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FOR IMMEDIATE DISTRIBUTION

31 March 2020

INDIKA ENERGY RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

Registers consolidated revenue of US\$2.8 billion, loss attributable to owners of the company of US\$18.2 million and Core Profit of US\$75.5 million

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its audited financial statements for the 12-months ended December 31, 2019

- **Revenues decreased by 6.1% year on year to US\$2,782.7 million** from US\$2,962.9 million reported in FY18. The lower year on year figures are attributed mainly to lower Kideco revenue contribution of US\$1,574.2 million in FY19 compared to US\$1,802.2 million in FY18, driven by lower average realized selling price. The lower revenue contribution from Kideco was partially lifted by higher revenue contribution from Tripatra. Tripatra's revenue increased by 66.1% year on year to US\$462.3 million in FY19 compared to US\$278.3 million in FY18.
- **Gross profit decreased by 33.5% year on year to US\$426.7 million from US\$641.2 million reported in FY18. The consolidated gross margin dropped from 21.6% to 15.3% in FY19.** The reduction in consolidated gross margin was due mainly to lower gross profit contribution from Kideco as a result of lower ASP vs. relatively stable cash cost. Kideco's gross profit dropped 49.5% YoY to US\$248.3 million with gross margin of 15.8% in FY19 compared to 27.3% in FY18.
- **Operating income dropped 43.0% year on year to US\$289.5 million** from US\$508.1 million reported in FY18.
- **The Company booked Loss attributable to owners of the company of US\$18.2 million** in FY19.
- **Core Profit* of the company decreased by 55.1% to US\$75.5 million** from US\$168.4 million reported in FY18.

**) Core Profit is defined as net profit (loss) attributable to Owners of the Company for the year excluding: 1) increase in contingent liability related to acquisition of MUTU and Kideco; 3) impairment of assets, net of deferred tax (where relevant) and 4) acceleration of amortization of bond issuance cost following the partial early redemption in August 2019*

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- The Adjusted EBITDA totalled US\$436.0 million for the period ending December 31, 2019, compared to US\$652.5 million in the same period previous year.
- Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of December 2019 stood at US\$703.0 million.
- Capex spending during 2019 was US\$156.9 million. Capex was primarily realized at Petrosea which accounted for US\$58.3 million and construction of fuel storage facilities which accounted for US\$81.0 million.

PT Indika Energy Tbk.

Descriptions (in USD mn)	FY 2019					
	FY19	FY18	YoY	4Q19	3Q19	QoQ
Total revenues	2,782.7	2,962.9	-6.1%	702.8	699.4	0.5%
Kideco	1,574.2	1,802.2	-12.7%	379.8	384.3	-1.2%
Indika Resources	325.9	398.8	-18.3%	82.7	78.7	5.1%
Petrosea	476.4	441.4	7.9%	97.7	140.8	-30.6%
Tripatra	462.3	278.3	66.1%	158.2	114.6	38.0%
MBSS	77.8	75.4	3.3%	17.2	20.4	-15.4%
Others	91.8	102.3	-10.3%	28.3	27.4	3.3%
Elimination	(225.7)	(135.5)	66.6%	(61.2)	(66.8)	-8.3%
Cost of contracts and goods sold	(2,356.0)	(2,321.6)	1.5%	(604.0)	(607.0)	-0.5%
Gross profit	426.7	641.2	-33.5%	98.8	92.5	6.9%
Selling, general and administrative expenses	(137.2)	(133.2)	3.0%	(36.8)	(28.8)	27.9%
Operating profit	289.5	508.1	-43.0%	62.1	63.7	-2.6%
Equity in net profit of associates	30.0	21.1	42.1%	6.1	8.9	-31.9%
Equity in net profit of joint venture entity	0.0	(0.5)	-100.0%	0.0	0.0	NA
Investment income	16.1	13.7	17.5%	3.9	3.3	18.5%
Finance cost	(109.5)	(100.0)	9.5%	(23.8)	(34.1)	-30.2%
Amortization of intangible assets	(135.7)	(135.7)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	(3.0)	(8.1)	63.2%	0.9	0.0	100%
Final tax	(19.7)	(12.6)	56.1%	(3.3)	(8.1)	-58.8%
Fair value changes on contingent consideration	(19.1)	(15.4)	23.9%	(4.8)	(4.8)	1.2%
Others- net	5.3	(5.6)	-195.4%	9.6	(6.4)	-249.4%
Profit (Loss) Income before tax	54.1	265.1	-79.6%	14.9	(11.3)	-232.5%
Income tax expense	(49.1)	(167.2)	-70.6%	(5.1)	(8.0)	-36.2%
Profit (Loss) for the year/period :	5.0	97.9	-94.9%	9.8	(19.3)	-150.7%
Profit (Loss) attributable to owners of the company	(18.2)	80.1	-122.7%	(9.5)	(21.3)	-55.1%
Profit (Loss) attributable to non-controlling Interest	23.2	17.8	30.1%	5.1	6.7	-24.6%
Core Profit of the Company	75.5	168.4	-55.1%	14.3	4.8	195.2%
Adjusted EBITDA*	436.0	652.5	-33.2%	89.9	92.8	-3.2%
EPS (USD/share)	(0.0035)	0.0154		(0.0018)	(0.0041)	
Core EPS (USD/share)	0.0145	0.0323		0.0027	0.0009	
Gross margin	15.3%	21.6%		14.1%	13.2%	
Operating margin	10.4%	17.1%		8.8%	9.1%	
Net margin	-0.7%	2.7%		-1.4%	-3.0%	
Core profit margin	2.7%	5.7%		2.0%	0.7%	
Adjusted EBITDA Margin	15.7%	22.0%		12.8%	13.3%	

* Includes dividends from associates (last twelve months period ended 31 December 2019)

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The consolidated revenues decreased by 6.1% to US\$2,782.7 million in FY19 from US\$2,962.9 million in FY18 as lower revenue contributions from Kideco and Indika Resources were lifted by higher revenue contributions from Tripatra, Petrosea, and MBSS **):

- a) **Kideco's revenue decreased by 12.7% YoY to US\$1,574.2 million** due to lower average selling price. **Kideco sold 34.9 MT of coal at an ASP of US\$45.1/ton in FY19** compared to 34.1 MT of coal sold at an ASP of US\$52.9/ton in FY18.
- b) **Indika Resources' revenue decreased by 18.3% YoY to US\$325.9 million in FY19 from US\$398.8 million in FY18** as revenue contribution from coal trading decreased by 31.9% YoY to US\$199.4 million in FY19 on 6.5 MT coal traded from US\$292.7 million in FY18 on 7.1 MT coal traded. Lower revenue from coal trading was partially compensated by higher revenue from MUTU. MUTU's revenue was up by 19.0% YoY to US\$126.4 million due to higher sales volume of 1.7MT, up by 36.5% YoY, where the ASP declined by 12.8% YoY to US\$76.3/ton in 2019
- c) **Tripatra's revenue increased by 66.1% to US\$462.3 million compared to US\$278.3 million in FY18.** The improvement in revenue was contributed by: 1) BP Tangguh project revenues increased by 61.6% to US\$376.2 million in FY19 vs US\$229.9 million in FY18; 2) New Vopak project contributed US\$28.2 million to FY19 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) Interport's fuel storage project in Kariangau contributed US\$48.5 million.
- d) **Petrosea's revenue grew by 7.9% to US\$476.4 million in FY19** from US\$441.4 million in FY18 mainly due to: 1) internal reorganisation transaction : Full contribution from KPI revenue of US\$41.8 million (only 2 last quarters in 2018) and revenue recognition from transferring in-progress Jetty infrastructure to Interport of US\$12.5m; 2) Contract mining revenue grew by 8.4% YoY to US\$287.0 million in FY19 mainly from overburden removal volume which slightly improved to 123.5 mbcm from 121.2 mbcm in FY18. OB volume from Kideco increased by 23.9% YoY to 51.3 mbcm which replacing lower OB volume in Tabang and BMB. The increase contract mining revenue was offset by lower E&C revenue which decreased by 19.4% YoY to US\$98.9 million from US\$122.6 million in FY18 due to completion of Adaro project.
- e) **MBSS' revenue increased by 3.3% YoY to US\$77.8 million** from US\$75.4 million in FY18. Barging revenues was stable at US\$55.5 million on barging volume of 25.0 MT in FY19 compared to US\$55.5 million on barging volume of 22.1 MT in FY18. MBSS has a new contract with Adaro, in which fuel is now excluded. Transshipment revenues increased by 13.8% YoY to US\$22.3 million on 10.1 MT transshipment volume in FY19 from US\$19.6 million on 11.8 MT transshipment volume in FY18.

Cost of Contracts and Goods Sold slightly increased by 1.5% YoY to US\$2,356.0 million in FY19 from US\$2,321.6 million in FY18 mainly due to higher COGS contribution from Tripatra. Kideco's cash costs excluding royalties were relatively stable at US\$31.2/ton in FY19 compared to US\$31.0/ton in FY18. Meanwhile, the increase in Tripatra's COGS was mainly due to higher activities in the BP Tangguh project and higher cost in the PLN Nias project.

***) All subsidiaries revenue figures are before eliminations*

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Selling, General and Administrative expenses increased by 3.0% YoY to US\$137.2 million in FY19 from US\$133.2 million in FY18 due to higher rental cost, professional fees, more head counts related to new projects, DMO expenses accrued by Indika Resources, and demurrage expenses incurred by Kideco. These expenses were offset by lower marketing fee in Kideco in line with the decrease in Kideco's revenues.

Finance costs increased by 9.5% from US\$100.0 million to US\$109.5 million in 2019, primarily due to 1) One-off payment of premium (US\$4.6 million) to bondholders and acceleration of bond issuance cost amortization (US\$4.3 million), as a results of partial early redemption of Senior Notes due 2023 of US\$215.0 million with the call price of 102.125% which was exercised in August 2019 ("Liability Management"); 2) Increase in Petrosea's finance cost, in line with increase of average debt balance.

Partially offsetting the above increase was saving in finance cost, as a result of Liability Management, where Senior Notes due 2023 (bearing interest at 6.375% before related withholding tax) was replaced with syndicated bank loans bearing interest at LIBOR plus 1.85%. To minimize fluctuation of interest rate on floating syndicated bank loans, the Company has entered into several interest rate swap arrangements, fixing the interest rate ranging from 3.36% to 3.62%.

The Company reported Loss Attributable to the Owners of the Company in the amount of US\$18.2 million in FY19, whereas the Company booked Profit Attributable to the Owners of the Company of US\$80.1 million in FY18.

Core Profit in FY19 decreased by 55.1% to US\$75.5 million from US\$168.4 million reported in FY18.

Descriptions (in USD mn)	FY19	FY18	Change FY19-FY18
Cash balance*	703.0	762.1	-7.8%
Current assets	1,431.4	1,459.8	-1.9%
Total assets	3,616.2	3,670.0	-1.5%
Current liabilities	711.4	670.4	6.1%
Total Debt**	1,523.2	1,476.0	3.2%
Shareholder equity	1,045.8	1,127.2	-7.2%
Current ratio (X)	2.0	2.2	-7.6%
Debt to equity (X)	1.5	1.3	11.2%
Net debt to equity (X)***	0.8	0.6	22.8%

* 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 nn)	FY19					
	FY19	FY18	YoY	4Q19	3Q19	QoQ
Sales	1,574.2	1,802.2	-12.7%	379.8	384.3	-1.2%
Gross profit	248.3	492.1	-49.5%	48.2	39.9	21.0%
Operating profit	211.1	450.3	-53.1%	39.2	33.1	18.3%
Net income	119.8	260.1	-53.9%	19.3	21.3	-9.3%
EBITDA	235.4	468.6	-49.8%	47.3	38.5	22.9%
Gross margin	15.8%	27.3%	-42.2%	12.7%	10.4%	22.4%
Operating margin	13.4%	25.0%	-46.3%	10.3%	8.6%	19.7%
Net margin	7.6%	14.4%	-47.3%	5.1%	5.5%	-8.2%
EBITDA margin	15.0%	26.0%	-42.5%	12.5%	10.0%	24.4%
Overburden (mn bcm)	214.6	213.6	0.5%	51.4	65.3	-21.3%
Production volume (MT)	34.3	34.0	0.8%	8.6	9.1	-5.4%
Sales volume (MT)	34.9	34.1	2.5%	8.8	8.7	1.7%
Stripping ratio (X)	6.3	6.3	-0.3%	6.0	7.2	-16.8%
Cash Cost excl royalty (US\$/ton)	31.2	31.0	0.7%	31.3	33.5	-6.6%
Average selling price (US\$/ton)	45.1	52.9	-14.8%	43.2	44.4	-2.8%

Recent Developments

- March 23, 2020, Petrosea was awarded the Front End Engineering and Design Services (FEED) in the amount of US\$11.45 million by PT Masmindo Dwi Area, the project company of Awak Mas gold project, for 11 months works. The completion of FEED is one of critical milestones in the development of Awak Mas gold project.
- Moody's and Fitch have maintained and reaffirmed Indika Energy's credit rating. Ba3 with stable outlook from Moody's was issued on 4 February 2020 and BB- with stable outlook from Fitch Ratings was issued on 28 November 2019.

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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); 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).); **Energy Infrastructure** – marine transportation, ports & logistics for bulk goods and natural resources (PT Mitrahaftera 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); **Other Portfolios** – gold production (Nusantara Resources Limited), IT enterprise (PT Xapiens Teknologi Indonesia), digital technology services (PT Zebra Cross Teknologi)

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