

# **ANNUAL PUBLIC EXPOSE**



13 December 2019

# About BNBR

01

## NEW ENERGY OF BNBR

BNBR's effort to revitalize its balance sheet has positive impacts and enables BNBR to further explore business development opportunities.



02

## BUILDING INDONESIA

BNBR focuses on basic industry and continuously grows with the spirit of supporting Indonesia's development.



03

## SOLID COLLABORATION

BNBR with a new perspective always puts forward the synergy between business units.



04

## REJUVENATION SPIRIT

BNBR continuously strives to rejuvenate its business process with focus on ESG.



05

## FUTURE BUSINESS

BNBR is serious about working on businesses that are potential and in line with sustainability trends.



# NEW ENERGY OF BNBR

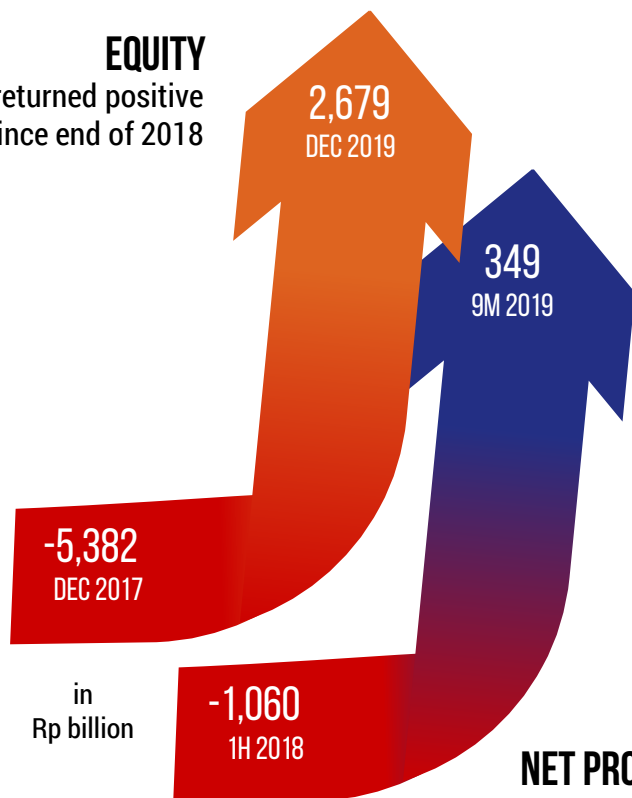


# Ready to Expand

## Bouncing Back

### EQUITY

has returned positive since end of 2018



### NET PROFIT (LOSS)

Reverse the state of loss in semester 1 of 2019

### Restructuration Progress

In Rp billion	2016	2017	2018	2019	Total
Debt restructuring done through Non Preemptive Rights Issue (NPR)	990	1,037	9,384		11,411
Debt restructuring in progress				8,490	8,490

- Most of restructuring process was already completed in the period of 2016-2018.
- Discussion with lenders on restructuring of remaining debts has entered final stage.

# BUILDING INDONESIA





# Seven Decades of Business

## 1942 - 1962

- Established as a general merchant and commissioner agent.
- Pioneered Indonesia's steel manufacturing industry.

## 1990 - 1996

- Bakrie Pipe Industries became the first Indonesian company that obtained ISO 9002 certification.
- Licensed to operate fixed wireless service.

## 2002 - 2003

- Major participation of SEAPI in the gas transmission pipes project of PT Perusahaan Gas Negara.

## 2007 - 2008

- Consortium Plus-Bakrie-Global, awarded Cimanggis-Cibitung toll road tender valued Rp 3.2 trillion.
- Right Issue Rp 40.1 trillion, issuance of warrants of Rp 2.9 trillion.
- Establishment of PT. Bakrie Indo Infrastructure (BIIN)
- Transformation of PT Bakrie Corrugated Metal Indonesia (BCMI) into PT Bakrie Metal Industries (BMI).

## 2011 - 2012

- BNBR completed quasi reorganization.
- Bakrie Group formed strategic partnership with BORN and reduced debt by US\$1bn.
- Gas Transportation Agreement segment Kepodang Tambak Lorok was signed.

## 2016 - 2017

- Cimanggis-Cibitung Tollways Project continues land acquisition process as well as construction of phase 1.
- First phase of Kalija project has fully operated. Gas transportation carried out according to GTA.

## 1973 - 1989

- Expanded the company's business lines into steel structures, metal working, and other infrastructure projects.
- Establishment of PT Bakrie Building Industries.
- Establishment of PT Bakrie Tosanjaya which later changed its name into PT Bakrie Autoparts (BA).
- IPO of PT Bakrie & Brothers ("BNBR").

## 1997 - 2001

- Beginning of PT Seamless Pipe Indonesia Jaya commercial production.
- Beginning of PT South East Asia Pipe Industries (SEAPI) commercial production followed by first shipping for West Natuna project.
- Successful debt restructuring of US\$ 1.1 billion through debt to equity and debt to asset swap.

## 2004 - 2006

- Rp 1.9 trillion Right Issue to structure historical debts in pipe companies, invest in telecommunications business, reacquire BSP, and increase working capital.
- Awarded Kalimantan-Java gas pipeline tender worth US\$ 1.26 billion.

## 2009 - 2010

- Establishment of Bakrie Energy International, a fuel business, as a cash generating investment.
- SPA Signing with Vallar, UK - Value \$844 mn.

## 2013 - 2015

- First phase of Kalija gas pipeline project completed in 2015 and fully operated in 2016.
- Cimanggis Cibitung toll road project started.

## 2018 - 2019

- Signed a Memorandum of Understanding (MOU) with BYD Auto China to develop electric vehicle industry in Indonesia.
- Signed a Memorandum of Understanding (MOU) with China Railway International Group.
- Debt restructuring to creditors done through Non Preemptive Rights Issue (NPR)

# Strong Manufacturing Basis



## Bridges across Indonesia

BMI has produced steel bridges in every area of Indonesia with total length of 26.4 km, equivalent to the length of Sunda Strait, and it stands as reference for nearly every steel frame bridges in every province.



## 1 out of 3 electric poles

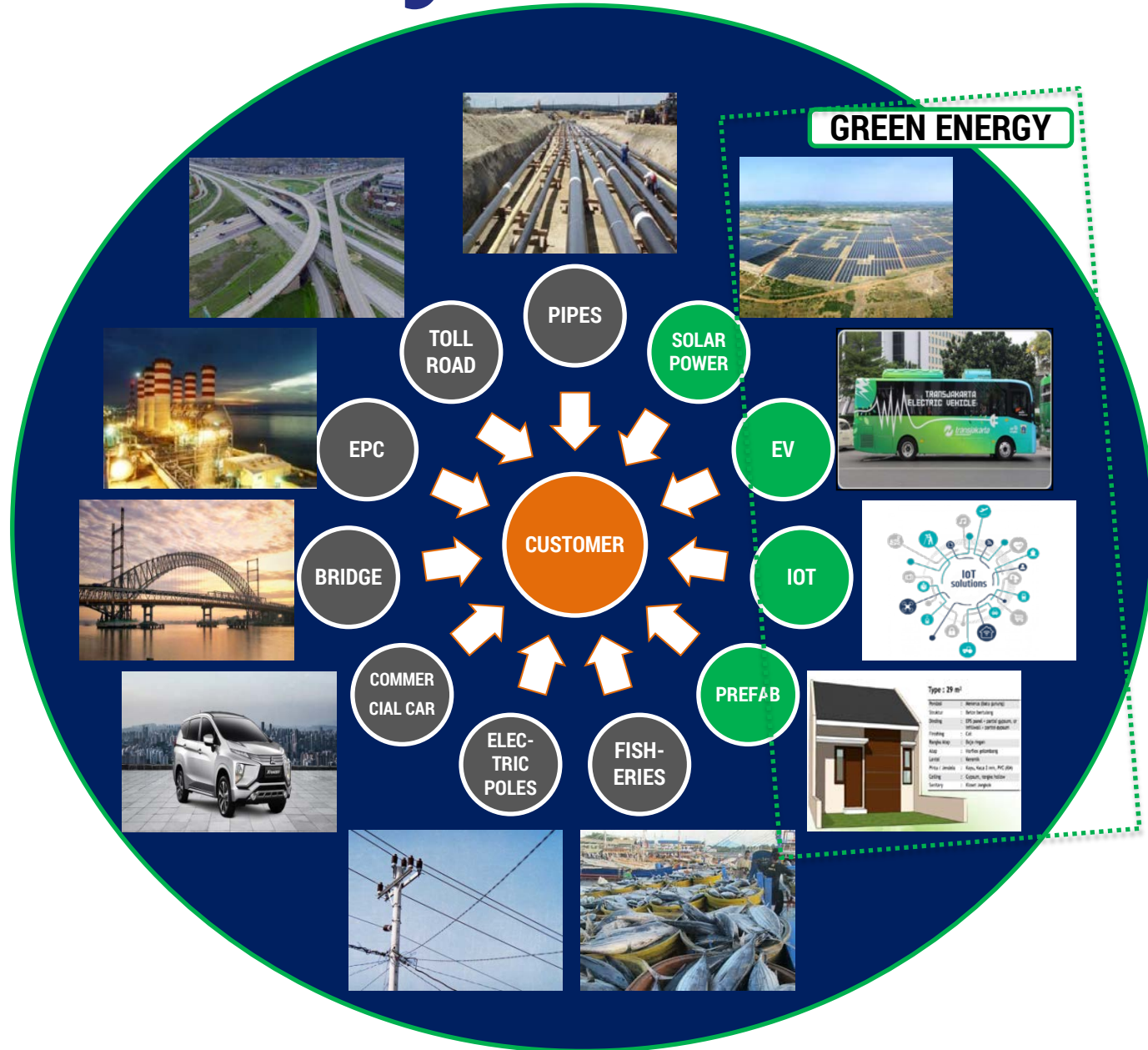
In the period of 2017-2020, BPI supplied up to 34% of total steel electric poles demand of PLN.



## Pioneer of national electric vehicle industry

BA is one of the pioneers of national electric vehicle industry through its electric bus development cooperating with BYD Auto.

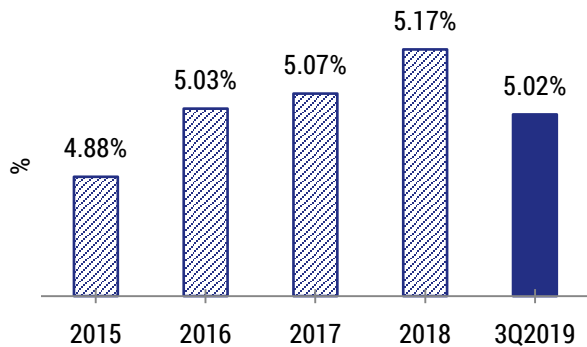
# We Are Everywhere





# Macro Economic Outlook

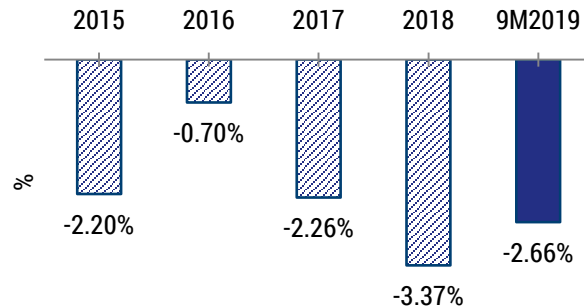
## GDP Growth



Source: World Bank and BPS

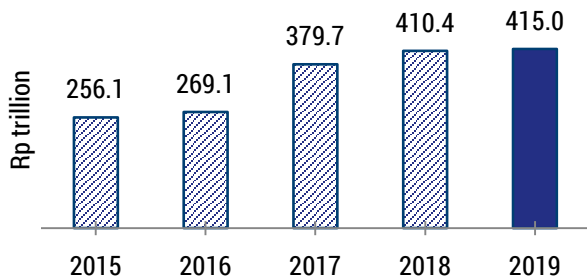
## Current Account Deficit

(percentage of GDP)



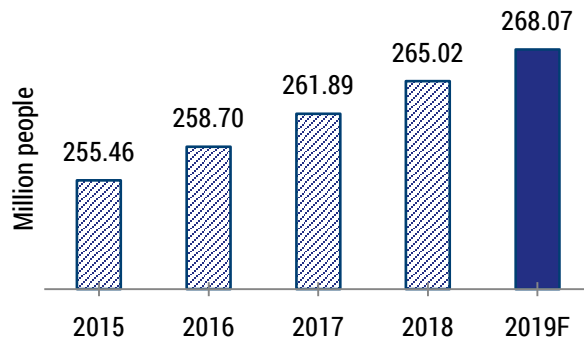
Source: Bank Indonesia

## Infrastructure Spending in State Budget



Source: Ministry of Finance Indonesia

## Population



Source: Bappenas Projection

- GDP growth is predicted to decline in 2019 to increase again in 2020. Current account deficit showed improvement in third quarter 2019.
- Infrastructure Spending in State Budget continues to increase.
- The population of Indonesia continues to grow, with 32% of it being at the productive age of 15 – 34 (according to data by BPS).

# Infrastructure Sector

## National Strategic Projects

Covering 15 sectors at the project level and 2 sectors at the program level



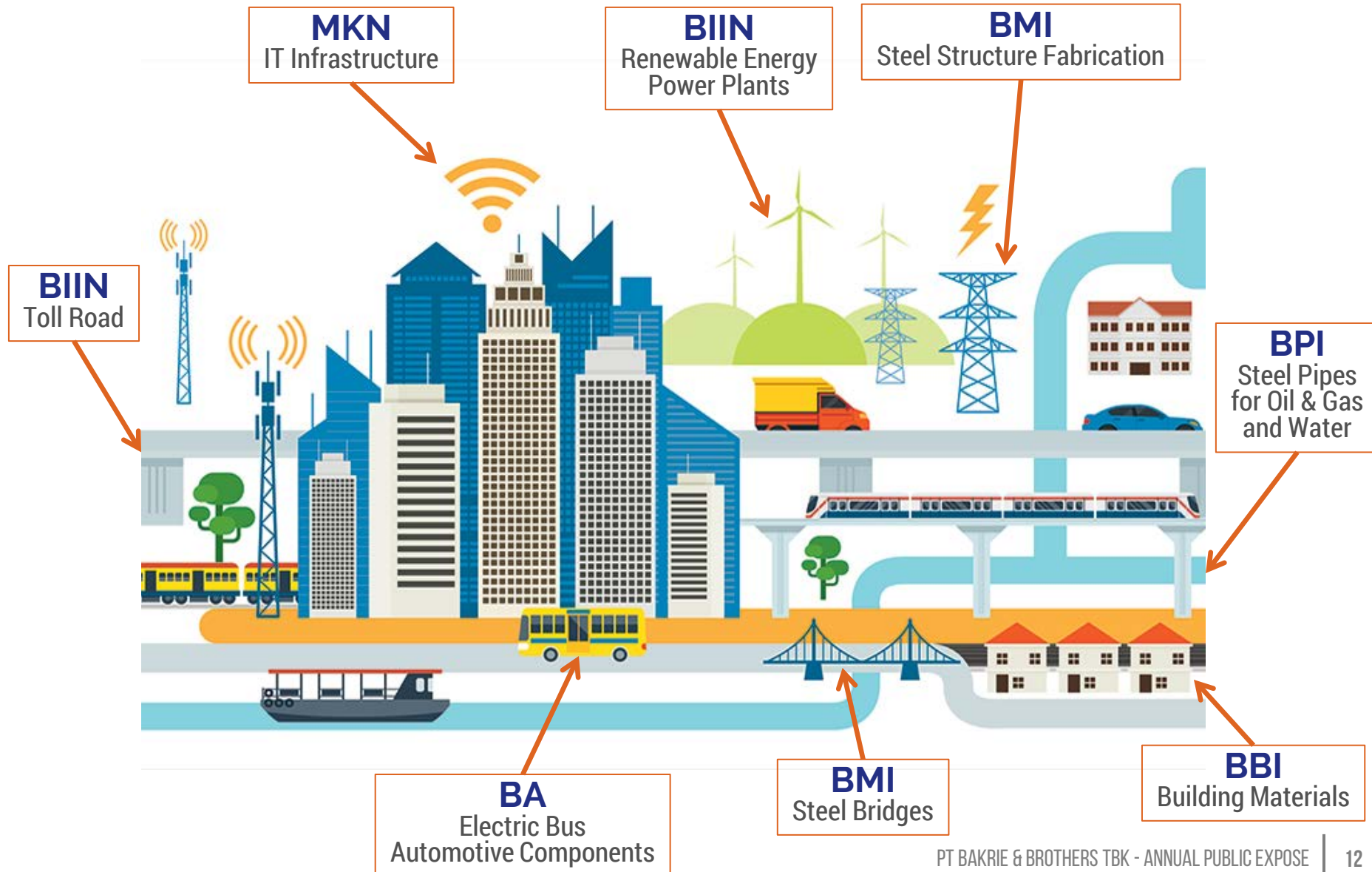
For the whole 245 projects and 2 programs included in the national strategic projects (PSN) list, the total estimated funding needed is **Rp 4,197 trillion**, which comprised of:

- State Budget Rp 525 trillion (~ 12%)
- State Owned Companies Rp1,258 triliun (~ 30%)
- Private Companies Rp2,414 triliun (~ 58%)

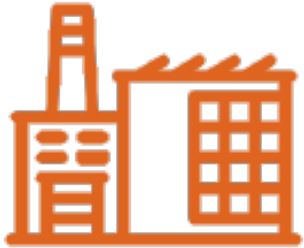
# **SOLID COLLA- BORATION**



# Synergy to Build Indonesia



# Company Structure



**BNBR**

**Bakrie Metal Industries [99%]**

Steel Structure Fabrication

**Bakrie Building Industries [99%]**

Building Materials

**Bakrie Pipe Industries [99%]**

Steel Pipe Manufacturing

**Bakrie Construction [98%]**

Steel Structure Fabrication

**Bakrie Autoparts\* [99%]**

Automotive Component

\*consolidated into BMI since November 23, 2018

**Bakrie Indo Infrastructure [99%]**

**Bakrie Power [99%]**

Power Plant

**Bakrie Tol Indonesia [99%]**

Cimanggis Cibitung Toll Road

**Bakrie Oil & Gas Indonesia [99%]**

Kalimantan Jawa Gas

**Multi Kontrol Nusantara\*\* [99%]**

IT & Telco Infrastructure

\*\*consolidated into BIIN since December 26, 2018



# Infrastructure Projects

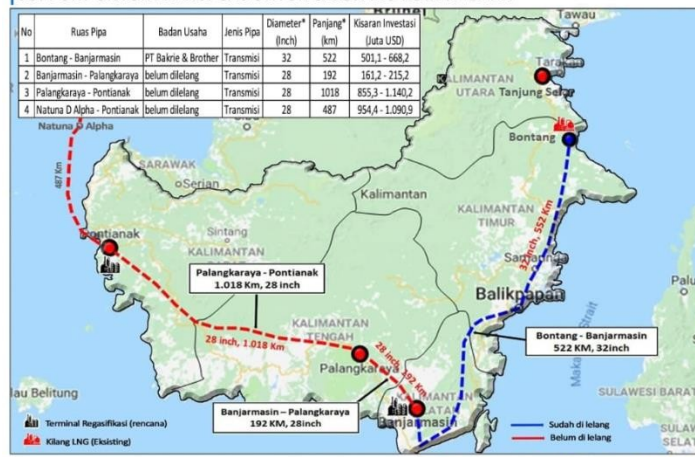
## Kaliya Pipeline

- Collaborating with PT Perusahaan Gas Negara Tbk (PGN).
- Gas were transported from Kepodang field (Muriah gas field owned by Petronas) to Tambak Lorok Power Plant.
- Currently evaluating Kaliya Phase 2.



### RUAS TRANSMISI TRANS KALIMANTAN (BONTANG – BANJARMASIN – PALANGKARAYA – PONTIANAK)

#### SUPPORT UNTUK ENERGI GAS UNTUK CALON IBU KOTA NEGARA

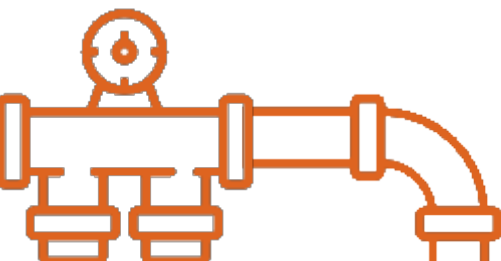


**TOTAL PANJANG PIPA TRANS KALIMANTAN**  
2.219 KM

Dengan Perkiraan Investasi:  
2.472 Juta USD – 3.114 Juta USD

Dengan kurs Rp 14.000/USD  
maka diperkirakan  
kebutuhan investasi adalah  
Rp 34 T - 44 T

\* Angka asumsi, perlu disesuaikan dengan FS dan FEED  
\*\* Belum dilelang (multi years)  
Note:  
Peta didasarkan RIUTGBN 2012-2025 dan Rencana Induk Infrastruktur 2011-2030  
Rule of Thumb Internasional:  
a) Offshore : 70.000-80.000 USD/Km.in  
b) Onshore : 30.000-40.000 USD/Km.in



# Infrastructure Projects

## Cimanggis-Cibitung Toll Road

- Collaborating with PT Waskita Toll Road (a subsidiary of PT Waskita Karya Tbk).
- Completion of Phase I construction is scheduled on December 2019 and starts operation in January 2020.
- Land acquisition for Section II in Bogor and Bekasi Regency has reached 80% of total land bank.



# Infrastructure Projects

## Tanjung Jati A Power Plant 2x660MW

- Collaborating with YTL Jawa Energy BV (a subsidiary of YTL Corporation Berhad).
- Negotiation with PLN on electricity tariffs completed.
- Land acquisition for the power plant and transmission line is at 99% completion.
- Currently processing the Financial Closing and will start EPC process.



# Bakrie Autoparts



- The pioneer in grey & ductile casting iron products for OEM automotive components in Indonesia.
- Main automotive component supplier for commercial vehicles such as Mitsubishi and Hino in the domestic market.
- In the near future BA plans to tap into passenger vehicle and replacement market to further expand its business.
- BA is also currently developing electric vehicle business.





# Bakrie Building Industries



- A producer of fiber-cement products for domestic and export market.
- Held significant market share in the domestic roof and ceiling market with 80 strong and loyal distributor network.
- Expanding its product portfolio to offer energy efficient building material.





# Bakrie Metal Industries



- Specializing in steel fabrication and civil engineering services to diversified sectors.
- Extensive experience in handling major EPC projects for offshore and onshore facilities.
- Produces small to large steel pipes for oil & gas distribution, construction and water pipe.
- Held significant portion of local pipe market share with major oil & gas customers.



# REJUVE- NATION SPIRIT

# Sustainable Business

## ENVIRONMENT

- Every business units of BNBR has Environmental Management System certification (ISO 14001).
- Environmental management in the operational area surrounding is carried out with involvement of related institutions.

## ISO 14001 Environmental Management System



Bakrie  
Autoparts



Bakrie Building  
Industries



Bakrie  
Construction



Bakrie Metal  
Industries

# Sustainable Business

## SOCIAL

- BNBR consistently develops human resources through various programs of Bakrie Learning Center.
- Community development is carried out collectively with other companies in Bakrie group through Bakrie Amanah foundation.

**100,380 people**

Beneficiaries of BNBR CSR activities that are coordinated through Bakrie Amanah as of 2018.

**58 cities  
in 16 provinces**

Distribution areas of BNBR CSR activities that are coordinated through Bakrie Amanah as of 2018.



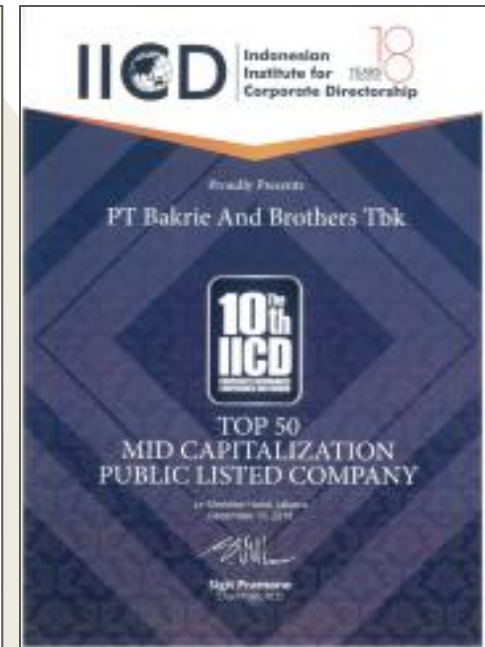
# Sustainable Business

## GOVERNANCE

- BNBR always put forward good corporate governance.
- On December 11, 2019, BNBR for the 8<sup>th</sup> time achieved the title Trusted Company from Corporate Governance Perception Index (CGPI) Award.



Trusted Company Award  
based on Corporate  
Governance Perception  
Index in 2019



Top 50 Mid  
Capitalization Public  
Listed Companies  
based on the ASEAN  
CG Scorecard in 2018



# **FUTURE BUSINESS**

Making a Better Life



# Business Development

## Green Transportation Solution – Electric Bus

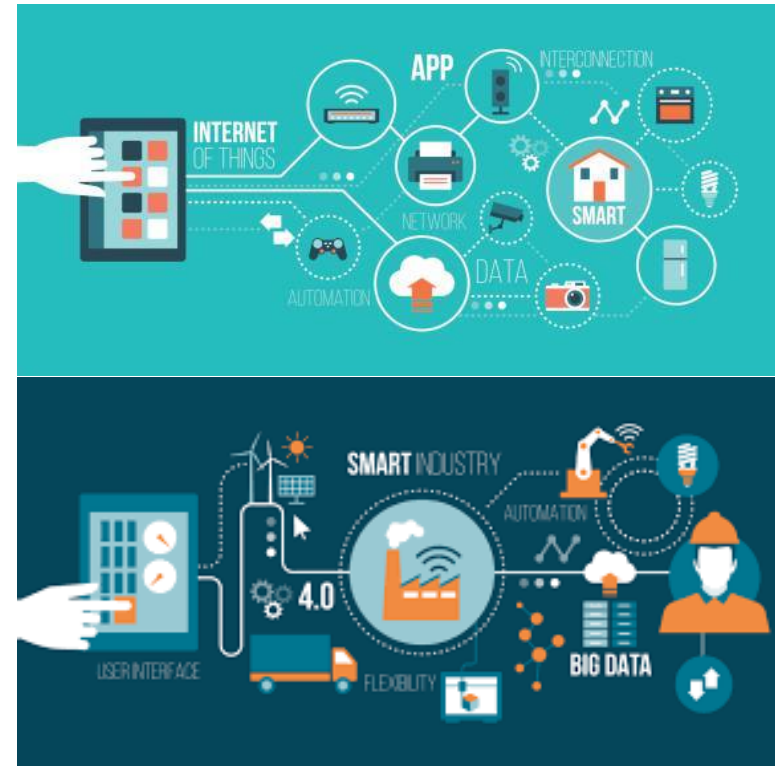
- Cooperating with BYD Auto in developing electric vehicles in Indonesia.
- Currently undergoes trial of electric bus usage by Trans Jakarta.
- In discussion phase with several regional governments concerning the use of electric buses.



# Business Development

## Internet of Things

- Focusing on information technology and telecommunication infrastructure.
- Becoming one of IOT (Internet of Things) service providers for mining, manufacturing and utilities industry.



# Business Development

## Solar Power Plants

- Focusing on renewable energy development by utilizing solar power as electrical energy source.
- Becoming one of solar power service providers for all kinds of industry.





# Business Development

## Prefab Housing

- Focusing on National Strategic Projects (PSN) of One Million government and commercial houses.
- Becoming one of prefab housing providers that are environmentally friendly with more efficient and economic application.





# DISCUSSION

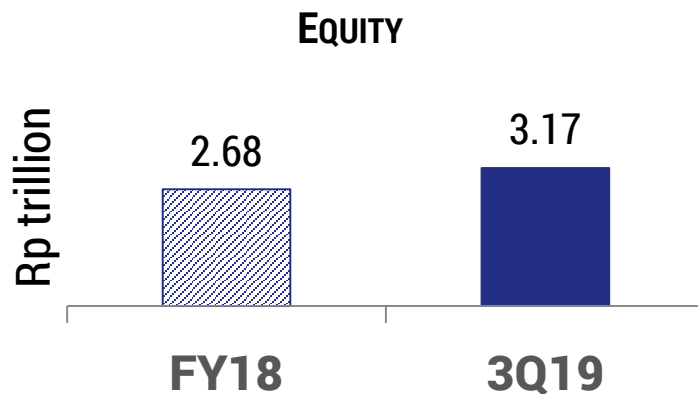
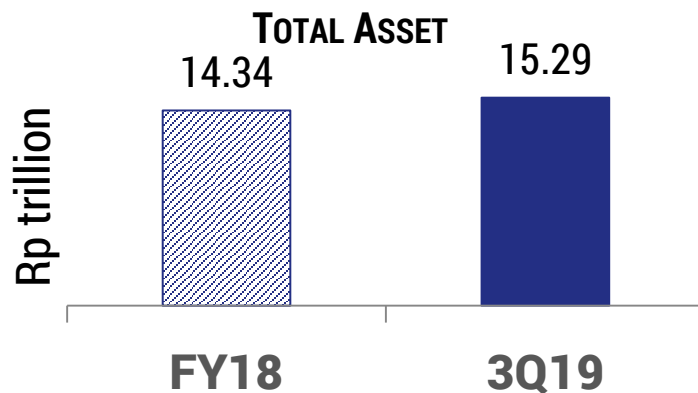



# APPENDIX



# Financial Performance

## Balance Sheet Summary



- 
- **Assets** increased by 7% in third quarter of 2019, mostly due to increase of short term investment and investments in associated and jointly controlled entities.

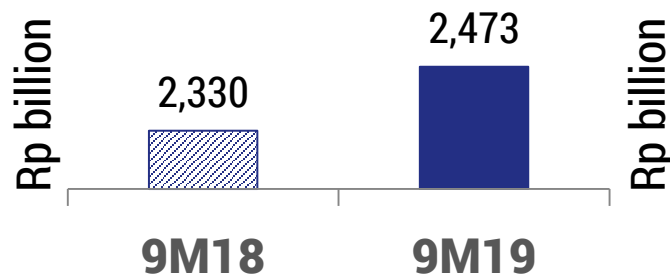
- **Equity** has returned positive with value of Rp 2.7 trillion since end of 2018 and increased by 7% in the third quarter of 2019.

# Financial Performance

## Profit & Loss Summary - Consolidated

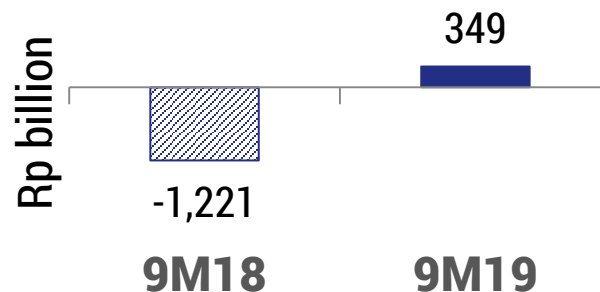


REVENUE



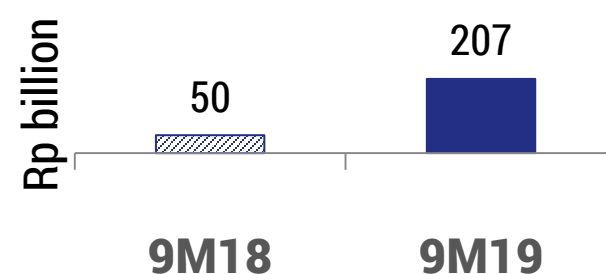
- **Revenue** increased by 6% in the first nine months of 2019 if compared to the same period in 2018.

PROFIT (LOSS) NET



- The Company booked **net profit** in the first nine months of 2019.

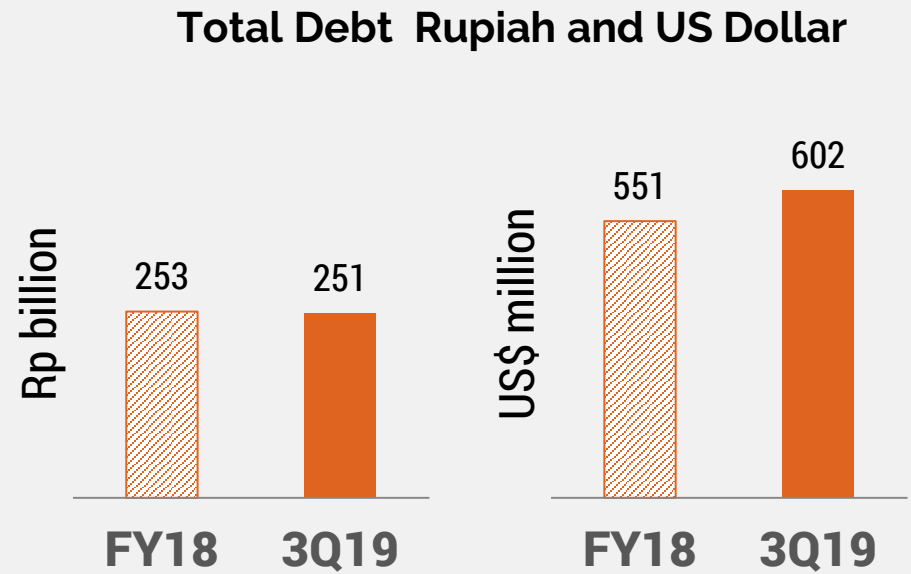
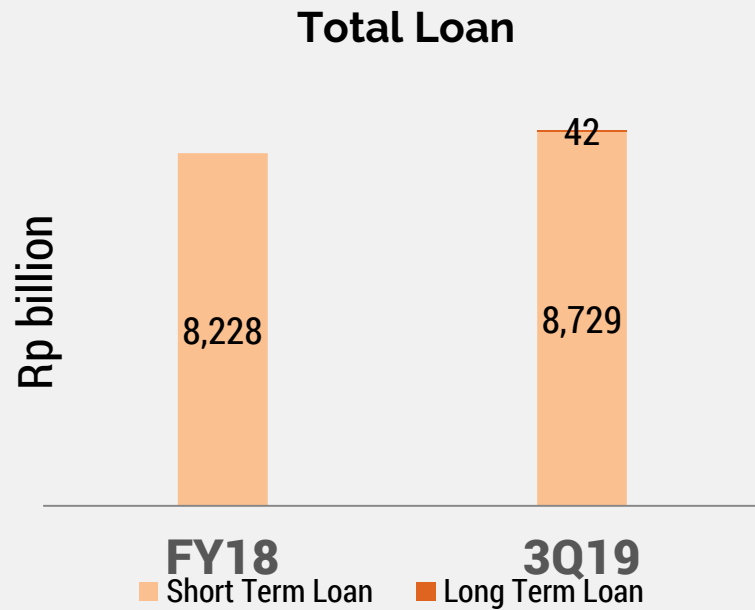
EBITDA



- **EBITDA** increased threefold in the first nine months of 2019 compared to the same period in 2018.

# Debt Position

## Parent Only





# Debt Restructuring

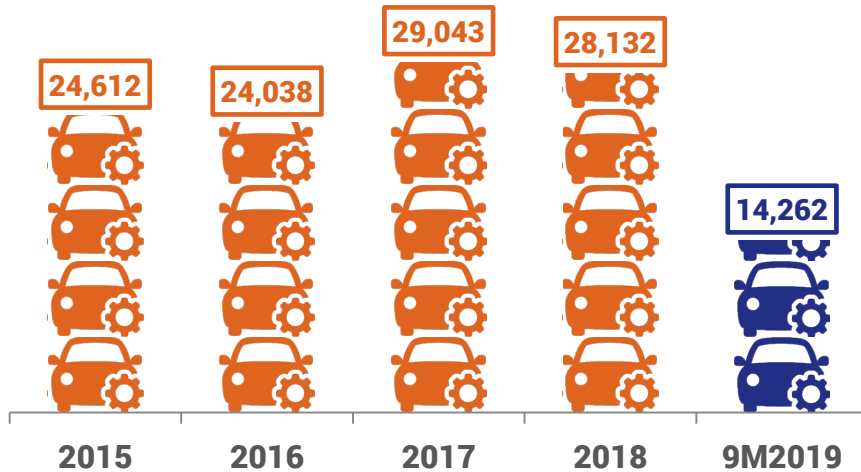
## Parent Only

- Company's effort to revitalize its balance sheet has shown positive signs.
- Company will continue its debt restructuring efforts with remaining creditors.

In Rp billion	2016	2017	2018	2019	Total
Debt restructuring done through Non Preemptive Rights Issue (NPR)	990	1,037	9,384		11,411
Debt restructuring in progress				8,490	8,490

# Bakrie Autoparts

## Sales Volume [metric ton]



\*not including sales from BMC which is counted per piece

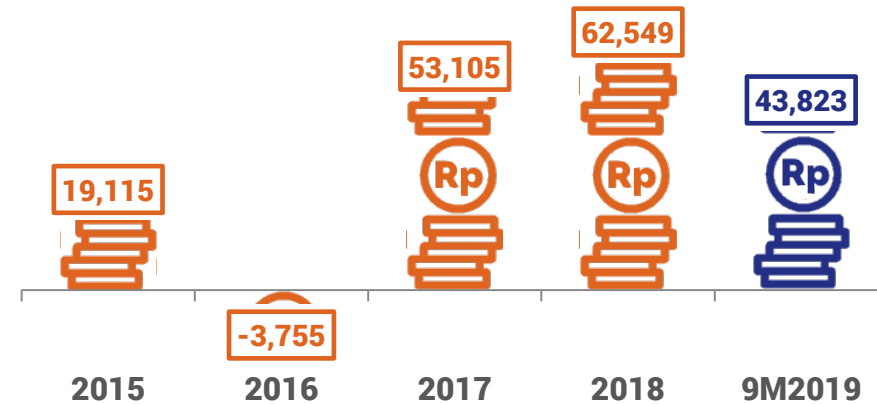
### Product

- OEM supplier for automotive components.
- Sales composition consists of 91% automotive components and 9% general casting.

### Performance

- Sales revenue decreased by 3% in 2018, however EBITDA increased by 18% if compared to 2017
- BA also put an effort to increase its product portfolio with higher margin automotive components and continue to develop the general casting market.

## EBITDA [million Rupiah]



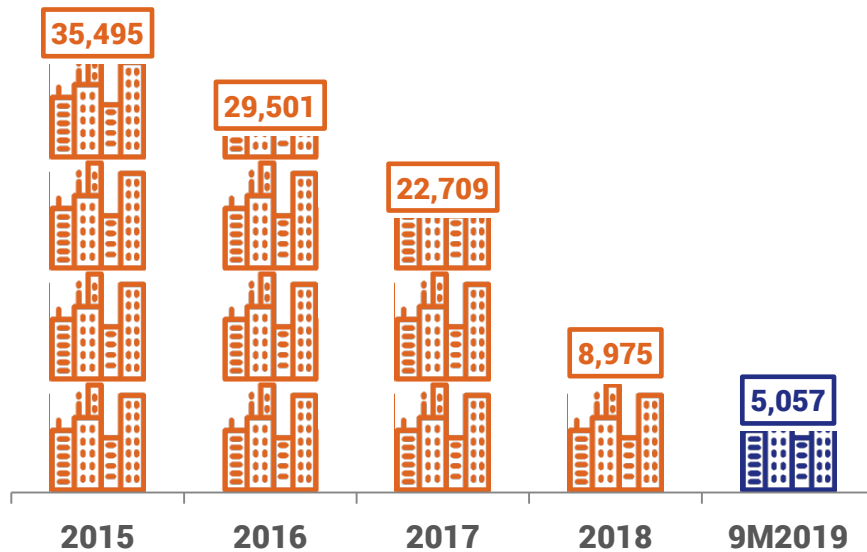
### Prospect

- Gaikindo predicted sales of motor vehicles in 2019 remain stagnant as 2018 sales of 1.1 million units.
- Infrastructure projects are predicted to increase the demand for cars and trigger demands in rural areas <sup>(1)</sup>.
- To further improve its performance, BA plans to tap into passenger vehicle market which contributed up to 77% of domestic market share in 2018<sup>(1)</sup>.

(1) GAIKINDO

# Bakrie Building Industries

**Sales Volume** ['000 std.m]



\*not including sales from Bangun Bantala Indonesia

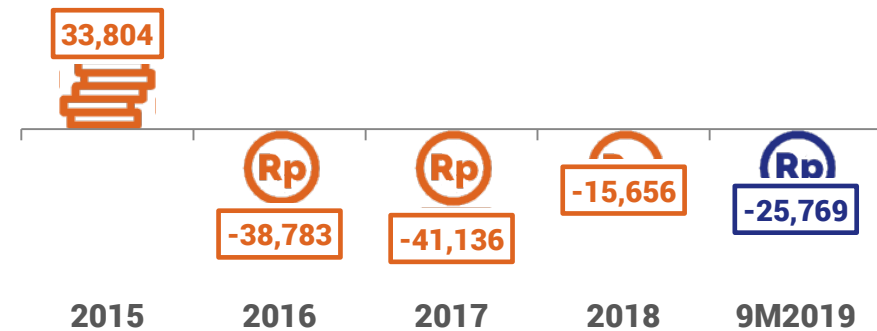
## Product

- Fiber Cement products with further expansion on its capacities and product portfolio.
- Sales composition consists of 87% roofing products and 13% ceiling and partition.

## Performance

- Sales volume decreased alongside BBI's plan to shift its business from manufacturing to provider of prefab houses construction as well as logistic and distribution services.

**EBITDA** [million Rupiah]



## Prospect

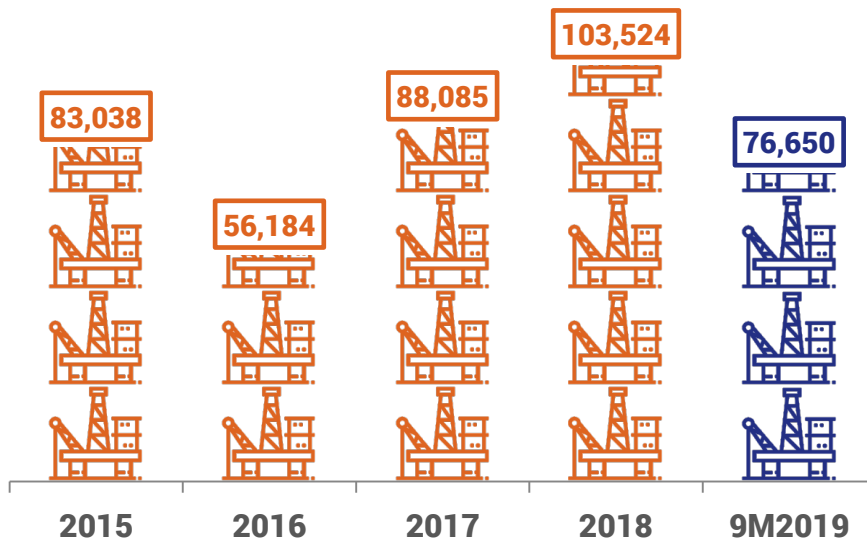
- In 2018 growth rate of property loans (for house and apartment) was 46%<sup>(1)</sup>, indicating increased demand in property sector.
- Distribution of Home Ownership Loans (KPR) is expected to increase along with the plan of the Ministry of Public Works and Public Housing (Kemenpupera) to channel KPR subsidies up to Rp. 7.1 trillion in 2019.

(1) Bank Indonesia

# Bakrie Metal Industries

## Steel Structure Fabrication & Steel Pipes Manufacturing

### Sales Volume [metric ton]



*\*not including steel structure production for oil and gas sector that is calculated by man-hour*

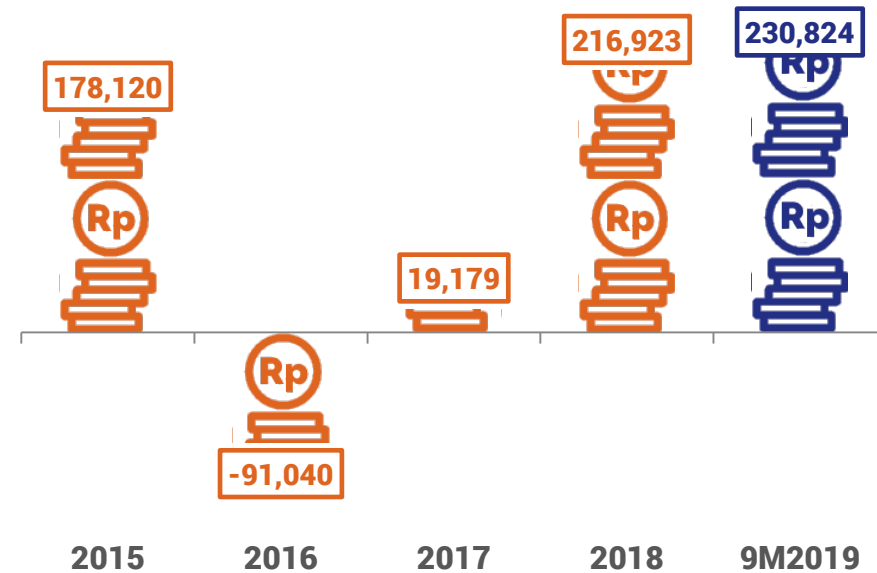
### Product

- Services for steel construction, EPC, and a producer for pipes with diameter ranging from 0,5in to 48in.
- Sales Composition of products and services in oil & gas sector and non-oil & gas sector is relatively balanced.

### Performance

- Sales Volume increased by 18% in 2018.

### EBITDA [million Rupiah]



### Prospect

- World Bank predicted prices of energy commodities, in particular crude oil and natural gas, will remain stable and gradually increased until 2030.
- Penetrate further to non-OG market given booming infra sector, as well as broadening captive OG market
- Government of Indonesia has once again increased its expenditure plan in infrastructure sector, from Rp 410.7 trillion in 2018 into Rp 415 trillion in 2019<sup>(1)</sup>.

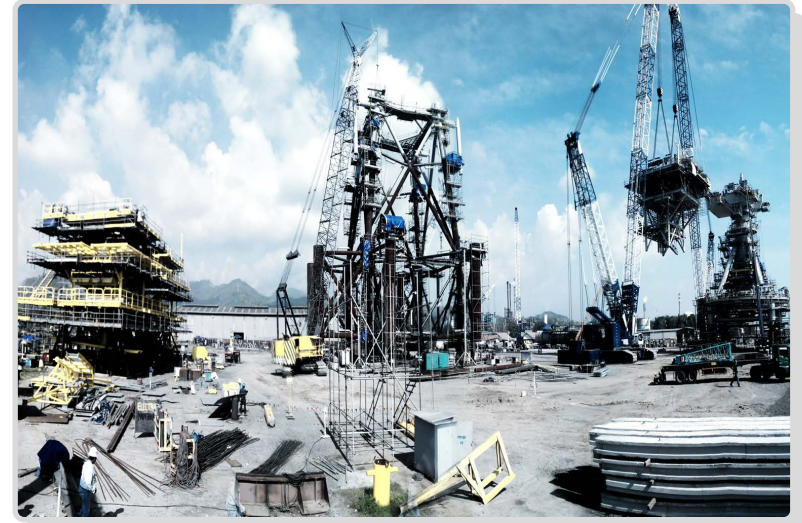
(1) Ministry of Finance Indonesia



# Manufacturing Business Unit

## Bakrie Metal Industries

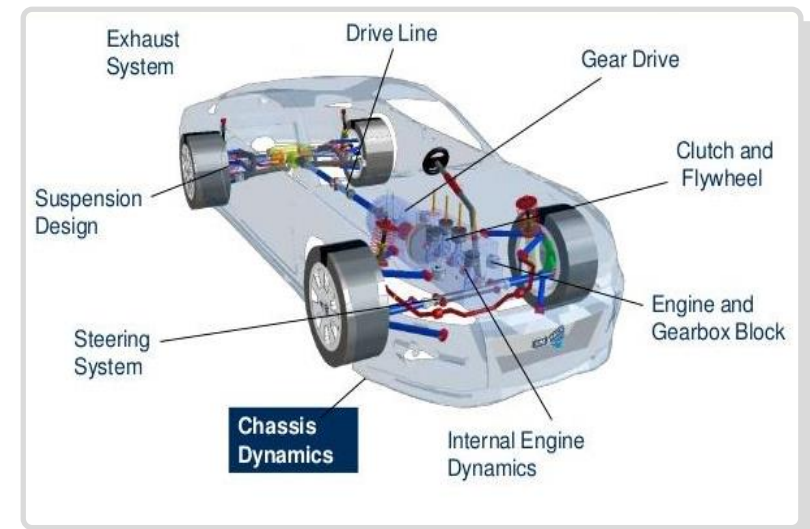
- Capacity expansion in EPC segment.
- Increase in non oil & gas steel structure segment.
- Increase of non oil & gas pipes capacity for national construction such as roads and power generator.
- Additional of spiral pipes in product portfolio.
- Business expansion to upstream industry sector.



# Manufacturing Business Unit

## Bakrie Autoparts

- Increase of production capacity utilization.
- Expand further into production of passenger vehicle components and after sales market.
- Increase of non-automotive segment.
- Development of electric vehicles for usage in DKI Jakarta, Central Java, East Java, and Bali.



# Manufacturing Business Unit

## Bakrie Building Industries

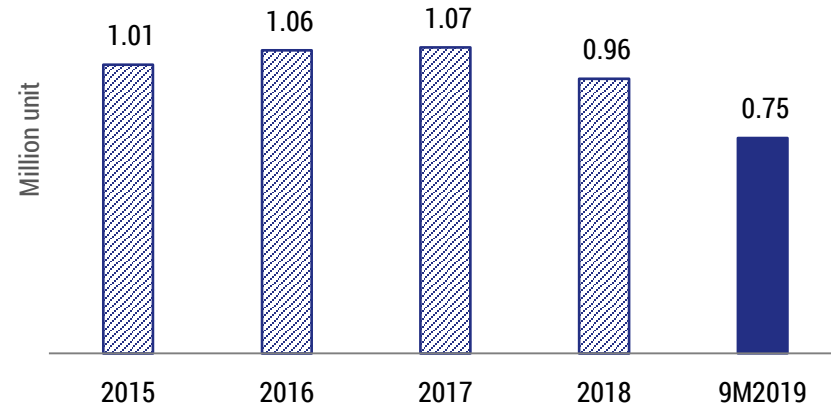
- Shifting of business from manufacturing into services provider.
- Expansion of market into infrastructure supporting industry segment.



# Sectoral Outlook

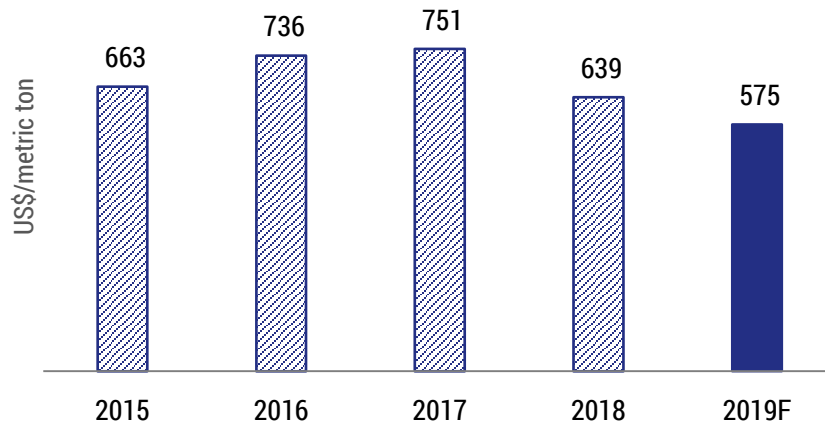
- **Total car sales** in Indonesia is predicted to reach 1 million in unit by end of 2019.
- **Commodities prices** are declining and predicted will continue to decrease in the next few years.

## Domestic Car Sales



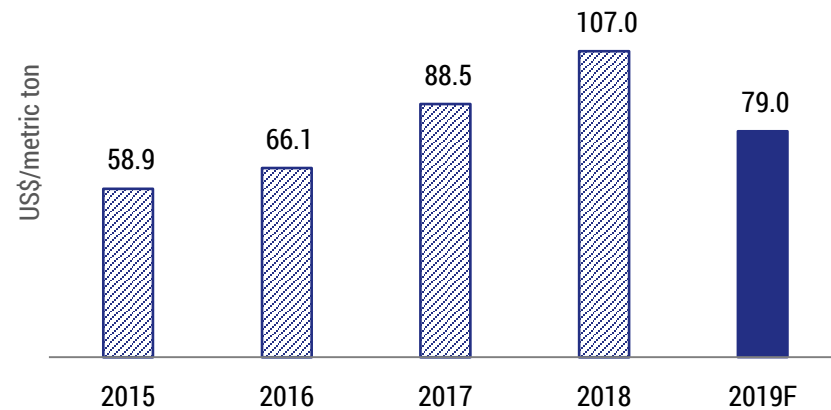
Source: Gaikindo

## CPO Price



Source: World Bank

## Coal Price - Australia



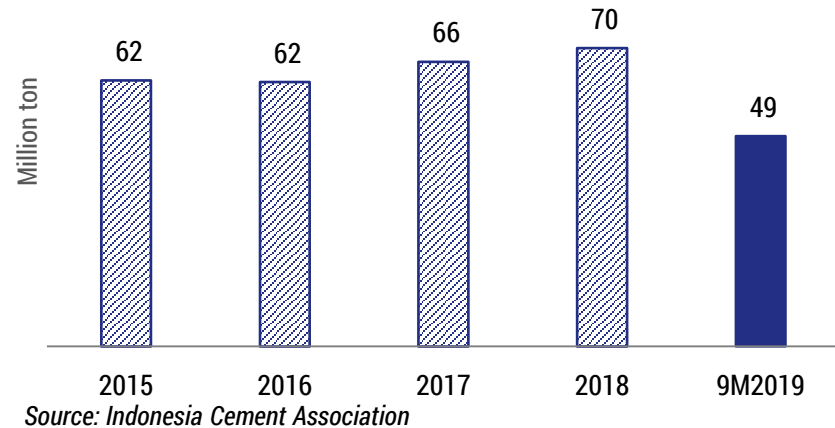
Source: World Bank



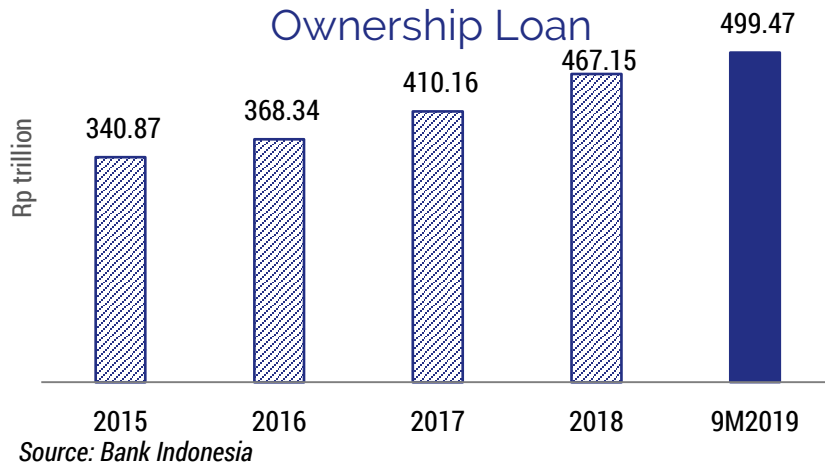
# Sectoral Outlook

- Percentage value of **GDP for construction sector** against total GDP is relatively stable at 10.5% range.
- Growth of **national cement consumption** for 2019 is predicted at 2% y-o-y.

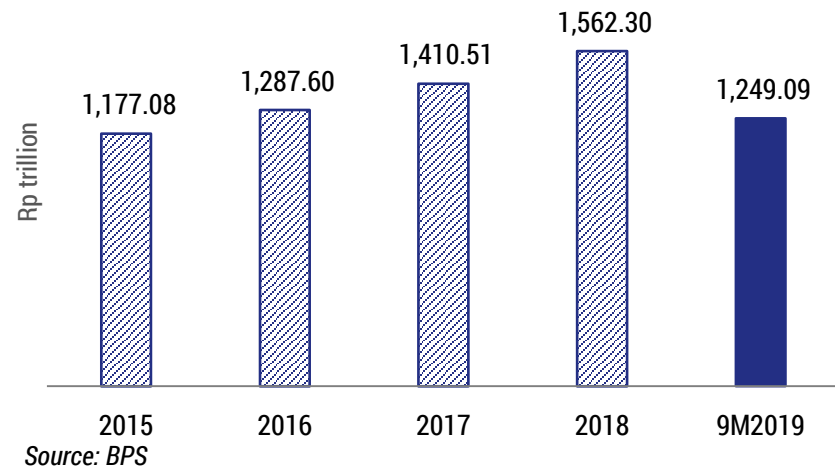
## National Cement Consumption



## Outstanding of Housing Ownership Loan



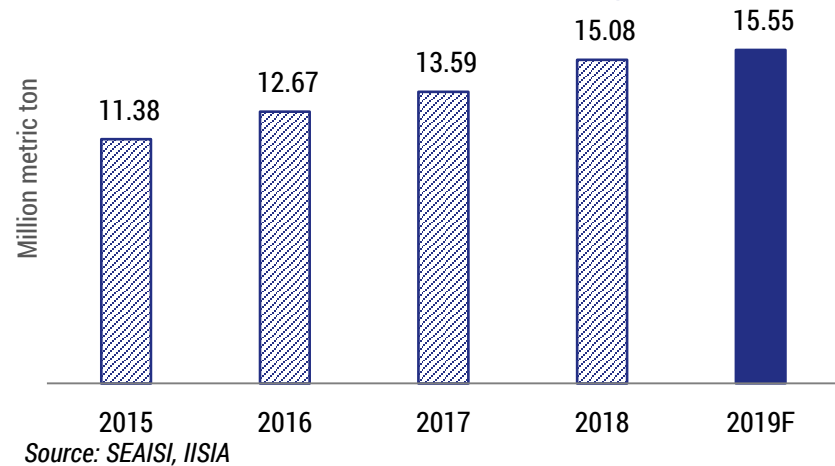
## Construction Sector GDP



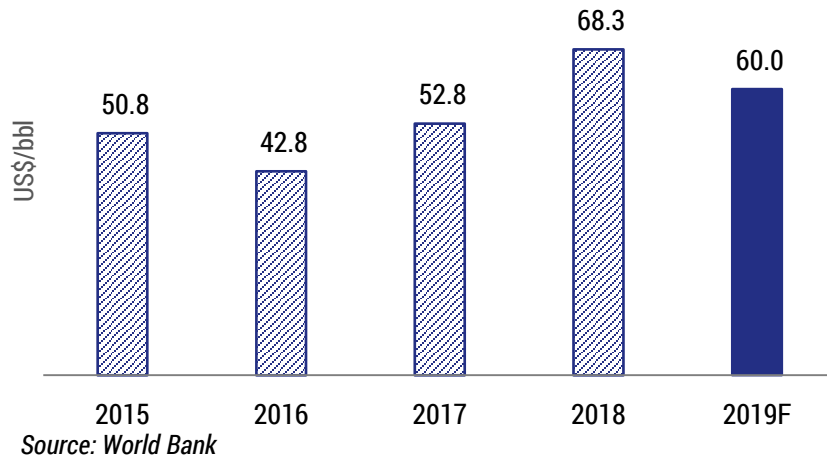
# Sectoral Outlook

- **National steel consumption** is predicted to increase in 2019.
- **Crude oil price** declined alongside weakening global economic condition.

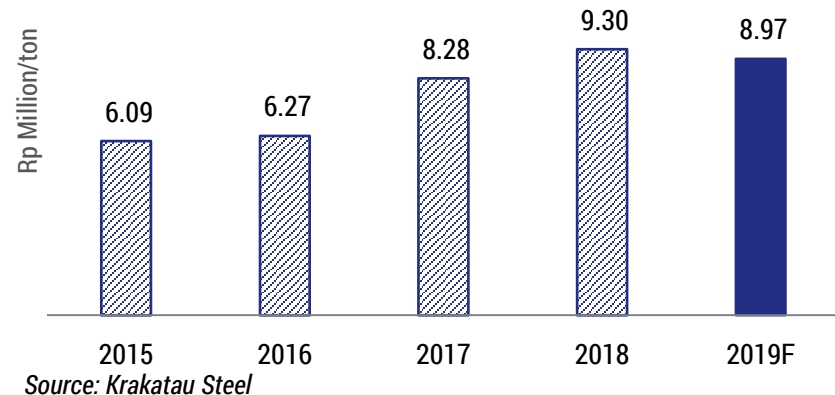
## National Steel Consumption



## Crude Oil Price (average)



## Hot Rolled Coil Price



# THANK YOU

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