



Petrosea Background

Petrosea is the only Indonesian full-service mining solutions company able to provide a complete life-of-mine and pit-to-port solution.

Petrosea, a member of Indika Energy Group, was founded in 1972. Petrosea currently has 4 business lines: Contract Mining, Oil & Gas Services, Engineering & Project Management and Logistic Services. It also owns a high quality coal asset Santan Batubara.

Share Data

Price (September 30, 2014)	Rp1,200
52-wk range	Rp1,150-Rp1,500
Bloomberg Code	PTRO IJ
Market Cap (Rp tn/US\$ mn)	1.21/99
Issued Shares (mn)	1,008,605,000
Avg. Daily T/O (Rp bn/US\$ mn)	1.2/0.10

Shareholding Structure

Indika Energy Tbk (INDY IJ)	69.8%
Lo Kheng Hong	10.1%
Public	20.1%

Contact Us

PT Petrosea Tbk.

Wisma Anugraha

Jl. Taman Kemang 32 B

Jakarta 12730

Email: investor.relation@petrosea.com

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PTRO 9 Months 2014 Newsletter

OPERATIONAL INDICATORS

- Overburden removal down by 2% yoy to 103.4 mbcm
- The company maintains 38 fleets in 9M14 with annual rated capacity of 169 mbcm

FINANCIAL HIGHLIGHTS

- 9M14 revenues down by 3% yoy to US\$264.6 mn mainly due to lower contract mining OB volumes
- Contract mining revenue per bcm stood at US\$2.2 a 5 cent decrease from the same period last year, as a result of lower variable revenue in rise and fall factor
- Total new capex spent at US\$30.3 mn in 9M14, mostly for maintenance capex

9 Months 2014 Summary

Revenues decreased by 3% yoy to US\$264.6 mn

About 86% of revenues were derived from our contract mining business while 10% came from oil & gas services and the balance came from engineering & project management. Contract mining volumes were lower by 2% yoy taking into account the revised production plans from our clients considering the difficult coal market conditions. In addition to lower mining volume, management continue to optimize our productivity across all business lines especially contract mining through fleet management system (FMS).

Interest expenses and finance charges decreased 40% yoy to US\$9.3 mn

Interest expense was lower due to repayment of debt and reduced capex for the purchase of equipment as the existing fleet was sufficient to service the production plan in 9M14. In addition, effective interest rates were lower due to the group-wide liability management exercise undertaken in the year 2013.

Share in jointly controlled entities net income decreased 78% yoy to US\$0.7 mn

On the equity income side, the share in net income from PT Santan Batubara earned a loss of US\$0.8 mn in 9M14 vs. a loss of US\$3.6 mn in 9M13.

Other gains and losses-net of US\$15.1 mn losses in 9M14

Other non-recurring losses in 9M14 of US\$15.1 mn, primarily due to tax assessment of US\$10.6 mn and a provision for doubtful accounts of US\$4.3 mn.

Net income attributable to owners of the company fell by 81% yoy to US\$3.1 mn

Mostly as a result of lower mining OB volume and higher one-time losses as mentioned above. However, PTRO's gross profit and EBITDA margin remained healthy at 21% and 31% respectively, vs. 24% and 33% in the same period last year.

Recent Development

At contract mining, management is focused on improving productivity & utilization to achieve a sustainable cost effective operation through fleet management system (FMS). The system will record the utilization of equipment, monitor production accurately in real time, assist in improving safety and provide more accurate on-site management report.

The management of PT Santan Batubara is still evaluating alternatives for conserving maximum value, as coal qualities in this deposit are high. The activity will recommence once the coal prices improve.

The process of diversification and rebalancing of PTRO's four business pillars, contract mining, oil & gas services, engineering & project management and logistic services has been undertaken by Management in order to face the challenges going forward.

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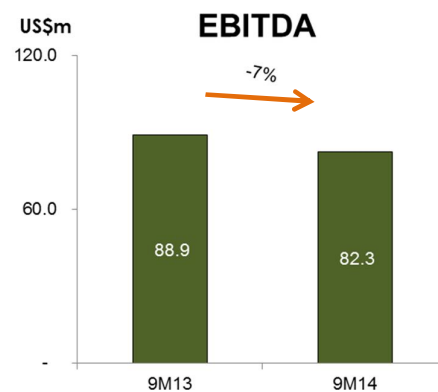
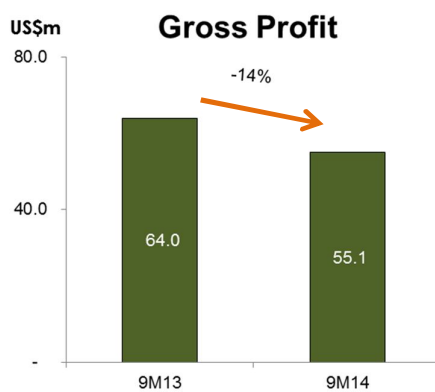
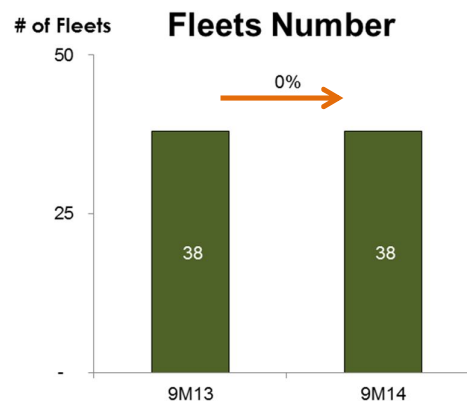
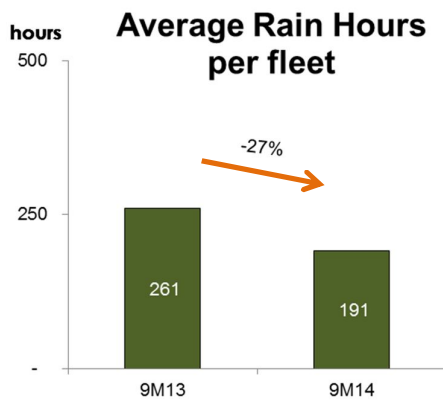
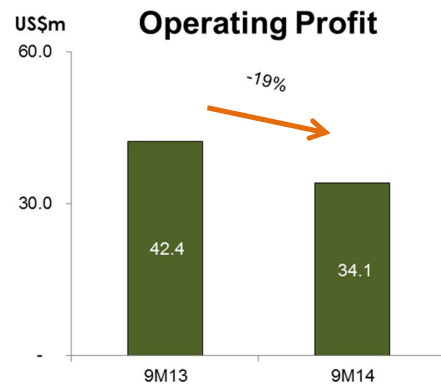
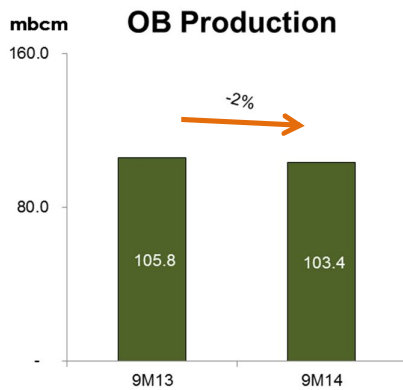
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Operational Highlights



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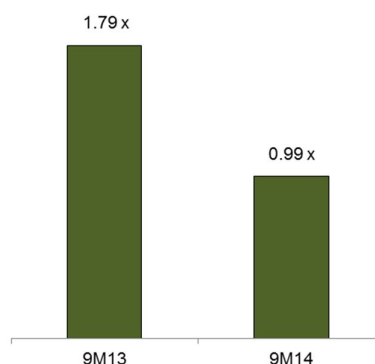
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Debt to Equity



PTRO Summary Financials

Profit & Loss (US\$ mn)	9M13	9M14	% Change
Revenue	272.0	264.6	-3%
Direct Cost	208.0	209.5	1%
Gross Profit	64.0	55.1	-14%
Operating Profit	42.4	34.1	-19%
EBITDA	88.9	82.3	-7%
Equity Income/(Loss)	-3.4	-0.7	-78%
Net Profit	16.5	3.1	-81%

Balance Sheet (US\$ mn)	9M13	9M14	% Change
Cash	51.8	60.2	16%
Other Current Assets	242.0	112.0	-54%
Non-current Assets	331.5	303.1	-9%
Total Assets	625.3	475.4	-24%
Current Liabilities	66.7	73.5	10%
Current Portion of LT Debt	161.2	37.9	-76%
Long Term Debt	177.8	141.8	-20%
Non-current Liabilities	22.8	28.4	25%
Total Liabilities	428.4	281.7	-34%
Total Shareholder's Equity	196.8	193.7	-2%

Ratios	9M13	9M14
Gross Margin	24%	21%
Operating Margin	16%	13%
EBITDA Margin	33%	31%
Net Income (After Tax) Margin	6%	1%
Current Ratio (x)	1.24	1.55
Debt to Equity (x)	1.79	0.99

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