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5 April 2021

INDIKA ENERGY RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)**, Indonesia's leading integrated and diversified company, reported its audited financial statements for the year ended December 31, 2020.

Highlights

- **Revenues decreased by 25.4% YoY to US\$2,077.2 million** from US\$2,782.7 million reported in FY19. The lower YoY figures are attributed to lower revenues contribution from most of the subsidiaries.
- **Gross profit decreased by 40.5% YoY to US\$253.9 million from US\$426.7 million reported in FY19. The consolidated gross margin dropped from 15.3% to 12.2% in FY20**, mainly due to lower contribution from Kideco and gross loss of US\$31.7 million recorded by Tripatra due to additional cost incurred in BP Tangguh project. In addition, Kideco's gross profit dropped 28.7% YoY to US\$177.1 million with lower gross margin reported at 14.2% in FY20 down from 15.8% in FY19.
- **Operating income dropped 60.0% YoY to US\$115.9 million** from US\$289.5 million reported in FY19, while operating margin dropped to 5.6% from 10.4% in FY19.
- **Finance cost increased to US\$119.5 million in FY20** vs US\$109.5 million in FY19, mainly due to 1). higher financing related charges due to call premium and acceleration on amortization of issuance cost as result of early redemption of 2022 & 2023 notes and 2). higher coupon rate from the new 2025 bond and 3) additional new debt at holding and subsidiaries.
- **Others - net expenses of US\$2.4 million in FY20** vs others – net income of US\$5.3 million in FY19, 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\$117.5 million** in FY20, compared to net loss of US\$18.2 million in FY19.
- **Core Loss* US\$52.2 million reported** in FY20 compared to Core Profit of US\$75.5 million reported in FY19.

**) 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; 3) impairment of asset; and 4) gain from a bargain purchase related to investment in Awakmas*

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- The Adjusted EBITDA totalled US\$274.1 million for the period ending December 31, 2020, compared to US\$436.0 million in the same period previous year.
- Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of December 2020 stood at US\$792.1 million.
- Capex spending during FY20 was US\$84.2 million. Approximately US\$34.8 million was spent on construction of fuel storage facilities and US\$30.0 million was spent on Petrosea.

PT Indika Energy Tbk.

Descriptions (in USD mn)	FY20	FY19	YoY	4Q20	3Q20	QoQ
Total revenues	2,077.2	2,782.7	-25.4%	538.6	409.7	31.4%
Kideco	1,249.5	1,574.2	-20.6%	331.0	255.3	29.7%
Indika Resources	192.9	325.9	-40.8%	37.9	21.5	76.2%
Petrosea	340.7	476.4	-28.5%	90.8	74.0	22.7%
Tripatra	299.4	462.3	-35.2%	30.0	73.6	-59.2%
MBSS	54.9	77.8	-29.5%	14.0	11.9	17.6%
Others	117.3	91.8	27.8%	80.8	17.4	363.7%
Elimination	(177.4)	(225.7)	-21.4%	(45.8)	(44.0)	4.1%
Cost of contracts and goods sold	(1,823.3)	(2,356.0)	-22.6%	(499.0)	(369.7)	35.0%
Gross profit	253.9	426.7	-40.5%	39.6	40.0	-1.0%
Selling, general and administrative expenses	(138.0)	(137.2)	0.6%	(32.5)	(28.8)	13.0%
Operating profit	115.9	289.5	-60.0%	7.1	11.2	-36.9%
Equity in net profit of associates	32.6	30.0	8.6%	11.4	8.0	42.6%
Investment income	11.4	16.1	-29.0%	3.9	2.3	70.4%
Finance cost	(119.5)	(109.5)	9.2%	(48.4)	(23.5)	105.5%
Amortization of intangible assets	(135.6)	(135.7)	0.0%	(33.9)	(33.9)	0.0%
Impairment of assets	(6.0)	(3.0)	-102.0%	6.0	0.0	100.0%
Final tax	(9.2)	(19.7)	53.4%	(2.7)	(1.9)	44.1%
Gain from a bargain purchase	16.2	0.0	100.0%	2.0	3.3	-40.1%
Fair value changes on contingent consideration	(2.6)	(19.1)	86.6%	7.3	(4.8)	252.8%
Others- net	(2.4)	5.3	-145.0%	9.4	0.8	1108.4%
Profit (Loss) Income before tax	(99.2)	54.1	-283.2%	(49.9)	(38.5)	-29.7%
Income tax expense	(4.3)	(49.1)	91.3%	(8.6)	9.2	193.0%
Profit (Loss) for the year/period :	(103.4)	5.0	-2172.1%	(58.5)	(29.2)	-100.1%
Profit (Loss) attributable to owners of the company	(117.5)	(18.2)	-547.3%	(65.0)	(30.6)	-112.6%
Profit (Loss) attributable to non-controlling Interest	14.1	23.2	-39.1%	6.6	1.4	382.6%
Core Profit (Loss) of the Company	(52.2)	75.5	-169.2%	(46.7)	(12.0)	-289.3%
Adjusted EBITDA*	274.1	436.0	-37.1%	47.5	52.1	-8.8%
EPS (USD/share)	(0.0226)	(0.0035)		(0.0125)	(0.0059)	
Core EPS (USD/share)	(0.0100)	0.0145		(0.0090)	(0.0023)	
Gross margin	12.2%	15.3%		7.4%	9.8%	
Operating margin	5.6%	10.4%		1.3%	2.7%	
Net margin	-5.7%	-0.7%		-12.1%	-7.5%	
Core profit margin	-2.5%	2.7%		-8.7%	-2.9%	
Adjusted EBITDA Margin	13.2%	15.7%		8.8%	12.7%	

* Includes dividends from associates (last twelve months period ended 31 Dec 2020)

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The consolidated revenues decreased by 25.4% to US\$2,077.2 million in FY20 from US\$2,782.7 million in FY19 with lower revenue contribution from most of the subsidiaries **):

- a) **Kideco's revenue decreased by 20.6% YoY to US\$1,249.5 million** due to lower average selling price (-16.1% YoY) and lower sales volume (-5.4% YoY). **Kideco sold 33.0 MT of coal at ASP of US\$37.8/ton in FY20** compared to 34.9 MT of coal sold at ASP of US\$45.1/ton in FY19.
- b) **Petrosea's revenue dropped 28.5% YoY to US\$340.7 million in FY20** from US\$476.4 million in FY19 due mainly to: 1) E&C decreased by 32.6% YoY to US\$65.8 million from US\$97.7 million in FY19 mainly due to lower revenue contribution from Freeport and completion of Adaro's Lampunut project in 2019 which has contributed US\$34.8 million. However, this decline was partially lifted with increase revenue from Awakmas' FEED project of US\$10.4 million; 2) Contract mining decreased by 26.9% YoY to US\$209.9 million in FY20 on the back of lower overburden removal volume of 94.4 mbcmm in FY20 vs 123.5 mbcmm in FY19 due to (a) lower volume at BMB project (from 29.6 mbcmm in FY19 to 5.4 mbcmm in FY20), (b) lower volume in Tabang due to 2 months ceased production due to pandemic (from 42.6 mbcmm in FY19 to 36.5 mbcmm in FY20) 3) POSB revenue decreased by 49.5% YoY to US\$23.8 million due to lower revenue contribution from Tanjung Batu (US\$3.8 million in FY20 vs US\$10.3 million in FY19) and Sorong (US\$16.4 million in FY20 vs US\$19.6 million in FY19). In addition, Kariangau project was completed in 2019 with contribution of US\$13.5 million.
- c) **Tripatra's revenue decreased by 35.2% to US\$299.4 million compared to US\$462.3 million in FY19**. The lower contribution: 1) BP Tangguh project which decreased 33.0% YoY from US\$373.7 million in FY19 to US\$250.2 million in FY20; 2) lower revenue from Emily project (US\$35.7 million in FY20 vs US\$48.5 million in FY19) and 3) completion of Vopak project (US\$4.0 million in FY20 vs US\$28.2 million in FY19).
- d) **Indika Resources' revenue decreased by 40.8% YoY to US\$192.9 million in FY20 from US\$325.9 million in FY19**, mainly due to lower contribution from MUTU and coal trading. MUTU's revenue decreased by 38.3% YoY to US\$78.1 million in FY20 with sales volume decreased 21.5% YoY to 1.3 MT in FY20, while ASP declined by 21.3% YoY to US\$60.1/ton in FY20. Coal trading revenue decreased by 42.4% YoY to US\$114.8 million on 4.3 MT coal traded from US\$199.5 million on 6.5 MT coal traded in FY19.
- e) **MBSS' revenue dropped 29.5% YoY to US\$54.9 million** from US\$77.8 million in FY19. Barging revenue decreased by 31.4% to US\$38.1 million in FY20 compared to US\$55.5 million in FY19, mostly due to lower rate. Transshipment revenue decreased 24.8% YoY to US\$16.8 million in FY20 from US\$22.3 million FY19, mostly due to lower volume.

**) All subsidiaries revenue figures are before eliminations

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Cost of Contracts and Goods Sold decreased by 22.6% YoY to US\$1,823.3 million in FY20 from US\$2,356.0 million in FY19. Kideco's cash costs excluding royalties decreased 13.6% YoY to US\$27.0/ton (SR 5.7x) in FY20 compared to US\$31.2/ton in FY19 (6.3x). In addition, Tripatra recorded cost overrun on BP Tangguh project which has resulted in gross loss of US\$31.7 million in 2020 vs gross profit of US\$37.5 million in 2019.

The drop in revenue was not followed by the cost incurred in Selling, General and Administrative expenses, which slightly increased by 0.6% YoY to US\$138.0 million in FY20 from US\$137.2 million in FY19, driven by 1) higher expenses related to Covid-19 2) higher professional fees in relation to consent solicitation and 3) higher head counts related to new projects across the group.

Finance costs increased by 9.2% to US\$119.5 million from US\$109.5 million in FY19, primarily due to 1). higher finance charges due to call premium and acceleration on amortization of issuance cost as result of early redemption of 2022 & 2023 notes and 2). higher coupon rate from the new bond and 3) additional debt at holding and subsidiaries.

The Company reported Loss Attributable to the Owners of the Company in the amount of US\$117.5 million in FY20 compared to loss of US\$18.2 million in FY19.

The company reported Core Loss in FY20 of US\$52.2 million compared to Core Profit of US\$75.5 million reported in FY19.

Descriptions (in USD mn)	FY20	FY19	Change %
Cash balance*	792.1	703.0	12.7%
Current assets	1,394.1	1,431.4	-2.6%
Total assets	3,493.7	3,616.2	-3.4%
Current liabilities	707.7	711.4	-0.5%
Total Debt**	1,693.8	1,526.3	11.0%
Shareholder equity	867.3	1,045.8	-17.1%
Current ratio (X)	1.97	2.01	
Debt to Ebitda (X)	6.18	3.50	
Net Debt to Ebitda (X)	3.33	1.87	
Debt to equity (X)	1.95	1.46	
Net debt to equity (X)***	1.04	0.79	

* 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)	4Q20	4Q19	YoY	3Q20	QoQ	FY20	FY19	YoY
Sales	330.9	379.8	-12.9%	255.3	29.6%	1249.5	1574.2	-20.6%
Gross profit	47.5	48.2	-1.5%	15.9	198.9%	177.1	248.3	-28.7%
Operating profit	37.2	39.2	-5.0%	9.1	307.3%	138.2	211.1	-34.5%
Net income	21.4	19.3	10.9%	7.3	191.7%	75.4	119.8	-37.1%
EBITDA	42.8	49.4	-13.3%	14.8	189.7%	160.5	245.7	-34.7%
Gross margin	14.4%	12.7%	13.1%	6.2%	130.6%	14.2%	15.8%	-10.2%
Operating margin	11.2%	10.3%	9.0%	3.6%	214.3%	11.1%	13.4%	-17.5%
Net margin	6.5%	5.1%	27.3%	2.9%	125.0%	6.0%	7.6%	-20.7%
EBITDA margin	12.9%	13.0%	-0.5%	5.8%	123.5%	12.8%	15.6%	-17.7%
Overburden (mn bcm)	45.6	51.4	-11.2%	46.3	-1.6%	186.9	214.6	-12.9%
Production volume (MT)	9.1	8.6	5.2%	7.1	28.7%	33.0	34.3	-3.7%
Sales volume (MT)	9.4	8.8	6.4%	7.0	33.1%	33.0	34.9	-5.4%
Stripping ratio (X)	5.0	6.0	-15.6%	6.6	-23.5%	5.7	6.3	-9.5%
Cash Cost excl royalty (US\$/ton)	25.4	31.3	-18.8%	28.8	-12.0%	27.0	31.2	-13.6%
Average selling price (US\$/ton)	35.4	43.2	-18.1%	36.3	-2.6%	37.8	45.1	-16.1%

Highlights of 4Q20

- In October 2020, the Company issued 5-year US\$675 million Notes due in 2025 at 8.25% coupon to replace 2022 and 2023 Notes with total of US\$550 million, which followed by consent solicitation related to its US\$575 million Senior Notes due 2024. The purpose of the Consent Solicitation was to seek consent from the Senior Note Holders to align with covenants in the US\$675 million Senior Notes due 2025. The Company obtained 84% consent from the holders on 4 December 2020.
- In December, as our commitment to improve good corporate governance, Indika Energy group obtained ISO37001 for anti-bribery management system.
- On 29 December 2020, Ministry of Transport Indonesia has awarded the consortium of Patimban as the operator of Patimban Port for 40 years. The Company through its subsidiary, Indika Logistic Support & Services ("ILSS") has ownership interest of 29% stakes in the consortium company. Patimban Port is expected to operate car and container terminal with capacity of 600,000 CBU and 3.75 million TEU respectively. Patimban Port is an alternate port of Tanjung Priok, which can resolve its over capacity issues and shorten the distance between industrial estate and port. As this port is supported and funded by Japan International Cooperation Agency ("JICA"), a Japanese company is expected to join the consortium up to 49% ownership interest. By the end of 2021, the Patimban port is targeted to operate the car terminal with capacity of 218,000 CBU.

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Recent Development

- On 3 March 2021, INDY has established a joint venture company with a leading India-based solar energy company Fourth Partner Energy, under the name of PT Empat Mitra Indika Tenaga Surya (“**EMITS**”). The subsidiary plans to develop renewable energy business, particularly solar power, in Indonesia.

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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), renewable energy (PT Empat Mitra Indika Tenaga Surya)

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FURTHER INFORMATION

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