



26 October 2017

Share Price Data (as of 25 October 2017)

Ticker @IDX	DOID
Last Price (Rp)	1,015
Outstanding Shares (mn)	8,506
Market Capitalization (Rp bn)	8,634
Market Capitalization (USD mn)*	636

*based on exchange rate of Rp13,570

Shareholder Structure

Northstar Tambang Persada Ltd	38.4%
Public	61.6%

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Jakarta – PT Delta Dunia Makmur Tbk. (“DOID” or the “Company”) presents its newsletter with consolidated financial and operating results that include its primary and wholly-owned subsidiary, PT Bukit Makmur Mandiri Utama (“BUMA”).

The Company recorded a net profit of US\$31 million for nine months in 2017, a 24% increase YoY, despite weather challenges, extensive ramp-up process, and an extraordinary one-time tax provision.

HIGHLIGHTS OF CONSOLIDATED RESULTS <i>(in US\$M unless otherwise stated)</i>				QUARTERLY RESULTS <i>(in US\$M unless otherwise stated)</i>							
Profitability	9M17	9M16	YoY	Volume	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
EBITDA	207	140	48%	OB Removal (mbcm)	61.2	71.9	81.8	84.9	83.2	83.1	91.3
EBITDA Margin ³⁾	38.8%	34.8%	4.0%	Coal (mt)	7.8	7.7	9.3	10.3	10.2	9.9	10.5
Operating Profit	127	69	85%	Financials							
Operating Margin ³⁾	23.8%	17.2%	6.7%	Revenue	127	132	159	193	181	180	198
Net Profit	31	25	24%	EBITDA	39	43	58	77	70	61	76
Recurring Profit	64	23	183%	EBITDA Margin ³⁾	31.6%	33.4%	38.5%	42.1%	40.3%	35.7%	40.2%
EPS (in Rp)	Rp 50	Rp 41	22%	Operating Profit	15	19	35	53	44	35	47
Cash Flows				Operating Margin ³⁾	11.9%	14.9%	23.3%	29.1%	25.8%	20.4%	25.2%
Capex	116	34	243%	Net Profit (Loss)	3	5	17	12	24	(15)	23
Free Cash Flow ⁴⁾	51	151	-66%	Balance Sheet							
Balance Sheet				Sep-17	Dec-16	Δ					
Cash Position ¹⁾				97	96	2					
Net Debt ²⁾				495	497	(2)					

9M 2017 HIGHLIGHTS

- Overburden removal volume increased by 20% YoY from 214.9 million bcm to 257.6 million bcm in 9M 2017. Whereas coal production increased by 23% YoY from 24.8 million tonnes to 30.6 million tonnes.
- Net revenue increased by 34% in 9M2017 to US\$558 million vs. US\$418 million for 9M 2016 due to volume growth and higher applicable rate from coal index linked contracts. Despite upfront costs incurred related to volume growth, EBITDA was 48% higher YoY at US\$207 million for 9M 2017 vs. US\$140 million for 9M 2016. EBITDA improved QoQ at US\$76 million for Q3 2017 vs US\$61 million and US\$70 million for Q2 and Q1 2017, respectively, on the back of improved weather and operational consolidation to match the expected ramp-up in volume.
- Net income increased by 24% YoY to US\$31 million from US\$25 million, despite recording an extraordinary, accounting-based tax provision back in June 2017. Recurring profit grew more than double to US\$64 million for 9M 2017 vs. US\$23 million for 9M 2016.
- Capital expenditure was US\$116 million for 9M 2017 vs. US\$34 million for 9M 2016, spent mostly on heavy equipment to accommodate volume growth and for replacement purposes.
- Free cash flow was US\$51 million in 9M 2017 vs. US\$151 million for 9M 2016, due to higher capital expenditure, significantly funded with internal cash.
- On June 30, 2017, consolidated net debt was US\$495 million with consolidated net debt to EBITDA ratio of 1.7x.
- The Company continues to optimize its resources to perform the level of operational excellence needed to achieve 2017 target performance.

Notes:

- 1) Cash position includes restricted cash in bank.
- 2) Debt includes only the outstanding contractual liabilities.
- 3) Margins are based on net revenues excluding fuel.
- 4) Free cash flow is cash flow before debt service, excluding financing proceeds.

Exhibit 1: Quarterly Production

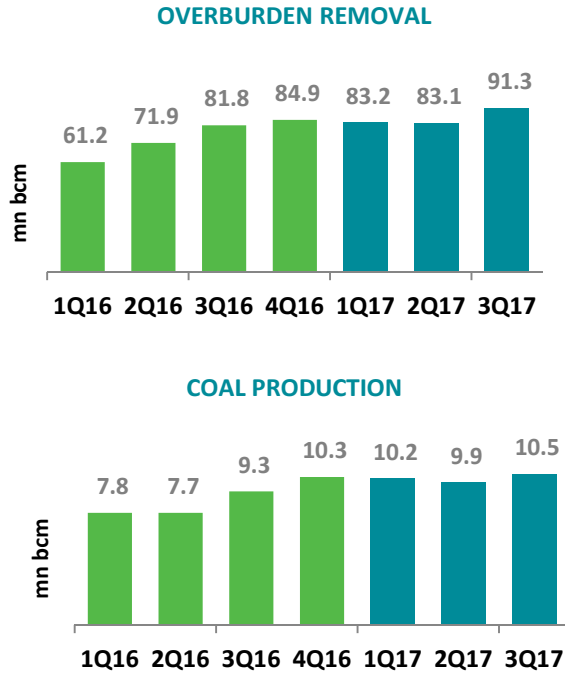


Exhibit 2: Net Debt

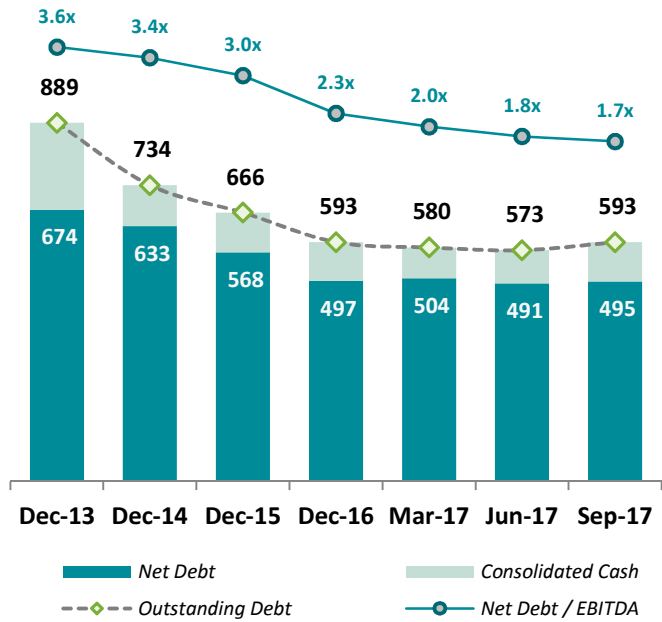


Exhibit 3: Consolidated Cash Flows²⁾

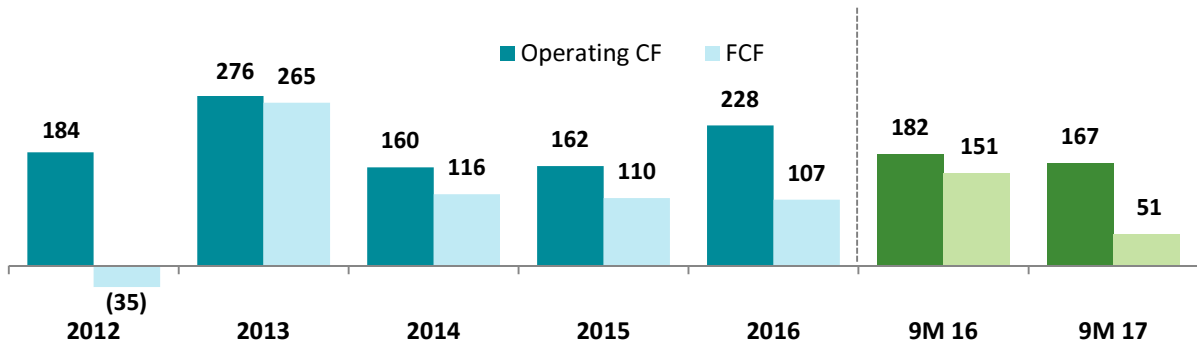
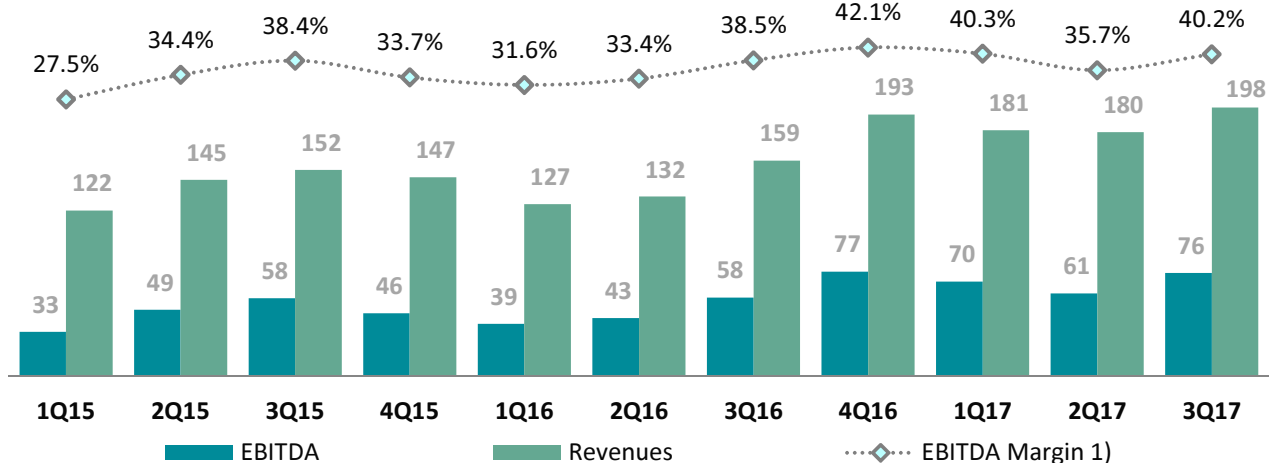


Exhibit 4: Quarterly Profitability Trend



Notes:

1) Margins are based on net revenues excluding fuel.

2) Free cash flows is defined before debt service, and excludes financing proceeds. Operational cash flows is free cash flows, before capital expenditures.

**DOID'S CONSOLIDATED STATEMENTS
OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

<i>In US\$ mn (unless otherwise stated)</i>	9M17	9M16	YoY
Net revenues	558	418	34%
<i>Revenue excl. fuel</i>	534	401	33%
Cost of revenues	394	319	24%
Gross profit	164	99	66%
Operating expenses	(37)	(30)	23%
Finance cost	(39)	(34)	15%
Others - net	(26)	4	-725%
Pretax profit	61	39	58%
Tax expense	30	13	123%
Profit for the period	31	25	24%
Other comprehensive income - net	(0)	2	-109%
Comprehensive income	31	27	16%
EBITDA	207	140	48%
Basic EPS (in Rp) ³⁾	50	41	22%

**DOID'S CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION**

<i>In US\$ mn (unless otherwise stated)</i>	Sep-17	Dec-16	YTD
Cash and cash equivalents	93	67	39%
Restricted cash in bank - current	5	-	100%
Trade receivables - current	176	144	22%
Other current assets	81	88	-8%
Restricted cash in bank	-	29	-100%
Fixed assets - net	443	406	9%
Other non-current assets	102	148	-32%
TOTAL ASSETS	899	882	2%
Trade payables	75	80	-6%
LT liabilities - current	75	106	-29%
Other current liabilities	41	34	20%
LT liabilities - non current	505	501	1%
Other non-current liabilities	39	35	12%
TOTAL LIABILITIES	735	756	-3%
TOTAL EQUITY	164	126	29%

DOID'S FINANCIAL RATIOS ¹⁾

	9M17	9M16
Gross margin	30.7%	24.7%
Operating margin	23.8%	17.2%
EBITDA margin	38.8%	34.8%
Pretax margin	11.5%	9.7%
Net margin	5.9%	6.3%

DOID'S CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In US\$ mn (unless otherwise stated)</i>	9M17	9M16
Net CF from Operating Activities	117	152
Net CF from Investing Activities	(41)	(5)
Net CF from Financing Activities	(51)	(84)
Net change in cash & cash equivalents	26	62
Beginning balance cash & cash equivalents	67	71
Effect of foreign exchange rate changes	0	1
Ending balance cash & cash equivalents²⁾	93	134

Notes:

1) Margins are based on net revenues excluding fuel.

2) Excludes restricted cash in bank.

3) Reported EPS are translated into Rp using average exchange rate of Rp13,331 and Rp13,328 for 9M17 and 9M16, respectively.

**BUMA'S STATEMENTS
OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

<i>In US\$ mn (unless otherwise stated)</i>	9M17	9M16	YoY
Net revenues	558	418	34%
<i>Revenue excl. fuel</i>	534	401	33%
Cost of revenues	394	319	24%
Gross profit	164	99	66%
Operating expenses	(34)	(28)	24%
Finance cost	(39)	(34)	15%
Others - net	(27)	11	-343%
Pretax profit	64	48	33%
Tax expense	30	13	123%
Profit for the period	34	35	-2%
Other comprehensive income - net	(0)	2	-109%
Comprehensive income	34	36	-7%
EBITDA	210	142	48%

**BUMA'S STATEMENTS
OF FINANCIAL POSITION**

<i>In US\$ mn (unless otherwise stated)</i>	Sep-17	Dec-16	YTD
Cash	51	49	5%
Restricted cash in bank - current	5	-	100%
Trade receivables - current	176	144	22%
Due from related party - current	150	182	-18%
Other current assets	81	88	-8%
Restricted cash in bank	-	29	-100%
Fixed assets - net	442	405	9%
Other non-current assets	101	148	-32%
TOTAL ASSETS	1,006	1,045	-4%
Trade payables	75	80	-6%
LT liabilities - current	75	106	-29%
Other current liabilities	42	35	18%
LT liabilities - non-current	505	501	1%
Other non-current liabilities	39	35	12%
TOTAL LIABILITIES	736	757	-3%
TOTAL EQUITY	270	288	-6%

BUMA'S STATEMENTS OF CASH FLOWS

<i>In US\$ mn (unless otherwise stated)</i>	9M17	9M16
Net CF from Operating Activities	118	156
Net CF from Investing Activities	(41)	(5)
Net CF from Financing Activities	(74)	(84)
Net change in cash	2	66
Beginning balance cash	49	50
Ending balance cash¹⁾	51	116

Notes:

1) Excludes restricted cash in bank.

OTHER UPDATES

A. TAX RECEIVABLES

- ◆ Tax policies related to coal mining have historically resulted in tax overpayment for BUMA, the primary operating Subsidiary. Thus, the high tax receivables asset recorded on the balance sheet under “claims for tax refund”. BUMA consistently and diligently exerts every possible effort under prevailing tax law to recover all of its tax receivables.
- ◆ As of September 30, 2017, BUMA received US\$60 million year-to-date related to favorable outcome on various tax proceedings.
- ◆ Throughout June – July 2017, BUMA received unfavorable decisions from Supreme Court related to certain old, long-outstanding cases, which originated under previous ownership. These decisions do not affect BUMA’s cash flows, as all related tax liabilities has been previously settled. While BUMA is considering its next course of legal action to recover the respective tax receivables, US\$33 million has been provisioned as of June 30, 2017, in compliance with accounting standard. Further, in September 2017, BUMA has filed its second Motion for Reconsideration to the Supreme Court in the effort to recover the disputed amount.

B. DEBT FINANCING

- ◆ On February 14, 2017, BUMA, the primary operating subsidiary, completed the refinancing of its bank loan facilities, consisting of US\$603 million syndicated loan facilities, with SMBC as the Facility Agent (“SMBC Facility”), and US\$15 million loan facility with PT CIMB Niaga Tbk (“CIMB Facility”) with (i) the proceeds from BUMA’s 5-year 7.75% US\$350 million Senior Notes issuance (“Senior Notes”), (ii) US\$100 million LIBOR+3% loan facility from The Bank of Tokyo Mitsubishi UFJ, Ltd. (“BTMU Facility”), and (iii) BUMA’s internal cash. The refinancing allows for operational and financial flexibility to support BUMA’s future growth.
- ◆ As of September 30, 2017, outstanding debt was US\$593 million, whereas net debt was US\$495 million, with net debt to EBITDA ratio of 1.7x, which exhibited significant deleveraging over the past few years.