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28 May 2020

INDIKA ENERGY RESULTS FOR THE QUARTER ENDED MARCH 31, 2020

Jakarta - **PT Indika Energy Tbk. (IDX: INDY)** reported its unaudited financial statements for the 3-months ended March 31, 2020

Highlights

- **Revenues decreased by 8.5% YoY to US\$641.5 million** from US\$700.7 million reported in 3M19. The lower YoY figures are attributed mainly to lower revenues contribution from Kideco and Petrosea. Kideco's revenue decreased by 8.2% YoY to US\$376.4 million from US\$409.9 million reported in 3M19, driven by lower average realized selling price. Petrosea's revenue dropped 10.1% YoY to US\$103.6 million from US\$115.2 million reported in 3M19 due to lower contribution from contract mining and E&C.
- **Gross profit decreased by 10.8% YoY to US\$104.9 million from US\$117.6 million reported in 3M19. The consolidated gross margin slightly decreased from 16.8% to 16.4% in 3M20**, mainly due to lower gross profit contribution from Kideco as a result of lower ASP vs. relatively stable cash cost. Kideco's gross profit dropped 16.0% YoY to US\$67.6 million with lower gross margin reported at 18.0% in 3M20 down from 19.6% in 3M19.
- **Operating income dropped 16.9% YoY to US\$68.7 million** from US\$82.7 million reported in 3M19, while operating margin dropped to 10.7% from 11.8% in 3M19.
- **Finance cost decreased to US\$23.9 million in 3M20** vs US\$25.4 million in 3M19, as a result of liability management exercise conducted in July 2019. Meanwhile, the Company recorded other expenses of US\$31.9 million in 3M20, mostly due to unrealized forex loss related to IDR receivables derived from domestic sales, compared to other gain of US\$5.0 million booked in 3M19.
- **The Company booked Loss attributable to owners of the company of US\$21.0 million** in 3M20.
- **Core Profit* of the company decreased to US\$0.9 million** in 3M20 compared to US\$33.6 million reported in 3M19.

*) Core Profit 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; and 2) amortization intangible assets of Kideco and MUTU

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- The Adjusted EBITDA totalled US\$102.3 million for the period ending March 31, 2020**, compared to US\$130.2 million in the same period previous year.
- Cash, Cash Equivalents, Other Financial Assets, and Restricted Cash at end of March 2020 stood at US\$728.2 million.**
- Capex spending during 3M20 was US\$43.3 million.** Approximately US\$22.4 million was spent on construction of fuel storage facilities and US\$15.0 million was spent on Petrosea

PT Indika Energy Tbk.

Descriptions (in USD mn)	3M20				
	1Q20	1Q19	YoY	4Q19	QoQ
Total revenues	641.5	700.7	-8.5%	702.8	-8.7%
Kideco	376.4	409.9	-8.2%	379.8	-0.9%
Indika Resources	78.3	81.4	-3.8%	82.7	-5.4%
Petrosea	103.6	115.2	-10.1%	97.7	6.0%
Tripatra	100.3	96.5	4.0%	158.2	-36.6%
MBSS	16.4	20.9	-21.6%	17.2	-5.1%
Others	13.2	19.0	-30.6%	28.3	-53.4%
Elimination	(46.6)	(43.0)	8.4%	(61.2)	-23.9%
Cost of contracts and goods sold	(536.6)	(583.1)	-8.0%	(604.0)	-11.2%
Gross profit	104.9	117.6	-10.8%	98.8	6.1%
Selling, general and administrative expenses	(36.2)	(35.0)	3.5%	(36.8)	-1.5%
Operating profit	68.7	82.7	-16.9%	62.1	10.7%
Equity in net profit of associates	6.7	7.6	-11.4%	6.1	10.9%
Investment income	0.2	4.1	-94.8%	3.9	-94.6%
Finance cost	(23.9)	(25.4)	-5.8%	(23.8)	0.5%
Amortization of intangible assets	(33.9)	(33.9)	0.0%	(33.9)	0.0%
Impairment of assets	0.0	(0.6)	100.0%	0.9	-100.0%
Final tax	(2.8)	(3.6)	-22.0%	(3.3)	-16.7%
Others- net	(31.9)	5.0	-740.4%	9.6	-433.7%
Profit (Loss) Income before tax	(16.8)	35.9	-146.8%	14.9	-212.6%
Income tax expense	(0.9)	(17.5)	-94.8%	(5.1)	-82.5%
Profit (Loss) for the year/period :	(17.7)	18.5	-196.1%	9.8	-281.1%
Profit (Loss) attributable to owners of the company	(21.0)	11.7	-279.7%	(9.5)	-120.3%
Profit (Loss) attributable to non-controlling Interest	3.3	6.8	-51.3%	5.1	-35.2%
Core Profit of the Company	0.9	33.6	-97.4%	14.3	-94.0%
Adjusted EBITDA*	102.3	130.2	-21.5%	89.9	13.7%
LTM - Adjusted EBITDA *	411.2	549.2	-25.1%	(10.6)	-3993.3%
EPS (USD/share)	(0.0040)	0.0022		(0.0018)	
Core EPS (USD/share)	0.0002	0.0064		0.0027	
Gross margin	16.4%	16.8%		14.1%	
Operating margin	10.7%	11.8%		8.8%	
Net margin	-3.3%	1.7%		-1.4%	
Core profit margin	0.1%	4.8%		2.0%	
Adjusted EBITDA Margin	15.9%	18.6%		12.8%	

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

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The consolidated revenues decreased by 8.5% to US\$641.5 million in 3M20 from US\$700.7 million in 3M19 with lower revenue contribution from most of the subsidiaries except Tripatra**):

- a) **Kideco's revenue decreased by 8.2% YoY to US\$376.4 million** due to lower average selling price. **Kideco sold 8.8 MT of coal at ASP of US\$43.0/ton in 3M20** compared to 9.0 MT of coal sold at ASP of US\$45.7/ton in 3M19.
- b) **Indika Resources' revenue decreased by 3.8% YoY to US\$78.3 million in 3M20 from US\$81.4 million in 3M19**, mainly due to lower contribution from MUTU. MUTU's revenue decreased by 6.6% YoY to US\$22.2 million in 3M20 with sales volume decreased 9.6% YoY to 0.3 MT in 3M20, while ASP declined by 14.9% YoY to US\$69.0/ton in 3M20. The lower revenue from MUTU was partially lifted by higher coal trading contribution, which revenue was up by 4.8% YoY to US\$56.1 million on 1.9 MT coal traded from US\$53.4 million on 1.8 MT coal traded in 3M19.
- c) **Petrosea's revenue dropped 10.1% to US\$103.6 million in 3M20** from US\$115.2 million in 3M19 due mainly to: 1) E&C decreased by 30.4% YoY to US\$23.2 million from US\$33.4 million in 3M19 due to completion of Adaro project; 2) Contract mining decreased by 4.9% YoY to US\$60.2 million in 3M20 on the back of lower overburden removal volume at 27.2 mbcm vs 28.6 mbcm in 3M19. Lower OB volume in Tabang and BMB was compensated by 18.4% YoY higher OB volume from Kideco to 12.2 mbcm. The decrease in contract mining and E&C revenues was partly lifted by higher revenue contribution from POSB which increased by 23.8% YoY to US\$8.4 million.
- d) **MBSS' revenue dropped 21.6% YoY to US\$16.4 million** from US\$20.9 million in 3M19. Barging revenue decreased by 21.2% to US\$12.0 million on volume of 7.2 MT in 3M20 compared to US\$15.2 million on volume of 6.3 MT in 3M19. MBSS has a new contract with Adaro, in which fuel is now excluded. Transhipment revenue decreased by 22.4% YoY to US\$4.4 million on 2.1 MT transhipment volume in 3M20 from US\$5.7 million on 2.7 MT volume in 3M19 due to maintenance and the absence of one-time transhipment project recorded in 3M19.
- e) **Tripatra's revenue slightly increased by 4.0% to US\$100.3 million compared to US\$96.5 million in 3M19**. The improvement was contributed by: 1) BP Tangguh project by 22.3% YoY increase to US\$85.1 million in 3M20 vs US\$72.8 million in 3M19; 2) Interport's fuel storage project in Kariangau contributed US\$12.6 million in 3M20 compared US\$4.9 million in 3M19. On the other hand, Vopak project and ENI Jangkrik have lower contribution due to project completion.

Cost of Contracts and Goods Sold slightly decreased by 8.0% YoY to US\$536.6 million in 3M20 from US\$583.1 million in 3M19 in line with the lower consolidated revenues. Kideco's cash costs excluding royalties slightly decreased to US\$29.4/ton in 3M20 compared to US\$29.6/ton in 3M19 with lower strip ratio of 5.3x in 3M20 compared to 5.9x in 3M19. This lower cost was offset with higher reclamation cost in 3M20.

**) All subsidiaries revenue figures are before eliminations

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Selling, General and Administrative expenses increased by 3.5% YoY to US\$36.2 million in 3M20 from US\$35.0 million in 3M19, mostly due to higher head counts related to new projects across the group.

Finance costs decreased by 5.8% to US\$23.9 million from US\$25.4 million in 3M19, primarily due to cost saving as a result of Liability Management conducted in July 2019, where 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\$21.0 million in 3M20, whereas the Company booked Profit Attributable to the Owners of the Company of US\$11.7 million in 3M19.

Core Profit in 3M20 decreased to US\$0.9 million from US\$33.6 million reported in 3M19.

Descriptions (in USD mn)	3M20	3M19	YoY	FY19	Change % 3M20 - FY19
Cash balance*	728.2	892.8	-18.4%	703.0	3.6%
Current assets	1,345.9	1,565.6	-14.0%	1,431.4	-6.0%
Total assets	3,520.8	3,774.1	-6.7%	3,616.2	-2.6%
Current liabilities	657.2	719.6	-8.7%	711.4	-7.6%
Total Debt**	1,526.8	1,546.7	-1.3%	1,526.3	0.0%
Shareholder equity	999.9	1,127.0	-11.3%	1,045.8	-4.4%
Current ratio (X)	2.05	2.18	-5.9%	2.01	1.8%
Debt to Ebitda (X)	3.71	2.82	31.8%	3.50	6.1%
Net Debt to Ebitda (X)	2.11	1.51	40.4%	1.87	13.2%
Debt to equity (X)	1.53	1.37	11.3%	1.46	4.6%
Net debt to equity (X)***	0.80	0.58	37.7%	0.79	1.5%

* includes other financial assets and restricted cash

** total debt with interest bearing excluding 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 nn)	3M20				
	1Q20	1Q19	YoY	4Q19	QoQ
Sales	376.4	409.9	-8.2%	379.8	-0.9%
Gross profit	67.6	80.5	-16.0%	48.2	40.1%
Operating profit	56.9	71.2	-20.1%	39.2	45.1%
Net income	25.1	40.5	-37.9%	19.3	30.3%
EBITDA	62.3	77.9	-20.0%	49.4	26.3%
Gross margin	18.0%	19.6%	-8.5%	12.7%	41.4%
Operating margin	15.1%	17.4%	-13.0%	10.3%	46.4%
Net margin	6.7%	9.9%	-32.4%	5.1%	31.5%
EBITDA margin	16.6%	19.0%	-12.9%	13.0%	27.4%
Overburden (mn bcm)	46.5	48.6	-4.5%	51.4	-9.5%
Production volume (MT)	8.8	8.3	5.9%	8.6	1.6%
Sales volume (MT)	8.8	9.0	-2.4%	8.8	-0.5%
Stripping ratio (X)	5.3	5.9	-9.7%	6.0	-11.0%
Cash Cost excl royalty (US\$/ton)	29.4	29.6	-0.6%	31.3	-5.8%
Average selling price (US\$/ton)	43.0	45.7	-5.9%	43.2	-0.4%

Recent Developments

- On May 20, 2020, Moody's has issued a report and affirmed the Ba3 ratings on our backed senior secured notes due 2022, 2023 and 2024 and revised the outlook on these ratings to negative from stable.

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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 MitraBhatera 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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FURTHER INFORMATION

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