



# COMPANY PROFILE 1H18

PT Toba Bara Sejahtra Tbk

Jakarta, September 2018  
Strictly Private & Confidential





## TOBA Overview



## 1H18 Performance



## Update on Power Plant Projects

# 1 | TOBA Overview



Toba Bara (“TOBA”) is one of major thermal coal producers in Indonesia. The Company is embarking to become an integrated energy company

## COAL MINING



PT Adimitra Baratama Nusantara (“ABN”)



PT Trisensa Mineral Utama (“TMU”)



INDOMINING

PT Indomining (“IM”)

## POWER GENERATION



PT Gorontalo Listrik Perdana (“GLP”)



PT Minahasa Cahaya Lestari (“MCL”)

PLANTATION<sup>1</sup>

PT PERKEBUNAN KALTIM UTAMA I

PT Perkebunan Kaltim Utama I (“PKU”)



Total Concession : 7,087 Ha  
Reserves (JORC 2018) : 63.9 mmtons  
Total Production Rate : 5-8 mmtpa  
Coal Products (GAR) : 4,800 – 5,900 kcal/kg

- 2x60MW<sup>(gross)</sup> steam Coal Fired Power Plants under development by GLP and MCL
- 25-year PPAs with a BOOT scheme (PLN as sole off-taker)
- One of few companies that has obtained 2 PPAs in 2 consecutive years (GLP and MCL)

8,633ha (2,738 Ha planted)  
HGU area

<sup>1)</sup> TBS owns PKU, which overlaps with ABN and TMU concessions

Notes: HGU: Hak Guna Usaha (Right to Cultivate), IPP: Independent Power Producer, PPA: Power Purchase Agreement



## History and Milestones

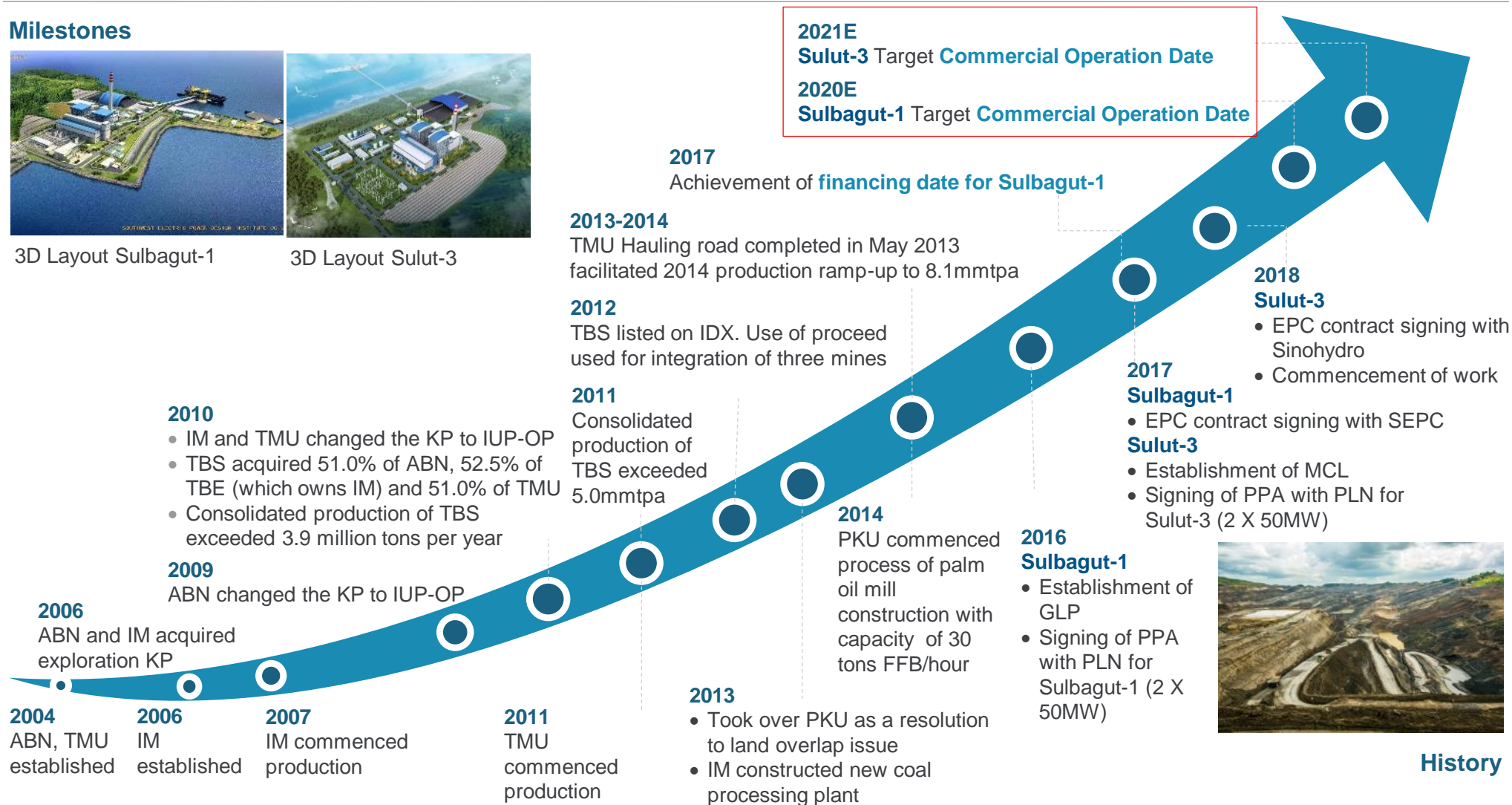
### Milestones



3D Layout Sulbagut-1



3D Layout Sulut-3

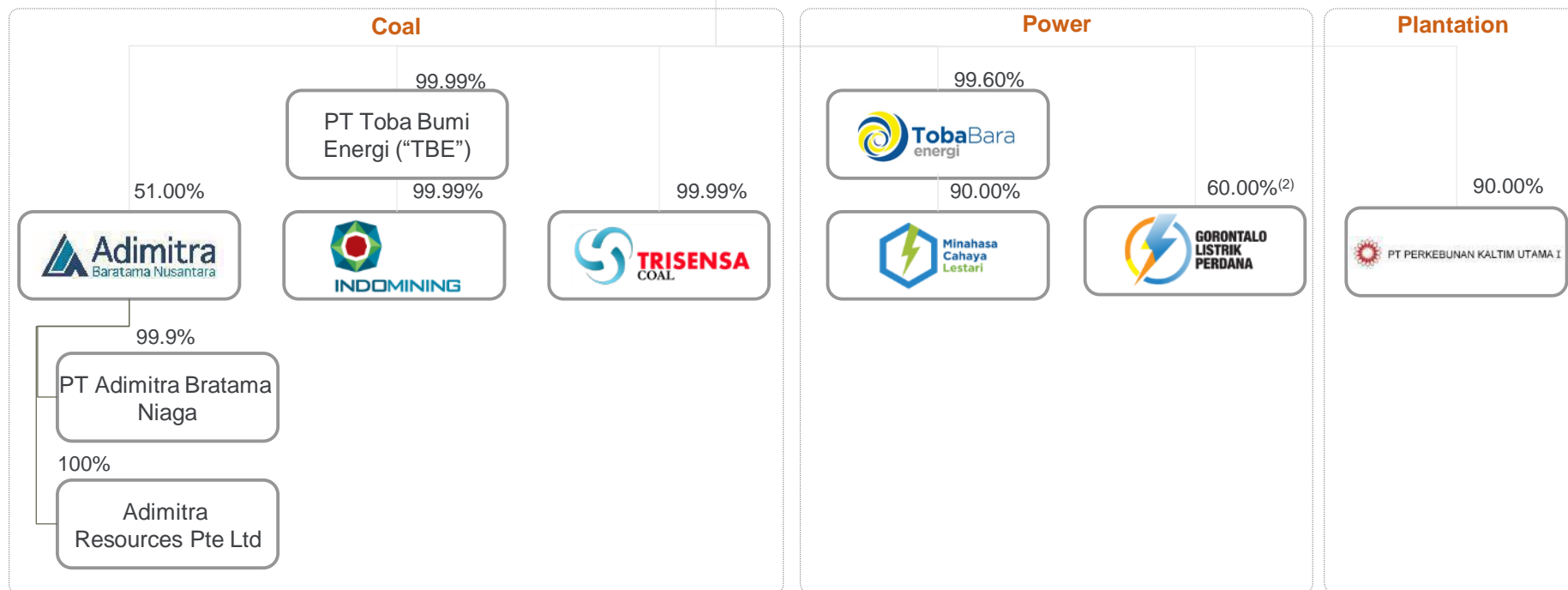


### History

Source: Company Information

Notes: ABN: Adimitra Baratama Nusantara, FFB: Fresh Fruit Bunch, GLP: Gorontalo Listrik Perdana, IDX: Indonesia Stock Exchange, IM: Indomining, MCL: Minahasa Cahaya Lestari, PLN: PT Perusahaan Listrik Negara (Persero), PPA: Power Purchase Agreement, SEPC: Shanghai Electric Power Construction, TBS: Toba Bara Sejahtera, TMU: Trisensa Coal

## Ownership Structure



Notes: PLN: PT Perusahaan Listrik Negara (Persero), PPA: Power Purchase Agreement. (1) Including Baring Private Equity as an anchor investor. (2) Economic benefit of 80%, ownership subject to PLN approval.

## Achievement and Certification

### Environment



**PT Adimitra Baratama Nusantara**  
Green PROPER Award  
(2018)  
Gold PROPER Award  
(2015-2017)



**PT Indomining**  
Green PROPER Award  
(2016-2018)



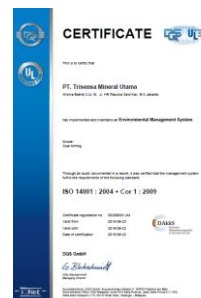
**PT Trisensa Mineral Utama**  
Green PROPER Award  
(2016-2018)



**PT Adimitra Baratama Nusantara**  
ISO 14001:2015 from  
Lloyd's Register Quality Assurance  
(25 September 2017)



**PT Indomining**  
ISO 14001:2015  
Certificate from DQS  
(29 March 2017)



**PT Trisensa Mineral Utama**  
ISO 14001:2015  
Certificate from DQS  
(23 August 2015)

### Health and Safety



**PT Adimitra Baratama Nusantara**  
BS OHSAS 18001:2007  
from Lloyd's Register  
Quality Assurance  
(25 September 2017)



**PT Indomining**  
BS OHSAS  
18001:2007 from DQS  
(29 March 2017)



**PT Trisensa Mineral Utama**  
BS OHSAS  
18001:2007 from  
DQS  
(23 August 2015)

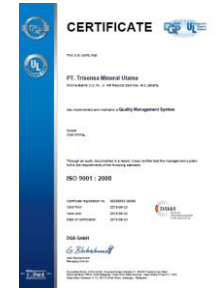
### Quality Management System



**PT Adimitra Baratama Nusantara**  
ISO 9001:2008 from  
DQS  
(5 June 2015)



**PT Indomining**  
ISO 9001:2015 from  
DQS  
(29 March 2017)



**PT Trisensa Mineral Utama**  
ISO 9001:2008 from  
DQS  
(23 August 2015)

## Achievement and Certification

### Corporate Social Responsibility



**PT Adimitra Baratama Nusantara**  
Gold KUKAR CSR Award 2017



**PT Indomining**  
Silver KUKAR CSR Award 2017



**PT Trisensa Mineral Utama**  
Participant KUKAR CSR Award 2017

### Zero Lost Time Injury

#### PT Adimitra Baratama Nusantara

Since September 2015 with total working hours of **2,758,317** hours up to December 2017

#### PT Indomining

Since September 2007 with total working hours of **5,203,894** hours up to December 2017

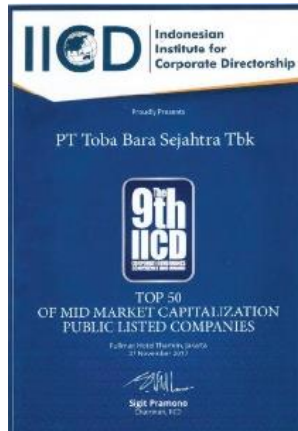
#### PT Trisensa Mineral Utama

Since December 2014 with total working hours of **790,093** hours up to December 2017

### Achievement at Corporate Level



**Top 50 of Mid Market Capitalization Public Listed Companies**  
Indonesia Institute for Corporate Directorship



**Energy & Resources In-House Team of the Year**  
Company received award from Asian Legal Business on ALB Indonesia Law Awards 2017

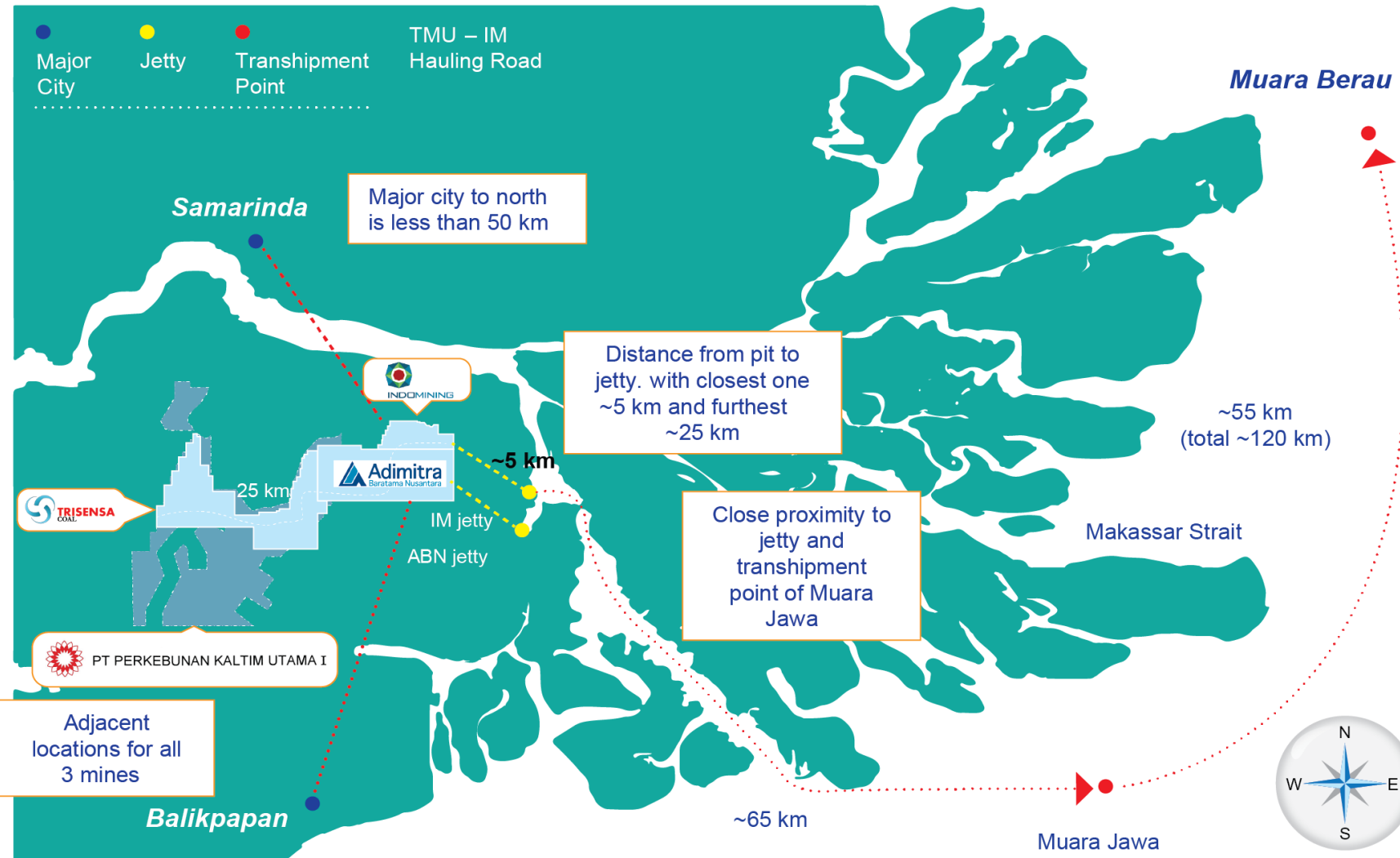
**Forbes** Indonesia

**Top 30 Indonesian High-Performing Listed Company**  
Company awarded by Forbes Indonesia in August 2018 and to be inaugurated in November 2018



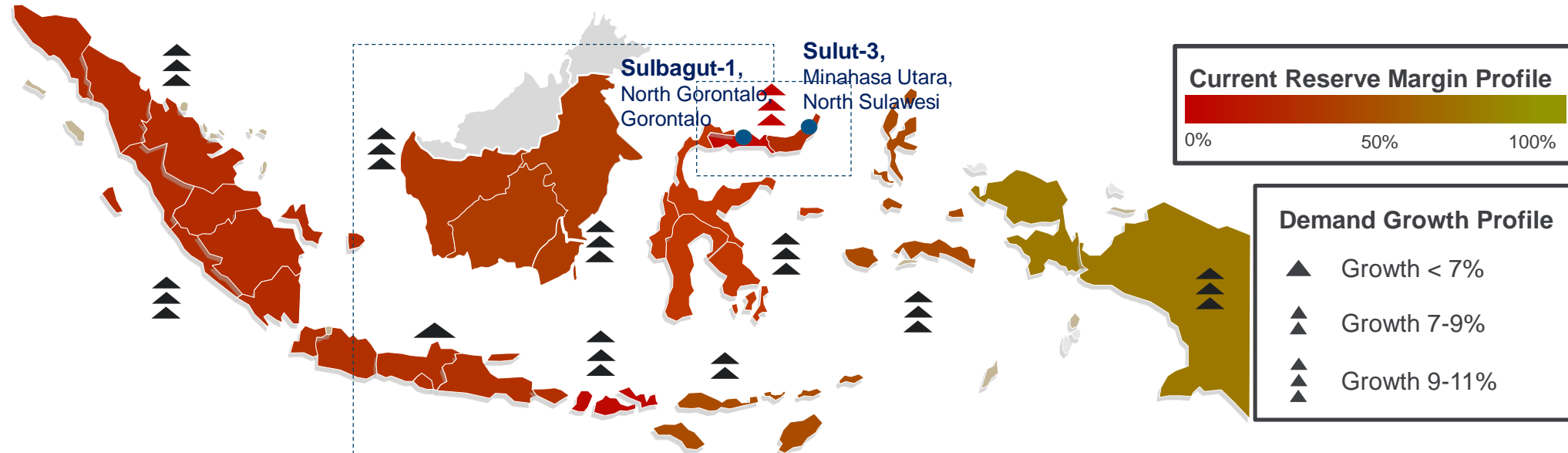
## Strategic Mine Location

TOBA owns all infrastructures (coal processing plant, overland conveyors, and jetties) giving significant operating leverage vs other concessions in surrounding areas



## Our Power Projects: Sulbagut-1 and Sulut-3. Why Gorontalo-North Sulawesi?

Considering projected demand growth and required reserve margin, North Sulawesi and Gorontalo poised to urgently require additional power generation capacity, i.e. from coal-based power plants



### Why Gorontalo-North Sulawesi?

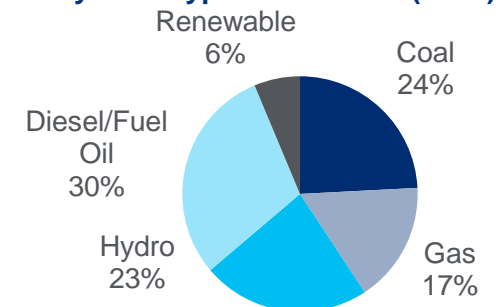
- Prospective demand growth > 9%
- Reserve margin in Sulawesi is ~22%, **lower than national average (> 30%)**



### High-cost diesel generator still takes highest portion of power source

- Sulawesi electrical system still deploys high-cost diesel-generator as highest portion of power source (30%)
- To lower generation cost, coal based power is expected to diminish Sulawesi's dependency on diesel-based power

### Power Generation Capacity by Fuel Type in Sulawesi (2017)

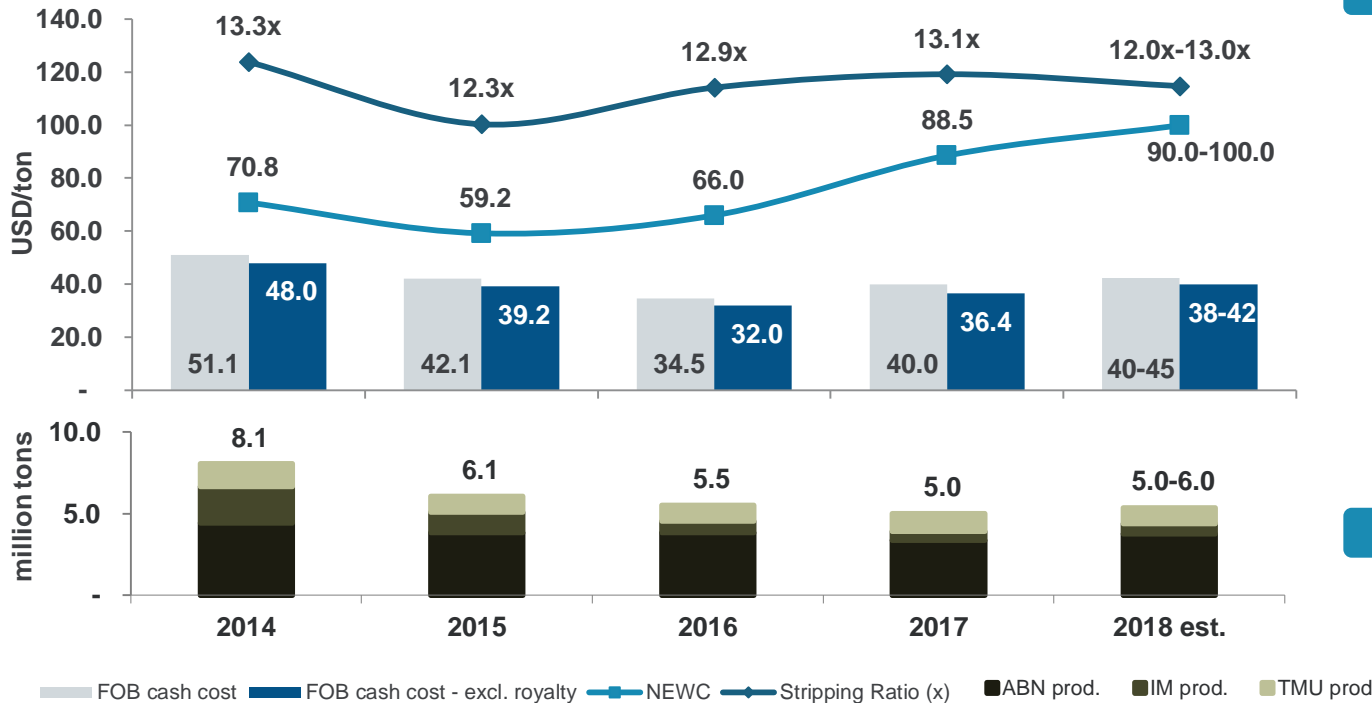


# 2 | 1H18 Performance

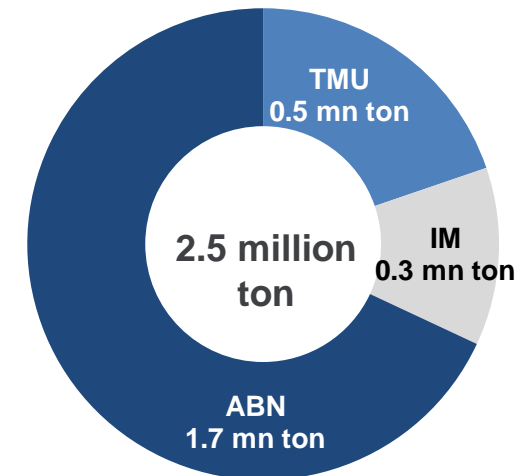


## Production Performance

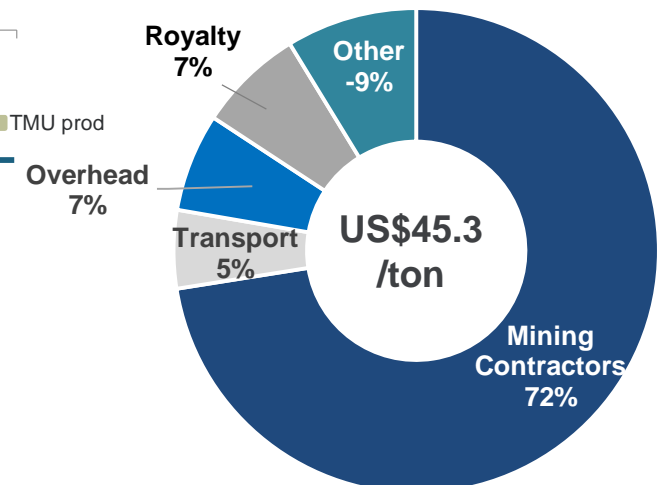
Despite fluctuation in NEWC price, Company has maintained relatively stable SR and cash cost through proper mine planning and cost management initiative



### Production by Concession (1H18)



### FOB Cash Cost Breakdown (1H18)



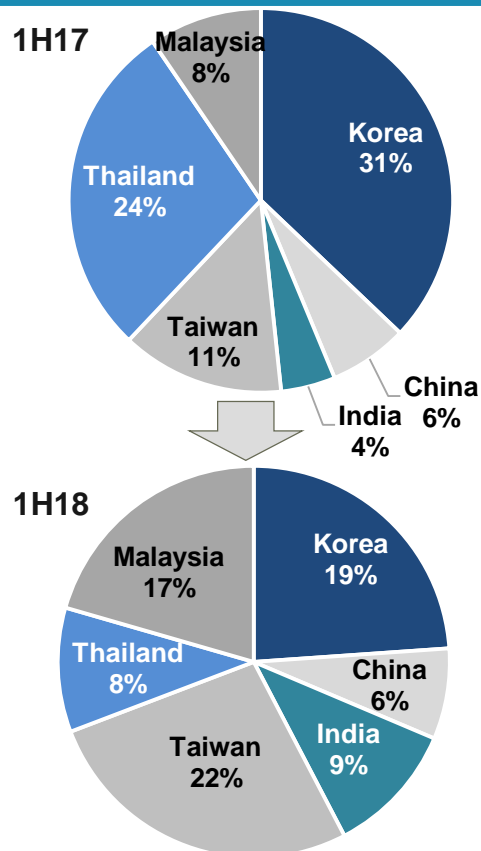
- 1H18 production volume of 2.5 mn tons in line with 2018 half year guidance of 2.5 – 3.5 mn tons. Performance in 1H18 was slightly higher than that in 1H17 due to seasonal wet weather during the 1H17
- 2Q18 SR stabilized at 13.0x, on track of achieving annual SR guidance of 12.0x – 13.0x
- Payment to mining contractors account for 72% of 1H18 FOB cash cost



## Our Marketing Strategies

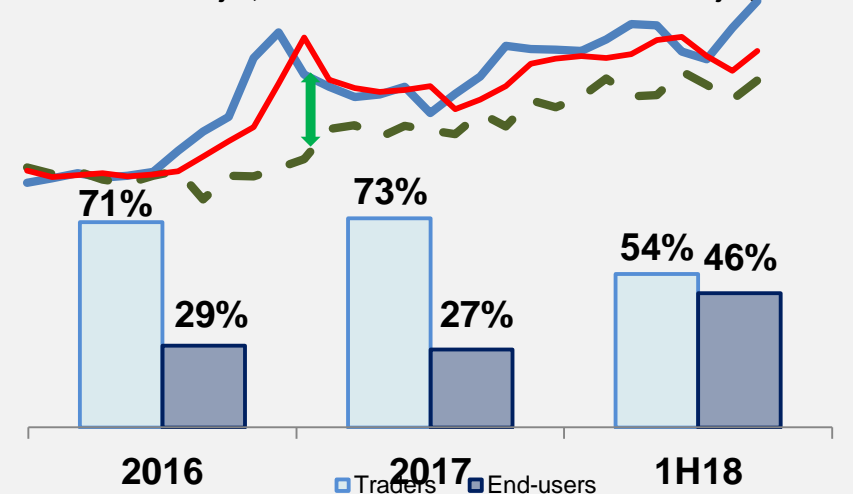
TOBA adopts forward looking view of market conditions to adapt our marketing strategies to extract most value for our coal

### Destination



- Market diversification remained highlight
- Going forward, ASEAN markets will play more important role in sourcing coal from its proximate supplier i.e. Indonesia

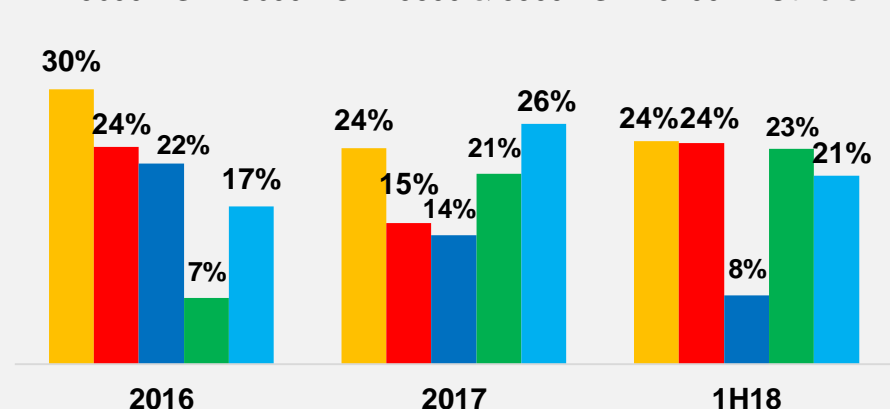
NEWC - Adj. 5,600 GAR ASP HBA - Adj. 5,600 GAR



### Customers

- Traders: end users composition in 1H18 will gradually shift to typical 70:30 ratio by end-2018
- In 1H18, spread between NEWC and ASP narrowed due to higher portion of index-linked sales volume in 1H18 compared to 2H17

5600 HS 5600 RS 5800 & 5900 LS 5200 Others



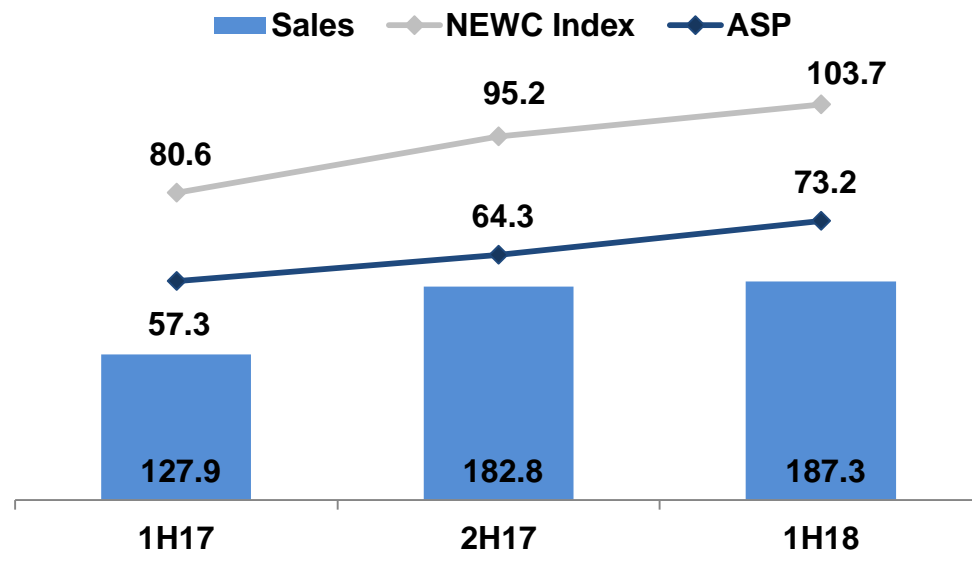
### Product

- From 2016 to 1H18, sales contribution consistently derived from mainly 5600 GAR products
- Mixture of mid-upper quality of 5600 – 5900 GAR still account for TOBA's largest product composition

## Profitability

Increase in ASP per ton directly correlates with rise in NEWC coal index price, resulting in higher gross profit margin and EBITDA margin

### Sales & Average Selling Price ("ASP")



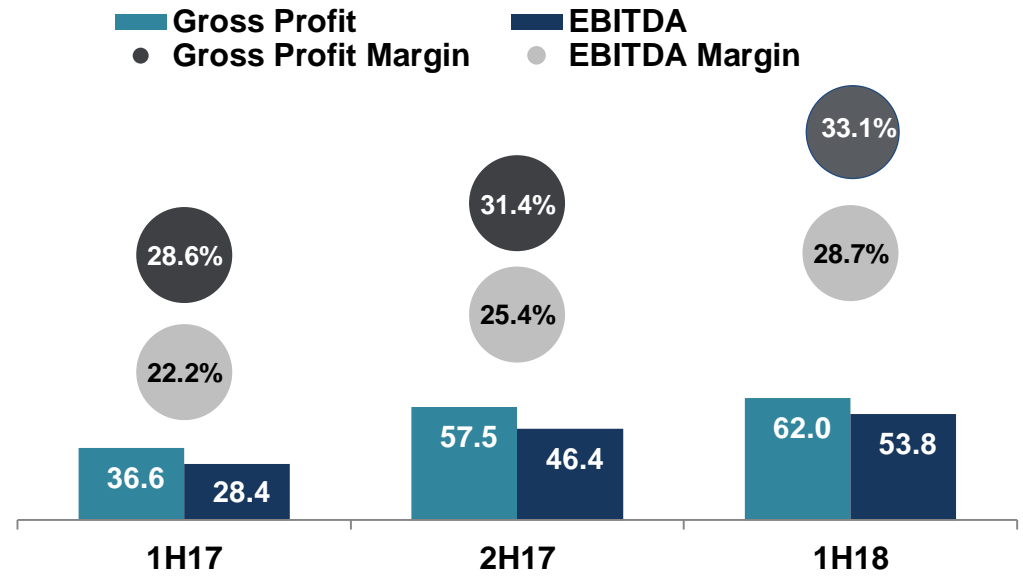
#### 1H17 to 1H18 (YoY)

- Sales increased by 46.4% mainly due to increase in ASP correlating with 27.7% rise in NEWC index

#### 2H17 to 1H18

- Rise in NEWC index continued to push ASP higher, resulting in 2.4% increase in sales

### Gross Profit & EBITDA



#### 1H17 to 1H18 (YoY)

- EBITDA increased by 89.4% y-o-y as EBITDA margin increased from 22.2% to 28.7% due to higher ASP and stable production cash cost

#### 2H17 to 1H18

- EBITDA increased by 16.1% correlating with increase in ASP, while production cash cost remained stable

## 1H18 Summary Performance

### “Sustainability & Resilience”

Focused on **profitable production output** through **optimization** of :

- **Infrastructure and connectivity sharing** (hauling road and coal processing plant)
- **Joint mine plan**
- **Coal sale pricing** driven by relationship, consistency in scheduled delivery and product quality
- **Well-diversified market destinations and customer base**

Note:

(a) FOB Cash Cost = COGS including royalty and selling expense – depreciation and amortization

(b) Includes profit from construction of Sulbagut-1 power project (based on accounting treatment PSAK 34 and ISAK 16) in 1H18

(c) EBITDA = Gross profit – selling expenses G&A + depreciation and amortization

(d) EBITDA/ton = Coal mining business only

Operational		1H17	1H18	Δ%
NEWC Index	US\$/ton	80.6	103.7	28.7 %
ASP	US\$/ton	57.3	73.2	27.7%
Production Vol	mn ton	2.3	2.5	8.7 %
Sales Vol	mn ton	2.2	2.4	9.1 %
Stripping Ratio	x	14.0	13.0	(7.1) %
FOB Cash Cost <sup>(a)</sup>	US\$/ton	38.8	45.3	16.8 %

Financial		1H17	1H18	Δ%
Sales <sup>(b)</sup>	US\$ mn	127.9	187.3	46.4 %
EBITDA <sup>(b) &amp; (c)</sup>	US\$ mn	28.4	53.8	89.4 %
Net Profit	US\$ mn	14.6	31.2	113.7 %
EBITDA/Ton <sup>(d)</sup>	US\$/ton	13.4	22.3	66.4%

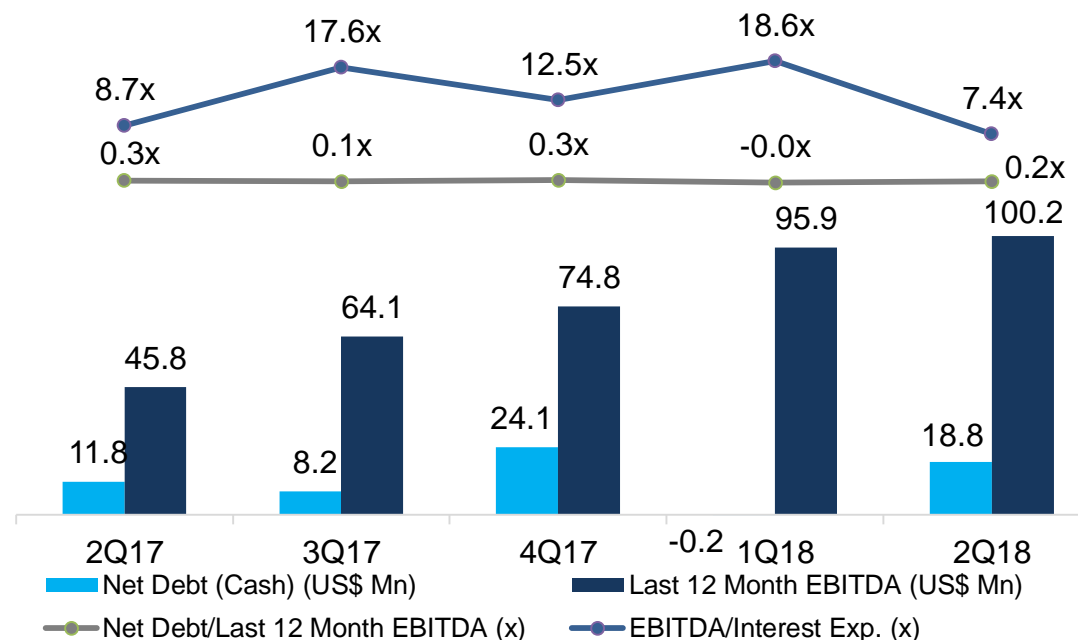
Financial Ratios		1H17	1H18	
Gross Profit Margin		28.6%	33.1%	
EBITDA Margin		22.2%	28.7%	

## Balance Sheet Position

TOBA maintains balanced capital structure positioned to finance power plant projects

### Consolidated Balance Sheet In Million US\$

Balance Sheet	Dec' 17	Jun' 18	Change
Cash and Cash Equivalents	74.7	76.9	2.9 %
Total Assets	348.3	370.9	6.5 %
Interest Bearing Debt	98.8	95.7	(3.1) %
Total Liabilities	173.5	173.3	(0.1) %
Shareholders Equity	174.8	197.6	13.0 %



- **Total assets rose by 6.5%** to US\$ 370.9 million as at 30 June 2018 compared to as at 31 December 2017, mainly due to higher sales performance in 1H18, which translated to 50.8% higher trade receivables to US\$ 17.8 million, and 54.2% higher unbilled receivables of Sulbagut-1 to US\$ 21.9 million.
- **Total liabilities** as at 30<sup>th</sup> June 2018 remained stable at US\$ 173.3 million from US\$ 173.5 million as at 31<sup>st</sup> December 2017.
- **Total equity value improved** due to current earnings over the period
- **Net Debt to EBITDA ratio has constantly recorded stability** from quarter to quarter at < 0.5x

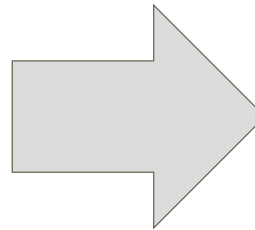


GULEAGUT-1 (2x50MW) OFSP- PROJECT

# 3 | Update on Power Plant Projects

## Transformation to Integrated Energy Company

TOBA is one of leading coal producers in process of transforming into integrated energy provider



**Integrated  
Energy  
Company**

## Power Project : Sulbagut-1

Sulbagut-1 achieved financial close in July 2017 and is currently under construction



North Gorontalo, Gorontalo Province



**FACT:** Sulbagut-1 successfully achieved financial close on schedule, one of only few IPPs able to do so in Indonesia

### Sulbagut-1 (North Gorontalo, Gorontalo)

Developer	PT Gorontalo Listrik Perdana  (80%)  (20%)
Capacity	2x50 MW (Net); 2x60 MW (Gross)
EPC	 & PT Bagus Karya
Total Investment	US\$220-225 mn
Total Required Land	~65 Ha (100% secured)
Estimated COD	Mid 2020
PPA Contract	25 years

#### 2016

- Signing PPA with PLN on 14 July 2016



#### 2017

- Signing EPC Contract
- Signing Financing Agreement
- Achievement of Financing Date



#### 2018

- Construction phase



#### 2020F

- Target COD by mid 2020





## Sulbagut-1 Progress in Pictures



**Signing EPC contract with SEPC on 7 July, 2017**



**Signing Financing Agreement with PT Bank Mandiri (Persero) Tbk with total facility of US\$172 mn for period of 12 years, 11 July, 2017**



**Achievement of *Financing Date* with PT PLN (Persero) on 14 July, 2017 (the only IPP in 2017 that achieved on time)**



**Financial Close Reception with BOD of PT PLN (Persero), 31 July, 2017**



**Kick Off Meeting with SEPC and Poyry, 5-7 September, 2017, in Shanghai-China**



## Sulbagut-1 Progress in Pictures

### Access Road



### Main Plant Area



### Project Signboard at Site



### Construction Activity



### Batching Plant



### Site Visit Bank Mandiri



## Power Project : Sulut 3

Sulut-3 has signed EPC contract and started commencement of work in early 2H18, and expected to achieve financial close by 1Q19



North Minahasa, North Sulawesi



**FACT:** Sulut-3 and Sulbagut-1 areas already interconnected by Sulut-Gorontalo interconnection system

### Sulut-3 (North Minahasa, North Sulawesi)

Developer	PT Minahasa Cahaya Lestari  
Capacity	2x50 MW (Net); 2x60 MW (Gross)
EPC	 & PT Teknik Lancar Mandiri
Total Investment	US\$ 205-210 mn
Total Required Land	45 Ha
Estimated COD	Early 2021
PPA Contract	25 years

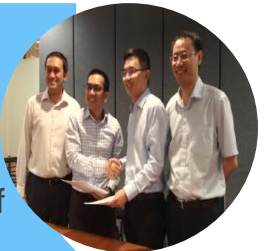
#### 2017

- Tariff Approval from Ministry of Energy and Mineral Resource



#### 2018

- PPA Effective (January 2018)
- Signing of EPC Contract
- Commencement of work (July 2018)



#### 2019F

- Construction Phase



#### 2021F

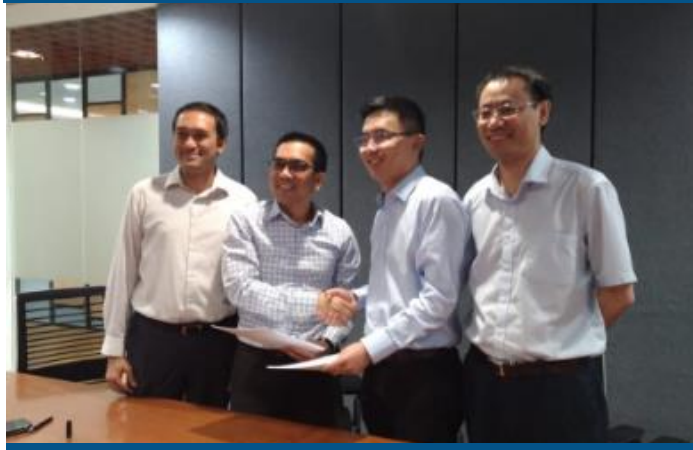
- Target COD by 1Q 2021





## Sulut-3 Progress in Pictures

Singing of EPC Contract



Land Acquisition



Secured Land



Land Clearance



## 5 Key-strategies to ensure project deliverability



### Internal Credential to Mitigate Project Risk

Bringing in key highly experienced personnel in developing and operating coal-fired power plants, including key team members from previous Group-related power projects



### Solid partnership with Selective EPC Companies

TOBA in cooperation with reputable EPC contractors as shareholders in its respective projects. E.g. SEPC in Sulbagut-1 and Sinohydro in Sulut-3; Both are subsidiaries of Powerchina Group



### Ensure Deliverability through EPC Contract

- EPC Guarantee : Establish EPC Guarantee as strong point to ensure project quality and be on schedule
- Lump Sum Turn Key Scheme to secure EPC cost and minimize cost overrun



### Appoint Reputable Project Advisor & Operation

- Appoint Internationally proven Owner's Engineer (OE) to supervise progress during project
- Appoint reputable Operation & Maintenance (O&M) Company to perform smooth and efficient operation



### Insurance (Erection All Risk)

Most important aspect is to overcome unpredictable event during project



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