NEWS RELEASE

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ADARO ENERGY ANNOUNCES NINE MONTHS 2013 NET REVENUE OF US$2.4 BILLION AND EBITDA MARGIN OF 26%

Solid 9M13 Financial Results Despite Macro Headwinds; We Remained on Track

- We recorded 9M13 net revenue of US$2,435 million and cost of revenue of US$1,875 million with EBITDA of US$626 million and an EBITDA margin of 26%. We revised down our EBITDA guidance for 2013 to US$750 million to US$900 million, from US$850 million to US$1 billion, due to a prolonged period of weak global coal prices ***(page 4-6)***.
- We lowered our coal cash cost (excluding royalty) by 9% to US$34.68 per tonne in 9M13 due to cost reduction initiatives and lower than expected fuel prices. Our guidance for coal cash cost (excluding royalty) for 2013 remains US$35 to US$ 38 per tonne ***(4-5)***.
- Our 9M13 net income decreased by 47% to US$183 million as the reduction in the coal cash cost was not enough to offset the decline in the average selling price ***(6)***.

Robust Demand Continued to Fuel Strong Operational Performance

- Our production volume grew 14% to 38.67 million tonnes (Mt) and sales volume grew by 13% to 39.11 Mt. We are on track to achieve our production volume guidance of 50 to 53 Mt for 2013 ***(4)***.
- Our 9M13 capital expenditure decreased 71% to US$120 million. We achieved a record quarter of coal production in 3Q13 of 13.73 Mt without any expenditure for heavy equipment at Adaro Indonesia ***(8-9)***.
- Our 9M13 free cash flow increased 60% to US$439 million due to strong cash flow from operating activities and lower capital expenditure ***(8)***.

Maintained Strong Capital Structure to Weather Uncertainty

- Our 9M13 liquidity remained robust with access to cash of around US$1 billion, allowing us to weather the current cyclical downturn and continue to execute on our business model. We worked diligently to preserve our cash, reduce risks and extend the maturity profiles of our borrowings ***(7,8)***.
- Due to prudent debt management, we held net debt to last twelve months EBITDA of 2.10x and net debt to equity of 0.54x as at the end of 9M13 ***(7)***.
- We shall continue to declare a regular cash dividend every year ***(9)***.

TABLE SUMMARY FOR THE NINE MONTHS 2013

Operational Performance

	9M 2013	9M 2012	% Change
Production Volume (Mt)	**38.67**	33.87	14%
Sales Volume (Mt)	**39.11**	34.68	13%
Overburden Removal (Mbcm)	**223.03**	254.58	-12%

Achieved a new quarterly record for production volume of 13.7 Mt and sales volume of 14.1Mt during 3Q13.

Financial Performance

(US$ Million, except otherwise stated)	9M 2013	9M 2012	% Change
Net Revenue	**2,435**	2,755	-12%
Cost of Revenue	**(1,875)**	(1,892)	-1%
Gross Profit	**560**	863	-35%
Operating Income	**418**	731	-43%
Net Income	**183**	346	-47%
EBITDA	**626**	910	-31%
Total Assets	**6,646**	6,896	-4%
Total Liabilities	**3,506**	3,757	-7%
Stockholders' Equity	**3,140**	3,138	0%
Interest Bearing Debt	**2,309**	2,486	-7%
Cash and Cash Equivalents	**618**	529	17%
Net Debt	**1,690**	1,957	-14%
Capital Expenditure [1]	**120**	423	-72%
Free Cash Flow [2]	**439**	274	60%
Basic Earnings Per Share (EPS) in US$	**0.00574**	0.01088	-47%
Coal cash cost (ex. royalty) in US$	**34.68**	38.08	-9%

Lowered coal cash cost (ex. royalty) by 9% to US$34.68/t.

9M13 free cash flow increased 60% y-o-y due to strong cash flow from operating activities and low capital expenditure.

Financial Ratios

	9M 2013	9M 2012	% Change
Gross Profit Margin (%)	**23.0%**	31.3%	-8%
Operating Margin (%)	**17.2%**	26.5%	-9%
EBITDA Margin (%)	**25.7%**	33.0%	-7%
Net Debt to Equity (x)	**0.54**	0.62	-
Net Debt to Last 12 Months EBITDA (x)	**2.10**	1.47	-
Cash from Operations to Capex (x)	**4.3**	0.8	-

Prudent debt management and liquidity remained robust with access to cash of around US$1 billion.

Operating Segment

	Revenue			Net Profit		
(US$ Million)	9M 2013	9M 2012	% Change	9M 2013	9M 2012	% Change
Coal mining & trading	**2,274**	2,534	-10%	**221**	358	-38%
Mining services	**112**	163	-31%	**(6)**	21	-129%
Others	**48**	57	-16%	**7**	1	421%
Elimination	**-**	-	-	**(39)**	(34)	15%
Adaro Energy Group	**2,435**	**2,755**	**-12%**	**183**	**346**	**-47%**

[1] Purchase of fixed assets – proceeds from disposal of fixed assets + payment for addition of mining properties + payment for addition of exploration and evaluation

[2] EBITDA – taxes – change in net working capital – capital expenditure

MESSAGE FROM OUR PRESIDENT DIRECTOR AND CEO

Dear Capital Market Participants,

Our operations are running well. During the first nine months of 2013, we continued to strengthen the foundation for sustainable growth and deliver positive energy to our stakeholders.

As the seaborne thermal coal market remained oversupplied in the first nine months of 2013, the coal market remained challenging and prices were lower than expected. Australian coal producers increased production 17% due to take or pay arrangement for port and rail services and margin buffer from coking coal operations where thermal coal is a by-product. Efforts to reduce production costs and a weaker Australian Dollar made their coal more competitive in China. Indonesia increased production 10% mostly from large producers. On the demand side, the fundamental remains intact as we continued to see strong growth. India increased imports 44% due to the domestic coal shortage although the depreciation of Rupee and a tighter monetary policy could slow import in the near-term. Chinese demand remained resilient increasing imports 16% to 139 million tonnes.

We are on track to create maximum sustainable value from Indonesian coal. Our response to the cyclical downturn is to focus on our core business, continue operational excellence, customer satisfaction, cost reduction, improve efficiency, cash preservation and maintain a strong capital structure. Our financial performance in the first nine months of 2013 demonstrated the resiliency of our business model with revenue of US$2.4 billion and an EBITDA margin of 26%. We also achieved record quarterly coal production in 3Q13 of 13.73 Mt, further lowered our coal cash cost to US$34.68 per tonne and decreased capital expenditure by 71%. We remain confident the long-term outlook for thermal coal is positive and we are working diligently to improve returns for our shareholders.

We have an exciting growth story for long-term value creation. We will soon benefit from a three-year investment to construct our overburden crusher and conveyor (OPCC) and 2x30MW mine-mouth power plant. These projects will not only further improve our efficiency and productivity, but also our power plant will provide much needed electricity to South Kalimantan. Our decision to move downstream into power will help to reduce the impact of coal price volatility, generate low risk returns and help meet Indonesia’s energy needs.

On behalf of the Board of Directors,

Garibaldi Thohir
President Director and CEO

FINANCIAL PERFORMANCE ANALYSIS FOR THE NINE MONTHS 2013

Net Revenue and Average Selling Price

Adaro Energy's revenue for the nine months ended 30 September 2013 decreased 12% to US$2,435 million. The major contributor to the decline was a 20% reduction from the average selling price (ASP) in 9M13, in-line with the weakness in global coal prices. We have contracted all of our sales volume for this year, and a significant portion of it has already been priced based on fixed and index-linked priced contracts.

Our operations continued to run well and demand for our coal remained solid as we achieved a new quarterly record for sales volume in 3Q13 of 14.11 Mt. We remain on track to achieve our coal production guidance of 50 to 53 Mt for this year as coal production increased 14% to 38.67 Mt and sales volume increased 13% to 39.11 Mt.

Adaro Coal Mining and Trading

Our coal mining and trading division comprised 93% of revenue in 9M13, with PT Adaro Indonesia (AI) accounting for substantially all of the revenue. In 9M13, net revenue from coal mining and trading decreased 10% to US$2,274 million due to the lower ASP.

Adaro Mining Services

PT Saptaindra Sejati (SIS), our mining service division, is the second largest contributor to our revenue, accounting for 5%. In 9M13, SIS's third party net revenue decreased 31% to US$112 million due to SIS's decision not to extend its contract with two customers and other customers' requests to reduce overburden removal.

Adaro Logistics Services, Others

Our other business segment includes PT Alam Tri Abadi (ATA), coal port operator PT Indonesia Bulk Terminal (IBT), the barging and ship loading division PT Maritim Barito Perkasa (MBP) and water toll contractor PT Sarana Daya Mandiri (SDM). Total third party net revenue in 9M13 from these other business segments decreased 16% to US$48 million due to lower fuel sales to barging companies by ATA and lower coal volumes loaded at IBT, despite increased barging volumes by MBP.

Cost of Revenue and Coal Cash Cost

The cost of revenue in 9M13 decreased slightly to US$1,875 million, as SIS reduced its third party volumes, which offset higher cost at AI caused by longer overburden hauling distances and larger production volumes from higher cost areas in Tutupan and Paringin.

Adaro Energy lowered coal cash cost (excluding royalty) 9% to US$34.68 per tonne due to lower cost per tonne of freight and handling, lower fuel cost, more contractor volumes in-house and other cost reduction initiatives. We view our contractors as our partners and we work together to improve efficiency and productivity in order to share the benefits. Our strategy to complete the vertical integration and continually improve efficiency along coal supply chain helped us better control coal cash cost and improved reliability.

Coal Cash Cost (US$)

	1Q 2013	1H 2013	9M 2013	FY 2013E [3]
Coal Cash Cost (ex. royalty)	37.10	35.51	**34.68**	35 – 38
Coal Cash Cost (inc. royalty)	43.97	42.20	**41.37**	N/A

Adaro Coal Mining and Trading

Total cost of revenue in 9M13 for the coal mining and trading division increased 3% to US$1,740 million. The increase in expenses was due to larger production volumes from higher cost areas of Tutupan and Paringin and longer overburden hauling distance, both of which offset the lower average planned strip ratio. We lowered our planned strip ratio to 5.75x in 2013 from 6.4x in 2012.

- ***Fuel***

  Our fuel cost in 9M13 decreased 5% to mid US$0.80's per liter. We manage and procure the fuel for all of our contractors. Annually, we contract a portion of our fuel needs into hedging agreements to mitigate risks associated with oil price fluctuations. We have hedged approximately 80% of our 2013 fuel needs in the low $0.80's per liter. Our hedged fuel prices are below the budget we set at the beginning of 2013, aiding in our effort to meet our coal cash cost guidance of US$35 to US$38 per tonne.

- ***Coal Processing***

  Coal processing costs decreased slightly to US$104 million as we continued to improve equipment utilization by increasing coal volumes. Coal processing costs consist of the cost to crush the coal at the Kelanis River Terminal and other costs not borne by mining contractors, including the cost for repair and maintenance of the hauling road.

- ***Royalties to Government***

  Our royalties to the Government of Indonesia decreased 7% to US$262 million due to lower revenues. Royalties accounted for 14% of our total cost of revenue in 9M13.

- ***Freight and Handling***

  Our freight and handling cost increased 6% to US$209 million due to larger volumes from barging and shiploading. MBP handled 49% of barging activities and 67% of floating crane shiploading activities for AI during 9M13.

Adaro Mining Services

Our third party mining services cost, which is associated with SIS, decreased 28% to US$104 million due to the volume decrease in third party overburden removal, and the associated decrease in consumables, subcontractors, and repair and maintenance costs. Mining services accounted for 6% of our total cost of revenue in 9M13.

[3] Adaro Energy's coal cash cost (ex. royalty) annual guidance for 2013

Adaro Logistics Services, Others

The cost of other subsidiaries, which are substantially associated to the third party cost of revenue of Adaro Logistics, decreased 43% to US$31 million, in-line with the decrease in third party revenue from this division. The cost related to our other subsidiaries accounted for less than 2% of our total cost of revenue in 9M13.

EBITDA

Our EBITDA in 9M13 decreased 31% to US$626 million. We revised down our 2013 EBITDA guidance to US$750 million to US$900 million from US$850 million to US$1 billion due to the prolonged period of weak global coal prices. However, our EBITDA margin remains healthy at 26%. We maintained amongst the best EBITDA margin for Indonesian thermal coal producers as we continued to focus on cost discipline and efficiency across our operations.

	FY 2012	1Q 2013	1H 2013	9M 2013
EBITDA margin	29.2%	25.6%	26.2%	**25.7%**

Operating Expenses and Other Expenses

Operating expenses in 9M13 decreased 3% to US$113 million primarily due to lower sales commissions, though these were offset by higher employee costs and other general and administrative (G&A) costs. Selling and marketing expenses decreased 20% to US$32 million as we did more marketing activities in-house. Employee costs increased 2% to US$37 million due to more employee benefits and a larger permanent workforce, while other G&A costs increased 10% to US$45 million mainly due to the G&A of our newly acquired companies.

Net Income

Our net income decreased 47% to US$183 million due to lower revenue from a weaker ASP.

Total Assets

Our total assets decreased 4% to US$6,646 million. The current assets decreased 5% to US$1,303 million mainly due to lower third party trade receivables and recoverable taxes, whereas non-current assets decreased 3% to US$5,344 million mainly due to adjustment on goodwill.

Cash and Cash Equivalents

At the end of 9M13, cash and cash equivalents increased 17% to US$618 million as we generated free cash flow by lowering capital expenditure. Cash and cash equivalents accounted for 9.3% of total assets, of which a significant portion is held in US Dollar (US$).

(US$ million)	Cash in Banks	Deposits	Total	%
Rupiah (Rp)	74.7	32.2	**106.9**	**17%**
US Dollar (US$)	394.6	115.4	**510.0**	**83%**
Other currencies	0.8	0.3	**1.1**	**0%**
Total	**470.1**	**147.9**	**618.0**	**100%**

Fixed Assets
Our fixed assets in 9M13 decreased slightly to US$1,724 million. Fixed assets accounted for 26% of total assets.

Mining Properties
Our mining properties in 9M13 increased 4% to US$1,941 million due to the consolidation of Balangan Coal's assets into Adaro Energy. Drilling at Balangan continued in order to complete a JORC reserve report, which we expect to finish in late 2013, to start coal production in early 2014.

Goodwill
Our goodwill in 9M13 decreased 13% to US$1,022 million due to changes of the accounting approach when recording goodwill for the PT Bhakti Energi Persada (BEP) options transaction. We review and test non-financial assets, which are substantially all mining properties, and goodwill for possible impairment annually at the end of the financial year. Adaro's management is of the opinion that the carrying amount of our properties and goodwill at the end of the period is not higher than its recoverable amount.

Deferred Stripping Costs
Our deferred stripping costs in 9M13 decreased 55% to US$72 million as we removed less overburden relative to coal production, compared to the same period of last year. We are able to lower the average planned strip ratio in 2013 to 5.75x from 6.4x in 2012 without jeopardizing our long-term mine planning due to our 2012 investment in pre-stripping, as we removed more overburden removal than planned.

Total Liabilities
Our total liabilities decreased 7% to US$3,506 million. The current liabilities decreased 5% to US$731 million mainly due to lower third parties trade payables, whereas non-current liabilities decreased 7% to US$2,775 million mainly due to lower net long-term bank loans.

Current Maturities of Long-term Borrowings
Our current maturities of long-term borrowings in 9M13 increased 29% to US$190 million as long-term liabilities became current.

Long-term Borrowings
Our long-term borrowings in 9M13 decreased 9% to US$2,119 million.

Debt Management and Liquidity
We have a strong capital structure due to the long maturity profiles of our borrowings, a healthy cash position and solid liquidity to allow us to weather these challenging times and continue to execute on our business model. As of the end of September 2013, we had liquidity more than US$1 billion, which consisted of US$618 million in cash and US$419 million in undrawn fully committed credit facilities. Our net debt to last twelve months EBITDA was 2.10x and net debt to equity was 0.54x.

Borrower	Facility (year secured)	Undrawn (US$ mn)
AI & CTI	US$750 million (2007)	-
SDM	US$15 million (2009)	-
SIS	US$400 million (2011)	100
AI	US$750 million (2011)	279
MBP	US$160 million (2012)	-
MBP	US$40 million (2012)	40
AI	US$380 million (2013)	-
AI	US$800 million Notes (2009)	-
Total		**419**

Our average debt repayment schedule for both interest and principal for the next five years from 2014 to 2018 is at a manageable level of an average of US$183 million per year. We expect our operating subsidiaries, especially AI, to continue to generate steady cash flow to comfortably meet our financing needs.

(US$ million)	2013	2014	2015	2016	2017	2018
Debt repayment schedule	**36.0** [4]	197.7	210.0	148.8	170.3	188.3

Cash Flows from Operating Activities
Our cash flows provided from operating activities for 9M13 increased 47% to US$517 million mainly due to lower payment to suppliers and income taxes. Payment to suppliers decreased 13% to US$1,530 million as we continued to execute cost discipline across our organization. Payment of income taxes decreased 42% to US$210 million due to lower revenues.

Cash Flows from Investing Activities
Our cash flows used in investing activities during 9M13 decreased 69% to US$139 million mainly due to a decrease in fixed assets purchases. Purchases of fixed assets decreased 75% to US$103 million as we continued to optimize our heavy equipment fleet capacity and benefit from higher productivity gains.

Capital Expenditure
Our capital expenditure during 9M13 decreased 71% to US$120 million, as we restricted capex for maintenance and land acquisitions. We are on track to achieve our capital expenditure guidance for 2013 of US$150 million to US$200 million as our infrastructure projects are in their final stages and our current heavy equipment fleet provides us adequate capacity.

Free Cash Flow
Our free cash flow during 9M13 increased 60% to US$439 million due to lower capital expenditure and steady cash flows generation from our operating activities.

[4] The remaining debt repayment schedule for 4Q13. Total debt repayment schedule for 2013 was US$160.5 million.

Cash Flows from Financing Activities

Net cash flow used in financing activities during 9M13 was US$239 million. During the nine months of 2013, we made total bank loan principal repayment of US$505 million, as follow:

Borrower	Facility (year secured)	Bank loan repayment (US$ mn)
AI & CTI	US$750 million (2007)	75
AI	US$500 million (2009)	380
SDM	US$15 million (2009)	1.5
SIS	US$400 million (2011)	20
AI	US$750 million (2011)	19
AI	US$380 million (2013)	9
Total		**504.5**

We secured a US$380 million loan facility in May 2013 to refinance the outstanding balance of AI's 2009 facility. This new seven-year facility will mature in May 2020 and extend our average bank loan maturity. For this transaction, AI received total commitments of US$2.85 billion, 7.5x oversubscribed, from a group of 12 international banks.

Dividend

Adaro pays a regular cash dividend every year. As approved during the annual general meeting of shareholders on 19 April 2013, our dividend payout ratio was 30.38% of 2012 net income, or US$117.1 million. In June 2012 and January 2013, we paid an interim dividend of US$41.6 million and US$35.2 million, respectively, and in June 2013, we made the final dividend payment of US$40.3 million based on our 2012 net income.