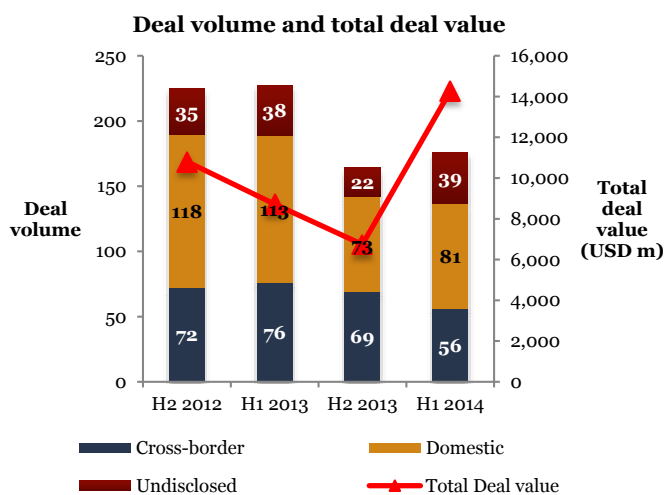


Indonesia Inbound M&A Highlights – First Semester 2014 Update

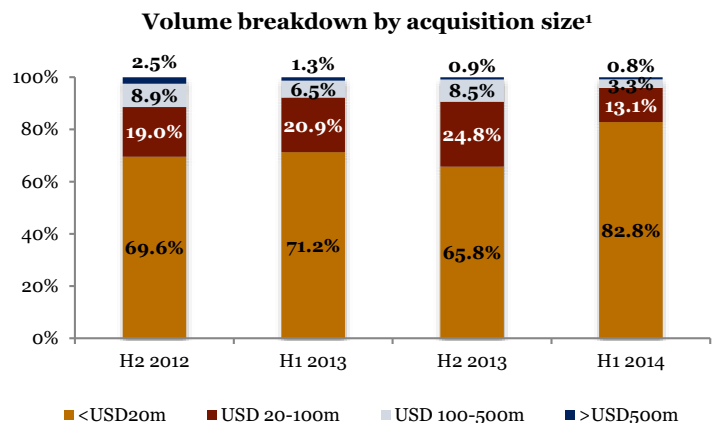
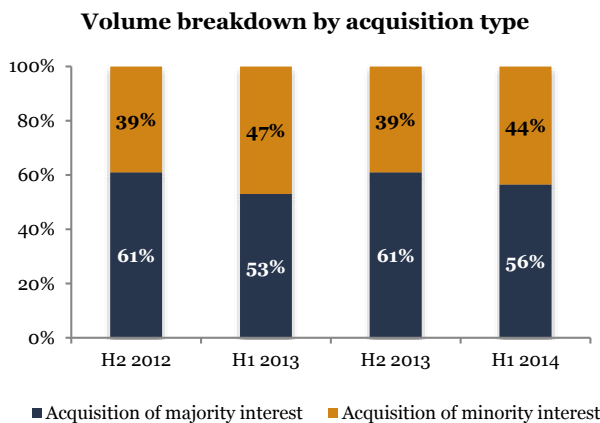
Date of publication: 15 August 2014

Overall trends

Inbound M&A activity in Indonesia saw a moderate improvement in deal volumes and a significant increase in deal value in H1 2014 as compared to the previous three semesters. The significant increase in deal value in H1 2014 was driven mainly by the completion of a mega deal during the period: a USD 7.7bn acquisition of 100% stakes of PT Duta Alam Sejahtera, an Indonesian coal mine owner, by PT Dong Yu Investment from Ever Techno, a South Korean LCD manufacturer. The overall increase in deal volumes was driven mainly by an increase in domestic deal volumes, which, however, was partially offset by a decrease in cross-border deal volumes, which mainly was due to decreases in deal volumes in the energy sector, likely as a result of the tightening of the mining law in the country.



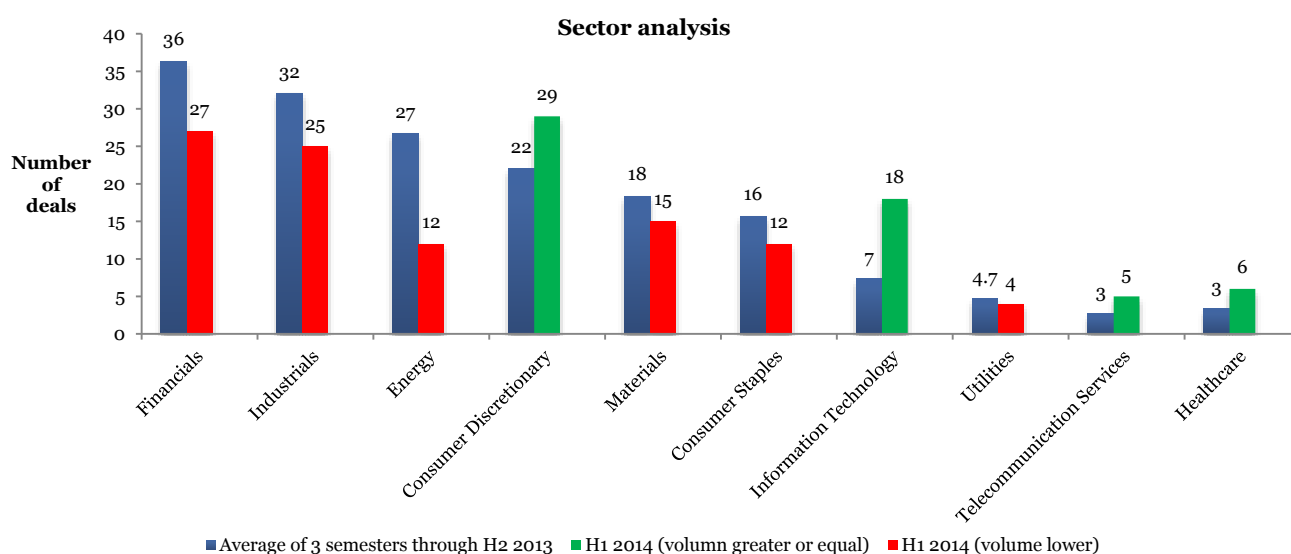
Acquisition of controlling stakes continued to represent the majority of the deal volume in H1 2014. Meanwhile, small deals (i.e. less than USD 20m transaction value) represented a significantly higher proportion of the total disclosed deal volumes in H1 2014 relative to the previous three semesters, which could suggest that investors were reluctant to make large acquisitions in the midst of the uncertainties surrounding the presidential election in mid-year 2014.



¹ Deals with undisclosed acquisition size represented 30.5 per cent of the total deal volume and were excluded from the analysis.

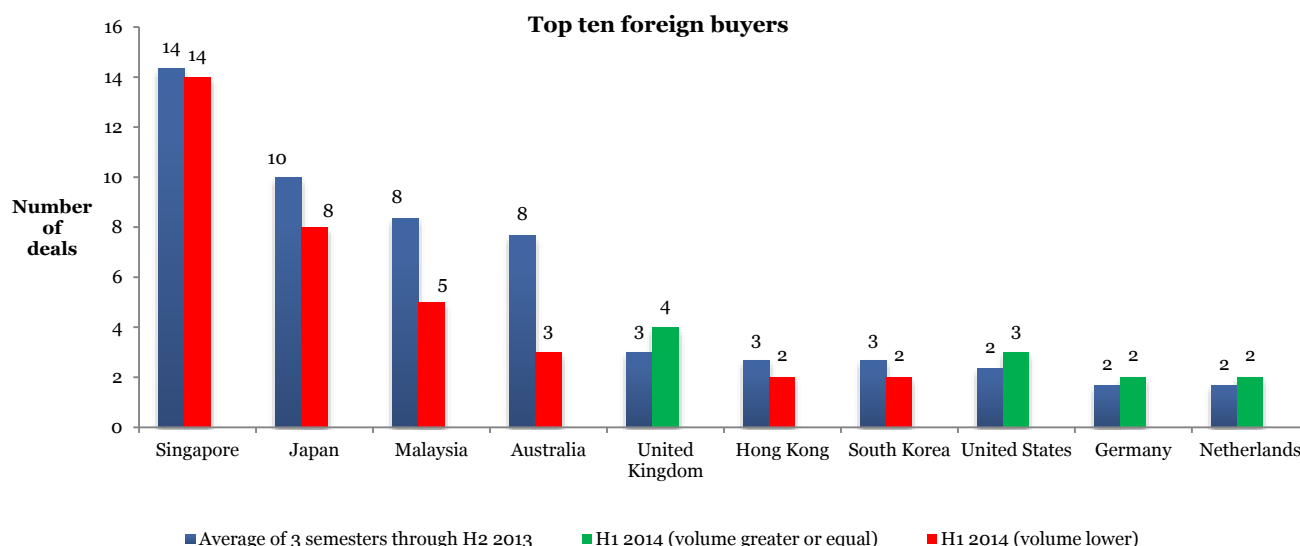
Sector analysis

Consumer discretionary and IT sectors saw higher deal volumes in H1 2014 than the average of the previous three semesters. The former's improvement was mainly driven by an increase in domestic deals below USD 20m, which appears to suggest a consolidation of this sector in Indonesia. On the other hand, the latter's improvement was mainly driven by an increase in cross-border deals below USD 20m, which appears to suggest an increasing interest amongst international players to tap into an increasingly technology-savvy market in Indonesia. In the meantime, sectors which were affected by the more restrictive mining law as well as the uncertainty surrounding the presidential election in Indonesia, such as the financials, industrials, energy, materials and consumer staples sectors, expectedly saw decreases in M&A activity in H1 2014.



Buyer country analysis (cross-border deals)

The United Kingdom, the United States, Germany and the Netherlands saw moderate increases in deal volumes in H1 2014. On the other hand, deal volumes of buyer countries from the Asia Pacific region were generally flat or lower.



Top ten cross-border completed deals (two years to 30 June 2014)

Five out of the top ten deals were done by Japanese acquirers. Three out of the top ten deals were in the energy sectors.

#	Date ⁽¹⁾	Target	Acquirer	Acquirer nation	Target sector	Percentage acquired	Deal Value (USD m)
1	Dec-12	PT Indomobil Sukses Internasional Tbk (JKSE:IMAS)	Gallant Venture Ltd. (SGX:5IG)	Singapore	Consumer Discretionary	52%	1,681
2	Jul-13	PT. Axis Telekom Indonesia	PT XL Axiata Tbk (JKSE:EXCL)	Malaysia	Telecommunication Services	100%	865
3	May-13	PT Bank Tabungan Pensiunan Nasional Tbk (JKSE:BTPN)	Sumitomo Mitsui Banking Corporation	Japan	Financials	17%	658
4	Aug-12	50% Stake In Southeast ASEAN And North American Coated Products Units	Nippon Steel & Sumitomo Metal Corporation (TSE:5401)	Japan	Materials	100%	540
5	May-14	PT Asuransi Jiwa Sequis Life	Nippon Life Insurance Company	Japan	Financials	20%	424
6	Jul-12	Nusantara Regas Satu	Golar LNG Partners Limited Partnership (NasdaqGS:GMLP)	Bermuda	Energy	100%	385
7	May-13	Masela Block in the Arafura Sea	Inpex Masela, Ltd.; Shell Upstream Overseas Services (I) Limited	Japan	Energy	10%	310
8	Jun-13	PT Indomobil Sukses Internasional Tbk (JKSE:IMAS)	Gallant Venture Ltd. (SGX:5IG)	Singapore	Consumer Discretionary	19%	280
9	Oct-12	Star Energy Geothermal Pte Ltd.	Diamond Generating Asia Limited	Japan	Energy	20%	203
10	Nov-13	PT.Tirta Bahagia Group	PT Tirta Makmur Perkasa; PT Tirta Sukses Perkasa	Hong Kong	Consumer Staples	100%	189

⁽¹⁾ Last semester shaded in blue

Prospective

We expect M&A activity in Indonesia to increase in the short- to medium-term as the uncertainties surrounding the presidential election in Indonesia begin to subside and buyers' outlook on Indonesia is positively affected by Jokowi winning the presidential election.

Sources

Information on M&A transactions were extracted from Capital IQ and subsequently processed by Pickering Pacific.

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