PETROSEA

Member of Indika Energy Group

Company Update

9M2019

PT Petrosea Tbk

31 October 2019

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Company Overview

PT Petrosea Tbk.

Coal Price Fluctuation

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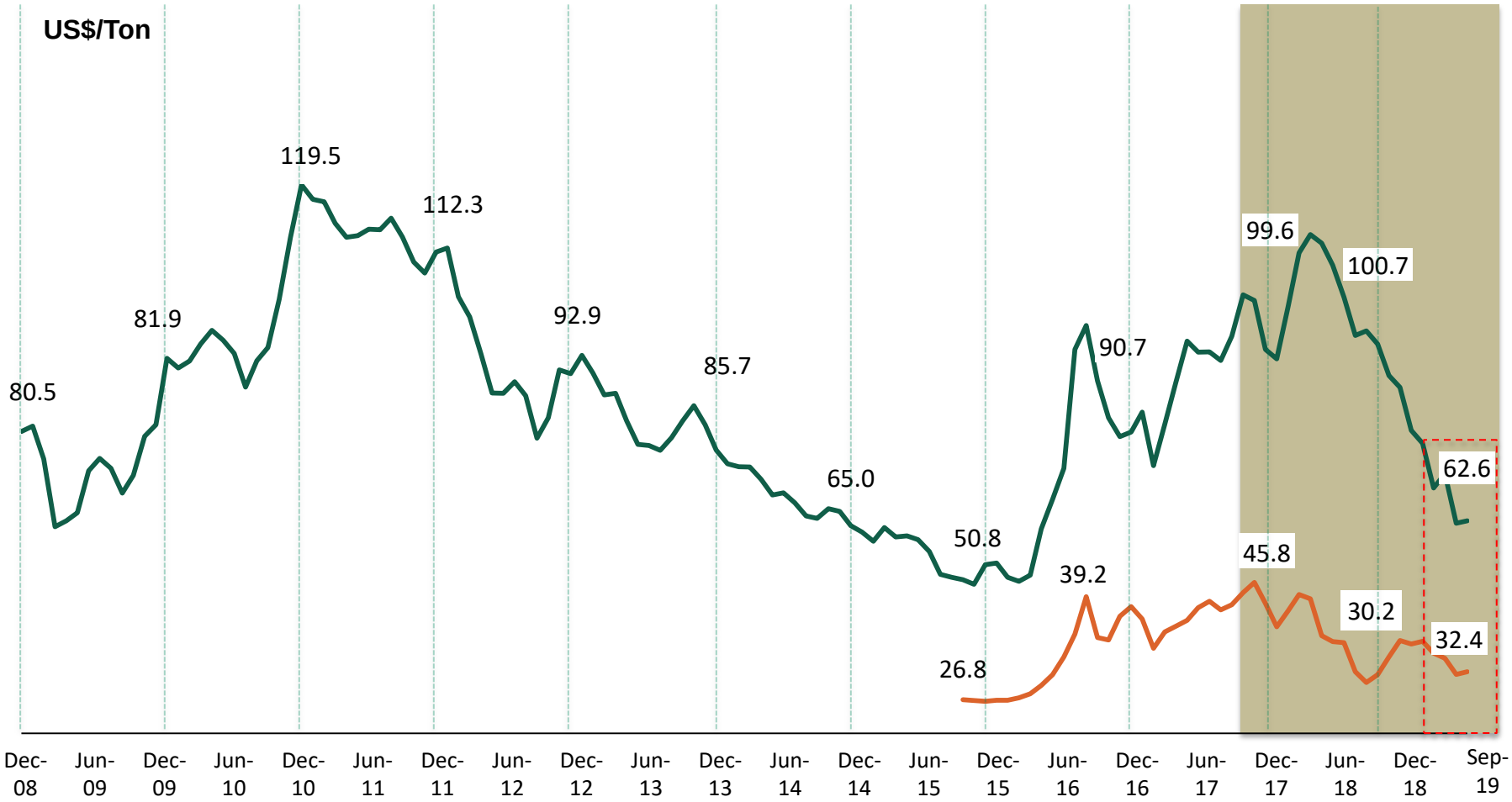

From Sep 18 to Sep 19
4200 GAR decrease **-15.7%** from **$38.4** to **$32.4**
6300 GAR decrease **-45.0%** from **$113.8** to **$62.6**

2017 avg. 4200 GAR	2018 avg. 4200 GAR	2019 avg. 4200 GAR
US$42.9/ton	**US$42.0/ton**	**US$35.3/ton**

NC 6300 GAR (7-45 day)
ICI 4 (4200 GAR)

Our Business

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PTRO

PT Petrosea Tbk. is a multi-disciplinary mining, infrastructure and oil & gas services Company with a track record of achievement in Indonesia since 1972. We offer a competitive advantage through our ability to provide complete pit-to-port mining solutions, integrated engineering and construction capabilities as well as logistic support, whilst demonstrating absolute commitment to health, safety & environment, quality management and business integrity.

1 Contract Mining

Contract mining and the provision of mine services for the mining industry has been part of Petrosea's core business since 1975, providing integrated pit-to-port mining solutions and services across all production stages to the Indonesian mining industry. Through its open pit contract mining services capabilities, Petrosea delivers enhanced margins and return on assets for its clients

- **Feasibility study & conceptual design**
- **Pit optimization**
- **Mine planning, mine scheduling, haul distance & dump optimization**
- **Heavy equipment selection**
- **Plant hire**
- **Mining contract services**
- **Mine project management services**
- **Stockpile maintenance**
- **Site rehabilitation & environmental management**

2 Engineering & Construction

Petrosea provides engineering & construction services for the Indonesian energy, infrastructure and mining industries, with extensive experience throughout Indonesia and strong relationships with key stakeholders such as the government and communities to assist our clients in meeting their business goals.
For the infrastructure and minerals industry, Petrosea provides the full range of engineering, construction and operations services including:

- **Construction**
- **Plant & equipment hire**
- **Commissioning**
- **Project management**
- **Operation & maintenance**
- **Procurement & logistics**
- **Front end engineering design**
- **Detail engineering design**
- **Technical due diligence**
- **Conceptual to full bankable feasibility studies**

3 Petrosea Logistics & Support Services

Petrosea provides services to the Indonesian oil & gas industry through its strategically positioned Petrosea Offshore Supply Base (POSB) and Bonded Logistics Center (PLB), delivering a wide range of cost effective services executed to international standards. Our Supply Base Management capability along with our strong focus on HSE ensures that we are able to provide our services safely and efficiently, supporting offshore oil & gas production, development and exploration throughout Indonesia.

- **POSB Sorong**
- **Bonded Logistics Center**

Ownership Structure & Milestone

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Year	
1972	Established
1990	Listed in IDX
2009	Acquired by INDY

Market Capitalization Rp 1.42 trillion* ***(Rp1,405/share)***

Number of shares: 1,008,605,000

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Ownership Structure
(above 5%)

INDIKA ENERGY	Public	Mr. Lo Kheng Hong*
69.8%	16.5%	13.7%

** As of 30 Sep 2019*

Milestone

1972
Incorporated in Jakarta Indonesia as PT Petrosea International Indonesia

1984
Acquired by Clough Limited, Australia

1990
Listed on the Jakarta and Surabaya Stock Exchanges (now Indonesia Stock Exchange) as PTRO, with the Company name changed to PT Petrosea Tbk.

2009
Acquired by PT Indika Energy Tbk., owning 98.55% of the Company's shares by year end

2012
PT Indika Energy Tbk. refloated 28.75% shares to the public and at the year's end holds 69.80% share ownership in the Company

2015
Petrosea through one of its subsidiaries PT POSB Infrastructure Indonesia acquired 51.25% stake in PT Mahaka Industri Perdana

2016
Officially inaugurated as a Bonded Logistics Center (PLB) located in Tanjung Batu, Balikpapan, East Kalimantan

2017
Officially inaugurated Petrosea Offshore Supply Base (POSB) Sorong to provide support and services for the oil & gas sector in the eastern Indonesian region.

2018
Company acquired PT Kuala Pelabuhan Indonesia

Company released its shares in PT Santan Batubara

2019
The Company's received international recognition by the WEF as Global Lighthouse Network.

The Management

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Board of Commissioners

Richard Bruce Ness
PRESIDENT COMMISSIONER

Purbaja Pantja
COMMISSIONER

Kamen Kamenov Palatov
COMMISSIONER

Osman Sitorus
INDEPENDENT COMMISSIONER

Hasnul Suhaimi
INDEPENDENT COMMISSIONER

Board of Directors

Hanifa Indradjaya
PRESIDENT DIRECTOR

Johanes Ispurnawan
DIRECTOR

Romi Novan Indrawan
DIRECTOR

Operational Map & Current Major Projects

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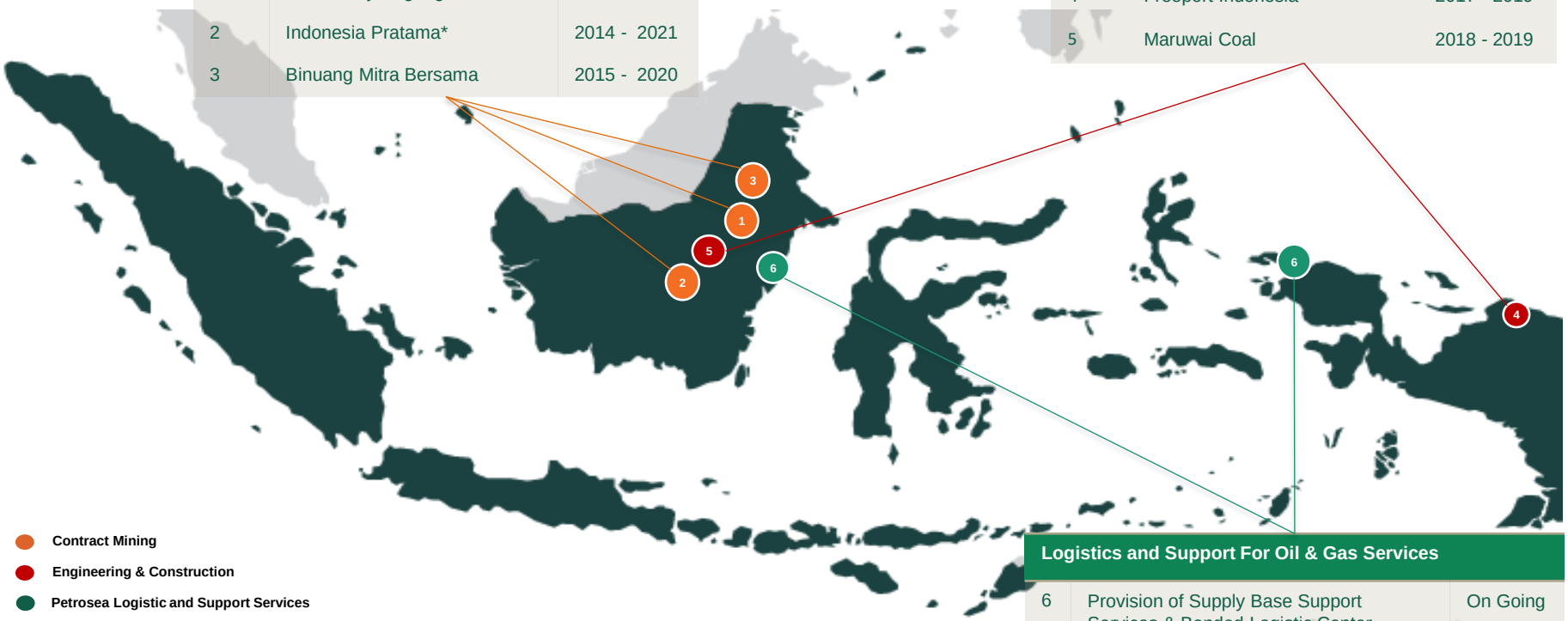
Contract Mining		
1	Kideco Jaya Agung	2018 - 2023
2	Indonesia Pratama*	2014 - 2021
3	Binuang Mitra Bersama	2015 - 2020

Engineering & Construction		
4	Freeport Indonesia	2017 - 2019
5	Maruwai Coal	2018 - 2019



- Contract Mining
- Engineering & Construction
- Petrosea Logistic and Support Services

Logistics and Support For Oil & Gas Services		
6	Provision of Supply Base Support Services & Bonded Logistic Center Services Pertamina Trans Kontinental, Ophir Energy Indonesia, Baroid Indonesia, Dowell Anadrill Schlumberger, CPM - LEC Joint Operation, Alatas Marine Services, Apexindo Pratama Duta, Eni Muara Bakau B.V., Viking Seatech Indonesia, Saipem Indonesia, Ensco Sarida Offshore, CSTS Joint Operation, Saipem Indonesia, BP Berau Ltd.	On Going

Top 5 Clients

KIDECO

PT. BAYAN RESOURCES, Tbk

PT BINUANG MITRA BERSAMA

PT FREEPORT INDONESIA
Affiliate of Freeport-McMoRan Copper & Gold

adaro

* Subsidiary of PT Bayan Resources Tbk.

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Recent Developments

PT Petrosea Tbk.

Events in 9M2019

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Contract Mining

- On September 28, 2019. Contract Mining - Petrosea received letter from PT Indonesia Pratama to limit the Petrosea's coal production at 16.3M Ton for year 2019.
- On August 26, 2019. Contract Mining - Petrosea and PT Binuang Mitra Bersama Blok Dua (BMB) signed payment agreement for settlement progress claim period April, May and June 2019 amounted Rp268.6 Billion. BMB will pay Petrosea with 9th installment from September 2019 until May 2020.
- On August 2019. Contract Mining - PT Kideco Jaya Agung increased rate for Waste Removal & Coal Loading by 1.5% , retroactive starting from January 2019.
- On June 1, 2019. Contract Mining - Petrosea and PT Kideco has received Notice to Proceed from PT Kideco Jaya Agung for executing the Contract of Civil Work for relocation of MCCP B Line to SMCP area with the contract value of Rp 33 billion (20 months).
- On April 11, 2019. Contract Mining - Petrosea signed a termination agreement with PT Anzawara Satria.
- On March 15, 2019. Contract Mining - Petrosea and Indonesia Pratama entered into a third amendment of the Agreement for the Provision of Open Pit Overburden Mining Services, regarding haul distance calculation.

Engineering & Construction

- On July 31, 2019. E&C - Petrosea has completed project with PT Maruwai Coal related Civil Concrete Utilities & Infrastructure Works.
- On June 28, 2019. E&C - Petrosea and Freeport Indonesia signed Letter of Award for Supply and Placement of Fill Material at JIIPE site with estimate contract value Rp832.7 Billion. The final contract value currently still in re-pricing process.
- On May 2019. E&C - Petrosea and Freeport Indonesia entered into Construction Services at Portsite (Corrosion Remediation) with estimate contract value Rp54.5 Billion, duration until August 2020.
- On March 8, 2019. E&C - Petrosea received a Final Completion Certificate from Adaro for the Lampunut Village Installation project, stating that the project has been witnessed and completed in accordance with client specifications.

PLSS

- On April 1, 2019, the Company in consortium with PT Mitra Intertrans Forwarding and PT DHL Global Forwarding Indonesia executed a Contract for Integrated Freight Forwarding Services with BP Berau Ltd for a 36 months period valued Rp99 billion.
- On March 18, 2019, the Company and PT Saipem Indonesia entered into Amendment No.1 to Agreement for Provision Logistic Base Tangguh Expansion Project at Sorong effective date March 4, 2019 to August 30, 2020. The total contract value is Rp28 billion.

Events in 9M2019

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Financing

- On July 18, 2019, Petrosea & ORIX signed a long term lease facility agreement with a total amount of US$10.6 Million.
- On May 8 and 13, 2019, Petrosea & Mitsubishi UFJ Lease & Finance Indonesia signed a long term lease facility agreement with a total amount of US$9.8 million.
- On March 18, 2019, Petrosea undertook a liability management exercise to repay a portion of its long term loan to a related party which amounted to US$75 million by using a US$60 million loan facililty from PT Bank Mandiri (Persero) Tbk. and US$15 million from internal cash.
- On March 8, 2019, Petrosea & HSBC signed a non-cash loan agreement with a total amount of US$25 million and a working capital facility with a total amount of US$5 million.
- On March 8, 2019, Petrosea & Komatsu Astra Finance signed a long term loan agreement with a total amount of US$30 million

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Operational Highlights

PT Petrosea Tbk.

Operational Highlights

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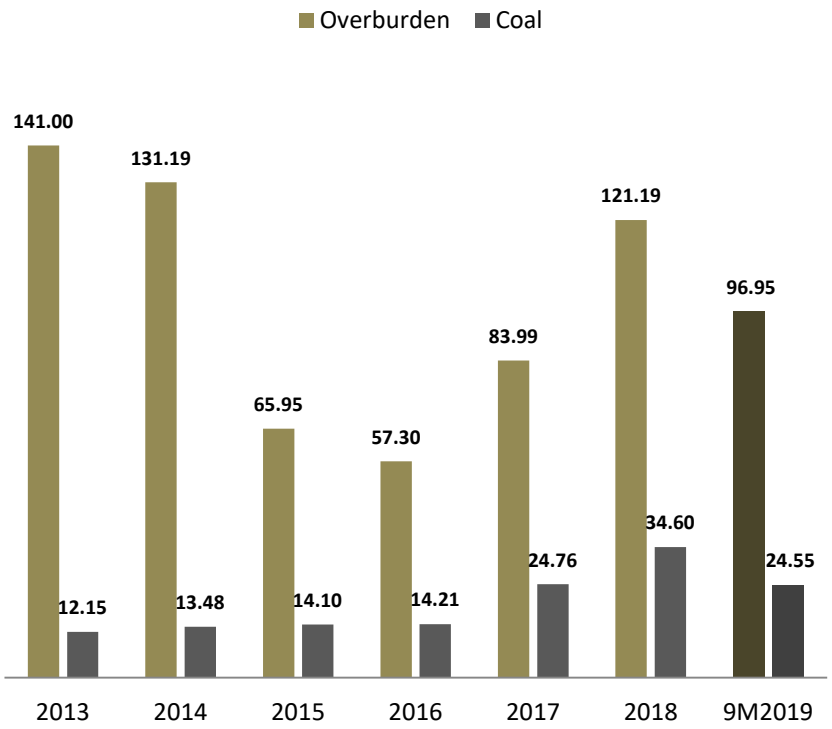
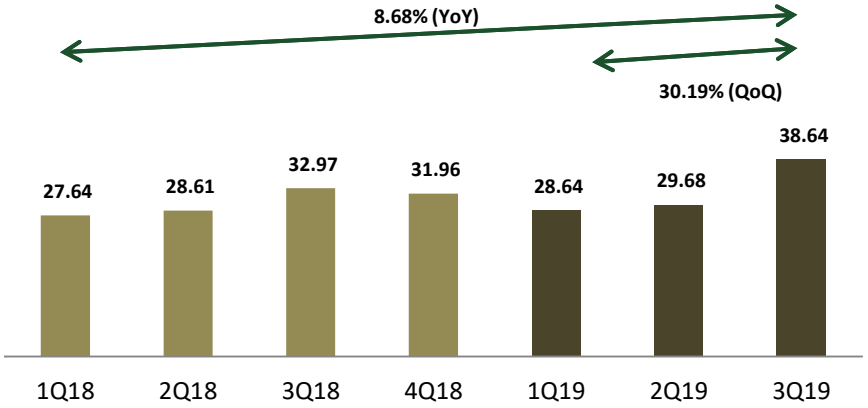
YEAR ON YEAR			
Description	Sep 18	Sep 19	YoY
Overburden (MBCM)	89.22	96.95	8.68%
Coal (MT)	26.85	24.55	- 8.53%

YEARLY VOLUME



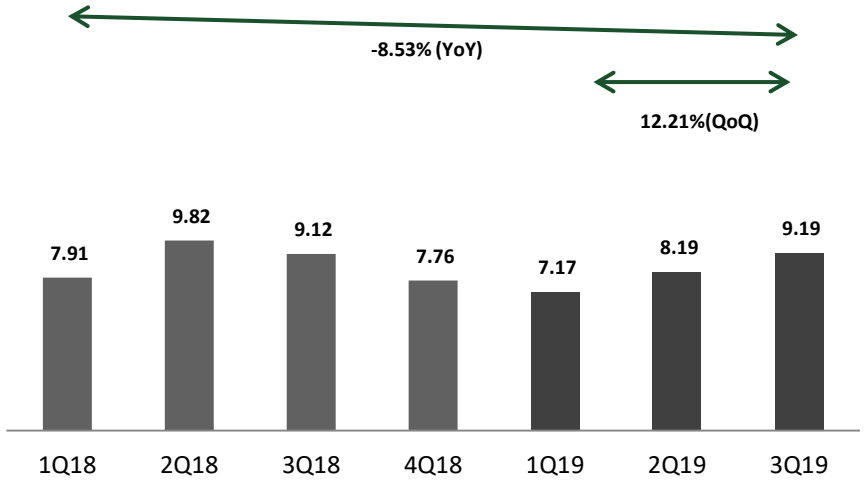
(In million BCM & Ton)

OVERBURDEN QUARTERLY



(In million BCM)

COAL QUARTERLY



(In million Ton)

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Financial Highlights

PT Petrosea Tbk.

Financial Highlights

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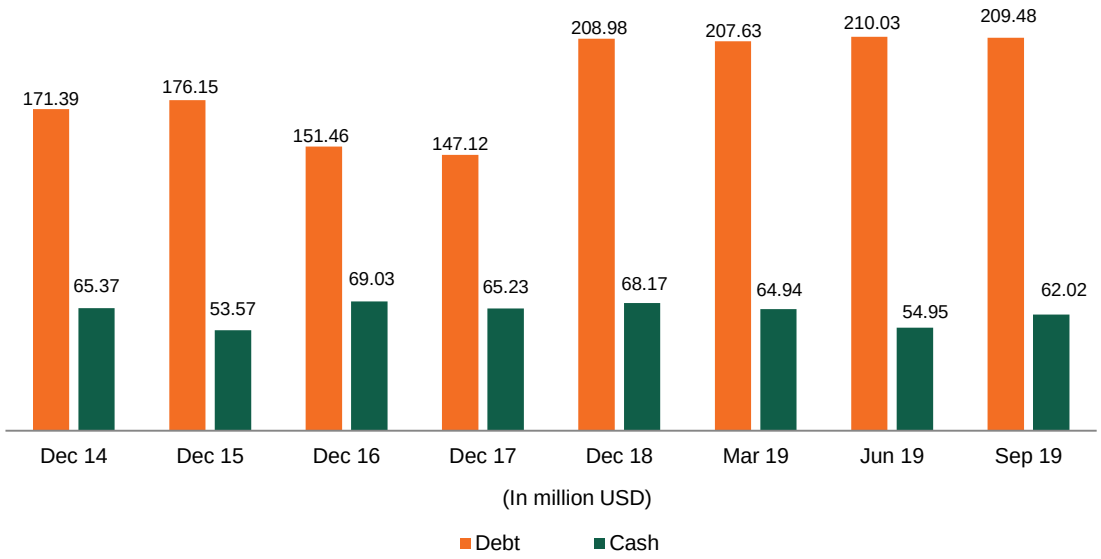
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Description (US$ Million)	Dec 18	Sep 19
Cash & Cash Equivalents	68.17	62.02
Total Current Assets	250.17	248.57
Total Noncurrent Assets	305.42	329.57
Total Assets	555.59	578.14
Total Current Liabilities	147.86	167.03
Total Noncurrent Liabilities	216.60	208.33
Total Liabilities	364.46	375.36
Total Equity	191.13	202.78
Total Liabilities & Equity	555.59	578.14

FINANCIAL RATIO

Description	Dec 18	Sep 19
Current Ratio (X)	1.69	1.49
Debt to Equity Ratio (X)	1.09	1.03
Fixed Assets Turnover Ratio(X)	1.56	1.64
Total Assets Turnover Ratio (X)	0.84	0.90
Total Debt (US$ Million)	208.98	209.48
Net Gearing Ratio (X)	0.74	0.73

DEBT & CASH



Maintaining Healthy Balance Sheets

1. • Effective working capital management
2. • Prudent liabilities management strategy
3. • Good Corporate Governance

Financial Highlights

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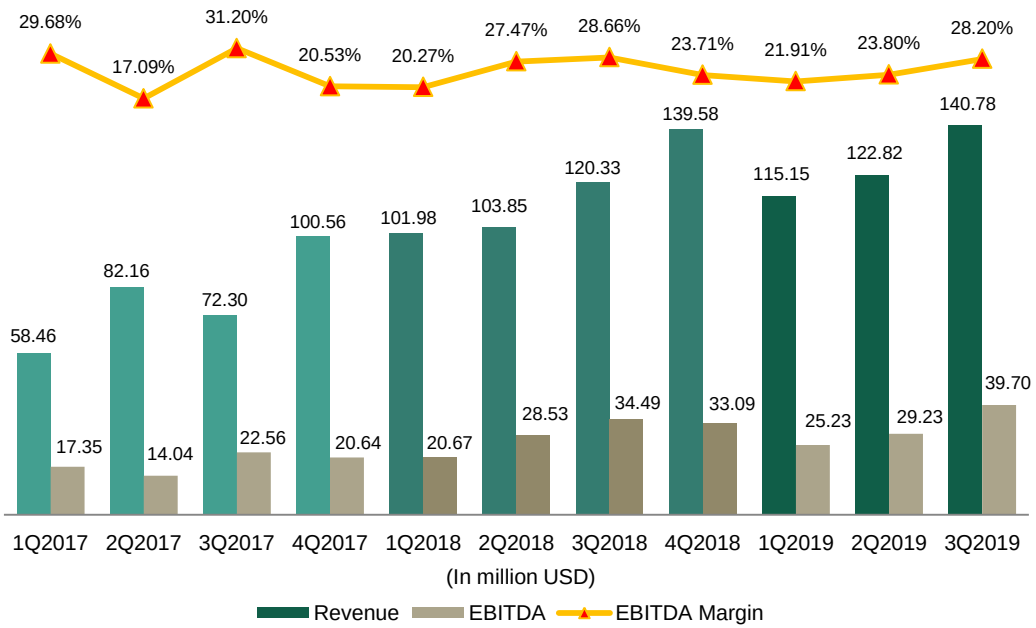
REVENUE & EBITDA



Description	3M18	6M18	9M18	12M18	3M19	6M19	9M19
EBITDA (US$ Million)	20.67	49.44	83.66	116.78	25.23	54.47	94.17
EBITDA Margin	20.27%	24.02%	25.65%	25.07%	21.91%	22.89%	24.86%
Gross Profit Margin	11.23%	14.13%	16.05%	15.70%	11.51%	12.04%	15.09%
Operating Profit Margin	5.44%	8.97%	11.12%	11.21%	6.78%	7.21%	10.42%
Net Profit Margin	1.72%	3.62%	5.50%	4.97%	2.72%	3.40%	5.44%
Return on Asset	0.33%	2.68%	4.24%	4.17%	4.33%	4.29%	4.47%
Return on Equity	0.36%	7.54%	11.75%	12.12%	12.47%	12.45%	12.74%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Description (US$ Million)	Sep 18	Sep 19	YoY
Revenues	326.16	378.74	16.12%
Direct Costs	(273.84)	(321.59)	17.44%
Gross Profit	52.32	57.16	9.25%
Operating Profit	36.26	39.45	8.80%
Share in jointly controlled entity's Net Loss	(0.50)	-	100.00%
Net Profit for the Year	17.93	20.61	14.95%
Profit Attributable - to Owners of Company	17.77	20.58	15.81%
Profit Attributable - to Non-controlling Interest	0.16	0.03	-81.25%
Earning per Share	0.0176	0.0204	15.91%

Optimizing **Asset Utilization**

Implementation of Various **continuous improvement** Initiatives

Increasing **Productivity**

Financial Highlights

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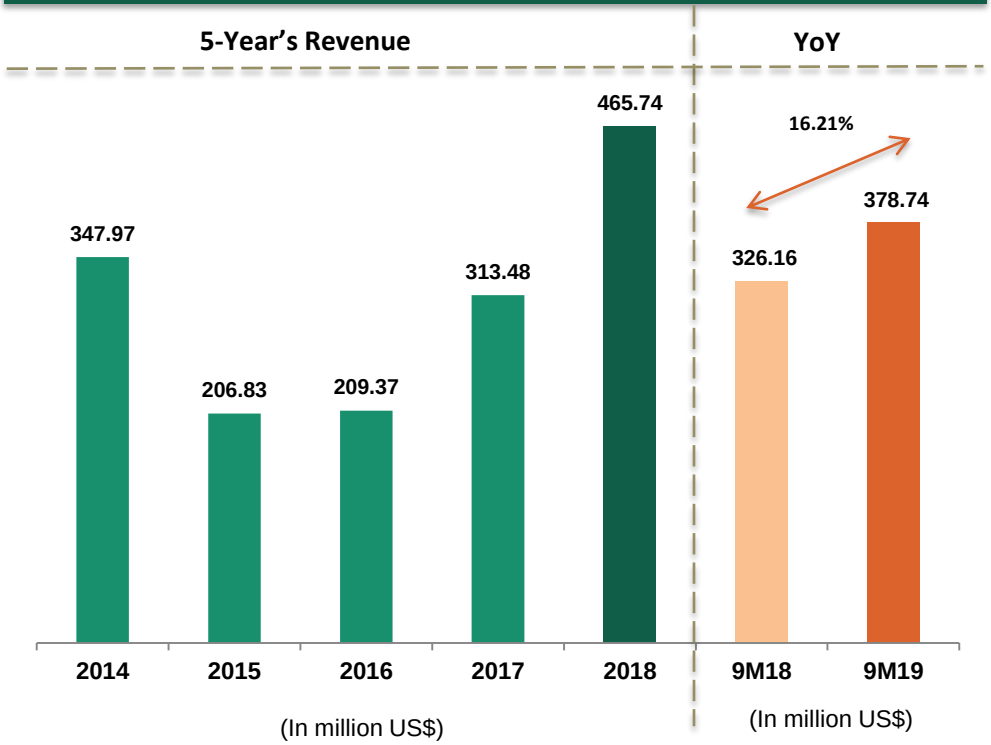
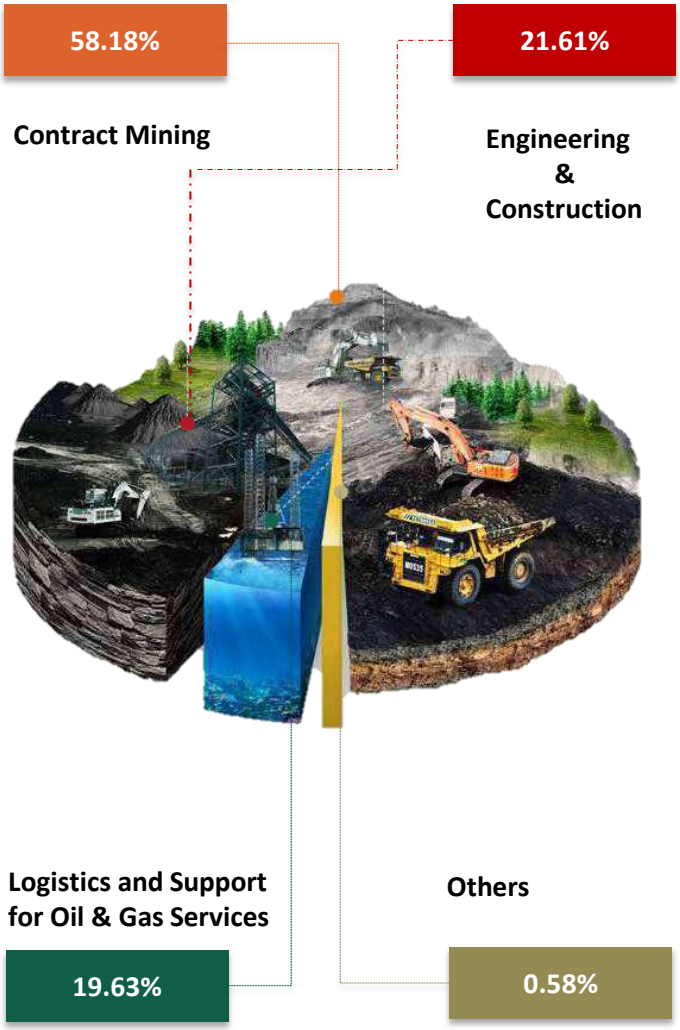
TOTAL REVENUE



REVENUE PER BUSINESS LINE

Description (In million US$)	9M18	9M19	YoY
Contract Mining	196.88	220.35	11.92%
Engineering & Construction	76.87	81.85	6.48%
Logistics and Support for Oil & Gas Services	50.71	74.34	46.60%
Others	1.70	2.20	29.41%

CONTRIBUTION



Financial Highlights

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CONSOLIDATED STATEMENTS OF CASH FLOWS

CASH FLOW FROM OPERATING ACTIVITIES

Description (US$ Million)	Sep 18	Sep 19
Cash received from customers	294.27	357.50
Cash paid to suppliers	(153.09)	(173.49)
Cash paid to employees	(86.59)	(112.65)
Cash generated from operations	54.59	71.36
Receipt of the refunds	2.23	9.22
Interest received	0.33	0.87
Payment other tax and penalties	(0.01)	(0.01)
Payment of incomes taxes	(1.96)	(8.13)
Payment of interest and finance charges	(10.47)	(13.73)
Net cash provided by operating activities	44.72	59.58

CAPITAL EXPENDITURES

Description	3M18	6M18	9M18	12M18	3M19	6M19	9M19
Realization (US$ Million)	26.44	52.37	78.63	104.16	44.80	58.28	72.36

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Description (US$ Million)	Sep 18	Sep 19
Withdrawal of other financial assets	-	2.79
Proceeds from sale on an investment	-	-
Dividend received	1.33	-
Acquisition of intangible assets	-	(8.59)
Acquisition of subsidiary	(8.56)	-
Acquisition of property, plant & EQ	(78.63)	(56.14)
Proceeds sale of property, plant & EQ	5.97	1.54
Net Cash Used in Investing Activities	(79.89)	(60.40)
Proceeds from bank loan	66.60	10.00
Proceeds from sales and leaseback transaction	44.05	23.90
Proceeds from long term loan (third parties)	-	93.12
Payment of long term loan (related parties)	-	(75.00)
Payment of long term loan (third parties)	-	(32.17)
Payment of finance lease LB	(12.35)	(6.32)
Payment dividend	(12.53)	(8.85)
Payment of bank loan	(57.19)	(10.00)
Net Cash Provided by (Used in) Financing Activities	28.58	(5.32)

Backlog

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Description	Remaining Contract	Addition/ Adjustment	Revenue Recognition	Remaining Contract
	(US$ mn)	(US$ mn)	(US$ mn)	(US$ mn)
	Dec-18			Sep-19
Contract Mining	**696.4**	84.2	220.4	**560.2**
E&C	**169.5**	39.4	81.9	**127.0**
PLSS	**53.6**	74.6	74.3	**53.9**
Total	**919.5**	**198.1**	**376.5**	**741.1**

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Guidance 2019

PT Petrosea Tbk.

Guidance 2019

Overburden Volume	129 Million BCM
Coal Production	35 Million Ton
Capital Expenditures	US$ 177 Million

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Market Overview

PT Petrosea Tbk.

Coal Demand Outlook

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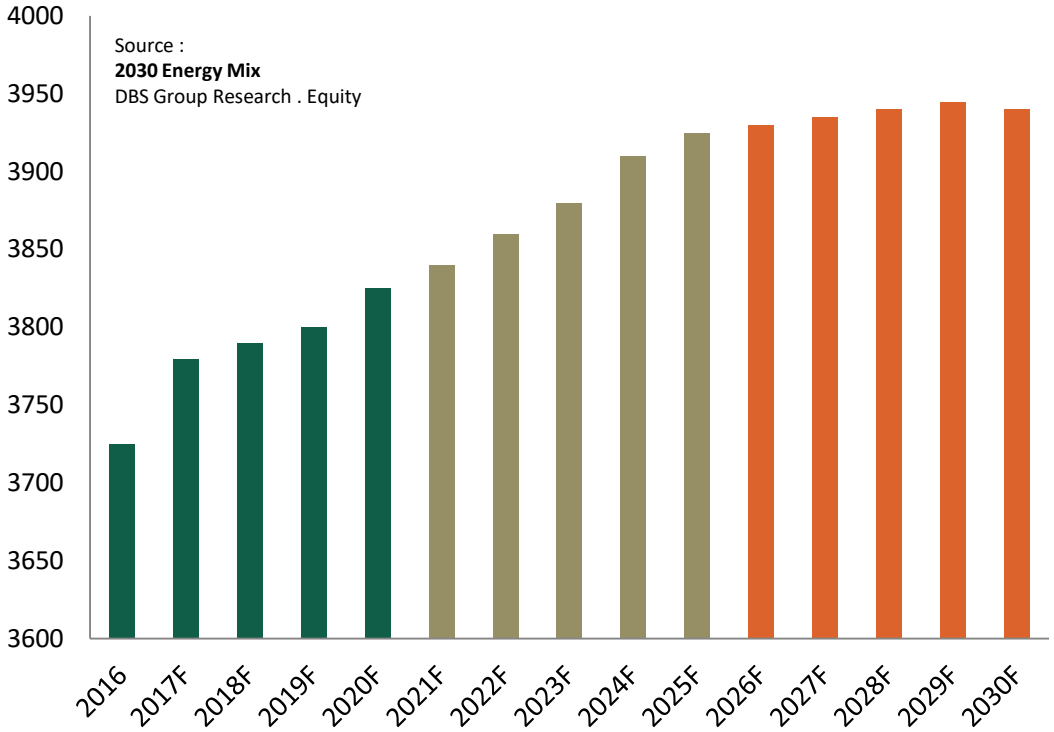
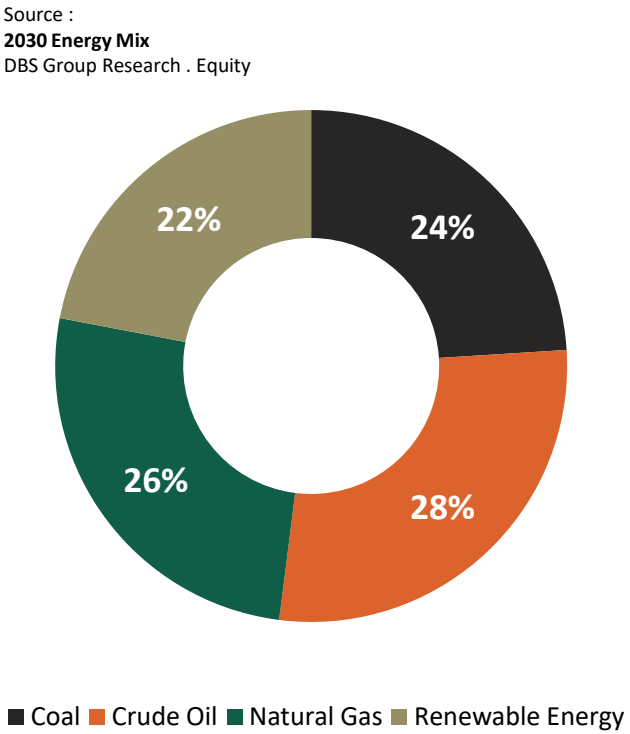
Global Coal Demand Forecast



Coal : New coal-fired power plant projects can be reduced, but scrapping existing operating capacity and capacity under construction is highly unlikely.

Estimation global coal demand will still exhibit slight growth over FY17-30, with declines in Europe and flattish growth in China offset by India and also supported by ASEAN countries, mainly Thailand and Indonesia

Change in Global Energy Mix 2030



Clear trend towards renewables, but fossil fuel demand to continue growing nonetheless. We expect global energy demand to increase at 1.5% CAGR from 2017-2030, premised on the back of c.3.25% CAGR in global GDP, offset by improvements in energy efficiency (i.e. declines in energy intensity).

Domestic Coal Market

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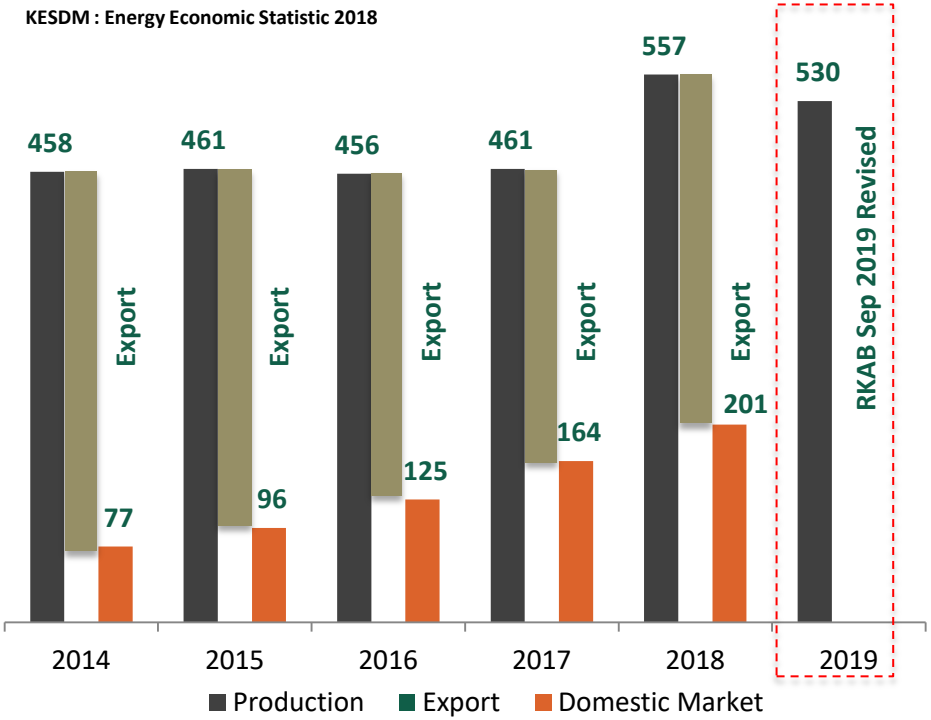
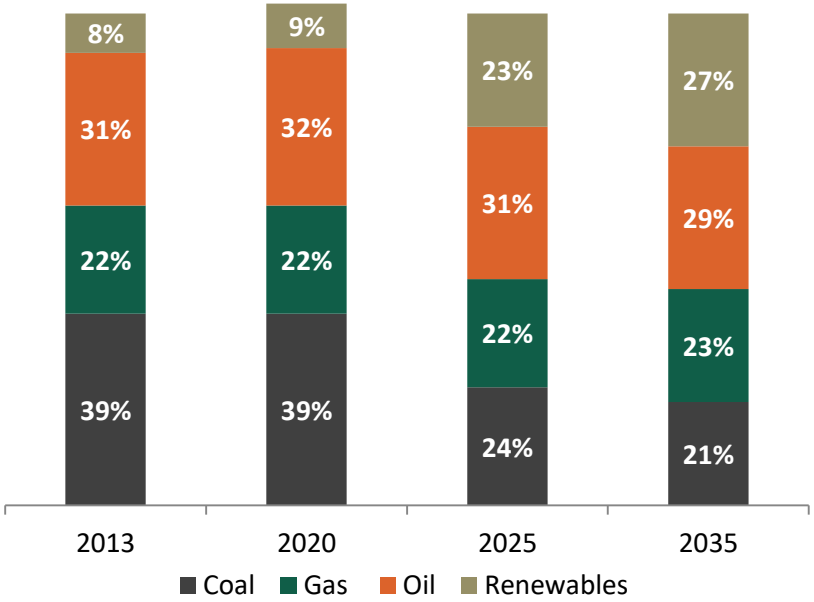
Indonesia Coal Production

Source :
KESDM : Energy Economic Statistic 2018



Indonesia's Energy Mix Blue Print

Source :
2030 Energy Mix
DBS Group Research . Equity



DMO
(Domestic Market Obligations)

25%

Source :
Keputusan Mentri ESDM – No 78 K/30/MEM/2019

Over in Indonesia, despite the plan to add more renewable energy to its 2025 energy mix target, Indonesia still relies on coal to a large extent. Its upcoming power plant projects are dominated by coal-fired capacity, followed by gas and diesel

Thank You

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Disclaimer

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