



Mandiri Investment Forum 2020

Investing in Indonesia: Advancing Investment-Led Growth

JAKARTA

04–07 February 2020

Running for the ninth year, our annual investment forum, co-hosted by Bank Mandiri and Mandiri Sekuritas, and supported by the Indonesia Investment Coordinating Board (BKPM), aims to deliver the opportunity for investors to hear important issues directly from prominent speakers. Our four-day forum comprises of *Macro Day*, *Corporate Day*, and *Pre-conference* site visits, which discuss the investment opportunities and challenges in Indonesia. Our forum last year was attended by 700+ participants, including 120 foreign institutional portfolio investors, with an approximate asset under management of USD 4tn.

Mandiri Investment Forum (MIF) 2020 is an exceptionally strategic event to hear firsthand the policies and programs for the next five years, in particularly after Mr. Joko Widodo has just been re-elected for his second term in power with his running mate Ma'ruf Amin in April 2019. Note that in his first speech after winning, Mr. Joko Widodo has clearly stated that one of the priorities is to boost investment together with other prioritized programs, which are to develop infrastructure, improve the quality of human resources, reform bureaucracy, and improve the quality of the state budget spending.

Therefore, this year's forum will emphasize on elaborating the Government's policy strategy to attract more direct investments. In the Macro Day forum, we will provide insights upon the opportunities and challenges of investing in Indonesia and elaborate business prospects. The Macro Day will give you unprecedented access to presentations by top-notch ministers, central bankers, and business leaders, who will share their views regarding

investment climates, business opportunities, and the latest economic condition in Indonesia and throughout the region.

Thematic trips will be held during the Pre-conference site visits, starting on 4 February, 2020, while the Corporate Day will focus on one-on-one and/or small group meetings between the management of mid/large-cap Indonesian companies, government officials from BKPM, and institutional investors in the following days.

MACRO DAY

Wednesday, 05 February 2020

The five years ahead are crucial for Indonesia, as President Joko Widodo has been elected for the second time. New policies and programs will certainly be implemented by the new administration. However, questions are frequently asked about the detailed policies and programs from Mr. Joko Widodo's 2019-2024 administration. Therefore, we believe that MIF 2020 is a strategic opportunity for investors, the Government, and other stakeholders to communicate with one another to understand what the coming policies and programs are.

As it is widely known that Indonesia should deal with structural economic problems, such as the low manufacturing proportions in both exports and gross domestic products. Consequently, the country has suffered a current account deficit problem for many years, as its export is largely determined by commodity prices.

Therefore, foreign direct investment (FDI) is the key to transform Indonesia's economy to be more industrialized, as well as to boost export. FDI is important, not only to enlarge the production capacity of the manufacturing industry, but also to advance technological capacity and stimulate human capital advancement. However, FDI will enter a country if several requirements are met, such as macroeconomic and political stability, adequate infrastructure, good bureaucratic quality, legal certainty, availability of skilled manpower, and flexible labor market.

The MIF 2020 will emphasize on the strategy to attract more FDI to Indonesia. As our contribution to resolve the existing economic challenges, the Mandiri Investment Forum 2020 is designed as a venue for investors and policy makers to identify the main obstacles of investing in Indonesia as well as formulate strategies to resolve these obstacles. The topics that will be discussed vary from fiscal incentives provided by the Government to attract more direct investment, to monetary policy strategy to boost economic growth, and to policy strategy to improve investment climate.

Furthermore, the MIF 2020 will also discuss the perspectives from both global and domestic companies as well as from existing and potential investors. We expect this forum will be able to formulate effective strategies to attract more FDI to Indonesia, which can subsequently transform the country into an industrialized economy.

List of Invited Speakers - Government Officials

- Luhut B. Pandjaitan, Coordinating Minister for Maritime and Investment
- Sri Mulyani Indrawati, Minister of Finance of the Republic of Indonesia
- Perry Warjiyo, Governor of Bank Indonesia
- Erick Thohir, Minister of State-Owned Enterprises of the Republic of Indonesia
- Director General of Metal, Machinery and Electronic Industry, Ministry of Industry of the Republic Indonesia

List of Invited Speakers

- Gita Gopinath, Chief Economist of the International Monetary Fund (IMF)
- Neeraj Seth, Managing Director and Head of Asian Fixed Income, BlackRock
- Oliver Tonby, Chairman of Mckinsey Asia, Singapore
- Chatib Basri, Former Minister of Finance and Chairman of Advisory Board Mandiri Institute
- Eric Vaillier, President Director of PT Multistrada Arah Sarana Tbk.
- Simon Lacey, Lead of International Trade and Investment Risk Mitigation, Huawei, China
- Andrew Powell, Managing Director, PT Bosch Indonesia
- Lee Kang Hyun, CEO Samsung Indonesia
- Keishi Suzuki, President Director of JETRO (Japan External Trade Organization) – Jakarta Office
- Amit Mohta, Head of Procurement, Unilever-Asia, Singapore
- Lee Chang Hyun, Chief Representative Director of LG International
- Corinne Tap, Country CEO Danone Indonesia
- Warih Andang Tjahjono, President Director, PT Toyota Motor Manufacturing Indonesia
- Kazuhiro Tsuga, CEO Panasonic, Indonesia
- Shinta Kamdani, Indonesia Chamber of Commerce, Indonesia

The Agenda of the Macro Day, 05 February 2020
Ballroom, Fairmont Hotel - Jakarta

07.30 – 08.30 60' Registration

08.30 – 08.40 10' **Welcoming Remarks**

Sulaiman A. Arianto, **Deputy President Director Bank Mandiri**

08.40 – 09.25 45' **Keynote Address I**

"Refining Fiscal Incentives to Attract More Direct Investments"

Sri Mulyani Indrawati, Minister of Finance of the Republic of Indonesia

Tax incentives are definitely crucial to attract more FDI. Basically, the incentives should be designed to make the return on investment in Indonesia higher than its neighboring countries. We see that the Government has provided some tax incentive policies to make investment in Indonesia attractive. For examples, the Ministry of Finance (MoF) Regulation No. 150/PMK.010/2018 has provided a 100% tax exemption with minimum investment value of IDR 100 billion; Government Regulation No.45/2019 for tax allowance policy; and MoF Regulation No. 76/2012 for Import Duty Exemption. Further, the Government's fiscal policy, including its spending and taxation policies, is also essential to boost economic growth, in particular to act as a fine-tuning policy to counter-balance the business cycle. We believe that the Government's fiscal policy is an important sign for investors to recognize which type of investment that the Government expects in the coming years in order to accelerate economic growth.

This session will focus on discussing the Government's tax incentive program to attract FDI for the next five years. Which sectors, types of companies, kinds of business activities, and locations will get priority to have tax incentives? Further, the session will also focus on discussing on questions: what are the spending and revenue policy strategies in order to make fiscal policy more effective and efficient?

Moderator: M. Chatib Basri, Chairman of Advisory Board Mandiri Institute

09.25 – 10.10 45' **Keynote Address II**

"Indonesia's Monetary Policy Strategy to Support Economic Growth under Uncertain Global Environment"

Perry Warjiyo, Governor of Bank Indonesia

Monetary policy is always a challenge amid the volatile external condition, as the central bank has to balance between stability and economic growth. Rising global downside risk due to the trade war saga between the US and China has dragged down the world economy into an uncertain environment. Currently, Bank Indonesia has navigated the country through financial turbulence while also at the same has supported growth momentum. Bank Indonesia has cut the reserve requirement ratio by 50 bps in June 2019 and slashed the 7-Days Reverse Repo rate for the third time in a row to 5.25% during July–September 2019, then followed by a series of macro prudential loosening. The question now: what is the fine line to say the implementation of accommodative policies is sufficient for economic growth?

This session will focus on elaborating the policy strategy that Bank Indonesia will take to balance between the two goals of achieving economic stability and economic growth under the global economy uncertainty.

Moderator: M. Chatib Basri, Chairman of Advisory Board Mandiri Institute

10.10 – 10.40 30' **Keynote Address III**

"The US Economic Outlook & Monetary Policy Direction in 2020"

Gita Gopinath, Chief Economist of the International Monetary Fund (IMF)

An intensifying discussion on the latest condition of the US economy raises a concern whether the US has stabilized or instead has slowed down. At the same time, the Fed has signaled to be more accommodative as a response of the rising global risk, reflected by the cut on its policy rate to 2.25% in 31 July 2019. On the other hand, further cut on the *Fed Fund Rate* could spark market volatility, especially for emerging countries.

This session will focus on discussing the US economic prospect in the upcoming years, especially heading toward the US election; whether economic growth is stabilizing or slowing down. What will the Fed policy direction be? What is the outlook for the US in 2020?

10.40 – 11.40 60' **Panel I: "Global Growth: Anticipating for Another Economic Deceleration?"**

The global economy is challenged by the slowing down and even possible recession of the US economy, trade war between the US and China, Brexit, and other geopolitical conflicts in the Middle East and Korean peninsula. Global economic growth is likely to be lower in 2020, referring to IMF and World Bank forecasts. As to the trade war, it likely implies lower trade volume affecting lower economic growth in the US and China as well as the other countries, including emerging countries such as Indonesia. So, the possible slowing down or even recession of the US economy together with trade war between the US and China definitely impacts emerging countries through both trade and financial channels.

The discussion will focus on the outlook of global economy considering the possible deceleration in the US fueled by the prolonged trade war between the US and China. The discussion will also focus on the strategy of emerging economies to anticipate the weakening of global economic growth, trade war, and the change of global monetary policy direction.

List of speakers:

- Gita Gopinath, Chief Economist of the International Monetary Fund (IMF)
- Neeraj Seth, Managing Director and Head of Asian Fixed Income, BlackRock (*confirmed*)
- Oliver Tonby, Chairman of Mckinsey Asia, Singapore (*confirmed*)
- Chatib Basri, Former Minister of Finance and Chairman of Advisory Board Mandiri Institute (*confirmed*)

Moderator: Andry Asmoro, Chief Economist Bank Mandiri

11.40 – 12.50 70' **Panel II: "Investing in Indonesia: Global Players' Perspective"**

Compared to its neighboring countries, FDI to Indonesia is still below Malaysia's, Thailand's, and Vietnam's. As an illustration, Indonesia FDI to GDP only reached 1.9% of GDP, lower than average peers at around 3%. This data raises an important issue of why Indonesia was not able to attract more FDI than its neighboring countries. The reasons may be related to investment climates, connectedness to the global supply chains, labor market condition, availability of infrastructures, logistic costs, and others. Accordingly, it is important to navigate the investment opportunities in Indonesia in the regional map, considering not only Indonesia's market opportunity, labor, and resource availability, but also its investment obstacles.

This session will focus on global companies' perspectives concerning the investment opportunities and climate in Indonesia in comparison to other countries. The main question is elaborating the factors determining the decision to invest (or not) in a particular country, as well as the policies that should be implemented by the Government to attract broader investment opportunities.

List of speakers:

- Eric Vaillier, President Director, PT Multistrada Arah Sarana Tbk. (*confirmed*)
- Lee Kang Hyun, CEO Samsung Indonesia
- Andrew Powell, Managing Director, PT Robert Bosch (*confirmed*)
- Simon Lacey, Lead of International Trade and Investment Risk Mitigation, Huawei, China (*confirmed*)

Moderator: Andry Asmoro, Chief Economist Bank Mandiri

12.50 – 14.00 70' Lunch & Press Conference

14.00 – 14.30 30' **Keynote Address IV**

"Government Policy to Improve Better Investment Climates"

Luhut B. Pandjaitan, Coordinating Minister for Maritime and Investment

Indonesia may be a potential country for FDI because of several reasons, such as a large market, growing income per capita, availability of labor, abundant natural resources, and its geographical strategic position in the region. However, we believe these are not enough, as other countries in the region are stepping up their game plan to improve their investment climates and integrate their industry with the global value chain. In other words, Indonesia has to compete with other countries in the region in attracting FDI. Meanwhile, other countries may also endeavor toward the same goal.

This session will focus on elaborating what new government policies can improve the investment climate in order to attract more direct investment in Indonesia.

14.30 – 15.40 70' **Panel III: "Investing in Indonesia: Lesson Learned from the Existing Players"**

In the first term of Mr. Joko Widodo's presidency, 16 economic policy packages in tax, labor, and trade have been issued to improve the business environment, and so to attract more investment. These reform packages are still important to be continued to improve investment and the business climate in Indonesia. Fortunately, macro indicators may indicate that investment and the business environment climate seem to be better. For example, the *World Bank Doing Business Index* shows Indonesia's ranking position has increased to 73 in 2019 from 120 in 2014. Meanwhile, logistic cost has decreased to 23.5% in 2017 from 26.6% in 2013, and dwelling time has decreased to 3.5 days in 2018 from

8 days in 2013. However, there may exist a gap between the government policy effectiveness and the expectation of businessmen concerning the business climate in Indonesia in terms of attracting more investment.

This session will elaborate experiences from existing companies that have been operating in the medium to long term periods in Indonesia. Subsequently, the session will discuss what needs to be done to improve the investment climate in Indonesia to attract more investment.

List of speakers:

- Corinne Tap, Country CEO of Danone Indonesia (*confirmed*)
- Lee Chang Hyun, Chief Representative Director of LG International (*confirmed*)
- Amit Mohta, Head of Procurement, Unilever-Asia, Singapore (*confirmed*)
- Keishi Suzuki, President Director of JETRO – Jakarta Office (*confirmed*)

Moderator: Silvano Rumantir, SEVP Bank Mandiri

15.40 – 16.10 30' **Keynote Address V**

"Elevating State-Owned Enterprises to Become Global Players"

Erick Thohir, Minister of State-Owned Enterprises of the Republic of Indonesia

State-owned enterprises (SOEs) have played important roles to support domestic economy and to assist government for public value creation. In Indonesia, SOEs deliver critical services in key economic sectors such as finance, transportation, and natural resources. Recently, the role of SOEs has been increasingly significant in executing infrastructure projects which could not be solely done by private sectors. While number of reforms has been implemented, the government is able to maintain the positive trajectory of total assets and profit of the companies. This shows SOEs has become more competitive against their private-sector counterparts in domestic market. This also indicates the right time for SOEs to explore overseas market and to be more integrated to the global economy. By exporting and investing to other countries, SOEs will obtain access of new technology and potential market to level up its competitiveness.

This session will focus on elaborating the strategies of government to push SOEs competing in regional and global market.

16.10 – 17.20 70' **Panel IV: "Promoting Export-Oriented Investment"**

To achieve higher and more sustainable economic growth in the future, Indonesia should strengthen its manufacturing sector. In particular, Indonesia should promote its export-oriented industry to not only aim at achieving higher economic growth but also at reducing the current account deficit. Several strategies should be taken to advance the manufacturing industry in Indonesia, such as to improve the quality of infrastructures (e.g., roads, highways, ports, and airports) and the quality of institutions (e.g., bureaucratic quality, legal enforcement, the combating of corruption, and law quality). All of these improvements may facilitate toward higher competitiveness for Indonesia's manufacturing industry in the global market. In addition, connecting Indonesia's manufacturing industry to the global value chain is an essential strategy to promote an export-oriented manufacturing industry.

This session will focus on discussing manufacturing industries that should be advanced to promote export, given the availability of resources and the constraints. It will also discuss

the Government's strategies to accelerate the development of these industries, including strategies to link these industries into the global supply chain.

List of speakers:

- Warih Andang Tjahjono, President Director, PT Toyota Motor Manufacturing Indonesia (*confirmed*)
- Kazuhiro Tsuga, CEO Panasonic, Indonesia
- Shinta Kamdani, Indonesia Chamber of Commerce, Indonesia
- Director General of Metal, Machinery and Electronic Industry, Ministry of Industry of the Republic Indonesia

Moderator: Dendi Ramdani, VP Bank Mandiri

17.20 – 17.35 15' **Closing Remarks**

Sulaiman A. Arianto, **Deputy President Director Bank Mandiri**

CORPORATE DAY

06–07 February 2020

This segment of the conference will focus on one-on-one and/or small group meetings between the management of large and mid-cap Indonesian companies and institutional investors. This will include a sub-event of presentations from private companies, including state owned, to share the view of their businesses amid their preparation in going public.

Further, we will arrange one-on-one and/or small group meetings between government officials from BKPM and (global and domestic) companies and potential investors who are interested in asking and discussing about many issues concerning investing in Indonesia, such as OSS (*online single submission*) and others.

List of Invited Public and Private Companies

No.	Company	Ticker	Sector
1	PT Ace Hardware Indonesia Tbk	ACES:IJ	Retail
2	PT Adhi Karya (Persero) Tbk	ADHI:IJ	Construction
3	PT AKR Corporindo Tbk	AKRA:IJ	Trade
4	PT Aneka Tambang Tbk	ANTM:IJ	Metal Mining
5	PT Astra Agro Lestari Tbk	AALI:IJ	Plantation
6	PT Astra International Tbk	ASII:IJ	Automotive
7	PT Bank Central Asia Tbk	BBCA:IJ	Banking
8	PT Bank Mandiri (Persero) Tbk	BMRI:IJ	Banking
9	PT Bank Negara Indonesia (Persero) Tbk	BBNI:IJ	Banking
10	PT Bank Rakyat Indonesia (Persero) Tbk	BBRI:IJ	Banking
11	PT Bank Tabungan Negara (Persero) Tbk	BBTN:IJ	Banking
12	PT Blue Bird Tbk	BIRD:IJ	Transportation
13	PT Bukit Asam Tbk	PTBA:IJ	Coal Mining
14	PT Bumi Serpong Damai Tbk	BSDE:IJ	Property
15	Capsquare-Asia Partners Ltd (PT Champ Resto Indonesia)	Private Co.	Retail
16	PT Charoen Pokhpand Tbk	CPIN:IJ	Poultry
17	PT Ciputra Development Tbk	CTRA:IJ	Property
18	PT Garudafood Putra Putri Jaya	GOOD:IJ	Consumer
19	PT HM Sampoerna Tbk	HMSP:IJ	Consumer-tobacco
20	PT Indocement Tunggul Prakarsa Tbk	INTP:IJ	Cement
21	PT Indofood Sukses Makmur Tbk	INDF:IJ	Consumer
22	PT Indoritel Makmur International Tbk	DNET:IJ	Retail
23	PT Indotambang Raya Megah Tbk	ITMG:IJ	Coal Mining
24	PT Jasa Marga (Persero) Tbk	JSMR:IJ	Toll Road
25	PT Kalbe Farma Tbk	KLBF:IJ	Pharmaceutical
26	PT Lippo Karawaci Tbk	LPKR:IJ	Property
27	PT MAP Aktif Adiperkasa Tbk	MAPA:IJ	Retail
28	PT Matahari Department Store Tbk	LPPF:IJ	Retail
29	PT Medco Energi International Tbk	MEDC:IJ	Oil & Gas
30	PT Medikaloka Hermina Tbk	HEAL:IJ	Health Care/Hospital
31	PT Merdeka Copper Gold Tbk	MDKA:IJ	Mining
32	PT Mitra Adiperkasa Tbk	MAPI:IJ	Retail
33	PT Mitra Keluarga Tbk	MIKA:IJ	Health Care/Hospital
34	PT Nippon Indosari Tbk	ROTI:IJ	Consumer
35	PT Pakuwon Jati Tbk	PWON:IJ	Property
36	PT Pembangunan Perumahan Tbk	PTPP:IJ	Constructions
37	PT Pertamina (Persero)	State-owned Company	Oil & Gas
38	PT Perusahaan Gas Negara Tbk	PGAS:IJ	Oil & Gas

39	PT Perusahaan Listrik Negara (Persero) Tbk	State-owned Company	Infrastructure - Power
40	PT Puradelta Lestari Tbk	DMAS:IJ	Property
41	PT Ramayana Lestari Tbk	RALS:IJ	Retail
42	PT Sarana Menara Nusantara Tbk	TOWR:IJ	Tower Telecommunication
43	PT Sarimelati Kencana Tbk	PZZA:IJ	Consumer
44	PT Semen Indonesia (Persero) Tbk	SMGR:IJ	Cement
45	PT Sido Muncul Tbk	SIDO:IJ	Consumer
46	PT Siloam International Hospitals Tbk	SILO:IJ	Health Care/Hospital
47	PT Sumber Alfaria Trijaya Tbk	AMRT:IJ	Retail
48	PT Surya Citra Media Tbk	SCMA:IJ	Media
49	PT Telekomunikasi Indonesia Tbk	TLKM:IJ	Telecommunications
50	PT Tower Bersama Infrastructure Tbk	TBIG:IJ	Infrastructure - Power
51	PT Unilever Indonesia Tbk	UNVR:IJ	Consumer
52	PT United Tractors Tbk	UNTR:IJ	Heavy Equipment
53	PT Vale Indonesia Tbk	INCO:IJ	Mining
54	PT Waskita Karya (Persero) Tbk	WSKT:IJ	Construction
55	PT Wijaya Karya (Persero) Tbk	WIKA:IJ	Construction