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31 July 2019

INDIKA ENERGY RESULTS FOR THE PERIOD ENDED JUNE 30, 2019

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its unaudited financial statements for the 6-months period ended June 30, 2019.

- **Revenues decreased 4.6% year on year to US\$ 1,380.4 million** from US\$1,447.2 million reported in 6M18. The lower year on year figures are attributed mainly to lower Kideco revenue contribution, US\$ 810.0 million in 6M19 compared to US\$938.8 million in 6M18, driven by lower average realized selling price.
- **Gross profit decreased 37.7% year on year to US\$235.4 million** from US\$377.7 million reported in 6M18 due mainly to lower gross profit contribution from Kideco as a result of lower ASP and higher cash cost. Kideco's gross profit dropped 47.6% YoY to US\$160.2 million with its gross margin dropped to 19.8% in 6M19 compared 32.5% in 6M18.
- **Operating income dropped 47.6% year on year to US\$163.7 million** from US\$312.1 million reported in 6M18.
- **Equity in Net Profit of Associates and Jointly Venture Entities increased by 36.7% to US\$15.0 million.**
- **Profit attributable to owners of the company decreased by 83.4% YoY to US\$12.7 million** from US\$76.3 million in 6M18.
- **Core Profit* of the company decreased 49.8% to US\$56.4 million** from US\$112.4 million reported in 6M18.
- **The Adjusted EBITDA totalled US\$253.3 million for the period ending June 30, 2019**, compared to US\$379.2 million in the year ago period. **The LTM Adjusted EBITDA for period ended June 30, 2019 was US\$526.6 million.**
- **Cash and Cash Equivalents, Other Financial Assets, and Restricted Cash at end of June 30, 2019 stood at US\$771.1 million.**
- **Capex spending during 6M19 was US\$77.1 million.** Capex was primarily realized at Petrosea which accounted for US\$41.0 million and construction of fuel storage facilities which accounted for US\$30.5 million.

*) *Core Profit refers to the current period's profit attributable to the owner of the company, excluding non-operating gains / losses and related taxes (amortization of intangible assets and impairment of assets).*

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PT Indika Energy Tbk.

Descriptions (in USD mn)	6M 2019					
	6M 19	6M 18	YoY	2Q19	1Q19	QoQ
Total revenues	1,380.4	1,447.2	-4.6%	679.7	700.7	-3.0%
Kideco	810.0	938.8	-13.7%	400.1	409.9	-2.4%
Indika Resources	164.4	199.5	-17.6%	83.0	81.4	2.0%
Petrosea	238.0	181.5	31.1%	122.8	115.2	6.7%
Tripatra	189.5	113.5	66.9%	93.0	96.5	-3.6%
MBSS	40.2	32.4	24.3%	19.3	20.9	-7.5%
Others	36.1	31.7	13.8%	17.0	19.0	-10.4%
Elimination	(97.7)	(50.2)	94.7%	(55.6)	(42.1)	32.1%
Cost of contracts and goods sold	(1,145.1)	(1,069.5)	7.1%	(561.9)	(583.1)	-3.6%
Gross profit	235.4	377.7	-37.7%	117.8	117.6	0.1%
Selling, general and administrative expenses	(71.6)	(65.6)	9.2%	(36.7)	(35.0)	5.0%
Operating profit	163.7	312.1	-47.6%	81.1	82.6	-1.9%
Equity in net profit of associates & joint venture entities	15.0	11.0	36.7%	7.4	7.6	-2.5%
Investment income	8.8	3.8	134.3%	4.9	3.9	23.8%
Finance cost	(51.6)	(49.4)	4.4%	(26.2)	(25.4)	3.0%
Amortization of intangible assets	(67.8)	(67.8)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	(2.1)	(2.6)	21.1%	(1.5)	(0.6)	164.1%
Final tax	(8.3)	(5.5)	51.2%	(4.8)	(3.6)	33.8%
Others- net	2.2	(7.5)	129.0%	(2.9)	5.1	-157.3%
Profit (Loss) Income before tax	60.0	194.0	-69.1%	24.1	35.9	-32.8%
Income tax expense	(36.0)	(107.5)	-66.6%	(18.5)	(17.5)	5.9%
Profit (Loss) for the year/period :	24.0	86.5	-72.2%	5.6	18.4	-69.5%
Profit (Loss) attributable to owners of the company	12.7	76.3	-83.4%	1.0	11.7	-91.7%
Profit (Loss) attributable to non-controlling Interest	11.3	10.2	11.5%	4.6	6.8	-32.1%
Core Profit of the Company	56.4	112.4	-49.8%	22.8	33.6	-32.0%
Adjusted EBITDA	253.3	379.2	-33.2%	129.1	124.2	3.9%
LTM - Adjusted EBITDA*	526.6	600.6	-12.3%	526.6	549.2	-4.1%
EPS (USD/share)	1.1%	2.2%	-49.8%	0.4%	0.6%	-32.0%
Gross margin	17.0%	26.1%	-34.7%	17.3%	16.8%	3.2%
Operating margin	11.9%	21.6%	-45.0%	11.9%	11.8%	1.1%
Net margin	0.9%	5.3%	-82.6%	0.1%	1.7%	-91.5%
Core profit margin	4.1%	7.8%	-47.4%	3.4%	4.8%	-29.9%
Adjusted EBITDA Margin	18.4%	26.2%	-30.0%	19.0%	17.7%	7.1%
LTM - Adjusted EBITDA margin	18.2%	28.7%	-36.6%	70.9%	19.2%	268.7%

* Includes dividends from associates (last twelve months period ended 30 June 2019)

In 6M19, the consolidated revenues decreased to US\$1,380.4 million, 4.6% YoY as a result of:

- Kideco contributed revenues of US\$810.0 million, lower by 13.7% YoY from US\$938.8 million in 6M18 due to dropped of the average selling price. Kideco sold 17.5 MT of coal at an ASP of US\$46.3/ ton in 6M19 compared to 17.3 MT of coal sold at an ASP of US\$54.4/ ton in 6M18.**
- Indika Resources' revenues decreased by 17.5% YoY to US\$164.5 million in 6M19 from US\$199.5 million in 6M18 as revenue contribution from coal trading decreased 37.2% YoY to US\$102.5 million in 6M19 on 3.3 MT coal traded from US\$163.3 million in 6M18 on 3.5 MT coal traded. Lower revenue from coal trading was partially offset with higher revenue from MUTU. MUTU's revenue was up by 71.1% YoY to US\$62.0 million on 0.8 MT sales volume in 6M19 vs US\$36.2 million on 0.4 MT sales volume in 6M18.**

The dropped in Kideco and Indika Resources revenues was partially offset by improvement in other subsidiaries' revenues:

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- a) **Petrosea's revenues grew by 31.1% to US\$238.0 million in 6M19** from US\$181.5 million in 6M18 due mainly to higher revenue contribution from: 1) Contract mining revenue growing 9.3% YoY to US\$132.5 million in 6M19 mainly from overburden removal volume which increased to 58.3 mbcm from 56.2 mbcm in 6M18. The increase in overburden removal volume was driven by additional volume from the Kideco and Tabang mines; 2) E&C revenue increased 7.0% YoY to US\$52.5 million from US\$49.1 million in 6M18 due to higher activities in Lampung-Maruwai coal and hauling roads contract; 3) Petrosea's port operation business revenue increased to US\$30.5 million in 6M19 due to revenue recognition from transferring in-progress Jetty infrastructure to Interport and higher PLSS Sorong activities; 4) Additional revenue of US\$21.0 million generated from the inclusion of KPI since 3Q18.
- b) **Tripatra's revenues increased by 66.9% to US\$189.5 million compared to US\$113.5 million in 6M18.** The improvement in revenue was contributed by 1) BP Tangguh project revenues increased by 53.0% to US\$147.6 million in 6M19 vs US\$96.5 million in 6M18; 2) New Vopak project contributed US\$19.4 million to 6M19 revenues (newly awarded contract of US\$38.9 million from PT Vopak Terminal Merak to build the expansion of a fuel storage tank facility starting in 3Q 2018); and 3) Emily project revenue contributed US\$15.6 million.
- c) **MBSS's revenues increased by 24.3% YoY to US\$40.2 million** from US\$32.4 million in 6M18 due to higher coal volume transported by barging and transshipment volumes. Barging revenues increased by 19.9% YoY to US\$28.8 million on barging volume of 12.6 MT in 6M19 from US\$24.0 million on barging volume of 9.9 MT in 6M18. Transshipment revenues increased by 39.2% YoY to US\$11.4 million on 5.8 MT transshipment volume in 6M19 from US\$8.2 million on 5.0 MT transshipment volume in 6M18 due mainly to FC Victoria is back in operation since 3Q18 and one time transshipment project, which contributed US\$1.0 million of revenue.

Cost of Contracts and Goods Sold increased by 7.1% YoY to US\$1,145.1 million in 6M19 from US\$1,069.5 million in 6M18 mainly due to: 1) increase in Kideco's cash cost per ton in 6M19. Kideco's cash costs excluding royalties increased by 3.2% to US\$29.9/ton in 6M19 from US\$29.1/ton YoY due to increase in fuel cost; 2) Tripatra's Cost of Contracts and Good Sold increased by 95.5% to US\$174.1 million in 6M19 from US\$89.1 million in 6M18 due to higher activity in BP Tangguh project; 3) Petrosea's Cost of Contract and Good Sold increased by 35.5% to US\$209.3 million in 6M19 from US\$154.5 million in 6M18 due to an increased cost in E&C division for Adaro project.

Selling, General and Administrative expenses increased by 9.2% YoY to US\$71.6 million in 6M19 from US\$65.6 million in 6M18 due to higher rental cost, professional fees, DMO expenses accrued by Indika Resources, and demurrage expenses incurred by Kideco. The increased expense was partially brought down by lower marketing expenses in Kideco in line with the decrease in Kideco's revenues

Equity in Net Profit of Associates & Jointly Venture Entities increased 36.7% to US\$15.0 million in 6M19 from US\$11.0 million in 6M18 mainly as contributed by SBS, Cotrans, and CEP.

Finance Costs increased by 4.4% year on year to US\$51.6 million in 6M19 from US\$49.4 million in 6M18 primarily due to the additional interest expense on new bank loans to fund capital expenditure at Petrosea.

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The Company reported Profit Attributable to the Owners of the Company in the amount of US\$12.7 million in 6M19, representing an 83.4% decrease from US\$76.3 million in 6M18.

Core Profit in 6M19 decreased 49.8% to US\$56.4 million from US\$112.4 million reported in 6M18.

Descriptions (in USD mn)	6M 19	6M 18	YoY	FY18	Change 6M 19-FY18
Cash balance*	771.1	718.9	7.3%	763.1	1.0%
Current assets	1,382.7	1,329.7	4.0%	1,459.8	-5.3%
Total assets	3,560.5	3,562.9	-0.1%	3,670.0	-3.0%
Current liabilities	550.1	547.4	0.5%	670.4	-17.9%
Total Debt**	1,554.4	1,452.5	7.0%	1,476.0	5.3%
Shareholder equity	1,080.6	1,148.5	-5.9%	1,127.2	-4.1%
Current ratio (X)	2.2	2.4	-10.4%	2.2	-0.1%
Debt to equity (X)	1.4	1.3	10.7%	1.3	7.7%
Net debt to equity (X)***	0.6	0.6	-6.1%	0.6	0.0%

* includes restricted cash

** total debt with interest bearing

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

Kideco Financial and Operational Highlights

Descriptions (USD mn)	1H19					
	1H19	1H18	YoY	2Q19	1Q19	QoQ
Sales	810.0	938.8	-13.7%	400.1	409.9	97.6%
Gross profit	160.2	306.1	-47.7%	79.7	80.5	99.0%
Operating profit	138.8	286.0	-51.5%	67.6	71.2	95.0%
Net income	79.3	159.8	-50.4%	38.8	40.5	95.9%
EBITDA	149.5	312.9	-52.2%	73.1	76.4	95.6%
Gross margin	19.8%	32.6%	-39.3%	19.9%	19.6%	0.7%
Operating margin	17.1%	30.5%	-43.8%	16.9%	17.4%	-1.3%
Net margin	9.8%	17.0%	-42.5%	9.7%	9.9%	-0.9%
EBITDA margin	18.5%	33.3%	-44.6%	18.3%	18.6%	-1.0%
Overburden (mn bcm)	98.0	99.9	-1.9%	49.4	48.6	101.5%
Production volume (Mt)	16.5	16.5	0.0%	8.2	8.3	99.4%
Sales volume (Mt)	17.5	17.3	1.3%	8.5	9.0	94.8%
Stripping ratio (X)	5.9	6.0	-1.9%	6.0	5.9	1.0%
Cash Cost excl royalty (US\$/ton)	30.0	29.1	3.2%	30.4	29.6	1.3%
Average selling price (US\$/ton)	46.3	54.4	-14.8%	47.1	45.7	1.5%

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Recent Developments

- July 17, 2019, Indika Energy has issued a redemption notice to all holders of its US\$500,000,000 6.375% Senior Notes due 2023 ("2023 Notes") in relation to its intention to partially redeem US\$215,000,000 of its outstanding 2023 Notes on August 16, 2019 at the redemption price of 102.125% per US\$100,000 plus accrued and unpaid interest up to the redemption date. The source of funds for the redemption will be a combination of internal cash and bank financing provided by 3 banks. In addition, Indika Energy signed facility agreement of US\$150 million with Bank Mandiri (Persero) Tbk, Citibank N.A Jakarta Branch, and Standard Chartered Bank (Singapore) LIMITED for 5 year term loan.
- July 17, 2019, Indika Energy through its subsidiary, Capital Investment Pte Ltd ("ICI"), has completed the acquisition of an additional 15% shares in PT Multi Tambangjaya Utama ("MUTU") from Prime Empire Investments Pte. Ltd. ("Prime")., The total transaction is US\$9.9 million for 2,625,000 shares or 15% shares in MUTU. Indika Energy now owns 100% shares in MUTU which 85% owned by PT Indika Indonesia Resources ("IIR") and 15% owned by ICI.

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ABOUT INDIKA ENERGY

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 Multi Tambangjaya Utama); gold production (Nusantara Resources Limited), coal trading (Indika Capital Investment Pte. Ltd.), Energy Services – EPC - oil & gas (PT Tripatra Engineers & Constructors, PT Tripatra Engineering); EPC – contract mining (PT Petrosea Tbk. (IDX: PTRO).); information, communications and technology (PT Indika Digital Teknologi) and Energy Infrastructure – marine transportation, ports & logistics for bulk goods and natural resources (PT Mitrabahtera Segara Sejati Tbk. (IDX: MBSS), PT Sea Bridge Shipping, PT Cotrans Asia, PT Indika Logistic & Support Services, PT Kuala Pelabuhan Indonesia); fuel storage (PT Kariangau Gapura Terminal Energi); coal-fired power plant (PT Cirebon Electric Power and PT Prasarana Energi Cirebon).

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