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BUILDING A BETTER INDONESIA

Press Release

## SSIA POSTED Rp3,797 BILLION of REVENUE and Rp63 BILLION OF NET INCOME FOR THE FULL YEAR OF 2016

### PT Surya Semesta Internusa Tbk (SSIA) FY16 Financial Highlights

Consolidated Financial Statements Full Year 2016 (in billion Rp)			
	FY16	FY15	YoY
Revenues	3,797.0	4,867.9	-22.0%
Property	659.1	692.3	-4.8%
Construction	2,459.8	3,517.3	-30.1%
Hospitality	677.5	655.0	3.4%
Others	0.6	3.3	
Gross Profit	1,069.0	1,178.9	-9.3%
EBITDA	606.3	767.5	-21.0%
Net Income	62.5	302.5	-79.3%
Comprehensive Income	45.4	291.2	-84.4%
EBITDA Margin	16.0%	15.8%	0.2%
Net Income Margin	1.6%	6.2%	-4.6%
	FY16	9M16	QoQ
Cash and Cash Equivalents	1,520.0	1,535.3	-1.0%
Total Assets	7,195.4	7,283.6	-1.2%
Total Liabilities	3,842.6	3,885.4	-1.1%
Non Controlling Interest	440.9	426.1	3.5%
Equity	2,911.9	2,972.1	-2.0%

## Business Segment Analysis

FY16 in billion Rp	Business Segments			Total
	Property	Construction	Hospitality	
Revenues	659.1	2,459.8	677.5	3,797.0
<i>Segment percentage</i>	<i>17%</i>	<i>65%</i>	<i>18%</i>	<i>100%</i>
Gross Profit	376.9	259.4	432.1	1,069.0
<i>Segment percentage</i>	<i>35%</i>	<i>24%</i>	<i>40%</i>	<i>100%</i>
EBITDA	329.3	207.1*	145.3	606.3
<i>Segment percentage</i>	<i>55%</i>	<i>34%</i>	<i>24%</i>	<i>100%</i>
Gross Profit Margin	57.2%	10.5%	63.8%	28.2%
EBITDA Margin	50.0%	8.4%	21.4%	15.9%

\*Includes income from JO Rp30.9 billion

FY15 in billion Rp	Business Segments			Total
	Property	Construction	Hospitality	
Revenues	692.3	3,517.3	655.0	4,867.9
<i>Segment percentage</i>	<i>14%</i>	<i>72%</i>	<i>13%</i>	<i>100%</i>
Gross Profit	429.7	321.2	429.7	1,178.9
<i>Segment percentage</i>	<i>36%</i>	<i>27%</i>	<i>36%</i>	<i>100%</i>
EBITDA	379.2	344.5*	145.1	767.5
<i>Segment percentage</i>	<i>49%</i>	<i>45%</i>	<i>19%</i>	<i>100%</i>
Gross Profit Margin	62.1%	9.1%	65.6%	24.2%
EBITDA Margin	54.8%	9.8%	22.2%	15.8%

\*Includes income from JO Rp112.3 billion

- SSIA for the full year of 2016 posted a consolidated revenue of Rp3,797.0 billion. The revenue decreased by about 22.0% from Rp4,867.9 billion in FY15. This decline was mainly due to the lower revenue in SSIA's construction business unit by about 30.1%.
- SSIA's managed to improve its gross margin to 28.2% in FY16, a 3.9% higher compared to FY15 gross margin at about 24.2%.
- Meanwhile, the Company FY16 EBITDA stood at Rp606.3 billion, a 21.0% lower from FY15 EBITDA at Rp767.5 billion.
- SSIA's consolidated net income in FY16 reached Rp62.5 billion, a 79.3% lower compared to Rp302.5 billion booked in FY15's. The decline was due to lower net income from all the main business units compared to FY15's. In addition, there was a Rp99.6 billion loss from Equity in Net Earning of Associates (PT Lintas Marga Sedaya - Cipali toll road operator).

## Property

- Throughout 2016, we were facing a generally weak market, however the gradual sales volume from quarter to quarter might indicate a sign of recovery. Industries related to consumption or consumer goods, food and any basic need products would be a driver to the industrial sector.
- Adequate economic growth combined with a more stable and firm government would be a good catalyst to drive industrial business in the future. Given this, we expect to see the continuation of industrial land construction, as well as more enquiries especially related from logistics and consumer goods in 2017. *(source : Colliers 4Q16)*
- SSIA's property unit which consists of industrial estate revenue, maintenance fees, commercials, has booked a revenue of Rp659.1 billion in FY16 or a 4.8% YoY decreased from Rp692.3 billion in FY15.
- The industrial estate unit, which is the Company main business, posted an accounting sales of 33.7 hectares industrial land in FY16 with an average selling price of US\$120.8 per m2 or a total of Rp438.7 billion compared to the industrial land sales in FY15 which stood at Rp676.9 billion. Note that the FY15 accounting sales includes land acquired by PT SLP Surya TICON Internusa ("SLP"), with total land area of 22 hectares land area including existing buildings from PT Suryacipta Swadaya, a wholly owned subsidiary of SSIA, which located at Suryacipta Technopark ("Technopark"). SSIA currently owns 50% of the joint venture "SLP", while Mitsui and TICON each owns 25%. Meanwhile, the land sales backlog by end of FY16 stood at 9.7 hectares with average selling price of US\$119.6 per m2.
- Meanwhile, notes on the land bank progress in Subang, West Java, as of 31 March 2017, SSIA has managed to free up and acquired about 627 hectares. The Company to acquire additional 500ha land in Subang for the year of 2017.
- SLP's FY16 first phase occupancy rate was at 100% with an Average Rental Rate (ARR) of Rp65,000 per m2 per month. Meanwhile SLP has completed construction of second phase of modern warehousing facilities in September 2016. It consists of 12 warehousing units with a total area of 27,648 m2, each unit size is about 2,304 m2. By 31 December 2016, SLP's second phase occupancy rate was at 100% with ARR of Rp65,000 per m2 per month.

## Construction

- During 2016, the execution on six times policy rate cuts, relaxation for second home buyers and final sales tax cut for developers (to 2.5% from previously 5%), and on title transfer, on the acquisition of rights to property (BPHTB), haven't translated into the overall apartment take-up rate, particularly for projects under construction.
- In general, the apartment market demand is likely in line with the economic outlook of Indonesia. Although the economy seems to be in the range of ~5% growth in 2017, there are reasons to believe that it is on track for a stronger growth going forward. The government's investment in infrastructure, the successful tax amnesty program, interest rate cuts and increase in foreign direct investment (FDI) should potentially raise private investments, which in turn, would become a positive catalyst for the growth of the property market, but not in the near term. *(source : Colliers 4Q16)*
- PT Nusa Raya Cipta Tbk ("NRCA"), SSIA's construction unit, for the full year of 2016 recorded a revenue of Rp2,476.3 billion (includes projects within SSIA group), 82.5% from its full year target of Rp3.0 trillion. Its revenue compared to the same period in 2015 decreased by 31.2% from Rp3,600.6 billion. It also managed to book Rp101.1 billion of net profit from January – December 2016.
- NRCA, for the full year 2016 period managed to book new contracts of Rp2,811.3 billion, a 7.0% lower than new contracts achieved in FY15 of Rp3,024.6 billion or 85.2% of NRCA FY16 new contracts target of Rp3.3 trillion. Main projects obtained in 2016

are The Branz BSD, The Rimba Extension, Gedung Pasca Sarjana FK UGM Yogyakarta, Tempo Yogyakarta, Renaissance Nusa Dua, and Hotel & Apartment Tentrem Semarang.

- For FY17, NRCA is targeting new contracts of Rp3.3trillion, with revenue of Rp2.9trillion.
- The Company's toll road Cikopo - Palimanan (Cipali) operator, PT Lintas Marga Sedaya ("LMS"), completed construction works within 30 months with a total investment cost of Rp13.7 trillion. During 2016, LMS managed to reach an average end to end sectional traffic volume of 28,567 vehicles per day, increased by 10.4% from 2015 daily traffic volume of 25,884 vehicles per day.

### **Hospitality**

- SSIA's hospitality business unit booked a revenue of Rp677.5 billion in FY16 compared to Rp655.0 billion in FY15. About 67.5% of total hospitality revenue generated by Gran Melia Jakarta ("GMJ") and Melia Bali hotel ("MBH"). While the remaining were contributed from Banyan Tree Ungasan Resort ("BTUR") and BATIQA Hotels.
- The GMJ occupancy rate for FY16 was at 45.9% from 50.5% in FY15. While the average room rate (ARR) for the full year period of 2016 was around US\$109.2 from US\$116.6 in FY15. Meanwhile MBH occupancy rate in FY16 at 78.0% increased from 71.3% in FY15. The ARR was US\$94.0 in FY16 from US\$96.2 in FY15.
- The BTUR occupancy rate in FY16 was at 65.0% from FY15's occupancy rate of 64.9%. The FY16 ARR was US\$442.0, from US\$486.7 in FY15.
- In 2016, SSIA has launched BATIQA Hotel Palembang on 18 February, BATIQA Hotel Pekanbaru on 26 August, and BATIQA Hotel Lampung on 16 September. The FY16 occupancy rate of BATIQA Hotels which consists of BATIQA Hotel & Apartments Karawang, BATIQA Hotel Cirebon, BATIQA Hotel Jababeka, BATIQA Hotel Palembang, BATIQA Hotel Pekanbaru, and BATIQA Hotel Lampung recorded at 54.3%, while its ARR was at Rp303,507.

## **About PT Surya Semesta Internusa Tbk (SSIA)**

SSIA, formerly known as PT Multi Investments Limited, was established on 15 June 1971, the company then transformed into PT Surya Semesta Internusa ("SSIA") in 1995. SSIA's main businesses are industrial estate development, commercial property, construction & infrastructure services and hospitality.

SSIA's diversified investment portfolio primarily includes Suryacipta City of Industry, Suryacipta Technopark, Graha Surya Internusa (not in operation, to be redeveloped into SSI tower), Gran Melia Jakarta Hotel, Melia Bali Hotel, Banyan Tree Ungasan Resort Bali, and BATIQA Hotels.

For more than 40 years in the property business, SSIA has strengthened its brand recognition and placed it as one of the strongest developer companies in Indonesia. Completing its milestones as a leading company, SSIA recorded its shares at Indonesia Stock Exchange and became a listed company on 27 March 1997. For more information, visit [www.suryainternusa.com](http://www.suryainternusa.com).

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