



THE OFFICE OF
BAMBANG BRODJONEGORO

Navigating Post Pandemic Opportunities

Indonesia M&A Outlook & Insights

Prof. Bambang Brodjonegoro, Ph.D





GLOBAL CLIMATE

Global macroeconomic condition is influenced by growth and crisis.

General Condition

6.9%

USA economy growth (qoq) on quarter IV 2021 rise from

↑ 2.3%

(qoq) on previous quarter.



Highest growth of US economy in the last 5 quarters

Private Consumption

3.3%

increase (qoq)

Encouraged by increase in spending on services:



Healthcare



Recreation



Transportation

Per Sector (USA)

Investment

Investment continues to rebound and able to grow by (qoq)

1.3%

Residential investment is contracted by (qoq)

0.8%

Export-Import

24,5%

Export increase (qoq).

Driven by:



Consumer goods,



Equipment industry,



Food & travel

17.7%

Import increase by above percentage (qoq)



IMPACT OF GLOBAL CRISIS TO ECONOMY

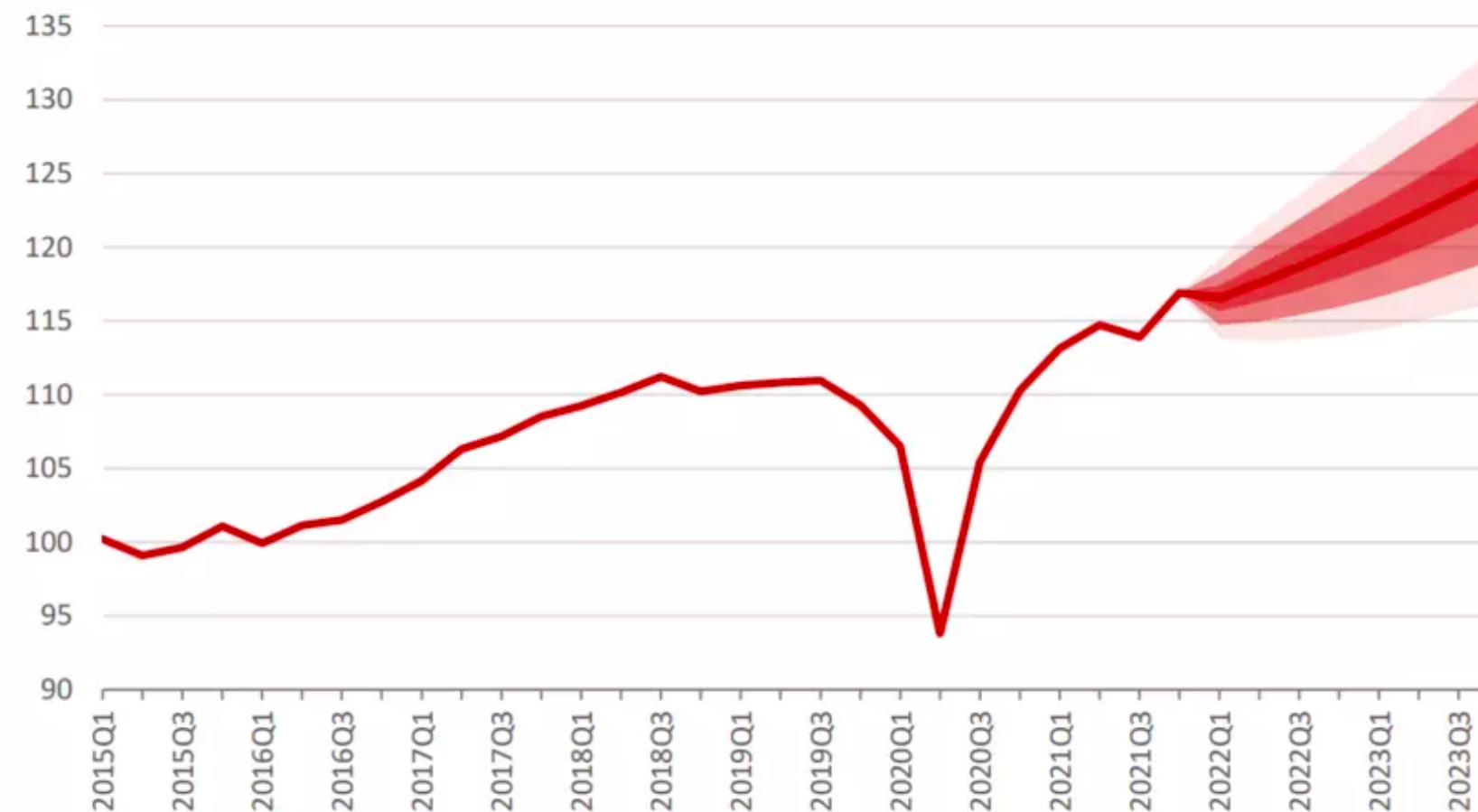
Russia-Ukraine conflict has triggered volatility in financial market.

Rising Commodity Price

Smaller supplies and sharply rising essential goods. Essential goods like food (esp. grain), energy and fertilizers are threatened.

Chart 1: Volume of world merchandise trade, 2015Q1-2023Q4

Seasonally-adjusted volume index, 2015=100



Source: WTO and UNCTAD, WTO Secretariat estimates.

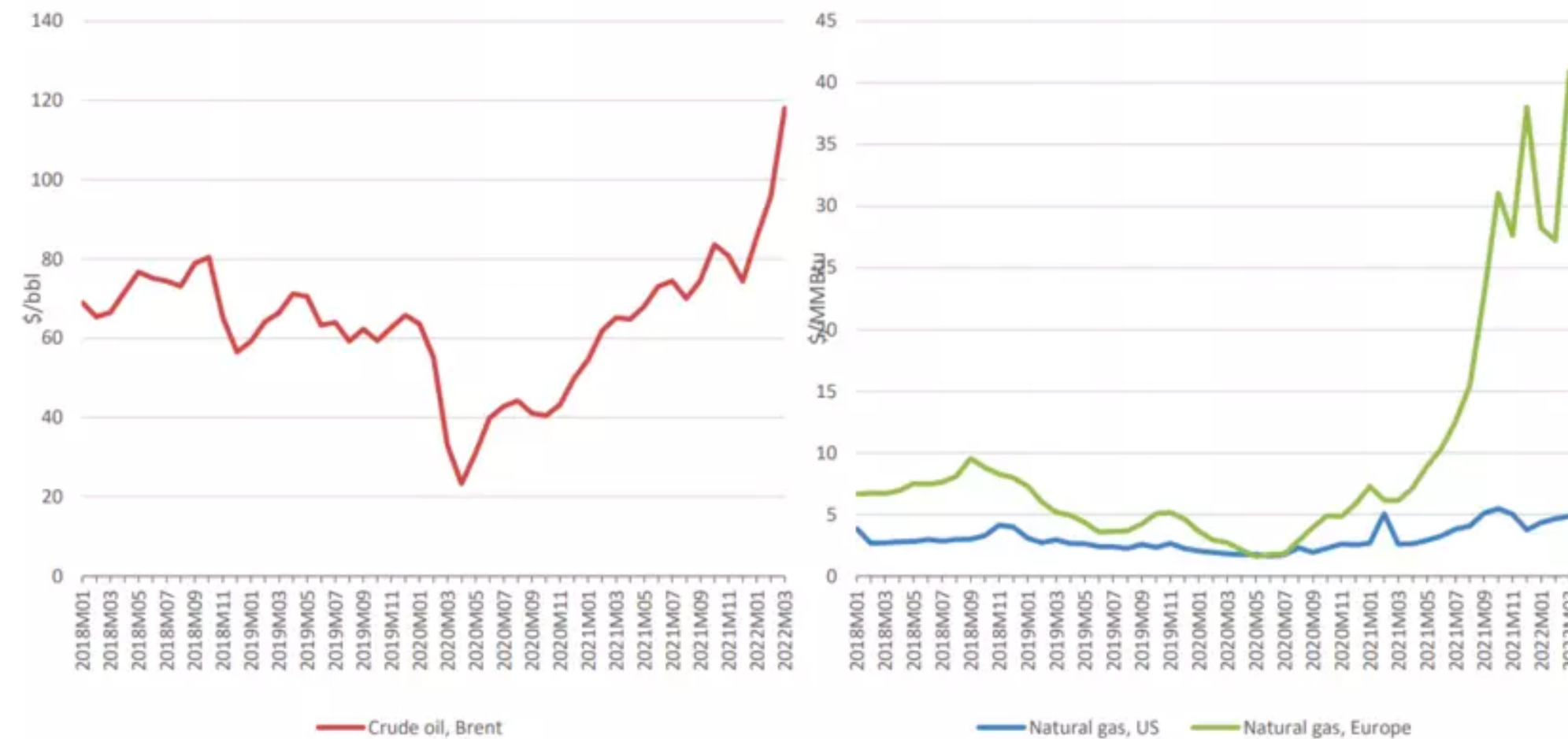


IMPACT OF GLOBAL CRISIS TO ECONOMY

Russia-Ukraine conflict has triggered volatility in financial market.

Chart 2: Monthly average prices for crude oil and natural gas, January 2018 – March 2022

US\$ per barrel and US\$ per million Btu



Rising Fuel Price

Fuel prices have been rising rapidly. Price of a barrel of oil have increased by 81% from March 2021.



INDONESIA SITUATION

Indonesia's macro economic situation is highly affected by COVID-19. As the pandemic subsides and citizen's activity gradually comes back to normal, the economy gets better.

Development of COVID-19 Cases in Indonesia

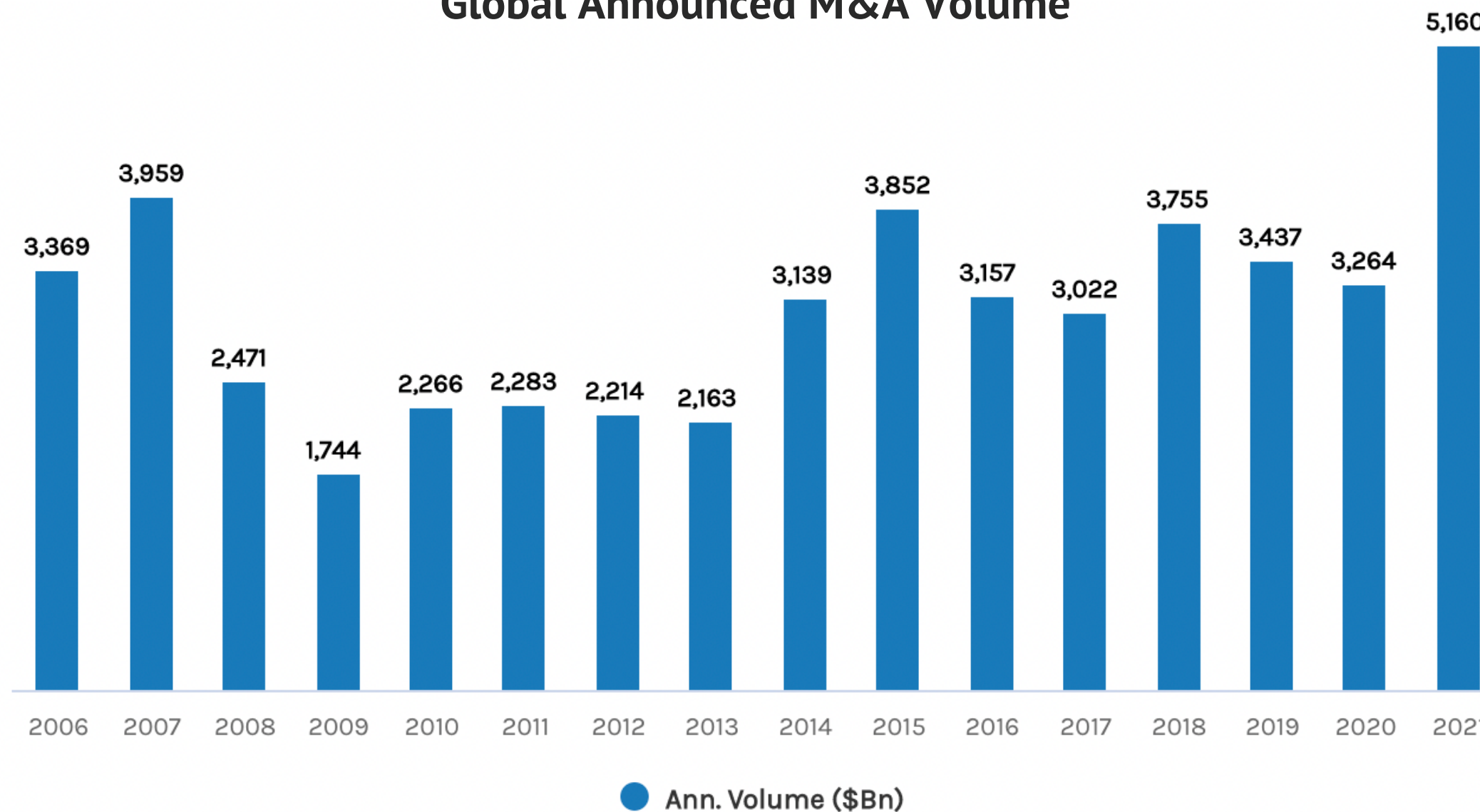




MERGER AND ACQUISITION TREND

Merger and acquisition trend is influenced by global situation, crisis, and the pandemic.

Global Announced M&A Volume



Technology sector increase

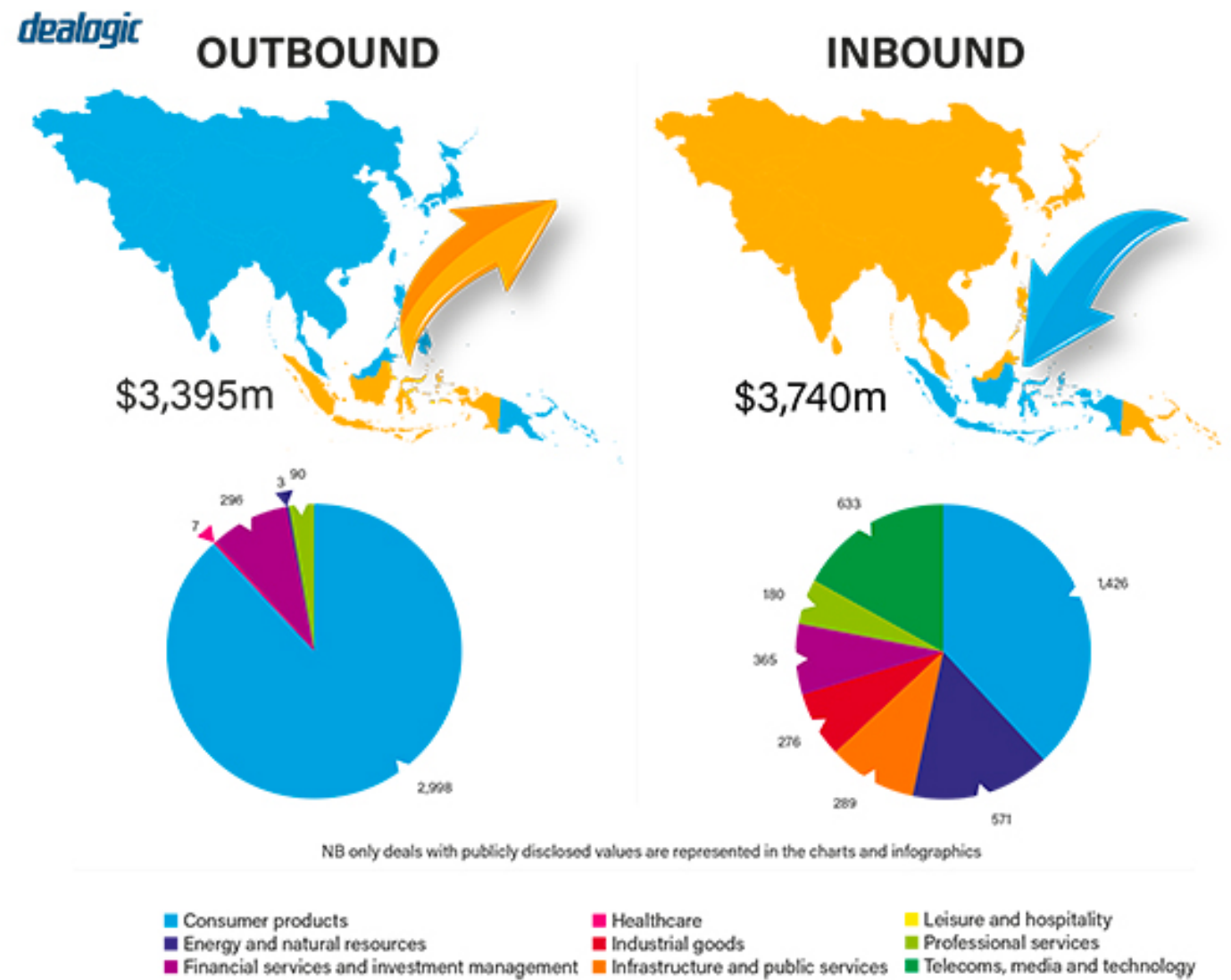
M&A values in the sector exceeded \$1 trillion in 2021, increased by 64% from 2020. The tech sector accounted for nearly 2% of total global transactions by value and more than 22% by volume.



M&A TRENDS IN INDONESIA

Value of Indonesia M&A activity deals reach US\$ 31.03 billion in 2021, peaking from total of US\$ 9.71 billion in 2020. The total value increase after a slowdown due to pandemic.

M&A Deals in 2020



(only public deals displayed in charts)

Private Equity Growth



Private equity deals in Southeast Asia increased by 87% in 2018, increased from 70% from previous year. Growth in acquisition by PE firms will continue to gain traction in 2022.

Prominence in Environmental, Social, and Governance Goals

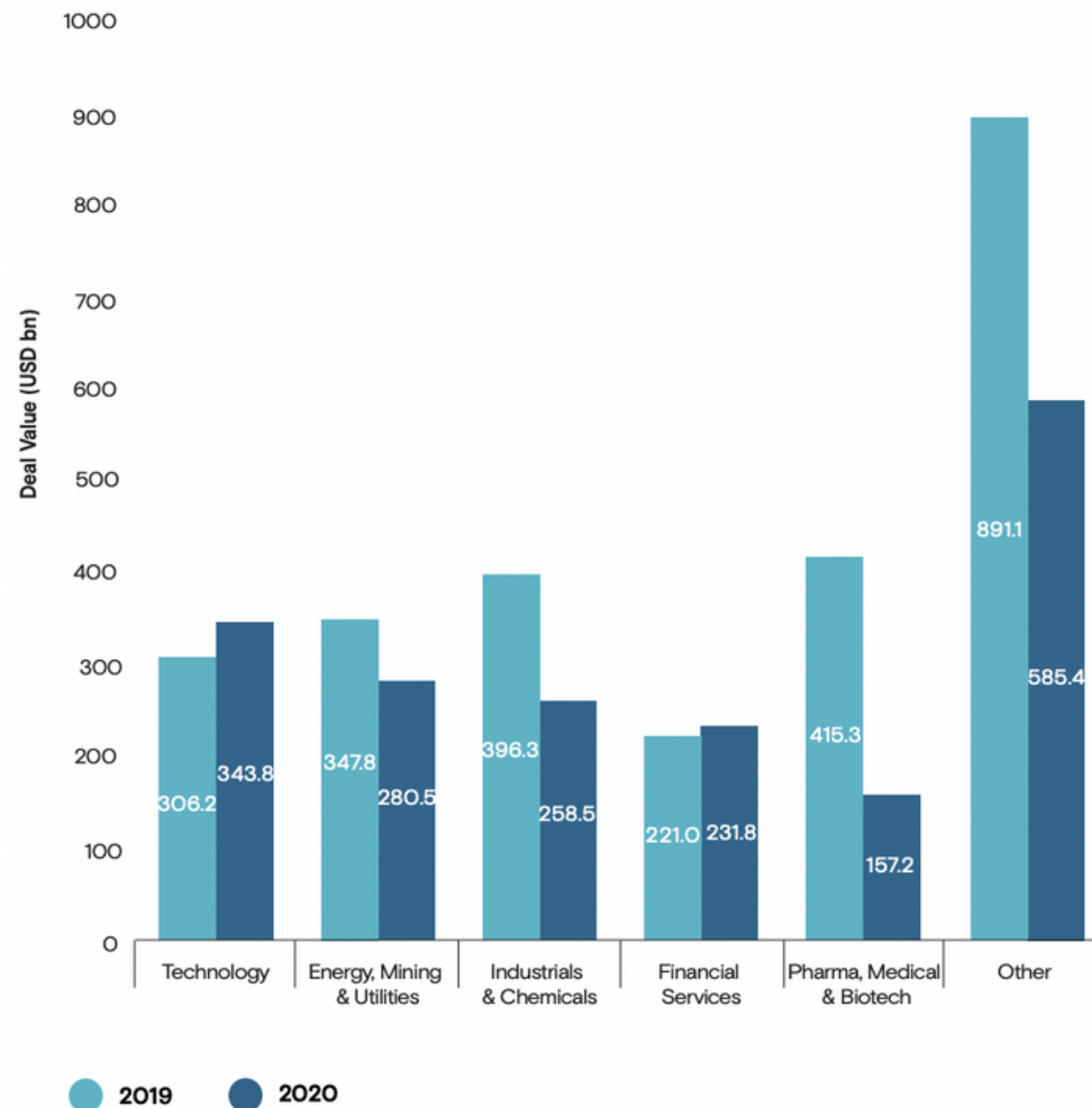


ESG goals have gained importance in CEO's minds. Currently, organizations have put more focus on their ecological footprints. ESG goals are now critical elements to build sustainable business to adapt to environmentally-conscious market.



M&A TRENDS IN INDONESIA

Global Sector Breakdown Trend
1Q-3Q19 - 1Q-3Q20



The pandemic has shifted consumer's habit and practice toward technology sectors. Indonesia's no different than the rest of the world, with surge of technology-driven M&A.

Global Statistics

260

Technology deals

US\$ 1 B

Value approx.

60%

Come from non-tech acquirors

Acceleration of Digital Transformation



Pandemic has increased the speed and scale of companies' digital transformation. It is expected that digital transformation and technology sector to play an important role in M&A trend in 2022 ahead.



DIGITAL TRANSFORMATION TREND IN INDONESIA

By 2025, Indonesia Digital Economy will have generated US\$ 124 billion. By 2024, Indonesia is projected to have 30 million MSMEs to bolster digital economy.

Ongoing Digital Initiatives in Indonesia



100 Smart Cities Movement

Initiated in 2017, the government seeks to solve urban challenges using technology implemented in urban sector.



Digital Roadmap Indonesia

The roadmap to encourage digitalization in 4 sectors: infrastructure, government, economy, and society for 4 years (2020-2024).



ASEAN Consolidated Strategy for 4 IR

Launched in 2022, the framework will guide ASEAN member countries toward a unified digital community.

Government Role



Regulator

Providing legal framework for innovators.



Facilitator

Facilitating the development of digital ecosystem.



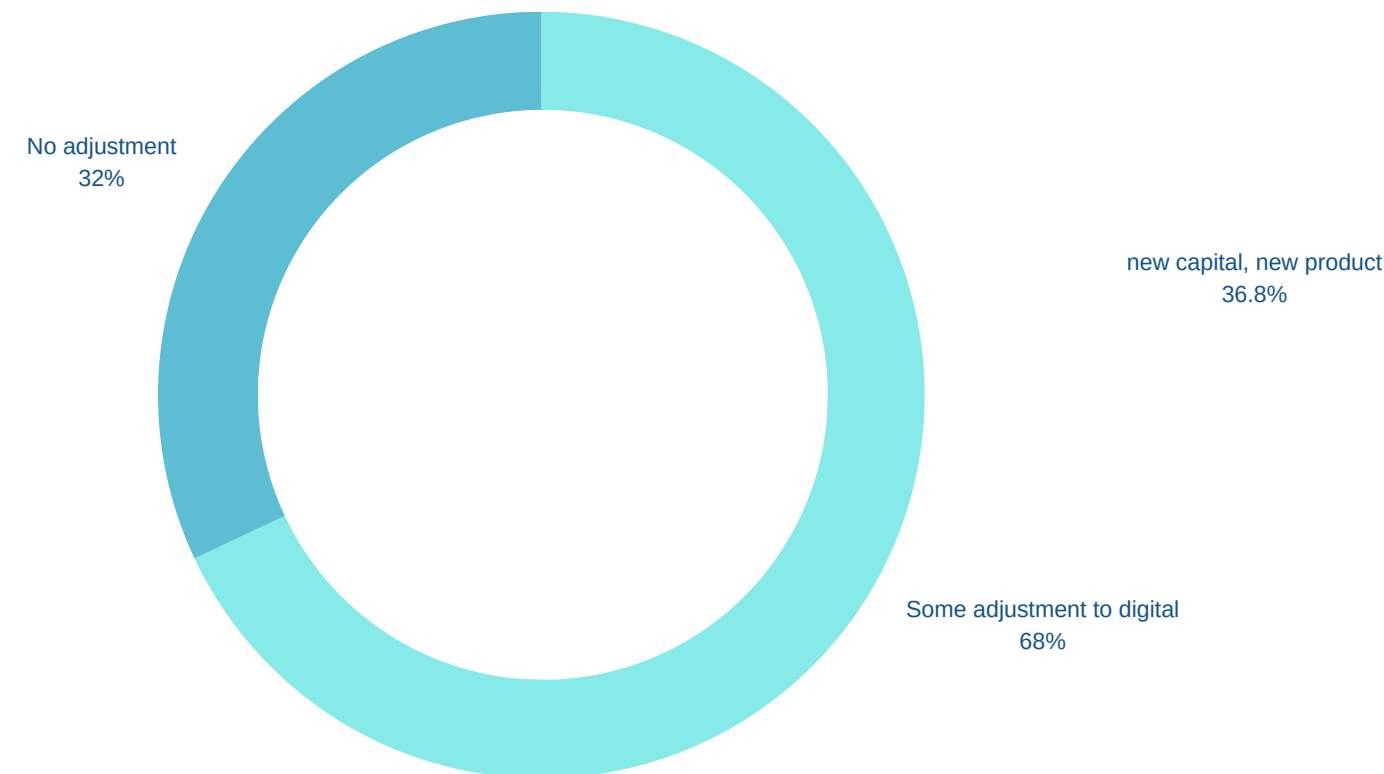
Accelerator

Providing program to stimulate digital development.

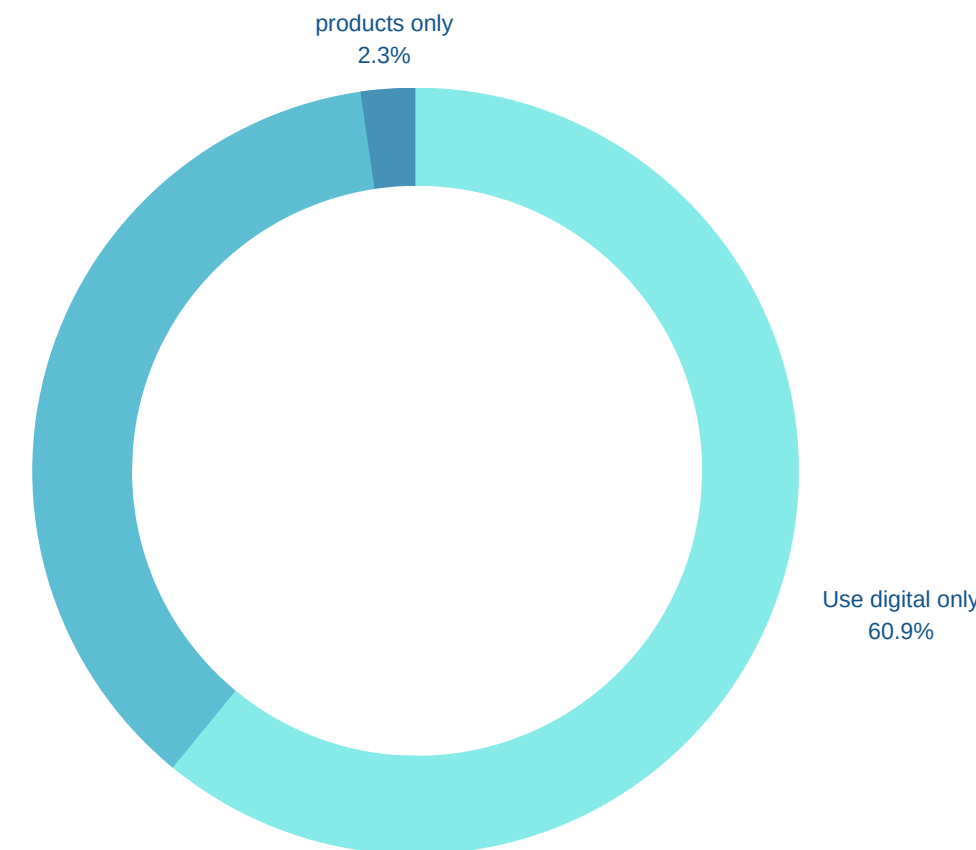
DIGITAL TRANSFORMATION STATE IN INDONESIA

Since 2020, more firms have used internet more and adjusted to digital due to the pandemic.

Percentage of Firms' Adjustment to Digital



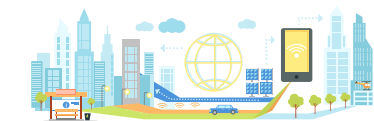
Digital Usage



Goals of Digital Transformation in Indonesia



Digitalization of public services, made available to digital platform and application.



Creation of public infrastructure that has digital capability.



Catalyzing an increase of business transactions to improve digital ecosystem.



NOTABLE M&A IN INDONESIA

2021-2022 digital and technology M&A in Indonesia.



Indosat Ooredoo and Hutchison Tri Indonesia

Officially announced on 4 January 2022, the two companies merged to become Indosat Ooredoo Hutchison.

Value: US\$ 6 million

Purpose:

Operational synergies that will benefit consumers and create value for stakeholders and fellow shareholders



Blibli and Ranch Market

Blibli, part of Djarum Group, they acquired 51% of PT Supra Boga Lestari, the parent company of Ranch & Farmers Market.

Value: US\$ 123 million

Purpose:

Further develop the business and expand the company's ecosystem to be the leading e-commerce.



Gojek and Tokopedia

The two unicorns merged to be GoTo. Possibly the most sought after merger in Indonesia startup ecosystem.

Value: Undisclosed

Purpose:

Creating a larger ecosystem. By getting more consumer data, they can provide more relevant services in a faster and more responsive way.



THE OFFICE OF
BAMBANG BRODJONEGORO

NOTABLE M&A IN INDONESIA

2021 digital sustainability merger in Indonesia.



Gojek and TBS Energi Utama

Gojek and TBS Energi Utama form a new entity called PT Energi Kreasi Bersama (EKB) to venture into electric vehicle.

Value: Rp 71,75 million

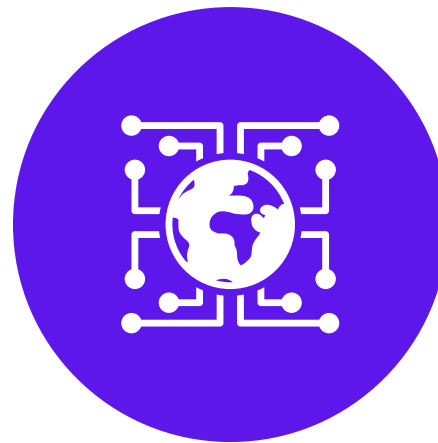
Purpose:

The companies' business development strategies to eliminate their carbon footprint and achieve the target of net zero emissions by 2030.



CHALLENGES OF DIGITAL M&A IN INDONESIA

The main challenges of M&A in digital and technology sector lies in consumers' and regulation constraints.



Digital Divide

49% of Indonesian adults are still not connected to the Internet. The gap span across spatial, economic, and social dimensions.



Mobile Oriented

Most Indonesians connect to the Internet using mobile devices and only 4% of the population is connected via fixed broadband.



Lack of E-Government

Efforts to implement digital transformation in government and nationally is proved difficult by fragmentation of data and lack of coordination across the agencies.



THE OFFICE OF
BAMBANG BRODJONEGORO

*Thank!
You!*

Email

office@bambangbrodjonegoro.com

Website

<https://bambangbrodjonegoro.com>