



BUMN

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Omnibus Law on Job Creation and Nusantara Investment Authority: An Introduction

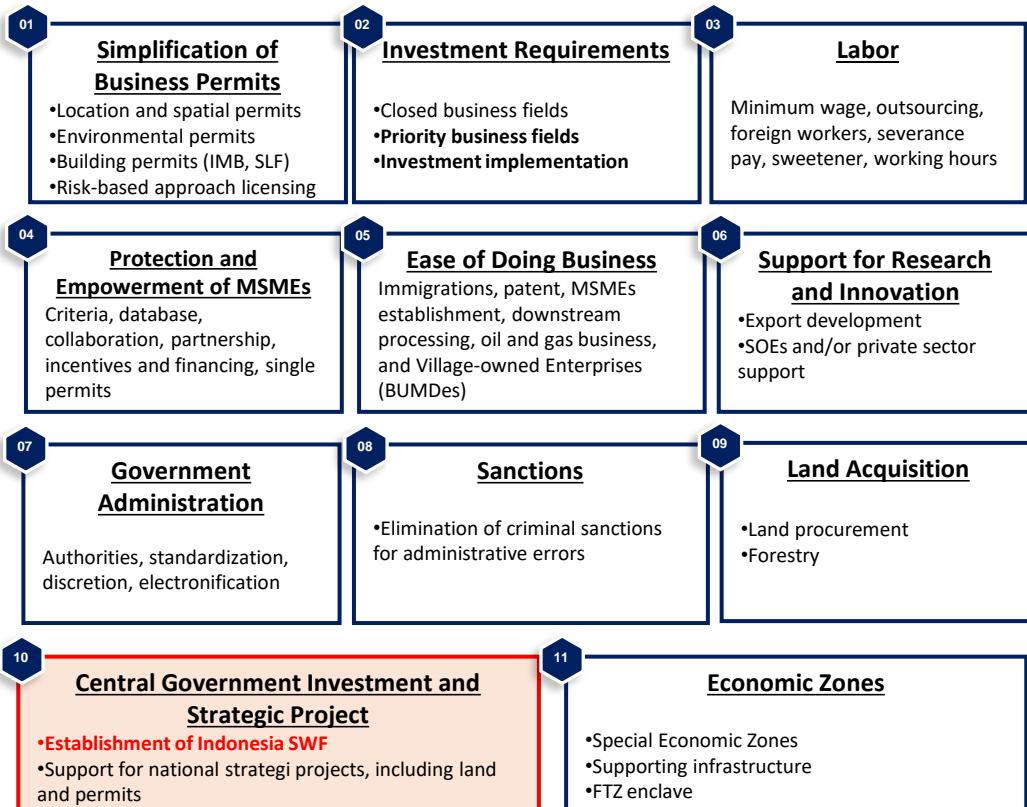
Discussion Material

December 2020



Omnibus Law on the Job Creation

The Omnibus Law on Job Creation streamlines, simplifies, and aligns multiple regulations to progressively improve Indonesia's investment ecosystem and job creation



Omnibus Law amends sectoral laws and regulations that could hinder economic growth



The benefits include:

Simplify the business permits and investment requirements

Speed up the land procurement for public needs

Developing Special Economic Zones

Better employment policies including foreign worker requirements, termination, and minimum wages

Support SME businesses and simplify SME legalization process

New tax policies on dividend and foreign workers

Nusantara Investment Authority (NIA)

The Indonesian SWF called Nusantara Investment Authority (NIA) aspires to be a trusted investment partner for Indonesia's long term and sustainable economic development

What are the problem we are trying to solve?

- 1 Stagnating Foreign Direct Investments** with rooms to improve on investment climate and overall stability
- 2 Large infrastructure financing needs** (e.g., transportation and logistics sector) to maintain economic growth
- 3 Large current account deficits** requiring investments to undertake structural economic transformation

NIA design consideration

Legal Establishment

Governance and Organization

Investment Universe and Strategies

Asset and Sector Selection

NIA aspires to become **a trusted investment partner** for both international and domestic investor(s) **for Indonesia's long term and sustainable economic development**

Nusantara Investment Authority (NIA) Mandate and High-level Governance

Establishment & Mandate

- Established by Indonesian law as a *sui generis* Indonesian legal entity
- Established to attract capital (sovereign, private, others) to invest **in economically viable strategic sectors of the Indonesian economy, supporting sustainable development and boosting economic growth**
- Primarily a **commercial entity**
- Mandate:
 - Asset optimization (e.g., shares in SOEs, fixed assets, operating assets) through corporate actions
 - Attract investments by co-investing with both overseas and local partners
 - Play active role in Improving Indonesian investment climate

Organization Structure & Governance

- Reporting to the President
- **Two-tier board** consist of Supervisory and Directors Board, complemented by an Advisory Board (non-governing, envisioned to be comprised of world-class experts from the SWF's co-investors)
 - **Supervisory Board (5 people): Minister of Finance (Chair), Minister of State-Owned Enterprises**, plus three independent professionals – largely to supervise the Directors Board; typical Board of Commissioners role in a typical Indonesian LLC (“PT”) but with some shareholder authorities (e.g., appointment, proposing additional capital)
 - **Directors Board (5 people):** Independent professionals selected and appointed by the Supervisory Board – setting strategic and operational policies and typical senior executive roles
- Three independent professionals of the Supervisory Board **are formally approved by the President of the Republic of Indonesia** with Parliament consultation

Highlights of Unique Features

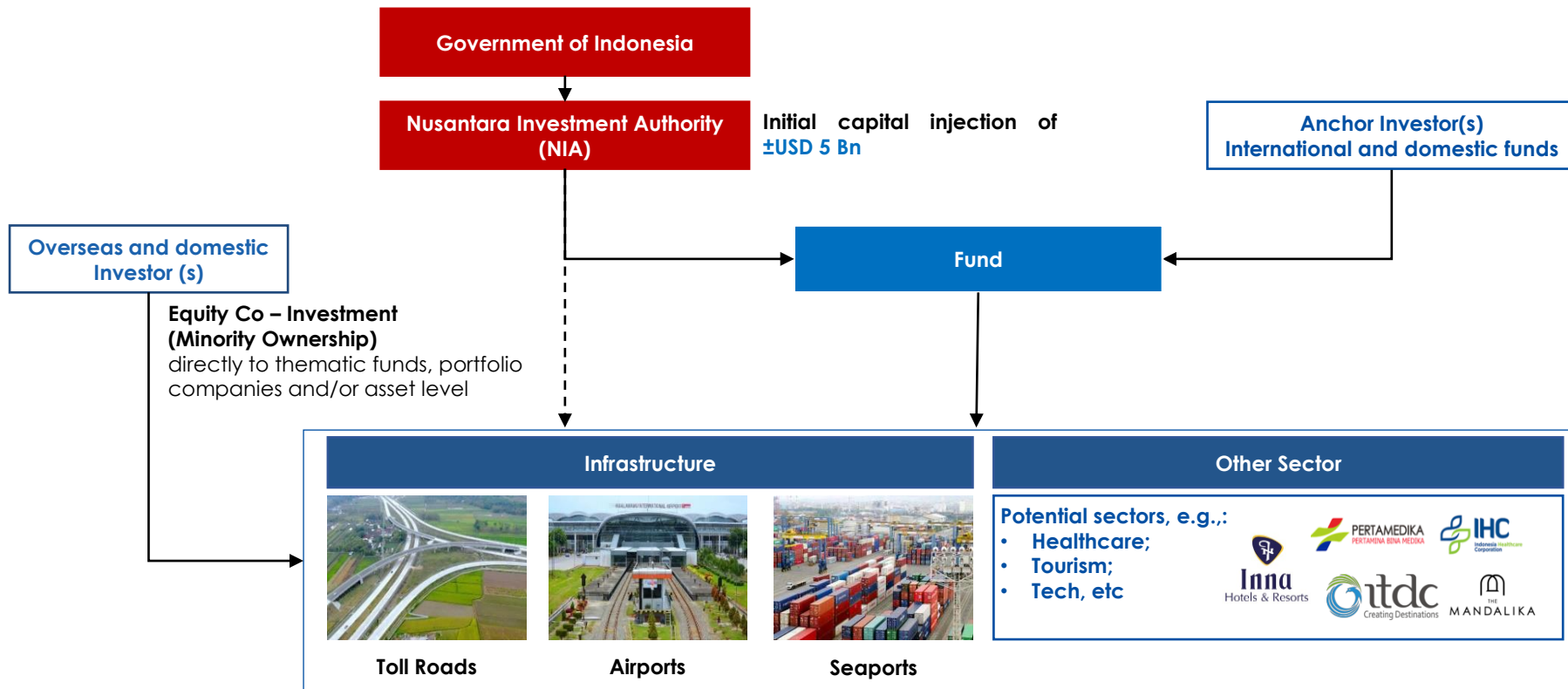
- The SWF will have **full authority in investment decision making and P&L management**
- Changes in capital/equity to be decided by Government Regulations
- The **flexibility and ability to adopt international investing best practices**, e.g., setting-up fund in relevant authorities if needed to facilitate co-investment from international investors, mandating investment to professional investment managers, etc.
- **Preferential rights** in terms of asset transfer / transaction with SOEs (maintaining fair market valuation)
- Bankruptcy protection

Investment universe & strategies

- Public and private **equity (initial focus)**, open for project financing and debt instruments
- **Key sectors of Indonesian economy** (selection of priority socio-economic investments)
- Investment horizon: **medium-to-long term**
- Geography: **initial focus on domestic (Indonesian) assets**, with the possibility to go overseas at later stages
- Active management through **board-level position(s)** to oversee assets' operations and value creation initiatives

Nusantara Investment Authority (NIA)

NIA provides flexibility for investors to direct their investments either in funds or direct to assets with professional managers and clear governance



Investment Opportunities Batch 1: Toll-road

A number of high-potential toll-road opportunities

ranging from stable brownfield assets to greenfield projects with future value potentials

ASSET UNDER CONSTRUCTION

Company	PT Cinere Serpong Jaya	PT Cibitung Tanjung Priok Port	PT Cimanggis Cibitung Tollways	PT Waskita Bumi Wira
Length (km)	10.1	34	25.4	38.3
Total Investment Cost (USD Mn)	254.3	720.3	633.3	814.9
Asset Status	Target 2020	Target 2020	Target 2020	Target 2020
Ownership	WTR (35.0%)	WTR (55.5%)	WTR (90.0%)	WTR (99.82%)

Cinere – Serpong (CSJ)

Cibitung – Cilincing (CTP)

Cimanggis – Cibitung (CCT)

Krian-Legundi-Bunder-Manyar (WBW)



Jakarta Cikampek II Elevated (JIC)

Pejangan – Pemasang (PPTR)

Semarang - Batang (JSB)

Pandan – Malang (JPM)



OPERATING ASSETS

Company	PT Jasamarga Jalanlayang Cikampek	PT Pejangan Pemasang Toll Road	PT Jasamarga Semarang Batang	PT Jasamarga Pandan Malang
Length (km)	36	57.5	75	37.6
Total Investment Cost (USD Mn)	1,082.2	456.0	736.4	398.0
Asset Status	Operating since 2019	Operating since 2018	Operating since 2018	Operating since 2020
Ownership	JSMR (80.0%)	WTR (99.9%)	WTR (40.0%)	JSMR (60.0%)

1

Data Gathering and Evaluation

Data Room and evaluation of the available assets

2

Investment Thesis

Selection of asset portfolio based on investment characteristics, e.g.,

- Greenfield / Brownfield / Matured
- Trans-Jawa/Trans-Sumatera / Jabodetabek

3

Mapping of Investor Appetite

In parallel, map investor appetite and jointly develop investment themes and portfolio based on the different investor segments

4

Transaction Structure

Jointly developed optimal transaction structure

Investment Opportunities Batch 1: Airport

Soekarno Hatta International Airport – Indonesia's busiest and the World's 8th busiest airport

ESTIMATES

Soekarno Hatta International Airport

Terminal 1



Terminal 2



Terminal 3



Terminal 4



Passenger traffic (yearly)	13.0 Mn	18.4 Mn	23.1 Mn	Under developmet
Revenue ¹⁾	~USD 105 Mn	~USD 145 Mn	~USD 200 Mn	Under development
Enterprise Value ²⁾	~USD 400 Mn	~USD 540 Mn	~USD 700 Mn	Under development
Equity Value ³⁾	~USD 270 Mn	~USD 380 Mn	~USD 500 Mn	~USD 320 Mn
Total	~USD 1.470 Mn			

1. Revenue estimates based on 2019 passenger traffic at Terminal 1-2-3

2. Median EV/Revenue 3.7x

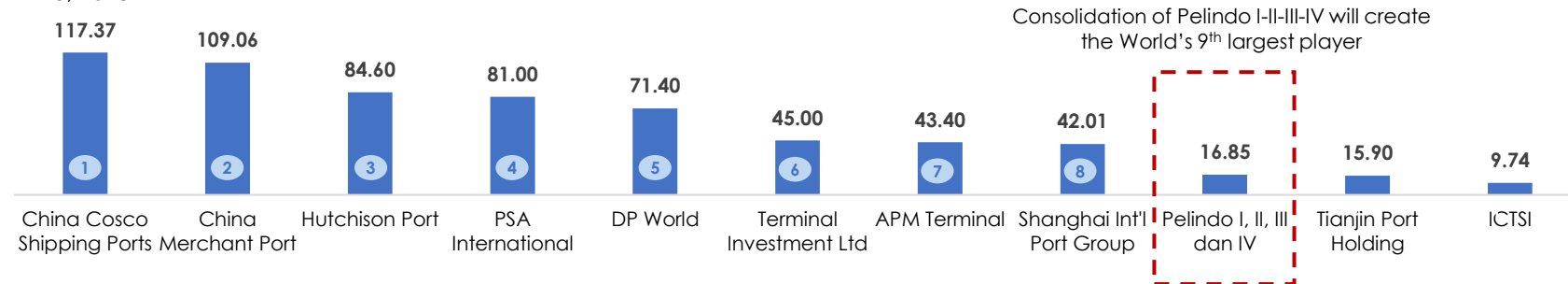
3. Assumes 30% Debt to Total Assets

Investment Opportunities Batch 1: Seaport Container Terminal Integrated Indonesia Container Terminals – the World's 9th largest

ESTIMATES

Global Rank of Container Operators

Mn TEU, 2018



Value Creation Phase



1. Enterprise Value/EBITDA Pelindo multiple 7.80x

2. Assumes 30% Debt to Total Assets



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Thank You

