

## FOR IMMEDIATE DISTRIBUTION

19 March 2018

### INDIKA ENERGY RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2017

**Jakarta** - PT Indika Energy Tbk. (IDX: INDY) Indonesia's leading integrated energy company, reported its audited consolidated financial statements for the full year period ended December 31, 2017. This financial statement has consolidated Kideco's financials from 1 December to 31 December 2017.

- **Revenues of US\$1,098.8 million increased 41.7%** from US\$775.2 million reported in 2016 due mainly to higher revenues contribution from Tripatra, Petrosea, Indika Resources, and one month inclusion of Kideco's revenue in 2017.
- **Gross profit increased 38.6% to US\$122.9 million** from US\$88.7 million reported in FY16 mainly due to higher gross profit contribution from Tripatra, Petrosea, one month inclusion of Kideco in 2017.
- **Operating profit was US\$34.1 million in 2017** compared to a US\$10.1 million operating loss in 2016.
- **Equity in net profit of associates and jointly controlled entities increased 129.0% to US\$136.2 million** from US\$59.5 million due mainly to higher net profit contribution from eleven months of Kideco's earnings in 2017.
- **The company registered a US 335.4 million profit attributable to the owners of the company** vs. a US\$67.6 million loss in 2016.
- **Core Profit of the company was US\$94.5 million for the period ending December 31, 2017**, significant improvement from US\$43.3 million loss reported in 2016. Core Profit is defined as net profit attributable to the owners of the company for the period excluding 1) one off extraordinary gain on revaluation of existing 46% shares in Kideco; 2) net amortization of intangible related to the acquisition of additional shares of Kideco and MUTU; and 3) impairment assets of MUTU.
- **Adjusted EBITDA was US\$291.5 million for the period ending December 31, 2017.**
- **Capex spending was US\$65.6 million in 2017.**
- **Cash and other financial assets were US\$729.0 million as of December 31, 2017** including Kideco's cash balance of US\$144.4 million.
- **Total debt increased from US\$806.0 million in 2016 to US\$1,440.0 million in 2017** due mainly to issuance of new note amounting US\$575 million due 2024 related to acquisition of additional 45% shares in Kideco.

## PT Indika Energy Tbk.

Descriptions (in USD mn)	FY17 audited	FY16 audited	Changes YoY
<b>Total revenues</b>	<b>1,098.8</b>	<b>775.2</b>	<b>41.7%</b>
Tripatra	274.8	217.3	26.5%
Petrosea	254.3	208.9	21.7%
MBSS	67.1	65.3	2.7%
Indika Resources	319.8	216.7	47.6%
Kideco *	110.5	0.0	
Others	72.2	67.0	7.9%
<b>Gross profit</b>	<b>122.9</b>	<b>88.7</b>	<b>38.6%</b>
Selling, general and administrative expenses	(88.8)	(98.8)	-10.1%
<b>Operating profit</b>	<b>34.1</b>	<b>(10.1)</b>	<b>437.3%</b>
Equity in net profit of associates & jointly-controlled entities	136.2	59.5	129.0%
Investment income	9.0	5.0	79.0%
Finance cost	(76.9)	(60.4)	27.3%
Amortization of intangible assets	(18.0)	(26.0)	-30.8%
Impairment of assets	(170.4)	(30.3)	462.2%
Final tax	(15.9)	(11.0)	45.5%
Gain on revaluations	384.2	0.0	N/A
Others- net	17.8	(41.7)	142.7%
<b>Profit (Loss) before tax</b>	<b>300.1</b>	<b>(115.0)</b>	<b>361.0%</b>
Profit (Loss) for the year/period :	321.6	(104.2)	408.6%
<b>Profit (Loss) attributable to owners of the company</b>	<b>335.4</b>	<b>(67.6)</b>	<b>596.2%</b>
Profit (Loss) attributable to non-controlling Interest	(13.8)	(36.6)	62.4%
<b>Core Profit of the Company</b>	<b>94.5</b>	<b>(43.3)</b>	<b>318.0%</b>
Adjusted EBITDA **	291.5	155.7	87.2%
Gross margin	11.2%	11.4%	
Operating margin	3.1%	-1.3%	
Net margin	30.5%	-8.7%	
Adjusted EBITDA Margin	26.5%	20.1%	

\* Only one month December 2017 revenue

\*\* Includes dividends from associates (last twelve months period ended 31Dec. 2017)

**The company's revenues increased 41.7% to US\$1,098.8 million** from US\$775.2 million for FY16 as higher revenue contributions from Tripatra, Petrosea, Indika Resources, and inclusion of one month Kideco's revenue upon closing of the acquisition transaction:

- a) **Tripatra's revenue up by 26.5% to US\$ 274.8 million**, which contributed primarily from: 1) BP Tangguh US\$165.1 million in 2017 vs US\$12.8 million in 2016; 2) CSTS Joint Operations US\$24.0 million in 2017 vs US\$7.0 million in 2016; and 3) Eni Muara Bakau US\$69.4 million in 2017 vs US\$101.2 million in 2016.
- b) **Petrosea's revenue up 21.7% to US\$ 254.3 million in FY17 from US\$208.9 million in FY16** due to higher revenue contribution from contract mining. Contract mining revenue increased 49.8% YoY to US\$171.3 million on overburden removal volume of 97.4 mn BCM. E&C revenue was stable at US\$70 million in 2017 while revenue from PLSS business declined by 28.5% from US\$22.7 million in 2016 to US\$16.2 million in 2017

- c) **MBSS' revenue slightly increased 2.7% to US\$67.1 million in 2017** due to: 1) Revenues from barging increased to US\$50.4 million with volume 18.5 MT in 2017 vs US\$47.7 million with volume 22.1 MT in 2016; 2) Revenues from floating crane constant at US\$18.0 million with volume 8.7 MT in 2017.
- d) **Indika Resources' revenue increased 47.6% to US\$319.8 million** due to 1) revenue contribution from MUTU US\$ 41.5 million with sales volume of 0.5 MT in 2017 vs US\$8.4 million with sales volume of 0.1 MT in 2016; 2) revenue contribution from coal trading US\$278.4 million with coal traded volume of 6.8 MT in 2017 vs US\$201.9 million with coal trade volume of 6.8 MT in 2016.
- e) **Kideco's revenue was consolidated for one month in December 2017 upon closing.** The total revenue was US\$110.5 million with sales volume of 2.3 MT.

**Gross profit up 38.6% to US\$122.9 million from US\$88.7 million** reported in FY16 driven by higher gross profit contribution resulting at the operating subsidiaries, mainly from Tripatra, Petrosea, Indika Resources, and one month inclusion of Kideco's gross profit. The gross profit margin is slightly decreased from 11.4% in 2016 to 11.2% in 2017.

**Selling, General and administrative expenses decreased 10.1% YoY from US\$98.8 million in 2016 to US\$88.8 million in 2017** (down US\$10.0 million) due to ongoing cost saving initiatives.

**Equity in profit of associates & jointly controlled entities increased 129.0% from US\$59.5 million in 2016 to US\$136.2 million in 2017** due mainly to higher earnings derived from Kideco's earning.

- a) **Kideco's net income contribution to Indika increased to US\$118.8 million in eleven month of 2017 compared US\$33.8 million in full year 2016.** Kideco reported net profit of US\$272.2 million on revenue of US\$1,522.4 million in eleven months of 2017. Sales volume in eleven months of 2017 was 29.2 MT with average selling price of US\$52.1/t.
- b) **CEP's net income contribution to Indika decreased from US\$19.8 million in 2016 to US\$7.0 million in 2017.** CEP net income decreased from US\$99.2 million in 2016 to US\$34.9 million in 2017 due to one off gain in relation to asset revaluation in 2016.
- c) **SBS's net income contribution to Indika decreased from US\$4.0 million in 2016 to US\$3.4 million in 2017.** SBS reported net profit of US\$7.6 million, decreased from US\$8.8 million in 2016 (-13.4% YoY) on revenue of US\$ 24.9 million in 2017. **Cotrans' net income contribution to Indika decreased from US\$5.2 million in 2016 to US\$4.0 million in 2017.** Cotrans reported net profit of US\$10.9 million (- 5.4% YoY) on revenue of US\$ 59.3 million.

**Finance costs increased from US\$60.4 million in FY16 (27.3% YoY) to US\$76.9 million in FY17** due mainly to 1) acceleration of amortization of bonds issuance cost on Senior Notes 2018, following early redemption on such Notes; 2) additional interest payment in relation to the new bond issuance of US\$575 million; 3) fees related to bond issuance and acquisition financing.

**The company recorded gain on revaluation of US\$384.2 million in 2017.** The gain is associated with revaluation of existing 46% shares in Kideco at current fair market value of Kideco.

**Impairment of assets increased to US\$170.4 million in 2017 compared US\$30.3 million in 2016.** The impairment of assets in 2017 was mainly provided for goodwill, PPE, Mine Property and intangible asset related to the acquisition of MUTU, in which future economic value estimated from such asset is lower compared to its book value.

**Profit Attributable to the Owners of the Company increased by 596.2 % from US\$67.6 million loss in 2016 to US\$335.4 million profit in 2017.**

**Core Profit of the Company jumped by 318.0% from US\$43.3 million loss in 2016 to US\$94.5 million profit in 2017.**

Descriptions (in USD mn)	FY17 audited	FY16 audited	Changes YoY
Cash balance*	729.0	311.9	133.7%
Current assets	1,353.8	666.6	103.1%
Total assets	3,635.7	1,822.3	99.5%
Current liabilities	659.5	313.0	110.7%
Total Debt**	1,440.0	806.0	78.7%
Shareholder equity	1,115.0	741.1	50.5%
Current ratio (X)	2.1	2.1	
Debt to equity (X)	1.7	1.0	
Net debt to equity (X)***	0.8	0.6	

\* includes restricted cash

\*\* Total debt with interest bearing

\*\*\* total debt minus total cash balance divided by shareholder equity

## PT Kideco Jaya Agung

Descriptions (USD mn)	FY17 <i>audited</i>	FY16 <i>audited</i>	Changes YoY
Sales	1,633.0	1,247.8	30.9%
Gross profit	527.8	180.0	193.2%
Operating profit	496.4	155.4	219.5%
<b>Net income</b>	<b>277.1</b>	<b>88.6</b>	<b>212.7%</b>
EBITDA	526.0	179.7	192.7%
Gross margin	32.3%	14.4%	
Operating margin	30.4%	12.5%	
Net margin	17.0%	7.1%	
EBITDA margin	32.2%	14.4%	

**Kideco's Revenues** increased 30.9% from **US\$1,247.8 million in FY16 to US\$1,633.0 million** in FY17. ASP increased 35.1% from **US\$38.4/t in 2016 to US\$51.9/t in 2017** and sales volumes declined 3.1% from 32.5 MT to 31.5 MT due to cut-off accounting date of which 0.5 MT will be recorded in 2018 fiscal year. Cash cost excluding royalty increased slightly from US\$27.6/t to US\$28.0/t, mainly as a result of higher fuel cost and higher overburden activity.

Descriptions (USD mn)	FY17 <i>audited</i>	FY16 <i>audited</i>	Changes YoY
Overburden (mn bcm)	195.9	193.9	1.0%
Production volume (Mt)	32.0	32.1	-0.3%
Sales volume (Mt)	31.5	32.5	-3.1%
Stripping ratio (X)	6.1	6.0	1.3%
Average selling price (US\$/ton)	51.9	38.4	35.1%
Cash Cost incl royalty (US\$/ton)	34.4	32.1	6.9%
Cash Cost excl royalty (US\$/ton)	28.0	27.6	1.6%

**Reported net profit jumped 212.7% to US\$277.1 million in FY2017** from US\$88.6 million in FY16.

Descriptions (USD mn)	FY17 <i>audited</i>	FY16 <i>audited</i>	Changes YoY
Cash balance*	144.4	32.8	340.9%
Current assets	409.9	273.9	49.7%
Total assets	563.9	445.3	26.6%
Debt	0.0	0.0	N/A
Current liabilities	283.5	146.0	94.2%
Total equity	222.7	245.6	-9.3%
ROA*	49.1%	19.9%	
ROE*	124.4%	36.1%	
Current ratio (X)	1.4	1.9	
Net Debt to Equity (X)	0.6	0.1	

\* includes restricted time deposit

## Development in 2017

- In April 2017, IE completed liability management for its 2018 Notes and bank loans in subsidiaries with a new bond maturing 2022 in the amount of USD265 million.
- In October and November 2017, Indika Energy, as a 46% shareholder of Kideco, received interim and special dividends totaling US\$115 million from Kideco
- In October 2017, Indika Energy issued a new bond of US\$575.0 million, 5.875% Senior Notes due 2024. The use of proceed of this Notes is majority to fund the acquisition of additional 45% shares in Kideco and related transaction costs.
- In November 2017, PT Cirebon Energi Prasarana (“CEPR”) has successfully obtained Financial Closure with its senior lenders, a consortium between JBIC, NEXI and KEXIM. The construction of this 1000MW coal-fired power plant has already started and COD is expected to be completed in second semester of 2022.
- On 6 December 2017, Indika Energy completed the acquisition of additional 45% shares in Kideco with total considerations of US\$517.5 million paid upon closing and a deferred payment of US\$160 million or 25.0% shares of Kideco (at Indika Energy’s option) at the time of CCOW conversion.
- As of 31 December 2017, Indika Energy’s new composition of shareholdings are as follows:
  - PT Indika Inti Investindo  
(previously named as PT Indika Kawan Sejati) : 37.79%
  - PT Teladan Resources : 30.65%
  - Public : 31.56%

Mr Agus Lasmono and Mr Wiwoho Basuki Tjokronegoro & Family remain the majority ultimate shareholders of Indika Energy.

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## ABOUT PT INDIKA ENERGY TBK.

PT Indika Energy Tbk. (“Indika Energy”) is Indonesia’s leading integrated energy company through its strategic investments in the areas of **Energy Resources** – coal production (PT Kideco Jaya Agung, PT Santan Batubara, PT Multi Tambangjaya Utama); coal trading (Indika Capital Investment), **Energy Services** – EPC - oil & gas (PT Tripatra Engineers & Constructors, PT Tripatra Engineering); EPC – contract mining (PT Petrosea Tbk.), and **Energy Infrastructure** – marine transportation, ports & logistics for bulk goods and natural resources (PT Mitrabahtera Segara Sejati Tbk., PT Sea Bridge Shipping, PT Cotrans Asia, PT Indika Logistic & Support Services, PT Kuala Pelabuhan Indonesia); coal-fired power plant (PT Cirebon Electric Power and PT Cirebon Energi Prasarana).

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## FURTHER INFORMATION

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