



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.

Founded in 1972 Petrosea currently has 3 business lines: Mining Service, Engineering and Construction and POSB. It also owns a high quality coal asset Santan Batubara.

Share Data

| | |
|--------------------------------|---------------|
| Price (July 31, 2013) | Rp1,190 |
| 52-wk range | Rp910-Rp3,125 |
| Bloomberg Code | PTRO IJ |
| Market Cap (Rp tn/US\$ mn) | 1.200/0.117 |
| Issued Shares (mn) | 1,008,605,000 |
| Avg. Daily T/O (Rp bn/US\$ mn) | 13.14/1.36 |

Shareholding Structure

| | |
|-----------------------------|-------|
| Indika Energy Tbk (INDY IJ) | 69.8% |
| Public | 30.2% |

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PTRO 1st Half 2013 Newsletter

OPERATIONAL INDICATORS

- Overburden removal slightly grew by 2% yoy to 71.1mbcm
- The company maintains 39 fleets (+6 fleets yoy) in 1H13 with annual rated capacity of 187mbcm
- Average hauling distance in 1H13 decreased to 1.6 km from 2.0 km in 1H12

FINANCIAL HIGHLIGHTS

- PTRO's 1H13 contracted backlog now at US\$1.7bn from US\$1.9bn at 1H2012
- 1H13 revenues up by 4% yoy to US\$182.0mn driven by contract mining OB volumes and expected performance from engineering & construction as well as our logistic business
- Contract mining revenue per bcm stood at US\$2.25, -5 cents (-2.3% yoy)
- Total new capex spent at US\$15.8mn in 1H2013 (-83.9% yoy), primarily for maintenance & replacement equipment

SANTAN BATUBARA (SB)

- Coal produced at 0.9Mt (-9.6% yoy)
- Average selling price was US\$74.4/ton (-20.7% yoy)

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1st Half 2013 Summary

Consolidated revenues increased by 4% yoy to US\$ 182.0mn. About 88% of revenues were derived from our contract mining business, while 9.5% came from logistics services and the balance came from engineering & construction which have performed within expectations. Despite this, the rate of overburden growth in 1H13 is still running below relative to the current fleet capacities.

OB production slightly improved in 1H13 to 71.1 mbcmm (+2%yoy). Our OB production grew by 2% yoy. However, on a qoq basis OB volume dropped by 6%. This is mainly due to higher than expected rainfall as well as taking into account the revised production plans from our mining clients during this period.

Direct cost increased 7.9% yoy. Direct cost jumped higher than the revenue growth, which was brought about by the additional depreciation charges coming from the increased number of operating fleets as well as scheduled maintenance for some of our major equipment. On a qoq on basis, direct cost increased by 1.6%.

Interest and Equity Income

Interest expense grew by 52%yoy to US\$9.2mn as a result of additional financing for capex and also due to the ongoing/group-wide liability management exercise in January 2013 to prefund 2016 – US\$110mn Bond callable in November 2013.

On the equity income side, share in the net income from Santan Batubara fell to US\$3.2mn loss due to falling ASP of US\$74.4per ton, lower sales volume of 0.91mt in 1H13 (-10.8%yoy, +16.2%qoq).

PTRO consolidated net profit fell by 48% yoy to US\$10.8mn mainly as a result of the fall in the net other income/expense as mentioned above. However, at operating level due to rise in direct costs, gross profit fell slightly to US\$43.5mn (-6% yoy). EBITDA continues to grow to US\$58.9mn (+5% yoy).

Outlook

We continue to engage with our clients proactively addressing their needs on both the short and long term. We believe that mutual support from both ends would be a key factor in negating any ill effects of the current market condition. Should our clients appetite improve, PTRO would be ready within a reasonable time to fulfill any pent up needs given the equipment capacity that we have. We are also revisiting SB long-term mine plans including the sales and production plan during this challenging period to help mitigate rising costs.

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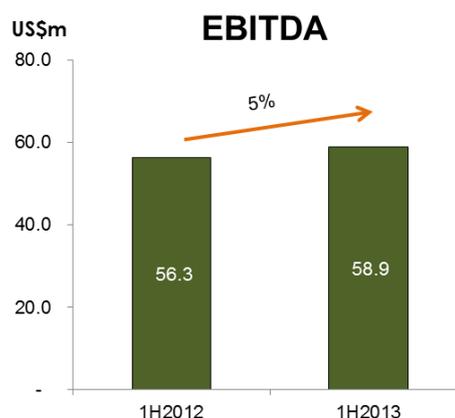
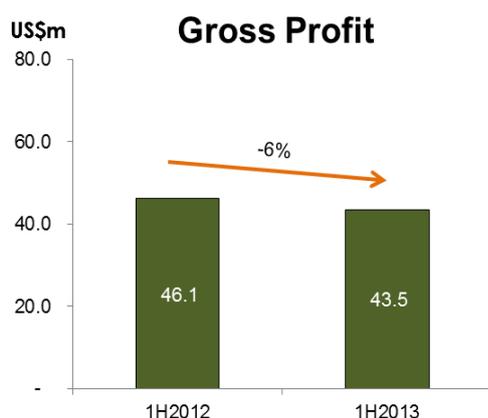
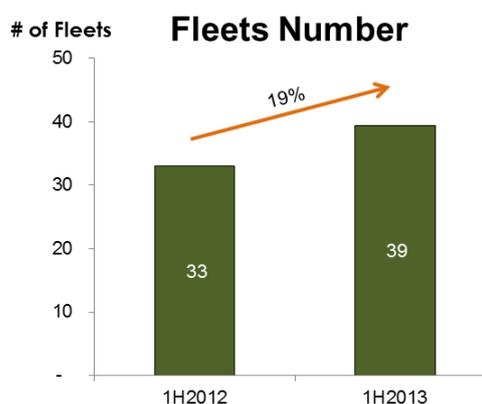
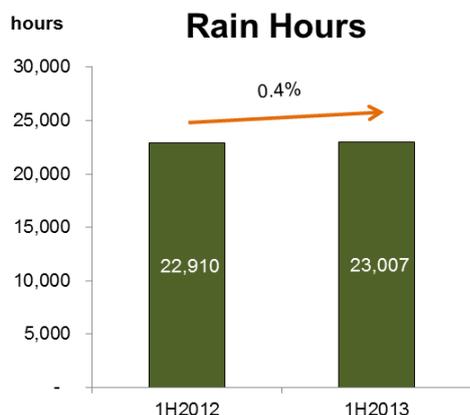
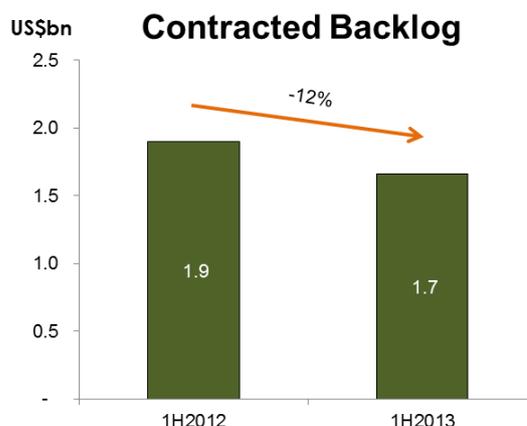
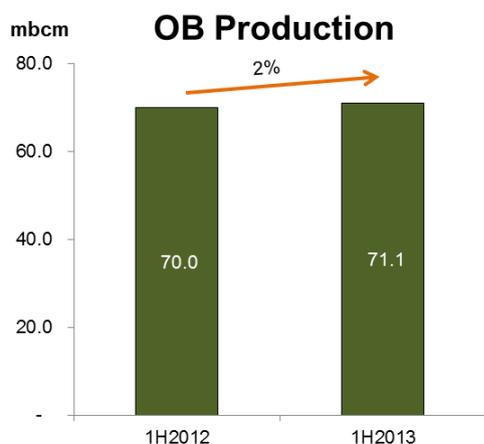
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Operational Highlights



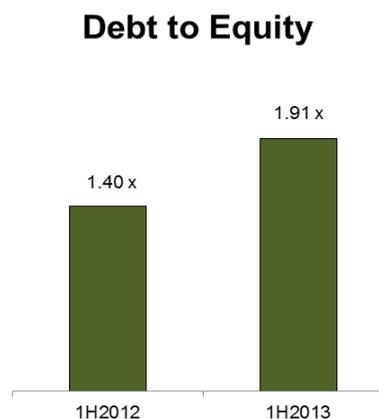
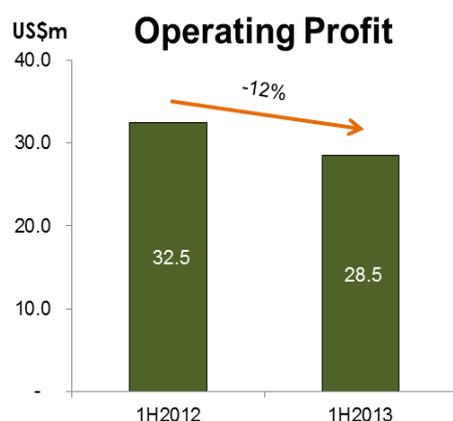
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PTRO Summary Financials

| Profit & Loss (US\$ mn) | 1H2012 | 1H2013 | % Change |
|-------------------------|--------|--------|----------|
| Revenue | 174.5 | 182.0 | 4% |
| Direct Cost | 128.3 | 138.5 | 8% |
| Gross Profit | 46.1 | 43.5 | -6% |
| Operating Profit | 32.5 | 28.5 | -12% |
| EBITDA | 56.3 | 58.9 | 5% |
| Equity Income | 3.6 | -3.0 | -182% |
| Net Profit | 20.8 | 10.8 | -48% |

| Balance Sheet (US\$ mn) | 1H2012 | 1H2013 | % Change |
|-------------------------|--------|--------|----------|
| Total Asset | 474.1 | 639.9 | 35% |
| Cash | 16.0 | 53.4 | 233% |
| Current Asset | 127.3 | 295.9 | 133% |
| Total Liabilities | 315.1 | 448.9 | 42% |
| Current Liabilities | 133.2 | 237.2 | 78% |
| Debt | 222.9 | 364.2 | 63% |
| Equity | 159.0 | 191.1 | 20% |

| Ratios | 1H2012 | 1H2013 |
|-------------------------------|--------|--------|
| Gross Margin | 26% | 24% |
| Operating Margin | 19% | 16% |
| EBITDA Margin | 32% | 32% |
| Net Income (After Tax) Margin | 12% | 6% |
| Current Ratio | 96% | 125% |
| Debt to Equity | 1.40 | 1.91 |

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