

# NEWS RELEASE

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02 August 2021

## INDIKA ENERGY RESULTS FOR THE PERIOD ENDED JUNE 30, 2021

### Indika Energy recorded Net Profit of US\$12.0 million and Core Profit of US\$55.8 million in 6M21

Jakarta - PT Indika Energy Tbk. (IDX: INDY), Indonesia's leading integrated and diversified company, reported its unaudited financial statements for the period ended June 30, 2021.

#### Highlights

- **Revenues increased by 14.1% YoY to US\$1,287.9 million** from US\$1,128.9 million reported in 6M20. The higher YoY figures were attributed to higher contribution from most of the subsidiaries except Tripatra.
- **Gross profit rose 68.7% YoY to US\$294.0 million from US\$174.3 million reported in 6M20. The consolidated gross margin improved from 15.4% to 22.8% in 6M21**, mainly due to higher Kideco's performance (Kideco's GP margin 27.4% in 6M21 vs 17.2% in 6M20). The increase was partially offset by Tripatra's gross loss of US\$20.3 million in 6M21 due to additional cost incurred in BP Tangguh project.
- **Operating income grew 124.9% YoY to US\$219.4 million** from US\$97.6 million reported in 6M20 and operating margin improved to 17.0% from 8.6% in 6M20 as SG&A expenses remained under control and decreased by 2.8% YoY to US\$74.6 million from US\$76.7 million in 6M20.
- **Finance cost increased by 15.9% YoY to US\$55.2 million in 6M21** vs US\$47.6 million in 6M20, mainly due to new bond with higher coupon rate (avg of 7.2% in 6M21 vs. avg of 6.2% in 6M20) and additional debt of US\$125 million at holding to fund diversification investment.
- **Others - net expenses decreased to US\$0.3 million in 6M21 from US\$12.6m in 6M20**, mainly driven by lower forex loss and higher other incomes.
- **The Company booked Profit attributable to Owners of the Company\* of US\$12.0 million** in 6M21, compared to net loss of US\$21.9 million in 6M20.
- **Core Profit\*\* of US\$55.8 million reported** in 6M21, a significant jump compared to Core Profit of US\$6.5 million reported in 6M20 (+757.3% YoY).

*\*) Kideco sold 6.4MT of coal to domestic market in 6M21, or 1.9MT higher than the 25% DMO requirement. If the 1.9MT coal volume sold to the export market, we estimate the potential profit could have brought approximately additional US\$9 million in 6M21.*

*\*\*\*) 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\$306.6 million for the period ending June 30, 2021**, compared to US\$174.4 million in the same period previous year, while LTM EBITDA was recorded at US\$406.1 million in 6M21.
- **Cash, Cash Equivalents and Other Financial Assets end of June 2021 stood at US\$756.6 million.**
- **Capex spending during 6M21 was US\$37.0 million**, primarily US\$26.6 million was spent in Petrosea for maintenance and replacement and US\$4.2 million in MBSS for vessel maintenance.

### PT Indika Energy Tbk.

Descriptions (in USD mn)	6M21	6M20	YoY	2Q21	1Q21	QoQ
<b>Total revenues</b>	<b>1,287.9</b>	<b>1,128.9</b>	<b>14.1%</b>	<b>705.7</b>	<b>582.2</b>	<b>21.2%</b>
Kideco	876.8	663.2	32.2%	461.9	414.9	11.3%
Indika Resources	158.5	133.5	18.7%	101.4	57.1	77.5%
Petrosea	193.3	175.9	9.9%	102.2	91.1	12.2%
Tripatra	95.8	195.8	-51.1%	56.7	39.0	45.4%
MBSS	33.4	29.0	15.0%	18.2	15.2	20.0%
Interport	14.5	3.3	335.3%	7.4	7.1	4.8%
Others	29.7	17.2	72.7%	16.7	13.0	28.8%
Elimination	(114.0)	(87.6)	30.2%	(58.9)	(55.2)	6.7%
<b>Cost of contracts and goods sold</b>	<b>(993.9)</b>	<b>(954.6)</b>	<b>4.1%</b>	<b>(532.6)</b>	<b>(461.2)</b>	<b>15.5%</b>
<b>Gross profit</b>	<b>294.0</b>	<b>174.3</b>	<b>68.7%</b>	<b>173.0</b>	<b>120.9</b>	<b>43.1%</b>
Selling, general and administrative expenses	(74.6)	(76.7)	-2.8%	(38.5)	(36.1)	6.6%
<b>Operating profit</b>	<b>219.4</b>	<b>97.6</b>	<b>124.9%</b>	<b>134.6</b>	<b>84.9</b>	<b>58.6%</b>
Equity in net profit of associates	16.7	13.3	25.5%	7.7	8.9	-13.6%
Investment income	2.6	5.2	-49.8%	1.8	0.8	130.4%
Finance cost	(55.2)	(47.6)	15.9%	(27.6)	(27.6)	0.1%
Amortization of intangible assets	(67.8)	(67.8)	0.0%	(33.9)	(33.9)	0.0%
Final tax	(4.1)	(4.7)	11.5%	(2.0)	(2.1)	-5.8%
Gain from a bargain purchase	0.0	10.9	-100.0%	0.0	0.0	0.0%
Fair value changes on contingent consideration	(9.5)	(5.1)	-87.3%	(4.8)	(4.8)	0.0%
Others- net	(0.3)	(12.6)	97.4%	6.9	(7.2)	195.5%
<b>Profit (Loss) Income before tax</b>	<b>101.7</b>	<b>(10.8)</b>	<b>1040.0%</b>	<b>78.0</b>	<b>23.8</b>	<b>228.2%</b>
Income tax expense	(72.9)	(4.9)	-1383.0%	(45.9)	(26.9)	70.6%
Profit (Loss) for the year/period :	28.9	(15.7)	283.4%	32.0	(3.2)	1108.7%
<b>Profit (Loss) attributable to owners of the company</b>	<b>12.0</b>	<b>(21.9)</b>	<b>154.8%</b>	<b>21.4</b>	<b>(9.4)</b>	<b>328.2%</b>
Profit (Loss) attributable to non-controlling Interest	16.9	6.2	172.6%	10.7	6.2	72.4%
<b>Core Profit (Loss) of the Company</b>	<b>55.8</b>	<b>6.5</b>	<b>757.3%</b>	<b>43.3</b>	<b>12.5</b>	<b>245.4%</b>
Adjusted EBITDA*	306.6	174.5	75.7%	172.4	134.2	28.5%
LTM - Adjusted EBITDA*	406.1	359.0	13.1%	406.1	304.8	33.2%
EPS (USD/share)	0.0023	(0.0042)		0.0041	(0.0018)	
Core EPS (USD/share)	0.0107	0.0012		0.0083	0.0024	
Gross margin	22.8%	15.4%		24.5%	20.8%	
Operating margin	17.0%	8.6%		19.1%	14.6%	
Net margin	0.9%	-1.9%		3.0%	-1.6%	
Core profit margin	4.3%	0.6%		6.1%	2.2%	
Adjusted EBITDA Margin	23.8%	15.5%		24.4%	23.0%	

\* Includes dividends from associates

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**The consolidated revenues increased 14.1% YoY to US\$1,287.9 million in 6M21 from US\$1,128.9 million in 6M20.** \*\*) The higher YoY figures were attributed to higher contribution from most of subsidiaries except Tripatra and coal trading business:

- a) **Kideco's revenue grew by 32.2% YoY to US\$876.8 million** due to higher average selling price (+21.9% YoY) and higher sales volume (+8.5% YoY). **Kideco sold 18.1 MT of coal at ASP of US\$48.6/ton in 6M21** compared to 16.6 MT of coal sold at ASP of US\$39.8/ton in 6M20. In 6M21, Kideco sold 6.4MT or 35% of sales volume, to domestic market, 1.9MT higher volume than the 25% DMO requirement (4.5MT). If we shifted the 1.9MT coal volume from domestic to export sales, we estimate that it could have brought our ASP US\$1.1 higher to US\$49.7/ton. Kideco's export sales volume of 11.7MT were dominated by China, Southeast Asia countries, and India with 33%, 14% and 9% of total sales volume, respectively.
- b) **Petrosea's revenue rose by 9.9% YoY to US\$193.3 million in 6M21** from US\$175.9 million in 6M20 due mainly to higher contribution from contract mining. Contract mining revenue increased strongly by 35.5% YoY to US\$140.9 million in 6M21 with 27% YoY higher overburden volume of total 58 mbcm from Kideco (+44.0% YoY) and Tabang (+28.4% YoY) as well as new contract from KSM with OB volume of 2.3 mbcm in 6M21. On the other hand, 1) E&C segment revenues decreased by 26.4% YoY to US\$24.7 million with lower contribution from Freeport, but partially lifted with higher revenue contribution from FEED project in Awakmas; and 2) POSB revenue decreased by 54.4% YoY to US\$6.8 million mainly due to completion of Tg Batu and lower revenue from Sorong.
- c) **Indika Resources' revenue increased by 18.7% YoY to US\$158.5 million in 6M21 from US\$133.5 million in 6M20**, mainly due to higher contribution from MUTU which partially offset with lower revenue contribution from coal trading. MUTU's revenue increased by 75.1% YoY to US\$40.5 million in 6M21, driven by +34.2% YoY growth in sales volume to 0.9MT and +30.4% YoY increase in ASP to US\$82.3/ton. Coal trading revenue in 6M21 decreased by 5.9% YoY to US\$87.5 million on 2.2 MT coal traded (-35.3% YoY) but with higher ASP.
- d) **MBSS' revenue increased 15.0% YoY to US\$33.4 million** from US\$29.0 million in 6M20. Barging revenue increased by 10.8% to US\$23.4 million in 6M21 driven mainly by higher rate on the back of 9.7% YoY lower volume (12.1 MT in 6M21). Transshipment revenue increased 26.2% YoY to US\$10.0 million in 6M21, mostly due to higher volume from FC Vittoria (5.2MT in 6M21 vs 3.6 MT in 6M20).
- e) **Interport revenue increased by 335.3% YoY million to US\$14.5 million** in 6M21 as fuel storage started operation in Nov 2020 with volume of 7.1 kbd in 6M21.
- f) **Tripatra's revenue decreased by 51.1% to US\$95.8 million compared to US\$195.8 million in 6M20.** The lower contribution, mainly due to: 1) BP Tangguh project which decreased 49.3% YoY from US\$169.3 million in 6M20 to US\$85.9 million in 6M21; 2) lower revenue from Emily project (US\$4.8 million in 6M21 vs US\$21.7 million in 6M20) and 3) completion of Vopak project (US\$1.9 million in 6M20).

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

**Cost of Contracts and Goods Sold increased by 4.1% YoY to US\$993.9 million in 6M21 from US\$954.6 million in 6M20.** Kideco's cash costs excluding royalties increased 5.3% YoY to US\$28.7/ton in 6M21 compared to US\$27.2/ton in 6M20 mainly due to higher fuel rate (US\$0.44/lit in 6M21 vs US\$0.42/lit in 6M20) and higher contract mining rate. In addition, Tripatra also recorded cost overrun on BP Tangguh project which has resulted in gross loss of US\$20.3 million in 6M21 vs gross profit of US\$12.0 million in 6M20.

**Selling, General and Administrative expenses slightly decreased by 2.8% YoY to US\$74.6million in 6M21.** Lower salaries expenses in 6M21 was offset with higher marketing expenses driven predominantly by higher Kideco's revenue.

**Finance costs increased by 15.9% to US\$55.2 million from US\$47.6 million in 6M20,** primarily due to higher interest expenses due to new bond with higher coupon rate (avg 6.2% in 6M20 vs avg 7.2% in 6M21) and additional debt of US\$125m at holding to fund diversification investment.

**The Company reported Profit Attributable to the Owners of the Company of US\$12.0 million in 6M21** compared to loss of US\$21.9 million in 6M20.

**The Company reported Core Profit of US\$55.8 million in 6M21 compared to Core Profit of US\$6.5 million reported in 6M20.**

Descriptions (in USD mn)	6M21	6M20	YoY	FY20	Change % 6M21 - FY20
Cash balance*	756.6	622.1	21.6%	792.1	-4.5%
Current assets	1,547.2	1,195.7	29.4%	1,394.1	11.0%
Total assets	3,596.1	3,368.6	6.8%	3,493.7	2.9%
Current liabilities	845.1	564.5	49.7%	707.7	19.4%
Total Debt**	1,646.3	1,546.7	6.4%	1,693.8	-2.8%
Shareholder equity	888.2	964.6	-7.9%	867.3	2.4%
Current ratio (X)	1.83	2.12		1.97	
Debt to Ebitda (X)	4.06	4.31		6.18	
Net Debt to Ebitda (X)	2.23	2.74		3.60	
Debt to equity (X)	1.85	1.60		1.95	
Net debt to equity (X)***	1.00	0.96		1.04	

\* 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

## Kideco Financial and Operational Highlights

Descriptions (USD mn)	2Q21	2Q20	YoY	1Q21	QoQ	6M21	6M20	YoY
Sales	461.9	286.9	61.0%	414.9	11.3%	876.8	663.2	32.2%
Gross profit	136.3	46.4	193.5%	103.7	31.4%	240.0	114.0	110.5%
Operating profit	124.7	35.3	253.1%	91.7	36.1%	216.4	92.2	134.7%
<b>Net income</b>	<b>69.2</b>	<b>21.6</b>	<b>220.8%</b>	<b>51.1</b>	<b>35.3%</b>	<b>120.3</b>	<b>46.7</b>	<b>157.6%</b>
EBITDA	130.3	41.0	218.2%	97.2	34.1%	227.6	103.3	120.3%
Gross margin	29.5%	16.2%	82.3%	25.0%	18.1%	27.4%	17.2%	59.2%
Operating margin	27.0%	12.3%	119.3%	22.1%	22.2%	24.7%	13.9%	77.5%
Net margin	15.0%	7.5%	99.2%	12.3%	21.5%	13.7%	7.0%	94.9%
EBITDA margin	28.2%	14.3%	97.6%	23.4%	20.4%	26.0%	15.6%	66.6%
Overburden (mn bcm)	44.8	48.5	-7.7%	47.6	-5.8%	92.4	95.0	-2.8%
Production volume (MT)	9.1	8.1	12.1%	9.1	-0.1%	18.2	16.9	7.7%
Sales volume (MT)	8.9	7.9	12.4%	9.2	-3.4%	18.1	16.6	8.5%
Stripping ratio (X)	4.9	6.0	-17.6%	5.2	-5.7%	5.1	5.6	-9.7%
Cash Cost excl royalty (US\$/ton)	29.8	24.7	20.4%	27.6	7.9%	28.7	27.2	5.3%
Average selling price (US\$/ton)	52.1	36.4	43.2%	45.2	15.2%	48.6	39.8	21.9%

## Recent Development

- On 28 June 2021, the Company entered a binding Scheme Implementation Deed with Nusantara Resources Limited (“NUS”) with regards to the intention of the Company to acquire all of the issued shares of NUS (other than the shares that it has already owned) by way of a Scheme of Arrangement as governed under the Australian Corporations Act 2001 (Cth). The total proposed transaction is amounting to AUD 58.8 million or equivalent to US\$45.3 million for approximately 72% shares in NUS. All of the members of NUS’ Independent Board Committee unanimously recommend voting in favour of the scheme. The transaction is pending approval of NUS’ General Meeting in September 2021.
- On 24 June 2021, Sustainalytics has upgraded the Company’s ESG Risk Rating from score of 44.2 (previous - severe category) to score of 38.1 (current- high risk category) on the back of a number of ESG initiatives that we have taken as well on-going transparent reporting. We rank 17/55 or 30<sup>th</sup> percentile in the coal industry. Currently we are also rated BBB by MSCI ESG Ratings (an upgrade from previous BB in 2020).
- During 2021, the Company has been actively involved in a number of initiatives to help the Covid-19 handling across Indonesia, including collaboration with Kadin (Indonesian Chambers of Commerce and Industry) through donation for “Oksigen Untuk Negeri” (Oxygen for the Country), building “Rumah Oksigen Gotong Royong” as well as initiating the “Gotong Royong Vaccination Program” for staff and family in all operational areas. With more than 21,000 staffs and family registered, the Company has started the vaccination program since 9 June 2021 in Jakarta and mining sites.
- The Company has been voted by Alpha Southeast Asia in 11th Annual Institutional Investor Corporate Awards Poll 2021 and received four Awards for the following categories:

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- Best Annual Report in Indonesia
- 3<sup>rd</sup> - Most Organized IR (Indonesia)
- 3<sup>rd</sup> - Strongest Adherence to Corporate Governance (Indonesia)
- 3<sup>rd</sup> - Best Strategic Corporate Social Responsibility (Indonesia)

The poll is based on tallied votes among 502 investors, pension funds, hedge funds, equity and fixed income brokers and analysts with investment interests in the Southeast Asia region. As the only poll focused on Southeast Asia, the corporate-institutional investor poll is the leading perceptions-based poll that gauges performance in financial management, adherence to corporate governance, integrated reporting/Corporate Social Responsibility & Investor Relations.

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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 Indika Multi Properti, PT Empat Mitra Indika Tenaga Surya and PT PT Electra Mobilitas Indonesia).

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