



# Public Expose 2019

PT Darma Henwa Tbk

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# Company Overview

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## About

- Darma Henwa was established on October 8, 1991 and now strives for its vision to be the preferred regional integrated mining services Company.
- Listed on Indonesia Stock Exchange on September 26, 2007, with ticker code "DEWA", we built our reputation as a reputable mining contractor company through providing an integrated mining services from land clearing, overburden removal, coal mining to port operations.

## Operational Areas



Bengalon Coal Project, East Kalimantan Province



Asam Asam Coal Project, South Kalimantan Province



Satui Coal Project, South Kalimantan Province



Lubuk Tutung Coal Port Service Project, East Kalimantan Province



Citra Palu Minerals, Infrastructure Supervisory Projects, Palu Central Sulawesi

# DarmaHenwa

integrated mining services

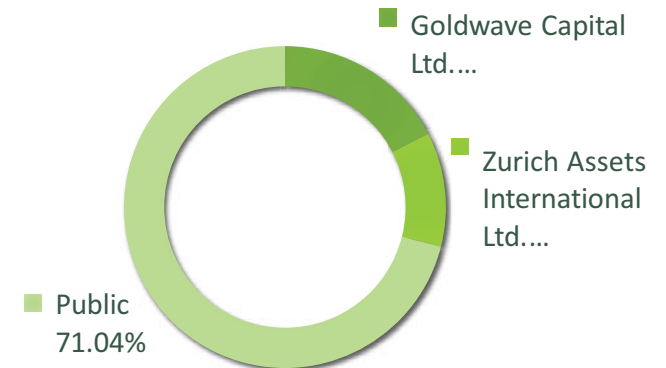
## Business

Mining

Mining Infrastructure and Services

Port Services

## Shareholders



# Business

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## Mining Services

- Land clearing
- Top soiling
- Drilling & Blasting
- Overburden removal
- Overburden dumping
- Coal/Ore getting
- Rom of coal
- Hauling
- Coal Crushing
- Barging
- Mineral Processing
- Vegetation
- Rehabilitation

## Mining Infrastructure & Services

- Road and Bridge Construction
- Installation Mineral Dressing Plant
- Earthworks
- Drilling Exploration
- Civil Consultant Management Services

## Port Services

- Dock Services for Mooring
- Refueling and Clean Water Services
- Service for Passengers and/or Vehicles
- Pier Services for Loading and Unloading of Goods and Containers
- Services of Warehouse and Stockpiling, Loading and Unloading Equipment, also Port Equipment
- Services of Container Terminal, Liquid Bulk, Dry Bulk, Ro-ro Funds
- Goods Loading and Unloading Services
- Goods Distribution and Consolidation Center Services
- Ship Postponement Services

# Operational Areas



# Industry Overview

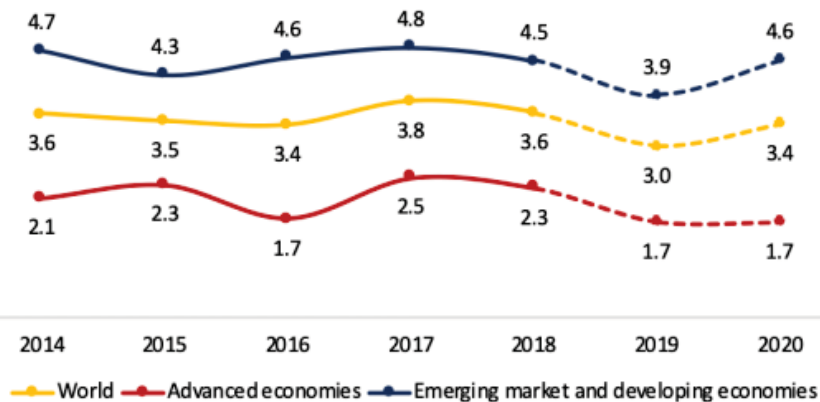
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# Economic Growth & Energy Consumption

Global Economic Growth

Percentage



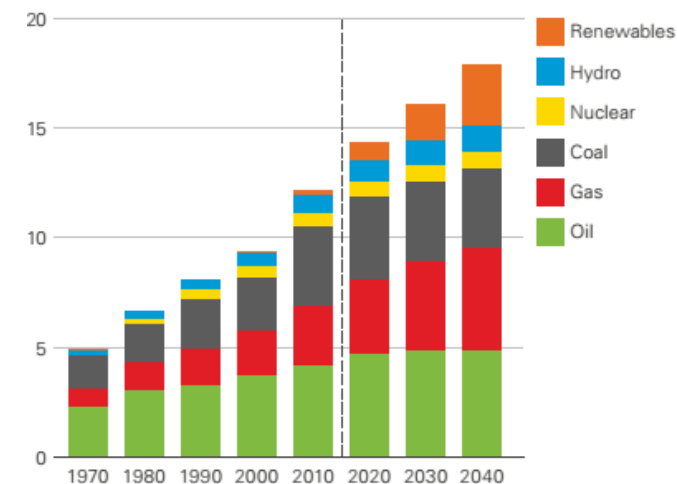
Sluggish global economy due to slowdown in manufacturing and global trade impacted by the political uncertainty of US-China Trade Tensions & "Brexit".

Recovery is predicted to take place in 2020

Source: World Economic Outlook, October 2019 | International Monetary Fund (IMF)

Energy Consumption by Fuel

Billion TOE



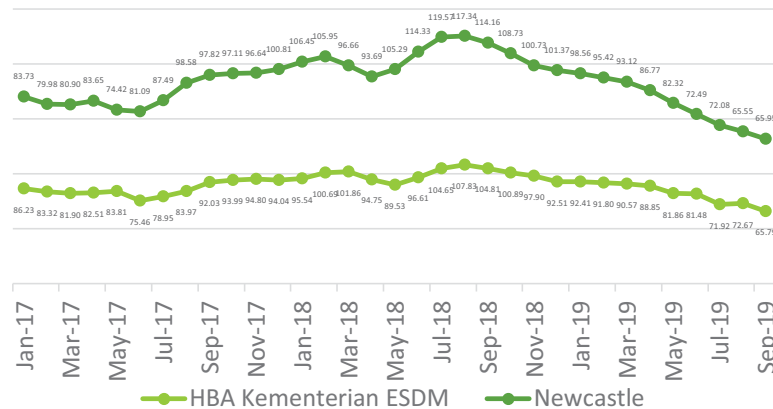
Demand for energy is set to increase significantly driven by increases in prosperity in developing world

From 2020 onwards, energy consumption is still dominated by coal, oil, and gas. Coal consumption tend to flatten and cater to existing coal fired power plants.

Source: BP Energy Outlook 2019 Edition

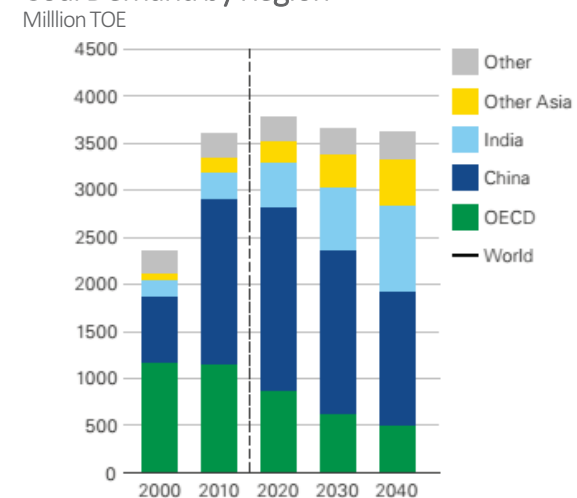
# Coal Price and Demand

Monthly Price (in US\$/ton)



Source: Indonesia Ministry of Energy and Mineral Resources, 6,322 kcal/kg; World Bank Commodity Price Data "The Pink Sheet", 6,000 kcal/kg

Coal Demand by Region



Source: BP Energy Outlook: 2019 Edition

Coal price has seen a declining trend since August 2018 with Newcastle September price at US\$65.95/ton and HBA price at US\$65.79/ton.

Optimism for a rebound exists in Q4 thanks to positive China Imports volume and growing winter demand.

Coal consumption peaks in 2020 and plateaus due to contrasting demand patterns across countries and regions.

The global market for coal continues to be dominated by China, India and South East Asia.

# 2019 Highlights

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# 2019 Event Highlights



DEWA has strengthened its management by appointing Muhammad Lutfi as President Commissioner and Saptari Hoedaja as President Director. Their experience and expertise in the industry will surely bring in new ideas, innovations and fresh energy towards future growth.

On April 22, Darma Henwa received USD98.87 Million special transaction credit facility and USD17 Million working capital credit facility from PT Bank Rakyat Indonesia Tbk to significantly improve DEWA's production capacity. The full production capacity is expected to be realized by the end of 2019.

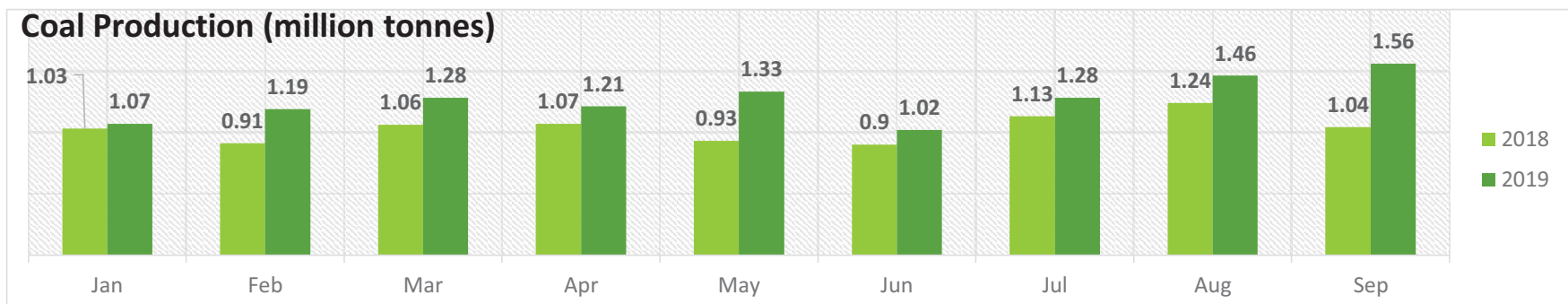
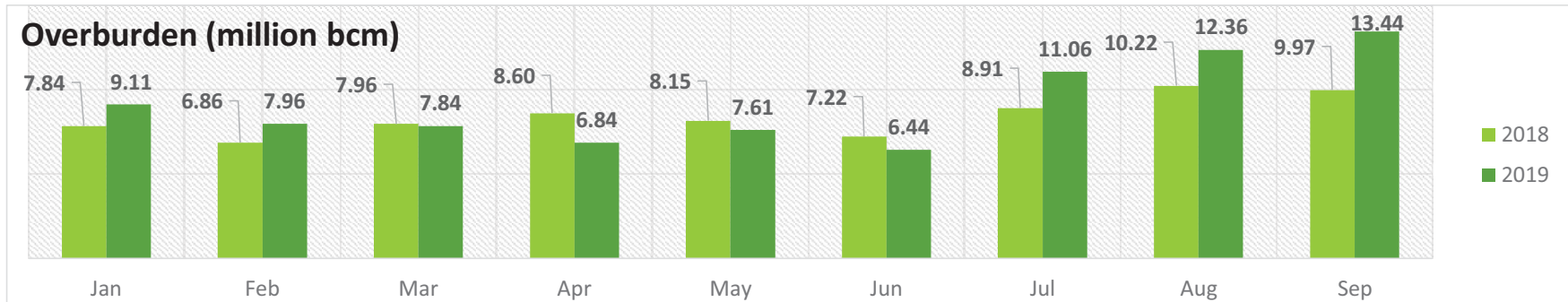
During the 2<sup>nd</sup> Quarter of 2019 DEWA has been awarded an infrastructure project "Mine Access Road Construction" from PT Dairi Prima Mineral. The project has been completed with flying colors in timely manner thus paving up way for further infrastructure projects in PT Dairi Prima Mineral.

Earlier this year, DEWA also secured "Supervisory Project" from PT Citra Palu Minerals subsidiary of PT Bumi Resources Minerals ("BRMS"). Work scope expansion to include several exploration and earthworks are currently under discussion.

# Operational Highlights

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## Monthly Overburden & Coal Production

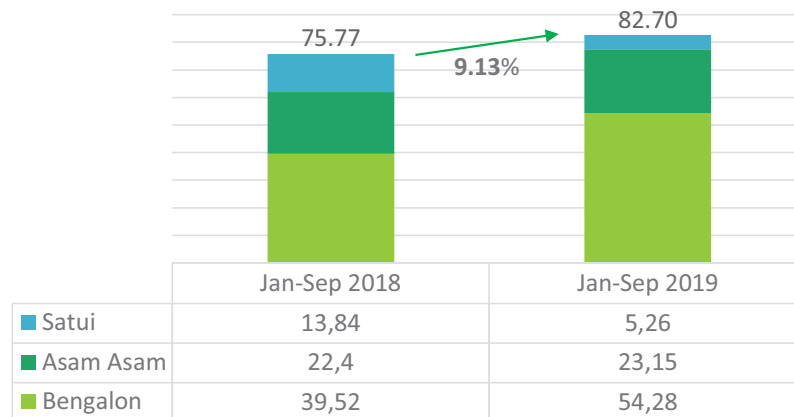


DEWA's capacity ramp up is progressing as planned, shown by a gradual increase in production capacity. Optimum capacity is expected to be achieved by the end of 2019.

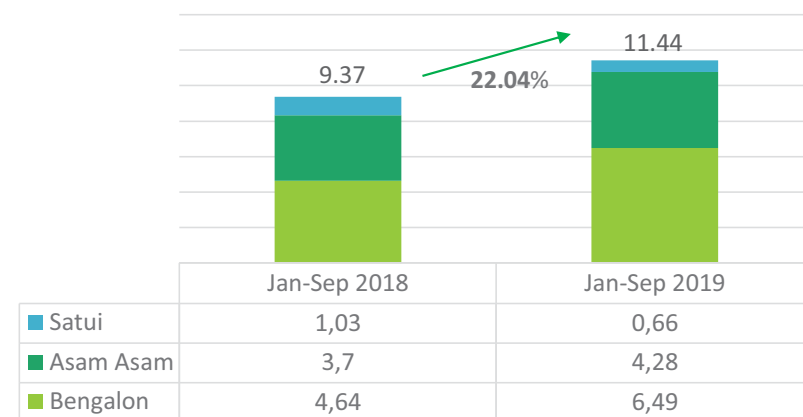


# Year to Date Production

Overburden (million bcm)



Coal Production (million tonnes)



DEWA produced 82.70 mbcm of overburden removal in 9M this year, 6.92 mbcm or 9.13% more compared to the same period last year through gradual capacity ramp up.

Higher capacity from gradual ramp-up progress have led to 22.04% coal production volume increase to 11.44 million tonnes during 9M this year compared to the same period last year.

# Financial Highlights

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# Balance Sheet

(in million USD)	December 2018	September 2019	Change (%)
Assets	415.10	517.41	24.65
Current Assets	108.99	211.76	94.30
Non-Current Assets	306.11	305.66	(0.15)
Liabilities	184.29	285.41	54.87
Current Liabilities	137.07	160.83	17.33
Non-Current Liabilities	47.23	124.58	163.79
Equity	230.80	232.00	0.52

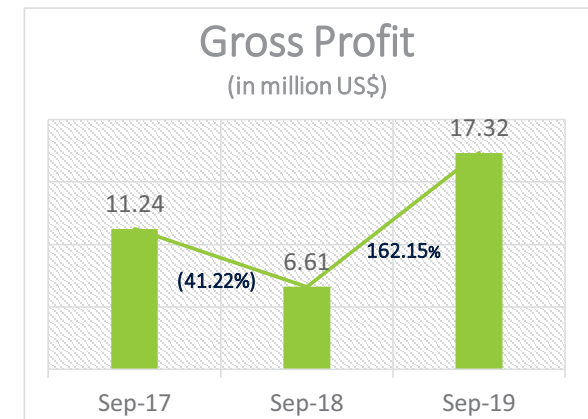
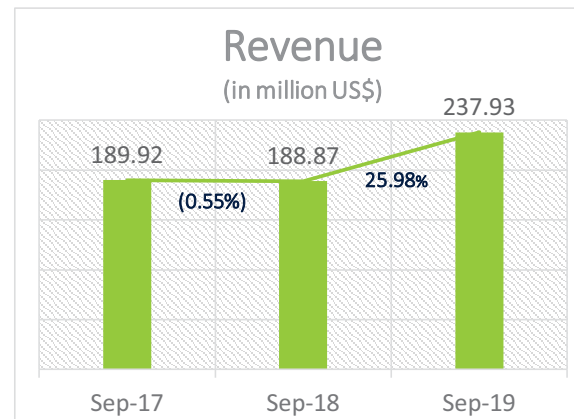
As of September 2019, total assets increased from USD415.10 million to USD517.41 million due to additional fixed assets from capital expenditure, advance payment to supplier, cash and cash equivalent, and other current assets.

# Net Debts

Current Liabilities	December 2017 (in million US\$)	December 2018 (in million US\$)	September 2019 (in million US\$)
Bank Loans	4.23	6.33	37.86
Lease Payables	19.89	5.34	2.12
<b>Total</b>	<b>24.12</b>	<b>11.67</b>	<b>39.98</b>
Non-Current Liabilities	December 2017 (in million US\$)	December 2018 (in million US\$)	September 2019 (in million US\$)
Bank Loans	6.80	1.23	77.82
Lease Payables	4.25	1.68	0.56
<b>Total</b>	<b>11.05</b>	<b>2.91</b>	<b>78.38</b>

DEWA's bank loans increased due to additional loan from PT Bank Rakyat Indonesia amounting US\$115 million , used for machinery and equipment additions to support production acceleration. Meanwhile, DEWA could reduce its lease payables.

# Income Statements



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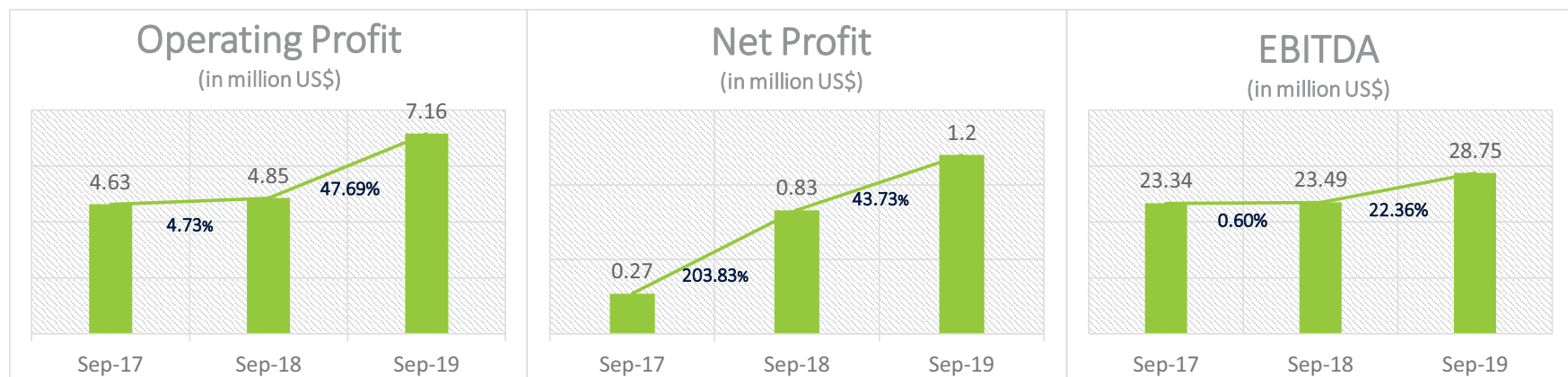
In the 9M, DEWA collected US\$237.93 million of revenue, reflecting a solid 25.98% raise (YoY), in line with growing coal delivery volume.

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DEWA's gross profit increased significantly by 162.15% to US\$17.32 million, supported by company's enhanced productivity.

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# Income Statements



Operating profit reached US\$7.16 million in 9M of 2019, improved considerably due to company's ability to maintain operating efficiency.

DEWA recorded a net profit of US\$1.19 million in 9M or 43.73% increase from US\$0.83 million net profit in the 9M 2018.

EBITDA grew significantly to US\$28.75 million compared to the 9M 2018 of US\$23.49 million or 22.36% improvement.

The improvement trend shows DEWA is on the right track to deliver value for shareholders.



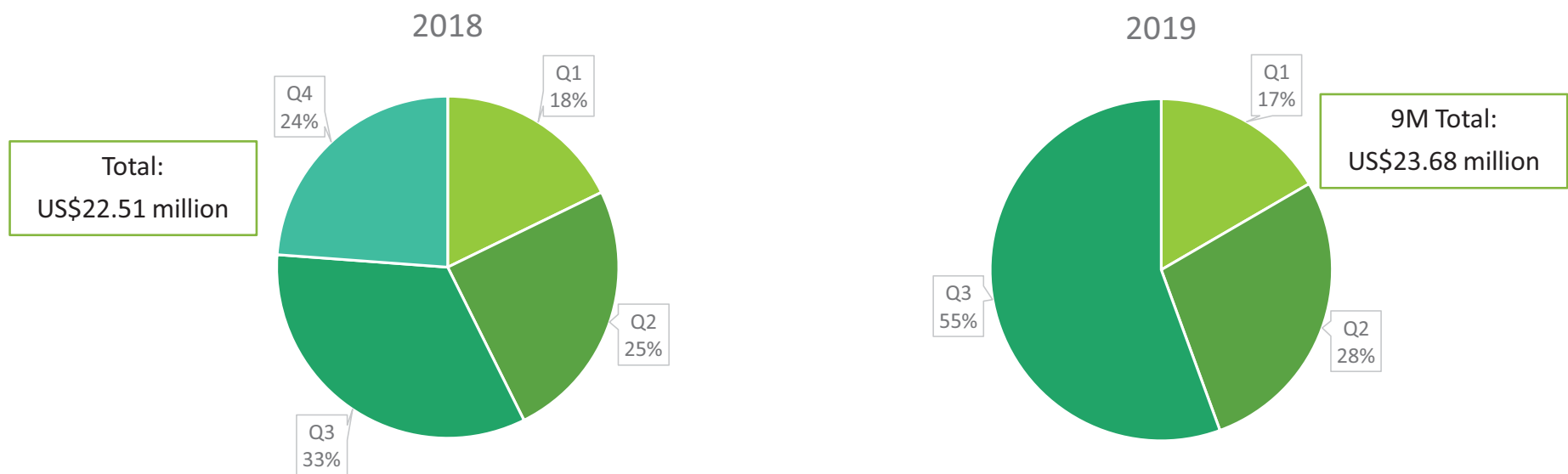
# Financial Ratios

Ratio	September 2018 (%)	September 2019 (%)
Gross Profit Margin	3.49	7.27
Net Income Margin	0.44	0.50
Return on Assets	0.23	0.23
Return on Equity	0.40	0.52
Current Ratio	86.88	131.67
Debt to Assets	45.78	55.16
Debt to Equity	84.42	123.02

DEWA's profitability strengthened. Gross profit margin, net income margin, return on assets, and return on equity in 9M 2019 are higher compared to the same period last year.

Company's debt to assets and debt to equity rose due to the bank loan that was used for production acceleration. Meanwhile, DEWA showed higher liquidity, seeing from the increasing current ratio.

# Capital Expenditure





Capex absorption in 2019 is higher than 2018, in accordance with company's production capacity ramp-up to accelerate performance.

DEWA's capex was used mostly for purchasing tyres, machine components, and equipments.

# Guidance for 2019

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# Production Estimation in 2019

Volume	Unit	FY2019 Estimate	FY2018 Actual	Variance
 Overburden Removal	Mbcm	110 – 120	102	↑ 7.8% - 17.6%
 Coal Production	Mt	16.5 - 17.0	13.31	↑ 23.9% - 27.7%

# Contributing Factors in 2019

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Major contributing factors that positively influence DEWA's performance in 2019:

- Comprehensive approach to improve and sustain fleet's **Physical Availability** (PA)
- Revitalize **People Management** systematically therefore maximizing equipment utilization
- Precise mine planning to boost **Productivity** of primary production fleet
- Streamlining controllable delays and enhance **Effective Working Hours**
- Implementing **Cost Conscious** operations for a better cost efficiency



# Company's Strategy

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# Strategy Mix

## Operational Excellence

Equipment Physical Availability (PA) improvement by periodic maintenance

Equipment *Utilization Availability* (UA) improvement & Optimize Operating Fleets

Increase productivity and *awareness of employee's* operations

Increase performance of Health, Safety, and Environment

Precise Mine planning

## Cash Cost Reduction

Operating productive and profitable fleets

Effective and efficient HR operational management.

Optimizing maintenance costs for productive equipment.

Internal maintenance of fleets and equipment.

## HR Competencies & Teamwork

HR competency improvement and retention program

Improvement of Effective Working Hours (EWH) & HR productivity

Development Program Training

Improve People Management within mine operation and plant maintenance

## Continuous Improvement Initiatives

Productivity Improvement Projects

DEWA Innovation Program

Cost Effectiveness Program

# Business Development

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# Business Plan

Integrated Mining Services

**DarmaHenwa**  
integrated mining services

Mineral mining  
contractor business  
development

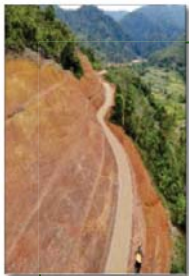
Mining infrastructure  
services development,  
such as mining road  
construction,  
earthworks, etc

Mining Services in terms  
of technical  
management & mining  
activities supervision

Coal port services

# Potential Projects

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Zinc and Tin Mining Project in Dairi, North Sumatera province.

Scope of Works:

Pre-mining – Earthworks, Civil and Installation Work at Mining, and Procuring the area.



Copper and Gold Mining Project, in Tombulilato, Blok Sungai Mek, Gorontalo province.

Scope of Works: Road Construction, Mining, and Reclamation.



Copper and Gold Mining Project in Palu, Central Sulawesi province.

Scope of Works: Infrastructure development, drilling exploration, and mining.



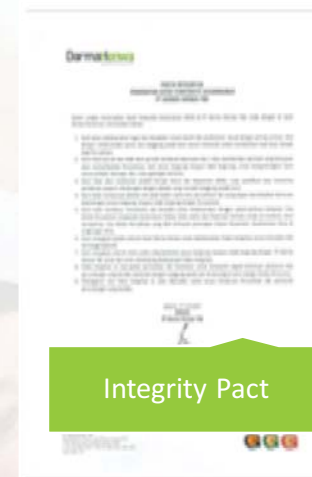
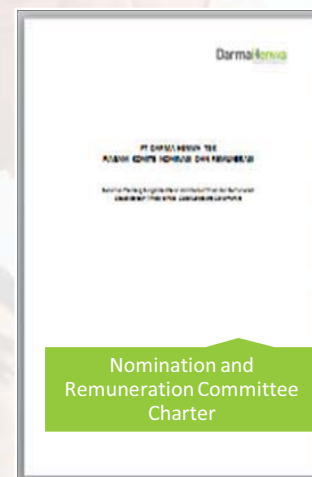
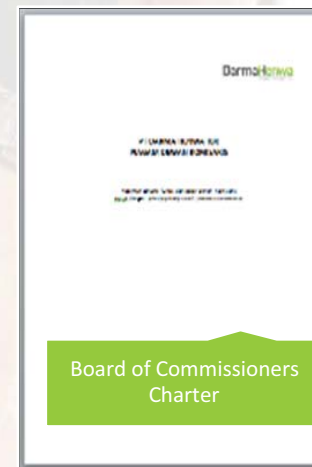
Gold Mining Project in Garut, West Java province.

Scope of Works: Waste and Ore Mining, Heap Leaching

# Good Corporate Governance

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# Good Corporate Governance





# Corporate Social Responsibility

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# Corporate Social Responsibility Programs



## Darma Mandiri

- Corn harvesting for Tani Sayur group in West Sepaso village, Bengalon, East Kalimantan
- Parking lot development and parking management training for Makmur Mulia village Youth Organization, in South Kalimantan



## Darma Cerdas

- Industry job training for students of Vocational School 01 in Bengalon, East Kalimantan
- Donations of school bags and stationaries for Elementary School 01, Bukit Baru, Sejahtera Mulia village, East Kalimantan
- Routine computer training for youth around Satui Coal Project, South Kalimantan



## Darma Sehat

- Fogging as dengue fever prevention in Sepaso village, Bengalon, East Kalimantan province
- Counseling about the importance of brushing teeth and washing hands for Khatib Dayyan Islamic School in Simpang Empat Sungai Baru village, and Pandansari 2 Elementary School in South Kalimantan
- Mass circumcision for Bengalon residents, South Kalimantan



## Darma Sosial

- Basic food aid for Missi Islam Islamic Boarding School in Koja, North Jakarta
- Supporting infrastructure aid for Pandansari early childhood education programs and kindergarten in South Kalimantan

# Awards & Certifications

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# Awards



IFRC  
Competition



Palu Disaster Emergency  
Participation, Ministry of Energy  
and Mineral Resources



Zero Accident Award - Asam  
Asam, Ministry of Manpower



Zero Accident Award - Satui,  
Ministry of Manpower



P2-HIV & Aids Program -  
Bengalon, Ministry of Manpower



P2-HIV & Aids Program - Asam  
Asam, Ministry of Manpower



P2-HIV & Aids Program - Satui,  
Ministry of Manpower



Zero Accident Award - Satui,  
South Kalimantan Province



P2-HIV & Aids Program - Satui,  
South Kalimantan province



P2-HIV & Aids Program - Asam  
Asam, South Kalimantan province



P2-HIV & Aids Program -  
Bengalon, East Kutai District



Indonesia Red Cross - Bengalon

☐ 1<sup>st</sup> Winner of Water Rescue Competition,  
IFRC Competition

☐ 2<sup>nd</sup> Winner of High Angle Rescue  
Competition, IFRC Competition

☐ 3<sup>rd</sup> Winner of Aircraft Rescue & Fire  
Fighting Competition, IFRC Competition

☐ 3<sup>rd</sup> Winner of Firefighter Combat  
Challenge Competition, IFRC Competition

☐ Palu Disaster Emergency Participation,  
Ministry of Energy and Mineral Resources

☐ Zero Accident Award - Asam Asam,  
Ministry of Manpower

☐ Zero Accident Award - Satui, Ministry of  
Manpower

☐ P2-HIV & Aids Program - Bengalon,  
Ministry of Manpower

☐ P2-HIV & Aids Program - Asam Asam,  
Ministry of Manpower

☐ P2-HIV & Aids Program - Satui, Ministry of  
Manpower

☐ Zero Accident Award - Satui, South  
Kalimantan Province

☐ P2-HIV & Aids Program - Satui, South  
Kalimantan province

☐ P2-HIV & Aids Program - Asam Asam,  
South Kalimantan province

☐ P2-HIV & Aids Program - Bengalon, East  
Kutai District

☐ Indonesia Red Cross - Bengalon

# Certifications



ISO 9001:2015



ISO  
14001:2015



OHSAS  
18001:2007



Sertifikat  
Sistem  
Manajemen  
K3

# Disclaimer

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This communication contains forward-looking financial projections and estimates with respect to the future operations and performance of PT Darma Henwa Tbk and its affiliates. Investors and security holders are cautioned 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 the company. Such risks and uncertainties could cause actual results and developments to differ materially from those expressed in or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, fuel prices and international coal demand and supply position. Neither PT Darma Henwa Tbk. or any other person assumes responsibility for the accuracy and completeness of the forward-looking statement in this communication. The forward-looking statements speak only as of the date of this communication. PT Darma Henwa Tbk is under no duty to update any of the forward-looking statements after this date to conform such statements to actual results or to reflect the occurrence of anticipated results or otherwise.





Thank you!