



**Bakrie &  
Brothers**

# ANNUAL PUBLIC EXPOSE

December 2017

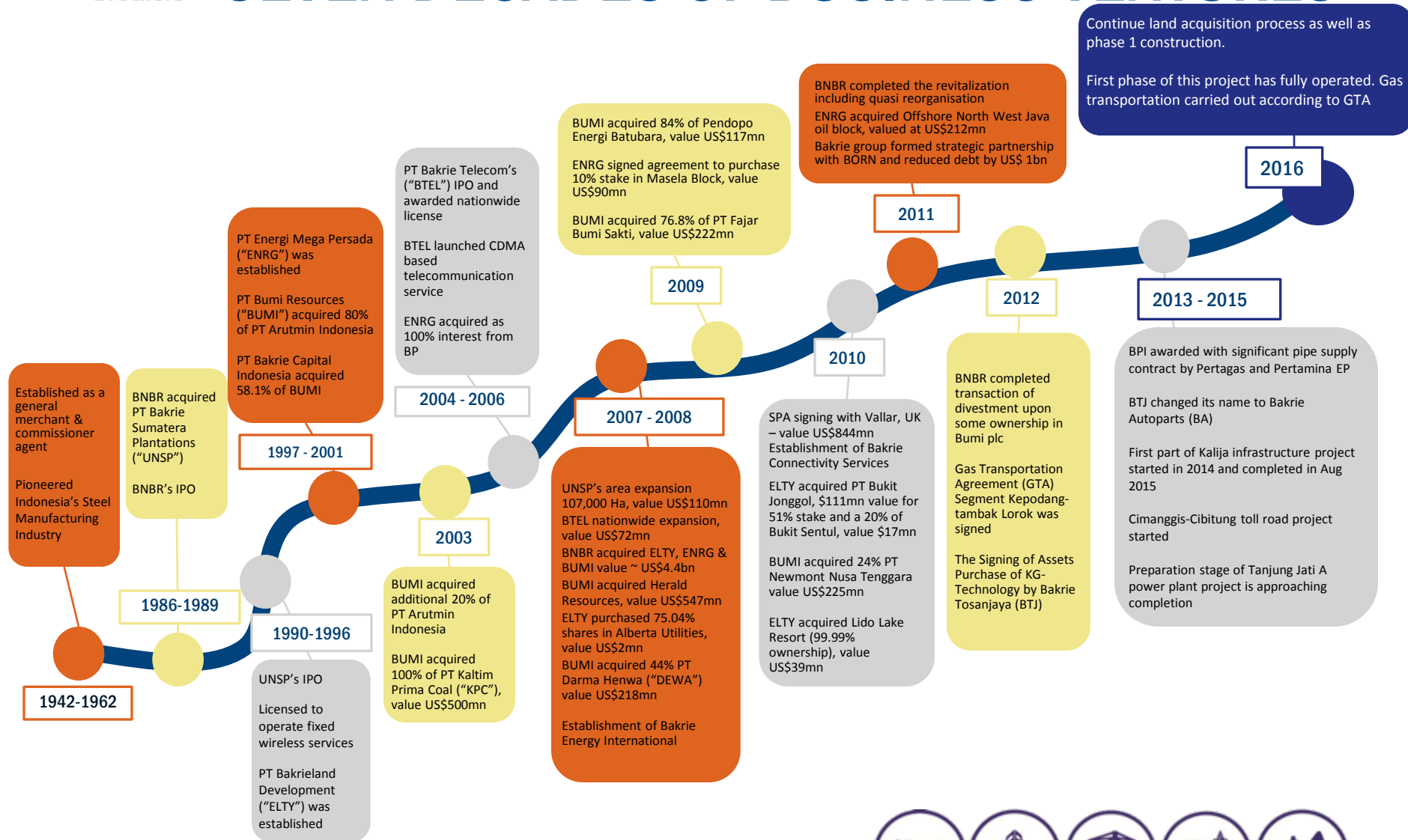
# AGENDA

1. About PT Bakrie & Brothers Tbk
2. Sectoral Highlight
3. Business Update
4. Financial Performance
5. Strategic Initiatives
6. Discussion

# **1. ABOUT PT BAKRIE & BROTHERS TBK ("BNBR")**



# SEVEN DECADES OF BUSINESS VENTURES



# PORTFOLIO OF PUBLICLY TRADES SHARES AND PRIVATELY HELD COMPANIES

## PT Bakrie & Brothers Tbk

Industry/ Sector	Metal	Automotive Parts	Building Materials	Energy Trading	Infrastructure	Mining & Natural Resources	Mining & Natural Resources	Telecom	Oil & Gas	Property Development	Agri-business
Company	Bakrie Metal Industries	Bakrie Autoparts	Bakrie Building Industries	Bakrie Energy International	Bakrie Indo Infrastructure	Bumi Resources	Darma Henwa	Bakrie Telecom	Energi Mega Persada	Bakrieland Development	Bakrie Sumatera Plantation
Holdings	99.99%	99.99%	99.99%	100%	99.96%	0.84%	0.11%	0.12%	0.002 per mil	0.16%	2.72%
FULLY CONTROLLED AND CONSOLIDATED						INVESTMENT					

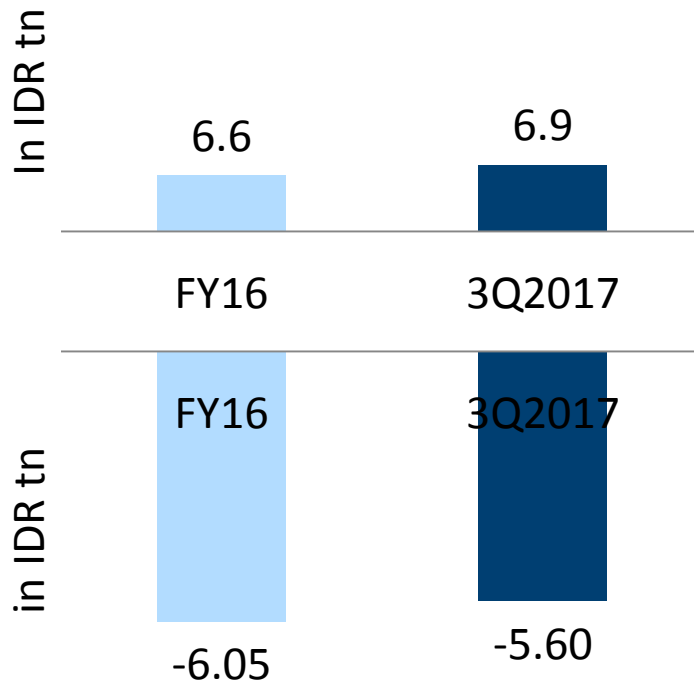
*\*as of 30 September 2017*

## 2. SECTORAL HIGHLIGHT



# FINANCIAL PERFORMANCE – B/S

(consolidated – in IDR trillion)

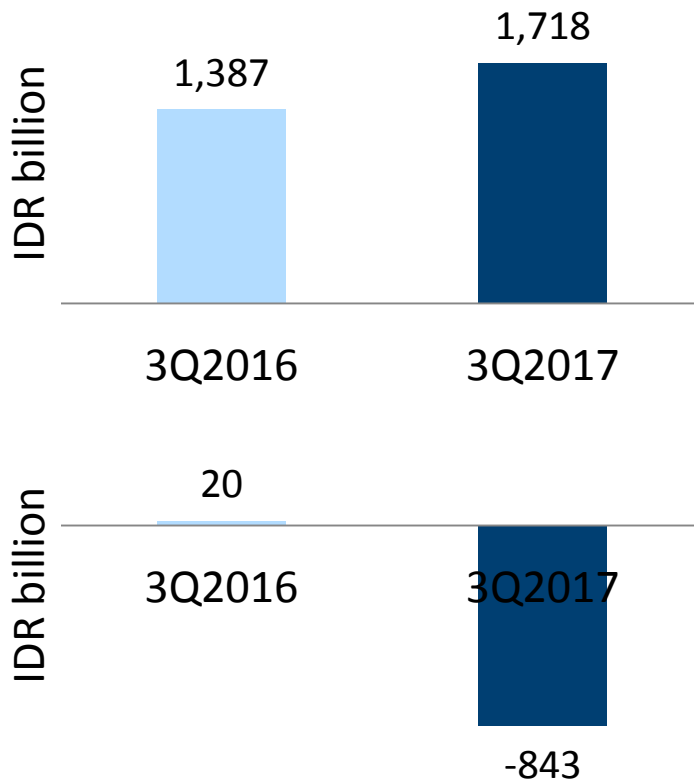


- **Assets** slightly increased by 5% for the 3<sup>rd</sup> quarter of 2017. This was due to an increase in accounts receivable.

- **Equity deficiency** slightly improved to Rp5.6 trillion for the 3<sup>rd</sup> quarter of 2017.

# FINANCIAL PERFORMANCE – P&L

(consolidated – in IDR billion)



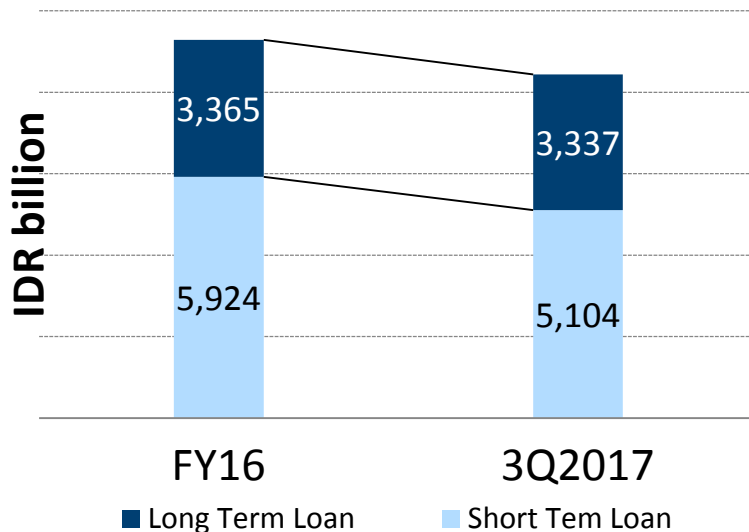
- **Revenue** increased by 24% for the 3<sup>rd</sup> quarter of 2017 as compared to the same period in 2016
  - This was due to slight improvement of demand in automotive, building materials and metal businesses.
- 
- The Company booked **negative attributable to owners of parent** for the 3<sup>rd</sup> quarter of 2017.



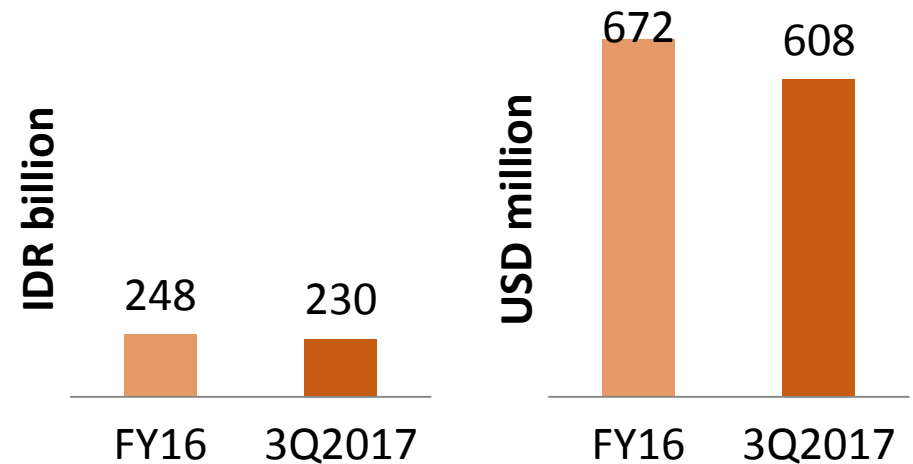
# DEBT STRATEGY

(Parent only)

Long Term vs. Short Term



Total Debt IDR and USD



- **Total Loan** slightly decreased by IDR 850 billion or -9%
- **Total Loan** in IDR decreased by IDR 18 billion or 7%
- **Total Loan** in USD decreased by USD 64 million or 10%

## 3. BUSINESS UPDATES



# BUSINESS UPDATES ON PRIVATELY HELD COMPANIES



## 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.
- Major supplier of components for domestic Mitsubishi and Hino commercial car with plan to expand its current replacement market.
- In the near future BA plans to tap into passenger vehicle to further expand its market.



## Bakrie Building Industries

- A producer of fiber-cement products for domestic and export market.
- Held approximately 21% market share in the domestic roof and ceiling market with 80 strong and loyal distributor network.
- Supported by a network of 80 loyal distributors
- Expanding its product portfolio to offer energy efficient building material.



## Bakrie Metal Industries

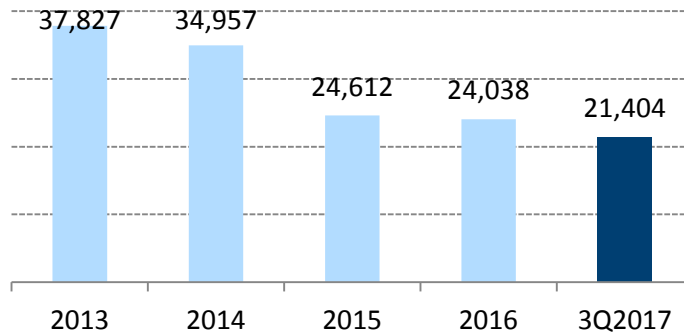
- Specializing in steel fabrication and civil engineering services to diversified sectors.
- Extensive experience in handling major EPC projects for offshore and onshore facilities.
- Produces small to medium steel pipes for oil & gas distribution, construction and water pipe.
- Held approximately 60% of local pipe market share with major oil & gas customers



## Bakrie Indo Infrastructure (BIIN)

- Bakrie Power specializing in power plant development, currently constructing 3x18 MW and power plant 2x660 MW power plant
- Bakrie Oil & Gas Infrastructure; specializing in gas pipeline infrastructure, currently operating 200km offshore gas pipeline
- Bakrie Toll Indonesia; specializing in developing toll road, currently constructing 26km urban toll road

## Sales Volume (metric ton)



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

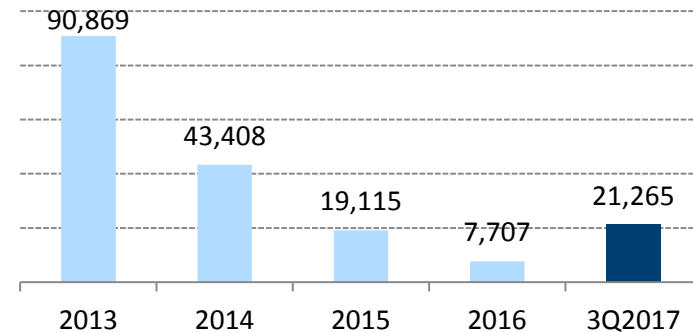
### Product

- OEM supplier for automotive components.
- Sales composition consists of 82% automotive components and 18% general casting.

### Performance

- Sales revenue decreased by 30% in 2015 and relatively stable in 2016, which reflects the easing of automotive industry contraction.

## EBITDA [million Rupiah]

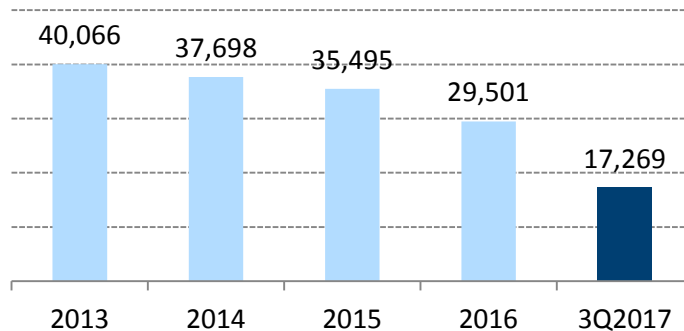


### Prospect

- Gaikindo predicted the growth for sales in motor vehicles at 6% in 2017, an increase compared to 5% growth in 2016.
- 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 82% of domestic market share in 2016<sup>(1)</sup>.

<sup>(1)</sup> GAIKINDO

Sales Volume ['000 std.m]



*\*not including sales from Bangun Bantala Indonesia*

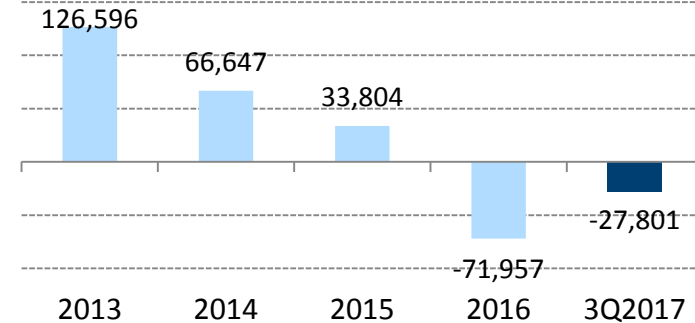
## Product

- Fiber Cement products with further expansion on its capacities and product portfolio.
- Sales composition consists of 70% roofing products and 30% ceiling and partition.

## Performance

- Sales volume decreased by 17% in 2016.

EBITDA [million Rupiah]



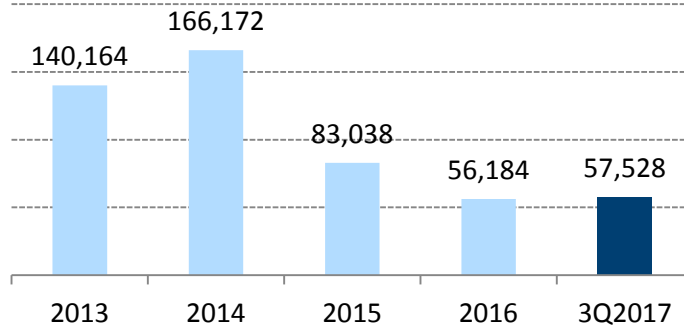
## Prospect

- In 2016 growth rate of property loans (for house and apartment) was 17%<sup>(1)</sup>.
- Promising growth potentials in line with government policies to boost property industry includes; BI rate maintained at 6.5% and the 13<sup>th</sup> Economic Policy Package focusing on simplifying regulations on housing for the lower income segment of Indonesia.

(1) Bank Indonesia

# BAKRIE METAL INDUSTRIES

## Sales Volume (metric ton)



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

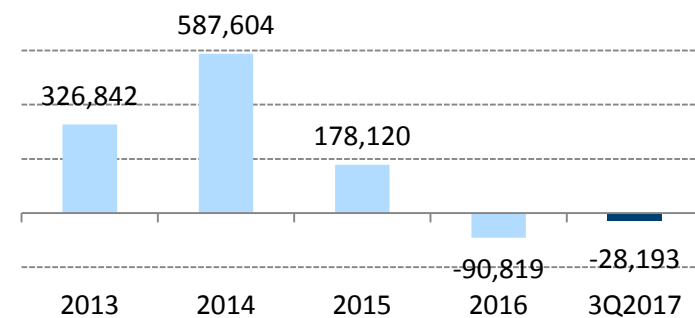
## Product

- Services for steel construction, EPC, and a producer for pipes with diameter ranging from 0,5in to 24in.
- Sales Composition consists of 44% products and services in oil & gas sector.

## Performance

- Sales Volume decreased by 32% in 2016.
- 2016 performance was still bolstered by non-oil and gas market.

## EBITDA [million Rupiah]



## Prospect

- Potential from oil & gas (OG) distribution is declining in line with the national oil lifting statistics.
- Penetrate further to non-OG market given booming infra sector, as well as broadening captive OG market
- Currently gas consumption for Indonesia is 153 cu meter per capita, far below Thailand (769) and Malaysia (1044)<sup>(1)</sup>.

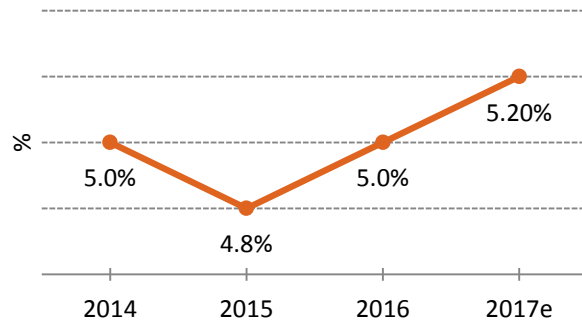
(1) CIA World Factbook

## 4. SECTORAL HIGHLIGHT



# MACRO-ECONOMIC OUTLOOK

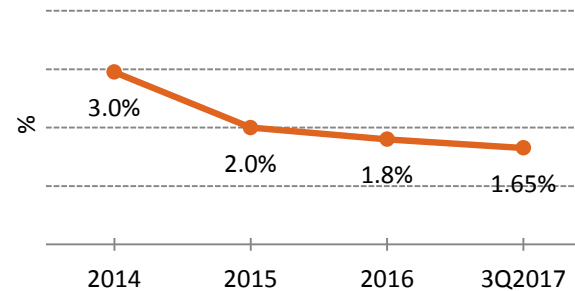
## GDP Growth



Source: Ministry of Finance

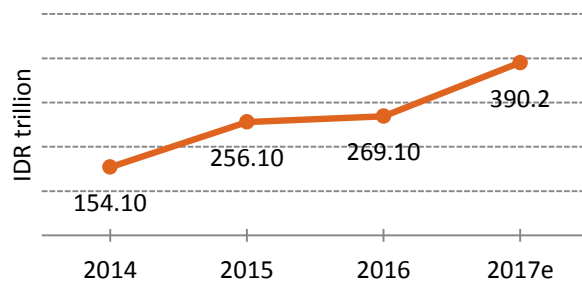
## Annual current Account Deficit

(Percentage based on GDP)



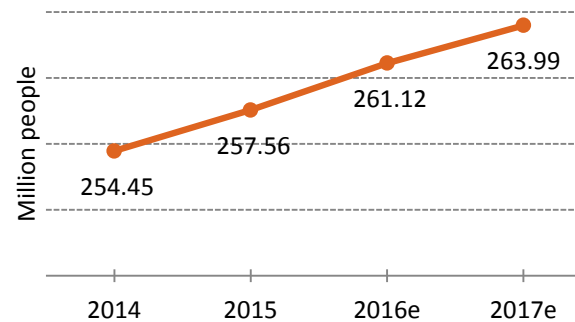
Source: Bank Indonesia

## Infrastructure Spending in State Budget



Source: Ministry of Finance

## Population



Source: World Bank

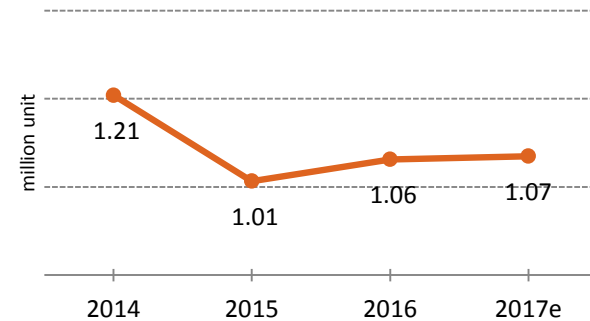
- **GDP growth** is predicted to exceed 2016's.
- **Annual current account deficit** further decrease in the 3<sup>rd</sup> quarter of 2017
- **Infrastructure Spending** in State Budget continues to rise
- **The population of Indonesia** continues to grow, with 33% of it being at the productive age of 15-34 (according to data by BPS)



# SECTORAL OUTLOOK

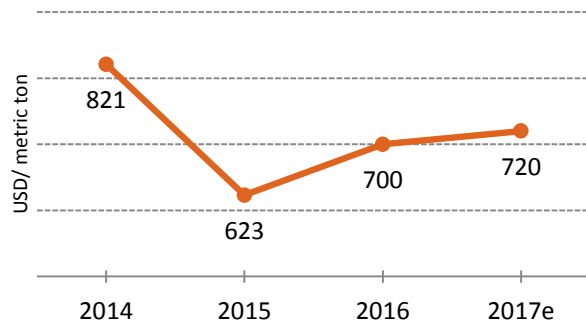
- **Total Domestic Car Sales** in Indonesia is predicted to reach 1.07 million units by the end of 2017
- **Commodity prices** are recovering

Annual Domestic Car Sales



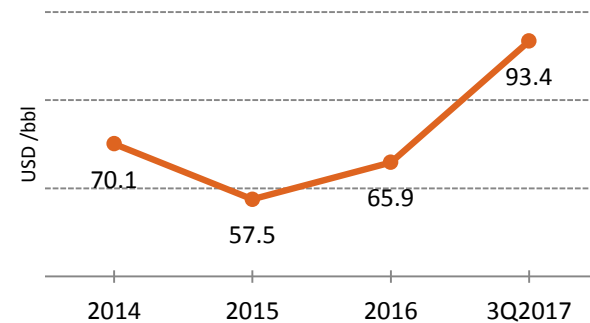
Source: Gaikindo

CPO Price



Source: World Bank

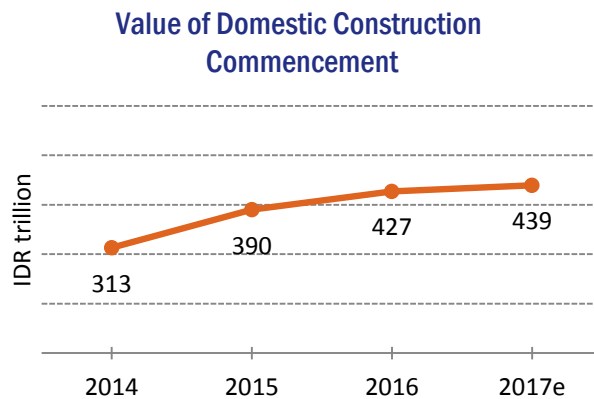
Coal Price – Australia (Average spot)



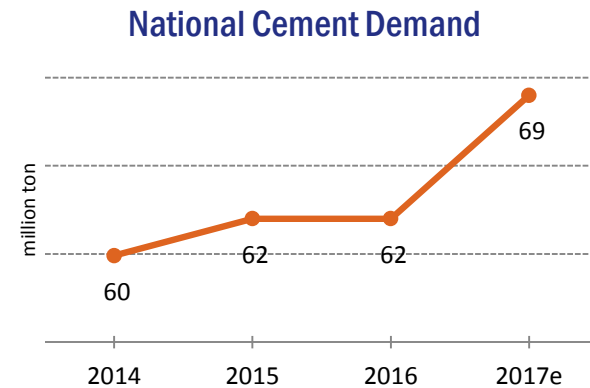
Source: World Bank

# SECTORAL OUTLOOK

- **Total construction projects** is predicted to grow by 3% y-o-y on 2018
- **Residential sector** is the biggest contributor to the growth

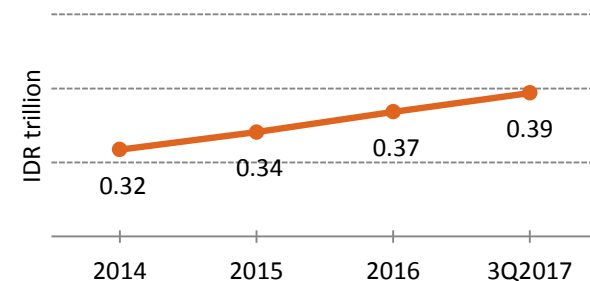


Source: BCI Indonesia



Source: Asosiasi Semen Indonesia, BPS

## Outstanding of Housing Ownership Loan

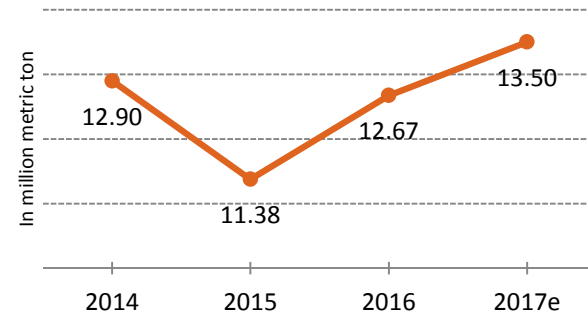


Source: Bank Indonesia

# SECTORAL OUTLOOK

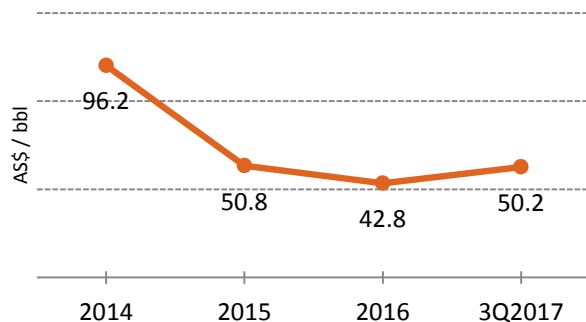
- **National Steel Consumption** is predicted to rise on 2018 reaching 14.3 million tonnes
- **Hot Rolled Coil Steel Price** increased as a result of shortage in iron ore

## National Steel Consumption



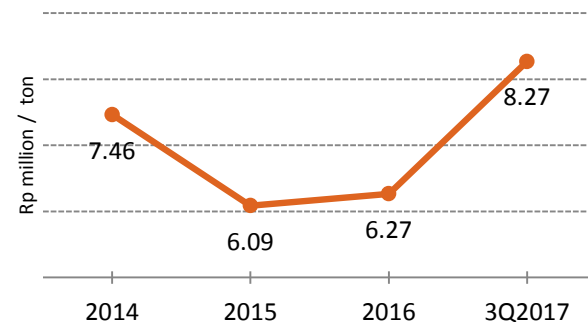
Source: SEAISI

## Crude oil price (average)



Source: World Bank

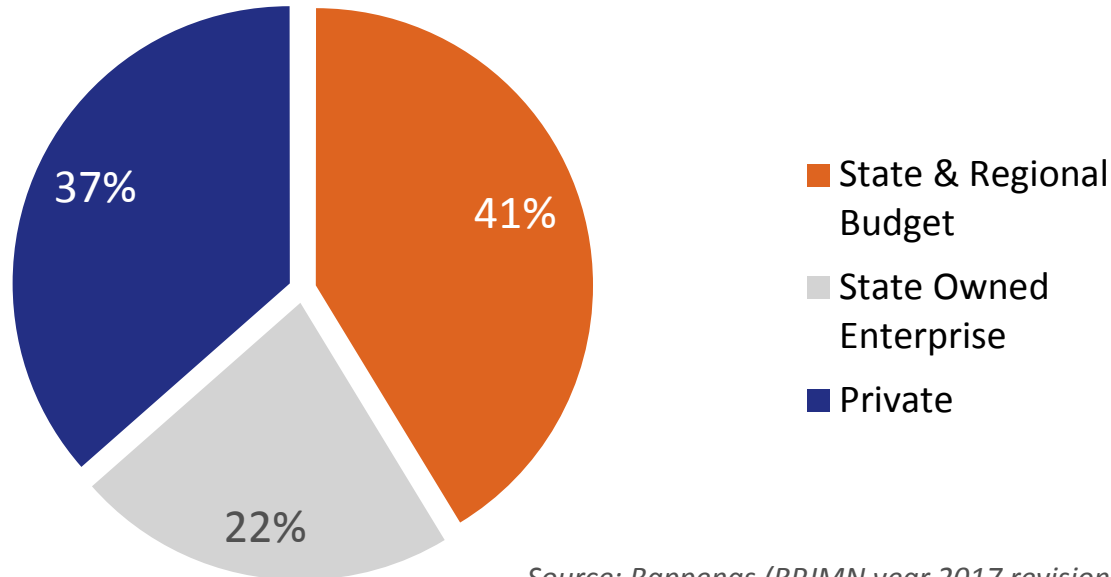
## Hot Rolled Coil Steel Price (Average)



Source: Krakatau Steel

# INFRASTRUCTURE SECTOR

Indonesia's Infrastructure Investment Requirement 2015  
- 2019



Source: Bappenas (RPJMN year 2017 revision)

- Infrastructure development, the government's main focus, requires Rp4,760 trillion during the period of 2015-2019<sup>(1)</sup>.
- Funding gap at around Rp 1,739 trillion is expected to come from the private sector.
- Infrastructure expenditure ceiling in the state budget is set at Rp409,1 trillion
- Throughout the period of 2015 – 2019 the country is targeted to develop 1,000 km toll roads, 35,000 MW of power plants and 5,730 km of gas pipelines

(1) Bappenas, RPJMN year 2017 revision

## 5. STRATEGIC INITIATIVES



# GROWTH STRATEGY

## Manufacturing Business Units

- **Bakrie Autoparts** – Product portfolio expansion by adding higher margin products for both automotive and non-automotive.
- **Bakrie Building Industries** – Product portfolio expansion by addition of high value added products; expansion of distribution network through relocation and to shorten distance to consumers; increase production for projects.
- **Bakrie Metal Industries** – Expand business line relating to non-oil & gas, mainly in non-oil & gas construction.

# GROWTH STRATEGY

## Infrastructure Projects Development

### Kalija Pipeline 1<sup>st</sup> Phase

- Collaborating with PT Perusahaan Gas Negara Tbk (PGN)
- Construction was completed on August 21, 2015
- Gas were transported from Kepodang field (Muriah gas field owned by Petronas) to Tambak Lorok Power Plant, 116 mmscfd gas daily



# GROWTH STRATEGY

## Infrastructure Projects Development

### Cimanggis-Cibitung Toll Road

- Collaborating with PT Waskita Toll Road (a subsidiary of PT Waskita Karya Tbk)
- First phase construction begun in September 2015, as well as construction process in Cimanggis interchange
- Land acquisition for section I and section II is going as planned.





# GROWTH STRATEGY

## Infrastructure Projects Development

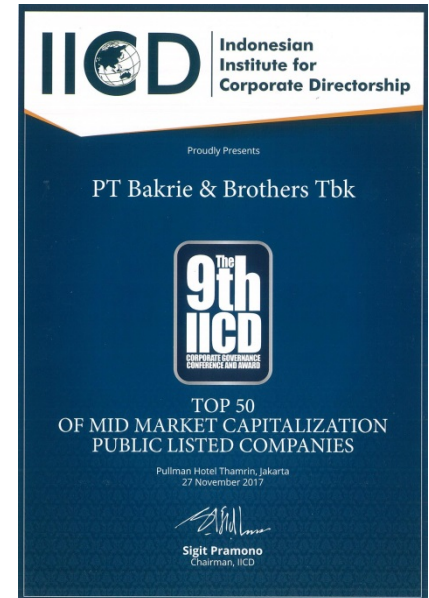
### Tanjung Jati A Power Plant 2x660MW

- Collaborating with YTL Jawa Energy BV (a subsidiary of YTL Corporation Berhad).
- Finalizing renegotiation process with PLN to adjust to the Government's new policy on electricity tariffs.
- Land acquisition for transmission line is at 85% completion.
- Currently processing the Environmental Impact Assessment



# STRENGTHENING GCG PRACTICE

- BNBR routinely evaluates its GCG practices through external parties
- November 2017 – acquired the IICD 9<sup>th</sup> Corporate Governance Award for the category “Top 50 MidCap”
- The company is currently undergoing the CGPI Award this year that’s themed “Change Management in GCG Framework”



## 6. DISCUSSION



# THANK YOU



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