

SPECIAL ISSUE

# GlobeAsia

INDONESIA'S NO 1 BUSINESS MAGAZINE

VOLUME 12 NUMBER 8 / AUGUST 2018

# 100

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# TOP GROUPS

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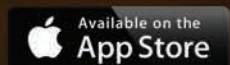
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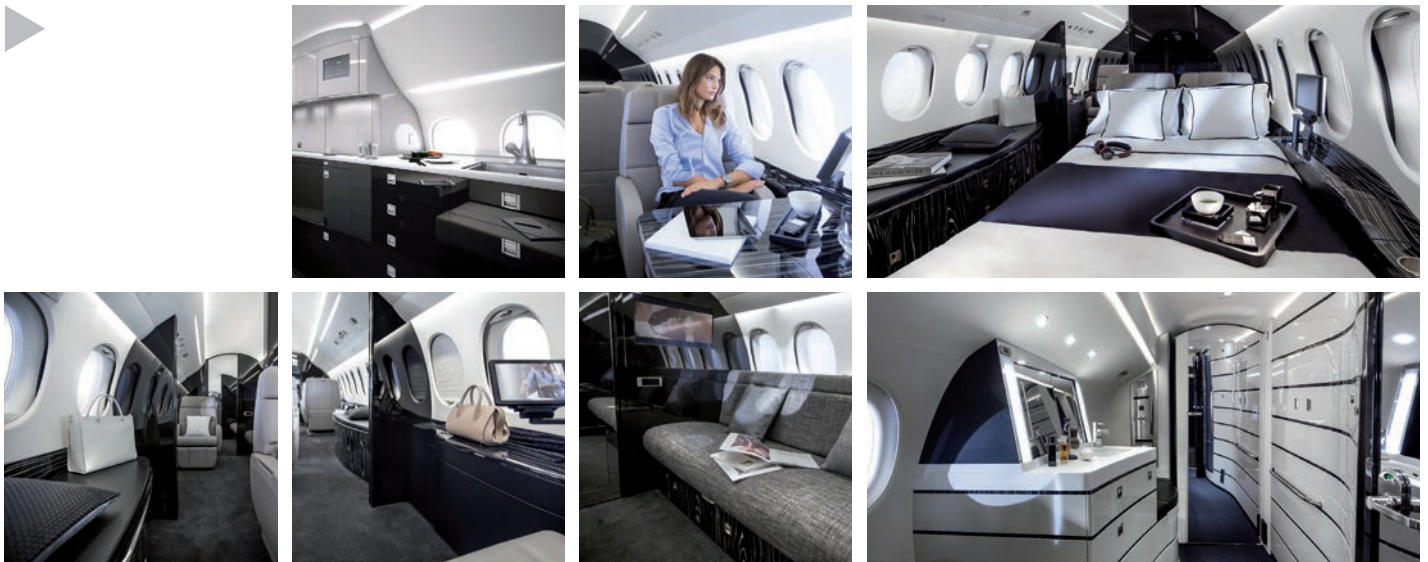
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*GlobeAsia* takes a look at companies that have made significant progress in terms of growth and business strategies in the recent years.





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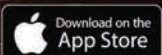
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# Editorial

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## The Economy Needs a Boost

**Indonesia's \$65 billion equity** rout this year is slowing after first-half corporate earnings provided some relief, especially in commodity-related industries.

Investor sentiment, however, remains fragile amid massive selloffs fueled by a gradual interest rate increase by the United States Federal Reserve.

Economic growth in Indonesia remains lackluster, with 5.06 percent expansion posted in the first quarter amid sluggish consumer spending, raising a question whether the country will ever achieve this year's 5.4 percent growth target.

The benchmark stock index has declined by about 6 percent so far this year, although it performed a little better in July. The rupiah depreciated by around 6.25 percent so far this year and it has broken through the psychological level of 14,000 – the first time since December 2015. Markets apparently still need more positive news to allow a solid rebound from the current position.

Indonesia historically has always been fragile to capital outflows, as it is one of a few emerging markets in Asia that run current-account deficits. Furthermore, its financial markets remain very shallow, and the government runs a budget deficit, which adds to the country's greater reliance on foreign funds to help stimulate the economy.

Despite this bleak short-term picture, *GlobeAsia's* performance review of the country's 100 largest business groups for this year is still positive, as the giant players are apparently still enjoying revenue growth, especially those with assets in the financial, consumer goods and commodity sectors.

Indonesian conglomerate PT Astra International Tbk, which has diverse interests ranging from automotive to finance and commodity-related businesses, posted a rebound in its first-half earnings. The company reported 11 percent growth in January-June net income, thanks to higher profit in its commodity-related business arms.

Financial companies and banks also performed well, with Djarum Group-controlled lender PT Bank Central Asia Tbk, Indonesia's largest bank by market value, seeing its net income rise 8.4 percent, thanks to healthy loan growth.

As we review the giant players' recent financial performance, we also look into their long-term strategies, including moves to enter the next level of modern business practices with help from the internet-of-things.

Many Indonesian business groups have made serious investments in the digital economy over the past five years, banking on the prospect that this will be a steady revenue

generator in the future as operations in their brick-and-mortar stores are being slimmed down to become more efficient. This is in response to changing customer behavior as millions of Indonesians now go online for much of their daily activities, including shopping, booking accommodation, buying travel tickets and much more.

Meanwhile, as the country is currently in dire need of foreign funds, there are high hopes for a significant inflow of foreign exchange during the Asian Games, scheduled to take place between Aug. 18 and Sept. 2. Government officials have already made their own calculations of the prestigious sporting event's potential economic impact. This will include a revenue boost from tourism and ticket sales, and a potential economic stimulus from the money sponsors are likely to spend during the event.

At the same time, Indonesia is speeding up its infrastructure development, while the private sector is also gearing up hotel development to welcome more foreign visitors, all of which are expected to create more jobs and stimulate the economy.

Companies, including large groups, will reap some financial benefit from the Asian Games, with analysts saying banks, consumer goods and infrastructure-related companies are likely to see a boost in income from the international multisport event, which may also lift the country's sports industry.

The year 2018 may be a challenging one for Indonesia amid financial market volatility, lackluster economic growth and the runup to next year's legislative and presidential elections. Good news may have to wait until the end of this year. Meanwhile, Indonesian companies slowly but surely are positioning themselves to embark on their journeys to the digital world, which is expected to offer more steady returns in the long run. 🌐

### Correction

In our July edition, the correct question on page 36 paragraph 3 should have read **"Citi recorded interest and fee revenue of more than 1.5 trillion rupiah this quarter. Is there a similar target for the following quarters and the year?"**

We regret the inconvenience.

The Editor



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# From Local, Legislative to Presidential Elections



Theo L. Sambuaga  
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**The simultaneous elections** held in 171 regions across Indonesia in June this year to elect mayors, regents and governors proceeded without any serious issues. The 73 percent voter turnout showed an increased public awareness of and enthusiasm for democracy. And the fact that several election disputes are now being adjudicated by the Supreme Court shows that law enforcement is essential in politics. All in all, the local elections have proved that democracy works and

saw the election of leaders who are trusted by the people to develop their respective regions and raise their quality of life.

However, some shortcomings still prevail. Among others, money politics as disclosed by the election authorities. Some regional candidates have engaged in buying votes. Another issue is that some candidates' popularity proved to be more important than political party support. This has led to campaigns more focused on offering personal popularity and wealth rather than on the candidates' programs.

Another crucial issue is that coalitions between supporting political parties have been very liquid, with different patterns emerging from one region to the next. This proved that instead of vision, mission or ideology, political pragmatism has become the basis of coalitions.

Of course, these issues will obstruct efforts to develop and nurture democracy as a crucial instrument to produce leaders and leadership, to continue the country's development and improve the welfare of the people as mandated by *Reformasi*, which has been implemented by all national stakeholders over the past 20 years.

The world's third-largest democracy should continuously develop its political system by improving the quality of political parties and their members, their political behavior and the quality of mechanisms used to select and recruit leaders through local elections, general elections and presidential elections. The most instrumental of this effort has been the strengthening of the political culture as the basis of the political process and structure, which is nothing else than Pancasila – the nation's ideology and philosophy.

In this effort, the success of the local elections should become an important asset to continue the development of the democratic system – particularly with regard to next year's legislative and presidential elections – while the shortcomings should be addressed and not repeated, meaning that there should be no more money politics and vote buying. Candidates, as well as voters, should be educated to not get involved in the bad practice of political transactions.

Legislative candidates should present voters with their political parties' programs, while presidential and vice-presidential candidates should compete and convince people that their respective visions, road maps and programs are the best to bring progress to the nation and a better quality of life for all. On the other hand, people at large, but voters in particular, should be educated and encouraged to refuse

campaigns involving money and the exploitation of ethnic, racial or religious differences.

However, while 16 political parties have submitted the names of more than 8,300 candidates in 80 constituencies for the upcoming legislative elections only 10 days before the Aug. 10 registration deadline, it is not yet clear who will be the running mate of President Joko "Jokowi" Widodo, whose bid for re-election on April 17 next year has been endorsed by a coalition consisting of the National Democratic Party (NasDem), Golkar Party, Indonesian Democratic Party of Struggle (PDI-P), People's Conscience Party (Hanura), United Development Party (PPP) and National Awakening Party (PKB).

Several names have emerged as potential vice-presidential candidates, including Mahfud MD, Maaruf Amin and Muldoko, all of whom lack political party affiliation, while another potential running mate, Airlangga Hartarto, is the chairman of Golkar. Yet, it is likely that the candidate may only be announced at the last minute, before the close of registration.

Even more so, although Prabowo Subianto, chairman of the Great Indonesia Movement Party (Gerindra), has been named as a presidential candidate for quite some time, the coalition consisting of his party, the Prosperous Justice Party (PKS) and National Mandate Party (PAN), has yet to declare its presidential candidate, let alone vice-presidential candidate. Names that have been mentioned as Prabowo's running mates include Achmad Heryawan, Zulkifli Hassan, Anies Baswedan, Salim Segaf and Agus Harimurti Yudhoyono.

But it is still unclear which parties will be in his coalition because unlike those in Jokowi's coalition, which have pledged to support whoever the vice-presidential candidate may be, the parties in Prabowo's coalition may walk away if their candidates are not accommodated. The dynamics even go as far as the possibility, based on speculation from both camps, of Prabowo becoming Jokowi's running mate.

The political elites have been waiting for a Constitutional Court ruling on whether the 20 percent presidential threshold, as required by law, should be scrapped. If this request is granted, political parties would no longer be required to join coalitions to nominate presidential and vice-president candidates. This will mean that there will be more than two presidential and vice-presidential tickets.

Another eagerly awaited Constitutional Court ruling is whether a former president or vice president will be allowed to run for a third term in office. It could even rule that a person may run for the same office only if he or she has not occupied the same position for two consecutive terms. If it is the latter, then Jokowi will have the option of choosing Jusuf Kalla, who is said to be eyeing the vice-presidential slot once more.

Although in the eyes of the writer there is no constitutional basis for the court to rule in favor of either of these two judicial reviews, it is of course up to the court to decide and its ruling will be final and binding. Whatever the ruling, all stakeholders – the General Elections Commission (KPU), government, political parties, nongovernment organizations, observers, mass media and social media – should work hand-in-hand to ensure that next year's legislative and presidential elections are a success. 🌐



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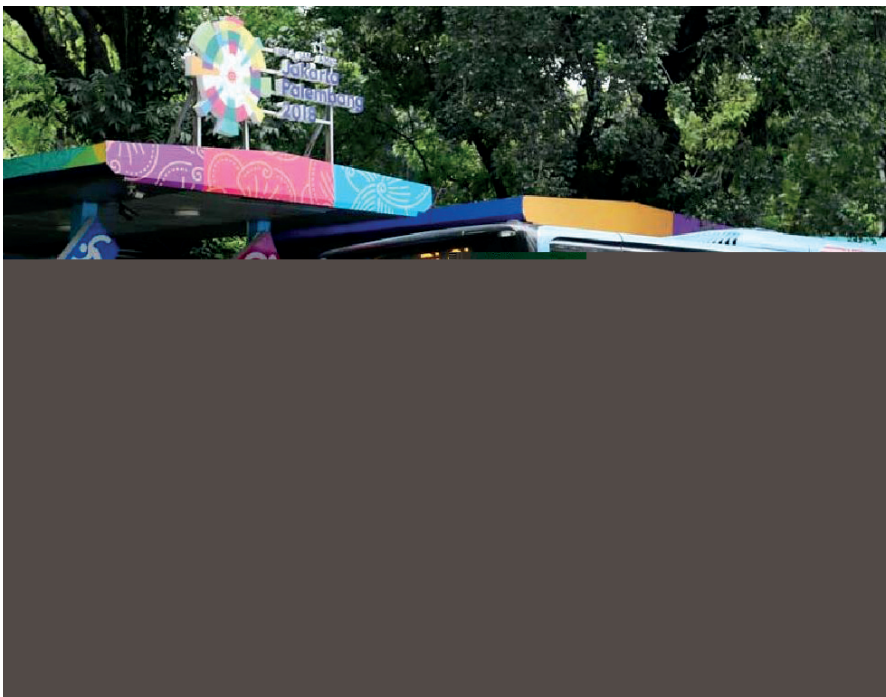


NATIONAL

# Zohri's Reward



Eighteen-year-old Indonesian athlete Lalu Muhammad Zohri grabbed the media spotlight after he outran South African Thembo Monareng, Briton Dominic Ashwell and Americans Anthony Schwartz and Eric Harrison in the 100-meter sprint at the IAAF World Under-20 Championships in Tampere, Finland, on July 11. Zohri finished the race in a magnificent 10.18 seconds, exceeding his Indonesian national record of 10.25 seconds. President Joko “Jokowi” Widodo has rewarded the champion sprinter with a home renovation. “For Zohri’s achievement, I have ordered the Ministry of Public Works and Housing to renovate his house in Lombok [West Nusa Tenggara],” Jokowi said the day after Zohri’s win. “I’m sure I’m not the only one who is proud of him; all Indonesians are.”



## ENVIRONMENT PREPARATION

Traffic congestion in Jakarta consistently ranks among the world’s worst, and the sprawling Indonesian capital has long struggled to improve air quality, regularly rated by the World Health Organization as unsafe. Organizers of the 2018 Asian Games, scheduled to take place in Jakarta and Palembang, South Sumatra, between Aug. 18 and Sept. 2, said they are working with city officials to tackle the problem.

“It is expected that there will be better air quality at Asian Games competition venues,” the organizers said. Strategies being considered include wider curbs on the use of private vehicles, special lanes for those attending the sports event. Indonesia is following the example of other large Asian cities, such as Beijing, which imposed traffic curbs and closed factories to improve air quality during the 2008 Olympics.

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## MOVIE

### POPULAR SPIN-OFF

Mamet, the lovable nerd from classic teen flick "Ada Apa Dengan Cinta?" ("What's Wrong With Love?") is set to return to the big screen, this time as the main character in "Milly & Mamet," the official spinoff from the highly successful teen drama franchise. In the original 2002 film the bespectacled high-school nerd (Dennis Adhiswara), has a major crush on Cinta (Dian Sastrowardoyo) – the love interest of bad boy Rangga (Nicholas Saputra). His love, needless to say, goes unrequited. In the 2016 sequel, Mamet returns as the husband of Milly (Sissy Prescillia) – one of Cinta's best friends. "Milly & Mamet," slated for release in December, will tell the story of the couple's married life. It will still be a romance but Dennis said the story will be more relatable and "down to earth."

### HORROR DEBUT

After venturing into action films in recent years, director Timo Tjahjanto – one half of the Mo Brothers – will return to the silver screen with a new horror flick "Sebelum Iblis Menjemput," or "Before the Devil Takes You," scheduled to hit Indonesian cinemas on Aug. 9. The Mo Brothers first gained national and international recognition with the gory horror-thriller "Rumah Dara" ("Macabre") in 2009. Timo met partner in crime Kimo Stamboel at the School of Visual Art in Sydney, where both studied. The duo is also responsible for "Killers" (2014) and "Headshot" (2016), gaining a reputation as one of Indonesia's finest exponents of splatter and gore. This time Timo is setting out on his own to direct his first solo horror movie.

## INTERNATIONAL

# IMF-World Bank Annual Meeting



Bali's Badung regency has been accelerating development of infrastructure and amenities in the popular tourist area as it gears up to host the 2018 International Monetary Fund-World Bank Annual Meeting on Oct. 8-14. Some of the most popular destinations on the "Island of the Gods," such as Kuta Beach, Uluwatu, Jimbaran and Nusa Dua, are located in the district. Besides the fact that 75 percent of Bali's hotel rooms can be found in Badung, it is also the center of so-called MICE tourism, or meetings, incentives, conferences and exhibitions. Badung Tourism Office head I Made Badra said the meeting, attended by 15,000 delegates from 189 countries and 42,000 staff members, will take place at the Bali Nusa Dua Convention Center.



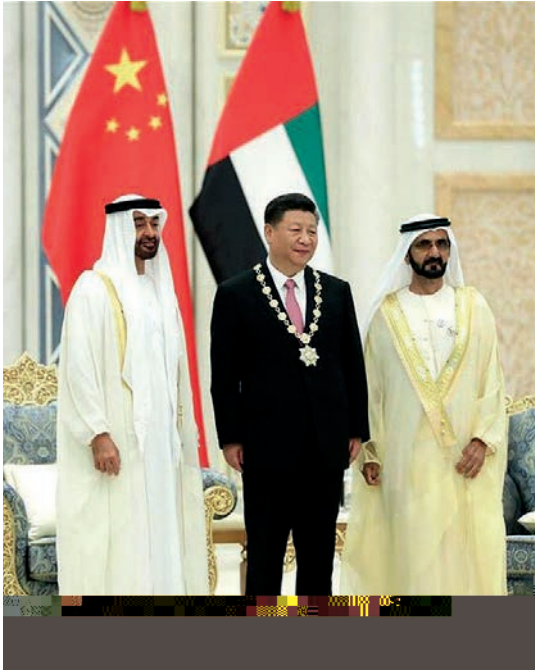
## NEIGHBORLY AGREEMENT

Indonesia and Malaysia agreed to speed up negotiations on border issues and reaffirmed their mutual commitment to oppose campaigns against palm oil in Europe. "As close neighbors, we have no other choice but to further our cooperation. Indonesia is committed to continue improving bilateral relations," Foreign Minister Retno Marsudi said after a meeting with her Malaysian counterpart, Saifuddin Abdullah, in Jakarta on July 23. The countries agreed to fully authorize a joint technical team to resolve pending border issues and accelerate ongoing negotiations on a land border crossing agreement.

"We agreed that within the next two months we will conclude negotiations on our land border crossing agreement. Once this is done, we can start to negotiate a border trade agreement," Retno said. In terms of maritime borders, Indonesia and Malaysia plan to formalize the agreements they have so far – several points along the Strait of Malacca and the Celebes Sea, off the coast of Sulawesi. The ministers said they will also increase communication through informal channels.



## INTERNATIONAL UAE and China Meet



China and the United Arab Emirates signed a raft of financial, business and trade agreements during a visit by President Xi Jinping to the Gulf state on July 20, underscoring energy-hungry Beijing's rapidly growing interest in the Middle East. Xi made the first visit by a Chinese leader to the state in 29 years, meeting two of its most powerful leaders, Sheikh Mohammed bin Rashid al-Maktoum, the ruler of Dubai, and Sheikh Mohammed bin Zayed al-Nahyan, the crown prince of Abu Dhabi. They announced 13 agreements and memoranda of understanding, including approval for the first Chinese state-owned financial services firm to set up in Abu Dhabi Global Market, a financial center, while the Abu Dhabi National Oil Company and the China National Petroleum Corporation agreed to explore joint business opportunities. As both a major energy exporter and a hub for international trade, the UAE is an important part of Xi's Belt and Road Initiative, which involves infrastructure linking China by both sea and land to markets in Asia, Africa and Europe.

## TRADE WAR CONTINUES



US President Donald Trump said last month that he was ready to impose tariffs on all \$500 billion worth of imported goods from China, threatening to escalate a clash over trade policy that has unnerved financial markets. "We're down a tremendous amount," Trump said in an interview on CNBC on July 20. "I'm ready to go to 500." His comments worried investors already grappling with the impact of a strengthening dollar on corporate results and saw a drop in key stock indices on Wall Street. The dollar fell against major currencies on July 20 following Trump's threat to impose more import tariffs and his repeat of complaints about rising interest rates and the strength of the dollar. The dollar index, a measure of its value against a basket of six major currencies, was on track to post its largest one-day loss in three weeks at the time. Against the yen, the dollar was on course for its worst daily fall in two months. A top US Federal Reserve official meanwhile warned that the trade war could hurt the US economy.



### DIGITAL RICE

The Indonesian government has launched a farming digitization project in West Java, which may increase rice output by at least 20 percent, officials said on July 9. The project is currently tested among thousands of farmers in nine rice-producing districts as President Joko "Jokowi" Widodo's administration seeks to boost domestic food production. "The goal is to transform farming, which is still quite traditional, to be more modern and to teach farmers to be agro-entrepreneurs," Deputy State-Owned Enterprises Minister Wahyu Kuncoro stated.



### IN MEMORIAL

Former journalist, filmmaker, and senior producer Tino Saroengallo has died at 60 years old on Friday, 27 July 2018. His family has announced his death through Whatsapp messages notifying close friends and colleagues of the news. A colleague of his, senior marketing communication consultant, Bernaldi Pamuntjak explained that Tino had suffered from bladder cancer since last year. "At first it was bladder cancer which he had an operation performed in Singapore and Jakarta last year, unfortunately the cancer has metastasized all over his body" Bernaldi stated. Tino is survived by his wife, his two children, and his many accomplishment in the media industry.

















**I am happy with Zohri; he is a source of inspiration for other athletes. I was much involved in athletics. I was the one evaluating him during an Asian Games test event in February.**

Then, when I was in junior and senior high schools, I was a sepak takraw athlete. In 1979, I became a national athlete. My team won the championship at the Southeast Asian Games. Coincidentally, all the athletes in the sepak takraw team were from South Sulawesi and we won a gold medal.

***We lacked world champions, but all of a sudden, we have sprinter Lalu Muhammad Zohri. What do you make of that?***

On Zohri, I happen to know the history. Bob Hasan, former chairman of the track and field association [PASI], told me. I was much involved in athletics. I was the one evaluating him during an Asian Games test event in February. I am happy with Zohri; he is a source of inspiration for other athletes.

***Do you think Zohri will be a star at the Asian Games?***

Thank God, the public appreciation of Zohri is high. But that is worrying too. Excessive expectations [from our athletes] during the Games, where all the best athletes will be competing. We all hope Zohri will give his best shot.

***This is a classic question: Why don't our athletes become world champions?***

Two factors. Human resources and logistics. If these two are enough, or perhaps more than enough, this problem will be solved. We are a nation of 260 million people. From that number, we have potential in all sporting disciplines. Some say it is because we don't have technology. But technology is also dependent on adequate logistics and funding. We need more funding. If we want to rise, we first need to solve the funding problem.

***Your name appeared in a survey of potential vice-presidential candidates. Many say you are a Jusuf Kalla stalwart?***

I am a representation of Pak Jusuf Kalla. I admit Pak Jusuf Kalla groomed me but not for politics. For two things: peace and solving conflict in the Islamic world. Nothing to do with politics at all.

***If you are asked to become a candidate, would you accept?***

I will refuse. I am a general and I can't be there. I can't be in practical politics.

***But you can resign from your post.***

Still, I will refuse. I will only be concentrating on peace and solving conflict in the Islamic world as I said earlier.

***As an Islamic figure and deputy chairman of the Mosque Council, what are your views on Islam in Indonesia at present?***

Islam in Indonesia is recognized by the world as moderate. Islam as preached by Grand Sheikh Al Azhar of Egypt. Islam that teaches tolerance. If we Indonesians are pessimistic about that, we are in danger.

***But many are worried about the level of intolerance.***

We should not exaggerate something that is actually small. I am more optimistic about Islam in Indonesia than about what is happening in the Middle East. All of our territories are controlled by the state. We live in peaceful co-existence with others. If there are hardline views, we engage in dialogue. If there is research that concludes that 40 mosques are radical, I strongly deny that. That's politics using religion. ☸



Beyond Academics

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Taking a sectoral look at IoT, health care is one area where this technology has seen the widest early adoption to help hospitals diagnose patients in real time and monitor their recovery. Indonesia's national health care program, with more than 90 million participants, already uses this technology to process troves of data.

The IOT also has many applications in the aviation industry, where it is used to provide real-time data on everything from performance of critical aircraft components to maintenance schedules. Interconnected networks of sensors and data hubs at some airports also allow operators to track and improve their understanding of passenger flow and behavior.

Many Indonesian business groups have meanwhile started to ramp up their investments in the digital economy over the past five years, cognizant of the fact that this technology will accelerate growth. Starting with investment in diversified startups, these groups have seen how the implementation of the IoT can make operations in their brick-and-mortar stores more efficient and most importantly, allow them to respond to changing customer behavior as millions now conduct their business transactions online.

Many business groups have invested large amounts of money to acquire startups or establish their own companies (see table). Indonesia's Djarum Group and Astra International invested in Go-Jek to strengthen their businesses. Astra uses Go-Jek to boost its marketing and sales, while Djarum provides customers with easier payment methods.

The Lippo Group meanwhile, has entered the digital era at an even higher level with the recent signing of an agreement with Japan's Softbank, which is expected to give the Indonesian conglomerate a major advantage over its competitors.

## CONSUMPTION REMAINS STABLE

While the IoT is on the rise, optimism about the local economy is still resilient. Despite a weakening rupiah, slowing consumption and negative global economic sentiment, listed companies saw an average 22.3 percent rise in net profit, compared with an average rise of about 16 percent over the last decade. At the same time, the number of local investors also increased to around 40,000 actively trading every day.

The performance of companies in consumer goods production and trade also remains stable, with outstanding revenues and net profit growth. Erajaya Swasembada, a company active in the sales and distribution of telecommunication products, saw revenue growth of more than 20 percent so far this year, compared with to the same period last year. The company also posted a 28 percent year-on-year increase in net profit.

Consumer goods giant Indofood Sukses Makmur of the Salim Group booked stable revenue growth of between 6 percent and 8 percent over the past five years, while Astra International, one of Indonesia's largest diversified conglomerates, also posted significant sales growth (see table). Worth mentioning is the banking and financial sectors, which despite slow growth in credit disbursement over the past year, still managed to grow faster than the overall national lending industry.

These examples show that Indonesia's consumption remains positive despite some adjustments. Rhenald Kasali, professor in management science at the University of Indonesia, sees this trend as a shift in customer behavior, with more shops closing down as people increasingly turn to online shopping. Among middle-come earners, luxury goods purchases are no longer considered a matter of pride and they now tend to spend more money on travel. 🌐

## Value of Tycoons' Investments in Digital Technology

The business landscape is now transforming to digital economy. Top Indonesian business leaders have invested heavily in their respective tech startups, venture capital and e-commerce companies.

Budi Hartono	Djarum	<b>\$935 million</b>	Blibli.com, Tiket.com, Kaskus.com, GDP Ventures, Kumparan, Gojek
Mochtar Riady	Lippo Group	<b>\$930 million</b>	OVO, MatahariMall, Mbiz, Venturra Capital (Ruang Guru, Grab, Sociolla, Zilingo)
Eddy Sariaatmadja	Emtek	<b>\$795 million</b>	Blackberry Messenger (BBM), Bukalapak, Dana, Doku, KLN
Patrick Walujo	Northstar Capital	<b>\$750 million</b>	Gojek, Pasarpolis, NSI Capital
Jacob Oetama	Kompas Gramedia	<b>\$450 million</b>	Skystar Ventures, Kompas.com
Chairul Tandjung	CT Corp	<b>\$275 million</b>	Detik.com
Anthoni Salim	Salim Group	<b>\$175 million</b>	Elevenia.co.id, Indomarko.com
Franky Widjaja	Sinarmas	<b>\$140 million</b>	SMDV, Dimo



RANK	GROUPS	2017 REVENUE		2018 REVENUE
1	Jardine Matheson/Astra International Henry Keswick and family	\$13.6 BILLION	↑	\$14.7 BILLION
2	Salim Group/First Pacific/ Gallant Venture/Brantwood Anthoni Salim	\$11.8 BILLION	↑	\$12.1 BILLION
3	Djarum Group Robert B. Hartono and Michael Hartono	\$8.4 BILLION	↑	\$9.0 BILLION
4	Sinar Mas Group Eka Tjipta Widjaja	\$8.3 BILLION	↑	\$8.7 BILLION
5	Gudang Garam Group Susilo Wonowidjojo	\$6.5 BILLION	↑	\$7.5 BILLION
6	Philip Morris International (Altria Group) Foreign/US	\$7.1 BILLION	→	\$7.1 BILLION
7	Lippo Group Mochtar Riady	\$6.8 BILLION	↑	\$7.0 BILLION
8	Royal Golden Eagle Group Sukanto Tanoto	\$5.1 BILLION	↑	\$5.7 BILLION
9	Alfamart Group/Sumber Alfaria Trijaya Djoko Susanto	\$3.4 BILLION	↑	\$4.3 BILLION
10	CT Corpora Chairul Tanjung	\$3.3 BILLION	↑	\$3.6 BILLION
11	Charoen Pokphand Sumeth Jiaravanon & Benjamin Jiaravanon	\$2.8 BILLION	↑	\$3.5 BILLION
12	Temasek Group Government of Singapore	\$3.5 BILLION	↓	\$3.3 BILLION
13	Bakrie & Brothers Aburizal Bakrie	\$3.2 BILLION	↓	\$3.1 BILLION
14	Adaro Energy Edwin Soeryadjaya, Boy Thohir, TP Rachmat	\$2.5 BILLION	↑	\$3.1 BILLION
15	Unilever (Mavibel BV) Foreign/Dutch	\$3.0 BILLION	↓	\$2.9 BILLION
16	Triputra Group TP Rachmat	\$2.6 BILLION	↑	\$2.8 BILLION
17	Wings Group Eddy William Katuari	\$2.7 BILLION	↑	\$2.8 BILLION
18	Barito Pacific Group Prajego Pangestu	\$1.9 BILLION	↑	\$2.4 BILLION
19	Qatar Investment Authority/ Indosat Ooredoo Foreign/Qatar	\$2.2 BILLION	↓	\$2.1 BILLION
20	Japfa Comfeed Handojo Santoso	\$2.1 BILLION	→	\$2.1 BILLION
21	Tiphone Mobile Indonesia Hengky Setiawan	\$2.0 BILLION	↑	\$2.1 BILLION
22	Northstar Group Patrick Walujo and Glen Sugita		★	\$2.1 BILLION
23	Gajah Tunggal Group Sjamsul Nursalim	\$2.1 BILLION	↓	\$2.0 BILLION
24	Panasonic Gobel Group Rahmat Gobel	\$1.7 BILLION	↑	\$1.8 BILLION
25	ABC Group Husain Djojonegoro	\$1.8 BILLION	↓	\$1.7 BILLION

RANK	GROUPS	2017 REVENUE		2018 REVENUE
26	Erajaya Sembada Budiarto Halim	\$1.5 BILLION	↑	\$1.7 BILLION
27	Indo Tambangraya Megah Tbk/ Banpu Minerals Foreign/Thailand	\$1.3 BILLION	↑	\$1.65 BILLION
28	Bank Panin Group Mu'min Ali Gunawan	\$1.7 BILLION	↓	\$1.6 BILLION
29	XL Axiata Group Private	\$1.5 BILLION	↑	\$1.6 BILLION
30	Argo Manunggal The Nin King	\$1.5 BILLION	↑	\$1.6 BILLION
31	Standard Chartered Group Foreign/UK	\$2.4 BILLION	↓	\$1.5 BILLION
32	Kalbe Farma Group Boenjamin Setiawan	\$1.4 BILLION	→	\$1.4 BILLION
33	Bentoel Investama/BAT Foreign/UK	\$1.4 BILLION	→	\$1.4 BILLION
34	Mayora Indah Jogi Hendra Atmaja	\$1.3 BILLION	↑	\$1.4 BILLION
35	Lion Air Group Rusdi Kirana	\$1.2 BILLION	↑	\$1.3 BILLION
36	AKR Corporindo Haryanto Adikoesoemo	\$1.1 BILLION	↑	\$1.3 BILLION
37	Kompas Gramedia Group Jakob Oetama	\$850 MILLION	↑	\$1.3 BILLION
38	Ciputra Group Ciputra	\$1.4 BILLION	↓	\$1.3 BILLION
39	Maybank Indonesia Tbk Maybank Malaysia	\$1.7 BILLION	↓	\$1.2 BILLION
40	TNT Group Teddy Thohir	\$1.2 BILLION	↓	\$1.1 BILLION
41	Heidelberg Cement Group (Indocement) Foreign/Germany	\$1.55 BILLION	↓	\$1.0 BILLION
42	Bosowa Group Aksa Mahmud	\$1.2 BILLION	↓	\$1.0 BILLION
43	Indika Energy Group Agus Lasmono and Wiwoho Basuki	\$783 MILLION	↑	\$1.0 BILLION
44	Bayan Resources Dato Low Tuck Kwong	\$561 MILLION	↑	\$1.0 BILLION
45	Gunung Sewu Group Husodo Angkosubroto	\$973 MILLION	↑	\$980 MILLION
46	MNC Investama Hary Tanoesoedibjo	\$970 MILLION	→	\$970 MILLION
47	Persada Capital Group Beny Subianto Family	\$960 MILLION	↑	\$970 MILLION
48	Tunas Ridean Anton Setiawan	\$936 MILLION	↓	\$925 MILLION
49	OCBC-NISP Foreign/Singapore, OCBC	\$883 MILLION	↑	\$915 MILLION
50	FKS Multi Agro Private	\$915 MILLION	↓	\$910 MILLION



RANK	GROUPS	2017 REVENUE		2018 REVENUE
51	Medco Energi Arifin Panigoro	\$896 MILLION	↑	\$900 MILLION
52	Tempo Scan Pacific (Bogamulia Nagadi) Handojo Muljadi	\$687 MILLION	↑	\$883 MILLION
53	Harita Group Lim Hariyanto	\$830 MILLION	↓	\$825 MILLION
54	HSBC Group Foreign/UK	\$872 MILLION	↓	\$810 MILLION
55	Central Cipta Murdaya (Berca Group) Murdaya Poo and Siti Hartati	\$800 MILLION	↑	\$805 MILLION
56	Arsari Group Hashim Djojohadikusumo	\$920 MILLION	↓	\$800 MILLION
57	Mayapada Group Tahir	\$790 MILLION	↑	\$800 MILLION
58	Indorama Synthetics Group Sri Prakash Lohia	\$2.0 BILLION	↓	\$790 MILLION
59	Sintesa Group Johnny Widjaja	\$790 MILLION	↓	\$785 MILLION
60	Bank Bukopin Kopelindo	\$813 MILLION	↓	\$779 MILLION
61	Metrodata Group Susanto Djaja	\$755 MILLION	↑	\$772 MILLION
62	Ganda Group Martua Sitorus & Ganda Sitorus	\$775 MILLION	↓	\$765 MILLION
63	Sritex Group Iwan S Lukminto	\$686 MILLION	↑	\$734 MILLION
64	Sugar Group Gunawan Yusuf	\$735 MILLION	↓	\$730 MILLION
65	Darmex Agro Group Surya Darmadi	\$730 MILLION	↓	\$725 MILLION
66	ABM Investama (Trakindo) A.H.K Hamami	\$596 MILLION	↑	\$668 MILLION
67	Holcim Indonesia Foreign/Switzerland	\$711 MILLION	↓	\$670 MILLION
68	Catur Sentosa (Mitra21 Group) Budiyanto Totong	\$597 MILLION	↑	\$667 MILLION
69	Rekso Group Soegiharto	\$620 MILLION	↑	\$650 MILLION
70	First Resources Group Martias and Tjiliandra Fangiono	\$575 MILLION	↑	\$646 MILLION
71	Sungai Budi Group Widarto	\$620 MILLION	↑	\$630 MILLION
72	Hadji Kalla Group Jusuf Kalla	\$610 MILLION	↑	\$620 MILLION
73	Vale (CVRD Inco Limited) Foreign/Brazil	\$580 MILLION	↑	\$609 MILLION
74	Musim Mas Group Bachtiar Karim	\$630 MILLION	↓	\$600 MILLION
75	Modern Group (Modernland, Modern industry) Luntungan Honoris	\$550 MILLION	↑	\$555 MILLION

RANK	GROUPS	2017 REVENUE		2018 REVENUE
76	Tudung Group/Garuda Food Sudhamek AWS	\$540 MILLION	↑	\$545 MILLION
77	Cikarang Listrindo Budi Brasali family	\$541 MILLION	↑	\$542 MILLION
78	Emtek Group Eddy Sariaatmadja and Fofo Sariaatmadja	\$554 MILLION	↓	\$542 MILLION
79	Rodamas Group Private Tan Siong Kie	\$535 MILLION	↑	\$540 MILLION
80	Santini Group Sofjan Wanandi	\$530 MILLION	↑	\$540 MILLION
81	Pan Brothers Ludianto Setidjo & Anne Patricia Sutanto	\$487 MILLION	↑	\$531 MILLION
82	Fajar Surya Wisesa Winarko Sulistio and Intercipta Sempana	\$442 MILLION	↑	\$524 MILLION
83	Bintraco Dharma Simon Harto Budi & Sebastianus Harno Budi		★	\$510 MILLION
84	Lautan Luas Jimmy Masrin	\$484 MILLION	↑	\$471 MILLION
85	Rajawali Group Peter Sondakh	\$450 MILLION	↑	\$470 MILLION
86	Bank Capital Group Dany Nugroho		★	\$470 MILLION
87	Sriwijaya Air Chandra Lie	\$450 MILLION	↑	\$460 MILLION
88	Agung Podomoro Group Trihatma K Haliman	\$451 MILLION	↑	\$455 MILLION
89	Mulia Group Eka Tjandranegara	\$640 MILLION	↓	\$448 MILLION
90	Ace Hardware/Kawan Lama Sejahtera Kuncoro Wibowo	\$370 MILLION	↑	\$424 MILLION
91	Lotte Chemical Titan Tbk Private	\$446 MILLION	↓	\$419 MILLION
92	Samudera Indonesia Shanti Poesposoetijpto	\$420 MILLION	↓	\$416 MILLION
93	Humpus Group Tommy Soeharto	\$410 MILLION	↑	\$415 MILLION
94	Pakuwon Jati Alexander Teja	\$372 MILLION	↑	\$407 MILLION
95	Summarecon Group Sutjipto Nagaria	\$405 MILLION	↓	\$402 MILLION
96	Ramayana Lestari Santosa Paulus Tumewu	\$440 MILLION	↓	\$401 MILLION
97	Artha Graha Network Sugianto Kusuma and Tomy Winata	\$395 MILLION	↑	\$400 MILLION
98	Maspion Group Alim Markus	\$400 MILLION	↓	\$392 MILLION
99	Mallindo Feedmill Private	\$480 MILLION	↓	\$388 MILLION
100	Fast Food Indonesia Dick Gelael	\$367 MILLION	↑	\$378 MILLION



# POSITIONING FOR BETTER GROWTH

By **Muhamad Al Azhari**

**P**T Bank Central Asia Tbk, a lender controlled by the Djarum Group, concluded a Rp 500 billion (\$43.5 million) bond offering on July 2.

This fundraising from the debt market is important for the bank because the Financial Services Authority (OJK) requires lenders with systemic risks as large as BCA's to strengthen their equity and boost lending in Indonesia.

The debt paper issuance is part of the bank's larger plan to raise Rp 1 trillion over several years, with the proceeds used to fund its lending business.

As the largest privately owned lender in Indonesia with Rp 791.73 trillion in assets as of end of March this year, BCA indeed plays an important role in the country's financial sector.

The lender services close to 18 million customer accounts daily through 1,241 branches, 17,565 automated teller machines and nearly half a million electronic data capture machines, as well as online transactions.

The lender is in a sound financial position with a capital adequacy ratio of 22.8 percent as of the end of June – way above the 8 percent minimum requirement set by the central bank.

"It is already overcapitalized; there is actually no need to issue sub-debt again because it is costly," BCA president director Jahja Setiaatmadja said on July 9, as quoted by Investor Daily.

However, since the financial regulator requires a systemic lender such as BCA to strengthen its capital base to comply with the global banking regulatory framework under the Basel III accord, the lender will use the proceeds from the debt paper sale for business expansion.

The lender's chief was further quoted by GlobeAsia's sister publication as saying that BCA is currently finalizing its plan to acquire some smaller lenders and that it has already identified the banks targeted for takeovers. Other than this, the lender has budgeted Rp 4.5 trillion this year to boost its subsidiaries' capital.

"[The use of the bond proceeds] will be flexible. Depending on what we need, if used for an acquisition, we will not add [capital] to subsidiaries. As far as we know, subsidiaries don't need more injections, so we may allocate it there [for acquisitions]," he said.

## STRONG H1 BALANCE SHEET

Already a banking stock favored by analysts, BCA maintained a solid performance in its first-half 2018 financial results. The bank's balance sheet showed strong growth, with net profit at Rp 11.4 trillion, representing an 8.4 percent increase from the corresponding period last year.

The bank's loan portfolio increased 14.2 percent year-on-year to Rp 494 trillion, while current accounts and savings accounts grew 12.7 percent to Rp 481 trillion. Corporate loans, commercial and small-medium enterprise loans, and consumer loans also grew at a healthy pace.

BCA booked a healthy nonperforming loan ratio of 1.4 percent at the end of June, within the lender's risk-appetite limit, while the ratio of total allowance to NPL (loan-loss coverage) stood at 187.8 percent to provide a cushion against bad loans.

"BCA believes Indonesia has strong fundamentals and positive prospects for long-term economic development, despite the recent dynamic macro-environment. Our strong balance sheet and prudent banking approach will continue to provide us with a solid foundation for future growth," BCA president director Jahja Setiaatmadja said in a statement on July 26.

Jahja previously said the lender was optimistic about its business in Indonesia and that it would continue to make use of available opportunities through prudent lending and preeminence in transaction banking.

He said the lender would consistently adapt to information technology developments amid changing customer behavior. BCA, known as a transactional bank, has been relying on customer loyalty to support its third-party funding base.







**BCA believes Indonesia has strong fundamentals and positive prospects for long-term economic development, despite the recent dynamic macro-environment. Our strong balance sheet and prudent banking approach will continue to provide us with a solid foundation for future growth.**

In an equity research report in April, Panin Sekuritas, the brokerage arm of listed lender PT Bank Panin Tbk, maintained a “buy” recommendation for investors at a target price of Rp 25,000. BCA’s shares, trading under the BBKA ticker symbol, closed at Rp 23,225 apiece on July 24, having risen 7 percent so far this year.

“Nice Loan Growth, Manageable Risk” was the headline of Panin Sekuritas’s equity research report on BCA. The brokerage said it was upbeat about BCA stock’s outlook, thanks to its fine asset quality, cost of funding lower than the industry average and strong liquidity, as well as strong client exposure in the commercial and consumer segments.

It said there will be many positive spillovers from the country’s general development, including its hosting of this year’s Asian Games, as well as next year’s general and presidential elections. “BCA is our top pick in the banking sector, where the premium valuation justifies the company’s strong performance, supported by the best asset quality in the banking sector.”<sup>④</sup>





## SAVED BY COAL PRICE

By **Muhamad Al Azhari**

**D**iversified conglomerate PT Astra International Tbk has managed to improve its profit in the first half of this year, thanks to better earnings from its heavy equipment and coal mining service provider arms, amid a recovery in coal prices.

The company still faces mounting pressure in the automotive sector, which forms the backbone of its business. Its palm oil producer subsidiary, which is also a significant earning contributor, is reported a decline in net income in the first six months of this year amid weak crude palm oil prices.

Astra, founded by late Indonesian businessman William Soeryadjaja in 1957 but now owned by Hong Kong-based conglomerate Jardine Matheson Holdings, has diversified its business into seven areas: automotive; finance; heavy equipment, mining, construction and energy; agribusiness; infrastructure and logistics; information and technology; and property.

Astra saw its net income increase 11 percent to Rp 10.38 trillion (\$718 million) in January-June period from the corresponding period last year. It said

earnings from its mining and heavy equipment unit rose 60 percent, while profit from the automotive segment stagnated. Net income from its palm oil producer arm declined 23 percent.

This announcement turned around negative sentiment regarding Astra's profitability after it saw a 2 percent year-on-year decline in net income to Rp 4.98 trillion in the first three months of this year.

Astra International president director Priyono Sugiarto said in a statement on July 26 that the management remains upbeat that the group's financial performance until the end of this year will be relatively "good," thanks to Indonesia's steady economic growth and despite challenges in the automobile market and a weaker palm oil price.

In a year-to-date calculation, the share price of the seven-largest listed company by market value, declined nearly 16 percent amid tough competition in the automobile market and weak palm oil prices weighing down the company's profitability. Astra's share price increased 4.49 percent to close at Rp 6,975 on July 27, a day after it announced improving profits.

Automotive sales have been Astra's key business



since Soeryadjaja's era and following expansion in this sector under the new owner, the Jakarta-listed company is now considered the largest independent automotive group in Southeast Asia. Parent company Jardine has been successful in developing a network of Mercedes-Benz dealerships and a portfolio of specialist franchises that include Aston Martin, Audi, Volkswagen, Jaguar, Land Rover and Porsche.

#### **AUTOMOTIVE STILL DOWN**

However, despite having long dominated the automotive market in Indonesia, other players, including Astra's biggest competitor, PT Indomobil Sukses Internasional Tbk, did not remain idle. While carmakers aggressively introduced new vehicle models to win consumers' hearts, distributors such as Indomobil offered competitive retail prices and attractive financing schemes.

Astra said its share of the automobile market dropped to 48 percent by the end of June from 56 percent in the same period last year. Its share of the motorcycle market also decreased to 74 percent from 77 percent.

Astra, through its various units, is the sole distributor of brands such as Toyota, Daihatsu, Isuzu, BMW, Peugeot and UD Trucks. It is also the sole distributor of Honda motorcycles in Indonesia. The company is supported by its automotive parts and after-sales-service arm, PT Astra Otoparts Tbk.

Stefanus Darmagiri, an analyst at state-owned brokerage Danareksa Sekuritas, was quoted by Investor Daily on July 19 as saying that Astra's weaker performance in the automotive sector was reflected in its vehicle sales growth, which was lower than the national vehicle sales growth.

According to the latest industry association data, nationwide vehicle sales increased 4 percent in the first half to 554,000 units, while Astra's declined 10 percent to 268,000 units.

However, the introduction of new editions of the Toyota Rush and Daihatsu Terios sport utility vehicles by Indonesia's two most popular automotive brands helped Astra to somewhat contain declining sales.

Still, Danareksa revised its target for Astra's automotive sales for the full year slightly downwards to 550,310 units from 566,940 units.

Amid the slowdown in Astra's automotive sales, Danareksa is banking on a recovery in global commodity prices to boost the group's heavy equipment distributor arm, PT United Tractors Tbk. The securities company noted that Astra is setting aside a significant amount for capital expenditure at United Tractors amid expectations of higher demand for heavy equipment in the coal industry.

Prijono said the company has lifted its planned capital expenditure for this year to Rp 29 trillion from Rp 25 trillion previously. This is nearly double the amount set aside over the past five years. Around Rp 12 trillion, or more than 41 percent of the Rp 29 trillion, will go to United Tractors.

United Tractors reported a 60 percent increase in net income to Rp 5.5 trillion in the first half, thanks to improved performance in its construction machinery and mining contracting businesses, as well as its mining operations, all driven by higher coal prices.

Its other commodity-related business arm, palm oil producer Astra Agro Lestari, saw its net income decline 23 percent to Rp 355 billion, primarily due to lower crude palm oil prices. Astra controls a 79.7 percent stake in Astra Agro.

**Astra is already involved in some infrastructure business, having acquired a 45 percent interest in the fully operational 116-kilometer Cikopo-Palimanan Toll Road in West Java in May last year, adding to its interest in five other toll roads, including a 79.3 percent stake in the Tangerang-Merak Toll Road in Banten.**

#### **INVESTMENT UNAFFECTED**

Despite these challenges, Astra is still on an investment spree. In February, the group spent \$150 million on the acquisition of a minority stake in ride-hailing firm Go-Jek.

Speaking to local media, Prijono denied that Astra's investment in the popular ride-hailing service was intended to pave the way for the group to sell more cars and motorcycles.

He said the group's management had been interested in investing in the unicorn startup because it is expected to participate in helping the nation's small and medium enterprises. He told reporters in February that Astra was looking forward to innovations it can develop in cooperation with Go-Jek to help SME growth in the country.

Other than this investment, the group is also active in the infrastructure sector and one of its big plans is to invest and become the operator of the upcoming Patimban Seaport in Subang, West Java. This project was expected to break ground in July and the government has not yet made a final decision on who will operate the port.

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The group's financial services division did not perform well either, with net income having decreased 6 percent to Rp 1.1 trillion, due to a lower contribution from Bank Permata.

Meanwhile, Astra's other businesses in the information technology and property sectors are still dwarfs in terms of their net income contributions.

Astra Graphia, which is 76.9 percent-owned, posted a 24 percent increase in its net income to Rp 88 billion, while the group's property division reported a net income of Rp 48 billion. Among its property assets are Anandamaya Residences, an apartment complex in Central Jakarta, and Arumaya, a residential development in South Jakarta. Astra is also in the process of developing a 67-hectare site in East Jakarta through its subsidiary. 🌐





**“Whenever one mentions East Nusa Tenggara, we are called to come to East Nusa Tenggara. And here we are. This was why I urge the Lippo Group and its foundations to build schools, hospitals and create job opportunities.”**

**JAMES RIADY**

# TOP GROUPS INVEST IN EAST NUSA TENGGARA

By **Yanto Soegiarto**

**T**he East Nusa Tenggara administration has presented the Lippo Group with an award for its contribution to the development of the province. The award, presented to Lippo Group chief executive James Riyadi by Governor Frans Lebu Raya, marks another milestone in the group’s efforts to improve Indonesia’s less-developed regions.

The governor said he is convinced other business groups will follow Lippo’s lead in investing in the region. “It’s true that other large businesses followed the Lippo Group’s example by investing in East Nusa Tenggara,” Frans Lebu Raya said.

In his remarks, James said East Nusa Tenggara needs not only physical development but also development of human resources. “Whenever one mentions East Nusa Tenggara, we are called to come to East Nusa Tenggara. And here we are. This was why I urge the Lippo Group and its foundations to build schools, hospitals and create job opportunities,” James said.

The group has established Lippo Plaza Kupang, two Siloam hospitals and Dian Harapan School in Kupang, the provincial capital. Lippo opened its first modern Hypermart in Kupang in 2012 and a Siloam Hospital in 2015. The group also has a Siloam Hospital in Labuan Bajo, a popular tourist destination in the province.

The two hospitals together employ 750 people, including specialists, doctors, nurses and general staff. They receive nearly 800,000 visitors and treat around 180,000 patients per year. Lippo is currently exploring the possibility of building more hospitals in other districts in the province.

Yayasan Pendidikan Pelita Harapan is also actively involved in developing education in Kupang, Rote and Labuan Bajo. In the provincial capital, the foundation established primary and secondary schools for 2,169 students. They employ 131 teachers and 208 general staff members. The foundation also provides university scholarships to 100 students annually.

James said the bureaucracy in East Nusa Tenggara makes it easy to invest in the province. “We were given good service; none of the officials asked for money,” he said.

The Lippo Group has so far invested more than Rp 1,5 trillion (\$103 million) in East Nusa Tenggara.

Other groups, including Trans Corp, represented by Ahmad Ridwan Dalimunthe, and the Sahid Group, that have also invested in East Nusa Tenggara, also received awards during the occasion. 🌐



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# 2

## **Salim Group/First Pacific/ Gallant Venture/Brantwood**

Private

Food, telco, automotive, property, infrastructure and mines

**Anthoni Salim**

**\$12.1 BILLION**

The Salim Group's stronghold in the consumer goods industry has prompted it to enter the digital economy by providing e-payment systems to serve its network of 15,000 Indomaret minimarkets. The group, which owns the world's largest instant-noodle maker, is starting cooperation with Exxon Mobil to distribute fuel for industry needs. The group was expected to expand into the poultry business early this year, with an investment of about \$200 million through its investment arm KMP Private Limited, in cooperation with Malaysia's Cab Cakaran. In general, the group posted solid growth compared with the previous year with substantial contributions from its consumer goods and plantation businesses.

# 4

## **Sinar Mas Group**

Private

Pulp and paper, agribusiness, energy, property, financial services

**Eka Tjipta Widjaja**

**\$8.7 BILLION**

The Sinar Mas Group still earns a significant portion of its revenue from resource-based subsidiaries SMART, SMART Agro, Asia Pulp & Paper and associated companies. The group is also expanding into property with a \$500 million investment in its smart-city concept in Bumi Serpong Damai in Tangerang, Banten. The group's Sinar Mas Land acquired the 33 Horseferry Road property in London, valued at about \$270 million. This move marks further expansion in the European market, while the group also keeps an eye on China for residential developments. Its financial arm Sinar Mas Multi Artha has enjoyed significant growth in the banking and finance sectors over the past three years. The group's energy division is benefiting from rising coal prices.





## 5

**Gudang Garam Group**

Private

Cigarettes, palm oil, property, paper

**Susilo Wonowidjojo****\$ 7.5 BILLION**

The Gudang Garam Group, Indonesia's second-largest tobacco manufacturer, is currently moving into other businesses aside from cigarettes. Its property and plantation businesses are growing significantly. The Wonowidjojo family plans to complete the construction of a privately owned airport with a 3,000-meter runway in Kediri, East Java, before the end of next year. The group also has significant interests in energy, pulp and paper and property. The family controls its palm oil plantation business through Matahari Kahuripan (Makin Group), which has more than 130,000 hectares in Sumatra and Kalimantan. The group produces specialty papers and packaging for its cigarettes, while PT Surya Madistrindo is the sole distributor of the company's products. The group owns Gudang Garam Tower in Jakarta and other residential and hotel projects in East Java and Bali.

## 6

**Philip Morris International (Altria Group)**

aka HM Sampoerna

**Foreign/US****\$7.1 BILLION**

HM Sampoerna, Indonesia's largest cigarette maker, contributes the bulk of Philip Morris International's business. With sales rising to Rp 96 trillion in 2017 from Rp 95 trillion the previous year, the group remains a market leader in Indonesia. There are around 90 million smokers across the social spectrum in Indonesia, with hardly any pressure on them to curb the habit. That is music to the ears of Philip Morris, whose cigarette brands control around 40 percent of the global market. Aggressive campaigns by the anti-tobacco movement have so far failed to have any meaningful impact and the government is reluctant to make life difficult for an industry employing millions of people in tobacco cultivation, cigarette manufacturing and distribution. But this may change. On May 16, the National Institute of Health Research and Development said Indonesia loses at least Rp 500 trillion per year as a direct result of smoking, far more than what the country gains in tobacco excise.

## 7

**Lippo Group**

Private

Property, retail, healthcare, education, media, e-commerce

**Mochtar Riady****\$7.0 BILLION**

The Lippo Group has aggressively moved into the digital economy, with among other initiatives, its OVO digital wallet and payment gateway, which grew drastically, attracting around 18 million subscribers. As one of Indonesia's most innovative business groups, Lippo has a strong presence in almost every consumer sector, including property, telecommunications, health care, retail, entertainment, education, media and technology. The group employs more than 130,000 people and serves in excess of 100 million Indonesians annually. Its \$6 billion Meikarta township development in Cikarang, West Java is on schedule for completion in the first quarter of next year. Two other major initiatives by the group this year are in health care and technology. With more than 31 hospitals across Indonesia, its Siloam Hospitals Group continues to expand and solidify its leadership position in the market, while in technology, Lippo is expanding into e-commerce and financial technology. The group sets aside around \$100 million per year for philanthropic activities, which include scholarships for needy students from remote parts of Indonesia.



MOH. DEFRIZAL/GA PHOTO, AFRIADI HIKMAL/JG PHOTO



# 8

## Royal Golden Eagle Group

Private

Pulp & Paper, palm oil plantations

**Sukanto Tanoto**

**\$5.7 BILLION**

Royal Golden Eagle (RGE) is expanding its business outside Asia with Brazil set to become the hub for its pulp and paper business in Latin America. This year, the group partnered with Brazil's Lwart Group to acquire a 100 percent stake in its subsidiary Lwarcel Cellulose, which has a pulp mill with a production capacity of 250 metric tons. The group's subsidiary, Apical, recently acquired a biodiesel

refinery with a production capacity of 1,000 tons from Kutai Refinery Nusantara. Its energy interests are managed by Pacific Oil & Gas, which operates the 780-megawatt CGT Xiamen power plant in China, in addition to a gas well in Jambi Merang, Sumatra. Founder Sukanto Tanoto is handing operation of the group's businesses to his children, Anderson, Imelda, Belinda and Andre.



# 9

## Alfamart Group (Sumber Alfaria Trijaya)

Private

Modern Retail

**Djoko Susanto**

**\$4.3 BILLION**

Having been successful in its medium-size convenience store business, the group is now moving to become a food maker that produces biscuits and bread. It cooperates with Malaysia's Muncys Group and Japan's Yamazaki Group. The group's retail business continues to outstrip competitors, including the Salim Group's Indomaret. The Alfamart Group controls 13,477 stores across the country and besides Alfamart, also operates the Alfamidi

chain through PT Midi Utama Indonesia, which has more than 1,000 outlets. The group is currently expanding elsewhere in the Association of Southeast Asian Nations (Asean) through its subsidiary Alfamart Retail Asia, which manages 600 Alfamart outlets in the Philippines. The Alfamart Group, which also has indirect operations in the pharmacy trade through PT Sumber Medika Lestari, plans to open 800 new outlets throughout the country.



## 10

### CT Corpora

Private

Finance, media,  
retail, property

**Chairul Tanjung**  
**\$3.6 BILLION**

PT Chairul Tanjung Corpora and CNBC inked a strategic partnership agreement earlier this year that saw the creation of CNBC Indonesia, a business and financial television and digital news service. CNBC Indonesia was added to CT Corpora's media business, joining free-to-air television stations Trans TV and Trans 7, and cable television and online networks. CT Corpora is a diversified conglomerate active in finance, property, media, lifestyle, entertainment and natural resources. The business group, controlled by media mogul Chairul Tanjung, is also actively pursuing interests in the property sector this year. Through its subsidiary Trans Property, the group is developing mixed-use property projects, including high-rise residential developments, office buildings, shopping malls and theme parks in Greater Jakarta and Surabaya, East Java.



## 11

### Charoen Pokphand

Private

Animal Feed

**Sumeth Jiaravanon & Benjamin Jiaravanon**  
**\$3.5 BILLION**

Indonesia's largest animal-feed producer is currently eyeing markets in Japan and East Timor, after establishing itself as a successful exporter to Papua-New Guinea. The listed company has invested Rp 2.6 trillion this year to expand its core business in animal feed, day-old chicks and processed poultry. It is currently building a factory in Central Java and another on Sumatra Island. PT Charoen Pokphand Indonesia Tbk has established a partnership with state-owned port operator Pelindo III to develop a dry port in Surabaya, East Java. The company further has 100,000 hectares of palm oil plantations in West Kalimantan, while it is also engaged in trading and the beverage business.



# 12

## **Temasek Group**

Foreign

Banking, telco

**Government of Singapore**

**\$3.3 BILLION**

For Indonesia, Temasek's investment model has been unique. With interests in a wide range of businesses, the group has changed Indonesia's business landscape over the past 10 years. It controls a 67 percent stake in Bank Danamon, which in turn controls publicly listed financing firm Adira, and through its subsidiary SingTel, has a significant holding in Indonesia's leading mobile phone operator, Telkomsel. Through its subsidiary Sembawang Corporation, the group has 51 percent control of Kendal Industrial Estate in Semarang, Central Java, in partnership with Indonesia's Jababeka Group. The 2,000-hectare industrial estate will be equipped with modern facilities for working, living, education and trading.



# 13

## **Bakrie & Brothers**

Private

Mining, telecommunications, property, manufacturing, toll roads

**Aburizal Bakrie**

**\$3.1 BILLION**

Debt remains a key issue for PT Bakrie & Brothers, the holding company of a business group controlled by the Bakrie family. However, it is looking at opportunities in other sectors, such as bus operations and industrial estate development. The group is seeking help from a Chinese partner to fund the development of a 500-hectare industrial park, the location of which has yet to be disclosed. With operations including steel-pipe manufacturing, media, telecommunications, property and natural resources, the Bakrie Group has emerged as a huge business entity. However, the company's coal-mining subsidiary, Bumi Resources, continues to struggle with massive debt, while its telecommunications arm, Bakrie Telecom, is awaiting a Rp 11.8 trillion (\$814 million) debt restructuring process with creditors.

# 14

## **Adaro Energy**

Private

Mining, Power

**Edwin Soeryadjaya, Boy Thohir, Teddy Rachmat**

**\$3.1 BILLION**

Adaro Energy, Indonesia's largest listed coal producer by market value, is embarking on an ambitious expansion this year to acquire a controlling stake in the Kestrel Coal Mine in Central Queensland, Australia, currently owned by mining giant Rio Tinto. Adaro and a Melbourne-based private equity firm plan to jointly manage and operate the underground mine that produces coking coal. Adaro chief executive Garibaldi "Boy" Thohir said the company hopes to wrap up the \$2.25 billion deal to buy an 80 percent stake in Kestrel in the third quarter of this year. With coal prices currently rebounding, the coal mining business looks attractive once more for investors. This year marked the 10th anniversary of Adaro's listing on the Indonesia Stock Exchange (IDX). Beyond mining, the company is also involved in logistics, water purification, land development and power generation.



15

**Unilever (Mavibel BV)**

Consumer goods

Foreign/Dutch

**\$2.9 BILLION**

PT Unilever Indonesia Tbk, the local arm of Anglo-Dutch conglomerate Unilever, is engaged in the manufacturing, marketing and distribution of fast-moving consumer goods. It recently sold its margarine and spreads business to US-based private equity firm KKR & Co for \$210 million to focus on its core products in the home- and personal-care categories, such as shampoos, soaps, toothpastes, deodorants and food items such as ice creams, teabags, soy sauce, fruit juice and seasonings. Analysts say Unilever Indonesia's performance remains strong on the back of steady consumer demand in Southeast Asia's largest economy for its products despite a weakening currency, which may erode its margins.



16

**Triputra Group**

Private

Mining, plantation, finance, transportation

**TP Rachmat****\$2.8 BILLION**

The Triputra Group, founded by former Astra International top executive Theodore "Teddy" Permadi Rachmat, is currently expanding its business portfolio in the commodity sector, including agricultural products such as cassava and palm oil. Triputra is a significant player in palm oil and rubber plantations. Besides commodities, the group also has investments in mining, logistics and clothing manufacturing. It controls a significant stake in Adaro Energy, Indonesia's second-largest coal producer by volume. The group also owns Apparel One Indonesia, a manufacturer of clothing brands such as Esprit, Ralph Lauren, Mexx and Adidas. It recently completed a second factory in Semarang, Central Java.

17

**Wings Group**

Private

Consumer goods, property, plantations

**Eddy William Katuari****\$2.8 BILLION**

The Wings Group is one of the three giants in the consumer product business in Indonesia. The group, founded in East Java 60 years ago, had its initial success in the production and sale of detergents and baby-care products. It is since become a major player in fast-moving consumer goods. The company launched an ice cream business last year, in collaboration with Japan's Ezako Gloco in a bid to meet strong demand in Indonesia. This initiative adds to the already long list of products produced by Wings. The group has diversified interests in plantations, packaging, oleo-chemicals and property. Wings exports to more than 80 countries, including in Africa and the Middle East. It competes with other major players such as Indofood, Unilever and Mayora.



# 18

## Barito Pacific Group

Private

Petrochemicals, forestry, plantations

**Prajogo Pangestu**

**\$2.4 BILLION**

Founded by Prajogo Pangestu in 1979, the diversified group controls Indonesia's largest petrochemical complex, Chandra Asri, making it the biggest and most integrated petrochemical producer in Indonesia. Barito Pacific is currently also expanding into geothermal energy after the \$755 million acquisition in July of a 66 percent stake in local geothermal power producer Star Energy Group Holdings Pte Ltd, which owns power plants with a total capacity of 875 megawatts. The acquisition is seen as a crucial move by the group to establish itself as a market leader in the renewable energy sector, as well as increasing its capacity through optimization. With planned investment of \$6 billion in several projects between 2016 and 2021, the group aims to generate more revenue, stabilize corporate income and become a power producer.



# 19

## Qatar Investment Authority (Indosat Ooredoo)

Telecommunications, finance

**Foreign/Qatar**

**\$2.1 BILLION**

Indosat Ooredoo, 65 percent controlled by the Qatar Investment Fund, has had a tough year so far due to stiff competition in Indonesia, which saw the telecommunications service and network provider posting a 22 percent year-on-year decline in revenue in the first quarter. The company swung to a Rp 505.7 billion loss in the January-March period after a Rp 173.9 billion profit in the corresponding period last year. Analysts say Indosat's internet connectivity offering did not measure up to those offered by competitors and that it was therefore unable to improve average revenue per user. The company also has limited funding available for network expansion. Indosat's top management has made various efforts to improve its financial performance, including sealing a cooperation deal with pay-television operator Nexmedia.

# 20

## Japfa Comfeed

Private

Animal Feed, property

**Handojo Santoso**

**\$2.1 BILLION**

The group, jointly controlled by Handojo Santoso and Cargill subsidiary Black River Asset Management, is focused on the production and sale of animal feed, while it also operates Japfa Ltd., a Singapore-listed investment holding company. Dairy-producing subsidiary AustAsia operates in China and Indonesia, marketing products under the Greenfields brand. The group has experienced continuous growth, with its shares having gained 27.03 percent by the middle of this year and 20.96 percent over the past full year. PT Japfa Comfeed, winner of the Top CSR 2017 Award, recently also participated in a search and rescue mission following the tragic sinking of a ferryboat in Lake Toba, North Sumatra.



MOH. DEFRIZAL/GA PHOTO, REUTERS PHOTO





21

**Tiphone Mobile Indonesia**

Private

Manufacturing, distribution

**Hengky Setiawan****\$2.1 BILLION**

Tiphone Mobile Indonesia Tbk is the largest mobile phone voucher distributor in the archipelago. It has partnered with Indonesian “unicorn” startup Go-Jek and cellular operator Telkomsel to expand its customer base. The company’s main focus is currently on the sales of cellular phones and spare parts, accessories and recharge vouchers, in addition to repair services and content provision. Most of its consolidated revenue is derived from the sale of recharge vouchers and mobile phones. However, the group is still eyeing potential growth as an integrated provider of tools and services in the telecommunication industry. PT Tiphone Mobile Indonesia Tbk was founded by Hengky Setiawan, a collector of sports cars and vintage Vespa scooters. The company booked the largest foreign share sale of \$3.3 billion in July.















## 28

### Bank Panin Group

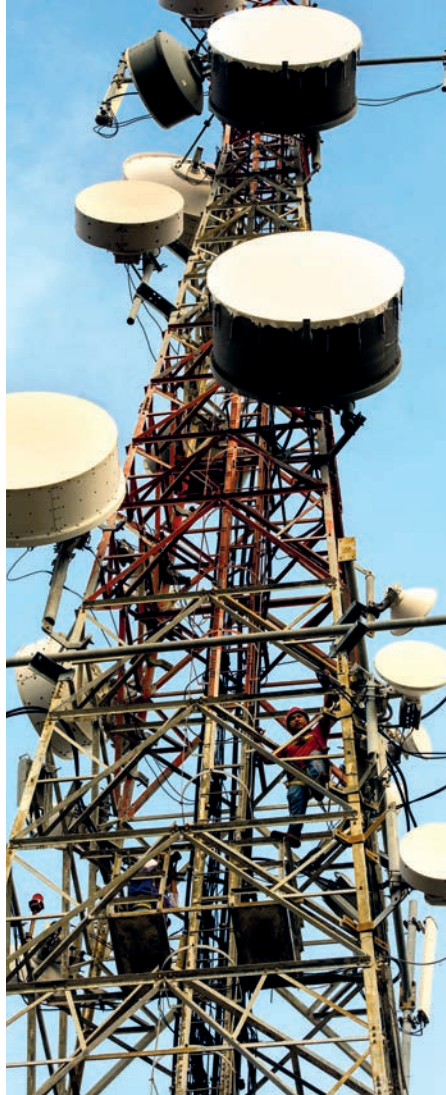
Private

Banking, property

**Mu'min Ali Gunawan**

**\$1.6 BILLION**

Bank Panin is one of Indonesia's oldest privately controlled financial groups. Founder Mu'min Ali Gunawan and his family continue to be majority shareholders of the country's seventh-largest lender. The Indonesian Working Group on Forest Finance (IWGFF), an international nongovernmental organization, has listed Bank Panin in its 2018 green investment index. The group, which currently has 561 branches, continues to expand its services through digital, mobile and internet banking. It has booked \$50.9 million in net profit in the first quarter of 2018 on the back of higher net interest income. However, its gross nonperforming loan ratio increased to 2.99 percent in the first quarter from 2.91 percent in the same period last year. Bank Panin has also ventured into shariah banking through the Dubai Islamic Bank.



## 29

### XL Axiata Group

Telecommunications

Private

**\$1.6 BILLION**

Malaysian telecommunications company Axiata has continued its expansion in Indonesia to tap increasing demand for mobile data services. Through its 66.4 percent stake in XL Indonesia, Axiata has a diversified portfolio in mobile networks, communications infrastructure and digital services with more than 350 million subscribers in 11 countries. In June, Moody's upgraded the issuer rating of Axiata Group Bhd's Indonesian subsidiary, XL Axiata Tbk, and revised the outlook to positive. As the third-largest cellular provider in Indonesia in terms of revenue, XL Axiata has 54.5 million subscribers and controls a nationwide cellular network covering all major cities on the islands of Java, Bali and Sumatra, as well as population centers in Sulawesi and Kalimantan. It experienced strong growth in mobile data services despite a decline in demand for voice, text messaging and interconnection services. With growing demand for 3G/4G LTE services, XL focuses on increasing data monetization.



## 30

### Argo Manunggal

Private

Property

**The Nin King**

**\$1.6 BILLION**

One of the most recognized corporate groups in Indonesia, with business interests in textiles and garments, property, financial services and construction materials. The group's poultry business produces more than 34 million day-old chicks per year, providing other major operators in the country with stiff competition. The group also operates multi-finance company Daya Sembada Finance, while in the property sector, it has a controlling stake in Alam Sutera Realty and the Bekasi Fajar Industrial Estate. Alam Sutera is a popular residential and lifestyle community on the southwestern edge of Jakarta. With a total area of 1,100 hectares, it is regarded as one of the most successful housing developments in Indonesia.



# 31

## Standard Chartered Group

Banking

Foreign/UK

\$1.5 BILLION

Standard Chartered Bank Indonesia, the local arm of the British multinational banking and financial services group, has performed well so far this year. Net income skyrocketed by 214 percent to Rp 341 billion in the first quarter, thanks to a major transformation to refocus its banking business. Net interest income jumped 9 percent in the first three months, thanks to significant contributions from transaction banking and its wealth management business. Business restructuring and a focus on efficiency resulted in a 6 percent reduction in operational costs in the same quarter. Gross nonperforming loans decreased and asset quality improved. The bank will further transform its business by using technology to improve banking functions, including trade and investment finance. The bank won an award for its successful implementation of innovations in financial technology. Standard Chartered Bank Indonesia has a 45 percent stake in PT Bank Permata Tbk, a joint venture with Astra International.



# 32

## Kalbe Farma Group

Private,

Pharmaceuticals, healthcare

Boenjamin Setiawan

\$1.4 BILLION

One of Southeast Asia's largest pharmaceutical companies has largely been unaffected by the weakening rupiah. The group recently extended its logistics and storage capacity with the construction of a new facility in Cikarang, West Java, by subsidiary PT Enseval Putera Megatrading Tbk. The company has also made good progress with its medical equipment distribution through another subsidiary, PT Enseval Medika Prima, the sole distributor of Werfen laboratory equipment in Indonesia. Spain-based Werfen is a global leader in in-vitro diagnostics in the specialties of hemostasis, acute care diagnostics and autoimmunity.

ANTARA PHOTO, REUTERS PHOTO

# 33

## Bentoel Investama (BAT)

Cigarettes

Foreign/UK

\$1.4 BILLION

Bentoel is one of the largest producers of tobacco products in Indonesia. The company has been busy expanding its business in several areas, including the opening of a dried ice expanded tobacco factory in Malang, Central Java, which will increase exports to neighboring countries. The group is also actively exploring new markets in other countries to distribute its tobacco products and expand its international distribution chain. This is done to counteract a continuing downturn due to increasing health concerns associated with tobacco consumption.



34

**Mayora Indah**

Private

Consumer food

**Jogi Hendra Atmaja****\$1.4 BILLION**

The group owes much of its significant growth to its extensive selection of consumer foods and beverage products. Mayora is a market leader that shows no intention of slowing down its momentum. The company's coffee products are major money spinners and have helped the group bolster its sales this year.

Mayora is planning to purchase more land in Balaraja, Banten, to expand its production facilities. The land, which the group hopes to acquire from PT Tedjopratama Mandirigemilang and PT Lubuk Pertama, will be used to add three biscuit production lines and 15 wafer production lines.

35

**Lion Air Group**

Private

Aviation

**Rusdi Kirana****\$1.3 BILLION**

Lion Air has been steadily building up its fleet and developing its airline services. The group operates Lion Air, Wings Air, Batik Air and Lion BizJet in Indonesia, while it is currently in the process of establishing more international flights, including to Japan. The group has also successfully established the country's first aircraft maintenance depot. After years of operation, the airline finally passed an Operational Safety Audit (IOSA) by the International Air Transport Association (IATA).



36

**AKR Corporindo**

Private

Logistics,  
infrastructure, power**Haryanto****Adikoesoemo****\$ 1.3 BILLION**

The group is one of the country's leading integrated supply chain providers, specializing in petroleum and basic chemicals. It recently inaugurated the AKR Way Tenong motor vehicle refueling station in West Lampung district, which will serve as a distribution agency under the government's one-fuel price policy. The group has also announced that PT Jakarta Tank Terminal – a joint venture between Royal Vopak and AKR – has signed a deed to increase issued and paid-up capital to build additional storage capacity for petroleum, biodiesel and ethanol.



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### 📍 Lippo Cikarang

Sep. 6, 2018  
Oct. 4, 2018

### 📍 Kemang Village

Sep. 6, 2018  
Oct. 4, 2018

### 📍 Pluit Village

Sep. 6, 2018  
Oct. 2, 2018











43

**Indika Energy Group**

Private

Mining, energy, media

**Agus Lasmono and Wiwoho****Basuki****\$1 BILLION**

PT Indika Energy Tbk is an integrated energy company, which has businesses in coal mining to power plant and logistics services across land and sea. This year, the group is pouring \$100 million into its subsidiary to invest in fuel storage business. Indika's subsidiary PT Kariangau Gapura Terminal Energi has signed a contract with PT ExxonMobil Lubricants Indonesia to provide fuel storage facility services. Other than this business, Indika is known to have been active in exploring, producing and processing coal. This group is also supported by subsidiaries that offer vital services in the extractive industry like engineering, procurement and construction (EPC) services, site operations and maintenance, project management, to logistics. A gradual recovery in coal price helped the company registered a \$335.4 million profit last year, a swing from a \$67.6 million loss in 2016.



44

**Bayan Resources**

Private

Mining

**Dato Low Tuck Kwong****\$1 BILLION**

Jakarta-listed PT Bayan Resources Tbk is an integrated coal producer engaged in open cut mining from mines located mostly in Kalimantan. The company that is controlled by businessman Dato Low Tuck Kwong runs an integrated supply chain business in the coal mining industry from mining, processing, barging and transshipment of semi-soft coking coal to environmentally friendly sub-bituminous and low sulphur coal. Four of the company's subsidiaries just signed a contract amendment with the Energy and Mineral Resources Ministry regarding their concession rights as the central government requires old mining contracts to adjust with the government's new terms and conditions. The coal miner is more upbeat about its financial performance as coal prices have gradually rebounded.

45

**Gunung Sewu Group**

Private

Agribusiness, property, energy, insurance

**Husodo Angkosubroto****\$980 MILLION**

This large agribusiness and fruit-processing company is working to boost output and increase efficiency to tap not only the domestic market, but also expand its exports. It is opening a new corporate headquarters this year as part of its property portfolio, managed by Farpoint Realty. The group is also a major shareholder in Sequis Insurance, one of the biggest locally based insurance

companies in Indonesia. In manufacturing, the group started out with National Label, a leading woven and satin label manufacturer in Indonesia, and it now also produces shoes, in addition to its Zen brand of porcelain tableware, mainly for export, and candy under the Yupi brand. The group further has interests in energy and information technology services.



# 46

## **MNC Investama**

Private

Media, finance, property

**Hary Tanoesoedibjo**

**\$970 MILLION**

PT MNC Investama Tbk, founded as a securities company by Hary Tanoesoedibjo in 1989, is a leading investment group with interests in media, financial services and property. Subsidiary PT Global Mediacom Tbk, also known as MNC Media, owns the television stations RCTI, MNCTV, GTV and iNews, and pay-TV service MNC Vision. MNC Media also owns printed media, radio stations and several online businesses. Financial services are managed by PT MNC Kapital Indonesia Tbk, which operates MNC Bank, MNC Finance, MNC Leasing, MNC Sekuritas, MNC Asset Management, MNC Insurance and MNC Life. PT MNC Land Tbk manages the group's property business, which includes MNC Lido City in West Java, MNC Bali Resort in Tabanan, Bali, and MNC Smart City in Tangerang, Banten. The group also has interests in transportation and coal mining. One of the group's business highlights this year is the listing on the Indonesia Stock Exchange (IDX) by its new content provider company, PT MNC Studios International Tbk, in June.



# 47

## **Persada Capital Group**

Private

Investments

**Beny Subianto Family**

**\$970 MILLION**

The Persada Capital Group was founded by Benny Subianto, who passed away in 2017. He left a strong legacy and his successors continue to control a slice of Indonesia's largest businesses, among others, Adaro Energy, the country's second-biggest coal miner, which is expanding strongly into power generation and water treatment. Persada also has strong interests in agribusiness and health care. Its main role is to ensure professional management of the companies in which it has interests. The group is now run by Benny's daughter Arini Saraswati Subianto, one of Indonesia's richest women. She is president director of PT Tri Nur Cakrawala, PT Pandu Alam Persada and PT Persada Capital Investama. Arini and former schoolmate Winfred Hutabarat also founded Aksara, a bookstore chain with three outlets in Jakarta.

# 48

## **Tunas Ridean**

Private

Automotive distributor

**Anton Setiawan**

**\$925 MILLION**

PT Tunas Ridean Tbk is controlled by the family of Anton Setiawan. The group's subsidiaries include Surya Sudeco, Tunas Rental and consumer finance operation Mandiri Tunas Finance. The group's core business is a network of authorized dealerships for automotive brands Toyota, Daihatsu, BMW and Peugeot, as well as Honda motorcycles. The group plans to continue expanding its reach by opening more outlets in some of Indonesia's larger cities this year. Tunas Ridean is targeting double-digit net profit growth this year, president director Rico Setiawan said after the listed group's latest shareholder meeting. The company will open two new Toyota outlets and one Daihatsu outlet this year.





49

**OCBC-NISP**

Banking

Foreign/Singapore, OCBC

**\$915 MILLION**

Bank OCBC NISP has announced a digital transformation of its business by adopting Office 365 technology to increase productivity and competitiveness in Indonesia. With the need to be more competitive and agile, this strategic move is aimed at transforming the organization to enable future growth. Bank OCBC NISP was established in Bandung, West Java, in 1941 as the Nederlandsch-Indische Spaar en Deposito Bank. It now has 325 offices in 61 cities throughout Indonesia, supported by 736 automated teller machines. It also has access to a network of more than 179,000 ATMs throughout Indonesia and more than 900 OCBC Group ATMs in Singapore and Malaysia.



50

**FKS Multi Agro**

Animal feed, trading

Private

**\$910 MILLION**

PT FKS Multi Agro Tbk is a powerful player in soybean imports, having steadily grown its business. The group has been cooperating with state-owned port operator Pelindo on the construction of a \$30-million, 100,000-metric-ton warehouse complex in Surabaya to strengthen distribution channels in East Java. The company is also developing corn plantations near Bual-bual village in East Kutai district, East Kalimantan. It has allocated capital expenditure of between \$10 million and \$15 million this year to fund expansion of subsidiary PT Nusa Prima Logistik.





# COVERING NEWS ABOUT INDONESIA



# NEWCOMERS MAKE THEIR MARK

*GlobeAsia* takes a look at companies that have made significant progress in terms of growth and business strategy over the past two years. Although some have listed on the stock market only recently, they are well established in their respective fields, while others have had outstanding achievements in terms of revenue and expansion in recent years. Here is a brief overview:

## Bintraco Dharma Group

Private

Automotive trading, logistics and financial services

**Simon Harto Budi and family**

Bintraco Dharma is a leading automotive trading, logistics and multi-finance company based in Central Java. The company, founded by the late Agustinus Harjo Budi in Semarang less than 50 years ago, is now managed and controlled by his descendants, Simon Harto Budi, Sebastianus Harno Budi and Emilia Ira Novita Budi. Bintraco operates through more than 25 subsidiaries. The group also owns multi-financing company PT Andalan Finance Indonesia and some joint ventures, such as PT Toyota Tshuso Logistic Center-Nasmoco Transport, PT Bayauc Nasmoco Investindo, New Ratna Motor and Nasmoco Group in Yogyakarta.



## Brasali Group

Private

Property, chemicals and industry

**Aldo Putra Brasali and family**

The Brasali Group is engaged in various undertakings in the property, energy and chemical sectors. Its property arms, Metropolitan Land and Pondok Indah Group, manage malls and residential and office buildings. The group is also engaged in the production of chemicals, including carboxymethyl cellulose under the Arbecel brand, while it supplies the food and pharmaceutical industries through its subsidiary PT Arbe Chemindo. Although the group's property holdings continue to expand, energy subsidiary Cikarang Listrindo, which supplies electricity to one of Indonesia's leading industrial estates in Cikarang, West Java, remains a major source of revenue for the group. The expansion of some industrial estate companies, such as Lippo Cikarang, and the Lippo Group's futuristic Meikarta township development, are set to boost the company's performance in the future. The group is currently managed and controlled by the late Budi Brasali's sons Aldo Putra Brasali and Iwan Brasali and granddaughter Ariel Brasali.



## Bank Capital Group

Private

Financial services and banking

**Danny Nugroho**

Medium-sized Bank Capital Indonesia is owned by a group of shareholders led by businessman Danny Nugroho. The bank booked revenue of only Rp 427 billion (\$29.5 million) this year, down from Rp 450 billion a year ago. However, its subsidiary, Capital Financial Indonesia, reported revenue of about Rp 6 trillion, compared with Rp 2.5 trillion in the same period last year. As a multi-finance company, it is unusual for a subsidiary to earn more in revenue than its parent company. The bank was founded in 1989 as Bank Lyonnaise Indonesia before changing to its current name in 2004.



## Catur Sentosa /Mitra10 Group

Private

Building materials supermarket

While building materials are often associated with a dirty workplace, Budiyanto Totong, founder and owner of Mitra21, came up with the idea of selling such products in clean and tidy showrooms. The group currently operates 28 stores, with plans to add another 50 by 2020. With its solid financial performance, the group is optimistic that it can realize this plan. Its upscale building material stores sell both local and international premium brands. Budiyanto's son Andy Totong (39) has taken the lead in managing the company and transforming it into a leading player in the industry. Despite a large revenue projection, the company only managed to book Rp 89 billion in the past year, compared with Rp 74 billion a year ago.

## Pakuwonjati Group

Private

Property

**Alexander Tedja**

Among property players, the Pakuwonjati Group is one of Indonesia's most experienced, with a portfolio of prime properties that includes retail, residential, commercial and hospitality developments. In Jakarta, the group has developed and manages the Blok M Plaza shopping center in Kebayoran Baru, Kota Kasablanka mixed-development in Tebet and Gandaria City, a mixed-use complex consisting of a shopping mall, office tower, apartment towers and hotel in Kebayoran Lama. The group is also engaged in the hospitality industry, managing and operating brands such as Somerset, Sheraton and Ascott, while its further owns and manages several buildings in its home city, Surabaya in East Java.







# Shaking Up Old Habits to Achieve Operational Excellence

By Muhammad Al Azhari

**Faik Fahmi**, 51, realized that he was assuming great responsibility when he was appointed as the leader of a state-owned company that served nearly 90 million travelers and 791,000 flights at 13 airports in Indonesia last year.

During an interview with *GlobeAsia* on July 20, the self-confessed number cruncher, who is a veteran aviation industry executive, said PT Angkasa Pura I, which is responsible for operating airports in the central and eastern regions of Indonesia, plays an important role in the national economy, and that there is a direct correlation between the company's capacity and its potential impact on economic growth.

"I have a vision that the airports operated by Angkasa Pura I must all become world-class in terms of their services. However, our biggest problem currently is lack of capacity," he said at the company's headquarters in Jakarta.

Faik said nine of the 13 the company's airports

currently operate at maximum capacity, as demand has so far always outpaced their increasing ability to handle air traffic and passenger volumes.

## MASSIVE INVESTMENT

Faik, who previously worked for other state-owned companies, including national flag carrier Garuda Indonesia, ferry operator PT ASDP and the country's other airport operator, Angkasa Pura II, is currently spearheading a massive investment spree and major restructuring to change Angkasa Pura I's business paradigm from being a mere infrastructure provider to becoming a service-oriented company.

"We have to think of how to make our airports more service-orientated, instead of being just mere transportation infrastructure," said the executive, who assumed the role of president director at company at the end of last year.

Faik said this year alone, the company allocated capital expenditure of Rp 18.8 trillion (\$1.3 billion),





which is 135 percent more than last year. The company's balance sheet is strong enough so far support this massive increase in investment aimed at raising passenger and air traffic capacity at the airports the company operates.

He said this massive investment in physical infrastructure, such as passenger terminals, runways, airbridges, cargo warehouses and vehicle parking lots, is ultimately aimed at improving safety, security and comfort at airports.

"However, all the physical investment we have made will be useless without improving the mindset of our human resources. I often remind the staff here that the airlines are actually our clients. What has happened all this time is that they have been dependent on us, which makes us feel like they have to serve us. It is actually the other way around," said the man who served as executive vice president for services at Garuda Indonesia between April 2012 and December 2014.

Angkasa Pura I saw a 3.5 percent increase in aircraft movements and 6 percent growth in passenger numbers at its airports last year, while cargo traffic increased 11.4 percent to 403 million kilograms.

Faik said the number of air travelers in Asia increases by around 4 percent on average per year, which means that it is growing at a higher rate in Indonesia than in the region. However, he believes Southeast Asia's largest economy can potentially see growth of 10 percent per year in the number of air travelers if the country can solve its airport capacity problems.

He explained that the inability of many of the country's airports to accommodate more air traffic and passengers has resulted in a bottleneck that prevents the company from achieving its full revenue potential.

In a bid to address this, Angkasa Pura I has been making continuous investments in its airports, with part of the funding derived from its annual capital expenditure budget. This includes Rp 10 trillion invested in the development of a new airport in Kulonprogo, Yogyakarta, scheduled for completion in mid-2019.

"We are targeting foreign airlines for this new airport. The existing Adisucipto Airport in Yogyakarta will remain operational. Kulonprogo Airport will be complementary, with a different market," he said.

Another project involves Rp 550 billion spent on the improvement and beautification of Juanda International Airport in Surabaya, East Java, and a Rp 3.5 trillion upgrade of Sultan Hasanuddin International Airport in Makassar, South Sulawesi.

**"I have a vision that the airports operated by Angkasa Pura I must all become world-class in terms of their services. However, our biggest problem currently is lack of capacity."**

**FAIK FAHMI**

#### **NON-AERONAUTICAL**

However, Angkasa Pura I is not a loss-making company and despite its capacity problems, booked Rp 1.6 trillion in net income last year, which was 39 percent more than the previous year. This healthy balance sheet was supported by strong growth in operational revenue, which increased 17 percent to Rp 7.1 trillion.

The company's aeronautical business still contributes the bulk of its revenue, mainly from landing fees, baggage handling fees, airbridge services and check-in counter services charged to airlines using its airports. Income from Angkasa Pura I's aeronautical business contributed Rp 4.2 trillion to the company's war chest last year.

The company's non-aeronautical business, which includes rental of commercial facilities and areas inside airport terminal buildings, meanwhile contributed Rp 2.9 trillion.

"In a bid to boost the non-aeronautical business, we have modified our management structure. Apart from a commercial director, we now also have a business development director who will monetize all our non-aeronautical businesses," said Faik, who earned a bachelor's degree in economics from Yogyakarta's Gadjah Mada University.

Angkasa Pura I has five subsidiaries, namely Angkasa Pura Support, Angkasa Pura Logistic, Angkasa Pura Property, Angkasa Pura Hotel and Angkasa Pura Retail, all of which trail the company's core business in aeronautical services. Recurring income from these non-core businesses is expected to increase in the future.

Faik said Angkasa Pura I is also taking advantage of digitalization and the internet-of-things as part of efforts to improve its services. He said the company seeks to implement a smart airport concept and digitalize its aeronautical operations.

He added that the company has mapped potential customer touchpoints where digital services, such as online check-ins, may be useful. Angkasa Pura I launched a pilot project this year, known as an airport operating control system, or AOCS, which will coordinate all airport operations.

"The first AOCS was implemented at Balikpapan airport. By the end of this year, we plan for all airports operated by Angkasa Pura I to have





**“I like to lead by example. Sometimes, I am authoritarian on a certain issue, but in most instances, I am very research-oriented. I want all the facts and data to be presented before making a decision and I can also be a good listener.”**

implemented AOCs. This system is important for coordination between airport stakeholders. It can help improve on-time performance, slot availability and monitor all resources in the airport for greater efficiency,” he said.

#### **MOVER AND SHAKER**

Despite being friendly, soft-spoken and easy-going, Faik said he adopts a strong leadership style to manage the company’s nearly about 8,000 permanent and contract employees. He said it felt like he was back in his natural habitat when he returned to the aviation industry.

The 20-year aviation industry veteran said many aspects of the airport operation require an eagle eye and close attention to detail, as any mistakes will make him an easy target for the public and his boss, State-Owned Enterprises Minister Rini Soemarno.

“First of all, I have to make sure that I have a clear strategy that is understood from the top to the bottom of management. I like to lead by example. Sometimes, I am authoritarian on a certain issue, but in most instances, I am very research-oriented. I want all the facts and data to be presented before making a decision and I can also be a good listener,” he said.

Faik, who previously also served as director of commercial and business development at Angkasa Pura II, which operates airports in the

western region of Indonesia, said he often carries out unannounced inspections at airports, which sometimes surprises airport managers.

“When I do an inspection, I don’t sit behind a desk and listen to their reports. I go for a walk to see for myself. It could sometimes involve a 3- or 4-kilometer walk, to see everything at the airport. I want to experience what customers experience. I calculate everything, for example the distance from the passenger drop-off zone to the boarding area. I want to make sure it is not too far. Then the supporting facilities, such as trolleys, baggage handling, CCTV and lighting at the airports, to see if they all work properly. It may create discomfort for teams on the ground that neglect their duties, but this way has proven to be effective,” he said.

Faik, who was a director at Garuda Indonesia when the airline won the Skytrax World’s Best Cabin Crew award in July 2014, and Skytrax’s five-star airline rating in December of the same year, said his more than two decades in the industry provides him with the knowledge of what service standards are required at airports.

“I am very detailed. For example, I can notice if an air-conditioner is not cool enough, a toilet is dirty, or there are not enough trolleys. I also require all airport areas to be monitored by CCTV, including the perimeter areas. We also have to make sure there is a descent fence to prevent people from entering,” he said.

Faik said he does not hesitate to sack general managers if they do not share his commitment to providing better services and improving the performance of airports.

When *GlobeAsia* met up with him, he had just attended the inauguration of new senior managers, some of whom were replacing old faces no longer considered fit for the job.

“As you can see, I don’t play around in doing this job. I am prepared to do what is necessary to improve the airports operated by Angkasa Pura I,” he said.

Faik, who often works seven days per week, went on to explain that it is his policy to reject any business plan that tolerates a loss at any airport operated by the company.

“Of the 13 airports, we acknowledge that there are three still making a loss – in Ambon [Maluku], Biak [Papua] and Kupang [East Nusa Tenggara]. I know the rule of thumb is that an airport needs at least 1.5 million passengers [per month] to run an economy of scale, but there are many ways to earn revenue, including monetizing the non-aeronautical business,” he said.

Faik said Angkasa Pura I has established special teams to handle loss-making airports. “It is like putting them into an incubator, assisted by a special team, and we implement various business models to improve revenue and help with cost management. My hope, at the very least, is for them to break even on the operational side,” he said. 🌐



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# Every Cloud Has a Silver Lining

By Elsid Arendra

**Industry Minister Airlangga Hartarto** says rising commodity prices present Indonesia's heavy equipment industry with a golden opportunity.

"We hope the domestic heavy equipment industry can take this opportunity as commodity prices are rising, thus boosting demand for heavy equipment," the minister said during a visit to the factory of PT United Tractors Pandu Engineering

(UTPE) in Cikarang, West Java, early in July.

Data compiled by the Heavy Equipment Manufacturers Association of Indonesia (Hinabi) shows that the country's production of heavy equipment increased to 5,609 units in 2017 from 3,678 in 2016. Meanwhile, 1,684 units were produced in the first quarter of this year, representing a 46 percent increase compared with the same period last year, mainly driven by demand from the construction and mining sectors.

Just over 90 percent of UTPE's total production consisted of hydraulic excavators, at 1,534 units, followed by 89 bulldozers, 60 dump trucks and one motor grader.

Hinabi has set a total production target of 7,000 units for this year.

Minister Airlangga also promised tax incentives aimed at encouraging industry players to remain competitive and innovative to produce high-value





equipment that meet current market needs.

This policy is in line with the government's "Making Indonesia 4.0" initiative aimed at building a globally competitive manufacturing industry in the country by accelerating the implementation of the so-called Fourth Industrial Revolution. Airlangga said it is in the industry's own interest to get involved in a vocational education program initiated by the Ministry of Industry.

"The industry will survive and grow with the development of human resources. So we should set a goal to provide a decent and competent workforce to fill the industry's needs," he said.

The heavy equipment industry plays an important role in supporting other business sectors, such as infrastructure development, mining, forestry, plantations and agriculture. This role is also in line with government programs aimed at accelerating the implementing of downstream policies.



**"We hope the domestic heavy equipment industry can take this opportunity as commodity prices are rising, thus boosting demand for heavy equipment."**

**AIRLANGGA HARTARTO**

"The government policy is to increase the availability of raw materials needed to develop advanced industrial products," Airlangga said.

"In Morowali, Central Sulawesi, the smelter industry boosted local economic growth by up to 65 percent in 2015 and export growth by more than 80 percent last year.

"The heavy equipment industry is also required to increase local content by up to 70 percent. Any parts or equipment feasible and possible to be produced in the country should be made here so we don't need to import it. This will improve our trade balance."

Airlangga also praised UTPE, best known for its Patria range of products, saying the PT United Tractors Tbk subsidiary has a long history of building heavy equipment with almost 70 percent local content and no involvement by foreign engineers. UTPE, established in February 1983, has built up a solid reputation abroad over the years and the minister said the government supports the company's efforts to compete on a global level.

"UTPE projects total sales of Rp 2.2 trillion [\$153 million] in 2018, with 67 percent of that targeted at the heavy equipment industry and the rest, the maritime industry," said Hilman Risan, the company's president director.

In addition to meeting domestic needs, UTPE also exports its products to various countries, including Russia, India, the United States, France, Australia and several in Southeast Asia. 🌐





# Service Excellence, Diversified Products, Sustainable Growth

By Eko Prasetyo

**Sompo Insurance Indonesia**, a subsidiary of Sompo Holdings, has more than 40 years' experience in serving clients with a wide range of personal or corporate needs.

Sompo Holdings, established in 1887 as Tokyo Fire Insurance, is a leading property and casualty insurance company in Japan. It was recently named the largest insurance company in retail.

Similar to other Japanese insurance companies, Sompo has established a presence in various countries, including Indonesia, to better serve its clients. *GlobeAsia* recently met with Erick Nemitz, who was appointed as chief executive of Sompo Indonesia in April this year.

Nemitz, who served as Sompo Indonesia's chief operating officer over the past three years, has introduced various operational innovations and service improvements in the company.

Here is an excerpt from the interview.

## **What is Sompo's core business in Indonesia?**

In terms of our core business, many Japanese insurance companies enter each country to serve their home clients, therefore we have also established our post in Indonesia, mainly to serve Japanese corporate clients in the country.

However, at the beginning of 2010, we started to gradually shift into retail, especially with the launch of Sompo Moto Insurance in 2017. We had our first big client, Nissan, and from this point onward we have focused on both areas: retail and corporate.

We have to say that we are now not only serving Japanese companies, since our book is only at 30 percent, with the rest being purely Indonesian companies and individuals. Simply stated, we are a member of an international Japanese insurance group, but we are an Indonesian insurance company.



## **What are your main targets in Indonesia?**

It is important to cover the whole market, where we are trying to provide the best service to any of our channels in all sectors, but also to our clients. We see that both the corporate and retail segments are important, especially with the size of the market in this country. We see immense growth potential in the retail market, especially in areas such as health and travel insurance. However, our strongest position is also in traditional insurance products such as car insurance and so on.

Most importantly, we aim to provide the right products and services to our customers. So in my opinion, success is purely determined by our efforts to provide the right products, services and solutions. We see ourselves as a solution provider and an outlet of risk protection, be it for our clients' corporate or personal risks.

Another element we also provide is additional services for our partners' products. An example is





**We have to be very flexible. People will not want to pay for something they do not need just because that is included in the insurance package.**

car insurance with extended warranties, services or value for vehicles produced by our clients, or insurance for any cancellation risks on transportation tickets or hotel bookings.

In addition, we also support our partners' revenue streams. In these areas we have all the necessary services – or direct services – but also going deeper into providing updated information on risk, market volatility, or risk shifts.

Essentially, we are providing a holistic solution. We offer industry solutions, individual solutions, as well as promoting revenue streams of our partners – here they can also sell our products and earn insurance commission. We are always

focusing on both the corporate and retail sector.

Since Indonesia has large consumer base, the retail sector would be a promising one as well. In order to maximize our reach in the Indonesian market, we need to explore more products that are popular in Indonesia's retail sector, such as our development of travel insurance, liability insurance, shariah-compliant insurance and more.

In the future, we are also venturing into becoming a partner for the media industry, scholars, or other economic associations, by providing fact sheets on insurance. We have just started and actually now are working on this to make it compulsory for all media, and basically find the required information on the Indonesian or international insurance markets.

#### ***How does Sompo implement its slogan “Innovation for Wellbeing” in Indonesia?***

First, to really understand this slogan, we should understand the main pillars of our mother company in Japan. Aside from general and life insurance, there is also nursing care. Sompo Holdings is the second-largest provider of nursing homes in Japan.

All of these together is like a theme park, where we are taking care of all the elements to protect you, from your assets, life, health and your needs when you enter an elderly age. So this means we are taking care of the wellbeing of our clients from A to Z.

The idea of the theme park is to say that once our clients enter, they are free to do whatever they want, choose everything that is useful and aligned with their needs. Our clients can obtain any services as part of the

freedom of choice they enjoy.

For us in Indonesia, we do not think the idea of insurance packages – as it has been practiced until now with the option of “take it or leave it” – will work in the future.

We have to be very flexible. People will not want to pay for something they do not need just because that is included in the insurance package. We see ourselves as a helper, where we would help our clients to either reinstate their damages, negotiate, or even choose the right hospital. These are all the elements of why we are here for our customers, as it is not only about reimbursing money.

#### ***How do you foresee your premium growth in 2018, especially after it has reached the second semester, in terms of your portfolio?***

Over the past five years, our compound annual growth rate has been 20 percent, and we are moving to a range of 30 percent to 40 percent growth if the market is continuing its current performance this year. We expect to achieve considerably higher growth in 2018, or even surpass it.

Sompo is usually stronger in the second half of the year.





**However, in terms of other products, we have a lot of new things that we are looking into. In retail, we have the recently launched shariah and travel insurance.**

Traditionally, our first half is not as strong as our second half, and even that, I think we are very optimistic in terms of reaching our targets.

In terms of portfolio, we are experiencing the largest growth in the motor industry, while other newer lines in the retail market, such as travel, health and shariah, have also shown significant growth.

### ***What are Sompo's latest products?***

Our latest product is directors and officers' liability and company reimbursement insurance, which is always a hot topic in many countries. Every director in all parts of the world has liability, where it might also extend to your personal assets, depending on whether you did something in terms of negligence.

This is why normally, companies purchase D&O because they need to protect their top management. There might be unfortunate events that may not be the director's fault, but they are by law, as a representative of the company, liable.

However, in terms of other products, we have a lot of new things that we are looking into. In retail, we have the recently launched shariah and travel insurance.

We are trying to bridge the exclusions included in travel insurance. People need protection in their every activity, which is why I think it depends on how insurance companies restructure their products.

In the health sector, we also offer co-op and individual international insurance, meaning when you buy this insurance in Indonesia, you would be able to use it anywhere in the world. For the middle segment, we are focusing on the specific needs of Indonesians, as they go to Bangkok, Singapore and Malaysia for [medical] treatment. We have a product that covers the Asean region, and that of course has a price advantage. This is a product that can be a growth factor, especially in Indonesia.

### ***What about the digitalization of your products?***

In our perspective, end users do not require much digitalization. It is actually more to our business partners,

such as banks, leasing companies or others, where it is now necessary to offer paperless processes and on-the-spot policy insurance.

We are currently focusing on that area. But of course, in the end, customers benefit because everything will have a faster response or process. However, we are providing various services in terms of digitalization for our clients, where they can contract us through our web, call centers, WhatsApp or email.

However, we do not see lots of activities on the digital side, apart from this. Our focus is to have everything ready for the time when we see that the market is prepared for it. We have updated our call center system so there will be no deviation to anyone on whatever we are offering.

### ***What is your success rate for claims? How well do you manage these claims in respect to fraud risks?***

The success rate depends on what perspective you are looking at. For us, success means how fast we can serve customers, their satisfaction level and how much fraud can we detect.

If the claim document is complete and valid, our success rate is 100 percent. It is one of the reasons we always monitor our outstanding claims closely and regularly.

We also have some fraud indicators, and if we find any potential fraudulent act, we directly assign our external party and/or our staff to investigate further. We also have an antifraud team, on-the-spot audits and claim documents as well as prevention through awareness campaigns for our third-party vendors and written commitments of their integrity. We have heavily invested in fraud detection over the past three years, as this often happens in highly accommodated areas, such as health and vehicle insurance.

In the end, I believe Sompo Insurance Indonesia will continue growing by adhering to a business strategy based on the group's philosophy: striving to contribute to the security, health and wellbeing of our clients and society as a whole by providing insurance and related services of the highest quality possible. ☺





# Pollux Raises More Than Rp767 Billion in IPO

By Eko Prasetyo

**PT Pollux Properti Indonesia Tbk** conducted an initial public offering in July at an opening price of Rp 615 per share. Shortly after the offering, its share price shot up by around 49 percent to Rp 920 apiece. The company sold 1.24 billion shares, equal to 15 percent of its market capitalization, raising Rp 767.41 billion (\$53 million). PT UOB Kay Hian Sekuritas acted as the underwriter.

Pollux was the 27th company to list on the Indonesia Stock Exchange (IDX) this year. The company projects revenue of Rp 1.4 trillion for the year, with a profit target of Rp 400 billion. It recorded sales of Rp 500 billion in the first quarter.

Proceeds from the IPO will go towards corporate development, mainly for the acquisition of Rp 750 billion worth of PT Royal Royce Properties bonds from PT World Apparel and PT Surya Masindo. The bonds will be converted to new shares, while the remaining funds will be used for capital expenditure.

Pollux is a well-known property developer in the greater Jakarta area, having undertaken several projects, including Chadstone in Cikarang, West Java, Pollux Technopolis in Karawang, West Java, and World Capital Tower in Mega Kuningan, South Jakarta.

Pollux is owned by Po Soen Kok, who started off in the garment industry during the 1980s. The company is also active in Singapore, having undertaken several projects, including Park Residences Kovan, Metro Loft, Pavilion Square and Golden Park Residences.

Pollux, which has a total landbank of 60 hectares in Indonesia, has set aside Rp 1.2 trillion for capital expenditure this year, compared with last year's Rp 800 billion.

The parent company in Singapore, Pollux Properties Ltd, is led by chief executive Nico Purnomo Po, the son of Po Soen Kok, while former Indonesian National Police chief Timur Pradopo serves as an independent commissioner. 🌐







# 4 Reasons Why Indonesia is a Vital Market for Silicon Valley Tech Companies

By Billy Sutanto

**Silicon Valley tech companies** are always looking to expand operations by going global. These types of expansions are not only profitable for the geographic regions, but also for consumers and the economy as a whole – and currently, Indonesia is one of the most vital markets for all consumer tech platforms.

## BUT WHY?

1. **Economic Growth is a Top Priority**  
Indonesia currently makes up about 46 percent of the ASEAN population, and is a primary contributor to the economy. In fact, according to a report, the Indonesian economy is expected to double its size from 2028 to 2034. Tech companies seeking to jump in now can reap the benefits of a profitable and growing economy that is perfect for social and content platforms to target.
2. **Big Data and Mobile Use is on the Rise**  
Research shows that a very large majority of Indonesian businesses and markets are already on mobile and even own multiple devices. The use of the PC was almost non-existent as many users went straight to having mobile phones. Indonesians are more adept in using mobile devices even compared to a lot of Americans.  
An analysis by ComScore revealed the following:  
Mobile devices account for 91% of all digital minutes in Indonesia.  
Mobile's dominant share of time is driven primarily by apps, which account for 90% of all mobile minutes, and 82% of digital minutes as a whole.
3. **Indonesia's Population Craves Socialization**  
Silicon Valley tech companies can find increasing success when launching startups in Indonesia because the population is ideal for social and content platforms. One primary example is Path. Path became big only in

Indonesia, and its acquisition and biggest investor in Series C was an Indonesian conglomerate company. In addition, the startup economy is among the most well-funded in Southeast Asia. Companies such as Go-Jek and Tokopedia are reaping the benefits of this funding. GoJek, specifically, has experienced success in navigating local regulatory environments worldwide because of strong local connections in Indonesia.

4. **Limited Government Intervention is Appealing**  
The red tape many Silicon Valley tech companies face causes challenges both in operations and funding. Unlike countries such as China, Indonesia does not censor messaging apps. As a result, tech companies are often more comfortable utilizing Indonesia as a test market. It's no secret that Facebook has maximized its potential using Indonesia as a testing market, and with limited government intervention, Silicon Valley Tech Companies can do the same.

## THE CHALLENGES & THE NEED TO GO GLOBAL

For Silicon Valley Tech Companies to be successful, though, the Indonesian governments needs to intervene less and less. For one, we should not be banning any consumer apps. We saw this firsthand with the temporary Telegram ban. It was a mistake and could even deter global tech platforms from investing resources and growth into the country.

Bans to platforms such as TikTok will inevitably create long-lasting negative consequences for the Indonesian government, consumers and the overall economy.

More importantly, Indonesia is lacking internationally-recognizable consumer tech brands because CEOs and tech companies are not thinking global. Catering to a global audience, expanding operations and testing to Indonesia is doable and a smart business choice.



PIAGET

# LIFE IN ALL THE HUES



In 1963, Piaget launched their first hard stone dials. Placing time in a colorful pedestal of corals, gems and ornamental stones, providing a bold palette expressed through exquisite jewelry models and strike a fierce tone with their presence. In its creation, Piaget introduced an array of colorful mixes of tones through subtle gradations and contrasting hues to create a beautiful composition.

Like music, color is about a vibrancy that brings joy, able to evoke emotions. A single story can be told with just a hue, and Piaget's choices of blue, turquoise, green and red serve to tell the most poignant stories it can.

Blue symbolizes infinity for Piaget as it reminds us that "the sky is the limit". Blue is how the Piaget Maison envisions everything beyond their reach. Blue also represents comfort and protection, such as how the lapis lazuli were used in ancient times to ward off bad luck.

Nurtured by light, the chemistry between sun and water gives birth to the colour turquoise, whose natural home lies in Mediterranean creeks and exotic lagoons protected by coral barriers.

For Piaget, turquoise is a promise of escapism, whatever mineral form it takes: the turquoise stone itself with a uniquely dense, sunny shade; crystal-clear aquamarine; enigmatic blue opal; or the intense hues of the Paraiba tourmaline. Turquoise is a colour that polarises and captivates.

As the Piaget hails its hometown of La Côte-aux-Fées, a village in the Neuchatel Jura region, it harkens to the vibrant greens of the land. An innate color for this discreet and determined family, the color beckons a memory of lush landscapes, the great landscapes and of mother nature herself. This memory is recalled with a creation exalting the emerald, malachite and jasper gems.

Red is perhaps one of the most important color for humanity, as it was the first color that humans were able to reproduce. Powerful in its history and symbolism. Within Piaget's craft, it is as rare as it is varied. The vibrant red of coral, the deep red of cornelian or the violet-tinged crimson of ruby heart. The mystique of the red gems are unmistakable and never cease to fascinate, making every Piaget creation a memorable one.



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# CELEBRATING A TIMEKEEPING LEGACY



On the caseback, there is an anodized aluminium ring which includes all known host cities and dates from OMEGA's Olympic Games journey, from Los Angeles 1932 up to Los Angeles 2028. This impressive list shows exactly how OMEGA has established its name at the event over so many years.

The 39.5 mm watches are presented on leather straps, which are micro-perforated both for style and to aerate the wearer's skin. Inside, the watches are driven by the Master Chronometer calibre 8800.

Only 2,032 versions of each model have been created, a reference to OMEGA's role as Official Timekeeper, which extends right through till 2032, marking 100 years of Olympic Games timekeeping. The Limited Edition number is engraved on the side of the case.

[www.omegawatches.com](http://www.omegawatches.com)

**O**MEGA has been the Official Timekeeper of the Olympic Games on 27 occasions since 1932. It has been an 86-year commitment that has defined the brand's precision, innovation and passion, and is set to continue for many years still to come.

In 2018, OMEGA is proudly introducing the "Seamaster Olympic Games Collection", which celebrates the brand's unrivalled timekeeping legacy through five unique watches.

The collection represents the different colours of the famous Rings of the Olympic Games, with models available in black, yellow, green, blue or red. As well as having a vibrant colour design and playful spirit, the collection has largely been inspired by several OMEGA stopwatches from the brand's timekeeping past – particularly those used at the 1976 events in Montreal and Innsbruck.

This can be seen on the domed black and white dial of each watch, designed to be read at a glance, with sporty hands and bold hour markers on black, set in sharp contrast with an easily-readable minute track on a white outer circle.

To further enhance the watch's athletic spirit, there's also a coloured pulse reader encircling the dial, with three narrowly-separated 20 second timing intervals, enabling the wearer to easily calculate their pulse beats-per-minute.





### EXCALIBUR SPIDER PIRELLI SINGLE FLYING TOURBILLON DOUBLE WAVE

**A**s the flag waved at the Monaco Grand Prix, the first wave indicated the moment of victory as the winner crosses the finish line, as the flag returned, the live digital launch of the second season of Roger Dubuis X Pirelli commenced, embodied in the brand-new Excalibur Spider Pirelli Single Flying Tourbillon.

Minutes after the race, the newest from the brilliant minds at Roger Dubuis hit the watchmaking scene with straps matching the color of the winning car tyres, with new design options included in a complementary Pit Stop Collector Box of customizable design straps. An echo of the high-octane partnership between two icons.

The year 2017 saw Roger Dubuis launching its Perfect Fit and Raging Mechanics partnerships with Pirelli and Lamborghini, providing a shining example of what happens when visionary engineers meet with incredible watchmakers. In 2018, the inclusion

of “flying” refers to the impeccable horological complexity of the timepiece and its unrivaled performance within the Excalibur family.

The latest embodiment of this relationship with racing royalty comes with the exclusively developed Roger Dubuis expression of Pirelli’s famous distinguishing colour codes in the strap which features rubber inlays from certified Pirelli winning tyres having competed in official races.

This motorsports-inspired set contains no less than seven different straps echoing the seven Pirelli tyre colours used for competitions during the previous season. Each conveys part of the Pirelli logo positioned on the side of every high-speed motor racing tyre and is engraved with the code used by Pirelli to track its winning tyres. The very same code appears on the Certificate of Authenticity signed by both Pirelli and Roger Dubuis.

With a black DLC-coated titanium



case, this boutique exclusive 28-piece limited edition features new trigger and bridge designs, along with a spectacular transparent view of the new RD508SQ hand-wound calibre with power reserve indicator and state-of-the-art black Astral Skeleton. Rimmed by speedometer-like second counters complete with automobile inspired pointers, the single flying tourbillon is stationed at 7 o'clock, while the multicoloured power-reserve indicator offers a cool nod to racing car cockpit fuel gauges.

Adding the final ultimate customer experience touch commensurate with the Perfect Fit Partnership ethos and designed to match the famous under three second pit stop on top motor racing circuits, the Excalibur Spider Pirelli Single Flying Tourbillon features a QRS (Quick Release System) on the strap and buckle enabling changes in less than three seconds.



# Style



## TANAMERA Coffee Culture

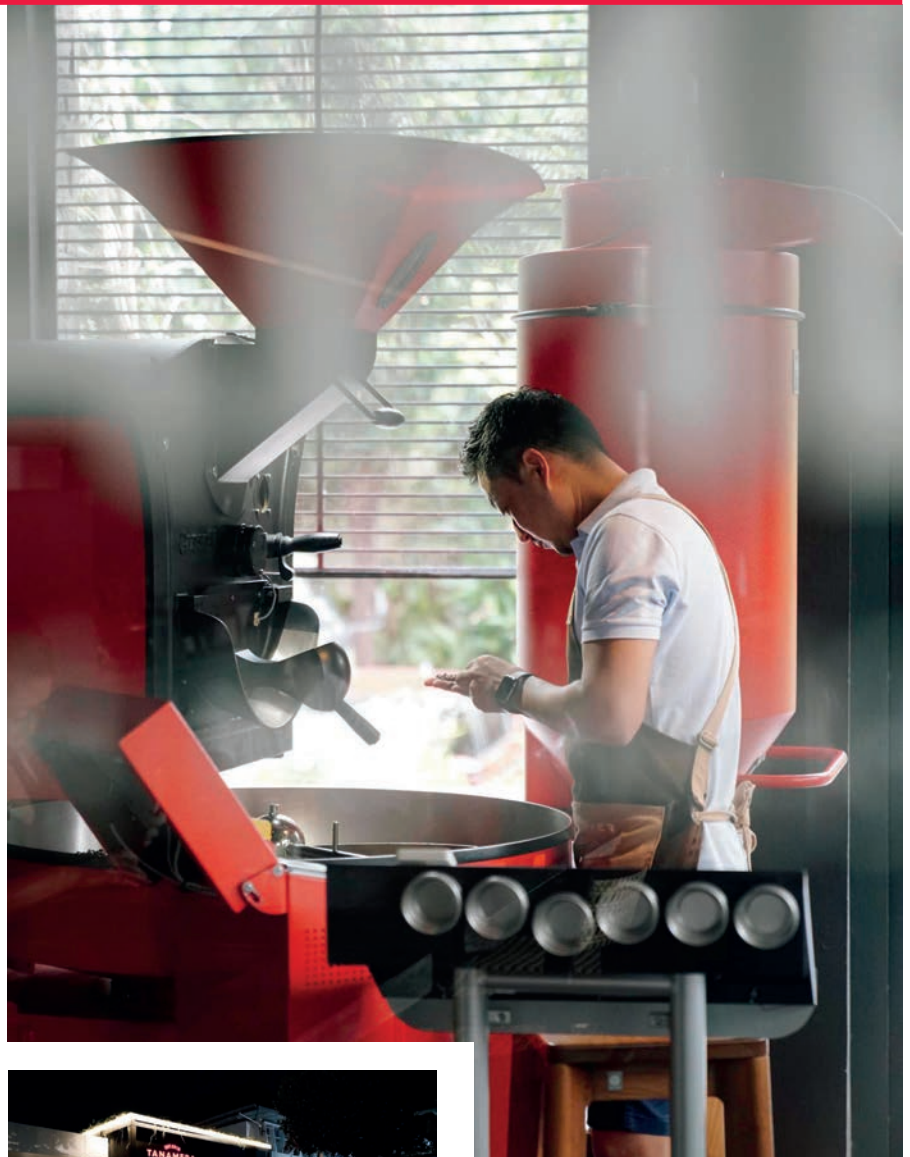
➤ For Tanamera Coffee, coffee is the culmination of culture, history and a long-standing passion. The company has been making its own mark on the industry and in Indonesia by serving coffee produced by local farmers.

“We’re very proud of our hard-work and Indonesian heritage” said a Tanamera representative.

Indonesia is currently among the top three coffee producers in the world, with its unique location under the equator bringing in world-class coffee beans that are heavily sought after.

Tanamera Coffee works very closely with coffee plantations across the country. All of the efforts of the team, the farmers and the head roaster John Lee has since garnered Tanamera Coffee quite a few achievements, one of them being crowned as the Champion International Roaster at The Australian Coffee Awards for two consecutive years.

Ever since opening their doors in 2013, Tanamera’s mission has remained the same; to express passion for Indonesian coffee and make it accessible and known. Since then Tanamera has



emerged to fill the artisan gap locally, sourcing the best coffee beans available in Indonesia through extensive farm visits across the country. The company also checks back after each harvest to support and maintain bean quality, as part of their efforts to help push the growth of the Indonesian coffee industry.

Tanamera is the home of the real Indonesian coffee bean, a culmination of hard work and coffee making proficiency from the coffee farmer all the way to the barista, with outlets available in Jakarta, Makassar, Surabaya, Yogyakarta and Bali.



HERMES

## Terre d'Hermès Eau Intense Vétiver

➤ Terre, the latest in the works of Hermes peers into a new horizon, and sees the universe in another perspective. With Terre d'Hermès Eau Intense Vétiver, Christine Nagel offers an original expression to the power of Terre. A different and bold perspective, yet unexplored in parts. Parts the perfumer dares venture into and illuminate. Christine Nagel observed Terre from every angle and aspect, soon understanding its intimate mechanics and deconstructing and rearranging them to reveal new paths into the unknown. Vétiver, rooted in Terre since its origins is the climax of this new composition. Rounded and warm, sensuous and vigorous it springs from the very first notes as if potentiated by the light of the sun. Black pepper, another element of Terre, has been replaced with the sichuan pepper, bright green with hints of citrus, invigorating the formula and melds the formula together. And finally, the Bergamot orange, picked to special order and before maturity, brings surprising radical and edgy qualities.



RELISH BISTRO

## A Foodie's Delight

➤ From the heart of Jakarta, the Relish Bistro located within the Fraser Residence in Menteng Jakarta, welcomes everyone to a casual dining experience served fresh every day. Relish Bistro serves comfort food that everyone knows and loves, with a zesty yet pleasing twist. With dishes that use the freshest of ingredients and are guaranteed to be sizzling when they arrive on the table, Relish Bistro offers a unique selection for budding foodies in Jakarta. Crowd-pleasers that are expected to make the most impression are the Aceh Gule Kacang Hijau with its perfect blend of culinary traditions, the curry dish is made with green mung bean and premium lamb chop – as well as the Ayam Gecok, a culinary specialty from Semarang, where the dish typically uses twenty-five kinds of herbs and spices is sure to satiate any culinary curiosities. Located within Fraser Residence in Menteng, Central



Jakarta, Relish Bistro brings convenience to visitors with a secured parking facility for all vehicles. The proximity to Jakarta's main Jend. Sudirman Street and M.H. Thamrin Street will also make Relish Bistro an easy destination for those enjoying a fun Sunday out during the city's weekly Car Free Day.



# Escape



## Rest and Play Revamped

The Pullman Kuala Lumpur City Center's recent facelift is more than just a new look, as the hotel also solidifies itself as the city's foremost destination for rest, work and play.

By **Denverino Dante**

**As its name implies**, the Pullman Kuala Lumpur City Center Hotel and Residences, or Pullman KLCC, is located in the heart of the Malaysian capital's shopping, entertainment and business district, making it the perfect choice for both business and leisure travelers. It recently underwent a multi-million renovation and the result is stunning. The new lobby looks ultra-modern and very welcoming. Right next to the lobby is the new all-day dining restaurant known as Sedap, or "delightful" in Malaysian, with live cooking stations serving various local and international dishes.

The property boasts two towers – one serves as the main hotel building and the other a residence for long-staying guests. For guests planning to stay at the Pullman KLCC, GlobeAsia suggests opting for the newly renovated executive suites, located on the corners of the higher floors. Fans of the Pullman brand will definitely feel at home here as the rooms are equipped with modern, fashionable furniture, lighting and carpeting. The 107-square-meter suites offer generous views of the city through curved windows. And yes, the iconic Petronas Twin Towers form part of the view!

Aside from the deluxe rooms and suites, lobby and dining upgrades, the Pullman KLCC is proud of the new look of its executive lounge. While some hotels might see their executive lounges as just another fancy facility to offer guests, the Pullman KLCC went the extra mile by turning its executive





lounge into a destination. Guests can work here in silence in the morning, schedule meetings during the day, and entertain their business partners – even those not staying at the hotel – in the afternoon. This surely beats going around town for meetings, wasting time in traffic or waiting rooms.

The Pullman KLCC is located in the heart of Kuala Lumpur, making it the obvious choice for guests to schedule meetings here. Although there are no walls separating the executive lounge's three main areas – meeting rooms, common sitting area and dining area – the interior is designed to serve as an invisible border between them. The meeting rooms and computer area are at the far side of the executive lounge, with the interior indicating that it is the more serious part. The common sitting area is more laid-back, with a television area, comfortable, colorful seats and sofas, and chic lighting and carpeting. On the wall is a string of paintings depicting Malaysian women wearing traditional headpieces and jewelry from various parts of the country, against vivid backgrounds.

Cuisine is highly recommended. Located on the second floor of the Pullman KLCC, the newly renovated eatery with its red-accented interior serves traditional Chinese cuisine with a modern, stylish approach. Not limiting itself to in-house guests only, Red Chinese Cuisine also attracts non-staying guests, especially with its weekend brunch, offering a selection of more than 40 dim sum options. Meanwhile, for those craving Japanese dishes, the Enju restaurant serves up the freshest sushi and sashimi, as well as noodles and teppanyaki dishes, with fine wines and sake in tow.

If shopping and sightseeing are on the agenda, the Pullman KLCC is conveniently located in the Bukit Bintang area, which is the city's premier shopping district. Right across from the hotel is Pavilion Kuala Lumpur, a luxury mall. Last but not least, do as the locals do by going around town by hopping on the monorail at the nearby Raja Chulan Monorail Station. After exploring town, a relaxing massage at The Spa by Pullman is definitely the best way to wrap up the day. ☸

These paintings speak a lot about the Pullman brand, as they highlight tradition in a contemporary setting, with old and new merged seamlessly. Next to the sitting area is the dining area with a prominent view of the snack bar, and a live cooking area in the corner. The refrigerator and snack bar in the executive lounge are stocked with food and beverages for guests to enjoy throughout the day. And as a bonus, cocktails are served in the afternoon.

After all work is done, a relaxing dinner at the restaurant Red Chinese



# Gulfstream



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