Innovative Financing Schemes for Infrastructure Projects in Indonesia

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Director of Financing and Investment
PT Sarana Multi Infrastruktur (Persero)

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## Status

PT Sarana Multi Infrastruktur (Persero) (“PT SMI”) was established in 2009 **as a State-Owned Enterprise** under the Minister of Finance Regulation No. 100/PMK.010/2009 on Infrastructure Financing Companies.

## Duties

PT SMI carries the duty of supporting the Government’s infrastructure development agenda for Indonesia through partnerships with private and/or multilateral financial institutions in Public-Private Partnership (PPP) projects. As such, PT SMI can serve as a catalyst in accelerating infrastructure development in Indonesia.

## Ownership

100% owned by the Government of Indonesia

## Vision

To serve as catalyst in accelerating national infrastructure development

## Mission

1. To become a strategic partner that delivers value added contributions to Indonesia’s infrastructure development
2. To develop flexible financing products
3. To offer service excellence backed with good corporate governance

**PT SMI is a State-Owned Enterprise that acts as a Catalyst in Accelerating Infrastructure Development**
PT SMI Focus Over The Next 5 Years Will Be on Economic and Social Infrastructure Sectors

1. Infrastructure is one of the most important sectors for emerging markets.

   - **Economy**: Facilitates economic growth and national competitiveness.
   - **Environment**: Reduce environmental footprint and achieve nation social progress.
   - **Social**:

2. Significant financing required in economic and social infrastructure:

   Potentially up to 800 Tn IDR financing gap annually to meet nation infrastructure requirement.

3. Complexity in infrastructure require specialization and coordination:

   Potentially many complex infrastructure issues beyond financing.

4. Other successful development banks started by focusing and prioritizing on infrastructure.
PT SMI Provides Comprehensive Financing Products and Project Development Service To Become The Enabler of Infrastructure Projects

**Funding Sources**

- **Conventional**
  - State Additional Equity Injection
  - Capital Market (Bonds, Securities)
  - Loans and Grants
  - Securitization

- **Sharia**
  - Sharia Capital Market
  - Sharia BPJS / Insurance
  - Hajj Fund
  - Sovereign Wealth Fund

**Sector Focus**

- Electricity & Energy Efficiency
- Transportation
- Telecommunication
- Oil and Gas
- Renewable Energy
- Water Supply
- Road and Bridges
- Irigation
- Waste Water & Waste Management
- Hospital
- Prison
- School
- Tourism Infrastructure
- Regional Infrastructure
- Market
- Social Infrastructure

**Development Stage**

**Project Development**

- Project Development Facilities (PDF)
- PPP Project Development
- Technical Assistance & Donor Fund Management
- Municipal Project

**Advisory Services**

- Public Sector Advisory
- Training & Capacity Building
- Investment Advisory
- Financial Advisory

**Financing & Investment**

- Infrastructure Financing
  - Senior loan
  - Banking Complementary
  - Arranger & Underwriter
  - PPP Standby Lender
  - Geothermal Financing

- Municipal Financing / Regional Infrastructure Development Fund (RIDF)
- Ijarah Muntahia Bittamlik (IMBT)
- Murabahah
- Musyarakah Mutanaqisah (MMQ)
- Mudharabah Muqayyadah on Balance Sheet (MMOB)

**Funding Sources**

- Conventional
- Sharia
Role of PT SMI as Intermediary Institutions to Finance Municipal Government and Renewables Energy Projects

Source of Funds

- (Government of Indonesia)
- (ADB)
- (ADB)
- (RE and EE)*
- (Green Climate Fund)
- (Capital Markets)
- (RE and EE)
- (JBIC)
- (Green Facility)*
- (UNDP)
- Others

Intermediary Institution

- SMI

Beneficiaries

- Municipal Government

Financing

- Senior Loan
- Mezzanine/Subordinated
- Equity

Grant

- Technical Assistance
- Project Appraisal
- Project Assessment

* In progress of application or accreditation

RE = Renewables Energy
EE = Energy Efficiency

RE = Renewables Energy
EE = Energy Efficiency

Hydro Power
Biomass
Wind Power
Solar Power
Geothermal
Energy Efficiency and Other projects
As of 30 June 2016, PT SMI has provided USD 9.0 Billion Financing Facilities

Value Propositions of PT SMI

- Long Term Tenor
- Competitive Rate
- Innovative Product
- Flexible Financing Scheme
- High Impact of Multiplier effect

Multiplier Effect*

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>IDR 119,4 Trillion (~USD 9.0 Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiplier Effect</td>
<td>3.6 times</td>
</tr>
</tbody>
</table>

Involves in Strategic Project

<table>
<thead>
<tr>
<th>Project</th>
<th>Palembang-Indralaya Highways</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>South Sumatera</td>
</tr>
<tr>
<td>Tenor</td>
<td>25 years</td>
</tr>
<tr>
<td>Grace Period</td>
<td>15 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>BI rate + 2%</td>
</tr>
</tbody>
</table>

Based on Sectors

- Oil and Gas 10.66%
- Transportation 9.66%
- Irrigation 1.92%
- Telecommunication 2.24%
- Clean Water 1.13%
- Social (Hospital) 0.24%
- PT PLN 26.00%
- Road 32.38%

Based on Locations

- Jawa Bali Nusa Tenggara 45%
- Sumatera 26%
- Kalimantan 11%
- Sulawesi 10%
- Papua Maluku 8%
- Nusa Tenggara 45%
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>2.213</td>
<td>5.132</td>
<td>7.089</td>
<td>9.169</td>
<td>32.714</td>
<td>33.950</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>2.196</td>
<td>4.310</td>
<td>4.546</td>
<td>4.786</td>
<td>25.432</td>
<td>26.113</td>
</tr>
<tr>
<td><strong>Outstanding</strong></td>
<td>525</td>
<td>1.196</td>
<td>3.087</td>
<td>4.262</td>
<td>17.083</td>
<td>18.966</td>
</tr>
<tr>
<td><strong>Loan Commitment</strong></td>
<td>1.158</td>
<td>2.222</td>
<td>4.477</td>
<td>5.577</td>
<td>23.004</td>
<td>32.607</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>194</td>
<td>226</td>
<td>424</td>
<td>598</td>
<td>743</td>
<td>1.155</td>
</tr>
<tr>
<td><strong>Net Profit (Loss)</strong></td>
<td>97</td>
<td>107</td>
<td>207</td>
<td>245</td>
<td>305</td>
<td>682</td>
</tr>
<tr>
<td><strong>Performance Rating</strong>*</td>
<td>AA</td>
<td>AA</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>-</td>
</tr>
</tbody>
</table>

Public Accountant Opinion : Unqualified Opinion (WTP)
Auditor : Osman Bing Satrio & Eny (Deloitte)

Corporate Rating from PEFINDO : AAA/Stable

*Based on State Owned Enterprises Ministry Category
Over the last 5 years, PT SMI has a very strong Financing Commitment with a CAGR of 91.8%

As a company that is still growing, the Company’s outstanding and financing commitments sustained increases in particular in 2015 up to 2016 YTD

*Accumulative position but not Include Financing Facility to PT PLN and Municipal Government
## Priority, National Strategic and RPJMN 2015-2019 Projects Financed by PT SMI

### National Priority Projects
(Permenko No.12/2015)

<table>
<thead>
<tr>
<th>Project Details</th>
<th>Accumulated as end of 2015</th>
<th>Year 2016 + Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 project</td>
<td>Toll Road Trans Sumatera Ruas Medan – Binjai</td>
<td><strong>Total Commitment of IDR481 billion</strong>&lt;br&gt;<strong>Total Project Value IDR1.6 trillion</strong></td>
</tr>
</tbody>
</table>

### National Strategic Projects
(PelIDRres No. 3 tahun 2016)

<table>
<thead>
<tr>
<th>Project Details</th>
<th>Accumulated as end of 2015</th>
<th>Year 2016 + Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 projects</td>
<td>○ Toll Road Solo – Ngawi&lt;br&gt;○ Toll Road Ngawi – Kertosono&lt;br&gt;○ Toll Road Medan – Binjai&lt;br&gt;○ Toll Road Pejagan – Pemalang&lt;br&gt;○ Soekarno – Hatta Airport Development&lt;br&gt;○ Titab Water Dam, Bali&lt;br&gt;○ Logung Water Dam, Jawa Tengah&lt;br&gt;○ Bajulmati Water Dam, Jawa Timur</td>
<td><strong>Total Commitment of IDR3.38 trillion</strong>&lt;br&gt;<strong>Total Project Value of IDR35.88 trillion</strong></td>
</tr>
</tbody>
</table>

### RPJMN Projects
(Perpres No. 2 tahun 2015)

<table>
<thead>
<tr>
<th>Project Details</th>
<th>Accumulated as end of 2015</th>
<th>Year 2016 + Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 projects</td>
<td>○ Toll Road Trans Jawa (Cikopo-Palimanan, Solo-Ngawi, Ngawi-Kertosono, dan Pejagan-Pemalang)&lt;br&gt;○ Toll Road Trans Sumatera (Medan-Binjai)&lt;br&gt;○ Soekarno – Hatta Airport Capacity Improvement&lt;br&gt;○ Titab Water Dam, Bali&lt;br&gt;○ Logung Water Dam, Jawa Tengah&lt;br&gt;○ Palaran Port, Samarinda</td>
<td><strong>Total Commitment of IDR3.60 trillion</strong>&lt;br&gt;<strong>Total Project Value of IDR36.39 trillion</strong></td>
</tr>
</tbody>
</table>

*) excluded in the calculation, because it is already calculated in the previous point
### Social Economic Benefit of PT SMI Projects

**Accumulative Position as of 31 May 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>Benefits</th>
</tr>
</thead>
</table>
| **Electricity**   | - Increase the capacity of **1,443.8 MW**  
- Provide electricity for **1.6 million household** or **6.4 million people** |
| **Water Supply**  | - Increase the capacity of water supply by **10.140 litre/second**  
- Provide water supply for **1,3 million household** atau **5.2 million people** |
| **Road**          | - Increase road extension up to **1.044 km**  
- Absorb **900 thousand workers** |
| **Transportation**| - Increase capacity for **22.5 million passengers** a year (Air Transport)  
- Increase the flow of goods up to **2.26 million TEUs** a year (Sea Transport) |
| **Telecommunication** | - Increase **44.900 telecommunication towers**  
- Provide **65.6 million users** for telecommunications service across Indonesia |
| **Social Infrastructure** | - Provide **42 new room for hospital**  
- Increase the facility for **720 new patient/year** |
| **Irrigation**    | - Increase the capacity of **75,6 million m³ raw water**  
- Provide water for **7.000ha paddy field** |
| **Oil and Gas**   | - Increase the production of Oil and gas up to **31.000 barrels/day** and **140 juta m³ gas/day**  
- Increase storage up to **10.000 Metric Ton** |
Mini-Hydro Lau Gunung
Sumatera Utara

PLN

PPA

Senior Loan

Equity

Project Sponsor

Promotor Financing

Type of Financing Structure
Case Study: Renewable Energy Projects

Mini-Hydro Air Putih
Bengkulu

PLN

Offtaker

Senior Loan

Sub Debt/
Junior Loan

Equity

Project Sponsor

Closing the Gap

Assets

• SMI as a creditor to the project sponsor in the form of promoter financing facilities.
• Tenor : 1 year

• SMI and other Lenderd as senior creditor
• SMI as a creditor for subordinated loan
• Tenor : 9 year
Several Factors to Consider to Design Sector Strategy

**Financial returns**
Are the returns (e.g. ROCE) of the sector attractive compared to other sectors?

What is the extent which less financially attractive sectors can be supported?

**Risk to SMI**
Does SMI have the expertise and prior experience of investing in the sector?

What is the typical risk profile associated with the industry?

**Strategic importance**
Is infrastructure investments in the sector of strategic importance to Indonesia?

Is the sector a near to mid term priority for the government? (e.g. SMI has been mandated to support the sector)
Leverage Competencies by Focusing on Financially Attractive Sectors Where Expertise Has Already Been Built

<table>
<thead>
<tr>
<th>Sector</th>
<th>Indicative financial returns</th>
<th>SMI’s exposure today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll road</td>
<td><strong>High returns</strong>&lt;br&gt;• &gt; 20% ROCE &amp; &gt;40% EBIT margin globally&lt;br&gt;• Similar returns expected in Indonesia</td>
<td>~13% (0.6 Tn IDR)</td>
</tr>
<tr>
<td>Power plant</td>
<td><strong>Moderate to high returns</strong>&lt;br&gt;• ~7-8% ROCE &amp; ~15% IRR globally from utilities&lt;br&gt;• Higher returns expected for merchant power plants in Indonesia</td>
<td>~33% (1.4 Tn IDR)</td>
</tr>
<tr>
<td>Sea ports</td>
<td><strong>Moderate to high returns</strong>&lt;br&gt;• ~16% ROCE &amp; &gt;20% EBIT globally&lt;br&gt;• Expected to be at least as high in Indonesia given infrastructure bottlenecks</td>
<td>~11% (0.5 Tn IDR)</td>
</tr>
<tr>
<td>Oil &amp; gas</td>
<td><strong>Moderate returns</strong>&lt;br&gt;• 10-11% ROCE, ~14% EBIT &amp; ~9% TSR globally&lt;br&gt;• Similar returns likely in Indonesia</td>
<td>~16% (0.7 Tn IDR)</td>
</tr>
<tr>
<td>Telecom¹</td>
<td><strong>Moderate to high returns</strong>&lt;br&gt;• 15-20% returns globally&lt;br&gt;• Higher returns expected for Telecom towers in Indonesia</td>
<td>~12% (0.5 Tn IDR)</td>
</tr>
</tbody>
</table>

¹ Financially attractive assets are telecom towers – however, lower priority for SMI given large ticket size and ability of Telkom / Telekomsel to fund
Source: BCG analysis
The Future: Transformation to become a Development Bank

<table>
<thead>
<tr>
<th>SMI before PIP injection</th>
<th>Phase 1: Infrastructure Finance Company</th>
<th>Phase 2: Development Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMI (Persero)</strong></td>
<td><strong>SMI (Persero)</strong></td>
<td><strong>UU LPPI (Lembaga)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>PIP balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Government support</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(e.g. regulation, tax incentives, ...)</td>
<td></td>
</tr>
</tbody>
</table>

- Fast growing infrastructure financier
- Started tapping into alternative funding sources, but still relatively small
- Begin to act as advisor to public and private sector to help project feasibility

- Additional roles to provide municipal financing (social infrastructure)
- More active in tapping alternative sources of funding and reduce cost of funds to grow size of financing
- Expanded roles to catalyze infrastructure market, e.g. provider of PDF, channeling on multilateral loans
- Requires government support: tax advantaged funding

- Grow Infrastructure and priority sectors
- Support economic and social development of Indonesia
- Unlock market failures preventing development
- Combine world-class project finance with a focus on economic outcomes
- Requires Gov. Support: bankruptcy remote, minimum capital guarantee, government guaranteed loan and tax exempt entity status

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1. Now-2017
2. 2017 onwards

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Strategic Industry
Maritime
Catalyze infrastructure finance market
One-stop infrastructure financial advisor
Agriculture
Financing of national and regional infrastructure

---

Financing of national and regional infrastructure
One-stop infrastructure financial advisor
Agriculture
Maritime

---

Support economic and social development of Indonesia
Unlock market failures preventing development
Combine world-class project finance with a focus on economic outcomes
Requires Gov. Support: bankruptcy remote, minimum capital guarantee, government guaranteed loan and tax exempt entity status
### Issues on Infrastructure Financing

<table>
<thead>
<tr>
<th>Issue</th>
<th>Development Bank to Provide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Mismatch for Traditional Banks</td>
<td>Better Maturity Mismatch</td>
</tr>
<tr>
<td>Government Financing is not Enough</td>
<td>Create Multiplier by Leveraging Private Funds from Capital Market</td>
</tr>
<tr>
<td>Deep Expertise is Required</td>
<td>Specialized Expertise in Infrastructure</td>
</tr>
<tr>
<td>Significant Risk</td>
<td>Risk Mitigation and Diversification</td>
</tr>
<tr>
<td></td>
<td><strong>Commercial Banks</strong></td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>Primary objective is to make a profit</td>
</tr>
<tr>
<td><strong>Sector strategy</strong></td>
<td>Free to adapt its strategy by focusing on the most profitable sectors only</td>
</tr>
<tr>
<td><strong>Competition principles</strong></td>
<td>Rigorous competition on the basis of equal conditions to win market share</td>
</tr>
<tr>
<td><strong>Funding sources</strong></td>
<td>Equity funding coming only from private sector resources (except SOE banks)</td>
</tr>
<tr>
<td><strong>Government support</strong></td>
<td>Assurance of a level playing field via regulatory framework</td>
</tr>
</tbody>
</table>
## Development Banks Measure Success Along Four Dimensions

<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>BNDES</th>
<th>IDFC</th>
<th>IIFCL</th>
<th>DBSA</th>
<th>BPMB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Usage of funds</strong></td>
<td>Funds disbursement</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td># of projects funded</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Sector allocation v.s.target</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implementation progress</strong></td>
<td># of projects prepared / developed</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td># of facilities installed</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>% progress of facility installations</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Economic Impact</strong></td>
<td># of jobs created</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial return &amp; sustainability</strong></td>
<td>Profit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>ROE</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>ROA</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>%NPL</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Cost/ income ratio</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

- ✓: Measured
- O: Not Measured
Four Possible Sources of Funding Available for Development Bank

Potential funding sources for the New Development Bank

1. Government Capital
   - Description: Paid up capital by Government to be leveraged with other sources of fund

2. Multilaterals
   - Description: Low interest loans provided by multilaterals such as World Bank, ADB, KfW, usually in foreign currency

3. Capital Market
   - Domestic Investor
   - International Investor
   - Description: Investments by domestic investors (pension funds (BPJS, insurance companies and Haj funds) and foreign investors (pension funds and insurance companies)

4. Foreign commercial bank loans
   - Description: Foreign-denominated loans (e.g. USD) financed by non-Indonesian banks
Lowering Cost of Fund with Government Support

Funding sources

1. Government and related entities/funds
2. Local bond market/institutional investors
3. Multilaterals
4. International capital markets
5. Commercial bank loans

Intervention to reduce funding cost

1. Govt. borrowing on capital markets and pass through to SMI and/or lending from other govt entities at preferential rates
2. Introduce tax exemption, govt guarantee, or mandatory allocation to increase appetite of local inst. investors
3. Introduce direct lending schemes from multilaterals, where SMI could borrow at preferential rates based on govt guarantee provided
4. Attract more international investors to Indonesia to make the local bond market more competitive
5. No intervention as rates are market-based; but could increase borrowing from domestic or international banks

Examples

In addition, there could be non-funding support mechanisms, e.g. operational support, regulation, ...
Indonesia Development Bank (LPPI)

**Infrastructure**
- Financing of national and regional infrastructure
- One-stop infrastructure financial advisor
- Catalyze infrastructure finance market

**Strategic Industry**
- Indirect lending via commercial banks and micro lenders
- SME credit rating and industry support center
- Direct loans/soft loans to large industry

**Agriculture**
- Indirect lending via commercial banks and micro-lenders
- Farmer training and farming marketplace
- Guarantee crop insurance

**Maritime**
- Indirect lending via commercial banks and leasing institutions
- Direct loans/soft loans for large ships

**Legend**
- Direct lending
- Indirect lending
- Advisory/Capabilities
Several Benefits to Combining Multiple Sectors in One Bank

Benchmarks show development banks typically manage several sectors...

- Several sectors focus, i.e: infrastructure, basic inputs, agriculture, environment, etc
- Several sectors focus, i.e: infrastructure, industry, and water conservation, etc
- Several sectors focus, i.e: infrastructure, manufacturing, trade, etc
- Several sectors focus, i.e: water, energy, transport, ICT; also offers municipal financing

... due to benefits in combining multiple sectors in one bank

+ Risk pooling amongst sectors
+ Flexibility to grow/shrink sectors
+ Easier inter-sectoral policy synchronization
+ Sharing of governance structure
+ Sharing of capabilities (e.g. cost benefit)
+ Greater career opportunities attracts talent

- Less specialization in sector talent
- Less ability to ring fence sectors and steer independently
Highly Leverage is Possible, but with Heavy Government Support

**Leverage of benchmark development banks (latest annual report)**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Liabilities (Bn USD)</th>
<th>Equity (Bn USD)</th>
<th>Government support</th>
</tr>
</thead>
</table>
| BPMB  | 3.6                  | 2.0             | • Tax incentive on govt infra projects  
• Govt infra fund to support FX losses |
| DBSA  | 4.1                  | 1.7             | • Corporate tax exemption  
• Bond tax incentive  
• Credit guarantees |
| IDFC  | 9.7                  | 2.4             | • Infra bonds tax exemption  
• Less stringent financial regulations due to NBFC-IFC status |
| IIFCL | 5.0                  | 0.9             | • Infra bonds tax exemption  
• Govt loan guarantee arrangement  
• Less stringent financial regulations due to NBFC-IFC status |
| BNDES | 423                  | 34              | • Tax exemption  
• Mandatory allocations by inst investors  
• Direct government loans at low rates |

BNDES an outlier due to strong government intervention (e.g. much larger than other DBs)
THANK YOU FOR YOUR KIND ATTENTION

Contact Us:

Website: www.ptsmi.co.id
Email: corporatesecretary@ptsmi.co.id
Address: Wisma GKBI Building, 8th Floor, Jl.Jend.Sudirman, No. 28, Jakarta 10210, Indonesia
Phone: 62-21-57851499
Fax: 62-21-57854298
Project Profile (1)

### TOLL ROAD

**Project** | Pejagan–Pemalang Toll Road
---|---
**Location** | Central Java Province
**Project Cost** | IDR 2.25 Trillion
**SMI Portion** | IDR 700 Billion

**Project Description**
- The toll road is a part of the Trans Java toll road network that is strategic route to reduce congestion and shorten travel time.
- Loans in the form of working capital for the construction of Section 1 and Section 2 of toll road Pejagan-Pemalang (20.2 km)

### AIRPORT

**Project** | Terminal 3 Soekarno-Hatta Airport
---|---
**Location** | Cengkareng, Banten Province
**Project Cost** | IDR 18.7 Trillion
**SMI Portion** | IDR 500 Billion

**Project Description**
- Increase the capacity of Terminal 3 of Soekarno Hatta Airport to 47 million passengers per year.
- Increase the total capacity of Soekarno Hatta Airport via passengers using the new airport to 67 million passengers per year.
**Project Profile (2)**

**TOLL ROAD**

<table>
<thead>
<tr>
<th>Project</th>
<th>Medan – Binjai Toll Road</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Medan – Binjai, North Sumatera</td>
</tr>
<tr>
<td>Project Cost</td>
<td>IDR 1,604 Billion</td>
</tr>
<tr>
<td>SMI Portion</td>
<td>IDR 481 Billion</td>
</tr>
</tbody>
</table>

**Project Description**
This highway is the first part of Trans Sumatra toll road network that has the strategic value to the transportation of people, goods and services, not only by reducing congestion along these lines, but also shortening the travel time.

<table>
<thead>
<tr>
<th>Project</th>
<th>Jalan Tol Cikopo-Palimanan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Cikopo-Palimanan, West Java</td>
</tr>
<tr>
<td>Project Cost</td>
<td>IDR 12.56 Trilion</td>
</tr>
<tr>
<td>SMI Portion</td>
<td>IDR 500 Billion</td>
</tr>
</tbody>
</table>

**Project Description**
The toll road is a part of the Trans Java toll road network to reduce congestion and to shorten travel time.
## OIL AND GAS

<table>
<thead>
<tr>
<th>Project</th>
<th>Underwater Gas Pipeline Pemping Island – Tanjung Uncang</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Batam, Riau Island Province</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>USD 64.5 Million</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>USD 23.5 Million</td>
</tr>
</tbody>
</table>

**Project Description**

Construction of subsea gas pipeline (including connection line) between the Onshore Receiving Facility (ORF) Pemping Island – Tanjung Uncang, Batam Island (13.5 km)

## POWER PLANT

<table>
<thead>
<tr>
<th>Project</th>
<th>Molotabu Coal-Fired Steam Power Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Kampung Bintahale, Gorontalo Province</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>USD 39.8 Million</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>USD 28 Million</td>
</tr>
</tbody>
</table>

**Project Description**

Molotabu power plant is intended to increase the capacity of the electric power supply in Gorontalo and North Sulawesi. This project is one of 31 PLN crash program power plant projects for the year 2013-2020.
### PT SMI Project Profile to Support Maritime Industry (4)

#### SEAPORT

<table>
<thead>
<tr>
<th>Project</th>
<th>Container Terminal Palaran</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Samarinda, East Kalimantan</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>IDR 550 Billion</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>IDR 370 Billion</td>
</tr>
<tr>
<td><strong>Project Description</strong></td>
<td>Container port infrastructure development and supporting infrastructure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>Container Terminal New Priok</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Tanjung Priok, DKI Jakarta</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>USD 906 Million</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>USD 5 Million (allocation from syndication)</td>
</tr>
<tr>
<td><strong>Project Description</strong></td>
<td>Increasing the capacity of unloading Port of Tanjung Priok</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>Port of Gresik</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Gresik, East Java</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>IDR 205 Billion</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>IDR 163 Billion</td>
</tr>
<tr>
<td><strong>Project Description</strong></td>
<td>Bulk port development, logging and multipurpose.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>Port of Cigading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Cigading, Banten</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>SMI Portion</strong></td>
<td>IDR 125 Billion</td>
</tr>
<tr>
<td><strong>Project Description</strong></td>
<td>Working capital for Cigading Port</td>
</tr>
</tbody>
</table>
PT SMI Project Profile to Support Renewable Energy (5)

FINANCING

<table>
<thead>
<tr>
<th>Project</th>
<th>Mini Hydro Power Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Lebong Utara, Bengkulu Province</td>
</tr>
<tr>
<td>Project Cost</td>
<td>IDR 670 Billion</td>
</tr>
<tr>
<td>SMI Portion</td>
<td>IDR 140 Billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power plant is intended to increase the capacity of the electric power supply in Sumatera.</td>
</tr>
</tbody>
</table>

ADVISORY

<table>
<thead>
<tr>
<th>Project</th>
<th>Wind Power Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Lebak, Banten Province</td>
</tr>
<tr>
<td>Project Cost</td>
<td>IDR 1.6 Trillion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT SMI was pointed by UNDP to conduct fund management for wind management. The fund allocated is to finance the project preparation starting from developing FS until reaching financial close. The project scope of work: (1) developing Bankable FS, (2) promoting project to the market, (3) arranging to reach financial close</td>
</tr>
</tbody>
</table>
### Municipal Project Profile (1)

#### ROAD AND BRIDGE

<table>
<thead>
<tr>
<th>Project</th>
<th>10 Roads and 1 Bridge in Center Point of Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>South Sulawesi Province</td>
</tr>
<tr>
<td>Commitment</td>
<td>IDR 500 Billion</td>
</tr>
<tr>
<td>Tenor</td>
<td>5 Years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>7.75%</td>
</tr>
<tr>
<td>Project Description</td>
<td>Municipal Financing for Roads and Bridges in South Sulawesi</td>
</tr>
</tbody>
</table>

#### BUS STATION

<table>
<thead>
<tr>
<th>Project</th>
<th>Dungingi Bus Station (Type C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Gorontalo Province</td>
</tr>
<tr>
<td>Commitment</td>
<td>IDR 35 Billion</td>
</tr>
<tr>
<td>Tenor</td>
<td>5 Years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>7.75%</td>
</tr>
<tr>
<td>Project Description</td>
<td>Municipal Financing for Dungingi Bus Station Development in Gorontalo City</td>
</tr>
</tbody>
</table>
### Municipal Project Profile (2)

#### TRADITIONAL MARKET

<table>
<thead>
<tr>
<th>Project</th>
<th>Masbagik Traditional Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>East Lombok District, Nusa Tenggara Barat</td>
</tr>
<tr>
<td>Commitment</td>
<td>IDR 34.4 Billion</td>
</tr>
<tr>
<td>Tenor</td>
<td>5 Years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>7.75%</td>
</tr>
</tbody>
</table>

**Project Description**
Municipal Financing for traditional market development in Masbagik, East Lombok District

#### PUBLIC HOSPITAL

<table>
<thead>
<tr>
<th>Project</th>
<th>Karangasem Public Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Karangasem District, Bali Province</td>
</tr>
<tr>
<td>Commitment</td>
<td>IDR 46 Billion</td>
</tr>
<tr>
<td>Tenor</td>
<td>5 Years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>7.75%</td>
</tr>
</tbody>
</table>

**Project Description**
Municipal Financing for Karangasem Public Hospital Development in Karangasem District
Co-Financing/Investing
“PT SMI and Investor Co-Finance Projects”

Investor \(\rightarrow\) PT SMI

Co-financing

- Loan repayment / dividend
- Loan repayment / dividend

- Loan / equity

Projects

Joint Venture
“PT SMI and Investor establish a Joint Venture Company”

Investor \(\rightarrow\) PT SMI

Equity

- Dividend
- Dividend

JV Company

Projects

Bilateral Loan
“Investor give loans to PT SMI, PT SMI plays as a local Partners’

Investor \(\rightarrow\) PT SMI

Loan repayment

Loan channeling

PT SMI

Loan repayment

Loan repayment

Projects
**Partnership Schemes: Investment/Co-Investment Activity**

Greenfield Projects Scheme
(Investor and PT SMI put Equity together)

1. Offtaker → Project Company
   - Government Contracting Agency
   - PT SMI
   - O&M Operator
   - EPC

2. Investor Put Initial Equity as an Equity Investor

Brownfield Projects Scheme
(Investor and PT SMI put Equity, PT SMI also monitor the Project)

1. Offtaker → Project Company
   - Government Contracting Agency
   - PT SMI
   - EPC
   - O&M Operator
   - Shareholders’ Agreement
     - Existing Equity Investor
     - Investor

2. PT SMI

1. Investor Put an Equity
2. PT SMI Put Equity as well as Monitor the Project
Several Scheme for Long Term Investors to Invest in Infrastructure Sector

1. Private Placement for Bonds or MTN
   - Institutional Investors
     - Fund (Private Placement)
     - Repayment (Interest + Principal)
   - Bonds/MTN
   - PT SMI
     - Repayment (Interest + Principal)
   - Project Monitoring
     - Infrastructure Projects (Basic Infra, Social Infra, Renewables Energy, etc)

2. Direct Investment Scheme
   - Institutional Investors
   - Direct Investment (Co-Investment)
     - Equity
     - Dividend
   - PT SMI
     - Equity
     - Dividend
   - Project Monitoring
     - Infrastructure Projects (Basic Infra, Social Infra, Renewables Energy, etc)

3. Through Private Equity/RDPT
   - Institutional Investors
   - Investment Manager
     - Unit Subscription/Redemption
     - Return
   - Private Equity Fund/Infra Fund (RDPT)
   - Bonds/MTN
   - PT SMI
     - Underlying Asset in Infrastructure Project
     - Repayment

The Asset Quality data will be maintained by PT SMI for Project Monitoring purpose, since it will increase the Investors’ Appetite to invest in Infrastructure Sector