



Analyst briefing

3Q14 performance results

12 November 2014



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Agenda

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

Appendices

Highlights of 3Q14 and 9M14 results

Coal sales
7.8 Mt
 ↑ **Up 1.1 Mt**
 +16% Q-Q

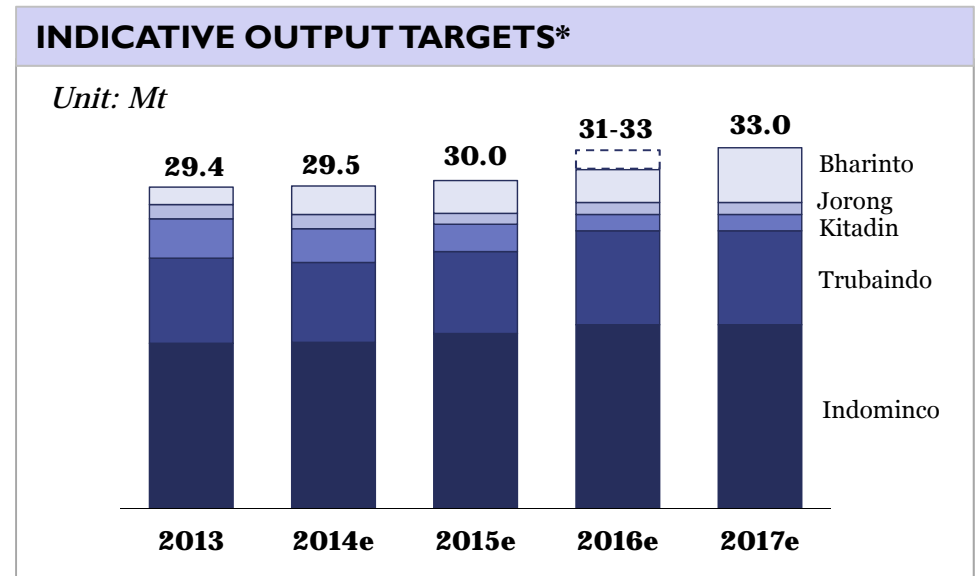
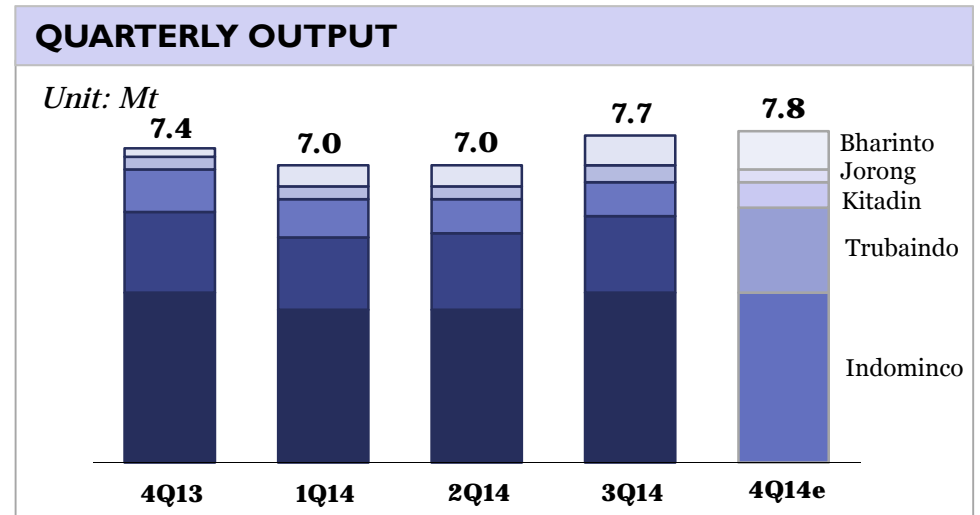
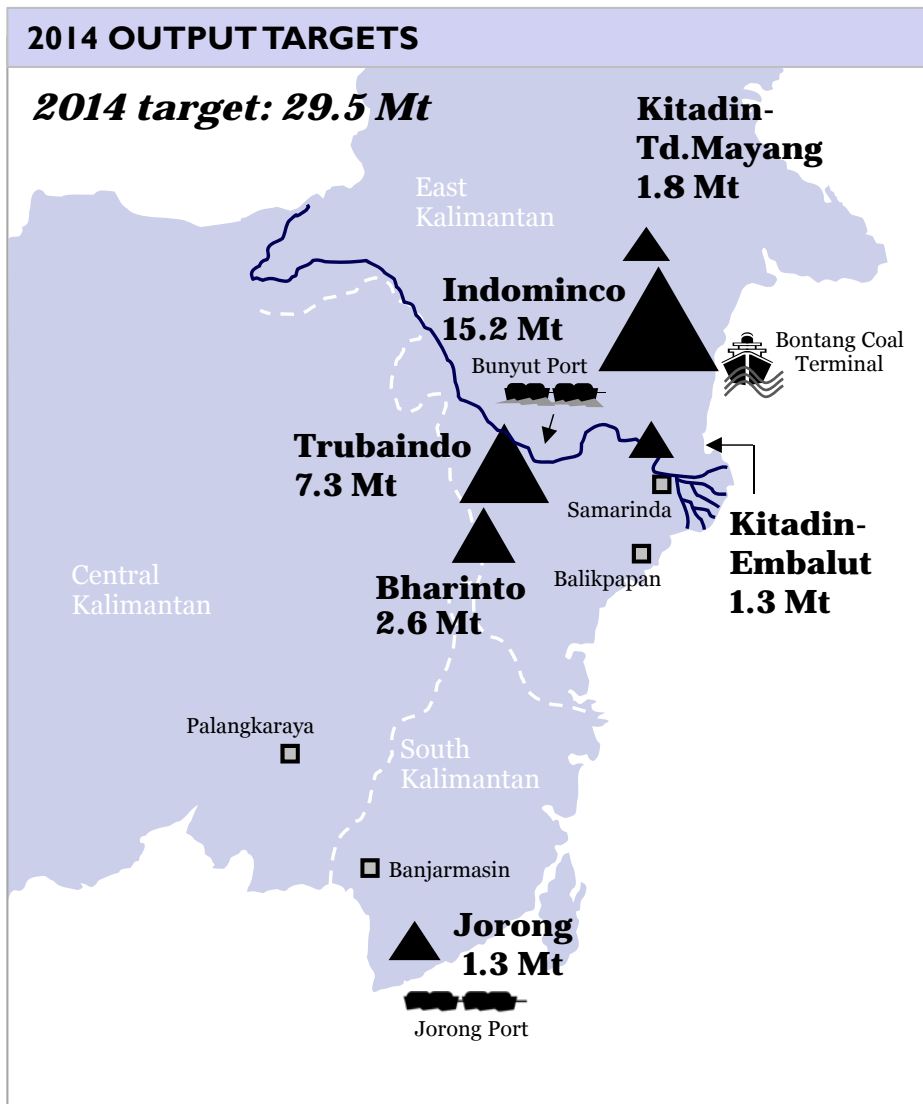
Coal sales
21.7 Mt
 ↑ **Up 0.3 Mt**
 +1% Y-Y

Unit: US\$M

	<u>2Q14</u>	<u>3Q14</u>	<u>Q-Q</u>	<u>9M13*</u>	<u>9M14</u>	<u>Y-Y</u>
Total revenue	462	522	+13%	1,633	1,488	-9%
Gross profit margin	20%	18%	-2%	22%	21%	-1%
EBIT	58	48	-17%	226	193	-15%
EBITDA	75	65	-13%	270	244	-10%
Net income	52	21	-60%	156	169	+8%
ASP (US\$/t)	\$68.1	\$67.1	-1%	\$76.4	\$68.7	-10%

**Restated due to ISAK 29*

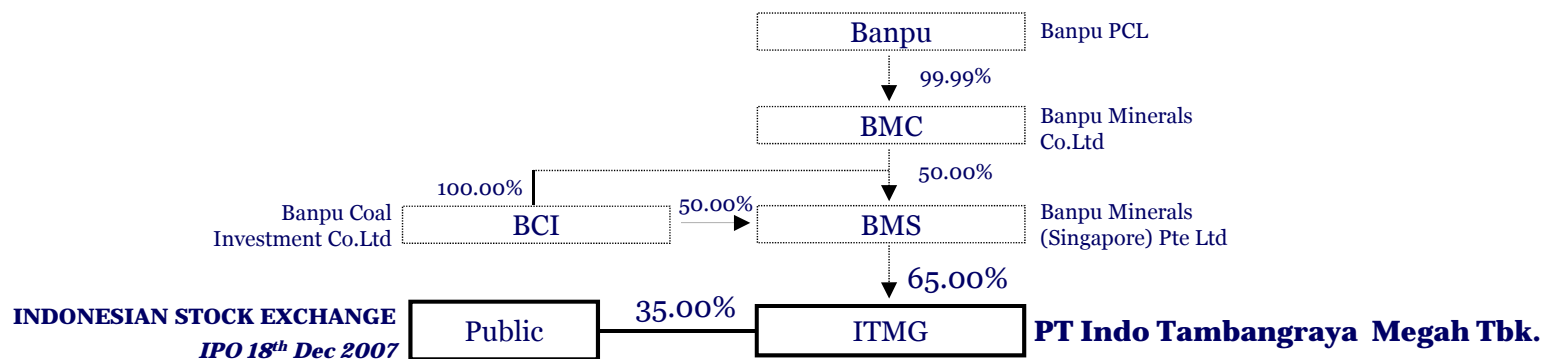
Operational summary 2014



*Not including inorganic growth.

Note: These output targets are indicative only and are subject to change.

ITM structure



Note: Updated Coal Resources and Reserves as of 30 Sep 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 9M14.

Brief resumes of Operations Directors

Date of birth : 10 November 1964

Education :

- **Master Degree majoring in International Management, Prasetiya Mulya Business School, Jakarta**
- **Bachelor Degree majoring in Geology UPN Veteran, Yogyakarta**



Experiences :

- **Nov 2014 – Present** **Operation Director PT Indo Tambangraya Megah, Tbk**
- **2013 – Nov 2014** **Corporate Service Director PT Indo Tambangraya Megah, Tbk**
- **2012 – 2013** **Vice President - Corporate Service PT Indo Tambangraya Megah, Tbk.**
- **2010 – 2012** **Mine Head PT Indominco Mandiri**
- **2006 – 2012** **Kepala Teknik Tambang PT Indominco Mandiri**
- **2005 – 2010** **Administration Mine Manager - PT Indominco Mandiri Bontang**
- **2002 – 2005** **Corporate Human Resources Manager - Banpu Indonesia**
- **2001 – 2002** **Human Resources Manager - PT Kitadin**
- **1997 – 2001** **Operation Support Dept. Head - PT Indominco Mandiri**
- **1994 – 1997** **Technical Specialist - PT Indominco Mandiri**
- **1992 – 1994** **Sr. Geologist - PT Indominco Mandiri**
- **1991 – 1992** **Geologist - PT Indominco Mandiri (Project Site)**

Awards and recognition during 3Q 2014



ITM received 2 categories of GKPM Award, Aug 2014. Award given by the coordinating Ministry of People's Welfare in collaboration with CFCD



ITM achieved "the Best Listed Company in Mining and Quarrying Sector", from MNC Business Award, Sep 2014



ITM won the "Gold Award" in International Convention on Quality Concept Circle (ICQCC), Oct 2014 at Tokyo-Japan



ITM achieved Gold Medal / Excellent award in International Convention on QC Circles, Oct 2014 at Colombo-Sri Lanka



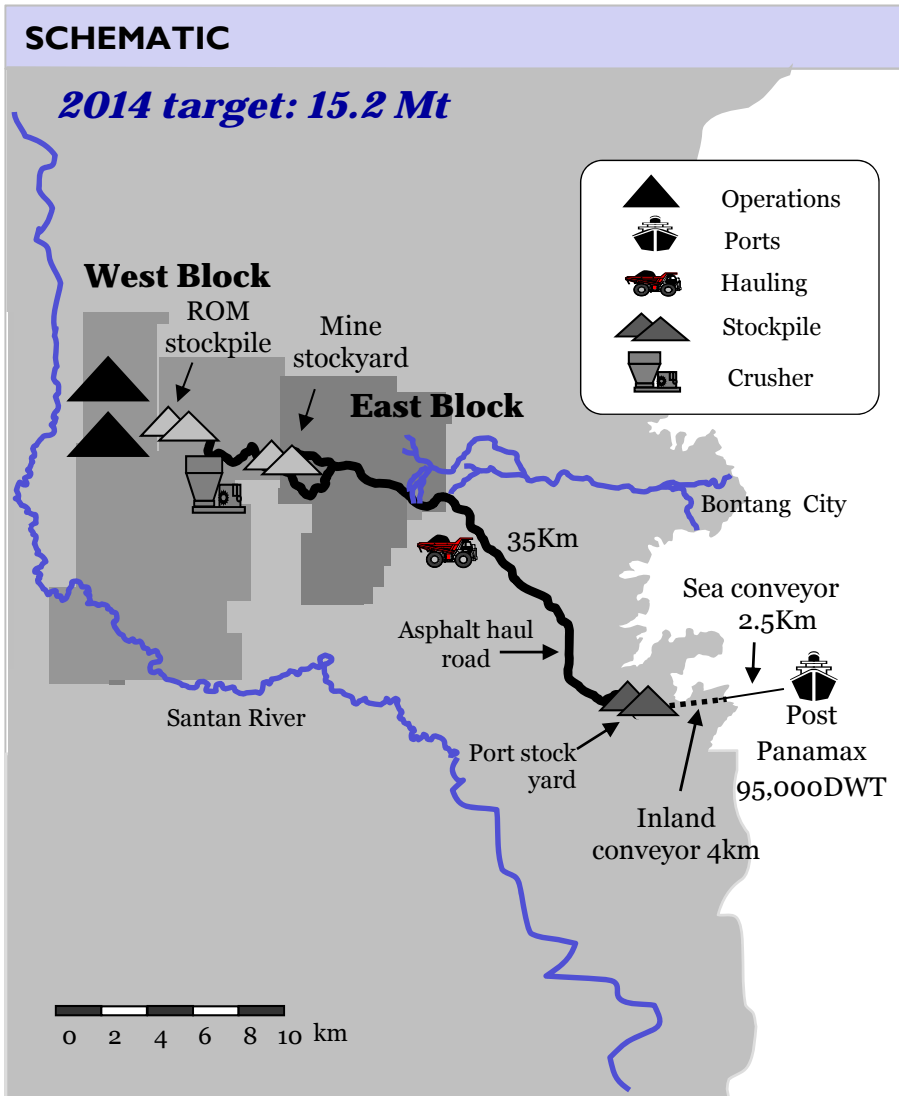
ITM achieved the "The Best Company in Creating Leadership" award from SWA Magazine, Oct 2014

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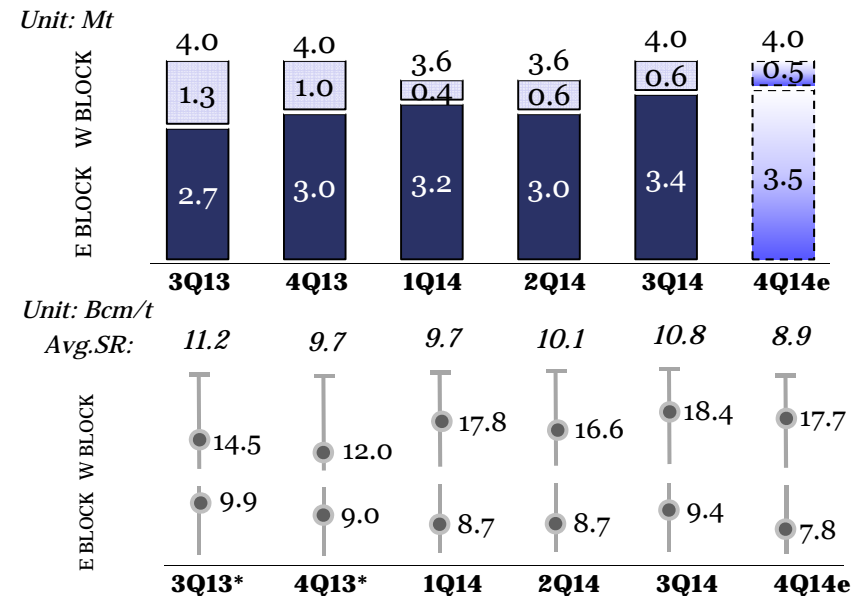
Indominco Mandiri



QUARTERLY UPDATES

- 3Q14 production achieved as according to plan due to good weather condition.
- *IPCC project*: The system already in full operation. Currently revising monthly report template to ESDM and still waiting for ESDM certification.

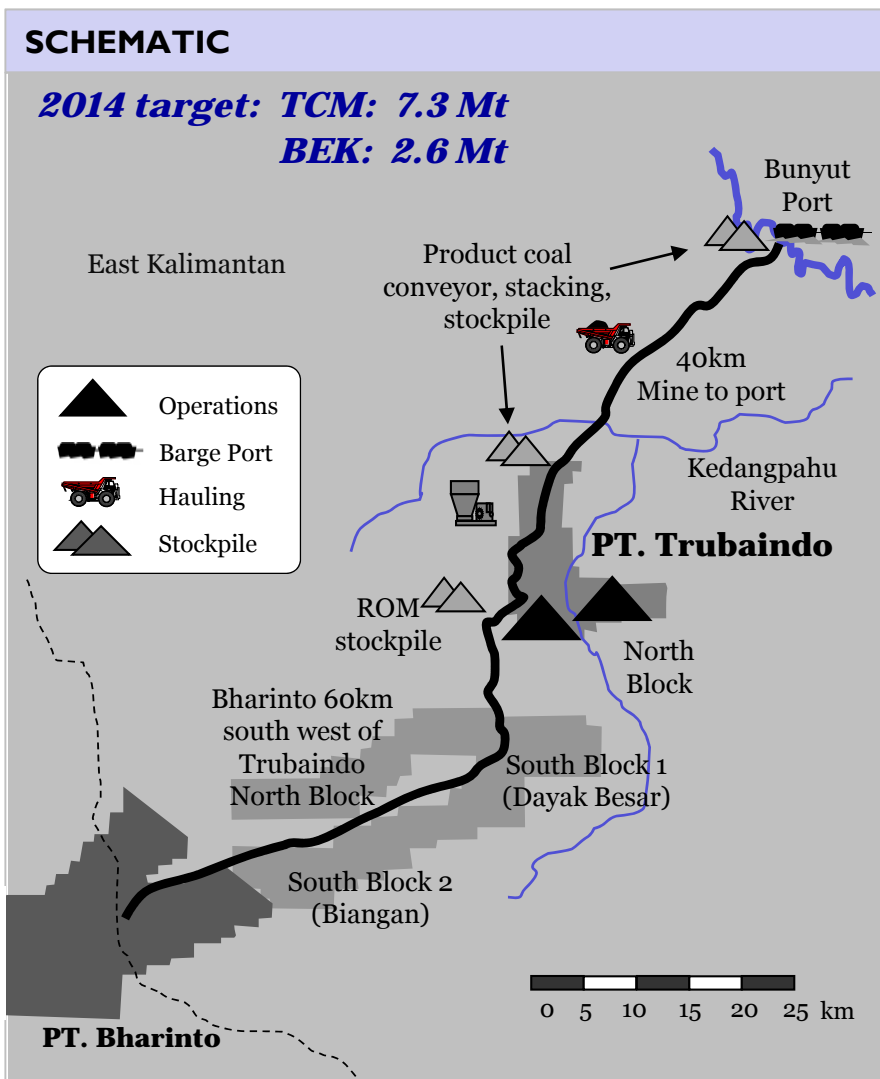
QUARTERLY OUTPUT



* Restated due to ISAK 29

** SR FY13 IMM: 11.8, WB: 16.9, EB: 9.7

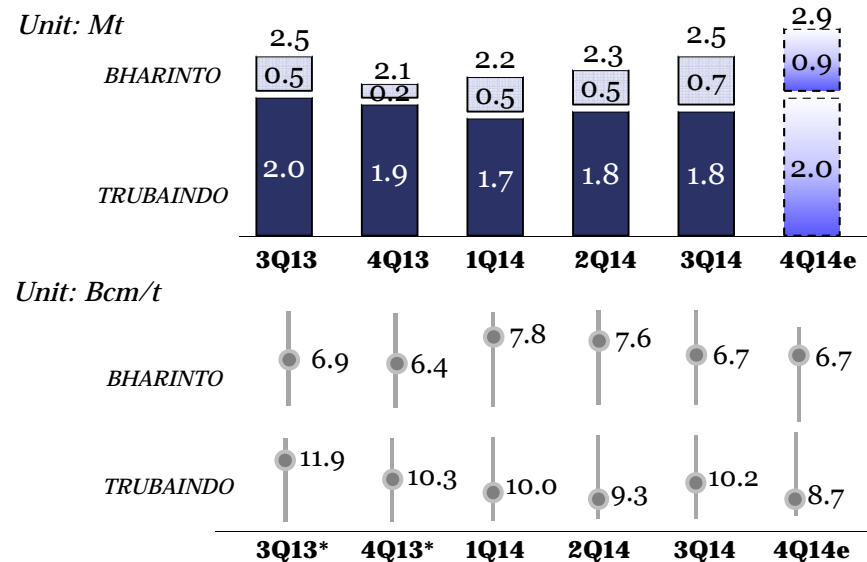
Trubaindo and Bharinto



QUARTERLY UPDATES

- Trubaindo:
 - 3Q14 production slightly lower than target due to weather condition.
 - Bunyut port expansion:* Lean concrete works completed. on progress to finish electrical design and bidding subcontractor for mechanical and electrical works.
- Bharinto:
 - 3Q14 production achieved as according to plan.

QUARTERLY OUTPUT



* Restated due to ISAK 29

** SR FY13 TCM: 11.4, BEK: 5.2

Bunyut Port expansion



Rebar & Formwork



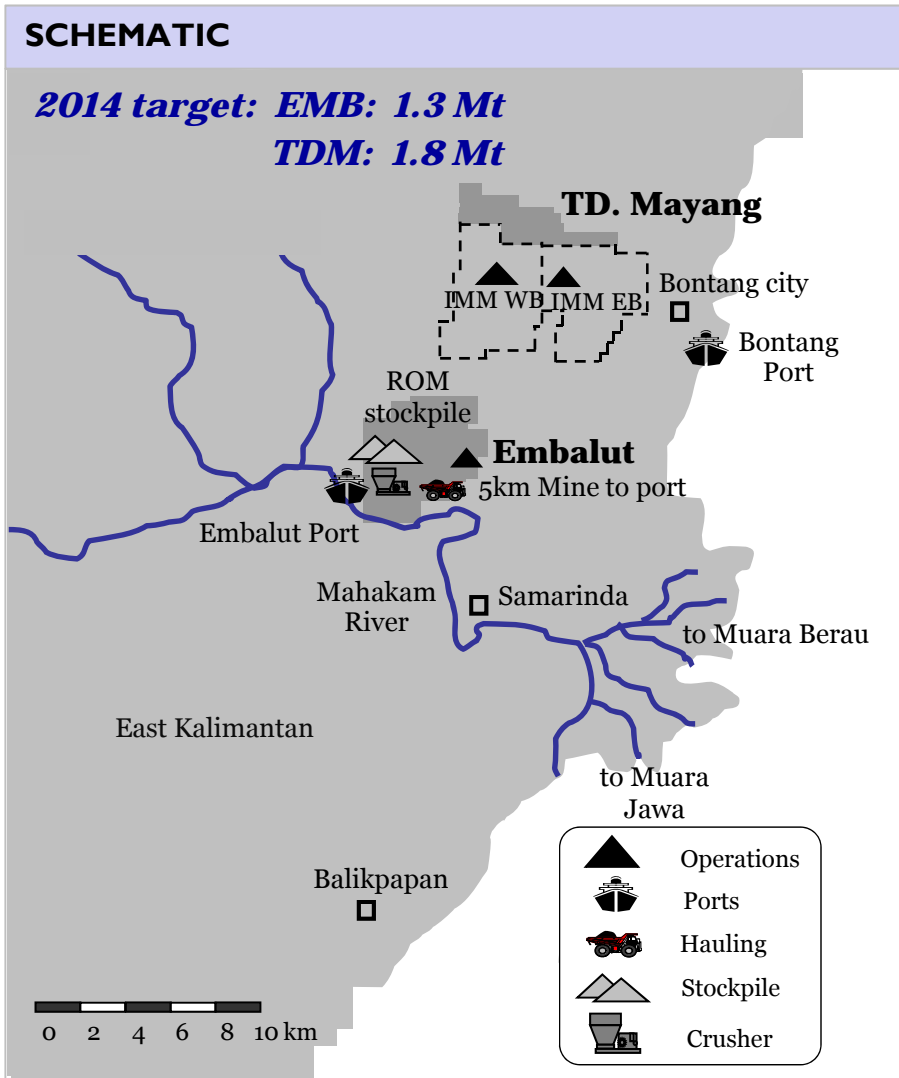
Fabrication Progress



Pouring Concrete

- Bunyut Port capacity will be increased gradually from 9 Mt to 15 Mt by 2016.
- 100% completed lean concrete works, on progress to complete installation of rebar and formwork at crushing station.
- On progress to finish electrical details design and bidding for subcontractor mechanical & electrical works.

Kitadin Embalut and Tandung Mayang

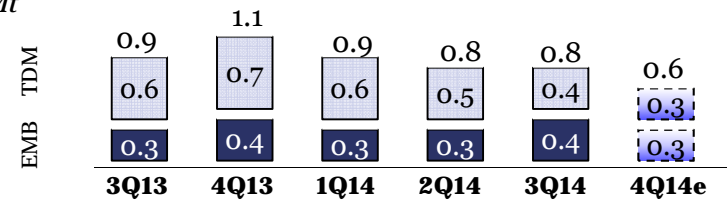


QUARTERLY UPDATES

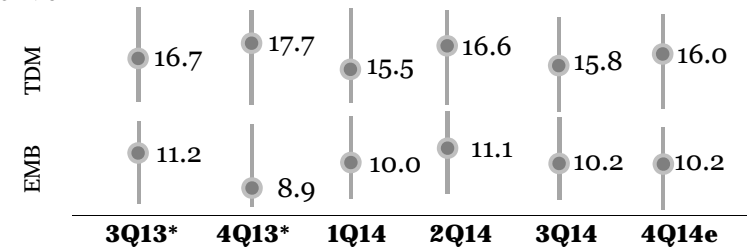
- Kitadin Embalut:
 - 3Q14 production achieved as according to plan.
- Kitadin Tandung Mayang:
 - 3Q14 production achieved as according to plan.
 - Mine reserves will be fully depleted by 2015. Mine closure activities will start in early 2016.
 - All remaining TDM's fleets will be transferred to PT. TRUST for mining contractor business.

QUARTERLY OUTPUT

Unit: Mt



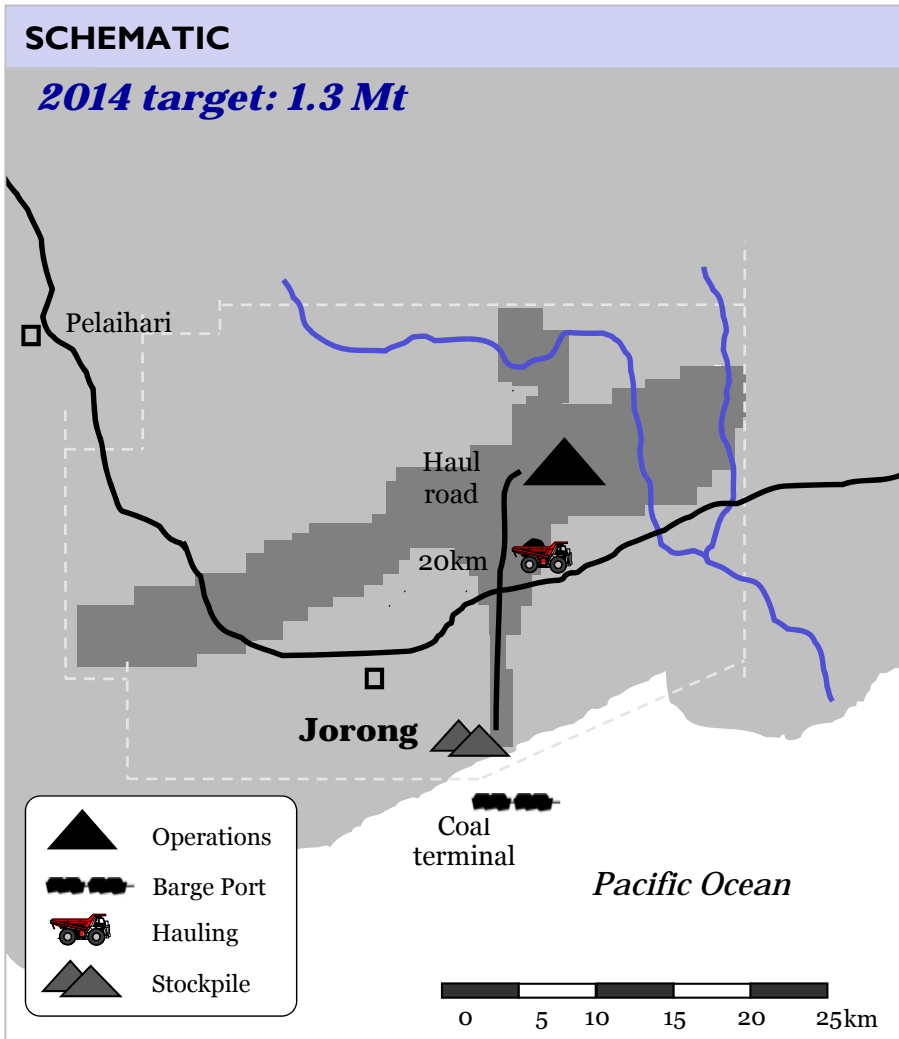
Unit: Bcm/t



* Restated due to ISAK 29

** SR FY13 EMB: 10.2, TDM: 17.1

Jorong

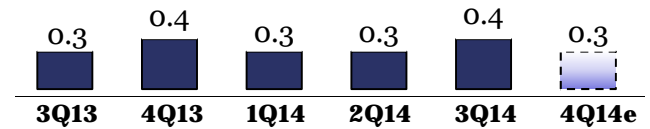


MAJOR QUARTERLY UPDATES

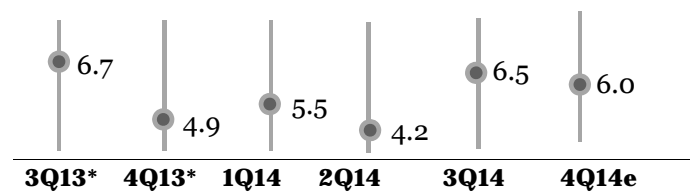
- 3Q14 production achieved as according to plan due to good weather condition.
- Mine reserves will be fully depleted by mid 2017.

QUARTERLY OUTPUT

Unit: Mt



Unit: Bcm/t



* Restated due to ISAK 29

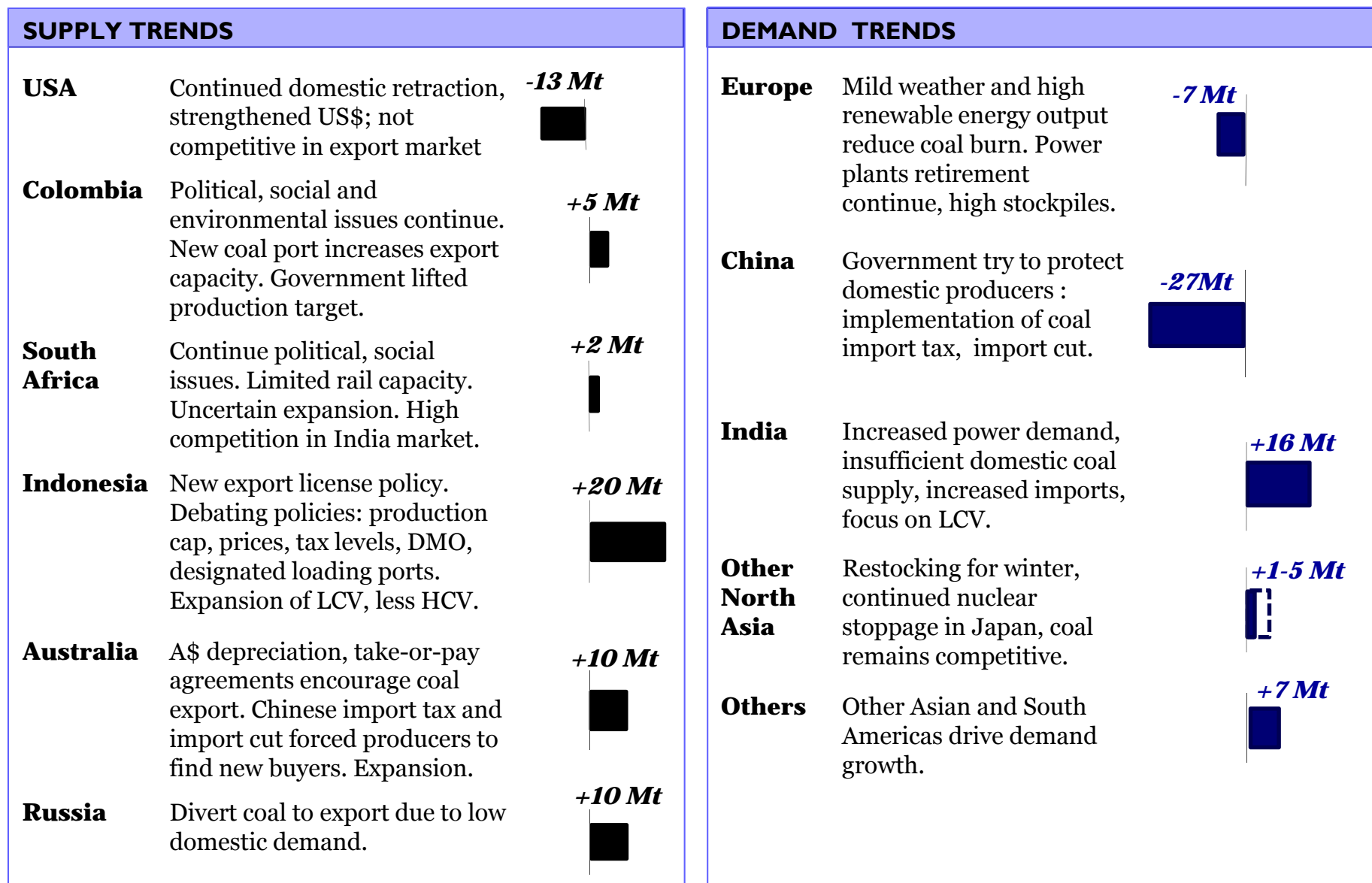
** SR FY13 JBG: 6.4

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New emerging thermal trends for 2014

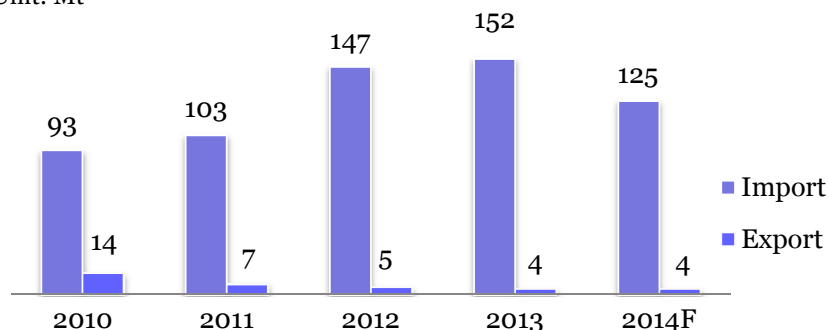


China thermal coal market review

CHINA

CHINA THERMAL COAL IMPORTS/EXPORTS*

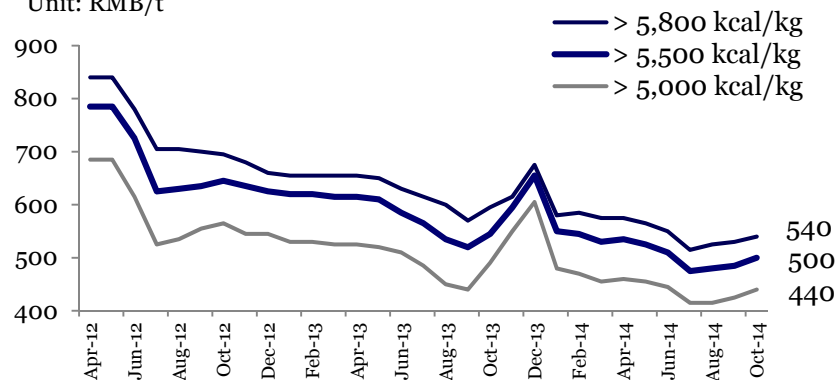
Unit: Mt



Sources: China Coal Report Jan 2014, Banpu Marketing Estimates

CHINA DOMESTIC COAL PRICES

Unit: RMB/t



Source: www.sxcoal.com/cn 6 Nov 2014

COMMENTS

- Imports down due to low demand, high domestic supply, import tax (excluding Indonesia) and uncertain future regional quality limits.
- Redirected some ITM tonnages from China to India and Thailand for 2014 and 2015.
- Concluding tonnages for 2015 in China at 3-4 Mtpa rate in spite of uncertainties.
- National constraints becoming less significant than local government initiatives.
- Forecast 2015 imports should be min 5 Mt less assuming similar favorable hydro conditions.
- Expected import in 2014 at 125 Mt, down 7% from 2Q14 forecast of 135 Mt.
- Imposition of 6% import tariff on thermal coal imports and 3% on metallurgical coal imports**
- Import ban of high ash (40% or more) and high sulphur (3% or more)**

* Does not include lignite imports c.60Mtpa

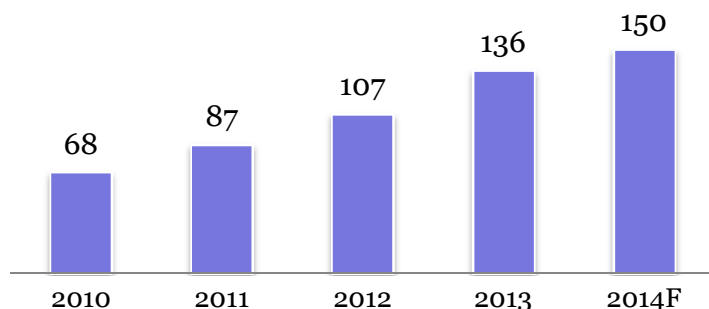
** Impact to ITM from China's import tariff and import ban of high ash (40%) and high sulphur(3%) likely to be minimal. ITM is likely to be more affected by more stringent conditions on restrictions at key coastal provinces that limit ash to 16% and sulphur to 1%.

India thermal coal market review

INDIA

INDIA THERMAL COAL IMPORTS*

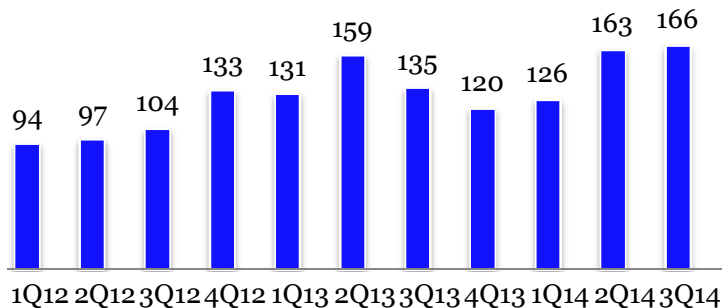
Unit: Mt



Sources: Salva Report India, Banpu MS&L Estimates

INDIA ANNUALIZED ACTUAL IMPORT 1Q12-3Q14

Unit: Mt



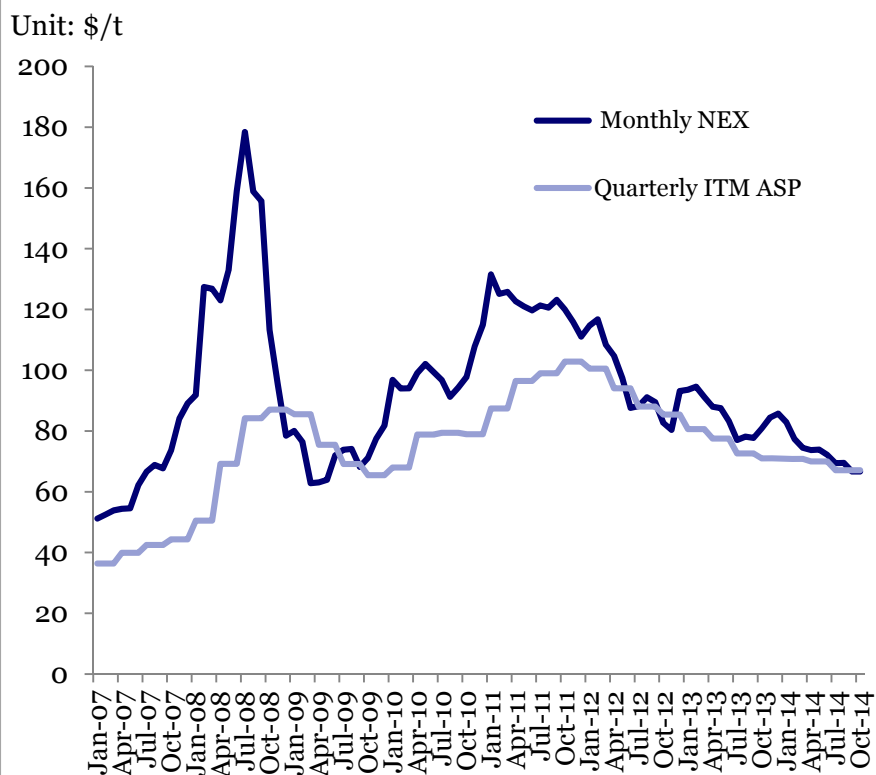
COMMENTS

- India will become number one thermal coal importer in 2014 surpassing China and Japan with estimated total annual import exceeding 150 Mt.
- Coal stock levels at Indian coal-fired power plants stood at 25 year low in October due to rising coal burn. Stocks are sufficient for only 5 days with 63 coal-fired power plants having critical stock levels.
- Growing power demand, struggling domestic coal supply and low hydro power support coal burn.
- LCV imports are temporarily in flux as imports for state sector plants priced at Indonesia HPA level are now below market creating supply stress.
- As economy grows logistic constraints are appearing in rail particularly.
- Forecast 2015 imports will continue to grow at least with an additional 8-10 Mt but will be more if Coal India is unable to perform domestic coal production growth as plan.

*Includes lignite grade imports

ASP vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES



ITM ASP 3Q14 \$67.1

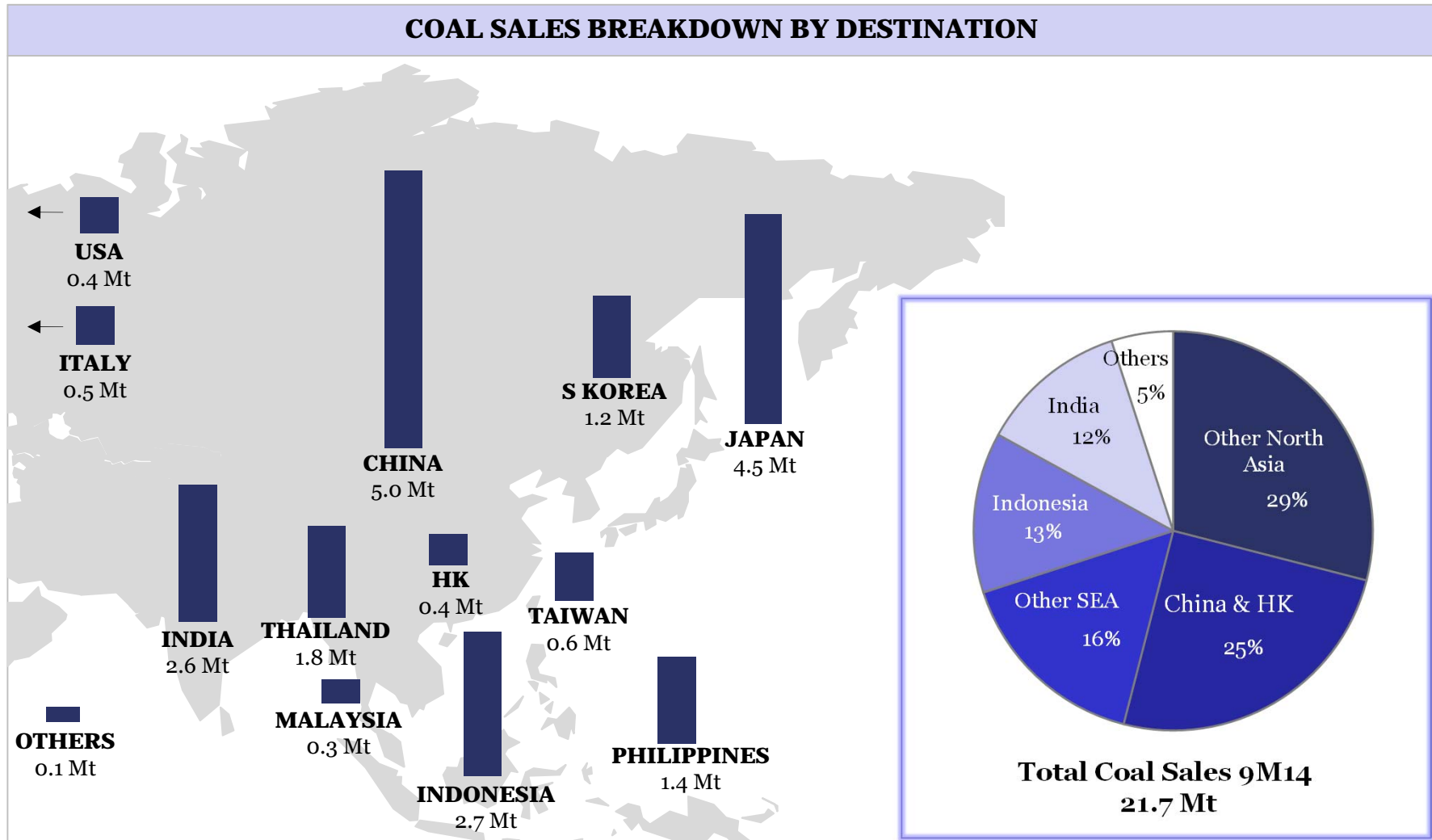
NEX* Nov 06, 2014 \$63.1

COMMENTS

- ASP largely held up due to product mix, but will ease to year end due to general market weakness

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

ITM coal sales 9M14



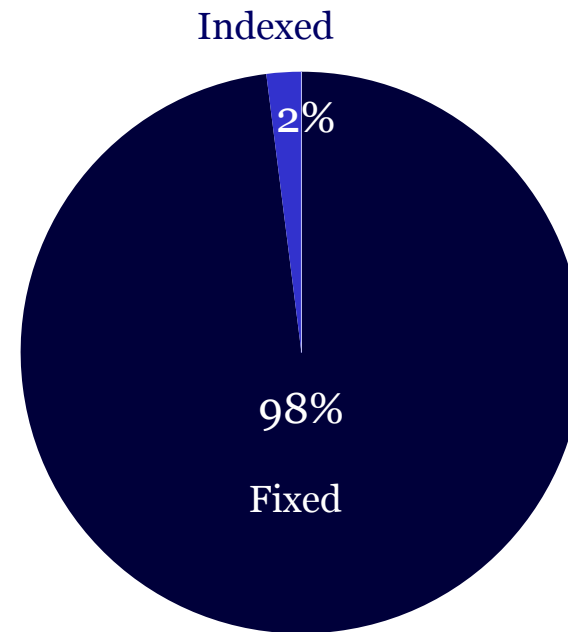
Indicative coal sales 2014

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



Price Status



TARGET SALES 2014: 29.0 Mt

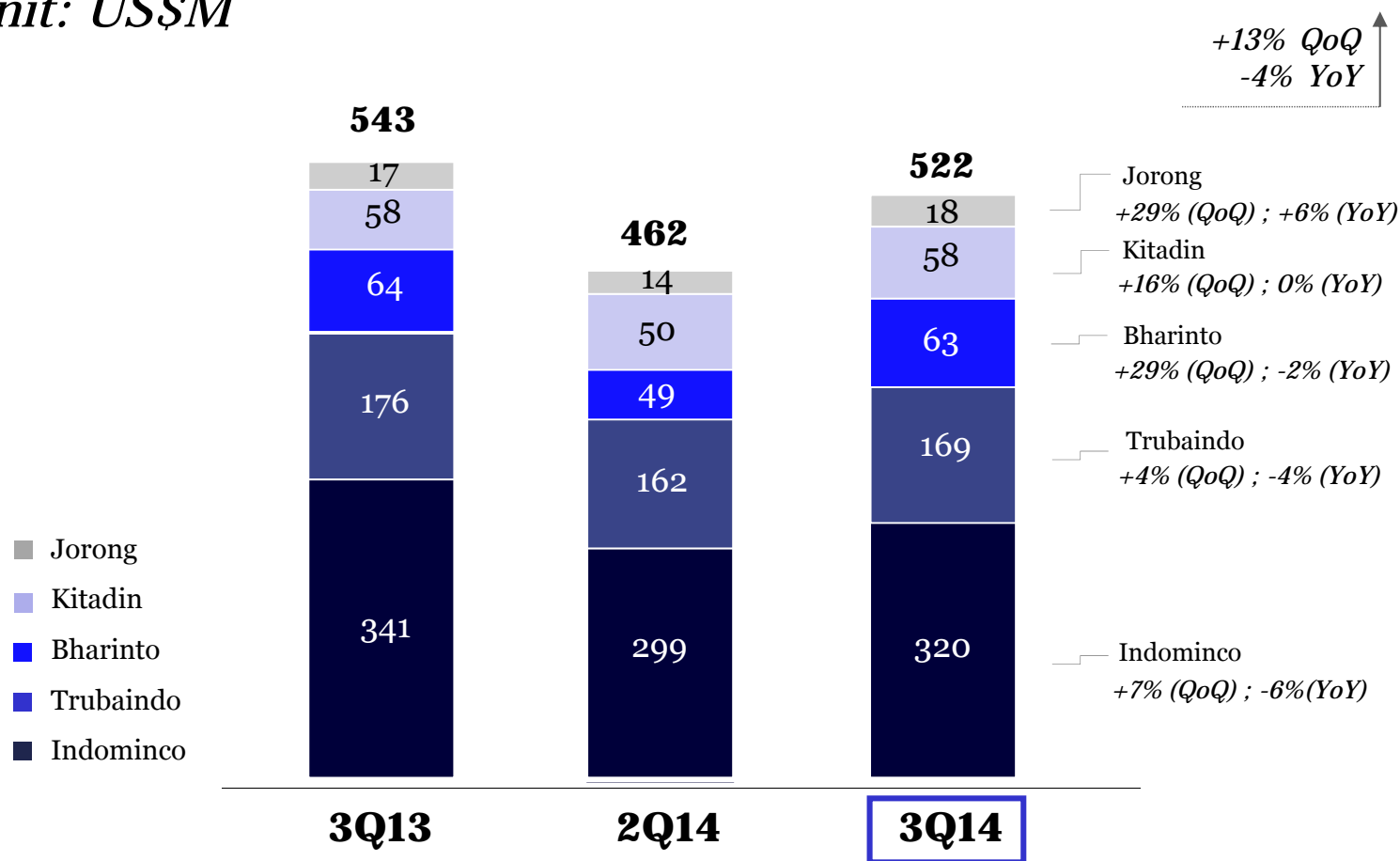
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Sales revenue

Unit: US\$M

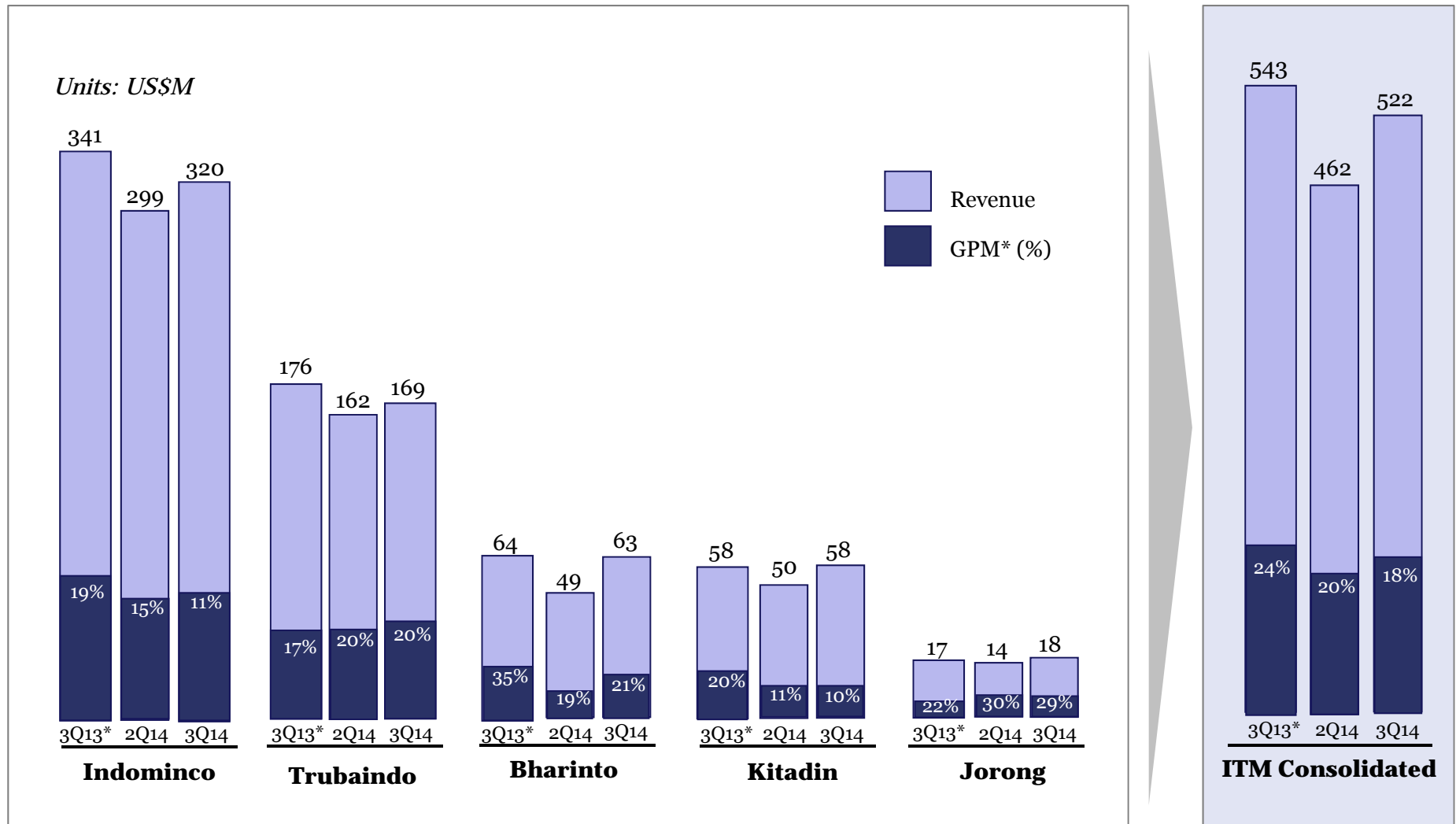


ASP

3Q14:	\$67.1 /t
2Q14:	\$68.1 /t
3Q13:	\$72.5 /t
9M14:	\$68.7 /t
9M13:	\$76.4 /t
FY13:	\$74.9 /t

Note: Total consolidated revenue after elimination

Average gross margin



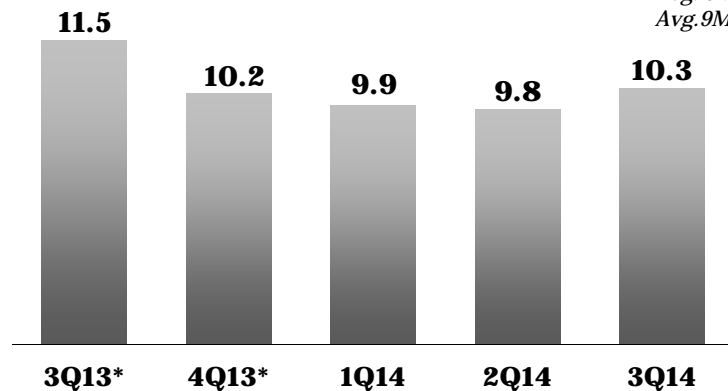
*Restated due to ISAK 29

Cash cost

WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t

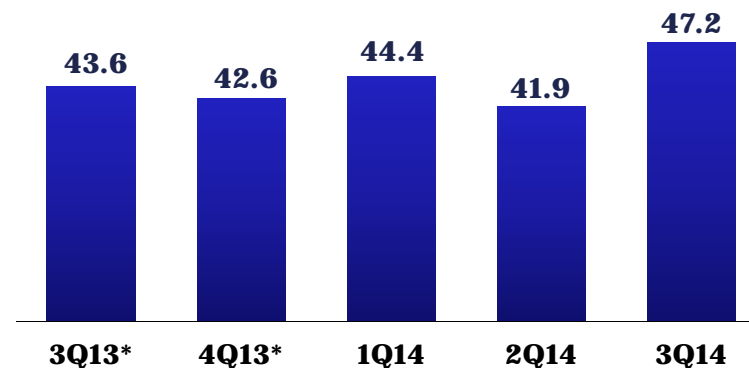
Avg. FY13: 11.5
Avg. 9M13: 11.9
Avg. 9M14: 10.0



CASH PRODUCTION COST

Unit: US\$/t

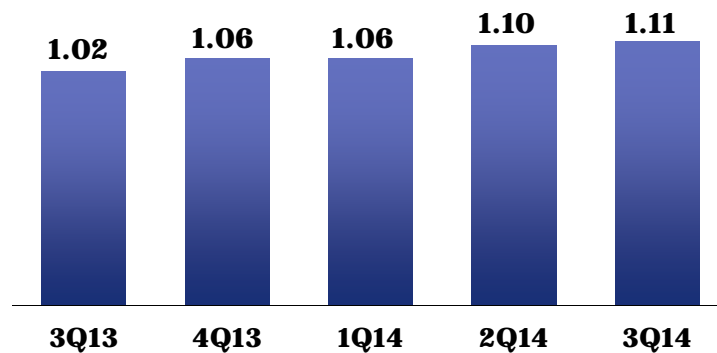
Avg. FY13: \$45.5/t
Avg. 9M13: \$46.4/t
Avg. 9M14: \$44.6/t



FUEL PRICE

Unit: US\$/Ltr

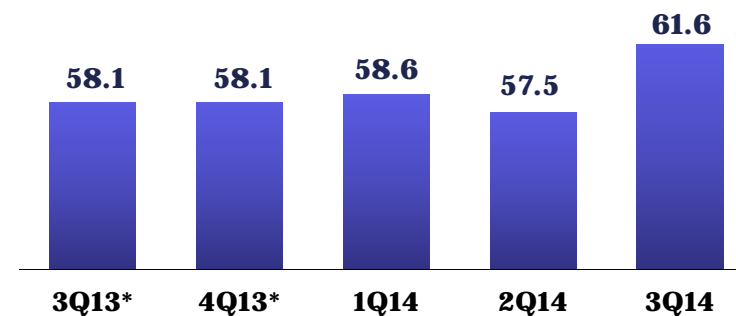
Avg. FY13: \$1.02/ltr
Avg. 9M13: \$1.01/ltr
Avg. 9M14: \$1.02/ltr



TOTAL CASH COST**

Unit: US\$/t

Avg. FY13: \$61.0/t
Avg. 9M13: \$61.8/t
Avg. 9M14: \$59.3/t

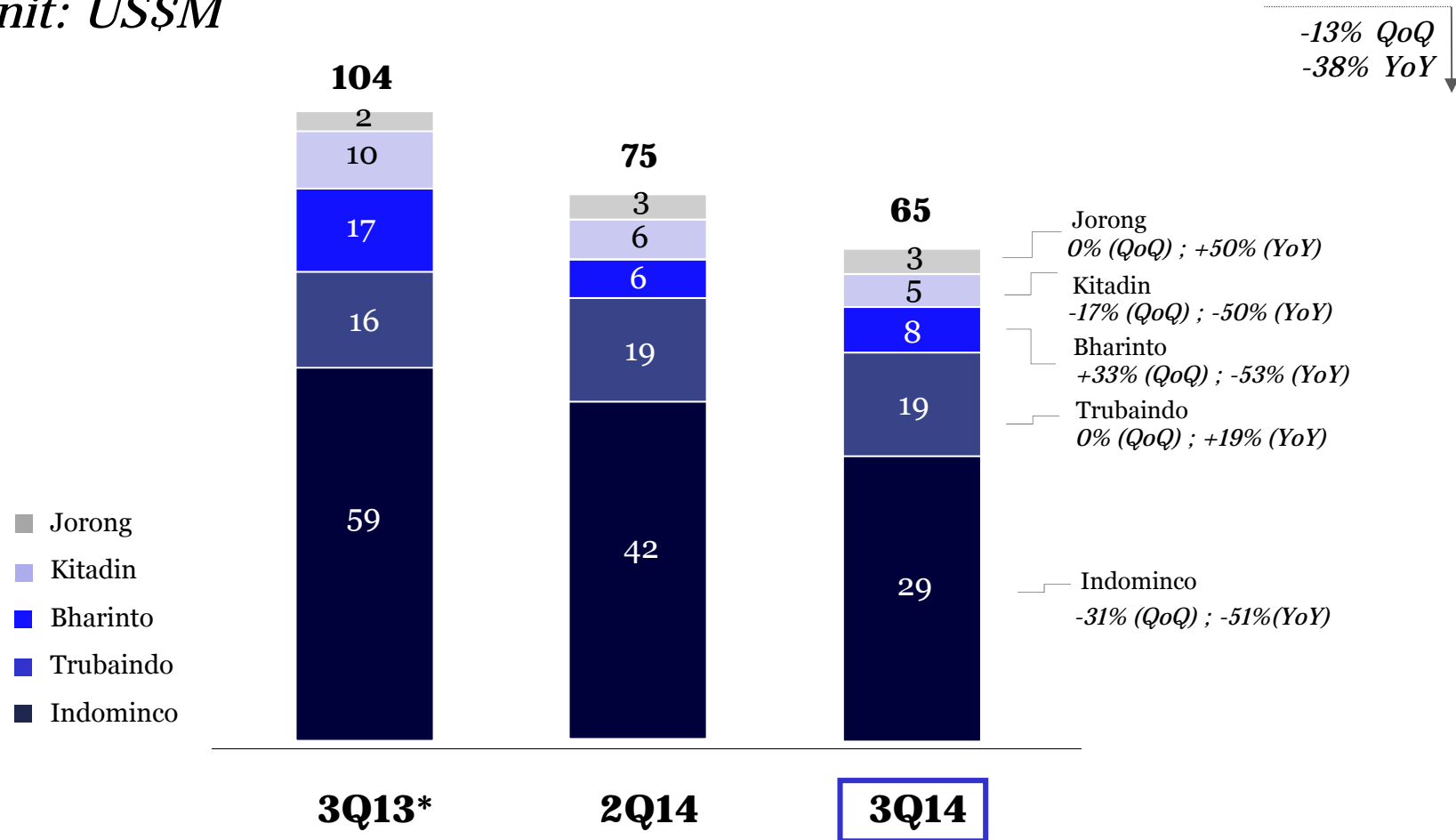


** Cash production cost + royalty + SG&A

* Restated due to ISAK 29

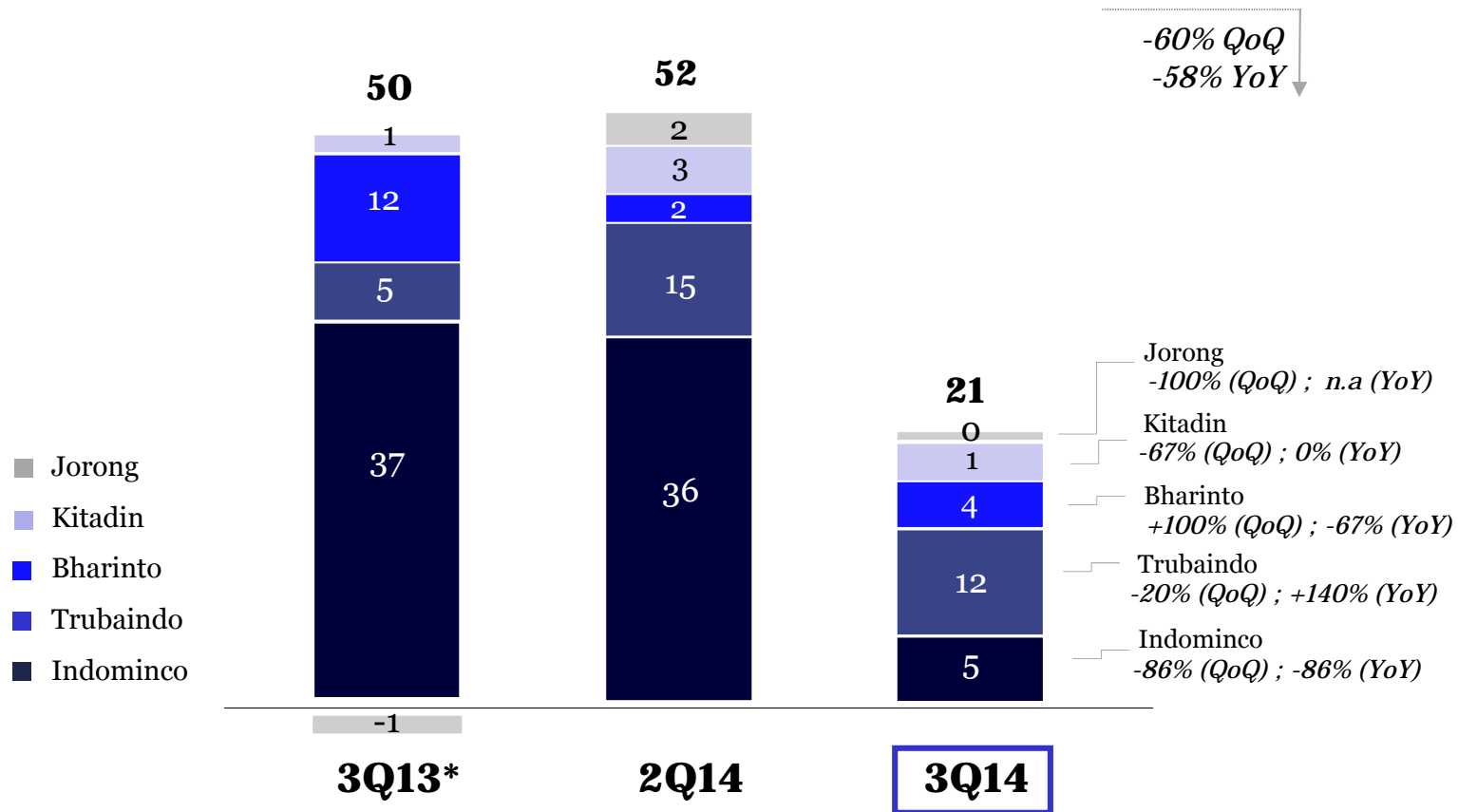
EBITDA

Unit: US\$M



Net Income

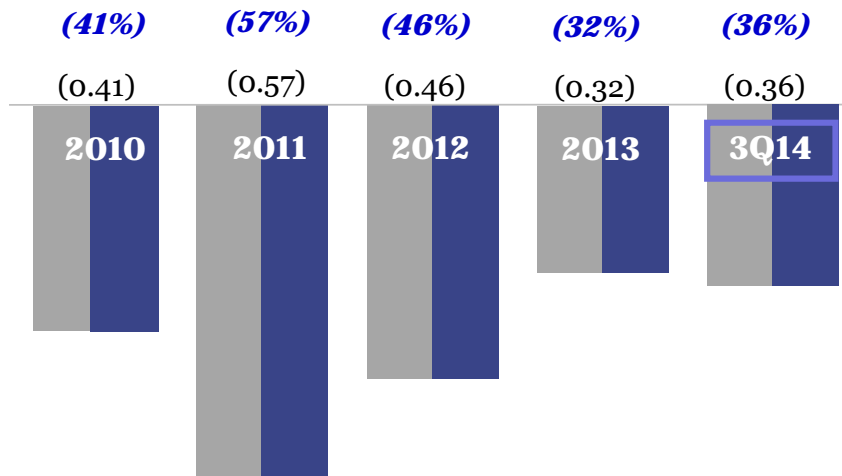
Unit: US\$M



Balance Sheet

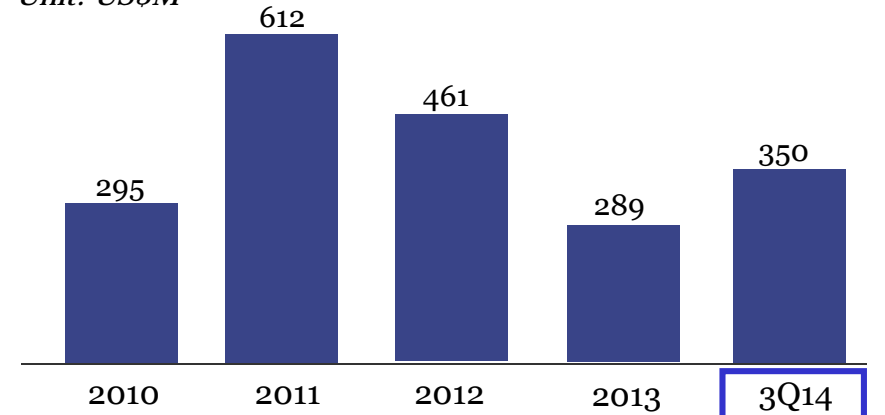
KEY RATIOS

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



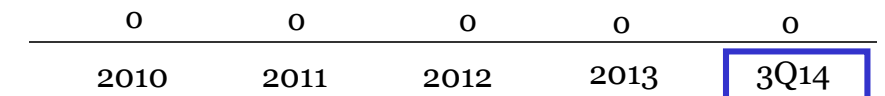
CASH POSITION

Unit: US\$M



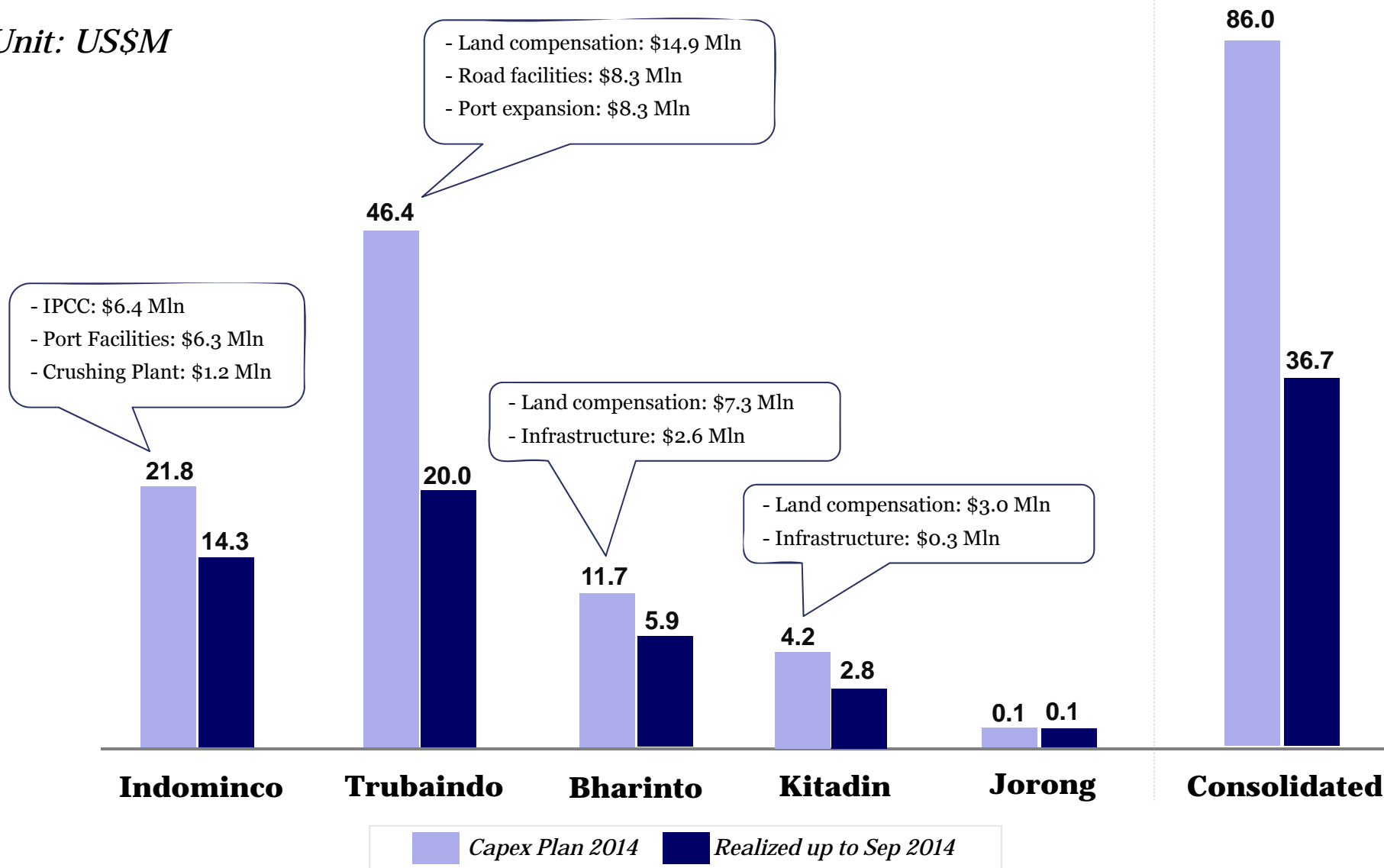
DEBT POSITION

Unit: US\$M



Capital expenditure plan 2014

Unit: US\$M



Appendices

Income statement

Unit: US\$ thousand	3Q14	2Q14	QoQ%
Net Sales	522,387	461,633	13%
Gross Profit	91,963	93,395	-2%
GPM	18%	20%	
SG&A	(43,971)	(35,722)	
EBIT	47,992	57,673	-17%
EBIT Margin	9%	12%	
EBITDA	65,102	74,776	-13%
EBITDA Margin	12%	16%	
Net Interest Income / (Expenses)	1,276	1,571	
Derivative Gain / (Loss)	(14,616)	7,473	
Others	42	1,506	
Profit Before Tax	33,600	69,317	-52%
Income Tax	(12,773)	(17,260)	
Net Income	20,827	52,057	-60%
Net Income Margin	4%	11%	

Income statement

Unit: US\$ thousand	9M14	9M13*	YoY%
Net Sales	1,487,613	1,632,569	-9%
Gross Profit	315,226	354,352	-11%
GPM	21%	22%	
SG&A	(122,499)	(128,549)	
EBIT	192,727	225,803	-15%
EBIT Margin	13%	14%	
EBIT DA	244,182	270,469	-10%
EBIT DA Margin	16%	18%	
Net Interest Income / (Expenses)	4,160	6,219	
Derivative Gain / (Loss)	30,325	5,853	
Others	4,383	(12,791)	
Profit Before Tax	231,595	225,084	3%
Income Tax	(62,747)	(69,223)	
Net Income	168,848	155,861	8%
Net Income Margin	11%	10%	

**Restated due to ISAK 29*