



PT Indo Tambangraya Megah Tbk

ANALYST BRIEFING 2Q11 Performance Results

11 August 2011



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Agenda

- 1. Introduction**
- 2. Financial Review**
- 3. Operational Review**
- 4. Commercial Review**



1. Introduction

Highlights of 2Q11 & 1H11 – the figures

Unit: USD Million

Coal sales

5.22 Mt

↓ Down 0.3 Mt

-5% Q-Q

Coal sales

10.71 Mt

↓ Down 0.6 Mt

-6 % y-y

	<u>1Q11</u>	<u>2Q11</u>	<u>Q-Q</u>	<u>1H10</u>	<u>1H11</u>	<u>y-y%</u>
Total Revenue	468	502	+7%	815	970	+19%
Gross Profit Margin	33%	38%	+5%	34%	35%	+1%
EBIT	117	151	+29%	200	268	+34%
Net income	95	110	+16%	134	205	+53%
ASP (USD/ton)	\$87.3	\$97.4	+12%	\$72.0	\$92.2	+28%

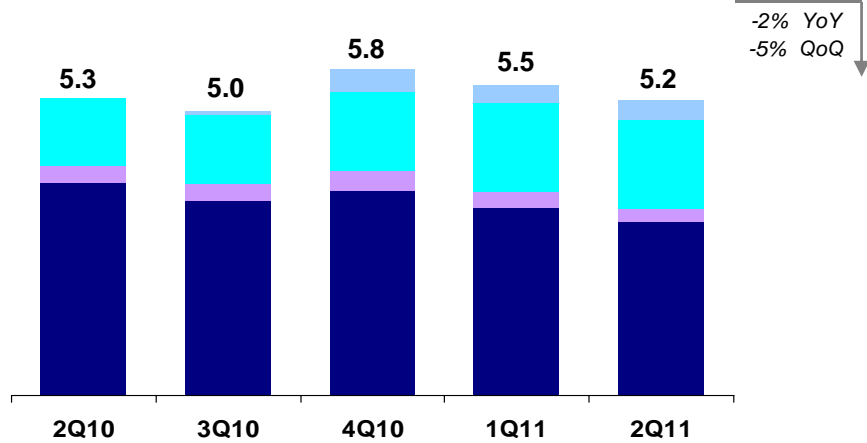


2. Financial Review

Sales Revenue

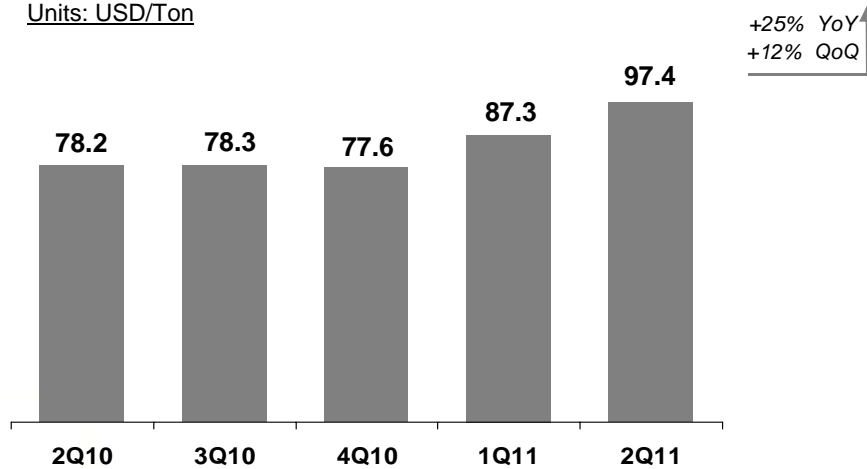
SALES VOLUME

Units: Million Ton



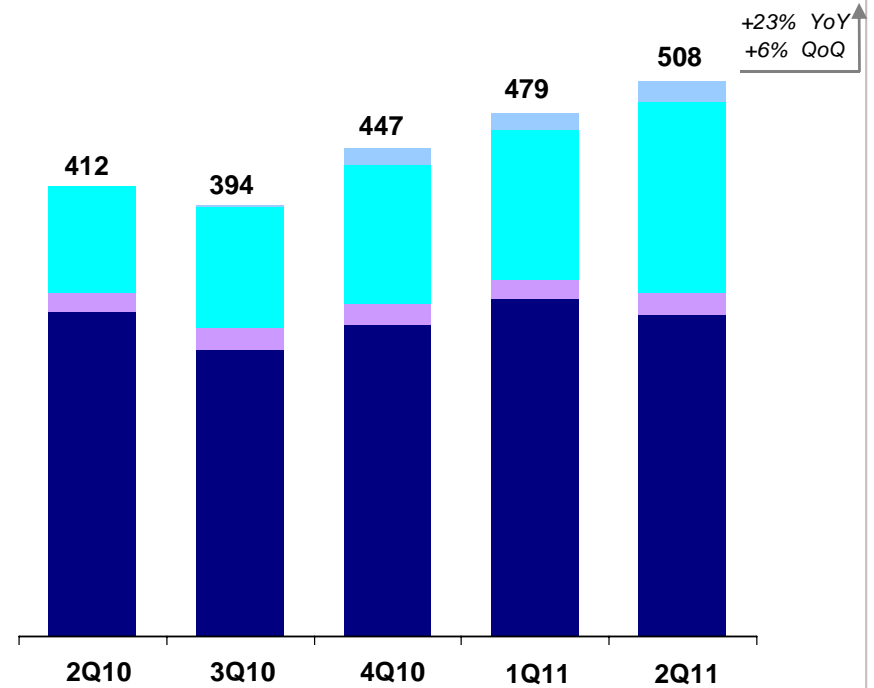
AVERAGE SELLING PRICE

Units: USD/Ton

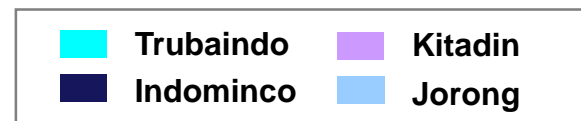


REVENUE* GROWTH

Units: USD Million

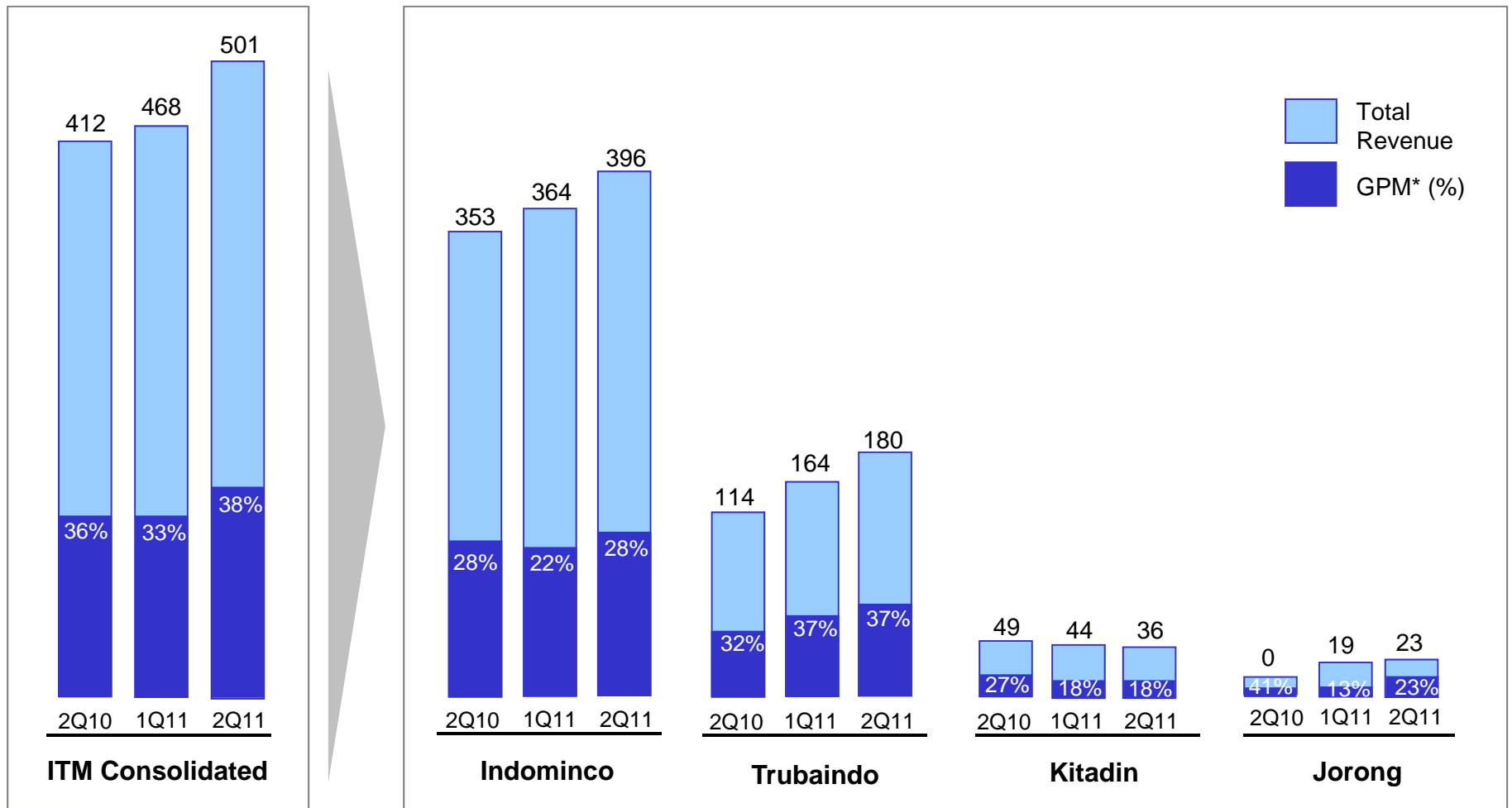


* Net coal revenue



Average Gross Margin

Units: USD millions

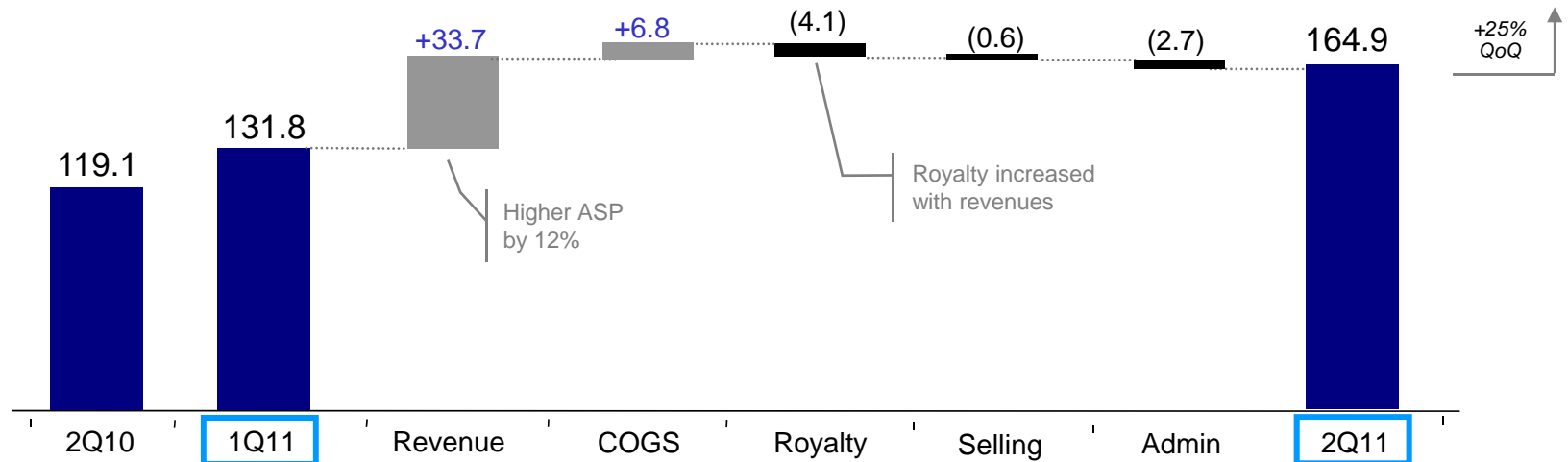


* COGS included royalty

EBITDA

Units: USD million

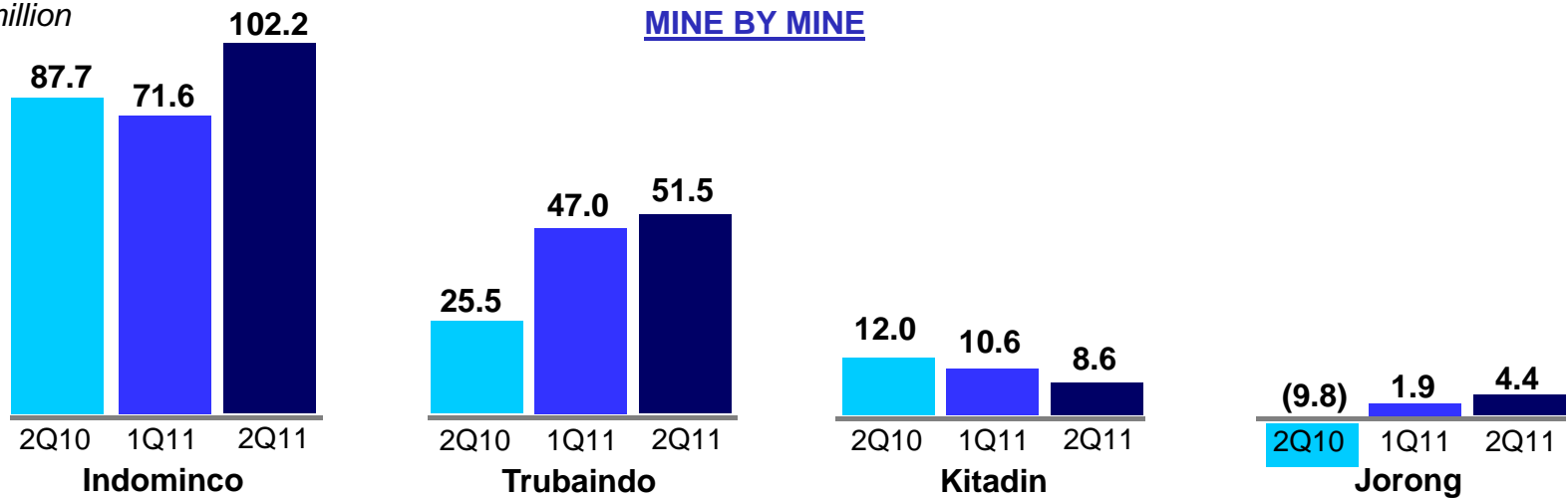
CONSOLIDATED



*COGS = Prod cost + Transport cost + Inv. movement

Units: USD million

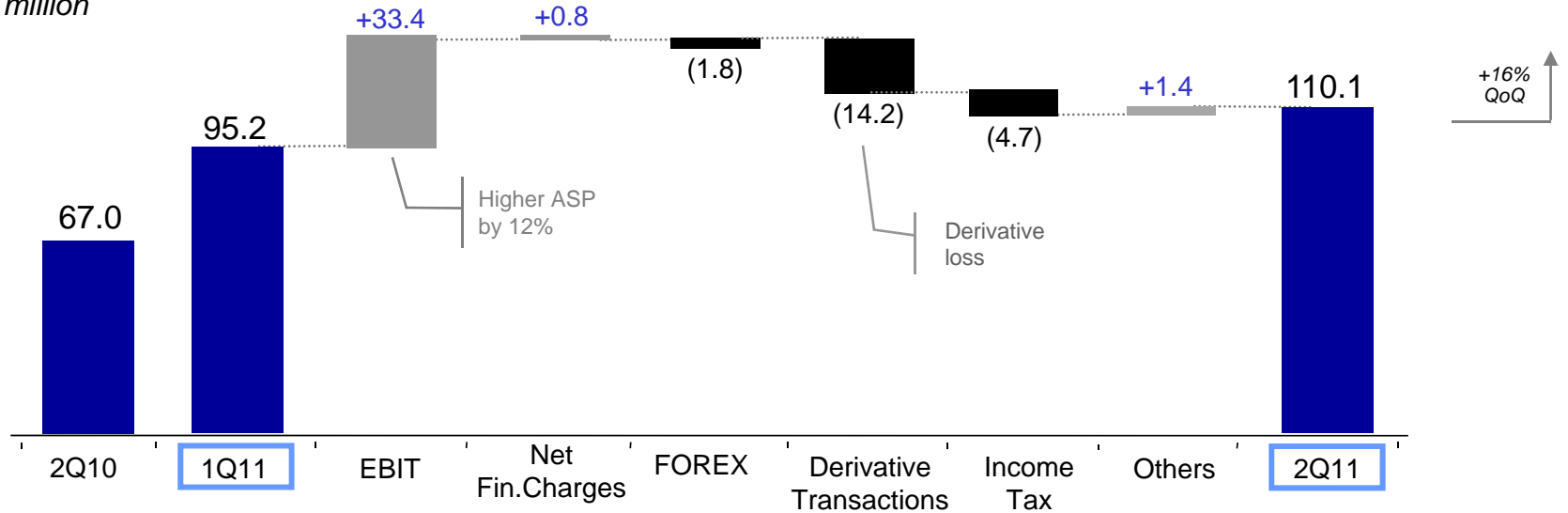
MINE BY MINE



Net Income

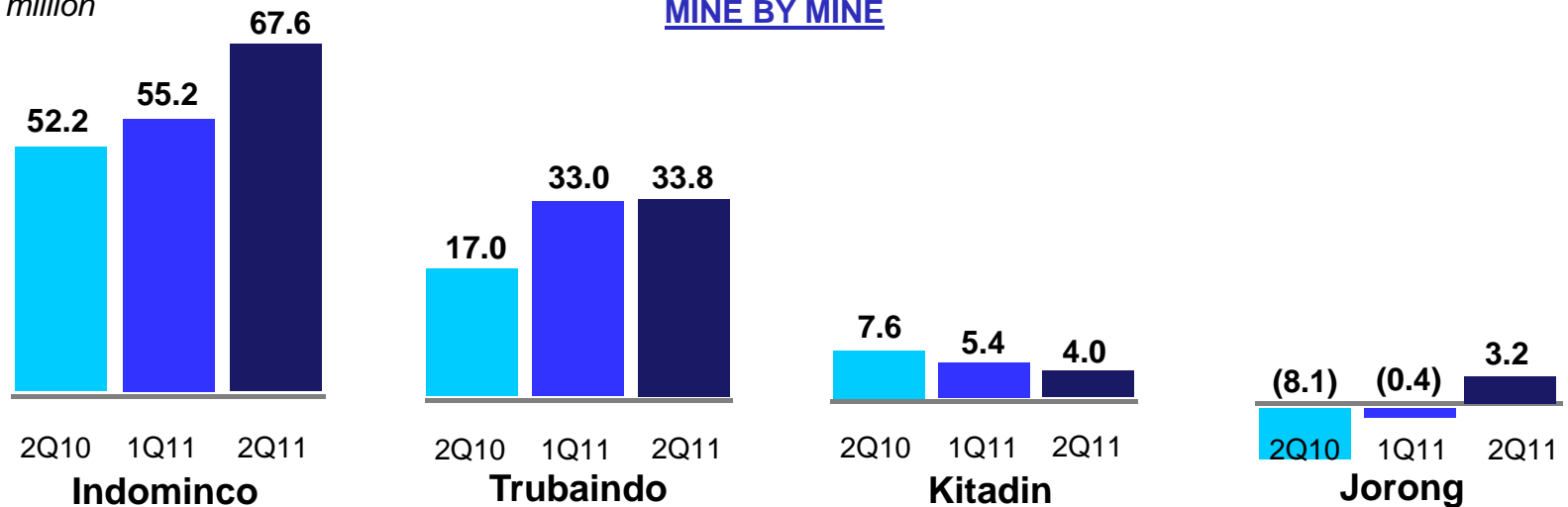
CONSOLIDATED

Units: USD million



Units: USD million

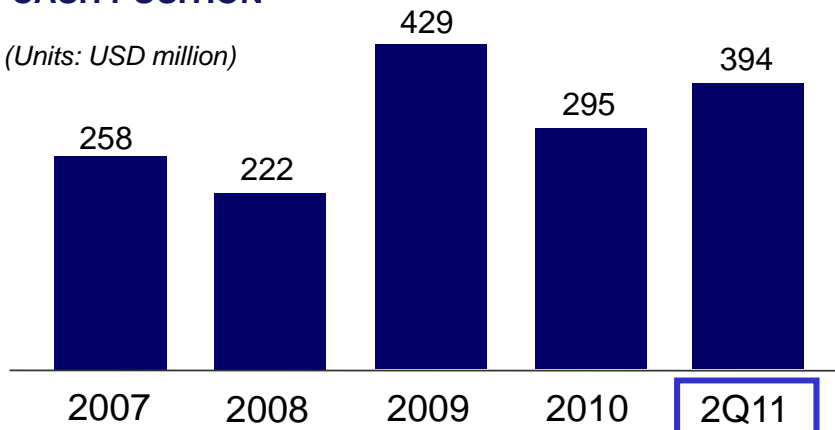
MINE BY MINE



Balance Sheet

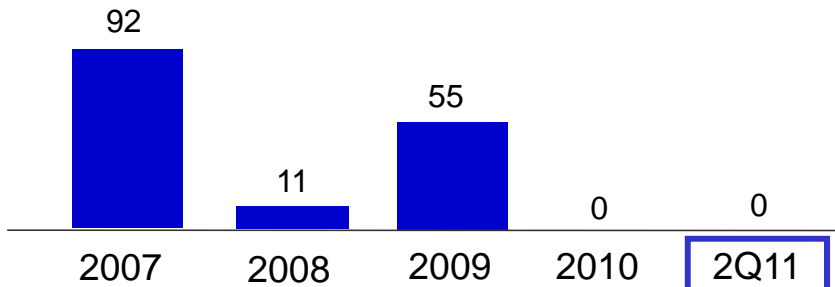
CASH POSITION

(Units: USD million)



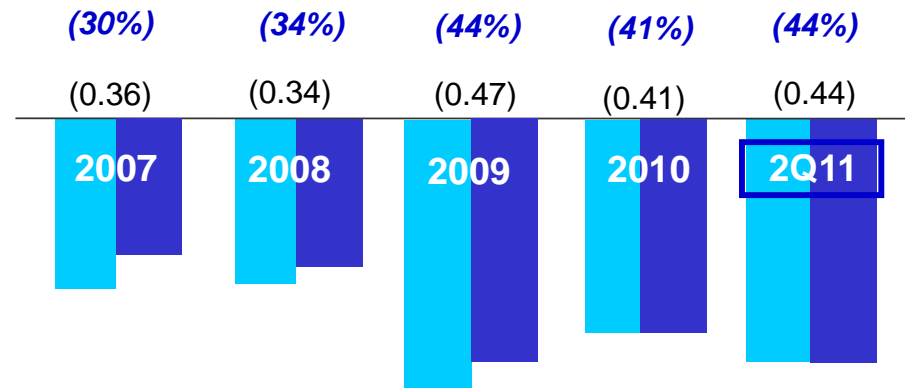
DEBT POSITION

(Units: USD million)

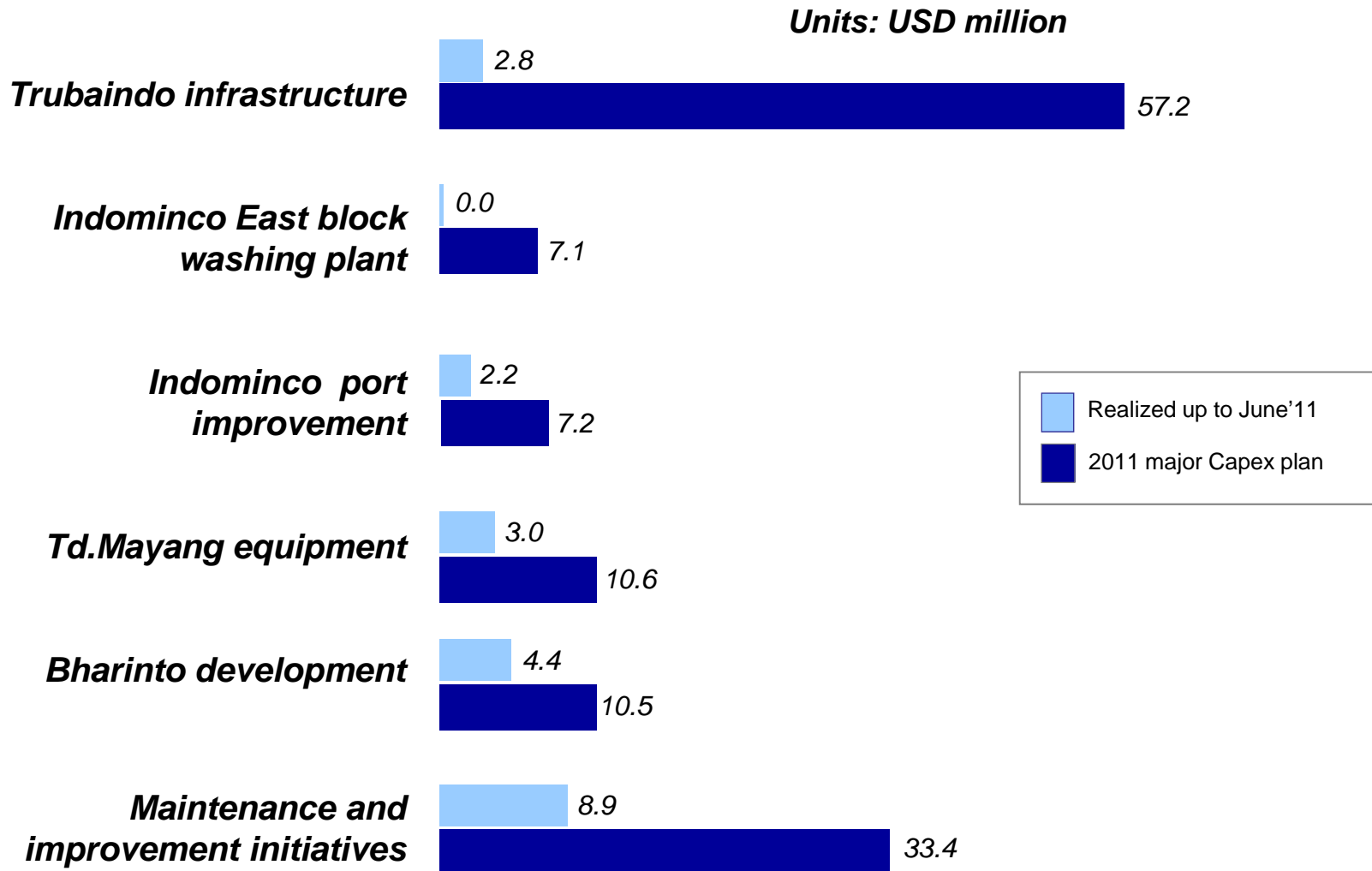


Net Gearing (%)

Net D/E (times)



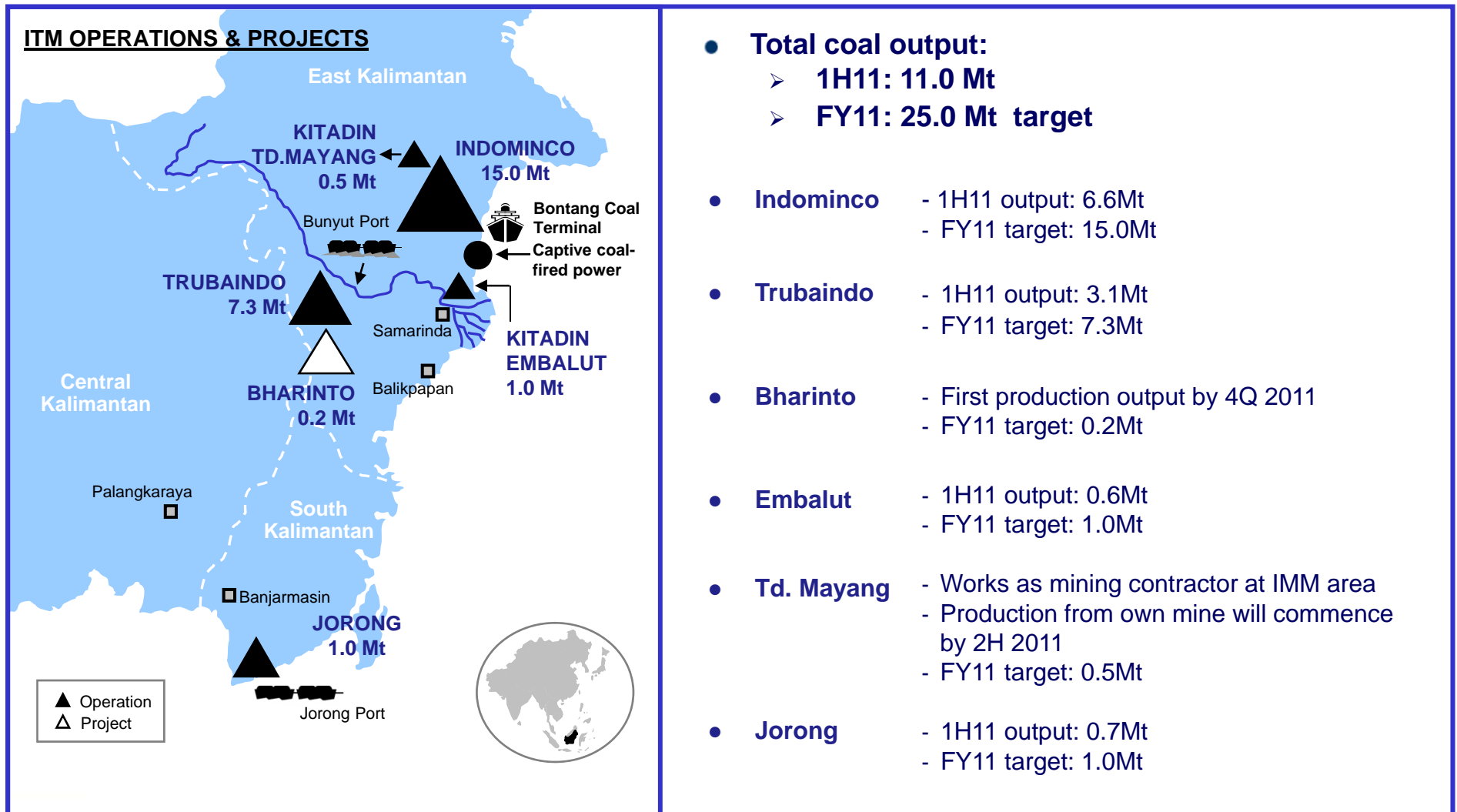
2011 Capital Expenditure Plan: USD 126 m





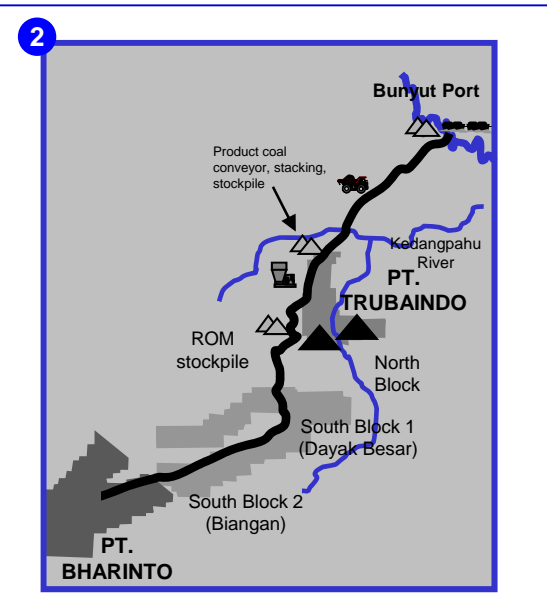
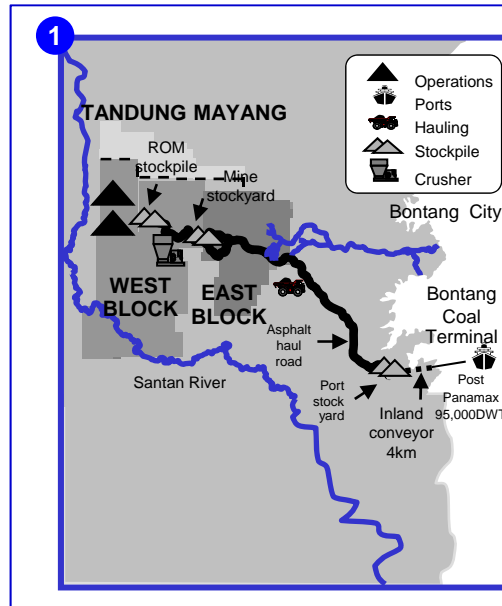
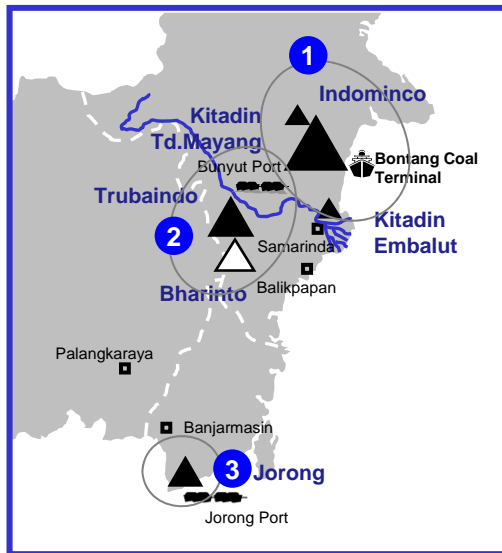
2. Operational Review

ITM Operations in 2011



New integrated ITM operations groups

ITM operations in Kalimantan

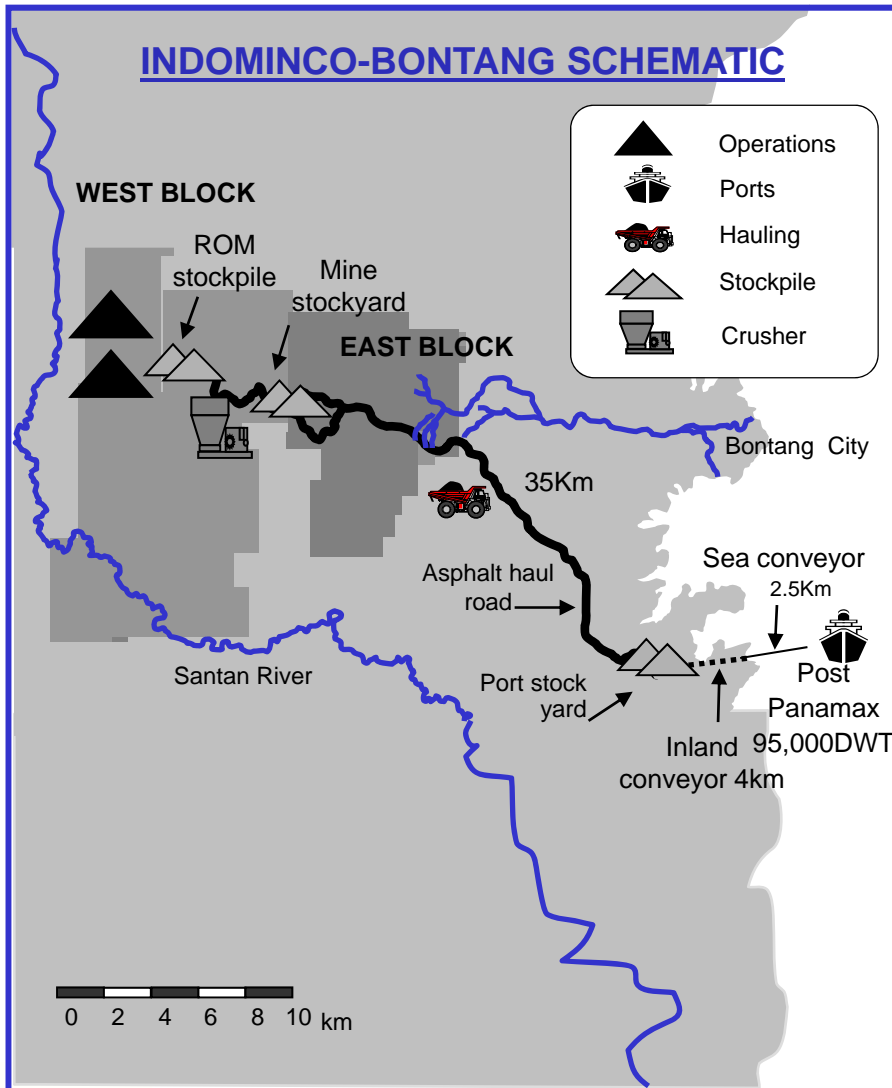


- Going forward, ITM will rationalize and consolidate its Kalimantan operations into three operational groups
- Each group will synergize for integrated infrastructure and logistics system
- Objective will be increased efficiency, optimization and productivity

- The Indominco-Tandung Mayang operations consists of the Bontang Coal Terminal, Indominco W. Block, Indominco E. Block and Kitadin Tandung Mayang
- Operations group target output (medium term): 15-17 Mtpa
- The Tandung Mayang project also represents a low risk expansion of the Bontang Operations group

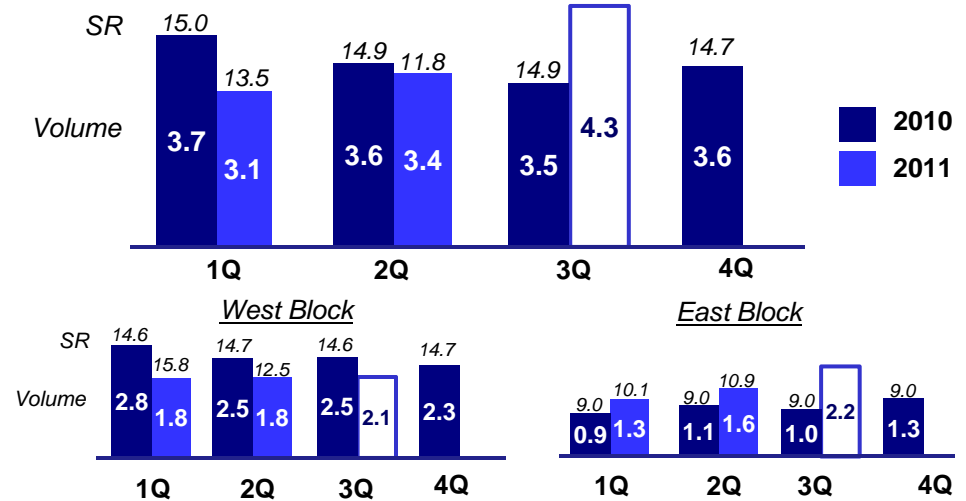
- The Trubaindo-Bharinto operations consists of the Bunyut barge port, Trubaindo North Block, Trubaindo South Block and Bharinto
- Operations group target output (medium term): 10-15 Mtpa
- The Bharinto project represents a low risk and low cost 'brownfield' expansion of its operations group

Indominco Mandiri



INDOMINCO PRODUCTION ANALYSIS

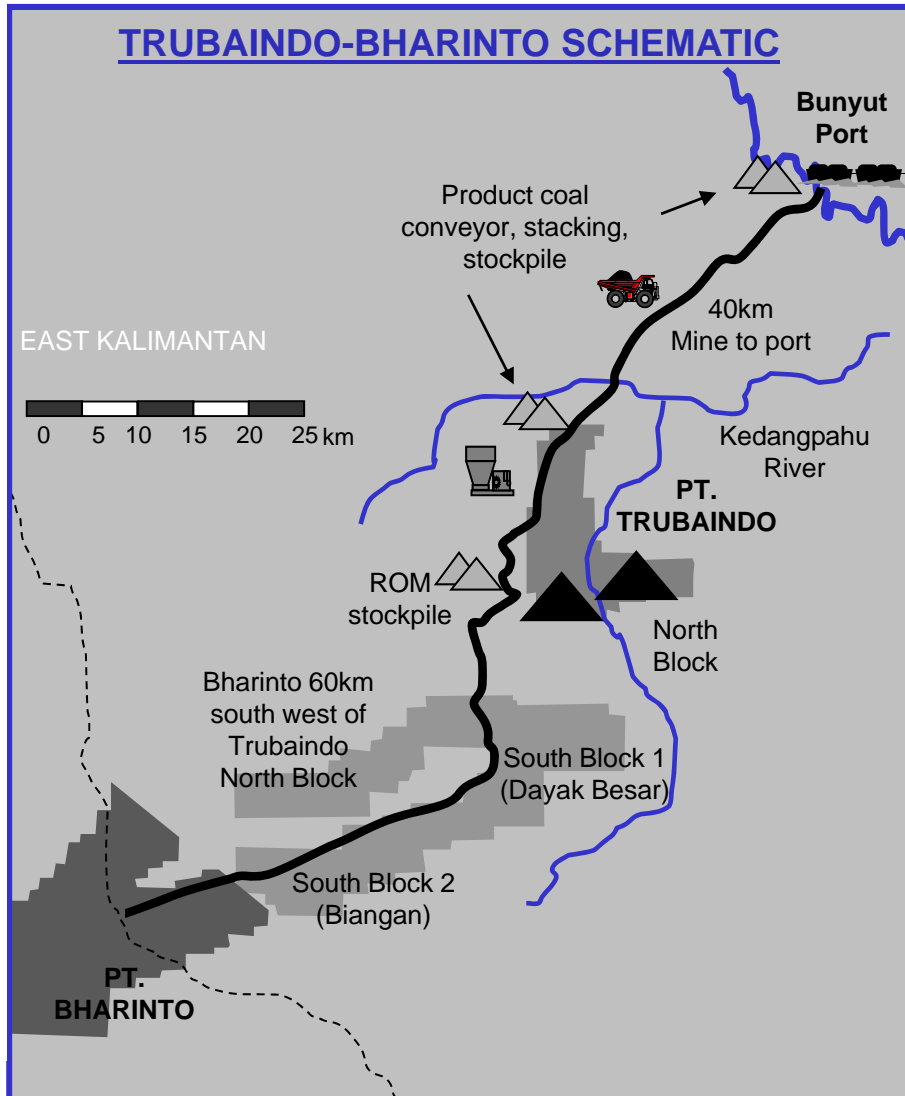
FY10 Output: 14.3 Mt; FY11 Target: 15.0 Mt



MAJOR QUARTERLY UPDATES

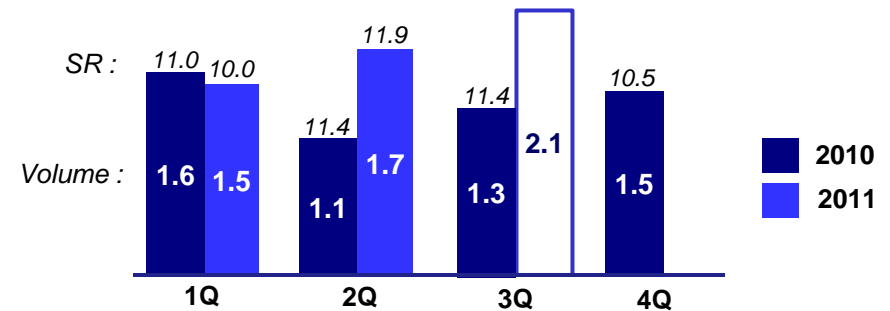
- 1H11 production was lower than target due to continuing rainfalls in the mine area during 2Q11
- Additional mining equipment from PAMA and TDM contractor starting in June 2011 onwards
- Overall strip ratio in 2011 will be lower than 2010
- Feasibility study on East Block Washing Plant is underway
- Expansion of stock area at the port and installation of 6 tunnels conveyor almost completed

Trubaindo and Bharinto



TRUBAINDO PRODUCTION ANALYSIS

FY10 Output: 5.5 Mt; FY11 Target: 7.3 Mt



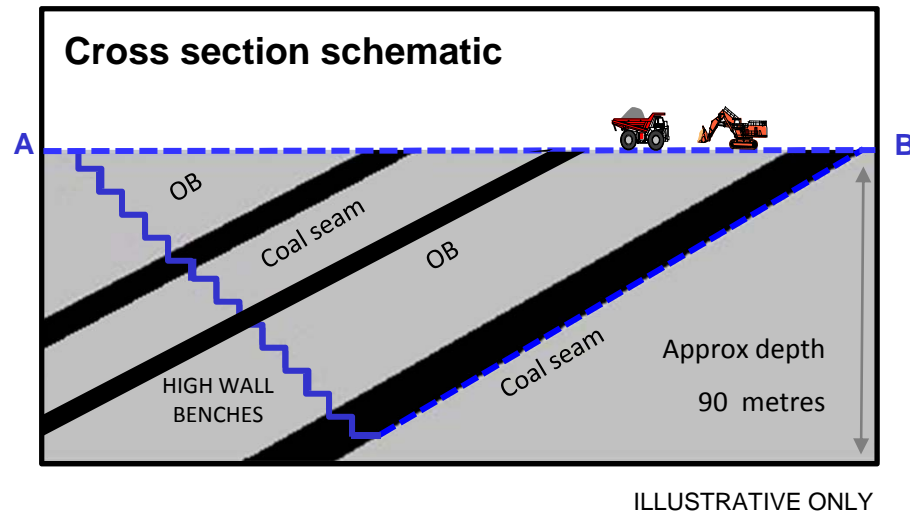
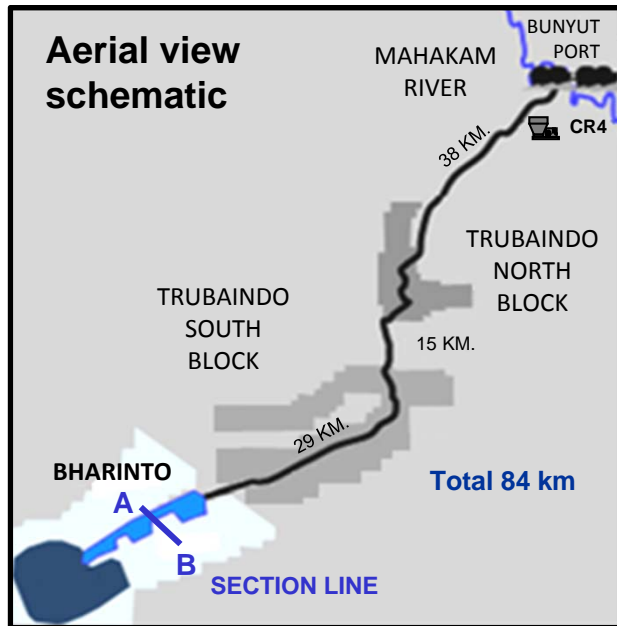
MAJOR QUARTERLY UPDATES

- Trubaindo:
 - 1H11 production was inline with our production plan
 - One new mining contractor already worked at mine site and additional capacity from PAMA already arrived
- Bharinto:
 - Crushing plant construction already completed and already test run
 - PAMA will be working as mining contractor starting in 4Q11
 - Land clearing for mining area is under progress
 - FY11 production output of 0.2 Mt by 4Q11 is still on track

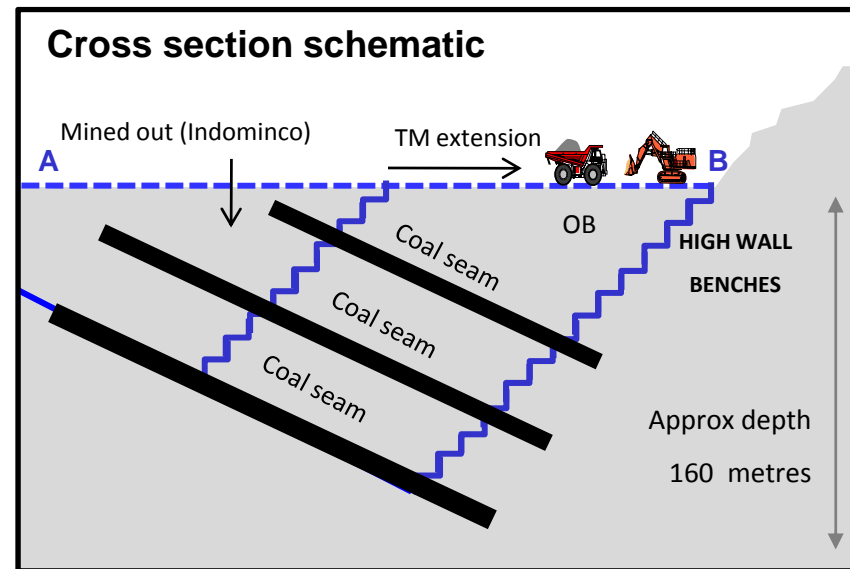
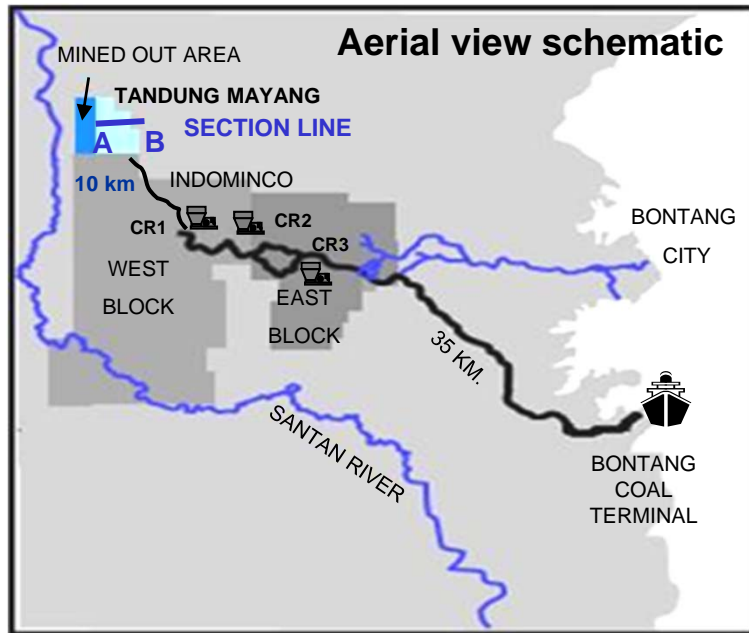
Bharinto and Td.Mayang (overview)

	Bharinto	Tandung Mayang
First output	0.2mt (4Q 2011)	0.5mt (3Q 2011)
Target annual output	2 - 4 Mt	2 - 3 Mt
Coal quality (adb)	6,800 kcal/kg Sulfur 0.8%	6,800 kcal/kg Sulfur 1.5%
Reserves	45.5 Mt	9.7 Mt
Strip ratio (avg.)	7.8 bcm/t	15.0 bcm/t
Logistics to ship	Truck – Bunyut barge loader	Truck – BoCT ship loader
Capital expenditure	US\$ 44 m (US\$ 39 M spent-to-date)	US\$ 30 m (US\$ 26 M spent-to-date)

Bharinto Schematic

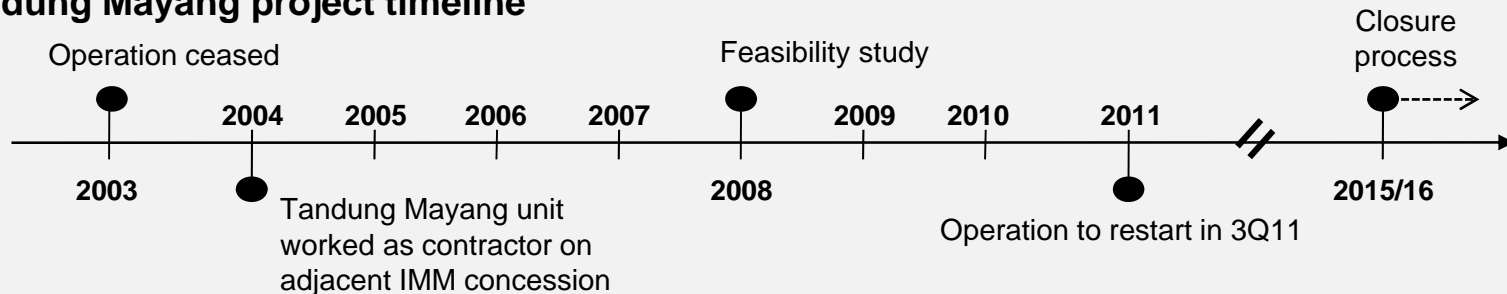


Tandung Mayang Schematic



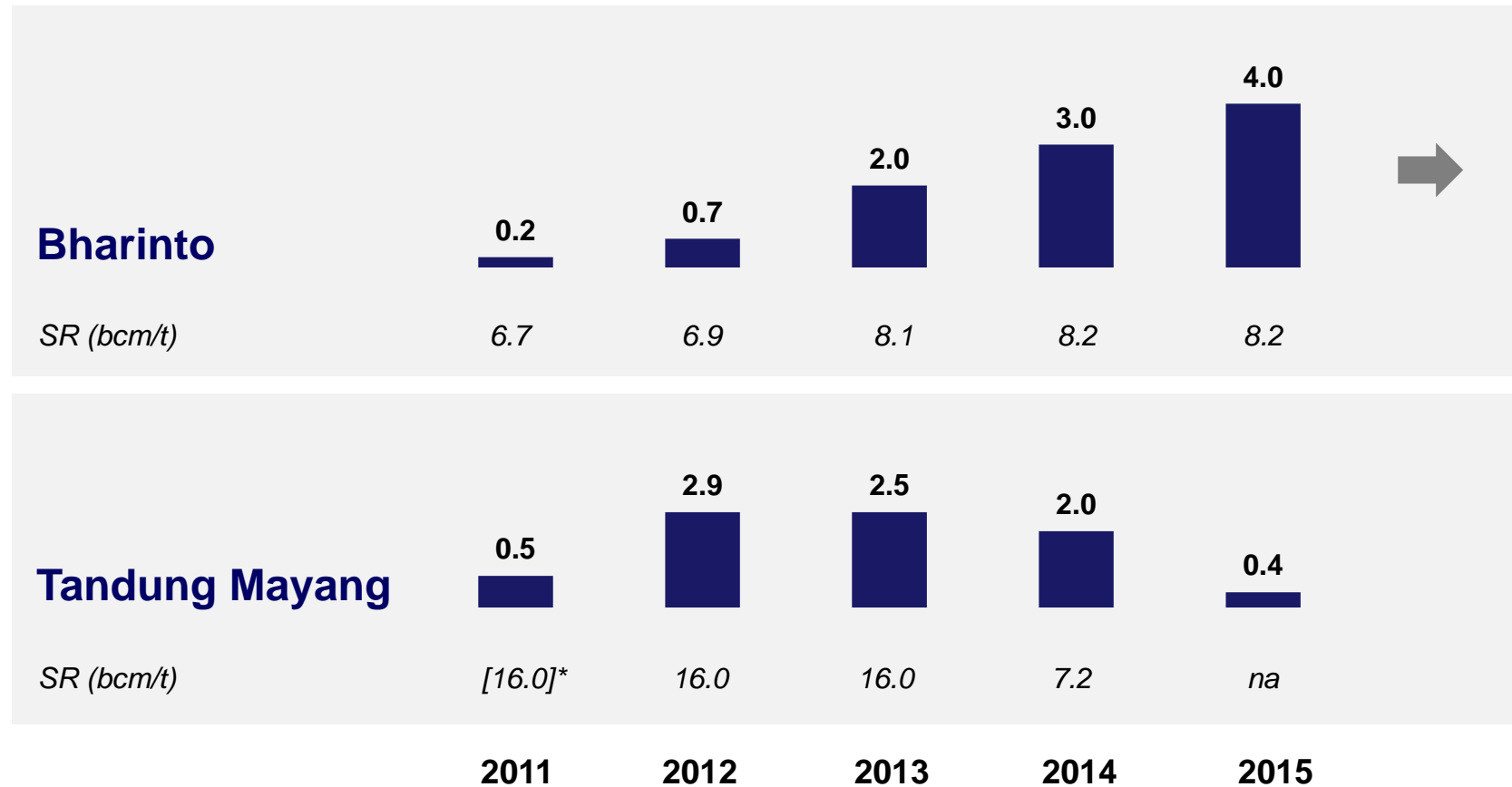
ILLUSTRATIVE ONLY

Tandung Mayang project timeline



Indicative ROM output targets

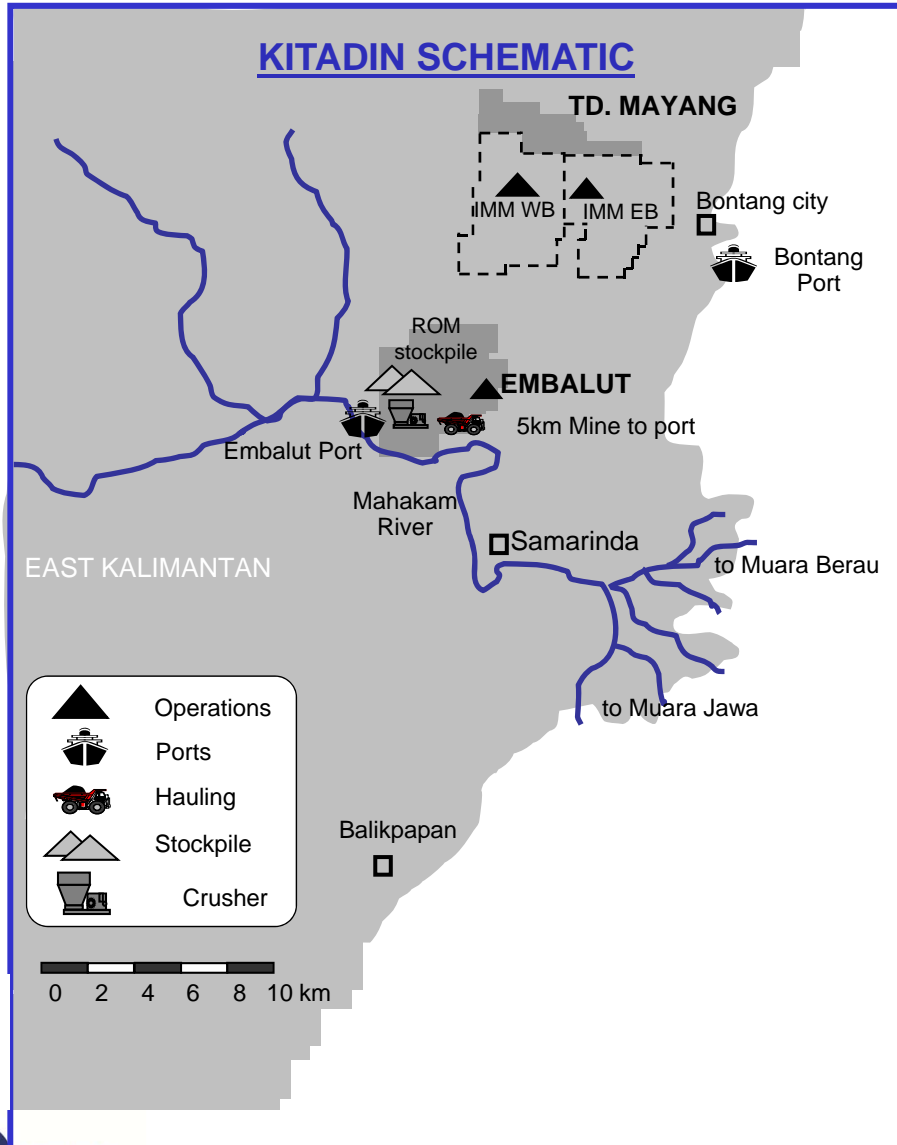
In million tonnes (Mt)



INDICATIVE ONLY

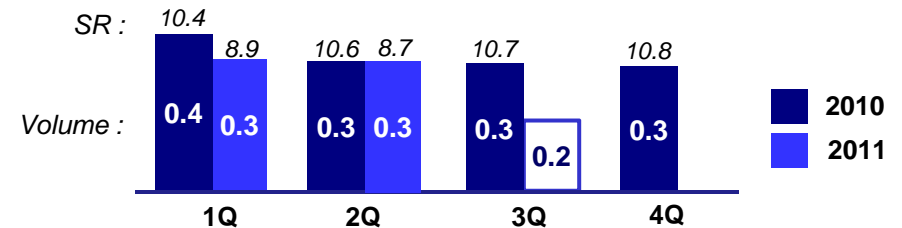
* Actual strip ratio will be higher (approx 28x) but will include advanced overburden removal which will be amortized over the life of the mine

Kitadin Embalut and Tandung Mayang



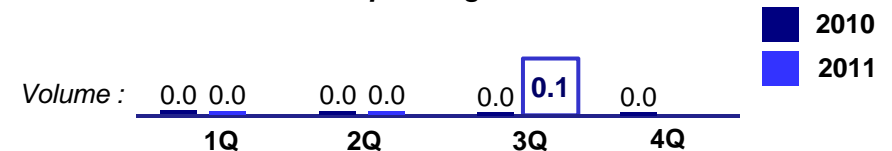
KITADIN EMBALUT PRODUCTION ANALYSIS

FY10 Output: 1.2 Mt ; FY11 Output Target: 1.0 Mt



KITADIN TD.MAYANG PRODUCTION ANALYSIS

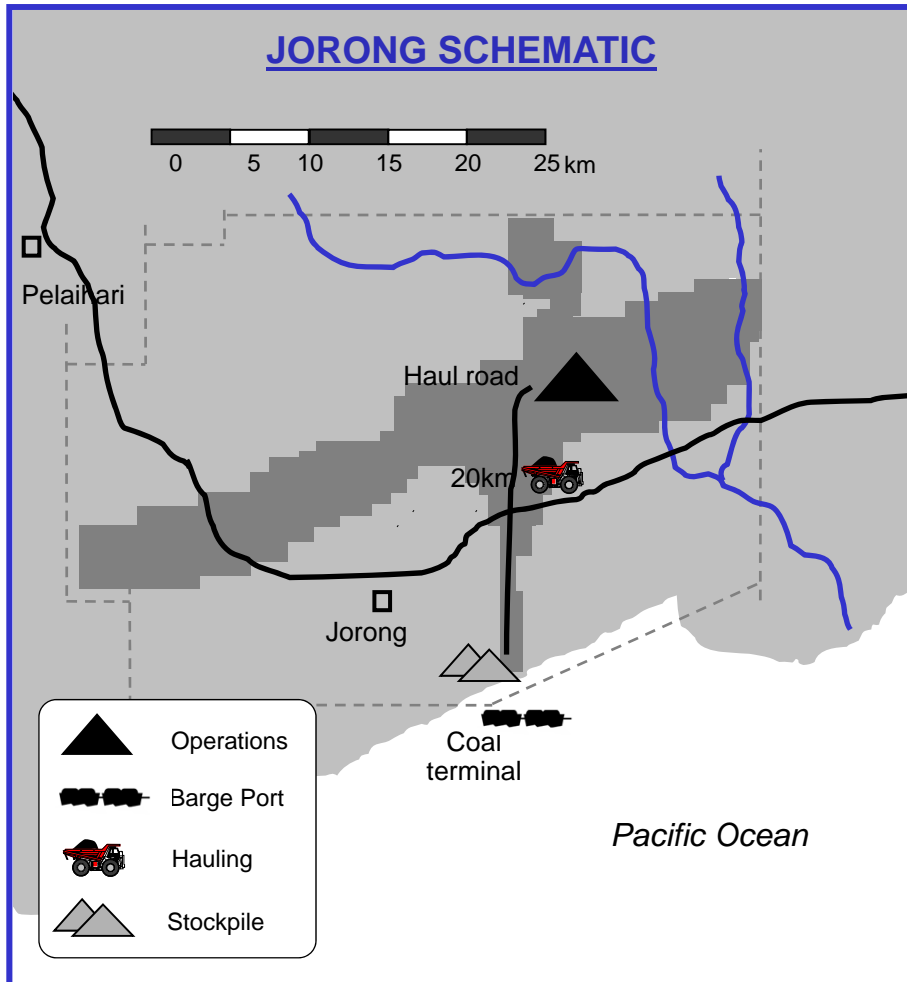
FY11 Output Target: 0.5 Mt



MAJOR QUARTERLY UPDATES

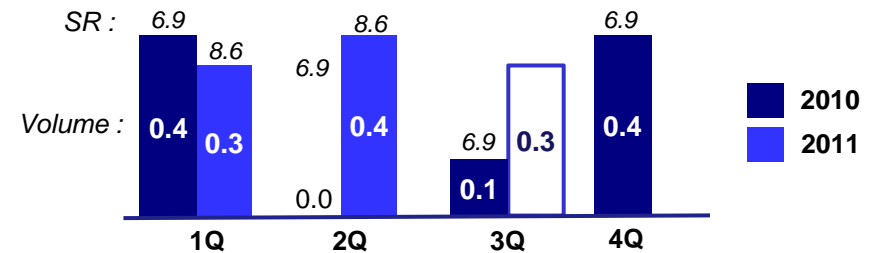
- Kitadin Embalut:
 - 1H11 production achieved as planned
 - Expect lower production during 2H11 due to difficult mining conditions (hard-band materials)
- Kitadin Tandung Mayang:
 - Currently works as mining contractor at Indominco area
 - Already started the pre-stripping activity in 1Q11
 - 1st coal output will start in 3Q11
 - Expected total production in 2011 will be 0.5 Mt

Jorong



JORONG PRODUCTION ANALYSIS

FY10 Output: 0.9 Mt ; FY11 Output Target: 1.0 Mt



MAJOR QUARTERLY UPDATES

- 1H11 production achieved higher than plan due to better performance in mud management
- Adjusted strip ratio in this year to match with remaining reserves and to keep up with the current mining sequence



3. Commercial Review

Main Driver for 2011 Coal Market

Weather



- Indonesia wet season was normal, but some operations more affected than others. Dry season seems normal to good.
- Chinese winter was normal but now that water shortages are eased, hydro is up and summer so far mixed
- Australian storms/floods damage recovering

Chinese Demand



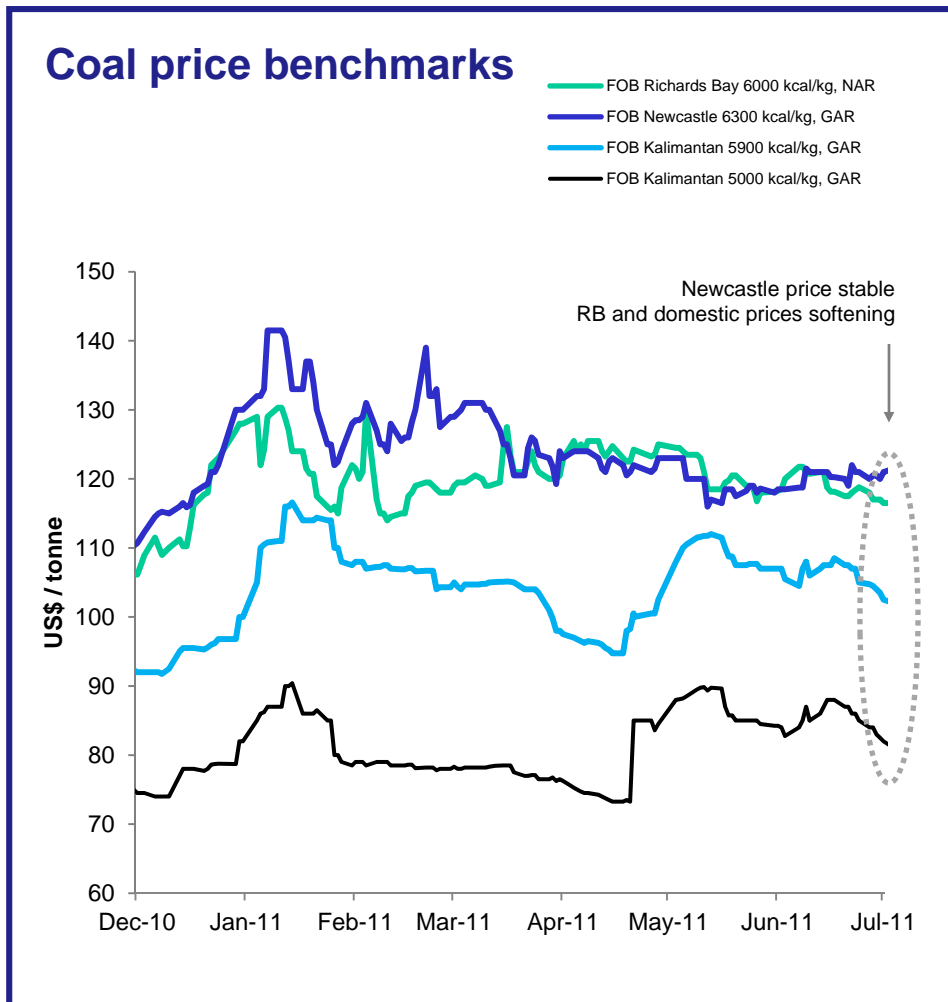
- Downgrade import forecast
- Demand is stronger than expectations in total but unevenly distributed
- Grid transmission/generation infrastructure capped effective demand in 1H
- Production increased beyond demand increase, but again levels vary by region
- Imports weak in 1Q, strong in 2Q but likely below expectations in 3Q/4Q

World Growth



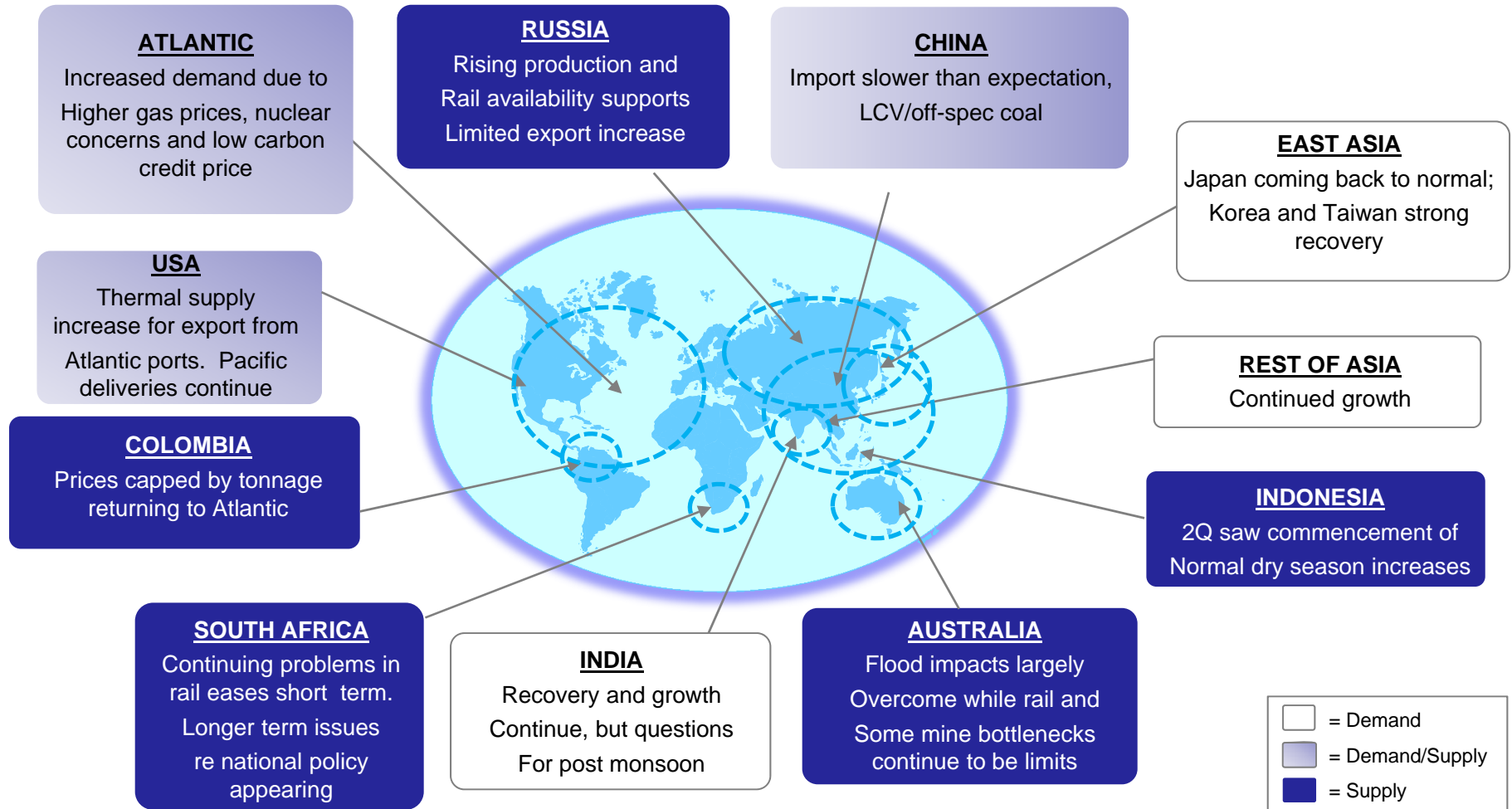
- World growth forecast 3.1%, Asian growth forecast 6.9%
- Uncertainty impacting forecasts due to European and USA debt concerns, Middle East/N. Africa unrest, exchange rate trends and inflation
- But oil, food and raw material cost will have a gradual impact

Thermal Coal Benchmark Prices



- Indonesia rate of price decrease recently due coincidence of Chinese purchase slows down and Indonesia production increases
- Benchmark pricing held up by steady growth but more to currency and financial movements impacting paper prices
- European pricing further underpinned by higher cost of competing fuels, eg. gas and declining carbon credit price

Thermal coal market analysis – 2Q 2011 update

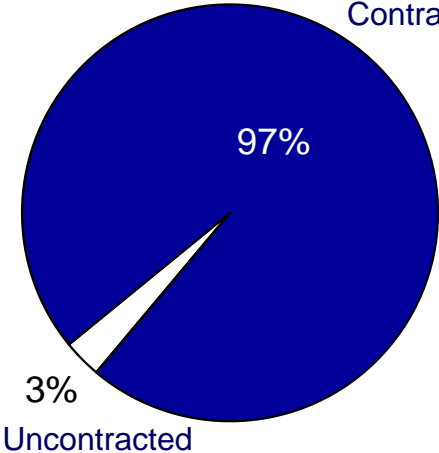
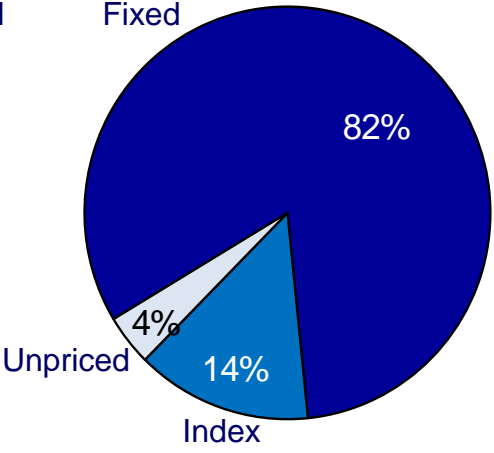


ITM Average Selling Prices



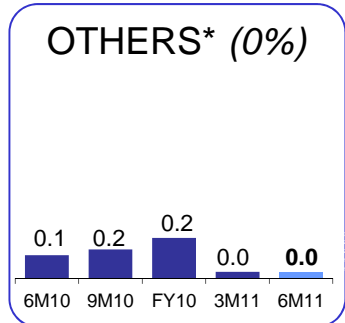
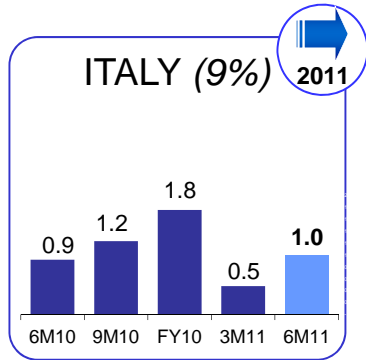
- ASP vs. spot BJI trend shows a mix of pricing (LT/MT/ST)
- Despite increases in product margins, the increase in lower CV tonnages hampers ASP increases
- Still, higher CV coal has increased relative to index, JPU or spot price

Indicative 2011 Coal Sales

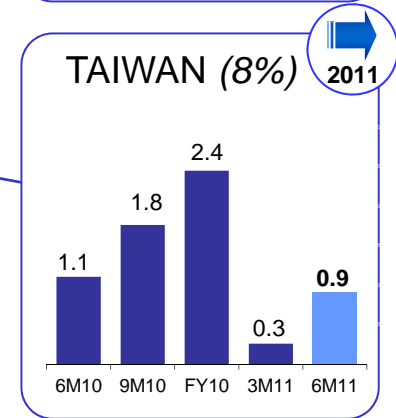
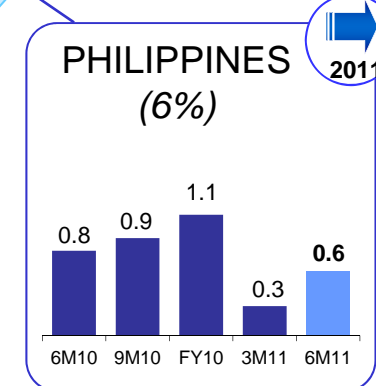
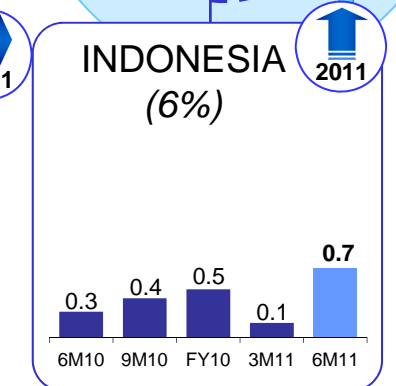
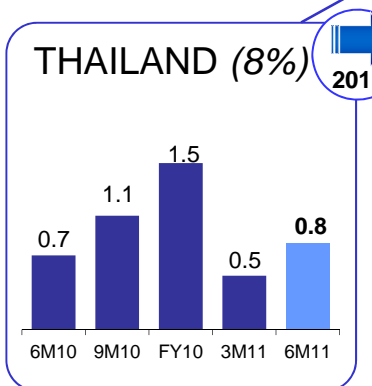
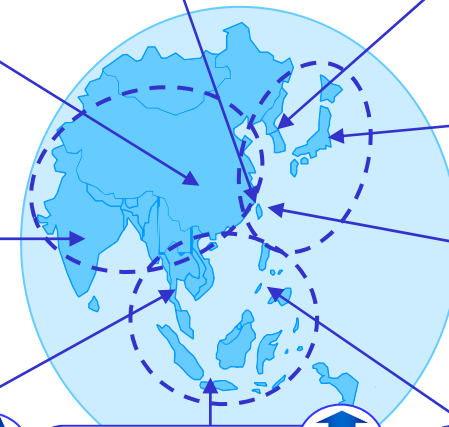
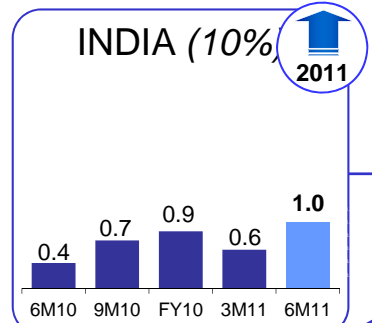
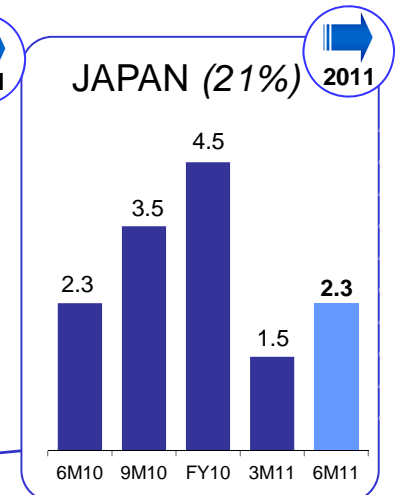
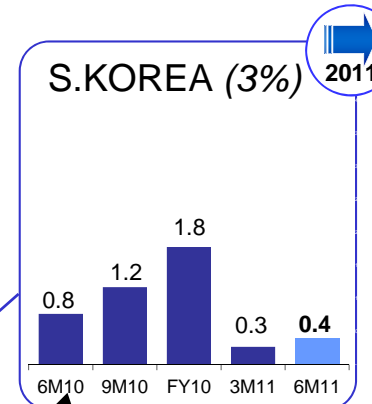
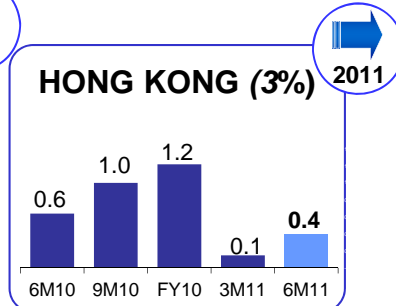
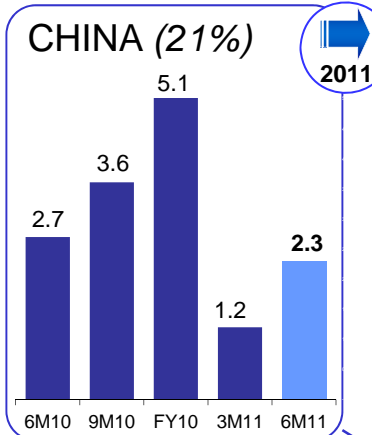
Coal sales contract and pricing status	Comment
<p data-bbox="279 521 558 557"><u>Contract Status</u></p>  <p data-bbox="856 521 1073 557"><u>Price Status</u></p>  <p data-bbox="369 1208 989 1243">TARGET SALES 2011: C. 25 Mt</p>	<ul data-bbox="1268 558 1955 1170" style="list-style-type: none">● Sales target remains at 25 Mt, assuming dry season continues● Almost fully sold and more so than at same time in recent years● Remaining unsold is exposed to market fluctuations, but limited volume

Coal Sales by Geographic Destination

Coal sales 1H11
(total 10.7 Mt)



*Includes small, non-regular purchasers



2011 trend expectation



Thank you