

3rd Quarter 2018

PT. Resource Alam Indonesia Tbk (“Resource Alam” or “the Company”) is an Indonesian coal mining company. Resource Alam focuses on the production and sales of thermal coal through its wholly owned subsidiary PT. Insani Bara Perkasa (“IBP”). IBP holds and operates a 24,477 hectare, 3rd Generation Coal Contract of Work (CCOW) concession in East Kalimantan.

Share Price Data:
 (As of 30 September 2018)

IDX : **KKGI**
 Bloomberg : **KKGI.IJ**
 Reuters : **KKGI.JK**

Price:
Rp 374

52 Weeks Hi/Lo:
Rp 484/Rp 294

Market Capitalization:
Rp1.87 trillion
US\$ 126 million

Rp/US\$ (September 30th):
Rp14,899

Board of Commissioners:

- **Hendro Martowardojo**
President Commissioner
- **Swandono Adijanto**
Commissioner
- **Ge Luiyanto Yamin**
Commissioner
- **Andrew J. Wilson**
Commissioner
- **Suria M. Tjahaja**
Commissioner

Board of Directors:

- **Pintarso Adijanto**
President Director
- **Bambang Prijonohadi**
Director
- **Chamilus Salimbo**
Director
- **AgoesSoegiarto**
Director
- **Wimpy Salim**
Director
- **Winanto**
Director

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A. FINANCIAL HIGHLIGHTS

Financial	3Q2018 USD MM	3Q2017 USD MM	Change (%)	9M2018 USD MM	9M2017 USD MM	Change (%)
Revenue	20.39	15.80	29.05	36.24	53.86	-32.71
Gross Profit	6.51	4.25	53.18	11.07	16.66	-33.55
Operating Profit	3.45	2.76	25.00	5.31	11.77	-54.89
Net Profit After Tax	2.00	1.49	34.23	2.11	8.17	-74.17
				30/09/2018	31/12/2017	Change (%)
Total Asset				109.23	105.1	3.93
Total Liability				22.2	16.4	35.37
Equity				87.1	88.6	-1.69
Debt ¹				6.89	1.52	353.29
RATIOS	3Q2018 USD MM	3Q2017 USD MM		9M2018	9M2017	
Gross Margin	31.94%	26.90%		30.53%	30.93%	
Operating Margin	16.92%	17.47%		14.66%	21.85%	
NPAT Margin	9.81%	9.43%		5.82%	15.17%	
Return On Asset (ROA)				2.58%	5.83%	
Return On Equity (ROE)				3.23%	6.92%	
Debt to Equity				7.91%	1.72%	

Exchange rate USD/IDR: 30/09/2017 = 13,492; 30/09/2018 = 14,899;

¹Interest bearing liabilities only (e.g: vehicle leasing, etc.)

B. PERFORMANCE SUMMARY

3rd Quarter 2018

- PT Resource Alam reported revenue for the 3rd Quarter of 2018 was USD 20.39 million, a 29% increment compared to USD 15.80 million of the same period last year.

The higher revenue was largely due to the higher sales volume. Sales volume for the 3rd Quarter 2018 was 441,968 metric tons (MT) compared to previously 391,485 MT.

In terms of production volume, production remained relatively flat at \pm 560,000 MT level.

The average selling price (ASP) for 3Q 2018 was USD 41.70 per MT compared to previously USD 44.85 per MT.

- During the period under review, Gross Profit improved to USD 6.51 million, 53% higher from previously USD 4.25 million. This increment was due to the higher revenue and lower cash cost. Cash cost recorded in the 3rd Quarter 2018 was USD 19.52 per MT compared to previously USD 20.64 per MT.

Gross margin improved to 31.94% compared to previously 26.90%.

- Subsequently, Operating Profit for Q3 2018 increased to USD 3.45 million, 25% higher from previous quarter USD 2.76 million.

- In the 3rd Quarter 2018, PT Resource Alam's Net Profit After Tax increased to USD 2.0 million from previously USD 1.49 million. Net margin improved slightly to 9.81% from previously 9.43%.

B. RINGKASAN KINERJA

Triwulan ke 3, 2018

- PT Resource Alam melaporkan pendapatan untuk Triwulan ke-3 tahun 2018 sebesar USD 20,39 juta, peningkatan 29% dibandingkan dengan USD 15,80 juta dari periode yang sama tahun lalu.

Kenaikan pendapatan ini disebabkan oleh peningkatan volume penjualan yang lebih tinggi. Volume penjualan untuk Kuartal ke-3 2018 adalah 441.968 metrik ton (MT) dibandingkan dengan sebelumnya 391.485 MT.

Dalam hal volume produksi, jumlah produksi relatif tetap di sekitar \pm 560.000 MT.

Harga jual rata-rata (ASP) untuk 3Q 2018 adalah USD 41,70 per MT dibandingkan dengan sebelumnya USD 44,85 per MT.

- Selama periode laporan, Laba Kotor meningkat menjadi USD 6,51 juta, 53% lebih tinggi dari sebelumnya USD 4,25 juta. Kenaikan ini disebabkan oleh pendapatan yang lebih tinggi dan biaya tunai (cash cost) yang lebih rendah. Biaya tunai yang tercatat pada kuartal ketiga 2018 adalah USD 19,52 per MT dibandingkan dengan sebelumnya USD 20,64 per MT.

Marjin laba kotor meningkat menjadi 31,94% dibandingkan sebelumnya 26,90%.

- Seiring, Laba Operasional untuk Q3 2018 meningkat menjadi USD 3,45 juta, 25% lebih tinggi dari kuartal sebelumnya USD 2,76 juta.

- Pada kuartal ketiga 2018, Laba Bersih Setelah Pajak PT Resource Alam meningkat menjadi USD 2,0 juta dari sebelumnya USD 1,49 juta. Margin bersih meningkat sedikit menjadi 9,81% dari sebelumnya 9,43%.

Year to Date: 9 Months 2018

- In the 9 month period of operations, PT Resource Alam's Net Revenue was USD 36.24 million, lower if compared to the USD 53.86 million of the same period last year.

This decline in revenue was mainly due to the decrease in production volume to 955 thousand tons from previously 1.28 million tons last year.

The lower production volume is largely due to the initial transition period of changing our main mining contractor to PT BUMA. We believe the initial adjustment period has passed as reflected by the increasing production volume from 182,741 tons in the second quarter to 558,981 tons in the third quarter. We are confident that moving forward, production volume will continue to increase.

In the 9 month period of 2018, the Average Selling Price of coal weakened slightly to USD 44.59 per MT from previously USD 46.47 per MT.

- As a direct result of the lower revenue, Gross Profit declined to USD 11.07 million from previously USD 16.66 million. However, gross margin remained stable at 30% level.

For the 9 month period of 2018, cash cost was higher at USD 25.32 per MT, higher compared to previously USD 22.34 per MT. This is mainly due to the higher volume removal of overburden in the beginning stages. However, as indicated in the quarterly analysis, the cash cost recorded has declined in 3Q 2018 to USD 19.52 per MT from previously USD 20.64 per MT.

- Mainly due to the lower revenue, in the 9 month operating period the Company's Operating Profit and Net Profit both declined to USD 5.31 million and USD 2.11 million respectively.

Tahun Berjalan: 9 Bulan 2018

- Selama periode 9 bulan operasi, Pendapatan bersih PT Resource Alam adalah USD 36,24 juta, lebih rendah jika dibandingkan dengan USD 53,86 juta dari periode yang sama tahun lalu.

Penurunan pendapatan ini terutama disebabkan oleh penurunan volume produksi menjadi 955 ribu ton dari sebelumnya 1,28 juta ton tahun lalu.

Jumlah volume produksi yang lebih rendah ini sebagian besar disebabkan oleh masa transisi, pada tahap awal dilakukan perubahan kontraktor penambangan utama ke PT BUMA. Kami yakin periode penyesuaian awal telah berlalu sebagaimana tercermin dari peningkatan volume produksi dari 182,741 ton pada kuartal kedua menjadi 558,981 ton pada kuartal ketiga. Kami yakin bahwa ke depannya, volume produksi akan terus meningkat.

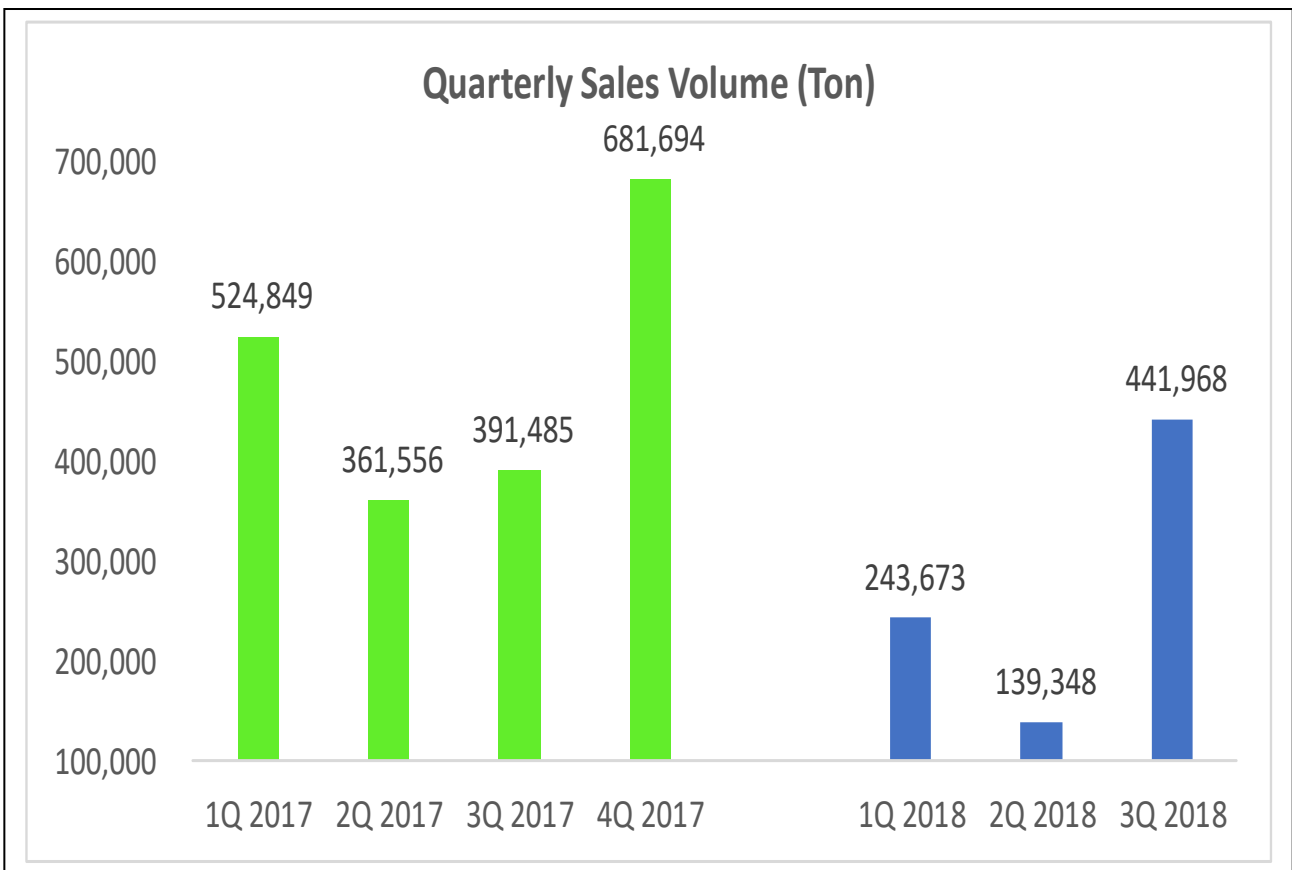
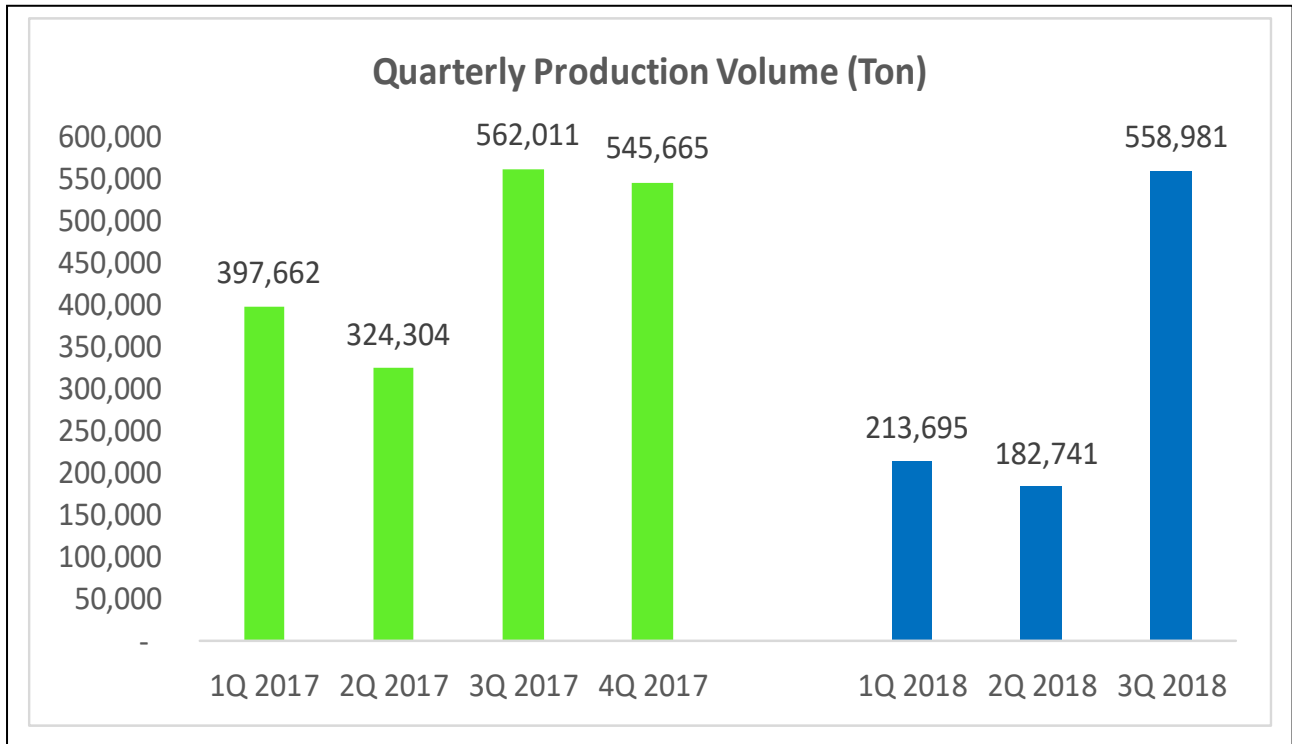
Dalam periode 9 bulan 2018, harga jual rata-rata (ASP) batubara sedikit melemah menjadi USD 44,59 per MT dari sebelumnya USD 46,47 per MT.

- Berakibat langsung dari pendapatan yang lebih rendah, Laba Kotor turun menjadi USD 11,07 juta dari sebelumnya USD 16,66 juta. Namun, margin kotor tetap stabil pada level 30%.

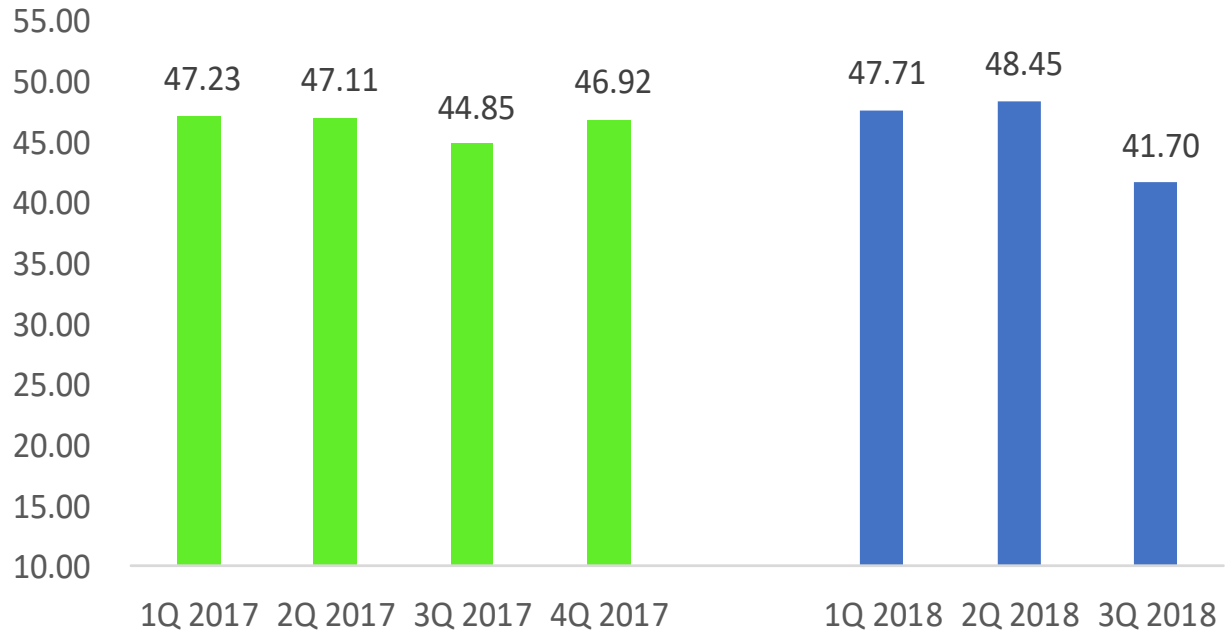
Selama masa 9 bulan 2018, biaya tunai (cash cost) lebih tinggi pada USD 25,32 per MT, naik dibandingkan sebelumnya USD 22,34 per MT. Hal ini terutama disebabkan oleh volume pekerjaan pemindahan lapisan penutup yang lebih tinggi, khususnya pada tahap awal. Namun, seperti yang ditunjukkan dalam analisis triwulanan, biaya tunai yang tercatat menurun pada 3Q 2018 menjadi USD 19,52 per MT dari sebelumnya USD 20,64 per MT.

- Di karenakan pendapatan yang lebih rendah pada periode operasi 9 bulan, Laba Operasi dan Laba Bersih Perusahaan turun menjadi USD 5,31 juta dan USD 2,11 juta.

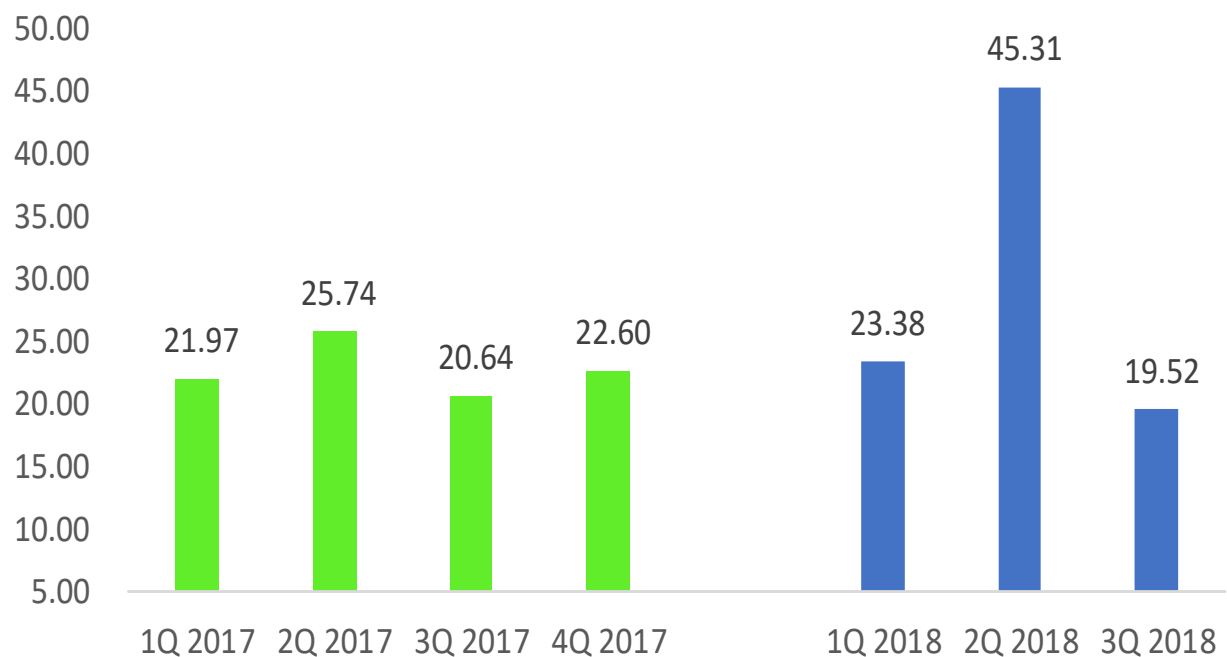
C. OPERATIONAL HIGHLIGHTS



Quarterly Average Selling Price (USD/Ton)

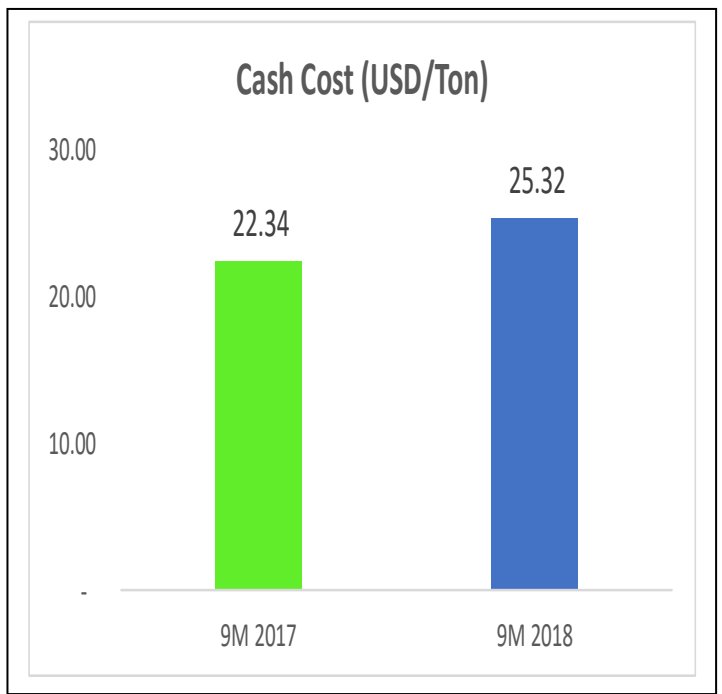
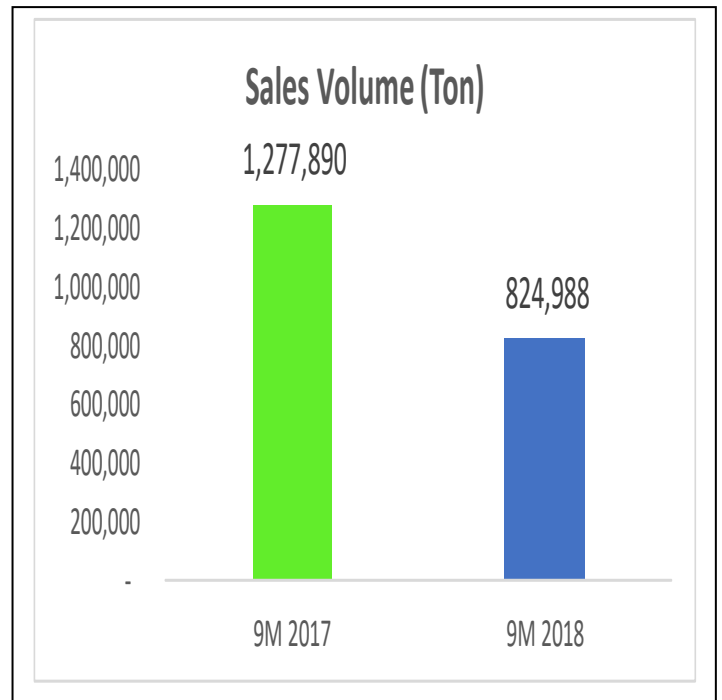
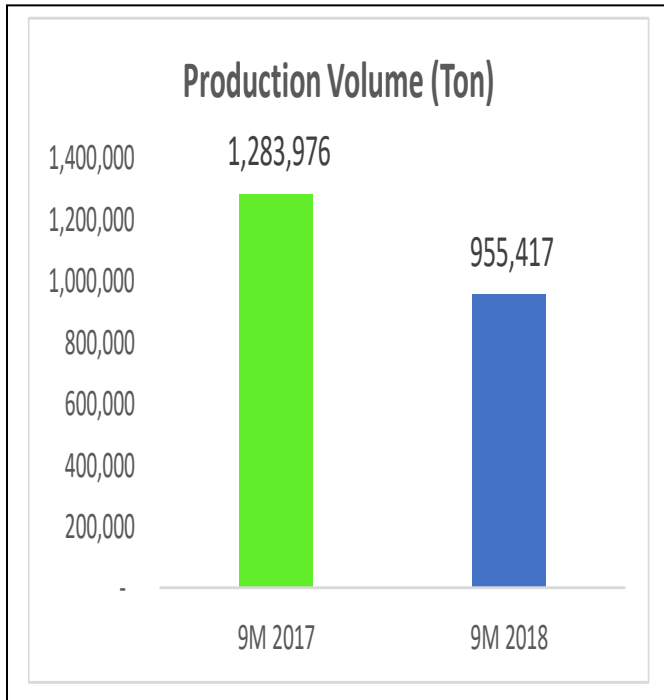


Quarterly Average Cash Cost (USD/Ton)



Note: Cash Cost excludes depreciation, royalty, barging, and trans-shipment

Year To Date:



For more information, please refer to Resource Alam's website, www.raintbk.com