

# FEATURED COMPANIES

## PT Bakrie & Brothers Tbk Through the Eyes of the Press

### Background and Key Developments

Bakrie & Brothers is owned by the family of Aburizal Bakrie, the minister of people's welfare and one of the country's most influential politicians. He was appointed to President Susilo Bambang Yudhoyono's cabinet in 2004.

Developed from a small regional trading firm by Aburizal's father, Achmad Bakrie, the company initially benefited from a government program in the 1950s to develop indigenous businesses.

The big break came as it gained access to the country's steel industry, which was nationalised from Dutch ownership after independence in 1945. Years later, when Aburizal

took over from his father in 1988, the business grew from strength to strength on the back of government contracts and monopolies in the oil, electricity and media sectors.

During the Asian financial crisis of 1997-98, Bakrie's Bank Nusa Nasional became the sixth-largest recipient of emergency government funds, amounting to just over 3 trillion rupiah (\$240 million at current rate).

Forbes magazine ranked the Bakries as the richest family in Indonesia. Net worth of Aburizal Bakrie's family jumped to \$5.4 billion in 2007, from \$1.2 billion in 2006 during his time in government, first as economics minister and then as people's welfare minister.

As Indonesia begins to feel

the impact of global financial turmoil, there Bakrie & Brothers come into the media spotlight, jumping out of the business section to the front-page, and the focus is on its possible disintegration.

Saddled with more than \$2 billion in debt, Bakrie companies have suffered drastic falls in their share prices, losing billions of dollars off their market values, intensifying in the past few weeks.

With around 1.2 billion dollars in debt due next year, Bakrie is scrambling to sell assets to the highest bidder despite their plummeting prices.

Among them is coal giant Bumi Resources, the world's largest exporter of thermal coal and a key money-spinner in the Bakrie family empire.

The problem is Bumi's share price has fallen more than 80 percent since the sales talks began months ago. Bumi's market cap has fallen from a

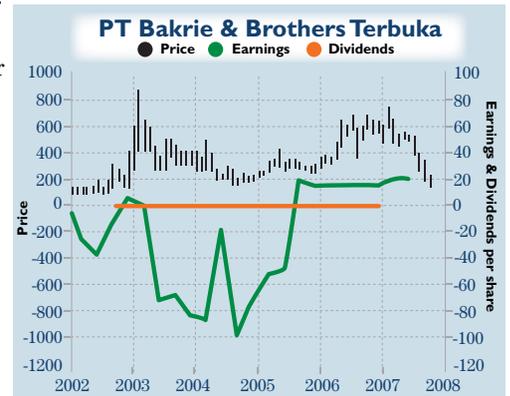
peak of \$18.8 billion in June to \$1.3 billion. An 824.67-million-dollar buyback plan

slowed but did not arrest the decline in Bumi shares.

Now the deal is in the balance. Possible alternative deals include an agreement with creditors that would see the Bakrie family remain in control of Bumi, and include a possible debt restructuring and equity injection.



Aburizal Bakrie



## Tata Motors (Thailand) Ltd

### Eastward Bound Background and Key Developments

Tata Motors was seen looking at investment options in Thailand in 2003 and found the country a very vibrant market, the economy healthy and the industrial base good. Tata was looking at "across the spectrum" option for its planned Thai production base.

Late 2003, Dr Venkataramani Sumantran, Tata's executive director, revealed that Tata would enter the Thai and Chinese markets as part of its strategy to expand globally. After its bid to enter a deal with Thailand's Thai Rung Union Car, the country's largest pickup



Tata Motors Chairman Ratan Tata

truck modifier, which fell through, Tata in 2006 finally found a joint-venture partner in Thonburi Automotive Assembly Plant Co. Ltd (TAAP).

Tata Motors (Thailand) Ltd, owned 70 percent by the Indian company, planned to invest 1.3 billion baht (\$39 million) in the project to produce up to 35,000 1-tonne trucks a year, according to a statement released by Thailand's Board of Investment.

In March 2008, the company launched an entire range of pick-up trucks including single, stretch and double cab versions, equipped with a second generation common rail technology that would save fuel while delivering high performance.

"The introduction of Tata Motors' pickup vehicles and a manufacturing

facility in Thailand provide a unique opportunity for the company. We believe the joint venture will make meaningful impact in this most competitive market for pickup vehicles," Ratan Tata, chairman of Tata Motors, said in a statement. (Apart from the Xenon pickup, Tata has brought into the Thai market its subcompact model – the Indigo. In October, Tata launched three new fully loaded variants of the Indigo CS range.)

The car maker started with as many as 25 outlets in Thailand, a springboard for Tata to address other markets in Southeast Asia.

"We've been looking at Asean for the past five years because, apart from India and China, it's the only region that shows growth and is one-and-a-half times the size of the Indian market," said Ajit Venkataraman, Tata Motors (Thailand)'s Chief Executive Officer.

Speeding up its expansion drive, Tata announced it would join Thailand's eco-car pro-

gramme, a natural progression after producing a fuel-efficient one-ton pickup.

In April 2008, the Board of Investment (BOI) approved Tata Motors' 7.3 billion baht (\$229 million) proposal to begin manufacturing eco-cars here in Thailand.

Tata already has a version of an eco car in India - the 4-seater Nano, with an engine around 625cc, which carries a dealer price tag of 100,000 rupees (\$2,500).

Meanwhile, the company's plan to purchase an eco-car factory site in the Hemaraj Industrial Estate on the Eastern Seaboard was suspended due apparently to the global economic slowdown.

In November, amidst the domestic political turmoil and looming impact of global crisis, Tata Motors (Thailand) held an annual meeting of Thai dealerships to discuss the business plans going forward. The dealer number has grown to 33, and Tata plans to increase its nationwide dealerships to 45 by the end of this financial year. AA



Tata Nano, the world's cheapest car