



Innovative Financing Scheme for Infrastructure Development in Indonesia

PT Sarana Multi Infrastruktur (Persero)

Emma Sri Martini
President Director



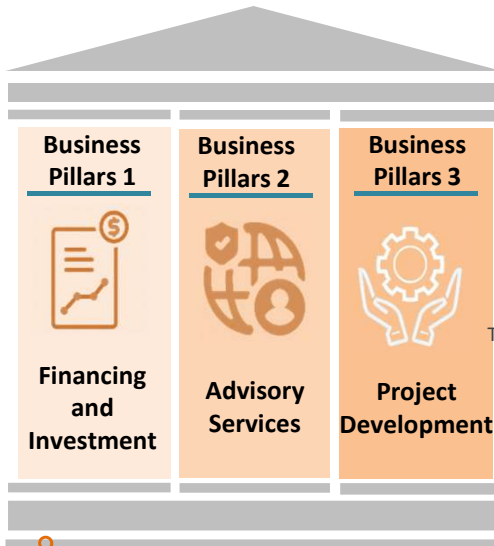
PT Sarana Multi Infrastruktur (Persero)

as a Catalyst in Accelerating Infrastructure Development

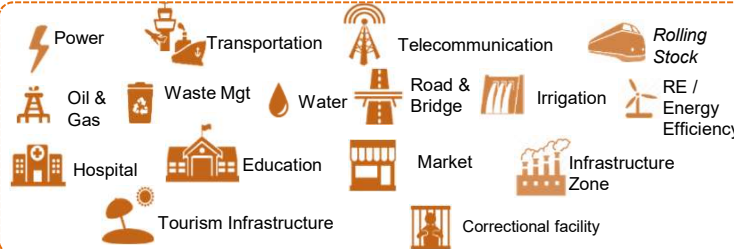


3 Business Pillars

“Non Bank Financial Institution for Infrastructure Financing and 100% owned by Government of Republic of Indonesia through Ministry of Finance”



Sector Coverage



Performance (December 2018)

AAA/Stable Highest rating for local company
National Rating

BBB/Stable similar with sovereign rating
International Rating

USD 4.3 billion Total Asset*

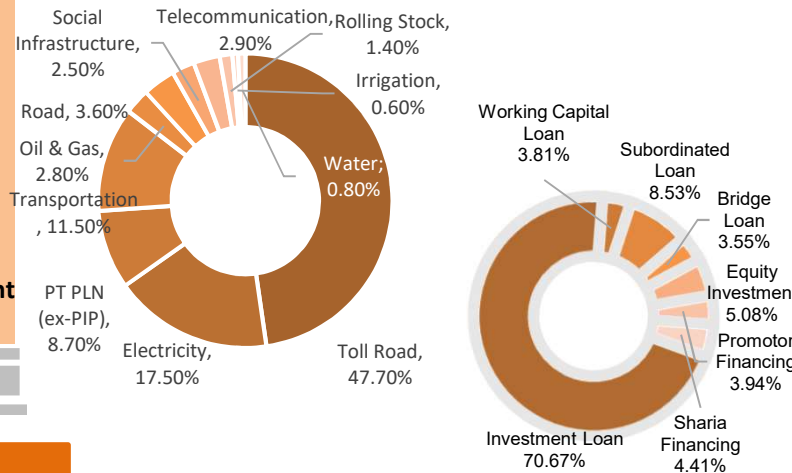
USD 2.5 billion Total Equity*

USD 38.2 billion Total Project Value*

18.14 times Multiplier effect To paid up capital

“Unqualified Opinion” FS Opinion for 9 consecutive years

Portfolio Distribution (December 2018)



Innovative Financing



*) Exchange Rate: USD 1 = IDR 14,481



Innovative Financing



First Loss Mechanism

Air Putih Mini Hydro
Power Plant

Take Out Financing

Trans Sumatera Toll Road
: Pekanbaru – Dumai
using Future Revenue of
Tanjung Priok Access as
underlying

SDG Indonesia One

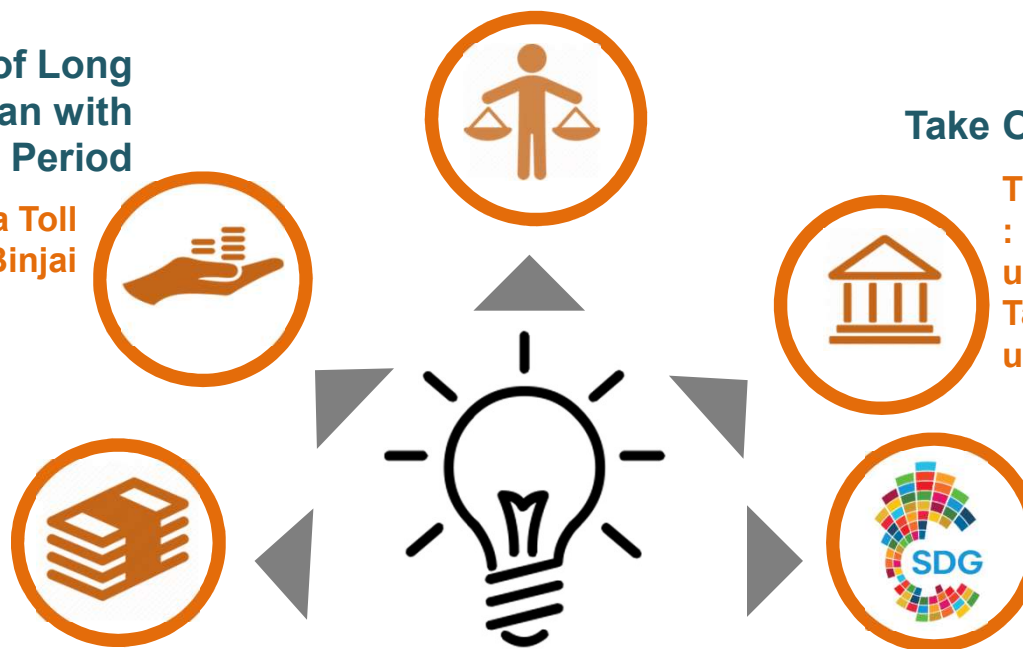
Blended Finance
Platform –
Supporting SDGs

Provision of Long
Tenor Loan with
Long Grace Period

Trans Sumatera Toll
Road : Medan – Binjai

Cash
Deficiency
Support (CDS)
Facility

Trans Sumatera Toll
Road: Bakauheni –
Terbanggi Besar,
Terbanggi Besar –
Kayu Agung,
Palembang – Sp.
Indralaya



Innovative Funding



Green Climate Fund

1st GCF Accredited Entity in South East Asia



GREEN CLIMATE FUND



Green Bond

1st Corporate Green Bond in Indonesia & Reviewed by Cicero – IDR 500 Billion



Capital Market

Utilize capital market to fundraising and manage liquidity of the corporate

Regular corporate bond issuance Rp

Sukuk Rp

Sharia Hedging Facility

1st Sharia Hedging Facility in Indonesia USD 128 Million



SDG Indonesia One

Development facilities, De-risking facilities, Financing facilities, Equity facilities



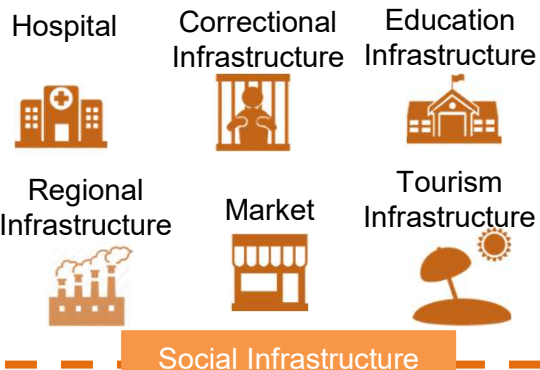
Municipal Financing to Accelerate Regional Infrastructure Development and to Address Equality



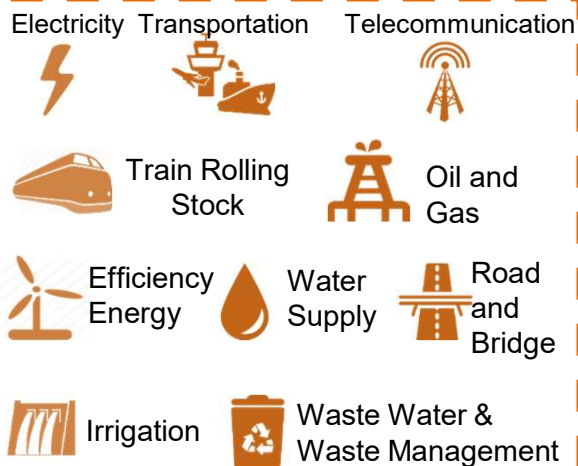
Sectoral Focus

Municipal Financing

Municipal Finance



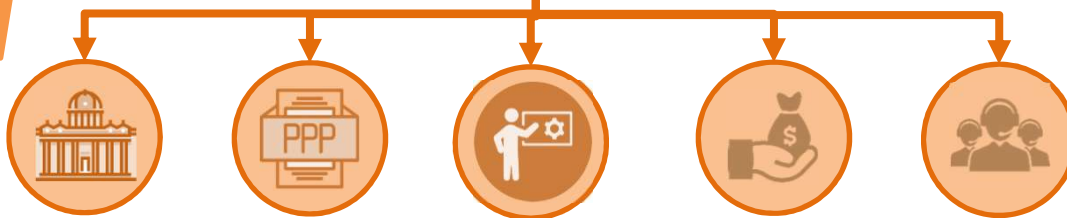
Commercial Finance



Government Guarantee
PMK 174/PMK.08/2016

RIDF Financing Scheme
From ADB & World Bank

Sustainable Cities



Municipal Financing

Public-Private Partnership (PPP)

Capacity Building

Grant for Project Development Facility

Technical Assistance

Municipal Financing is a Way to Promote And Support Local Government In Achieving SDGs, While Sustainable Infrastructure is a Key Driver to Promote Sustainable City Development



Showcase: Cash Deficiency Support (CDS) Facility

Trans Sumatera Toll Road : Bakauheni – Terbanggi Besar



Project Profile

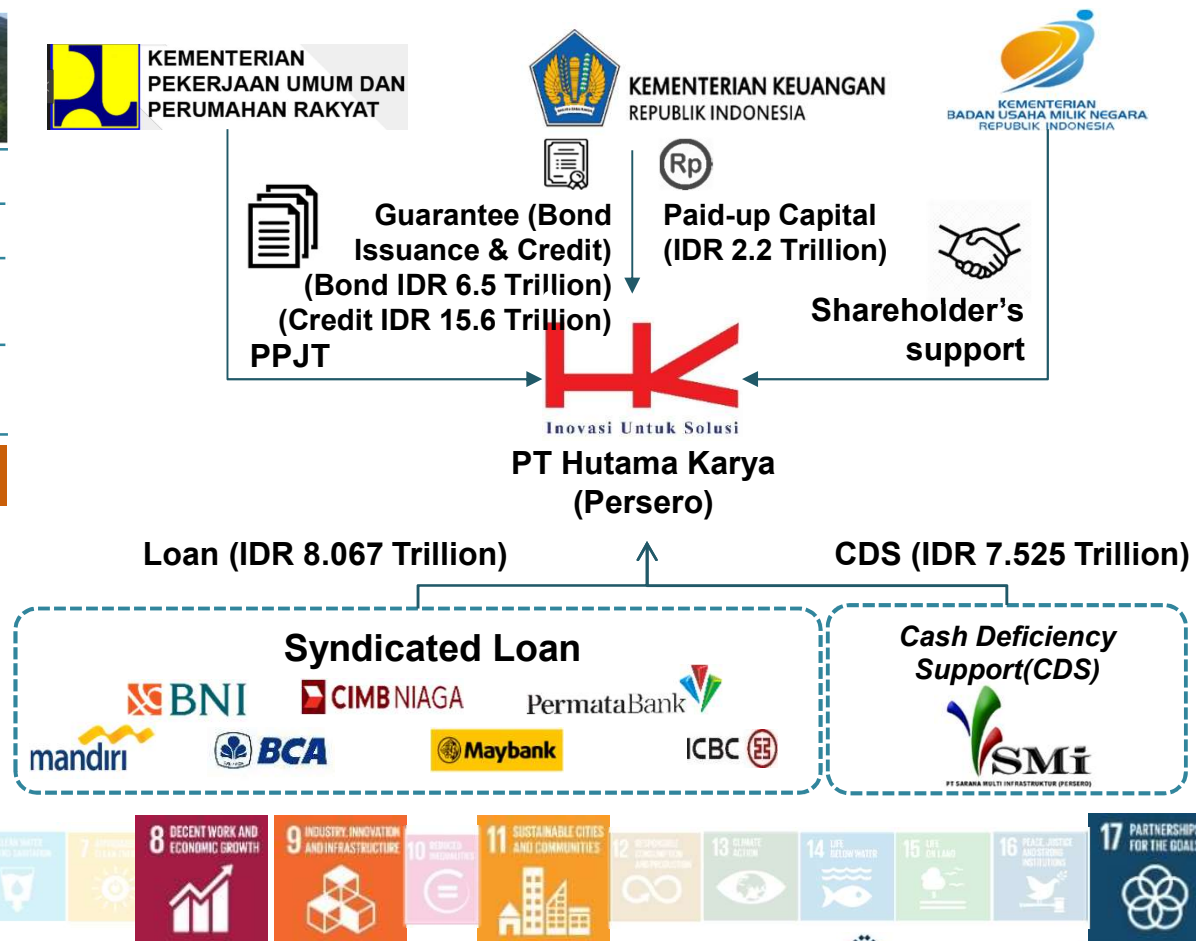


Location	Lampung
Project Cost	IDR 16.79 trillion
Road Length	140.39 Km
Funding Structure	<ul style="list-style-type: none"> Equity: 52% Debt : 48%

Benefits

- Shorten travel time from 4 hours to 1.5-2 hours
- Integrated connection to Bakauheni Seaport to ensure the efficiency of goods distribution
- The development of commercial industry site and housing area around toll road

Project Structure



*Presidential Regulation 100 / 2014 related to Acceleration of Toll Road Construction in Sumatera

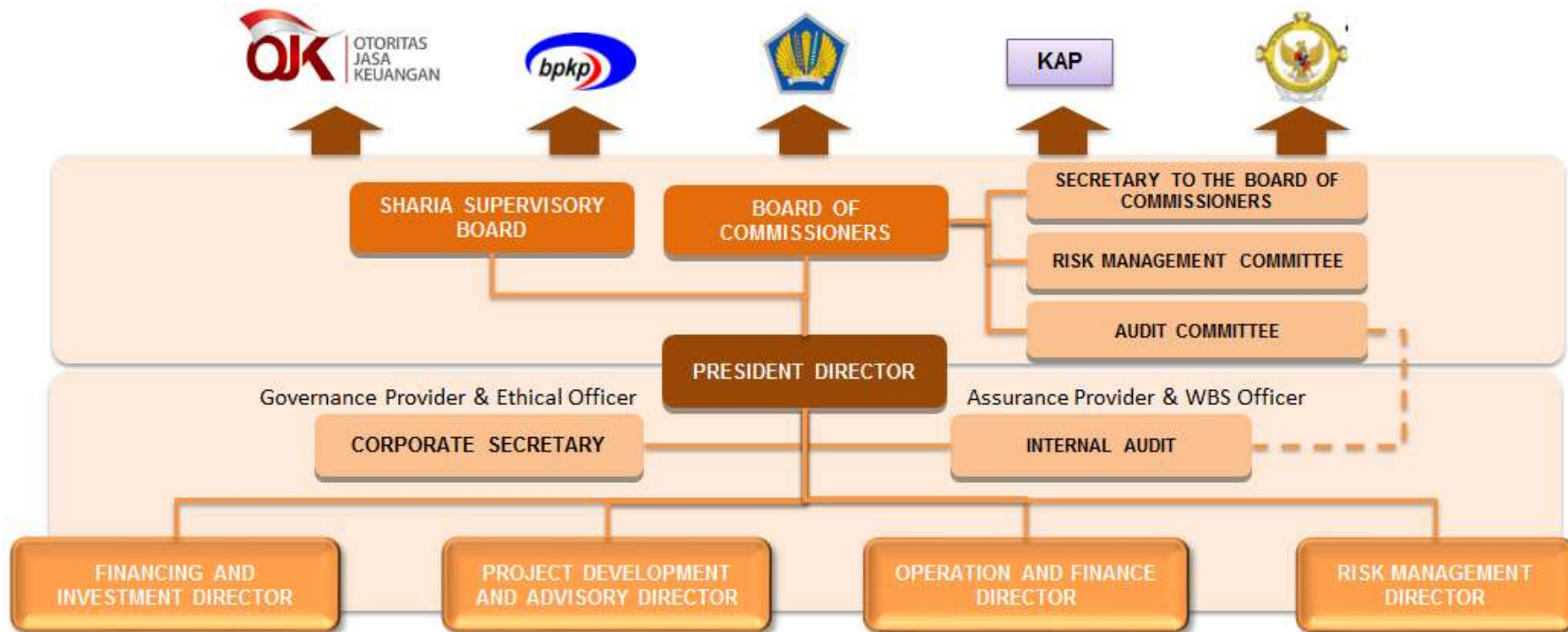
*Presidential Regulation 58 / 2017 related to Acceleration of National Strategic Project ("PSN") Implementation



PT SMI Is Strongly Committed in Good Corporate Governance (GCG)



Good Corporate Governance (GCG) Compliance



Unit Risk and Compliance Manager (URCM)

URCM is a **risk champion** and established in each division in order to ensure the Company's business continuity to carry out internal control which includes the application of risk management and compliance aspects within the scope of each Company Division.

Establishment of Committees under the Board of Directors

- Risk and Capital Committee (Risk Management Sub Committee, Assets & Liabilities Sub Committee, Target & Monitoring Sub Committee)
- Equity Investment Committee
- Project Development & Advisory Committee
- Financing Committee
- Information System Technology Committee
- Sustainable Financing Committee



SDG Indonesia One

Integrated funding platform that transforms needs into opportunities



Public

- 1 Mobilize private investments to tackle sustainability issues
- 2 Increase access of to financial resources to finance development
- 3 Reducing fiscal burden to finance SDG related projects

Private/Donor/Philanthropist

- 1 Gain access to rapidly growing markets in Indonesia
- 2 Mitigate exposures and accelerate implementation by engaging PT SMI as a local strategic partner
- 3 Take advantage of the risk mitigation measures offered by blended finance
- 4 Leverage financing capacity and the socio-economic outcome

SDG Indonesia One (Managed by PT SMI)

SDG Development Facilities

Grant
(Project Preparation,
Technical Assistance,
Research)

SDG De-Risking Facilities

Concessional Loan, First-
Loss Facility, Interest
Subsidy, Guarantee
Premium Subsidy, VGF etc.

SDG Financing Facilities

Senior Loan,
Subordinated Loan

SDG Equity Fund

Equity, Equity-
Linked
Investment

25
SDG Partners

USD
2.46
Billion



PT SMI Supports the Development of Health and Education Sectors Through PPP Project

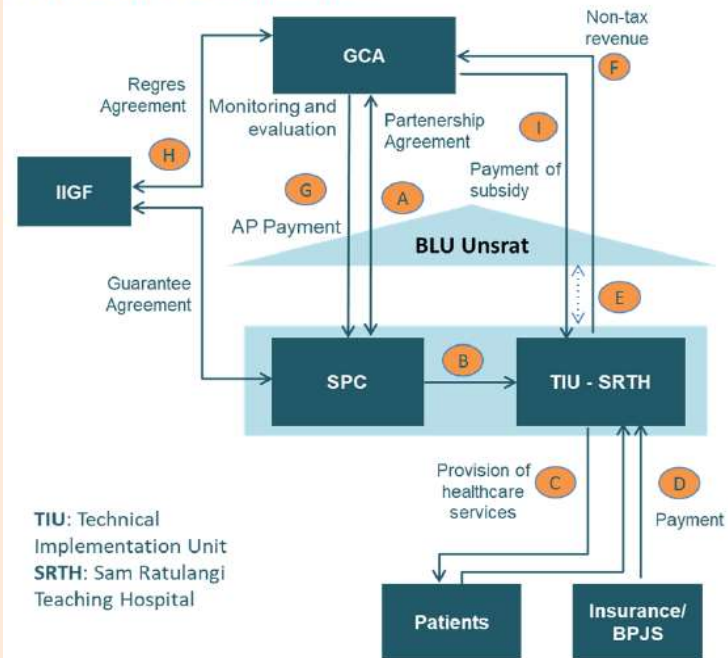


Sam Ratulangi University Hospital PPP Project



Construction of a 200-bed teaching hospital

Project Structure Indication



*This scheme is not final yet, we are currently in the process of finalizing with the GCA and all relevant stakeholders

Project Details

Location	Malalayang, Manado City
Project Cost	± IDR 387 billion
PT SMI Role	<ul style="list-style-type: none"> Project preparation Transaction advisory (PDF)
Project Theme	The 1 st PPP project in the health and higher education sector in Indonesia
Progress	Finalization of FBC
Benefits	<ul style="list-style-type: none"> Provide facilities and infrastructure for medical higher education Provide significant benefits and influence on public health services in the city of Manado and its surroundings



PT SMI Supports Higher Education Institutions in Research Studies through the Development of SDG Center



Institut Teknologi Bandung (ITB)



7 December 2018

Universitas Jenderal Soedirman (UNSOED)



25 January 2019

Institut Pertanian Bogor (IPB)



29 January 2019

Another MoU Signing ceremony has been done in Universitas Gadjah Mada (UGM), Universitas Padjajaran (UNPAD) dan Universitas Pattimura (UNPATI)

- **SDG Center is expected to be research center of multi-discipline topics related to SDGs achievement in Indonesia**
- **PT SMI will support universities in terms of capacity building activities to academicians and policy makers in local and national level to do researches and analysis related to SDGs.**

Main Activities:

- SDG Policy and Planning
- Grant for Innovation/Technology Lab
- SDG Impact Measurement / Methodology
- Joint research or partnership
- Capacity building and Industry-Specific Skills Training

Main Mission:

- Support various stakeholders to achieve SDGs
- Provide evidence-based policy recommendations
- Increase the awareness of SDG by providing researches & policy recommendations related to SDGs
- Facilitate a dialogue/forum to improve the understanding of SDGs

Partners:

- Universities/Other Higher Education Institutions
- Local Government
- Bilateral/Multilateral Institution
- Ministries/Higher Institutions
- Philanthropist
- Private sector





Thank You



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PT Sarana Multi Infrastruktur (Persero)



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Indonesia Infrastructure Library
infralib.ptsmi.co.id

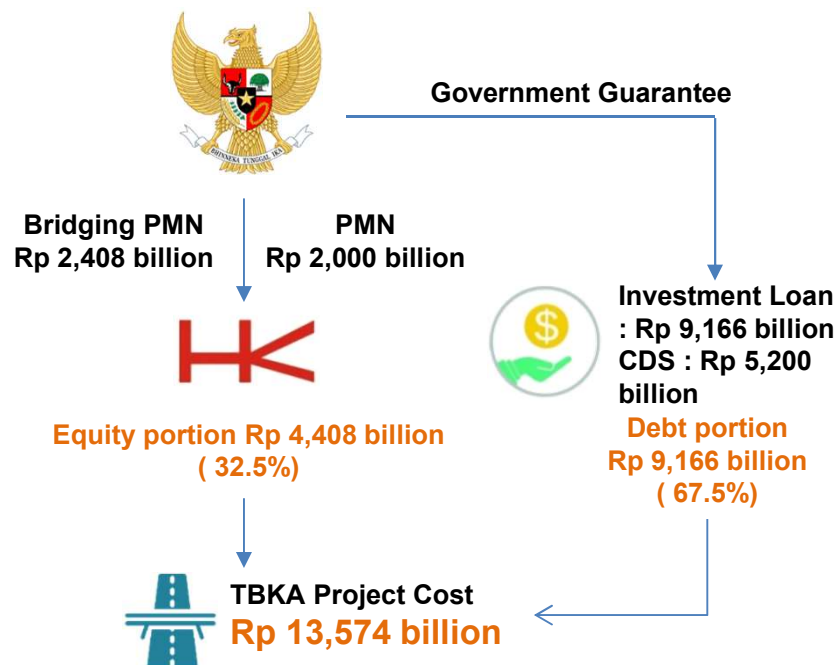


Showcase #1: Cash Deficiency Support (CDS) Facility

Trans Sumatera Toll Road : Terbanggi Besar – Kayu Agung



Project Structure



Project Profile

Project Description	Construction of Trans Sumatera Toll Road section Terbanggi Besar – Kayu Agung for 188,5 km
Location	Southern Sumatera
Project Cost	Rp 21,95 trillion. Total financing needs Rp 13,57 trillion (Viability Gap Funding Rp 8,37 trillion)
PT SMI Role	Financing and provision of Cash Deficiency Support – CDS
Portion	Loan investment facility of Rp 2 trillion (from total syndication of Rp 9.2 trillion) and Rp 5.2 trillion of CDS
Issue Addressed	<ul style="list-style-type: none"> Manage project cashflow during operation stage to maintain project sustainability by providing CDS Increase the appetite of banking sector in infrastructure financing and create crowding-in effect
Thematic	Provision of financing with CDS feature and government support of Government Guarantee and VGF that create crowding-in effect for other financiers
Progress	Construction
Benefit	<ul style="list-style-type: none"> Reduce logistics cost so that distributions of products would be more efficient, timely with more affordable cost Create new economy centers through SME development in the rest area



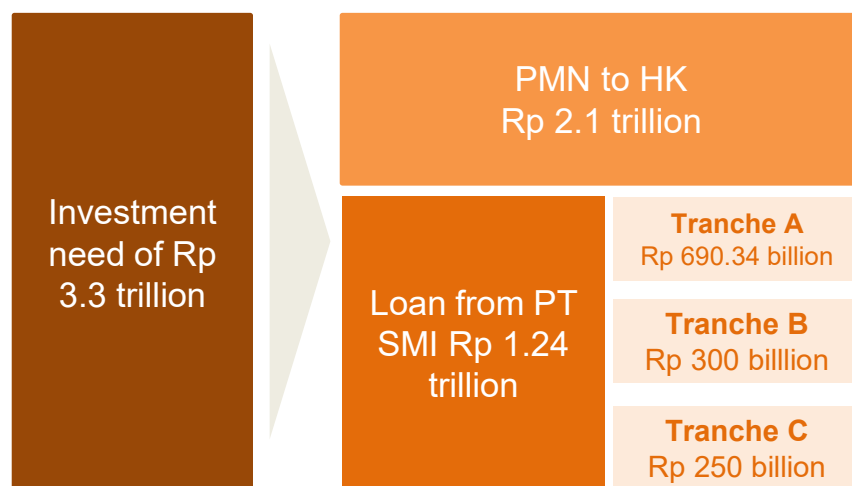
Showcase #2: Provision of Long Tenor Loan with Long Grace Period

Trans Sumatera Toll Road : Palembang – Sp. Indralaya



Project Structure

Project Profile



Tenor	<p>a) Tranche A : 25 years (Grace Period 15 years)</p> <p>b) Tranche B : 15 years (Grace Period 5 years)</p> <p>c) Tranche C : 25 years (Grace Period 15 years)</p>
Notes	<p>Tranche B portion to be sold down.</p> <p>Tranche C Standby Facility in the form of Cash Deficiency Support</p>

Project Description	Construction of Trans Sumatera Toll Road section Palembang – Indralaya for 21.9 km
Location	Southern Sumatera
Project Cost	Rp 3.3 trillion
PT SMI Role	Long tenor financing combined with provision of Cash Deficiency Support – CDS to cover cash flow constraint during ramp up period
Portion	Loan investment facility of Rp 1.24 trillion include Rp 250 billion of CDS
Issue Addressed	<ul style="list-style-type: none"> • Manage project cashflow during operation stage to maintain project sustainability by providing CDS • Increase the appetite of banking sector in infrastructure financing and create crowding-in effect
Thematic	Provision of long tenor financing up to 25 years with long grace period up to 15 years, combined with CDS feature
Progress	Operationalized
Benefit	<ul style="list-style-type: none"> • Having strategic value to fulfill the needs of transportation for human and goods & services • Reduce congestion along the line and shorten travelling time

Showcase #3: First Loss Mechanism

Air Putih Mini HydroPower Plant



First Loss Mechanism (FLM)

Purpose To de-risk part of the Eligible Loan provided by PT-SMI to a SMI's Client for an Eligible Investment.

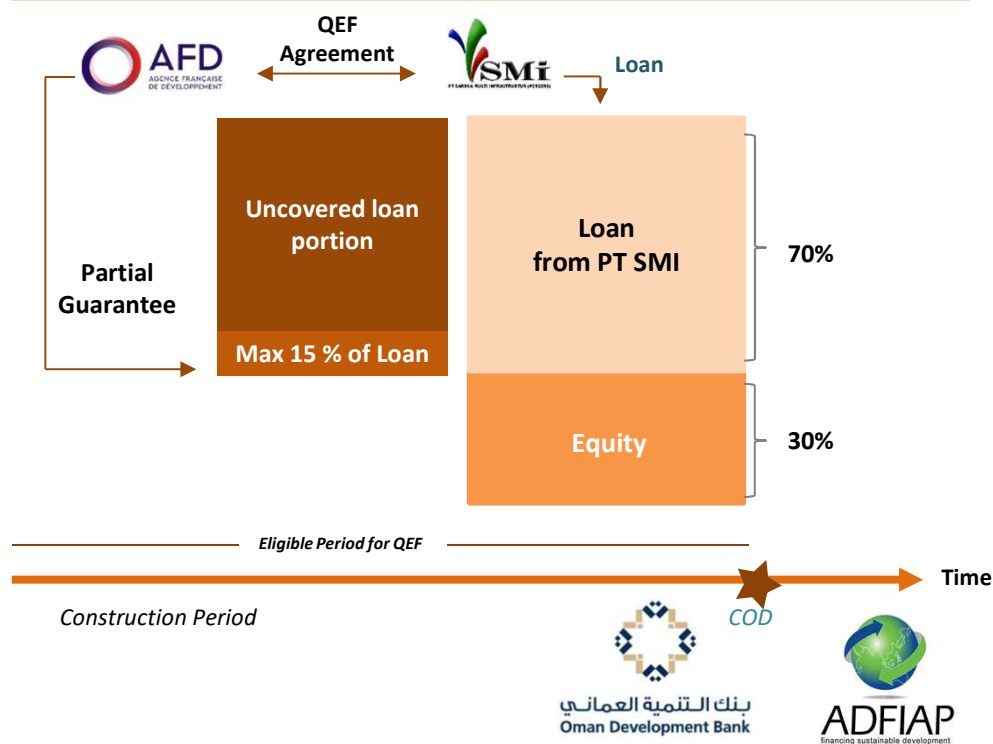
Eligibility PT-SMI would have the right to use a portion of the Grant to cover its first losses, **up to the loss incurred by PT-SMI with a maximum of 15% of SMI's Loan or a maximum amount of USD 2 Million in case** any eligible investment failure happens before the Commercial Operation Date.

Use of FLM as a De-Risking Tool



Project	Air Putih Mini-Hydro Power Plant
Location	Ladang Palembang, Bengkulu
Project Cost	US\$ 50.44 Million
Project Description	Power generation under a run-off river scheme with annual energy electricity of 116.42 x 10 ⁶ kWh. The project will supply electricity to the regional power network and contribute to improving the stability and reliability of the power system.
Thematic	This de-risking tool is used to improve project feasibility and bankability so that other investors & project developers feel more comfortable in running the project

FLM Structure

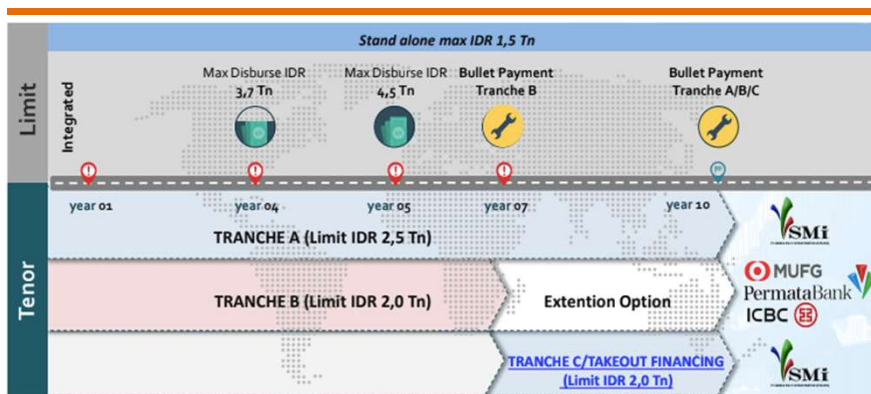


Showcase #4: Take Out Financing

Trans Sumatera Toll Road : Equity Financing for Pekanbaru – Dumai using Future Revenue of Tanjung Priok Access as underlying



Project Structure



- Tranche A syndication, SMI portion max. Rp 2.5 trillion - tenor 10 years
- Tranche B syndication, SMI portion max. Rp 1 trillion - tenor 7 years, with extension option for 3 years
- Take-Out Financing facility within tranche, limit Rp 2 trillion, 3 years after expiration of tranche B or 10 years after contract signing



Project Profile

Project Description	Financing for equity portion of Trans Sumatera Toll Road section Pekanbaru – Dumai using revenue stream from existing concession of Tanjung Priok Toll Road Access
Location	<ul style="list-style-type: none"> • Pekanbaru – Dumai in Riau • Tanjung Priok Access within jabodetabek outer and inner ring road
Investment Need	Rp 16.2 trillion
PT SMI Role	Financing for equity portion on top of debt portion that is obtained from commercial bank
Portion	Investment loan of maximum limit Rp 3.5 trillion (tranche A Rp 2.5 trillion and tranche B Rp 1 trillion, include take out financing facility within tranche B)
Issue Addressed	<ul style="list-style-type: none"> • Asset securitization as equity financing is part of the government fiscal tool as a substitute of paid-up capital to SOE • Take out financing addressed the issue of banking sector's appetite on short-term loan tenor, thus attracting foreign bank to participate
Thematic	Provision of financing with innovation of asset securitization scheme combined with take out financing facility
Progress	<ul style="list-style-type: none"> • Pekanbaru Dumai - construction • ATP - operationalized



Project Showcase of SDG Indonesia One

Prepared and (or) Financed by PT SMI



BRT Semarang

Location	Semarang City, Central Java
Project Cost	Rp 18.9 billion (~USD 1.26 million)
Role of PT SMI	SDG Development Facilities
Project Uniqueness	<ul style="list-style-type: none"> • PDF grant provided by Green Climate Fund (GCF) for activities including Feasibility study, ESIA, LARAP. • PDF procured by GIZ for activities including Pre-FS, Legal Study, Gender Assessment, Risk Analysis, Stakeholder Management
Social-Economic Benefits	<ul style="list-style-type: none"> • Reduce GHG emission by enhancing public transport role as the backbone for urban mobility • BRT project will also increase the quality of life of these 1,000 individuals and might open new job opportunity up to 2,000 people. • The time savings obtained in the 15-20 kilometre corridors will be multiplied by more than 115,000 passengers who use the system on daily basis

Semarang Barat Water Supply

Location	Semarang City, Central Java
Project Cost*	Rp 1.19 trillion (~USD 79.3 million)
Role of PT SMI	SDG Development Facilities
Project Uniqueness	As one of National Strategic Project (PSN) with competitive bidding process participated by 3 foreign investors and PT Aetra Air Jakarta - PT Medco Gas Indonesia Consortium . Indicative supports from Gol: (1) Land Provision , (2) Government Guarantee , (3) VGF , (4) PDF
Social-Economic Benefits	<ul style="list-style-type: none"> • Clean water provision with capacity of 1,000 liters/second • Access to clean water to 60,000-70,000 new customers (~300,000-350,000 of Semarang population in 3 service areas)

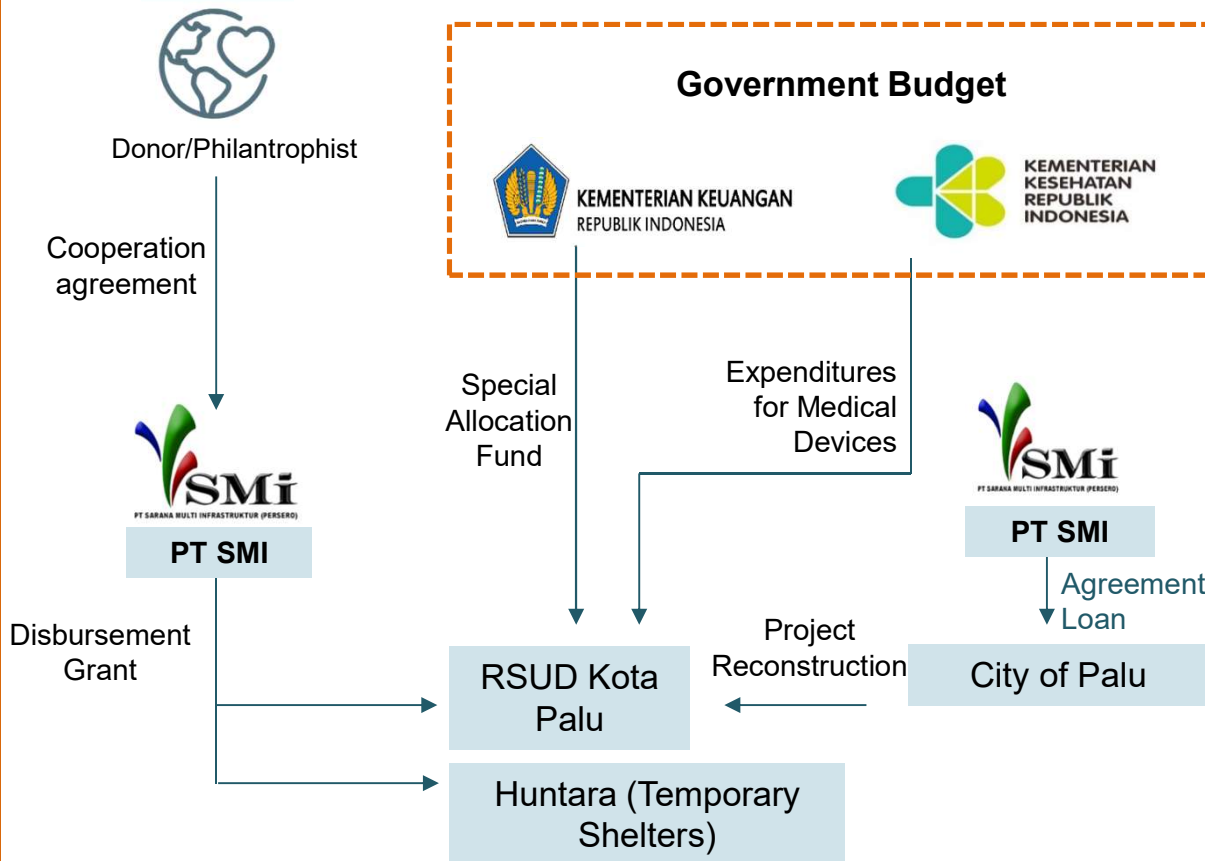
*) Foreign exchange assumption: Rp15,000/USD (APBN 2019)



SDG Indonesia One Platform for Collaboration on Reconstruction and Rehabilitation in Disaster Areas: Palu, Sigi and Donggala



Structure and Cooperation Scheme



Combination of Government and Private Funds with the Blended Finance Scheme can be used for Infrastructure Development in Disaster Areas

