

EXECUTIVE SUMMARY

Business and industrial growth contributes to Indonesia's economic growth, but on the other hand the industry uses energy which is also a greenhouse gas-producing sector. There is a dilemma in the use of energy in the business and industrial sectors, because energy can improve the economy but at the same time it can consume very large energy uses. The business and industrial sectors have the largest energy consumption in Indonesia and 90% of it comes from energy sourced that comes from fossil fuels. This energy demand will increase by 200% until 2050 (source: IEA 2007) and at the same time the demand for CO₂ emissions increases to 200% (source: IPCC 2007).

The Indonesian government through the Ministry of Energy and Mineral Resources issued by the Minister of Energy and Mineral Resources Regulation No. 14/2012 concerning Energy Management, which stipulates that industries with energy use of more than 6,000 TOE (ton oil equivalent) are required to implement a management system and energy Saving. This is a Government of Indonesia commitment to reduce carbon footprint and to safeguard global climate change as agreed in the Paris Agreement.

Companies that have successfully implemented an energy management system for 3 (three) consecutive years and can reduce Specific Energy Consumption at least 2% per year will receive incentives in the form of an Energy Audit, Training and understanding of SNI ISO 50001 in a partnership pattern financed by the Government of Indonesia and they will get energy supply priority.

Due to this condition, PT Solusi Energindo Inovasi (PT SEI) is present to answer these challenges with the concept of Energy Services Company (ESCO), namely energy services by combining energy conservation and energy efficiency through the implementation of retrofitting and the use of smart building automation technology.

Although PT. Solusi Energindo Inovasi will be starting off in the capital city of Indonesia, we have a very clear target market, that is commercial sectors across Indonesia. We Have identified 1,223 buildings with categories of more than 7 floors across the country. Hence, PT SEI has great opportunities in the commercial sector in Indonesia.

The paid-up capital required for the establishment of PT Solusi Energindo Inovasi (PT SEI) is Rp. 15,000,000,000, - and will be used as investment to establish a

corporate office, office equipment, inspection equipment, operational costs as well as employee salaries, and working capital reserves. With the placement of paid-in capital, the Company is classified as a medium-scale business, with approximately 36 employees operating throughout Indonesia based on the project location. In one project that has been calculated for 8 years, the company can achieve BEP within 3 years and 3 months with the achievement of an IRR of 24.20% and an NPV of Rp. 1,691,938,306, - on the WACC assumption of 11.54%.

If the project is projected with an increasing number of projects in the financial projection for 8 years, and the assumption of a growth in the number of projects of 100% of the number of projects in the first year with a growth rate of operating costs of 8%, general and administrative costs of 5%, an IRR will be achieved. Amounted to 25.76% and NPV of Rp. 154,645,853,236, - with a positive EVA progressive growth starting from the second year with an EVA value in the eighth year of Rp. 72,631,625,563, - and with a final value of equity of Rp. 288,906,887,291, -

With these things that have been stated and taken into account, it can be concluded that the business in the energy services sector has considerable long-term prospects, especially in Indonesia because until now there are still very few competitors engaged in the same field and there are still not many applications that has been applied in energy conservation and efficiency for the commercial industry in Indonesia.