

PRESS RELEASE

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May 29, 2020

LIPPO KARAWACI REPORTED FY19 RESULTS AS ADJUSTED REVENUES INCREASED BY 16% YoY TO RP12.25 TRILLION FROM RP10.62 TRILLION IN FY18

- Revenue growth driven by continued improvements at Siloam Hospitals where revenues increased by nearly 18% year on year
- Marketing sales increased 15.5% YoY to Rp1.85 trillion from Rp1.60 trillion in FY18

Tangerang - PT Lippo Karawaci Tbk (“LPKR” or the “Company”) today announced its results for the full year of 2019. LPKR reported revenues increased by 16% year on year to Rp12.25 trillion from adjusted revenues of Rp10.62 trillion in FY18 (after adjustment of non-recurring land sales of Rp65 billion in FY19 and Rp838 billion in FY18). On an as reported basis, in 2019 LPKR’s total revenues reached Rp12.32 trillion, an increase of 7.6% YoY from Rp11.45 trillion recorded in 2018. Revenues continue to be boosted by strong recurring income growth mainly from LPKR’s healthcare segment (PT Siloam Hospitals Tbk.- SILO.JK) while offset by declines at the property business year on year (primarily associated with the one off sales from 2018 mentioned above). Another positive sign in 2019 was the increase in marketing sales to Rp1.85 trillion, representing a 15.5% rise from Rp1.60 trillion in the full year of 2018.

Siloam’s recurring revenue continues to drive growth

Siloam Hospitals recorded strong revenue growth in 2019 of 17.7% YoY to Rp7.02 trillion from Rp5.96 trillion in the prior year, contributing to 75.1% of total recurring revenues in FY19 compared to 71.3% in FY18. In 4Q19, Siloam opened a new hospital, Siloam Paal Dua in Manado increasing the total hospital network to 37 hospitals.

<i>(In Billion Rp)</i>		Income Statement	FY2019	FY2018	Change YoY
Revenue					
Development	Subtotal		2,975	3,093	-3.8%
	Real Estate Development		2,975	3,093	-3.8%
Recurring	Subtotal		9,345	8,360	11.8%
	Real Estate Management & Services		9,220	8,147	13.2%
	Fund Management/ Investment		125	213	-41.3%
	Total Revenue		12,320	11,453	7.6%

Revenue from LPKR’s Real Estate Management & Services increased by 13.2% YoY to Rp9.2 trillion, accounting for 74.8% of total revenue in FY19 compared to 71.1% in FY18.

One off sales in FY18 are responsible for the decline in 2019 development business revenues

As reported Real Estate Development revenues in FY19 decreased by 3.8% to Rp2.98 trillion from Rp3.09 trillion in the same period last year. It contributed to 24.1% of the total revenues in FY19 compared to 27.0% in FY18. The one-off sale that impacted in FY18 and in FY19 was from the sale of Meikarta to MSU at the Lippo Cikarang level, representing a gain of Rp838 billion and Rp65 billion respectively. If we adjust for the one-time gain, the real estate development revenues increased by 29.0% in 2019.

Reported Gross Profit lower due to one off in FY18

LPKR booked a lower gross profit of Rp4.60 trillion in FY19 compared to Rp5.25 trillion in FY18 primarily due to lower reported gross profit in the Real Estate Development sector which totaled Rp894 billion and represented a 51.8% decrease compared to Rp1.85 trillion in the year ago period. Meanwhile, the real estate

management & services businesses gross profit recorded healthy growth of 12.3% YoY to Rp3.58 trillion in FY19 from Rp3.19 trillion a year ago.

(In Billion Rp)	Income Statement	FY2019	FY2018	Change YoY
GROSS PROFIT				
	Real Estate Development	894	1,854	-51.8%
	Real Estate Management & Services	3,577	3,185	12.3%
	Fund Management/ Investment	125	213	-41.3%
Total		4,596	5,252	-12.5%
GROSS MARGIN (%)		37%	46%	

(In Billion Rp)	Income Statement	FY2019	FY2018	Change YoY
OPERATING EXPENSES				
	Real Estate Development	1,414	1,438	-1.7%
	Real Estate Management & Services	2,539	1,912	32.8%
	Fund Management/ Investment	50	237	-78.9%
Total		4,003	3,587	11.6%
OPEX / REVENUES		32%	31%	

LPKR's EBITDA in 4Q19 increased by 7.9% to Rp397 billion from Rp368 billion in 3Q19. As reported FY19 EBITDA declined by 43.4% to Rp1.30 trillion from Rp2.30 trillion year on year. The decrease was due to one-time items and higher construction costs to re-start the mixed-used integrated projects construction in our real estate development business. In addition, Siloam reported one-time adjustments in 2019. These items together led to the reported FY 2019 EBITDA margin falling to 11% from 20% in FY18.

At Siloam, driving the strong 26% underlying EBITDA growth were improvements from multiple segments. First, SILO reported underlying EBITDA losses at new hospitals decreased to Rp23 billion in 4Q19 from Rp26 billion in 3Q19, representing an improvement of 11.5% QoQ. In addition, Siloam's EBITDA growth can be attributed to higher earnings and improved cost controls across multiple business segments. As a result of some one-time adjustments, reported EBITDA at Siloam was negatively impacted by Rp123.3 billion. Overall, LPKR reported a net loss for FY19 of Rp1.98 trillion, compared to a net profit of Rp720 billion a year ago.

(In Billion Rp)	Income Statement	FY2019	FY2018	Change YoY
EBITDA				
	Real Estate Development	(457)	487	-193.7%
	Real Estate Management & Services	1,675	1,820	-8.0%
	Fund Management/ Investment	81	(12)	-801.6%
Total		1,299	2,296	-43.4%
EBITDA MARGIN		11%	20%	

Deleveraging and initial rights issue help to improve balance sheet

In the full year of 2019, LPKR strengthened its cash position as the cash and cash equivalents balance at FY19 totaled Rp4.69 trillion compared to Rp1.82 trillion as of year-end 2018. In FY19, the Company reported total debt of Rp12.25 trillion vs Rp14.87 trillion in the year ago period, representing a decrease of Rp2.62 trillion year on year, and as a result the net gearing ratio has significantly improved to 0.22x in FY19, one of the lowest in the peer group, compared to 0.53x in FY18. The Company has explored opportunities to diversify some debt away from USD, and incorporate more Rupiah denominated debt, as currently USD debt is 92% of total debt.

Recent Events

The new management teams transformation plan continues to evolve with the recent hiring of Mr. Tevilyan Yudhistira (“Yudhis”) Rusli as Chief Financial Officer (CFO) of LPKR. Yudhis will be responsible for the Company’s Finance and Governance functions, and brings with him over two decades of experience, with the past 20 years at Unilever. Yudhis’ most recent position was Chief Auditor of Unilever’s Global business based out of London.

John Riady, CEO of LPKR, commented: “In the fourth quarter Lippo Karawaci continued to show progress on our transformation plan. The marketing sales in 4Q19 was the highest quarter for the year, the rights issue significantly improved our cash position to overcome the crisis created by COVID-19 and we have established a strong foundation to rebound post COVID-19.”

Project	Location	FY19 Marketing Sales	FY19 Marketing	FY19 Units	FY19 Land
		Target (Rp bn)	Sales (RpBn)	Sold	ASP (RpMn/sqm)
Lippo Village	West Greater Jakarta	154	362	19	18.9
Lippo Cikarang :		887	1,030	255	
Residential	East Greater Jakarta	392	177	142	11.3
Commercial	East Greater Jakarta	35	87	2	10.7
Industrial	East Greater Jakarta	105	387	49	2.4
DS 8 (JO)	East Greater Jakarta	300	327	5	1.3
Orange County	East Greater Jakarta	55	52	57	16.7
Holland Village Manado	Manado, North Sulawesi	16	16	12	10.1
Tanjung Bunga	Makassar, South Sulawesi	133	155	279	6.2
San Diego Hills	Karawang, West Java	135	142	1,579	13.0
Kemang Village	South Jakarta	46	16	4	19.5
St Moritz Jakarta	West Jakarta	81	90	21	25.6
Embarcadero	Tangerang	1	3	3	19.8
Nine Residence	South Jakarta	2	2	2	23.3
Park View	Depok	-	0	1	7.9
Holland Village Jakarta		10	-	-	20.0
Millenium Village	West Greater Jakarta	35	30	11	21.6
Total		1,500	1,846	2,186	

The Company reiterated its target for marketing sales to achieve Rp2.5 trillion in FY2020, and through 1Q20 has reached 28% of the target, or Rp703 billion.

About Lippo Karawaci (“LPKR”) (www.lippokarawaci.co.id)

Listed on the Indonesia Stock Exchange, Lippo Karawaci (“LPKR”) is Indonesia’s leading integrated real estate company with total assets of US\$4.0bn at 31 December 2019. Our core business comprises urban residential developments, lifestyle malls and healthcare. We are also actively involved in integrated developments, hospitality, township development and management, as well as asset management services.

Currently, the Company has a presence in 35 cities, and is a leading Indonesian property developer with 1,413 ha of landbank ready for development. Through our two publicly listed subsidiaries, PT Lippo Cikarang Tbk, and PT Gowa Makassar Tourism Development Tbk, of which LPKR owns 81.0% and 62.7% respectively, LPKR develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar. Additionally, LPKR owns 51.05% of PT Siloam International Hospitals Tbk, Indonesia’s leading private hospitals network, with 37 hospitals across 24 cities nationwide.

LPKR also has an ownership stake in two listed REITs in Singapore, namely First Real Estate Investment Trust and Lippo Malls Indonesia Retail Trust with US\$1.0bn and US\$1.3bn of assets under management respectively, as at 31 December 2019.

For more information please contact:

Investor Relations:

Bret Ginesky

Head of Investor Relations

Bret.Ginesky@lippokarawaci.co.id

Office: +622125669078

Corporate Communications:

Danang Kemayan Jati

Vice President, Head of Corporate Communication

DanangJ@lippokarawaci.co.id

Mobile: [+628557801299](tel:+628557801299)

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