



PETROSEA RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

PT Petrosea Tbk., a multi-disciplinary mining, infrastructure and oil & gas services company, reported its audited consolidated financial statements for the year ended 31 December 2017.

To pursue stable business growth, Petrosea focused on cost effectiveness, business diversification and implemented responsive operating strategies by optimizing its human capital. These steps were taken in order to ensure sustainability of the Company's business going forward. To maintain growth, Petrosea started the rebalancing process of its three business lines since four years ago and consistently continued its diversification strategy to drive revenue while also strengthening the Company's positioning as one of the main players in the mine contracting sector. In 2017, Petrosea focused on the optimization of all business opportunities through its three business lines. The Company posted a net profit of US\$ 8.31 million compared to the net loss of US\$ 7.83 million and profit attributable to owners of the Company of US\$ 8.23 million compared to the net loss of US\$ 7.93 million in the previous year.

OPERATIONAL HIGHLIGHTS

We continued to deliver results through operational excellence and cost effectiveness within our three business lines.

- **Contract Mining.** Total overburden volume for the year reached 83.98 million BCM, an increase of 46.49 % year-on-year. Coal production surged by 74.24 % from 14.21 million tons to 24.76 million tons of coal in 2017.
- **Engineering & Construction (E&C).** Besides ongoing projects, namely the Levee Stockpile project for PT Freeport Indonesia and Lampunut Road, Bridge & Earthworks Construction project for PT Maruwai Coal, during the last quarter of 2017 we received written confirmation from PT Freeport Indonesia regarding the authorization to proceed for the initial planning, long-lead procurement of required capital equipment and mobilization in support of a new project, namely the Amphibious Heavy Equipment & Services – River Tailing Works. We expect to receive the revenue stream from this new order intake by Q3 2018.

- **Petrosea Logistics & Support Services (PLSS).** As the oil & gas industry has not fully recovered from the plunge of the crude oil price in 2016, the effects are evident in the decline of both PLSS operational and financial performances. Throughout 2017, over 60,000 metric tons of materials were transferred over the quay from our offshore supply bases, which was 59.6 % lower than the actual tonnage transferred in 2016. This drop in tonnage translated to an overall decline of revenue by 28.51 % compared to 2016's figures. Although the industry remains contracted, PLSS continues to make headway by expanding the business and diversifying to other value added services. The recent inauguration of our new offshore supply base in Sorong to support oil & gas exploration activities in the eastern Indonesia region is a proof of that.

To support its new key operational area, PLSS has expanded its Bonded Logistics Center (PLB) operating area to cover POSB Sorong and at the same time has secured several clients, such as BP Berau Ltd. as one of the key clients. As a PLB operator, Petrosea has surpassed the target set by the government in 2017. Besides POSB Sorong, PLSS was also awarded several new contracts for shorebase services at POSB Tanjung Batu, such as Ophir Energy Indonesia, Pearl Oil Mubadala Petroleum & Talisman Sageri Ltd. and a contract extension from Chevron Indonesia Company (IDD), Baroid Indonesia & Salamander Energy (Bontang) PTE. Ltd. Hence, PLSS is able to maintain its solid track record and is confident that it will sustain long-term growth.

FINANCIAL HIGHLIGHTS

- The Company's consolidated total revenue increased by 24.12 % year on year from US\$ 209.37 million to US\$ 259.87 million reported in 2017. The Contract Mining business contributed 65.91 % to the total revenue, followed by 27.03 % from E&C, 6.24 % from PLSS, and 0.82 % from others.
 - Revenue from the Contract Mining business line increased by 49.80 % YoY from US\$ 114.33 million to US\$ 171.27 million in 2017, as the result of higher operational volumes.
 - Revenue from the E&C business line increased by 0.17 % from US\$ 70.12 million to US\$ 70.24 million in 2017, The Levee Stockpile project for PT Freeport Indonesia contributed 22.15 % to the total revenue of the Company.
 - Revenue from the PLSS business line declined by 28.46 % from US\$ 22.66 million to US\$ 16.21 million in 2017, however PLSS has officially opened its second offshore base located in Sorong, West Papua in August, 2017.
- Total direct costs increased by 25.47 % year on year from US\$ 174.50 million to US\$ 218.94 million. This is in line with the increase of operational volumes.
- Gross profit increased by 17.38 % year on year to US\$ 40.93 million from US\$ 34.87 million reported in the previous year.

- The Company maintain its effectiveness in administration expenses. The administration expense for 2017 was around US\$ 19.00 million (+1.17 % YoY).
- Interest expenses & finance charges decreased by 3.36 % year on year from US\$ 9.51 million to US\$ 9.19 million in 2017, due to a lower debt balance (from US\$ 151.46 million to US\$ 147.12 million in 2017).
- The Company registered US\$ 8.31 million of net profit versus a US\$ 7.83 million loss reported in the previous year.
- Cash & cash equivalents were at US\$ 57.49 million. The Company remained focused on working capital management to support the operational volumes and business development.
- Capital expenditure or capital goods investment spent amounted to US\$ 49.65 million. Capital expenditures spent were mainly used to revitalize equipment used for the Contract Mining business line and on the development of POSB Sorong.

DEVELOPMENTS IN 2017

- On 1 October 2017, the Company and Ophir Energy Indonesia entered into agreement for the Petrosea Offshore Supply Base (POSB) facilities in Sorong, West Papua and Tanjung Batu, East Kalimantan. The contract value is Rp 51 billion with contract duration of four years until October 2021.
- On 23 June 2017, the Company and BP Berau Ltd. entered into an agreement for Petrosea Offshore Supply Base (POSB) in Sorong, Papua. The contract value is Rp 734 billion with contract duration of eight years until August 2025.
- On 16 June 2017, the Company and PT Maruwai Coal entered into an agreement for construction contract for the Road, Bridge and Earthworks Construction project in Central Kalimantan. The contract value is Rp 1.27 trillion with contract duration of two years.
- On 9 June 2017, the Company and PT Freeport Indonesia entered into an agreement for the Garsberg Wannagon Mining Services project in Sorong, West Papua. The contract duration is 25 months.
- On 16 May 2017, the Company received a letter from PT Kideco Jaya Agung to increase the production volume target for the year 2017 which ranges from 30 to 33 million BCM.
- On 2 May 2017, the Company and PT Indonesia Pratama entered into first amendment of open pit overburden mining services, equipment rental agreement and coal transportation agreement at the Tabang mine site, Kutai Kartanegara – East Kutai, East Kalimantan. This amendment includes changes of production targets to 142.85 million BCM and 72.94 million tons, and price adjustments for the duration until December 2021.

- On 21 March 2017, the Company and PT Indoasia Cemerlang entered into a mining equipment rental agreement. This agreement includes minimum production targets, tariff and price adjustments for a duration until 31 December 2017 with an extension option minimum six months before the agreement period expires.
- On 7 February 2017, the Company and PT Binuang Mitra Bersama Blok Dua entered into an additional mining services agreement. This agreement is about additional mining territory areas and additional overburden volume production for duration of 17 months with an extension option for a minimum of two years.

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CONSOLIDATED FINANCIAL STATEMENTS HIGHLIGHTS

Consolidated Statements of Profit or Loss (US\$ Million)	31 Dec 16	31 Dec 17	% Change
Revenues	209.37	259.87	24.12
Direct Costs	(174.50)	(218.94)	25.47
Gross Profit	34.87	40.93	17.38
Operating Profit	16.09	21.92	36.23
Share in Jointly Controlled Entities' Net (Loss)	(2.21)	(0.47)	(78.73)
Profit (Loss) for The Year	(7.83)	8.31	206.13
Profit (Loss) Attributable to Owners of The Company	(7.93)	8.23	203.78
Profit (Loss) Attributable to Non-controlling Interest	0.11	0.08	(27.27)

Consolidated Statements of Financial Position (US\$ Million)	31 Dec 16	31 Dec 17	% Change
Cash & Cash Equivalents	66.43	57.49	(13.46)
Total Current Assets	147.74	161.08	9.03
Total Noncurrent Assets	245.69	275.76	12.24
Total Assets	393.43	436.84	11.03
Bank Loans	16.25	10.60	(34.77)
Total Current Liabilities	68.44	97.39	42.30
Total Noncurrent Liabilities	154.53	160.92	4.14
Total Liabilities	222.98	258.31	15.84
Total Equity	170.45	178.54	4.75
Total Liabilities & Equity	393.43	436.84	11.03

Financial Ratio	31 Dec 16	31 Dec 17
Return on Assets	(1.99%)	1.90%
Return on Equity	(4.59%)	4.65%
Current Ratio	2.16	1.65
Debt to Equity Ratio	0.87	0.81
Fixed Assets Turnover Ratio	0.90	0.99
Total Assets Turnover Ratio	0.53	0.59
Gross Profit Margin	16.65%	15.75%
Operating Profit Margin	7.68%	8.43%
Net Profit Margin	(3.74%)	3.20%

Share Price Data (as of 16 March 2018)	
Ticker	PTRO
Last Price (IDR)	1,930
Outstanding Shares (Billion)	1.01
Market Capitalization (Trillion IDR)	1.95

PETROSEA OVERVIEW

PT Petrosea Tbk. is multi-disciplinary mining, infrastructure and oil & gas services company with track record of achievement in Indonesia since 1972. Drawing on rich and varied years of experience throughout the Indonesian archipelago, Petrosea is now recognized as one of Indonesia's leading contractors. We offer a competitive advantage through our ability to provide complete pit-to-port mining solutions, supported by integrated engineering & construction capabilities and logistic support, whilst demonstrating absolute commitment to health, safety & environment, quality management, and business integrity. We also provide services for the oil and gas industry in Indonesia through our Petrosea Offshore Supply Base (POSB) deep-water supply bases located in Tanjung Batu, East Kalimantan and Sorong, West Papua that consistently deliver international standard and cost-effective services to all of our clients. Petrosea has been listed on the Indonesia Stock Exchange (IDX: PTRO) since 1990 and was the first publicly listed Indonesian engineering & construction company in Indonesia.

The company's vision is to be a leading service provider in mining, oil & gas and infrastructure in South East Asia. The company's mission is to deliver innovative solutions for mining, oil & gas and infrastructure to the satisfaction of all clients and stakeholders.

Together with its holding company, PT Indika Energy Tbk., Petrosea is able to provide complete solutions in the energy supply chain. Understanding the demands of the industry and having the full range of expertise in engineering and project management, high quality construction capabilities, ability to complete complex projects on schedule, local knowledge and focus on human capital management and development, enables us to provide consistent results and position ourselves to meet and exceed the expectations of our customers.

FURTHER INFORMATION

Corporate Secretary & Investor Relations

Attention : Anto Broto - Head of Corporate Secretary & Investor Relations

Email : Investor.relation@petrosea.com
Corporate.secretary@petrosea.com

Telephone : +6221 29770999

Our website : www.petrosea.com