



Investment Opportunity in Grass Root Refinery Bontang Project

Project Expose presentation

February 2017

CONFIDENTIAL AND PROPRIETARY

Any use of this material without specific permission of Pertamina is strictly prohibited



Agenda

- **Introduction to Pertamina**

- GRR Bontang opportunity
- GRR Bontang timeline

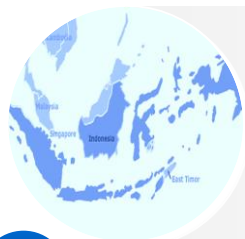
CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY



Welcome to Indonesia!

CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY

Pertamina is the largest corporation in Indonesia...



Largest company
in Indonesia



2015 revenues of
USD ~42 billion



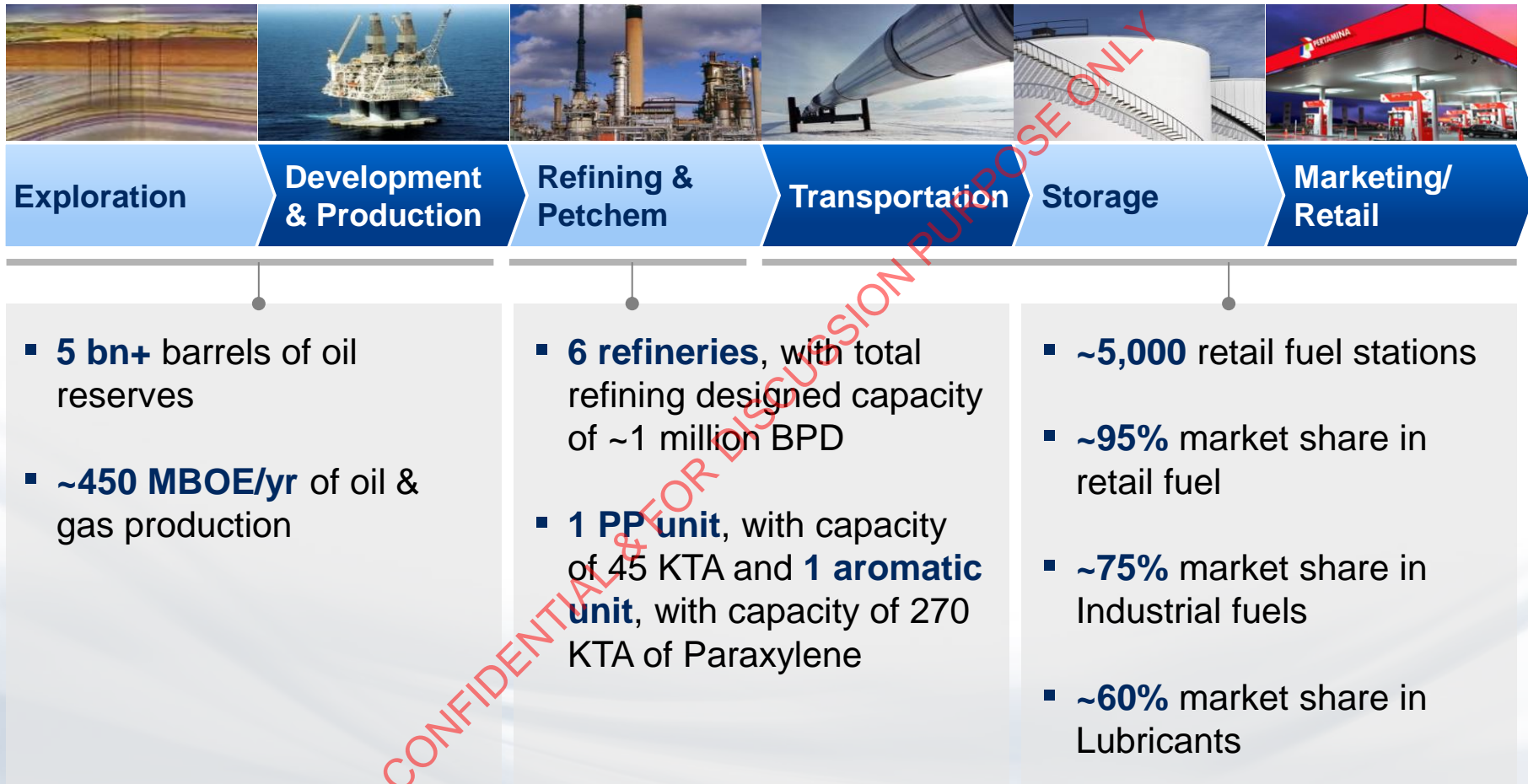
~16,000 employees



Number 230 in
Fortune 500 in 2016

CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY

...and active in all segments of the energy value chain



Agenda

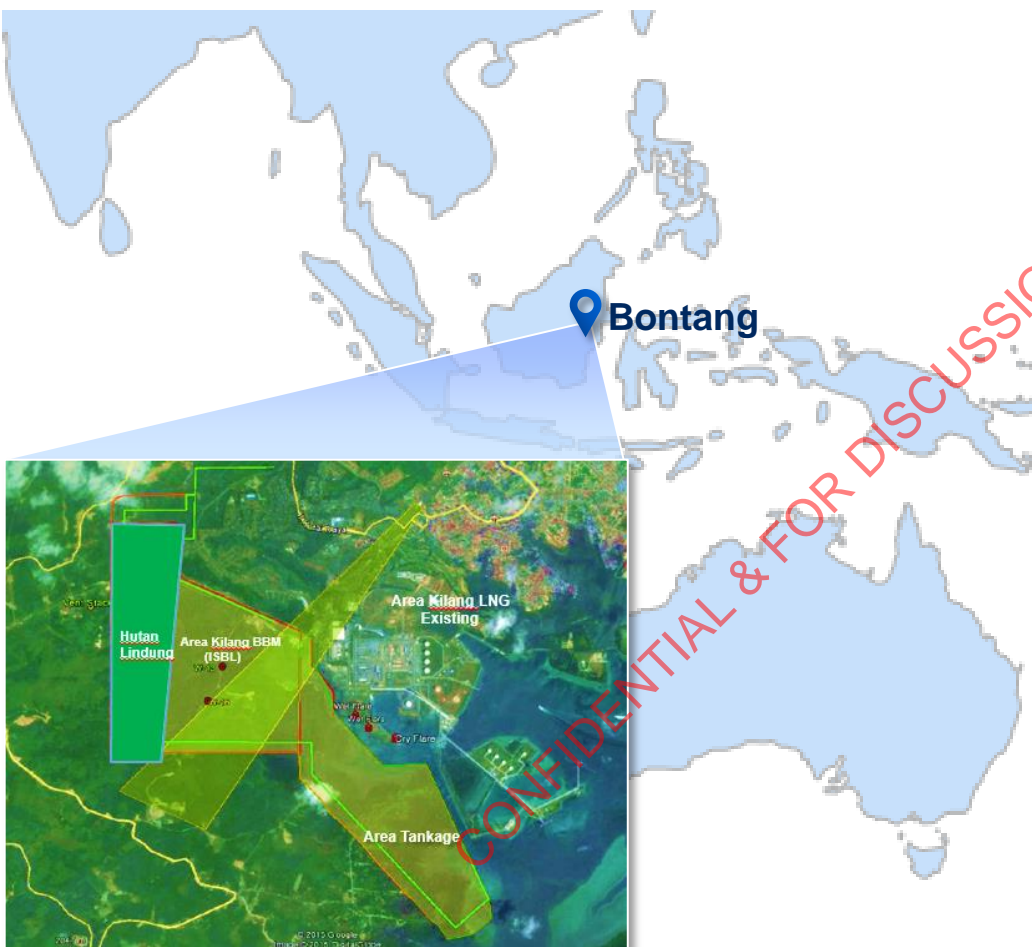
- Introduction to Pertamina
- **GRR Bontang opportunity**
 - **Location and project profile**
 - Investment incentives
- GRR Bontang timeline

CONFIDENTIAL FOR DISCUSSION PURPOSE ONLY



GRR Bontang located on available land, close to Badak LNG

Proposed location of GRR Bontang



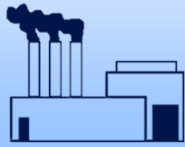
Key value proposition for GRR Bontang

- **~460 ha available land** provided by Indonesian government with lease mechanism; currently managed by *LMAN* (*Lembaga Manajemen Aset Negara / National Asset Management Body*)
- **Existing OSBL facilities of LNG Badak that can be potentially utilized for GRR Bontang**, e.g., steam, power, water infrastructure and construction jetty
- **Supporting facilities** e.g., housing, hospital, airport, schools are already available in the vicinity
- Close **proximity to natural gas source**
- **Nearby land in Lawe-Lawe with existing SPL and SPM facility** that can potentially be used as centralized crude and product storage terminal for Balikpapan and Bontang refineries

ESDM Ministerial decree no 7935 K/10/MEM/2016 on 9 Dec 2016 stipulated several requirements for GRR Bontang project

Project requirements based on the ESDM ministerial decree no 7935 K/10/MEM/2016

Capacity



- Refinery capacity of 300 kbpd
- Minimum gasoline production of 60 kbpd
- Minimum diesel production of 124 kbpd

Market



- Product need to meet minimum EURO IV standard
- Domestic demand is prioritized; export is only allowed when domestic demand is met

CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY

Agenda

- Introduction to Pertamina
- **GRR Bontang opportunity**
 - Location and project profile
 - **Investment incentives**
- GRR Bontang timeline

Indonesian government strongly supports GRR Bontang

Clear incentive scheme are already in-place

Description

Reference

Land

- 1 Available land** (~460 ha) for development of GRR Bontang, provided by Indonesian government with lease mechanism

- In-principal approval from East Kalimantan Governor based on letter no.600/2251/BPPD/Bangda on 03 May 2016
- Recommendation letter from ESDM no. 6370/10/DJM.0/2016 on 25 May 2016

- 2 Tax holiday**

Income tax break from 10% of up to 100% for a period of between 5 and 15 years and can be extended up to 20 years

- Details of the scheme obtained is subject to Minister of Finance discretion

- Minister of Finance Regulation No. 159/PMK.010/ 2015, in effect since August 2015

OR

- 3 Tax allowance**

- Taxable income is reduced by 30% of the fixed asset investment, charged for 6 years respectively at 5% each year
- Accelerated depreciation and amortization
- Lower income tax ($\leq 10\%$) on dividends for foreign tax-holder, and
- Additional compensation period to be 5-10 years if fiscal loss is occurred

- Government Regulation (PP) No. 18/2015, in effect since May 2015

Incentive scheme

Agenda

- Introduction to Pertamina
- GRR Bontang opportunity
- **GRR Bontang timeline**

CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY



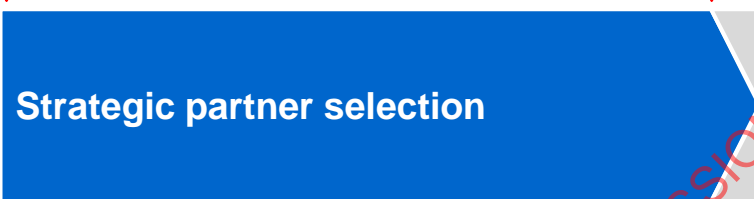
Pertamina will focus to select strategic partner by April 2017; finalization of consortium partners will be done after BFS completion

■ Focus of this presentation

Now
(Feb '17)

Framework
Agreement
(Apr '17)

BFS¹
completion
(Dec '17)



Key qualification criteria

- Intrinsic capabilities:
 - Operational
 - Project execution
 - Sourcing
- Feasibility for the project:
 - Strategic fit
 - Financials
 - JV experience

- Proven experience as financier / operator for megaprojects
- Sound financial track record
- Business experience in Indonesia

Strategic partner can also indicate their consortium partners if already available

Consortium partner to be mutually agreed by Pertamina and strategic partner

CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY

1 Bankable Feasibility Study

Pertamina is conducting Project Expose today and aim to sign Framework Agreement with partner(s) by 28 April 2017

Pertamina is looking for partner with four main characteristics

- 1 Strong track record in refinery industry, especially in project execution and operational excellence**
- 2 Alignment with Pertamina's business structure and model preference**
- 3 Strong willingness to accelerate execution and complete project by 2023**
- 4 Provide attractive value proposition to GRR Bontang**

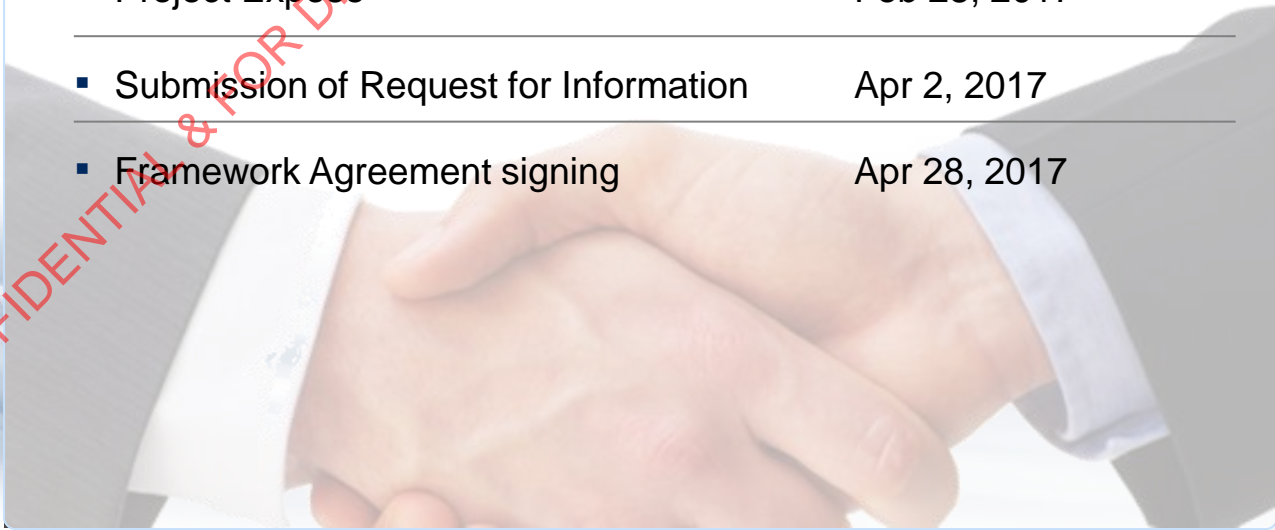
Pertamina plans to conduct partnership process in the next 2 months and aims to have partnership agreement by the 28 April 2017

Milestones

Deadline¹

- | | |
|--------------------------------------------------------------------------------|--------------|
| ▪ Pertamina send Project Expose invitation and put announcement in local media | Feb 20, 2017 |
| ▪ RSVP to attend Project Expose | Feb 24, 2017 |
| ▪ Project Expose | Feb 28, 2017 |
| ▪ Submission of Request for Information | Apr 2, 2017 |
| ▪ Framework Agreement signing | Apr 28, 2017 |

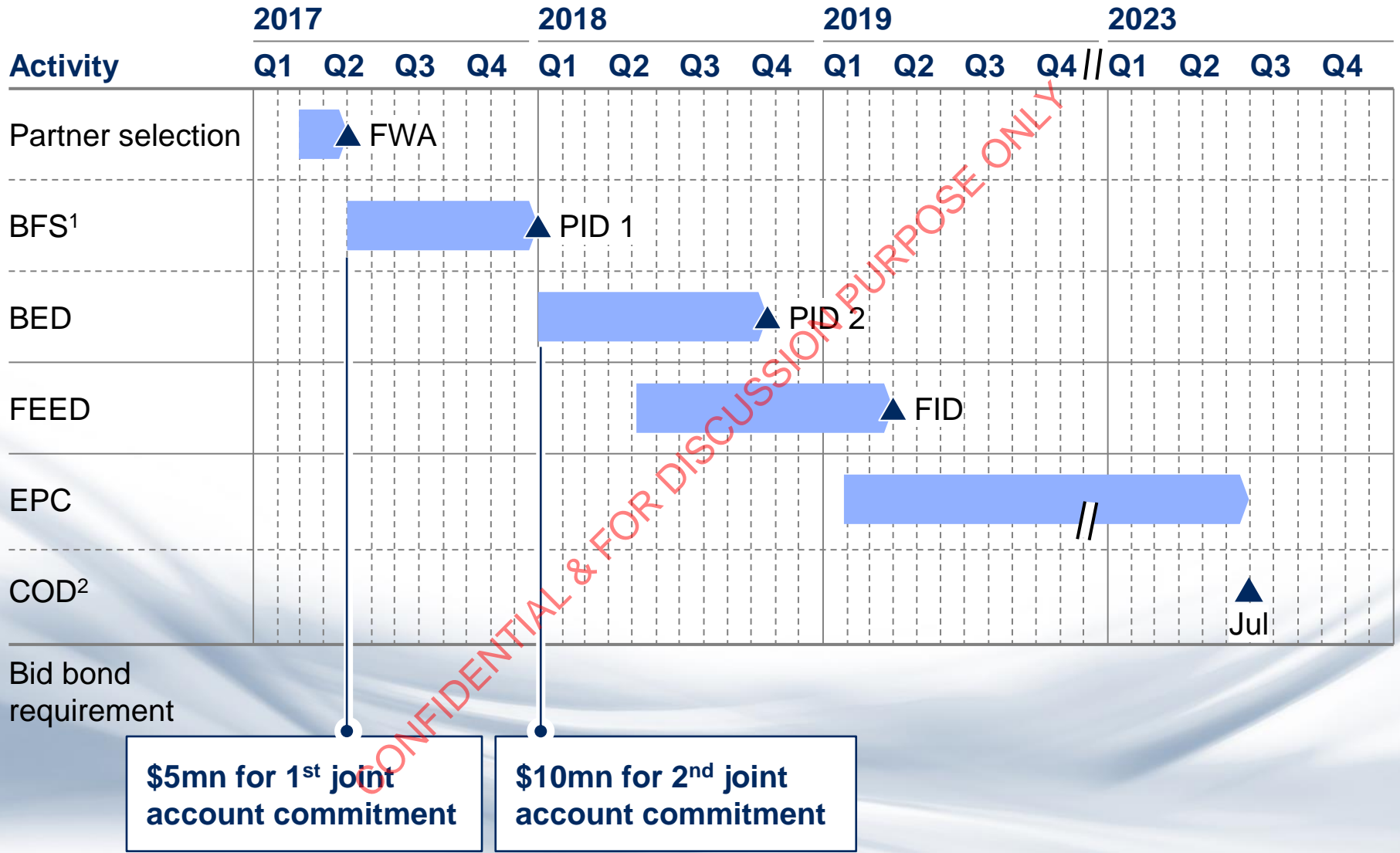
CONFIDENTIAL & FOR DISCUSSION PURPOSE ONLY



¹ Based on Indonesia time zone

GRR Bontang is targeted for completion in 2023

PRELIMINARY



1 Bankable Feasibility Study

2 Commercial Operation Date

GRR Bontang Request for Information (RFI) responses submission details

RFI template to be filled

- Please follow the detail enlisted in MS. Excel file
- There are 7 main dimensions covered, including RSVP for GRR Bontang opportunity
 - Overview
 - Operational capability
 - Project execution capability
 - Sourcing capability
 - Strategic fit
 - Financials
 - JV experience
- Please click the link to open the file



RFI submission protocol to be followed

- Please submit as “GRR Bontang RFI – Company Name” to the following email addresses:
 - grrbontang@pertamina.com
- Please submit the RFI along with the **signed cover letter** by the authorized person from your respective company
- For any inquiry regarding RFI, please also address it to the mails mentioned above
- Pertamina will reply with an **acknowledgment** of each RFI response submitted



We would appreciate your RFI submission by latest April 2, 2017

Contact:

Please refer your questions and response to RFI to

Name: Iriawan Yulianto

Email: grrbontang@pertamina.com

Thank you

CONFIDENTIAL & FOR DISCUSSION

