

INTRODUCTION – FERROSTAAL GROUP INDONESIA

Geschäftsreise Indonesien 02.-05. Nov 2014 |

Bau-, Aufbereitungs- und Spezialmaschinen



Ferrostaal

Competence set - more than the sum of its parts



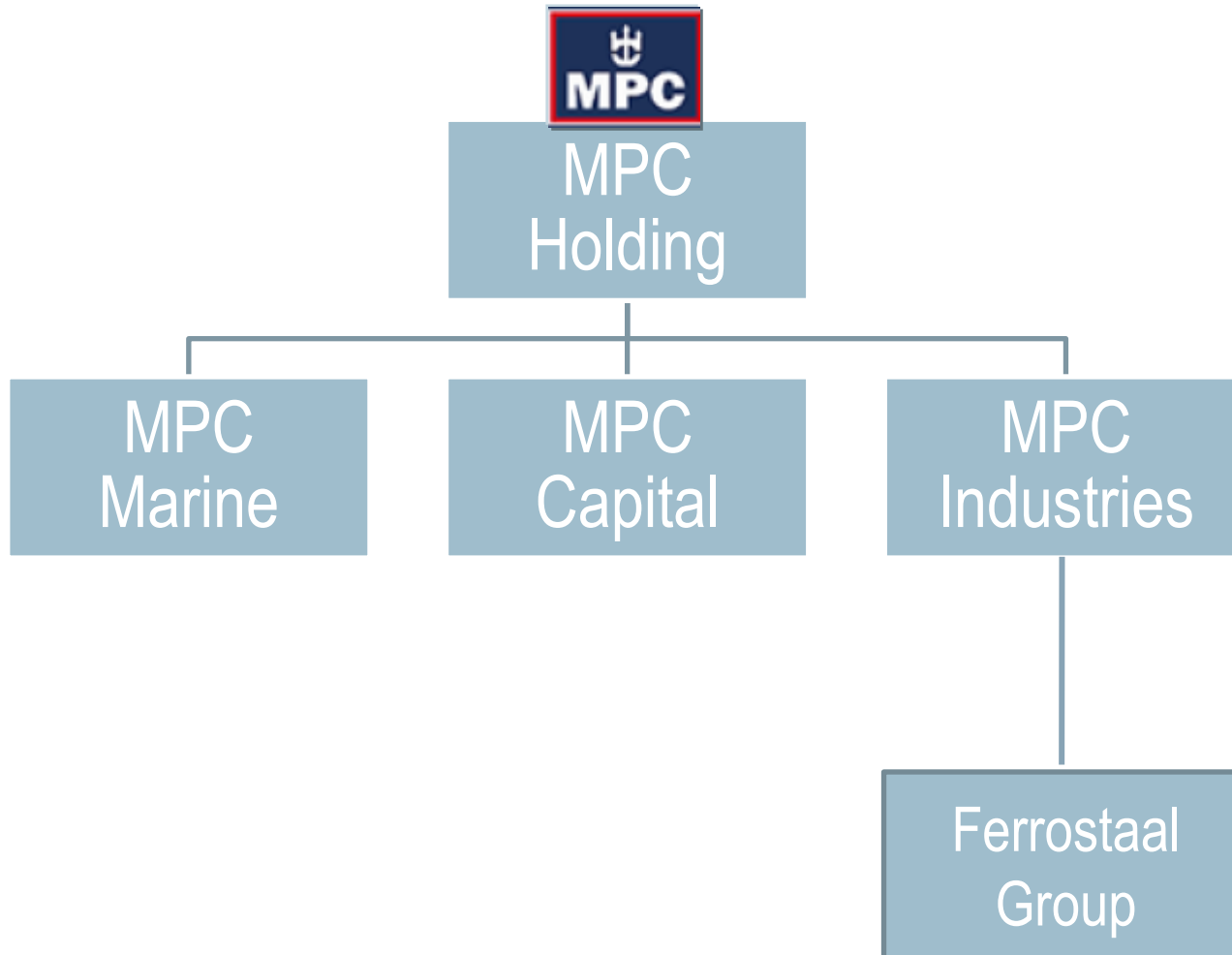
www.ferrostaal.com
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***Providing Industrial Services in Indonesia,
from Project Feasibility Work to Financing
and Maintenance of Industrial Plants***

- 1 Company Introduction
- 2 Industrial Service Provider
- 3 Opportunities & Challenges in Indonesia
- 4 Positioning of German Machinery Industry

MPC Group Structure



Ferrostaal Corporate Identity

Ferrostaal is a global industrial service provider with financing competence. Our company act as a **project developer** and provider of EPC services for **industrial plants**, as well as being a **sales and service partner** for various industrial machinery.

Our clients and partners profit from the overall strength of the Ferrostaal Group and our **international presence**.

With companies in around **40 countries** we are one of the best positioned industrial service providers in the world. Around **3,600 employees** provide the on-location ties that link our industrial expertise and financing competence to our clients.

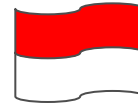


Our Experience – Your Advantage

Milestones in the company’s history

1920 Ferrostaal N.V. founded in The Hague (NL) as a commercial trading company for steel products

1930-1934 Entry into the Essen Commercial Registry as "Ferrostaal AG". Establishing foreign offices in India, Argentina, Uruguay, Peru and Chile as well as sales offices in New York and Shanghai



2007 Largest petrochemical order in Ferrostaal’s history

1991 First petrochemical plant in Trinidad and Tobago

2010 - 2012 Expansion of activities in North Africa, Asia and UAE

1934 -1960 Expansion of sales organizations to cover Bolivia, Ecuador, Columbia, Brazil and Venezuela. Start-up of operations in China, Greece, Turkey and Iran.

1996 Establishment of services for the automotive industry

2012 Takeover by MPC Industries

1926 The Gutehoffnungshütte steelworks acquires shares in Ferrostaal N.V.

1963 First large scale projects for the petrochemical industry in Venezuela and Chile

2008 - 2009 Large scale orders for power plants in Trinidad and Venezuela

Ferrostaal Group Structure & Business Divisions



Ferrostaal Industrial Projects

Focus on Petrochemicals, Renewable Energy and Other Industrial Plants:

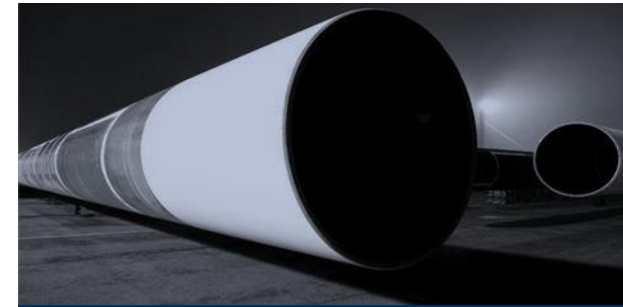
- Project Development
- EPC Services
- Financing



Ferrostaal Industrieanlagen

Focus on Oil & Gas and Defence Industry:

- Project Development
- EPC Services
- Financing



Ferrostaal Piping Supply

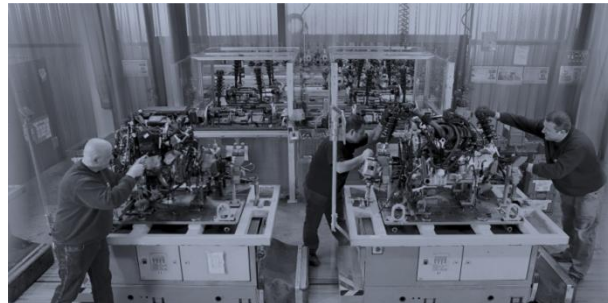
- Global trading network
- Warehouse & Logistic services
- Consulting & Financing



Ferrostaal Equipment Solutions

Focus on Environmental / Recycling machinery, Packaging and Tooling machinery:

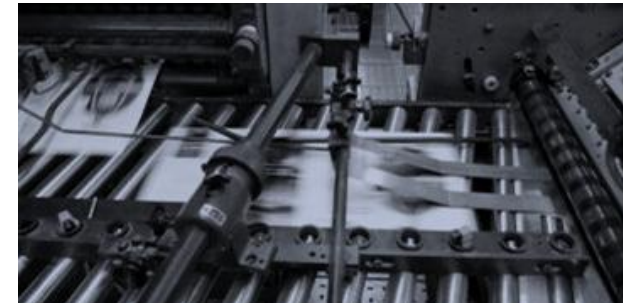
- Distribution & After Sales Services
- Financing



Ferrostaal Automotive

Supply-Chain-Management for the Automotive Industry:

- Process Development & Engineering
- Assembly & Just-In-Sequence delivery



Intergrafica Print & Pack

Focus on Graphic Arts Industry:

- Distribution & After Sales Services
- Consumables sales
- Financing

In a nutshell:

+40 years presence in Indonesia

Trading platform with extended Project Management teams

Experience team specifically for mining / metals industry

EPC / construction business license (grade 7)

Warehousing for spare parts and consumables for our clients

Dedicated service teams across our network of branches (Jakarta, Bandung, Surabaya, Semarang)

>50% of revenue supported with financing arranged for our clients





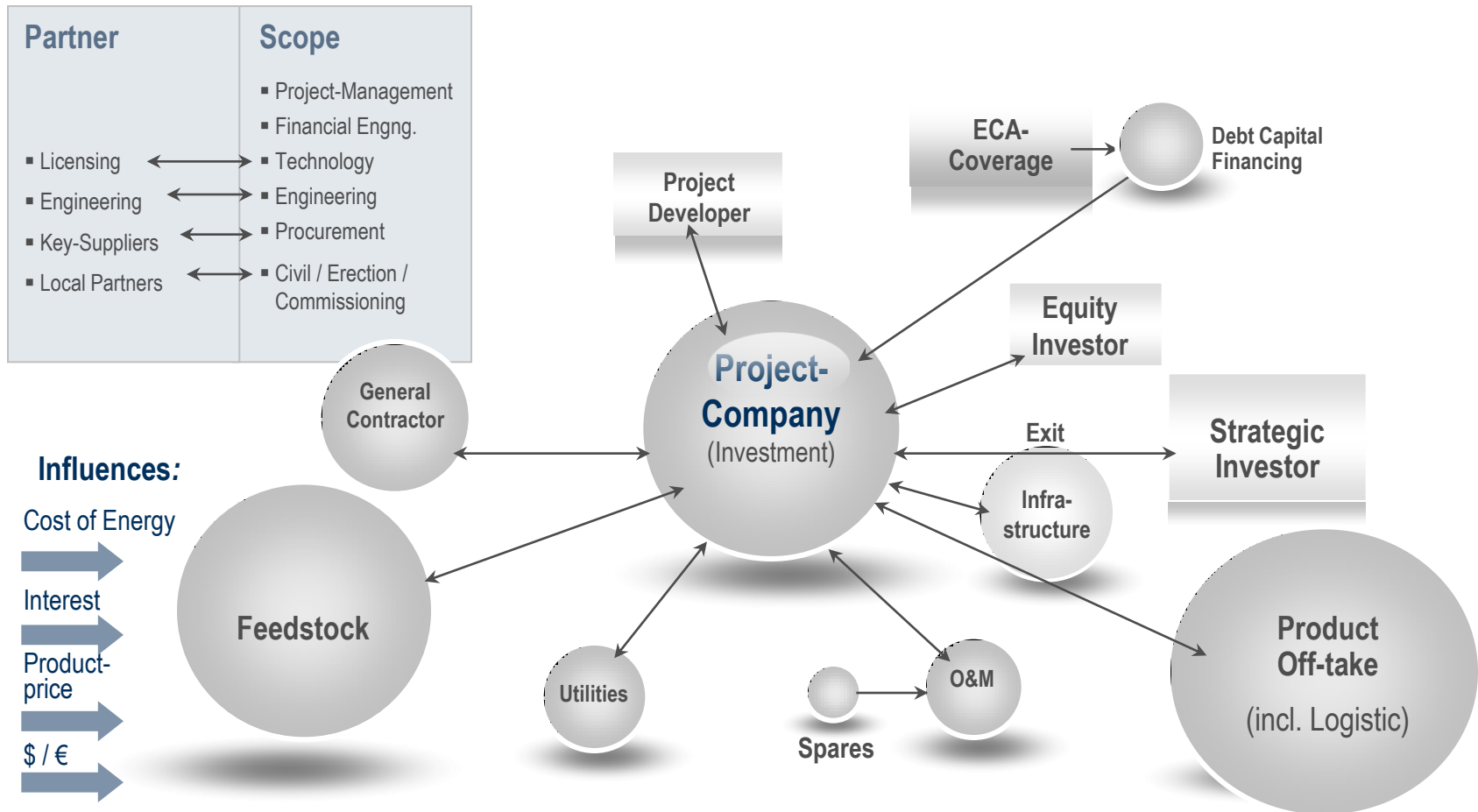
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- **Project Development Capabilities**
- **Project Management Capabilities**
- **Financing Capabilities**
- **Trading Solutions (Distribution, Installation, Technical Service)**

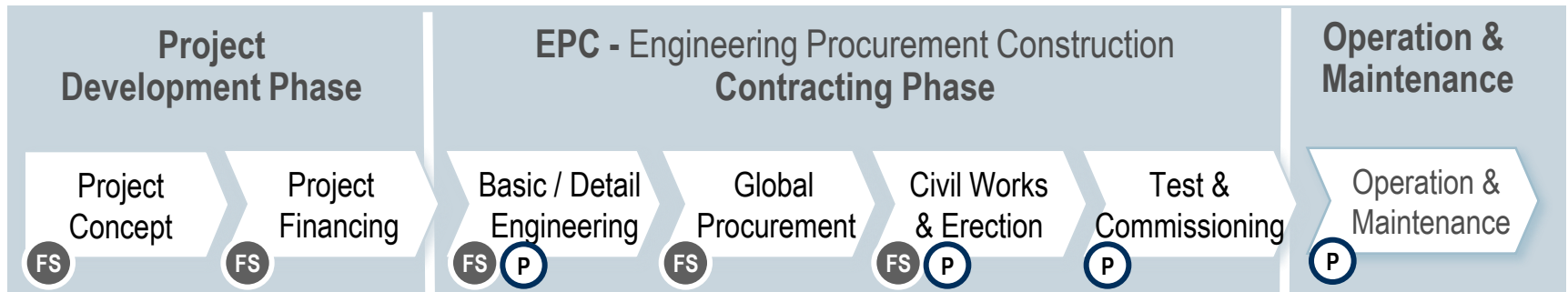
Ferrostaal integrates the individual stakeholders into the projects and optimizes the lifecycle



Project Management

Realisation and Principle Value Chain

Legend: **FS** Managed by Ferrostaal
Provided by Ferrostaal **P** Managed by Ferrostaal
Provided by reliable partners



Ferrostaal is managing the entire Value Chain of Large Scale Projects in various industries



Alternative Project Approach

Project Development

Criteria - Strategic investment and long term commitment through:

- Integration of partners and systems
- Structuring of a special purpose company
- Tailor made financing solutions

Examples:

Methanol – Trinidad and Oman
Refinery Operations – Chile

Methanol Plant in Bintuni / West Papua

Nickel Smelter in Sulawesi



Selective Tender Business

Criteria - Significant competitive advantages through:

- Country know-how
- Local partner networks
- EPC experience
- Construction competence

Examples:

Delayed Coker – Chile
Fertilizers – Venezuela

> 70 Projects in Indonesia since 1983

Trading Solutions

As a manufacturer independent sales and services partner we operate our own **distribution and technical service teams globally**. The machinery supplied and serviced for our customers cover a number of industries, with a focus on the **Graphic Industry, Food and Packaging, Recycling and Minerals/Metals Processing (incl Construction & Building Materials)**, as well as the Railway sector.

Our Trading Solutions Business in Indonesia provides **system solutions** where a larger extent of project coordination is required and **local supply components** could be added to the overall offering.





Tailor-made Financing Solutions

Our customer can count on us for tailor-made and reliable financing solutions for machinery lines, as well as product-neutral concepts for project and export financing.

Thanks to our structured solutions for export financing and our willingness to assume responsibility for procurement and logistic activities, we make it possible for our clients to expand their businesses worldwide.

Following financing solutions can be structured:

- Export Finance (ECA covered)
- Limited Recourse Project Financing (on-balance)
- Non-recourse Project Financing (off-balance)
- Financial lease (on-balance)
- Operational Lease (off-balance)

Trade Finance Deal of the Year: CCC Machinery receives Award

- **Housing project "Villa Residencial Maquis"**

A total of **33,000 homes for civil war veterans** of all parties, together with the necessary infrastructure, are to be built in several phases on approximately 1,500 hectares of land on the outskirts of the Angolan capital, Luanda

- The total **order volume of the project amounts to EUR 52.6 million**. CCC Machinery was commissioned with **supplying the machinery and construction elements for the production facility of the pre-fabricated homes by means of export financing**

- The factory is expected to start operation in February of 2015. **Pre-fabricated components for the houses can then start to be manufactured in Luanda**



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Full of Opportunities...BUT...

- Indonesia sustained the global financial crisis relatively smoothly, as the result of its strong reliance on **domestic consumption** as a catalyst for economic growth
- Solid growth expected to continue, supported by a rising middle-class with **favourable demographics**
- **Low ,per-capita‘ consumption** of daily goods/consumables (chemicals, energy, metals, etc)
- Being the **largest economy in Southeast Asia** and maintaining membership within the G-20
- Recent upgrading to **,investment grade‘** opening doors to a wider range of funding- and financing sources

Economy

- *1st in Southeast Asia*
- *4th in East Asia*
- *15th in the World*
- *GDP 1.3 Trill USD*
- *GDP per capita at >5.000 USD*
- *Doubled its GDP since Asian Financial Crisis*
- *State debt < 20% of GDP*

Industry

- *Construction / Manufacturing / Nat.resource industries (share of GDP)*
42% in '99 → > 52% in '13
- *Upon global leaders (in % of global production)*
Tin 27%, Nickel 15%, Copper 6%, Coal 4%, Oil & Gas 1.5%
- *Electrification rate only 65% (vs Thailand 87%, Malaysia 97%)*

Population

- *245 Mio Population (4th largest, after China, India, US)*
- *Urbanization rate 40% in '99 → >55% in '13*
- *Median Age = 28 years*
- *Favorable demographics, with a low 'dependency rate'*



Solid GDP growth, supported by favorable demographics & strong domestic demand,
Government pushing for higher industrialization,
Increasing urbanization and growing middle-class



Lack of infrastructure and electrification,
High export orientation in natural resource sector,

Not sufficient skilled work force,
Lack of policy making (in 2013, only 25% of the planned policies have been issued by the Government)

CHALLENGES	OPPORTUNITIES
<i>Labour cost increase</i>	
<i>Competition over “good” employees</i>	<i>Strong domestic feedstock base (all basic commodities)</i>
<i>High entry cost / efforts</i>	<i>(Comparably) stable environment (Social / Political)</i>
<i>Corporate Governance (Corruption / Efficiency)</i>	<i>Gol shifting budgets from ‘fuel subsidies’ towards infrastructure investments</i>
	<i>From ‘consumer-market’ towards ‘manufacturing-market’</i>



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Positioning of German Industry

Our Image (?)

- Technological Leadership
- Environmental friendly
- Loyal, long-term partners
- “Over designing”
- “Expensive”

Our Positioning (?)

- Weak overall trade balance (see e.g. Japanese leverage)
- “We need a comprehensive market strategy” (vs. “we fix it on the way”)
- In the center of Asian Competition (China, Asean)
- Failure of low-cost purchasing strategy
- Rising labour cost driving for automatisisation

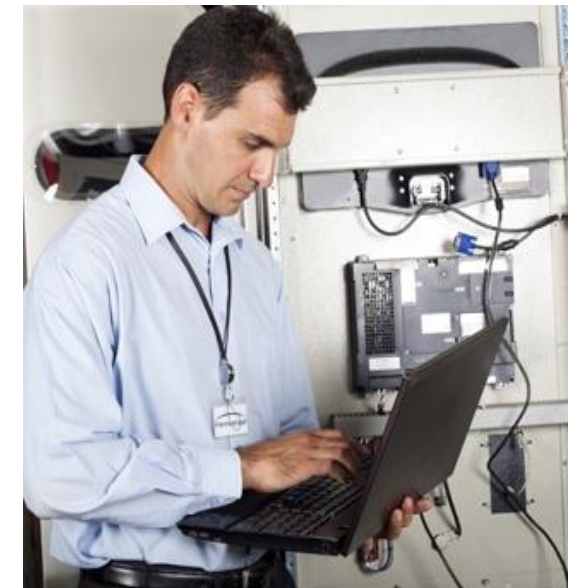


HOW CAN YOU (WE) SUCCEED ?

- **COORDINATION**
 - Ekonid, others

- **COOPERATION**
 - B2B platforms

- **INTEGRATION**
 - Integrated offerings and strong market presence



Turning Ideas into Reality.

PT. Ferrostaal Indonesia

Gedung Menara Jamsostek
Menara Utara Lantai 23
Jl. Jend. Gatot Subroto Kav. 38
Jakarta 12710 - Indonesia

Phone : +62-21-2966 6869

Fax : +62-21-2966 6878

www.ferrostaal.com

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