

# NEWS RELEASE

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25 September 2020

## INDIKA ENERGY RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its unaudited financial statements for the 6-months ended June 30, 2020

### Highlights

- **Revenues decreased by 18.2% YoY to US\$1,128.9 million** from US\$1,380.4 million reported in 6M19. The lower YoY figures are attributed mainly to lower revenues contribution from Kideco and Petrosea. Kideco's revenue decreased by 18.1% YoY to US\$663.2 million from US\$810.0 million reported in 6M19, driven by lower average realized selling price. Petrosea's revenue dropped 26.1% YoY to US\$175.9 million from US\$238.0 million reported in 6M19 due to lower contribution from contract mining and E&C.
- **Gross profit decreased by 26.0% YoY to US\$174.3 million from US\$235.4 million reported in 6M19. The consolidated gross margin dropped from 17.0% to 15.4% in 6M20**, mainly due to lower contribution from Kideco. Kideco's gross profit dropped 29.9% YoY to US\$113.6 million with lower gross margin reported at 17.1% in 6M20 down from 20.0% in 6M19. Petrosea's mining contract segment showed resiliency in gross profit level despite lower revenue and improved gross margin in 6M20, which we attributed to the implementation of Minerva project at Tabang.
- **Operating income dropped 40.4% YoY to US\$97.6 million** from US\$163.7 million reported in 6M19, while operating margin dropped to 8.6% from 11.9% in 6M19.
- **Finance cost decreased to US\$47.6 million in 6M20** vs US\$51.6 million in 6M19, as a result of liability management exercise conducted in July 2019. Meanwhile, the Company recorded other expenses of US\$12.6 million in 6M20, mostly due to forex loss related to IDR receivables derived from domestic sales, compared to other gain of US\$11.3 million booked in 6M19.
- **The Company booked Loss attributable to owners of the company of US\$21.9 million** in 6M20.
- **Core Profit\* of the company decreased to US\$6.5 million** in 6M20 compared to US\$56.4 million reported in 6M19.

\*) *Core Profit is defined as net profit (loss) attributable to Owners of the Company for the year excluding: 1) Provision for contingent liability related to acquisition of additional shares in Kideco; and 2) amortization intangible assets of Kideco and MUTU*

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- **The Adjusted EBITDA totalled US\$174.5 million for the period ending June 30, 2020**, compared to US\$254.8 million in the same period previous year.
- **Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of June 2020 stood at US\$622.1 million.**
- **Capex spending during 6M20 was US\$52.5 million.** Approximately US\$29.1 million was spent on construction of fuel storage facilities and US\$12.7 million was spent on Petrosea

### PT Indika Energy Tbk.

Descriptions (in USD mn)	6M20					
	6M20	6M19	YoY	2Q20	1Q20	QoQ
<b>Total revenues</b>	<b>1,128.9</b>	<b>1,380.4</b>	<b>-18.2%</b>	<b>487.4</b>	<b>641.5</b>	<b>-24.0%</b>
Kideco	663.2	810.0	-18.1%	286.8	376.4	-23.8%
Indika Resources	133.5	164.4	-18.8%	55.2	78.3	-29.5%
Petrosea	175.9	238.0	-10.1%	72.3	103.6	-30.2%
Tripatra	195.8	189.5	3.3%	95.5	100.3	-4.8%
MBSS	29.0	40.2	-27.8%	12.7	16.4	-22.7%
Others	19.1	36.1	-47.1%	5.9	13.2	-55.5%
Elimination	(87.6)	(97.7)	-10.3%	(41.0)	(46.6)	-12.0%
<b>Cost of contracts and goods sold</b>	<b>(954.6)</b>	<b>(1,145.1)</b>	<b>-16.6%</b>	<b>(418.0)</b>	<b>(536.6)</b>	<b>-22.1%</b>
<b>Gross profit</b>	<b>174.3</b>	<b>235.4</b>	<b>-26.0%</b>	<b>69.4</b>	<b>104.9</b>	<b>-33.9%</b>
Selling, general and administrative expenses	(76.7)	(71.6)	3.5%	(40.5)	(36.2)	11.8%
<b>Operating profit</b>	<b>97.6</b>	<b>163.7</b>	<b>-40.4%</b>	<b>28.9</b>	<b>68.7</b>	<b>-57.9%</b>
Equity in net profit of associates	13.3	15.0	-11.6%	6.5	6.7	-3.0%
Investment income	5.2	9.2	-43.9%	5.0	0.2	2218.4%
Finance cost	(47.6)	(51.6)	-7.6%	(23.7)	(23.9)	-0.9%
Amortization of intangible assets	(67.8)	(67.8)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	0.0	(2.1)	100.0%	-	0.0	0.0%
Final tax	(4.7)	(8.3)	-43.9%	(1.9)	(2.8)	-31.8%
Negative Goodwill	10.9	0.0	100.0%	10.9	0.0	100.0%
Fair value changes on contingent consideration	0.0	(4.8)	-100.0%	(4.8)	(4.8)	1.2%
Others- net	(17.7)	11.3	-256.3%	14.2	(31.9)	-144.6%
<b>Profit (Loss) Income before tax</b>	<b>(10.8)</b>	<b>60.0</b>	<b>-118.0%</b>	<b>6.0</b>	<b>(16.8)</b>	<b>-135.6%</b>
Income tax expense	(4.9)	(36.0)	-86.3%	(4.0)	(0.9)	345.9%
Profit (Loss) for the year/period :	(15.7)	24.0	-165.5%	2.0	(17.7)	-111.3%
<b>Profit (Loss) attributable to owners of the company</b>	<b>(21.9)</b>	<b>12.7</b>	<b>-273.0%</b>	<b>(0.9)</b>	<b>(21.0)</b>	<b>-95.8%</b>
Profit (Loss) attributable to non-controlling Interest	6.2	11.3	-45.5%	2.9	3.3	-12.2%
<b>Core Profit of the Company</b>	<b>6.5</b>	<b>56.4</b>	<b>-88.5%</b>	<b>5.6</b>	<b>0.9</b>	<b>557.2%</b>
Adjusted EBITDA*	174.5	254.8	-31.5%	72.2	102.3	-29.3%
LTM - Adjusted EBITDA*	359.0	526.6	-31.8%	359.0	411.2	-12.7%
EPS (USD/share)	(0.0042)	0.0024		(0.0002)	(0.0040)	
Core EPS (USD/share)	0.0012	0.0108		0.0011	0.0002	
Gross margin	15.4%	17.0%		14.2%	16.4%	
Operating margin	8.6%	11.9%		5.9%	10.7%	
Net margin	-1.9%	0.9%		-0.2%	-3.3%	
Core profit margin	0.6%	4.1%		1.2%	0.1%	
Adjusted EBITDA Margin	15.5%	18.5%		14.8%	15.9%	

\* Includes dividends from associates (last twelve months period ended 30 June 2020)

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**The consolidated revenues decreased by 18.2% to US\$1,128.9 million in 6M20 from US\$1,380.4 million in 6M19** with lower revenue contribution from most of the subsidiaries except Tripatra\*\*):

- a) **Kideco's revenue decreased by 18.1% YoY to US\$663.2 million** due to lower average selling price and sales volume. **Kideco sold 16.6 MT of coal at ASP of US\$39.8/ton in 6M20** compared to 17.5 MT of coal sold at ASP of US\$46.3/ton in 6M19.
- b) **Indika Resources' revenue decreased by 19.7% YoY to US\$133.5 million in 6M20 from US\$166.3 million in 6M19**, mainly due to lower contribution from MUTU and coal trading. MUTU's revenue decreased by 34.6% YoY to US\$40.5 million in 6M20 with sales volume decreased 15.9% YoY to 0.6 MT in 6M20, while ASP declined by 22.2% YoY to US\$63.1/ton in 6M20. Coal trading revenue decreased by 11.0% YoY to US\$93.0 million on 3.4 MT coal traded from US\$104.3 million on 3.3 MT coal traded in 6M19.
- c) **Petrosea's revenue dropped 26.1% YoY to US\$175.9 million in 6M20** from US\$238.0 million in 6M19 due mainly to: 1) E&C decreased by 34.5% YoY to US\$33.5 million from US\$51.1 million in 6M19 with the completion of Adaro project last year and partly lifted by Freeport JIPE project; 2) Contract mining decreased by 21.4% YoY to US\$104.0 million in 6M20 on the back of lower overburden removal volume at 45.8 mbcms vs 58.3 mbcms in 6M19. Despite lower revenue in contract mining segment, gross profit from the segment was slightly higher at USD22.6m at gross margin of 21.7% in 6M20 vs gross profit of USD22.0 million with gross margin of 16.6% in 6M19, which we attributed to the implementation of Minerva project at Tabang. Lower OB volume was mainly a result of 2 months halt operation in Tabang mine due to Covid-19 outbreak and discontinued BMB contract. On the other hand, we saw 16.1% YoY higher OB volume from Kideco to 22.5 mbcms, as we increased portion of Petrosea's work at Kideco to replace Buma's. POSB revenue decreased by 53.2% YoY to US\$14.8 million due to completion of Kariangau project.
- d) **MBSS' revenue dropped 27.8% YoY to US\$29.0 million** from US\$40.2 million in 6M19. Barging revenue decreased by 26.6% to US\$21.1 million on volume of 13.4 MT in 6M20 compared to US\$28.8 million on volume of 12.6 MT in 6M19. MBSS has a new contract with Adaro, in which fuel is now excluded. Transshipment revenue decreased by 30.5% YoY to US\$7.9 million on 6.3 MT transshipment volume in 6M20 from US\$11.4 million on 5.8 MT volume in 6M19, partly due to vessel repair.
- e) **Tripatra's revenue slightly increased by 3.3% to US\$195.8 million compared to US\$189.5 million in 6M19**. The higher revenue was contributed by: 1) BP Tangguh project by 13.4% YoY increase to US\$170.4 million in 6M20 vs US\$147.6 million in 6M19; 2) ) Interport's fuel storage project in Kariangau contributed US\$21.7 million in 6M20 compared US\$15.7 million in 6M19. On the other hand, Vopak project and ENI Jangkrik have lower contribution due to project completion.

**Cost of Contracts and Goods Sold decreased by 16.6% YoY to US\$954.6 million in 6M20 from US\$1,145.1 million in 6M19**. Kideco's cash costs excluding royalties decreased to US\$27.2/ton in 6M20 compared to US\$29.9/ton in 6M19 with lower strip ratio of 5.6x in 6M20 compared to 5.9x in 6M19.

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

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**Selling, General and Administrative expenses increased by 7.0% YoY to US\$76.7 million in 6M20 from US\$71.6 million in 6M19**, driven by higher expenses related to Covid-19 (including USD5.6m donation) and higher head counts related to new projects across the group.

**Finance costs decreased by 7.6% to US\$47.6 million from US\$51.6 million in 6M19**, primarily due to cost saving as a result of Liability Management conducted in July 2019, 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\$21.9 million in 6M20**, whereas the Company booked Profit Attributable to the Owners of the Company of US\$12.7 million in 6M19.

**Core Profit in 6M20 decreased to US\$6.5 million from US\$56.4 million reported in 6M19.**

Descriptions (in USD mn)	6M20	6M19	YoY	FY19	Change % 6M20 - FY19
Cash balance*	622.1	771.1	-19.3%	703.0	-11.5%
Current assets	1,195.7	1,382.7	-13.5%	1,431.4	-16.5%
Total assets	3,368.6	3,560.5	-5.4%	3,616.2	-6.8%
Current liabilities	564.5	550.1	2.6%	711.4	-20.7%
Total Debt**	1,546.7	1,554.4	-0.5%	1,526.3	1.3%
Shareholder equity	964.6	1,080.6	-10.7%	1,045.8	-7.8%
Current ratio (X)	2.12	2.51	-15.7%	2.01	5.3%
Debt to Ebitda (X)	4.31	2.95	46.0%	3.50	23.1%
Net Debt to Ebitda (X)	2.74	1.91	43.5%	1.87	46.4%
Debt to equity (X)	1.60	809.99	-99.8%	1.46	9.9%
Net debt to equity (X)***	0.96	0.72	32.2%	0.79	21.8%

\* includes other financial assets and restricted cash

\*\* total debt with interest bearing exclude accrued interest and issuance cost

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

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## Kideco Financial and Operational Highlights

Descriptions (USD mn)	6M20					YTD		
	2Q20	2Q19	YoY	1Q20	QoQ	6M20	6M19	YoY
Sales	286.9	400.1	-28.3%	376.4	-23.8%	663.2	810.0	-18.1%
Gross profit	46.1	81.7	-43.7%	67.6	-31.9%	113.6	162.2	-29.9%
Operating profit	34.9	67.5	-48.3%	56.9	-38.5%	91.8	138.7	-33.8%
<b>Net income</b>	<b>21.5</b>	<b>38.8</b>	<b>-44.7%</b>	<b>25.1</b>	<b>-14.6%</b>	<b>46.7</b>	<b>79.3</b>	<b>-41.1%</b>
EBITDA	40.6	73.0	-44.4%	62.3	-34.9%	102.9	153.2	-32.8%
Gross margin	16.1%	20.4%	-21.4%	18.0%	-10.6%	17.1%	20.0%	-14.4%
Operating margin	12.2%	16.9%	-27.8%	15.1%	-19.4%	13.8%	17.1%	-19.1%
Net margin	7.5%	9.7%	-22.8%	6.7%	12.1%	7.0%	9.8%	-28.1%
EBITDA margin	14.1%	18.2%	-22.5%	16.6%	-14.6%	15.5%	18.9%	-17.9%
Overburden (mn bcm)	48.5	49.4	-1.7%	46.5	4.5%	95.0	98.0	-3.1%
Production volume (MT)	8.1	8.2	-1.7%	8.8	-7.7%	16.9	16.5	2.1%
Sales volume (MT)	7.9	8.5	-7.2%	8.8	-9.9%	16.6	17.5	-4.8%
Stripping ratio (X)	6.0	6.0	0.0%	5.3	13.1%	5.6	5.9	-5.0%
Cash Cost excl royalty (US\$/ton)	24.8	30.2	-17.9%	29.4	-15.9%	27.2	29.9	-8.9%
Average selling price (US\$/ton)	36.4	47.1	-22.7%	43.0	-15.4%	39.8	46.3	-14.0%

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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 Multi Energi, 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 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); **Other Portfolios** – gold production (Nusantara Resources Limited, PT Masmino Dwi Area), IT enterprise (PT Xapiens Teknologi Indonesia), digital technology services (PT Zebra Cross Teknologi)

[www.indikaenergy.co.id](http://www.indikaenergy.co.id)

### FURTHER INFORMATION

Ricardo Silaen, CFA – Head of Investor Relations

Nicky Kurniawan – Head of Corporate Finance

E [investor.relations@indikaenergy.co.id](mailto:investor.relations@indikaenergy.co.id)

T +62 21 2557 9888



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