

AKR NEWS RELEASE



For Immediate release

July 27, 2018

AKRA Posted Robust Revenue Growth in 1H18 and Remains Committed for shareholders return

JAKARTA, 27 July 2018 – PT AKR Corporindo Tbk (IDX ticker code: AKRA.IJ), distributor of Petroleum, Basic chemicals and provider of Logistic & supply chain services in Indonesia reported robust revenue growth of 22% Y/Y from Rp 9,221 bn to Rp 11,214 bn in 1H18, with growth seen in both petroleum and basic chemical businesses. AKRA also reported net profit attributable to equity holders of parent entity in 1H18 came in at Rp 1,121 bn, almost doubled that of 1H17's at Rp 588 bn.

We have announced 2018's interim dividend of Rp120 per share on 4 July 2018 to be distributed on 3 August 2018, in line with our commitment for optimum shareholders' return. Earlier, AGM has also successfully held on 3 May 2018 and we paid FY17 final dividend of Rp 200 per share with 67% payout ratio on 25 May 2018. In addition to the success of land auction of Khalista's in Lizhou, China in February 18, we also have completed the sale of one of our coal assets called PT Bumi Karunia Pertiwi (BKP).

FINANCIAL HIGHLIGHTS

- Revenue increased by 22% y/y from Rp 9,221 bn in 1H17 to Rp 11,214 bn in 1H18.
- On quarterly basis, we saw revenue grew 10% y/y and -8% q/q from Rp 4,880 bn in 2Q17 and Rp 5,381 bn in 1Q18 to Rp 5,381 bn in 2Q18.
- Gross profit from core business in 1H18 actually grew by 5% from Rp771 bn in 1H17 to Rp 811 bn in 1H18. On core basis, 2Q18 gross profit is stable at Rp 408 bn (vs Rp411 bn in 2Q17 and Rp403 bn in 1Q18).
- Absence of industrial land sales in 1H18 caused gross profit dropped by 21% to Rp 831 bn.
- Operating profit declined by 39% y/y to Rp485 bn in 1H18. For 2Q18, operating profit inched up to Rp245 bn.
- All in all, the Company posted net profit of Rp1,121 bn in 1H18 (+91 % y/y) and Rp 192 bn in 2Q18 (relatively flat vs 1Q18 without the one-off gain).
- Balance sheet remains strong with cash position stood at almost Rp 2.0 tn as of June 2018 vs Rp1,8 tn in March 2018. Net gearing is low at 0.18x. Pefindo has recently raised our debt outlook to "Positive" from previously "Stable", while maintained our rating at "idAA-".

President Director of AKRA, Mr. Haryanto Adikoesoemo, stated;

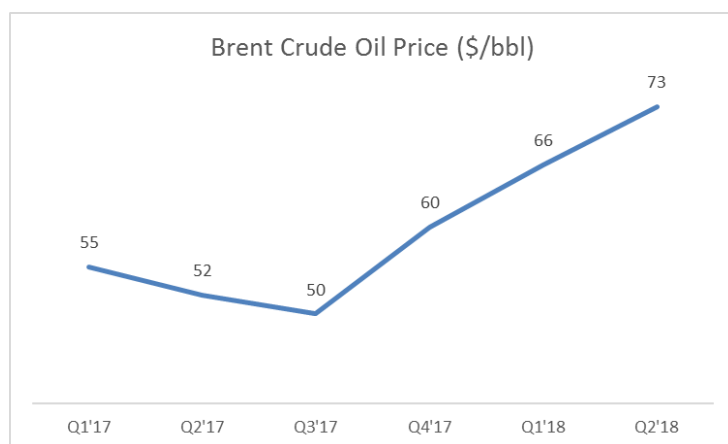
"Amid the rising interest rate environment during 1H18, AKRA is committed to use capital efficiently and to reward shareholders with the optimum dividend policy. Our business outlook remains robust, and our balance sheet is solid. AKRA's revenue grew by 22% y/y, supported by increase in average selling price of petroleum and basic chemicals. We expect improved demand from mining sector to contribute further to our petroleum business. Cash position as of June 2018 has increased further to almost Rp 2 tn despite having paid FY17 final dividend of Rp 200 with payout of 67% in May 2018. With backdrop of strong operating cash flow, AKRA is confident to distribute 2018 interim dividend of Rp120 per share which will be paid by 3 Aug 2018."

REVENUE ANALYSIS

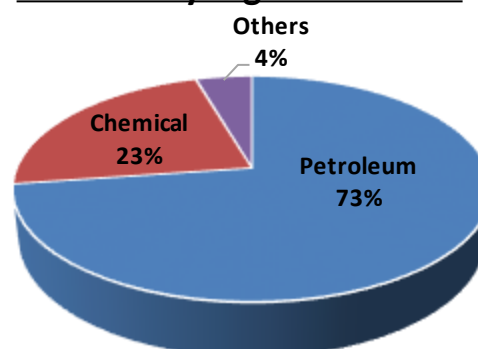
Robust Revenue growth

- Revenue increased by 22% Y/Y from Rp 9,221 bn in 1H7 to Rp 11,214 bn in 1H18. On quarterly basis, revenue in 2Q18 rose by 10% y/y and -8% q/q compared to those in 2Q17 and 1Q18, respectively.
- Sales of petroleum in 1H18 grew by 32% y/y driven both by higher volume and price. Average price of crude oil (Brent) increased from 52 \$/bbl in 2Q17 to 73 \$/bbl in 2Q18. Sales of basic chemical rose by 25% y/y in 1H18, mostly due to higher ASP. Negative growth of volume is attributed mostly due to shorter working days in June and a temporary halt in a client's operation.
- Combined, trading & distribution showed growth of 31% y/y in 1H18 to Rp 10,702 bn. Meanwhile for 2Q18 only, trading & distribution grew 20% y/y and -8% q/q.
- We did not book sales from industrial estate in 1H18 vs 19 ha booked in 1H17 with Rp 401 bn revenue (Rp 286 bn in 2Q17). We expect current process of negotiations with various potential buyers will conclude into land sales in 2H18.
- On logistics, our port in BMS (JV with Pelindo 3) contributed Rp122 bn revenue and storage from Jakarta Tank Terminal (JV with Vopak) added Rp135 bn in 1H18.
- As of early this year, we started to sell electricity to our tenants, hence we booked Rp8 bn revenue in the industrial segment. Meanwhile, revenue from manufacturing came in at Rp 220 bn, as Khalista (sorbitol manufacturer in China) which has been divested recently no longer contributes.

Segment (bIDR)	1H18	1H17	ΔY/Y	2Q18	2Q17	1Q18	ΔY/Y	ΔQ/Q
Business								
Petroleum	8,156	6,156	32%	3,909	3,276	4,247	19%	-8%
Chemicals	2,546	2,035	25%	1,213	998	1,333	22%	-9%
Logistics	284	356	-20%	141	182	143	-23%	-1%
Total Core Business	10,986	8,546	29%	5,263	4,456	5,723	28%	-8%
Industrial Estate	8	401	na	7	286	1	na	481%
Others	220	273	-19%	111	137	109	-19%	1%
Total Revenue	11,214	9,221	22%	5,381	4,880	5,834	10%	-8%



Revenue by segment - 6M18



UNAUDITED STATEMENT OF INCOME FOR 1H18

Stable q/q core profit, supported by trading & distribution business

- On core basis, 2Q18 gross profit is stable at Rp 408 bn (vs Rp411 bn in 2Q17 and Rp403 bn in 1Q18). Gross margin of core profit expanded to 7.7% in 2Q18, highest in the last three quarters.
- Absence of industrial land sales caused gross profit dropped by 21% to Rp 415 bn in 2Q18. As comparison, AKRA sold 14 ha in 2Q17, generating Rp286 bn revenue with Rp164 bn gross profit.
- Gross margin based on all businesses (including manufacturing) also improved to 7.7% in 2Q18 vs 7.1% in 1Q18.
- Management keeps monitoring operating expenses (Rp 346 bn) that came in at 3.1% of total sales (vs Rp 260 bn or 3.3% in 1H17). Increase in G&A expenses in 1H18, was mostly attributed due to more headcount on the back of expansion in the retail petroleum.

Segment (bIDR)	1H18	1H17	ΔY/Y	2Q18	2Q17	1Q18	ΔY/Y	ΔQ/Q
Business								
Trading & Distribution	777	717	8%	395	379	382	4%	3%
Logistics	34	55	-37%	13	32	22	-60%	-41%
GP Core Business	811	771	5%	408	411	404	-1%	1%
Industrial Estate	1	238	na	3	164	-2	na	na
Others	19	44	-56%	5	26	14	-80%	-62%
Gross Profit - Total	831	1,053	-21%	415	601	416	-31%	-0.1%

Net profit 1H18 came in at Rp1,121 bn

- The Company posted Rp 1,121 bn net profit in 1H18, jumped by 91% y/y from Rp 588 bn in 1H17 or 93% of FY17 earnings at Rp1,201 bn. Core net profit 2Q18 came in at Rp 192 bn, relatively stable compared to that in 1Q18 (without the one-off gains from divestment of Khalista and coal assets. EPS (basic) 1H18 is Rp 279.38 vs Rp 147.18 in 1H17.

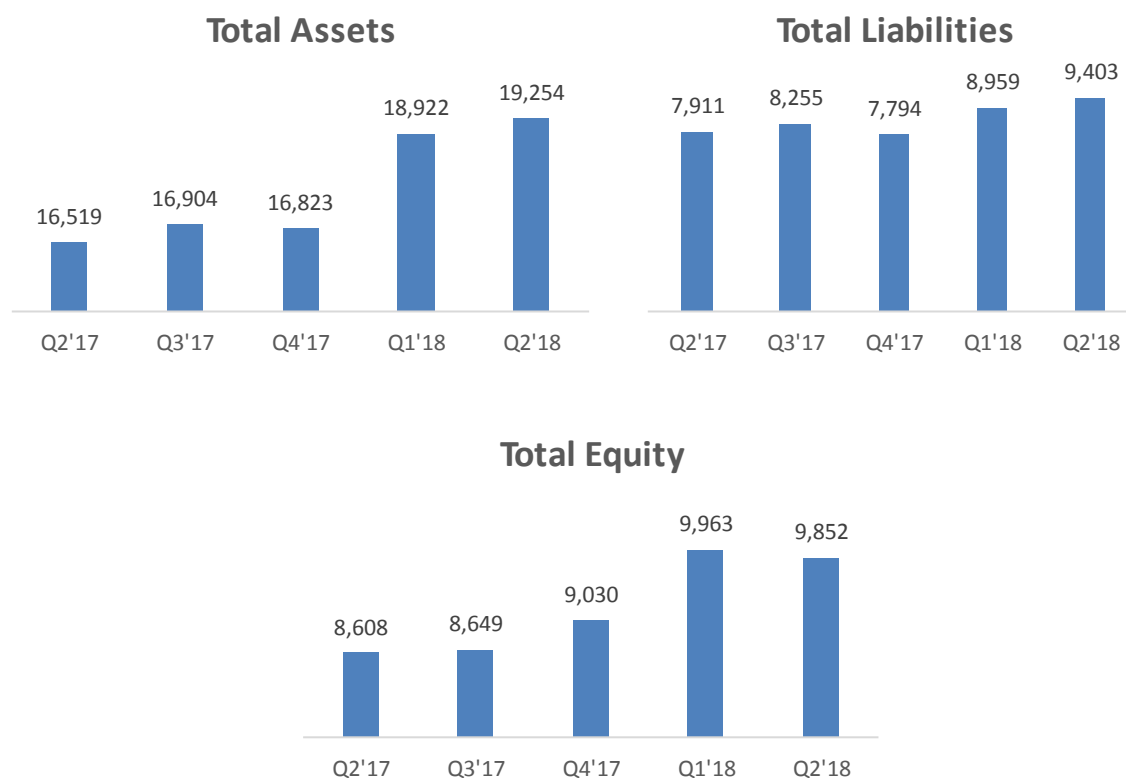
Income Statement (In Rp bn, ex EPS)	1H18	1H17	% Y/Y	2Q18	2Q17	1Q18	% y/y	% q/q
Sales and Revenues	11,214	9,221	21.6%	5,381	4,880	5,834	10%	-8%
Cost of Sales and Revenues	(10,383)	(8,168)	27.1%	(4,965)	(4,279)	(5,418)	16%	-8%
Gross Profit	831	1,053	-21.1%	415	601	416	-31%	0%
Operating Profit	485	792	-38.7%	245	452	241	-46%	2%
Profit from continuing operations before income tax	469	785	-40.3%	235	448	234	-48%	0%
Tax	(103)	(102)	0.8%	(59)	(54)	(43)	10%	36%
<i>Net gain on divestment</i>	736	297	147.5%	7	12	729	-41%	-99%
Profit for the period attributable to equity holders of the parent entity	1,121	588	90.5%	192	330	929	-42%	-79%
EBITDA	668	875	-23.6%	336	477	332	-30%	1%
EPS	279	147	89.8%	48	82	232	-42%	-80%
Gross margin	7.4%	11.4%	-4.0%	7.7%	12.3%	7.1%	-4.6%	0.6%
G&A and selling exp. Margin	3.1%	3.3%	-0.1%	3.3%	3.3%	3.0%	0.0%	0.3%
Operating margin	4.3%	8.6%	-4.3%	4.6%	9.3%	4.1%	-4.7%	0.4%
Net margin	10.0%	6.4%	3.6%	3.6%	6.8%	15.9%	-3.2%	-12.4%
EBITDA margin	6.0%	9.5%	-3.5%	6.3%	9.8%	5.7%	-3.5%	0.6%

BALANCE SHEET AS OF 30th JUNE 2018

Efficient use of capital and strong balance sheet

Amid the rising interest rate environment, management has taken steps to strengthen our balance sheet. Cash position as of June 2018 has increased further to Rp 1,986 bn from Rp 1,771 bn by end of last year, despite having paid dividend in May 2018. Our equity stood at Rp 9,851 bn as of June 2018 vs Rp9,029 bn at Dec 2017. Our net gearing as of June 2018 remains low at 0.18x.

Management is also committed to use capital efficiently and to reward shareholders with the optimum dividend. Based on 3 May 2018's AGM, company has paid final dividend of Rp200 DPS amounting total of Rp 801.5 bn and payout ratio of 67% from FY17 earnings. In 4 July 2018, management has also announced 2018's interim dividend of Rp120 per share (total Rp 482 bn) to be paid by 3 Aug 2018.



EVENTS & DEVELOPMENTS DURING 2Q 2018

- Received part of variable payment for land sales of Khalista on 17 April 2018 amounting RMB 365.9 mn.
- AKR held the Annual General Meeting of Shareholders on 3 May 2018, and determined dividend of Rp 200 /shares with Payout 67% for Financial Year 2017.
- SPBKB Way Tenong has been inaugurated as The Fourth AKR's Distributor Agency of Petroleum One Price on 11 May 2018
- Ground breaking of two gas station under the JV of BP-AKR in southern part of Jakarta (De Latinos and Bintaro) on 31 May 2018.
- JTT has appointed Tripatra Engineers and Constructors as EPC contractor for expansion of 100,400 cbm storage tanks for MOGAS, FAME (biodiesel), and Ethanol to complete by end of 2019.
- President Joko Widodo expressed his support for private companies to supply jet fuel in Indonesia, as a way to lower jet fuel price and boost tourism with more LCC flights.
- PT Arthakencana Rayatama has purchased 6,600,000 shares or 0.16% of the total shares on June 25, 2018. With the transaction, PT Arthakencana increased its ownership from 58.35% to 58.51%.

- Management announced interim dividend of Rp120 per share for 2018 on 4 July 2018 and to be paid on 3 Aug 2018.

Financial statements are available to download at

http://www.idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From_EREP/201807/2018072717500-12397-0/AKR%2030%20Jun%202018%20released.pdf

Haryanto Adikoesoemo

President Director

PT AKR Corporindo Tbk

PT AKR Corporindo Tbk

PT AKR Corporindo Tbk (the Company) was formally established in Surabaya in 1977 and was listed on the Indonesian Stock Exchange in 1994. The Company is Indonesia's leading integrated supply chain solutions provider and largest private sector distributor of petroleum and basic chemicals. The Company is also the first private company appointed by the Government of Indonesia to distribute subsidized petroleum. The Company is a renowned provider of logistics and infrastructure with areas of operations encompassing Indonesia and China. Through a number of subsidiaries it governs, the Company also operates in the areas of logistic services, manufacturing and coal mining and trading.

Java Integrated Industrial Port Estate

Java Integrated Industrial Port Estate ("JIPE") is a project that is designed to be one of the largest integrated industrial, residential and deep sea port estates with development area totaling 2,933.3 ha. This project through PT Berkah Kawasan Manyar Sejahtera ("BKMS") will develop the industrial estate, while its sister company PT Berlian Manyar Sejahtera ("BMS") will handle the sea port operations and PT AKR Land Development (an affiliate of AKR) will develop the residential estate. AKR indirectly owns 60% of the company through UEPN, while Pelindo III indirectly owns 40% through BJTI.

JIPE aims to become a strategically-located industrial estate, complete with supporting facilities and infrastructure. In addition to a deep water port in the complex, the location has direct access to the major toll road network that connects most cities in East Java, arterial road, railway system and air transport access (Juanda International Airport). The estate is also located 30 kilometers from the city of Surabaya, the second largest city in Indonesia. According to the master plan, the total area of the industrial estate is 1,761 ha.

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