



***Bakrie &  
Brothers***

The background of the slide is a photograph showing the silhouettes of two construction workers in the foreground, one appearing to assist the other. In the background, there is a tall lattice tower and a multi-story building under construction with visible scaffolding. The sky is blue with some clouds. A solid blue horizontal band spans the width of the image, serving as a background for the text.

# ANNUAL PUBLIC EXPOSE

November 2016

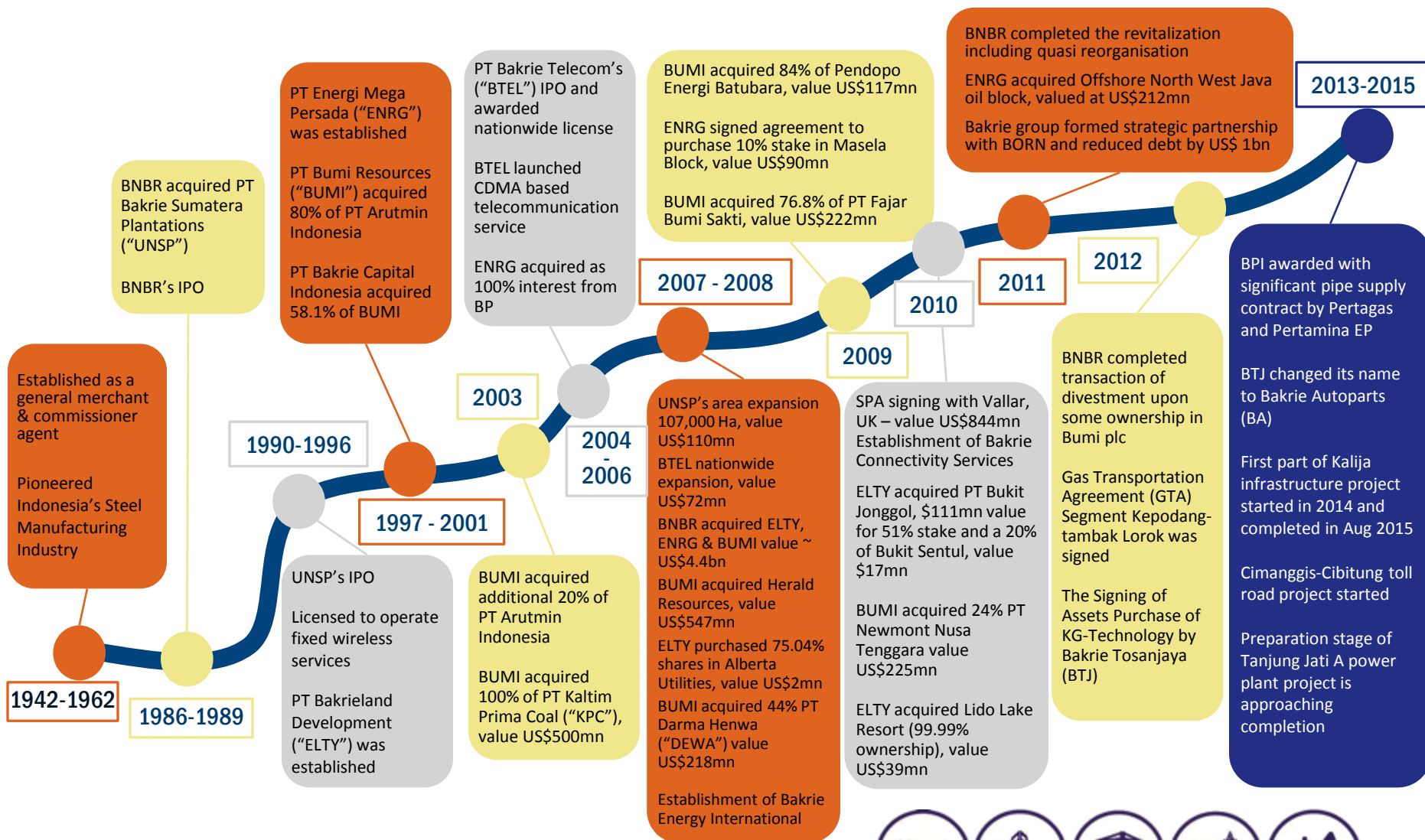
# AGENDA

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

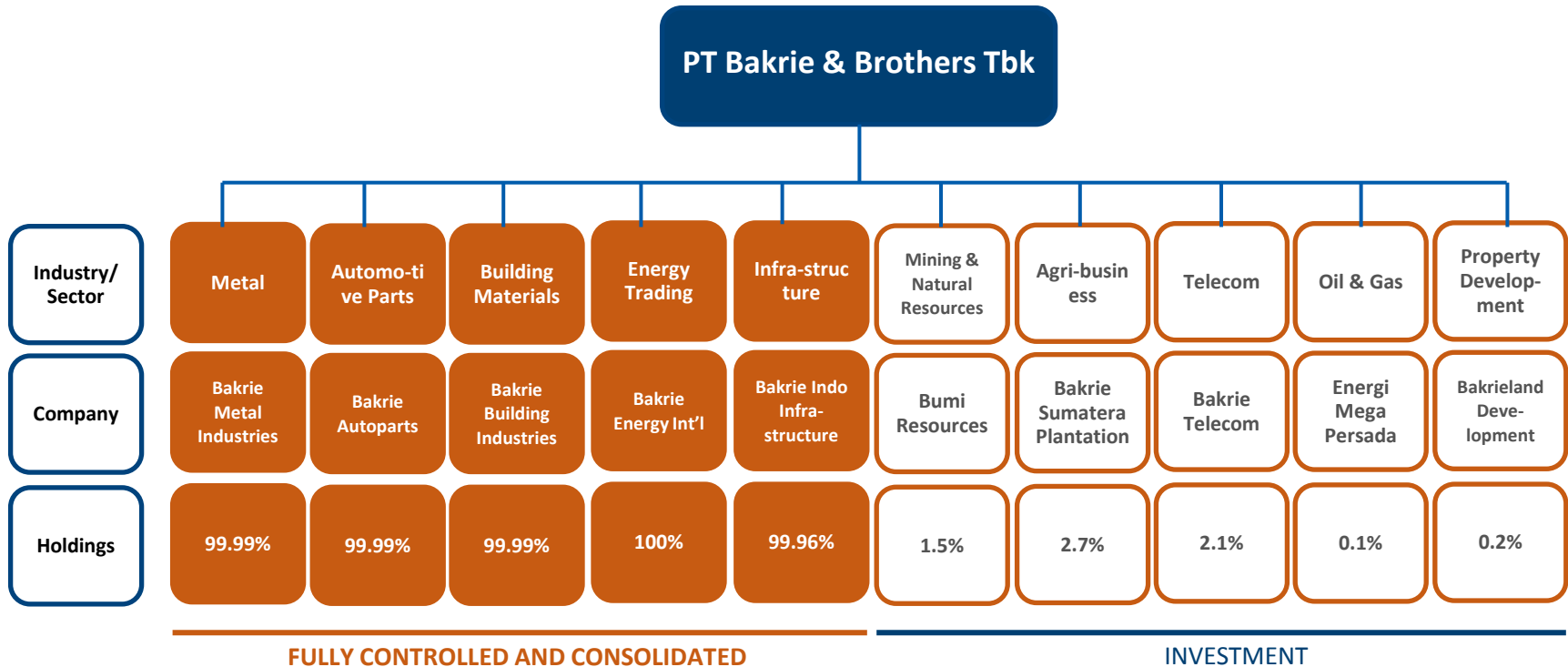
# **1. ABOUT PT BAKRIE & BROTHERS TBK ("BNBR")**



# SEVEN DECADES OF BUSINESS VENTURES



# PORTFOLIO OF PUBLICLY TRADES SHARES AND PRIVATELY HELD COMPANIES

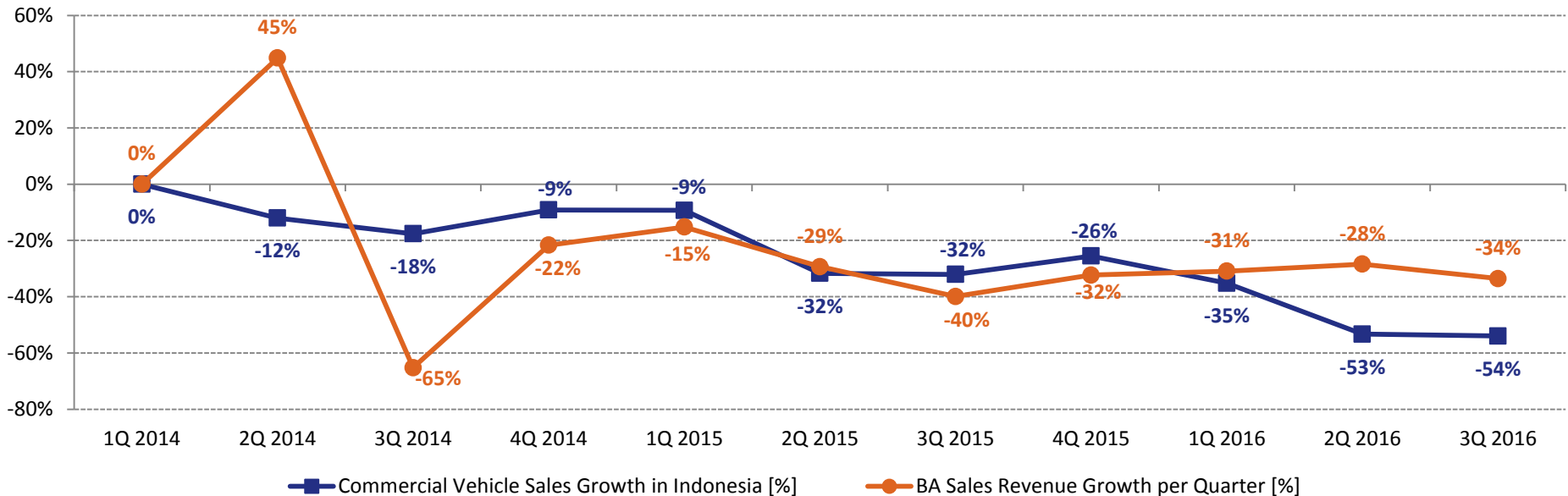


*\*as of September 30, 2016*

## 2. SECTORAL HIGHLIGHT



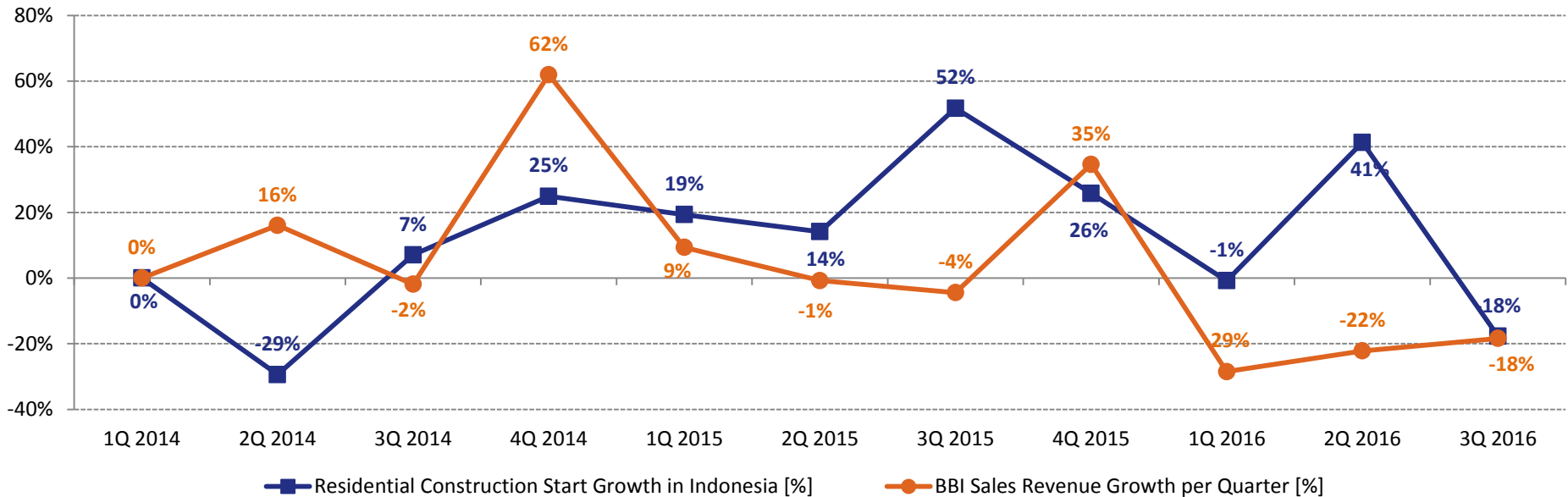
# MANUFACTURING SECTOR- AUTOMOTIVE



- Gaikindo predicted the total commercial vehicle sales in Indonesia will grow by 4% y-o-y by the end of 2016.
- During the 3<sup>rd</sup> quarter of 2016, commodity prices showed signs of recovery, as coal prices rose by 30% q-o-q.<sup>(1)</sup>

(1) World Bank

# MANUFACTURING SECTOR- CONSTRUCTION

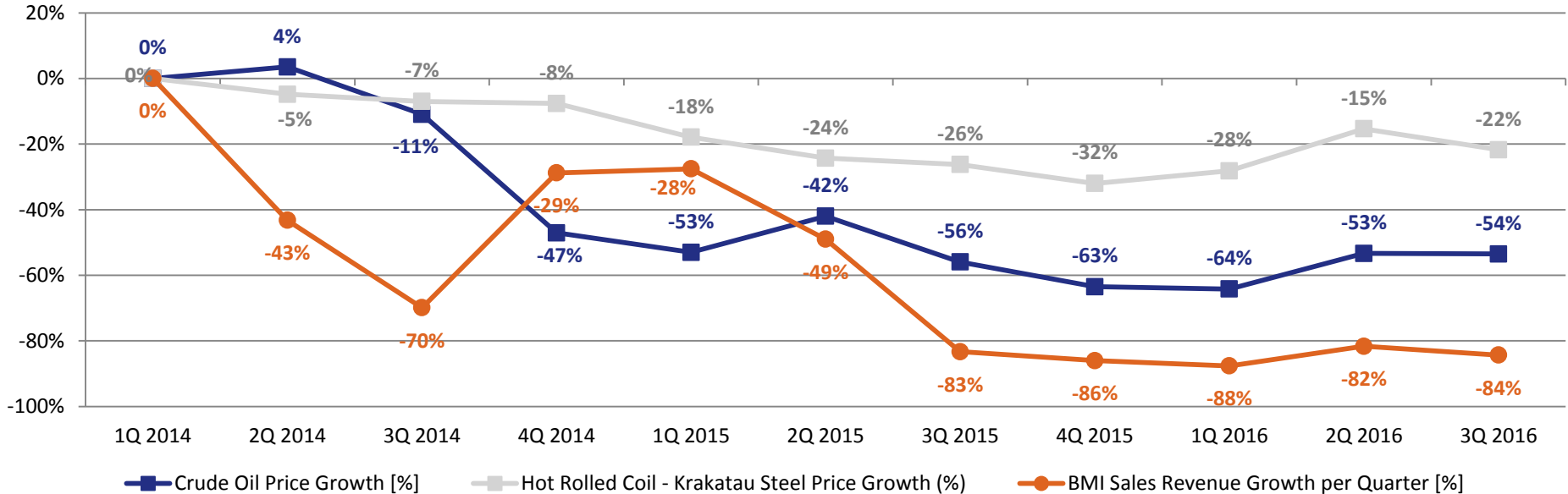


- Building constructions in Indonesia for the period of 2014-2017 are still concentrated in Java and Sumatera by as much as 81%.<sup>(1)</sup>
- The breakdown for building construction and civil works are 51% to 49%, where 38% of the building constructions consists of residential.<sup>(1)</sup>

(1) BCI Economics



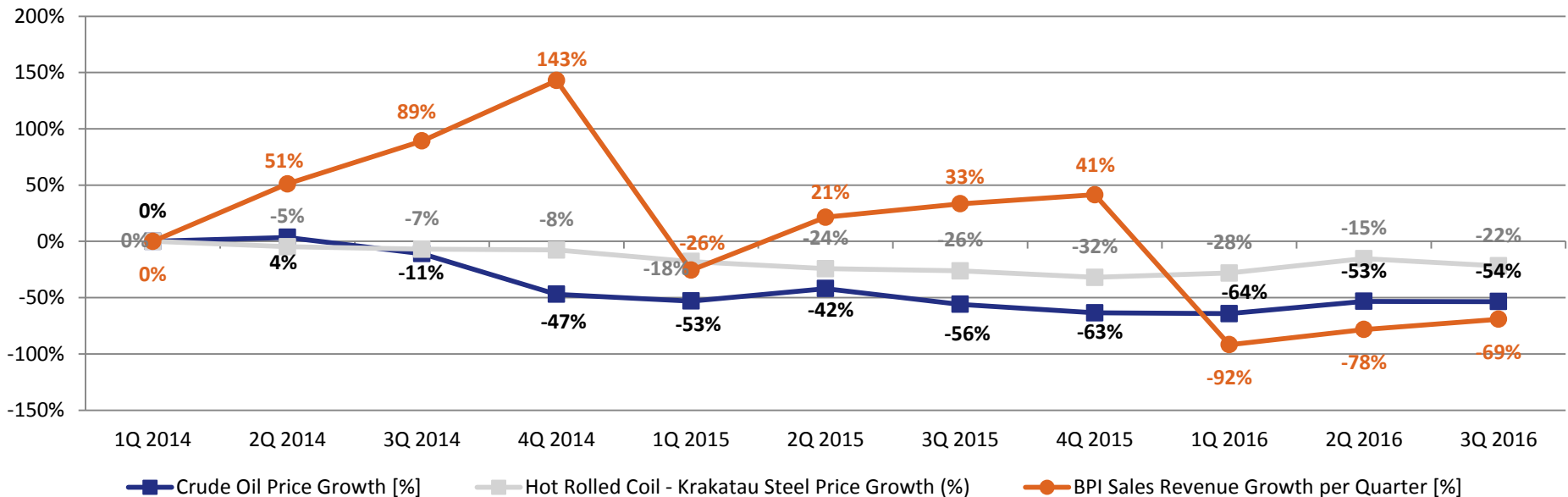
# MANUFACTURING SECTOR- OIL & GAS



- Crude Oil prices are predicted to grow to USD \$50 (-47%) per barrel by 2017, while OPEC is expected to limit oil output. <sup>(1)</sup>
- HRC prices during the fourth quarter of 2016 will experience an increase and it is predicted to continuously increase by the 1<sup>st</sup> quarter of 2017, following the rise of crude oil prices.

(1) World Bank

# MANUFACTURING SECTOR- STEEL

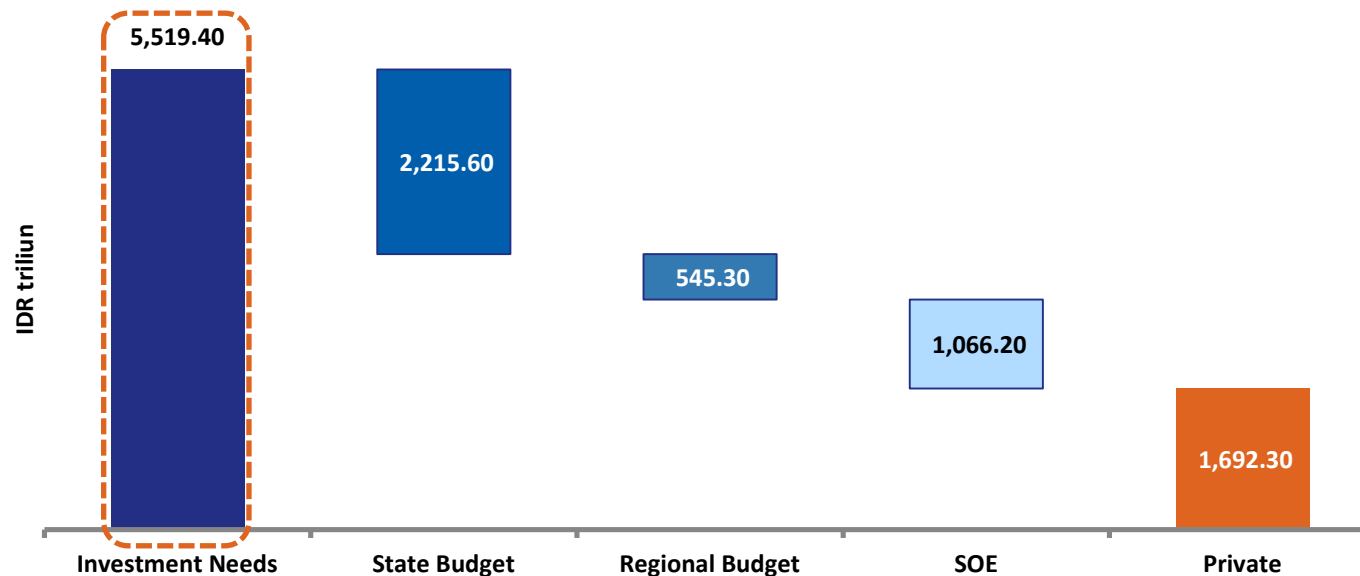


- The demand for steel products in the ASEAN market is predicted to hold a steady growth rate of about 6% as a result from its infrastructure development activities. <sup>(1)</sup>
- Indications leaning towards the recovery of oil prices implies the possibility of demand growth for oil & gas pipes in the next 12 months.

(1) World Steel Association

# INFRASTRUCTURE SECTION

Indonesia's Infrastructure Investment Requirement 2015 - 2019



Source: BAPPENAS

- The Government estimates that around Rp. 5,250 trillion of investment is required for infrastructure development during the period of 2015-2019<sup>(1)</sup>.
- Funding gap at around Rp. 1,692 trillion is expected to come from the private sector.
- Infrastructure expenditure ceiling in the state budget is set at Rp. 387.3 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 2015

## 3. BUSINESS UPDATE



# BUSINESS UPDATES ON PRIVATELY HELD COMPANIES



## Bakrie Autoparts

- The pioneer in grey & ductile casting iron products for OEM automotive components in Indonesia..
- 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.
- Expanding its product portfolio to offer energy efficient building material.



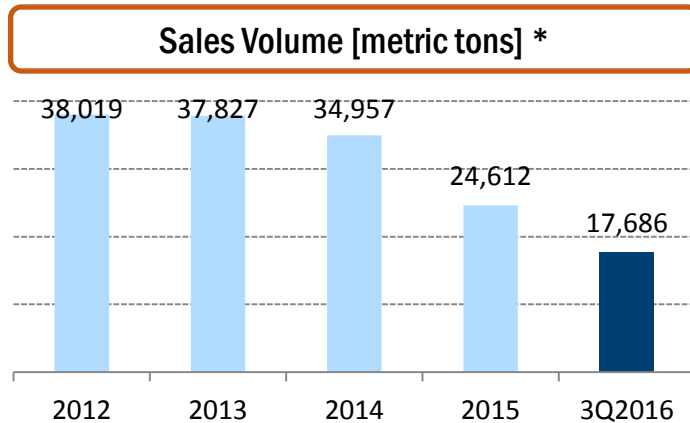
## Bakrie Metal Industries

- 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



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

## Product

- OEM supplier for automotive components.
- Sales composition consists of 87% automotive components and 13% general casting.

## Performance

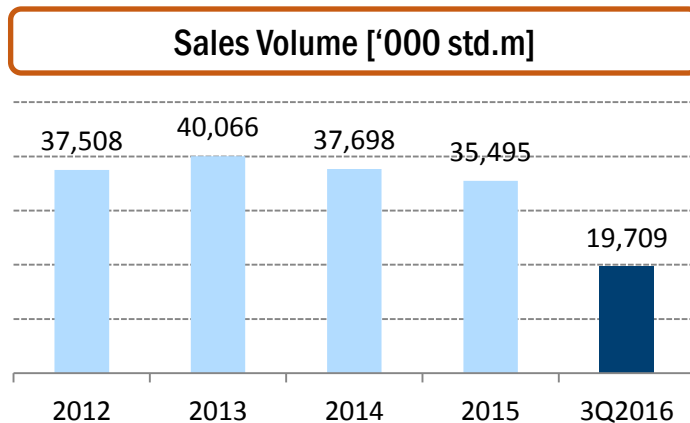
- Sales revenue decreased by 8% in 2014 and decreased by 30% in 2015, which reflects the slowing down of automotive industry.

## Prospect

- In 2016, Gaikindo stated that the growth for sales in motor vehicles stayed at only 4%.
- 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 as commercial vehicle only comprises of 74% domestic market share in 2015<sup>(1)</sup>.

<sup>(1)</sup> GAIKINDO

# BAKRIE BUILDING INDUSTRIES



*\*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 6% for both 2014 and 2015.

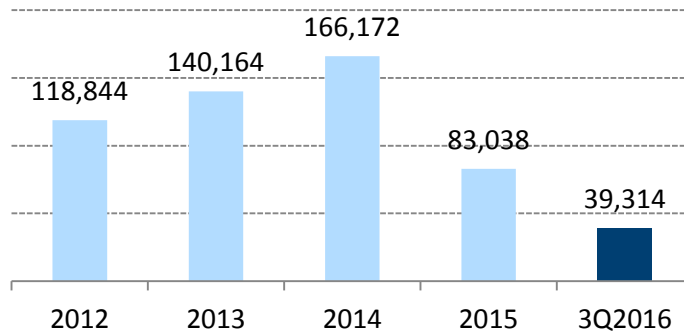
## Prospect

- In 2015 residential and hotel construction sector grew at 33% and 57% respectively<sup>(1)</sup>.
- Promising growth potentials in line with government policies to boost property industry includes; a decrease in BI rate per June 2015 (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) BCI Economics

# BAKRIE METAL INDUSTRIES

Sales Volume [metric tons]



## Product

- Services for steel construction, EPC, and a producer for pipes with diameter ranging from 0,5in to 24in.
- Sales Composition consists of 60% steel pipes and 40% steel construction and EPC.

## Performance

- Sales Volume decreased by 50% in 2015.
- 2015 performance was still bolstered by non-oil and gas market.

## 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

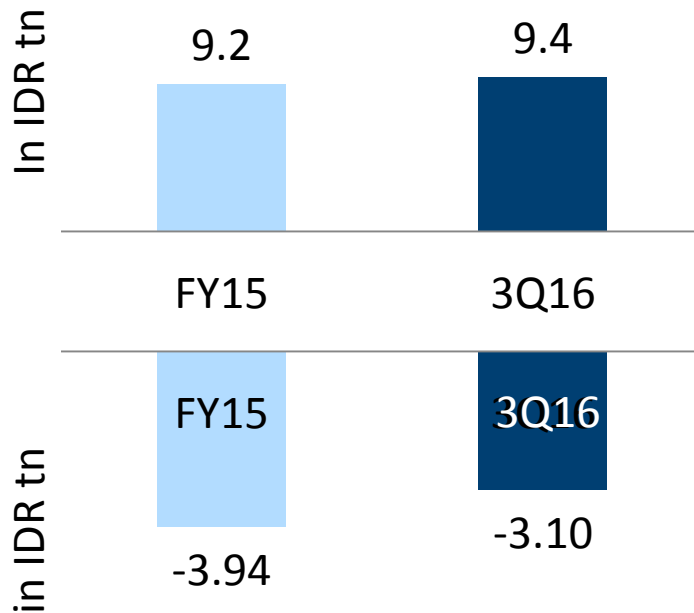


## 4. FINANCIAL PERFORMANCE



# FINANCIAL PERFORMANCE – B/S

(consolidated – in IDR trillion)

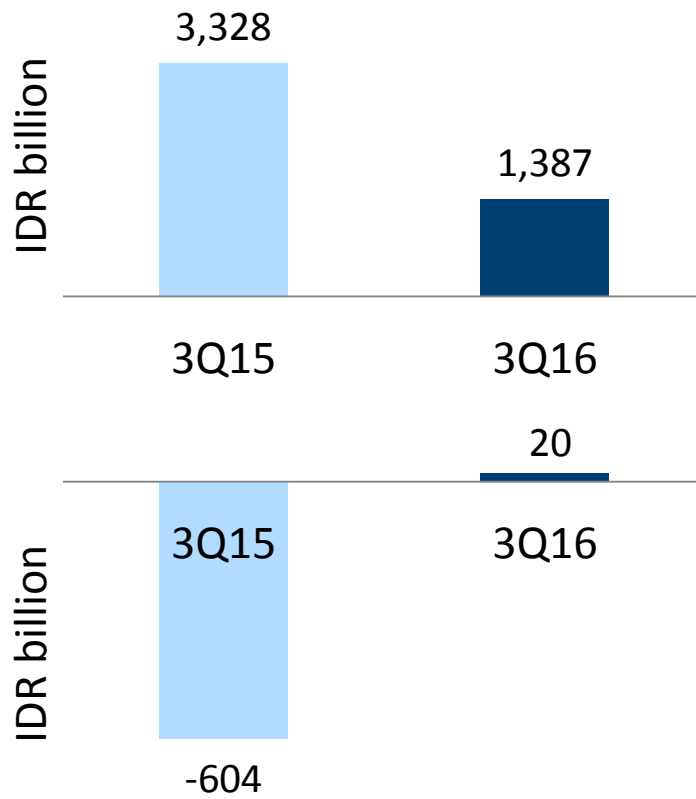


- **Assets** were relatively stable in third quarter of 2016.

- **Equity deficiency** slightly improved to Rp 3.1 tn at the end of the third quarter of 2016.

# FINANCIAL PERFORMANCE – P&L

(consolidated – in IDR billion)



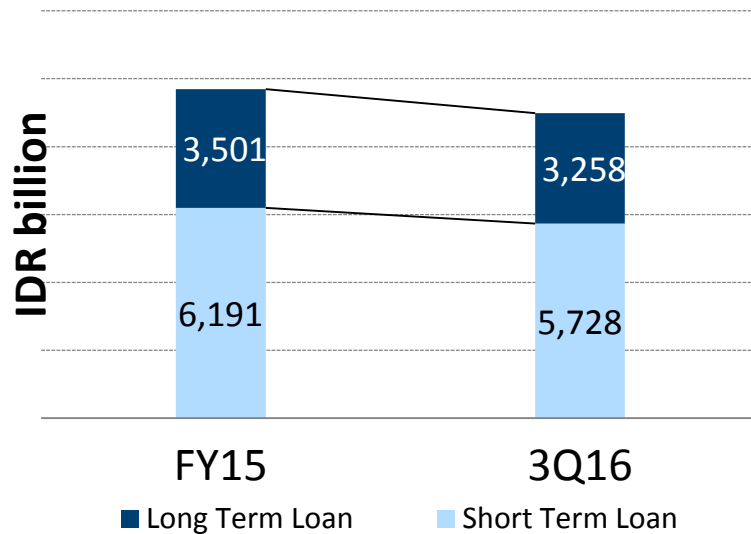
- **Revenue** decreased by 58% in third quarter of 2016.
- This was mostly due to decline of demand in automotive, building materials and metal businesses.

- **Profit (loss) attributable to owners of parent** significantly increase in third quarter of 2016.
- This was mainly because the Company recorded gain on forex.

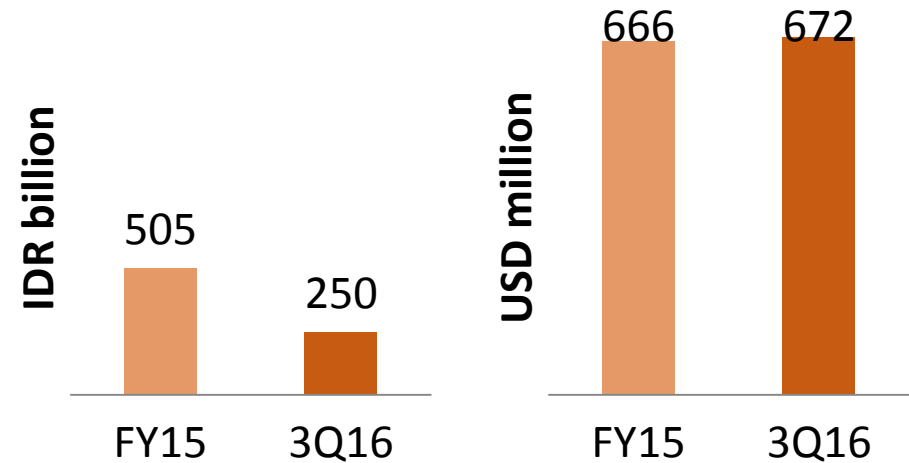
# DEBT STRATEGY

(Parent only)

Long Term vs. Short Term



Total Debt IDR and USD



- **Total Loan** decreased by IDR 706 billion or 7%
- **Total Loan** in IDR decreased by IDR 255 billion or 50%
- **Total Loan** in USD experienced a 1% increase

## 5. STRATEGIC INITIATIVES



# GROWTH STRATEGY

## Manufacturing Business Units

- **Bakrie Autoparts** – Consolidate productive assets, increase capacity through upgrading of production capacity, 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 to shorten distance to consumers
- **Bakrie Metal Industries** – addition of product types by establishment of coating plant and metal services laboratory; expansion of non-oil & gas market; expansion of related business lines



# 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



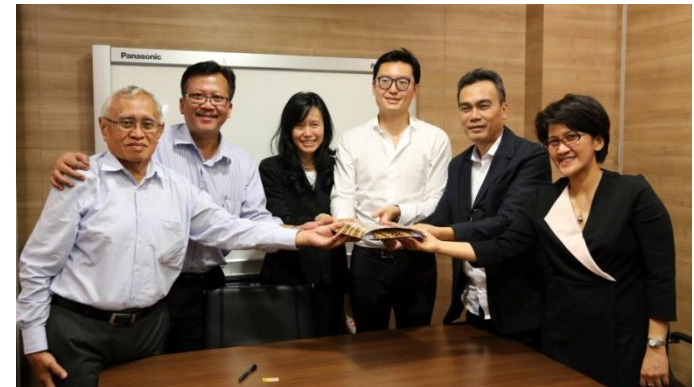


# GROWTH STRATEGY

## Infrastructure Projects Development

### Tanjung Jati A Power Plant 2x660MW

- Collaborating with YTL Jawa Energy BV (a subsidiary of YTL Corporation Berhad)
- Signing of PPA in December 2015
- Currently in investment funding process



## 6. DISCUSSION



# THANK YOU



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