

# PRESS RELEASE

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### LIPPO KARAWACI REPORTS 1H19 RESULTS WITH STRONGER BALANCE SHEET AND IMPROVED LIQUIDITY POSITION FOLLOWING COMMENCEMENT OF RIGHTS ISSUE

- Rights Issue raised Rp11.2 trillion (\$787.5 million) with strong global institutional investors participation
- Both S&P and Fitch upgraded LPKR rating to B- from CCC+ with Stable Outlook
- Marketing sales increased 84% YoY to Rp 835 billion from Rp 453 billion in 1H18

**Tangerang** - PT Lippo Karawaci Tbk (“**LPKR**” or the “**Company**”) today announced its results for the first half of 2019. LPKR reported total revenue of Rp 5.3 trillion for 1H19, flat from Rp 5.3 trillion recorded in the same period last year. The quarterly changes were boosted by strong recurring revenue growth mainly from LPKR’s healthcare segment (PT Siloam Hospitals Tbk.- SILO.JK) while offset by declines at the property business year on year (associated with one off gains from 1H18). If we took out non recurring land sales of Rp 450bn in 1H18, revenue for 1H18 decreases to Rp 4.9 trillion, and 1H19 would represent an increase of 8.5% year on year. Marketing sales in the first semester reached Rp 835 billion, representing an increase of 84% from normalized Rp 453 billion in the first semester of 2018.

#### Healthy recurring revenue growth driven by Siloam Hospitals

Siloam Hospitals recorded strong revenues growth by 18.5% YoY to Rp 3.4 trillion for 1H19, from Rp 2.8 trillion in 1H18, contributing to 78% of total recurring revenues in 1H19 compared to 76% in 1H18. Historically, the muslim festive season (2Q in 2019) represents the slowest quarter of the year. Siloam has delivered sustained improvement in both revenue and EBITDA from 1Q19 to 2Q19 while continuing to improve EBITDA margin through a mix of driving revenue growth with new strategies on existing initiatives while employing disciplined cost management.

<i>(In Billion Rp)</i>		<b>Change</b>		
<b>Income Statement</b>	<b>1H19</b>	<b>1H18</b>	<b>YoY</b>	
<b>Revenue</b>				
<b>Development</b>	<b>Subtotal</b>	<b>991</b>	<b>1,590</b>	<b>-37.7%</b>
	Urban Development	643	1,123	-42.7%
	Large Scale Integrated Development	348	467	-25.6%
<b>Recurring</b>	<b>Subtotal</b>	<b>4,311</b>	<b>3,747</b>	<b>15.1%</b>
	Malls & Others	934	898	4.0%
	Healthcare	3,377	2,848	18.5%
	<b>Total Revenue</b>	<b>5,302</b>	<b>5,336</b>	<b>-0.6%</b>

Revenue from LPKR’s retail malls & others increased by 4.0% to Rp 934 billion, accounting for 21.7% of total recurring income in 1H19 compared to 23.9% in 1H18.

#### One off gains in 1H18 are responsible for the decline in as reported developmental business revenues

As reported developmental revenue in 1H19 decreased by 37.7% to Rp 991 billion from Rp 1,590 billion in the same period last year. It contributed to 18.7% of the total revenue in 1H19 compared to 29.8% in 1H18. Urban Development division booked revenue of Rp 643 billion in 1H19 compared to Rp 1,123 billion a year ago. Meanwhile, LPKR’s Large Scale Integrated Development division booked revenue of Rp 348 billion in 1H2019, compared to Rp 467 billion a year ago.

LPKR booked lower gross profit of Rp 2.0 trillion in 1H19 compared to Rp 2.4 trillion in 1H18 primarily due to lower gross profit in the property sector which totaled Rp 271 billion and representing a 70% decrease compared to Rp 913 billion in the year ago period. Meanwhile, the healthcare businesses gross profit recorded healthy growth of 26.3% YoY to Rp 1.1 trillion in 1H19 from Rp 869 billion a year ago.

<i>(In Billion Rp)</i>	<b>Income Statement</b>	<b>1H19</b>	<b>1H18</b>	<b>Change YoY</b>
<b>GROSS PROFIT</b>				
	Urban Dev. & Large Scale Integrated Dev.	271	913	-70.3%
	Malls & Others	632	613	3.2%
	Healthcare	1,097	869	26.3%
<b>Total</b>		<b>2,000</b>	<b>2,394</b>	<b>-16.5%</b>
<i>GROSS MARGIN (%)</i>		<b>38%</b>	<b>45%</b>	

LPKR's operating expenses reported a small decrease in 1H19 falling to Rp 1.870 trillion from Rp 1.9 trillion in the year ago period. The decrease was primarily due to lower expenses at our property business. This was mostly offset by Siloam Hospitals reporting a 18.5% YoY increase in operating expenses, as a result of opening three new hospitals, thereby increasing operations to 37 hospitals at the end of 1H19 compared to 34 hospitals as of 1H18, as well as 12.3% YoY higher expenses at the malls & others segment.

<i>(In Billion Rp)</i>	<b>Income Statement</b>	<b>1H19</b>	<b>1H18</b>	<b>Change YoY</b>
<b>OPERATING EXPENSES</b>				
	Urban Dev. & Large Scale Integrated Dev.	632	836	-24.4%
	Malls & Others	318	283	12.3%
	Healthcare	920	777	18.5%
<b>Total</b>		<b>1,870</b>	<b>1,896</b>	<b>-1.4%</b>
<i>OPEX / REVENUES</i>		<b>35%</b>	<b>36%</b>	

As reported EBITDA declined by 39.4% to Rp 534 billion from Rp 882 billion year on year due to one off items, and this led to the reported EBITDA margin falling to 10% from 17% in 1H18. The healthcare segment reported strong EBITDA growth attributed to higher earnings and improved cost controls across multiple business segments. Net loss for 1H19 was Rp 1.456 trillion, compared to a net profit of Rp 486 billion a year ago.

<i>(In Billion Rp)</i>	<b>Income Statement</b>	<b>1H19</b>	<b>1H18</b>	<b>Change YoY</b>
<b>EBITDA</b>				
	Urban Dev. & Large Scale Integrated Dev.	(288)	175	-264.2%
	Malls & Others	395	388	1.9%
	Healthcare	427	319	33.9%
<b>Total</b>		<b>534</b>	<b>882</b>	<b>-39.4%</b>
<i>EBITDA MARGIN</i>		<b>10%</b>	<b>17%</b>	

**One Off items impacted the quarter as one time losses in 2Q19 further impacted by one off gains in 2Q18 led to lower as reported EBITDA compared to the year ago period.** The one off items totaled a net loss of Rp 882 billion in the quarter and were derived from penalties, cost overruns and other related items

primarily due to the delays in completion of projects. This one-off item is part of new management's efforts to clean up, and management is confident that the nature of this item is one-off, exhaustive and prudent

### Deleveraging and initial rights issue help to improve balance sheet

In the first semester of 2019, LPKR strengthened its cash position with cash and cash equivalents balance at 1H19 totaling Rp 4.6 trillion compared to Rp 1.8 trillion as of year-end 2018. For the 1H19, the Company reported total debt of Rp 13.5 trillion vs Rp 14.9 trillion in the year ago period, representing a decrease of Rp 1.37 trillion year on year, and as a result the net gearing ratio has significantly improved to 0.30x in 1H19 compared to 0.53x at YE18. Further deleveraging is anticipated in 3Q19 in line with our guidance for 2019.

### Recent Events

The recently completed Rights Issue from mid July 2019, raised USD787.5 million, and was well supported by global institutional investor participation. In addition to existing investors, the Company saw a 20.3% ownership stake taken up by primarily new investors. Following the successful Rights Issue, the Company is well positioned to further de-leverage, complete existing projects including Meikarta, and embark on its new strategy. Further as of August 5, 2019, the Company has recalled its 2020 USD 75 million bonds,

John Riady, CEO of LPKR, commented: "In the second quarter Lippo Karawaci continued to show progress in our transformation plan. Our Rights Issue was initiated, the sale of the Myanmar Hospital stake was completed and further deleveraging occurred. All are initiatives we have committed to complete for our investors. The post 2Q completion of the rights issue was a success, renewing market confidence and enhanced by credit rating upgrades from S&P and Fitch, further validating our execution on our strategic transformation plan to strengthen the company's balance sheet and improve liquidity. We are hopeful that in the 2H19, the property market will start to improve fueled by the re-election of the president and conducive policy toward the property market along with lower interest rates."

Marketing Sales			
Type	Segment	FY 2019 Target (Rp Bn)	1H19 Realization (Rp Bn)
<b>Townships:</b>			
	Lippo Village	145	102
	Lippo Cikarang	925	451
	- Residensial	477	59
	- Komersial	43	-
	- Industrial	105	83
	- Delta Silicon 8 (JV)	300	309
	Holland Village Manado	-	11
	Tanjung Bunga	190	80
	San Diego Hills	200	58
<b>Subtotal:</b>		<b>1,460</b>	<b>702</b>
<b>Condominiums:</b>			
	Kemang Village	50	47
	Millenium Village	75	16
	Orange County	75	-
	St. Moritz	190	70
	St. Moritz (Makassar)	-	-
	Holland Village (Jakarta)	150	-
<b>Subtotal:</b>		<b>540</b>	<b>133</b>
<b>Subtotal Marketing Sales:</b>		<b>2,000</b>	<b>835</b>
Assets Sold to REIT		3,700	-
<b>Total Marketing Sales</b>		<b>5,700</b>	<b>835</b>

The Company targets to achieve Rp 2 trillion in presales for FY2019, and through 1H 2019 has reached 42% of the target, or Rp 835 billion.

**About Lippo Karawaci (“LPKR”) ([www.lippokarawaci.co.id](http://www.lippokarawaci.co.id))**

Listed on the Indonesia Stock Exchange, Lippo Karawaci (“LPKR”) is Indonesia’s leading integrated real estate company with total assets of US\$3.7bn at 30 June 2019. Our core business comprises urban residential developments, lifestyle malls and healthcare. We are also actively involved in integrated developments, hospitality, township development and management, as well as asset management services.

Currently, the Company has a presence in 36 cities, and is a leading Indonesian property developer with 1,467 ha of landbank ready for development. Through our two publicly listed subsidiaries, PT Lippo Cikarang Tbk, and PT Gowa Makassar Tourism Development Tbk, of which LPKR owns 81.0% and 62.7% respectively, LPKR develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar. Additionally, LPKR owns 51.05% of PT Siloam International Hospitals Tbk, Indonesia’s leading private hospitals network, with 37 hospitals across 27 cities nationwide.

LPKR also has an ownership stake in two listed REITs in Singapore, namely First Real Estate Investment Trust and Lippo Malls Indonesia Retail Trust with US\$1.0bn and US\$1.5bn of assets under management respectively, as at 30 June 2019.

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