

PUBLIC EXPOSE PT TOBA BARA SEJAHTRA Tbk



Indonesia Stock Exchange Building
Jakarta, 18th December 2013

1

Corporate Profile

2

Performance Highlights

3

Initiatives and Operational Achievements

4

CSR & Environmental Highlights





1

Corporate Profile



Toba specializes in thermal coal production and comprises three operating subsidiaries: **Adimitra Baratama Nusantara (ABN)**, **Indomining (IM)** and **Trisensa Mineral Utama (TMU)**, which hold adjacent concession areas located in East Kalimantan, Indonesia

- **Substantial and diversified thermal coal reserves and resources**

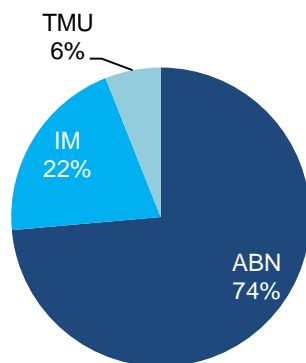
- JORC-compliant proved and probable reserves of 147 MM tons and measured, indicated and inferred resources of 236 MM tons
- Coal brands with calorific values ranging from 4,700 - 5,800 Kcal / kg GAR

- **Strong growth profile**

- Produced 5.6 MM tons of coal in 2012 and grew to produce around 5.8-6.4 MM tons of coal in 2013
- Prime location provides the operational cost edge to grow as a logistical & operational center for the area
- Continued exploration effort to increase our Reserves and Resources. Current reserves only account for 52% of our total area has been explored

Revenue ⁽¹⁾

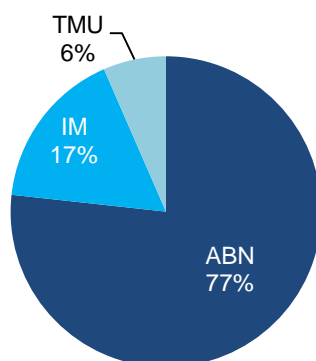
%



Total: US\$ 443 MM

EBITDA⁽¹⁾

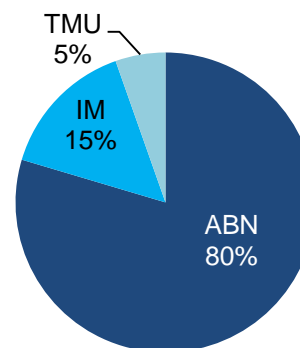
%



Total: US\$ 45 MM

Reserves

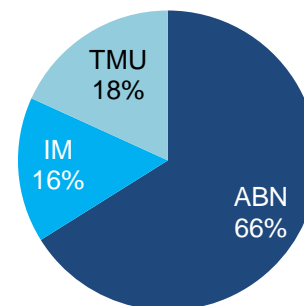
%



Total: 147 MM Tonnes

Resources

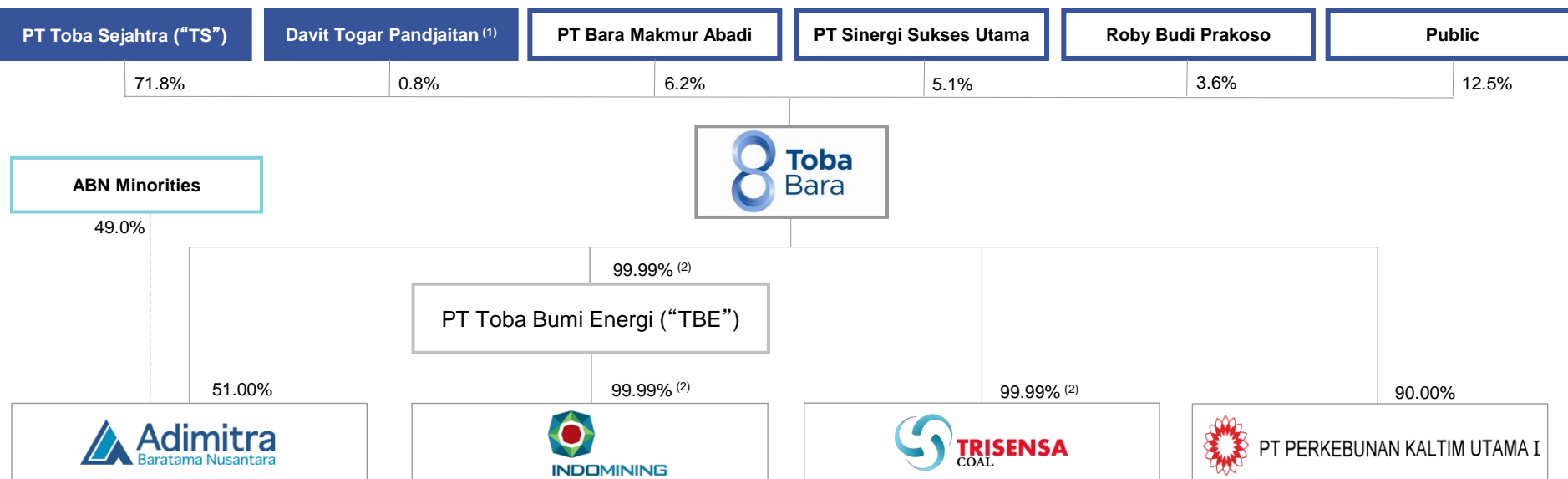
%



Total: 236 MM Tonnes



Ownership Structure

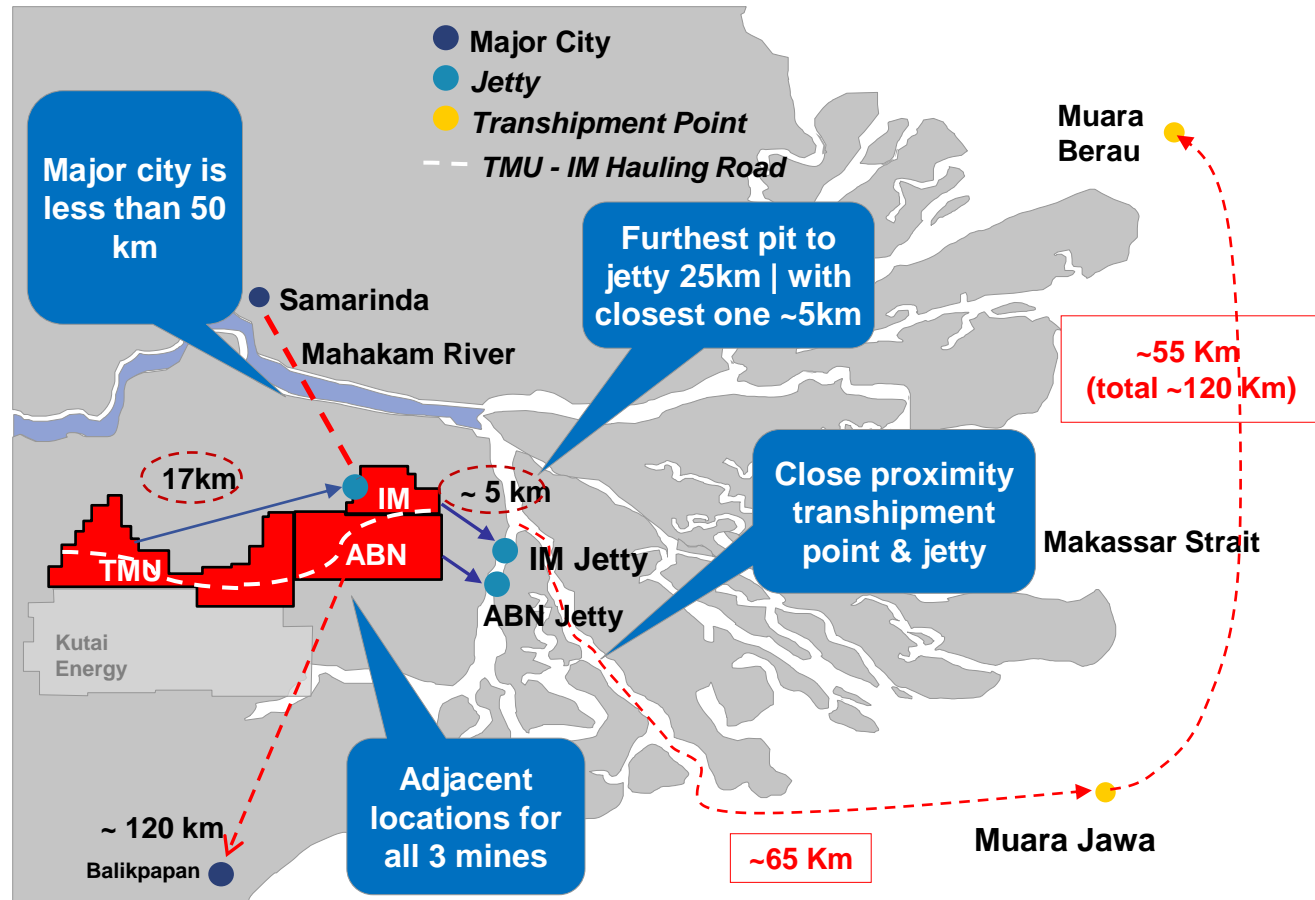


License	<ul style="list-style-type: none"> • 20-year Production Operation Mining Permit ("IUPOP") expiring in December 2029 • IUPOP was converted from Kuasa Pertambangan ("KP") in 2009 	<ul style="list-style-type: none"> • IUPOP expires in June 2013 • IUPOP was converted from KP in 2010 • IUPOP extension was completed in March 2013 (First out of 2 extensions: in 2023, with tenor of 10 years each) 	<ul style="list-style-type: none"> • 13-year IUPOP expires in December 2023 • IUPOP was converted from a KP in 2010 	<ul style="list-style-type: none"> • Plantation permit expires in 2036
Area	• 2,990 ha	• 683 ha	• 3,414 ha	• 8,633 ha (Right to Use Land)
Reserve	<ul style="list-style-type: none"> • Reserves: 117MT- JORC • Resources: 156MT- JORC 	<ul style="list-style-type: none"> • Reserve: 22 MT- JORC • Resources: 37MT- JORC 	<ul style="list-style-type: none"> • Reserves : 8 MT - JORC and additional 7 MT of internal estimate • Resources: 43 MT- JORC 	<ul style="list-style-type: none"> • Planted Area: 2,896 ha

Notes:
 1. Son of TS founder, Luhut B. Pandjaitan
 2. Figures are rounded off



Toba's Three Adjacent Concessions



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



Initial Public Offering



Listed on IDX	06 July 2012
Number of Shares Offered	210,681,000 shares or 10.47%
IPO Proceed	IDR 400,293,900,000
Anchor Investor	Baring Private Equity Asia (8% at IPO)
Ticker Code	TOBA





2

Performance Highlights





- **Maximizing productivity and coal sales amid weak coal industry**

Proven production achievement where in September 2013 posted 13.3% YoY increase from 2012, or 75.4% from 2013 production target of 5.8 – 6.4 million tons

- **Undergoing continuous efficiency program to improve profitability and competitiveness**

A series of projects have been completed throughout 2013 to facilitate efficiency program, including “hauling road” and “underpass”

- **Increasing financial capability to foster corporate growth**

Good financial standings with cash position reaching US\$ 45,5 million or an increase of 25% from December 2012, supported by available loan facilities from internationally reputable banks

- **Supporting and actively being involved in Corporate Social Responsibility (CSR)**

Actively participating in the development in CSR, and receiving several mining proper awards in 2013



Achievements in 9M 2013

Operational (in million tons)	9M13	9M12	Changes
Newc. Index	85.7	100.1	-14%
Average Selling Price	67.4	77.2	-13%
Production	4.6	4.1	13%
Sales	4.4	3.7	20%
Stripping Ratio (x)	13.7	16.0	-14%

Financial (in US\$ million)	9M13	9M12	Changes
Sales	297.5	283.4	5%
EBITDA*	40.1	22.6	78%
Net Profit	19.7	15.9	23%

Note : Company's achievements in 9M 2013 and 9M 2012

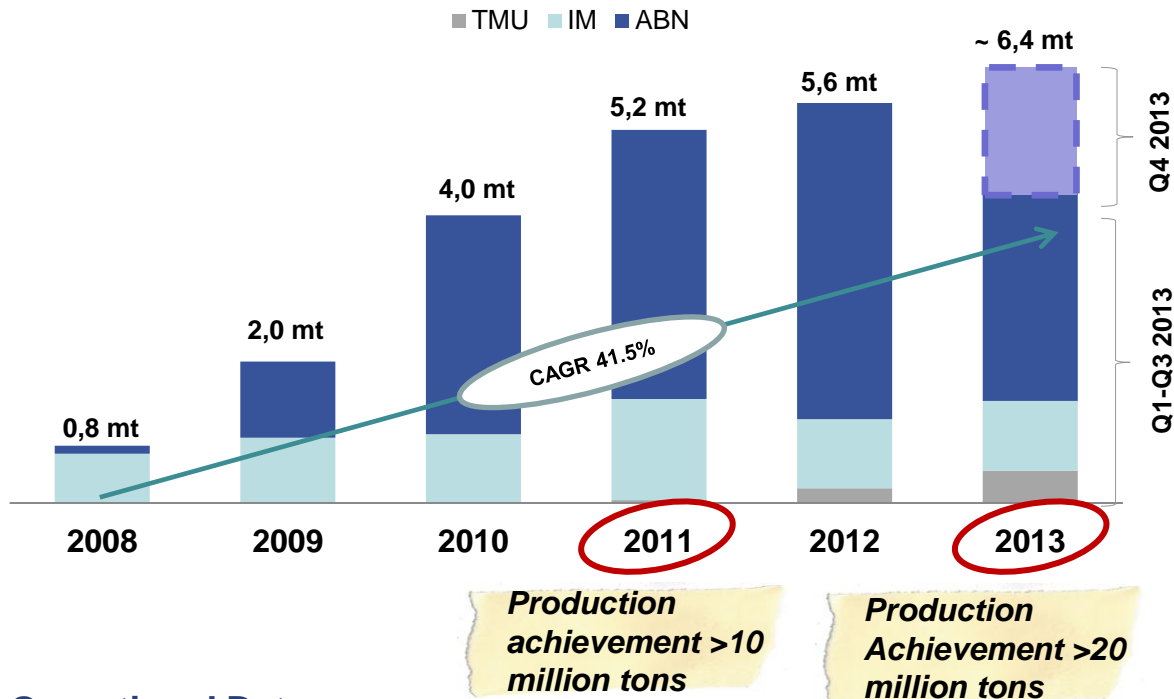
(*) EBITDA = Gross Profit – Selling & Marketing Expenses and G&A + Depreciation and Amortization



Solid Operating Track Record

Annual Coal Production

In Million Tons



- Production volume rose significantly from only 800,000 tons in 2008 to ~5.8 – 6.4 mm tons in 2013
- Stripping Ratio fell from 14.9x in 2012 to 13.7x in 2013
- TMU's production increased from only 32,000 tons/month in January 2013 to high of 109,000 tons in September 2013

Operational Data

	2008	2009	2010	2011	2012	9M13*
Production Volume ('million t	0,8	2,0	4,0	5,2	5,6	4,6
ABN	0,1	1,1	3,1	3,8	4,4	3,1
IM	0,7	0,9	1,0	1,4	1,0	1,0
TMU	-	-	-	0,0	0,2	0,5
Total Overburden ('million bcn	9,5	20,7	39,8	65,9	83,5	62,9
Stripping Ratio (x)	11,9	10,5	9,9	12,7	14,9	13,7

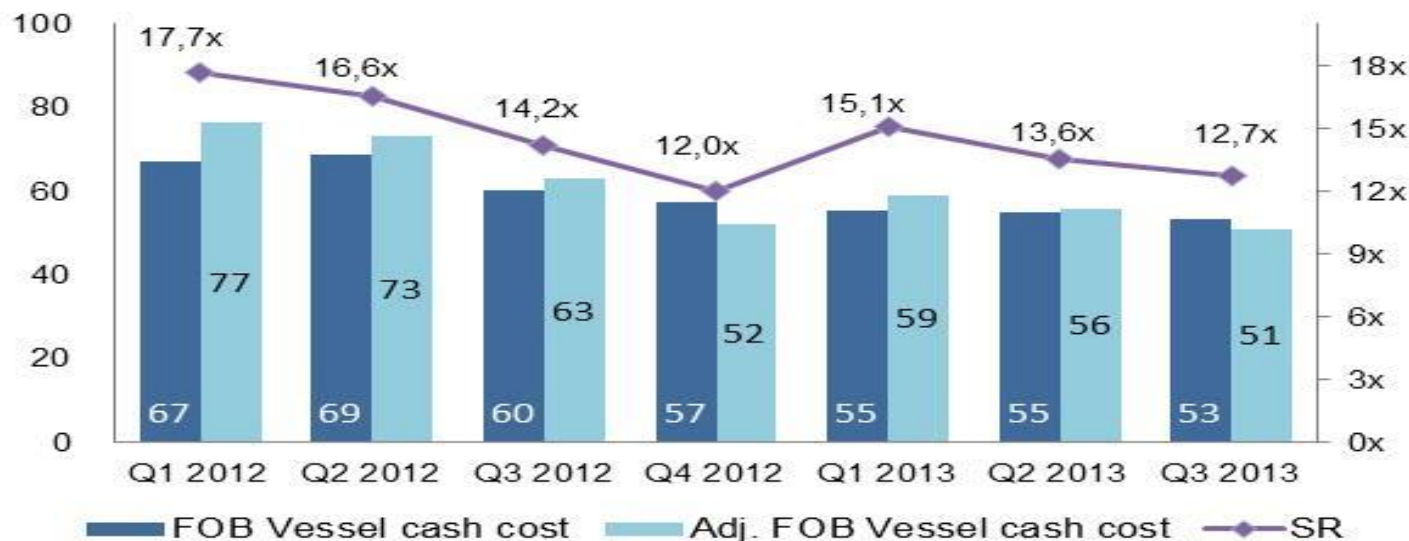
Note: * In 9M 2013



..Coinciding with Decreasing Cash Cost

Quarterly FOB Vessel Cash Cost

In US\$/ton



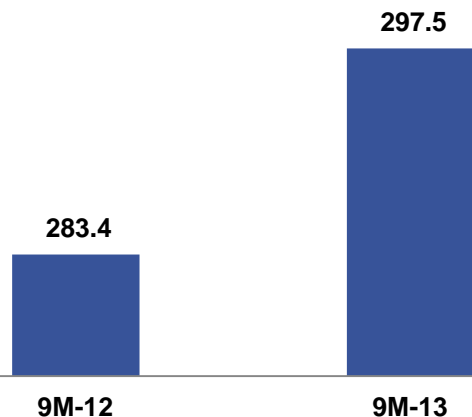
- Significant decrease in FOB vessel cash cost from US\$ 65.1/ton in 9M12 to US\$ 54.4/ton in 9M13, whereby mining cost (overburden removal and dump distance) accounts for its two major cost components

Notes (1) FOB Vessel Cash Cost = COGS including royalty and selling expenses – depreciation and amortization

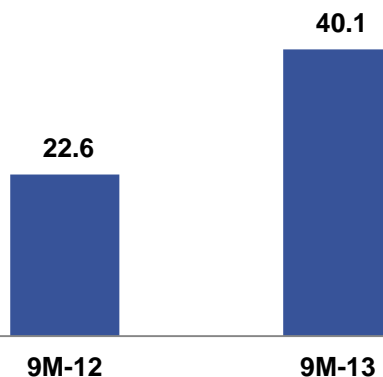
(2) Adj. FOB vessel cash costs = COGS, including selling & marketing expense and royalty – depreciation & amortization of exploration & development and excluding deferred stripping cost



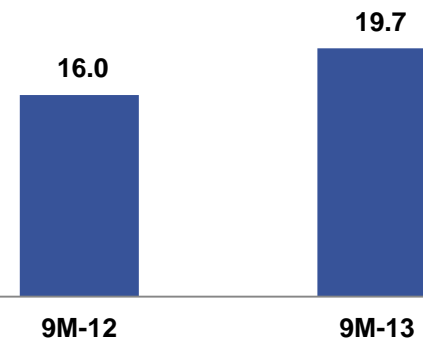
Revenue



EBITDA



Net Profit



- Newcastle Index Price decreased from US\$ 100/ton in 9M12 to US\$ 86/ton in 9M13
- Company successfully increased its sales by 5.0% y-o-y to US\$ 297.5 in 9M13 from US\$ 283.4 in 9M12
- EBITDA rose considerably by 77.8% y-o-y from US\$ 22.6 million in 9M12 to US\$ 40.1 million in 9M13, stemming mainly from the Company's successful strategy in lowering mining costs as well as improving sales volume amidst the weaker ASP. As a result, this positively boosted EBITDA margin from 8.0% in 9M12 to 13.5% in 9M13
- Company booked total comprehensive income (before minority interest) of US\$ 19.7 million, up 23.3% from US\$ 16.0 million in 9M12. This income achievement of US\$ 19.7 million incorporated the impact of forex loss worth US\$ 4.6 million, attributable to the weakening of the IDR against the US\$ during 2013. This forex loss mainly was the result of unrealized forex loss from cash and cash equivalents of unutilized IPO proceeds denominated in IDR and to a lesser extent other IDR receivables



Consolidated Balance Sheet

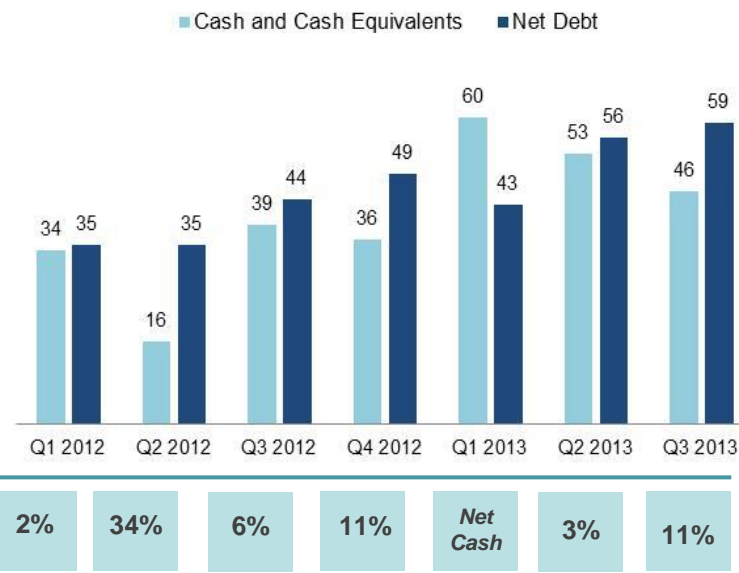
Consolidated Balance Sheet

In Thousand US\$

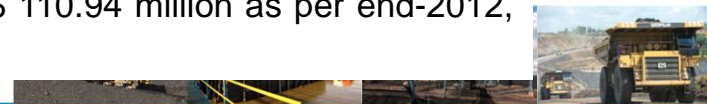
	Dec-12	Sep-13	% Changes
Cash and cash equivalents	36.307	45.470	25%
Fixed asset - net	34.053	42.391	24%
Others	191.166	201.976	6%
Total Assets	261.526	289.837	11%
Trade payables	58.362	66.836	15%
Net Debt	49.035	58.915	20%
Advances from customers	11.625	10.821	-7%
Others	31.560	31.134	-1%
Total Liabilities	150.582	167.706	11%
Total Equity	110.944	122.131	10%

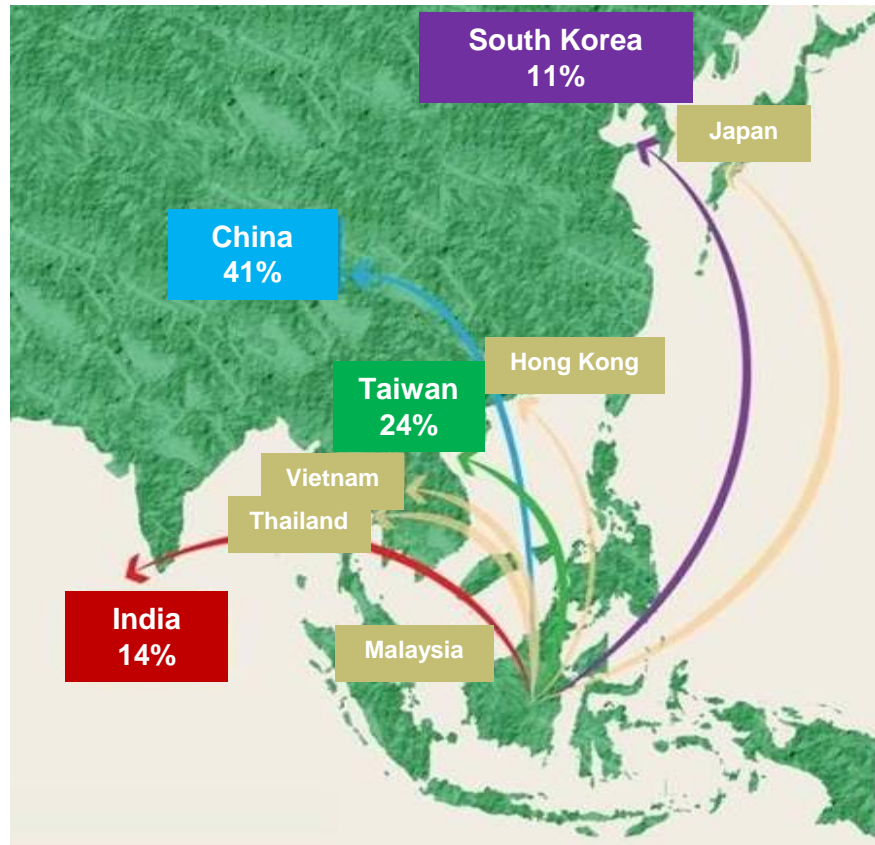
Net Debt Position

In Million US\$



- The Company's asset stood at US\$ 289.8 million in 9M13 or up 10.8% from US\$ 261.5 as per end-December 2012. Such growth predominantly resulted from a build-up in cash and equivalents of US\$ 9.2 million, inventories of US\$ 7.9 million, and fixed assets of US\$ 8.3 million.
- Total Liabilities rose by 11.4% y-o-y to US\$ 167.7 million in 9M13 from US\$ 150.6 million as per 31st December 2012 and interest bearing debt (loans) expanded by 20.2% to US\$ 58.9 million in 9M13 from US\$ 49.0 million as per end of 2012.
- Total Equity in 9M13 increased 10.1% to US\$ 122.1 million from US\$ 110.94 million as per end-2012, and this was attributable to additional income for the period.



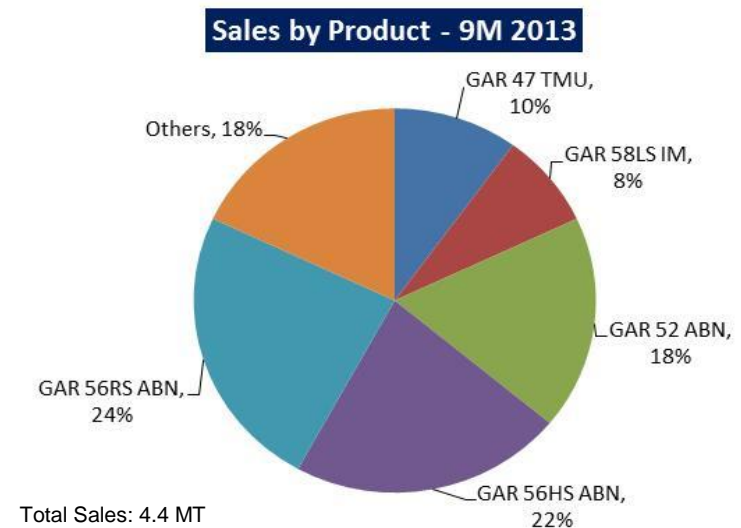


(1) Sales to export destinations ie. Vietnam, Thailand, Hong Kong and Japan each below 3%

- Up to September 2013, Toba has sold its coal to several notable countries in Asia such as: China, Taiwan, India, and Vietnam. Its sales reached 72,1% of its production target for 2013 at fixed prices

	2011	2012	2013*
Sales (million ton)			
ABN	3,7	4,1	3,2
IM	1,8	1,1	0,9
TMU	-	0,2	0,4
Total	5,5	5,5	4,4

* In first 9M2013, and includes sales from subsidiaries of 200,000 tons



Average Selling Price

(US\$)



- Newcastle Index declined by 29% from US\$ 121,2/ton in 2011 to US\$ 85,7/ton in 2013
- Comparatively, Toba's ASP corrected 26% from US\$ 91,3/ton in 2011 to US\$ 67,4/ton in 2013



Strong Relationships with Multinational Customers

Major customers provide the stable business support for Toba's marketing...

... minimum marketing fees because Toba handles our own marketing internally

Major Customers



Toba's Marketing Operations

- ✓ Central Marketing Operations of all 3 subsidiaries
- ✓ Internally developed customer base that allows Toba to have low marketing costs
- ✓ Balance mix of long term contracts, short term and spot
- ✓ Active participation in reputable conference and trade shows to promote Toba brand
- ✓ Enhance marketing strategy to sell directly to end-users



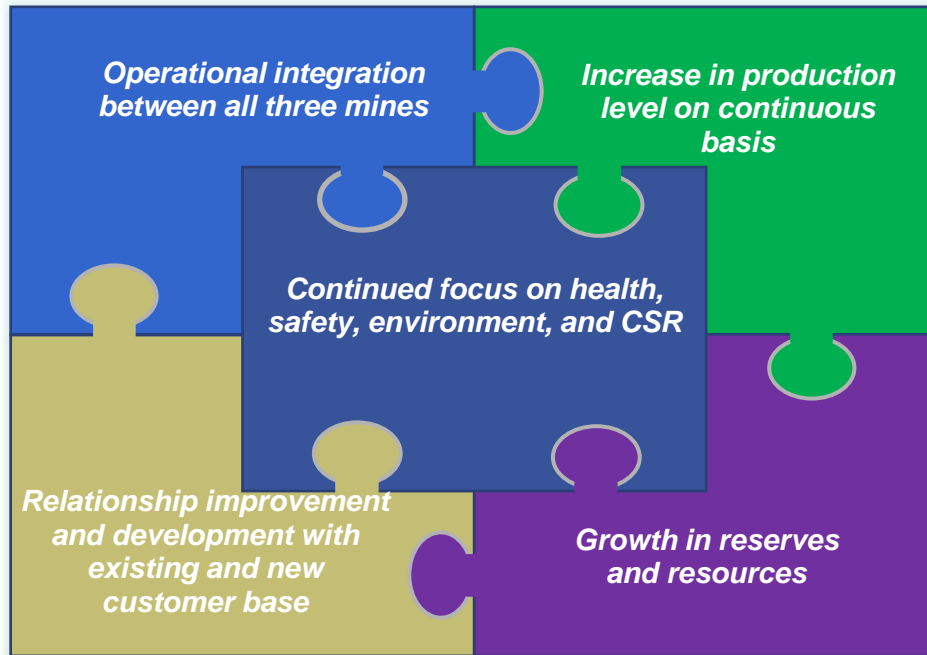


3

Initiatives and Operational Achievements



Major Strategic Factors



The Company is currently faced with weak coal industry due to low global coal prices

Strategic Initiatives :

- ✓ Underwent cost efficiency via lower SR and reducing OB dump distance
- ✓ Built and completed hauling road from TMU to IM
- ✓ Optimized use of integrated infrastructure: CPP and Jetty
- ✓ Maximized use of fuel
- ✓ Maximized sales through coordinated sales force

Increasing Profitability and Reserve for Production Continuity

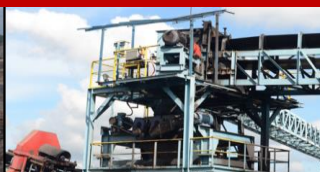


Toba has Developed Infrastructure & Exploration Capabilities

INDOMINING



Short Coal Hauling
Distance < 5km



CPP Ramp Up to 6MM
TPY



Conveyor for TMU
& Others

ABN



Short Coal Hauling
Distance 4km



High Built CPP Cap
10 MM TPY



Loading Speed of
1,800 TPH



Underpass
Infrastructure

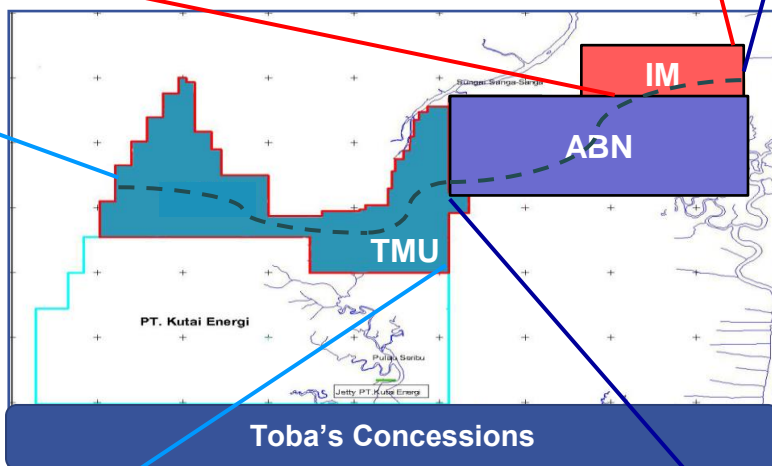
TMU



Hauling Road to IM



Vast Unexplored
Areas

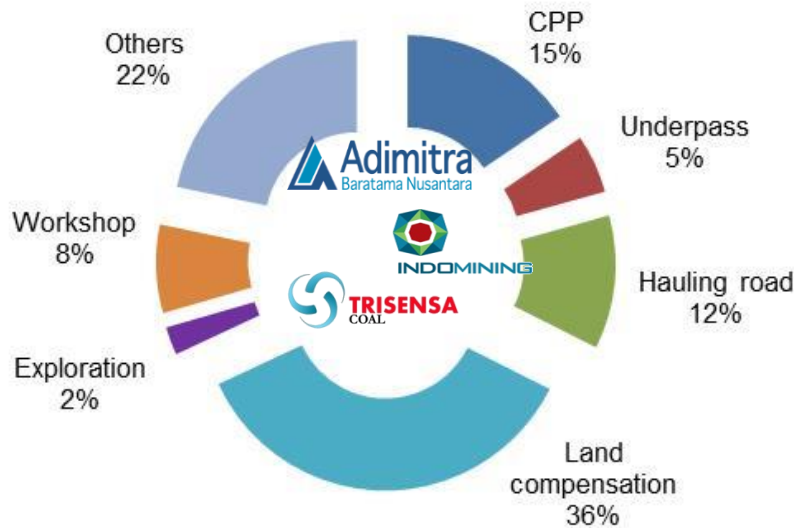


Infrastructure Achievements in 2013

TOBA continues its strategy to lower cost via, inter alia, investment in infrastructure

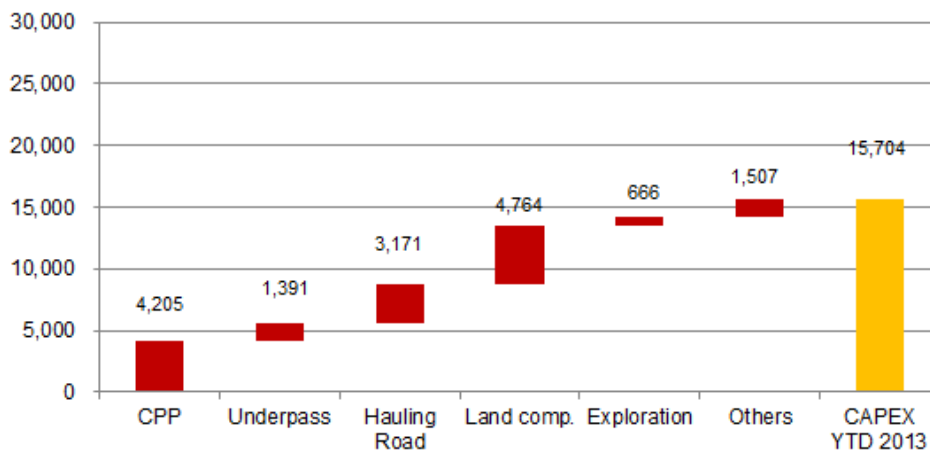
Project	Background	Future Benefits	Initial Target	% Completion	Actual
Hauling road from TMU to IM	To streamline logistical flow for TMU	To obtain cost efficiency and allow for TMU production ramp up	Q3-2013	100%	Q2-2013
Underpass at ABN	To support infrastructure facilities at ABN	To lower OB overhaul dump distance	Q4-2013	100 %	Q4-2013
Workshop at ABN	To require maintenance and repair facilities for mining equipment	To ensure streamlined operational activities related to heavy equipment and supporting equipment	Q4-2013	100 %	Q4-2013
CPP at IM	To increase coal production capacity at IM from 3 mn tons per annum to 6 mn tpa	To process TMU's coal , reduce costs, and enhance and boost <i>stockpile</i> capacity of up to 16 tpa from 13 tpa presently	Q3-2013	91 %	In finalization stage





- In 2013, the Company targeted CAPEX of US\$ 27.1 mn
- Until end-September 2013, the Company already spent around US\$ 15.7 mn for CAPEX. This was allocated for :
 - Land compensation,
 - Construction of new coal processing plant (CPP) at IM,
 - Completion of hauling road from TMU to IM via ABN, and
 - Construction of second underpass at ABN

Realization of CAPEX during 9M13 (in US\$'000)



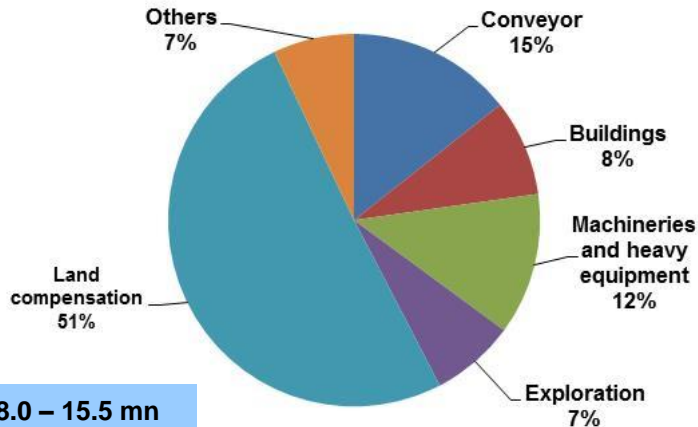
Actual Q1 – Q3 2013



Investment Plans for 2014

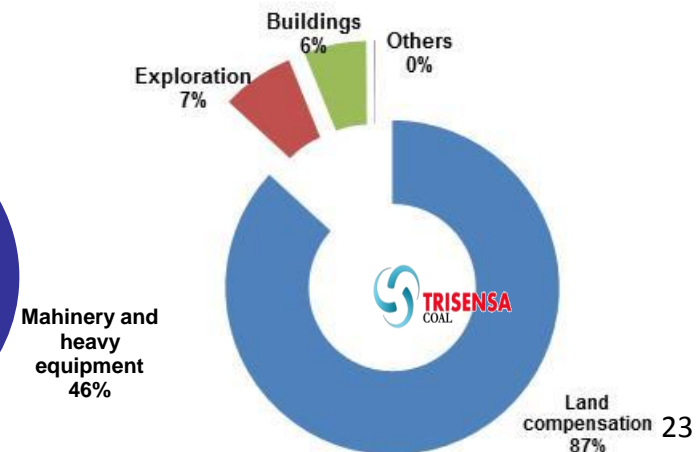
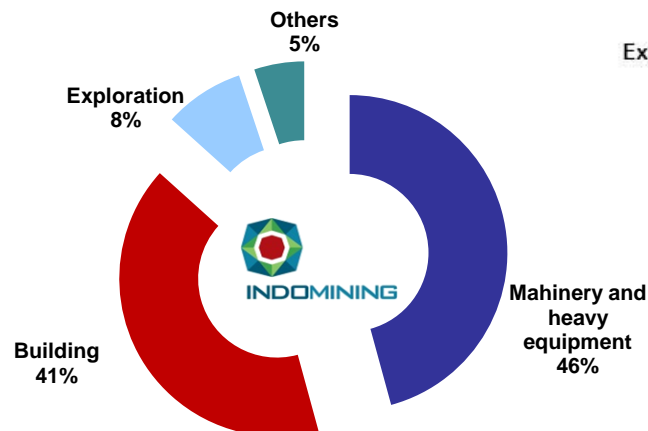
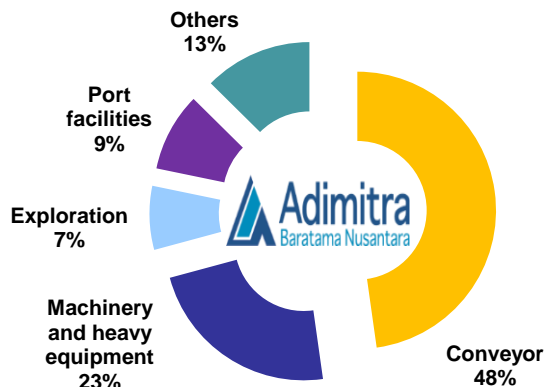
Investment plans are focused on growth and continuous production

CAPEX 2014



Total: US\$ 8.0 – 15.5 mn

- For 2014, the Company has allocated CAPEX worth around US\$ 8 mn, and can reach up to US\$15,5 mn should there occur speedy land compensation
- The Company has prioritized the CAPEX on TMU with exploration and land compensation accounting for around 55% of total CAPEX for 2014





4

CSR & Environmental Highlights



Toba is Committed to Being a Responsible Corporate Citizen

- Toba is continuously developing and implementing its corporate social responsibility programs
 - Creating educational opportunities for local communities including renovating schools, training teachers, providing post-graduate educational assistance and creating a literacy program for adults and a scholarship program for school-aged children
 - Providing health services to the local communities
 - Helping groups of farmers plant crops of vegetables and bamboo and assisting with land rehabilitation
 - Creating local employment opportunities by sourcing some of the Company's site workforce from the neighboring areas

Providing Health Services



Creating Educational Opportunities



Helping Farmers Plant Crops



Award and Recognition



THANK YOU



Appendix - Evolution of FOB Vessel Cash Cost on Quarterly Basis

		1Q 2013	2Q 2013	3Q 2013	2Q 2012	3Q 2012	4Q 2012
ABN	SR	16,6x	14,2x	12,7x	17,1x	14,7x	12,6x
	FOB vessel cash cost ^(a)	US\$56/ton	US\$57/ton	US\$57/ton	US\$68/ton	US\$61/ton	US\$56/ton
	Adj. FOB vessel cash cost ^(b)	US\$62/ton	US\$56/ton	US\$51/ton	US\$73/ton	US\$64/ton	US\$51/ton
IM	SR	11,3x	12,9x	14,7x	14,5x	13,1x	10,5x
	FOB vessel cash cost ^(a)	US\$57/ton	US\$53/ton	US\$50/ton	US\$64/ton	US\$49/ton	US\$61/ton
	Adj. FOB vessel cash cost ^(b)	US\$55/ton	US\$57/ton	US\$60/ton	US\$71/ton	US\$57/ton	US\$57/ton
TMU	SR	11,2x	12,7x	10,4x	14,4x	10,9x	10,8x
	FOB vessel cash cost ^(a)	US\$44/ton	US\$42/ton	US\$38/ton	US\$69/ton	US\$64/ton	US\$66/ton
	Adj. FOB vessel cash cost ^(b)	US\$49/ton	US\$52/ton	US\$42/ton	US\$56/ton	US\$41/ton	US\$64/ton

Notes

(a) FOB vessel cash costs: COGS, Selling Expenses, Royalty, excluding depreciation fixed assets and amortization of exploration and development

(b) Adj. FOB vessel cash costs: COGS, Selling Expenses, Royalty excluding depreciation fixed asset and amortization of exploration and development asset & without accounting for component of deferred striping cost

