



invest in
remarkable
indonesia

An aerial photograph of the Jakarta skyline at dusk or dawn, featuring a prominent blue glass skyscraper (The Pacific 101) in the center. The city is densely packed with various high-rise buildings, and a river is visible on the left side. The sky is filled with soft, wispy clouds, and the overall lighting is warm and golden.

INVEST IN INDONESIA

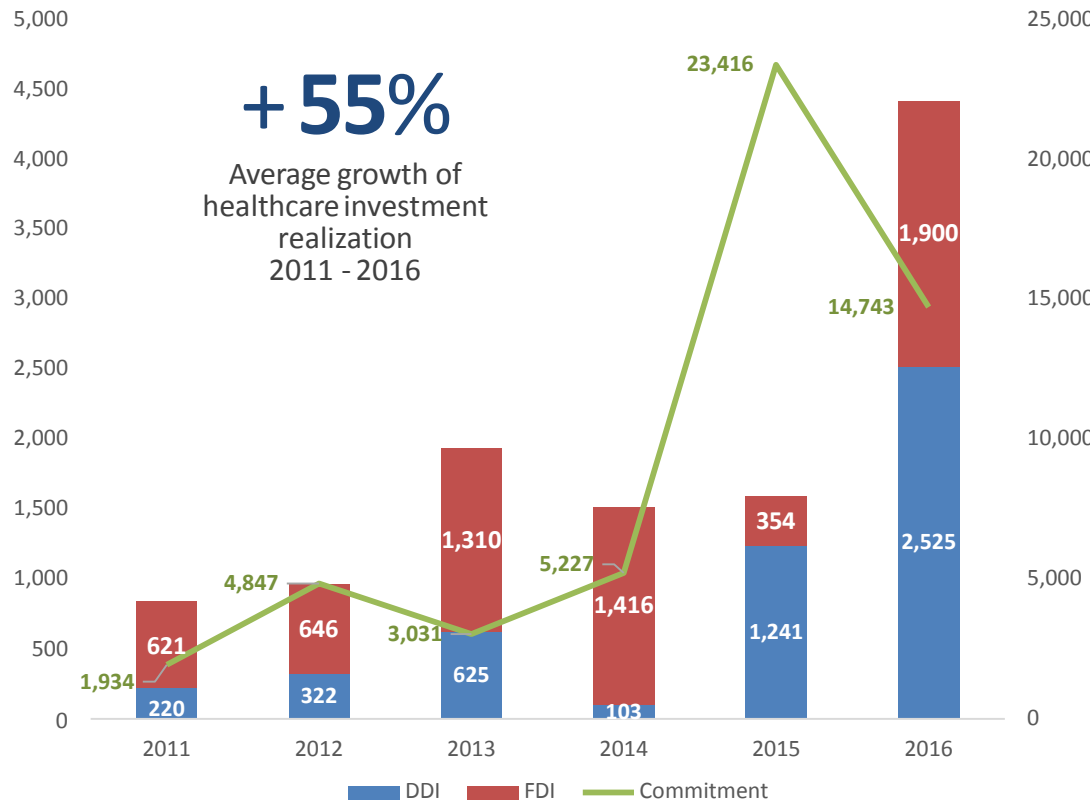
Investment Opportunity in Healthcare Sectors

Growing fast

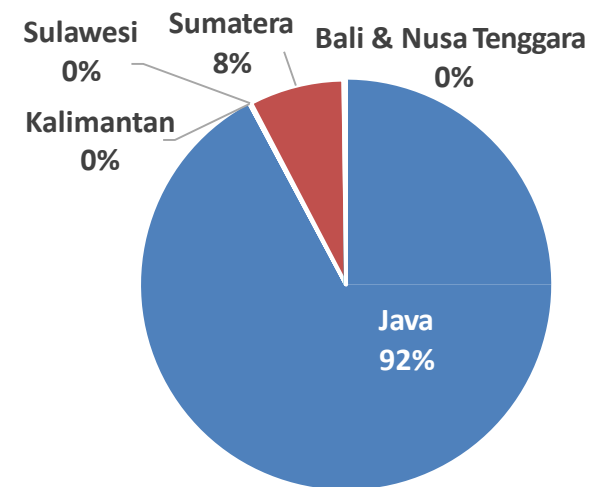
Healthcare Investment Commitment & Realization (IDR Billion)

+ 55%

Average growth of
healthcare investment
realization
2011 - 2016



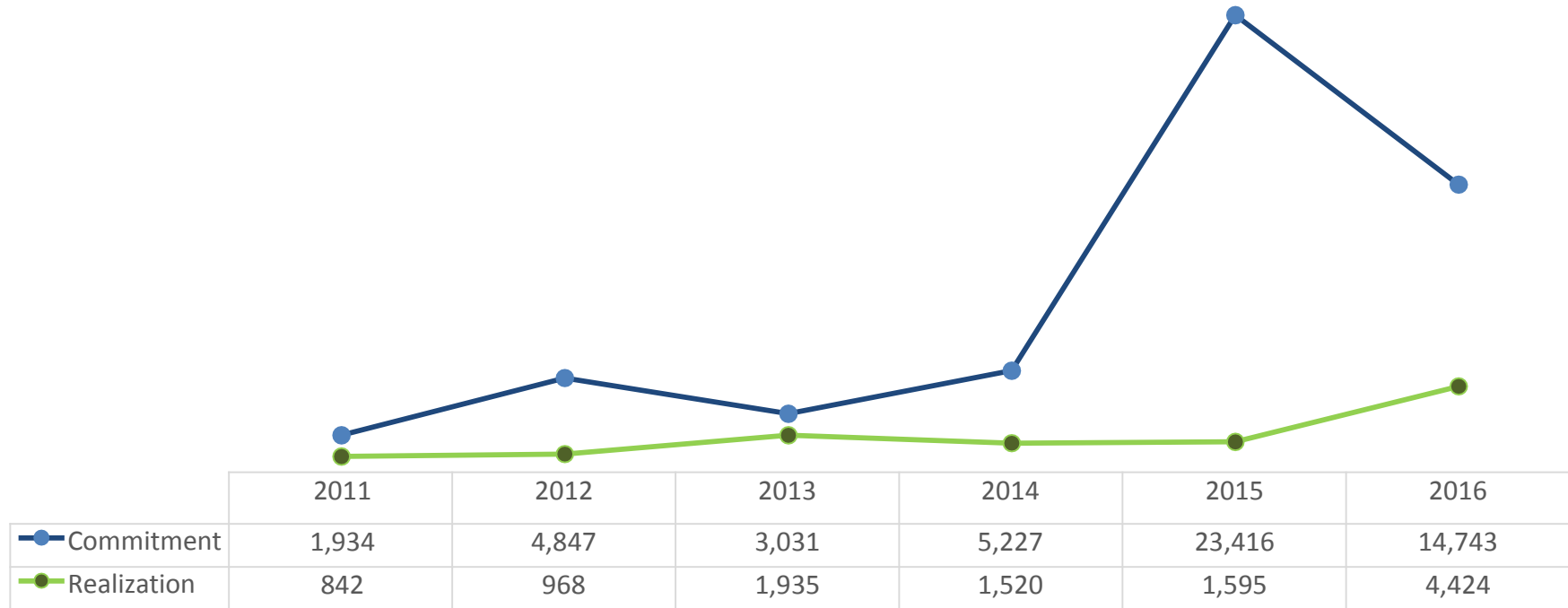
Healthcare Investment Realization Location Spread 2011 - 2016



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Growth	15%	100%	-21%	5%	177%



Investment Commitment and Realization (2011-2016)



Investment Commitment (IDR Billion)

	2011	2012	2013	2014	2015	2016
DDI	482	3,365	1,747	3,986	22,020	13,877
FDI	1,453	1,482	1,284	1,240	1,397	866
Total	1,934	4,847	3,031	5,227	23,416	14,743

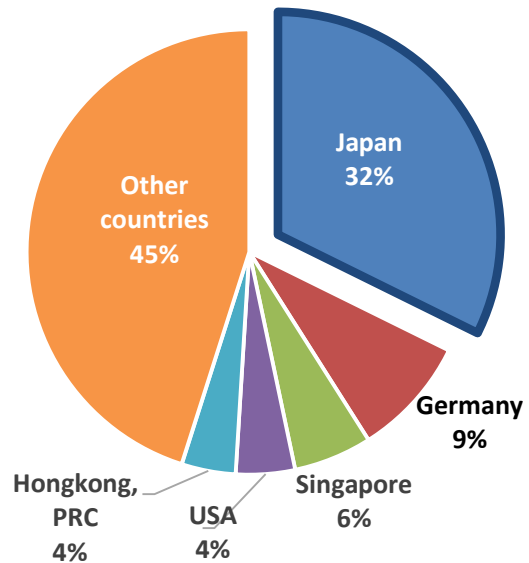
Investment Realization (IDR Billion)

	2011	2012	2013	2014	2015	2016
DDI	220	322	625	103	1,241	2,525
FDI	621	646	1,310	1,416	354	1,900
Total	842	968	1,935	1,520	1,595	4,424

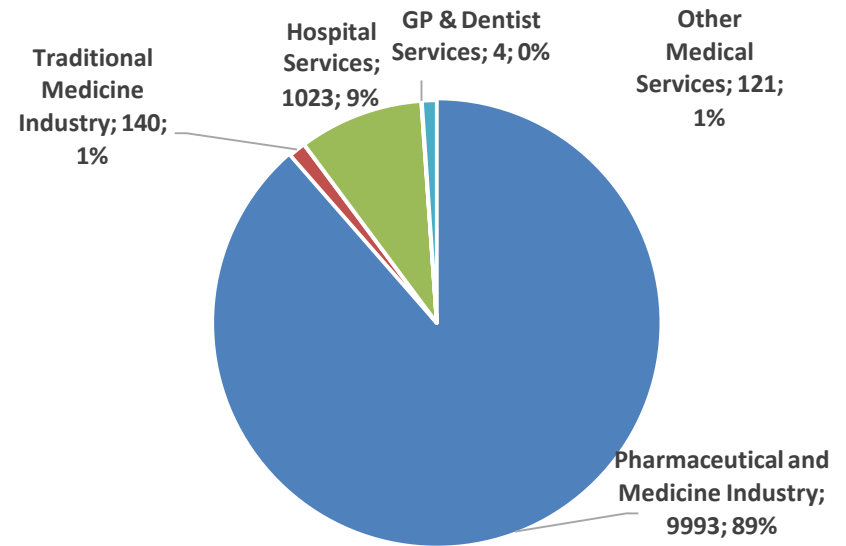


Investment Commitment and Realization (2011-2016)

**Healthcare Investment Realization
by Country (IDR Billion)**



**Healthcare Investment Realization
by Sector (IDR Billion)**





Top Healthcare Companies in Indonesia (2011-2016)

No	Company Name	Country	Sector	Investment Value (USD Thousand)
1	KAO INDONESIA	Japan	Household Supplies	86,537
2	MEIJI INDONESIA PHARMACEUTICAL INDUSTRIES	Japan	Pharmaceutical Industry	66,712
3	HISAMITSU PHARMA INDONESIA	Japan	Pharmaceutical Industry	23,380
4	ETHICA INDUSTRI FARMASI	Germany	Pharmaceutical Industry	21,891
5	OTSUKA INDONESIA	Japan	Pharmaceutical Industry	21,478
6	MERCK SHARP DOHME PHARMA Tbk	USA	Pharmaceutical Industry	19,821
7	BAYER INDONESIA	Germany	Pharmaceutical Industry	17,529
8	BOEHRINGER INGELHEIM INDONESIA	Germany	Pharmaceutical Industry	17,002
9	ROHTO LABORATORIES INDONESIA	Japan	Pharmaceutical Industry	16,691



One of the Target in National Medium Term Development Plan

Healthcare Development: Implementation of *Indonesia Sehat* Program

Goals :

1. Improving mother and children's health status
2. Increasing disease control
3. Improving access and quality of basic healthcare service and reference especially in remote, border, or underdeveloped region
4. Extending the scope of universal healthcare through *Kartu Indonesia Sehat* and the quality of healthcare fund management
5. Fulfilling the needs of medical personnel, medicine, and vaccine
6. Increasing the responsiveness of healthcare system

Reformation is focused on **strengthening of quality primary healthcare**

Healthcare in Indonesia

Key Players



Hospitals

Lippo Group (Siloam Hospitals), Mitra Keluarga Hospitals, Mayapada Hospitals, etc



Pharmaceuticals

Kalbe Farma, Indo Farma, Kimia Farma, Bayer, Pfizer, Glaxo Smith Kline



Health Insurance

BPJS Kesehatan, Allianz, Prudential, InHealth,



Healthcare Investment Opportunity



WhyIndonesia?

Opportunity in Healthcare Industry for Investors

**Enhancing
healthcare area
coverage & quality**



**Human resource
expertise in healthcare**

General Practitioners, Specialist, Managers



**Wide scope of
healthcare sectors**

Pharmaceutical, medical equipment, laboratory



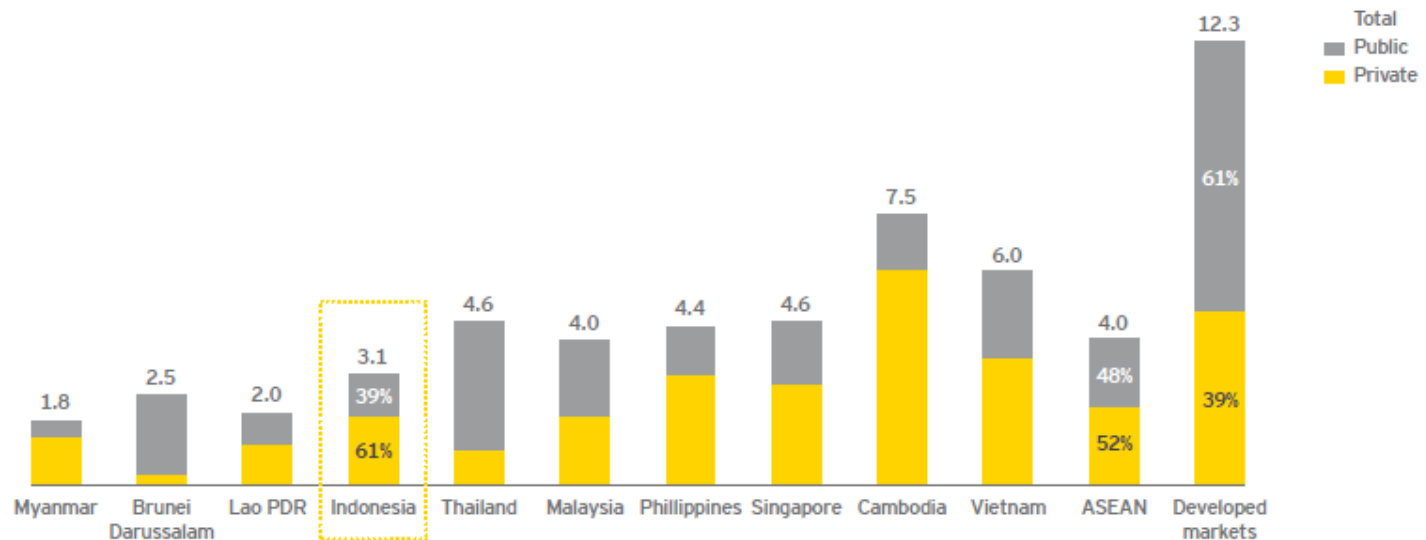


Why Indonesia?

One of the lowest healthcare expenditure in ASEAN

Indonesia
Healthcare
Expenditure

3.1%
From GDP



Source: World Bank and OECD, 2013



Why Indonesia?

Rise of Middle Class and Demographic Bonus

168million

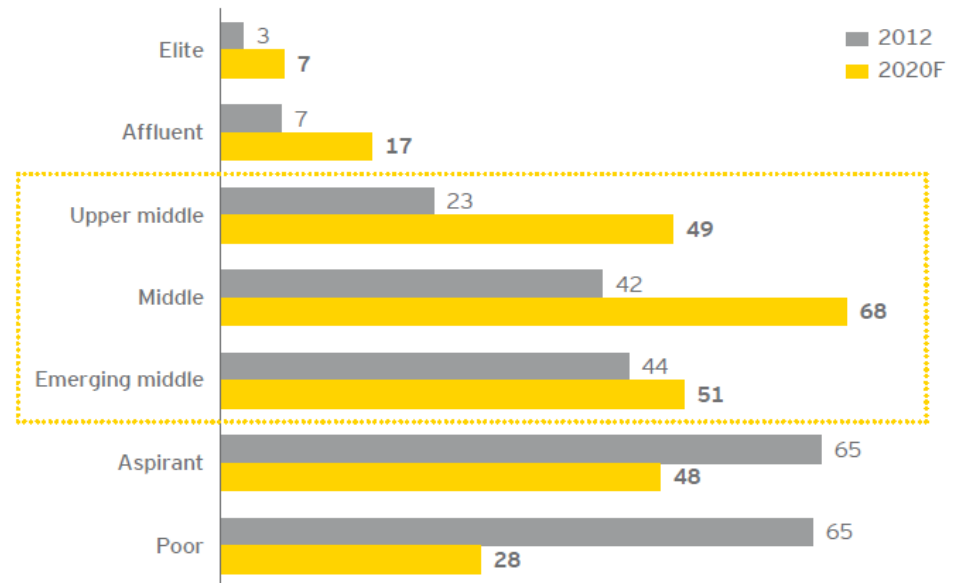
Middle class Consumer in 2020

Rising middle class will drive the
demand for affordable quality
healthcare

Source: BCG

Rise of the middle class as estimated by BCG (2012 and 2020F)

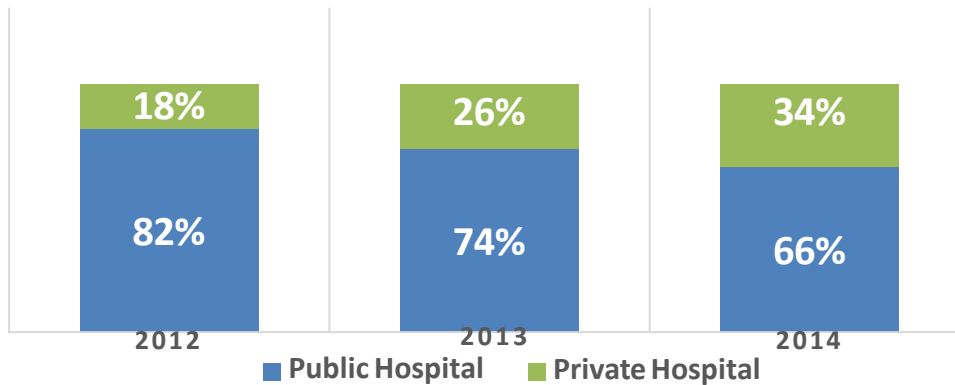
Chart 4



Source: BCG and Indonesian Central Bureau for Statistics (BPS); F - Forecast

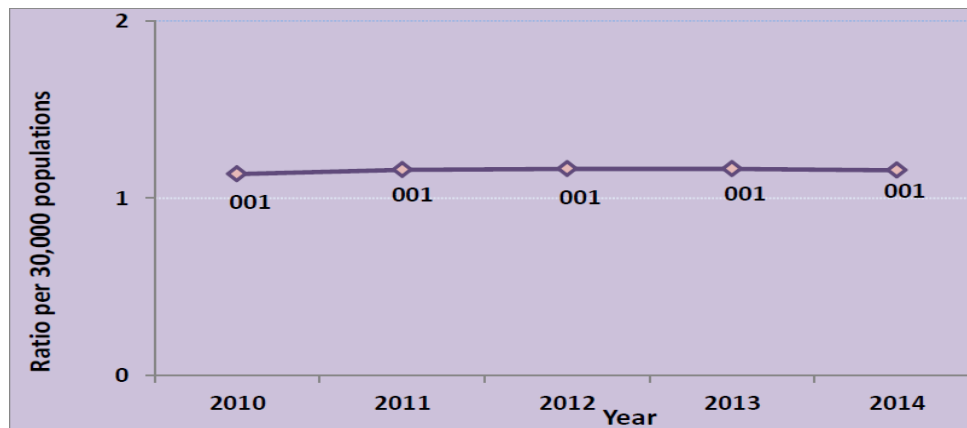
Lack of Healthcare Infrastructure

Trend on Number of Hospital by Ownership 2012 - 2014



Room for Private
Investors in Hospital
Ownership

Ratio of Healthcare Center per 30,000 Populations 2010-2014



Health center growth is
unequal to population
growth

1.16

Ratio of health center per
30,000 population

Source: Ministry of Health, 2015

Source: Ministry of Health, 2015



Developing Healthcare Facilities in Second-tier Cities

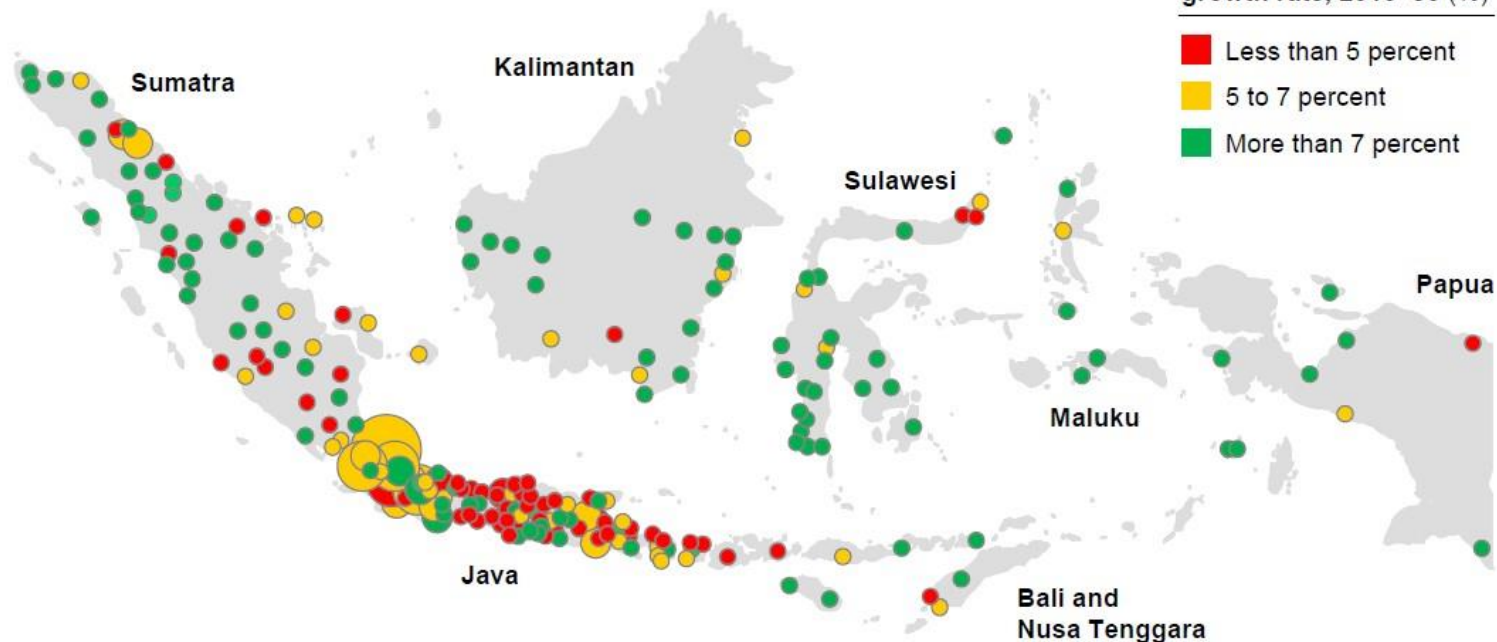
The majority of Indonesia's fastest-growing cities are outside Java
GDP development, 2010–30

Type of urban area by population in 2010¹

- Small middleweights (150,000–2 million)
- Mid-sized middleweights (2 million–5 million)
- Large middleweights (5 million–10 million)
- Jakarta >10 million

GDP compound annual growth rate, 2010–30 (%)

- Less than 5 percent
- 5 to 7 percent
- More than 7 percent



¹ Urban areas are aggregated areas consisting of cities (kota) and districts (kapupaten) rather than specific city jurisdictions.

SOURCE: 2010 Population Census, Indonesia's Central Bureau of Statistics; McKinsey Global Institute analysis



Case Study : Private Hospital in Sukabumi

PT Koi Indah Internusa

Nomor IP : No. 3021/1/IP/PMA/2016
Bidang usaha : Aktivitas rumah sakit swasta
Lokasi : Kab. Sukabumi, Jawa Barat
Nilai Investasi : Rp 300.000.000.000
Pemegang Saham : Korea Selatan (67%), Indonesia (33%)

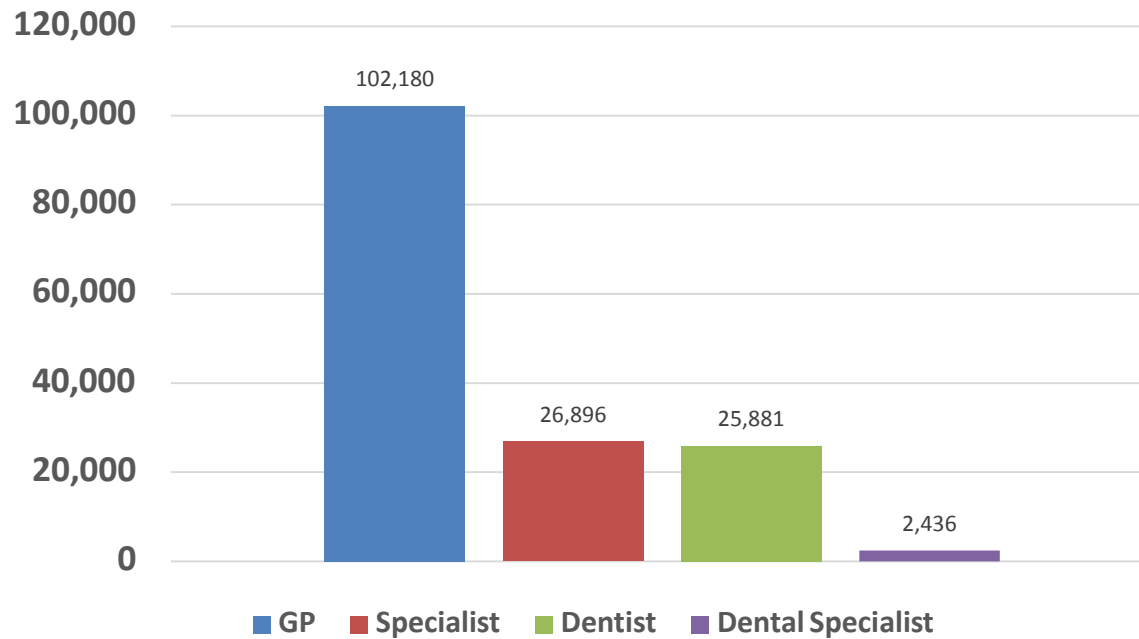
- Rencana pembangunan Rumah Sakit Kelas C dengan kapasitas 300 tempat tidur dengan skema pembiayaan BOT (*Build, Operate, Transfer*) melalui kontrak selama 30 tahun dengan Pemerintah Daerah Sukabumi.
- Lahan yang digunakan adalah lahan milik Pemerintah Daerah Sukabumi. Hasil dari MoU antara perusahaan dengan Pemerintah Daerah Sukabumi di Korea Selatan.
- Skema BOT tersebut merupakan salah satu bentuk Kerjasama Pemerintah dengan Badan Usaha (KPBU). Pemerintah Daerah Sukabumi telah mengajukan proposal ke Kementerian Dalam Negeri terkait adanya rencana investasi dengan skema BOT
- Akhir November 2016, perusahaan menandatangani perjanjian dengan Pemerintah Daerah Sukabumi setelah adanya surat persetujuan dari Kementerian Dalam Negeri.
- Perusahaan akan mulai melakukan pembangunan pada awal tahun 2017



WhyIndonesia?

Demand of Medical Personnel

General Practitioners, Specialist, Nurse, Managers



Average ratio of GP
per 100.000
population in 2014

16,18

<< Target 40


Source: Ministry of Health, 2015

- **Ministry of Health's target** ratio of GP per 100.000 population is **40**.
- The largest number of health personnel in Indonesia are nurses and midwives.

Roadmap to Universal Health Coverage

present-day to 2019



Universal Health Coverage under BPJS I					
As of Jan 2014	2015	2016	2017	2018	2019
~122 Mn. under mgmt. of BPJS I					257.5 Mn. people covered by UHC
Private sector coverage (according to company size): - 20% large - 20% medium - 10% small - 10% micro companies ~15 Mn. people still covered by JAMKESDA	Private sector coverage (according to company size): - 50% large - 50% medium - 30% small - 25% micro Companies	All JAMKESDA members will be covered by BPJS Private sector target coverage (according to company size): - 75% of large - 75% medium - 50% small - 40% micro companies	Private sector coverage (according to company size): - 100% large - 100% medium - 70% small - 60% micro companies	Private sector coverage (according to company size): - 100% large - 100% medium - 100% small - 80% micro companies	Target 100% of Indonesia population

Jamkesmas, operational since 2005, already has ~76 Mn. enrolled that will expand to ~122 Mn. by Jan '14 when UHC starts under BPJS I



Note: All statements are projections and estimates as set out in the roadmap (2012-2019) document



Regulation & Incentives



Negative Investment List – Healthcare Sectors

Presidential Regulation No.44/2016

	Business Fields	Max. FDI	Incentives	
			Import Duty	Tax Allowance
1	Medicinal raw material industry	100%	√	√
2	Medical supporting activity : - Medical equipment rental - Clinical laboratory - Medical check-up clinic	100%	√	√
3	Medicinal / pharmaceutical material crops and plantation (with obligation of 20% ownership for plasma plantation)	95%		
4	Patent medicine industry	85%	√	
5	Medical equipment testing institution	67%	√	
6	Medical supporting activity : Pest control/Fumigation service	67%	√	
7	Medical and ambulatory evacuation service	67%	√	
8	Hospital (Max. 70% for ASEAN investors for all capital cities in Eastern Indonesia except Makassar & Manado)	67%	√	



Negative Investment List – Healthcare Sectors

Presidential Regulation No.44/2016

	Business Fields	Max. FDI	Incentives	
			Import Duty	Tax Allowance
9	Basic and special medical clinics: specialized medical services clinic (CPC 9312), specialized dental service clinic (CPC 9312), nursing service with CPC 93191, other hospital service (medical rehabilitation clinic) (Max. 70% for ASEAN investors for all capital cities in Eastern Indonesia except Makassar & Manado)	67%	√	
10	Medical equipment supplier	49%	√	
11	Acupuncture service facility	49%	√	
12	Medical equipment industry : Class A	33% (Special licence from Ministry of Health)	√	
13	Medical equipment industry : Class B	Special licence from Ministry of Health	√	
14	Medical equipment industry : Class C		√	
15	Medical equipment industry : Class D		√	



Negative Investment List – Healthcare Sectors

Presidential Regulation No.44/2016

	Business Fields	Max. FDI	Incentives	
			Import Duty	Tax Allowance
16	Narcotic manufacturer (pharmaceutical industry) *	Special licence from Ministry of Health		
17	Narcotic pharmaceutical wholesale trade *			
18	Bank and Laboratory of tissue and cellular		√	



TAX ALLOWANCE

(Government Regulation No.18/2015)

30% of investment value
Reduction of corporate
net income tax for 6 years
(5% each year).

143 business segments
Eligible for tax
allowance, expanded from
129 segments in the
previous regulation.

Under **certain requirements**
among others: investment **value** or
export orientation, **manpower**
absorption, **local content**, and
project **location** (especially outside
Java island).

IMPORT DUTY FACILITY

(MoF Regulation No.176/PMK.011/2009)

Machineries, goods,
materials for production

2 years import duty exemption or **4 years**
for companies using locally-produced
machines (min.30%).

Industries

Which produce **goods** and/or
services, including:

1. Tourism and culture
2. Public transportation
3. Public health services
4. Mining
5. Construction
6. Telecommunication
7. Port