



# Public Expose/ Analyst Briefing

PT Indo Tambangraya Megah Tbk

Dharmawangsa Hotel, 11 November 2011





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# Agenda

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



# 1. Introduction

# Highlights of 3Q11 & 9M11

Unit: USD Million

**Coal sales**  
**6.85 Mt**  
 ↑ Up 1.6 Mt  
 +31% Q-Q

**Coal sales**  
**17.56 Mt**  
 ↑ Up 1.2 Mt  
 +7% y-y

	<u>2Q11</u>	<u>3Q11</u>	<u>Q-Q</u>	<u>9M10</u>	<u>9M11</u>	<u>y-y%</u>
Total Revenue	502	678	+35%	1,205	1,649	+37%
Gross Profit Margin	38%	39%	+1%	34%	37%	+3%
EBIT	151	219	+45%	298	487	+63%
Net income	110	156	+42%	186	361	+94%
<b>ASP (USD/ton)</b>	<b>\$97.4</b>	<b>\$98.4</b>	<b>+1%</b>	<b>\$73.9</b>	<b>\$94.6</b>	<b>+28%</b>

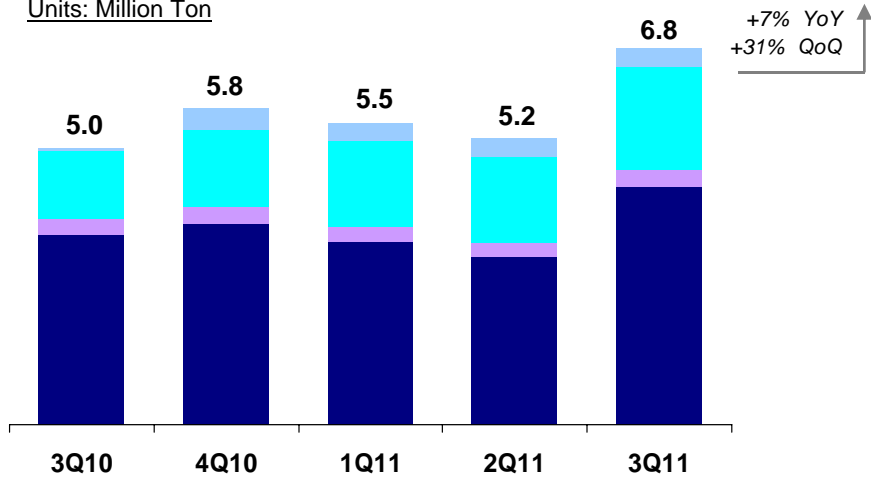


## **2. Financial Review**

# Sales Revenue

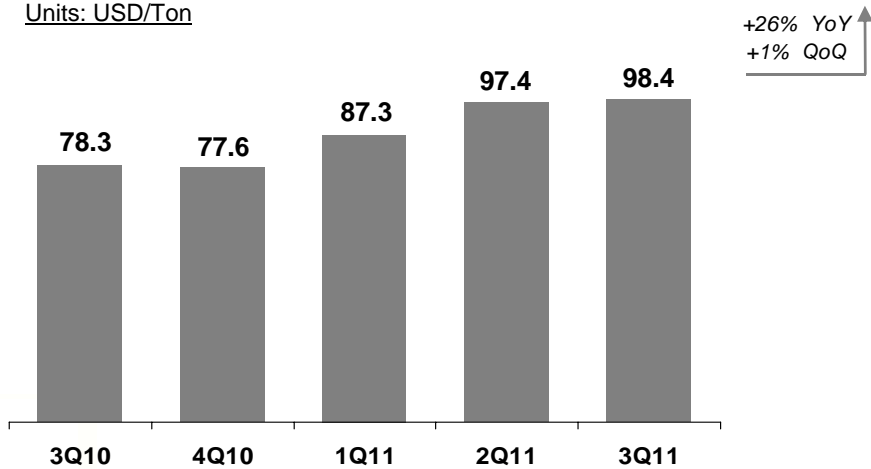
## SALES VOLUME

Units: Million Ton



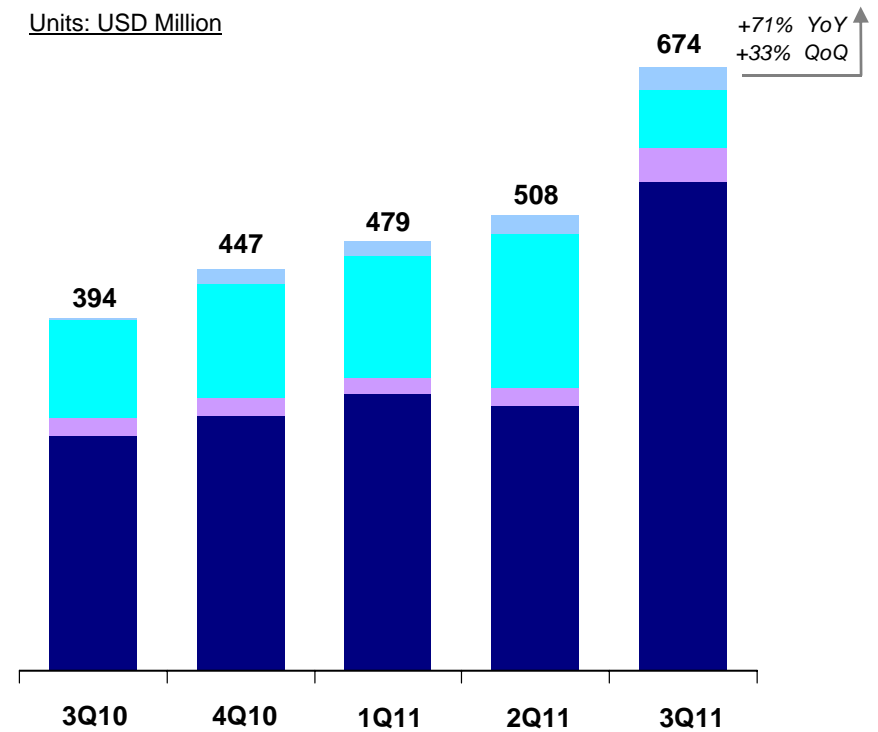
## AVERAGE SELLING PRICE

Units: USD/Ton



## REVENUE\* GROWTH

Units: USD Million

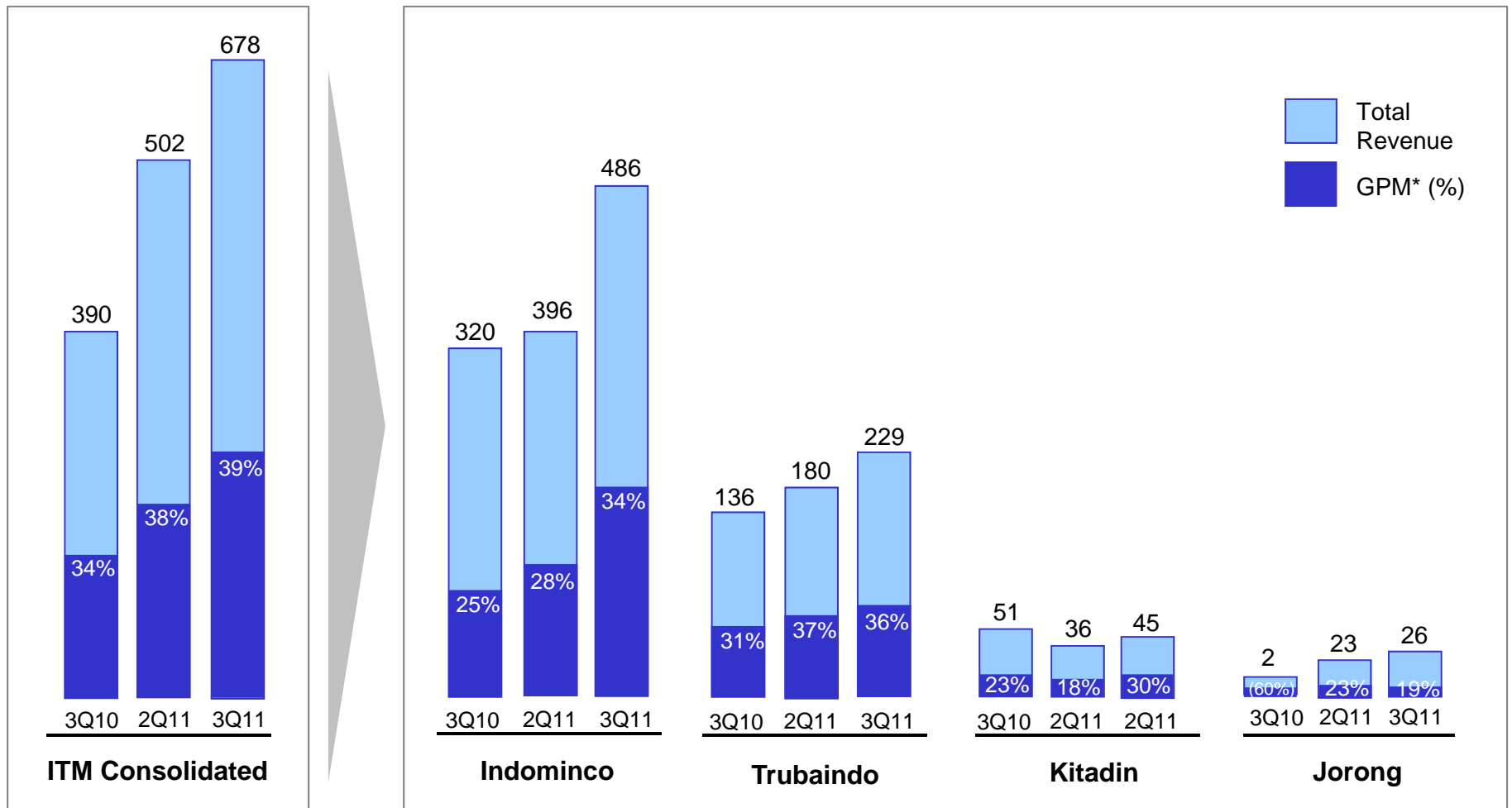


\* Net coal revenue



# Average Gross Margin

Units: USD million



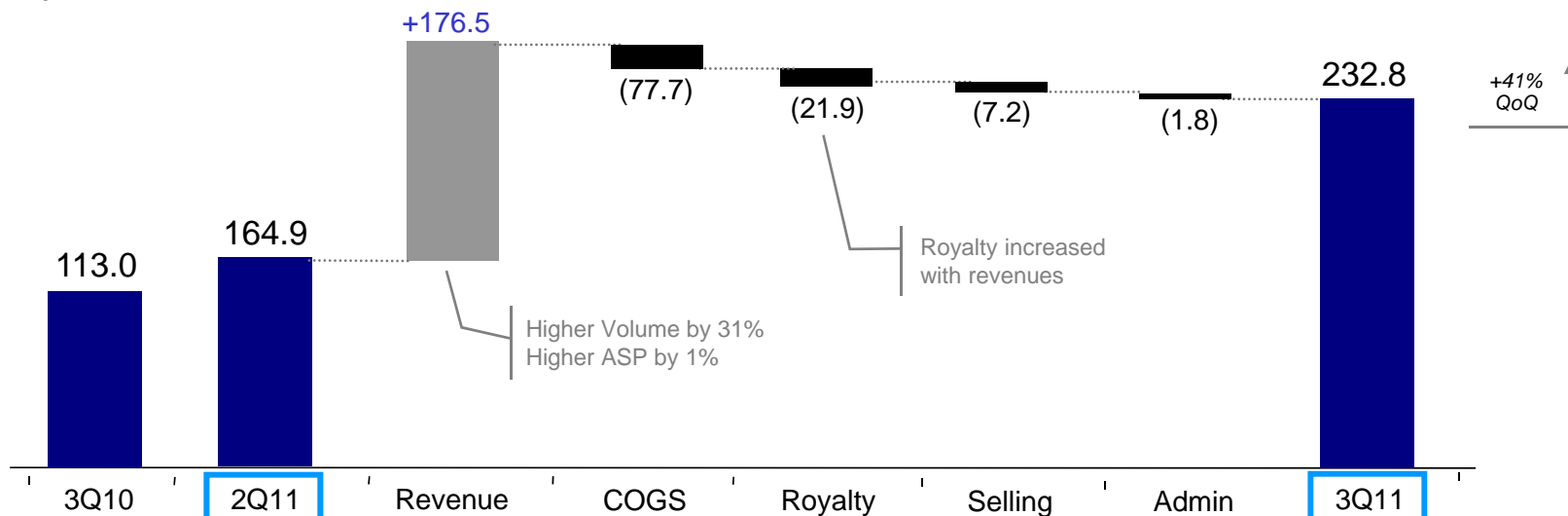
\* COGS included royalty



# EBITDA

Units: USD million

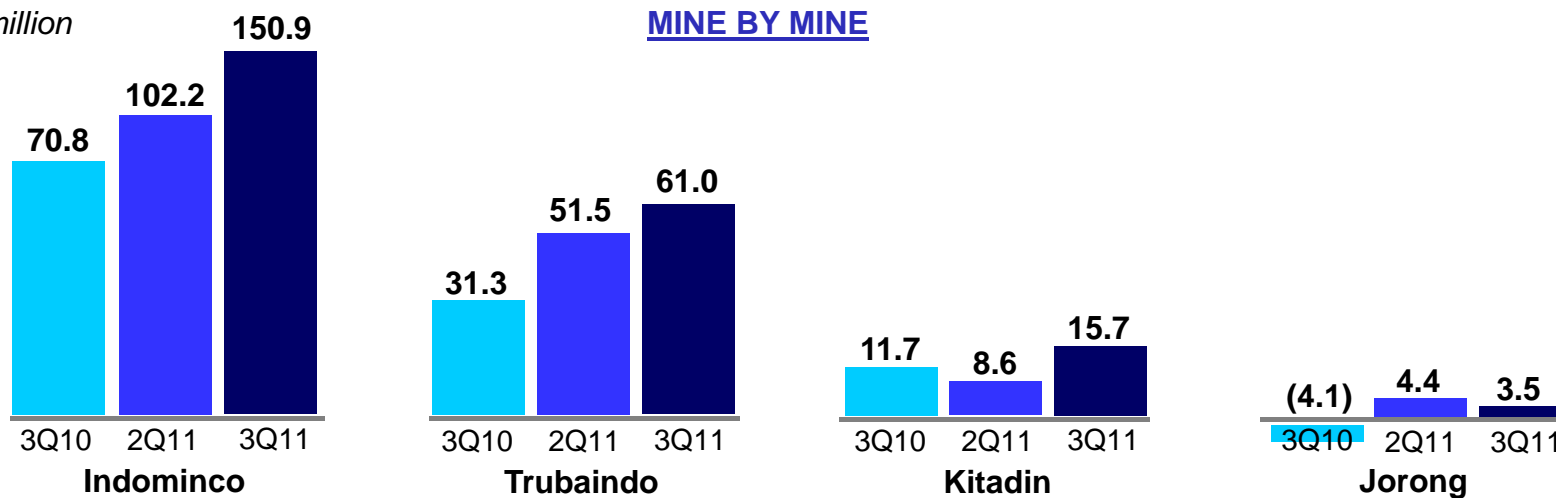
## CONSOLIDATED



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

Units: USD million

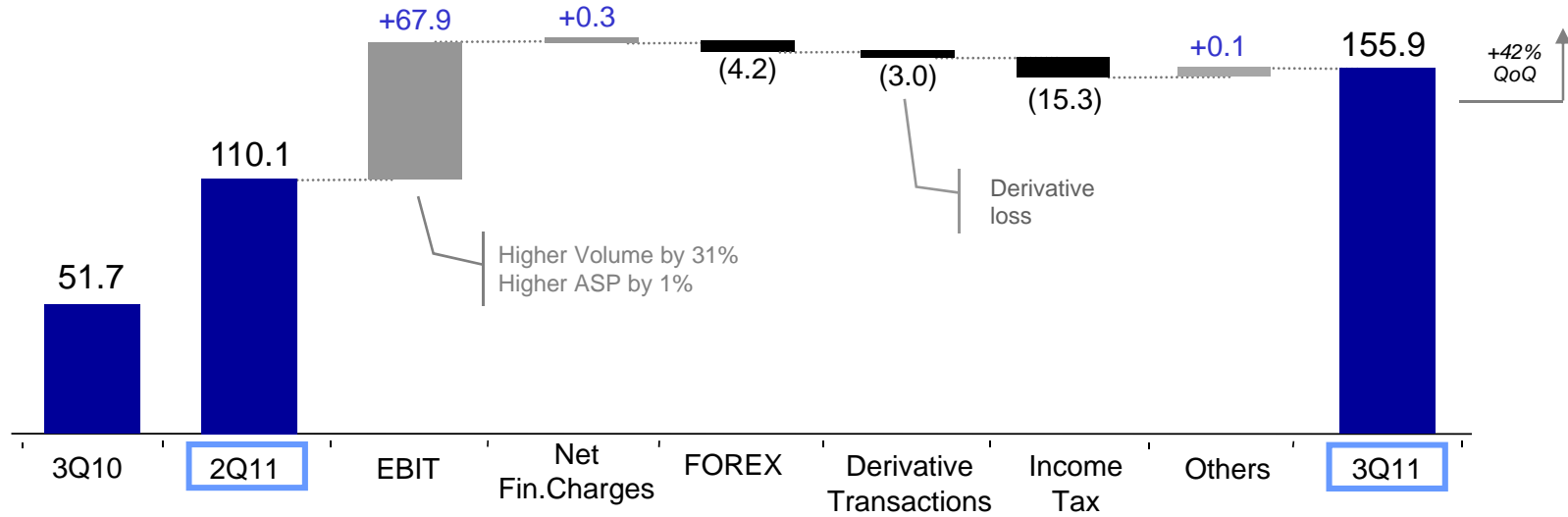
## MINE BY MINE



# Net Income

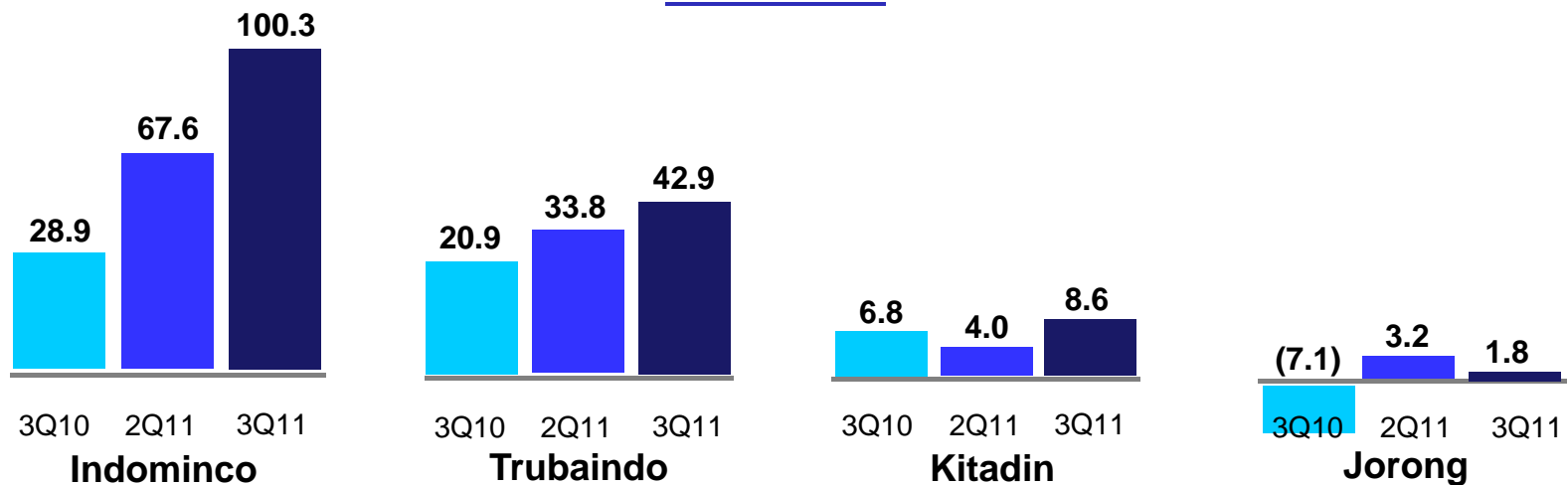
## CONSOLIDATED

Units: USD million



Units: USD million

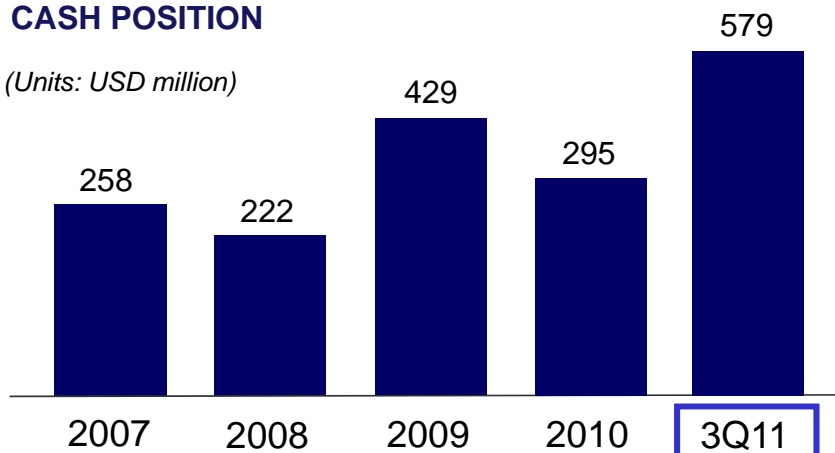
## MINE BY MINE



# Balance Sheet

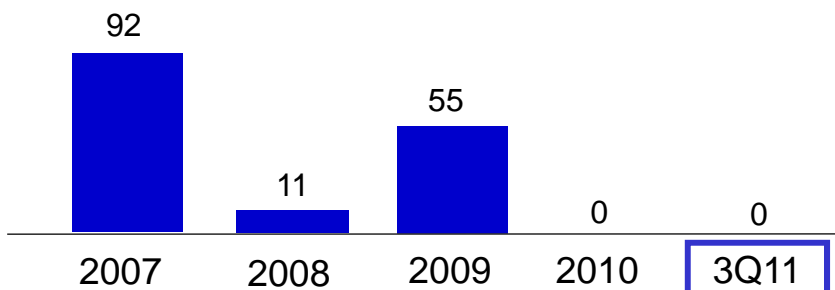
## CASH POSITION

(Units: USD million)



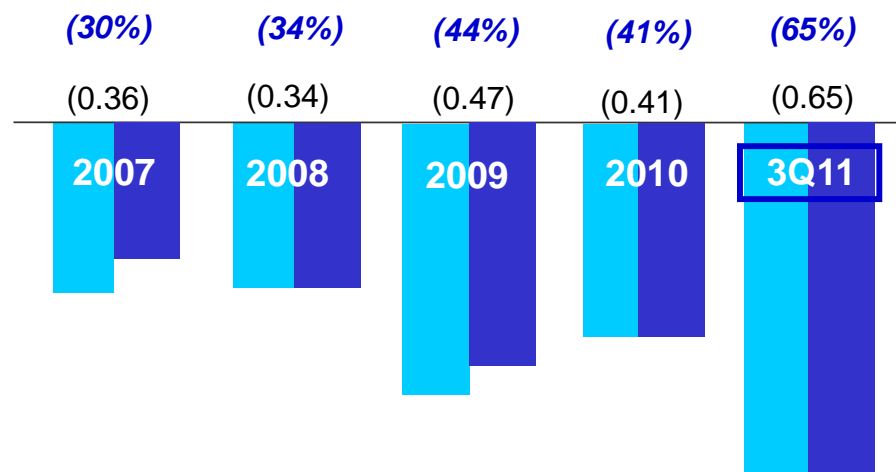
## DEBT POSITION

(Units: USD million)



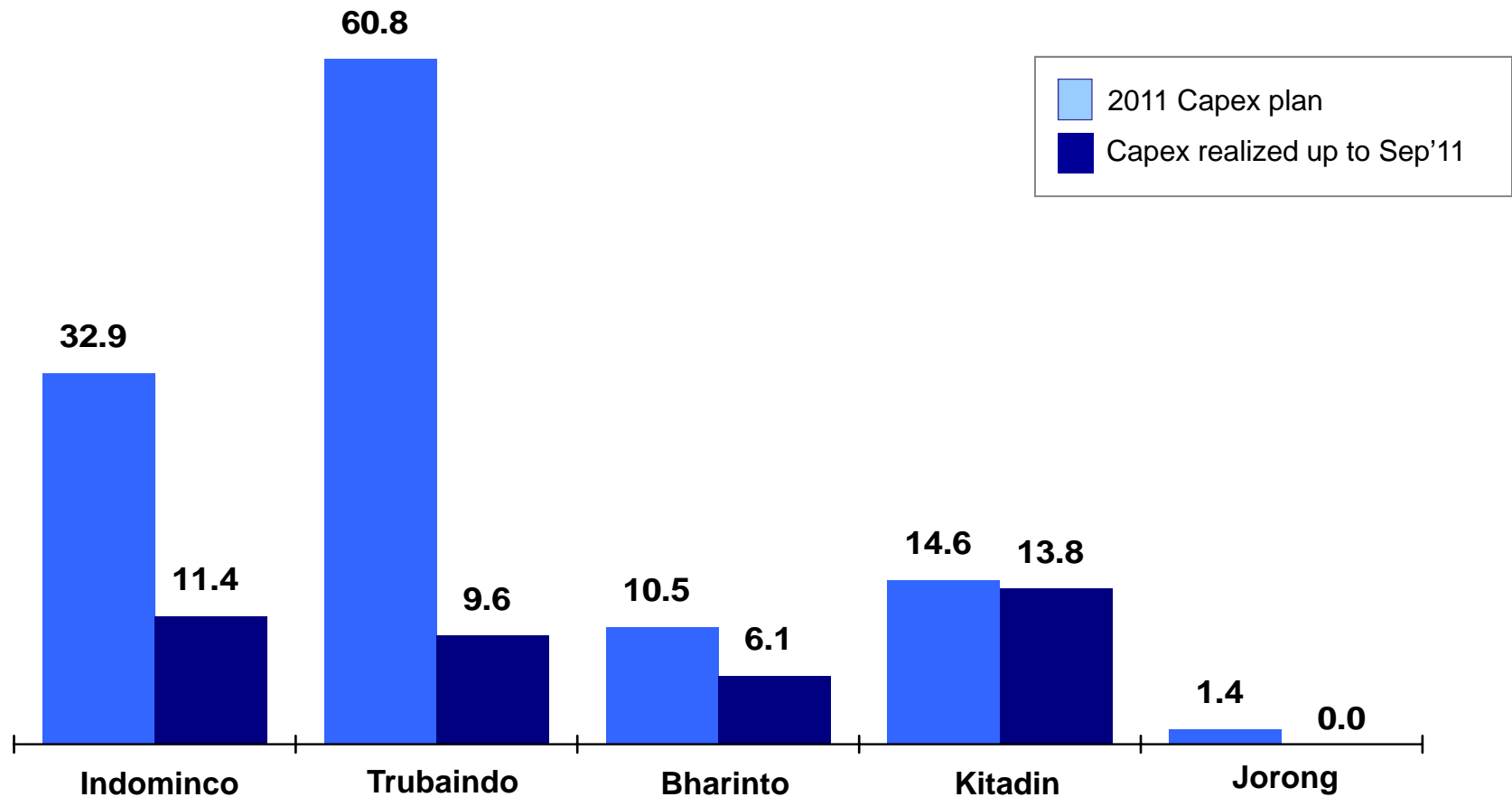
Net Gearing (%)

Net D/E (times)



# 2011 Capital Expenditure Plan: USD 126 m

Units: USD million



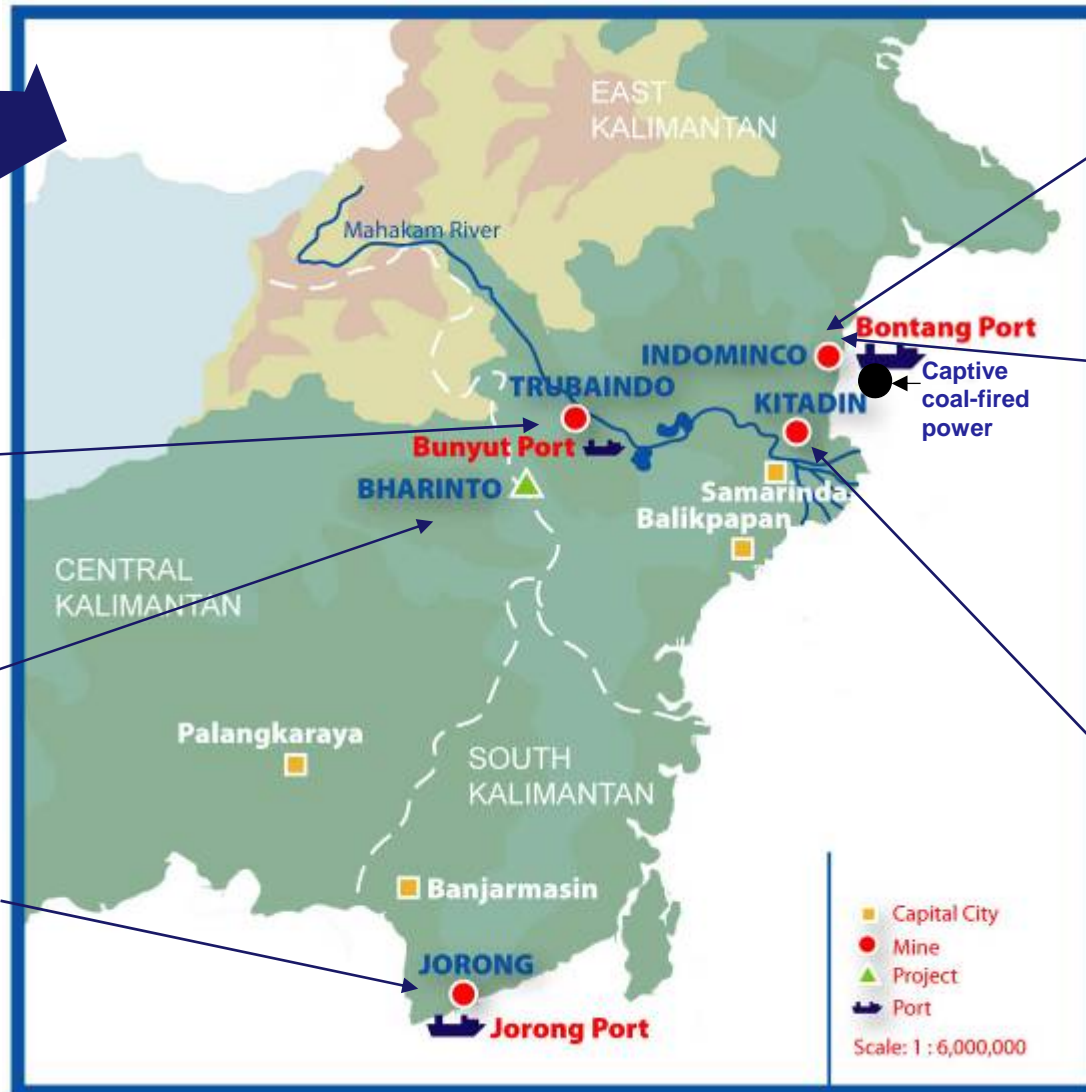
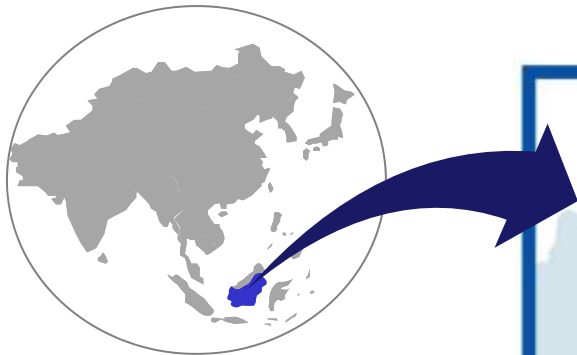
Note: Total capex plan including Jakarta office



### **3. Operational Review**

# Operations in 2011

9M11 output: 17.8mt and FY11 target: 25mt



**Indominco**  
10.7mt output in 9M11. Output target of 14.7mt for 2011

**Kitadin-Td.Mayang**  
Works as mining contractor at IMM area and production from own mine will commence by 2H 2011 with target output of 0.5mt

**Kitadin-Embalut**  
0.9 Mt output in 9M11. Output target of 1.2mt for 2011

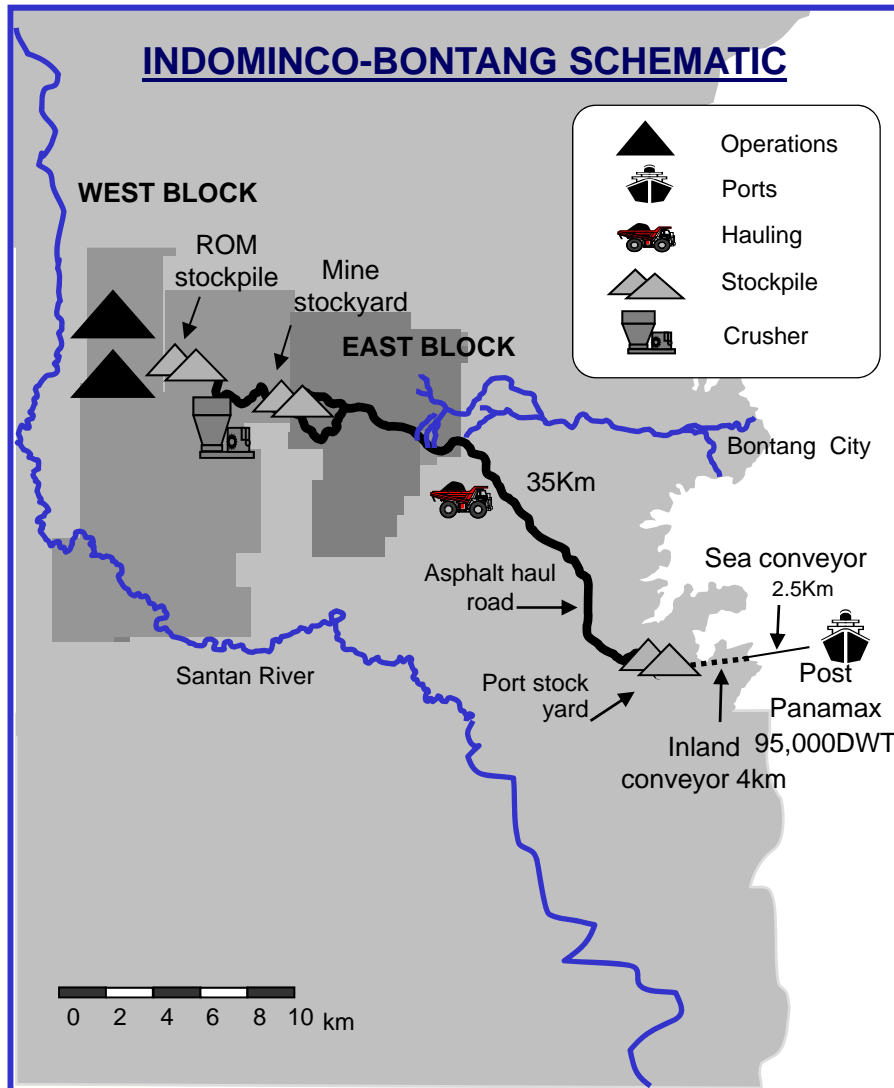
**Trubaindo**  
4.9mt output in 9M11. Output target of 7.2 Mt for 2011

**Bharinto**  
Mine operations will start within 4Q11

**Jorong**  
1.2mt output in 9M11. Output target of 1.4mt for 2011

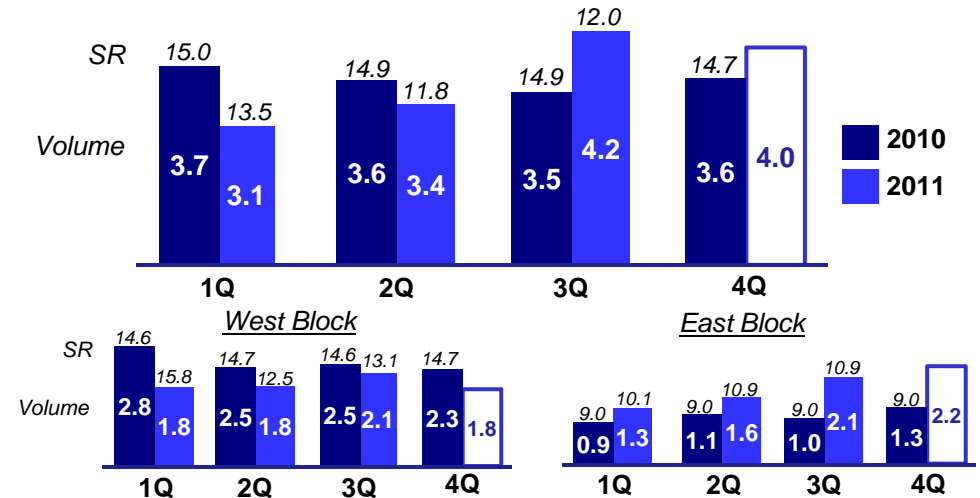


# Indominco Mandiri



## INDOMINCO PRODUCTION ANALYSIS

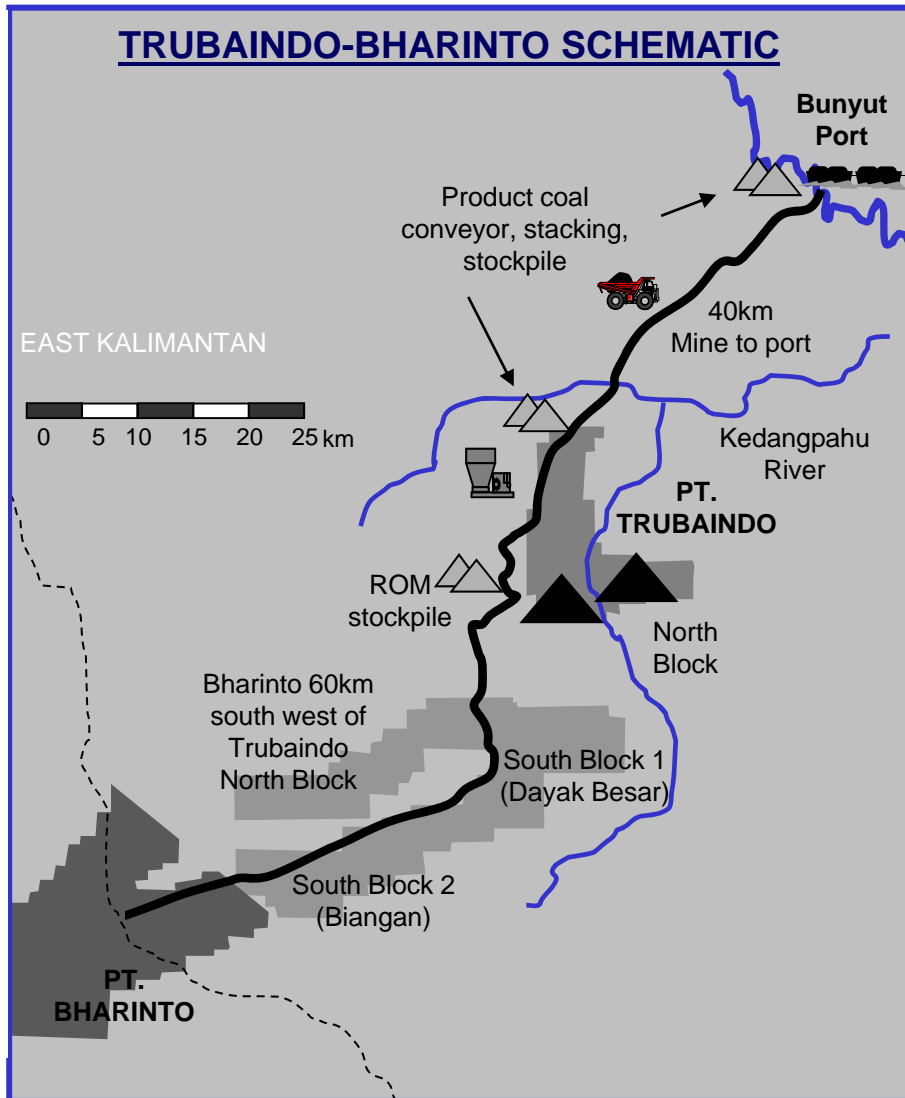
9M11 output: 10.7mt; FY11 target: 14.7mt



## MAJOR QUARTERLY UPDATES

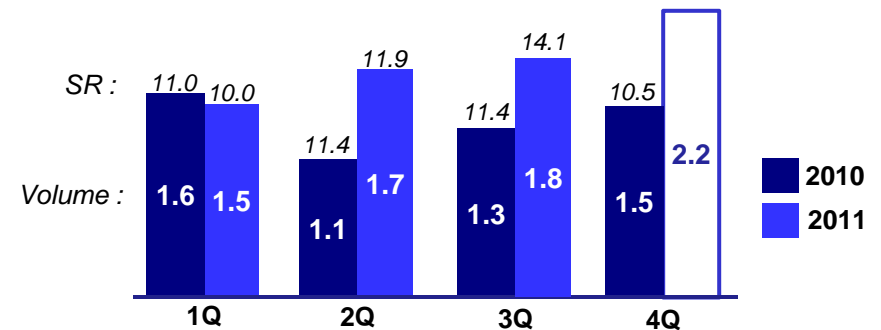
- 3Q11 production was higher than last year due to better weather condition and additional mining equipment from PAMA
- Overall strip ratio in 2011 is expected to be lower than 2010 in line with higher contribution from East Block
- Expansion of port stock capacity from 0.35mt to 0.65mt and installation of 6 new tunnels conveyor at port stockyard already completed
- Further study on East Block Wash Plant concept and design is still ongoing

# Trubaindo and Bharinto



### TRUBAINDO PRODUCTION ANALYSIS

9M11 output: 4.9mt; FY11 target: 7.2mt

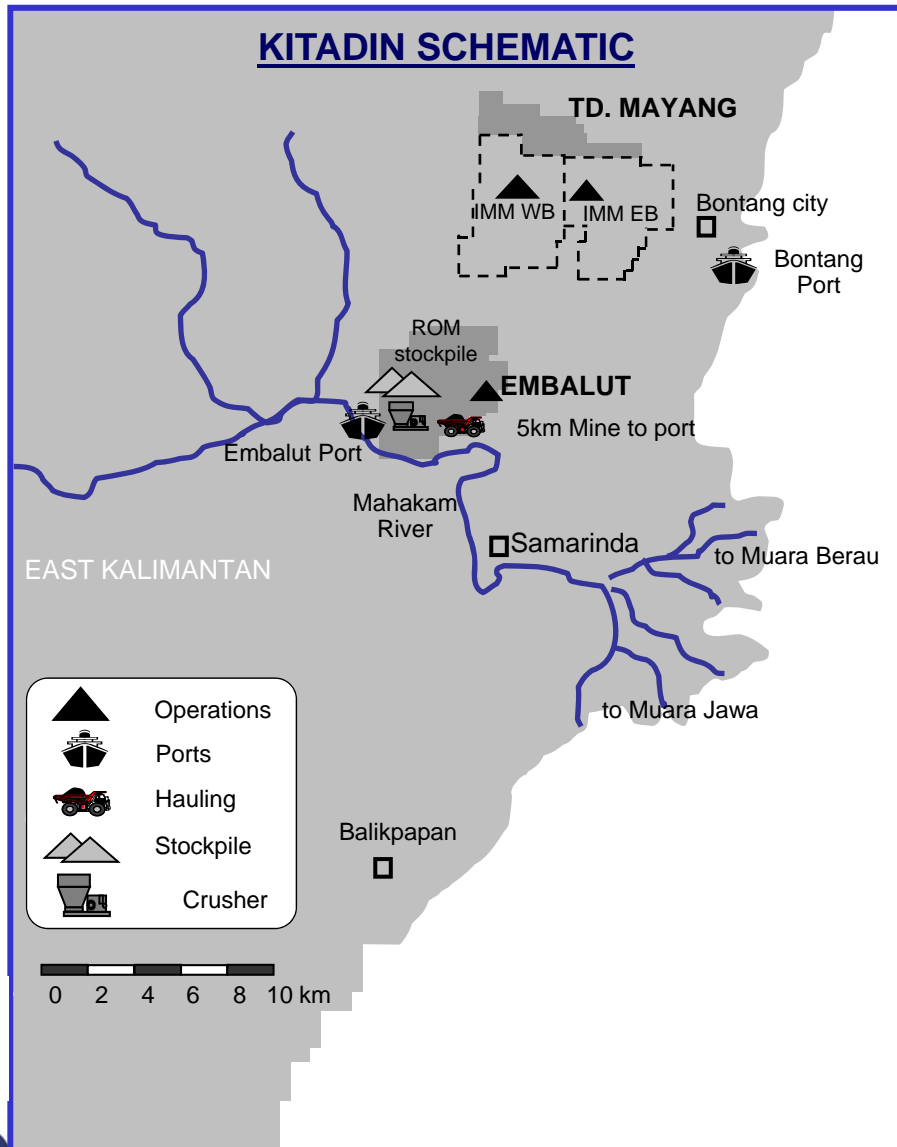


### MAJOR QUARTERLY UPDATES

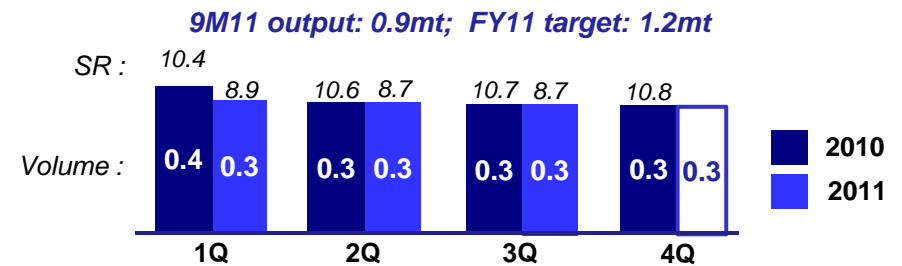
- Trubaindo:
  - 3Q11 production was higher than last year supported by increased capacity from mining contractor
  - Expect higher strip ratio in 2011 due to approaching narrow pit area
- Bharinto:
  - PAMA will be working as the mining contractor and all required mining equipment already arrived on site
  - Crushing plant construction and port stockyard already completed and already test run
  - Mine operations will start within 4Q 2011
  - Currently waiting for the completion of hauling road



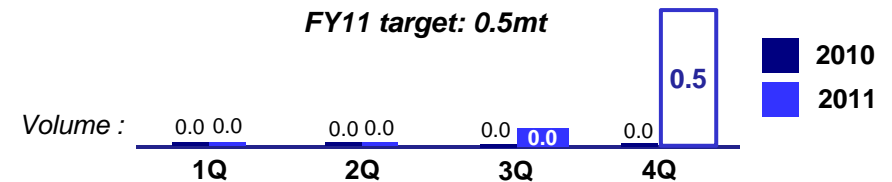
# Kitadin Embalut and Tandung Mayang



### EMBALUT PRODUCTION ANALYSIS



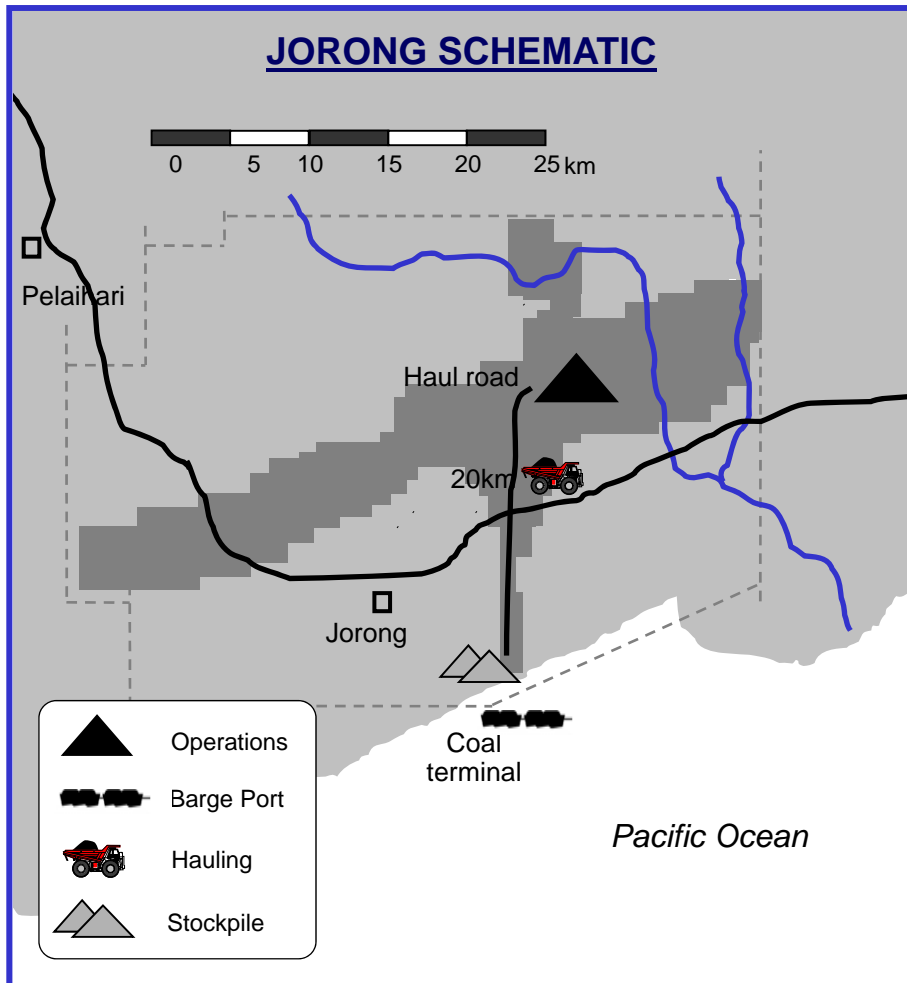
### TD.MAYANG PRODUCTION ANALYSIS



### MAJOR QUARTERLY UPDATES

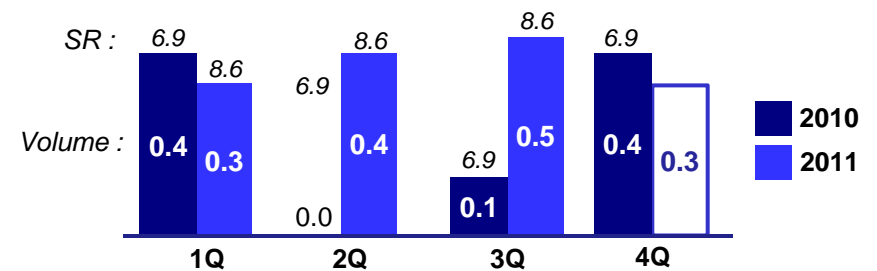
- Kitadin Embalut:
  - 3Q11 production achieved higher than plan supported by additional equipment from 2 mining contractors
  - Change in mining sequence in 4Q11 may lead to higher strip ratio
- Kitadin Tandung Mayang:
  - Already have production from its own area since 3Q11 and expect 0.5mt production for 2011
  - Currently also works as mining contractor at Indominco area

# Jorong



### JORONG PRODUCTION ANALYSIS

9M11 output: 1.2mt; FY11 target: 1.4mt



### MAJOR QUARTERLY UPDATES

- 3Q11 production was higher than plan due to better weather condition and good contractor performance
- Maintained production level of around 1.0 to 1.5mt due to limited area



## **4. Commercial Review**

# Main 2011 coal market driver update

## Weather



- Indonesia season was wet during first half and drier in the second half 2011.
- Chinese winter was normal followed by water shortages. Summer was normal.
- Australian storms/floods damage is largely overcome.

## Chinese Demand



- Demand is stronger than expectations in total but unevenly distributed.
- Production increased beyond demand increase, but again levels vary by region.
- Imports weak in 1Q, recovering in 2Q, very strong in 3Q. While some uncertainty in 4Q, very strong so far.

## World Growth

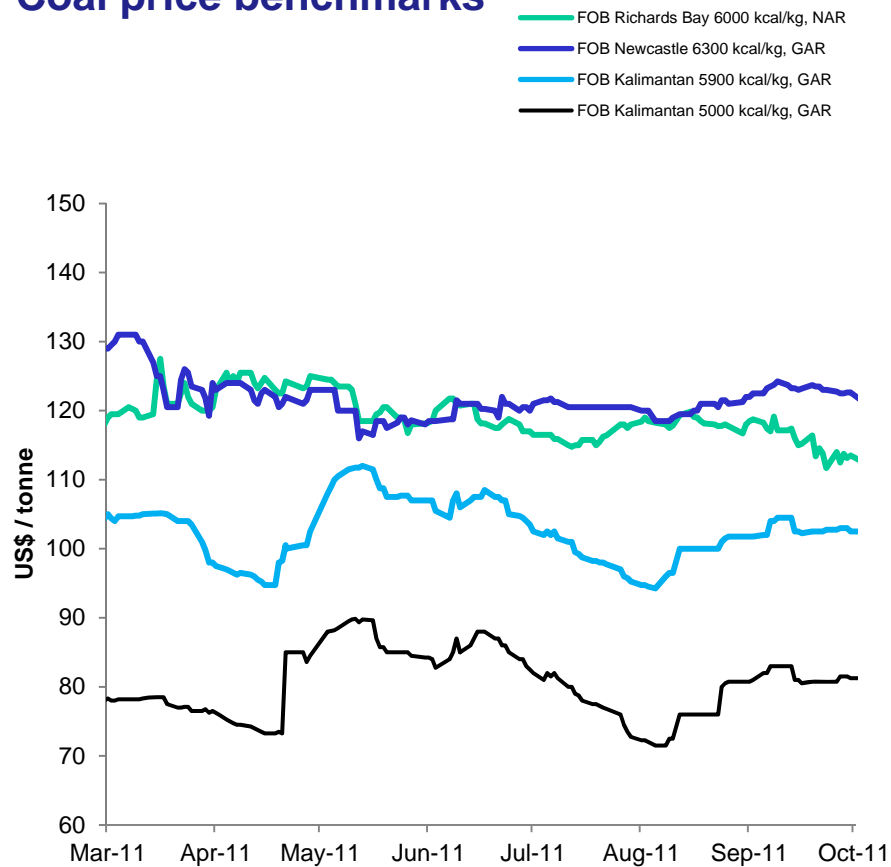


- Downward trend, but not in coal consumption.
- Uncertainty impacting forecasts due to European and USA debt concerns, Middle East/N. Africa unrest, exchange rate trends and inflation.
- 2012 world growth forecast of 2.4% (previous forecast was 3.1%). Asian growth forecast is 6.3% (previous forecast was 6.9%).

Sources: Country Forecast October 2011 from The Economist Intelligence Unit Limited 2011

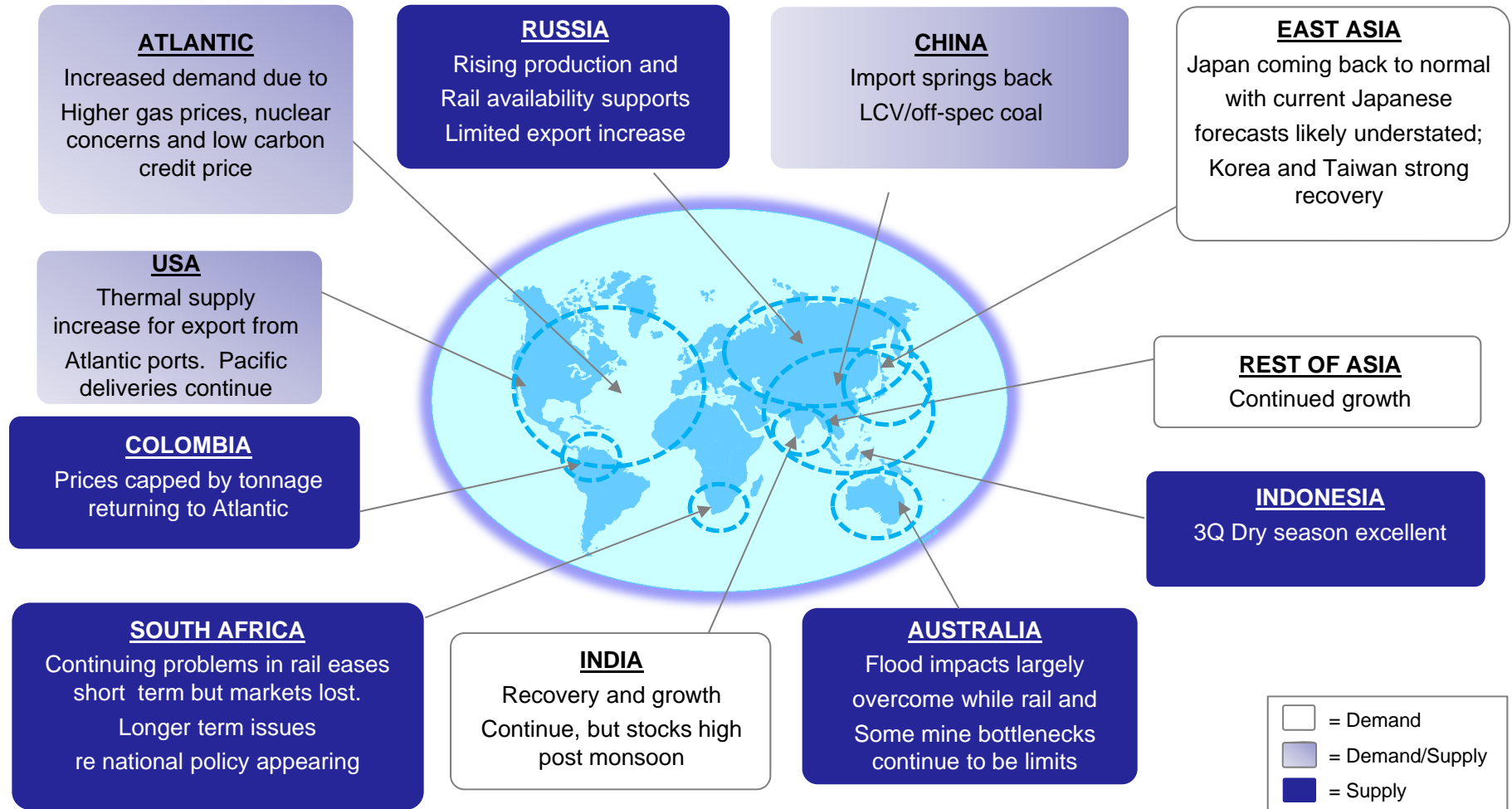
# Thermal Coal Benchmark Prices

## Coal price benchmarks

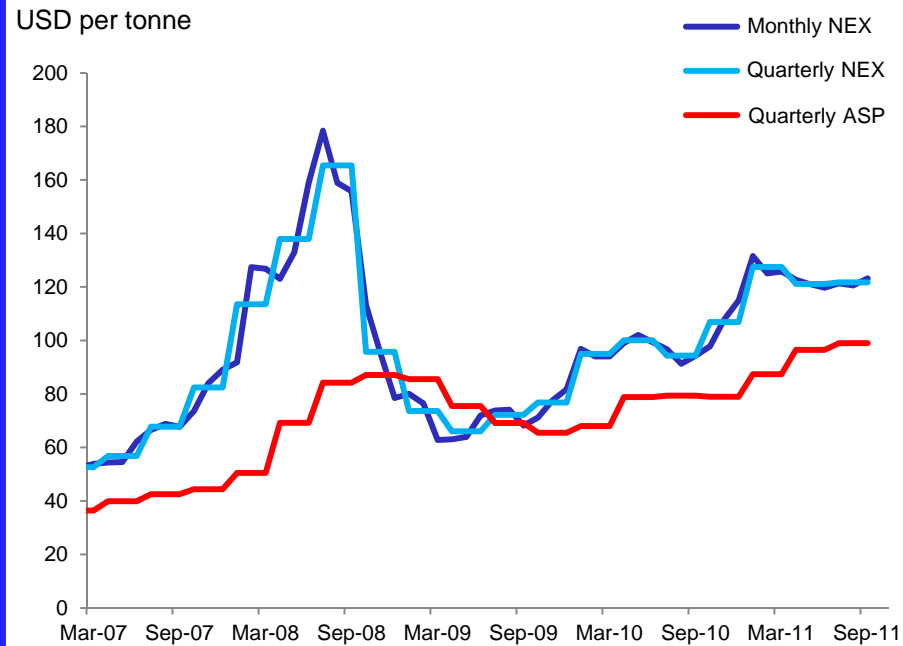


- Indonesia benchmarks start to decline particularly in 4Q11 due to increases in Indonesian production.
- Australian benchmark pricing held up by steady growth, currency and financial movements affecting paper prices. Also some excess tonnages avoided capture in index figures.
- South African declines with above plan railings, and short term port stocks in India reducing market options.
- European pricing supported by higher cost of competing fuels, such as gas and declining carbon credit price.

# Thermal coal market analysis – 3Q 2011 update



# ITM Average Selling Prices



ASP 3Q11 \$98.4/t

ASP 9M11 \$94.6/t

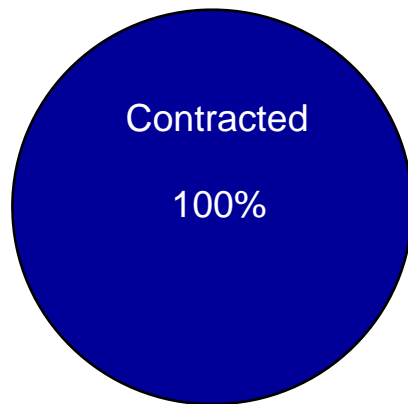
**NEX\* Nov 03, 2011**  
**\$117.60**

- Prices remained strong, weakening in 4Q11, but will not affect to our ASP. Looking beyond to 2012, price stable - a bit weak in 1Q12 and gradually increase.
- ASP gain constrained by lower quality, higher margin products in 3Q11.
- ASP lagged but catching up due to mix of term of contracts and pricing.

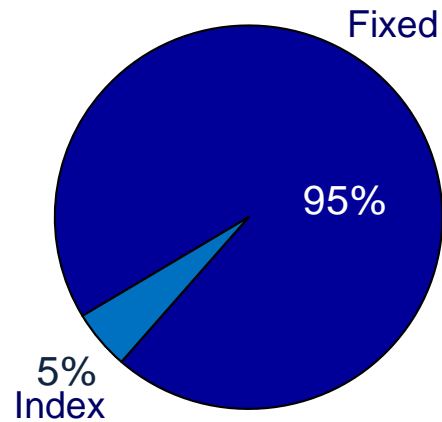
# Indicative 2011 Coal Sales

## Coal sales contract and pricing status

### Contract Status



### Price Status



**“Fully Sold”**

**TARGET SALES 2011: c.25mt**

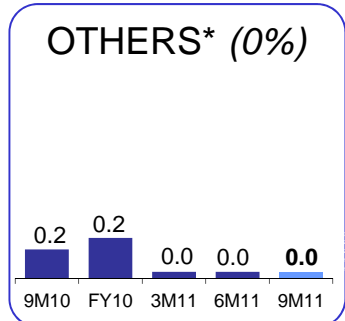
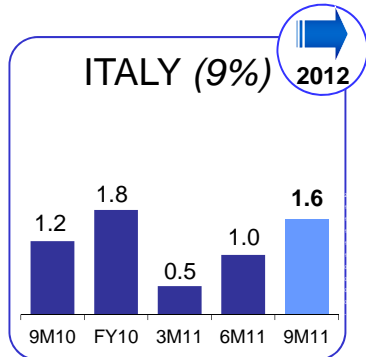
## Comment

- 2011 tonnage are fully sold
- Sales are close to 25mt
- ASP approaching US\$ 97.00
- Production recovery with logistics catching up

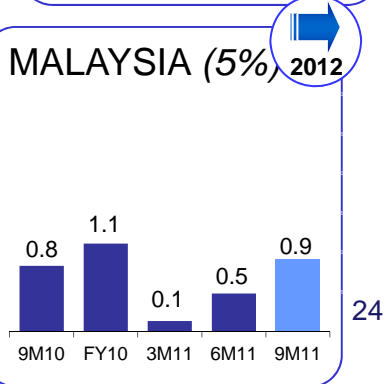
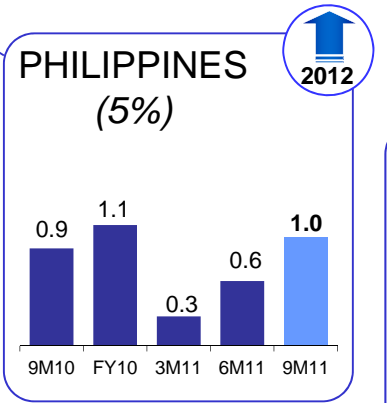
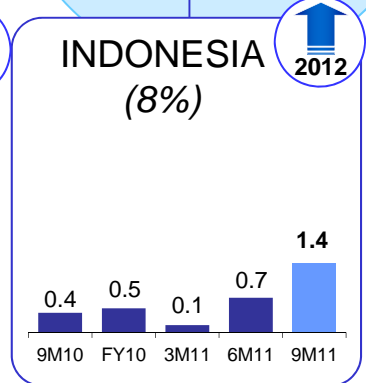
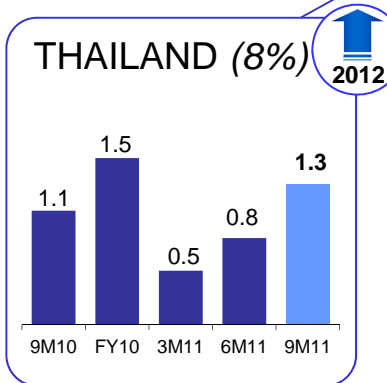
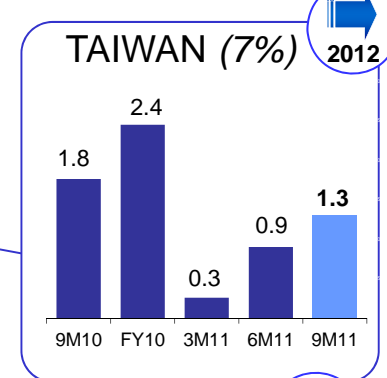
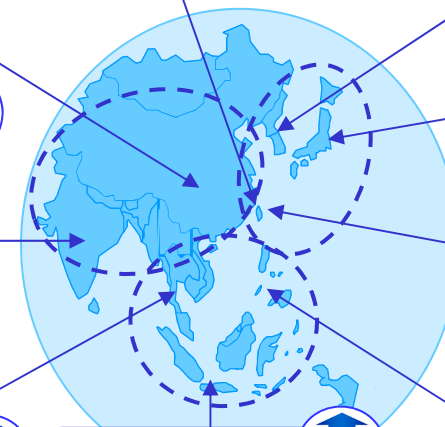
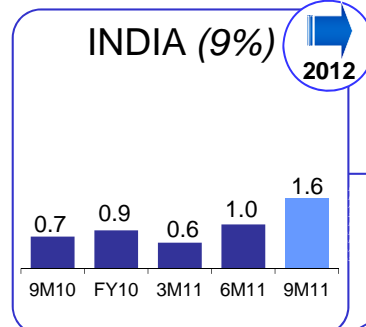
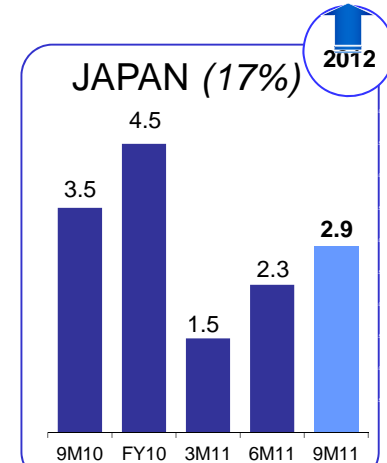
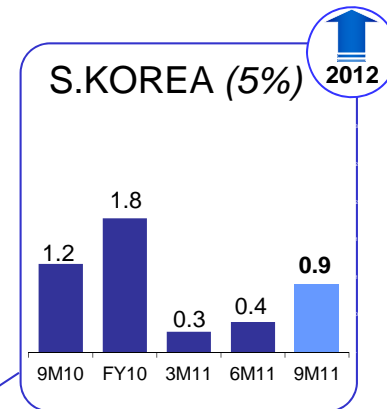
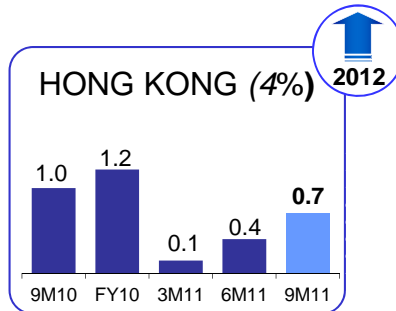
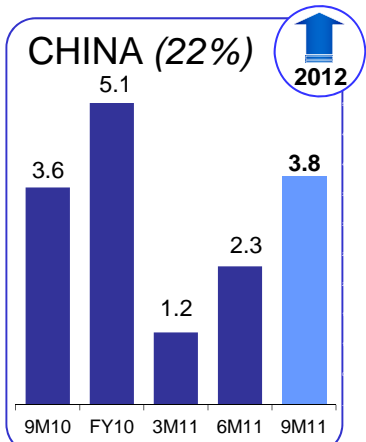


# Coal Sales by Geographic Destination and 2012 Trend

Coal sales 9M11  
(total 17.6 Mt)



\*Includes small, non-regular purchasers



 2012 trend expectation



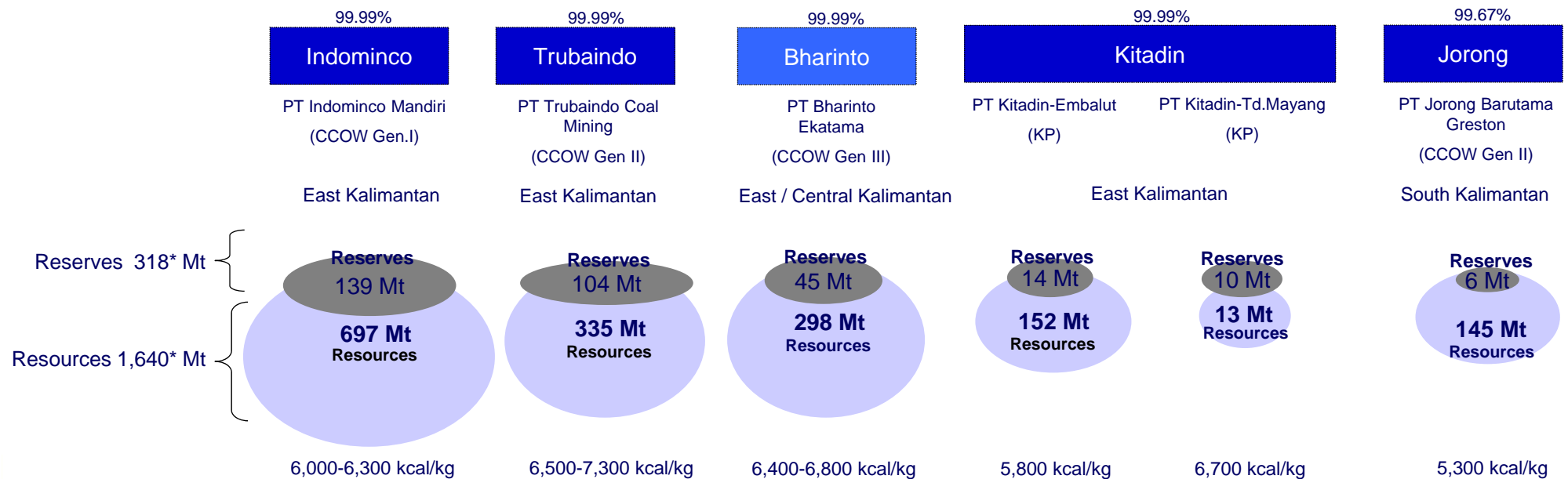
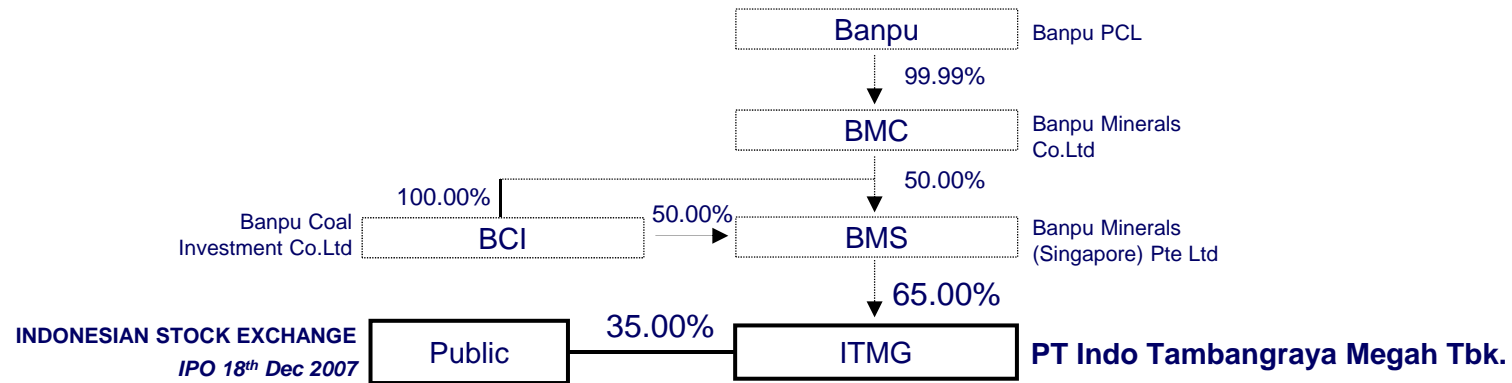
## Question & Answer





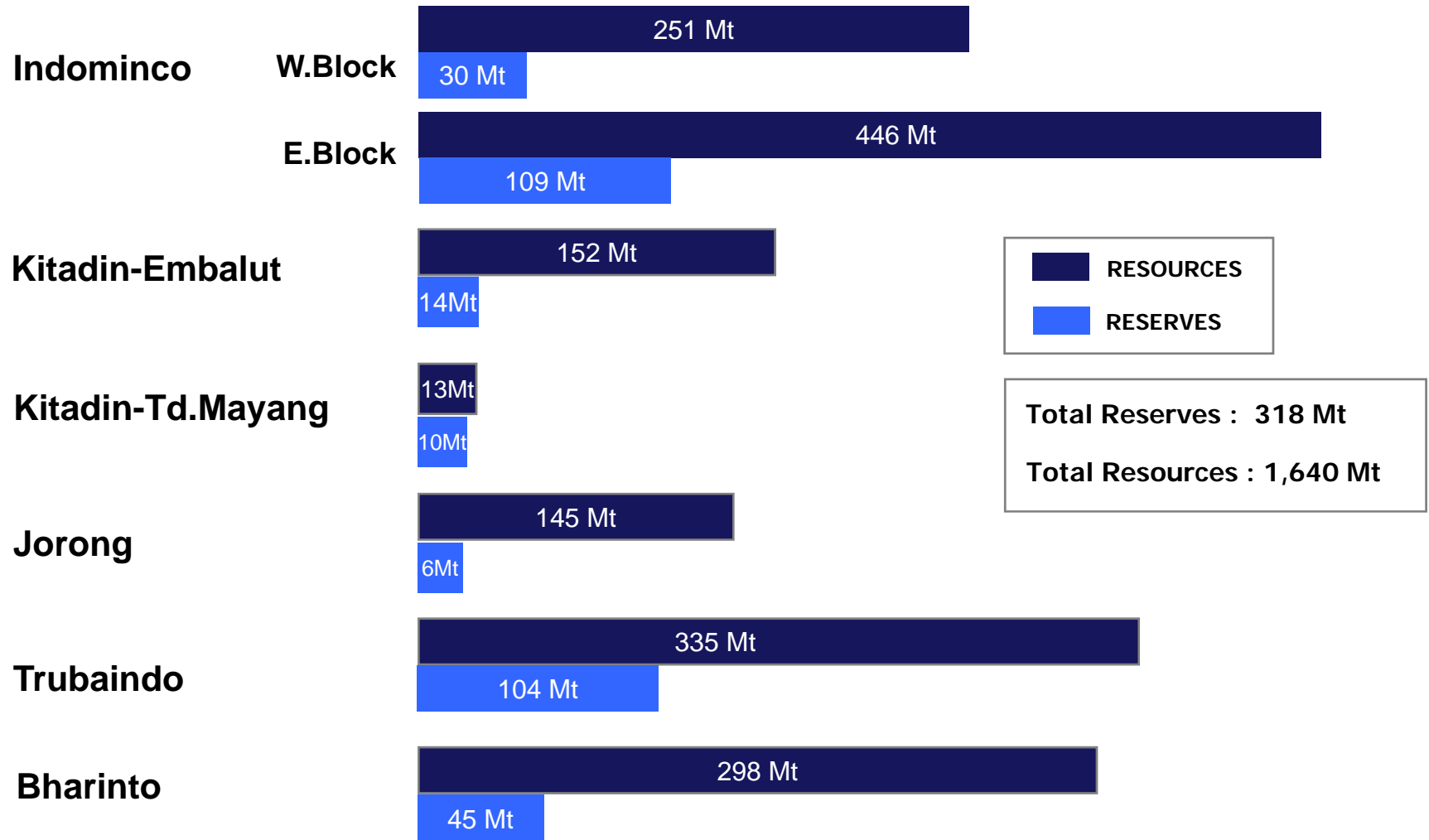
## ***Appendices***

# ITM Structure and History



Note: \* Updated Coal Resources and Reserves as of 30 Sep 2011

# Coal Resources and Reserves *(as of 30 Sep 2011)*



Note: \* Updated Coal Resources and Reserves as of 30 Sep 2011 based on estimates prepared by Competent Persons (consider suitably experienced under the JORC Code) in 31 Dec 2010 and deducted from coal sales volume in 9M11

# Income Statement

Unit: US\$ thousand	3Q11	2Q11	3Q10	QoQ%	YoY%
<b>Net Sales</b>	<b>678,440</b>	<b>501,982</b>	<b>396,715</b>	<b>35%</b>	<b>71%</b>
<b>Gross Profit</b>	<b>265,624</b>	<b>188,771</b>	<b>139,254</b>	<b>41%</b>	<b>91%</b>
<b>GPM</b>	<b>39%</b>	<b>38%</b>	<b>35%</b>		
SG&A	(46,814)	(37,905)	(40,456)		
<b>EBIT</b>	<b>218,810</b>	<b>150,866</b>	<b>98,798</b>	<b>45%</b>	<b>121%</b>
<b>EBIT Margin</b>	<b>32%</b>	<b>30%</b>	<b>25%</b>		
<b>EBITDA</b>	<b>232,773</b>	<b>164,855</b>	<b>113,037</b>	<b>41%</b>	<b>106%</b>
<b>EBITDA Margin</b>	<b>34%</b>	<b>33%</b>	<b>28%</b>		
Net Interest Income / (Expenses)	1,354	1,040	91		
FX Gain / (Loss)	(2,756)	1,430	1,565		
Derivative Gain / (Loss)	(7,698)	(4,675)	(2,424)		
Others	(1,913)	(1,966)	(27,869)		
<b>Profit Before Tax</b>	<b>207,797</b>	<b>146,695</b>	<b>70,161</b>	<b>42%</b>	<b>196%</b>
Income Tax	(51,917)	(36,591)	(18,421)		
<b>Net Income</b>	<b>155,880</b>	<b>110,104</b>	<b>51,740</b>	<b>42%</b>	<b>201%</b>
<b>Net Income Margin</b>	<b>23%</b>	<b>22%</b>	<b>13%</b>		

# Income Statement

Unit: US\$ thousand	9M11	9M10	YoY%
<b>Net Sales</b>	<b>1,648,752</b>	<b>1,204,995</b>	<b>37%</b>
<b>Gross Profit</b>	<b>606,472</b>	<b>409,610</b>	<b>48%</b>
<b>GPM</b>	<b>37%</b>	<b>34%</b>	
SG&A	(119,365)	(111,251)	
<b>EBIT</b>	<b>487,107</b>	<b>298,359</b>	<b>63%</b>
<b>EBIT Margin</b>	<b>30%</b>	<b>25%</b>	
<b>EBITDA</b>	<b>529,381</b>	<b>339,217</b>	<b>56%</b>
<b>EBITDA Margin</b>	<b>32%</b>	<b>28%</b>	
Net Interest Income / (Expenses)	2,649	922	
FX Gain / (Loss)	1,861	4,514	
Derivative Gain / (Loss)	(2,876)	(15,788)	
Others	(7,258)	(34,786)	
<b>Profit Before Tax</b>	<b>481,483</b>	<b>253,221</b>	<b>90%</b>
Income Tax	(120,273)	(67,357)	
<b>Net Income</b>	<b>361,210</b>	<b>185,864</b>	<b>94%</b>
<b>Net Income Margin</b>	<b>22%</b>	<b>15%</b>	