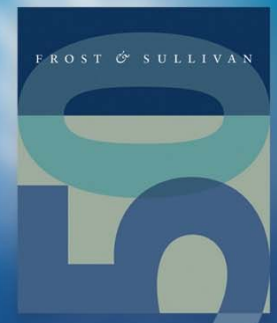


Indonesia Logistics Industry

The Way Forward

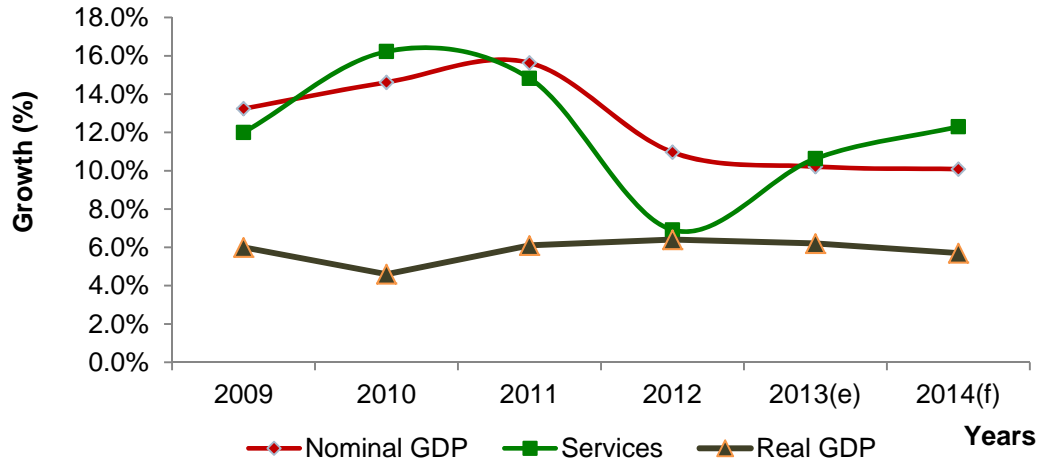
Presented by:

Gopal R
Global Vice President
Transportation & Logistics Practice
June 11, 2014



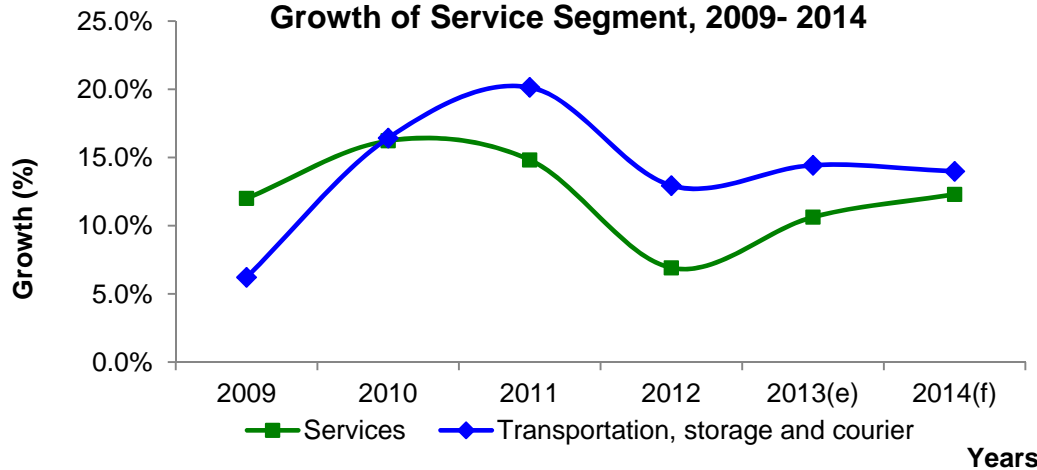
Economic Growth and Logistics Market

Growth of GDP and Service Segment, 2009 - 2014



- GDP Growth between 5.7 to 6% in 2014
- Services sector has been growing at 10 percent during the past years

Growth of Service Segment, 2009- 2014

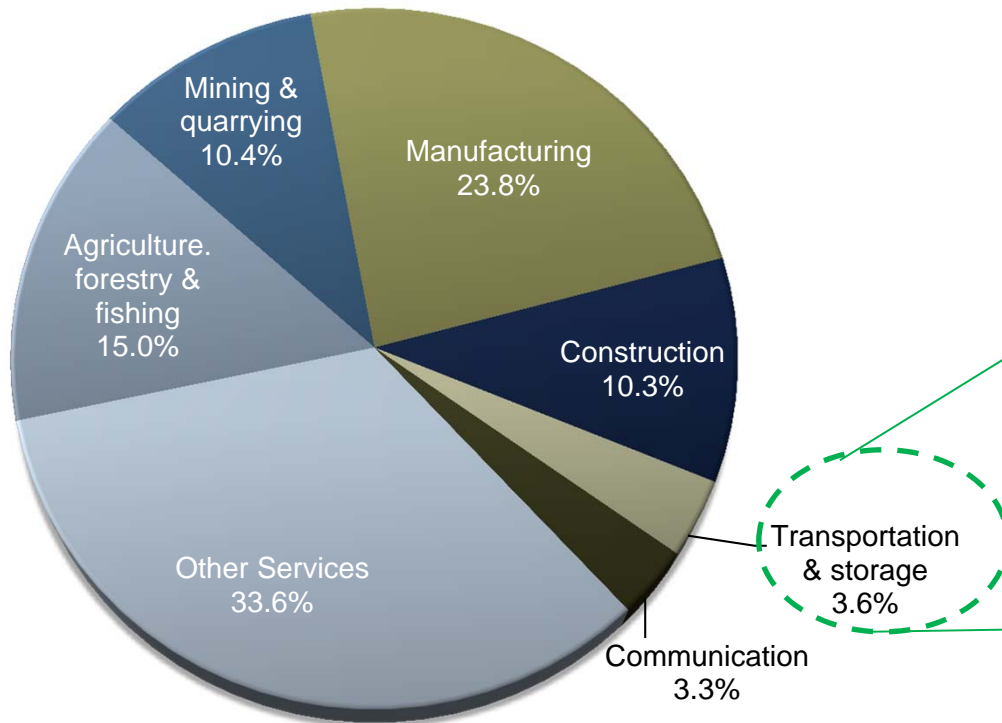


- Service sector is estimated to contribute 36.9 percent of GDP
- The trade sectors remains the driver for the growth in service sector

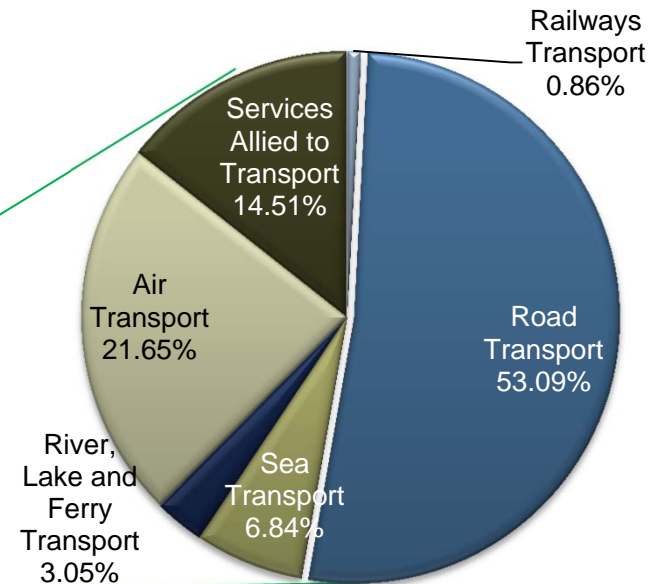
Source: Indonesian Statistical Agency, Analysis by Frost & Sullivan

Contribution to GDP

Indonesia GDP by Key Sectors in 2013



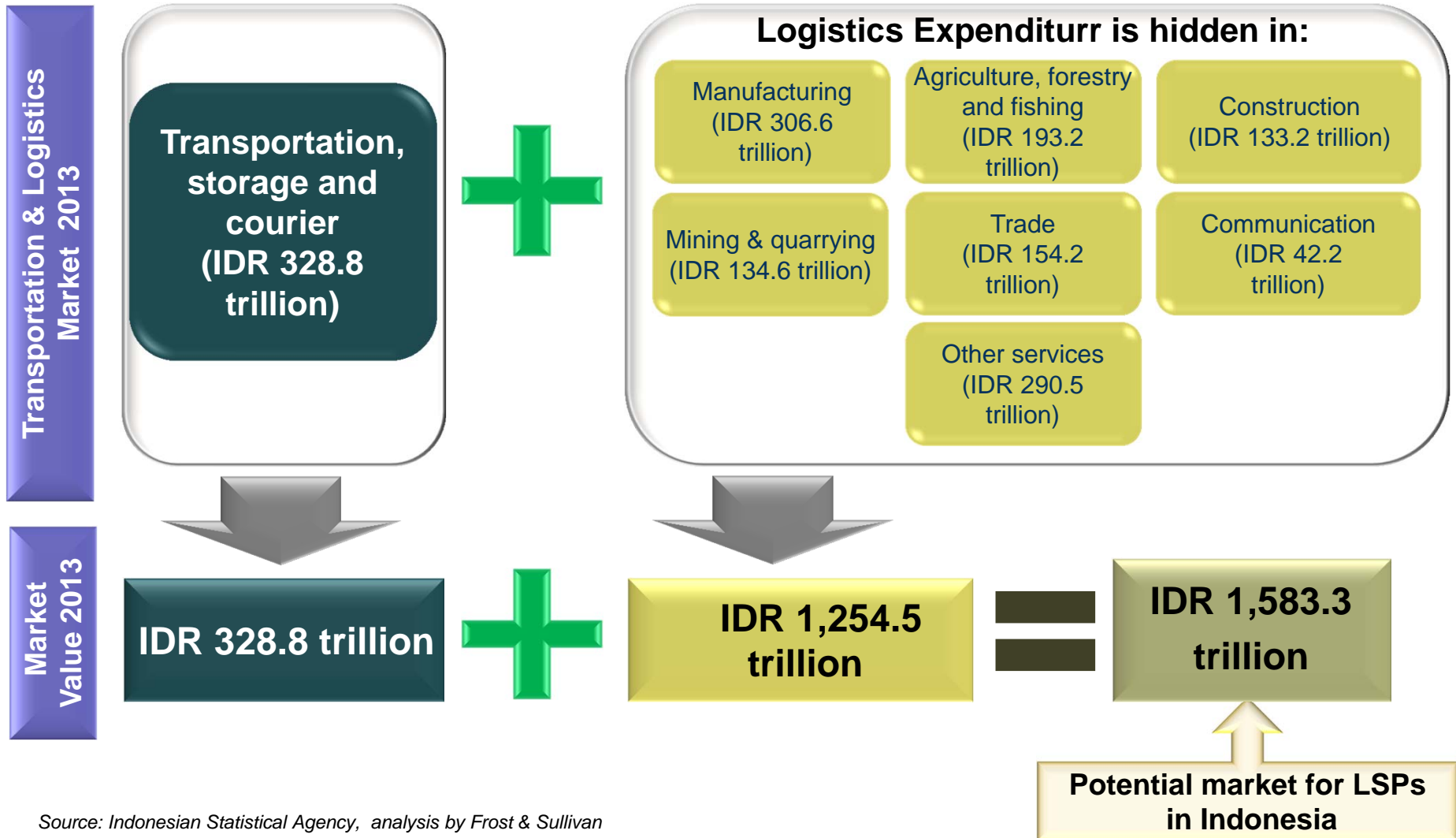
Indonesian Transportation and Storage Segment Distribution in 2013 (IDR 328.8 trillion)



Transportation makes up 85.6 percent of the total transportation, storage and courier market

Source: Indonesian Statistical Agency, Analysis by Frost & Sullivan

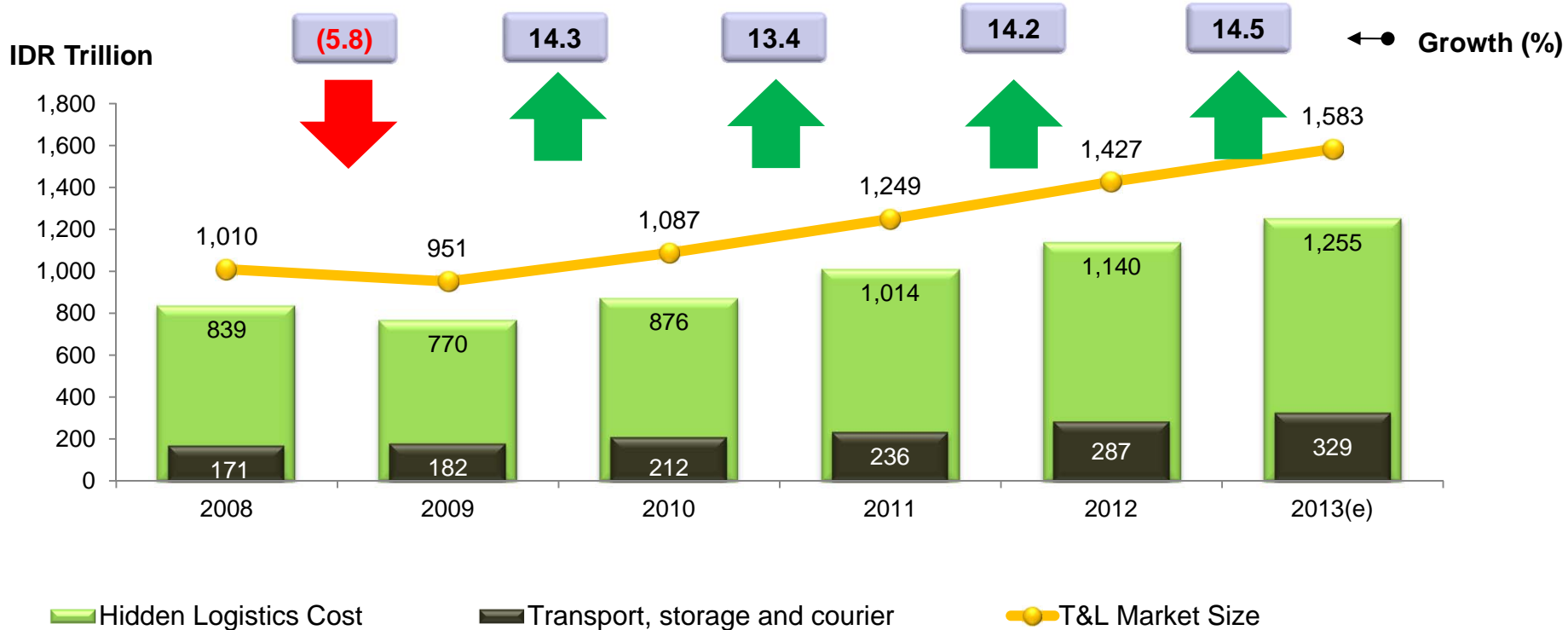
Logistics Market Potential



Source: Indonesian Statistical Agency, analysis by Frost & Sullivan

Transportation and Logistics Market Size

Transportation & Logistics Market Projection
(2013-2018)



Transportation & Logistics market in Indonesia has grown by 14.9 percent Compound Annual Growth Rate (CAGR) between 2008 to 2013

Source: Indonesian Statistical Agency, Analysis by Frost & Sullivan

Key Market Drivers and Restraints




Growth in private consumption that increase trade volume and value , thus favoring freight distribution

Growth in International trade stimulate regional integration, removal of trade barriers, coupled with the rise in containerization levels

A rise in the middle class and disposable income drive up the demand for goods

Interconnectedness of economic development and good infrastructure development drive demand for goods to be transported in connected region or province



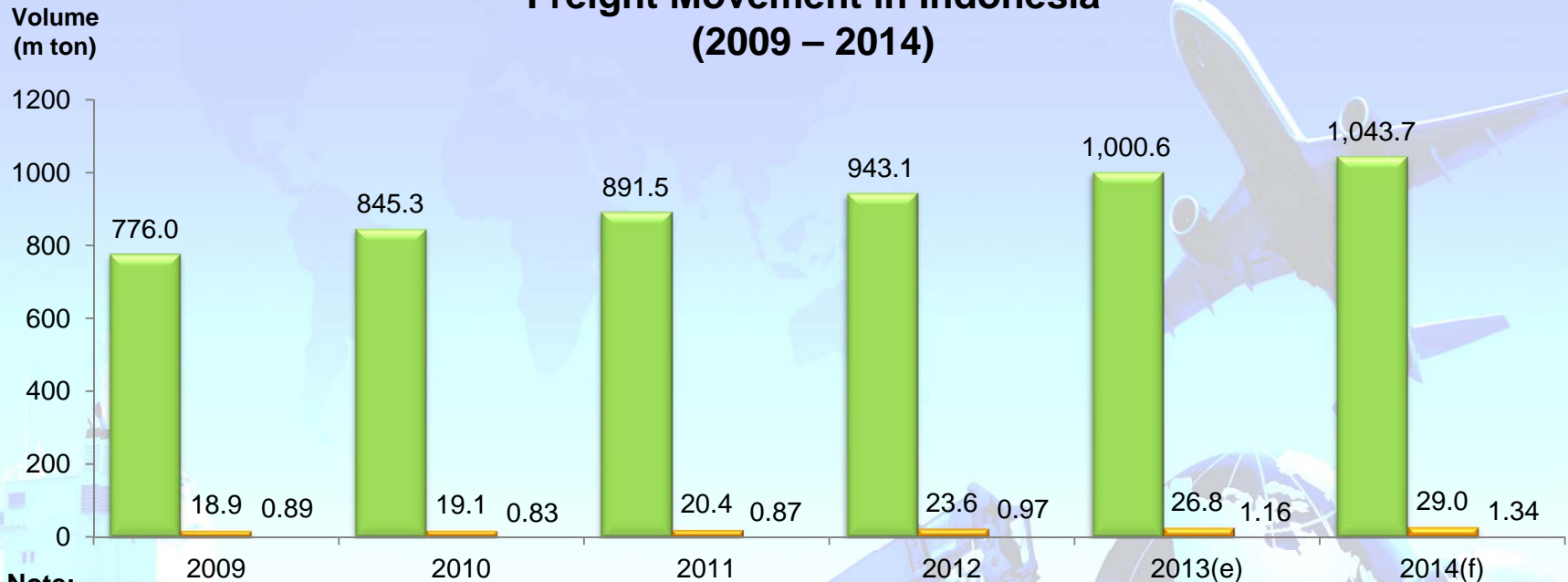
Higher fuel cost and increasing labor wages impact service providers through higher transportation cost and wages

Logistics infrastructure hamper the distribution time for cargo distribution

Source: Analysis by Frost & Sullivan

Freight Development in Indonesia

Freight Movement in Indonesia (2009 – 2014)



Note:

e : estimated
f : forecasted

■ Sea freight ■ Rail freight ■ Air freight

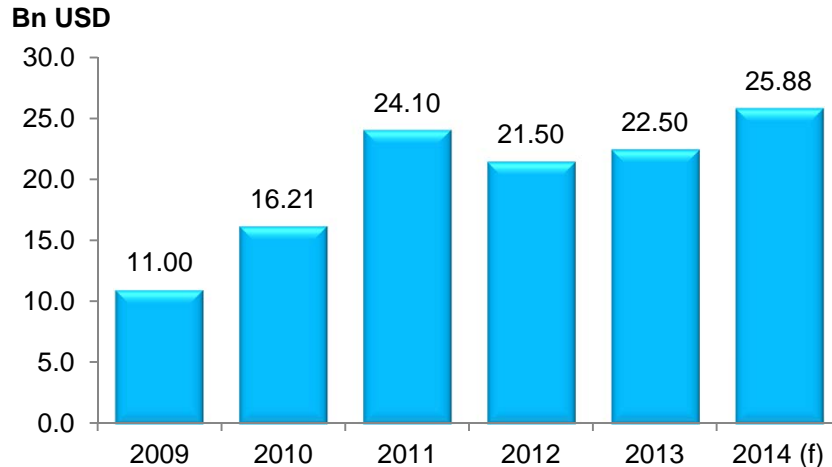
- Growth in cargo volumes
- Trade and domestic consumption to drive future volumes

Source: Consolidated, Analysis by Frost & Sullivan

Economic Trend

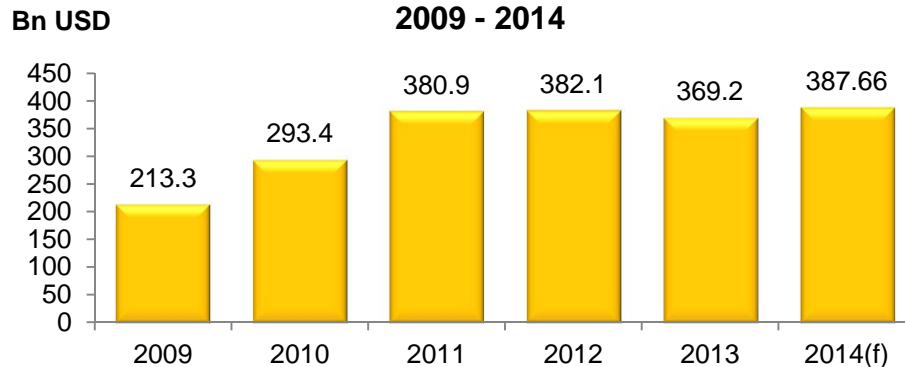
Positive outlook on capital inflows and trade

**Total Indonesia Foreign Direct Investment (FDI)
Realization, 2009 - 2014**



- FDI is set to grow around 15%
- Inflows focussed on automotive, pharmaceutical and mining industry
- FDI in transportation, warehouse and storage sectors is around 1.1 % of FDI in 2013
- 20.7 % is into mining sector.

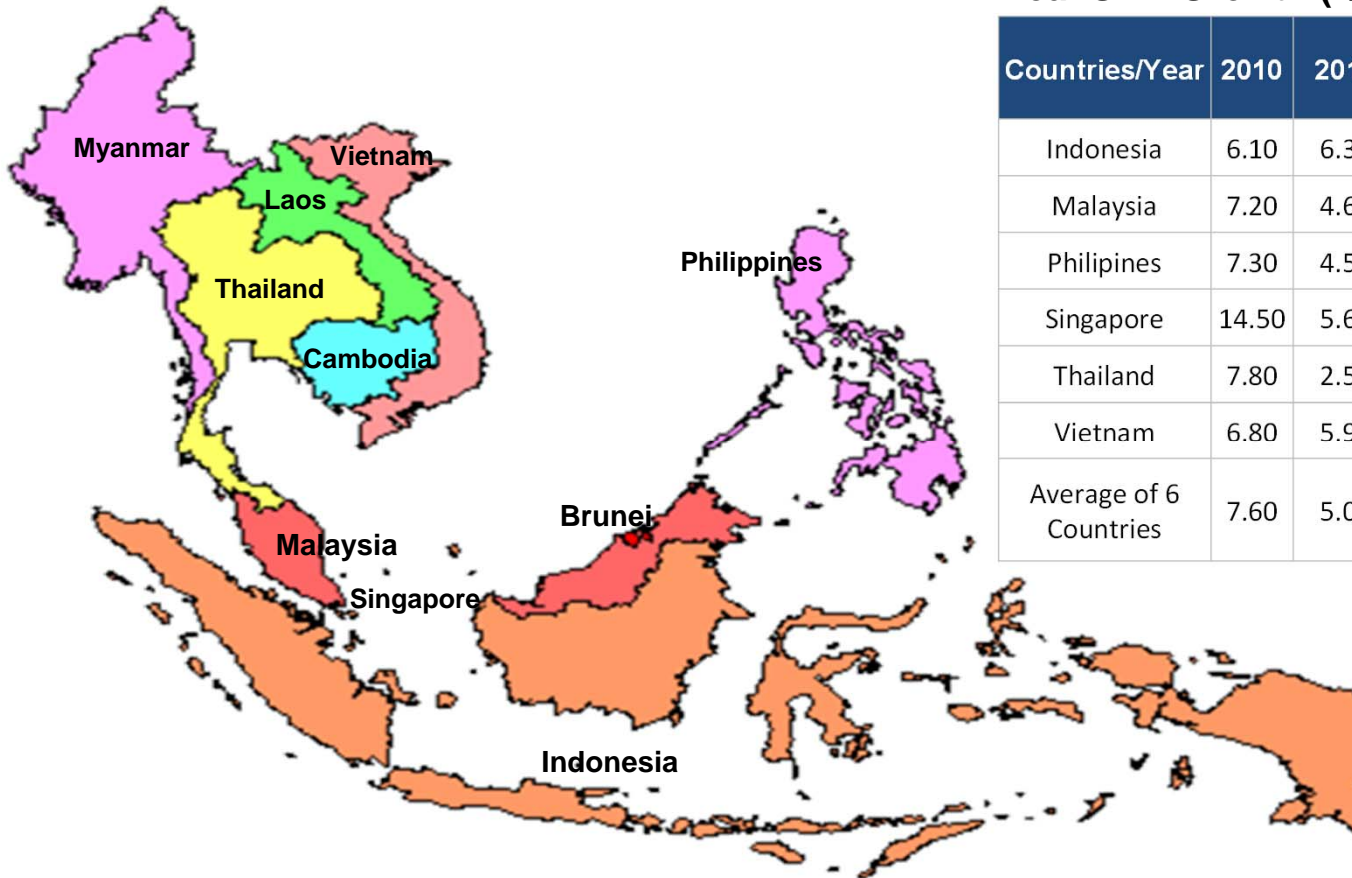
**Total Indonesia External Trade Value,
2009 - 2014**



- Sustainable trade growth over years
- Potential for positive trade balance with exports likely to gain

Source: Central Statistics Beuarau, Analysis by Frost & Sullivan

Growing Economies...



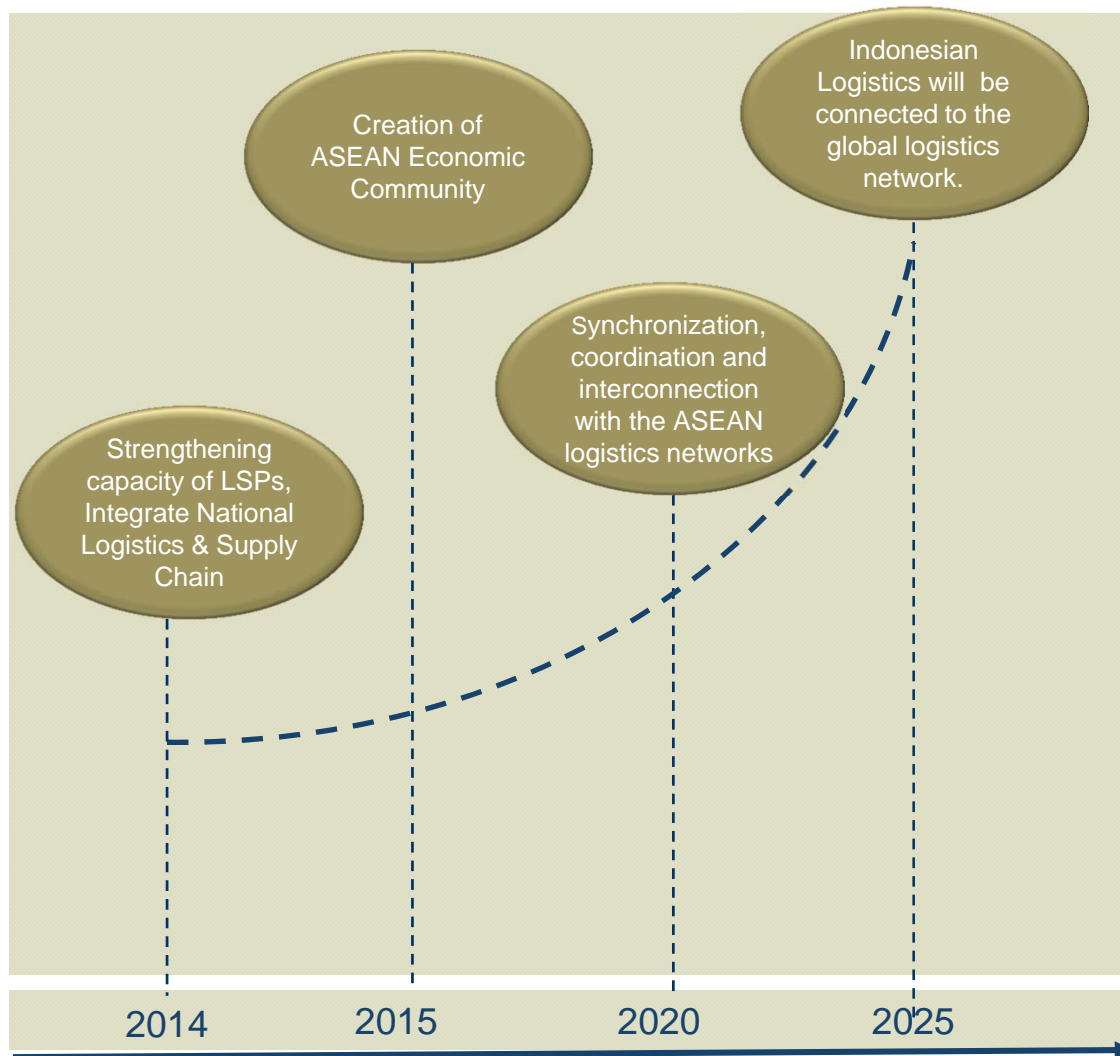
Real GDP Growth (%)

Countries/Year	2010	2011	2016	Average 2003-2007	Average 2012- 2016
Indonesia	6.10	6.30	6.90	5.50	6.60
Malaysia	7.20	4.60	5.60	6.00	5.30
Philippines	7.30	4.50	5.10	5.70	4.90
Singapore	14.50	5.60	4.80	7.50	4.60
Thailand	7.80	2.50	4.90	5.60	4.50
Vietnam	6.80	5.90	6.70	8.10	6.30
Average of 6 Countries	7.60	5.00	5.90	6.10	5.60

ASEAN offers a big opportunity - Region's significance on efficient logistics

Source: ASEAN Secretariat, Analysis by Frost & Sullivan

Road map of Indonesian Logistics Industry Blue Print



- **2014-2015**

Infrastructure development among ASEAN countries are expanded to support the transportation & logistics service in the region

- **2015-2020**

ASEAN Logistics Network Integration

- **2020-2025**

Integrated Global Logistics Network. Indonesia will be connected to the regional (ASEAN) and global logistics systems via International Hub Ports

Source: Frost & Sullivan Analysis

Location Advantage...



Source: Frost & Sullivan Analysis

Moving Forward...

Domestic Logistics Network



1. Satisfactory logistics service offerings
2. Growing technology implementation in logistics operations
3. Infrastructure and connectivity issues
4. Distribution point to South East Asia from shipping stand point

Well-connected with ASEAN logistics Network



1. Coordination and cooperation among all relevant institutional agencies to facilitate transportation between neighboring countries in ASEAN
2. Enhance transport security and safety in the regional Transportation and Logistics networks
3. Development of approaches and mechanisms to strengthen ASEAN's role as "hub" in the East Asia integration

Source: Frost & Sullivan Analysis



Thank You