

Toba Bara Corporate Update

December 2012

PT Toba Bara Sejahtra Tbk

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Corporate Profile



Toba comprises three coal companies, Adimitra Baratama Nusantara (ABN), Indomining (IM) and Trisensa Mineral Utama (TMU), which hold adjacent concession areas located in East Kalimantan, Indonesia

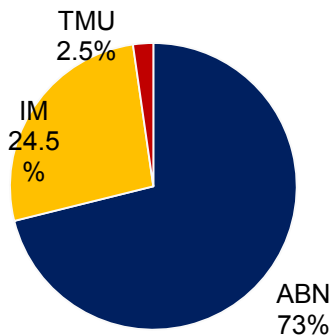
- Substantial and diversified thermal coal reserves and resources**

- o JORC-compliant proved and probable reserves of 147 MM tonnes and measured, indicated and inferred resources of 236 MM tonnes
- o Coal brands with calorific values ranging from 4,700 - 5,800 Kcal / kg GAR

- Strong growth profile**

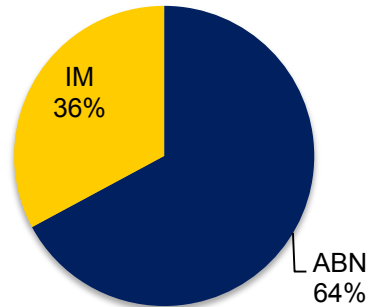
- o Produced 5.2 MM tonnes of coal in 2011 and is forecasted to produce around 5.5 MM tonnes of coal in 2012
- o Prime location provides the operational cost edge to grow as a logistical & operational center for the area
- o Continued exploration effort to increase our Reserves and Resources. Current reserves only account for 52% of our total area has been explored

YTD Sep 2012 Revenue
%



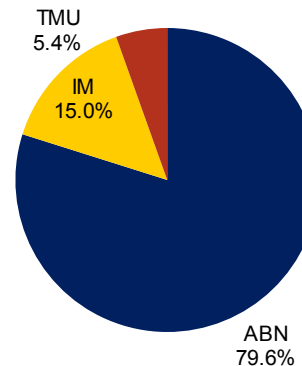
Total: US\$ 202.7 MM

YTD Sep 2012 Net Income
%



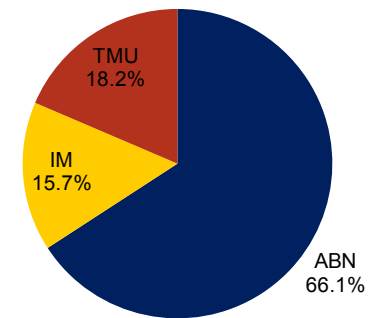
Total: US\$ 20 MM

Reserves
%



Total: 147 MM Tonnes

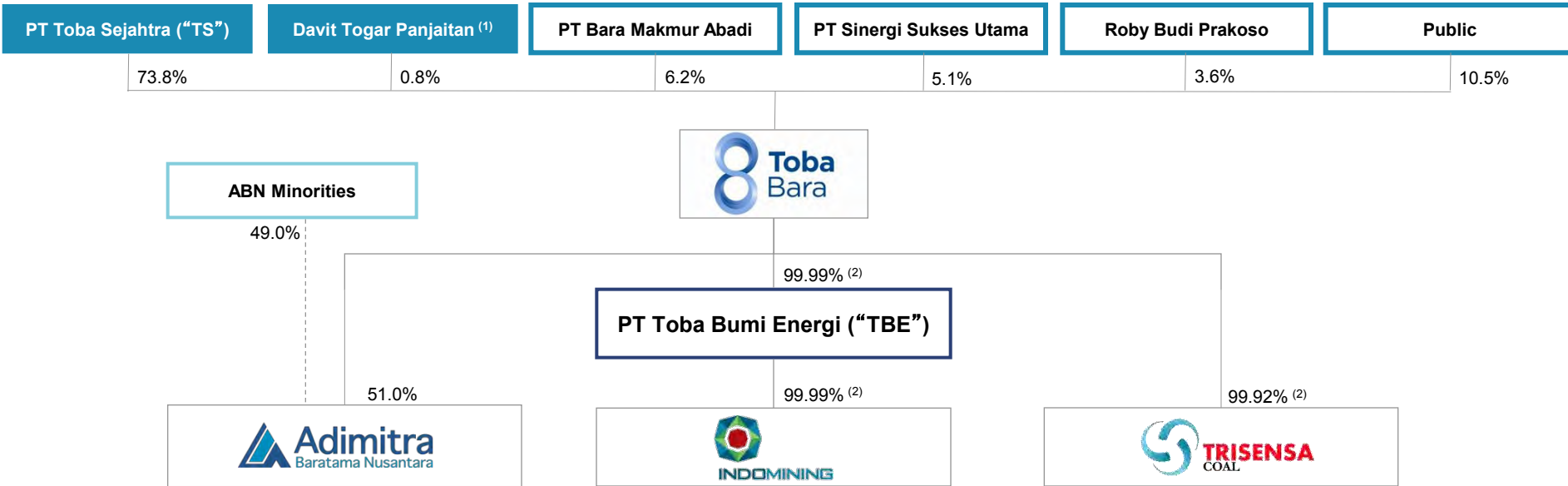
Resources
%



Total: 236 MM Tonnes



Toba's Ownership Structure



License	Area
<ul style="list-style-type: none"> • 20-year Production Operation Mining Permit ("IUPOP") expiring in December 2029 <ul style="list-style-type: none"> – IUPOP was converted from a Kuasa Pertambangan ("KP") in 2009 	<ul style="list-style-type: none"> • 2,990 ha
<ul style="list-style-type: none"> • IUPOP expiring in June 2013 <ul style="list-style-type: none"> – IUPOP was converted from a KP in 2010 • In the process of renewing its IUPOP <ul style="list-style-type: none"> – Expects to receive renewal of 10-year IUPOP by end 2012 	<ul style="list-style-type: none"> • 683 ha
<ul style="list-style-type: none"> • 13-year IUPOP expiring in December 2023 <ul style="list-style-type: none"> – IUPOP was converted from a KP in 2010 	<ul style="list-style-type: none"> • 3,414 ha

Notes:
 1. Son of TS founder, Luhut B. Pandjaitan
 2. Figures are rounded



Toba believes it benefits from Toba Sejahtra's experience in the Indonesian coal sector as well as its leadership and experience

Controlling Shareholder with Established Track Record...



- A privately owned group founded in 2004 with interests in energy and plantations
- Its business segments are as follow:
 - **Energy:** Owns 5 coal mining concessions through Toba and PT Kutai Energi. All of TS' mines are characterized by low production costs and favorable proximity to ports
 - **Oil & Gas:** In the exploration phase of the 4,567 sq miles South East Madura Block through subsidiary E&P company PT Energi Mineral Langgeng
 - **Power Plant:** Operates a 30 MW coal-fired power plant in Palu, Central Sulawesi and is developing a 120 MW greenfield power plant in Senipah, East Kalimantan
 - **Agribusiness:** A 25% stake in a 12,000 ha palm oil plantation in East Kalimantan

... Helmed by an Experienced Leader



- General (Ret.) Luhut B. Pandjaitan is the key shareholder and founder of Toba Sejahtra group. He is currently the chairman of TS
- Mr. Luhut had a long and illustrious career in the civic service before turning to the commercial sector. Over the course of thirty years in the Army Special Forces, Mr. Luhut rose to become a four-star general
 - In 1999, Mr. Luhut retired from the military service to serve as Ambassador for the Republic of Indonesia to Singapore
 - In 2000, he was appointed Minister of Industry and Trade of the Republic of Indonesia
- Thereafter, Mr. Luhut applied his knowledge and leadership skills to establish TS in 2004, building it from the ground up into a major business group with interests in energy oil and gas, power and agribusiness



1

Further integrate ABN, Indomining and TMU to maximize efficiency and cost competitiveness

- Recent restructuring will align IM and TMU shareholders' interests and facilitate further integration of operations across the three concessions
- Benchmarking and sharing of best practices between departments and functions
- Optimize and coordinate mine planning and logistics
- Centrally coordinate and streamline corporate finance, legal, human resource and CSR functions

2

Organically increase coal production levels

- Expand coal production through increased production and mine development activities
- Strengthen relationships with third party mining contractors and work closely with them to improve their productivity

3

Increase coal reserve and resource base through additional exploration and potential acquisitions

- Continue exploration activities to increase proven and probable reserves as only 52% of total concession area of 7,087 hectares has been explored to JORC standard
- Consider opportunities to acquire coal concessions with significant reserves

4

Strengthen existing and develop new customer relationships

- Supply a higher proportion of sales volume to end users, while maintaining relationships with existing coal traders
- Target customers in Japan, Taiwan, South Korea, China and Hong Kong, South East Asia and India

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Continue to focus on health and safety, environmental track record and commitment to CSR

- Maintain and enhance high international operating standards, utilize automated mining methods to minimize accidents and enhance safety
- Foster community ties through development programs as well as job creation



Toba's Initial Public Offering



Listed on IDX	06 July 2012
Number of shares offered	210.681.000 shares or 10.47%
IPO Proceed	IDR 400,293,900,000
Anchor Investor	Barings Private Equity (8% at IPO)
Ticker Code	TOBA



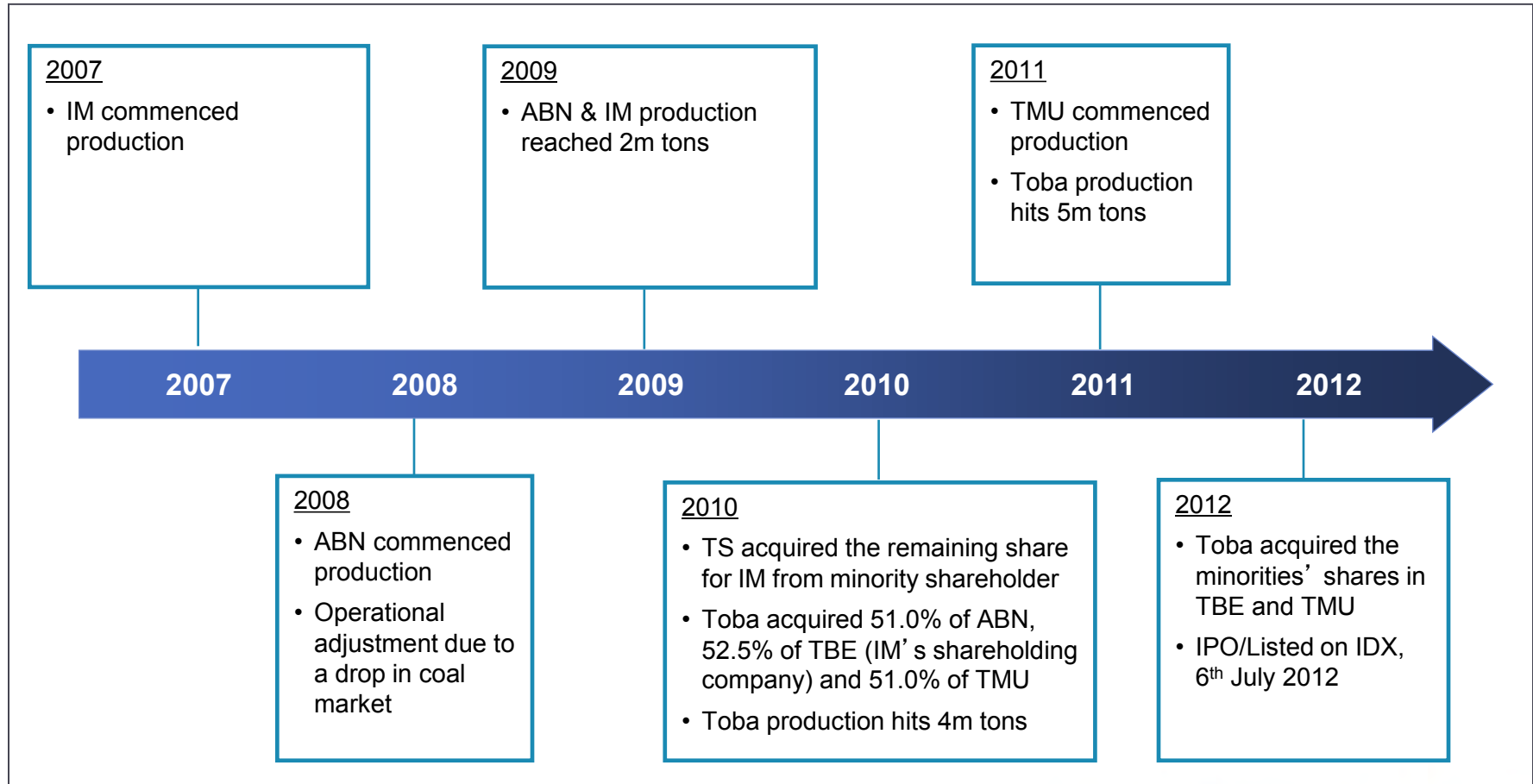
Key Corporate Activities

Activities	Status	Notes
Initial Public Offering	Completed	<ul style="list-style-type: none"> ✓ Only Indonesian Coal IPO completed for 2012 (Reg S/144A) ✓ Barings Private Equity Fund V as anchor investor ✓ Floated 10.48% shares
Overlapping Land Issues	Completed	<ul style="list-style-type: none"> ✓ Settled overlapping issue with plantation company Perkebunan Kaltim Utama (PKU) ✓ TBS signed CSPA (conditional sales purchase agreement) with PKU, purchased the bank loan and shareholder loan of PKU ✓ Total transaction at Rp 145bn
Financial Flexibility	Completed	<ul style="list-style-type: none"> ✓ Working capital facilities for: <ul style="list-style-type: none"> ❑ ABN: Unsecured revolver, from BNP Paribas, US\$15mn



Key Milestones

Strong track record of acquisitions, development of greenfield mines, rapid production ramp-up and experience to adjust operation in a downmarket





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Market Highlights



A Transformational year

Next year's
focus

Cost & consolidation

- The view on coal will still be challenging next year.
- Our focus is on cash cost & consolidating the human resources we have.
- However, we believe that next year will present good opportunity for M&A activities.

IPO...

- Toba Bara completed IPO in July 2012, with Barings Private Equity Fund V as anchor investor, where 22 institutional investors participated.
- The focus after the IPO is in fulfilling the requirement needed by regulators as well as consolidation within.

Significant change in macro environment in coal...

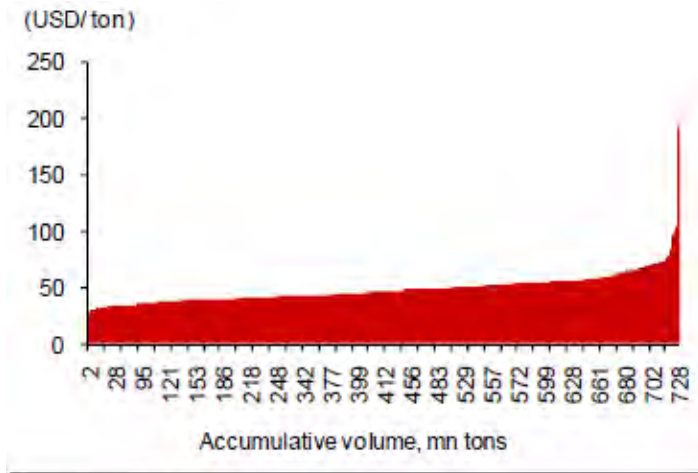
- Slowing global macro environment has affected coal prices significantly.
- Coal stock performance has dropped more significantly by 35%.

**Amidst this backdrop,
Toba Bara took the first
step in becoming a
public company**



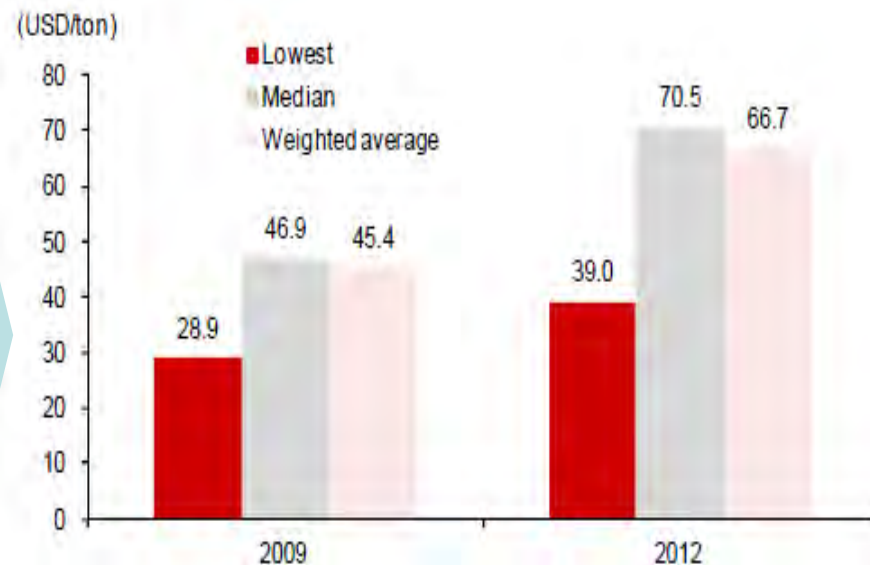
Cash Cost Global Environment

Cash Cost Curve in 2009



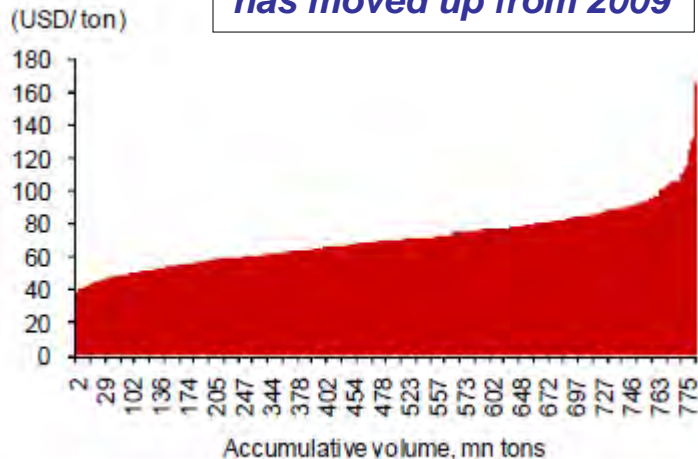
Macro-environment

Average cash cost prices have moved up by close to 50%...



Cash Cost Curve in 2012

has moved up from 2009



Conclusion: Strong support on the downside

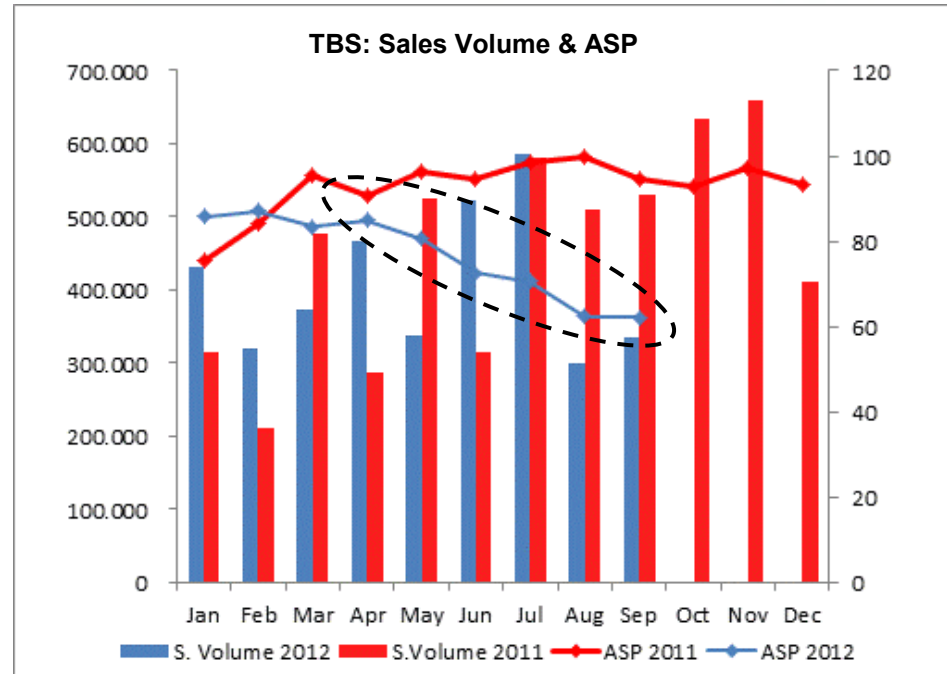
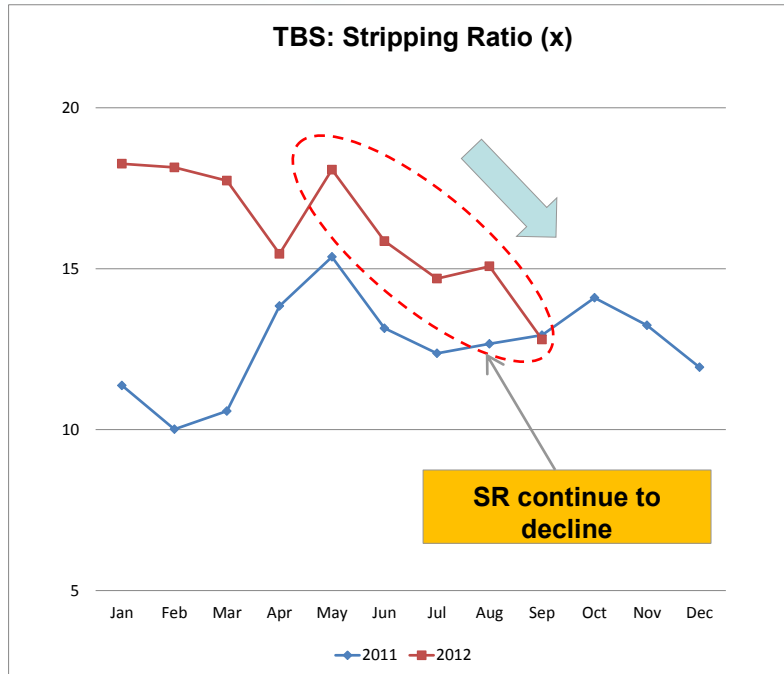




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Operational Highlights



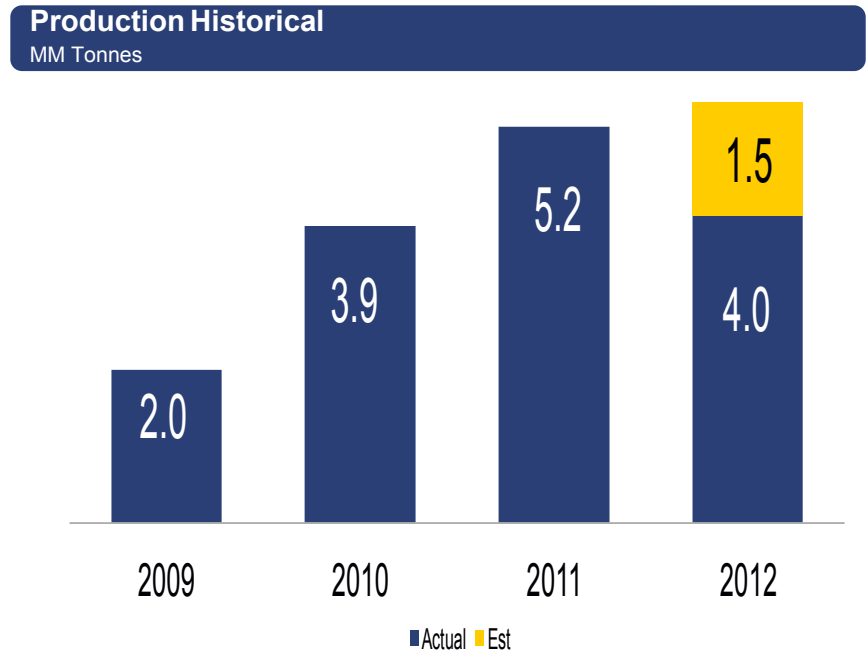
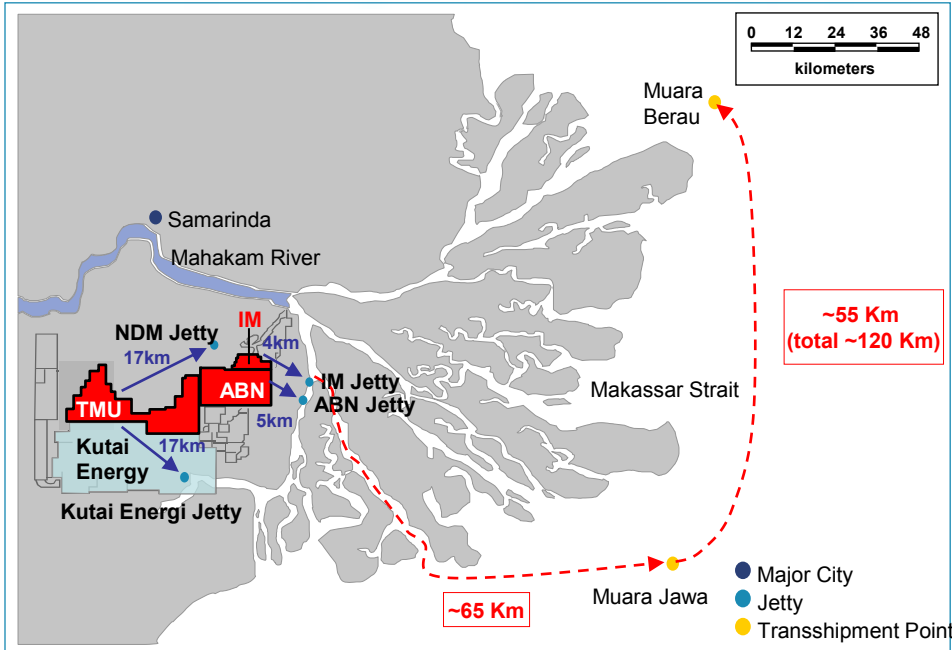


Performance Jan-Sep

- Strip ratio higher than 2011 due to mine plan in ABN and IM, pre-stripping work in TMU (increase from 13 to 16 YTD)
- ASP has dropped due to significant changes in Newcastle Index (27% YTD)
- Production volume has increased by 8% Sep' 2012 (YoY) to 4 MT
- Sales volume has been relatively flat at 3.67 MT (-2%)



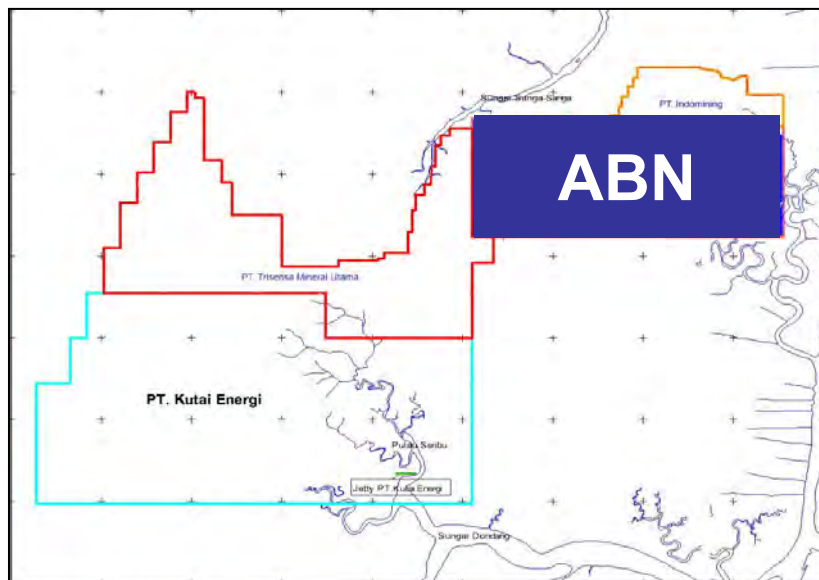
Consolidated Production Performance



Operation Focus for 2012 – 2013

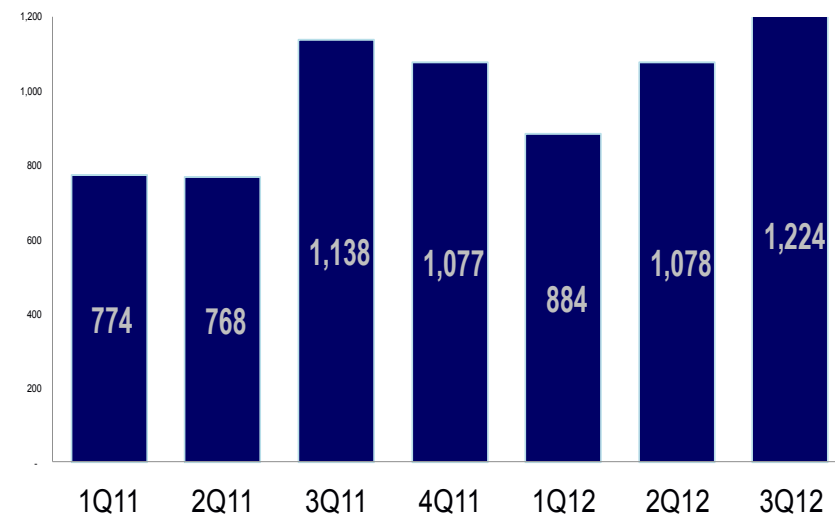
- Integrate the operation of all 3 assets that are adjacent to each other to maximize profitability
- Execute mineplan to focus on profitability growth over volume growth given the current price of coal





Production & Stripping Ratio

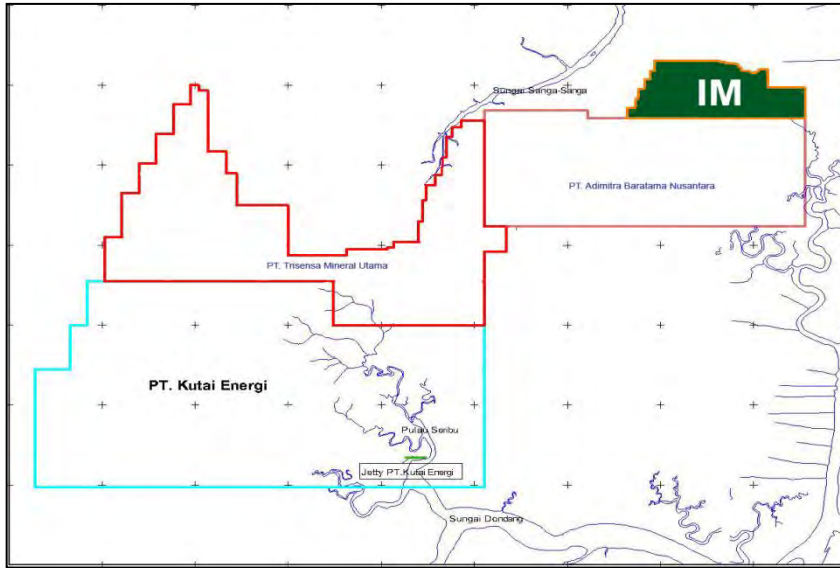
Thousand Tonnes



Initiatives
Using Pit 4 North as disposal area
Using Mine out Pit 7 North as disposal area
Securing US\$ 15 million Unsec. Credit Rev. Facility
Building underpass 2 Jl. Pemda Sangasanga – BPN
Mining at the border of ABN-Indomining

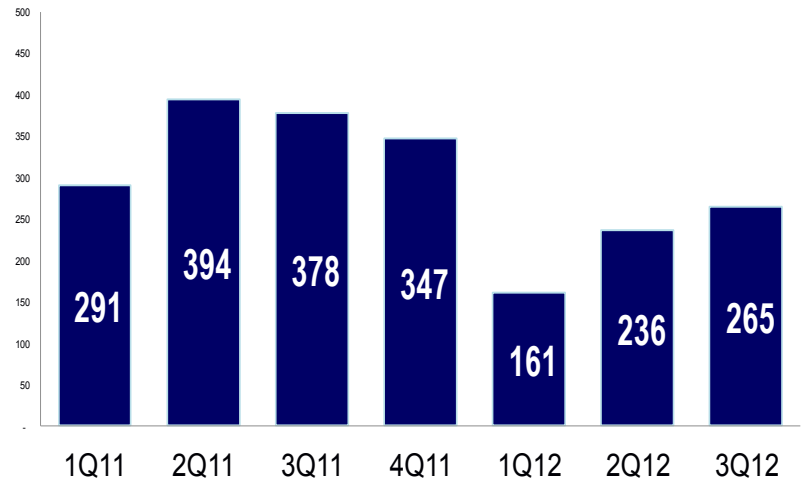
Expectation
Shorten distance from 3 km to 1400 – 1600 m
Shorten distance from 2.4 km to 1200 – 1500 m
Strengthen working capital
Shorten dumping distance to lower cost
Maximize coal reserve at the border area





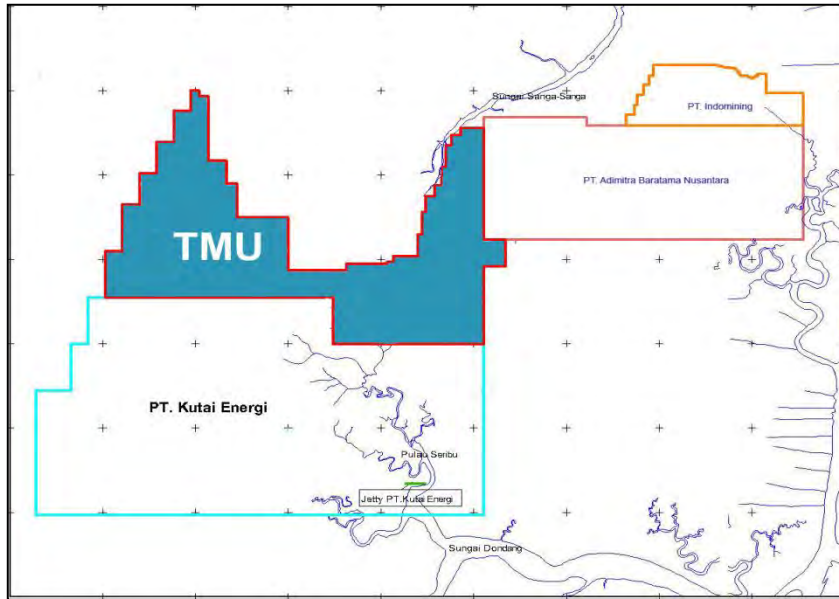
Production & Stripping Ratio

Thousand Tonnes

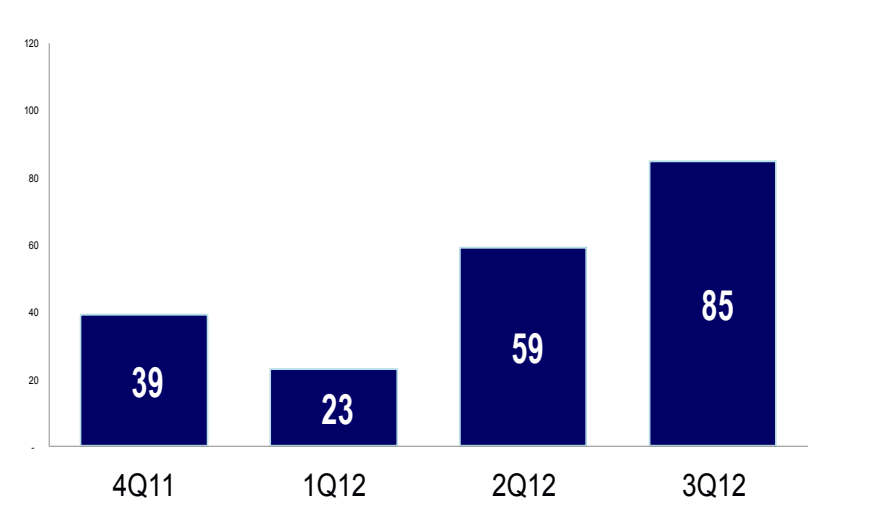


Initiatives	Expectation
Renewing IUP-OP license	To be completed by Q4 2012 and will expire in 10 years
Replacing current CPP with a new CPP facility	Increase capacity and accommodate TMU's products
Space sharing with ABN	Increase OB disposal capacity
Mining at the border of ABN-Indomining	Maximize coal reserve at the border area





Production & Stripping Ratio
Thousand Tonnes



Initiatives	Expectation
Exploitation of Pit 1 (West)	This location (Pit 1) is not included in the JORC estimation
Constructing coal hauling to IM through ABN	To be completed early Q2 2013, to lower hauling cost
Infrastructure sharing of ABN and IM jetty	Optimize fixed asset within the Group





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Marketing & Financial Highlights



Marketing Breakdown

Our coal is now marketed under 6 different brands

Coal Products

	TM	Ash	TS	Calorific Value (kcal/kg)	
	(% GAR)	(% GAD)	(% GAD)	GAR	GAD
ABN					
ABN 52	25	7	0.8	5,200	5,800
ABN 55-HS	20	6	1.8	5,500	6,000
ABN 55-RS	20	6	0.8	5,500	6,000
ABN 58	19	6	0.9	5,800	6,250
IM					
Indomining	19	8	1.7	5,700	6,200
TMU					
Trisensa-47	28	5	0.4	4,700	5,400

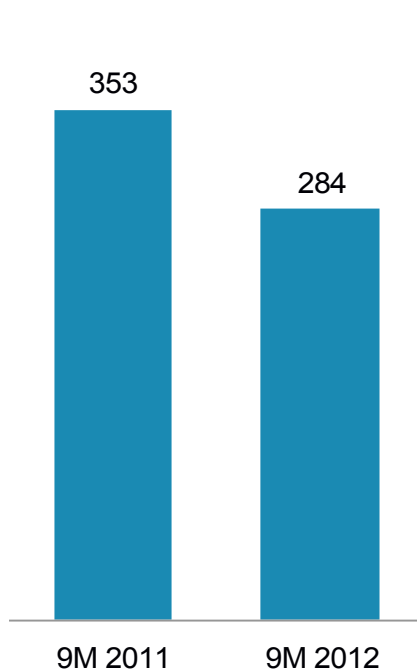
... with a great opportunity to blend between products to create lower sulphur products

	TM	Ash	TS	Calorific Value (kcal/kg)	
	(% GAR)	(% GAD)	(% GAD)	GAR	GAD
ABN					
ABN 52	25	7	0.8	5,200	5,800
ABN 58	19	6	0.9	5,800	6,250
IM					
Indomining	19	8	0.9	5,700	6,200
TMU					
Trisensa-47	28	5	0.4	4,700	5,400

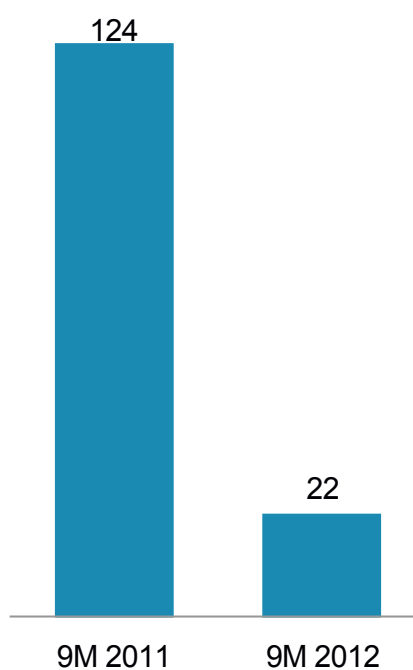


Toba Financial Summary – Key Financials

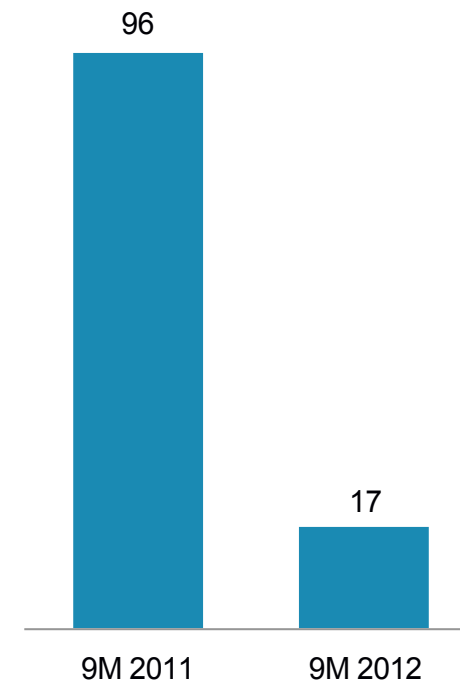
Revenue US\$ MM



EBITDA US\$ MM



Net Income US\$ MM

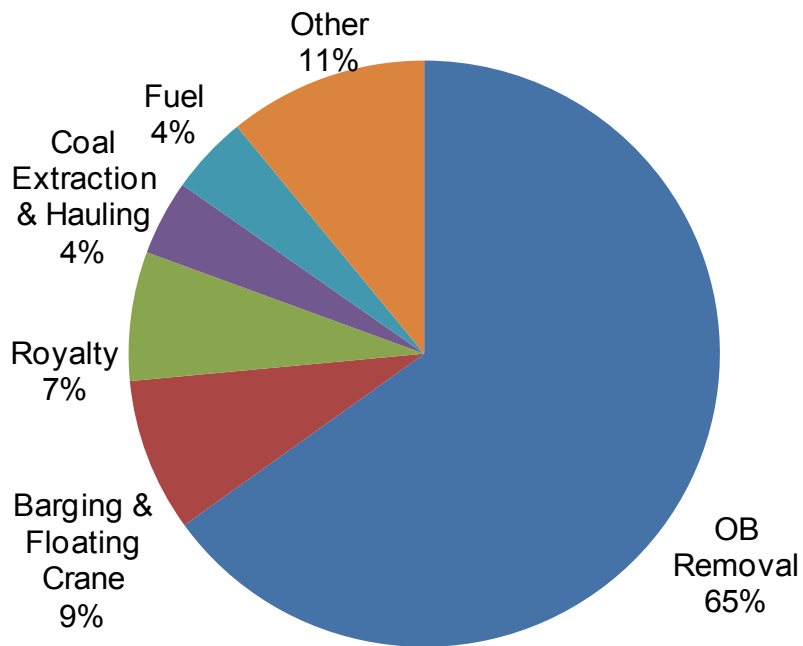


- Toba's strengths in operation was proven as revenue continue to grow. This is further highlighted given the subdued market condition
- Improvement and adjustments actions are being taken to return future EBITDA and Net Income to the similar previous level



Cash Cost Analysis and Drivers

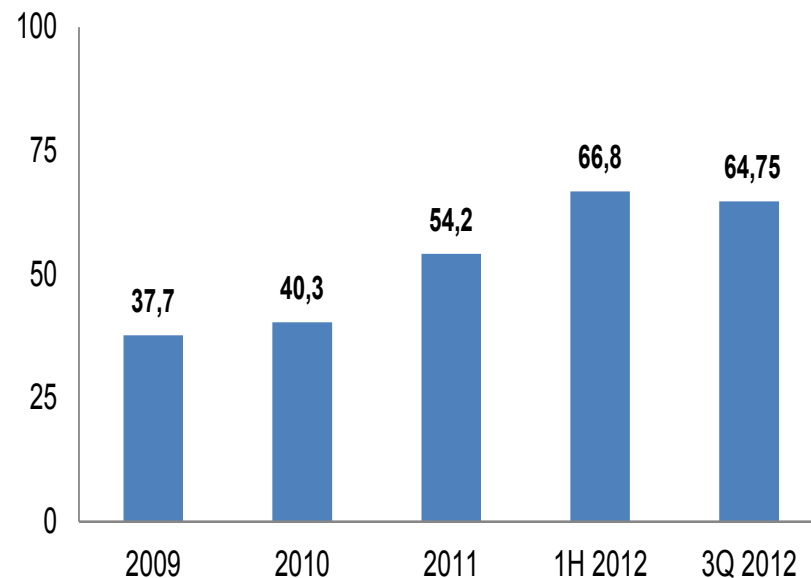
Toba FOB Vessel Cash Cost %



Evolution FOB Vessel Costs / ton

US\$ / Tonne Sold

FOB Vessel Costs /ton





5

Capital Expenditures



Short coal hauling distance 4km



Coal Hauling

**High Built Cap
10 MM TPY**



Crusher Capacity

**Loading Speed of
1,800 TPH**



Barge Loading Jetty

**Capitalizing on
Infra. Strength**



Under Pass



**Short coal hauling
distance < 5km**



Coal Hauling

**CPP Ramp up to
6MM TPY**



Crusher Capacity

**Conveyor for TMU
& Others**



Overland Conveyor

**Integrate Mining
with ABN**



Joint Operation



Build 16km Road to ABN



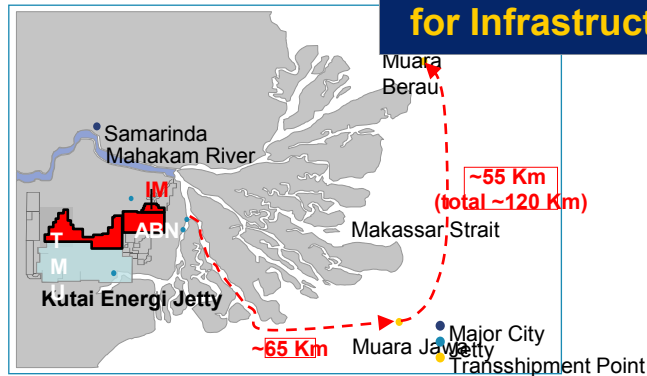
Hauling Road

Integrate CPP Ops with IM



Exploration

Develop clients for Infrastructure



Exploration in 2500+ ha



Exploration



2013 Main Capital Expenditure

Key Items	Assumptions	Capex Spent (US\$m)	Results
TMU hauling road to sister company	<ul style="list-style-type: none"> × Road Contractors has been appointed × Target Completion: early 2nd Quarter 2013 	× US\$5 mn	<ul style="list-style-type: none"> ✓ TMU production to ramp up ✓ Reduced cost for hauling road ✓ Save from current FOB barge and vessel discount
ABN	<ul style="list-style-type: none"> × Conveyor improvement × Build 2nd underpass to reduce dump distance 	× US\$10 mn	✓ Increase Conveyor Performance
IM	× Build new CPP plant	× US\$6 mn	✓ New CPP Plant will improve production quantity and support for TMU production
Total		×~US\$21mn	





6

Key Challenges & Opportunities



Key Challenges and Opportunities

Issues	Impact	Potential Solutions
Coal Prices	P&L	<ul style="list-style-type: none">✓ Budgeting at \$90/ton✓ Focus on profit margin
Finance	Working Capital	<ul style="list-style-type: none">✓ Arrange financial facility✓ Focus on efficiency on two largest cost components: fuel and contractors





2 Consecutive Years
East Kalimantan
Green Proper Mining
Award
ABN



East Kalimantan Blue
Proper Mining Award
Indomining





7

CSR & Environmental Highlights



Toba is Committed to Being a Responsible Corporate Citizen

- Toba is continuously developing and implementing its corporate social responsibility programs
 - Creating educational opportunities for local communities including renovating schools, training teachers, providing post-graduate educational assistance and creating a literacy program for adults and a scholarship program for school-aged children
 - Providing health services to the local communities
 - Helping groups of farmers plant crops of vegetables and bamboo and assisting with land rehabilitation
 - Creating local employment opportunities by sourcing some of the Company's site workforce from the neighboring areas

Providing Health Services



Creating Educational Opportunities



Helping Farmers Plant Crops



THANK YOU



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