

# PT SARATOGA INVESTAMA SEDAYA TBK

Q1 2015 Results

June 2015

# Disclaimer

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# CORPORATE INFORMATION

# Saratoga, a Leading Active Investment Company



Edwin Soeryadjaya	PT Unitas Pertama	Sandiaga S. Uno	Public
29.2%	31.5%	29.2%	10.2%

- Leading active investment company in Indonesia with IDR 22tn (USD 1.7bio) estimated NAV
- Listed on the IDX in 2013 with IDR 14tn (USD 1.1bio) current market cap, top 100 in terms of market cap
- First investment company of its kind to be rated by Fitch Ratings Agency: rating A(idn), stable outlook
- Invested across key sectors of the Indonesian economy: Consumer, Infrastructure and Natural Resources



Data presented are as of 31 Mar 2015  
 IDR/USD as of 31 Mar 2015 = 13,084  
 Source: Company information

# Our Investment Strategy



## OUR VISION

- ✓ World-class active investment firm in Indonesia
- ✓ Focus on GROWTH, STRENGTH and REPUTATION
- ✓ Partner of choice for both local and foreign investors

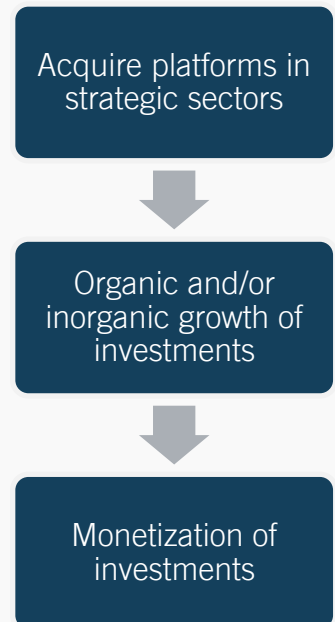
### Investment Mandate

- ✓ Good proxy to the Indonesian economy
- ✓ Three key target sectors:
  - Consumer Products and Services
  - Infrastructure
  - Natural Resources
- ✓ Blue-chip listed companies offering potential for strong growth with mitigation of portfolio downside risk
- ✓ Smaller early-stage investments with large upside potential






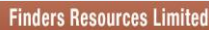















### Our Value Proposition



### Our Operating Model



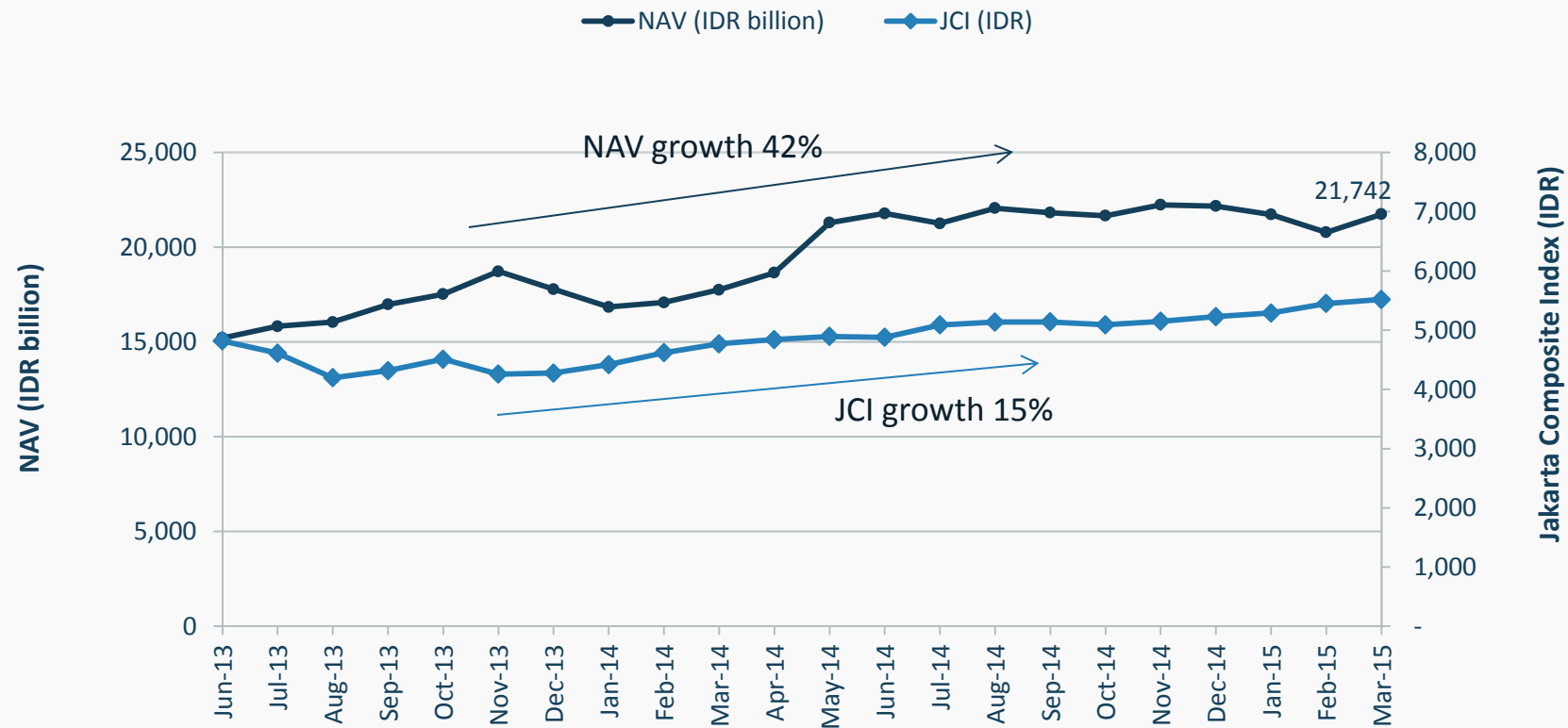
# Diversified Portfolio

<b>20 Investee Companies</b> <b>&gt;40,000 Employees</b> <b>&gt;USD 6 billion Revenue</b> <b>&gt;USD 11 billion Asset</b>		Early Stage Companies	Growth Companies	Listed Blue Chip Companies	<u>SOTP</u>  32%  61%  7%
  	Natural Resources	<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>	
	Infrastructure	    	   		
	Consumer		       		
% Sum of the Parts (SOTP)		5%	20%	75%	

# Focus on Growing Investment Value



## Saratoga NAV Growth since Listing



Data presented are as of 31 Mar 2015  
IDR/USD as of 31 Mar 2015 = 13,084  
Source: Company information



# PORTFOLIO HIGHLIGHTS



# Disciplined Execution in Investment Selection

Followed a disciplined approach in selecting new investments



New Investments: IDR 336 bio  
 Follow-On Investments: IDR 247 bio  
 Divestments: IDR 51 bio  
 Total investments: IDR 532 bio

Data presented are as of 31 Dec 2014  
 Source: Company information

We invested IDR 532 billion in 2014

Company	Amount (IDR bio)	Description
<b>Natural Resources</b>		
1. Trimitra Karya Jaya	275	<b>New Investment</b> into Gold & Copper project
2. Agro Maju Raya	68	Support for early stage palm plantation
3. Finders Resources	24	Capital support for ramping up copper production
4. Sihayo Gold	15	Capital support for licensing program at a gold mine with huge upside
5. Sumatra Copper & Gold	36	Support for near production mine
<b>Infrastructure</b>		
1. Lintas Marga Sedaya	41	Support for 116km toll road construction
2. Tower Bersama	(51)	Strategic divestment of TBIG shares
3. Tenaga Listrik Gorontalo	22	Social impact on the Gorontalo regency remains robust, in line with the original investment thesis
<b>Consumer</b>		
1. Gilang Agung Persada	61	<b>New Investment</b> into lifestyle business
2. Mitra Pinasthika Mustika	24	Support for MPM's expansion
3. Others	18	DBS Vickers & SSM & NEK

# Our Businesses

## Infrastructure Sector



*Indonesia's GDP growth target of 6-7% per year will not be achieved without improvement in infrastructure in various fields such as telecommunication, transportation, and energy*



### *Telecommunication Infrastructure*

#### **PT Tower Bersama Infrastructure Tbk** (ticker code: TBIG)

- 11,873 sites, 18,836 tenants, colocation ratio: 1.64
- Annualized Q1'15 EBITDA IDR 2.8 T; 84% coming from 4 highly rated telcos
- Effective ownership: 30.08%

### *Toll-road*

#### **PT Lintas Marga Sedaya & PT Nusa Raya Cipta** (ticker code: NRCA)

- Toll road concession holder of 116km Cikopo-Palimanan (Trans Java)
- On track for completion by mid of 2015
- Effective ownership in LMS: 18.00% & NRCA: 7.01%



### *Power*

#### **PT Medco Power Indonesia**

- Clean and renewable 220MW power generator
- Financial closing of Sarulla Geothermal Project
- Effective ownership: 12.30%

#### **PT Tenaga Listrik Gorontalo**

- Operating the 2x12 MW coal power plant, plan expansion of 2x50MW
- Effective ownership: 46.25%



### *Oil Refinery*

#### **PT Tri Wahana Universal**

- The only private oil refinery company in Indonesia
- Production capacity increased from 6,000 bopd to 16,000 bopd
- Effective ownership: 35.00%

# Our Businesses

## Natural Resources Sector



*Indonesia is one of the largest natural resources producers and exporters in the world*



### *Coal & Energy*

#### **PT Adaro Energy Tbk (ticker code: ADRO)**

- Coal mining with Pit to Port to Power business model
- 2015 Guidance: Production 56-58Mt, Strip Ratio 5.33x, coal cash cost \$31-33/ton
- Q1 '15 Revenue of USD 711M, -16% yoy, NPAT USD 59M, -55% yoy due to lower coal prices
- Effective ownership: 16.38%



### *Palm Oil Plantation*

#### **PT Provident Agro (ticker code: PALM)**

- 46.6k ha planted, 12% plasma
- FFB production 360k ton, +39%
- EBITDA FY 2014 IDR 264B, +131% yoy
- Effective ownership: 44.16%

#### **PT Agro Maju Raya**

- Development stage, 34k ha planted
- Effective ownership: 25.00%



### *Oil & Gas*

#### **Interra Resources (ticker code: ITRR)**

- Oil production 787.9k bbl, +26% yoy
- Revenue FY2014: USD 61.9mio, +23% yoy
- Effective ownership: 17.66%

### *Gold and Copper Mining*

#### **Finders Resources (FIN), Sumatra Copper & Gold (SUM), Sihayo Gold Limited (SIH)**

- Finders: Copper production of 3,000 ton/year to increase to 28,000 ton/year
- Sumatra: Achieved financial closing for its production
- Effective ownership: FIN 6.94%, SUM 25.95%, SIH 18.14%

# Our Businesses

## Consumer Sector



*Indonesia's economy growth is driven by its young population with growth of 2.5 million people each year. The consuming class continues to increase and is projected to achieve 135 million people by 2030\*.*



*Automotive: distribution, consumer parts, auto and financial services*

### **PT Mitra Pinasthika Mustika Tbk (ticker code: MPMX)**

- 2W Distribution sales +2% vs. industry -17%; Lubricant NPAT +7%; Rental fleet size -2%
- 4W Distribution sold 623 units (~45% of FY14); operating 6 Nissan & Datsun dealership
- Past 5 years Revenue CAGR: 20+%, NPATMI CAGR: 23%; Q1 2015 Revenue IDR 3.9T +7% yoy.
- Effective ownership: 47.62%



*Property*

### **PT Etika Karya Usaha**

- Property project: The Residence at Dharmawangsa 2
- Project had been completed and achieved breakeven point
- Effective ownership: 29.4%

*Lifestyle*

### **PT Gilang Agung Persada**

- Lifestyle company managing 16 international brands such as Celine, Guess, GAP, Watch Zone, La Senza and others with 149 store/island.
- June 2013-2014: Sales IDR 1T or +14% yoy, GPM 44%, EBITDA Margin 15%
- Effective ownership: 4.17% with option to increase to 5.83%

Source: Company Information, \*BPS and McKinsey Global Institute Report September 2012

Data presented are as of 31 Mar 2015

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Source: Company information



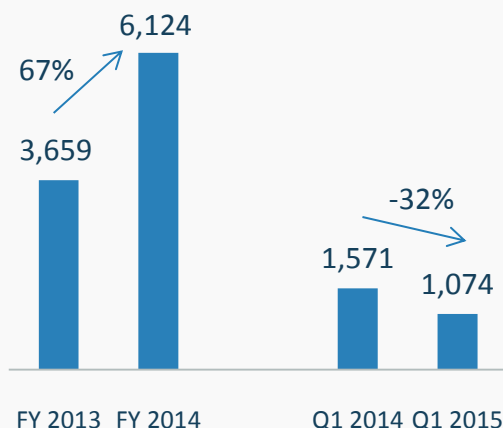
# FINANCIAL OVERVIEW



# Performance of Our Major Investments Remain Robust amidst the Challenging Economic Conditions



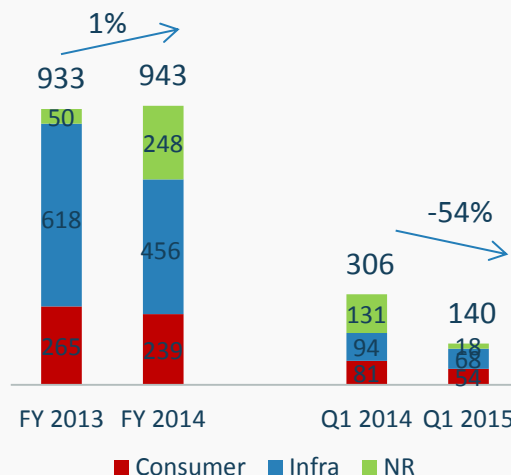
**Net Revenues**  
(in IDR billion)



## Net Revenues:

The oil refinery business increased production from 6,000bpd to 16,000bpd. Reduction in revenue in Q1 2015 was due to decline in oil price

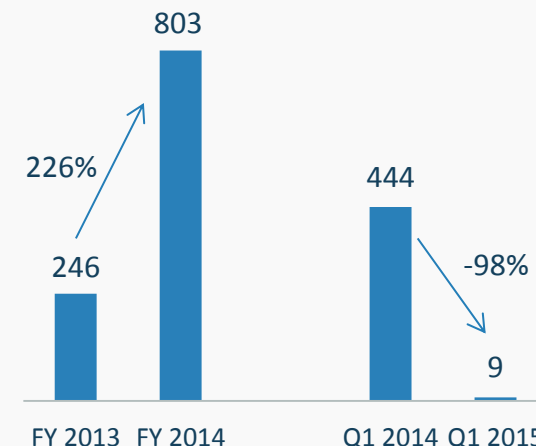
**Net Share Profit from Associates**  
(in IDR billion)



## Net Profit from Associate:

The economic slowdown, decline in commodity prices, and weakening IDR continued in Q1 2015. Nevertheless, Financial Performance of ADRO and TBIG remain stable.

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



## Profit Attributable to Shareholders:

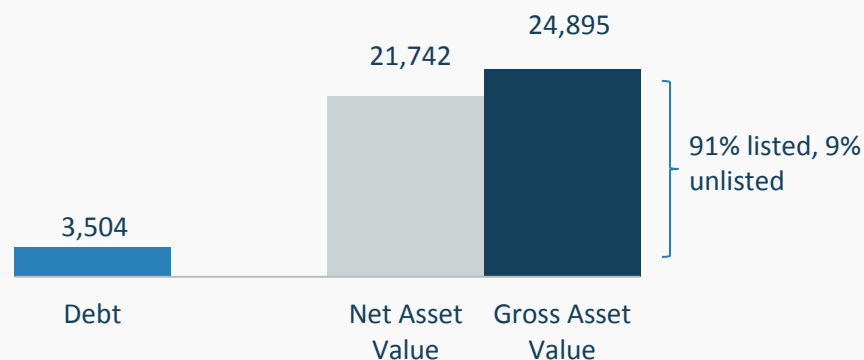
Decline in profit was mainly driven by reduction in net share profit from associates and unrealized loss on exchange rate differences due to weakening of IDR against USD

# Conservative Leverage



Strong Ratio of Debt to Net Asset Value and Total Asset (0.16x and 0.14x) show substantial equity coverage

Debt & Gross/Net Asset Values as of 31 Mar 2015 (in IDRbn)



Note: Gross asset value = NAV + cash

The Company calculates the NAV of its investments on the basis of:

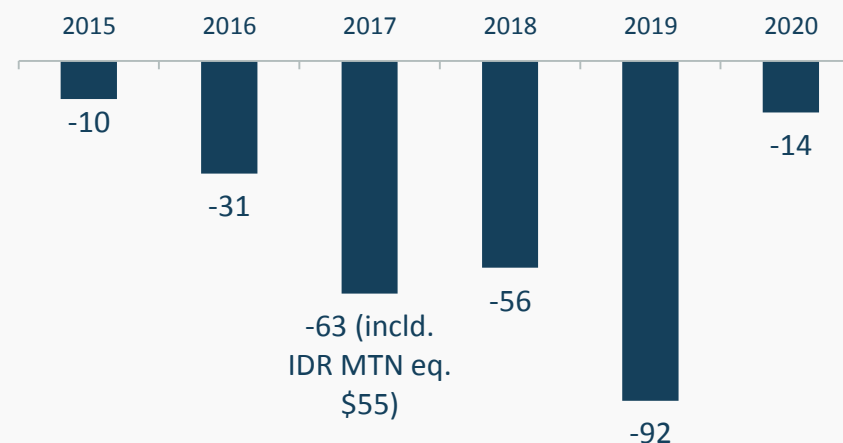
- For **listed companies**: the market value of the proportionate shares that are held by SRTG
- For **unlisted companies**: the book value of SRTG' shareholding in the company

Where:

- Market value** is derived from the 2 week volume weighted average share price.
- Book value** is derived from investment at cost adjusted by accumulated profit or loss to arrive at the ending balance

## Aligning Loan Maturity Profile with Investment Duration

Maturity Profile (USD millions)



The above maturity profile presented as per 31 March 2015, prior to the issuance of USD 100 million Exchangeable Bond, which was issued on 27 May 2015.

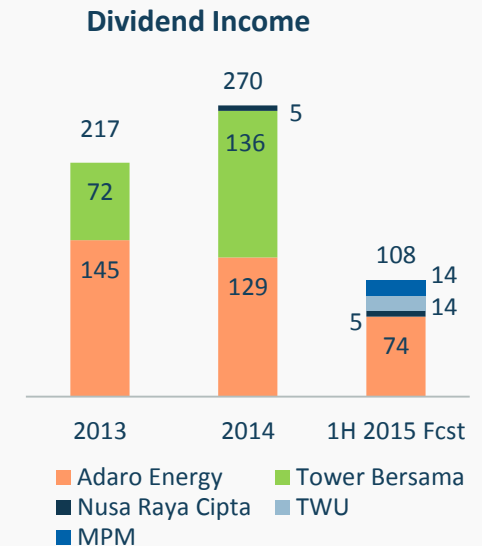
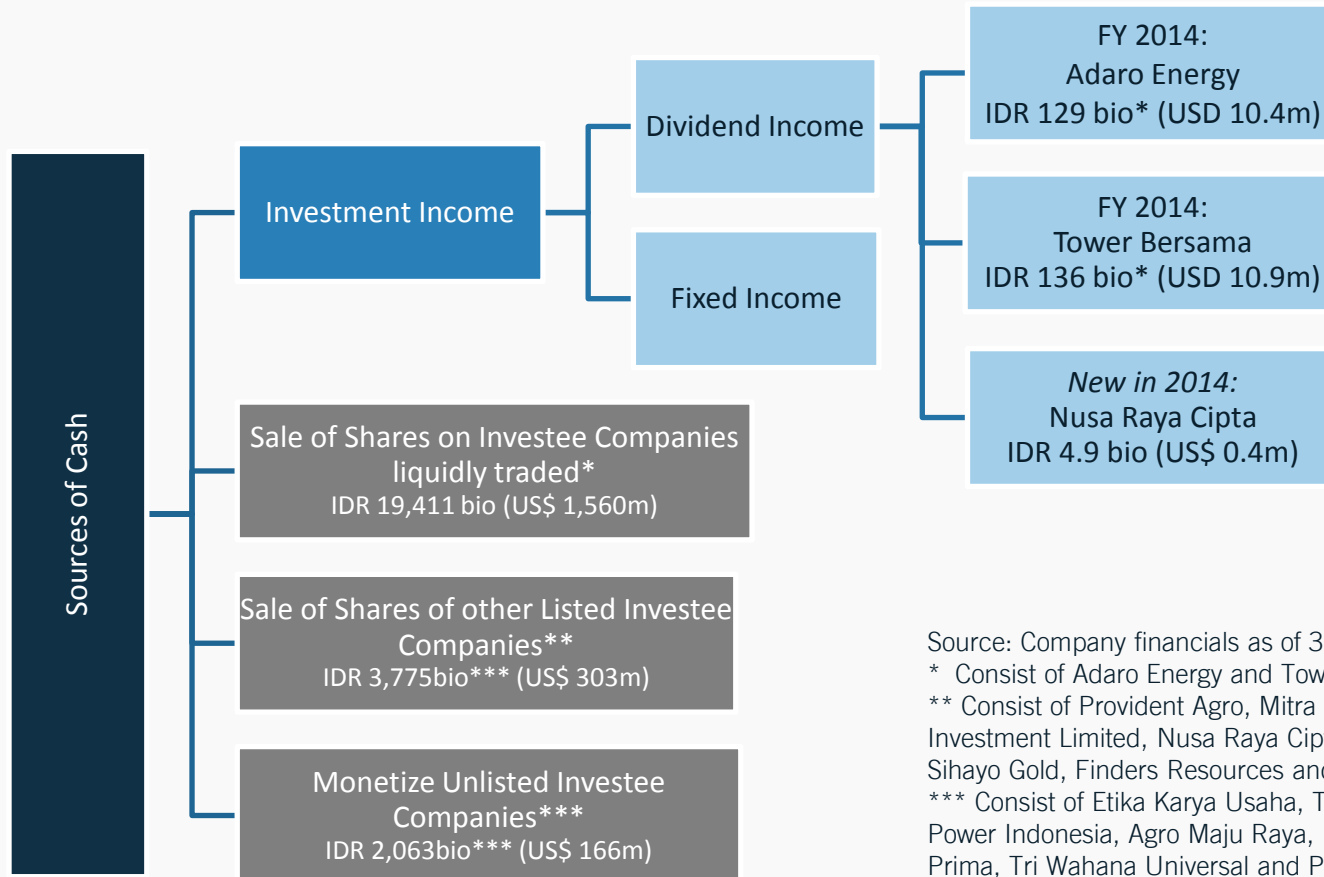
Data presented are as of 31 Mar 2015

IDR/USD as of 31 Mar 2015 = 13,084

Source: Company information

# Diversified Sources of Cash

Saratoga has multiple internal sources of cash and liquidity



Source: Company financials as of 31 December 2014

\* 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

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



# Exchangeable Bond

The transaction marks a milestone as it is the first time an Indonesian company tapped into the exchangeable bond market and the first ever equity linked bond issuance in Indonesia since 2010.

Type of EB	<ul style="list-style-type: none"> <li>Registered overseas – SGX, Unsecured Exchangeable Bond</li> </ul>
Issuer	<ul style="list-style-type: none"> <li>Delta Investment Horizon Ltd.</li> </ul>
Amount Issued	<ul style="list-style-type: none"> <li>USD 100 million</li> </ul>
Issue Date	<ul style="list-style-type: none"> <li>26 May 2015</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>Fixed 3% (YTM 3.75%)</li> </ul>
Tenor	<ul style="list-style-type: none"> <li>5 years, with put option at year 3</li> </ul>
Conversion	<ul style="list-style-type: none"> <li>Exchangeable into Tower Bersama (TBIG:IJ) shares at a 22.5% premium (IDR10,707)</li> <li>The exchange would represent 2.6% of total outstanding TBIG shares.</li> </ul>
Use of Proceed	<ul style="list-style-type: none"> <li>Fund new investments, repay a portion of its debt, and to support general corporate activities.</li> </ul>
Underwriter	<ul style="list-style-type: none"> <li>Standard Chartered Bank and UBS Singapore</li> </ul>

The EB issuance reflects:

- Saratoga's ability to tap diverse funding sources whilst managing a cost effective and conservative leverage
- A significant step towards proving-up Saratoga's unique business model. The issuance of this EB is part of Saratoga's strategic initiative towards its ability to fund its investments, a key part of our active investment operating model .



# KEY INVESTMENT HIGHLIGHTS

# Strong Sourcing Capability



- Our founders and management team's long-standing experience and network of contacts in the Indonesian investment landscape and multiple sourcing channels provide us with business opportunities that are not available to others
- Proven track record in adding value to and growing our investee companies through stronger access to potential business partners, financing channels and improved corporate governance

## Our Founders



**EDWIN SOERYADJAYA**  
President Commissioner

- Joined PT Astra International in 1978 and worked within the family business for over 15 years, serving as Vice President and Director
- Ernst & Young Indonesia Entrepreneur Of the Year in 2010



**SANDIAGA S. UNO**  
President Director

- An elected member of the Indonesian Economic Committee and vice president of Micro, Small and Medium Enterprises and Cooperatives of the Indonesian Chamber of Commerce and Industry and Chairman of the Indonesian Young Entrepreneurs Association

## Our Management Team

**MICHAEL SOERYADJAYA**  
Business Development Director

- Appointed Director in 2013
- Commissioner of PT Multi Pinasthika Mustika Rent since 2012 and Director of PT Bareika Capital since 2010

**JERRY NGO**  
Finance Director

- Appointed Independent Director in 2013, CFO since 2012
- Previously Executive Director of Institutional Banking at PT ANZ Bank Indonesia and held a number of senior positions at Standard Chartered Bank in Singapore, London and Vietnam

**ANDI ESFANDIARI**  
Portfolio Director

- Appointed Director in 2014
- Commissioner of PT MPM Finance and PT MPM Insurance, PT Agro Maju Raya, and Director of PT Bareika Capital
- Previous experience include Austindo Group, Olympus Capital Holdings Asia, and Peregrine Securities

## Our Multiple Sourcing Channels

### Investee Companies

Investee Companies offer us opportunities to partner with them for larger transactions and often refer other opportunities to us

### Financial advisors

We frequently meet with investment banks and other parties that are representing entities seeking a purchaser or strategic investment partner

# Growing through Partnership



Together with our partners, we grow our businesses to lead in their respective industries



Dato' Izzadin Idris  
Group Managing Director  
CEO, UEM Group Berhad

"We sought for a partner whose business focus and principles are aligned with ours and one that we can trust.

PT Saratoga Investama Sedaya fits the criteria perfectly and seven years later, our partnership is stronger than ever. In many ways, a business partnership is similar to a marriage, and we have found our partner in Saratoga."

\* UEM is Saratoga's partner in building the 116KM Cipali toll-road



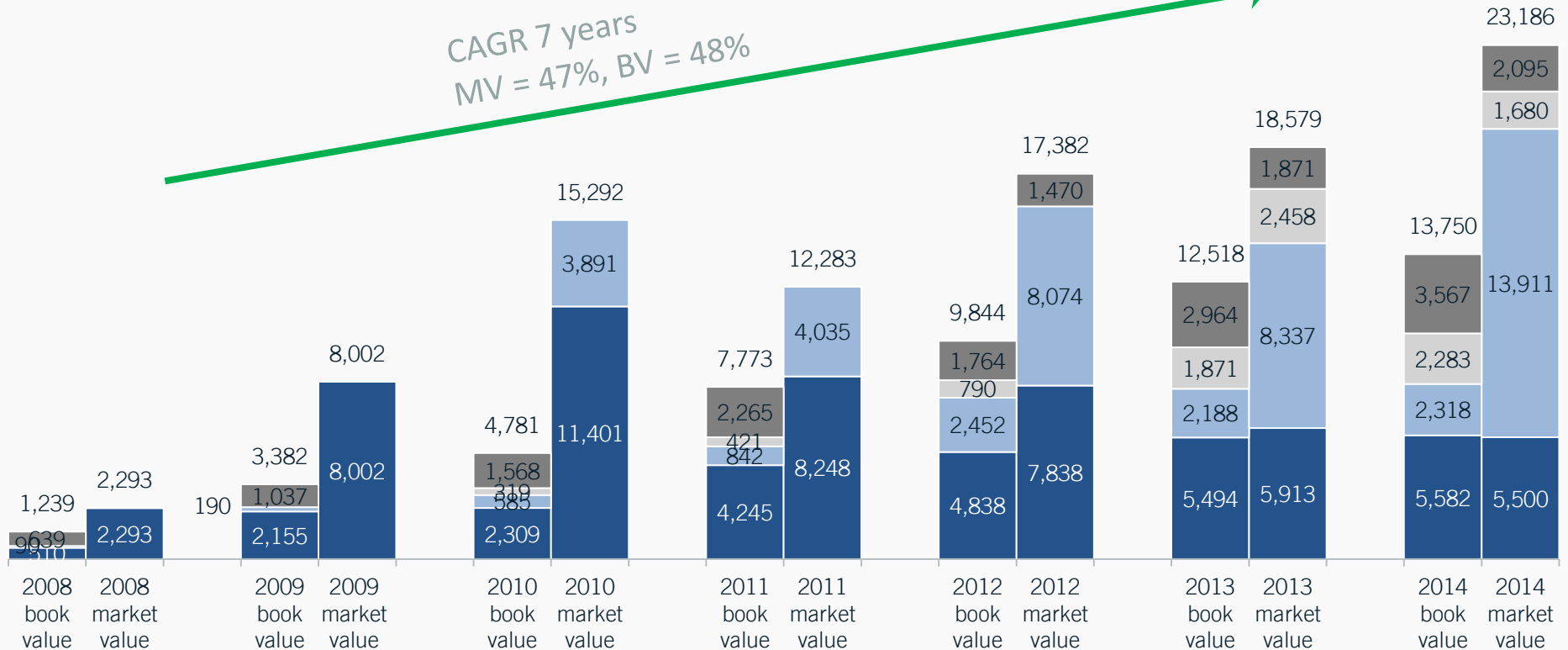
# Strong Investment Track Record



Investment portfolio has grown significantly and steadily since 2008 in terms of book value as well as market value, with growth coming from an increasing number of investee companies

(IDR billion) ■ Other ■ MPM ■ TBIG ■ Adaro

CAGR 7 years  
MV = 47%, BV = 48%



## Notes:

All financial numbers are based on their nominal values as of 31 December 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

No adjustments have been made for time value or inflation. The book value of our investments includes the carrying value of our investments and advances for investments.

The book value of our investment in Adaro Energy includes the book value of our investment in PT Adaro Strategic Capital and PT Adaro Strategic Lestari.

The book value of our investment in Tower Bersama includes the book value of our investment in PT Saratoga Infrastruktur

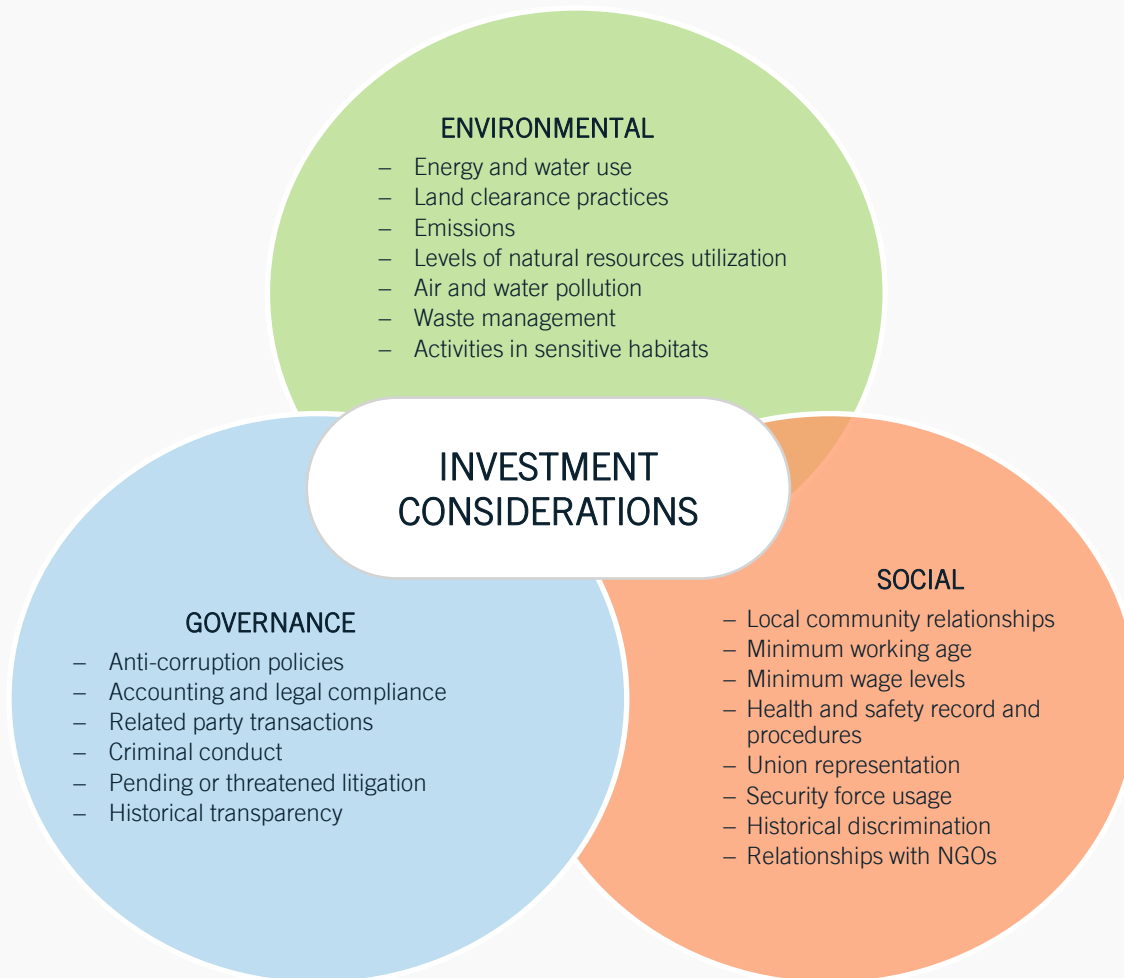
The market value of our effective shareholding calculated using two week volume weighted average price as of 31 December 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

Source: Company financials, Bloomberg

# Sound investment strategy and corporate governance framework



SIS is highly committed to ensuring that its investments satisfy its strict corporate governance framework and also cooperates with the International Finance Corporation to develop similar practices in investee companies



## INVESTMENT COMMITTEE

- Provide independent recommendations on systems, procedures and implementation thereof in areas related to investment, capitalization of investment and divestments activities, monitoring of investment performance and active monitoring of investment risk profile

## NOMINATION AND REMUNERATION COMMITTEE

- Provide independent recommendations on the systems and procedures related to succession programs and identification of candidates for the Board of Commissioners and Board of Directors
- Provide independent recommendations on the determination of remuneration of members of the Board of Commissioners and Board of Directors

## AUDIT COMMITTEE

- Assist in implementing supervisory function, especially in financial information management, effectiveness of internal control systems, effectiveness of internal and independent audit, implementation of risk management and compliance with prevailing laws and regulations

## **Saratoga, a partner for investors who wish to participate in the growth of early stage opportunities in Indonesia**

### **PROVEN TRACK RECORD**

- Proven track record of investment success in Indonesia
- Founders and management team's long-standing experience and network of contacts in the investment landscape provide business opportunities that are not available to others
- Consistently adding value and growing our investee companies as evidenced in the completion of the Cipali toll-road project.

### **HIGH GROWTH POTENTIAL**

- Focus on early stage, growth, and special situation opportunities with high growth potential. Our investments in Merdeka Copper Gold and Agra Energi Indonesia are cases in point.
- Continuously explore additional investments where Saratoga can add value

### **PRUDENT APPROACH**

- Major portion of our investment portfolio consists of investments in the stable, established, blue chip companies
- Good Corporate Governance and Prudent Investment Process
- Conservative leverage and effective risk management



## PT Saratoga Investama Sedaya Tbk.

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