



### 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 3 business lines: Mining Service, Engineering and Construction and POSB. It also owns a high quality coal asset*

### Share Data

Price (June 30, 2014)	Rp1,275
52-wk range	Rp1,020-Rp1,500
Bloomberg Code	PTRO JJ
Market Cap (Rp tn/US\$ mn)	1.30/108
Issued Shares (mn)	1,008,605,000
Avg. Daily T/O (Rp bn/US\$ mn)	2.1/0.19

### Shareholding Structure

Indika Energy Tbk (INDY JJ)	69.8%
Public	30.2%

### Contact Us

PT Petrosea Tbk.

Wisma Anugraha

Jl. Taman Kemang 32 B

Jakarta 12730

Email: [Investor.relation@petrosea.com](mailto:Investor.relation@petrosea.com)

Date issued: July 25<sup>th</sup>, 2014

## PTRO 1<sup>st</sup> Half 2014 Newsletter

### OPERATIONAL INDICATORS

- Overburden removal down by 1% yoy to 70.3 mbcm
- The company maintains 38 fleets in 1H14 with annual rated capacity of 169 mbcm

### FINANCIAL HIGHLIGHTS

- 1H14 revenues down by 7% yoy to US\$169.1 mn mainly due to lower contract mining OB volumes
- Contract mining revenue per bcm stood at US\$2.08 a 17 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\$19.9 mn in 1H14, mostly for maintenance capex
- PTRO's contracted backlog stood at US\$1.6 bn

### SANTAN BATUBARA (SB)

- Coal produced at 0.37 Mt (-60.5%yoy)
- Average selling price was US\$72.9/ton (-2.0%yoy)

#### **DISCLAIMER:**

*This Press Release contains certain financial information and may also contain certain projections, plans, strategies, and objectives of PT Petrosea Tbk, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.*

*Neither PT Petrosea Tbk, its affiliates nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statement in this communication.*

*Not for distribution or forwarding, directly or indirectly, into the United States of America, Canada or Japan.*

*This announcement is not an offer to purchase or sell, or a solicitation of an offer to purchase or sell, securities in the United States. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.*

## 1<sup>st</sup> Half 2014 Summary

### **Revenues decreased by 7% yoy to US\$169.1 mn**

About 86% of revenues were derived from our contract mining business while 10% came from logistics services and the balance came from engineering & construction. Contract mining volumes were lower by 1% yoy taking into account the revised production plans from our clients considering the difficult coal market conditions.

### **Direct cost decreased 8% yoy to US\$127.3 mn**

Gross margin improved due to lower mining volumes and management efforts to drive cost efficiency across all business lines, with focus on contract mining. Key business priorities included productivity & utilization improvements as well as sustainable cost efficiency measures in the supply chain area.

### **Interest expenses and finance charges decreased 30.6% yoy to US\$6.4 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 1H14. 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 increased 204.7% yoy to US\$3.1 mn**

On the equity income side, the share in net income from Santan Batubara earned a profit of US\$3.0 mn in 1H14 vs. a loss of US\$3.2 mn in 1H13.

### **Other gains and losses-net of US\$-18.9 mn in 1H14**

Other non-recurring losses in 1H14 increased to US\$18.9 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 75% yoy to US\$2.7mn**

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 25% and 35% respectively, vs. 24% and 33% in the same period last year.

## Outlook

On 27 June 2014, PTRO signed mining service & rent agreements with PT Indonesia Pratama (a subsidiary of PT Bayan Resources Tbk.) for 71.8 mbc. The contract covers a period of 7 years.

At contract mining - PTRO's main business, management is focused on improving productivity & utilization to achieve a sustainable cost effective operation. Further, PTRO continues to build its capabilities in Oil & Gas Services and Engineering & Project Management (EPM).

Starting March 2014, the overburden removal activity at Santan site has been suspended. PT Santan Batubara is evaluating alternatives for conserving maximum value in SBB, as the coal quality in this deposit is high. The activity will be recommence once coal prices improve.

#### **DISCLAIMER:**

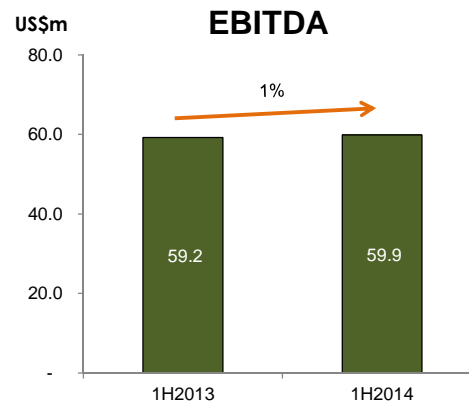
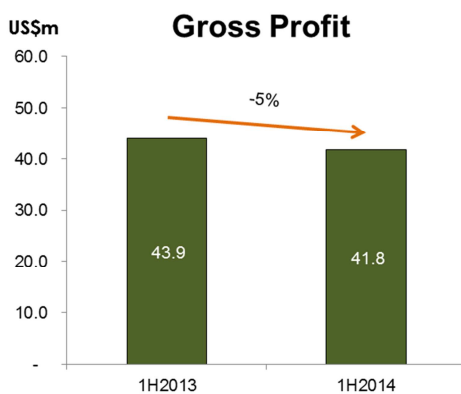
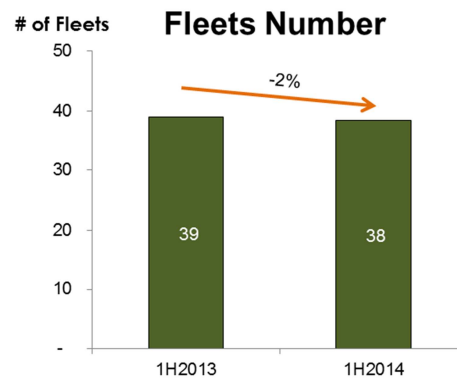
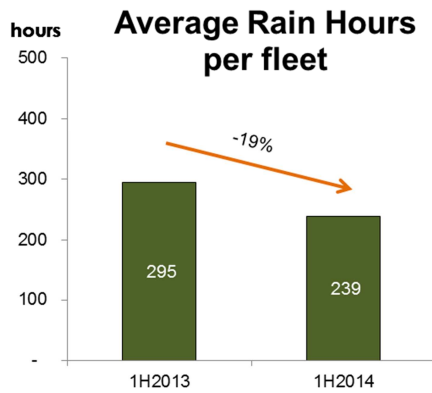
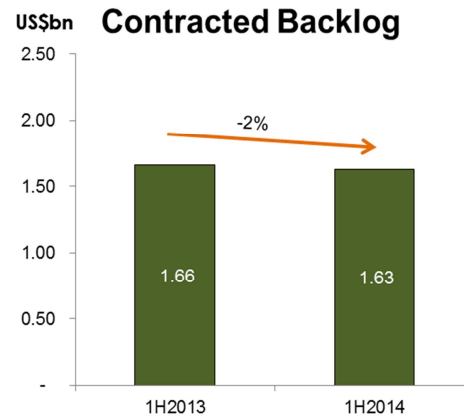
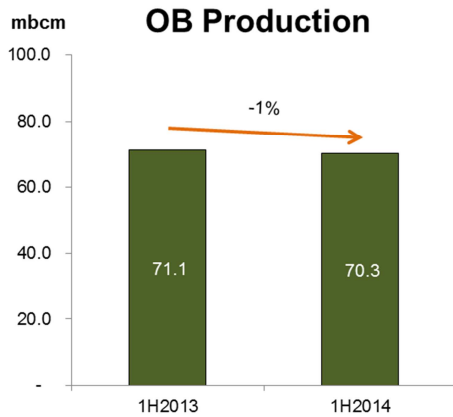
*This Press Release contains certain financial information and may also contain certain projections, plans, strategies, and objectives of PT Petrosea Tbk, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.*

*Neither PT Petrosea Tbk, its affiliates nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statement in this communication.*

*Not for distribution or forwarding, directly or indirectly, into the United States of America, Canada or Japan.*

*This announcement is not an offer to purchase or sell, or a solicitation of an offer to purchase or sell, securities in the United States. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.*

## Operational Highlights



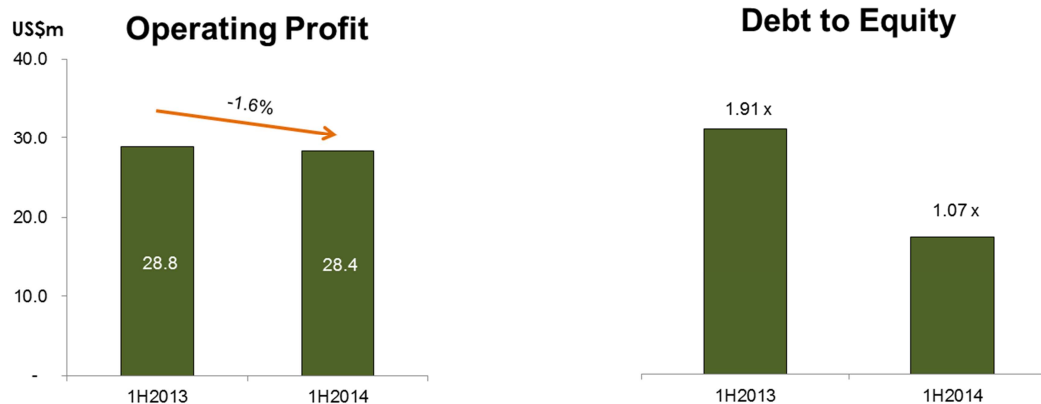
**DISCLAIMER:**

This Press Release contains certain financial information and may also contain certain projections, plans, strategies, and objectives of PT Petrosea Tbk, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.

Neither PT Petrosea Tbk, its affiliates nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statement in this communication.

Not for distribution or forwarding, directly or indirectly, into the United States of America, Canada or Japan.

This announcement is not an offer to purchase or sell, or a solicitation of an offer to purchase or sell, securities in the United States. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.



## PTRO Summary Financials

Profit & Loss (US\$ mn)	1H13	1H14	% Change
Revenue	182.0	169.1	-7%
Direct Cost	138.2	127.3	-8%
Gross Profit	43.9	41.8	-5%
Operating Profit	28.8	28.4	-2%
EBITDA	59.2	59.9	1%
Equity Income/(Loss)	-3.0	3.1	205%
Net Profit	10.8	2.7	-75%

Balance Sheet (US\$ mn)	1H13	1H14	% Change
Cash	53.4	64.5	21%
Other Current Assets	242.5	125.7	-48%
Non-current Assets	344.0	305.6	-11%
<b>Total Assets</b>	<b>639.9</b>	<b>495.8</b>	<b>-23%</b>
Current Liabilities	75.3	82.2	9%
Current Portion of ST Debt	162.0	43.8	-73%
Long Term Debt	189.7	150.0	-21%
Non-current Liabilities	21.9	26.6	22%
<b>Total Liabilities</b>	<b>448.9</b>	<b>302.6</b>	<b>-33%</b>
<b>Total Shareholder's Equity</b>	<b>191.1</b>	<b>193.3</b>	<b>1%</b>

Ratios	1H13	1H14
Gross Margin	24%	25%
Operating Margin	16%	17%
EBITDA Margin	33%	35%
Net Income (After Tax) Margin	6%	2%
Current Ratio (x)	1.25	1.51
Debt to Equity (x)	1.91	1.07

### DISCLAIMER:

This Press Release contains certain financial information and may also contain certain projections, plans, strategies, and objectives of PT Petrosea Tbk, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.

Neither PT Petrosea Tbk, its affiliates nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statement in this communication.

Not for distribution or forwarding, directly or indirectly, into the United States of America, Canada or Japan.

This announcement is not an offer to purchase or sell, or a solicitation of an offer to purchase or sell, securities in the United States. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.