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30 November 2020

INDIKA ENERGY RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its unaudited financial statements for the 9-months ended September 30, 2020

Highlights

- **Revenues decreased by 26.0% YoY to US\$1,538.7 million** from US\$2,079.9 million reported in 9M19. The lower YoY figures are attributed to lower revenues contribution from all the subsidiaries.

Gross profit decreased by 34.6% YoY to US\$214.3 million from US\$327.9 million reported in 9M19. The consolidated gross margin dropped from 15.8% to 13.9% in 9M20, mainly due to lower contribution from Kideco. Kideco's gross profit dropped 35.3% YoY to US\$129.5 million with lower gross margin reported at 14.1% in 9M20 down from 16.8% in 9M19. Petrosea's gross profit decreased 16.6% YoY to US\$47.7 million. On the other hand, Petrosea's gross margin improved from 15.1% in 9M19 to 19.1% in 9M20, mainly due to better margin in E&C segment.
- **Operating income dropped 52.2% YoY to US\$108.8 million** from US\$227.5 million reported in 9M19, while operating margin dropped to 7.1% from 10.9% in 9M19.
- **Finance cost decreased to US\$71.2 million in 9M20** vs US\$85.7 million in 9M19, as a result of 1) liability management exercise conducted in July 2019 which lowered interest expenses by US\$6.5 million and one off related to early redemption premium and acceleration amortization on bond issuance cost in 9M19 in the amount of US\$8.8 million.
- **Others - net expenses of US\$11.8 million in 9M20** vs others – net income of US\$10.2 million in 9M19, mostly due to realized and unrealized forex loss related to IDR receivables derived from domestic sales.
- **The Company booked Loss attributable to owners of the company of US\$52.5 million** in 9M20, compared to net loss of US\$8.6 million in 9M19.
- **Core Loss* US\$5.5 million reported** in 9M20 compared to Core Profit of US\$57.0 million reported in 9M19.

*) *Core Profit (Loss) 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; 2) amortization intangible assets of Kideco and MUTU; and 3) gain from a bargain purchase related to investment in Awakmas*

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- **The Adjusted EBITDA totalled US\$226.6 million for the period ending September 30, 2020, compared to US\$346.1 million in the same period previous year.**
- **Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of September 2020 stood at US\$601.7 million.**
- **Capex spending during 9M20 was US\$66.4 million.** Approximately US\$30.2 million was spent on construction of fuel storage facilities and US\$21.9 million was spent on Petrosea

PT Indika Energy Tbk.

Descriptions (in USD mn)	9M20					
	9M20	9M19	YoY	3Q20	2Q20	QoQ
Total revenues	1,538.7	2,079.9	-26.0%	409.7	487.4	-15.9%
Kideco	918.5	1,194.3	-23.1%	255.3	286.8	-11.0%
Indika Resources	155.0	243.1	-36.3%	21.5	55.2	-61.1%
Petrosea	249.9	378.7	-10.1%	74.0	72.3	2.3%
Tripatra	269.4	304.1	-11.4%	73.6	95.5	-22.9%
MBSS	40.9	60.6	-32.5%	11.9	12.7	-6.2%
Others	36.5	63.5	-42.5%	17.4	5.9	196.5%
Elimination	(131.6)	(164.5)	-20.0%	(44.0)	(41.0)	7.3%
Cost of contracts and goods sold	(1,324.4)	(1,752.0)	-24.4%	(369.7)	(418.0)	-11.6%
Gross profit	214.3	327.9	-34.6%	40.0	69.4	-42.3%
Selling, general and administrative expenses	(105.5)	(100.4)	5.1%	(28.8)	(40.5)	-28.9%
Operating profit	108.8	227.5	-52.2%	11.2	28.9	-61.2%
Equity in net profit of associates	21.3	24.0	-11.3%	8.0	6.5	21.8%
Investment income	7.5	12.0	-37.7%	2.3	5.0	-53.4%
Finance cost	(71.2)	(85.7)	-16.9%	(23.5)	(23.7)	-0.7%
Amortization of intangible assets	(101.7)	(101.8)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	0.0	(2.1)	100.0%	-	0.0	N/A
Final tax	(6.5)	(16.4)	-60.2%	(1.9)	(1.9)	-2.0%
Gain from a bargain purchase	14.2	0.0	100.0%	3.3	10.9	-69.8%
Fair value changes on contingent consideration	(9.8)	(14.3)	-31.1%	(4.8)	(0.3)	-1372.7%
Others- net	(11.8)	10.2	-216.1%	0.8	14.6	-94.7%
Profit (Loss) Income before tax	(49.3)	53.5	-192.1%	(38.5)	6.0	-742.6%
Income tax expense	4.3	(44.0)	-109.8%	9.2	(4.0)	330.0%
Profit (Loss) for the year/period :	(45.0)	9.5	-573.9%	(29.2)	2.0	-1562.4%
Profit (Loss) attributable to owners of the company	(52.5)	(8.6)	509.4%	(30.6)	(0.9)	-3330.9%
Profit (Loss) attributable to non-controlling interest	7.5	18.1	-58.3%	1.4	2.9	-53.0%
Core Profit (Loss) of the Company	(5.5)	57.0	-109.7%	(12.0)	5.6	-312.6%
Adjusted EBITDA*	226.6	346.1	-34.5%	52.1	72.2	-27.9%
LTM - Adjusted EBITDA*	319.6	446.6	-28.4%	319.6	359.0	-11.0%
EPS (USD/share)	(0.0101)	(0.0017)		(0.0059)	(0.0002)	
Core EPS (USD/share)	(0.0011)	0.0109		(0.0023)	0.0011	
Gross margin	13.9%	15.8%		9.8%	14.2%	
Operating margin	7.1%	10.9%		2.7%	5.9%	
Net margin	-3.4%	-0.4%		-7.5%	-0.2%	
Core profit margin	-0.4%	2.7%		-2.9%	1.2%	
Adjusted EBITDA Margin	14.7%	16.6%		12.7%	14.8%	

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

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The consolidated revenues decreased by 26.0% to US\$1,538.7 million in 9M20 from US\$2,079.9 million in 9M19 with lower revenue contribution from all the subsidiaries **):

- a) **Kideco's revenue decreased by 23.1% YoY to US\$918.5 million** due to lower average selling price and sales volume. **Kideco sold 23.7 MT of coal at ASP of US\$38.8/ton in 9M20** compared to 26.1 MT of coal sold at ASP of US\$45.7/ton in 9M19.
- b) **Indika Resources' revenue decreased by 36.9% YoY to US\$155.0 million in 9M20 from US\$245.8 million in 9M19**, mainly due to lower contribution from MUTU and coal trading. MUTU's revenue decreased by 32.2% YoY to US\$59.2 million in 9M20 with sales volume decreased 12.4% YoY to 1.0 MT in 9M20, while ASP declined by 22.5% YoY to US\$61.9/ton in 9M20. Coal trading revenue decreased by 39.6% YoY to US\$95.8 million on 3.5 MT coal traded from US\$158.4 million on 5.1 MT coal traded in 9M19.
- c) **Petrosea's revenue dropped 34.0% YoY to US\$249.9 million in 9M20** from US\$378.7 million in 9M19 due mainly to: 1) E&C decreased by 46.0% YoY to US\$46.5 million from US\$86.1 million in 9M19 mainly due to completion of Adaro Lampunut project (US\$36.2 million in 9M19) and lower revenue contribution from Freeport Levee and Amphibious project by US\$8.0 million partially lifted with increase in Freeport JIPE project US\$11.8 million and revenue from FEED project for Awakmas of US\$5.7 million; 2) Contract mining decreased by 31.1% YoY to US\$151.7 million in 9M20 on the back of lower overburden removal volume at 68.8 mbcm vs 96.9 mbcm in 9M19 due to discontinued BMB contract (from 22.9 mbcm in 9M19 to 5.4 mbcm in 9M20), lower volume in Tabang due to halted production caused by Covid-19 outbreak (from 36.0 mbcm in 9M19 to 26.9 mbcm in 9M20), and lower volume in Kideco (from 38.1 mbcm in 9M19 to 36.5 mbcm in 9M20); 3) POSB revenue decreased by 48.2% YoY to US\$19.1 million due to completion of Kariangau project and lower revenue contribution from Tanjung Batu. As of end of Sept 20, Petrosea has successfully recorded a backlog of USD835.5 million.
- d) **MBSS' revenue dropped 32.6% YoY to US\$40.9 million** from US\$60.6 million in 9M19. Barging revenue decreased by 31.8% to US\$29.1 million on volume of 18.6 MT in 9M20 compared to US\$42.7 million on volume of 19.1 MT in 9M19 due to lower rate and volume in contract segment as well as spot and time charter. Transshipment revenue decreased by 34.2% YoY to US\$11.7 million on 7.6 MT transshipment volume in 9M20 from US\$17.8 million on 8.6 MT volume in 9M19, mainly due to lower contribution from FC Vittoria during repair and lower contribution from FC bulk Java charter.
- e) **Tripatra's revenue decreased by 11.4% to US\$269.4 million compared to US\$304.1 million in 9M19**. The lower revenue was contributed by: 1) BP Tangguh project by 6.4% YoY decrease to US\$225.1 million in 9M20 vs US\$240.4 million in 9M19; 2) completion of Vopak project (US\$3.3 million in 9M20 vs US\$24.0 million in 9M19). The lower revenue contribution was partly offset with higher contribution from Emily project.

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

Cost of Contracts and Goods Sold decreased by 24.4% YoY to US\$1,324.4 million in 9M20 from US\$1,752.0 million in 9M19. The decreased of Cost of Contract and Goods Sold was in line with the

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declined of the company's revenue. Kideco's cash costs excluding royalties decreased to US\$27.7/ton in 9M20 compared to US\$31.2/ton in 9M19 with lower strip ratio of 5.9x in 9M20 compared to 6.4x in 9M19.

Selling, General and Administrative expenses increased by 5.1% YoY to US\$105.5 million in 9M20 from US\$100.4 million in 9M19, 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 16.9% to US\$71.2 million from US\$85.7 million in 9M19, primarily due to cost saving as a result of Liability Management conducted in July 2019, where 1) one off related to early redemption premium and acceleration amortization on bond issuance costs in 9M19 and 2) 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\$52.5 million in 9M20 compared to loss of US\$8.6 million in 9M19.

The company reported Core Loss in 9M20 of US\$5.5 million compared to Core Profit of US\$57.0 million reported in 9M19.

Descriptions (in USD mn)	9M20	9M19	YoY	FY19	Change % 9M20 - FY19
Cash balance*	601.7	754.5	-20.3%	703.0	-14.4%
Current assets	1,182.6	1,489.7	-20.6%	1,431.4	-17.4%
Total assets	3,315.8	3,704.1	-10.5%	3,616.2	-8.3%
Current liabilities	583.3	747.5	-22.0%	711.4	-18.0%
Total Debt**	1,504.4	1,506.4	-0.1%	1,526.3	-1.4%
Shareholder equity	931.1	1,084.4	-14.1%	1,045.8	-11.0%
Current ratio (X)	2.03	1.99	1.7%	2.01	0.8%
Debt to Ebitda (X)	4.71	3.37	39.5%	3.50	34.5%
Net Debt to Ebitda (X)	2.88	1.70	69.6%	1.87	54.2%
Debt to equity (X)	1.62	1.39	16.3%	1.46	10.7%
Net debt to equity (X)***	0.97	0.69	39.8%	0.79	23.1%

* 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)	9M20					YTD		
	3Q20	2Q19	YoY	2Q20	QoQ	9M20	9M19	YoY
Sales	255.3	384.3	-33.6%	286.9	-11.0%	918.5	1194.3	-23.1%
Gross profit	15.9	37.9	-58.0%	46.1	-65.5%	129.5	200.1	-35.3%
Operating profit	9.1	33.2	-72.5%	34.9	-73.9%	100.9	171.9	-41.3%
Net income	7.3	21.3	-65.5%	21.6	-66.0%	54.0	100.5	-46.3%
EBITDA	14.8	43.1	-65.7%	40.6	-63.6%	117.7	196.3	-40.0%
Gross margin	6.2%	9.9%	-36.8%	16.1%	-61.2%	14.1%	16.8%	-15.8%
Operating margin	3.6%	8.6%	-58.6%	12.2%	-70.6%	11.0%	14.4%	-23.6%
Net margin	2.9%	5.5%	-48.1%	7.5%	-61.8%	5.9%	8.4%	-30.1%
EBITDA margin	5.8%	11.2%	-48.4%	14.1%	-59.1%	12.8%	16.4%	-22.0%
Overburden (mn bcm)	46.3	65.3	-29.0%	48.5	-4.6%	141.3	163.3	-13.4%
Production volume (MT)	7.1	9.1	-22.7%	8.1	-12.9%	23.9	25.6	-6.7%
Sales volume (MT)	7.0	8.7	-18.7%	7.9	-10.9%	23.7	26.1	-9.4%
Stripping ratio (X)	6.6	7.2	-8.2%	6.0	9.5%	5.9	6.4	-7.2%
Cash Cost excl royalty (US\$/ton)	28.8	33.7	-14.4%	24.8	16.4%	27.7	31.2	-11.0%
Average selling price (US\$/ton)	36.3	44.4	-18.3%	36.4	-0.1%	38.8	45.7	-15.1%

Recent Development

- Indika Energy has successfully issued a new notes up to US\$675 million (“Notes 2025”) which the Original issue of US\$450 million was issued on 22 October 2020 and the tap issue of US\$225 million was issued on 4 November 2020. The Notes 2025 has 5 year tenor and coupon of 8.25%. The use of proceeds of Notes 2025 are: 1) full redemption on Notes 2022 and 2023 plus call premium; 2) repayment of any indebtedness due in 2021; 3) transaction cost relating issuance of the notes; and 4) diversification expansion. The Notes 2023 and 2023 has been redeemed on 23 November 2020.
- On 9 November 2020, Interport has completed the construction and commenced the operation of its fuel storage facility in Kariangau, East Kalimantan. The fuel storage is dedicated for ExxonMobil and has the capacity of 96 ML. With the completion of this fuel storage, Indika Energy has marked major steps for its journey to diversify from coal.

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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 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, PT Masmino Dwi Area), IT enterprise (PT Xapiens Teknologi Indonesia), digital technology services (PT Zebra Cross Teknologi)

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