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31 October 2014

## **INDIKA ENERGY RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

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

- **Revenues of US\$785.3 million increased 23.8% YoY** from US\$634.2 million reported in 9M13 due mainly to higher revenue contribution from Tripatra's EPC Projects and increased contribution from coal trading.
- **Gross profit US\$127.6 million, decreased 7.5% YoY** from US\$138.0 million reported in 9M13.
- **Operating profit US\$28.3 million, increased 13.3% YoY** from US\$25.0 million reported in 9M13.
- **Equity in profit of associates and jointly controlled entities dropped 32.9% YoY** to US\$63.6 million from US\$94.7 million largely as a result of lower PT Kideco Jaya Agung ("Kideco") earnings, which have been impacted by the decline in global prices. Kideco's ASP for 9M14 was US\$52.6 per ton against US\$58.8 per ton in 9M13.
- **Net loss attributable to owners of the company stood at US\$9.7 million**, improving from US\$15.6 million Loss reported in the same period last year.
- **Adjusted EBITDA (LTM) reported was US\$235.8 million.**
- **Cash and other financial assets reported were US\$413.4 million.**
- **Capex spent for the period was US\$45.4 million.**

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## PT INDIKA ENERGY TBK.

Description (in USD mn)	9M13 unaudited	9M14 unaudited	Changes (%)
Total revenues	634.2	785.3	23.8%
Tripatra	218.2	284.6	30.4%
Petrosea	272.0	264.6	-2.7%
MBSS	112.1	103.2	-7.9%
Others	32.0	133.0	315.9%
Gross profit	138.0	127.6	-7.5%
General and administrative expenses	(113.0)	(99.3)	-12.1%
Operating profit	25.0	28.3	13.3%
Equity in net profit of associates & jointly-controlled entities	94.7	63.6	-32.9%
Investment income	6.7	9.3	37.5%
Finance cost	(73.9)	(52.1)	-29.4%
Amortization of intangible assets	(28.2)	(27.6)	-2.2%
Impairment of intangible assets	(14.6)	0.0	-100.0%
Others- net	(11.0)	(19.1)	73.8%
(Loss) Income before tax	(1.3)	2.3	-278.7%
Loss for the year/period :	(7.4)	(9.9)	34.2%
<b>Loss attributable to owners of the company</b>	<b>(15.6)</b>	<b>(9.7)</b>	<b>-37.7%</b>
(Loss) Profit attributable to non-controlling Interest	8.2	(0.2)	-102.7%
LTM - Adjusted EBITDA*	260.1	235.8	-9.3%
EPS (USD/share)	(0.00299)	(0.00186)	-37.7%
Gross margin	21.8%	16.2%	
Operating margin	3.9%	3.6%	
Net margin	-2.5%	-1.2%	
LTM - Adjusted EBITDA margin	30.9%	23.4%	
ROA	-0.8%	-0.6%	
ROE	-2.1%	-1.4%	
Current assets	1,008.5	854.6	-15.3%
Total assets	2,571.1	2,318.3	-9.8%
Current liabilities	538.3	395.3	-26.6%
Total net interest bearing debt	1,238.4	964.6	-22.1%
Total equity	996.0	933.5	-6.3%
Cash balance	654.7	413.4	-36.8%
Current ratio (X)	1.9	2.2	
Debt to equity (X)	1.2	1.0	
Net debt to equity (X)	0.6	0.6	

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**The company's revenues increased 23.8% YoY to US\$785.3 million from US\$634.2 million as a result of:**

- a) **Improved revenues from Tripatra (+30.4%, +US\$66.4mn YoY) to US\$284.6 million in 9M14** contributed by revenue realization from EPC projects such as 1) Pertamina Tomori Sulawesi US\$108.9 million (+US\$62.8mn, +13.6% yoy); 2) Eni Muara Bakau US\$25.5 million (+100.0% yoy) and (c) Exxon Mobile Cepu US\$135.6 million (-US\$7.7mn, -5.7% YoY) Collectively, the three EPC projects above constituted about 95% of Tripatra's 9M14 revenues.
- b) **Other revenues rising to US\$133.0 million (+315.9% yoy)** mostly due to coal trading revenues of US\$84.0 million on 2.2Mt coal, increasing from the fee-based revenue of US\$2.4 million in 9M13.

However, these improvements in revenues were partially offset by:

- c) **Lower Petrosea revenues (-2.7%, US\$-7.4mn YoY) to US\$264.6 million in 9M14** primarily on the back of lower contributions from contract mining (-4.3% YoY from US\$238.0 million in 9M13 to US\$227.8 million in 9M14), with overburden removal volume down 2.5% YoY from 106.0 million BCM to 103.4 million BCM in 9M14 mainly contributed by Santan Batubara ("Santan") and PT Gunung Bayan Pratama ("GBP"). Santan has temporarily suspended its mining activities at Uskap block and significantly reduced stripping ratio at Separi block since the start of the year due to soft global prices. The decline in OB removal volume at Santan and GBP was partially minimized by the increased OB removal volume at both Kideco's and PT Adimitra Baratama's ("ABN") sites. In addition, revenues from combined Petrosea Offshore Supply Base ("POSB") and E&C businesses also improved to US\$36.8 million (+8.1% YoY).
- d) **MBSS' revenues dropped to US\$103.2 million in 9M14 (-7.9%, US\$-8.9mn YoY) vs. US\$112.1 million in 9M13** with lower coal volume transported by barging (-14.9% YoY from 28.3 million tons to 24.1 million tons in 9M14). Transshipment volumes, however, improved marginally (+3.1% YoY from 15.7 million tons to 16.2 million tons in 9M14).

**The cost of contracts and goods sold increased 32.5% to US\$657.7 million** mainly as result of Tripatra's business expansion in various EPC projects, which accounted for 38.7% of the consolidated cost of goods sold in 9M14.

**As result of the above factors, Gross Profit decreased to US\$127.6 million, -7.5% YoY** from US\$138.0 million reported in 9M13. On gross margin basis, there was a drop from 21.8% to 16.2% largely due to the impact of Tripatra's expansion which altered both the revenue and cost mix (Tripatra's historically has the lowest margin among all operating subsidiaries).

**General and administrative expenses decreased 12.1% YoY** from US\$113.0 million in 9M13 to US\$99.3 million in 9M14, mainly due to: Across-companies Manpower cost rationalization, which was initiated since last year, as well as on-going cost saving initiatives at both holding and subsidiary levels.

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**Equity in profit of associates & jointly controlled entities declined 32.9% from US\$94.7 million in 9M13 to US\$63.6 million in 9M14** mainly due to lower earnings derived from Kideco which accounts for approximately 85.6% of the total equity profit.

- **Kideco reported net profit of US\$129.6 million** on revenue of US\$1,564.9 million in 9M14. Reported net profit was down 35.9% YoY from US\$202.4 million in 9M13 due to lower realized ASP (US\$58.8 per ton in 9M13 vs. US\$52.6 per ton in 9M14).
- **Lower Contribution for Cirebon Electric Power (“CEP”) to US\$2.5 million** from US\$4.5 million in the same period last year due to the scheduled maintenance this year for the power plant.

**Finance costs decreased by US\$21.8 million (-29.4% YoY) from US\$73.9 million in 9M13 to US\$52.1 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 1) early bond redemption completed in November 2013, and 2) the Senior notes interest expense being reduced from 9.75% to 6.375% p.a.

**Others expense-net increased 73.8% YoY to US\$19.1 million** from US\$11.0 million in 9M13 mainly due to: **1)** tax provision booked in Petrosea - US\$10.6 million; **2)** provision for doubtful accounts for Petrosea - US\$4.3 million; **3)** one time settlement by MBSS on past coal handling undertaking - US\$3.1 million.

**The company registered loss attributable to the owners of the company in the amount of US\$9.7 million** compared to US\$15.6mn Loss for the period ended September 30, 2014.

### PT KIDECO JAYA AGUNG

**Kideco’s revenues declined 4.8%** from US\$1,643.3 million in 9M13 to US\$1,564.9 million in 9M14 as result of a decline in ASP to US\$52.6 per ton in 9M14 compared to US\$58.8 per ton reported in 9M13. However, coal sales volume increased 6.3% YoY from 28.0 million tons to 29.7 million tons in 9M14, thus in-line with the FY14 target of 40Mt sales on annualized basis.

Stripping ratio was at 6.5X in 9M14 (vs 6.4x in 9M13), the cash cost per ton including royalty slightly decreased 1.4% from US\$43.5 per ton in 9M13 to US\$42.9 per ton in 9M14 – in line with the ongoing cost cutting initiatives.

**As a result, net profit for Kideco of US\$129.6 million declined 35.9%** YoY from US\$202.4 million reported in 9M13.

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Description (in USD mn)	9M13 unaudited	9M14 unaudited	Changes (%)
Sales	1,643.3	1,564.9	-4.8%
Gross profit	406.6	250.6	-38.4%
Operating profit	384.4	228.1	-40.7%
Net income	202.4	129.6	-35.9%
Depreciation Expenses	20.7	24.2	17.2%
EBITDA	405.7	252.8	-37.7%
Current assets	593.9	559.7	-5.8%
Total assets	802.2	746.5	-6.9%
Current liabilities	357.2	361.1	1.1%
Debt	-	-	-
Total equity	433.4	372.9	-14.0%
Cash balance	205.6	222.3	8.1%
Current ratio (X)	1.7	1.5	
Debt to Equity (X)	-	-	
Net Debt to Equity (X)	net cash	net cash	

Description	9M13 unaudited	9M14 unaudited	Changes %
Production volume (in million tons)	27.9	30.0	7.6%
Sales volume (in million tons)	28.0	29.7	6.3%
Stripping ratio (X)	6.4	6.5	2.4%
Average selling price (US\$/ton)	58.8	52.6	-10.4%

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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, PT Mitra Energi Agung), **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).

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