Strategic Investment Project Opportunities to Support the Development of the New Capital City Nusantara

INTEGRATED POULTRY FARMING

EAST KALIMANTAN PROVINCE

MINISTRY OF INVESTMENT/ INDONESIA INVESTMENT COORDINATING BOARD

Project Profile

- Poultry commodities contribute 60% to the agriculture GDP and employ 10% of the national workforce, with an economic value reaching IDR 700 trillion;
- The demand for chicken meat is predicted to continue rising in accordance with the recommended consumption target set by Food Agriculture Organization at 10.86 kg/capita/year;
- The shift of population from DKI Jakarta to the New Capital City Nusantara is predicted to increase the demand of broiler chicken and eggs consumption;
- The demand fulfillment in East Kalimantan is faced a deficit in June 2022, importing 425,500 kg of frozen poultry meat from Java (Livestock and Animal Health Service Office, 2022).

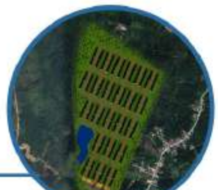
Business Field(s)

KBLI 01461	Cultivation of Broiler Chickens
KBLI 01462	Cultivation of Laying Hens
KBLI 10120	Poultry Meat Slaughter & Packing House Activities
KBLI 10130	Meat and Poultry Products Preservation and Processing Industry

Investment Value

IDR 1.67 T

Project Location



Samboja District, Kutai Kartanegara Regency
(The location is in the Detailed Spatial Plan of New Capital City Nusantara in the Planning Area 8 Kuala Samboja)

- Land Area: 50 ha
- Land Title(s): Freehold Title
- Land Price: IDR 500.000/m2(purchase)

Kariangau Industrial Designation Area, Balikpapan City

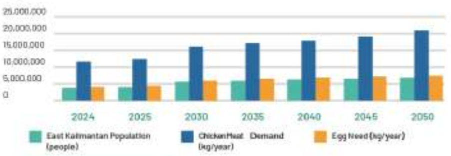
- Land Area: 5 ha
- Land Title(s): Building Rights Title
- Land Price: IDR 1.500.000/m2(purchase)

Market Opportunity

Supply & Demand

The sustainable supply of animal protein in East Kalimantan is very crucial, considering the current 11% deficit in poultry products. Along with the designation of East Kalimantan as the New Capital City Nusantara, there will be a population shift from DKI Jakarta, estimated to reach 2.5 million people by 2025 and 6 million people by 2050. Moreover, this integrated poultry farming business holds the potential to increase poultry product trade capacity with several countries.

Projections of Chicken and Eggs Consumption in East Kalimantan + The New Capital City Nusantara



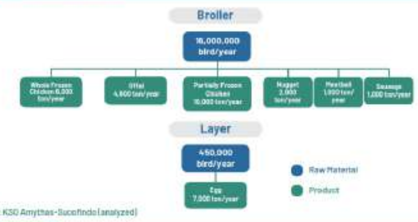
Source: KSO Amythas-Sucofindo (analyzed)

Market Targets

Product	Marketing Potential
Whole and partially frozen chicken	Eastern Indonesia, Kalimantan Island, Timor Leste and Papua New Guinea
Egg	Kalimantan Island, and Eastern Indonesia
Nugget, sausage, meatball	East Kalimantan, South Kalimantan, Central Kalimantan, and North Kalimantan

Source: KSO Amythas-Sucofindo (analyzed)

Production Targets



Source: KSO Amythas-Sucofindo (analyzed)

Financial Feasibility

CAPEX (Capital Expenditure)	IDR 1.44 T	NWC (Net Working Capital (OPEX 3 Months))	IDR 231.90 M
WACC (Weighted Average Cost of Capital)	10.19%	NPV (Net Present Value)	IDR 462.64 M
IRR (Internal Rate of Return)	13.51%	PP (Payback Period)	7 years

FUNDING STRUCTURE: 70% Debt, 30% Equity

Revenue Structure

1st year revenue (production) **IDR 1.08 trillion** consists of :

Egg	16%	Frozen Culling Hens	2%
Whole Frozen Chicken	23%	Nugget	9%
Partially Frozen Chicken	32%	Sausage	4%
Offal	8%	Meatball	5%

Technical Aspect

Business Process

Source: KSO Amythas-Sucofindo (analyzed)

Cooperation Scheme

Farmers → Live Birds → Investors

Investors → Knowledge and Technology Transfer → Farmers

A cooperation scheme was developed between the company and existing farmers. The company acts as an off-taker of live birds harvested by farmers for further processing at the Poultry Slaughterhouse (RPU) and Food Processing unit. The company has the responsibility of knowledge and technology transfer to farmers in good management practices to produce quality products.

Infrastructure

Raw Water

	Ketersediaan	Kebutuhan
Industry Location	Wain River :282 liter/sec Drilling Well :16-17 liter/sec	1 liter/sec
Extractive Land	Samboja Lake :200 liter/sec Drilling well :2.5-5 liter/sec	10 liter/sec

Telecommunication
Wireless telecommunications network for telephone and data are already available through 3 BTS Towers

Waste Processing Site
Industry Location
Existing waste processing plant distance from the location is 0.8 km
Extractive Land
Existing waste processing plant distance from the location is 18 km

Electricity
Industry Location
Kariangau Power Plant
(supply 12 MW, needs 1.5 MW)
Extractive Land
(supply 223 MW, needs 2 MW)

Accessibility

Access to Raw Materials Days Old Chicken (DOC)	44.6 km	1 hour 38 minutes
Access to East Kalimantan Port, Kariangau Terminal	77.8 km	1 hour 44 minutes
Access to Food Processing Land	78.8 km	1 hour 49 minutes
Access to Aji Muhammad Sulaiman Sepinggan Airport	74 km	1 hour 53 minutes

- Primary Collector Road (ROW ±16 meter)
- Primary Collector Road 3 (ROW ±7 meter)
- Primary Collector Road 2 (ROW ±8 meter)
- Other Road (ROW ±7 meter)
- TOL Road (ROW ±13 meter)

Development Plan

Government Support

Technical Policy

Government Regulation No. 26 of 2021
Concerning The Implementation of Agriculture

Incentives

Fiscal

Import Duty Exemption

- **MoF Regulations No.176/2009 Jo. 188/2015**
  Exemption from import duties on imported machinery as well as goods and materials for construction or industrial development in the context of capital investment.

Super Tax Deduction

- **MoF Regulations No. 128/Mof.010/2019**
  Concerning the Provision of Gross Income Reduction for the Implementation of Work Practice, Apprenticeship, and Learning Activities in the Framework of Coaching and Development of Certain Competency-Based Human Resources.
- **MoF Regulations No. 153/2020**
  On the Provision of Gross Income Deductions for Certain Research and Development Activities in Indonesia.

Non Fiscal

East Kalimantan GovernorRegulationsNo. 18 of2018
on Guidelines and Procedures for Providing Investment Incentives and Facilities in the Regions

- Provision of data and information on investment opportunities;
- Acceleration of licensing;
- Provision of land or location;
- Advocacy;
- Facilitation or provision of business facilities and infrastructure.

Business Licensing Process in the OSS - RBA System

Registration
- Access Rights
- Register Business Actor Data and Business Data

Basic Requirement
- Spatial Conformity (KKPR)
- Environmental Approval
- Building Approval and Functional Certificate (if required)

Business License
- Business Identification Number (NIB)
- Standard Certificate (SS)
- Licenses based on the risk

You can download the business licensing application guide at:

http://oss.go.id/en/panduan

Contact Information

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