NEWS RELEASE

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INDIKA ENERGY RESULTS FOR THE PERIOD ENDED JUNE 30, 2016

Jakarta - PT Indika Energy Tbk. (IDX: INDY) Indonesia's leading integrated energy company, reported its unaudited consolidated financial statements for the six-month period ended June 30, 2016.

- **Revenues of US$356.6 million decreased 42.3% YoY** from US$618.3 million reported in 6M15 due mainly to lower revenues contribution from Tripatra, Petrosea, MBSS and coal trading.

- **Gross profit declined 54.1% YoY to US$29.8 million** from US$65.0 million reported in 6M15.

- **The company reported US$17.6 million operating loss** as compared to a US$10.1 million operating profit in 6M15.

- **Equity in profit of associates and jointly controlled entities declined 37.1%** YoY to US$26.1 million from US$41.4 million due mainly to declining earnings contribution from PT Kideco Jaya Agung ("Kideco"). Kideco's reported unaudited net profit of US$45.6 million (-41.3% yoy) as a result of decreased in the average selling prices and sales volume.

- The company registered **a US$22.5 million loss attributable to the owners of the company** vs. a US$7.9 million loss in 6M15.

- **Adjusted EBITDA (LTM) was US$171.4 million for the period ending June 30, 2016.**

- **Cash and other financial assets were US$348.8 million as of June 30, 2016.**

- **Capex realization for the period ended 6M16 was US$7.6 million**.

PT Indika Energy Tbk.
Graha Mitra, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta 12930, Indonesia
T +62 21 2557 9888, F +62 21 2557 9889, www.indikaenergy.co.id

PT Indika Energy Tbk.

Descriptions (in USD mn)	6M15 unaudited	6M16 unaudited	Changes YoY
Total revenues	**618.3**	**356.6**	**-42.3%**
Tripatra	263.5	118.8	-54.9%
Petrosea	114.7	88.6	-22.7%
MBSS	53.0	33.1	-37.6%
Coal trading	154.9	83.3	-46.2%
Others	32.2	32.8	1.9%
Gross profit	**65.0**	**29.8**	**-54.1%**
General and administrative expenses	54.9	47.4	-13.6%
Operating profit	**10.1**	**(17.6)**	**-273.8%**
Equity in net profit of associates & jointly-controlled entities	41.4	26.1	-37.1%
Investment income	3.1	2.7	-11.3%
Finance cost	35.7	31.2	-12.6%
Amortization of intangible assets	17.5	12.9	-26.5%
Others - net	(6.4)	4.0	-163.1%
Final tax	6.1	6.0	-2.3%
Loss Income before tax	**(11.1)**	**(34.8)**	**-214.4%**
Loss for the year/period :	(10.2)	(31.2)	-206.1%
Loss attributable to owners of the company	**(7.9)**	**(22.5)**	**-186.1%**
Loss attributable to non-controlling Interest	(2.3)	(8.7)	-273.9%
Adjusted EBITDA	85.5	64.9	-24.1%
LTM - Adjusted EBITDA*	176.3	171.4	-2.8%
Gross margin	10.5%	8.4%	
Operating margin	1.6%	-4.9%	
Net margin	-1.3%	-6.3%	
Adjusted EBITDA Margin	13.8%	18.2%	
LTM - Adjusted EBITDA margin	14.6%	20.5%	

* Includes dividends from associates (last twelve months period ended 30 Jun 2016)

The company's 6M16 Revenues decreased 42.3% YoY to US$356.6 million as a result of:

a) **Lower Revenues from Tripatra revenues declined 54.9% to $118.8 million from $263.5 million** in 6M15 driven by the following EPC projects: **1)** Exxon Mobil-Cepu US$41.9 million in 6M16 vs. US$105.1 million in 6M15; **2)** ENI-Muara Bakau B.V., US$52.2 million in 6M16 vs. US$54.8 million in 6M15; **3)** Pertamina-Medco E&P Tomori Sulawesi US$13.0 million in 6M16 vs.

US$71.2 million in 6M15; and **4)** JO STC US$9.1 million in 6M16 vs. US$16.2 million in 6M15.

b) **Revenues from coal trading declined 46.2% to US$83.3 million** from US$154.9 million in 6M15 is driven by lower traded coal volume and lower ASP. Traded coal volumes dropped to 3.6 Mt in 6M16 versus 4.4 Mt in 6M15 while the ASP declined to US$23.4/Mt in 6M16 versus US$35.1/Mt in 6M15.

c) **Petrosea's revenues declined 22.7% to US$88.6 million in 6M16 from $114.7 million in 6M15. 1)** Revenue from contract mining reported at US$41.5 million, a 52.8% declined YoY resulting from 43.6% declined in overburden removal volume (38.7mm BCM to 21.8mm BCM) caused by early termination of ABN mining contract project in June 2015. A new mining contract with PT Binuang Mitra Bersama was executed in June 2016; **2)** Revenue from POSB also decreased 26.7% YoY from US$17.3 million to US$12.7 million reported in as the result of lower activities in oil & gas sector; and **3)** Revenues from ENC business increased significantly by 257.7% YoY from US$9.5 million to US$34.5 million.

d) **MBSS' revenues decreased 37.6% to US$33.1 million** in 6M16 from US$53.0 million in 6M15. Coal volumes transported by barging declined 1.7% to 11.3 mm tons and transshipment volumes declined 39.5% to 6.4 mm tons.

Gross profit declined 54.1% to US$29.8 million from US$65.0 million reported in 6M15 driven by lower gross profit contribution resulting from gross margin contractions at the operating subsidiaries, mainly from Petrosea, MBSS and the coal trading business. The gross profit margin declined from 10.5% in 6M15 to 8.4% in 6M16.

General and administrative expenses declined 13.6% YoY from US$54.9 million in 6M15 to US$47.4 million in 6M16 (down US$7.4 million) due to on-going cost saving initiatives across the companies.

Equity in profit of associates & jointly controlled entities declined 37.1% from US$41.4 million in 6M15 to US$26.1 million in 6M16 mainly due to lower earnings derived from Kideco.

- **Kideco** reported **net profit of US$45.6 million** on revenue of US$634.7 million in 6M16. Reported net profit declined 41.3% YoY from US$77.7 million in 6M15. ASP declined 18.8% from US$45.3 per ton in 6M15 to US$36.8 per ton in 6M16 and sales volumes declined 9.6% from 19.19 mm tons to 17.3 mm tons.

- **SBS** reported **net profit of US$6.3 million** (+64.9% YoY) on revenue of US$14.4 million (+8.3% YoY) in 6M16. Total coal volume in 6M16 increased to 7.3 Mt versus 6.2Mt in 6M15. **Cotrans** reported **net profit of US$3.6 million** (-66.1% YoY) on revenue of US$30.9 million (-22.3% YoY). Total transported coal volume decreased to 14.7 Mt in 6M16 versus 15.9Mt.

Finance Costs decreased to **US$31.2** million compared to US$35.7 million due mainly to decreased in the Company's average debt balance as the result of partial settlement of FY2018 senior notes.

The company reported other income US$4.0 million in 6M16 mainly due to lower tax provision, and foreign exchange difference.

The company registered **a US$22.5 million loss attributable to the owners of the company** vs. a US$7.9 million profit in 6M15.

Descriptions (in USD mn)	6M15 unaudited	6M16 unaudited	Changes YoY
Cash balance*	409.4	348.8	-14.8%
Current assets	988.5	756.3	-23.5%
Total assets	2,390.2	1,989.4	-16.8%
Current liabilities	531.4	397.6	-25.2%
Total net interest bearing debt**	1,125.6	911.2	-19.0%
Shareholder equity	895.9	799.6	-10.7%
Current ratio (X)	1.9	1.9	
Debt to equity (X)	1.2	1.1	
Net debt to equity (X)***	0.8	0.7	

* includes restricted cash

** includes unamortized bond issuance costs

*** total cash balance deducted from total debt devided by shareholder equity

PT Kideco Jaya Agung

Descriptions (USD mn)	**6M15** *unaudited*	**6M16** *unaudited*	**Changes YoY**
Sales	865.4	634.7	*-26.7%*
Gross profit	158.0	95.3	*-39.7%*
Operating profit	144.2	82.9	*-42.5%*
Net income	**77.7**	**45.6**	***-41.3%***
EBITDA	158.7	95.2	*-40.0%*
Gross margin	18.3%	15.0%	
Operating margin	16.7%	13.1%	
Net margin	9.0%	7.2%	
EBITDA margin	18.3%	15.0%	
Overburden (mn bcm)	115.4	91.5	*-20.7%*
Production volume (Mt)	18.5	16.9	*-8.7%*
Sales volume (Mt)	19.1	17.3	*-9.6%*
Stripping ratio (X)	6.2	5.4	*-12.6%*
Average selling price (US$/ton)	45.3	36.8	*-18.8%*

Kideco's Revenues declined 26.7% from US$865.4 million in 6M15 to US$634.7 million in 6M16 due to lower ASP and coal sales volume. ASP declined 18.8% from US$45.3 million per ton in 6M15 to US$36.8 million per ton in 6M16 and sales volumes declined 9.6% from 19.1 mm tons to 17.3 mm tons.

Cash cost including royalty improved from US$37.5/Mt to US$31.2/Mt, for 6M/15 and 6M/16, correspondingly, mainly as a result of lower stripping ratio at 5.4x in 6M16 as well as improved contract mining rate.

Reported net profit declined 41.3% from **US$77.7 million in 6M15 to US$45.6 million in 6M16**.

Descriptions (USD mn)	**6M15** *unaudited*	**6M16** *unaudited*	**Changes YoY**
Cash balance	168.2	110.4	*-34.3%*
Current assets	425.3	348.6	*-18.1%*
Total assets	595.9	499.7	*-16.1%*
Current liabilities	228.1	243.1	*6.6%*
Total equity	354.4	237.6	*-32.9%*
Current ratio (X)	1.9	1.4	
Net Debt to Equity (X)	net cash	net cash	

Latest Development

In the end of April 2016, MUTU and PT Mitra Abadi Mahakam ("MAM") signed a mining service agreement in Kalimantan with contract value of US$108 million.

Petrosea and PT Binuang Mitra Bersama Blok Dua signed an agreement services and rental of heavy equipment and personnel in South Kalimantan contract value of IDR2.38 trillion in May 2016.

In early June 2016, Fitch Ratings' downgraded Indika's credit rating from B to CCC. Please refer to the link:
http://www.indikaenergy.co.id/wp-content/uploads/2016/06/Fitch-Downgrades-Indika-Energy-to-CCC.pdf

Indika Energy signed CSPA to sell 75% shares in PT Prasarana Energi Indonesia to PT Imeco Multi Prasarana in 30 June 2016. PT Prasarana Energi Indonesia is the company holds 100% share in PT Prasarana Energi Cirebon which has 25% shareholding interest in Cirebon expansion project 1 x 1000MW in Cirebon, West Java.

On 8 March 2016, the government has appointed the Company as the operator in Bonded Logistics Center (PLB). This is the first PLB in Indonesia. On July 13, 2016, the Hakuryu-10 jack-up rig operated by Japan Drilling Indonesia entered into PLB and becomes the first client.

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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).

www.indikaenergy.co.id

FURTHER INFORMATION

Retina Rosabai – Head of Investor Relations & Corporate Finance
Nicky M. Kurniawan – Investor Relations Senior Manager

E investor.relations@indikaenergy.co.id
T +62 21 2557 9888

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