NEWS RELEASE

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DUE TO RESILIENT BUSINESS MODEL, ADARO ENERGY GENERATES CORE EARNINGS OF US$148 MILLION

Coal Market Conditions Remained Difficult Throughout The Period.

Jakarta, August 31st, 2015 – PT Adaro Energy Tbk (IDX: ADRO) today lodged its consolidated financial statements for the first six months of 2015, with lower profitability as difficult coal market conditions persist.

1H15 Financial Highlights:

- Our revenue fell by 17% in 1H15 to US$1,399 million due to lower sales volume and lower ASP.
- Our 1H15 Operational EBITDA, which excluded non-operational accounting items, decreased 26% to US$381 million.
- We lowered our coal cash cost (excluding royalty) 8% to US$29.15 per tonne in 1H15, mainly due to a lower strip ratio as well as lower freight and handling costs, lower fuel cost, and cost reduction initiatives.
- Our net income for 1H15 decreased 31% to US$119 million. Our core earnings, which exclude non-operational accounting items, declined by 29% to US$148 million
- We generated positive free cash flow of US$177 million.
- Our liquidity remained strong with access to cash of US$688 million providing us with flexibility during the current coal price downturn.
- Our capital structure improved as we booked net debt to last 12 months Operational EBITDA of 1.37x and net debt to equity of 0.31x as of the end of 1H15.

Production Guidance for 2015:

- We have revised our production guidance for 2015 to 54 - 56 Mt from 56 – 58 Mt due to the challenging market conditions.

Financial Performance

(US$ Million, except otherwise stated)	1H15	1H14*	% Change
Net Revenue	**1,399**	1,693	-17%
Cost of Revenue	**(1,100)**	(1,261)	-13%
Gross Profit	**299**	432	-31%
Operating Income	**222**	359	-38%
Net Income	**119**	171	-31%
Core Earnings[1]	**148**	209	-29%
Operational EBITDA[2]	**381**	513	-26%
Total Assets	**6,205**	6,903	-10%
Total Liabilities	**2,867**	3,589	-20%
Stockholders' Equity	**3,338**	3,314	1%
Interest Bearing Debt	**1,726**	2,248	-23%
Cash	**688**	938	-27%
Net Debt	**1,038**	1,310	-21%
Capital Expenditure[3]	**42**	128	-67%
Free Cash Flow[4]	**177**	260	-32%
Basic Earnings Per Share (EPS) in US$	**0.00373**	0.00524	-29%
Coal cash cost (ex. royalty) in US$ per tonne	**29.15**	31.74	-8%

*As restated due to implementation of PSAK 24 (Revised 2013), "Employee Benefits".

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Financial Ratios

	1H15	1H14*	% Change
Gross Profit Margin (%)	**21.4%**	25.5%	-16%
Operating Margin (%)	**15.9%**	21.2%	-25%
Operational EBITDA Margin (%)	**27.2%**	30.3%	-10%
Net Debt to Equity (x)	**0.31**	0.40	-
Net Debt to last 12 months Op.EBITDA (x)	**1.37**	1.34	-
Cash from Operations to Capex (x)	**6.32**	5.47	-

[1] Net income excluding non-operational accounting items net of tax (amortization of mining properties, reversal of provision for other receivables related to a non-coal investment and prior year tax assessment)
[2] EBITDA excluding non-operational accounting item of foreign exchange loss or gain, reversal of provision for other receivables related to a non-coal investment
[3] Purchase of fixed assets – proceed from disposal of fixed assets + payment for addition of mining properties + payment for addition of exploration and evaluation + acquisitions of assets under finance leases
[4] Operational EBITDA – taxes – change in net working capital – capital expenditure (excluding acquisitions of assets under finance leases)

Operating Segment

(US$ Million)	Revenue			Net Income (loss)		
	1H15	1H14*	% Change	1H15	1H14*	% Change
Coal mining & trading	1,299	1,583	-18%	117	163	-28%
Mining services	66	68	-3%	7	7	0%
Others	33	42	-21%	15	31	-52%
Elimination	-	-		(20)	(30)	-33%
Adaro Energy Group	1,398	**1,693**	-17%	119	**171**	-30%

*As restated due to implementation of PSAK 24 (Revised 2013), "Employee Benefits".

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST SIX MONTHS 2015

Net Revenue, Average Selling Price and Production

We recorded 6% lower sales volume in 1H15 at 26.6 Mt as the difficult coal market condition persisted due to slower demand growth and abundant supply. Our production decreased 7% compared to the same period last year to 25.9 Mt. Our ASP declined by 13% year over year as coal prices remained under pressure. This translated into lower revenue of 17% year over year to US$1,399 million.

We anticipate the coal market to remain challenging in the near-term as oversupply persists, putting more pressure on coal prices. Therefore, we are revising our production guidance for 2015 to 54 - 56 Mt from 56 – 58 Mt.

Adaro Energy's President Director and Chief Executive Officer, Mr. Garibaldi Thohir said:
"Adaro continues to execute operational excellence, focus on cost discipline and implement our well-planned strategy. Our underlying thesis remains that coal will continue to be the most efficient and low cost fuel for electricity generation, crucial to support economic growth. Although the short term outlook remains challenging due to slower demand growth and macroeconomic uncertainty, we believe that demand for coal, in particular from Indonesia, South Asia and South East Asia will play a key role in the future. We continue to develop the non-coal mining part of our business and improve their contribution to Adaro to better withstand the cyclical nature of the coal markets. We are on track in our move downstream to power and to create maximum value from Indonesian coal, including paying a regular cash dividend and contributing to national development."

Cost of Revenue and Coal Cash Cost

Our cost of revenue decreased 13% year over year to US$1,100 million due to the lower production, a lower strip ratio, lower than expected fuel costs, lower freight and handling costs and other cost efficiency measures. We continue to implement cost discipline across all levels in the company. The strip ratio decreased by 2% to 5.27x in 1H15 as we removed 9% less overburden to 136.3 Mbcm compared to the same period last year. We expect a higher strip ratio in the coming quarters as we enter the dry season. We are on track to achieve our average planned strip ratio of 5.33x in 2015.

Our 1H15 coal cash cost (excluding royalty) decreased 8% to US$29.15 per tonne below our 2015 guidance of US$31-33 per tonne. Our fuel cost in the first half of this year decreased by 38% to the low US$0.50s per liter. We have hedged about one third of our annual fuel requirements through fuel swaps at prices below the budget we set for 2015, enabling us to stay below our coal cash cost guidance. We continued to improve our operational excellence and have implemented initiatives to increase productivity and lower costs.

Operating expenses were flat at US$75 million. We booked US$1 million of other charges during 1H15 mainly due to foreign exchange loss of US$10 million offset by US$9 million of other income.

Royalties to Government

Royalties paid to the Government of Indonesia in 1H15 decreased 19% to US$145 million, in-line with lower revenue. Royalties accounted for 13% of our total cost of revenue in 1H15.

Operational EBITDA

On the back of lower revenue, our profitability declined in 1H15. Although Operational EBITDA decreased 26% to US$381 million we were able to maintain a solid Operational EBITDA margin of 27% in 1H15. Our Operational EBITDA excludes a US$7 million of reversal of provision for other receivables related to a non-coal investment. We are on track to achieve our 2015 Operational EBITDA guidance of US$550 million to US$800 million.

We continue to bolster contribution from our non-coal mining businesses. The prolonged cyclical downturn of the coal price further supports our strategy of developing our non-coal mining businesses and moving downstream into power. Coal mining, mining services and logistics, and power form the three engines of growth for Adaro.

Net Profit and Core Earnings

Net profit after tax decreased 31% to US$119 million in 1H15. Our core earnings decreased 29% to US$148 million. Core earnings, which represents the quality of our after tax earnings, excludes non-operational accounting items net of tax, consisting of US$35 million amortization of mining properties, US$7 million reversal of provision for other receivables related to a non-coal investment and US$1 million expense related to a prior year tax assessment.

Total Assets, Solid Liquidity

Our total assets decreased 10% to US$6,205 million. Current assets decreased by 28% to US$1,148 million mainly due to 71% lower prepaid taxes of US$37 million and trade receivables, which declined 24% to US$285 million.

Cash decreased by 27% to US$688 million, as we paid down our debt. Cash accounted for 11% of total assets, of which 94% was held in US Dollars in reputable banks. Amidst market uncertainty, it is our strategy to continue cash preservation and maintain solid cash flow generation.

Non-current assets decreased by 5% to US$5,057 million. Fixed assets declined 10% to US$1,528 million and mining properties declined 5% to US$2,068 million.

Total Liabilities
We reduced our total liabilities by 20% to US$2,867 million. Current liabilities declined 26% to US$602 million. Total bank loans as of 1H15 was US$1,621million. We continued to deleverage and maintained a strong financial position in 1H15. Our balance sheet remains healthy with net debt to last twelve months Operational EBITDA of 1.37x and debt to equity of 0.31x.

Current Maturities of Long-term Borrowings
Current maturities of long-term borrowings decreased by 16% to US$161 million .

Long-term Borrowings
Long-term borrowings mainly consisting of our long term bank loans decreased 24% to US$1,565 million.

Debt Management and Liquidity
In 1H15, Adaro Energy drew down US$60 million of its revolving loan facility. During the same period, Adaro Energy repaid US$218 million of its bank loans. As of 1H15, we had access to liquidity of US$809 million consisting of US$688 million in cash and US$121 million in undrawn fully committed bank facilities. We have a strong capital structure on the back of long maturity profiles of our borrowings, a healthy cash position and solid liquidity, allowing us to weather these challenging times of lower coal prices and global macro uncertainty.

Our average debt repayment schedule for the next five years from 2016 to 2020 is at a manageable level of around US$234 million per year. We expect our operating subsidiaries to continue to generate healthy cash flow to comfortably meet our financing needs.

Cash Flows from Operating Activities
Cash flows from operating activities for 1H15 decreased 27% to US$266 million mainly due to lower receipts from customers, which were down by 14% to US$1,399 million.

Cash Flows from Investing Activities
In 1H15, we booked US$62 million in net cash flow used in investing activities, mainly for purchases of fixed assets of US$28 million and payment for addition of mining properties of US$15 million, compared to net cash flow provided from investing activities of US$6 million in 1H14. During 1H14, we obtained proceeds from the sale of our interest in PT Servo Meda Sejahtera (SMS) of US$25 million and loan repayments from third and related parties totaling US$57 million.

Capital Expenditure and Free Cash Flow
Our net capital expenditure (including acquisition of assets under finance leases) during 1H15 decreased 67% to US$42 million, mainly for expenditures on regular maintenance and replacement. Lower Operational EBITDA and changes in net working capital decreased our Free Cash Flow by 32% to US$177 million.

Cash Flows from Financing Activities
Net cash flow used in financing activities in 1H15 was US$253 million. We drew down US$60 million of bank loans and distributed US$75 million in cash dividend to shareholders. We also made total bank loan principal repayments of US$218 million.

Dividend

We continue to pay a regular cash dividend and thereby providing return to our shareholder. As approved during the Annual General Meeting of Shareholders on 23 April 2015, US$75.49 million, or 42% of net profit, was to be used to pay the final cash dividend. This included the interim cash dividend of US$30.07 million that was paid on January 16th, 2015. The remaining US$45.42 million was distributed as a cash dividend on 27 May 2015.