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AKRA Sales Revenues 2012 Rp 21,674 billion up 15.3% driven by Trading and Distribution business

JAKARTA, March 25, 2013 - PT AKR Corporindo Tbk (Bloomberg: AKRA IJ), Indonesia's leading integrated supply chain solutions provider and largest private sector distributor of petroleum and basic chemical reported consolidated sales and revenues of Rp 21,674.0 billion during the year 2012, which is 15.3% higher than the sales revenues of Rp 18,805.9 billion during the year 2011. The Company reported net income attributable to the equity holders of the parent entity of Rp 649.3 billion during the year ended 31st December 2012 higher than Rp 619.0 billion in core income reported during the year 2011. During the year 2011, Net income including extraordinary gains from the sale of its manufacturing subsidiary in Indonesia was Rp 2,308.9 billion.

Table 1. Highlights of Consolidated Income Statement 2012 compared to 2011

Income Statement (in IDR billion)	2012	2011	Increase
Sales and revenues	21,674.0	18,805.9	15.3%
Cost of sales and revenues	(20,412.7)	(17,754.2)	
Gross profit	1,261.3	1,051.7	19.9%
<i>gross margin</i>	<i>5.8%</i>	<i>5.6%</i>	
Operating expenses	(397.0)	(392.9)	
Profit after operating expenses	864.3	658.9	31.2%
<i>operating margin</i>	<i>4.0%</i>	<i>3.5%</i>	
Net interest income (expenses)	(17.5)	28.0	
Other income (expenses)	(37.2)	63.0	
Tax	(190.8)	(140.3)	
Minority interest	30.5	9.3	
Core Net Income	649.3	619.0	4.9%
<i>net margin</i>	<i>3.0%</i>	<i>3.3%</i>	
Extraordinary gain		1,689.9	
Profit attributable to the equity holders of the parent entity	649.3	2,308.9	

Trading and Distribution business reports 15.5% increase YOY

The Revenue growth was driven by increase in Sales of Petroleum and Chemical products of Rp 20,285.6 billion during the year 2012 compared to Rp 17,562.8 billion during the previous year. Sales of Petroleum products grew 16.0% YOY to Rp 17,296.0 billion while the Basic chemicals revenue grew 12.9% YOY to Rp 2,989.7 billion during the year 2012. The Company reported growth in all the segments of the business during the year 2012 despite slow down in volumes of Coal industry in Indonesia and China and difficult conditions in the manufacturing segment in China. Segment wise revenue breakdown is as follows :

Table 2. Consolidated Sales and Revenues 2012 compared to 2011

Sales and Revenues by Segment (IDR billion)	2012	% of total	2011	% of total	Increase
TRADING AND DISTRIBUTION					
Petroleum	17,296.0	79.8%	14,914.7	79.3%	16.0%
Basic chemical	2,989.7	13.8%	2,648.1	14.1%	12.9%
Sub-total	20,285.6	93.6%	17,562.8	93.4%	15.5%
MANUFACTURING					
Sorbitol, starch and starch derivatives	335.4	1.5%	395.9	2.1%	-15.3%
Others	425.9	2.0%	343.1	1.8%	24.1%
Sub-total	761.4	3.5%	739.0	3.9%	3.0%
LOGISTICS SERVICES - third parties					
Port operations and transportation	361.3	1.7%	333.3	1.8%	8.4%
Storage tanks rental	82.1	0.4%	76.0	0.4%	8.1%
Others	44.8	0.2%	72.4	0.4%	-38.1%
Sub-total	488.1	2.3%	481.6	2.6%	1.4%
COAL MINING AND TRADING	138.8	0.6%	22.5	0.1%	516.3%
TOTAL	21,674.0	100.0%	18,805.9	100.0%	15.3%

Indonesian Operations of AKR Trading and distribution delivered superior growth during the year 2012

The Financial statement of AKR Parent company in Indonesia (unconsolidated) – comprising of the Trading, distribution and logistics business- shows a significant improvement in Profitability for the year ended 31st December 2012 compared to the previous year:

Table 3. Highlights of Income Statement (Unconsolidated) of Parent Entity only

Income Statement	2012	2011	Increase
AKR - parent entity only (in IDR billion)			
Sales and revenues	20,544.6	17,750.8	15.7%
Cost of sales and revenues	(19,477.0)	(16,899.4)	
Gross profit	1,067.6	851.4	25.4%
<i>gross margin</i>	<i>5.2%</i>	<i>4.8%</i>	
Operating expenses	(221.7)	(236.4)	
Profit after operating expenses	845.9	615.1	37.5%
<i>operating margin</i>	<i>4.1%</i>	<i>3.5%</i>	
Net interest income (expenses)	48.3	65.6	
Other income (expenses)	0.3	80.6	
Tax	(163.4)	(125.4)	
Core Net Income	731.1	635.9	15.0%
<i>net margin</i>	<i>3.6%</i>	<i>3.6%</i>	
Extraordinary gain		1,950.1	
Net Income	731.1	2,586.0	

Commenting on the financial results, Mr. Haryanto Adikoesoemo, President Director of PT AKR Corporindo Tbk said, "AKR delivered higher growth in sales revenues in all the segments during

the year 2012 despite slowdown in the Coal mining sector in Indonesia and significant slow down of the volume throughput in the China ports. The Company's strategy of providing value added solutions to the Industrial, mining, power and other sectors by providing a robust supply chain from its extensive infrastructure spread across the Indonesian Archipelago had enabled it to grow its petroleum and chemical distribution business."

" AKR has delivered sustainable growth with consistent margins over the past years and has evolved its business model to support the growth while delivering superior returns to our shareholders" said Mr Haryanto.

Strong Financial Position

AKR reported a strong financial position as at December 31, 2012, with a strong capital base and low gearing.

Table 4. Balance Sheet as at December 31, 2012 compared to December 31, 2011

BALANCE SHEET (IDR billion)	31-Dec-12	31-Dec-11
Current assets	7,414.6	5,226.9
Cash	1,884.9	1,329.8
Trade receivables	3,166.2	2,145.1
Inventories	1,415.2	1,237.7
Other current assets	948.3	514.4
Non-current assets	4,372.9	3,190.9
TOTAL ASSETS	11,787.5	8,417.9
Current liabilities	5,142.4	3,860.0
Trade payables	3,835.6	3,318.5
Short-term bank loans	432.7	146.0
Current maturity of long-term bank loans and others	260.6	44.9
Other current liabilities	613.5	350.6
Non-current liabilities	2,435.4	886.1
Long-term bank loans and others	851.4	808.0
Bond payables	1,488.1	
Other long-term liabilities	95.9	78.0
Equity	4,037.0	3,479.1
Minority interest	172.7	192.6
TOTAL LIABILITIES AND EQUITY	11,787.5	8,417.9

Table 5. Key Financials and Ratios

Ratios	Unit	2012	2011
Profitability			
Gross margin	%	5.8	5.6
Operating margin	%	4.0	3.5
Net margin	%	3.0	3.3
Balance Sheet Ratios			
Return On Asset	%	5.5	7.4
Return On Equity	%	16.1	17.8
Total asset turnover	x	1.8	2.2
Leverage			
Current ratio	x	1.4	1.4
Asset / equity	x	2.8	2.3
Net gearing	x	0.3	-0.1

Successful issuance of Rupiah Bond for 5 years and 7 year Tenor to fund investments

The Company strengthened its Cash position, by issuance of a Rupiah bond at the end of the year 2012, to fund its investment strategies. The Company successfully completed the issuance of Rupiah bond during December 2012 to fund its investment and working capital purposes. The Company issued – “Obligasi I AKR Corporindo Year 2012 with Fixed interest coupon which was listed and traded on Indonesia Stock Exchange from December 26, 2012 with the following structure:

Table 6. Structure of the Company's Bond Issuance in 2012

Bond Name	OBLIGASI I AKR CORPORINDO TAHUN 2012 DENGAN TINGKAT BUNGA TETAP
Rating	idAA- by PEFINDO
Nominal Amount	IDR 1.5 trillion
Tenor	Series A : 5 years
	Series B : 7 years
Coupon	Series A: 8,4%
	Series B: 8,75%
Coupon Payment	Quarterly
Collateral	Clean

The bond was fully subscribed and the proceeds of bond would be utilized on the followings:

- * 40% for loan (35%) and capital injection (10%) to the Company's subsidiary UEPN
- * 55% for the Company's working capital.

Recent developments:**Larger Allocation received for Subsidized Petroleum Distribution during 2013**

Continuing the achievement in the previous years, the Company was once again appointed to distribute subsidized petroleum during the year 2013. The Company was awarded an initial allocation of 267,892 KL for the year 2013, an increase of 160% from last year's allocation. In addition, BPH Migas has reserved an additional 612,958 KL subsidized petroleum to be allocated for coming quarters of the year 2013. The Company is actively expanding its network of 31 retail stations, currently operating in 6 provinces in North Sumatera, Lampung, West Kalimantan, South Kalimantan, East Kalimantan and South Sulawesi, by constructing 16 additional retail stations during the first quarter of 2013.

Mr Haryanto said, " Growth in the petroleum distribution business during the year 2013 will be supplemented by the additional allocation received from BPH Migas to support the Government's Public Service Obligation (PSO) program by investment in additional petrol retail stations along with our franchisees"

" Investment in Information technology is part of the key strategy to not only control the operations but also provide accurate and effective reporting of the utilisation of the quotas of subsidised petroleum" he added.

Java Integrated Industrial and Ports Estate (JIPE) : Taking AKR to The Next Level of Growth

The Company is currently investing in an integrated industrial port project, named **Java Integrated Industrial and Ports Estate (JIPE)**, which is planned to be one of the largest integrated port and industrial estate in Indonesia.

Located in Gresik - East Java, which has a vibrant economy, home to heavy industries and large labor force, the port would serve as a large fully-integrated industrial zone with a sustainable industrial complex with deep water port and fully-supported with infrastructure and utilities.

Commenting on the Project, Mr Haryanto said, " The project which is expected to break ground by July 2013 is being jointly developed with the Indonesian Port Corporation (Pelindo III) will be a important gateway for East Java and a favourable location for development of industrial complex with access to Energy, ports, road – rail and other logistics infrastructure to attract significant domestic and foreign investors. The project which will be developed in Phases will be an important milestone and is expected to provide quality earnings to the Company and also further grow the Company's Current energy distribution and logistics business"

Outlook and Strategies - 2013:

Demand for petroleum products in Indonesia continues to increase. The Company believes that by investing more on existing infrastructure and expanding new sites in Indonesia would create better positioning of the company to supply the petroleum products to customers across the country. The Company is investing in Petroleum terminals in Eastern part of Indonesia including in Central Kalimantan, Sulawesi and also in Sumatra islands, building custom built Self propelled oil barges, vessels and tank to penetrate new markets, improve efficiency and reduce costs. The Company expects the volume to continue growing at a healthy pace considering the large demand for fuel in Indonesia and the higher allocation of subsidised fuel to the Company.

Nascent recovery in coal prices, is expected to help the recovery of volumes of coal production in Indonesia which should improve demand for Petroleum products during the year 2013, which has shown signs of slowing down commencing from the last quarter of 2012. Demand for petroleum products from other mining sectors including Gold, copper, nickel, Power generation should offset any potential slowdown in the coal sectors

The Company expects the strong Indonesian economic growth and demand for consumer goods will drive growth of volumes of basic chemicals in Indonesia which are the raw materials from production of consumer goods, construction and chemicals. The Company has invested in additional terminals and infrastructure to support the growth in its Basic chemical business

Strong demand for logistics infrastructure in Indonesia including stevedoring services at the Surabaya Port wherein the Company has handled higher volumes of Containers during the year 2012 and increased third party customer interest in Storage terminals should improve the profitability of the third party logistics segment. The Company is also anticipating recovery in the volume of cargo transhipped through the Guigang China river ports during the year.

Investment in the ongoing project, JIPE will be carried out in a Phased manner and the Company has secured its initial requirement of funding for the Project. In partnership with its strategic partners the company expects to develop the master plans and commence the development of the project during the year.

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