



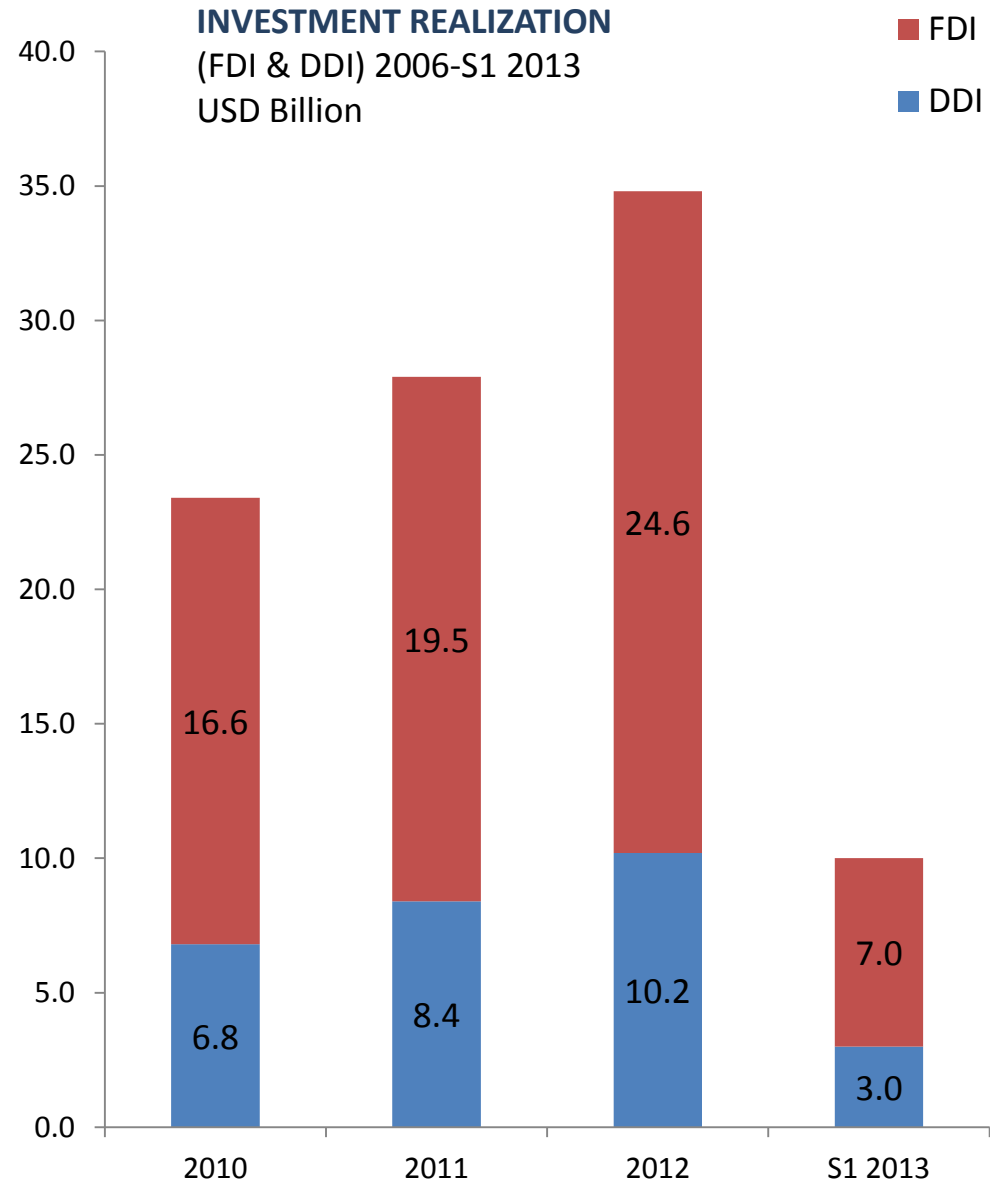
INVESTMENT OPPORTUNITIES IN INDONESIA

Presented by: Deputy Chairman For Investment Planning

Milan-Italy, 16 September 2013



Indonesia Investment Updates: Investment Realization 2010-2013



■ FDI
■ DDI

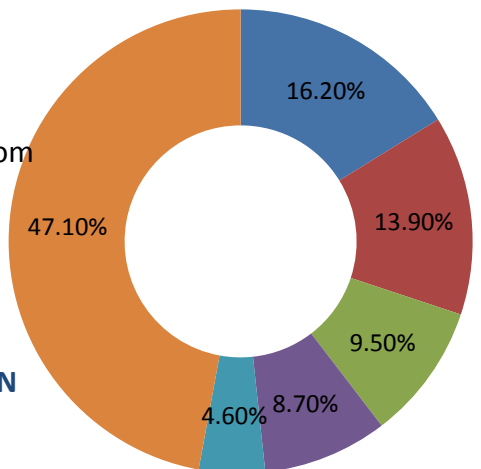
COUNTRY	2012	2013
SINGAPORE	1 ST	4 th
JAPAN	2 nd	1 ST
SOUTH KOREA	3 rd	3 rd
USA	4 th	2 nd
ITALY	24 th	25 th

S1 2013 INVESTMENT REALIZATION BASED ON ORIGIN COUNTRY (%)

(USD BILLION)

- 2.3 ■ Japan
- 1.9 ■ Singapore
- 1.3 ■ United States
- 1.2 ■ South Korea
- 0.6 ■ United Kingdom
- 6.9 ■ Others

TOTAL USD 14.22 BILLION



Source: BKPM, 2013

Italy Investment in the World and Indonesia 2010-2013

IN USD MILLION

2010- JUNE 2013

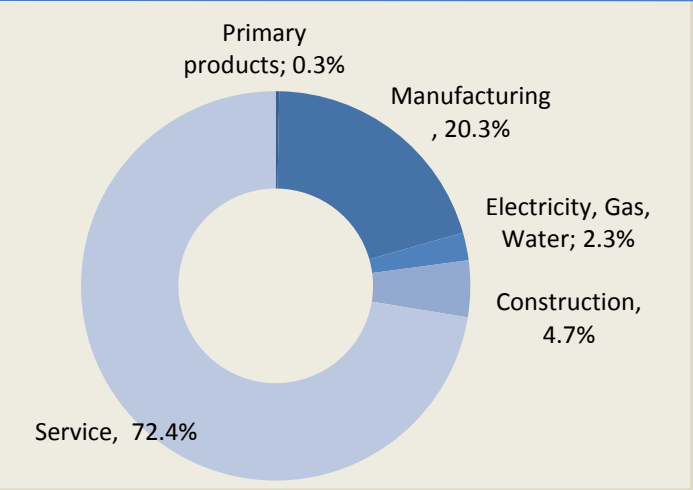
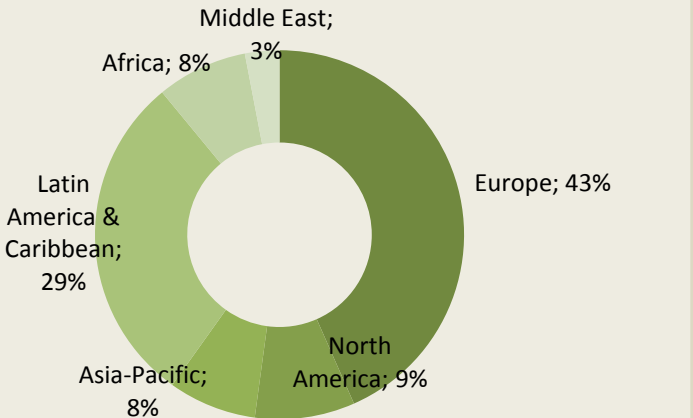
Italy's Investment in the World USD 65.8 Billion

Italy's Investment in ASEAN USD 0.5 Billion

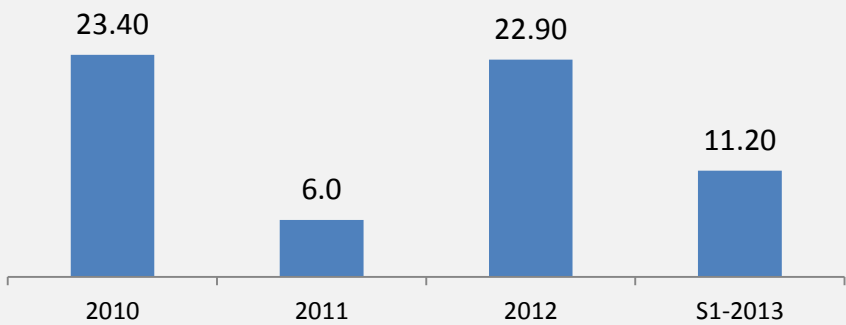
Italy's Investment in Indonesia USD 0.3 Billion
(Investment Planning)

"Italy's investment in Indonesia is only accounted less than 1% from its outflow investment to the world and 60% from its outflow investment in ASEAN Region"

63.5 Million
(Investment Realization)



ITALY INVESTMENT IN INDONESIA (USD MILLION)



ITALY INVESTMENT IN INDONESIA BASED ON SECTOR 2010 – JUNE 2013

- 1 Transportation, Storage, and Telecommunication (20,1 Million USD)
- 2 Mining (16 Million USD)
- 3 Rubber and Plastic Industry (7.8 Million USD)
- 4 Food Industry (6.5 Million USD)
- 5 Metal, Machinery and Electronic Industry (6 Million USD)
- 6 Hotel and Restaurant (2.4 Million USD)

Sources: FDI Market & BKPM, 2013 (Processed by BKPM)

Italy Investment Positions in The World

“ENI SpA aims to reach a production of 100,000 barrels of oil equivalent per day (boepd) of gas from Jangkrik field (located in Muara Bakau block, Makassar Strait) by 2016. In addition, managing director of ENI Indonesia Carlo Russo said the firm would invest **US\$400 million in the next four years** for its exploration in Indonesia. ENI will drill a deep-water basin at the Bulungan block in the Makassar Strait in September. In November, it will drill an exploration well at the Muara Bakau block, in the same area. “

jsxonlinetrading.com, 12 April 2013



“Pirelli and PT Astra Otoparts Tbk establish a joint venture (60% Pirelli, 40% PT Astra Otoparts) to build new moto tyre factory in Indonesia. Jv’s estimated **2012-2014 total investment 120 million dollars**. Expected 2014 conventional moto tyre production 2 million pieces, growing to 7 million in 2016. At full operation the factory will account for **around 25% of Pirelli’s total worldwide moto production**”

Press Release Pirelli.com, 24 April 2012



Investment Updates (Regulations & Incentives)

Negative Investment List: On Going Reforms On Investment Climate

STRUCTURE OF NEGATIVE INVESTMENT LIST

BUSINESS FIELDS	DETAIL OF CONDITIONS									
	A	B	C	D	E	F	G	H	I	J
1. Agriculture	7	-	-	1	-	-	-	10	-	-
2. Forestry	7	10	4	-	10	3	-	-	-	-
3. Maritime and Fishery	2	9	-	-	3	3	-	-	-	-
4. Energy and Mineral Resources	1	1	15	-	1	-	-	-	-	-
5. Industrial	15	16	-	-	9	-	-	1	-	-
6. Defense	-	-	-	-	-	-	-	2	1	-
7. Public Work	1	5	-	-	-	-	-	-	-	-
8. Trade	-	-	1	-	-	12	-	-	3	-
9. Culture and Tourism	4	-	7	-	-	8	15	-	1	2
10. Transportation	-	-	21	-	2	2	-	1	-	2
11. Communication and Informatics	-	1	9	-	1	4	-	1	-	-
12. Finance	-	-	11	-	-	1	-	-	-	-
13. Banking	-	-	-	-	4	3	-	-	-	-
14. Manpower and Transmigration	-	-	3	-	1	1	-	-	-	-
15. Education	-	-	1	-	3	-	-	-	-	-
16. Health	-	-	5	-	2	13	7	-	-	1
17. Security	-	-	-	-	-	-	-	6	-	-
TOTAL (298 BUSINESS FIELDS)	39	42	77	1	36	50	22	21	5	5

Remarks:

- A. Reserved for Micro, Small and Medium Enterprises and Cooperatives**
- B. Partnership (Joint Venture)**
- C. Foreign Ownership**
- D. Certain Location**
- E. Special Permit**
- F. 100% Domestic Ownership**
- G. Foreign Ownership as well as Location**
- H. Special Permit and Foreign Ownership**
- I. Special Permit and 100% Domestic Ownership**
- J. Foreign Ownership Requirements and/or location for ASEAN Investors**

TAX HOLIDAY

- Legal umbrella for Tax Holiday is Government Regulation
- Tax Holiday incentive:
 1. Tax exemption for a period 5 to 10 years after a company or project begins commercial production (100% realization and have the permanent lisenze/IUT).
 2. Tax holiday may be granted for a maximum period of 10 (ten) of the Fiscal Year and at least 5 (five) Fiscal Year, commencing from the commencement of commercial production of the Fiscal Year. Following this period,
 3. Investors could be offered an additional 50% corporate income tax reduction for 2 years after the tax holiday period (12.5 % of income tax for 2 years).
 4. Tax holiday is offered for following pioneer industries

No.	Industry*
1	Manufacture of basic metal
2	Petroleum refining industry and / or organic basic chemicals derived from petroleum and natural gas
3	Machinery
4	Industry of renewable resources
5	Manufacture of communication equipment

5. The requirements are: minimum investment of Rp. 1 trillion (100 Million USD); have existed as a legal entity of Indonesia maximum of 12 months prior to the Regulation on Tax Holiday been issued (Maximum or less than 12 months); and must deposit at least 10% of the proposed investment in an Indonesian Bank.

Tax Allowance: Government Regulation No. 52 of 2011

TAX ALLOWANCE

- Tax Allowance:
 1. Reduction of net income for 30% from total amount of investment, charged in 6 year with each 5% per year.
 2. Depreciation and amortization accelerated to fixed intangible assets (building and non-building)
 3. Income Tax on dividends paid to foreign tax subject to 10% or a lower rate according to double taxation avoidance agreement
 4. Compensation for losses of more than 5 years but not more than 10 years.
 5. Tariff reduction on Income Tax

REQUIREMENT

- Terms for the provision of tax allowance:
 1. This facility can be provided after the realization of investment tax payers at least 80% of capital investment plans.
 2. Tax facilities can also be used by a taxpayer who has received an investment license prior to the enactment of these changes, provided: minimum investment value of 1 trillion rupiah, and not yet commercial production (IUT)

BUSINESS FIELDS

- The tax allowance will be eligible for 129 business segments, including **INFRASTRUCTURE**

DEVELOPMENT OF CERTAIN BUSINESS FIELDS AND AREAS THAT RECEIVING FACILITIES



FACILITIES	PP No 1 2007	PP No 62 2008	PP No 52 2011
Appendix 1 (Certain Business Field)	53	67	52
Appendix 2 (Certain Business Field and Region)	19	34	77
TOTAL	72	101	129

IMPORT DUTIES FACILITY

- Exemption of Import Duties on Machines as well as Goods and Substances for Industrial Construction or Development in the Scope of Investments, provide:
 1. Exemption of import duty on machinery, goods and materials for business activities in the field of: Industries that produce goods and/or
 2. Industries that produce services (**Tourism and Culture, Transportation / Communications for Public Transport Services, Public Health Services, Mining, Construction, Telecommunications Industry, automotive assembly, and Port**).
- Import duty exemption is given as long as:
 1. Not yet produced domestically
 2. Produced in the country but do not meet the required specifications, or
 3. Have been produced within the country but not yet sufficient for industry needs.

INCENTIVES BY REGIONAL GOVERNMENT

Provide incentives :

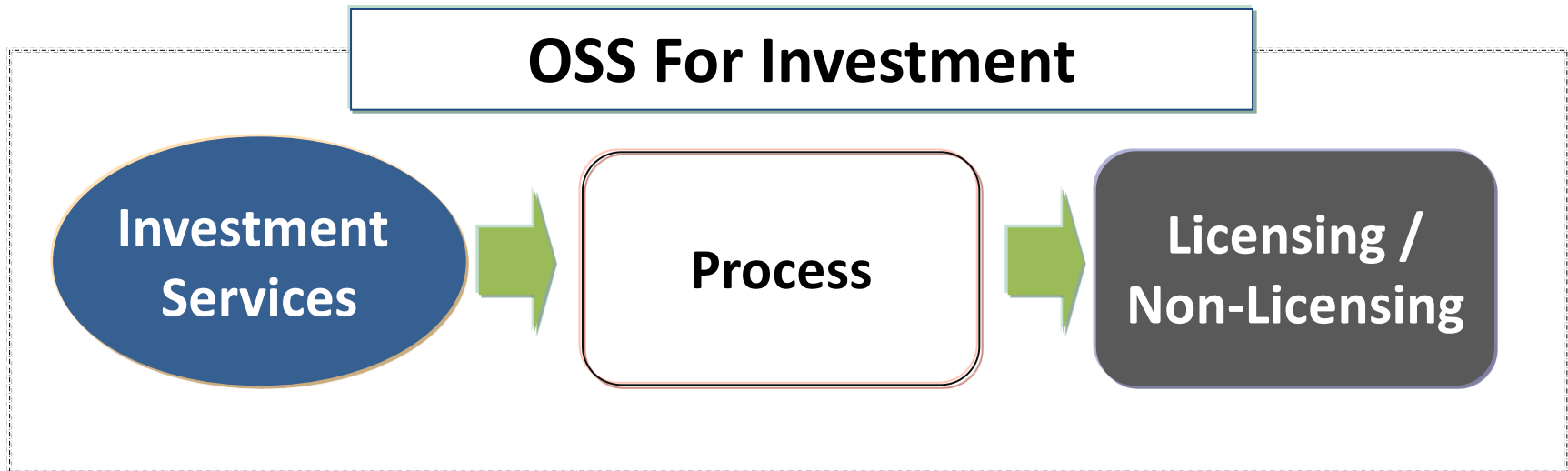
- Reduction or exemption on local tax ;
- Reduction or exemption on local retributions;
- Providing stimulus funds and/or
- Providing capital aid.

Provide ease for investment:

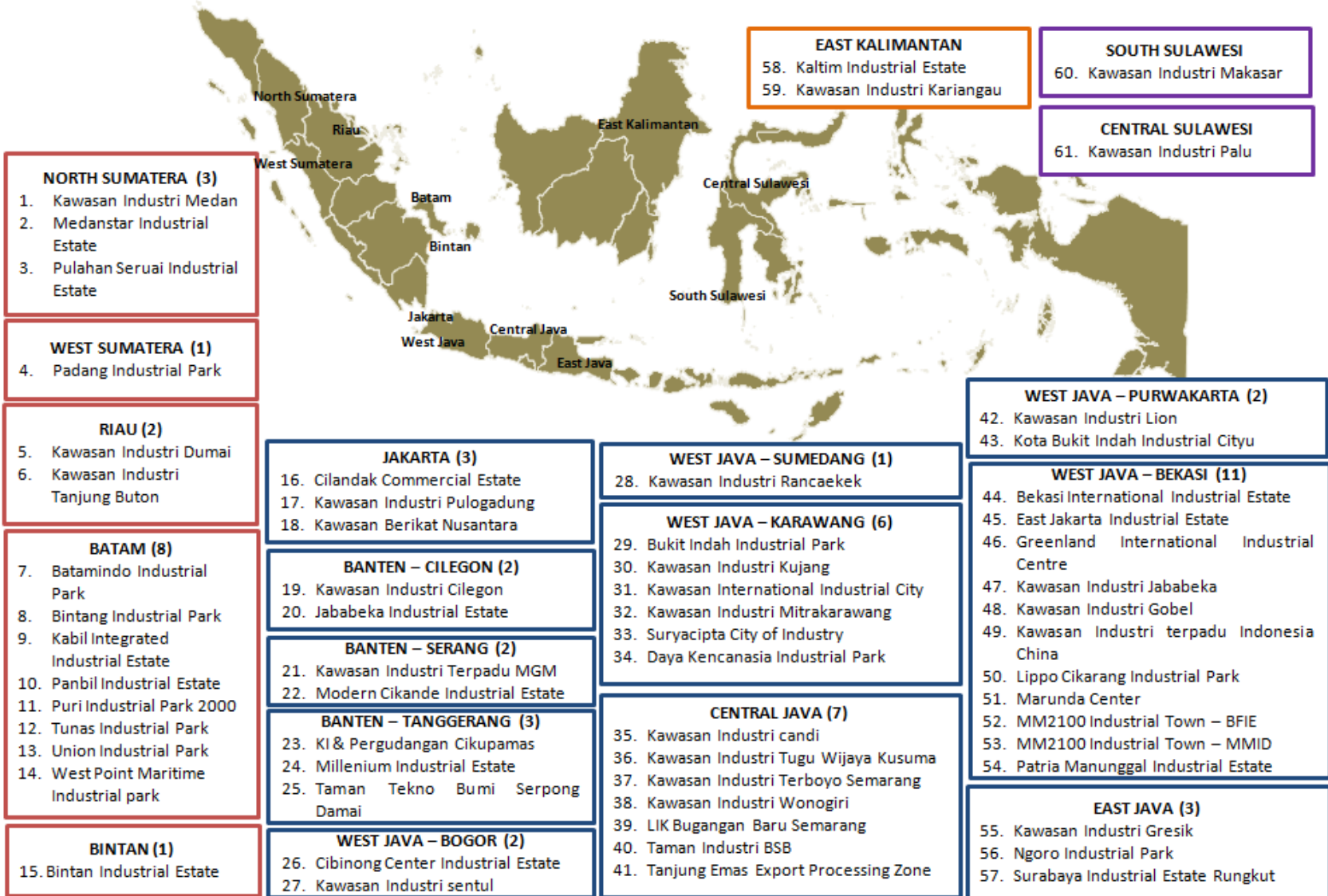
- Providing data and information on investment opportunities;
- Providing facilities and infrastructure;
- Providing land or the location, technical assistance; and/or
- Expedite the licensing process.

One Stop Service (OSS) for Investment

- To create efficiency, to ease the investment services and to build competitiveness of the investment, Government of Indonesia held One Stop Integrated Services for Investment (OSSI) at national, provincial and regency/city levels.
- All OSSI throughout Indonesia will be equipped with integrated computer online system (the so-called National Single Window for Investment/NSWi) in order to make easier investment services needed by investors/business entities. This online system is centered at Investment Coordinating Board (BKPM) in Jakarta. This OSSI also will be integrated with another computer online system the so-called Indonesia National Single Window (INSW) for customs clearance and release of cargoes.



Map of Large Indonesian Industrial Estates (61 Locations)



Source: Indonesia Industrial Estate Association, 2013

Free Trade Zone (FTZ) Areas in Indonesia



Special Economic Zones in Indonesia

1. SEI MANGKEI SPECIAL ECONOMIC ZONE



Location

- Simalungun District, North Sumatera Province
- 40 km to Kuala Tanjung International Port
- 73 km to Polonia International Airport

Development proposal

- Total area is 2.002 Ha
- Type of SEZ: processing industry
- Palm Oil processing is divided into 3 main industrial activity, including: oleochemical industry, refinery industry/olein, and biodiesel industry.

Estimate value of investments
634 million USD



2. TANJUNG LESUNG SPECIAL ECONOMIC ZONE



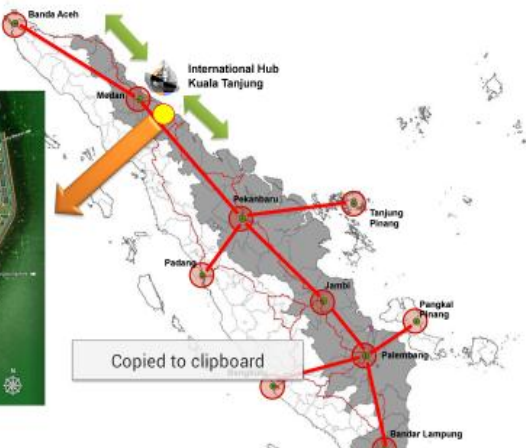
Location

- Pandeglang District, Banten Province
- 150 km to Soekarno Hatta International Airport

Development proposal

- Total area is 1.500 Ha
- Type of SEZ: tourism
- Tourism development include hotel, resort, MICE and creative industry. Products offered are land sale/lease/cooperation for:
 - Hotel resort
 - Hotel suite
 - Apartment
 - Villa
 - Lot (house)
 - Corporate lodgers
 - Commercial retail

Estimate value of investments
8.208,6 million USD



Tanjung Lesung Location of Tanjung Lesung



3. Palu Special Economic Zones for mining and agriculture based industries in Central Sulawesi,



Palu, Central Sulawesi

Location

- Palu City, Central Sulawesi
- 28 kms to Mutiara International Airport
- 0.5 kms to Samudera Pantoloan Port

Development proposal

- Total area is 1500 Ha
- Type of SEZ: Manufacture
- Core business: Manufacturing industries (automotive assembling and electric power industry) and mining industries (hematite, nickel, gold, etc)
- Supporting industries: plantation industries (cocoa, rattan and seaweed)

Estimation of investments

IDR 175 million USD



4. Bitung Special Economic Zones for marine and agriculture based industries in North Sulawesi



Bitung, North Sulawesi

Location

- Bitung District, North Sulawesi
- 45 kms to Sam Ratulangi International Airport
- 6 kms to Bitung International Port

Development proposal

- Total area is 534 Ha
- Type of SEZ: Manufacture
- Core business: Manufacturing industry (plantation industries (coconut industry and fishing industry) and Logistics

Estimation of investments

179 million USD





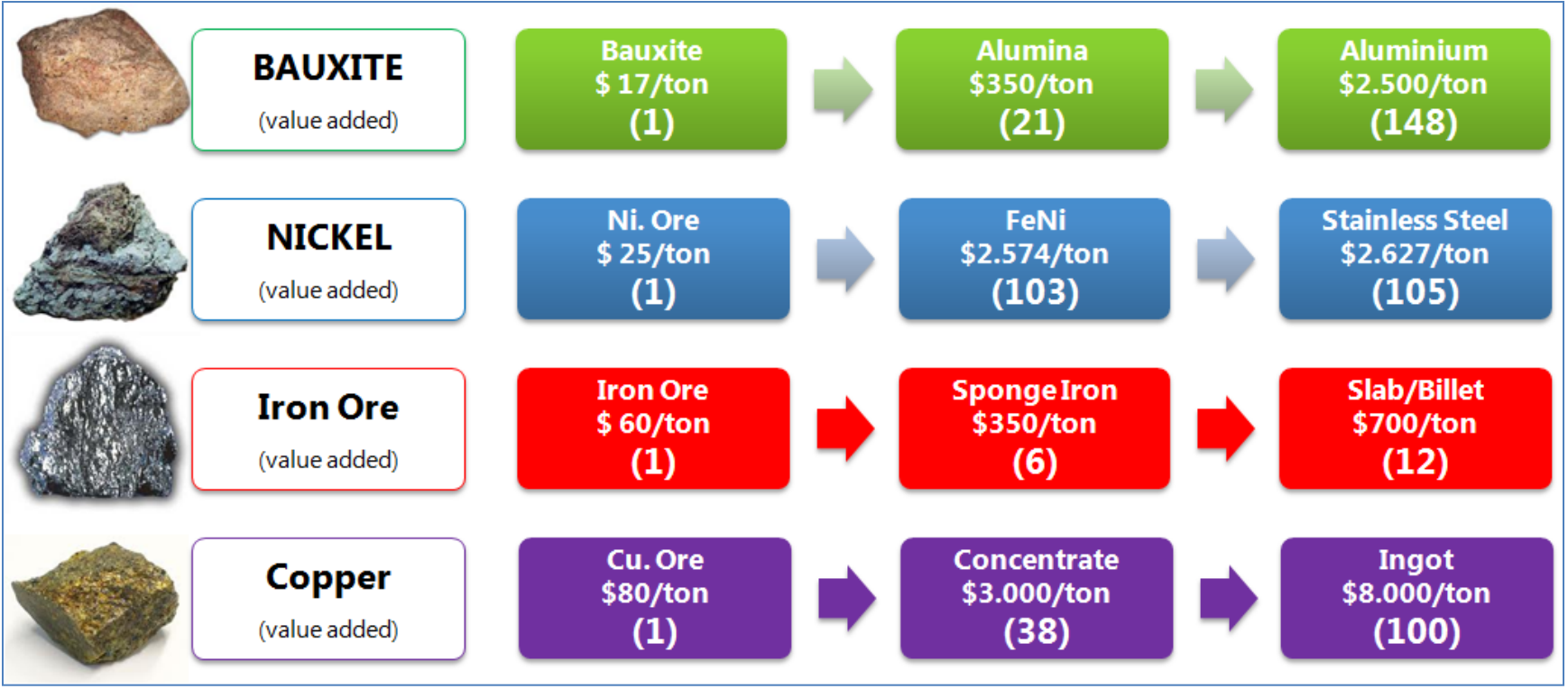
Investment Opportunities in Value Added: Mining Based Industry

Indonesia Natural Resources: Mineral And Energy Sectors

NO	COMMODITY	RESOURCES	PRODUCTION	LOCATION	WORLD RANK (PRODUCTION)
1	Coal	105,187 Million Ton	275 MT (2010)	Sumatera, Kalimantan	6 th
2	Natural Gas	153 Trillion Square Cubic Feet	3.40 TSCF (2010)	Sumatera, Kalimantan, Maluku, Papua	12 th
3	Oil	7732 Million Stock Tank Barrel	344 MSTB (2010)	Sumatera, Java, Kalimantan	23 th
4	Geothermal	29,038 GWe	1,226 MWe(2010)	Sumatera, Java, Sulawesi, Maluku	3 th
5	Tin (Metal)	623 Thousand metric tons	105 thousand metric tons (2009)	Sumatera	2 nd
6	Copper (Metal)	68,960 Thousand metric tons	868 thousand metric tons (2009)	Papua, Maluku, Nusa Tenggara	5 th
7	Nickel	1,650,418 thousand metric tons	189 thousand metric tons (2009)	Sulawesi, Sumatera, Maluku, Papua	2 nd
8	Gold (Metal)	4,163 metric tons	105 metric tons (2009)	Kalimantan, Sumatera, Maluku, Papua	7 th
9	Silver (Metal)	505,151 metric tons	215 metric tons (2009)	Sumatera, Sulawesi, Nusa Tenggara, Papua	14 th
10	Bauxite (Metal)	470 million tons	16 million tons (2009)	Kalimantan	5 th
11	Iron Sands (Concentrate)	267,337 thousand tons	63 thousand metric tons (2009)	Sumatera, Java, Kalimantan	37 th
12	Manganese (Metal)	866,795 tons	--	Java, Kalimantan, East Nusa Tenggara	--
13	Diamonds	539,800 carat	--	Kalimantan	--
14	Granite (Non metal)	54,731 million tons	--	Kep Riau (Sumatera)	--

1. Investment Opportunities in Value Added: Mining Based Industry

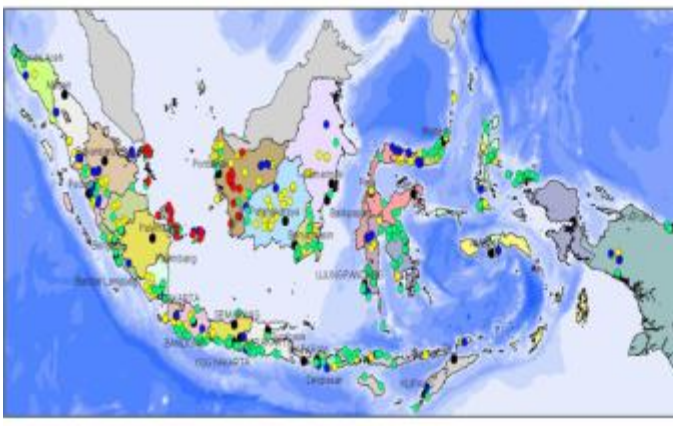
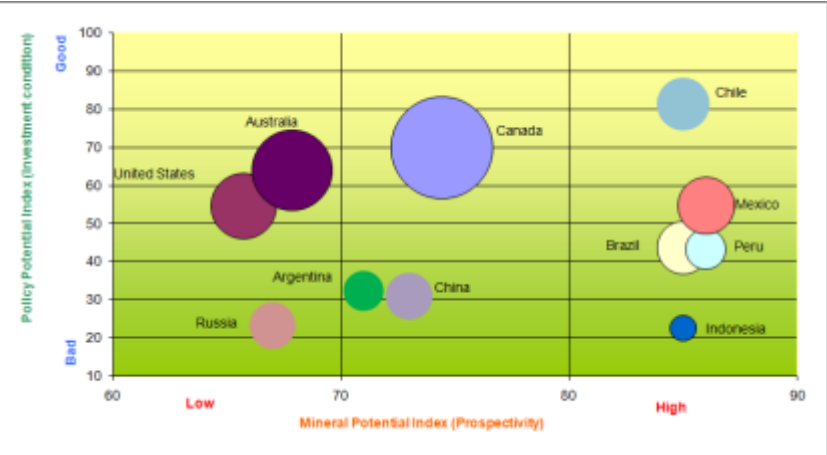
1. PURIFICATION AND PETROLEUM REFINING INDUSTRY (petrochemical industry);
2. CHEMICAL INDUSTRY (including the fertilizer industry, cement, and ceramic);
3. PRIMARY METAL INDUSTRIES (steel, nickel processing industry, aluminum industry and copper processing industry);



Sources: London Metal Exchange/LME, 2011 (Processed)

Investment Opportunities: Mineral Sector

Mining Investment Climate in Indonesia Survey Result

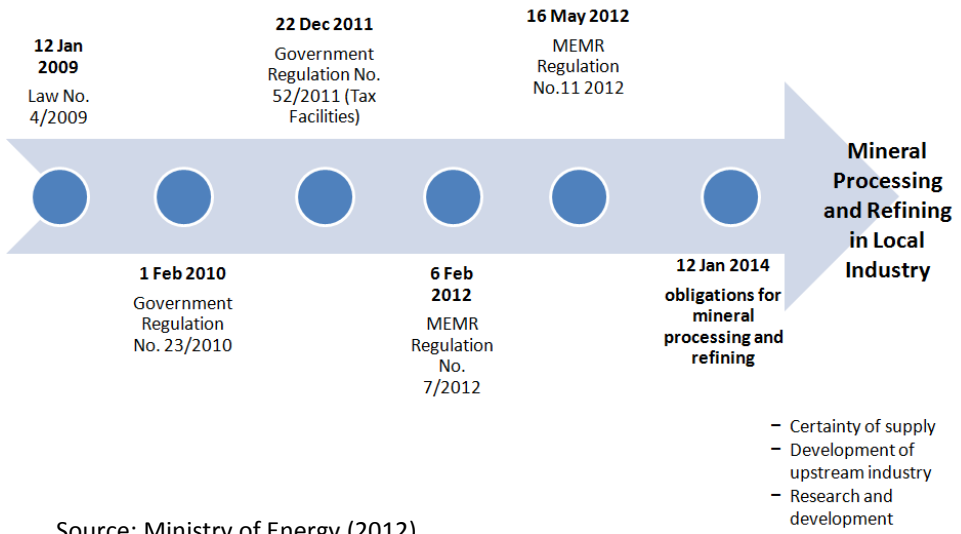


- Ferro and Associates : Fe, Nickel, Cobalt, Chromit, Mangan, Molibdenum, Titanium
- Precious Metal : Gold, Silver, Platinum
- Base Metal : Zinc, Copper, Tin, Lead, Mercury
- Light and Rare metal : Bauxite, Monasit

NO	COMMODITY	RESOURCES (MILLION TON ORE)	RESERVES (MILLION TON ORE)
1	Copper	4.925	4.161
2	Bauxite	551	180
3	Nickel	2.653	577
4	Iron Sand	1.649	5
5	Lateritic Ore	1.462	106
6	Primary Ore	563	30
7	Sedimentary Ore	18	-
8	Manganese	11	4
9	Alluvial Gold	1.455	17
10	Primary Gold	5.386	4.231
11	Silver	3.406	4.104
12	Zinc	577	7
13	Tin	354	0,7
14	Lead	363	1,6

Source: Fraser Institute and Metal Economics Group

Timeline Of Mineral Processing And Refining



- Certainty of supply
- Development of upstream industry
- Research and development

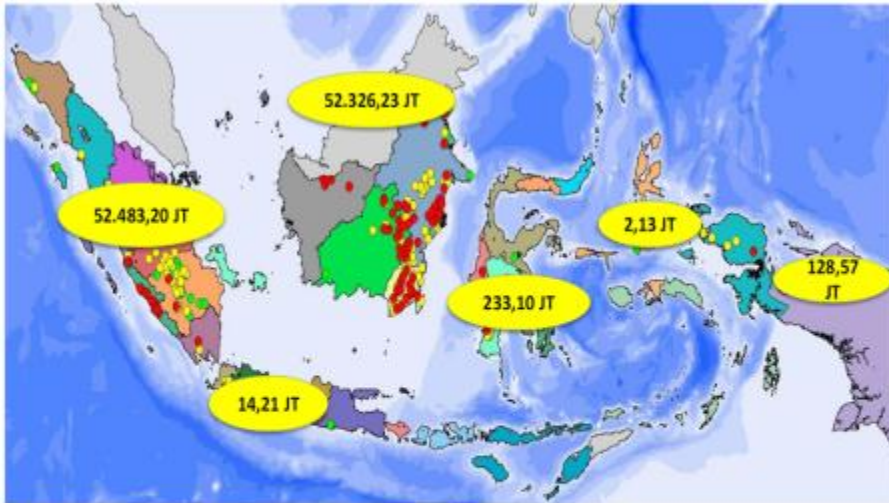
- **MARKET OUTLOOK: CAUTIOUS**
- **INVESTMENT OPPORTUNITIES: Smelter Industry (Processing and Refining)**

Recapitulation of Processing & Refining Plan Document (Update December 2012)

No	Status	Company
1	Processing & Refining Existing	7
2	Processing & Refining Proposal Before Ministry of Energy and Mineral Resources (MEMR) Regulation No 7 Year 2012	24
3	Processing & Refining Proposal After MEMR Regulation No 7 Year 2012	186
Total		217

Source: Ministry of Energy (2012)

Investment Opportunities: Coal Industry

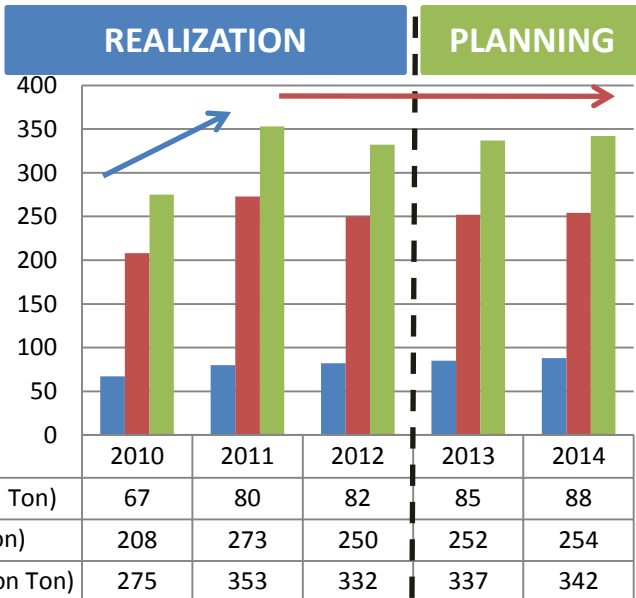


RESOURCES: 105.19 Billion Ton
RESERVES: 21.13 Billion Ton

● Very High (anthracite) (> 7.100 calgr) ● Medium (Sub Bituminus) (5100 - 6100 calgr)
● High (Bituminus) (6.100 - 7.100 calgr) ● Low (Lignite) (< 5.100 calgr)

Source: Geological Agency, 2011

DEMAND VS SUPPLY



2011 MARKET LEADERS (MIO TONS)



2011 production (in MT)
Source: Petromindo

Adaro	47.7
Kalim Prima Coal	40.5
Kideco	31.4
Arutmin	22.8
Berau Coal	19.4
Indominco	14.8
Others	144.3
Total Kalimantan	320.9

MARKET OUTLOOK: CAUTIOUS

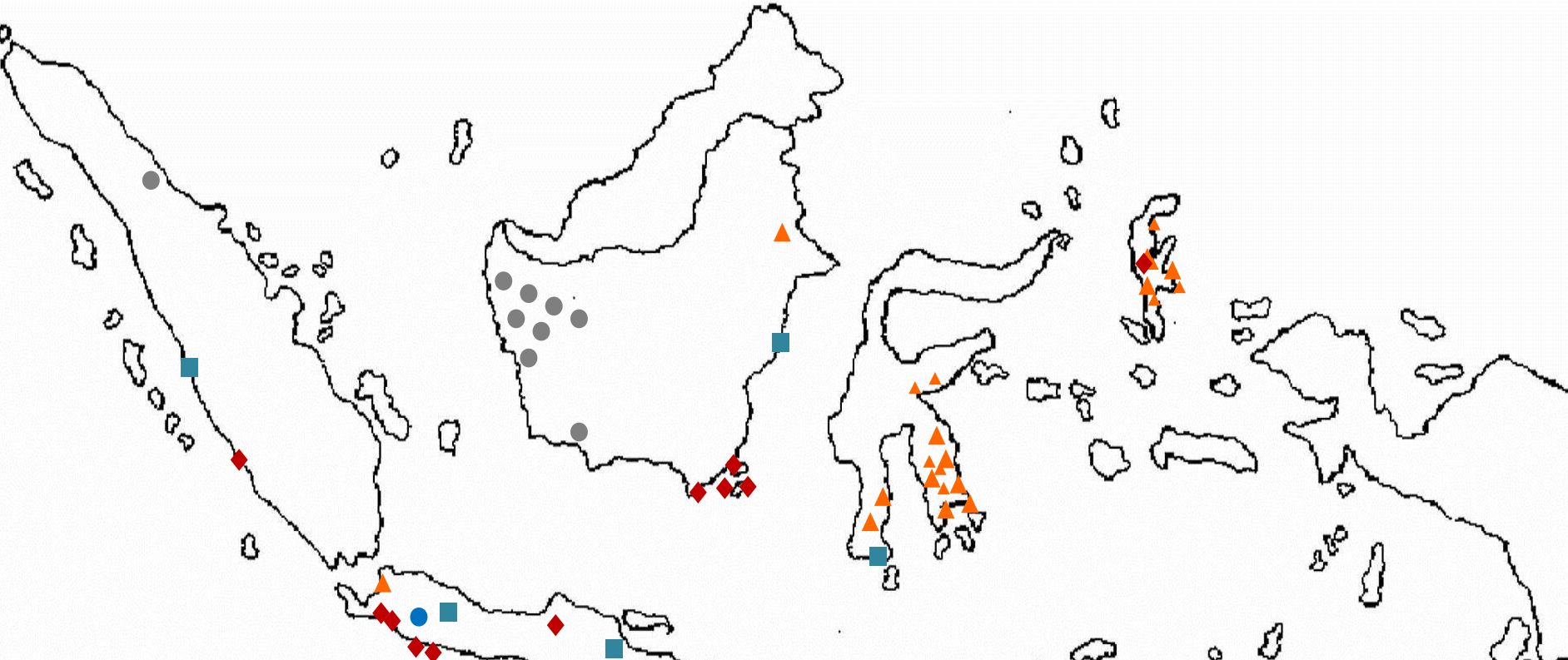
Indonesian coal production will be flat in 2013 as the downturn in the market continued. The slowdown in China's economic growth is cutting deeper into Indonesia's coal sector, forcing producers to reduce output and slash costs.

INVESTMENT OPPORTUNITIES:

1. Coal Infrastructure: Coal Hauling network , railways , stockpile & Seaport, Coal Blending facility
2. Mine mouth power plant development
3. Coal processing plant development: coal upgrading and conversion

Source: Ministry of Energy and Mineral Resources, 2012

Locations of Smelter Industry In Indonesia (Downstream Industry For Mineral)



LOKASI SMELTER:

- Bauxite
- Manganese
- Copper
- ▲ Nickel
- ◆ Iron ore



Investment Opportunities in Value Added: Agro Based Industry

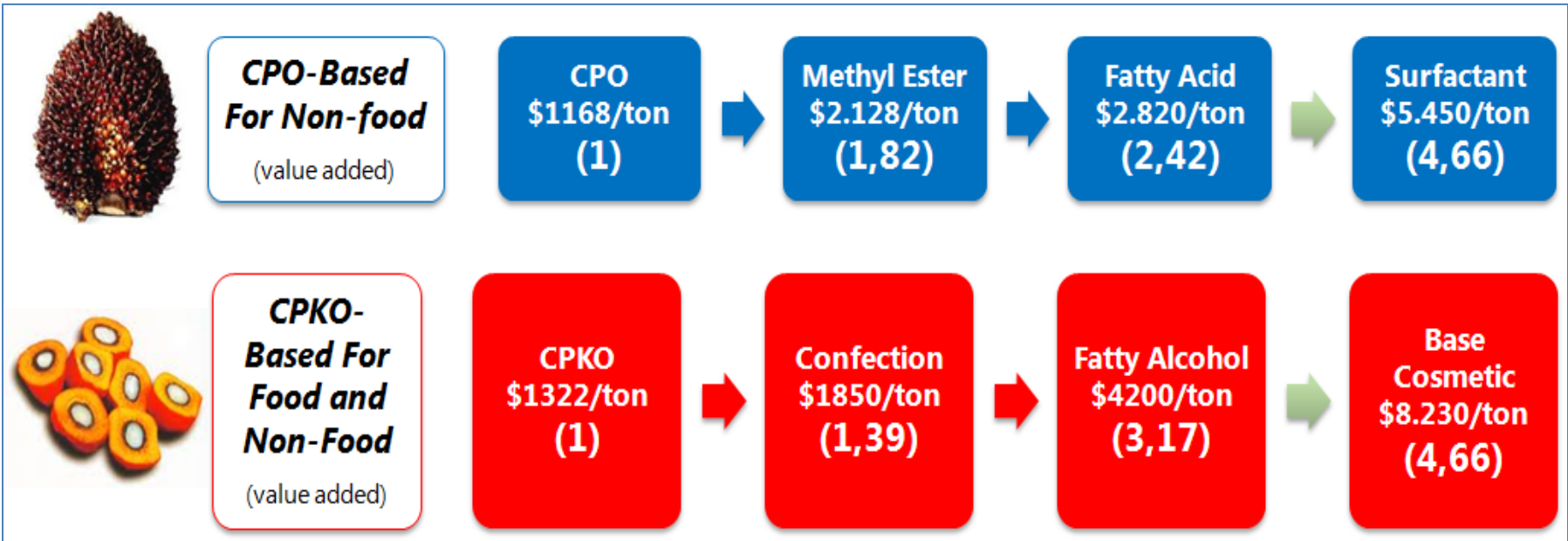
Indonesia Natural Resources: Agriculture Sectors

NO	COMMODITY	WORLD RANK (RESOURCES)
1	Kapok fiber	1
2	Cinnamon (Canella)	1
3	Bebih Cotton In The Shell	1
4	Palm Kernels	1
5	Coconut	1
6	Vanilla	1
7	Palm Oil	1
8	Spring Onions	1
9	Clove	1
10	Pepper (Piper Spp.)	2
11	Green Beans	2
12	Nuts	2
13	Cocoa Beans	2
14	Natural Rubber	2
15	Ginger	3
16	Papaya	3
17	Cassava	3
18	Sugar crops (sugar crops)	3
19	Rice, Rice	3
20	Roots and tubers, nes	3
21	Other bird eggs, in shell	3
22	corn	4
23	Fresh tropical fruits	4
24	Manila Fibre (Abaca)	4
25	Peppers and green peppers	4

NO	COMMODITY	WORLD RANK (RESOURCES)
26	avocado	4
27	Mango, Guava, mangosteens,	4
28	sweet potatoes	4
29	green coffee	4
30	pineapple	4
31	spinach	5
32	Nutmeg, mace and cardamoms	5
33	Fresh fruits	5
34	areca nut	5
35	banana	6
36	eggplant	6
37	Cabbage and other brassicas	6
38	cashew nuts	6
39	Tobacco, unmanufactured	6
40	tea	7
41	Native chicken	7
42	peanuts	8
43	green corn	8
44	chicken eggs	8
45	Goat Meat	9
46	orange	10
47	soybean	10
48	cane	10
49	Cucumbers and gherkins	10
50	other fibers	10

1. Investment Opportunities in Value Added: Agro Based Industry

- 1. PALM OIL INDUSTRY;
- 2. COCOA PROCESSING INDUSTRY AND CHOCOLATE MAKING;
- 3. RUBBER GOODS INDUSTRY;
- 4. PULP/PAPER INDUSTRY;
- 5. WOOD WORKING, FURNITURE INDUSTRY, AND RATTAN
- 6. SEAWEED PROCESSING INDUSTRY



Sources: London Metal Exchange/LME, 2011 (Processed)



Investment Opportunities in Import Substitution for Industry

2. Investment Opportunities in Import Substitution for Industry

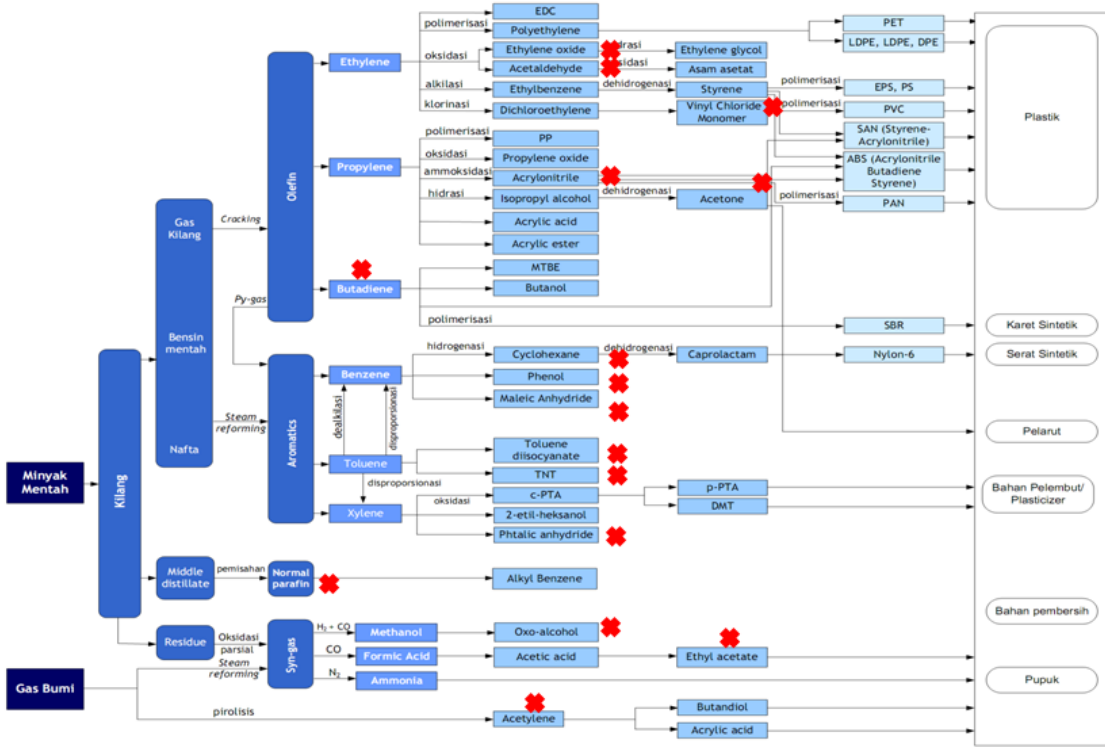
12 MAIN IMPORTED INDUSTRY PRODUCT (USD MILLION)

NO	URAIAN	2009	2010	2011	2012	GROWTH 2012	SHARE 2012
1	Iron and Steel, Machinery, and Automotive	31,684	43,219	52,472	62,605	19.3%	45%
2	Electronics	10,497	14,176	16,117	16,701	3.6%	12%
3	Base Chemical	8,095	11,432	15,413	16,076	4.3%	12%
4	Textile	3,397	5,031	6,735	6,805	1.0%	5%
5	Food and Beverages	2,811	4,514	6,852	6,159	-10.1%	4%
6	Electricity tools	2,106	3,143	3,769	4,190	11.2%	3%
7	Pulp and paper	1,883	2,732	3,263	3,020	-7.4%	2%
8	Other chemical products	1,662	2,199	2,592	2,757	6.3%	2%
9	Feed stock	1,679	1,872	2,221	2,800	26.1%	2%
10	Copper processing, Tins, dll.	1,027	1,822	2,195	2,377	8.3%	2%
11	Fertilizer	929	1,509	2,707	2,918	7.8%	2%
12	Aluminum processing		1,398	1,937	1,973	1.9%	1%
Total of 12 Main Industry		66,804	93,047	116,272	128,381	10.4%	92%
Other Industry		5,734	8,069	9,828	11,333	15.3%	8%
Total of Manufacture Industry		72,398	101,115	126,100	139,714	10.8%	100%

Iron and steel industry, Automotive Components Industry, Chemical Industry (Petrochemicals) and Industrial Electronics and Machinery

Investment Opportunities: Petrochemical Industry

INDONESIA PETROCHEMICAL INDUSTRY STRUCTURE



✳: Industry not exist



- ### PETROCHEMICAL CLUSTER
1. Anjer, Merak, Cilegon, Serang And Bojanegara – Banten Province (*Olefin Center*)
 2. Gresik, Lamongan, Tuban Dan Cepu – East Java (*Aromatic Center*)
 3. Bontang Dan Balikpapan, East Kalimantan (*Methane Center*)
 4. Balongan – West Java
 5. Cilacap – Central Java

we are now encouraging investment on “missing middle” on petrochemical industries

INDONESIA PETROCHEMICAL INDUSTRY (EXISTING CONDITION)

Basis	Produk	Produsen	Kapasitas (Ton)	
Olefin	Ethylene	PT. Chandra Asri	600.000	
	Propylene	PT. Chandra Asri PT. Pertamina	460.000 405.000	
	Butadiene			
Methane	Methanol	PT. Kaltim Methanol Industri	660.000	
	Ammonia		PT. Pupuk Kaltim	1.848.000
			PT. Kaltim Pasifik Amoniak	660.000
			PT. Kaltim Parna Industri	495.000
			PT. PKG	445.400
		PT. Pupuk Kujang	713.000	
Aromatik	Benzene	PT. Pertamina	120.000	
		PT. TPPI	320.000	
	Toluene	PT. TPPI	100.000	
	Paraxylene	PT. Pertamina	296.000	
		PT. TPPI	500.000	
Orthoxylene	PT. TPPI	120.000		

MARKET OUTLOOK: PROSPECTIVE

INVESTMENT OPPORTUNITIES: Indonesia is still suffering an insufficient supply of petrochemical products (net importers)

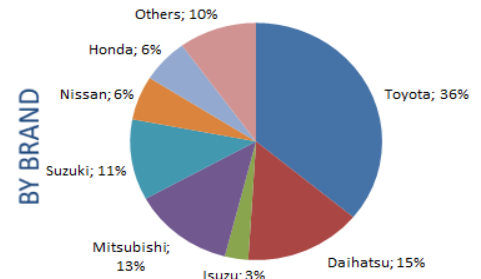
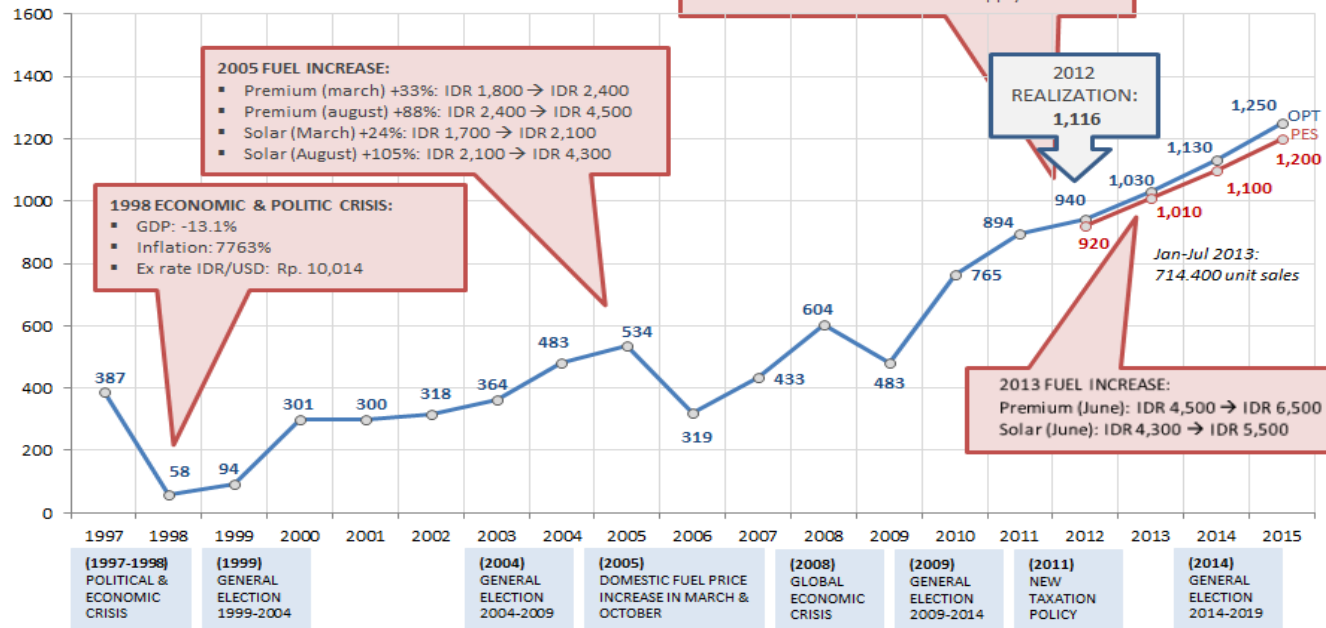
SUPPLY VS DEMAND (YEAR 2011)

PRODUCT	DEMAND	SUPPLY	BALANCE
Ethylene	1.109.000	600.000	(509.000)
Propylene	950.000	813.000	(137.000)
Polyethylene (PE)	816.000	770.000	(46.000)
Monoethylene Glycol (MEG)	425.000	220.000	(205.000)
Polypropylene (PP)	1.055.000	955.000	(100.000)
Butadiene (BD)	66.000	0	(66.000)

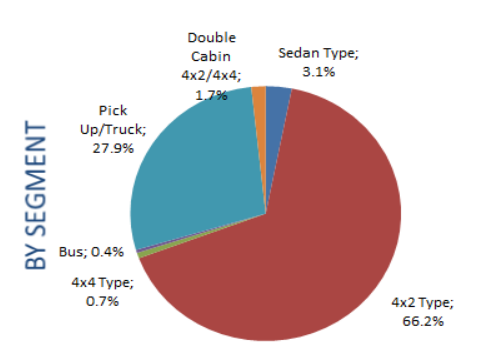
Source: Ministry of Industry (2012)

Indonesia Automotive Market 2012-2013 (Car)

Realization And Projection Of Indonesia Car Sales

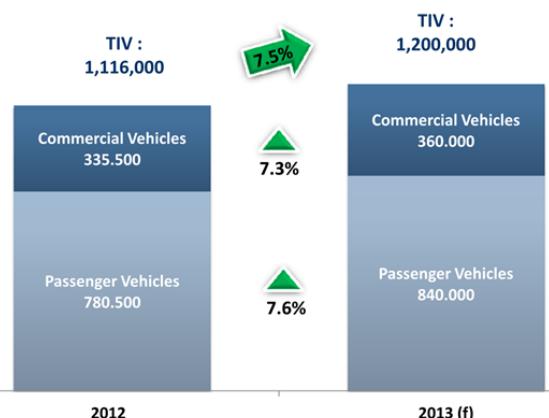


Market Share



In 2012, Indonesia surpassed 1-million unit sales and important landmark to gain importance globally

Projection



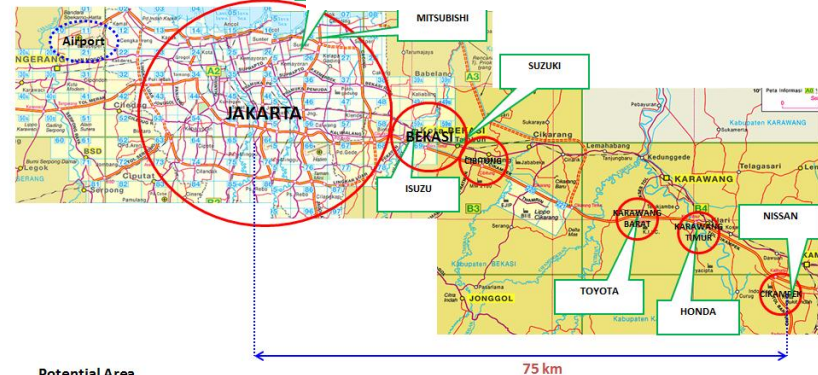
POSITIVE FACTORS

- Stable economic and political conditions in Indonesia
- Investments in construction and infrastructure continue at the same rate
- Timely implementation of LCE-LCGC program

NEGATIVE FACTORS

- Minimal impact of roll back of fuel subsidy and vehicle finance policy
- Uncertainties in global economy

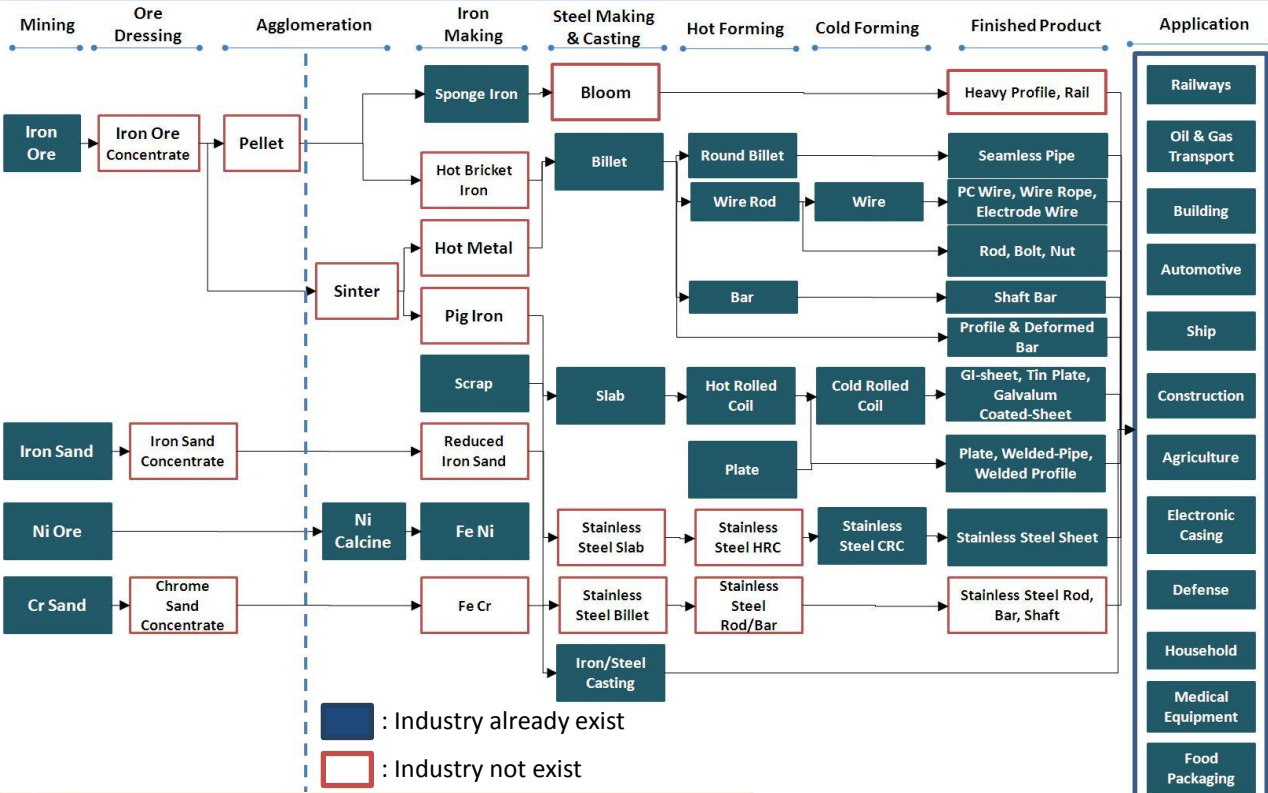
Potential Location



- Potential Area**
- Marunda Nusantara Bonded Zone (Special Territory of Jakarta)
 - Jababeka Industrial Estate – Cikarang (West Java)
 - Suryacipta City Industrial Estate – Karawang (West Java)
 - Kota Bukit Indah Industrial City – Purwakarta (West Java)
 - Krakatau Industrial Estate (Banten)

Investment Opportunities: Steel Industry

INVESTMENT OPPORTUNITIES: INDONESIA STEEL INDUSTRY STRUCTURE



STEEL CONSUMPTION

Country	Kg/Capita/Year
INDONESIA	37.3
Malaysia	315.8
Thailand	211
Vietnam	139.8
Singapore	570.1
Japan	500.9
Korea	1,077.2
China	427.4
India	54.9
United States	267.3
Asia	255.8
European Union	299.1
World	206.2

Potential Locations



we encourage investment on "missing middle" on petrochemical industries

MARKET OUTLOOK: STABLE

- Until now, the domestic steel market is still in deficit. There is over demand both in the upstream, intermediate and downstream.
- National steel demand to reach 10 million tons per year. While the national steel products reached 5.5 million tons. The rest, amounting to 4.5 million tonnes, supported by imports.
- Electricity and gas supply constraints are an obstacle for the production of the national steel industry.

Source: Ministry of Industry (2012)



Investment Opportunities on Import Substitution for Consumption

3. Investment Opportunities on Import Substitution for Consumption

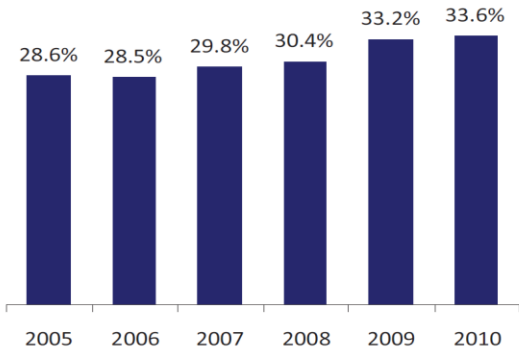
1. Agriculture (fruits, rice, vegetables)
2. Food and Beverage Industry (processed foods)
3. Household Appliances Industry
4. Automotive industry
5. Industrial Oil Refinery (oil, lubricants)

IMPORTED CONSUMPTION GOODS 2012

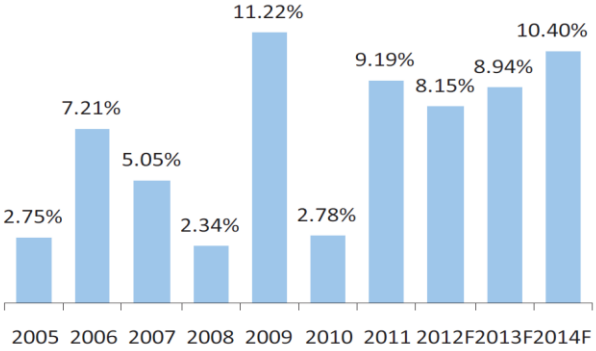
	SECTOR (MILLION USD)	VALUE	SHARE
1	Food and beverages, primary, mainly for household	2,837	21%
2	Food and beverages, processed, mainly for household	1,954	15%
3	Passenger motor cars	1,927	14%
4	Transport equipment, nonindustrial	1,585	12%
5	Durable consumer goods	1,541	11%
6	Semi-durable consumer goods	1,515	11%
7	Non-durable consumer goods	1,435	11%
8	Fuels and lubricants, processed, oil products ¹⁾	350	3%
9	Goods not elsewhere specified	264	2%
	BARANG KONSUMSI	13,409	100%

Food and Beverage Industry (processed foods)

Share of Food & Beverage and Tobacco Industry Output to Total Non-Oil Manufacturing Industry Output



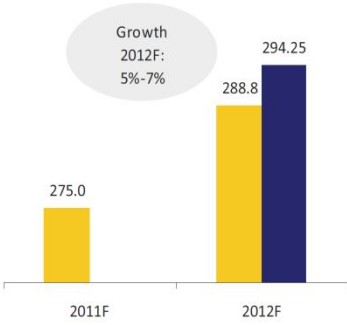
Food & Beverage and Tobacco Industry Output Growth



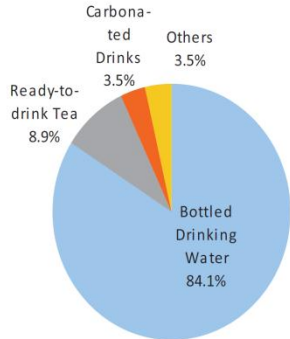
Contribution of the food & beverage and tobacco industry output to the total non-oil and gas manufacturing industry output for several years shows increase trend to 33.6% in 2010. Meanwhile, the industry output growth is quite volatile. Growth in the food & beverage and tobacco industry output in 2011 reached 9.2%, which was the second highest growth in the non-oil and gas manufacturing industry

Soft Drink Market Value and Breakdown by Type

Soft Drink Market (IDR Tn)

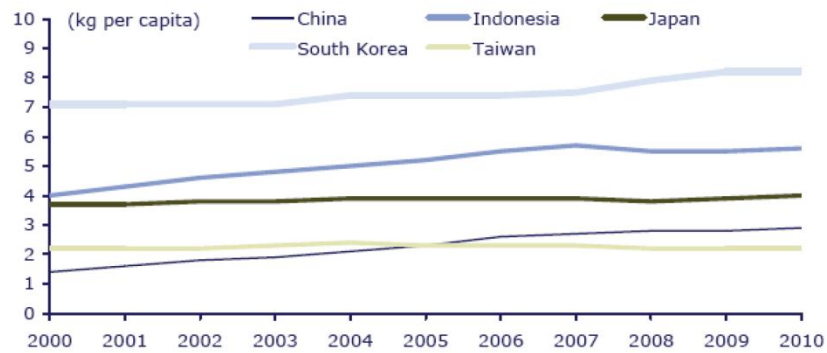


Soft Drink Market by Types



estimated to grow to 5%-7% which can reach IDR 288.8 trillion to IDR 294.3 trillion, with the largest market share in the bottled drinking water. The large share of the bottled drinking water shows that the consumption of soft drinks by the people of Indonesia is more related to the fulfillment of basic needs in a practical way

Comparison of Noodle Consumption in Asian Countries (kg per capita)



Indonesia's per capita consumption of noodles is higher than some other Asian countries such as China, Japan, and Taiwan. National instant noodle market is forecasted to grow by 6.7% in 2012. Indonesia's soft drink market in 2012 is

Source: bank Mandiri, 2012

4. Indonesia high growth spending on consumption

MONTHLY SPENDING PER CAPITA BY COMMODITY GROUP(RP), 2010-2012

Kelompok Barang/ <i>Commodity Group</i>	2010 ¹⁾	2011 ²⁾	2012 ¹⁾
A. Makanan/<i>Food</i>	254 520	285 413	323 478
Padi-padian/ <i>Cereals</i>	44 004	49 316	57 908
Umbi-umbian/ <i>Tubers</i>	2 422	2 800	2 785
Ikan/ <i>Fish</i>	21 467	24 289	26 600
Daging/ <i>Meat</i>	10 370	12 901	13 075
Telur dan susu/ <i>Eggs and milk</i>	15 834	16 855	19 024
Sayur-sayuran/ <i>Vegetables</i>	18 995	21 932	23 949
Kacang-kacangan/ <i>Legumes</i>	7 387	7 689	8 443
Buah-buahan/ <i>Fruits</i>	12 335	12 134	15 443
Minyak dan lemak/ <i>Oil and fats</i>	9 486	10 517	12 344
Bahan minuman/ <i>Beverage stuff</i>	11 195	11 368	10 934
Bumbu-bumbuan/ <i>Spices</i>	5 390	5 998	6 440
Konsumsi lainnya/ <i>Miscellaneous food items</i>	6 368	6 322	6 962
Makanan dan minuman jadi/ <i>Prepared food and beverages</i> ³⁾	63 286	69 560	80 532
Tembakau dan sirih/ <i>Tobacco and betel</i>	25 982	33 732	39 038
B. Bukan Makanan/<i>Non Food</i>	240 325	303 548	309 791
Perumahan dan fasilitas rumah tangga <i>Housing and household facility</i>	100 750	111 410	133 331
Barang dan jasa/ <i>Goods and services</i>	83 050	105 814	112 980
Pakaian, alas kaki, dan tutup kepala <i>Clothing, footwear and headgear</i>	16 747	40 997	11 044
Barang-barang tahan lama/ <i>Durable goods</i>	25 455	28 018	32 597
Pajak dan asuransi/ <i>Taxes and insurance</i>	7 770	8 885	9 361
Keperluan pesta dan upacara/ <i>Parties and ceremonies</i>	6 554	8 423	10 478
Jumlah/<i>Total</i>	494 845	588 961	633 269

1. Agriculture Industry
2. Food and beverages Industry
3. Cement industry
4. Building materials industry

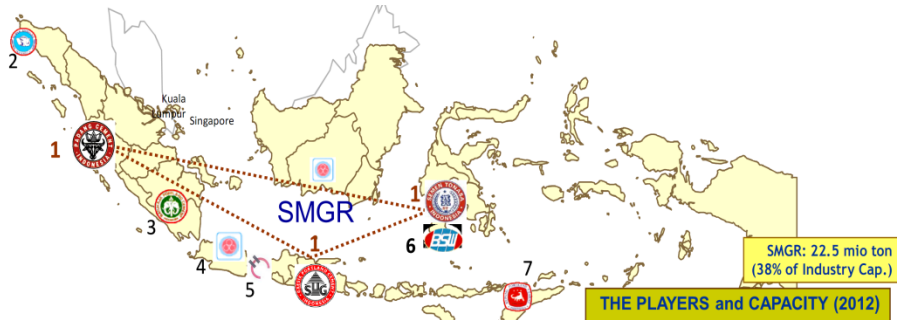
“Increase on high quality imported consumption goods due to increasing on income percapita”

Source: Indonesia Statistics (2013)



Investment Opportunities on High Growth Domestic Demand Industry

Investment Opportunities: Cement Industry

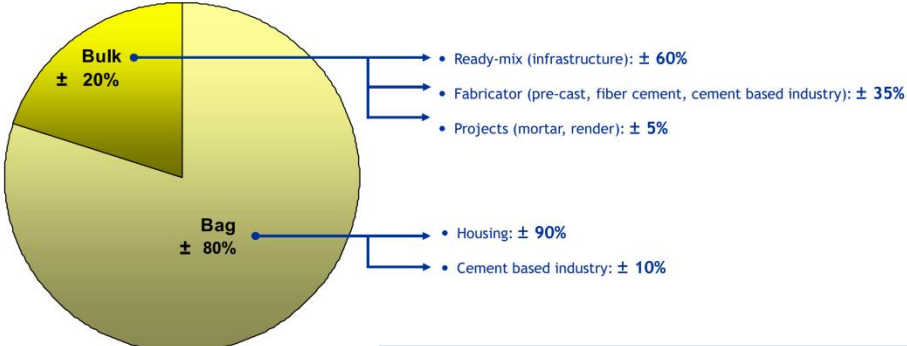


CEMENT INDUSTRY	2011	2012F ¹⁾	2013F ¹⁾
• Design Capacity	: 54.4 mio tons	57.8 mio tons	64.8 mio tons
• Production Capacity	: 51.0 mio tons	55.4 mio tons	61.2 mio tons
• Domestic Growth	: 17.7%	14.0%	10.0%
• Domestic Utilization	: 94%	98%	98%
• Total Utilization	: 96%	99%	99%
• Supply			
➢ Domestic	: 48.0 mio tons	54.7 mio tons	60.1 mio tons
➢ Export	: 1.2 mio tons	0.07 mio tons	0.15 mio tons
➢ Import	: 1.8 mio tons ²⁾	1.0 mio tons ³⁾	1.75 mio tons ³⁾

¹⁾ Based on the Company's forecast
²⁾ Imported cement by PT Semen Andalus (1.0 mio ton) and clinker by Bosawa and Kupang
³⁾ Imported cement & clinker

THE PLAYERS and CAPACITY (2012)	
1. SMGR	22.5 mn ton
- Semen Padang	: 6.4 mn ton
- Semen Gresik	: 11.4 mn ton
- Semen Tonasa	: 4.7 mn ton
2. Semen Andalus ²⁾	1.6 mn ton
3. Semen Baturaja	1.3 mn ton
4. Indocement TP	18.6 mn ton
5. Holcim Indonesia	8.5 mn ton
6. Semen Bosowa	4.8 mn ton
7. Semen Kupang	0.5 mn ton
TOTAL	57.8 mn ton

DOMESTIC MARKET CONSUMPTION (2011)



Retail (residential) sector is the largest consumer of cement in Indonesia

Source: Semen Indonesia (2012)

CEMENT CAPACITY COULD ALMOST DOUBLE IN THE NEXT 5 YEARS

No	Company	Targeted Plant Location	Capacity (mn tons)	Investment (US\$ mn)	Remarks
1	Semen Gresik Group	Java, Sumatera, Sulawesi	12.8	1,500	Upgrading + green/brownfield
2	Indocement	Java, Kalimantan	7.0	1,100	Cement Mill + brown/greenfield
3	Holcim	East Java	1.7	400	Greenfield
4	Bosowa	Java, Sulawesi	2.8	300	Cement Mill + Brownfield
5	Semen Andalus	Sumatera	1.5	556	Greenfield
TOTAL			25.8	3,856	

New Cement Capacity from Potential Foreign and Domestic Players (By 2017)					
No	Company	Targeted Plant Location	Capacity (mn tons)	Investment (US\$ mn)	Remarks + Local Partner
1	Siam Cement (Thailand)	West Java	2.0	250	Greenfield, Sukhabumi
2	CNBM (China)	Central Java	2.6	350	Greenfield, Semen Grobogan
3	Banten - Zhejiang	Banten	2.0	700 (?)	Plant relocation frm Zhejiang to Banten
4	Anhui Conch Cement (China)	Various	15.0	2,350	Greenfield
	- Tanjung	South Kalimantan	4.1	400	Greenfield
	- Tanah Grogot	East Kalimantan	4.1	600	Greenfield
	- Pontianak	West Kalimantan	4.1	600	Greenfield
	- West Papua	West Papua	2.6	750	Greenfield
5	Wilmar (Local)	West Java	1.5	n.a	Greenfield
TOTAL			23.1	3,650	

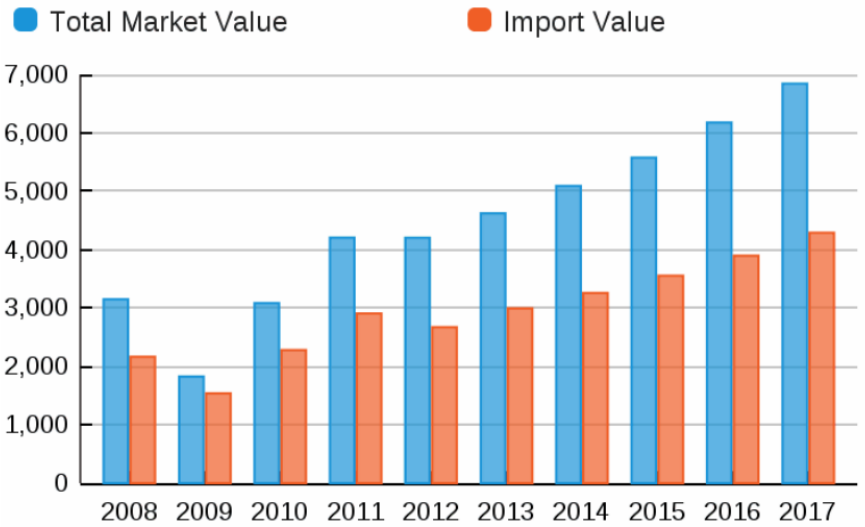
MARKET OUTLOOK: PROSPECTIVE

Key Drivers of Domestic cement demand:

1. National Economic Growth
2. Favorable Interest Rate Environment
3. Infrastructure Expansion
4. Per Capita Consumption increase from current low levels (kg/capita) → Indonesia (199); China (1.900); Singapore (900); Malaysia (700); Vietnam (500); Thailand (400)

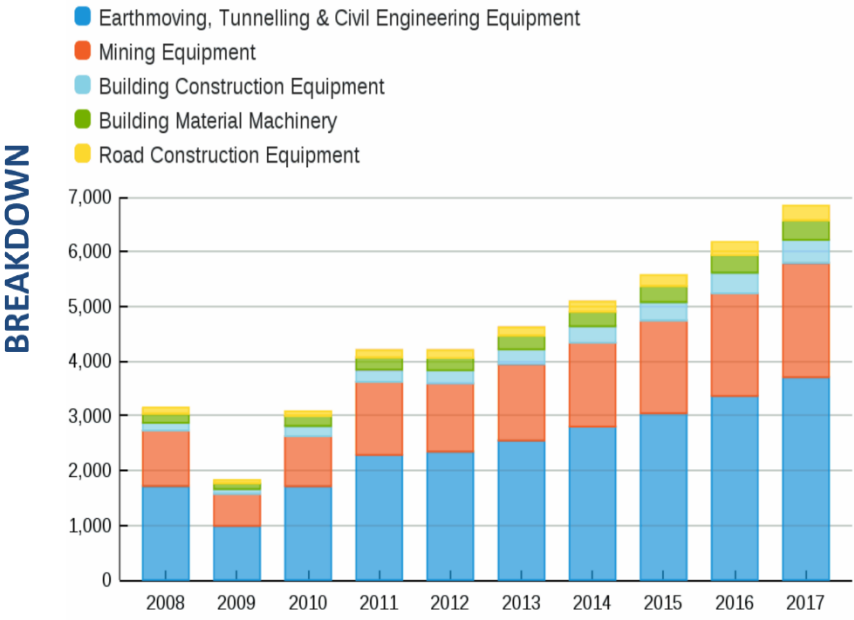
Investment Opportunities: Other Building Materials

BUILDING MATERIALS/EQUIPMENT MARKET VALUE [USD MILLION]



Source: Timetric Analysis

The market will grow at around 10% a year over the next five years, with imports continuing to account for a large share



CONSTRUCTION MACRO RISK MODEL FOR EMERGING MARKETS

Construction "Macro Risk" Is Low In Indonesia

Rank	Country	Risk
1	Chile	Very low
2	Mexico	Low
3	Czech Republic	Low
4	Malaysia	Low
5	Poland	Low
6	Colombia	Low
7	Indonesia	Low
8	China	Low
9	Russia	Low
10	Taiwan	Low
11	Peru	Moderate
12	Saudi Arabia	Moderate
13	India	Moderate
14	Turkey	Moderate
15	Brazil	Moderate
16	Thailand	Moderate
17	Romania	Moderate
18	Hong Kong	Moderate
19	Philippines	Moderate
20	South Africa	High
21	Argentina	High
22	Hungary	High
23	Vietnam	Very high
24	Egypt	Very high
25	Nigeria	Very high

Source: Timetric analysis

MARKET OUTLOOK: PROSPECTIVE

- the total value of equipment sales in Indonesia reached USD4.2 billion in 2012. This market data includes building construction equipment, earthmoving and tunnelling equipment, road building equipment, construction materials manufacturing equipment, and mining equipment.
- The compound annual growth rate (CAGR) 2008-2012: over 10% , with sales rebounding quickly from the slump in 2009.
- In the next five years, sales growth will continue to expand at an annual average rate around 10%.
- The outlook for the overall market will be heavily dependent on the government's success in driving through its ambitious infrastructure development plans. It will also depend to a great extent on the mining sector's performance.



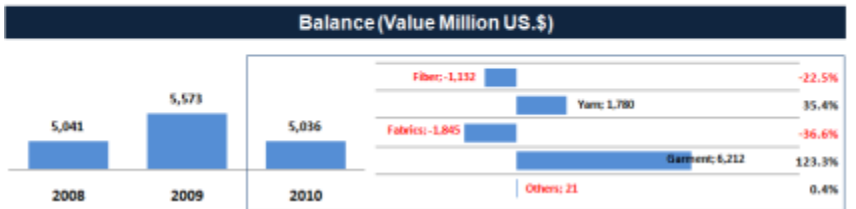
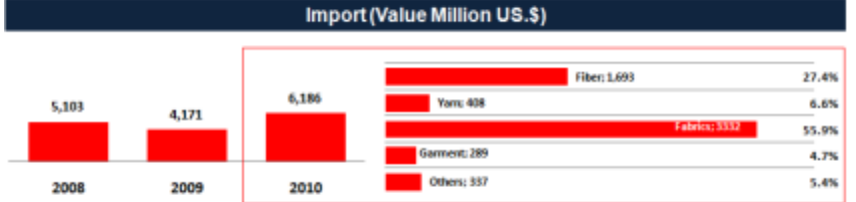
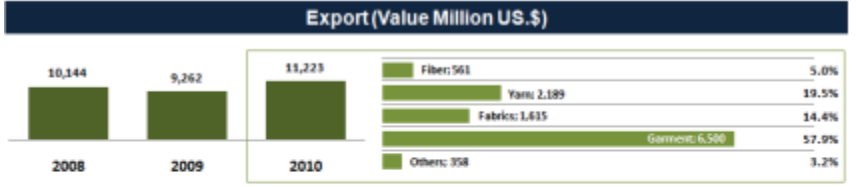
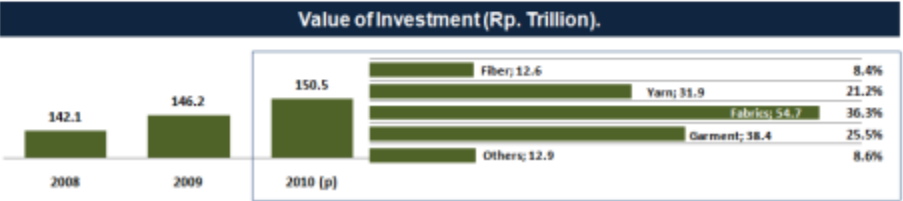
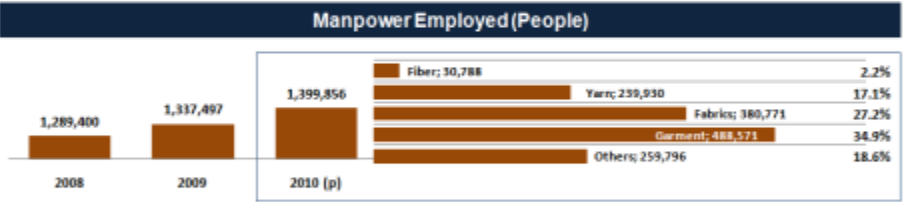
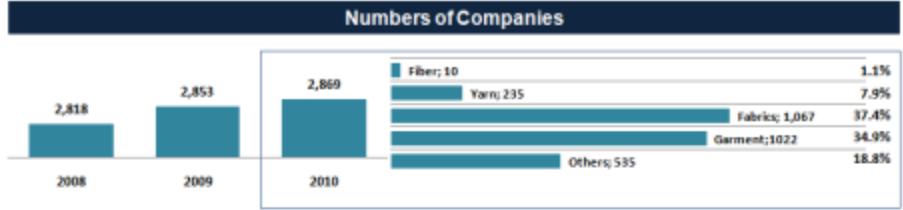
Investment Opportunities on Export Oriented Industry

5. Investment Opportunities in Export Oriented Industry: 10 Main Commodity

“Indonesia as Production Hub For International Market”

NO	10 MAIN COMMODITY	DESTINATION COUNTRY	DEPENDENCY OF IMPORTED RAW MATERIALS
1	TEXTILE AND TEXTILE PRODUCT	United States, Japan, Germany, Turkey, Korea,	MEDIUM
2	ELECTRONIC	Singapore, United States, Japan, Hong Kong, China,	HIGH
3	RUBBER	United States, Japan, China, Korea, Singapore,	LOW
4	PALM OIL	India, China, Malaysia, Bangladesh, Netherlands,	LOW
5	FOREST PRODUCTS	Japan, China, United States, Korea, Australia,	LOW
6	FOOTWEAR	United States, Belgium, Germany, United Kingdom, Netherlands,	MEDIUM
7	AUTOMOTIVE	Thailand, Japan, Saudi Arabia, Philippines, Malaysia,	HIGH
8	SHRIMPS	United States, Japan, China, United Kingdom, Belgium,	LOW
9	COCOA	Malaysia, United States, Singapore, China, Spain,	LOW
10	COFFEE	United States, Japan, Germany, Italy, Malaysia,	LOW

Investment Opportunities: Textile and Clothing Industry



Potential Location: Focus on Java Island



MARKET OUTLOOK: PROSPECTIVE

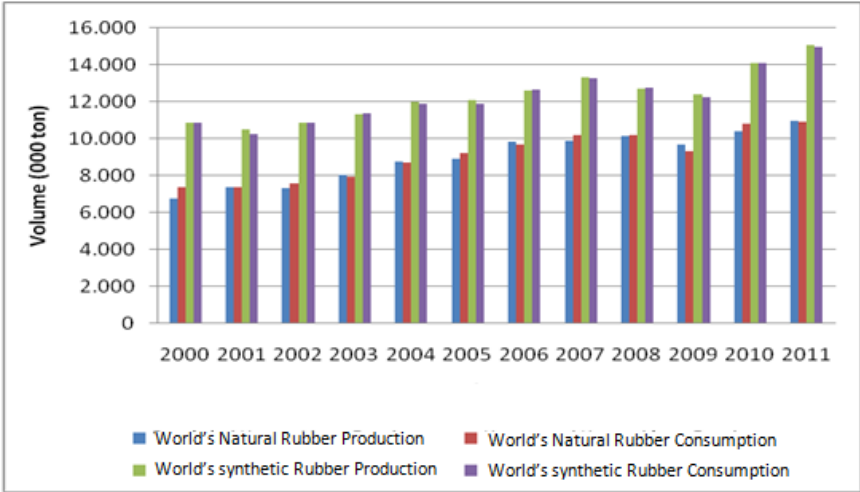
INVESTMENT OPPORTUNITIES

- Indonesia has great potential in developing products garments, yarn, textile products as well as other man-made fibers.
 - a. Garment products: male and female clothes, jackets, underwear and wedding dress.
 - b. For yarn products: sewing thread, yarn for knitting fabric and yarn.
 - c. other textile products: rugs, tablecloths, net curtains, towels, socks, embroidery, and curtains.
- Indonesia position in World Main Markets are (US: 5th); (UK: 13th); (Germany: 12th); (Japan: 5th); (Korea: 4th)

Source: Ministry of Industry and Textile Association (2012)

Investment Opportunities: Rubber Industry

Rubber Production and Consumption (Source: IRSG 2011)



Indonesia Rubber Production And Consumption (Source: IRSG 2011)

Year	Production (Thousand Tons)	Consumption (Thousand Tons)	Surplus Production (Thousand Tons)
2002	1.630	145	1.485
2003	1.792	156	1.636
2004	2.066	196	1.870
2005	2.271	221	2.050
2006	2.637	355	2.282
2007	2.755	391	2.364
2008	2.751	482	2.269
2009	2.594	594	2.000
2010	2.770	733	2.037

INDONESIA RUBBER CONDITION

- Indonesia is the largest area of rubber in the world.
- From the production side, Indonesia is the No. 2 as a major producer of rubber in the world (24% of market share) under Thailand (33%)
- Sumatra is the largest producer of raw rubber in Indonesia: 65% share of the national rubber production.
- Based on BPS data (2011) the largest plantation area (top 3) are:
 1. South Sumatra: 665 thousand ha
 2. North Sumatra: 463 thousand ha
 3. Jambi: 443 thousand ha.
- Potential areas for rubber plantation: Sumatra dan Kalimantan.

Source: Ministry of Agriculture(2012)

MARKET OUTLOOK: PROSPECTIVE

INVESTMENT OPPORTUNITIES: DOWNSTREAM INDUSTRY

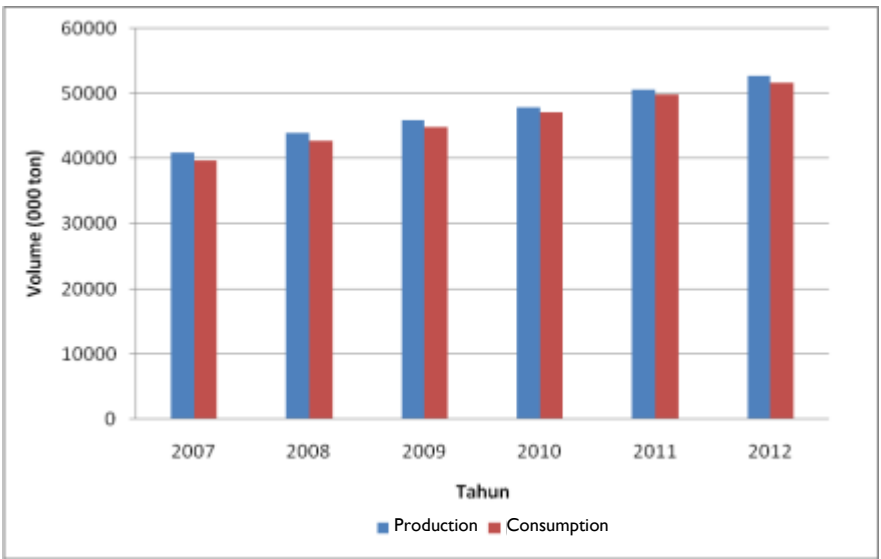
1. Manufacture of motor vehicle tires
2. Latex industry
3. Rubber goods industry
4. Engineering goods for industrial and automotive

WORLD RUBBER CONDITION

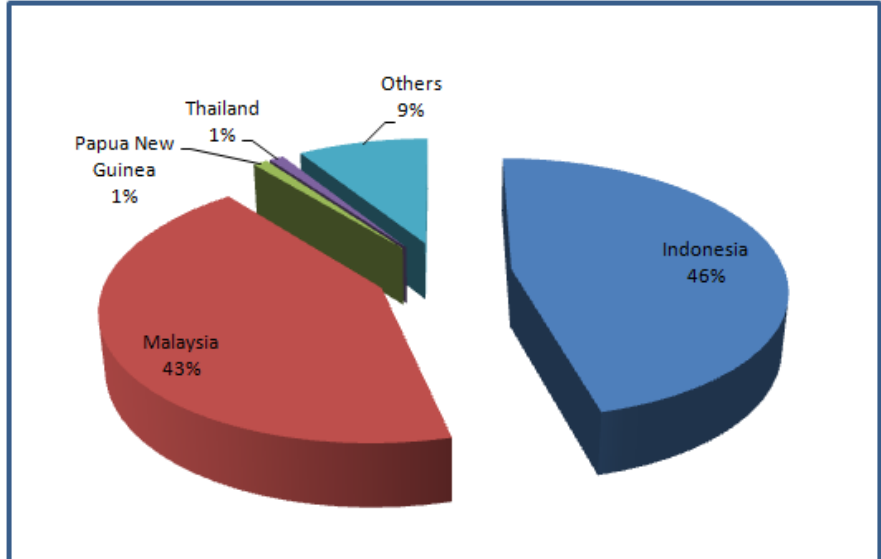
- Consumption is higher than production
- The world market is dominated by 6 countries are: Thailand, Indonesia, Malaysia, India, China, and Vietnam.
- The largest rubber consumer in the world are: China, United States, and Europe.

Investment Opportunities: Palm Oil

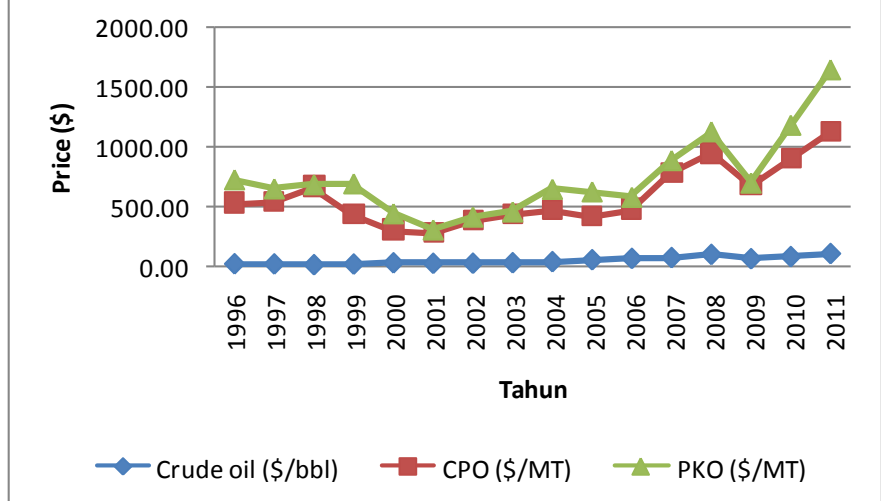
Production and Consumption of Palm Oil World



Palm Oil Production (2011)



Price World of Crude Oil, Crude Palm Oil, and Palm Kernel Oil



MARKET OUTLOOK: PROSPECTIVE

Indonesia is the largest producer and exporter of palm oil / CPO in the world previously dominated by Malaysia.

INVESTMENT OPPORTUNITIES: PALM OIL INDUSTRY

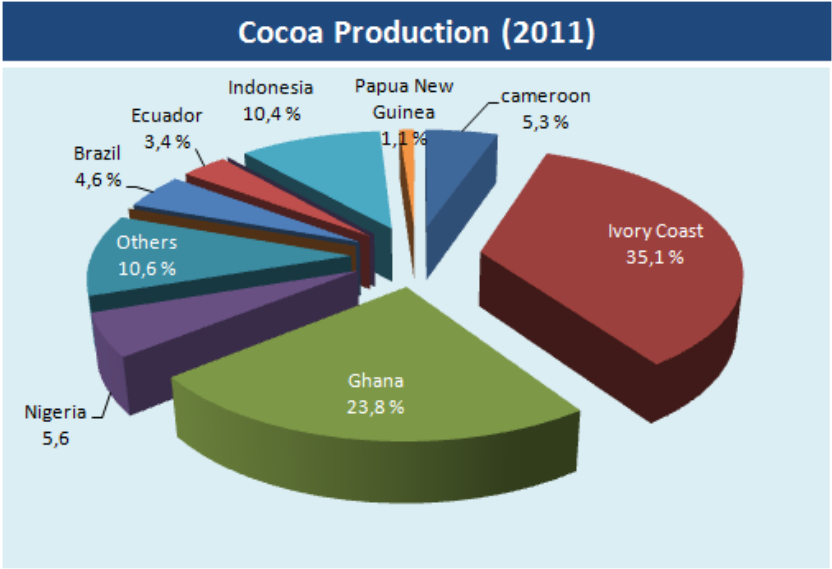
1. Primary Industries: Crude Palm Oil (CPO), Palm Nucleus Oil (PKO), shell, fiber, empty fruit bunches, and sludge
2. Upstream Industry: carotene, tocopherol, oil cake, soap stock
3. Manufacture of: pro-vitamin A, pro-vitamin E, cocoa butter
4. Downstream Industry: bio diesel oil.

POTENTIAL LOCATION FOR PALM OIL INDUSTRY:

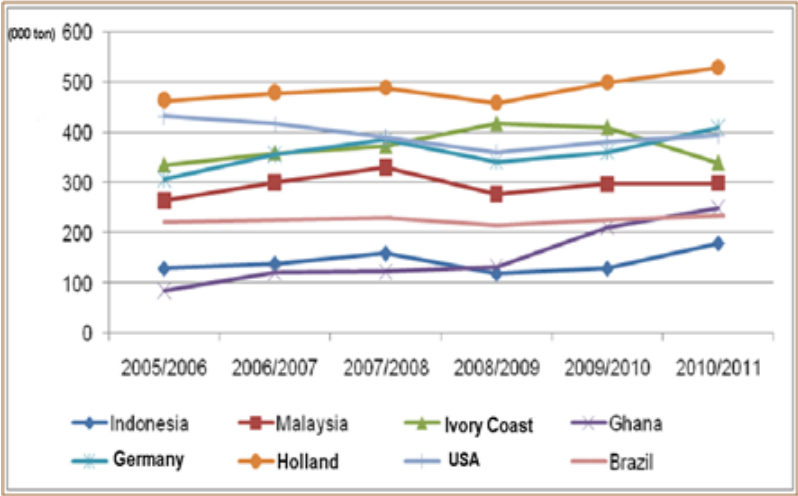
Sei Mangkei in North Sumatera, Dumai in Riau Province, and Maloy in East Kalimantan.

Source: Ministry of Agriculture(2012)

Investment Opportunities: Cocoa Industry



Volume World Cocoa Grinding



Source: Ministry of Agriculture(2012)

Cocoa and Chocolate company Indonesia (2011)

NO	COMPANY	LOCATION	INSTALLED CAPACITY (TON)	REMARKS
1	PT. General Food Industry	Bandung	100.000	Expansion
2	PT. Bunitangerang Mesindotama	Tangerang	96.000	Expansion
3	PT. Cocoa Ventures Indonesia	Medan	14.000	Expansion
4	PT. Asia Cocoa Indonesia	Batam	65.000	New Investment
5	PT. Teja Sekawan	Surabaya	24.500	Expansion
6	PT. Kakao Mas Gemilang	Tangerang	450	Expansion
7	PT. Mas Ganda	Tangerang	5.000	Normal
8	PT. Tri Keezon Utama	Jakarta	7.800	Normal
9	PT. Effem	Makasar	17.000	Re-operate
10	PT. Budidaya Kakao Lestari	Surabaya	15.000	Re-operate
11	PT. Jaya Makmur Hasta	Tangerang	15.000	Re-operate
12	PT. Unicom Kakao Makmur Sulawesi	Makassar	10.000	Re-operate
13	PT. Davomas Abadi	Jakarta	140.000	Re-operate
14	PT. Maju Bersama Cocoa Industries	Makassar	20.000	Re-operate
15	PT. Poleko Cocoa Industry	Makassar	4.000	Re-operate
16	PT. Kopi Jaya Kakao	Makassar	24.000	Re-operate
17	PT. Industri Kakao Utama	Kendari	25.000	Not yet operate
TOTAL COCOA INDUSTRY			582.750	
18	PT. Gandum Mas Kencana	Tangerang	15.000	Expansion
19	PT. Freyabadi Indotama	Karawang	25.000	Expansion
20	PT. Ceres	Bandung	60.000	Normal
21	PT. Sekawan Karsa Mulia	Jakarta	7.000	Expansion
TOTAL CHOCOLATE INDUSTRY			107.000	
TOTAL COCOA INDUSTRY AND CHOCOLATE INDUSTRY			689.750	

MARKET OUTLOOK: PROSPECTIVE

- Total area of Indonesia cocoa increased sharply to reach 1,677,254 ha in 2011. This condition is expected to continue to increase to 1,805,986 ha in 2014.
- In 2011, Indonesian cocoa production amounted to 712,231 tons.
- Potential Locations :
 - Sulawesi (South Sulawesi, Southeast Sulawesi, Central Sulawesi and West Sulawesi)
 - Other provinces (North Sumatra, West Sumatra, Aceh and East Java)

INVESTMENT OPPORTUNITIES: PROCESSING INDUSTRY

Indonesia's cacao agribusiness development geared to increase value-added cocoa with integrated agribusiness development from upstream to downstream.



Investment Opportunities on Tourism and Creative Industry

6. Tourism and Creative Industry



Year	International Visitor		Average Length Of Stay (Day)	Average Expenditure Per Person (USD)		Revenue	
	Total	Growth (%)		Per Day	Per Visit	Total (Million USD)	Growth (%)
2007	5,505,759	13.02	9.02	107.7	970.98	5345.98	20.19
2008	6,234,497	13.24	8.58	137.38	1178.54	7347.6	37.44
2009	6,323,730	1.43	7.69	129.57	995.93	6297.99	-14.29
2010	7,002,944	10.74	8.04	135.1	1085.75	7603.45	20.73
2011	7,649,731	9.24	7.84	142.69	1118.26	8554.39	12.51
2012	8 044 462						

NUMBER OF PASSENGER CRUISE TOURISM



TARGET OF TOURISM VISITOR

2013
Foreign: 9 million
Domestic: 250 million

2014
Foreign: 10 million
Domestic: 255 million

MARKET OUTLOOK: PROSPECTIVE

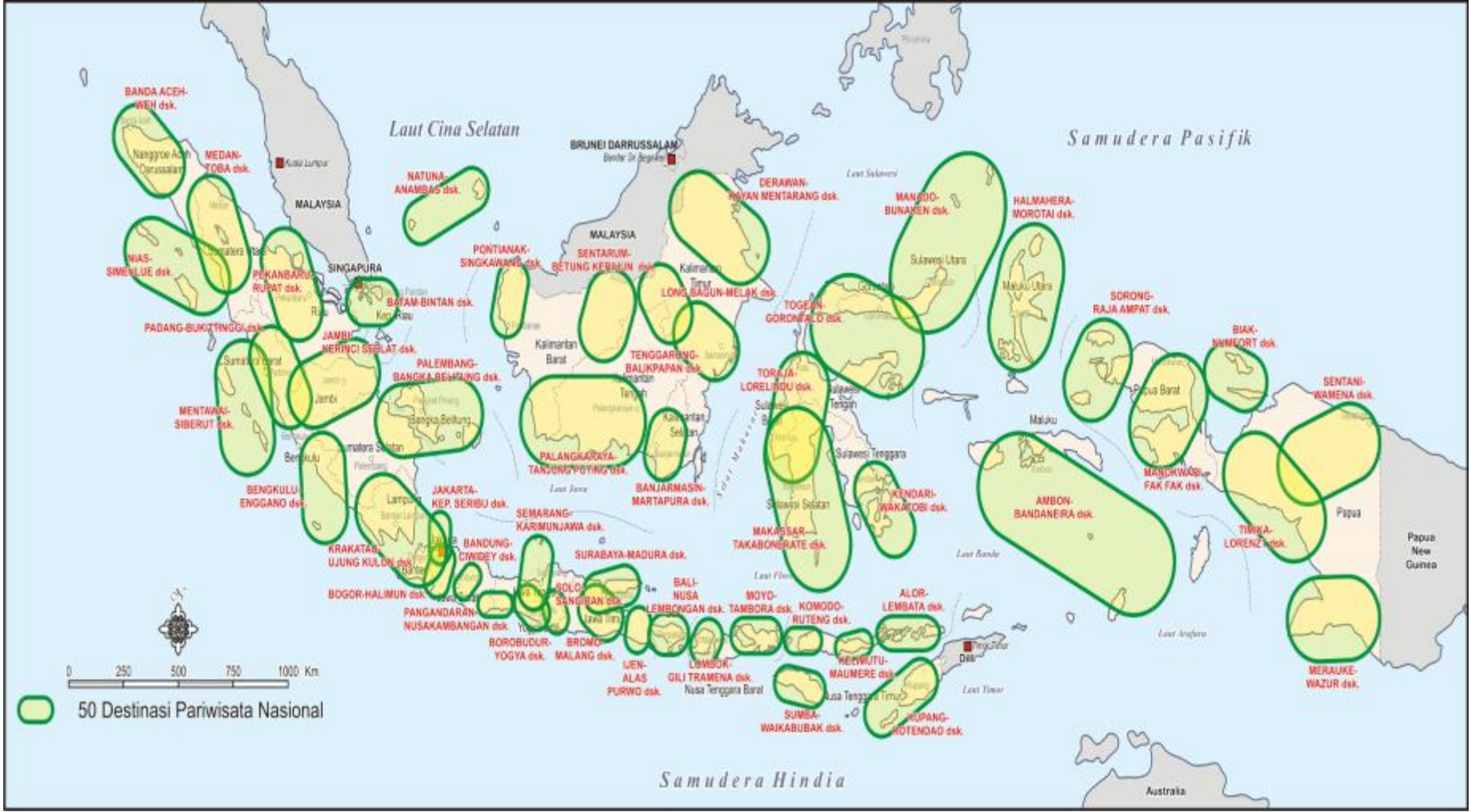
INVESTMENT OPPORTUNITIES:

Seven Special Interest Tourism Areas

1. Cruise tourism
2. Meetings, Incentive, Convention, Exhibition/ Event
3. Nature based and ecotourism
4. Culture and historical based tourism
5. Shopping and culinary
6. Wellness and medical tourism
7. Recreational sports: golf, diving, etc

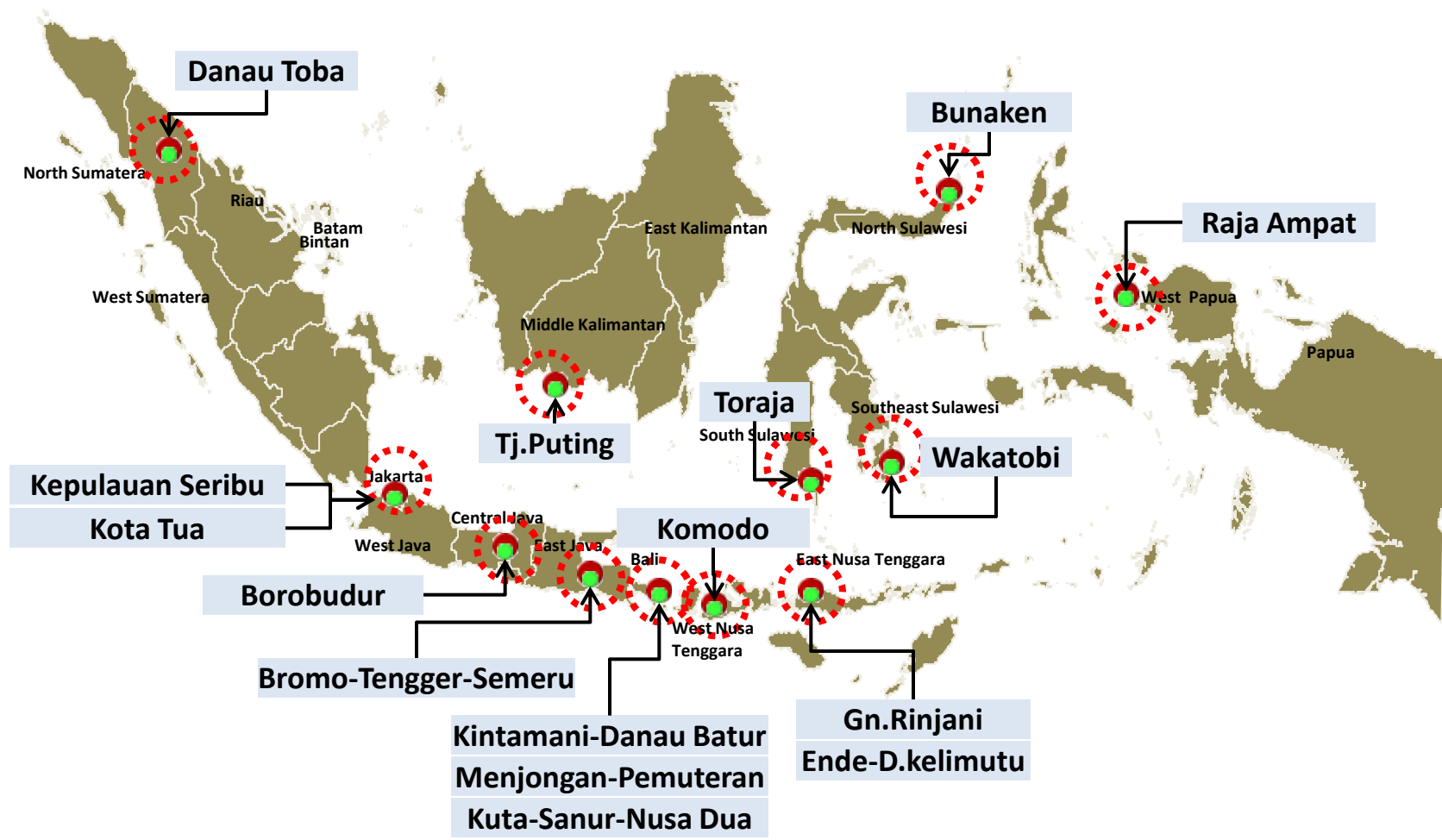
Sources: Ministry of Tourism and Creative Economy , 2012

Distribution of 50 National Tourism Destination (DPN)



Sources: Ministry of Tourism and Creative Economy , 2012

16 National Tourism Priority Area 2012 – 2014



Sources: Ministry of Tourism and Creative Economy , 2012

Main Tourism Locations

Shopping Paradise

(MORE THAN 450 SHOPPING PLACES IN INDONESIA)



SPA Destinations



Golf Courses



Surfing Spots



National Parks



Diving Spots



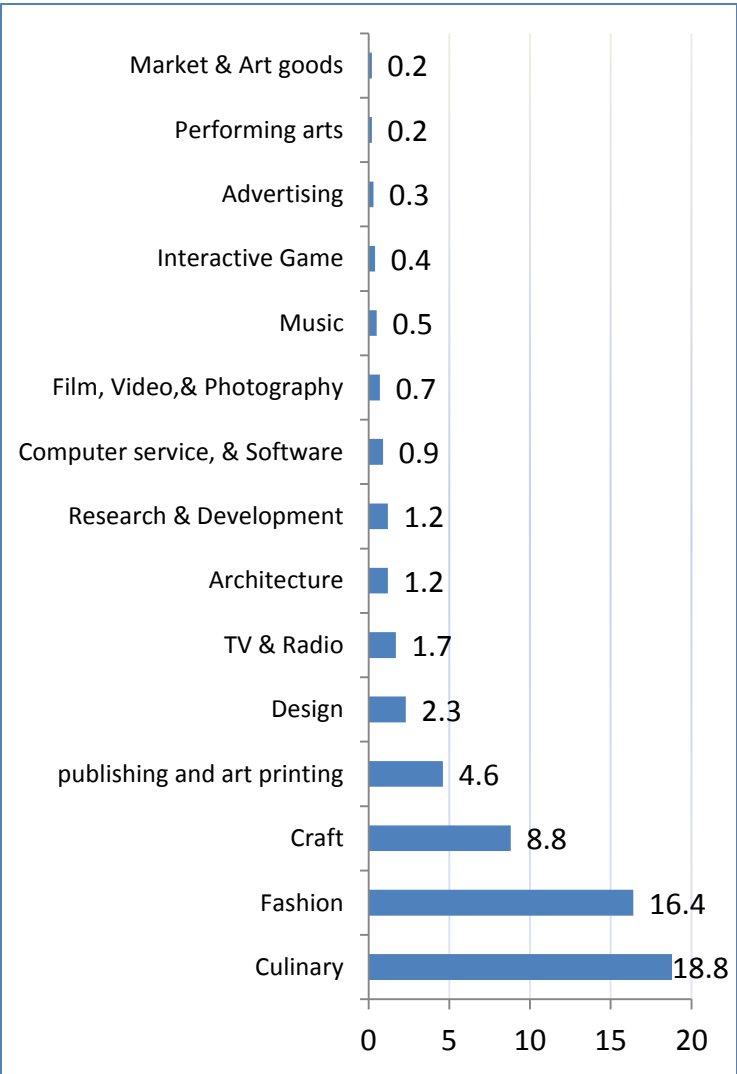
MICE Destinations



Sources: Ministry of Tourism and Creative Economy , 2012

6. Tourism and Creative Industry

ECONOMIC VALUE (USD BILLION)

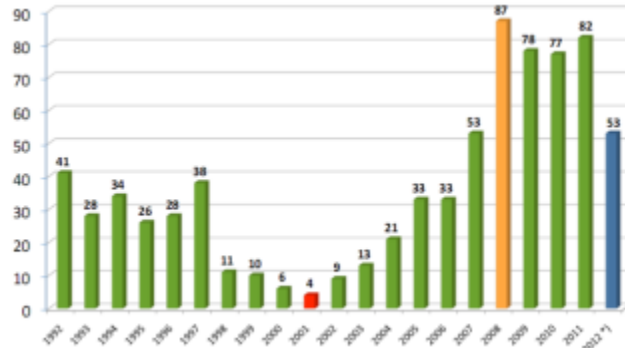


Sources: Ministry of Tourism & Economy creative industry, 2012

MARKET OUTLOOK: PROSPECTIVE

- In Indonesia, the creative industries are defined as industry derived from the utilization of creativity, skills and individual talents of individual to make create wealth and generate employment by producing and exploiting individual creativity.
- Creative industry accounted for 7.29 percent of Indonesia’s GDP. In 2012, Indonesia’s creative industries have employed 11. 57 million people, accounting for 10.63 percent to the nation's overall employment (rank 3 on employment absorption).
- the creative industries have a bright export prospects in the future. In 2011, exports of creative industries to reach of USD 800 million. Targeted in 2015 to exceed UUD 1.5 billion.
- Majority export comes from fashion (60% of market share) and crafts (36.5% market share)

FILM PRODUCTION IN INDONESIA 1992 – 2012



*)Data until Aug 12

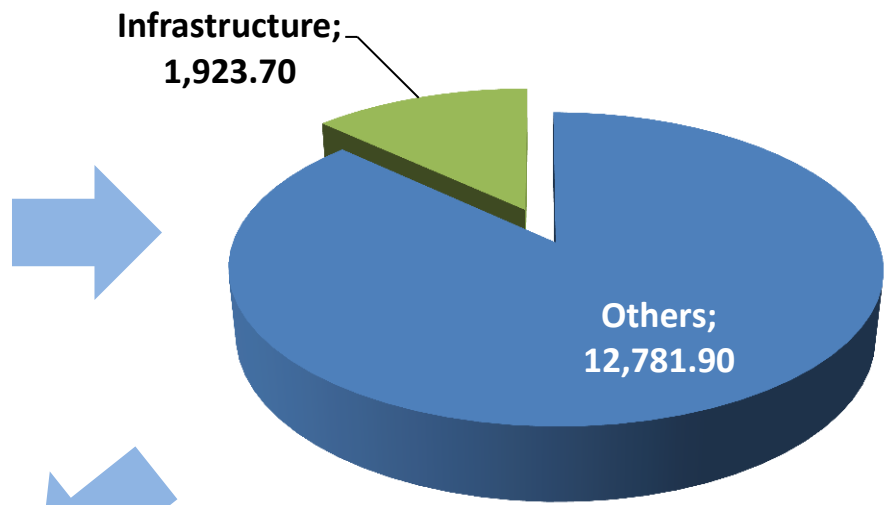
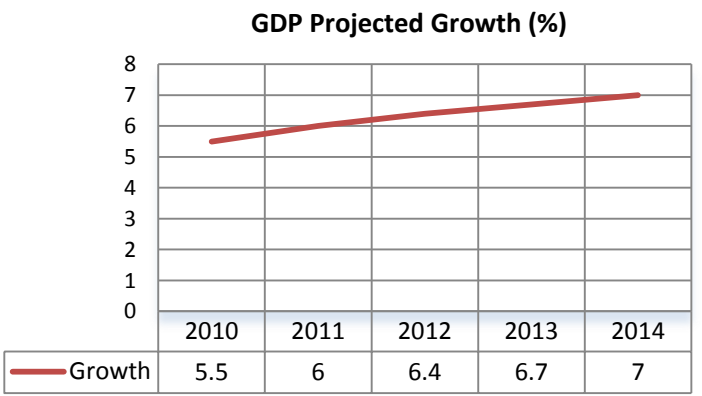




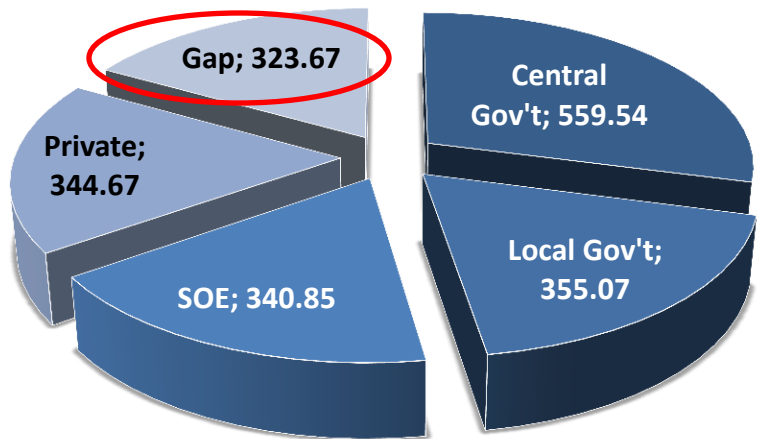
Investment Opportunities on PPP Infrastructure projects

Investment Target Related to Economic Growth

According to the Five Years Development Plan 2010-2014, in order to achieve economic growth of 7% in 2014, Indonesia's total investment from 2010-2014 should reach IDR 14,705.6 Trillion (USD 1.33 Trillion USD)



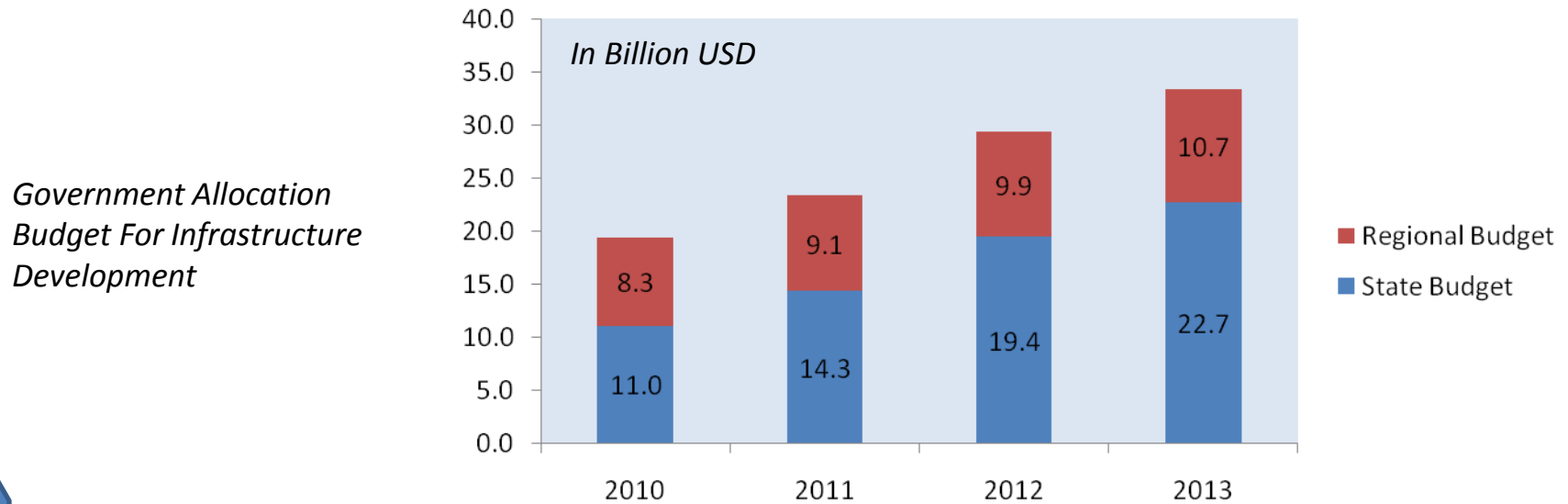
Indonesia's Investment Needs 2010-2014 (Rp. 14,705.6 Trillion)



Indonesia's Infrastructure Needs (Rp. 1923.7 Trillion)

- ESTIMATED FINANCING CAPACITY:**
- Central Government budget can only cover 29.1 % of total investment need.
 - Big opportunity for private investment through PPP (Private + Gap = Rp. 668.34 Trillion or 34.7%).

Financing Alternatives For Infrastructure Development



1

STATE AND REGIONAL GOVERNMENT BUDGET

(for basic infrastructure development)

2

STATE OWNED AND REGIONAL OWNED ENTERPRISES (GOVERNMENT ASSIGNMENT) or PUBLIC PRIVATE PARTNERSHIP /PPP

3

PRIVATE FINANCING OR B-TO-B

(infrastructure development in industrial areas or special private business purposes such as Coal Railways, Special port facility, Industrial estate, etc)

Toll Road Plan

TOLL ROADS MASTER PLAN

NO	TOLL ROAD	OPERATED	PLAN			TOTAL
			PROGRAM	PRIORITY*	POTENTIAL**	
1	Sumatera Island	43 km	60 km	223 km	2,522 km	2,848 km
2	Java Island	714 km	1019 km	181 km***	486 km	2,400 km
3	Kalimantan Island	-	-	84km	-	84 km
4	Bali Island	-	10 Km	-	-	10 km
5	Sulawesi Island	17 km	-	46 km	-	63 km
Total		774 km	1,089 km	534 km	3,008 km	5,405 km



Source:Ministry of Public Works, 2012

* Included in PPP Book 2012

** As per Minister of Public Works Decree No.567/KPTS/M/2010 JO No. 92/KPTS/M/2011 concerning National Road Network.

*** Including Serpong Balaraja Toll Road (30 km) in which has not been listed in Minister of PW Decree concerning National Road Network (in progress)

Railway Sector



	SUMATERA	JAVA	TOTAL
Operated (km)	1,348	3,425	4,773
Not Operated (km)	512	1,250	1,762
TOTAL (km)	1,860	4,675	6,535

<u>Sumatera</u>	<u>Java</u>
Length of Rail Network	Length of Rail Network : 3.425 Km
North Sumatera : 516 km	Number of passenger : 202.907 million pax/year
West Sumatera : 169 km	Number of freight : 4.137 million ton/ year
South Sumatera : 663 km	
Total : 1.348 km	
Number of passengers : 4.223 million pax/year	
Number of freight : 14.773 million ton/year	

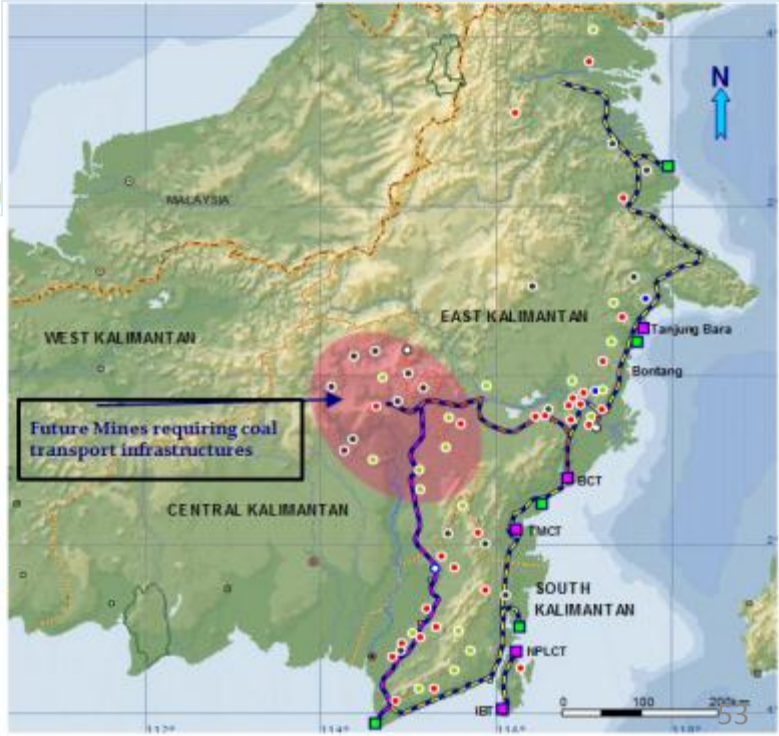
Source: Ministry of Transportation, 2012

Railway Freight Transport Development



SUMATERA

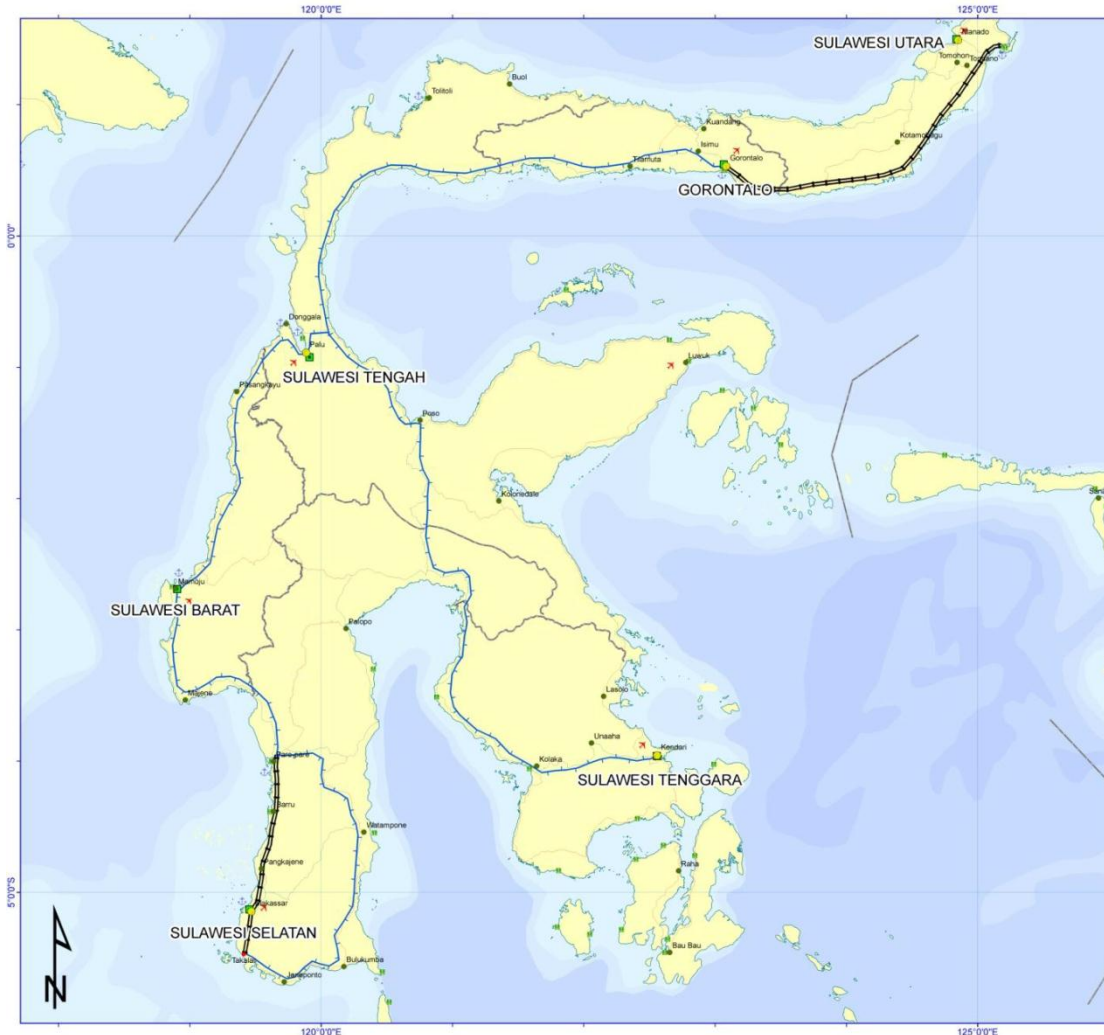
KALIMANTAN



Source: Ministry of Transportation, 2012

Railway Network Development in Sulawesi

Railway network plan in Sulawesi in 2030 with the length of 500km

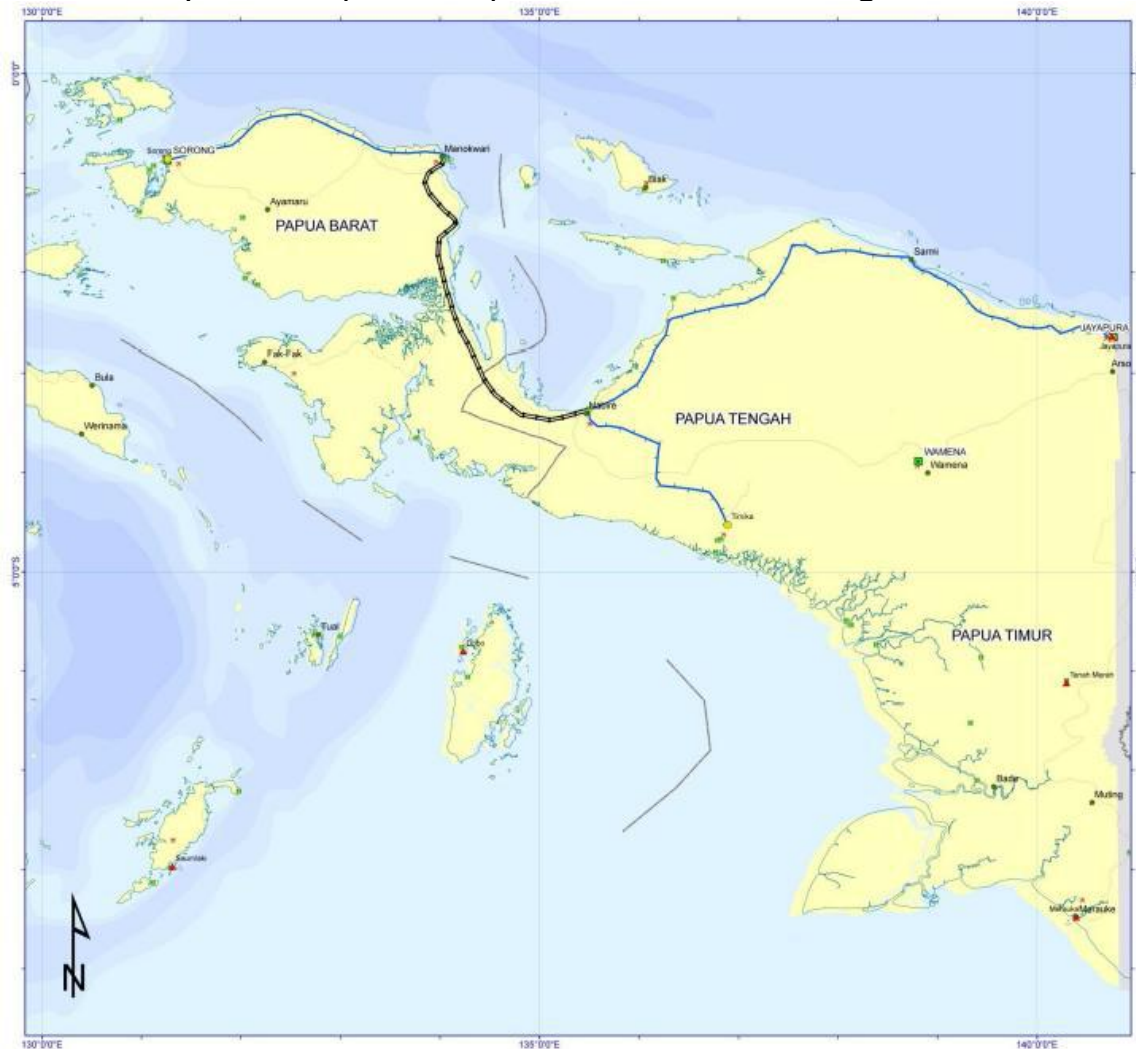


2030 Program :

- Railway network will interconnect cities such as: Manado, Gorontalo, Bitung (North side of Sulawesi) and Pare-pare, Makassar, Bulukumba, and Takalar (South side of Sulawesi);
- Regional railway network in Makassar, Maros, Sungguminasa, and Takalar (Mamminasata);
- Urban railway network in Makassar and Manado;
- Railway network development to Hasanuddin Airport;
- Railway network to Ports: Bitung and Makassar

Railway Network Development in Papua

Railway network plan in Papua in 2030 with the length of 500km

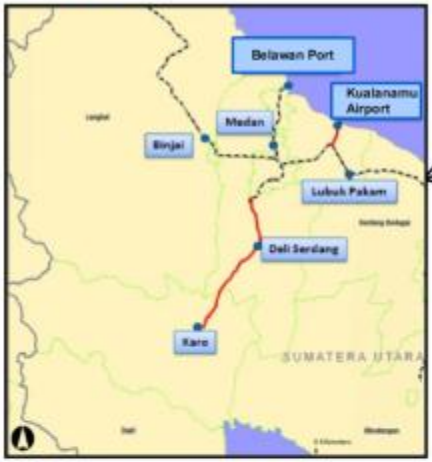


2030 Program :

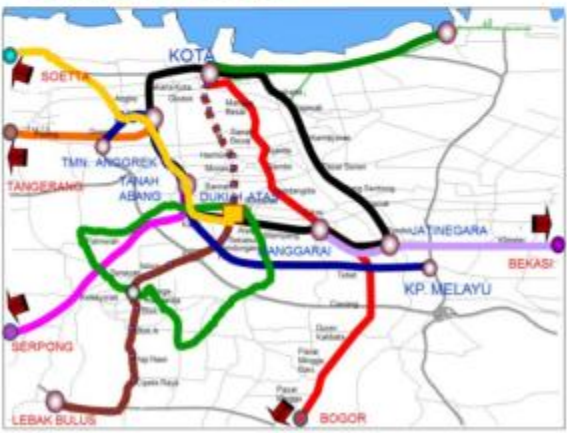
- Railway network will interconnect cities such as: Sorong, Manokwari, Nabire;
- Railway network will interconnect mine locations to Manokwari Port

Urban Railway Development Initiatives

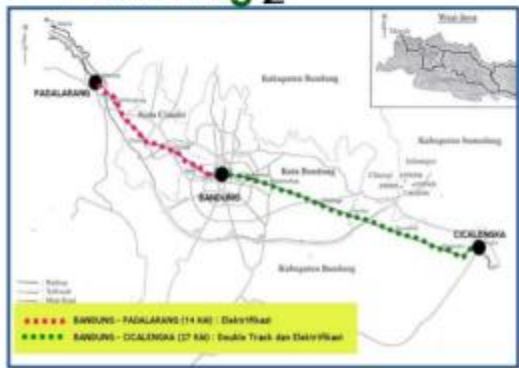
Medan



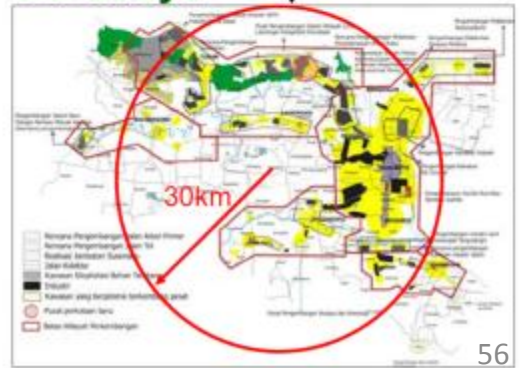
Jabodetabek



Bandung



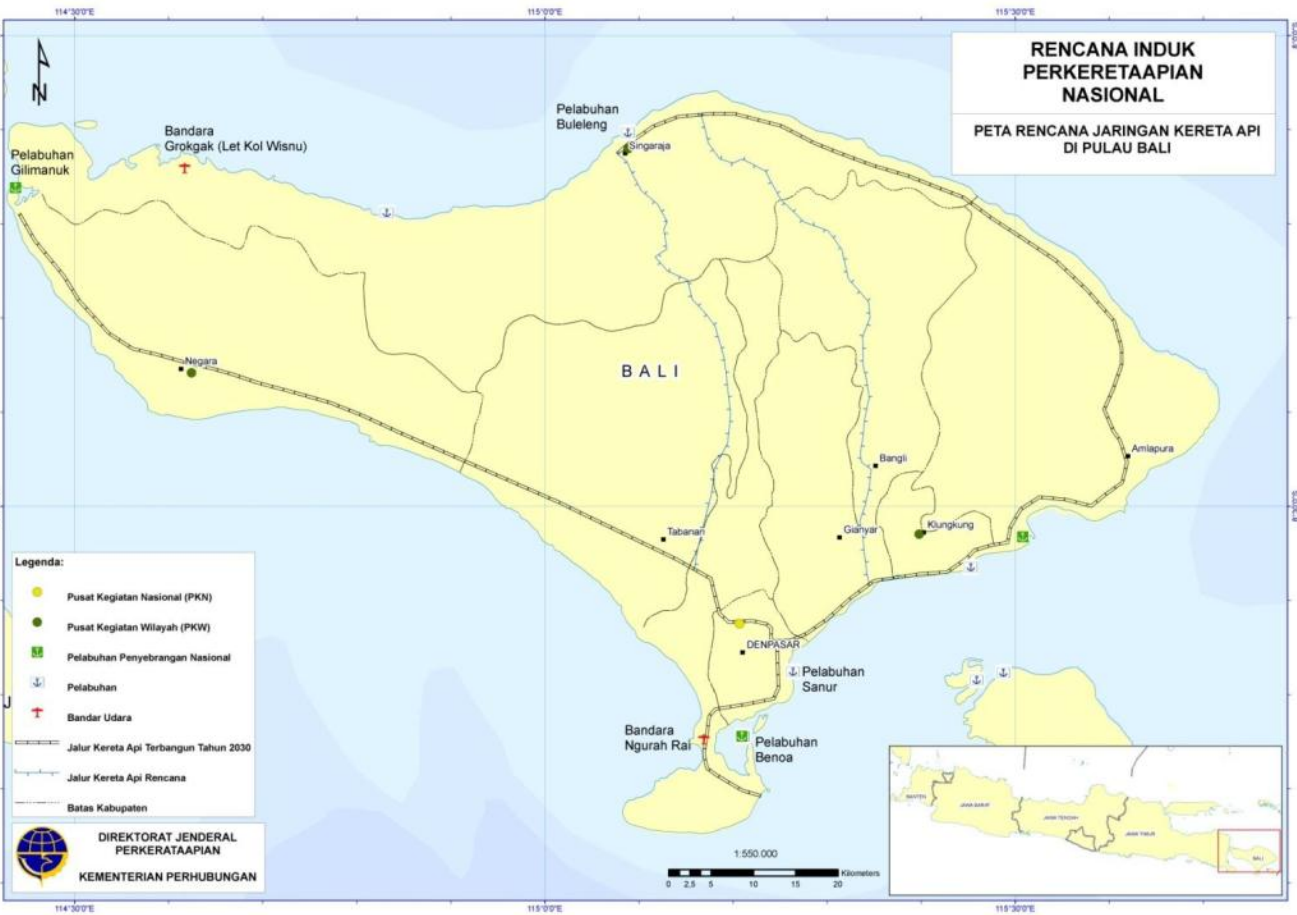
Surabaya



Source: Ministry of Transportation, 2012

Railway Network Development in Bali

Railway network plan in Bali in 2030 with the length of 326 km

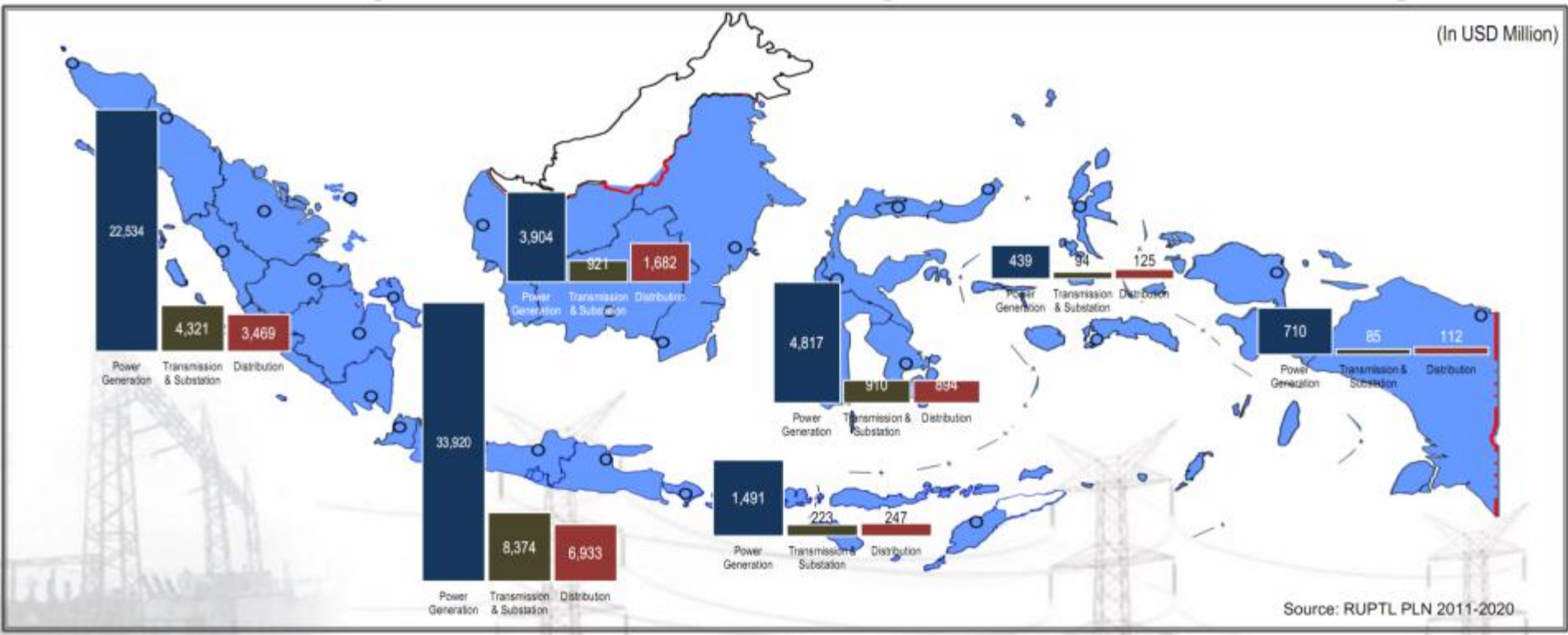


2030 Program :

- Railway network will interconnect activity centers and tourism destinations such as: Denpasar, Tabanan, Gianyar, Singaraja, Negara, Bangli and Amlapura;
- Urban railway network in Denpasar;
- Railway network development in Ngurah Rai Airport;

Source:Ministry of Transportation, 2013

Electricity Sector



- Up to 2020, the total investment requirement for electricity infrastructure development is about USD 96,205 Million (USD 9,621 Million per year in average) which is consist of USD 67,815 Million for power generation, USD 14,928 Million for transmission and substation and USD 13,461 Million for distribution.
- The largest investment requirement is for power generation, afterward for transmission and sub-station and then for distribution development.

Water Supply Sector

WATER SUPPLY TARGET IN 2015 REFERS TO MDGS TARGET.

The target of population having access to save water in 2015: 68.87%, 2020 : 85 % and 2025 : 100 %

INVESTMENT NEEDS:

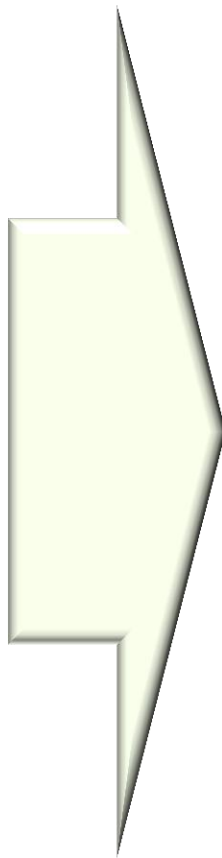
In order to achieve MDGS, it is still required of 7.3 billion USD to provide 8,5 million households until 2015

FINANCING CAPACITY:

- Central Government budget can only cover 57.7 % of total investment need (4.2 billion USD)
- Big opportunity for private investment through B-to-B or PPP (3.1 billion USD or 42.3%).

WATER SUPPLY CONDITION IN 2012	
Portion of population having access to save water	National : 53.26 %
	Urban : 45.8 %
	Rural : 47.51 %

Total coverage of piped water supply service	National : 25,56 %
	Urban : 43.96 %
	Rural : 11.54 %



WATER SUPPLY TARGET IN 2015	
Portion of population having access to save water	National : 68.87 %
	Urban : 75.29 %
	Rural : 65.81 %

Total coverage of piped water supply service	National : 41.03 %
	Urban : 68.32 %
	Rural : 19.76 %

Waste Management Sector



Open dumping

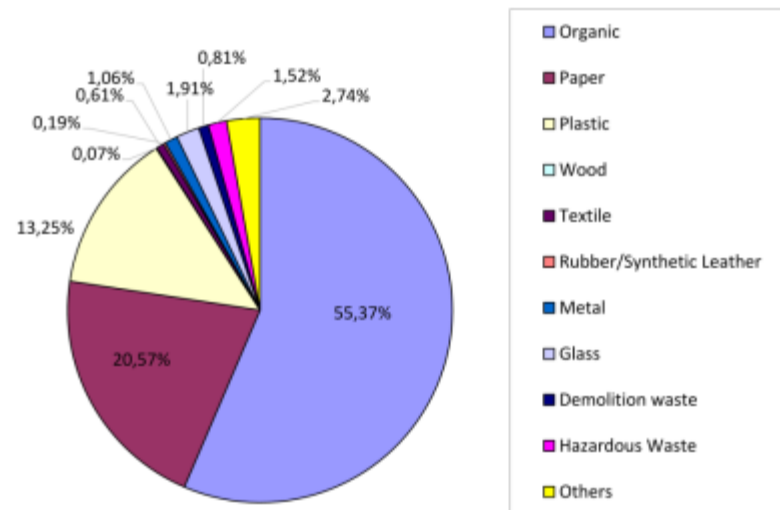


Landfill

**THERE IS AN URGENT NEED TO PROVIDE
PROPER FINAL DISPOSAL SITES**

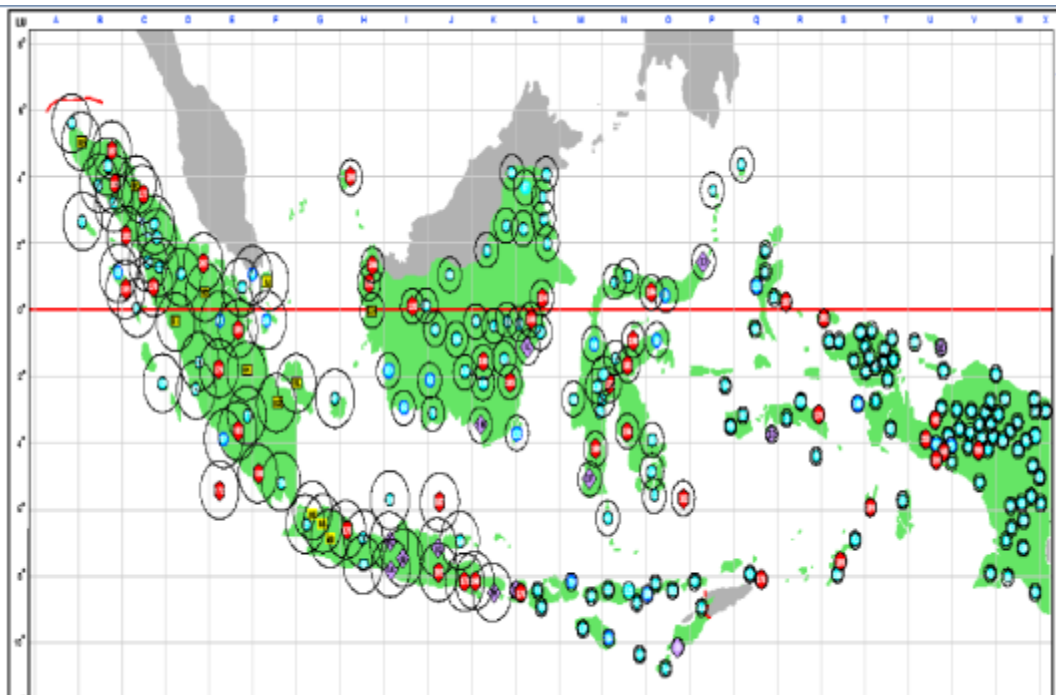
Pictures are the property of
Directorate of Env. Sanitation Dev

Solid Waste Composition



1. Nationally, the coverage of solid waste management reaches $\pm 54\%$ (BPS, Susenas 2006), while the aimed target are 75% in 2009 (based on the 2009 National Mid-Term Development Plan) and 70% in 2015 (based on the MDGs Target).
2. The nation's rapid annual population growth and alteration of community's consumption pattern have resulted in a significant escalation of solid waste generation by 2 - 4% per year.
3. Although 3R (Reuse-Reduce-Recycle) program has been promoted, most waste generated are still mixed.
4. 99% of Final Disposal Sites (FDS) are still open dumping, which contribute to environmental degradation and global warming.
5. Land limitation for FDS, particularly in big and metropolitan cities, has encouraged the need of regional FDS.

Air Transportation Sector

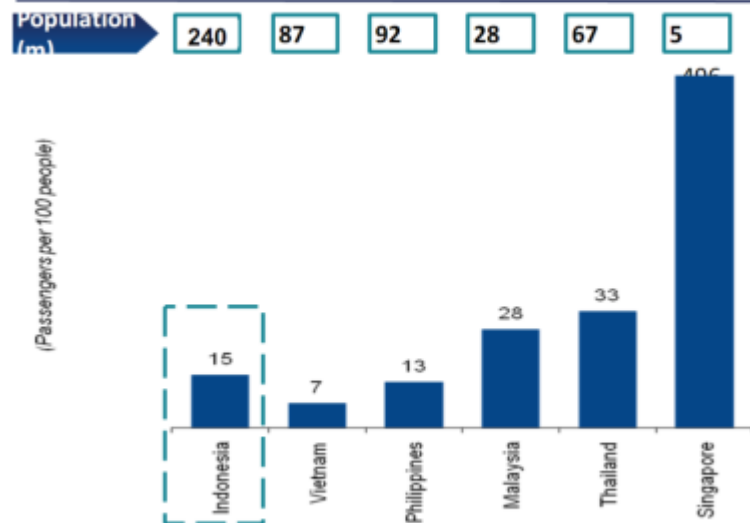


Public Airport = 233 airports (excl. relocation) - Government Owned : 164 airports - PT. AP I : 13 airports - PT. AP II : 13 airports - New airports : 53 locations	International Airport : -Main : 5 Airports -Regional : 28 Airports -Haji : 11 Airports -Cargo : 7 Airports
--	---

Indonesia's economy rapid growth cause a bright future of its air transport demand

Source: Ministry of Transportation, 2012

Airline penetration levels



Source: Euromonitor

Year	Domestic pax (thousand)	International pax (thousand)
2007	39.162	3.188
2008	37.405	4.102
2009	43.808	4.963
2010	51.775	6.614
2011	60.197	8.152
2012	71.421	9.938

Indonesian Airports – Annual Domestic & International Passengers 2007 to 2012

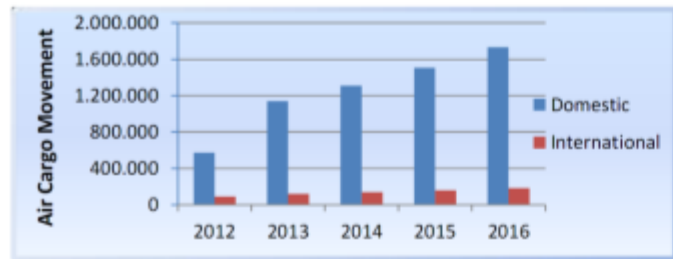
Source: DGCA, 2012

Forecast for the Indonesian air transport sector



Passengers Movement

Year	Domestic	International
2012	71.421.464	9.938.291
2013	78.744.301	10.060.492
2014	90.555.946	11.569.566
2015	104.139.338	13.305.001
2016	119.760.239	15.300.751



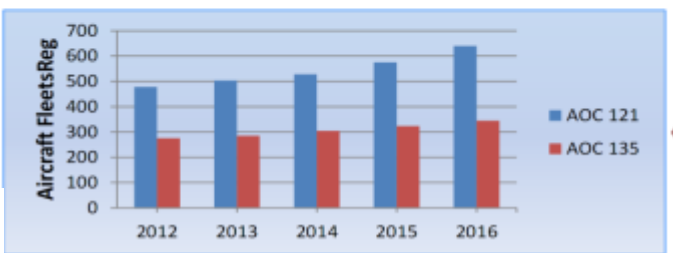
Air Cargo

Year	Domestic	International
2012	571.668	90.692
2013	1.139.444	120.984
2014	1.310.360	139.131
2015	1.506.915	160.001
2016	1.732.952	184.001



Aircraft Movement

Year	Domestic	International
2012	614.712	69.946
2013	635.295	77.250
2014	730.590	88.837
2015	840.178	102.163
2016	966.205	117.487



Aircraft / Fleets Reg.

Year	AOC 121	AOC 135
2012	478	275
2013	503	285
2014	528	304
2015	575	324
2016	640	345

Source: Ministry of Transportation, 2012

Water Transportation Sector

Port Development within the Economic Corridors



SUMATERA :

1. Sabang
2. Belawan
3. Dumai
4. Batam (Batu Ampar/ Sekupang/ Kabil/ Lobam)
5. Tg. Balai Karimun
6. Teluk Bayur
7. Tua Pejat
8. Palembang
9. Panjang

JAVA :

10. Bojonegara
 11. Tg. Priok
 12. Tg. Intan
 13. Tg. Emas
 14. Tg. Perak
- BALI – NUSA TENGGARA :**
15. Benoa
 16. Tenau Kupang

KALIMANTAN :

17. Pontianak
18. Balikpapan
19. Sampit
20. Banjarmasin
21. Mekar Putih

SULAWESI :

22. Makassar
23. Pantoloan
24. Bitung

PAPUA – MALUKU :

25. Ambon
26. Temate
27. Sorong
28. Jayapura
29. Merauke

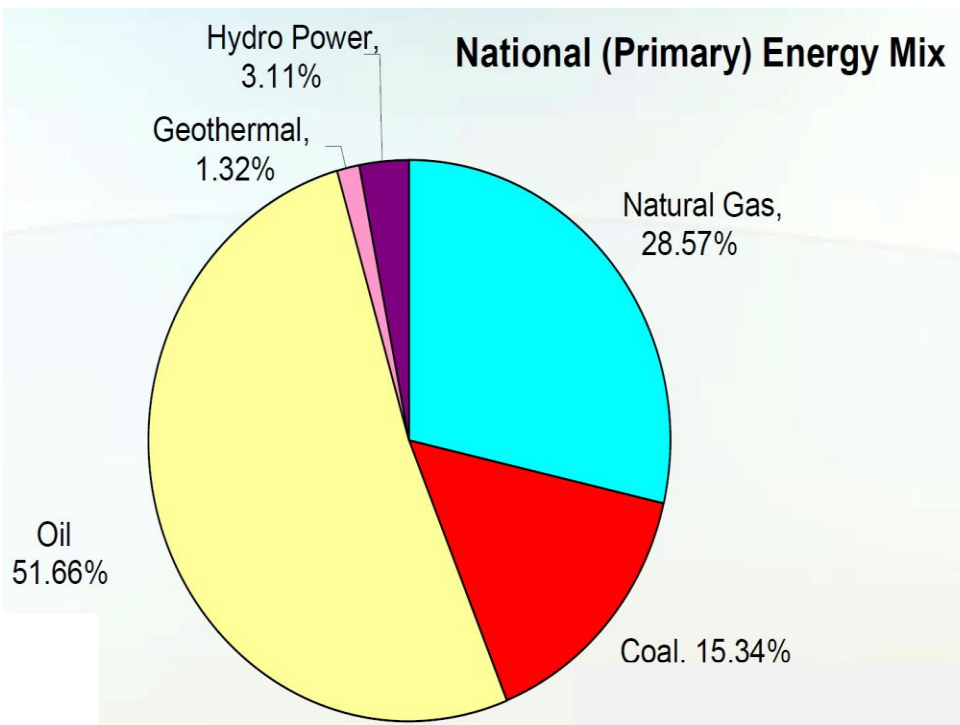


Renewable Energy Sector

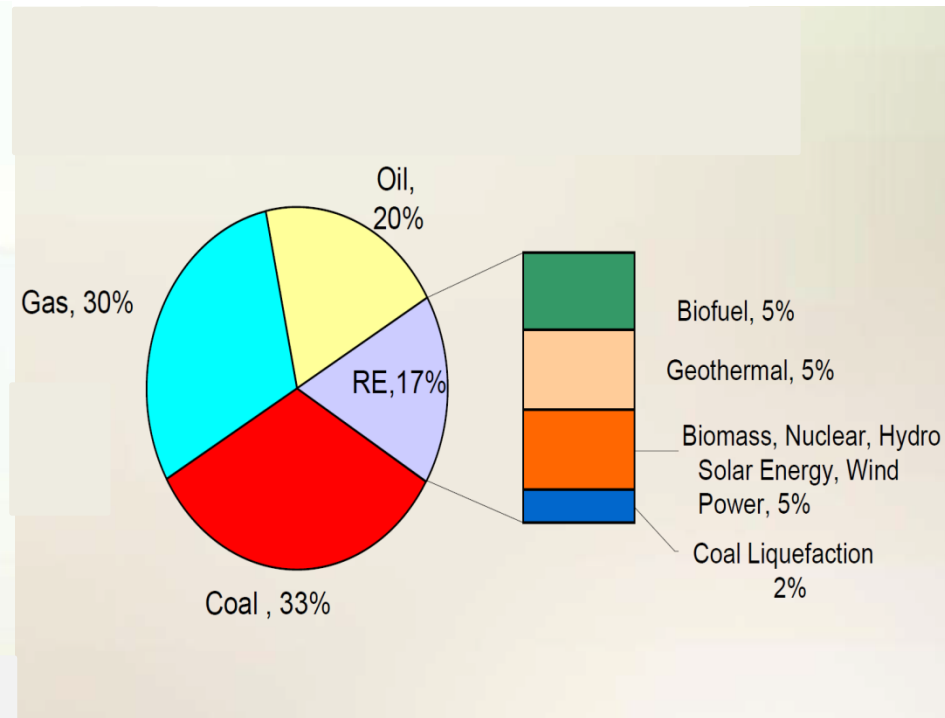
NO	RENEWABLE ENERGY	POTENTIAL	INSTALL CAPACITY (MW)	UTILIZATION
1	Large Hydro (MW)	75,670	5,705.29	7.54%
2	Small Hydro/Microhydro (MW)	769.69	217.89	28.31%
3	Geothermal (MW)	29,038	1,226	4.2%
4	Biomass (MW)	49,810	1,618.4	3.25%
5	Solar	4.80 kWh/m ² /day	13.5	-
6	Wind	3 – 6 m/s	1.96	-
7	Ocean/Sea (MW)	43,000	-	-

Presidential Decree no. 5 Year 2006: National Energy Policy

NATIONAL ENERGY MIX 2006



NATIONAL ENERGY MIX 2025 (PRESIDENTIAL DECREE SCENARIO)



Government Participation On Infrastructure Development

GOVERNMENT GUARANTEE

- To provide a political risk guarantee for PPP Infrastructure Projects
- To attract more private sector participation, due to reduced risk perception of Indonesia PPPs
- Government Guarantee is provided by Minister of Finance through Indonesia Infrastructure Guarantee Fund (IIGF)/PT Penjaminan Infrastruktur Indonesia (PT PII).

GOVERNMENT SUPPORT

- Government may provide support in the form of licensing, land acquisition, part of construction, and/or in other form in accordance with prevailing law and regulation
- Minister of Finance may approve the provision of Government Support in the form of tax incentives and/or fiscal contribution in the form of financial based on the proposal by Minister/Chairman of the Institution/Head of Region.

Examples: Viability Gap Fund (VGF), Land Fund, Geothermal Fund

FISCAL INCENTIVES

Based on revised edition of Government Regulation No. 62/2008 (Government Regulation No 52 of 2011) concerning Tax Allowance for Investment in Certain Businesses and/or Areas, the tax allowance will be eligible for 129 business segments, including **INFRASTRUCTURE**

PROJECT PREPARATION

Providing advice to Government Contracting Agency through PT. Sarana Multi Infrastruktur (PT. SMI) for preparing of pre-feasibility study; preparing of tender documents; providing assistance during the tender process; and providing support towards realization of financial close

Infrastructure Projects Presented in Market Sounding 2013

No.	Projects	Government Contracting Agency	Investment (US\$ million)
1	Pandaan Malang Toll Road, East Java	Indonesia Toll Road Authority(BPJT)	315.7
2	Manado-Bitung Toll Road, North Sulawesi	Indonesia Toll Road Authority(BPJT)	353
3	Maloy International Port, East Kalimantan	Ministry of Transportation	287
4	Makassar New Port, South Sulawesi	Ministry of Transportation	360
5	Cilamaya Port Development, West Java	Ministry of Transportation	3,450
6	Soekarno-Hatta International Airport Railways, Banten-DKI Jakarta	Ministry of Transportation	2,083.4
7	Solid Waste Treatment & Final Disposal – Bogor & Depok, West Java	BPSR West Java Province	40
8	Batam Solid Waste Management, Riau Islands	Batam Municipal Government	75 – 125
9	Independent Power Producers (IPP) Electricity Projects	PT. PLN (Persero)	
10	Indonesia's Geothermal Energy Potential	Ministry Of Energy And Mineral Resource And PT. Pertamina Geothermal Energy (PT.PGE)	
11	PPP project In Water Supply Sector	Ministry Of Public Works	



THANK YOU

CONTACT US

BADAN KOORDINASI PENANAMAN MODAL (BKPM)

Jl. Jend. Gatot Subroto No. 44, Jakarta 12190

P.O. Box 3186, Indonesia

P : +62 21 5292 1334

F : +62 21 5264 211

E : info@bkpm.go.id

Invest in...
remarkable
indonesia