

Executive Summary

Indonesia has become a favorite destination of foreign direct investment (FDI) in South East Asia. In the third quarter of 2012, Indonesia attracted \$5,9 billions FDI or 22% increased from last year. Property sector is one of the backbone industry in Indonesia. Jones Lang LaSalle predicts that Indonesia will be one of the twenty countries to have the most skyscrapers by 2020. BCI Asia, Asia's leading information service for construction industry, has predicted a 39% growth for Indonesia market in 2013 onwards.

As the property sector is growing, so is the need for flooring materials. One of it that is used worldwide is marble. Marble is famous for its elegance and durability, the natural color brings prestige to the building using it especially in the grade A skyscrapers and high class residential areas. However, due to the high price of marble, ceramic is still the main material used for flooring in Indonesia. Moreover, marble is considered very heavy thus not easy to handle, and has porous structure making it not favorable for bathroom uses.

Both advantages and disadvantages of marble captured our interest as we found the white space in the flooring business. PT. Marblelink Indonesia (MI) is a marble tiles company that will commence its operation in 2014. The selling product, branded as Marblelink™, is a composite of marble and ceramic.

The product is produced by applying technology to laminate 4 mm of marble tile on top of 8 mm of ceramic tile. The output will have marble tile appearance from the top, but lighter, impermeable and easier to handle. The

price will also be cheaper as the technology allows one input to create three outputs. MI will be the prime mover on the composite tiles category, we strongly believe that we will continue to lead with the supplier network and market access that we owned.

To enter the market, our campaigns will be divided into three stages. The first stage is “The Era of Marblelink Campaign” that focus on awareness building of Marblelink™, with emphasis on benefits of Marblelink and communicated to developers, contractors, and building consultant firms. The second stage is “Reasonable Beauty Campaign”, where we will build consumers’ awareness that once Marblelink™ is installed, the beauty of marble is all that can be seen. The third stage is “Integrated Business Partnerships Campaign” marked by integration of our resources with client to increase responsiveness, accuracy, and long term relationship.

With this campaign strategy, we believe that we are able to grab conservatively 1% of total projected building of hotels, offices and apartments in Java and Bali, which is approximately 140,081 m² for 2014. The market is expected to grow by 17% per year. We will start with hotel and office markets in 2014, apartment market following in 2017. The forecasted demand in 2018 will be 592,400 m².

MI is designed to become a joint-venture company whereby PT. Surya Karunia Investindo (SKI) will be one of the shareholders. SKI currently owns two subsidiaries, PT. Dayacayo Asritama (DA) and PT. Pancayasa Primatangguh (PP). PP was established in 1992 in Jakarta with a strong base of customers for local and imported marbles. DA was established in 1995 in Makassar and possesses one of the biggest quarries and marble processors

in Indonesia and one of the biggest marble exporters among competitors. The joint venture company, MI, will have certainty of marble supplies from DA and PP together with the market access owned by PP.

MI will be supported by strong operation and marketing departments from DA and PP which will be led by people who have been working in the industry for more than 17 years. Other management functions will be handled by professionals who have the capability and experience to manage each function. The factory will be located in Kawasan Industri Cikande Tangerang, chosen based on area availability for factory, infrastructure, supplier access, and market access.

Having breadth of experience in marble industry, MI and SKI are highly confident that we will yield a very satisfactory financial results, revenue target in the 1st year is IDR97,692mio and to reach IDR477,370mio in the 5th year (49% annual growth), whereas operating profit of the 1st year is IDR6,764mio and grow per annum by 119% to reach IDR155,897 in the 5th year.

The initial investment for this business plan is IDR43,556mio, additional investment will be still required in the subsequent years along with company expansion plans. Majority (51%) of funding requirement amounting of IDR31,710mio is sourced by commitment equity funding from SKI. SKI also grants guarantee for long term debt amounting of IDR5,000mio or 8% of total funding requirement. The remaining (41%) funding requirement amounting of IDR25,466mio will be covered by potential investors. MI will raise a 76% internal rate of return and IDR442,043mio of equity holders' value in the 5th year. The payback period is expected to be 3 years. In conclusion, this business is worth to be carried out.