



# PT SARATOGA INVESTAMA SEDAYA TBK

Update on FY16 and 1Q17 results

April 2017

# Disclaimer

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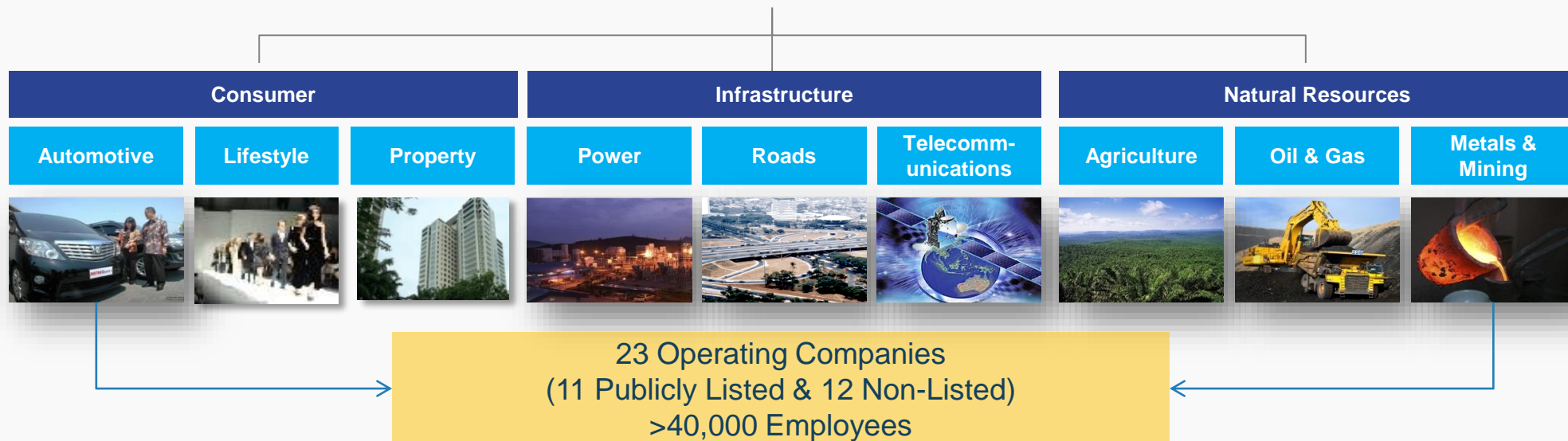
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# CORPORATE INFORMATION

# Saratoga – A Leading Active Investment Company

- Leading active investment company in Indonesia with NAV of c.US\$1.5 billion
- Listed in 2013 and is among the top 100 largest market capitalization stocks on the IDX
- Focused on early-stage, growth-stage, and special situation opportunities
- Actively engaged with investee companies' management teams in unlocking value of investments
- Invested in key sectors of the Indonesian economy: Consumer, Infrastructure and Natural Resources






# Diversified Investment Portfolio



We invest across the three key sectors in early and growth stages with the goal of creating listed blue chip companies



	Early Stage Companies	Growth Companies	Listed Blue Chip Companies	
	<ul style="list-style-type: none"> <li>✓ Early-stage companies provide large upside potential</li> <li>✓ Ability to acquire larger stakes allows SIS to exert significant influence, develop company strategy and products and generate strong return</li> </ul>	<ul style="list-style-type: none"> <li>✓ Growth companies generate sustainable and healthy cash flows for SIS' portfolio</li> <li>✓ Provides great upside potential when growth companies enter into mature phases</li> </ul>	<ul style="list-style-type: none"> <li>✓ Blue-chip Investee Companies are established industry leaders with growth and capital appreciation opportunities</li> <li>✓ SIS to remain a long-term shareholder in these businesses</li> </ul>	% Sum of the Parts (SOTP)
	<b>Sihayo Copper Gold</b> <i>Gold</i> <b>Sumatra Copper &amp; Gold</b> <i>Gold</i> <b>Finders Resources</b> <i>Copper</i> Agro Maju Raya <i>Palm</i> Agra Energi Indonesia <i>Oil &amp; Gas</i>	<b>Merdeka Copper Gold</b> <i>Gold &amp; Copper</i> <b>Provident Agro</b> <i>Palm</i> <b>Interra Resources</b> <i>Oil &amp; Gas</i>	<b>Adaro Energy</b> <i>Coal &amp; Power</i>	50%
	Tenaga Listrik Gorontalo <i>Power</i>	Medco Power Indonesia <i>Power</i> Paiton Energy <i>Power</i> Tri Wahana Universal <i>Refinery</i> Lintas Marga Sedaya <i>Toll Road</i> <b>Nusa Raya Cipta</b> <i>Construction</i> <b>Seroja Investment</b> <i>Shipping</i> Sinar Mentari Prima <i>Shipping</i>	<b>Tower Bersama Infrastructure</b> <i>Telco Tower</i>	39%
		<b>Mitra Pinasthika Mustika</b> <i>Auto</i> Gilang Agung Persada <i>Lifestyle</i> Etika Karya Usaha <i>Property</i> Mulia Bosco Logistik <i>Logistics</i> Awal Bros Hospital <i>Healthcare</i>		11%

SOTP

2%

31%

67%

Listed investment companies in bold  
 Data presented are as of 31 Dec 2016  
 IDR/USD as of 31 Dec 2016 = 13,436  
 Source: Company information



# Net Asset Value per Share Growth

Saratoga has maintained a consistent track record of increasing net asset value and outperforming the Jakarta Composite Index

Figures in IDR



NAV per Share<sup>(1)(2)</sup>  
CAGR-8 years = 38.27%

Jakarta Composite Index (JCI)  
CAGR-8 years = 18.58%

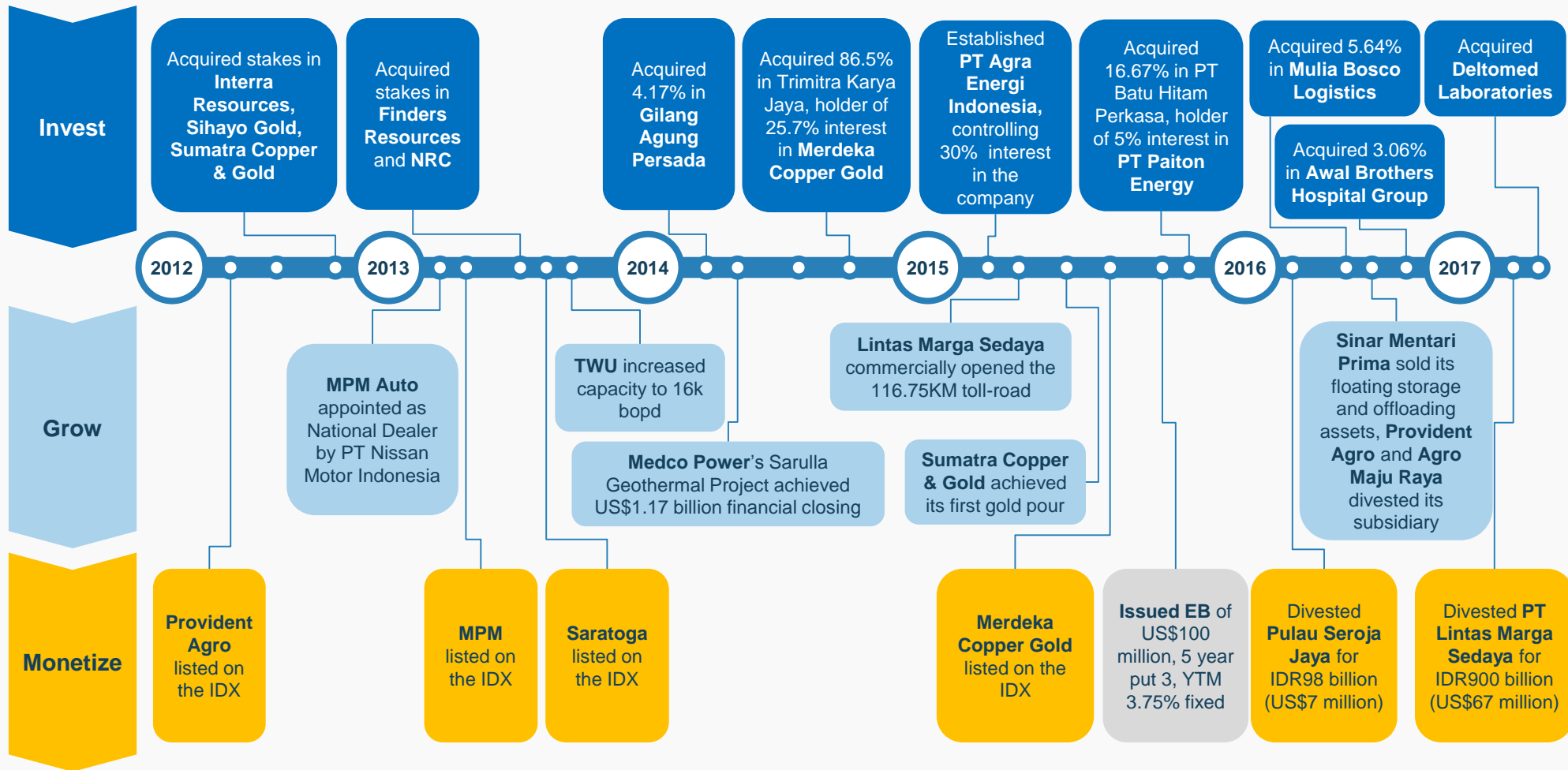
Company Listing

ADRO	TBIG	PALM	MPMX SRTG	MDKA
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(1) NAV per Share is adjusted on capital raising. The information contained in this document is intended solely for the use of our internal reference. We make no representations or warranties, express or implied, with respect to the information herein.  
 (2) For NAV per Share between 2008 and 2014, valuation of listed investee companies are calculated based on 2W VWAP as of year end close. Due to the implementation of new accounting standards in 2016, the 2015 and 2016 calculations for listed investee companies are based on their respective closing share price as of 31 December 2016

# Invest → Grow → Monetize Investment Approach

## Recent Milestones



Data presented are as of 31 Dec 2016  
 IDR/USD as of 31 Dec 2016 = 13,436  
 Source: Company information



# INVESTMENT ACTIVITIES

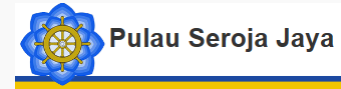


# Investments and Divestments in 2016

We increased our overall exposure to the consumer sector and plan to continue growing our exposure in this space

## New investments

## Divestments



## Other notable divestments

### Investment details

Date of Investment: January 2016  
 Invested capital: IDR32 billion  
 Effective ownership: 7.5%

Date of Investment: October 2016  
 Invested capital: IDR75 billion  
 Effective ownership: 3.06%

Date of Investment: 2008  
 Sale proceeds: IDR98 billion  
 Stake sold: 9.61%

Palm plantation assets owned by Provident Agro at a market premium price per hectare

### Investment / divestment thesis

- High demand on vital logistics infrastructure
- Scalable business
- Reputable brand
- Limited players in the segment

- High growth prospects
- Relatively defensive nature of business
- Scalability
- Leading quality healthcare provider

- Unwinding exposure in the shipping industry due to the slowdown of the underlying sector and global economy

### Company description

- Provides refrigerated trucking service serving FMCG blue-chip clients, connecting over 20 cities and operates cold storage facilities in North Jakarta
- MBL aims to scale up its business to deliver end-to-end cold chain logistics benefits for its clients

- Hospital group that operates 9 hospitals in Jakarta, Bekasi, Tangerang, Pekanbaru, Batam and Makasar under the Awal Bros brand
- Largest hospital operator for BPJS, Indonesia's Social Security Organising Body

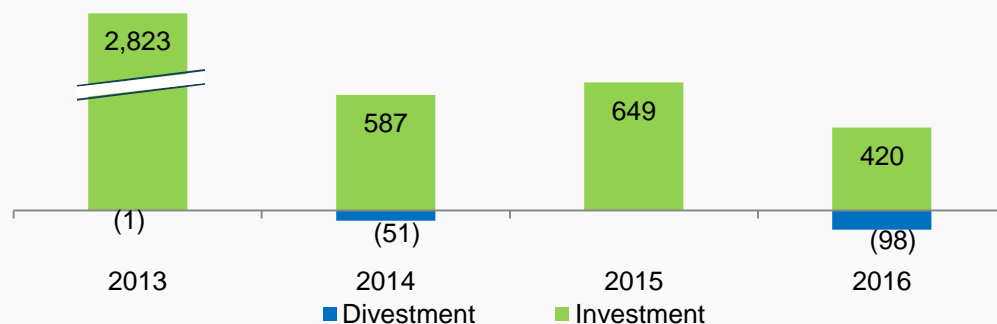
- Provides services include freight charters for shipments of dry bulk goods, thermal coal, sand and other mineral resources.

In 2017, we also divested our holdings in PT Lintas Marga Sedaya, a long term roll road construction investment projection for IDR900 billion

# Investments and Divestments

2016 has proven to be a successful year based on the invest-grow-monetize business model we have set out to achieve

Figures in IDR billion



	2013	2014	2015	2016
Investment	<ul style="list-style-type: none"> <li>Finders Resources</li> <li>Nusa Raya Cipta</li> <li>Mitra Pinasthika Mulia (MPMX)</li> </ul>	<ul style="list-style-type: none"> <li>Gilang Agung Persada</li> <li>Merdeka Copper &amp; Gold (MDKA)</li> </ul>	<ul style="list-style-type: none"> <li>Agra Energi</li> <li>Paiton Energy</li> </ul>	<ul style="list-style-type: none"> <li>Mulia Bosco Logistik</li> <li>Famon Awal Bros Sedaya</li> </ul>
Divestment		<ul style="list-style-type: none"> <li>Partial sale of investee company</li> </ul>		<ul style="list-style-type: none"> <li>Pulau Seroja Jasa</li> <li>Palm plantation assets</li> </ul>
Listing	<ul style="list-style-type: none"> <li>MPMX</li> <li>SRTG</li> </ul>		<ul style="list-style-type: none"> <li>MDKA</li> </ul>	

IDR billion		2015	2016
New investments		304	131
Follow-on investments	Natural Resources	232	121
	Infrastructure	107	138
	Consumer	-	26
Share buy back		6	3
<b>Total investments</b>		<b>649</b>	<b>420</b>
<b>Divestments</b>		<b>-</b>	<b>98</b>



# FINANCIAL HIGHLIGHTS

# Key Financial Statement – FY2016

Figures in IDR billion

Profit & Loss Statement		Statement of Financial Position	
Unrealized net gain on investment in equity securities <sup>(1)</sup>	6,344	Cash and cash equivalents	488
Dividend Income	622	Restricted cash	270
Net gain on FX differences	91	Investment in equity securities	23,802
Other income	422	Advances for investment in equity securities	69
		Others	515
<b>Total Income</b>	<b>7,478</b>	<b>Total Assets</b>	<b>25,144</b>
Interest Cost	(283)	Borrowings	2,792
Operating Expenses (incl. Salary)	(144)	Medium Term Notes	721
Other Costs	(467)	Exchangeable Bond	1,062
		Deferred Tax	847
<b>Total Expenses</b>	<b>(893)</b>	Others	356
<b>Profit for the period attributable to shareholders</b>	<b>5,670</b>	<b>Total Liabilities</b>	<b>5,778</b>
		<b>Net Equity attributable to shareholders</b>	<b>18,985</b>
		<b>Net Asset Value of investment portfolio<sup>(2)</sup></b>	<b>19,540</b>

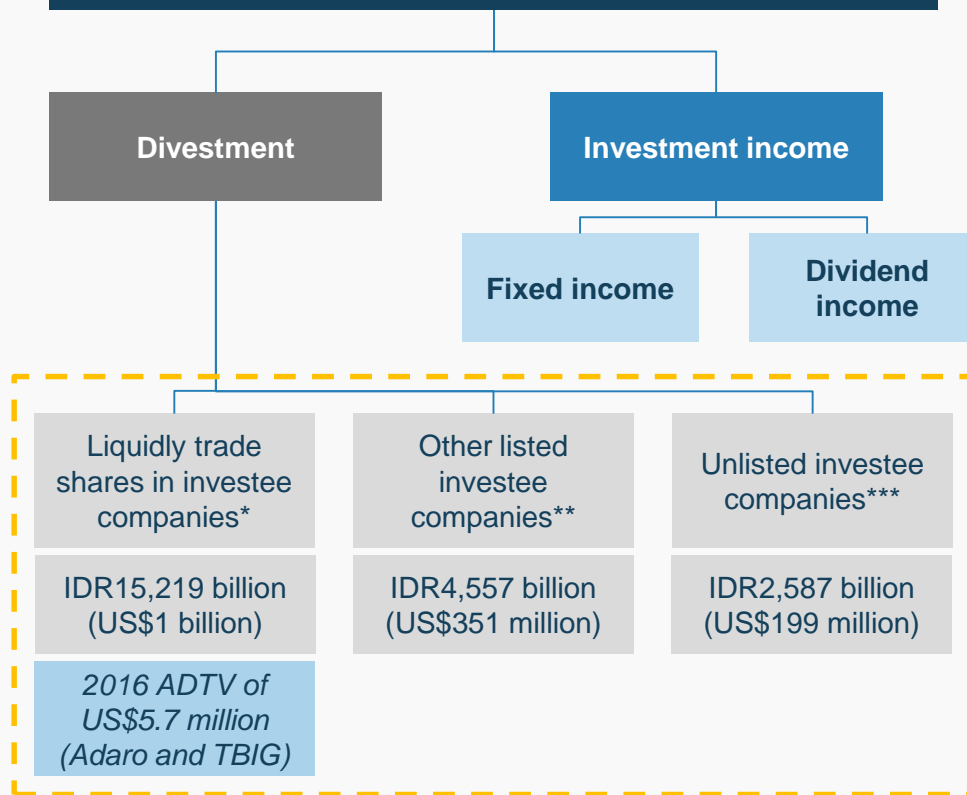
(1) Includes one-off gain of IDR3,395 billion due to the change in financial reporting

(2) NAV accounted exchangeable bond on a cash basis instead of fair value

# Diversified Sources of Cash and Liquidity

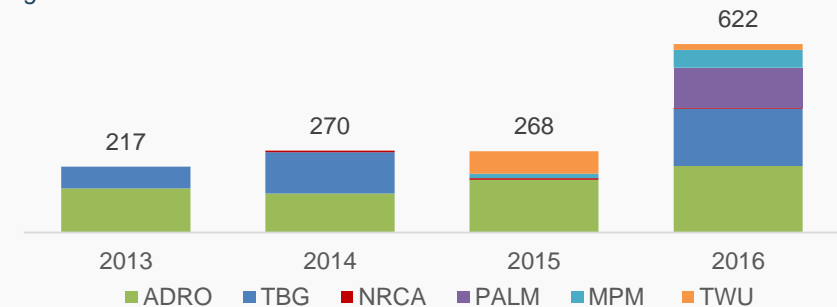
Record amount of dividends in 2016 and highest since Saratoga became a listed company in 2013

## Mutiple sources of cash and liquidity



## Dividend income breakdown

Figures in IDR billion



IDR billion	2013	2014	2015	2016
<b>ADRO</b>	145	129	174	219
<b>TBIG</b>	72	136	-	190
<b>NRCA</b>	-	5	5	3
<b>PALM</b>	-	-	-	132
<b>MPM</b>	-	-	15	59
<b>TWU</b>	-	-	74	19
<b>Total dividends</b>	217	270	268	622
<b># of investees</b>	2	3	4	6

Data presented are as of Dec 2016, unless specified otherwise  
 IDR/USD as of 31 Dec 2016 = 13,436  
 Source: Company information

# Strong Capital Structure Backed by Diverse Funding Sources

## Capital structure

## Funding sources

Figures in IDR billion, as at 31 December 2016

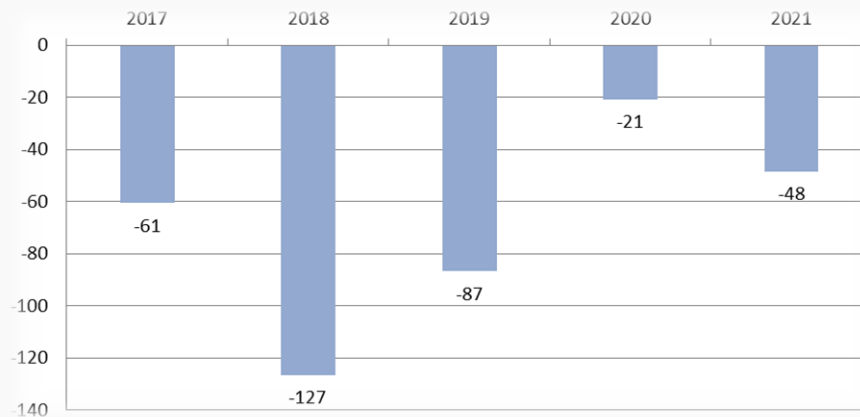


Continue to tap diverse funding sources whilst managing cost effective and conservative leverage is a key part of our active investment operating model

- 1 **Bank Loans**
  - Types: Revolving Credit Facility, Bilateral Loan, Syndicated Loan
  - Banks: SCB, ING, Natixis, HSBC, and others
- 2 **Medium Term Notes**
  - Issued a 3-year IDR 725 billion MTN in October 2014 with a fixed rate of 11.75%
  - Offered under private placement
  - Arranger: DBS Vickers
- 3 **Exchangeable Bond**
  - Issued a 5-year, put option at year 3, US\$100 million EB in May 2015 with a coupon of 3%, YTM 3.75%
  - Exchangeable to TBIG common shares at IDR 10,707

## Loan maturity profile

Figures in US\$ million



Total borrowings as of 31 December 2016 stands at US\$344 million

### Cash Availability:

- Preserve Cash at Saratoga's parent level sufficient to cover our borrowing principal
- Keep Bank facility available for immediate needs
- Additional cash flows from investee company dividends and divestments are expected in 2016

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# Operating Expense vs. NAV



(In IDR billion)

Cost ratio & Coverage ratio	Opex/NAV	Opex + Interest/N AV	Dividend/ Interest	Dividend/ Interest + Opex.
2013	0.61%	1.73%	1.1x	0.7x
2014	0.45%	1.43%	1.2x	0.8x
2015	1.03%	2.81%	1.1x	0.6x
2016	0.74%	2.18%	2.19x	1.4x

## Operating Expense

- We maintain low operating expense at parent level below 1%.
- Operating Expense includes salary, rental, professional fees, and other operating expenses at Saratoga parent level.
- The increase in OpEx/NAV ratio in 2015 was driven by both the decline in NAV and increase OpEx related to investment due diligence activities and EB issuance.



# APPENDIX



# Highlights of Q1' 2017



Consolidated Statement of Profit and Loss (IDR millions)	Q1 2017	Q1 2016	% variance
Income	858,477	3,254,756	(73.6%)
Expenses	(115,550)	(121,614)	(5.0%)
Profit before tax	742,927	3,133,142	(76.3%)
Income tax	28,038	224	nm
<b>Profit for the period</b>	<b>770,965</b>	<b>3,133,366</b>	<b>(75.4%)</b>
<i>Attributable to owners of the company</i>	<i>873,859</i>	<i>2,935,673</i>	<i>(70.2%)</i>
<i>Attributable to non-controlling interests</i>	<i>(102,894)</i>	<i>197,693</i>	<i>nm</i>
Other comprehensive income	499,589	(1,247,369)	nm
Total comprehensive income for the period	1,270,554	1,885,997	(32.6%)
<i>Attributable to owners of the company</i>	<i>1,333,693</i>	<i>1,716,658</i>	<i>(22.3%)</i>
<i>Attributable to non-controlling interests</i>	<i>(63,139)</i>	<i>169,339</i>	<i>(137.3%)</i>

Key Balance Sheet Items (IDR millions)	Mar 2017	Dec 2016	% variance
Investment in equity securities	24,181,966	23,801,617	1.6%
Cash and cash balances	1,167,532	488,439	139.0%
Borrowings	4,523,743	4,574,832	(1.1%)
Total liabilities	5,418,105	5,777,735	(6.2%)
Equity attributable to shareholders	20,462,877	18,984,334	7.8%

## Key highlights:

**Q1'17 performance mainly driven by the share price movement of listed investee companies:**

### Increase in share price and contribution to

- TBIG (IDR4,980 to IDR5,450): IDR760 billion
- ADRO (IDR1,695 to IDR1,750): IDR284 billion
- MDKA (IDR2,000 to IDR 2,500): IDR340 billion

### Decrease in share price

- PALM (IDR 456 to IDR 400) which has adversely impacted our value by IDR176 billion

### Divestment

- Completed the sale of PT Lintas Marga Sedaya – operator of Cipali toll-road on 17 January 2017

## Key variances:

### Decrease in income

- The decrease in income was due to first implementation implication on SFAS 65 (IFRS 10) – on investment entity.

### Increase in income tax

- Reversal on deferred tax, as a result on sale of investment asset

### Increase in other comprehensive income

- Due to mark to market from AFS portfolio, majorly coming from Adaro shares.



# Change to Financial Reporting Presentation

Starting from the first half of 2016, we began to apply “PSAK 65: Exemption on the Consolidation” in reporting our financial performance, which is aligned with the Company’s business model as an active investment company, provides more transparency to daily business activities and reflects the true value growth of the Company

As the change is applied prospectively, the Company’s 2016 financial reports is not comparable with its 2015 financial reports

<i>Key accounting changes</i>	Financial reports prior to 2016	Financial reports from 2016 onwards
<b>Operating subsidiaries</b>	<ul style="list-style-type: none"> <li>Consolidated into accounts</li> </ul>	<ul style="list-style-type: none"> <li>Not consolidated except for subsidiaries that are considered an extension of the Company’s investing activities i.e. provide investment management services</li> </ul>
<b>Investments in controlled entities, associates and joint ventures (with ownership of ≥20%)</b>	<ul style="list-style-type: none"> <li>Accounted at equity value</li> </ul>	<ul style="list-style-type: none"> <li>Accounted as fair value to profit and loss</li> <li>New account of “Unrealized Net Gain on Investment in Equity Securities” to reflect unrealized potential gain</li> </ul>
<b>Investments classified as Available for Sale (with ownership of &lt;20%)</b>	<ul style="list-style-type: none"> <li>Accounted as mark-to-market to Other Comprehensive Income account</li> </ul>	<ul style="list-style-type: none"> <li>Accounted as mark-to-market to Other Comprehensive Income account</li> </ul>

# Equity Risks and Mitigation Strategy

## Potential risks

Movement in the share prices of the three major investee companies (ADRO, TBIG and MPMX) could impact Saratoga in the following manner

- 1 **Value of Saratoga's investment portfolio**
  - ADRO, TBIG and MPMX accounts for 78% of total portfolio value
  - 10% decline in ADRO (IDR175), TBIG (IDR545) and MPMX (IDR86) share price equates to a decline of 7.8% of portfolio value (IDR1.9 trillion)(\*)
- 2 **Cash top-up on borrowings**
  - Cash top-up as collateral may be required if share prices decline
  - Cash top-up is triggered if ADRO's share price declines below IDR700 per share and TBIG's share price declines below IDR5,300 per share (assuming IDR/USD = 14,500)
- 3 **Saratoga's capability to source for funding**
  - When ADRO's and TBIG's share prices decline, Saratoga may face challenges in sourcing liquidity using shares as collateral for bank loans, exchangeable bonds, or for placement / divestment

## Mitigation strategy

To mitigate and minimize equity risk, Saratoga continues to diversify its investment portfolio, while maintaining a minimum cash balance

### Combination of ADRO, TBIG and MPMX as collaterals

- Provides diversification given the following correlations for the past 500 days
- TBIG vs ADRO (-0.41), TBIG vs MPMX (-0.05) and ADRO vs MPMX (+0.84)

### Short term liquidity as buffer

- Minimum cash balance and short term facility to cover cash top-up in the event that share prices decline

### Unpledged equity shares in investee companies

- Majority of Saratoga's equity shares in the three major investee companies remain unpledged as of 31 December 2016
- ADRO (59% of Saratoga's equity shares unpledged), TBIG (51%), MPM (71%)

(\*) Based on share prices as of 31 March 2017

# USD Interest Rate Risk



Exposure: US\$188.25 million of USD Loan, US\$81.7 million of exchangeable bonds

Borrowings are floating, while the exchangeable bond is fixed.

Float loan:

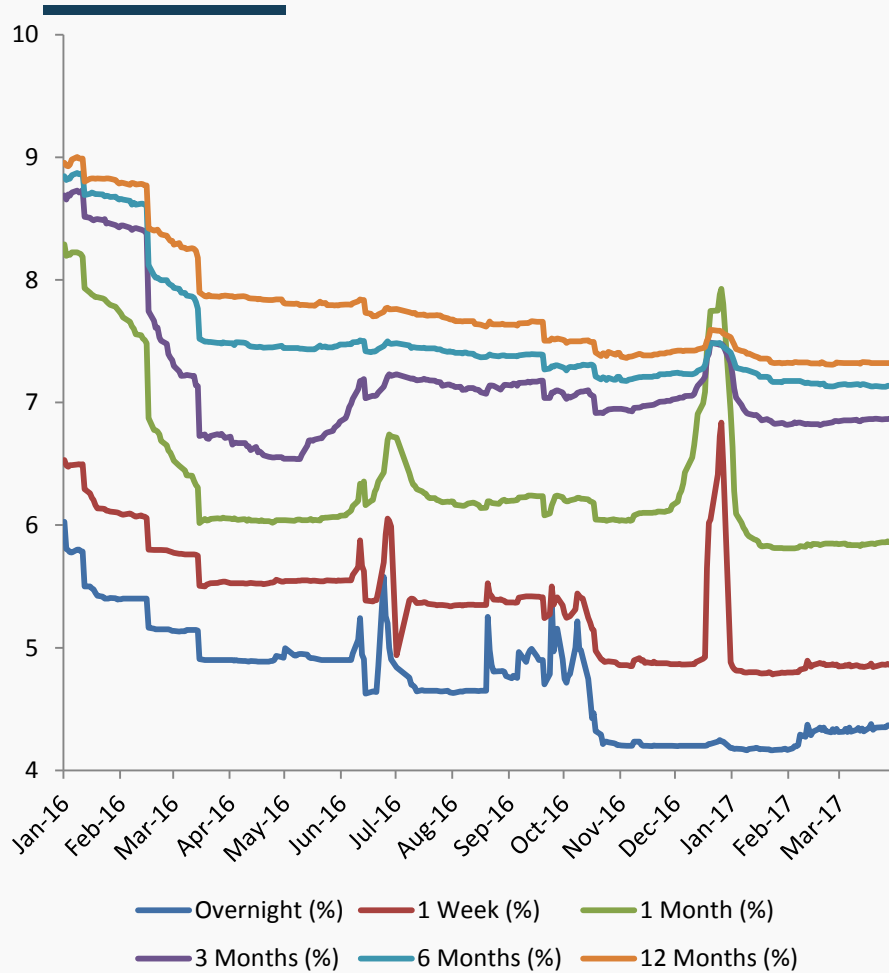
- If interest goes up (risk)
- Affect cash flow

USD Loans	Outstanding	Interest
ING Bank Ltd	120,000,000	LIBOR 3M + 3.85% (90m) & +4.85% (30m)
Natixis	68,250,000	LIBOR 3M + 3.5%
<b>Total USD</b>	<b>188,250,000</b>	

Libor 1 bps, float interest loss = USD 18,825



# IDR Interest Rate Risk



JIBOR trend has stabilized for the last 12 months

**Exposure:**  
**74% of SIS IDR loan is fixed**  
**26% is floating - JIBOR**

IDR Loans	Outstanding	Interest
DBS MTN	725 b	11.75%
MUFG borrowing	250 b	3.75% + JIBOR 9.6% - Mar. 17
<b>Total</b>	<b>975 bio</b>	

JIBOR increases by 1%, our funding cost will increase by IDR 2.5b per annum.



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