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30 March 2015

INDIKA ENERGY RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2014

Jakarta - PT Indika Energy Tbk. (IDX: INDY) reported its audited financial statements for the 12-months ended December 31, 2014 with a **Loss Attributable to Owners of the Company in the amount of US\$27.5mn**, lower by 56.0% from the previous year's loss of US\$62.5mn.

The coal industry continued to sustain a weak market. Coupled with new regulations and tighter trading restrictions from principal commodities customers, demand/supply imbalance continued to be hampered thus resulting to softer coal prices. However, on PT Kideco Jaya Agung ("Kideco") low rank coal, demand remains resilient albeit with lower selling prices, with both sales and production volumes target being achieved in full in 2014. Management continues to adopt a cash flow driven strategic approach during this market downturn focusing on cash preservation, rationalization of operating costs and a more prudent approach on capital expenditure.

- **Revenues up by 28.5% yoy to US\$1.1bn** mainly due to higher revenue contribution from PT Tripatra Engineering ("Tripatra") EPC Projects and increased volume from coal trading.
- **Gross profit declined by 16.7% yoy to US\$161.0mn**, this despite the growth in revenues. Several factors as follows contributed to the drop namely a.) change in revenue mix, b.) higher ratio of fixed costs as a result of lower capacity utilization at both PT Petrosea Tbk. ("PTRO") and PT Mitrabahtera Segara Sejati Tbk. ("MBSS").
- **Operating expense dropped by US\$22.4mn yoy to US\$132.15 (-14.5% yoy)**. The company continued its thrust in group-wide operating cost rationalization (i.e. manpower reduction, overhead efficiency) which somehow cushioned the fall in **Operating Profit to US\$28.9mn, (-25.6% yoy)**
- **Equity in profit of associate and jointly controlled entities fell by 28.3% yoy to US\$73.5mn** mainly as a result of the reduced earnings contribution coming from Kideco which saw its average selling price per ton (ASP) fall to US\$51.3/ton (vs US\$57.2/ton in 2013), as a result of price tightness in the overall coal market.
- **Loss Attributable to Owners of the Company in the amount of US\$27.5mn**, lower by 56.0% from the previous year's loss of US\$62.5mn.
- **Adjusted EBITDA reported was at US\$231.9mn.**
- **Cash and other financial assets reported were US\$411.1mn.**
- **Capex spent for the year was US\$68.6mn.**

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PT Indika Energy Tbk.

Description (in USD mn)	3M14 unaudited	6M14 unaudited	9M14 unaudited	2014 audited	2013 audited	Changes
Total revenues	241.44	523.09	785.30	1109.51	863.39	28.5%
Tripata	88.60	191.51	284.58	417.71	303.40	37.7%
Petrosea	81.50	169.06	264.58	347.91	359.96	-3.3%
MBSS	38.20	74.69	103.16	134.09	151.11	-11.3%
Others	33.14	87.83	132.98	209.80	48.88	329.2%
Gross profit	50.60	97.85	127.61	161.04	193.41	-16.7%
General and administrative expenses	(30.75)	(64.72)	(99.31)	(132.15)	(154.58)	-14.5%
Operating profit	19.86	33.13	28.30	28.89	38.83	-25.6%
Equity in net profit of associates & jointly-controlled entities	28.56	55.05	63.56	73.48	102.51	-28.3%
Investment income	1.98	4.68	9.26	10.86	8.89	22.1%
Finance cost	(17.49)	(34.99)	(52.12)	(69.43)	(114.11)	-39.2%
Amortization of intangible assets	(9.81)	(19.75)	(27.59)	(36.60)	(38.24)	-4.3%
Others- net	(7.61)	(20.09)	(19.12)	(9.50)	(26.32)	-63.9%
Profit (Loss) Income before tax	15.49	18.03	2.28	(2.30)	(42.54)	-94.6%
Profit (Loss) for the year/period :	9.94	11.36	(9.92)	(30.50)	(53.80)	-43.3%
Profit (Loss) attributable to owners of the company	8.06	8.50	(9.70)	(27.51)	(62.49)	-56.0%
Profit (Loss) attributable to non-controlling Interest	1.88	2.86	(0.22)	(2.98)	8.69	-134.3%
Adjusted EBITDA	39.85	145.10	158.34	231.91	260.55	-11.0%
LTM - Adjusted EBITDA*	265.02	266.21	235.75	231.91	260.55	-11.0%
EPS (USD/share)	0.002	0.002	(0.002)	(0.005)	(0.012)	-56.0%
Gross margin	21.0%	18.7%	16.2%	14.5%	22.4%	
Operating margin	8.2%	6.3%	3.6%	2.6%	4.5%	
Net margin	3.3%	1.6%	-1.2%	-2.5%	-7.2%	
LTM - Adjusted EBITDA margin	109.8%	50.9%	30.0%	20.9%	30.2%	
ROA	0.3%	0.4%	-0.4%	-1.2%	-2.7%	
ROE	0.8%	0.9%	-1.0%	-3.0%	-6.6%	
Current assets	786.66	843.72	854.63	831.42	759.35	9.5%
Total assets	2,352.40	2,316.86	2,318.29	2,290.35	2,316.32	-1.1%
Current liabilities	380.64	361.02	395.29	396.74	347.40	14.2%
Total net interest bearing debt	1020.49	999.24	983.77	1025.73	1038.23	-1.2%
Shareholder equity	960.40	954.25	933.46	912.50	949.87	-3.9%
Cash balance**	390.84	468.66	413.44	411.11	406.24	1.2%
Current ratio (X)	2.07	2.34	2.16	2.10	2.19	
Debt to equity (X)	1.04	1.03	1.03	1.11	1.07	
Net debt to equity (X)	0.63	0.54	0.59	0.66	0.64	

*Including dividends from associates. (Last twelve months period ended 31 Dec 2014 (FCCR))

**Including restricted cash

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The company's FY14 revenues increased 28.5% YoY to US\$1.11bn as a result of:

- a) **Improved revenues from Tripatra (+37.7%, +US\$114.3mn YoY) to US\$417.7mn**, contributed by revenue realization from EPC projects such as 1) Pertamina Tomori Sulawesi("Senoro") US\$147.7mn (+US\$74.4mn, +101.4% yoy); 2) Eni Muara Bakau ("Jangkrik") US\$61.6mn (vs US\$1mn in 2013) and (c) Exxon Mobile Cepu ("Exxon") US\$189.8mn (US\$-2.4mn, -1.27% YoY) Collectively, the three EPC projects above represented about 96% of Tripatra's revenues in 2014. Senoro and Jangkrik projects' revenues have been recognized in full in 2014 (vs start-up phase in 2013). Exxon, however, is nearing completion in 2015; as such the rate of revenue realization is seen to wind down for this project.
- b) **Coal trading business boosting other revenues.** The Company's coal trading business provided a lift in other revenues with coal trading volumes reaching 3.6 mt in 2014 versus 56 thousand tons the previous year, this bring up others revenues to US\$143.0mn in 2014 as compared to US\$2.58mn in 2013.

However, the revenue gains above were offset by:

- c) **Lower PTRO revenues (-3.4%, US\$-12.1mn YoY) to US\$347.9mn** primarily on the back of lower contributions from contract mining (-5.7% YoY from US\$312.1mn in 2013 to US\$294.2mn in 2014), with overburden removal volume down 7.0% YoY from 141.1 mn BCM in 2013 to 131.2 mn BCM in 2014 mainly contributed by Santan Batubara ("Santan") and PT Gunung Bayan Pratama ("GBP"). Santan has suspended its mining activities at Uskap block and significantly reduced stripping ratio at Separi block since the start of 2014 due to soft global prices while GBP has started to wind down production activity in 4Q14.
- d) **MBSS' revenues dropped to US\$134.1mn** (-11.3%, US\$-17.0mn YoY) vs. US\$151.1mn in 2013 with lower coal volume transported by barging (-19.0% YoY from 38.4 mn tons to 31.1 mn tons in 2014). Transhipment volumes, however, improved marginally (+3.0% YoY from 20.9 mn in 2013 tons to 21.5 mn tons in 2014). The drop in revenues from barging was partially mitigated by MBSS offering time chartered for its vessels in 2014, which accounted for 15.5% of its total revenue.

The cost of contracts and goods sold increased 41.6% to US\$948.5mn mainly as result of Tripatra's business expansion in various EPC projects, which accounted for 41.0% of the consolidated cost of goods sold in 2014.

As result of the above factors, Gross Profit decreased to US\$161.0mn, -16.7% YoY from US\$193.4mn reported in 2013. On gross margin basis, there was a drop from 22.3% to 14.5% largely due to the impact of (a) Tripatra's expansion which altered both the revenue and cost mix (Tripatra's historically has the lowest margin among all operating subsidiaries) and (b) competitive pricing faced by MBSS and PTRO, coupled with lower capacity utilization of its operating fleets.

General and administrative expenses reduced by 14.5% (US\$-22.4mn YoY) from US\$154.6mn in 2013 to US\$132.1mn in 2014, mainly due to: Across-companies Manpower cost rationalization, which was initiated since 2013, 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 28.3% from US\$102.5mn in 2013 to US\$73.5mn in 2014 mainly due to lower earnings derived from Kideco which accounts for approximately 87.2% of the total equity profit.

- **Kideco reported net profit of US\$154.4mn (Indika portion of US\$71.0mn)** on revenue of US\$2,059.4mn in 2014. Net profit was down 27.3% YoY from US\$212.2mn in 2013 due to lower realized ASP (US\$57.2/ton in 2013 vs. US\$51.3/ton in 2014).
- **Lower Contribution for Cirebon Electric Power (“CEP”) to US\$4.5mn** from US\$7.0mn in 2013 due to the power plant's scheduled maintenance shutdown for two weeks in 2014.
- **Suspension of operation of the 50% owned Santan coal mine.** Additionally, Santan put a halt to its coal production in 2Q14 and focused more on the preservation of its reserves rather than produce at current depressed prices. Thus, the 50% equity contribution from Santan amounted to US\$-3.9mn 2014 from US\$-4.0mn 2013.

Finance costs down by 39.2% yoy to US\$69.4mn due impact of the Liability Management Exercise conducted 2013 that resulted **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. which will provide annual interest cost savings of around US\$7.8mn from 2014 onwards.

Others expense-net reduced 63.9% YoY to US\$9.5mn in 2014 due mainly to: **1)** net gains arising from non-occurrence of exploration costs in 2014 and **2)** forex gains arising from USD strengthening against the rupiah and **3)** gain on sale of equipment (from a loss in 2013) which were tempered by **4)** tax penalties in MUTU **5)** impairment of receivables in PTRO from Santan and **6)** final settlement by MBSS of past coal handling undertaking.

The company registered loss attributable to the owners of the company in the amount of US\$27.5mn in 2014 compared to US\$62.5mn in 2013.

PT KIDECO JAYA AGUNG

Kideco's revenues declined 2.9% from US\$2,120.6mn in 2013 to US\$2,059.4mn in 2014 as result of a decline in ASP to US\$51.3 per ton in 2014 compared to US\$57.2 per ton reported in 2013. However, coal sales volume increased 8.3% YoY from 37.1 mn tons to 40.2 mn tons in 12M14 which resulted in a smaller drop in overall revenues by 2.9% yoy.

Stripping ratio was at 6.4X in 2014, which slightly lower than in 2013. The cash cost per ton including royalty slightly decreased 3.4% from US\$43.6/ton in 2013 to US\$42.1/ton in 2014 mainly due to a combination of lower stripping ratio, slightly lower contractor costs and partial fuel benefit (mostly in later part of 4Q14). As a result, Kideco posted Net Profit of US\$154.4mn in 2014 (-27.3% yoy).

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PT Kideco Jaya Agung

Description (in USD mn)	3M14 unaudited	6M14 unaudited	9M14 unaudited	FY14 audited	FY13 audited	Changes (%)
Sales	537.50	1,064.52	1,564.93	2,059.39	2,120.57	-2.9%
Gross profit	100.97	189.66	250.56	328.31	465.70	-29.5%
Operating profit	93.62	174.42	228.05	295.58	434.12	-31.9%
Net income	54.99	99.54	129.65	154.36	212.24	-27.3%
Depreciation Expenses	8.07	16.11	24.23	32.37	28.91	12.0%
EBITDA	101.89	190.86	252.79	328.71	463.70	-29.1%
Current assets	570.12	475.30	559.66	396.00	457.62	-13.5%
Total assets	765.99	669.13	746.49	602.44	686.64	-12.3%
Current liabilities	335.23	313.05	361.07	224.26	272.00	-17.6%
Debt	-	-	-	-	-	-
Total equity	418.26	342.80	372.91	326.62	363.26	-10.1%
Cash balance	227.28	136.46	222.28	107.26	142.20	-24.6%
Current ratio (X)	1.70	1.52	1.55	1.77	1.68	
Debt to Equity (X)	-	-	-	-	-	
Net Debt to Equity (X)	net cash	net cash	net cash	net cash	net cash	

Description	3M14 unaudited	6M14 unaudited	9M14 unaudited	FY14 audited	FY13 audited	Changes %
Production volume (in million tons)	9.81	19.94	30.05	40.34	37.31	8.1%
Sales volume (in million tons)	10.25	20.16	30.04	40.18	37.09	8.3%
Stripping ratio (X)	6.42	6.33	6.52	6.38	6.46	-1.3%
Average selling price (US\$/ton)	54.82	52.80	52.09	51.26	57.18	-10.3%

Developments in 2014

- In early 3Q14, PTRO obtained a new coal mine project from Bayan (Tabang mine) with a duration period of 7 years and total contract value of US\$232.0mn. This Tabang mine is considered as the long-term growth prospect of the Bayan group in terms of the development and production of its low-ranked coal.
- In early 4Q14 Tripatra in consortium with PT Chiyoda International Indonesia, Chiyoda Corporation, PT Saipem Indonesia and PT Suluh Ardhi Engineering signed the Onshore LNG Front End Engineering and Design (FEED) contract for Tangguh Expansion Project (Tangguh LNG Train 3) with BP Berau Ltd (as Operator of Tangguh PSC Contractors). The Tangguh Expansion Project is

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located in Bintuni Bay, Papua Barat, Indonesia. The FEED work of Tangguh LNG Train 3 performed for 12 months, which also encompasses LNG jetty and associated infrastructure.

- Since 4Q14, PTRO has been in discussion with ABN, another contract mining client, who has requested for a further revised contract agreement. There remains the possibility of either a slowdown in mining activities or a suspension/ early termination of the project should both parties are unable to come to terms with a revised agreement.

Latest Updates in 1Q15

- In early 2015, Bayan's GBP, one of PTRO's contract mining client opted for an early termination of its contract due to prevailing market conditions. However, starting 2015, PTRO has commenced contract mining activities in Bayan's Tabang coal mine, which is considered the growth area of the Bayan Group with regards to the low rank coal production.
- The company has secured all the necessary permits and licenses to commence production in MUTU, however, given the current coal price market conditions, the Company has decided to defer the start of production and are currently in the process of re-evaluating the current mine and business plan.
- From Kideco's Annual General Meeting, it declared a total of US\$141.5mn in cash dividends from its 2014 earnings. The expected share of the Company from these cash dividends is around US\$65.0mn.
- Moody's, one of the Company's rating agencies, in its most recent press release, affirmed Indika's credit ratings pertaining to its Bond obligations (B1, Negative Outlook). Please refer to the link below for the entirety of the Moody's press release report. (link: <http://www.indikaenergy.co.id/wp-content/uploads/2015/03/Indika-Rating-Affirmation-Press-Release-Moodys-March-2015.pdf>)

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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 Mitrabahera 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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