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31 October 2019

INDIKA ENERGY RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Registers consolidated revenue of US\$2.1 billion, loss attributable to owners of the company of US\$8.6 million and Core Profit of US\$61.2 million

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its unaudited financial statements for the 9-months ended September 30, 2019

- **Revenues decreased 4.6% year on year to US\$ 2,079.9 million** from US\$2,180.4 million reported in 9M18. The lower year on year figures are attributed mainly to lower Kideco revenue contribution of US\$1,194.3 million in 9M19 compared to US\$1,408.7 million in 9M18, driven by lower average realized selling price. The lower revenue contribution from Kideco was partially offset by higher revenue contribution from Tripatra which has low profit margin in its core EPC business. Tripatra's revenue increased 64.6% year on year to US\$304.1 million in 9M19 compared to US\$184.8 million in 9M18.
- **Gross profit decreased 40.6% year on year to US\$327.9 million from US\$551.9 million reported in 9M18 and consolidated gross margin dropped from 25.3% to 15.8% in 9M19.** The reduction in consolidated gross margin was due mainly to lower gross profit contribution from Kideco as a result of lower ASP and higher cash cost. Kideco's gross profit dropped 53.5% YoY to US\$200.1 million with gross margin of 16.8% in 9M19 compared to 30.5% in 9M18.
- **Operating income dropped 49.9% year on year to US\$227.5 million** from US\$453.0 million reported in 9M18.
- **Equity in Net Profit of Associates and Jointly Venture Entities increased by 37.0% to US\$24.0 million.**
- **The Company booked Loss attributable to owners of the company of US\$8.6 million** in 9M19.
- **Core Profit* of the company decreased 62.6% to US\$61.2 million** from US\$163.5 million reported in 9M18.
- **The Adjusted EBITDA totalled US\$346.2 million for the period ending September 30, 2019,** compared to US\$552.0 million in the year ago period. **The LTM Adjusted EBITDA for period ended September 30, 2019 was US\$446.6 million.**

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- Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of September 2019 stood at US\$754.5 million.**
- Capex spending during 9M19 was US\$138.3 million.** Capex was primarily realized at Petrosea which accounted for US\$64.2 million and construction of fuel storage facilities which accounted for US\$64.2 million.
- *) Core Profit refers to the current year's profit attributable to the owner of the company, excluding non-operating gains / losses and related taxes (amortization of intangible assets, acceleration on amortization of issuance cost and impairment of assets).*

PT Indika Energy Tbk.

Descriptions (in USD mn)	9M 2019					
	9M 19	9M 18	YoY	3Q19	2Q19	QoQ
Total revenues	2,079.9	2,180.4	-4.6%	699.4	679.7	2.9%
Kideco	1,194.3	1,408.7	-15.2%	384.3	400.1	-3.9%
Indika Resources	243.1	281.3	-13.6%	78.7	83.0	-5.2%
Petrosea	378.7	301.8	25.5%	140.8	122.8	14.6%
Tripatra	304.1	184.8	64.6%	114.6	93.0	23.2%
MBSS	60.6	51.8	16.9%	20.4	19.3	5.4%
Others	63.5	35.2	80.2%	27.4	17.0	61.2%
Elimination	(164.5)	(83.2)	97.8%	(66.8)	(55.6)	20.1%
Cost of contracts and goods sold	(1,752.0)	(1,628.5)	7.6%	(607.0)	(561.9)	8.0%
Gross profit	327.9	551.9	-40.6%	92.5	117.8	-21.5%
Selling, general and administrative expenses	(100.4)	(97.5)	2.9%	(28.8)	(36.7)	-21.7%
Operating profit	227.5	454.4	-49.9%	63.7	81.1	-21.4%
Equity in net profit of associates & joint venture entities	24.0	17.5	37.0%	8.9	7.4	20.4%
Investment income	12.2	7.0	73.6%	3.3	4.9	-31.9%
Finance cost	(85.7)	(74.7)	14.6%	(34.1)	(26.2)	30.4%
Amortization of intangible assets	(101.8)	(101.7)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	(2.1)	0.0	N/A	-	1.5	-100.0%
Final tax	(16.4)	(9.2)	77.6%	(8.1)	(4.8)	69.7%
Others- net	(4.2)	(15.0)	71.8%	(6.4)	(2.9)	118.4%
Profit (Loss) Income before tax	53.5	278.2	-80.8%	(6.5)	24.1	-127.0%
Income tax expense	(44.0)	(148.0)	-70.3%	(8.0)	(18.5)	-56.5%
Profit (Loss) for the year/period :	9.5	130.2	-92.7%	(14.5)	5.6	-359.6%
Profit (Loss) attributable to owners of the company	(8.6)	112.2	-107.7%	(21.3)	1.0	-2303.5%
Profit (Loss) attributable to non-controlling Interest	18.1	18.0	0.5%	6.7	4.6	46.8%
Core Profit of the Company	61.2	163.5	-62.5%	4.8	22.8	-78.8%
Adjusted EBITDA	346.2	552.0	-37.3%	92.8	129.1	-28.1%
LTM - Adjusted EBITDA*	446.6	724.3	-38.3%	446.6	526.6	-15.2%
EPS (USD/share)	1.2%	3.1%		0.1%	0.4%	
Gross margin	15.8%	25.3%		13.2%	17.3%	
Operating margin	10.9%	20.8%		9.1%	11.9%	
Net margin	-0.4%	5.1%		-3.0%	0.1%	
Core profit margin	2.9%	7.5%		0.7%	3.4%	
Adjusted EBITDA Margin	16.6%	25.3%		13.3%	19.0%	
LTM - Adjusted EBITDA margin	15.6%	28.0%		15.6%	18.2%	

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

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The consolidated revenues decreased 4.6% to US\$2,079.9 million in 9M19 from US\$2,180.4 million in 9M18 as lower revenues contribution from Kideco and Indika Resources were offset by higher revenue contribution from Tripatra, Petrosea, and MBSS:

- a) **Kideco contributed revenues of US\$1,194.3 million**, lower by 15.2% YoY from US\$1,408.7 million in 9M18 due to lower average selling price. **Kideco sold 26.1 MT of coal at an ASP of US\$45.7/ton in 9M19** compared to 26.1 MT of coal sold at an ASP of US\$54.0/ton in 9M18.
- b) **Indika Resources' revenues decreased by 13.6% YoY to US\$243.1 million in 9M19 from US\$281.3 million in 9M18** as revenue contribution from coal trading decreased 38.6% YoY to US\$155.8 million in 9M19 on 5.1 MT coal traded from US\$216.0 million in 9M18 on 4.9 MT coal traded. Lower revenue from coal trading was partially offset with higher revenue from MUTU. MUTU's revenue was up by 33.8% YoY to US\$87.3 million on 1.1 MT sales volume in 9M19 vs US\$65.3 million on 0.7 MT sales volume in 9M18.
- c) **Tripatra's revenues increased by 64.6% to US\$304.1 million compared to US\$184.8 million in 9M18.** The improvement in revenue was contributed by 1) BP Tangguh project revenues increased by 57.7% to US\$240.4 million in 9M19 vs US\$152.4 million in 9M18; 2) New Vopak project contributed US\$23.9 million to 9M19 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\$33.0 million.
- d) **Petrosea's revenues grew by 25.5% to US\$378.7 million in 9M19** from US\$301.8 million in 9M18 due mainly to higher revenue contribution from: 1) Contract mining revenue growing 11.9% YoY to US\$220.4 million in 9M19 mainly from overburden removal volume which increased to 97.0 mbcm from 89.2 mbcm in 9M18. The increase in overburden removal volume was driven by additional volume from the Kideco and Tabang mines. 2) E&C revenue increased 8.9% YoY to US\$83.8 million from US\$76.9 million in 9M18 due to higher activities in Lampunut-Maruwai coal and hauling roads contract. 3) Petrosea's port operation business revenue increased to US\$39.5 million in 9M19 due to revenue recognition from transferring in-progress Jetty infrastructure to Interport and higher PLSS Sorong activities, 4) Additional revenue of US\$33.2 million generated from the inclusion of KPI since 3Q18.
- e) **MBSS's revenues increased by 17.0% YoY to US\$60.6 million** from US\$51.8 million in 9M18 due to higher coal volume transported by barging and transhipment volumes. Barging revenues increased by 12.5% YoY to US\$42.7 million on barging volume of 19.1 MT in 9M19 from US\$38.0 million on barging volume of 15.9 MT in 9M18. Transhipment revenues increased by 31.5% YoY to US\$17.9 million on 8.6 MT transhipment volume in 9M19 from US\$13.6 million on 8.0 MT transhipment volume in 9M18 mainly as a result of FC Victoria being back in operation since 3Q18 and a one-time transhipment project, which contributed US\$1.0 million of revenue.

Cost of Contracts and Goods Sold increased by 7.6% YoY to US\$1,752.0 million in 9M19 from US\$1,628.5 million in 9M18 mainly due to increase in Kideco's cash cost and higher CCOGS contribution from Tripatra. Kideco's cash costs excluding royalties increased by 3.8% to US\$31.2/ton in 9M19 from US\$30.0/ton YoY due to increase in fuel cost and higher strip ratio. The increase in Tripatra's CCOGS was due mainly to higher activities in the BP Tangguh project and higher cost in the PLN Nias project.

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Selling, General and Administrative expenses increased by 2.9% YoY to US\$100.4 million in 9M19 from US\$97.5 million in 9M18 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 37.0% to US\$24.0 million in 9M19 from US\$17.5 million in 9M18 mainly as contributed by SBS and CEP.

Finance Costs increased by 14.6% year on year to US\$85.7 million in 9M19 from US\$74.7 million in 9M18 primarily due to the additional interest expense on new bank loans to fund capital expenditure at Petrosea, early redemption premium and acceleration of amortization on notes 2023 issuance cost as the company did partial redemption on its 2023 Notes in the amount of US\$215 million.

The Company reported Loss Attributable to the Owners of the Company in the amount of US\$8.6 million in 9M19, where the Company booked Profit Attributable to the Owners of the Company was US\$112.2 million in 9M18.

Core Profit in 9M19 decreased 62.6% to US\$61.2 million from US\$163.5 million reported in 9M18.

Descriptions (in USD mn)	9M 19	9M 18	YoY	FY18	Change 9M 19-FY18
Cash balance*	754.5	785.4	-3.9%	763.1	-1.1%
Current assets	1,489.7	1,436.1	3.7%	1,459.8	2.0%
Total assets	3,704.1	3,678.8	0.7%	3,670.0	0.9%
Current liabilities	747.5	627.4	19.1%	670.4	11.5%
Total Debt**	1,506.4	1,420.5	6.0%	1,460.0	3.2%
Shareholder equity	1,084.4	1,196.5	-9.4%	1,127.2	-3.8%
Current ratio (X)	2.0	2.3	-12.9%	2.2	-8.5%
Debt to equity (X)	1.4	1.2	17.0%	1.3	7.2%
Net debt to equity (X)***	0.7	0.6	8.5%	0.6	12.1%

* includes restricted cash

** total debt with interest bearing

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

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Kideco Financial and Operational Highlights

Descriptions (USD nn)	9M19					
	9M19	9M18	YoY	3Q19	2Q19	QoQ
Sales	1194.3	1408.7	-15.2%	384.3	400.1	-3.9%
Gross profit	200.1	430.1	-53.5%	39.9	79.7	-50.0%
Operating profit	171.9	398.9	-56.9%	33.1	67.6	-51.0%
Net income	100.5	224.1	-55.1%	21.3	38.8	-45.2%
EBITDA	188.0	429.6	-56.2%	38.5	73.1	-47.3%
Gross margin	16.8%	30.5%	-45.1%	10.4%	19.9%	-47.9%
Operating margin	14.4%	28.3%	-49.2%	8.6%	16.9%	-49.0%
Net margin	8.4%	15.9%	-47.1%	5.5%	9.7%	-42.9%
EBITDA margin	15.7%	30.5%	-48.4%	10.0%	18.3%	-45.1%
Overburden (mn bcm)	163.3	158.3	3.1%	65.3	49.4	32.2%
Production volume (MT)	25.6	25.4	1.1%	9.1	8.2	10.7%
Sales volume (MT)	26.1	26.1	0.2%	8.7	8.5	1.7%
Stripping ratio (X)	6.4	6.2	2.0%	7.2	6.0	19.4%
Cash Cost excl royalty (US\$/ton)	31.2	30.0	3.8%	33.5	30.4	10.1%
Average selling price (US\$/ton)	45.7	54.0	-15.4%	44.4	47.1	-5.6%

Recent Developments

- From July 31st until September 20th 2019, Indika Energy purchased additional stakes in Nusantara Resources from the market amounting to 1,872,845 shares or equal to 1.12% of Nusantara Resources' total shares, bringing the Company's ownership to become 21.02%.

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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 Mitrabahera 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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