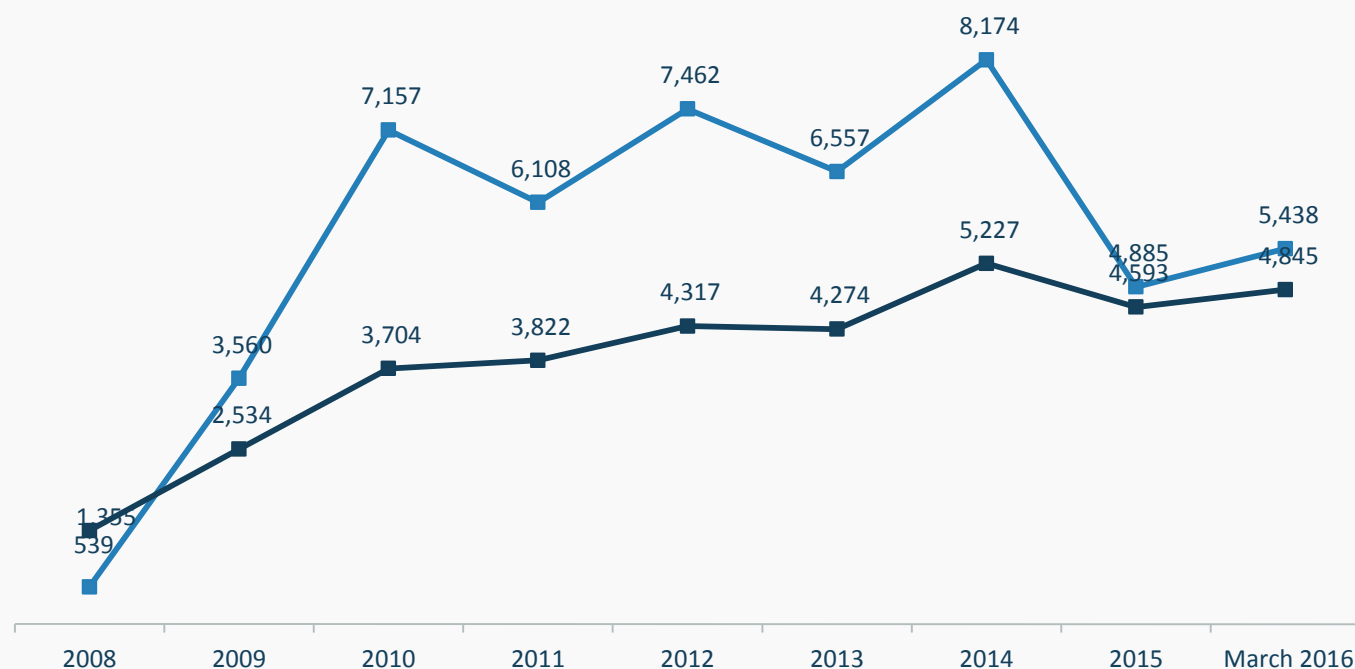
We invest across the three key sectors in early and growth stages and grow them into listed blue chip companies



		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> Agro Maju Raya <i>palm</i> Agra Energi Indonesia <i>oil</i>	<b>Merdeka Copper Gold</b> <i>copper</i> <b>Provident Agro</b> <i>palm</i> <b>Interra Resources</b> <i>oil</i>	<b>Adaro Energy</b> <i>coal</i>	37%
	Infrastructure	Tenaga Listrik Gorontalo <i>power</i>	Medco Power Indonesia <i>power</i> Paiton Energy <i>power</i> Tri Wahana Universal <i>refinery</i> Lintas Marga Sedaya <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>tower</i>	56%
	Consumer		<b>Mitra Pinasthika Mustika</b> <i>auto</i> Gilang Agung Persada <i>lifestyle</i> Etika Karya Usaha <i>property</i> Mulia Bosco Logistik <i>logistics</i>		7%
SOTP		3%	30%	68%	

# Net Asset Value Growth

Market conditions in 2015 proved a test for our philosophy to be an active investor. Sentiment across 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 = 31.71%

JCI  
CAGR-8 years = 16.48%

Note:

\* NAV per Share is adjusted on capital raising

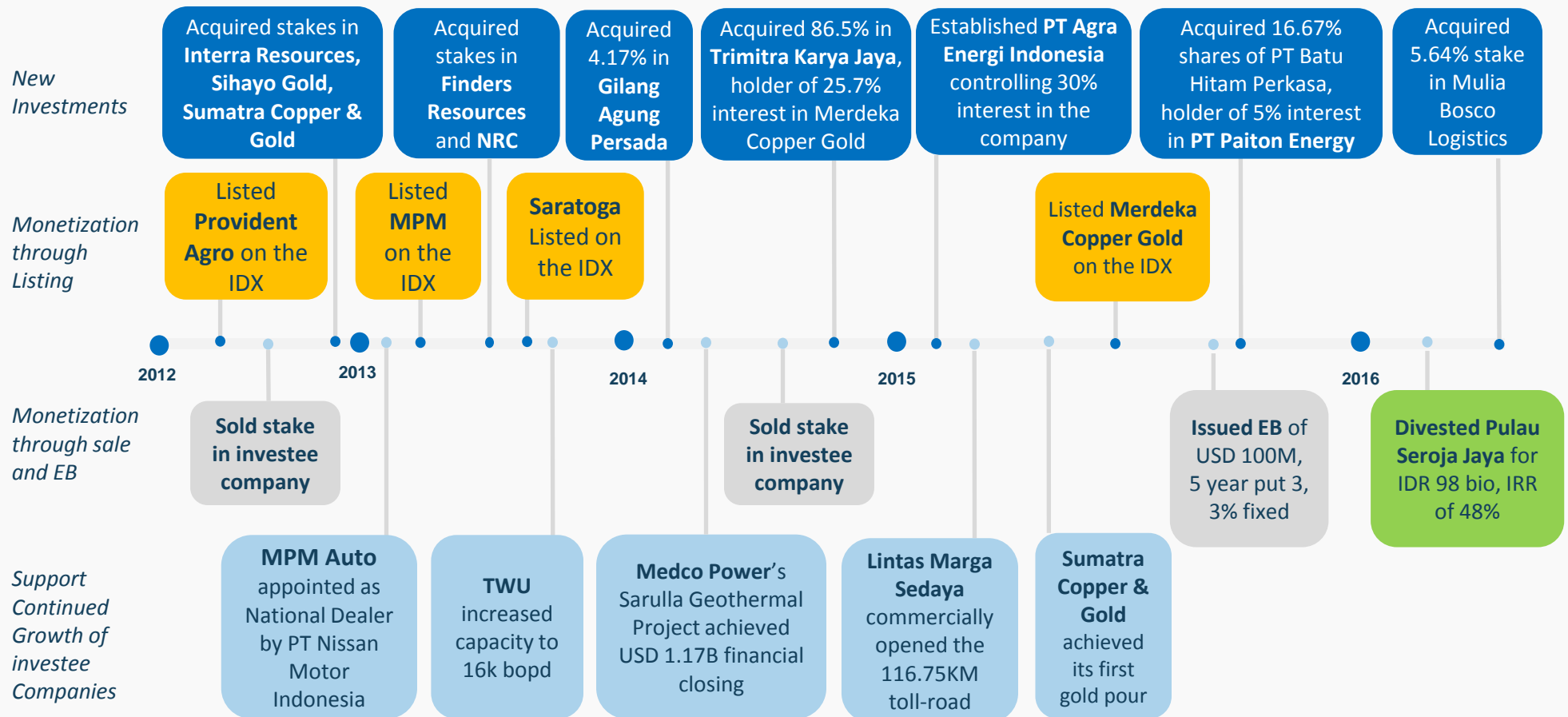
The information contained in this document is intended solely for the use of our internal reference. We used conservative method to do the NAV calculation using market value to calculate all investments in listed companies and book value to calculate all investments in non-listed companies. We make no representations or warranties, express or implied, with respect to the information herein.

Data presented are as of 31 Mar 2016

IDR/USD as of 31 Mar 2016 = 13,276

Source: Company information

# We Invest and Grow through the Cycle



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 IDR/USD as of 31 Mar 2016 = 13,276  
 Source: Company information



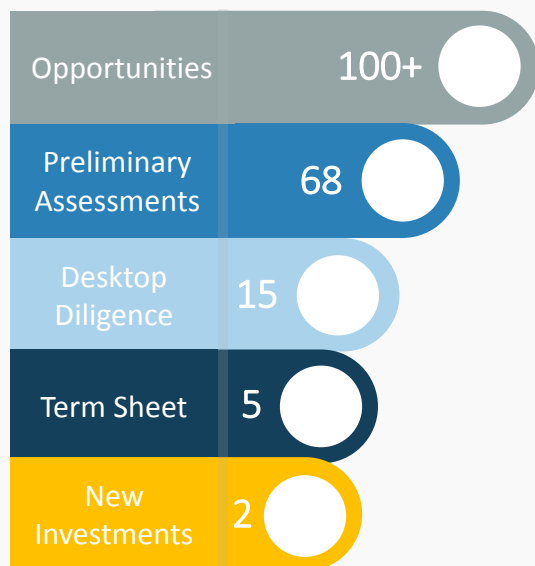
# INVESTMENT ACTIVITIES



# Disciplined Execution in Investment Selection

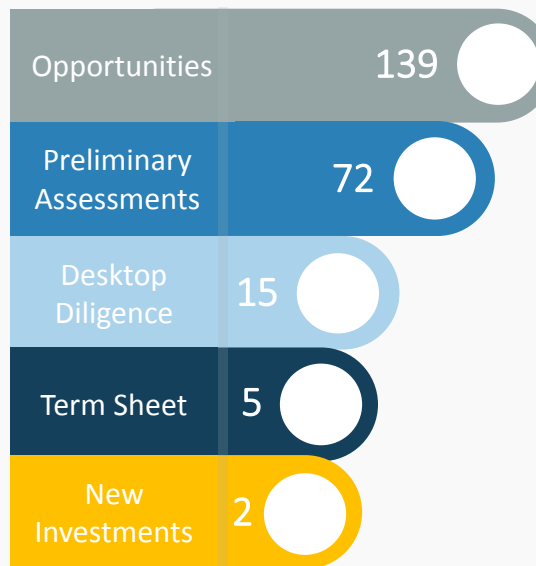
Despite market conditions, we select new investments in a disciplined and prudent approach. We consistently managed to gather 100+ opportunities and executed 2-3 new investments annually.

## 2013



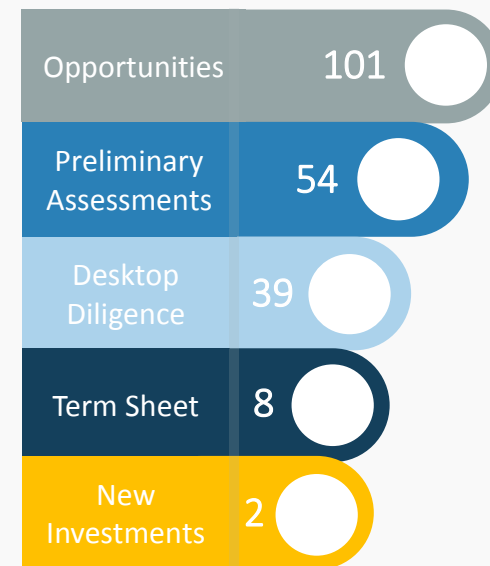
1. PT Finders Resources
2. PT Nusa Raya Cipta

## 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)

# New Investments



## Agra Energi Indonesia

- An early stage upstream oil & gas exploration company, jointly established by ex-executives of Unocal.
- Focuses on creating leveraged optionality on early stage exploration assets, particularly deep sea opportunities based in East Indonesia

Date of Investment : Oct 2015  
Invested Capital : USD 5.6 mio  
Investment : up to USD 7.5 mio  
Effective Interest : 30%

### Investment Thesis:

- **Experienced management team** with strong history in the region and successful track record.
- **Unique focus** on East Indonesia and deep water exploration
- **Capital efficient** entry points into upstream oil and gas assets

## Paiton Energy

- One of the largest IPP in Indonesia with 2,035MW power generating capacity
- Part of the 4GW Paiton power station serving the Java-Bali power grid.

Date of Investment : Aug 2015  
Invested Capital : USD 2 mio  
Effective Interest : 0.83%

### Investment Thesis:

- **Growing power industry in Indonesia**  
25GW of the 35 GW generators to be built over the next 5 years would be allocated to IPPs.
- **Strong financials and predictable cash flows**  
PPA's stable and long term nature provides strong and stable cash flow.
- **Partners' Extensive IPP experience**  
PE's sponsors are world's leading power players extensive experience in power plant operations.

## 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.

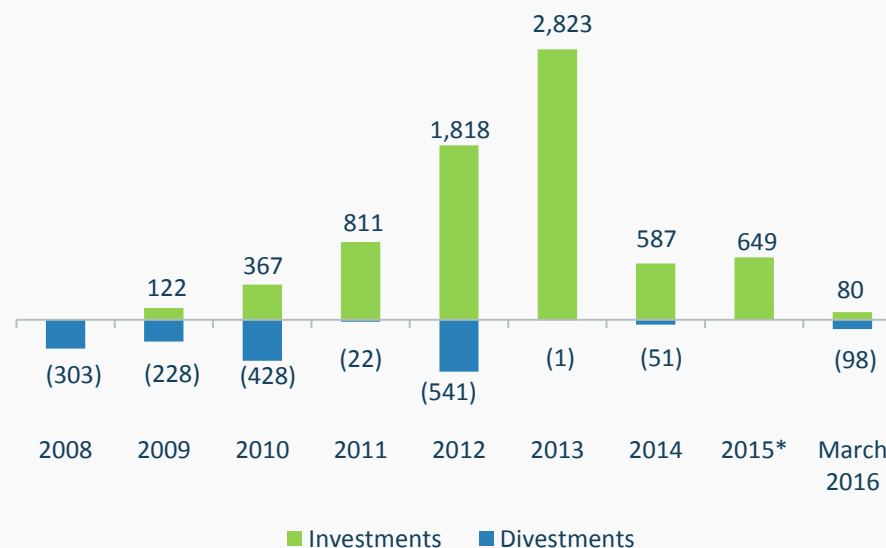
Date of Investment : January 2016  
Invested Capital : IDR 18.4 billion  
Effective Interest : 5.63%

### Investment Thesis:

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

# Investments & Divestments

<i>In IDR (billions)</i>		2015	March 2016
<b>New Investments</b>		304	18
<b>Follow-On Investments</b>	<b>Natural Resources</b> (Merdeka, Amara, Sumatra)	232	<b>Natural Resources</b> (Amara, Sihayo, Sumatra, Agra) 62
	<b>Infrastructure</b> (LMS, TBIG)	107	<b>Infrastructure</b> 0
	<b>Consumer</b>	0	<b>Consumer</b> 0
<b>Share Buy Back</b>		6	0
<b>Total Investments</b>		649	80
<b>Divestments</b>		0	PSJ 98



**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.

# Significant Milestones of Our Investee Companies



- Commercially opened the 116KM Cipali Toll-Road, a ~10% addition to Indonesia's total toll road length.
- We invested in PT Lintas Marga Sedaya, the concession holder of the Cipali toll road, since 2006.
- We dribbled in our investment through equity (IDR 215B) and mezzanine loan (USD 8.3M), with an effective interest of 18.0% (excludes mezz)



- 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).



- Achieved first gold pour at Tembang Gold project, Sumatra Copper & Gold's flagship project.
- SUM is a listed gold producer on the ASX with projects located in several locations in Sumatera, Indonesia.
- We made first investment in December 2012 and continued to hold 27.4% effective ownership in the company.

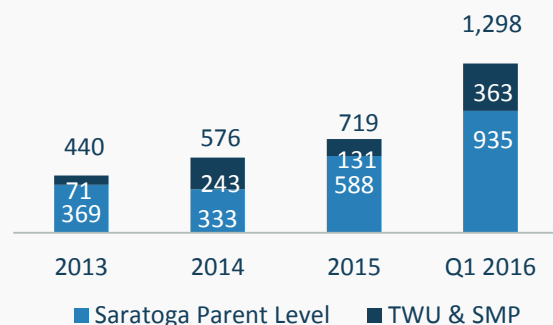


# FINANCIAL HIGHLIGHTS

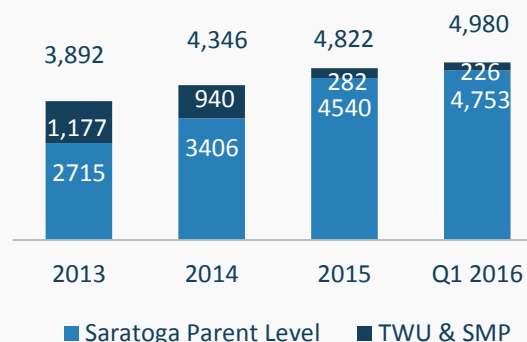
# Consolidated Financial Position

(In IDR billion)

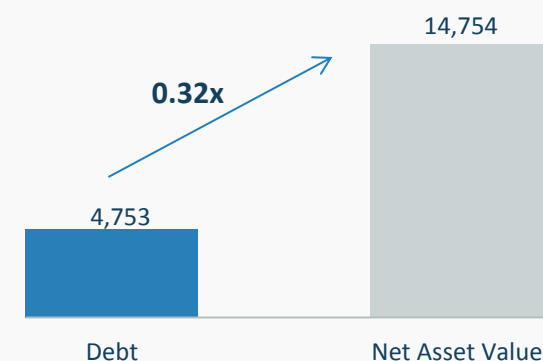
## Consolidated Cash & Restricted Cash



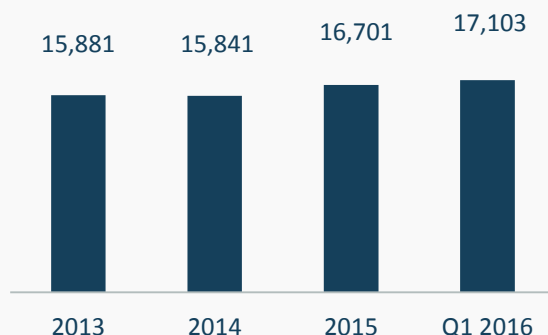
## Consolidated Debt



## Debt/NAV as of 31 Mar 2016

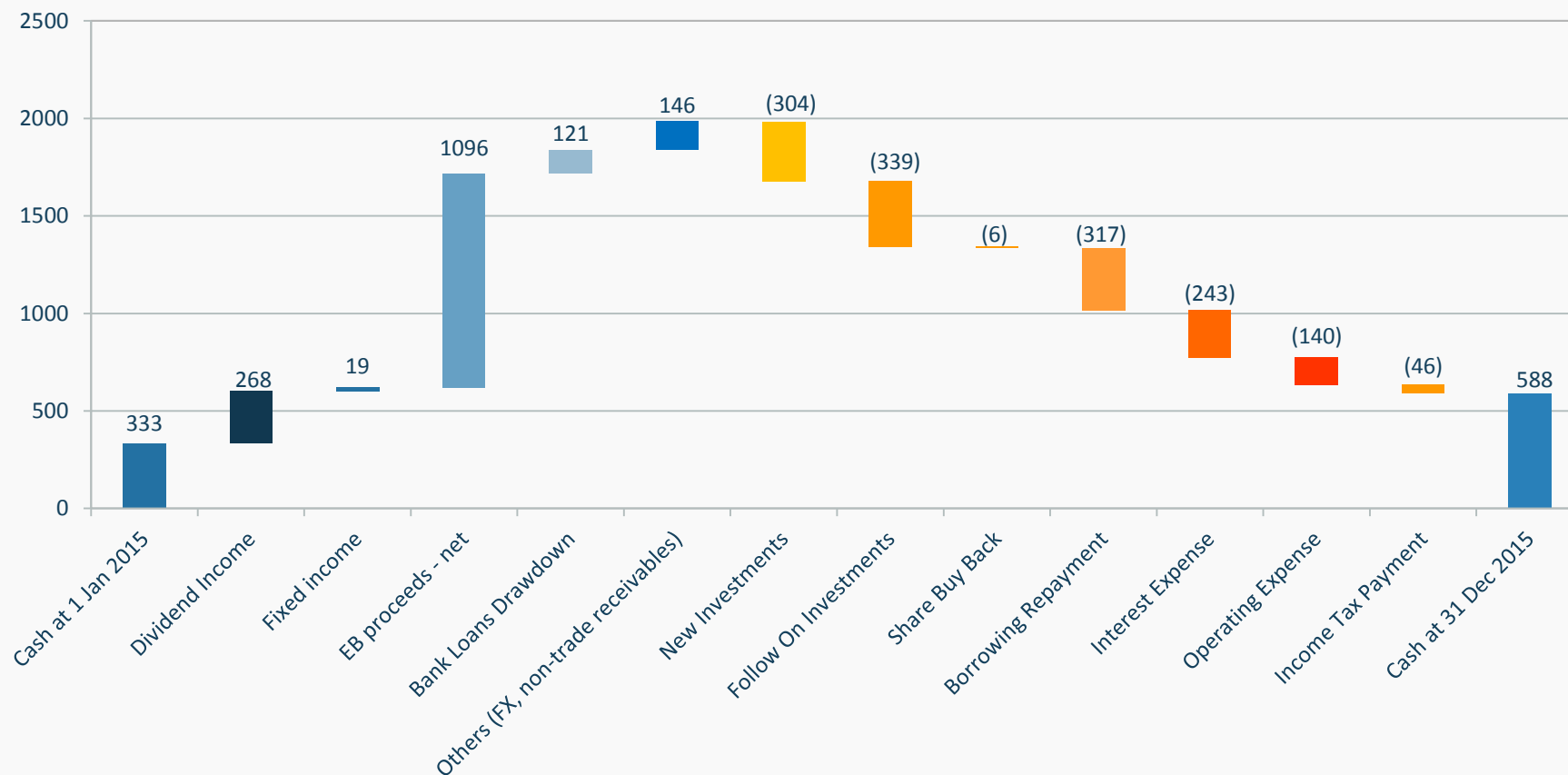


## Consolidated Assets



- Q12016 Consolidated Cash and Restricted Cash increased by IDR 579B driven by cash inflow from divestment (IDR 98B), dividend income (IDR 77B), and additional borrowing (IDR 400B) at Saratoga parent-level and cash inflow at TWU.
- As of Q1 2016, consolidated cash was at IDR 1,145B and restricted cash was at IDR 154B.
- Consolidated Assets increased by 39% in FY 2015 due to increase in AFS asset to IDR 2.9 T from investment in Merdeka Copper Gold.
- NAV increased by 9% from IDR 13.6T as of 31 Dec 2015 to IDR 14.8T as of 31 March 2016, driven by the increase in ADRO share price (2-weeks VWAP) from IDR 493 to IDR 693.
- Net Debt/NAV improved from 0.33x as of 31 Dec 2015 to 0.32x as of 31 March 2016 due to improvement in NAV.

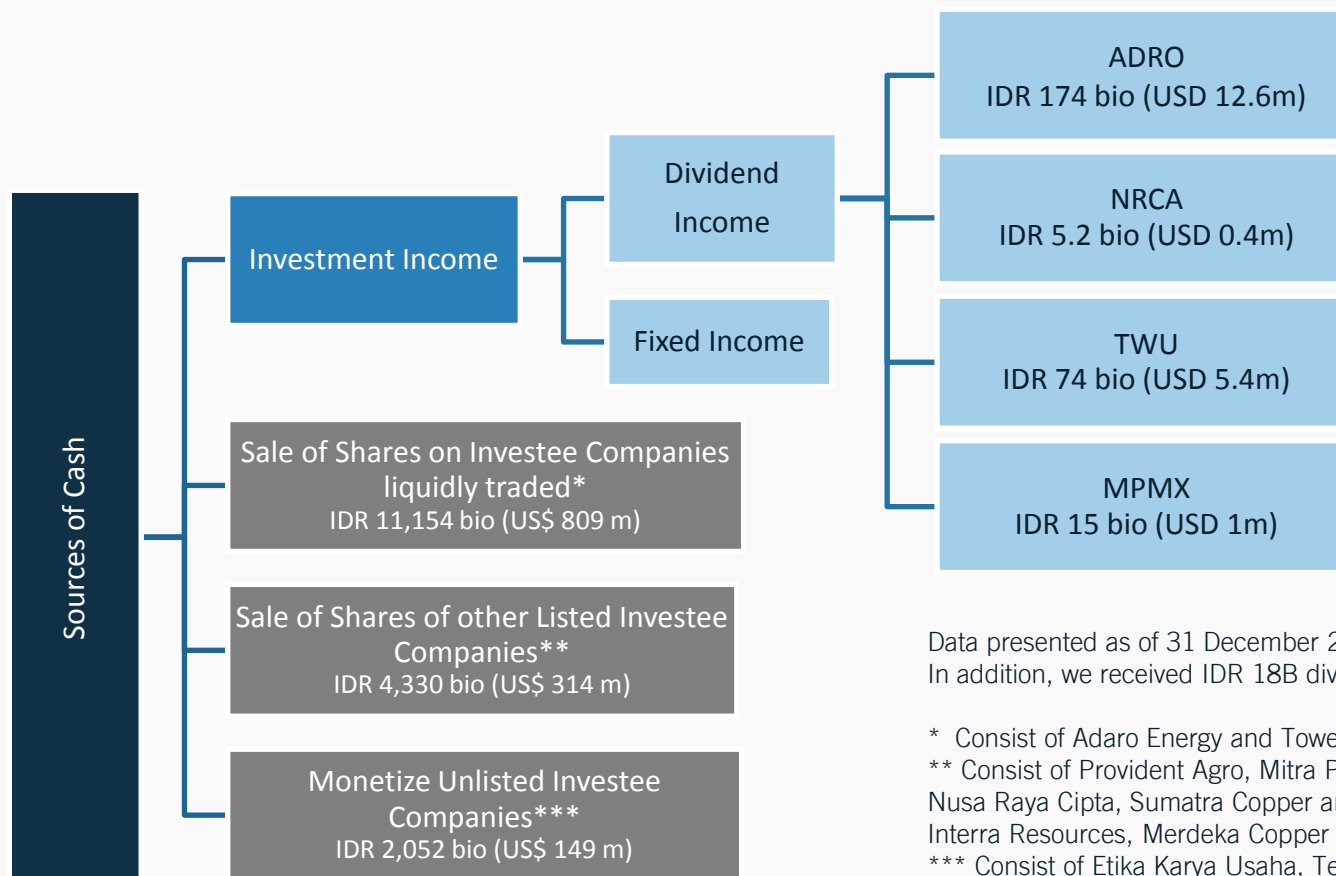
## Cash Flow – Parent Level



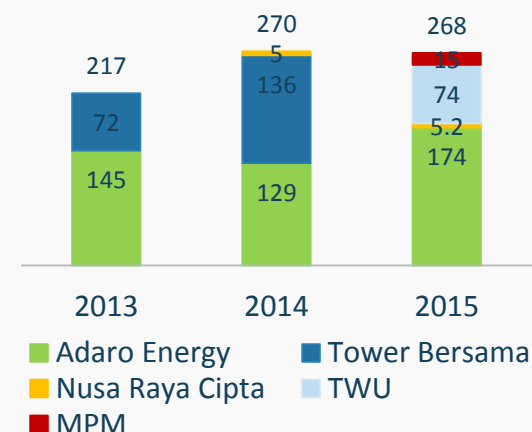
Data presented are as of 31 Mar 2016  
 IDR/USD as of 31 Mar 2016 = 13,276  
 Source: Company information

# Diversified Sources of Cash

Saratoga has multiple internal sources of cash and liquidity



Dividend Income  
(in IDR Billion)



Data presented as of 31 December 2015.

In addition, we received IDR 18B dividend from TWU in April 2016.

\* 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

Data presented are as of 31 Dec 2015

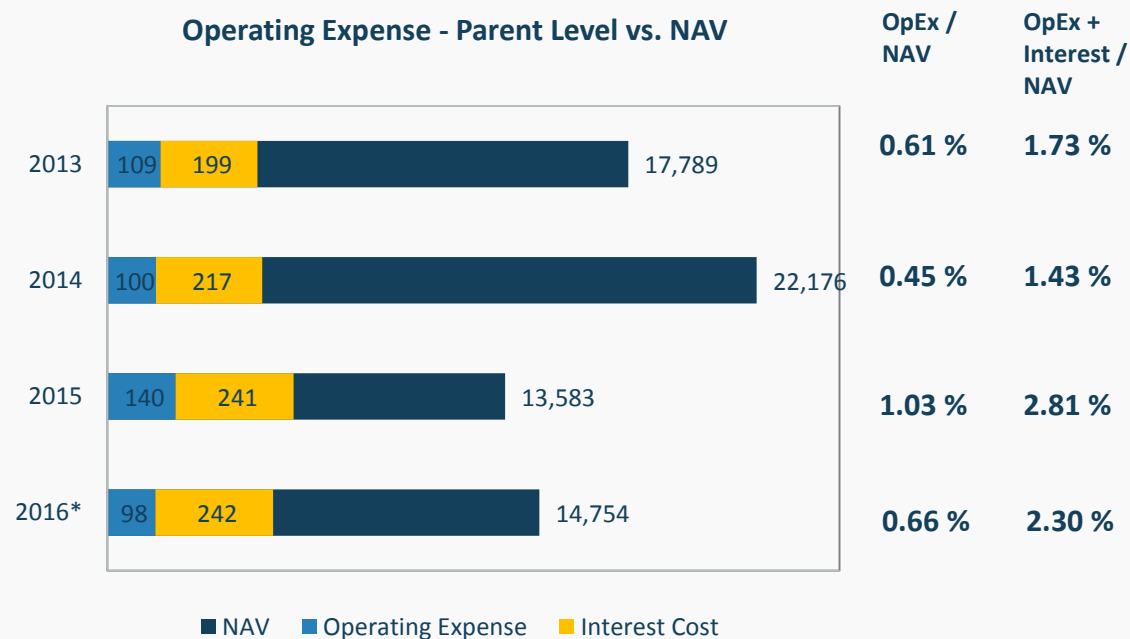
IDR/USD as of 31 Dec 2015 = 13,795

Source: Company information



# Operating Expense vs. NAV

(In IDR billion)



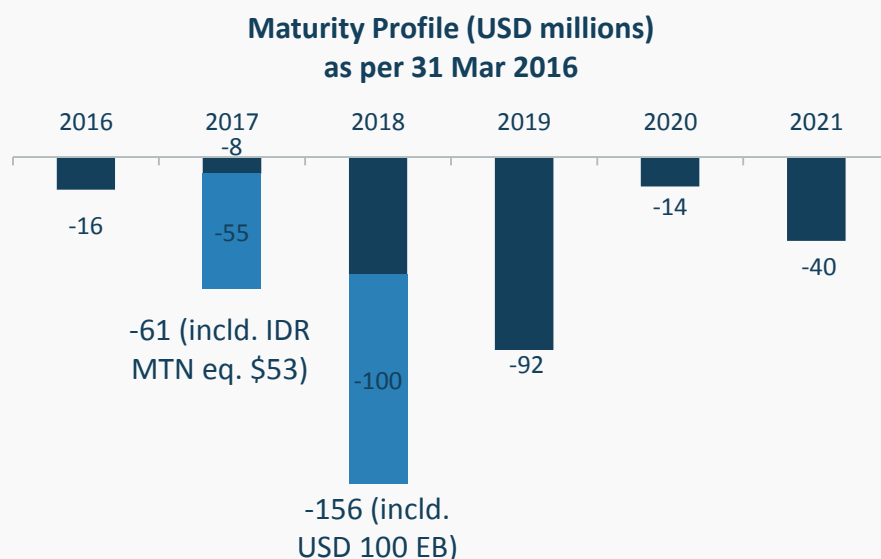
## Operating Expense – Parent Level

- 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 Q1 2016 Operating Expense – parent level and Interest cost to calculate the ratio for 2016.

# 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.
- Additional cash flows from investee company dividends and divestments are expected in 2016.

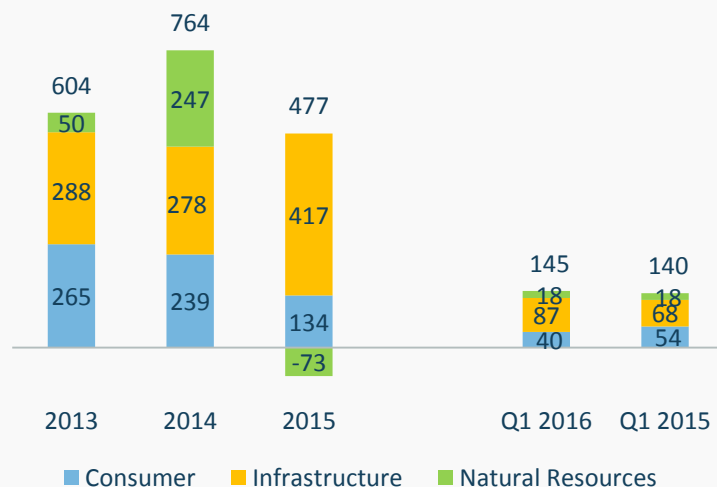
## Diversifying Funding Sources

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

# Consolidated Income Statement

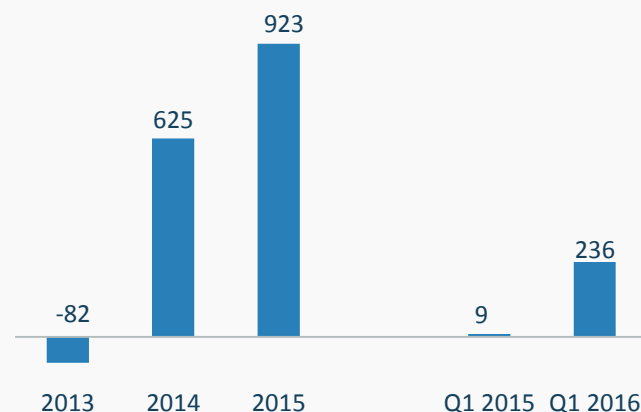
**Net Share Profit from Associates**  
(in IDR billion)



## Net Share Profit

- The decline in Net Share Profit in 2015 mainly driven by Early stage investee companies while the Listed Blue Chip Companies such as Adaro, Tower Bersama, and MPM remain positive and contribute IDR 802 billion in net share profit.
- Net Share Profit in 2016 remained stable

**Profit Attributable to Shareholders**  
(in IDR billion)



## Profit Attributable to Shareholders

- FY2015 Consolidated net profit attributable to shareholders increased 48% to IDR 923 billion, mainly driven by realization of investment value in Merdeka as the company became listed IDR 1T.
- Q1 2016 Consolidated net profit attributable to shareholders increased due to unrealized FX gain of IDR 141B and gain of IDR 70B from divesting PT Pulau Seroja Jaya (IRR 48%).

# Net Asset Value



## Valuation as per 31 Mar 2016

Investments	Effective Ownership	Effective Ownership	CCY	Current		Previous Year End		Change (IDR amount)	% Change (IDR)
				31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15		
				2wks VWAP Market Price (ccy)	Valuation (IDR bio)	2wks VWAP Market Price (ccy)	Valuation (IDR bio)		
<b>Natural Resources</b>									
1 PT Adaro Energy Tbk	16.38%	16.38%	IDR	693	3,634	491	2,572	1,062	41%
2 Provident Agro	44.16%	44.16%	IDR	487	1,530	505	1,588	(58)	-4%
3 Sumatra Copper and Gold plc	28.02%	28.16%	AUD	0.05	104	0.04	86	18	21%
4 Sihayo Gold Limited	18.14%	18.14%	AUD	0.02	45	0.01	28	17	59%
5 Finders Resources	7.11%	7.11%	AUD	0.13	61	0.13	60	2	3%
6 Interra Resources Limited	15.67%	15.67%	SGD	0.09	72	0.09	68	4	6%
7 Merdeka Copper Gold	18.89%	18.89%	IDR	1705	1,150	2,005	1,352	(202)	-15%
8 Agro Maju Raya	25.00%	25.00%		Book Value	150	Book Value	158	(9)	-5%
9 Agra Energi Indonesia	35.53%	35.53%		Book Value	73	Book Value	68	5	8%
<b>Infrastructure</b>									
10 Tower Bersama Infrastructure	30.22%	30.22%	IDR	5997	8,706	5,911	8,581	125	1%
11 Nusa Raya Cipta	6.97%	6.97%	IDR	651	113	604	105	8	8%
12 Seroja Investment Limited	23.26%	23.26%	SGD	0.06	52	0.056	49	2	5%
13 Tri Wahana Universal	35.00%	35.00%		Book Value	486	Book Value	512	(26)	-5%
14 Medco Power Indonesia	12.30%	12.30%		Book Value	295	Book Value	314	(19)	-6%
15 Tenaga Listrik Gorontalo	46.25%	46.25%		Book Value	90	Book Value	77	13	17%
16 Lintas Marga Sedaya	18.00%	18.00%		Book Value	317	Book Value	336	(18)	-5%
17 PT Pulau Seroja Jaya	0.00%	9.61%		Book Value	-	Book Value	27	(27)	-100%
18 Sinar Mentari Prima	50.00%	50.00%		Book Value	115	Book Value	119	(4)	-3%
19 PT Batu Hitam Perkasa	16.67%	16.67%		Book Value	28	Book Value	28	-	0%
<b>Consumer</b>									
20 Mitra Pinasthika Mustika	47.62%	47.62%	IDR	500	1,062	468	994	68	7%
21 Etika Karya Usaha	29.40%	29.40%		Book Value	90	Book Value	91	(1)	-1%
22 Gilang Agung Persada	4.17%	4.17%		Book Value	63	Book Value	63	-	0%
23 Mulia Bosco Logistik	5.63%	0.00%		Book Value	18		-	-	-
24 Others				Book Value	315	Book Value	258	57	22%
<b>Sum of investee companies</b>					<b>18,571</b>		<b>17,536</b>	<b>1,035</b>	<b>6%</b>
- Debt					4,753		4,540	212	
+ Cash					935		588	348	
<b>Net Asset Value for SIS</b>					<b>14,754</b>		<b>13,583</b>	<b>1,171</b>	<b>9%</b>

### FX Rates per 31 Mar 2016 per BI mid rate

USDIDR	13,276
AUDIDR	10,162
SGDIDR	9,830

### FX Rates per 31 Dec 2014 per BI mid rate

USDIDR	12,440
AUDIDR	10,218
SGDIDR	9,422

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