

News Release

HSBC ADVISES INDONESIAN FIRMS HOW TO HANDLE ENERGY PRICE SQUEEZE

**** Challenging oil cycle piles the pressure on energy-related companies to accelerate actions to cut costs and restructure.*

**** It intensifies the squeeze on working capital and makes effective cash management all the more important*

27 January 2016 – Indonesian firms exposed to the sharpest swing in global energy prices in more than a decade must intensify their focus on effective cash management if they are to weather the storm and prosper, HSBC's Resources and Energy Group head Lance Kawaguchi says.

"Crude oil prices at a 12 year low pile the pressure on energy-related companies to accelerate actions to cut costs and restructure. It intensifies the squeeze on working capital and makes effective cash management all the more important," said Kawaguchi, in Jakarta today.

Slumping crude oil prices are forcing energy-related companies worldwide to push ahead with rigorous and substantive reform. Corporate treasurers are now more focused on riding out the storm, reviewing their financial structures to maximise liquidity while putting in place the right structure to support growth when the sector rebounds.

"We're working with our clients to put corporate treasury structures in place that increase business agility as capital pressures build, particularly using automation and technology to improve cash and liquidity management," Kawaguchi said.

The oil price shift is especially significant for Indonesia given the economy's substantial exploration and production activities, according to Herani Hermawan, Head of Global Payments and Cash Management, HSBC Indonesia.

"The Resources and Energy Group (REG) sector is very important and has played a vital role to Indonesian economy," Hera said. "Oil and gas companies find themselves on a bumpy road right now and are scrutinising every investment they make. For some larger players it will be the right time to consider expanding their global footprints to seek diversification, while others are looking to consolidate their banking partners to optimize their international cash management operations – leveraging our foot print, technology and people."

HSBC's deep roots in the Asia Pacific region, particularly in fast-developing markets like Indonesia, gives it a clear standing as the world's leading international bank - especially where clients are looking to streamline global cash management capabilities.

With a presence in over 70 markets globally, HSBC's integrated cash management solutions provide clients with an opportunity to adapt operating models efficiently as international regulations evolve. Its services are available to clients across the oil & gas, power & utilities, and metals & mining industries.

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HSBC has been named Best Cash Management Bank in Indonesianland - winning the accolade for five consecutive years in Euromoney's Cash Management Survey.

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