



Presentation Material

Role of PT SMI as a Sustainability Promotor in Indonesia's Infrastructure Development

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PT Sarana Multi Infrastruktur (Persero)

Jakarta

14th January 2021



A leading catalyst in the acceleration on the national infrastructure development

PT Sarana Multi Infrastruktur (Persero)

Who we are and what we do



**Non-Bank Financial Institution for Infrastructure Financing,
100% owned by Government of Republic of Indonesia through Ministry of Finance**

Business Pillars & Strategic Partnership

Innovative, Unique & Flexible Financing

Products in “closing the gap” and as complementary to other financing

- Senior Loan,
- Subordinate/Mezzanine,
- Equity,
- Municipal Finance,
- Sustainable Financing,
- Sharia Financing

Advisory & Project Development as enabler for infrastructure investment

- Financial/Transaction Advisory, Financing Arranger,
- PPP Development, Technical Assistance, Capacity Building,
- Renewable Energy Project Development, Geothermal Fund Management

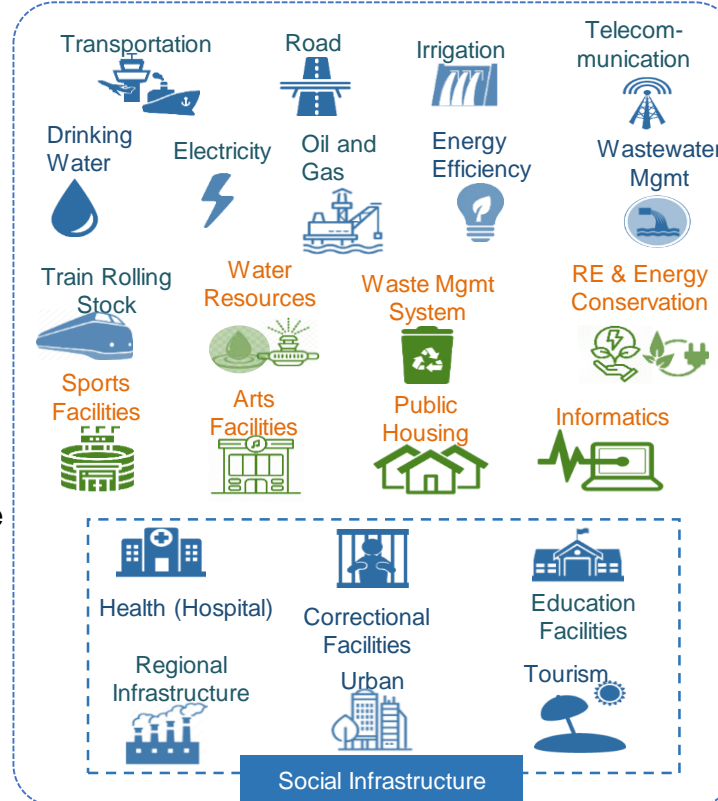
Strategic Partners for domestic and international institutions in accelerating infrastructure development in Indonesia

- Ministries/Governmental Offices, Municipalities
- Private / State Owned Entities
- FI/Banks/Private Equity, Multilateral/Bilateral, Sovereign Wealth Fund
- Capital Market, Institutional Investors (Pension Fund, Insurance, Social Security Funds, Hajj Funds, etc)

PT SMI's advantages

Long-term financing
Non bank financial institution
Innovative Financing Product
Flexible Financing Scheme
Large Multiplier effect

Sectoral Focus



Performance (November 2020)

AAA/Stable Highest rating for local company
National Rating

BBB/Stable similar with sovereign rating
International Rating

USD 5.5 Billion Total Asset

USD 2.7 Billion Total Equity

USD 48.7 Billion Total Project Value

22.6 times Multiplier effect To paid up capital

“unqualified opinion” FS Opinion for 10 consecutive years

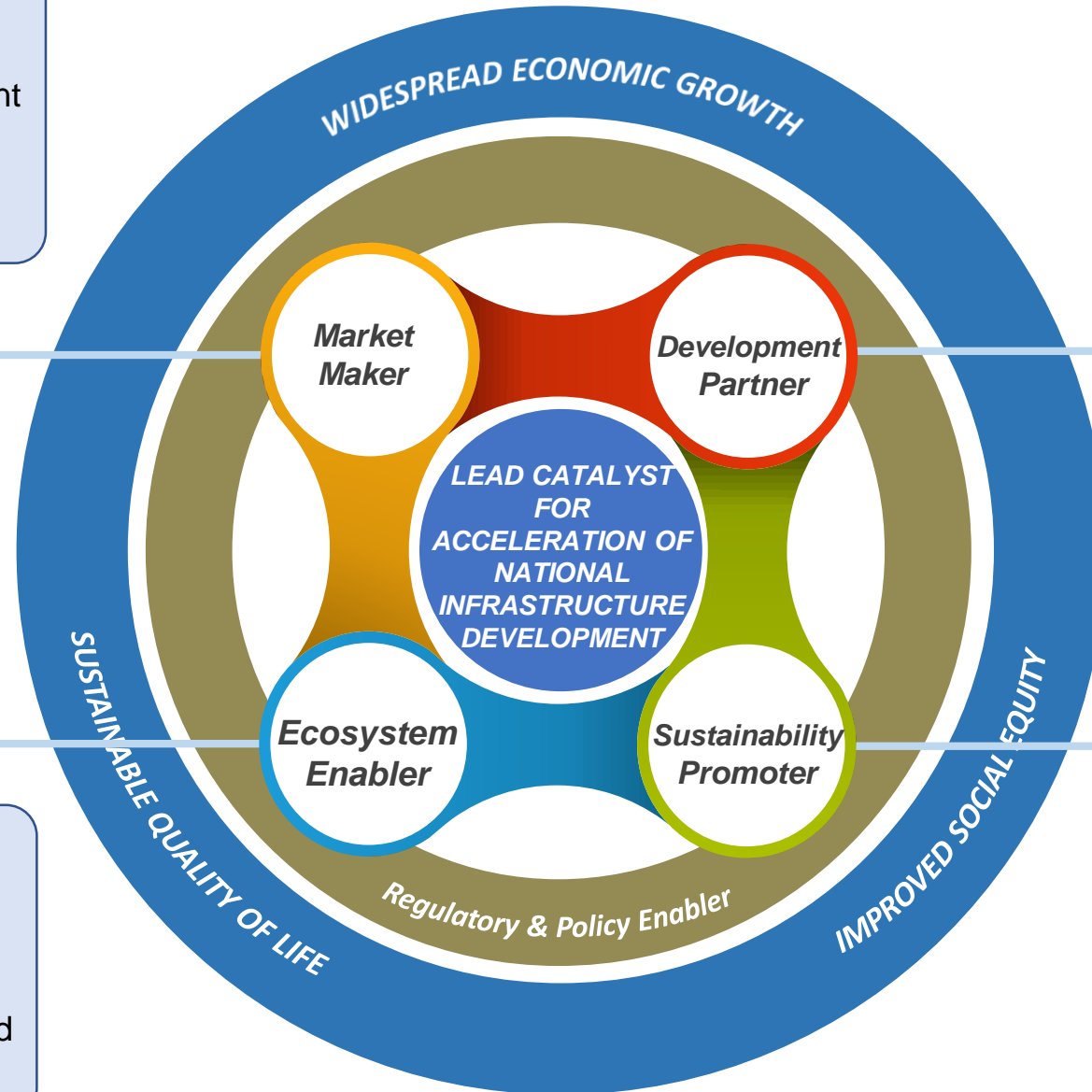
Vision of PT SMI to become “The Lead Catalyst for Acceleration of National Infrastructure Development”

Market Maker

Participate in filling the financing gap development sector and create a crowding in effect

Development Partner

Become a development partner that strengthens the capacity and capability of government stakeholders



Ecosystem Enabler

Strengthening the ecosystem of development financing supported by policies and regulations and industry knowledge

Sustainable Development Promoter

Support the creation of sustainable development

PT SMI's Product Advantages



FINANCE & INVESTMENT

Commercial Financing

PT SMI is a **Non-Bank Financial Institution** having flexibility in providing infrastructure financing products

Long-term Financing

Long tenor and grace period above average terms (e.g., Investment Loan, Mezzanine, Subordinated Loan, Promoter Financing)

Flexible Financing Scheme

scheme adjustment based on the Project's needs (e.g., Working Capital Financing, Quasi-Equity Convertibles, etc)

Innovative Financing Products

- Cash Deficiency Support (CDS)
- Take Out Financing
- Shareholder's Loan

Public Sector Financing*

Increase Local Government's Fiscal Capacity for infrastructure financing allocations

Readily available public services for the society

Sustainable Financing

Support SDGs achievement and high **socio-economic impact**

Provide **risk mitigation facility** for renewable projects

Mobilize green funding from potential investors

Sharia Financing

Free from Riba, unclear transactions, speculations and *haram* commodities

Access to Sharia Funds (e.g., Hajj Funds, Sharia Capital Markets, etc)

*) Previously known as Municipal Financing

ADVISORY

A One-Stop Solution in Advisory for Planning until Financial Close in Infrastructure Projects

Business Planning Advisory

- Corporate Plan Development
- Business Development Study

Project Preparation Advisory

- Pre-feasibility Study
- Project Finance Structuring

Transaction Advisor

- Transaction assistance
- Fund raising advisory

Financial Close

Cooperation agreement signing process

PROJECT DEVELOPMENT

PPP Project Development

Experiences in PPP preparation assistance and transaction from 2011 in many sectors

Mandate completion experience in water and telecom sector

Municipal Financing Project Development

Accelerate project preparation without strictly bounded to public budgeting cycle

Utilizing Grants as a solution on budget limitation for project preparations

Capacity Building

Preparation assistance through knowledge transfer to **Government officials** or related stakeholders

Execution of Mandate as Catalyst of Infrastructure Development

Financing and Investment (as of November 2020)

COMMITMENT & OUTSTANDING



Multiplier Effect

**) Exchange Rate: USD 1 = IDR 14,128

USD 48.70
billion**

▶ **Total project cost***

6.44
times

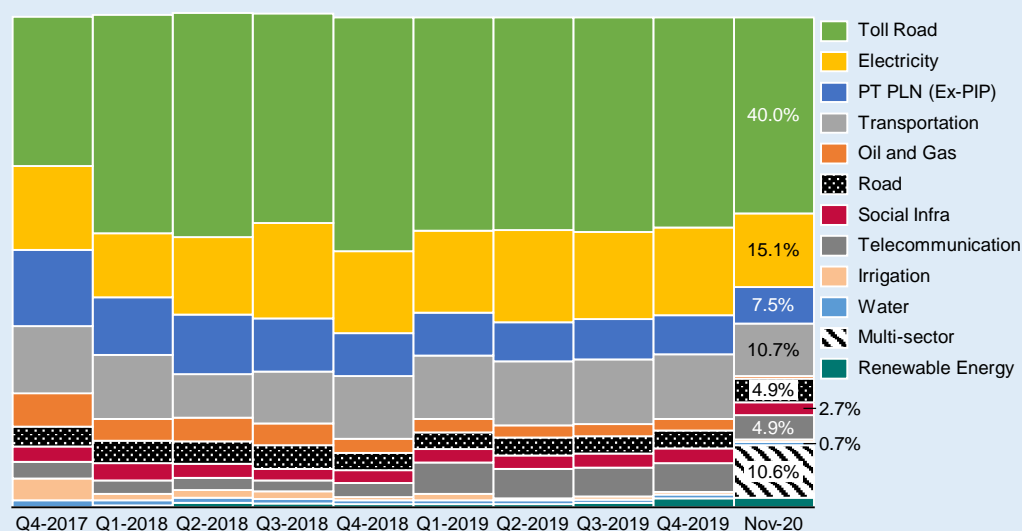
▶ **Multiplier effect to the Financing Commitment*****

22.55
times

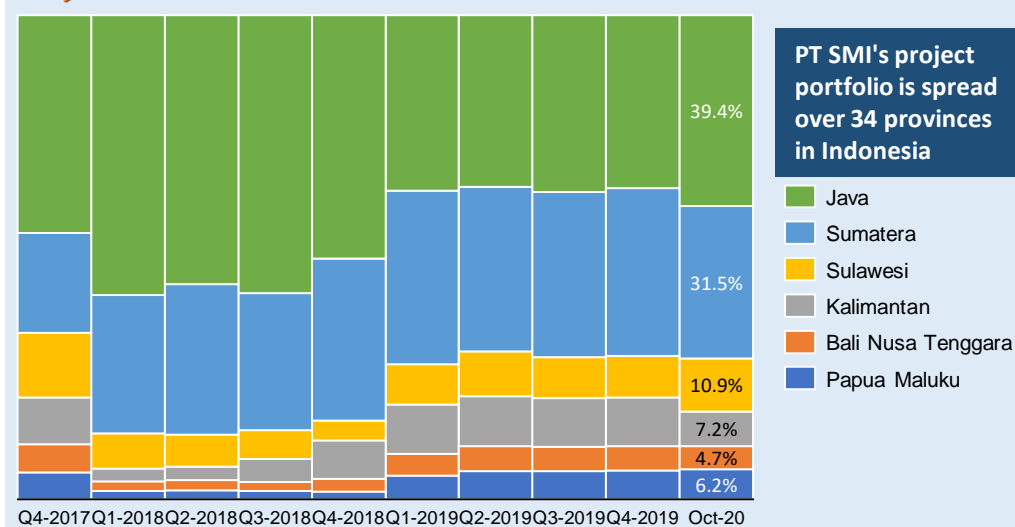
▶ **Multiplier effect to Paid-up Capital**



Financing Sectors^



Project Location Mix



PT SMI's project portfolio is spread over 34 provinces in Indonesia

^) National Economic Recovery Programs are categorized as "Multi-sector"

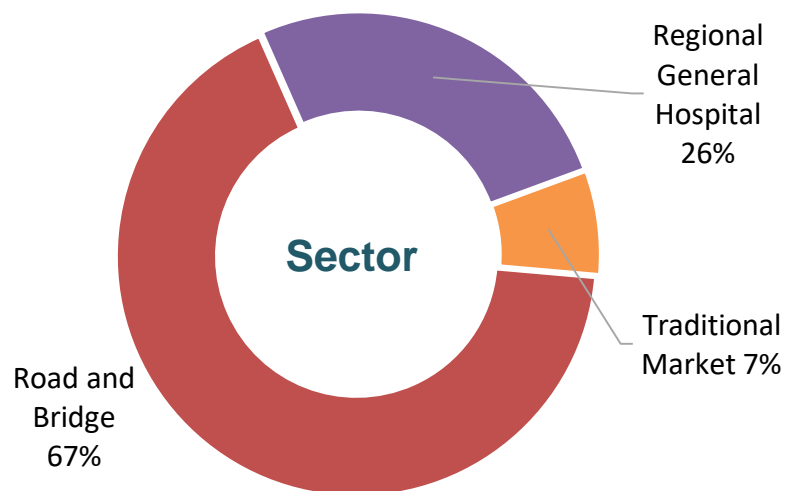
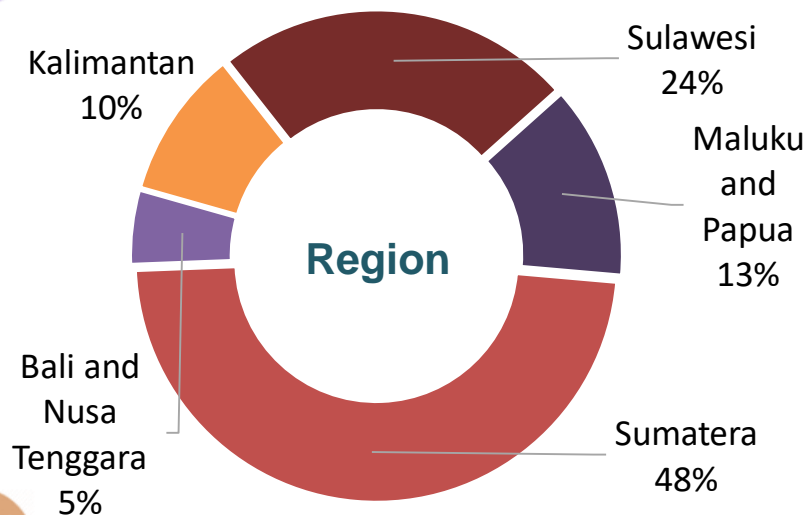
*) Include projects that have been settled and signed-agreement

***) On-going commitment and signed-agreement

Municipal Financing Portfolio Managed by PT SMI as of November 2020



Commitment by Region & Sector



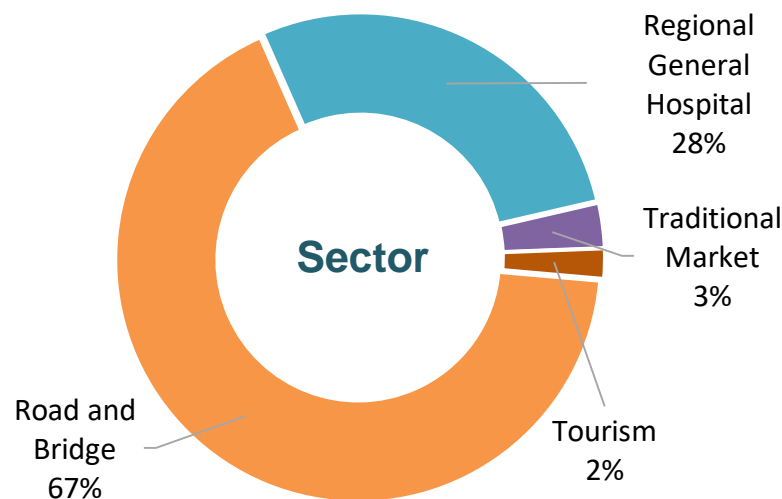
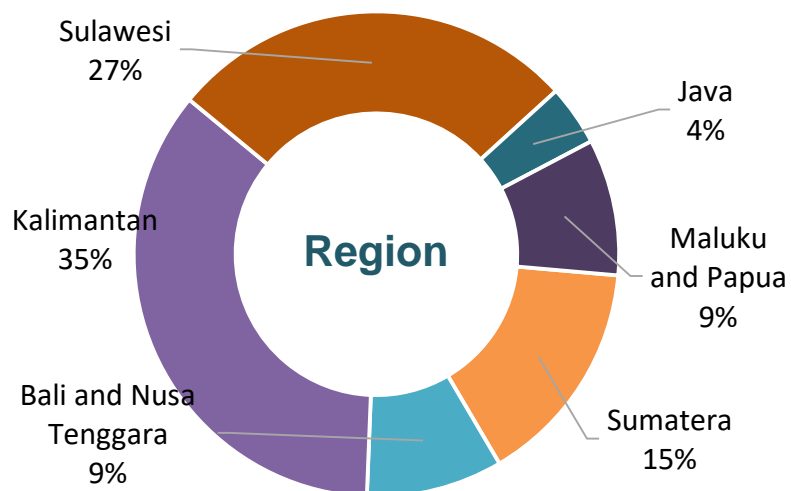
Highlight

23 Local Governments

Total Outstanding:
USD 193.94 Million

Total Commitment:
USD 314.27 Million

Pipeline* by Region & Sector



Highlight

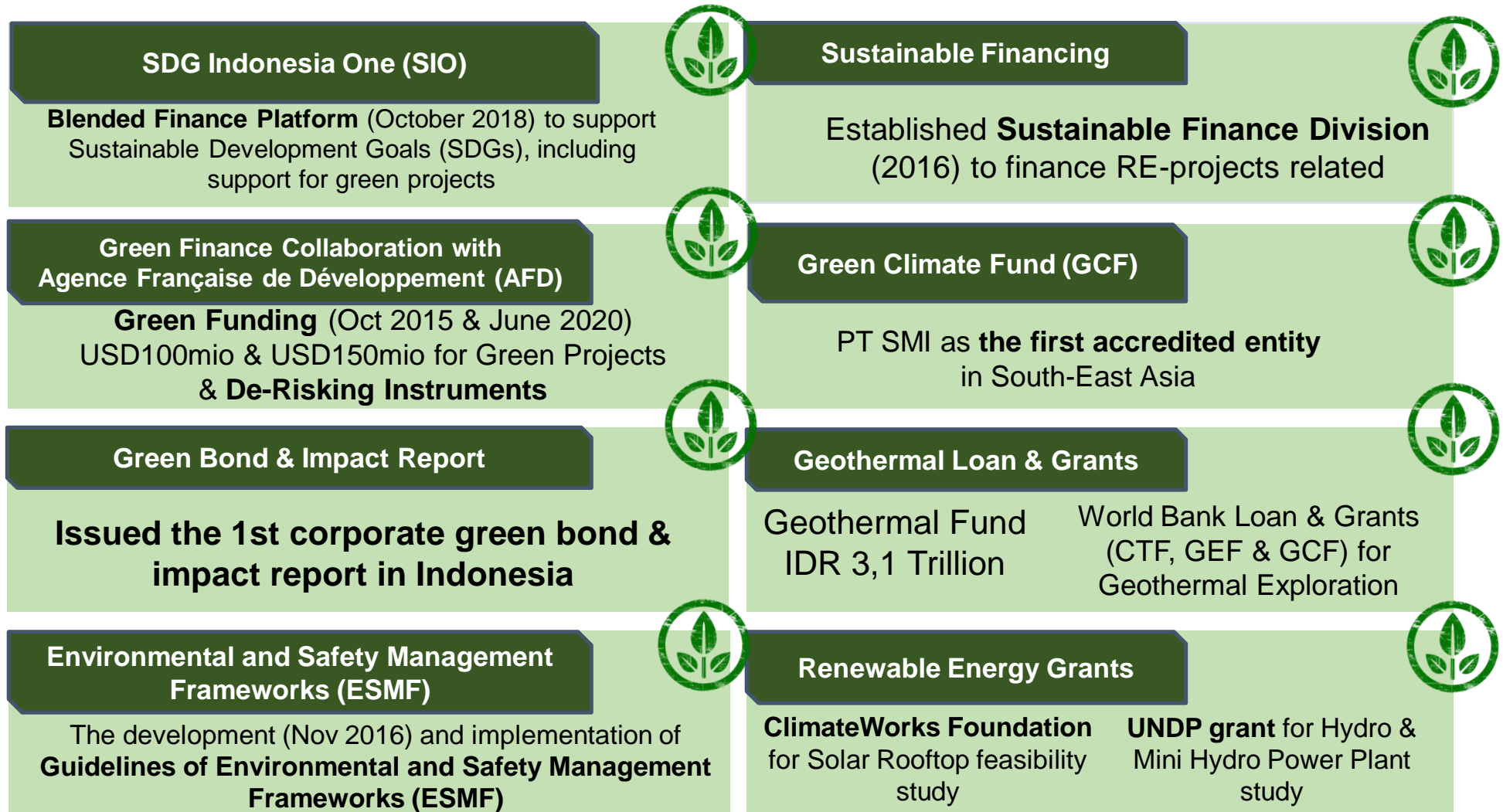
25 Local Governments

32 Financing Facilities

Total Commitment:
USD 452.29 Million

*Offering letter received by local government. PEN Daerah is not included

PT SMI's Concrete Steps to Support Environment-Friendly Investment Projects in Indonesia



PT SMI's Role in Government Economic Recovery Program through Government Assignment



Program	Purpose	
	Related Entities	Notes
<p>Government Economic Recovery Program for Municipalities (PEN Daerah)</p>	<p>Municipal Government that was affected by COVID-19</p>	<ul style="list-style-type: none"> • After expanding the mandate of PT SMI through PP 53/2020, PT SMI has the internal capacity to be able to enter into activity-based and program-based loans (according to PMK 105/2020) with one of them multisector thematic (livestock, housing, health and social). • The Cumulative Commitment for Local Government in PEN Financing in 2021 is projected at IDR 21.4 trillion
<p>Government Investment Scheme for SOE</p>	<ol style="list-style-type: none"> 1. SOE in Air Transportation 2. SOE in Railways 3. SOE in Strategic Industry 	<ul style="list-style-type: none"> • SOE restructuring program through Government Investment scheme (PMK 118/PMK.06/2020)

National Economic Recovery Program - Local Government (PEN Daerah)

Update as of November 2020



20 Local Governments

Have signed National Economic Recovery Program for Local Government loan agreements with PT SMI



USD748.16 Million

Total commitment of PT SMI to the national economic recovery program for local government (PEN Daerah)

Exchange Rate: USD 1 = IDR 14,690

USD93.43 Million

Total outstanding of PT SMI to the national economic recovery program for local government (PEN Daerah)

PT SMI's Renewable Energy Portfolio

PT SMI has demonstrated a commitment in renewable energy through financing for at least 12 projects with installed capacity more than **500 MW**; with **total financing commitment** more than **225 million USD** ; mobilizing financing to contribute towards **climate change mitigation**

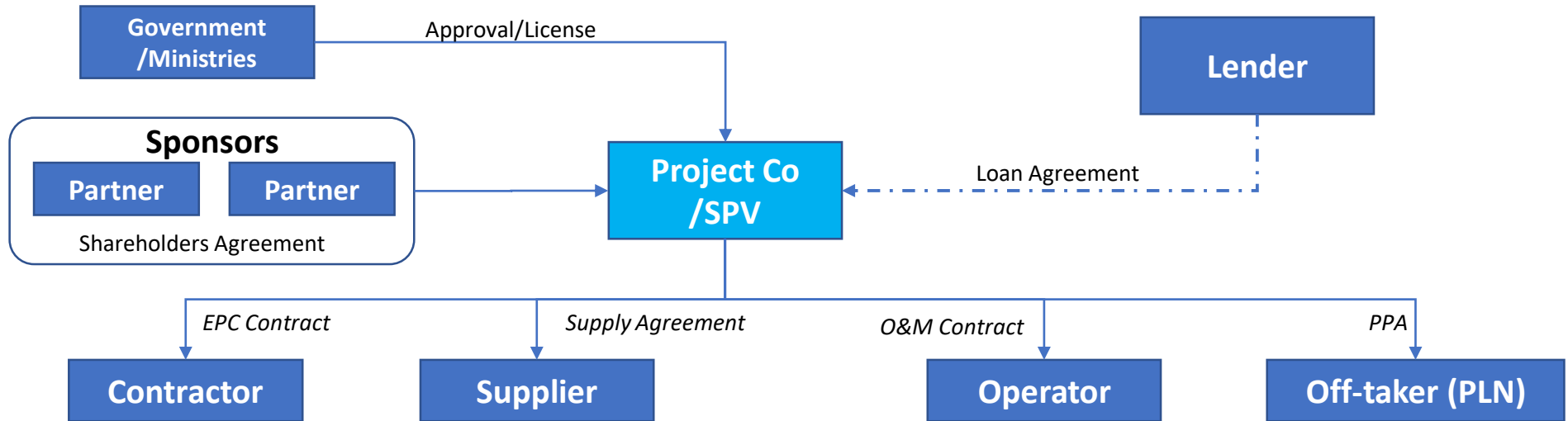


Portofolio signing 2019

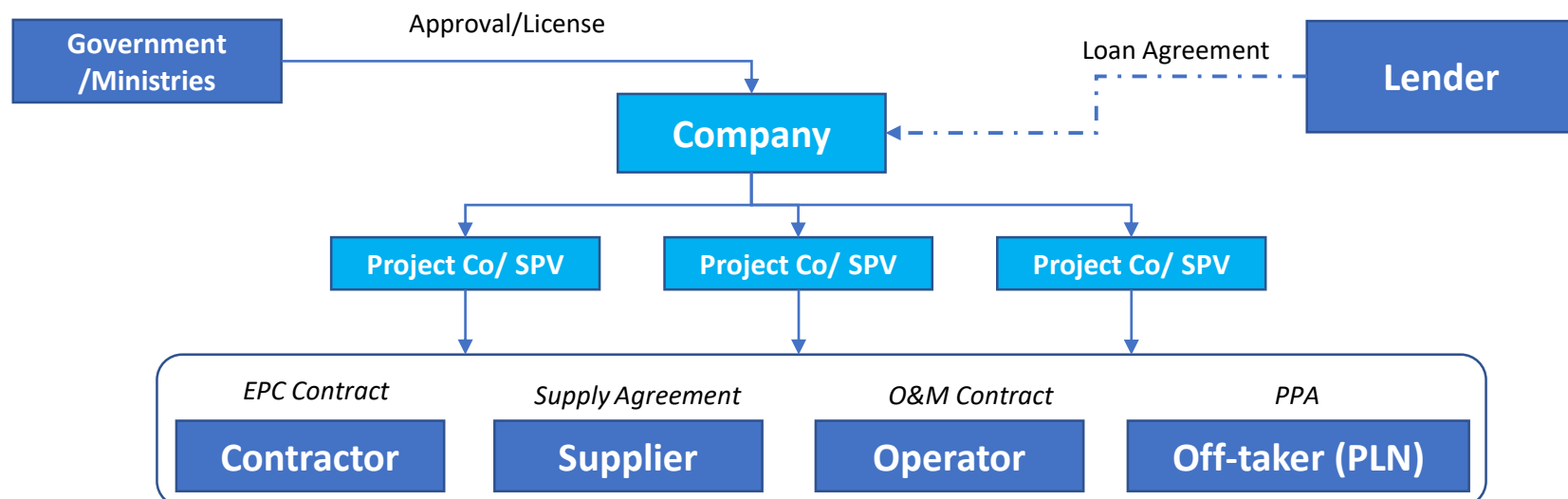
No	Remarks	No	Remarks
1	Biomass - Deli Serdang 9.9 MW	7	Biomass - Merauke 3.50 MW
2	Minihydro - Sako, Pesisir Sel 6.0 MW	8	Minihydro - Padang Guci 2 – 2x3.5 MW
3	Minihydro - Lb. Gadang, Solok 8.0 MW	9	Hydro - Air Putih – 21 MW
4	Hydro Power- Kerinci 350 MW	10	Biomass - Situbondo dan Lumajang
5	Minihydro - Tunggang, Bengkulu 9.9 MW	11	Wind Power - Sidrap – 75 MW
6	Geothermal - Dieng Small-scale 10.0 MW		

Financing Model for Projects

1. Project Financing



2. Corporate Financing



Example of Clean Energy Projects Financed by PT SMI



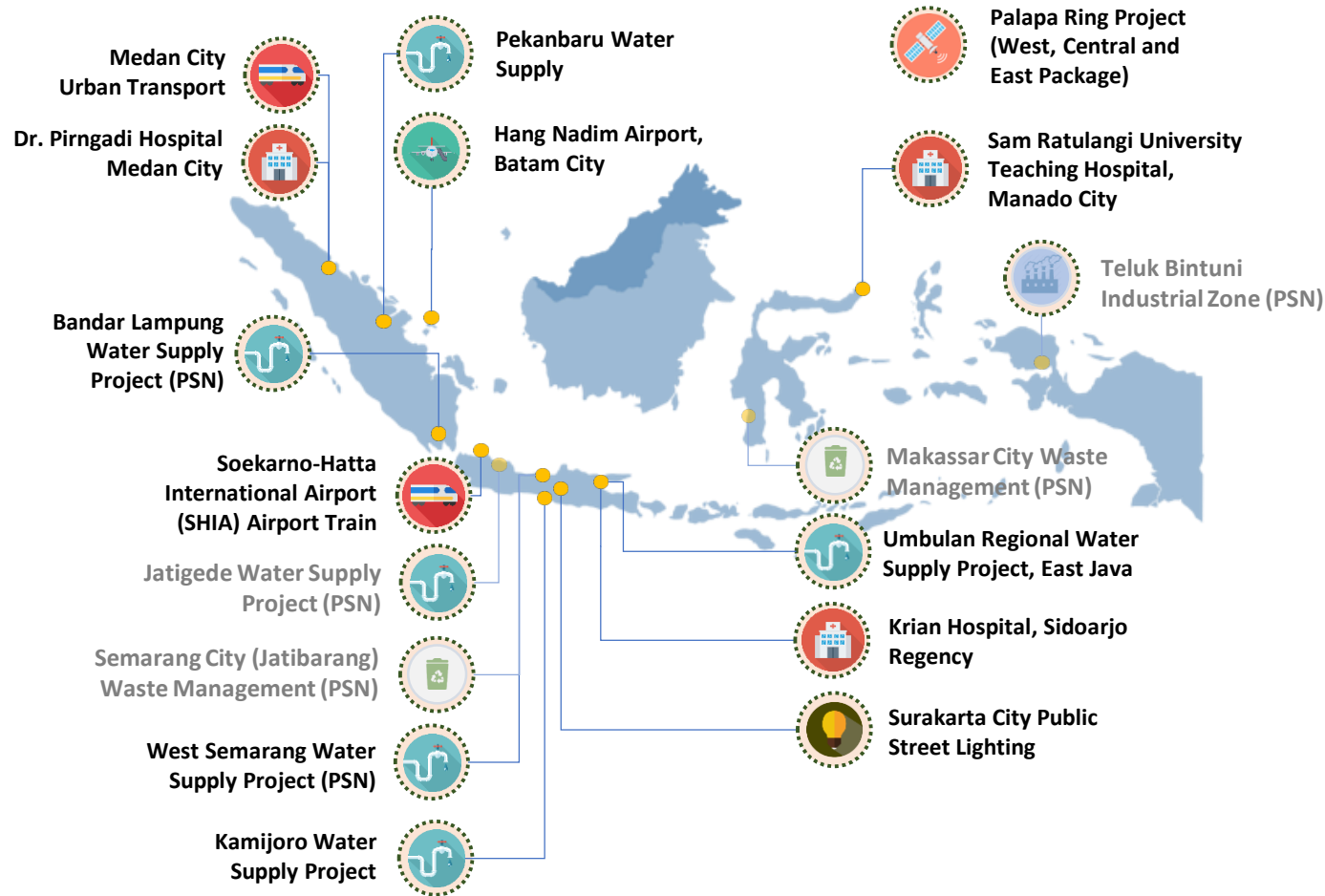
Project	Biomass - Wapeko, Merauke
Capacity	3.5 MW
Commitment	60 billion IDR (~USD 4.2Million)
Financing Scheme	<i>Project finance</i>
Tenor	8.5 years
Key Factors	<ul style="list-style-type: none"> ✓ All of project's asset are guaranteed ✓ PPA take-or-pay guaranteed ✓ Sponsor Capacity ✓ Sufficient study and feedstock contract
Milestone	Commissioning

Project	Minihydro Lubuk Gadang, Solok Selatan
Capacity	8 MW
Commitment	155.5 billion IDR (~USD 10.8Million)
Financing Scheme	<i>Project finance</i>
Tenor	10 years
Key Factors	<ul style="list-style-type: none"> ✓ All of project's asset are guaranteed ✓ PPA take-or-pay guaranteed ✓ Sponsor Capacity ✓ Robust mini hydro technology
Milestone	<ul style="list-style-type: none"> ✓ Operational ✓ Repayment

Project	Geothermal - Dieng Small Scale, Central Java
Capacity	10 MW
Commitment	USD 17.5 million
Financing Scheme	<i>Corporate Finance</i>
Fiduciary	<ul style="list-style-type: none"> • Project asset • Machinery/tools fiduciary • Electricity bill to PT PLN • Account fiduciary
Schedule (tentative)	<ul style="list-style-type: none"> • Construction in Q4 2019 • COD in Q1-Q2 2021

PT SMI's PPP Project Development Portfolio

PT SMI is appointed by the Ministry of Finance to support Project Development Facility (i.e., Project Preparation & Transaction Assistance) for PPP projects which promotes innovation and technology transfer



6 Infrastructure Sectors
4 National Strategic Projects
4 Financial Closed Projects
3 On-going Projects in 2020
4 Pipeline Projects in 2020

Our Environmental and Social Safeguard

PT SMI ESS Architecture




Sustainable Development Goals (SDG) Indonesia One - Blended Finance Platform: From Concept to Implementation



SDG Indonesia One could bring blended finance concept into Solid Implementation

Platform Overview Concept

Platform Name	 SDG Indonesia One
Use of Proceeds	16 Sustainable Development Goals (<i>Today PT SMI obtain the mandate to focus only on infrastructure sector; therefore, it is permitted only to get involved in the 16 out of 17 SDGs</i>)
Priority Sector	Health, education, renewable energy and urban infrastructure (transportation, water and waste management)*
Role of the Platform	<ul style="list-style-type: none"> Integrated platform support to projects (development, de-risking, construction) Link project activity with the most suitable investors Channel development finance via integrated-managed facilities
Project Location	Indonesia
Product Type	Grant, Loan and Equity, Technical Assistance, Capacity Building, Research
Structure	PT SMI as the intermediary, partners, fund manager, co-financier, sponsor, investor and implementing agency
Value Proposition	<ul style="list-style-type: none"> PT SMI as a non-bank financial institution, 100% owned by the Government of Indonesia. Extensive experience and strong track record investing in Indonesia. The first financial institution accredited in Southeast Asia by the Green Climate Fund (GCF).
Source of Capital	Philanthropist, donor, climate funds, green investors, multilateral development bank, international agencies, commercial banks, sovereign wealth funds, institutional investors.

Partners of SDG Indonesia One

Development Facilities



De-risking Facilities



Financing Facilities



Equity Facilities



“Total committed facility is estimated to be USD 3.03 billion”

SDG Indonesia One becomes the “Right Vehicle” to Deliver the Blended Finance Program



Achievement since 2018 until 2020

- ✓ Successfully delivered support to the **development of 9 projects and financing 5 projects**
 - ✓ Successfully secured and implement **new funding commitments from donor, philanthropist, multilateral, and bilateral partners** (AFD, KfW, Bloomberg Philanthropies, World Bank and ADB)
 - ✓ Developing **strong pipeline of projects**, particularly in water, renewable energy and waste management
 - ✓ Successfully engaged with **8 University** to scale up knowledge and better ecosystem of SDGs
- Working together with the relevant stakeholders to **create robust business model, policy, and improve bankability** of sectors such as education and waste management sector.
- Provide regular capacity building, sharing session, and technical assistance both for public and private sector to **increase project readiness**
- ✓ **Improving communication** with institutional investors, donor, philanthropist through direct communication, partners gathering and joining international forum, network, and association

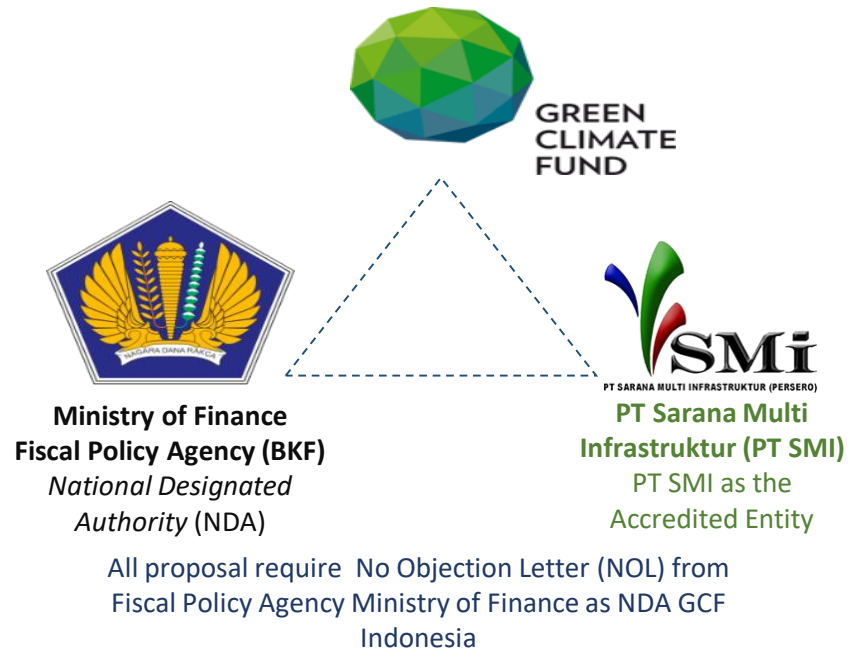
Program On Going



SDG Impacts

<p>Renewable Energy</p> <ul style="list-style-type: none"> Study of 5 MWp dan 7.48 MW for the enewable energy power plants with the potential saving of ± 1.5 M / year; Emissions reduction potential ± 5.867 tCO₂e p/ year 	<p>Housing</p> <p>101 temporary shelters & 218 permanent shelters for 1.430 families (5.780 people)</p>	<p>Health</p> <p>550 beds and total area of hospital ± 47.535 m²</p>
<p>Waste Management</p> <p>Waste management potential ± 365.000 ton / year</p>	<p>Clean Water</p> <p>2.000 families get access to clean water</p>	<p>Education</p> <p>4 schools with 31 classes for 716 students</p>
		<p>Social Infrastructures</p> <p>An increase in market area 15.400 m² and 172 kiosk; 1 worship place</p>

PT SMI as Green Climate Fund Accredited Entity



Eligible Sectors:

Climate Change Mitigation:

- Energy generation and access
- Transport
- Forest and land use
- Building, cities, industries and appliances

Climate Change Adaptation:

- Health, food and water security
- Livelihoods of people and communities
- Ecosystems and ecosystems services
- Infrastructure and built environment

Facility	Project Preparation Facility (PPF)	Funding Proposal (FP)
Instrument	Grant	Grant, concessional loan
Function	Project preparation	Project implementation
Amount	Max. USD 1.5 million/project	Max. total project cost USD 50 million
Description	Project prepared by the PPF grant is expected to submit Funding Proposal within 2 years of the project preparation	Project which does not need PPF support can directly submit the Funding Proposal

PT SMI as the First Corporate in Indonesia that Issued Green Bond in Capital Market on Local Currency



The first Indonesian corporate that issues Green Bond

Nominal
IDR500 billion
(~USD 34 Million)

Green Bond Program
with total facility IDR3 trillion
(~USD 207 million)

100%

to finance

Green Projects

Eligible Sector

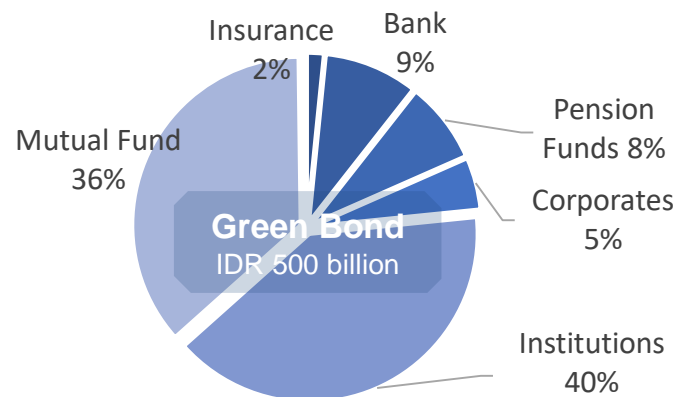
1. Renewable Energy
2. Energy Efficiency
3. Pollution Management and Mitigation
4. Sustainable natural resources and land use.
5. Clean Transportation
6. Sustainable Waste and Water Management.

Green Bond Structure

	Seri A 3 years	Seri B 5 years
Total	IDR 251.5 billion	IDR 248.5 billion
Coupon	7.55%	7.80%
Risk Premium*	47 bps	62 bps

*) above Government bonds with the same tenor

Green Bond Investors** of PT SMI



** Foreign Investor (22%) vs Domestic (78%)

Mandatory Standards



POJK No. 60/POJK.04/2017
about Green Bond Issuance

Additional Standards



Second Opinion:

°CICERO

Medium Green

The first corporate that issues

**Green Bond
Impact Report
in Indonesia**



Thank You,



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