

# COMPANY UPDATE

9M 2020 | December 2020

**PT Petrosea Tbk.**

[www.petrosea.com](http://www.petrosea.com)



# DISCLAIMER

Investors and security holders are cautioned that this communication contains forward-looking statements and that forward-looking statements are subject to various risks and uncertainties, many of which are difficult to predict and are generally beyond the control of PT Petrosea Tbk.

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

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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# HIGHLIGHTS

- In 3Q2020, the Company's total revenue increased compared to 2Q2020 (+2.24% *qoq*). Meanwhile, gross profit (+25.30% *qoq*) and operating profit (+54.44% *qoq*) also increased in this period. However, during 9M2020, the Company recorded a 22.11% decrease in overburden removal volume compared to the previous year, which resulted in the total revenue of the Company amounting to US\$249.93 million (-34.01% *yoy*) and profit attributable to owners of the company amounting to US\$13.00 million (-36.83% *yoy*).
- All of these efforts are carried out with the goal of creating an agile Company in facing the current and future volatile global conditions. In addition, the Company also continues to focus on maintaining the cost effectiveness of its operational activities and cash preservation, while remaining focused on implementing operational excellence in order to provide the best results for all clients.
- Petrosea's digital transformation initiative was selected among over 1.200 high-quality entities received from end user organization across Asia Pasific. IDC DX Awards recognize outstanding organization that have made critical breakthrough in digital transformation across the Asia Pasific region, spread across seven different categories.

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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 safety, health & environment, quality management and business integrity.





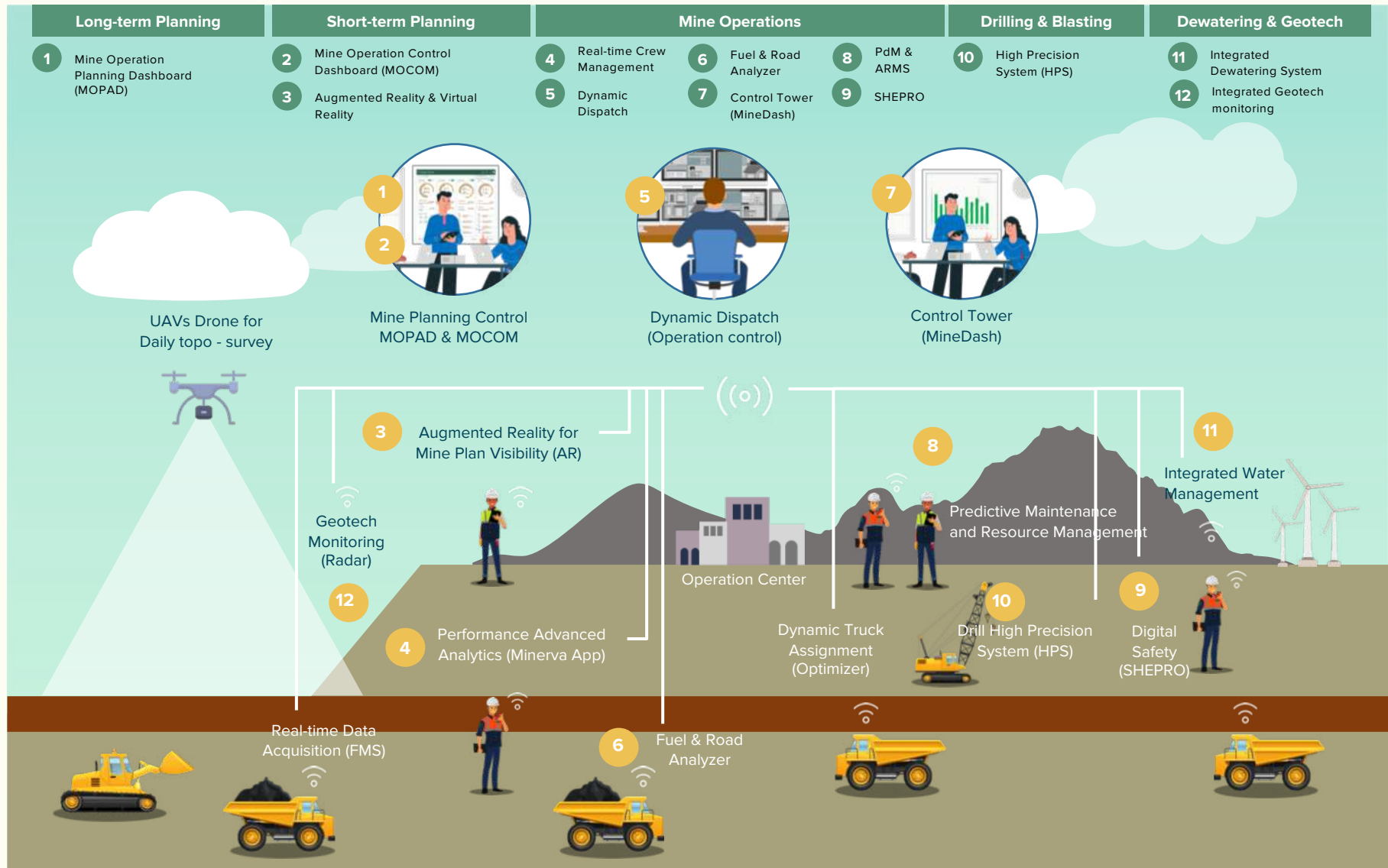
# CONTRACT MINING

Petrosea offers a wide range of project services from pit-to-port, including:

- Open pit contract mining services
- Civil and infrastructure construction, including roads, tailing dams, and site facilities
- Mining project management services, including equipment and operators from mine owners as well as subcontractors
- Technical and feasibility study consulting services
- Mine planning and optimization services
- Minerva digital platform solution that can be applied in mining operations



# END-TO-END MINE OPERATION CAPABILITY





# ENGINEERING & CONSTRUCTION

Petrosea provides the full range of engineering, procurement, construction and operations services, including:

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



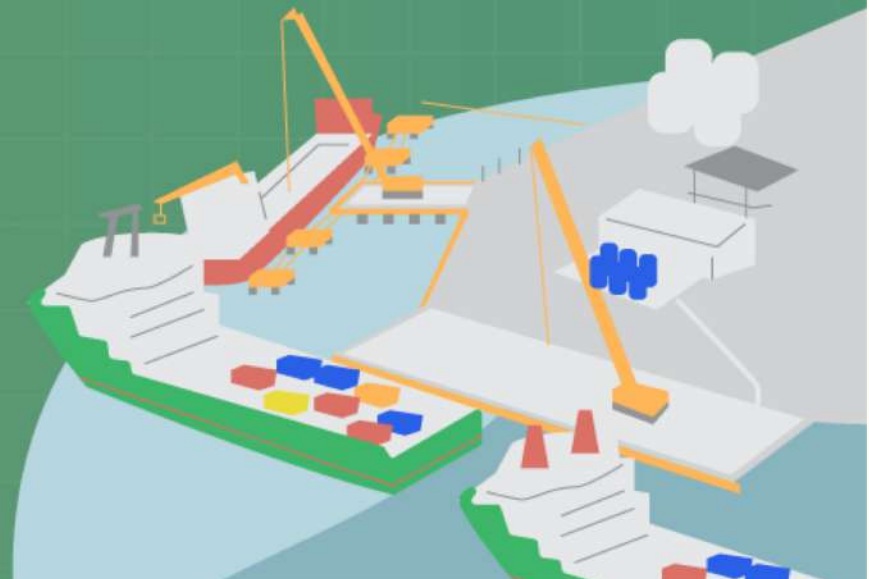
# LOGISTICS AND SUPPORT FOR OIL & GAS SERVICES

## Logistics & Support Services

- Logistics base management
- Bonded Logistics Center (PLB)
- Logistics & freight forwarding services

## Supply Base Management

- Quayside operations
- Transportation and port management
- Other services such as critical spare part handling, shipping agency, waste management, bulk material management, goods tracking & other logistics-related services



# MILESTONES

Incorporated in Jakarta Indonesia as PT Petrosea International Indonesia



1972

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



1984

1990

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



2009

2012

2015

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



2016

2017

Company acquired PT Kuala Pelabuhan Indonesia and released its shares in PT Santan Batubara



2018

2019

Selected by Forbes Indonesia as a top 50 Indonesian company out of more than 700 public companies listed on the IDX and selected by the IDC DX among 1.200 high-quality entities because of its digital transformation initiative



2020



Acquired by Clough Limited, Australia



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



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



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



Petrosea became the only mining company and the only Indonesian owned company to be selected by the World Economic Forum into the Global Lighthouse Network

# OWNERSHIP STRUCTURE

**PTRO.JK**

**1972**      Established

**1990**      Listed on IDX

**2009**      Acquired by INDY

**Market Capitalization Rp 1.97 trillion (Rp 1,950 / share)\***

**Number of shares: 1,008,605,000**

\* As of 30 November 2020

**Ownership Structure\*\***

**69.80%**

PT Indika Energy Tbk.

**30.20%**

Public



Member of Indika Energy Group

\*\* As of 30 September 2020

# MANAGEMENT

## 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



**Romi Novan Indrawan**  
Director



**Meinar Kusumastuti**  
Director

# OPERATIONAL MAP & MAJOR CLIENTS



## Current Clients

### CONTRACT MINING

1	Kideco Jaya Agung	2028
2	Indonesia Pratama*	2021
3	BOMBA Group	2020

### ENGINEERING & CONSTRUCTION

3	Freeport Indonesia	2022
4	Masmindo Dwi Area	2021

### LOGISTICS AND SUPPORT FOR OIL & GAS SERVICES

5	PT Mitra Inter Trans Forwarding, PT DHL Global Forwarding, Ophir Energy Indonesia, CSTS Joint Operation, Saipem Indonesia, BP Berau Ltd.	On Going
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\* Subsidiary of PT Bayan Resources Tbk.





# SUSTAINABLE INVESTING



## Digitalization

Petrosea carried out various strategic steps and initiatives to ensure the Company's sustainable superior performance in the years to come, including the strategic step to transform its operations by leveraging digital technologies in order to create added value for all of our clients.



## Governance

Petrosea's continuously strives to ensure that the principles of GCG become part of the Company's culture and are implemented within all elements of the Company.



## ESG

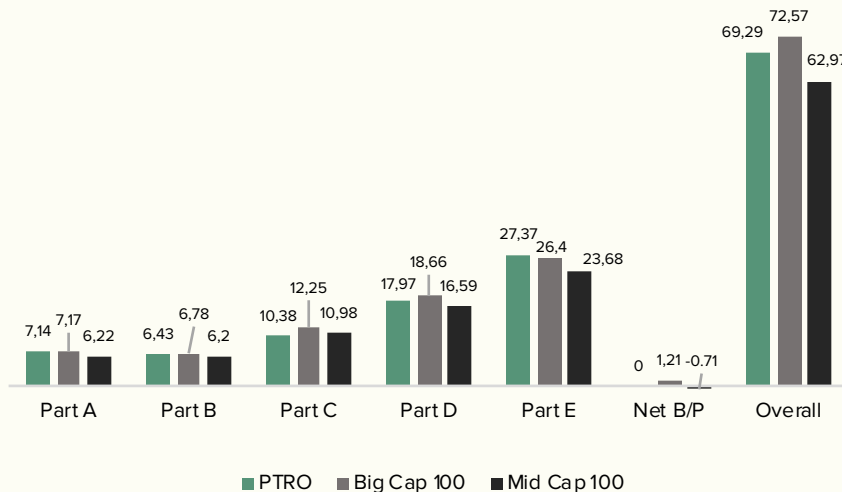
In conducting its operational activities, Petrosea prioritizes the Environmental, Social & Governance (ESG) concept in preserving the environment, creating self-sustained communities, as well as implementing good corporate governance in order to ensure its business sustainability.

# GOOD CORPORATE GOVERNANCE (1)

Petrosea is committed to adhering to the sound principles of Good Corporate Governance (GCG) and has adopted corporate governance practices to ensure the effective functioning of our Management and all supporting elements as a public listed company. By applying the principles of GCG, we ensure that Petrosea is an accountable, independent and transparent company for all of our stakeholders.



## IICD Assessment 2019

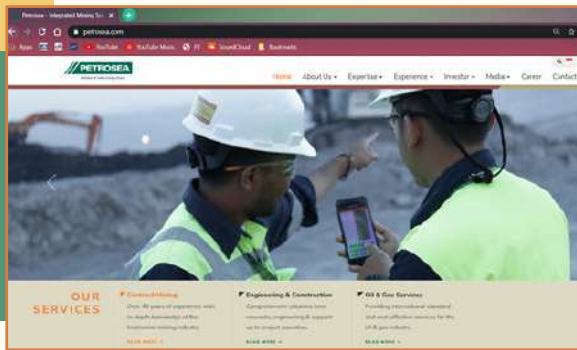


- IICD Assessment 2019 on **Practice Corporate Governance** (competing with 660 listed Companies)
  - Audit, Risk & Compliance Committee, Nomination & Remuneration Committee and Project & Investment Committee
  - Compliance Policies: Board Manual, Committees Charter & GCG Manual
  - Compliance Process: Implementation of Board Resolutions & Endorsements and Capital Market Regulations
- ISO 37001:2016 Anti-Bribery Management System (Whistleblowing System)
- Digital transformation in Internal Audit, Quality Assurance and Enterprise Risk functions
- Business ethics & integrity

# GOOD CORPORATE GOVERNANCE (2)



## TRANSPARENCY



Corporate Website



Annual Report



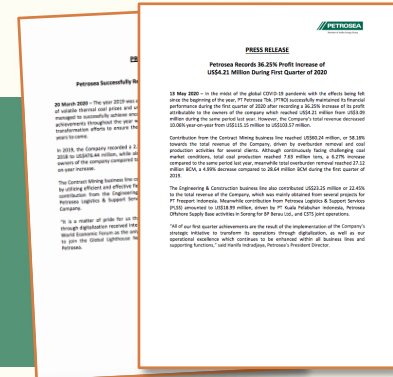
Sustainability Report



Company Update



News Release



Press Release

# GOOD CORPORATE GOVERNANCE (3)



## ACCOUNTABILITY

Financial Statements  
audited by:

**Deloitte.**



## RESPONSIBILITY

Comply to:



## INDEPENDENCY

General Meeting of Shareholders  
& Public Expose



## FAIRNESS & EQUALITY

Independent External  
Assessment conducted by:



# GLOBAL LIGHTHOUSE NETWORK



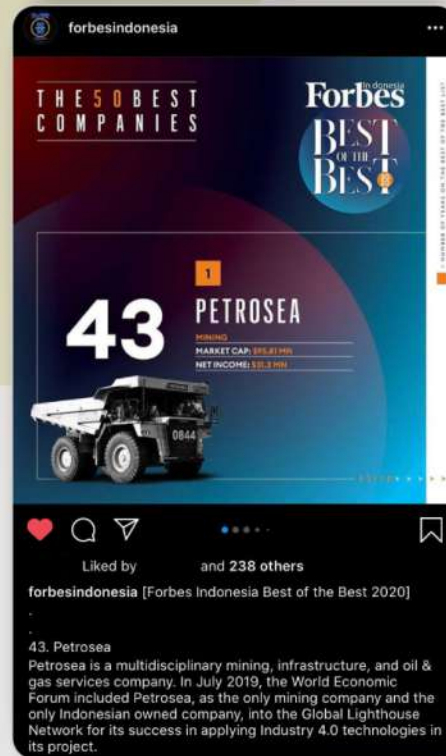
Petrosea became the only mining company and the only Indonesian owned company to be selected by the World Economic Forum into the Global Lighthouse Network during the Annual Meeting of the New Champions, held on 3 July 2019 in Dalian, China.

Petrosea was selected due to its success in applying Industry 4.0 revolution technologies to drive financial and operational impact at Tabang, which is a remote project site located in East Kalimantan.



Forbes Indonesia Best of the Best Companies 2020

# PETROSEA LISTED AS ONE OF THE TOP 50 INDONESIAN COMPANIES



The list is based on the long-term fundamental performance of the 50 Indonesian companies. It reflects the hard work and commitment of the companies, and the people who manage them, to deliver continuous growth and new business achievements despite the economic challenges, both domestic and global.

Petrosea was selected as a top 50 company out of around 700 public companies listed on the Indonesia Stock Exchange.





**PETROSEA AWARDED**



Member of Indika Energy Group

# **OPERATING MODEL MASTER & TALENT ACCELERATOR**

**AT IDC DX AWARDS INDONESIA 2020**

IDC's DX Awards recognizes outstanding organizations that have made critical breakthroughs in digital transformation across the Asia Pacific region, spread across seven different categories.

Petrosea's digital transformation initiative was selected among over 1200 high-quality entries received from end-user organizations across Asia Pacific.

## **OPERATING MODEL MASTER**



Exemplified ability to make business operations more responsive and effective by leveraging digitally connected products / services, assets, people, and trading partners.

## **TALENT ACCELERATOR**



These organizations leverage digital interactions and collaboration, connections, relationships, and tools in the workplace. They focus on optimizing the productivity and flexibility of internal and external employees to better perform their roles in the company's overall digital agenda.

## **OTHER WINNING CATEGORIES AT IDC DX AWARDS 2020 INDONESIA**



**Blue Bird**  
Digital Transformer



**KoinWorks**  
Digital Disruptor



**Bukalapak**  
Information Visionary



**Bank Mandiri**  
Omni Experience Innovator



**Bank Danamon**  
DX Gamechanger



**Noni Purnomo**  
**Blue Bird**  
DX CEO



**Setiaji**  
**Jabar Digital**  
**Service**  
DX Leader

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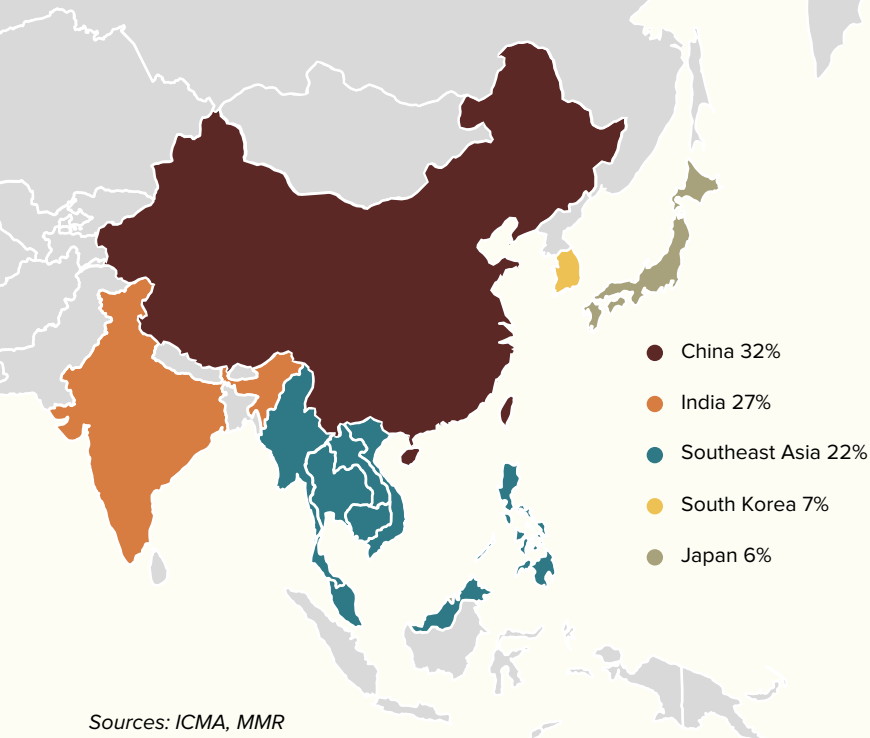
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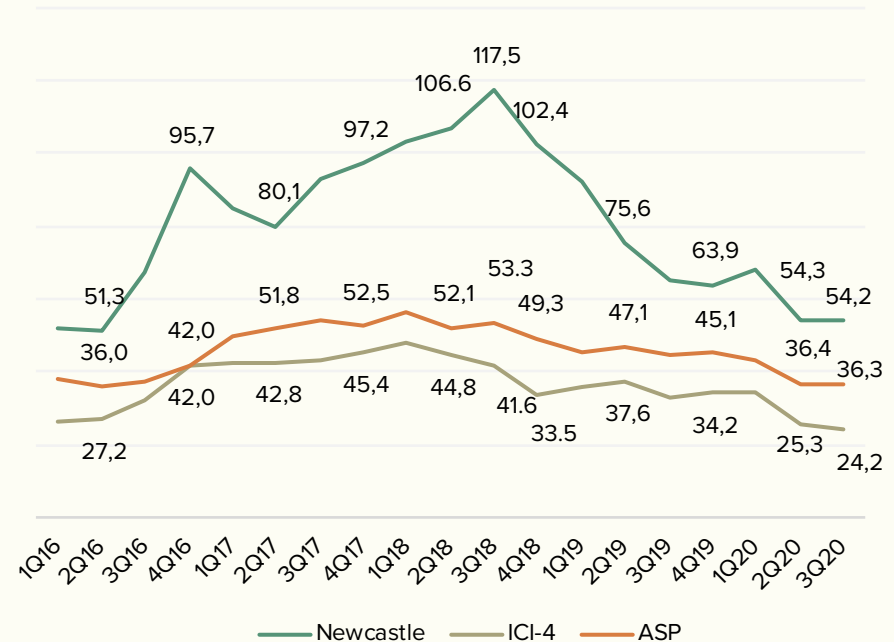
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# COAL MARKET OUTLOOK 2020

## Indonesia Coal Export Market Share



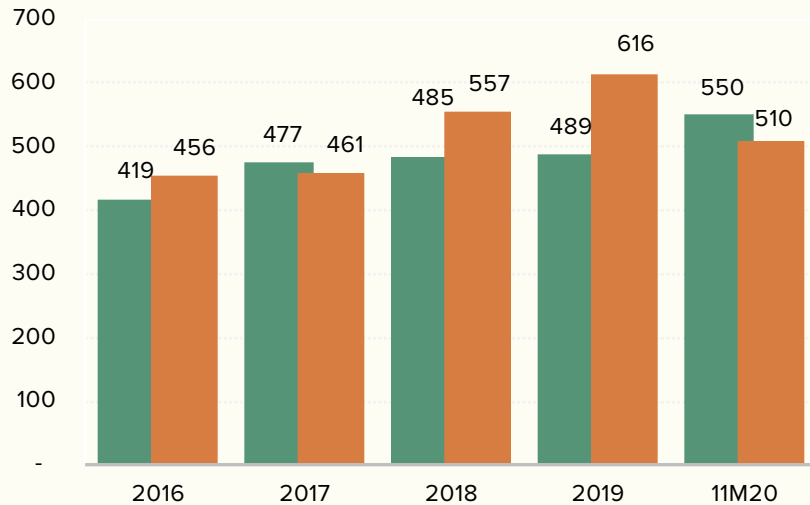
## Newcastle, ICI-4 & ASP



- Demand for thermal coal remains driven by China, India and Southeast Asia
- Indonesia government plans to cut supply from 610 million tons in 2019 to 550 million tons in 2020
- COVID-19 pandemic has severely impacted the coal sector
- China's policy on coal remains a key factor for price movement.
- Coal price has started to recover as of October 2020
- As nearing year-end, positive sentiment on the coal price as market expects China to renew import quotas for next year

# COAL OUTLOOK 2020 – INDONESIA COAL PRODUCTION

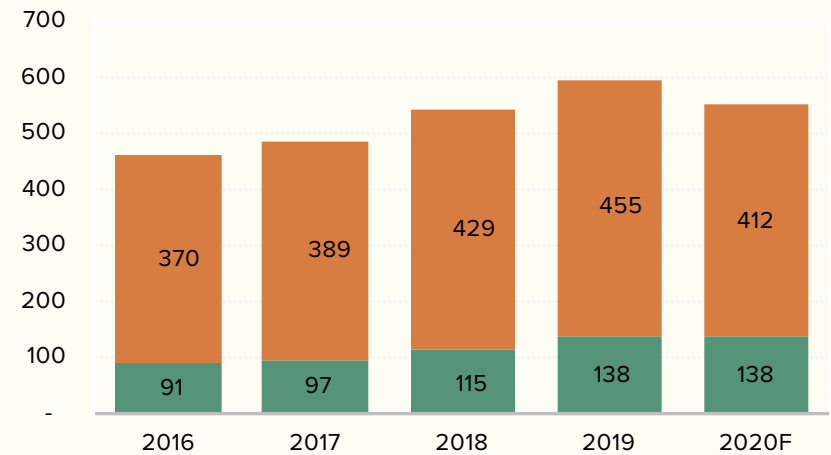
## Indonesia Coal Production



Sources: ICMA, MMR

■ Target ■ Realization

## Indonesia Coal Export vs DMO



Sources: ICMA, MMR

■ DMO ■ Export

### DMO

(Domestic Market Obligation)

## 25%

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

- The Indonesian government plans to cut production by 10% to 550 million tons in 2020, from 610 million tons in 2019, as a move to support price
- Government aims to control coal output in 2020, limiting at 550MT, as a step to boost coal price

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## RECENT DEVELOPMENTS IN 9M2020 (1/4)

### Contract Mining

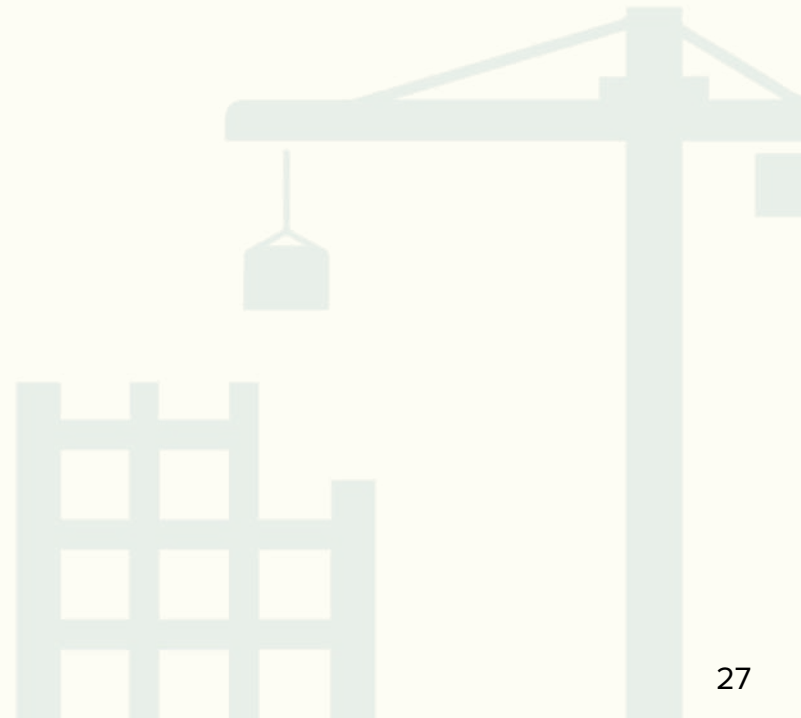
- On April 26, 2020, Petrosea and PT Binuang Mitra Bersama Blok Dua agreed that the overburden removal and mining equipment rental works as stipulated in the agreement has been completed.  
.....
- On June 1, 2020, Petrosea and PT Kideco Jaya Agung entered into an amendment of the contract agreement for waste removal & coal production to expand in the Roto Middle Area with an overburden contract volume of 13.95 million BCM in 2020 with work scheduled to commence in June, 2020.  
.....
- On June 27, 2020, Petrosea received a letter from Indonesia Pratama, which confirmed the scheduled quantities for the period of June to December 2020 will remain at 24.05 million BCM of overburden removal and 9.94 million tons of coal production.  
.....
- On September 3, 2020, Petrosea and PT Nexis Energi Investama has entered into agreement for mining consultancy services as one of the Company's business model diversification.  
.....
- On September 11, 2020, Petrosea and PT Kideco Jaya Agung entered into 8th amendment of contract agreement of waste removal & coal production regarding the expansion of the operation area Roto North Pit and the extension of the contract duration to December 31, 2028.



## RECENT DEVELOPMENTS IN 9M2020 (2/4)

### Engineering & Construction

- On May 17, 2020, Petrosea completed work for the supply and placement of fill material project at the JIPE site owned by PT Freeport Indonesia earlier from the expected contract date of December 13, 2020.
- 
- On July 27, 2020, Petrosea and PT Freeport Indonesia agreed to extend the contract duration Master Services Agreement for Grasberg Wanagon mining services until August 31, 2021.



## RECENT DEVELOPMENTS IN 9M2020 (3/4)

### Logistics And Support For Oil & Gas Services

- On June 10, 2020, Petrosea in consortium with PT Mitra Intertrans Forwarding and PT DHL Global Forwarding Indonesia executed an amendment for integrated freight forwarding services with BP Berau Ltd. for a period of 36 months and contract value of Rp 143 billion.
- On June 29, 2020, Petrosea sold all of its ownership interest in PT Pusat Sarana Baruna & PT POSB Reksabumi Indonesia to PT Interport Mandiri Utama and PT Indika Multi Niaga. The acquisition constituted business combination among entities under common control.
- On July 14, 2019, Petrosea and PT Saipem Indonesia entered into an amendment agreement for the Tangguh Expansion Project at Sorong which extended the contract completion date to November 30, 2020.



## RECENT DEVELOPMENTS IN 9M2020 (4/4)

### Financing

- On June 10, 2020, Petrosea and PT Bank Mandiri (Persero) Tbk signed an investment facility amounting US\$ 50 million.



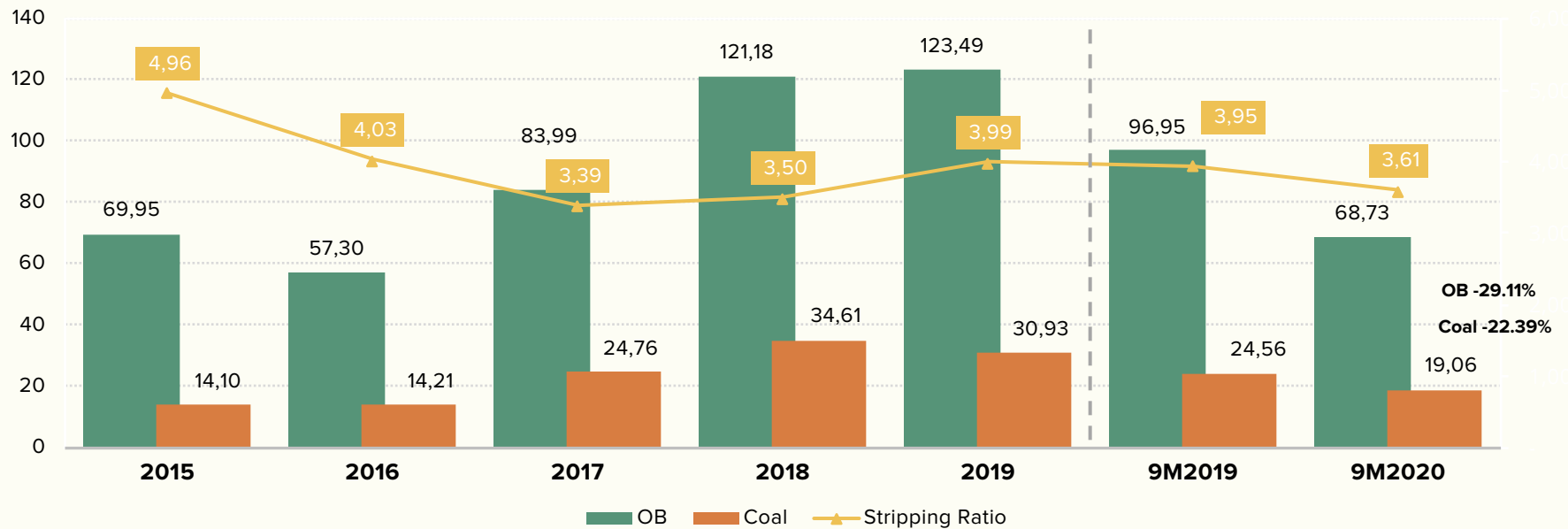
# CONTRACT MINING OPERATIONAL VOLUME (1/2)

**9M2020**

**OB 68.73 MBCM**

**Coal 19.06 MTON**

The Company recorded a 29.11% yoy overburden volume decrease from 96.95 million BCM to 68.73 million BCM. Coal production decreased by 22.39% yoy from 24.56 million tons to 19.06 million tons due to the client lowering operational activities during this pandemic and the completion of the Binuang Mitra Bersama project in early 2020.



## OPTIMIZING THROUGH DIGITALIZATION



Implementation of advanced analytics to optimize asset utilization and drive productivity

## MAXIMIZING ASSET UTILIZATION



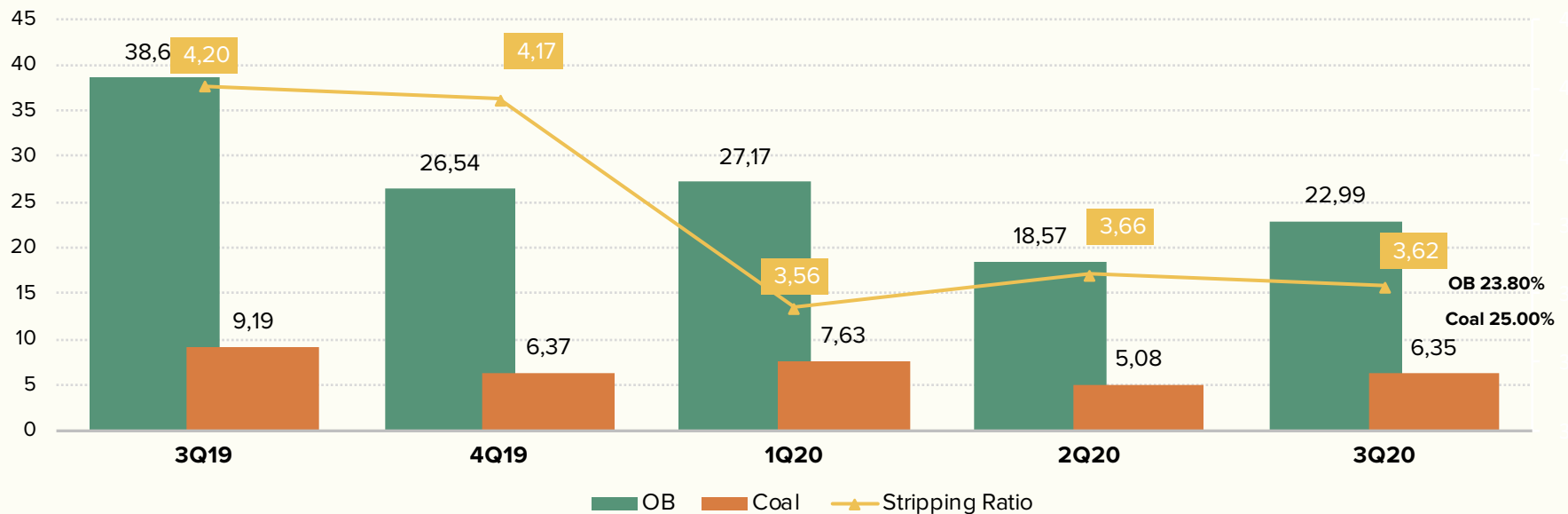
Deploy excess capacity to support the projects

# CONTRACT MINING OPERATIONAL VOLUME (2/2)

## 3Q2020

<b>OB</b>	<b>22.99 MBCM</b>
<b>Coal</b>	<b>6.35 MTON</b>

The Company recorded a 23.80% overburden volume increase from 18.57 million BCM to 22.99 million BCM. Coal production increased by 25.00% from 5.08 million tons to 6.35 million tons *qoq* as a result of operational activities at clients going back to normal again and the Company recording new added volume from existing clients during 3Q2020.



### MINERVA DASHBOARD



Centralized database with automated reporting and action driven visual reporting via the Minerva App

### PREDICTIVE MAINTENANCE



Integration of advanced analytics using condition monitoring data into the equipment maintenance strategy

### REAL TIME FUEL OPTIMIZATION



Identification of interventions to reduce fuel consumption

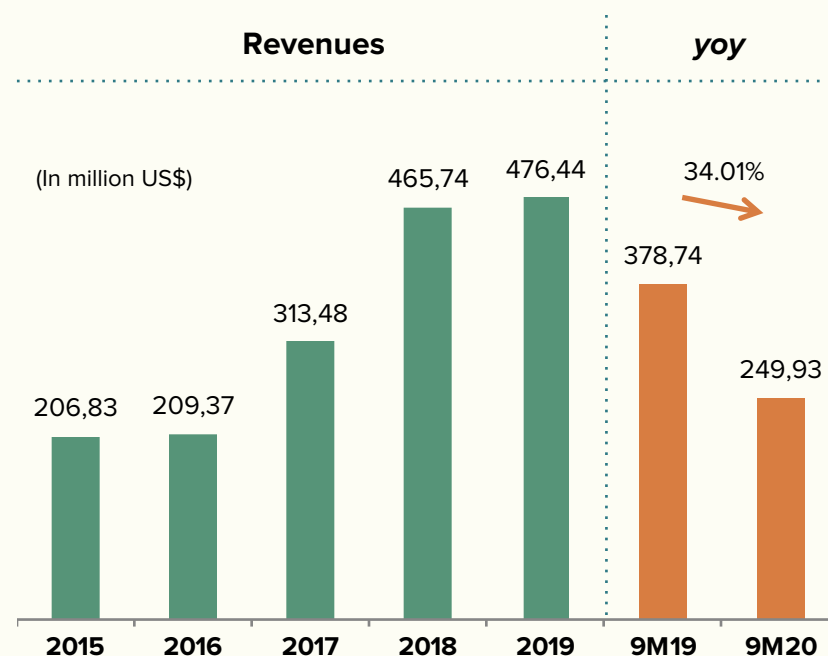
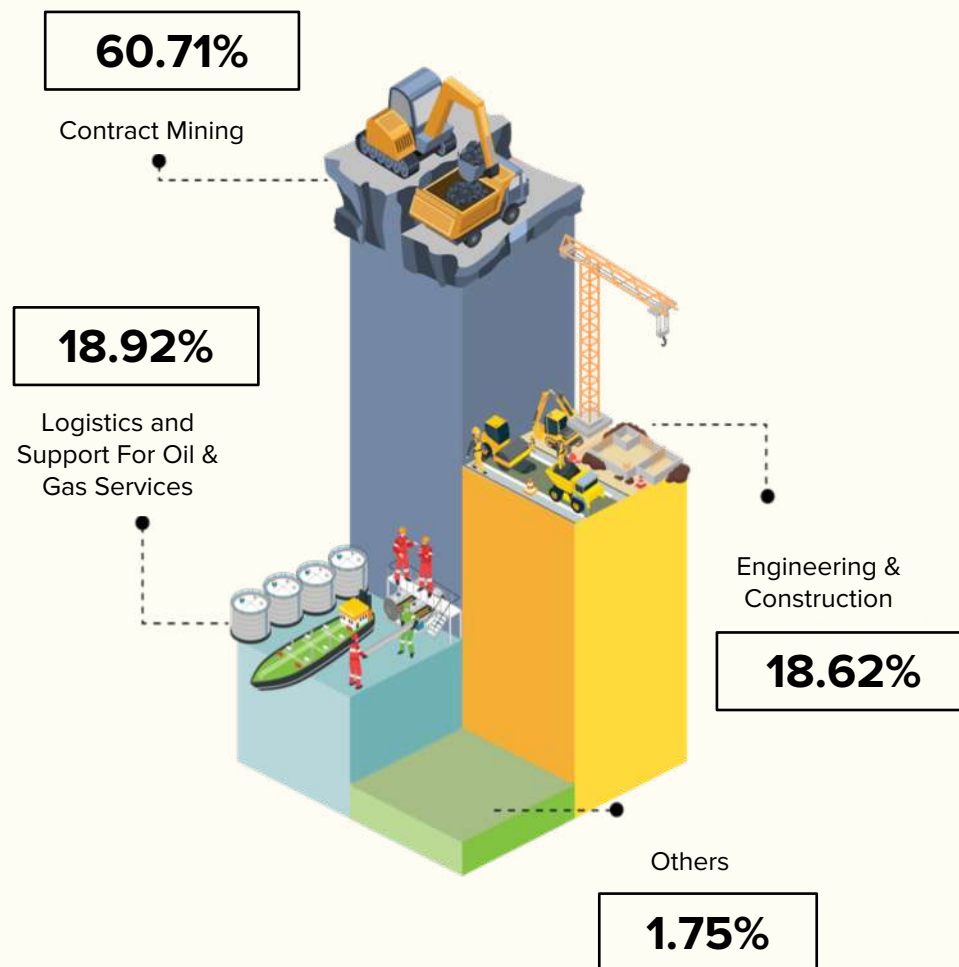
### ADVANCED ANALYTICS



Multi-variable planning optimization with short interval management

# FINANCIAL HIGHLIGHTS (1/4)

## REVENUE CONTRIBUTION 9M2020



### Revenue Per Business Line

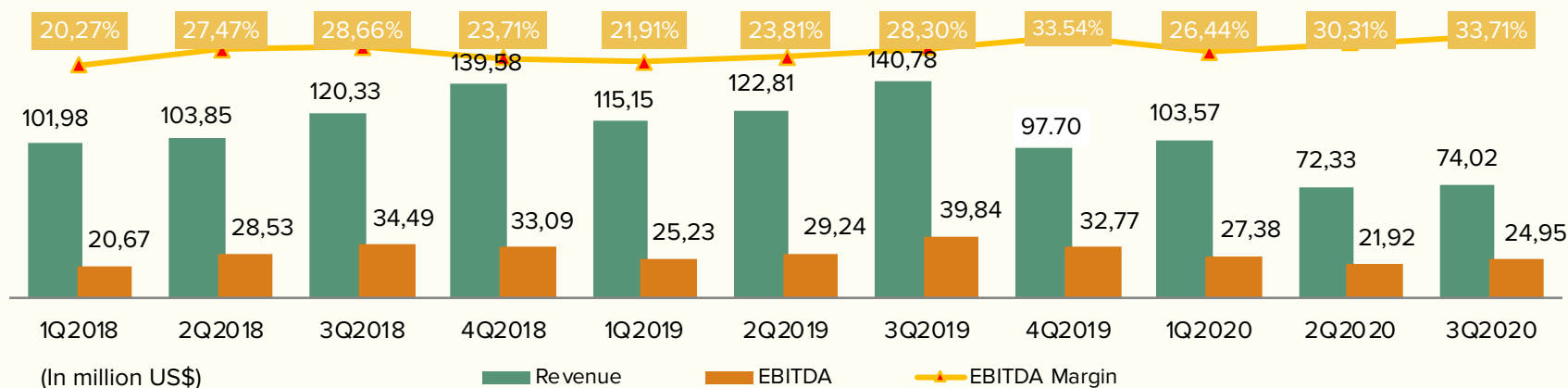
Description (In million US\$)	9M19	9M20	%
Contract Mining	220.35	151.73	(31.14%)
Engineering & Construction	81.85	46.53	(43.15%)
Logistics and Support For Oil & Gas Services	74.34	47.30	(36.37%)
Others	2.20	4.37	98.64%



# FINANCIAL HIGHLIGHTS (2/4)

## CONSOLIDATED STATEMENTS OF PROFIT & LOSS 9M2020

### Revenue & EBITDA



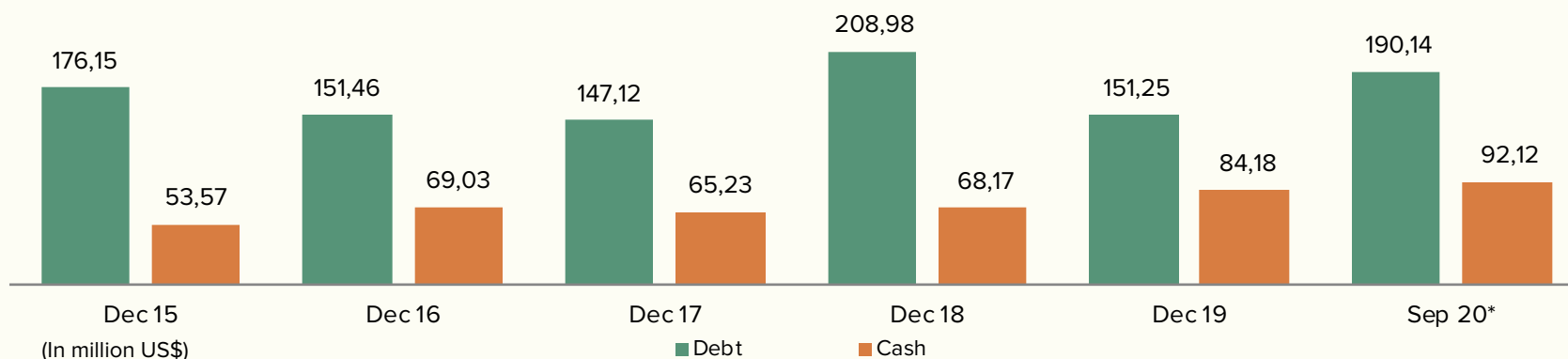
Description (US\$ Million)	Sep 19	Sep 20	YoY
Revenues	378.74	249.93	(34.01%)
Direct Costs	(321.59)	(202.25)	(37.11%)
Gross Profit	57.16	47.68	(16.59%)
Operating Profit	39.45	27.48	(30.34%)
Net Profit for the Year	20.61	13.16	(36.15%)
Profit Attributable – to Owners of Company	20.58	13.00	(36.83%)
Profit Attributable – to Non-controlling Interest	0.03	0.16	433.33%
Earning per Share	0.0204	0.0131	(35.78%)

Description	3M19	6M19	9M19	12M19	3M20	6M20	9M20
EBITDA (US\$ Million)	25.23	54.47	94.17	127.02	27.38	49.31	74.25
EBITDA Margin	21.91%	22.89%	24.86%	26.67%	26.44%	28.03%	29.71%
Gross Profit Margin	11.51%	12.04%	15.09%	17.03%	18.60%	18.12%	19.08%
Op. Profit Margin	6.78%	7.21%	10.42%	11.99%	11.12%	10.11%	10.99%
Net Profit Margin	2.72%	3.40%	5.44%	6.57%	4.21%	5.21%	5.27%
Return on Asset	4.33%	4.29%	4.47%	5.68%	5.89%	6.17%	4.73%
Return on Equity	12.47%	12.45%	12.74%	14.74%	15.45%	15.40%	11.14%

# FINANCIAL HIGHLIGHTS (3/4)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION 9M2020

### Debt & Cash



\*Including additional debt from PSAK 73

### Financial Position

Description (US\$ Million)	Dec 19	Sep 20**
Cash & Cash Equivalents	84.18	92.12
Total Current Assets	222.06	189.38
Total Noncurrent Assets	328.98	315.69
Total Assets	551.04	505.07
Total Current Liabilities	146.34	120.22
Total Noncurrent Liabilities	192.14	170.51
Total Liabilities	338.48	290.73
Total Equity	212.56	214.35
Total Liabilities & Equity	551.04	505.07

### Financial Ratio

Description	Dec 19	Sep 20
Current Ratio (X)	1.52	1.58
Debt to Equity Ratio (X)	0.97	0.89
Fixed Assets Turnover Ratio(X)	1.52	1.18
Total Assets Turnover Ratio (X)	0.86	0.69
Net Gearing Ratio (X)	0.57	0.46

\*\*Annualized and including PSAK 73 implementation

# FINANCIAL HIGHLIGHTS (4/4)

## CONSOLIDATED STATEMENTS OF CASH FLOWS 9M2020

### Operating Activities

Description (US\$ Million)	Sep 19	Sep 20
Cash received from customers	357.50	287.89
Cash paid to suppliers	(165.43)	(131.26)
Cash paid to employees	(112.65)	(86.11)
<b>Cash generated from operations</b>	<b>79.41</b>	<b>70.52</b>
Receipt of tax refunds	9.22	11.06
Interest received	0.87	1.27
Payment of other tax & penalties	-	-
Payment of income taxes	(8.13)	(8.58)
Payment of interest and finance charges	(13.73)	(8.41)
<b>Net Cash Provided by Operating Activities</b>	<b>67.64</b>	<b>65.86</b>

### Investment Activities

Description (US\$ Million)	Sep 19	Sep 20
Withdrawal of other financial assets	2.79	-
Proceeds from sale on an investment in jointly	-	-
Dividend received	-	-
Acquisition of intangible assets	(8.59)	(5.22)
Acquisition of subsidiary	-	-
Acquisition of property, plant, and equipment	(64.20)	(21.87)
Proceeds from sale of property, plant, and equipment	1.54	0.79
Proceeds from sale investment of subsidiaries	-	5.51
<b>Net Cash Provided by Investing Activities</b>	<b>(68.46)</b>	<b>(20.78)</b>

### Financing Activities

Description (US\$ Million)	Sep 19	Sep 20
Proceeds from bank loans	10.00	2.00
Proceeds from sales and leaseback transaction	23.90	13.05
Proceeds from long term loan (third parties)	93.12	8.17
Payment long term loan (related parties)	(75.00)	0.00
Payment long term loan (third parties)	(32.17)	(34.29)
Payment of finance lease liabilities	(6.32)	0.00
Payment of lease liabilities	-	(14.94)
Payment of dividends by the company	(8.72)	(6.97)
Payment of dividends by the subsidiaries	(0.13)	(0.13)
Repurchases Shares	-	(2.03)
Payment of bank loans	(10.00)	(2.00)
Payment of transaction cost	-	0.00
<b>Net Cash Provided by Financing Activities</b>	<b>(5.32)</b>	<b>(37.14)</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(6.15)</b>	<b>7.94</b>
Cash & Cash Equivalents at Beginning of Period	68.17	84.18
<b>Cash &amp; Cash Equivalents at End of Period</b>	<b>62.02</b>	<b>92.12</b>

# ACQUISITIONS OF PROPERTY, PLANT & EQUIPMENT

REALIZED 9M2020

**27.2%**

from US\$ 80.3 million 2020 budget



## Additional

60.1% CAPEX utilized for additional fleets to support capacity expansion



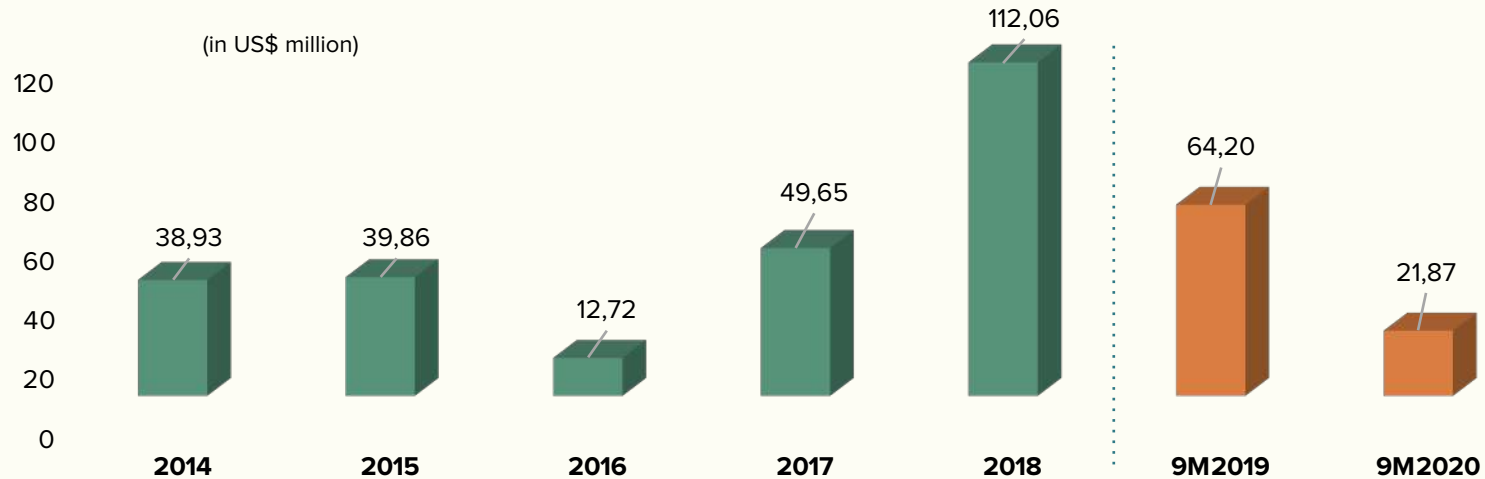
## Replacement

1% CAPEX utilized to replace existing fleets



## Component

39.0% CAPEX utilized to purchase components to maintain unit condition & productivity



### EFFECTIVE CAPEX MANAGEMENT



Capital goods investment to support expansion and maintain fleet condition

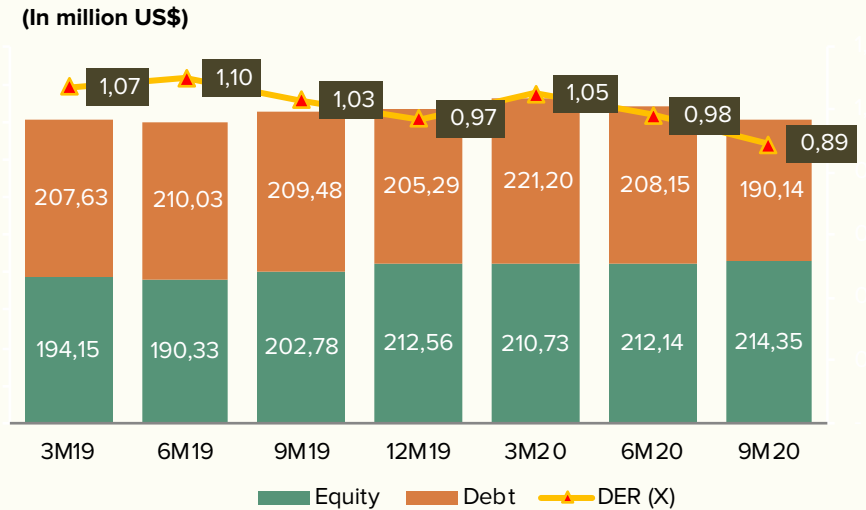
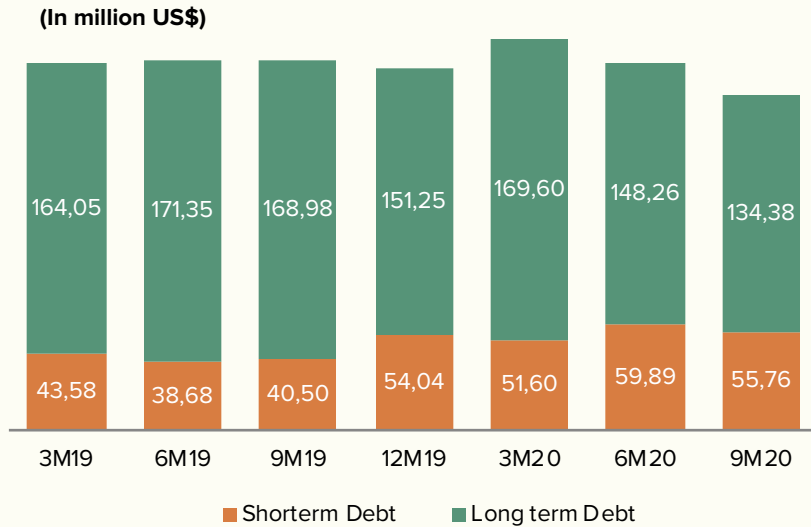
### DELIVERING SUSTAINABLE OPERATIONS



Achieving sustainability goals by leveraging technology

# CAPITAL STRUCTURE

9M2020



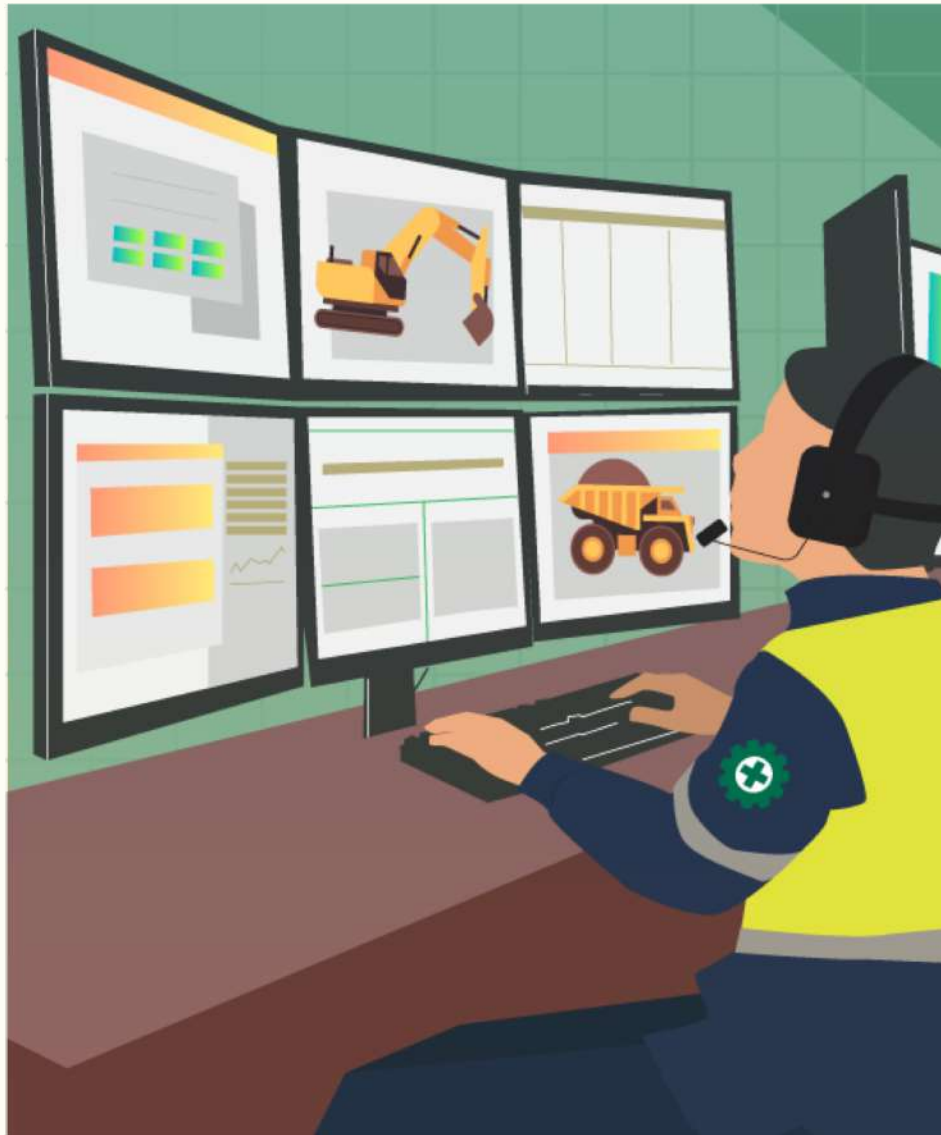
## Prudent Capital Structure

### 01 Financial Management

Ongoing process of formulating, implementing and monitoring the strategies to achieve financial objectives

### 02 Healthy Balance Sheet

Low debt to equity ratio of 0.89x



**OVERBURDEN  
REMOVAL**

**118**  
Million BCM



**COAL  
PRODUCTION**

**31**  
Million Tons



**CAPITAL  
EXPENDITURE**

**US\$ 80.3**  
Million





**21 May 1990 – 21 May 2020**

In 1990, Petrosea reached a historical milestone by becoming the first engineering & construction company in Indonesia to be listed on the Indonesian Stock Exchange (IDX:PTRO).

This year, Petrosea celebrates its 30<sup>th</sup> anniversary as a public listed company, in which we continue our commitment to apply the principles good corporate governance in order to ensure that Petrosea remains an accountable, independent and transparent company for all our stakeholders.

# Thank You



Member of Indika Energy Group

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