



Analyst Briefing

1Q14 performance results

13 May 2014



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- 1 Introduction
 - 2 Operational review
 - 3 Commercial review
 - 4 Financial review
- Appendices

1. Introduction



Highlights of 1Q14 results

Coal Sales: 7.1 Mt



Down 0.6 Mt
-7% Q-Q



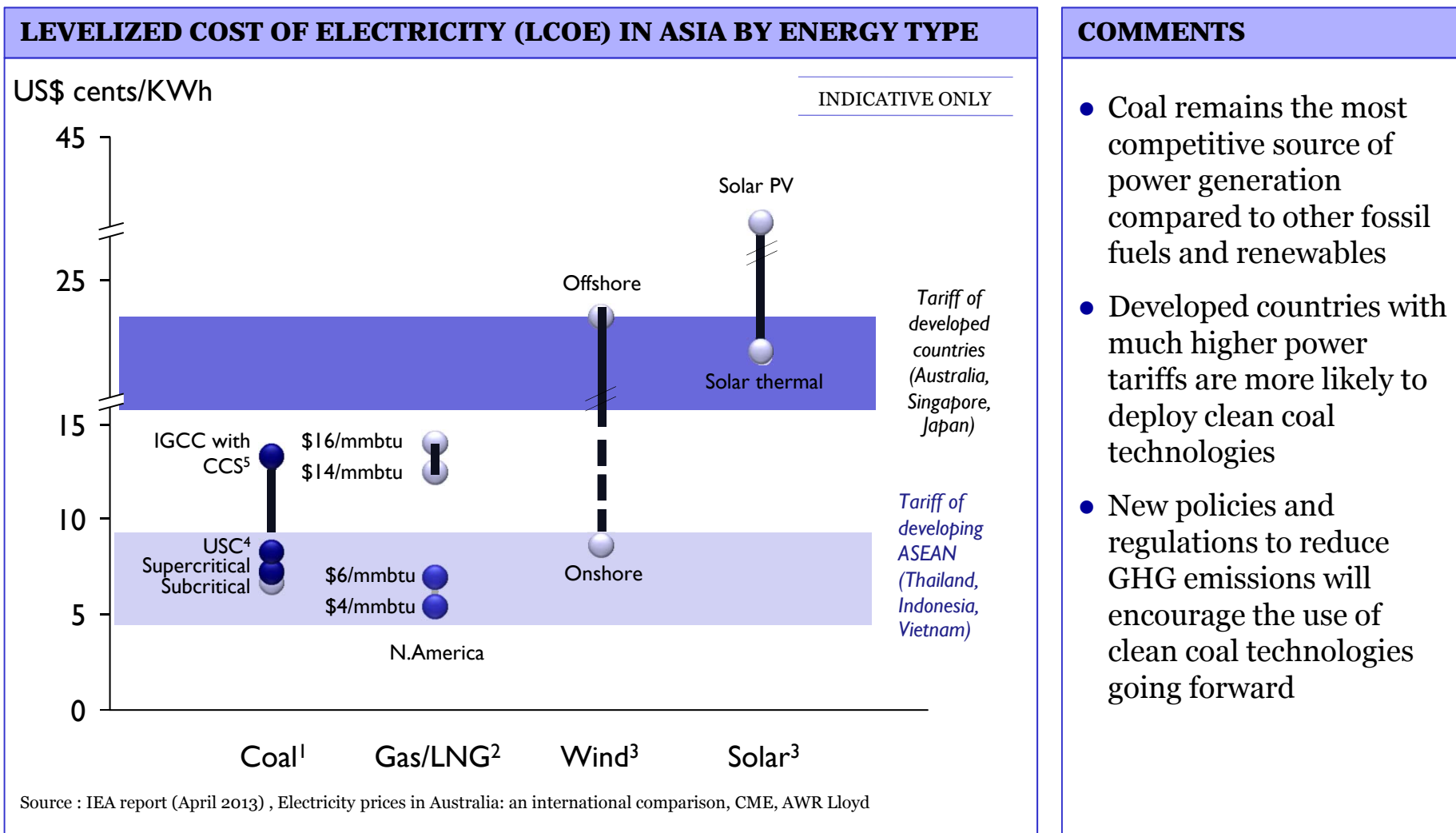
Flat
y-y

Unit: USD Million

	<u>1Q14</u>	<u>4Q13*</u>	<u>1Q13*</u>	<u>Q-Q</u>	<u>y-y</u>
Total Revenue	504	546	563	-8%	-11%
Gross Profit Margin	26%	24%	20%	+2%	+6%
EBIT	87	86	68	+1%	+27%
Net Income	96	49	56	+95%	+73%
ASP (USD/ton)	\$70.9	\$71.0	\$79.9	0%	-11%

**) Restated due to ISAK 29*

Competitiveness of coal fired power in Asia



¹ Assume FOB coal price at US\$95/t

² LNG price in Asian market is US\$14-16/mmbtu, LNG price in N.America is at US\$4-6/mmbtu.

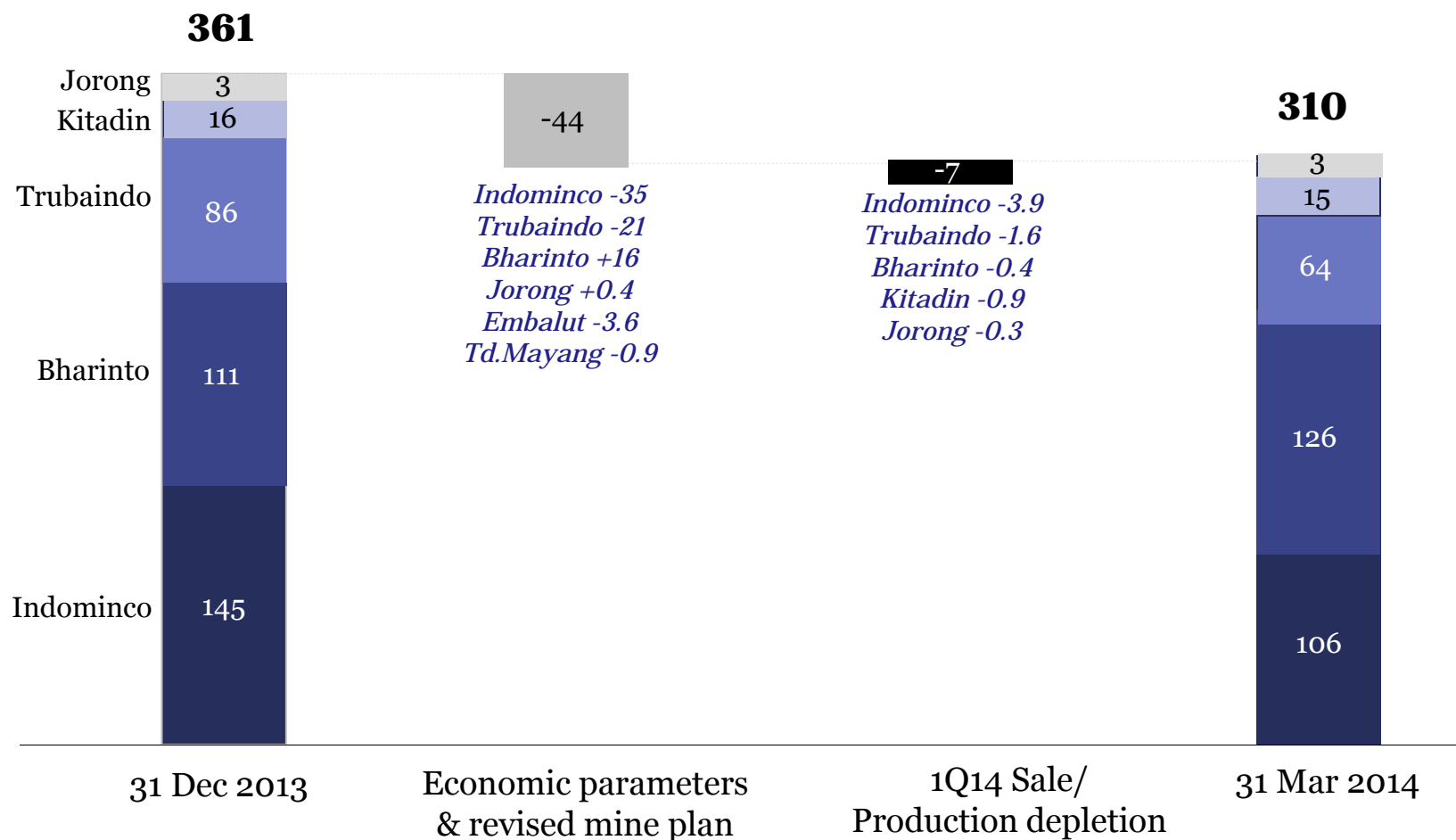
³ Wind and solar power are situational dependent which could result in higher costs than estimated

⁴ USC stands for ultra- supercritical

⁵ IGCC with CCS stands for integrated gasification combined cycle ('IGCC') with carbon capture and storage ('CCS')

ITM reserves 2013 and 1Q14

Units: Million tons



Note: Updated Coal Resources and Reserves as of 31 Mar 2014 based on estimates prepared by Competent Persons (consider suitably experienced under the JORC Code) in 31 Dec 2013 and deducted from coal sales volume in 1Q14.

Highlights of 1Q14



Fortune Indonesia magazine awarded ITMG as “One of Indonesian Most Admired Companies 2014.” ITMG is ranked second in mining sector amongst its peers. Being put across sectors, the company is still within the club of 50.



ITMG received “The Top 50 Good Governance Company” based on ASEAN CG Scorecard from the Indonesian Institute for Corporate Directorship (IICD).



The Annual General Meeting Shareholders that was held on 2nd April 2014 has approved to distribute USD 96,349,000 as cash dividend to shareholders or equivalent to Rp 975 per share.

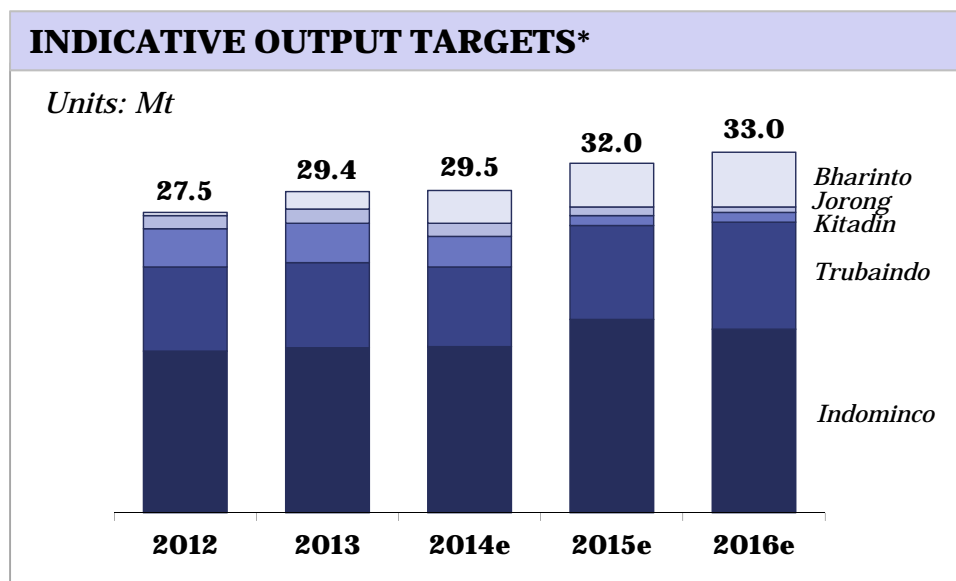
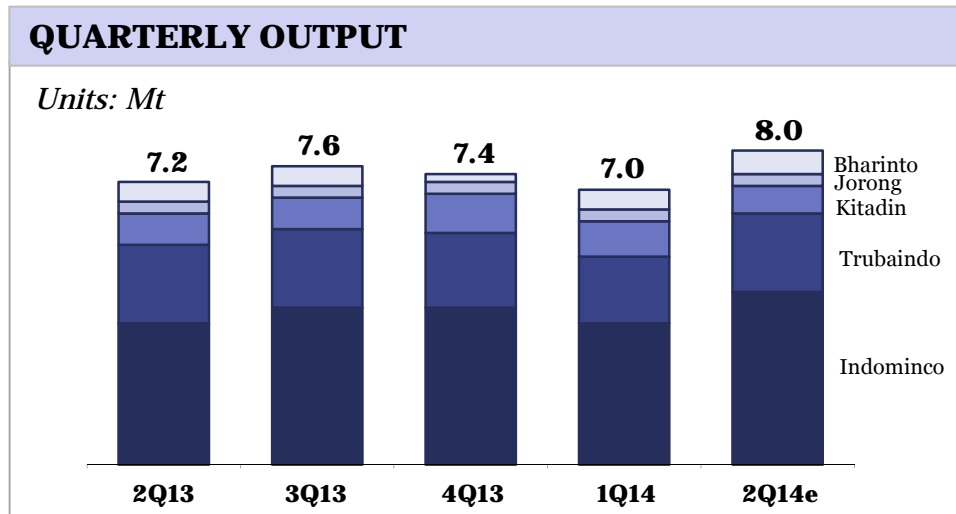
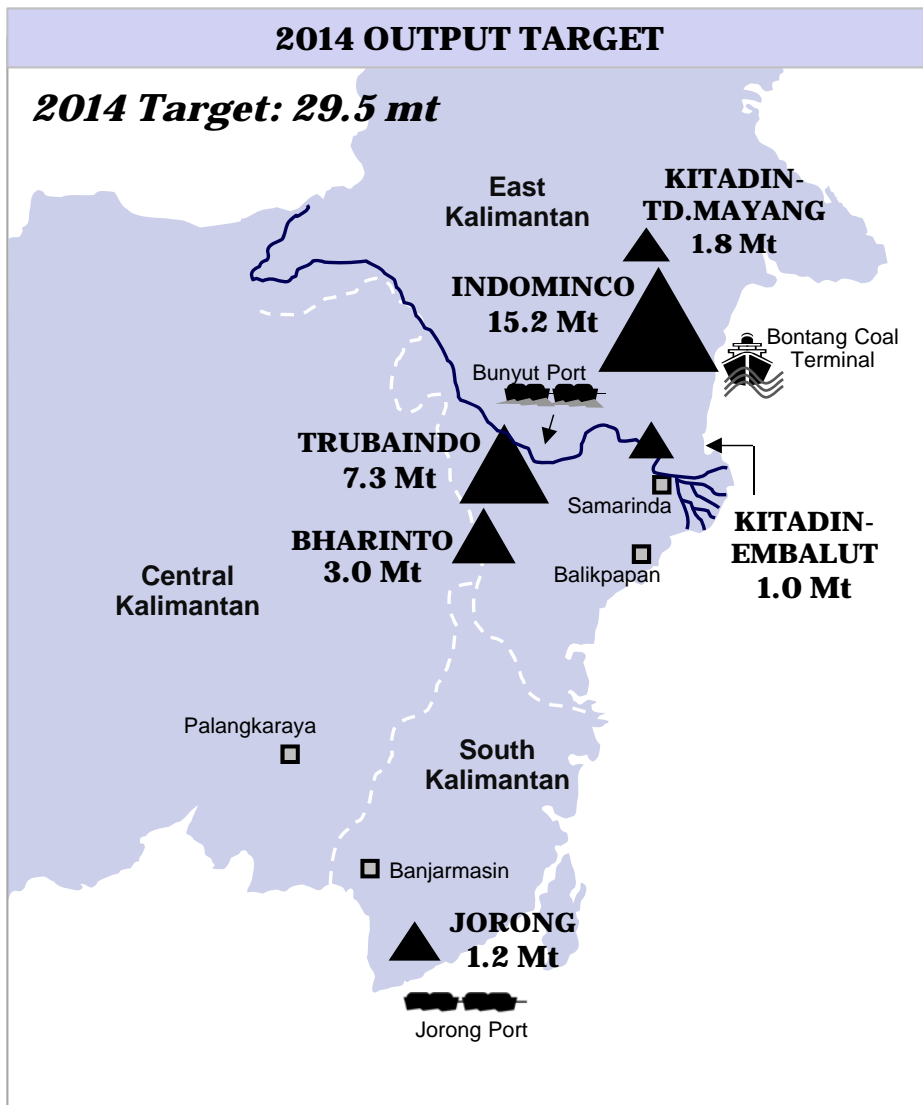
The dividend represent 90% of the total net income of 2H 2013.



ITM updated Coal Resources and Reserves as of 31 Dec 2013 based on estimates prepared by Competent Persons (consider suitably experienced under the JORC Code).

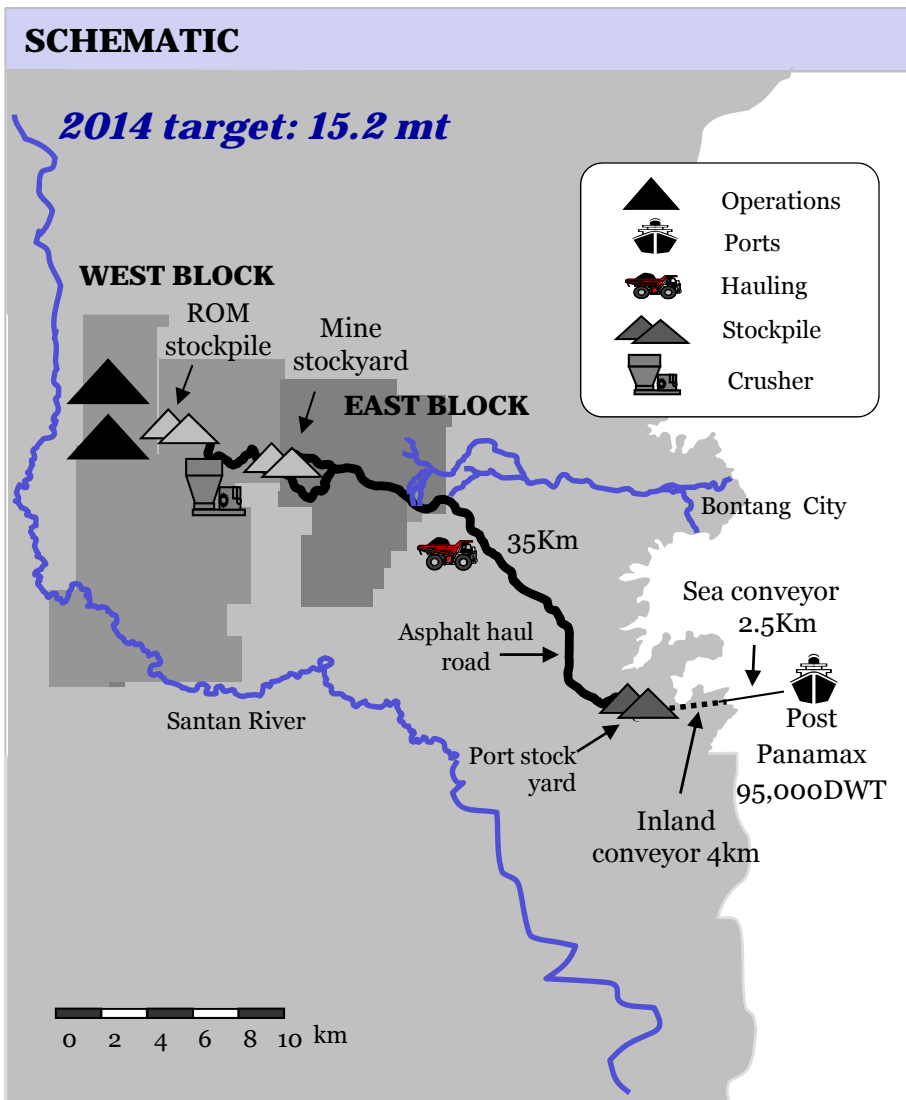
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2014 operation summary



* Not including inorganic growth.
 Note: These output targets are indicative only and are subject to change

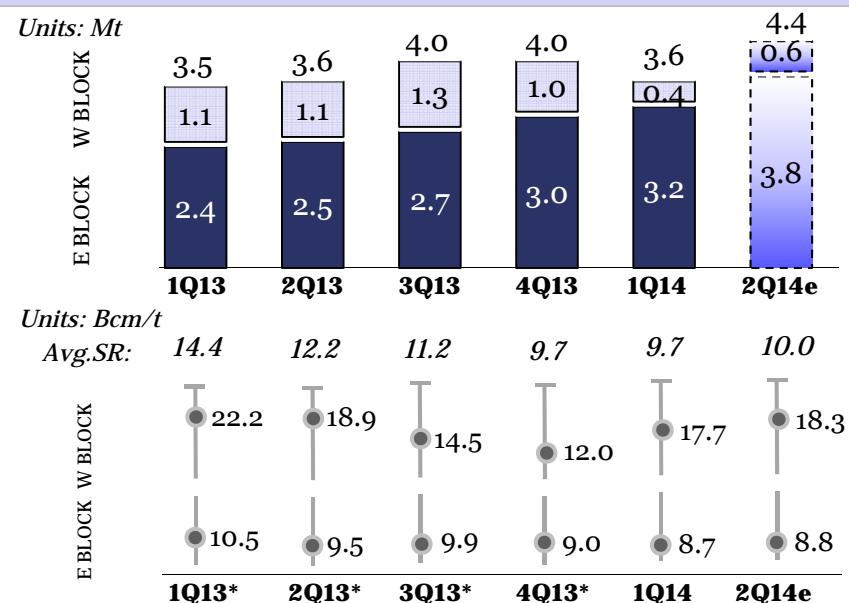
Indominco Mandiri



QUARTERLY UPDATES

- 1Q14 production slightly lower than target due to unfavorable weather condition.
- *IPCC project*: Test run already running smoothly and already handover from project team to operation team. Currently, in process of getting ESDM certification.
- *Coal transport*: Project study and bi-fuel trial test already conducted successfully. In process of monitoring the efficiency.

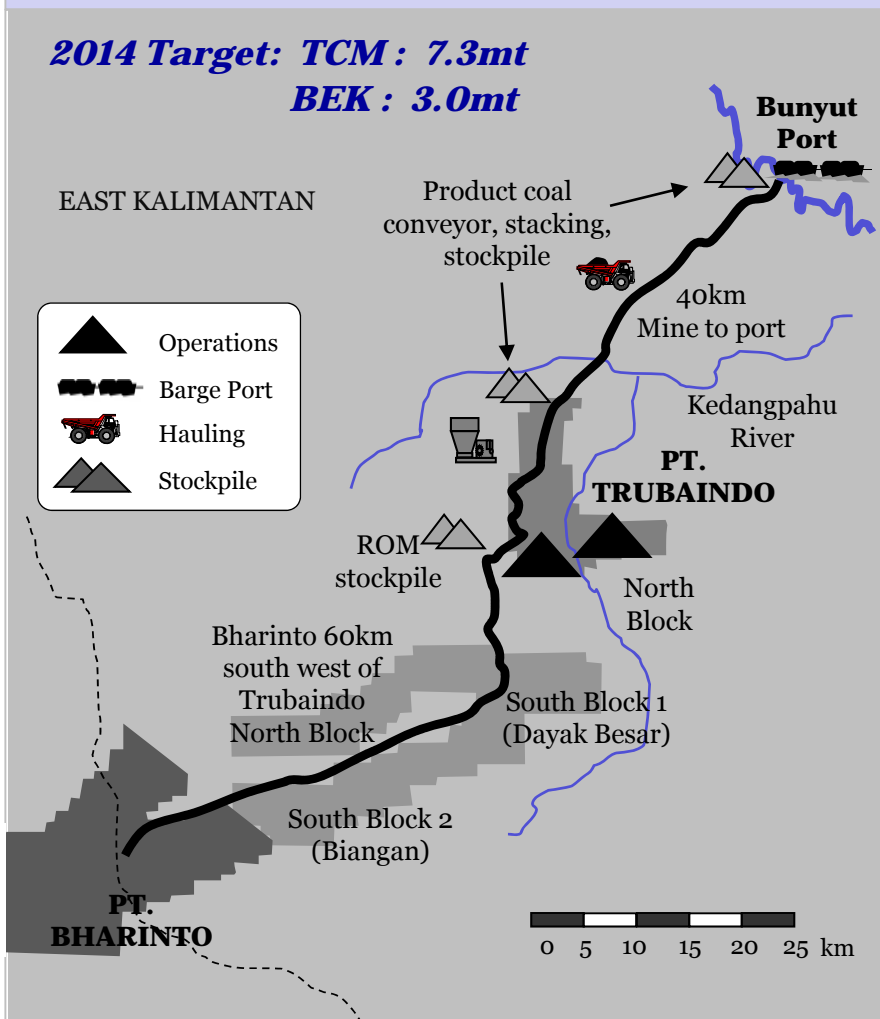
QUARTERLY OUTPUT



*) Restated due to ISAK 29 **) SR FY13 IMM: 11.8, WB: 16.9, EB: 9.7

Trubaindo and Bharinto

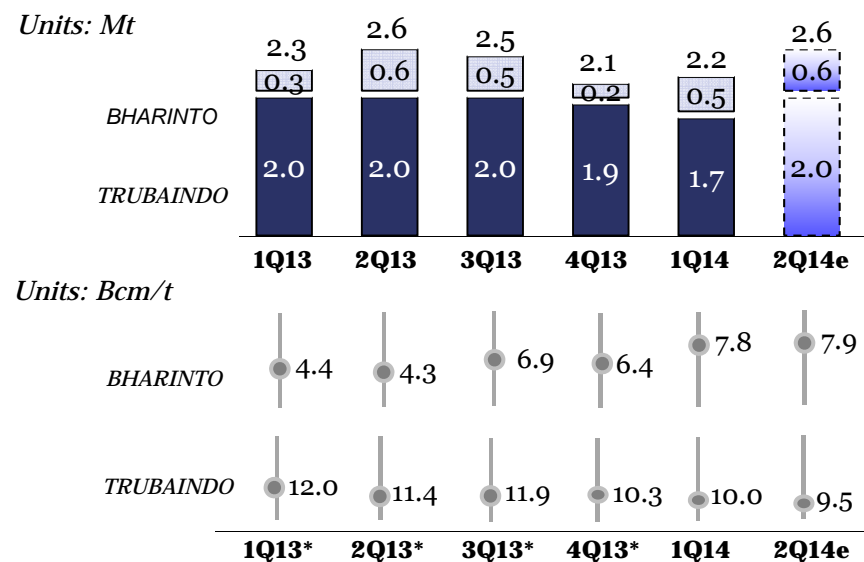
SCHEMATIC



QUARTERLY UPDATES

- Trubaindo:
 - 1Q14 production achieved as planned despite slightly higher rainfall.
 - *Bunyut port expansion:* Preliminary works for the crusher already started and feasibility study for barge loader upgrade already completed
- Bharinto:
 - 1Q14 production achieved as according to plan.

QUARTERLY OUTPUT



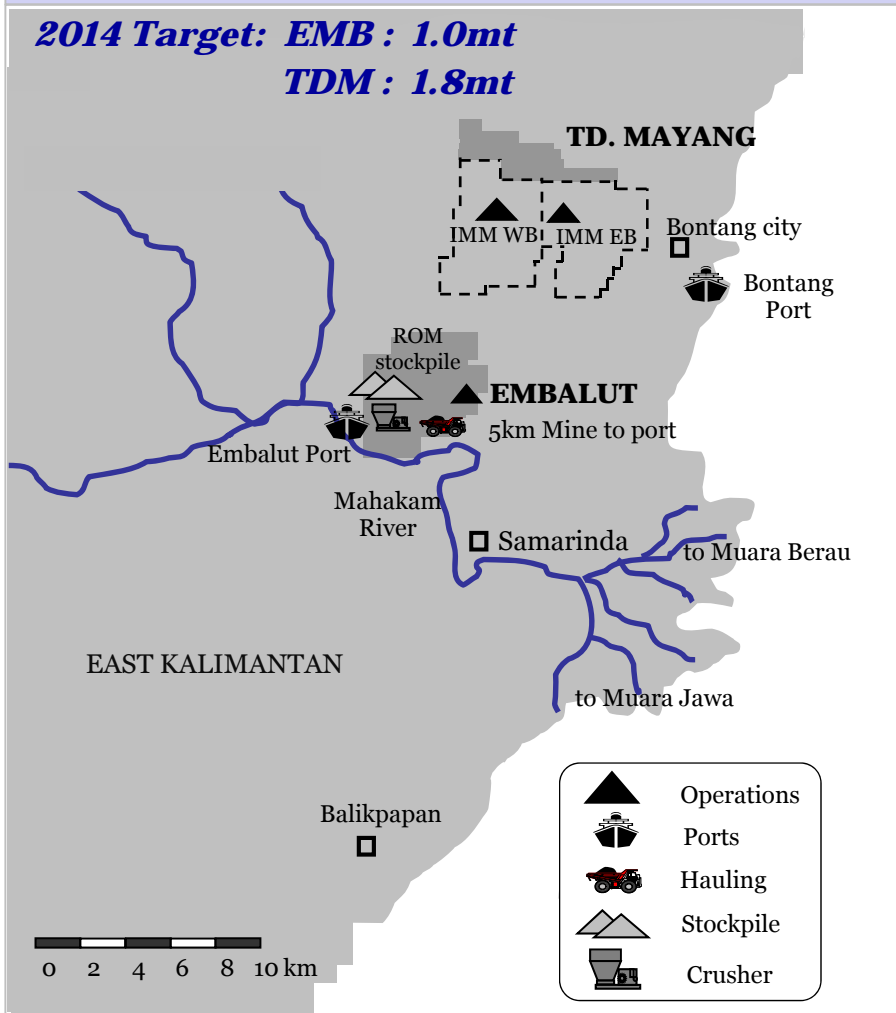
*) Restated due to ISAK 29

**) SR FY13 TCM: 11.4, BEK: 5.2

Kitadin Embalut and Tandung Mayang

SCHEMATIC

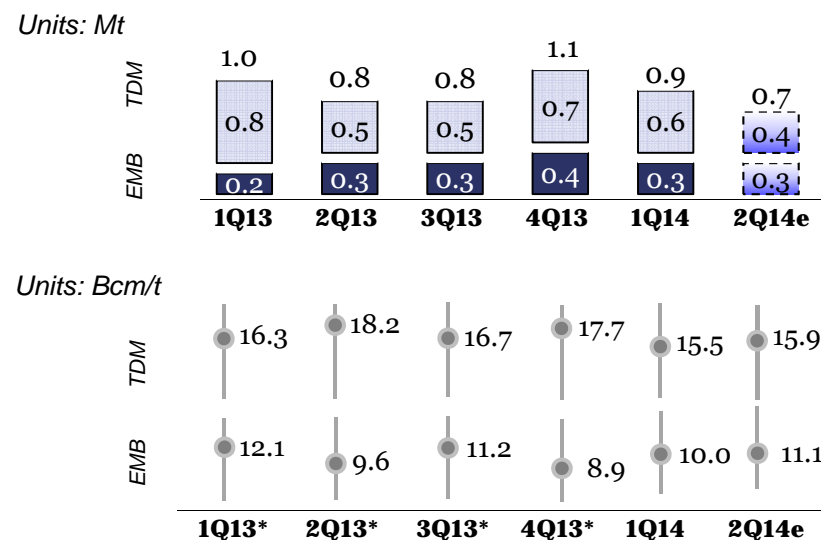
**2014 Target: EMB : 1.0mt
TDM : 1.8mt**



QUARTERLY UPDATES

- Kitadin Embalut:
 - 1Q14 production achieved as according to plan.
- Kitadin Tandung Mayang:
 - 1Q14 production was slightly higher than plan.
 - Starting 2014, TDM will work at its own concession area only and some of TDM's fleets are transferred to PT. TRUST for the mining contractor business.

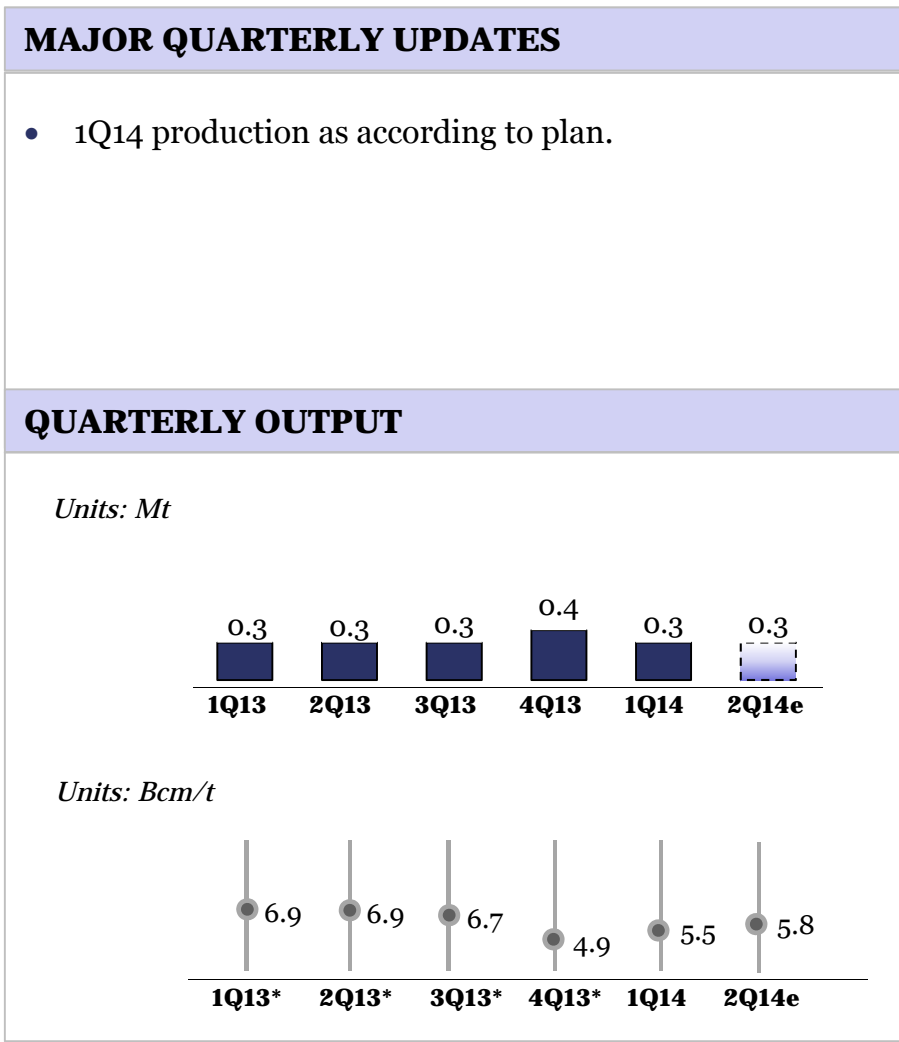
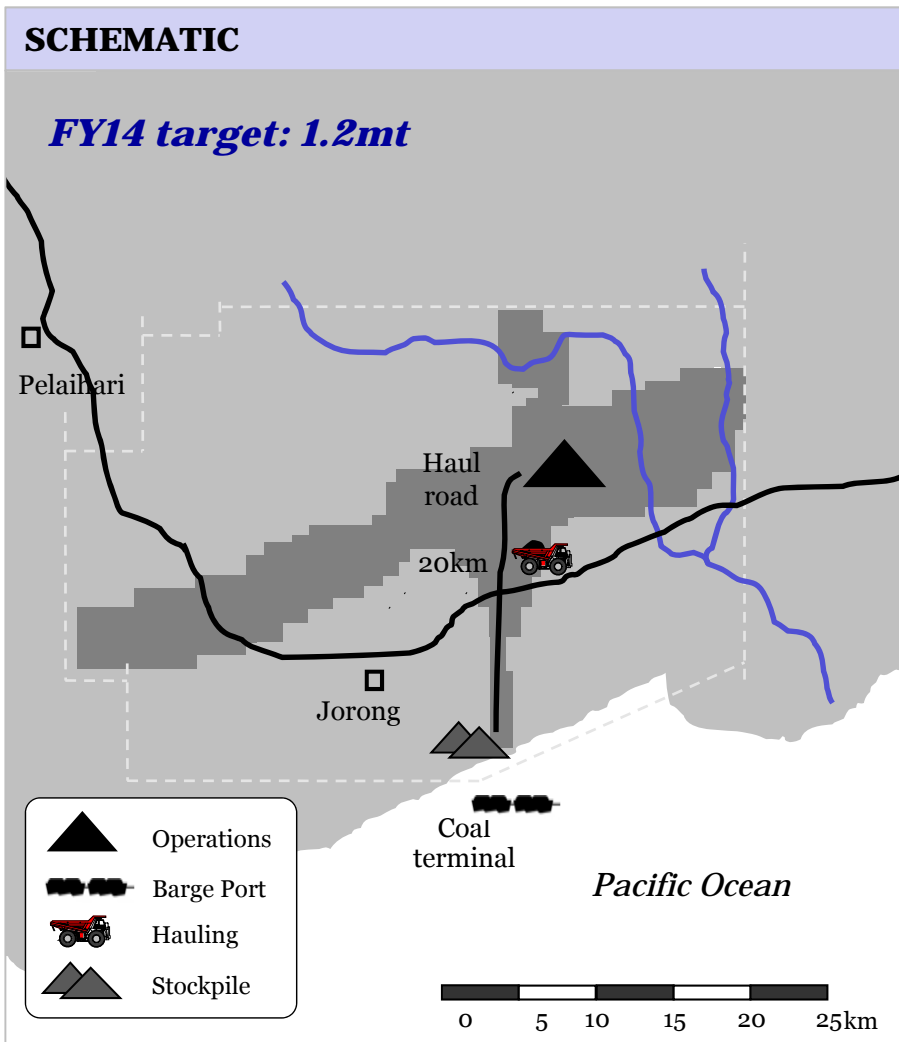
QUARTERLY OUTPUT



*) Restated due to ISAK 29

**) SR FY13 EMB: 10.2, TDM: 17.1

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New emerging thermal trends for 2014

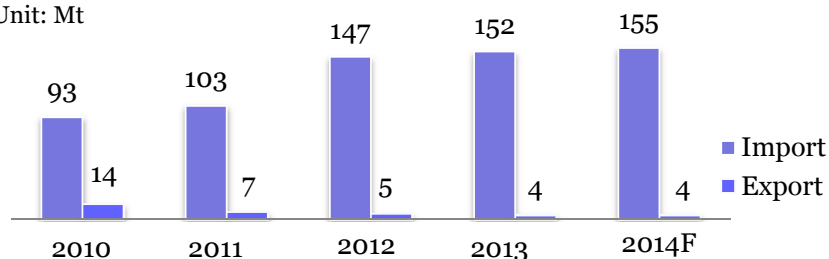
SUPPLY TRENDS		DEMAND TRENDS	
USA	Continue retracting to domestic and HS bigger share of export	Europe	Continue power plant retirement, strong clean-dark spreads keep coal burn high, Russia-Ukraine tension increase energy prices
Colombia	Drummond resumes coal export in Q2, political, social/environmental issues continue	China	Slower demand growth, political / environmental issues, low quality coal import constraints, high competition from domestic suppliers, increase rail tariff.
South Africa	Higher rail efficiency Continuing political, social issues. Expand or not debatable	India	High electricity demand growth, insufficient domestic coal supply, focus LCV
Indonesia	Debating policies: export level, price levels, tax levels, DMO, losing market share for LCV, offshore loading, trading oversight Considerable expansion (more LCV / less HCV)	Other North Asia	Continue nuclear stoppage in Japan, increase coal tax rate in Japan, new coal tax in South Korea, coal still competitive in all north Asian countries
Australia	Encouraged by exchange rate Discouraged by prices and challenges for higher ash Considerable expansion	Others	Other Asian and South Americas drive demand growth

China and India thermal coal market review

CHINA

CHINA THERMAL COAL IMPORTS/EXPORTS*

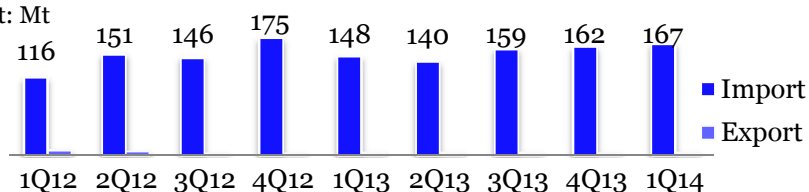
Unit: Mt



Sources: China Coal Report Jan 2014, Banpu MS&L Estimates

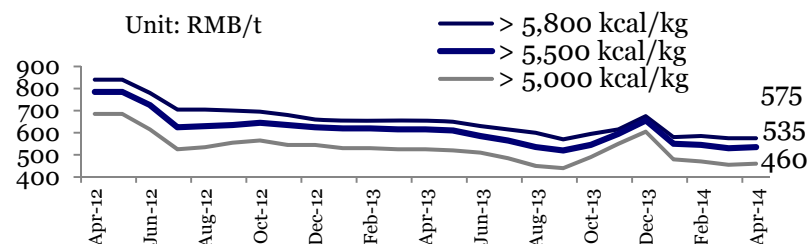
CHINA ANNUALIZED ACTUAL IMPORT 1Q12-4Q13&1Q14

Unit: Mt



CHINA DOMESTIC COAL PRICES

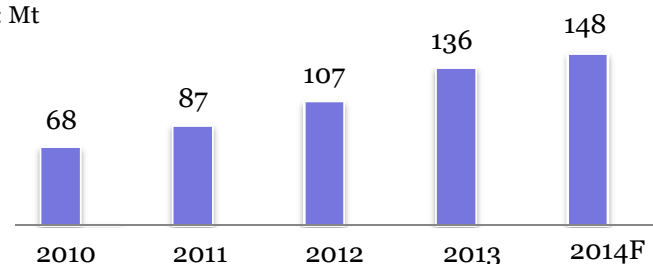
Unit: RMB/t



INDIA

INDIA THERMAL COAL IMPORTS**

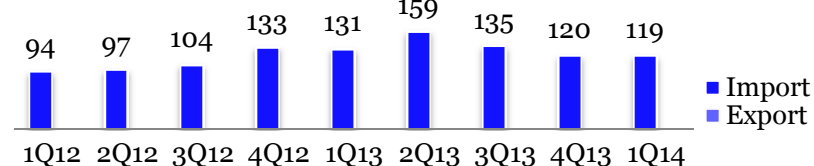
Unit: Mt



Sources: Salva Report India, Banpu MS&L Estimates

INDIA ANNUALIZED ACTUAL IMPORT 1Q12-4Q13&1Q14

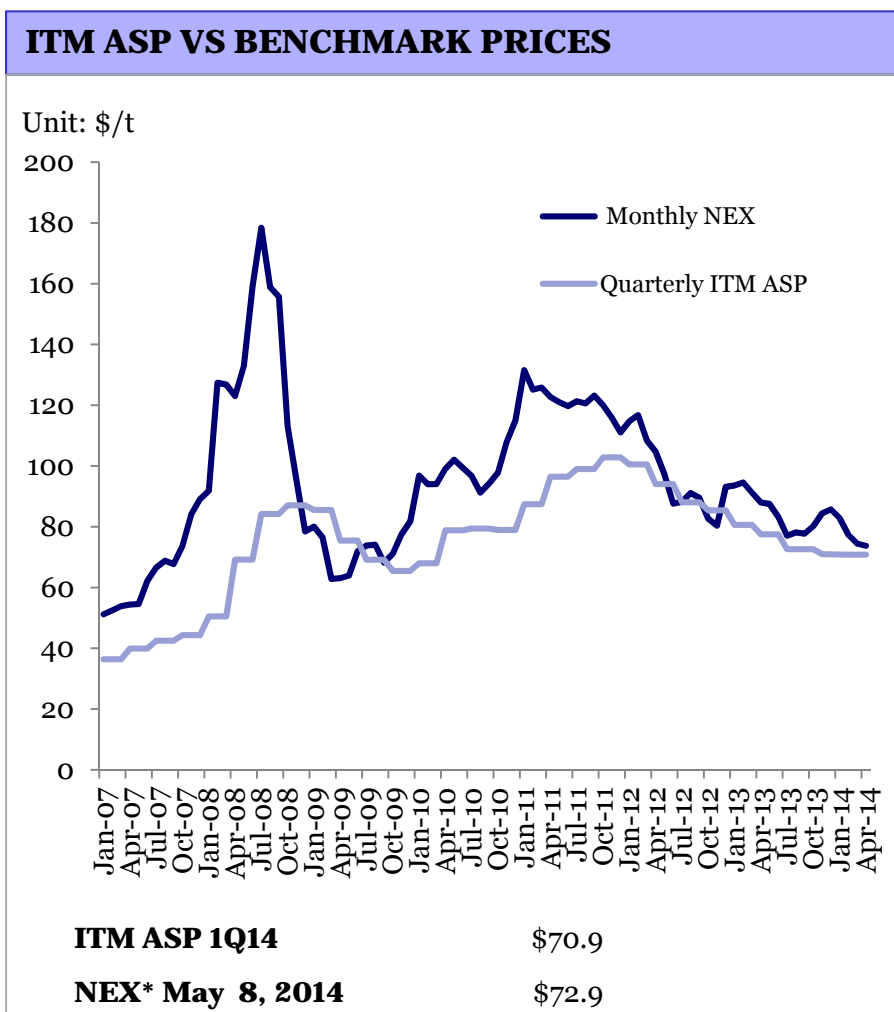
Unit: Mt



INDIA FOCUS COMMENTS

- Electricity demand continues to grow
- Coal remains the base-load for power generation
- Insufficient domestic coal supply
- Depreciation of Rupee impact coal import
- Potential positive central government policy changes

ASP vs thermal coal benchmark prices

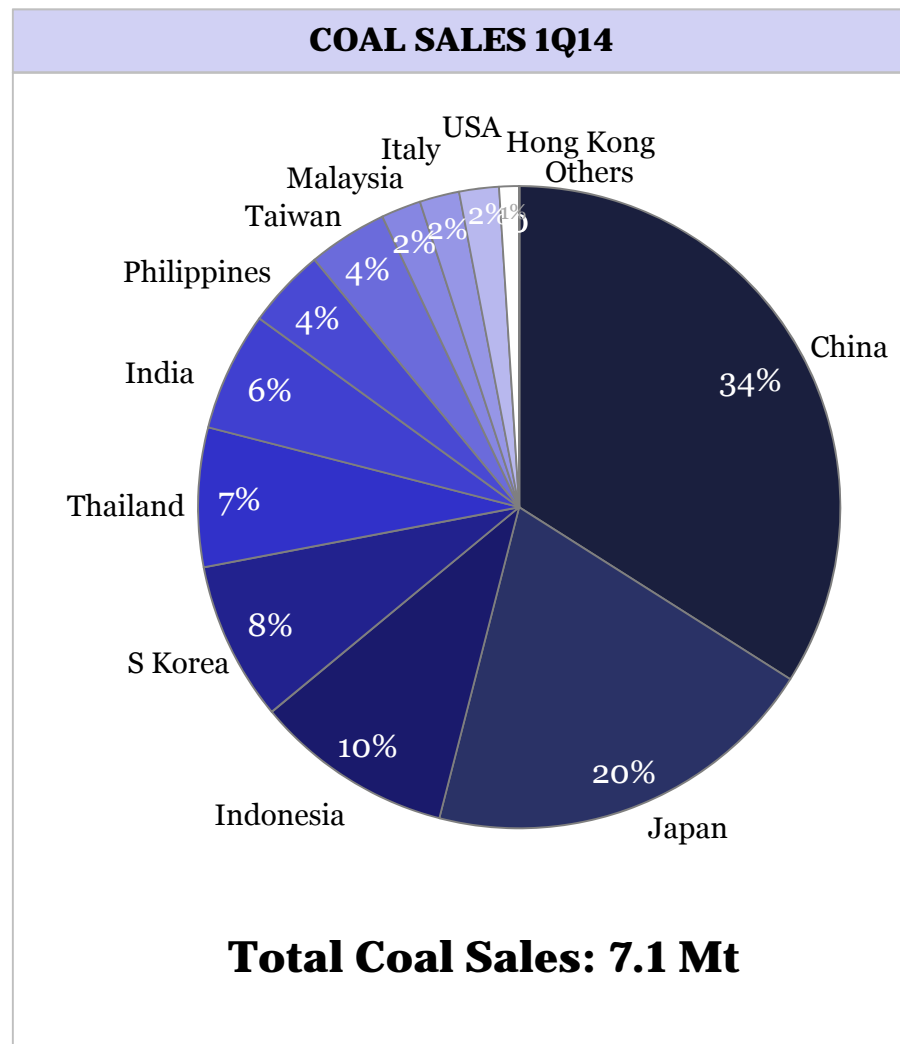
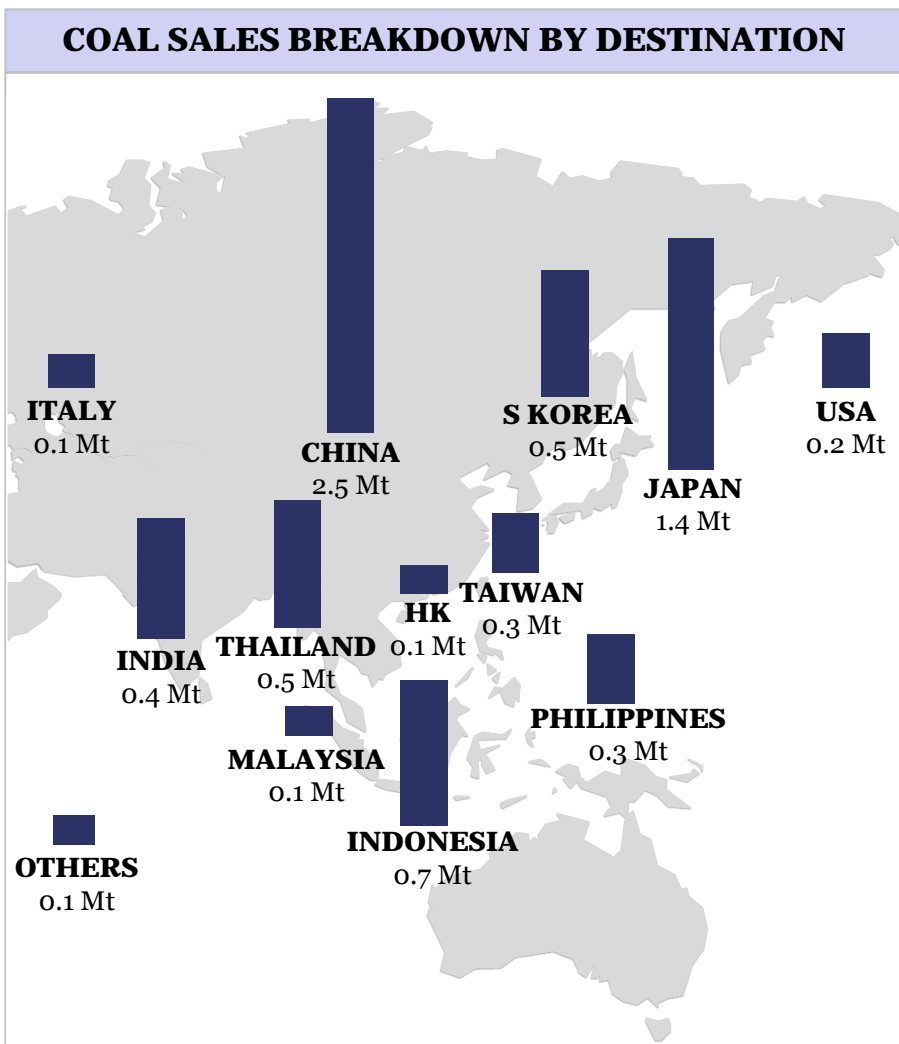


COMMENTS

- Marginal decline in ASP due to combination of continued market easing with product mixes and target market constraining the impact
- Overall tonnages remain high for shipment, protecting revenue

* The Newcastle Export Index (previously known as the Barlow Jonker Index – BJI)

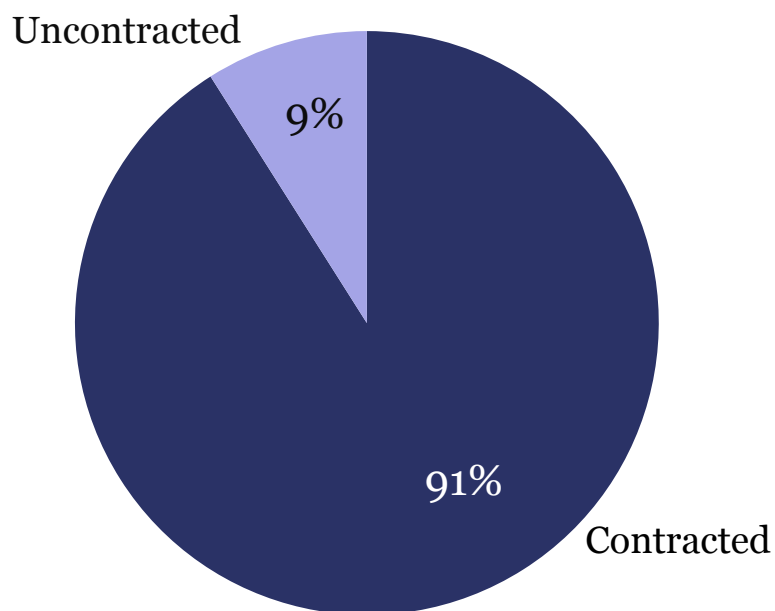
ITM coal sales 1Q14



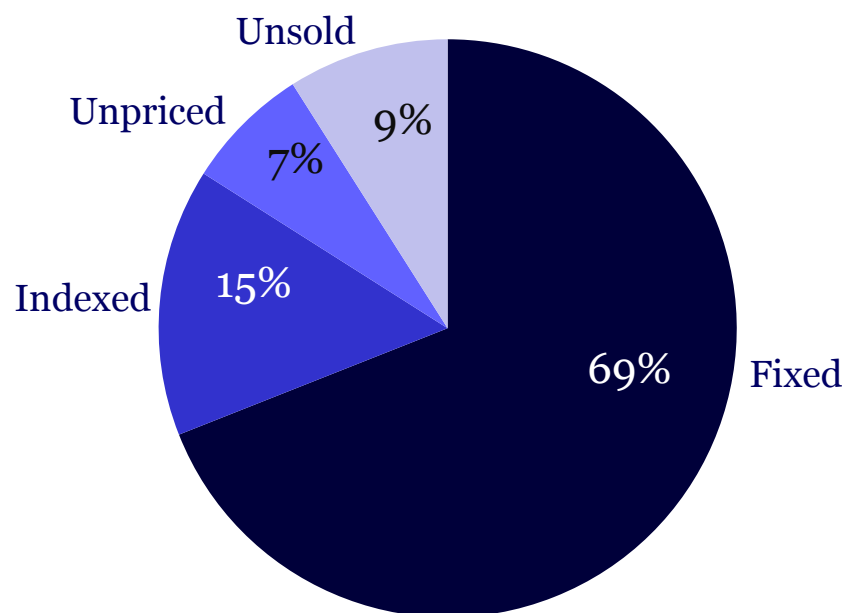
Indicative coal sales 2014

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



Price Status

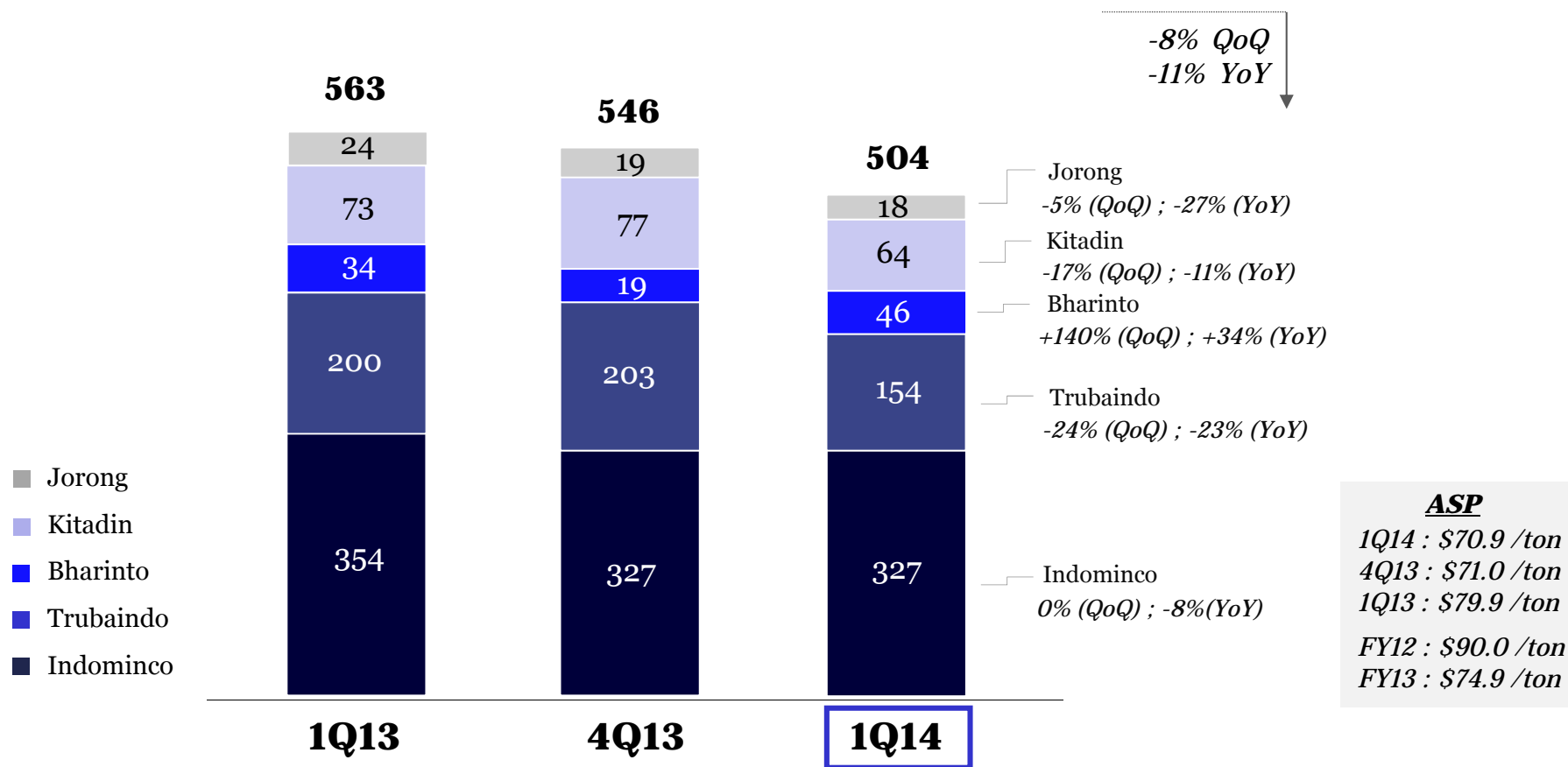


TARGET SALES 2014: 29.7 Mt

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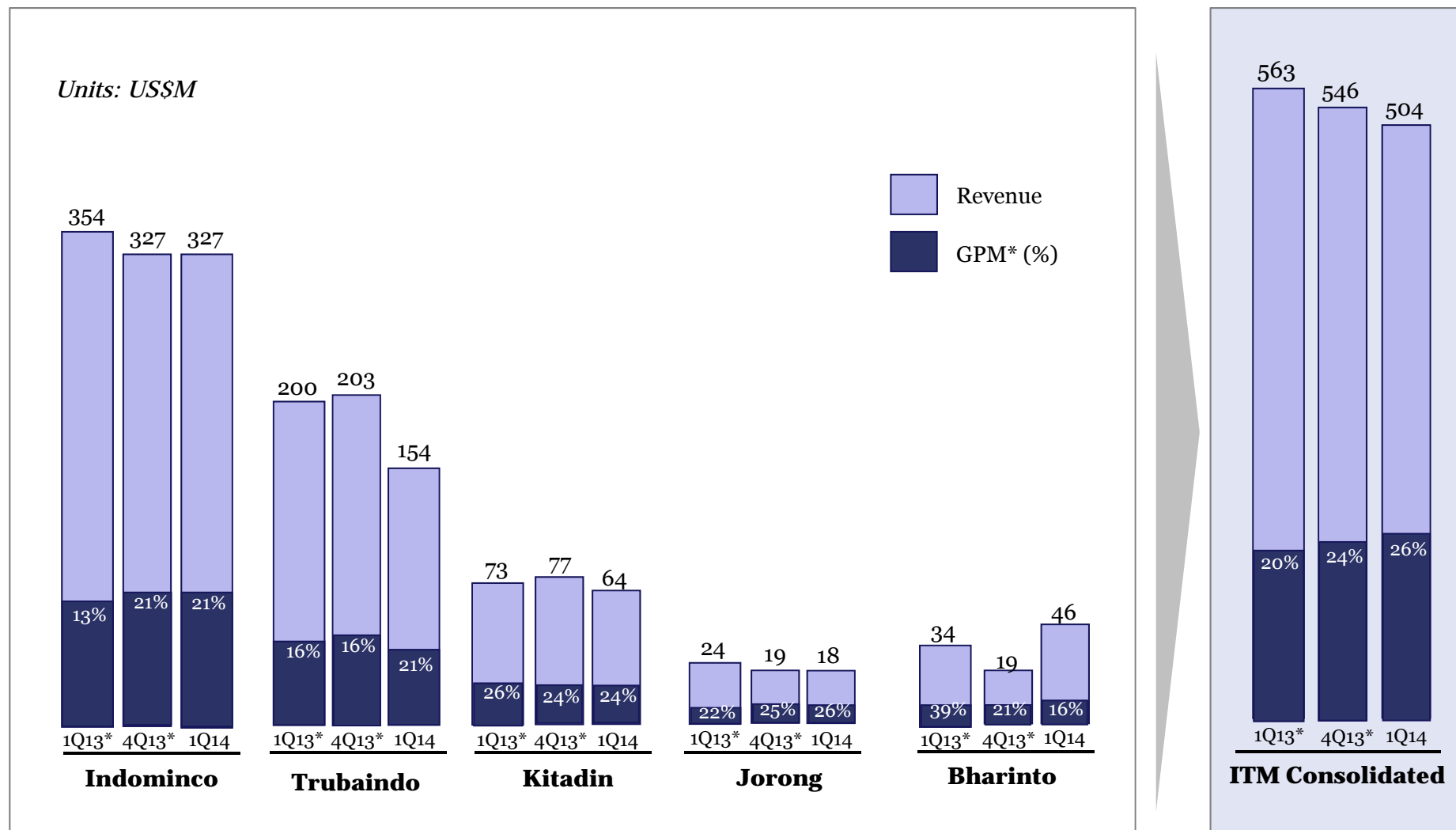
Sales revenue

USD million



Note: Total consolidated revenue after elimination

Average gross margin



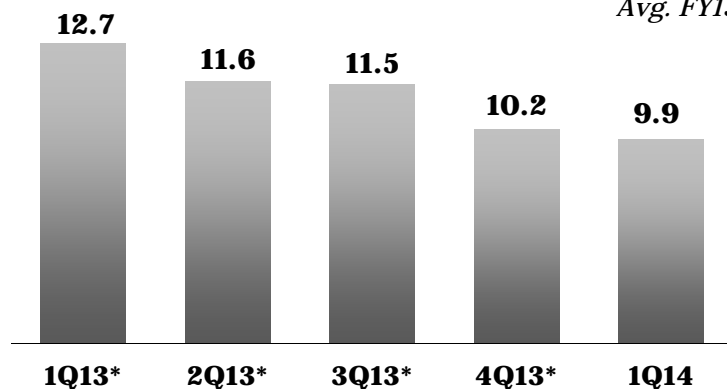
*) Restated due to ISAK 29

Cash cost

WEIGHTED AVERAGE STRIP RATIO

Units: Bcm/t

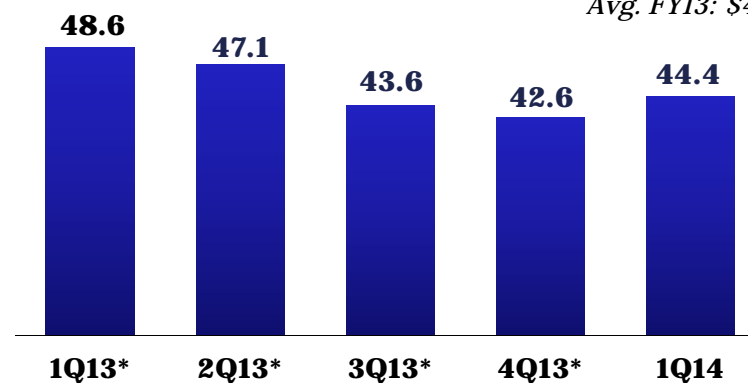
Avg. FY12: 12.2
Avg. FY13: 11.5



CASH PRODUCTION COST

Units: US\$/t

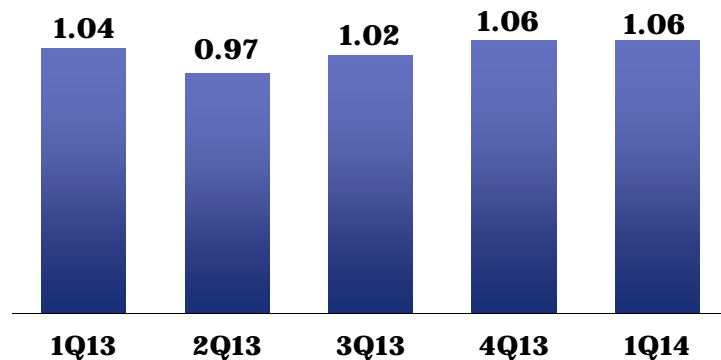
Avg. FY12: \$50.1/t
Avg. FY13: \$45.5/t



FUEL PRICE

Units: US\$/Ltr

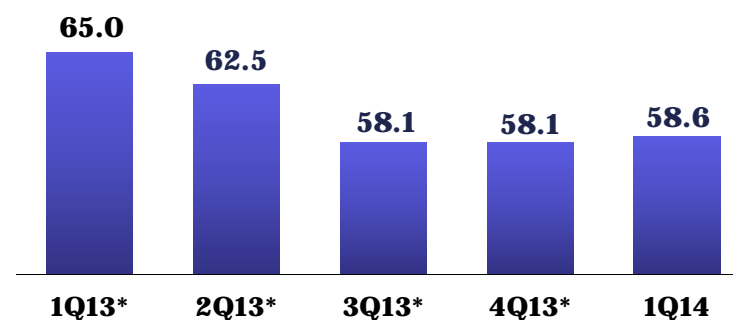
Avg. FY12: \$1.05/ltr
Avg. FY13: \$1.02/ltr



TOTAL CASH COST**

Units: US\$/t

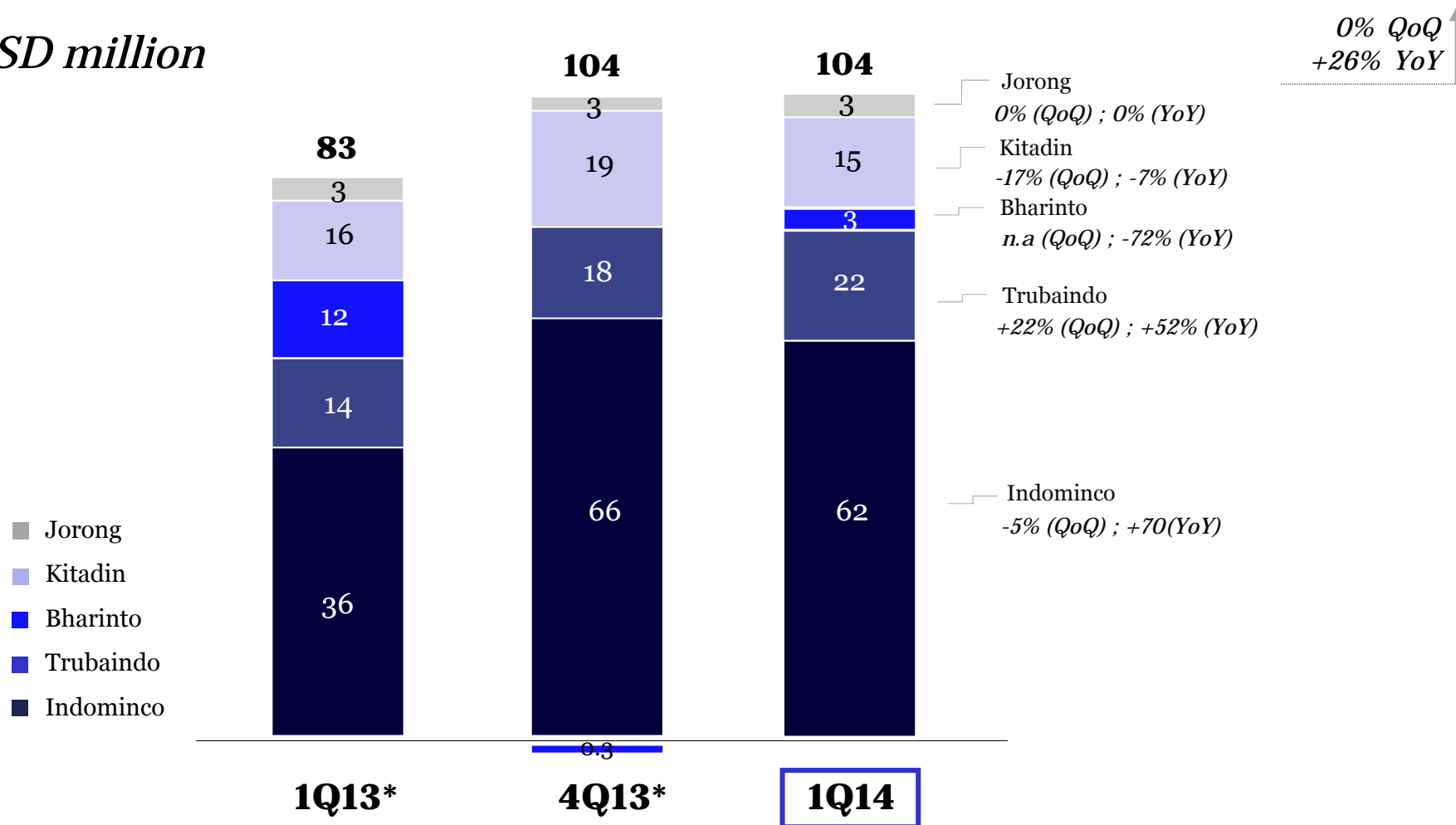
Avg. FY12: \$68.0/t
Avg. FY13: \$61.0/t



** Cash production cost + royalty + SG&A

EBITDA

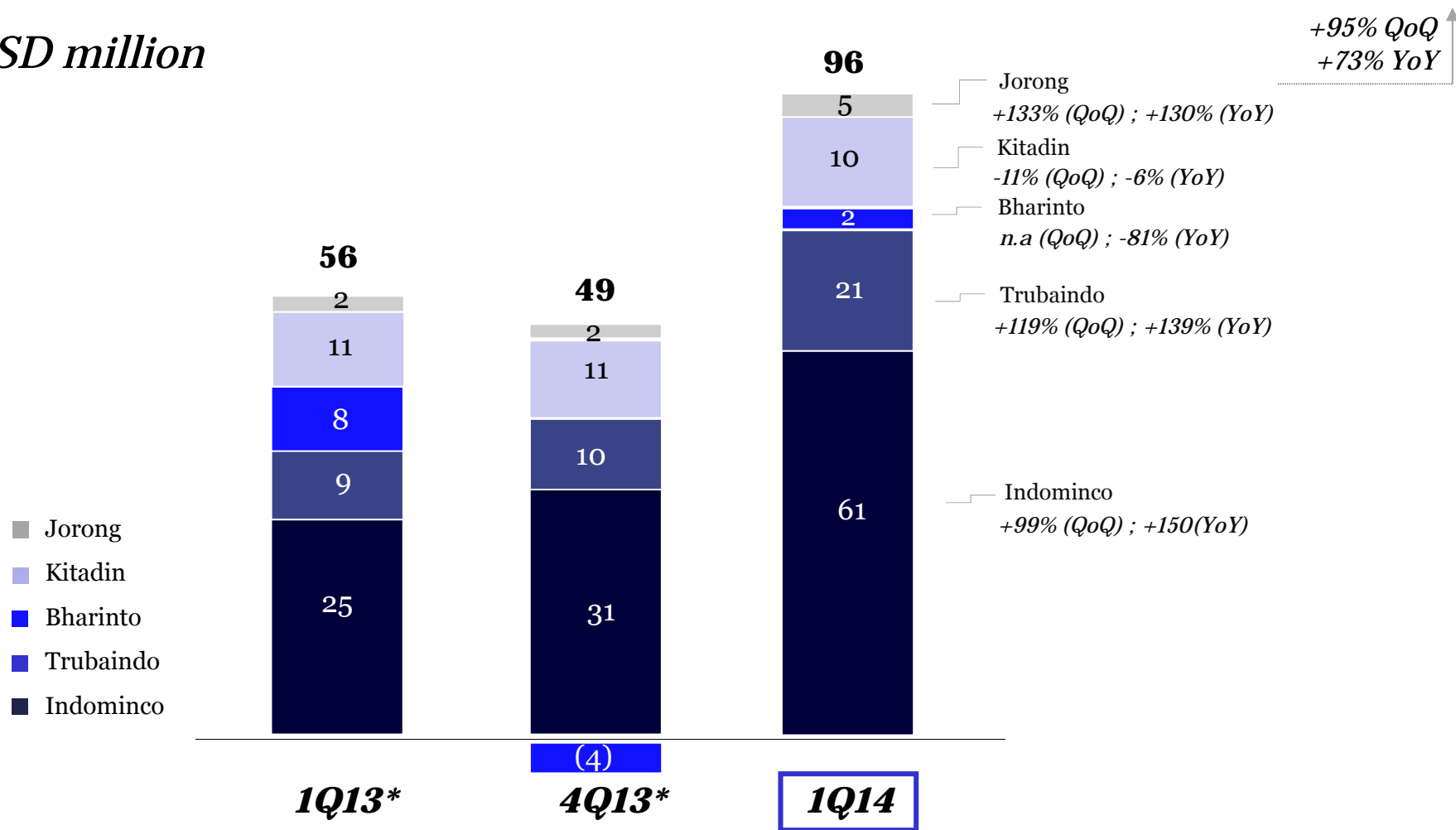
USD million



*) Restated due to ISAK 29

Net income

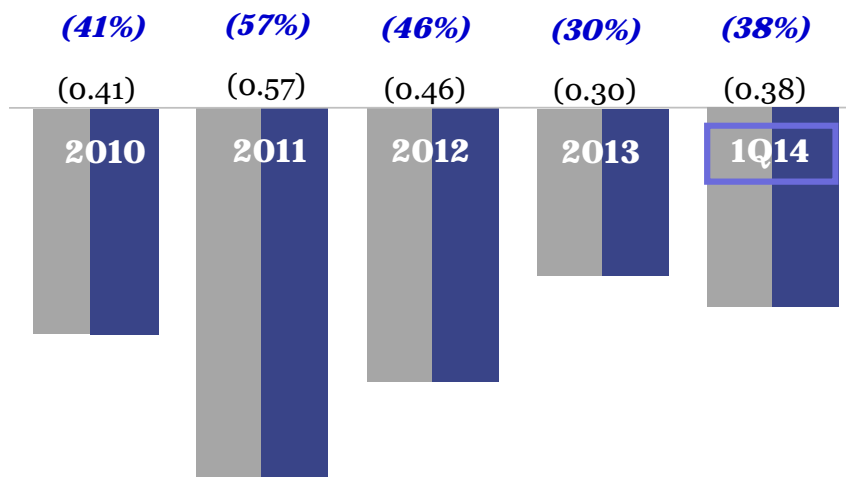
USD million



Balance sheet

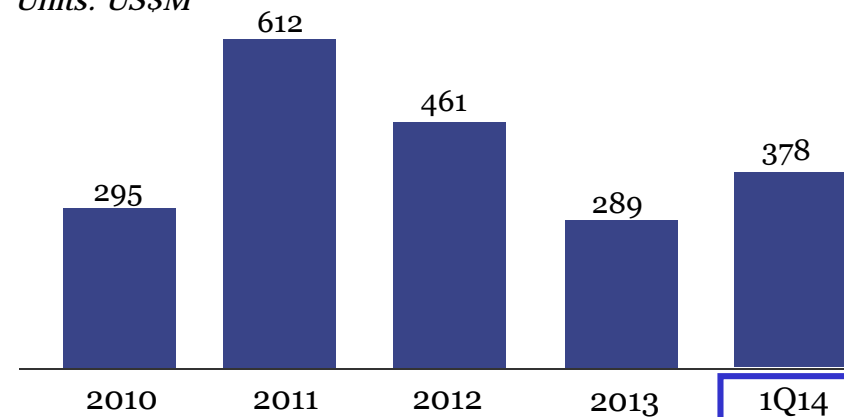
KEY RATIOS

- Net Gearing (%)*
- Net D/E (times)*



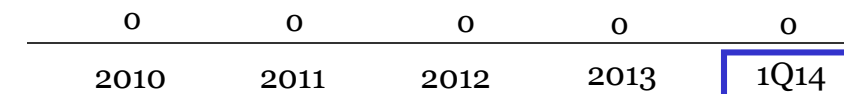
CASH POSITION

Units: US\$M



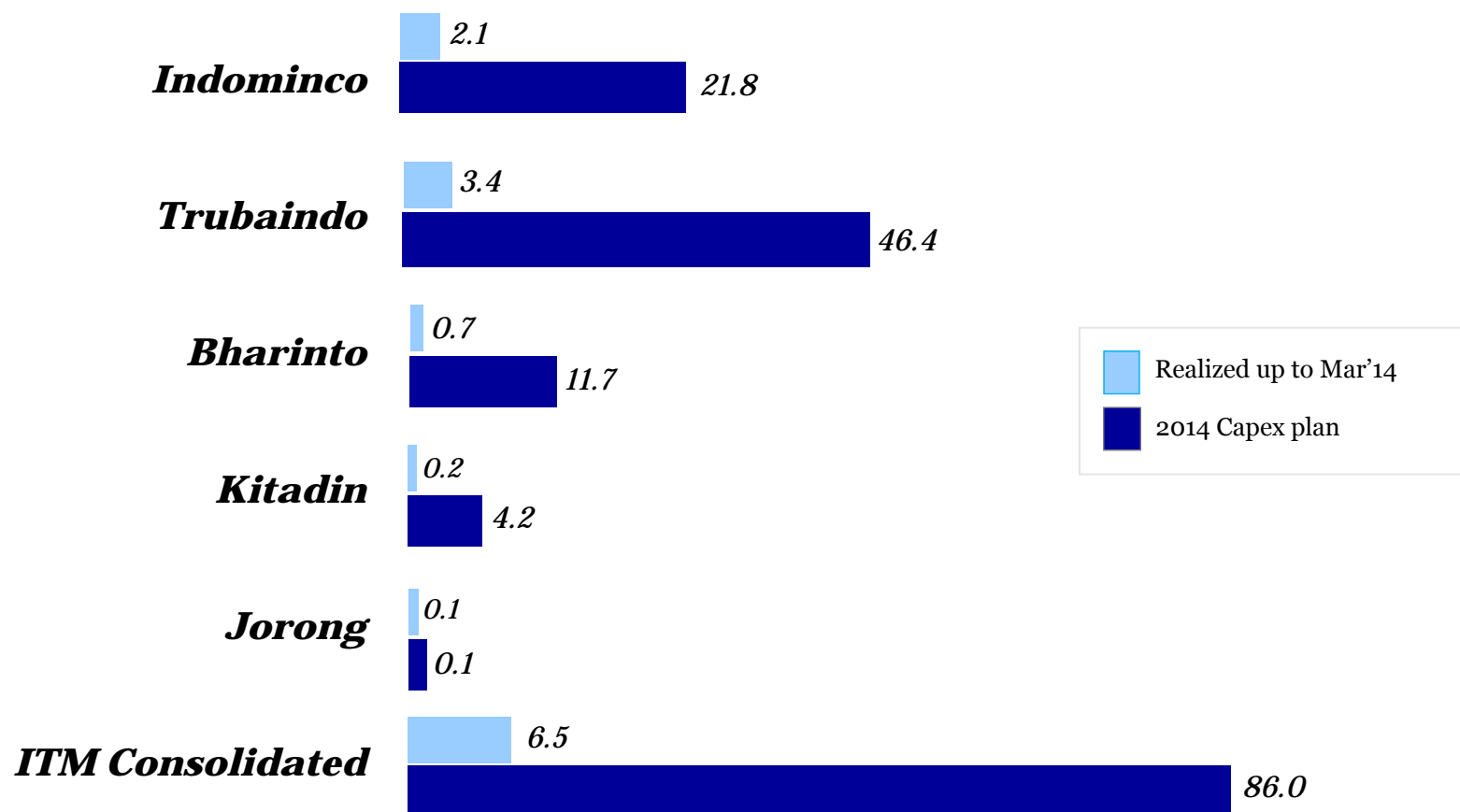
DEBT POSITION

Units: US\$M



2014 capital expenditure plan

Units: USD million

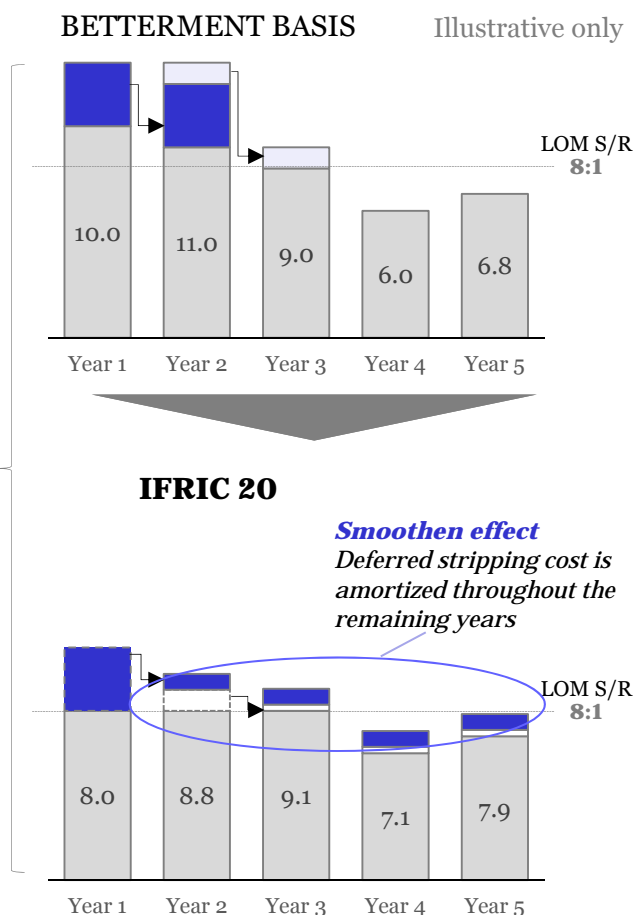


IFRIC20: accounting for waste removal costs

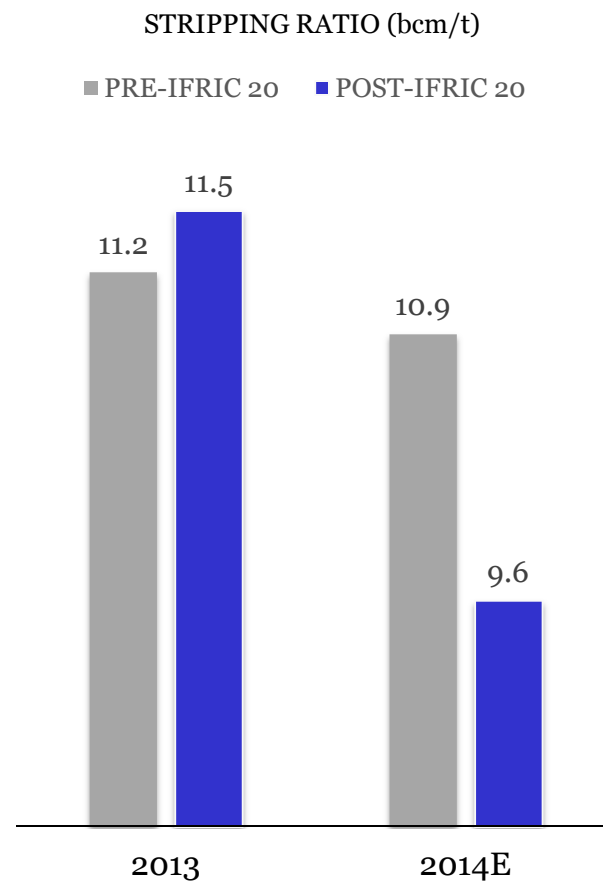
IFRIC 20 is an adaption from the Betterment Basis to smoothen stripping cost amortization. Impact of IFRIC20 on deferred OB is adjusted in 2013 Retained Earnings.

Pit X assumptions

- Coal reserves: 10mt
- Overburden: 80 bcm
- LOM S/R: 8.0x
- Production: 1.0 mtpa
- Mine life: 10 years

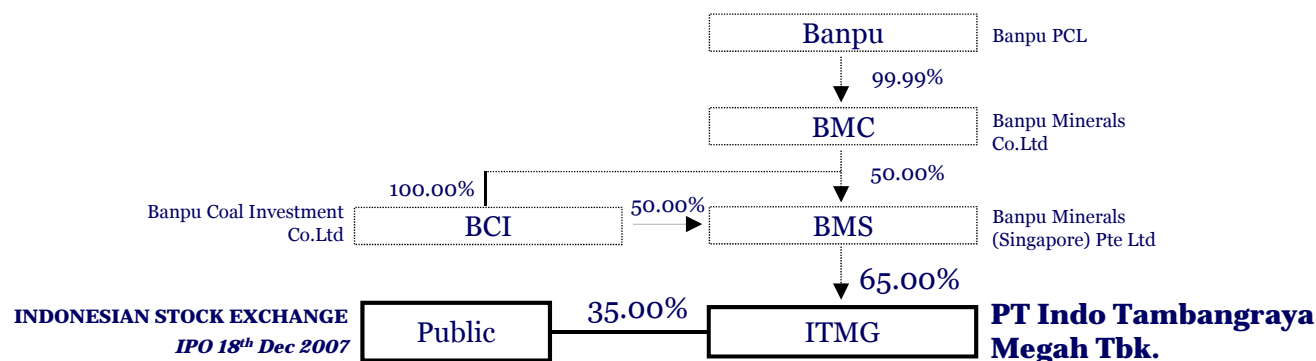


ITM's overburden cost vs. new adjustment



Appendices

ITM structure

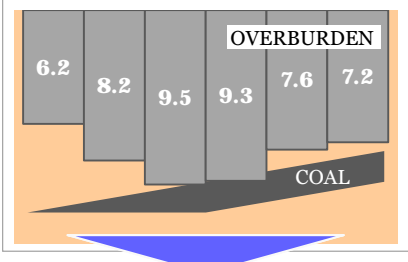
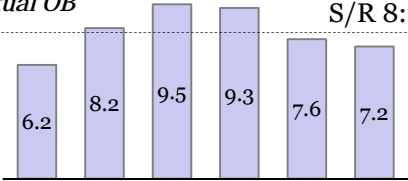
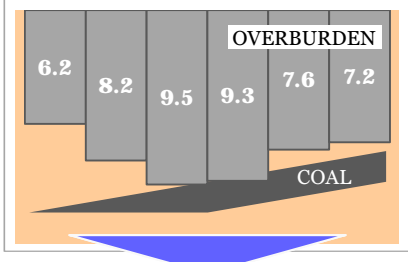
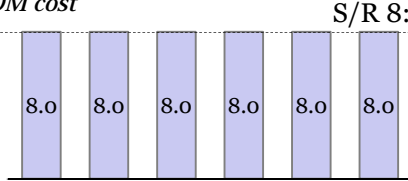
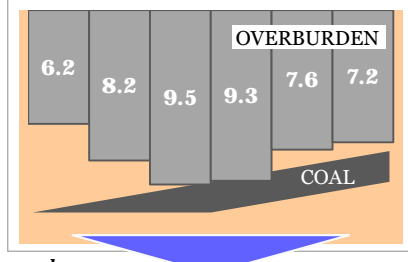
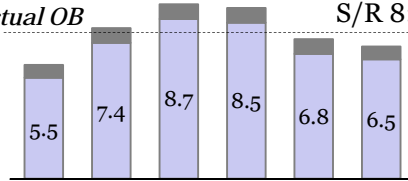


Income statement

Unit: US\$ thousand	1Q14	4Q13*	1Q13*	QoQ%	YoY%
Net Sales	503,593	546,194	562,675	-8%	-11%
Gross Profit	129,868	129,340	112,029	0%	16%
GPM	26%	24%	20%		
SG&A	(42,806)	(43,172)	(43,671)		
EBIT	87,062	86,168	68,358	1%	27%
EBIT Margin	17%	16%	12%		
EBIT DA	104,304	104,344	82,906	0%	26%
EBIT DA Margin	21%	19%	15%		
Net Interest Income / (Expenses)	1,313	1,727	2,070		
Derivative Gain / (Loss)	37,468	(594)	2,846		
Others	2,835	(16,941)	4,660		
Profit Before Tax	128,678	70,360	77,934	83%	65%
Income Tax	(32,714)	(21,241)	(22,429)		
Net Income	95,964	49,119	55,505	95%	73%
Net Income Margin	19%	9%	10%		

Methodologies for overburden cost recording

Illustrative
OB stripping and
cost recording
Assume:
Long-term stripping
ratio of 8:1

	CASH BASIS	LIFE-OF-MINE BASIS	BETTERMENT BASIS
	 <p>Record actual OB</p> 	 <p>Record avg. LOM cost</p> 	 <p>Record deferred OB + actual OB</p> 
Estimation methodology	Based on cash cost from actual overburden stripping activities	Based on life-of-mine plan and straight-line approach	Based on company's mine planning
Pros	<ul style="list-style-type: none"> Intuitive Reflect actual cash cost incurred 	<ul style="list-style-type: none"> Simple and easy to understand Limited adjustments 	Align with sales revenue recognition
Cons	Not always align with sales revenue recognition	Not timely reflect actual cost incurred	<ul style="list-style-type: none"> Misalignment between cost recording and actual cash outflow Subject to regular review
Implementation in Indonesia Coal operations	None	For mine with relatively flat coal seam and low reserves e.g. Jorong and Kitadin – Tandung Mayang	<ul style="list-style-type: none"> Indominco Trubaindo/Bharinto Kitadin – Embalut