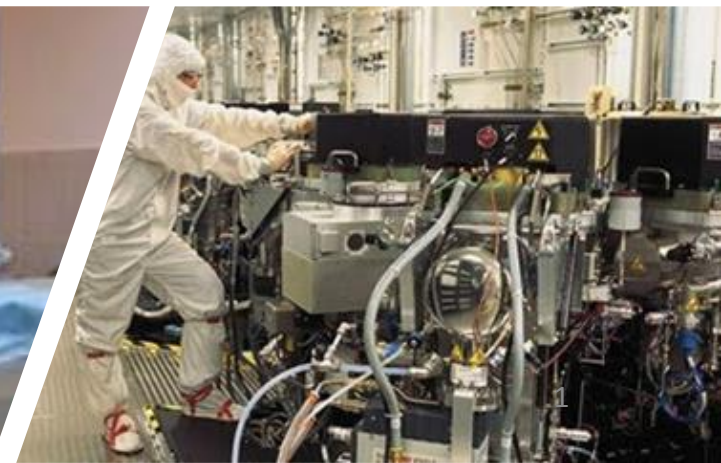




invest in  
remarkable  
**Indonesia**

# Investment Opportunity in Healthcare Sectors

May 2018





Current Condition of Healthcare Investment In Indonesia

Regulation and Incentives

Healthcare Investment Opportunity

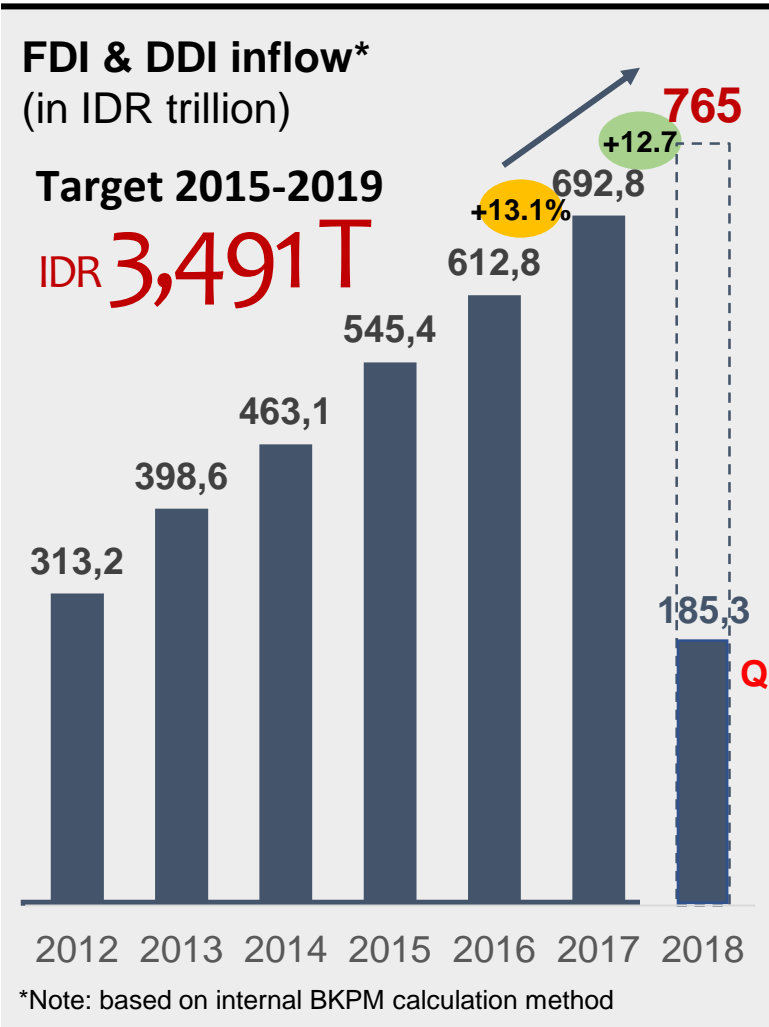


# Current Condition of Healthcare Investment In Indonesia

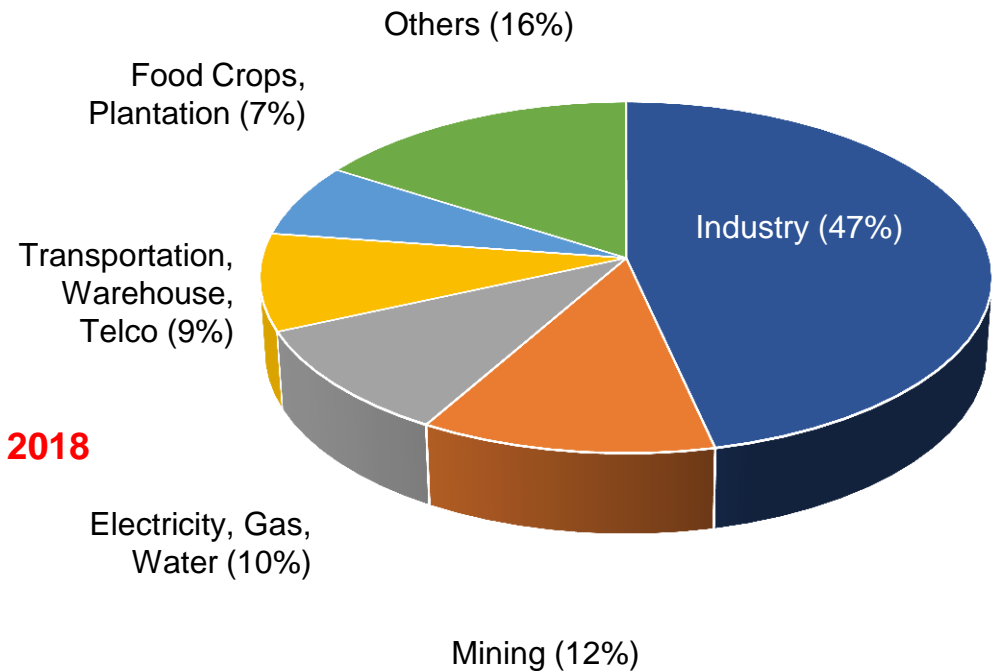


## Government is Optimist to achieve target of IDR 765 trillion Investment Realization in 2018

FDI & DDI grew at +13.1% (in IDR value)



**Investment Realization by Sector**  
(2012-2017, in %)



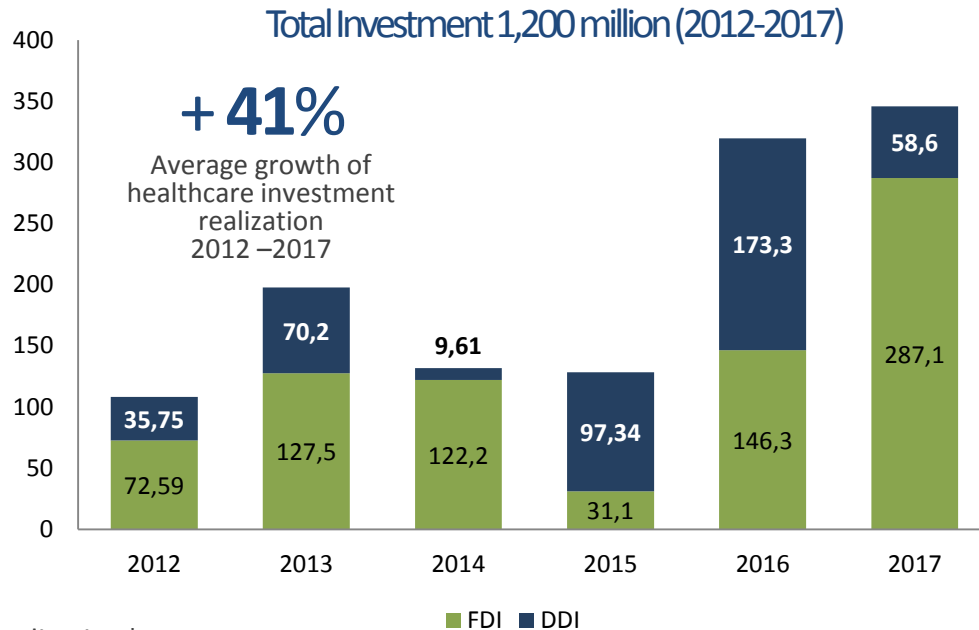
# Healthcare Investment in Indonesia

## Growing fast



### Healthcare Investment Realization

(USD million)

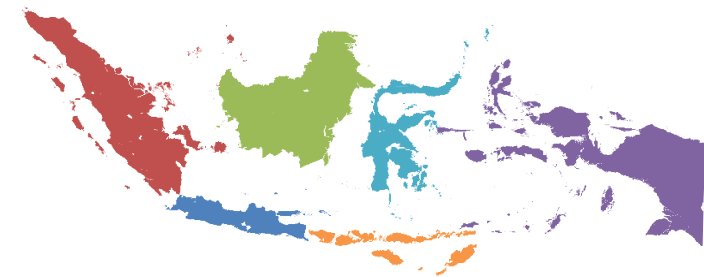


Realization\*

Based on realization in three healthcare sectors:

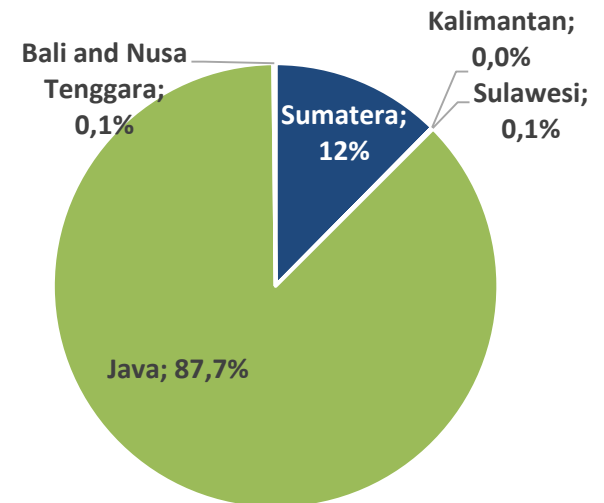
1) Pharmaceutical Industry, 2) Medical Equipment Industry, and 3) Hospital and Other Health Services

	2012-2013	2013-2014	2014-2015	2015-2016	2016- 2017
Growth	83%	-33%	-2%	149%	8%



### Healthcare Investment Realization Location Spread

2012 – 2017

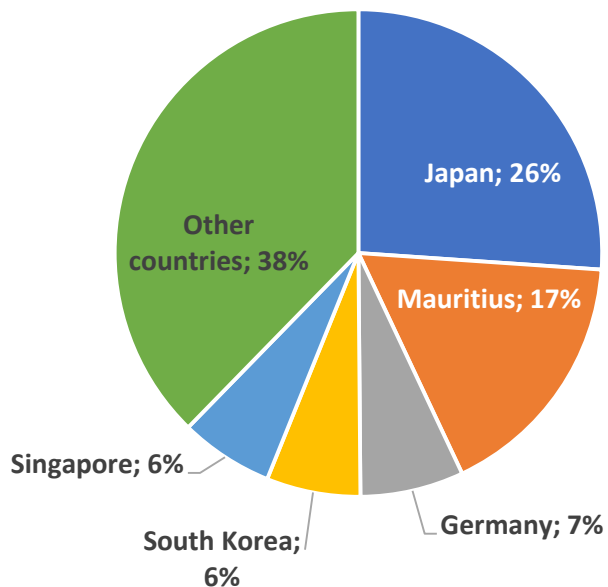




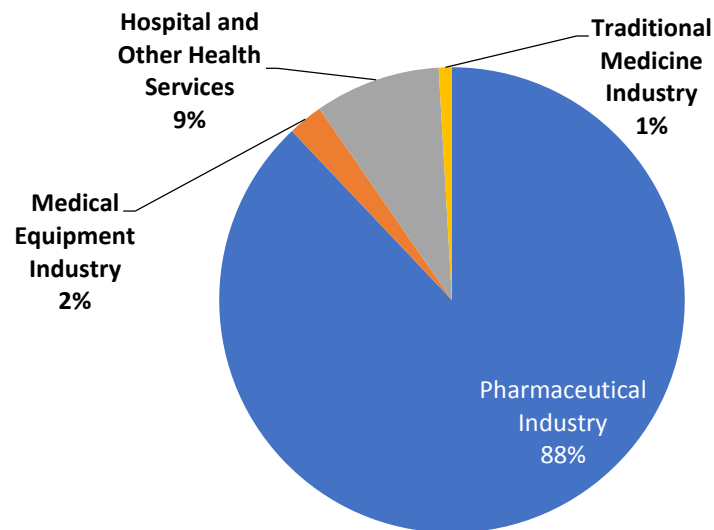
# Healthcare Investment in Indonesia

## Investment Realization (2012-2017)

Healthcare Investment Realization  
by Country



Healthcare Investment Realization  
by Sector (FDI & DDI)





# Top 10 Healthcare FDI Companies in Indonesia (2012-2017)

No	Companies	Country	Sector
1	Kao Indonesia	Japan	Household industry & Pharmaceutical industry
2	Widatra Bhakti	Japan	Pharmaceutical industry
3	Capsugel Indonesia	Belgium	Pharmaceutical industry
4	Meiji Indonesian Pharmaceutical Industries	Japan	Pharmaceutical industry
5	Otsuka Indonesia	Japan	Pharmaceutical industry
6	Hisamitsu Pharma Indonesia	Japan	Pharmaceutical industry
7	Meiji Indonesia Pharmaceutical Industries	Japan	Pharmaceutical industry
8	Ethica Industri Farmasi	Germany	Pharmaceutical industry
9	B.Braun Pharmaceutical Indonesia	Malaysia	Pharmaceutical industry
10	Combiphar	South Korea	Pharmaceutical industry

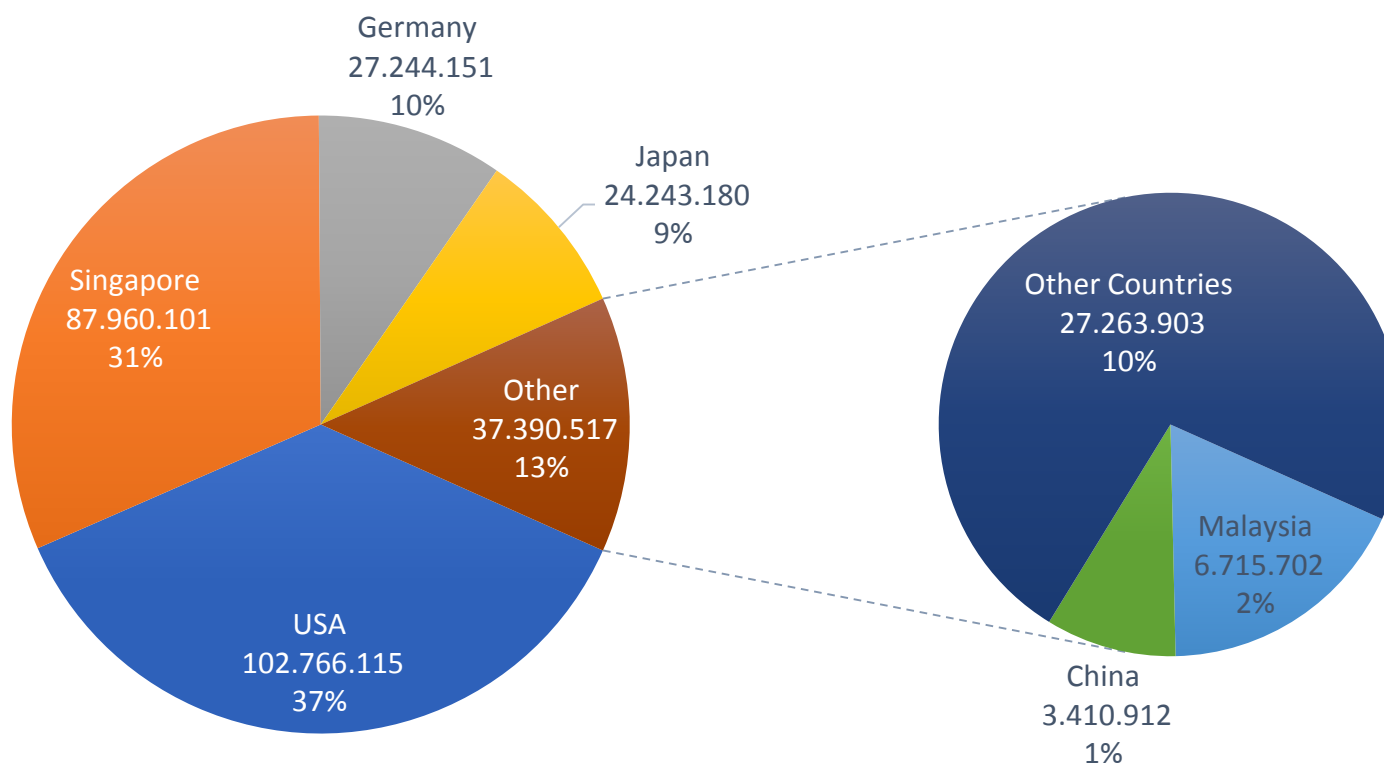
Source: BKPM



## Healthcare Investment in Indonesia

# Indonesian export value of medical equipment reached \$280 million dollars in 2015

value in in \$ dollars



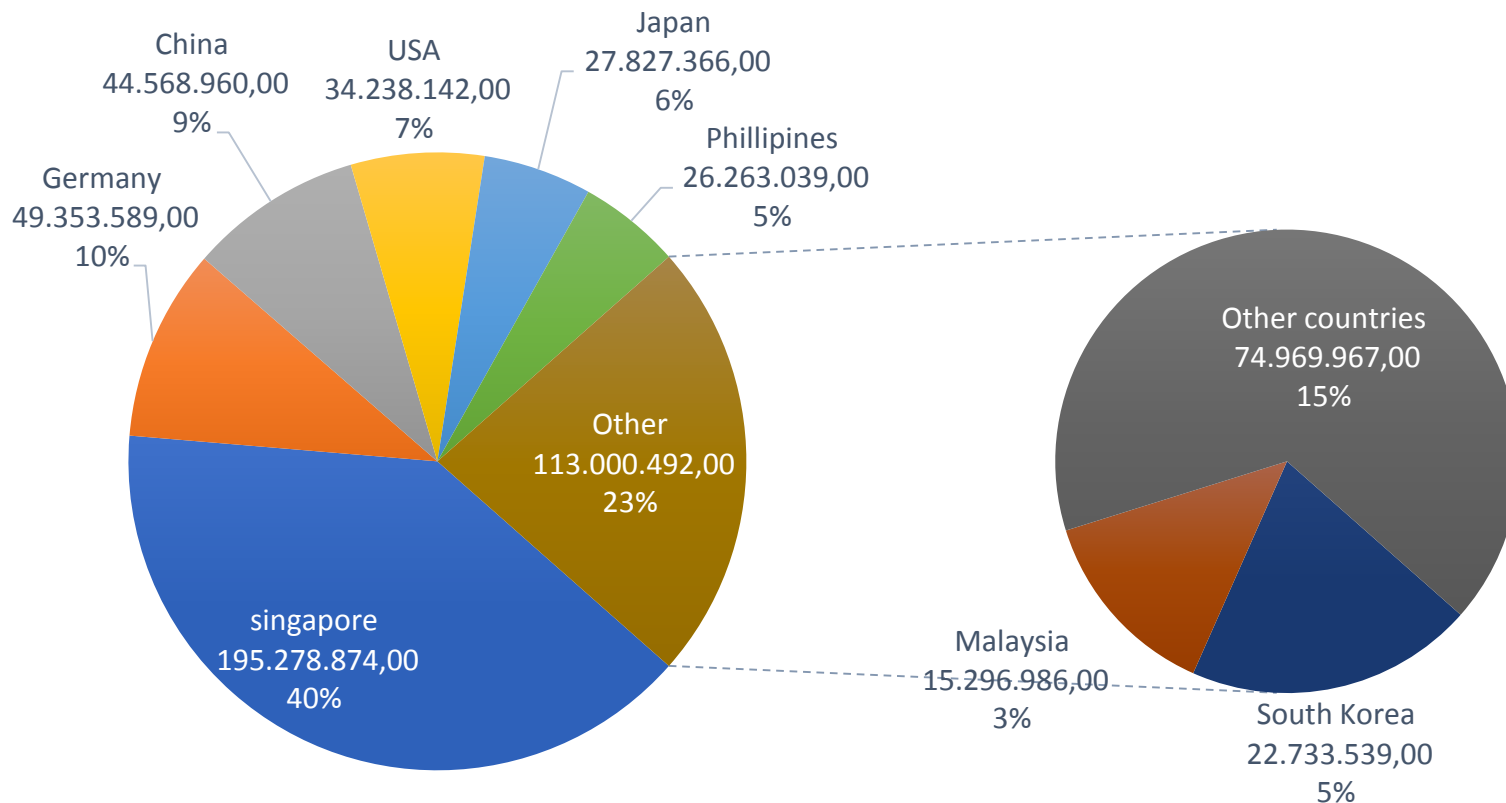
Source : Ministry of Trade



## Healthcare Investment in Indonesia

# While Indonesian import value of medical equipment reached \$491 million dollars in 2015

value in in \$ dollars



Source: Ministry of Trade



# Regulation and Incentives



# Negative Investment List – Healthcare Sectors

## Presidential Regulation No.44/2016

	Business Fields	Max. FDI
1	Medicinal / pharmaceutical material crops and plantation (with obligation of 20% ownership for plasma plantation)	95%
2	Patent medicine industry	85%
3	Medical equipment testing institution	67%
4	Medical supporting activity : Pest control/Fumigation service	67%
5	Medical and ambulatory evacuation service	67%



# Negative Investment List – Healthcare Sectors

## Presidential Regulation No.44/2016

	Business Fields	Max. FDI
6	Hospital (Max. 70% for ASEAN investors for all capital cities in Eastern Indonesia except Makassar & Manado)	67%
7	Basic and special medical clinics: specialized medical services clinic (CPC 9312), specialized dental service clinic (CPC 9312), nursing service with CPC 93191, other hospital service (medical rehabilitation clinic) (Max. 70% for ASEAN investors for all capital cities in Eastern Indonesia except Makassar & Manado)	67%
8	Vocational work training in healthcare sector	67%
9	Medical equipment supplier	49%
10	Acupuncture service facility	49%



# Negative Investment List – Healthcare Sectors

## Presidential Regulation No.44/2016

	Business Fields	Max. FDI
11	Medical equipment industry : Class A	33% (Special licence from Ministry of Health)
12	Medical equipment industry : Class B	Special licence from Ministry of Health
13	Medical equipment industry : Class C	
14	Medical equipment industry : Class D	
15	Narcotic manufacturer (pharmaceutical industry)	
16	Narcotic pharmaceutical wholesale trade	
17	Bank and Laboratory of tissue and cellular	



## TAX HOLIDAY

MoF Regulation  
No.35/PMK.010/2018

IDR 500 Billion  
Minimum  
Investment Plan

100 % Reduction Rate  
(Single Rate)

The amount of reduction of shall be granted with the same percentage every year within the period of facility.

No.	Time Period	Investment Value
1.	5 years	IDR 500 billion up to less than IDR 1 trillion
2.	7 years	IDR 1 trillion up to less than IDR 5 trillion
3.	10 years	IDR 5 trillion up to less than IDR 15 trillion
4.	15 years	IDR 15 trillion up to less than IDR 30 trillion
5.	20 years	Minimum IDR 30 trillion

## 17 Pioneer Industries:

1. Upstream Metal Industry
2. Oil and Gas Refinery
3. Oil-Gas-and Coal based Petrochemical
4. Non-organic Chemical
5. Organic Chemical

## 6. Raw-material for Pharmaceuticals Industry

7. Semi-Conductor & other Component
8. Main Component for Telecommunication Equipment
9. Main Component for Healthcare Equipment
10. Industrial Machinery Production
11. Main Component for Machinery
12. Robotic Component
13. Main Component for Shipping Industry
14. Main Component for Aeroplane Industry
15. Main Component for Train Industry
16. Power Plant Industry
17. Economic Infrastructure

## Basic Criteria

1. Pioneer Industries
2. Indonesian Legal Entity
3. A New Investment
4. The amount of new investment shall be **minimum** IDR 500 Billion
5. Comply with the Indonesian thin-capitalization rules (i.e., 4:1 debt-to-equity ratio).



## TAX ALLOWANCE

(Government Regulation No.18/2015  
Jo. No.9/2016)

**30**% of investment value  
**Reduction** of corporate  
net income tax for 6 years  
(5% each year).

**143** business segments  
**Eligible** for tax  
allowance, **including**  
**pharmaceutical**  
**industry.**

Under **certain requirements**  
among others: investment **value** or  
**export** orientation, **manpower**  
absorption, **local content**, and  
project **location** (especially outside  
Java island).

## IMPORT DUTY FACILITY

(MoF Regulation No.176/PMK.011/2009)

Machineries, goods,  
materials for production

**2 years** import duty exemption or **4 years**  
for companies using locally-produced  
machines (min.30%).

## Industries

Which produce **goods** and/or  
**services**, including:

1. Tourism and culture
2. Public transportation
- 3. Public health services**
4. Mining
5. Construction
6. Telecommunication
7. Port



# Healthcare Investment Opportunity



# One of the Target in National Medium Term Development Plan

## Healthcare Development : Implementation of *Indonesia Sehat* Program

Goals :

1. Improving mother and children's health status
2. Increasing disease control
3. Improving access and quality of basic healthcare service and reference especially in remote, border, or underdeveloped region
4. Extending the scope of universal healthcare through *Kartu Indonesia Sehat* and the quality of healthcare fund management
5. Fulfilling the needs of medical personnel, medicine, and vaccine
6. Increasing the responsiveness of healthcare system

Reformation is focused on **strengthening of quality primary healthcare**

Source: RPJMN Book I, Bappenas, 2014

*The Investment Coordinating Board of the Republic of Indonesia*

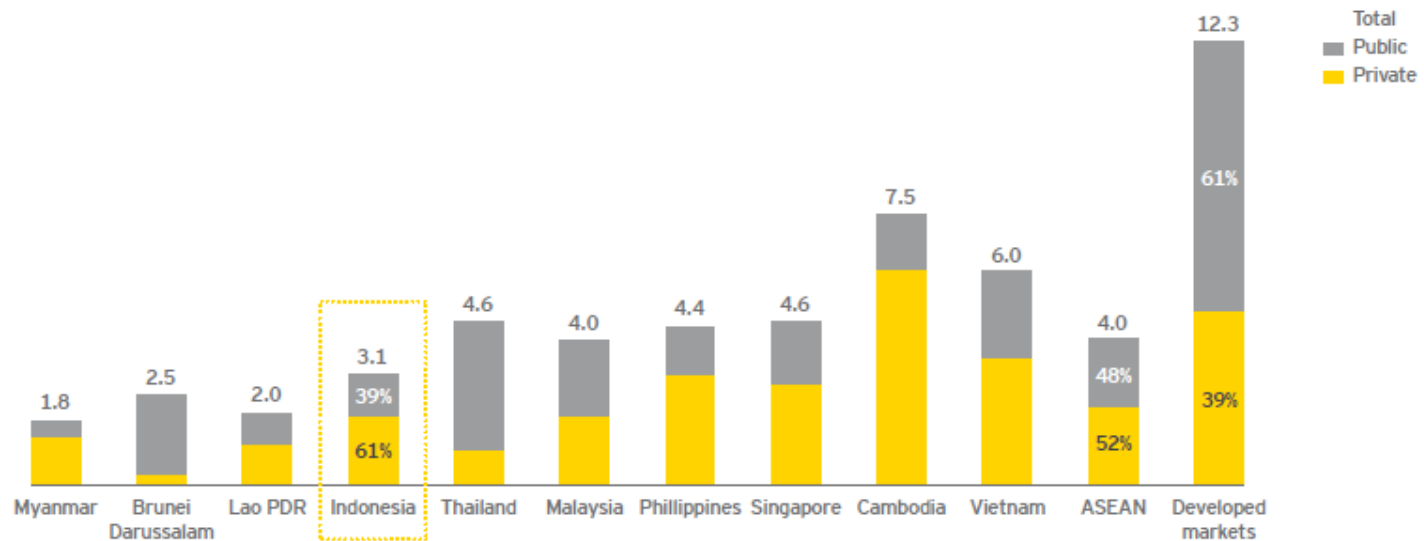


## Why Indonesia?

One of the lowest healthcare expenditure in ASEAN

Indonesia  
Healthcare  
Expenditure

3.1%  
From GDP



Source: World Bank and OECD, 2013



# Why Indonesia?

## Rise of Middle Class and Demographic Bonus

**168**million

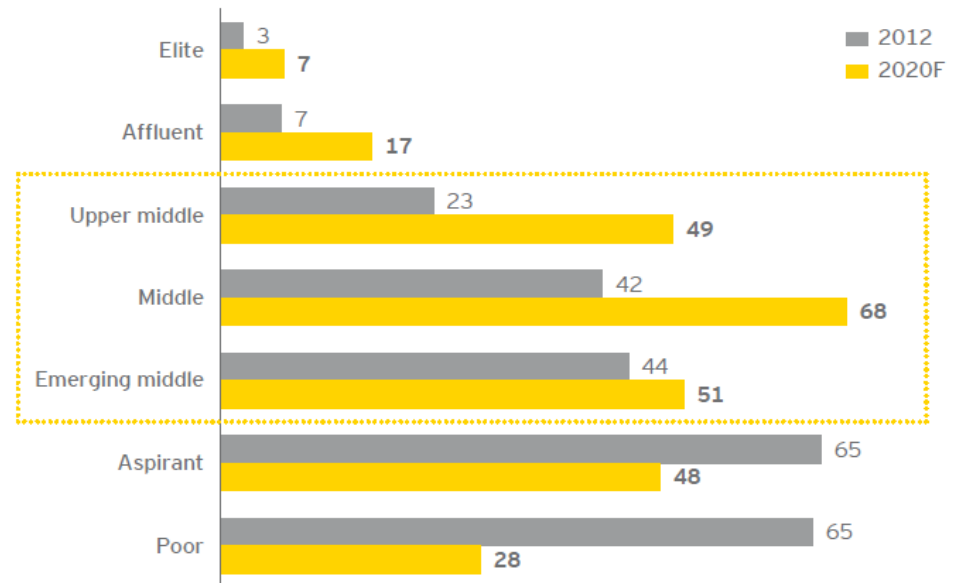
**Middle class Consumer  
in 2020**

Rising middle class will drive the  
demand for affordable quality  
healthcare

Source: BCG

Rise of the middle class as estimated by BCG (2012 and 2020F)

Chart 4



Source: BCG and Indonesian Central Bureau for Statistics (BPS); F - Forecast



# PPP Projects (Ready to Offer)



No.	Project	Stage	Value
1	Correctional Settlement Ciangir	OBC	US\$ 88.8 million
2	Surakarta Street Lighting	OBC	US\$ 29.3 million
3	Dharmais Cancer Hospital	OBC	US\$ 48.6 million
4	Multifunctional Satellite	OBC	US\$ 628.2 million
5	SKSTN	OBC	US\$ 88.8 million
6	Yogya-Bawean Toll Road	OBC	US\$ 1018.19 million
7	Nusakambangan Industrial Correctional facility	OBC	US\$36.6 million

No.	Project	Stage	Value
1	Surabaya – Madura Toll Bridge	FBC	US\$ 24 million
2	Semarang – Demak Toll Road	FBC	US\$ 593 million
3	LRT Medan (Municipal Transport)	FBC	US\$ 1.2 billion
4	Pekanbaru Water Supply	FBC	US\$ 35.5 million
5	Sam Ratulangi University Teaching Hospital	FBC	US\$ 32 million
6	Sidoarjo Hospital	FBC	US\$ 22.2 million
7	Pirngadi Hospital	FBC	US\$ 13.3 million

The Investment Coordinating Board of the Republic of Indonesia

# Dharmais National Cancer Center Hospital



- **LOCATION:**  
DKI Jakarta.
- **SCOPE OF WORK:**
  - Land preparation and demolition
  - Tower A construction (6 floors; 8,029 m2),
  - Tower B construction (12 floors; 26,352 m2),
  - Procuring health and nonhealth equipment for both Tower.
- **GCA:**  
Director General for Health Services, Ministry of Health.
- **PROJECT TIMELINE:**
  - FBC: Q1 2018.
  - PQ: Q2 2018.
  - Tender winner announcement: Q4 2018.
  - Contract signing: Q1 2019.
  - Financial Close and construction: Q3 2019.



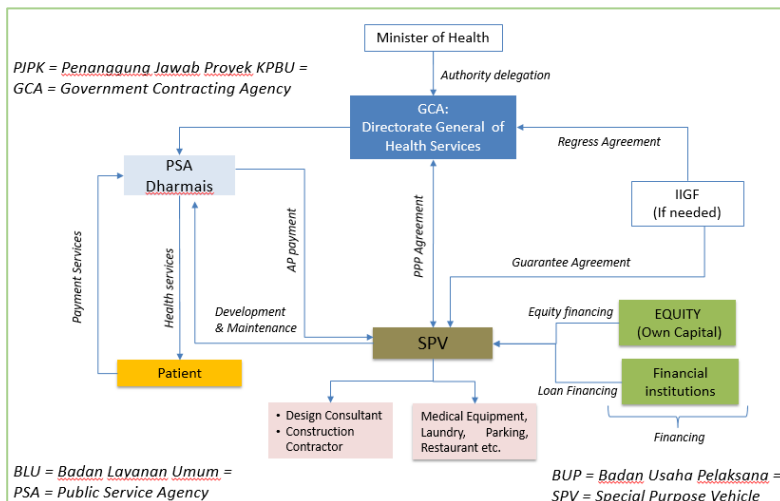
- **INVESTMENT PLAN:**
  - Investment: US\$ 47.6 Million.
  - Project will offer Availability Payment.
  - Concession period: 20 years.
  - ROI: 14%.

## • CONTACT:

**dr. Ockti Palupi Rahyaningtyas, MPH** (Secretary of PPP team Dharmais Cancer Hospital); +62-21-5681570; e-mail: [ocktipalupi\\_pds@dharmais.co.id](mailto:ocktipalupi_pds@dharmais.co.id)

**dr. M. Firdaus, SpBS;** e-mail: [mfirdaus\\_ppj@dharmais.co.id](mailto:mfirdaus_ppj@dharmais.co.id)

Dharmais Cancer Hospital, Jl. Let. Jend. S. Parman  
Kay. 84-86, Jakarta Barat, DKI Jakarta 11420



- 



# Sidoarjo General Hospital



- **LOCATION:**  
Sidoarjo Regency, East Java.
- **SCOPE OF WORK:**
  - Building construction as class C hospital
  - Land/building area: 13,100 m<sup>2</sup>/15,626 m<sup>2</sup>
  - Scheme: Design - Build - Financing - Procurement
- **GCA:**  
Sidoarjo Regent.
- **PROJECT TIMELINE:**
  - FBC: Q1 2018
  - PQ: Q1 2018
  - Tender winner announcement: Q4 2018
  - Contract signing: Q4 2018
  - Financial Close and construction: Q1 2019.

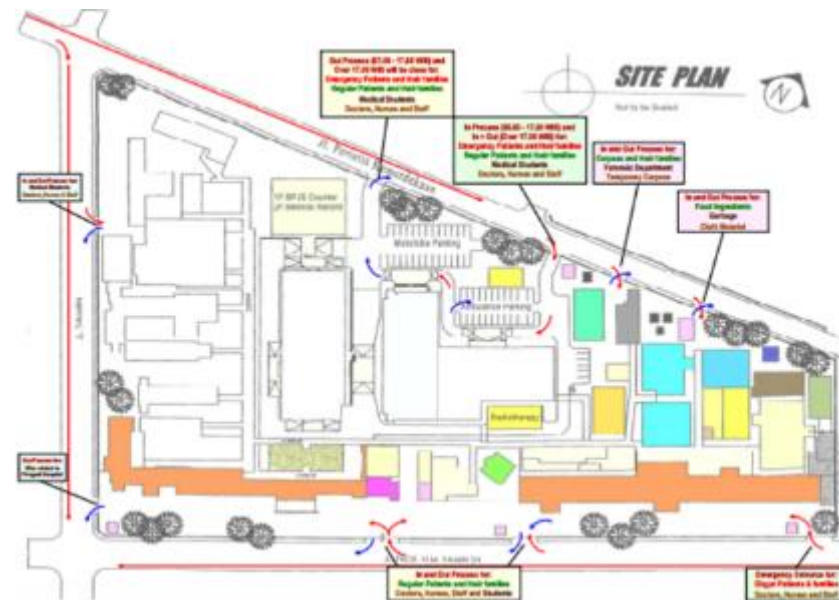


- **INVESTMENT PLAN:**
  - Investment: US\$ 22.2-29.6 Million.
  - Concession period: 10 tahun.
  - FIRR : 9,9%.
  - NPV: N/A.
- **CONTACT:**  
**Agoes Boedi Tjahjono** (Asisten Administrasi Perekonomian dan Pembangunan)  
E: [kerjasama.sidoarjokab@gmail.com](mailto:kerjasama.sidoarjokab@gmail.com)  
Sidoarjo, Jawa Timur, Indonesia.

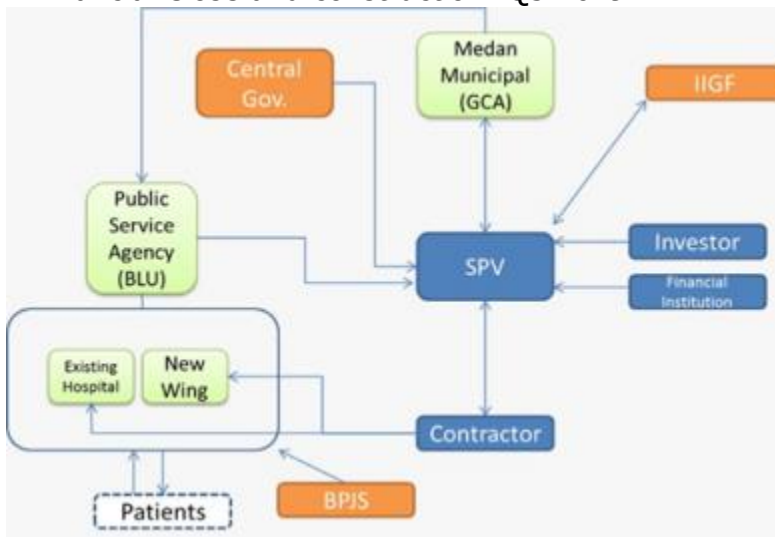
# Pirngadi General Hospital



- **LOCATION:**  
Medan City, North Sumatera.
- **SCOPE OF WORK:**
  - Demolition and new wing construction: 3,600 m2,
  - Existing building renovation: 3,000 m2,
  - ER Unit Renovation: 1,200 m2,
  - Existing wing renovation: 21,900 m2.
- **GCA:**  
Medan City Major.
- **PROJECT TIMELINE:**
  - FBC: Q1 2018.
  - PQ: Q2 2018.
  - Tender winner announcement: Q4 2018.
  - Contract signing: Q1 2019.
  - Financial Close and construction: Q3 2019.



- **INVESTMENT PLAN:**
  - Investment: US\$ 13.3 Million.
  - Concession period: 10 tahun.
  - FIRR : 12%.
  - NPV: US\$ 39.7 Million.
- **CONTACT:**  
**Wirija Alrahman** (Kepala BAPPEDA Kota Medan)  
E: bappedamedan@gmail.com  
BAPPEDA Kota Medan  
Jl. Kapten Maulana Lubis No. 2 Medan 20152  
Indonesia.



# Investment Opportunities In Medical Equipment Products Manufacturing



PRODUCT CATEGORY	PRODUCT TYPE
<b>Hospital Furniture</b>	Hospital Bed, Operating Table, Bed for Children, Baby Cot Trolley, Examination Table, Gynaecological Chair & Table, Bowl Stand, Bed Screen, Brancard, Medical Cabinet, Medication Chart, Oxygen Trolley, Mayo Table, Beside Cabinet, Infusion Stand, Instrument Tray, Chair Electric, Refracting Unit Chair, Ambulance Stretcher, Folding Scoop, Extrication Device, Head Immobilization, Emergency Softcase
<b>Implant</b>	Scaffold Hydroxy Apetite, IOL, Implant Trauma, Instruments Basic Orthopaedic, Minor Set Surgery
<b>Disposables &amp; Consumables</b>	IV Catheter, Verband Kassa Steril and Nonsteril, Infusion Set, Folley Catheter, VP Shunt, Disposable Syringe, Medical Apparel, Intraocular Lens, Plastic Lens, Hernia Mesh, Surgical Suture, Urine Bag, Cold Patch, Body Support, Auto Safety Syringe, Infussion Set Microregulator, Gloves, Viscoelactic Liquid, Wound Dressing, Tubular Metal Needle, Disable Syringe with Needle, Underpad, Baby and Adult Diapers, Auto Disable Syringe, Anti-Needle Stick-Devices, Surgical Scrub Brush
<b>Diagnostic Reagents</b>	Hepatitis Kit Test, Clinical Chemistry Reagent (Creatinine, Glukosa, Albumin, Bilirubin Total, Bilirubin Direct, Total Protein), Clinical Chemistry Analyzer throughput 150-200 test per hour, Microbiology Reagen, Immunology Rapid Test, Rapid Agglutination Reagent, ELISA/CLIA Reagent
<b>Diagnostic Instruments</b>	Aneroid Sphygmomanometer, Aneroid Clock Sphygmomanometer, Stetodcope, Refraction Unit, Slit Lamp, Electric Table, Ophthalmoscope, Trialrame

Source: BKPM

# Challenges of Indonesia's Healthcare Industries

## Pharmaceutical Industry

95% raw materials are still imported

**Economic Policy Package XI** has been established to overcome the challenges:

1. Formulating a **road map and action plan** to develop pharmaceutical industry
2. Encouraging **research** in healthcare subject
3. Establishing a more **pro-investment regulation** in healthcare industry (e.g. revision of DNI)
4. Increasing the **synergy** between state-owned enterprises, as well as human capital and budget
5. Formulating a better **trade regulation** (e.g. the implementation of e-catalogue, medicine standardization, and import-export controlling)
6. Providing **fiscal facilities** for investment

**TERIMA  
KASIH  
THANK YOU**



**Indonesia Investment Promotion Centrer (IIPC)**

**Badan Koordinasi  
Penanaman Modal  
(BKPM)**

**Indonesia Investment  
Coordinating Board**

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