

INDIKA ENERGY RESULTS FOR THE PERIOD ENDED JUNE 30, 2014

July 25, 2014 - Jakarta - PT Indika Energy Tbk. (IDX: INDY) Indonesia's leading integrated energy company, reported its unaudited consolidated financial statements for the six-month period ended June 30, 2014.

- **Revenues of US\$523.1 million increased 26.6% YoY** from US\$413.3 million reported in 6M13 due mainly to higher revenues contribution from Tripatra's EPC Project (Pertamina-Medco E&P Tomori Sulawesi, Exxon Mobil, Cepu and ENI Muara Bakau B.V.).
- **Gross profit US\$97.9 million**, a 9.5% increase over US\$89.3 million reported in 6M13.
- **Operating profit US\$33.1 million**, a 161.4% increase from US\$12.7 million reported in 6M13.
- **Equity in profit of associates and jointly controlled entities declined 23.9% YoY** to US\$55.0 million from US\$72.3 million due to lower contribution from Kideco as a result of the global decline in coal prices, where Kideco's ASP for 6M14 was US\$52.5 per ton against US\$60.4 per ton in 6M13.
- **Profit attributable to owners of the company US\$8.5 million**, jumped 207.1% from US\$7.9 million losses reported in 6M13.
- **Adjusted EBITDA (LTM) reported in 6M14 was US\$266.2 million.**
- **Cash and other financial assets reported in 6M14 were US\$468.7 million.**
- **Capex realization for the period ended 6M14 was US\$31.2 million.**

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PT Indika Energy Tbk.

Description (in USD mn)	6M13 unaudited	6M14 unaudited	Changes (%)
Total revenues	413.3	523.1	26.6%
Tripatra	140.2	191.5	36.6%
Petrosea	182.0	169.1	-7.1%
MBSS	74.9	74.7	-0.3%
Others	16.2	87.8	442.0%
Gross profit	89.3	97.9	9.5%
General and administrative expenses	(76.7)	(64.7)	15.6%
Operating profit	12.7	33.1	161.4%
Equity in net profit of associates & jointly-controlled entities	72.3	55.0	-23.9%
Investment income	3.9	4.7	20.9%
Finance cost	(50.3)	(35.0)	30.5%
Amortization and impairment of intangible assets	(35.1)	(19.7)	43.7%
Others- net	(4.0)	(20.1)	-401.2%
(Loss) Income before tax	(0.5)	18.0	3519.9%
(Loss) Profit for the year/period :	(2.6)	11.4	542.3%
(Loss) Profit attributable to owners of the company	(7.9)	8.5	207.1%
(Loss) Profit attributable to non-controlling Interest	5.4	2.9	-46.7%
LTM - Adjusted EBITDA*	311.2	266.2	-14.5%
EPS (USD/share)	(0.00152)	0.00163	207.1%
Gross margin	21.6%	18.7%	
Net margin	-1.9%	1.6%	
LTM - Adjusted EBITDA margin	75.3%	50.9%	
ROA	-0.6%	0.7%	
ROE	-1.6%	1.8%	
Current assets	1030.9	843.7	
Total assets	2594.2	2316.9	
Current liabilities	322.8	361.0	
Total debt	1252.5	981.3	
Total equity	998.4	954.3	
Cash balance	689.0	468.7	
Current ratio (X)	3.2	2.3	
Debt to equity (X)	1.3	1.0	
Net debt to equity (X)	0.6	0.5	

The company's revenues increased 26.6% to US\$523.1 million from US\$413.3 million reported in the corresponding period last year due mainly to:

- a) **Improved revenues from Tripatra's (+36.6%, +US\$51.3 YoY) to US\$191.5 million in 6M14** contributed by: **1)** Pertamina-Medco E&P Tomori Sulawesi US\$72.6 million vs. US\$27.5 million in 6M13; **2)** Exxon Mobil-Cepu US\$94.4 million in 6M14 vs. US\$88.6 million in 6M13; **3)** ENI-Muara Bakau B.V., US\$12.6 million a new project together with PT Saipem Indonesia, Chiyoda International Indonesia and Hyundai Heavy Industries Co. Ltd.; **4)** Pertamina Hulu Energi-ONWJ US\$5.0 million vs. US\$0.8 million in 6M13.
- b) **Other revenues rising by US\$71.6mn from US\$16.2 million in 6M13 to US\$87.8 million in 6M14**, mainly contributed by: **1)** Coal Trading US\$54.8

million equivalent to sales of 1.4Mt , increasing from US\$1.8 million in 6M13 2) PT Kuala Pelabuhan Indonesia (KPI) US\$32.5 million which was spun-off from Tripatra in April 2013;

However, these improvement in revenues were partially offset by :

- c) **Lower Petrosea revenues (-7.1%,US\$-12.9mn YoY) to US\$169.1 million in 6M14** primarily on the back of lower contributions from contract mining (-8.9% YoY from US\$160.2 million in 6M13 to US\$146.0 million in 6M14), with overburden removal volume down 1.2% YoY from 71.1 million BCM in 6M13 to 70.3 million BCM in 6M14 mainly contributed by the decline of overburden volume in Santan's mine from 14.9 million BCM in 6M13 to 1.2 million BCM in 6M14. Due to prolonged weakening in coal prices, Santan's management has temporarily suspended its mining activities at Uskap block starting 2Q14 and significantly reduced stripping ratio at Separi block since the beginning of the year. The declined in OB removal volume at Santan was partially minimized by the increased OB removal volume at both Kideco's and ABN's sites. In addition, revenues from combined Petrosea Offshore Supply Base (POSB) and E&C businesses also increased by 5.6% YoY to US\$23.0 million.
- d) **MBSS' revenues slightly decreasing to US\$74.7 million in 6M14** (-0.3%,US\$-0.2mn YoY) vs. US\$74.9 million in 6M13 with coal volume transported by both barging (-5.2% YoY from 18.4 million tons in 6M13 to 17.5 million tons in 6M14) and transshipment businesses (+2.7% YoY from 11.3 million tons in 6M13 to 11.6 million tons in 6M14).

The cost of contracts and goods sold increased 31.3% to US\$425.2 million mainly as result of Tripatra's business expansion in various EPC projects.

As result of the above factors, Gross Profit increased to US\$97.9 million, increased 9.5% YoY from US\$ 89.3 million reported in 6M13. However, on gross margin basis, there was a drop from 21.6% to 18.7% largely due to the impact of Tripatra's expansion which altered both the revenue and cost mix. Tripatra's historically lower margin among all operating subsidiaries, impacted on the overall gross profit.

General and administrative expenses decreased 15.6% YoY from US\$76.7 million in 6M13 to US\$64.7 million in 6M14, mainly due to: **1) Manpower cost**

rationalization, which was initiated since last year, as well as on-going cost saving initiatives at both holding and subsidiary levels, that led to cost reduction of US\$10.2 million; **2)** Cancellation of heavy equipment rental in 4Q13 of US\$3.0 million related to MUTU project.

Equity in profit of associates & jointly controlled entities declined 23.9% from US\$72.3 million in 6M13 to US\$55.0 million in 6M14 mainly due to lower earnings derived from Kideco which accounts for approximately 76.9% of the total equity profit.

- **Kideco reported net profit of US\$99.5 million** on revenue of US\$1,064.5 million in 6M14. Reported net profit was down 37.3% YoY from US\$158.7 million in 6M13 due to lower realized ASP (US\$60.4 per ton in 6M13 vs. US\$52.5 per ton in 6M14).
- **Santan reported net profit of US\$6.1 million** on revenue of US\$29.4 million in 6M14, an increase from US\$6.3 million net loss reported in 6M13. Santan reported a lower stripping ratio (3.1X in 6M14 vs. 15.2X in 6M13 and lower ASP (US\$72.9 per ton in 6M14 vs. US\$74.4 per ton in 6M13), mainly to due slowing down of production activities in Separi block in 1Q14. Cash cost (including royalty) of US\$52.5 per ton in 6M14 vs. US\$80.6 per ton in 6M13. However sales volume declined 55.8% YoY from 0.9 million tons in 6M13 to 0.4 million tons in 6M14 due to winding down of production in Separi Block and temporary stoppage of production in the Uskap Block.
- **SBS reported net profit of US\$4.1 million** (+32.3% YoY) on revenue of US\$12.7 million (-3.3% YoY). Coal handled decreased by 11.0 % YoY from 6.6 million tons in 6M13 to 5.8 million tons in 6M14.
- **Cotrans reported net profit of US\$ 8.8 million** (+198.3% YoY) on revenue of US\$42.5 million (+17.0% YoY). Coal handled increased 8.6% YoY from 15.3 million tons in 6M13 to 16.6 million tons in 6M14.

Finance costs decreased by US\$15.3 million (-30.5% YoY) from US\$50.3 million in 6M13 to US\$35.0 million mainly due to decrease in the company's average debt balance during the period, resulting from the Liability Management Exercise conducted last year that resulted to a.) early bond redemption completed

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in November 2013 and b) the Senior notes interest expense being reduced from 9.75% to 6.375% p.a.

Amortization of Intangible Assets decreased 43.7% YoY to US\$19.7 million from US\$35.1 million in 6M13 since the intangible assets related to West Kalimantan project has been fully impaired last year.

Others-net increased 401.2% YoY to US\$20.1 million from US\$4.0 million in 6M13 mainly due to: **1)** Tax provision booked in Petrosea's of US\$10.6 million in 6M14; **2)** Provision for doubtful accounts in Petrosea's of US\$4.3 million; **3)** Loss on sale of equipment mostly in Petrosea's of US\$3.6 million (+107.9% YoY); **4)** Gain (loss) on foreign exchange of US\$2.5 million (+1,054.6% YoY).

The company registered profit attributable to the owners of the company in the amount of US\$8.5 million (+207.1% YoY from US\$-7.9 million) for the period ended June 30, 2014.

PT Kideco Jaya Agung

Description (in USD mn)	6M13 unaudited	6M14 unaudited	Changes (%)
Sales	1124.1	1064.5	-5.3%
Gross profit	308.7	189.7	-38.6%
Operating profit	293.1	174.4	-40.5%
Net income	158.7	99.5	-37.3%
Depreciation Expenses	13.8	16.1	17.3%
EBITDA	307.2	190.9	-37.8%
Current assets	523.8	475.3	-9.3%
Total assets	769.2	669.1	-13.0%
Current liabilities	358.5	313.0	-12.7%
Debt	-	-	-
Total equity	389.7	342.8	-12.0%
Cash balance	192.3	136.5	-29.0%
Current ratio (X)	1.5	1.5	
Debt to Equity (X)	-	-	
Net Debt to Equity (X)	net cash	net cash	

Kideco's revenues declined 5.3% from US\$1,124.1 million in 6M13 to US\$1,064.5 million in 6M14 as result of a decline in ASP to US\$52.5 per ton in 6M14 compared to US\$60.4 per ton reported in 6M13. However, coal sales volume

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increased 9.1% YoY from 18.6 million tons to 20.3 million tons in 6M14, thus in – line with the FY14 target of 40Mt sales on annualized basis.

Stripping ratio was at 6.5X in 6M14 (vs 6.3x in 6M13), the cash cost per ton including royalty slightly decreased 0.2% from US\$43.2 per ton in 6M13 to US\$43.1 per ton in 6M14.

PT Kideco Jaya Agung

Description	6M13 unaudited	6M14 unaudited	Changes %
Production volume (in million tons)	18.6	19.9	7.4%
Sales volume (in million tons)	18.6	20.3	9.0%
Stripping ratio (X)	6.3	6.5	2.0%
Average selling price (US\$/ton)	60.4	52.5	-13.1%

As a result, net profit for Kideco of US\$99.5 million declined 37.3% YoY from US\$158.7 million reported in 6M13.

Latest development

April-May 2014

- Kideco declared total cash dividend of US\$191.0 million, representing 90% of FY2013 reported net profit of US\$212.2 million. Indika Energy portion US\$87.9 million.
- Petrosea declared total cash dividend of US\$7.0 million, representing 40% of FY2013 reported net profit of US\$17.7 million. (INDY portion US\$4.9mn)
- Tripatra declared total cash dividend of US\$9.1 million, representing 52% of FY2013 reported net profit of US\$17.3 million. (INDY portion US\$9.1mn)
- MBSS declared total dividend of US\$9.6 million, representing 25% of FY2013 reported net profit of US\$38.3 million. (INDY portion US\$4.9mn)

(As of 6M14, total dividends received amounts to US\$59.1mn, of which US\$55.2mn pertains to Kideco)

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June 2014

Petrosea signed mining service & rental agreements with PT Indonesia Pratama (a subsidiary of PT Bayan Resources Tbk.), a US\$232 million contract for 71.8 million BCM. The contract covers a period of 7 years.

Others

For the latest credit ratings on the company's US\$300 million notes due 2018 and US\$500 million notes due 2023, please refer to the link: <http://www.indikaenergy.co.id/investors/news-release/archive/2014> for further details on the ratings.

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About PT Indika Energy Tbk. (www.indikaenergy.co.id)

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, PT Mitra Energi Agung); **Energy Services** – EPC oil and gas (Tripatra); – EPC contract mining (PT Petrosea Tbk.); **Energy Infrastructure** – coal transport & logistic (PT Mitrabahtera Segara Sejati Tbk., PT Sea Bridge Shipping, PT Cotrans Asia, PT Indika Logistic & Support Services); – power generation (PT Cirebon Electric Power).

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